

BUSINESS BUILDING BLOCKS

FOR INNOVATION & TRANSFORMATION



A BUSINESS
DEVELOPMENT
STRATEGY FOR
THE MID WEST

Acknowledgements

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Disclaimer

The Building Blocks for Innovation and Transformation is the result of working with the Strategy Project Steering Group made up of representatives of the Mid West Chamber of Commerce and Industry, City of Greater Geraldton, Business Local, Regional Development Australia Mid West Gascoyne, Pollinators, Mt Magnet and Morawa Shires and the Mid West Development Commission. The report represents information correct and complete at the time of writing.

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CHAIRMAN'S MESSAGE

“In 2050, the Mid West has an economically diverse and dynamic business sector that captures the productive capacity of the region and converts opportunity into employment.”

This Mid West Regional Blueprint vision for business and industry is the outcome we envisage from *“Building Blocks for Transformation and Innovation”*, a business development strategy for the Mid West.

The Blueprint vision together with extensive regional stakeholder consultation is the foundation of this strategy. It is aimed at guiding State Government investment in the Mid West small to medium enterprise sector to deliver a strong and sustainable economy.

We know that our economy will grow as we support the private sector in building its capacity and this will create new jobs. New jobs will mean more opportunity to retain and attract people to the Region.

Through this strategy, we will build on the effective approaches that are already in place through the State Government to support business growth, accelerate innovation, and create and keep jobs in the region. We will work with our business community to reinforce our distinct economic identity as the most diverse regional economy in Western Australia now and into the future.

This strategy builds on the Blueprint vision for a strong economy by investing in Leadership; People; Business Development, and Marketing. It promotes strong partnerships between our Local, State and Federal Government and our business community across the region.

By working together with a shared vision and by strengthening our partnerships, we will continue to ensure the Mid West Region continues to be a great place to LIVE, WORK, INVEST and STUDY.

Murray Criddle
Chair



January 2016

Executive summary

The Mid West has a strong small business sector, with its 5,016 small businesses (less than 20 staff) representing almost 96% of the region's private sector businesses (as at June 2012) and employing approximately 45% of all private sector workers.

“Building Blocks for Innovation and Transformation” is a business development strategy for the Mid West aimed at guiding State Government investment in the Small to Medium Enterprise (SME) sector to deliver a strong and sustainable economy.

The Mid West Chamber of Commerce and Industry led the strategy development in partnership with representatives from industry and business leaders, Local Government Authorities, the Mid West Development Commission, Business Local and Regional Development Australia Mid West Gascoyne.

The strategy is the direct result of the Mid West Regional Blueprint – the region's growth and development plan - that identified five key pillars for investment to enable the growth of the region for a population scenario of 190,000 by 2050. A critical element identified in the Blueprint's Economic Development Pillar was “Business and Industry Development”.

The Blueprint regional goal for Business and Industry is:

“An economically diverse and dynamic business sector that captures the productive capacity of the region and converts opportunity into employment.”

This strategy aims to facilitate and support a coordinated, collaborative approach to achieve that goal. It does this by:

- Providing a clear indication of where the Mid West SME sector is now;
- Identifying and analysing areas of need for the sector in order for it to grow;
- Identifying key priorities for building capacity and supporting the growth of the sector; and
- Providing key initiatives for investment designed to enable and support the sector to grow.

The principles guiding the strategy include:

- Focusing on our strengths – The Mid West has competitive advantages that provide a strong basis for sustained economic growth.
- The role of Government – Investment in areas where government intervention is required to produce optimal outcomes at the local level.
- Filling the gaps - Targeting programs that minimise duplication and fill the assistance gaps for the SME sector.

The strategy was developed through an extensive literature and best practice review, statistical and data analysis and wide spread consultation including 122 one-on-one interviews with business and organisations from across the Mid West Region. Released in September 2015 for public comment, this document reflects the feedback provided.

This document contains a detailed regional profile and demonstrates the alignments of the strategy to the Mid West Investment Blueprint, State and Federal Government policy. It also looks at assessing the existing support for SMEs and highlighting the gaps.

Stakeholder consultation identified a number of key issues that are curtailing SME growth and development across the region. These issues varied greatly across sectors and locations and included:

- access to workforce, skills and training;
- market access and connectivity, particularly to the State's North;
- access to funding and capital;
- the nature of and access to existing business programs across the region; and
- access to reliable and cost effective technology (ICT).

Remote businesses have particular issues that are specific to them, such as higher costs, succession planning and reliance on contractors as does the not-for-profit sector that is grappling with the potential ramifications of the national disability sector's implementation.

Other themes included:

- varying quality and reliability of infrastructure;
- the potential for Geraldton to develop further as a regional centre, and in doing so, support a range of industries from retail and tourism to professional services;
- the nature and quality of the region's governance and partnerships; and
- the need for initiatives to attract industry and population to the Region.

In addition to these themes, opportunities and ideas garnered and warranted further examination. They include:

- investigating the development of a Mid West sub-tropical aquaculture industry;
- leveraging the SKA facility into regional economic opportunities;
- exploring what big data means for the Region;
- clustering opportunities, notably in the maritime services and engineering services areas;
- exploring the tailoring of industry specific support programs for SME development; and
- maximising the potential for local businesses from the emerging tourism sector in the Mid West.

Through the Mid West Development Commission Blueprint implementation process, strategies and action plans have been developed, or are underway, exploring some of the issues and ideas previously mentioned. These include the:

- Mid West Workforce Development Plan;
- Mid West Energy Strategy;
- Mid West Water Strategy;
- Mid West Digital and Communications Strategy;
- Greater Geraldton Growth Plan; and,
- Mid West Innovation Strategy.

In formulating this strategy, the following implications for the region and their impacts on the SME sector were taken into consideration:

- the nature of the changing economy, with service sectors increasing in importance;
- the role that Geraldton increasingly plays as a service centre not only for the Mid West, but also for areas to the State's north and east;
- the significance of the mining sector and the impact of the sector slowing;
- sectors of the economy trading outside the region (exporting) and the potential for import replacement;
- higher value adding and value creation sectors of the economy; and
- the potential for the region to improve the standard of living for its residents through developing urban areas (agglomeration benefits) and with it underpin future innovation practices.

This strategy is based on two key platforms for implementation, firstly an investment platform that articulates the investment strategy and secondly, the areas for investment. The five key priority areas for investment are:

1. Leadership and collaboration (Leadership);
2. Skills and knowledge (People);
3. Business development, innovation and entrepreneurship (Business Development);
4. Quality connected places (Places); and
5. Marketing and branding experiences (Marketing).

This document includes 33 recommendations resulting from the consultation process. These recommendations were scored and tested with stakeholders. This process identified the most effective and constructive “first step” actions required to grow the SME sector in the Mid West. The methodology used ranked the recommendations according to:

1. the ability to produce regional benefits;
2. the ability to be of a collaborative nature;
3. the ability to be propulsive in delivering returns to SMEs’;
4. the promotion of the Region;
5. public returns;
6. SME benefits; and
7. the need for public investment.

This process identified the following recommendations as critical first steps to enable the growth and development of the SME sector in the Mid West:

- ▶ Develop a dedicated function to facilitate and attract investment and undertake regional marketing across the Mid West;
- ▶ Develop skills development programs that support critical business issues;
- ▶ Form a maritime cluster and develop strategies and business plans to implement and guide initial development;
- ▶ Develop and introduce a program to support high growth potential businesses (skills and capital);
- ▶ Support rural and remote enterprises to increase their competitiveness and profitability;
- ▶ Develop and implement a project to support headworks and support private sector investment; and
- ▶ Develop and implement a model for connection and market access to the State’s north.

These recommendations were the basis for the seven initiatives that make up the “Building Blocks for Transformation and Innovation”.

Building Blocks for Innovation and Transformation

The “Building Blocks” are seven key initiatives with a defined start and conclusion that have been identified as the most effective “first steps” to move the Mid West small to medium enterprise sector towards the desired future as mapped out in the Mid West Regional Blueprint. These initiatives are not to be considered in isolation or as a prioritised list of actions but as a complete suite of transformational steps required to grow Mid West businesses.

The following table provides a summary of the five investment key priorities, the definition for the area of investment and the Building Block to be delivered against each priority.

Key Priority	Definition	Building Blocks
Investment in Leadership	<i>Investment in Leadership (Leadership and Collaboration) facilitates partnerships to help grow and diversify our economy.</i>	INVEST MID WEST
Investment in People	<i>Investment in people (skills and knowledge) supports business growth by building business capacity and competitiveness.</i>	Bush Business Builders Program
Investment in Business Development	<i>Investment in Business Development (Innovation and entrepreneurship networks) encourages regional entrepreneurship, connects regional businesses to opportunities and provides support for innovation.</i>	Groundswell (Accelerator Program) Clustering for Growth (Maritime Services Cluster) Mid West Business Excellence Program

Investment in Places	<i>Investment in Places (Quality connected place) encourages private sector investment, business creation and development.</i>	Infrastructure Investment Program
Investment in Marketing	<i>Investment in Marketing (Marketing and Brand experiences) creates value for the region's products improving the competitiveness of the region.</i>	North by Mid West

ECONOMIC Stimulus Potential

The Building Blocks for Innovation and Transformation (seven initiatives) were provided to ACIL Allen on 7 December 2015 to undertake an exercise in quantifying the economic stimulus potential of all seven initiatives as one project for funding. This was done by linking the specified initiatives to the growth aspirations stated in the Mid West Regional Blueprint (the Blueprint).

As the seven initiatives pursue relatively short term goals, the analysis focussed on the 2025 growth goals (but is not intended to suggest that the initiatives would end in 2025).

As the project consists of seven independent initiatives whose individual success is uncertain, ACIL Allen deployed a stochastic portfolio analysis framework for estimating the project's total expected economic stimulus. This type of approach is commonly used to analyse the behaviour of a group of unrelated assets. It followed these steps:

1. Allocate a share of the Gross Regional Product (GRP) specified in the Blueprint to the Project;
2. Allocate a percentage of the share derived in 1. to each initiative;
3. Develop an economic stimulus series for each initiative;
4. Draw a success probability for each initiative and apply it to the associated economic stimulus potential;
5. Calculate and record the net present value of each initiative under the drawn set of probabilities;
6. Repeat steps 4 and 5; and
7. Assess to what degree and how many individual initiatives need to be successful in order to ensure that the Project can be expected to have a positive net benefit, i.e. that the present value of the economic stimulus exceeds the required funding.

Key findings

Based on the assumption that the Project can accelerate the real growth rate of affected businesses by a factor of up to 1.5, the simulation suggests the following key findings:

- The expected real net stimulus is \$8 million consisting of a total economic stimulus of \$19 million and establishment costs of \$11 million (all in 2016 Dollars) implying an expected BCR of 1.72;
- The best case scenario is a real net stimulus of \$21 million or a BCR of 2.90;

The following table provides a summary of each initiatives and indicates the alignment to policy and the strategic framework. It must be noted that the initiatives are designed to complement the offerings provided by the Small Business Development Corporation’s Business Local program.

Summary of Initiatives & Policy Alignment

Building Block	Description	Alignments
INVEST MID WEST	The Mid West wants to retain and attract business to the region. This initiative involves the establishment of dedicated resources under the Mid West Development Commission Governance Model responsible for providing a first entry point, through concierge type support, for businesses/investors seeking to make informed location decisions for investment in the Mid West. INVEST Mid West will target national and multinational companies, including finance and borrowing institutions, to invest and reinvest in the region and build their presence around the region’s opportunities. Marketing and positioning of the region’s investment ready projects, with targeted initiatives that highlights the region’s location advantages will also be a key function.	Mid West Regional Blueprint Greater Geraldton Growth Plan Royalties for Regions Policy Objectives
Bush Business Builders Program	Sub regions within the Mid West region operate in unique and challenging environments with high costs, low revenue growth and cyclical industry impacts. This initiative has two parts. 1. A focused skills development program to support rural and remote enterprises to increase their competitiveness and profitability (with specific elements for Aboriginal Economic Development). 2. The development of a model to establish cooperative purchasing opportunities to overcome locational and isolation barriers. The initiative complements the offerings provided through the Small Business Development Corporation’s Business Local program.	Mid West Regional Blueprint Greater Geraldton Growth Plan Royalties for Regions Policy Objectives
Mid West Business Excellence Program	The Mid West has an emerging visitor economy. This aim of this program is to maximise the growth potential of tourism businesses, particularly in the retail sector. It provides access to skills development and mentoring services tailored to the specific needs of tourism operators and associated service providers to enhance the quality, value, range and appeal of experiences for visitors to the region. The initiative complements the offerings provided through the Small Business Development Corporation’s Business Local program. The initiative complements the offerings provided through the Small Business Development Corporation’s Business Local program.	Mid West Regional Blueprint Greater Geraldton Growth Plan Royalties for Regions Policy Objectives

<p>Groundswell (Accelerator Program)</p>	<p>The Mid West Region has a range of businesses with high-growth potential constrained in their ability to deliver this growth through capability shortcomings, lack of locally sourced equity capital (and debt finance) and accompanying advice. This program assists in overcoming these hurdles by improving a business’s prospects of enhanced growth by being properly prepared to discuss equity investment in their businesses and increasing awareness of the region and its investment potential. The program is contestable and designed to cater for 30 high growth potential innovative enterprises.</p>	<p>Mid West Regional Blueprint Greater Geraldton Growth Plan Royalties for Regions Policy Objectives</p>
<p>Clustering for Growth (Maritime Services Cluster)</p>	<p>Geraldton has long been a service centre for the mining, agricultural and fishing Industries. The establishment of a 200 tonne heavy boat lifter has reinvigorated Geraldton’s marine service industry. This initiative proposes the establishment of a maritime industries cluster that builds on this to align cooperative effort, create jobs, skills and become a renowned centre for maritime and related industries. This project will also act as a pilot for the support of further potential regional industry clusters.</p>	<p>Mid West Regional Blueprint Greater Geraldton Growth Plan Royalties for Regions Policy Objectives</p>
<p>Infrastructure Investment Program</p>	<p>The establishment of appropriate industrial and commercial facilities is essential for the development of profitable and competitive businesses, industries and regions; however, the capital costs of establishing enabling infrastructure (headworks) can make a project unviable. This competitive funding program proposes support for innovative infrastructure solutions that demonstrate significant business and sustainable environmental outcomes and create or enhance the conditions for growth.</p>	<p>Mid West Regional Blueprint Greater Geraldton Growth Plan Royalties for Regions Policy Objectives</p>
<p>North by Mid West</p>	<p>The initiatives seeks to increase awareness, access and connectivity to Northern Australian markets (North West and East). It proposes the establishment of business development model to support the Mid West region and its businesses to take advantage of their location and infrastructures through greater access, awareness and connectivity to the North.</p>	<p>Mid West Regional Blueprint Greater Geraldton Growth Plan Royalties for Regions Policy Objectives</p>

1. Introduction

1.1. Background and objectives

The Mid West Regional Investment Blueprint is the Mid West Development Commission's vision for the future. The document is aspirational and lays out a 2050 vision for the Mid West region, which is:

The Mid West is the national gateway to the globe through its diverse and entrepreneurial businesses and export economy. High value industries generate prosperity and the most desirable, adaptive and connected communities in Australia.

To achieve this, the Blueprint identifies five pillars that are imperative for the successful growth of the region. They are:

- Physical infrastructure;
- Digital communications;
- Economic development;
- Highly desirable communities; and
- Knowledge and learning.

Under the Economic Development pillar, the business and industry development element has the following ambition:

The Mid West is to be an economically diverse and dynamic business sector that captures the productive capacity of the region and converts opportunity into employment.

The Blueprint aims to achieve this by accomplishing the following aspirations for the business community of the Mid West:

1. Drive new and existing industry development;
2. Grow the region's diverse and productive economy;
3. Build a dynamic, competitive and innovative business sector;
4. Foster innovative business and entrepreneurship; and
5. Support diverse and competitive Aboriginal enterprise development.

The Building Blocks for Innovation and Transformation (MWBDS) aims to support the business and industry development element of the Blueprint, and specifically provide:

1. A clear indication of where the Mid West SME sector is now, where it needs to be and how it can get there;
2. A recommended governance/reference structure and/or structural framework, to inform future business development strategy and regional investments, with provision for continual improvement;
3. A regional action plan that analyses and identifies the areas of need and the top project priorities and initiatives.

1.2. Structure of this report

Table 1 details the report structure and summarises the content of each section:

Table 1 – Report Structure

Section	Contents
1. Introduction	<ul style="list-style-type: none"> ▶ Background information ▶ Methodology
2. Regional profile	<ul style="list-style-type: none"> ▶ Detailed regional profile and analysis of the Mid West region ▶ Implications of the profile and data for the Strategy
3. Policy context	<ul style="list-style-type: none"> ▶ Summary of key policy positions relevant for the development of the Strategy ▶ Implications of the policy positions for the development of the Strategy
4. Mid West Business Support Infrastructure	<ul style="list-style-type: none"> ▶ Analysis of the existing business support infrastructure currently in operation across the Mid West region ▶ Implications for the development of the Strategy
5. Consultations	<ul style="list-style-type: none"> ▶ Summary of consultations undertaken and issues identified ▶ Implications for the development of the Strategy
6. Strategic considerations	<ul style="list-style-type: none"> ▶ Key strategic issues to be considered in formulating the Strategy ▶ Analysis of issues and implications for the Strategy's formulation ▶ Mid West competitive and comparative advantage analysis ▶ Strengths, Constraints, Opportunities, Risks (SCOR) analysis
7. Strategic framework	<ul style="list-style-type: none"> ▶ Development of strategic framework for the Strategy ▶ Areas of focus ▶ Investment framework
8. Recommendations and investments	<ul style="list-style-type: none"> ▶ Detailed recommendations and investments
9. Priority projects	<ul style="list-style-type: none"> ▶ Analysis of priority projects
10. Appendices	<ul style="list-style-type: none"> ▶ Survey questions

1.3. Methodology

In developing the strategy, the following methodology was undertaken:

- ▶ Extensive data review of relevant statistical information;
- ▶ Literature review of:
 - ▶ existing work relevant to the region;
 - ▶ best practice regional business development; and
 - ▶ best practice innovation practices.
- ▶ Extensive consultation process that covered the region both geographically and by industry;
- ▶ Consultation and working sessions with the project reference group;
- ▶ Identification of priority projects;
- ▶ Development of concept briefs for priority projects; and
- ▶ Report compilation, including public consultation.

Figure 1 – Mid West region



Source: Department of Water (2009)

2.2. Natural resources and landscape

The Mid West region contains a range of natural assets and encompasses a variety of land uses. A significant coastal area to the west, rich agricultural land throughout the northern midlands, numerous waterways, rivers and estuary systems, a series of natural parks and vast and arid landscapes to the east and north are features of the region's natural resources and landscape.

In addition to the 'above ground' landscape and resources, the region is rich in a range of below ground resources, with iron ore, gold, mineral sands and copper all located within the region.

The region's land use, natural resources and climate support a wide variety of industry and are, therefore, key factors in sub-regional business development issues. For example, the vast space and clear skies of the east of the region are home to one of the world's most suitable locations for radio astronomy (currently under construction), whereas the coastal areas support a substantial and growing tourism industry. Agricultural production and mining occurs across the region, whereas fishing and horticulture are concentrated in the west of the region.

2.2.1. Implications for Mid West Business Development Plan

- ▶ Different climates and land use activities across the region will impact on nature, type and seasonality of economic opportunity;
- ▶ The region's natural assets provide a platform for the development of the region's tourism industry; and
- ▶ The diversity of the natural landscapes and environment means that there will be sub-regional level issues and opportunities for businesses.

2.3. Settlements

Linked by a transport network, there are settlements across the region; however, there is a high concentration of along the region's western coastal areas. Settlements will play a variety of roles, from the major service centre in Geraldton to smaller settlements offering moderate support and public services; others will provide only basic provisions.

2.3.1. Implications for Mid West Business Development Plan

- ▶ Distance between settlements will impact significantly on businesses in a range of areas, workforce and skills related issues, business cost (for example, transport), market access and sustainability related factors, such as access to finance and succession planning;
- ▶ Linkages and collaboration between settlements is likely to exist; that is, in some areas there is likely to exist a symbiotic relationship between settlements. This will influence the nature of business conducted in these settlements; and
- ▶ Different settlements play different roles within the region and, therefore, issues impacting on business will likely vary across the region.

2.4. Regional infrastructure

The draft Mid West Regional Planning and Infrastructure Framework (2011) outlines the infrastructure priorities for the Region. The delivery of the infrastructure priorities identified in the framework will influence the attraction and retention of business and people to the region. The following is an overview of transport and infrastructure in the Mid West. Figure 2 outlines major infrastructure in the Mid West region.

2.4.1. Rail

The rail network in the Mid West region State Government-owned and is managed and operated on a long-term lease by a private company, Brookfield Rail, until 2049. The rail network of South West Australia, which includes the Mid West, comprises of a combination of standard, narrow and dual gauge railway.

Rail haulage in the Mid West primarily consists of iron ore, grain and mineral sands and is critical to getting products to market and reducing the impact on the region's road network.

As outlined in the Infrastructure Framework, in order to improve access to markets and reduce volume of freight traffic, it is important to consolidate the rail network within the Mid West to link the Geraldton Port, Narngulu industrial estate and the proposed Oakajee Port and industrial estate with mines located to the east, north and south.

2.4.2. Roads

The Mid West Region has a network of major sealed roads that provide critical linkages within and beyond the region.

2.4.3. Airports

The region's principal airport is located at Geraldton, with multiple daily scheduled Perth-route regular passenger transport (RPT) services by both QantasLink and Virgin, and it currently handles some 130,000 passengers' movements per year.

Geraldton Airport has unrestricted operational capacity for 100-seat jets such as F100 and B717, can accommodate A320/B737 operations, and serves as an alternate landing port for aircraft unable to land at Perth Airport during severe weather events.

Geraldton Airport is home base for Shine Aviation, Geraldton Air Charter (GAC), and Kelmac Aviation. The airport also hosts aircraft maintenance and support services.

Shine Aviation provides FIFO charter services for inland mines and general charter services for the Abrolhos Islands and Mid West region. GAC provides general charter services for the Abrolhos Islands and Mid West region, provides tourist flights for Mid West destinations, and is 'China-Ready'. Shine Aviation and Kelmac Aviation provide pilot training and certification services.

Meekatharra, Mount Magnet and Wiluna also have airports that accommodate regular flights to and from Perth, serviced by Skippers Aviation, but they lack security screening facilities and services, restricting operations to passenger aircraft types under 20 tonnes.

Other aerodromes within the Mid West include Dongara, Kalbarri, Morawa, Mullewa, Perenjori, Murchison, Yalgoo and Cue, accommodating General Aviation operations, primarily for smaller aircraft types.

2.4.4. Ports

The Mid West has one major port located at Geraldton and a second port proposed at Oakajee (described below). More than half of the exports leaving Geraldton Port are from mining sector (minerals and iron ore). Exports make up over 90% of the total volume throughput of the port, which is growing at an increasing rate. The Geraldton Port can currently accommodate Panamax (70,000 dead weight tonnage) vessels.

2.4.5. Strategic infrastructure

Oakajee Deepwater Port

The Oakajee Deepwater Port is a proposed port for the Mid West Region, about 25 kilometres north of Geraldton. Its capacity will accommodate Capsized vessels (up to 180,000 dead weight tonnage) and will service the region's growing iron ore industry. Its construction is dependent on several factors, including improved market conditions, particularly for the iron ore / magnetite sector. The buffer zone will form an industrial estate.

Oakajee Narngulu Infrastructure Corridor

This project involves the development of a rail, road and service corridor linking the proposed Oakajee and Narngulu industrial estates.

Freight hub

Oakajee would create a new international gateway to Asia and, given the proposed Port Link Inland Freight Corridor, could position the Mid West as a logistics hub for the state, linked to a national freight network.

Geraldton Port expansion

There is a proposed expansion of Geraldton Port. This project will support the Oakajee Deepwater port and grow exports from the region.

2.4.6. Social infrastructure

It is important that all communities have access to adequate social infrastructure and services. The provision of such infrastructure makes a significant contribution to the liveability and attractiveness of a region.

The expansion of the Mid West's population to an estimated 69,900 by 2026 will require a higher threshold of facilities and services. The enhancement of these facilities and services will greatly assist the region's ability to attract and retain workers and their families.

For communities to grow, identification of economic development opportunities that create employment is critical. Investment in social infrastructure increases amenity and liveability, which in turn supports population growth. Ongoing investment is required to ensure amenity and liveability.

2.4.7. Implications for Mid West Business Development Plan

Based on the analysis of the regional infrastructure, the following are the key implications for the development of the Mid West Business Development Plan:

- ▶ The proposed Oakajee project will be a major infrastructure investment in the Mid West region. It is expected that this project (rail and road), and associated projects (freight hub), which will only be developed when export demand increases beyond the capacity of the existing Geraldton Port, will enable existing companies to increase production capacity while generating significant job opportunities throughout the region;
- ▶ Infrastructure projects through the Mid West Development Commission present significant opportunities for local businesses;
- ▶ There is a wide range and diverse base of mining activities undertaken across the region;
- ▶ The region's natural assets and those built form assets that connect to these natural features, such as ports and roads and railways, provide the region with both competitive and comparative advantages that will be advantageous to some industries and businesses;
- ▶ Sequencing of workforce needs is critical on major projects, as they proceed from planning, development, construction and finally operation. Skills need to match requirements at the right times and in the right locations;
- ▶ Infrastructure projects will be critical for the region to maintain momentum as the mining sector's construction phase reduces;
- ▶ The SKA facility and the accompanying infrastructure, such as high bandwidth optical fibre are unique assets and provide the region with an opportunity to build capabilities to support a range of economic outcomes in the longer term;

- ▶ The region's location, around 400km north of Perth, will have an influence on the manner in which businesses conduct their operations, such as the ability to attract skills, cost impacts (for example, transport, storage costs, etc.) and immediate market access, with many businesses likely to exist to service local markets only; and
- ▶ The region's location (abutting the Pilbara to the north) presents major opportunities for businesses, should they be able to access this market; however, there is a critical need for direct air connections from Geraldton to the Pilbara. This is being actively pursued by the Mid West Chamber of Commerce and Industry.

