

# Tamworth Region 2007 Economic Performance Report

Prepared by Duo Consulting Pty Ltd

On behalf of



# Tamworth Region 2007 Economic Performance Report

	Last Year	This Year	Change
<a href="#">Population</a>	54,420	55,063	643
<a href="#">Unemployment</a>	1,083	1,152	69
New <a href="#">Business Registrations</a>	393	258	(135)
<a href="#">Development</a> Approval Value	\$147 million	\$171 million	\$24 million
New <a href="#">Vehicle Registrations</a>	2,618	2,450	(168)
Guest Nights ( <a href="#">Tourism</a> )	338,091	345,024	6,933
Median House Price ( <a href="#">Property</a> )	\$245,000	\$230,000	(\$15,000)

This document is the first report in an annual reporting framework on the state of the Tamworth Regional economy. It is a summary document and includes information on seven key indicator areas; population, employment, business activity, construction activity, vehicle registrations, tourism, and property. The document can be read as a whole but each page comprises a standalone briefing note on one area of economic performance. The data used here is the best and most recent available, and is sourced from federal and state agencies.

## Tamworth: The Regional Engine Room

*The Tamworth regional economy has performed well despite the effects of the drought and a difficult State housing market. Population growth is steady and employment is keeping pace. The key indicators of investment in income generating activity, non-residential building and commercial vehicle purchases, all show significant strength and confidence in the local economy.*

Tamworth Regional Council is a relatively new entity formed in March 2004 with the amalgamation of the former Tamworth City Council with Manilla Shire Councils along with parts of Nundle, Barraba and Parry, and a boundary adjustment with Gunnedah Shire. The Council covers an area of some 9,713 square kilometres, and is home to around 55,000 people. Tamworth has experienced a period of significant and protracted economic growth. However, the key indicators over the past year or so paint a mixed picture.

Tamworth was the growth centre of the New England – North West Region between 2001 and 2006. Between 2001 and 2006 Tamworth's population grew at 0.4% per year, however, this increased to 1.2% between 2005 and 2006. By comparison, the New England – North West Region, including the Tablelands, Northern Slopes, and Moree Plains along with Tamworth, had no net growth in the five years to 2006, and 0.7% in 2005/6, led by growth in Tamworth.

Between March 2004 and 2007, the labour force grew by 1,003 from 17,802 to 18,805, representing an annual growth rate of 1.9%. Despite this rapid growth in the labour force the unemployment rate remained relatively stable adding just 16 people between March 04 and March 07. Although there have been fluctuations in unemployment levels quarter to quarter, overall unemployment appears to be in a downward trend. While the rate of unemployment (6.1%) remains stubbornly above NSW Average it is clear that

the Tamworth economy is creating significant numbers of new jobs.

New business registrations slowed during the past year, down from a total of 393 to just 258, possibly indicating a slight slowing of confidence in the local marketplace.

Residential and non-residential development approvals were both up from 2005/6. Some \$113 million of residential development was approved along with \$58 million worth of non-residential development. Tamworth accounted for some 37% of the value of non-residential building in the Northern Region of NSW.

The total vehicle fleet in the Tamworth Region grew by some 931, or 1.8% (not including "plant"). There was however, a notable softening in the new vehicle market, which contracted by 168 vehicles or 6.4% compared to 2005 registrations. Most notably, the purchase and registration of new "commercial" vehicles – particularly light and heavy trucks, and prime movers – contracted by 12%.

