

GOLD COAST ECONOMIC OUTLOOK

MAY 2022

CITY OF
GOLDCOAST.



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Bring back the have a go spirit, diversify the economy, maintain our lifestyle.

The City of Gold Coast Economic Development Strategy 2023





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The source of data used in the analysis and figures is the National Institute of Economic and Industry Research (NIEIR) ©2020. Compiled and presented in economy.id by .id (informed decisions).

1.0 Report Highlights



The Gold Coast economy shows a sharp V-shaped recovery post-pandemic (a)



Strong economic recovery with 1.7% productivity growth (e)



Gross value added (GVA) growth rate is 3.4% (b)



Gold Coast exports are growing by > 4% per annum (f)



Employment rate (FTE) growth rate > 2% (c)



87% of risk avoided due to diversification and interdependency (g)



33,510 persons employed in Health Care and Social Assistance (d)



6 industries showing strong growth which contribute > 52% to the overall GVA of Gold Coast economy (h)



1.0 Report Highlights (detailed)

- a) The Gold Coast economy shows a sharper V-shaped recovery than the state and national recovery, as witnessed by most economic fundamentals in the aftermath of the worldwide pandemic.

- b) Gross value added (GVA) also known as business productivity, has been growing at 3.4 per cent per year over the past 10 years, which is significantly higher than Regional Queensland, Queensland and Australia.

- c) Employment (FTE) has been growing by more than 2 per cent per annum over the past 10 years, which is almost twice the employment growth rate observed in Queensland and Regional Queensland and Australia.

- d) Health Care and Social Assistance is the largest employer, generating 33,510 FTE jobs, followed by construction with 27,412 people, and retail trade with 24,462 people in 2020–21.

- e) The Gold Coast economy with 1.7 per cent productivity growth shows a strong recovery relative to Regional Queensland, Queensland and Australia with -1.04 per cent, -0.02 per cent, and 0.88 per cent respectively.

- f) Our exports are growing by more than 4 per cent per annum – increased to \$2,380 million over the last 10 years, with distinctively higher growth rates relative to Regional Queensland (3.1%), Queensland (2.9%), and Australia (2.5%).

- g) Strong industry-level interdependence and a high degree of diversification are helping to achieve high returns at low-risk combinations.

- h) In terms of regional benchmark growth, the top six industries include construction, manufacturing, health care and social assistance, retail trade, financial and insurance services, and professional, scientific and technical services.

2.0 Introduction

The Economic Outlook report is designed to provide a brief, non-technical overview of the Gold Coast's economic performance including post-COVID recovery and growth compared to the state and national level economies. The report is supplemented with short-term forecasts of the macroeconomic drivers of the Gold Coast economy.

This report analyses the structural changes in macroeconomic drivers due to impacts of COVID-19 and highlights opportunities that can be harnessed from a regional macro-economic perspective. Further, the report provides a comparative economic recovery and growth analysis of the Gold Coast economy relative to Regional Queensland, Queensland and Australia. Not a simple task, nor a perfect science and the analysis can be subject to changes with economic fluctuations and other assumptions.

The report finds that the Gold Coast economy follows national economic trends but with a higher speed of recovery and growth relative to Queensland, Regional Queensland and Australia. This report is divided into two parts. The first part is an overview of the economic fundamentals of the Gold Coast economy, which has been compared with the economies of Regional Queensland, Queensland and Australia. The second part provides future insights which have been analysed at an economy-wide level.

The City Economy, State of the Economy Report is due to be released in August/September 2022, which will provide a detailed narrative of the impacts of the pandemic.

3.0 Key Economic Growth Measures

The Gold Coast economy shows a sharp V-shaped recovery as witnessed by most economic fundamentals in the aftermath of the worldwide pandemic.

The Gold Coast economy in gross value added has been growing faster at 3.4 per cent per annum over the last ten years relative to Regional Queensland, Queensland, and Australia. Economic fundamentals including output, employment, productivity and exports are commonly considered the primary characteristics necessary to determine the stability and health of the overall economy.

