

# Socio-Economic Profile

## *Manjimup SuperTown Growth Plan*

**FINAL DRAFT**  
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# Executive Summary

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## Introduction

SuperTowns (Regional Centres Development Plan) is a Royalties for Regions initiative to encourage regional communities in the southern half of the state to plan and prepare for the future so they can take advantage of opportunities created by Western Australia's population growth to 2050. Western Australia's population is predicted to more than double over the next 40 years to 4.9 million people.

The SuperTowns' vision is to have balanced communities, with lifestyle options and access to services. They will have affordable, quality housing and a diverse range of job opportunities. The towns will offer more choices for people to live in regional areas and an attractive alternative to living in the metropolitan area.

Nine SuperTowns were selected throughout Western Australia to achieve this vision and accommodate future population growth. Within the South West Development Commission (SWDC) Region the areas Manjimup, Collie and Augusta-Margaret River were selected as SuperTowns under the Royalties for Regions program.

This profile provides an overview of the current and historical trends for Manjimup Town, the designated SuperTown area, and the broader Manjimup LGA catchment, and will be used to inform the development of the Economic Development Plan for Manjimup under the SuperTowns initiative.

## Population & Demographics

After experiencing a declining population for many years, Manjimup Town experienced an increase in the population of 0.9% per annum (or 41 persons per annum) to 4,662 persons in 2010. This was in line with the broader Manjimup LGA growth trend, where Manjimup Town makes up 45.8% of the broader population.

Manjimup Town has a slightly younger population than the surrounding SWDC region, and slightly older than the State. This is in contrast to the broader Manjimup LGA region which typically has an older population that has been aging at a faster rate than the SWDC and Western Australia averages.

In line with the age profile, the majority of Manjimup's working aged residents have not completed year 12 and a high proportion hold certificate qualifications which is consistent with the skills requirements and Australian occupational profile of the agriculture and forestry sector but is also reflective of the reliance of the region upon migrants for labour to support this industry. As the next generation of the population is educated it is expected that skills and qualifications of Manjimup's residents will move towards the national average.

The Manjimup LGA occupational profile comprises a high proportion of blue-collar workers, with many of these being labourers. Manjimup Town has a higher concentration of blue-collar and service workers than compared with the surrounding Manjimup LGA.

Average incomes in the Manjimup Urban Centre are well below State and SWDC regional averages across all occupational types, however incomes are also generally higher in Manjimup Town than the Manjimup LGA whole of region average. Lower wages generally signal lower median dwelling prices, which is true for Manjimup Town. However, comparison of Manjimup Town's household incomes to median dwelling prices indicate that Manjimup Town's housing affordability is quite poor compared to the broader SWDC region and in line with the average affordability of housing for regional Western Australia - considered to be highly unaffordable benchmark by international standards.

Lower average incomes and relatively unaffordable housing in Manjimup Town will impact future population growth as this is a key consideration by households when moving to an area.

## Employment & Business Activity

The agriculture and forestry sector is Manjimup LGA's key employer. Within the Manjimup Town retail trade and manufacturing are also key employers, with 60% of Manjimup Town's manufacturing industry being wood product manufacturing and timber milling, due to the presence of three major timber mills within the Manjimup Town.

Manjimup Town also acts as the regional hub for business, industry and population services. The population service sectors of health care and social assistance, education and training and public administration and safety are also key employers for the Manjimup Town's resident population.

The Manjimup Town's manufacturing sector employment is primarily based on wood product manufacturing (58% of total manufacturing, or 6.6% of total Manjimup Town employment). This is due to the large amount of value adding wood production activity that occurs within the Manjimup Town due to the presence of three major timber mills.

Labour force and employment growth is steady but below regional and State averages, however, recent declines in the timber and logging industry have impacted local unemployment rates which increased in the lead up to and following the closure of major timber milling operations in Manjimup. However, following the announcement of the recent sale of timber assets in Manjimup LGA to Auswest, there is an expectation that unemployment rate trends will turn-around in 2012 due to the creation of an additional 55 timber industry jobs in the local economy.

Not surprisingly, the majority of Manjimup LGA's businesses are in the agriculture and forestry sector and almost 60% of the Manjimup's businesses are non-employing.

## Investment & Major Projects

Residential development has been increasing steadily over the past 10 years, however has dropped off in the most recent year due to a requirement for local residential land release.

There is currently a number of residential development projects planned in Manjimup LGA, with many of these being located in Manjimup Town, which should increase dwelling approval numbers in the future. Planned Manjimup Town developments include development of residential lots at Lakeside, Tobin Road, the North Manjimup rural residential development (South Western Highway) and approved subdivisions on Stokes and Johnston streets.

Release of all of these lots will see the potential for over 120 residential buildings to be developed in the Town. Development of a retail shopping complex on Mottram and Ralston Streets (approved) will meet the retail service needs of the growing population.

A major Biomass Power Generation Plan has also obtained development approval in Manjimup Town. The Diamond Mill Power Plant will be a 40MW facility that is expected to create economic benefits to the local Manjimup economy (WA Regional Newspapers, 2011).

## Economic Growth

Manjimup LGA's estimated Gross Regional Product (GRP) has grown steadily by an average of 6.7% per annum since 2006-07 to over \$527.2 million in 2010-11, although the region's growth was upstaged by the stronger growth of the wider Western Australian economy over the four year period.

The agriculture and forestry industry generated the highest proportion of industry value-add for Manjimup in 2010-11, accounting for over 15% of the economies total value-add.

Manjimup LGA's reliance, and subsequently the reliance of Manjimup Town, on the agriculture and forestry poses a potential risk to the sustainability of the Manjimup economy. Such a heavy reliance on individual sectors exposes the wealth and well-being of residents to the volatility of that industry – and in the case of export industries, the volatility of international markets and world prices.

Manjimup Town will need to diversify and broaden its economic base into other industries (or at least new areas *within* its favoured agricultural, timber and horticultural industry), so as to ensure the region's long term sustainability and reduce its susceptibility to shocks in individual sectors.

This diversification will need to come from leveraging the region's existing strengths in agriculture and forestry to undertake higher value-adding activities. Diversification of industry and job creation outside of these core sectors will also be important for sustaining population growth, as will be the provision of infrastructure and services for the local population.

**Figure ES.1: Industry Structure**



Source: AECgroup

A number of avenues exist to leverage this industry strength to drive diversification, some of which have been put forward by this report, including the facilitation of FIFO workforce programs, and industry support and marketing of viticulture, green tea and truffle products.

## Conclusion

Manjimup Town has experienced relatively flat population growth over the past four years. Compared to the broader LGA, Manjimup Town has a relatively young population, and more in line with broader SWDC regional trends. Individual incomes are well below regional and State averages across all occupations and while house prices are comparatively inexpensive, housing affordability is poor due to correspondingly low household incomes.

The agricultural sector, which dominates economic and industry activity, is domestically oriented and price taking, focused on vegetable and fruit production for the Western Australian market. Despite this, good examples exist of niche export oriented production, which are receiving higher returns from an international market increasingly concerned about food security.

Timber has and will continue to undergo a transition in the medium term, following considerable upheaval in the industry over the past decade. Uncertainty in timber production undermines the investment prospects in sawmilling and value-adding, constraining the sector and its contribution to the local economy.

All of these factors contribute to a depressed economic environment in Manjimup LGA, and subsequently Manjimup Town, at present. Despite this, underlying competitive advantages in agriculture, timber and associated value-adding remain. More effective utilisation of these assets, through export-focused service-based value adding, is required to promote and encourage greater levels of economic prosperity and activity for businesses and residents alike and support the growth of Manjimup Town as a SuperTown in the future.

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# 1. Introduction

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## 1.1 Background

In recent years, a combination of robust migration-led population growth and increasingly constrained metropolitan housing markets has led to an increase in median house prices across the Perth urban area and a significant deterioration in housing affordability. The lack of population decentralisation in Western Australia limited the capacity for the State as a whole to accommodate new residents without rapid price growth, due to limited genuine alternate residential centres outside of the metropolitan area.

To provide greater levels of residential housing choice for a growing population and to capitalise on existing infrastructure and capture a greater share of increased business investment in primary industries, the Department of Regional Development and Lands, through the royalties for regions program, established the Regional Centres Development Plan. In this Plan, nine regional centres or “SuperTowns” were identified, with one of these being Manjimup.

The Shire of Manjimup (or Manjimup LGA) is one of the twelve LGAs located in the South West Development Region<sup>1</sup> in Western Australia, with Manjimup Town (or Urban Centre) being named as one of the nine SuperTowns. Augusta-Margaret River and Collie were also named as SuperTowns within the South West Development Region. The Shire of Manjimup's leading sector is the agriculture and forestry sector, where the Manjimup timber industry is the centre of forestry activity in the South West. Plantations are becoming a significant part of timber production in the area with a large percentage of timber products exported through the Port of Bunbury. The Manjimup LGA area is also host to many vineyards, horticulture and farming operations. Manjimup Town acts as the hub for agriculture and forestry activities of the broader LGA and acts as the business, industry and population service centre for the catchment.

The SuperTowns vision is to have balanced communities, with lifestyle options and access to services, with affordable, quality housing and a diverse range of job opportunities, offering an attractive alternative to living in the metropolitan area.

## 1.2 Project Overview

Each SuperTown is required to prepare an Economic Development Growth Plan to assist and guide the town during this growth phase.

The Economic Development Growth Plan will build on the existing strategic framework of each Shire and identify specific opportunities for economic development. This will complement, stimulate and strengthen the Growths Plans for the region. A key component of the plans will be an implementation framework comprising strategies and programs to align delivery partners, attract funding and facilitate action and investment to achieve a local vision for growth.

In the development of an Economic Development Growth Plan for the Manjimup Town, the following reports will be developed:

- Socio-Economic Profile
- Opportunities and Gap Analysis
- Economic Development Plan

## 1.3 Report Structure

This report comprises the **Socio-Economic Profile** for Manjimup Town and the broader Manjimup LGA. The report provides key economic and socio-economic statistics for Manjimup and the broader region to assist in understanding the trends and influencing

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<sup>1</sup> The South West Development Region is comprised of the LGAs of Bunbury, Augusta-Margaret River, Boyup Brook, Bridgetown-Greenbushes, Busselton, Capel, Collie, Dardanup, Donnybrook-Balingup, Harvey, Manjimup and Nannup.

factors of change that are impacting the region. Where possible statistics are broken down further to focus on the Manjimup Town<sup>2</sup>, the designated SuperTown. This report will act as a key information tool and will provide input in the development of the *Economic Development Plan*.

This report is comprised of the following key sections:

- **Introduction** – Overview of the project’s background and purpose of the study.
- **Population and Demographic Profile** – Outline of the town’s history, population growth, demographic data and socio-economic characteristics.
- **Employment and Business Activity** – Overview of labour force, employment by industry, employment by occupation and business characteristics.
- **Investment and Economic Growth** – Outline of residential and commercial approvals, property market characteristics major public and private sector investments and projects and their likely impact on the region, as well as estimation of Manjimup LGA's current Gross Regional Product.
- **Conclusion** – Summary and evaluation of key economic and socio-economic statistics for Manjimup Town.

## 1.4 Geography

Data in this report is presented for the Local Government Area (LGA) of Manjimup, which primarily comprises the urban areas of Manjimup Town and surrounding areas. Statistics in the report are primarily provided for the overall LGA, however, where relevant and available, data is reported for the Manjimup Town.

In order to compare the area’s profile to other regions, and better understand its key features and strengths, statistics are benchmarked against Perth Statistical Division (SD) and Western Australia. In addition, where relevant, figures are also benchmarked against South West Development Commission (SWDC), which comprises the LGAs of Augusta-Margaret River, Boyup Brook, Bridgetown-Greenbushes, Bunbury, Busselton, Capel, Collie, Dardanup, Donnybrook-Balingup, Harvey, Manjimup and Nannup. This approach recognises the strong interrelationship that currently and will continue exist between Manjimup LGA and the surrounding South West region and the need for the benefits of the Manjimup Town's evolution to a SuperTown to flow through to surrounding townships and areas.

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<sup>2</sup> Statistics are not widely available for the Manjimup Urban Centre. Where applicable the statistics for both the Manjimup Urban Centre and Manjimup LGA are reported. Some sections of this report will be limited to the Manjimup LGA depending on availability of Urban Centre data.

## 2. Population & Demographic Profile

This section provides an overview of historical and current population, demographic and socio-economic trends in Manjimup (LGA and Town) and the impact of achieving aspirational population target for the Manjimup Town in the future.

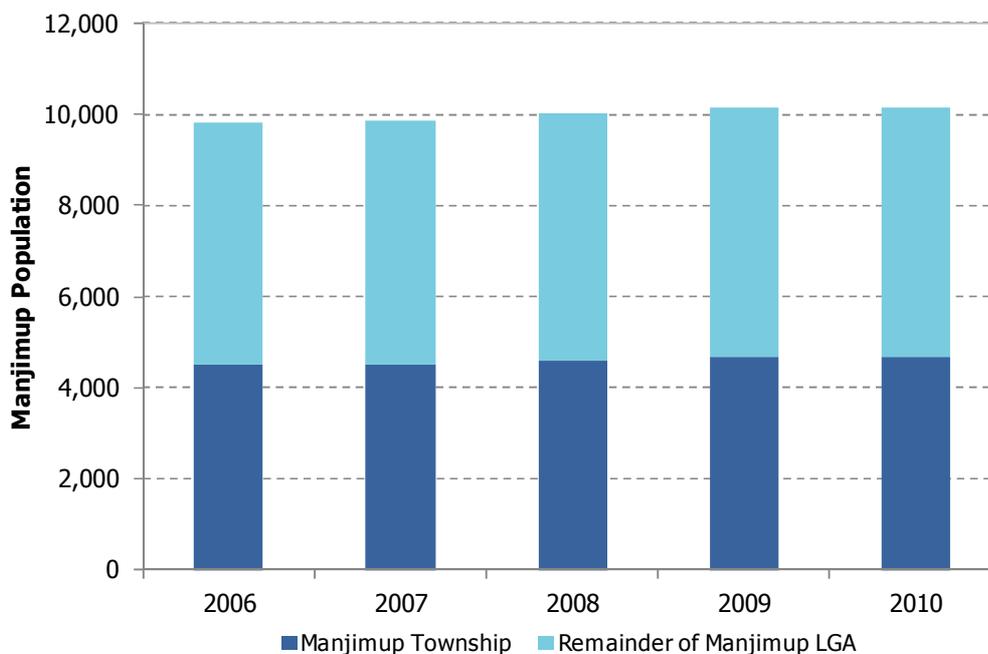
### 2.1 Population & Demographics

#### 2.1.1 Historical Population

Since 2006 the Manjimup LGA's population has experienced growth at an average rate 0.9% per annum (an average of 90 additional residents per year) to 10,159 people in 2010. This growth resulted in the expansion of the Manjimup Town population from 4,487 to 4,652 residents over the period, equating to 45.8% of the LGA's population.

This recent growth in the Manjimup Town's population is considerably lower than the SWDC region (which has seen average annual growth of 2.5%), which has been driven in large by population growth of coastal regions including Augusta-Margaret River (2.3% p.a.), Busselton (3.6% p.a.), Capel (7.3% p.a.), Dardanup (4.3% p.a.) and Harvey (3.0% p.a.).

**Figure 2.1: Population Growth Comparison, 2006-2010**



Source: ABS (2007), ABS (2011)

#### 2.1.2 Population Projections

Population projections for Manjimup LGA are presented from three different sources – the Federal Government Department of Health and Ageing, the Western Australia Planning Commission and more recently from the Manjimup Shire Council.

