Glen Innes Severn Economic Development Strategy

Background Report

Report prepared for

Glen Innes Severn Council

April 2020

LUCID ECONOMICS

lucid

/'lu:sid/

adjective

1. expressed clearly; easy to understand

2. bright or luminous

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Executive Summary

Introduction

Lucid Economics Pty Ltd (Lucid Economics) has been engaged to deliver Glen Innes Economic Development Strategy on behalf of the Glen Innes Severn Council.

Population

Glen Innes had an estimated resident population of around 8,870 persons in 2019. Population growth in the region has been stagnant over the past decade, in contrast to steady growth of 1% or greater per annum across New South Wales.

Glen Innes has an older population than the NSW median, with the ageing of the local population forecast to continue out to the year 2041.

Economy

Glen Innes' GRP was $487 million in 2018-19, up 1.9% from the previous year. Due to the region's heavy reliance on the local agriculture, forestry and fishing industry, economic growth has been more volatile than the NSW average over the past decade.

The largest industries by Industry Value-Add (IVA) in Glen Innes in 2018-19 were:

- Agriculture, forestry and fishing
- Health care and social assistance
- Construction
- Public administration and safety
- Education and training

Almost all businesses in the area are small businesses, with almost two-thirds of businesses being owner/operators and one third employing less than 20 staff.

Labour Force

Glen Innes' labour market has strengthened over the past four years. The region's unemployment rate was 6.3% in December quarter 2019, having trended lower since reaching a recent peak of 13.1% in December quarter 2015. Employment growth has been particularly strong over the past year, up 16.3%. However, despite the region's labour market strengthening in recent years, Glen Innes' unemployment rate has remained significantly higher than the RDA Northern Inland and NSW averages over the past nine years.

The recent increase in labour force could indicate new residents moving to the area, potentially signally some significant population growth.

Figure E.1. Labour Force and Unemployment Rates
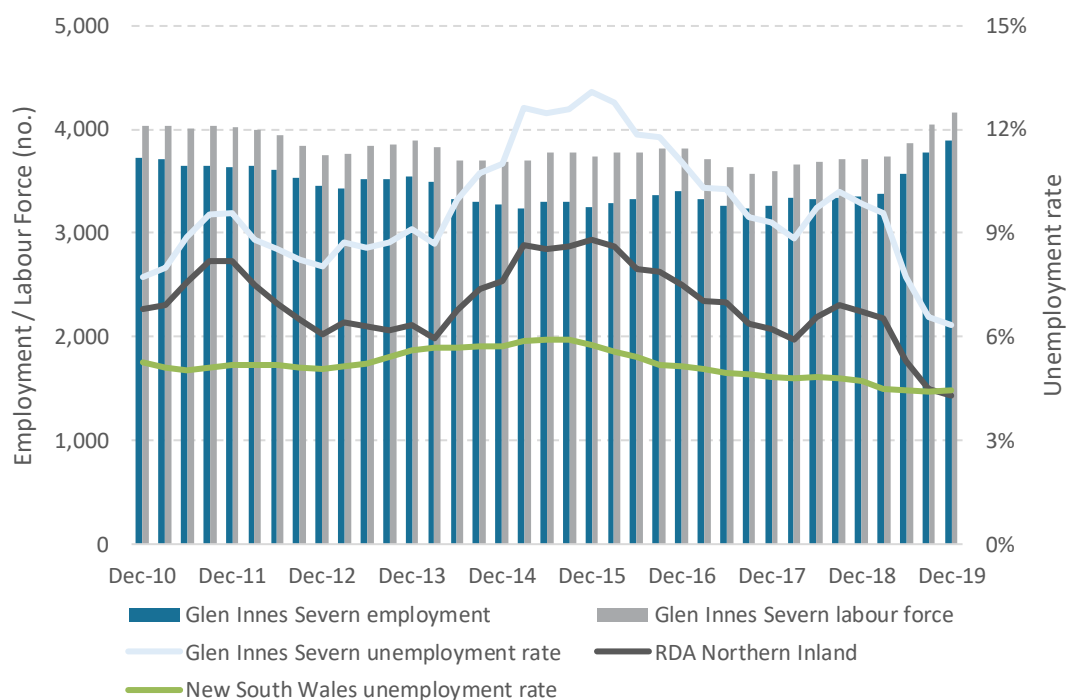
Source: DJSB (2020).

Tourism and Agriculture

Tourism visitation to Glen Innes has trended slightly lower in recent years, with the decline in visitor numbers primarily driven by a fall in day-trip visitation. The region is dominated by domestic visitors, with domestic overnight visitors accounting for 62% of total visitation in 2019, while day-trip visitors accounted for 37%. Increasing international visitation is an area of opportunity for the region, with this visitor type typically having a high average trip spend.

Cattle and calf slaughterings accounted for 75% of the region's total value of agricultural production in 2015-16.

Key Risks

There are a number of risks that the current structure of the economy and existing trends provide:

- **Stagnant Population Growth and Changing Demographics**: population growth in Glen Innes has been stagnant for years. Further, the population of the region is aging rapidly. By 2041, every second person living in the region will be aged 55+, which will dramatically change the structure of local expenditure patterns, particularly as the working age is set for a net decline during the period.
- **Reliance on Agriculture**: economic growth has been volatile in recent years, partly due to the region's heavily reliance on the agricultural sector to support local economy. This reliance poses risks, particularly given the agricultural sector is highly susceptible to changes in weather conditions and global macroeconomic conditions.

Key Opportunities

The analysis has highlighted a number of future growth opportunities:

- Tourism (identified through the accommodation and food service sector)
- Value-adding and/or niche opportunities for agriculture
- Healthcare
- Professional services (supported by future potential increased levels of tree-change and working remotely)
- Renewable energy
- Small business development (as the majority of local businesses are small)

These opportunities can become a catalyst for more people (particularly young families) to move to the area, creating additional catalyst for economic growth and addressing the current demographic shifts.

Next Steps

This information will form the evidence base for future actions in the strategy. It will also be used during consultation to 'ground truth' it and ensure the strategy is based on an accurate evidence base.

Table of Contents

1.   Introduction

Lucid Economics Pty Ltd (Lucid Economics) has been engaged to assist with the development of the Glen Innes Economic Development Strategy on behalf of the Glen Innes Severn Council.

The Glen Innes Severn Local Government Area (LGA) is located approximately 230km north-west of Coffs Harbour. The area is mainly rural, with the main township being Glen Innes. The New England and Gwydir Highways provide access to the region.

Figure 1.1. Glen Innes Severn LGA Map
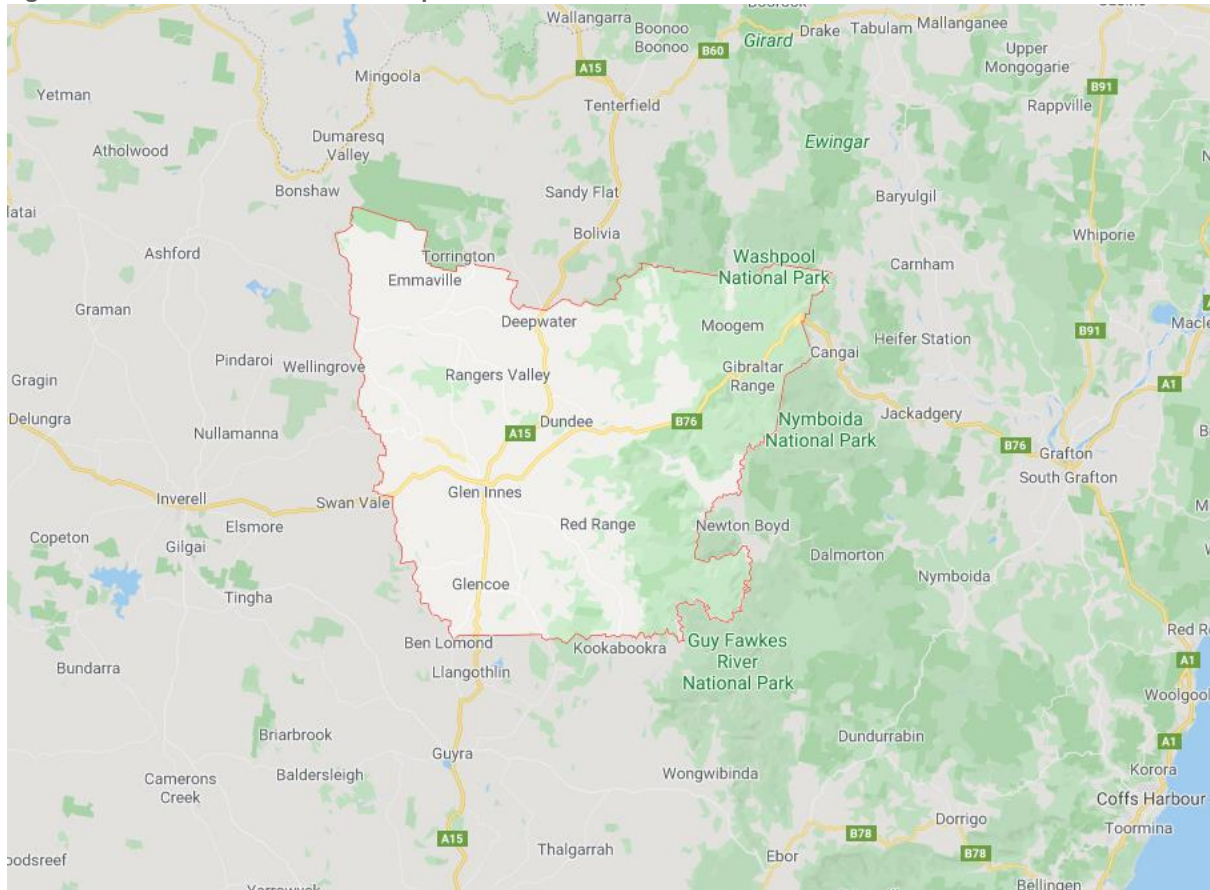
Source: Google Maps (2020).

This report provides an in-depth analysis of the local economy and its agriculture and tourism sectors. It will be used as a basis for the consultation and strategy development phase of the project.

In the context of this report, Glen Innes refers to the LGA of Glen Innes Severn.

2. Population and Demographics

2.1 Population

Glen Innes had an estimated resident population of around 8,870 persons in 2019 (Figure 2.1). Population growth in the region has been stagnant over the past decade, in contrast to steady growth of 1% or greater per annum across New South Wales (NSW).

Figure 2.1. Historical Population, Glen Innes
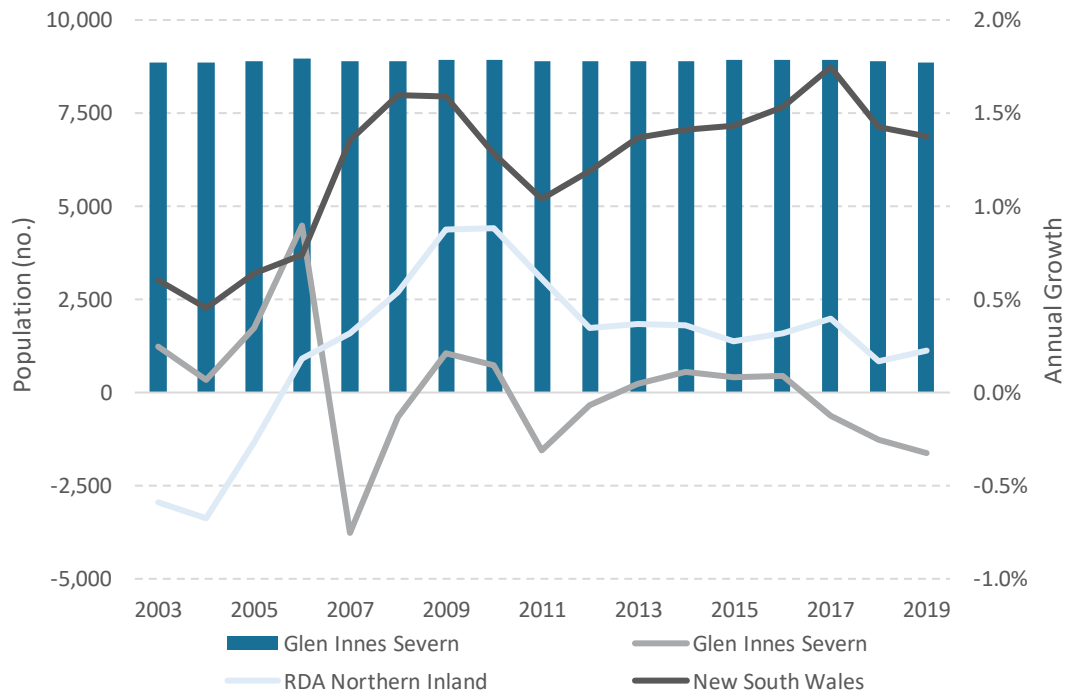
Note: ERP at 30 June of each year.
Source: ABS (2020).

The NSW Department of Planning, Industry and Environment (NSW Government, 2019) projects Glen Innes' population growth to fall sharply out to the year 2041, in contrast to continued steady growth over the projection period across NSW.

Figure 2.2. Projected Population (NSW Government Projections)

Sources: ABS (2020), NSW Government (2019).

