

The Activated City

Imagining the Sunshine Coast in 2040



KPMG

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PART A

Sunshine Coast Vision 2040



Bernard Salt
KPMG Partner

Come with me on a journey into the future to the Australian Sunshine Coast in the year 2040. Here is the ninth largest urban mass on the Australian continent with 550,000 residents spread across a range of villages and suburbs that fill the void between the coast and the Bruce Highway. Here is an independent city that is as well connected into the business hierarchy of Sydney and Melbourne as it is into Brisbane.

Footloose businesses in financial services, insurance, aviation, sport and wellness, renewable energy, healthcare, tourism and leisure, retail, construction, agribusiness and hi-tech start-ups started to gravitate to the Sunshine Coast in the 2020s. Initially the driver was access to new generation premises spinning out of the new Maroochydore CBD project but this was soon augmented by access to broadband internet and to a pool of creative talent spilling out of the university and the local business incubator.

New businesses flourished alongside the expanded airport that opened up new direct flights initially to second-tier cities in mainland China but then extended to a wider array of destinations. By 2040 the Sunshine Coast International Airport connects with 15 international mostly Asia-Pacific cities. New hotels and leisure activities subsequently opened in the new Maroochydore CBD hub and also along the coast. The university and other institutions responded with training programs in hospitality but also in healthcare, medical research and in the new field of leisure studies.

A large part of the airport's visitor inflow is connected into health tourism. Australia is regarded within the broader region not just as a great source of clean food (for export) and as an idyllic holiday destination, but also as a safe place for higher and specialised learning and for access to a range of medical (including cosmetic) procedures. The spin-off services from the nexus between the airport and the university underpin a surging knowledge-worker workforce on the Sunshine Coast.



And this is in addition to development of a renewable energy hub centred on the Coast and leveraged off the development of a solar farm based in the hinterland. The confluence of technology and lifestyle and the irresistible promise of renewables all came together for the Sunshine Coast in the 2020s.

The prosperity of the Coast and its residents and the greater exposure of the community to discretionary time effected by digitisation and automation leads to interest in cultural, artistic and sporting pursuits. The Coast becomes a haven for contemporary art, music, theatre and for a festival of creative thinking. The rise of a bigger business elite leads quite naturally to artistic patronage that takes the Coast headlong into a tangential role as a creative lifestyle and business hub. Parallels are drawn between the relatively new city of the Sunshine Coast and America's artistic hub at Santa Fe.

The technical infrastructure that supports the businesses and the jobs of the Sunshine Coast's new economy is augmented by an authentic entrepreneurial community culture. Baby boomers retiring to the Coast from Sydney and Melbourne in the 2020s kicked-off their second and third careers in start-up businesses leveraged off a lifetime's contacts and knowledge. In the 2020s the Coast's entrepreneurial spirit found expression through a surge in small to medium enterprises in health, technology, professional services, building and retail.

Early signs pointing to a twilight-career micro-business movement stemming from the boomers were evident from the end of the mining boom in the 2010s. These late career entrepreneurs came to be known as Second Career CEOs. The movement gelled nicely with a similar start-up culture being driven by tech-savvy university-educated Millennials uncommitted to mortgage, marriage or children. This symbiotic relationship between Second Career CEOs and wannabe Millennial business owners was always going to work. It just needed a place and a space and both came together in the fertile new Maroochydore CBD ecosystem in the 2020s.

The harnessing structure behind this early entrepreneurial activity was set in place by the university, by the Council and by a hitherto unrealised determination of the boomer generation not to age, not

to retire, as previous generations had aged and retired. Fit and active, cashed-up and connected, the inflowing boomer tide wanted to create a new future for their 60s and beyond in these delicious 2020 lifestyle years. And if they could mentor a start-up along the way then all the better. Boomers were building legacy in the 2020s.

The new Maroochydore CBD project came along at precisely the right time, injecting energy and a can-do philosophy into the Sunshine Coast. So too did the expansion of the airport, the university, the public hospital, the light rail, the solar farm. In one single glorious decade it was like the Coast had been awakened from a long and cosy period of hibernation. The completion of the first light rail stage by 2025 seemed to fuse the disparate parts of the Coast into a single heaving pulsing amorphous mass electrified by the tramline's unification.

If the airport delivered connectivity and freed the Sunshine Coast from the shadow of Brisbane then the light rail created a galvanised community that in hindsight always wanted to be galvanised. The Coast's community in 2040 mirrors to a large extent the Australian demographic narrative at the time. There is still an Anglo-Mediterranean base to the population but second generation Asian, Indian and Arabic Australians are giving the community a clear cosmopolitan edge.

Long gone is the sense that the Sunshine Coast is an enclave of older retired Australians and New Zealanders. Indeed, the university, the business incubators, the lifestyle, the bubbling opportunities to work amid some of the nation's smartest start-ups attracts a steady flow of 20-somethings into the region. Hipster enclaves magically crystallise on the edges of the old Maroochydore CBD. Sport and wellness seem to pervade every streetscape. Activewear is adopted by Council as the Coast's unofficial uniform. There is even talk of the Sunshine Coast bidding for the 2046 Commonwealth Games.

By 2040 the Sunshine Coast has sufficient critical mass that its own 'demographic' converges upon the Australian average. The Coast's culture shifts; it is a demographic outlier no longer.



The pleasing aspect of the Sunshine Coast in 2040 is the way this city, this living working learning caring city, operates on a daily basis. Sure, the advent of driverless cars makes highway travel faster and safer. And sure, some people still commute to Brisbane, but just as many workers commute the other way or at least they commute to what has become known as the Aura edge.

The city is neatly balanced to the north and south around the Maroochydore hub; gone is the sense that this place is a fusion of independent (and of perhaps squabbling) tribes. This hub makes the Sunshine Coast different to other lifestyle cities that often struggle to put forward a single place to act as the portal to accommodate premium tenants in premium accommodation. This was always going to be a game-changer for the Sunshine Coast. No other city of a similar scale offered new and existing businesses the opportunity to reimagine their future in state-of-the-art premises next to the pulsing heart of an established Australian city.

The key difference between the Sunshine Coast of 2040 and the Sunshine Coast of today is not the population growth, or the new airport or hospital or even the expanded role of the university; it's not even the new light rail; it is the sense that locals know that they can do whatever they want to do, locally. This is an important cultural distinction in regional Australia. By 2040 there are head offices of nationally significant businesses based in Maroochydore, mostly in the services, technology and construction sectors.

The US trend of footloose businesses gravitating to lifestyle and smart cities like Miami, Phoenix and Portland surfaces in the Sunshine Coast. It started with South African insurer Youi setting up shop in the Sunshine Coast in 2008 but by the 2020s others joined in insurance, finance, environmental management and what has come to be known as the new digitised retail. All drawn in by the compelling gravitational forces of knowledge, creativity and lifestyle.

There is by 2040 ample evidence of self-made business success stories coming out of the local community. Sure, some business transferred from Brisbane and beyond but by the 2030s the city's business hubs were filling with locally-generated enterprises. There are flourishing businesses based on the Sunshine Coast that export to and that connect with South East Asia as comfortably as they connect with other parts of Australia.

Somehow the Sunshine Coast of 2040 seems to be an integral part of a greater whole that extends beyond the Australian continent. Parents in the future will happily invest the rest of their lives in a city where they know that the next generation won't be forced to move elsewhere to pursue their dreams because, finally, the Sunshine Coast will have arrived. And by arrived I don't mean reaching the critical mass of half a million residents, although that threshold will be crossed around the middle of the century.

