

TOOWOOMBA REGION

ECONOMIC PROFILE

MARCH 2017



**TOOWOOMBA
REGION**

Rich traditions. Bold ambitions.



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1. EXECUTIVE SUMMARY

RICH TRADITIONS

Over its rich history, the Toowoomba Regional Council (TRC) area (referred to as the Toowoomba region or the region) has transformed its agricultural base into a diverse and strong economy, offering a range of business, investment and employment opportunities.

Economy

- Toowoomba Region was a \$9.3 billion economy in 2014/15 and hosted 74,072 jobs, 14,473 registered businesses and 163,232 people. In terms of local jobs, Toowoomba Region is the second largest regional council in Queensland¹.
- Economic growth was around 3.5% per year over the past decade, exceeding the state average (3.1%). The Toowoomba Region enjoys one of the tightest labour markets of the state with an enviable unemployment rate of 4.02% (June Quarter 2016). This is the 8th lowest rate in Queensland.

Gateway location

- The Freight and logistic sector has also emerged by taking advantage of the Toowoomba Region's strategic location as the western gateway to the \$190+ billion South East Queensland economy; proximity to the Surat and Cooper Basins; and prime position on the Melbourne to Brisbane freight route.
- This gateway position also enhances the trade role of the Toowoomba economy. Exports to domestic and international markets generated \$4.3 billion to the economy and are a strategic driver of economic growth in the Toowoomba Region. Toowoomba Region's net export industries include Manufacturing, Agriculture, Mining, Education and Health.

People

- Toowoomba has been ranked as one of Australia's most family friendly cities and with a house price-to-income ratio lower than most of South East Qld it is also a highly affordable place to live.
- Housing diversity, affordability and liveability advantages of the region have combined to play an important driver of population, skills and business growth. Skills have improved strongly in recent times with 53.5% of the labour force holding education qualifications in 2011, up from 46.8% in 2006.

Industry

- This strong position today grew from agricultural beginnings that took advantage of highly fertile farming land. Agriculture, Forestry and Fishing contributes \$770 million to the Toowoomba Region economy with key outputs in grain, poultry, cotton, beef, pork and dairy products.
- As the capital of the Darling Downs, the Toowoomba Region plays an important regional economic role, particularly in education, health, business services, defence and construction. The region's growing CBD employment agglomeration and home to major education and health anchors reinforce this major city role.
- Manufacturing has leveraged off these rich traditions to add value to the agricultural and freight and logistics sectors as well as supporting mining operations in the Surat Basin. Manufacturing contributes \$646 million to the Toowoomba Region economy and is the region's largest exporter.
- Growth in mining operations in the Surat Basin has added another string to the Toowoomba Region economy with strong growth in mining support services (e.g. well drilling and servicing businesses locating in the region).
- Tourism has contributed to the diversity of the Toowoomba Region economy. The emergence of sports tourism is expected to help grow this sector.

¹ Excludes Brisbane, Gold Coast, Sunshine Coast, Moreton Bay, Logan, Redland and Ipswich



CHANGE IN KEY INDICATORS

2004/05 - 2014/15



GRP

+\$2.68B (+3.5%)



POPULATION

+19,441 (+1.3%)



JOBS

+3,892 (+0.5%)

TOP 5 GROWTH SECTORS

2004/05 - 2014/15

VALUE ADD

- Financial and Insurance Services
- Health Care and Social Assistance
- Construction
- Agriculture, Forestry and Fishing
- Mining

JOBS

- Transport, Postal and Warehousing
- Public Administration and Safety
- Health Care and Social Assistance
- Education and Training
- Mining



ECONOMIC ROLE AND FUNCTION

The Toowoomba region has developed specialisations and strengths based on its resource endowments, history and strategic location.

Today, the region plays an important economic role and function for Queensland as a:



BOLD AMBITIONS

Toowoomba's economic role as a regional capital city, agricultural hub, knowledge and research centre, and freight and logistics hub provides enormous strengths and competitive advantages. This role will be pivotal in the region positioning itself to catch the next wave of economic, employment and investment opportunities.

THIS NEXT WAVE WILL BE DRIVEN BY:

Strong population growth with the population projected to grow to 205,025 people by 2036. This will help support critical mass in economic activity and innovation.

- An infrastructure pipeline of around \$13 billion *Toowoomba and Surat Basin Enterprise (TSBE) Development Status Report - November 2016*. The Toowoomba region is on an upward spiral of economic development with city shaping infrastructure set to transform productivity, accessibility and amenity - e.g. major CBD investment, Brisbane West Wellcamp Airport, Toowoomba Second Range Crossing, Inland Rail Project.
- Unlocking links to a growing Asian market will present significant opportunities for businesses in Toowoomba Region to build on its international trade of agriculture, food manufacturing, resources, tertiary education and tourism.
- Substantial growth in national freight movements, with Toowoomba Region well-positioned with the infrastructure and location to capture the opportunities this provides.
- Growing importance of regional cities with Toowoomba Region to benefit from affordability, housing choice and liveability advantages.

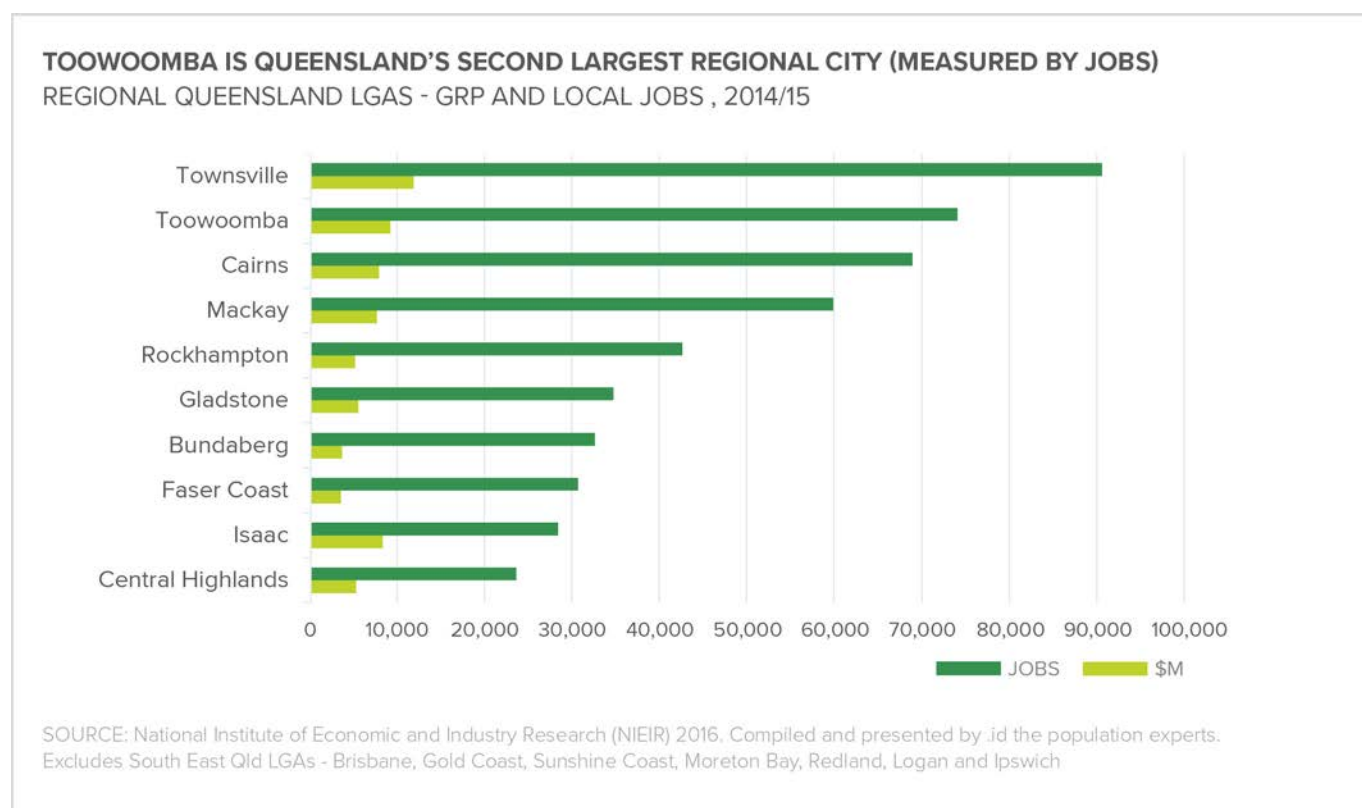


2. RICH TRADITIONS

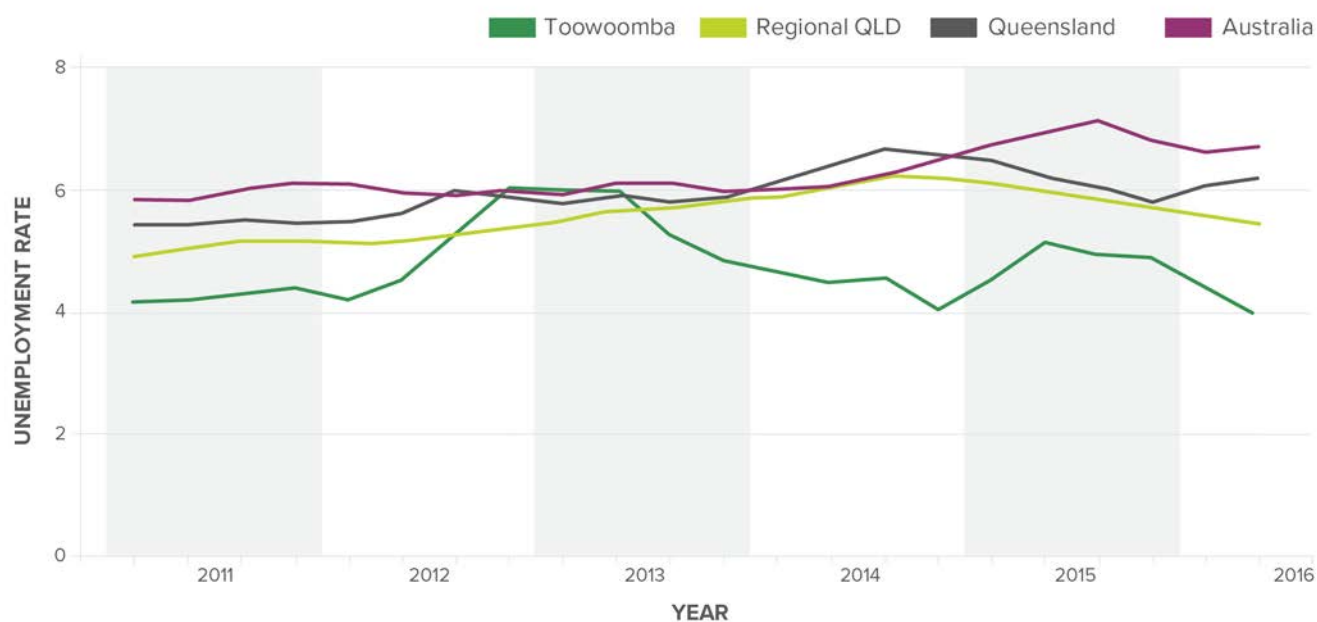
Over its rich history, Toowoomba Region has transformed into a diverse economy, offering a range of business, investment and employment opportunities. Toowoomba Region has developed specialisations and strengths based on its resource endowment, history, and location. This section provides a profile of the Toowoomba Region economy to highlight its economic role and key strengths as a major regional city.

2.1 Queensland's second largest regional city

The Toowoomba region was home to just over 163,000 people as of June 2015, including many students, new migrants and skilled workers. It is Queensland's second largest regional city with 74,072 workers, 3.3% of the overall Queensland workforce. The region enjoys one of the tightest labour markets of the state with an enviable unemployment rate of 4.02% (June Quarter 2016). In 2014/15, the region's economy reached \$9.3 billion making it one of the key employment and economic centres of the state. In fact, in a year in which the QLD economy flatlined, Toowoomba's GRP grew by 3.1%.



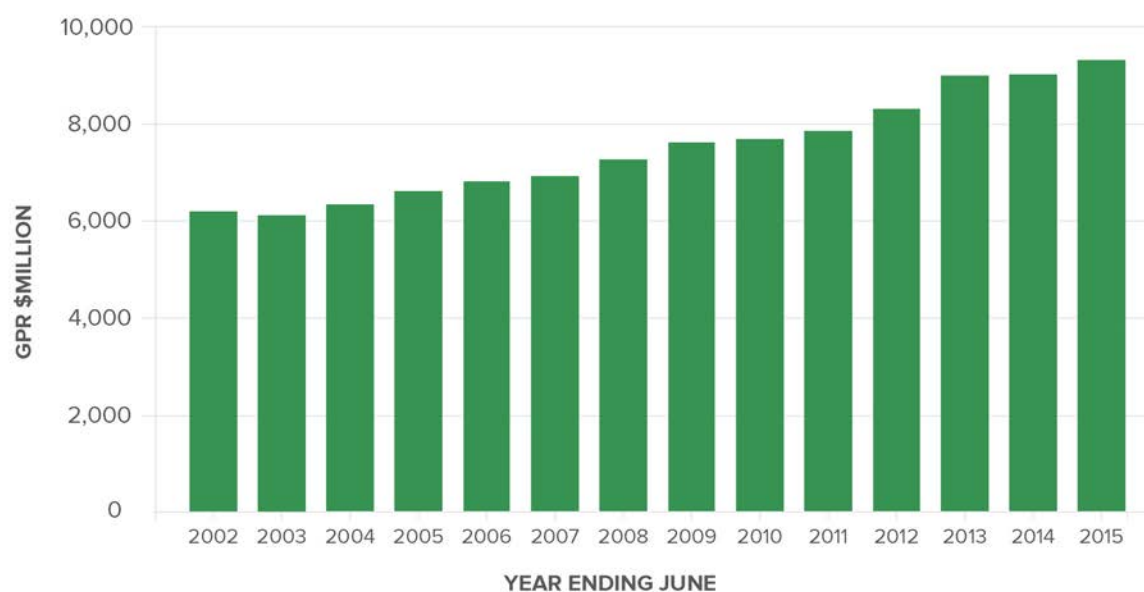
QUARTERLY UNEMPLOYMENT RATE



SOURCE: Australia Bureau of Statistics, Labour force survey, catalogue number 6202.0, and Department of Employment, Small Area Labour Markets Australia, March 2016. Compiled and presented in economy .id by .id The population experts.