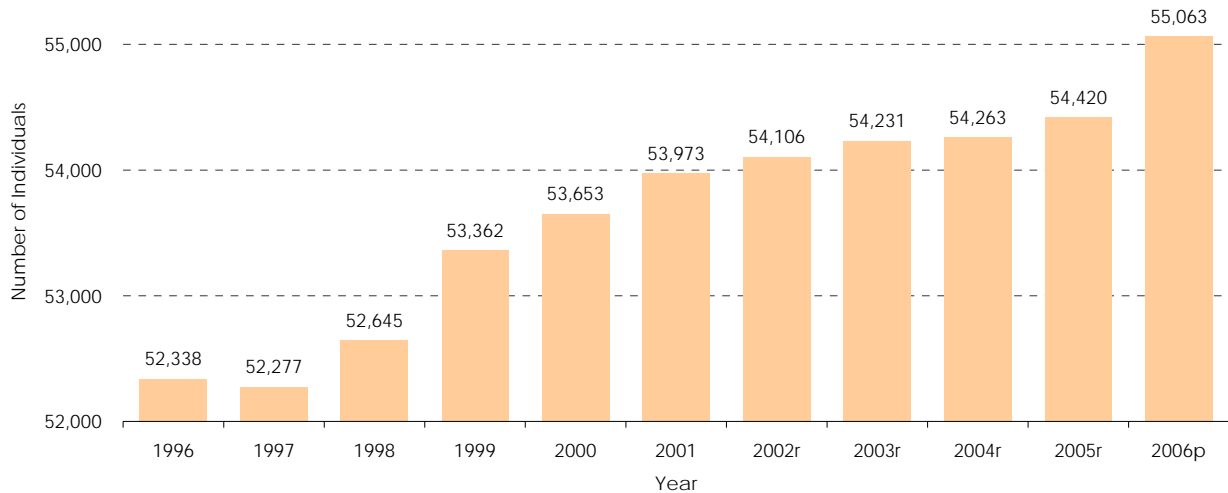
Overall, the tourism takings grew by just slightly better than the inflation rate (4%). The other key indicators, guest arrivals and guest nights, grew slowly at a little over 2%.

Tamworth's light industrial land market has grown steadily over the past five years. Between 2005 and 2006, the value of a small industrial site (as defined by NSW Lands), grew by \$13,000 (11%) from \$119,000 to \$132,000. Anecdotal evidence suggests that supply limitations are leading to continued strong growth in 2007.

Following a period of strong growth throughout the later part of 2005 and early 2006, the Tamworth housing market has declined slightly over the past twelve months. The median house price fell \$15,000 (6.1%) from \$245,000 to \$230,000.

## Population

Figure 1: Tamworth Regional Population



(Source: ABS Estimated Residential Population + Duo)

***Tamworth was the growth centre of the New England – North West Region between 2001 and 2006 and in 2005/6 has exceeded average growth rates for NSW growing faster than many coastal communities.***

The Tamworth population has grown slowly but consistently over the past five years. Between 2001 and 2006 the population grew at 0.4% per year, however, this increased to 1.2% between 2005 and 2006, with an estimated net increase of 643 additional residents. It is too early to assess whether this increase is the beginning of a new higher growth trend or a one off jump.

By comparison, the New South Wales population grew by 0.8% and 0.9% during the same periods. The New England – North West Region, including the Tablelands, Northern Slopes, and Moree Plains along with Tamworth, had no net growth in the five years to 2006, and 0.7% in 2005/2006, led by Tamworth.

For the period 2005/6 Tamworth was the 37<sup>th</sup> fastest growing local government area in New South Wales. It also had the 27<sup>th</sup> largest growth in the State.

Over the past ten years both the number and proportion of young people in the Tamworth population has declined. In 1996 12,332 individuals aged between nought and fourteen were recorded on census night, making up 24% of the community; whereas in 2006, the same age group held 11,419 individuals, making up 21% of the population.

During the same period both the number and proportion of older people has increased. In 1996 there were 6,600 people aged over 65 – 13% of the population; while in 2006 there were 8,347 – 16% of the community.

It is notable that the number of working age people increased by a little less than 1,300 from 32,583 to 33,824; however, the total number of working age people as a proportion of the community population remained steady at 63%.

