

Opportunity Assessment & Gap Analysis

Manjimup SuperTown Growth Plan

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Project Director: Ashley Page
Project Manager: Michael Campbell
Company: SWDC
Job Contact: Richard Oades
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Executive Summary

Introduction

A combination of migration-led population growth and increasingly constrained metropolitan housing markets has led to an increase in median house prices across the Perth urban area in recent years. Associated with this is a significant deterioration in housing affordability.

The lack of population decentralisation in Western Australia has limited the capacity for the State as a whole to accommodate new residents without rapid price growth, due to limited genuine alternate residential centres outside of the metropolitan area. To provide greater levels of residential housing choice for a growing population, capitalise on existing infrastructure and capture a greater share of increased business investment in primary industries, the Department of Regional Development and Lands, through the Royalties for Regions program, established the Regional Centres Development Plan. In this Plan, Manjimup was identified as one of the nine regional centres or "SuperTowns".

Manjimup is located within the Shire of Manjimup (Manjimup LGA) approximately 295km, or three hours and ten minutes drive, south of the Perth CBD, and 119km, or one hour and twenty minutes drive from Busselton.

The SuperTown Vision

The SuperTowns initiative is underpinned by its vision:

"...to have balanced communities, with lifestyle options and access to services. They will have affordable, quality housing and a diverse range of job opportunities. The towns will offer more choices for people to live in regional areas and an attractive alternative to living in the metropolitan area"

- Department of Regional Development and Lands (2011)

It is envisaged that the population of each SuperTown will double over the 20 years to 2031.

Purpose of this Report

Each SuperTown is required to prepare a Growth Plan and Implementation Strategy to assist and guide the town during this growth phase.

The **Opportunities and Gaps Analysis Report** provides detailed analysis of the local economy and key sectors of opportunity. This report provides guidance on the expected demand for retail and commercial space and industry and employment development opportunities within the Manjimup LGA and is a key component **Economic Development Growth Plan**.

Economic Growth Influences

Manjimup benefits from a range of competitive advantages and opportunities, which could underpin strong economic and population growth over the next 20 years. In particular, the concentration of major agricultural and timber related activities, high lifestyle amenity and moderate accessibility to Busselton, all present opportunities to leverage external growth drivers and build greater local economic diversification.

However, there are some areas of weakness which will need to be addressed in order to support desired economic and population growth in Manjimup. These include:

- Lack of skilled labour in the region, particularly in professional services.
- Low population growth and an ageing population demographic.
- Lack of professional service delivery in Manjimup, due to isolation from major service centres and lack of local critical mass.
- Need for enhancements in local urban amenity to supplement natural environment.

- Lack of broadband internet connections and speeds.

In addition to local advantages and weaknesses, a number of future economic drivers will also influence local economic conditions (such as population growth and the State and national outlook). Whilst many of these drivers are outside of the control of the Shire of Manjimup, proactively planning for the management of these impacts will be essential to achieving desired future economic and population outcomes.

Economic Opportunities

Population growth and business development, as well as industry diversification, are key to achieving higher economic growth than may otherwise be expected of the future “SuperTown”. In order to stimulate business development, proactive and targeted economic development will be required.

Overall, the growth and diversification of the Manjimup economy will require:

- Increased service and product value-added in agriculture and timber production.
- International and export focus of agricultural production, particularly for niche products to South East Asian markets.
- Effective branding and marketing of Manjimup as a quality agricultural and lifestyle region.
- Attraction of fly-in/fly-out (FIFO) workers due to lifestyle and affordability benefits.
- Establishment of health and education service clusters.
- Growth in scale, quality and diversity of retail floorspace.
- Increase in tourism visitation associated with lifestyle and outdoor leisure attractors, facilitated through investment in tourism infrastructure and effective branding and marketing.

The opportunities identified must be realised if Manjimup is to continue along its growth path and become a SuperTown. Focus on these opportunities as part of the SuperTown Growth Plan, and identifying key projects and initiatives which leverage key drivers and strengths, is critical to ensuring the Manjimup realises the potential of the transition to a SuperTown.

Future Direction of Manjimup Economy

The Manjimup economy has experienced volatile economic fortunes over past decades – primarily due to its strong exposure to and continuing transition of the timber industry. Population growth has been flat and in many years negative, with the town unable to effectively attract and retain new residents. This is despite having a local unemployment rate similar to Perth and State averages for much of the past decade, and a quality natural environment. Housing appears to be relatively inexpensive compared to Perth and State averages, but incomes are also low across all industries, meaning relative affordability is actually worse than the broader South West region.

Growing employment opportunities and incomes are critical to facilitating Manjimup’s transformation into a SuperTown. A range of opportunities are available to achieve these outcomes. Manjimup possess unique competitive advantages in agriculture, with productive land and enviable water security levels. This will be an increasingly valuable advantage in the future as global food security issues raise the economic prominence of reliable, quality agricultural producing regions.

Leveraging this advantage to support Manjimup’s growth as a SuperTown requires a combination of increased focus on global markets, niche products and production sustainability. Elevating the exposure and profile of Manjimup in national and international markets is particularly critical and will allow for the region to shift from its current local, low value add profile to one commensurate with the quality of the local resource. It also presents opportunities for increased value-adding – both in terms of physical production and manufacturing but potentially more importantly, in terms of supply services, market and product sourcing and long-term purchaser relationships. A collaborative entrepreneurial approach among Manjimup’s agricultural producers is

required to both elevate Manjimup's profile and enhance its service-based value add capability.

Despite medium term structural issues, timber will continue to play a critical role Manjimup's local economic structure. Insufficient certainty of long-term timber supply continues to impede both investment and expansion in milling and value adding activity, as well as the transition to plantation timber. Nevertheless, as timber production nationally continues to be constrained by environmental and policy factors, Manjimup's role as a timber producing region may elevate into the future.

The combination of export oriented agricultural production and continued timber industry activity creates an opportunity for region-specific, niche transport and logistics operations to be established and fostered. While Manjimup is not well placed for State significant transport and logistics activity, there is an opportunity for enterprises to leverage the niche agriculture and timber markets into other business areas and regions. This would provide Manjimup with professional and business administration employment opportunities as businesses expand.

An effective method for increasing local incomes is through the attraction of mining sector FIFO workers to reside in Manjimup. FIFO worker incomes are substantially above that of Manjimup and the impact on both food and non-food expenditure, service and facility demand would subsidise a quality of offering significantly above that which local residents alone could sustain. This would support growth in service sector employment, increasing the attractiveness of Manjimup to new residents. Manjimup's appeal to FIFO workers of Manjimup lie in the green-change, natural amenity of the region, the relative affordability of housing and accessibility to Busselton Airport. Manjimup will invariably experience strong competition from other high amenity regions of the South West, particularly those in coastal locations, but even a small number of FIFO workers would have a disproportionately large impact on local expenditure patterns. Over the long-term, the expansion and development of local airport capacity could also contribute to the establishment of Manjimup as a FIFO residential location.

Attracting new residents to Manjimup, particularly FIFO workers, will require considerable increases in local amenity. While the natural environment and climate is highly favourable, improvements in the quality of the urban realm and its integration with nature is essential. It also requires an increase the scale, quality and diversity of retail offering in Manjimup, with demand for retail floorspace expected to increase to 17,300m² by 2031.

This improved amenity will also increase the attractiveness of Manjimup to visitors. Manjimup has the opportunity to increase the quality of retail, café and restaurant offering for residents by capturing expenditure from visitors attracted by the region's viticulture and agricultural assets. This will require increased investment in tourism infrastructure, strong transport interconnections with Busselton and Perth and effective branding and marketing to establish Manjimup's regional and national profile.

The growth of the population of Manjimup, as it transforms into a SuperTown will increase demand for health and education relates services. The lack of such services is often a major reason for the failure of towns to attract and retain young and mature families. Such households are critical to the growth of Manjimup as a SuperTown as they include both working age people and youth, providing a more diverse demographic and underpinning further demand for services. In terms of health, the combination of affordability and environmental characteristics make Manjimup a highly attractive retirement destination for ageing residents of Western Australia. Encouraging retirement villages and lifestyle resorts for older residents will further reinforce demand for health and community services, generating additional employment and activity.

The relative isolation of Manjimup to major regional centres of Bunbury and Busselton (compared to other South West SuperTowns), means there is greater potential for a critical mass of health and education activity to be captured locally. This role in servicing both local and regional populations will reinforce Manjimup's role as a SuperTown.

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1. Introduction

1.1 Background

In recent years, a combination of robust migration-led population growth and increasingly constrained metropolitan housing markets has led to an increase in median house prices across the Perth urban area and a significant deterioration in housing affordability. The lack of population decentralisation in Western Australia limited the capacity for the State as a whole to accommodate new residents without rapid price growth, due to limited genuine alternate residential centres outside of the metropolitan area.

To provide greater levels of residential housing choice for a growing population and to capitalise on existing infrastructure and capture a greater share of increased business investment in primary industries, the Department of Regional Development and Lands, through the royalties for regions program, established the Regional Centres Development Plan. In this Plan, nine regional centres or “SuperTowns” were identified, with one of these being Manjimup.

Manjimup is one of the twelve LGAs located in the South West Region¹ in Western Australia. Margaret River and Collie were also named as SuperTowns within the South West region. Manjimup's leading sector is the agriculture and forestry sector, where the Manjimup timber industry is the centre of forestry activity in the South West. Plantations are becoming a significant part of timber production in the area with a large percentage of timber products exported through the Port of Bunbury. The Manjimup area is also host to many vineyards, horticulture and farming operations.

The SuperTowns vision is to have balanced communities, with lifestyle options and access to services, with affordable, quality housing and a diverse range of job opportunities, offering an attractive alternative to living in the metropolitan area.

1.2 Project Overview

Each SuperTown is required to prepare an **Economic Development Growth Plan** to assist and guide the town during this growth phase.

The **Economic Development Growth Plan** will build on the existing strategic framework of each Shire and identify specific opportunities for economic development. This will complement, stimulate and strengthen the Growth Plans for the region. A key component of the plans will be an implementation framework comprising strategies and programs to align delivery partners, attract funding and facilitate action and investment to achieve a local vision for growth.

In the development of an **Economic Development Growth Plan** for the Shire of Manjimup, the following reports will be developed:

- Socio-Economic Profile
- Opportunities and Gap Analysis
- Economic Development Plan

1.3 Report Structure

This report comprises the **Opportunities and Gap Analysis** for the Shire of Manjimup. The report is comprised of the following key sections:

- **Introduction** – overview of the project’s background and purpose of the study.
- **Future Economic Outlook** – including assessment of key internal and external economic drivers and projections of potential economic growth over the next 20 years.

¹ The South West Region is comprised of the LGAs of Bunbury, Augusta-Margaret River, Boyup Brook, Bridgetown-Greenbushes, Busselton, Capel, Collie, Dardanup, Donnybrook-Balingup, Harvey, Manjimup and Nannup.

- **Gaps Analysis** – analysis of current and potential future gaps in the Manjimup economy including supply chain analysis, journey to work analysis and comparative assessments with national benchmark regions.
- **Opportunities Assessment** – assessment of potential opportunities for Manjimup including Location Quotients, Competitive Assessments and Cluster Mapping.
- **Industrial Land Assessment** – assessment of the Manjimup industrial land market.
- **Retail Market Assessment** – assessment of the Manjimup retail market.
- **Commercial Market Assessment** – assessment of the Manjimup commercial market.
- **Economic and Industry Opportunities Identification** – identification of key economic and industry opportunities from the results of the assessment and identified strategies for growth.
- **Conclusion** – Summary and evaluation of the key opportunities for Manjimup.

1.4 Geography

Data in this report is presented for the Local Government Area (LGA) of Manjimup, which primarily comprises the urban areas of the township of Manjimup and surrounding areas.

In order to compare the area's profile to other regions, and better understand its key features and strengths, statistics are benchmarked against Perth Statistical Division (SD) and Western Australia. In addition, where relevant, figures are also benchmarked against the South West region, which comprises the LGAs Bunbury, Augusta-Margaret River, Boyup Brook, Bridgetown-Greenbushes, Busselton, Capel, Collie, Dardanup, Donnybrook-Balingup, Harvey, Manjimup and Nannup. This approach recognises the strong interrelationship that currently and will continue to exist between Manjimup and the surrounding South West region and the need for the benefits of Manjimup's evolution to a SuperTown to flow through to surrounding townships and areas.

2. Economic Outlook

The economic outlook for Manjimup is an integral component to identifying future growth opportunities and industries for development. Though the future is uncertain, socio-demographic changes and other macro-influences can, to some extent, be planned for in order to stabilise local economic dynamics.

This chapter analyses future economic drivers as well as provides an overview of the expected path for the local economy assuming Manjimup reaches projected population targets over the next 20 years. This chapter provides guidance on the possible implications of this future growth path for the local region.

2.1 Future Economic Drivers

Future economic drivers are sourced internally and externally. Internal factors are, to some extent, able to be influenced and manipulated by the Shire of Manjimup. External factors, however, tend to be of a macro nature and are outside of the control of the Shire of Manjimup. Whilst external drivers are outside of their control, strategic planning ahead of these potential opportunities and challenges can assist in amplifying or reducing their impact on the local economy.

2.1.1 Internal Drivers

2.1.1.1 Population Growth

Population growth provides support for infrastructure and services demand. Australia's population increased by an average 0.3% per quarter between June 1981 and March 2011. The State of Western Australia has also experienced solid population growth over this time frame, of an average 0.7% per quarter (ABS, 2011a). Western Australia has benefited from both natural population growth (i.e. more births than deaths) and inter-State and overseas inward migration. Since March 2004, two thirds of Western Australia's population growth (65.8%) has been sourced from inter-state and overseas migration. Several factors have contributed to this performance, including the strong performance of the Western Australian mining industry.

The population of Manjimup has experienced weak population growth since 2001. Between 2001 and 2006, the population of Manjimup was in decline, however, small gains in population growth have since been made. As a Supertown, it is anticipated that the town of Manjimup will double in size by 2031. This will present a significant change for the region and will need to be adequately planned for. Through the achievement of this goal, demand for key services and sectors of the economy are expected to increase substantially.

Population growth is a key factor in supporting the local economy. Population growth tends to support several sectors of the economy, including:

- Retail trade
- Construction
- Education
- Health Care and Social Assistance

2.1.2 External Drivers

2.1.2.1 Ageing Population

The Australian population is ageing. According to the 2006 Census, the number of persons aged over 65 had increased by 11% between 2001 and 2006 (ABS, 2007). The impact of an ageing population is felt in various sectors of the economy, particularly by increased strain on the health sector and a fall in the labour market participation rate. According to the Australian Government in the 2010 edition of the Inter-Generational Report, in 1970 "...there were 7.5 people of working age to support every person aged 65

and over. By 2010 this has fallen to an estimated 5 people of working age for every person aged 65 and over. By 2050 the number is projected to decline to 2.7 people of working age to support every person aged 65 and over”.

To some extent, the impact of the “baby boomers” leaving the work force has been delayed because of the negative impact on superannuation balances caused by the Global Financial Crisis. But this is only a short-term abatement of an acute pressure, with labour and skills shortages anticipated over the coming 20 years. Whilst Australia has experienced strong population growth over the past decade, due to increased life expectancy and immigration, the increase in the population is likely to be insufficient to reverse the trend of an ageing population.

Manjimup has an older population than the SWDC region and Western Australia. In 2010, the Manjimup average age was estimated to be 38.2 years. The Manjimup population is also ageing at a faster rate than the broader SWDC region (up 0.6 years) and the State (up 0.4 years), having increased its average age by 1.2 years since 2005 (ABS, 2011a). This rapid rate of ageing of the local Manjimup population is largely due to a high proportion of youth of post school age migrating out of the region, as well as its high proportion of retirees (over 55 years) either already living or moving into the region.

The ageing of the population is expected to create some economic opportunities for Manjimup LGA. Increased demand for health services is projected by Commonwealth and State Governments over the next two decades which has already seen health and social assistance overtake retail as the largest employing industry in Australia. Towns with an established role in providing regional health care will likely see demand for these services, and associated employment activity grow. Demand for age specific housing is also expected to grow, with retirement villages and aged care facilities expected to play a greater role in accommodating and caring for older Australians.

An ageing population tends to result in:

- Lower labour force participation rates
- Higher economic dependency on those in the labour force
- Lower disposable incomes
- Lower taxation revenues
- Growth in demand for healthcare and social assistance services
- Increased requirement for retirement villages and aged care facilities

2.1.2.2 State & National Growth Outlook

Economic activity is contagious. Economic growth from one sector or geographical area tends to infiltrate other areas of the economy. The broader economic outlook is, therefore, often important in determining future growth sectors in smaller regions.

On a national scale, economic growth in Australia was estimated by the Commonwealth Department of Treasury (2011) in December to plateau over the coming years. The unemployment rate was expected to remain low, fuelling wages price growth. In recent months, the Reserve Bank of Australia has lowered interest rates - towards neutral settings - and highlighted the worsening in global economic sentiment and outcomes could, through trade relations, impact on the Australian economy (RBA, 2011). Concerns about inflation have eased also.

Table 2.1: Australian Economic Indicators, Estimates

Indicator	2011-12	2012-13	2013-14
Real GDP	3.25%	3.00%	3.00%
Unemployment rate	5.50%	5.00%	5.00%
CPI	3.25%	2.50%	2.50%
Wages Price Index	3.75%	3.75%	nf

Note: Estimates are percentage change on preceding year. nf = not forecast
Source: Department of Treasury (2011).

The Western Australian Department of Treasury (2011) is also bullish on the economy, expecting firm economic growth outcomes and low unemployment. These economic outcomes are likely to fuel further growth in the State's regions, including Manjimup.

Table 2.2: Western Australian Economic Indicators, Estimates

Indicator	2010-11	2011-12	2012-13
GSP	4.00%	4.50%	4.00%
Unemployment rate	4.50%	4.50%	4.25%
CPI	2.75%	3.00%	3.25%
Wages Price Index	4.00%	4.25%	4.50%

Note: percentages are annual growth over the year.
Source: Western Australia Department of Treasury (2011).

Economic developments at the State and National level are outside of the control of local economic development teams. However, planning for and accommodating expected shifts in the state and national economies could assist in stabilising the economic cycle.

2.1.3 Regional & Local Drivers

2.1.3.1 Demand for Timber

Timber production has been the most important industry in the Manjimup district for 130 years, supplying the majority of the State's hardwood, and representing a lucrative export industry for over 100 years. Manjimup has had numerous timber mills, transport companies and other ancillary businesses to service the industry. Agriculture also plays a critical role in the Manjimup economy, reflecting the fertile and productive nature of local soils.

Manjimup's timber industry has seen significant restructuring over the past decade. In 2001, the WA government imposed a ban on old-growth logging, a move which hurt Manjimup greatly. This situation caused disruptions to future supply, which impacted the ability of financial institutions to provide funding that caused a lack of investment in the industry. As a result of this restricting of the industry, many families left the area to seek work in other regions. A number of local food outlets, and hardware and service organisations closed as a result of this ban.

Manjimup is still the centre of the timber industry in the South West, and the high quality of the timber should continue to sustain this industry in the long-run. Naturally, there will have to be a transition over time from natural forest to plantation timber. The current development of a new Forest Management Plan will greatly impact the future of the industry in the area and hopefully provide for a long-term, sustainable supply of timber.

Fluctuations in the timber industry are outside of the control of the Shire of Manjimup, however, they will continue to play a role in the economic prosperity of the LGA. Assisting in the diversification of the economy could also assist in lessening the impact of volatility in the timber industry on the economy as a whole.

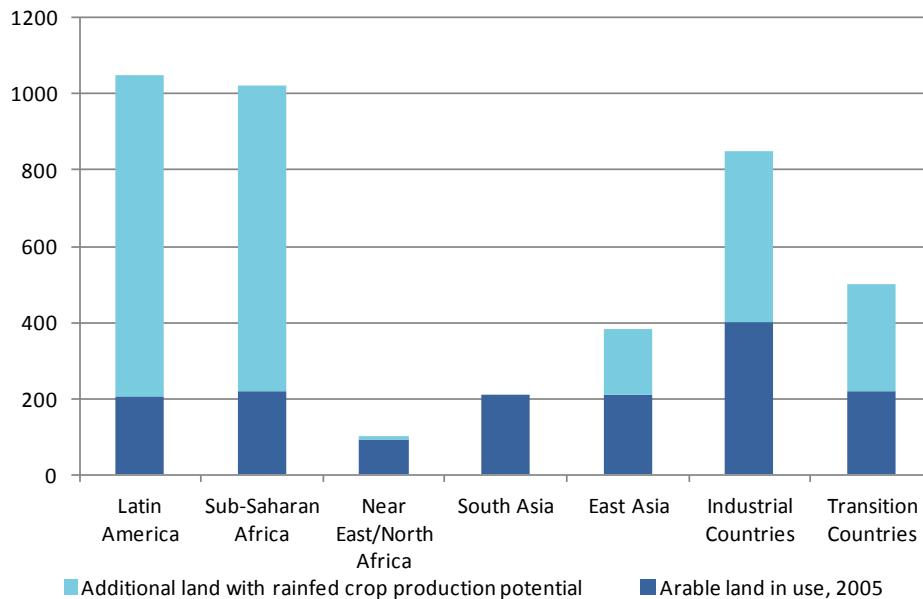
2.1.3.2 Demand For Agriculture

The Agriculture industry is a prominent industry of the local economy. Between June 2007 and June 2009, there were 474 businesses within the Agriculture, Forestry and Fishing industry, including entries and exits. Agricultural produce from the region includes cereals (for grain), vegetables, orchid trees, fruit and broad acre crops. Manjimup's reliance of Agriculture, Forestry and Fishing industries reflects the high degree of specialisation of the Manjimup economy. Such a heavy dependence on individual sectors exposes the wealth and well-being of residents to the volatility of that industry – and in the case of export industries, the volatility of international markets and world prices.