The Toowoomba region has experienced solid economic growth over the past decade, growing by around 3.5% per year. This level of growth was faster than the state's growth rate (3.1%) and also faster than population growth meaning that the region was not solely reliant on population to grow its economy.

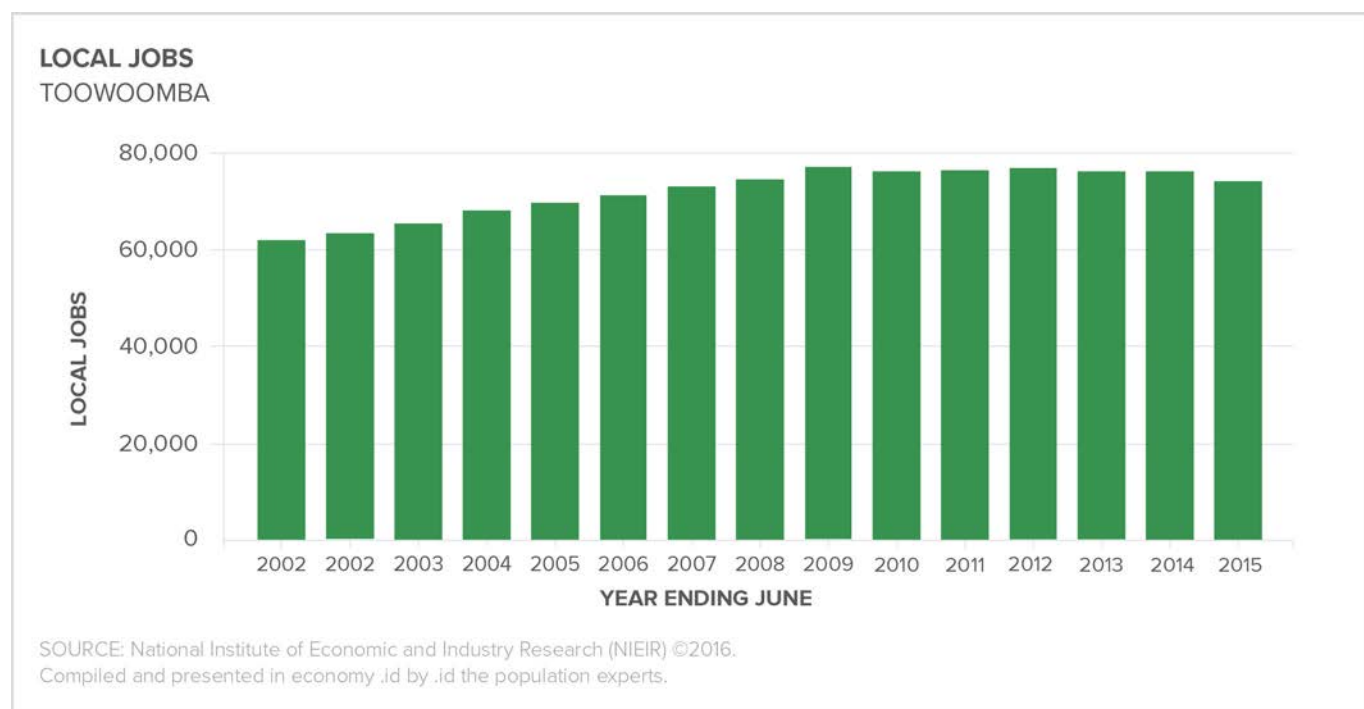
GROSS REGIONAL PRODUCT TOOWOOMBA



SOURCE: National Institute of Economic and Industry Research (NIEIR) ©2016. Compiled and presented in economy .id by .id the population experts.



Local employment has grown by around 4,000 workers over the past 10 years. However, the number of employed residents has increased by even more (6,763 workers) reflecting the increasing accessibility to jobs in commuting distance from the region.



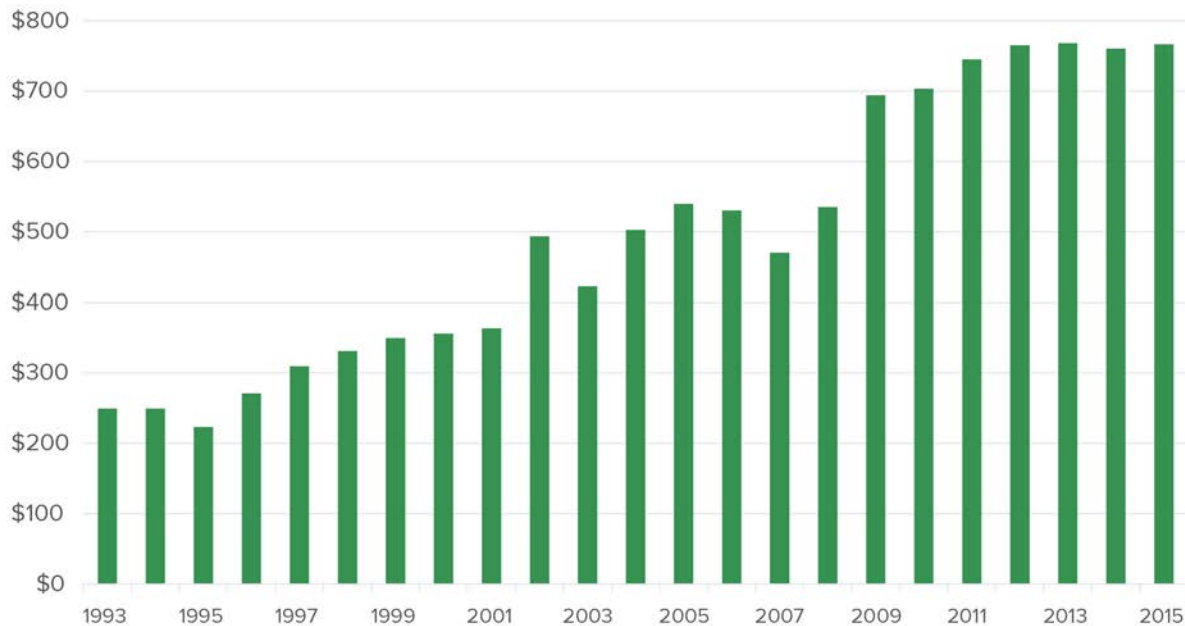
2.2 A rich tradition in agriculture

This strong position today grew from agricultural beginnings that took advantage of highly fertile farming land. European settlement dates from the 1840s, with land used mainly for cattle and sheep grazing. The Agriculture industry started to diversify in the late 1800s with land also being used for cereal growing and dairy farming, with some timber-milling in the northern areas, and some coal mining. In 2015, Agriculture, Forestry and Fishing remains an important component of the Toowoomba Region economy with a gross value of \$770 million with key outputs in grain, poultry, cotton, beef, pork and dairy products. Its state significance is highlighted by its contribution to Queensland's economy – Toowoomba Region accounts for 10.7% of Queensland Agriculture, Forestry and Fishing employment (FTE), 10.7% of value add and 11.1% of exports.

Importantly, the agriculture industry's importance goes beyond the agriculture sector with significant flow-on benefits to the broader economy (e.g. food processing and manufacturing industries).

AGRICULTURE IS A TRADITIONAL DRIVER OF TOOWOOMBA'S ECONOMY

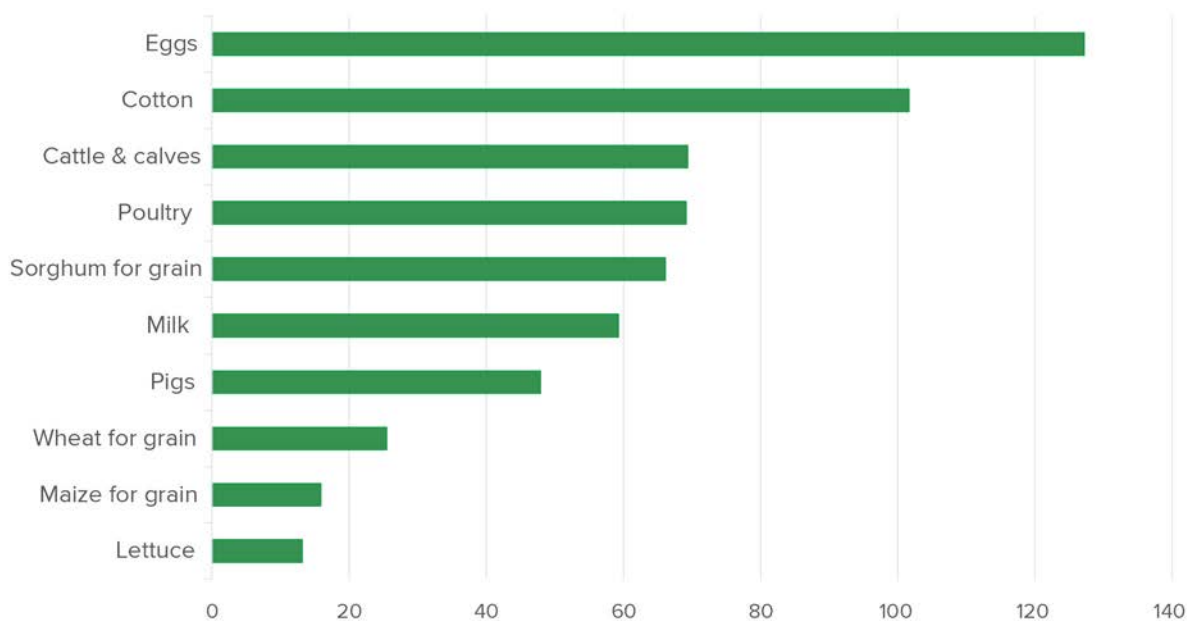
AGRICULTURAL VALUE ADD, \$M, TOOWOOMBA



SOURCE: National Institute of Economic and Industry Research (NIEIR) 2016. Compiled and presented by .id the population experts.

HIGHLY FERTILE FARMING LAND

VALUE OF SELECTED AGRICULTURAL COMMODITIES \$M, TOOWOOMBA, 2010/11

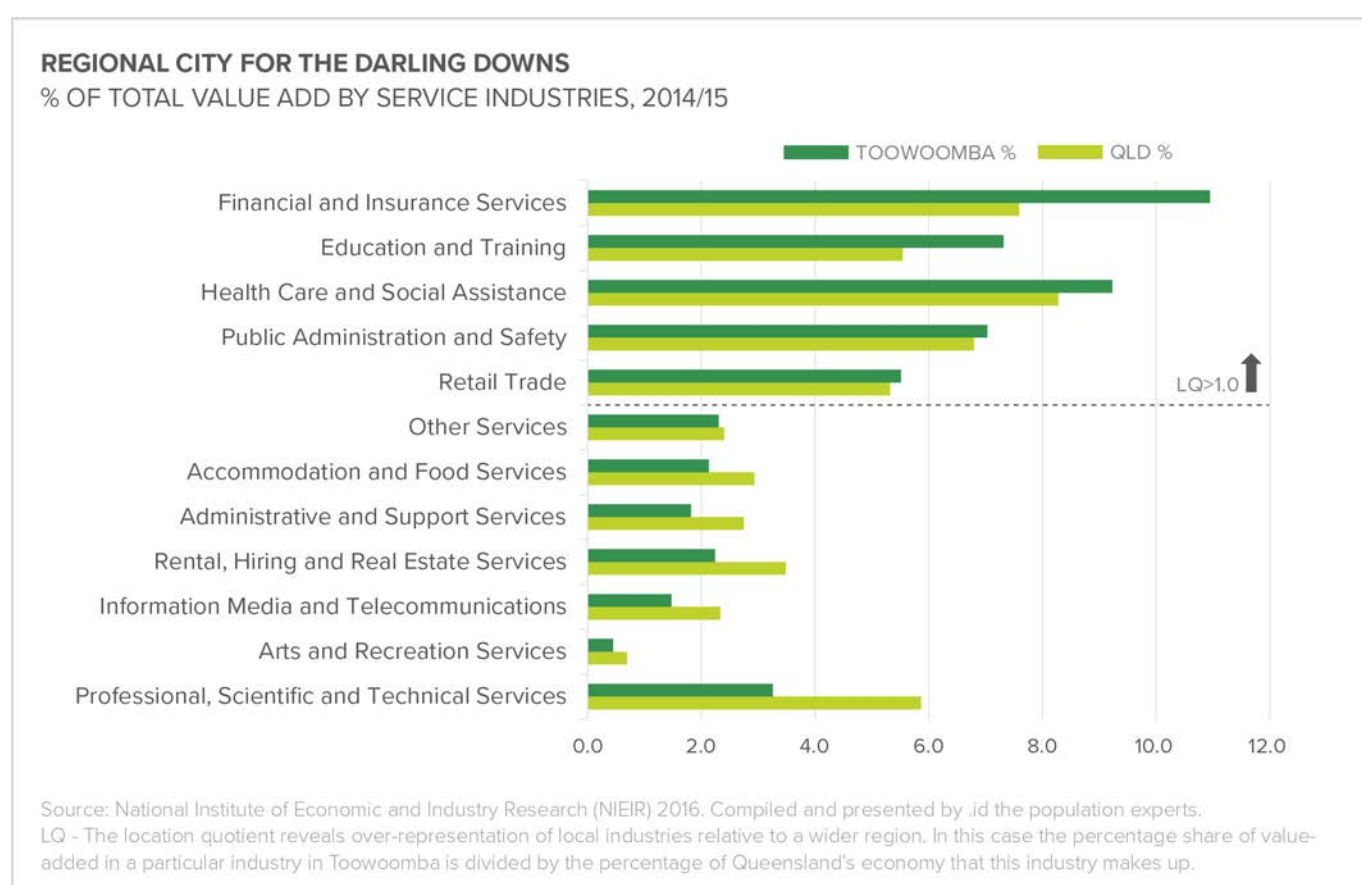


SOURCE: Australian Bureau of Statistics, Value of Agricultural Commodities Produced, Australia, 2010-11. Cat. No. 7503.0. Compiled and presented by .id the population experts.

