

brisbane
australia's new world city

brisbane economic series

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economy

foreword



Welcome to the fourth edition of the Brisbane Economic Series, a bi-monthly publication providing insights into the city's business, investment and growth opportunities.

The state of the Australian economy and the factors that will drive future growth, particularly in Brisbane, are the focus of this edition and we are fortunate to hear the thoughts and opinions of some of our city's leading economic minds.

These articles include insights into Brisbane's economic performance over the past twelve months, prospects for growth - particularly in the resource sector and through investment from Asia, and how businesses can take advantage of productivity improvement and reform to capitalise on these opportunities.

All of these opportunities have been considered in my latest budget and Economic Development Plan for Brisbane, including projections that our \$114 billion dollar economy is set to double over the next 20 years.

After consultation with over 300 businesses and with the support of my Economic Development Steering Committee, we identified a number of key Windows of Opportunity for this economic growth.

To ensure we leverage these opportunities, I have allocated \$15.9 million in our 2012-13 Budget funding for a suite of economic development initiatives to help Brisbane achieve its goal of doubling its economy within 20 years.

These include positioning our city into the future as a global resource hub; increasing our ties in the Asia region; attracting more major events and conferences to our city; acknowledging and nurturing our relationship with international students; and the establishment of a clear digital strategy for Brisbane.

As an attractive and competitive destination for business investment, Brisbane is well placed to continue its position as Australia's new world city and build on our reputation as a strong and stable economy.

GRAHAM QUIRK
LORD MAYOR OF BRISBANE

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STEPHEN MARTIN**
CHIEF EXECUTIVE OFFICER, CEDA



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Private investment is playing an increasingly critical role in large scale resource projects.

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**HEAD OF GLOBAL LOANS, QLD,
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Strong growth in the resources sector and related service industries is spurring change in Brisbane's economic landscape.

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**PRINCIPAL ECONOMIC ANALYST,
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Improving productivity in the services sector, particularly education, health and tourism, along with reducing trade barriers and embracing structural reform, must be priorities if Australia is to maintain its strong economic growth.

Queensland's attributes of above-average population and economic growth; an investment pipeline of \$142 billion (AUD) in mining and resources projects¹; and close proximity to our Asian neighbours; ensures it is well placed to capitalise on future growth opportunities, but only if the right reform agenda is adopted now.

While recent statistics for Australian GDP growth and employment paint a picture of an economy on steroids, there are some lingering questions about the current and future contribution of various sectors to the nation's long-term economic sustainability.

Much is still being heard about our multi-speed economy, with genuine concerns being voiced by retailers



and the manufacturing industry about their ongoing economic viability. Wealth generation is very much centered in the mining industry that employs only about seven per cent of Australia's workforce.

It is generally assumed by economists and policy-makers that the current elevated terms of trade will return to more normal conditions, while business investment will continue for several years to support GDP. However, many of these assumptions are based on Australia's continuing trade relationships with our Asian neighbours, specifically in commodities, and the view that this trade will continue at current levels.

Whilst Australia has a 'first mover' advantage in exploiting resources, in the medium term the exploration and investment underway elsewhere will have a major influence on both the terms of trade and the willingness of business to continue high-levels of investment. If Australia becomes a high cost destination, it may price itself out of future investment.

However, a renewed focus in key areas will ensure Australia can continue to be a strong investment

Australia's current economic prosperity has been supported by past policies, primarily the reforms of the 80s and 90s, that focused the nation on its international competitive advantage and that focus needs to be reinvigorated.



destination. Importantly, not all areas require significant expenditure to reap substantial benefits.

Australia's current economic prosperity has been supported by past policies, primarily the reforms of the 80s and 90s, that focused the nation on its international competitive advantage and that focus needs to be reinvigorated.

One of the key areas of reform in this era was the pursuit of free trade and it is here that substantial benefits could again be delivered. Australia is currently engaged in negotiating an additional eight free trade agreements (FTAs), with significant and emerging trading partners including China, Japan, Indonesia and India.

Some of these have been protracted negotiations and we should be aiming to conclude these as quickly as possible and move forward.

A reform agenda for our services sector, particularly in Queensland, is also vital to ensure future economic growth and drive change. We would only need to improve Australia's productivity growth to around 1.5 per cent per annum (still low by historical norms) to potentially underpin robust economic growth for the next decade.

At the same time, continued technological advances are expanding what constitutes tradable goods and services. While this represents a potential opportunity for a highly educated nation such as Australia, it also represents a potential challenge to sectors of the economy that have not been globally integrated or exposed to international competitive pressures in the past.

With the mining boom taking the spotlight in recent years, it is easy to forget that the services sector provides



Developing a long-term skills plan for Queensland is a vital component in making sure that we can capitalise on growth sectors that can and will contribute to Australia's future prosperity.

80 per cent of Australia's employment.

In Queensland, health care and social assistance – a major services sector industry – is the biggest employer and recent quarterly statistics confirm that it is regularly the biggest employment growth area. Jobs growth in education and skills has also been strong in recent years.

Future employment opportunities will most likely continue to be offered in the services sector.

A significant challenge is that this sector has historically not exhibited high levels of productivity growth, at least not as measured by official statistics, and has not been exposed to productivity reforms to the same degree as other sectors of our economy.