Global food security is increasingly coming into focus and is likely to underpin continued demand for food produce locally, nationally and internationally. In 2012, Bayer Australia has identified the need for a 70% increase in global food production to feed the population of 2050. In 2011, the United Nation's Food and Agriculture Organisation found

that the provision of adequate arable lands, particularly in South Asia and East Asia is limited (UN, 2011). This is likely to support the existing agricultural industry in Manjimup, to some extent.

Figure 2.1: Potential For World Cropland Expansion



Source: United Nations (2011)

Due to the volatility of agricultural prices and weather conditions, outcomes from the agricultural sector can vary greatly from year to year. Managing these fluctuations by diversifying into more stable industries (both within and outside the agricultural industry) can assist in the stabilisation of the economy.

Demand for local food in Western Australia by find additional support in the future as peak oil feeds into higher transport costs. Manjimup has an opportunity to become a key facilitator of the local food movement as well as becoming known as a high quality food source in export markets.

2.1.3.3 Broadband Internet Infrastructure

Beyond core industries locally, internet infrastructure and access to broadband internet will be critical for the future. Use of the internet has infiltrated most aspects of day to day living as well as business operations.

Currently, ADSL services are provided over the existing Telstra copper network, which does not offer the same speed as a broadband connection over fibre optics. Speeds and availability also vary with the existing 3G mobile network. Given that Telstra has a current monopoly, there is no competition and incentive to invest in new infrastructure and offer better services at lower costs.

Access to broadband internet will be a key infrastructure development that will drive economic growth and increasing residential amenity across the LGA. A recent report commissioned by the South West Development Commission² identified that the National Broadband Network (NBN) would have a significant economic impact on the region, including:

- Increased average industry revenue of 21%.
- Increased average industry employment of 5%.
- Increased average industry productivity of 6.3%.

² Impact Assessment of the National Broadband Network in the South West Region (April 2011)

Modelling of the NBN in the South West region suggests between 2010 and 2030 the economy will benefit from (on average):

- Increased output growth by 0.9 percentage points per annum.
- Increased Gross Value Add growth by 0.8 percentage points per annum.
- Increased wages and salaries growth by 0.5 percentage points per annum.
- Increased employment growth by 0.6 percentage points per annum.

Industrial infrastructure is important for industry and should be provided at sufficient levels.

2.2 Potential Future Economic Growth Path

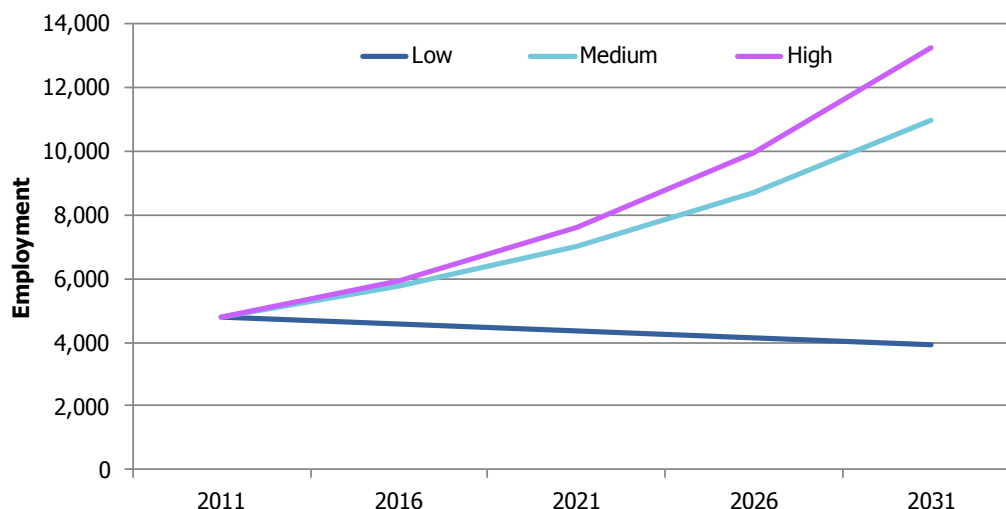
The potential future growth path of the Manjimup LGA has been estimated using AECgroup's proprietary economic growth model (see **Appendix A**). Three growth scenarios have been developed for comparison. These scenarios are based on population growth in the region, specifically:

- **Low:** Assumes population growth aligns with estimates from the Department of Health and Ageing for an average annual decline in the population of 0.6% per annum to 2031.
- **Medium:** Assumes population growth aligns with the Supertowns target of a doubling in the population of Manjimup Town and continued historical trends for the remainder of the LGA, resulting in an average annual 2.2% expansion of the population.
- **High:** Assumes population growth exceeds the Supertowns target with growth of the Manjimup Town growing by 4.1% per annum and continued historical trends for the remainder of the LGA, resulting in an average annual 2.6% expansion of the population.

Population growth is dependent on jobs creation. Employment estimates vary significantly between the scenarios, from a low of 3,900 to 13,000, from a current base of 4,784. These outcomes suggest that achieving the SuperTowns population target will require significant proactive economic development activities to stall the reduction in employment anticipated in the region.

In each scenario, jobs creation is likely to be reflected in the mining, electricity, gas and water and construction industries. Under the medium (SuperTowns) scenario, key population-dependent industries such as health care and education are expected to expand significantly.

Figure 2.2: Estimated Employment, 2011 to 2031, Manjimup LGA

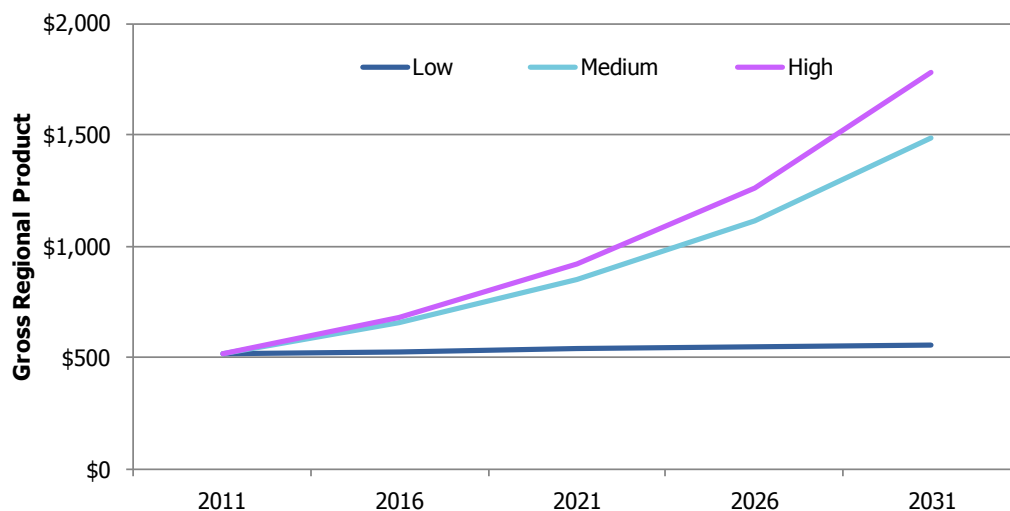


Source: ABS (2010a, 2010b, 2011a, 2011b, 2011c), DHA (2007), WAPC (2005), AECgroup

In 2010-11, the Manjimup LGA economy had a Gross Regional Product (GRP) of \$521.0 million. Estimates, based on the above population scenarios, suggest the economy could expect to be between \$556 million and \$1.7 billion, dependent on the rate of population growth.

Key sectors that are expected to grow regardless of population are agriculture (including forestry), mining and electricity, gas and water services. However, achieving (or exceeding) the SuperTown's population target would be anticipated to result in broader economic growth, particularly in sectors which are highly population dependent, such as education, health care and community services.

Figure 2.3: Estimated GRP, 2011 to 2031, Manjimup LGA



Source: ABS (2010a, 2010b, 2011a, 2011b, 2011c), DHA (2007), WAPC (2005), AECgroup

2.3 Key Findings

Unless proactive action is undertaken in Manjimup LGA, it risks shrinking in terms of population, employment and economic activity.

Managing the implications for Manjimup from a range of micro and macro economic factors (including an ageing population, fluctuations in the timber industry and state and national growth trends) will be essential to supporting the local economy over the coming 20 years. Business attraction, resulting in local employment growth will also be an essential component to the Manjimup economic development strategy.

3. Regional Gap Analysis

Gap analysis provides an understanding of where existing services and infrastructure are short of estimated demand. This may be apparent in the high level of imports into a region or in the underperformance of a region against benchmarking regions. In order to develop an understanding of the gaps in the Manjimup LGA, the gap analysis undertaken involved:

- **Import and Export Analysis:** Understanding which products and services are imported into the region (suggesting a lack of local supply) and which products or services are exported out of the region (after having met local supply).
- **Supply Chain Analysis:** Understanding where in the supply chain the Manjimup LGA is and which local industries add significant value.
- **Comparative Assessments:** Analysing the composition of Manjimup LGA in comparison with three key benchmarking regions.
- **Journey to Work:** Analysing where local residents work and where local workers are sourced from

3.1 Import & Export Analysis

Prominent imports into a region can represent opportunities, where skills and labour can be easily sourced. This could improve local industry supply chains and provide additional job opportunities for locals. Local purchases also have the ability to improve economic income retention in the region. Prominent imports into the Manjimup LGA include:

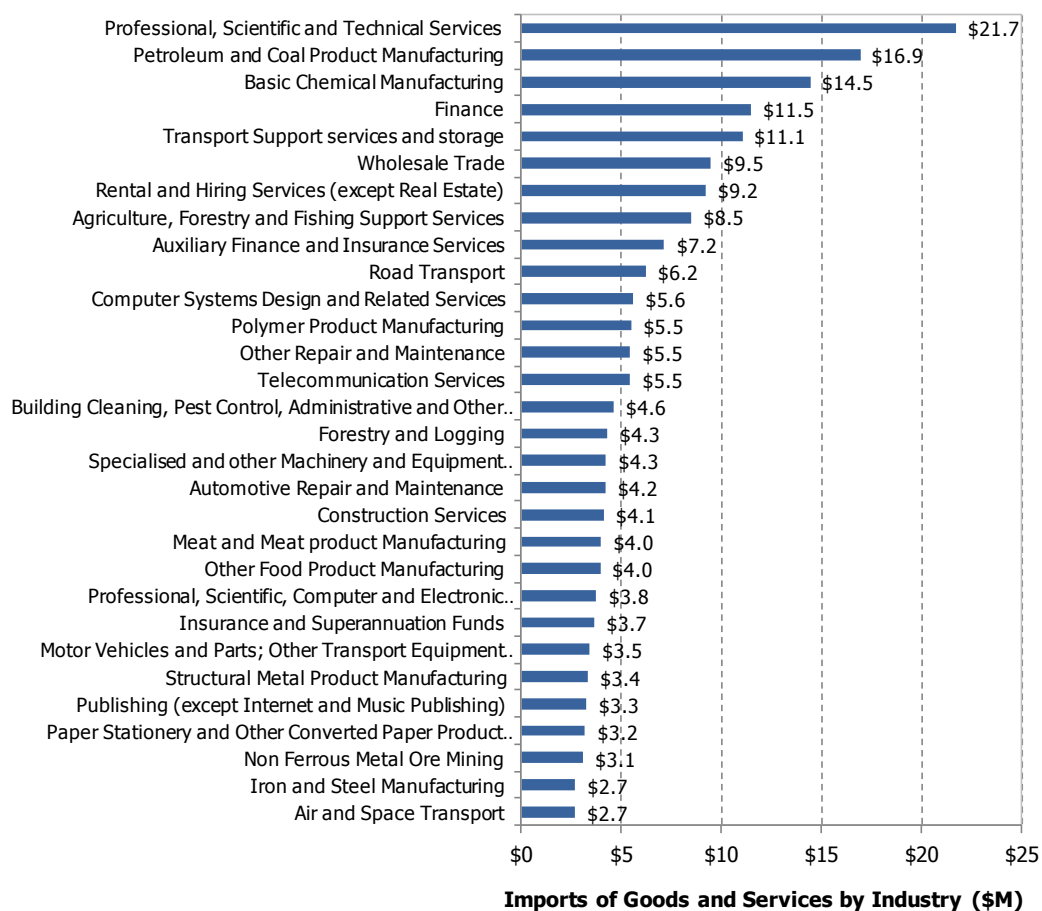
- Professional, scientific and technical services (\$21.7³ million or 8.9% of all imports).
- Petroleum and coal product manufacturing (\$16.9 million or 6.9%).
- Basic chemical manufacturing (\$14.5 million or 5.9%).
- Finance (\$11.5 million or 4.7%).

Key imports into the region reflect the underrepresentation of skilled labour and support services in the region, particularly for the agriculture and forestry⁴ industries.

³ These figures are based on the year 2007-08 and may not reflect current supply chains.

⁴ It should be noted that the official terms for the Australian Bureau of Statistics' ANZSIC industries have been used throughout this report though some of the sub-components of these industries may not be represented in the Manjimup economy. For example, though Agriculture, forestry and fishing is referred to throughout this report, there is no fishing industry in the Manjimup economy.

Figure 3.1: Key Imports into Manjimup LGA, 2007-08



Source: ABS (2010a, 2011b), AECgroup

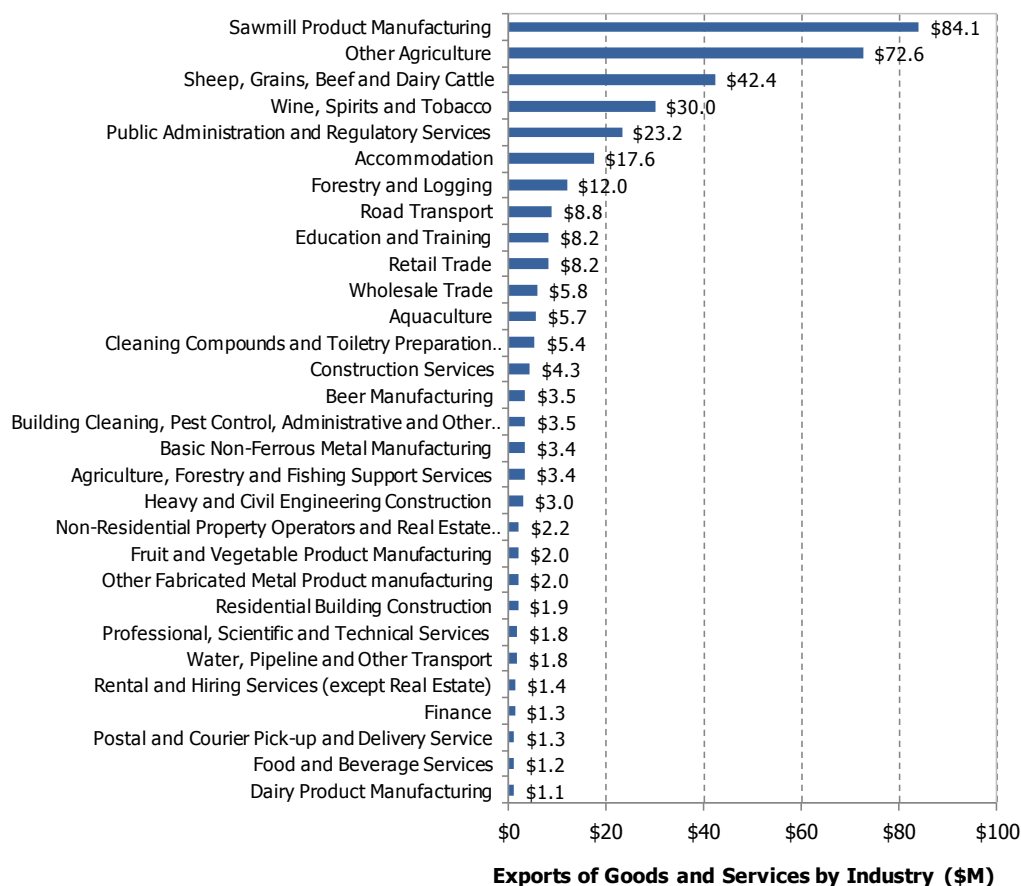
Key exports out of a region tend to be reflective of its competitive advantage and can represent opportunities for further growth and expansion.

Prominent exports from the Manjimup LGA include:

- Sawmill Product Manufacturing (\$84.1 million or 22.5% of all exports).
- Other agriculture (\$72.6 million or 19.4%).
- Sheep, grains, beef and dairy cattle (\$42.4 million or 11.3%).
- Wine, spirits and tobacco (\$30.0 million or 8.0%).

Key exports from Manjimup LGA are reflective of the strong agriculture and forestry industries in the region. These industries are expected to play a fundamental role in the development of the LGA in the future, but diversification is also required.

Figure 3.2: Key Exports out of Manjimup LGA, 2007-08



Source: ABS (2010a, 2011b), AECgroup

3.2 Supply Chain Analysis

The following tables provide a summary of the key upstream (imports and local purchases) and downstream (local sales to industry and consumption, as well as exports) markets for each industry. **Care should be taken in interpreting these results as the values presented in the tables are indicative estimates only**, and are designed to broadly identify the key inputs for each industry and potential targets for regional development rather than the specific quantum of each component.

The supply chain assessment has been conducted using Input Output transaction tables developed specifically for the Manjimup LGA, based on the 2007-08 National Input Output Tables developed by the Australian Bureau of Statistics (2011b) and employment by industry estimates provided by the Australian Bureau of Statistics (2010a). The method used for regionalising the national tables to the Manjimup LGA economy is consistent with the approach outlined in West (1993).

Key points of note:

- Local purchases represent nearly half of all industrial inputs in the region at 48.9%. Imports represent the remainder of all inputs and are predominantly imported by key sectors of the economy, such as agriculture and forestry.
- Key imports into the region reflect the relative underrepresentation of support services and skilled labour in the Manjimup LGA. These shortages will need to be addressed in order to broaden and expand the local economy.

Interpreting the Supply Chain Assessment Flow Diagram

The supply chain assessment identifies both the upstream and downstream activities engaged in by an industry, which can be classified as:

- **Upstream inputs to production:**
 - Sourced locally, or
 - Imported to the region.
- **Downstream sales of product:**
 - Sold direct to local industry (and used elsewhere in value adding production).
 - Consumed by the local economy (population based consumption), or
 - Exported from the region.

The following diagrams show the supply chain for two key sectors in the Manjimup economy: Agriculture, Forestry and Fishing and Wood and Paper Manufacturing.

Key observations from this analysis include:

Agriculture Forestry and Fishing

- Despite being a prominent industry for the region, the forestry and logging industry represents 8% of all agriculture, forestry and fishing exports. However, it represents over a third of all local agriculture, forestry and fishing outputs which are consumed (or processed) locally. In particular, the local forestry industry has strong downstream connections with the sawmill product manufacturing industry.
- Pesticides and other chemicals are the key imports into the local agriculture, forestry and fishing industry, representing over 13% of all imports. Business services supporting the industry, such as wholesale trade, professional, scientific and technical services and agriculture, forestry and fishing support services in total represent nearly a quarter of all imports and are key areas of potential import replacement.

Wood and Paper Manufacturing

- Sawmill product manufacturing forms 99% of all wood product manufacturing exports, with very little of the product consumed locally.
- Despite the existing forestry and logging industry in Manjimup, the sawmill product manufacturing industry imports over 18% of its forestry and logging inputs.