2.3 Capital of the Darling Downs

Toowoomba Region plays a significant regional role as a major economic and services provision hub for of the Darling Downs region which had a population of around 244,000 in 2015 and covers an area of 167,000 km². Toowoomba Region draws activity from a wider catchment benefiting the local business services (primarily finance), retail, education and health industries. It also provides administrative, government and community services which support the wider regional economy and community. This role is reflected by an over-representation in key service sector industries such as Education, Health, Retail and Finance. Defence is also an important function for the Toowoomba region².

²A simple way of seeing which are the main industries in an area, relative to a wider region is to use location quotients. They are similar to benchmarking, but in this case the percentage of the local economy (total employment, FTE or value-added) in a particular industry is divided by the percentage of the wider area (region, state, nation) that this industry makes up. A LQ of 1 indicates that the industry is about as prevalent in the local area as in the wider area. A LQ of greater than 1.2 indicates a significant specialisation of the industry.



EDUCATION AND TRAINING AND RESEARCH

Education and Training plays an important role for the wider region and is a major employer in Toowoomba Region with around 8,075 jobs in 2014/15. Compared to Queensland, it has a relatively high share in primary, secondary and tertiary education.

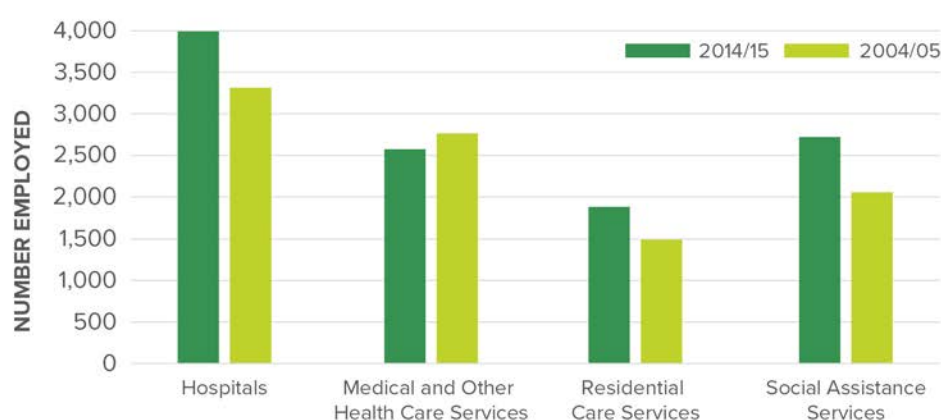
The education sector in Toowoomba Region encompasses major facilities including 86 schools, including 8 boarding schools, the University of Southern Queensland and the TAFE Queensland South West. In 2014/15, the tertiary education sector generated around \$65 million of international exports, highlighting the increasing importance of international education in the Toowoomba Region economy.

HEALTH CARE AND SOCIAL ASSISTANCE

Health Care and Social Assistance is the largest employer in Toowoomba Region, employing around 10,743 people in 2014/15. The industry is diverse and caters for the full spectrum of health and care services for residents in the wider region. Toowoomba Region is home to three major hospitals, including St Vincent's Private Hospital, Toowoomba Hospital and St Andrew's Toowoomba Hospital. There has been substantial investment into Toowoomba's hospitals recently, with \$30 million in six new operating theatres at St Vincent's Private and the development of a robotic surgery at St Andrew's Toowoomba Hospital, the first of its kind in regional Australia.

With the ageing of the population and established facilities, health will continue to be a major driver of employment opportunities in Toowoomba Region.

REGIONAL HEALTH CARE PROVIDER ROLE SUPPORT LARGE AMOUNT OF JOBS HEALTH CARE AND SOCIAL ASSISTANCE EMPLOYMENT, TOOWOOMBA



Source: National Institute of Economic and Industry Research (NIEIR) 2016. Compiled and presented by .id the population experts.

RETAIL

Retail Trade contributed around \$448 million in value add in 2014/15 and is the second largest employer in Toowoomba Region, employing around 9,769 people. Retail jobs account for around 13.2% of Toowoomba Region's overall jobs, significantly higher than Queensland share (10.6%). This is driven largely by an over-representation in Food and Other Store-based retailing. The QIC redevelopment of Grand Central is expected to create around 1,000 new jobs, mostly in retail.

BUSINESS SERVICES

Business services³ sector is a large employer in Toowoomba Region, employing almost 8,000 people in 2014/15. It also generated around \$1.6 billion in value added with Financial and Insurance Services in particularly contributing the largest amount of value add out of all industries. This sector will become increasingly important as Toowoomba expands its service offering as a regional city and leverages off new investment such as the Brisbane West Wellcamp Airport.

DEFENCE

Oakey Army Aviation Centre and Borneo Barracks are located in the Toowoomba Region and help further diversify the economy. In 2014/15, Toowoomba Region contributed 7.3% of Queensland's Defence employment and 6.9% of its value add.

³ Information Media and Telecommunications, Financial and Insurance Services, Rental, Hiring and Real Estate Services, Professional, Scientific and Technical Services and Administrative and Support Services.

2.4 And a beautiful and affordable place to live

The Toowoomba Region has many important natural and lifestyle assets, which underpin its economy and communities. This liveability is reflected by Toowoomba Region being the fourth most family friendly city in Australia⁴, performing well on employment and education indicators. Recently, Toowoomba was voted the 5th most beautiful place in Australia by Expedia further recognising its liveability status.

The region is also a very affordable place to live with a median house price of around \$352,250 as at March 2016⁵, well below the state average. The Toowoomba region's median income level (\$43,435 p.a. in 2012/13) was close to the state average (\$44,574 p.a.) but lower house prices mean it is much easier to maintain a better lifestyle⁶. The median house price-to-income ratio was 7.2 in 2013, lower than 6 out of the 7 South East Qld LGAs⁷.

³ Information Media and Telecommunications; Financial and Insurance Services; Rental, Hiring and Real Estate Services; Professional, Scientific and Technical Services; and Administrative and Support Services.

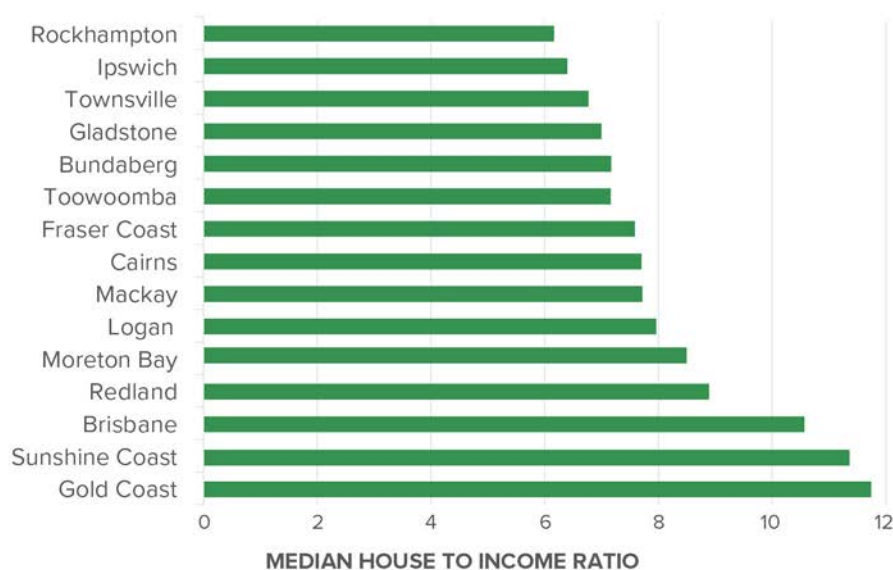
⁴ Source: Suncorp Bank's Family Friendly City Report 2014

⁵ Source: REIQ's Queensland Market Monitor - Mar Qtr 2016

⁶ Based on most recent ABS data: Estimates of Personal Income for Small Areas, 2012-13

⁷ Includes: Brisbane, Gold Coast, Sunshine Coast, Moreton Bay, Logan, Redland and Ipswich.

MORE AFFORDABLE THAN MOST OF SOUTH EAST QUEENSLAND
MEDIAN HOUSE VALUE TO MEDIAN INCOME RATIO, 15 LARGEST QLD LGAS, 2012/13



Source: Hometrack 2013 Housing Valuation System; Australian Bureau of Statistics, Estimates of Personal Income for Small Area, 2012/13. Cat. No. 6524.0.55.002. Compiled and presented by .id the population experts.

While affordable, house prices have experienced steady growth over the past five years, increasing by around 3.6% per year. Toowoomba also provides a diverse range of urban areas to live, catering to a wide range of household types. The main urban centre is Toowoomba, with smaller urban areas in the townships of Clifton, Crows Nest, Goombungee, Millmerran, Oakey, Pittsworth and Yarraman, and numerous villages. Median house prices in these locations are still in the sub \$300k range. The new Railway Parklands Development will also provide greater opportunity for apartment living close to the urban amenities of central Toowoomba.



Lifestyle Advantage

Toowoomba is an increasingly competitive proposition for young professionals and working families looking for access to urban amenities without the costs of larger metropolitan areas. The largest source of in migration between 2006 and 2011 was from Brisbane and 36% of working residents who moved to Toowoomba from Brisbane were professionals. This is up from 31% between 2001 and 2006.

So what is attracting these professionals? And, what are the trade-offs, if any, from leaving a capital city?

PULL-FACTORS

Toowoomba has a number of key selling points to any new resident -

- High quality facilities – Toowoomba is widely regarded as having some of the best schools in Queensland. Private and public hospitals are undergoing redevelopment to offer modern facilities and provide increased capacity.
- Metro level retail and hospitality offer – The Grand Central redevelopment will provide residents with 160 new specialty retailers including global high street brands like H&M. Toowoomba has also seen an increase in inner-city dining options, many located in laneways throughout the CBD.
- International and interstate gateway – Wellcamp Airport now provides direct flights to interstate capitals and the chance to directly link with overseas flights.
- Parks and recreation – Toowoomba is known for its beautiful gardens and it also offers a range of quality sports facilities. The city regularly hosts NRL and Rugby Union pre-season matches.

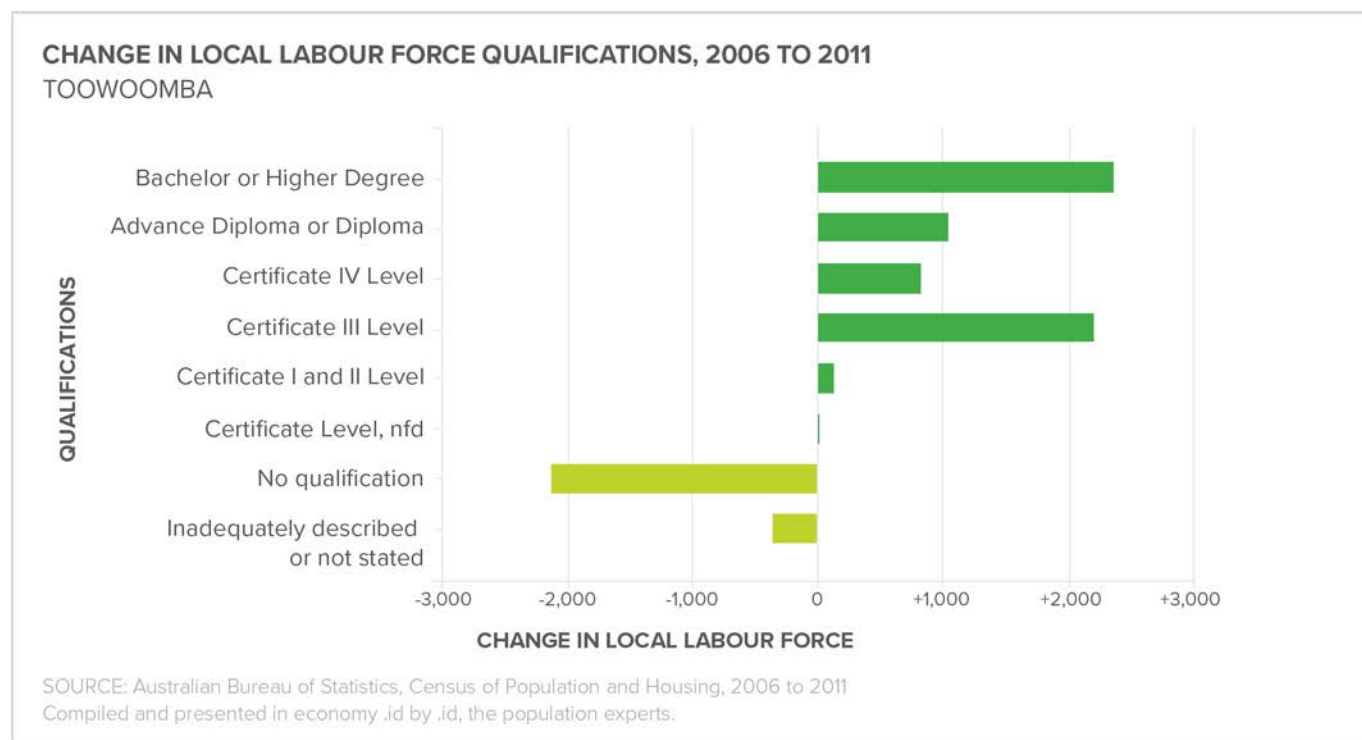
TRADE-OFF?

Inevitably the main trade-off working professionals cite for hesitation in moving to a regional city is the reduction in income levels and potential limitations to their career pathway. But this is not entirely true in Toowoomba's case.

Modelling by .id shows that despite lower average income levels, a family of two working professionals and two children living in Toowoomba is actually financially better off than in Brisbane once lower housing and commute costs are factored in. If the value of travel time savings due to reduced traffic congestion are monetised, the family is actually more than \$9,000 better off per year.

