



ECONOMIC PROFILE OF CESSNOCK CITY

Prepared by
Economic Development Manager

The Economic Profile of Cessnock City

The Economic Profile of Cessnock City has been developed to provide information on the population of Cessnock Local Government Area, their education levels, their occupation types and the industries in which they work. The information is valuable to residents and businesses already in Cessnock City and for those considering moving to this vibrant area. The information in the Economic Profile has been derived primarily from the ABS Census of Population and Housing 2006 and the NSW Department of Planning.

Cessnock City is located in the Hunter Valley, New South Wales, about 120 kilometres north of Sydney and 40 kilometres west of Newcastle. Cessnock City is bounded by Maitland City in the north, Newcastle and Lake Macquarie Cities in the east, Wyong Shire and Gosford and Hawkesbury Cities in the south and the Singleton Council area in the west.

Cessnock City includes the towns and localities of Aberdare, Abermain, Abernethy, Allandale (part), Bellbird, Bellbird Heights, Big Yengo, Bishops Bridge (part), Black Hill, Branxton, Brunkerville, Buchanan, Bucketty (part), Buttai, Cedar Creek, Cessnock, Cliftleigh (part), Congewai, Corrabare, East Branxton, Ellalong, Elrington, Four Mile Creek, Greta, Greta Main, Heddon Greta, Kearsley, Keinbah, Kitchener, Kurri Kurri, Laguna, Lochinvar, Lovedale, Loxford, Millfield, Moruben, Mount View, Mount Vincent, Mulbring, Neath, North Rothbury, Nulkaba, Olney, Paxton, Paynes Crossing, Pelaw Main, Pelton, Pokolbin, Quorrobolong, Richmond Vale, Rothbury, Sawyers Gully, Stanford Merthyr, Stockrington, Sweetmans Creek, Weston and Wollombi.

The Regional Context

Lower Hunter Regional Strategy

Cessnock is one of five local government areas to make up the Lower Hunter Region. The other LGAs are Newcastle, Lake Macquarie, Port Stephens and Maitland and the Region has a population of 505,000. The Department of Planning has released the Lower Hunter Regional Strategy to ensure that adequate land is available and appropriately located to sustainably accommodate the projected housing, employment and environmental needs of the Region's population over the next 25 years.

The Lower Hunter Region includes the State's second largest urban centre of Newcastle containing approximately half the Region's population. The Region is also characterised by its rural and semi rural landscapes and lifestyles and its key industries of mining, wine production and tourism.

The Region's population is increasing by an average of approximately 4000 people each year. There are 203,500 existing dwellings, comprised of 85% as single detached cottages, with 15% as units, flats and townhouses. Greenfield housing or 'new release' areas represents 75% of all new housing, with the remaining 25% of housing located in existing zoned urban areas.

The Regional Strategy is based on a population increase of 125,000 from 2006 to 2031. This forecast is derived from the Government's Transport and Population Data Centre, the Department of Planning and the Hunter Valley Research Foundation. It is expected that between 2006 and 2031, the Lower Hunter's population will increase by up to 5,000 people per year reaching 630,000 in 2031. The Department of Planning states that this level of growth can be accommodated within the region's infrastructure capacity, amount of land available for development, opportunities for economic growth and available water supply.

The Region's urban areas are expanding, with employment areas increasingly dispersed. The Region's economic base is rapidly diversifying, shifting from reliance on traditional primary and secondary industries to a wide range of service industries. The Regional Strategy states that it will ensure planning provisions can accommodate a predicted additional 10,000 jobs to a total of 30,000 by making sufficient commercial, retail and other employment land available. A greater proportion of these jobs are likely to be located in Newcastle City, Charlestown, Glendale/Cardiff, Maitland, Cessnock, Raymond Terrace and Morisset.

The existing high level of self sufficiency in employment within the Region will be maintained, with opportunities for home-based and localised employment in some towns and centres likely to be increased. A greater proportion of employment will be in centres close to higher population densities and accessible via a variety of transport options.