Figure 3.3: Supply Chain, Agriculture, Forestry and Fishing (part A), 2007-08

UPSTREAM INPUTS TO PRODUCTION				SECTOR OF INTEREST	DOWNSTREAM SALES OF PRODUCT			
IMPORTS		LOCAL PURCHASES			SALES TO LOCAL INDUSTRY		LOCAL CONSUMPTION	EXPORTS
Industry	\$M	Industry	\$M		Industry	\$M	\$M	\$M
Basic Chemical Manufacturing	\$9.5	Agriculture, Forestry and Fishing Support Services	\$12.7	AGRICULTURE, FORESTRY AND FISHING	Sawmill Product Manufacturing	\$19.3	\$3.0	\$136.3
Agriculture, Forestry and Fishing Support Services	\$8.5	Other Agriculture	\$9.3		Other Agriculture	\$13.4		
Petroleum and Coal Product Manufacturing	\$8.5	Sheep, Grains, Beef and Dairy Cattle	\$4.3		Sheep, Grains, Beef and Dairy Cattle	\$9.8		
Wholesale Trade	\$4.5	Wholesale Trade	\$4.0		Wine, Spirits and Tobacco	\$8.3		
Professional, Scientific and Technical Services	\$4.0	Road Transport	\$2.3		Forestry and Logging	\$2.6		
<i>Other industries</i>	<i>\$36.5</i>	<i>Other industries</i>	<i>\$13.5</i>	<i>Other industries</i>	<i>\$7.2</i>	Total	\$60.6	
Total	\$71.5	Total	\$46.0					
Veterinary Pharmaceutical and Medicinal Product Manufacturing	\$1.7	Sheep, Grains, Beef and Dairy Cattle	\$3.5	Sheep, Grains, Beef and Dairy Cattle	Sheep, Grains, Beef and Dairy Cattle	\$3.5	\$0.1	\$42.4
Basic Chemical Manufacturing	\$1.6	Agriculture, Forestry and Fishing Support Services	\$3.5		Dairy Product Manufacturing	\$1.7		
Professional, Scientific and Technical Services	\$1.3	Other Agriculture	\$2.7		Wine, Spirits and Tobacco	\$0.9		
Other Food Product Manufacturing	\$1.2	Wholesale Trade	\$0.9		Other Agriculture	\$0.7		
<i>Other industries</i>	<i>\$7.6</i>	<i>Other industries</i>	<i>\$3.8</i>	<i>Other industries</i>	<i>\$1.2</i>	Total	\$8.1	
Total	\$13.4	Total	\$14.4					
Other Food Product Manufacturing	\$0.1	Poultry and Other Livestock	\$0.1	Poultry and Other Livestock	Other Agriculture	\$0.3	\$0.1	\$0.3
Transport Support services and storage	\$0.0	Other Food Product Manufacturing	\$0.0		Poultry and Other Livestock	\$0.1		
Professional, Scientific and Technical Services	\$0.0	Agriculture, Forestry and Fishing Support Services	\$0.0		Retail Trade	\$0.0		
Petroleum and Coal Product Manufacturing	\$0.0	Road Transport	\$0.0		Food and Beverage Services	\$0.0		
<i>Other industries</i>	<i>\$0.1</i>	<i>Other industries</i>	<i>\$0.1</i>		<i>Other industries</i>	<i>\$0.1</i>		
Total	\$0.2	Total	\$0.3					
Agriculture, Forestry and Fishing	\$5.6	Agriculture, Forestry and Fishing	\$6.5	Other Agriculture	Wine, Spirits and Tobacco	\$7.4	\$2.3	\$72.6
Basic Chemical Manufacturing	\$5.6	Other Agriculture	\$5.9		Other Agriculture	\$5.9		
Petroleum and Coal Product Manufacturing	\$4.0	Wholesale Trade	\$1.9		Sheep, Grains, Beef and Dairy Cattle	\$2.7		
Finance	\$2.3	Road Transport	\$1.0		Fruit and Vegetable Product	\$0.7		
<i>Other industries</i>	<i>\$16.8</i>	<i>Other industries</i>	<i>\$6.1</i>		<i>Other industries</i>	<i>\$1.8</i>		
Total	\$34.2	Total	\$21.3					

Source: ABS (2010a, 2011b), AECgroup



Figure 3.4: Supply Chain, Agriculture, Forestry and Fishing (part B), 2007-08

UPSTREAM INPUTS TO PRODUCTION				SECTOR OF INTEREST	DOWNSTREAM SALES OF PRODUCT			
IMPORTS		LOCAL PURCHASES			SALES TO LOCAL INDUSTRY		LOCAL CONSUMPTION	EXPORTS
Industry	\$M	Industry	\$M		Industry	\$M	\$M	\$M
Petroleum and Coal Product Manufacturing	\$0.5	Wholesale Trade	\$0.1	Aquaculture	Food and Beverage Services	\$0.1	\$0.2	\$5.7
Other Food Product Manufacturing	\$0.3	Agriculture, Forestry and Fishing	\$0.1		Accommodation	\$0.1		
Specialised and other Machinery and Equipment Manufacturing	\$0.2	Support Services	\$0.1		Aquaculture	\$0.1		
Wholesale Trade	\$0.1	Aquaculture	\$0.1		Retail Trade	\$0.1		
Other industries	\$0.9	Road Transport	\$0.0		Other industries	\$0.0		
Total	\$2.0	Total	\$0.6		Total	\$0.3		
Petroleum and Coal Product	\$2.5	Agriculture, Forestry and Fishing	\$1.9	Forestry and Logging	Sawmill Product Manufacturing	\$19.3	\$0.1	\$12.0
Specialised and other Machinery and Equipment Manufacturing	\$2.3	Automotive Repair and Maintenance	\$0.7		Forestry and Logging	\$0.7		
Agriculture, Forestry and Fishing	\$2.0	Forestry and Logging	\$0.7		Agriculture, Forestry and Fishing	\$0.2		
Support Services	\$1.4	Wholesale Trade	\$0.7		Support Services	\$0.1		
Automotive Repair and Other industries	\$7.2	Other industries	\$1.9		Other Wood Product	\$0.1		
Total	\$15.4	Total	\$5.8		Total	\$20.5		
Rental and Hiring Services (except Basic Chemical Manufacturing)	\$1.3	Agriculture, Forestry and Fishing	\$0.7	Agriculture, Forestry and Fishing Support Services	Other Agriculture	\$6.5	\$0.2	\$3.4
Other industries	\$1.1	Other Agriculture	\$0.7		Sheep, Grains, Beef and Dairy Cattle	\$3.5		
Petroleum and Coal Product	\$0.6	Wholesale Trade	\$0.4		Forestry and Logging	\$1.9		
Professional, Scientific and Other industries	\$2.9	Rental and Hiring Services (except Other industries)	\$0.3		Agriculture, Forestry and Fishing	\$0.7		
Total	\$6.3	Total	\$3.5			Total		

Source: ABS (2010a, 2011b), AECgroup



Figure 3.5: Supply Chain, Wood and Paper Manufacturing, 2007-08

UPSTREAM INPUTS TO PRODUCTION				SECTOR OF INTEREST	DOWNSTREAM SALES OF PRODUCT						
IMPORTS		LOCAL PURCHASES			SALES TO LOCAL INDUSTRY		LOCAL CONSUMPTION	EXPORTS			
Industry	\$M	Industry	\$M		Industry	\$M	\$M	\$M			
Forestry and Logging	\$4.3	Forestry and Logging	\$19.5	WOOD AND PAPER MANUFACTURING	Sawmill Product Manufacturing	\$4.0	\$0.1	\$84.6			
Road Transport	\$4.0	Road Transport	\$4.4		Construction Services	\$0.7					
Rental and Hiring Services (except Real Estate)	\$2.6	Sawmill Product Manufacturing	\$4.0		Residential Building Construction	\$0.7					
Transport Support services and storage	\$2.2	Wholesale Trade	\$1.5		Other Wood Product Manufacturing	\$0.4					
Wholesale Trade	\$1.8	Building Cleaning, Pest Control, Administrative and Other Support Services	\$0.6		Furniture Manufacturing	\$0.3					
<i>Other industries</i>	<i>\$10.4</i>	<i>Other industries</i>	<i>\$2.7</i>		<i>Other industries</i>	<i>\$0.8</i>					
Total	\$25.3	Total	\$32.6		Total	\$6.9					
Forestry and Logging	\$4.3	Forestry and Logging	\$19.3		Sawmill Product Manufacturing	Sawmill Product Manufacturing			\$3.7	\$0.0	\$84.1
Road Transport	\$4.0	Road Transport	\$4.3			Other Wood Product Manufacturing			\$0.3		
Rental and Hiring Services (except Real Estate)	\$2.5	Sawmill Product Manufacturing	\$3.7	Construction Services		\$0.3					
Transport Support services and storage	\$2.1	Wholesale Trade	\$1.4	Residential Building Construction		\$0.3					
<i>Other industries</i>	<i>\$11.6</i>	<i>Other industries</i>	<i>\$2.9</i>	<i>Other industries</i>		<i>\$0.3</i>					
Total	\$24.6	Total	\$31.5	Total	\$4.9						
Polymer Product Manufacturing	\$0.1	Sawmill Product Manufacturing	\$0.3	Other Wood Product Manufacturing	Construction Services	\$0.5	\$0.1	\$0.5			
Rental and Hiring Services (except Real Estate)	\$0.1	Other Wood Product Manufacturing	\$0.1		Residential Building Construction	\$0.4					
Structural Metal Product	\$0.1	Wholesale Trade	\$0.1		Sawmill Product Manufacturing	\$0.3					
Transport Support services and storage	\$0.1	Road Transport	\$0.1		Other Wood Product	\$0.1					
<i>Other industries</i>	<i>\$0.4</i>	<i>Other industries</i>	<i>\$0.4</i>		<i>Other industries</i>	<i>\$0.7</i>					
Total	\$0.7	Total	\$1.1		Total	\$2.1					

Source: ABS (2010a, 2011b), AECgroup



3.3 Comparative Assessments

The comparative assessment is a benchmarking approach which compares the Manjimup LGA to three regions of similar nature:

- **Lockyer Valley LGA:** Major fruit and vegetable agricultural region for domestic South East Queensland market, located approximated 90km west of Brisbane CBD. Benefits from proximity to major regional centres (Toowoomba/Ipswich). Characterised by low population density (36,591 in 2010) over a large area, but strong population growth over the decade (3.1% p.a.).
- **Gympie LGA** (Cooloola LGA pre-2007): Major timber and agricultural centre characterised by the presence of State forests. Located approximately 170km north-north east of Brisbane CBD. Benefits from proximity to major domestic tourism locations (Sunshine Coast) and characterised by strong population growth (3.0% p.a. over decade). Population of 49,334 in 2010 is almost five times that of Manjimup.
- **Lismore LGA:** Centre for major regional health and education facilities in the Northern Rivers region of NSW, located approximately 200km south of Brisbane CBD. A strong agricultural service centre, and with a robust relationship with surrounding communities (e.g. Casino). Strong population critical mass (45,917 in 2010) with relatively low annual population growth over the preceding decade (0.74%).

These locations were selected as they represent examples of the potential growth profile of Manjimup as it becomes a SuperTown and continues to grow beyond 2031. As such, this comparative assessment analyses potential gaps in the current Manjimup community and economy that must be addressed if future growth is to be facilitated.

The comparative assessment works by comparing Manjimup LGA to each of the selected benchmark regions across the following key indicators:

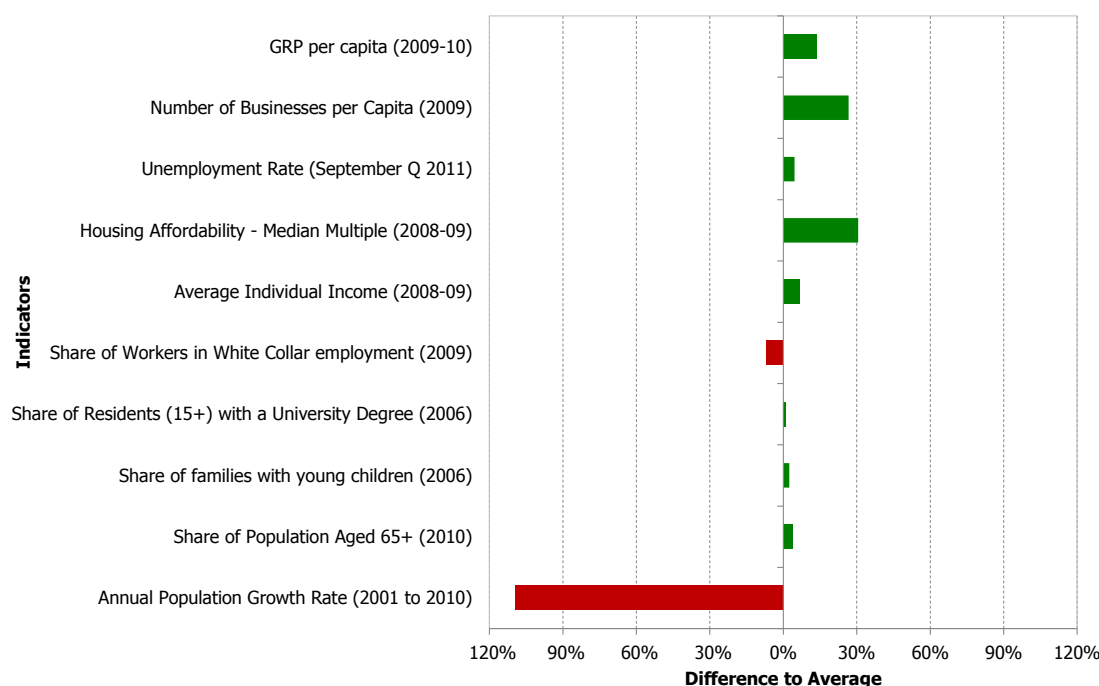
- GRP per capita
- Number of businesses per capita
- Unemployment rates
- Average house price as a proportion of household income
- Average income
- Proportion of workers in white collar employment
- Proportion of residents aged over 15 years with University qualifications
- Percentage of households that are young families
- Percentage of population aged 65+
- Average annual population growth

These indicators cover population, demographic, socio-economic, investment, employment and economic characteristics of Manjimup, as summarised in the **Socio-Economic Profile**.

For each of these indicators, Manjimup is compared to the average across all four regions, thereby helping to address issues of the relative size of each region's population and economy and local specific variable being smoothed, allowing for more fundamental gaps to be identified. As such, a result above 0% means that Manjimup LGA is currently performing better than the average of its peers, while a result below 0% means it is worse than its peers.

The outcomes of the assessment are outlined in the figure below.

Figure 3.6: Comparative Assessment, Manjimup LGA



Note: in some cases, data has been inverted to show whether Manjimup is outperforming or underperforming its comparison regions. Therefore, a positive difference to average does not equate to a larger outcome for Manjimup.
Source: ABS (2007, 2011a, 2011c, 2011d, 2011e), realestate.com.au (2011), Homepriceguide.com.au (2011), NSW Housing (2011), Department of Employment, Education and Workplace Relations (2011).

Figure 3.6 reveals a majority of positive scores for Manjimup when compared with the benchmarked regions. The only area of major underperformance was:

- Manjimup has struggled to maintain positive population growth rates over the past decade. The period of population decline does, however, appear to have ended, with population increasing in recent years from its 2006 low.

However, in spite of this population data, Manjimup LGA performed well against the benchmarked regions in terms of the following:

- The Manjimup LGA currently has a 13.9% higher level of GRP per capita than the average of the benchmarked regions. This is driven by the presence of a dominant agriculture, forestry and fishing sector in the LGA and demonstrates that Manjimup is dealing with the transition of the timber industry more favourably than Lismore and Gympie.
- The Manjimup LGA has over a quarter more businesses per capita than the comparison regions, suggesting an entrepreneurial and supportive commercial environment.
- The Manjimup LGA economy also has a marginally lower unemployment rate (5.2% versus 5.5%), highlighting that there could be existing unmet skilled labour demand in the economy. Existing unmet demand in the Manjimup labour market could provide job opportunities for new skilled residents over the short term, incentivising migration.
- Housing in the Manjimup LGA is relatively more affordable than in the other comparative regions, assisted by lower house prices and the relatively higher average incomes and average number of workers per household in the LGA.
- Manjimup appears to have a relatively comparable level of skilled residents, with the Manjimup LGA only slightly underperforming in terms of white collar workers (6.9% below average), and marginally outperforming in terms of residents with a university degree (1.0% above average). This is likely contributed to by the existence of the
- The share of population aged 65+ is also marginally lower (4.0%) than average, meaning the negative implications of the ageing of the baby boomer generation are

unlikely to impact Manjimup as significantly as the benchmarked regions. However, this means that the benefits of this ageing in terms of health and social assistance employment growth are also likely to be less significant.

Overall, Manjimup's performance in the comparative assessment against potential benchmarks of its future growth profile reinforces key messages from other assessments in this gap analysis. Manjimup has historically suffered shocks to critical timber and agriculture industries. But the recent emergence and success of new agricultural products and sectors, such as viticulture, green tea and truffles, has begun to reinvigorate the local economy.

3.4 Journey to Work

In 2006, the Manjimup LGA was a marginal exporter of labour. Key regions which attract Manjimup residents to work include Bunbury (43), Nannup (20), Augusta-Margaret River (8) and Boyup Brook (8). On a net basis, only 16 more workers leave the Manjimup LGA each day for work than come into the region.

Table 3.1: Journey to Work Movements by LGA, 2006

LGAs	<i>Lives in Manjimup and Works in...</i>	<i>Works in Manjimup and Lives in...</i>	Difference
Bunbury	43	6	-37
Augusta-Margaret River	8	0	-8
Boyup Brook	8	3	-5
Bridgetown-Greenbushes	99	132	33
Busselton	0	17	17
Capel	0	3	3
Collie	0	6	6
Dardanup	0	3	3
Donnybrook-Balingup	10	13	3
Harvey	5	7	2
Manjimup	3,643	3,643	0
Nannup	20	11	-9
Other	178	154	-24
Total	4,014	3,998	-16

Source: ABS (2007), AECgroup

Key industries for which the Manjimup LGA attracts workers from outside the region include education, government administration and defence, accommodation, cafes and restaurants and retail trade. Key industries which attract residents out of the region for work include construction, mining and agriculture forestry and fishing. Further details on the Journey to Work are provided in **Appendix B**.

Table 3.2: Journey to Work Movements by Industry, 2006

Industry	Lives in Manjimup	Works in Manjimup	Difference
Agriculture, Forestry and Fishing	806	781	-25
Mining	30	0	-30
Manufacturing	467	467	0
Electricity, Gas and Water Supply	11	8	-3
Construction	196	138	-58
Wholesale Trade	148	148	0
Retail Trade	572	587	15
Accommodation, Cafes and Restaurants	284	300	16
Transport and Storage	165	137	-29
Communication Services	35	35	0
Finance and Insurance	54	50	-4
Property and Business Services	162	163	1
Government Administration & Defence	303	337	34
Education	350	386	36
Health and Community Services	323	335	12
Cultural and Recreational Services	31	31	0
Personal and Other Services	76	94	18
Total	4,014	3,998	-16

Source: ABS (2007), AECgroup

3.5 Key Findings

The Manjimup economy is characterised by the dominance of timber and agricultural industries, which is reflected in export profile. However, the economy currently lacks diversity as illustrated in the dominance of professional services in Manjimup imports.

The comparative assessment revealed Manjimup's characteristics are broadly favourable in comparison to key peer locations around the country. However, this has not translated into population growth or critical mass. This appears to be undermining the ability of Manjimup to leverage off underlying competitive advantages, due to limited labour force availability and lack of local expenditure and service demand.

4. Opportunities Assessment

Industry growth opportunities for Manjimup LGA have been identified by undertaking a desktop economic development opportunity assessment (refer to **Appendix C** for the detailed assessments). This assessment employs a number of analytical tools to draw out the economic strengths, strategic assets and opportunities for a region in the context of national industry growth trends in order to determine specific industry sector targets for future economic development activities.

The desktop assessment tools used include:

- **Location Quotient Analysis:** Assesses the degree of labour specialisation in an economy (a competitive advantage) and is used to identify industry areas of relative strengths and weaknesses.
- **Competitive Assessment:** Utilising a diamond assessment framework⁵, strengths and weakness of the Manjimup economy are considered.
- **Cluster Mapping Analysis:** Allows for the identification of growth opportunities in specific industry sectors, where a natural competitive advantage already exists.

The outcome of the assessment is the list of identified target areas for economic development activities. These target areas focus on high value-adding, knowledge based activities that will drive and deliver real economic benefits to the community for the future and provide for sustainable economic development and employment growth over time.

When identifying key industry sectors for growth, it is important to keep in mind the need for high value development (i.e. business activities that bring a high degree of knowledge and generate products and services of a high value). At the same time, it is important that future development results in sustainable business, both in terms of their environmental responsibilities but also in terms of the competitiveness and feasibility of their operations in the long term. By focusing on these areas, economic development can generate greater economic returns for the community.

