



# Economic Impact of Manjimup Revitalisation

*Prepared for*

**Shire of Manjimup**

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**LUCID**  
ECONOMICS



# lucid

*/ˈluːsɪd/*

*adjective*

1. expressed clearly; easy to understand

2. bright or luminous



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## Executive Summary

### Background

Lucid Economics was engaged by the Shire of Manjimup to identify the economic impact of the SuperTown initiative and the Manjimup Town Centre Revitalisation.

The SuperTown initiative began in 2011 as a public infrastructure investment program geared to increase the attractiveness and liveability of nine regional centres (i.e. SuperTowns). The ultimate goal of the project linked to significantly growing the local population of these SuperTowns over the next 40 to 45 years as a way of reducing the population growth pressure within the Perth Metropolitan region.

### Manjimup Town Centre Revitalisation

The Manjimup Town Centre Revitalisation was one of two initial projects funded through the SuperTown program in Manjimup. The project also received a considerable grant in the second round of funding (Royalties for Regions “Growing Our South” program) in order to complete the revitalisation project. Stage 1 of the project represents \$5.9 million in public investment and Stage 2 will represent \$24.7 million in public investment. While the SuperTown funding represents the majority of this investment, there are numerous other funding parties, including:

- Shire of Manjimup
- Lotteries West
- South West Development Commission
- Main Roads Western Australia
- Department of Transport
- Department of Sport and Recreation

Table E.1 Manjimup Town Centre Revitalisation

Stage 1	Stage 2
<ul style="list-style-type: none"> <li>• Mottram Street improvements</li> <li>• New road access from SW Hwy</li> <li>• Brockman Street improvements</li> <li>• New adventure playground</li> <li>• History House construction</li> <li>• Land for future road improvements</li> <li>• Extensive planning for Stage 2</li> </ul>	<ul style="list-style-type: none"> <li>• New northern town entry</li> <li>• Transformation of Timber and Heritage Park</li> <li>• Removal of rail corridor</li> <li>• Mottram Street pedestrian links</li> <li>• New hotel development site</li> <li>• New town square</li> <li>• Mottram Street and SW Hwy improvements</li> <li>• Pedestrian and cycling links</li> </ul>

Source: Shire of Manjimup (2017a)

## Economic Impact of Manjimup’s Revitalisation

The Stage 1 of Manjimup’s Town Centre Revitalisation has had considerable economic benefits for the local economy. The public infrastructure investment of Stage 1 has encouraged private sector investment into the area, including:

- A new shopping centre (including new Woolworths, additional shops, Manjimup Homemakers Centre and a new Caltex Petrol Station)
- Tall Timbers Restaurant (renovation of an older commercial building)
- Kingsley Motel (including considerable refurbishment)
- Southern Forests Medical Centre

### **Stage 1 – Public Sector Investment Encourages Private Sector Investment and Job Growth**

The public investment of \$5.9 million into the Stage 1 of the Manjimup Town Centre Revitalisation project encouraged private businesses to invest \$18.7 million. This private sector investment has directly resulted in 188 total new jobs (both direct and indirect) as well as adding a total of \$21.2 million into the local economy, which represents 4.4% of the current total economy.

According to the developer, the Woolworths and Caltex are amongst the best trading in Western Australia. As private sector investment has followed public sector infrastructure investment, the new jobs created can also provide a trigger for new residents and families moving to the area, which creates additional economic benefits throughout the community. Engagement with local businesses has revealed a considerable increase in local business confidence, which has led to (and will continue to lead to) local business expansion and new job creation.

The tables below (Table E.2 and Table E.3) highlight the total economic impact of the project for both its construction phase and its operational phase. It should be highlighted that while construction phase impacts are temporary, operational impacts will recur every year into the future.

**Table E.2 Economic Impact, Manjimup Town Centre Revitalisation, Construction Phase**

	Output (\$M)	Gross Value Added (\$M)	Employment (No.)	Income (\$M)
Direct	\$29.4	\$13.1	42	\$6.4
Indirect	\$51.5	\$18.0	105	\$9.0
<b>Total</b>	<b>\$80.9</b>	<b>\$31.1</b>	<b>147</b>	<b>\$15.4</b>

Note: 2016-17 dollars.