The Sunshine Coast will have arrived when the community is galvanised, when critical infrastructure is delivered, when footloose businesses in finance and technology clamour aboard, when government departments decentralise from George Street, when the Sunshine Coast grows its own scaled businesses from start-ups and cultivates more of its own entrepreneurs. That journey started long before 2040 but it needed help along the way, including the critical Maroochydore CBD office and business hub, as well as key expansions and developments like the airport, the hospital, the university and the light rail.

The question in 2040 isn't so much how did we get here, fascinating though that may be, it is where to from here? Where can the Sunshine Coast get to, where could it get to, beyond the middle of this century? But perhaps we'll leave that bigger question for another time. In the meantime there's an exciting journey ahead for a working, caring, learning, connected city that is being reimaged as the activated city of the Sunshine Coast of 2040.



The Activated City

Some cities go through phases of quiet expansion passing from one decade to the next without fundamentally changing the way they operate.

This was the case for the Sunshine Coast and as it still is for some cities. But an activated city passes through a break-point where the old industries and old social structures give way to new. Brisbane was activated as it passed from big country town to metropolitan city in the 1990s. Melbourne was activated in the mid-1990s as it awoke from a recession-inspired early-90s hibernation.

The Sunshine Coast was activated in the 2010s as it approached the 400,000-mark and as critical infrastructure was delivered such as the light rail, the airport expansion, the hospital development and the

university expansion. Investment on this scale and concentrated intensely on a regional community over a few years activates business, creates new enterprises, introduces new entrepreneurs and resets the social order.

An activated city creates business opportunity and attracts visitors and investors. The previous Sunshine Coast was a nice enough place to live but it is only an activated city that can take the Sunshine Coast to the 2040 vision of a proud, independent, successful urban centre.



Agents of **Activation** on the Sunshine Coast

Here are some of the projects and developments that are activating or that promise to activate the Sunshine Coast.

The Maroochydore CBD development project sits on a 53 ha site located adjacent to the existing Maroochydore centre, which will enable new generation office space to be injected into the core of an established urban centre. The Maroochydore CBD will accommodate new office, residential and hotel developments.

A new runway is planned for the Sunshine Coast airport, a \$347 million development that will accommodate large planes and direct flights from Asia and the Western Pacific by 2020.

A light rail line is proposed to extend between Caloundra and the airport with the first stage likely to be completed in 2025.

A new 450-bed public hospital costing \$1.8 billion will open in Kawana later this year with a capacity to expand to 900 beds beyond 2021.

The Sunshine Coast University has recently completed an \$81 million building program.



Business as Usual Underpins Growth

Over the coming decade building and construction will continue to drive population and urban expansion on the Sunshine Coast.

New planned residential communities at Palmview, Caloundra South and Beerwah East will take land and housing supply on the Coast’s southside through to the 2040s. Much of the Sunshine Coast’s future growth will be concentrated south of the Maroochy River.

Residential development located at the Maroochy CBD business hub site will be filled by workers living locally. Residential development and household formation will remain a major driver of growth and prosperity on the Sunshine Coast for another generation.



Meet the Tribes of 2040

The Sunshine Coast of 2040 is a heady fusion of tribes and aspirations that in some ways is very different to the Coast of today, but in other ways is an extension of the place we know today.

More knowledge workers and a greater influx of tech-savvy 20-somethings means the advent of a hipster culture. It also means more youth more energy more sporting activity.

Retiring lifestyling, second-careering baby boomers spilling out of our biggest cities introduce a mentoring culture. Some call the Sunshine Coast Collaboration City. Everyone is increasingly focused on wellness.

Activewear is absolutely everywhere. More and more local success stories and self-made entrepreneurs create a market for artistic patronage: perhaps Buderim will be viewed in 2040 as a kind of Byron-of-the-north.

The Brisbane commuter class subsides as the next generation of Coasters reaffix their employment to any of the local opportunities. And then there are the overseas and interstate visitors, the day-trippers, the immigrants, the fly-in/fly-outers, the artists and the entrepreneurs. All are welcome and all contribute to an eclectic, activated lifestyle city emblematic of the best that Australia has to offer in the middle of the 21st century.



Start-up City

The Sunshine Coast has a claim to stake as one of regional Australia's leading start-up cities.

Not only has the city supported a tech start-up incubator in the Spark Bureau since 2015 but it also seems to quite naturally foster an extraordinary number of new small businesses every year. New data released by the Australian Bureau of Statistics in February tracks the rise, and fall, of small business enterprises by local area across Australia.

At June 2016 there were 600,000 small businesses in Australia employing less than five workers. This number was up five per cent over two years. But on the enterprising Sunshine Coast this number was up seven per cent. The top small business hubs on the Sunshine Coast are Maroochydore CBD, with 711 small businesses in June last year, followed by the Noosa hinterland (650, mostly farmers) and Buderim North (614). But over the previous two years the number of new small businesses burgeoning within the Maroochydore CBD jumped by a net 84 or 13 per cent. In Golden Beach the number of net

new small businesses jumped by 54 or 23 per cent over the two years to June 2016 and in Marcoola-Mudjimba the jump was a net 71 or 26 per cent or five times the national average.

In fact, the only place to record a substantial drop in small businesses employing less than five workers on the Sunshine Coast at this time was Tewantin, which fell from 214 in 2014 to 188 two years later. However, at the same time the number of enterprises operating from within Tewantin employing five-19 workers jumped from 57 to 78, which was a 37 per cent increase and which compares with an Australia-wide growth rate in this category of five per cent.

Whichever way you look at it, the Sunshine Coast seems to be a hotbed of start-up action and most probably in areas associated with urban growth and development.



Jump City

We think the Sunshine Coast contains about 350,000 residents in 2017. Current projections place this figure at 550,000 by 2040, which delivers net growth of 200,000 or average growth of 8,700 per year.

Generally there are about 10,000 residents per suburb in cities like the Sunshine Coast which means the Coast must invent or deliver one new suburb around every 14 months. It also means that the net population growth by 2040 will underpin demand for around 76,000 new dwellings, split between traditional suburbia and medium density townhouses and apartments. The school-age population will jump from 63,000 to 95,000 and the number of people aged 80 and over will similarly jump from 18,000 to 50,000. So, 32,000 net extra school kids and teenagers by 2040 on the Coast and 32,000 net extra frail elderly.

There are 18 secondary schools on the Sunshine Coast today; if current students-to-school ratios are maintained then the Coast will require an extra 14 schools by 2040 or about one every two years. The other option is to dense-up existing schools, making them bigger and therefore more efficient. The overall number of dwellings will jump from 134,000 today to 210,000 by 2040 which suggests strong demand for building and construction as well as for household furnishings and furniture.

Because the Sunshine Coast will continue to grow from the arrival of immigrants from within and beyond Australia, as well as from natural increase, every cohort will grow faster than the Australian average over coming decades. There will be more Sunshine Coasters in every age group in 2040 than there are today and especially in the older cohorts. Aged care services will be generally in demand across Australia in the future but especially on the Sunshine Coast.

However, there's also strong growth expected in the younger cohorts as the Coast attracts families and 20-somethings. In fact, the Coast's projected profile pivots on a 50-something fulcrum: lots more old people; lots more young people; but only standard levels of growth in middle age. Instead of gravitating to the Sunshine Coast in retirement, as has been the case for a generation, in the future Aussies will be attracted to the Coast in household formation. The old structure gives way to the new; the Coast loses its retirement tag and re-emerges as an active and energetic city more interested in active as opposed to passive sports.



