

ECONOMIC PROFILE

CENTRAL COAST

Prepared for the Economic
Development Strategy for
Regional NSW

February 2015



The new state
of business



MESSAGE FROM

THE DEPUTY PREMIER

Since coming to office this Government has put Regional NSW back at the heart of government – driving huge investment in infrastructure and services, as well as focussing on sectors with strong growth potential.

To date, over \$13 billion to support critical infrastructure and improve regional connectivity has been budgeted and 30% of the multi-billion dollar Restart NSW fund is allocated to regional infrastructure.

Our programs and services have helped to generate more than 39,000 new jobs in Regional NSW and almost \$4 billion in private investment.

These economic profiles highlight the many strengths and opportunities in our regions. We also recognise Regional NSW challenges and have a plan to address them.

The new Economic Development Strategy for Regional NSW sets out clear goals and a comprehensive action plan to achieve them.

If we are going to keep being successful in attracting more people, more businesses and more investment to the regions, the availability of world-class infrastructure and services is a given.

We now have a once-in-a-generation opportunity to tackle that challenge.

The Rebuilding NSW initiative proposes the long term leasing of 49% of the State's electricity distribution and transmission businesses. This initiative is expected to generate a further \$6 billion of investment for Regional NSW infrastructure.

I am confident it is the next essential step in our work to ensure a strong and prosperous future for Regional NSW.



TROY GRANT

DEPUTY PREMIER

MINISTER FOR TRADE & INVESTMENT

MINISTER FOR REGIONAL
INFRASTRUCTURE & SERVICES

MINISTER FOR TOURISM & MAJOR EVENTS

MINISTER FOR HOSPITALITY,
GAMING & RACING

MINISTER FOR THE ARTS

Regional NSW is the **largest** and most diverse **regional** **economy** in Australia.

It is home to about **2.9 million** people, representing **41%** of **NSW's** population.



Central Coast headline economic indicators

Indicator	Central Coast				Regional NSW			
	2006	2011	2013	% change	2006	2011	2013	% change
GRP (\$m)	7,729	10,117	10,791	4.9* [^]	99,172	130,740	137,687	4.8* [^]
GRP/capita (\$)	25,939	31,356	-	3.9*	36,490	44,588	-	4.1*
GRP / FTE employee (\$)	93,418	118,287	-	4.8*	101,369	130,705	-	5.2*
Population	297,959	322,650	-	1.6*	2,717,774	2,932,200	-	1.5*
Dependency ratio (%)	63.0	61.4	-	-1.6 pp	58.9	59.1	-	0.2 pp
Employment (persons) Census	120,704	131,011	-	8.5	1,123,142	1,202,450	-	7.1
Employment (persons) LFS	-	-	150,967	-	-	-	1,343,411	-
Employment (FTE)	82,734	85,531	-	3.4	978,327	1,000,271	-	2.2
Local jobs	86,040	90,096	-	4.7	954,884	994,524	-	4.2
Residents (%) who commute out for work	-	25	-	-	-	-	-	-
Unemployment rate (%) Census	7.1	6.9	-	-0.2 pp	7.0	6.2	-	-0.8 pp
Unemployment rate (%) LFS	-	-	6.4	-	-	-	6.2	-
Indigenous unemp. rate (%)	18.4	16.1	-	-2.3 pp	19.9	18.7	-	-1.2 pp
Average hours worked	34.0	35.1	-	1.2 ¹	35.5	36.0	-	0.6 ¹
Tertiary qualifications (% of working age population)	48.3	55.2	-	6.9 pp	46.5	53.7	-	7.2 pp
Housing affordability (%)	33.6	33.0	-	-0.6 pp	32.2	30.9	-	-1.3 pp
Participation rate (%)	-	55.9	-	-	-	56.3	-	-

Data provided by Deloitte Access Economics and NSW Trade & Investment. Data source is ABS Census unless otherwise noted in definitions.

