



Background paper to the Sustainable Economy Strategy



Introduction

The Shire of Augusta Margaret River's Sustainable Economy Strategy serves as a guiding strategy and action plan to move towards a more sustainable economy. The vision of the strategy is:

The local community is supported by livelihoods and enterprises that are sustainable, climate-resilient, diverse, and locally-owned in a circular economy, a regenerative and improving environment, and a just community that upholds the rights of everyone.

Background research can be found in this document, whereas the strategy itself is a separate document titled *Sustainable Economy Strategy 2021-2025*.

The need for sustainability to be embedded as a core principle of the Shire's economic development strategy reflects the strong focus the community has consistently placed on environmental and social wellbeing. This is reflected in the Community Strategy Plan 2036, under:

- Key Result Area 1: Valuing, protecting and enhancing the natural environment
- Key Result Area 2: Welcoming, inclusive and healthy communities
- Key Result Area 4: Vibrant and diverse economy.

Author Paul Hawken, says that sustainability is about stabilising the “currently disruptive relationship between earth's two most complex systems – human culture and the living world” ⁽¹⁾. Nowhere is this more pronounced than in our economies.

The disruptive impact of the COVID-19 pandemic and ensuing lockdowns has prompted many people to consider other potential disruptions, such as climate change, and has served to strengthen a global resolve to “build back better”. This sentiment is reflected around the world, from the Mayors of the world's major cities signing the *C40 Mayor's Agenda for a Green and Just Recovery* ⁽²⁾, to “wellbeing economy” frameworks in New Zealand, Scotland, and Wales.

What's in this report?

- Section One: **Background** into the local community
- Section Two: **Focus** on the local economy – diversity, sustainability, leakage and an industry breakdown
- Section Three: **SWOT** analysis of the six key goal areas of the strategy and where our community and economy lie
- Section Four: Brief look at some **broader megatrends** that may affect our local economy over time
- Section Five: **Appendix** with the Shire's Business Survey 2019

How we got here...

A range of community consultation, expert advice, and research lies behind the Sustainable Economy Strategy. This is to ensure that the informing analysis and strategies presented are locally-relevant, and best-practice in the emerging understanding of an economics for sustainability.

Informing documents

The strategy has been informed by local consultation as well as desktop research. The full list of references to external documents can be found at the end of this background paper, and at the end of the Sustainable Economy Strategy itself.

The following Shire of Augusta Margaret River strategies and research documents have informed the development of this strategy:

- The Shire's previous draft Economic Development Strategy
- The "Tackling Disadvantage and Inequality through the Economic Development Strategy", commissioned by the Shire
- The Community Strategic Plan 2036, which is the guiding 20 year plan for the Shire undertaken in consultation with the community
- Shire plans such as the Access and Inclusion Plan (2018-22), Strengthening Youth Plan (2018-22), Creative Culture Plan (2020-25), and Draft Local Planning Strategy (2036)

Consultation and input

Input into the Sustainable Economy Strategy includes consultation undertaken previously in an early iteration of the Shire's "Economic Development Strategy". This included feedback from two Shire-run Food and Agricultural Summits, a workshop held at the Margaret River Education Centre in conjunction with Curtin University, industry focus groups, and public submissions on the draft strategy.

This early work has been complemented by:

- A local Business Survey in 2019 (report attached as an appendix) receiving responses from roughly 5% of businesses within the shire
- Input and feedback from the Sustainable Economy Reference Group
- Consultation with businesses and peak organisations, both as part of the Sustainable Economy business unit's ongoing engagement with businesses and as a targeted engagement to inform analysis of industry sectors
- Feedback from Community Health Network and the Shire's Sustainability Reference Group
- Ongoing guidance from economist and practitioner, Michael Shuman, with a focus on local economic development. This included a number of Skype meetings and detailed feedback on contents of the strategy.
- Input from Professor Robert Costanza, leading author on Ecological Economics; Dr. Stuart Whitten, Leading Economist for CSIRO; Mike Salvaris, Director of the Australian National Development Index

The Augusta Margaret River Community

Brief History

The Shire of Augusta Margaret River has had human occupation for at least 47,000 years, traditionally occupied by the Wadandi Pibulmun people. European settlers formed the township of Augusta in 1830, and it wasn't until 1910 that the Margaret River townsite was declared. In the late 1800s and early 1900s a good deal of the economy rested on the timber industry, cutting Jarrah and Karri logs for sale to England, South Africa, and South Australia. By 1913 three of the region's timber mills had closed for lack of viable saw logs due to overlogging. Development of a butter factory in the 1930s supported the emerging dairy industry, and the first plantation of pines allowed a transition to sustainable sources of timber. The 1950s saw increases in tourism, with the incorporation of the Augusta Margaret River tourist bureau, and the opening of Jewel Cave to the public. The late 1960s saw the first commercial grape vines planted, on the back of research by Dr John Gladstones who saw similarities with the Bordeaux region in France. Increasing recognition of the region's wine potential, world-class surf breaks, and natural beauty saw large increases in new residents and visitors from the 1970s through to today. The Shire population has grown from 3,054 people in 1976, to 16,172 in 2019. This population is spread across the following townsites:

Location	Settlement Type	2001	2006	2011	2016	2018
Margaret River	Sub-regional Centre	3,826	4,713	5,549	6,717	7,134
Augusta	Town	1,153	1,147	1,053	1,131	1,198
Cowaramup	Town	395	620	834	1,580	1,648
Witchcliffe	Village	47	48	54	93	153
Prevelly/Gnarabup	Village	604	525	550	690	728
Gracetown	Village	130	112	119	116	116
Karridale	Village	28	30	30	30	53
Molloy Island	-	103	128	125	113	113
Rural Residential	-	1,170	1,345	1,546	1,760	1,877
Rural	-	2,731	2,384	2,377	2,457	2,740
Total	-	10,187	11,052	12,228	14,687	15,700

Figure 1: Population of settlements within the Shire

Demographics

The shire is an attractive place to live due to its rural location, natural environment, high amenity and diverse economy. Population growth rates vary across townsites, with Cowaramup having more than quadrupled since 2001 while Augusta's population has remained fairly stable. Likewise, the demographics of each townsite vary somewhat, including age, family structure, and occupancy rates.

The age of the population is very disparate between Augusta, where the average age is 53 years, and Margaret River, where the average age is 36 years. The Shire as a whole has a much higher rate of volunteerism than the rest of Australia, but the age difference between Augusta and Margaret River might explain the local differences in the volunteerism rates, which are 38% and 30% respectively.

According to 2016 Census data, Cowaramup had the highest rate of households defined as "Couple families with children" at 35% of households, compared to 30% in Margaret River and 14% in Augusta. Lone person households were highest in Augusta, at 31%, dropping to 19% in Margaret River and 17% in Cowaramup.

Most people in the shire were born in Australia (71.7%) but a significant 17.8% reported during the 2016 Census that they were born overseas. The birthplace of these more than 3,000 residents is overwhelmingly the United Kingdom (1,249 people), followed by New Zealand, South Africa, Germany, and the Philippines.

Workforce participation

There is a high labour force participation rate, with only 3.2% unemployed compared to 6.2% for Western Australia. This reflects a high degree of part-time and casual employment, which in turn may reflect the higher proportion of families with young children compared with W.A.⁽³⁾ or may reflect underemployment – that is working fewer hours than desired or working in employment below qualifications. Unemployment and underemployment lead to a loss of economic potential.

Lack of affordable childcare has been raised as an obstacle for parents who would like greater participation in the workforce⁽⁴⁾, and opportunities to expand childcare options should be considered.

In 2016, 401 people (or 2.8% of the population) in the Shire of Augusta-Margaret River reported needing help in their day-to-day lives due to disability. Additionally, there are a large number of people in the community who have a disability but do not require assistance with their daily activities and are therefore not captured in the census data. It can be challenging for people with disability to gain employment, and the Shire can help raise awareness about the benefits of employing such people, including the Government subsidies available and support from local employment agency Forrest Personnel.

Education and youth

Throughout the whole Shire there is a significantly smaller number of residents between the age of 15 and 34 than in Perth – the population pyramid (Figure 2) shows an inverse relationship. While young people may leave regional areas for experiential reasons, it may also confirm perceptions of lacking educational and career opportunities⁽³⁾, and a need to consider initiatives to support capacity building for youth.

The South Regional TAFE currently runs a range of courses but diversity of offerings at the Margaret River campus is limited by the shire's population and therefore demand. A number of certificate and diploma level courses are currently (as of 2021) being offered in Margaret River at half-price as part of the *Lower fees, local skills* program. These include:

- Certificate III in Commercial Cookery
- Certificate III in Hospitality
- Certificate IV in Business
- Diploma in Early Childhood Education and Family Day Care
- Certificate IV in Digital Media Technology
- Certificate IV in Horticulture
- Certificate III in Education Support

In addition, short courses are run throughout the semester to provide qualifications and training for employment requirements, including forklift and chainsaw tickets, barista training, and responsible service of alcohol.

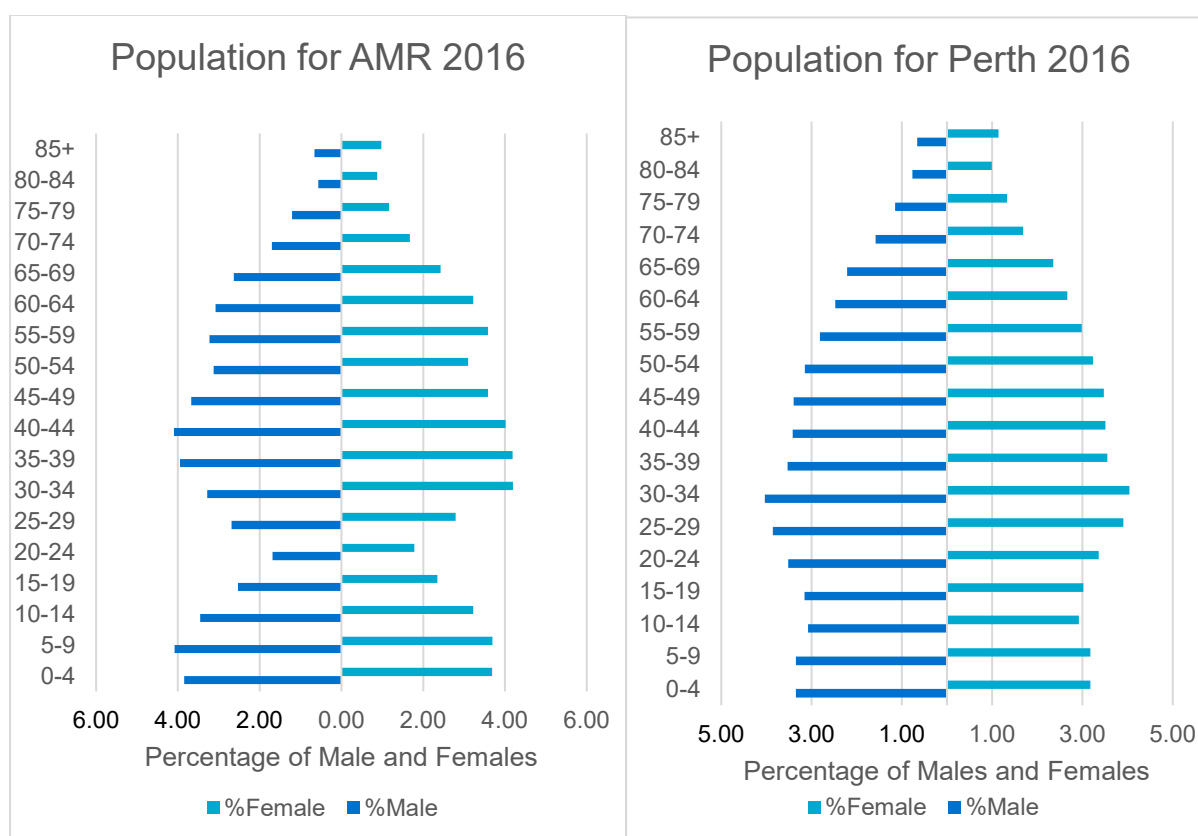


Figure 2: Age demographic comparison between AMR Shire and Perth

Income and housing affordability

Lower incomes than surrounding LGAs, coupled with high housing costs have resulted in the Shire suffering from severely unaffordable housing. → See the *Augusta Margaret River Shire's Affordable Housing Strategy* for more information.

The median income in the Shire is just under \$36,000, compared to \$38,000 for the Shire of Nannup, \$41,000 for the City of Busselton, \$47,000 for the City of Bunbury, and nearly \$54,000 for Perth. This raises concerns for housing affordability, which can be measured by comparing the median income of an area with the median house cost.

Using this price to income ratio, known as the “median multiple”, it has been demonstrated that the Shire suffers from severely unaffordable housing. The median multiple, as advocated by the World Bank and United Nations, states that a multiple of 5.1 or above is “Severely Unaffordable” – the Augusta Margaret River Shire’s median multiple is 8.4 ⁽⁵⁾.

Housing Affordability Ratings (median house price / median income)	
RATING	MEDIAN MULTIPLE
Affordable	<3.0
Moderately Unaffordable	3.1 to 4.0
Seriously Unaffordable	4.1 to 5.0
Severely Unaffordable	>5.1

Figure 3: Housing affordability ratings

Another way to assess affordability of housing is to look at mortgage stress, or rental stress – that is the percentage of lower income families (in the bottom 40%) who spend more than 30% of their income on mortgage or rent respectively. In the Shire of Augusta Margaret River 14.7% of low income families are under mortgage stress, and 30.5% of low income families who are renting are under rental stress ⁽⁶⁾.

There are a number of factors that contribute to housing affordability, as discussed in the Shire’s Affordable Housing Strategy, and while social housing is in the State Government’s remit, the Shire is exploring ways to support housing affordability. These include:

- A target for 40% of new homes to be within a 5-minute ride of the town/village and local centres, partly through infill, as opposed to rely solely on the continued outward expansion of the town;
- Development of specific provisions that encourage small housing within backyards of properties close to town. The approach varies the more rigid nature of the Residential Design Codes and will be more flexible for small house/lot development (see attached flyer);
- Legitimising Tiny Homes through the planning system and allowing for their use in the Shire;
- Removing servicing constraints which are currently an impediment to urban infill through alternative drainage approaches which place greater emphasis on reuse of stormwater and water sensitive urban design principles;
- Using the ‘sliding scale’ of sustainable building standards to incentive smaller builds.

Disparity of advantage across townsites

While the Shire as a whole has a relatively low level of disadvantage, there are pockets where disadvantage is greater than the national average. We can contrast areas within the Shire using the SEIFA index, a measure of disadvantage based on a number of Census factors such as unemployment, education levels, low income etc. Whereas the Margaret River townsites scores higher on the index than 63% of Australian suburbs and localities, Augusta only scores higher than 24%.

The Shire's recent shift towards a greater emphasis on townsites-specific engagement may assist in finding locally-appropriate solutions to this relative disadvantage.

Mobility

Being a regional area, transport for both people and goods tends to be spread over large distances and with very little public transport availability. Public transport both within and between the shire's towns is limited with the only public transport available provided by two bus services: TransWA Coaches and South West Coachlines. These service providers deliver limited long-distance coach services. A taxi service is available within Margaret River and Augusta, but at this stage does not offer wheelchair accessible taxis.

Lack of local public transport options is a consistent challenge identified in community consultation – particularly as it relates to disadvantaged groups such as youth and seniors. For example, public transport has been identified in the Shire's *Access and Inclusion Plan* to facilitate greater independence in accessing services, events and consultations. Likewise, the *Strengthening Youth Plan* highlights the need for public transport to allow youth in remoter areas of the shire to access the main town sites and youth related infrastructure. The *Tackling Disadvantage and Inequality through the Economic Development Strategy* report commissioned by the Shire, lists lack of public transport as a compounding factor in disadvantage, and highlights the challenges for youth in accessing places of employment.

As identified in the Shire's recent Local Planning Strategy Review, the lack of a critical mass of demand is an impediment to the market delivering a local public bus system. This is typical in regional areas that lack population densities to make public transport viable. The Shire's planning framework can encourage development compatible with public transport and non-motorised transport outcomes, allowing for urban infill to increase town centre densities, and working with new developments to ensure a strategic approach to new paths that connect with the existing path network. There may be a role for the Shire in advocating for State Government to fund increased public transport services, but with the population threshold required to justify a traditional public transport service unlikely to be reached, more cost-effective local alternatives should be investigated, such as demand response transport.

Another challenge common in rural areas is the having a lengthy road network to maintain, coupled with a small rates base to fund road maintenance. Responsibility for the road network is shared between Main Roads WA and the Shire of Augusta Margaret River, depending on the road. Gravel roads are cheaper to build and maintain than sealed roads but require regular grading and maintenance to achieve an acceptable standard. The Shire has three graders in constant rotation but still there are sections of road, particularly in farming areas, that receive regular complaints. The Shire receives funding from the state and federal governments to maintain and improve road condition.

Augusta Margaret River's Economy

Industry concentration and diversity

Location Quotient is a tool to measure the comparative concentration of certain industries in an area against the national average. The Australian industry concentration is given a value of 1, and anything below 1 signifies a lower concentration, while anything above 1 signifies a greater concentration. This can indicate certain natural strengths or competitive advantages. A lower concentration can suggest an opportunity to develop new industries, developing greater self-reliance instead of reliance on imports or outside services.

