

## Rural Queensland: A Graphical Snapshot

In order that the monetary and pricing system should work with equity it is necessary to achieve a fair distribution of income and property

Professor Meade.xx

From a total of seventy eight local government districts, Appendix A selects a sample of thirty one for analysis. This is a biased sample as western Queensland local government pastoral districts dominate. Local government district Brisbane (City) and Queensland are included purely as reference data. A small number of regional cities is also included.

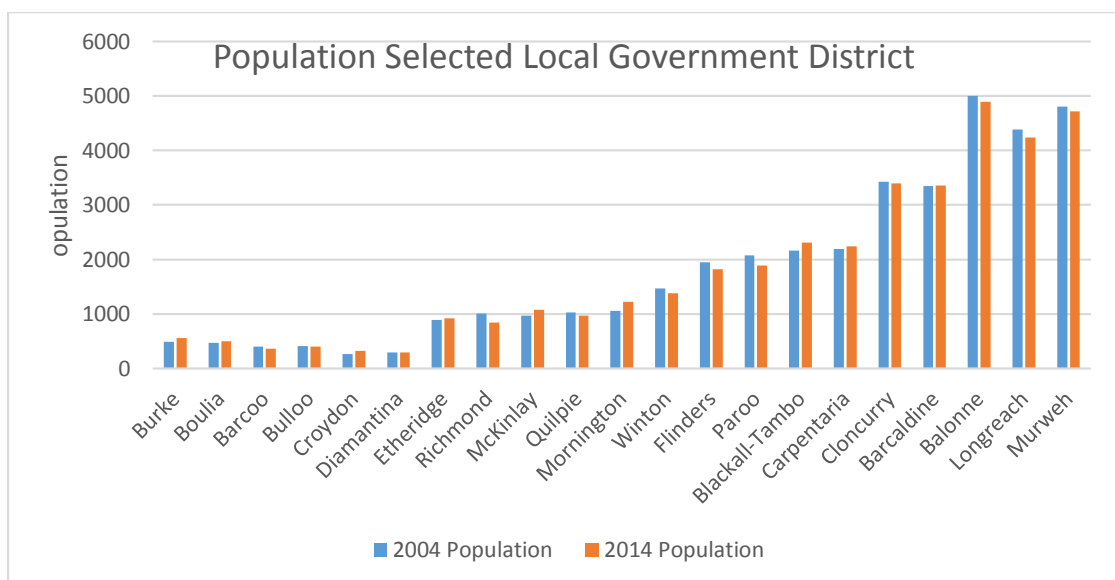
Employment and income charts are derived from Queensland Treasury's Regional Profile data based upon local government districts. Population data is based upon Treasury's regional Profile LGD information; and, *Estimated resident population by local government area (LGA), Queensland, 2004 to 2014p*.

Income data is based upon 2011 Census. Whilst the current drought has impacted eighty percent of the State, it does not influence income and employment data in this analysis. Changes to income since 2011 in pastoral dependent local government districts would be expected to have deteriorated. How badly incomes have deteriorated will not be known until the next Census.

Nonetheless, the graphs provide an empirical indicator analysis of economic performance across population, employment, income and income distribution.

## 1 Population

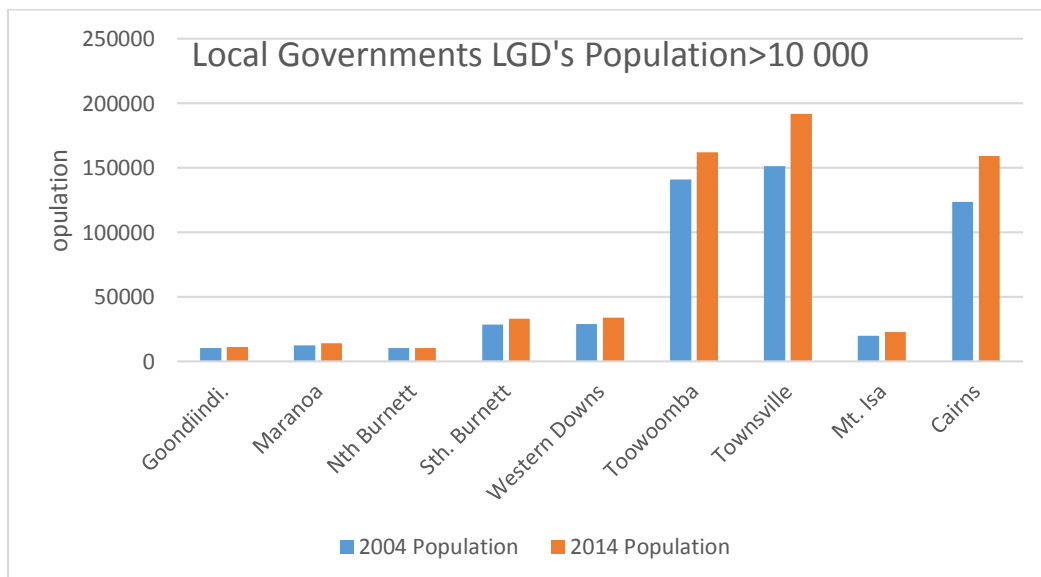
Chart 6



- Chart 6 is focused upon LGD's with populations below 5000 residents
- A small cluster comprise 2000 to 5000 residents.
- Only a small group range between 3000 residents and 5000 residents.

- Six LGD's have resident populations ranging between five hundred and one thousand five hundred residents.
- Half LGD's selected have populations below 1000 residents.
- There are five remote Local government districts with a population base below five hundred residents. Two which have fewer than three hundred residents. From a population perspective, these five LGD's are extremely fragile.
- The stability of the underlying production bases in these regional districts becomes very important to the fabric of these communities.
- These remote LGD's would be expected to have higher transport costs impacting upon both production costs and cost of living. Employment opportunities would be limited. Young people would tend to move from these small communities to larger ones that offer more opportunities.

