

## **Local Economic Development at the Interface**

### **Introduction to the Local Economy**

The Interface is home to:

- 24% of Melbourne's population (886,000 of Melbourne's 3.68 million people.)
- 22% of Melbourne's workers (337,000 of Melbourne's 1,544, 301 workers)
- 15% of Melbourne's jobs (212,000 of Melbourne's 1.44 million jobs)
- 10.7% of the value of production ( \$11 billion of \$103 billion for the whole of Melbourne)

There is an imbalance of workers to jobs available in the Interface. The types of jobs in the Interface also don't match the skills of many resident workers in the Interface.

These imbalances come at a significant cost to those who live in the Interface and to the sustainability of our economy, as they force these workers out of their localities to find suitable work.

These figures are part of the study, 'Local Economic Development in the Interface' which looks at four features of the Interface economy and compares the Interface region with the whole of Melbourne. The features are:

- Employment by actual job numbers
- Employment by occupational group
- Gross region product
- Shifts in employment and forecasted employment trends

*The paper has established ten key facts about the Interface economy. These facts are based upon data provided by the 2001 ABS Census, as 2006 Census data is yet to be released. It is expected that the benefits of self containment in 2007 would be greater due to population growth.*

*Statistics quoted in this report represents the regional average. Each member council's economy is unique and hence will differ from the regional IC average. Discrepancies can be substantial.*



### **Costs of the imbalance in the Interface's local economy**

Analysis of an increase in self containment or local jobs for residents has identified the savings from reduced travel times, vehicle operating costs and air and noise pollution.

An increase in local jobs for local residents by 2000 equates to annual savings in excess of \$22m. An initial target of 10,000 jobs across the eight Interface Councils is realistic. This is a saving of approximately \$115 million.

When people live and work within their local area, the annual saving from these factors alone is in excess of \$11,000 per job, per annum.

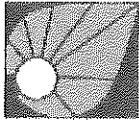
This means that for every 1000 jobs created in the Interface that are filled by local residents, there would be a saving of more than \$10 million per year.

In effect this means that for the estimated 25,200 jobs created in the Interface and taken up by local residents between 1996 and 2001, the resultant savings were at least \$277 million to the economy.

### **The Challenge for Government**

Government needs a policy of job creation at the Interface and a policy about job self containment, where residents living in the Interface can access suitable jobs within their localities.

This policy will deliver considerable economic social and environmental benefits not only to the region but to Victoria as a whole.



## **10 Facts about jobs at the Interface**

### **Fact 1      Employment**

***Workforce participation at the Interface is high. However there is an overall lack of jobs in the Interface Councils.***

There are 337,000 resident workers living in the Interface and only 212,000 jobs. This means that only two thirds of Interface workers have any potential job within the Interface available to them.

### **Fact 2      Unemployment**

***Employment for Interface residents is not about whether people can get work or want to work. It is a question of where the jobs are.***

For all age groups the unemployment rate at the Interface is equal to or less than the Melbourne Statistical Division (MSD). For the 34 -55 age group the unemployment rate is substantially lower than for the whole of Melbourne. However, the ratio of jobs available in the Interface to resident workers is imbalanced, forcing Interface residents to travel outside of their region.

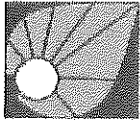
### **Fact 3      Types of jobs**

***There is a marked absence of certain job types in the Interface region.***

While 24% of Melbourne's population (MSD) live in the Interface, only 212,000 industry jobs or 15% of the Melbourne total (1.44 million) are in the Interface.

The industry sectors with a greater percentage of jobs compared to the MSD are:

	Interface	MSD
Manufacturing	21%	17%
Retail trade	17%	15%
Education	9%	7%
Construction	7%	5%
Transport and storage	7%	4%



The industry sectors with a smaller percentage of jobs compared to the MSD are:

	Interface	MSD
Property and business services	7%	13 %
Health and community services	7%	10%
Finance and Insurance	1%	5%

**Fact 4      *Jobs by occupational grouping***

***The Interface is a provider of medium to low skilled jobs and skilled manual workers for the wider MSD economy. Jobs for professionals, and intermediate clerical sales and service are lacking close to home.***

The three main categories of employment for residents in the Interface are:

	Interface	MSD
Professionals	15%	22%
Intermediate clerical sales and service	15%	18%
Trades and related jobs	14%	10%

The first two categories are under represented at the Interface and the third is over represented.