2.5 Has attracted a highly skilled labour force

This liveability advantage means that Toowoomba Region can compete for highly skilled labour. In 2011, around 53.5% of the labour force held education qualifications, up significantly from 46.8% in 2006. Most of this growth has been in bachelor or higher degrees or advanced diploma and diplomas.



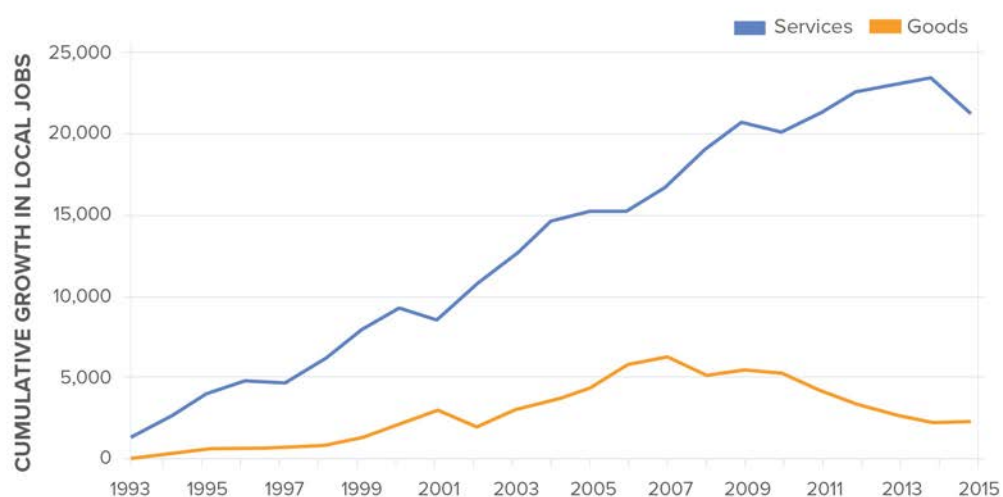
The improvement in human capital as previously illustrated is particularly important in light of the shift towards services and knowledge-intensive activities. The bulk of new job growth over the past two decades has been in service industries⁸, with around 21,000 new jobs created since 1992. These jobs are diverse in nature and include doctors, nurses, teachers, researchers, accountants, consultants, software design and engineering. The ability to attract skills will be a key requirement for a local economy as it transforms to more knowledge intensive activities. The recent fall in service jobs is more reflective of a weakening state economy than the local region.

⁸Service industries defined as all remaining industries after excluding agriculture, mining, manufacturing, construction and utilities



INCREASINGLY DEPENDANT ON KNOWLEDGE AND SERVICES

EMPLOYMENT BY BROAD INDUSTRY, CUMULATIVE GROWTH IN THE TOOWOOMBA REGION SINCE 1992



Source: National Institute of Economic and Industry Research (NIEIR) 2016. Compiled and presented by .id the population experts.



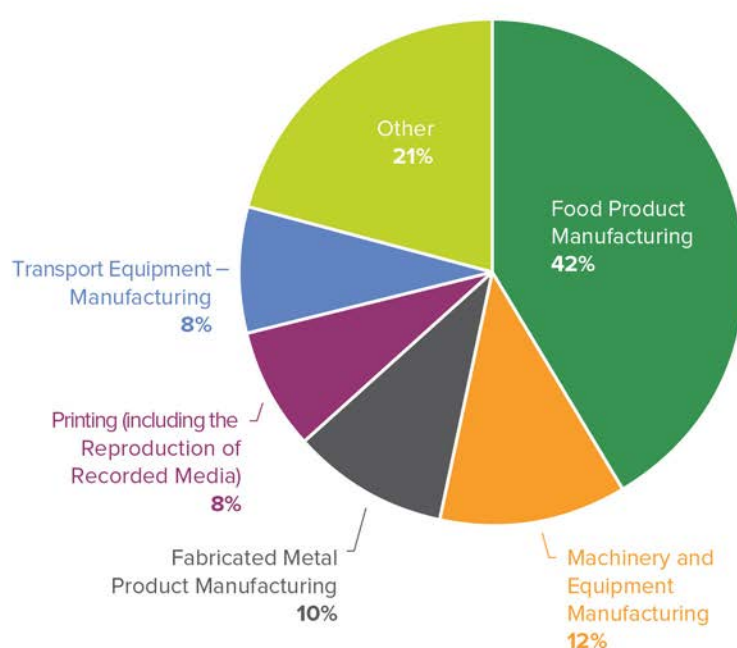
2.6 Manufacturing has added value to this traditional base

Toowoomba Region's agriculture industry and regional capital city function have played a valuable role in establishing a strong local manufacturing industry. This has driven a significant specialisation in food manufacturing and supported growth in machinery and equipment manufacturing and transport manufacturing. The manufacturing industry has further diversified in recent times with firms taking advantage of strong resource sector growth and the area's emerging role as a freight hub.

Food product manufacturing makes a major contribution to the region's economy, adding significant value to the agriculture industry by turning raw ingredients into a range of value added products. In 2014/15, food manufacturing accounted for 42% of the total manufacturing industry, 3.1% of Toowoomba's total employment (compared with 1.9% in Queensland) and was a major exporter (\$708 million 2014/15) to domestic and international markets. Key food product manufacturing activities in Toowoomba Region include meat, bakery and dairy product manufacturing.

MANUFACTURING HAS SPECIALISED TO TAKE ADVANTAGE OF TOOWOOMBA'S TRADITIONAL STRENGTHS

% OF TOTAL MANUFACTURING VALUE ADD, 2014/15



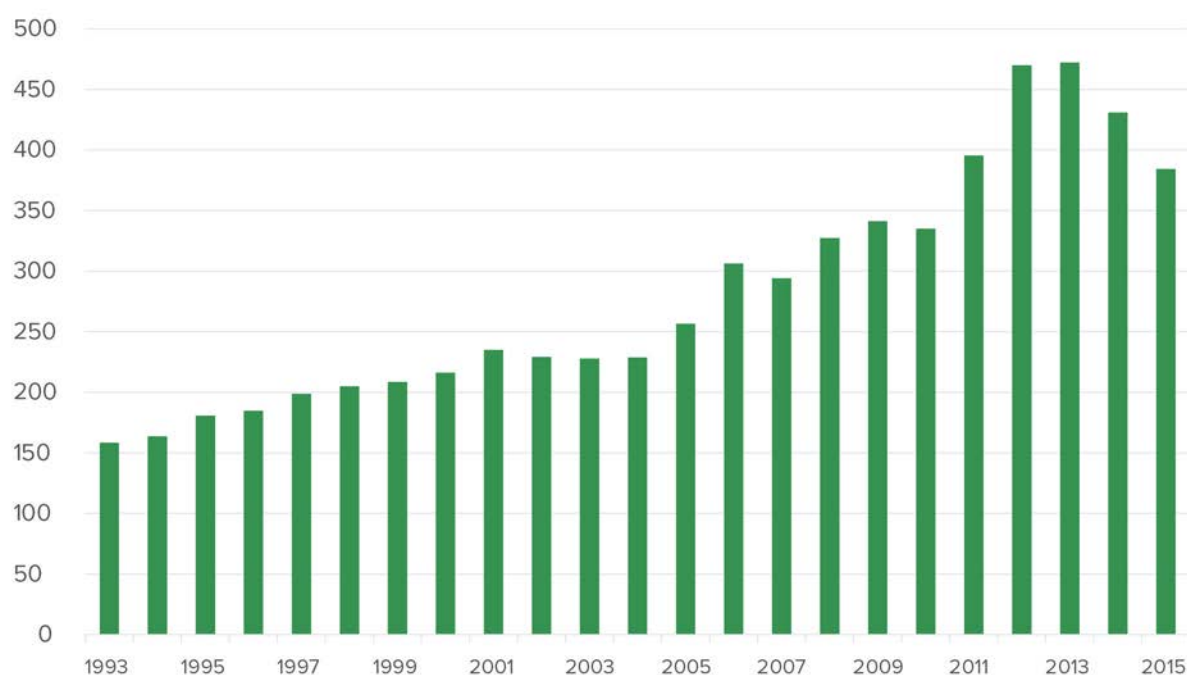
SOURCE: National Institute of Economic and Industry Research (NIEIR) 2016. Compiled and presented by .id the population experts

2.7 Strategically located for trade and distribution

Toowoomba Region has emerged as a significant freight hub for road, rail and air and distribution centre given its strategic location along the Melbourne-Brisbane freight route; strategic links to national road and rail facilities; home to the Brisbane West Wellcamp Airport and established infrastructure. The value add of the Transport, Postal and Warehousing industry increased by \$127 million over the last ten years. Growth has moderated in recent years from its peak in 2012/13. The region's agricultural and resource sectors are likely to benefit from this growing freight and logistics role.

STRATEGICALLY LOCATED FOR TRADE AND DISTRIBUTION

VALUE ADDED BY TRANSPORT, POSTAL AND WAREHOUSING, \$M, TOOWOOMBA



SOURCE: National Institute of Economic and Industry Research (NIEIR) 2016. Compiled and presented by .id the population experts

This gateway position also enhances the trade role of the Toowoomba economy. Exports to domestic and international markets generated \$4.3 billion to the economy and are a strategic driver of economic growth in Toowoomba Region. Toowoomba Region's largest net export industries include Manufacturing, Agriculture, Mining, Education and Health.

2014/15 Imports
\$5.9b

- **International \$1.9b, 32% of imports**
Machinery and Equipment Manufacturing \$440m, Transport Equipment Manufacturing \$284 million
- **Domestic \$4.0b, 68% of imports**
Professional, Scientific and Technical Services \$441 million, Food and Beverage Services \$432m

2014/15 Exports
\$4.3b

- **International \$1.3 billion, 30% of exports**
Food Product Manufacturing \$376m, Coal mining \$207m, Oil and Gas Extraction \$182 m, Agriculture \$81m, Primary Metal Product Manufacturing \$70m, Tertiary education \$65m
- **Domestic \$3.0 billion, 70% of exports**
Agriculture \$1,051m, Food Product Manufacturing \$332m, Electricity Supply \$212m, Defence \$170m, Road Transport \$116m, Medical and Other Health Care Services \$80m

2.8 Resources emerging as a major economic contributor

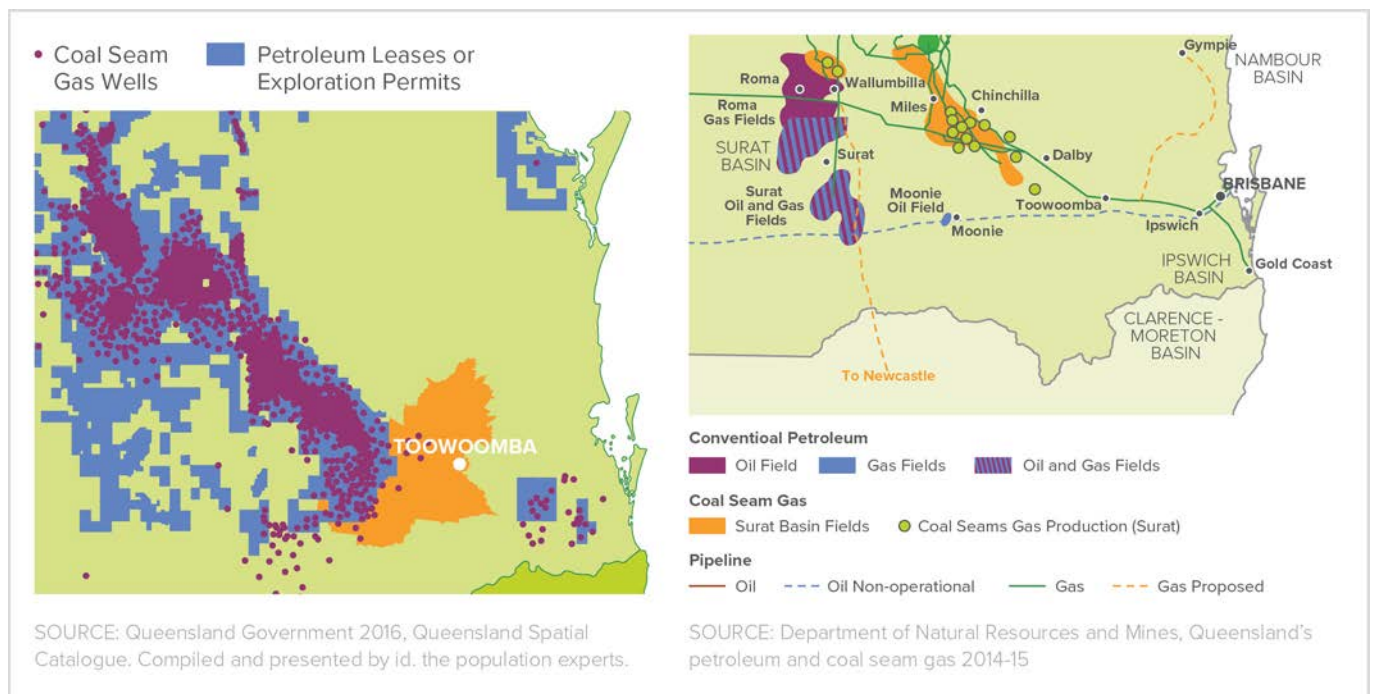
The Toowoomba region is the service gateway to the vast coal and gas energy reserves in the Surat Basin. The Surat Basin is around two to three hours west of Toowoomba. In 2014/15, Surat Basin contributed 8.6% of Regional Queensland's Mining employment and 9.1% of its value add. The Toowoomba Region is also well located to service the resource projects in the Cooper Basin.

Since the early 2000s, strong growth has been experienced in Coal Mining and Oil and Gas Extraction. Coal Seam Gas is the dominant driver of drilling activities and gas production in Queensland and the level of exploration expenditure has increased in recent years as companies look to develop reserves to export. Growth in LNG production is estimated to see a quarter of the global LNG supply coming from Central Queensland and increase the value of LNG exports from \$14.7 billion in 2012-13 to \$57 billion by 2018⁹.

Most of Queensland's CSG production and reserves are in the Surat Basin, to which the Toowoomba region contributes 42% of all Exploration and Other Mining Support Services, highlighting its importance as a service hub for the mining industry. This is also reflected in the number of well drilling and servicing businesses locating in the region.