Export opportunities for skills and services from these and other sectors are expected to be robust, but only if their potential is realised through an appropriate policy mix that will help them prepare and equip them for future competitive pressures.

We need reforms in these sectors that focus on building competitive capability, through reviews of the tax system, workplace relations, regulatory frameworks and public spending.

Ensuring we have the right skills to meet demand for the jobs of the future, must also be a priority. Skills Australia is working on a National Workforce Development Strategy, with a discussion paper recently released. This could not come at a better time, particularly for a state such as Queensland.

The development of the right skills will contribute to meeting the needs of the more than \$142 billion (AUD) of mining and resource projects. Additionally, by virtue of proximity, Queensland, and in particular Brisbane, has a significant opportunity to provide and export technical skills, knowledge and education and training opportunities to other Asia Pacific countries. These will be significant future growth areas.

Developing a long-term skills plan for Queensland is a vital component in making sure that we can capitalise on growth sectors that can and will contribute to Australia's future prosperity. But that policy must ensure that the future of work is the driving force behind this and training is focused on developing the skills needed for our future workforce.

The tourism sector in Queensland would also benefit from a productivity focus. We should not accept that we are a high cost destination, and the award structure needs to be re-examined to bring down costs to attract people back to Australia without disadvantaging workers. A starting point should be to critically examine infrastructure needs of the industry and current workplace regulations.

Recognition by the business community of the need for vital economic change helped drive public acceptance of the sweeping reforms of the 80s and 90s. These have been a key factor in protecting Australia from the international economic turmoil of recent years and provides a foundation for future reform.

Australia has proven in the past that it is capable of implementing significant economic reform and the current economic climate provides a real opportunity to once again drive an economic reform agenda with a long-term vision. ■

Professor the Hon Stephen Martin has had a long and distinguished background in the Australian Parliament, academia and the private sector. He represented the NSW-based electorates of Macarthur and Cunningham in the Australian Parliament from 1984-2002. In Government, he served as Speaker of the House of Representatives, Parliamentary Secretary for Foreign Affairs and Trade, and Chairman of the Inquiry into the Australian Banking Industry. As a member of the Shadow Cabinet, he held portfolios in Defence, Small Business, and Trade and Tourism.

After retiring from Parliament, Professor Martin held a number of senior executive roles in academia, including President/Chief Executive Officer of the University of Wollongong in Dubai, Pro Vice Chancellor International at Victoria University, Melbourne and Deputy Vice Chancellor (Strategy and Planning) at Curtin University of Technology in Perth.

He has undertaken a number of strategic and change management roles in the private and public sectors. He is a Director of the Global Science and Technology Forum, Singapore and Visiting Professor at Sydney Business School, University of Wollongong.



The rising stars of Asia's economy: why Brisbane businesses must stay ahead of the game.

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For the past few years, the growing stature of China as a powerhouse of demand for raw materials and cost-effective manufacturing has been under the spotlight and, understandably, many Brisbane businesses have been looking for ways to benefit from this trend.

Whilst many Australian companies have experienced success in China during this time, an equal (and some would argue larger) number have found the experiences too challenging requiring them to revisit their expansion plans. Some of the challenges of a Chinese expansion include transaction/deal fatigue, the need to constantly monitor cultural differences, and the lack of immediate financial return.

Whilst China will continue to be a dominant power and buyer in the Asia Pacific, it will also remain a difficult market that requires patience and a medium to long-term strategy. As the China market matures and provides for easier market entry for small to medium businesses, there are also a number of other Asian economies that present a wealth of opportunities for Brisbane businesses looking to tap into international trends. Examples include Hong Kong, Singapore, South Korea, Japan and Taiwan.

Not only are businesses in these economies proactively seeking opportunities with Australian companies, they tend to have done business with the west for a longer period, allowing for more accurate predictions of success with lower risk profiles.

As a buyer of significant raw materials, and with a pseudo mandate from authorities to secure supply chains and innovative technologies, it follows that Asian companies are actively seeking opportunities to invest in Brisbane and Australia. With the appropriate cultural intelligence, a marriage between organisations that have access to both demand and supply can create significant synergies in the Asian century.

After recent trips to Asian countries such as China, Hong Kong, Singapore, South Korea and Japan, we provide the following thoughts to assist businesses in making an Asian expansion plan more effective, and hopefully more successful.



Japanese investment appears to have changed from bricks and mortar to technology-based businesses such as renewable energy and agribusiness.

The changing economic climate in the Asia Pacific's 'alternative' markets

Following a period of exponential growth, China is showing signs of slowing down. In addition to the political transition that is taking place later this year, there is a great degree of uncertainty in the Chinese market at present. This situation is amplified when one considers the economic challenges and slowing demand from the rest of the world.

The slowing market in China provides a timely break for us to consider other countries outside China that may, in addition to creating opportunities, provide an appropriate hedge against risk. For example, we have seen renewed interest by Japanese organisations that are seeking investments and strategic partnerships in Australia. This investment appears to have changed from bricks and mortar to technology-based businesses such as renewable energy and agribusiness.