4.1 Location Quotients

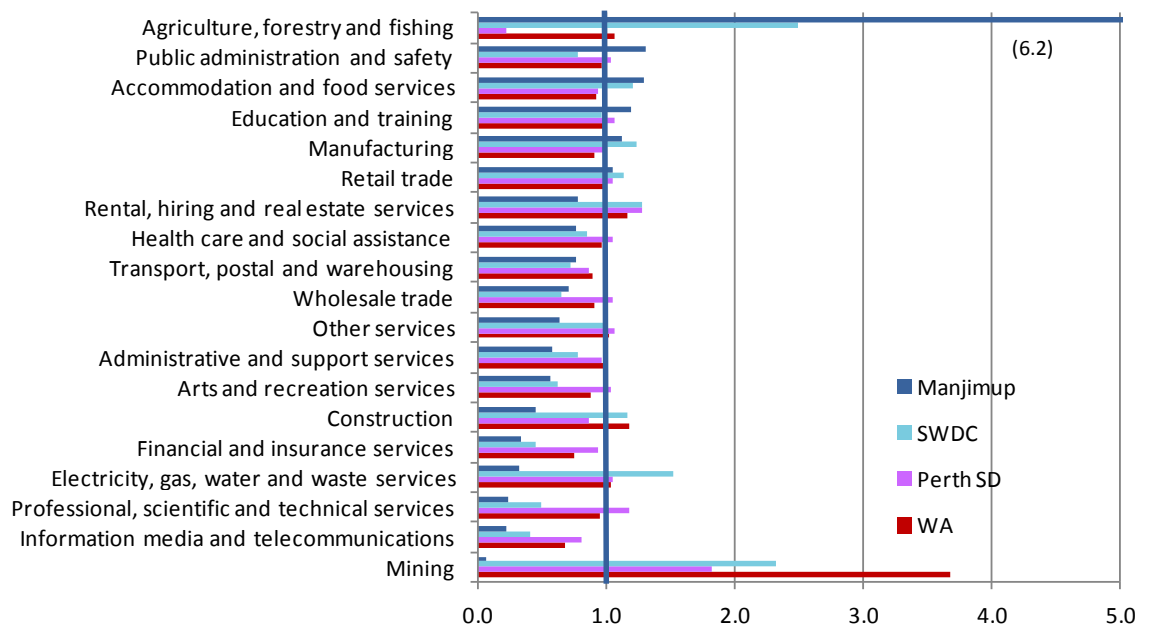
In order to demonstrate the specialisation of the economy, location quotients based on employment have been calculated. The location quotients demonstrate the degree to which a local or regional economy is specialised by examining the proportion of employment (by industry sub-sector) compared to a larger economy (Australian economy). Location quotients can be used to indicate the relative strengths or weaknesses of a local or regional economy (i.e., a natural competitive advantage or disadvantage).

For the analysis, Manjimup LGA, SWDC, Perth SD and Western Australia were compared against employment for Australia. Depictions of the Location Quotients for Manjimup LGA, Gympie LGA, Lockyer Valley LGA and Casino/Lismore are contained in **Appendix C**. A location quotient of "1" means that the economies being compared have an equal share of employment (compared to Australia) for a specific industry sector, thus no potential advantage or disadvantage. A location quotient above "1" indicates a specialisation of labour and therefore an area of potential competitive advantage. If the location quotient is below "1", the area is under-represented compared to the national economic structure in this particular industry sector.

Figure 4.1 shows the Location Quotients across the 19 sectors of the economy. Figure 4.2, Figure 4.3 and Figure 4.4 provide a detailed assessment of the agriculture forestry and fishing, mining, manufacturing and business and professional services sectors, respectively.

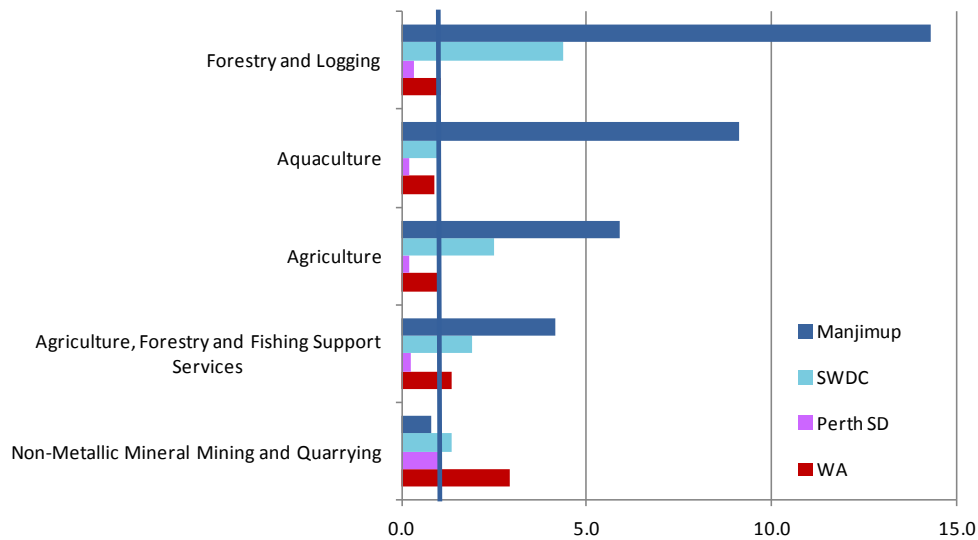
⁵ As opposed to a traditional SWOT assessment, AECgroup has modified the diamond assessment framework, originally developed by Dr. Michael Porter, Harvard University, for examining the competitiveness (strengths and weaknesses) of nations. Dr. Porter has used this framework in advising numerous national and state government agencies and has won numerous awards for his contribution to economic development.

Figure 4.1: Location Quotients, 2006, 1-Digit ANZSIC



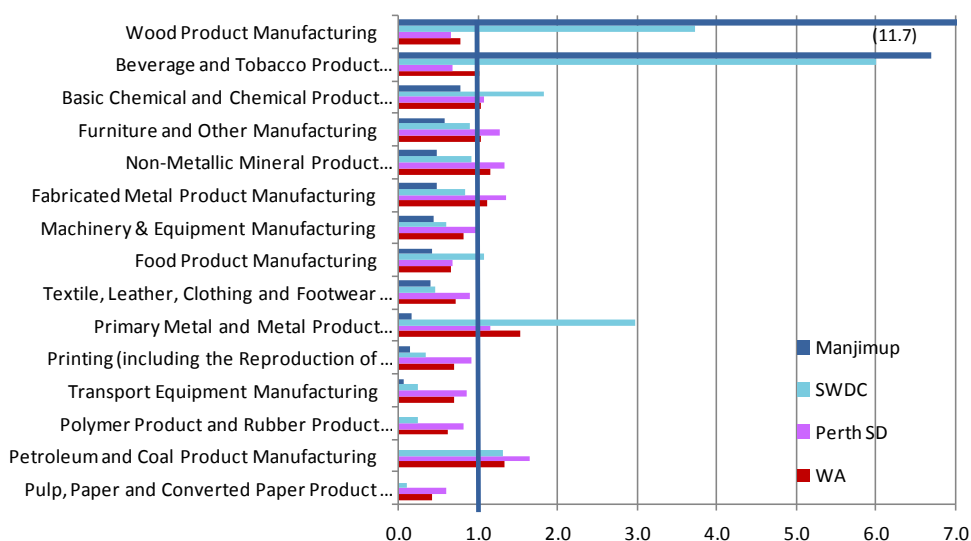
Source: ABS (2007), AECgroup

Figure 4.2: Location Quotients, 2006, 2-Digit ANZSIC, Agriculture, Forestry and Fishing and Mining



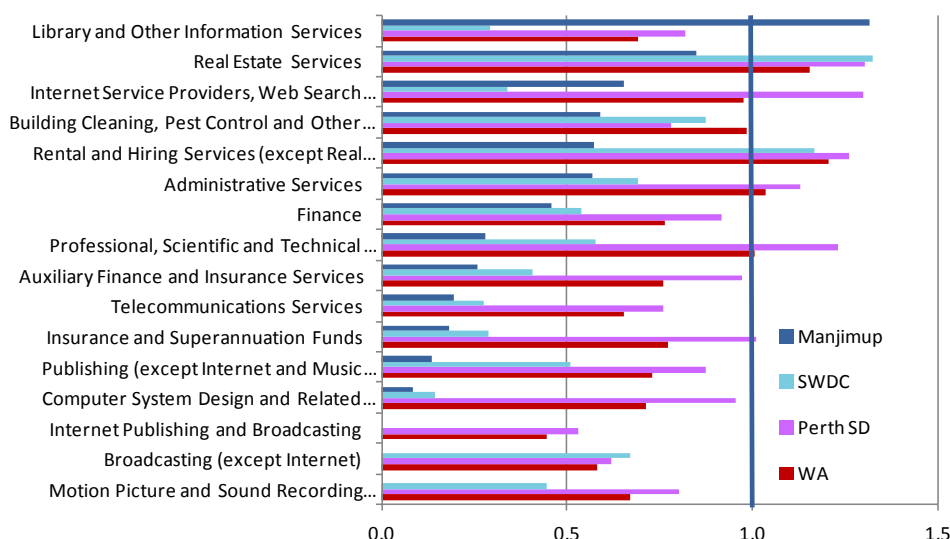
Source: ABS (2007), AECgroup

Figure 4.3: Location Quotients, 2006, 2-Digit ANZSIC, Manufacturing



Source: ABS (2007), AECgroup

Figure 4.4: Location Quotients, 2006, 2-Digit ANZSIC, Business and Professional Services¹



Note: Includes Professional Scientific Services, Financial and Insurance Services, Information Media and Telecommunications, Administration and Support Services.
Source: ABS (2007), AECgroup

Key findings:

- Manjimup LGA has a significant labour specialisation in the agriculture, forestry and fishing sector, reflecting the long-standing history the region has in these industries.
- Manjimup has a strong education sector, supported by strong labour representation in preschool and school education.
- Manjimup LGA has a strong labour specialisation in library and other information services, but is underrepresented across all other business and professional services.

In general, the Manjimup economy lacks sufficient diversity, suggesting that troughs in the usual business cycle in key industries can impact the whole town. Diversifying the economy can create broader foundations and, as a result, greater economic resilience and sustainability.

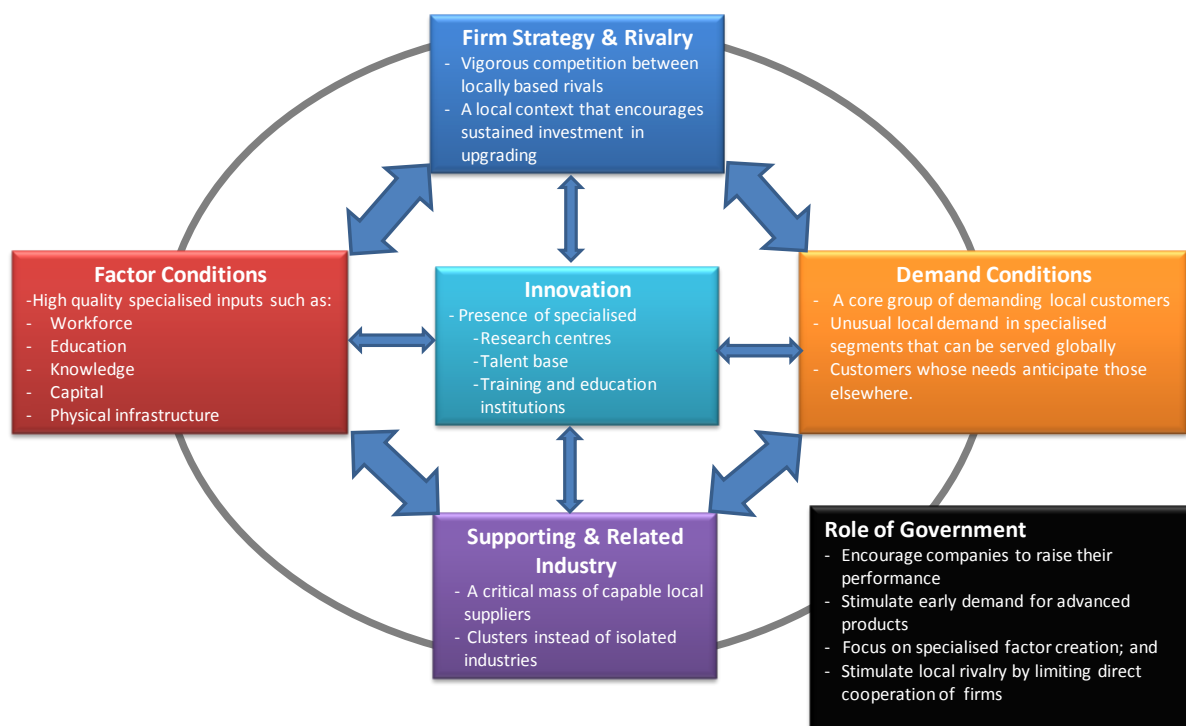
4.2 Competitive Assessment

A diamond assessment framework was used to assess the competitiveness of Manjimup LGA (HBS, 2010).

The diagram below highlights the four key points (factor conditions, demand conditions, supporting industry and firm strategy and rivalry) that form the basis for the diamond, with each one of these factors influencing and relying on the other and providing the foundation for a region's competitiveness. The role of government is to influence all of these points and is represented by the ring around the diamond.

Innovation has been placed at the centre of the diamond to demonstrate its importance for economic development and the impact it can have on the four key points and the overall competitiveness of a region.

Figure 4.5: Competitive Assessment (Diamond) Framework



Source: NCC (2010)

The main components of the diamond model are listed and explained below.

- **Factor (input) Conditions:** High quality specialised inputs to the economy such as workforce, education, capital and physical infrastructure. Factor inputs are characterised by their dynamic nature and their ability to become continuously upgraded and specialised.
- **Demand Conditions:** Level of local demand for specific products and/or services. Demand influences the process of creating and improving products and services through the presence of sophisticated customers that demand the improvement of products.
- **Supporting & Related Industry:** A critical mass of capable local suppliers and clusters instead of isolated industries to support key industry (supply chain). This element also includes the important role of clusters for economic development.
- **Firm Strategy & Rivalry:** Economic environments which promote vigorous competition among locally based rivals and a local context that encourages sustained investment and upgrade of product and resources.
- **Role of Innovation:** Innovation is influenced mainly by the presence of institutions that are often sought by business and industry for collaboration such as Universities,

TAFE's, research institutes and other education and training providers. Partnerships with these institutions facilitate creative flow of knowledge and information which facilitate research and development investment, create new products or services and generally allow a region to generate knowledge. Innovation is critical to the successful development of sustainable industry clusters.

- **Role of Government:** Within the Diamond Model the role of government is to:
 - Encourage companies to raise their performance
 - Stimulate early demand for advanced products
 - Focus on specialised factor creation (i.e. specific infrastructure, workforce programs, investments)
 - Stimulate local rivalry by limiting direct cooperation and enforcing antitrust relationships

The results of a high level SWOT analysis have been analysed against the elements of the Diamond Framework. The results are outlined in **Error! Reference source not found..**

4.2.1 Competitive Edge

The Manjimup LGA has a number of competitive strengths which will need to be leveraged in order to generate meaningful economic development and employment outcomes. These include:

- Advantageous location, climate and national economic conditions, with relatively strong water security supporting its agricultural and timber activities.
- Potential for international market access and exploitation.
- Ageing population and FIFO workers could drive local health care, education and other population-serving sectors.
- Educational institutions support agricultural diversification and service the youth of the region assisting to attract young families into the area.
- Strong water security.

4.2.2 Areas for Improvement

The competitive assessment also highlights some relative weaknesses, where improvement could increase the Manjimup LGA's overall competitiveness. These include:

- A lack of labour force critical mass is driving shortages in skills and professional service workers, and undermining tertiary education viability.
- Limited local competition and a high exchange rate that undermines international market access.
- LGA hindered by flat/negative recent population growth, strong competition in the South West, and a risk-averse community (limiting investment appetite).
- Lack of internet connectivity capacity.

Figure 4.6: Competitive Assessment of Manjimup LGA

Competitive Element	Competitive Edge	Regional Issues
Factor Conditions	<ul style="list-style-type: none"> • High amenity rural location with temperate climate • Industrial/agrarian workforce • Low unemployment presenting opportunities for existing and new workers • Comparatively strong water security for agricultural activities • Housing is comparatively inexpensive • Relative proximity to Busselton and associated infrastructure 	<ul style="list-style-type: none"> • Existing labour force lacks critical mass and experiencing skills shortages. • Lack of population undermines full-spectrum education viability. • Housing unaffordable to local households due to low incomes • Isolation from Perth
Firm Strategy & Rivalry	<ul style="list-style-type: none"> • Strong economic climate (Australia) • Global food security an increasingly important issue • Proximity to Asia (e.g. can export fresh milk) • Existing and established agricultural and timber sectors domestic profiles 	<ul style="list-style-type: none"> • Little competition between firms due to limited supply (small market) • Local business should seek to transition supply to national and global markets • High exchange rates are impacting international competitiveness of Australia in foreign markets (impacts on agriculture).
Demand	<ul style="list-style-type: none"> • Ageing population, lifestyle residents and young families increasing health care demands and education (at all levels). • Diversification of agricultural products and markets driving increased incomes and expenditure • FIFO mining workers living in Manjimup could drive strong demand for retail/housing • Future population growth will underpin demand for population-serving sectors 	<ul style="list-style-type: none"> • Currently lacking critical mass of population to attract diverse services, such as childcare and school options. • Population growth has been flat or negative for past decade • Strong competition from major centres of Busselton and Bunbury in providing regional services to South West. • Value-adding constrained by past investments and risk averse community • Incomes are low across all occupations
Supporting & Related Industry	<ul style="list-style-type: none"> • Leverage of agricultural sciences from university and TAFE institutions Environment/climate attractive for semi-retirement/lifestyle workers in professional services sectors. • Proximity to Busselton Airport has potential for Manjimup to accommodate FIFO workers • Strong existing industry clusters in agriculture and food 	<ul style="list-style-type: none"> • Below average proportion of professional services industry (property and business, finance, insurance, etc.) • Supply chain opportunities in agriculture not currently captured • Very low national and international profile
Innovation	<ul style="list-style-type: none"> • Increased diversification of agricultural production and value-adding has potential to drive innovation. 	<ul style="list-style-type: none"> • Limited scope of tertiary education and research offering undermines whole-of-economy innovative. • Internet connectivity lacks capacity and can negatively impact future growth of businesses and population

Source: AECgroup



4.3 Cluster Mapping

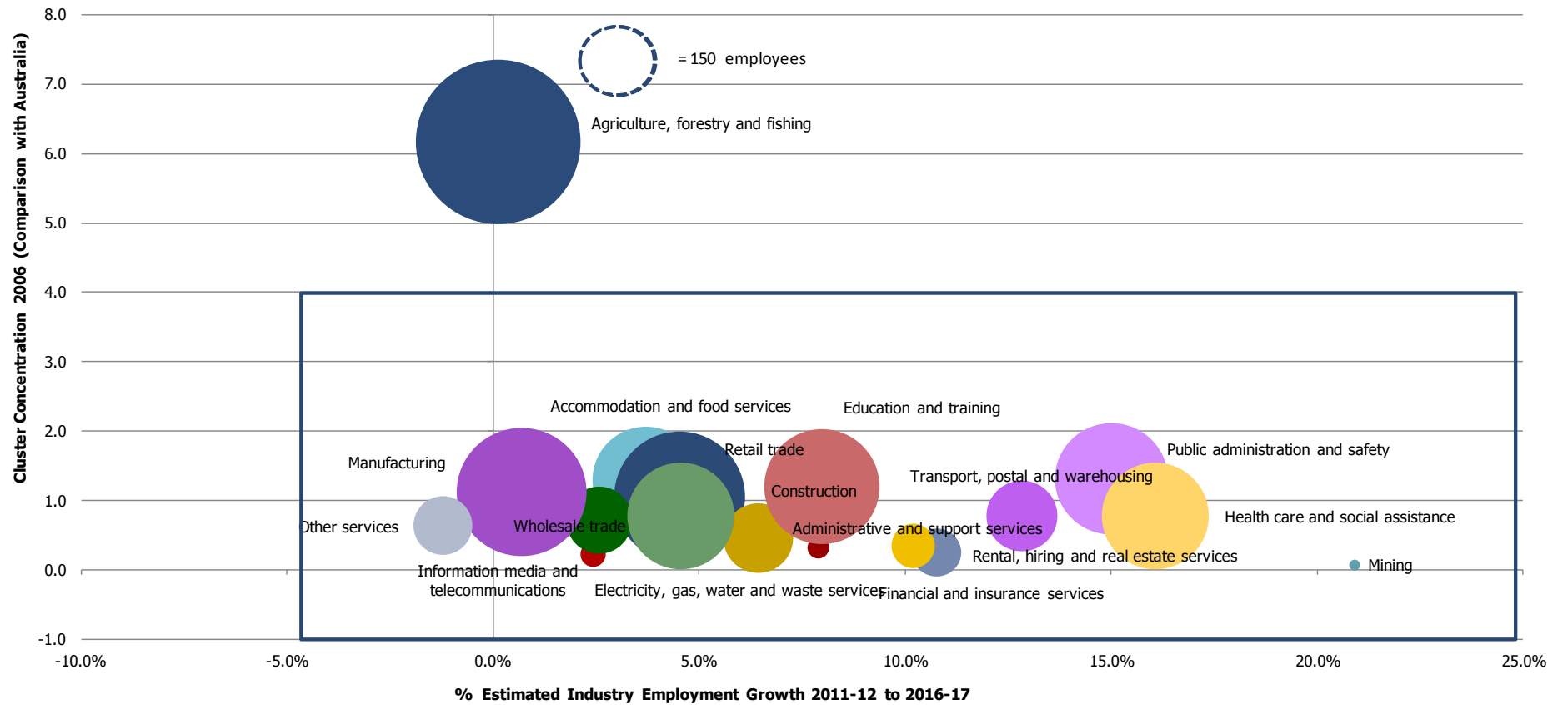
Cluster mapping builds on the location quotient analysis by portraying the regional location quotients against national industry estimated employment growth over time (from 2011 to 2016). By incorporating industry growth, cluster mapping allows for the identification of growth opportunities in specific industry sectors, where a natural competitive advantage already exists against a backdrop of an expanding sector nationally.