⁹Department of Natural Resources and Mines, Queensland's petroleum and coal seam gas 2014-15

Gateway to Extensive Mining Reserves in the Surat Basin



2.9 Well positioned for renewable energy

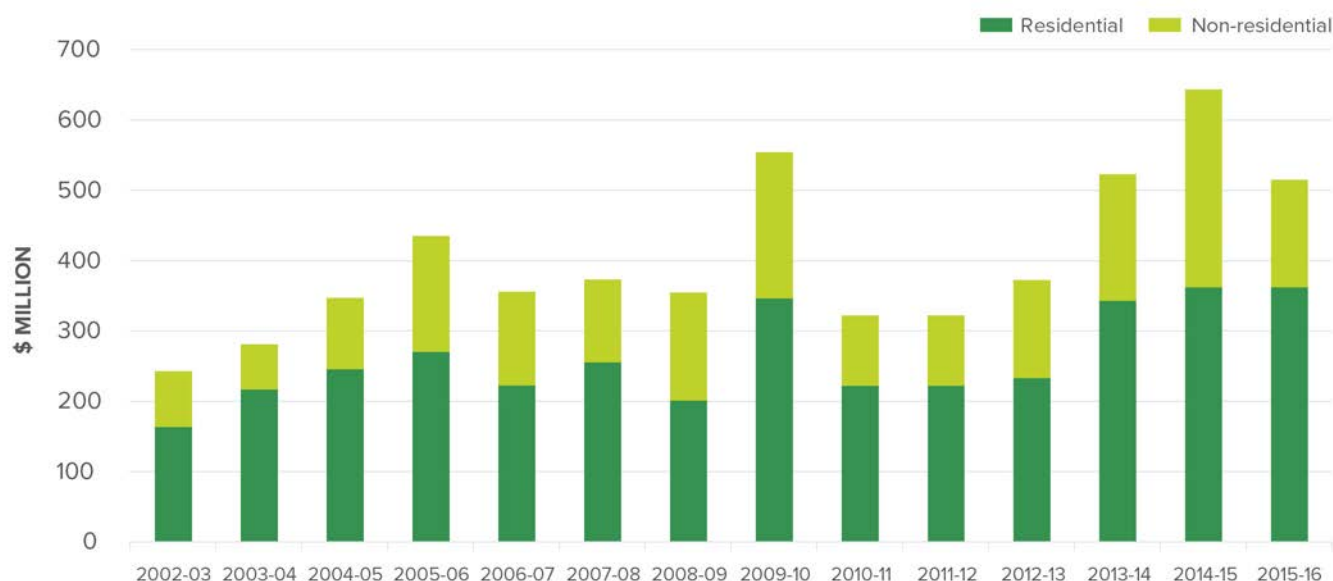
Significant investment in renewable energy infrastructure is set to diversify the regional economy with three major solar projects in the pipeline for the Toowoomba and Surat Basin region. Projects with planning approval include Bulli Creek Solar Farm (\$1 billion project), Oakey Solar Farm (\$130 million project) and Yarranlea Solar Farm (\$200 million project). This will generate considerable renewable energy capacity, create new construction jobs and provide new opportunities for local businesses to take advantage of alternative energy sources.

2.10 Construction sector has supported economic & population growth

Construction activity has grown steadily over the past decade on the back of residential, commercial and infrastructure investment. The construction industry was the 4th largest employer in the region in 2014/15 and generated \$766 million of total value-add. Construction had the highest local sales of all industries worth \$3.17 billion in 2014/15. The sector will continue to be strong as new building approvals experienced their highest value ever in 2014/15, topping \$600 million. Building activity was also strong in 2015/16 with \$517 million approved.

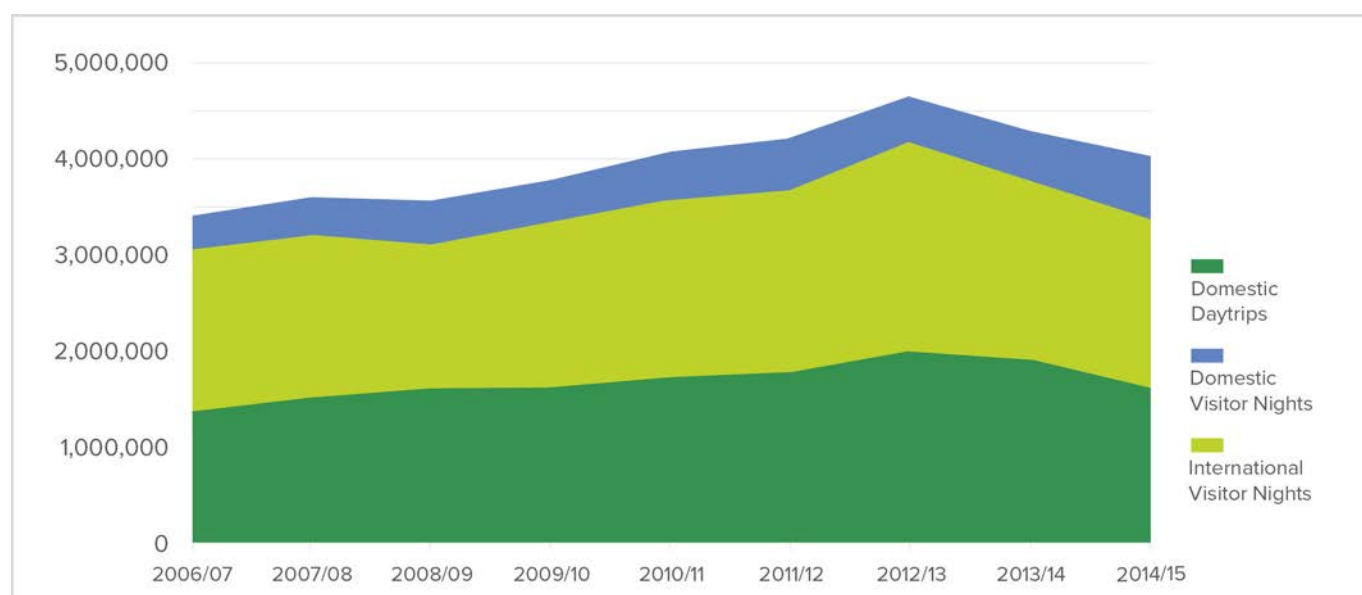
STRONG PIPELINE OF FUTURE CONSTRUCTION

VALUE OF BUILDING APPROVALS, \$M, TOOWOOMBA



2.11 A growing tourism sector

Toowoomba region's tourism sector adds to the diversity of its economic base.. Tourism's contribution to the economy is growing, albeit from a low base. The amount of tourism nights and day trips has risen from an average of 3.4 million per year in 2006/07 to over 4 million in 2014/15. The new Wellcamp Airport has contributed to visitation, in its second year of operation it received almost 41,000 inbound passengers (2015/16), up from 17,000 in 2014/15¹⁰.

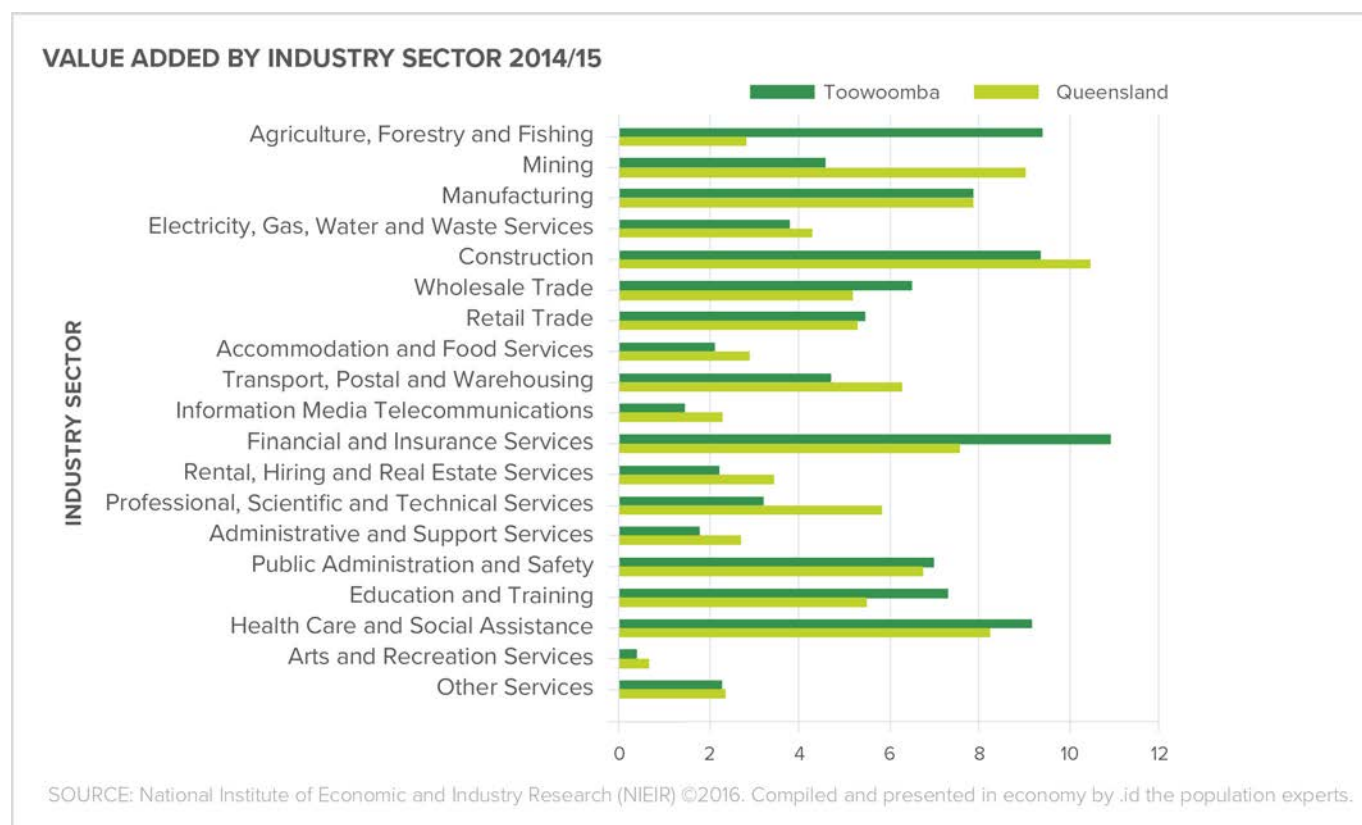


Sports tourism is a growing niche market for the Toowoomba Region having attracted a number of sporting events in recent times. Recent success includes the Queensland PGA Golf Championships, Tour of Toowoomba Cycling Event, Toowoomba Tennis International and a number of pre-season games including NRL and Super Rugby. The new 40 hectare sports precinct, located 10kms west of the CBD, will support this growing niche tourism market.

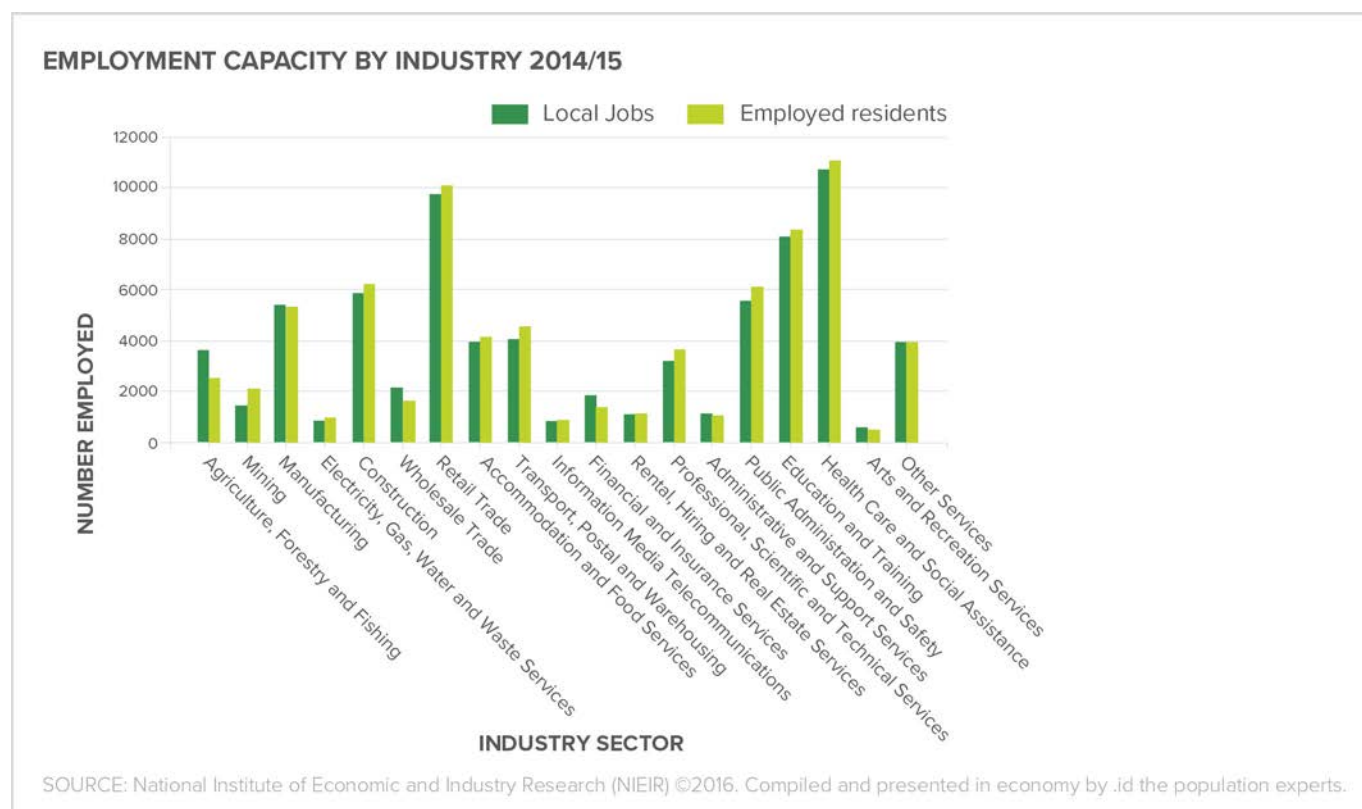
¹⁰ BITRE Airport Traffic Data, 2016

2.12 Transformation into a diverse and strong economy

Over its rich history, Toowoomba Region has transformed into a diverse economy, offering a range of business, investment and employment opportunities.