Source: Lucid Economics

**Table E.3 Economic Impact, Manjimup Town Centre Revitalisation, Operational Phase**

	Output (\$M)	Gross Value Added (\$M)	Employment (No.)	Income (\$M)
Direct	\$45.5	\$23.6	328	\$16.10
Indirect	\$91.5	\$31.8	184	\$15.10
<b>Total</b>	<b>\$137.0</b>	<b>\$55.4</b>	<b>512</b>	<b>\$31.20</b>

Note: 2016-17 dollars. Operational impacts represent Stage 1 impacts that have occurred as well as estimated Stage 2 impacts.

Source: Lucid Economics

Beyond these quantified economic benefits, there will be additional economic benefits, including:

- Increased business confidence, which will lead to additional private sector investment and job creation into the future.
- Potential increase in population, which can dramatically increase local expenditure, encourage business investment and create jobs.
- Increasing tourism and visitor expenditure, which would flow to local businesses and support future job growth and business sustainability.
- Increased services for residents across healthcare, retail, personal services, etc.
- Marketing value through various media and news outlets as well as first-hand accounts and experiences in the town, which provides broader positive marketing for the area.

Consultation with businesses and investors also highlighted a future planned investment into a new medical surgery, which is further evidence of the future private sector investment into Manjimup which would contribute to additional Stage 2 economic benefits for the town.

**The local economy has benefited greatly from the SuperTown initiative and the Manjimup Town Centre Revitalisation project.**

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# 1. Introduction

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Lucid Economics has been engaged by the Shire of Manjimup to conduct an assessment of the economic benefits of the Royalties for Regions initiative and the Manjimup Town Centre Revitalisation project.

The Royalties for Regions initiative and the Manjimup Town Centre Revitalisation project has provided (and will provide) numerous improvements to the town. These improvements in turn provide a boost in local business confidence, which has numerous flow-on benefits in terms of private sector investment and job creation, which will lead to population growth over time in accord with the objectives of the Manjimup Townsite Growth Plan.

This assessment provides a review of the Royalties for Regions initiative and the Manjimup Town Centre Revitalisation project as well as identifies the economic impacts stemming from the project.

## 2. Manjimup Revitalisation

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### 2.1 SuperTowns Initiative

The SuperTowns Initiative (Regional Centres Development Plan) was a Royalties for Regions funded program that sought to assist identified regional centres in Western Australia (i.e. 'SuperTowns') reach their full potential through targeted investment in a variety of economic and community infrastructure. The initiative was undertaken in response to considerable future population growth expected for Western Australia, which was expected to double in population over the next 40 to 45 years.

In July 2011, Royalties for Regions invested \$85.5 million into the SuperTowns program in order to assist the identified SuperTowns to attract future population over the next 40 to 45 years and reduce the pressure of population growth on Metropolitan Perth. Each town developed a detailed Growth Plan to identify required infrastructure and provide a general plan to accommodate significant population increases over the coming decades. The Growth Plans identified key investment projects and were used to apply for funding from the SuperTowns initiative.

The nine identified SuperTowns were:

- Boddington
- Collie
- Esperance
- Jurien Bay
- Katanning
- Manjimup
- Margaret River
- Morawa
- Northam

### 2.2 Revitalisation of Manjimup

As with all SuperTowns, Manjimup developed a detailed Growth Plan that considered a variety of economic, social and environmental factors as well as the unique requirements of the town. The revitalisation of Manjimup was identified as a key project through the Growth Plan and had two proposed stages.

#### **Stage 1 – Revitalisation of Manjimup's Town Centre**

The Stage 1 of Manjimup's Town Centre Revitalisation was included in the initial round of SuperTown funding together with another project (Manjimup's Agricultural Expansion). This first stage of the project included the following infrastructure improvements:

- Underground Power and new Street Lighting Mottram Street
- New road allowing access from South West Highway (Mottram Street) to Manjimup Central Business District
- Preliminary development of a Food and Beverage Precinct in Brockman Street
- Extensive adventure playground with giant slide in the Manjimup Timber and Heritage Park
- Construction of History House
- Purchase of Land to facilitate future road improvements
- Extensive planning for Stage 2 of the project

Through Royalties for Regions the State Government contributed \$5.71 million to Stage 1.