“ The new Maroochydore CBD project came along at precisely the right time, injecting energy and a can-do philosophy into the Sunshine Coast. ”



Sunshine Coast 2017 and 2040

		2017	2040
	POPULATION	350,000	550,000
	PRIMARY & SECONDARY SCHOOLS	135	205
	INTERNATIONAL AIRPORT CONNECTIONS	1	15
	DWELLINGS	134,000	210,000
	LABOURFORCE	165,000	272,000
	SCHOOL KIDS 5-18	63,000	95,000
	AGED 80+	18,000	50,000

Sunshine Coast vs Australia Growth % 2017 and 2040

		SUNSHINE COAST	AUSTRALIA
	POPULATION	58%	38%
	LABOURFORCE	74%	44%
	SCHOOL KIDS 5-18	52%	31%
	AGED 80+	179%	141%

PART B

The Sunshine Coast Evolution

1. The Early Days of the Sunshine Coast

In many respects the story of the Sunshine Coast is the story of many lifestyle cities in Australia as well as in America. These are cities that were not 'discovered' in the 19th century, as was the case for places like Geelong and Newcastle for example, but rather these are cities that coalesced and fused into existence in the decades following World War II.

This is not to say that there were no settlements along the Sunshine Coast canvas prior to the war. Agricultural service towns like Nambour, Landsborough and Beerwah dotted the Bruce Highway, as did a series of tiny coastal settlements at Tewantin, Maroochydore and Caloundra.

But then something odd happened not just north of Brisbane but in other places in Australia, in California, in Florida, along the Costa Brava and on the French Riviera. The wealth of peace and prosperity combined with the rise of a new middle class and the advent of the motor car combined to create demand for a new way of living. What Australians wanted, what Americans wanted, what some Europeans wanted, was access to coastal lifestyle in a warm climate.

The sunbelt drift pulled Australians north as it lured Americans south; it attracted the British to holiday and then to settle in Spain. The sunbelt drift is, much like suburbia, an outward expression of the way we want to live. From the 1950s onwards the three municipalities of Noosa, Maroochy and Caloundra (formerly Landsborough) were targeted as retirement hotspots, then as holiday destinations and then as lifestyle locales for commuters to Brisbane.

Continued population growth over decades resulted in established towns burgeoning as well as in the formation of new settlements along the coast. The sheer weight of numbers and the multiplication of settlements resulted in the fusion of settlements into an elongated urban mass that we now know as the Sunshine Coast, administered by the municipalities of Noosa and Sunshine Coast (formerly Maroochy and Caloundra).

The same thing happened south of Brisbane at the Gold Coast albeit on a grander scale. And the same thing happened in southern Florida with the fusion of Miami with Fort Lauderdale, Boca Roton and Palm Beach. Here are urban settlements, here are cities, quite unlike anything previously imagined. And as such these cities, and this city of the Sunshine Coast in particular, all need to be boldly imagined in the future.

There are legacies that flow from the way in which the Sunshine Coast was formed. The elongated urban form stretching 50 km between Noosa Heads and Caloundra requires motorway connectivity. The local commuter force travelling daily to Brisbane requires multi-lane highway and railway connectivity to workplaces in the state capital.

There is no 100-year heritage of base hospitals, of universities, of botanic gardens, of cultural centres or hip-strip shopping precincts underpinning the Sunshine Coast. All of this and more has had to be conceived, funded and delivered within one, maybe two, generations.

The rise of the Sunshine Coast is documented in a simple table that shows where the urban centre is expected to rank in the Australian urban system by the middle of the century. The urban centre comprises the built-up area along the coast including Noosa, Maroochydore and Caloundra, but also including Nambour. A broader

definition of the Sunshine Coast includes the largely rural components west of the coastal strip. The Sunshine Coast did not exist as a separate urban entity at the 1954 census; 100 years later it is the ninth largest urban mass in Australia.

The various segments of the Sunshine Coast population are also documented, based on official state projections to 2036. A simple extension of these demographic trends leveraged from as early as 1996 provides an assessment of the scale of the Coast's main segments in 2040 as cited elsewhere in this report.

TABLE 1: A TOP 10 CITY
The Sunshine Coast has risen from nowhere to rank with other big cities in Australia

1954		2050		Growth 1954 - 2050		
1	Sydney	1,860	1	Greater Sydney	7,690	310%
2	Melbourne	1,520	2	Greater Melbourne	7,670	400%
3	Brisbane	500	3	Greater Perth	4,630	1220%
4	Adelaide	480	4	Greater Brisbane	4,190	740%
5	Perth	350	5	Greater Adelaide	1,800	280%
6	Newcastle	180	6	Gold Coast - Tweed Heads	1,230	6050%
7	Hobart	100	7	Canberra - Queanbeyan	720	2300%
8	Wollongong	90	8	Newcastle - Maitland	590	230%
9	Geelong	70	9	Sunshine Coast (urban area)	500	2400%
10	Launceston	50	10	Wollongong	380	320%
AUSTRALIA		8,990	AUSTRALIA		37,600	320%

Source: KPMG based on Australian Bureau of Statistics Census data and relevant State Government planning authorities







NOTES:

- Population represented in 000s
- Regions between 1954 and 2050 are not a precise match
- 1954 regions represent the urban form of the regions at the time which is not a geographic match for the regions as they are at today and projected as at 2050. 1954 regions use Statistical Divisions and Statistical Districts
- 2050 regions are defined as either Greater Capital City (GCCSA) or in all other cases Significant Urban Area (SUA)
- Neither Gold Coast or Sunshine Coast existed in 1954. Comparator regions for growth calculation were:
 - Gold Coast from South Coast town; &
 - Sunshine Coast from Caloundra town, 27 towns of Maroochy LGA and all towns of Noosa LGA

* Sunshine Coast in 2050 being an SUA for the purpose of top cities comparison, varies from that used throughout the remainder of the report which is Sunshine Coast SA4 geography (or the same as Sunshine Coast and Noosa LGAs combined).



TABLE 2: THE SUNSHINE COAST BY LIFE STAGE

Historic and projected population by life segments in the Sunshine Coast, 1996-2036											
Life Segment	1996		2016		2036		Growth 1996 - 2016		Growth 2016 - 2036		
	No.	% of total	No.	% of total	No.	% of total	No.*	% of total growth	No.*	% of total growth	
 Kids & Teens (Aged 0 - 14)	46,000	22%	63,000	18%	90,000	17%	17,000	12%	27,000	16%	
 Education & Career Formation (Aged 15 - 29)	38,000	18%	58,000	17%	81,000	16%	20,000	15%	23,000	14%	
 Family Formation (Aged 30 - 49)	63,000	30%	86,000	25%	120,000	23%	23,000	17%	34,000	20%	
 Empty Nesters (Aged 50 - 64)	32,000	15%	70,000	20%	91,000	18%	38,000	28%	21,000	12%	
 Active Retired (Aged 65 - 74)	19,000	9%	40,000	12%	60,000	12%	21,000	15%	20,000	12%	
 Sedentary Retired (Aged 75 And Over)	12,000	6%	30,000	9%	73,000	14%	18,000	13%	43,000	26%	
TOTAL	210,000	100%	347,000	100%	515,000	100%	137,000	100%	168,000	100%	

Source: KPMG based on Australian Bureau of Statistics Census data and relevant State Government planning authorities