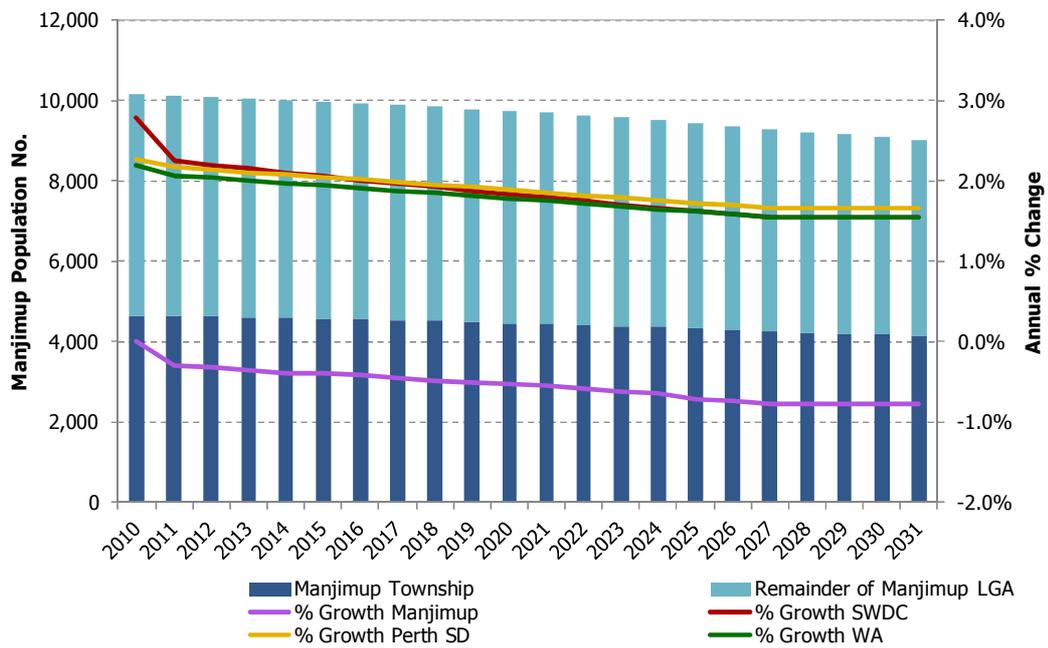
**Commonwealth Government Department of Health & Ageing**

The Commonwealth Government Department of Health and Ageing projections were published in 2007 and are based on 2006 Census and Estimated Resident Population (ERP) figures (Figure 2.2). As such, these projections do not take into account the recent population growth in the Manjimup LGA between 2006 and 2010, but rather estimate a declining growth trend of 0.6% per annum to 9,012 persons by 2031 (a loss of 55 people each year).

Further analysis of these projections suggests that the Manjimup Town population will decline by 26 people per annum to 4,127 persons in 2031.

These projections are based primarily on a consideration of demographic drivers, reflecting the use of the projections nationally for the purposes of health and aged care funding.

**Figure 2.2: Manjimup Projections, Federal Government Department of Health and Ageing 2010-2031**



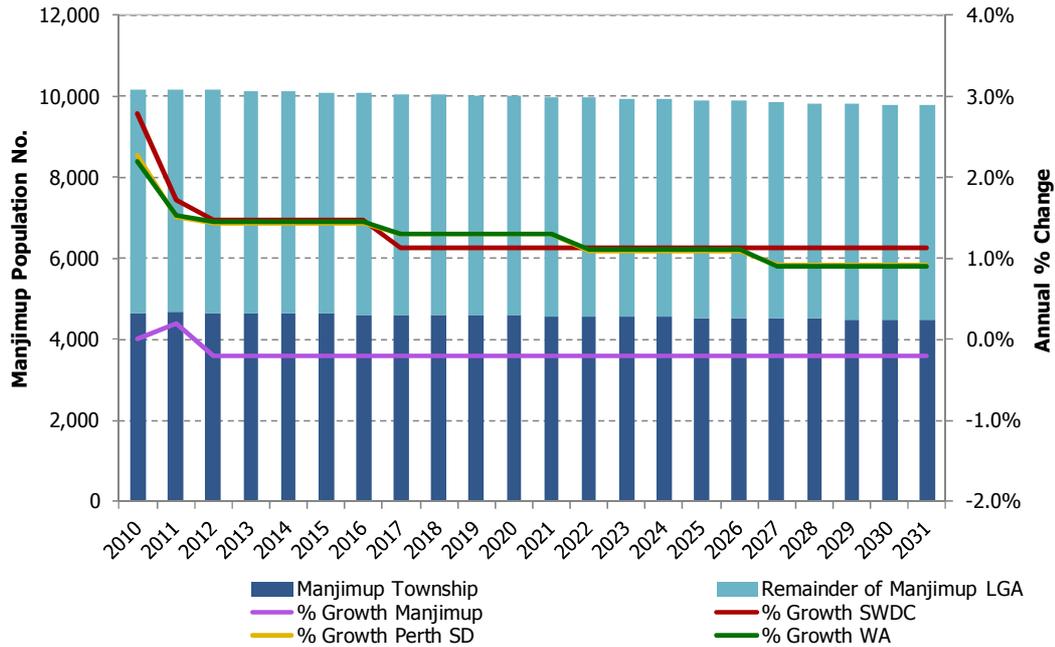
Source: Federal Government Department of Health and Ageing (2007)

**Western Australia Planning Commission**

The *Western Australia Planning Commission* (WAPC) projections were released in 2005 and are also based on older population data, therefore not taking into account the recent growth of Manjimup LGA population. As a result, these projections are also expected to underestimate future growth. Similar to the *Commonwealth Government Department of Health and Ageing* projections, the WAPC projections indicate a declining growth trend of 0.2% p.a. to 9,779 persons by 2031 for the Manjimup LGA (refer to Figure 2.3).

This equates to an estimated declining population in the Manjimup Town of nine people per annum to a total of 4,478 persons by 2031.

**Figure 2.3: Manjimup LGA Projections, Western Australia Planning Commission 2010-2031**



Source: Western Australia Planning Commission (2005)

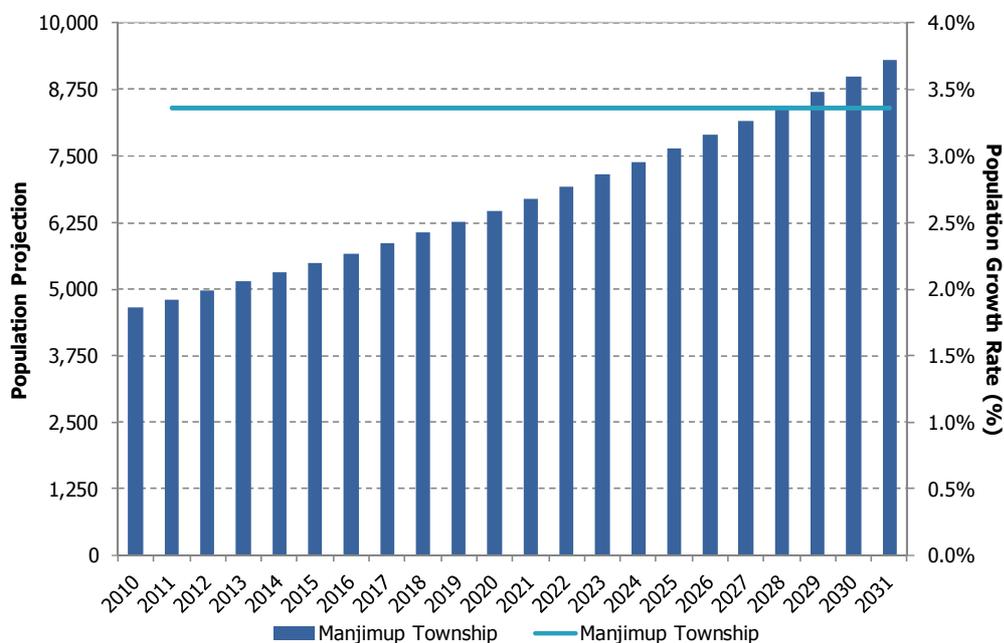
*DoHA and WAPC projections estimate that the population of the Manjimup Town and the broader Manjimup LGA will decline over the next 20 years. These projections do not consider recent population growth trends experienced by the region since 2006 and are likely to underestimate natural growth trends. However, over the past year the Manjimup Town population has held steady 4,652 people, highlighting that any population growth targets for the future of the region will need to be supported by a strong economic development and community plans to ensure that sustainable growth is achieved.*

### **Manjimup SuperTown Growth Target**

Under the SuperTowns growth plan, the aspirational growth target for the Manjimup Town is a doubling of the population by 2031, which according to current population levels, is equivalent to an average 3.4% growth in population per year. Figure 2.4 shows Manjimup Town's anticipated growth trend of 3.4% per annum to 9,305 residents by 2031, which is equivalent to an additional 222 residents each year. This is above the historical and projected growth rates for the South West Development Region, Perth Statistical Division (SD) and Western Australia.

In order for the SuperTown population projection target to be achieved in the Manjimup Town there is an immediate need to sustain and build on the recent population growth trends seen in the area. That is, since 2006, Manjimup LGA has been attracting an average of 90 residents per year with 41 of these being attracted to the Manjimup Town. This is well below the target level of 222 residents to be attracted to the Manjimup Town in order to meet the target level. Proactive planning schemes, infrastructure and community services will be required to support population growth. Investment attraction, industry growth and diversification of the economic base will also be critical to support job creation and the overarching sustainability of the economy.

**Figure 2.4: Manjimup SuperTown Population Target, 2010-2031**



Source: Shire of Manjimup (2011)

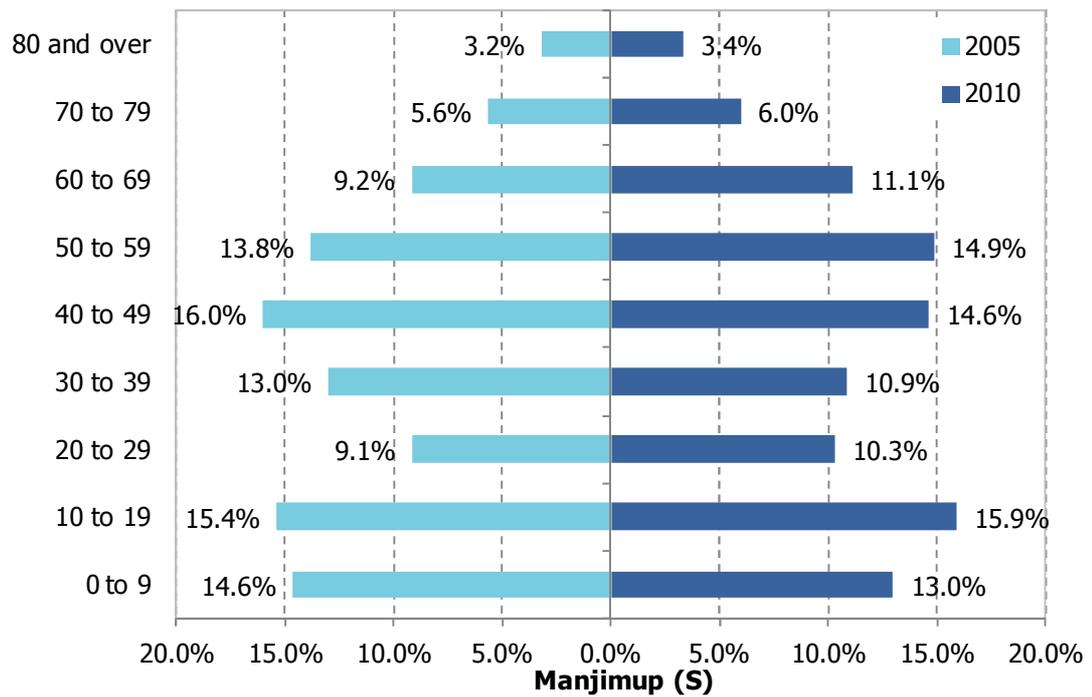
### **2.1.3 Age Structure**

Manjimup LGA has an older population than the SWDC and Western Australia. In 2010, the Manjimup LGA average age was estimated to be 38.2 years. The Manjimup LGA population is also ageing at a faster rate than the broader SWDC Region (up 0.6 years) and the State (up 0.4 years), having increased its average age by 1.2 years since 2005. This rapid rate of ageing of the local Manjimup LGA population is largely due to a high proportion of retirees.

As a rural farming community, the lifestyle and local industry is attractive to part-time retirees and the more mature population, with many residents either continuing family farming and plantation activities well into the typical retirement years, or other new "hobby" farmers investing and migrating into the region as 'part-time retirees'. In short, almost 30% of the Manjimup LGA population is aged over 60 years, compared to the Western Australia average of 25.6%.



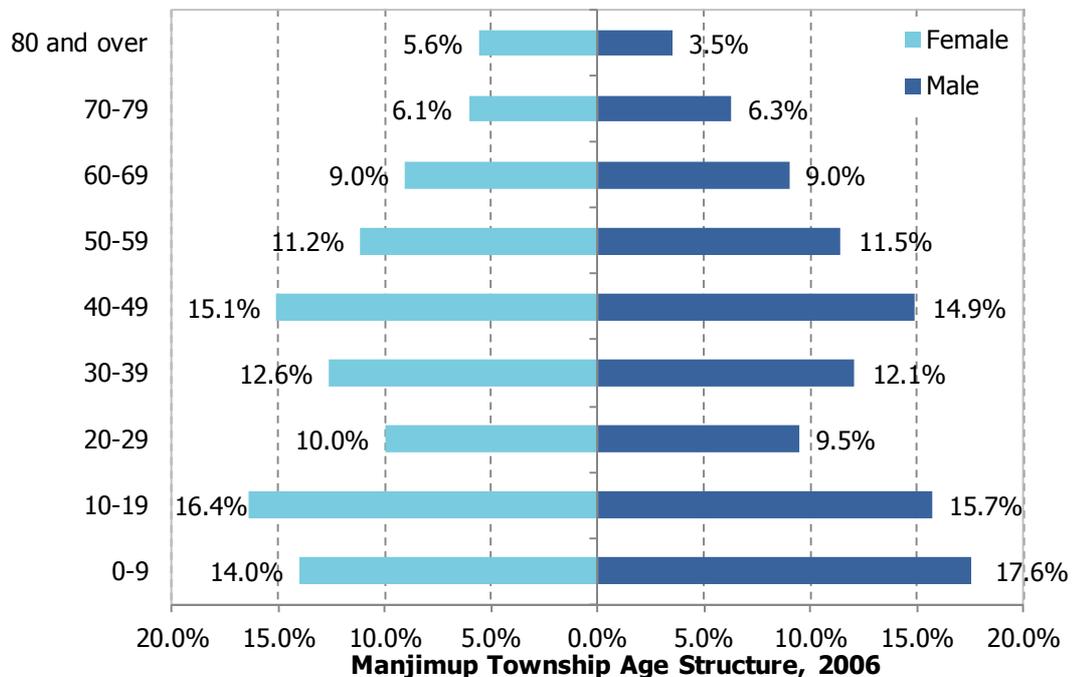
**Figure 2.5: Age Distribution, Manjimup LGA, 2005-2010**



Source: ABS (2011)

The Manjimup Town has a younger population than the average across the Manjimup LGA, with 46.1% of the Town’s population aged 40 years and above in 2006 relative to 48.9% across the entire LGA. This is slightly below the average for the entire SWDC region, highlighting that the Manjimup Town has a relatively good retention of its youth compared to the broader region.