### **Stage 1 – Project Benefits**

Beyond the physical delivery of the infrastructure identified in the Stage 1 project, there were other considerable benefits stemming from the project. The overall SuperTown initiative and Manjimup's Town Centre Revitalisation generated considerable confidence in the market and encouraged a number of private sector investments, including:

- New shopping centre complex (including numerous new businesses)
- Two new medical centres
- New tavern, restaurants and cafes

**For most regional centres business confidence is extremely important to economic growth.** Like most regional economies, Manjimup's economy is predominately made up of small, local businesses (i.e. 82% of all businesses employ less than 5 people, ABS 2017). As such, considerable public sector investment into local infrastructure provides a major boost in confidence, which can attract new businesses, new investment as well as encourage existing businesses to expand and hire additional employees.

**Consultation with many investors and businesses in Manjimup has indicated that the public investment of Stage 1 of Manjimup's Town Centre Revitalisation were major contributing factors for their investment in the town.**

Figure 2.1 Removal of Overhead Power Lines and New Street Lighting along Mottram Street



Source: Shire of Manjimup (2017)

Figure 2.2 Adventure Playground – Manjimup Timber and Heritage Park



Source: Shire of Manjimup (2017)

### **Stage 2 – Revitalisation of Manjimup’s Town Centre**

Stage 2 of the Manjimup Town Centre Revitalisation includes considerable infrastructure works to complete the project. Specifically, the project includes:

- Create a new northern town site access and entry statement to the town centre and rationalise the existing entry points to improve safety
- Transform the Manjimup Timber and Heritage Park into a unique multipurpose attraction
- Remove the unused rail corridor infrastructure in the town centre to create town site wide linear recreation park (note that negotiations for access to the rail corridor have been partly approved with further negotiations currently underway for access to the rest of the rail corridor within the Manjimup town site)
- Construct additional pedestrian access points and car parking opportunities from Mottram Street to the town centre to facilitate town centre linkages
- Create an investment ready town centre location for a high-quality Business Tourism Accommodation facility provider adjacent to the Manjimup Timber and Heritage Park
- Transform Brockman Street, Giblett Street and Rose Street in the town centre into a town square by various improvements including integration into the Manjin Park precinct
- Undertake an array of Mottram Street / South Western Highway vehicle accessibility, safety improvements and streetscape works to capitalise on the recent undergrounding of power infrastructure along this major transport route
- Generate additional pedestrian and cycling linkages in the town centre and throughout the Manjimup town site.

These infrastructure improvements would completely change the town centre of Manjimup and transform the way the centre functions today.

## 3. Economic Impact Assessment

### 3.1 Modelling Approach

This assessment leverages Input-Output (IO) modelling based on the latest Input-Output tables provided by the Australian Bureau of Statistics (ABS, 2016) and considers both the construction and operational phase of the project. The table has been modified to reflect the structure of the Western Australian economy.

Economic impact analysis identifies a series of economic metrics, during both construction and operational phases, including:

- **Output:** gross value of goods and services, including all input costs.
- **Value Added:** value of the output minus the costs of goods and services used as inputs. Value added is the preferred measure of the economy as it focuses on the net contribution of the local economy. This value is most closely associated with Gross State Product (GSP) or Gross Regional Product (GRP).
- **Income:** wages and salaries paid to employees.
- **Employment:** employment positions generated, expressed on a full time equivalent (FTE) basis.

These metrics are measured in terms of the direct impact as well as the indirect (flow-on) impact. In terms of the indirect impacts, both Type I and Type II impacts have been considered:

- **Type I:** Production effect or supply chain impacts linking to the direct impact.
- **Type II:** Consumption induced effect, which measures expenditure paid by employees related to the project in the broader economy.

IO modelling has various limitations, as highlighted in **Appendix A**.

### 3.2 Key Assumptions and Drivers

The following tables (Table 3.1 and Table 3.2) highlight the key assumptions used for this analysis. These assumptions have been sourced through Manjimup Shire Council's building approvals as well as consultation directly with the business proponent/investor. Businesses and investors consulted identified that they SuperTowns initiative and the Manjimup Town Centre Revitalisation was a major contributing factor for their decision to invest in Manjimup.

