



Australian Government  
Department of Industry,  
Innovation and Science

Office of the  
Chief Economist

# Forward Scan Survey: September 2018 Results

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## Forward Scan Survey: September 2018 Results

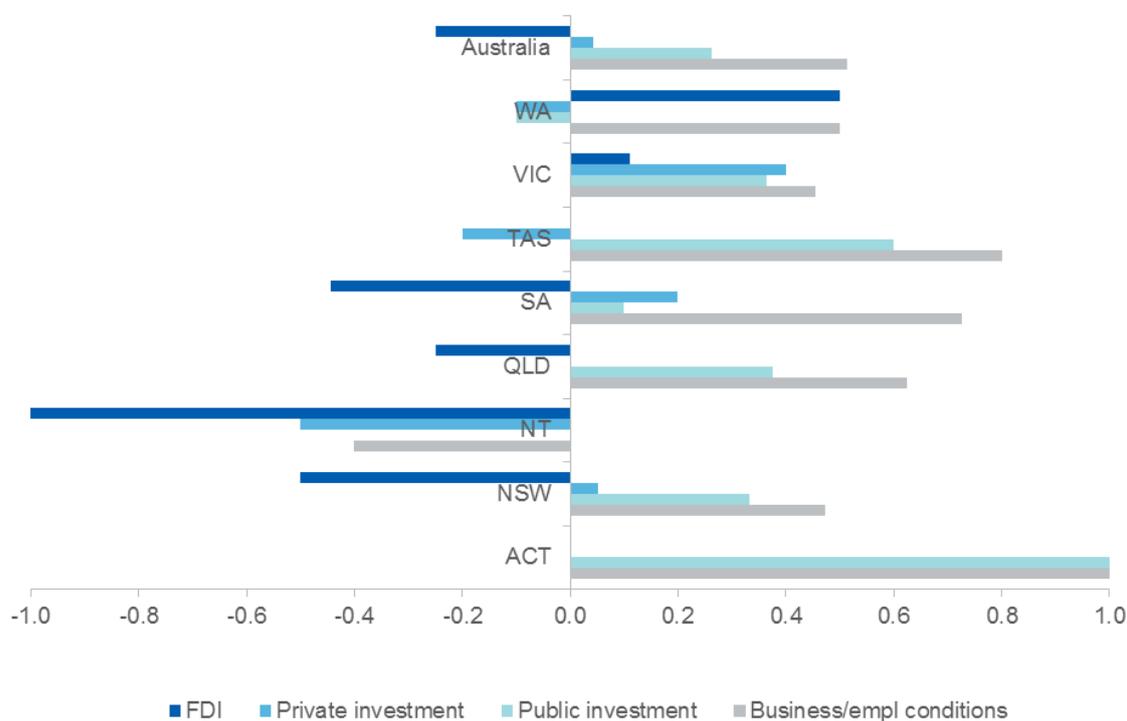
The Forward Scan survey provides Government with information about industry and regional structural adjustment issues. This is the second iteration of the survey, and went to an expanded network which now includes AusIndustry, the Department of Jobs and Small Business, Department of Human Services, Regional Development Australia, Austrade and PM&C.

- There were 78 total responses across AusIndustry, Austrade/TradeStart, DFAT, DHS, Department of Jobs and Small Business, Department of Prime Minister and Cabinet, and Regional Development Australia. Regional Development Australia contributed 36 of these responses and AusIndustry contributed 14.

Chart 1 and 2 present a very high level summary of results. For both charts, a positive value indicates positive conditions, and vice versa. A value of zero indicates 'staying the same' with regard to business conditions, and 'moderate' for public and private investment.

- The first chart summarises all responses received from these 'conditions' questions, grouped by State and Territory, and nationally. Overall, Business/Employment conditions are regarded as improving, with Queensland, South Australia, Tasmania and the Australian Capital Territory expressing sentiment above the national average. The Northern Territory (NT) expressed the most concern about conditions. In regards to Business/Employment conditions, NT and Tasmania only received five responses and the ACT only received one response.
- Responses relating to Public Investment were positive for all states and territories except for WA. Responses relating to Private Investment were quite varied with NSW, VIC and SA indicating moderate investment while WA, TAS and NT indicated weak investment.