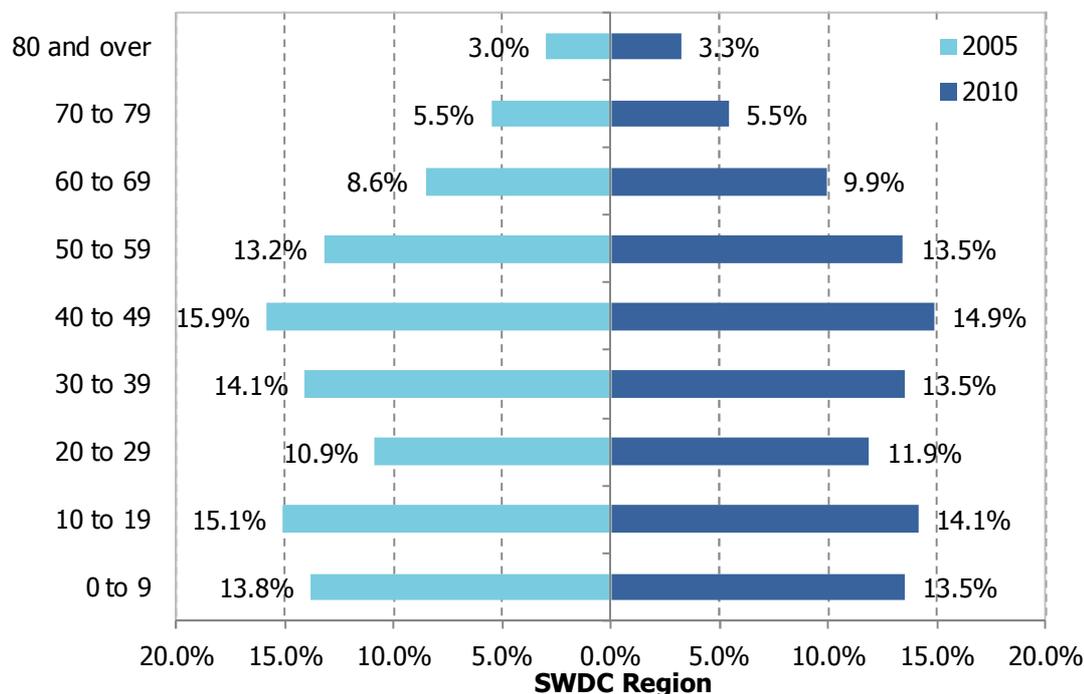
**Figure 2.6: Age Distribution, Manjimup Township, 2006**



Source: ABS (2007)

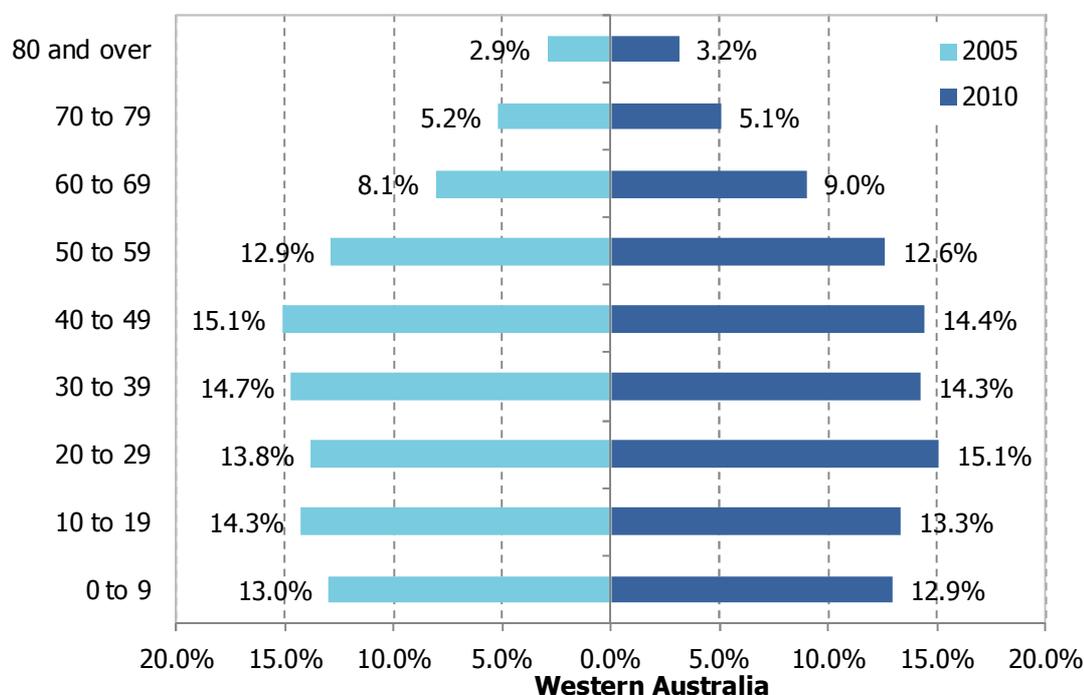
Figure 2.7 and Figure 2.8 show the age distribution for the SWDC Region and Western Australia. Comparison of 2005 to 2010 average age changes show that Manjimup LGA has aged at a faster rate than the regional and State trends over the past five years.

**Figure 2.7: Age Distribution, South West Development Region, 2005-2010**



Source: ABS (2011)

**Figure 2.8: Age Distribution, Western Australia, 2005-2010**



Source: ABS (2011)

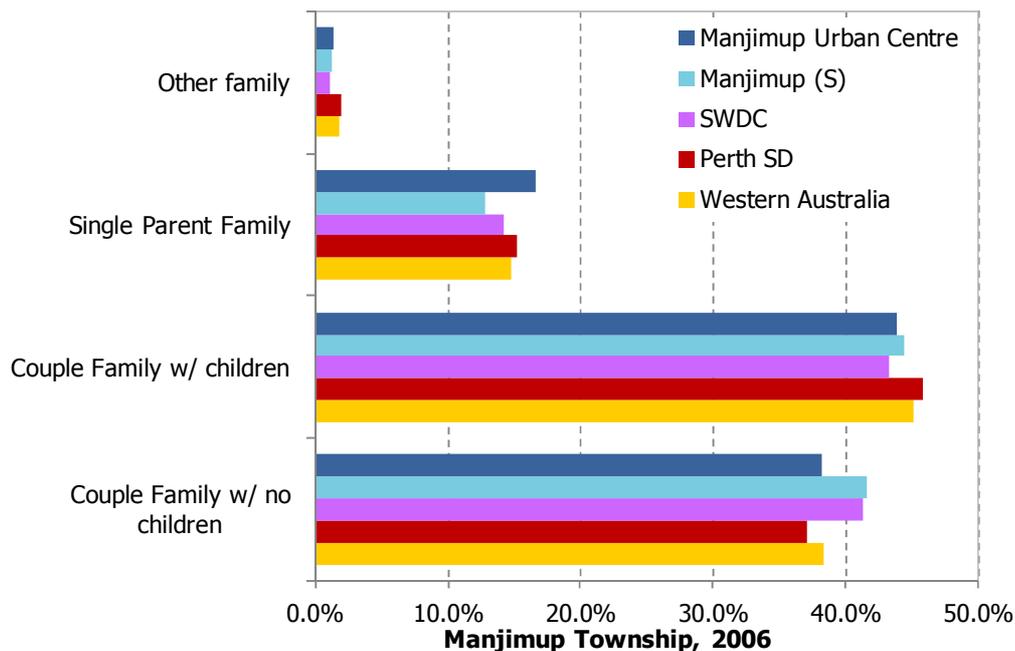
A rapidly ageing population puts upward pressure on demand for aged care and health services. As the primary service centre for the Manjimup LGA, the Manjimup Town will

need to look at strategies for supporting the needs of its ageing population over the next 20 years.

### 2.1.4 Family/Household Types

The Manjimup Town follows a similar trend to Manjimup LGA, the wider SWDC region and Western Australia in terms of family structure with couple families with children being the highest represented family type in the Manjimup Town. The Manjimup Town also has a significantly higher proportion of single parent families with children than the broader Manjimup LGA, SWDC and State averages.

**Figure 2.9: Family/Household Type, Manjimup Township, 2006**



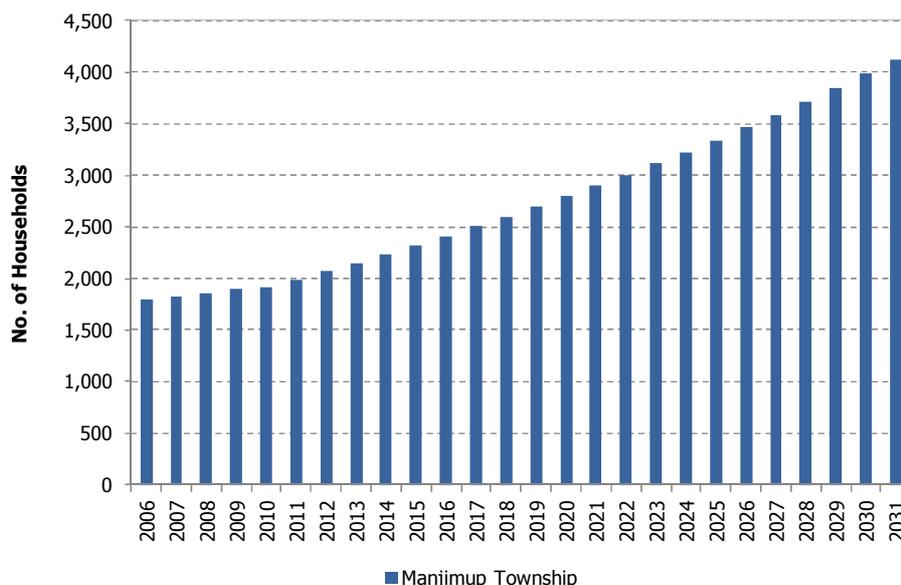
Source: ABS (2006)

### 2.1.5 Household & Dwelling Growth

The total number of dwellings in the Manjimup LGA has grown from 1,795 dwellings in 2006 to 1,993 in 2011, an increase of 11.0%. The proportion of these dwellings that are classified as detached dwellings has fallen slightly over that time period, down from 89.2% of total dwellings in 2006 to 84.8% of total dwellings in 2011.

The average household size in the Manjimup Town was estimated to be 2.5 persons per household in 2006. If Manjimup Town's average household size decreases at the rate of regional WA projections (ABS, 2010) to 2.3 persons per household by 2031, there would be a requirement for an additional 2,226 dwellings to be built between 2010 and 2031 to support the SuperTown's population growth target of 9,305 residents.

**Figure 2.10: Forecast Household Growth, Manjimup Township, 2006-2031**



Source: ABS (2007), ABS (2010)

## 2.2 Socio-Economic Characteristics

The Manjimup Town and surrounding LGA has a unique set of socio-economic characteristics that differentiate it from other regional centres. AECgroup has analysed key indicators including education and qualifications, occupation, income and house price-based wealth and affordability.

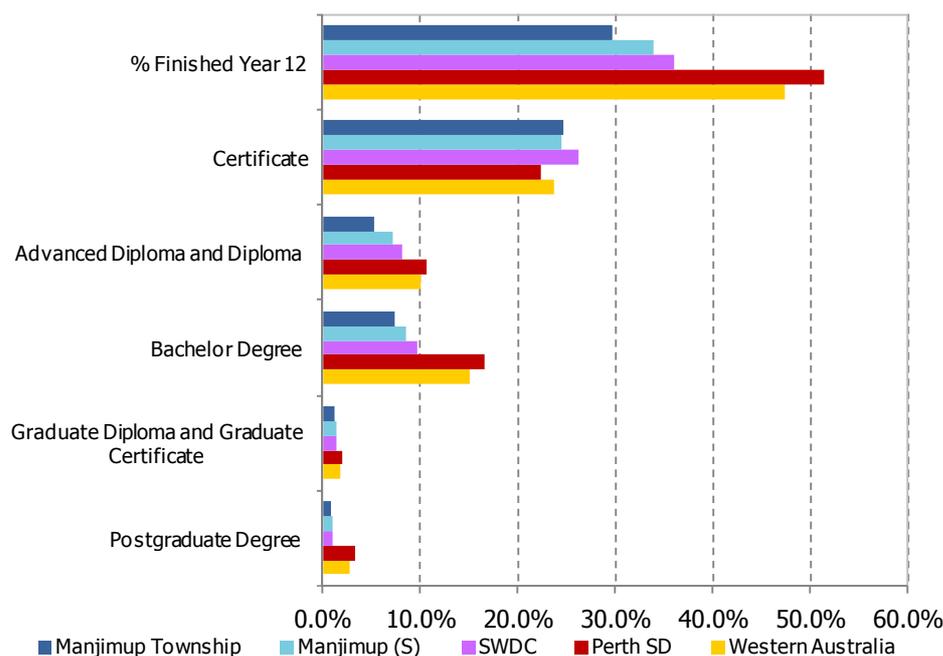
### 2.2.1 Education/Qualifications

Only 29.6% of the Manjimup Town's working aged population (15 years and over) have completed year 12. This is considerably lower than the Western Australia average (47.5%) and below the average for the broader SWDC region (36.0%). Likewise Figure 2.11 shows that Manjimup Town residents are far less likely to have a bachelor's or a postgraduate degree than the Western Australian average, although more likely to hold certificate qualifications.

This trend can be attributed to the nature of industry and the associated skills demand in Manjimup LGA, with the area heavily dependent on the agricultural and forestry sector and the qualifications required more likely to be certificate and trade type qualifications. The agriculture and forestry sector in Australia is also traditionally populated by a highly skilled workforce above the age of 50 years with no formally recognised qualifications. With Manjimup's leading industry being agriculture and forestry and a high proportion of these workers being over the age of 50 years given the age profile, this is likely to be the case for Manjimup.

The historically low level of year 12 completion and post-school qualifications can also be attributed to the reliance of the region on a migrant population to fill labour shortages and needs of the agriculture and forestry industry. As a result, the labour oriented workforce has traditionally had limited english language skills and lower educational qualifications. As the region evolves and the next generation of the population is educated, it is expected that the Manjimup Town's educational and qualification trend will move to be closer to regional and State averages - particularly for statistics surrounding completion of Year 12.

**Figure 2.11: School & Post-School Qualifications, 2006**



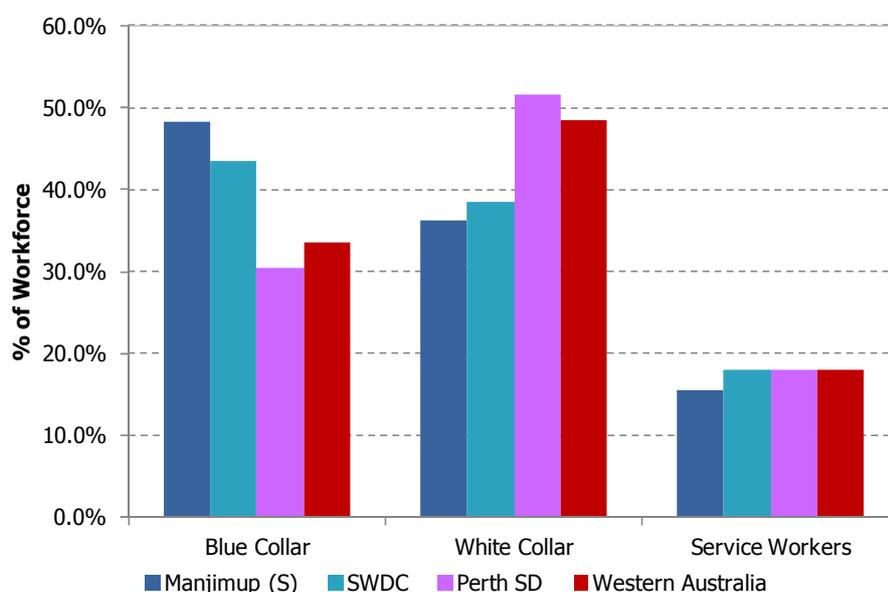
Source: ABS (2007)

### 2.2.2 Occupation

Manjimup LGA has a predominantly blue-collar workforce. In 2008-09, 48.2% of Manjimup LGAs workers were employed in blue-collar jobs, slightly above the SWDC region average (43.5%) and significantly higher than the Western Australia average (33.6%). This is consistent with post-school qualifications trends in Figure 2.11.