It should however be noted that REMPLAN (2020a) also developed population growth projections for the Glen Innes Severn region. REMPLAN's projections show a far more gradual deterioration in Glen Innes' population. By the year 2041, REMPLAN's projects Glen Innes' population to be 8,445 persons, more than 1,710 higher than the NSW Government projection (6,730).
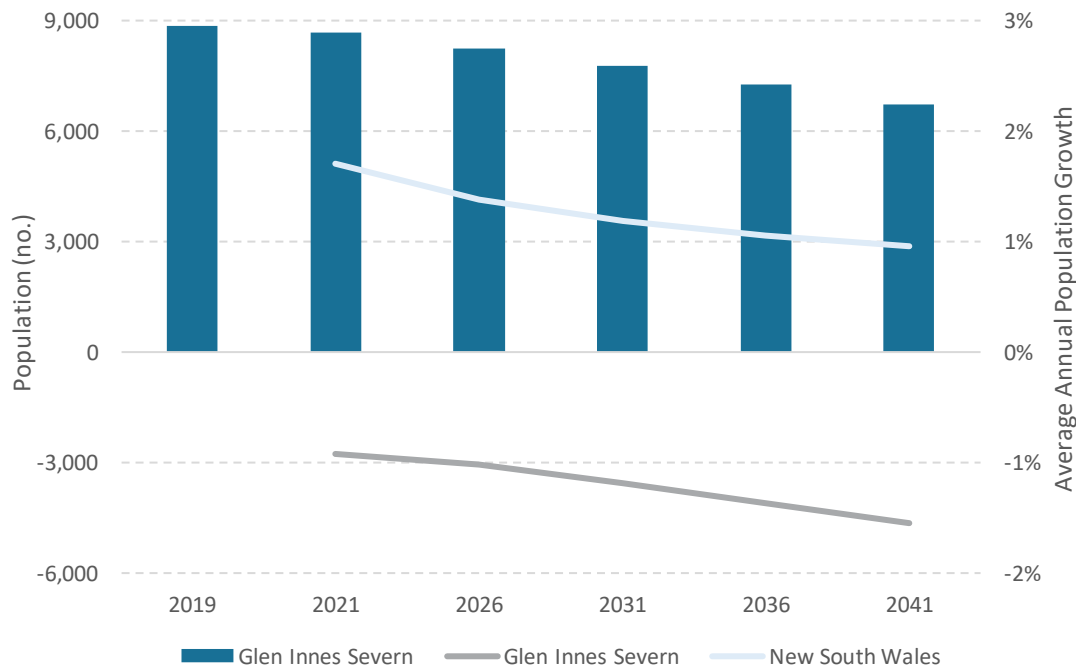
Methodology issues with NSW Government population projections

One of the draw backs of the New South Wales Government's population forecast methodology is the use of 2016 Estimated Resident Population (ERP) as their base, rather than using the 2018 ERP. This is driven by the NSW Government's choice to forecast in five-year age brackets. Consequently, by 2018 their forecast is already significantly below the ABS' best estimate of the current Glen Innes Severn (A) population (REMPLAN, 2020a).

Figure 2.3. Projected Population Comparison
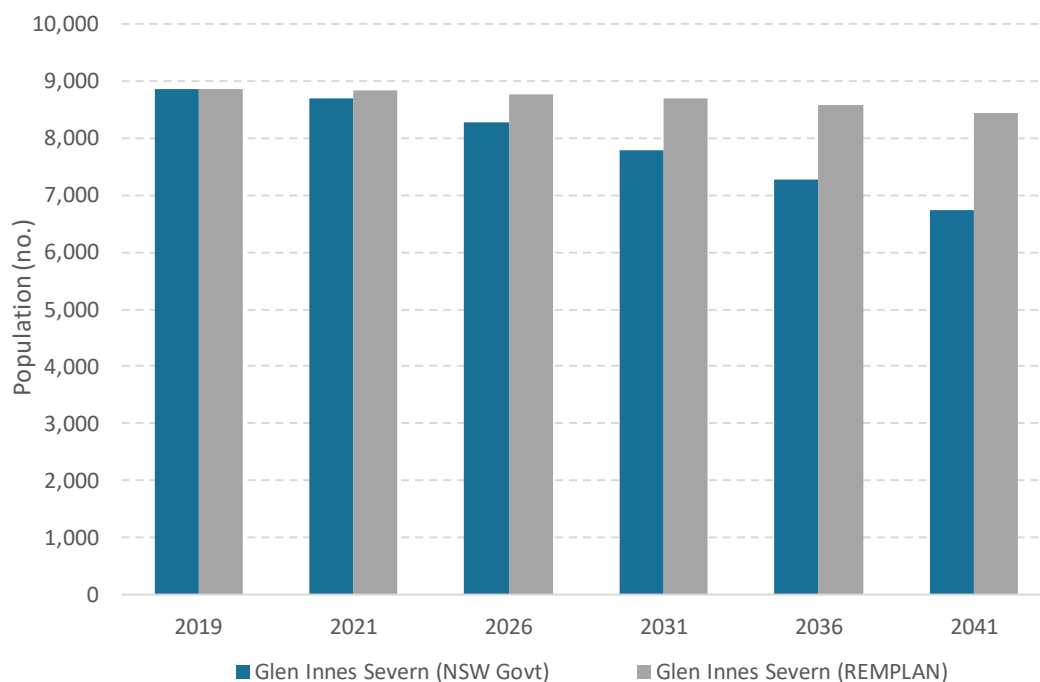
Sources: ABS (2020), NSW Government (2019), REMPLAN (2020a).

2.2   Age

Glen Innes' median age has been significantly higher than the Greater Sydney and NSW medians since 2006 (Table 2.1). Further, the rate of ageing in Glen Innes has been faster than the comparison regions.

Table 2.1. Median Age

	2006	2011	2016
Glen Innes Severn (A)	43	46	47
Greater Sydney	35	36	36
New South Wales	37	38	38

Note: RDA Northern Inland median age estimates were not available from the ABS.
Source: ABS (2017).

Consistent with the rising median age in Glen Innes over the past 10 years, Glen Innes is projected to see a significant increase in the proportion of residents aged 65 years and over out to the year 2041, moving from 25% of the total population in 2016 to 38% by 2041 (Figure 2.4). This equates to residents aged 65 years and over increasing between 2016 and 2041 by 320 residents, an increase of 14% over 2016 levels. Over the same period, the working age population (residents aged 15-64) is expected to decline by almost 1,870 residents (down 36%).

Unabated, these trends will change the structure of the local economy, shifting expenditure patterns towards older residents (who spend less than other age cohorts).

Changing Demographics Will Change the Community

The aging of the Glen Innes population has the ability to drastically change the nature, structure and shape of the community (and the economy). Currently two out of every five people is over the age of 55. If the current trends continue, by 2041, more than one out of every two people (half the population) will be aged 55+.

While on the surface this trend would likely represent increasing demand for aged care services and additional future demand for infrastructure. However, the impacts would be far greater and further reaching. The expenditure profile of older residents is much lower than other cohorts, particularly the family cohorts. As such, there will be less available expenditure in the economy, which will lead to fewer shops and fewer retail options.

Furthermore, many community organisations and sporting clubs may suffer as many members are children or other young people and many of the leadership positions are held by parent volunteers. As the working age population declines in absolute terms, there will be fewer and fewer members and volunteers, which will put pressure on the viability of many community groups. Additionally, as there are fewer children in the community, the schools will likely get smaller.

Figure 2.4. Projected Age Structure, Glen Innes
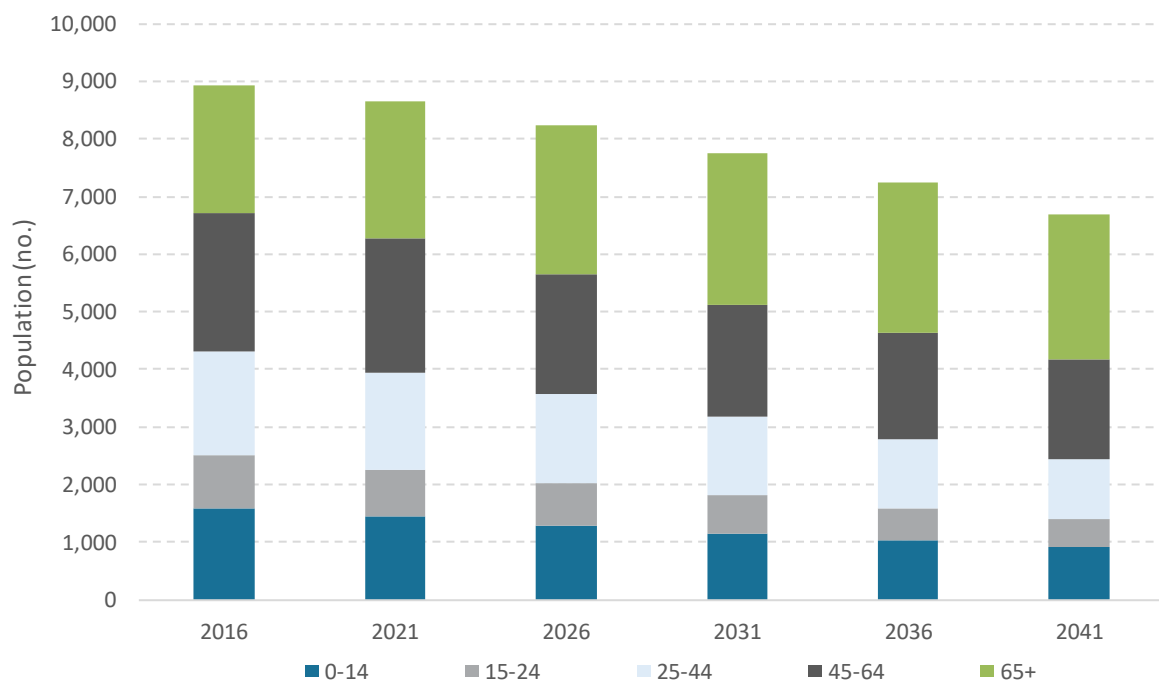
Source: NSW Government (2019).

2.3   Income

Glen Innes' median weekly personal and household income levels have been significantly lower than the NSW average since 2006 (Table 2.2).

Median household income is an important measure for standard of living and while this indicator has increased for Glen Innes over time, it has risen faster at the state level. While this situation is not ideal, household income levels in Glen Innes have increased at a faster rate than inflation, providing real income gains for residents.

Table 2.2. Median Income

	2006	2011	2016
Personal income ($/week)			
Glen Innes Severn (A)	$337	$395	$478
Greater Sydney	$518	$619	$719
New South Wales	$461	$561	$664
Household income ($/week)			
Glen Innes Severn (A)	$615	$744	$841
Greater Sydney	$1,173	$1,444	$1,746
New South Wales	$1,039	$1,233	$1,482

Note: RDA Northern Inland median age estimates were not available from the ABS.
Sources: ABS (2017), ABS (2012), ABS (2007).

The slower growth in median income levels is likely due to the changing dynamics of the local economy, with shifts in different industries that pay varying degrees of income as well as the shifting demographics including higher proportions of older residents (who spend less in the economy).

Figure 2.5. Median Household Income
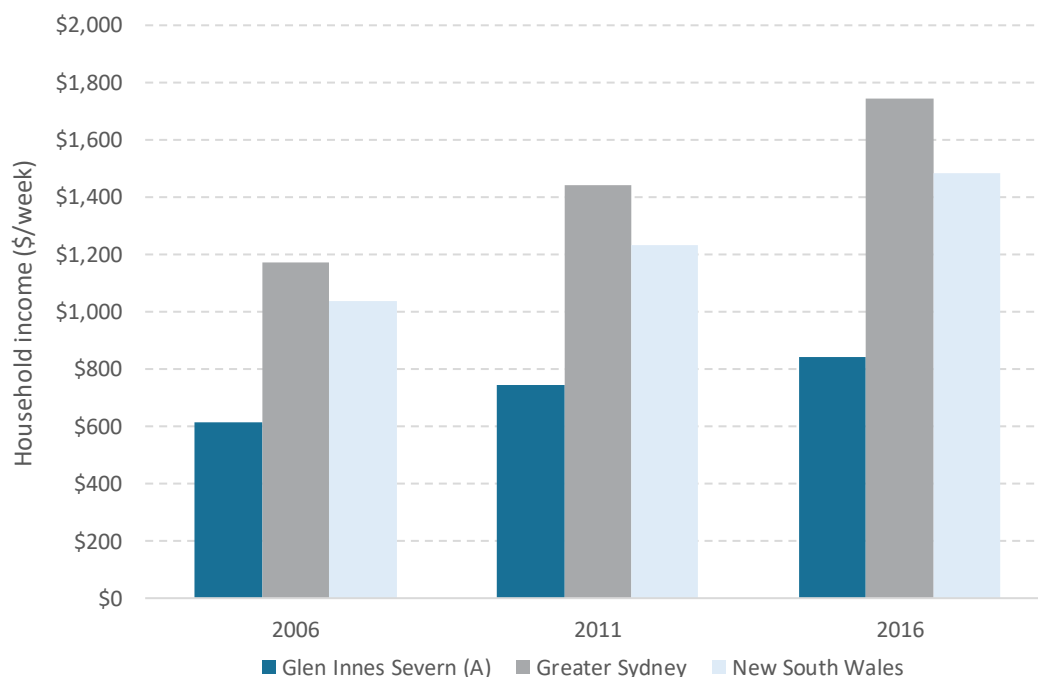
Sources: ABS (2017), ABS (2012), ABS (2007).

2.4   SEIFA

The image below (Figure 2.6) shows a mix of socio-economic advantage / disadvantage within the Glen Innes Severn LGA. A high proportion of areas within the LGA are in the second from bottom quintile of the ABS's Index of Relative Socio-Economic Advantage and Disadvantage. However, the area within the Council just south of Glen Innes and the area south of the Torrington Conservation Park recorded the second highest level of socio-economic advantage.

Figure 2.6. Index of Relative Socio-Economic Advantage & Disadvantage (by SA1), Glen Innes (2016)
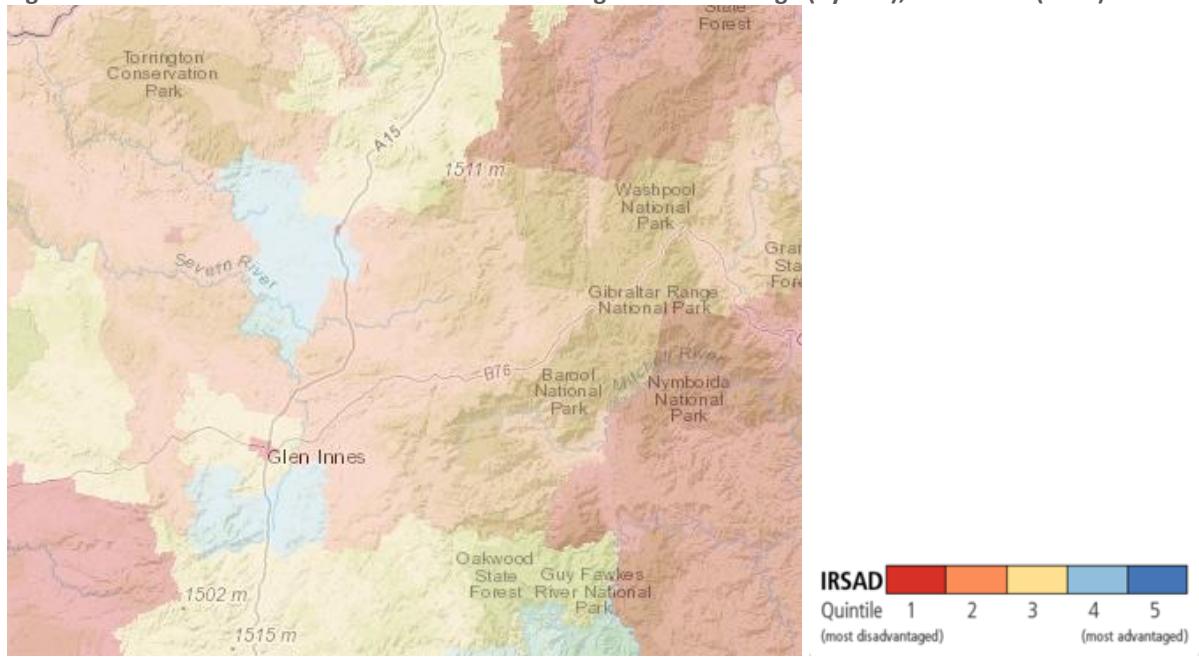
Source: ABS (2018).