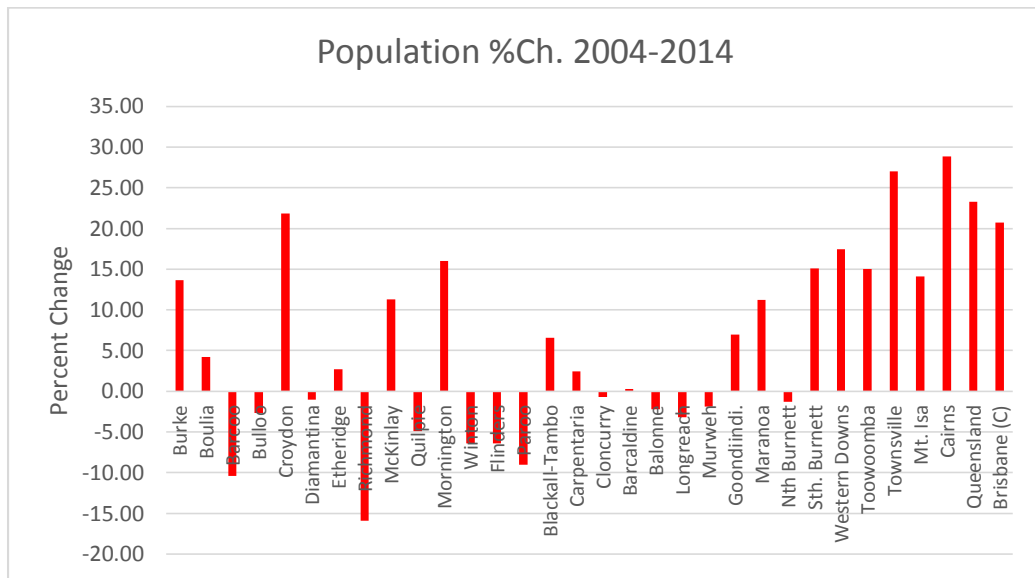
Chart 7



- These local government districts have populations above ten thousand residents.
- Three regional urban LGD's are dominated by the two coastal cities and Toowoomba in SE Queensland
- They range across pastoral, mining, and agriculture

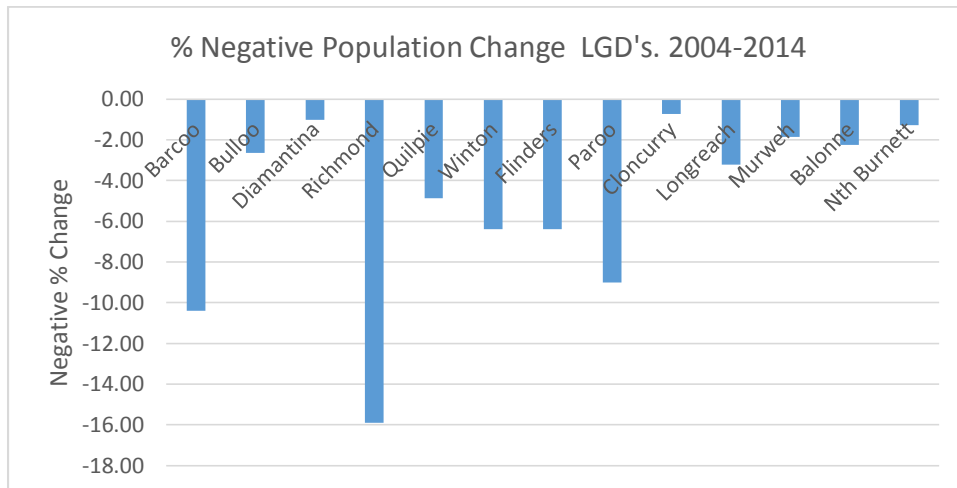
## 2 Population Change

Chart 8



- This chart shows population change between 2004 and 2014 among the sample LGD's
- Two north Queensland regional city LGD's have population growth rates in excess of Queensland.
- Highest population growth rate is the LGD of Cairns
- Second highest regional population growth rate is in LGD of Townsville.
- Croydon, has the third highest growth rate in the State.
- Brisbane (City) population growth is below the State growth rate
- A number of regional LGD's show negative population growth rates

Chart 9



Of the thirty one selected LGD's, twelve have experienced negative population growth over the decade 2004-2014. Data is unavailable to determine which industry or industries contributed to population loss. That research needs to be done.

- At 15.9%, Richmond has the highest population loss among the selected LGD's
- Next highest population contraction is Barcoo -10.4%
- Paroo is third worst population performance -9.01%
- Winton lost -6.38 % Flinders lost -3.7%
- Longreach is a pastoral LGD with a large business centre serving central western Queensland. It boasts a flying doctors service; but, lost -3.22% of residents.
- Murweh LGD contains Charleville which again is a major business centre in South West Queensland and boasts a long association with health services to western Queensland
- Five of these LGD's have populations below five hundred people
- Diamantina with the most fragile population base of under three hundred residents lost -1.02%
- This selection of LDG's comprises 41.9% of the sample group. Excluding North Burnett, the remainder describes a semi- circle of Queensland pastoral industry reaching from Flinders in the northern cattle country, through Diamantina in the SW, across to Paroo and Balonne on the NSW border
- The more sobering statistic is that all these regional local government districts form a cluster linked by adjoining boundaries: Flinders, through Richmond, Cloncurry, Winton, Longreach, and Diamantina down to

Barcoo, Quilpie, Murweh, Bulloo and Paroo, Balonne. They comprise :  
“western Queensland”

- All these regional districts have experienced population contraction for over a decade. That in itself is confirmation that agricultural policy has failed. Political and rural representation cannot escape responsibility for this failure.

### 3 Importance of Income

*“There are valuable human activities which require the motive of money making and the environment of wealth ownership for their full fruition”*