Further analysis of occupation statistics indicates that this is due to Manjimup LGA's higher proportion of labourers (28.1%) - which is 2.3 times higher than the State average for labourers (11.9%) and 1.6 times greater than the average for the SWDC (17.9%). This clearly highlights the lack of diversity in employment options and the reliance of the Manjimup LGA economy on the agricultural and forestry sector.

**Figure 2.12: Employment by Occupation, 2008-2009**

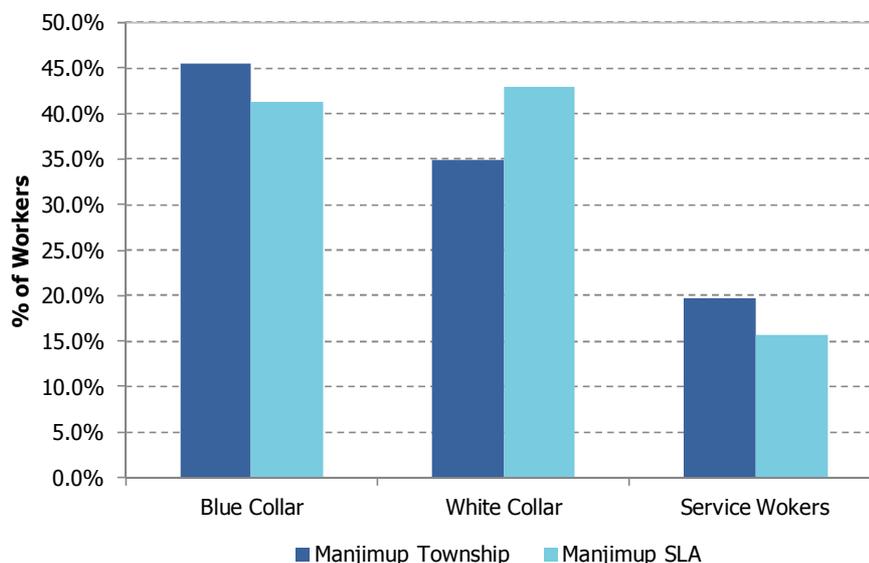


Source: ABS (2011)



Further analysis of 2006 Census trends shows that the Manjimup Town has higher proportions of blue collar workers and service workers than the broader Manjimup LGA.

**Figure 2.13: Employment by Occupation, 2006**



Source: ABS (2007)

### 2.2.3 Income

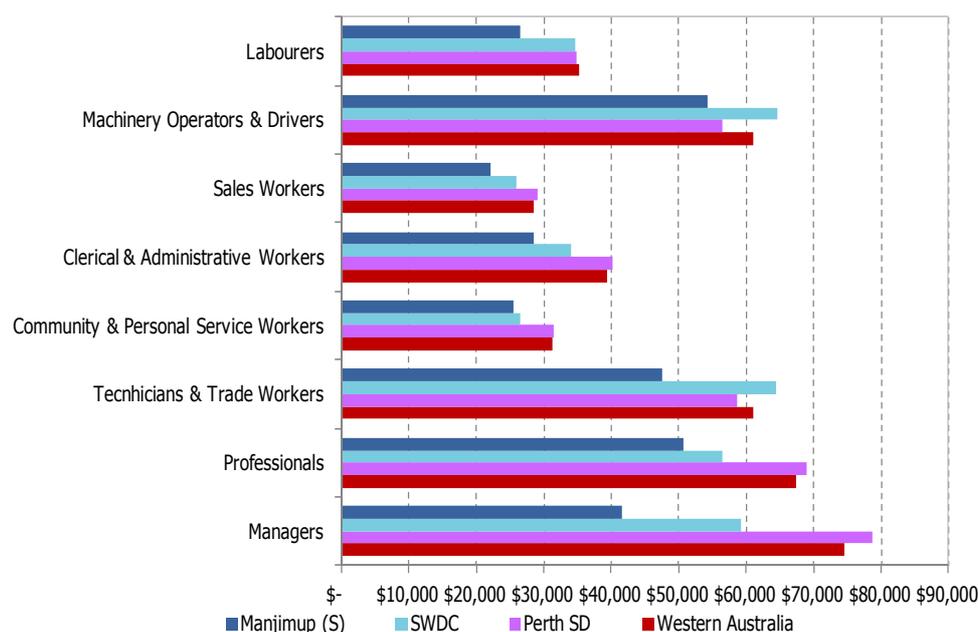
Regional centres commonly have below average income levels. This is true for Manjimup LGA which has lower average incomes across every occupational category compared to the SWDC region and Western Australia averages.

In 2008-09, the average wage in Manjimup LGA was \$35,271, well below both the SWDC (\$45,274) and Western Australia (\$50,438) average wages. Managers in Manjimup LGA have the greatest level of income disparity, earning almost \$20,000 less than the average across the region and over \$30,000 less than the state-wide average. This is due to a high proportion of Manjimup LGA's managers being owner-operators and managers of farm operations which have traditionally yielded lower wages compared to other sectors of the economy.

Higher earning occupations in Manjimup LGA include:

- Machinery operators and drivers (\$54,311)
- Professionals (\$50,806)
- Technicians and trade workers (\$47,525)

**Figure 2.14: Average Income by Occupation, 2008-2009**

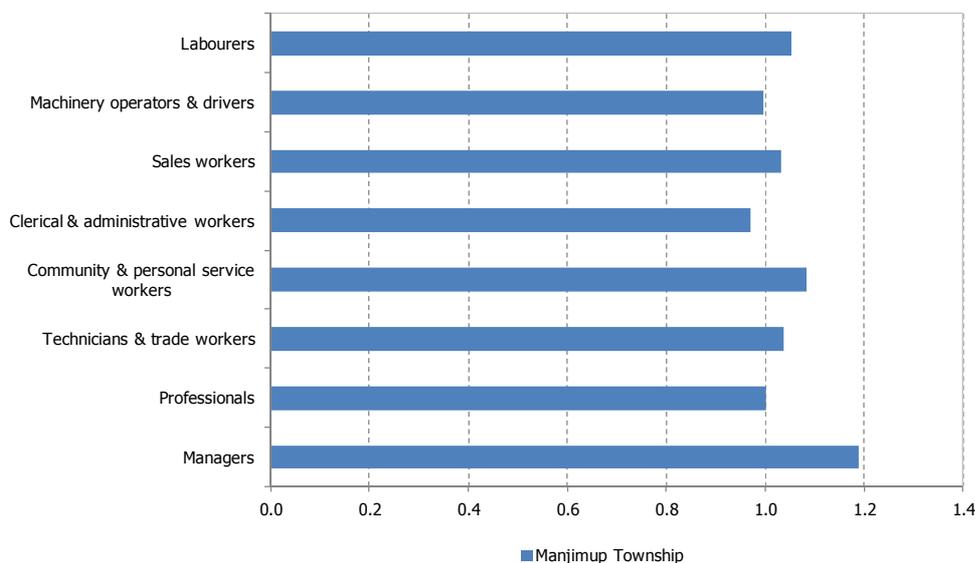


Source: ABS (2011)

Average incomes in the Manjimup Town were higher than average incomes in the Manjimup LGA in 2006.

Further analysis of 2006 Census average incomes data indicates that the Manjimup Town has higher average incomes for labourers, sales workers, community personal service workers, technicians and trades workers and managers than compared to the broader Manjimup LGA.

**Figure 2.15: Comparison of Average Incomes by Occupation, Manjimup Township vs Manjimup LGA (1.0), 2006**



Note: Manjimup LGA average incomes are equal to a ratio of 1.0.

Source: ABS (2007)

### 2.2.4 House Prices

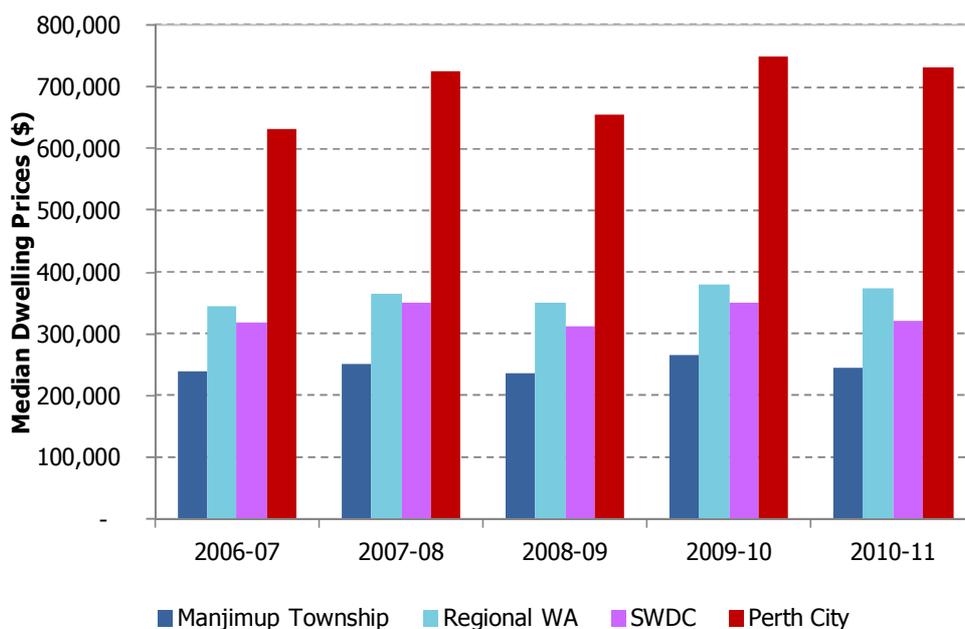
In Australia, household wealth is dominated by the family home. This is particularly the case for older generations, who have not had the benefits of exposure to long-term compulsory superannuation.



During the last few years, and especially between 2005 and 2008, Western Australia generally, and Perth specifically, experienced one of the largest increases in house prices. Manjimup Town has experienced a somewhat more stable housing price market comparative to the broader SWDC region and Perth markets over the past five years, despite recent volatility that has seen housing prices increase 12.1% between the 2009 and 2010 financial years and then decrease by 7.5% up to the 2011 financial year.

The Manjimup Town's median dwelling prices remain at an affordable level, recording a median house price of \$245,000 in 2010-11. This was 76.4% of the median prices for the SWDC and 65.3% of the median prices for the regional Western Australia house price.

**Figure 2.16: Median Dwelling Prices**

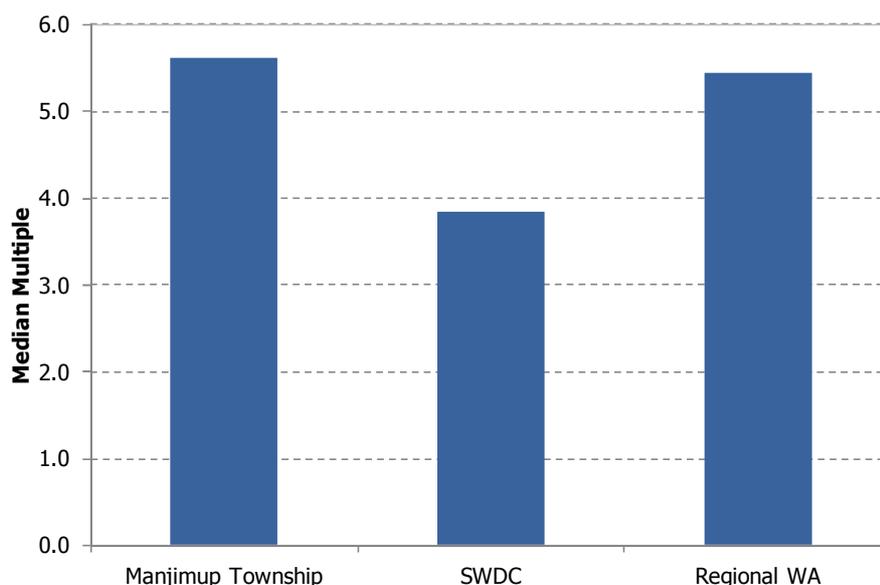


Source: REIWA (2011)

Lower house prices are often associated with regions with lower incomes, which is the case in the Manjimup Town which recorded below average incomes and housing prices compared to the broader SWDC region and Western Australia.

Comparison of incomes to house prices shows that households would require almost 5.6 years worth of income to purchase a house of median price outright. This is slightly higher when compared to regional Western Australia (5.5 years), and far less affordable compared to the SWDC average of 3.9 years.

**Figure 2.17: Ratio of Median House Prices to Median Household Incomes, 2008/2009**



Source: ABS 5673.0 Wage and Salary Earners (2011), REIWA (2011) and AECgroup

## 2.3 Key Findings

The Manjimup Town experienced slow population growth of 0.9% per annum since 2006, to 4,652 people in 2010. This is in stark contrast to the steady population growth experienced in the SWDC (2.5%) and Western Australia (2.1%) over the same period of time.

The Manjimup Town has a younger population than the broader Manjimup LGA region, slightly below the average for the entire SWDC region, highlighting that the Manjimup Town has a relatively good retention of its youth compared to the broader region.

The Manjimup Town has relatively few residents that have completed year 12 or have bachelor or post-graduate qualifications relative to SWDC and state averages. This is largely due to Manjimup being an agricultural hub and therefore having fewer jobs that require higher education qualifications. Historically, the region has relied upon migrant workers to support the needs of the agriculture and forestry sectors. These workers have had minimal education and limited English skills. The achievement of education by the next generation in the Manjimup Town is likely to increase the average qualification and attainment of residents in line with the average of the SWDC region.

Over 28% of the Manjimup LGA workforce is employed in unskilled laboring work, far greater than both SWDC (17.9%) and state (11.9%) averages. 2006 Census data indicate a higher concentration of blue-collar workers in the Manjimup Town than the surrounding Manjimup LGA.

Housing affordability relative to incomes in the Manjimup Town is more expensive than the SWDC regional average, costing households an average of 5.6 years worth of annual income relative to the SWDC's average of 3.9 years worth of household income.

SuperTowns population growth targets for the Manjimup Town are for the population to double by 2031, indicating an immediate need for acceleration of population growth trends above the historical level if targets are to be achieved.

Proactive planning schemes, infrastructure and community services will be required to support population growth. Retention of youth will be important for creating vitality and a balanced community. Investment attraction, industry growth and diversification of the economic base will also be critical to support job creation and the overarching sustainability of the economy, as will be the provision of local education and training opportunities to support industry diversification and jobs growth.