The Regional Strategy promotes a hierarchy of centres, ranging from Newcastle CBD to six major regional centres - at Charlestown, Glendale/Cardiff, Maitland, Cessnock, Raymond Terrace and Morisset. The Strategy predicts each of these centres becoming more vibrant with greater population density in and around them. It also identifies that Cessnock will have a small urban release area of approximately 2,000 dwellings.

The Regional Strategy states that regionally significant agricultural land in Cessnock, Maitland and Port Stephens local government areas should be conserved and managed to ensure its continued contribution to the economy and the scenic amenity of the Region. The Region's high quality mineral and other extractive resources will also be managed sustainably to meet the needs of future generations.¹

Cessnock City – Its People

Population

In the 2006 Census, Cessnock Local Government Area (LGA) had a total population of 46,206. This was an increase of only 505 (1.1%) since 2001. The current ABS estimated resident population is 48,744 (June 2006). About 8.0 per cent of the Hunter's population lives in the Cessnock LGA. The population is predominantly Australian born (87.8%) and the dominant language is English. In 2006 3.5% of the population identified themselves as Aboriginal or Torres Strait Islander and a further 2,916 or 6.3% were born overseas, although the greatest proportion of these people were born in the United Kingdom (2.8%). In 2006, 1.6% of the population came from a non-English speaking background compared to 20% of the population of NSW.

Growth Rates

Population growth in the Cessnock LGA has been positive but relatively low - the average annual rate of population growth from 1996 to 2001 was 1.7% and from 1986 to 1996 was 0.61 per cent. In the period 2001 to 2006, the growth rate in Cessnock LGA has remained stable with approximately 320 additional people moving into Cessnock each year.

Table 1 – Growth Rates in Cessnock City 1996-2006

Year	Population	Number Change	% Change
2006	48,744	421	0.86
2005	48,323	273	0.56
2004	48,050	241	0.50
2003	47,809	288	0.60
2002	47,521	333	0.70
2001	47,188	1493	3.2
1996	45,695	-	

Source: ABS Estimated Resident Population Cat. No. 3218.0 Regional Population Growth, Australia

Population Projections

The Department of Planning estimates Cessnock City will continue to experience a low but stable growth rate until 2031 with an expected annual population growth rate of approximately 0.5%.

Table 2 – Population Projections for Cessnock City 2006-2031.

Year	Population Projection
2006	48,890
2011	50,320
2016	51,620
2026	54,130
2031	55,270

Source: Department of Planning Transport and Regional Data Centre 2006.

Migration

Whilst Cessnock's population growth is low, 14.5% of the population moved within the local statistical area between 2001 and 2006. A further 62% did not move at all. This indicates a very stable population who are committed to their local area, which is of benefit to the local economy. Those who did leave the area tended to relocate to the neighbouring areas of Maitland, Newcastle and Singleton.

Age Profile

Cessnock's age profile remained fairly static between 2001 and 2006. Families dominate the population with 21.7% of residents aged under 14 years, slightly higher than the NSW average of 19.8% and the Hunter at 20.4%. As expected, 39.9% of the population is aged 25-54 years, the parents of the children. The high proportion of families living in Cessnock is positive for the area's economic viability. There is a slight decline in young people aged 20-24 years who may move away to study or seek employment in Sydney or Newcastle (5.7% compared to 6.7% in NSW). The proportion of older people living in Cessnock is similar to that of NSW (13.5% compared to 13.8% aged over 65 years). This is lower than the proportion of older people (over 65) living in the Hunter SD area who make up 17.9% of the community.