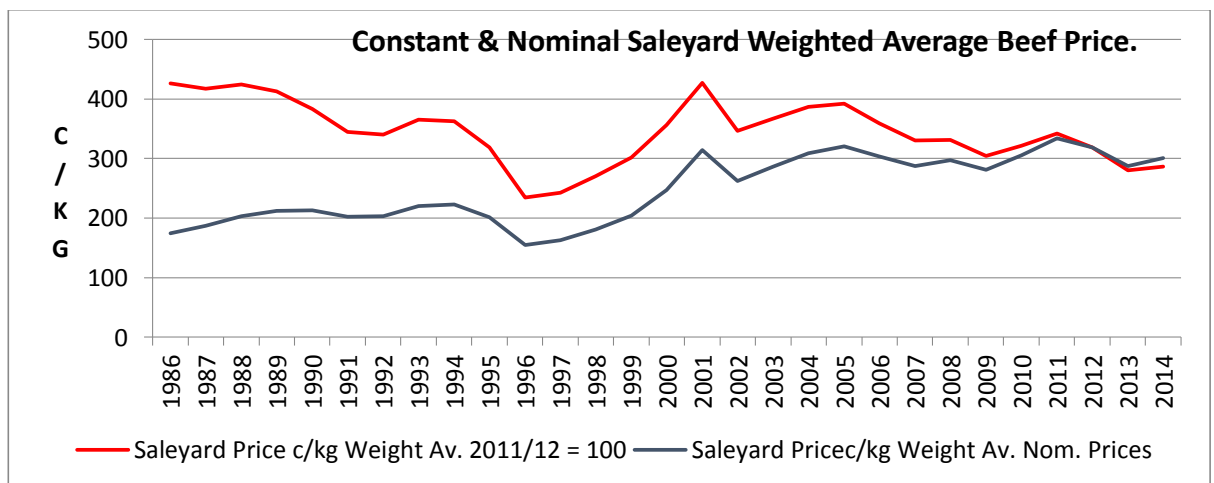
*J.M. Keynes*

*General Theory ,p.374*

Income is an important factor in regional stability. It drives investment, employment and builds social fabric. LGD’s under analysis are predominantly dependent upon agricultural and pastoral industries. Such mono-cultures become subject to commodity price movements for profitability and growth. As the cattle industry dominates this regional analysis, cattle price movements are graphed

Chart 10 traces out both nominal and real change in the weighted average saleyard price for cattle between 1986 and 2014. All LGD’s previously identified as losing population are cattle producing regions.

Chart 10



Compiled from ABARES commodity statistics 2014, Table 128 Australian Saleyard prices of livestock.

In constant 2011-12 prices, between 1986 and 2014, the real purchasing power of this weighted average saleyard price has fallen 29.4%. Population decline has been identified in this analysis as occurring between 2005 and 2009. Between 2005-2009, the weighted average constant saleyard price fell 22.5%.

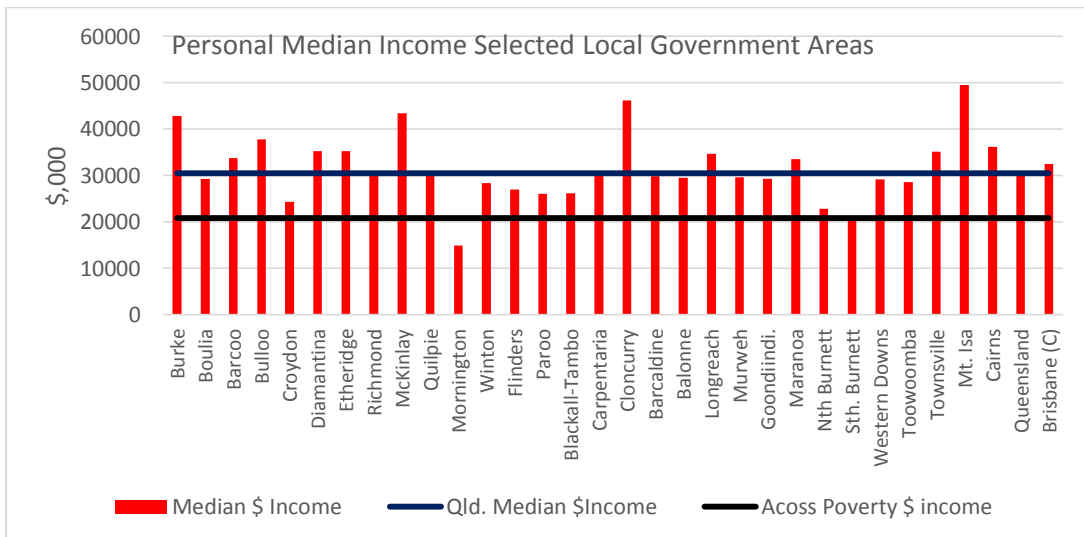
In other words, the purchasing power of cattle producers across pastoral Australia experienced a contraction in real income of 22.5%. Prices recovered from 2009 to 2011; but, then fell again 14% by 2013. Between 2005 and 2013, the purchasing power of the weighted average cattle price fell 26.8%. Over the longer term, between 1986 and 2013, the real or purchasing power of the weighted average saleyard price fell 29.4%. It is not surprising the LGD's with strong pastoral dependence lost population.

In nominal terms contraction in pastoral incomes fell by 12.2% between 2005 and 2009. In nominal terms prices recovered; but, in 2014 still remained 6.1% below the 2005 price. This fall in saleyard prices for cattle would flow through to all incomes. Regional communities would suffer along with producers. It is the long term purchasing power of cattle prices though that drive farm profitability and regional stability.

#### 4 Median Income

This section examines median income distribution across the selected regions. Firstly, personal median income is examined. Secondly, income by percentage distribution is analysed against Queensland and the ACOSS poverty line of 2011. ACOSS poverty line is from 2011 which is consistent with 2011 Census data

Chart 11

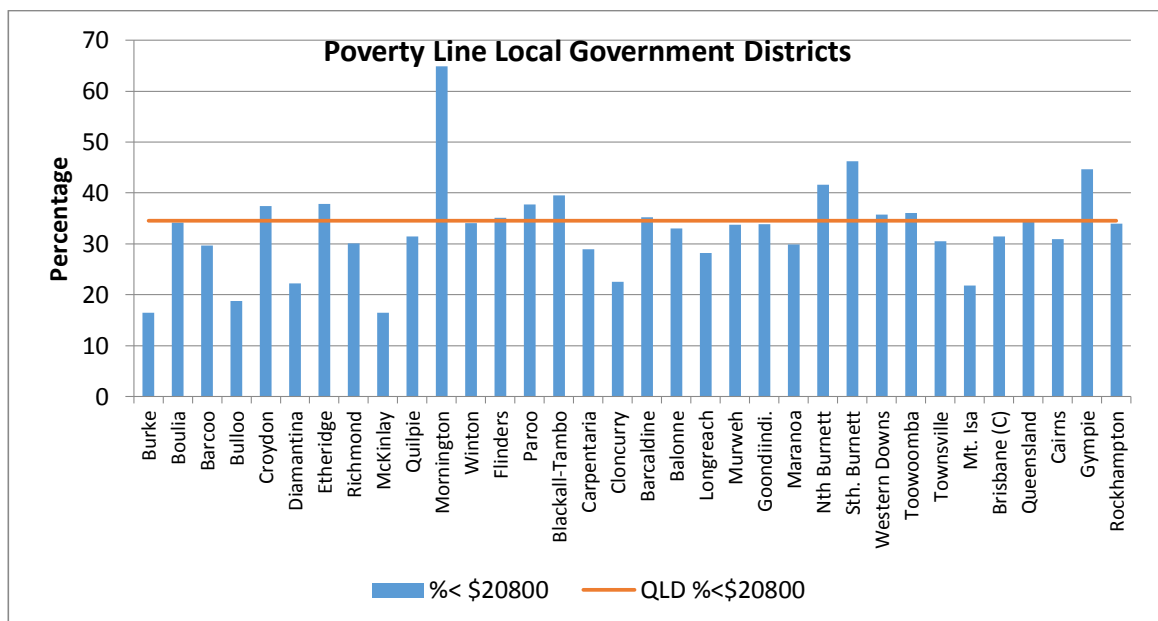


Median income is the level of income above which half the resident population lie whilst the other half lie below the median income. In simple words, median income divides the resident population in half i.e. above and below the median income.