**Table 3.1 Capital Expenditure Assumptions (\$M)**

	Stage 1	Stage 2
<b>Public Sector Expenditure</b>		
Public Sector Expenditure	\$5.9	\$24.7
<b>Private Sector Expenditure</b>		
Shopping Centre Complex	\$11.7	NA
Tall Timbers Manjimup	\$1.8	NA
Kingsley Motel	\$5.0	NA
Southern Forests Medical Practice	\$0.2	NA
<b>Total</b>	<b>\$18.7</b>	<b>NA</b>

Note: NA – Not available. At this stage, future capital expenditure from private sector driven projects for Stage 2 is unknown. Shopping Centre Complex includes Woolworths and associated shops, Manjimup Homemakers and Caltex Petrol Station.

Source: Lucid Economics; Manjimup Shire Council (2017a); Manjimup Shire Council (2017b)

**Table 3.2 Employment Assumptions (Net New Employment)**

	Stage 1 Employment (No.)
Shopping Centre Complex	95
Tall Timbers Manjimup	11
Kingsley Motel	7
Southern Forests Medical Practice	7
<b>Total</b>	<b>120</b>

Note: At this stage, future employment from private sector driven projects for Stage 2 is unknown.

Source: Lucid Economics

To identify the economic impact of the construction phase of the project on the Shire of Manjimup, it is necessary to isolate the construction expenditure that took place in the local economy. Table 3.3 shows the breakdown of capital expenditure by sector as well as how much of this capital expenditure was likely spent in the local economy.

**Table 3.3 Capital Expenditure Breakdown and Local Capture**

	Stage 1 - Public	Stage 1 - Private	Stage 2 - Public
<b>Capital Expenditure (\$M)</b>			
Non-Residential Building Construction	\$0.0	\$6.6	\$0.0
Heavy and Civil Engineering Construction	\$5.5	\$2.6	\$21.0
Construction Services	\$0.0	\$8.0	\$2.5
Professional, Scientific & Technical Services	\$0.4	\$1.4	\$1.2
<b>Total</b>	<b>\$5.9</b>	<b>\$18.7</b>	<b>\$24.7</b>
<b>Local Capture, by Sector (%)</b>			
Non-Residential Building Construction	0%	22%	15%
Heavy and Civil Engineering Construction	25%	22%	75%
Construction Services	0%	78%	95%
Professional, Scientific & Technical Services	25%	62%	50%
<b>Total Local Capital Expenditure (\$M)</b>	<b>\$1.5</b>	<b>\$9.2</b>	<b>\$18.7</b>

Source: Lucid Economics; Shire of Manjimup (2017a)

For Stage 1, employment was used as the key driver for the economic impact of the operational phase of the project. The employment highlighted in Table 3.2 represents the employment generated through local investments (i.e. shopping centre complex, Kingsley Motel refurbishment, Tall Timbers redevelopment and the Southern Forests Medical Practice). Only net new employment has been included in these figures and is based on consultation with the business and/or investor.

For Stage 2 of the project, private sector operational impacts were based on the actual experience of Stage 1. The shopping centre was excluded from this analysis, as it represents a large investment that is unlikely to be replicated into the future. The remaining three businesses (i.e. Kingsley Motel, Tall Timbers and the Southern Forests Medical Centre) are representative of the types of businesses that are likely to invest into Manjimup in the short to medium term future as a result of the Stage 2 of the project, based on the experience of Stage 1. The ratio of public sector investment in Stage 1 compared to private sector investment (excluding the shopping centre) for Stage 1 was used to identify the future private sector operational impacts of Stage 2 stemming from the public investment in this stage of the project.

Due to the unknown nature and magnitude of the actual private sector investments as part of Stage 2, the capital investment and construction phase impact were not included in this analysis.

### 3.3 Economic Impact

The results of the economic impact assessment are highlighted in the following tables (Table 3.4 and Table 3.5). During the construction phase of Stage 1, the project generated (both directly and indirectly) \$11.7 million in local gross value added (similar to Gross Regional Product) and 66 jobs.