**Chart 1: Business Conditions and Investment, by State/Territory**



**Notes:** Values indicate average of responses. Positive values indicate positive outlook and negative values indicate negative outlook.

## State and Regional Commentary

Looking at the results more closely, there are a vast range of infrastructure related projects occurring across the country which vary from road infrastructure, solar and wind farms, retail outlets, hospitals, government buildings and tourism infrastructure. On a less positive note the two main issues reported to be having a negative impact on regional economies are skills shortages and the drought.

### Drought

Unsurprisingly, responses around the negative impact of the drought came from various areas of NSW, QLD and VIC. Respondents note the drought is having an impact on production of various commodities in the dairy, livestock and agricultural industries. Export opportunities are being missed especially in the cattle industry with Asian demand very strong at the moment. In general, investment in drought effected areas is weak. Other impacts include increasing costs for bushfire prevention and an increase in the number of farmers seeking social services assistance. On the flip side, SA sees huge opportunity to supply breeding stock to drought affected areas once the drought lifts.

### Skills Shortages

Skills shortages are being reported in various industries in a number of regions. Respondents indicated they are a barrier for major projects in areas such as renewable energy and advanced manufacturing. In some regions a possible cause of worker shortages was the difficulty attracting people to these regions

due to volatility of economic conditions or lack of housing. It was also noted that any jobs which are deemed dirty or hard labour are incredibly hard to fill.

Areas of NSW are experiencing a shortage of registered nurses, engineers, farm managers, agricultural scientists and high level trades such as electricians, IT, builders and mechanics. Freight businesses are also finding it difficult to employ and retain drivers. Similarly in VIC, skills shortages are being reported in the meat and dairy industries. Other occupations short in supply include accountants, farm machinists, hospital workers, aged care workers, diesel mechanics and car technicians. In TAS respondents are reporting difficulty in finding staff and competing with wages on the mainland. Apprenticeship numbers are low in building and construction trades and nurses and teachers are high in demand. Manufacturing is another impacted industry, however new virtual reality training equipment is being developed to speed up safety and efficiency of welding training. Within SA, there are shortages in industries such as forestry, road transport, meat processing and dairy. On a positive note, areas of SA have had success in settlement, training and employment of immigrant workers and recognise the initiative needs to continue, with the potential to attract displaced workers from capital cities for skilled vacancies. The Skilling South Australia program is expected to deliver approximately 20,000 additional apprenticeships and traineeships over the next 4 years.

## Infrastructure and Projects

### New South Wales

Regarding infrastructure and projects, the NSW South Coast is seeing the construction of new retail outlets such as Woolworth, ALDI and Bunnings. On the Central Coast there is spending in the form of the Gosford Hospital, education, government buildings (ATO and Department of Finance) and road infrastructure (M1 upgrade and NorthConnex completion) which may assist region in attracting logistic, manufacturing, food and transport companies due to improved access. New housing and retirement homes are also being built, driven by population growth. The Hunter region has seen an increase in jobs driven by Asian demand for thermal coal and the establishment of the JSF Lightning II Squadron in Williamstown will increase demand for a technically and digitally skilled workforce. Other projects across the state include Port Kembla Gas terminal, Snowy Hydro 2.0, the second Sydney airport and regional rail hubs.

### Northern Territory

In the NT there is significant ongoing or committed public and private projects which will have positive implications for the NT economy, including the Northern Gas Pipeline, expansion of Tindal, major road infrastructure and Project Sea Dragon. It was noted that public/private partnerships will be the key to economic stability given the NT is at a relatively early stage of development. However, some of the large natural resource projects are moving towards operational phases which has led to redundancies (both for FIFO and local workers) and other knock on effects onto local businesses and contractors.

## Queensland

Infrastructure projects noted in QLD include development of Rockhampton airport as a regional export hub, Bruce highway upgrade, airport expansion and rail line duplication on the Sunshine coast. There are significant levels of public sector investment within Townsville within water infrastructure, road construction, port expansion and building construction (Tax office, Mater Hospital). Business confidence has been increasing as public spending becomes more visible however the challenge will be keeping business confidence up and ensuring local businesses invest in recruitment and skilling of local workers.