Growth trends of economic fundamentals, measured in gross value added (GVA), employment (FTE), workers' productivity and exports, indicate the outstanding performance of our economy over the past 10 years. This report demonstrates a strong recovery profile of Gold Coast that underpins the upward revision to economic activity, employment, investment, and exports in the years ahead.





4.0 Gross value added (GVA)

Gross value added also known as business productivity, has been growing at 3.4 per cent per year over the past 10 years. This is significantly higher than state and national economies (see figure 4.1).

More importantly, the Gold Coast economy with 2.3 per cent growth has shown strong recovery post the onset of the pandemic, as compared with Regional Queensland, Queensland, and Australia with the growth of 0.6 per cent, 1.8 per cent, and 1.2 per cent respectively in 2021.

The Gold Coast's strong recovery has been largely underpinned by the health care and social assistance industry, generating \$3,666 million in 2020–21.

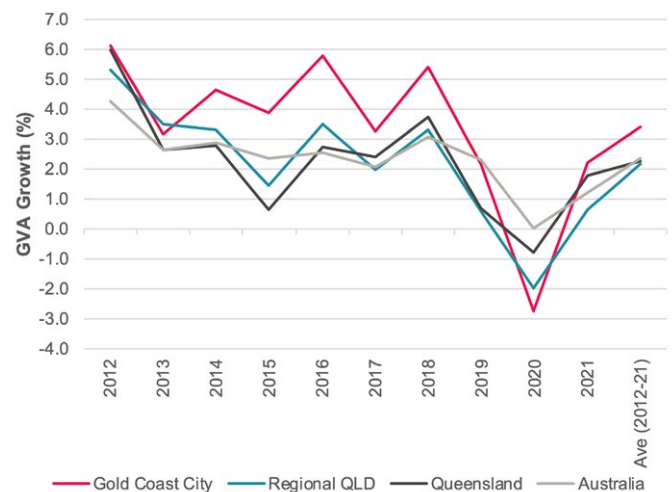
Further analysis of the value added by industry sectors shows that health care and social assistance (\$3,666 million), construction (\$2,917 million) and manufacturing (\$2,518 million) are three major industries contributing 11.9 per cent, 9.4 per cent and 8.1 per cent respectively to the overall economy.

These three industries collectively accounted for \$9,102 million in total or 29.4 per cent of the total value added by industry in the Gold Coast economy

In contrast, the above-mentioned industries accounted for 10.1 per cent in health care and social assistance, 8.4 per cent in construction and 7.1 per cent in manufacturing in Queensland.

Over the past decade, health care and social assistance increased by \$1,699 million, professional, scientific and technical services by \$826 million, education and training by \$746 million and retail trade by \$605 million. These industries have emerged as the leading industries of the Gold Coast.

Figure 4.1: Gross value add (\$M) annual change



5.0 Employment (full-time equivalent)

Full-time equivalent (FTE) employment is one of the most important factors of production – directly contributing to the gross value added of the economy.

The strong performance of the Gold Coast economy has been supported by strong growth in employment. Employment (FTE) has been growing by more than 2 per cent per annum, significantly higher than Regional Queensland, Queensland and Australia for the recent past decade (2012–21).

Despite a recent blow to the economy, employment has witnessed almost 2 per cent growth in 2021, consistent with a decade-long employment growth trend. In the Gold Coast, health care and social assistance is the largest employer, generating 33,510 FTE jobs in 2020–21.

Over the past decade, the number of full-time equivalent local workers in Gold Coast increased by 39,893. In 2021, three major employing industries were health care and social assistance (33,510 employees), construction (27,412 employees), and retail trade (24,462 employees).

Accordingly, health care and social assistance, construction, and retail trade contribute 13.9 per cent, 11.4 per cent, and 10.2 per cent to the overall employment (FTE) of the Gold Coast economy.