- 41.9% of districts have median incomes above the Queensland average
- 58.1% have personal median incomes below the Queensland State median income.
- Two LGD's Mornington and South Burnett have median incomes below the ACOSS Poverty Income. In South Burnett, in 2014, 16,500 residents had personal incomes below the ACOSS poverty line.
- Both Western Downs and Toowoomba have median incomes below the State median income. When South Burnett is added to these two districts, they form the bulk of the Darling Downs agricultural region. Prosperity appears to elude residents in this recognized rich agricultural production region.
- Five LGD's with negative population growth have median incomes above the State average. Three of these LGD's have resident population below five hundred people.

### 5 Percent Income Distribution

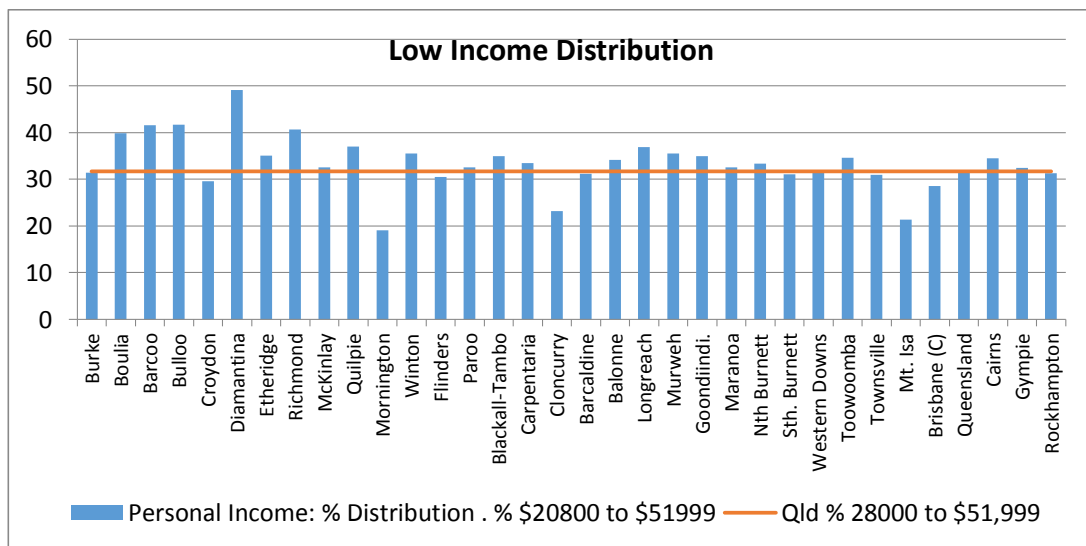
Chart 12





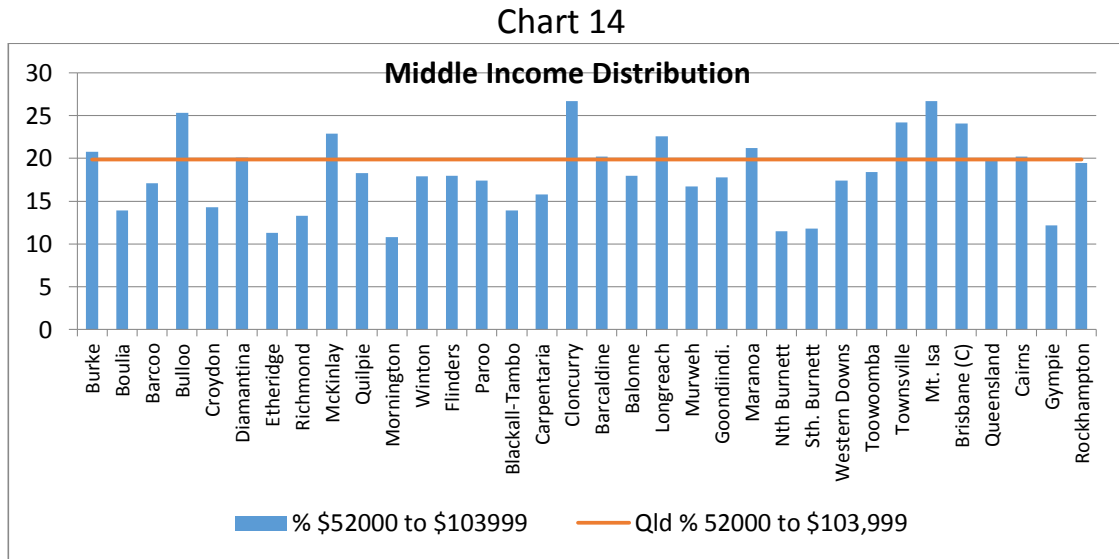
- 45.2% of sample LGD's have poverty line percentages on or above the Queensland average
- Five LGD's with negative population growth and high median incomes have percentage levels below Queensland. In 2014, Barcoo had 362 residents, Diamantina 292, Burke 559
- Mornington has 64.9% of its residents with personal incomes below the poverty line.
- South Burnett, North Burnett and Gympie all have poverty line percentages between 41% and 46%.
- Eight districts or 26% of LGD's have poverty levels well above the Queensland percentage. This suggests poverty is an entrenched policy problem in pastoral Queensland.
- North Burnett, South Burnett, Toowoomba and Western Downs have poverty percentages above the Queensland average

