Light Economic Development Plan

Economic Analysis Report

Prepared for

Light Regional Council

April 2020
lucid
/'lu:сид/

adjective
1. expressed clearly; easy to understand
2. bright or luminous

Document Control

Job Name: Light Economic Development Plan

Client: Light Regional Council

Client Contact: Kieren Chappell

Version Control

<table>
<thead>
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<th>Authorisation</th>
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Executive Summary

Introduction

Lucid Economics has been engaged by Light Regional Council to deliver the Light Economic Development Plan.

This report represents the economic analysis portion of the project and provides an in-depth analysis of the local economy and foundation for future economic development activities.

Population

Population growth is important as it drives economic growth across approximately one-third of the economy. Population growth for the Light region has slowed significantly since the early-2000s, to be just 0.1% in 2019. While this trend is in line with regional and state trends, lower population growth rates mean that the economy must be supported in other areas for growth.

Historical analysis has shown that when the economy increases, new jobs are created, which provide a catalyst for population growth.

Figure E.1. Historical Population

Source: ABS (2020a).
Economic development is about raising the standard of living for all residents

Household income levels are the best available indicator for standard of living and/or community wellbeing for residents. Economic development should seek to increase the median household income level over time. In addition to being above the South Australian average, the Light region’s median household income has increased at a level above inflation, indicating increasing standards of living.

Table E.1. Median Income

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2011</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personal income ($/week)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Light</td>
<td>$465</td>
<td>$571</td>
<td>$669</td>
</tr>
<tr>
<td>South Australia</td>
<td>$433</td>
<td>$534</td>
<td>$600</td>
</tr>
<tr>
<td><strong>Household income ($/week)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Light</td>
<td>$1,075</td>
<td>$1,276</td>
<td>$1,462</td>
</tr>
<tr>
<td>South Australia</td>
<td>$885</td>
<td>$1,042</td>
<td>$1,204</td>
</tr>
</tbody>
</table>


Economy

The Light regional economy has undergone significant periods of volatility that have been followed by periods of stagnation. The main driver of this volatility has been the region’s agriculture and construction industries, due to changes in local weather patterns, and slowing population growth.

Figure E.2. Gross Regional Product, Light

Source: Economy.id (2020).
Figure E.3. Industry Value-Add, 2018-19

Source: Economy.id (2020).

Figure E.4. Industry Value-Add, Top Six Industries, Light

Source: Economy.id (2020).
Labour Force

The Light region has a considerably lower unemployment rate than the South Australian average, however with the region’s labour force growing at a slower rate than population growth recently, in addition to the ageing nature of the region’s population, it is likely that the participation rate in the region is in decline. In particular, the slowing rate of population growth will have implications for more population-dependent industries, such as construction and education, which are key employment industries in the region.

Figure E.5. Labour Force and Unemployment Rates

Source: DESSFB (2019).

Figure E.6. Employment by Industry, Light

Source: Economy.id (2020).
Future Growth Opportunities

This analysis has considered a number of economic and industry factors as well as workforce and other related economic indicators in evaluating the local economy. It has identified a range of competitive advantages as well as a range of economic development opportunities. The analysis has indicated that there are a number of future economic development growth opportunities for the Light region in the following industries:

- Healthcare
- Agriculture
- Beverage and tobacco product manufacturing
- Professional, scientific and technical services
- Tourism

It will be important for Light Regional Council to consider how it can influence these sectors to grow into the future.

Next Steps

Light Regional Council will need to consider this analysis in terms of how it approaches economic development into the future. It is clear that the Council has a number of challenges as well as a number of distinct opportunities.

This analysis will be discussed with a range of stakeholders as part of the formulation of the Economic Development Plan for the Light region and provides a strong evidence base for the development of the plan.
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1. **Introduction**

Lucid Economics Pty Ltd (Lucid Economics) has been engaged to deliver the Light Economic Development Plan on behalf of Light Regional Council.

Light Regional Council is located approximately 75km north of the Adelaide CBD. The Council encompasses 1,278 square kilometres and includes the western ridge of the Barossa Valley. It is primarily known for its mining heritage and premier farming land. Key townships within the Council region include Kapunda, Freeling, Greenock, Roseworthy and Wasleys.

**Figure 1.1. Light Regional Council and RDA BGLAP Region**

![Map of Light Regional Council and RDA BGLAP Region](source: Economy.id (2020)).

