Disclaimer

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Any forecasts or projections used in the analysis can be affected by a number of unforeseen variables, and as such no warranty is given that a particular set of results will in fact be achieved.
1.0 INTRODUCTION

The RDA Moreton Bay State of the Region Report has been prepared for Regional Development Australia (RDA) Moreton Bay.

The report provides a snapshot of key population, demographic, economic, educational and social measures that will drive future strategic economic development.

Figure 1. Moreton Bay Local Government Area
Source. Electoral Commission Queensland
1.1 RDA Moreton Bay

The RDA Charter requires RDA Moreton Bay to collaborate with other RDA Committees, all levels of government, and the private sector to:

- Facilitate regional economic development outcomes, investment, local procurement and jobs
- Promote greater regional awareness of and engagement with Australian Government policies, grant programs and research
- Improve Commonwealth regional policy making by providing intelligence and evidence-based advice to the Australian Government on regional development issues
- Co-ordinate the development of a strategic regional plan or work with suitable existing regional plans that will align with the Commonwealth’s regional priorities.

The Commonwealth’s regional priorities are:

- Connectivity and Infrastructure incorporating digital connectivity, transport links, and freight and supply chain infrastructure
- Human Capital and Skills to provide skilled and adaptable workforces, Regional Universities and training, and schooling
- Regional Employment and Business to develop regional businesses and industry, local R&D and innovation and a strategic regional vision
- Leadership and Collaboration by investing in regional leadership, capable local government, and the Indigenous community
- Amenity and Livability providing services, facilities and livability, and support for local priorities
- Sustainable Natural Resources to build future resilience, ensure sustainable foundations and provide economic opportunities and jobs.

1.2 Purpose

- The purpose of this report is to provide a high-level snapshot of the state of the Moreton Bay Region (MBR) economy.
- The report has been prepared to guide and assist RDA Moreton Bay by providing the evidence base to support their policy and advocacy efforts at the Local, State and Federal level.
- The report is focused across a series of metrics to highlight the strengths,
challenges and opportunities within the economy.

- The key metrics include:
  - Population
  - Components of population growth
  - Gross Regional Product
  - Employment
  - Business trends
  - Building investment.

- Where applicable, metrics are benchmarked with state and national trends to provide context for the MBR economy.

- Based on the insights from the metrics, a series of opportunities have been identified to guide economic development initiatives. These include:
  - Innovation and Education
  - Exports
  - Agribusiness
  - Circular economy.

### 1.3 Key Drivers and Linkages

- There is a vast amount of economic, demographic and social data available for the MBR and it is necessary to focus on the most critical measures in this report.

- This report focuses on a model of the regional economy that identifies the key drivers, the linkages between components of the economy and the levers that can be used to achieve desired outcomes.

- The key features of the regional model include:
  - Population, as a source of labour supply, skills and household consumption
  - The components of population growth, in particular those most affected by policy intervention or economic opportunity such as net overseas and internal migration
  - The labour force participation reflecting the proportion of the population engaged in economic activity, and unemployment reflecting unused human capital
Employment, particularly the industry mix and incomes as these have profound impacts on the wealth of the regional economy

Land, particularly that which can accommodate the population (residential) and provide locations for employment activity

Capital investment.

In addition to these measures showing long-term trends, Covid-19 has resulted in:

- A drop in overseas migration
- An increase in internal migration
- A serious decrease in some sectors of industry and employment
- Flat economic growth.
2.0 ECONOMIC CONTEXT

- The focus of this report is RDA Moreton Bay whose geographical scope aligns with the MBR Local Government Area (LGA).
- Long term and broad economic, social and demographic international, Australian and State trends provide a context for the performance of the local region.
- The MBR LGA has nearly 500,000 residents and is one of the largest LGAs in Australia and accounts for around:
  - 2% of the Australian population
  - 10% of the Queensland population
  - 20% of the Greater Brisbane population.
- About half of the working population in MBR LGA work outside the LGA, mostly in Brisbane.
- While the context sets some of the parameters for local economic performance there is significant scope to:
  - Build on strengths
  - Identify and address weaknesses
  - Seize opportunities.
- RDA Moreton Bay can play a significant role in coordinating and harnessing Commonwealth, State and Local Government together with the Private and Community sectors to achieve better outcomes for the residents and businesses of the region.

