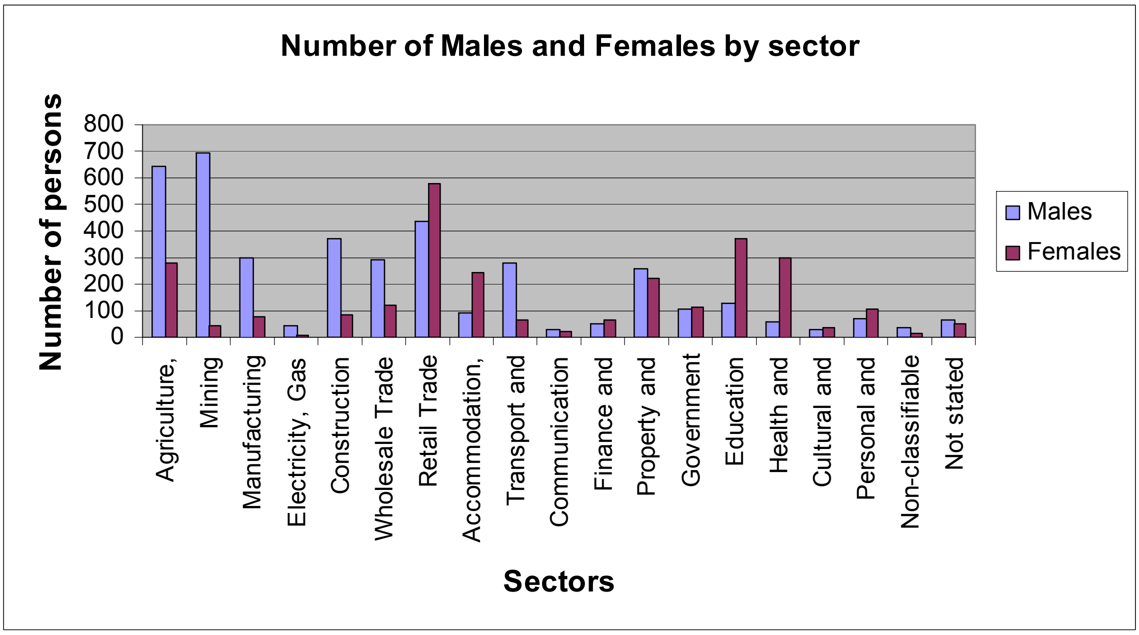
ADVANCE EMERALD

Executive Summary

1. Emerald has been a regional centre that serviced the agricultural and mining sectors. Employment in the Central Highlands region is balanced between direct employment in the agricultural and mining sectors, their associated service providers and general community services. There are slightly more people in the Emerald Shire gaining employment from agriculture compared to mining. Wholesale and retail trade, construction, transport, accommodation, property services, health and education are other key sectors in the economy providing employment.

Figure 1: Number of Males and Females by sector



2. Agriculture remains a key driver of the local economy. The agricultural sector is becoming more diversified, and the shire has the largest agricultural income of any shire in the Central Highlands. The shire contributes about 2.4% of the value of agricultural production in the state.

Table 1: Value of Agricultural Commodities Produced 2001 ($'000)

LGA	Beef cattle	Other Animal	Cereal Grains	Cotton	Fruit/Veg	Other Agriculture	Total
Bauhinia (S)	95,798	3,526	44,545	4,574	262	11,173	159,878
Emerald (S)	119,759	42	25,627	53,393	10,639	17,105	226,565
Peak Downs (S)	22,079	194	36,176	189	0	8,772	67,410

Source: ABS, 2003 Agriculture Census

3. The mining industry has a much higher value of gross production than agriculture in the region, although a higher proportion of agricultural income

tends to be spent locally. Coal production in the Fitzroy Statistical Division has an annual value of approximately $2,700 million, compared to

4. Recent and future predicted development is changing the emphasis within this role to service provision to the growing coal mining industry in the surrounding Central Highlands region. There are approximately 45 new coal mines in the Bowen Basin currently under development or being investigated for potential development. While not all of these will proceed, it seems likely that the industry will expand by 25 – 40% by 2010. This will create major demographic, business and industry opportunities in the region.