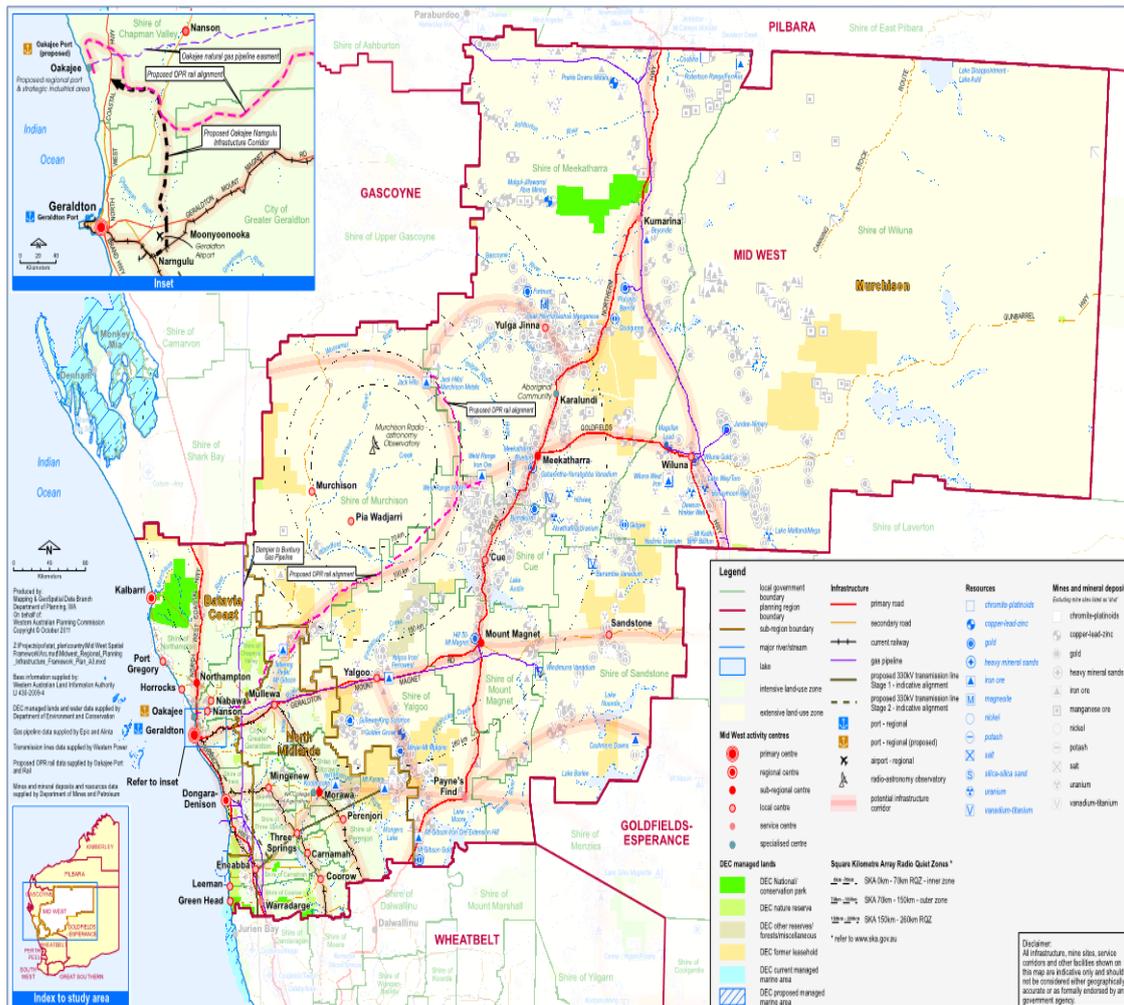


Figure 2 – Mid West region settlement, infrastructure and land use framework

2.5. Regional economy

2.5.1. Gross regional product

The Mid West's gross regional product at June 2014 was \$5.74 billion, representing 2.5% of Gross State Product Table 2 below. - details the Region's GRP components:

Table 2 – GRP comparison

GRP Expenditure Method	Mid West (\$m)	% GRP	WA (\$m)	% GRP
Household Consumption	2,785	49%	116,179	44%
Government Consumption	879	15%	39,075	15%
Private Gross Fixed Capital Expenditure	1,140	20%	45,377	17%
Public Gross Fixed Capital Expenditure	301	5%	13,361	5%
Gross Regional Expenses	\$5,105	89%	\$213,992	81%
plus Exports	5,585	97%	187,117	71%
minus Domestic Imports	(3,850)	(67%)	(79,869)	(30%)
minus Overseas Imports	(1,105)	(19%)	(56,694)	(21%)
Gross Regional Product	\$5,735		\$264,545	
Population	53,669		2,239,171	
Per Capita GRP	\$106,860		\$181,144	
Per Worker GRP	\$254,598		\$247,060	

2.5.2. Implications for the Strategy

- ▶ The high level of exports and imports being generated and consumed in the region – the economy of the Mid West is very much a 'trading' economy; and
- ▶ The exposure of the local economy to external influences, such as commodity prices, which will influence the level of regional exports.

2.5.3. Mid West industries

The figure below uses industry output (\$m) to analyse the Mid West’s economy by industry sector and compares the structure to that of Western Australia:

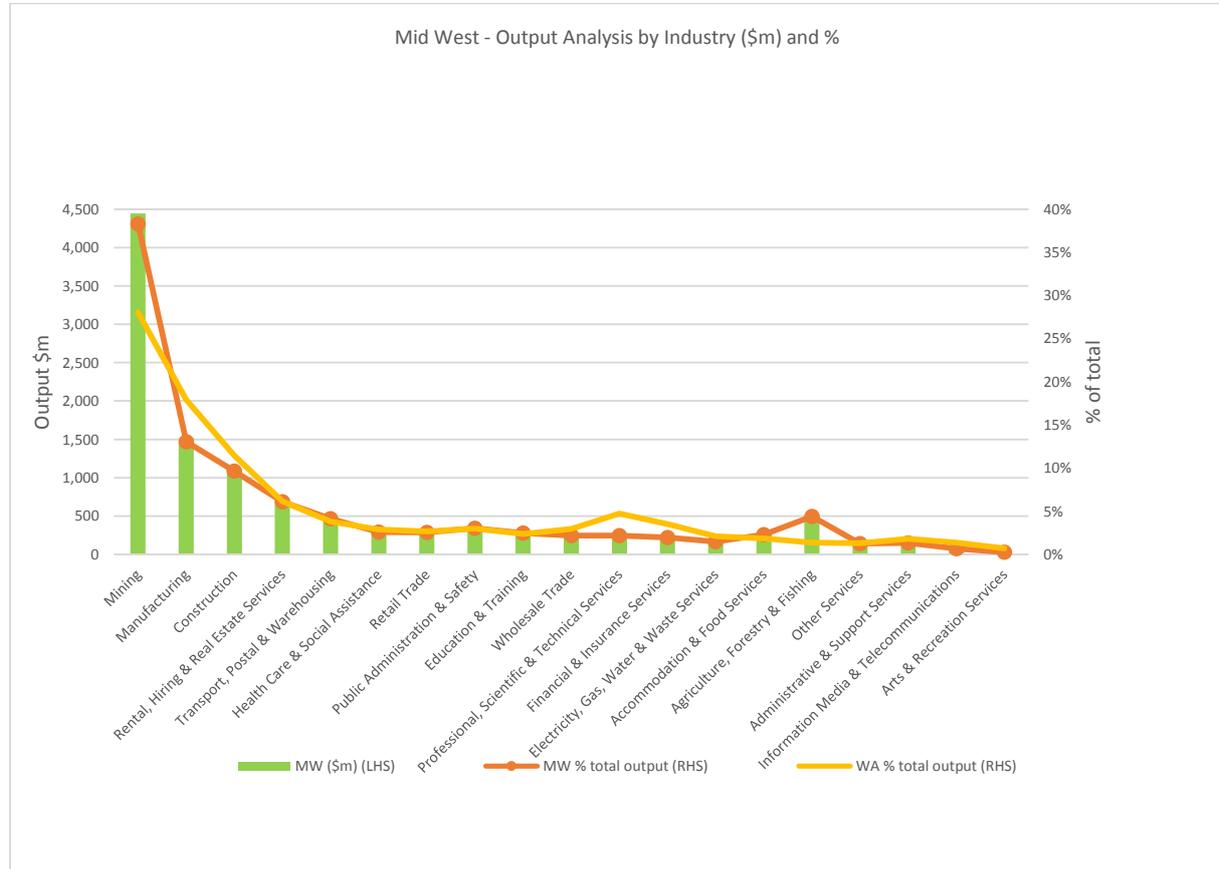


Figure 3 – Mid West output analysis by industry

Mining has been the most valuable sector in the Mid West region, contributing over 38% of the region’s output (REMPPLAN 2014a). In 2012-13, the sector’s value in the Mid West was estimated in excess of \$3 billion, which represented about 3% of the state’s mineral production, excluding offshore petroleum (DRDL 2013). As of January 2014, there were 58 producing mines operating in the Mid West (MWDC 2014). The region’s largest categories of minerals by production value are gold, iron ore, copper, lead and zinc.

Manufacturing is also a significant contributor (13.1%) to the region’s economy (REMPPLAN 2014a). Significant manufacturing activity in the region includes engineering fabrication and boat building. The manufacturing sector also plays a key role in supporting mining, construction and agricultural activities. The sector is smaller than the average across Western Australia, with opportunities for growth.

Agriculture is another major industry for the Mid West, with an estimated total agricultural production of \$1 billion in 2011-12 (13.4% of the state’s total). In 2011–12, the region had approximately 17.8 million hectares (37.7% of total Mid West land) allocated to agriculture, shared across an estimated 1000 establishments. Cropping (wheat, canola, and lupins) dominates agriculture in the Mid West, accounting for almost 80% of production (DRDL 2013).

In 2013–14, there was an estimated \$248.6 million worth of building approvals in the Mid West (\$165.6 million residential and \$83 million non-residential), which accounted for approximately 1.8% of the state’s building approvals, down from 2.3% in 2011-12 (ABS 2013). In 2011–12, the retail industry in the Mid West turned over approximately \$660 million, accounting for 2.8% of the state’s overall retail turnover (DRDL 2013).

The Mid West region is a significant nature-based, marine and cultural tourism destination. The region’s attractions include the Abrolhos Islands, Kalbarri and the Murchison River gorges with the soon to be built Kalbarri Skywalk.

The region also has a rich Aboriginal heritage. During 2012, 370 300 domestic and 45 200 international tourists visited the Mid West (DRDL 2013).

Figure below analyses business concentration using Mid West business output as a percentage of state output (one= benchmark). This allows an analysis of the scale of each industry sector compared to Western Australian averages to be determined. Industries with a ratio greater than 1 are strategic to the region and those with a ratio of less than 1 indicate growth opportunities, as they are underrepresented compared to state averages.

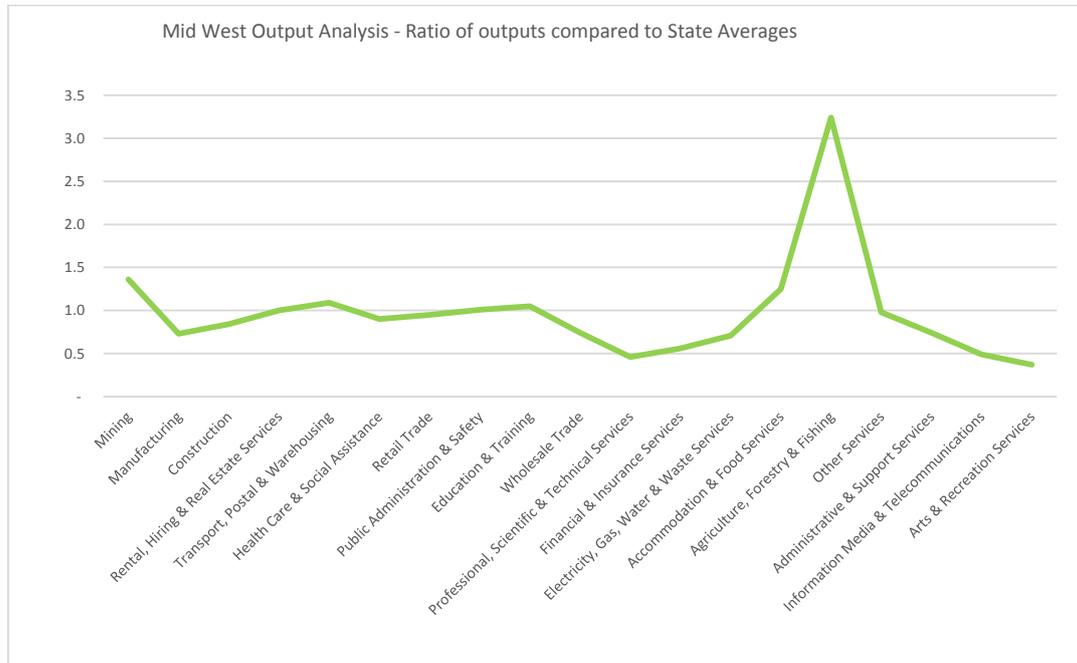


Figure 4 – Mid West Output compared to state averages

The analysis shows that:

- ▶ Professional, scientific and technical services (ratio of 0.46) and Information, media and telecommunications (0.49) would have to more than double in scale to reach the Western Australian average;
- ▶ There are major opportunities for growth in manufacturing (0.73), construction (0.84), wholesale trade (0.74) and financial and insurance services (0.56), all underrepresented compared to state averages;
- ▶ The state significance of mining and particularly agriculture is highlighted with ratios of 1.4 and 3.2 respectively; and
- ▶ The relatively low manufacturing and construction scores would indicate that these sectors might not be tapping into the major / lead sectors of mining and agriculture; this represents growth opportunities for these sectors.

In terms of industry intensity, the region has higher than state average intensity in the mining and agricultural sector, reaffirming its commodity basis, and lower levels of intensity in manufacturing, construction and services. The lower than state average intensity levels present opportunities for industry development. For example, increasing the relative size of the local manufacturing sector to the state average of 17.91% would increase Mid West output by around \$560m, creating around 1080 jobs, and increasing the scale of construction undertaken by Mid West businesses to the state average of 11.47% of the economy would increase output by around \$212m, thereby creating around 410 positions.

2.5.4. Implications for the strategy

- ▶ Strategic importance of mining and agriculture;
- ▶ Significant growth opportunities in underrepresented sectors, including manufacturing, construction information, media and telecommunications and professional services;
- ▶ The Mid West economy is considered the most diverse regional economy in Western Australia, with a wide range of industries established, many with levels of representation equal to state averages; and
- ▶ High reliance on the mining sector to drive economic output, which exposes the Mid West to the volatilities associated with this sector.

2.6. Enterprise structure

Table 3 – Number of businesses by industry Source: ABS (2012)

Number of Businesses by Industry	2007	2008	2009	2010	2011	2012	Trend Line
Agriculture, Forestry and Fishing	1,624	1,608	1,548	1,542	1,511	1,435	
Construction	881	887	867	859	886	855	
Rental, Hiring, & Real Estate Services	367	375	372	399	408	418	
Retail trade	358	371	355	359	361	348	
Transport, Postal and Warehousing	330	339	332	341	328	324	
Financial & Insurance Services	245	250	266	295	309	316	
Other services	249	252	250	262	261	259	
Professional Scientific & Technical Services	228	232	223	233	250	243	
Accommodation & Food Services	213	206	210	213	216	215	
Manufacturing	194	177	175	169	165	169	
Health Care & Social Assistance	144	141	150	152	166	166	
Administrative & Support Services	121	127	131	144	129	131	
Wholesale trade	119	114	112	108	105	124	
Not Classified	44	61	70	101	88	101	
Mining	44	45	44	42	46	45	
Arts & Recreation Services	36	35	36	40	37	35	
Education & Training	30	30	37	37	36	33	
Electricity, Gas, Water & Waste Services	25	22	19	20	20	18	
Information Media & Telecommunications	8	12	9	12	12	11	
Public Administration & Safety	13	10	9	7	8	10	
Total	5,273	5,294	5,215	5,335	5,342	5,256	

Despite the high production value and large number of people employed in the mining industry, the sector accounts for less than 1% of registered businesses operating in the Mid West (45 registrations). By comparison, the agriculture, forestry and fishing industry accounts for 27% of registrations (1,435 businesses). Other prominent industries by number of enterprises in the Mid West include construction (16%); rental hiring and real estate services (8%); and retail trade (7%) (ABS 2012).

Despite the growth in the Mid West economy, there has not been a noticeable increase in the number of businesses operating in the region. As the average annual rate of employment growth for the Mid West has been around 1.9%, and the number of businesses across the region has remained stable, there has been a general increase in the scale of businesses across the region. Given the sectoral analysis undertaken above, it is likely the growth has not been uniform across sectors, with some industries gaining scale (construction, mining, services), and others declining.

Growth has occurred in the services sector (consistent with population increases and residents increasingly spending income on services, rather than goods). Noticeable declines have occurred in agricultural and manufacturing businesses and industries that have been subject to change driven by forces outside of local, state or even national policy makers, such as commodity price increase, general input cost increases and unfavourable currency movements. Questions not answered at this stage are whether decline is cyclical and to what extent this influences the growth in business numbers. The table below shows the number of business operating in the Mid West by number of employees.

Table 4 – Number of businesses by employee numbers Source: ABS (2012)

Number of Businesses	2007	2008	2009	2010	2011	2012	Trend Line
Number of non-employing businesses	2,967	3,037	3,013	3,170	3,155	3,111	
With 1-4 employees	1,385	1,333	1,325	1,276	1,296	1,251	
With 5 or more employees	921	924	877	889	891	894	
Total number of businesses	5,273	5,294	5,215	5,335	5,342	5,256	

Businesses with more than five people have remained constant at 17% of the total. Businesses with 1- 4 have declined from 26% to 23% of the total, perhaps indicating businesses are having difficulty moving through this critical early stage of their development and also that there may be some consolidation amongst businesses of this size, perhaps farming enterprises which are consolidating. This explanation would be consistent with the decline in the number of agricultural businesses operating in the Mid West (refer Table).

According to the WA Chamber of Commerce and Industry’s Small Business Vision Paper, low growth in business numbers is not only occurring in the Mid-West:

Reflective of the changing profile of the Western Australian economy, since 2011-12, the number of employing small businesses in the mining and manufacturing sectors has continued to decline, while the sectors of construction, health care, social assistance and hospitality are some of the fastest growing industries in Western Australia.

Between June 2013 and June 2014, the nation saw 282,000 small businesses (including non-employing businesses) commence operations due largely due to the ease of starting a business in Australia. However, not all of these small businesses survive. Over the same period, some 261,000 small businesses, largely consisting of non-employing businesses, ceased operations.

There is a common perception in the community that a large proportion of small businesses fail in the first few years of operation. While at face value the number of small business “failures” could be considered quite high, the figures that determine small business exits do not adequately take into account changes in the legal standing of the business, ownership or industry, or businesses that are sold for profit or voluntarily closed. This does not diminish the risks small businesses face, it simply highlights that a small business exit does not necessarily constitute small business failure. Notably, business survival rates in Western Australia are comparative to Australia as a whole.

Table shows the average size of businesses (by output) operating in each sector.

Table 5 – Number of businesses by industry output

Industry	Number of Businesses (2012)	Ave Mid West output (\$m)
Mining	45	98.76
Public Administration & Safety	11	32.02
Electricity, Gas, Water & Waste Services	18	9.64
Manufacturing	166	9.14
Education & Training	35	8.25
Information Media & Telecommunications	10	7.93
Wholesale Trade	101	2.52
Health Care & Social Assistance	169	1.79
Rental, Hiring & Real Estate Services	418	1.70
Transport, Postal & Warehousing	324	1.48
Construction	855	1.31
Accommodation & Food Services	215	1.24
Administrative & Support Services	131	1.17
Professional, Scientific & Technical Services	243	1.04
Arts & Recreation Services	33	0.90
Retail Trade	348	0.85
Financial & Insurance Services	316	0.73
Other Services	259	0.57
Agriculture, Forestry & Fishing	1435	0.36
Total	5256	\$181.38

Source: ABS (Cat: 1379.0.55.001), <http://www.economicprofile.com.au/geraldton/Economy/Output>

The mining industry is comprised of large businesses (average output \$98.8m), whereas other sectors are comprised of many smaller operations.

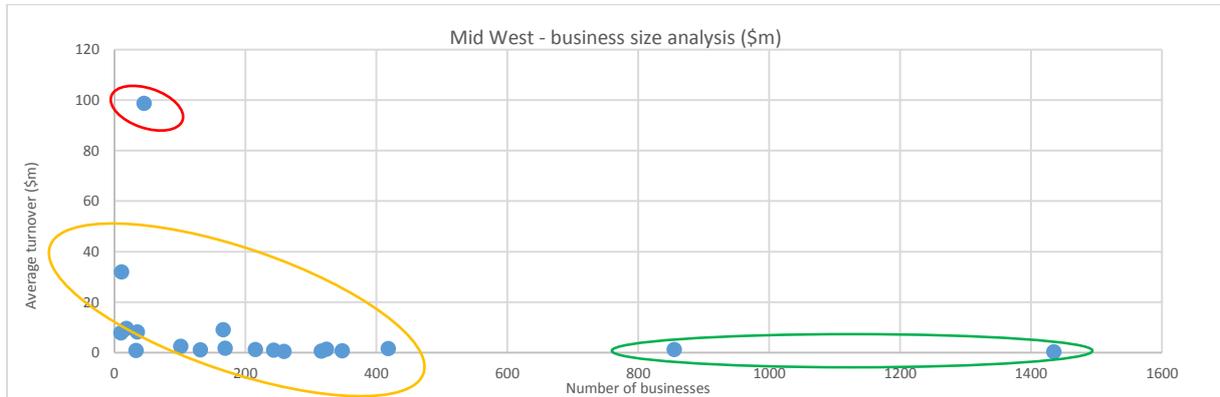


Figure 5 – Output analysis by average business size

In reality, there are three types of business represented:

1. Micro businesses, each with small turnover and therefore employing small numbers of people (orange). This represents the vast majority of industries in the region;
2. Large businesses (mining), with significant turnover (red); and
3. Industries in construction and agriculture, which, on average, are micro businesses, but across the region there are significant numbers and are therefore likely to be major employers due to weight of numbers (green).

This information merely highlights that many businesses are small and that there is a need for tailored business development. For example, smaller businesses will have different needs to larger businesses. With the majority of businesses having turnover of less than \$2m, their needs are likely to be quite similar and relate to issues such as working capital, customer attraction, staff training / skills development, structure and systems.

The large number of small businesses also indicates that many businesses are not engaging in providing goods and services to markets outside the Mid West. There is generally a correlation between exporting businesses and scale. Development of markets outside of the Mid West will be a growth opportunity for many businesses.

2.6.1. Implications for the strategy

- ▶ Many smaller businesses, needing specific training and development requirements;
- ▶ The scale and needs of businesses varies across industry and, as industry is related to location (due to factors such as climate, land use, natural resources), business development needs will also have a local flavour to them;
- ▶ Opportunities to grow business size through exporting goods and services to markets outside the Mid West;
- ▶ Stagnant number of businesses operating across the region;
- ▶ Businesses structure indicates businesses are being impacted by national and global issues, particularly in those sectors that are trade exposed, such as manufacturing and agriculture;
- ▶ While the economy has some major sectors in mining and agriculture, the broader economy is quite diverse for a regional economy and, therefore, offers business development opportunities in a range of fields;
- ▶ Linking businesses of smaller size to larger businesses through supply and value chains (within and outside of the Mid West) presents as a model to develop and grow the region's smaller businesses. The capability of businesses to develop these opportunities in a downward (and increasingly competitive) cycle in the mining industry will be challenging;
- ▶ The large number of small construction businesses indicates a sector dominated by smaller trades-related businesses and an under- development of larger businesses, exporting goods and services outside the region and developing significant scale; and
- ▶ Construction, despite the smaller scale of businesses, is a large employer across the region and a strategically important sector.

2.7. Income distribution

According to the ABS, in 2010-11 Mid West residents had an average wage and salary income of \$50 358, compared with \$57 365 for the average Western Australian. The region's average annual growth rate (AAGR) between 2005-06 and 2010-11 was 6.9%, compared to 7.1% for the rest of the state (ABS 2012). In the Mid West, the average salary income is lower than State and is growing at a slightly slower rate.

2.7.1 Implications for the strategy

- ▶ Income figures in the Mid West are more volatile than for the remainder of the state, reflecting the impact that cyclical factors (from the mining and construction sectors in particular) have on the Mid West economy;
- ▶ This is an important point, as these income levels are what will drive local expenditures and growth or otherwise of many local businesses, particularly local service and product based businesses; and
- ▶ Lowering of income levels because of a contracting mining sector will have flow on consequences for the remainder of the Mid West economy and the businesses operating in it.

2.8. State investment in the Mid West

Investment in the Mid West has been through the State Government Royalties for Regions program. According to the Royalties for Regions Progress Report, the Mid West region received \$97.4 million of investment and projects funding in 2013–14 (DRDL 2014).

2.8.1. Implications for Mid West Business Development

- ▶ Major infrastructure projects represent opportunities for local businesses to secure major contracts across the region;
- ▶ Significant investment pipeline of investment projects to support the construction industry; and
- ▶ Businesses capability to secure competitive projects.

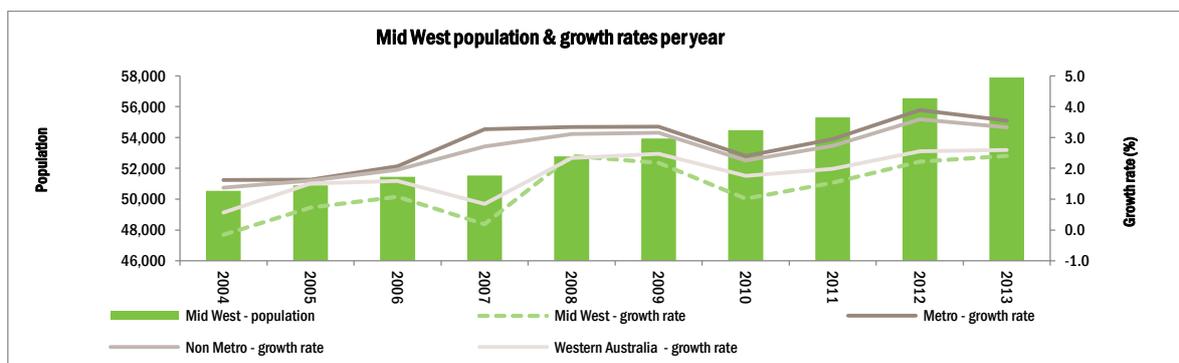
2.9. Population and demographics

In 2013, the Region's estimated resident population was 57901, with almost 69.9% residing in the City of Greater Geraldton (ABS 2013a). Recent population growth has most likely resulted from major project developments, including resource and infrastructure projects.

2.9.1. Population trends

Figure 6 shows the growth rate of the region's population compared to other state averages.

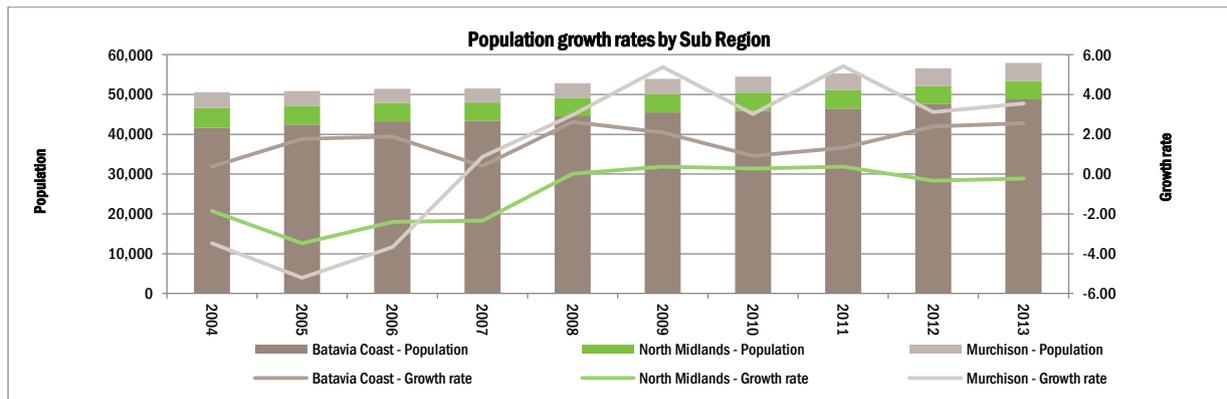
Figure 6 – Population growth rates



Source: ABS Source: Regional Population Growth, Australia, 2012-13 (cat. no. 3218.0)

The AAGR of the population in the Mid West over the period from 2001 to 2013 has been a healthy 1.1% (ABS 2013a). The proportion of working age population has remained steady at 65% - 66% of the total population, while there has been a marginal 'ageing' of the population, with those over 65 years increasing from 10.0% in 2001 to 13.2% in 2013 (ABS 2013a). The Batavia Coast is the largest sub-region, with 84.3% of the population. It also contains the largest local government areas, namely Geraldton, Irwin and Northampton (ABS 2013a). Murchison and North Midlands contain a large number of smaller settlements.

The region's population growth is following the growth pattern of state and regional Western Australia, but at a lower rate. Figure 7 shows population growth rates by sub-region.



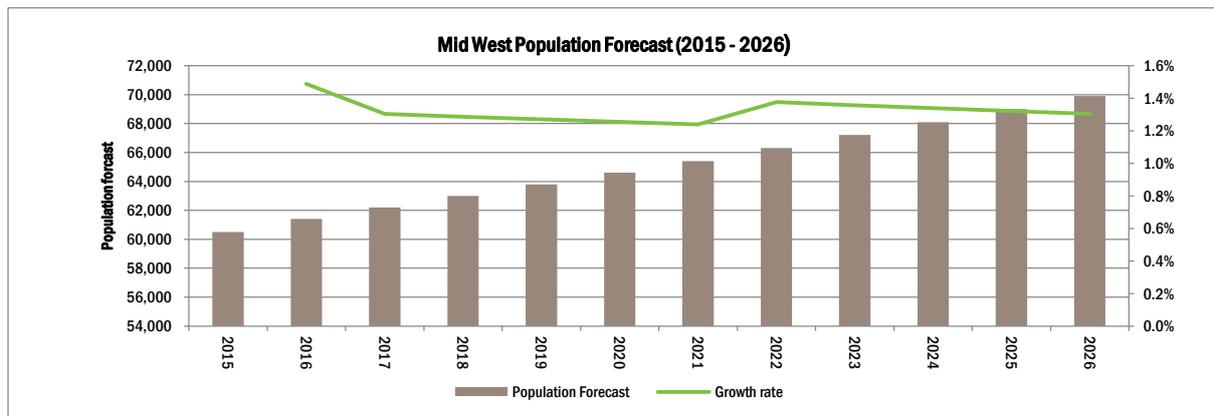
Source: ABS Source: Regional Population Growth, Australia, 2012-13 (cat. no. 3218.0)

Figure 7 – Population growth rates by sub-region

The region's population growth is following the growth pattern for state and regional Western Australia, but at a lower rate. There has been variable population growth across the region, which will influence a range of business and commercial issues at a sub-regional level, such as participation rates, availability of skills and attraction and retention of staff, market and customer growth rates.