Chart 13



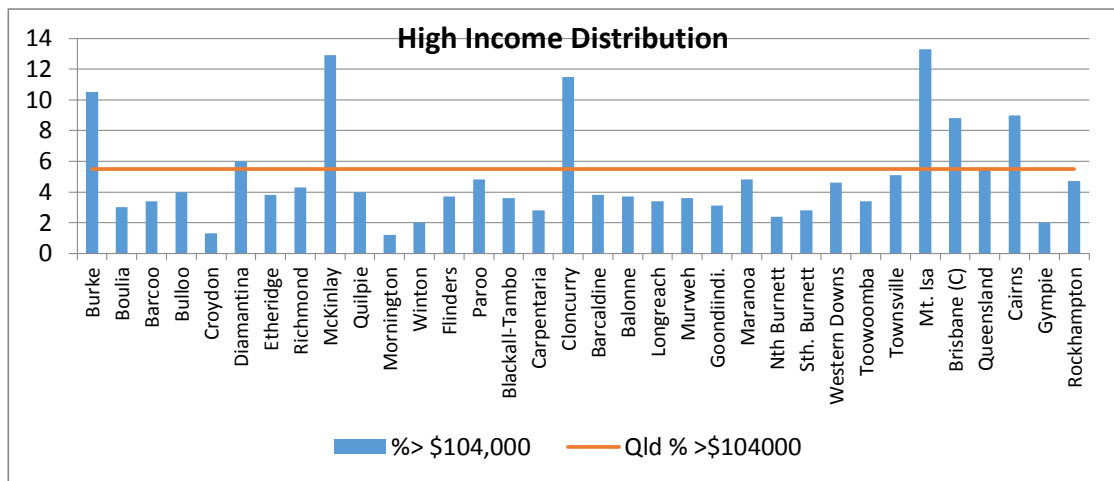
- With 77.4% of the sample group equal to or marginally above the state statistic this low income percentage dominates income distribution amongst selected LGD's
- Only three are substantially below the Queensland average: Mornington, Cloncurry and Mt. Isa
- This dominant low income distribution in regional analysis identifies that Queensland has inequitable distribution of income.

- Social welfare safety nets will not address inequitable income distribution. Inadequate profitability within the underlying industrial base lies front and centre to this policy problem



- Middle income distribution comprise less than a third of selected LGD's with percentages above the Queensland average. Two are regional cities Townsville 24.2% and Mt. Isa 26.7%. The other is Brisbane City 24.1%
- Two remote LGD's join Mt. Isa above the State average: Bulloo 25.3% with Cloncurry and Mt Isa on 26.7%.
- South Burnett, North Burnett, Gympie, and Mornington continue to underperform in Queensland income distribution
- Concentration of low incomes in the cluster of North. Burnett, South Burnett, and Gympie in S.E. Queensland becomes a sad comment on political and agricultural leadership in these regions

Chart 15



- This high income distribution has only six LGD's with percentage distribution substantially above the Queensland average.
- Three high income districts are cities: Brisbane, Cairns and Mt. Isa.
- In this income percentage distribution, four regional LGD's lead Queensland: Mt. Isa, McKinlay, Cloncurry, and Burke
- Mt Isa, 13.3%
- McKinlay ,
- Cloncurry, 11.5%
- Burke, 10.5%
- Cairns, 9%
- Brisbane City, 8.8%
- The regional LGD Diamantina is marginally above the Queensland statistic.

Four regional LGD's with such a high income distribution can be explained only by industry structures.

### 6 Employment by Industry

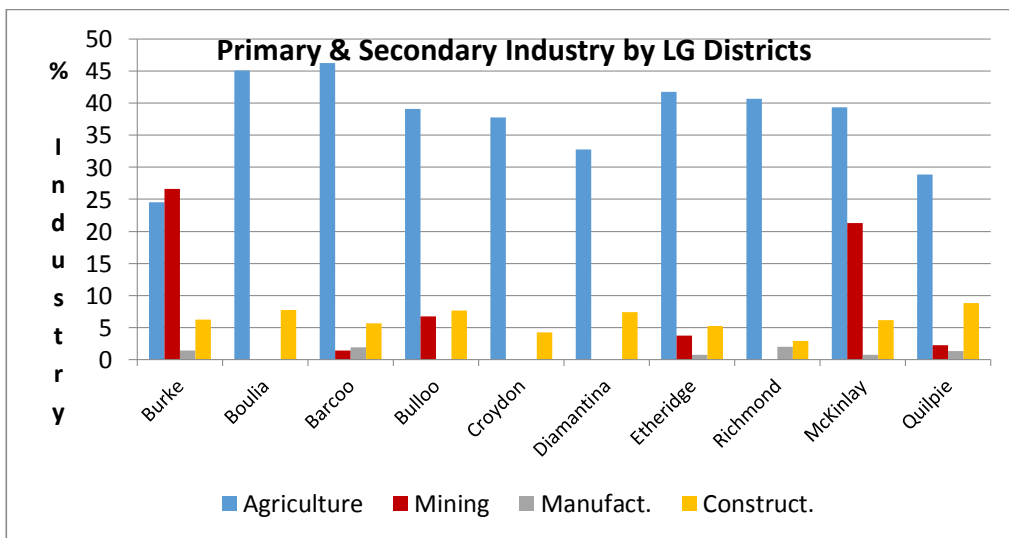
This section examines employment by industry structure in the sample group of LGD's. Of particular interest will be the industry structures in the negative population districts of Barcoo, Bulloo, Diamantina, Richmond, Quilpie, Winton, Flinders, Paroo, Cloncurry, Longreach, Murweh and North Burnet.

A second area of interest will be the four LGD's with high income distribution substantially above the Queensland average: Mt. Isa, Cloncurry, McKinlay, and Burke

A Third area of interest will be the two LGD's with high percentage income below the poverty line: Mornington and South Burnett.