3.   Economy

3.1   Size and Structure of the Economy

Glen Innes' Gross Regional Product (GRP) was $487 million in 2018-19, up 1.9% from the previous year (Figure 3.1). Due to the region's heavy reliance on the local agriculture industry (which has been affected by drought in recent years), economic growth has been more volatile than the NSW average over the past decade. Further, the Glen Innes economy has grown at an average rate of 1.0% per annum over the past decade, below the NSW average of 2.4%.

Figure 3.1. Gross Regional Product, Glen Innes
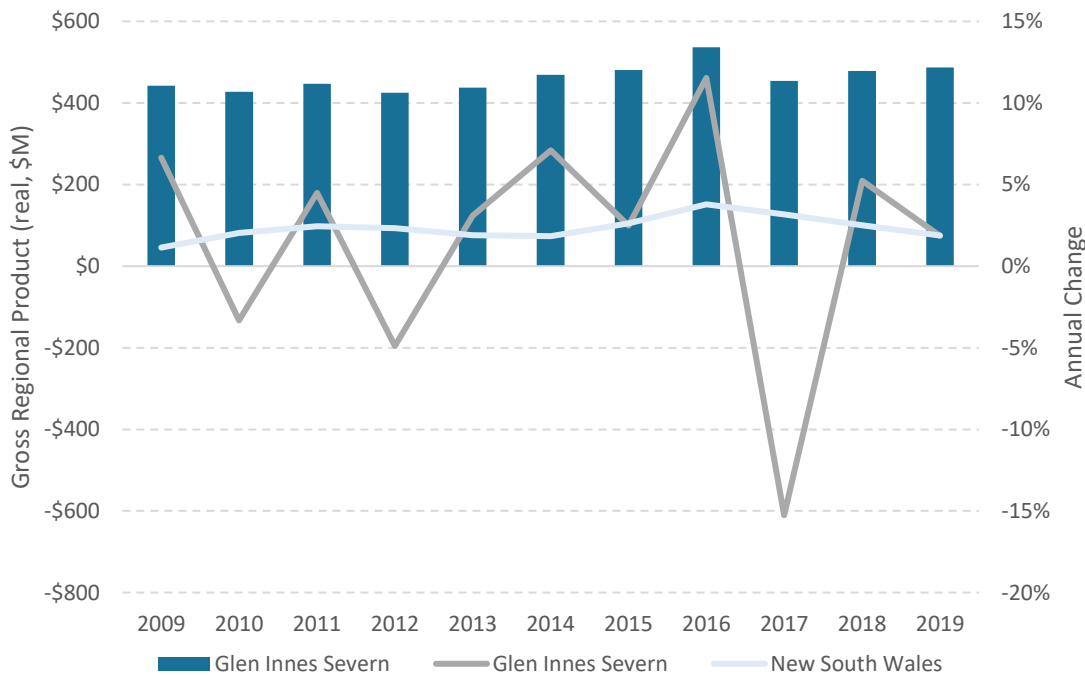
Source: REMPLAN (2020).

The largest industries by Industry Value-Add (IVA) in Glen Innes in 2018-19 were:

- Agriculture, forestry and fishing
- Health care and social assistance
- Construction
- Public administration and safety
- Education and training.

Relative to New South Wales, the local strength in healthcare is consistent with Glen Innes' older population. In addition to healthcare, the strength of the local public administration and safety and education industries show the heavy reliance on the public sector in supporting Glen Innes' economy (Figure 3.2).

Glen Innes also has a reasonably strong construction industry, which is not typical given population growth has been stagnant over the past decade, with most growth areas around the country that have construction as the largest sector often experiencing population growth above 3%. The construction activity may be related to numerous renewable energy projects (i.e. wind farms). Glen Innes is already home to some of the State's largest wind farms and there are more identified for the future.

Further, the relative strength in retail and accommodation and food services show the region has a healthy tourism industry.

Figure 3.2. Industry Value-Add, 2018-19
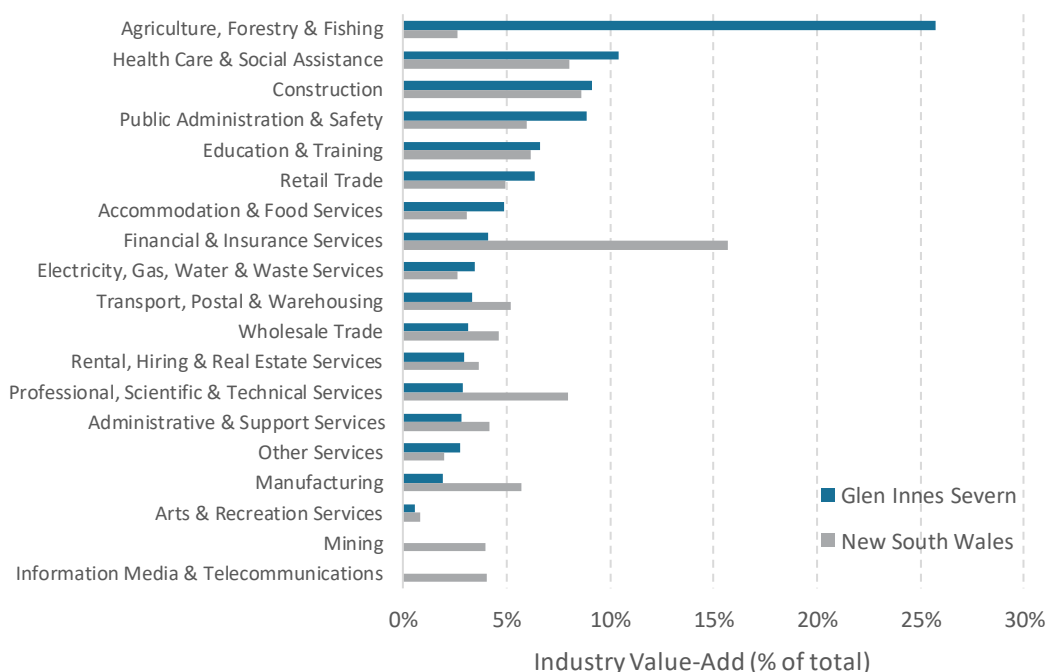
Source: REMPLAN (2020).

Figure 3.3 shows the top five industries in Glen Innes Severn by total IVA over the past three years. The figure shows that according to REMPLAN (2020) data all industries saw growth of 3.5% in 2018-19.

Bushfires and COVID-19

Glen Innes was impacted by the 2019-20 bushfire season with significant fires. This disaster has been followed by the coronavirus pandemic (COVID-19). Both of these events have changed the area and the impacts and effects of these disasters have not yet fully impacted the economy. The COVID-19 crisis has changed the way that Australians live and work and will have lasting effects on the economy. In particular, for Glen Innes, the pandemic and the isolation it has forced will likely speed up the trends of 'tele-commuting' or working from home using technology, which presents an opportunity for the area. Furthermore, the travel restrictions and forced shutdown of the tourism industry will also mean that after restrictions are lifted, there is likely to be a surge in domestic travel, which will also have implications for Glen Innes.

Figure 3.3. Top 5 Industries by Industry Value-Add, Glen Innes Severn

Legend:
- Agriculture, Forestry & Fishing
- Health Care & Social Assistance
- Construction
- Public Administration & Safety
- Education & Training
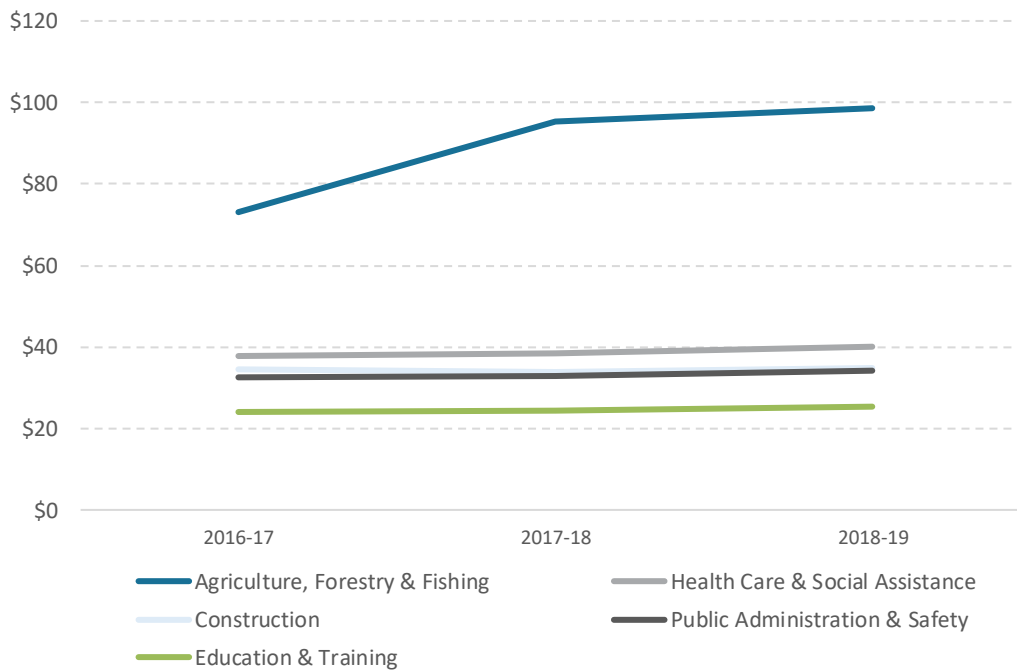
Source: REMPLAN (2020).

3.2   Business Counts

Glen Innes' economy is dominated by small businesses (99.3% of all businesses have 19 employees or fewer, Figure 3.4). This structure is similar to most local economies in Australia. The top three industries by number of businesses (i.e. agriculture, construction and rental, hiring and real estate) are typical industries where there is a great number of individual traders and small businesses (Figure 3.5).

Business Counts from the ABS

It is important to keep in mind that this data reflects the registered business address of companies (only), so larger businesses such as Coles, Woolworths and other major retail businesses may not be captured in the data. Furthermore, the ABS excludes sole traders and focuses on businesses with active ABNs that are registered for GST. This methodology usually underestimates the total number of businesses in a local economy, specifically many of the sole traders and/or home-based businesses.

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Figure 3.4. Business Counts, Glen Innes, 2019
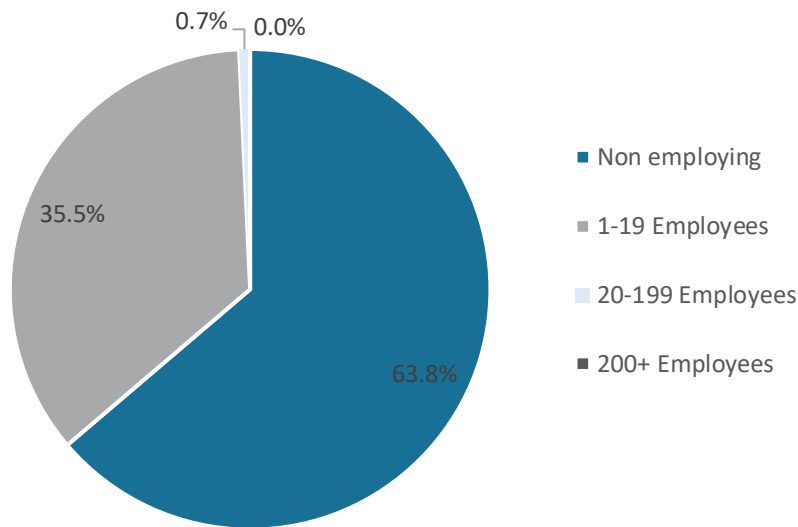
Note: Location based on registered address of businesses.
Source: ABS (2020a).

Figure 3.5. Business Counts, by Industry, Glen Innes, 2019

Source: ABS (2020a).

Figure 3.6. Business Counts, by Industry, 2019

Source: ABS (2020a).