Industry clusters located above the "1" on the vertical axis indicate an existing industry concentration (strength or competitive advantage, as discussed previously) within the region being examined. The national industry employment growth estimate for 2011-12 to 2016-17 (IBIS World, 2011) is plotted along the horizontal axis, with 0% growth over the five years creating a midline. The further to the right of this central horizontal axis, the faster the industry is expected to expand. Similarly, the farther to the left of the zero percent midline, the faster it is expected to shed jobs during this five year period. The size of the cluster in the map demonstrates the size of the local workforce in that industry sector.

Manjimup LGA's labour specialisations are well established in an industry (agriculture, forestry and fishing) which is expected to grow minimally over the coming five years (IBIS World, 2011), suggesting a strong need to diversify. Other industries in which Manjimup holds a significant labour specialisation and are expected to grow include public administration and safety, accommodation and food services, manufacturing and retail trade. Key opportunities exist in industries with currently low representation which are estimated to grow on a national level over the coming five years, such industries of opportunity include:

- Transport, postal and warehousing
- Education
- Professional, scientific and technical services
- Financial and insurance services
- Construction

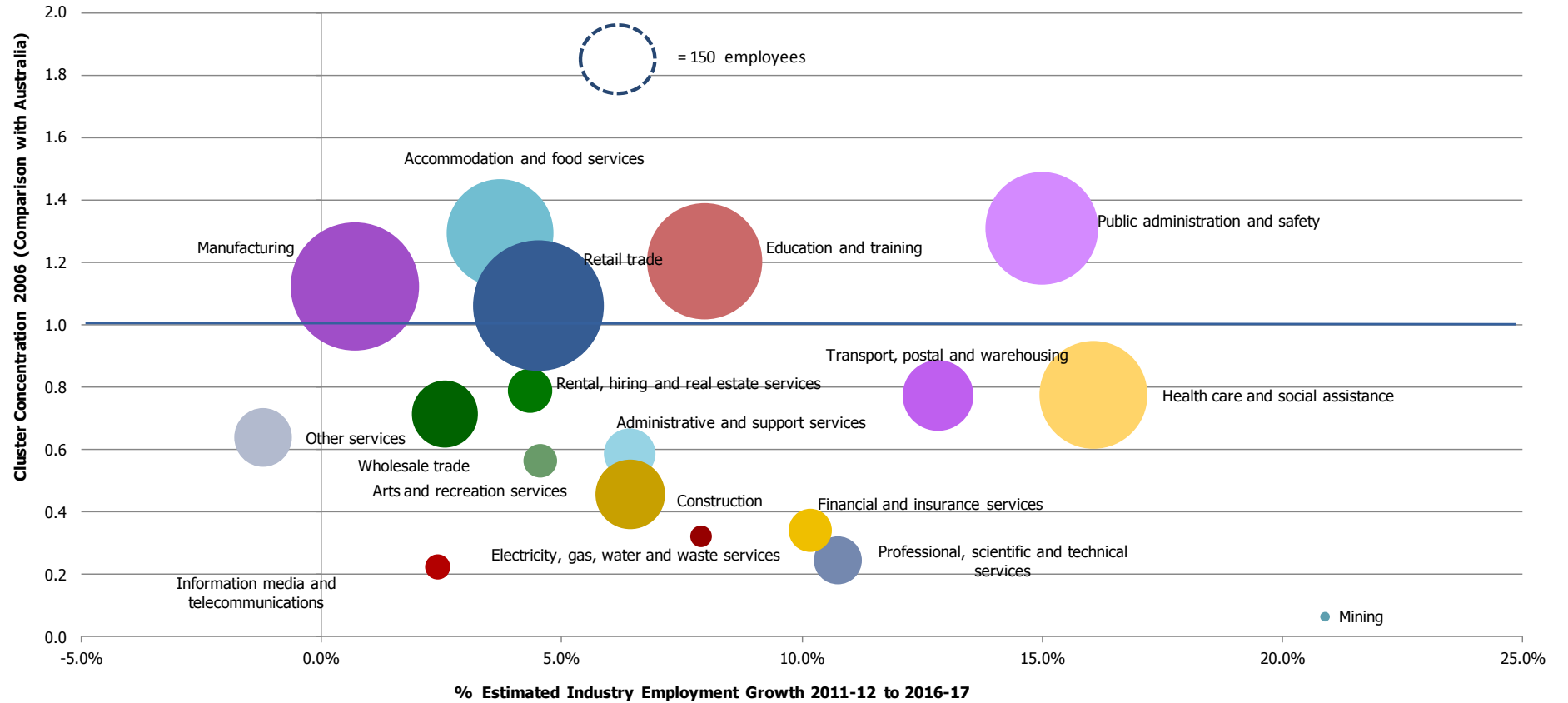
Figure 4.7: Manjimup LGA Cluster Map, 1-Digit ANZSIC



Source: ABS (2007, 2010a), IBIS World (2011), AECgroup



Figure 4.8: Manjimup LGA Cluster Map, 1-Digit ANZSIC (zoomed)



Source: ABS (2007, 2010a), IBIS World (2011), AECgroup



4.4 Key Findings

As expected, the location quotients revealed the dominance of agriculture and forestry industry sectors in the Manjimup economy. Poorly represented industries namely involved those in white collar professional sectors such as Professional, Scientific and Technical Services, Information Media and Telecommunications, and Financial and Insurance Services. Construction was also poorly represented in the assessment, which is a critical enabling industry to future development and economic activity. Diversifying the economic base to incorporate enabling industries and white collar professional sectors is therefore critical to supporting the transformation of Manjimup into a SuperTown.

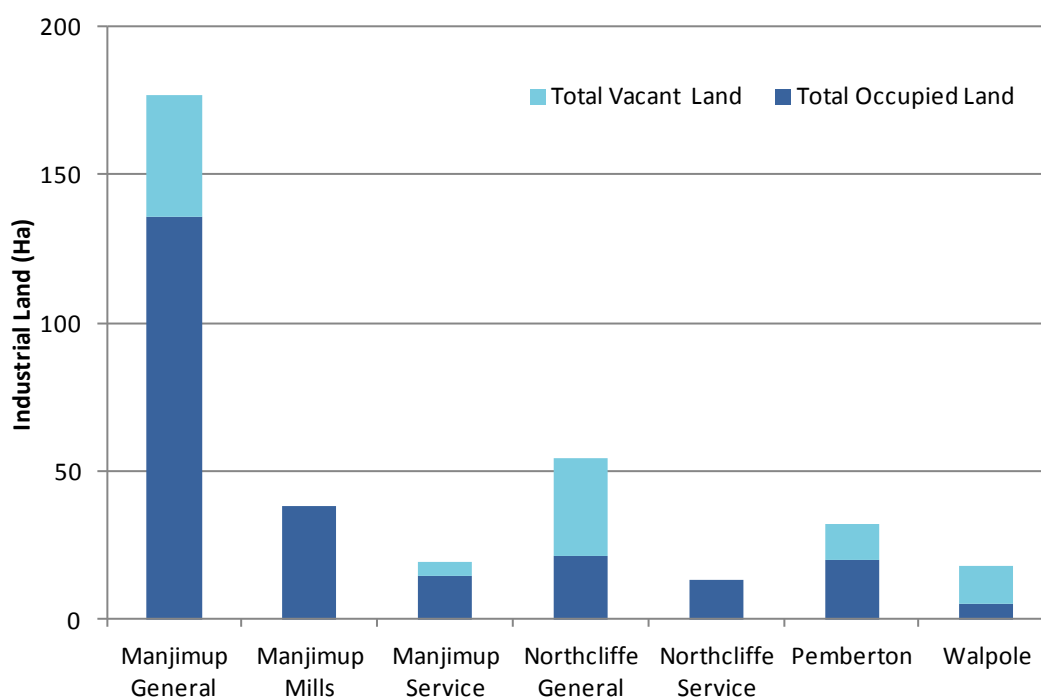
5. Industrial Land

Industrial Land estimates have been developed using the GRP model and based on employment per hectare estimates for the industries of manufacturing, wholesale trade and transport and logistics (see **Appendix A**). This chapter provides an overview of the findings.

5.1 Existing Supply & Demand

According to the South West Region Industrial Land Study (SWRILS), there is a total of 350 ha of industrial land in the Shire of Manjimup with approximately two-thirds (234ha) located in and around the town of Manjimup. SWRILS identified that out of the total amount of industrial land in the Shire, 70% (247ha) was occupied. For the industrial land surrounding the town of Manjimup, 80% (188ha) of available industrial land was occupied, which certainly includes the major timber operations.

Figure 5.1: Industrial Lands, Manjimup, 2006



Source: Syme Marmion & Co. (2010)

A more recent audit conducted by the Shire identified 23 vacant properties as well as 12 serviced and available industrial lots, all of which were less than 1 ha and most ranging between 2,500-5,000m². There are an additional 20 lots zoned and available but currently unserviced. Most of these lots are smaller ranging between 2,500-5,000m², however there are a few larger blocks of approximately 2ha and two larger parcels that are each rough 13.5ha.

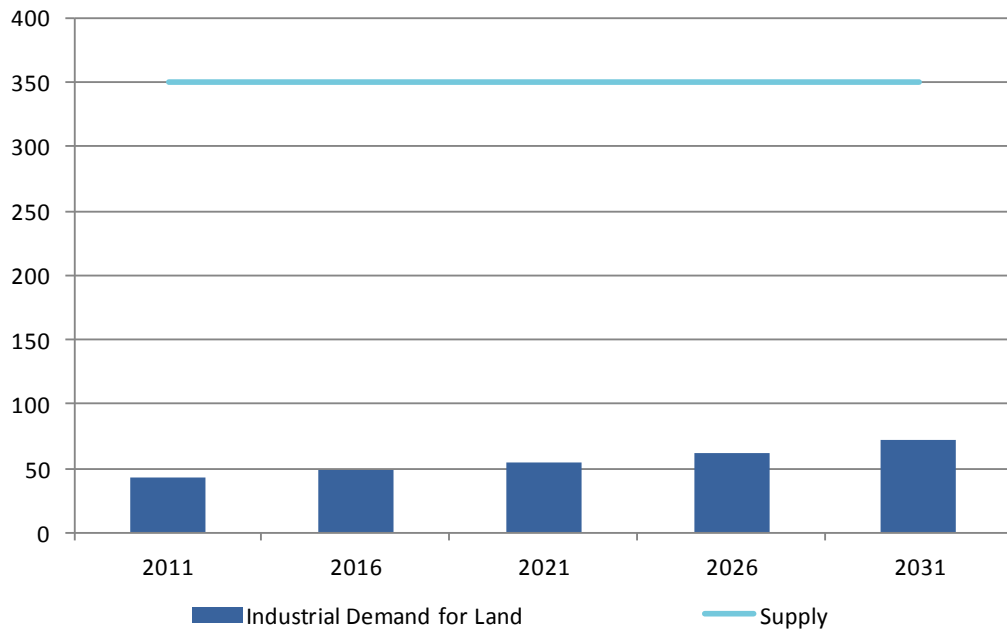
5.2 Future Demand for Land

SWRILS has identified a net decrease in demand for industrial land from 2006 to 2031 of 27ha. Embedded in this net decline is an actual increase in demand of 13ha for manufacturing. It should be noted that the SWRILS analysis does not include the desired goals and aspirations of the SuperTowns initiative and likely underestimates the demand for industrial land.

Estimates of future industrial land demand have been developed assuming Manjimup achieves its population target and pursues the industries of opportunity. The land demand results are aligned with the GRP and Employment estimates outlined in Section **Error! Reference source not found.** The figure below assumes vacant industrial land

s unchanged from 2006 and demonstrates a total net new demand for industrial land of 29ha. It should be noted that supplies of industrial land should always exceed demand in order to offer investors choice and flexibility.

Figure 5.2: Industrial Land Supply and Demand (ha), Manjimup LGA, 2011 to 2031



Source: AECgroup

5.3 Key Findings

Expanded economic activity in Manjimup is expected to result in increased industrial land demand to 72ha by 2031. The majority of this demand is expected to be sourced from expanding wholesale trade and transport sectors. Current industrial land supply is expected to be adequate to support this economic growth in the region, provided it is appropriate for desired uses and in desired locations.

6. Retail Assessment

This section assesses current and future demand for retail floorspace and reconciles it with current and future supply to identify potential retail gaps and future retail needs.

6.1 Catchment Analysis

The township of Manjimup is located within the Shire of Manjimup (Manjimup LGA). The township provides a variety of retail services and facilities to Manjimup township households as well as households in the surrounding rural areas of the Shire.

The retail catchment for the township of Manjimup has been defined taking into consideration the following:

- Current and future depth of retail offering within the township of Manjimup
- Location and distance of competing centres
- Retail offering available at competing centres
- Typical travel flows of local households
- Likely expenditure trends of local households

The retail catchment for the township is defined by the boundaries of the Manjimup LGA.

The main retail catchment is not expected to extend beyond the boundaries of the Shire given the significantly broader variety and depth of retail offering that is available in larger centres, which are easily accessible and are located at a relatively short driving distance.

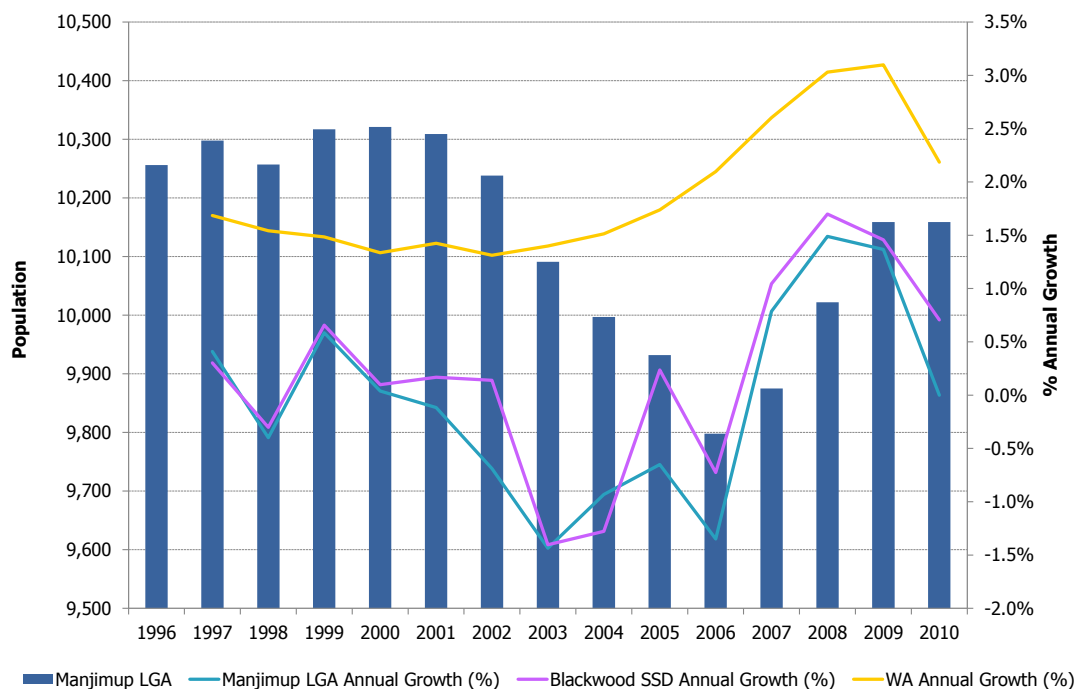
6.2 Population Growth

Manjimup LGA had a population of approximately 10,250 people in 1996, which slightly decreased to 9,800 people in 2006, before increasing to 10,150 people in 2010 (Figure 5.1).

The LGA has therefore experienced no population growth within the last 15 years, with an average annual growth rate of -0.1%, with Blackwood SSD recording growth of 0.2% per annum over the 1996 to 2010 period. In comparison, Western Australia recorded significantly higher annual growth (1.9%) over the 1996 to 2010 period.

However, Manjimup LGA experienced strong population growth recently - 1.4% per annum over the 2006 to 2010 period - adding approximately 350 people to its population.

Figure 5.6.1: Catchment Population Growth, 1996-2010



Source: ABS (2011a).

6.2.1 Population Projections

In forecasting population projections for the estimated catchment, it has been assumed that its population will double between 2010 and 2031 (Table 5.1). This yields an annual growth rate of 3.4% per annum over the period.

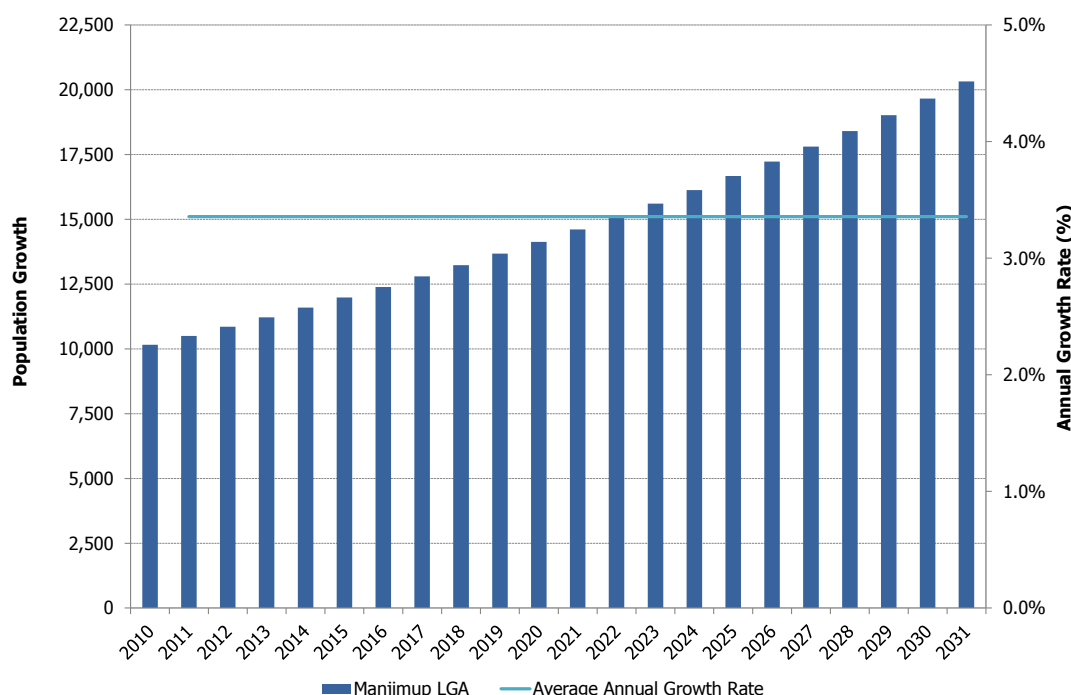
Therefore, it is assumed that the population of Manjimup LGA will reach approximately 20,300 people by 2031 (Figure 5.2).

Table 5.1: Catchment Population Projections

	2011	2016	2021	2026	2031
Population					
Manjimup LGA	10,500	12,384	14,606	17,227	20,318
Average Household Size					
Manjimup LGA	2.51	2.49	2.47	2.45	2.43
Households					
Manjimup LGA	4,183	4,973	5,913	7,031	8,361

Source: ABS (2011a), AECgroup.

Figure 5.2: Catchment Population Projections



Source: ABS (2011a), AECgroup.

