

HOUSEHOLD SPENDING

Ah, the good life – cheaper and more cheerful

Rural Australians splash out on luxuries too, but it doesn't cost them as much. Daniel Lewis reports.

PEOPLE in regional areas now have as much to spend on flashy home cinema systems or European cars as those in cities, thanks to the high cost of living in the mainland capitals.

High house prices have hobbled the spending power of capital city people, and in regional areas wages growth and tax cuts have outstripped cost-of-living increases and improved financial wellbeing.

The study, *Regional Consumer Pulse 2006*, commissioned by the company Regional Television Marketing, uses data from the latest Bureau of Statistics Household Expenditure Survey, published late last year.

The study found that while average weekly household earnings in metropolitan Australia were \$1206, compared with \$1005 in regional areas, higher basic household spending, \$789 versus \$655, left both groups with discretionary weekly income of just under \$180 a week.

Sydney's average discretionary weekly purchases of \$252, the highest of any Australian city, are still more than those of people living in the northern (\$208) and southern (\$224) NSW regional television markets.

Average weekly earnings in Sydney are around 20 per cent above the national average, but basic housing costs are 30 per cent higher and other basic household outgoings are around 12 per cent more expensive, the report said.

The southern region takes in Dubbo, Wagga Wagga, Wollongong, Orange, Canberra and boasts 1.3 million people.

Nearly 2 million people live in the northern region that includes the Central Coast, Tamworth, Coffs Harbour, Newcastle and the Hunter Valley.

Nationally, the growth of new car sales has been greater in regional than metropolitan areas over the past three years. Regional Australians spend less than metropolitan residents on overseas holidays (\$484 versus

\$888), but more on domestic holidays (\$116 versus \$1047).

Regional and metropolitan households spend similar amounts when it comes to audio-visual equipment (\$1002 versus \$1127 a year), newspapers, magazines and books (\$7.93 versus \$8.75 a week) and gambling (\$5.44 versus \$5.51 a week).

The report also noted that regional Australians have a penchant for upmarket home appliance brands and spend slightly more on superannuation and life insurance than city dwellers, because of lower living costs.

"The total cost of basic household expenses is 17 per cent less in regional areas than for people living in the capital cities," the report said.

"Not surprisingly, the biggest difference in expenditure is housing, which is 29 per cent less expensive.

"Regional consumers also spend about 21 per cent less on medical care and health services, 5 per cent less on transport and 2 per cent less on domestic fuel and power."

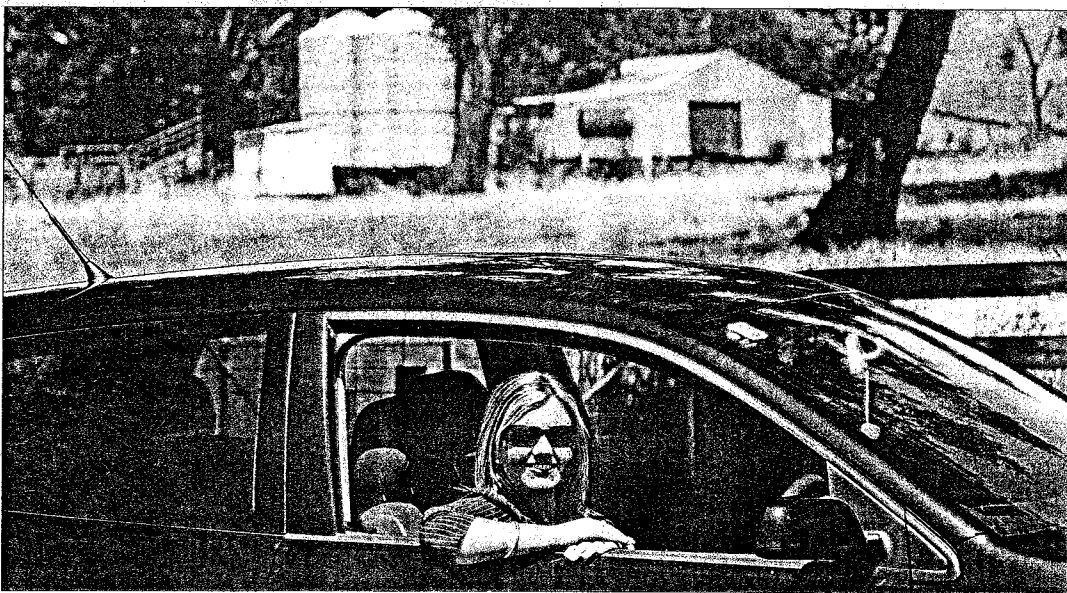
Charlie Nelson and his company foresearch, which surveys Australians about their financial wellbeing, also contributed to the report.

According to Mr Nelson's section, the number of regional residents who were "comfortable" or had "no worries" climbed from 36 per cent in 2003 to 46 per cent in 2005, while in capital cities 45 per cent now put themselves in the same categories.

Over the same period, the proportion of "profligate spenders" – people who have money and want to spend it – crashed in metropolitan areas from 23 per cent to 14 per cent.

However, in the regions the proportion of profligate spenders has stayed steady at about 15 per cent and looks likely to grow.

Mr Nelson cited the minerals boom and the drought ending as reasons for regional people being better off.



No worries ... she does not earn a fortune, but Melanie Brown, of Orange, can cope with the repayments on her VW Polo and still have plenty left over for movies, clothes and a mobile phone. Photo: Andrew Meares

High-class Polo in the paddock, but not a pony in sight

Daniel Lewis

THERE are plenty of cheaper small cars on the market, but last year Melanie Brown splashed out \$21,990 on a new Volkswagen Polo.

The 23-year-old is paid \$380 a week as a real estate administration trainee in Orange, but she loved the class of the car and found she could afford it.

A report on motor vehicle sales put out by Regional

Television Marketing says the fastest-growing car brands in regional areas are expensive Europeans. Regional sales of Volkswagens were up 75 per cent last year and sales of Minis were up 48 per cent.

The newsletter said: "The success of well-established premium brands VW, Audi and Honda is dramatically increasing regional sales proves the existence of a new class of young and affluent suburban regional households. The Mini

Cooper's success shows that regional baby boomers are as determined as any to spend till they drop in pursuit of their indulgent lifestyle."

Volkswagens and Minis are icons of inner-city yuppiehood, but motor vehicle dealers say they have become "cult cars" for regional professionals with money to burn.

Scott Townsend, sales manager at Woodley's Motors in Tamworth, said doctors, nurses, teachers and lawyers wanted

prestige "badge cars" such as the Volkswagen Golf, which can cost more than \$40,000.

Mr Townsend, who moved to Tamworth from Brisbane, believes the small drop in income that is incurred when people make such a move is more than outweighed by a big drop in mortgage repayments.

Anthony Naughton, of West Orange Motors, sold Miss Brown her Polo and says Volkswagens have been "flying out the door".

Older people were buying Golfs and younger people Beetles and Polos. "If they have got the money to spend they want something that stands out a bit."

Mr Naughton said the Cadia goldmine near Orange had brought great wealth, and "the region is growing stronger and stronger every day".

Ms Brown saved about \$10,000 towards the cost of her Polo over 12 months and borrowed the rest. Her

repayments are a little more than \$60 a week, but she says she still has plenty of money left over to eat out with friends, keep a mobile phone, go to the movies and buy clothes. She even plans to move out of home later this year.

It is a lifestyle she believes she would not be able to enjoy in Sydney on the same money, but in Orange she puts herself firmly in the "no worries" financial category.

"I have always got money."