4. Employment and Skills

4.1 Labour Force and Unemployment
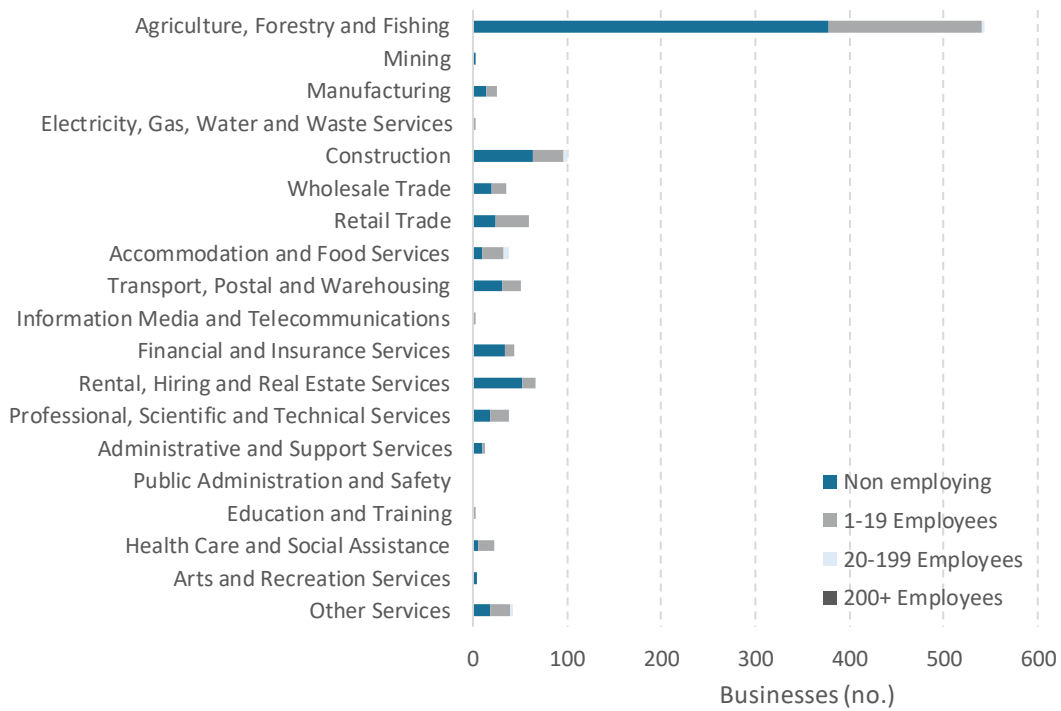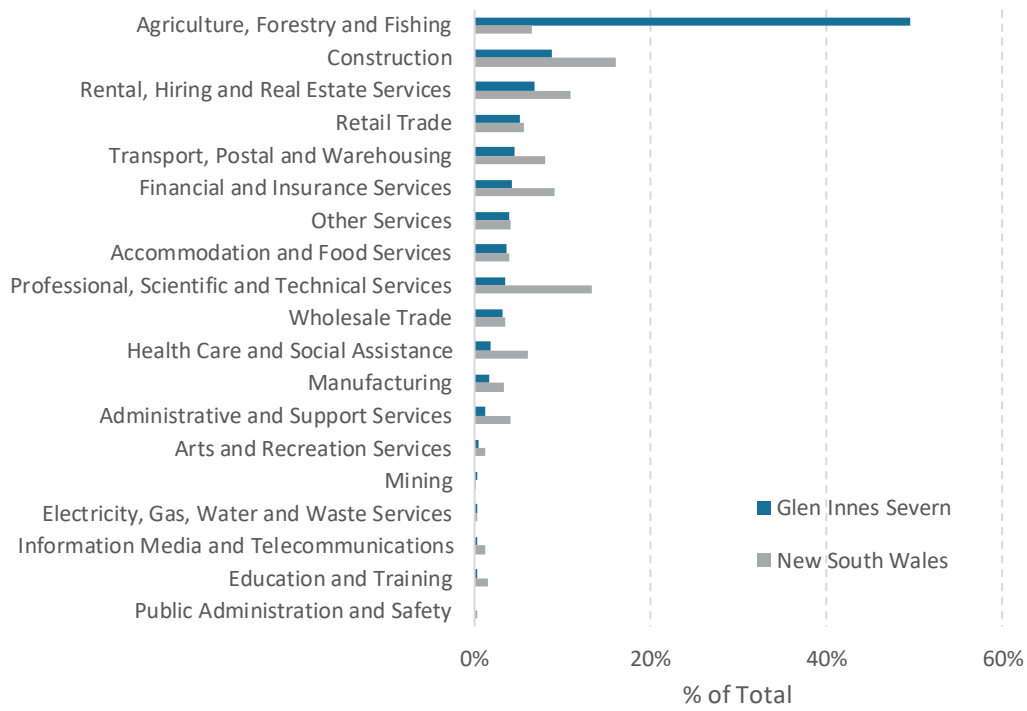
Glen Innes' labour market has strengthened over the past four years. The region's unemployment rate was 6.3% in December quarter 2019, having trended lower since reaching a recent peak of 13.1% in December quarter 2015. Employment growth has been particularly strong over the past year, up 16.3% or 546 persons. The recent strong employment growth has seemingly also encouraged local workers to re-enter the labour market and/or new residents to move to the area, with Glen Innes' labour force rising 12.0% over the year.

However, despite the region's labour market strengthening in recent years, Glen Innes' unemployment rate has remained significantly higher than the RDA Northern Inland and NSW averages over the past nine years.

Labour Force and Unemployment Data

These data sets are from the Department of Jobs and Small Business (DJSB) and track the number of people in the labour force (total), employed and unemployed. This data is based on place of residence, which differs from the analysis above regarding Gross Regional Product/Industry Value Add as well as the analysis below regarding employment, which focuses on data based on place of work. For the labour force survey, the definition of 'employed' includes all persons aged 15 years and over who worked for one hour or more during the reference week.

Figure 4.1. Labour Force and Unemployment Rates
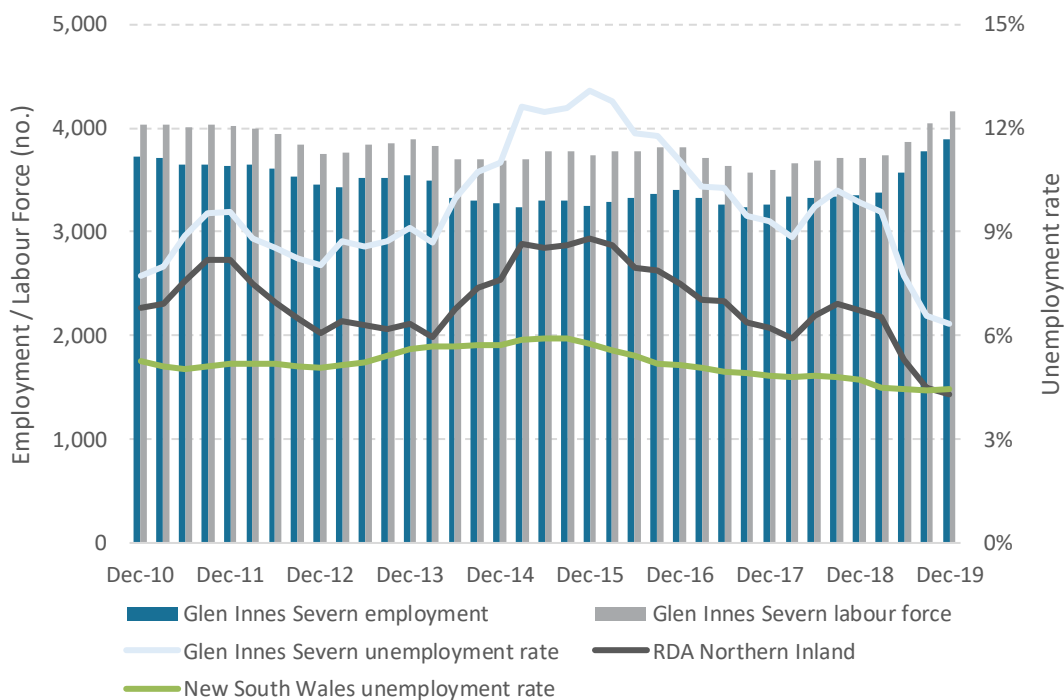
Source: DJSB (2020).

4.2 Employment

The industry make-up of Glen Innes has not undergone much change over the decade to 2016. The agriculture industry and the public sector (through the health care, public administration and education industries), in addition to tourism-related industries (retail trade and accommodation and food services) are key employing industries within the region and have been since 2006.

Figure 4.3 shows the steep decline in jobs within the region between 2011 (total employment 3,443) and 2016 (total employment 3,060) was spread across a range of industries, with public administration and safety (down 72 persons), retail trade and manufacturing (both down 61 persons) recording the largest declines in employment over the period. By stark contrast, the period between 2006 and 2011 saw considerable job growth across multiple industries.

Figure 4.2. Employment by Industry, Glen Innes
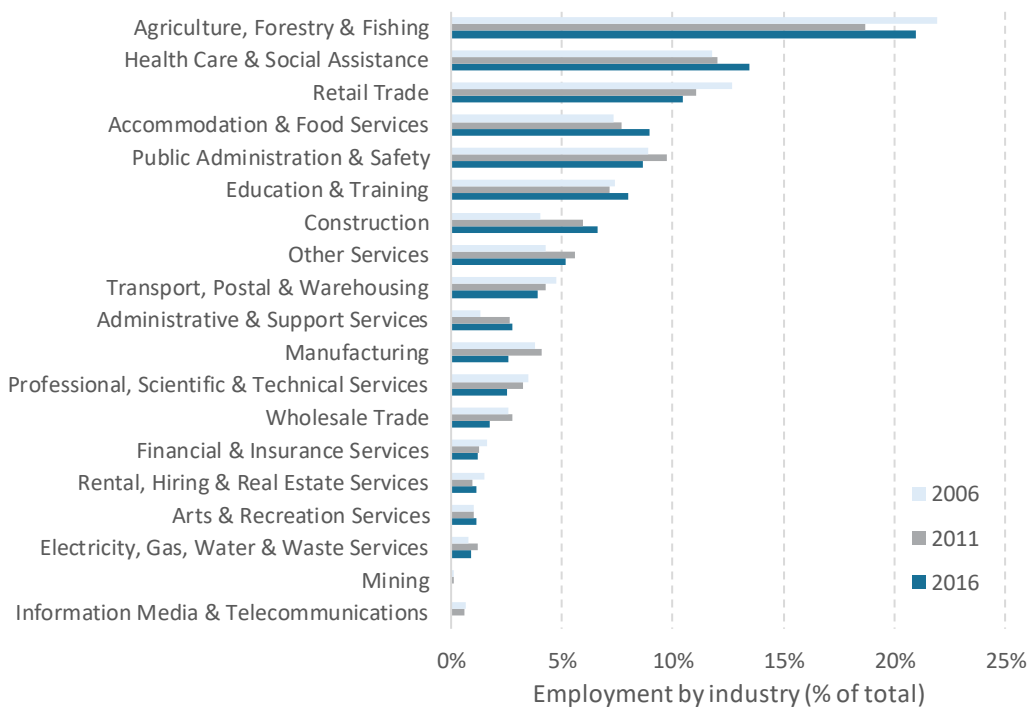
Note: Place of work data.
Sources: REMPLAN (2020), ABS (2007).

Figure 4.3. Employment growth (no.), Glen Innes
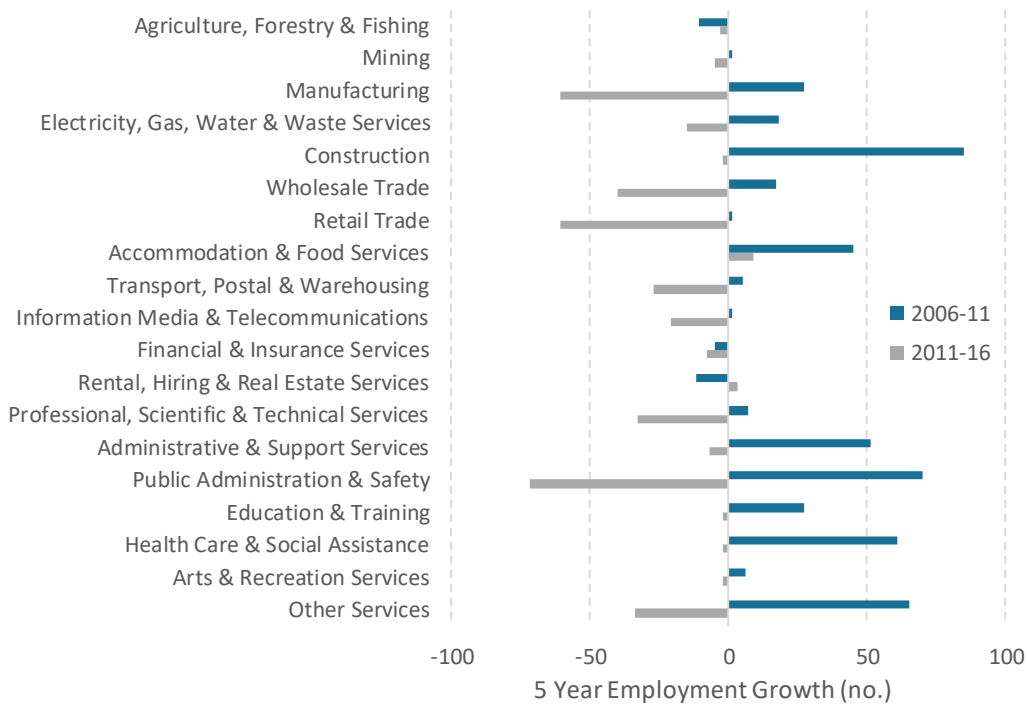
Sources: REMPLAN (2020), ABS (2007).

Figure 4.4. Employment growth (%), Glen Innes

Sources: REMPLAN (2020), ABS (2007).

4.3   Journey to Work

Analysis of journey to work data from the 2016 Census shows that only 5% of employed residents (139) leave Glen Innes every day to go to work, while 95% of employed residents (or 2,940) live and work in the region.

Most of the local jobs in Glen Innes that are not filled by resident workers are occupied by residents from adjoining local government areas (Table 4.2). This is also the case in terms of the employment locations of residents leaving the shire for work.
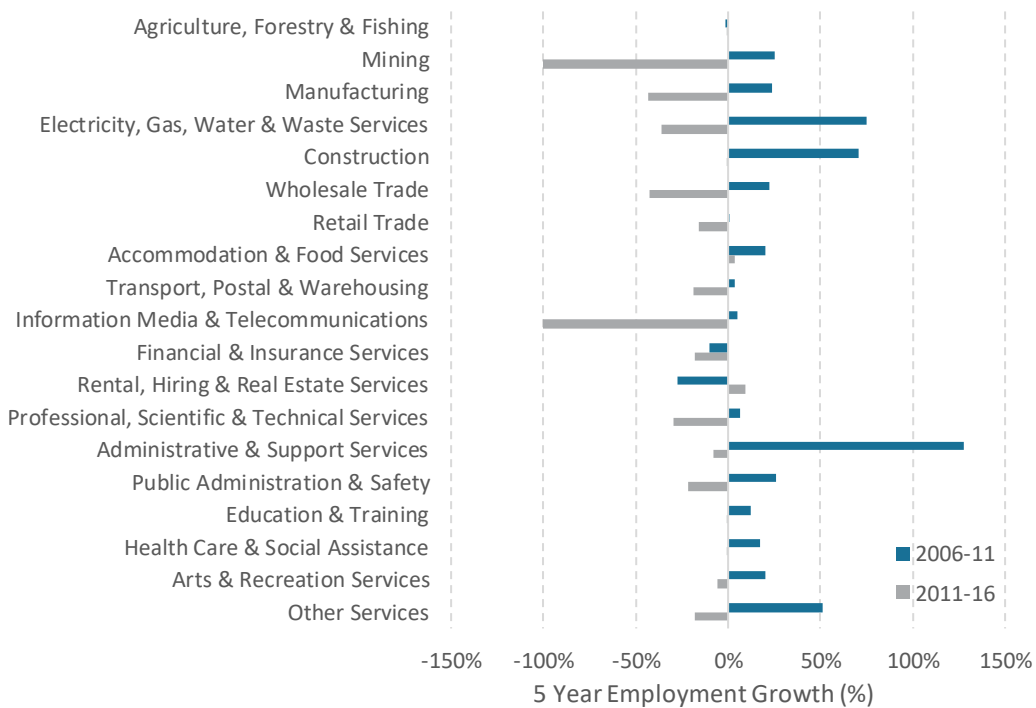
In terms of industry, there is some migration of workers into and out of Glen Innes every day for construction, agriculture, health care and education work.