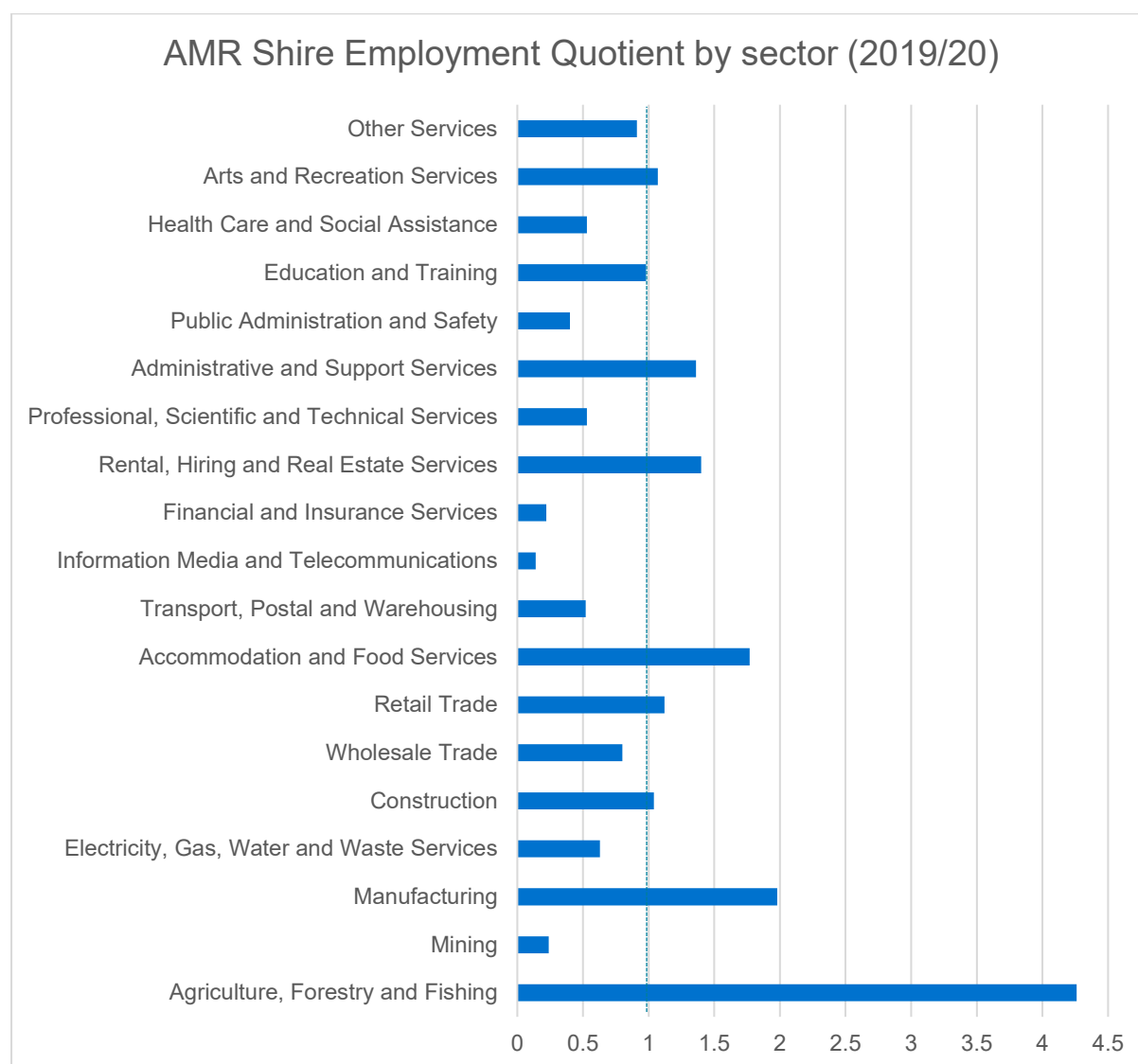


Figure 4: Concentration of industry sectors within the Shire

REMPPLAN offers a metric to determine the relative diversity of the local economy, and their data places the Shire of Augusta Margaret River as the 117th most diverse LGA economy (of 543 measured in Australia)⁽⁷⁾.

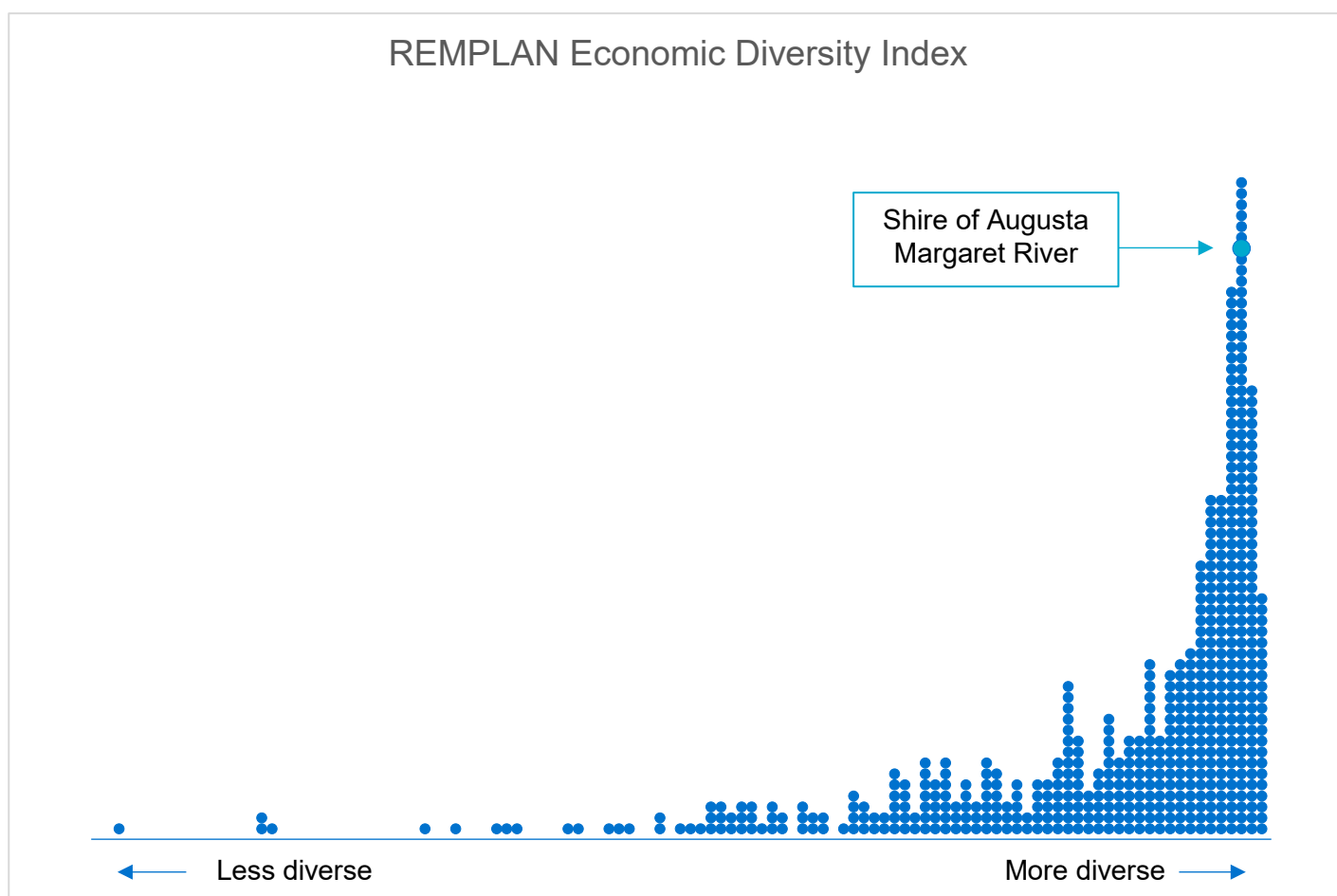


Figure 5: Diversity of Augusta Margaret River's economy

Innovation and collaboration

Innovation is a challenging thing to measure. It is problematic to measure just the number of start-ups, as whether or not they succeed is critical. Likewise, looking at business success – for example, the number of businesses who have remained solvent for more than five years – does not tell a story of how innovative they are. And looking at whether diversity of industry is growing or shrinking might tell a story about increased innovation for the region, but not necessarily within the businesses themselves.

An observational approach would suggest that the Shire of Augusta Margaret River has a culture and infrastructure supportive of innovation. Some examples:

1. The Margaret River Farmers' Market regularly sees new value-add businesses join, and some of these are extremely unique, such as vegan cashew cheese, hemp milk, and sparkling, hopped cold-brewed coffee. The markets themselves embraced a new direction during the COVID-19 pandemic to temporarily shift their sales online.
2. Augusta's seafood offering, enhanced by the development of the Augusta Boat Harbour, has matured in recent years. Ocean Grown Abalone has been successful

in developing artificial reefs (known as “abitats”) for growing commercial quantities of abalone. Another company, Magic Abalone, has undertaken significant value-adding processes to their wild-caught abalone, and has partnered with local commercial fishers to bring fresh-caught seafood into a single retail space.

3. Collaboration between local non-profit Augusta Margaret River Clean Community Energy and farmers in the Scott River Region led to trials of the “Z-filter”, developed in WA, to improve management of dairy effluent. Shire funding supported the project, which led to a local farmer purchasing the Z-filter after it was shown to remove phosphorous and nitrogen from dairy effluent and create a solid fertiliser cake for paddocks.
4. During the height of COVID-19 challenges in the shire, Margaret River Distillery used their distilling skills to begin producing hand sanitiser.

Innovation is supported by the sharing of knowledge and ideas, fostered through networking, conversations, and collaboration. The Shire can play a role by facilitating networking events and providing venues for informal and formal exchanges to take place. The proliferation of co-working spaces, shared making spaces, and opportunities for “hot desking” where a desk can be rented for short periods of time in a larger office complex can help further collaboration.

In 2019 the Shire surveyed local businesses and asked, among other questions, “How well do you feel you collaborate with other local businesses?”. Results were spread on a scale of 1 to 5, ranging from the lowest level of subjective collaboration (What on earth could they have to offer me?!) to the highest level of collaboration (We work together all the time). Results indicate there is room for improvement in local collaboration, though one obstacle is the reported sense of being cautious of fraternising with the competition. Those businesses who collaborate well report that the benefits of sharing information and resources outweigh any disadvantages.

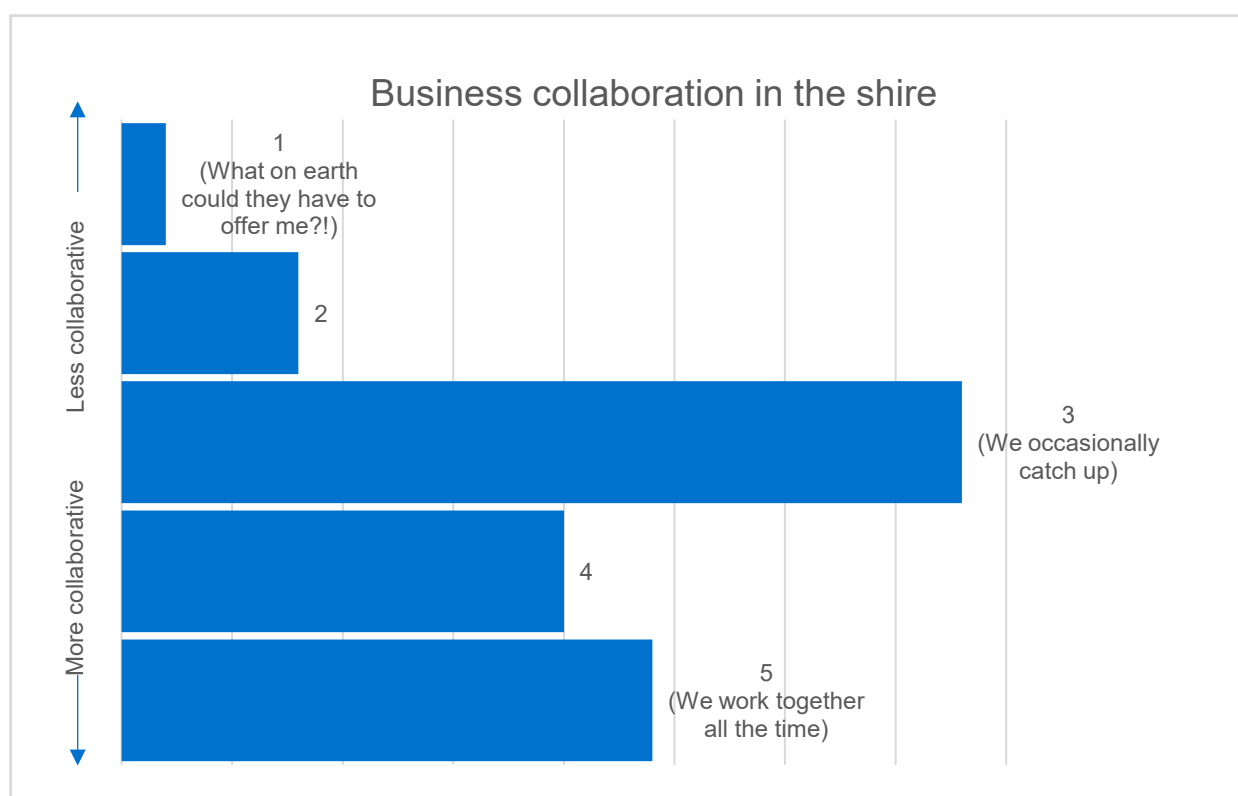


Figure 6: Survey results for the question "How well do you feel you collaborate with other local businesses?"

Impacts of COVID-19

The impacts of the COVID-19 pandemic are still being felt in the local economy, despite the easing of border closures and household lockdowns since their height in early-mid 2020.

For example:

- COVID-19 closed off markets for the wine industry, the bulk of whose produce goes to other States in Australia. With lockdowns in place across the country, sales to premises such as restaurants and hotels ceased.
- Tourism visitation has still not recovered from interstate and international sources, and while strong intra-state travel has resulted in some local businesses bouncing back well, almost 40% of tour operators in Western Australia are at risk of bankruptcy due to strong market positioning on non-local markets.
- Construction has seen a boom due to the combined effects of government subsidies for new builds and the “VESPA” phenomenon (Virus Escapees Seeking Provincial Australia) that has seen an influx of new residents to the shire. The increasing demand for construction is pitted against longer delays in supply chains.

Deputy CEO of Austrade, Tim Beresford, has said of COVID-19 that the disruption it has caused to supply chains is of a magnitude not seen since World War 2⁽⁸⁾. He stated:

“Overnight our air freight literally stopped, those perishable goods, goods which have a need for fast movement, literally came to a grinding halt – crayfish, lobster, beef, dairy products that are high in value all came to a crashing halt. Freight rates are up, if x was the pre COVID price, the post-COVID price was 13x.”

The pandemic has affected not only the availability of supplies, but also the availability of labour. Agriculture and tourism, both important industries in the shire, rely upon the seasonal workforce of backpackers and itinerant workers who mainly come from overseas. The combination of closed borders and housing shortages has led to ongoing shortages of workers, forcing existing employees and business owners to work unreasonably long hours and reduce their services.

The Shire has partnered with ten other local governments in the south-west to explore a Designated Area Migration Agreement to help bring in overseas workers for positions where it is demonstrated that the local workforce is insufficient. The Shire has also worked with existing campgrounds and accommodation providers to allow expanded accommodation capacity, so long as it is for workers rather than tourists. It is hoped that the combination of gradually eased border restrictions to the eastern states, increased local campground capacity, continued promotion to residents of renting out rooms, significant increases in the local housing stock soon to enter the market, some industry-specific initiatives to build their own worker's accommodation (currently being explored), and potential migration agreements can help solve the worker shortages.

COVID-19 has highlighted the importance of resilience – the ability to withstand and bounce back from adverse situations. Such adversity may be in the form of mild shocks, enduring crises such as pandemics or climate change, and major disruptions such as natural disasters. It is important that any efforts to rebuild the economy from COVID-19 do not exacerbate other problems, such as environmental damage or inequality.

Business sustainability

The Shire's 2019 Business Survey (see appendix) gave some preliminary insights into uptake by local businesses of various environmentally-friendly behaviours, but insights were broad and behaviour varied across industries. It is clear that sustainability challenges and opportunities need to be explored in a sector-specific way. The work that the Margaret River Wine Association has recently begun undertaking, with financial support from the Shire of Augusta Margaret River, in looking at the sustainability opportunities for the wine industry is a prime example of an industry sector undertaking this well.

The Shire can support business awareness and uptake of more environmentally practices in a number of ways. In particular by:

- providing capacity-building for businesses through networking and expertise – for example, through a regular “sustainable business” forum to increase awareness of sustainability and climate change issues and showcase local solutions and ideas;
- facilitating recognition of businesses leaders through an audit and award process, similar to the “We are greening our business” initiative in the City of Darebin, Victoria. This is discussed further in the appendix.

The importance of sustainability for the region's reputation and for protection of the fragile environment is a key concern for the Sustainable Economy Strategy, which looks for opportunity for the shire to be a leader and hub of excellence in sustainability. The Sustainable Economy Strategy is consistent with calls from around the world in response to COVID-19 to “Build back better”.

Sustainability in business also means running a viable operation – one that is profitable and ensures business owners have a reasonable quality of life. Consultation with trainers and experts in the region suggests that small business owners would benefit from training in key business management skills including basic financial record keeping. This is consistent with the Reserve Bank of Australia's research that shows a low level of financial capability small businesses in Australia. Their research shows that up to 45% do not use accountancy software to keep up-to-date and accurate financial records. This is the sort of evidence businesses are required to produce when applying for finance⁽⁹⁾.

Many small businesses find it difficult to access finance to take the next step in their business development. According to the RBA, one in five small businesses finds it challenging to access finance, and where they can access finance interest rates on small business loans are relatively high, and small businesses often need to use personal collateral as security against a loan. The result is that entrepreneurs often delay expansion until it can be funded from retained profits, or resort to using personal credit cards and other products to fund their start-ups.



Manufacturing

Snapshot

Within the manufacturing category, the vast majority of employment is in food and beverage manufacture, inclusive of wine production and cottage industries. The 150 wine producers in the Margaret River Wine Region are spread across the Shire of Augusta Margaret River and the City of Busselton. The value of wine exports from the Margaret River Wine Region has remained relatively steady over recent years, growing from \$23.8 million (in 2012) to \$31.7 million in 2020. The exact proportion of this that is attributable to Margaret River businesses is unable to be determined due to the spread of wine producers of the two LGAs. These figures relate to international sales, which only account for 10% of the wine produced locally, with the majority sold domestically.

Local manufacturing also includes spirits, non-alcoholic beverages, dips and condiments, food products, furniture and other woodworks, and primary metal and metal products.

Challenges

Many of these food and beverage manufacturers are small producers who sell primarily to local markets. Some of these small producers could be considered “hobby” businesses, whose transition into commercial viability for a fulltime livelihood requires increasing scale and either capturing more local market share or selling to bigger markets. The opportunities and barriers to increasing scale need to be carefully explored to support these fledgling businesses.

Barriers include:

- access to financial capital,
- access to knowledge,
- sufficient confidence and business acumen to scale up, and
- lack of distribution networks.

Further sustainability challenges include:

- exporting produce in a carbon-constrained manner,
- wrapping produce in biodegradable packaging,
- supporting creativity and innovation from young people and other community members lacking access to finance, and
- environmental consequences of manufacturing processes.