6.3 Retail Supply

The Property Council of Australia classifies retail centres according to the following retail hierarchy (PCA, 2010):

- Super Regional Centre:** A major shopping centre incorporating two full line department stores, one or more full line discount department stores (DDS), two supermarkets and around 250 or more specialty shops, with a total Gross Lettable Area (GLA) of more than 85,000m². Super Regional Centres provide a comprehensive coverage of the full range of retail needs, including a number of entertainment and leisure attractions.
- Major Regional Centre:** A major shopping centre comprising at least one full line department store, one or more full line DDS, one or more supermarkets and around 150 specialty shops, with a total GLA between 50,000-85,000m². Such centres provide an extensive coverage of the full range of retail needs.
- Regional Centre:** A shopping centre comprising one full line department store, a full line DDS, one or more supermarkets and around 100 or more specialty shops, with a GLA between 30,000-50,000m². Such centres provide a broad range of shopper facilities and amenities.
- Sub-Regional Centre:** A medium-sized centre with at least one full line DDS, a major supermarket and approximately 40 or more specialty shops, with a GLA between 10,000 and 30,000m².
- Neighbourhood Centre:** A local centre comprising a supermarket and up to 35 specialty shops, with a GLA typically under 10,000m². Neighbourhood centres are generally located in residential areas and cater for day-to-day retail needs.

Council undertook a detailed inventory of current floorspace within the township of Manjimup. AECgroup reviewed the inventory undertaken by Council, and adjusted it to include only tenancies and retailers that were deemed to be within one of the retail categories described below. In particular, tenancies occupied by other activities, such as light industrial businesses, were excluded given that such floorspace would generally not be suited for retail tenancies.

A neighbourhood centre is located within the catchment: Manjimup Shopping Centre, while various other retail specialty shops and retail services are located within Manjimup.

The Manjimup Shopping Centre is a 2,300m² neighbourhood centre located within the township of Manjimup (PCA, 2010). The centre is anchored by a Woolworths (1,800m²) and comprises 6 specialty shops.

Approximately 60 specialty shops were also identified within the township, alongside those found in the Manjimup Shopping Centre. Some of the larger retailers include a full-line Coles supermarket (3,100m²), a Target discount department store, furniture retailers, a Retravisation store and a couple of larger format hardware stores.

Various other smaller scale retailers are also located in Manjimup, including a number of take away shops, restaurants, newsagents, personal services retailers and apparel stores amongst others.

6.3.1.1 Summary Existing Retail Supply

Total catchment retail supply floorspace has been grouped into the following categories:

- **Groceries and Specialty Food** – includes food expenditure at supermarkets, delis, bottle shops, butchers, bakers, convenience stores and greengrocers, and tobacco products.
- **Food and Liquor Catering** – includes expenditure on alcoholic beverages and meals in restaurants, hotels, clubs, fast foods, taverns and bottle shops.
- **Clothing and Accessories** – includes expenditure on clothing, footwear and clothing and footwear services.
- **Furniture, Housewares and Appliances** – includes expenditure on furniture, floor and household coverings, appliances, glassware and tableware.
- **Recreation and Entertainment Equipment** – includes expenditure on recreational equipment such as audio-visual, home computer equipment, books and newspapers, and other equipment such as cameras, toys and camping equipment.
- **Garden and Hardware Goods** – includes expenditure on gardening tools, accessories and products, hand and power tools, hardware products and cleaning products.
- **Other Goods Personal and Services**– includes expenditure on personal care services (such as hair services, manicure services), stationary equipment, animal products, medicines, lottery tickets, and miscellaneous goods.

Retail expenditure can be generally grouped into two broad categories: food expenditure and non-food expenditure. Food expenditure comprises spending within the groceries and specialty food and food and liquor catering categories, while non-food expenditure is included in the remainder categories.

It is estimated that there is approximately 20,800m² of retail floorspace, with 39.0% taken up by food retailers. In particular, groceries and specialty shops comprise 5,900m² of floorspace (or 28.6% of total retail supply), with the great majority of this taken up by the Coles and Woolworths supermarkets.

A floorspace of 12,700m² (61.0% of total retail floorspace) was identified across non-food retailers, approximately evenly distributed across the categories of: clothing and accessories; furniture, houseware and appliances; recreation and entertainment equipment; garden and hardware goods; and other goods and personal services.

Non-food expenditure is typically spread across specialty shops, department stores, discount department stores and bulky goods retailers. In particular, bulky goods retailers account for a large proportion of spending within the furniture, houseware and appliances, and garden and hardware goods categories.

As such, the approximate quantum of supportable bulky goods floorspace within a specific location can be estimated by analysing overall retail spending within the latter two categories. A total supply of approximately 4,500m² is identified across these two categories.

The audit also identified a total of 24 vacant premises within Manjimup, totalling approximately 3,600m². It is expected that only a portion of these vacant premises were previously tenanted by retailers, while others were previously occupied by office tenancies. As such, it is expected that only a portion of these vacant premises would be tenanted by retailers in the future. Nonetheless, this equates to a potential retail vacancy rate of up to 15% (if including all vacancies), indicating that the local market has the capacity to absorb considerable future retail floorspace demand.

Table 5.2: Summary of Existing Retail Supply, Catchment

Retail Type	Lots (no)	Floorspace (m ²)	Floorspace (%)
Groceries & Specialty Food	7	5,942	28.6%
Food and Liquor Catering	12	2,163	10.4%
Clothing & Accessories	10	2,633	12.7%
Furniture, Houseware & Appliances	5	2,344	11.3%
Recreation & Entertainment Equipment	8	2,604	12.5%
Garden & Hardware Goods	3	2,179	10.5%
Other Goods & Personal Services	22	2,899	14.0%
Total	67	20,764	100.0%
Vacant	24	3,640	

Source: AECgroup

6.3.2 Retail Supply Outside the Catchment

A number of larger centres located outside the catchment, which have a broader variety of goods and stores compared to what is available in the catchment, also service local residents' retail needs. Such centres appeal, in particular, for non-food shopping, or comparison shopping, for which households' typically visit a number of stores before committing to a purchase.

The closest major centres outside the catchment include Bunbury, Busselton and Mandurah.

6.3.2.1 Bunbury

Bunbury, approximately 130km north-west of Manjimup, is a major retail, business and services centre outside the catchment, and comprises two sub-regional centres and three neighbourhood centres.

The **Bunbury Forum Shopping Centre**, a sub-regional shopping centre of approximately 21,700m², is located within Bunbury. It is anchored by a Discount Department Stores (DDS): Big W (8,300m²). It also comprises two full-line Supermarkets, Woolworths (3,800m²) and a SUPA IGA (3,000m²), in addition to over 50 specialty stores.

The other sub-regional shopping centre in Bunbury is the **Bunbury Centrepoint Shopping Centre**, which comprises a floorspace of approximately 16,800m². It is anchored by Target (7,100m²) and a Coles supermarket (4,100m²) and includes approximately 50 retail specialty shops.

Other smaller retail centres, or neighbourhood centres include⁶:

- **Parks Centre** – 10,000m² centre anchored by Kmart (3,900m²) and Coles (2,900m²), with around 20 specialty shops.
- **Australind Shopping Centre** – 6,200m² centre located in Australind, approximately 8km north of Bunbury and anchored by Coles (3,300m²), with approximately 30 specialty shops.
- **Bunbury City Plaza Shopping Centre** – neighbourhood centre of approximately 4,300m², anchored by Woolworths (2,000m²) and comprising 18 specialty shops.

⁶ Source: Property Council of Australia, Australian Shopping Centre Database, 2010

Bunbury also comprises a broad range of retail specialty, community and commercial services, including various bulky goods stores.

Bunbury is the closest major retail centre for catchment residents outside the catchment, providing households a broad retail offering in one location, including three major DDS (Big W, Kmart and Target). Accordingly, Bunbury is expected to attract the largest proportion of catchment households' retail expenditure outside the catchment, and in particular non-food expenditure.

6.3.2.2 Busselton

Busselton is located approximately 120km west of Manjimup, at a slightly shorter driving distance than Bunbury.

It comprises a few neighbourhood centres, which include **Busselton Central Shopping Centre** (7,300m²), anchored by a SUPA IGA (4,500m²); **Busselton Shopping Centre** (5,000m²), anchored by Woolworths (2,800m²) and **Busselton Boulevard** (4,800m²), anchored by Coles (3,100m²).

Busselton is not expected to attract as much retail expenditure from catchment households as Bunbury, given the latter's broader retail offering, and non-food offering in particular.

6.3.2.3 Mandurah

Mandurah is located 230km north of Manjimup, approximately two thirds of the way to Perth, and is a major population and services centre, with a regional centre (Centro Mandurah) and various smaller centres.

Centro Mandurah is a 34,000m² regional centre that is anchored by two DDS stores, Kmart (7,000m²), Big W (6,500m²) and two supermarkets, Woolworths (4,000m²) and Coles (3,200m²). In addition, the centre comprises over 100 retail specialty shops.

This represents the closest regional centre to catchment households and provides households a larger retail offering in a single centre than Bunbury does.

There are also other smaller centres within Mandurah and its vicinity, such as **Meadow Springs Boulevard** (9,700m²), which is anchored by a Target (3,300m²) and Coles (3,000m²); **Centro Halls Head** (6,000m²); **Erskine Central Shopping Centre** (5,000m²); **Smart Street Mall** (3,100m²).

Mandurah also comprises numerous other retailers, including a broad range and variety of bulky good stores. Mandurah is also conveniently located en route to Perth, providing a convenient shopping destination for catchment residents' en route to or from Perth.

Despite a broader retail offering than Bunbury, the overall catchment households' retail expenditure that escapes to Mandurah is not expected to be as large as that escaping to Bunbury. This is primarily related to Mandurah's relatively larger distance from the Township (over 200km) compared to Bunbury.

6.3.2.4 Albany

Located 210km south east of Manjimup, Albany comprises a sub-regional centre and a neighbourhood centre.

Albany Plaza Shopping Centre is a 12,600m² sub-regional centre in Albany which comprises a Kmart (5,400m²) and a Coles (3,900m²) and approximately 30 specialty shops.

Dog Rock Shopping Centre is a 7,000m² neighbourhood centre anchored by a full-line Woolworths (4,900m²), with 20 specialty shops.

As a result of its distance from Manjimup, it's location in the opposite direction of other major centres, such as Bunbury and Mandurah, and its relatively limited retail offering compared to other larger centres, only a minimal proportion of catchment households' retail expenditure is expected to escape to Albany.

6.3.2.5 Perth CBD and Perth Metropolitan Area

The Perth CBD and Perth Metropolitan Area represent a unique retail destination that draw residents from a broad catchment, including those from the subject catchment, despite the Perth CBD being located approximately 300km from Manjimup.

The Perth CBD and Perth Metropolitan Area will continue to attract a proportion of catchment households' retail expenditure thanks to their unique retail and non-retail offering.

However, Bunbury is expected to attract the largest proportion of catchment households' retail expenditure outside the catchment, with a significantly broader and more diverse retail offering compared to Manjimup.

6.3.3 Future Supply

A supermarket centre of approximately 5,000m² is currently under construction in the Township of Manjimup and is expected to be completed by the end of 2012. It is to comprise a full-line supermarket, liquor store, 1,200m² showroom space and 7 specialty shops (approximately 80m² each).

With the addition of this centre, households will avail themselves of two full line supermarkets, as well as a third supermarket, therefore further limiting food expenditure leakage to outside the catchment.

6.3.4 Average Household Retail Expenditure

Average household expenditure for catchment households was derived using AECgroup's Retail model based on data from the 2006 Census and the ABS 2009-10 Household Expenditure Survey (ABS, 2011c).

Household retail expenditure has been grouped into the following categories:

- **Groceries and Specialty Food** –food expenditure at supermarkets, delis, bottle shops, butchers, bakers, convenience stores and greengrocers, and tobacco products.
- **Food and Liquor Catering** –expenditure on alcoholic beverages and meals in restaurants, hotels, clubs, fast foods, taverns and bottle shops.
- **Clothing and Accessories** –expenditure on clothing, footwear and clothing and footwear services.
- **Furniture, Housewares and Appliances** –expenditure on furniture, floor and household coverings, appliances, glassware and tableware.
- **Recreation and Entertainment Equipment** –expenditure on recreational equipment such as audio-visual, home computer equipment, books and newspapers, and other equipment such as cameras, toys and camping equipment.
- **Garden and Hardware Goods** –expenditure on gardening tools, accessories and products, hand and power tools, hardware products and cleaning products.
- **Other Goods Personal and Services** –expenditure on personal care services (such as hair services, manicure services), stationary equipment, animal products, medicines, lottery tickets, and miscellaneous goods.

Average weekly household retail expenditure of catchment households was compiled for each of the abovementioned categories (Table 5.3), with Regional WA and WA figures also included for comparison. Estimates are expressed in 2011 dollar values.

It is estimated that the average weekly household retail expenditure within the catchment is \$486, which is approximately 5-10% below retail expenditure figures for regional WA (\$513) and WA (\$523).

Average weekly household expenditure is approximately equally divided between food and non-food expenditure.

Table 5.3: Weekly Household Retail Expenditure 2011, Catchment (\$2011)

Expenditure Type	Catchment	Regional WA	WA
Groceries & Specialty Food	\$187	\$188	\$182
Food and Liquor Catering	\$75	\$79	\$84
Clothing & Accessories	\$46	\$51	\$52
Furniture, Houseware & Appliances	\$56	\$62	\$57
Recreation & Entertainment Equipment	\$46	\$50	\$62
Garden & Hardware Goods	\$21	\$22	\$23
Other Goods & Personal Services	\$56	\$61	\$62
Total Weekly Expenditure	\$486	\$513	\$523

Source: AECgroup Retail Model

6.3.5 Forecast Household Retail Expenditure Potential

It is estimated that at June 2011 catchment households generated approximately \$105.6 million in retail sales potential, with more than half of it (\$57.0 million) estimated to be food expenditure. Total catchment retail expenditure potential is forecast to increase to \$164.9 million by 2021 (2011 dollar values) and to \$257.6 million by 2031 (Table 5.4).

In estimating future retail expenditure potential, it has been conservatively assumed that real household retail expenditure will increase by 1.0% per annum between 2011 and 2031.

Retail expenditure potential is therefore expected to more than double within the catchment, as a result of the significant growth in population that is forecast over the period.

Table 5.4: Total Retail Expenditure Potential, Catchment Households (2011 \$ values)

Category	2011	2016	2021	2026	2031	Increase 2011-2031
Groceries & Specialty Food	\$40.7	\$50.9	\$63.6	\$79.5	\$99.4	\$58.6
Food and Liquor Catering	\$16.3	\$20.3	\$25.4	\$31.7	\$39.7	\$23.4
Clothing & Accessories	\$10.0	\$12.4	\$15.5	\$19.4	\$24.3	\$14.3
Furniture, Houseware & Appliances	\$12.1	\$15.1	\$18.9	\$23.6	\$29.5	\$17.4
Recreation & Entertainment Equipment	\$10.0	\$12.5	\$15.6	\$19.5	\$24.4	\$14.4
Garden & Hardware Goods	\$4.5	\$5.6	\$7.0	\$8.8	\$11.0	\$6.5
Other Goods & Personal Services	\$12.1	\$15.1	\$18.9	\$23.6	\$29.5	\$17.4
Total	\$105.6	\$132.0	\$164.9	\$206.1	\$257.6	\$152.0

Source: AECgroup Retail Model.

6.3.6 Market Share Analysis

Relevant market shares have been assigned for each retail category to estimate the proportion of total retail expenditure potential that is retained within the catchment.

Market shares have been estimated based on a number of factors, such as: the existing supply and range of retail shops and services within the catchment, the location and function of competing centres, their distance from catchment households, their retail offering, as well as household shopping and travel patterns, such as the propensity for local residents to travel to larger centres outside the catchment for larger purchases, especially non-food shopping (Table 5.5).

Table 5.5: Estimated Catchment Market Shares by Category

Category	% Market Share
Groceries & Specialty Food	90%
Food and Liquor Catering	90%
Clothing & Accessories	60%
Furniture, Houseware & Appliances	50%
Recreation & Entertainment Equipment	50%

Category	% Market Share
Garden & Hardware Goods	50%
Other Goods & Personal Services	85%
Total	77%

Source: AECgroup.

Market share of overall retail expenditure potential that is retained within the catchment is estimated at approximately 77% - implying that approximately 77 cents out of every retail dollar that is spent by catchment households is spent within the catchment itself.

Market shares however vary considerably between retail categories, and in particular are estimated to be significantly higher for food categories compared to non-food categories.

Nearly all (90%) of catchment households' food expenditure potential within the category of groceries and specialty food is expected to be retained within the catchment, given the presence of two supermarkets in Manjimup (and a third one under construction), which are expected to meet the everyday food and grocery needs of local residents. However, centres outside the catchment, are still expected to capture a small proportion of catchment households' expenditure potential in this category.

Although there is a comparatively limited non-food retail offering within the catchment, the relatively long distance to larger centres (i.e. Bunbury) implies that local residents are likely to retain a sizeable proportion of non-food retail expenditure within the catchment. Non-food expenditure market share is therefore expected to be approximately 60%. Therefore, there is expected to be a 40% leakage of non-food expenditure to centres outside the catchment, such as Bunbury.

A relatively large proportion of catchment households' expenditure within clothing and accessories, furniture, housewares and appliances and recreation and entertainment equipment is therefore expected to escape to centres outside the catchment, and in particular to Bunbury.

Bunbury, with more than seven full-line supermarkets, three major DDS and various major bulky goods retailers, in addition to numerous retail specialty shops, is expected to attract a significant proportion of catchment residents' retail expenditure.

6.3.6.1 Rogue Expenditure

In addition to locally generated expenditure, retailers also often attract 'rogue' expenditure from non-residents, including visitors, travellers and non-resident workers. Rogue expenditure generally comprises 10-15% of retail expenditure.

It can be significantly higher for centres located within major tourist areas, or centres that are located along major arterial roads or highways, and which have high exposure to passing traffic. However, in centres and towns where there is a small proportion of visitors, travellers and non-resident workers, rogue expenditure can be smaller.

Manjimup is expected to draw some retail expenditure from residents and visitors outside the LGA, given the relatively large distance to other regional centres, and the presence of two existing supermarkets (and a third one which is under construction).

Rogue expenditure is assumed to account for 15.0% of total catchment expenditure within most categories. However, it has been assumed to be slightly higher - or 20.0% for groceries and specialty food, given the presence of three supermarkets (once the centre under construction is completed), and their ability to draw customers from a broader catchment.

6.3.7 Estimated Retail Expenditure within the Catchment

Multiplying the estimated market shares with the available retail expenditure potential of catchment households, and adding rogue expenditure, yields the estimated retail expenditure that is captured within the catchment (Table 5.6).

Table 5.6: Estimated Retail Expenditure Captured within the Catchment (2011 \$ values)

Category	2011	2016	2021	2026	2031	Increase 2011-2031
Groceries & Specialty Food	\$36.7	\$45.8	\$57.3	\$71.6	\$89.4	\$52.8
Food and Liquor Catering	\$14.6	\$18.3	\$22.9	\$28.6	\$35.7	\$21.1
Clothing & Accessories	\$6.0	\$7.5	\$9.3	\$11.7	\$14.6	\$8.6
Furniture, Houseware & Appliances	\$6.0	\$7.6	\$9.4	\$11.8	\$14.7	\$8.7
Recreation & Entertainment Equipment	\$5.0	\$6.2	\$7.8	\$9.8	\$12.2	\$7.2
Garden & Hardware Goods	\$2.3	\$2.8	\$3.5	\$4.4	\$5.5	\$3.2
Other Goods & Personal Services	\$10.3	\$12.8	\$16.0	\$20.0	\$25.0	\$14.8
<i>Catchment Expenditure</i>	<i>\$80.8</i>	<i>\$101.0</i>	<i>\$126.2</i>	<i>\$157.8</i>	<i>\$197.2</i>	<i>\$116.3</i>
<i>Rogue Expenditure</i>	<i>\$14.0</i>	<i>\$17.4</i>	<i>\$21.8</i>	<i>\$27.2</i>	<i>\$34.0</i>	<i>\$20.1</i>
Total Expenditure	\$94.8	\$118.5	\$148.0	\$185.0	\$231.2	\$136.4

Source: AECgroup Retail Model.

It is estimated that total retail expenditure retained within the catchment is \$94.8 million (2011 dollar values) in 2011, with approximately \$14.0m of this expenditure expected to come from residents, visitors and workers residing outside the defined catchment.

Total retail expenditure retained within the catchment is expected to increase to \$148.0 million by 2021 (2011 dollar values) and \$231.2 million by 2031.

6.4 Retail Demand

Demand for retail floorspace within the catchment has been calculated by applying benchmark turnover rates (Table 5.7) to expenditure captured within the catchment for each retail category (Table 5.6).

Table 5.7: Benchmark Turnover Rates - \$/m² (2011 \$ values)

Category	\$/m ²
Groceries & Specialty Food	\$8,500
Food and Liquor Catering	\$6,500
Clothing & Accessories	\$5,000
Furniture, Houseware & Appliances	\$4,500
Recreation & Entertainment Equipment	\$4,500
Garden & Hardware Goods	\$4,000
Other Goods & Personal Services	\$6,000

Source: AECgroup.