## 3. Employment & Business Activity

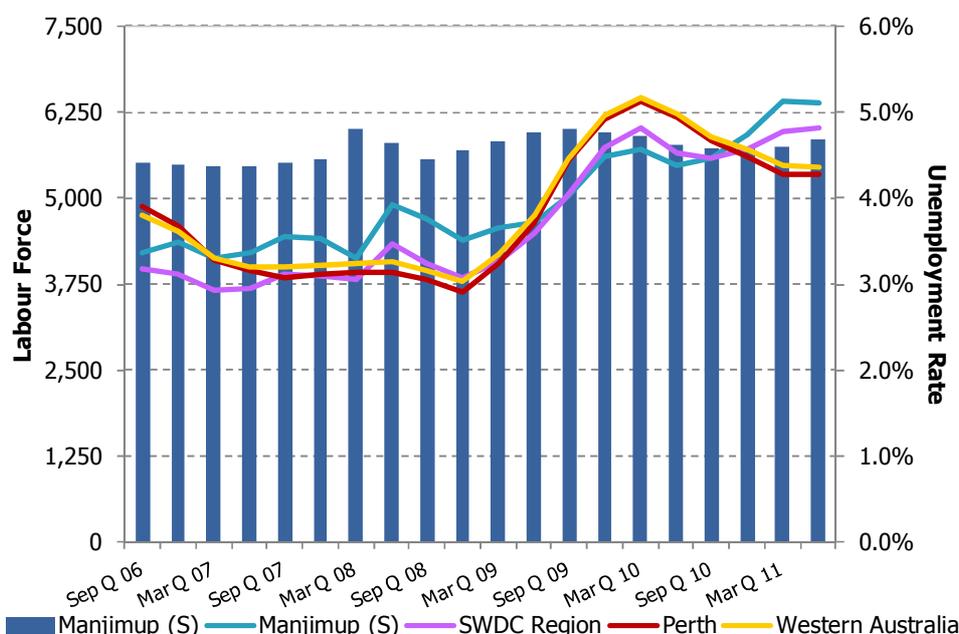
This section profiles the employment and business characteristics of the Manjimup LGA, and where possible, the Manjimup Town. Key statistics include labour force and unemployment trends, employment by industry and occupation and business size, growth and formation.

### 3.1 Labour Force & Unemployment

Manjimup LGA has seen considerably slow labour force and employment growth over the past four years, growing at around half the pace of the SWDC region and Western Australia averages (refer to Table 3.1). This is reflective of the area's slow population growth over that time period. Manjimup LGA's unemployment rate has largely tracked the state average over the past five years, although the unemployment has jumped slightly in to 0.7% higher than the state average of 4.4% unemployment.

The lack of diversity in the Manjimup LGA economy means that the area is particularly susceptible to a downturn if the agricultural and forestry industries begin to underperform.

**Figure 3.1: Labour Force & Unemployment Rate, 2006-2011**



Source: DEEWR (2011)

**Table 3.1: Labour Force & Employment, June Q 2011**

Region	Jun Q 2011	% Ann. Change	% Four Year Change
<b>Labour Force</b>			
Manjimup	5,847	1.1%	6.9%
SWDC Region	87,249	1.1%	11.3%
Perth SD	960,400	2.5%	12.8%
Western Australia	1,283,100	2.6%	12.1%
<b>Employment</b>			
Manjimup	5,548	0.3%	5.0%
SWDC Region	83,046	0.8%	9.2%
Perth SD	919,400	3.2%	11.5%
Western Australia	1,227,200	3.2%	10.8%
<b>Unemployed</b>			

Region	Jun Q 2011	% Ann. Change	% Four Year Change
Manjimup	299	18.2%	62.5%
SWDC Region	4,203	7.7%	81.7%
Perth SD	41,000	-11.4%	52.8%
Western Australia	55,900	-10.1%	52.3%
<b>Unemployment Rate (%)</b>			
Manjimup	5.1%	0.7%	1.7%
SWDC Region	4.8%	0.3%	1.9%
Perth SD	4.3%	-0.7%	1.1%
Western Australia	4.4%	-0.6%	1.2%

Source: DEEWR (2011)

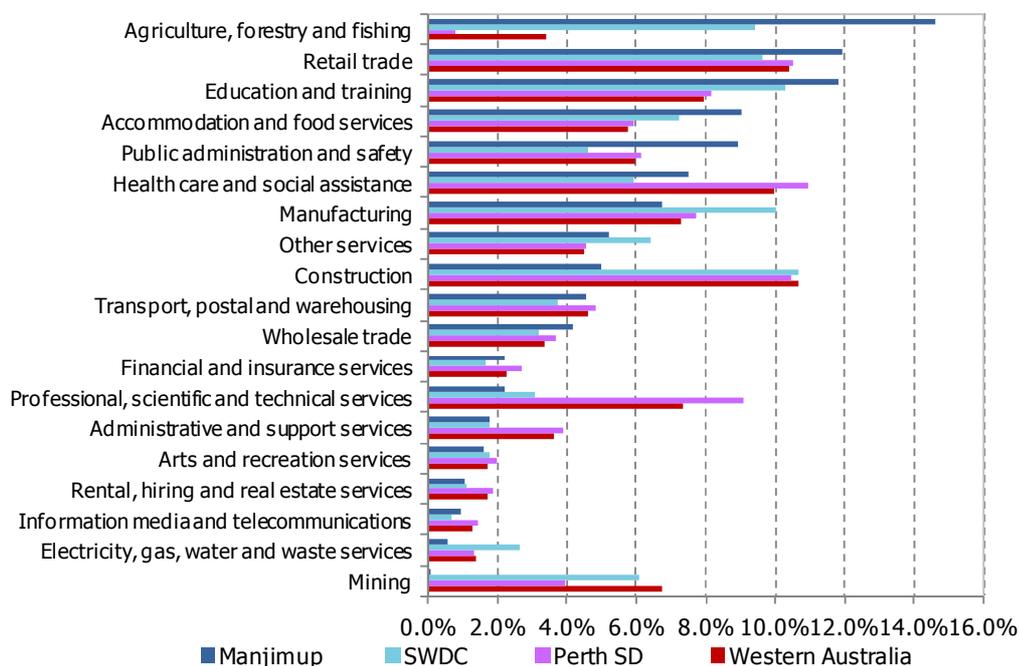
## 3.2 Employment & Business

### 3.2.1 Employment by Industry

The agriculture sector is Manjimup LGA's largest employer, employing 12.6% of Manjimup LGA's workforce. This forms the largest component of the broader agriculture, forestry and fishing sector (14.6% of employment), where forestry represents 1.2% of total employment and the remaining 0.8% is representative of services to the agriculture and forestry sectors, as well as fishing.

Retail trade and education and training sectors are also major employers in the Manjimup LGA, employing 11.9% and 11.8% of the local workforce, respectively. Manjimup LGA also has a higher representation of its workforce employed in accommodation and food services, public administration and safety and wholesale trade compared to the SWDC region and Western Australia averages.

**Figure 3.2: Employment by Industry (Place of Work), 2010-11**



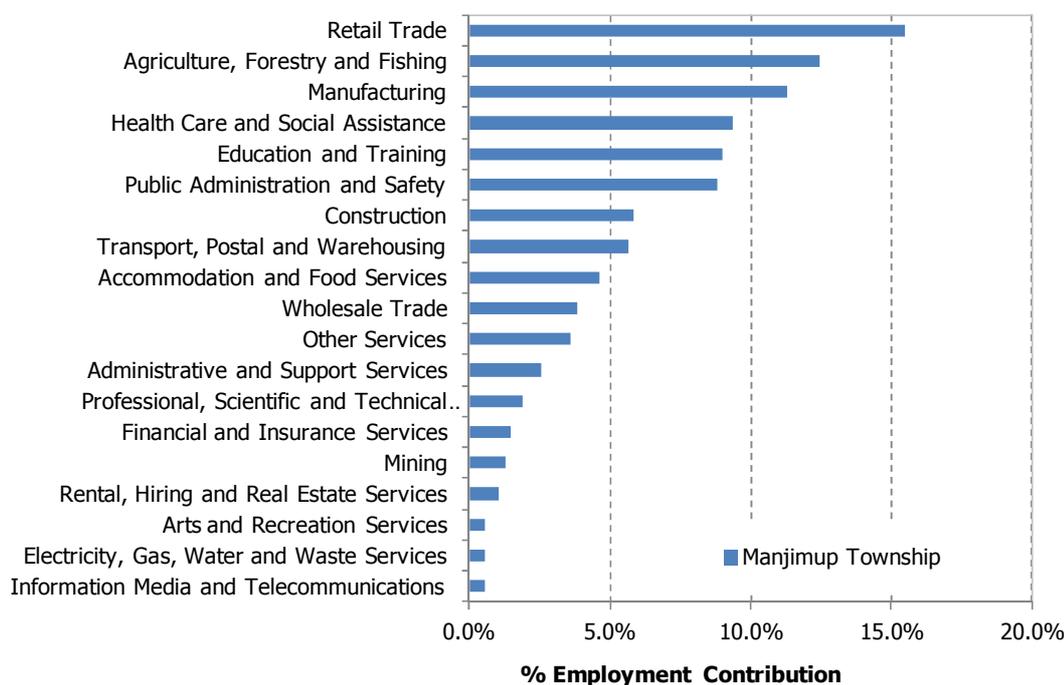
Source: AECgroup (2011)

Further analysis of 2006 Census data indicates that of the workers living in the Manjimup Town (Place of Usual Residence), almost 40% work in the sectors of retail trade, agriculture and forestry, and manufacturing. The population service sectors of health care and social assistance (9.3%), education and training (9.0%) and public administration and safety (8.8%) are also key employers for the Manjimup Town's resident population.

The Manjimup Town's manufacturing sector employment is primarily based on wood product manufacturing (58% of total manufacturing, or 6.6% of total Manjimup Town

employment). This is due to the large amount of value adding wood production activity that occurs within the Manjimup Town due to the presence of three major timber mills.

**Figure 3.3: Employment by Industry (Place of Usual Residence), Manjimup Town 2006**



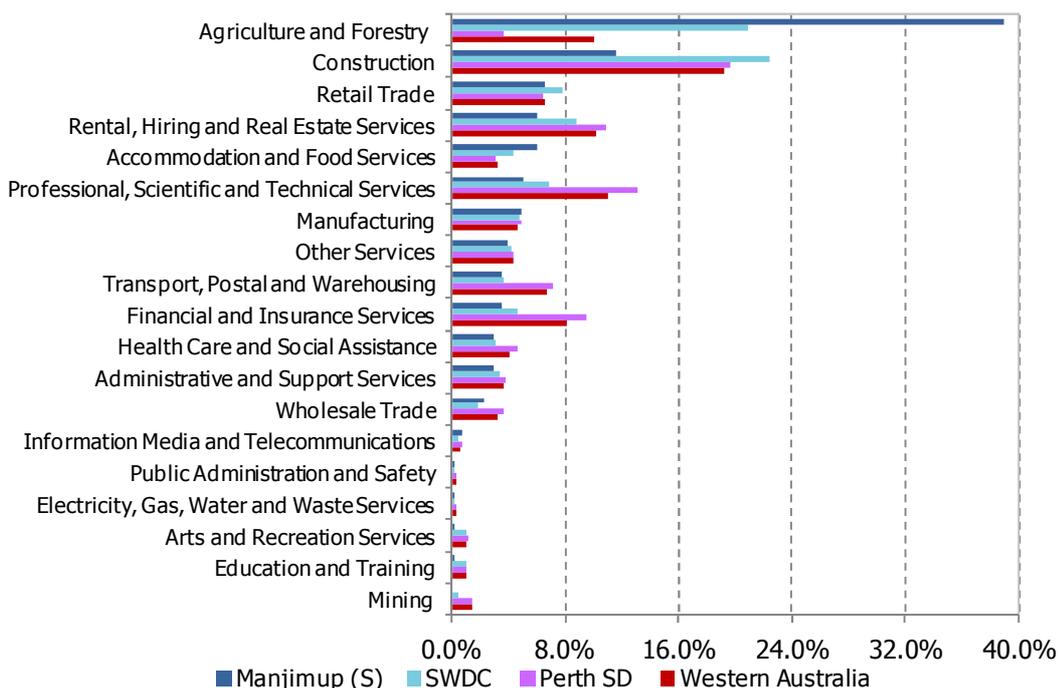
Source: ABS (2007)

### 3.2.2 Business by Industry

In June 2009, there were 1,219 registered businesses in Manjimup LGA, of which 38.9% were a part of the agricultural and forestry industry. This was almost four times the State average and also significantly greater than the proportion found in the SWDC region. The construction industry had the next highest proportion of businesses in Manjimup LGA, accounting for 11.6% of the area's businesses.

Due to the high concentration of businesses in the agricultural and forestry industry, Manjimup LGA has a lower proportion of businesses in almost all other industries than the regional and Western Australia averages.

**Figure 3.4: Business Counts by Industry, % of Total Businesses, June 2007 to June 2009**

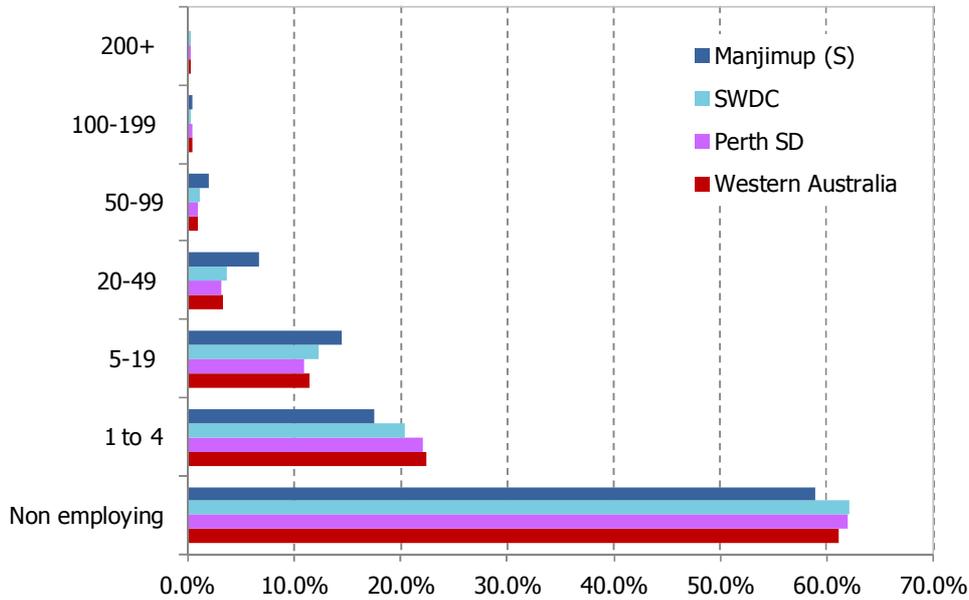


Note: The reference to fishing has been removed from the agriculture, forestry and fishing industry as Manjimup LGA has little to no fishing businesses.  
Source: ABS (2011)

### 3.2.3 Businesses by Employment Size

Close to 59% of Manjimup LGA’s businesses are non-employing due to rural nature of the region with a large proportion being agricultural and forestry businesses, however this is below the proportion of small businesses in the broader SWDC (62.2%) and Western Australian economies (61.1%). Manjimup LGA does however have higher proportions of small to medium sized businesses (5 to 49 employees) than the region and state. However, hard economic times for the timber industry, has had some impacts upon medium sized enterprise in Manjimup LGA, including the closure of the Gunns timber mill (loss of 44 jobs) which had many flow-on impacts to business in the Manjimup community (ABC, 2011). However, the recent sale of timber assets to Auswest may mean a turnaround in the local timber industry with the expectation that the Manjimup timber mill will reopen (Deanmill) and will create 55 jobs for the local economy (the West News, 2011).