2.9.2. Expected population growth

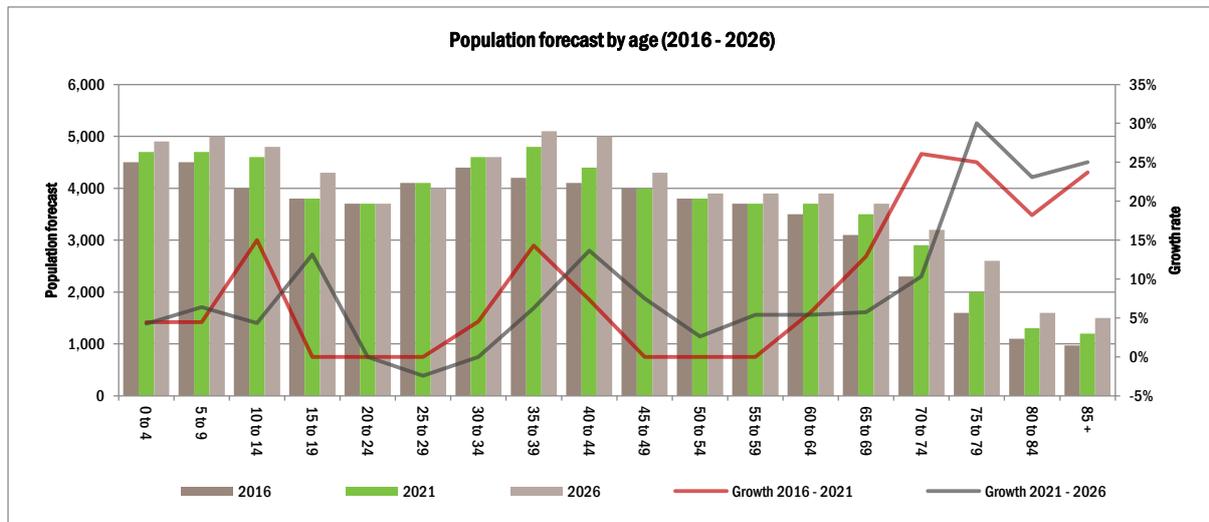
Figure 8 shows that steady growth in the Mid West's population expected beyond the next 10 years. According to the Western Australian Tomorrow Report No. 7, with annualised growth rates of 1.7%, the region's population could reach around 69900 residents by 2026. Consistent with most of regional Australia, the Mid West will see noticeable spikes in ages 9–14 and 35–40 over the next 10 to 15 years (WAPC 2014).



Source: Western Australia Tomorrow (Population Report No. 7, 2006 to 2026)

Figure 8 – Mid West population forecast

Figure 9 shows population forecast by age for the Mid West region. This graph reflects an ageing population seen in most parts of Australia. There are also noticeable spikes in ages 9-14 and 35-40.



Source: Western Australia Tomorrow (Population Report No. 7, 2006 to 2026)

Figure 9 – Population forecast by age

The data highlights an anticipated ageing of the population, as well as increases in overall population levels. Ensuring participation rates can be maintained, these changing demographics may be a challenge for the region, and most so at a sub-regional level.

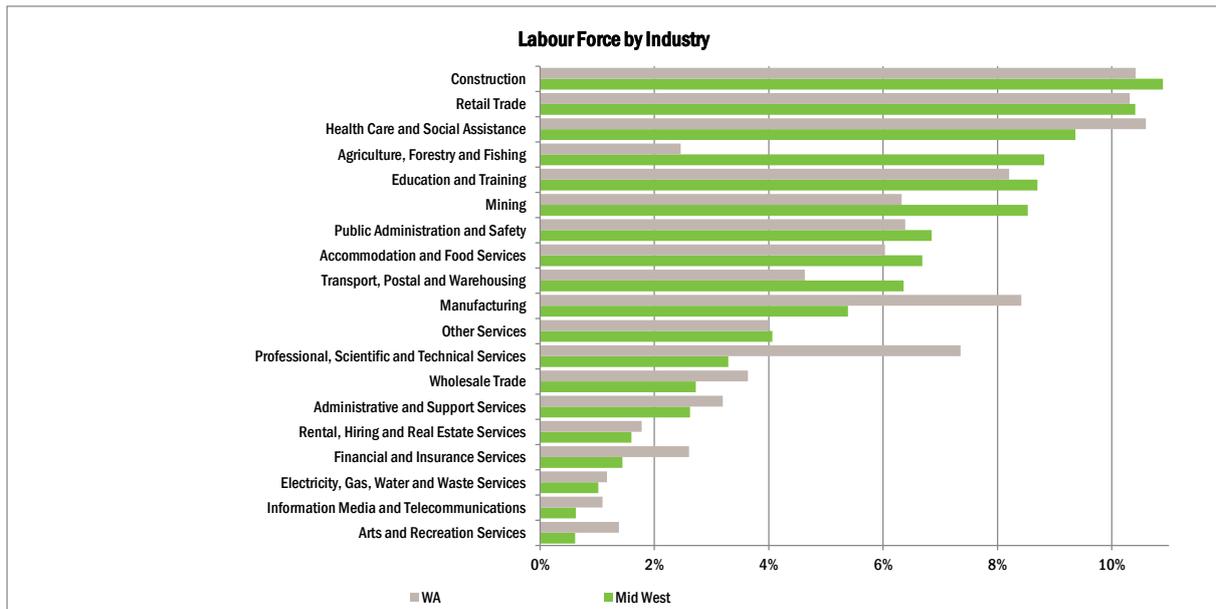
2.9.3. Implications for the Mid West Business Development Plan

Based on the population and demographics analysis, the following are the key implications for the development of the Mid West Business Development Plan:

- ▶ One major LGA (City of Greater Geraldton) with around 67% of the region's total population and a large number of geographically diverse smaller settlements will result in spatially different business and commercial needs.
- ▶ Steady population growth rates (AAGR 1.2%, forecast 1.7%) and stable portions of the population show a continuing need for job creation and the growth of some local service and construction driven markets, such as house construction, health, aged care, education and some elements of retail; and
- ▶ The differences in demographics across the three sub regions of the Mid West point to likely differences in business issues in each sub-region. For example, the demand for aged care services / skills is likely to be higher in North Midlands and Batavia Coast than in Murchison, where participation of people aged 20 – 40 in the labour market may well be an issue, and accessing skills will be more difficult in more rural and remote areas of the region.

2.10. Regional labour market

Almost half (47%) of the Mid West's labour pool work is in the top five industries, namely: construction; retail trade; health care; agriculture, forestry and fishing; and education and training (Figure). This highlights a concentration of workforce needs across the region in these sectors. Construction (11%) and retail trade (10%) respectively were the region's largest employment sectors in 2011. Health care and social assistance; agriculture, forestry and fishing; and public administration and safety were also significant at 9% respectively. Despite being the largest contributor to the Gross Regional Product for the Mid West by far, mining provides only 8% of jobs in the region (ABS 2012a).



Source: ABS, 2012

Figure 10 – Labour force by industry

Compared to State averages, the region’s workforce is significantly over-represented in construction; mining; agriculture, forestry and fishing; and transport, postal and warehousing. On the other hand, the region is under-represented in manufacturing; professional, scientific and technical services; financial and insurance services; arts and recreations services and health care and social assistance (ABS 2012a). Despite these discrepancies (the service sector under-representation being typical of a regional economy), the broader Mid West economy is diverse and offers a range of employment opportunities. Consideration to developing a strategy to focus on the attraction of these industries is required, as they will create economic benefit through their commencement and operation in the region.

Using the same method of analysis as for output (refer Figure 5) , very similar patterns of industry structure appear for employment (Figure):

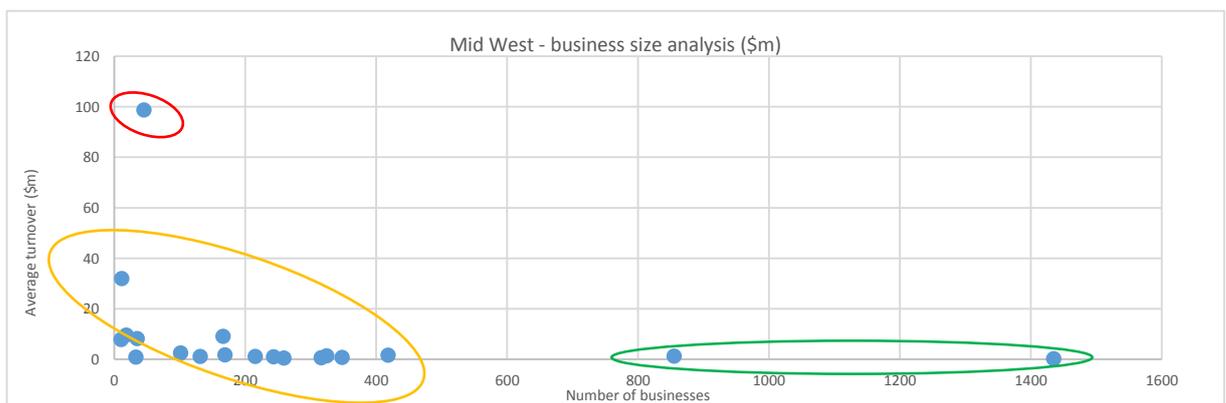


Figure 11 – Industry structure: average number of employees per business by industry

There are strong groupings of small businesses within most industries (orange), some larger size (red) businesses (mining, public administration and education and training) and a set of industries (construction and agriculture) that are small employers, but have a large number of businesses (green). This analysis highlights the importance of businesses in education and public administration as sources of employment.

2.10.1.Labour force growth

The Table below shows significant growth (16%) in the labour force between 2006 and 2011, with the construction (53%), transport, postal and warehousing (39%) and professional, scientific and technical services (38%) industries experiencing very high growth levels. On the other hand, the agriculture, forestry and fishing (-17%) and information media and telecommunications (-12%) sectors contracted during this period (ABS 2012a).

Table 6 – Employment by industry sector

Industry	Total Persons			2006- 2011 growth
	2001	2006	2011	
Construction	1,592	1,953	2,985	53%
Mining	2,307	2,451	2,751	12%
Retail trade	2,204	2,346	2,535	8%
Health care and social assistance	1,573	1,906	2,352	23%
Agriculture, forestry and fishing	3,235	2,599	2,149	-17%
Education and training	1,634	1,903	2,149	13%
Public administration and safety	1,259	1,464	1,736	19%
Accommodation and food services	1,463	1,330	1,709	28%
Transport, postal and warehousing	863	1,131	1,575	39%
Manufacturing	1,023	1,175	1,550	32%
Other services	757	855	995	16%
Professional, scientific and technical services	620	668	924	38%
Wholesale trade	915	736	736	0%
Administrative and support services	600	607	711	17%
Rental, hiring and real estate services	283	324	391	21%
Financial and insurance services	331	344	343	0%
Electricity, gas, water and waste services	203	239	253	6%
Arts and recreation services	152	132	165	25%
Information media and telecommunications	219	179	158	-12%
Totals	23234	24348	28178	16%

Source: ABS 2012

Table 7 shows the number of people of working age (for example, between 15 and 65) in the Mid West grew by 5,974 between 2006 and 2011. Unemployment rates appear to be very cyclical, dropping from 9.3% to 5.0% between 2001 and 2011 (ABS 2012a). Small area labour market data showed that unemployment in the Mid West has risen to 6.9% by September 2014 (DE 2014).

Labour force participation rates have remained constant, ranging between 60.9% and 61.9%. In 2011, the labour force participation rate in Mid West (61.5%) was slightly lower than that of the state (64%) (ABS 2012a).

Table 7 – Labour force trends

Labour force status <i>(persons over 15 years of age)</i>	Mid West			Trend Line
	2001	2006	2011	
Persons aged 15 years and over	38,946	39,866	45,840	
Employed, worked full-time(b)	14,103	14,850	17,582	
Employed, worked part-time	5,834	6,095	6,990	
Employed, away from work(c)	1,918	2,075	2,225	
Unemployed, looking for work	2,247	1,274	1,412	
<i>Total labour force</i>	<i>24,102</i>	<i>24,294</i>	<i>28,209</i>	
Not in the labour force	13,239	12,348	14,314	
% Unemployment(d)	9.3	5.2	5.0	
% Labour force participation(e)	61.9	60.9	61.5	
% Employment to population(f)	56.1	57.7	58.5	

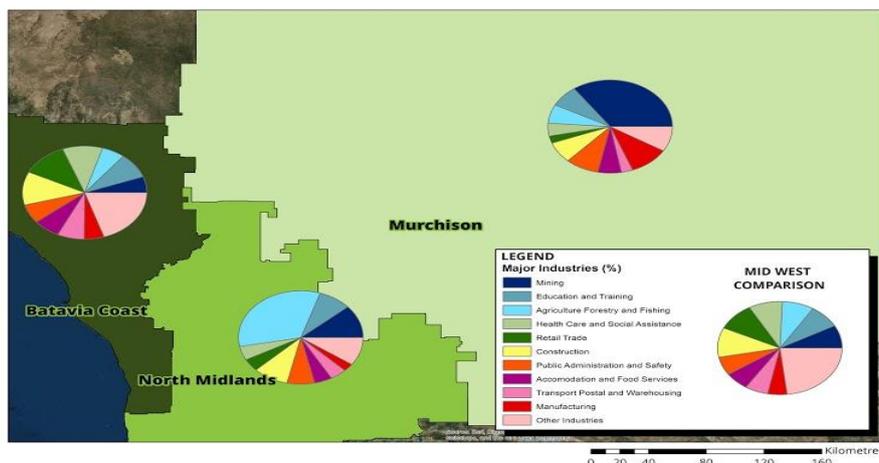
Source: Census Time Series Data (based on place of enumeration), ABS 2012

2.10.2. Sub-regional employment

The three Mid West sub-regions have distinctly different employment profiles. One-third of jobs in the North Midlands are in agriculture, forestry and fishing (32%), with a similar proportion of people in the Murchison employed in mining (34%). The Batavia Coast is more diverse, with one-third of jobs spread relatively equally across retail trade (12%), construction (11%) and health care and social assistance (10%). This sub-region is clearly the service centre for the Mid West.

The following graphic shows the major employing industries by sub-region for the Mid West (ABS 2012a). There are clearly differences between regional industry and employment profiles.

Figure 12 – Major employing industries (percentage by sub regions)



2.10.3. Implications for the strategy

- ▶ The broader Mid West economy is diverse and offers a range of employment opportunities, with perhaps the exception of some service sectors, which cluster in major population areas.

- ▶ Changes in employment levels by sector indicate changes in underlying industry needs and therefore skills. Employment and skills needs will vary across subregions;
- ▶ Increasing unemployment in areas, e.g. Murchison, that are likely to have pockets of high youth / young adult unemployment;
- ▶ These changes reflect underlying changes in the nature of the workforce and skills required. There is a need to consider the broader implication on skills development, training and delivery methods;
- ▶ The Mid West Workforce Development Plan (2015) offers some priority projects that address skills and workforce related issues across the region; and
- ▶ Rising unemployment reflects changes in major employing sectors, notably agriculture and mining, and the wash through impact these declines have on support sectors, such as retail.

The Trust plays an important role in providing independent and impartial advice and recommendations on the allocation of monies from the Fund and in its management, which is required to promote and facilitate economic, business and social development in regional Western Australia. The Trust has identified key themes of importance to regional Western Australia, which are as follows:

- ▶ Water: regional wastewater, reuse and urban water opportunities;
- ▶ Regional and rural human capacity building: further investment in job-creating activities, particularly investment targeted at Aboriginal workforce participation;
- ▶ Regional land and food strategy and planning;
- ▶ Investment in regional strategic corridors;
- ▶ Retaining aged populations in the country;
- ▶ Regional business and industry innovation and support; and
- ▶ Energy supplementation.

The Mid West Blueprint is the Mid West Development Commission’s vision for the future. The document is aspirational and lays out a 2050 vision for the Mid West region, which is:

The Mid West is the national gateway to the globe through its diverse and entrepreneurial businesses and export economy. High value industries generate prosperity and the most desirable, adaptive and connected communities in Australia.

To achieve this, the Blueprint identifies five pillars, which are imperative for the successful growth of the region. They are:

1. Physical Infrastructure;
2. Digital and Communications;
3. Economic Development;
4. Highly Desirable Communities; and
5. Knowledge and Learning.

A Business and Industry Development element sits within the Economic Development Pillar with the following ambition:

The Mid West is to be an economically diverse and dynamic business sector that captures the productive capacity of the region and converts opportunity into employment.

The Blueprint aims to achieve this by accomplishing the following aspirations for the business community of the Mid West:

1. Drive new and existing industry development;
2. Grow the region’s diverse and productive economy;
3. Build a dynamic, competitive and innovative business sector;
4. Foster innovative business and entrepreneurship; and
5. Support diverse and competitive Aboriginal enterprise development.

Business and Industry Development links to a number of key elements in the Blueprint. These linkages are represented in Figure 13:

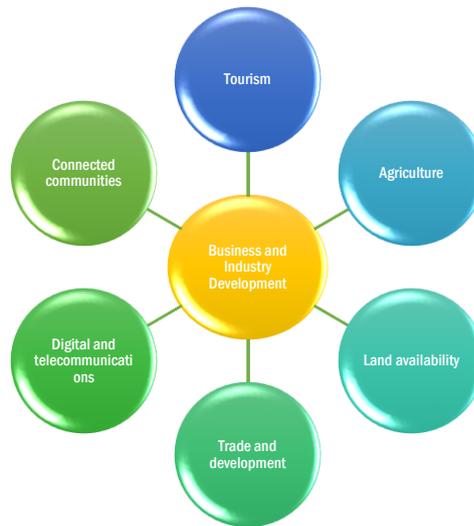


Figure 13 – Mid West Blueprint linkages

The strategy must also consider the policy settings of both the Department of Commerce in Western Australia and the Small Business Development Corporation (SBDC). The Department of Commerce works to promote and foster innovative industries, science and enterprise, whilst the SBDC delivers practical support to small businesses, start-ups and owners.

3.1 Implications for the strategy

- ▶ The Strategy must align to the broader regional development framework and Mid West Blueprint;
- ▶ Projects and recommendations must also align to the objectives of the Royalties for Regions and Trust objectives;
- ▶ Greater support will be found in co-funding submissions that align to strategic industries identified by the Australian Government in its current policies and positioning; and
- ▶ Due to its strategic location the Mid West Region is well placed to service and benefit from the new markets opened up through the Federal Government’s emphasis on developing international markets, notably in Asia.

Table 8 – Mid West Economic Development Architecture

Organisation	Background	Jurisdiction	Scope	Key Roles
Mid West Development Commission	<ul style="list-style-type: none"> ▶ Works to promote the sustainable development of Western Australia's Mid West region; ▶ Manages and assists with the management of economic and community based projects; ▶ Promotes and assists eligible groups to access state and federal government funding programs including Royalties for Regions; ▶ Acts as a referral point, assisting people and groups working on projects, and business or industry to develop products/services that will have benefits for the whole Mid West community; and ▶ Provides timely and accurate advice to the state government on major issues impacting on the region's development. 	State	Regional	<ul style="list-style-type: none"> ▶ Facilitating investment; ▶ Facilitating opportunities for local business; ▶ Improving the level of government services; ▶ Promoting infrastructure development; ▶ Developing export opportunities; and ▶ Providing information and advice.
Regional Development Australia	<ul style="list-style-type: none"> ▶ "Making the Mid West a better place to live, work and invest!" ▶ Seek to ensure that the general standard of government services and access to those services in the region is comparable to that which applies in the metropolitan area; and ▶ Develop and broaden the economic base of the region. 	Federal	Regional	<ul style="list-style-type: none"> ▶ Maximise job creation and improve career opportunities in the region; ▶ Identify infrastructure services needed to promote economic and social development within the region; ▶ Provide information and advice to promote business development within the region; and ▶ Encourage, promote, facilitate and monitor economic development in the region.
City of Greater Geraldton	<ul style="list-style-type: none"> ▶ To transition and diversify Geraldton from an agriculture-based economy to one that is prospering on the back of comparative advantage of the region supporting tourism, research and knowledge-based industries, mining and renewable energy. 	Local	Regional	<ul style="list-style-type: none"> ▶ Enabling innovation, leadership, governance and support; ▶ Empowering smart city principles and embracing the digital economy; ▶ Capital investment attraction and growth of international exports; ▶ Economic diversification with new and emerging industries; ▶ Enabling a creative and vibrant regional city; and ▶ Sustainable development and social cohesion.
Other local governments	<ul style="list-style-type: none"> ▶ Provision of a range of economic development and support roles in the region including Morawa as a SuperTown. 	Local	Local	<ul style="list-style-type: none"> ▶ Various, and quite specific, but usually a major employer and facilitator of economic development activities.
Mid West Chamber of Commerce and Industry	<ul style="list-style-type: none"> ▶ The MWCCI represents over 700 members as a united voice when engaging with local, state and federal governments; ▶ Provide broader representation through the state-wide body of the Regional Chambers of Commerce and Industry WA; ▶ Develop, promote and protect the interests of trade, commerce and industry in the Mid West region; ▶ Provide opportunities for Mid West businesses to pursue common goals and communicate with each other; ▶ Promote high standards of education and training in the Mid West and awareness within educational and training institutions in the business sector; and 	Regional	Regional	<ul style="list-style-type: none"> ▶ <i>Representing</i>- business interests at a range of governance groups and advocates on behalf of the business community in discussions with local shires on issues that affect businesses; ▶ <i>Lobbying</i> - for business within the region and again state-wide through RCCIWA on a range of issues, such as infrastructure, services and government programs required to enable the region to grow and prosper, as well as to promote support of industry and business growth; ▶ <i>Networking</i> - undertakes a range of networking activities throughout the region (Perenjori, Mingenew, Morawa) and conducts business workshops and forums throughout the year as well as future leaders' functions; ▶ <i>Informing</i> - keeps members abreast of what is happening in the region, such as government activity and major project briefings,

Organisation	Background	Jurisdiction	Scope	Key Roles
	<ul style="list-style-type: none"> Communicate, work with, lobby and develop strategic partnerships with other bodies and people to achieve those objectives. 			<p>and acts as a point of contact for new businesses wanting to come into the region; and</p> <ul style="list-style-type: none"> <i>Promoting</i> - undertakes a range of promotional activities, such as promotion of the region to visitors, which encourages investment in the region and promotes the facilitation of local business services to large corporates that come into the region for projects.
Small Business Development Centre	<ul style="list-style-type: none"> A strong and enterprising small business sector in Western Australia; and To facilitate and deliver relevant, practical support to small businesses and foster the development of policy conducive to the growth of a thriving sector. 	State	Regional	<ul style="list-style-type: none"> Offer continually improving, practical and relevant services across Western Australia; Model contemporary service delivery; Build strong engagement with and commitment from all key stakeholder groups; Advocate for a fair, conducive and productive environment for small business; Develop organisational capacity and capability; and Ensure the best return on government funds invested in the development of the sector.
Pollinators	<ul style="list-style-type: none"> Pollinators Inc. is a member-based social enterprise founded as an incorporated association in December 2010; Being a social enterprise means the organisation operates like a business, generating around 50% of revenues from paying customers. Using a mix of earned revenue and grant funding, Pollinators is able to achieve its social mission while remaining financially resilient; Nurture innovations and people that enable healthy, resilient communities; and By 2020, Greater Geraldton will be globally-recognised as a model for sustainable communities. 	Local	Regional	<ul style="list-style-type: none"> Raising awareness of social innovation and social entrepreneurship; Providing practical support for innovators and entrepreneurs; Researching and sharing cases, tools and knowledge; Enabling collaboration within and across sectors of society; and Collaborating with individuals and organisations with aligned objectives.

4.1.1. Implications for the strategy

- ▶ There is a well-developed economic development infrastructure in the Mid West;
- ▶ The economic development framework varies spatially, notably at local government level, where due to size and fiscal constraints the ability of municipalities outside of Geraldton to provide economic and business development services is limited;
- ▶ This blend of federal, state and local governments, regional business chambers and niche providers represents a strong partnership platform from which the region's businesses can further develop;
- ▶ The City of Greater Geraldton (CGG) has an innovation related focus as part of its economic development platform but at a regional level, there is very little emphasis on innovation and the development of the region's innovation systems;
- ▶ There is very little emphasis on assisting businesses to develop innovation related capabilities and investment attraction strategies for the region;

- ▶ There is a strong networking and event focus in the activities, indicating a strong basis from which to build innovative activities, many of which are based in leveraging and building regional, industry and business networks; and
- ▶ In terms of federal business support, the Mid West principally serviced from Perth due to the lack of a dedicated function in the region.

4.2 Specific business related activities undertaken in the Mid West

Table 9 provides an overview of a study of Australian economic development agencies and local governments identifying the type of business assistance activities they undertake. The list is not exhaustive; however, it does show those activities which are carried out most frequently.

Against each is an assessment of whether the function exists in the Mid West and with which entity. The assessment is indicative only and reflects the predominate activity(s) undertaken.

Cases of ad hoc assistance are not in this table. For example, MWCCI may have provided some advice in relation to venture capital or technology transfer, but this is not its primary/core function.

Table 9 – Specific business related activities undertaken in the Mid West

Business Assistance Activities	² Total	MWDC	LGA	MWCCI	RDA	Pollinator	SBC
Urban Business District (Main Street)	80.8		✓		✓	✓	
Marketing the region	77.2	✓	✓		✓	✓	
Help with access to funds	74.2	✓	✓		✓	✓	
Providing information on govt. program	73.1	✓	✓		✓	✓	✓
Assisting with major events	72.5		✓			✓	
Other local employment creation progress	54.1		✓				
Co-ordinating public sector process	50.5	✓	✓		✓		
SME support	45.3		✓	✓		✓	✓
Programs to help establish small business	43.8			✓		✓	✓
Other provision of land or buildings	39.2		✓			✓	
Streamlined approval process	38.8		✓				
Assistance marketing internationally	38.8		✓		✓		
Training and recruitment of labour	35.8						
Tourism promotion	35.1		✓	✓	✓		
Assistance with technology transfer	30.5		✓			✓	
Assisting access to venture capital	24.8					✓	
Reduced taxes	22.8						
Assisting development of clusters	22.4	✓	✓	✓	✓		
Supply chain associations	20.8	✓	✓	✓	✓		
Industrial estate / science park	20.2	✓	✓				
Business incubator	19.2					✓	
Assistance in marketing nationally	13.5				✓		✓
Assistance with ISO Standards	13.5						
Subsidy for relocation	9.7						

² Represents the percentage of economic development agencies in Australia that undertake this activity (n=504)

4.1.1. Implications for the strategy

- ▶ There is a range of support activities provided by organisations across the region, although the extent of provision at a sub-regional level varies. For example, many of the support activities provided by the City of Greater Geraldton will not be available outside of the municipality;
- ▶ A range of services are duplicated and some services are not undertaken or offered at all;
- ▶ The analysis does not consider key functions where businesses may need assistance in coming years, such as innovation, international marketing and market development, investor attraction, cost reduction processes and strategies and ICT;
- ▶ The role Pollinators plays an integral role in the business landscape with funding provided by CGG, however there is a notable gap in relation to not for profit businesses and support provided to them;
- ▶ The range and nature of services offered is not coordinated. The service offerings have evolved over time due to a range of considerations such as contract funding, member need, government policy and market demand; and
- ▶ The lack of overall coordination of the economic infrastructure that exists in the Mid West is significant and broadly covers the majority of critical areas and functions. This would allow for an open innovation / network based approach for the high-level management and coordination of the system. Such models are gaining traction, notably in the United States, where an open innovation network approach to regional development is now central in much of the development work.

5. Consultation outcomes and summary



An extensive consultation program across the region with 122 businesses identified a range of critical issues. The following map highlights the locations of these businesses.