Moreover, the largest changes in the full-time equivalent jobs during the last decade were observed in health care and social assistance (+12,864 full-time equivalent local workers), education and training (+6,841 full-time equivalent local workers), professional, scientific, and technical services (+5,681 full-time equivalent local workers), transport, postal and warehousing (+2,661 full-time equivalent local workers).

These industries are considered emerging industries due to their significant increase in the number of full-time equivalent local workers.

Figure 5.1: Employment (FTE) annual change



6.0 Productivity (per worker)

In all industries, the growth of productivity per worker has been fluctuating around a long-term mean value of 1.02 per cent during 2012–21.

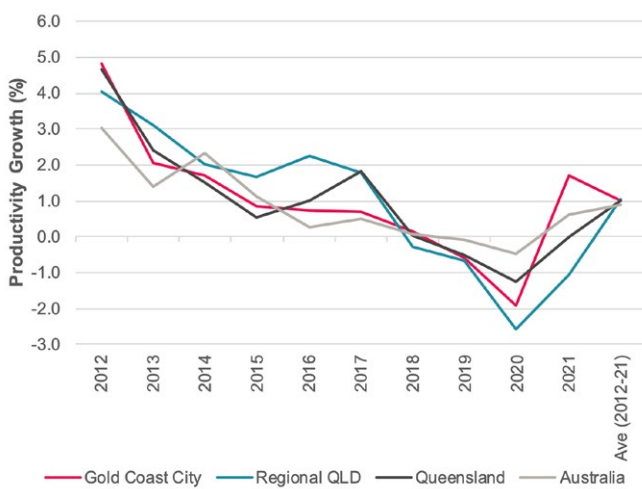
Post-COVID-19, in 2021, the Gold Coast economy with 1.7 per cent productivity growth shows a strong recovery relative to Regional Queensland, Queensland, and Australia with -1.04 per cent, -0.02 per cent, and 0.88 per cent growth respectively.

The above productivity growth has been supported by several sectors, and among these include beverage and tobacco product manufacturing, wood product manufacturing, non-metallic mineral product manufacturing, machinery and equipment manufacturing, professional, scientific, and technical services, and health care and social assistance.

In terms of GVA per worker in 2021, the dominant three industries include mining with \$371,769 per worker, electricity, gas, water, and waste services with \$288,342 per worker and financial and insurance services with \$270,677 per worker.

In contrast, the above-mentioned industries in Queensland are \$500,269 per worker in mining, \$362,831 per worker in electricity, gas, water and waste services, and \$276,704 per worker in financial and insurance services. In addition, industries that have observed the largest changes in productivity are mining, agriculture, forestry and fishing, rental, hiring and real estate services, administrative, and support services over the last 10 years.

Figure 6.1: Worker productivity (\$ per worker) annual change



7.0 Exports

Exports are the sales of goods and services by industries to non-resident households, businesses, and other organisations, outside Gold Coast city boundaries.

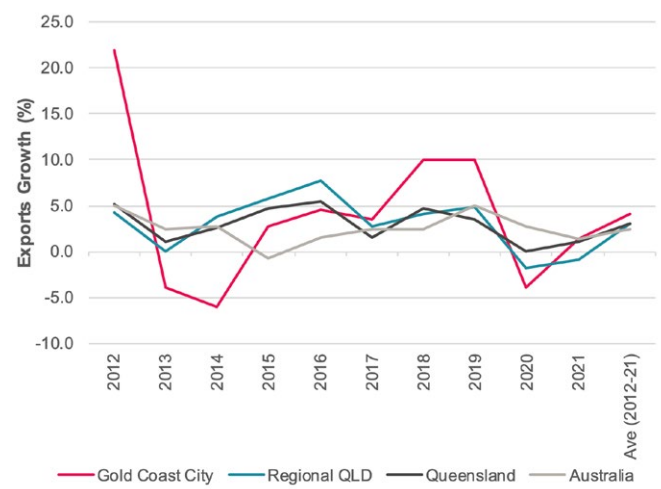
Exports have been growing by more than 4 per cent per annum and have increased to \$2,380 million over the last 10 years, with distinctively higher growth rates relative to Regional Queensland (3.1%), Queensland (2.9%) and Australia (2.5 %).