Table 3 – Population of Cessnock LGA by age group compared to Hunter and NSW 2006

Age Group	Number	%	Hunter SD %	NSW %
0-4	3,050	6.6	6.3	6.4
5-14	7,036	15.3	14.1	13.4
15-19	3,202	6.9	6.5	6.7
20-24	2,653	5.7	4.7	6.7
25-34	5,588	12.1	10.3	13.7
35-44	6,248	13.5	13.5	14.6
45-54	6,584	14.3	13.9	13.8
55-64	5,559	12.1	12.8	10.9
65-74	3,186	6.9	9.6	7.1
75-84	2,308	5.0	6.3	5.0
85+	727	1.6	2.0	1.7
Total	46,141	100.0	100.0	100.0

Source ABS Census of Population and Housing 2006

Income

In 2006, 33.5% of Cessnock LGA households had a weekly income of between \$800-\$1999 per week compared to 35.6% of NSW households. A further 24% of households in Cessnock LGA earned between \$150 and \$499 per week compared to 26.5% of NSW households and 33.5% of households in the Hunter Statistical Division. The largest income groups included households earning:

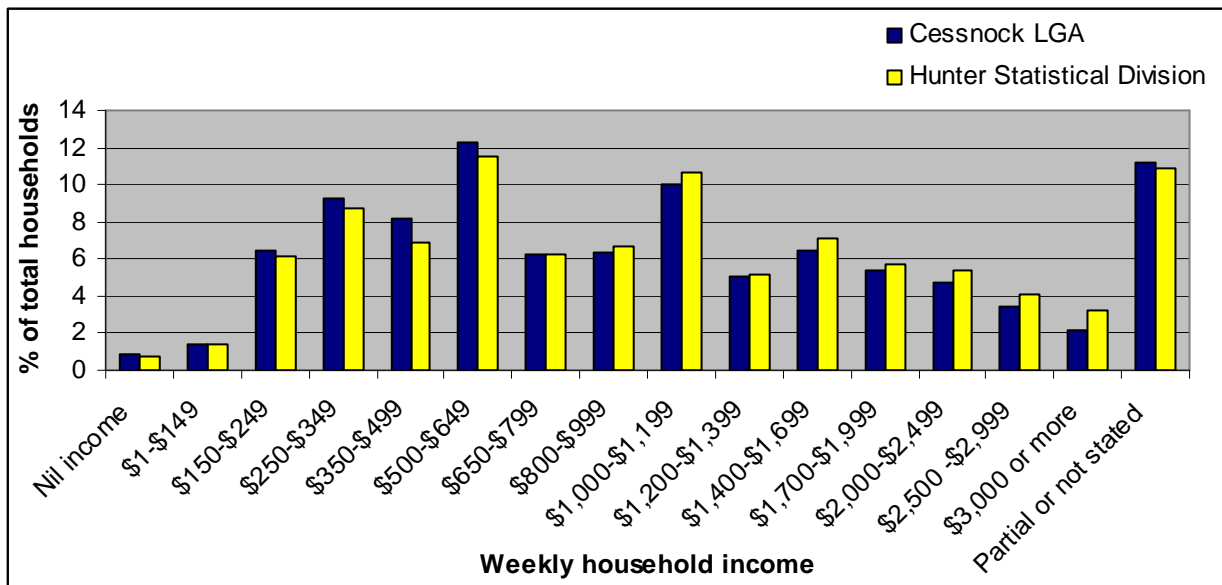
- ◆ \$500 to \$649 per week (12.3%);
- ◆ \$1,000 to \$1,199 per week (10%); and
- ◆ \$250 to \$349 per week (9.3%).

The household income data by quartile indicated that there was an overall similar share of households in Cessnock City earning above the average income (highest and medium high income groups) and below the average income (lowest and medium low income groups) compared to the Hunter Statistical Division.

There were no especially large changes in the distribution of households by income quartile in Cessnock City between 1996 and 2001. The lack of significant changes in the household income quartiles suggests a relatively stable housing market, with a maintenance of the socio-economic status of the area.