This report provides an in-depth analysis of the local economy and a strong basis for the consultation and strategy development phase of the project.
2. Population and Demographics

2.1 Population

The Light region had an estimated resident population of 15,359 in 2019, up 0.1% from 2018. The Light region’s population has slowed considerably since the early 2000s, averaging growth of 1.0% per annum over the past five years, having grown at an average annual rate of 2.1% the decade prior. While population growth has also trended lower since the early 2000s in the RDA BGLAP region and South Australia, Light region’s population growth has fallen below the RDA BGLAP rate and the South Australian average in 2019, having been higher than both regions for the majority of the previous 15 years.

Figure 2.1. Historical Population

Source: ABS (2020a).

South Australia’s Department of Planning, Transport and Infrastructure (DPTI) projects the Light region’s population growth to continue to slow out to the year 2036 (Figure 2.2). The Light region’s population growth is forecast to remain below the RDA BGLAP average, but above the South Australian average out to the year 2036, remaining between 1.2% and 1.3% per year.
2.2 Age

The Light region exhibits similar median age characteristics to the South Australian average (Table A). However, the rate of ageing in the Council area is marginally faster than that of the broader state over the decade to 2016.

Table A. Median Age

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2011</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Light Region</td>
<td>36</td>
<td>38</td>
<td>39</td>
</tr>
<tr>
<td>South Australia</td>
<td>39</td>
<td>39</td>
<td>40</td>
</tr>
</tbody>
</table>


Consistent with the rising median age in the Light region over the past 10 years, the area is projected to see a rapid increase in the proportion of residents aged 65 years out to the year 2036, moving from 13.8% of the total population in 2016 to 22.4% by 2036 (Figure 2.3).

On a total numbers basis, residents aged 65 years and over are expected to increase by 2,250 residents between 2016 and 2036, more than doubling of this population cohort over 2016 levels.
2.3 Income

The Light region’s median weekly personal and household income levels were both higher than the state medians in 2016.

Median household income is an important measure for standard of living. The measure has increased at a faster rate than inflation (ABS, 2019c) over the past decade in the Light region, providing real income gains for residents.

Table B. Median Income

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
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2.4 SEIFA

The image below (Figure 2.4) shows a mix of areas within in terms of their standing in the ABS’s Index of Relative Socio-Economic Advantage and Disadvantage (SEIFA).

While there are a number of regions in the 4th quintile, there are also a number of regions in the bottom two quintiles of the Index.
Figure 2.4. Index of Relative Socio-Economic Advantage & Disadvantage (by SA1), Light Regional Council (2016)

3. Economy

3.1 Size and Structure of the Economy

The Light region’s Gross Regional Product (GRP) was $828 million in 2018-19, down 6% from the previous year.

The region’s economic growth has been volatile since the early 2000s, however the area has recorded stronger average annual growth (2.9%) than the RDA BGLAP (1.8%) and South Australian (1.3%) averages over the past five years.

This volatility in large part is due to the region’s reliance on the local agriculture, forestry and fishing industry (the region’s second largest industry), which is susceptible to changes in local weather patterns.

The construction industry has also contributed to volatility in the local economy, likely driven by slowing population growth in the region.

Figure 3.1. Gross Regional Product, Light Region

![Gross Regional Product, Light Region](image)

Note: Year-ending June data.
Source: Economy.id (2020).

The largest industries by Industry Value-Add (IVA) in the Light region in 2018-19 were:

- Manufacturing;
- Agriculture, forestry and fishing;
- Education and training;
- Construction; and
- Transport, postal and warehousing.

Manufacturing was the largest industry in the Light region in 2018-19, with non-metallic mineral product manufacturing and beverage and tobacco product manufacturing being the region’s key manufacturing sub-industries.

The manufacturing industry has grown strongly in recent years (particularly the non-metallic mineral product manufacturing sub-industry), supported by a lower Australian dollar since the mining boom.
Agriculture is another key sub-industry in the region, with livestock slaughterings, cereal crops and grapes being the leading agricultural commodities produced by value in 2015-16.

Construction is the fourth largest sector in the Light region, however the industry has been in decline in recent years, consistent with slowing population growth.

Figure 3.2. Industry Value-Add, 2018-19

Source: Economy.id (2020).

Figure 3.3. Industry Value-Add, Top Six Industries, Light Region

Source: Economy.id (2020).
Figure 3.4. Industry Value-Add by Manufacturing Sub-Sector, 2018-19

Source: Economy.id (2020).