In terms of sectoral contribution to total exports, manufacturing with \$3,218 million contributing 20.9 per cent, accommodation, and food services with \$2,192 million contributing 14.2 per cent and wholesale trade with \$1,531 million contributing 9.9 per cent, are the three largest industries.

In total, these three industries accounted for \$6,942 million or 45.1 per cent of the total exports by industry in the Gold Coast in 2021. In comparison, manufacturing, accommodation and food services and wholesale trade industries in Queensland accounted for 15.4 per cent, 2.7 per cent and 4 per cent respectively.

Over this period, exports by wholesale trade with \$631 million, mining with \$589 million, health care and social assistance with \$393 million and education and training with \$363 million have appeared as the emerging industries in our economy.

Figure 7.1: Exports (\$M) annual change



8.0 Post-Pandemic outlook highlights



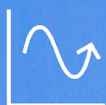
OUTPUT (FORECASTS)

Gross regional product projected \$43,073 million in 2024 is expected to grow at 4 per cent per annum over the next three years.



JOBS (FORECASTS)

Jobs are expected to grow at 5 per cent annually over the next three years, 34,8581 workers in 2024.



GROSS VALUE ADDED (FORECAST)

Gross value added is projected at \$34,349 million in 2024 and is expected to grow at 3.6 per cent per annum over the next three years.

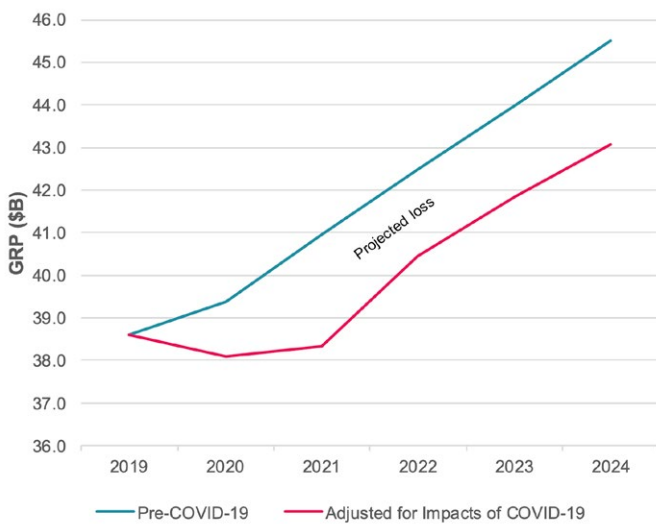


Post-Pandemic outlook

Projections suggest the Gold Coast economy will be -\$2,427 million, or -5.3 per cent smaller in 2024 relative to the pre-COVID-19 scenario (see figure 8.1). This impact is relatively low and is below the Regional Queensland impact of -7.2 per cent pre-COVID-19.

Forecasts suggest there will be around -8,414 fewer jobs (see figure 8.2). This impact represents around -2.4 per cent of all jobs, below the impact on regional Queensland. This shows a visible loss in the Gross Regional Product (GRP) and jobs due to COVID-19 impacts in 2020 and beyond.