The construction phase of Stage 2 will likely contribute \$19.4 million in local gross value added and 81 jobs, both directly and indirectly, considering only the public sector investment. As highlighted by the Stage 1 of the project, the public sector investment is likely to encourage private sector investment. As evidence of future private sector investment, consultation with local stakeholders already unveiled current plans for a new medical surgery, which would equate to at least \$1 million in capital expenditure, the vast majority of which would be spent locally.

In terms of the operational phase, Stage 1 has already delivered 188 jobs (both directly and indirectly) and likely contributed \$21.2 million in local gross value added (similar to Gross Regional Product). The Stage 2 of the project is expected to create an additional 324 jobs (both directly and indirectly).

**Table 3.4 Construction Phase Impact, Manjimup Revitalisation**

	Output (\$M)	Gross Value Added (\$M)	Employment (No.)	Income (\$M)
<b>Stage 1 - Public Sector</b>				
Direct	\$1.5	\$0.7	1	\$0.3
Indirect	\$2.5	\$0.9	5	\$0.4
<b>Total</b>	<b>\$4.0</b>	<b>\$1.6</b>	<b>6</b>	<b>\$0.7</b>
<b>Stage 1 - Private Sector</b>				
Direct	\$9.2	\$3.9	23	\$2.0
Indirect	\$17.7	\$6.2	37	\$3.1
<b>Total</b>	<b>\$26.9</b>	<b>\$10.1</b>	<b>60</b>	<b>\$5.1</b>
<b>Stage 2 - Public Sector</b>				
Direct	\$18.7	\$8.5	18	\$4.1
Indirect	\$31.3	\$10.9	63	\$5.5
<b>Total</b>	<b>\$50.0</b>	<b>\$19.4</b>	<b>81</b>	<b>\$9.6</b>

Note: 2016-17 dollars.  
Source: Lucid Economics

Table 3.5 Operational Phase Impact, Manjimup Revitalisation

	Output (\$M)	Gross Value Added (\$M)	Employment (No.)	Income (\$M)
<b>Stage 1 - Private Sector</b>				
Direct	\$17.0	\$9.5	120	\$6.2
Indirect	\$34.0	\$11.7	68	\$5.6
<b>Total</b>	<b>\$51.0</b>	<b>\$21.2</b>	<b>188</b>	<b>\$11.8</b>
<b>Stage 2 - Private Sector</b>				
Direct	\$28.5	\$14.1	208	\$9.9
Indirect	\$57.5	\$20.1	116	\$9.5
<b>Total</b>	<b>\$86.0</b>	<b>\$34.2</b>	<b>324</b>	<b>\$19.4</b>
<b>Stage 1 &amp; Stage 2</b>				
Direct	\$45.5	\$23.6	328	\$16.1
Indirect	\$91.5	\$31.8	184	\$15.1
<b>Total</b>	<b>\$137.0</b>	<b>\$55.4</b>	<b>512</b>	<b>\$31.2</b>

Note: 2016-17 dollars.

Source: Lucid Economics

### 3.4 Additional Economic Benefits

Beyond the quantified economic impacts of the SuperTowns initiative and Manjimup Town Centre Revitalisation, there are numerous additional economic benefits, including:

- Increased business confidence:** the SuperTown initiative and the Manjimup Town Centre Revitalisation has greatly increased business confidence in Manjimup (and the surrounding region). For many years, Manjimup has suffered from the continual decline of the timber industry, which had long been the foundation for the economy. The seemingly continuous closure of surrounding timber mills and the transition of the industry had created a depressed economic environment. Numerous stakeholders consulted for this project described the incredible lift in business confidence that the current works of Stage 1 (and the promise of Stage2) had meant for the area. The SuperTown initiative and Manjimup Town Centre Revitalisation has fundamentally changed the economic environment. Representatives of the Chamber of Commerce have highlighted that most businesses are very optimistic about the future, largely due to these revitalisation works.
- Potential increase in population:** the initial drive behind the SuperTown initiative was to encourage population growth in regional centres over the next 40 to 45 years in order to take the pressure away from the Metropolitan Perth region. Consultation with local real estate representatives has highlighted that through the revitalisation works, the town will be more attractive to both families and other future residents that may move to the region. Consultation with some stakeholders indicated that their move to the local area was strongly influenced by the SuperTown initiative and the Manjimup Town Centre Revitalisation. Using the ABS Household Expenditure Survey (ABS, 2011), the average household in WA spends \$75,000 per year on a variety of items (i.e. food, clothing, furnishings, etc.) and after accounting for leakage approximately 68% of this expenditure would remain local. If the SuperTown initiative and the Manjimup Town Centre