Figure 3.5. Industry Value-Add by Sub-Industry, Light Region

Source: Economy.id (2020).
The Light region’s economy is dominated by small businesses (98% of all businesses have 19 employees or fewer) (Figure 3.7). This structure is similar to most local economies in Australia.

The top three industries by number of businesses (agriculture, forestry and fishing, construction and rental, hiring and real estate services) are typical industries where there is a great number of individual traders and small businesses.

**Business Counts from the ABS**

It is important to keep in mind that this data reflects the registered business address of companies (only), so larger businesses such as Coles, Woolworths and other major retail businesses may not be captured in the data. Furthermore, the ABS excludes sole traders and focuses on businesses with active ABNs that are registered for GST. This methodology usually underestimates the total number of businesses in a local economy, specifically many of the sole traders and/or home-based businesses.
Figure 3.7. Business Counts, Light Region, 2019

Note: Location based on registered address of businesses.
Source: ABS (2020b)

Figure 3.8. Business Counts, by Industry, Light Region, 2019

Source: ABS (2020b).
Figure 3.9. Business Counts, by Industry, 2018

Source: Economy.id (2020).
4. Employment and Skills

4.1 Labour Force and Unemployment

The Light region’s labour market conditions have consistently been stronger than the South Australian average. Further, while the region’s unemployment rate has increased marginally over the last few quarters, employment has been growing. In December quarter 2019, the Light region’s unemployment rate was 3.6%, below the RDA BGLAP region (4.2%) and South Australian (6.3%) (Figure 4.1).

In the year to December, the region added 266 jobs (an increase of 3.3%). Since 2010, employment has increased an average of 107, demonstrating the strong growth of local employment over the last year.

Labour Force and Unemployment Data

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

Figure 4.1. Labour Market Conditions

Source: DESE (2020).
4.2 Employment

Manufacturing has remained the leading employing industry in the Light region over the past decade, providing almost 25% of the region’s jobs in 2018-19.

In terms of total numbers, the majority of growth has come from the manufacturing (465) and retail (229) and education (141) industries over the five years to 2018-19, accounting for 75% of total job growth over the period.

The proportion of jobs within the agriculture, forestry and fishing industry has fallen sharply over the past decade, but still remains the second leading employing industry in the region in 2018-19.

Figure 4.2. Employment by Industry, Light Region

Source: Economy.id (2020).
Figure 4.3. Employment growth (no.), Light Region

Source: Economy.id (2020).

Figure 4.4. Employment growth (%), Light Region

Source: Economy.id (2020).
4.2.1 Part-time and Full-time Work

Between 2011 and 2016, there was a 1.5 percentage points (ppt) shift between part-time work and full-time work in the Light region. The ABS defines part-time work as working less than 35 hours in one week and full-time work as working 35 hours or more.

The casualisation of the workforce is a trend that is taking place at the state and national level at a much higher rate than in the Light region. Manufacturing is the key employing industry in the region, and also the industry with the highest proportion of full-time employees.

Figure 4.5. Employment Status, Light Region

Note: Place of work.

Figure 4.6. Employment Status by Industry, Light Region, 2016

Note: Place of work.
4.2.2 Underemployment

Underemployment refers to persons who have a job but want, and are available to work, more hours than they currently are. Underemployment data is only available at the state level, however trends in underemployment in the region are unlikely to differ significantly from trends at the state level.

The South Australian underemployment rate was 8.6% (trend) in May 2019, broadly in line with the national average (8.5%) and 2.8 percentage points higher than the South Australian unemployment rate (5.8%).

While the South Australian underemployment rate has trended lower in recent years, the rate remains elevated by historical standards. Further, the gap between the South Australian unemployment and underemployment rates has widened over the past two decades. This indicates that, while the unemployment rate in the Light region is particularly low, there are likely to be numerous workers looking to work more hours in the region.

Figure 4.7. Unemployment and Underemployment Rates

Note: trend data. Source: ABS (2019d).

4.3 Journey to Work

Analysis of journey to work data from the 2016 Census shows that 65% of local residents (4,689) leave the Council area every day to go to work. This demonstrates the attractiveness of the area for residents, as many have decided to incur a longer commute in order to live in the Light region.

At the same time, the analysis also shows that for the jobs available inside the Light region, 44% of them (2,137) are filled by local residents.