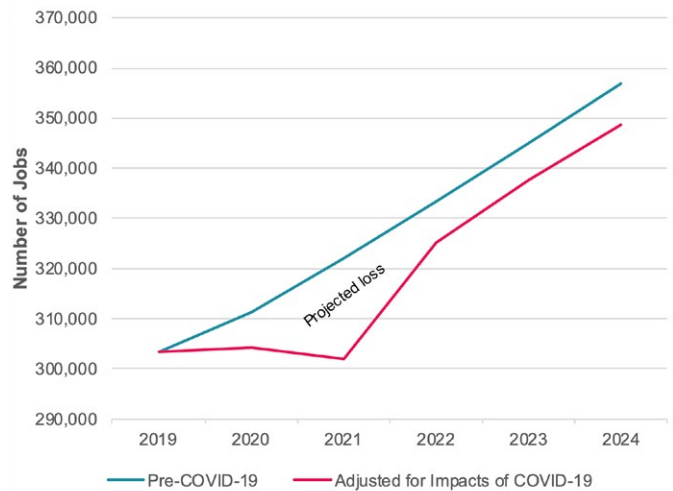
Figure 8.1: Gross Regional Product (forecasts)



COVID-19 had a substantial negative impact on economic activity in 2022. The spatial impacts of the pandemic are uneven and will depend on the number of cases, industry mix and export exposure.

Compared to pre-COVID-19 forecasts, the Gold Coast economy will be -\$2,019 million, or -4.8 per cent smaller in 2022. This impact is relatively low and is below the Regional Queensland impact of -5.7 per cent.

Figure 8.2: Jobs (forecasts)



There will be around -8,363 fewer jobs in 2022 than the pre-COVID-19 forecasts. This impact represents around 2.5 per cent of all jobs, above the impact on Regional Queensland. The impact on employed residents is forecast to be higher than on local jobs.

However, it is encouraging that our economy is rebounding strongly unlike the delayed economic recovery witnessed globally. This recovery is being led by several sectors including wholesale trade (19%), retail trade (33%), accommodation and food services (35%), transport, postal and warehousing (32%), financial and insurance services (20%), healthcare and social services (22%) and arts and recreation services (47%).

As our economy continues to recover, new and emerging trade opportunities are likely to be a key driver of improvements in productivity and living standards.

9.0 Future Prospects

In the following section, we discuss the prospects of the Gold Coast economy in terms of gross value added (GVA) and changes in local jobs relative to Regional Queensland, Queensland and Australia.

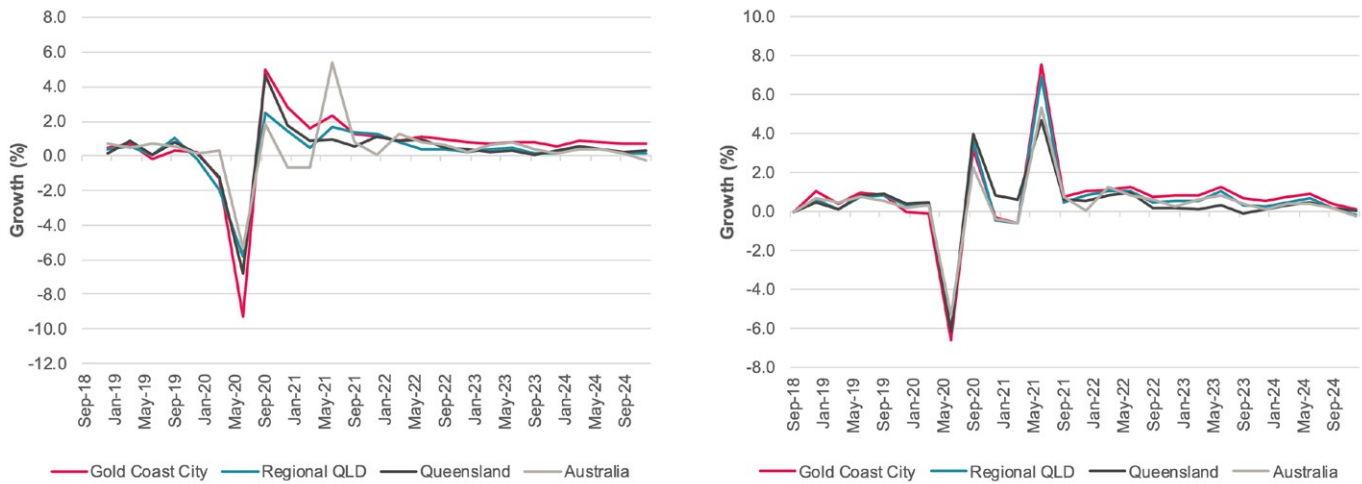
GRP of the Gold Coast is set to grow at 0.6 per cent every quarter for the next three consecutive years, which is well above the growth expectations of Regional Queensland, Queensland and Australia.

