

SEQ in the Asian Century Forum





Introduction

The **South East Queensland Regional Development Initiative** is the outcome of seven RDAs from South East Queensland and one RDA from Northern NSW identifying issues that cut across the boundaries of individual RDAs, including how this broader region will respond to the opportunities afforded by the massive growth in Asia. By 2025 Asia is likely to account for roughly half of global economic output, with China alone accounting for around one quarter of global economic output.

Australia in general and South East Queensland are well placed to benefit from the opportunities offered by the Asian Century, and this workshop will identify a range of options to better position the region to benefit from the Asian Century.

A report to be released in August 2013 will identify recommended actions in the areas of:

- **Smart Manufacturing Specialisations**
- **Transport and Logistics**
- **Digital Capacity**
- **Regional Indicators and**
- **Human Capital.**

Additionally, attention will be given to projects that cut across the NSW and Queensland borders.

Agenda

- 9.30am** Registration and coffee on arrival
- 10.00am** **Welcome**
Professor Max Standage, Chair, SEQ RD Initiative
- 10.15am** **Towards the Most Digitally Capable Region in Australia**
Hugh Durrant-Whyte, CEO, NICTA
- 11.00am** **Smarter Manufacturing for a Competitive SEQ**
Professor Roy Green, Dean of the University of Technology Sydney Business School
- 11.45am** **Strengthening SEQ's Supply Chains**
Dr Rebecca Michael, CEO, Queensland Transport & Logistics Council (QTLIC)
- 12.30pm** Lunch
- 1.30pm** **Positioning SEQ for the Asian Century**
Professor Andrew O'Neil, Director, Griffith Asia Institute
- 2.15pm** **Benchmarking SEQ's Competitiveness**
Jack Archer, General Manager, Policy & Research, Regional Australia Institute
- 3.00pm** Afternoon tea
- 3.30pm** **Human Capital in SEQ**
Margaret Blade, CEO, RDA Brisbane: "Skills Shortages in the Greater Brisbane Labour Market 2012-2021 - 2013 Update" by Synergies Economic Consulting

Russell Mason, CEO, RDA Sunshine Coast: "Insight into Korea's Digital Revolution" and "SEQ's Digital Work Hub" project update

Steven Koch, Executive Director, Skills and Employment, Queensland Department of Education, Training and Employment: "Great Skills. Real Opportunities. The Queensland Government reform action plan for further education and training"

Q&A session
- 4.30pm** Wrap up and close

Smart Manufacturing Specialisations



GOAL: We will partner to position the region as a viable destination for manufacturing investment in specialisations that will secure and extend businesses into local and global supply chains that will be sustainable in the long-term.

The State of Manufacturing in SEQ

Despite increasing pressures on the competitiveness of Australian manufacturing, the SEQ manufacturing sector continues to be a major employer in the region and the most significant contributor to our regional exports. 72% of Queensland's manufacturers and 15% of Australia's total manufacturing is performed in SEQ with more than 13,350 businesses involved. Manufacturing has extensive linkages across the economy both as suppliers to and purchasers from other businesses underpinning significant economic activity. Competitive post-industrial manufacturing is focussed on innovation in products, processes and services.

To capture emerging opportunities arising from the Asian Century, we must develop strategies to support and strengthen our manufacturing sectors. By leveraging our natural resources advantages and world class engineering and sophisticated design skills concentrated in the SEQ corner, the region has a unique opportunity to meet many of the needs of rapidly developing Asian communities and their growing middle classes. A dynamic high value export-oriented manufacturing industry will be key to the region's economic sustainability.

Identifying SEQ's Smart Specialisations

As manufacturing transforms from traditional labour intensive manufactures to high tech, high value, products sought globally, there is a convergence happening of niche manufactures with the services sector. Global competitiveness means providing cutting edge products and services known as 'smart specialisations'. In June 2013, a roundtable of key stakeholders of the consortia of SEQ RDAs met to identify the region's smart specialisations. It was generally agreed they are to be found in the following sectors:

- Aviation, Aerospace & Defence
- Food & Agrisciences
- Resources Technologies
- Transport & Logistics
- Medical Technologies
- Software Development
- Clean Technologies
- Creative Industries.

Smart specialisation involves making choices, leading to priority setting and channelling resources towards investments with a potentially higher impact on the regional economy. The SEQ Regional Development Initiative proposes collaboration with key stakeholders to spearhead strategic intent to increase global competitiveness in these growth sectors.

Transport Logistics



GOAL: We will partner to improve the efficiency and effectiveness of existing and new infrastructure through improved logistics, drawing on opportunities such as those provided by high capacity broadband.

SEQ is recognised as Australia's fastest growing region. The current population of 3.5 million is expected to reach around 4 million over the next decade. The Port of Brisbane is the engine of the region's international trade links and handles over 50 billion dollars of trade a year. The Port estimates that this freight movement will double over the next 20 years.

Despite the world class facilities at the Port, the landside logistics network to support freight transport and cater for the forecasted growth is poor. Only 5% of the freight sent through the Port of Brisbane is on rail. SEQ's economy is almost entirely dependent on road transport. This is unusual and ineffective in the long-term. Road access issues are already evident and we are clearly heading for major congestion. It is time to work together to develop smart solutions and strategies to head off a looming crisis. Improvements to rail infrastructure must be part of the solution going forward.