Definitions

GRP:	Gross Regional Product. Source: Deloitte Access Economics
Dependency ratio:	Ratio of population aged <15 or 65+ to the working population aged 15-64
pp:	Percentage points
LFS:	ABS Labour Force Survey is source - not comparable with ABS Census
Employment (FTE):	Full-time equivalent employment. Source: Deloitte Access Economics
Local jobs:	Number of jobs in region, employment by Local Government Area
Residents who commute out for work:	Residents who commute out of the region for employment. Source: Bureau of Transport Statistics (BTS) Journey to Work data
Unemployment rate:	Proportion of labour force not employed but actively seeking work. Source: ABS Census or ABS Labour Force Survey
Housing affordability:	Mortgage repayment as % income
Participation rate:	Proportion of population (aged 15+) in the labour force

Notes

- * Compound annual growth rate
- [^] Change refers to period 2006-2013
- ¹ Increase/decrease in number of hours

Regional NSW



- **Central Coast**
- Central West and Orana
- Far West
- Hunter
- Illawarra
- Murray-Murrumbidgee
- New England-North West
- North Coast
- South East and Tablelands

- Metropolitan Sydney
- ACT

Metropolitan Sydney and ACT not included within Regional NSW

The regions are aligned with the Department of Planning and Environment's draft growth and infrastructure planning regions.

790,355 km²

(98.7%) of NSW's total land mass



GRP share by region

- **8% Central Coast**
- **12%** Central West and Orana
- **2%** Far West
- **28%** Hunter
- **12%** Illawarra
- **10%** Murray-Murrumbidgee
- **6%** New England-North West
- **15%** North Coast
- **7%** South East and Tablelands



Population share by region

- **11% Central Coast**
- **9%** Central West and Orana
- **2%** Far West
- **21%** Hunter
- **13%** Illawarra
- **9%** Murray-Murrumbidgee
- **6%** New England-North West
- **20%** North Coast
- **9%** South East and Tablelands

Source: Economic profiling and strategy analysis for regional economic development in NSW, Deloitte Access Economics (August 2014)

In 2013, Gross Regional Product (GRP) for Regional NSW was \$138 billion - 29% of NSW's total output - having grown by an average 4.8% each year since 2006.

Capitalising on its rich natural resources, the agriculture and mining sectors are significant drivers of regional growth. But the value of Regional NSW goes beyond its primary industries - its traditional sectors of regional advantage. Increasingly integrated and evolving global markets provide new opportunities to leverage both existing and emerging competitive advantages.

Regional NSW is underpinned by strong manufacturing, visitor economy, energy, and service sectors. Continual industry diversification has seen the knowledge economy, such as Financial and Insurance Services and Professional, Scientific and Technical Services, increase its share of employment and output. Education and human services also play an important role in the ongoing prosperity of Regional NSW.

About a third of the NSW manufacturing sector (Australia's largest) is based in Regional NSW, making this sector the single largest contributor to GRP.

In 2012-13, the minerals sector generated over \$12.5 billion in goods, services, wages, and local government payments and paid around \$1.3 billion in mining royalties. Coal, NSW's largest export product, also powered over 80% of the State's electricity supply.

In 2012-13 Regional NSW, a key contributor to the State's \$33 billion agrifood sector, exported around 60% of its agricultural product - worth around \$3.9 billion.

Domestic and international visitors are drawn to regional tourist destinations showcasing the State's world-class national parks, pristine coastlines, unique outback and quality food and wine. The regional tourism industry is worth about \$12.9 billion to the economy.

NSW agriculture is set to gain from the 'dining boom' - driven by demand from Asia - and tourism is also forecast to be a growth driver for the State. The mining sector will continue to play a significant part in the economy.

The NSW Government's record investment in regional infrastructure not only helps to unlock regional business potential and its ability to compete in the global economy, but also drives construction and allied industries in regional economies.

Major trends that affect Regional NSW include an ageing population, a shift to urban and coastal living, declining national productivity, accelerated global market integration and climate change.

Economic Development Strategy for Regional NSW

To position Regional NSW for long-term growth, the NSW Government has developed the first Economic Development Strategy for Regional NSW. This regional profile accompanies the Strategy.