Table 2: Coal Trade Forecasts to 2009

Coal	Unit	2004	2005	2006	2007	2008	2009
World trade							
Metallurgical	Mt	210.8	215.1	219.3	225.3	231.3	238.9
Thermal	Mt	490.7	509.1	528.1	548.3	569.9	592.6
Australia							
Volume of exports							
Thermal	Mt	105.9	111	115.4	120	124.9	130.2
Metallurgical	Mt	114.3	121.8	127.5	131.3	134.5	137.5
Total	Mt	220.3	232.7	242.9	251.3	259.4	267.7
Value of exports							
Thermal - nominal	A$m	4,309	6,033	6,311	6,383	6,503	6,953
Thermal - real	A$m	4,309	5,886	6,007	5,927	5,891	6,145
Metallurgical - nominal	A$m	6,603	8,048	8,851	9,317	9,322	9,085
Metallurgical - real	A$m	6,603	7,852	8,425	8,652	8,445	8,030
Total - nominal	A$m	10,912	14,082	15,162	15,700	15,825	16,038
Total - real	A$m	10,912	13,738	14,431	14,579	14,337	14,175

Source: ABARE, Australian Commodities, March Quarter 2004

5. Business structure

a. Retail trade is Emerald's second largest business sector by number of businesses. Compared to other centres though, the proportion of retail businesses is very small (eg 13.2% in Emerald compared to 22.3% in Rockhampton).

b. Manufacturing: Emerald has a low proportion of businesses in the manufacturing industry, half the state average. Bundaberg and Gladstone are stronger manufacturing centres.

c. Wholesale trade: Emerald has a greater proportion of wholesale trade businesses than other regional cities. Gladstone, Rockhampton, Bundaberg and Mackay are also above the state average.

d. Transport and storage: Emerald (6.4%) has a high proportion compared to Queensland overall, Bundaberg, Mackay, Rockhampton and Toowoomba but Gladstone is the highest at 8.5%.

e. Specialist business advice: Emerald has the lowest proportion of businesses dealing with finance and insurance and property and business services of cities compared. All regional centres in the table have a lesser proportion than the state average, suggesting that many of these businesses may be located in south-eastern metropolitan Queensland.

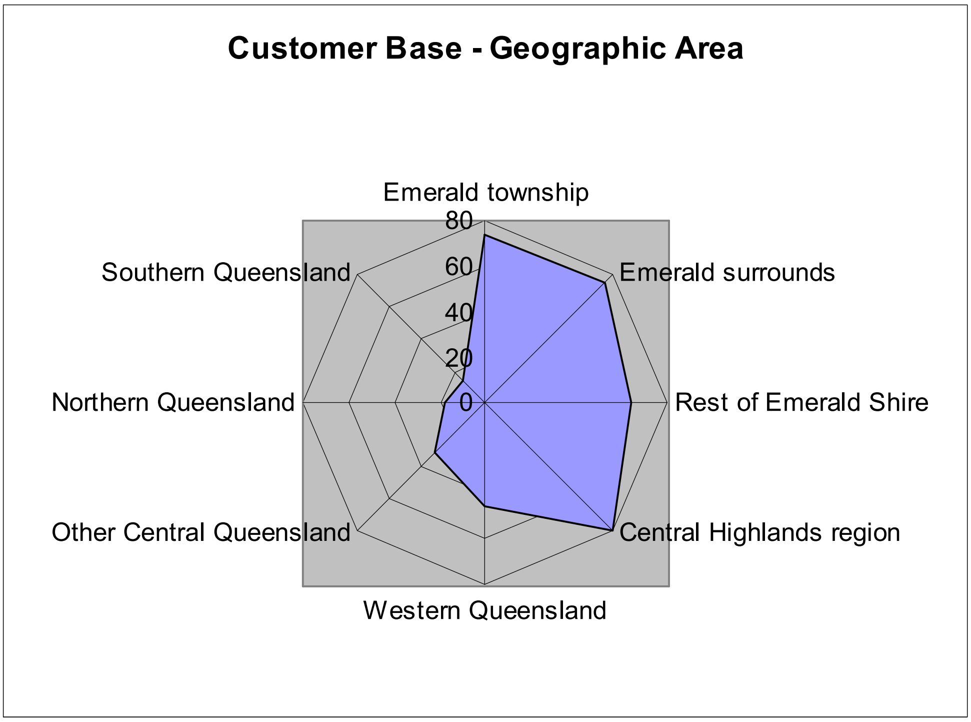
f. Health and community services: Emerald has a low proportion of businesses related to health and community services (4.2%). Rockhampton and Toowoomba have a significantly higher proportion, at 10.3% and 11.4% respectively.