Graphical analysis is one based upon employment levels in industry. Employment in primary and secondary industries are graphed separately. For each LGD, primary and secondary Industries are disaggregated into Chart A, Primary and Secondary Industries; and, Chart B, Service Industries

Chart 16 A

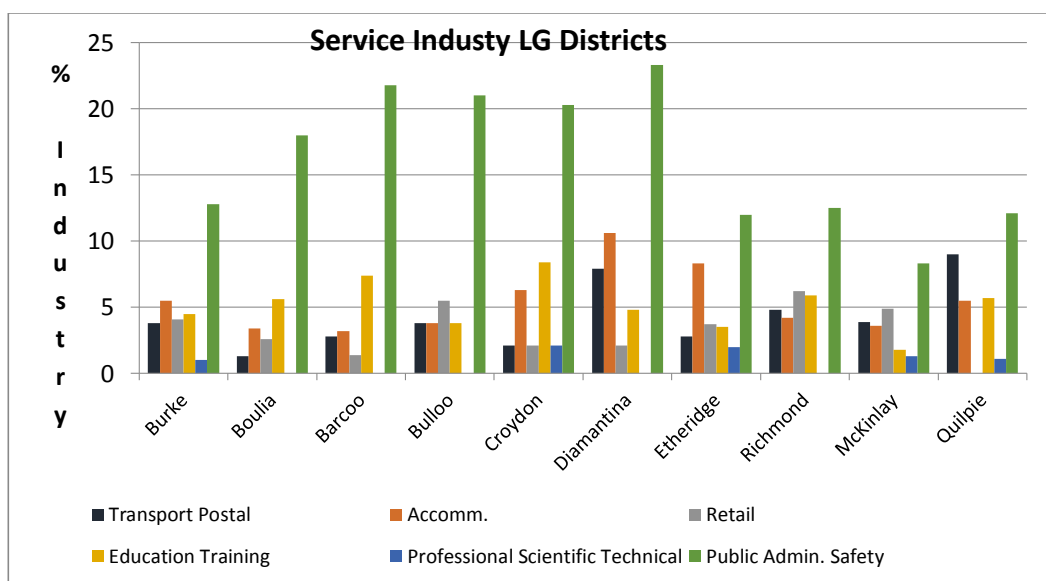


- Burke and McKinlay were two LGD's identified with high income percentages. Whilst Burke has a more balanced industry structure than McKinlay, mining contributes substantially to employment in

both. Resource industry salaries would offer an explanation of high income performances in these two regions.

- Quilpie Barcoo and Bulloo have negative population performances. Their small mining components have not been sufficient to offset negative population growth
- Low poverty percentages in both Burke , and McKinlay should not be a surprise given the industry structures in both districts
- Other LGD's that experienced negative population growth over the period 2004-14 were: Diamantina, Richmond, and Quilpie. All have pastoral dependent economies.

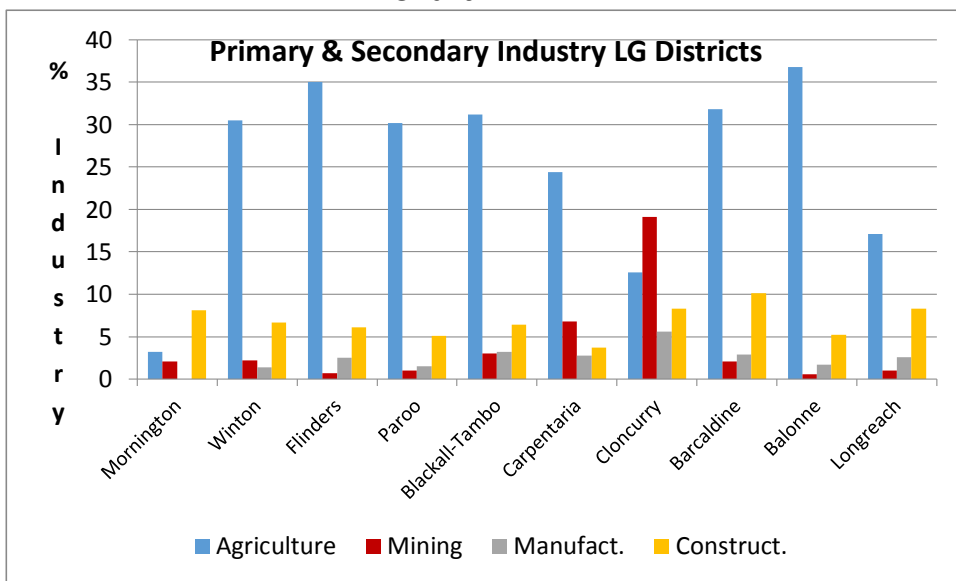
Chart 16 B



- Richmond and Barcoo led LGD population decline with -15.9% and -10.4% respectively between 2004-2014
- Quilpie, Bulloo, and Diamantina also lost population

- A strong public sector contributing above 20% employment has not prevented population decline in Diamantina; Barcoo Bulloo
- At 10.6%, Diamantina has the strongest employment contribution in accommodation and food suggesting tourism could be a factor in industry structure.
- Public Administration and safety dominate service industries in Boulia, Barcoo, Bulloo, Croydon, and Diamantina. Percentage contribution to employment ranges from 18% in Boulia to 23.3 % in Diamantina.
- High public administration employment has not prevented population decline in Barcoo, Bulloo, and Diamantina.
- Diamantina has a High income percentage marginally above the State average. Employment in the pastoral sector is supported by a strong public sector, and tourism. With only 292 resident population base, a few highly salaried public servants would explain the better than average high income percentage.

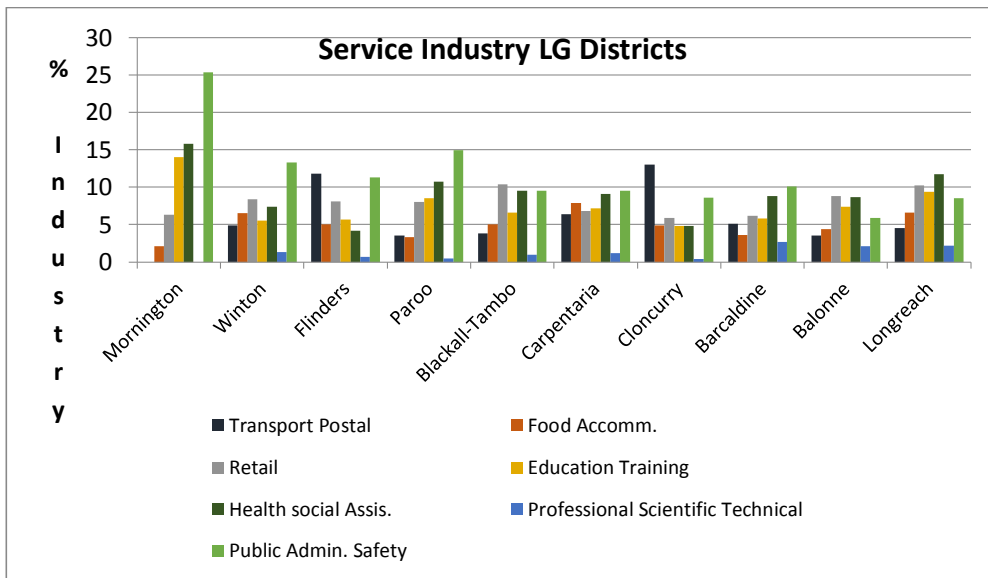
Chart 17 A



- This group captures predominantly northern Queensland pastoral LGD's.