The Strategy has five goals to drive and enable regional economic growth:

1. Promote key regional sectors and regional competitiveness
2. Drive regional employment and regional business growth
3. Invest in economic infrastructure and connectivity
4. Maximise government efficiency and enhance regional governance
5. Improve information sharing and build the evidence base.

The NSW Government is committed to boosting the regional economy by:

- enabling competition and building capability in the economy
- fostering strategic engagement and partnerships with industry
- implementing innovative and fiscally responsible economic policy.

Central Coast overview

In 2013, the Central Coast generated \$10.8 billion in Gross Regional Product (GRP), representing 8% of Regional NSW's total GRP.

Located about an hour from Sydney and Newcastle, the Central Coast offers a coastal lifestyle, a regional city in Gosford, a strategic position for business logistic operations and a mobile workforce. Key industries include manufacturing, health and social services, retail, construction, and accommodation and food services.

The region offers connectivity to key labour and consumer markets and a viable alternate business and residential location to Sydney. A quarter of all residents commute out of the region for work, of which 18% commute to Sydney and 5% to the Hunter region.

More than half of the Central Coast is made up of national parks, state forest, bush land, open space, nature reserves, beaches and waterways, with over 80km of coastline. Tourism is worth around \$880 million a year to the region. It primarily attracts Sydneysiders, who made up about 62% of overnight domestic visitors to the year ended March 2014.

A 'sea change' destination, the Central Coast also attracts retirees and families, mainly from Sydney. Population growth has been high and is expected to continue, reaching an estimated 386,900 by 2031. The proportion of people over 65 years is also expected to grow.

Compared to Regional NSW, the Central Coast has higher than average overall tertiary qualification rates (technical and university). But although the region's technical skills base is relatively strong, university qualifications are lower than average.

There is potential to further leverage its competitive advantages as the Central Coast continues to grow. These include a strong labour force; a growing population; connectivity to key markets, transport infrastructure, and high speed fibre internet; and an attractive natural environment and coastal lifestyle.

A unique region with an enviable coastal lifestyle, growing business hub, skilled workforce, and strategic access to Sydney and Newcastle.

Central Coast profile

1,681 km²

(0.2% of Regional NSW total)

Local Government Areas

Gosford Wyong



322,650

(11% of Regional NSW total)

Total population 2011

18%
under 15 (70,350)

56%
15-64 (216,200)

26%
65 or older (100,350)



386,900

Total population 2031

Population by age segment may not sum due to rounding in the projections.

Industry and employment

Over 130,000 Central Coast residents are employed, representing about 11% of Regional NSW's total employment.

The Central Coast experienced above average job growth between 2006 and 2011 of 4.7% as compared to 4.2% in Regional NSW.

Manufacturing contributes over \$1 billion to the region's gross product. The Central Coast is a food and beverage manufacturing hub, accounting for 25% of employment in the region's manufacturing industry. It is home to household brands such as Sanitarium, Cordina, McCain and Masterfoods.

In 2011, around 78% of people were employed in services related sectors (as in metropolitan Sydney). Projected population growth is likely to see continued growth in these sectors, particularly in health care and social services.

The Professional, Scientific and Technical Services sector grew strongly from 2006-2013 (7.8% compound annual growth), indicative of a growth in knowledge based services. The sector contributed around \$424 million to the Central Coast economy in 2013.

Retail Trade contributed over \$600 million to the Central Coast economy in 2011 and employed over 13,500 people. Since 2011, the sector's GRP has grown at a high 7.8% compound annual rate, to over \$700 million in 2013.

The Accommodation and Food Services sector, tied to the visitor economy, employed 9.1% of the Central Coast workforce in 2011 and contributed around \$396 million to the region in 2013.

Construction is another key sector, contributing around \$700 million. With

a projected demand for 36,800 new dwellings by 2031, the sector is likely to remain an important economic driver.