Toowoomba Region holds its own as a strong and self-sufficient regional city economy. This is reflected by the high ratio of jobs to residents (0.98), the high proportion of workers who are local residents (92.7%) and only 5.5% of residents travel outside of Toowoomba Region to work.





ECONOMIC ROLE AND FUNCTION – STRATEGIC INDUSTRIES

The following graphic highlights the region's key strategic industries. This is based on an analysis of value add, employment, historical growth, specialisation, exports and local sales.

The region has developed specialisations and strengths based on its resource endowment, history, and location. In many ways, Toowoomba's economic role as a regional capital city, agriculture and food processing hub, knowledge and research centre, and freight and logistics hub provides enormous strengths and competitive advantages. This role will be pivotal in the region positioning itself to catch the next wave of economic, employment and investment opportunities.



3. BOLD AMBITIONS

There are a number of local, national and global drivers, set to transform the Toowoomba as a major economic city with national and international links. The key drivers for growth include:

- Strong population growth and skilled labour
- Recent and future investment into economic and transport enablers
- Links to a growing Asian market
- National freight task
- City conveniences at a country pace of life
- Growing importance of regional cities (affordability and liveability drivers)
- Ageing of the population

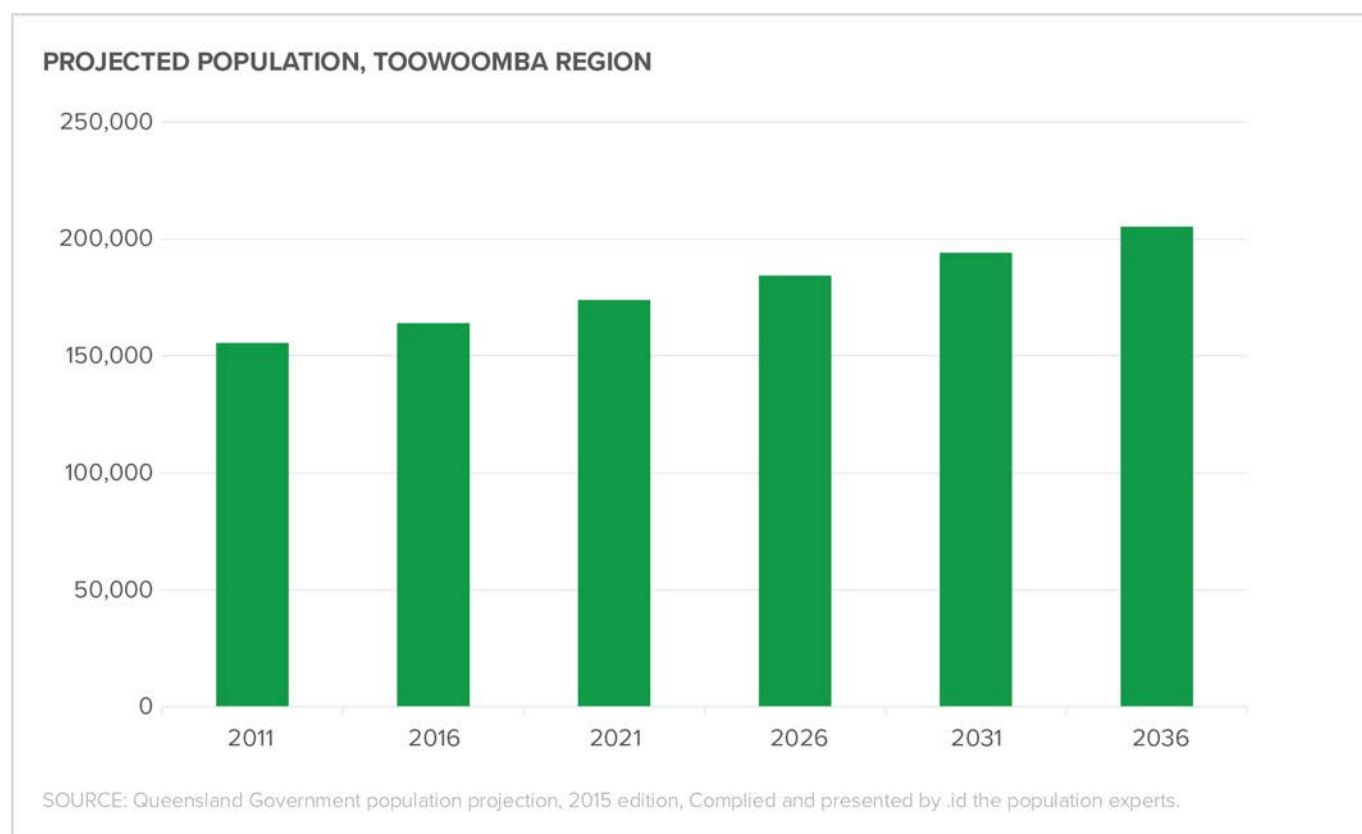
These drivers will support strong growth in employment over the next 20+ years. According to the AEC Group, total employment in the Toowoomba Region is projected to increase to 91,150 jobs by 2026, and over 112,800 jobs by 2041. The key sectors of employment growth are projected to be Health care and social assistance; Public administration and safety; Education and training; Accommodation and food services; and Transport, postal and warehousing.

The implications of these key drivers on the region's economic role and function is summarised in the diagram below. The following section explores these drivers in more detail.



3.1 Achieving critical mass in economic activity

The Estimated Resident Population of the Toowoomba region was around 163,000 as at June 2015. The population is projected to grow to around 205,025 by 2036 based on the State Government's medium population scenario. This represents growth of around 1.1% per year, in line with projected growth rates for the whole of Queensland.



As the population grows, businesses are expected to reap the benefits of deeper labour force pools, diverse economic linkages (suppliers, customers, exports and imports) and knowledge spillovers (OECD 2006, Glaeser 2012). This critical mass helps create a virtuous cycle of economic growth and innovation. Investment in city building infrastructure will further complement this growth.

The region is well positioned to take advantage of this economic trend towards knowledge intensive activities given its growing CBD employment cluster with significant economic anchor institutions and research investment. By building on its knowledge intensive activities, Toowoomba can increase its capacity to improve the productivity, supply chains and export potential of its goods producing and service industries.

The education sector has started to create important research links with the hope of generating spin off opportunities for the private sector. The development of the Centre of Excellence in Engineered Fibre Composites (CEEFC) at the University of Southern Queensland is a recent example of a research partnership. The centre focuses on research and development of different applicable fibre reinforced polymer/cement composite materials for engineering operations. Another example is Food Leaders Australia, a collaboration between businesses (TSBE) and researchers (USQ) to harness the collective intelligence of the broader agriculture industry to create efficiencies and generate new, value-added food products.

TAFE Queensland South West is also a major asset for the region's industries with its courses tailored in consultation with employers. TAFE Queensland South West offers courses in a range of sectors including: Building and construction industries; Business, IT and justice; Community services; Creative industries; Engineering and automotive; Environment and agriculture; Health and aged care; Hospitality and event industries; Language, early education and training; Meat industries; and Resources and infrastructure.

3.2 With a major pipeline of city shaping infrastructure

The Toowoomba region's key economic opportunities will come from its ability to drive productivity in agriculture and freight and logistics; its connections to major cities, both domestic and international and by maintaining its liveability advantage. Economic infrastructure will be central to driving these opportunities.

According to TSBE's latest Development Status Report (November 2016), Toowoomba Region is currently experiencing unprecedented infrastructure investment totalling around \$13 billion. Major city and region shaping infrastructure projects include:

- CBD Investment – redevelopment of Grand Central Shopping Centre
- Toowoomba Railway Parklands Priority Development Area (PDA)
- Pulse Data Centre
- Brisbane West Wellcamp Airport and Business Park
- Interlink SQ
- Toowoomba Second Range Crossing
- Inland Rail Project

These major developments will substantially elevate Toowoomba Region's economic role and enhance its competitive advantages and strengths in agriculture, freight and logistics and knowledge. A snapshot of each is provided below.

3.2.1 CBD Investment Redevelopment of Grand Central Shopping Centre

QIC's \$500 million redevelopment of Grand Central will transform the CBD by creating a major retail destination for the region. According to QIC, this will reduce retail leakage to other retail centres in Brisbane, Sunshine Coast and Gold Coast by over \$800 million. The redevelopment will also improve the amenity of the CBD with flow on benefits for businesses and employees (as demonstrated by Colliers Office Tenant Survey). This will help grow and enhance the CBD employment cluster. The first stage of the redevelopment opened in September 2016, with further stages to be unveiled during 2017.

3.2.2 Toowoomba Railway Parklands Priority Development Area (PDA)

Toowoomba Railway Parklands will develop as an active, high quality mixed density urban village which will reinforce and frame the Toowoomba CBD core retail area. It will provide a unique inner-city lifestyle offering on par with larger metropolitan areas. It will embrace its geographic location to bridge industrial, heritage, residential choices and valuable urban parklands through efficiently connected movement corridors providing unique civic and social functions.

The PDA prepared under delegation by the Toowoomba Regional Council was approved by the Queensland Government on 28 January 2016. Recently, the project received \$5 million from the Queensland Government (Buildings Our Regions Fund) and \$5 million from Toowoomba Regional Council for Stage 1 of the Railway Parklands.

3.2.3 Pulse Data Centre

A \$100m Toowoomba Data Centre has been approved for construction on a 4ha industrial site within the FKG Witmack Industry Park on the western side of Toowoomba. The development is designed to be highly scalable and provide sophisticated cooling, security and energy connections and backup systems to Tier III classification. The centre provides the opportunity for a modern Technology Park adjacent to the site to potentially attract innovation and research facilities that rely on secure data storage and a high level of connectivity resilience. The \$20m first stage of the centre will comprise 300 data racks.

3.2.4 Brisbane West Wellcamp Airport and Business Park

The \$200 million-plus Wellcamp Airport is jet-capable, available for regular passenger services, charter flights, fly-in-fly-out (FIFO) and airfreight services and will further embed the region's higher order economic function as a major regional city. The Brisbane West Wellcamp Airport is already having a significant effect on the region:

- After commencing passenger flights in November 2014, the airport now offers 36 outbound flights a week to destinations including Sydney, Melbourne, Cairns and Townsville.
- From November 2016, Wellcamp is operating weekly air-cargo services to Hong Kong. This is Southern Queensland's only scheduled international air freight-only service.
- The Wellcamp Business Park which adjoins the new airport attracted its first tenant in 2015, Schlumberger, the world's largest oilfield services company. RSPCA will also be moving in and the Toowoomba Integrated Milk Project (TIMP). Stage 1 will include an infant formula manufacturing facility with stage 2 to add a milk processing facility.
- Toowoomba and Surat Basin Enterprise (TSBE), the region's main business network, flew more than 200 delegates direct from Wellcamp airport to Shanghai on the AccessChina trip in October 2016. This flight was a milestone event as the first international passenger flight from the airport. TSBE is looking to again host an Access event to an international destination from the airport in 2017.

Toowoomba Taking Off

Wellcamp Airport in Toowoomba is the first privately built airport in Australia in more than half a century, a manifestation of the entrepreneurial spirit and confidence in the region's economy. It is also the only regional airport truly focused on growing a strong freight airline base, rather than simply a passenger service facility.

Over time, Wellcamp will become more than just a piece of transport infrastructure, it will be a productive engine for the Toowoomba regional economy. Wellcamp itself will generate numerous jobs and output from its ongoing operation, but it is the flow on or 'catalytic' effects that will have the greatest impact.

GLOBAL ACCESS

Integration into global supply chains is becoming crucial for the competitiveness of Australian businesses. Weekly international freight services will generate opportunities for local businesses to access larger markets and improve resilience against any weakening domestic conditions.

PRODUCTIVITY

High value, low-density products trade-off the savings in inventory costs for costs of using air travel more frequently. Products such as perishable agricultural goods are increasingly using air travel as the preferred transport mode. This trend has translated into a greater number of freight-forwarding firms basing operations at airports or in proximity to them.

MULTIPLYING BENEFITS OF OTHER INFRASTRUCTURE

The Toowoomba Second Range crossing will go right past Wellcamp Airport's doorstep offering strong integration with nearby transport and logistics assets.

GROWING THE VISITOR ECONOMY

Domestic passenger flights offer Toowoomba the opportunity to grow its tourism market and also expand its business convention and event hosting capabilities.

BUSINESS AND POPULATION ATTRACTION

Working professionals and knowledge based businesses increasingly see access to airport facilities as a necessary factor for potential relocation.

BUSINESS AND COMMUNITY CONFIDENCE

Wellcamp has been incredibly well received by the region with 27,000 people attending one of its open days. The airport has also received state and national press coverage acting as a model of Toowoomba's enterprising spirit.



3.2.5 Interlink SQ

InterLink SQ is a 200 hectare intermodal (road and rail) freight and logistics facility. The facility will house 3km of state-of-the art rail infrastructure for the current West Moreton rail line and the proposed Inland Rail Project and providing extensive storage, maintenance and provisions facilities. Overall investment in the project is expected to near \$1 billion by its full completion, with construction expected to commence in early 2017.