2.1 Population

- The population total, characteristics and components of growth represent the single most important direct and indirect economic driver of economic production and consumption.
- The MBR LGA is the third largest LGA in Australia, behind Brisbane and Gold Coast cities.
- In 2020, the LGA had a population of 479,639, increasing by some 10,000 per year.
- As a guide to the importance of population in driving the economy, for every three people a new detached house is required, on average each household spends an estimated $100,000 per year and nearly half the people are
• Within a few years, MBR LGA will have a population larger than that of Tasmania.

MBR LGA, Annual Population Increase, 2006 to 2020

2.2 Population Growth Rates

• A decade ago the MBR population was growing at well above the rate of Greater Brisbane.

• Since 2017, the rate of growth for the MBR LGA has declined and during this period has broadly matched that for Greater Brisbane.
2.3 Components of Population Growth

- Population change has three main components: natural increase (i.e. births less deaths), net overseas migration and net internal migration (i.e. people moving to other cities and towns within Australia).

- Domestic migration from other parts of Queensland and from other States is a main contributor to the MBR’s population growth, comprising 57.0% of growth in 2019/2020.

- In the 4 years to 2019/20, MBR has had a remarkably consistent annual population increase and share of population growth from:
  - Natural increase
  - Net internal migration
  - Net overseas migration.
Moreton Bay Region LGA Components of Population Growth 2017 to 2020

![Bar chart showing population growth components for 2017 to 2020.]

Figure 4. Moreton Bay Region LGA Components of Population Growth 2017 to 2020
Source: ABS

- Early indications from 2020/21 Queensland data show:
  - The decline in net overseas migration
  - A substantial increase of net internal migration from NSW and Victoria
  - A substantial share of the increase in net internal migration to Queensland going to non-capital cities.

- New population projections from the Queensland Government are expected next year and these should reflect both the results from the 2021 Census and the impacts of Covid-19 on net overseas and net internal migration.

2.4 Labour Force

- The population is comprised of those that are working or seeking work (unemployed) that comprise the labour force and those not working.

- In turn, people living in the MBR and working, can work in the LGA or outside. This is a measure of employment self-containment.

- Each of these measures has a profound impact on the performance of the Moreton Bay Region economy.
The importance of employment

- The number of jobs located in the MBR LGA is one of the most fundamental economic indicators of the size of the local economy, but hours worked and income are also key considerations.
- A region’s Gross Region Product (GRP) will be higher if:
  - A higher proportion of its residents work locally (employment self containment)
  - A higher proportion of its workers are in industries with higher paid jobs
  - A higher proportion of its workers are in industries with longer working hours and are better attached to the workplace.
- On several of these measures, a gradual change of settings for MBR would result in increased GRP and local employment.

Local employment

- After sustained increases to 2018, the past three years have shown flat employment growth.
- As the data extends to June 2020, only part of this flat growth can be explained by the impacts of Covid-19 on the regional economy, but this may explain the decline in the number of jobs in 2019/20.

Moreton Bay Region Total Local Jobs

![Graph showing Employment Growth]

Figure 5. Moreton Bay Region Total Local Jobs

Source: Economy id. Moreton Bay Region
• The population has been growing rapidly in the past 3 years, but local jobs have not. This is a concern.

**Moreton Bay Region Annual Growth in Local Jobs (Actual and Trend)**

![Figure 6. Moreton Bay Region Annual Growth in Local Jobs (Actual and Trend)](image)

Source: Economy id. Moreton Bay Region

**Employment self containment**

• At the 2016 Census fewer than half (47.7%) of the residents of MBR who worked, worked in MBR. Those that worked elsewhere, overwhelmingly worked in Brisbane City (41.3%).