It is also interesting to note that businesses from



emerging economies like Thailand are increasingly looking to their Australian neighbours for investment opportunities that will secure their future in the region. Consider the recent acquisition of Queensland's MSF Sugar Ltd (formerly Maryborough Sugar Factory) by Thai based sugar producer, Mitr Phol Group, for more than \$300 million (AUD). This transaction not only highlights the attractiveness of Queensland assets and supply to global companies but it has reportedly signalled the start of Mitr Phol Group's investment plans in Australia, with the company saying it now plans to invest in Australian bio-power and ethanol production. At a socioeconomic and demographic level, the growing middle class and very high proportion of young people in countries like Vietnam has seen many astute investors look to Australia for investment opportunities and partnerships not available in their home country.

Flexible, long term strategy is the key

Regardless of a business's operations, corporate strategy must take the global economy into account. Smart companies realise that they are now not only competing with the business down the road or the big name player in the Australian sector; their competitors are global and the challenges associated with this are constantly evolving.

All of this means that even if a Brisbane business isn't currently looking to attract offshore investment, it still needs to have a strategy in place to ensure it can effectively do so in the future. Doing business with international investors may be considered a long term game, but it requires action now in order to be successful.

Our experience suggests that even if global economic conditions decline in the short term, there will continue to be pockets of growth in Asian Pacific markets. With a targeted strategy focused on a company's goals and desired positioning, Brisbane businesses can seek these opportunities now, best of all, in conjunction with an Asian Pacific partner or associate.

A flexible and long term strategy will assist businesses achieve ultimate success but it is important to understand that even with the best strategy in place, businesses will

always need to be patient. Astute companies are taking the extra step to identify ways to ensure their business model and expenditure remain flexible enough to allow for the possible quick changes to capital or operational expenditure that arise when an opportunity presents itself.

The key trends - agribusiness, private clients, clean energy and services

Positive opportunities continue to emerge for Brisbane businesses in the resources sector and this is expected to continue for some time to come, despite reported slowing down of growth in key markets such as China. Offsetting these opportunities to some degree, is the strength of the Australian dollar which continues to be of concern to many companies operating across international borders.

Aside from these commonly acknowledged key trends in the resources sector, there are certain areas with strong growth potential for Brisbane companies.

Agribusiness – feeding the masses

Unprecedented growth in demand across the Asian region for protein continues to drive investment in commodities that can meet this need. Given this situation, there is an emerging trend for Asian trading houses and agribusiness companies to invest in the Australian supply chain, particularly in the areas of food manufacturing and distribution as well as meat and grain production.

Not only is there a need for Australian agricultural products but there is also a desire to learn from Australian farmers who have become known as some of the most efficient and productive in the world. Asian companies are now looking to producers here for access to intellectual property, particularly in relation to the efficient growing (e.g. animal genetics) and processing of food. Investment in intellectual property reflects the value overseas investors place on the Australian market as one to support them with their future challenges.

Private clients – getting ready for an ageing population

The next five to ten years will be a crucial transition phase for the world's 'Baby Boomers'. Today, there are



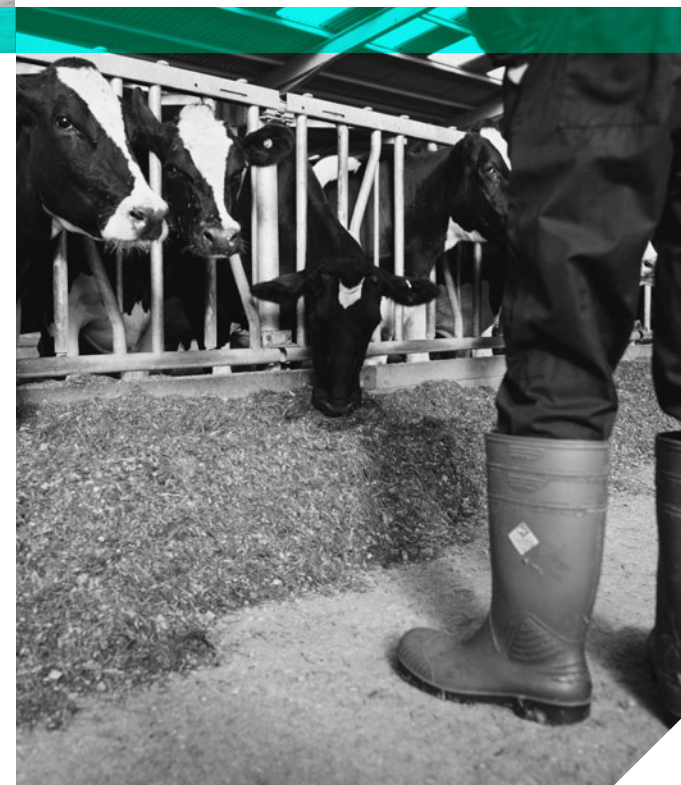
Investment in intellectual property reflects the value overseas investors place on the Australian market as one to support them with their future challenges.

many Asian entrepreneurs who are in their early forties who see Australia as providing a perfect lifestyle and home for their families.