While some resident workers travel to Adelaide for employment, there is a significantly greater proportion of resident workers employed in surrounding local government areas, particularly the neighbouring Barossa LGA. Additionally, most of the local jobs in the Light region that are not filled by resident workers are occupied by residents from adjoining local government areas (Table D).
In terms of industry, manufacturing, healthcare and retail trade all have relatively high proportions of local resident workers who work outside of the Light region.

**Table C. Journey to Work, Light Region, 2016**

<table>
<thead>
<tr>
<th>Location</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employed residents in the area</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Live and work in the area</td>
<td>2,137</td>
<td>30%</td>
</tr>
<tr>
<td>Live in the area, but work outside</td>
<td>4,689</td>
<td>65%</td>
</tr>
<tr>
<td>No fixed place of work</td>
<td>390</td>
<td>5%</td>
</tr>
<tr>
<td>Total employed residents in the area</td>
<td>7,226</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Workers in the area</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Live and work in the area</td>
<td>2,137</td>
<td>44%</td>
</tr>
<tr>
<td>Work in the area, but live outside</td>
<td>2,657</td>
<td>56%</td>
</tr>
<tr>
<td>Total workers in the area</td>
<td>4,812</td>
<td>100%</td>
</tr>
</tbody>
</table>


**Table D. Journey to Work, by LGA, Light Region, 2016**

<table>
<thead>
<tr>
<th>Top 10 employment locations of resident workers by Council</th>
<th>Top 10 residential location of local workers by Council</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council</td>
<td>No.</td>
</tr>
<tr>
<td>Light (RegC)</td>
<td>2,137</td>
</tr>
<tr>
<td>Barossa (DC)</td>
<td>1,148</td>
</tr>
<tr>
<td>Gawler (T)</td>
<td>753</td>
</tr>
<tr>
<td>Playford (C)</td>
<td>645</td>
</tr>
<tr>
<td>Salisbury (C)</td>
<td>642</td>
</tr>
<tr>
<td>Port Adelaide Enfield (C)</td>
<td>397</td>
</tr>
<tr>
<td>No Fixed Address (SA)</td>
<td>390</td>
</tr>
<tr>
<td>Adelaide (C)</td>
<td>260</td>
</tr>
<tr>
<td>Tea Tree Gully (C)</td>
<td>117</td>
</tr>
<tr>
<td>Charles Sturt (C)</td>
<td>116</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Industry</th>
<th>No.</th>
<th>%</th>
<th>Industry</th>
<th>No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>720</td>
<td>14.6%</td>
<td>Manufacturing</td>
<td>685</td>
<td>26.9%</td>
</tr>
<tr>
<td>Health Care and Social Assistance</td>
<td>673</td>
<td>13.6%</td>
<td>Education and Training</td>
<td>394</td>
<td>15.5%</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>552</td>
<td>11.2%</td>
<td>Agriculture, Forestry and Fishing</td>
<td>291</td>
<td>11.4%</td>
</tr>
<tr>
<td>Public Administration and Safety</td>
<td>434</td>
<td>8.8%</td>
<td>Construction</td>
<td>217</td>
<td>8.5%</td>
</tr>
<tr>
<td>Construction</td>
<td>408</td>
<td>8.3%</td>
<td>Accommodation and Food Services</td>
<td>172</td>
<td>6.8%</td>
</tr>
<tr>
<td>Education and Training</td>
<td>393</td>
<td>8.0%</td>
<td>Health Care and Social Assistance</td>
<td>126</td>
<td>4.9%</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>291</td>
<td>5.9%</td>
<td>Transport, Postal and Warehousing</td>
<td>103</td>
<td>4.0%</td>
</tr>
<tr>
<td>Transport, Postal and Warehousing</td>
<td>274</td>
<td>5.5%</td>
<td>Retail Trade</td>
<td>88</td>
<td>3.5%</td>
</tr>
<tr>
<td>Administrative and Support Services</td>
<td>210</td>
<td>4.3%</td>
<td>Administrative and Support Services</td>
<td>84</td>
<td>3.3%</td>
</tr>
<tr>
<td>Professional, Scientific and Technical Services</td>
<td>165</td>
<td>3.3%</td>
<td>Wholesale Trade</td>
<td>82</td>
<td>3.2%</td>
</tr>
</tbody>
</table>


4.4 Skills

Workforce and Skills

The skills in an economy can be considered in terms of its local resident workforce (i.e. the people who reside in the area and their respective skills), as well as in terms of the local workers (i.e. the people who work locally). Because 44% of local jobs are filled by local people, these two perspectives will align to a certain degree. A shortage or surplus in any area will help us understand any existing skills gaps in the local resident workforce.