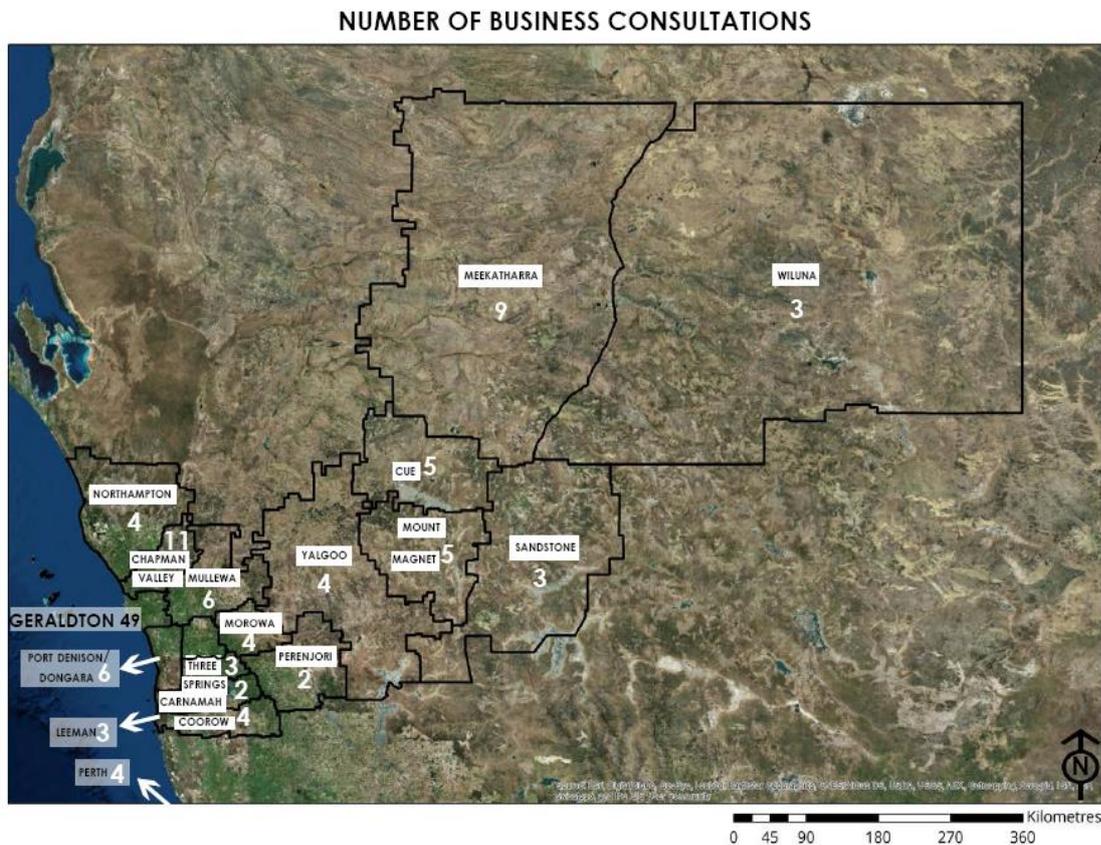


Figure 14 – Consultation summary

A consultation discussion paper with semi-structured questions based on the literature and data analysis undertaken previously underpinned consultation and concentrated on the following four areas:

1. Environment for business;
2. Increase business growth and diversity and provide the basis for improved business competitiveness and profitability;
3. Create an innovative business environment; and
4. Increase business investment in the region.

Appendix A contains a summary of the semi-structured questions used during consultations. Based on this consultation program, data collated was organised around seven key themes. The following section summarises the results of the consultation using the identified themes.

5.1. Industry development

The majority of consultations focussed on what was needed by industry to grow and develop, what was preventing development and growth and what opportunities are available to businesses to enable them to invest and seek new markets. The issues raised were far-reaching and varied. This section summarises these issues under themes considered important and recurring.

5.1.1. Workforce and skills

The Mid West Workforce Alliance, in conjunction with the Department of Training and Workforce Development has completed a workforce development strategy for the region. This strategy covers in considerable detail the workforce development and training needs for the region and makes a series of recommendations to address these issues. This work is the primary workforce development response to skills and training needs for the region.

Businesses expressed a range of issues pertaining to workforce development, skills and training that are relevant for this strategy. Foremost amongst these issues was being able to access appropriate skills across the region. Of particular note was the shortage businesses expressed when attempting to access a range of ICT related skills, from basic ICT set up and maintenance related skills, to more sophisticated programming and web-based programming. The further the business was located from Geraldton, the more pronounced the difficulties accessing skills became. A Mid West Digital and Communications Strategy is focusing on this issue.

The cost of labour had been a significant issue for many businesses, as they have to compete with the mining sector for key skills. The high wages received by employees in the mining sector had created an environment where employees had unreasonable expectations when moving into other industries. Businesses were using a range of other techniques to help manage this issue including mentoring, additional training and flexibility in hours.

Many employers also expressed concerns about the employability skills of new employees. Core skills around attendance, literacy, numeracy, reliability, resilience and teamwork need to be developed. To manage these issues, many employers, particularly in more remote areas, preferred to employ more mature backpacker labour rather than younger people.

5.1.2. Market development

A great number of businesses expressed a desire to develop new markets to grow their businesses and diversify their revenues.

There was a natural 'lean' towards the northern markets of the State (Pilbara and beyond) for many industrial and mining related businesses, and some excellent examples of businesses (service and industrial) which had developed substantial markets in the Pilbara, as well as innovative solutions to overcoming some of the practical issues in serving clients in the region.

Other businesses had commenced exploration of Asian markets; however, their approach was to focus on markets only, and not markets *and* capability.

There would appear to be room for export related training for these businesses that focusses not only market selection, but also the development of appropriate export related capabilities to support the businesses so that they can develop to the extent of being able to sustainably support export activities. Many businesses supported the development of Sister City relationships as a key plank in the export development of the region, as well as economic development agencies building links and relationships in overseas markets.

To exploit the region's geographic location abutting the Pilbara, businesses were overwhelmingly supportive of developing air links to these northern markets. To access the market presently requires driving north, or flying to Perth and then to the Pilbara. Both these options are expensive and time consuming and seen as major barriers to developing linkages and markets in the Pilbara; however, there were issues raised as to the commercial viability of operating aircraft from Geraldton to the Pilbara.

Several businesses identified the growth of Perth and areas to the south of the state as offering market and growth development opportunities (notably for ICT related businesses). Geraldton, and to varying extents, the region offers some lower cost inputs (for example land, office), and infrastructure (broadband) which could be leveraged to overcome the perceived disadvantage of distance. Some businesses have developed partnerships in these markets as an entry strategy.

5.1.3. Supply chain integration

To access markets in some industries, particularly those with multinationals and larger corporates, requires smaller businesses to integrate into supply chains. This requires businesses to invest in a range of capabilities to achieve this, such as quality accreditation, ICT systems, environmental and health and safety systems, which are preconditions of doing business in these supply chains. Once in the supply chain many larger businesses impose 'cost down' conditions that require supplier businesses to pass through productivity improvements up the chain. This imposes additional program costs onto many businesses.

There was a mixed view on businesses' ability for growth to benefit from these arrangements. Larger businesses consulted were generally happy with the performance of smaller businesses, whereas smaller businesses noted the high cost of developing the capabilities required to access and service these supply chains, as well as the continual pressures to maintain their positions through 'cost down' measures. Many businesses were concerned that as the mining construction phase winds down, the 'cost down' pressures will increase.

For many businesses, the decision to invest and secure supply chain contracts is a strategic choice. Ensuring appropriate skills are in place to make these choices is a potential training and skill development need.

5.1.4. Funding and access to capital

Many businesses highlighted the difficulty of accessing funds for innovative activities. While this problem is not new or unique, many businesses felt that financiers perceived the region to be 'risky' due to its reliance on mining. There was no effort made to 'de-risk' the region in the minds of financiers. Furthermore, many felt that securing funds was a decision made from Perth. Because of this 'remote' decision-making, financiers were not fully appreciative of the business environment, or opportunities in the Mid West. It is true that debt financiers assess risk to a postcode level, and typically their risk profile and perception of the Mid West is overly conservative. To overcome this, assistance is required to bring financiers to the region to appreciate the business climate and risks of doing business in the region.

Whilst these concerns no doubt have some validity, the capability of businesses to raise funds is an issue that could be developed and explored. Anecdotally, some businesses focussed on ensuring supply, a strategy that works in growing markets but exposes the business to a range of risks, not the least of which pertains to reduced and tightening cash flows in contracting or competitive environments. Addressing these risks through strategies designed to reduce costs, as well as identifying alternative markets, would be well-received by financiers.

5.1.5. Information, communication and technologies (ICT)

The Mid West is one of the first regions in Western Australia to receive broadband rollout. In addition to this, the region has a potentially significant competitive advantage with the telecommunications infrastructure supporting the SKA running through the region. In addition to the optical cables, the region will have satellite-based broadband that, due to the low concentration of users across the region, will provide the region with potentially

higher speed and larger bandwidth than other comparable regions. These assets can convert into more sustainable advantages for local businesses, as well as being a catalyst for industry growth and development.

The quality of this infrastructure, however, stands in contrast to the level of ICT take up and adoption by businesses across the region. Businesses noted the difficulty in accessing appropriate and cost effective ICT related skills and technologies. Much of this support comes from Perth. More remote businesses do not have access to basic ICT set up and maintenance services and the cost to access these services is high. There is some ICT related program support offered in the region that has assisted many businesses to deal with some of these issues.

Businesses felt there was a dearth of supply side ICT providers, which constrains their ability to adopt new technologies and processes and to take advantage of the ICT infrastructure in the region. In addition, many were not aware of the possible ICT training and education available in the region. In short, there is an awareness issue amongst businesses of the potential advantages, both from a market access and cost management perspective, which ICT can play.

5.1.6. Remote business concerns

Those businesses that operate in more rural and remote areas of the region face a range of challenges and issues that are unique and require a different form of strategic response.

The most obvious issue facing remote businesses is that of access to suppliers, agencies, workforce, skills, training and business support; the latter a combination of very few, if any, support agencies being located in remote areas and limited resources being available for those agencies operating in the Mid West to attend remote businesses. Many businesses advised that they would access these services if they were more accessible. Limited or poor standard broadband was making accessibility more difficult with increases in online engagement becoming a substitute for face-to-face contact.

The wash up of this remoteness is a much higher cost structure, from higher transport related costs, higher holding and storage costs, and 'premiums / remote charging' (up to 17% on top of costs was evidenced) having to be paid for suppliers to service the region.

To overcome these issues, different businesses used different techniques. Many were using backpacker labour to access skills and labour. Businesses were grateful to be able to access this pool of skills.

Businesses cited energy and utility charges were excessive and, in many cases, recent increases meant businesses had to make major changes to operating models or cease goods / services provision. Instances were provided; for example, roadhouses ceasing to make food because of increased refrigeration costs demonstrated that businesses had ceased providing services as the increases in energy charges made them loss making.

It is clear that managing businesses in this higher cost environment is making it difficult to operate in remote areas. Many businesses advised that they were not profitable and not receiving a return on capital invested. These businesses were borderline breakeven propositions, supplemented through goodwill and paid for through lifestyle choices. Many operators were 'locked in', as evidenced by the large number of businesses for sale in these remote areas and the concerns operators expressed about succession planning and the ability for sufficient sales to be made to realise a return.

Declining populations and changes in the buying habits of locals and local industry is affecting the revenue side of remote businesses. As many businesses (farms in particular) become commercial ventures and consolidate, procurement of goods and services is from outside the immediate region or township. Many local agricultural providers noted this change, which only served to increase competition amongst those businesses remaining.

Smaller populations mean smaller markets and, with many lower socio-economic factors at play in these remote areas, many businesses felt that the populations of the towns did not have the spending capacity to purchase other than the most basic of household staples. Many retail businesses felt obliged to offer credit, which presented additional risks to businesses sustainability.

These factors lead to a greater reliance on the subcontractor market for revenues, which, by its nature, are not 'long term'. The impact of mining construction declining and of no new industries being developed were concerns.

Finally, of major concern to all was the deterioration in the community that was occurring. Losses of health and police services not only reduced customer numbers, but also had a negative impact on the social fabric of townships.

Businesses noted that many of the towns formerly had community development skills, but along with natural population decline, these skills were waning, and that programs to support community development would be beneficial to the ongoing support and development of the townships.

Businesses once more raised the issue of vision and leadership of these towns and worried about their long-term future and plans, as well as the commitment of regional, state and federal agencies to them.

5.1.7. Not for profit

The not for profit sector is a major and critical element of the Mid West economy in addition to delivering significant social benefits and outcomes to the region. Businesses within this sector of the local economy are feeling vulnerable in the face of major structural and funding changes. Service providers felt the broader business and economic development community did not understand the challenges and the contribution to employment made by the sector. As a group, this sector believed it lacked a 'voice' to the same extent that the more industrial business sector enjoy.

The service providers consulted appreciated that there is a need to recalibrate their business models. To achieve this, new skills and training needs is required for local providers, particularly in the areas of governance, strategy, workforce development, marketing and cost accounting and cost management. The sector expressed interest in pursuing group buying as one method to reduce costs. The view amongst those consulted was that sufficiently strong linkages and bonding capital existed for investigation of such a model.

5.1.8. Programs and support

There was a mixed level of awareness of existing programs and support offered across the region. This report does not make a judgement as to whether this is due to a lack of marketing efforts and focus or a lack of engagement by businesses as to what is available. On balance, it is likely to be a mixture of both. Businesses have the responsibility, in the first instance, to seek out programs and support.

Of those which took up programs and support, the view as to the effectiveness was also mixed but generally positive and, in the majority of cases, appreciative. These findings are common amongst regional and remote businesses when addressing program level support.

Remote businesses generally found access difficult. Some businesses expressed the view that identifying the right provider was challenging, as there is some confusion as to the roles different organisations fulfil in this area.

When consulted, many providers noted some degree of crossover in program delivery, and that competition amongst providers was increasing, with some cannibalisation occurring. Despite this, providers have a history and willingness to refer within the sector for the best interests of the businesses. Ensuring this goodwill continues in a tighter funding environment will be important for the ongoing support of local businesses.

5.1.9. Increasing competition

Many of the businesses consulted, particularly those operating in industrial markets such as mining support and manufacturing, identified increasing competition as a major threat. Such concerns were not so much about the competition, but in how to respond to it. As previously stated in this strategy, the operating environment for many Mid West businesses is moving from one of ensuring supply, to one of increasing competition.

The sources of this competition are many and varied. The high \$AUD has been contributing to the level of import competition, although recent declines in the AUD may reduce this headwind somewhat. Against this, businesses note that higher imported inputs could offset this, a major issue for the Mid West given the high level of overseas imports used by businesses operating across the region.

Some businesses also noted a lower \$AUD increased the price of imported capital equipment, making planned productivity improvements driven through capital investment programs more expensive and risk accretive.

With the completion of construction mining contracts, larger businesses, , are now seeking alternative markets and competing more aggressively for this work (and using scale to outbid smaller businesses). Those businesses that subcontract to these larger businesses are then subject to lower margin offers on the available work.

The businesses affected by these issues are in the process of determining strategic responses. There would seem to be a major role in this area for economic development organisations to help businesses identify potential strategies and methods to increase competitiveness.

Program suggestions from businesses to address these issues include lean manufacturing, subcontracting / outsourcing, quality standards, innovation, process reengineering, 'coopetition' initiatives and value chain analysis. Learnings from other industries, such as the automotive industry, provides a blueprint for tackling this issue.

In addition to these issues, many businesses noted the historical and ongoing impact of the high cost of regulation on their businesses. Food handling and liquor licencing regulations which charged flat fees and did not distinguish between the food production volumes, 'fuel watch' and land use / development costs were all regularly mentioned as increasing costs and reducing competitiveness.

5.2. Infrastructure

The significance of infrastructure was a recurring theme in all sub-regions and for all industry sectors. The costs to establish infrastructure was of concern, particularly when businesses other than those that may have borne the establishment costs accrue the benefits. Some businesses also raised the issue of additional costs incurred to install water tanks required under fire regulations and they questioned the value of this requirement. A program to aid the reduction of headworks outlays and financial risks would encourage the development of such infrastructures.

Some concerns were raised as to whether long-term infrastructure related planning was proceeding, bearing in mind the time taken to plan and develop infrastructures of this sort.

With Geraldton strategically located mid way between Perth and the Pilbara, and in direct line with the Eastern States, businesses suggested that the establishment of a freight and logistics hub, to service the northern regions of the state, would support existing industry and position Geraldton as a gateway to international markets.

The parlous state of water, power and telecommunications infrastructure across the region is a concern for Mid West business as they struggle to develop without consistent and reliable water, power and telecommunications. Towns throughout the region will not develop without investment in these critical business enablers.

Many businesses noted instances of power curtailment arising with power interruptions during peaks periods. The interruptible nature of power supply throughout the region was a source of considerable angst amongst many businesses that had suffered business disruption as a result.

Local governments expressed concerns about the maintenance of government-funded infrastructure and assets in the longer term suggesting that an 'infrastructure renewal gap' required strategic thinking before becoming a future liability.

The establishment of a 'pipeline' of infrastructure renewal projects across the region for local businesses (SMEs) to bid for this work. This is likely to represent a significant market for local businesses.

5.3. Urban related issues

The urban character and land use of the region and its impact on business development, both positive and negative, was an important issue for many, particularly in the context of those industries most significantly impacted by it.

There was broad support for the development of the Health and Education Precinct in Geraldton, as well as for the development of appropriate student accommodation. The entrances and signage throughout the region, and specifically to Geraldton, were poor and need attention. The lack of inviting signage was contributing to people driving through the region and its towns and not stopping. Many businesses felt that there are major tourism opportunities not being adequately captured resulting from poor signage and entranceways.

Building and planning costs were a constant and recurring theme, particularly around Geraldton. Excessive regulation was causing time delays and adding costs to business development. Restrictions on transport movements, including in and around existing industrial estates, added costs and reduced the productivity of businesses. There was a perception that pressure to locate to the airport precinct is in place. A review of the existing planning and land use systems by the City of Geraldton would reduce business costs and encourage investment make it more business friendly.

The West End Precinct of Geraldton, that incorporates Pollinators, is a demonstration of positive development and is an example of the business impact of positive urbanism and proactive planning.

Businesses overwhelmingly, and without exception, felt the Geraldton Central Business District (CBD) could be refreshed and improved. The number of vacant, tired and rundown shops, derelict buildings (notably in the West End) and focus of the CBD inward, rather than to the foreshore and sea, were common themes. Improvements to the connections of the CBD to key natural assets such as the sea, marina professional services areas (East End) and foreshore are required. Retailers noted that experiential shopping attracted customers and hence retail areas need to be attractive and inviting. The current CBD was unlikely to attract professional service businesses, which have demonstrated a willingness to invest in Geraldton but not in the CBD; rather, they have established a professional / commercial quarter at the East End of the city near the marina.

Businesses felt that the development of the Batavia Coast Marina Stage 2 and Lot 601 would have a positive impact on the broader CBD. The development of this site provides opportunities for residential and land driven economic development to invigorate and stimulate the CBD. There was a view that the CBD 'needed people'. Business was unconcerned if these were local people, residents, or tourists.

Many businesses also felt there was a strong role for ICT in Geraldton to position it as a 'smart city'. CBD development must incorporate ICT at its core and technology deployed to enhance visitor experience and increase business productivity.

5.4. Innovation

The importance of innovation as a means to compete and grow businesses across the region was evident from the consultations. The innovative approach to the development of Yellowtail Kingfish in the aquaculture industry demonstrates the innovative qualities of the region. Business leaders noted the importance of the partnership between Government, Industry and Research Institutions in this development (Mid West Development Commission, Indian Ocean Fresh Australia and Batavia Coast Maritime Institute. The ability to attract skilled workers and knowledge to the region is a benefit that stems from this type of business development.

Innovation across the region is imperative for growth. Recommendations included a network of innovation hubs or centres be established in conjunction with local government.

Pollinators was is an organisation that has an innovative approach in the region, although the recent deterioration of economic conditions has meant that it is increasingly facing competition in the funding pool from other organisations seeking to source funds.

The development and support of creative industries would result in innovative behaviours. In concert with local government, any proposed CBD development must consider some of the successful models used in other regions of Australia.

The observation from consultations was that many businesses were not adopting some best practice principles such as quality control and ISO, continuous improvement, lean manufacturing, supply chain management, process reengineering and technology adoption. These are proven business improvement techniques and strategies that, anecdotally, did not seem to be as prevalent as expected.

The focus on *ensuring supply* through an expansion phase of the mining industry and growth phase for the region, rather than *efficiency of production*, required in more cost competitive markets, may explain this. Notwithstanding, adopting these techniques will aid businesses to become more profitable, competitive and increase the chances of them securing new markets.

Given previous investment in Geraldton's marine services facilities, clustering was identified as a potential source of economic development, particularly around core regional strengths in marine, transport and mining services. The difficulties in securing a large scale boat lifting infrastructure was seen as indicative of some governance

related matters that need to be resolved as it pertains to innovation, with an absence of leadership for the project identified as causing it to drift. Some felt that without this infrastructure, the region's boat building and maintenance industry was in jeopardy.

If the development of a marine industry cluster is to be considered, there needs to be a focus on developing a strategy, linkages to markets and attracting national and international businesses and defence force Coast Guard, whereas the engineering services cluster should focus on building cohesion within the network, supporting clustering behaviour and new market identification.

5.5. Leadership, governance and partnerships

The impact positive and proactive governance can have on a region's economic fortunes is well documented and was reinforced throughout the consultation process.

There is general confusion amongst the business community as to the roles of various governance organisations. This led, in some cases, to a reluctance to engage with governance of the region, some misunderstanding of what can and cannot be achieved (expectations) and some frustration amongst businesses as to where to go to seek answers or assistance.

The remote business community suggested that assistance provided to remote businesses was conspicuous by its absence. Is this judgement warranted? It encapsulates a perception that that access and service delivery is reduced the further from Geraldton a business is.

Businesses wanted to understand:

- ▶ Who was leading industry?
- ▶ Where was industry's voice for the region?
- ▶ Who owns business development issues throughout and across the region?
- ▶ Who is marketing the region?
- ▶ Who is the first entry point for investors?

Many felt that some regional development efforts lacked a semblance of coordination, ownership and support across the region, and across industries. This perhaps points to a willingness for businesses to engage, but at some level, there is perhaps a failure of engagement. These insights also support some of the conclusions reached in relation to the regions' business development and support architecture noted in Section 4 above.

Many businesses focussed on leadership, whether it be business leadership, regional leadership or industry leadership. Anecdotally, there was a high level of appreciation and regard of the benefits of leadership and, to this end, businesses wanted to support leadership programs for development of their employees.

At another level, business felt there was good representation of their needs and issues through various organisations. The linkages amongst the business community were felt to be generally strong and something that could develop business opportunities.

The Mid West Region has an emerging visitor market. The role of leads tourism (and the development of the tourism industry) is a vexed yet important issue. The industry's fragmentation and 'isolationist' approach required governance solutions under a regional tourism strategy that focussed on industry-wide issues, not merely securing funds for new projects. 'End point' or 'destination towns', such as Kalbarri, are critical to the functioning of those towns that lead to and connect to them, for example Northampton. Excessive rental charges on accommodation facilities charged in these end-point towns result in the closure of facilities, impacts on businesses throughout the region, not just at the destination town itself.

The integrated nature of tourism throughout the region needs to be borne in mind when addressing these issues.

5.6. Investment attraction

The attraction of industry, people, skills infrastructure, knowledge and funds (private and public) to the region was paramount for business. There was a very strong pro-investment sentiment expressed during the consultations.

As an attraction strategy, business felt the region contained an excessive and confusing number of brands. Tourism, spatial, industry, regional, local and shires, as well as industry, all have brand representation. This is confusing, fragments the market and divides the region, meaning that there is no collective effort to promote the 'Mid West'.

Developing a cohesive brand strategy and approach was seen as critical to the region in attracting many investment types (business, capital, people, skill and knowledge) and for creating opportunity for business operating in it.

Without this stronger sense of a competitive identity, the region was at a competitive disadvantage to other regions, which enjoyed well-understood, appreciated and known brand identity and values.

The question of which Mid West entity leads the investment and business attraction function for the region was difficult to answer. Is it the Mid West Chamber, the Commission, local or state government? The analysis in Section 4 identified duplication in this area.

The development of an 'investment concierge' approach to regional investment attraction and regional marketing was a priority for business as one concept that would potentially benefit the region as a whole.

5.7. Other considerations

In addition to the key themes identified above, consultations identified several other points worth noting'. These are as follows:

- ▶ The SKA is an internationally unique facility with high-grade optical fibre running from it, through the region to Perth. Building on this asset presents medium- and longer-term opportunities for the region, as well as presenting opportunities to bring new skills into the region and influence regional business culture and aspiration;
- ▶ Following the model adopted in the United Kingdom, Australian Government policy is looking towards an agenda of public sector privatisations through a model of public sector mutual, or PSMs. Geraldton, with its lifestyle, connectivity (air, road), internet access, and range of support services would be well positioned as a base for this type of organisation;
- ▶ There is some consensus that, after a period of transition, there are 'green shoots' emerging in the agricultural industries. The sector experienced significant change with farm consolidations, new technologies and unfavourable weather and market conditions in recent times; however, some now were more optimistic about the industries' respective futures;
- ▶ Big data present opportunities for businesses to innovate and develop new ways of doing business. Monitoring technologies could be used in Geraldton and across the region for tourism and agricultural industry development;
- ▶ The recent success in breeding Yellowtail Kingfish opens the opportunity for the region to pursue global markets and undertake internationally significant research. The region could be the centre for sub-tropical aquaculture research; and
- ▶ Develop an innovation monitor for the region, to create an understanding of the nature of innovation undertaken across the region to position the region for the long term.

Many of these ideas present as potential projects and strategic directions for consideration, albeit with potential higher levels of risk attached to them. The final strategy must consider all projects and include a mechanism to explore them in a manner that recognises the higher level of potential returns as well as their risk profile.

Over this period, there have been significant increases in:

- ▶ Construction (7.5% to 11.4% of total jobs);
- ▶ Manufacturing (4.8% to 5.9%);
- ▶ Health and social assistance (7.4% to 8.9%); and
- ▶ Transport and warehousing (4.0% to 6.0%).

There has been significant decline in:

- ▶ Agriculture (15.2% to 8.2%), which employed 3235 people in 2001 and in 2011 employed 2149, so the decline in this sector is absolute as well as in relative terms; and
- ▶ Wholesale trade (4.3% to 2.8%).

The service economy has increased its share of employment from 34.9% of total employment to 37.9%.

The not for profit sector (broadly a sub set of the health and social assistance industry) of the Mid West economy is significant, contributing over \$95m in output and employing over 750 people. This subsector is undergoing significant change with the National Disability Insurance Scheme, changes to government funding models and increased competition putting much of the sector under strain and needing to respond. Change is already in motion and, if policy positions need to reflect this change. The challenges facing the sector will require strategic responses or employment and services offered throughout the region are likely to diminish.

6.1.1. Implications for the strategy

- ▶ Major employing sectors such as agriculture are going through major transition, which is significantly impacting on the Mid West economy;
- ▶ There is not just an industry impact; there are different impacts at a geographical or spatial scale, with the decline in the agricultural industry more likely to impact on businesses operating in rural and remote areas of the region compared to larger centres;
- ▶ To protect employment and services, there is a need for the not for profit sector to respond to changes in its operating environment;
- ▶ The growth in services and construction reflects underlying population growth. Forecast population growth, and demographic changes will continue to support the ongoing growth of these sectors; and
- ▶ Over a 10-year period, mining maintained its employment share at around 10% of the total; this sector's ability to continue to support 10% of the region's employment into the future is questionable.

6.2. Relative industry importance - industry growth and specialisation

Figure 16 shows the intensity of Mid West's industries compared to state averages (Location Quotient, 1 = state average) and the growth in jobs by industry sector over the period 2011 – 2014 (post GFC).

The industry-growth share matrix shows quadrants, with each quadrant defining the stage of lifecycle for industry sectors. Definitions are as follows:

- ▶ **Location Quotient:** The share of jobs by industry in Mid West relative to the share of jobs in Western Australia;
- ▶ **Annual Average Job Growth:** Growth in employment share between 2006 and 2011 by industry in the Mid West;
- ▶ **Dot size:** Total jobs in absolute terms;
- ▶ **Expanding Stage:** Upper right quadrant (high average annual growth/high specialisation). This comprises local and regional population-driven sectors;
- ▶ **Emerging Stage:** Upper left quadrant (high average annual growth/lower concentration);
- ▶ **Transforming Stage:** Lower right quadrant (lower average annual growth/above average concentration); and
- ▶ **Seed or Transitioning Stage:** Lower left quadrant (lower average annual growth/lower concentration).