As the baby boomers in Brisbane seek to retire and exit their small to medium enterprises, they are facing challenges of succession and a smooth transition from business owner to passive investor. Given that Asian entrepreneurs intimately understand the economies where demand will be at its greatest, this presents an opportunity for Australian private enterprises to engage with these potential investors and assist them in entering the Australian market via equity participation. In turn, this could maximise their business value and help to create an exit option should one be required, for the current business owner.

Investing in clean energy

Like Australia, Asia appears to be focused on satisfying future energy and fuel demands. During our recent visit to China, Japan and South Korea we witnessed significant demand for investment opportunities in Australian bio-energy projects



and businesses. As aforementioned, some Asian companies are already making headway in this space, with plans for investment in Australian bio-power and ethanol production.

Attracting international investment to Brisbane is an important part of Brisbane's 'new world city' status and our businesses are amongst some of the most attractive in the country. With the right strategy, a proactive attitude and an open mind about the opportunities in Asia outside China, the potential for Brisbane businesses in the Asian Century should not be underestimated.

To find out more about making the most out of doing business in the Asia Pacific click here <http://www.bdo.com.au/specialisations/international-business/asia-pacific-insights> to view a webinar by Dennis and Cameron. ■

Dennis Lin leads BDO in Australia's China Advisory Services. As a Chartered Accountant and solicitor, providing both practical and commercial advice that is easily understood by clients in Australia and China. In addition to his primary specialisation in taxation, Dennis has also advised on the commercial aspects of transactions.

As a native speaker of Putonghua, Dennis can communicate technical advice in Chinese and English to ensure it is clearly understood by all stakeholders.

Cameron MacMillan has extensive experience in international business, including export and investment strategies and government engagement. In fact, his most recent position before BDO was as the State Manager for Austrade in Queensland.

Following a career spanning 15 years as a Trade Commissioner with the Australian Government's trade facilitation agency, The Australian Trade Commission (Austrade), Cameron joined BDO (QLD) Pty Ltd in July 2009 and leads its International Business sector group.



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Private investment is playing an increasingly critical role in large scale resource projects.

IAN WAINWRIGHT

**HEAD OF GLOBAL LOANS, QLD
AUSTRALIA & NEW ZEALAND BANKING
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In the last 5 years, despite further rounds of turmoil in the world markets, ANZ has seen consistent growth in financing within the Australian resources sector and its related service industries. With more than \$5 billion (AUD) of loan assets covering minerals, energy and infrastructure development in Queensland alone, ANZ has financed Australia's resource sector more than any other bank.

Demand for resources, particularly within the Asian region, remains strong. Continued growth is expected due to a combination of factors, including population increases, demand for better living standards, heavy reliance on resource intensive production and compensatory demand behaviour between competing economies (particularly China and India).

Of note is China's ongoing, if somewhat subdued,

economic growth agenda since the GFC. A key driver of China's growth agenda is huge investment in domestic infrastructure. As a consequence, China will continue to require a significant and ongoing supply of Australian resources.

The expected resource demand path is therefore not an easing from a boom but rather, a further stepping-up to sustained, higher levels of output. Queensland is extraordinarily well positioned to benefit in this environment.

We are now seeing continued high levels of interest in Australian resources from foreign investors - both from traditional markets, such as Japan, the USA and Europe, and from relatively new entrants, such as Korea, India and Thailand. These countries are acquiring interests across all aspects of the resources supply chain in Australia, particularly in Queensland.

Queensland carries a leading position in the Australian resource sector due to rich resource deposits, favourable geography (such as manageable terrain, suitable port locations and proximity to markets), historically economical costs of production, and infrastructure that effectively supports industry.

Because of new and dramatic increases in Asian resource consumption, a significant proportion of which can be sourced from Queensland, it is critical that resource projects and their associated infrastructure are delivered efficiently. As a consequence, project funding, particularly in Queensland, is key to sustaining this growth.

This becomes apparent if we consider, for example, existing resource related infrastructure such as ports and rail. The vast majority of these were funded, developed and operated by government (some were later privatised). This model is no longer available due to high levels of government debt, along with the demonstrated capability of the private sector to manage and implement infrastructure.

Now, private project investors are required at every step of the supply / capital chain for any resource development, whether it be at a mine, or associated rail, port or water supply. This can be seen in the \$4 billion (AUD) capital funding of the Wiggins Island Coal Export Terminal, which has a capacity of 27 Mtpa. Wiggins Island was developed, constructed, financed and will be operated entirely by the private sector. This is in stark contrast to the recent past where private investment in a mine development was restricted solely to equity, and some limited project level debt. All other associated activities would ordinarily be performed, administered and financed by government.

The increased demand for resources and the lack of capacity for government to provide funding for infrastructure are producing a highly positive environment for private investment in Queensland. Large investments of equity and debt are required to meet this demand.

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ANZ estimates the expanded role of private investment in Queensland's resource sector in the near to mid-term, at a primary level¹, is in the order of \$100 billion (AUD). This covers a broad range of investments, including coal mining, export LNG projects and various forms of infrastructure such as rail, port, water, and power generation and transmission. The following are particular features of the current project environment:

- Funding will be required within a compressed (3 – 5 year) time frame to support planned developments;
- Highly skilled advisors are necessary to manage accelerated processes and ensure world class practices;
- Banks and investors need to be highly skilled in financial structuring across complete resource supply chains;
- An understanding of how to achieve government objectives is critical; and
- Capital will need to be sourced globally, and from multiple investor sources, including export credit agencies, private equity, commercial banks and investment funds.