Table 4.1. Journey to Work, Glen Innes, 2016

Location	Number	%
Employed residents in the area		
Live and work in the area	2,940	95%
Live in the area, but work outside	139	5%
No fixed place of work	0	0%
Total employed residents in the area	3,079	100%
Workers in the area		
Live and work in the area	2,940	96%
Work in the area, but live outside	120	4%
Total workers in the area	3,060	100%

Source: REMPLAN (2020).

Table 4.2. Journey to Work, by LGA, Glen Innes, 2016

Top 5 employment locations of resident workers by Council			Top 5 residential location of local workers by Council		
Council	No.	%	Council	No.	%
Glen Innes Severn (A)	2,940	96.1%	Glen Innes Severn (A)	2,940	95.5%
Armidale Regional (A)	35	1.1%	Inverell (A)	76	2.5%
Inverell (A)	21	0.7%	Armidale Regional (A)	32	1.0%
Clarence Valley (A)	15	0.5%	Tenterfield (A)	9	0.3%
Tenterfield (A)	13	0.4%	Toowoomba (R)	7	0.2%

Source: REMPLAN (2020).

Table 4.3. Journey to Work by Industry of Employment, 2016

Top 10 employment industries of resident workers who work outside Glen Innes		Top 10 employment industries of outside residents who work in Glen Innes	
Industry	%	Industry	%
Construction	17.6%	Public Administration & Safety	21.2%
Agriculture, Forestry & Fishing	14.1%	Health Care & Social Assistance	14.6%
Health Care & Social Assistance	13.6%	Agriculture, Forestry & Fishing	14.2%
Education & Training	10.1%	Education & Training	7.5%
Manufacturing	7.5%	Construction	6.6%

Source: ABS (2017).

4.4 Skills

Workforce and Skills

The skills in an economy can be considered in terms of its local resident workforce (i.e. the people who reside in the area and their associated skills) as well as in terms of the local workers (i.e. the people who work locally). Because 96% of local jobs are filled by local people, these two perspectives will align strongly. A shortage or surplus in any area will help to understand any existing skills gaps in the local resident workforce.

Owing to the heavy reliance on the local agricultural industry for employment, Glen Innes had a significantly higher proportion of managers and a slightly higher proportion of labourers working in the area than the NSW average in 2016. This data further highlights the lack of diversity in employment opportunities within the region.

Figure 4.5. Employment by Occupation, 2016
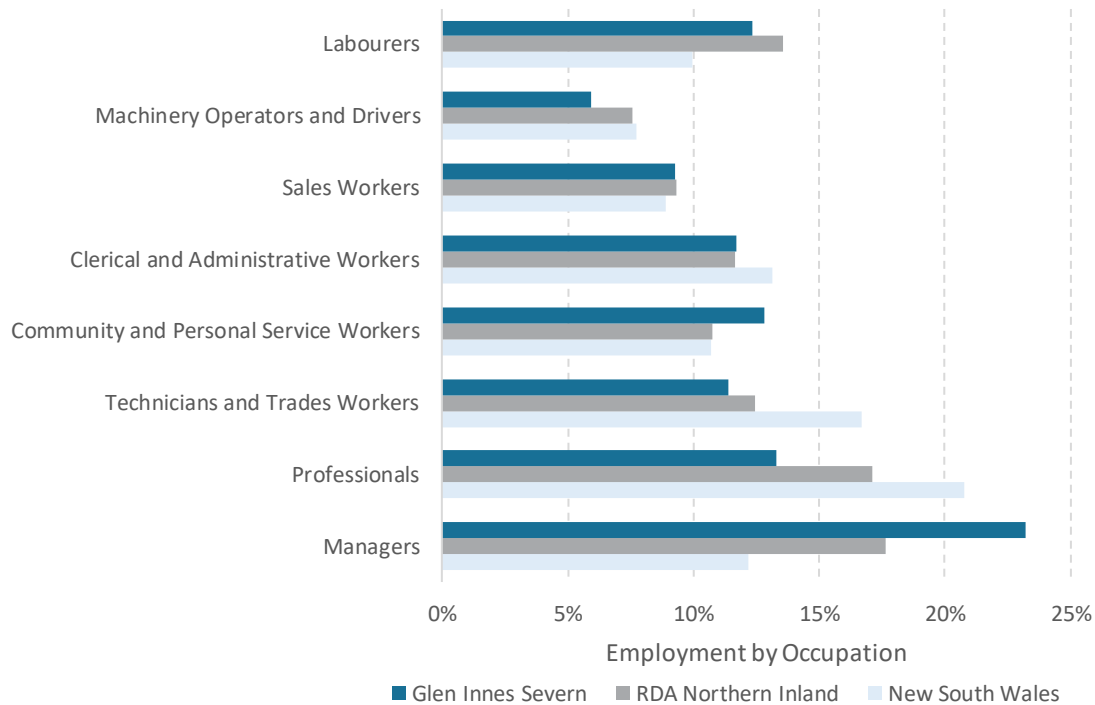
Note: Place of work data.
Source: ABS (2017).

Figure 4.6. Employment by Occupation, 2016

Note: Place of usual residence data.
Source: ABS (2017).

Due to the high demand of unskilled labour to work within the local agricultural industry, and the lack of job opportunities in other industries requiring higher education, Glen Innes has a significantly higher proportion of residents listing 'secondary education' or 'Certificate III & IV Level' as their highest education attainment in 2016 compared to NSW.

Figure 4.7. Highest Education Attainment, 2016
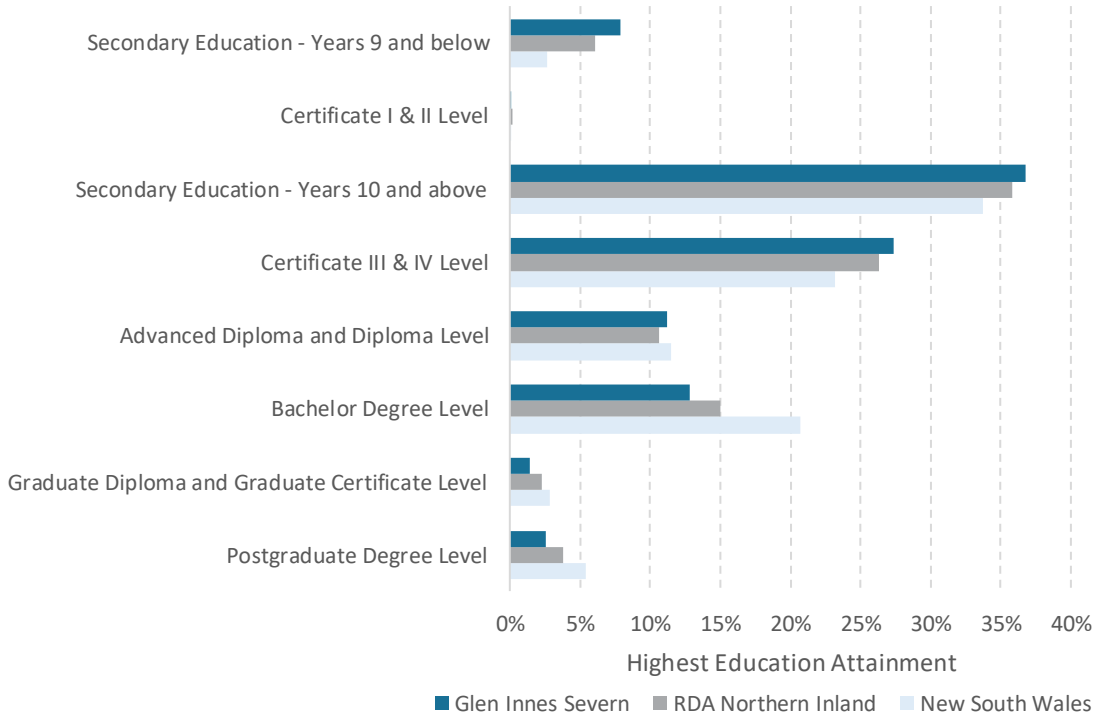
Note: Place of work data.
Source: ABS (2017).

Figure 4.8. Highest Education Attainment, 2016
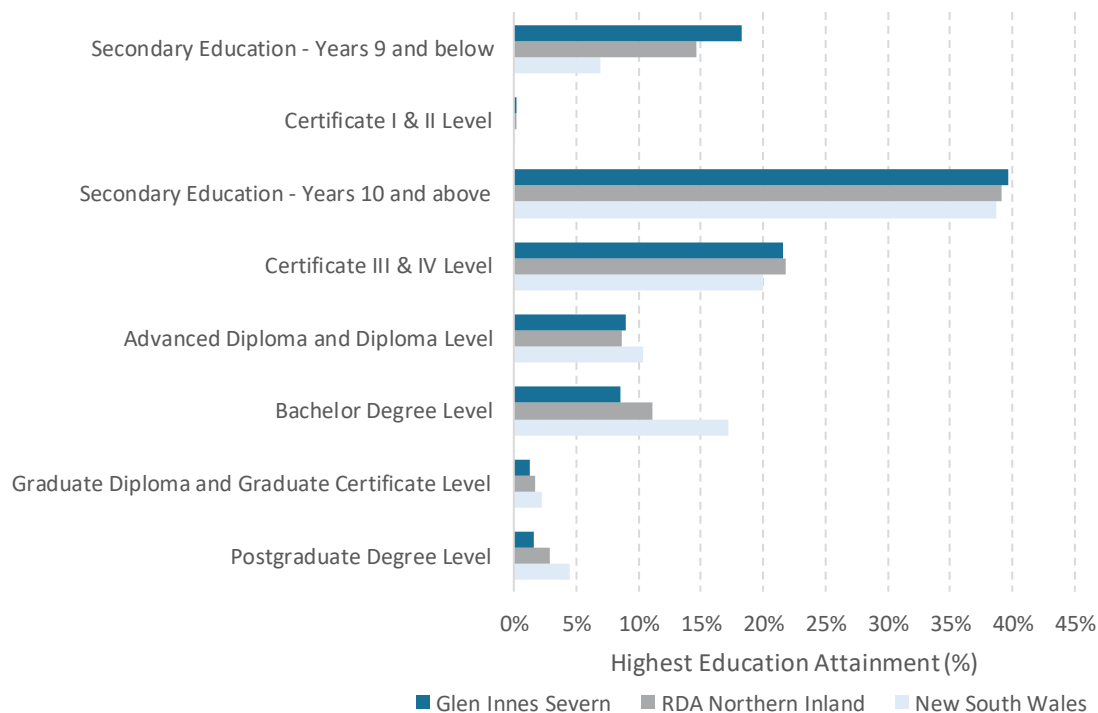
Note: Place of usual residence data.
Source: ABS (2017).

4.5 Value of Employment

Different industries contribute varying degrees of value to the local economy based on a variety of factors including supply chains, price of goods sold and overall position in the economy. As highlighted below, utilities and financial services are the two highest value-adding industries in the local economy. Of the industries that exist within the local economy, the arts and recreation, accommodation and food services and retail trade industries are amongst the lowest value-adding sectors in the local economy. It should be noted that retail trade and accommodation and food services are most closely linked with the tourism sector.

High Value-Adding Jobs

In terms of economic development, growing high value-adding jobs will have greater benefits to the overall economy than increases in low value-adding jobs. The core difference is related to the relevant supply chains of these industries as well as the wages that are often paid across those industries. High value-adding jobs will provide a greater ability for workers to spend more in the local economy, which will create a greater flow-on benefit locally. Additionally, businesses that have more local supply chains (or the opportunity for them) will have the ability to support additional businesses, creating more value in the local economy.

Because one job may offer greater value than another, this does not mean that lower value-adding jobs are not important. These jobs often provide employment for youth and offer an entry point into the workforce for many residents. Rather, understanding the value of employment should guide the balance of effort and resources in terms of various industry development and investment attraction activities.

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Figure 4.9. Industry Value-Add per Employee, Glen Innes, 2018-19
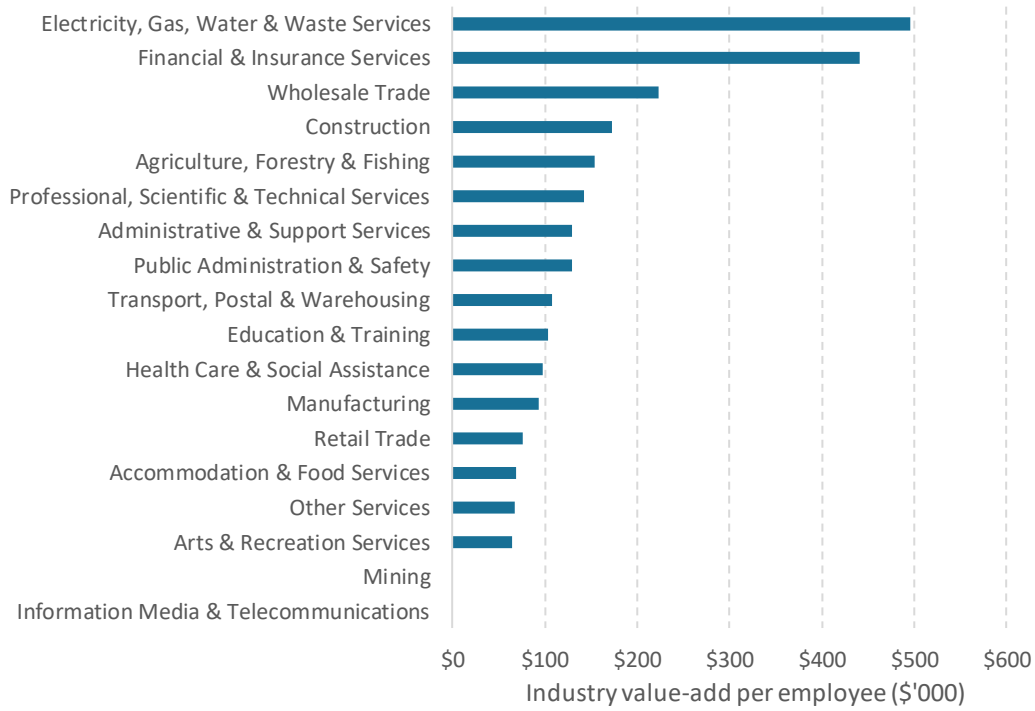
Note: Chart omits the 'rental, hiring and real estate services' industry due to REMPLAN including 'ownership of dwellings' within its IVA estimates.
Source: REMPLAN (2020).