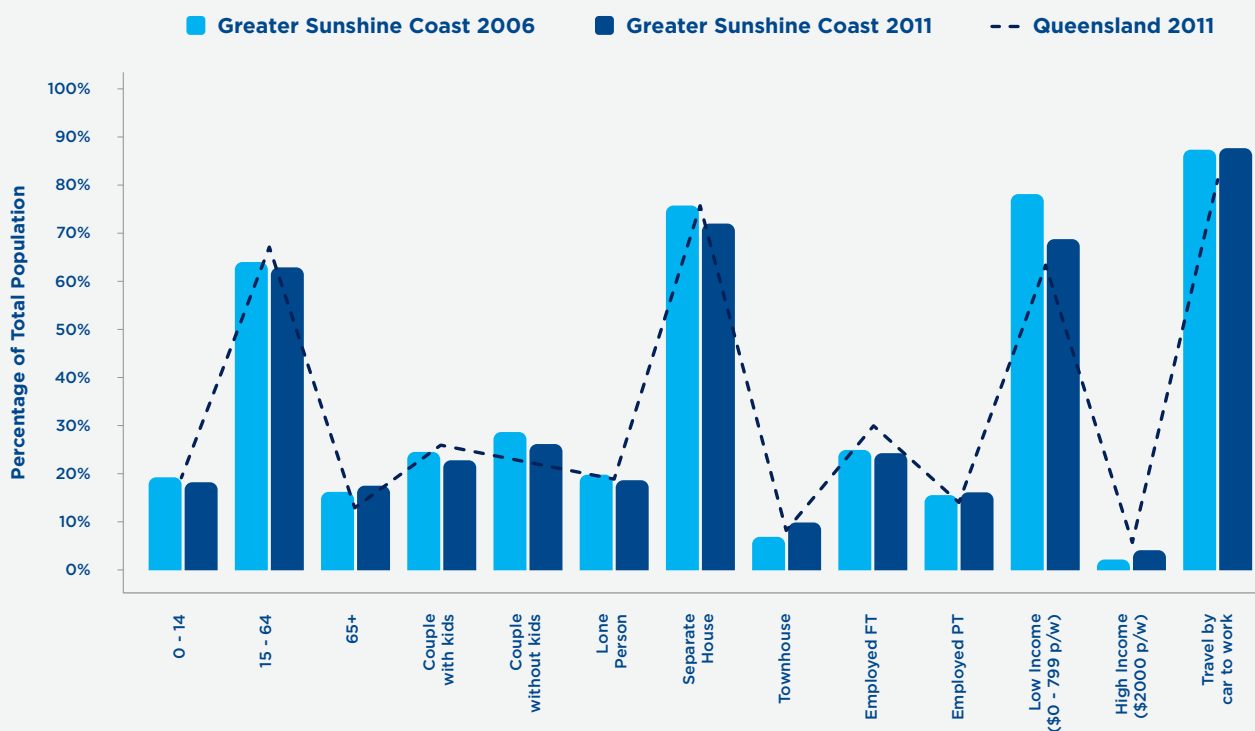
2. The Sunshine Coast Trajectory

The promise of prosperity is a tall order for an Australian regional city and yet that is clearly the trajectory of the Sunshine Coast.

And especially as the city emerges from the transformative decade of the 2010s. In this single 10-year stretch the Coast has been and is being transformed, especially in terms of investment in infrastructure and a drop in the unemployment rate.

Going if not gone is the one-dimensional culture of the Sunshine Coast as a seaside retirement town. Receding if not in downright retreat is the concept of the Sunshine Coast as a subservient commuter town to the bigger, brasher, capital city of Brisbane.

FIGURE 1:
Sunshine Coast & Australia demographic indicators as a % of population



Source: Australian Bureau of Statistics Census 2011

Here is a town that is transforming from within and that is being willed into a multi-dimensional urban form by forces from beyond. The Sunshine Coast Council has grasped the nettle that so often afflicts modern cities with a seaside/retirement/commuter heritage. Cities formed by the fusion of separate settlements often struggle to project a single CBD to serve as the portal to national and international business.

In such cities retail and other services as well as job opportunities languish and/or are framed by a local

horizon. However, by rezoning and repurposing a 53-ha golf course site adjacent to the existing Maroochydhore centre to facilitate a new business hub, the local council has in one fell swoop changed the destiny of the Sunshine Coast. The city's economic and cultural horizon just got bigger; this is evidenced in a comparison of the health workforce between the 2006 and 2011 censuses which increased from 12,000 to 16,000 workers. Bigger and more complex cities offer greater depth in services like healthcare.

TABLE 3: THE DOMINANT INDUSTRIES OVER PREVIOUS 3 CENSUS'

Rank	2011	Number of Employees
1	Health Care and Social Assistance	15,900
2	Retail Trade	15,300
3	Accommodation and Food Services	10,900
4	Education and Training	9,600
5	Construction	8,500

Rank	2006	Number of Employees
1	Retail Trade	15,500
2	Health Care and Social Assistance	11,800
3	Accommodation and Food Services	10,200
4	Construction	8,900
5	Education and Training	8,100

Rank	2001	Number of Employees
1	Retail Trade:	15,600
2	Health and Community Services:	8,500
3	Property and Business Services:	7,400
4	Accommodation, Cafes and Restaurants	7,100
5	Manufacturing:	6,700

Source: Australian Bureau of Statistics Census data 2001, 2006 & 2011

“ Here is a town that is transforming from within and that is being willed into a multi-dimensional urban form by forces from beyond. ”

3. The Formation of a Business Hub

The reason why the transition of the Sunshine Coast's destiny is so significant is because it is difficult to impose a new CBD on an existing city of scale.

It's hard to do. It's hard to make it work. Indeed there are no significant opportunities in regional Australia and likely few opportunities in similarly-scaled cities internationally, to reimagine the operation of an established CBD.

Melbourne has augmented its CBD with the Docklands business hub. Sydney has done similar with the smaller Barangaroo project. Central Newcastle was transformed a decade ago by the near-CBD Honeysuckle redevelopment site.

And Geelong tried to effect a city-by-the-bay movement late last century and succeeded only in part.

The Sunshine Coast Council's step into big-picture thinking about the future of the Sunshine Coast CBD, as well as of the broader city and its people, will deliver dividends for decades to come. Gone is the small horizon. Gone is the bickering as to which suburban centre should dominate. Gone is any sense of indecision as to how to shape the city's future.

**FIGURE 2: THE REIMAGINED CITY CENTRE:
Future Maroochydore CBD on the former Golf Course site**



Source: SunCentral

The new CBD site at Maroochydore allows ample space for existing businesses to expand and to attract new businesses from Brisbane, from interstate and from overseas. The unique proposition of the new

Maroochydore CBD site as the reimagined business and commercial hub of the Sunshine Coast is the missing link that will help transform the future of this city.