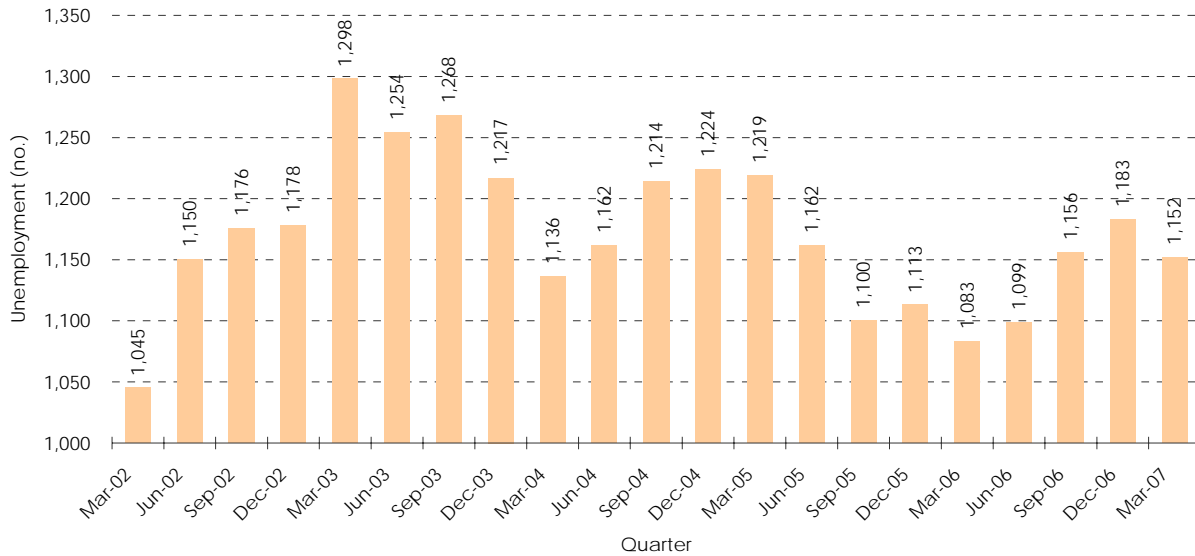
Table 2: Tamworth Regional Council Population Age Structure

	1996		2001		2006	
	No.	%	No.	%	No.	%
Youth (0-14)	12,332	24%	11,579	23%	11,419	21%
Workers (15-64)	32,583	63%	32,352	63%	33,824	63%
Aged (65+)	6,600	13%	7,260	14%	8,347	16%
	51,515	100%	51,191	100%	53,590	100%

Source: ABS Census + Duo

## Employment

Figure 2: Tamworth Regional Unemployment



(Source: DEWR + Duo)

*Tamworth's unemployment rate climbed slightly from March '06 to March '07 from 5.7% to 6.1% bringing it in line with the average rate of unemployment for regional NSW. However, reduced unemployment in the final quarter of this period supports the idea that Tamworth remains in a long term cycle of declining average unemployment rates despite a rapidly growing labour force.*

Over the four quarters from March 2006 to March 2007, Tamworth's employment market contracted in real terms. Each of the first three quarters show a slight increase in unemployment from a low of 1,099 to a high of 1,183. The most recent March '07 quarter showed a slight decline from 1,183 in December '06 to 1,152.

Over the longer term, however, Tamworth has followed the national trend toward a "full-employment" economy. Unemployment has shown a reasonably steady downward trend from a high of nearly 1,300 in March 2003. Indeed, between March 2003 and March 2005 unemployment sat consistently above 1,200 for seven of nine quarters; whereas for the past eight quarters, unemployment has not exceeded 1,200.

It is particularly notable that during the same period that unemployment has declined, the labour force has increased. Total regional employment has therefore increased substantially.

Between March 2004 and 2007, the labour force grew by 1,003 from 17,802 to 18,805. This represents an

annual growth rate of 1.9%. This compares to a population growth rate of 0.4% between 2001 and 2006. Employment growth has therefore far exceeded population growth.

Of still more note, the growth in total employment between March 2004 and 2007 was 5.6% compared to the population growth rate of 0.4% between 2001 and 2006.

Tamworth's employment growth over the past four years has far outstripped population growth by over six times indicating a very healthy regional economy.

Table 3: Tamworth Regional Council Labour Force

	Mar-04	Mar-05	Mar-06	Mar-07
Unemployment	1,136	1,219	1,083	1,152
Labour Force	17,802	17,893	18,946	18,805
Calculated Employment	15,128	16,674	17,863	17,653

Source: Calculated from DEWR 2007 (Smoothed data)

There was a slight drop in labour force participation (141) and increase in unemployment (69) over the past year. The calculated total employment declined by around 210. This may be an aberration given the region's strong employment performance over the past few years, or it may indicate that the economy is settling out after a period of strong growth.