When assessing the list of specific resource developments in Queensland, it is difficult to fully appreciate the intimate links that the growth and revenue-earning opportunities provide for the rest of the state, and in particular Brisbane.



The private sector's expanded role in such an investment task is unprecedented in Queensland history. ANZ has been working at the forefront of this investment profile to assist parties by providing detailed insights as well as balance sheet strength to the resources sector. Critical to ANZ's role has been our depth of experience in the financing of complex mega projects, and our strong relationships within Asia, Europe and the USA.

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Brisbane has developed quickly, and will continue to develop, as the hub for executing resource development in Queensland and managing associated resource flows into Asia.

There has been rapid across-the-board consolidation within Brisbane. This includes not only the traditional mining services, project development and operations companies but also the high value-adding professional services sector, covering the engineering design, project management, logistics, supply chain management, trading, accounting, legal and financial firms.

The dramatic change in these organisations is that they now provide fully fledged operations, often with senior management and partners based in Brisbane, ensuring world class support to the resources sector.

Importantly, these organisations are not only capitalising on the immediate business opportunities in Queensland but are also building their operations to manage work in other regions – particularly within Asia. By doing so, these organisations harness locally developed knowledge and expertise which is being used as a valuable export commodity in its own right.

Further, the businesses operating from Brisbane work closely with each other in their international endeavours, developing a unique depth of business and importantly, are capitalising upon the recent amalgamations of global firms in the services sector. This is particularly noticeable in Brisbane's finance, accounting and legal services sector.



...financiers now have the option of investing through a complete resource chain, from mine through to infrastructure, transshipment and associated support projects.

If one were to track the physical supply chain associated with Queensland's resources sector, we would see a clear path for development. With appropriate levels of industry and government cooperation, Queensland has strong potential to build a first class capacity for supplying resources. This will form an immense economic backbone for the state.

There are many emerging examples of this approach: the integration of port expansion with rail development, airports with airlines servicing the mining industry, gas transportation systems and water utility expansions.

This means that financiers are increasingly faced with new levels of what is known as "concentration risk"; financiers now have the option of investing through a complete resource chain, from mine through to infrastructure, transshipment and associated support projects. Any one chain may total many billions of dollars. On balance, this is seen as a positive development (assuming finance liquidity is available) as it provides efficiency through clearly identified common objectives and synchronised timing of development across a stable long-term resource industry investment

class. This can only enhance the competitiveness of Queensland's resources.

Thanks to an unabated demand for resources, Queensland is in an excellent and unique position for continued growth. This growth will provide wide-spread opportunities covering all aspects of the economy with a particular focus in Brisbane. Queensland's lucrative resource projects are attracting international financial institutions and investors – all vying for the opportunity to finance some of the largest single capital investments the industry has ever seen. ■

Ian Wainwright is the Head of Global Loans, Queensland for ANZ Bank and has over 25 years experience in the international infrastructure development and financing arena.

Ian has extensive international experience having lived and worked throughout Asia and has held key roles in the project development, commercial negotiation and lead financing of a broad range of natural resource developments, and economic and social infrastructure. Ian has worked in project capital raising for both equity and debt funding institutions having held senior roles in developer/contractor, and sponsor/owner organisations, and senior positions to the level of corporate board member within European, Asian and Australian banks.



Mining and resource industry related demand have offset much of the downturn in the property and retail sectors of the economy.

Strong growth in the resources sector and related service industries is spurring change in Brisbane's economic landscape.

DR MISHKA FOSTER

**PRINCIPAL ECONOMIC ANALYST,
BRISBANE CITY COUNCIL**



Employment and population continue to grow at a slower rate

Prolonged uncertainty in global economic conditions, a strong Aussie dollar weighing on trade exposed sectors and a spate of natural disasters in 2011 would lead anyone to believe that Brisbane is doing it tough. The real story, however, reveals solid growth in the resource sector and related service industries but weaker performance in property and retailing.

While a pipeline of committed resource projects is flowing through to the rapid expansion of professional engineering services, equipment providers, airport expansion and office developments within the CBD, an overall flattening of population growth across South East Queensland (SEQ) translates into slowing housing demand and retail spending. The slowing of household consumption and inward migration is a complex shift on previous trends, caused by a mixture of weak consumer sentiment, financial insecurity among residents, a collapse in tourism-related employment across SEQ and a significantly constrained financial sector. However, these trends are being offset to a large extent by strong

ANNUAL WHITE COLLAR EMPLOYMENT GROWTH BY CITY, HISTORICAL AND FORECAST

	Historical	Forecast
City	1990-2010	2010-2015
Sydney	1.8%	1.9%
Melbourne	3.1%	1.9%
Brisbane	2.5%	3.1%
Perth	2.0%	1.5%
Adelaide	1.3%	1.7%
Canberra	2.0%	1.4%
Average	2.2%	1.9%

Source: Deloitte Access Economics Q2:11 and CFSGAM Research; Urbis

inward migration and employment growth in higher paying occupations.