There is an estimated demand for approximately 14,500m² of retail floorspace within the catchment (Table 5.8), with approximately half of the required floorspace (7,800m²) in the food categories, and in particular in the groceries and specialty food category alone (approximately 5,200m²). The great majority of supportable floorspace within groceries and specialty food is generally taken up by supermarkets, such as is the case in Manjimup.

Demand for retail floorspace is expected to more than double, reaching approximately 22,700m² by 2021 and 35,600m² by 2031 given the significant growth in population that is forecast. The largest growth in floorspace requirements is expected to be within the groceries and specialty food category, increasing by approximately 7,700m² over the 2011 to 2031 period.

Assuming that the majority of bulky goods floorspace is contained within the categories of furniture, houseware and appliances and garden and hardware goods, it is estimated that there is demand for approximately 2,200m² of bulky goods floorspace in 2011. This is expected to increase to approximately 5,300m² by 2031.

However, it is important to note that the retail demand model has been based on household expenditure, and as such, does not include business to business transactions, which can make up a relatively large proportion of trade in the Garden and Hardware category. As such, bulky goods floorspace requirements are expected to be somewhat underestimated.

Bulky goods retailers typically have different storage, locational, parking and accessibility requirements compared to traditional retailers. For example, they often demand large storage areas, premises with sufficient load access, adequate car parking. They also differ from traditional retailers as they are often located in clusters, either within homemaker centres or in out-of-centre developments, allowing customers the opportunity to easily compare prices and products in one location. As such, when planning for the future provision of bulky goods within the catchment, it is important to take into account such requirements.

Table 5.8: Demand for Retail Floorspace (m²), Catchment

Category	2011	2016	2021	2026	2031	Increase 2011-2031
Groceries & Specialty Food	5,176	6,468	8,083	10,101	12,624	7,705
Food and Liquor Catering	2,591	3,237	4,045	5,055	6,318	3,856
Clothing & Accessories	1,374	1,716	2,145	2,680	3,350	2,045
Furniture, Houseware & Appliances	1,544	1,930	2,411	3,014	3,766	2,299
Recreation & Entertainment Equipment	1,277	1,596	1,995	2,493	3,115	1,901
Garden & Hardware Goods	649	811	1,013	1,266	1,582	966
Other Goods & Personal Services	1,967	2,458	3,072	3,839	4,798	2,928
Total	14,579	18,217	22,764	28,449	35,555	21,700

Source: AECgroup.

6.5 Current Demand Vs Supply

When comparing current demand with current retail floorspace supply, it appears that the catchment is well served by current buildings. There are currently approximately 6,200m² of retail floorspace supply above estimated retail floorspace demand.

However, this does not imply that there is necessarily a significant oversupply of retail floorspace within the catchment, and this figure should be read with caution. In particular, there are a number of reasons why such surplus may be overstated, such as:

- A number of stores are likely to operate at lower than expected productivity levels. There are a number of reasons for this: some shops may not open every day, others may not open throughout the whole year; rents can also be relatively inexpensive, allowing tenants to have below average productivity levels. This is particularly true for shopkeepers that may operate a shop as a leisure activity.
- A few retailers are located in non-traditional retail premises i.e. industrial areas or sheds, which would not be suitable for other retail tenancies. Such floorspace therefore should not be technically included in the retail inventory, hence lowering potential retail floorspace surplus within the catchment once these tenancies are excluded.
- The retail demand model has been based on household expenditure, and as such, does not include business to business transactions, which can make up a relatively large proportion of trade in certain retail categories. This is particularly the case for the Garden and Hardware category, where household trade only comprises a relatively small component of their overall trade (i.e. Mitre 10). As such, overall retail floorspace demand in this category in particular, and to a lesser extent in other non-food categories, is expected to be underestimated.

Table 5.9: Current Retail Floorspace (m²) Variance, Catchment

Category	2011
Groceries & Specialty Food	766
Food and Liquor Catering	-428
Clothing & Accessories	1,259
Furniture, Houseware & Appliances	800
Recreation & Entertainment Equipment	1,327
Garden & Hardware Goods	1,530
Other Goods & Personal Services	932
Total	6,185

Source: AECgroup.

Nonetheless, despite these limitations, reconciling current retail floorspace demand with retail floorspace supply, gives an indication that the market is currently well supplied and is able to absorb further demand for retail floorspace, which is to be generated by the forecast population growth.

The analysis above did not take into account vacant floorspace (3,600m²). As, some of this vacant floorspace is likely to be taken up by retailers in the future, current retail oversupply is potentially even larger than above. However, the impact of vacant space on potential retail floorspace surplus is likely to be minimal, as only a relatively small proportion of such space is expected to be tenanted by retailers. For example, premises may be vacant as they are of below-average standard; are too large for retail specialties; or are better suited for other uses (commercial/light industrial) given their location and exposure.

6.6 Future Demand Vs Supply

Future retail floorspace demand (Section 6.4) has been reconciled with retail supply to provide an indication of future retail floorspace requirements within the catchment. In doing so, the supermarket centre that is under construction has been included in future retail supply. The centre that is currently under construction will provide significant additional retail floorspace within the Township (comprising over 20% of existing supply). Such a centre will therefore meet a proportion of the forecasted retail floorspace requirements.

Taking into account the construction of the centre, it is forecasted that there will be an overall shortage of retail floorspace after 2021. Given significant population growth that is forecasted for the catchment as part of the SuperTown initiative, and hence growth in floorspace demand, it is forecasted that there will be a retail floorspace deficit of approximately 9,832m² by 2031. The great majority of such deficit is expected to occur in food categories.

A deficit of approximately 2,300m² of retail floorspace is forecast across non-food categories. However, as mentioned previously, floorspace deficit in non-food categories is expected to be somewhat understated given that the model does not take into account business to business transactions (demand somewhat understated) and that some large tenancies were included in the retail supply even though the premises would likely better suit other uses, such as light industrial (supply somewhat overstated).

Table 5.10: Future Retail Floorspace (m²) Variance, Catchment

Category	2011	2016	2021	2026	2031
Groceries & Specialty Food	766	2,474	859	-1,159	-3,682
Food and Liquor Catering	-428	-795	-1,603	-2,613	-3,876
Clothing & Accessories	1,259	1,077	648	113	-557
Furniture, Houseware & Appliances	800	1,014	533	-70	-822
Recreation & Entertainment Equipment	1,327	1,168	769	271	-351
Garden & Hardware Goods	1,530	1,968	1,766	1,513	1,197
Other Goods & Personal Services	932	601	-13	-780	-1,739
Total	6,185	7,507	2,960	-2,725	-9,832

Source: AECgroup.

6.7 Key Findings

The audit identified a total of 20,700m² of retail floorspace in Manjimup (and 8,500m² of office space), with a retail offering that includes a Coles, Woolworths, a Target Country, furniture retailers, a Retravisation store and a couple of larger format hardware stores. The Manjimup Shopping Centre is a 2,300m² neighbourhood centre anchored by a 1,800m² Woolworths and a new shopping centre under construction (5,000m²) is to comprise a full-line supermarket. The vacancy rate for the combined retail and commercial premises is 11% (3,600m²).

Future demand for retail floorspace has been modelled against a doubling of the town population by 2031. These figures indicate that there is a current oversupply of retail space of 6,100m², which would help to explain the high vacancy rate. As such, there is likely to be sufficient supply to cater for growth over the next ten years (to 2021), also in view of the delivery of the new shopping centre in 2012, with an anticipated retail space oversupply of 2,900m² in 2021. As a result of a significant increase in forecast retail demand (resulting from population growth) it is anticipated that an additional 9,800m² of retail floorspace will be needed by 2031. This figures should be used as a guide only as some retail users require specific types of space (i.e. bulky goods retailers), which may not be available as part of the existing supply.

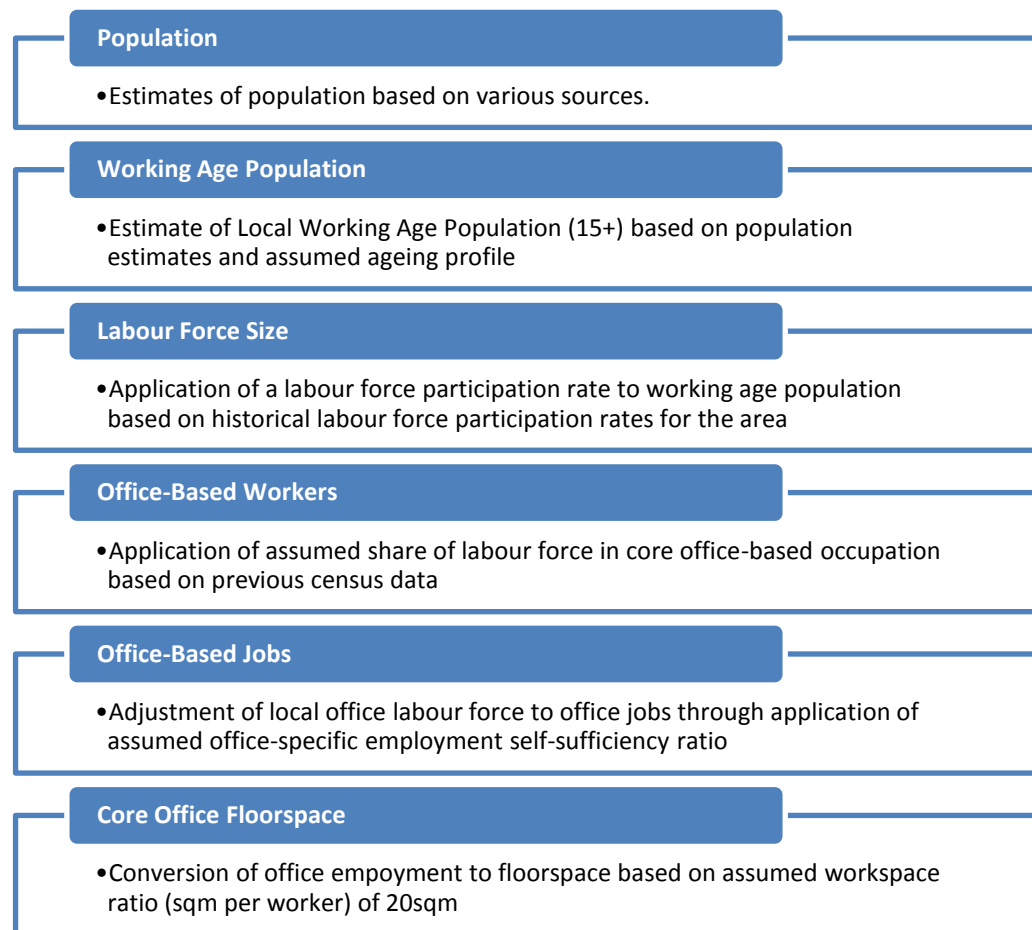
7. Commercial & Government Office

This chapter assesses the market for commercial and Government office floorspace in Manjimup over the next 20 years. It uses a labour force-based methodology to estimate the amount office floorspace required to accommodate current and future office workers.

7.1 Methodology

In this assessment, future commercial and government office floorspace demand over the next 20 years is forecasted. The methodology utilised for projecting commercial floorspace demand is comprised of the following steps.

Figure 7.1: Commercial Office Demand Methodology

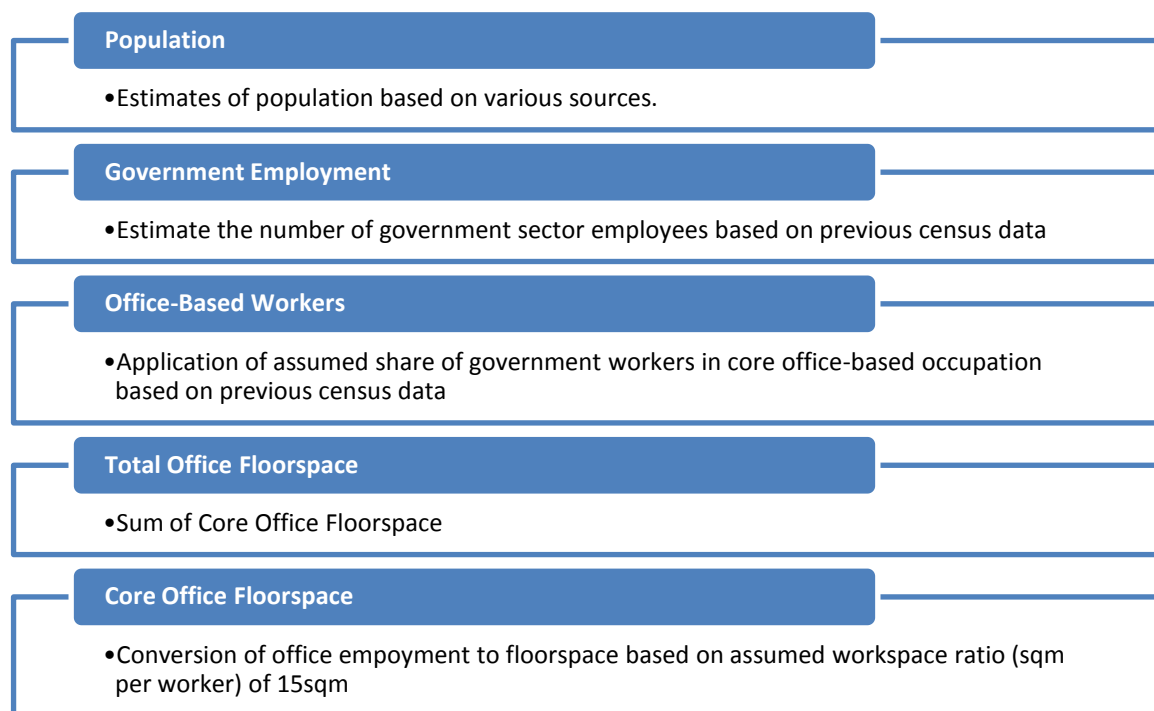


Source: AECgroup

Note that this methodology applies only to *commercial* office floorspace and does not take into consideration office demand for Government tenants.

The methodology for projecting government floorspace demand is comprised of the following steps.

Figure 7.2: Government Office Demand Methodology



Source: AECgroup

Two separate methodologies have been used to gauge commercial and Government office floorspace requirements as the factors driving demand for each are assumed to be quite different. The major variation lies behind the lack of application of a labour force participation rate to calculate demand for Government office space. This is based on the idea that the demand for Government office space, and hence demand for Government employment grows more directly in-line with population. This is assumed to be the case due to the need for Government employment to act as a service to the population.

7.2 Office Supply

The commercial survey undertaken by Council indicates that there are 43 tenancies occupied by offices in Manjimup, totalling approximately 8,600m².

Most of them comprise small tenancies, up to 150-200m² in size. However, a few larger office tenancies have been identified, such as a dental clinic (470m²) and the Shire offices (700m²).

Approximately two thirds of the office floorspace (5,600m²) is taken up by commercial offices, with the remainder 3,000m² occupied by government offices.

Table 6.1: Office Floorspace Supply, Manjimup

Floorspace Supply (GFA m ²)	2011
Commercial Office	5,574
Government Office	2,968
Total Office	8,542

Source: Shire of Manjimup (2011)

7.3 Office Demand

Table 6.2: Office Floorspace Demand, Manjimup

Floorspace Demand (GFA m ²)	2011	2016	2021	2026	2031
Commercial Office	4,429	6,086	8,187	11,038	14,911
Government Office	3,081	3,633	4,285	5,054	5,961
Total Office	7,509	9,719	12,472	16,092	20,872

Source: Shire of Manjimup (2011)

7.4 Office Demand vs Supply

Reconciling current office demand with current supply indicates that the office market in Manjimup is well served, with supply slightly exceeding demand. Therefore, the market can absorb some of the future growth in demand for office space that is forecast by 2031.

It is forecast that there is a requirement for an additional 12,300m² of office space by 2031 in Manjimup, with the majority of office deficit to occur across the commercial office category (9,400m²).

Table 6.3: Future Office Floorspace Variance (m²), Manjimup

Floorspace Supply (GFA m ²)	2011	2016	2021	2026	2031
Commercial Office	1,145	-512	-2,613	-5,464	-9,337
Government Office	-113	-665	-1,317	-2,086	-2,993
Total Office	1,033	-1,177	-3,930	-7,550	-12,330

Source: Shire of Manjimup (2011)

7.5 Key Findings

There is an urgent need to address future demand for commercial space in Manjimup. The existing oversupply of office space in Manjimup is expected to be more than fully absorbed by 2016. Continued increased demand for commercial space by 2031 will likely exacerbate the problem. Providing adequate commercial space in desirable locations will be essential to supporting desired economic growth in Manjimup over the coming 20 years.

8. Future Opportunities for Growth

This chapter outlines the opportunities for growth in Manjimup, to support its transformation into a SuperTown over the next two decades. Includes identification of potential economic opportunities as well as associated impediments that require resolution.

8.1 Economic Opportunities

Findings from each stage of the opportunities assessment have informed the identification of economic opportunities for Manjimup LGA. These opportunities enable the LGA to grow and support existing industries whilst also diversifying into new industries. These opportunities are outlined in Table 8.1.



Table 8.1: Economic Opportunities for Manjimup

Opportunity/Growth Sector	High Value-Adding Activity	Point of Differentiation	Why Manjimup?
Agriculture	<ul style="list-style-type: none"> • Niche global exports (with focus on South East Asian markets and higher value products) • Food security services (providing market and logistical support for overseas and domestic buyers). 	<ul style="list-style-type: none"> • General security of production within global environment of increased food uncertainty. • Proximity to South East Asia 	<ul style="list-style-type: none"> • Strong water security: compared to other national agricultural locations • Increased diversity of production: with increased emergence of niche products (e.g. green tea, truffles) and growth of fruit and other more sustainable plantation-based crops • Demonstrated international focus: with exports to South East Asian markets already occurring.
Timber	<ul style="list-style-type: none"> • Value-added Production (engineered wood products, wood flooring, wood veneer, plywood) • Timber milling (timber processing, saw milling) • Climate change opportunities (bio-char, bio-fuels, carbon sequestration) 	<ul style="list-style-type: none"> • Manjimup is already the centre of the timber industry in the South West with established supply chains, proximity to specialised services and resources. 	<ul style="list-style-type: none"> • Strong existing timber cluster: Manjimup has strong existing timber cluster across forestry and processing. There is a strong local workforce and specialised businesses supporting existing activities. • Strong demand: There is growing and future demand for wood products across WA, particularly for housing construction. • Climate change: New legislation may provide stimulus for future niche products and services and given the strength of the existing cluster, Manjimup would be well placed to take advantage of this future growth.
Food Manufacturing	<ul style="list-style-type: none"> • Processed food products (niche products based on local agricultural production) 	<ul style="list-style-type: none"> • Local agricultural production and existing brand of 'clean and green' • Proximity to Asian markets • Proximity to local wine regions (with ability for cross-branding) 	<ul style="list-style-type: none"> • Strong water security: compared to other national agricultural locations • Increased diversity of production: with increased emergence of niche products (e.g. green tea, truffles) and growth of fruit and other more sustainable plantation-based crops • Strong existing agricultural production: Manjimup has an existing strong agriculture sector and access to the broader region • Existing workforce: given the historic strength of the timber processing and manufacturing industry, there would be a local workforce with transitional skills (i.e. existing skills that could apply to food processing).
FIFO Worker Attraction	<ul style="list-style-type: none"> • Attraction of FIFO Worker Residents (with associated incomes and expenditure) 	<ul style="list-style-type: none"> • Lifestyle and natural environment based attraction 	<ul style="list-style-type: none"> • Non-Coastal Natural Amenity: providing point of difference with competing areas • Proximity to Airport: with good connections back to Busselton Airport. • Housing Affordability: presenting opportunity for larger lifestyle-based land holdings.
Transport and Logistics	<ul style="list-style-type: none"> • Logistics operations (warehousing and distribution operations servicing agriculture and timber sectors with both import and export to and from the region) 	<ul style="list-style-type: none"> • Established anchor industries (agriculture and timber) 	<ul style="list-style-type: none"> • Geographic location: Centrally located in close proximity to agriculture and timber production areas in South West. • Population and business demand: Future population and economic growth in the region (and further abroad) is likely to support demand for transport and logistics services in the future. • Small existing workforce: Manjimup has a small existing workforce in these industries which can be further expanded over time.