5. Tourism

5.1 Visitation

Tourism visitation to Glen Innes was estimated to be just under 155,000 in the year ending September 2019. Visitation (both visitors and visitor nights) to the region has trended slightly lower in recent years, with the decline in visitor numbers primarily driven by a fall in day-trip visitation. The region is dominated by domestic visitors, with domestic overnight visitors accounting for 62% of total visitation in 2019, while day-trip visitors accounted for 37% of total visitation over the period.

Visitation to the region is primarily for holiday and leisure purposes (52% of total), with this visitor type remaining relatively stable over the past five years. However, 'visiting friends and relatives' and business visitors have declined considerably over the same period.

The source of visitors to the region is evenly split from within the 'New England North West' Tourism Region (32%), 'Other NSW' (35%) and 'Other States' (32%, owing to the region's proximity to the Queensland border). Increasing international visitation is an area of opportunity for the region, with this visitor type typically having a high average trip spend.

Figure 5.1. Visitors by Type, Glen Innes
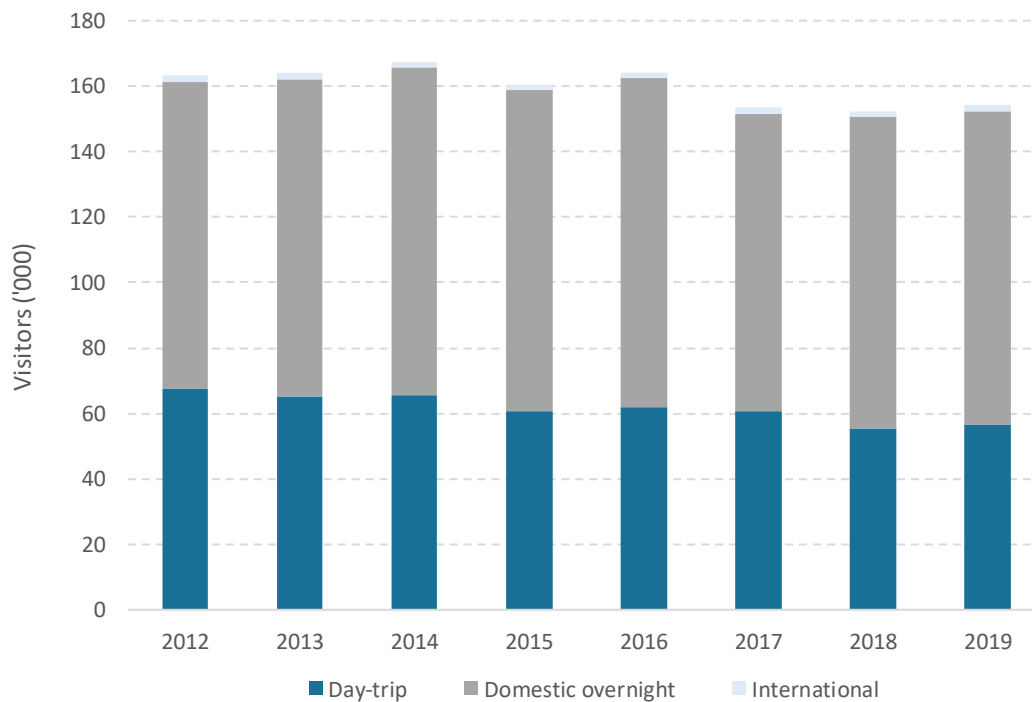
Note: Year Ending September. 7-year average used due to low sample sizes.
Source: TRA (2020).

Figure 5.2. Visitor Nights by Type, Glen Innes
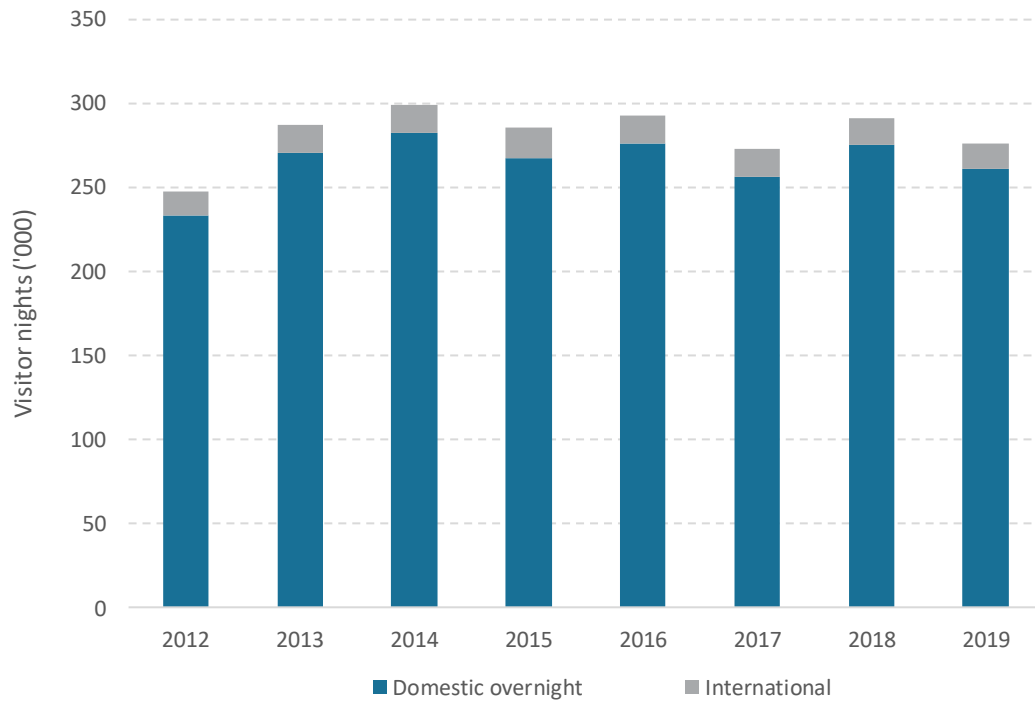
Note: Year Ending September. 7-year average used due to low sample sizes.
Source: TRA (2020).

Figure 5.3. Visitors by Purpose of Visit, Glen Innes
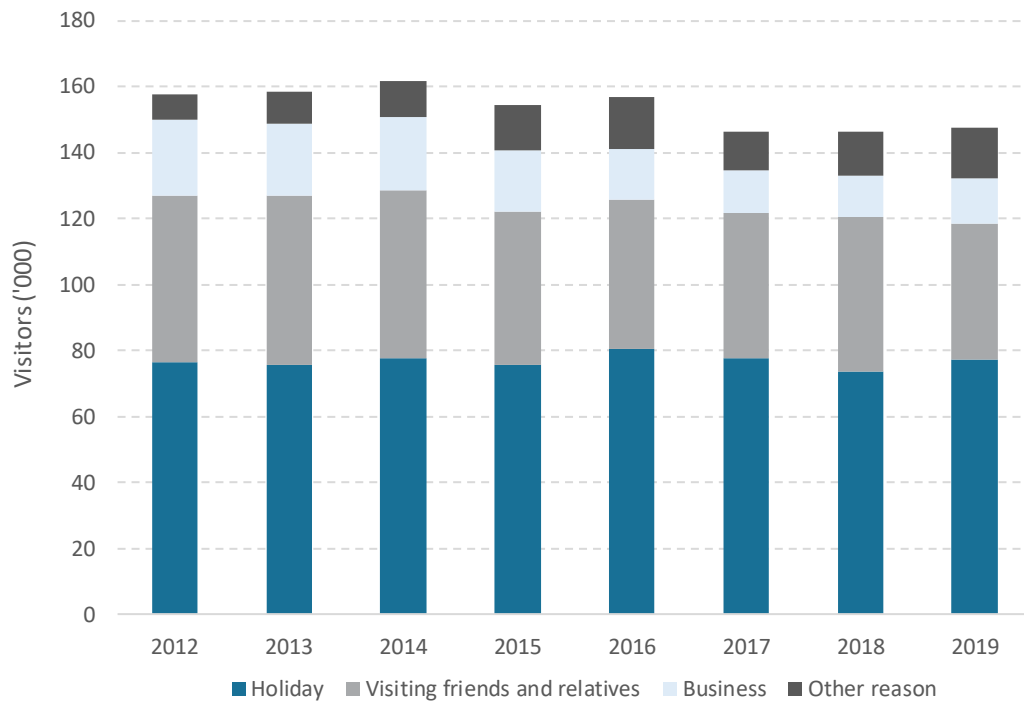
Note: Year Ending September. 7-year average used due to low sample sizes.
Source: TRA (2020).

Figure 5.4. Visitors by Source, Glen Innes
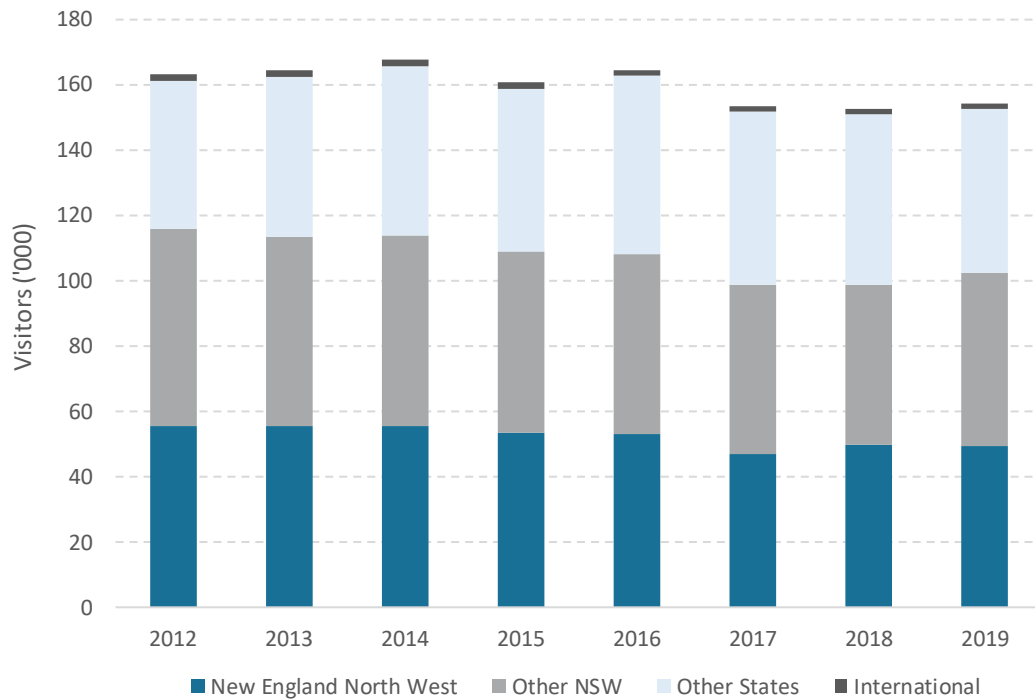
Note: Year Ending September. 7-year average used due to low sample sizes.
Source: TRA (2020).

Figure 5.5. Top 20 Visitor Activities, Glen Innes
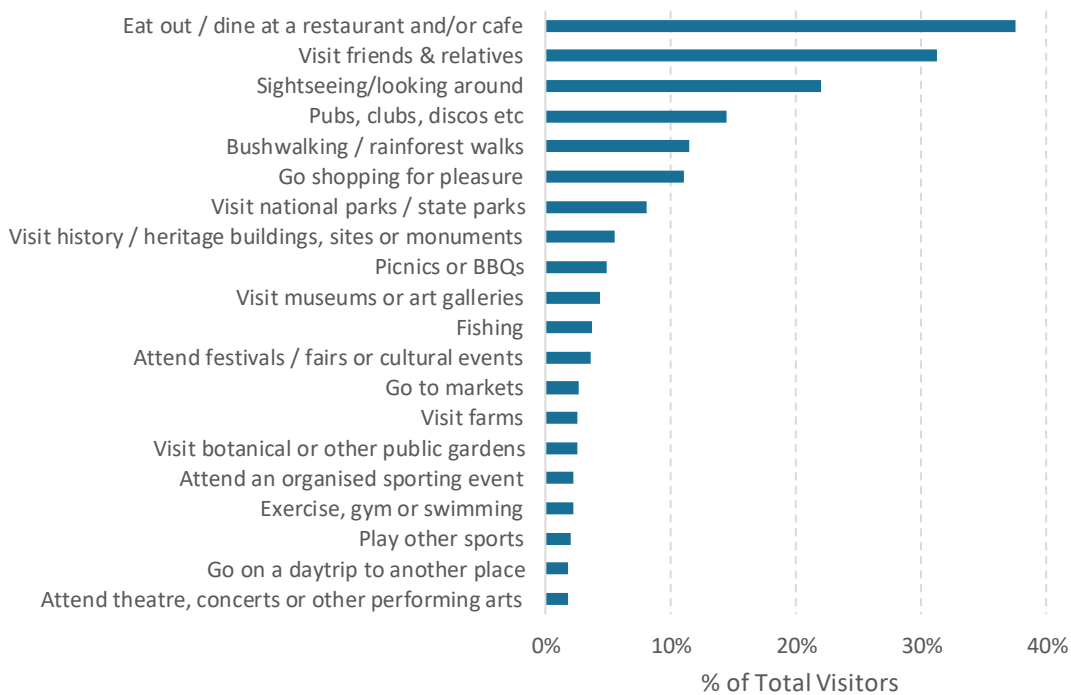
Note: 10-year average used due to low sample sizes. Year ending September data.
Source: TRA (2020).