## Business Activity

Table 4: Tamworth Business Registrations

Entity Type	Total Active	GST Registered	Count of Newly Registered Entities Registered for GST			
			2004	2005	2006	2007
Australian Private Company	1822	1151	71	75	92	62
Australian Public Company	43	35	2	3	3	0
Family Partnership	1658	1191	85	70	67	41
Individual/Sole Trader	4531	1642	112	115	125	79
Total	10,702	5200	350	368	393	258

Source: Australian Business Register - Postcode 2340

**2006/7 was a slow year for the creation of new businesses in the Tamworth Region. All four business sectors saw lower registrations of new businesses than for any of the previous three years. This may point to a slight lowering of confidence in the local market place.**

In 2006/7 financial year, there were some 10,700 active businesses registered in the Tamworth 2340 postcode. Of these, some 5200 were registered for GST. Of this total, 1822 were private companies; 1151 of which were large enough to be registered for GST. Forty-three were public companies; with 35 registered for GST. 1658 were family partnerships with 1191 registered for GST, and by far the largest sector was individuals/sole traders with 4531, of which just 1642 were registered for GST.

The creation of new businesses slowed notably in 2007 when compared to the previous three years. Whereas the years 2004 to 2006 saw the establishment of between 350 and 400 new business entities consistently, 2007 waned in just 258. Overall, there were 135 fewer new business created in 2007 compared to 2006.

The decline in business creation occurred across all four business sectors. New registrations of Australian Private Companies declined by 30 from 92 to 62 between 2006 and 2007.

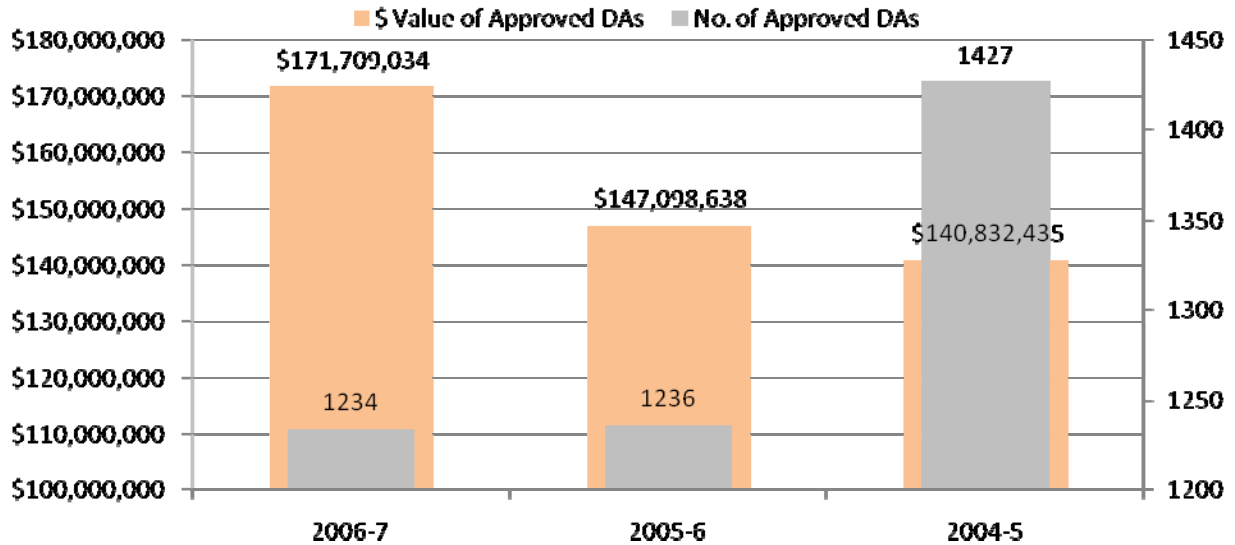
There were no new Australian Public Companies registered in Tamworth, whereas the previous three years had seen the creation of 2-3 new public companies.

New family partnerships registrations have been in gradual decline over the past four years, from a high of 85 in 2004 down to 41 in 2007.

Registrations of new sole traders drops below the 100 mark for the first time in four years. From 2004-2006 the number of new sole traders sat consistently between 112 and 125. This figure fell to just 79 in 2007.