Opportunities

Opportunities include:

- Widespread interest in development of a food hub, including DPIRD's *WA Food and Beverage Network*, Edith Cowan University, and local producers
- Existing incubator hubs for manufacturing such as the Margaret River Farmers Markets, artisan collectives
- High quantity of primary produce currently exported without value adding ⁽¹⁰⁾

Key opportunities for value-added produce from agriculture in the south-west region, as identified by a thorough Department of Food and Agriculture study ⁽¹⁰⁾, are:

- Organic/biodynamic Beef
- Wagyu Beef
- Premium Soft Drinks
- Cheeses
- Alcoholic Spirits
- Dips/Spreads
- Breakfast Muesli/Cereals
- Healthy Snacking
- Cider
- Meat Snacks
- Olives/Marinated Vegetables
- Fermented Foods
- Cooked/Smoked/Marinated Seafood



Agriculture

Snapshot

Most agricultural employment in the Shire is within vineyards, dairy, beef, sheep, fruit and tree nuts, eggs, and a small amount of fishing and aquaculture. Horticulture occurs on a number of scales, from small, organic producers aimed at local markets to large, centre-pivot farms in the Scott River region selling internationally.

In the wine industry, the Margaret River Wine Region has 287 growers, and 150 wine producers. There is a growing number of vineyards and wineries converting to organic and biodynamic practices – five certified, ten in the process of becoming certified, and numerous others using these practices but lacking certification.

Significant amounts of agricultural produce are exported, accounting for 31% of the region's exports. In addition, wine exports account for a further 24% of the region's exports, with most going to the East coast and to Perth, and 10% going overseas.

Challenges

A number of challenges to farming and food security in Western Australia have been identified, including climate change, land use change, water availability, soil acidity and salinity, and land degradation and desertification⁽¹¹⁾.

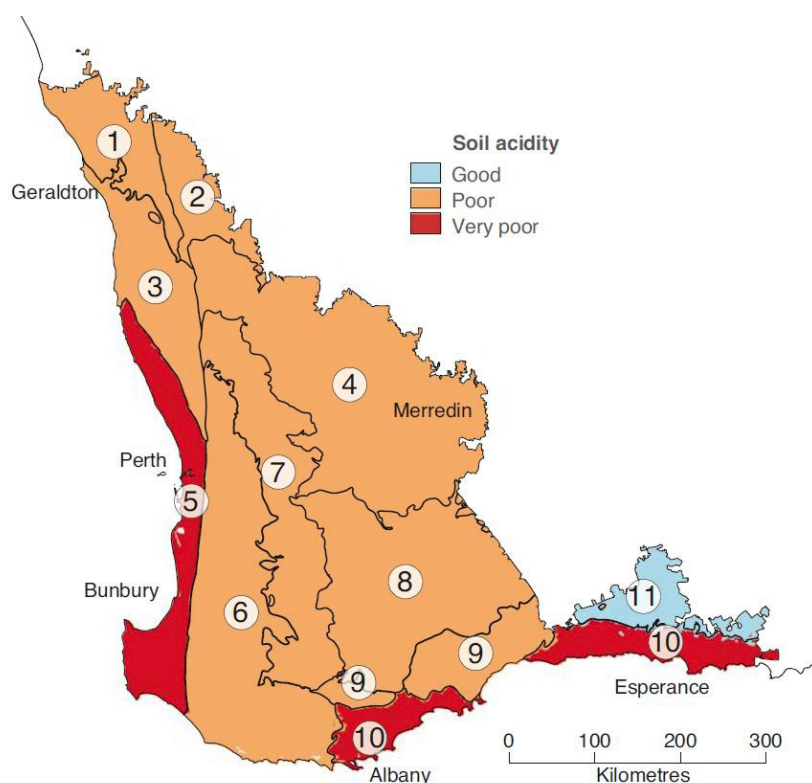


Figure 7: Soil acidity, Report Card on Sustainable Natural Resource Use in Agriculture (8)

Western Australian soils tend to have low Soil Organic Carbon levels by global standards, and south-west soils are generally very acidic and deteriorating, acting as a major constraint to agricultural productivity⁽¹²⁾. Soil Organic Carbon contributes to the soil's ability to retain moisture⁽¹³⁾, which in the context of declining rainfall in the south-west is an extremely important role. Various farming practices broadly summed up as "regenerative agriculture", have been shown to improve soil structure, soil biology, and Soil Organic Carbon, having a

positive effect on the long-term productivity of the land. Farmers wanting to shift from extractive to regenerative practices have voiced concern about the transition across the “valley of death” – the period of time between implementing costly changes to land practices and the return on investment in yields.

Further challenges for farmers include:

- High cost of farm inputs – between 2013 and 2018 the cost of consumable inputs rose 5.7% and the cost of agricultural machinery rose by 13.4% ⁽¹⁴⁾;
- A reliable source of affordable A grade Agricultural Lime ⁽¹⁵⁾;
- Access to markets, including costs of haulage and quality of road infrastructure;
- Lack of telecommunications infrastructure to fully utilise latest agricultural technology
- Highly competitive globalised environment, which can drive further consolidation of farms and cost-cutting, to the detriment of sustainability;
- Managing fertiliser regimes to avoid negative impact on surrounding wetlands and river systems ⁽¹⁵⁾;
- Water repellence – the resistance of soils to wetting – is a significant land management issue in the south-west, with an estimated \$251 million annual opportunity cost in lost agricultural production.

The high cost of agricultural land in the south-west ⁽¹⁶⁾ is another challenging factor for farmers, discouraging young people from entering the profession and placing large debt burdens and overheads on farmers in the region.

Western Australian agricultural area	Median price per hectare
Northern	\$1,194
Eastern	\$705
Central	\$2,607
South West	\$8,772
South Coast	\$3,236

Figure 8: Agricultural land price per hectare (2019)

In addition to the very tangible, resource-related challenges in this industry, farmers within the community have expressed a sense of exclusion, isolation, and lack of recognition ⁽¹⁷⁾. They do not feel valued as members of the community, and that they have been written out of the narrative of the area with the emphasis on wine and tourism ⁽⁴⁾.

The COVID-19 pandemic has brought an additional challenge to the agricultural sector – a shortage of itinerant workers who traditionally play a valuable role in the seasonal demands of growing food and grapes.

Opportunities

There is an opportunity to celebrate farming in the community, recognising the pivotal role that food producers play. Raising the profile of agriculture may serve to not only to demonstrate

to the farming community that their value is seen, but inspire young people to consider future training and employment in this industry. A training opportunity previously identified was development of a Certificate III in Agriculture to capture school leavers from both Margaret River and Manjimup ⁽¹⁴⁾. Extending this idea to the development of a Certificate in Regenerative Agriculture could see the Shire become a hub of excellence in this rapidly emerging field, and draw upon the strengths of numerous local farmers and farming groups who are pioneering these practices locally. Additionally, such a certificate could be complemented by existing non-traditional training opportunities within the shire such as Permaculture Design Certificates (Fair Harvest Permaculture), hands-on vocational courses (Agtalent, Ag Inspirations), and more.

The worldwide market for organic products has grown 400% between 1999 and 2016 ⁽¹⁸⁾, and there is huge potential for production of both organic and premium food products in Western Australia ⁽¹⁰⁾. The number of certified organic food operations in Australia continues to grow every year, and it is estimated that about 10% of all of Australia's agricultural land is now under organic management ⁽¹⁸⁾. The five main export markets for Australian organic produce are USA, China, South Korea, Japan, and Singapore. With close proximity to Western Australia, these Asian markets are growing opportunities for local produce.

Related to organic farming, Biological and Regenerative farming practices can yield benefits to the long-term sustainability of agricultural land, surrounding ecosystems, and quality of produce. These practices have been shown to increase existing bioavailability of calcium and phosphorous in the soil, reducing input costs and building Soil Organic Carbon (SOC). Managing for soil health is one of the tools for resilience to climate change ⁽¹²⁾. The carbon sequestration potential for agricultural soils is huge – it has been estimated that increasing soil organic carbon by 0.4% per year on all farmland around the globe would reduce net human-related carbon emissions to zero ⁽¹⁹⁾. With Australia including soil carbon in the Emissions Reduction Fund, there is an opportunity for farmers to earn Carbon Credits for embracing practices that build soil carbon ⁽²⁰⁾, potentially helping financially buffer the transition into these practices.

Further climate change adaptation options include diversification of crops (which can also yield benefits to productivity and soil health), managing for biodiversity to maintain ecological function, and looking for additional on and off-farm income ⁽¹²⁾. Diversifying farm income, such as through an agri-tourism venture, can be one way farmers tackle the challenges of repayments on high mortgages. The high cost of agricultural land within the shire also presents an obstacle for young people beginning farming careers, and there may be opportunity in pairing up landholders with landless farmers, such as the Food Next Door Co-Op in Mildura.

Widespread interest in a "Food Hub" model presents another opportunity, with a cluster approach to value-adding, shared marketing strength, and consolidated distribution efforts. This is also reflected in the priorities of the latest South West Development Commission Strategic Plan (2021-2023), which suggests a food and wine innovation processing hub in the south west.

Tourism Snapshot

The strong concentration in accommodation and food services is indicative of the central role of tourism in the local economy. Under the administrative and support services category, almost a quarter of employment is in tour operations, and almost half is in building cleaning, gardening and pest control. It is likely, therefore, that this category of employment is also extremely reliant upon tourism and accommodation. In terms of employment make up, the shire is the 25th most tourism-dependent Local Government Area out of Australia's 537 such areas.

Based on data from 2016, 2017, and 2018 overnight visitors to the Shire comprise mainly intrastate visitors (73%), with a comparable number of visitors coming from interstate (14%) and international (13%) destinations⁽²¹⁾. Examining the market profiles for the top five international visitors to the south-west (UK, Singapore, Malaysia, USA, and New Zealand) amongst the highest-ranking features sought in a destination are:

- World-class nature and wildlife;
- Good food, wine, local cuisine and produce; and
- World class coastline, beaches and marine wildlife⁽²²⁾.

The Margaret River Region's tourism offering rests heavily upon heavily upon these assets.

Challenges

Tourism is vital for the region's economy, but increasing numbers place pressure on Shire services and infrastructure, such as waste, water, and roads, and have an impact on the environmental and social values of the community. In this light, it could be suggested that the trajectory of increasing growth in visitor numbers may some day lead to "overtourism".

Tourism-dependent businesses rely upon a certain level of visitation, but despite official tourism figures reflecting a significant increase in visitation to the Margaret River Region since the 2017 drop, it is uncertain how much this has correlated to increased visitor spend.

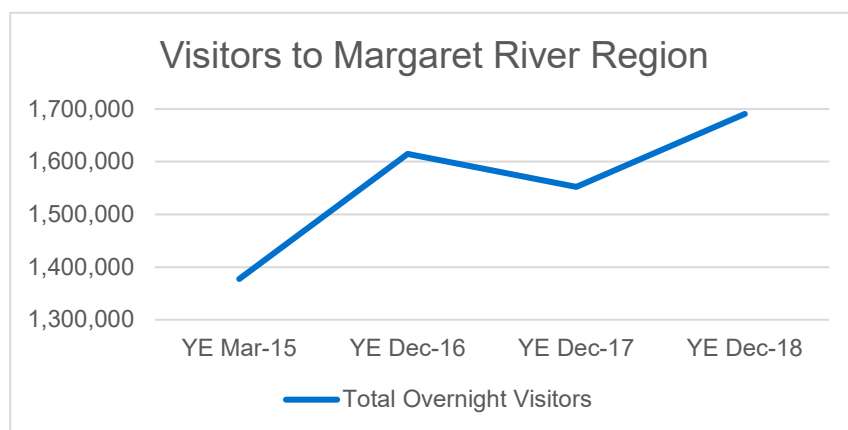


Figure 9: Growth in visitor numbers

In the Shire's 2019 Business

Survey, 57% of businesses reported that more than half of their income relied upon visitors, and of these businesses half reported that more than three quarters of their income relied upon visitors. This highlights the challenges for cash flows for many of our businesses over the quiet winter months and suggests that strategies to either increase winter visitation or reduce overheads during this time of year could greatly benefit the business community. Seasonality was also identified as a major challenge for attracting and retaining staff, with the inability to provide consistent hours unattractive for potential employees.

A major challenge for the industry has been the inability to attract interstate and international visitation due to COVID-19 hard borders. Once lockdowns within Western Australia were repealed, some tourism operators did very well, but other operators whose product is aimed primarily at international markets continue to struggle despite the number of intrastate visitors. There is concern that once government support finishes up in March 2021 a number of these businesses will face permanent closure, which leads to a reduced capacity in the future when international travel resumes.

The COVID-19 pandemic has brought an additional challenge to the tourism sector – a shortage of itinerant workers who traditionally play a valuable role in the seasonal demands of food and accommodation, tour bus driving, and guides.

The pandemic also seems to have highlighted the broader sustainability challenges of climate change and species extinction, with research indicating a continued trend in the demand from travellers for sustainable destinations. Data from Booking.com prior to the pandemic showed that 53% of U.S. travellers surveyed said they were determined to make sustainable choices when travelling in the future, and 96% of Indians surveyed agreed that sustainable travel was important to them. The phenomenon of “flight shaming”, a movement that began in Sweden focused on giving up air travel for the sake of the climate ⁽²³⁾, shows that the environmental concerns around travel can’t be dismissed.

Opportunities

The Margaret River Region is in an enviable position of having a diverse range of tourism offerings, a healthy natural environment, and a reputation for being clean and green. To further solidify and protect the green credentials of the region, and bolster opportunities for wider marketing, there is an opportunity to follow in Port Douglas’s lead and become an certified ECO Destination. The process of undertaking accreditation would help identify threats and risks posed by tourism and strengthen the region’s self identity as an eco-tourism and sustainable wine tourism destination. The Margaret River Busselton Tourism Association has also been exploring the region becoming a “Geopark”, a UNESCO recognised geographical areas where sites and landscapes of international geological significance are managed with a holistic concept of protection, education and sustainable development.

Another drawcard for visitors is the diversity of events within the shire. These include:

- Creative opportunities, such as Open Studios, Emergence, and Strings Attached Festival
- Sports events such as the Surf Pro and Ultra Marathon
- Cultural experiences such as Bunuru Festival
- Food experiences such as Gourmet Escape and the upcoming inaugural Fine Vines Festival

It is important the Shire continues to support major events that showcase the region to state, national and international audiences, while working to improve the sustainability performance of these events.

There are also a number of currently under-represented visitor markets that could yield increased visitation if desirable, and commencement of Jetstar flights into the Busselton-Margaret River Airport facilitates greater tourist access to the region. These include business visitors, people with disability, and international students.

The newly launched Hub of Entertainment, Arts and Regional Tourism (Margaret River HEART) creates expanded opportunities for Business Events, which are central to the business case for the venue. Attracting Business Events, which include conferences and meetings, will be further explored in partnership with other regional stakeholders. One opportunity is to partner on delivering a Regenerative Agriculture Conference at the Margaret River HEART. This theme is highly compatible with developments in the local farming industry and initial conversation with Perth NRM, who organised the sell-out previous conference at the Optus Stadium in Perth, showed strong support for the idea.

A large number of Australians with a disability find travel very difficult due to poor accessibility and support, and with an ageing population this number is set to grow. By working to reduce the barriers for people with a disability in travelling to the region, there is an opportunity to capture some of the estimated 3.4 million travellers who either have a disability, or travel as a family member or carer with someone with a disability. Improving accessibility and awareness of accessibility is the responsibility of industry and the Shire. The Shire can also support accessible tourism offerings by investing in playground refurbishments in district and neighbourhood level parks that are access for all.

Currently the South Regional TAFE in Margaret River has a number of international students, mainly studying hospitality and wine making. This presents a tourism opportunity, with increased chances of family and friends of students visiting the region, and a long-term loyalty to the region engendered. The greatest limitation on international students at the TAFE is affordable student housing.

A challenge for all tourism destinations is the increased strain on services and the natural environment, with no commensurate ability to draw funds from visitors to help pay for these costs. One opportunity could be to implement an opt-in, voluntary donation scheme whereby accommodation providers give \$1 per bed stay per night into an environmental fund, and in turn gain recognition for their contribution. Such a small amount could be incorporated into the price of the room without making participating businesses uncompetitive, yet aggregated could deliver an additional \$280,000 per year funding into projects that safeguard the environmental assets of the region.

Finally, having a consistent approach to wayfinding throughout the townsites would greatly assist visitors locating key services.



Construction

Snapshot

The construction industry, accounting for 9.8% of the local workforce, has a higher concentration of employment than the national average, and includes professions associated with building and renovating residential dwellings, renovating homes, building patios, decks, fences, carports, retaining walls, and other additions, building and maintaining tourism structures and accommodation, shops, sheds, and commercial properties.

While alterations and additions to dwellings make up 5-10% of the value of the local construction industry, the vast majority of work relates to new residential dwellings, and to a lesser degree new commercial buildings, and is predicated on population growth of residents and visitors. Growth of residents within the Shire is comparatively high, growing at roughly 3% per year and bringing an additional 500 or more new residents per year.

Building approvals are very consistent year on year, though recent home building grants, part of COVID-19 recovery efforts of both Federal and Western Australian governments, have stimulated a construction boom within the Shire. Since the announcement of the grants, the Shire has received 573 building applications (over an 8 month period), compared with only 356 applications over the same period the year before.

