



Bigger & Better Beyond the Boom: Perth's Pathway to Prosperity

Report Snapshot:
Findings and Recommendations

Introduction

The impetus for the *Bigger & Better Beyond the Boom* project (B4) was generated by the Committee for Perth's *Get a Move On!* report, which recommended the preparation of a cohesive economic development strategy for the Perth and Peel region (Greater Perth). This need was heightened by the results of the 2015 *Perth Perception Survey*, which identified growing community concern about the economic future of the region.

As the leading think tank focused on the Perth and Peel region's future, it was clear that the Committee needed to lead the discussion and debate. The aim of the project was to examine the size, industry composition and spatial structure of the economy in the Greater Perth region and identify industry sectors that are growing; industries in decline; and emerging economic threats and opportunities for the future, and identified a need for immediate, collaborative action to both seize Greater Perth's economic opportunities and address its weaknesses.

The B4 project focused on Greater Perth rather than WA in its entirety, recognising that Perth is home to 79% of WA's population and 79% of the employed workforce and acknowledging the importance of Perth's role as the command and service centre for WA's broader industry and infrastructure networks.

The report identifies 11 high-level opportunities for the economic future of the region, supported by seven recommendations, which provide a conduit through which opportunities can be realised and Perth re-positioned on a path to a competitive, prosperous and stable economic future.

Key Findings

The Race for Global Competitiveness

- The region's current economic downturn provides an opportunity for the region to evaluate its trajectory and create a new path towards economic competitiveness and prosperity and catalyse action for a more prosperous economic future.
- Perth is perceived to lag behind many of its global urban competitors in key areas of economic competitiveness including innovation, technology and branding.
- Perth risks losing its perceived global and regional liveability advantage if the region's performance does not keep pace with improvements in other cities in Australia and Asia.
- The region lacks a strong and unique competitive identity.
- Natural resources have been and remain WA and Perth's most significant competitive advantage.
- Connectivity has emerged as a regional strength due to the region's role as a global minerals and energy hub, and physical connections between Perth and other global cities and countries have increased.
- Perth has developed strong business connections to Asia and Africa.
- Human capital is a relative strength, although Perth's human capital base is strongly linked to the mining and resource sector and has a smaller proportion of workers with a tertiary qualification when compared to Sydney and Melbourne.

Globally Competitive Perth - A future of opportunity or challenge?

- Global forces including technology and innovation; climate change and the shift to renewables; social change and urbanisation; globalisation and the rise of Asia; geopolitical instability and protectionism are delivering multiple opportunities and challenges for Perth.
- A strategic approach to economic planning, investment and adaptation will be needed for Perth to capture opportunities associated with global change and disruption.
- Perth faces strong competition from cities within Australia and its city-neighbours in the Asia-Pacific region. Capturing the highest potential benefit from global opportunities hinges on Perth retaining and strengthening a competitive position in the global economy.
- In the short- to medium-term, forces such as demographic change, shifting knowledge and skill requirements, as well as new technological advances, including automation and robotics have the potential to deliver unprecedented impacts on workers and industries.
- There is short- to medium-term potential for Perth to implement 'smart city' initiatives to maximise planning and infrastructure efficiency and improve government service delivery.
- In the medium- to long-term, Perth needs to adapt to climate change and capture opportunities associated with the global shift to renewable.

Failure to Act

- Cities need deliberate plans of action to seize the disruptive potential of global forces and propel economic growth and competitiveness.
- Perth does not have a clear plan or pathway to deliver economic stability and prosperity and build a competitive position in the global economy.
- If Perth fails to act in response to global opportunities and challenges, the region risks a future in which it falls behind its city competitors and industries face increasing local and global headwinds.