5.2   Accommodation Profile

There are a wide range of accommodation options in the Glen Innes Severn LGA (including hotels/motels, bed and breakfasts and caravan parks), however there is not a wide range in quality, with almost all accommodation being 3-star / budget in quality. Further, most accommodation options are located in the Glen Innes town centre. In total, there are over 200 rooms in the local accommodation market. AirDNA data shows that there are 31 active listings in the LGA, many of which have been captured below in the accommodation audit.

Historical data shows Glen Innes accommodation providers on average enjoy only moderate occupancy rates and the average daily rate (ADR) had been flat in the few years leading up to 2015-16. While the data is not current, with occupancy rates between 40% and 50%, the local accommodation industry would be struggling financially, with many operators unable to reinvest into their properties and operating in a very marginal position. Often, in markets such as Glen Innes, the market can often trade at 50% with individual operators trading between 70% and 30%-40%.

Table 5.1: Tourist Accommodation, Glen Innes SA2

Financial year	Rooms	Room Nights Occupied	Occupancy	Average Daily Rate ($)	Revenue per Available Room ($)
2013-14	134	20,131	41.1%	$94.3	$38.8
2014-15	170	31,949	51.5%	$96.5	$49.7
2015-16	145	25,256	47.7%	$94.8	$45.2

Source: ABS (2016).

Table 5.2: Accommodation Audit, Glen Innes LGA

Name	Location	Type	Rooms	Star Rating	Advertised Price / Night		
					Low	High	Average
New England Motor Lodge	Glen Innes	Hotel	42	3	$158	$193	$176
Glen Innes Motel	Glen Innes	Motel	15	3.5	$92	$164	$128
Clansman Motel	Glen Innes	Motel	12	3	$80	$107	$94
Glen Haven Motor Inn	Glen Innes	B&B/Inn	14	3	$76	$113	$95
Apartments on Grey	Glen Innes	Specialty Lodging	2	na	$124	$153	$139
The Glass House	Glen Innes	B&B/Inn	2	na	$141	$163	$152
The Bank Guesthouse Glen Innes	Glen Innes	B&B/Inn	1	3	$125	$141	$133
Jillaroo Motor Inn	Glen Innes	Hotel	12	3	$89	$101	$95
Great Central Hotel	Glen Innes	Hotel	13	2.5	$64	$75	$70
Anna Bella Motel	Glen Innes	Motel	16	3	$76	$97	$87
Rest Point Motor Inn	Glen Innes	Hotel	25	3	$117	$189	$153

Name	Location	Type	Rooms	Star Rating	Advertised Price / Night		
					Low	High	Average
Apartments on the Park	Glen Innes	Specialty Lodging	5	na	$117	$177	$147
New Tattersalls Hotel Motel	Glen Innes	Motel	na	na	$85	$99	$92
Kings Plains Castle	Glen Innes	B&B/Inn	12	3	$160	$260	$210
Glen Waverley Farm Stay	Glen Innes	Cottage	1	na	$140	$140	$140
Fossicker Caravan Park	Glen Innes	Caravan Park	8	3	$100	$132	$116
Glen Rest Tourist Park	Glen Innes	Caravan Park	na	na	$22	$79	$51
Poplar Caravan Park	Glen Innes	Caravan Park	na	na	na	na	na
Deepwater Inn	Deepwater	B&B/Inn	12	na	na	na	na
Deepwater Country Stay	Deepwater	B&B/Inn	na	na	na	na	na
Riley's Club Hotel	Emmaville	B&B/Inn	13	3	$45	$120	$83
Bullock Mountain Homestead	Yarrowford	Specialty Lodging	na	na	$70	$120	$95

Sources: TripAdvisor (2020), Bullock Mountain Homestead (2020), Glen Rest Park (2020), Glen Waverley Farm Stay (2020) & Kings Plains Castle (2020).

5.3   Value of Tourism

Visitation and average expenditure per trip data from Tourism Research Australia shows that an estimated total visitor expenditure of $45.1 million in Glen Innes region in the year ending September 2019.

This expenditure level equates to the local tourism industry contributing an estimated $27.2 million ($13.9 million directly and $13.3 million indirectly) in gross value-added (GVA) activity to the Glen Innes economy. Tourism directly represents approximately 3.1% of total industry value-add.

In terms of employment, the local tourism industry directly employs an estimated 214 workers, while indirectly supporting a further 82 employees (Table 5.4). Directly, it accounts for roughly 6.1% of all direct jobs.

Table 5.3: Glen Innes Tourism Metrics, Year Ending September 2019

Visitor Type	Day-Trip	Domestic Overnight	International
Visitors / Visitor Nights ('000)	56.4	261.1 (nights)	15.1 (nights)
Average Spend per Trip / Night	$150	$137 ($/night)	$47 ($/night)
Visitor Spend ($m)	$8.5	$35.9	$0.7

Note: Average spend per trip data from the neighbouring Inverell LGA was used due to Glen Innes data not being available.
Source: ABS (2020b), TRA (2020), TRA (2019), TRA (2019a).

Table 5.4: Glen Innes Tourism Economic Contribution

Metric	Contribution	% of total
Tourist Spend ($M)	$45.1	NA
Gross Value-Added ($M)		
Direct	$13.9	3.0%
Indirect	$13.3	3.1%
Total	*$27.2*	*6.1%*
Persons Employed (no.)		
Direct	214	6.1%
Indirect	82	2.3%
Total	*296*	*8.4%*

Source: ABS (2020b), TRA (2020), TRA (2019), TRA (2019a), DJSB (2020), REMPLAN (2020).

6.   Agriculture

Livestock products accounted for more than 90% of the total value of agricultural commodities produced in the Glen Innes LGA in 2015-16. In particular, cattle and calf slaughterings are the dominant agricultural product, accounting for 75% of the total value of production.

Table 6.1. Value of Agricultural Commodities Produced, Glen Innes Severn LGA, 2015-16

Commodity	Local Value	% of Total
Livestock slaughtered and other disposals - Cattle and calves	$72,093,130	75.2%
Livestock Products - Wool	$7,700,784	8.0%
Livestock slaughtered and other disposals - Sheep and lambs	$5,741,970	6.0%
Vegetables for human consumption - Beans	$4,425,529	4.6%
Livestock products - Eggs	$1,696,093	1.8%
Total agriculture	*$95,901,060*	*100.0%*

Source: ABS (2017a).

Figure 6.1 shows IVA by agricultural sub-industry in 2018-19. Consistent with ABS data shown above, the REMPLAN data shows the 'sheep, grains, beef & dairy cattle' is the largest agricultural sub-industry, contributing $81.7 million in IVA in 2018-19, equating to 18.2% of Glen Innes' economy.

Figure 6.1. Agriculture Industry Value-Add (2018-19), Glen Innes Severn
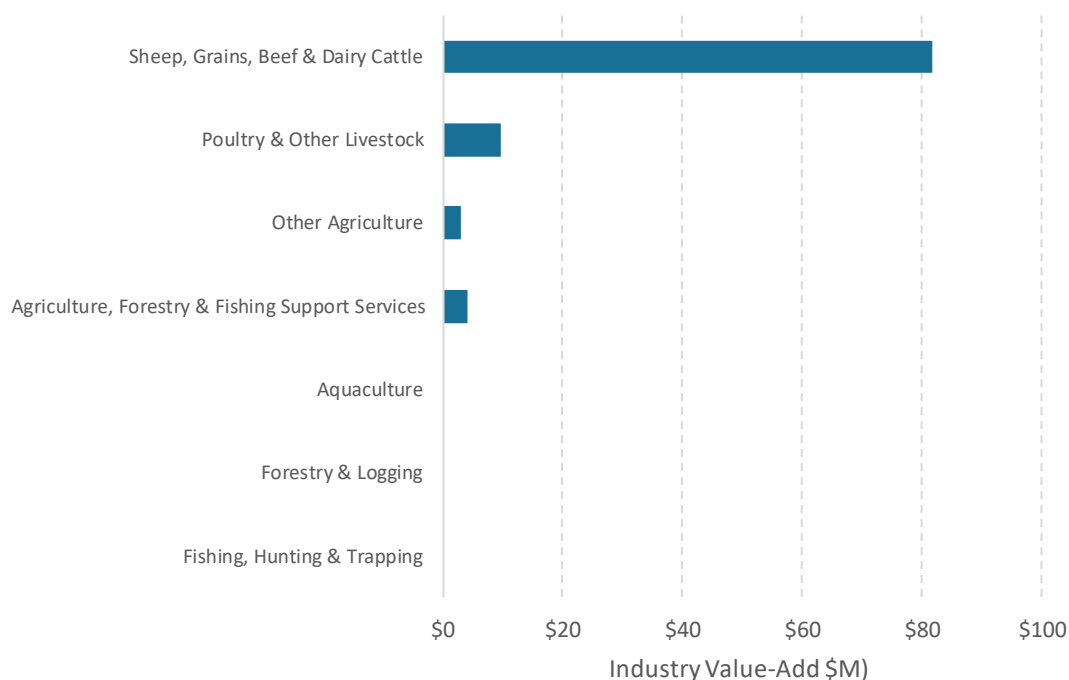
Source: REMPLAN (2020).

7.   Property

At $210,000 in June quarter 2019, Glen Innes' median house price is the lowest of the comparison LGAs, $35,000 below the Inverell LGA median. This is despite very strong price growth over the year to June quarter 2019. The increase in price may be related to the identified increase in local labour force and new residents moving to the area for work.

The number and value of residential building approvals in Glen Innes have trended lower since 2013, consistent with stagnant population growth in the region in recent years. However, the value of non-residential approvals rose sharply in 2019, to more than $6 million, having been near or below $1 million the preceding seven years.

Table 7.1. Median House Price by Council Area

Region	Jun-17	Jun -18	Jun -19	Annual change (%)
Glen Innes Severn	$175,000	$170,000	$210,000	23.5%
Clarence Valley	$373,000	$370,000	$390,000	5.4%
Inverell	$242,000	$248,000	$245,000	-1.2%
Tenterfield	$253,000	$265,000	$249,000	-6.0%
Sydney (Greater Metropolitan Region)	$820,000	$760,000	$730,000	-3.9%
New South Wales	$700,000	$655,000	$635,000	-3.1%

Source: FACS (2020).

Figure 7.1. Building Approvals, Glen Innes
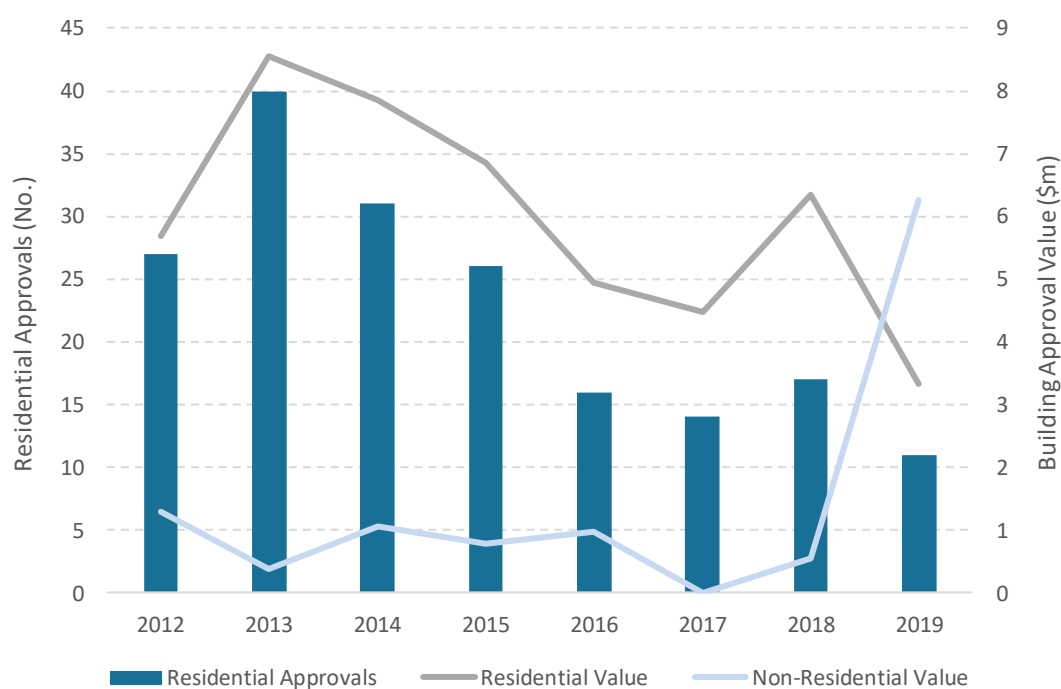
Source: ABS (2020c).

8.   Competitive Advantages and Opportunities

Identifying Competitive Advantages

Identifying and leveraging competitive advantages is important for successful economic development efforts at the local level. Competitive advantages can exist in many forms including location, natural resources, industry specialisation and/or infrastructure. This section seeks to identify the unique competitive advantages of Glen Innes using various analytical techniques, including:

- Location quotient analysis
- Cluster mapping

This analysis will identify various industry opportunities for Glen Innes to be tested and verified through consultation.

The following graph shows Glen Innes' competitive advantages by industry due to local employment specialisation. Essentially, the location quotients show the proportion of workers in individual industries with the '1' line representing parity with New South Wales. Industries showing a specialisation above the '1' line indicate areas of natural competitive advantage.

The analysis shows the natural competitive advantages for Glen Innes in agriculture, tourism (retail/accommodation and food services), utilities and the public sector (including health care, education and public administration and safety).