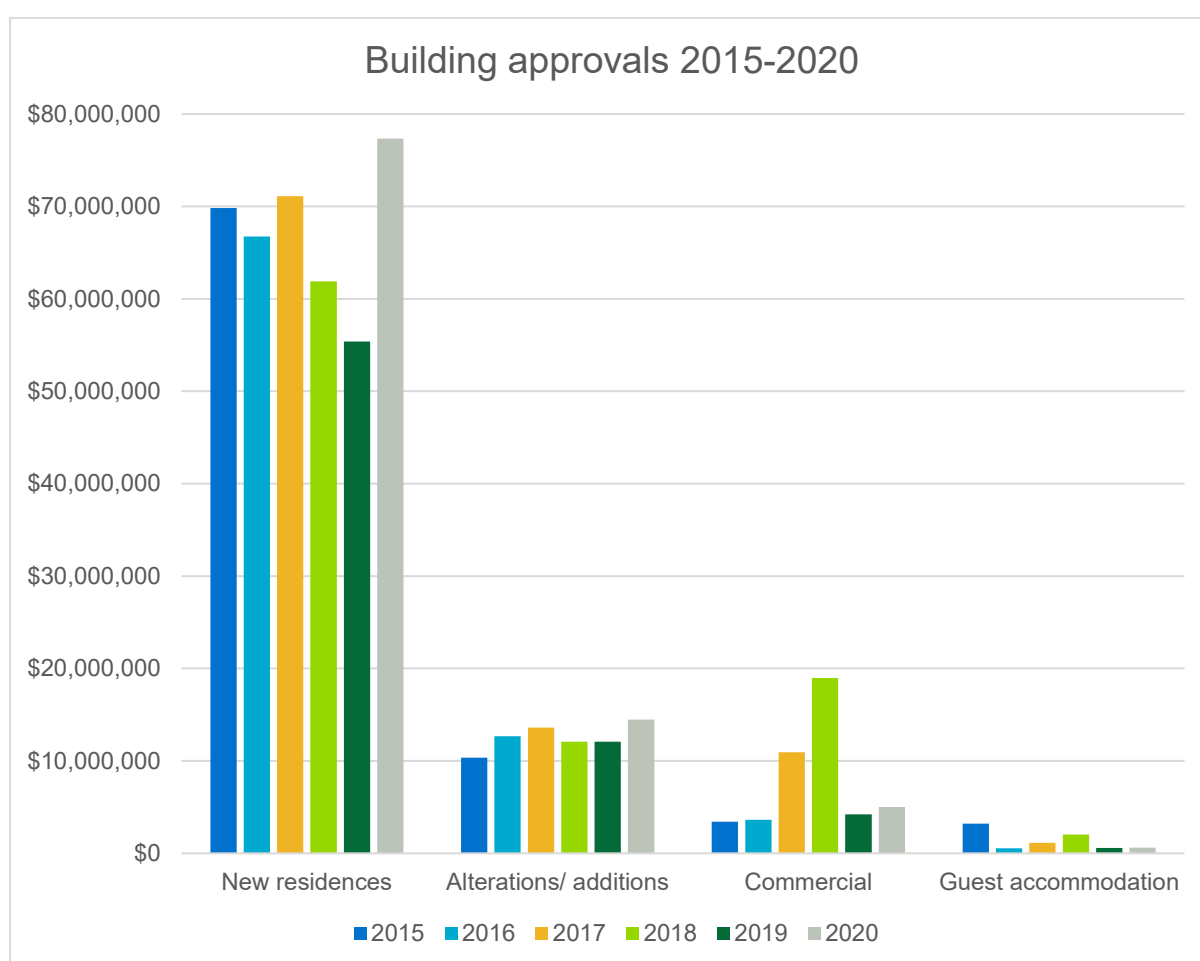


Figure 10: Building approvals – residential dwellings, additions/modifications, commercial buildings, and guest accommodation.

The median value of residential property prices has risen from \$466,460 in 2014 to \$496,911 in 2018. This is 50% higher than the median house price of Regional Western Australia, and it is expected that current values would be much higher as a result of upward push on property values from government stimulus programs. It is worth being cautious when equating rising property values with increasing wealth – increased value of a property is only beneficial when the owner intends to either sell the asset or increase borrowing against it. As property values increase it places greater pressure on first home buyers wanting to enter the market. Therefore, growth in property values could be seen as a measure of growing disparity between the wealth of investors and those community members – particularly young people – who are yet to own a home.

Challenges

Prior to COVID-19, the increase in new construction businesses coupled with consistent building approvals—see Figure 11 – created a very competitive industry. This helped keep the costs of building down, but created additional stresses on the industry.

Since government home building grants were launched the housing construction boom has led to other challenges. Builders have reported a shortage of qualified bricklayers in the area, and there is concern about finishing trades such as painters and tilers as the glut in new house builds moves towards the finishing stages. The sudden increased demand for houses has had an inflating effect on construction costs, which gives further concern for future housing affordability. Interestingly, one of the main challenges facing the industry is supply shortages. Timber milled in the south-west for framing houses has a 5-6 week lag time, compared to the previous 3-4 day wait. In addition, supplies coming from China and other overseas destinations is facing disruption with increased protocols at ports.

While the home building grants have served to help pull Australia out of recession, they have contributed to an increase in Australian private debt. This debt, mostly comprising home loans, is at a record high, and a significant recession with corresponding job losses could lead to loan defaulting and downward pressure on the entire economy. As the Australian Bureau of Statistics states, “high levels of debt, when considered against the value of current household income and assets, indicates vulnerability in the event of an economic shock” ⁽²⁴⁾. While being less volatile to economic shocks than other investments, property values may also expect to drop, creating less incentive for investment related construction.

Population growth has economic benefits for the construction industry but presents challenges for the social identity of regional townsites, for additional asset burden, and for the natural environment.

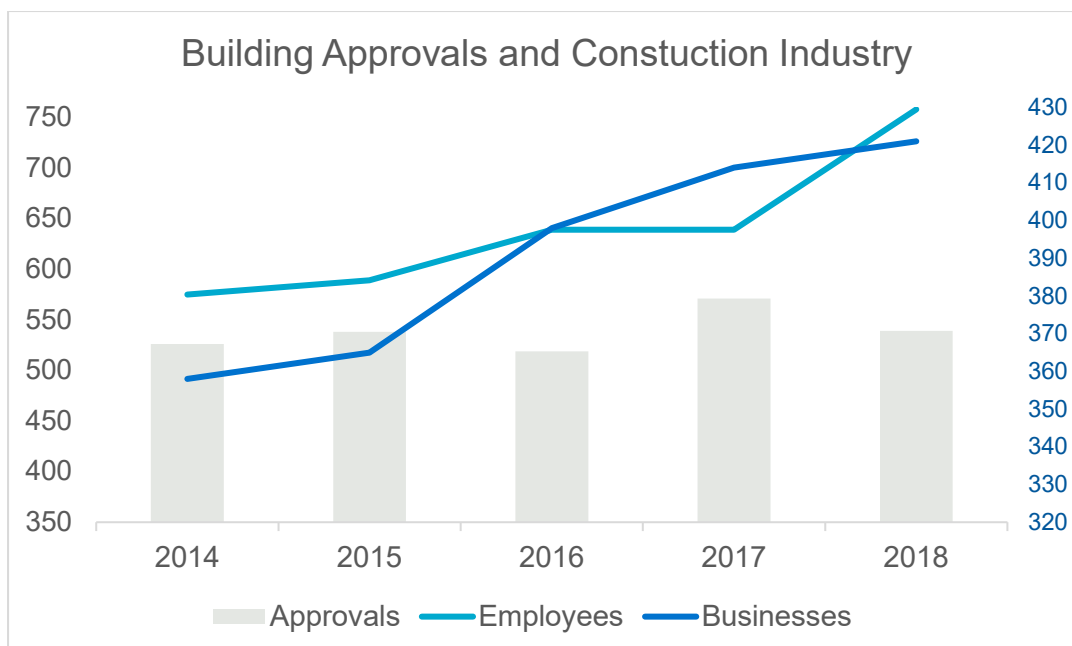


Figure 11: Building approvals and construction industry in the shire

Opportunities

Improvements have been made in the environmental performance of construction methods themselves and the resultant buildings, including protocols for reducing and capturing sediment runoff, improved energy efficiency of buildings, and increased penetration of solar panels and solar hot water systems. The Shire is currently exploring ways to increase the sustainability performance of new developments, based on a sliding scale that mandates fewer requirements on smaller dwellings and greater requirements for larger dwellings. Sustainability measures are to include such things as rainwater tanks plumbed to the house, solar PV systems, heat recovery systems, and low energy hot water systems. A proposal by the Shire to increase the thermal performance of all new dwellings (+1 star) is currently under consideration by the State Government.

REMPPLAN data shows that, after the Manufacturing sector, the Construction sector imports more inputs than any other local industry. While much of this imported product has a low opportunity for local production – e.g. nails, screws, silicon putty – undertaking further analysis of what could be produced locally could highlight new industries for the region. For example, there may be opportunity for scaling up existing door and window manufacture to service the local construction industry.

Building materials are often imported, but the increasing proliferation of alternative building methods in recent years may enable greater use of local materials. These include methods such as straw bale construction, hempcrete building, and the Shire's first "Earthship" house utilising used tyres rammed with earth. While still only comprising a small percentage of new dwellings, this has potential benefits for localising materials supply chains.

Strategic planning can also play a role in building opportunities for more affordable housing by encouraging smaller home footprints, urban infill, and a diversity of building and land options. The Shire currently has a proposal with State Government to unlock potential for 'backyard infill', delivering a more flexible approach to encourage bespoke and small home designs which require fewer inputs due to their size.

Retail Trade

Snapshot

The retail sector contains 116 registered businesses in the shire, and includes fuel retail, food retail, motor vehicle and parts, and other store-based retailing. Examples in the shire include tyre stores, supermarkets, hardware stores, petrol stations, furniture stores, newsagents and sports shops. Food retail refers to grocery stores, supermarkets, butchers, etc rather than cafes and restaurants, which fall under the Accommodation and Food Services category. Most retail in the shire is concentrated in the townsites of Cowaramup, Margaret River, Witchcliffe and Augusta.

Challenges

Retail businesses in the Shire reported declines in sales and a challenging economic environment for retail (2019 Business Survey). These challenges likely derived from a number of factors – increased competition, disruptive technologies, rising business overheads, and a general slowing down of the economy. The COVID pandemic created further challenges with all non-essential businesses ordered to close doors in early 2020.

The data shows an incredible bounce back once lockdowns were repealed, with skyrocketing retail sales across Western Australia and within the Shire. These may be attributed to a combination of high rates of return to work, a keenness to get out and about and return to normal, and the hard state border which meant retail spend had to occur within the state (except for online).

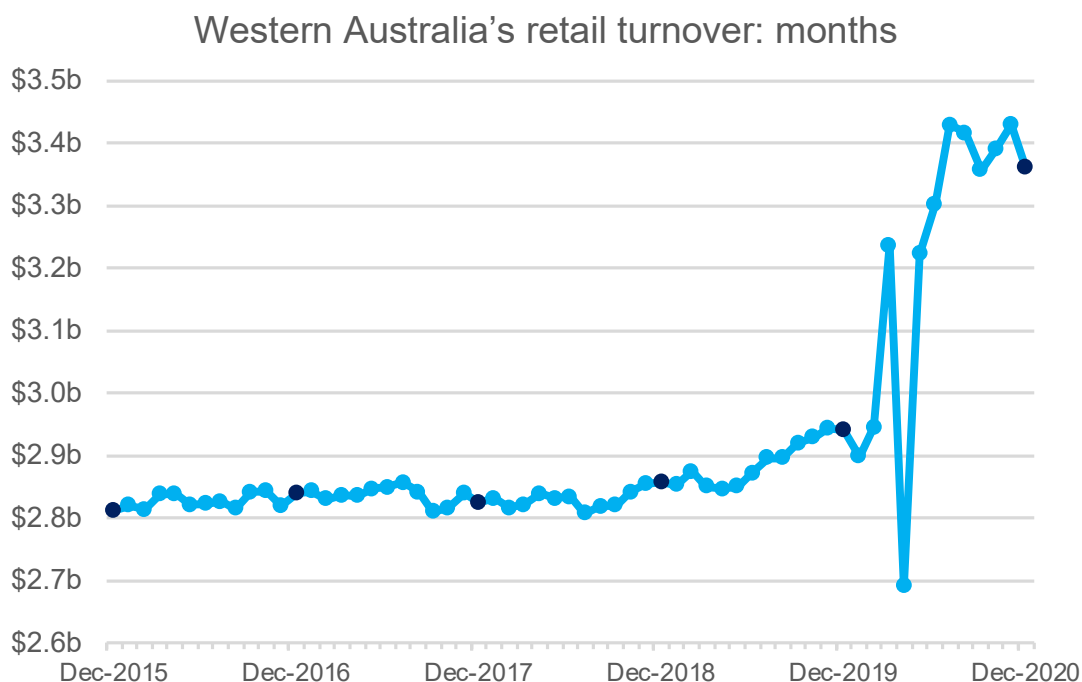


Figure 12: Western Australian retail turnover

Online sales account for between 6 and 9% of retail sales in Australia, and with the growing influence of Millennials this is set to grow. With the comparatively low profit margins of store-

based retail (Figure 13) this sets a major challenge into the future. High rental prices in town centres, particularly in Margaret River, make it challenging to be competitive.

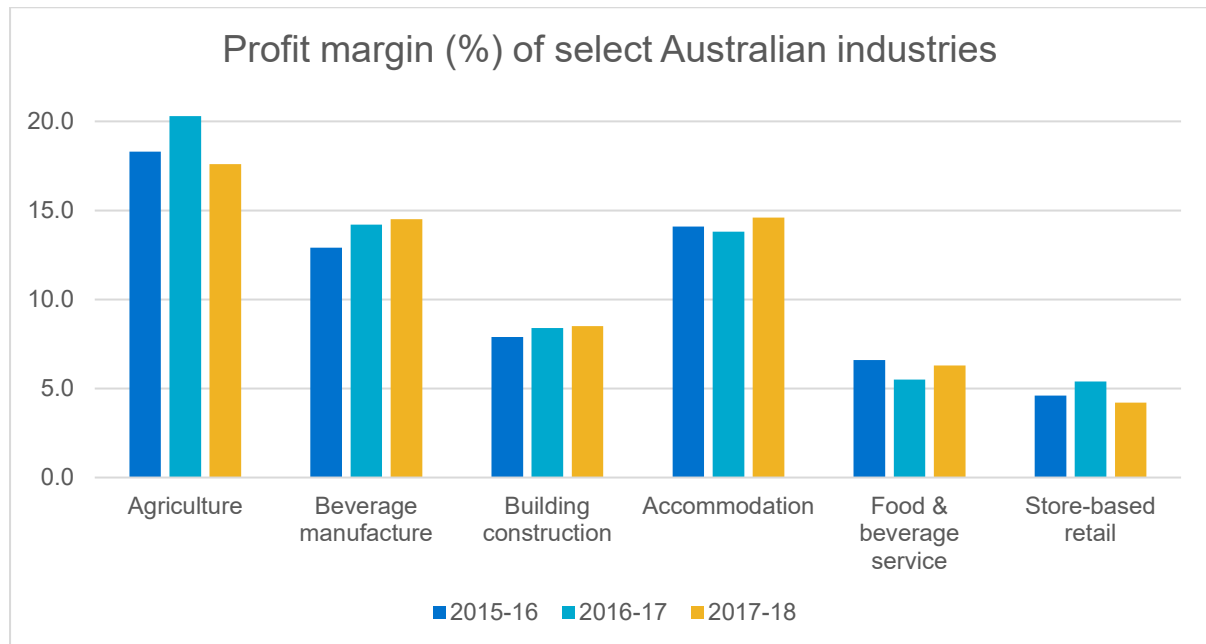


Figure 13: Profit margins of select Australian industries

Looking at Figure 14, the volatility of the retail sector is quite stark. For businesses that rely heavily upon visitor spend there is an additional challenge of seasonality and fluctuations in visitation. One challenge identified by retail businesses in Margaret River was the tendency for visitors to rapidly disperse to wineries and experiences away from the town centre, and that place-making efforts were needed to help retain visitors on the street for longer.

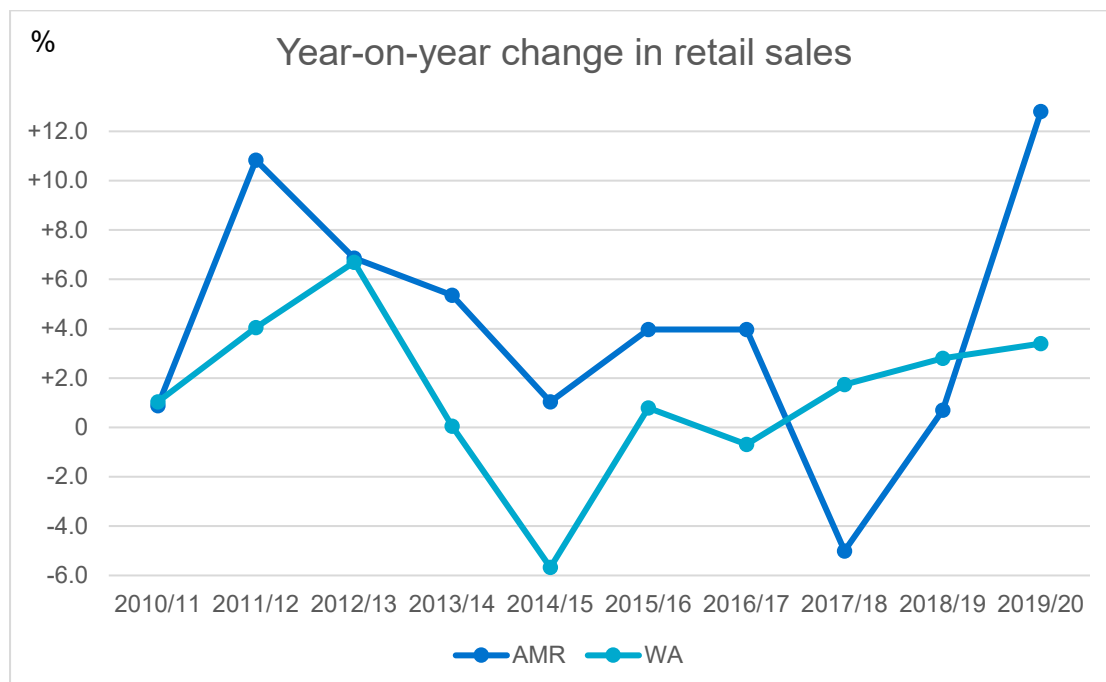


Figure 14: Retail sales over time

Opportunities

Bricks and mortar shops will increasingly struggle to compete with online stores on price alone, and will need to offer a compelling additional value proposition such as great service and expertise advice.

A big focus for traditional retail is in adopting e-commerce platforms for online sales – shifting to a “bricks and clicks” model. With only a third of local businesses stating that they currently sell online ⁽¹⁷⁾ a promising strategy could be to hold a series of courses in online marketing and sales. Expanding this concept into a consolidated online marketplace owned by community members could help gain back market share from large outside multinationals like Amazon. This is the central concept of the Provenance marketplace being developed by Rotary Margaret River.

Shared workspaces present another opportunity for the retail sector, reducing rental costs and broadening the diversity of stock. Examples in the Shire include Margaret River Artisan Store, Margaret River Collaborative, and Temper Temper/Two Cracks/Seven Seas in Cowaramup.