Revitalisation encouraged 10 households to move to Manjimup, then there would be an increase of \$510,000 in local household expenditure within the local economy.

- **Increased population for the region and increased business confidence:** the reach of the Manjimup Town Centre Revitalisation project goes beyond the borders of the Town and the Shire of Manjimup. There are a variety of people that work in Manjimup but live in adjacent areas, such as the Shire of Bridgetown-Greenbushes. Equally, the SuperTown initiative and the Manjimup Town Centre Revitalisation has not only increased business confidence in Manjimup but also in nearby Bridgetown, where there have been investments in new and refurbished retail premises. Beyond the potential for population growth in Manjimup, there would also be potential for population growth in the broader region stemming from this project.
- **Increasing tourism and visitor expenditure:** historically, Manjimup had few facilities to offer visitors travelling through the region. Through the SuperTown initiative and the Manjimup Town Centre Revitalisation, there are a variety of new tavern, restaurants and cafes as well as a refurbished motel. As part of the Stage 2 of the project, a site will be prepared for a future hotel investment. Additionally, the Manjimup Timber and Heritage Park will be transformed into a multi-purpose attraction. Early signals from the new adventure park (added as part of Stage 1) are encouraging with an average of 200 people per hour coming to the park. Through this project, Manjimup can greatly increase its offering for visitors, which will provide a significant boost in tourism locally, providing a considerable injection of new visitor expenditure in the town (which will go straight to local businesses).
- **Increased services:** the SuperTown initiative and the Manjimup Town Centre Revitalisation has resulted in an increase in local services through various businesses entering the market. Healthcare services, retail services and others have increased for the local community. Through the location of the Southern Forests Medical Practice to Manjimup, many more physician positions, which had previously been filled by temporary staff who flew into town, are now being filled with local doctors from the South West. This more consistent form of care is better for the patient and actually provides cost savings to the community as well. Furthermore, the Manjimup Wellness and Respite Centre (a \$3.8 million investment) is part of the Town Centre Revitalisation project. It will provide additional health services for the aging demographic in the region. The SuperTown initiative and the Manjimup Town Centre Revitalisation project will provide a strong boost to local services.
- **Marketing value:** the SuperTown initiative and the Manjimup Town Centre Revitalisation project has resulted in considerable media and positive press for the town, which has provided considerable marketing value. This media is compounded through the experience of local and new residents who share their experience about the town with others, providing considerable flow-on marketing to other people and small businesses. Many business people often travel through Manjimup and now will also have an augmented experience that they can share with others.
- **Community pride:** the SuperTown initiative and the Manjimup Town Centre Revitalisation project has resulted in a considerable lift in community pride, which has led to stronger cohesion amongst the community and numerous other community and social benefits.

## 4. Summary

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**The SuperTown initiative and the Manjimup Town Centre Revitalisation has delivered considerable economic value to the local economy.** The economic impacts stemming from the public expenditure on infrastructure has generated and will continue to generate local jobs and revenue for local businesses. The public investment in Stage 1 of the project has proven effective in attracting private sector investment, which has directly generated 120 jobs in the local economy (as well as additional employment within the economy). It is important to highlight that while the construction impacts are temporary, these private sector jobs are recurring into the future, which will continue to add value over time.

The public investment in Stage 2 of the project is considerably larger than the Stage 1 and is anticipated to have even larger economic benefits for the community.



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## Appendix A: Input-Output Modelling Limitations

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Input-output (IO) modelling is a common technique for economic impact assessment and has been used for a range of purposes, including to inform strategic or government policy decision making.

