

“Social and Economic Analysis of the Darling Downs Communities”

The social and economic conditions of Cotton Catchment Communities have been documented in a set of case studies. The project *The Socio-economic Impact of the Australian Cotton Industry of Regional Communities in NSW and Queensland* was undertaken over 2007-08 analysing population census and other data to describe the social and economic conditions and to provide direction for the future development of those communities.

Key findings for the Darling Downs include:

- ◆ In 2005-06, the Darling Downs region (4 LGAs) had a Gross Regional Product (GRP) of \$1,278m and employed 14,450 people at workplaces in the region.
- ◆ Dalby is a major centre servicing surrounding agriculture which makes up 17.6% of GRP in spite of difficult condition in the agricultural industries.
- ◆ The Darling Downs had the lowest levels of youth unemployment compared to the other study areas.
- ◆ Dalby had the highest proportion of community survey respondents (67%) indicating that life had improved in the last year, which was mainly attributed to the mine developments in the area.

The Darling Downs

The Darling Downs cotton growing area is extensive and is mostly in the Condamine River catchment.

The main centre servicing the technical requirements of the cotton industry is Dalby with Toowoomba as an alternate supplier. Toowoomba is the premier retail and service centre for the region.

The cotton ‘community’ of the Darling Downs extends over several local government areas (in terms of the old boundaries) mostly in Wambo Shire with smaller areas in the west of Jondaryan Shire and in the north-east of Millmerran Shire (Cecil Plains). The analysis has included the four old local government areas (Jondaryan, Millmerran – now part of



Dalby, QLD

Toowoomba Region Council, and Dalby and Wambo – now part of Dalby Regional Council). The four

councils have also been analysed as a region while Dalby and Wambo have been considered as one combined area.

The region has been a prime agricultural cropping area with relatively good connections to the main urban areas of South-east Queensland. In the past decade, the energy potential of the region has provided another focus for development. That has resulted in a coal-fired power station, the development of smaller gas-fired generators, the production and export of coal and coal-seam gas and the development of infrastructure to service those projects. These developments have added considerably to the growth momentum of the region. The developers are all major corporations with a limited regional presence.

The Darling Downs Economy

The Darling Downs economy data includes analysis of the industry structure and trends and an input-output model to assess the economic impact of the cotton industry on the economy (defined as the previous Dalby, Wambo, Jondaryan and Millmerran Shires which are now part of the enlarged Dalby and Toowoomba Regional Councils).

This region is close to the south east Queensland growth area. Remoteness is less of an issue and proximity provides additional business opportunities. It also means that some 5% of residents in the Darling Downs commute to work outside the region. In some respects, the region has an economic structure with characteristics that are becoming similar to that of Queensland as a whole rather than those of a rural region.

In 2005-06, the Darling Downs region (4 LGAs) had a Gross Regional Product (GRP) of \$1,278m and employed 14,450 people at workplaces in the region.

The contribution of agriculture to the Darling Downs GRP was 17.6% and a similar amount to region exports. Grains, cattle and intensive animal industries are all significant industries along with cotton. This is shown in Figure 1.

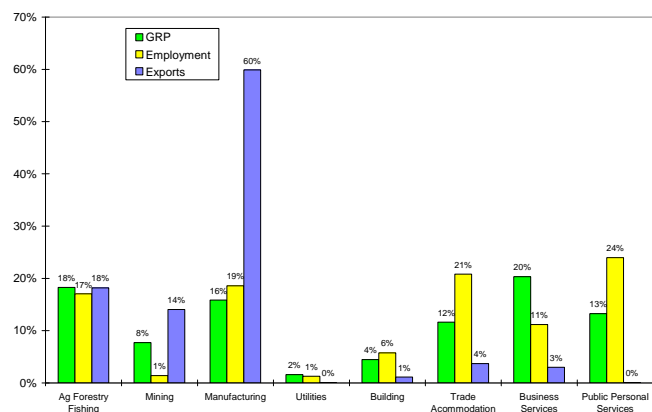


Figure 1: Industry Structure of Darling Downs Economy 2005-06
Source: Darling Downs Input-output Table

There is significant manufacturing of food products, metal and machinery fabrication and repairs and aircraft manufacturing. Utilities are a growing part of the economy especially electricity generation along with coal and gas mining. There is also a substantial defence establishment in the region. These activities provide a substantial diversification to production, trade and employment.