Another opportunity in the retail sector is “popup shops”, where a newly launched business can trial a retail space on a very short lease, often at a low cost. Bypassing the fear of committing to a long-term lease can provide an opportunity to test the viability of an idea, aiding the creative and entrepreneurial ideas to thrive. This opportunity seemed particularly relevant in early 2020 when there were a large number of empty commercial spaces on the Margaret River main street, but over following 12 months at least eight new businesses opened up on the street and vacancy rates are very low. Likewise, commercial vacancies on Cowaramup’s main street are very low. Popup shops may have more of a role to play in Augusta.

Place-making opportunities to encourage town centres to become more “sticky”, keeping people on the street for longer may assist the retail sector. With the proliferation of new murals throughout Margaret River’s town centre there is opportunity to develop an interactive mural trail to encourage visitors and locals to stay and explore for longer. The newly developed new street in Margaret River will also serve to make the town centre more attractive for pedestrians and could be enhanced removing barriers to street buskers. Outcomes from the Creative Culture Plan (2020-2025) will also assist in these place-making opportunities.

Creative Industries

Snapshot

The cultural and creative industries are “those areas of practice that turn original individual creativity into social and commercial outcomes” ⁽²⁵⁾. These industries can fall under two broad categories:

- “creative services”, such as architecture and design; advertising and marketing; and software and digital content; and
- “cultural production”, such as film, TV and radio; music, visual and performing arts; and publishing.

It is challenging to account for the contribution of creative industries to the local economy as there is no standard industry classification designating as them as such¹. The Shire has 109 businesses that could be considered as “creative and cultural businesses”². Noting that these are only those businesses registered for GST, there are an additional 347 creative industry businesses in the Shire not yet of a scale to require GST registration. These fledgling businesses include jewellers, fashion designers, clothing producers, printmakers, architects, drafters, graphic designers, web developers, photographers, musical composers, performers, writers, potters, artists, and app developers.

Rollout of the National Broadband Network has helped create necessary infrastructure to support creative industries to flourish outside of metropolitan centres.

Challenges

Compared with other states, the concentration of creative industries in Western Australia is low, with 3.76% of the workforce employed in creative occupations. Victoria, New South Wales, and ACT have creative industry concentrations of up to 8.73%⁽²⁵⁾. The cluster benefits of high industry concentration may be lacking to some extent in Western Australia.

While only 8% of Western Australian jobs in the creative services are located outside of metropolitan centres, a significantly higher proportion of jobs in the cultural production segments (17%) are located in non-metropolitan regions. This could highlight challenges for regional businesses engaged in creative support services away from the metropolitan concentration of industry, but also opportunities for focussing on the strength of cultural production.

One challenge for existing creative sole traders wanting to expand their operation has been availability of young talent.

Opportunities

The Shire is home to reoccurring events that specifically foster creative industries: Creative Emergence Festival, West Australian Guitar Festival, Augusta River Festival, CinefestOZ, and Open Studios. Continuing to support these events and look for increased local participation and commercial engagement can help develop the creative industries. Many creatives in the Shire are sole traders or very small businesses lacking the capacity to win bigger contracts and tenders. As such, there is an opportunity for capacity-building within this sector to facilitate successful joint-venture arrangements. This could be undertaken by Creative Corner, the local peak body for creative industries, with support from the Shire.

The opening of the HEART (Hub for Entertainment, Arts, and Regional Tourism) is a boon to local creatives, who can access HEART grant funding and in-kind support to develop their art. In addition, there has been a rise in local creative clusters – co-working hubs and spaces where diverse creative professionals can operate and collaborate. These include

¹ For example, jewellery manufacture forms part of the Manufacturing statistics, while graphic design falls under the Professional, Scientific and Technical Services category, and comic book publishing comes under the Information Media and Telecommunications category (46).

² Determined utilising the industry classes identified in the experimental ABS *Australian National Accounts: Cultural and Creative Activity Satellite Accounts*.

Mixtape, and Creative Corner in Margaret River; and Hardware Creative in Witchcliffe. These co-working spaces foster collaborative opportunities.

South Regional TAFE is running courses in music production and visual arts, but not currently running courses with a strong focus on graphic design. Conversations between educational institutions and creative industries could inform further development of courses to support these industries.

Health Care

Snapshot

Health care and social services is the largest sector for employment in Australia, and also the largest sector in Western Australia ⁽²⁶⁾. The growth of jobs in this sector can be attributed to a growing population, ageing population, and the rollout of the National Disability Insurance Scheme ⁽²⁷⁾. The health care sector is smaller in the Shire than the national average, but an important and growing employer. This sector comprises government, non-government, community health organisations, and private practitioners. It tends to have a much higher female participation rate, with nearly four in five workers being female.

Breakdown of local employment:

- Hospitals: 136 employees
- Medical and other Health Care Services: 211 employees
- Residential Care Services: 63 employees
- Social Assistance Services: 110 employees

The health care sector is not only a direct employer, but has a positive impact on the economy through its outputs. Improving health levels of the community has a positive upward impact on the local economy, allowing people to be more productive and engage in building their own livelihoods.

Challenges

Lack of awareness of existing services is a challenge for people wanting to access health services. This is partly a result of the high proportion of services (56%) provided via a drive in and drive out service delivery model ⁽²⁸⁾. There is a disparity in the level of service provided between townsites, as highlighted in Figure 15.

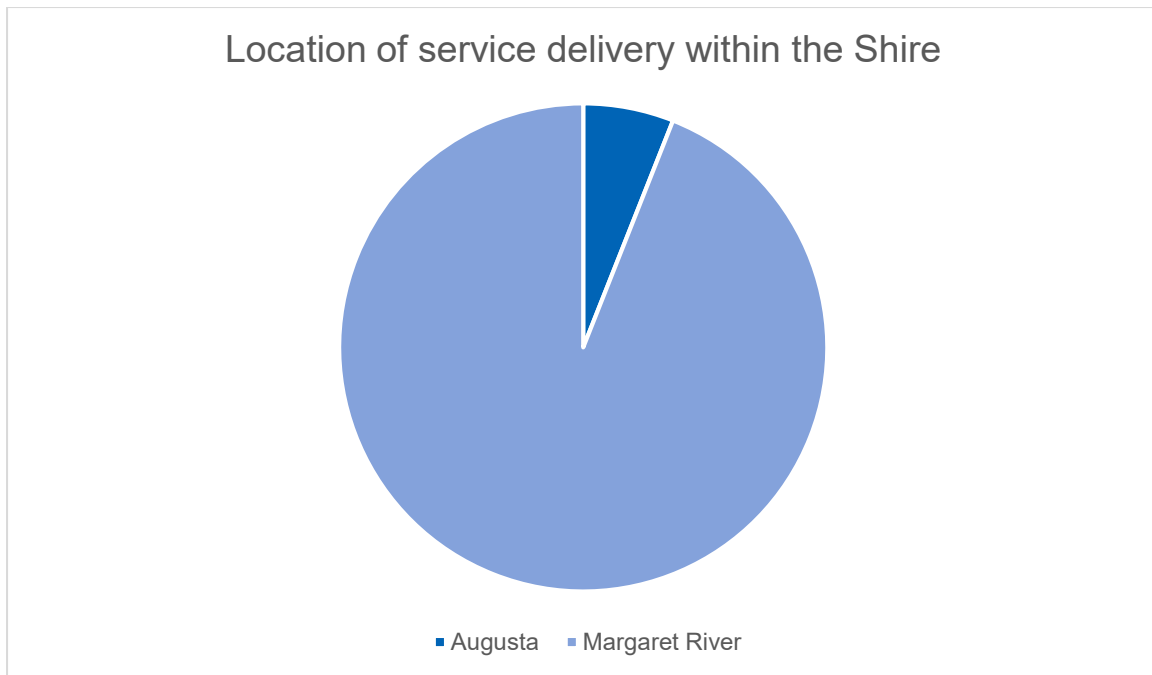


Figure 15: Health care and social service delivery by location

One challenge for the industry is the short-term funding cycles that create uncertainty for health and community service agencies.

Opportunities

To address challenges in identifying services the Shire has implemented an online My Community Services Directory.

The National Disability Insurance Scheme is an opportunity for new development in the health and social services sector, giving clients the say in how they prioritise their health spending.

“Significant changes have occurred within the disability and aged care sector with the introduction of the National Disability Insurance Scheme (NDIS) and My Aged Care Packages. These changes seek to give consumers greater control over their health care. The change in funding model has impacted on previously block funded NGOs who are now required to alter their business model to an individualised service funding model” ⁽²⁸⁾

Recognising the challenges for non-profits in short-term funding cycles, the Shire allows for multi-year funding agreements as part of its annual grants program. A number of local non-profit organisations receive support through these grants.

Data from the National Disability Insurance Agency shows that not all of the budget allocated through the NDIS for customers in the shire is fully used each year. In the South West region there was a utilisation rate of less than 65% in 2020 ⁽²⁹⁾. It is hard to know whether the underutilisation is due to:

- customers feeling the need to leave contingency in their plans in case of emergency
- customers needing more assistance implementing their plans, or
- lack of supports available in the market

In the case of the last point, provision of additional services may lead to greater utilisation and provide additional jobs in the local economy. The Margaret River campus of South Regional TAFE offers a Certificate III in Individual Support (Ageing) but the nearest location for training in the Disability stream is Bunbury. Additional jobs may be created not just for service providers, but also for people living with disability. One suggestion from staff at Life Without Barriers was for the creation of a training hub to teach people with disability independent living skills, pre-employment skills, and more. Existing facilities, such as commercial kitchens at the Margaret River Community Centre and the TAFE could assist with teaching cooking skills, and a link to a short TAFE course could provide individuals with a recognised qualification ⁽³⁰⁾.

Economic Leakage Analysis

Economic leakage refers to money leaking from the local economy, rather than recirculating around and supporting local industry and prosperity. The more these leaks are plugged, the higher the “multiplier effect” of any given dollar. Money leaks in the form of imports – that is consumers spending on non-local goods, and businesses spending on non-local inputs to their production. Leakage also occurs through dividend payments to outside business owners/shareholders.

Import leakage

Examining where economic leakages are occurring through existing imports can help identify opportunities for new local industries, which can mature to provide significant local employment, and greater self-sufficiency in services and other industries. This is characterised by an increased business diversity.

The biggest imports into the Shire currently come from the following sectors ⁽³¹⁾:

Imports, 2018-19			
Manufacturing: \$240 million			
Main subdivisions	Current imports	Import trend since 2012/13	Opportunity
Food Product Manufacturing	\$25 million	↓ \$7 million	Since 2012/13 exports from the Shire have risen from \$8 to \$24 million, suggesting a strong and growing sector.
Basic Chemical & Chemical Product Manufacturing	\$32 million	↑ \$9 million	Given that Agricultural exports more than doubled during this same period, while Manufacturing exports significantly declined, an assumption can be made that most of these chemical imports were used in the Agricultural industries. Opportunity for locally produced fertilisers (e.g. compost), and reduction in farm inputs through regenerative agriculture.
Machinery, equipment, transport equipment	\$78 million	↓ \$7 million	Not easily substitutable.
Textile, Leather, Clothing, and Footwear	\$17 million	↑ \$2 million	Opportunity for increased local clothing manufacture.
Financial and Insurance: \$122 million			
Main subdivisions	Current imports	Since 2012/13	Opportunity
Finance	\$53 million	↑ \$11 million	Local financing, crowdfunding, and credit unions
Insurance & Superannuation Funds*	\$48 million	↑ \$23 million	*Includes SMSF. There is an opportunity to facilitate local investment for superannuation.

Health Care & Social Assistance: \$64 million			
Main subdivisions	Current imports	Since 2012/13	Opportunity
Social Assistance Services	\$13 million	↑ \$6 million	Includes childcare, disability services, aged and youth services
Residential Care Services	\$15 million	↑ \$5 million	Includes nursing homes, residential care for the aged, hospices, crisis accommodation
Transport, Postal and Warehousing: \$55 million			
Main subdivisions	Current imports	Since 2012/13	Opportunity
Transport Support Services	\$13 million	↑ \$6 million	Includes airport operations, customs services, freight forwarding services. Opportunity for food hub – cooperative freight transport.
Warehousing and Storage Services	\$10 million	↓ \$4 million	Declining use of outside warehousing could reflect decreased exports of Manufacturing, or changed distribution methods.
Electricity, Gas, Water and Waste Services: \$28 million			
Main subdivisions	Current imports	Since 2012/13	Opportunity
Electricity Supply	\$14 million	↓ \$1 million	Opportunity for local electricity supply
Water, Sewerage and Drainage Services	\$11 million	↑ \$9 million	Water tanks, local sewerage and drainage services

To fully understand the opportunities available by substituting imports with new local industries, an extensive consultation process needs to be undertaken with different industry sectors.

Dividend leakage

In 2017-18 \$313 million left the region in dividend and interest payments – or 38% of Gross Regional Product. There was an additional \$75 million that came into the region as dividend payments to local residents, but the \$313 million outflow is a significant immediate leakage³. This suggests strategies to increase local ownership, local cooperatives, local capital raising, local credit unions, and local crowdfunding.

³ Calculated by contrasting “Factor Cost Gross Regional Product” – therefore GRP post-tax – with “Local Industry GRP”, which shows the post-tax value generated by local industry after dividends have been taken out.

Shire's procurement leakage

A significant amount of suppliers to the Shire Council are located either within the shire or in neighbouring shires in the South-West, accounting for 63% of Council's spend in 2017-18. A majority of the remaining purchase from further afield in Western Australia (32%), or interstate (6%), has little potential to be localised due to the nature of the spend. For example, the Shire's spend on Australia Post cannot be localised as this is a national service. Likewise, the Shire's spend on software for managing Library systems or record-keeping relies on proven digital products developed by outside companies, and has little opportunity for local substitution. The opportunity for the Shire Council on increasing local procurement lies in smaller bespoke services, like marketing, architecture, and printing, but needs to be balanced against a value-for-money proposition that aims to keep resident's rates at a minimum. The Shire already aims to ensure purchasing policies and procedures are equitable and effective, enabling local businesses to provide contract services for the Shire. Any efforts to increase the success of local businesses winning tenders should be explored.

Business diversity

Greater business diversity can represent opportunities to locally produce or provide services that would previously have been imported. The trend in business diversity can be examined by looking at the number of industry categories in which there is a growth versus a decline of business numbers. From 2014 to 2018, as per Figure 16, it can be seen that fifteen sectors saw an increase in registered businesses, whereas only four saw a decline, suggesting a trend towards greater diversification.

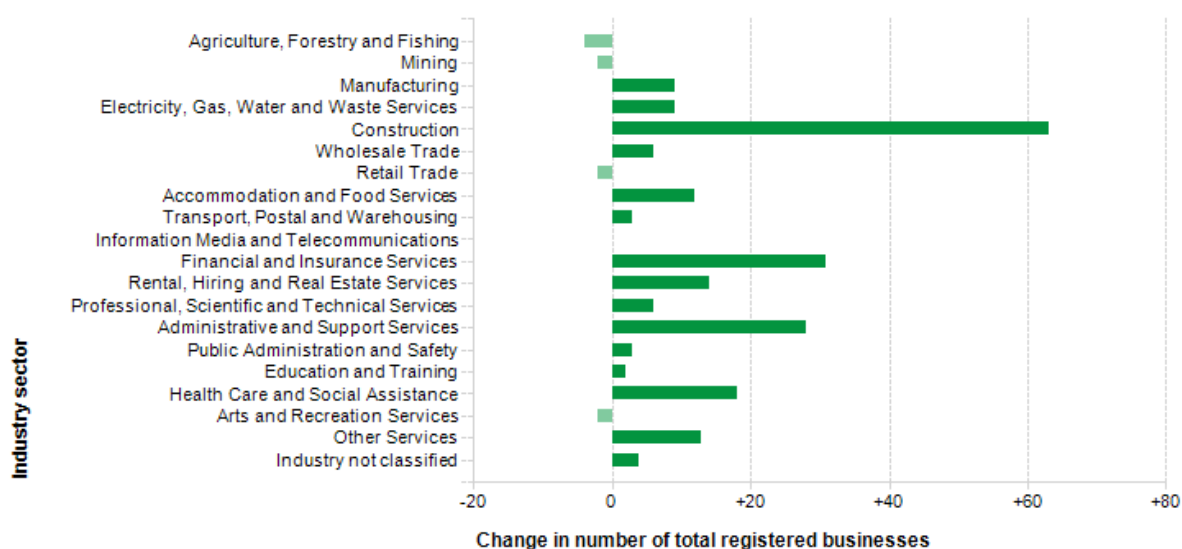


Figure 16: Change in registered businesses by industry, 2014-2018

SWOT ANALYSIS

1. Healthy ecosystems

Strengths

- **60% native vegetation retention in state forest and reserves**
- **Bicycle lane in new Margaret River main street to encourage non-motorised modes of transport**
- **Undeveloped coastline**
- **Strong support for local environment, including Shire's Environmental Management Fund, local charities such as Nature Conservation Margaret River, Margaret River Regional Environment Centre, and "Friends of" groups**
- **Three-bin system diverting Food Organics and Garden Organics (FOGO) to compost industry**
- **Strong and growing traditions of organic, biodynamic, and regenerative agriculture and viticulture**

Weaknesses

- **Economic imperative for global competitiveness in agricultural production limits uptake of regenerative practices**
- **Predominant reliance on coal-power**
- **Reliance on imported fertilisers**
- **Health concerns and litigatory environment dissuades food/drink container reuse**
- **Lack of influence over waste at private events**

Opportunities

- **Ecotourism to provide jobs in an environmentally low-impact manner**
- **Greater management of land by Aboriginal residents**
- **Augusta Margaret River Clean Community Energy biogas project**
- **Bulk milk for café schemes**

Threats

- **Flights into Busselton-Margaret River Airport**
- **Increasing visitor and resident population**
- **Climate Change**
- **Weeds, pests, and pathogens**
- **Falling water tables**

2. Fair and inclusive economy

Strengths

- **Voluntary organisations such as Rotary, Lions Club, Men's Sheds, conservation groups, etc**
- **Indigenous leaders are active in the community and running successful businesses**
- **Libraries as free hubs for learning, workshops, inclusive access to knowledge**
- **AMR Shire has won Most Accessible Regional Shire/Town award two years in a row**
- **Lions Shed recirculation of second-hand goods amongst community members, and generation of funds for local community groups and charities**

Weaknesses

- **Lack of diversity in educational and career opportunities for school leavers**
- **Shire has significantly fewer residents between the age of 15 and 34 than in Perth**

Opportunities

- **Accessible tourism**
- **Improve safe community access to Davis Rd resources**

Threats

- **"Severely unaffordable" housing rating**
- **Volunteer burn out**
- **Lack of childcare options in Karridale and Augusta ⁽⁴⁾**

