

# ECONOMIC OUTLOOK REPORT 4



**RIO** | regional  
investment  
opportunities

A PROJECT OF  
THE MURRAYLANDS REGIONAL DEVELOPMENT BOARD INC

# Murraylands Economic Outlook Report 4: RIO Sector Analysis (Summary)

A report prepared for



Prepared by



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## The Economic Impact of Current Growth in Retirement and Recreation Living in the Murraylands in 2007/08

Comparison with South Australia highlights some significant differences in changes in the age structure of the state and regional populations between 1999/00 and 2005/06.

- Number of persons aged 0 to 14 years – decreased by 5.6 per cent in the Murraylands and 1.4 per cent in SA.
- Number of persons aged 15 to 64 years – increased by 4.2 per cent in the Murraylands and 5.6 per cent in SA.
- Number of persons aged 65 or older – increased by 15.3 per cent in the Murraylands and 9.0 per cent in SA.

Between 1999/00 and 2005/06 the most significant increase in the population aged 65 and over, in terms of number and percentage, was in the Murray Bridge local government area. The number of persons aged 65 and over in the Murray Bridge local government area, increased by 22 per cent over the 6 year period. The number of persons aged 65 and over also increased steadily in the Mid Murray and Coorong local government areas but remained relatively stable in the Karoonda East Murray and Southern Mallee local government areas.

Based on the projected growth, the estimated retirement age population of the Murraylands region in 2007/08 would be just over 6,100 persons

The economic impact of growth in retirement and recreation living in the Murraylands is comprised of the following:

- household expenditure by retirees;
- investment in additional suitable housing; and
- government health expenditure.

Estimates of the regional economic impact of current retirement and recreation living growth in the Murraylands region in 2007/08 are detailed in Table 1.

Table 1 Estimated regional economic impact of current growth, 2007/08

Sector	Output				Employment fte	Contribution to GRP \$m
	H'hold \$m	Govt \$m	Housing \$m	Total \$m		
Trade	15.2	0.0	0.0	15.2	232	7.4
Ownership of Dwellings	16.3	0.0	0.0	16.3	0	12.1
Health & Community Serv	3.1	36.9	0.0	40.0	588	29.1
Accomm., Rest. & Cafes	4.5	0.0	0.0	4.5	46	1.8
Manufacturing	6.7	0.0	0.0	6.7	25	1.7
Cultural & Rec Services	2.0	0.0	0.0	2.0	18	1.0
Personal & Other Services	3.1	0.0	0.0	3.1	32	1.9
Building Construction	0.0	0.0	1.4	1.4	7	0.7
Other Direct	9.3	0.0	0.0	9.3	67	5.6
Total direct b,c	60.2	36.9	1.4	98.5	1,016	61.3
Flow-ons					473	33.1
<b>Total Retirement &amp; Recreational Living</b>					<b>1,489</b>	<b>94.4</b>
<b>Proportion of Regional Total</b>					<b>9.3%</b>	<b>9.8%</b>

Source: EconSearch analysis

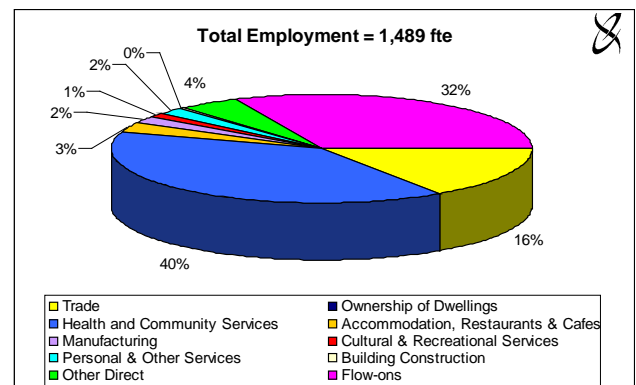
Estimates of economic impact were based on a population of 6,100 persons in 2007/08, that is, annual growth of 2.5 per cent over the two years from 2005/06.

Total expenditure is comprised of direct expenditure of \$60.2m by households, \$36.9m by government and \$1.4m relating to housing investment. In addition to direct expenditure goods and services are imported to the region and indirect taxes (GST) are paid.