It is no surprise the transport and freight sector is now the fastest growing sector in SEQ. Data from the Australia Bureau of Statistics (ABS) reveals that 128,000 people are directly employed in freight transport in SEQ. Secondly, the logistics sector is much more than just transport, accounting for 2.2 to 2.5 times the freight transport component. ABS estimates also do not include the huge growth taking place in transport activities such as the movement of freight by in-house services through internet marketing and 'white vans'.

Efficient and effective movement of freight across the greater region will help minimise the cost of everyday goods and services, support the economic prosperity of all regions, reduce congestion and improve environmental outcomes.

Trends

A concerning fact is the high cost of freighting in Australia. Canada for example is roughly 50% cheaper. Whilst Australians pay 14% of GDP on transport and freight, our competitors are more likely spending 4-6%.

Recent rapid improvements in digital optimisation solutions or 'smart logistics' have enabled significant increases in both the value and volume of freight that can be transported. Our research shows however only 9% of Australian transport and logistics companies have embraced the new technologies available.

A workshop held at the Port of Brisbane in April by the SEQ project identified a set of priorities for the consortia of SEQ RDAs to address. Focussing our efforts on improvements to information and data sharing will enable more effective designs for and use of our transport system. SEQ RDAs will collaborate to facilitate the development and adoption of digital solutions for supply chain optimisation.

We will also support the development of a freight and ports strategy for SEQ for the next 50 years.

Regional Indicators



GOAL: We will develop an agreed set of indicators for regional development in SEQ to assist in priority project identification and performance management.

The project has developed a unique set of SEQ regional indicators from three primary sources:

- Regional Australia Institute's Regional Competitiveness Index
- RDA MyRegion website
- most recent NIEIR State of the Region report (June 2013).

The indicators were clustered under the 2012 COAG Regional Australia Standing Council's determinants for long-term regional economic growth:

- Human capital (education and skills)
- Sustainable (economic, environment and social) communities and population change
- Access to international, national and regional markets
- Comparative advantages and business competitiveness.

The COAG framework provides a common lens for benchmarking regional development through the RDA network Australia-wide. We have grouped indicators under the key determinants to create an SEQ overview that can be updated annually or on an 'as needed' basis, using existing, readily available data. To provide a quick overview of the strengths and weaknesses of each SEQ region a 'Summary SEQ Table' shows the national and SEQ ranking for each region against each indicator. The summary table highlights areas of common strengths and weaknesses across SEQ and will help identify

priorities and projects at the greater regional level. (The full database with all values and notes for each indicator can be obtained from your local RDA.)

TOP 5 STRENGTHS

- Transparency of local government policy
- Clear roles and responsibilities in regional governance
- Local government assistance for businesses
- Exports
- Expenditure on research and development

TOP 5 WEAKNESSES

- Early childhood performance
- Unemployment rate
- Young unemployment
- Access to technical and further education
- Low availability of skilled labour

Digital Capacity



GOAL: We will facilitate leadership and strategic intent to make SEQ the most digitally capable region in Australia.

Digital capacity is a driving factor in each of the four other areas of interest in this project. Efficiency gains in transport and logistics and in smart manufacturing, along with changes in the way people work and do business, are intimately bound to the effective adoption of digital resources. Both the education and health components of human capital are radically changing in light of high speed broadband and the emergence of 'online' health and education services.

Around the region RDAs are working hard to promote digital literacy and the uptake of digital technologies. Digital strategies are guiding region specific initiatives. Key projects which will support SEQ in its goal to become the most digitally capable region in Australia include:

- **GeoNexus' Under-sea cable project** into the Sunshine Coast which will provide a 300km radius of increased bandwidth, and make SEQ the second region in Australia with direct cable connection to the USA.
- The **Digital Work Hub project**, which has completed research and is now ready to introduce location partners with investors to establish a network of hubs across SEQ.
- The second **CLICK! Digital Expo** on 13-14 March 2014. Featuring seminars with live-streaming and exhibits from leading digital providers, the event will help businesses and not-for-profits across SEQ explore the snowballing power and potential of the digital marketplace.



Human Capital



GOAL: We will address regional skills shortages and employment issues and support initiatives to position the region for the Asian Century.

Improvements in human capital can enhance the innovative and productive capacity of a workforce. Developing a highly skilled and educated workforce assists with building the resilience of a region. Individuals with greater education and skills can pursue a wider range of employment opportunities, and adapt to new processes and technologies which will improve their productivity and standard of living.

The region's skills and education base will also play a fundamental role in ensuring the people of SEQ can develop the right capabilities to participate and contribute to the Asian Century. As the *Australia in the Asian Century Whitepaper* states: "The future demands we develop skills in adaptability, flexibility, resilience, creative and design thinking and the confidence and readiness to interact with and operate in Asia."

With these aspirations in mind, regional indicators point to some concerning weaknesses in SEQ's human capital base that need to be addressed. Weaknesses are found across the region in current unemployment levels, particularly youth, access to technical or further education and a skilled workforce. On the flip side recent workforce planning reports point to looming skills shortages, particularly in the skilled and professional employment categories. The Queensland Government has recently released an action plan for further education and training: *Great Skills. Real Opportunities*. SEQ RDAs will work with the Queensland Government to improve training

outcomes and help bridge the gap between the skills shortages and unemployment issues. We will also collaborate with stakeholders to focus skills development in 'Asia relevant' capabilities.

To participants:

We hope you enjoy the *SEQ in the Asian Century Forum* today and take home with you some food for thought to help you in your role within your community and in planning for the future.

Forum Organisers:

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Michael Lockwood

Professor Max Standage, Chair, SEQ RD Initiative

SEQ Coordinator Steering Committee

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