3. Vibrant townsites

Strengths

- **Pedestrian-friendly new Main Street in Margaret River, with a "Festival Precinct" that can be closed off to traffic for community events in the heart of town.**
- **Diversity of local, independent shops, galleries, and cafes**
- **Water refill stations in Margaret River**
- **Attractive, well-maintained parks**

Weaknesses

- **Poor integration with the Blackwood and Margaret rivers in Augusta and Margaret River respectively**
- **Dispersed and quiet night life**

- **Lack of enticing entry statement to Margaret River, with new Perimeter Road infrastructure dominating**

Opportunities

- **Consolidated and simple approach to attract buskers**
- **Greater presence of local artists**

Threats

- **High rents in townsite CBDs**
- **Shifting consumer behaviour threatens viability of traditional retail sector**
- **Poor pedestrian safety in crossing main road in Cowaramup**

4. Economic resilience

Strengths

- **Diversity of agricultural produce, including beef, dairy, sheep, goats, avocados, olives, grapes, and horticultural produce**
- **Access to inputs for soil fertility, including FOGO compost, manure, seaweed, and agricultural lime**
- **Cohesive community, including high volunteer rates**
- **Diversity of industries**

Weaknesses

- **Significant distances and limitations on transportation options to outside markets**
- **Very strong reliance on fossil fuels for tourist visitation, food production, and commodity transit**
- **Strong reliance on tourism**

Opportunities

- **Becoming a hub of regenerative agriculture practices and education**
-

Threats

- **Climate change**
- **Peak oil leading to steep increases in the oil price**
- **Lack of action underpinning Margaret River's "clean and green" brand image threatens hollowness of brand**
- **COVID-19 or other impacts on tourism**

5. Successful livelihoods

Strengths

- Well reputed brand name “Margaret River”
- High number and diversity of community events and “iconic events” to attract visitors to the region
- Margaret River HEART (Hub of Entertainment, Arts, and Regional Tourism)
- Augusta Marina
- Venues such as pubs, breweries, wineries and restaurants supportive of local musicians
- Diversity of festivals, such as West Australian Guitar Festival, West Australian Circus Festival, Cabin Fever, etc
- South Regional TAFE campus with strong industry links
- Mediterranean climate, very comfortable most of the year, suitable for a diversity of crops
- Active TAFE campus

Weaknesses

- Isolation from markets
- Lack of time or tender writing skills amongst local contractors wanting to win tenders
- Limited post-secondary training options

Opportunities

- Jet Star flights into Busselton-Margaret River Airport, and opportunities for air-freight of high value produce
- Further strengthen local music related industries – studios, performers, workshops, sound engineering
- Greater utilisation of local produce in institutions such as schools, hospitals, etc
- Value-adding of primary produce
- Joint venture amongst creatives to win larger tenders
- Import substitution to create local industries
- Development of a grants round for circular economy business start ups and development

Threats

- Lack of affordable housing to attract foreign students and retain young people
- Poor road quality in Scott River Region threatens viability of market access for food producers
- Environmental pressures (e.g. acidity, erosion, variable rainfall) threaten agricultural productivity

6. Local ownership

Strengths

- **Incubator hubs: Farmers Markets, Margaret River Artisan Store, Hardware Collective (Witchcliffe), MixTape, Creative Corner, Generator Network**
- **Good number of interesting, diverse, locally-owned businesses creating a strong sense of place and interesting main streets**
- **Active business chambers to facilitate capacity-building for successful business operations**
- **Local bank in Augusta**

Weaknesses

- **Limited local banking options outside of Augusta**
- **Inability to invest in local businesses**
- **Poor capacity amongst tradesmen to write successful tenders**

Opportunities

- **Co-working / collaborative retail spaces**
- **Buy Local campaign**
- **Local investment initiatives**

Threats

- **High rents in townsite CBDs**
- **Competition from online shopping**
- **Sale of land and businesses to outside interests**

BROADER MEGA-TRENDS

In addition to analysing the local economic context it is important to consider broader trends in Australia and the world, and how these might inform local opportunities and challenges. Broad “mega-trends” identified by CSIRO ⁽³²⁾ ⁽³³⁾ in recent years include:

Climate Change and environment

Environmental pressures, including climate change, biodiversity and habitat loss, and alarming resource depletion, coupled with a growing global population and growing demand for consumption are highlighting the need to reconsider models of production and consumption, both globally and locally.

Carbon markets and impact investment may serve as a financial tool to help foster regenerative activities, and increasing

consumer demand for environmentally benign products may play a role, but the scale of the challenge poses questions around the ongoing feasibility of consumerism as a lifestyle, single bottom line investment, and wealth concentration. These trends could suggest more cooperative and local forms of ownership and wealth distribution, smaller home sizes and mortgages, job-sharing, and more participatory production based on sufficiency and relationships.

Rise of Asia

According to CSIRO, by 2030 the Asia-Pacific region is expected to consume “more than half the world’s food supply, 40% of its energy and be home to an estimated 65% of the world’s middle class” ⁽³²⁾. This trend presents a double-edged sword, with the benefit of new markets for Australian exports and tourism potentially exacerbating the above environmental

challenges. One resolution to this paradox would be for domestic innovations to focus on technologies and services that can improve quality of life while reducing environmental footprints, such as renewable energy, circular manufacturing technology, and ecotourism.

Technological change

New and emerging technologies will continue to disrupt given ways of doing things. The stuff of sci-fi movies is readily becoming the reality of today, with rapid development in areas like artificial intelligence, autonomous vehicles, blockchain, drones, additive manufacturing (3D printing), Internet of Things and Smart Cities, precision medicine, and mass data collation and analysis ⁽³⁴⁾. This suggests the need for ongoing debate, responsiveness, creativity, and accountable governance. It also highlights the importance of training opportunities responsive to a rapidly changing world.

Declining trust in business and institutions

Trust in institutions, including government, business and the media, has declined significantly in recent years. For example, the percentage of people who say they trust government has fallen from 42% in 1993 to just 26% in 2016⁽³²⁾, with levels of distrust in Australia's key institutions only 4 percentage points away from the world's least trusting country – Russia⁽³⁵⁾.

This declining trust has been correlated with:

- concern about the influence of big business over government, particularly around political donations and the “rapidly-revolving door between political office and lobbying positions”⁽³⁵⁾;
- a sense that major political parties are disconnected and will promise anything to win votes;
- a sense that business leaders are focused on short-term financial gains to the detriment of the broader social good.

Trust is the glue that facilitates collective action to address complex, long-term challenges, and this loss of trust suggests the need for greater democratisation of ownership and transparency of decisions.

Ageing population

Australia has an ageing population, with the proportion of people aged 65 and over accounting for only 4% of the population in 1901, 8% in 1950, 15% of the population in 2017, and projected to increase to 21-25% by 2066⁽³⁶⁾⁽³⁷⁾. This changing demographic brings the dual challenges of the retirement savings gap and increasing health expenditure, but also yields benefits. The increasing number of active older people, with their wealth of life experience, reliable work ethic, and accumulated savings, has been dubbed the “silver economy”. Opportunities exist to:

- create greater cross-generational collaborations (such as Adelaide's dual aged-cared facility/Montessori school);
- employ older people (with financial incentives of up to \$10,000 through the Federal Government's *Restart* program to hire and retain mature age employees);
- provide specific services and products for an older audience; and
- support entrepreneurialism amongst older people (so-called “seniorpreneurs”).

Changing consumer expectations

Within Australia and many developed countries there is a shift in consumer habits, with a rising demand for services and experiences over products. Part of this trend may be attributable to social media, with status derived from “Instagrammable” experiences over products. Services are an area that small, local business can often compete well in. Demand for experiences can also serve the local economy, where sense of place delivers the very uniqueness and authenticity consumers are searching for. The shift away from products, coupled

with increasing efficiency of production, has led to less material intensity per unit of GDP, a positive sign for overtaxed natural systems.

Another consumer trend is the increasing demand for corporate social responsibility – it is increasingly becoming a necessity rather than an option. This is evidenced in the rise of B-Corps, organic produce, ethical superannuation funds, impact investment, green bonds, free-range produce, and more.

COVID-19

The impacts of the COVID-19 pandemic are still being felt in the local economy, as discussed on page 12. The pandemic’s effects had an uneven impact on different sectors, with the biggest impact on high-contact industries such as hospitality. This effect has also seen an uneven impact across different countries, with those containing a larger proportion of high-contact sectors being more exposed to the pandemic recession. This asymmetry of impact also extends to long-term productivity decreases, which tend to be significantly more pronounced in developing economies than developed countries⁽³⁸⁾.

The long-term outcome of the pandemic is unknown, but presents an opportunity to think about the “new normal” we want to return to. This may include further consideration of supply chain resilience, and finding the right balance between lowest cost of production in long supply chains and security and sustainability of localised supplies. It may also include a stronger focus on mitigating and building resilience to other shocks, most notably the ecological threats of climate change, habitat fragmentation, and biodiversity loss.

Key opportunities identified by CSIRO⁽³⁹⁾ most relevant to the shire include:

- Decarbonisation, renewable energy, hydrogen industry
- Healthy food, alternative protein sources, sustainable production chains, traceability and provenance
- Local, sustainable and bespoke manufacturing

Appendix: Business Survey 2019 Report

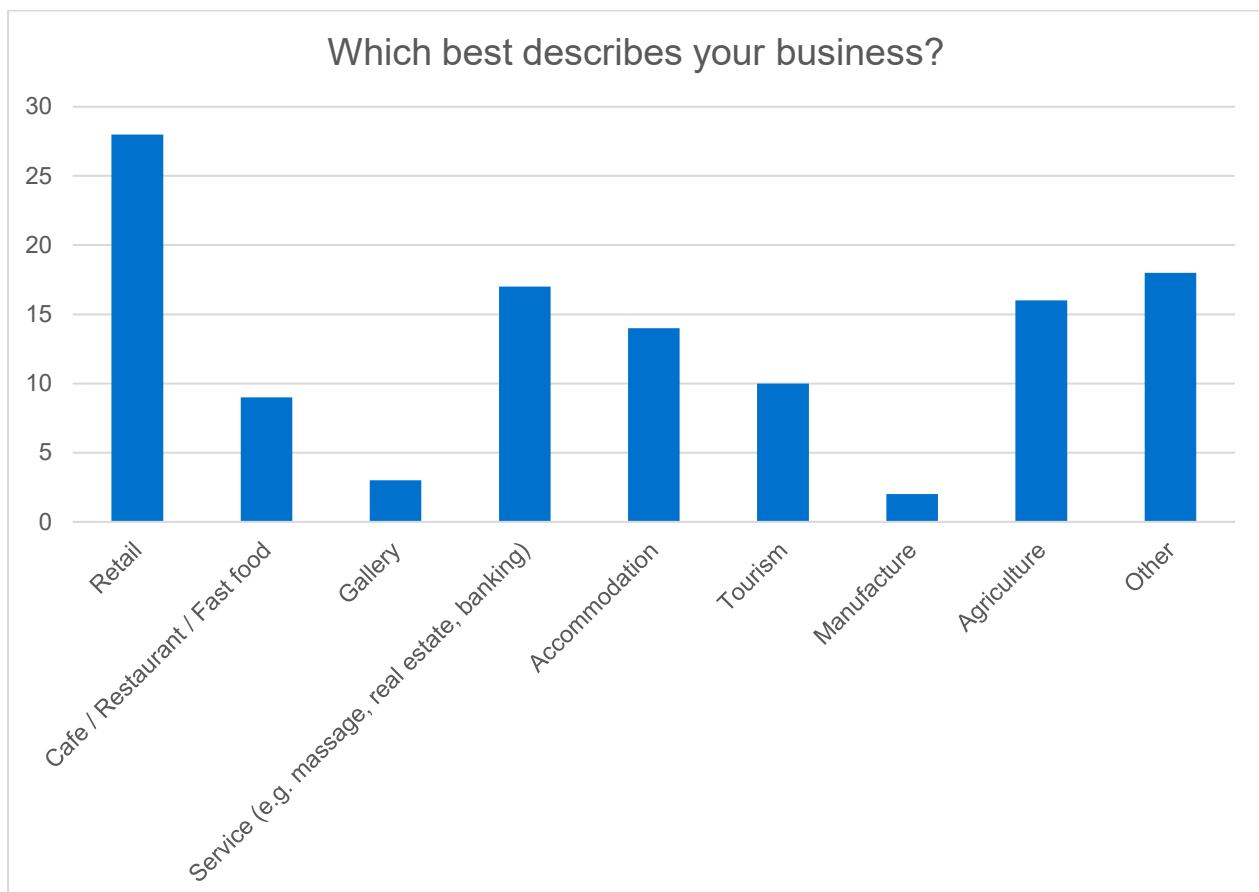
Process

Nine business surveys were published online and in hardcopy from 6 June to 10 July 2019. The purpose of the surveys was to gauge the state of businesses in the Augusta Margaret River Shire, to better understand the challenges and opportunities of business operators in the region and the key factors relating to their ongoing viability and sustainability. The results of the survey will inform the development of the Sustainable Economy Strategy.

The surveys were developed under the following categories, with some survey questions customised to suit:

- General (8 submissions);
- Station Road Traders (3 submissions);
- Wine Industry (0 submissions);
- Cowaramup Traders (7 submissions);
- Agriculture (13 submissions);
- Tourism & Accommodation (18 submissions);
- Margaret River Main Street Traders (27 submissions);
- Augusta Traders (17 submissions); and
- Light Industrial Area (3 submissions).

The business-type of survey participants is shown below.



The survey closed on 10 July 2019, with all submitters who included their contact details going in the draw for a massage. The prize was selected by utilising a randomiser function in Excel.

The survey was promoted through the Shire's Your Say engagement website and advertised widely. This included weekly publishing in the Shire's Community Consultation section of the AMR Times newspaper and the Shire website, as well as the Margaret River and Augusta Chambers of Commerce newsletters, Margaret River Wine Association newsletter, Margaret River Busselton Tourism Association newsletter, a quarter page advertisement in the AMR Times and in a number of posters and hardcopy surveys circulated at local libraries, cafes, and agricultural stores throughout the Shire.

Door-knocking of businesses also took place, with both the Shire's Sustainable Economy Officer and Councillor Pauline McLeod visiting businesses to promote the survey. In addition, key times and places were advertised for face-to-face meetings and to fill out the survey, as per below.

Station Road Businesses	8am Wednesday 26 th June @ Blue Ginger
Margaret River Main Street	9:30am Thurs 27 th June @ Morries
Cowaramup Businesses	5pm Wed 26th June @ The Golden Jersey
Augusta Businesses	9am Tuesday 2 nd July @ Deckchair Café
Margaret River Light Industrial Area	4:30pm Thurs 4 th July @ Cape to Cape Explorer Tours, Auger Way

Outcomes

The most attended of the face-to-face meetings was in Cowaramup, where promotion by the Cowaramup Retailers Association and the offer of wine and nibbles drew a small crowd, with constructive conversation generated and a number of surveys completed. The Station Road event had no attendees, possibly reflecting the lack of an organised group representing these traders. Also, the Light Industrial Area event was cancelled due to very poor weather.

In total there were 96 survey submissions, of which six were completed in hardcopy and 90 online. This equates to roughly 5% of businesses in the Shire. There was a low response rate from the wine industry and the construction industry, which could be indicative of survey fatigue, with the Wine Industry Association recently undertaking their own surveying. It is difficult to target the construction industry specifically, as they are by nature a geographically mobile and dispersed sector and have no local representative organisation. Given that the construction industry is so important to the region's economy, representing 21% of all local businesses and 10% of local employment, strategies to gain meaningful feedback from this sector will be developed to best inform the draft Sustainable Economy Strategy.

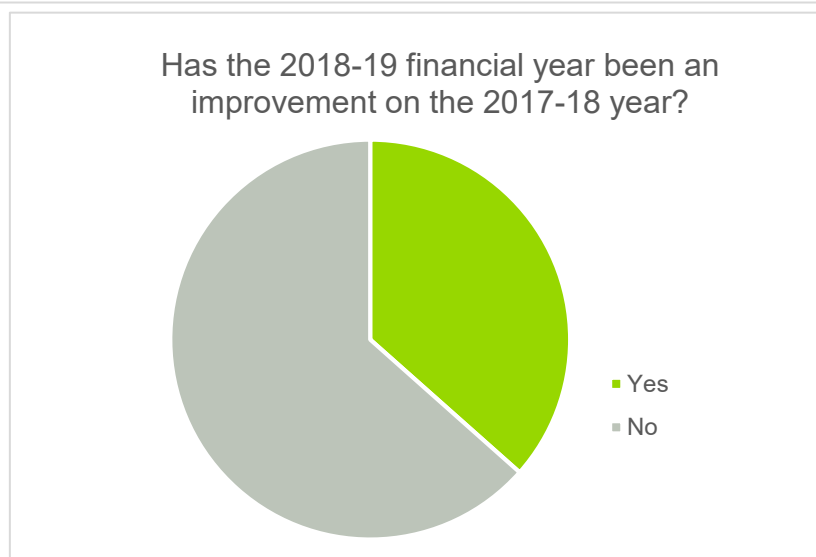
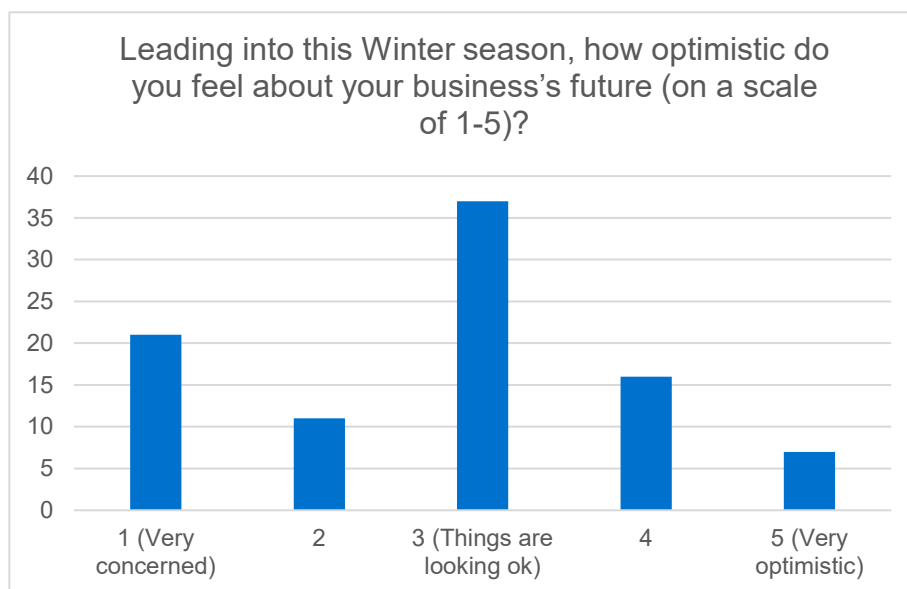
Findings