Of the eleven local government areas represented in the Hunter Statistical Division, Cessnock has the lowest socio-economic index for disadvantage at 939. This indicates a high number of families on low income, with low educational attainment, high unemployment, jobs in relatively unskilled occupations and variables that reflect disadvantage rather than measure specific aspects of disadvantage (e.g., Indigenous and Separated/Divorced).

Weekly household income, Cessnock City (LGA) and the Hunter Statistical Division, 2006



Cessnock City - Education

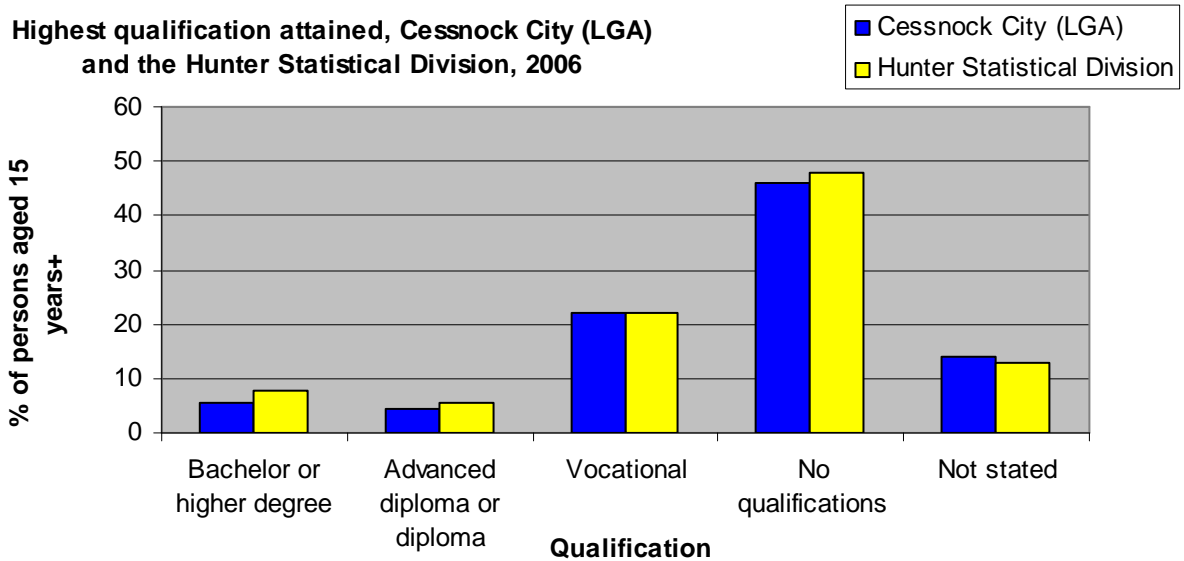
Post School Qualifications

Post school qualifications are one of the most important indicators of socio-economic status. With other data sources, such as income and occupation, post school qualifications help to evaluate the economic opportunities and socio-economic status of an area. The level of post school qualifications in a population relate to a number of factors including:

- ◆ The age of the population (e.g. older people tend to have more vocational qualifications, while people in their twenties and thirties are more likely to have a university degree);
- ◆ The professional or working ambitions of people (to seek education as youth or retraining as adults);
- ◆ The opportunities afforded to people to continue studying beyond compulsory schooling.

In 2006, 5.4% of residents over the age of 15 living in Cessnock LGA had a bachelor degree or higher compared with 16.3% of the population of New South Wales and 7.7% living in the Hunter Statistical Division. Conversely, 22% of Cessnock residents had a vocational qualification compared to 16.6% of NSW, indicating an older population. Overall, the same percentage of the population over 15 (46%) of the population had no qualifications in Cessnock as in NSW, compared to 48% of the Hunter Statistical Division.

The percentage of the population with a bachelor degree or higher in Cessnock City remained comparatively stable between 2001 and 2006. There was an increase in the percentage of persons with vocational qualifications, which may be related to the significant growth in construction or business service industries during the period between 2001 and 2006.