• This measure should be monitored closely when the 2021 Census results are available.
Employment self containment by Industry

- The industry mix of employment has a profound impact on economic growth and prosperity.

- Higher proportions of local MBR jobs comprise those industries that tend to have lower wage structures, lower hours or weaker workplace attachments including Agriculture, Accommodation and Food services and Retail which tends to lower the economic wealth of the region.

- MBR has a lower proportion of its local workers employed in higher wage industries such as Public Administration, IT and Telecommunications and Professional Services.
Employment self-containment by industry 2016 (%)

Figure 8. MBR Local Jobs by Industry- Percent 2016 (%)
Source: Economy id. Moreton Bay Region

2.5 Industry Structure

- On an ‘apples with apples’ comparison basis of full-time equivalent employment, the Construction sector is the largest in MBR, followed by Health Care and Social Assistance and Retail. The next ranked in importance are:
  - Education and Training
  - Manufacturing
  - Professional, Scientific and Technical Services
  - Accommodation and Food.
Industry of Full Time Equivalent Employment, Moreton Bay Region, 2020

Figure 9. Industry of Full Time Equivalent Employment, Moreton Bay Region, 2020

Source: Economy id. Moreton Bay Region
2.6 Business Structure

Business Registrations

- There has been a sustained increase in the number of businesses registered for GST in MBR.
- As an indicator of economic innovation, it is a very positive sign.

Registered Business, Moreton Bay Region 2015-2021

Figure 10. Registered Business, Moreton Bay Region 2015-2021
Source: Economy id. Moreton Bay Region/Australian Business Register

- Reflecting the importance of the Construction industry to MBR and the structure of the industry, that industry has by far the largest number of registered businesses.
- It is significant as Professional, Scientific and Technical services ranks as the second largest industry.
2.7 Building Investment

- Investment along with consumption drive economic growth.
- The main components of Investment are:
  - Residential construction
  - Non-residential construction on factories
  - Engineering construction
  - Plant and Equipment.
- At the LGA level, residential and non-residential construction approvals data are readily available, but not so Engineering Construction and Plant and Equipment.
- Construction is one of the largest industries in Moreton Bay, sustained by population growth driving housing construction and non-residential construction required for economic activity.
Since 2011, there has been a strong upward trend in the value of residential construction.

Investment in non-residential construction provides a fundamental foundation for employment and productivity. This has been more variable but overall shows an upward trend as a percent of total building investment.
Non-residential Approvals as a Percent of Total Building Approvals (actual and trend)

Figure 13. Non-residential Approvals as a Percent of Total Building Approvals (actual and trend)
Source: Economy id. Moreton Bay Region

2.8 Gross Regional Product

- The operation and interaction of the components of the economy as summarised above and many others as well, contribute to an encompassing measure of economic performance, Gross Regional Product.
- Headline Gross Regional Product (GRP), shown below, is a measure of size of the local economy.
• The GRP for Moreton Bay Region shows a steady increase. The initial impacts of Covid-19 to June 2020 slowed but did not stop growth in GRP.

• A possible explanation of the muted impact of Covid-19 on the performance of the MBR economy is that the region has a lower dependence on those industries hit hardest by Covid-19, such as the Tourism based Accommodation, Food, Travel and Entertainment sectors.

• Local Industry GRP shown below in comparison with Headline GRP shows the value of the local economy, generated by the local workers within MBR LGA regardless of where they live, after taxes and dividends leave the area.
Broadly in line with population and employment growth rates, MBR GRP measures have been trending down in the past 5 years.
3.0 FUTURE DIRECTIONS

3.1 Challenges of rapidly growing areas

- MBR is one of the consistently fastest growing areas of Queensland and Australia. As such, it faces challenges in ensuring that infrastructure is in place to meet the needs of the growing population.
- Public and private investment in both hard infrastructure and human capital formation are essential in the region to meet projected future needs.
- Further detail is provided below regarding opportunities that could be the focus of future directions.