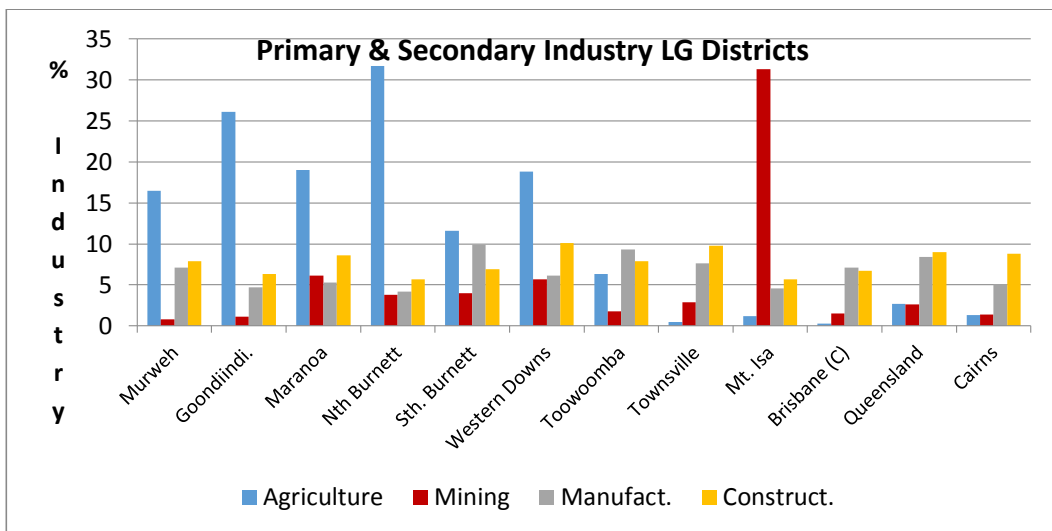
- Negative population growth occurred in: Winton, Flinders, Paroo, Cloncurry, Longreach, and Balonne. Except for Cloncurry, all these LGD's are pastoral industry dependent. The cattle industry would be sensitive to live export markets, falling real saleyard prices, and meat processors situated along the Queensland coastal strip and South east corner of the State.
- Population Growth occurred in Blackall- Tambo, Carpentaria, Barcaldine
- Cloncurry is included in this group. It had a high income percentage of 11.5% above the State average. The dominant industry in the Cloncurry LGD is mining supported by pastoral industries. The mining sector component would explain the high income statistic

Chart 17 B



- Mornington with a median income well below the ACOSS poverty line has a strong public sector: Public Administration 25.3%, Health Social Assistance 15.8%, Education and training 14%. Public sector employment does not by itself ensure a prosperous community.
- Transport employment of 5% and above is evident in a number of northern LGD's: Winton, Flinders, Carpentaria, and Cloncurry.
- Flinders and Cloncurry have above average employment in transport. Mining and transport dominate employment in this LGD which reduces dependence upon employment in the pastoral sector.

Chart 18 A

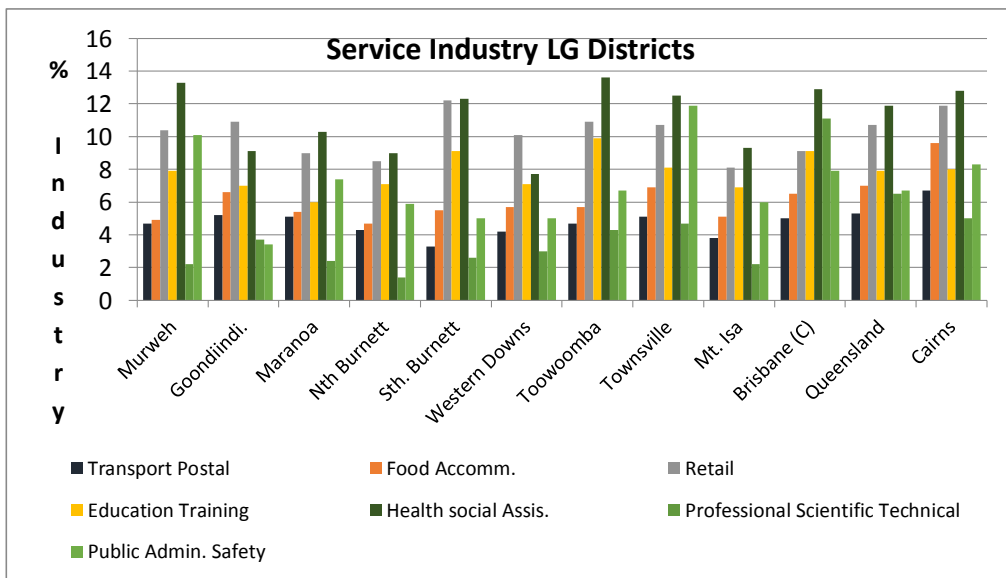




Except for Murweh with under 5000 residents, the remainder are large LGD's above 10 000 population bases. The group contains regional cities and Queensland average data.

- Murweh and North Burnett experienced negative population growth between 2004 -2015
- Murweh is centred around Charleville which is the dominant business centre for South west Queensland
- Mt. Isa, Brisbane and Cairns had high income percentages above the Queensland average. Mt. Isa led the sample group in high income distribution. Mining incomes dominate this regional economy.
- Agricultural dominant employment in Murweh, Western Downs, Maranoa, and Goondiwindi. All have below average High Income distributions.
- Murweh has an above average middle income distribution; but, also has an above average low income distribution. Overall, employment is deficient in High Incomes that are needed to rise average income for the LGD.
- Poverty percentages are above average in North Burnett, South Burnett, and western Downs