The cotton industry is located along the Condamine River and stretches over a large area. Dalby is the main centre servicing the needs of cotton growers. In 2005-06 it was estimated to be worth \$114m. The total impact (includes flow-on impacts) on the Darling Downs economy has been estimated at:

Gross output	\$203m (8% of economy)
GRP	\$73m (6% of economy)
Wages and salaries	\$29m (5% of economy)
Employment	683 (5% of economy)

The flow-on impacts are predominately in agricultural services and related activities including ginning,



manufacturing, and business services. The flow-on effects embody a strong multiplier of 2.5 to 3.0 reflecting the supply capacities in the Darling Downs economy (principally Dalby).

There is a small amount of cotton research in the Darling Downs region with a total impact of near \$1m in gross output, \$0.5m in value added and 7 people employed.

The Darling Downs region is growing strongly as shown in Figure 2 in spite of difficult conditions in the agricultural industries. That growth is concentrated in manufacturing, trade, road transport, public administration (including defence) and mining. There was a loss of jobs in agriculture and in construction with the completion of the mine and power station at Millmerran.

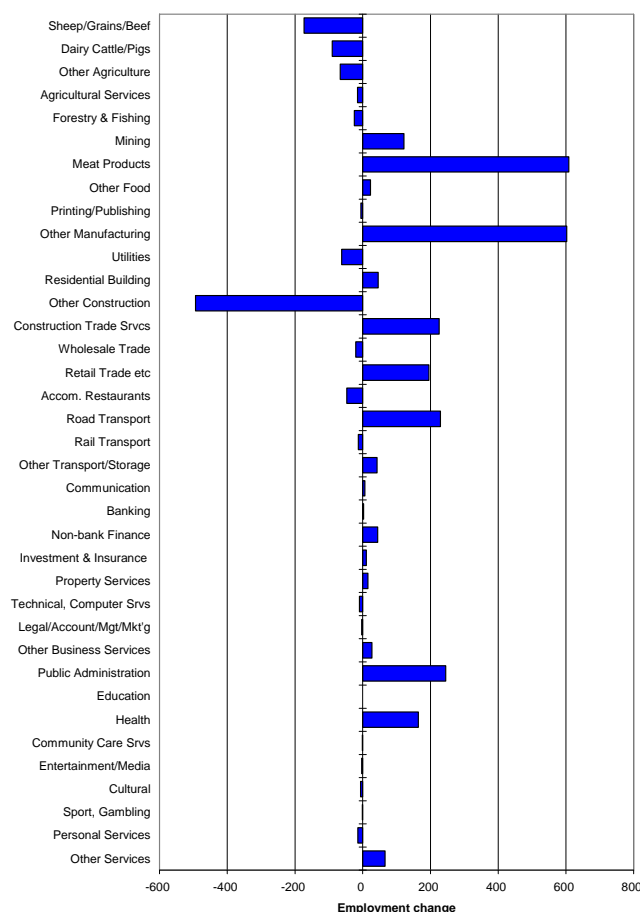


Figure 2: Employment Change by Industry, Darling Downs, 2001 to 2006
Source: Population Censuses 2001 and 2006

In rapidly growing economies it is anticipated that there might be some delays in the provision of services. In addition, the region is near to Toowoomba which can attract expenditures from this region. The level of service delivery can be assessed through an index based on employment and population that relates the situation in the Darling Downs to the Queensland average as shown in Figure 3 (note the rescaling of defence).

This pattern does resemble a rural region with a few key services to agriculture that are operating very strongly. However, most services are operating at low levels like rural regions. That would also indicate a high level of expenditure leakages from the Darling Downs region as defined for this study. Most of those leakages would be expected to be to Toowoomba. Some of the notables include retail trade, education and health that normally would be expected to be near 100.