General feedback

Themes that emerged from this engagement include:

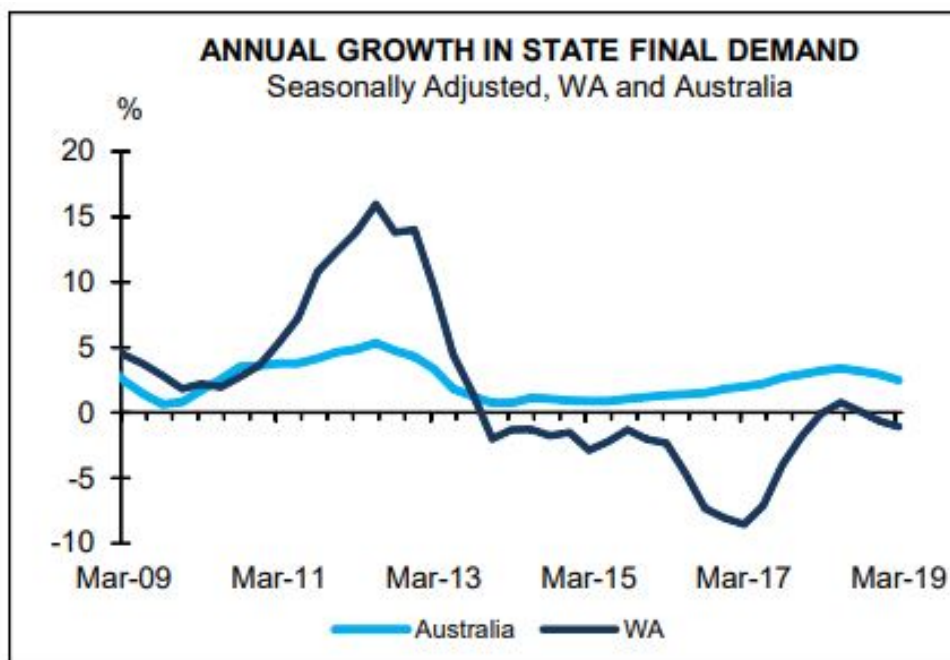
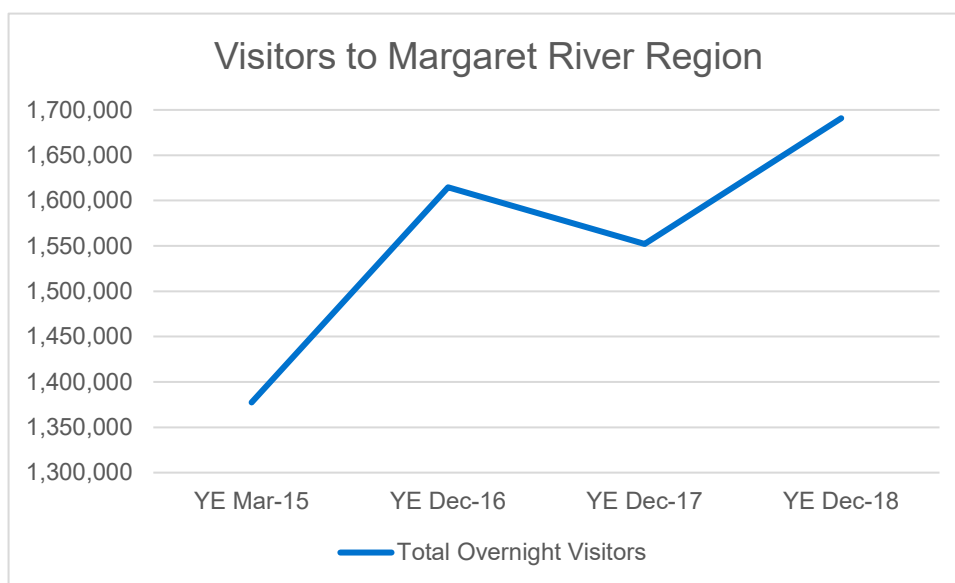
- Concern about rising commercial rates during an economic downturn;
- Feeling a need for better signage;
- Market saturation (particularly in accommodation);
- The desire for a buy local campaign;
- The need for the Shire to prioritise procurement from local businesses;
- The beneficial impact of events and desire for more of these; and
- A strong sense of wanting to be better understood by the Shire – for the realities of running a small business to be understood and considered in the Shire's decision-making processes.

35% of businesses indicated a lack of optimism for their business's future, 40% felt that things were ok, and 25% felt optimistic. 63% stated that the current financial year had not been an improvement on the previous one.



This business concern derives from a number of factors – increased competition, disruptive technologies, rising business overheads, the coming Main Street redevelopment and a general slowing down of the economy.

One survey submission stated: “As a long-term business owner, I see the effects of the retail downturn. It’s never been as bad as this in the last 33 years I’ve been in business.” Some other submissions reflected this sentiment, with statements like businesses are “really struggling in this economic climate”. Despite official tourism figures reflecting a significant increase in visitation to the Margaret River Region since the 2017 drop, it is uncertain how much this has correlated to increased visitor spend. The latest figures from the Western Australian Department of Treasury show an annual fall in State Final Demand – a broad measure of the demand for goods and services in the economy – from March 2018 to March 2019 of 1.1%. Since the end of the State’s mining boom in late 2014, growth in State Final Demand has plummeted below the national average.



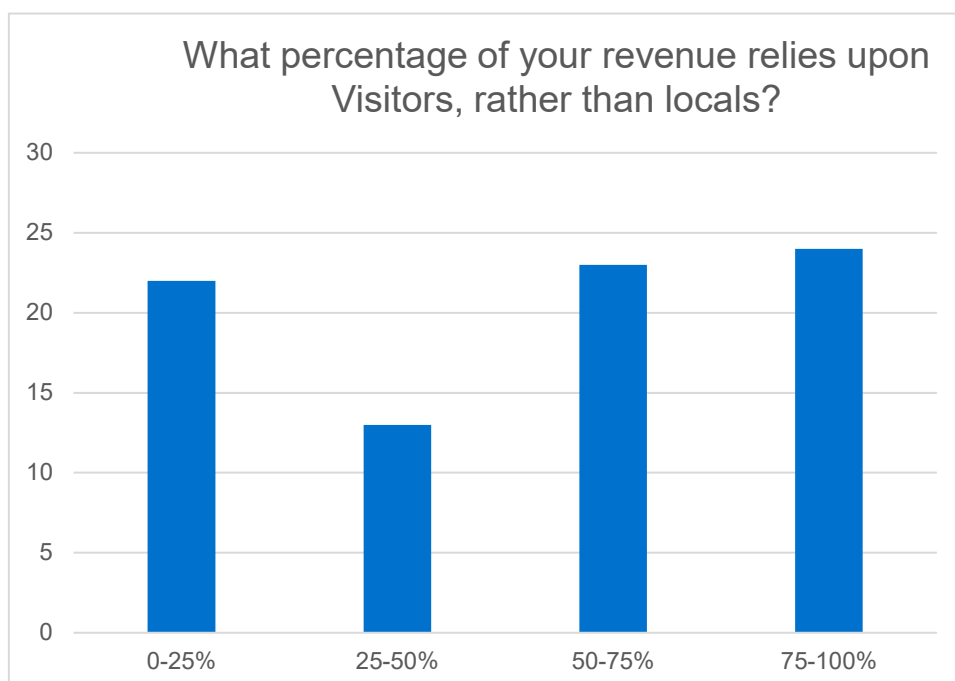
In the case of both the retail and accommodation sectors, disruptive technologies have played a role in reducing the competitiveness of existing modes of operation. These disruptive trends may see a dramatic restructuring of the local economy over time. Amazon, eBay and other online shopping platforms have created a convenience that appeals to many time-poor shoppers, not only pulling money away from local retailers but also undermining the potential for that money to recirculate multiple times through the local economy. Distant companies often fail to be competitive in services and in offering product or experience that is authentically local.

The Shire has a limited capacity to address many of these broader disruptive factors, but the instigation of a Buy Local campaign (discussed later) could play a role in supporting the local retail sector. In addition, two-thirds of businesses surveyed do not currently sell online, so initiatives to support capacity-building in this arena could be of assistance.

Some themes and strategies are discussed below, with additional attention given to feedback from Augusta traders, Margaret River main street traders, the agricultural sector and the accommodation sector.

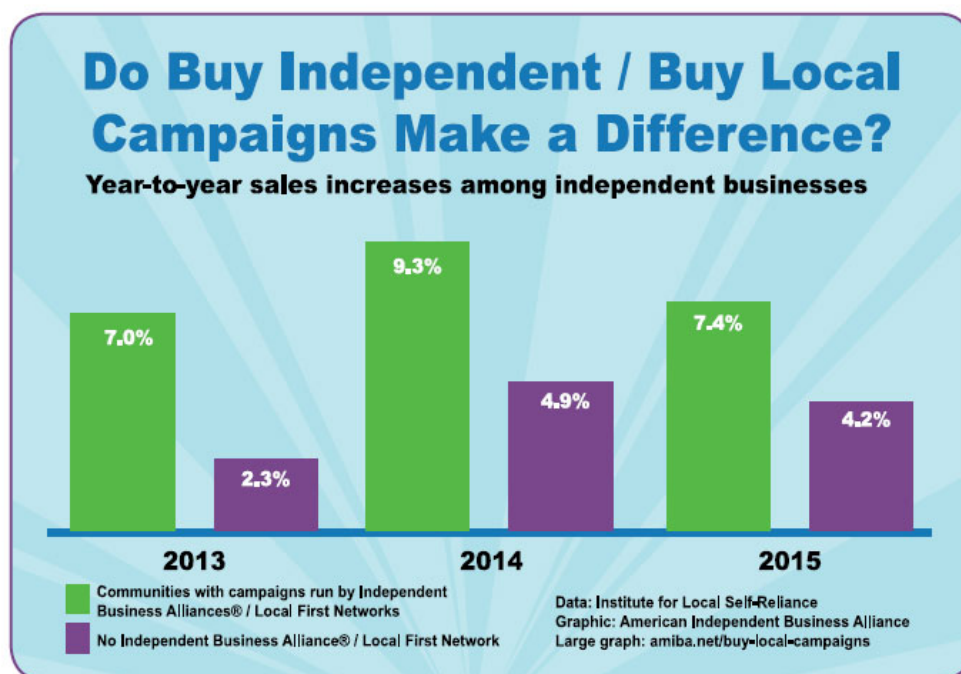
Seasonality

The Shire's reputation as a tourism destination was further validated through the investigation of how much business revenue was reliant upon visitor spending rather than local spending. In total, 57% of businesses reported that more than half of their income relied upon visitors, and of these businesses half reported that more than three quarters of their income relied upon visitors. This highlights the challenges for cash flows for many of our businesses over the quiet winter months and suggests that strategies to either increase winter visitation or reduce overheads during this time of year could greatly benefit the business community. Seasonality was also identified as a major challenge for attracting and retaining staff, with the inability to provide consistent hours unattractive for potential employees.



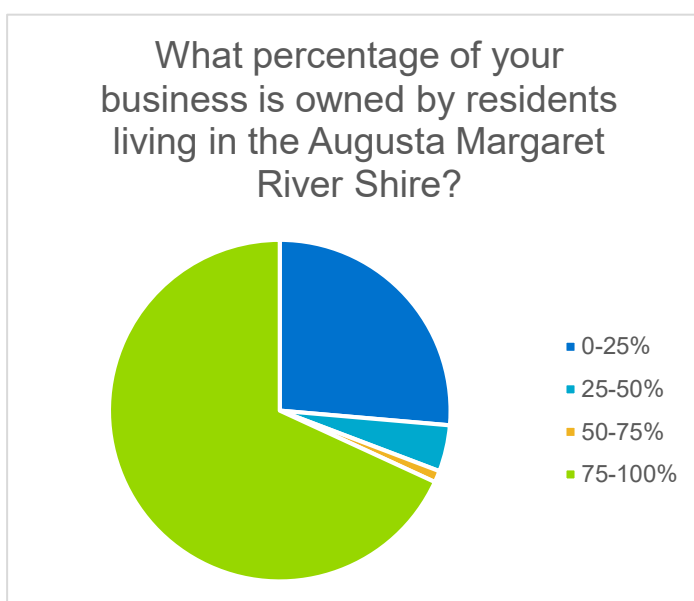
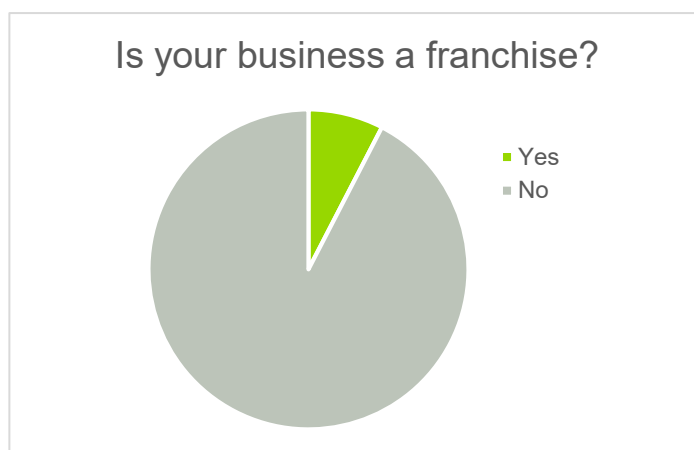
Buy Local

One of the tools used for adding vitality to local economies, and consistent with the submissions made through this engagement, is Buy Local / Choose Local campaigns. There is ample evidence to suggest that communities that implement and foster a greater awareness and appreciation of local businesses increase the circulation of currency before it leaks from the local system, as shown below.



Local businesses report already utilising local suppliers to a high degree, with 54% of businesses stating more than half of their business inputs are purchased locally. Of those businesses utilising comparatively small amounts of local goods and services, some are in a constrained position to increase this, particularly those retailing mass-produced goods such as computers and white goods that are only manufactured outside of this region.

A Choose Local campaign could target both local residents and local businesses, and previous communications suggest eagerness for a collaborative campaign between the Margaret River Chamber of Commerce and Industry, Transition Margaret River, local business owners and the Shire. One of the challenges in running such a campaign is drawing a line on what constitutes “local”. For example, history suggests that effective Choose Local campaigns need to exclude franchises, yet the 8% of businesses that indicated they were a franchise – many of which are locally-owned – could easily feel unfairly excluded. Another grey area is business ownership: local ownership is linked to greater investment in the local community, yet the 26% of businesses who reported being wholly or mostly owned by people living outside the Shire still make a valuable economic contribution to the region. “Local” can therefore be reduced solely to geographic location, but in such a case reduces the impact of prioritising spend in businesses that maximise the local multiplier effect.

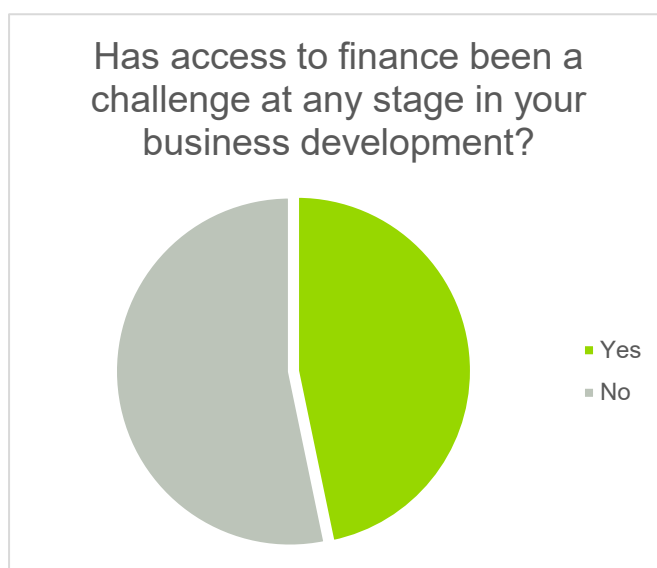


Local Investment

Further support for local businesses could be achieved by implementing a local investment initiative, connecting the investment potential latent within the local community to those businesses seeking additional capital for business expansion and development. 47% of businesses stated that access to finance had been a challenge at some stage in their business development, and easing this challenge can be the difference between make or break. There are numerous examples of communities that have launched initiatives aimed at moving even a small percentage of capital from distant offshore investments to their local community – Local Investment Opportunity Networks, Community Credit Unions and Banks, Angel networks, local stock exchanges, etc.

In the south-west region we already have the beginnings of a capacity-building network for businesses either at the startup phase, or ready to undertake a growth phase. The Generator Network, driven by Peter Griffyn, Creative Corner and Agristart, features a series of online courses aimed at fostering greater business acumen, a “Validator” program to help validate the commercial viability of a business idea and a funnel to investment and capital-raising avenues. In particular, graduates from the Validator program can pitch their idea to the South West Angels, an Angel investment group in the region. Alternative capital-raising ventures should be explored, particularly those aimed at diverting a small percentage of local investment potential away from distant businesses and back into the local business ecology,

and those aimed at building relationships within the community aimed at mutual benefit over the long-term, rather than high returns on investment over the short-term.