6. **Business Survey** A survey of businesses was conducted in Emerald, with the following key results.

Geographical Customer Base for Emerald Businesses

Businesses operating out of Emerald predominantly service customers within the Central Highlands Region, with a secondary focus on Western and Central Queensland customers as identified in figure 11. A limited number of businesses also identified customers in Northern and Southern Queensland.

Figure 2: Customer base for Emerald businesses



One third of businesses in Emerald indicated that they planned to employ more staff in the coming year. Skills areas that were difficult to recruit are shown in the following table. Strategies to attract and retain staff that were nominated by businesses are shown in the figure below.

Figure 3: Skill groups difficult to recruit

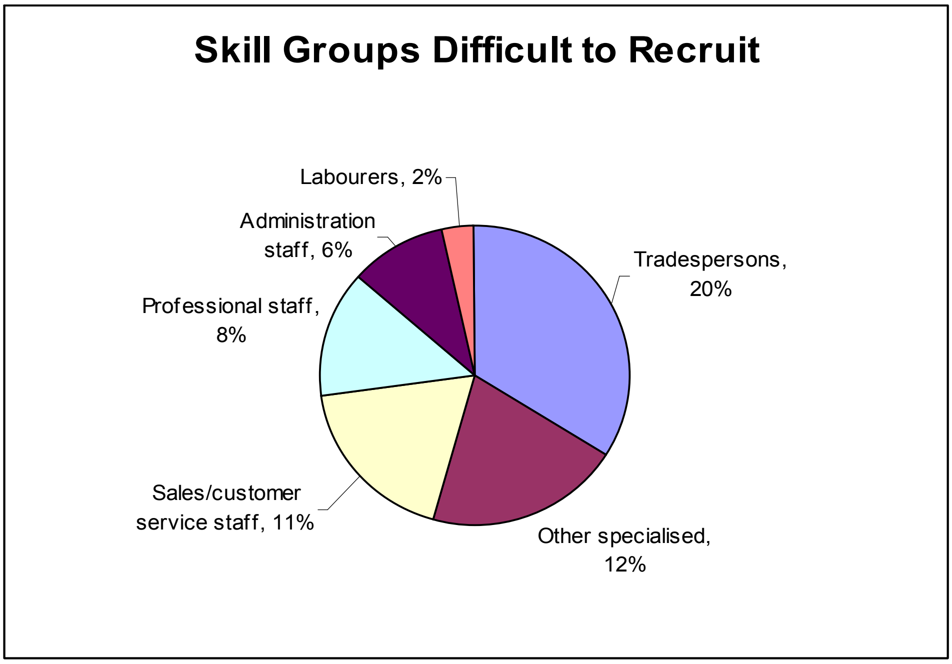
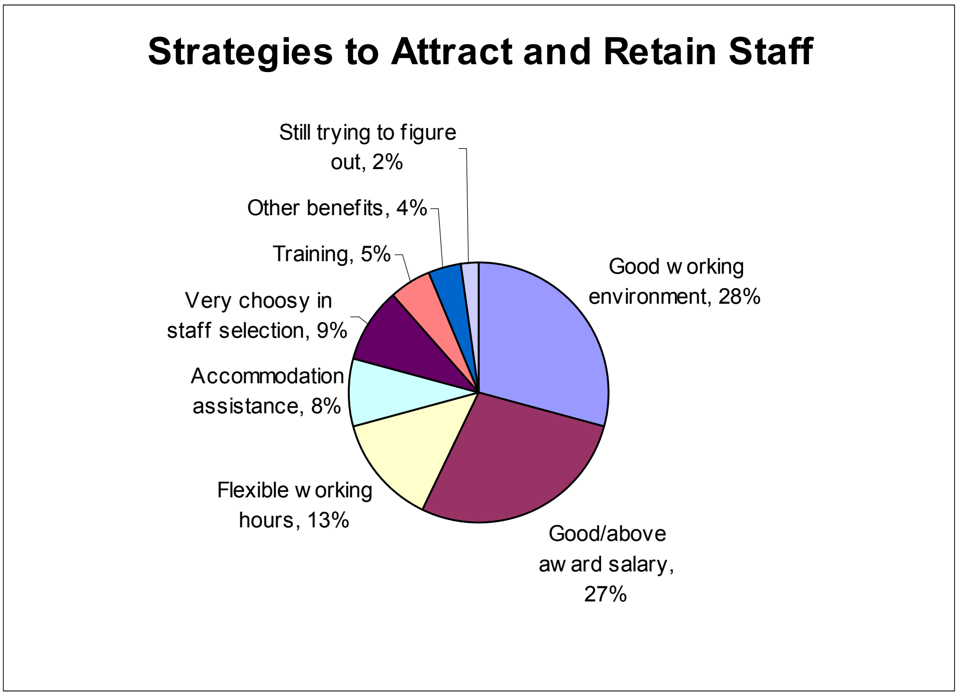


