APPENDIX 2: LOCATION QUOTIENTS

Location quotient analysis was undertaken for industry sectors for Eden at the Statistical Area 2 level (SA2) level and for the Bega Valley Shire Local Government Area (LGA) area.

A location quotient is a measure of concentration of employment in an industry sector in a region compared to the concentration of employment in that industry sector in NSW expressed as a ratio. For example, if the mining industry represented exactly 2% of all employment in NSW, and also represented exactly 2% of all employment for a given region, then the mining location quotient value for that region would be 1.0 because the concentration of employment in mining is identical to that of NSW.

Sectors with a score above 1 have a concentration of employment higher than the NSW average and a score of 1.5 or above suggest local competitive advantage.[1] Location quotients for the Capital Region (SA4) and regional NSW (NSW excluding Newcastle, Wollongong, and Sydney) at the SA4 level have also been included for comparison.

Data for the Capital Region and regional NSW have been sourced from the Australian Bureau of Statistics labour force survey from August 2019 which is based over a 4 quarter average.

Because 2019 employment data is only available at the SA4 level, estimates for Eden and Bega Valley Shire have been concorded from 2016 Census data to arrive at estimates across industries for 2019.

Employment numbers for each industry from the 2016 Census were obtained for Eden and Bega Valley Shire and divided by employment numbers from the 2016 Census for the Capital Region to determine the concordance percentage for Eden and Bega Valley areas. These percentage values were then multiplied against the 2019 Capital Region employment numbers to arrive at an estimate for employment by industry for Bega Valley Shire and Eden for 2019.

[1] Economy ID, Blog Article 25 March 2014.

Location quotient analysis

	Eden SA2 2019 estimates (WRI)	Bega Valley Shire LGA 2019 estimates (WRI)	Capital Region SA4 2019	Regional NSW (NSW excluding Newcastle, Wollongong and Sydney) SA4 2019
Agriculture, Forestry and Fishing	4.3	3.9	3.7	3.2
Mining	1.3	0.6	1.2	2.4
Manufacturing	1.2	1.3	0.7	1.0
Electricity, Gas, Water and Waste Services	1.1	1.5	2.0	1.4
Construction	0.8	1.2	1.2	1.1
Wholesale Trade	0.5	0.3	0.2	0.8
Retail Trade	1.2	1.1	0.9	1.0
Accommodation and Food Services	2.3	2.0	1.5	1.1
Transport, Postal and Warehousing	0.9	0.5	0.5	0.8
Information Media and Telecommunications	0.2	0.5	0.6	0.4
Financial and Insurance Services	0.1	0.2	0.1	0.3
Rental, Hiring and Real Estate Services	0.1	0.1	0.1	0.7
Professional, Scientific and Technical Services	0.4	0.4	0.5	0.5
Administrative and Support Services	1.3	0.9	0.8	1.0
Public Administration and Safety	0.7	0.9	2.4	1.2
Education and Training	0.8	0.9	0.9	1.0
Health Care and Social Assistance	0.8	1.1	0.9	1.1
Arts and Recreation Services	0.6	0.7	0.8	0.8
Other Services	1.5	1.1	1.1	1.2

Source: ABS Census data, ABS Labour Survey data from August 2019, WRI estimates

From the results both Eden and the Bega Valley Shire as a whole have sizeable comparative advantages in:

- Agriculture, Forestry and Fishing
- Accommodation and Food services

Bega Valley Shire also holds a comparative advantage in Electricity, Gas, Water and Waste services sector.

Eden also holds a comparative advantage in the Other services industry.

The location quotient for Agriculture Forestry and Fishing in both Eden and Bega Valley is higher than that of the Capital Region and significantly higher than Regional NSW. High concentration of employment in this industry may be a risk factor for these economies due to depleting natural resources in the sector, climate change risks such as drought and low rainfall affecting production and the seasonal nature of these industries. Structural changes impacting the dairy industry in particular may also compromise long term comparative advantage in the sector.

The concentration of Accommodation and Food services for Eden and Bega Valley Shire is likely to remain a comparative advantage, particularly in Eden if the anticipated cruise ship number increases are realised. Analysis of the impact of the Port Authority's projections on visitor numbers has been used to estimate potential jobs increases and details are provided in Appendix 6. There is however a risk in the Accommodation and Food services sector of decline because of the seasonal nature of these industries and their reliance on strong visitation numbers.

Employment concentrations in the Wholesale trade, Rental, Hiring and Real estate services, Financial and Insurance services and Arts and Recreation services industries are low compared to regional NSW. This analysis identifies potential areas to explore opportunities for new enterprises in thee sectors. There is an observed increase in jobs in the Arts and Recreation services sector in Eden in particular which could be considered as a cluster sector to realise more growth and take advantage of the sector's strength and capacity to grow.