

Regional Consumer Pulse 2008

Part 2

Economic diversity key to regional success

Regional economies are expanding as a result of strong employment growth and the diversification of industry and services - resulting in broader job opportunities that attract new residents and provide improved incomes.

Over the past 10 years the level of unemployment in regional Australia has fallen by half from over 9% in 1997 to 4.5% last year.

As the graph below shows regional unemployment mirrors the national trend and falls occurred despite the localised impacts of droughts in much of rural Australia during 2002/03 and 2006/07.

The Fruits of Economic Success: Falling Unemployment



Source: Australian Bureau of Statistics and Economics@ANZ

As well as increased participation in the workforce the nature of regional employment has changed over the past decade. Since the turn of the century the greatest regional employment growth has been in the higher paying managerial and professional sectors with a corresponding fall in the proportion of clerical white collar and semi skilled or unskilled workers. Unsurprisingly the overall proportion of the regional workforce in the professional and managerial sector is lower than capital cities however the rate of growth

in this sector has been higher in regional. This trend has contributed to proportionally higher growth in regional household incomes.

Occupation Change 2001 – 2007

Occupation	Regional		Metro	
	Dec 07	% change	Dec 07	% change
Professional/Manager	25%	+31%	34%	+23%
White Collar	31%	-12%	33%	-13%
Skilled	15%	-3%	12%	-9%
Semi Skilled/Unskilled	24%	-4%	21%	+1%



Resources and agriculture set to boom

The resources boom has clearly had a huge impact on the Australian economy insulating us from the worst effects of the credit crunch and US downturn. The most recent forecast from ABARE (Australian Bureau of Resource and Agriculture Economics) predicts commodity exports will be up 30% to \$189 billion in FYR 09. In regional TV markets the number of people employed directly in mining has grown by 59% in the past 7 years from 93,000 to 148,000.

The greatest concentration of mining employment is in the Hunter Valley, central Queensland, South Australia and Western Australia. Outside of a global financial crisis few commentators are predicting much slow-down in the demand for Australian coal and metals over the coming decade.



The impact of mining is demonstrated by the growth in household income in Regional TV Diary Markets. As the chart below shows the average household income in these areas is over \$90,000 per annum and grew by almost 40% in just 6 years.

Average Household Income 2001 – 2007			
	Dec 2007	Dec 2001	% Change
Regional Aggregate Markets	86,300	63,710	+35%
Diary Markets	90,110	65,360	+38%
Metro Markets	95,180	77,410	+23%

Over the same period capital city income grew by just over 20% while incomes for the majority of regional Australian grew on average by 35%.

On the farming front there is also good news. In the short term the end of the drought means agricultural exports are predicted to grow by 18% next year with farmers' incomes doubling to an average of \$78,000.



In the long term there is no doubt that farming in Australia will be subject to a structural overhaul due to climate change and the increase in the cost of water. However the dramatic growth in value of food commodities due

to population growth and use of grain crops as a fuel source will be good news for regional economies for many years into the future.

Newcastle: Steel City Reborn

Newcastle is a good example of a regional centre that has been successful in building an enterprise culture over the past 10 years. Following the demise of heavy industry centred on steel making the main growth industries are now healthcare, education, communications, tourism and construction. Over 80% of Newcastle's 7500 businesses employ less than 10 people and 84% of all employees are employed in the service sector. (Source ABS).



Key Fact:
Regional incomes are growing due to high employment, economic diversity and booming resources.