Figure 4: Strategies to attract and retain staff



Business respondents were also asked about where government could help to attract and retain suitable staff. The responses are summarised in the following figure, where housing is clearly identified as a key issue affecting the ability of local businesses to attract employees.

Figure 5: Government and other assistance with staff attraction and retention

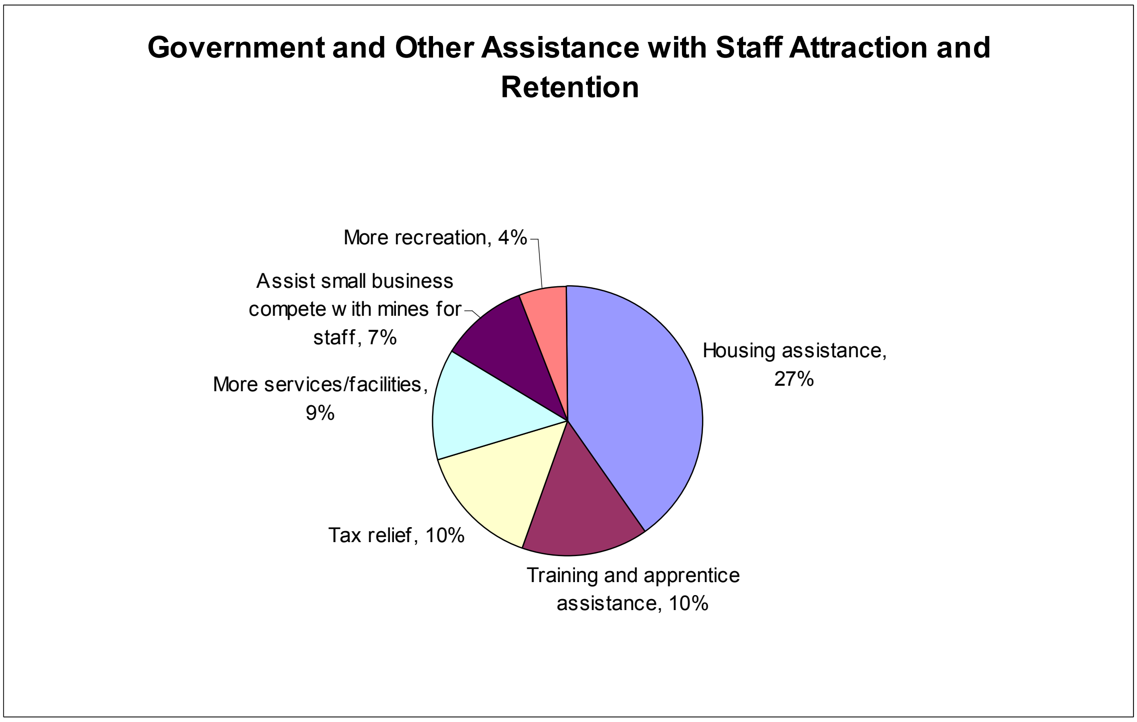
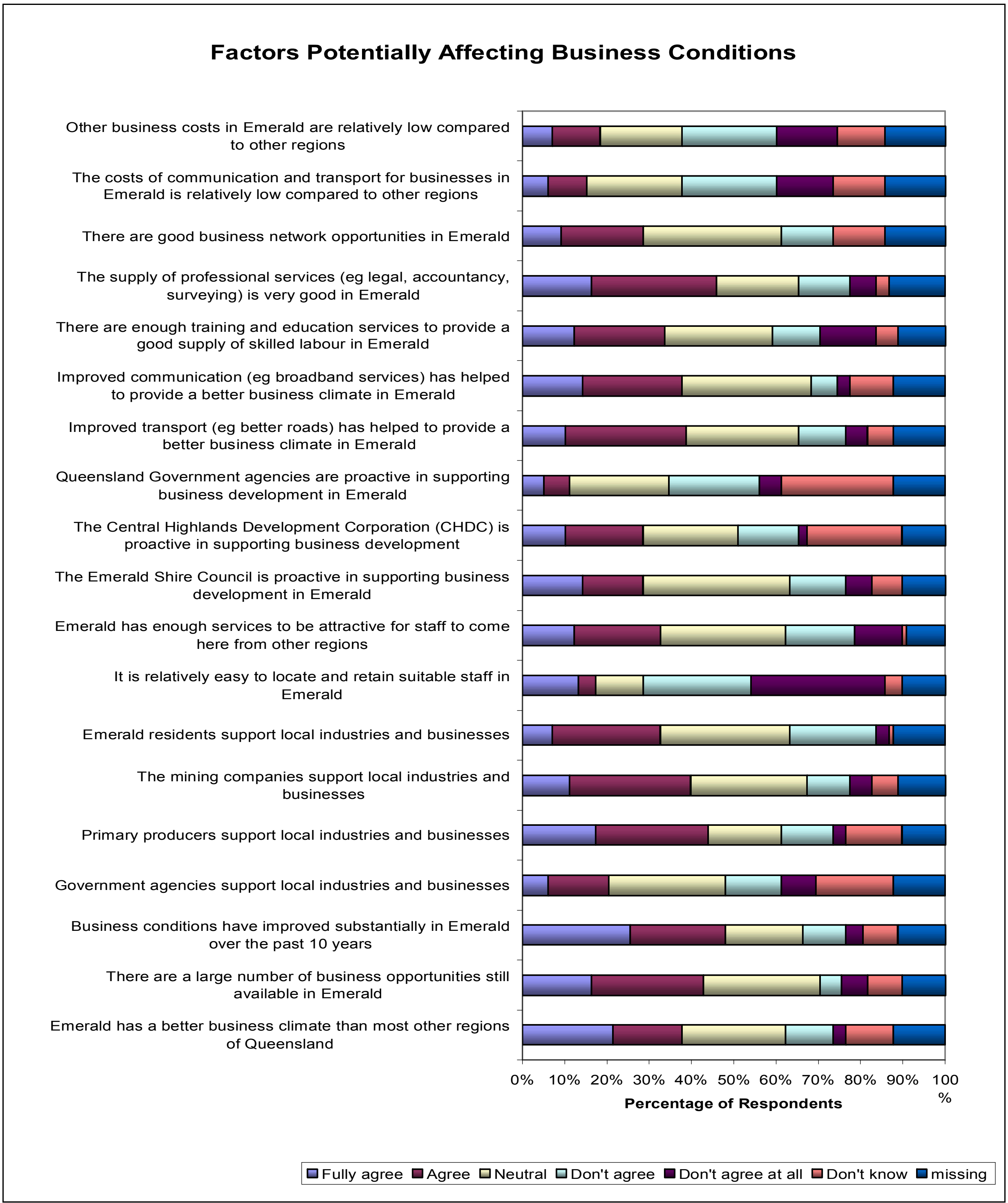