**Figure 3.5: Business Counts by Industry by Number of Employees, June 2007 to June 2009**



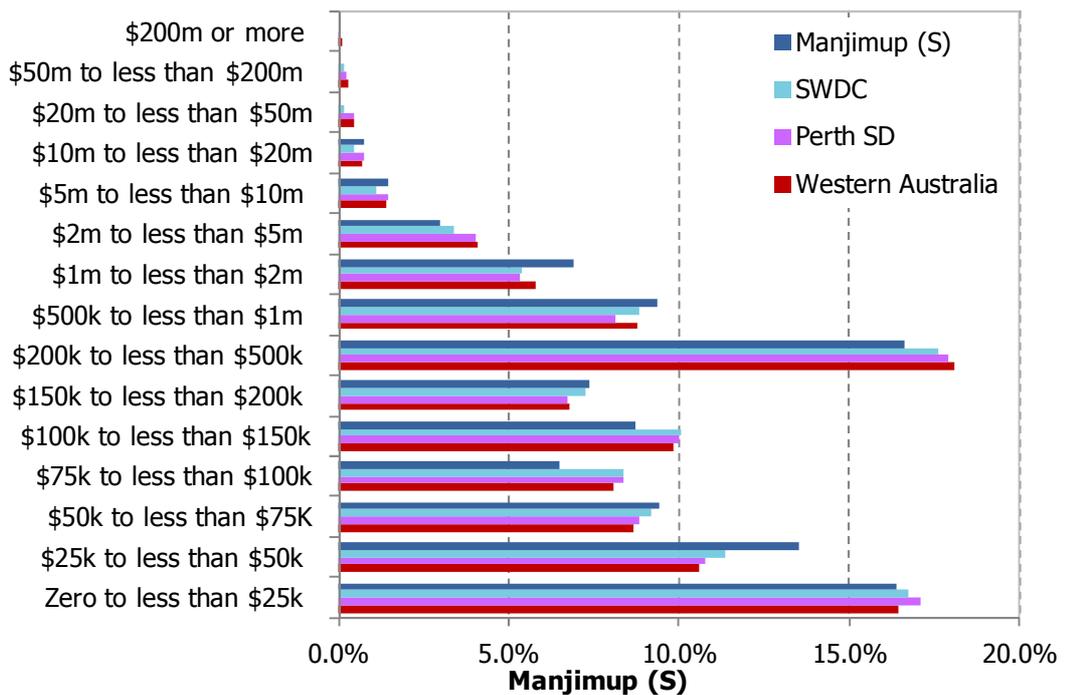
Source: ABS (2011)

### 3.2.4 Businesses by Turnover

The largest revenue category in Manjimup LGA is businesses that earn more than \$200,000 but less than \$500,000, with 16.7% of the area’s businesses falling within this turnover range, slightly less than the proportion of region and state businesses.

Manjimup LGA also has a higher proportion of businesses that earn over \$500,000 and less than \$2 million per annum (16.2%) compared to the SWDC (14.2%) and Western Australia (14.6%).

**Figure 3.6: Business Counts by Industry by Turnover Size Ranges, June 2007 to June 2009**

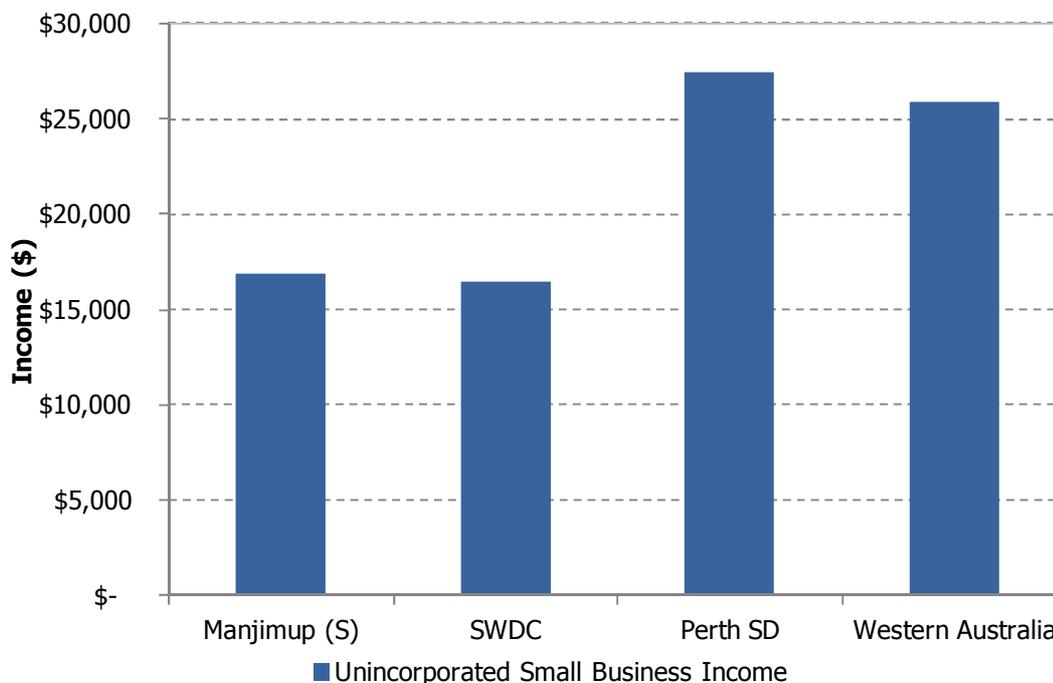


Source: ABS (2011)

### 3.2.5 Small Business

Small business incomes in Manjimup LGA were slightly higher than the average across the SWDC region, although much lower than the Western Australian average. In 2008-09, the average income of small unincorporated businesses in Manjimup LGA was \$16,873 relative to the SWDC average of \$16,499 and Western Australia average of \$25,857.

**Figure 3.7: Average Unincorporated Small Business Income, 2008-09**



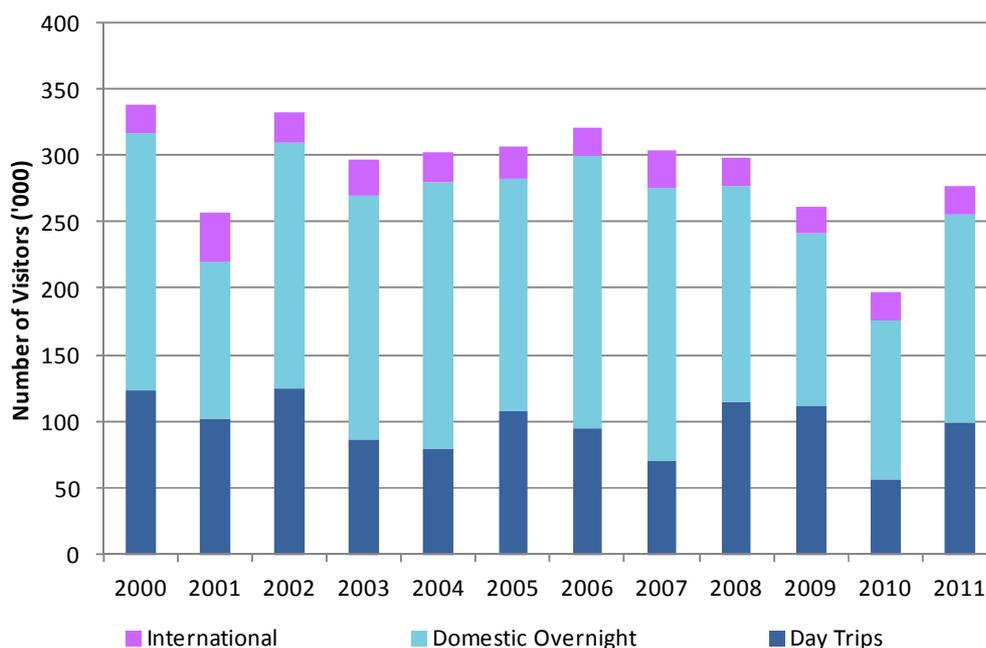
Source: ABS (2011)

### 3.2.6 Tourism Activity

Manjimup received almost 300,000 visitors in the year ending September 2011, which was an increase of 40% from the previous year, driven by increases in day trips and domestic overnight visits. Visitors come to Manjimup predominantly for holiday or leisure activities, currently, a small proportion of visitors come to the region for business purposes.

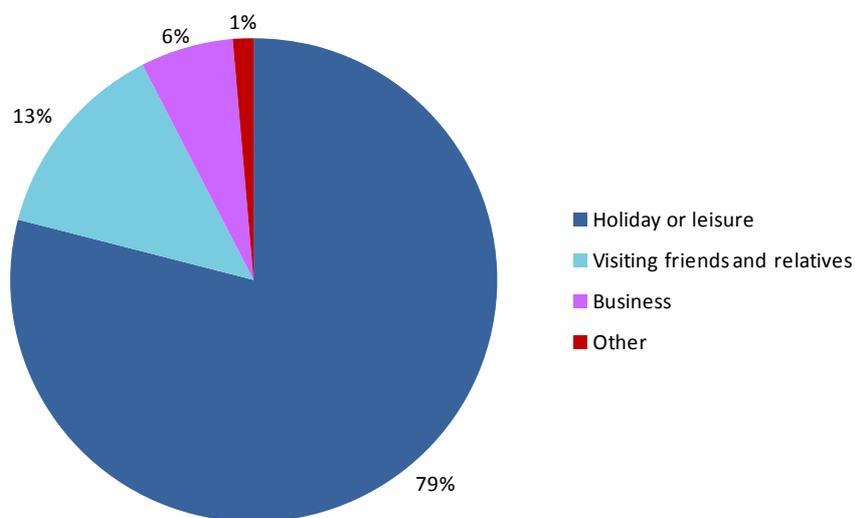


**Figure 3.8: Total Visitors, Manjimup, 2000-2011**



Note: Data is year ending September 2011  
Source: TRA (2011)

**Figure 3.9: Purpose of Visit, Manjimup, 2011**



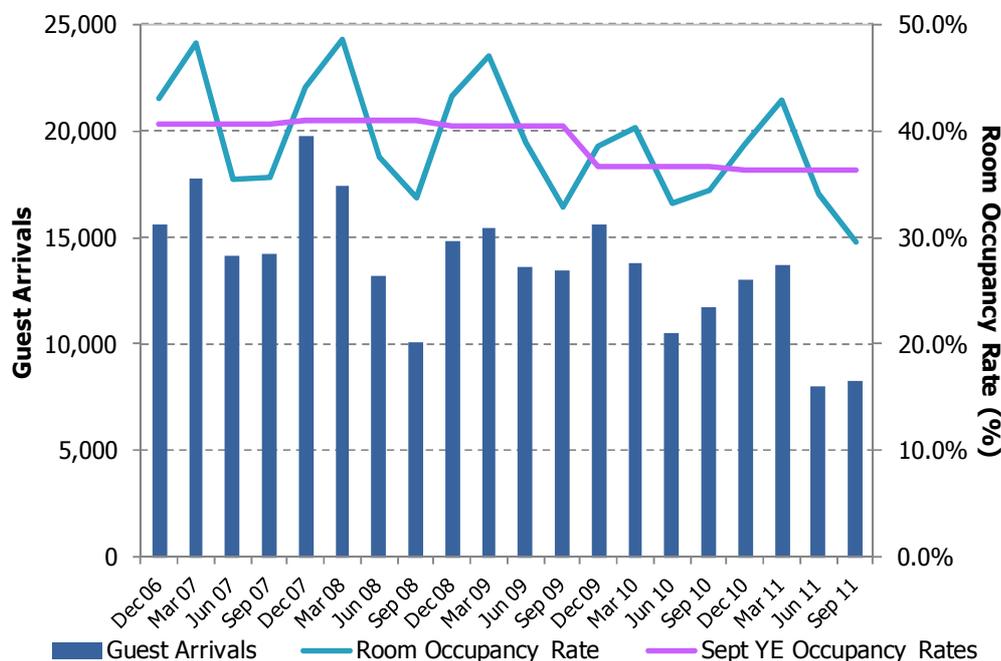
Note: Data is year ending September 2011  
Source: TRA (2011)

Room occupancy rates in Manjimup have fallen over recent years, from 41% in the year ending September 2007 to 36% in the year ending September 2011. Occupancy rates above 65% are considered to be an indicator that a region would be able to support new entrants into the tourism accommodation market. The underperformance of the occupancy rates in Manjimup in recent years suggest that, at present, the tourism accommodation market is over supplied with eight establishments in the region providing 326 rooms<sup>3</sup>. Similarly, takings from accommodation have fallen 11.6% over the past year

<sup>3</sup> Note ABS statistics only include establishments with over 15 rooms.

and 28.0% from the year ending September 2007 to the year ending September 2011 (ABS, 2011).

**Figure 3.10: Guest Arrivals and Room Occupancy Rates, December 2006 – September 2011**



Source: ABS (2011)

Manjimup has numerous tourism attractions within the town and in its surrounding areas. These attractions include Diamond Tree Lookout, Fonty’s Pool, King Jarrah Tree and the Manjimup Timber and Heritage Park.

The Diamond Tree Lookout is a 51 metre tall karri tree, situated 10km south of Manjimup. The lookout is the only wooden treetop tower in the world and is still used as part of the area’s fire management and spotting program. BBQ and toilet facilities are located nearby (Manjimup Visitor Centre, n.d.).

Fonty’s Pool is located in farming and orchard country 7km from Manjimup. The pool and grounds were first developed in the early 1900’s and have recently been upgraded, providing a perfect location for a bbq or picnic (Manjimup Visitor Centre, n.d.).

King Jarrah Tree is a huge 600 year old tree located 3km from Manjimup town. The tree is 47 metres tall and there is a heritage trail as well as picnic and BBQ facilities nearby (Manjimup Visitor Centre, n.d.).

The Manjimup Timber and Heritage Park is set on 10 hectares of natural bushland, only six minutes from the Manjimup Visitor Centre. As well as picnic and BBQ facilities, the park has a museum highlighting the town’s timber history and local heritage (Manjimup Visitor Centre, n.d.).

Recreational aviation is growing in popularity in Western Australia with over 250 new aircraft registrations having taken place in the State since 2006 (CASA, 2011). Anecdotal evidence suggests that Jandakot airport, near Perth, is reaching capacity and demand is likely to spread to surrounding regions over coming years, potentially including Manjimup.

### 3.3 Key Findings

Manjimup LGA is characterised as an agricultural hub, with just under 39% of the area’s businesses working within the sector. Similarly, Manjimup LGA’s key employers are the agricultural and forestry, retail trade and education and training sectors, in which 38% of the local workforce is employed.

Further analysis indicates that Manjimup Town's key employers include retail trade, agriculture and forestry, and manufacturing, as well as the population service based industries of health care and social assistance, education and training and public administration and safety.

Labour force and employment growth is steady but below regional and State averages. The area's unemployment rate has largely followed the regional and state trends, however the rate has increased since September Quarter 2010 whilst the Western Australian unemployment rate has fallen over the same period. These increases in local unemployment are likely due to the weakening of the local and State timber industry over this time, which brought about employment cutbacks in the local industry and more recently saw the closure of the Gunn's Timber Mill. Following the announcement of the recent sale of timber assets in Manjimup LGA to Auswest, there is an expectation that unemployment rate trends are likely to turn-around in 2012 due to the creation of an additional 55 timber industry jobs in the local economy.

Around 59% of Manjimup LGA's businesses are non-employing businesses, with almost 30% of the area's businesses earning less than \$50,000 per annum, more than the SWDC (28.1%) and State (27.1%) averages. Manjimup LGA does however have a comparatively high proportion of medium to large sized businesses earning between \$500,000 and \$2 million per annum and/or employing between 5 and 49 people.