## South Australia

Projects within SA include investment in road infrastructure (Jubilee Highway, South Road project), solar power and renewable energy. There is also investment in the timber industry on the Limestone coast with a focus on innovation which will hopefully results in the creation of higher paying jobs. Large Defence contracts are providing optimism in the community and may be able to fill gaps left from the closure of the automotive industry.

## Tasmania

There are a number of publicly funded projects within TAS including hospital expansions, road projects, tourism infrastructure (accommodation and hotels, bike paths) and airport upgrades. Advanced manufacturing is said to be creating opportunities for local firms and this is being supported by some industry associations.

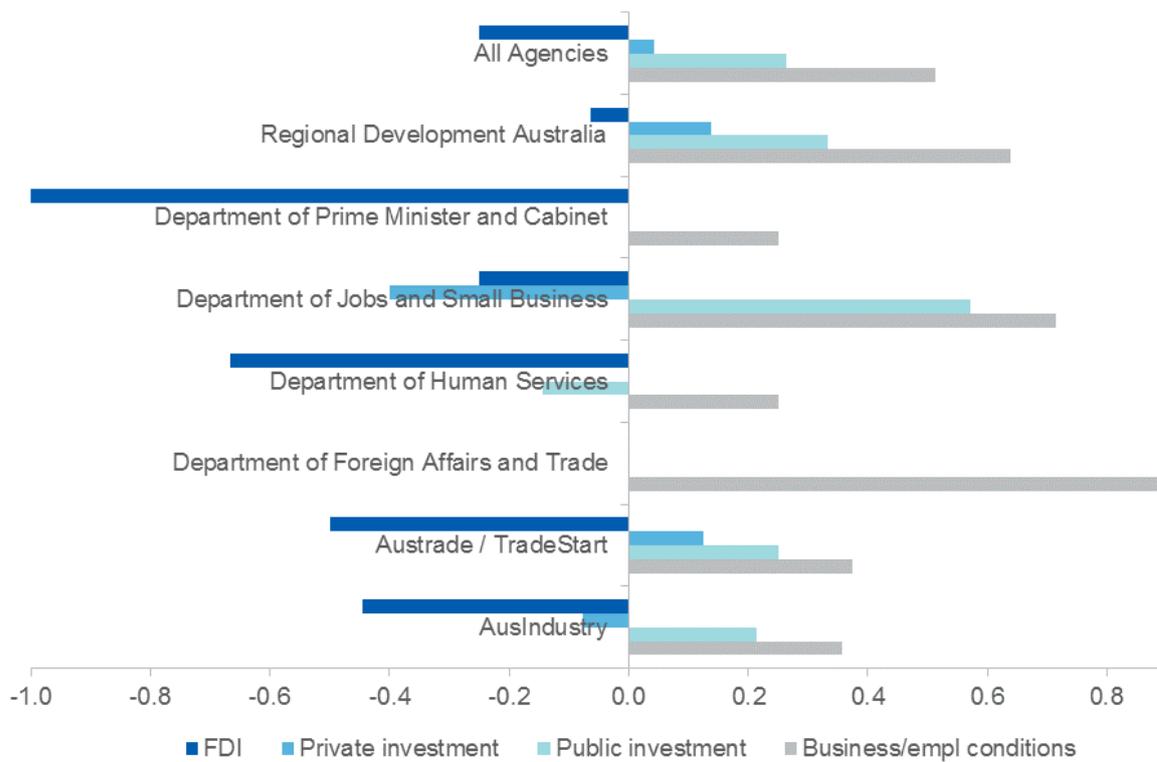
## Victoria

Within VIC, the Gippsland region construction is booming due to the expansion of Melbourne and anecdotally, Chinese investment in agribusiness is strong. In the Warnambool area there has been a significant investment into wind energy and an announcement of investment into the 12 Apostles national park which will facilitate expansion of tourism mainly in the form of accommodation. Geelong is seeing the completion of many construction projects such as the Worksafe Building and GMHBA Stadium. Future projects include Avalon international terminal, NDIS headquarters and a number of residential complexes around the Geelong CBD and Waterfront precinct. Other projects across the state are in the space of road, rail and food/ agribusiness.

