

ACT Economic notes 2010a

Retail employment crashes

Total ACT employment for 2009\10 was 1.1 per cent higher than that of 2008\09. However, growth rates varied considerably amongst industry groups. Growth ranged from -10.0 per cent for retail to 14.8 per cent for Education and Training. As these figures are derived from a sample survey care must be taken in their interpretation. Only larger industries are included in the table. These account for around 79 per cent of total employment.

It is notable that employment growth in major industries at 0.5 per cent was quite a bit lower than that of other industries. These grew by 3.3 per cent.

The reason for the fall in retail sales is not clear; although, employment also fell in the related industry of Accommodation and Food Services. Possibly, automation of checkouts and Internet sales may be having an impact.

Table 1: ACT Employment for major industries 2008/09 and 2009/10

Major Industries ⁽¹⁾	2008/09	2009/10	Change
	000s	000s	Per cent
Construction	12.3	12.6	2.6
Retail Trade	16.7	15.0	-10.0
Accommodation and Food Services	11.2	10.7	-4.3
Professional, Scientific and Technical Services	22.5	21.4	-4.9
Public Administration and Safety	56.4	58.5	3.7
Education and Training	16.9	19.4	14.8
Health Care and Social Assistance	18.3	17.3	-5.2
Total major industries	154.1	154.8	0.5
Others Industries⁽²⁾	41.0	42.3	3.3
Total	195.1	197.1	1.1

1. Those employing 10,000 or more

2. These include Manufacturing , Electricity, Gas, Water and Waste Services ,Wholesale Trade ,Transport, Postal and Warehousing, Information Media and Telecommunications, Financial and Insurance Services, Rental, Hiring and Real Estate, Administrative and Support, Arts and Recreation Services , Other Services

Source ABS 6291.0.55.003

Small Industries drive jobs growth

In terms of numbers the estimated total jobs growth was 2,000, 1,300 were created in small industries compared to 700 in larger industries.

Competition policies

Recently a lot has been said about competition in the supermarket industry. The ACT Government has taken direct action to limit the expansion of the supermarket majors, Coles and Woolworths. Will this lower or raise prices? Economic theory states that trends towards monopoly will raise prices as the monopolist is in a position to control prices, they are price makers. With many traders this power diminishes and they have to accept prices determined by the market. ACT supermarkets are basically a duopoly, the ACT Government is attempting to turn this into a triopoly, or better. Three major operators will still leave each with considerable market power, but the level of competition should be better. Therefore, prices and services ought to be better.

Some say leave it to the market. However, competitive market is an artificial construct. It depends on a body of law and rigorous enforcement. The USA has such a system as does the EU. We have some but it is not vigorously pursued. Without such a body of law and enforcement, the natural tendency is to monopoly, or at best oligopoly.

In Australia the only thing preventing the big four banks becoming the big two is Federal Government opposition. Peter Costello was approached on many occasions to relent but thankfully did not.

I believe the ACT Government is on the right track in intervening in this way, the Federal Government should do more to reduce oligopoly in Australia.

Beyond the ACT - Population

Population has become an issue. There are calls to limit Australia's population. Some even claim we have too many already. As well there has always been the old populate or perish argument. The table below may provide some perspective.

Table 2: Population, population growth, population density and rainfall OECD countries and selected others.

Country	Population 2005 000s	Population growth 1992 to 2005 (Average annual percent)	Population density (number of persons per square km)	Rainfall of major cities (average annual mm)
Australia	20,329	1.2	3	Sydney 1,242, Melbourne 606, Brisbane 1,150, Perth 864, Adelaide 576.2, Canberra 618, Darwin 1,573, Hobart 598
Austria	8,233	0.3	93	Vienna 642
Belgium	10,438	0.3	354	na
Canada	32,271	1.0	3.4	Vancouver 1,106
Czech. Republic	10,221	nt*	132	Praha 479
Denmark	5,416	0.3	128	Copenhagen 587
Finland	5,246	0.3	16	Helsinki 635
France	60,873	0.5	113	Paris 2,089
Germany	82,466	0.2	230	Berlin 491
Greece	11,099	0.5	85	Athens 391
Hungary	10,087	nt*	107	Budapest 615
Iceland	296	0.9	3.1	na
Ireland	4,131	1.2	63	Dublin 742
Italy	58,135	0.2	200	Rome 792
Japan	127,757	0.2	337	Tokyo 1,523
South Korea	48,294	0.8	486	na
Mexico	105,300	1.8	55	Mexico City 775
Netherlands	16,320	0.6	399	Amsterdam 831
New Zealand	4,099	1.2	16	Auckland 1,160
Norway	4,623	0.6	13	na
Poland	38,161	nt*	120	na
Portugal	10,563	0.6	115	Lisbon 702
Slovak republic	5,387	0.1	110	na
Spain	43,398	0.8	91	Madrid 430

Country	Population 2005 000s	Population growth 1992 to 2005 (Average annual percent)	Population density (number of persons per square km)	Rainfall of major cities (average annual mm)
Sweden	9,030	0.3	21	Stockholm 502
Switzerland	7,438	0.6	188	Zurich 1,079
Turkey	72,064	1.6	92	Istanbul 624
United Kingdom	59,989	0.3	255	London 611
United States	296,410	1.1	32	New York 1,240, San Francisco 483
Brazil	184,184	1.5	23	Rio de Janeiro 1,101
China (PR)	1,307,560	0.8	139	Beijing 635
India	1,091,000	1.9	358	Mumbai 2,129
Russian fed	143,137	nt* (1)	8	Moscow 601
South Africa	46,888	1.8	40	Capetown 612
World	6,389,272	1.4 (2)	46	

Source: OECD Factbook and Wikipedia

1. From 1994

2. To 2004

* nt no significant trend

Terry Giesecke

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