## Construction Activity

Figure 3: Tamworth Regional Development Assessments 2005 - 2007



2006/7 saw a boom in the total value of development approvals. Over \$170 million worth of building activity was approved, compared to \$147 million in 2005/6. The increase was largely the result of an extraordinary increase in commercial building approvals from \$22-27 million for each of the previous two years up to \$47 million in 2006/7. There was also very strong growth in the value of aged housing, up from \$3.8 million to \$15 million.

The total number of developments assessed by Council has been steady for the past two years at 1230, down from 1430 in 2004/5. However, there was strong growth over the past year in the commercial (up from 106 to 152) and community facilities (up from 18 to 31) sectors.

### Residential versus Non-Residential Development Value (\$' million)

	2006/7	2005/6	2004/5
Residential	113.8	97.1	113.2
Non-Residential	57.9	46.2	27.6

There has been strong growth in residential development sector as a whole over the past year. The total value residential development, including aged housing, new houses, additions and alterations, and dual occupancies and multiple dwelling dwellings rose from \$86.5 million to \$114 million predominantly as a result of a number of large aged

housing developments. New dwelling numbers were also up from 239 to 274 with a consequent increase in value of \$7 million, from \$51.5 million in 2005/6 to \$58.5 million in 2006/7.

Residential alterations and dual occupancy or multiple occupancy development both eased slightly. 55 fewer alteration and additions DAs were approved in 2006/7 compared to 2005/6, down around 9%. 24 fewer dual occupancy or multiple dwelling DAs were approved during the same period, down 45%. However, the value of both of these sub-sectors remained relatively constant.

Non-residential development has increased substantially over the past two years compared to the 2004/5 financial year. Investment in this sector is very lumpy across the seven sub-sectors. As noted, 2006/7 saw significant investment in commercial development along with community and childcare facilities; whereas the value of industrial, educational development was well down on previous years.

According to Australian Bureau of Statistics reportage, Tamworth accounted for some 37% of the value of non-residential building in the Northern Region of NSW in 2006/7.

Table 5: Tamworth Regional Development Approvals

	2006/7		2005/6		2004/5	
	No.	Value	No.	Value	No.	Value
Aged Housing	3	\$ 15,035,000	6	\$ 3,830,000	1	\$ 8,700,000
New Dwellings	274	\$ 58,501,978	239	\$ 51,479,779	346	\$ 73,070,909
Residential alteration & additions	546	\$ 15,512,073	601	\$ 16,490,258	705	\$ 14,967,538
Dual Occupancy & Multiple Dwellings	32	\$ 24,769,586	58	\$ 25,342,830	55	\$ 16,455,334
Industrial Development	16	\$ 1,476,142	43	\$ 5,361,920	24	\$ 2,624,311
Commercial Development	152	\$ 47,016,972	106	\$ 27,413,156	129	\$ 22,788,186
Change of use	61	\$ 692,110	60	\$ 956,359	56	\$ 321,662
Community facilities	31	\$ 6,444,760	18	\$ 3,340,336	11	\$ 1,210,495
Educational establishment	6	\$ 488,413	4	\$ 8,164,000	4	\$ 394,000
Medical Centre	2	\$ 502,000	2	\$ 350,000	1	\$ 300,000
Child Care centres	3	\$ 1,270,000	2	\$ 640,000	95	\$ -
Subdivisions	108		97	\$ 3,730,000		
		<b>\$ 171,709,034</b>		<b>\$ 147,098,638</b>		<b>\$ 140,832,435</b>