Chart 18 B

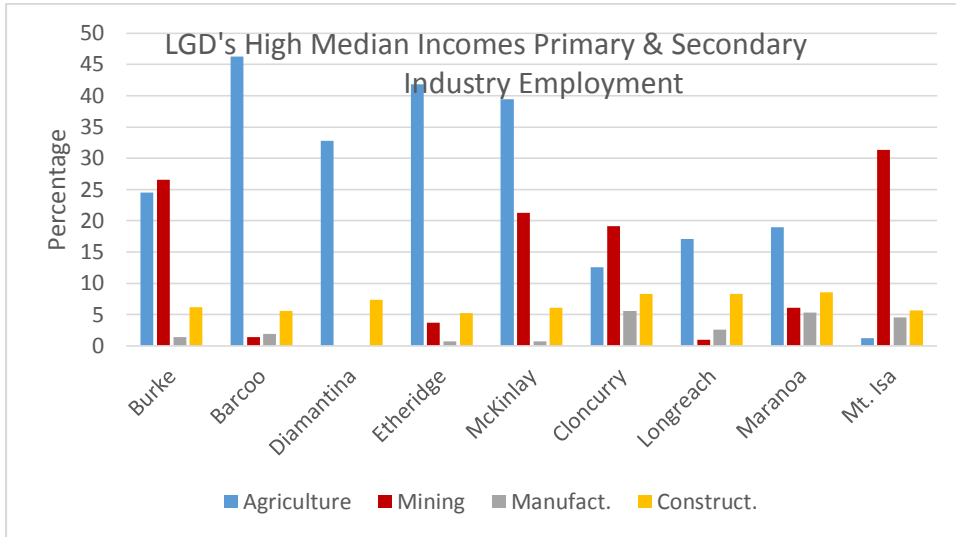


- Regional cities, Townsville and Cairns, are dominated by Health and Social Administration
- Cairns has a strong retail sector supported by accommodation and food.
- Townsville is also supported by Accommodation and food employment
- South Burnett has strong employment service sectors in health, retail and education. Sadly, incomes in three strong sectors outperform the State averages; but, fail to build an overall average income to an acceptable level.
- Murweh Health and Social Administration employment is above the Queensland average. Education is average for the State. These two sectors would explain the strong middle income distribution; but, other industries undermine the median income which is below the State average.

### *7 Findings*

This selection from the sample of regional LGD's have median incomes above the State average statistic. In 2014, they ranged in population size from 292 residents in Diamantina to 22,717 in Mt. Isa. Populations have contracted in Barcoo, Diamantina, Cloncurry and Longreach. Negative population growth in these cattle producing regions would have a high probability of being related to the serious decline in income purchasing power directly related to the sharp decline in saleyard cattle prices discussed in explained in Section 3

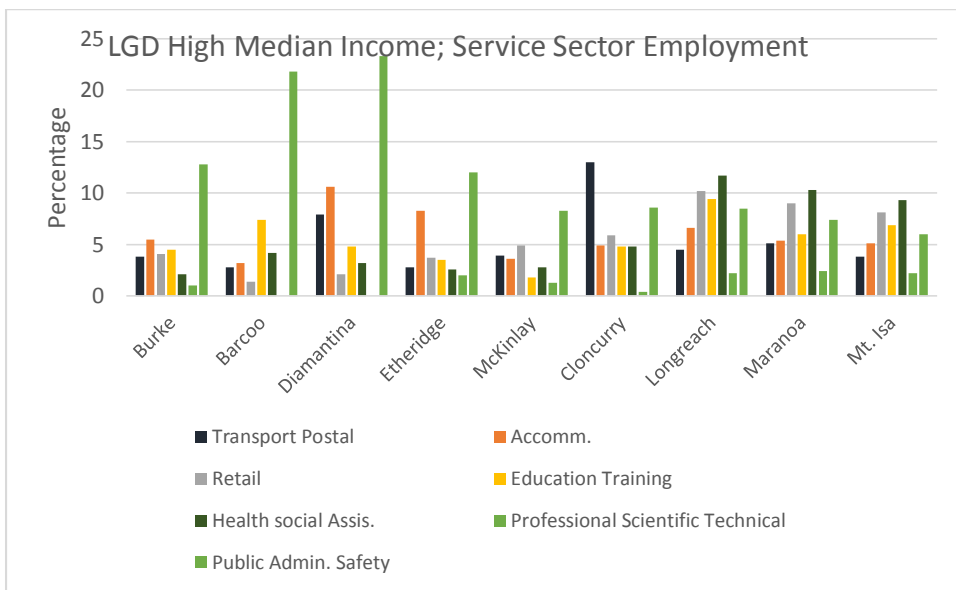
Chart 19 A



Mining dominates in Mt. Isa, Burke, Cloncurry, whilst offering strong employment diversification in McKinlay. The other four have minor employment support from the mining sector.

Barcoo, Diamantina, Etheridge, and McKinlay are dominated by agricultural industries supported by some mining employment.

Chart 19 B



Public Administration and Safety for Queensland comprises 6.5% of employment. All but Mt. Isa have strong public sector employment mix. Barcoo and Diamantina have agricultural dependence offset by employment in Public Administration comprising 21.8% and 23.3% respectively.

Longreach Education and Training employment at 9.4% is well above the Queensland average of 7.9%

Health service employment is below the State average of 11.9% across these LGD's. That needs policy attention

Diamantina has strong employment in transport which is not inconsistent with its geographical situation and isolation in Burke's Corner in the very far south west. Food and Accommodation are above the State average of 7% in Diamantina 10.6% and Etheridge 8.3%

### *8 The Policy Problem*

When employment becomes dominated by low income industries, young people will not remain in regional Queensland. Young rural people cannot be expected to tolerate the lifestyle of their parents. They will seek opportunities in urban areas which offer wider choices.

Industry diversification provides the only explanation for high median incomes in regional Queensland. Agricultural bases mixed with high income industries in mining and public sector employment account for what appears to be at first sight an anomaly in regional Queensland income distribution. The implication is that an industry policy should become a political priority. Industry policy should have a development direction to broaden and deepen narrow production bases in regional Queensland.

Policy strategy should embrace a reconstruction and development institution of some form. The proposed Queensland fund allocating funds on a cost benefit analysis is not the answer. Cost benefit decisions will always favour high density population bases. It will simply continue more of the same encouraging and support depopulation and industrial narrowing in regional Queensland.

This analysis demonstrates empirically that commodity groups concentrating on survival of industries have made themselves irrelevant to the needs of twenty first century rural Australia. High median incomes in selected LGD's show that non-farming sector industries have raised median incomes above the State average. Meanwhile industries represented by commodity groups are floundering in a mire of low commodity prices, high levels of debt, bank

foreclosures, insolvencies, suicides and rising levels of poverty. Reform of commodity representation and their role in policy formation is paramount to returning rural industries to profitability so they can lift regional economic performance.