The Central Coast is also a strategic location for logistics, with access to Sydney and Newcastle via the Pacific Highway and Motorway, and to Brisbane, Melbourne and beyond. Distribution and logistics operations, such as Alliance Distribution Services, Toll and Woolworths, are located in the region.

Overall unemployment in 2011 was higher than the average in Regional NSW - 6.9% compared with 6.2%. Youth unemployment was also relatively high, at 14.9% compared with the regional average of 13.2%. Central Coast unemployment has remained in a band ranging between 6% and 7% from the end of 2011 through to August 2014, based on twelve month moving average data.

Top 5 industries by contribution to GRP in 2013 (compared to Regional NSW)

Central Coast	Regional NSW
1. Health Care and Social Assistance (11.2%)	1. Manufacturing (8.3%)
2. Manufacturing (9.4%)	2. Health Care and Social Assistance (8.1%)
3. Retail Trade (6.5%)	3. Mining (7.7%)
4. Education and Training (6.5%)	4. Construction (6.0%)
5. Construction (6.5%)	5. Education and Training (5.9%)

Top 5 employers by industry in 2011 (compared to Regional NSW)

Central Coast	Regional NSW
1. Health Care and Social Assistance (17.4%)	1. Health Care and Social Assistance (14.3%)
2. Retail Trade (15.2%)	2. Retail Trade (12.5%)
3. Manufacturing (9.3%)	3. Education and Training (9.2%)
4. Accommodation and Food Services (9.1%)	4. Manufacturing (8.7%)
5. Education and Training (8.7%)	5. Accommodation and Food Services (8.4%)



Photo credit: Vicki Brown

Drivers and opportunities

The Central Coast is well serviced by transport infrastructure, with passenger and freight rail connections throughout the region. It is also a strategic east coast location for logistics including warehousing, distribution and movement of freight. This provides cost effective access to key consumer markets and export opportunities.

The Central Coast is potentially attractive to businesses seeking a location that offers available employment land, lower costs of doing business and affordable commercial rent relative to Sydney.

Expanding National Broadband Network connectivity across the Central Coast is also an attraction for business. In light of recent growth trends in services based industries, there is the potential to further develop the knowledge and business sectors of the Central Coast economy.

The food processing industry, already a significant employer in the region, has further growth potential with the opportunity to leverage the growing demand from Asia, as does the agricultural sector.

The region's strong services base will continue to drive employment opportunities in the region, in health, education, construction, retail and other service sectors. Human services, particularly the Health Care and Social Assistance sector, are expected to grow in line with predicted strong population growth and an increase in the ageing population.

Around 9% of total tourism expenditure in Regional NSW occurs in the Central Coast. Tourism is forecast as a growth industry and the Central Coast can leverage its natural assets and proximity to Sydney to benefit from opportunities.



Photo credit: Vicki Brown

Highlights



Project	Investment
Central Coast Highway West Gosford intersection \$170m committed to upgrades to improve traffic flow, travel times and safety.	\$170m
NorthConnex Motorway \$502m investment by the NSW Government to this \$3b project. The M1 and M2 link will provide a continuous motorway and quicker alternative for travel between the Hunter, Central Coast and Sydney.	\$502m
Local Government Infrastructure Renewal Scheme Almost \$40m committed to vital road and sewerage upgrades.	\$40m
Gosford Passing Loops The NSW Government and Commonwealth Governments will invest an estimated \$120m to construct two passing loops of about 2 km long between Gosford and Narara Stations that will allow passenger trains to overtake freight trains.	\$120m
Business Investment Schemes Since 2011 funding of over \$5.5 million from the Regional Industries and Investment Fund and State Investment Attraction Scheme, as well as the services provided by NSW Trade & Investment, have helped projects expected to generate around \$108 million in private investment and 1,240 jobs in the Central Coast.	\$5.6m in project funding \$108.6m in private investment

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**For more information on doing business in Regional NSW
and the Economic Development Strategy for Regional NSW**

Visit: www.trade.nsw.gov.au/regional-opportunities
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**Trade &
Investment**