Source: Tamworth Regional Council

## Vehicle Registrations

Table 5: Tamworth Regional Vehicle Registrations

	Total Vehicles					New Vehicles				
	2003*	2004*	2005	2006	2005/6	2003*	2004*	2005	2006	2005/6
Passenger Vehicles	15,611	16,268	22862	23,249	387	978	966	1,195	1,086	-109
Off-road Passenger Vehicles	1,650	1,980	3245	3,415	170	258	251	369	298	-71
Small Buses	197	183	247	270	23	2	8	1	2	1
Buses	97	100	137	135	-2	3	3	4	4	0
Mobile Homes	40	46	84	89	5	1	-	3	2	-1
Motor-cycles	728	803	1267	1,370	103	69	90	134	180	46
Light Trucks	5,587	5,801	9305	9,477	172	336	407	490	416	-74
Heavy Trucks	970	1,013	1586	1,622	36	32	32	37	56	19
Prime Movers	234	250	323	315	-8	9	28	24	13	-11
Plant				439	-	5	5	6	11	5
Trailers	6,890	7,361	11640	12,161	521	145	192	356	382	26
Size of Vehicle Fleet	32,459	34,271	51172	52,542	931	1838	1982	2,618	2,450	-168
Average Age of Fleet (Years)	11.7	11.7	11.45	13.5	2					
Licensed Drivers & Riders	24681	24,455	36320	36,652	332					

Note: \*Old Council Boundaries.

Source: NSW RTA

**The total vehicle fleet for the Tamworth Region grew by some 931, or 1.8%, (NSW 2.3%) not including "plant". There was however, a notable softening in the new vehicle market, which contracted by 168 vehicles or 6.4% compared to 2005 registrations.**

Overall, only motor-cycles and heavy truck new vehicle registrations grew from 2005 to 2006. This, along with the slight contraction of the employment market, points to an economy that is settling down after a number of years of significant growth.

By far the largest single contributor to this growth was trailers (521), although the proportions of these being purchased for personal use compared to business use is not clear. Passenger vehicles (387), light trucks (172), and four wheel drives (170) were the next largest contributors to vehicle fleet growth. However, it is worth noting that for all three of these categories, the number of new vehicle registrations actually declined in 2006 in comparison to 2005.

The private transport fleet (passenger vehicles, four-wheel drives, motor-cycles and motor-homes) grew by 665 (2.4%) vehicles between 2005 and 2006. However, the rate of growth of this fleet fell from 1,701 in 2005 to 1,566 in 2006, a decline of some 7.9%. In other words, 135 fewer new private passenger vehicles were registered in 2006 compared to 2005.

The commercial<sup>1</sup> fleet (light and heavy trucks, prime movers) grew by 200 vehicles (1.8%). This was dominated by light trucks (172), followed by heavy trucks (36), while there was a small decline in the number of prime movers (8) registered in Tamworth. It is worth noting however, that there was strong growth in the number of prime movers during 2004 and 2005 (28 and 24 new vehicle registrations respectively). 2006 may have seen the sell off of small portion of the old fleet. It is also important to note that investment of this type will always appear somewhat lumpy and annual variations at the local level are not unusual.

In 2006, 485 new commercial vehicles were registered in Tamworth. This was down by 12%, or 66, compared with the previous year. The vast majority of this slowing in growth was in the light truck market (down 74 or 15%), the number of newly registered prime movers more than halved (down 11, or 46%), while the number of new heavy truck registrations actually increased by 19 (from 37 in 2005 to 56 in 2006).