3.2 Education and Innovation

- The economic and employment structure of Australia is changing rapidly. Rapid advances in technology and communications are driving the change and the rate of change is accelerating.
- For a region to be successful in this environment, it needs to be innovative, adaptable and resilient and to position itself to exploit its competitive advantages.
- The key pathway to this future is through innovation and education.

Education

- The previous weaknesses of the MBR in tertiary and higher education have been addressed in part by the MBRC investment in the Mill and the decision of the University of the Sunshine Coast (USC) to establish a campus on the site.
- This campus complements an existing small USC campus at Caboolture.
- Queensland’s newest university campus at USC Moreton Bay will soon have 3,000 students enrolled, far more than originally forecast for its second year.
- USC now has the highest market share of QTAC first preferences for the fast-growing Moreton Bay region as people in the region embrace the opportunity to study closer to home.
- The study and research programs at the USC Moreton Bay campus have been tailored to meet the needs and aspirations of this region to help build capacity and drive growth.
Based on USC experience on the Sunshine Coast, the vast majority of graduates from USC Moreton Bay are likely to stay and work in the region.

Notwithstanding the success of USC Moreton Bay, the MBR is still underserved with University and vocational education places, particularly taking into account the high forecast population and the age structure of that population.

Addressing this remains a key regional priority.

The key to the success of the MBR is to build the skills base and then ensure that there are employment pathways for the students.
International education

- International education was, prior to Covid-19, the largest services export and the fourth largest Australian export after Iron Ore, Gas, and Coal and worth $40.3b.
- Even with Covid-19, it is still a major export sector, worth $31.7b and each student on average contributes over $50,000 per year in fees and living expenses.
- MBR is a very small player in this market compared with other regional areas of Queensland. At June 2021:
  - Gold Coast had 17,231 enrolments
  - Sunshine Coast, 1,558 enrolments
  - Toowoomba, 1,506 enrolments
  - Cairns, 1,412 enrolments
  - Townsville, 990 enrolments
  - Moreton Bay, 199 enrolments.

Innovation

- Innovation is the pathway to productivity gains and Productivity improvements along with Population and employment Participation are the key 3Ps approach to economic growth and wellbeing.
- Innovation is the input and productivity improvements are the result.
- Productivity is a measure of the relationship between inputs and outputs. Productivity is the efficiency with which firms, organisations, industry, and the economy as a whole, convert inputs (labour, capital, and raw materials) into output.
- The most common productivity measures used are:
  - Multifactor productivity, which measures the growth in value added output (real gross output less intermediate inputs) per unit of labour and capital input used
  - Labour productivity, which measures the growth in value-added output per unit of labour used.
- Measuring the Innovation inputs and the Productivity outputs at the regional level can be very difficult. Reasonable measures are available for labour productivity but not for multifactor productivity which is a much more useful measure.
3.3 Agribusiness

The opportunity for agribusiness development\(^1\) in the MBR is based on:

- The value of agricultural commodities produced at $303m in 2019/20 with production concentrated in the northern part of MBR

- Key products are berry fruits, flowers and livestock and in particular the largest strawberry producing area in Australia and the location for over one quarter of Australia's pineapple crop

- Agriculture is the sixth largest contribution to exports in 2019/20 ($263m) and growing by 75% from 2014/15 to 2019/20

- Food Products Manufacturing accounting for the third largest part of manufacturing exports ($172m)

- Queensland’s only aquaculture research facility operated by the Queensland Department of Agriculture and Fisheries that conducts research directed towards the sustainable development of Queensland’s aquaculture and fisheries sectors

- Investigations are underway for a sustainable recycled water irrigation base through the proposed Wamuran Irrigation Scheme, north-east of Caboolture.