**FIGURE 3: THE EXPANDING URBAN FORM:
Sunshine Coast change in urban density and footprint**



Source: KPMG based on South East Queensland Regional Plan 2009 and Draft South East Queensland Regional Plan 2016



And this is in addition to the council/local-university/start-up incubator Spark Bureau that is cultivating new local businesses from within the Sunshine Coast. As the Sunshine Coast doubles in population over the next half-century there will be a requirement for new and expanded businesses in retail, housing, health and professional services. There is scope to expand the

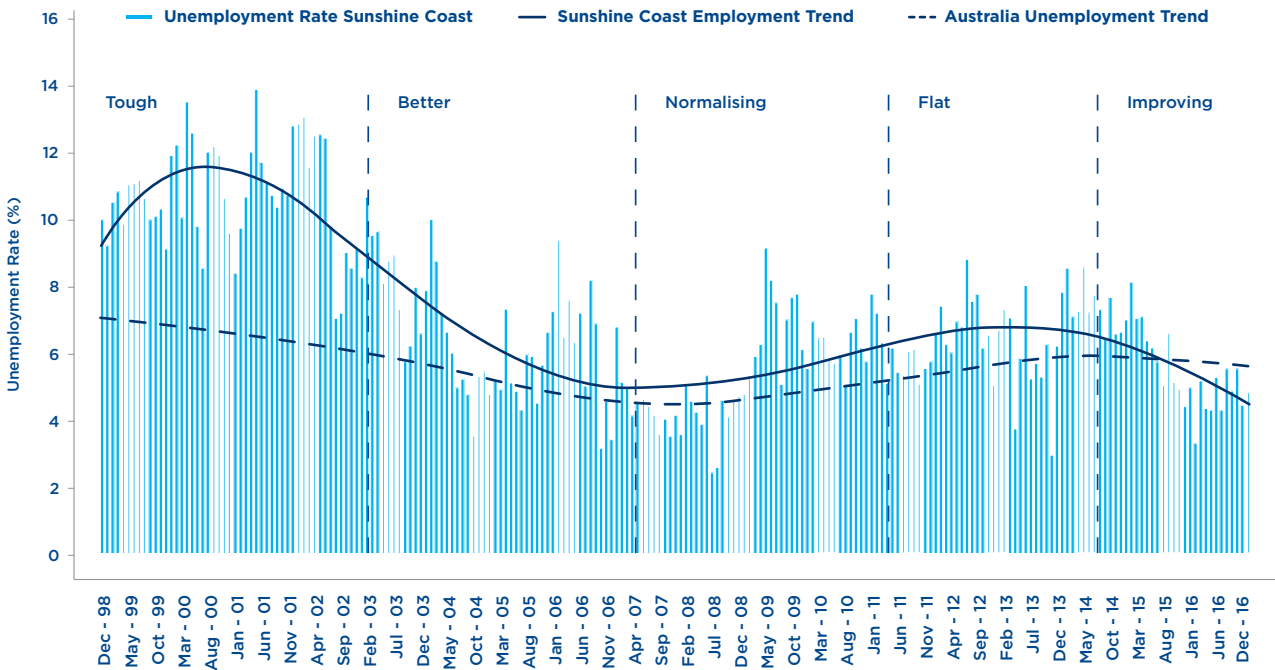
penetration of university education within the Sunshine Coast; there is evidence that the Sunshine Coast is normalising in terms of its job market. More knowledge workers and a greater proportion of the labour force in work contributes to the cultural and economic transformation of the Sunshine Coast.

**TABLE 4:
MORE THAN ONE MILLION OUT OF 24 MILLION AUSTRALIANS IS A UNIVERSITY STUDENT**

City/Municipality	Geography	2011	Students per 1,000 Residents
Sydney	GCCSA	229,000	52
Melbourne	GCCSA	214,000	53
Brisbane	GCCSA	108,000	52
Perth	GCCSA	85,000	49
Adelaide	GCCSA	62,000	50
Gold Coast - Tweed	LGAs	23,000	40
Newcastle - Maitland	LGAs	13,000	60
Wollongong - Shellharbour	LGAs	13,000	51
Sunshine Coast - Noosa	LGAs	9,000	30
Greater Geelong	LGAs	8,000	37
Total 5 Cities & 5 Municipalities		764,000	49
Australia		933,000	43

Source: Australian Bureau of Statistics Census 2011

FIGURE 4: CITY OF JOBS:
Sunshine Coast unemployment is trending below the Australian average

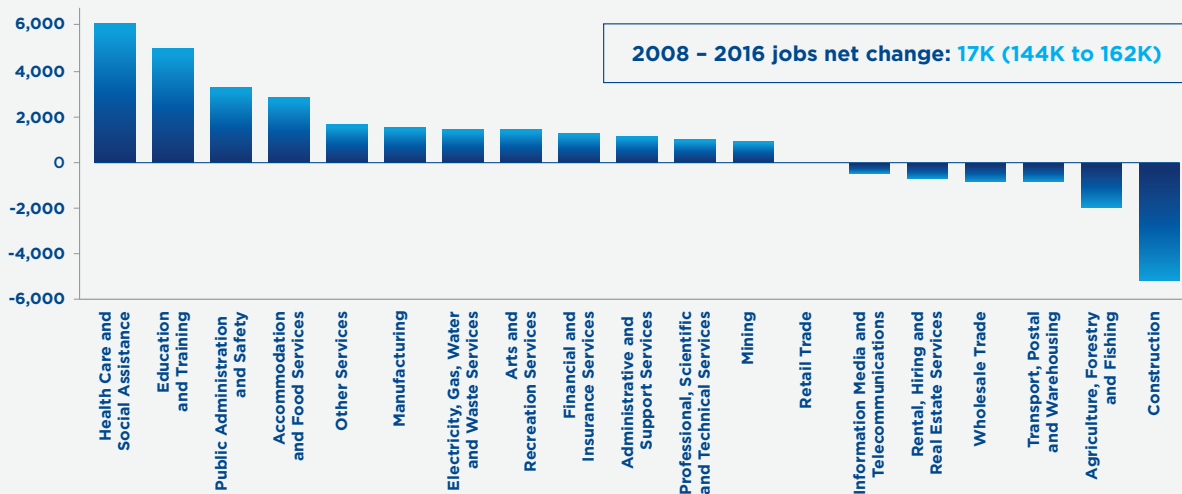


Source: KPMG; Australian Bureau of Statistics Labour Force Survey

Local entrepreneurs will emerge and prosper on the basis of strong population and housing growth. And this is to be celebrated. But more-of-the-same is not enough for

the local Council and nor should it be enough for the people of the Sunshine Coast. The Coast can do better.

FIGURE 5: WHERE THE JOBS ARE:
Growth industries on the Sunshine Coast over the last 8 years at November 2016



Source: KPMG based on data from Australian Bureau of Statistics Labour Force Survey

TABLE 5: SUNSHINE COAST TOURISM SNAPSHOT 2015

	International	Domestic Overnight	Domestic Day	Total
Visitors ('000)	251	2,938	5,614	8,803
Nights ('000)	2,691	10,909	-	13,600
Spend (\$m)	195	1,823	498	2,516

Source: Tourism Research Australia

NOTE:

Sunshine Coast Tourism region does not match Sunshine Coast SA4 region which is the basis for the majority of the report. Map of the comparison between these regions can be found in the appendix.