The annual employment results and the recently released Census 2011 data reveal that mining and resource industry related demand have offset much of the downturn in the property and retail sectors of the economy, maintaining overall positive employment growth for Brisbane and unemployment rates below 5%. The data suggest that both Queensland and West Australia are on a different growth trajectory to the rest of Australia and this is borne out by the city-level data, with Perth and Brisbane recording stronger population growth than other capitals. In Queensland, the evidence reveals beyond doubt that Brisbane's economy is undergoing a transformation, as it responds to the global resource boom and strong demand from the large and growing economies of Asia.

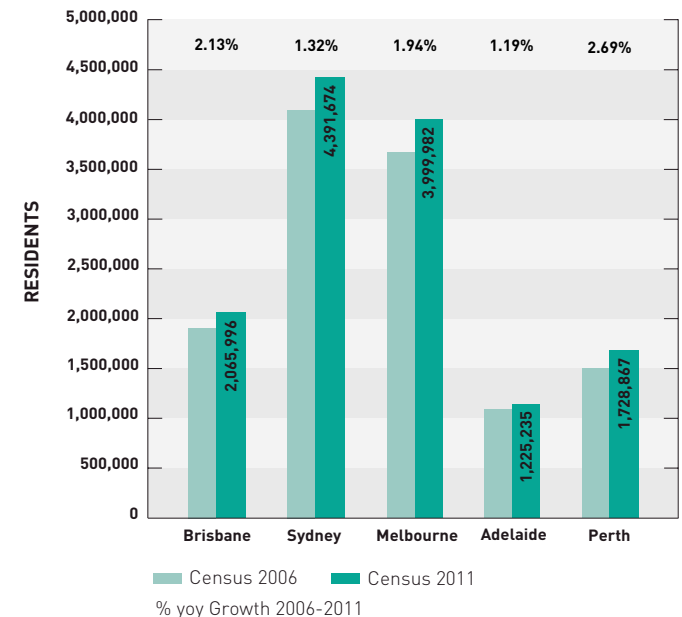
Though positive, Brisbane's employment growth of 7,227 jobs over the most recent twelve month period was the slowest annual growth recorded over the past six years, with the next lowest growth of 11,533 recorded in the 2009-10 period. However, Brisbane's unemployment also declined over the most recent twelve month period,