## 4. Investment & Major Projects

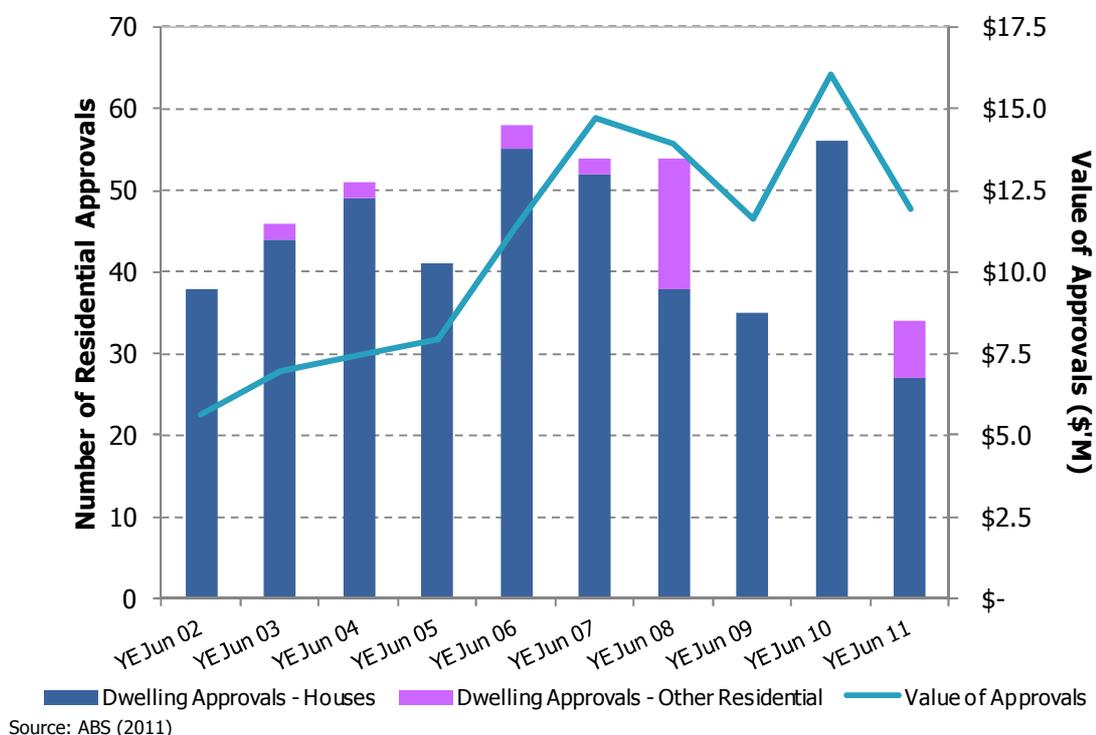
This section profiles activity and investment in the Manjimup Town and broader LGA economy. It includes review of residential and commercial building approvals, land releases and development and major proposed investments in the region.

### 4.1 Building Approvals and Property Market

#### 4.1.1 Residential Approvals

The number and value of residential building approvals over the past 10 years in Manjimup LGA has followed a similar pattern to that experienced in the SWDC region and Western Australia. The value and number of approvals grew steadily from 2002 to 2007 before slowing, largely due to a sudden decrease in the number of residential building approvals in 2009 and 2011.

**Figure 4.1: Residential Approvals (No.) and Value (\$ 'M), Manjimup LGA**

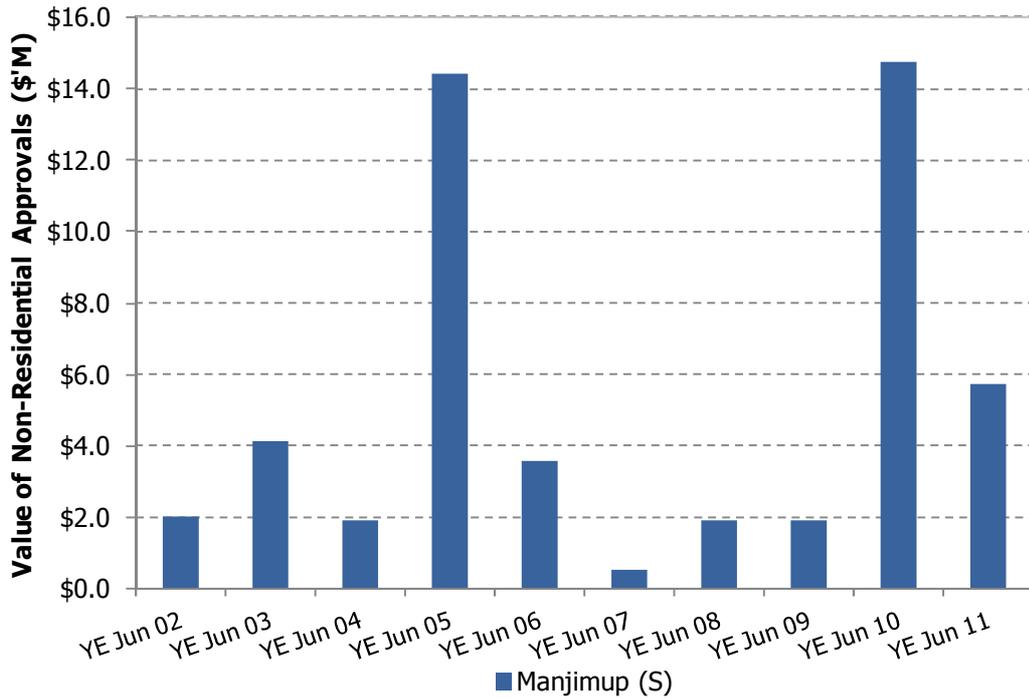


#### 4.1.2 Non-Residential Approvals

The value of non-residential building approvals has been inconsistent, with Manjimup LGA averaging around \$5.1 million worth of non-residential building approvals each year. The 2005 and 2010 financial years were exceptions, with the value of approvals increasing dramatically to over \$14 million for both years.

The spike in 2010 non-residential building approvals was largely attributable to stimulus package funding to the education sector which resulted in increases in education infrastructure building investment at this time. There were also a number of commercial developments in the Manjimup Town, including the commercial re-development of the McCays hardware and electrical retail premises in Ipsen Street.

**Figure 4.2: Non-Residential Building Approvals (\$M), Manjimup LGA**

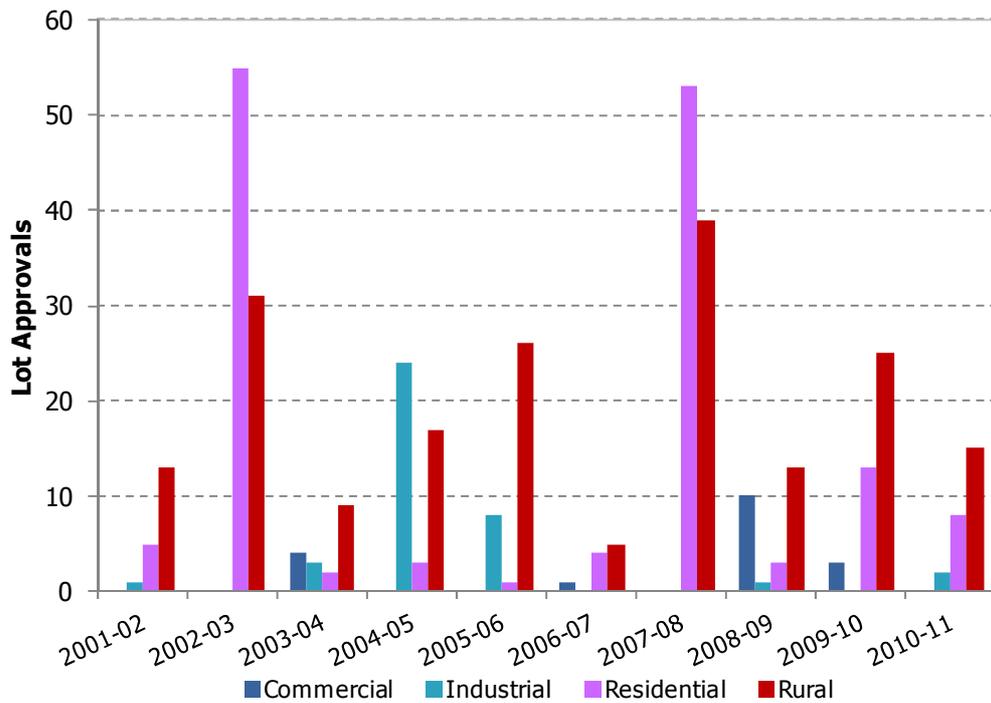


Source: ABS (2011)

#### 4.1.3 Land Releases & Developments

Figure 4.3 shows that residential and rural lots have recorded the largest number of approvals in Manjimup LGA over the past 10 years. Residential lot approvals have averaged 14.7 per year driven largely by the 2003 and 2008 financial years that each saw over 50 residential lot approvals respectively. Rural lot approvals have been the most consistent, averaging 19.3 approvals per year over the past decade.

**Figure 4.3: Manjimup LGA Lot Activity, Final Approvals, 2001-02 to 2010-11**



Source: Shire of Manjimup Council (2011)



Within the Manjimup Town there has been a total of 225 lot approvals over the past five years (2006 to 2011) with the majority of these being residential lots (75.6%). Actual lots created over the same period was a total of 35 lots, with 32 of these being residential.

**Table 4.1: Manjimup Town Lot Approval & Creation, 2006-2011**

Zone	Number of Approvals	Number Created
Residential	170	32
Rural Residential	47	0
Rural	8	3
Commercial	0	0
Industrial	0	0
<b>Total</b>	<b>225</b>	<b>35</b>

Source: Shire of Manjimup Council (2011)

## 4.2 Major Projects

There is currently a number of development projects planned in the Manjimup Town including the development of:

- **Retail shopping complex:** A retail complex will be developed on the corner of Mottram and Ralston streets. This will include a 3,200 square metre supermarket and liquor store, seven retail tenancies, 1,200 square metre large format retail and petrol station. Construction is currently underway and is expected to open late in 2012.
- **Lakeside Residential Development:** The Lakeside Residential Development is located on Tobin Road and will accommodate a 79 lot residential estate. A detailed design is in place and is currently awaiting approval from the WAPC.
- **Rural Residential Development, North Manjimup:** A 45 lot rural residential development has been approved for development on the South Western Highway, north of Manjimup town centre.
- **Development of approved subdivisions on Stokes and Johnston streets.**

A major Biomass Power Generation Plan has also obtained development approval. The Diamond Mill Power Plant will be a 40MW facility that is expected to create economic benefits to the local Manjimup economy (WA Regional Newspapers, 2011).

## 5. Economic Growth

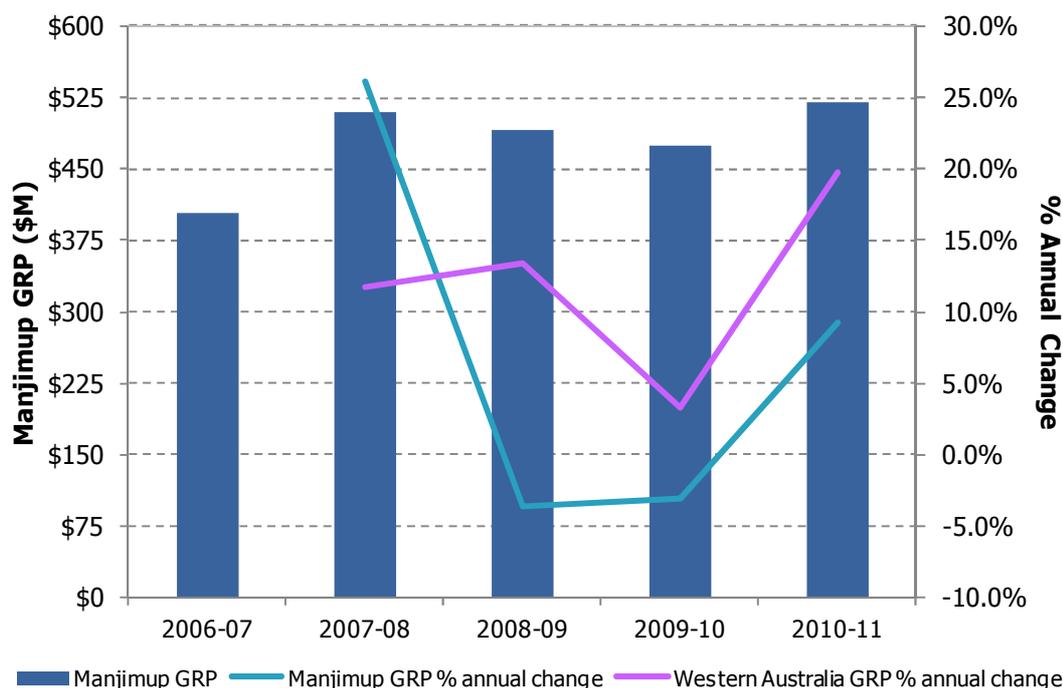
This section presents estimates of Manjimup LGAs Gross Regional Product (GRP) and economic activity and provides a foundation industry profile of Manjimup LGAs leading sectors - fruit and vegetable agriculture and the timber industry. This section also highlights how the Manjimup LGA is facing the possibility of becoming a mono-economy, which brings with it a number of economic issues. Finally, recommendations are put forward as to how Manjimup can stay economically diversified and avoid a mono-economy outcome.

Gross Regional Product (GRP) estimates have been developed using AECgroup's proprietary GRP model. Estimates were generated for the entire SWDC region and Manjimup LGA to understand the value of the economy, as well as the contribution of key industries over time. The GRP methodology can be found in **Appendix A**.

### 5.1 Current Gross Regional Product

In 2010-11, Manjimup LGA had an estimated GRP of \$527.2 million. This represents an average annual growth of 6.7% since 2006-07, which is behind that average annual growth of the Western Australian economy over the four year period. The drop in growth over the 2008-09 and 2009-10 period is a reflection of the Global Financial Crisis (GFC), however it is interesting to note that Manjimup LGA saw a drop in GRP in 2008-09 which led the fall seen by the wider Western Australian region. Overall, GRP for Manjimup LGA seems to be resuming a long-term positive growth trend, following that set by the wider Western Australian region.

**Figure 5.1: Gross Regional Product (GRP), 2006-07 to 2010-11**



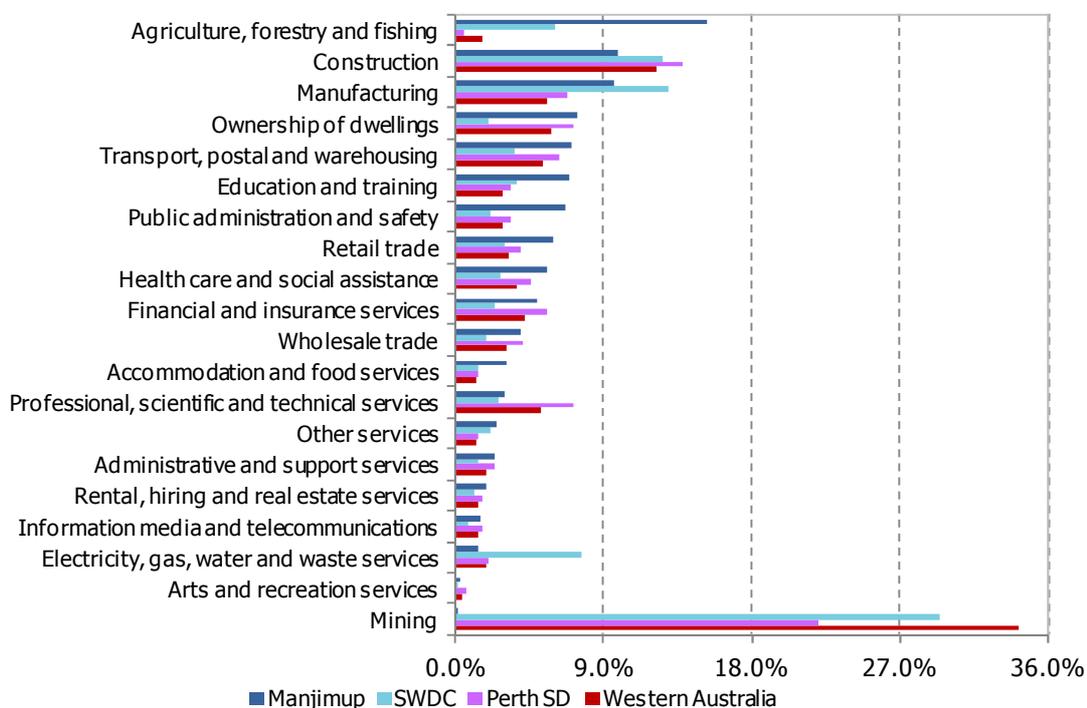
Source: AECgroup (2011)

Manjimup LGA's leading industry (by value) in 2010-11 was the agriculture and forestry industry which generated 15.3% of Manjimup LGA's total industry value-add. While much of the agriculture and forestry plantation activities occur outside Manjimup Town, the township is at the centre of providing vital products and services to support these industries in addition to downstream operators of the value chain, such as timber mills and food product wholesaling and processing, which occurs mainly within the town.