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\(^1\) Economy.id

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Figure 18. Wamuran agriculture area, Moreton bay Region
Source: Communityhub.unitywater.com
3.4 Transport

- MBR has good access to Brisbane and Sunshine Coast Airports, but development of the road and rail infrastructure systems are essential to provide the foundations for future strong economic growth.
- While substantial investment is taking place in rail to the south of Brisbane in the form of the Inland Rail project and intermodal freight centres, rail freight is constrained to the north of Brisbane.
- The Queensland Government is examining the feasibility of an intermodal SEQ Northern Freight Terminal in the northern Moreton Bay Region. Should this development proceed, it will make a substantial contribution to the Warehousing and Freight-based industries and improvements in logistics will also strengthen the whole economy.
- The population of MBR is growing fast but overall the demands for road transport are growing faster. The upgrading program for the Bruce Highway is underway, but the development of the Caboolture West area will in turn generate the need for additional investment in road infrastructure capacity.

3.5 Digital Connectivity

- For business generally, but particularly for those sectors dependent on advanced technology, first-rate digital connectivity is a necessary condition.
- As an enabling technology, digital connectivity proceeds hand in glove with the key initiatives for the future including:
  - Education
  - Innovation
  - Agribusiness
  - An export focus
  - The circular economy
  - Industry 4.0

3.6 An Export Focus

- Exports from MBR to the rest of Queensland, Australia and overseas create wealth for the area and for this reason are often a priority for economic development initiatives.
- The export of manufactured products is by far the most important sector
accounting for nearly one third of all exports.

Exports from Moreton Bay Region 2019/20 ($m)

- Within Manufacturing the largest contributors were:
  - Metal and metal products
  - Textiles, Clothing and leather
  - Food products
  - Wood products.
3.7 **The Circular Economy**

- Considering MBR capability in sectors such as construction and manufacturing there is opportunity to drive circular economy implementation. A circular economy is a systemic approach to economic development designed to benefit businesses, society, and the environment.

- A circular economy is regenerative by design and aims to gradually decouple growth from the consumption of finite resources.

- The circular economy is based on three principles:
  - Design-out waste and pollution
  - Keep products and materials in use
  - Regenerate natural systems.
Illustration of a circular economy model

- As the concept is new:
  - It is still evolving
  - The definition is unclear
  - It does not fit with existing statistical collections
  - It is hard to measure.
- Despite these issues, a large number of major corporations have committed to implement various circular economy methodologies. The Queensland Government has Circular Economy programs and initiatives.  

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Illustrative companies committed to the circular economy

Examples are easier to recognise than to systematically define and measure. A significant local example, facilitated by the MBRC is the construction company Suncoast Asphalt.

MBRC is making a commitment to use environmental mixes on all future road resurfacing project and has resurfaced six Caboolture streets with PolyPave, an innovative, high-performance asphalt containing reclaimed plastics and pavement.
4.0  SUMMARY OPPORTUNITIES

Review of the RDA Charter, the Commonwealth’s regional objectives and the assessment of the MBR economy, highlights the following key future opportunities for RDA Moreton Bay:

Sector Growth

- Seek ways to grow the education sector in the MBR (university, VET, private providers) including international education, to support the growth in human capital, innovation and entrepreneurship
- Confirm current and future Industry 4.0 capability to support agribusiness and advanced manufacturing objectives as a means to increase productivity, exports and local employment opportunities
- Consider the opportunity for the region to leverage off current capability in the circular economy and provide regional leadership, in particular in identifying local successful case studies
- The proposed greenfield area of the Caboolture West urban development could provide an excellent opportunity to test out circular economy initiatives in both urban development and the local economy
- Clearly define the long-term strategy to leverage the generational legacy opportunity arising from the 2032 Olympics

Employment

- Consider the opportunity represented by the ability of knowledge workers to work remotely but live locally
- Consider the attraction of State and Federal government offices to the region to provide increased local employment options and increased stability for the workforce
- Work with government and the private sector to increase locally based employment, with a focus on high value jobs

Infrastructure

- Identify and communicate infrastructure needs (rail, road, digital etc) to the three levels of government that would unlock growth in priority sectors

Governance

- Work closely with State, MBRC and with the private and community sectors to ensure optimal coordination of effort and that the outputs represent "more than the sum of the parts"