Table 3: Desired new businesses

Response	Number of Businesses
Major retail	11
Restaurants and entertainment	9
Medical, sport, family	6
Industrial/factories	5
24 hour truck stop	4
Tourism	3
Computer support	2
Professional services	2

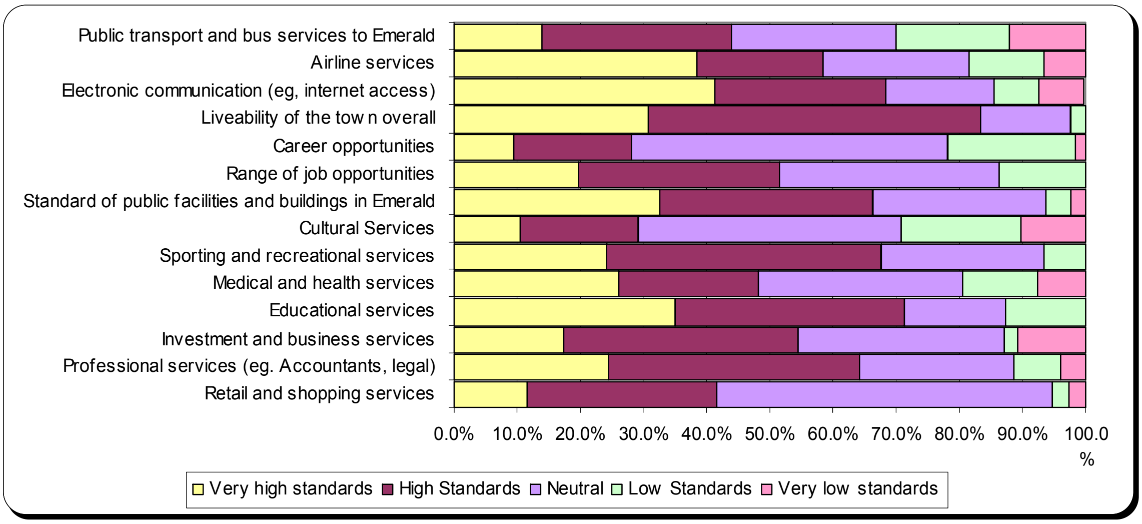
Figure 6: Factors potentially affecting business conditions



7. **Household survey.** A telephone survey of households was conducted in Emerald, and key results are summarised below.

Householders were asked to rate a number of service and infrastructure issues. While people are generally satisfied, the areas to receive lowest approval ratings included cultural services, career opportunities, retail and shopping services, and public transport services.

Figure 7 Standard of specific products/ services offered in Emerald



Emerald households are tending to spend the bulk of their income in the local town.