Education Levels

The level of education is another useful indicator of the socio-economic status of an area. With other indicators, such as proficiency in English and post school qualifications, the data informs planners and decision-makers as to people's ability to access services and to determine the skill base of the population. The reason for differences in education levels across areas are linked to a number of factors including:

- ◆ The age of the population, as over time there has been a greater emphasis on acquiring higher education in order to find employment;
- ◆ The working and social aspirations of the population; and
- ◆ A lack of access to further education opportunities due to financial constraints or distance to schools.

Compared to 40.4% across NSW and 54% in the Hunter Statistical Division (SD), 62% of the population of Cessnock City left school in Year 10 or earlier. Only 20.6% completed their schooling to Year 12 or equivalent compared to 42.4% for NSW and 30.6% for the Hunter SD. The combination of the large share of the population who left school at Year 10 or below (or did not attend school at all) and the small share of the population who completed Year 12 or equivalent suggests that Cessnock City featured a less educated population in 2006 compared to other areas in the Hunter Statistical Division and New South Wales as a whole. See Table 4.

Table 4 – Highest Level of Schooling Completed Persons aged 15 years and over

Year	Number	% Cessnock	% Hunter	% NSW
Year 8 or below	3,538	9.8	7.5	6.7
Year 9 or equivalent	5,296	14.6	11.8	7.9
Year 10 or equivalent	13,586	37.6	34.4	25.8
Year 11 or equivalent	2,271	6.3	6.2	5.9
Year 12 or equivalent	7,461	20.6	30.6	42.4
Did not go to school	113	0.3	0.5	1.1
Not stated	3,902	10.8	9.0	10.2
Total	36,167	100.0	100.0	100.0

Source: ABS Census Population and Housing 2006

This trend seems likely to continue as in 2006 only 1.5% of the population attended university compared to 4.5% across NSW. The proportion has not changed much since 1996 when 1.2% of Cessnock residents attended university. However, the attendance at TAFE is similar to that of NSW, 3.4% compared to 3% which indicates that the trend in education levels is likely to remain the same and this is supported by the type of local employment which requires more people with vocational skills than tertiary qualifications.

Labour Force

In 2006, the size of Cessnock City's labour force was 19,599 persons. The total resident labour force remained relatively stable in its share of the population between 2001 and 2006. Although the labour force was stable, there was an increase in the percentage of part-time workers, which is in line with the greater casualisation of employment.

The unemployment rate in Cessnock City was higher than the Hunter Statistical Division and NSW in 2006 (8.6% compared to 5.6% and 5.9%). A smaller proportion of Cessnock City residents have educational qualifications compared to the State and are therefore more likely to be unemployed.

In 2006, there was a slight difference between the labour force participation rates in Cessnock City (54.5%) and the Hunter Statistical Division (56%), with a slightly lower percentage of the population engaged in or seeking work in Cessnock City. By contrast, the share of those employed in part and full-time work was similarly distributed, when comparing Cessnock City and the Hunter Statistical Division.

Table 5 – Labour Force (LF) Status 2006

Area	Employed Full Time % of Total Employed	Employed Part Time % of Total Employed	Total Employed % of LF	Unemployed % of LF	Not in Labour Force % of Pop >15.
Cessnock City	61.0	32.0	91.5	8.5	41.0
Hunter Statistical Division	62.5	31.0	94.0	6.0	39.7
NSW	64.6	29.0	94.1	5.9	34.3

Source: ABS Census Population and Housing 2006

Occupation

The occupation with the largest numbers of persons employed in Cessnock LGA in 2006 was the technicians and trade workers with 19.5%. This was similar in 2001 when 19.3% of the labour force was employed in these areas. Technicians and trade workers was also the largest group in the Hunter SD for the same period, while the largest number in NSW were employed as professionals. Cessnock LGA had a higher proportion of tradespersons in 2006 (19.5%) than both Hunter SD (18.1) and NSW (13.6) and this is consistent with the data on post school qualifications and the types of employment in the area. Similarly, Cessnock has a higher proportion of production and transport workers and labourers than neighbouring Hunter LGAs.