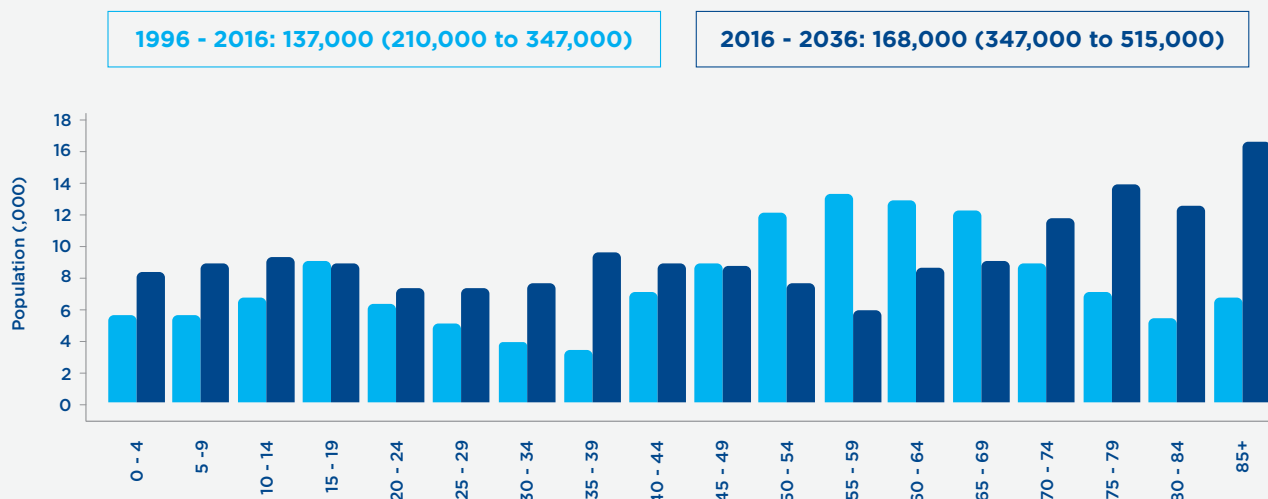
4. The Attraction of Footloose Businesses

How can we be certain that the Coast of the future will be better than the Coast of the past? The reason is because of the events, the investments and the leadership of the 2010s.

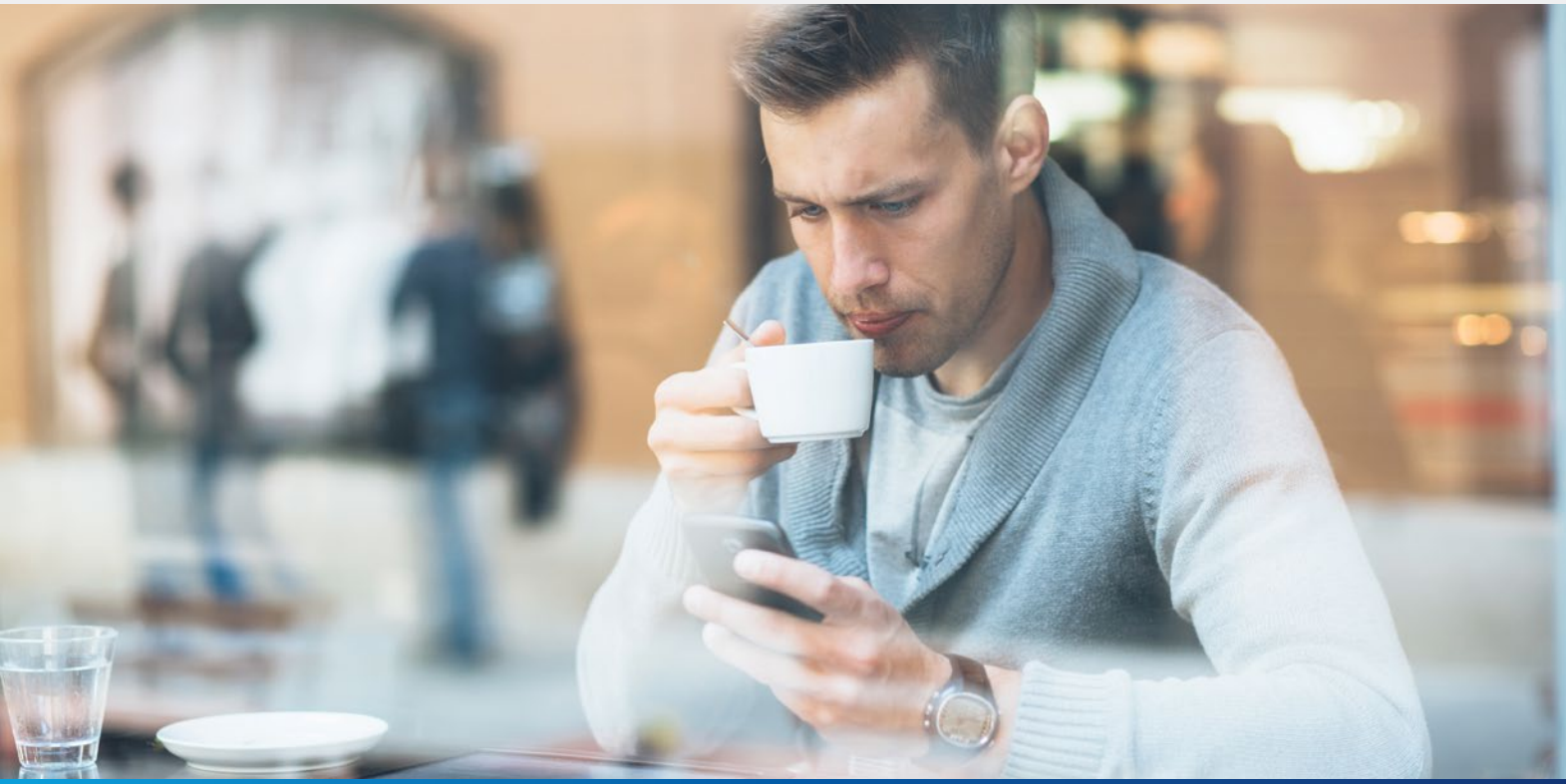
Successful cities of the future will have demographic and lifestyle diversity; they will offer a range of job opportunities with local, national and international businesses; they will offer direct connectivity to global

markets; they will be galvanised, sustainable, caring and creative; they will allow their citizenry to learn, to earn, to care and to share; and they will invest in leading edge transportation, social and cultural infrastructure.

FIGURE 6: SHIFTING DEMOGRAPHICS:
Tracking change in Sunshine Growth population by age group



Source: KPMG based on data from Australian Bureau of Statistics Population Survey



These are reasonable ambitions for any city and especially if the right decisions are made at the right time in a city's trajectory. New and transformed businesses in the US are less tied to old-world workforces and infrastructure and are following a pathway to lifestyle locations.

Silicon Valley emerged on America's west coast not in cold New York or Chicago. The new technologies and technology enterprises are footloose. New enterprises perhaps conceived elsewhere will surely gravitate to a lifestyle city like the Sunshine Coast and especially if such a business can be positioned in modern premises in an established CBD.

Earlier this decade US retailer Office Depot moved its headquarters from Chicago to Miami, Florida in pursuit of lifestyle. As early as the 1940s Motorola relocated from Chicago to Phoenix Arizona in order to manufacture electronics in clean air-conditioned factories. A contributing factor to this decision, which has left Phoenix with a burgeoning hi-tech industry today, was a residual skilled workforce from the Manhattan Project based in neighbouring New Mexico.

PayPal shifted its back office from Silicon Valley to Phoenix four years ago. And sports-shoe maker Nike famously relocated its head office to Portland, Oregon more than a decade ago.

It seems that global businesses as well as national businesses can operate from more or less any location given access to a skilled workforce and good airport connections. The world's largest employer, Walmart, is

headquartered in Bentonville Arkansas. Bentonville is about the same size as Dubbo and in some ways just as remote.

The logic of private sector businesses choosing lifestyle locations applies equally in Australia. In 2008 Youi, a South African-owned insurance venture, opted to lay down its roots on the Sunshine Coast rather than in a major city such as Brisbane, Sydney or Melbourne. From just 30 employees in 2008, this business today employees 900 people at its national base at Bokarina.