This relatively higher growth is expected due to projected strong growth in agriculture, forestry and fishing, information media and telecommunications, financial and insurance services, education and training and health care and social assistance over the next three years. Figure 9.1 shows the gross value added, which is a close proxy of businesses' productivity, appears consistent with the GRP of the Gold Coast as discussed above.

The forecast suggests the GVA of the Gold Coast is growing at 0.8 per cent quarterly (period average September 2021 through June 2024) significantly higher relative to Regional Queensland, Queensland and Australia with average growth of 0.5 per cent each.

In terms of local jobs, Gold Coast observes higher growth relative to Regional Queensland, Queensland and Australia in the years ahead. This signals that the Gold Coast will quickly catch up to levels of economic activity observed before COVID-19. The above recovery is further supported by the skilled labour currently available on Gold Coast.

Figure 9 1: Quarterly percentage change in GVA & Local Jobs (forecast)



10.0 Strategic opportunities

Strategic opportunities for the Gold Coast can be defined through competitive and comparative advantage, diversification and interdependence within its industries and against Regional Queensland, Queensland, and Australia level benchmarks.

A regional economy has a competitive (or absolute) effect on the production of a good or service (output) if it can produce more of that good or service than any other region with the same inputs/factors of production (i.e. natural resources, labour, capital and entrepreneurship).

A competitive advantage in production may arise due to the provision of natural resources within a region, a highly skilled and specialised workforce, state-of-the-art machinery and equipment or strong supply chains.

Diversification analysed through a portfolio approach to economic development indicates high growth at minimum volatility as a result employment increases, competition takes place, demand fuels up and the tax system runs smoothly.

Sectoral interdependencies refer to the existence of common short-run and long-run patterns in aggregate economic behaviour across industries. This helps in understanding the complementary or competing nature of industries in the economy.

The analysis of diversification and interdependencies suggest that our businesses have been able to avoid 87 per cent of risk due to their diversification of sectors. It is also observed that consistently growing sectors, such as manufacturing, professional services, and health care and social assistance may require additional support services e.g. employment services to manage sustainable growth.

Based on this, it is recommended that businesses are encouraged to develop and maintain a sustainable competitive advantage which is key to business success. Sustainable competitive advantage enables a business to have greater sales, increase in customers and better staff retention, than competitors.

Analysis suggests that many industries from Gold Coast show a long-term strong competitive advantage relative to Regional Queensland, Queensland and Australia from 2011–12 to 2020–21.

Consistent with the competitive advantage analysis, many industries show a comparative advantage in most of the sectors relative to other major cities in comparison. Accordingly, our businesses can take advantage by exporting their goods and services domestically and internationally.

Overall, the COVID-19 pandemic caused a great economic shock in 2020 and 2021. The Gold Coast Council provided direct support to businesses for economic recovery, and the economic recession from the pandemic was short-lived. The Gold Coast's overall economy has shown strong recovery and growth relative to state and national level benchmarks.

11.0 About City Economy

The City Economy branch leads and supports growth of the Gold Coast economy. This is achieved by working with key industry sectors and actively engaging with the business community. The branch delivers programs to attract and grow businesses, develop new export markets to build local competitiveness, deliver a range of smart city projects, and work with key partner organisation to deliver economic programs.

The programs are complemented by a focus on economic analysis, data-driven research, and digital innovation initiatives. Data-driven insights assist to identify targeted growth areas, economic investment opportunities, as well as support the development of a smart economy. Additionally, these provide businesses with the insights and knowledge to innovate and foster sustainable growth.

City Economy

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