3.2.6 Toowoomba Second Range Crossing

The \$1.6 billion Toowoomba Second Range Crossing (TSRC) is a major state/region/city shaping project set to drive growth in the region's transport and logistics capabilities linking Brisbane, the Darling Downs and the Surat Basin on the road freight network. It also has the potential to influence location decisions by firms and households by increasing accessibility and productivity of the region's economy. Construction commenced in late April 2016 and is expected to be open to traffic in late 2018. According to Queensland Treasury the TSRC is expected to deliver significant benefits. These include:

- Reduced travel time (by up to 40 minutes) and greater travel time reliability
- Relieved pressure on Toowoomba's local roads – almost 80% of heavy and super heavy commercial vehicles will be redirected away from the existing range crossing which travels through the Toowoomba CBD.
- Improved road and driver safety
- Improved freight efficiency and reduction in vehicle operating costs
- Job creation - up to 1800 direct and indirect jobs during the design and construction phases

3.2.7 Inland Rail Project

The Australian Government has committed to building a new key piece of national infrastructure by constructing a 1,730km rail connection between Melbourne and Brisbane via central-west NSW and Toowoomba.

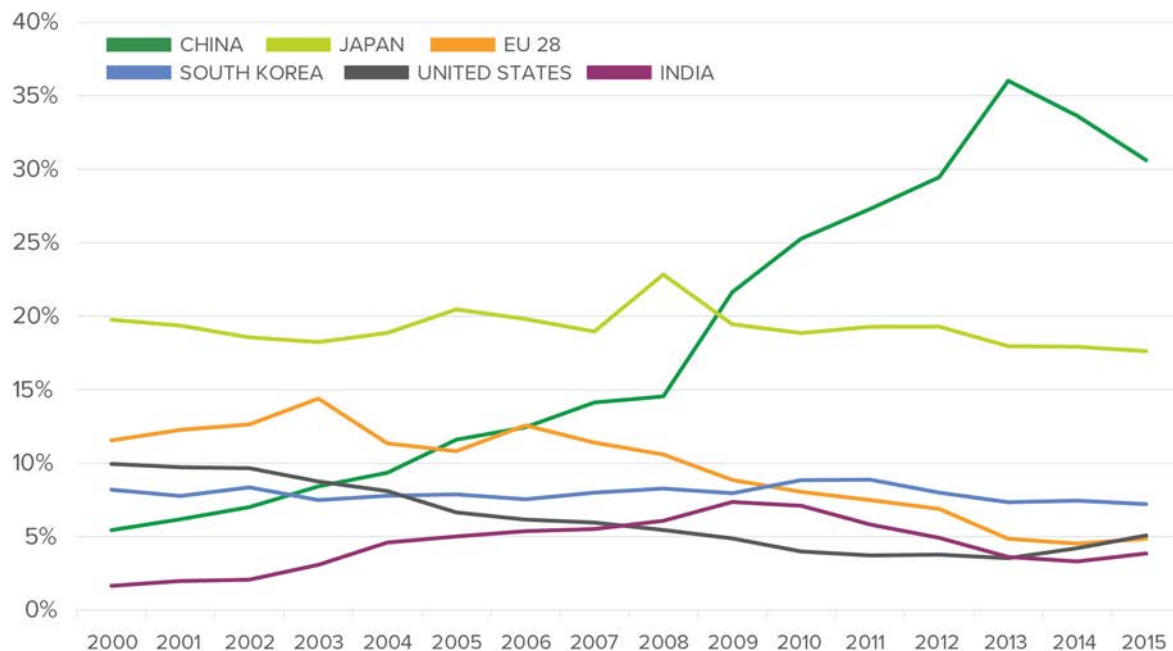
For the Toowoomba Region, this will significantly reduce the travel time from Brisbane to Toowoomba, improving capacity and demand for distribution hubs to open up in regional cities like Toowoomba. Initial land acquisition is projected to commence in 2017.

3.3 Set to unlock opportunities from a growing Asian market

The shift in Australia's trade and export patterns towards Asia has had important implications for Australia and regional economies. This recent growth has increased Australia's economic and social links with Asia.

DEMAND FROM EMERGING ASIA

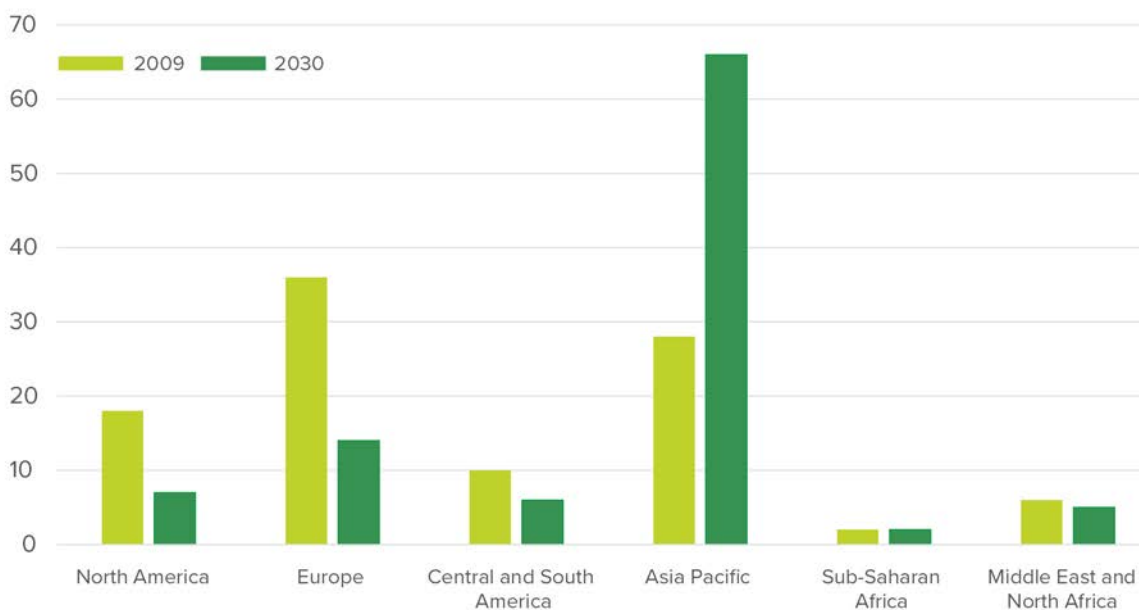
AUSTRALIAN EXPORTS BY SELECTED DESTINATION, ANNUAL, SHARE OF TOTAL VALUES



SOURCE: ABS 5368.0 International Trade in Goods and Services, Australia. Compiled and presented by .id the population experts

The industrialisation and urbanisation in Asia are generating rising income levels and growing the size of the middle class. Asia Pacific middle class is expected to account for 66% of the global middle class by 2030, up from 28% in 2009. This prosperity is set to drive expenditure on Australia's higher value products and services.

GLOBAL MIDDLE CLASS BY REGION, % OF WORLD



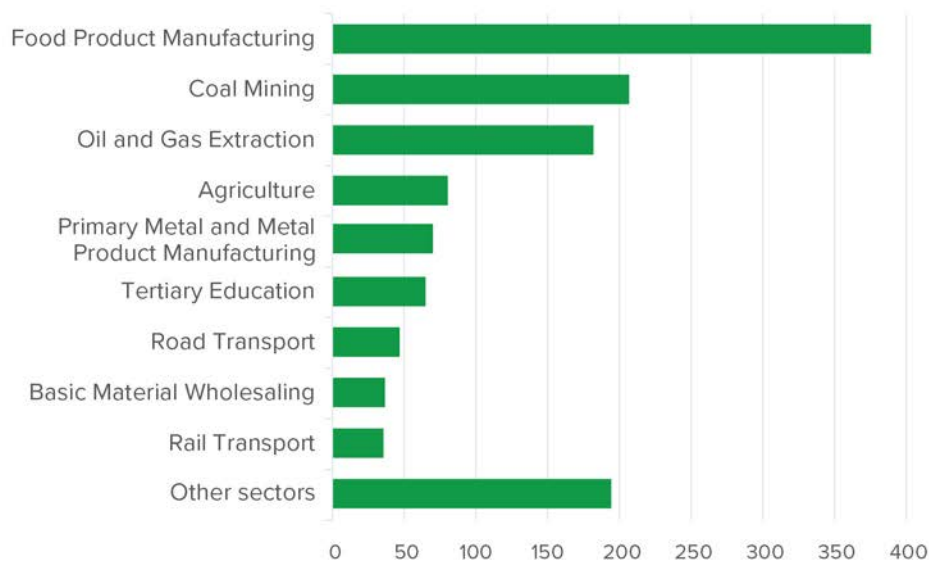
SOURCE: OECD The Emerging Middle Class in Developing Countries (2010), Homi Kharas. Compiled and presented by .id the population experts.



Exporters to international markets are already contributing to Toowoomba Region's economic growth with international exports worth almost \$1.3 billion in 2014/15. The manufacturing industry had the highest level of international exports, driven largely by food product and metal product manufacturing. Mining, Transport, Postal and Warehousing, Agriculture, and Tertiary education were also solid contributors.

TOOWOOMBA INDUSTRIES WITH GLOBAL CONNECTIONS

INTERNATIONAL EXPORTS, \$M, 2014/15



SOURCE: National Institute of Economic and Industry Research (NIEIR) 2016. Compiled and presented by .id the population experts.

These powerful changes will present significant opportunities for businesses in the region to build on their existing international links. Asian growth will benefit:

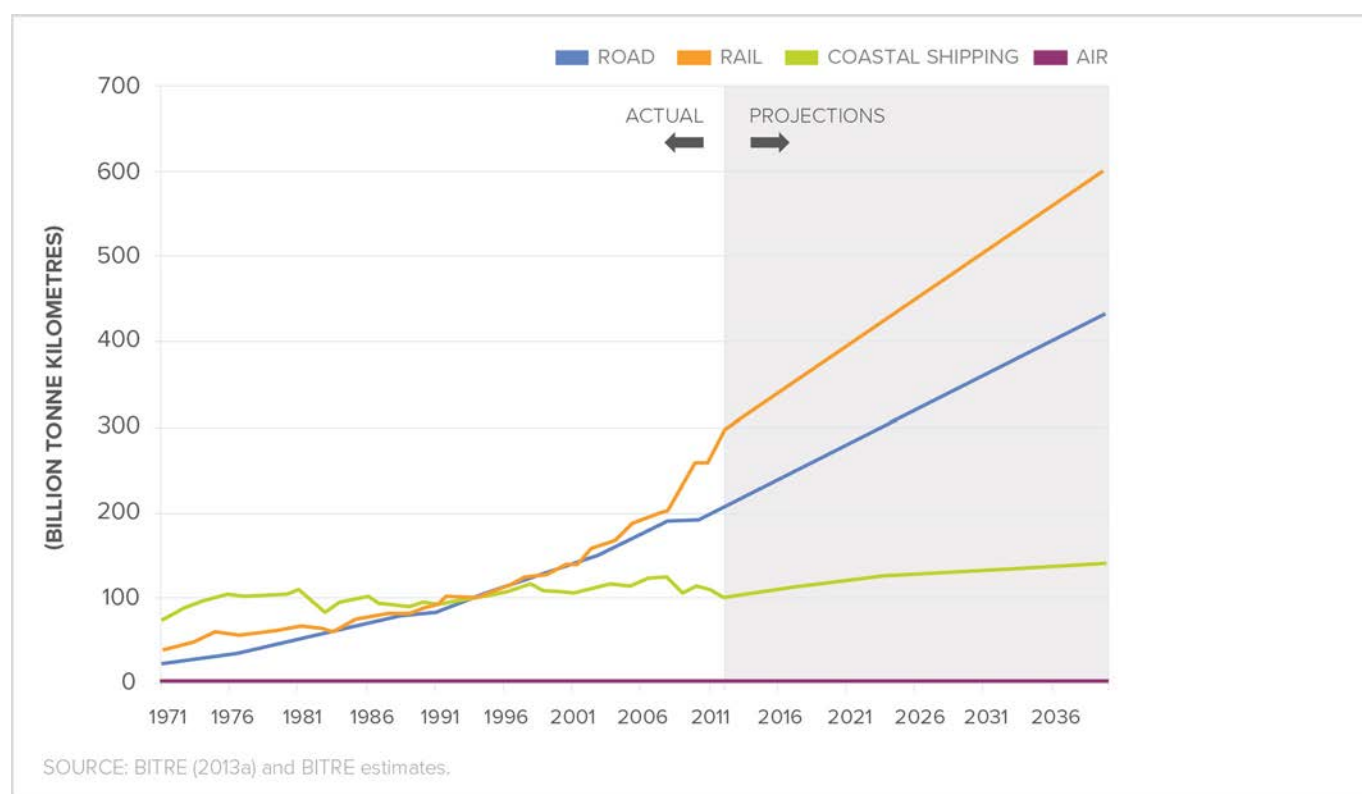
- **Agriculture** – as consumers buy Australia's fresh produce. The Toowoomba region is well placed to leverage off its strengths in agriculture and food product manufacturing to capture a share of this growing market. The new Brisbane West Wellcamp airport and Food Leaders Australia will help the region develop new products and access new export markets, particularly in Asia.
- **Gas** – as countries seek to improve air quality and reduce greenhouse emissions. This demand is likely to add momentum to the Surat Basin's gas projects, creating sustained long term opportunities for businesses in the region.
- **Tourism** – as travellers broaden their awareness of non-capital destinations. This will provide new opportunities for tourism and the visitor economy including international education, holidays and events.

3.4 Positioned to take advantage of the growth in national freight

Growth in Australia's domestic freight task is projected by BITRE to grow 80 per cent, between 2010 and 2030. This growth will be driven largely by domestic movements of bulk commodity exports, particularly iron ore and coal, and also by sustained growth in the road freight task. Air Freight should also not be overlooked because of its low volume. International air freight represents less than 0.1 per cent of Australia's total merchandise trade, by volume, but makes up over 21 per cent of total trade by value¹¹.

The development of a freight capable airport and intermodal facility connected to interstate rail freight will provide Toowoomba with a unique opportunity to grow its established transport and logistics specialisation even further.

¹¹ Bureau of Infrastructure, Transport and Regional Economics (BITRE) 2014, Freightline 1 – Australian freight transport overview, BITRE, Canberra



The Toowoomba region is well placed to benefit from the opportunities this will provide given its gateway location as highlighted in Chapter 2. This position will be enhanced by:

Inland Rail Project - This major piece of national infrastructure will enhance the existing rail network and current interstate freight market by connecting Brisbane to Melbourne by rail.