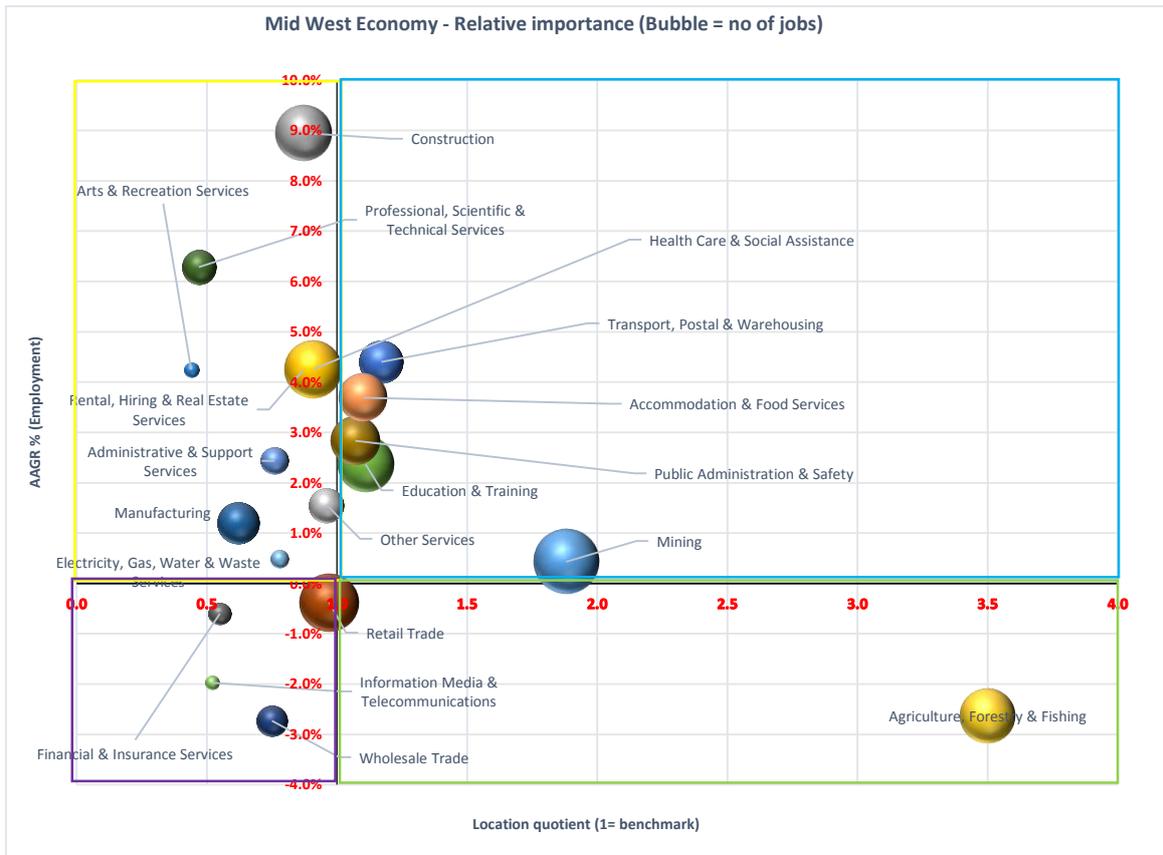


Figure 16 - Location Quotient

Using this analysis model, the Mid West’s economy:

- ▶ Is over represented and has strategically important sectors (location quotient > 1) in mining, education, accommodation & food (a proxy for tourism) and transport services;
- ▶ Has opportunities to continue to grow under represented sectors (location quotient <1), particularly health care and construction, these being sectors that have a correlation to population growth;
- ▶ The decline in agriculture, perhaps the most strategically important of Mid West sectors, needs investigation in terms of state level economics. With employment AAGR of 2.6% over the past five years, addressing the decline in employment in this sector needs to be more fully understood and issues strategically addressed;
- ▶ Retail is under-represented with jobs declining and positions no longer required. This would indicate opportunities for this sector; however, the sector is going through industry level change and these issues also need to be addressed;
- ▶ Some service sectors are exhibiting strong growth (professional services, other services, arts and recreation, administration services, rental hiring and estate services), indicating growing service needs for these sectors. Ongoing support should be provided to these parts of the economy and the businesses operating within them;
- ▶ Sectors including finance & insurance services, information & telecommunications and wholesale trade are challenged, underrepresented and suffering negative employment growth. While small, these are strategically important sectors for the economy, providing value services to local businesses; and
- ▶ ICT related businesses are seen as productivity enhancing for a region, as they encourage the uptake of new technologies by local businesses.

There is underrepresentation (location quotient <1) in professional services and construction, indicating opportunities to grow these industries. The decline in manufacturing and retail trade since the GFC is also reflected in this analysis. Despite the decline, both these sectors remain important to the Mid West economy. Continuing decline in these sectors presents risks to the Mid West’s economy. The increasing importance and strength in health, education and food / tourism sectors is also highlighted by this analysis.

6.2.1. Implications for the strategy

- ▶ Different approaches and strategic responses need to be made to different industries and stages of development:
 - ▶ For the Mid West, many *expanding industries* are generally population driven (health, education public administration), although export possibilities exist;
 - ▶ Management of the mining industry will require a specific strategy, perhaps lead by state and federal governments;
 - ▶ For those *emerging industries*, growth and new markets are paramount, as these will not grow sufficiently just on the back of population considerations. Tagging onto the back of those expanding industry sectors is one strategy for emerging industries to be ‘pulled’ across to the right;
 - ▶ *Transforming industries* (agriculture), the strategic value to the State suggests specific strategies for growth and development must be developed in concert with State Government. Value adding opportunities are possible due to the apparent comparative advantages offered by the region;
 - ▶ The impact of the declining employment in the agricultural industry is likely to be felt in more remote and rural locations; and
 - ▶ *Transitioning industries* generally represent new industries or those undergoing major structural change. Opportunities for development may be limited. For the Mid West, a focus on retail and information, media and telecommunications is recommended due to the scale of retail and positive productivity outcomes arising from a sustainable and scalable ICT industry.

6.3. Tradeable sectors

Traded sector companies are those that sell goods and services outside the Mid West, bringing in fresh dollars to support local business and government services; essentially these are companies that export to other regions, states and countries.

These companies create new wealth within the Mid West rather than just recirculating the wealth that is already here.

All businesses add to the region’s wellbeing. Local businesses that sell goods and services exclusively or primarily to local customers and which face little direct competition from outside the Mid West add to the local quality of life, provide entrepreneurial opportunities for citizens and act as the springboard to help launch / grow into tradeable companies / sectors.

Traded sector companies tend to cluster because they draw competitive advantage (or some basis of it) from their location – to specialised workforce, to specialised suppliers and to a shared base of sophisticated knowledge about their industry.

Most jobs are not in the tradeable sector; they are local services and suppliers, but given the tradeable sector brings in outside dollars, focus should be towards these as by growing the sectors the other elements of the economy will grow. This relationship is shown in Figure 17:

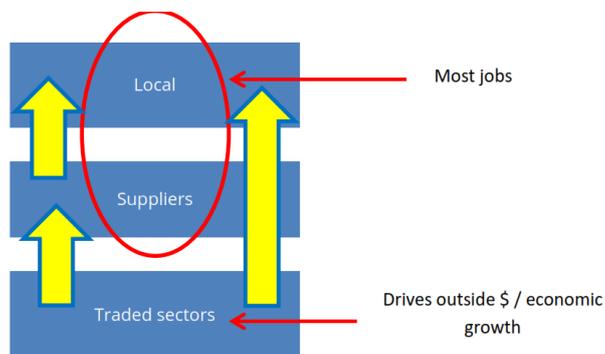


Figure 17 - Tradeable sector model

6.3.1. Mid West’s tradeable performance

The Mid West exported³ 47%, or \$5.5b of output. Western Australia as a state exports 34% of its output. The recent level and percentage of net exports by sector, compared to Western Australian averages is shown in Figure :

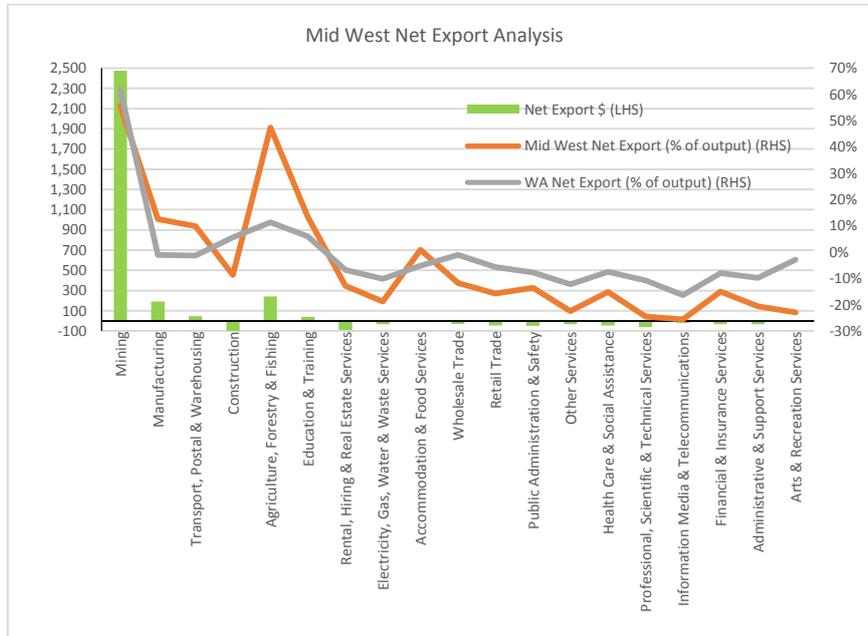


Figure 18 – Mid West net export analysis

The Mid West is clearly a ‘tradeable region’, driven by strong exports of commodities (mining and agriculture). There is some exporting of manufacturing and warehousing services; however, Figure does highlight that for the majority of the region’s sectors, they are net importers. This represents a transfer of value from the Mid West to other regions and represents industry development opportunities for the region to pursue.

The question that arises is whether low or non-existent exports or high levels of imports are driving the net imports into the region.

The next Figure also shows the level of export intensity (rate of exports, not amount) of each sector compared to Western Australian averages:

³In this context, export refers to sales outside of the Mid West region. This includes sales to other regions within Australia as well as international sales.

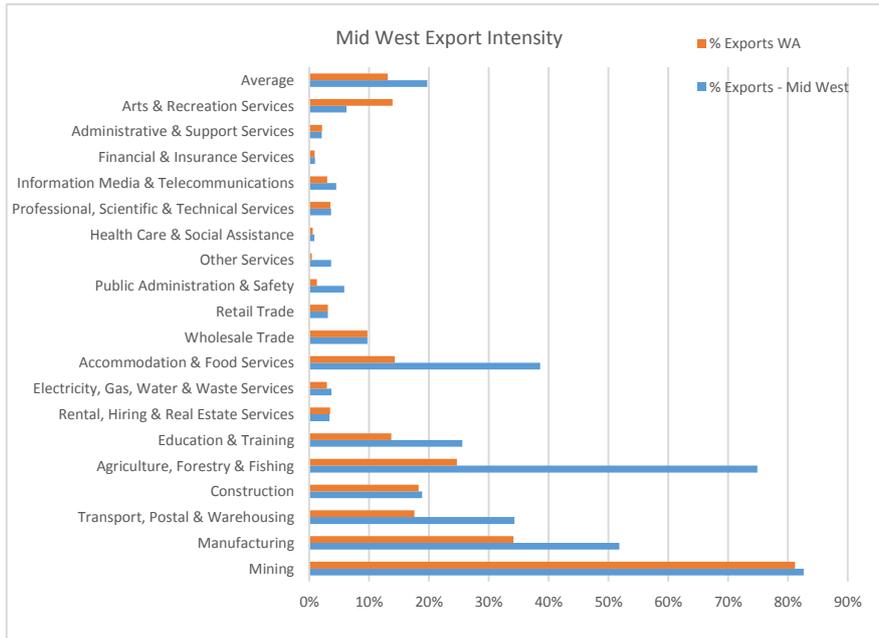


Figure 19 - Export intensity

The average Western Australian sector exports 13.1%, compared to the Mid West’s 19.6%, indicating that the region is an above average ‘exporter’ of goods and services, notably in agriculture and in tourism related services.

Below is further analyses the intensity of the importing sectors of the Mid West (rate of exports, not amount). The Mid West imported \$3.1b of goods and services.

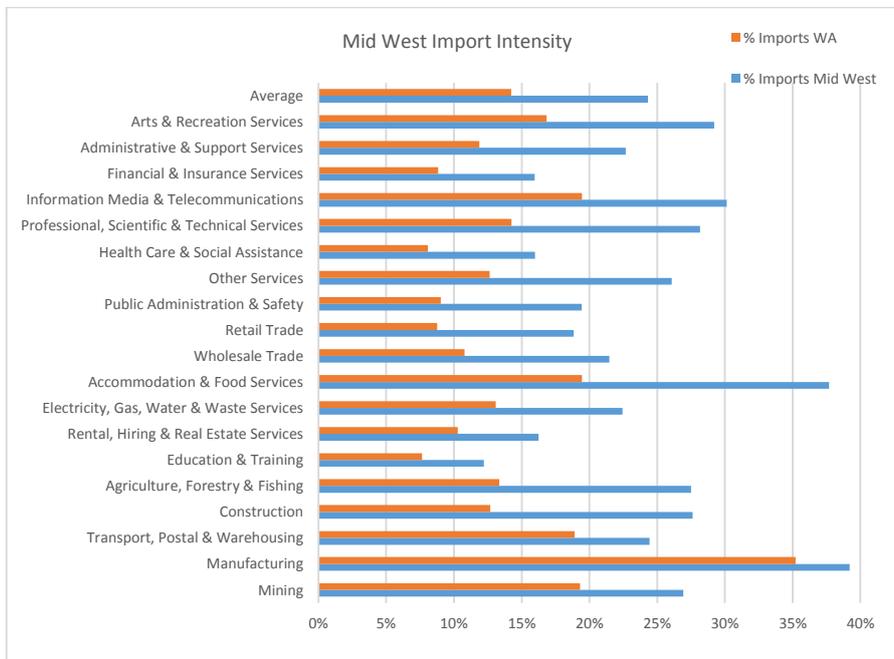


Figure 20 - Import intensity

The analysis shows that the region has a high level of import intensity, with the region importing, on average, 24% of total outputs, compared to 14% in relation to the remainder of Western Australia. This pattern holds across all industry sectors.

Understanding the level and type of imported input in key sectors represents a significant opportunity for the Mid West region to create employment, therefore opportunities to continue import replacement across all sectors should be actively pursued. For every 1% of output that is produced within the region, compared to outside the region (that is, not imported), output will increase by around \$30m and produce around 60 jobs.

Based on the analysis of the Mid West economy, the principal tradeable sectors are detailed in Table 10:

Table 10 – Mid West tradeable sectors

Sector	\$m of output	% of output exported	% of output imported
Mining	4444	82.6%	26.9%
Manufacturing	1516	51.8%	39.2%
Agriculture	511	74.8%	27.4%
Transport, warehousing and storage	478	34.3%	24.4%
Food and accommodation (tourism)	265	38.5%	37.9%

6.3.2. Implications for the strategy

- ▶ Sectors that export demonstrate a capability to compete in markets outside the immediate region. They also attract income to the region. They should be the focus of development strategies as, taken as industries, they are most likely to be the most competitive;
- ▶ The high number of net importing sectors represents growth opportunities for the region. Immediate action should be taken to pursue information, media and telecommunication services, professional, science and technical services, construction and health care opportunities;
- ▶ The reliance on mining and, to a lesser extent agriculture, as sources of export income to the region are highlighted; and
- ▶ The need to grow industries and sectors that are capable of providing goods and services to outside markets will be critical in creating business and employment opportunities

6.4. Economic value-add

The value-add per employee (a measure of the relative profitability of each sector and, therefore, a proxy for the ability of a sector to increase the living standards of the broader Mid West region) is shown in Figure 15.

6.4.1. Value add analysis

The value add analysis shown in Figure 21 highlights those sectors of the economy that deliver the highest value add per employee⁴. The bubble size represents the entire value add (\$) from the sector. For example, the average industry sector in the Mid West employs 1,186 people, has a value add per employee of \$273k and contributes \$286m of value add.

⁴ Rental, hiring and real estate services appears high in all analysis of this type as the ABS includes capital value in the value add component. While this balances the national accounts, it skews this analysis type for this sector only. A turnover of capital assets, such as rural properties and farms, can have an impact on Regions.

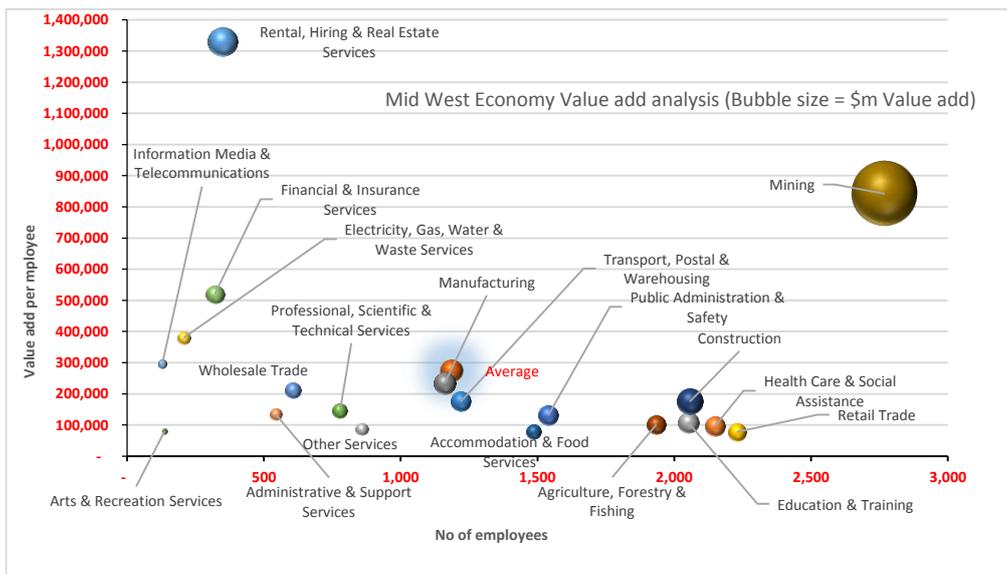


Figure 21 – Value added analysis

The Mid West has derived significant employment and value add from the mining sector. The economy has historically been highly dependent on this sector, and significantly influenced by the cycles it goes through. The mining sector is also very highly value adding per employee, making it a highly productive sector, particularly during expansionary phases.

In terms of sectoral value add, construction, health care, agriculture, education, transport and public administration all contribute significant value add and are significant employers. Although all of these sectors are above average employers, only construction is above average in terms of value added. The Construction sector in particular is subject to growth patterns from the mining sector as is the Manufacturing sector.

Opportunities to increase the standards of living across the region will stem from increasing those sectors that have a higher value add per employee, but represent lower than average employers do. Information technology and, to a lesser extent, professional services, are growth opportunities. Population growth and infrastructure development will involve growth in the electricity, gas and utility sector, which is high value adding.

Large employment sectors including accommodation and food (a proxy for tourism) and agriculture are relatively low yielding sectors. This indicates opportunities for these sectors to add value within the region through, for example, value adding / processing to agricultural product within the region and developing a cohesive approach to attracting higher yield tourists to the region.

6.4.2. Implications for the strategy

- ▶ In terms of impact, if mining is excluded from the regional economic value add, the average value add per employee falls 11% from \$273k to \$242k;
- ▶ Mining aside, the Mid West has quite a diverse economic make up. The economy reflects that of a growing region, with a developing service base, notably in the areas of ‘core’ services such as health, education and government;
- ▶ This analysis reflects the strong growth of the services sector and the positive impacts this can have, with some service sectors, for example, financial and insurance services and information, media and telecommunications, having high value add per employee. As service sectors mature and become more sophisticated the value add will further increase;
- ▶ The importance of the construction sector as a creator of value is highlighted in the analysis;
- ▶ The ongoing challenge is to continue to grow *value add* in each sector, not just to grow each sector. With population increases, there will be a natural movement of sectors to the right of the graph (Figure 21), indicating growth in the size of the sector. Continuing to support industry / sectoral movement to higher levels of EVA, indicating higher value added per employee, should be a focus of this strategy;

- ▶ The analysis also highlights that the Mid West has many low value adding sectors, which can be further developed to create value for the region as a whole; and
- ▶ Increasing the overall average value added per employee (or resident) of the economy should be a focus on this strategy.

6.5. Impact of mining

As the above analysis highlights, mining is the largest value adding and exporting sector of the Mid West's economy. The status of the mining industry has a major impact on the region's economic fortunes. While not intending to detail the future of this sector, or its numerous subsectors, there are some broad trends in evidence that point to the future direction of the sector and, therefore, how this strategy should respond.

The Mid West's mining sector is comprised of businesses mining a vast array of minerals. Table 11 demonstrates the composition of the industry, by activity type and jobs.

Table 11 – Composition of mining sector (by turnover)

Subsector	\$m Output	% Industry	Jobs
Coal	6	0.1	3
Oil & gas extraction	309	6.9	64
Iron ore	1,338	30.2	449
Non-ferrous metal ore	2,358	53.1	1,562
Non-metallic minerals	57	1.3	111
Exploration and mining support services	375	8.4	580
Total	\$4444	100%	2769

The region's mining sector has been a consistent employer (around 10%) over the past decade or so. This is partly due to the diversity of product mined in the region and the strong support services sector. Recent finds of gas around Dongara offers promise for the development of the gas extraction subsector over the medium term.

Major support sectors (local purchasing >\$30m) for the mining sector are analysed in Table 12:

Table 12 – Major support sectors for mining industry

	Mining \$m	Exploration & Mining Support Services \$m	Total \$m
Mining	88	1	89
Exploration & Mining support services	239	2	241
Technical Equipment & Appliance Manufacturing	29	2	31
Construction	39	3	42
Construction services	81	4	85
Transport	29	2	31
Financial & Insurance services	36	5	41
Professional, Scientific & Technical services	22	47	69
Other ⁵	252	33	285
Total local expenditure / sourcing	\$815	\$99	\$914

⁵ This analysis is based on a 45 sector analysis of the Mid West economy. The other represents the balance of trade from the remaining 36 sectors. Of the \$285m, the next largest sectors trading with the mining sector are metal and metal products manufacturing (\$27.8m), petroleum and coal product manufacturing (\$27.6m) wholesale trade (\$25.9m), property services (\$23m), and rental and hiring (\$22.6m)

These sectors are the greatest 'at risk' sectors if the mining sector contracts, or there are major changes in the existing mining cycle.

Sixty four percent of the Exploration and mining support services output of \$375m, is supplied to local mining businesses. This sector is, therefore, very much dependant on the fortunes of the primary mining sectors. Diversifying the customer base of this sector would reduce the risks inherent in such a large portion of its output sourced from within the Mid West.

Figure shows the value of iron ore over the past several years and the forecast price, which remains at \$US50 - \$60 / tonne⁶:

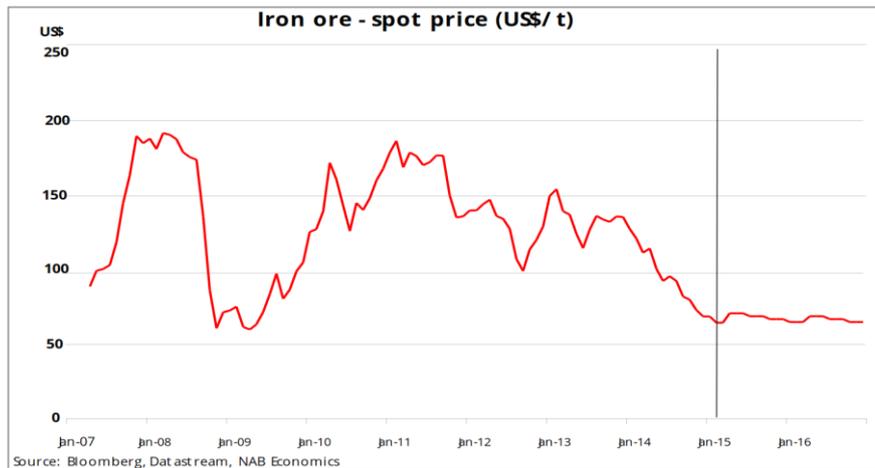


Figure 22 – Iron ore spot price

At these levels, many smaller miners will not be profitable. The Mid West's mining sector is predominately comprised of mid-tier miners, many of which would expect to be vulnerable to iron ore prices below \$US80 / tonne.

In Figure 23 the level of mining and non-mining capital expenditure in Australia is shown:

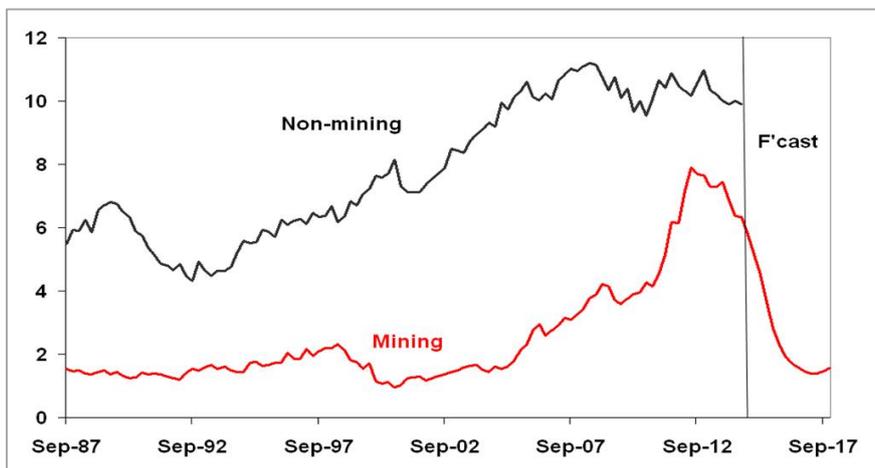


Figure 23 – Mining and non-mining capital investment

There has been a large increase in the level of mining investment over the past decade or so, and this is now declining and expected to return to levels that are more traditional over the next few years at around 2% of National GDP.

⁶At the time of writing (April, 2015), the iron ore spot price had slumped to \$US46.70 a tonne, the lowest since data compiler The Steel Index began publishing prices in October 2008.

The figure below shows the level of iron ore exports and the rate of growth and the levels of growth in iron ore exports.

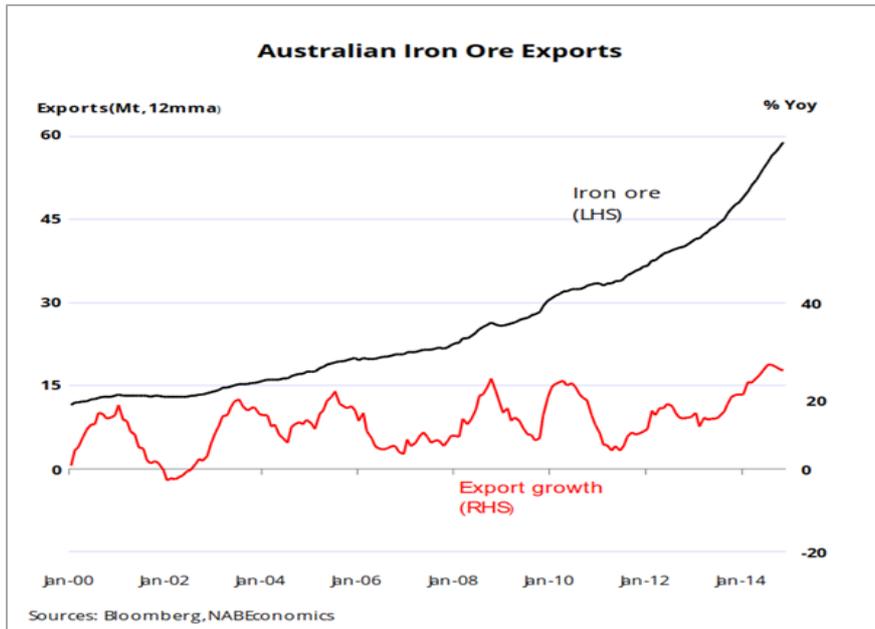


Figure 24 – Iron ore exports

Read together, Figures 23 and 24 point to the strong growth in mining construction slowing and the iron ore sector moving into a production phase. This will benefit local businesses which work to operate and maintain plants, as well as those involved in logistical and material handling, but will be detrimental to those involved in design, development and construction.

Figure shows the current level of production compared to the level of production of that particular industry over the past five years. The analysis highlights the degree of capacity an industry has before further capital and investment is required.