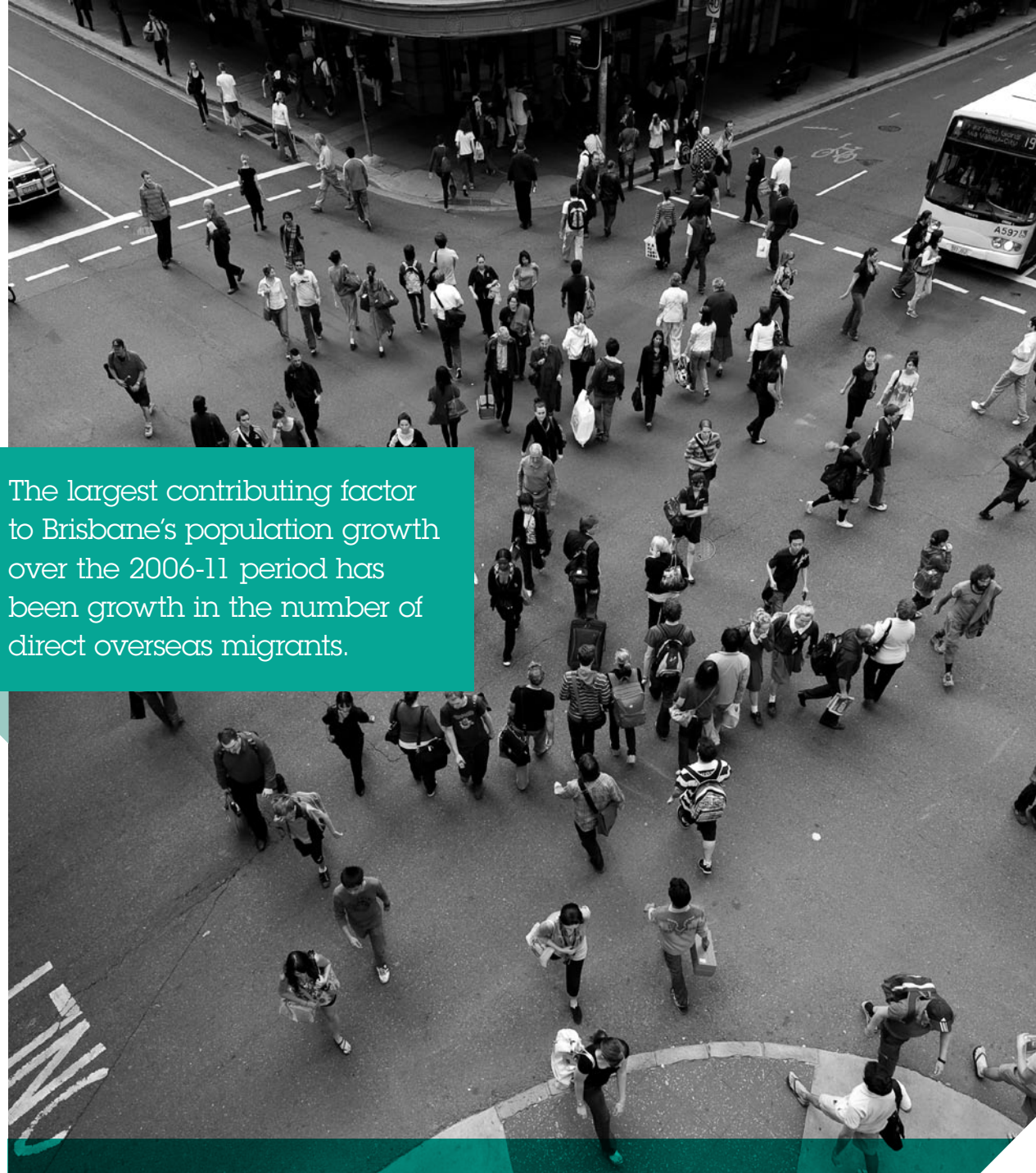


Brisbane's economy is undergoing a transformation, as it responds to the global resource boom and strong demand from the large and growing economies of Asia.

from 5.0% to 4.8%, indicating that the slowdown in employment growth is likely to be related to a decline in interstate migration and the flow on effect this has on property demand and consumer spending growth. A shortage of skilled workers available to the resource sector continues to be an issue that both Perth and Brisbane are grappling with as they try to maximise the flow on economic benefits of the global resource boom.

Brisbane's residential population pipped the 2 million mark sometime in 2010 to reach total population of 2,065,996 by census night in August 2011. The increase in population of 208,389 over the 2006 to 2011 period, reflects a comparatively strong year on year growth of 2.13%, second only to Perth which attracted over 214,471 new residents and recorded annual growth of 2.7%. Both cities exceeded the Australian average of 1.6%. The Brisbane Local Government Area (LGA) increased by 85,582 residents to 1,041,839 over the same period, recording a slower annual growth rate of 1.69%.



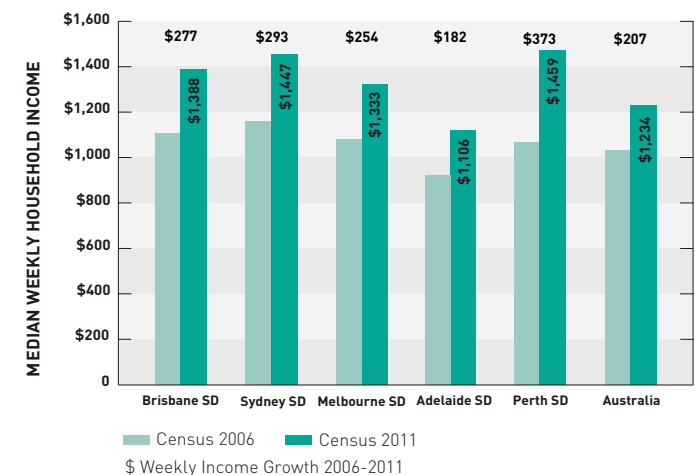


The largest contributing factor to Brisbane's population growth over the 2006-11 period has been growth in the number of direct overseas migrants.

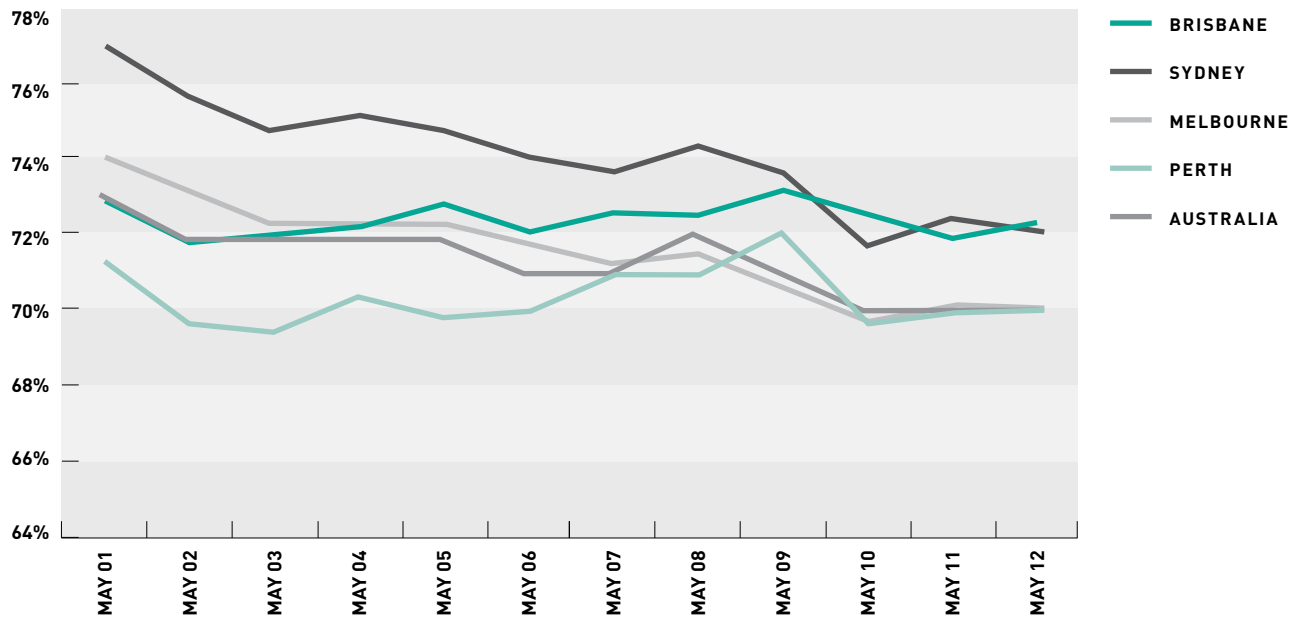
- Two other interesting aspects of Brisbane's population change emerged from the recent census:
- Direct overseas migrants have become the largest contributors to population growth
 - Median household income increased by 25% (an additional \$277 (AUD) per week) to reach \$1,388 (AUD).