Toowoomba Second Range Crossing which will improve productivity and efficiency of truck movements.

Toowoomba Enterprise Hub (2,000 hectares) that provides significant landside industrial potential for freight and logistics.

Brisbane West Wellcamp Airport and Business Park providing a hub of air, rail and road freight opportunities.

InterlinkSQ - 200 hectare intermodal terminal and industrial precinct.

Witmack Industry Park providing opportunities for related industrial uses.

Congestion in metropolitan areas making locations like the surrounding areas of Toowoomba more attractive to freight movement and distribution firms.



3.5 Can leverage off Australia's love of city living

As highlighted in a number of .id blogs, it's evident that Australians congregate around our bigger cities, and this tendency is increasing over time¹². Based on the June 2015 Estimated Resident Population, Australia's population was 66.7% centralised in 8 capital cities. This was up from 65.2% 10 years earlier in 2005.

The only two states with less than half their population in the capital are Tasmania (42.8% in Hobart) and Queensland (48.3% in Brisbane). Queensland is the only truly decentralised state, with large cities such as Toowoomba, Cairns, Townsville, and Mackay attracting population into the regions.

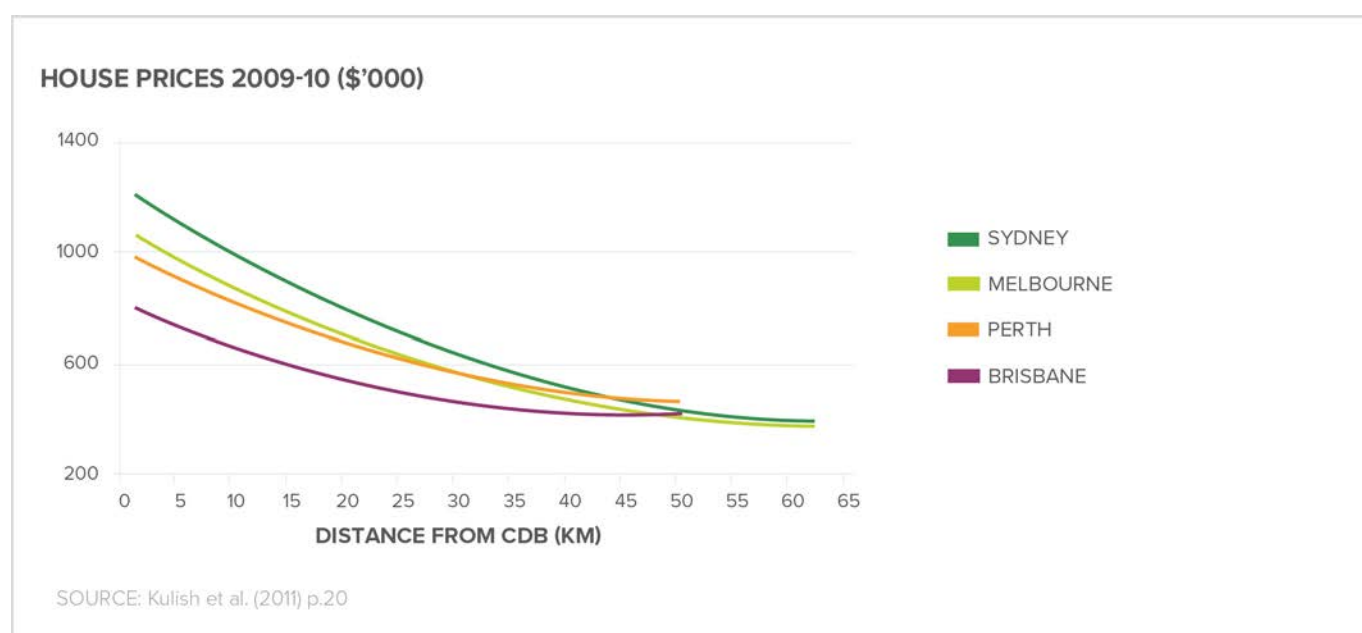
Toowoomba has been successful in developing a self-contained economy that has the added benefit of being the western gateway to the \$183 billion South East Queensland¹³ economy. New developments such as the Railway Parklands Area and Grand Central will also generate a more metropolitan dwelling and retail offer that is attractive to city lovers.

3.6 Growing importance of regional cities

There are a number of demographic and economic factors that are likely to increase the attractiveness of regional cities such as Toowoomba. The move towards cities comes at a cost, with a premium now placed on housing in inner and middle ring Melbourne, Sydney, Perth and Brisbane. Toowoomba offers a very competitive lifestyle advantage over larger metropolitan areas. Its affordability also means many working families would actually be financially better off than in a capital city (See section 2.4).

¹² <http://blog.id.com.au/2014/population/australian-demographic-trends/how-urbanised-is-australias-population/> and <http://blog.id.com.au/2014/population/australian-demographic-trends/how-centralised-is-australias-population/>

¹³ Brisbane, Gold Coast, Sunshine Coast, Moreton Bay, Logan, Redland, Ipswich





As Australia's population continues to grow, increasing pressure is brought to bear on urban infrastructure. Congestion becomes one of the most significant impediments to economic growth and social prosperity. While there is a net-outmigration to Brisbane, the LGA accounts for the largest inflow of migration to the Toowoomba region, consistent with the theme of migration from the metropolises to more affordable lifestyles in the regions.

TOOWOOMBA REGION MIGRATION, 2006 TO 2011

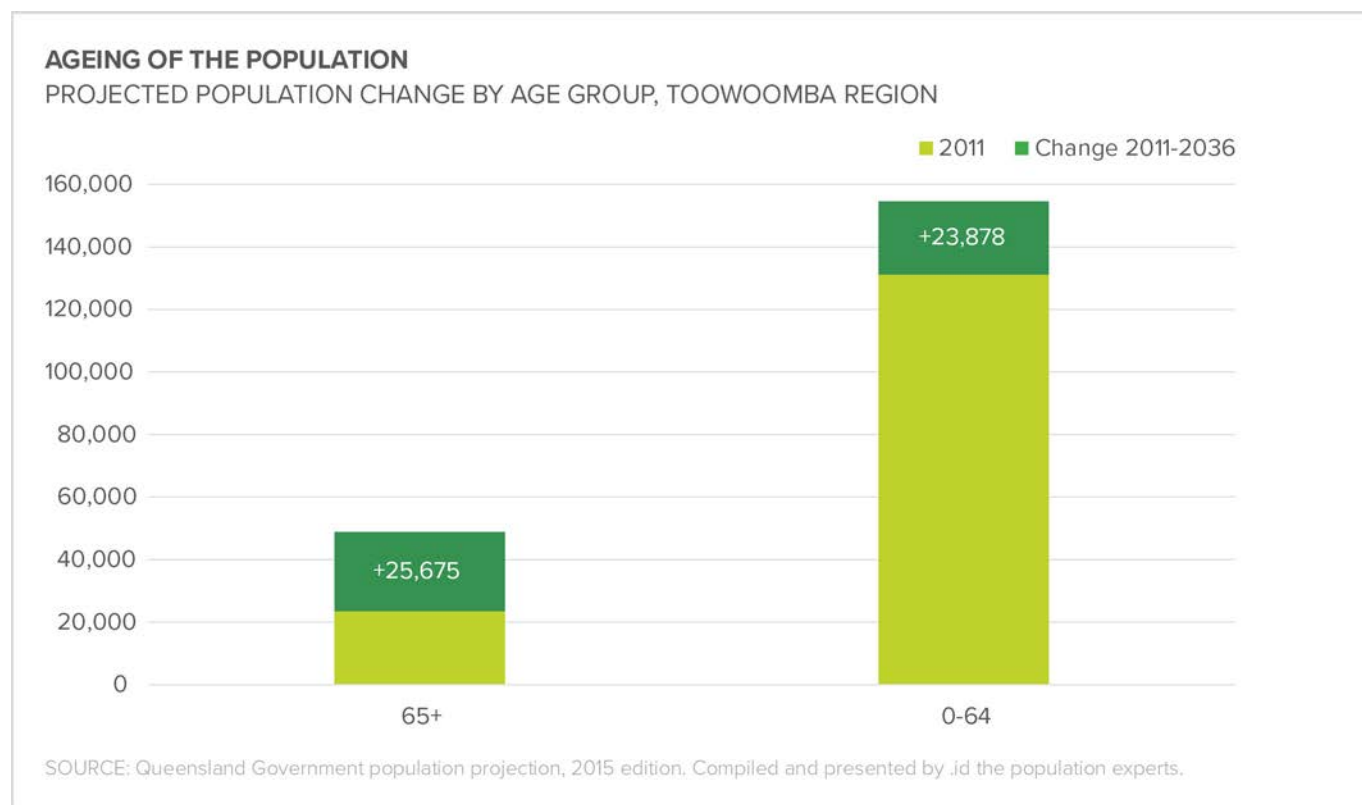
LOCAL GOVERNMENT AREA	IN MIGRATION	OUT MIGRATION	NET MIGRATION
Brisbane	2,374	3,525	-1,151
Western Downs	1,186	806	+380
Lockyer Valley	1,170	941	+229
Moreton Bay	1,008	1,065	-57
Gold Coast	919	985	-66
Sunshine Coast	854	1,505	-651
Southern Downs	854	564	+290
Logan	671	412	+259
Ipswich	594	621	-27

SOURCE: Australian Bureau of Statistics, Census of Population and Housing 2011.
Compiled and presented in profile .id by .id the population experts.

Given these economic and demographic trends, it is expected that Toowoomba will increasingly play a role in the social and economic development of Queensland. The region offers diverse and affordable housing as well as the liveability and established infrastructure to continue to attract residents, skills and businesses.

3.7 Ageing of the population

The number of persons aged 65 and above in the Toowoomba region is projected to increase by around 26,000 between 2011 and 2036. The ageing population will increase demand placed on health and aged care as the region continues to build on its already strong foundations in health and financial services.



3.8 Positioning itself as a major regional city

Toowoomba's economic role as a regional capital city, agriculture and food processing hub, freight and logistics hub and knowledge and research centre provides enormous opportunities to respond to these powerful changes to the local, national and global economic landscape.

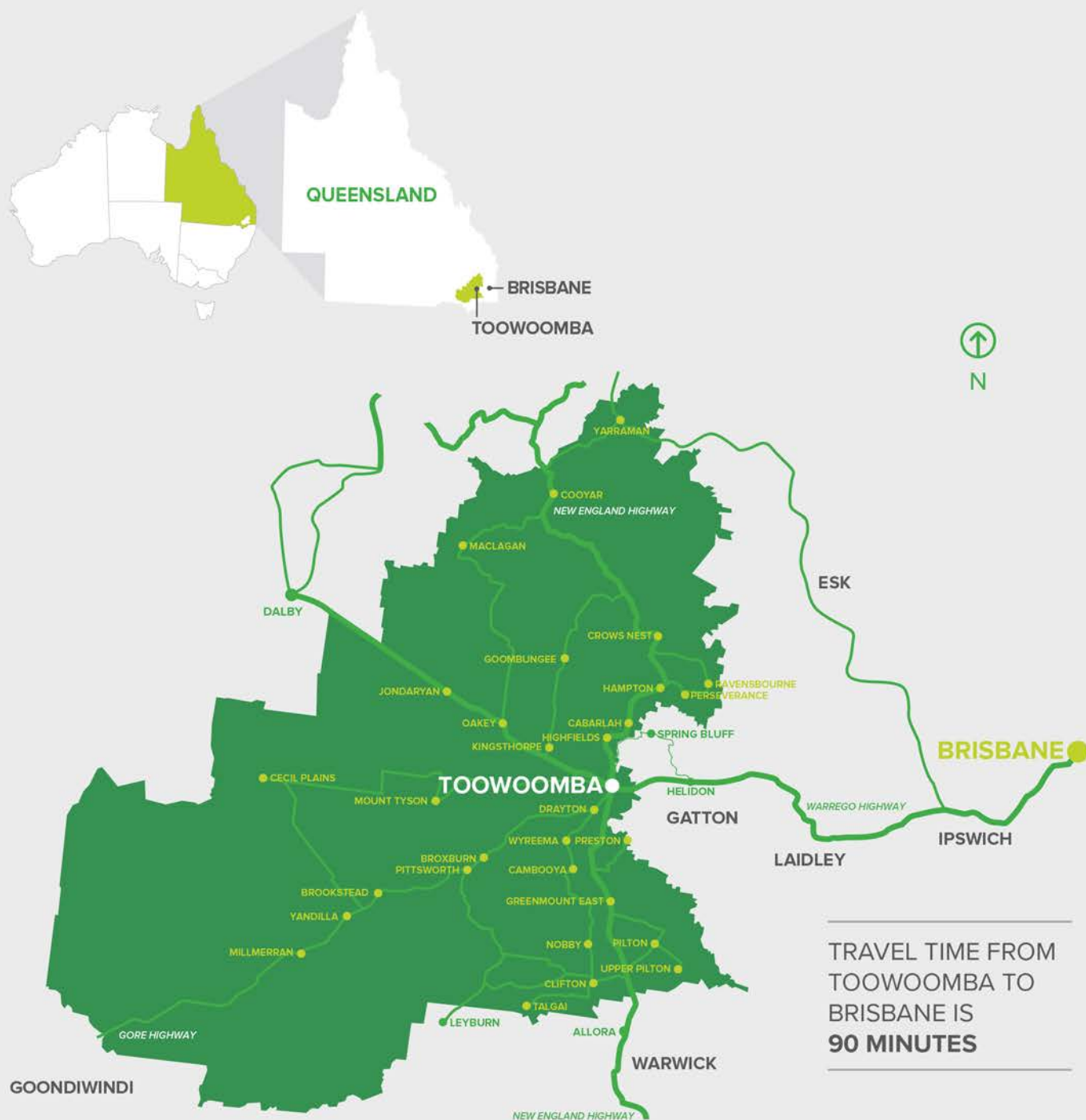
3.9 For more information

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To source more detailed economic data regarding any topic referred to in this publication please access Council's online economic tool: www.id.com.au/toowoomba

TOOWOOMBA REGIONAL COUNCIL BOUNDARY MAP





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