It was estimated that 1,489 fte jobs were generated in the Murraylands regional economy in 2007/08 as a result of the retirement age population. Approximately 1,016 of these jobs were generated directly and 473 flow-on jobs were generated in other sectors of the regional economy. The total employment impact was 9.3 per cent of the regional total in 2007/08.

Employment impacts are concentrated in health and community services (40 per cent), trade (16 per cent), accommodation, restaurants and cafes (3 per cent) and manufacturing (2 per cent). Flow-on employment in other sectors account for approximately 32 per cent of the total employment impact.

Figure 1 Distribution of employment impacts for retirement and recreation living growth

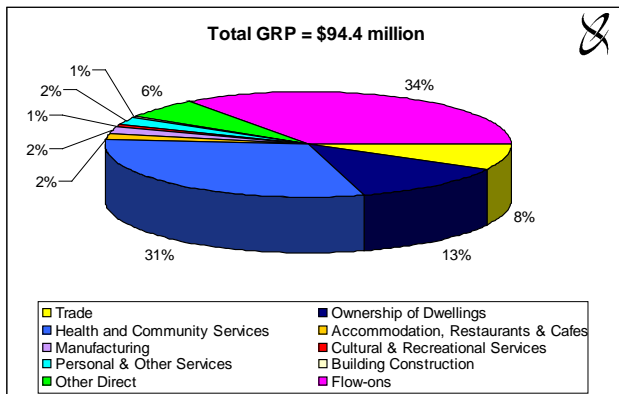


Source: EconSearch analysis

It was estimated that \$94.4m (in 2008 dollars) in GRP was generated in the Murraylands regional economy in 2007/08 as a result of expenditure by persons aged 65 and over, \$61.3m directly and \$33.1m in flow-on GRP in other sectors of the regional economy.

GRP impacts are concentrated in health and community services (31 per cent), ownership of dwellings (13 per cent) and trade (8 per cent). Flow-on GRP into other sectors of the regional economy account for approximately 34 per cent of the total GRP impact.

Figure 2 Distribution of GRP impacts for retirement and recreation living growth



Source: EconSearch analysis

### Regional Economic Impact of Retirement and Recreational Living Growth: Scenario One

Scenario one is based on the assumption that the annual growth in the Murraylands population aged 65 and over will increase to 5 per cent. Based on an annual growth rate of 5 per cent, the estimated population aged 65 and over in the Murraylands region in 2007/08 is 6,439 persons.

Estimates of economic impact were based on a population of 6,439 persons in 2007/08, that is, annual growth of 5 per cent over the two years from 2005/06.

Estimates of the regional economic impact of 5 per cent growth in retirement and recreational living are provided in Table 2. The distribution of these impacts is similar to those presented in Figures 1 and 2.

Table 2 Economic impact of retirement and recreation living growth, scenario one

Sector	Output				Employment fte	Contribution to GRP \$m
	H'hold \$m	Govt \$m	Housing \$m	Total \$m		
Trade	15.9	0.0	0.0	15.9	244	7.8
Ownership of Dwellings	17.1	0.0	0.0	17.1	0	12.7
Health & Community Serv	3.3	40.9	0.0	44.1	649	32.1
Accomm., Rest. & Cafes	4.7	0.0	0.0	4.7	49	1.9
Manufacturing	7.0	0.0	0.0	7.0	27	1.8
Cultural & Rec Services	2.1	0.0	0.0	2.1	19	1.0
Personal & Other Services	3.3	0.0	0.0	3.3	34	2.0
Building Construction	0.0	0.0	3.2	3.2	17	2.0
Other Direct	9.7	0.0	0.0	12.9	87	7.5
Total direct b,c	63.2	40.9	3.2	107.3	1,107	66.8
Flow-ons					518	36.2
<b>Total Retirement &amp; Recreational Living</b>					<b>1,625</b>	<b>103.0</b>
<b>Proportion of Regional Total</b>					<b>10.2%</b>	<b>10.6%</b>
<b>Addition to Current Impacts</b>					<b>0.9%</b>	<b>0.9%</b>

Source: EconSearch analysis

Estimates of economic impact are based on an estimated total direct expenditure by persons aged 65 and over living in the Murraylands region of approximately \$63.2m, total government expenditure on health services in the Murraylands of \$40.9m and total investment in new dwellings of \$3.2m (in 2008 dollars).