Environmentally-friendly practices

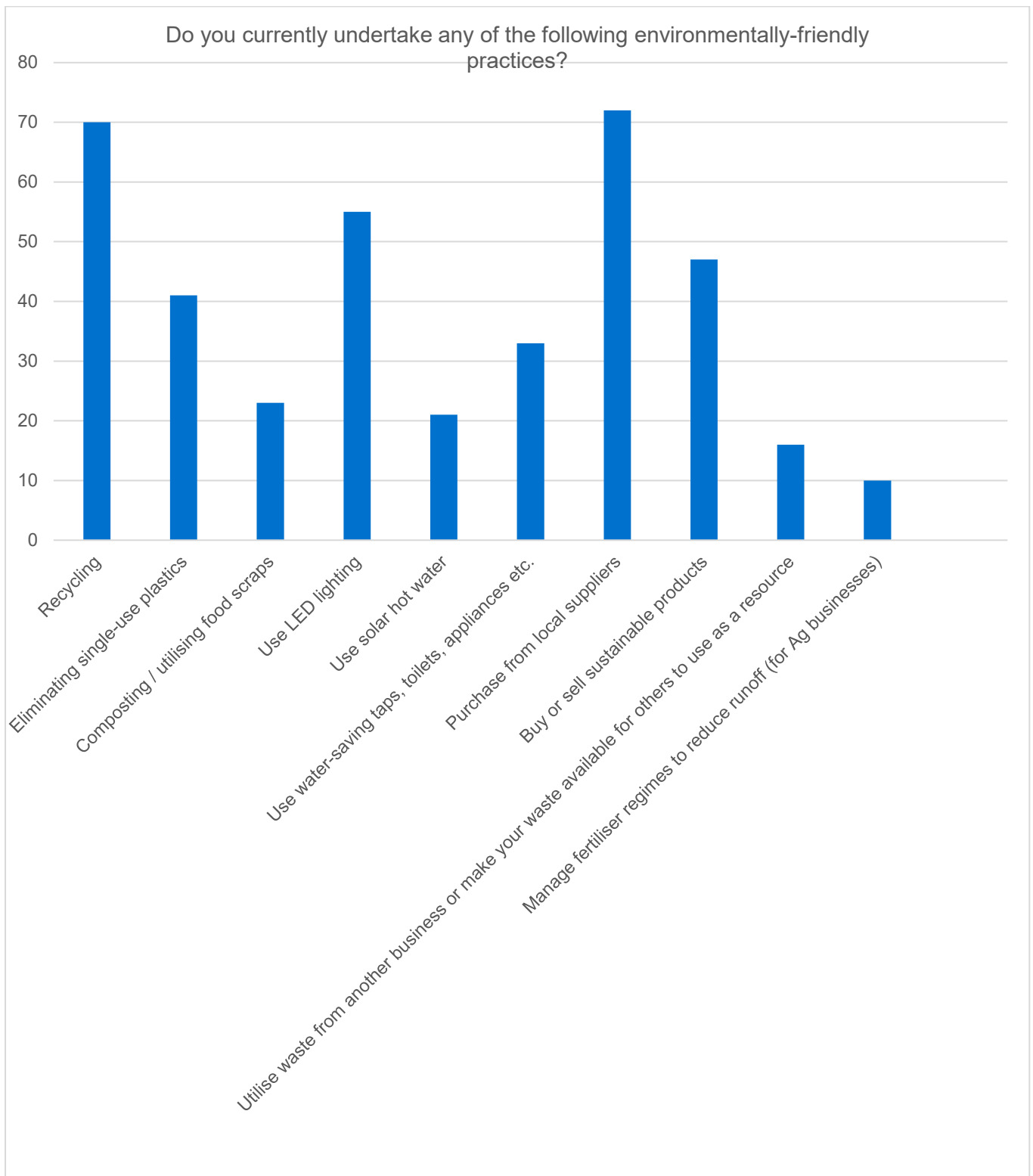
Businesses self-reported a high degree of participation in environmentally-friendly practices, with some behaviours featuring more prominently than others. This information can help identify and prioritise which behaviours to promote and support businesses adopting in the future. Nearly three-quarters of all surveyed businesses undertook some form of recycling and a similar number indicated they purchase from local suppliers. A high number of businesses (43%) reported they were eliminating single use plastics – a surprising statistic for such a challenging achievement, possibly indicating a trend around reducing rather than eliminating single-use plastics. 57% of businesses reported using LEDs, but there is insufficient detail to conclude whether this entails a single LED or a full retrofit of their business's entire lighting requirements.

Less than a quarter of businesses reported composting or utilising food scraps and three quarters of businesses stated they would not be interested in a FOGO (Food Organics Garden Organics) bin service if it became available in the future for a fee. The food/hospitality sector – the industry sector that would produce the most food waste – also had the highest penetration of composting scraps and the impact of a composting scheme in other sectors such as mechanical services might be limited. Therefore the most effective initiative to encourage and support a greater adoption of environmentally-friendly practices amongst businesses should examine each sector's specific inputs and outputs and promote those activities with the lowest penetration and highest impact for that sector.

Environmentally-friendly building retrofits, such as LEDs, photovoltaics and solar hot water, may require a degree of advocacy on tenant's behalf to their landlords if the Shire is to see greater uptake. 27% of businesses reported the use of solar photovoltaic panels, a higher rate than the Shire's residential installations, which account for 18.5% of dwellings in the Shire. Given that most businesses operate during the day time where the benefit of solar power is most financially impactful, and in the current context of historically low interest rates, a much higher penetration rate seems achievable and desirable.

Care must be taken in drawing conclusions from a limited sample size (roughly 5% of businesses in the Shire). The degree to which all of these actions are taking place is difficult

to determine as the survey aimed at capturing broad trends. Future engagement with businesses around sustainability practices will explore these items in greater detail. One model, undertaken in the City of Darebin, Victoria, is an assessment and recognition program called “We are greening our business”. This initiative uses a framework to explore with business owners various options for reducing their environmental footprint and provides participating businesses with certificates and stickers of recognition, inclusion in a “green business” directory, and regular networking opportunities with other participating businesses.



Agricultural business feedback

Amongst farmers who responded to the survey, none reported that the 2018-19 financial year was an improvement on the previous year, and all farmers whose sole product was dairy conveyed a severe lack of optimism about the future of their business. Amongst the challenges they face, a common theme was a sense of incompatibility in agriculturally zoned areas between industry and “lifestyle” or accommodation blocks, particularly small lots around Rosa Brook, Warner Glen, Karridale and Nillup. The view was that these block owners didn’t understand the day-to-day realities of farming and were intolerant of noise and farming activities. In addition, there was a common perception that Shire planning approvals for simple requirements such as new sheds was too time-consuming and too costly, and a concern about planning decisions being compatible with farming, including a mention of “One house per title doesn’t suit farming families”. This feedback substantiates the suggested changes in the current review of the Local Planning Strategy, which includes increased exemptions for shed approvals, a presumption against subdivision of agricultural lots and allowance of larger ancillary dwellings to provide intergenerational housing on farming properties.

Some of the feedback reflected a sense of being unacknowledged or left behind, with comments such as:

‘Make all farmers within the Shire feel as though they are valued and a part of the community.’

And

“As the biggest earner for the Shire agriculture should be celebrated just as much as tourism and given the same respect and assistance!”

The Augusta Margaret River Shire could consider making a conspicuous effort to honour the region’s farming heritage, informed by further discussion with the farming community. Strategies could include making a public declaration; erecting signs, monuments, and artwork; hosting an annual event for farmers or bringing farmers and other community members together; creating a Gourmet Fringe Festival showcasing local produce with talks and demonstrations by famers; greater recognition and showcasing of farmers at the Margaret River Agricultural Show.

Ideas for future development in the agricultural sector included:

- continued support for Farmers Markets and ensuring their long-term existence;
- advocate for local/regional abattoirs and other food processing and value-adding facilities;
- exploring efficient technologies such as crop boxes, vertical farming and controlled climate facilities for growing crops; and
- support for trialling and managing cooperative structures.

Regarding the suggestion for cooperative structures, the survey gauged interest levels in a cooperative processing facility (or food hub) for value-adding, marketing, and selling produce. More than half of the respondents stated that they were interested, and further quarter stated they might be interested. The National Good Food Network, United States, defines a food hub as “business or organization that actively manages the aggregation, distribution, and marketing of source-identified food products primarily from local and regional producers to strengthen their ability to satisfy wholesale, retail, and institutional demand.” The role of a food hub or network in the Augusta Margaret River Shire and Scott River Region has been identified and discussed at a series of Food Summits held by the Shire in 2016.

A food hub has the potential to assist in distribution channels for smaller producers in the region and may bridge the divide between those producers aimed at satisfying local demand for fresh produce and those producers focused on large-scale, export-oriented production. The potential for marketing, value-adding and distribution cooperatives is part of the scope of works for the Scott River Sustainable Economy Strategy, soon to be produced by a consultant.

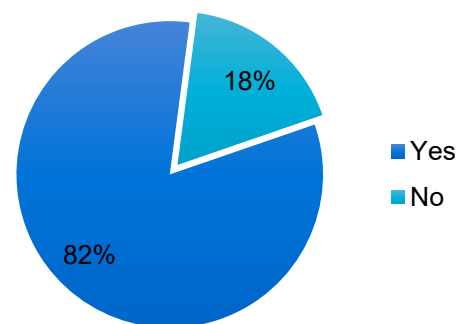
Augusta community feedback

Bearing in mind that this survey is only a snapshot of local businesses, more than 80% felt that the main street lacked vitality. Ideas for improvements included:

- streetscaping;
- safe paving;
- benches;
- murals;
- whale and abalone themed sculptures;
- opportunities for “selfies”;
- a unifying theme, colour or character;
- pedestrian crossings;
- more bins; and
- fixing drainage issues.

One comment stated that while they didn’t feel the street lacked vitality, it lacked vision, and in the 20+ years of their residency in Augusta there has been “no visible attempt at drawing up a realistic and visionary plan for the centre of town”.

Do you feel that the Main St or town centre of Augusta is lacking vitality?



In considering economic opportunities for Augusta, a number of comments related to the ambition to attract more families and young people to the town. There is a large age disparity between Augusta and other settlements in the Shire, with the median age for Augusta residents being 59, compared to 35 for Margaret River, and 37 for Cowaramup. While this older demographic may underpin the comparatively higher rates of volunteerism in Augusta, it may create other challenges for securing labour and seeing business startups develop.

Augusta has a number of assets that could be marketed and made further visible for both adding to liveability of the area and for attracting visitors and young families. Assets include:

- The river and ocean front;
- Slow pace of life (in the survey contrasted against Margaret River);
- Excellent walking trails, including close proximity to the Cape to Cape Track;
- Natural, pristine, and serene surrounds;
- Relaxed fishing vibe;
- Forest;
- Plenty of seafood;
- Whales;
- Unique coastline;
- Marina;
- Lighthouse; and
- Abalone.

Augusta is nestled on the Blackwood River – the largest river in the south-west – yet the river is largely invisible from the main street. Consideration could be given for ways to better integrate river views with existing businesses, such as creating eating decks at the rear of those food establishments located on the west side of the main street. Many of the assets listed related to a marine theme – whales, seafood, marina, lighthouse, abalone and fishing opportunities. This could inform a unifying theme for the town, if residents feel this is a strong part of the town's identity, and could be made more conspicuous through murals, sculptures, colour schemes, etc.

Main Street Traders feedback

The survey captured a large degree of concern about the upcoming Main St redevelopment which, given the previously mentioned sense of general economic decline, is unsurprising. The main concerns related to uncertainty about the timing and impact of the construction, a concern about parking options and signage, concern about construction taking place during the peak trading period over summer, and that the construction will not be completed within a timely manner. These concerns have been taken onboard by the Shire, who has developed a communication campaign utilising the YourSay portal, Facebook (via Main Street Traders page), and public information sessions to update the community on the construction process and timing. Ned Higgins Lane currently holds underutilised parking capacity, and both the contractor and the Shire will be implementing signage to encourage simple wayfinding for vehicle movements and parking. In conjunction with a group of Main Street Traders, the Shire is developing a marketing strategy to provide positive messaging and images for visitors around the values of the future street, emphasising that businesses are still open, and highlighting parking and wayfinding options. Marketing materials will include large banners on the entry to town, printed shade cloth on construction barriers, and DLs and flyers provided for accommodation businesses.

Further submissions on methods to support Main Street Traders included:

- Plenty of directional signage;
- An innovative, highly original “buy local” campaign;
- Upgrade Ned Higgins Lane to allow cars to pass each other;
- Focusing construction work outside of trading hours;
- Investigate a delivery aggregator service (the example of Town Around was provided);
- Have Main St businesses agree on a 20% “renovation sale”;
- Increase events in the region, and run satellite events on the Main Street rather than just in outlying areas such as in the case of Surf Pro, Gourmet Escape, and other events;
- Printing on construction barriers and additional banners erected;
- Tree lighting and light shows;
- Consider alternative back entrances and advertise to customer databases;
- Having other businesses on the Main Street agree to stay open on Mondays of long weekends, or allow food vans and vendors onto the street on these days to encourage visitors to linger around longer before departing the town;
- Including a central meeting space, more seating, and more opportunities to linger rather than walking “straight up and down the main street in half an hour”;
- Greater visibility of our historical connection with indigenous and non-indigenous local culture;
- PR and marketing;

- Visitor maps for wayfinding and parking accessibility;
- Signage and other mechanisms to encourage visitors to explore the southern end of the street and greater connectivity with the river and Old Settlement precinct;
- Reduction in rates.

This final point of a reduction in commercial rates, particularly during the construction period, was raised by a number of respondents as the most preferred solution to offsetting a downturn in revenue. There are a number of challenges with this approach, in particular the loss of Shire revenue to provide its core services, the requirement for non-main street residents to effectively subsidise main street traders for a development that will ultimately have the greatest benefit for those traders, the difficulty in ensuring a rates reduction is passed from landlord to tenant, and the difficulty in determining who is and who is not potentially affected by the redevelopment. The Shire's focus is on supporting traders on the main street to avoid loss of revenue in the first place, ensuring the construction program is as least disruptive as possible, maximising wayfinding signs for visitors and implementing a marketing campaign to promote that business is still open and the future benefits the project will bring.

Accommodation providers

The disruptive influence of Airbnb has caused concern amongst accommodation providers, many who see the rise of this platform as the key change that has led to a reduction in their bookings. While online booking platforms have been in existence for some time, Airbnb has been the most successful in assisting homeowners to commercialise their properties for short-stay accommodation. Part of Airbnb's attractiveness derives from its strong system of vetting potential guests through a review system and its initial focus on allowing private rooms, rather than entire properties, to be available for short-stay. Airbnb and other online platforms have allowed private house owners to create additional supply in the tourism market in direct competition with traditional accommodation suppliers. From the perspective of these traditional enterprises, Airbnb does not operate on an even playing field and thus has an unfair advantage. Critics assert that Airbnb operators do not need to comply with the same suite of health and safety standards, or with disability access requirements, and that they flood the market in peak times undermining the viability of businesses who operate all year round. In fairness, any property approved for short-stay accommodation is required to meet a similar set of standards and it is only those non-compliant, non-registered properties that shrug the constraints of traditional accommodation operators. As a response, the Shire created a Compliance Officer position in 2019 to counter the rise of Airbnb properties that were either operating outside of approved areas, or were operating within approved boundaries but were not registered. The Compliance Officer undertook more than 50 inspections and issued 26 infringements, reducing the number of non-compliant holiday houses in the Shire.

Another common concern is that shifting houses from the residential market to the short-stay market reduces availability of homes for rent and has negative implications for housing affordability. As of March 2017 more than 61% of Airbnb listings in Western Australia comprised whole homes or apartments rather than a single room in a hosted setting. In addition, there are planning concerns related to amenity for neighbouring properties in what are essentially residential areas. For home-owners living in a region where the ratio of house-prices to income is comparatively high, there is a strong benefit in Airbnb leveraging the latent capacity of empty rooms for a boost to income. The additional work in managing bookings, cleaning and laundering, is often outweighed by the higher earning capacity of short-stay tenants over long-term tenants, in essence creating new employment streams.

Communication between the Shire and Businesses

A common criticism levelled through the survey was a sense that businesses didn't feel heard, that the Shire wasn't listening, or that the Shire didn't understand the challenges of running a small business in the region. Given that the newly-created position of Sustainable Economy Officer is the first time the Shire has had a role with a specific focus on the business community it is unsurprising that improvements in communication between the Shire and local businesses has been flagged. In the six months since the position's inception, the Sustainable Economy Officer has held a number of meetings with business owners, facilitated a number of group meetings and networking events, attended events organised by business peak bodies, assisted with and run workshops for business owners, and engaged in email correspondence with business owners. It is anticipated that this ongoing engagement with the business community will create increasingly improved relations over time and provide a conduit for information flows in both directions.

The Sustainable Economy Officer has also updated the Shire's Economy webpage, adding several more pages and creating a YourSay platform. This online presence will be an ongoing project aiming to create clarity for businesses around their compliance requirements, where to get help for business development, upcoming capacity-building and information opportunities and a two-way communication channel via YourSay. The Shire's Procurement Officer has created an extensive webpage on "Doing Business with the Shire", providing background information on what is required to become a supplier for the Shire, and a portal for registering interest in becoming a supplier. A workshop was held, in conjunction with the Western Australian Local Government Association in March 2019, for local businesses to get a better understanding of the Shire's procurement process and what it takes to submit a competitive tender or quote. The Shire is committed to continuous improvement in its procurement processes.

Conclusion

The Business Survey was a valuable process for hearing from businesses on the ground, highlighting the challenges in maintaining an open communication channel with the business community and the need to establish stronger two way communication into the future. Those business sectors that have an established networking group or peak body were the easiest to engage with and have a greater potential for ongoing collaboration. Consequently there could be merit in the Shire helping facilitate the development of industry-specific networking groups for those sectors that currently have none.

Key areas for further exploration in the *Sustainable Economy Strategy* currently under development include:

- Implement a Buy Local / Choose Local campaign;
- Support workshops and initiatives to improve online presence and online sales of local business;
- Partner with MRBTA to consider strategies for increasing winter visitation, and explore ideas for reducing overheads during the offpeak season (e.g. variable commercial rates);
- Work with experts in the field, such as Michael Shuman, to explore opportunities for local investment and capital raising initiatives;
- Development of a green business initiative, informed by the City of Darebin's program;
- Gauge interest in, and opportunities for, a bulk-purchasing scheme for commercial solar photovoltaic panels;

- Continue support for the Margaret River Farmers Markets, and identify alternative sites to locate markets in the future if the Department of Education requires repossession of the current site;
- Advocate for local/regional abattoirs and other food processing and value-adding facilities;
- Consult with farmers and experts on efficient technologies such as crop boxes, vertical farming and controlled climate facilities for growing crops;
- Subsequent to the completion of the Scott River Sustainable Economy Strategy, undertake a review of food hub models and gauge appetite amongst local producers;
- Launch a consultation and visioning process with the Augusta Community for adding vitality to the town, exploring options for streetscaping, artwork, and a clearer presentation of the town's self-identity;
- Continue to execute the Communication Plan for the Main Street Redevelopment, undertaking regular meetings with Main Street Traders Group throughout the duration of the project;
- Continue to liaise with accommodation providers and ensure Airbnb operators are compliant;
- Continue to improve the Shire's online communication channels with the business community;
- Facilitate development of networking/peak groups for Light Industrial Areas, the construction industry, and the service/commercial sector on Station Road and Acer Place.

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