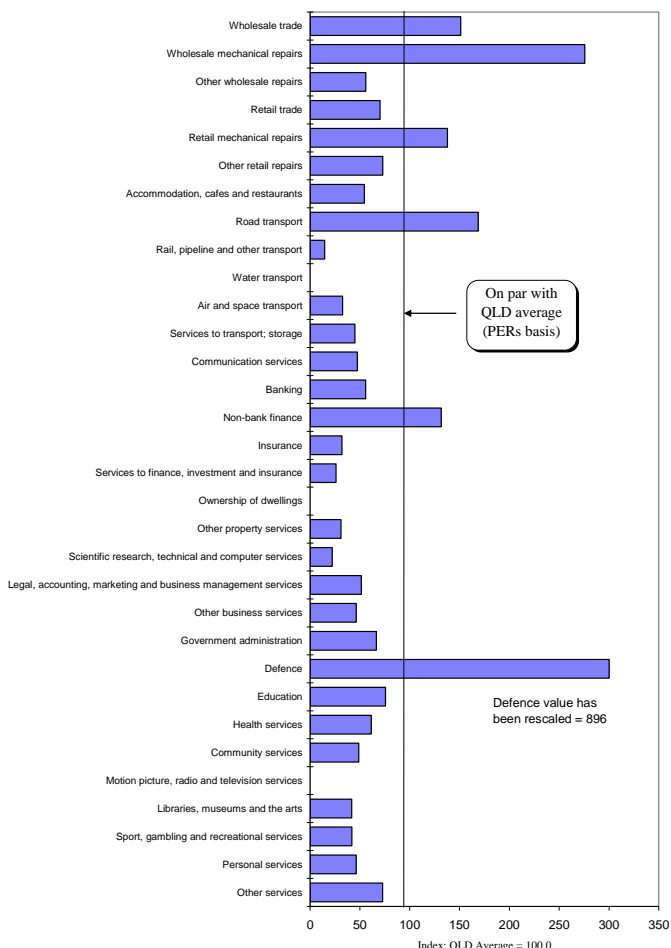


Figure 3: Service Delivery Index, Darling Downs, 2006
Source: Data from 2006 Population Census

This result suggests that the region has a range of development opportunities in improving the level of services to its residents.

The region is adding energy developments to its structure that is both wealth and employment generating, and diversifies the economy. However, there will be merit in developing industries that are based on knowledge and technology rather than natural resources. To support those developments, the technology and advanced business services may need to be expanded.

The adjustments to local government boundaries will mean that future analyses of this type will need to be aligned to those boundaries. Those agencies should



develop some carefully selected local economic indicators to monitor regularly the performance of the economy.

The Darling Downs Community

The competitive impacts of energy developments are most advanced in the Darling Downs area. That has an impact on land use, wage rates and housing costs, as well as a boost to retail activity. It also results in strong projected population growth whereas most of the NSW case study areas are projected to decline (figure 4).

Dalby has an age structure similar to that for Queensland while the other areas have the rural characteristic of ageing with deficiencies in the 25 to 45 year age groups.

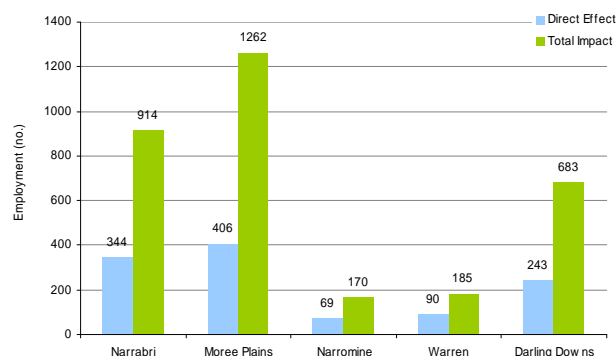


Figure 4: Employment Impact of Cotton Growing
Source: Centre for Agricultural and Regional Economics (CARE) 2008

The Darling Downs had the lowest levels of youth unemployment compared to the other study areas, state and national benchmarks (figure 5). This is likely to underpin a higher retention of young people in the Darling Downs while other regions lose a high proportion of school leavers.