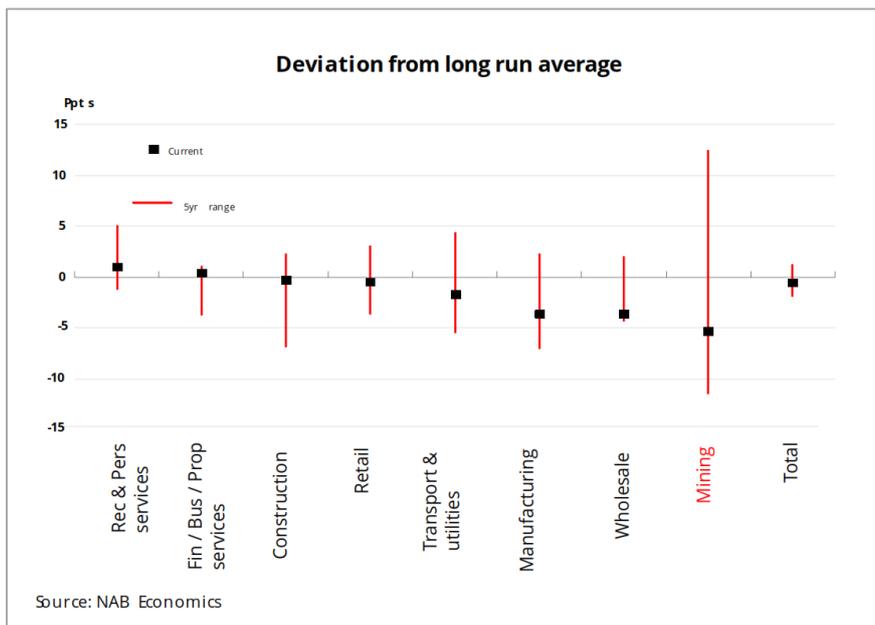


Figure 25 – Production capacity, selected industries

As can be seen, mining is currently operating well below its five-year average and, therefore, has significant capacity to expand. This would indicate that mining businesses could increase production without having to undertake further construction related activities.

6.5.1. Implications for the strategy

- ▶ Slowdown in mining related construction work, but increase in operating, maintenance and materials handling related industries;
- ▶ Possibility of plants shutting down if iron ore prices remain low;
- ▶ Capacity of infrastructure to manage increased export volumes;
- ▶ Potential development of gas fields near Dongara may require accessing further skilled workers in this area and present opportunities for local businesses; Latent capacity within the industry to increase output would indicate that there is limited need to construct further mines and competition amongst businesses for mine related construction works will increase;
- ▶ Given the scale of the region's mining support service sector, development of new market opportunities is important; and,
- ▶ The decline in construction will result in:
 - ▶ Direct implications for many industries and businesses servicing the immediate mining and exploration industries; and
 - ▶ Lower income levels for those involved in the sector, which is likely to have implications for many service and local goods production and retail businesses in Geraldton and throughout the Mid West.

6.6. Regional assets (alignment, leverage and link)

To achieve economic outcomes, it is necessary to ensure actions and investments are consistent, focussed and coordinated over short and longer terms. Regional leadership must act in unison and have a shared understanding of the economic direction adopted. Two concepts are critical:

1. Alignment - leaders must be aligned, have common understanding, act and think cooperatively and collaboratively to address the competitive challenges and opportunities within the Mid West; and
2. Linking and leveraging - this ensures investments are coordinated, work together and maximise economic outcomes and opportunities. In the Mid West, linking is through formal and informal partnerships, whereas leveraging assets requires making investment commitments that mutually reinforce each other. Such investments have the potential to generate higher economic returns than investments made in an uncoordinated manner.

6.6.1. Implications for the strategy

- ▶ This strategy is predicated on the Mid West's economic leaders acting in concert to deliver outcomes and opportunities for the region's residents;
- ▶ The strategy has an emphasis on identifying, linking and leveraging assets as a means to achieving the highest level of economic returns; and
- ▶ The Mid West has a raft of assets that underpin its economy and the creation of economic opportunity. All should be identified and considered.

6.7. Cities and urban economics

It is generally accepted that a positive relationship exists between the productivity of an economy and increasing density of economic activity up to a point. This point is where the density of activity produces negative outcomes that deter further economic growth⁷. The coming together (agglomerating) of businesses creates benefits for the businesses and the region collectively through economies of scale (access to skills and specialised suppliers and lower production costs, suppliers) and through network effects, the most significant of which in developed economies is the speed and flow of ideas and technologies.

This coming together of businesses in cities underpins their position as the engines of modern economies. Modern cities represent the clustering of businesses that benefit from their co-location.

While the scale of development within regional cities will not match metropolitan capitals, there is significant opportunity for the regional capitals, such as Geraldton, to grow, and facilitate greater diversification of economic sectors through increased density of the CBD. Conventional thinking of clusters' urban form is often associated with business parks, or the co-location of industry in areas 'fit for purpose'. However, the role of the CBD is to foster collective groups of economic sectors across a diverse range of industry types. The power of the CBD is to elevate levels of activity, networks, collaboration and access to markets within one shared location. Rather than actively pursuing activities beyond the extent of the city, the increased level of activity within a CBD enables perpetual business development and provides opportunities for exponential growth within a contained locality.

6.7.1. Implications for the strategy

- ▶ Geraldton's forecasted growth, if well managed, is likely to produce productivity gains, which are likely to lead to increases in the standard of living of residents in and of itself;
- ▶ Recognising the higher order role and function of Geraldton is central to unlocking economic growth and opportunities;
- ▶ Planning to facilitate productivity gains from the city's growth should be a focus of this strategy; and
- ▶ The development of Geraldton's CBD has a key role to play in supporting the agglomeration of businesses and, therefore, the speed and flow at which ideas and technologies are shared (which is critical to innovation further occurring).

6.8. Innovation and innovation outcomes

The impact on the standards of living of residents in regions where there is a relatively higher propensity to innovate compared to others is increasingly recognised as being significant. There is a general recognition that around 80% of regional growth is attributed to outcomes from innovation. Building a position into regional strategy that aims to increase the level, intensity and outcomes from innovation investment is the first step to improving a region's prospects of achieving long-term economic growth. Significant learning to come from innovation studies show the following:

⁷Measuring the impacts on productivity of increasing urbanisation is more difficult and subject to some conjecture, particularly the type of benefit that produces the most significant productivity benefit and whether the benefits are derived from increasing the size / density of a city (urbanisation benefits), or from more localised or industry level benefits arising from increased access to skills, suppliers and technology, specialisation and lower production costs.

Table 13 – Innovation evidence and policy outcomes

Summary of broadly accepted evidence regarding innovation and innovation policy outcomes	
Internationalisation	Businesses operating in international markets are 40-70 % more likely to innovate than domestically oriented businesses (Crépon et al, 1998; Ortega-Argilés et al, 2005), and Foreign Direct Investment (FDI) can be an important source of innovation (OECD, 2010). Businesses involved in collaboration are 20-50% more likely to innovate than other non-collaborating businesses, and large businesses tend to engage more in collaboration (OECD, 2010).
Public funding	Businesses receiving public funding invest 40-70% more than non-supported businesses (OECD, 2010).
Combined innovation	Businesses undertaking product and process innovations achieve 30% more innovation sales per employee than those introducing only product innovations (Ortega-Argilés and Moreno, 2009b; OECD, 2010; Ortega-Argilés, 2012a)
Innovation-related sales	Businesses with higher innovation sales intensities achieve higher productivity and higher survival prospects (Ortega-Argilés and Moreno, 2009a, 2009b; OECD, 2010; Ortega-Argilés, 2012a).
Relationship to technology frontier	Businesses that are well below the technology frontier invest less and achieve lower returns to innovation, although the innovation probability of a business is independent of its level of productivity. On the other hand, the public support for businesses well below the technology frontier has a greater induced innovation expenditure effect, relative to similar non-supported businesses (OECD, 2010, Kumbhakar et al, 2012)
Size and innovation	There is a non-linear relationship between size and innovation as smaller businesses and larger businesses appear to be the most innovative types of businesses (Tether et al, 1997).
Proportional impact	While a majority of businesses in advanced economies do innovate in some way, only a very small number of businesses account for the majority of innovation expenditures and outputs (Ortega-Argilés et al, 2005; OECD, 2010; Iammarino and McCann, 2013) and only a very small number of businesses account for most news SME employment growth (Haltiwanger et al, 2010; NESTA, 2009).
Finding issues	Venture capital-backed businesses outperform non-venture capital-backed businesses in terms of employment and revenue, and in terms of venture capital and angel investments, many parts of the EU and Asia are not only catching up with the USA but even moving ahead, particularly for seed/start-up finance, and also for early development and expansion funds (OECD, 2010).

As a Region, that has a strong industrial focus and one that is seeking to generate employment growth, the Mid West is likely to face the following challenges:

Table 14 – Mid West innovation and policy challenges

Economic and industrial challenges	Innovation challenges	Policy challenges
<ul style="list-style-type: none"> ▶ Having to support the creation and growth of innovative companies on a broad basis ▶ Need to develop specific and unique strengths not necessarily in line with the traditional ones ▶ Strengthen the role of clusters ▶ Restructure the economy to compete in successful, new niche markets ▶ High level unemployment in many of the regions ▶ Human capital development is becoming a central obstacle, as the education system is often unable to supply the required level of highly educated personnel, which is accentuated by the demographic trends and ageing. 	<ul style="list-style-type: none"> ▶ Diverse and associated to their socioeconomic context ▶ Structurally low private and public R&D investments ▶ Sustaining and developing research and innovation base ▶ Need for greater investment in research and innovation and for region-specific support measures ▶ Strengthening connections between the research and innovation system actors ▶ Disjuncture between science and industry and low cooperation between science and industry among businesses and between regional RDI actors and international networks ▶ Greater diversification of industry because of pronounced low-tech specialisation. 	<ul style="list-style-type: none"> ▶ Put in place simple systems of coordination or develop the necessary capacity to ensure successful design and delivery of innovation support ▶ Adequate funding from national governments is a specific issue concerning the innovation policy governance ▶ To move beyond the old economic model of attracting FDI based on cost competitiveness and grant incentives ▶ Ensuring appropriate skills to meet current and future industry needs in a rapidly changing industry and market environment

6.8.1. Implications for the strategy

- ▶ Innovation is critical to long-term economic growth;
- ▶ Productivity increases come from both product and process innovation;
- ▶ Access to the right sort of finance, such as venture or equity capital, is critical to sustain high growth ventures. These businesses have a demonstrated ability to rapidly grow and create employment and opportunity;
- ▶ A small number of businesses will generate the majority of new employment. The support infrastructure around these businesses must be able to identify and support their growth and development; and
- ▶ Encouraging export development is a key strategy to encourage business growth and capability development, which in turn encourages further growth and development.

6.9. Clustering and economic growth

Clusters are groups of similar and related businesses that share common markets, technologies, employee skills often linked by buyer - seller relationships. Businesses in clusters are often involved in active trading with each other.

Cluster development requires policy to move from narrow 'investment attraction' type strategies predicated on a region being the 'lowest cost' alternative to considering a broader focus on a range of factors that influence competitive advantage of a *group of businesses*. This approach aims to benefit a number of interrelated businesses within an 'industry cluster'.

Clusters provide a range of benefits to businesses, including:

- ▶ Increased capacity to innovate, which increases productivity;
- ▶ Providing access to a range of specialised skills and suppliers, which provides a range of benefits such as increased productivity, higher value and improved problem solving;
- ▶ Ability to cooperatively collaborate to secure contracts and tenders;
- ▶ Access to more up to date and relevant information, allowing businesses to better respond to market needs; and
- ▶ In an age when access to information is from anywhere, the most valuable source of advantage, knowledge, remains firmly attached to specific locations. Knowledge resides in people and people live somewhere. Knowledge is therefore 'tacky'; it tends to stick to a location as the people who possess it build lives and lifestyles in locations and places (such as Geraldton). Information is transportable whereas knowledge is far less so.

Businesses, therefore, locate close to these sources of knowledge, which is place dependant. For many businesses, their source of competitive advantage rests within the location through a network of suppliers, customers, employees, information and networks.

The presence of CSIRO in the region and the focus on e learning through the Geraldton Universities Centre (GUC) provides an opportunity to leverage these facilities to develop research and development and industry partnerships. Further opportunity exists with the leveraging of the aquaculture and fishing research that currently undertaken in the region.

A clustering approach can help businesses to achieve a competitive advantage by promoting common interests and can make the public sector more effective in supporting the economy. Working with clusters can enable member businesses to identify the most promising opportunities to encourage further innovation, develop particular skills and improve productivity. Clusters are dynamic; competition and cooperation create an environment that drives improvement and productivity.

For clusters to be successful, the following seven elements need to be present:

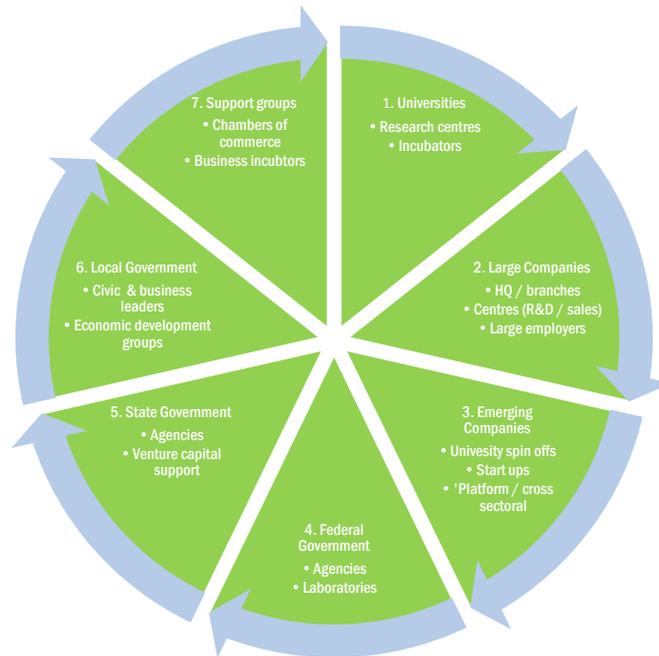


Figure 26 – Elements of a successful cluster

The extent to which element needs to be evident will be situation specific and depend on a range of issues, such as the maturity of the cluster and industry, the extent of existing industry and cluster networks and local geographic and economic conditions.

Clusters are not a government activity; they are an economic phenomenon facilitated and aided by government. Clusters are not a program; clusters are a way of thinking about local economies. They are not something that occurs because of a ‘program’, although ‘programs’ can support their development and maturation process.

The natural creation of clusters around local economic conditions and capital means that winners are not picked and clusters ‘created’. Clustering occurs because it is beneficial for private businesses to relocate, remain and start up in a specific location because of the conditions associated with that location. Therefore, clustering strategies must also be location specific. Cluster strategies are based on considering the individual needs of local businesses and the issues they face and for government to facilitate and aid in addressing these industry- and/or business-wide issues in conjunction with the particular cluster businesses.

Based on the economic analysis undertaken on the Mid West economy, the city has some clustering evident in the following sectors:

1. Marine industries, including aquaculture, transport, logistics, boat building, tourism, fishing and related services; and
2. Mining and engineering construction services

6.9.1. Implications for the strategy

Clusters are key drivers of job growth, wage growth, new business formation and innovation. This economic strategy adopts the principles of clustering and tradeable sectors as key mechanisms to delivering economic growth, jobs creation and opportunity and innovation.

The following factors under the influence of government are very important:

1. Quality education at all levels, from kindergarten to secondary school and beyond;
2. Globally competitive infrastructure; both ‘physical’ as in roads, airports, the Internet, and city services, and ‘smart’, as in talent, capital, and know-how;

3. A quality of life that attracts and keeps a broad range of talented people as well as business people and entrepreneurs; and
4. Enlightened government with a regional and, increasingly, a global orientation.

The role of the Government is to provide high quality schools, infrastructure, open space, good transportation, arts, recreation facilities, and competitive rate structures for services and utilities; these all relate to the quality of life.

Mid West has potential clusters around marine industries, engineering service areas, and mining. Supporting the development of these potential clusters is a strategy worth pursuing to encourage growth and job and opportunity creation.

6.10. Scale of the region and business impact

The Mid West is a vast region with settlements and businesses operating across a significant geographical expanse. The distance between settlements and major townships creates a range of issues for businesses operating in the more rural and remote areas. Earlier analysis (refer 6.1 above) identified spatial impacts on businesses operating in more rural and remote areas from the decline in the agricultural industry. The consultation process highlighted further issues.

6.10.1 Implications for the strategy

The significance of this issue as a factor in considering responses for business in the Mid West should not be underestimated. There are factors that influence more rural and remote businesses in the Mid West that require appropriate strategic responses. Critical issues identified include:

- ▶ Increased business costs, from transport to storage costs;
- ▶ Access to skills and skills training;
- ▶ Succession planning becomes more difficult;
- ▶ Inability to source or access business support structures and services;
- ▶ Dwindling populations and markets;
- ▶ Changes to industry buying practices towards centralised buying, which flow through and impact on local stores; and
- ▶ Competition amongst local providers.

The continued transition of agricultural industries and the potential impact of the slowdown of the mining sector will continue to impact on rural and remote businesses.

Failure of business in these communities undermines the entire community and, therefore, the functioning of the region more broadly. Strategic responses must view the impact of these issues on business operating in rural and remote areas from this perspective, not just, as a business related issue.

6.11. Strengths Challenges, Opportunities, Risks (SCOR) analysis

Table 15 outlines the results of a SCOR analysis (Strengths, Challenges, Opportunities and Risks) conducted using results from the analysis phase of the economic strategies' development. This analysis identifies the strengths, challenges (capacity constraints), opportunities and risks to the Mid West region.

Table 15 – SCOR Analysis

SCOR Analysis	
<p>Strengths</p> <ul style="list-style-type: none"> ▶ Location – located in close proximity to Asian markets ▶ Liveability / lifestyle choices ▶ Diversity of industry / economy ▶ Significant mineral and commodity wealth ▶ Geraldton port, the second largest grain export terminal in Australia ▶ NBN connectivity ▶ The Mingenew grain receivable terminal is the largest inland facility of its type in the Southern Hemisphere ▶ Key clusters (marine and engineering services). Knowledge industries / assets ▶ Population growth ▶ Housing affordability ▶ Wind surfing industry (region is one of the best locations in the world for this activity) ▶ Regional institutional and governance framework is established and functioning 	<p>Challenges</p> <ul style="list-style-type: none"> ▶ Low levels of innovation ▶ Under-developed service sector ▶ Education attainment level need to be improved for future industry development ▶ Shortage of quality commercial / office space ▶ Tourism product is disjointed ▶ High development costs restricts opportunities ▶ Shortage of professional skills ▶ No dedicated function for investment and asset attraction, including people ▶ Aboriginal inequity ▶ Health services and ageing population ▶ Education choices ▶ Attracting knowledge workers ▶ Retaining youth and developing a proposition that encourages this cohort to move the region
<p>Opportunities</p> <ul style="list-style-type: none"> ▶ Build on reputation, particularly in knowledge asset related and cluster industry sectors, notably marine, aquaculture and agriculture ▶ Development of branding strategy and investment attraction functionality within the region ▶ Build on sister city relationship with Zhanjiang (Guangdong) ▶ Marine servicing (below the cyclone zone) ▶ Further development and support for educational precinct and assets ▶ Capacity of tourism and related businesses to build quality experiences and major events ▶ Build entrepreneurial base ▶ Further development of CBD (Geraldton) and lowering of development costs ▶ Innovative infrastructure funding models ▶ Development of business / professional services sector ▶ Population growth / migration ▶ Build on SKA as a high technology asset ▶ Increasing tradeable sectors ▶ Continual and ongoing development of transport assets and connections ▶ Remote buying and group buying ▶ Improve cost management methods and techniques of local businesses ▶ Development of 330kV line to support renewal energy industries 	<p>Risks</p> <ul style="list-style-type: none"> ▶ Mining industry moving to a production phase and with low commodity prices, may contract ▶ Employability of workforce (particularly in declining / lower skilled sectors) ▶ Impact of climate change on agricultural and fishing sectors ▶ Management of population growth ▶ Infrastructure finance / funding not accessible impacting liveability ▶ Youth leaving region ▶ Infrastructure renewal gap building and increasing ▶ Businesses relocating to Perth, particularly in more difficult economic circumstances.

6.12. Mid West's competitive and comparative advantages

The Mid West has demonstrable capabilities and assets that underpin the competitiveness of its businesses. Table 16 outlines the key sources of these advantages in and form the basis on which this business development strategy is developed.

Table 16 – Source of Mid West's competitiveness

Source	Nature
Location and market access	<ul style="list-style-type: none"> ▶ Proximity to Asian markets to the west, Perth to the south and the northern markets of the Pilbara offers significant national and international market access opportunities ▶ Broadband access increases these opportunities for local businesses
Catchment and population	<ul style="list-style-type: none"> ▶ Strong growth likely to produce increasing agglomeration related benefits in the future.
Diversity of economy	<ul style="list-style-type: none"> ▶ Reduces the impact of industry decline and external shocks on the remainder of the economy; however, still reliant on mining ▶ Provides a range of opportunities for residents and industry.
Economic scale in key industries (mining, agriculture, marine and engineering services)	<ul style="list-style-type: none"> ▶ Provides scale and scale-related benefits for businesses such as access to skills, knowledge and specialist suppliers. ▶ Clustering likely to be the source of inbound investment as critical mass increases.
Infrastructure assets	<ul style="list-style-type: none"> ▶ The region has a range of high quality infrastructure assets, from the grain receival facility in Mingenew, the Geraldton Port, major roads and linkages to the north, south and east
Mineral and natural assets	<ul style="list-style-type: none"> ▶ The region's mineral wealth is significant and underpins a range of current industries and offers the potential for future mineral industry development ▶ The quality of the region's soils and climate underpin its agricultural development, whereas its natural features and geography provide a platform for the future development of the tourism industry
Marine	<ul style="list-style-type: none"> ▶ The ocean provides the basis for fishing, and major infrastructure in the form of the Geraldton Port and associated industries, such as boat building, provides diversity ▶ Research links to educational facilities and research and development programs evidence of higher order skills

7.1. Areas for investment under this strategy

The five strategic focus areas identified to assist with the successful development of businesses within the Mid West are:

1. Skills and knowledge (investments in people);
2. Entrepreneur and innovation networks (investments in business development);
3. Quality, connected places (investments in places);
4. Effective branding (investments in marketing); and
5. Collaboration and governance (investments in leadership)

These areas integrate and form the basis of the business development strategy.

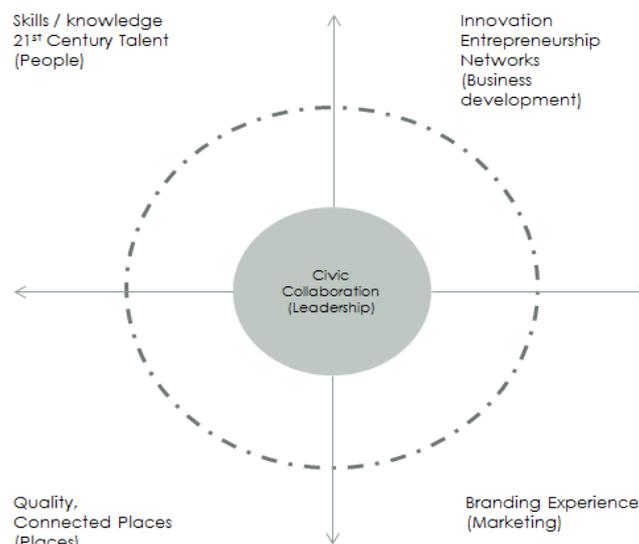


Figure 2 – Strategic focus areas

This strategy framework can be used throughout the regional strategy process to aid in the following ways:

1. It helps to organise regional assets into sensible strategic categories;
2. The process also provides a convenient way to group regional stakeholders according to their strategic focus;
3. By defining and mapping regional goals onto the strategy framework, regional leaders can gain some insights into whether their current level and pattern of economic development investments appropriately reflect their goals; and
4. The strategy framework also provides a good vehicle to categorize public, private and non-profit investments in economic development across the region. In this way, the framework helps to provide a convenient, easy-to-understand accounting of the Mid West’s investments in business development activities.

7.2. Investment strategy

Investments often come at the leading edge of an existing regional economy. At this edge, profits are rarely high enough to generate private commitments alone; however, over time investments of this sort can generate significant public returns. This situation presents the case for public investment as the investment:

1. Provides returns to the public over the longer term; and
2. Without the public sector investment, the private sector will not invest, so the potential benefits of the investment will not accrue to the region.

Because the long-term payoff outweighs the short-term risks, regional investment strategy should focus on this frontier.

Often this frontier is defined by public investments that unlock the economic value of a region’s distinct economic strengths. These investments can be either large or small, and can be for projects that have a range of different and alternative risk profiles.

The process of determining actions and recommendations should identify investments with significant public value, but which are not sufficiently profitable, or present excessive risk for the private sector to undertake on its own. In this manner, investments have a partnership or collaborative element to them, a factor that is critical for public investment whereby the principal beneficiaries (at least in the short term) are private businesses.

These investments generally fall into three broad categories:

1. **Publicly led, privately supported investments:** These typically involve large public goods projects championed by public officials. Public dollars represent significant levels of the total project investment. Large-scale infrastructure projects fall into this category.
2. **Privately led, publicly supported investments:** These projects are typically led by the private sector, but the public sector provides a critical supporting role. Many workforce-training programs, small business financing programs and technology-based economic development initiatives, fall into this category.
3. **Small amounts of collaborative, often multi-party investment:** Investment models that build on open innovation and collaborative networks to deliver a range of outcomes. The lead party can be either public or private, or an entity that acts to broker and facilitate investment outcomes. This model is ideal in the early stage of project feasibility to reduce / mitigate risks on projects that have the potential for high levels of return but are considered risky, or where risks are unknown.

The framework that comes from this analysis is shown in Figure .

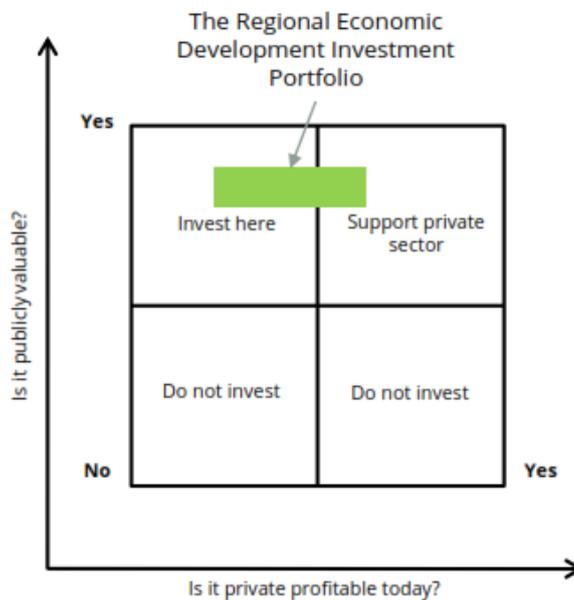


Figure 29– Investment framework

Recommendations and actions developed and identified in this strategy are of the sort that are publicly valuable, but also generate some private returns (if the returns to private investors are high there is no need for public investment). Supporting investment that provides for some private returns encourages partnership approaches and represents the best chance of leveraging public sector funds. Recommendations that are not of this sort should not be priority investments under this strategy.

8. Recommended action and investments

8.1. Leadership and collaboration

8.1.1. Rationale

- ▶ The quality of the business support architecture or scaffolding that currently exists in the Mid West is a major regional strength and asset and critical element of this strategy.
- ▶ The Mid West has a well-developed and effective economic development architecture; however, the business development and support elements need remodelling to suit the region's current and future needs.
- ▶ Economic development particularly that involves the private sector and commercialised government sector can require designing and implementing complex investment partnerships. The governance framework for the region provides the basis for the development of these partnerships.
- ▶ Partnerships with the private sector, leadership and ownership of outcomes are the basis of habits of dialogue and inclusion. Dialogue and inclusion must become cornerstones of the business development and support system.
- ▶ Increasingly, regional leadership requires the skills of telling engaging stories and compelling narratives linking a region's past strengths to its future opportunities.

8.1.2. Benefits

The benefits to arise from investment in leadership and collaboration include:

- ▶ Increased community capacity;
- ▶ Increased engagement with business and business networks;
- ▶ Regional program and support;
- ▶ Improved coordination, effectiveness and efficiency in regional economic development activities;
- ▶ Greater engagement across the region by existing agencies, such as local government;
- ▶ Economic outcomes such as output, employment, business creation, innovation; and
- ▶ Focus shifts towards investment and asset attraction.