The Light region had a significantly lower proportion of professionals and sales workers (by place of work) than the South Australian average in 2016.

However, the Light region also has a higher representation of labourers, machinery operators and drivers, and technicians and trades workers than the South Australian average, which is representative of the large local agriculture, construction and manufacturing industries.
Consistent with the higher proportion of labourers, machinery operators and drivers, and technicians and trades workers in the area, the region has a higher proportion of residents listing ‘secondary education’ and ‘certificate level’ as their highest education attainment in 2016 compared with the South Australian average.

Accordingly, the region has a lower proportion of residents with ‘bachelor degree level’ and ‘post graduate degree level’ listed as their highest level of education attained.
Figure 4.10. Highest Education Attainment (place of usual residence), 2016


Figure 4.11. Highest Education Attainment (place of work), 2016

4.5 Value of Employment

Different industries contribute varying degrees of value to the local economy based on a variety of factors including supply chains, price of goods sold and overall position in the economy.

As highlighted below, financial services, information media and telecommunications, rental, hiring and real estate services and utility services are amongst the highest value-adding industries in the local economy.

Arts and recreation services, accommodation and food services and retail trade are amongst the lowest value-adding sectors in the local economy.

**High Value-Adding Jobs**

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

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

**Figure 4.12. Industry Value-Add per Employee, Light Region**

Note: Based on 2016 Census employment by industry by place of work and 2015-16 industry value-add data. Sources: Economy.id (2019), ABS (2017).
5. **Tourism**

Tourism is not one of the Light region’s key industries, accounting for just 1.8% of industry value-add in 2016-17. However, tourism visitation to the Light region has risen by more than 50% since 2010, primarily driven by strong growth in day-trip visitors.

Day-trip visitors are by far the largest visitor type to the region, comprising over 80% of total visitors to the region in 2018. It should be noted however, that day-trip visitors have the lowest average trip spend of the three visitor types, and therefore the lowest economic impact. In contrast, international visitors accounted for less than 1% of total visitors to the region in 2018.

Table F. Industry Value-Add by Sub-Industry, 2017-18, Light Region

<table>
<thead>
<tr>
<th>Sector</th>
<th>Industry Value Added</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$M</td>
<td>% of Total</td>
</tr>
<tr>
<td>Tourism</td>
<td>11.0</td>
<td>1.8%</td>
</tr>
<tr>
<td>Accommodation</td>
<td>5.1</td>
<td>0.8%</td>
</tr>
<tr>
<td>Food &amp; beverage services</td>
<td>7.2</td>
<td>1.2%</td>
</tr>
</tbody>
</table>

Note: Tourism data is for 2016-17.
Source: Economy.id (2019).

Figure 5.1. Visitors by Type, Light Region

Note: 5-year averages used due to low sample sizes.
Source: TRA (2019).
6. Property

The Light region offers affordability with housing prices up to 60% less than other areas (Table G).

Building approvals have declined (both in number and value) in the Light region in recent years, consistent with slowing population growth in the region.

### Table G. Median House Price (2019)

<table>
<thead>
<tr>
<th>Region</th>
<th>Median House Price ($)</th>
<th>Annual Growth (%)</th>
<th>Savings in Light (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Australia</td>
<td>$435,000</td>
<td>1.8%</td>
<td>18.0%</td>
</tr>
<tr>
<td>Metro Adelaide</td>
<td>$485,000</td>
<td>1.7%</td>
<td>26.5%</td>
</tr>
<tr>
<td>Central Metro</td>
<td>$560,000</td>
<td>0.5%</td>
<td>37.1%</td>
</tr>
<tr>
<td>Inner Metro</td>
<td>$840,000</td>
<td>-2.4%</td>
<td>59.3%</td>
</tr>
<tr>
<td>Light Region</td>
<td>$350,550</td>
<td>-8.8%</td>
<td>NA</td>
</tr>
</tbody>
</table>


### Figure 6.1. Building Approvals, Light Region

Source: ABS (2019b).
7. Competitive Advantages and Opportunities

Identifying Competitive Advantages

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

- Location quotient analysis
- Cluster mapping

This analysis will identify various industry opportunities for the Light region to be tested and verified through consultation.