This rapidly-expanding company has recently decided to base its global operations at a new headquarters now under construction at Sippy Downs, south of Maroochydore. The first phase of this project will see Youi's local workforce increase to 1,700, with phase two of the project capable of accommodating an additional 1300 workers.

It's not just lifestyle that appeals to Youi or other rapidly expanding brands, such as Jetts Fitness, that have chosen the Sunshine Coast for their global base. It's that lower operating costs have consistently underpinned strong demand for Sunshine Coast office space while vacancy rates in Brisbane CBD are still hovering above 15 per cent.

The reimagining of the Sunshine Coast's future isn't about what can be achieved over the next five years (although that is important) it is about setting in place the right framework for the city to capture commercial opportunity over decades into the future.

5. The Development of Key Infrastructure Projects

The Sunshine Coast is part of an extended South East Queensland conurbation containing three million people that will rise to five million by mid-century. This extended urban system contains four international airports offering direct flights to 30 global cities, which is the same connectivity that is offered from the Melbourne-Geelong conurbation.

FIGURE 7: DIRECT FLIGHTS FROM SOUTH EAST QUEENSLAND



Source: Brisbane Airport and Rome 2 Rio

Sydney on the other hand delivers access to 50 global cities. London is connected to 360 global cities. The Sunshine Coast airport is being expanded and will extend the city’s reach into mainland China by 2020. It is not unreasonable to expect that by, say, 2040 the Sunshine Coast airport could connect into 15 global cities.

The Sunshine Coast has secured and is actively pursuing a series of infrastructure deals that will further transform and galvanise the locale. A new \$1.8 billion public hospital is to be opened in April this year, set to be part

of one of the largest health precincts in the southern hemisphere. There are also plans to develop a hard-rail passenger/commuter connection linking the Coast’s heart with Brisbane.

There are also plans to develop a light rail connection along the urban strip between Caloundra and the airport. And then there is the plan to bring to Australia another undersea broadband cable at Marcoola, delivering nanosecond immediacy to local businesses.



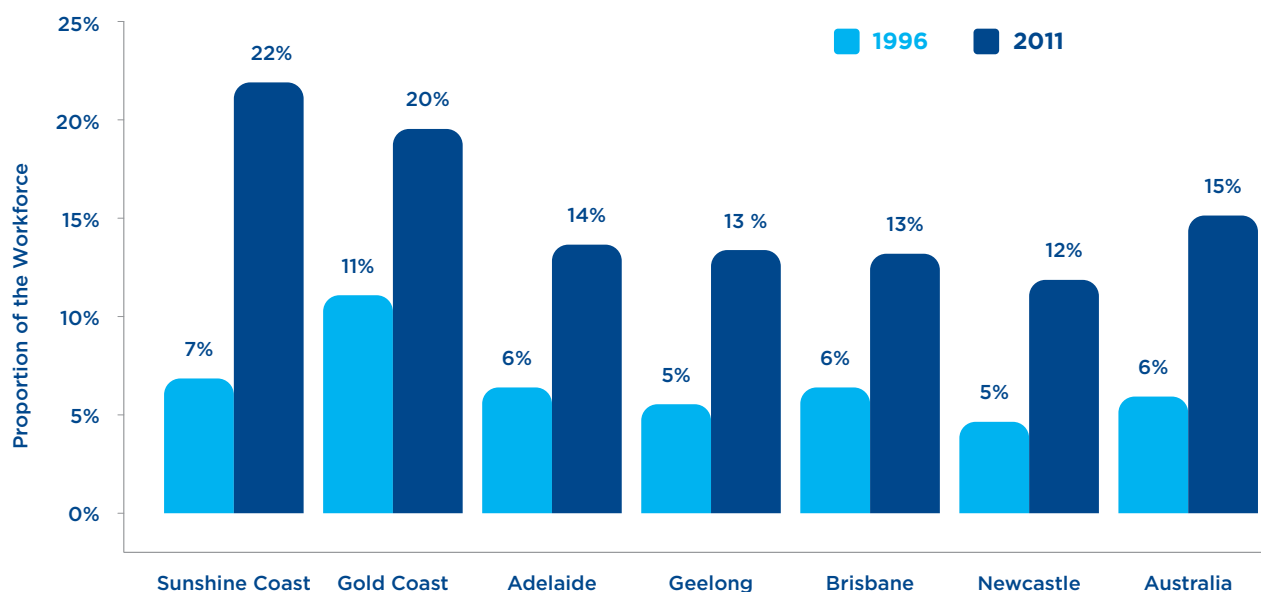
6. The Importance of Innovation

Out of all the planning, the connecting and the doing comes a sense of urgency that delivers innovation.

The Sunshine Coast is not a city with a long and rich (as in prosperous) heritage that can rely upon its reputation to influence decision-makers and investors. The Sunshine Coast is a new city filled with new people looking to deliver a good quality of life and an even better quality of life for their kids. The inherently innovative culture of the Sunshine Coast is captured at the census level (see below). Innovation in this sense includes self-employed

tradies as well as retailers, professional services and the operators of small tourism businesses. And so it is for this reason that the Sunshine Coast stands apart from its peer cities as a place with a history of entrepreneurship and innovation. What is required is a framework to harness and to convert that feature into yet further business opportunity.

FIGURE 8: PROPORTION OF THE WORKFORCE WHO OWNED THEIR OWN BUSINESS BY REGION IN 1996 & 2011



Source: Australian Bureau of Statistics Census 1996 & 2011



TABLE 6: THE BIG RISE OF SMALL BUSINESS:
Tracking small business numbers on the Sunshine Coast

Businesses employing 1-4 staff				
	2016 Businesses	2014 Businesses	% Change 2014 - 2016	Rank on 2016 Businesses
Westcourt - Bungalow	420	350	20%	14
Upper Coomera - Willow Vale	523	437	20%	8
Cape York	756	637	19%	2
Ormeau - Yatala	671	575	17%	6
Caloundra - West	397	345	15%	17
Helensvale	535	466	15%	7
Pacific Pines - Gaven	359	314	14%	20
Maroochydore - Kuluin	711	627	13%	4
Varsity Lakes	398	355	12%	16
Coolum Beach	383	343	12%	18
Mermaid Beach - Broadbeach	520	468	11%	9
Mooloolaba - Alexandra Headland	455	415	10%	10
Surfers Paradise	811	743	9%	1
Banana	754	702	7%	3
Ashmore	427	400	7%	12
Hope Island	405	382	6%	15
Noosville	426	402	6%	13
Cairns City	673	640	5%	5
Mackay	365	349	5%	19
Far South West	429	411	4%	11
TOTAL AUSTRALIA	600,000	572,000	5%	

Source: KPMG and Australian Bureau of Statistics Business Survey

NOTE: Localities of the Sunshine Coast are SA2 Australian Bureau of Statistics regions with a base at 2016 of over 350 businesses.

If your business is national or global, if your business can operate from any location, then why wouldn't your business relocate to a lifestyle location offering

access to a skilled workforce, to international airport connections, and to a supportive and entrepreneurial local community?

7. The Role Of Growth and Administration

But there is more to the rise of the Sunshine Coast than access to an entrepreneurial local community and a spirit of innovation. New and relocated businesses are a large part of the story of the future of the Sunshine Coast, as is the blank canvass of the new Maroochydore CBD site.