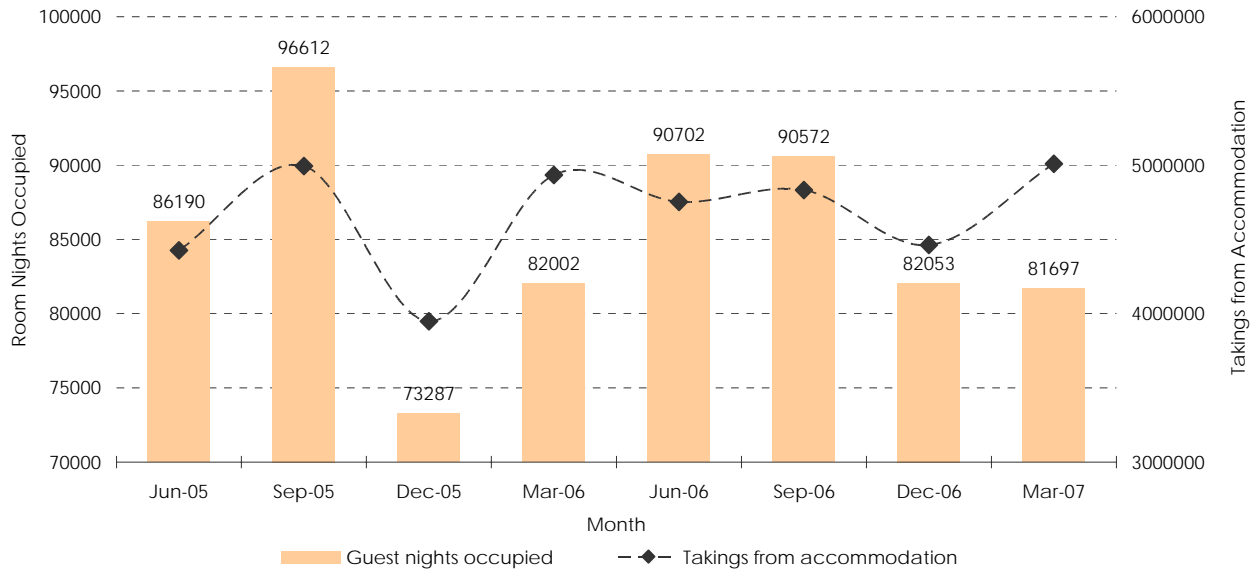
Unsurprisingly, given the slightly lower level of new vehicle sales, the average age of the vehicle fleet has risen from around 11 ½ to 13 ½.

The number of licensed drivers and riders rose by 332, or 0.9%, from 36,320 to 36,652, slightly slower than estimated population growth.

<sup>1</sup> Commercial, as defined here does not include small buses or buses.

## Tourism

Figure 4: Tamworth Regional Tourism Outcomes



(Source: ABS + Duo)

**2006/7 was a mixed year for tourism in Tamworth. Over the twelve month period between March 2006 and March 2007 five of nine indicators of tourism activity showed positive growth, three showed negative growth, and one remained stable.**

Overall, tourism takings grew by just slightly more than the inflation rate. The other key indicators, guest arrivals and total guest nights, grew slowly at a little over 2% over the year.

The number of guest arrivals grew by around 4,100 (2%); the number of room nights by around 4,500 (2.3%); the number of guest nights by 6,900 (2.1%); the total takings rose by \$754,000, or 4.1%; and the average takings per occupied room night increased by \$2, or 2.1%.

In contrast, the room occupancy rate fell by 1.65%; the bed occupancy rate by 0.8%, and the average takings per available room night fell by 60 cents or 1.3%. The average length of stay remained steady at 1.7 days.

However, the quarterly data presents a more complex picture of the performance of the sector.

The June and December quarters both grew across the three key indicators of guest nights, occupied room nights, and total takings.

In contrast the September and March quarters showed a contraction of guests and occupied room nights, with only takings increasing in comparative March quarters.