Conversely, Cessnock has a lower proportion of managers (8.9%) and professionals (10.5%) than the Hunter SD (14.5% and 12.1%) and NSW (13.6% and 21.2%).

This occupational structure indicates the area's population is working in less skilled and socio-economically advantaged job-types, with the largest occupations, such as technician and trade workers, labourers and machinery operators and drivers requiring less education and training and generally returning lower income levels.

Generally, occupations remained fairly stable in Cessnock between 2001 and 2006 with a few exceptions:

- ◆ Technicians and trade workers increased by 400 people
- ◆ Labourers increased by 266 people
- ◆ Professionals increased by 225 people
- ◆ Sales workers increased by 236 people
- ◆ None of the occupations recorded decreased numbers.

Table 6 - Occupation of Employed Persons 2006 and change in Cessnock City (CC) 2001 – 2006

Occupation	CC Number 2006	CC % 2006	CC Number 2001	CC % 2001	Hunter SD %	NSW %
Managers	1,604	8.9	1,467	9.1	14.5	13.6
Professionals	1,890	10.5	1,665	10.4	12.1	21.2
Technicians and Trade Workers	3,494	19.5	3,094	19.3	18.1	13.6
Community and personal service workers	1,795	10.0	1,484	9.2	8.9	8.6
Clerical and Administrative Workers	1,967	11.0	1,804	11.2	10.9	15.4
Sales Workers	1,872	10.4	1,636	10.2	8.5	9.7
Machinery Operators and Drivers	2,386	13.3	2,282	14.2	11.3	6.4
Labourers	2,605	14.5	2,339	14.6	14.0	9.5
Inadequately Described, Not stated	316	1.9	280	1.8	1.7	2.0
Total	16,046	100.0	15715	100.0	100.0	100.0

Source: ABS Census 2006, Time Series Profile, Table T26

Industry Structure

Cessnock City's industry structure reflects the type of work residents are employed in, the skill base of workers and the socio-economic status of the community. In 2006 the major employment sectors were Manufacturing 14.0%, Retail Trade 13.0% and Health Care and Social Assistance 10.5%. When comparing to the Hunter SD and NSW, Cessnock had a greater proportion of workers in the following industries:

- ◆ Manufacturing 14% (Hunter 7.3% and NSW 9.6%).
- ◆ Retail Trade 13% (Hunter 10.7% and NSW 11.1%).
- ◆ Accommodation and food services 9.5% (Hunter 7.6% and NSW 6.6%).

Conversely, Cessnock City had a lesser proportion of workers in the following industries:

- ◆ Agriculture, Forestry and Fishing 2.4% (Hunter 9.5% and NSW 3.7%).
- ◆ Professional, Scientific and Technical Services 3.3% (Hunter 3.9% and NSW 7.3%).
- ◆ Public Administration and Safety 4.3% (Hunter 5.4 % and NSW 6.0%).
- ◆ Education and Training 4.9% (Hunter 6.1% and NSW 7.6%).

The largest industries reflect the economic profile of the area given the amount of vineyards and wineries in the Cessnock Local Government Area, the high level of tourism, and the presence of the manufacturing industries located around Kurri Kurri.

Between 2001 and 2006, the most notable changes were:

- ◆ An increase in the numbers of people employed in Retail Trade + 364 people or 18.5%.
- ◆ An increase in the number of people employed in Health Care and Social Assistance +274 people or 17%.
- ◆ An increase in the numbers of people employed in Construction +259 or 25%.