Figure 8 Estimated spending for households in Emerald and elsewhere

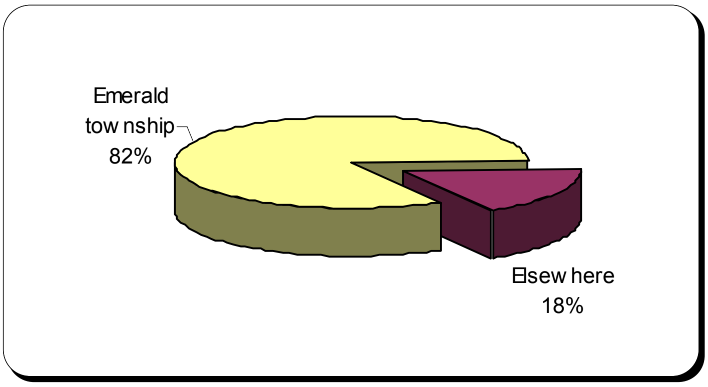
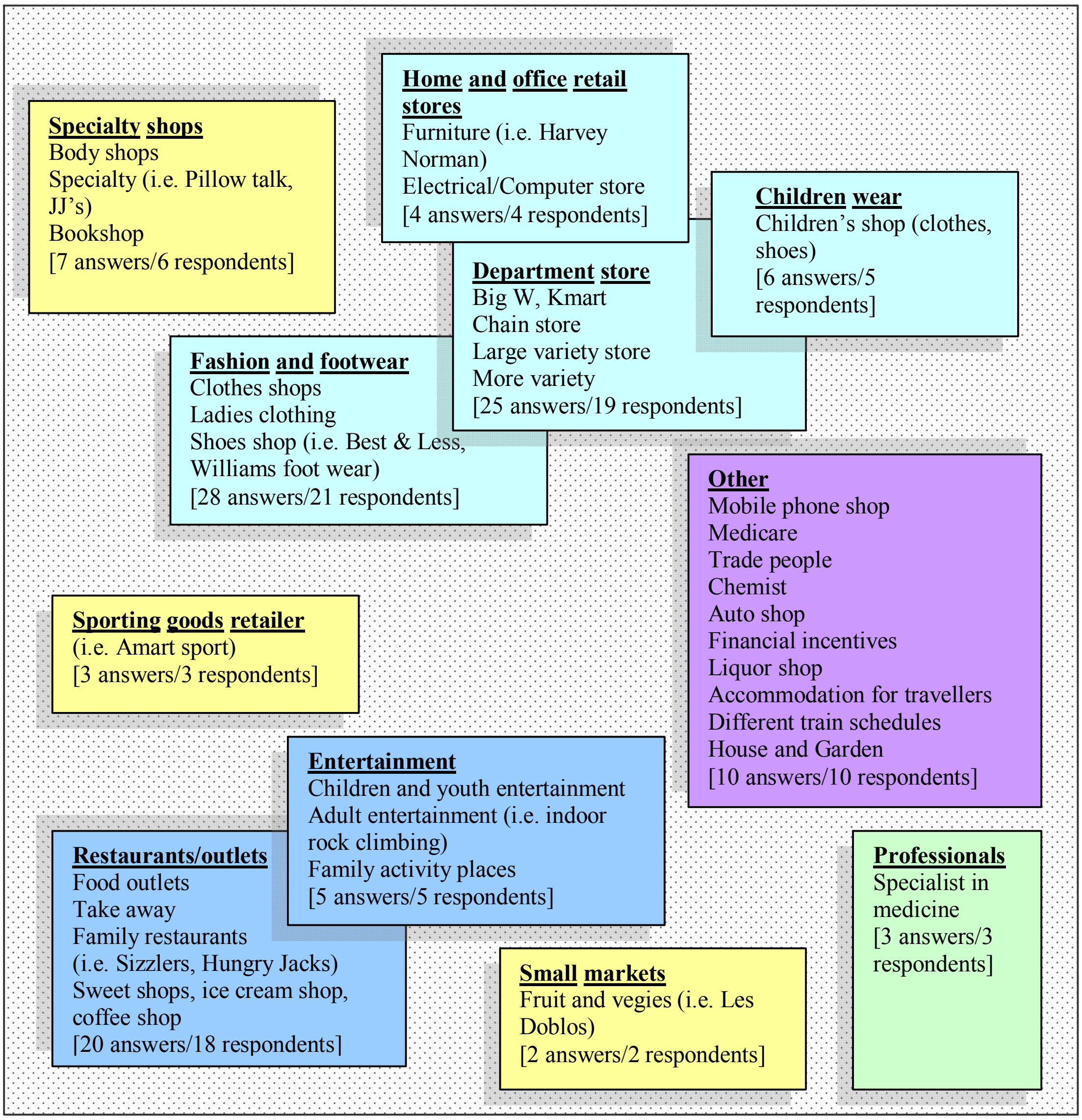


Figure 9 Additional products/services that are wanted by householders and would be purchased in Emerald



8. Key issues

It appears that the growth in the coal industry will continue, and create major opportunities for the Emerald region. In particular, Emerald has the potential to develop further as a regional hub. To reach this potential, some of the issues to be addressed include:

(a) ability to train, attract and retain skilled labour,
(b) ability to provide housing
(c) the provision of health, education and other social services
(d) the ability to develop upstream and downstream business services supporting mining and other sectors,
(e) the attractiveness of the town for new residents, particularly in relation to services, infrastructure and the retail sector,
(f) The continued development of appropriate infrastructure.