The following graph shows the Light region’s competitive advantages by industry due to local employment specialisation. Essentially, the location quotients show the proportion of workers in individual industries with the ‘1’ line representing parity with South Australia. Industries showing a specialisation above the ‘1’ line indicate areas of natural competitive advantage.

The analysis shows the natural competitive advantages for the Light region in agriculture, forestry and fishing, education and construction.

Figure 7.1. Employment Location Quotients, Light (benchmarked to South Australia), 2017-18

Source: Economy.id (2019).
It is important to understand that the education and construction industries rely on population and other factors for growth and vitality. As such, as population (and business) grows, so too will construction and education, so while there is a relative competitive advantage in these sectors, it is not something that the Light region can trade on given the region’s slowing population growth and ageing population profile.

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

**Cluster Mapping**

Cluster mapping is an analytical tool to consider future economic growth opportunities and to show the importance and growth opportunities for various clusters or industries within the economy. The cluster maps for the Light region show the significance and importance of the existing agricultural and manufacturing clusters. The mapping also shows the growth potential of various other clusters such as the health care and social assistance industry.

**Interpreting the Cluster Map**

Cluster mapping is an analytical tool that can simultaneously present the size and scale of a location’s competitive advantages with future anticipated growth trends by industry. In cluster mapping, a location’s competitive advantage is viewed through labour specialisation (i.e. the relative scale of employment in specific industries). There are three main components to the cluster map:

- **Location quotient**: the community’s location quotients are presented along the vertical axis and these points represent the proportional employment in the community versus a comparison, in this instance South Australia (i.e. compared with SA, how many people are employed in the sector; 1 = the same, 1.2 = 20% more than the state, etc.).
- **Employment Growth**: future employment growth expectations per industry, from 2018 to 2023, form the horizontal axis and tell us the percentage growth expected for a sector, based on projections from the Department of Employment, Skills, Small and Family Business.
- **The Cluster**: or the ‘bubble’ represents the size of local employment in that given sector, which shows the significance of the sector locally.

Overall, cluster mapping helps to identify industry areas of focus for further development in the future.
Figure 7.2. Cluster Map (1-digit), Light Region

Note: Location quotient calculated by proportion of Light employment divided by proportion of South Australia employment. Location quotient of greater than 1 indicates industry makes up larger proportion of Light employment than it does across South Australia.

Sources: Economy.id (2019), DESSFB (2018b).
Note: Location quotient calculated by proportion of Light employment divided by proportion of South Australia employment. Location quotient of greater than 1 indicates industry makes up larger proportion of Light employment than it does across South Australia.

Note: Place of work data.

Sources: Economy.id (2019), DESSFB (2018b).
Figure 7.4. Manufacturing Sub-Industries (2-dig) Cluster Map, Light Region

Note: Location quotient calculated by proportion of Light employment divided by proportion of South Australia employment. Location quotient of greater than 1 indicates industry makes up larger proportion of Light employment than it does across South Australia.

Sources: Economy.id (2019), DESSFB (2018b).
The analysis above indicates that there are future economic development growth opportunities in the following industries:

- Healthcare
- Agriculture
- Beverage and tobacco product manufacturing
- Professional, scientific and technical services
- Tourism

It will be important for Light Regional Council to consider how the Council can influence these sectors to grow into the future.
8. Summary

This analysis has revealed numerous elements of the local economy as well as various areas for future growth.

The Light economy is unique in many ways. The region’s median household income is higher than the South Australian average and the region’s labour market exhibits a low rate of unemployment. However, participation is likely declining given the region’s labour force is growing at an even slower rate than its population. Further, with the region’s population growth slowing and ageing (with this trend forecast to continue over the next decade), this is likely to have implications for the more population-dependent industries such as education and construction. At present, these are two of the larger industries in the region by employment.

The region’s economy is particularly reliant on the manufacturing and agriculture industries, which are susceptible to changing weather patterns and global and national economic conditions. For this reason, economic growth in the Light region has been particularly volatile in recent years.

The Light Regional Council must consider the best avenues to encourage broad-based, valuable economic development. Based on this analysis, these efforts must consider existing businesses, small businesses, trade opportunities, and the opportunity to attract investment from outside investors and businesses. Additionally, entrepreneurial initiatives as well as other workforce development initiatives should be considered.

This evidence base provides the foundation for future strategic considerations as well as for the consultation phase of the project.
References