A retirement age population of 6,439 persons would generate employment of 1,625 fte jobs in the

Murraylands regional economy. The majority of these jobs (1,107 fte jobs) would be generated directly and the remaining 518 would be flow-on jobs generated in other sectors of the regional economy.

Approximately \$103.0m (in 2008 dollars) in GRP would be generated in the Murraylands regional economy in 2007/08 as a result of a population of the magnitude detailed above. An estimated \$66.8m in GRP would be generated as a direct result of household, government and housing investment expenditure and \$36.2m in flow-on GRP in other sectors of the regional economy.

Note that this growth is cumulative over time. If a 5 per cent annual growth rate is maintained over 5 years, the Murraylands economy would be approximately 4.5 per cent bigger than it otherwise would be.

### Regional Economic Impact of Retirement and Recreational Living Growth: Scenario Two

Scenario two is based on the assumption that the annual growth in the Murraylands population aged 65 and over is 10 per cent. Based on an annual growth rate of 10 per cent, the estimate retirement age population of the Murraylands region in 2007/08 is 7,066 persons.

Estimates of economic impact were based on a population of 7,066 persons in 2007/08, that is, annual growth of 10 per cent over the two years from 2005/06.

Estimates of the regional economic impact of 10 per cent growth in retirement and recreational living growth are provided in Table 3. The distribution of these impacts is similar to those presented in Figures 1 and 2.

Table 3 Economic impact of retirement and recreation living growth, scenario two

Sector	Output				Employment fte	Contribution to GRP \$m
	H'hold \$m	Govt \$m	Housing \$m	Total \$m		
Trade	17.5	0.0	0.0	15.9	268	8.6
Ownership of Dwellings	18.8	0.0	0.0	17.1	0	0.0
Health and Community Se	3.6	49.8	0.0	44.1	784	38.8
Accommodation, Restaura	5.2	0.0	0.0	4.7	53	2.0
Manufacturing	7.7	0.0	0.0	7.0	29	2.0
Cultural & Recreational Se	2.3	0.0	0.0	2.1	20	1.1
Personal & Other Services	3.6	0.0	0.0	3.3	37	2.2
Building Construction	0.0	0.0	6.6	3.2	35	3.3
Other Direct	10.7	0.0	0.0	31.4	112	23.7
Total direct	69.4	49.8	6.6	125.7	1,304	78.4
Flow-ons					612	42.9
<b>Total Retirement &amp; Recreational Living</b>					<b>1,916</b>	<b>121.3</b>
<b>Proportion of Regional Total</b>					<b>12.0%</b>	<b>12.5%</b>
<b>Addition to Current Impacts</b>					<b>2.7%</b>	<b>2.8%</b>

Source: EconSearch analysis

Estimates of economic impact are based on an estimated total direct expenditure by persons aged 65 and over living in the Murraylands region of approximately \$69.4m, total government expenditure on health services in the Murraylands of \$49.8m and total investment in new dwellings of \$6.6m (in 2008 dollars). In addition to direct expenditure goods and services are imported to the region and indirect taxes (GST) are paid.

A retirement age population of 7,066 persons would generate employment of 1,916 fte jobs in the Murraylands regional economy. The majority of these jobs (1,304 fte jobs) would be generated directly and the remaining 612 would be flow-on jobs generated in other sectors of the regional economy.

Approximately \$121.3m (in 2008 dollars) in GRP would be generated in the Murraylands regional economy in 2007/08 as a result of a population of the magnitude detailed above. An estimated \$78.4m in GRP would be generated as a direct result of household, government and housing investment expenditure and \$42.9m in flow-on GRP in other sectors of the regional economy.

Note that this growth is cumulative over time. If a 10 per cent annual growth rate is maintained over 5 years, the Murraylands economy would be almost 8 per cent larger than it otherwise would be.

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