Construction and manufacturing are also leading industries of Manjimup LGA's economy, generating 9.9% and 9.6% of industry value-add, respectively. Manufacturing activities

largely occur in the form of timber milling and wood product manufacturing through the presence of timber mills at Pemberton and Deanmill, and three prominent mills located within Manjimup Town itself.

**Figure 5.2: Manjimup LGA GVA by Industry, 2010-11**



Note: The reference to fishing has been removed from the agriculture, forestry and fishing industry as Manjimup LGA has little to no fishing businesses.  
Source: AECgroup (2011)

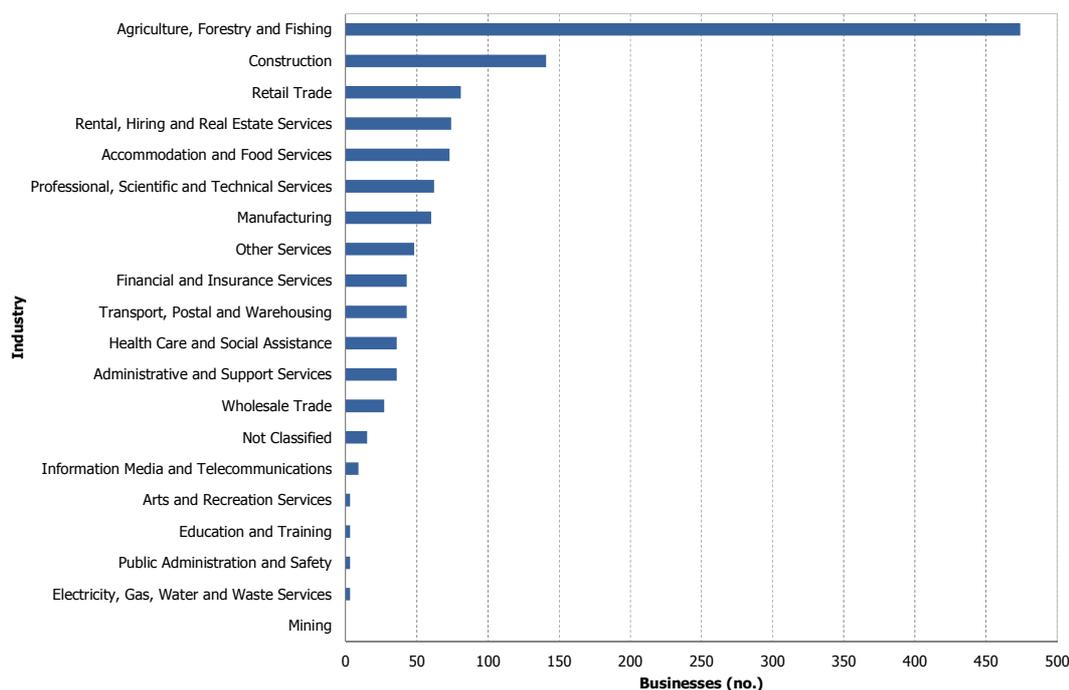
Although the SWDC, Perth SD and wider Western Australian region all show a large reliance on the mining industry, Manjimup LGA shows almost no value-add from mining activities. This short-fall is made for by a greater contribution from those industries detailed above, as well as education and training, public administration and safety, retail trade and accommodation and food services - where all of these services are primarily provided through Manjimup Town, the primary service centre of Manjimup LGA. Like Western Australia's high dependence on mining, Manjimup LGA can be seen to be facing an over-reliance on its agriculture, forestry and fishing industry.

## 5.2 Foundation Industry – Timber and Agriculture

Timber production has been the most important industry in the Manjimup district for 130 years, supplying the majority of the State's hardwood, and representing a lucrative export industry for over 100 years (McKenzie 2009). Manjimup LGA has had numerous timber mills, transport companies and other ancillary businesses to service the industry. Agriculture also plays a critical role in the Manjimup LGA economy, reflecting the fertile and productive nature of local soils.

Today, the timber industry continues to play a central role in the survival of the Manjimup Town, with the town continuing its legacy as a timber-producing, agricultural and horticultural community. The importance of the agriculture and forestry industry to the region can be plainly seen by its dominance in the below figure.

**Figure 5.3: Number of Businesses (including Entries and Exits), by Industry, Manjimup LGA, June 2007-09**



Source: ABS (2011)

Between June 2007 and June 2009, there were 474 businesses within the agriculture and forestry industry, including entries and exits. By comparison, the second-ranked construction industry contained only 141 businesses. And despite its significance to WA as a whole, the mining industry in Manjimup LGA had zero businesses over this period.

The table below highlights the extent of land utilised by agricultural commodities in the region, as well as the number of livestock supported on this land. As can be seen, agriculture holds 11.2% of the land in Manjimup LGA, which is a significant proportion.

**Table 5.1: Agricultural Commodities, Manjimup LGA, year ended 30 June 2006**

Land Area	Hectares	Percentage of Total
Agricultural holding	78,655.8	11.19%
Cereals for grain	55.1	0.01%
Vegetables for human consumption	1,326.0	0.19%
Orchard trees (including nuts)	1,441.0	0.21%
All fruit (excluding grapes)	1,455.0	0.21%
Non-cereal broadacre crops	24.3	0.00%
Non-Agricultural holding	624,024.2	88.81%
<b>Manjimup LGA</b>	<b>702,680.0</b>	<b>100.00%</b>

Source: ABS (2011)

Manjimup LGAs land use was able to generate \$96.0 million worth of gross value of agricultural production for the year ended 30 June 2006, as highlighted in the table below. 69.1% of this gross value was generated from crops, with the lowest contribution made from livestock products.

**Table 5.2: Gross Value of Agricultural Production (\$m), Manjimup LGA, year ended 30 June 2006**

Agricultural Product	Gross Value (\$m)	Percentage of Total Gross Value of Agricultural Production
Gross value of crops	66.3	69.06%
Gross value of livestock slaughtering's	20.3	21.15%
Gross value of livestock products	9.4	9.79%
<b>Total gross value of agricultural production</b>	<b>96.0</b>	<b>100.00%</b>

Source: ABS (2011)

Manjimup's reliance of agriculture and forestry industries reflects the high degree of specialisation of the Manjimup regional economy. Such a heavy dependence on individual sectors exposes the wealth and well-being of residents to the volatility of that industry – and in the case of export industries, the volatility of international markets and world prices.

The effects of these dangers have been seen many times over in economically specialised towns within Western Australia that have had to deal with the decline, or even sudden departure, of entire industries (often the mining industry) (McKenzie 2009). The Manjimup Town itself saw a similar result when Simplot Australia closed the town's potato processing plant on 31 August 1999. The closure resulted in approximately 130 workers losing their jobs, plus 57 positions lost from the farms of 37 potato growers (Parliament of Western Australia 2000). This closure resulted in 25% of the local population leaving the town in 1998-99 (McKenzie 2009).

Manjimup LGA's timber industry has also undergone significant restructuring that potentially threatens the survival of small operators in the area. In 2001, the WA government imposed a ban on old-growth logging – a move which hurt the Manjimup Town greatly, creating a financial sector that wouldn't lend finance to the area, and a significant number of vacant houses. A number of local food outlets, and hardware and service organisations closed as a result of this ban (McKenzie 2009).

Manjimup is still the centre of the timber industry in the south west, and the high quality of the timber should continue to sustain this industry in the long-run. Naturally, there will have to be a transition over time from natural forest to plantation timber. This will include the establishment and expansion of nurseries growing the next generation of trees for commercial and reforestation purposes (South West Life 2010).

However, Manjimup Town will need to diversify and broaden its economic base into other industries (or at least new areas *within* its favoured agricultural, timber and horticultural industry), so as to ensure the region's long term sustainability and reduce its susceptibility to shocks in individual sectors.

### 5.3 Key Findings

The leading industry of the Manjimup LGA economy is the agriculture and forestry industry, with other areas of the Manjimup economy being largely underdeveloped and undiversified. Sole reliance on the Agriculture, Fishing and Forestry industry in its current form will limit the future ability of the region to attract residents unless the strength of this industry can be leveraged to diversify the economy into higher value adding activities.

Lack of diversification also creates a risk of susceptibility to shocks in individual sectors. This reduces long-term economic sustainability and wealth of residents. This has been shown by the long term impacts to the Manjimup economy with the transition of the timber industry, which has severely impacted local employment and supply chain businesses.

Future population growth and prosperity of the Manjimup Town residents is hinged on the diversification of its economic base, which in turn may promote population growth in the area (which has experienced little population growth since 2001). Diversification of the economy would also naturally improve the attractiveness of the Manjimup Town which would aid in attracting new residents and retaining the existing population base.

Manjimup will remain the centre of the timber industry in the south west, and the high quality of the timber should continue to sustain this industry in the long run. However, there are a number of recommended strategies for diversification of the economy. Some of which include the facilitation of FIFO workforce programs, and industry support and marketing of viticulture, green tea and truffle products.



## 6. Conclusions

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Manjimup Town has had a stable population over the past decade with periods of decline and growth. Individual incomes are well below regional and State averages across all occupations and while house prices are comparatively inexpensive, housing affordability is poor due to correspondingly low household incomes compared to State averages.

Timber has and will continue to undergo a transition in the medium term, following considerable upheaval in the industry over the past decade. Uncertainty in timber production undermines the investment prospects in sawmilling and value-adding, constraining the sector and its contribution to the local economy.

The agricultural sector, which dominates economic and industry activity, is domestically oriented and price taking, focused on vegetable and fruit production for the Western Australian market. Despite this, good examples exist for niche export oriented production, which are receiving higher returns from an international market increasing concerned about food security.

All of these factors contribute to a comparatively depressed economic environment in Manjimup at present. Despite this, underlying competitive advantages in agriculture, timber and associated value-adding remain. More effective utilisation of these assets, through export-focused service-based value adding, is required to promote and encourage greater levels of economic prosperity and activity for businesses and residents alike and support the growth of Manjimup as a SuperTown in the future.

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## Appendix A: GRP Methodology

This document briefly outlines AECgroup's methodology for developing 2010-11 Gross Regional Product (GRP) estimates for Manjimup.

Gross Domestic Product (GDP) and Gross State Product (GSP) figures are produced on a regular basis and published by the Australian Bureau of Statistics and the relevant State and Territory Government departments. However, regular official estimates of production for sub-State regions do not exist (Gross Regional Product, GRP<sup>4</sup>).

The Australian Bureau of Statistics (ABS) use three approaches to calculate GDP / GSP (Australian Bureau of Statistics, 2000):

- **Value added approach:** represents the difference between taking the market value of the goods and services produced by an industry (gross output) and deducting the cost of goods and services used up by the industry in the productive process (intermediate consumption);
- **Income approach:** calculates the cost of producing GRP by summing the incomes accruing from domestic production. These income components can be viewed as the market costs of production consisting of the compensation of employees (wages, salaries and supplements), provision for the consumption of fixed capital (depreciation), net operating surplus, and net indirect taxes; and
- **Expenditure approach:** sums all final expenditures (ignoring expenditure on intermediate consumption) on goods and services, add on the contribution of exports and deduct the value of imports. Final expenditures are known as final demand and include final consumption expenditure by households, gross fixed capital expenditure by producers (i.e. durable assets), investment stocks and exports to the rest of the world.

Due to data limitations it is not possible to calculate GRP using the same approach as national or State values. As such, a different approach is required that effectively utilises national or State figures and attempts to apportion these estimates to the constituent regions.

There are a number of different "top-down" approaches that can be employed to disaggregate national or State estimates. AECgroup estimate GRP at factor cost using an indirect, top-down approach to disaggregate official State GSP totals from the State Accounts, utilising a number of data sources to apportion GSP to sub-regions. AECgroup's approach is discussed in further detail below.

All GRP estimates, regardless of the approach, will be subject to a combination of any errors in the national/ State GSP estimates as well as those introduced by the methodology and data limitations used to allocate GSP to the constituent regions.

To allocate a State's GSP to its constituent regions, a number of data sources are used, including State Accounts (ABS, 2010a), National Input-Output transaction tables (ABS, 2010b), the Census of Population and Housing (in particular employment by industry estimates by place of work) (ABS, 2010c), the Australian Labour Force Survey (ABS, 2011) and Small Area Labour Market data (DEEWR, 2011).

Disaggregation is undertaken through the following process:

- Transaction tables for each region and the State of interest were generated from the 2006-07 national Input-Output transaction table to develop preliminary gross production estimates for each region. Estimates of gross production (by industry) in the study areas were developed based on the percent contribution to employment (by place of work) of the study areas to the Australian economy, and applied to Australian gross output identified in the 2006-07 Australian table. This provides gross

<sup>4</sup> GRP at factor cost is that part of the cost of producing the gross regional product which consists of gross payments to factors of production (labour, land, capital and enterprise). It represents the value added by these factors in the process of production and is equivalent to gross regional product less indirect taxes plus subsidies.

value added and gross product estimates across 111 industries, which are then aggregated to the 19 major ANZSIC categories plus ownership of dwellings.

- 2006-07 regional estimates developed from the transaction tables were equalized to State Account estimates of gross value added production by industry for the corresponding year (i.e., estimates were inflated/ deflated by an appropriate multiplier to ensure that aggregating each region would equate to the State figure for 2006-07).
- Preliminary growth rates for the State and Statistical Divisions to 2010-11 for each industry were taken from the State Accounts figures (for the State) and regional differences in growth in employment by industry as outlined in the Labour Force Survey<sup>5</sup> (for the SDs).
- Preliminary growth estimates for each local government area of interest is generated based on growth in employment estimates between 2006-07 and 2010-11 as outlined in the Small Area Labour Market Data, with industry structure assumed to change from 2006-07 to 2010-11 in line with estimated change in structure for the SD in which it is located (i.e., if the SWDC region is estimated to have doubled its presence of construction since 2006-07, then this factor was applied to the 2006-07 industry contribution of construction to Manjimup).
- All preliminary 2010-11 estimates were then equalized to the State Account estimates of gross value added production by industry using an appropriate multiplier to ensure that aggregating each region would equate to the State figure for 2010-11.

AECgroup's methodology for estimating GRP is subject to the following key limitations:

- The use of the transaction tables provides preliminary 2006-07 estimates across 111 industries which allows for a greater richness in industry composition (and differences in value add by industry) than the traditional 19 sector approach. However, this approach does assume that production functions for each of the 111 industries are the same across all regions.
- The relative difference between each regions' value add per employee and that of the State is assumed to remain relatively constant across regions and over time, which may not be an accurate reflection of regional differences and changes in the actual economy.
- Annual employment counts in the Labour Force Survey and Small Area Labour Market data are based on usual place of residence, not place of work, which can misrepresent the actual level of employment in some regions and industries. To overcome this issue to some degree, AECgroup apply growth rates in these data sets only, rather than using these data sets to understand actual employment in each region.

These limitations can act to artificially inflate (or deflate) a region's or industry's GRP contributions. As such, the GRP estimates provided in this report should be used with caution, and are intended as a guide to the level of economic activity and growth in the region relative to other areas and the State.

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<sup>5</sup> A smoothing technique using a Henderson Moving Average is applied to the Labour Force Survey to remove some of the volatility in this data series.

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