However, IO modelling has certain limitations and weaknesses, including:

- Lack of supply-side constraints — IO multipliers assume that extra output can be produced in one area of activity without taking away resources from other activities. Actual impacts would be dependent on the availability of appropriate labour and capital and other productive inputs.
- Fixed prices — IO systems assume fixed prices, so that the effects of relative price changes play no role in the allocation of scarce resources between activities. Essentially, prices are fixed and do not change relative to changes in supply and demand. Actual impacts would be affected by relative price changes due to constraints on the availability of labour, capital and other inputs and policy changes as well as changes in demand.
- Fixed ratios for intermediate inputs to production and outputs from production — IO modelling uses fixed input structures for each industry so that changes in production technology and the use of inputs in production play no role in impact assessment. Actual impacts could be affected by changes in production technologies including in the use of domestic and imported inputs and the mix of outputs including in the supply of products to household, investment and export demands.
- No allowance for household purchasers' marginal responses to change — IO modelling assumes that consumption is fixed to initial budget shares, so that real budget shares remain unchanged with changes in household income and relative prices. In practice, the level and composition of household purchases would be affected by income and relative price changes.
- Absence of budget constraints — IO modelling assumes that consumption is unconstrained so that changes in household or government consumption occur without reducing demand elsewhere. In practice, the level of consumption expenditure by households and government would be budget constrained.

Despite its flaws, IO modelling has proven an effective tool in understanding the economic benefits of a specific project, strategy or policy.

## Appendix B: Letters from Businesses & Investors

windsor knight  
commercial property development



Mr Andrew Campbell  
CEO  
Shire of Manjimup  
PO Box 1  
Manjimup WA 6258

Dear Andrew,

### MANJIMUP TOWN CENTRE REVITALISATION PROJECT – ROYALTIES FOR REGIONS – LETTER OF SUPPORT

I understand the Shire of Manjimup is seeking Royalties for Regions funding under the Southern Investment Initiative to continue work carried out under SuperTowns funding.

I write to commend you, your Council and your staff for your shared vision and hard work as you seek to bring about Stages Two and Three of the Manjimup Town Centre Revitalisation Project. I believe the works you propose will provide strong economic stimulus for Manjimup.

Securing such funding would certainly increase investor confidence. My own decision to invest in Manjimup, developing a major new retail complex, was definitely encouraged by Manjimup's SuperTown status.

My experience, completing this development in Manjimup, gives me confidence that your focus on particular project elements is a sound strategy. Making your town centre more accessible and vibrant will provide families and businesses with good reason to reside or conduct their business in Manjimup.

Such actions as the rationalisation of town entry points, the removal of unused rail infrastructure in the town centre, the improvement of accessibility by constructing additional pedestrian and cycling linkages and the streetscape works which capitalise on the recent undergrounding of power in Mottram Street will, I believe, aid in inspiring the expansion of existing businesses while also attracting new business.

My experience at Manjimup also confirms that the Shire has a strong ability to achieve high quality outcomes in completing such projects. You have sound and accountable governance and an effective procedural structure in place, allowing on-ground action to occur efficiently.

I believe that Stages Two and Three of the Manjimup Town Centre Revitalisation Project will contribute strongly to the town's ability to facilitate sustainable growth as a regional centre. The actions you propose will allow Manjimup to accommodate the social demands of a growing population, resulting in a vibrant and diverse town and community.

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8 September 2015

Andrew Campbell  
Chief Executive Officer  
Shire of Manjimup  
PO Box 1  
MANJIMUP WA 6258

Dear Andrew

**MANJIMUP TOWN CENTRE REVITALISATION – LETTER OF SUPPORT**

I am writing to wish you every success in your endeavours to secure funding to complete the final stages of the Manjimup Town Centre Revitalisation Project. I would like to add our testimonial in support of your submission.

Manjimup being part of the SuperTown initiative was definitely a big part of our decision to expand our business to the town. On arrival we looked around the town (including the Timber Park), read many articles about Royalties for Regions investment and other money being spent within town (Art Deco, GP accommodation, new hospital), saw advertisements promoting Southern Forests produce and spoke to many people excited about the projects within the town.

