

ECONOMIC OUTLOOK REPORT



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A PROJECT OF
THE MURRAYLANDS REGIONAL DEVELOPMENT BOARD INC

Murraylands Economic Outlook Report: RIO Sector Analysis (Summary)

A report prepared for



Prepared by



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The Economic Impact of Growth in Intensive Animal Production and Processing in the Murraylands, 2005/06

Estimates of the regional economic impact of a growth scenario for intensive animal production and processing in the Murraylands in 2005/06 are provided in Table 1. These estimates were based on annual growth targets derived from the Strategic Plans for the respective intensive animal sectors.

- **Pigs:** *The South Australian Pork Industry's Strategic Plan for 2010* (PIRSA 2005). A rate of growth in processing throughput at the state level of 7.5 per cent/annum. For the purpose of this analysis it was assumed that the pig processing and production sectors in the Murraylands region would also grow at 7.5 per cent/annum and that all additional production would be processed locally.
- **Dairy:** *South Australian Dairy Industry: Strategic Plan for 2010* (Dairy Industry Board 2002). Given that growth targets in the industry's Strategic Plan appear to be overly optimistic, it was assumed that the dairy processing and production sectors in the Murraylands region would grow at 10 per cent/annum and that all additional production would be processed locally.
- **Poultry:** *Poultry Meat in SA - Strategic Directions 2005 – 2015* (PIRSA 2005). A rate of growth in processing throughput at the state level of 12.5 per cent/annum. For the purpose of this analysis it was assumed that there was no local processing of poultry (for meat), however, poultry production in the Murraylands region would grow at 12.5 per cent/annum.

Table 1 Regional impact of annual growth in intensive animal production and processing

Sector	Employment fte	Contribution to GRP \$m
Intensive animal production and processing		
<i>Pig, dairy and poultry production</i>	57	4.0
<i>Pig and dairy processing</i>	71	5.5
Total direct impacts	129	9.5
Flow-on impacts		
<i>Trade</i>	46	1.7
<i>Other service sectors</i>	48	3.1
<i>Other flow-ons</i>	32	3.2
Total flow-on impacts	126	8.0
Total	255	17.5
Proportion of regional total	1.6%	1.8%

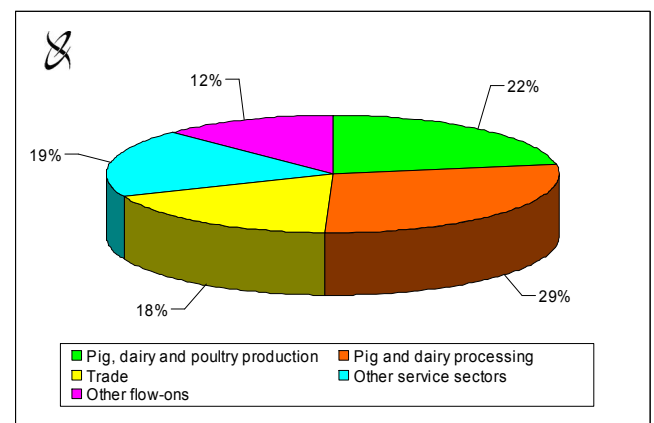
Source: EconSearch analysis

Employment is a measure of the number of working proprietors, managers, directors and other employees, in terms of the number of full-time equivalent (fte) jobs. It was estimated that over 250 fte new jobs would be generated in the Murraylands regional economy each year in response to annual growth in intensive animal production and processing of the magnitude outlined above. Almost 60 of these jobs would be generated directly in the intensive animal production sectors, approximately 70 in the intensive animal processing sectors and almost 130 flow-on jobs would be generated in other sectors of the regional economy.

The total annual employment impact represents approximately 1.6 per cent of the regional total in 2005/06. Over a 5 year planning horizon, the cumulative impact of this growth would be an 8 per cent increase in regional employment above 2005/06 levels.

Jobs generated in the intensive animal production and processing sectors would account for approximately 50 per cent of the total employment impact (Figure 1). Flow-on jobs would account for the balance of the total employment impact and would be concentrated in the trade and other service sectors.

Figure 1 Distribution of employment impacts for growth in intensive animal production and processing



Source: EconSearch analysis

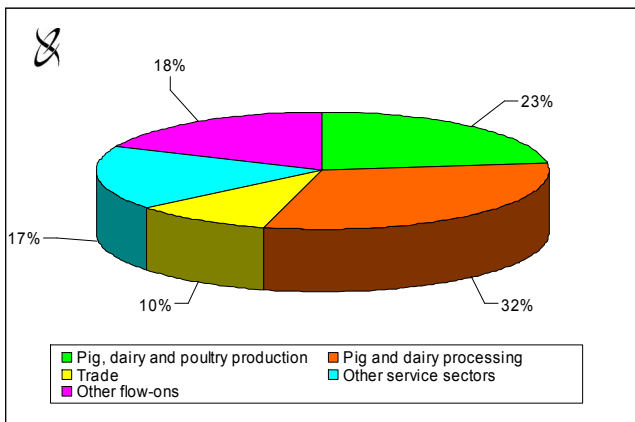
Contribution to gross regional product (GRP) is a measure of the net contribution of an activity to the regional economy. Contribution to GRP is measured as value of output less the cost of goods and services (including imports) used in producing the output. Using contribution to GRP as a measure of economic impact avoids the problem of double counting that may arise from using value of output for this purpose.

It was estimated that almost \$18m (in 2006 dollars) in additional GRP would be generated in the Murraylands regional economy each year in response to annual growth in intensive animal production and processing of the magnitude outlined above. Approximately \$4m in GRP would be generated directly in the intensive animal production sectors, over \$5m in the intensive animal processing sectors and approximately \$8m in flow-on GRP would be generated in other sectors of the regional economy.

The total GRP impact represents almost two per cent of the regional total in 2005/06. Over a 5 year planning horizon, the cumulative impact of this growth would be to increase the size of the local economy by almost 10 per cent.

GRP generated in the intensive animal production and processing sectors would account for approximately 55 per cent of the total impact, with the balance being attributable to flow-ons in other sectors of the regional economy (Figure 2).

Figure 2 Distribution of GRP impacts for growth in intensive animal production and processing



Source: EconSearch analysis





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