The other part of the story of the future of the Sunshine Coast is the city scope for growth and expansion. There must be scope for the expansion of existing businesses. New residential developments such as Aura at Caloundra South, ultimately housing 50,000 residents, and Harmony at Palmview, housing 20,000 residents, will transform the scale of the local consumer market.

More housing means more shops, supermarkets, homewares outlets, financiers, builders and tradies. The Coast already has a strong culture of small business; there is every prospect that these small businesses will not just multiply in the future, some will convert into medium-sized businesses.

And then there is the logic that there must come a shift in public sector thinking about the location of state and federal government departments.

To date there has been scant example of government bodies relocating or establishing on the Coast. There is ample evidence of this logic applying interstate, including the Transport Accident Commission's relocation of 600 jobs from Melbourne to Geelong in 2009, WA's Department of Parks and Wildlife relocating from Perth to Bunbury in 2018 and NSW's Department of Local Government relocation to Nowra in 2010.

TABLE 7: MINISTERS ON THE MOVE:
Devolution of government departments from capital cities

Historical	Number of Staff	Date of Move	Location - Original	Location - Relocating to	Distance Original to Relocation
Primary Industries (NSW)	500	1992	Rawson Place Sydney	Orange	250km
Registry of Cooperatives (section of Fair Trading NSW)	43	2000	Bankstown	Bathurst	200km
Firearms Licensing Branch (section of NSW Police)	50	2000	Hurstville	Murwillumbah	800km
Pillar Administration (previously Superannuation Administration Corporation) - (NSW)	313	2001-2003	Sydney CBD	Wollongong	90km
Workcover Authority (NSW)	480	2002	Sydney CBD	Gosford	80km
Long Service Payments Corp (NSW)	60	2002	Sydney CBD	Gosford	80km
Native Vegetation Unit (NSW)	24	2002	Sydney CBD	Wellington	350km
Local Government (NSW)	60	2003	Bankstown	Nowra	150km
Infringement Processing Bureau (NSW)	150	2003	Parramatta	Maitland	160km
Mineral Resources (NSW)	200	2004	St Leonards	Maitland	170km
State Debt Recovery (NSW)	132	2005	Sydney CBD	Lithgow	140km
Sydney Water (NSW)	1400	2009	Sydney CBD	Parramatta	20km
Transport Accident Commission (VIC)	600	2009	Melbourne	Geelong	70km

Source: Brisbane Airport and Rome 2 Rio

Not only is it possible for Walmart to operate from a Bentonville head office but it is also possible for the head office of the newly formed National Disability Insurance Scheme, the Transport Accident Commission, the Victorian Workcover Authority and a division of the

Australian Bureau of Statistics to operate from Geelong. It is surely only a matter of time before various elements of government administration are dispersed from Brisbane's George Street to all quarters of South East Queensland including the Sunshine Coast.

8. The Case for the Sunshine Coast

There will always be a market for large regional cities in Australia. These cities emerge with the times. A century ago when agriculture dominated the economy regional cities like Ballarat and Bendigo were important.

Then after World War II manufacturing cities like Geelong, Newcastle and Wollongong came to the fore. Later in the century, as lifestyle and retirement came to impact Australia, lifestyle cities like the Sunshine Coast had an impact.

Over the next two decades Australia's regional cities will evolve further. Continued population growth will drive some economic growth as will the retirement of the baby boomer generation, especially in lifestyle cities. But what is also required in most regional cities in Australia is a sense of independence such that they evolve separately to the state's main city. An objective by the middle of the century or earlier would be to offer the residents of regional cities hope that the next generation is able to lead fulfilling careers locally. This requires greater depth to the job market which in turn requires the cultivation of an entrepreneurial mindset.

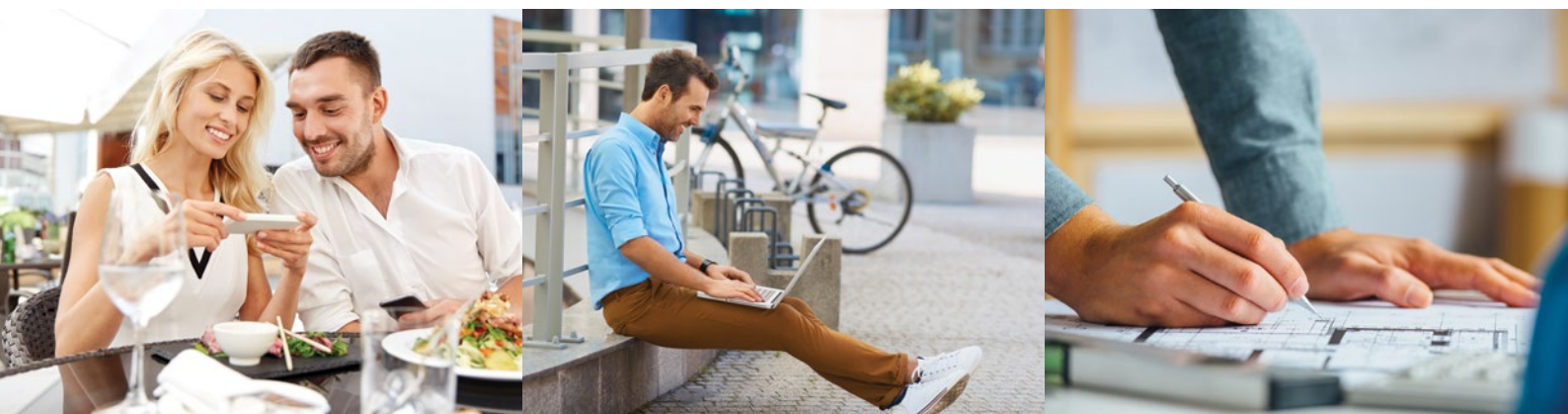
The businesses of the future on the Sunshine Coast will be forged by population and urban growth, by the continued transformation of the economy towards knowledge work, and by start-up and relocated businesses setting up shop in lifestyle cities as already occurs in the US. After all, if productive effort is de-linked from a capital intensive factory to office premises,

then why wouldn't knowledge work gravitate to lifestyle locations? And especially if there is the option to develop a business in new premises adjacent to an existing CBD at, say, Maroochydore.

Within this context the rise and positioning of the Sunshine Coast is an important development for South East Queensland and for Australia. Here is an energetic and entrepreneurial community, being reimaged through the Maroochydore CBD project that has benefitted from recent large-scale investment and with more investment underway.

There is a real opportunity to reimagine and reinvent the Sunshine Coast by 2040. Not so much a pleasant lifestyle and retirement destination but a bustling knowledge worker hub more connected into Asia than into the commuter orbit of Brisbane.

The Sunshine Coast of 2040 will be a vastly different city to the city of today. It will be its own city with its own identity and with the capacity to offer its own residents the opportunity to live work study invent and play ... all within the local area. Now that is a vision that every Coaster and wannabe Coaster can believe in.





Appendix

Tourism region comparison to the ABS region used as the basis of the bulk of this report.

It is worth noting that the extra area in the Sunshine Coast Tourism region beyond the SA4 is likely to represent a small component of the tourism numbers for

the Sunshine Coast Tourism region. The destinations of visitation for the bulk of the tourism numbers are likely to be contained within the Sunshine Coast SA4 region.

**FIGURE 9:
SUNSHINE COAST TOURISM REGION COMPARED TO SUNSHINE COAST CONURBATION**

Sunshine Coast tourism region 2015



Population @ 2015: **381,000**

Sunshine Coast SA4 2011 & 2016



Population @ 2015: **341,000**



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