Our decision to invest in Manjimup and open the Southern Forests Medical Centre was largely because of the SuperTown projects and the clear evidence that the town and district was moving forward. Investors in the town appear confident and the community has a positive and optimistic attitude. All aspects that encouraged us to establish and grow a new medical practice.

I wish you every success with your application to the Southern Investment Initiative. Please contact me direct if I can be of further assistance.

Kind regards

A handwritten signature in black ink, appearing to read 'Tanya Wutchak', is written over a light blue, wavy graphic element.

**Tanya Wutchak**  
Business Manager  
Collie River Valley Medical Centre

ABN 14 284 985 941



4 September 2015

Andrew Campbell  
Chief Executive Officer  
Shire of Manjimup  
PO Box 1  
MANJIMUP WA 6258

Dear Andrew

**ROYALTIES FOR REGIONS - REVITALISATION OF MANJIMUP TOWN CENTRE-**

I write to offer testimonial to the success of the Manjimup SuperTowns project in stimulating investor confidence in Manjimup. Without any doubt, our decision to purchase and refurbish the Kingsley Motel and Cabernet Restaurant was certainly encouraged by the Town Centre and Agricultural Revitalisation Projects. Our resolve to invest in Manjimup was buoyed by the strong confidence shown by both the State Government and the Shire in the future prospects of Manjimup and the optimism expressed by community members.

We have been further encouraged to see continued investment by new and existing business such as Tall Timbers, Woolworths complex, Gateway Motel and the Cherry Box. We strongly feel that the provision of a growing number of good quality retail, food and accommodation services in Manjimup and the surrounding districts will encourage tourism and evolve a culture of 'dining out' by the local community, a tradition that has been stifled in the past due to limited venues.

Our further commitment to the growth of Manjimup and a sign of our confidence in the region will be further seen from the start of November when we re roof a block of units and fully refurbish the rooms to a four star standard.

I understand that the Shire of Manjimup has prepared a funding submission to the Southern Investment Fund for \$22,290,000 to complete the implementation of the SuperTown initiated Revitalisation of Manjimup's Town Centre. I extend my full support behind this submission and wish you every success. Please don't hesitate to contact me if I can be of any further assistance.

Yours sincerely

A handwritten signature in black ink, appearing to read "Andrew Hamersley".

**Andrew Hamersley**  
Manager / Partner  
Kingsley Motel



3 September 2015

Mr Andrew Campbell  
Chief Executive Officer  
Shire of Manjimup  
PO Box 1  
MANJIMUP WA 6258

### ROYALTIES FOR REGIONS - REVITALISATION OF MANJIMUP TOWN CENTRE

Dear Andrew

I was recently made aware that the Shire of Manjimup is seeking funding from the Southern Investment Fund in order to complete the implementation of the Supertown initiated revitalisation of Manjimup's Town Centre. The purpose of this letter is to whole-heartedly support this submission.

In fact, back in 2012 when the Supertown monies were announced we made contact with Hon. Mr Terry Redman's office to seek assurance that the Supertown initiative for Manjimup would be carried through to completion. Mr Redman's assistant took our concerns to Mr Redman and contacted us two days later telling us that Mr Redman had categorically affirmed that it would be seen through to completion.

This information and assurance from Mr Redman was the primary reason that my business partners and I chose to invest in redeveloping an old building into the business that is now known as Tall Timbers Manjimup. Along the way there were plenty of doubters who consistently expressed their opinion to us that a 'higher end restaurant/tavern' focussed on delivering the best that the region has to offer in terms of food and wine was 'doomed to fail'. With any project this size there are always moments of doubt and thoughts of 'holy cow, what are we doing?' But we reminded ourselves that Manjimup had been earmarked for 'growth and development' by the State Government and that as the plans were implemented the requirement for such a venue as we were embarking on would indeed be embraced by locals in the community and tourists alike.

The final spend on the construction and development of Tall Timbers Manjimup will be approximately \$1.8m. We currently employ over 20 full time and casual staff and are utilising nearly 40 local producers and suppliers. Together with the investment confidence shown by other business operators such as the new owners of the Kingsley Motel, the Woolworths Complex, Gateway Hotel and The Cherry Box, Manjimup is emerging as a very 'liveable' sub regional centre that will continue to both attract new and retain existing residents.

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