Table 6: Tamworth Regional Tourism

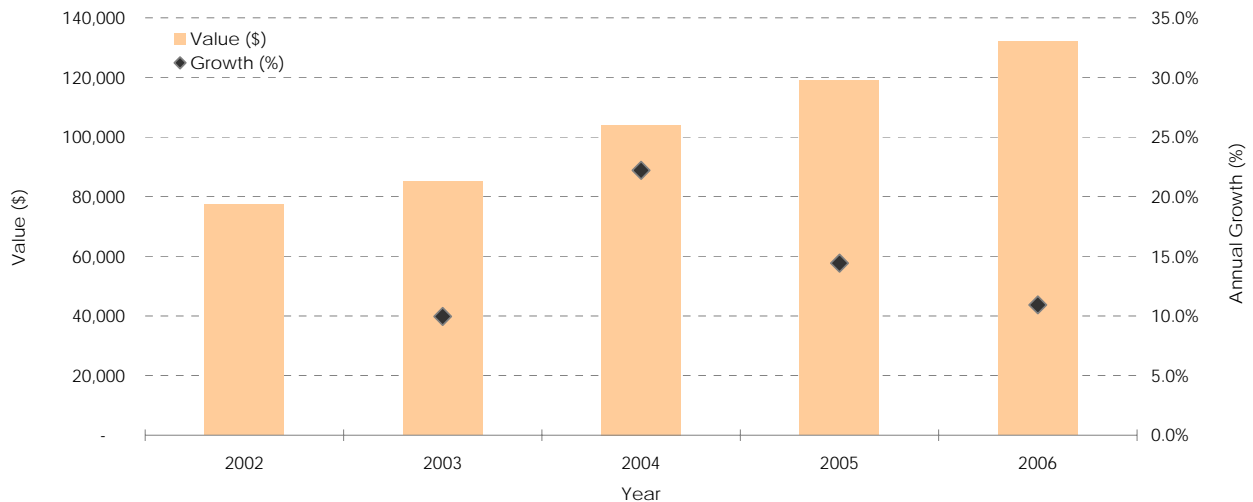
	Guest arrivals	Room nights occupied	Room occupancy rate	Guest nights occupied	Bed occupancy rate	Average length of stay	Takings from Accommodation	Average takings per room night occupied	Average takings per room night available
Jun-05	52783	48331	53.9	86190	31.4	1.7	4425522	91.6	49.3
Sep-05	55804	52965	58.3	96612	34.3	1.7	4993595	94.3	54.9
Dec-05	48235	43849	48.2	73287	26	1.5	3948246	90	43.4
Mar-06	48407	47741	50.3	82002	28.1	1.7	4934360	103.4	52
Jun-06	57412	51818	54.1	90702	31.1	1.6	4752746	91.7	49.6
Sep-06	57157	52485	54.2	90572	30.5	1.6	4832265	92.1	49.9
Dec-06	50709	46396	47.2	82053	27.2	1.6	4461640	96.2	45.4
Mar-07	44075	46703	48.6	81697	27.8	1.9	5009599	107.3	52.2
2005-06	205229	192886	52.7	338091	30.0	1.7	\$18,301,723	\$94.8	\$49.9
2006-07	209353	197402	51.0	345024	29.2	1.7	\$19,056,250	\$96.8	\$49.3
Real Change	4124	4516	-1.65	6933	-0.8	0.025	\$754,527	\$2	-\$0.6
% Change	2.0%	2.3%		2.1%		1.5%	4.1%	2.1%	-1.3%

\*Note: 2005 data reflects old local government area boundaries

Source: ABS Small Area Tourism Data

## Property

Figure 5: Small Industrial Land Values



(Source: NSW Lands + Duo)

### Industrial Land

Tamworth's light industrial land market has grown steadily over the past five years. Between 2005 and 2006, the value of a small industrial site (as defined by NSW Lands), grew by \$13,000 (11%) from \$119,000 to \$132,000. Anecdotal evidence suggests that supply limitations are leading to continued strong growth in 2007.

This contrasts with the rest of regional and rural NSW with a median house price of \$270,000 and an average growth in the sales price increase of 3.1%.

Closer to home, the northern slopes LGAs experienced average price growth of 24.1% to \$174,000; the Northern Tablelands 14.3% to \$200,000; and the Northern Central Plain 5.2% to \$172,000.

### Housing

Following a period of strong growth throughout the latter part of 2005 and early 2006, the Tamworth housing market has settled out over the past twelve months. The median house price fell \$15,000 (6.1%) from \$245,000 to \$230,000.

The average sales price for homes in the first quartile, that is lower cost housing, fell \$11,000 (5.6%) from \$206,000 to \$195,000; while the average sales price for homes in the third quartile fell \$7,000 (2.3%) from \$306,000 to \$299,000.

Table 7: Tamworth Regional House Prices

	First Quartile	Median	Third Quartile	Mean	Change in Median	
					Qtrly	Annual
	\$ '000	\$ '000	\$ '000	\$ '000	%	%
Dec-04	184	228	300	246	2.2	19.7
Mar-05	178	218	260	226	-4.2	10.1
Jun-05	170	213	281	230	-2.3	0.8
Sep-05	177	230	309	247	8.5	3.1
Dec-05	187	238	316	256	3.3	3.3
Mar-06	206	245	306	261	3.2	12.4
Jun-06	187	238	297	244	-3.1	12.0
Sep-06	189	236	290	248	-0.6	2.6
Dec-06	194	230	288	247	-4.0	-3.2
Mar-07	195	230	299	252	0.0	-6.1

Source: NSW Housing Monitor

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