The largest contributing factor to Brisbane's population growth over the 2006-11 period has been growth in the number of direct overseas migrants. Over the 2006-2011 period, the number of overseas-born residents living in Brisbane grew by 111,865 people, increasing the share of overseas-born residents to one quarter of the Brisbane population. This is lower than the average for Australia which stands at 30%. The largest growth in Brisbane residents by country of birth were New Zealand (22,496 additional residents), India (14,448) and China (9,467).

The growth in median household incomes, confirms survey evidence indicating that Brisbane's economic growth has brought with it faster household income growth. The 25% increase in household incomes over the 2006-11 period places Brisbane in equal second position behind Perth but similar to Sydney and to the average for Australia. This is a substantial improvement on a decade ago when Brisbane incomes were below the national average.



FULL-TIME JOBS AS A SHARE OF TOTAL JOBS



Source: ABS Labour Force Survey, Cat No. 6291.0.55.001 Labour Force

One of the drivers of household income growth in Brisbane has been the strong retention of full time jobs as a share of the economy. As can be seen in the diagram above, Brisbane's full-time share of all jobs in the economy has remained stable at around 72% while most other capital cities experienced growth in part-time jobs as a share of total jobs. The latest data indicate that Brisbane and Sydney have the highest share of fulltime jobs at around 72% of total while the other cities listed and the average for Australia are down around 70% from peak levels experienced in 2001.

The Near Term Outlook

The resource sector contributed \$25 billion (AUD) to the Brisbane economy or just under a quarter of Gross Regional Product (\$144 billion (AUD)) in 2011. With 177 resource companies already based in Brisbane and with 144,000 direct and indirect jobs created in resource-

serving industries, these figures highlight the importance of this sector to Brisbane's future growth.

A recently released study from BREE¹ (in consultation with key mining stakeholders) showed Queensland as having:

- \$55.2 billion (AUD) in LNG Projects (under construction and proposed);
- \$26 billion (AUD) in coal infrastructure projects (under construction and proposed);
- \$16 billion (AUD) (or 95.5%) of the study's listed and costed metallurgical coal projects; and
- \$26 billion (AUD) (or 73.3%) of the study's listed and costed thermal coal projects.

The challenge for Brisbane amidst this unprecedented investment cycle is to understand and plan for its role in being at the apex of the resource sector boom in Queensland.

The challenge for Brisbane is to understand and plan for its role in being at the apex of the resource sector boom in Queensland.



Brisbane needs to sell its story to a national and global audience in order to attract the workers required to support the expansion of the global resource hub in Brisbane.



A study commissioned by Regional Development Australia (Brisbane) called Future Skills Shortages in the Brisbane Labour Market (Synergies, 2011) revealed that Brisbane needs to accommodate an additional 343,000 jobs by 2021, of which 200,000 will be in the professional and managerial occupations. This estimate, based on investigations into labour market demands by the resource companies based in Brisbane, coupled with an assessment of graduate output, revealed that Brisbane needs to sell its story to a national and global audience in order to attract the workers required to support the expansion of the global resource hub in Brisbane. The latest Census data on migration is an encouraging sign that graduating students, workers needing to retrain and overseas migrants are aware of the opportunities in Brisbane and are increasingly able to find pathways to employment in this booming resources sector.

Council's commitment to promoting economic development as a top priority and to implementing the large range of actions detailed in the recently released Brisbane Economic Development Plan (2012-31) is particularly timely at this critical point in Brisbane's economic development as Brisbane transforms from an administrative and regional population servicing centre into a global resource hub for the Asia Pacific region. ■

Dr Mishka Foster is responsible for the preparation and implementation of Council's 2012-31 Brisbane Economic Development Plan. In performing this role, Mishka is responsible for monitoring Brisbane's economic performance, undertaking business consultations and surveys and providing strategic advice on the future economic priorities for Brisbane. Prior to joining Council in 2007, Mishka worked in the Queensland Government, most recently as Director of the Smart State Unit in the Department of Premier and Cabinet. Mishka also has extensive experience in industrial policy in the United Kingdom, where she worked for 8 years as an advisor to the UK and European Governments on economic policy and investment attraction policies. Mishka holds a PhD (Government) from the University of Queensland, an MBA from the Scottish Business School and a BA from the University of Toronto.

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