Table 17 – Leadership & Collaboration Actions

Actions	Description	Stakeholders	Funding Resources	Timing	Outcomes
Develop a program of business and investment attraction and regional marketing across the Mid West	This project aims to establish and support the creation of specific program in the region for investment attraction, trade facilitation, innovation and marketing for the region. INVEST MID WEST will be industry led but under the governance of the Mid West Development Commission.	<ul style="list-style-type: none"> ▶ MWDC ▶ MWCCI ▶ Pollinators ▶ CGG ▶ Local councils ▶ RDA ▶ Industry 	High	Priority	<ul style="list-style-type: none"> Stimulate regional investment Long-term business and trade partnerships Promotion of Mid West region One point of entry for investors Job and employment creation Coordination of regional development Common industry voice
Lobby federal and state governments to increase their presence in the region	The Mid West region is well equipped for the relocation of services, particularly those servicing the north. Regional and economic development agencies should continue to pursue these opportunities, and particularly monitor the development of Australian Government policy in relation to Public Sector Mutuals, where potential changes in Federal policy may mean opportunities for development of this sector.	<ul style="list-style-type: none"> ▶ MWDC ▶ CGG ▶ Local councils ▶ RDA 	Low	Ongoing	<ul style="list-style-type: none"> ▶ Job and employment creation ▶ Regional capability development ▶ Infrastructure
Actively build partnerships with LandCorp and explore land related economic development opportunities across the Mid West	LandCorp is a major landholder throughout the region, including the site known as Batavia Coast Marina Stage 2. Developing a strategic approach and partnership to land development and release with LandCorp will result in the highest economic and regional development outcomes for the region.	<ul style="list-style-type: none"> ▶ LandCorp ▶ MWDC ▶ CGG ▶ Local councils ▶ RDA 	Low	Ongoing	<ul style="list-style-type: none"> ▶ Economic development ▶ Infrastructure ▶ Job and employment creation

<p>Actively encourage the development of local business and community leadership through the establishment of dedicated and regional level leadership programs</p>	<p>Leadership at a business level has long been recognised as vital to the success of the business. Development of leadership at a regional level is gaining increasing stock as being a contributor to regional competitiveness and economic growth. Developing leadership capabilities through a structured and consistent approach is seen as an effective model to develop leadership capabilities</p>	<ul style="list-style-type: none"> ▶ MWCCI ▶ Local businesses 	<p>Medium</p>	<p>Short term</p>	<ul style="list-style-type: none"> ▶ Increased leadership capabilities ▶ Economic development ▶ Retention of skills ▶ Job and employment creation
<p>Support existing strategies</p> <ul style="list-style-type: none"> ▶ Digital strategy ▶ IBM Smart Cities ▶ Tourism strategy ▶ Mid West Workforce Development Strategy 	<p>The Mid West has a range of strategies in this area. The Mid West Development Commission is currently completing a Communications and Digital Strategy as part of its Blueprint process of identifying key priority projects for investment.</p>	<ul style="list-style-type: none"> ▶ MWDC ▶ RDA ▶ Strategy stakeholders ▶ Local councils 	<p>Low</p>	<p>Ongoing</p>	<ul style="list-style-type: none"> ▶ Efficient use of resources ▶ Job and employment creation ▶ Investment ▶ Infrastructure ▶ Technology adoption ▶ Workforce and skills development

8.2. Skills and knowledge

8.2.1. Rationale

- ▶ A key element of a successful region is to ensure there is the right level of skills and knowledge contained within it. This will attract new businesses to the region, as well as encourage and support the development of those businesses already in the region.
- ▶ The Mid West has significant reserves of natural resource wealth; to ensure this continues to generate outcomes for the region, as well to continue to diversify the region's economy, the attraction and development of people, skills and knowledge is vital.
- ▶ Regions need to develop systems that equip public and private leaders with 21st century skills, along with continued support of the human capital of workers and entrepreneurs throughout the region.
- ▶ Adding skills and knowledge to the Mid West's economy will improve the prospects of the region becoming more economically diverse.
- ▶ For many businesses to be successful, they must integrate the skills and knowledge aspects of the local economy.

8.2.2. Benefits

The benefits to arise from investment in skills and knowledge include:

- ▶ Economic outcomes such as output, employment, business creation, innovation;
- ▶ Growth of many SME's and improved regional output and GRP;
- ▶ Job creation, skills development and specialisation;
- ▶ Increased infrastructure development;
- ▶ Improved productivity and long-term sustainability for businesses;
- ▶ Improved investment attraction offering in the market;
- ▶ Improved profitability for businesses encourages investment and enhances business succession prospects; and
- ▶ Retention of youth and skills in the region

Table 18 – Skills & Knowledge Actions

Action	Description	Stakeholders	Funding Resources	Timing	Outcomes
Focus on increasing the productivity of the region through innovation, training and development and encouraging educational attainment	The development of a region’s human capital and skills is an integral part of its ability to compete as well as innovate. Supporting skills and capability development must remain at the forefront of efforts to grow businesses within the region.	<ul style="list-style-type: none"> ▶ MWDC ▶ RDA ▶ GUC ▶ Durack ▶ Educational institutions ▶ Department of Education 	Medium	Ongoing	<ul style="list-style-type: none"> ▶ Skills and capability development ▶ Improved innovation ▶ Job and employment creation
Develop skills development programs that support critical business issues	Ensuring programs are industry-led and focus on industry skills needs is an important element in developing appropriate skills. Critical skills for development include: <ul style="list-style-type: none"> ▶ Marketing (including e-marketing); ▶ ICT and digital; ▶ Human resource / workforce development; and ▶ Governance 	<ul style="list-style-type: none"> ▶ MWDC ▶ RDA ▶ GUC ▶ Durack ▶ Educational institutions ▶ MWCCI 	Medium	Priority	<ul style="list-style-type: none"> ▶ Skills and capability development ▶ Improved innovation ▶ Job and employment creation
Actively support migration to the region under the subclass 188 visa program	Migration has been successfully used in many regional areas in Australia to introduce skills and capital into the local economy. The Business and Innovation subclass 188 visa program aims to achieve these outcomes. The visa is for people who want to own and manage a new or existing business in Australia, or to invest in an Australian state or territory.	<ul style="list-style-type: none"> ▶ MWDC ▶ RDA ▶ Businesses 	Low	Medium	<ul style="list-style-type: none"> ▶ Skills and capability development ▶ Investment ▶ Job and employment creation ▶ International linkages
In conjunction with GUC, develop linkages with research institutions and businesses through the establishment of a research exchange and voucher program	A linkage between research institutions and businesses has long been associated with innovation, business development and new business creation. Building on the experiences between the Durack Maritime Institute and local businesses, a research exchange and voucher program should be established to encourage the use of researchers by local businesses. This program could be piloted through the proposed maritime cluster recommendation	<ul style="list-style-type: none"> ▶ MWDC ▶ RDA ▶ GUC ▶ Durack ▶ Businesses ▶ Maritime cluster 	Low	Short	<ul style="list-style-type: none"> ▶ Skills and capability development ▶ Improved innovation ▶ Job and employment creation ▶ Research linkages
Support the continued growth of the region’s digital / ICT industry by: <ul style="list-style-type: none"> ▶ Encouraging the development / relocation of ICT maintenance 	Developing ICT and digital capabilities and infrastructures enables businesses to undertake productivity enhancements and innovations and maintain business competitiveness.	<ul style="list-style-type: none"> ▶ MWDC ▶ RDA ▶ Pollinators 	Low		<ul style="list-style-type: none"> ▶ Skills and capability development ▶ Improved innovation

<p>and support businesses across the region</p> <ul style="list-style-type: none"> ▶ Continued focus on the development of ICT related skills / training throughout the region ▶ Seeking opportunities to exploit the region's ICT infrastructure and connectedness 	<p>The Mid West has NBN access, potential development sites for ICT and digital businesses and unique ICT infrastructures running through the region that support the SKA facility.</p> <p>Activities that leverage these assets encourage the uptake of ICT and digital technologies and support the development of these skills should be a priority to support local businesses.</p>	<ul style="list-style-type: none"> ▶ MWCCI ▶ Durack ▶ GUC 		<ul style="list-style-type: none"> ▶ Job and employment creation ▶ Productivity and competitiveness improvements
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8.3. Business development, innovation and entrepreneurship networks

8.3.1. Rationale

- ▶ Innovation is the cornerstone of rising living standards and employment creation in a region, and for business survival and growth.
- ▶ The Mid West's innovation performance can be improved and outcomes for businesses enhanced through a dedicated focus on establishing and enhancing the region's innovation systems, culture and approach.
- ▶ Successful regions are capable of converting skills and knowledge and other forms of economic asset into wealth through effective innovation and entrepreneurship networks.
- ▶ Innovation is increasingly a regional phenomenon, and competitive regions are building effective innovation systems that create the climate in which new ideas sprout at rapid rates.
- ▶ Innovation provides the process and entrepreneurship provides the temperament and skills to translate ideas into wealth through new products, new services and new markets.
- ▶ A region's networks also define the support systems that underpin entrepreneurial success.
- ▶ The Mid West has many well-functioning networks that can be leveraged to build the innovation message culture that is required to bring innovation-related outcomes to the region.

8.3.2. Benefits

The benefits to arise from investment in business development, innovation and entrepreneurship networks include:

- ▶ The retention of critical business and services supports population retention in small communities;
- ▶ Builds access to professional advisory services and skills development builds skills and knowledge base of the region, aiding business development activity;
- ▶ Develops credible structure to build relationships with larger corporates on behalf of small businesses;
- ▶ Improved profitability for businesses encourages investment and enhances business succession prospects;
- ▶ Improved innovation outcomes for businesses;
- ▶ Provides backbone for development of businesses and skills that are unique to the Mid West, allowing it to develop business and skills specialisation;
- ▶ Development of the cluster presents one strategy needed to retain larger (and growing) businesses in the region, through skills development, enhancement of specialisation amongst suppliers and creating mechanisms for idea sharing, knowledge and technology transfer;
- ▶ Job creation, skills development and specialisation; and
- ▶ Supports growth of smaller businesses into larger businesses.

Table 19 Business Development Actions

Action	Description	Stakeholders	Funding Resources	Timing	Outcomes
Investigate the use of community business models to increase sustainability of businesses in the region through aggregated buying alternatives	<ul style="list-style-type: none"> ▶ Establish an aggregated buying group tailored for the Mid West region ▶ Develop the governance framework and support structure for the group to embed a community-based, collaborative model for the business members. ▶ Maintain competitiveness of small business in remote areas to sustain employment and viable, strong communities through the retention of business investment and surplus in local communities 	MWDC MWCCI Pollinators	Medium	Priority	<ul style="list-style-type: none"> ▶ An investment model with a primary outcome to meet community need for sustainability rather than ROI ▶ Retention of employment opportunities within small communities ▶ Retention of critical business and services supports population retention in small communities ▶ Improved profitability for businesses encourages investment and enhances business succession prospects ▶ Collective models build access to professional advisory services and skills development ▶ Provides a central and credible structure to build relationships with larger corporates on behalf of small businesses
Support not-for-profit businesses as they undergo change driven from changes in government policy	Provide specific support skills, advice and mentoring to transition community and not-for-profit organisations to new sustainable business models; the program to be developed as a pilot program for other regions This is to specifically to focus on business legal structures, cultural and workforce development, governance models, systems and unit costing and financial modelling.	MWDC Industry bodies	Medium	Short	<ul style="list-style-type: none"> ▶ Retention of existing businesses ▶ Growth of businesses ▶ Retention and creation of jobs and employment
Develop and introduce a program to support high growth potential businesses (skills and capital)	<ul style="list-style-type: none"> ▶ Improving selected businesses (high growth) prospects of enhanced growth through: <ul style="list-style-type: none"> ▶ being properly prepared to discuss equity investment in their businesses; and 	MWDC Pollinators MWCCI	Medium	Priority	<ul style="list-style-type: none"> ▶ Job and employment creation ▶ Increased capabilities

	<ul style="list-style-type: none"> ▶ having properly prepared their businesses for these discussions through a structured and practical approach to equity attraction ▶ Attract equity capital into the region through proper business preparation and showcasing of the region to potential investors; and ▶ Increase awareness of the region and its investment potential 				<ul style="list-style-type: none"> ▶ Increased investment / capital ▶ Increased awareness of Mid West
Investigate the use of an innovation voucher program to support the development of critical clusters (marine, engineering / mining services, tourism) and aid in businesses to be able to access critical development skills	Innovation voucher programs have been successfully used in other parts of Australia and overseas to support innovation activities and research. In the Mid West, such a program could actively support specific and targeted industries to access innovation, commercialisation and research related skills. Existing links between the Maritime Institute and industry could be leveraged to support the program. The Department of Commerce in Western Australia already facilitates such a program.	MWDC Durack GUC MWCCI Pollinators	Medium	Medium	<ul style="list-style-type: none"> ▶ Linkages between businesses and researchers ▶ Innovation and collaboration ▶ Competitiveness ▶ Skill and capability development
Develop innovation measurement metrics for the region	For innovation to occur, it is necessary to understand the nature of the innovation being undertaken in a region. This will allow more complete and targeted innovation responses to be developed. Developing a set of innovation and metrics and reporting will provide the evidence base for longer-term measurement of innovation and program responses.	MWDC MWCCI Pollinators	Low	Medium	<ul style="list-style-type: none"> ▶ Innovation ▶ Efficiency of resources ▶ Improved program outcomes
Develop partnership models for co-investment with the private sector	Co-investment models increase the leverage of public sector funds and provide for greater flexibility of investment for the private sector, increasing the prospects of investment occurring	MWDC	Low	Medium	<ul style="list-style-type: none"> ▶ Increased investment ▶ Infrastructure ▶ Jobs and employment growth
Undertake a regulatory review of statutory and land use regulations and guidelines that aims to identify improvements that will reduce the cost of development and engage private sector investors	The Mid West is seen as a relatively expensive place to undertake development due to a range of factors, some of which can be controlled, and should be the focus of this project. Aim to reduce costs through review of regulations, speed of development / development processes, 'handholding', construction costs and 'friendliness' of planning rules and scheme	CGG State Government	Low	Short	<ul style="list-style-type: none"> ▶ Reduced costs of business ▶ Increase competitiveness ▶ Platform for increased investment, business, job and employment growth
Develop investment attraction program and roadshow, including supporting the	Regions need to compete for investments of capital, infrastructure and people. Highlighting the region is part of promoting the region in this competitive market. This	MWDC CGG	Medium	Priority	<ul style="list-style-type: none"> ▶ Increased investment ▶ Promotion of the Mid West region

introduction of an investment concierge	requires the development of a prospectus, capital / investment plan and supporting infrastructure and resources to proactively source investment. An investment concierge should be appointed to develop the materials, engage the investment and development community, market the region and coordinate investment related activities and programs				
Investigate the establishment of sub-tropical aquaculture centre in the Mid West	<p>Building on the success on breeding Yellowtail Kingfish in the waters of Geraldton and Batavia Coast maritime institute's location and expertise, investigate the possibility of establishing a sub-tropical aquaculture research facility in the Mid West.</p> <p>Existing global facilities are limited (such as the U.S.'s Centre for Tropical and Subtropical Aquaculture), and focussed on the Pacific Ocean, and support country of origin industries.</p> <p>This is potentially a unique opportunity for the region to establish itself as a global centre of knowledge.</p>	MWDC Durack	Medium	Short	<ul style="list-style-type: none"> ▶ Capability development ▶ Knowledge ▶ Competitive positioning ▶ Regional promotion

8.4. Quality connected places

8.4.1. Rationale

- ▶ Regions must also invest in the planning and infrastructure to create quality, connected places.
- ▶ Skills and knowledge and high-growth companies are mobile. They can locate virtually anywhere. They will choose to locate in regions that value connected, safe, convenient and healthy places to live and work.
- ▶ Connectivity requires infrastructure to facilitate internal and external communications, strategic transportation links and information technology connections.

Connectivity extends beyond these physical connections to activities that explicitly focus on building networks among people. Physical infrastructures and places play a critical role in facilitating the connection of amongst people.

8.4.2 Benefits

The benefits to arise from investment in quality-connected places include:

1. Local employment / job creation;
2. Facilitate innovation;
3. Creation of welcoming 'CBD';
4. Support creative industry;
5. Retention of viable city centre;
6. Encourage private sector investment;
7. Improved local and regional government finances;
8. High quality infrastructure;
9. Limited financial / funding constraints on future infrastructure spending and development;
10. Retention of City Centre;
11. Balance meets between managing existing infrastructure and developing new infrastructures; and
12. Reduces costs of headworks to both public and private investors

Table 20 Quality Connected Places Actions

Action	Description	Stakeholders	Funding Resources	Timing	Outcomes
Support the creation of a creative corridor in Geraldton's CBD	The creative economy is as much about architects as it is about artists, programmers as it is about potters. It is beyond bohemians and includes brokers; stock, insurance, real estate and more. Establish a creative corridor through Geraldton coffee shops, art galleries, use of vacant spaces for pop up restaurants, events, horizontal gardens and possibly urban farms Grow business development services for creative industries and advocate, and research data for Geraldton's creative industries on a local, state and federal level. Develop models that support fast track delivery of regulatory outcomes	CGG MWDC LandCorp Regional cities	High	Medium	<ul style="list-style-type: none"> ▶ Creation of welcoming 'CBD' ▶ Support creative industry ▶ Encourage private sector investment
Encourage inner city development including residential attraction (planning and regulation)	<ul style="list-style-type: none"> ▶ Build on existing vibrancy work and establish a review of the current constraints to CBD activation and establish a program to systematically overcome these through land use planning, regulatory reform and tailored investment and asset / people / business attraction strategies ▶ Undertake a detailed review of current planning scheme and regulatory environment, including transport related regulation, to identify areas where modification would improve the general business environment ▶ Identify ways to reduce business costs, specifically costs of construction 	CGG MWDC LandCorp Regional cities	Medium	Medium	<ul style="list-style-type: none"> ▶ Encourage business investment in CBD ▶ Support growth of retail and tourism / lifestyle sectors ▶ Reduce costs of business ▶ Increased competitiveness of businesses ▶ Increase collaboration ▶ Foundation for increased innovation
Advocate for the installation and development of critical infrastructure (power, water, telecommunications) in towns outside of Geraldton	Towns throughout the region have a series of fledgling businesses that are being constrained in their growth ambitions because of poor quality infrastructures. Implementing upgrades to power, water and telecommunications throughout this sub-region would assist these businesses to further develop, as well as encourage others to establish.	Utility and infrastructure companies MWDC All LGAs	Low	Priority	<ul style="list-style-type: none"> ▶ Business growth ▶ Job and employment creation ▶ Infrastructure
Identify and measure the extent of the region's infrastructure renewal gap and develop a strategy to manage this,	The region's current small scale / local infrastructure renewal gap has not been fully assessed. In addition, much of the MW Investment Fund has resulted in capital assets being built that will need maintenance and renewal to be carried out	MWDC Local councils CGG	Low	Short	<ul style="list-style-type: none"> ▶ Improved local and regional government finances ▶ High quality infrastructure

Action	Description	Stakeholders	Funding Resources	Timing	Outcomes
including using local content provisions	in the future. An opportunity exists to identify the existing and future renewal gap and to implement a management strategy using local content as a key element to encourage the use of local contractors and businesses. Unless addressed, there will be significant financial constraints / limitations on future infrastructure spending and a deterioration in the quality of existing infrastructure and service				<ul style="list-style-type: none"> ▶ Balance meet between managing existing infrastructure and developing new infrastructures ▶ Local employment / job creation
Seek models to lower the cost of infrastructure development	To encourage private sector investment, business creation and development, establish a program that provides financing support for: <ul style="list-style-type: none"> ▶ Headworks type infrastructures; and ▶ Other infrastructures that would not otherwise be developed AND deliver liveability-type benefits to the broader community – i.e. those investments have some elements akin to ‘public good’ 	MWDC Local councils CGG State utility providers	Low	Priority	<ul style="list-style-type: none"> ▶ Increased infrastructure development ▶ Improved productivity for businesses ▶ Improves investment attraction offering in the market ▶ Reduces costs of headworks to both public and private investors
Support the growth and development of Geraldton as a key regional city and service centre, adopting the urban design principle ‘urbanism as innovation’	<ul style="list-style-type: none"> ▶ Geraldton CBD is the largest activity centre in the Mid West and home to a variety of industries; harnessing investment and innovation, reducing red tape and duplication will lead to outcomes such as CBD renewal and reinvestment and support a range of businesses such as retail, tourism / lifestyle and professional services ▶ Geraldton has a CBD with a unique offering, the foreshore; stronger connections through to the foreshore are required through better activation, wayfinding and place management strategies ▶ Activation of the CBD will lay the foundation for long-term economic development and diversification opportunities for Geraldton and the Mid West region 	MWDC CGG Regional cities	Low	Priority	<ul style="list-style-type: none"> ▶ Encourage business investment in CBD ▶ Support development of business services / PSF ▶ Support growth of retail and tourism / lifestyle sectors ▶ Reduce costs of business ▶ Increased competitiveness of businesses ▶ Increase collaboration ▶ Foundation for increased innovation

8.5. Marketing and branding experiences

8.5.1. Rationale

- ▶ Successful regions tell their story through powerful experiences and effective marketing.
- ▶ The Mid West has a confusing brand story and lacks a coherent investment attraction model and strategy.
- ▶ Branding not only creates value for the region's products for international buyers, it also creates the sense of identity necessary to spur collaboration throughout the region.
- ▶ International branding expert Simon Anholt has coined the term "competitive identity" to more clearly represent the importance of place branding in the global arena.
- ▶ By developing a competitive identity a region does much more for itself than simply "marketing". The process of branding requires many of the same steps needed for region-building, namely strategic planning and regional investment alignment with the aim of developing common goals, creating a common vision (e.g., "who we are" and "what we represent to the world") and discovering regional strengths.
- ▶ Successful projects creates positive images to both residents and outsiders; they create a "buzz" that attracts and retains skill, knowledge, assets, and capital.
- ▶ A region's brand represents the stories that citizens of a region tell about themselves.

8.5.2. Benefits

The benefits to arise from investment in marketing and branding include:

- ▶ Focus on investment and asset attraction strategies;
- ▶ Improved competitiveness of the region, and improved ability to compete with other regions;
- ▶ Supports the growth of some industries, tourism in particular;
- ▶ The buzz itself can become part of the region's social and bonding capital; and

Table 21 Marketing & Branding Actions

Action	Description	Stakeholders	Funding Resources	Timing	Outcomes
Continue to lobby for direct flights to the Pilbara (under a model that is commercially viable to operators)	The Pilbara in the state's north represents significant market opportunities for businesses in the Mid West. The Pilbara is rapidly growing, but does not have the same level of development as the Mid West. To be able to access the market and deliver goods and services to the region, direct flights from Geraldton are needed.	MWDC RDA CGG	Low	Ongoing	Market access Increased connectivity Increased competitiveness
Explore ways to increase markets in the state's north	To explore and develop the growing markets in the state's north, linkages between the Mid West and the north need to be created through a range of avenues, including government and industry. Actively identifying and developing relationships and linkages, as well as supporting businesses currently building markets in the north, will be important in establishing new opportunities for Mid West businesses.	MWDC MWCCI Businesses	Low	Priority	Market access Increased connectivity Increased competitiveness
Support / leverage existing international sister city relationships throughout the region	Increasingly sister city relationships are being seen as economic development and marketing relationships in addition to their more traditional cultural roles. Leveraging the relationships Mid West local governments have with other cities and regions should occur to open markets and link Mid West businesses to potential business partners.	CGG Local councils MWDC Austrade	Low	Medium	Market access Increased connectivity Increased competitiveness
Undertake an investigation into innovative ways to engage new market connections with Asia / China	The growing Asian market presents significant opportunities for many businesses in the Mid West, whether directly or through larger businesses establishing new markets and using smaller businesses in their supply chains to support growth. Investigation of new and innovative programs and models to engage and support the development of linkages and connections to Asian markets by local businesses should be explored.	MWDC Austrade MWCCI CGG	Low	Medium	Market access Increased connectivity Increased competitiveness Innovation
Undertake a region-wide brand audit and assess willingness amongst stakeholders to develop a Mid West brand and events strategy	The Mid West region has a large number of active 'brands' spanning tourism, city/town, local, regional areas. This number of brands is confusing to the market and makes it difficult to identify what the Mid West's competitive identity stands for, as well as for businesses seeking to leverage these brands as part of their own development strategies. As a first step to developing a true 'Mid West' competitive identity, a brand audit should be undertaken and map the brands, markets and values that currently exist across the region.	MWDC Tourism agencies Local councils RDA	Low	Medium	Improved promotion of the region (via businesses and agencies) Increased tourism
Work with other regions that carry high level knowledge assets (such as the Mid West's SKA array and high speed / data cable) to develop economic opportunities from the presence of these assets in the region	The SKA facility located in the Mid West is a unique high technology asset. There is considerable scope to develop business activities from its presence. Working with other regions in a collaborative manner, both nationally and internationally, to identify what opportunities exist for local businesses to leverage these opportunities presents as an unique economic development opportunity for SMEs in the region	MWDC Local councils CGG	Low	Medium	Business growth New markets Improved infrastructure

Action	Description	Stakeholders	Funding Resources	Timing	Outcomes
Support existing economic development activities associated with SKA, including enhanced learning, tourism, Aboriginal enterprise, infrastructure development and the establishment of Geraldton as a SMART hub	The presence of the SKA presents a range of economic and business development opportunities in near, medium and longer terms. A preliminary developments study has been prepared which identifies potential opportunities. These activities should be supported so that the SKA's presence the region can be leveraged to create employment and business opportunities.	CSIRO MWDC ASKAIC GUC Durack MWCCI Pollinators	Low	Medium	Business growth New markets Improved infrastructure

9. Priority projects

9.1. Identifying priority projects

Identifying recommendations that represent the most effective use of resources to deliver the desired small business development outcomes for the Mid West region involves considering the traits of each recommendation against a number of key points. Key traits of priority projects are outlined in the table below.

Table 22 - Identifying priority projects

Project trait	Outcome
Regional benefits	Each priority project must deliver distinct and lasting <i>regional benefits</i>
Collaborative	Priority projects must be initiatives that require <i>regional collaboration</i> and intervention.
Propulsive	Priority actions are likely to lead to further direct investments; they are propulsive in nature in their ability to deliver growth and activity for SME's.
Promote awareness	Have the potential to articulate a positive message regarding the development and growth potential in the Mid West
Public returns	Provides returns to the public over the longer term
SME returns / benefits	Local SMEs / businesses likely to receive direct benefits
Need for public investment	Without the public sector investment, the private sector will not invest, so the potential benefits of the investment will not accrue to the region

9.2. Priority project analysis

The Recommended action and investments in section 8 above were analysed against the attributes to be a priority project. The system used to determine whether a project should be a priority project is as follows:

- ▶ 0 = No score trait not, or unlikely to be fulfilled;
- ▶ 1 = somewhat fulfilled; and
- ▶ 2 = trait likely to be fulfilled

Using this model, the highest possible score is 14. The detailed analysis of the results is shown in the following table.

Table 24 – Priority project benefits

Priority project	Benefit
Create a specific function to facilitate and attract investment and undertake regional marketing across the Mid West	<ul style="list-style-type: none"> ▶ Stimulate regional investment ▶ Long-term business and trade partnerships ▶ Promotion of Mid West region ▶ One point of entry for investors ▶ Job and employment creation ▶ Coordination of regional development
Develop skills development programs that support critical business issues	<ul style="list-style-type: none"> ▶ Skills and capability development ▶ Improved innovation ▶ Job and employment creation
Form a maritime cluster and develop strategies and business plans to implement and guide initial development and programs	<ul style="list-style-type: none"> ▶ Growth of many SME's and improved regional output and GRP ▶ Job creation, and employments ▶ Provides backbone for development of businesses and skills that are unique to Geraldton and the Mid West ▶ Retain larger (and growing) businesses in the region - through skills development, enhancement of specialisation amongst suppliers ▶ Creating mechanisms for idea sharing, knowledge and technology transfer
Develop and introduce a program to support high growth potential businesses (skills and capital)	<ul style="list-style-type: none"> ▶ Business growth, job and employment creation ▶ Increased capabilities and skills development ▶ Increased investment / capital ▶ Increased awareness of Mid West
Support rural and remote enterprises to increase their competitiveness and profitability	<ul style="list-style-type: none"> ▶ A project branded for Mid West with a clear objective to support small business sustainability and their regional and remote communities ▶ Improved profitability for businesses encourages investment and enhances business succession prospects ▶ Retention of businesses and employment opportunities within small communities ▶ Retention of critical business and services supports population retention in small communities ▶ Access to professional advisory services and skills development builds skills and knowledge base of the region, aiding economic development activity
Develop a project to support headworks and support private sector investment	<ul style="list-style-type: none"> ▶ Increased infrastructure development ▶ Improved productivity for businesses ▶ Improves investment attraction offering in the market ▶ Reduces costs of headworks to both public and private investors
Develop connection and market access to the state's north	<ul style="list-style-type: none"> ▶ Market access to Pilbara and new markets opening in the north ▶ Establish presence in and around Ord Dam and regional agricultural development ▶ Reduced costs of business (time and \$ cost) of goods and people ▶ Improved competitiveness ▶ Increased 'export' earnings

Appendix A – Summary of semi-structured consultation questions

Environment for business

- ▶ What do you believe can be done to enhance the business environment in the Mid West?
- ▶ What have been the constraints (if any) to local businesses securing local (state and federal) infrastructure contracts?
- ▶ What aspects of the local business environment are working well and supporting local business?