## Agency Outlook

Chart 2 analyses responses by agencies involved in the survey. Regional Development Australia expressed the most positive outlook across the three questions as a whole considering it had the highest number of responses. While this agency didn't necessarily express the most positive outlook in regards to public investment and business/employment conditions, it did have the least negative outlook on foreign direct investment. All agencies expressed a negative outlook in terms of foreign direct investment and a positive outlook for business/employment conditions. Outlooks for private and public investment were more mixed but overall the outlook for public investment was stronger.

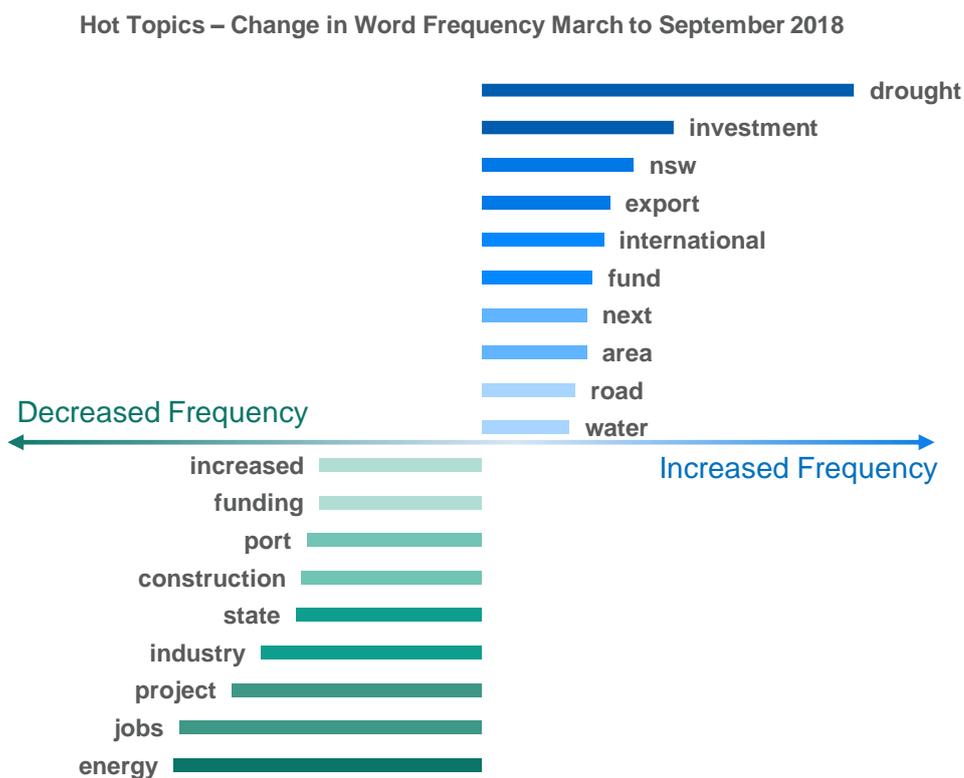
**Chart 2: Business Conditions and Investment, by Agency**



**Notes:** Values indicate average of responses. Positive values indicate positive outlook and negative values indicate negative outlook.



Chart 3: Hot Topics – Changes in Word Frequency March to September



**Note:** Word frequencies from the March 2018 survey were subtracted from word frequencies from the September 2018 survey to determine changes in word frequency between the two surveys.

### Next steps:

- The Office of the Chief Economist will use the information within the free-text responses to visually map sentiment across Australia.
- The Structural Adjustment section has set up a Sigbox folder to share quantitative data and the raw survey response data, for both the March and September surveys. This has already been shared with coordination points for the survey – however, if you would like to see this data, please contact us.
- Using the responses from this survey, the Office of the Chief Economist will aim to publish a report that outlines conditions and on-the-ground sentiment in Australian regions. Previous responses (in March 2018) helped to develop and scope out this proposal. Over the coming weeks, the report will be further developed in consultation with involved departments.
- The next survey is likely to be in March/April 2019, however we will consider feedback that an annual survey would be less duplicative.