Table 7 – Industry of Employment 2006 and Change in Cessnock City (CC) 2001-2006

Industry	CC Number 2006	% CC 2006	CC Number 2001	% CC 2001	% Hunter SD 2006	NSW 2006
Agriculture, forestry & fishing	425	2.4	482	3.0	9.5	3.7
Mining	1,372	7.7	1,244	7.8	9.6	0.7
Manufacturing	2,509	14.0	2,435	15.2	7.3	9.6
Electricity, gas, water & waste services	193	1.1	144	0.9	2.7	0.1
Construction	1,298	7.2	1,039	6.5	8.4	7.3
Wholesale	545	3.0	682	4.2	2.5	4.7
Retail trade	2,335	13.0	1,971	12.3	10.7	11.1
Accommodation & food services	1,698	9.5	1,533	9.6	7.6	6.6
Transport, postal & warehousing	693	3.9	626	3.9	3.6	5.0
Information, media & telecommunications	114	0.6	121	0.8	0.7	2.4
Financial & insurance services	299	1.7	228	1.4	1.5	5.0
Rental, hiring & real estate services	252	1.4	210	1.3	1.8	1.7
Professional, scientific & technical services	595	3.3	447	2.8	3.9	7.3
Administrative & support services	505	2.8	514	3.2	2.4	3.1
Public administration & safety	772	4.3	654	4.1	5.4	6.0
Education & training	871	4.9	750	4.5	6.1	7.6
Health care & social assistance	1,888	10.5	1,614	9.8	8.3	10.5
Arts & recreational services	181	1.0	148	0.9	1.2	1.4
Other services	853	4.7	785	4.9	4.0	3.8

Inadequately described, not stated	531	3.0	424	2.9	2.8	2.4
Total	17,929	100.0	16,051	100.0	100.0	100.0

Source: ABS Census 2006, Time Series Profile, Table T25

Primary and Manufacturing Industries

Despite the shift of employment from the primary and secondary industries to tertiary industries that has occurred over the last decade, Cessnock is striving to maintain a diversified economy.

Cessnock is an important producer of aluminium, with the Hydro smelter at Kurri Kurri generating 162,972 tonnes in 2006, 24% of the regional total and 8% of Australia's output. The majority is exported around the world while around one quarter remains in Australia for use in the building, transport and packaging industries.

Hydro Kurri Kurri and Orica Explosives are major employers in the area, taking advantage of the abundant labour, spacious sites and proximity to overseas markets. A large number of manufacturing, engineering and mining support businesses are located in the Kurri Kurri / Weston industrial area, contributing significantly to local employment.

With the finalisation of the rezoning and the appropriate planning instruments in place, the Hunter Economic Zone (HEZ) has become a regional focus for potential development that will create employment. More than half of the Stage 1 release is now committed with 362 hectares of land still available. HEZ has the potential to attract employment-generating industries such as:

- ◆ Tourism support services, including construction / wines.
- ◆ Mining support services such as engineering, equipment, maintenance, freight.
- ◆ Wine support services such as specialised transport, materials handling and packaging.
- ◆ Medical services and research (pharmaceutical can be tapped into for research focus).
- ◆ Aluminum fabrication and downstream processing.
- ◆ Agribusiness, including processing, packaging and research.
- ◆ Transport and distribution.
- ◆ Recycling and sustainable development industries.

Rural industries are also important to Cessnock. Poultry farming contributes \$1.5 million per year and there is substantial investment in chicken meat and egg production, timber milling, dairying and beef.

Tourism is another industry that is growing in Cessnock with Hunter Wine Country continuing to attract increasing numbers of visitors to the city. Despite the negative effects on cellar door sales (total revenue in 2007 fell by 2.6% on the previous year to \$70.1 million) following the damaging June long weekend storm and subsequent flooding in 2007, the overall industry recorded positive figures. Accommodation occupancy was up by 3.0% on a growth of an additional 2,468 unit nights, with total revenue increasing by 22.7% to \$74,166 million. Restaurants and cafes experienced 5.4% increase in total revenue and visitor numbers were up by 7.8% to 2,711,200 (day count visitors). More than 996,000 visitors stayed overnight (up 13.5% on the previous year), averaging 1.6 nights stay.