Increase business growth and diversity and provide the basis for improved business competitiveness and profitability

- ▶ Are there any business programs that have been particularly effectual (or ineffectual)?
- ▶ What are the issues preventing local businesses from taking up business development programs?
- ▶ What are the key areas where business development programs can assist local business development?
- ▶ Why don't more businesses take up business development program opportunities?
- ▶ What are the challenges faced by businesses attempting to secure work from larger businesses and multinationals?
- ▶ Do businesses genuinely want to expand markets? If so, to where?
- ▶ Do you engage in 'collaborative' behaviour with other businesses, and / or attend network type events?

Create an innovative business environment

- ▶ What are the barriers to businesses undertaking innovative type activities in the region?
- ▶ What could be done to aid in assisting businesses to increase the amount innovation undertaken in the region?
- ▶ Are businesses actively engaging in innovative behaviour, and if so what sort?
- ▶ Do you think the Mid West has a culture that supports innovation and entrepreneurship?
- ▶ Where would you go to seek advice in relation to innovation in the region?
- ▶ Are banks and other financial institutions supportive of innovation type activities?

Increase business investment in the region

- ▶ Do you think the Mid West region has a strong brand?
- ▶ Do you think there is some confusion about the Mid West's brand?
- ▶ What could be done to further increase the attractiveness of the Mid West as a location for business investment?
- ▶ What are the most attractive investment attributes of the Mid West?
- ▶ Whom would you go to if you wanted to discuss investment and investment attraction / support in the Mid West?

Appendix B

Recommendations	Regional benefits	Collaborative	Propulsive	Promote awareness	Public returns	SME returns	Need for public investment	Total	Timing
Leadership									
Create a specific function to facilitate and attract investment and undertake regional marketing across the Mid West	2	2	2	2	2	2	2	14	Priority
Lobby federal and state governments to increase their presence in the region	1	1	0	2	1	0	2	7	Ongoing
Actively build partnerships with LandCorp and explore land related economic development opportunities across the Mid West	1	1	0	1	2	1	2	8	Ongoing
Actively encourage the development of local business and community leadership through the establishment of dedicated and regional level leadership programs	2	2	1	0	1	2	1	9	Medium
Support existing strategies	2	1	1	1	1	2	1	9	Ongoing
Digital strategy									
IBM Smart Cities									
Tourism strategy									
Mid West Workforce Development Strategy									
Skills and knowledge									
Develop skills development programs that support critical business issues	2	2	2	0	2	2	2	12	Priority
Actively support migration to the region under the subclass 188 visa program	1	0	1	2	1	1	2	8	Medium
In conjunction with GUC, develop linkages with research institutions and businesses through the establishment of a research exchange and voucher program	2	2	2	1	1	1	2	11	Short
Support the continued growth of the region's digital / ICT industry by:	2	2	2	0	1	2	1	10	Short
Encouraging the development / relocation of ICT maintenance and support businesses across the region;									
Continued focus on the development of ICT related skills / training throughout the region; and									
Seeking opportunities to exploit the region's ICT infrastructure and connectedness									
Business, innovation and entrepreneurial networks									
Form a maritime cluster and develop strategic and business plans to implement and guide initial development and program	2	2	2	2	1	1	2	12	Priority
Investigate the establishment of an engineering & mining services cluster	2	2	2	2	1	0	1	10	Short
Develop a project selection metric to aid in business case development & support	0	0	1	0	1	0	1	3	Medium
Support rural and remote enterprises to increase their competitiveness and profitability	2	2	2	1	1	2	2	12	Priority

Recommendations	Regional benefits	Collaborative	Propulsive	Promote awareness	Public returns	SME returns	Need for public investment	Total	Timing
Investigate the use of community business models to increase sustainability of businesses in the region through aggregated buying alternatives	2	2	2	1	1	2	2	12	Priority
Support NFP businesses as they undergo change driven from changes in government policy	2	1	2	0	2	2	1	10	Short
Develop and introduce a program to support high growth potential businesses (skills and capital)	2	2	2	0	1	2	1	10	Short
Investigate the use of an innovation voucher program to support the development of critical clusters (marine, engineering / mining services, tourism)	2	2	2	1	1	1	1	10	Short
Develop innovation measurement metrics for the region	1	2	0	0	1	1	1	6	Medium
Develop partnership models for co-investment with the private sector	1	2	1	0	2	1	2	9	Medium
Undertake a regulatory review of statutory and land use regulations and guidelines that aims to identify improvements that will reduce the cost of development and engage private sector investors	2	2	1	0	1	2	2	10	Short
Develop investment attraction program and roadshow, including supporting the introduction of an investment concierge	2	1	1	2	1	1	1	9	Medium
Investigate the establishment of sub-tropical aquaculture centre in the Mid West	2	2	1	1	1	0	2	9	Short
Quality & connected spaces									
Encourage inner city development including residential attraction (planning and regulation)	2	1	2	1	1	1	2	10	Medium
Advocate for the installation and development of critical infrastructure (power, water, telecommunications) in the Chapman Valley sub-region	1	2	2	0	1	2	2	10	Medium
Identify and measure the extent of the region's infrastructure renewal gap and develop a strategy to manage this, including using local content provisions	2	2	2	0	2	1	2	11	Short
Seek models to lower the cost of infrastructure development	2	1	1	0	2	2	2	10	Medium
Support the growth and development of Geraldton as a key regional city and service centre, adopting the urban design principle 'urbanism as innovation'	1	1	2	2	2	1	2	11	Medium
Marketing and branding									
Explore ways to increase markets in the state's north	2	2	2	2	0	1	1	9	Priority
Support / leverage existing international sister city relationships throughout the region	1	2	0	2	1	0	1	7	Medium
Undertake an investigation into innovative ways to engage new market connections with Asia / China	1	2	1	2	1	1	1	9	Medium
Undertake a region-wide brand audit and assess willingness amongst stakeholders to develop a Mid West brand	2	2	0	2	1	1	1	9	Medium

Recommendations	Regional benefits	Collaborative	Propulsive	Promote awareness	Public returns	SME returns	Need for public investment	Total	Timing
Work with other regions that carry high level knowledge assets (such as the Mid West's SKA array and high speed / data cable) to develop economic opportunities from the presence of these assets in the region	2	2	1	1	2	0	1	9	Medium
Support existing economic development activities associated with SKA, including enhanced learning, tourism, Aboriginal enterprise, infrastructure development and the establishment of Geraldton as a SMART hub	2	2	1	0	1	1	1	8	Medium

Appendix C

BRIEFING NOTE MID WEST BUSINESS DEVELOPMENT STRATEGY ECONOMIC STIMULUS POTENTIAL

The Concept brief of the Mid West Business Development Strategy Initiatives Implementation (the Project) was provided to ACIL Allen on 7 December 2015. Based on guidance from the Mid West Development Commission, we focussed our efforts on quantifying the Project's economic stimulus potential by linking the specified initiatives to the growth aspirations stated in the Mid West Regional Blueprint (the Blueprint).

The Project consists of seven priority initiatives identified through the Mid West Business Development Strategy process which was developed to support small and medium businesses. They are

- 1. INVEST Mid West** is designed to establish dedicated resources for providing a first entry point for businesses and investors to make informed location decisions within the Mid West.
- 2. Groundswell** is intended to assist small start-up businesses in overcoming market entry barriers such as equity constraints.
- 3. MW Business Excellence Program** will provide business training and development courses targeted at retail, hospitality and tourism enterprises.
- 4. Bush Business Builder Program** will help to build resilient rural enterprises by increasing competitiveness and profitability by helping businesses to overcome locational barriers
- 5. Clustering for Growth** focusses on the further development of the maritime industry in and around the Port of Geraldton.
- 6. Infrastructure Investment Program** was developed to provide strategic infrastructure that supports the growth of regional industries.
- 7. North by Mid West** seeks to explore options for businesses in the Mid West to benefit from the growth in Northern Australia by improving the links to this region.

All seven initiatives require initial spending over four years to establish the required infrastructure and administrative framework. The required funding schedules (in nominal Dollars) are presented in Table 1.

TABLE 1 NOMINAL FUNDING REQUIREMENTS BY INITIATIVE

Project	Year 1	Year2	Year 3	Year 4	Total	Share
INVEST Mid West	447,000	437,863	449,184	460,976	1,795,023	16%
Groundswell	186,487	156,456	156,456	156,456	655,855	6%
MW Business Excellence Program	175,625	150,125	150,125	150,125	626,000	6%
Bush Business Builder Program	163,020	56,168	57,522	58,910	335,620	3%
Clustering for Growth	179,350	180,000	180,000	180,000	719,350	6%
Infrastructure Investment Program	1,000,000	1,000,000	2,000,000	2,000,000	6,000,000	54%
North by Mid West	250,000	250,000	250,000	250,000	1,000,000	9%
Total	2,401,482	2,230,612	3,243,287	3,256,467	11,131,848	100%

SOURCE: MID WEST DEVELOPMENT COMMISSION

Approach

The Project is intended to accelerate economic growth and create new jobs by enabling small and medium businesses in the Mid West to meet challenges and seize opportunities. In doing so it would contribute to the (aspirational) growth objectives specified in the Blueprint. Consequently its economic stimulus potential can be estimated by allocating a share of the Blueprint growth to the Project. Since the seven initiatives pursue relatively

short term goals, the analysis will focus on the 2025 growth goals. This is not intended to suggest that the initiatives would end in 2025.

As the Project consists of seven independent initiatives whose individual success is uncertain, ACIL Allen deployed a stochastic portfolio analysis framework for estimating the Project's total expected economic stimulus. This type of approach is commonly used to analyse the behaviour of a group of unrelated assets. It follows these steps:

1. Allocate a share of the Gross Regional Project (GRP) specified in the Blueprint to the Project
2. Allocate a percentage of the share derived in 1. to each initiative
3. Develop an economic stimulus series for each initiative
4. Draw a success probability for each initiative and apply it to the associated economic stimulus potential
5. Calculate and record the net present value of each initiative under the drawn set of probabilities
6. Repeat steps 5 and 6
7. Assess to what degree and how many individual initiatives need to be successful in order to ensure that the Project can be expected to have a positive net benefit, i.e. that the present value of the economic stimulus exceeds the required funding.

Economic stimulus series

The Project is designed to support regional small and medium private businesses with an emphasis on (but not limited to) tourism, innovative service providers and rural and maritime enterprises. Consequently, it is unlikely to have an effect on industries dominated by large corporations and those primarily operated by government. Table 2 presents the makeup of the Mid West's GRP and indicates which industries are assumed to be potentially affected by the Project.

TABLE 2 MID WEST GRP BY INDUSTRY 2012-13

Industry	GRP share	GRP contribution (\$)	Affected industry
Agriculture, Forestry and Fishing	4.6%	276	Yes
Mining	38.0%	2,280	No
Manufacturing	3.2%	192	No
Electricity, Gas, Water and Waste Services	1.6%	96	No
Construction	13.4%	804	Yes
Wholesale Trade	1.8%	108	No
Retail Trade	3.4%	204	Yes
Accommodation and Food Services	1.4%	84	Yes
Transport, Postal and Warehousing	6.5%	390	No
Information Media and	0.6%	36	Yes
Financial and Insurance Services	1.6%	96	Yes
Rental, Hiring and Real Estate Services	1.5%	90	Yes
Professional, Scientific and Technical	2.3%	138	Yes
Administrative and Support Services	2.4%	144	Yes
Public Administration and Safety	2.9%	174	No
Education and Training	3.0%	180	No
Health Care and Social Assistance	3.9%	234	No
Arts and Recreation Services	0.2%	12	Yes
Other Services	7.6%	456	Yes
Total	100%	6,000	

SOURCE: ACIL ALLEN CALCULATION BASED ON MID WEST DEVELOPMENT COMMISSION DATA

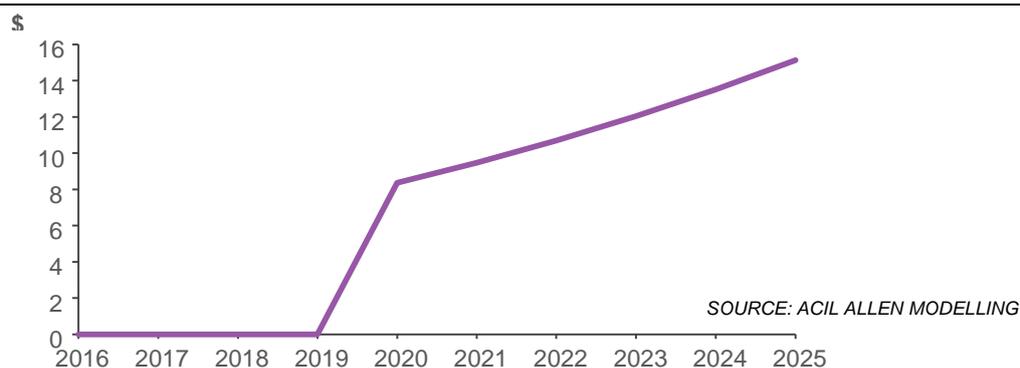
The table shows that, based on the assumptions discussed above, 11 of the 19 industries accounting for 39 per cent (\$2.3 billion) of the GRP in the base year of the Blueprint could potentially be affected by the Project. Since this figure comprises all business sizes, it must be further discounted in order to isolate the contribution of small and medium businesses.

ACIL Allen is not aware of any publications that explicitly quantify the economic contribution of small and medium businesses. However, the ABS' series on Employee Earnings and Hours (catalogue 6306.0) contains data on earnings by employer size which can be used to calculate the share of wages paid by employers with less than 20 employees. Using this share of 17.3 per cent as a proxy for the GRP contribution of small and medium business and applying it to the 2012-13 GRP estimate suggests that small and medium businesses contributed approximately \$400 million to the Mid West economy in that year.

The Blueprint economic growth aspirations were formulated based on the GRP growth observed between 2002 and 2012. Over this period the compound annual inflation rate was 3 per cent and the real compound economic growth rate was 2.8 per cent. In order to be consistent with the Blueprint, this analysis applies both rates as baseline growth that occurs with or without the Project.

After the four year establishment phase, the Project is assumed accelerate the real growth of the potentially affected businesses by a factor of up to 1.5 from 2.8 per cent to 4.3 per cent. The differences between the accelerated and base series is interpreted as the Project's (nominal) economic stimulus potential. The annualised series is presented Figure 1.

FIGURE 1 ANNUALISED ECONOMIC STIMULUS POTENTIAL (NOMINAL)



This aggregate annualised economic stimulus potential is allocated to the individual initiatives by applying the funding shares presented in Table 1.

Simulation

The simulation repeatedly draws a success rate⁸ for each initiative and applies it to the allocated economic stimulus potential. It then calculates the net present value (NPV) of each initiative as the sum of the (discounted) realised annual economic stimuli less the (discounted) annualised costs of establishment. Table 3 presents one such simulation draw.

TABLE 3 SIMULATION DRAW

Initiative	NPV	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Success rate
INVEST Mid West	3.18	-0.45	-0.44	-0.45	-0.46	1.16	1.31	1.48	1.67	1.87	2.10	86%
Groundswell	-0.13	-0.19	-0.16	-0.16	-0.16	0.10	0.11	0.13	0.14	0.16	0.18	20%

⁸ The simulation assumes that success probabilities follow independent uniform distributions, i.e. individual success rates are not correlated and every success rate has the same probability of being realised.

MW GROW Tourism Program	0.42	-0.18	-0.15	-0.15	-0.15	0.23	0.26	0.29	0.33	0.37	0.42	49%
Regional Hubs Program	-0.09	-0.16	-0.06	-0.06	-0.06	0.05	0.05	0.06	0.07	0.08	0.09	19%

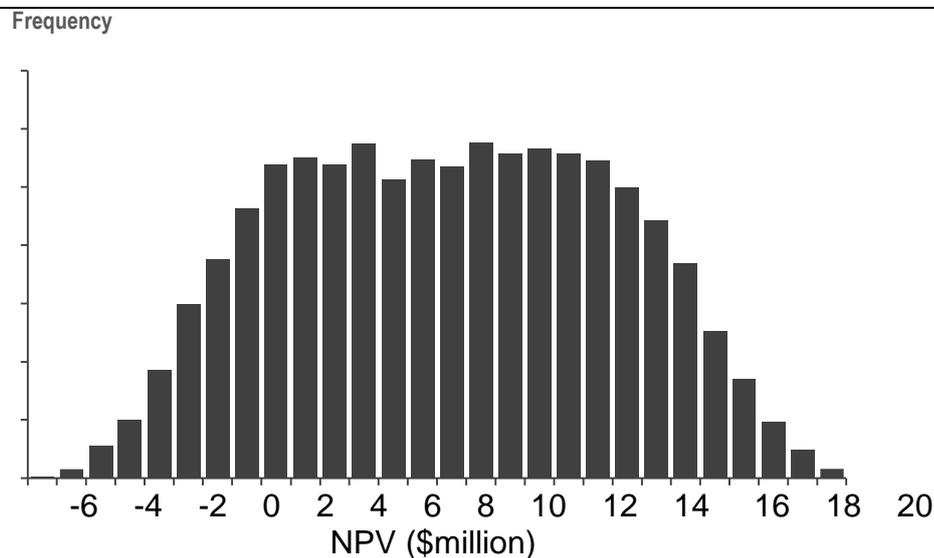
Initiative	NPV	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Success rate
Clustering for Growth	-0.46	-0.18	-0.18	-0.18	-0.18	0.03	0.03	0.03	0.04	0.04	0.05	5%
Infrastructure Investment Program	5.06	-1.00	-1.00	-2.00	-2.00	2.43	2.76	3.11	3.50	3.93	4.40	54%
North by Mid West	0.52	-0.25	-0.25	-0.25	-0.25	0.33	0.37	0.42	0.48	0.53	0.60	44%
Total	8.49	-2.40	-2.23	-3.24	-3.26	4.33	4.90	5.53	6.23	6.99	7.83	52%

The NPV is calculated using a nominal discount rate of 10 per cent
 SOURCE: ACIL ALLEN MODELLING

Results

Figure 2 shows the frequency distribution of the realised net present values for 10,000 draws. The simulated NPVs range from -\$6 million to \$21 million. 9,164 draws resulted in positive values indicating that under the assumptions described above, the Project generates a positive net stimulus in 92 per cent of cases. The expected (median) net stimulus from the Project is \$8 million. This figure consists of a total economic stimulus of \$19 million and establishment costs of \$11 million (both in 2016 Dollars).

Figure 2 NET PRESENT VALUE FREQUENCY DISTRIBUTION



N = 10,000

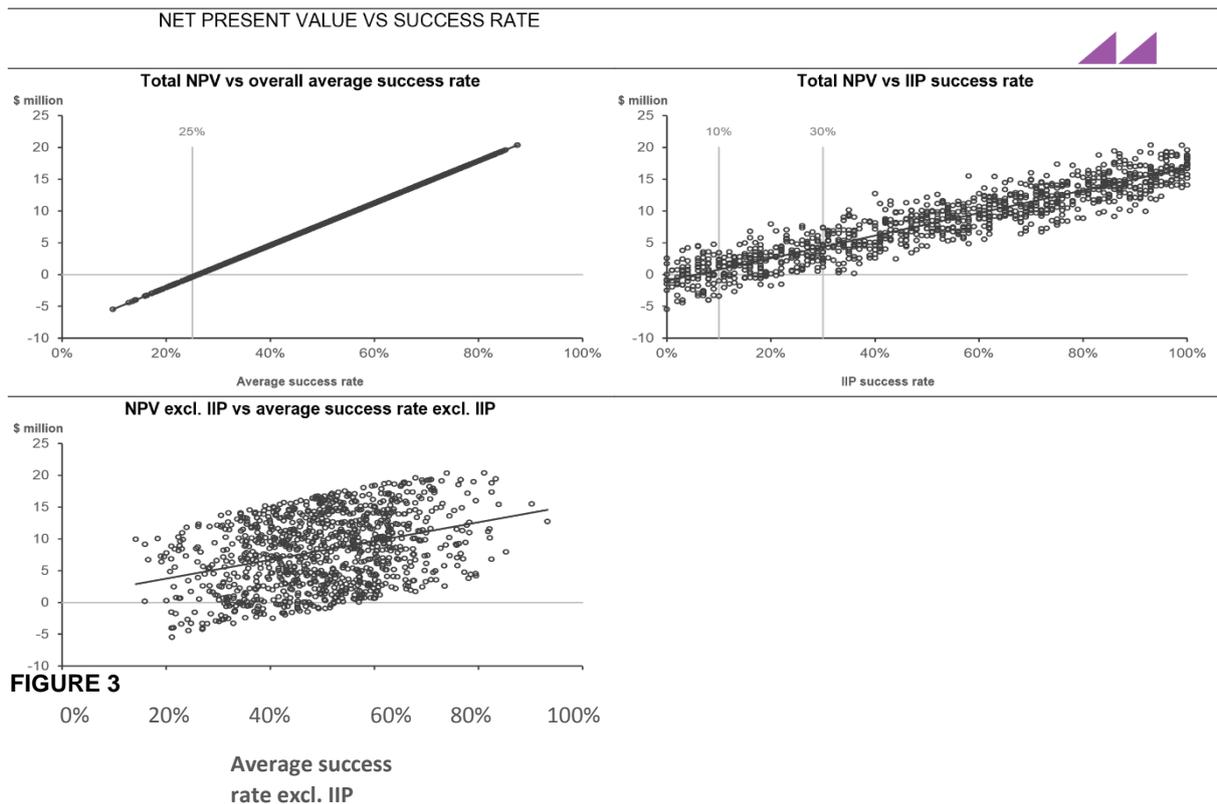
SOURCE: ACIL ALLEN MODELLING

Requiring more than half of the total funding, the Infrastructure Investment Program (IIP) dominates the Project. As the simulation assumes that the economic stimuli an initiative generates are proportional to the required funding, the success of the IIP is likely to be key to the overall success of the Project within the simulation framework. Figure 3 presents three charts that plot the simulated NPV realisations against average success rates for

- The Project (top left)

- The IIP (top right)
- The six remaining initiatives (bottom left).

In the charts, each point represents one draw consisting of the average of the respective realised success rates and the Project's resulting NPV. The charts show only 1,000 points to ensure that individual points are still discernible. The dark lines represent the linear trends through the point clouds. The proximity of the points to the trend line can be interpreted as an indicator for the strength of the link between the associated average success rate and the NPV: If the points closely follow a line, similar average success rate realisations generate similar NPV estimates which means that the NPV is closely correlated to the realised average success rates. If points deviate from the line, similar average success rate generate a wide range of NPV estimates implying that the realised **average** success has limited influence.⁹



N=1,000 Dark lines represent linear trend SOURCE: ACIL ALLEN MODELLING

The top left chart shows that the Project's NPV is a direct function of the average success rate of the all the seven initiatives. This was to be expected as the overall NPV is effectively calculated as an average of the initiatives' NPVs weighted by their success rates. The second chart shows that the Project's NPV is heavily influenced by the success of the IIP as indicated by the close clustering of points along the trend line. The charts shows that, if the IIP's success rate is above 30 per cent the Project is almost certain to have a positive net stimulus and that if the success rate is below 10 per cent the Project is very unlikely to generate a net stimulus. The bottom left chart shows that the other six initiatives influence the Project's NPV to a far lesser degree than the IIP. In fact the chart indicates that the Project can have positive net stimulus even if the average success rate of the six other initiatives is under 15 per cent and a negative one if it exceeds 50 per cent.

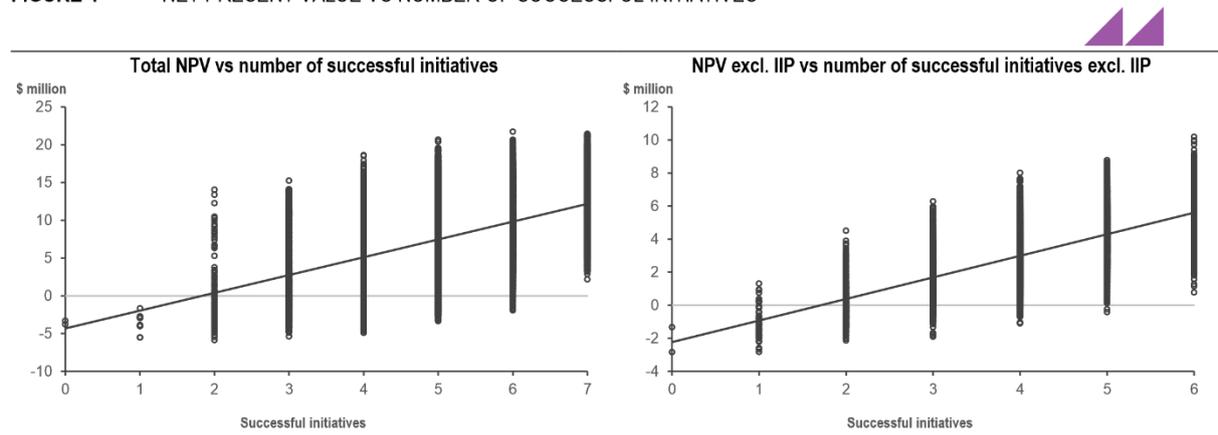
These observations are confirmed when juxtaposing the number of successful initiatives³ with the Project's NPV. While a negative NPV can be observed even if the six small initiatives are successful, the trend line intercepts the x-axis just before two, indicating that in order to ensure an expected positive net stimulus the Project only requires a minimum of two successful initiatives (compare left chart in Figure 4). One of these typically has to be

⁹ In this case the composition of the average is likely to be the driving factor. E.g. one high and six very low success rate result in a different NPV than seven average success rates. ³ In this context a successful initiative is defined as having a success rate of 25 per cent or more.

the IIP. The Project's overall expected (median) net stimulus is \$8 million which translates to a benefit cost ratio (BCR) of 1.72.

As the chart to the right in Figure 4 shows, excluding the IIP, it suffices if two of the six remaining initiatives have a success rate of 25 per cent or more to make a positive net stimulus highly likely. If four of the six remaining initiatives have a success rate of 25 per cent or more, a positive net stimulus is highly likely. The expected net stimulus exclusive of the IIP is \$3.6 million at a cost of \$5.2 million which translates to a BCR of just under 1.7.

FIGURE 4 NET PRESENT VALUE VS NUMBER OF SUCCESSFUL INITIATIVES



N=10,000

Lines represent linear trend

Initiative draws with a success rate of 25 per cent or more are defined as successful SOURCE: ACIL ALLEN MODELLING

Key findings

Based on the assumption that the Project can accelerate the real growth rate of affected businesses by a factor of up to 1.5, the simulation suggests the following key findings:

- The expected real net stimulus¹⁰ is \$8 million consisting of a total economic stimulus of \$19 million and establishment costs of \$11 million (all in 2016 Dollars) implying an expected BCR of 1.72.
- The best case scenario is a real net stimulus of \$21 million or a BCR of 2.90.
- 92 per cent of draws result in a positive net stimulus.
- Since the Infrastructure Investment Program (IIP) requires more than half of the Project's funding, this initiative is crucial for its overall success. More specifically, if the IIP's success rate is above 30 per cent the Project is almost certain to have a positive net stimulus. However, if the success rate is below 10 per cent, the Project is very unlikely to generate a net stimulus.
- Excluding the IIP, it suffices if four of the six remaining initiatives have a success rate of 25 per cent or more to make a positive net stimulus highly likely.

¹⁰ Calculated as a net present value at a nominal discount rate of 10 per cent

Business Building Blocks for Innovation & Transformation is the direct result of the Mid West Regional Blueprint process undertaken in 2013/14 and launched in 2015. The Mid West Regional Blueprint is this region's growth and development plan that proposes a number of high level goals and strategies. It identified five key pillars through which targeted development strategies and subsequent investments would be made to grow the region for a population scenario of 190,000 by 2050. A critical element identified in the Economic Development Pillar was "Business and Industry Development", as one of the key focus areas that would drive the region's long term economic growth.



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