Figure 8.1. Employment Location Quotients, Glen Innes (benchmarked to New South Wales), 2016
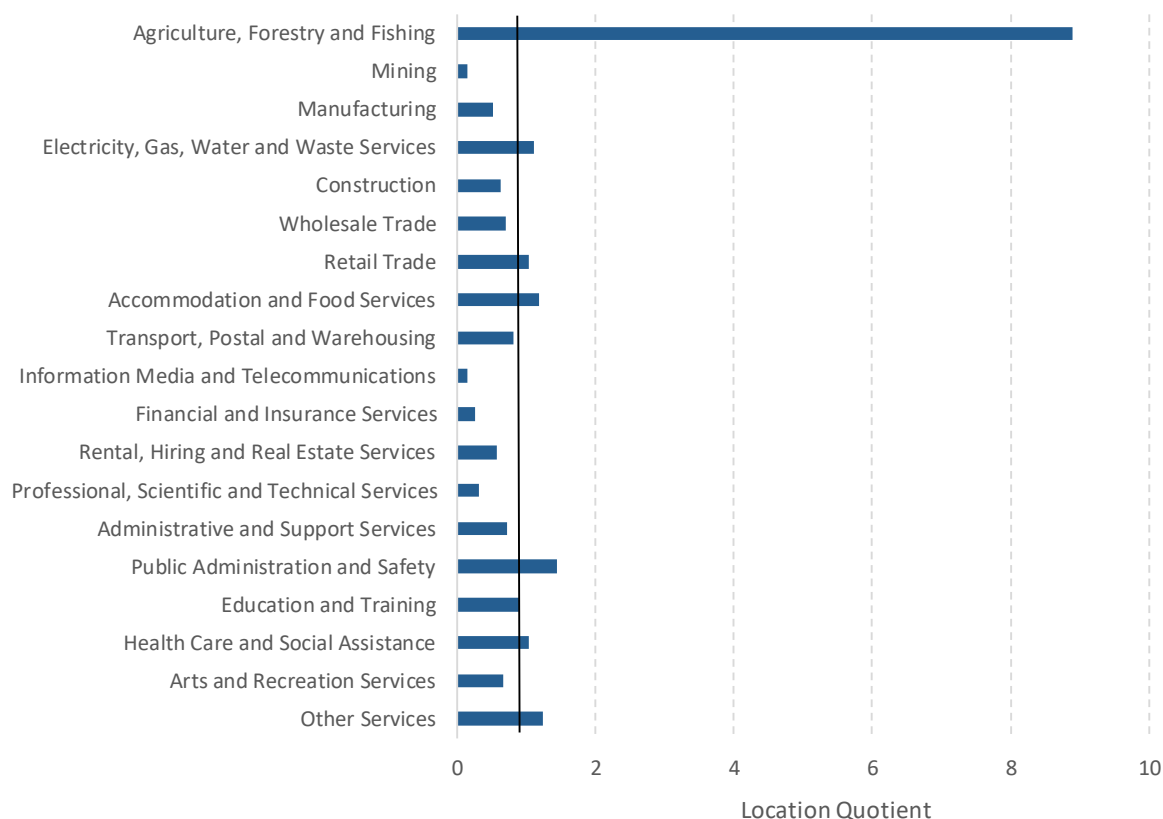
Note: Place of work data.
Source: ABS (2017).

The following cluster maps help us to understand the relative competitive advantage against a backdrop of future expected employment growth, as well as existing local employment strengths.

Cluster Mapping

Cluster mapping is an analytical tool to consider future economic growth opportunities and to show the importance and growth opportunities for various clusters or industries within the economy. The cluster maps for Glen Innes (Figure 8.2 and Figure 8.3) show the significance and importance of the existing agriculture and public sector industries (particularly health care and public administration and safety). The mapping also shows the growth potential of various other clusters such as the professional, scientific and technical services and construction industries.

Interpreting the Cluster Map

Cluster mapping is an analytical tool that can simultaneously present the size and scale of a location's competitive advantages with future anticipated growth trends by industry. In cluster mapping, a location's competitive advantage is viewed through labour specialisation (i.e. the relative scale of employment in specific industries). There are three main components to the cluster map:
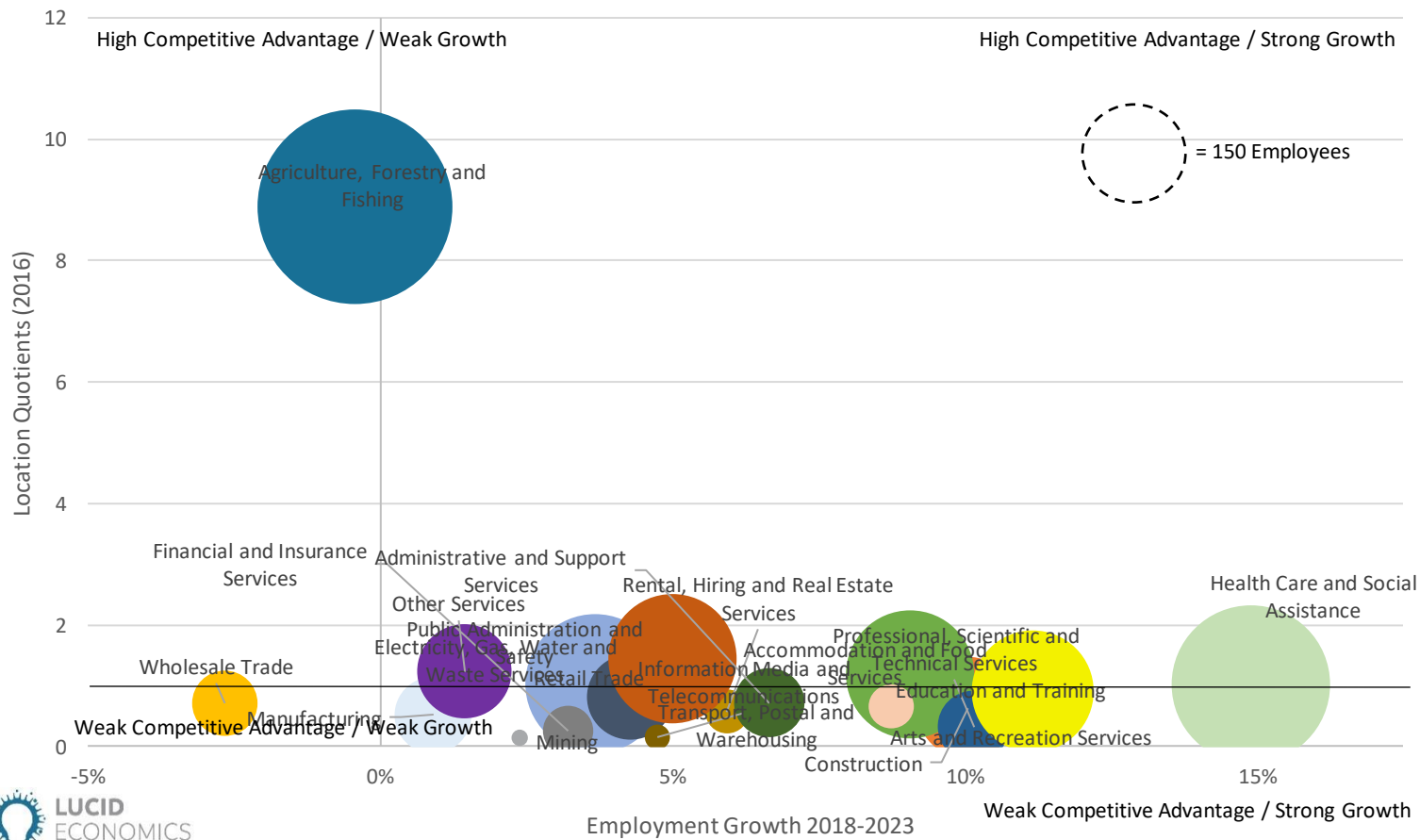
- **Location quotient**: the community's location quotients are presented along the vertical axis and these points represent the proportional employment in the community versus a comparison, in this instance New South Wales (i.e. compared with NSW, how many people are employed in the sector; 1 = the same, 1.2 = 20% more than the state, etc.).
- **Employment Growth**: future employment growth expectations per industry, from 2018 to 2023, form the horizontal axis and tell us the percentage growth expected for a sector. In this instance, projections from the Department of Jobs and Small Business have been used.
- **The Cluster**: or the 'bubble' represents the size of local employment in that given sector, which shows the significance of the sector locally.

Overall, cluster mapping helps to identify industry areas of focus for further development in the future.

The analysis below would highlight some potential future growth opportunities:

- Tourism (identified through the accommodation and food service sector)
- Value-adding and/or niche opportunities for agriculture
- Healthcare
- Professional services

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Figure 8.2. Cluster Map (1-digit), Glen Innes

Note: Location quotient calculated by proportion of Glen Innes employment divided by proportion of New South Wales employment. Location quotient of greater than 1 indicates industry makes up larger proportion of Glen Innes employment than it does across New South Wales.

Note: Place of work data.

Sources: ABS (2017), DJSB (2018).

Figure 8.3. Cluster Map (1-digit) Inset, Glen Innes

High Competitive Advantage / Weak Growth

High Competitive Advantage / Strong Growth

⭕ = 150 Employees

Public Administration and Safety

Other Services

Electricity, Gas, Water and Waste Services

Accommodation and Food Services

Retail Trade

Education and Training

Administrative and Support Services

Transport, Postal and Warehousing

Arts and Recreation Services

Construction

Manufacturing

Rental, Hiring and Real Estate Services

Financial and Insurance Services

Professional, Scientific and Technical Services

Mining

Information Media and Telecommunications

Weak Competitive Advantage / Weak Growth

Weak Competitive Advantage / Strong Growth

Location Quotients (2016)
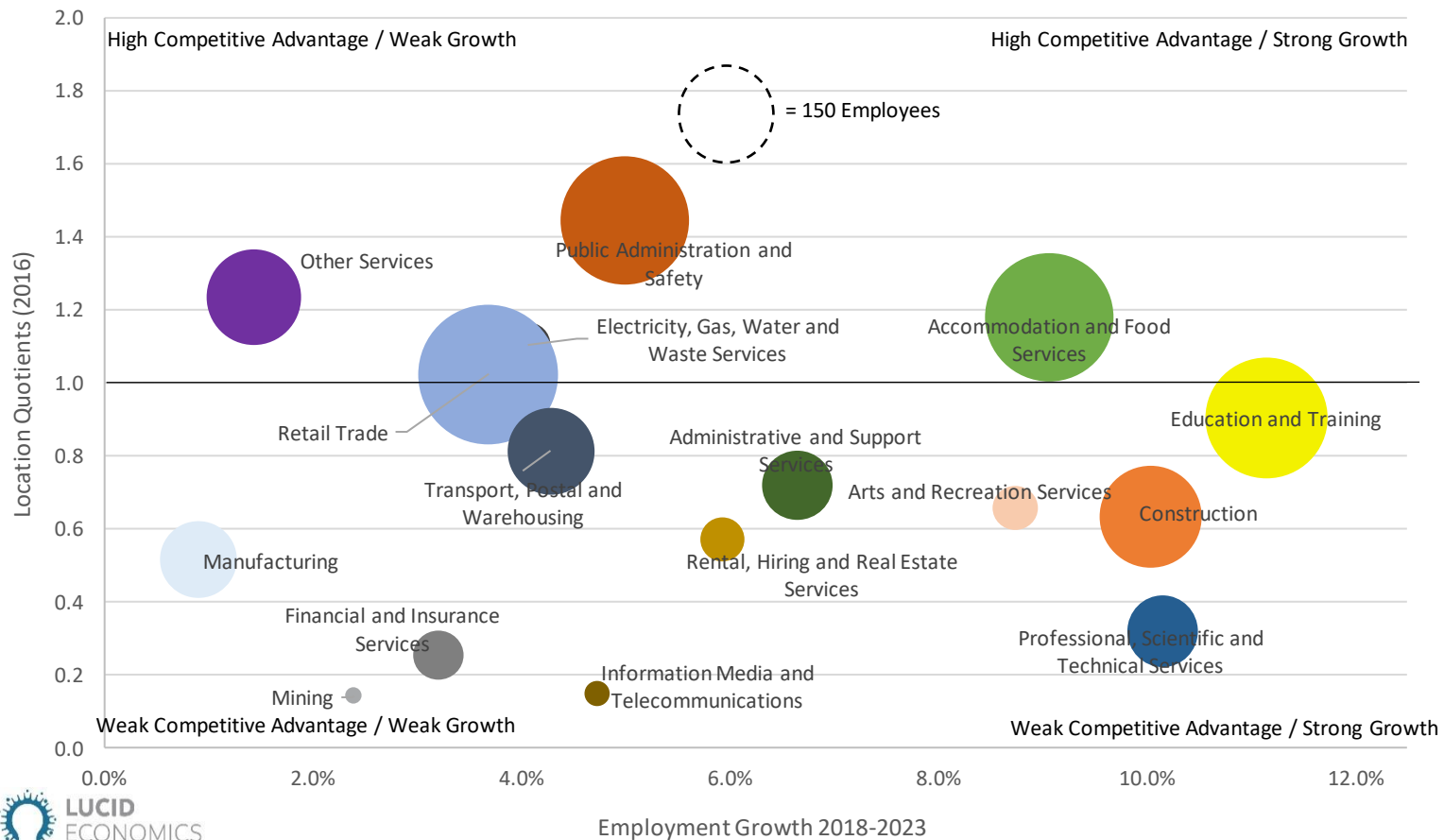
Employment Growth 2018-2023

Note: Location quotient calculated by proportion of Glen Innes employment divided by proportion of New South Wales employment. Location quotient of greater than 1 indicates industry makes up larger proportion of Glen Innes employment than it does across New South Wales.
Note: Place of work data.
Sources: ABS (2017), DJSB (2018).

9. Summary

This analysis has revealed numerous elements of the local economy as well as various areas for economic expansion and diversification.

Glen Innes' population has been stagnant over the past decade, hindering economic growth. Further, Glen Innes has a significantly older population than the NSW average, with the region's population forecast to continue ageing over the next two decades. While the region's labour market has strengthened in recent years, the region's unemployment rate remains above the NSW average and the ageing population is likely to provide challenges for the labour market in the future.

The region is heavily reliant on the agricultural sector to support local economy. This reliance poses risks, particularly given the agricultural sector is highly susceptible to changes in weather conditions and global macroeconomic conditions. For this reason, economic growth in Glen Innes has been highly volatile in recent years, owing in part to a sustained period of drought.

The region's public sector also contributes strongly to the local economy, with health care and education key industries both employment and industry value-add. The importance of the local health care industry is likely to grow in coming years, given the forecast growth in the number and proportion of older residents in the region. Construction is also one of the region's key industries, however stagnant population growth is likely to continue to hinder the industry in the near term.

The local tourism industry has seen softening visitation numbers in recent years, negatively impacting the local retail trade and accommodation and food services industries. While domestic overnight visitation is a key market for the region, the area receives only a small proportion of total visitation from international visitors.

Key opportunities for future growth (based on the analysis in this report), include:

- Tourism (identified through the accommodation and food service sector)
- Value-adding and/or niche opportunities for agriculture
- Healthcare
- Professional services (supported by future potential increased levels of tree-change and working remotely)
- Renewable energy
- Small business development (as the majority of local businesses are small)

The information contained in this report will now be used to inform the consultation and strategy development phases of the project.

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