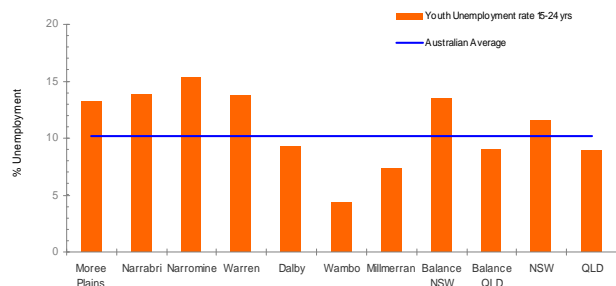


Figure 5: Youth unemployment rate (15-24 year olds)
Source: ABS (2006) Census of Population and Housing, Basic Community Profiles

The chronic disease index is derived from the sum of the rates per 1,000 population for 5 selected conditions including respiratory system diseases,

circulatory system diseases, Type 2 Diabetes, mental and behavioural disorders, musculoskeletal system diseases. Dalby had a higher chronic disease rate compared with the other cotton communities, and is above the state and national benchmarks (figure 6).

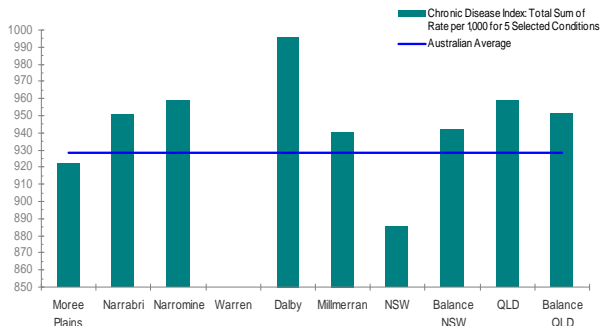


Figure 6: Chronic Disease Index
Source: PHIDU (2005) Population Health Profiles, Data obtained in 2001
*Note that data was not available for Warren NSW

In contrast, Dalby and Millmerran report much lower rates of cancer compared to the NSW communities, state and national averages (figure 7).

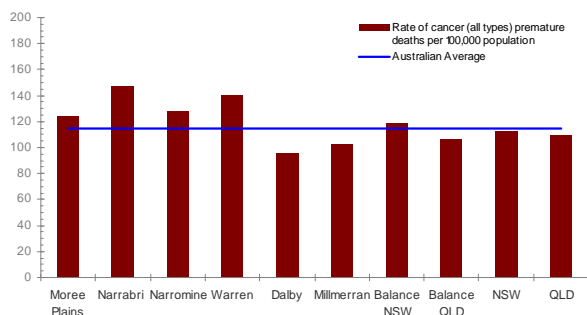


Figure 7: Premature Mortality – Cancer (all types)
Source: PHIDU (2005) Population Health Profiles, Data obtained in 2001-02 period, By Statistical Local Area

Dalby had the highest proportion of community survey respondents (67%) indicating that life had improved in the last year, which was mainly attributed to the mine developments in the area. These new mines were also thought to bring in new people, invigorating the town with ‘new ideas’.



Public art in Millmerran, QLD

Summary

The Darling Downs has significant diversity of industry and a selection of growth industries that result in a robust and growing economy. That has impacted particularly on Dalby with a population profile similar to that of Queensland while the other areas have a profile more typical of inland regions with an ageing population and with relative shortages of population in the 20 to 40 years age groups.

The cotton industry competes for natural resources against a variety of other cereal, oilseed and horticultural crops. In 2005-06, the cotton crop was around average. In total, the industry contributed around 5 per cent to the Darling Downs region as defined. In value terms it was around \$73m to GRP, up to 700 people employed and nearly \$30m to household income from that employment.

The Darling Downs region has many developing strengths that provide a range of business opportunities. It is the least remote of the case study regions so that it able to capitalise on its proximity to the rapidly-growing south-east of Queensland. At the same time, that proximity leads to some important leakages of expenditure from the region to Toowoomba and curtails the development of some services that may be locally provided.

For further information and a copy of the full report visit our website

www.cottoncrc.org.au