**Fact 5      *The value of production of Interface jobs***

***The value of production of a job at the Interface is much lower than the rest of Melbourne because of the types and number of jobs that are available.***

The Interface is out of balance with Melbourne as a whole in terms of the value of production.

- Gross regional product at the Interface is estimated at \$11 billion of a total for the MSD of \$103 billion.

*This means that the working population of the Interface (22% of the total Melbourne working population) produces only 10.7% of GRP.*

Compound this with the number of jobs available

- 15% of the Melbourne total (1.44 million jobs) are in the Interface.

### Major Industry Sectors

The major industry sectors (sectors that make up at least 5% of the GRP of the region) at the Interface are listed below.

	Interface	MSD
transport and storage	9%	5%
education	7%	5%
retail trade	6%	5%
Construction	5%	4%

- Four of the top six industry sectors (GRP) are over-represented compared with the MSD
- One of the top six sectors contributing to GRP is under-represented at the Interface - *property and business services 8% v 15%*
- One of the six major contributors to Interface's GRP is ownership of dwellings which has a higher contribution rate than the MSD (18% and 10% respectively.) This highlights the significant housing market in the Interface Councils.

### Minor Industry Sectors

The sectors that are under-represented at the Interface are :

	Interface	MSD
Property and business services	8%	15%
Finance and insurance	3%	8%
Communication services	2%	4%

This under representation of particular employment opportunities at the Interface is another reason why people have to travel outside the region to work, leading to lower value of production.

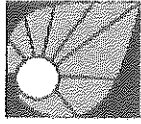
#### **Fact 6      *The absence of high value jobs***

***Under-representation of particular types of jobs at the Interface forces people to go outside to access both the jobs and the services those jobs provide***

The net outflow of workers each day from the Interface is

- 76% for finance and insurance
- 55% for property and services

This highlights that while a workforce for these industries exists within the Interface, the job opportunities are simply not there.



**Fact 7      *Jobs with a high local workforce***

***Industries at the Interface that have a high local component in their workforce (self containment) are generally medium/low skilled occupations.***

Industry sectors that have a high level of self containment are:

Agriculture forestry and fisheries	79%
Accommodation, cafes and restaurants	52%
Education	50%
Retail trade	48%

Occupational groupings that have high self containment are medium to low skilled jobs:

Labourers and related workers	57%
Elementary clerical and sales	52%

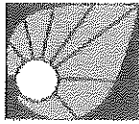
**Fact 8      *The value of rural production in the Interface***

***Special recognition needs to be given to the value of agricultural production at the Interface***

It is important to recognise the value of agriculture and meat and dairy products as employers in the Interface. All Interface councils are no less than 70 % rural and agricultural production is important to them.

While these two sectors make up less than 1% of the MSD in total they are 2% or \$220 million of Interface GRP. These industry groups are particularly important in Mornington Peninsula, Nillumbik, Yarra Ranges, Wyndham and Cardinia, and are significant in exports from the region.

At present, agricultural work provides the greatest opportunity for local work (79% of the workers in the Interface's agriculture industry work in their own region) and further reinforces the importance of all sources of irrigation water.



**Fact 9      *Recent shifts in employment***

***Small shifts in job numbers are occurring with traditionally under-represented sectors at the Interface. This shift must be given more impetus.***

In between 1996 and 2001, there were 40,000 new jobs created at the Interface.

The top five market sectors that demonstrated the highest compound annual growth rate have been from sectors that have been traditionally under-represented at the Interface. However, this is occurring from a low base.

The question is how can this shift be given more impetus?

The following market sectors have had a percentage increase in job numbers from a low base:

Accommodation, cafes and restaurants	increased by 9%
Property and business services	" " 8%
Communications	" " 7%
Health and community services	" " 7%
Retail trade	" " 6%

**Fact 10      *Employment Forecasts***

***Retail trade is predicted to be the dominant industry with jobs projected to grow by 40% between 2001 and 2021.***

The trend observed between the last two censuses is also projected to continue with the following increases:

Manufacturing	17% growth
Finance and insurance	15% growth
Property and business services	14% growth