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Victoria in perspective

Introduction

This chapter contains an overview of the Victorian people and economy. It has been provided by the Victorian Department of Treasury and Finance.

One of the distinguishing features of Victoria among the Australian States and Territories is its compactness. One-quarter of the nation's population occupies only 3% of Australia's total land area, making Victoria the most densely populated State. Victoria has an average of 21 persons per square kilometre, compared with the national average of 2.5 persons.

The climate is suitable for a wide range of agricultural production, including relatively intensive farming compared with most of Australia. Dairying, cereal and other cropping, horticulture, viticulture, as well as wool and livestock production are all undertaken successfully in Victoria.

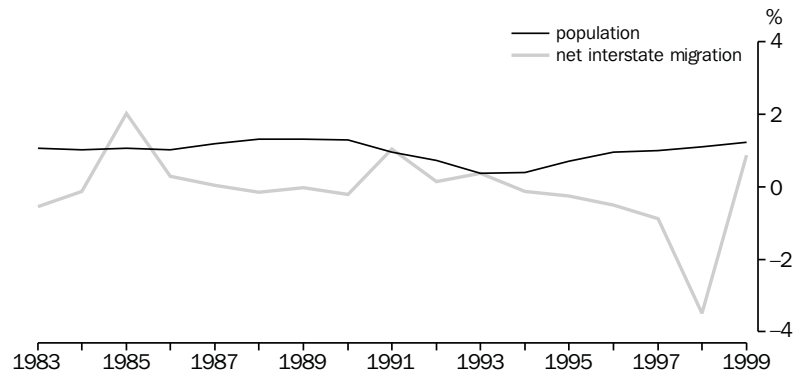
People

Victoria's population is culturally diverse. More than 20% speak a language other than English at home, with the predominant languages being Italian, Greek, Vietnamese, Cantonese and Arabic.

Victoria has tended to lose population interstate in recent decades, mainly to Queensland and Western Australia. Population flows out of Victoria were particularly heavy in the early 1990's, reflecting the relatively severe impact of the national recession on Victoria.

More recently, this trend has been reversed, with Victoria attracting people from interstate. Victoria's population growth rate has trebled since 1993–94 to be well above its historical average, and by 1999 was equal to the national rate (graph 1.1).

1.1 POPULATION CHANGE, 1982-1999



Source: Australian Demographic Statistics (Cat.no. 3101.0).

The Victorian population is highly educated. The Victorian high school retention rate of 76% is above the national average, and the participation rate in schooling among the Victorian 15–19 year age group was the highest of any State in 1999. Around half the population possess post-secondary school qualifications, with the highest university participation and graduation rates in Australia. Victoria also has the highest proportion of workers qualified in managerial, professional and technical positions in Australia.

Regional diversity

Since the mid-1990's, people have moved, as part of a long-term trend, from western Victoria towards regional centres or Melbourne. Agricultural productivity growth and farm consolidation has meant fewer farms and a corresponding decline in rural populations. Population ageing and the search for retirement destinations have contributed to the more rapid growth of regions such as the Surf Coast, Bass Coast, Mildura, and other townships along the Murray River.

There has been a marked turnaround in Melbourne's population distribution in recent years. Many people, particularly young professionals, are now finding inner city living more convenient for work and recreation. Outer Melbourne also continues to grow strongly, with suburbs such as Sunbury, Melton, Craigieburn and Cranbourne attracting young families.

Employment

Part of the population movement can be explained by differences in regional economic performance. For example, following strong growth in the early 1990's, employment in country Victoria stagnated for several years and has only resumed sustained growth since 1999 (graph 1.2). Unemployment rates in country Victoria are generally higher than in metropolitan Melbourne, though there are wide differentials between Labour Force Statistical Regions (see Appendix–Maps). In 1999–2000, unemployment rates for Melbourne ranged between 4.6% in Southern Melbourne and 10.4% in North Western Melbourne, and in country Victoria between 6.1% in Goulburn–Ovens–Murray and 10.4% in Gippsland.

1.2 EMPLOYMENT CHANGE FROM PREVIOUS YEAR



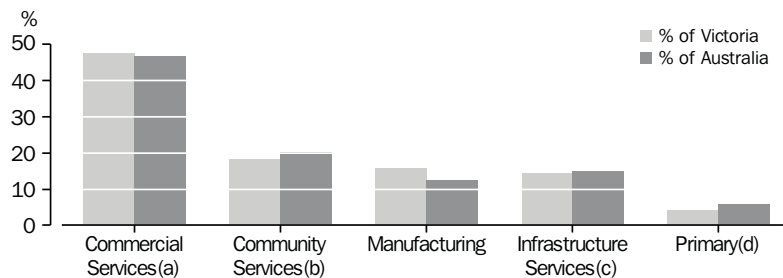
Source: Labour Force, Australia, Preliminary (Cat. no. 6202.0).

Industry

Victoria has long been recognised as a major centre for manufacturing in Australia. Manufacturing accounted for 17% of Victorian Gross State Product (GSP) in 1998–99, similar to South Australia. Manufacturing accounts for a smaller percentage of GSP in New South Wales and Queensland (13% and 11% respectively). Other major Victorian industries include property and business services (12% of GSP), finance and insurance (8%), health and community services (6%), and wholesale trade (6%).

Across industries, the share of total employment in Victoria has changed relative to the rest of Australia since the mid-1980's. During the 1990's, Victorian employment shifted into the services sector (particularly property and business services and retail trade) and away from utilities and government administration (graph 1.3). Within manufacturing, employment in industries with higher paid workers such as, food processing, chemicals and pharmaceuticals, electronic equipment and publishing, has tended to grow more rapidly than employment in industries such as textiles, clothing and footwear.