Opportunity/Growth Sector	High Value-Adding Activity	Point of Differentiation	Why Manjimup?
Aviation Support Industries	<ul style="list-style-type: none"> • Pilot Training (professional and amateur) • Aircraft Maintenance 	<ul style="list-style-type: none"> • Existing Airport • Strong demand due to other regional airports becoming full 	<ul style="list-style-type: none"> • Available space at Manjimup airport: with available land for development. • Existing demand: Australia's good weather conditions and airport localities are attractive to offshore airlines for their training facilities.
Professional Services	<ul style="list-style-type: none"> • Population-related professional services (accounting, banking, legal, property, centralised office functions) • Business-related professional services (project management, design, architecture, consultancy services) • 	<ul style="list-style-type: none"> • Position as a future agriculture and industry-based SuperTown 	<ul style="list-style-type: none"> • High degree of local imports: There is currently a high degree of these services being imported to the region. • Strong economic growth: Regional and local economic growth is anticipated to support the demand for new business services in the region. • Small existing workforce: Manjimup has a small existing workforce in these industries which can be further expanded over time, with a focus on reducing drive-in/drive out patterns and increasing residential settlement in town.
Health & Retirement	<ul style="list-style-type: none"> • Health services (public and private hospitals, general practitioners (GPs)) • Aged care services (retirement villages, respite and hospice care, in-home care services) • Allied health services (physiotherapy, general practitioners, diagnostic facilities, occupational therapy, dentists, mental health care) • 	<ul style="list-style-type: none"> • Existing and future population growth. • Existing facilities. 	<ul style="list-style-type: none"> • Ageing demographic: The ageing population trend will result in increased demand for health services, particularly aged care. In addition, the ageing of existing healthcare practitioners is expected to leave a gap in the provision of services. • Attractive Natural Environment: attractive to lifestyle retirees • Affordable Housing: providing prospective retirees with the ability to cash-out of the family home in metropolitan Perth or other major cities. • Critical mass: As the population of Manjimup LGA increases, demand for additional healthcare services will increase, resulting in a shift of demand away from Bunbury to the town.
Education	<ul style="list-style-type: none"> • High quality secondary schooling (including student accommodation) • Industry-oriented tertiary education (including further investment into the existing facilities) 	<ul style="list-style-type: none"> • Existing and future population growth. 	<ul style="list-style-type: none"> • Growing population base: The Manjimup LGA population is expected to increase over time, supporting demand for local education facilities. • Growing demand for skilled workers: As the structure of the economy changes, demand for new skills will be required, supporting demand for higher education in the region. • Collocation with Major Industries: opportunities to support agriculture, timber and health sectors
Retail	<ul style="list-style-type: none"> • Food retailing (supermarkets, greengrocers, farmers markets) • Other Retailing (clothes, bulky goods, etc) 	<ul style="list-style-type: none"> • Existing and future population growth. • Large secondary regional catchment 	<ul style="list-style-type: none"> • Growing population base: The Manjimup LGA population is expected to increase over time, supporting demand for all retailed goods. • Consumerism: Consumerism remains strong in Australia, supporting the long-term trends in retail sales growth. • Centralised Catchment: Manjimup is located sufficient far from major regional centres for significant expenditure to be captured locally. • Extended Trading Hours: recent approval of extended trading hours in Manjimup will support its role as a major retail centre in the Avon.

Opportunity/Growth Sector	High Value-Adding Activity	Point of Differentiation	Why Manjimup?
Tourism	<ul style="list-style-type: none"> • Cafes and Restaurants (visitor expenditure supplementing local expenditure) • Business Accommodation (improving the existing offering in Manjimup). • 	<ul style="list-style-type: none"> • Niche natural environment and lifestyle lead tourism activity 	<ul style="list-style-type: none"> • Geographical Location: Position of Manjimup in South West close to Bunbury provides a strong catchment for outdoor-leisure visitors. • Attractive natural environment and lifestyle: underpinning day-trip and weekend visitation.

Source: AECgroup



8.2 Potential Impediments

As identified in the analysis contained in this report, there are numerous potential impediments that could prevent Manjimup from achieving the aspirations of the SuperTown initiative. Effectively managing and overcoming these impediments or economic gaps will assist Manjimup in leveraging the identified economic opportunities.

The identified impediments or gaps include:

- Lack of skilled labour in the region, particularly in professional services.
- Low population growth and an ageing population demographic.
- Lack of professional service delivery in Manjimup, due to isolation from major service centres and lack of local critical mass.
- Need for enhancements in local urban amenity to supplement natural environment.
- Lack of broadband internet connections and speeds.

9. Future Path

This report has investigated the potential opportunities to grow the economy in support of achieving the aims of the SuperTown initiative as well as identifying gaps and impediments that will impede this growth.

The identified opportunities and impediments will be addressed in the *Economic Development Plan*, which will provide guidance and recommendations as to the necessary actions and strategic initiatives to leverage future growth opportunities and manage potential gaps.

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Appendix A: Modelling Approach

Projections of labour demand by industry for the Manjimup LGA have been developed utilising projections of Gross Regional Product (GRP) based on expected real industry growth rates, using 2010-11 as a base. In developing industry growth rates, industries are classified into one of three categories:

- **Leading Economic Drivers (LEDs):** LEDs are the industries that are either expected to be a focus for economic growth in the region or that are drivers of growth in other industries;
- **Population Driven (PDs):** PDs are industries that are driven almost entirely by population growth and consumption; and
- **Business Activity and Population Driven (BAPDs):** BAPDs are industries that are driven by some combination of activity in other sectors and household consumption.

The following types of information will be used to develop growth estimates for each industry within the three types of industry categories:

- **LEDs:** Expected real growth rates for LEDs have been developed based on a combination of historic national growth and performance, industry consultation, desktop research regarding growth potential for each LED in the Manjimup LGA from published sources and the professional judgment of AECgroup staff;
- **PDs:** Projections of population growth from Department of Health and Ageing, Western Australian Planning Commission and the Supertowns population growth targets for Manjimup LGA all have been used to identify low, medium and high population growth rates for the Manjimup LGA. Industry growth rates for PDs have then been developed based on the historic relationship between population growth in Western Australia (ABS, 2011a) and overall growth in Gross State Product (ABS, 2011c). This modelling approach supports the assumption that, as the Manjimup LGA economy expands, it will trend towards the State economic structure; and
- **BAPDs:** Expected real growth rates for BAPDs are developed based on a combination of growth in demand from households (population) and business activity in other sectors that demand goods and services from BAPDs. The relationship between BAPDs, other industry and household demand has been estimated using an Input Output table specifically developed for the Manjimup LGA (described below), and this relationship has been applied to growth projections of industry and population to develop individual BAPD industry growth rates.

Input-Output Transaction Table Development

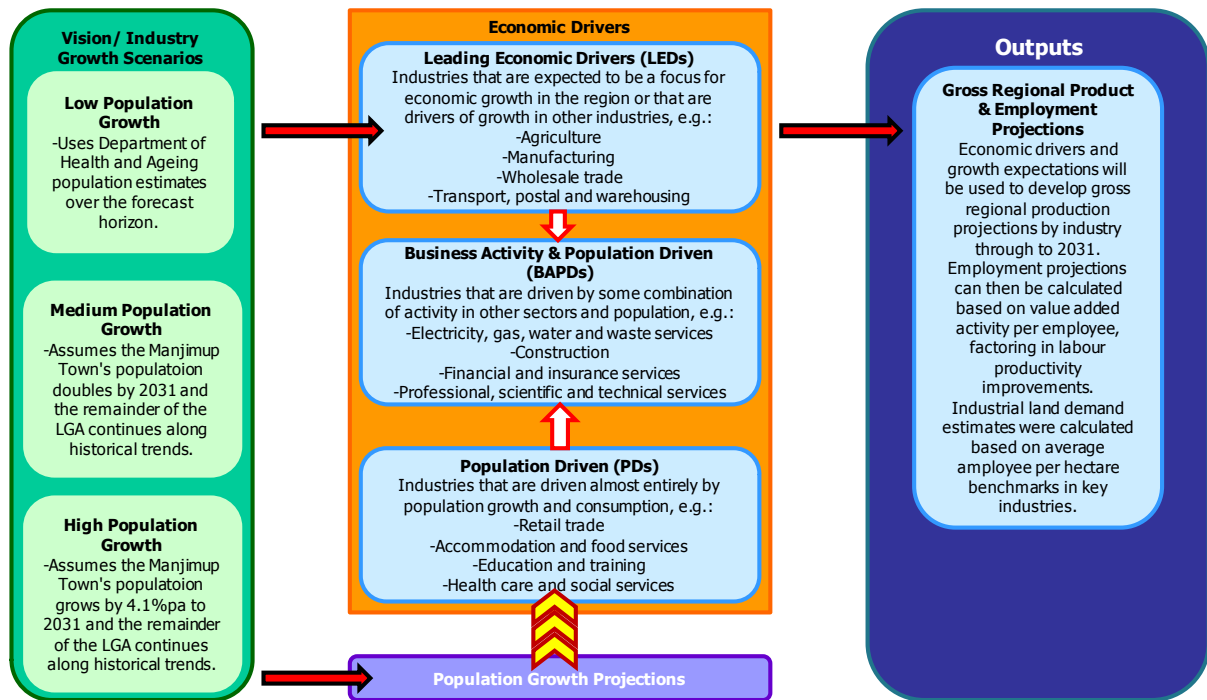
An Input Output transaction table specific to the Manjimup LGA economy has been developed for this project. The process of developing a regional transaction table involves the development of regional estimates of gross production and the development of purchasing patterns based on a parent table, in this case the 2007-08 Australian transaction table (ABS, 2011b).

Estimates of gross production (by industry) for the Manjimup LGA economy were developed based on the percent contribution to employment (by place of work) of the Manjimup region to the Australian economy (ABS, 2010a), and applied to Australian gross output identified in the 2007-08 Australian table. Industry purchasing patterns within the Manjimup LGA were then developed using cross industry location quotients and demand-supply pool production functions, consistent with the approach outlined in West (1993).

Employment projections by industry are developed based on GRP projections by industry and historic estimates of value added production per employee from the transaction tables developed specifically for the Manjimup LGA, with consideration of any potential changes in productivity in line with historic multi-factor productivity growth (ABS, 2010b). The figure below summarises the modelling approach utilised to estimate employment by occupation requirements in the Manjimup LGA to 2031.

Employment projections in key industrial sectors were then used to calculate industrial land demand assuming a 20 employee per hectare standard, incorporating productivity gains over time.

Figure 9.1: Manjimup LGA Economic Modelling Approach



Source: AECgroup

Appendix B: Journey to Work Details

Table B. 1: Journey to Work Movements by LGA, Agriculture, Forestry and Fishing, 2006

LGAs	<i>Lives in Manjimup and Works in...</i>	<i>Works in Manjimup and Lives in...</i>	Difference
Bunbury	15	0	-15
Augusta-Margaret River	0	0	0
Boyup Brook	0	0	0
Bridgetown-Greenbushes	11	16	6
Busselton	0	8	8
Capel	0	0	0
Collie	0	0	0
Dardanup	0	0	0
Donnybrook-Balingup	0	0	0
Harvey	0	4	4
Manjimup	727	727	0
Nannup	11	0	-11
Other	42	25	-17
Total	806	781	-25

Source: ABS (2007), AECgroup

Table B. 2: Journey to Work Movements by LGA, Manufacturing, 2006

LGAs	<i>Lives in Manjimup and Works in...</i>	<i>Works in Manjimup and Lives in...</i>	Difference
Bunbury	6	0	-6
Augusta-Margaret River	4	0	-4
Boyup Brook	0	0	0
Bridgetown-Greenbushes	10	16	7
Busselton	0	0	0
Capel	0	0	0
Collie	0	0	0
Dardanup	0	0	0
Donnybrook-Balingup	0	0	0
Harvey	0	3	3
Manjimup	434	434	0
Nannup	0	0	0
Other	14	14	0
Total	467	467	0

Source: ABS (2007), AECgroup

Table B. 3: Journey to Work Movements by LGA, Construction, 2006

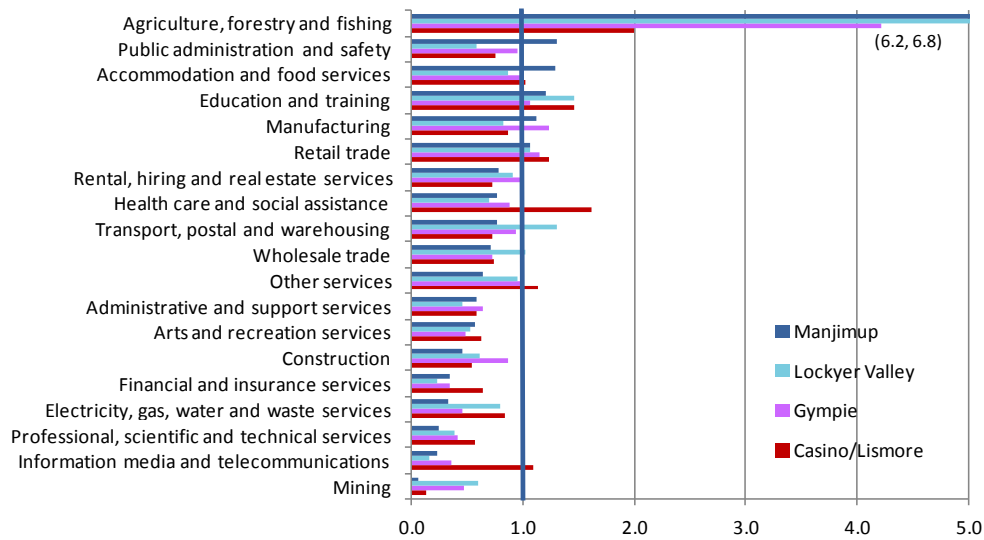
LGAs	<i>Lives in Manjimup and Works in...</i>	<i>Works in Manjimup and Lives in...</i>	Difference
Bunbury	10	3	-7
Augusta-Margaret River	0	0	0
Boyup Brook	0	0	0
Bridgetown-Greenbushes	7	0	-7
Busselton	0	0	0
Capel	0	0	0
Collie	0	0	0
Dardanup	0	0	0
Donnybrook-Balingup	7	0	-7
Harvey	0	0	0
Manjimup	132	132	0

LGAs	<i>Lives in Manjimup and Works in...</i>	<i>Works in Manjimup and Lives in...</i>	Difference
Nannup	0	0	0
Other	39	3	-36
Total	196	138	-58

Source: ABS (2007), AECgroup

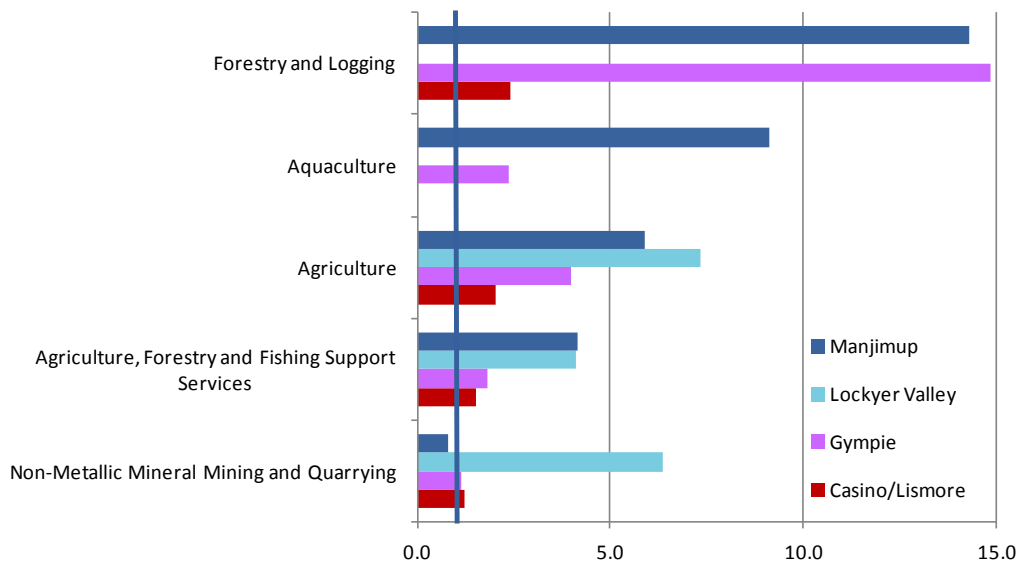
Appendix C: Detailed Location Quotients

Figure C.1: Location Quotients, 2006, 1-Digit ANZSIC



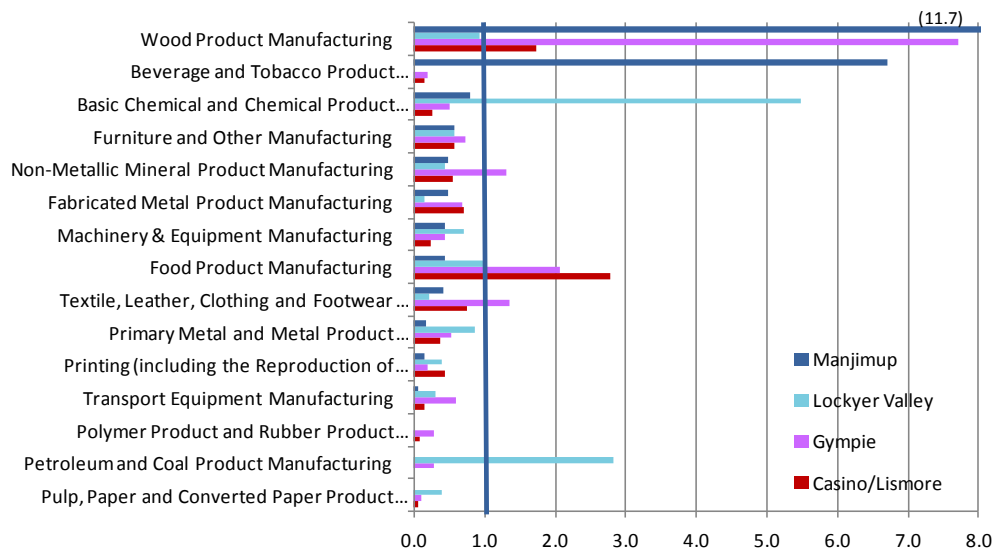
Source: ABS (2007), AECgroup

Figure C.2: Location Quotients, 2006, 2-Digit ANZSIC, Agriculture, Forestry and Fishing, and Mining



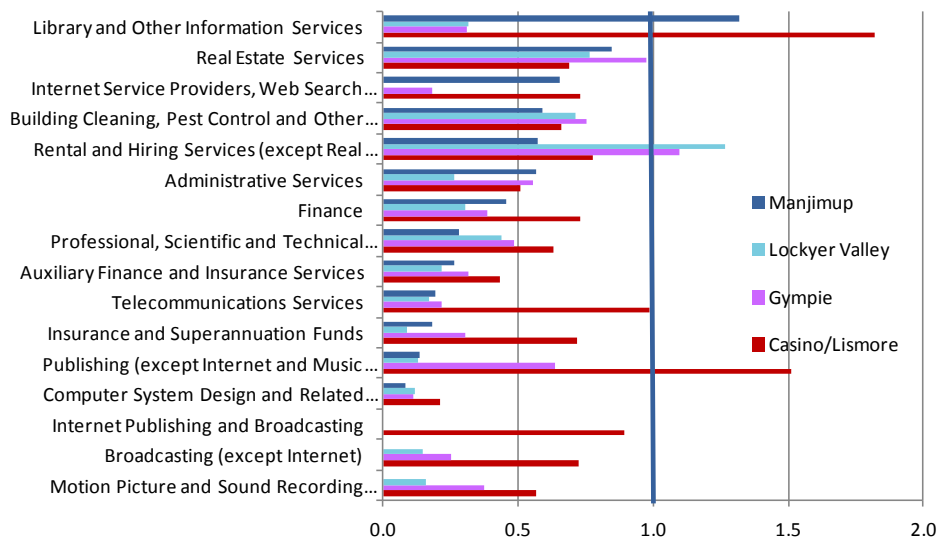
Source: ABS (2007), AECgroup

Figure C.3: Location Quotients, 2006, 2-Digit ANZSIC, Manufacturing



Source: ABS (2007), AECgroup

Figure C.4: Location Quotients, 2006, 2-Digit ANZSIC, Business and Professional Services



Note: Includes Professional Scientific Services, Financial and Insurance Services, Information Media and Telecommunications, Administration and Support Services.

Source: ABS (2007), AECgroup



Brisbane	Level 5, 131 Leichhardt Street Spring Hill QLD 4000	PO Box 942 Spring Hill QLD 4004	T F	+61 7 3831 0577 +61 7 3831 3899
Melbourne	Level 13, 200 Queen Street Melbourne VIC 3000	GPO Box 4500 Melbourne VIC 3001	T F	+61 3 8648 6586 +61 3 8648 6480
Sydney	Level 3, 507 Kent Street Sydney NSW 2000	PO Box Q569, QVB Sydney NSW 1230	T F	+61 2 9283 8400 +61 2 9264 9254
Townsville	233 Flinders Street East Townsville QLD 4810	PO Box 5804MC Townsville QLD 4810	T F	+61 7 4771 5550 +61 7 4771 5152
Perth	Level 2, 580 Hay Street Perth WA 6000	PO Box 2576 Perth WA 6000	T	+61 8 9325 6246