1.3 SHARE OF EMPLOYMENT, INDUSTRIES, 1999-2000



Notes: (a) ANZSIC Divisions F, G, H, K, L, P and Q.
 (b) ANZSIC Divisions M, N and O.
 (c) ANZSIC Divisions D, E, I and J.
 (d) ANZSIC Divisions A and B.

Source: Labour Force, Australia (Cat. no. 6203.0).

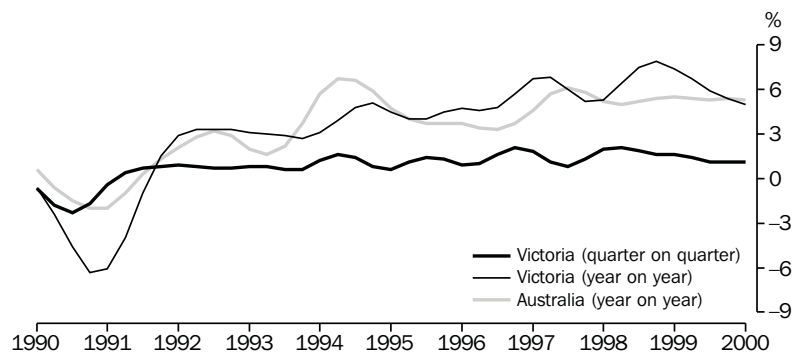
Victoria continues to attract investment, particularly in the manufacturing, food processing and services industries (especially call centres).

Economy

Using Gross State Product (GSP) as a measure of economic growth, the Victorian economy grew by 7.0% during 1998–99, the fastest of any State and well above the national average of 5.4%. Victorian per capita GSP grew by 5% in 1998–99. On average, Victorians each produced \$32,300 worth of goods and services during 1998–99 compared with the Australian average of \$31,400.

State Final Demand (SFD) grew by 5% in the year to the June quarter (graph 1.4). The main contributors to SFD growth over the year were private and government consumption, and housing construction. An already strong housing market was further buoyed by a drawforward in activity ahead of the introduction of the GST.

1.4 FINAL DEMAND GROWTH, Trend



Source: Australian National Accounts: National Income, Expenditure and Product (Cat. no. 5206.0); Australian National Accounts: State Accounts (Cat. no. 5242.0).

Private business investment in Victoria rose by 1.7% in 1999–2000, and reached a record high in the June quarter 2000. Rising investment in equipment and ‘intangibles’ (primarily computer software) offset a drop in non-housing construction investment.

The Victorian labour market continued to perform strongly in 1999–2000. The unemployment rate declined to 6.9% from 7.8% in 1998–1999, the lowest level in a decade and became equal to the national rate. Employment grew by 2.5% in 1999–2000 compared with 2.7% nationally.

The long-term trend toward part-time employment has continued. Part-time employment grew by 3.9% in 1999–2000, with 2% growth in Full-time employment over the same period. Part-time employment has gradually increased as a proportion of total employment, with 27% of Victorian workers now employed part-time compared with 15% in the late 1970’s.

In 1999–2000, the Melbourne All Groups Consumer Price Index (CPI) increased by 3.0% over the previous financial year, compared to 2.4% nationally. Main contributors to this increase were rising petrol and house prices, and increased insurance costs.

Victorian wages growth remained subdued in 1999–2000. The Victorian component of the Wage Cost Index (WCI) grew by 2.9% in 1999–2000, in line with the national average of 3%. In Victoria, private sector wage growth was slightly more rapid than in the public sector.

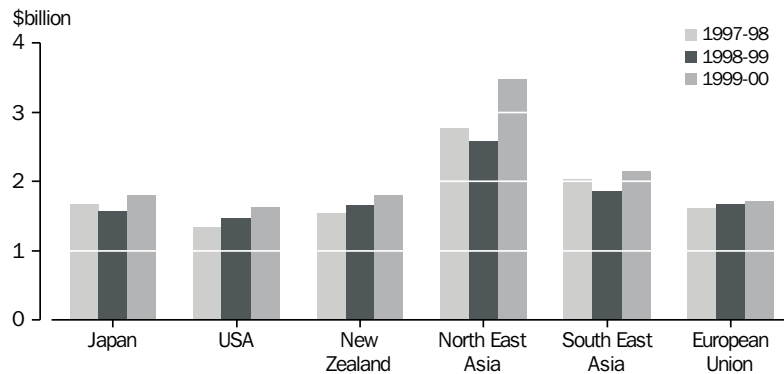
In 1999–2000 Victorian Average Weekly Ordinary-Time Earnings (AWOTE) was around \$750 per week, nearly double its level in the mid-1980's and 25% higher than in 1993–1994.

The value of Victorian (non-gold) merchandise exports rose by 16% to \$16.6 billion in 1999–2000. Strong growth occurred in the mining, manufactured good and food export industries.

Volumes of exports in goods and services increased by 13.5% during 1999–2000, supported by an improving world economy and a falling exchange rate. However, robust economic growth resulted in increased import volumes (9.4%), leading to an increase in Victoria's goods and services deficit.

Exports to Asia recovered strongly in 1999–2000, particularly to South Korea, China, Thailand, Indonesia and Japan. Growth in exports to the United States and New Zealand also continued. However, exports to the European Union plateaued in 1999–2000. New Zealand was Victoria's largest single export market in 1999–2000, receiving 10.9% of merchandise exports by value. Japan (10.8%) and the United States (9.8%) were Victoria's next largest sources of export revenue (graph 1.5).

1.5 VICTORIAN MERCHANDISE EXPORTS



Source: *International Merchandise Trade, Australia* (Cat.no. 5422.0).

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Labour Force, Australia (Cat. no. 6203.0).