Key Findings

Perth's Economy – Performance, diversity and competitive edge

- Attracting investment in mining and non-mining sectors is critical to economic performance and declining mining investment in WA has substantially dampened short-term growth and prosperity in Perth.
- Perth's economy has exhibited long-term resilience, but the most recent economic slow-down has been significant. The 2016-2017 period was the first time that WA's average annual Gross State Product (GSP) contracted since records began in 1989-1990.
- The 1978-1982, 1989-1992 and 2015-2017 periods are the only periods during which the Western Australian unemployment rate was consistently above the national rate.
- Non-mining investment has been in decline since 2012-2013, and WA attracts significantly less non-mining investment than New South Wales, Victoria or Queensland.
- Investment in the mining sector is expected to remain subdued in the short-term.
- Despite the recent slow-down, there are positive signs and opportunities for the region's economic future including the emergence of new growth industries outside the mining and resource sector including professional; technical and scientific services industries; tourism; and higher education. There is also evidence of increasing innovation in the mining and resource and agricultural sectors and substantial potential for growth in the health and social services sector, including in aged care.
- Perth's mining and resource sector has become increasingly diverse.
- Co-ordinated economic policies and planning for growth in emerging and growth sectors, coupled with strategic public investment could assist in stimulating growth and investment in the economy.

Perth's People – Strengths and weaknesses from a resident perspective

- The current economic downturn has impacted on Perth's perceived short-term competitiveness as a place to live and work.
- Most people are positive about living in Perth and residents identify the region's greatest strengths as its natural attributes and family-focused lifestyles.
- More than 80% of residents would recommend Perth as a place to live and most people would like to stay in Perth long-term.
- The recent economic downturn has impacted on resident perceptions of Perth: 41% of people think Perth has continued to improve since 2015, while 33% of people believe the region has changed for the worse.
- The impacts of the current downturn are not being felt evenly: 40% of people in Perth report being worse off financially in 2018 than they were five years ago, while 37% believe their situation has improved.
- 30% of people in Perth would consider leaving for a while but intend to return, while 16% of people intend to leave Perth long-term.
- Job opportunity and uncertainty and dissatisfaction with current employment has emerged as a heightened issue of concern for Perth residents. Concern about these issues is higher in Perth than in other Australian capitals.
- Cost of living is a significant concern for households who report being worse off than they were three years ago despite literature and indices reporting reduced price pressures in the region.
- Few people in Perth consider entrepreneurialism as an option for their employment future.
- Strong and effective governance is viewed by Perth residents as the biggest existing deficit for the delivery of a stable political and economic future.
- The priorities of Perth residents have shifted over time, however quality health, aged care, education and public transport are among the most consistent issues identified as priorities for Perth's future.

[Data obtained from 2018 Perth Perception Survey.]

Key Findings

Perth's Spatial Economy – Location, connectivity and competitive advantage

- Perth's low-density, dispersed urban form has delivered liveability benefits but may also limit long-term infrastructure efficiency, quality of life and urban competitiveness.
- Dispersed, car dependent industry hubs limit the capacity for informal business interactions.
- Education and training nodes in Perth are more dispersed and suburban than other metropolitan regions and this, combined with limited on-campus and inner-city student housing, has been identified as decreasing Perth's competitiveness as an international student destination.
- The City of Perth is the region's most significant tourism node. Other nodes include Scarborough; Fremantle; Trigg, North Beach, Watermans; Como; South Perth; Rockingham; and Mandurah. These destinations are relatively dispersed and poorly connected by alternative (non-car) transport modes.
- Strategies for economic growth and development in regional Perth have primarily been prepared and focused at a local government level, however there is a need to plan for Greater Perth as a functional economic unit rather than as a collection of fragmented local economies.
- Planning and land use strategies for economic growth and development should respond to industry locational needs and preferences and the establishment of specific industry clusters to maximise potential competitive advantages for all industry types through spatial form and connectivity.
- The recent economic downturn and associated slow-down of the mining and resources sector has reduced the competitiveness of the Perth Central Business District (CBD).
- Perth's primary and bright light industries are primarily located in CBD and inner urban locations. Strategic investment to strengthen connectivity and urban form in these locations may assist in driving future growth and prosperity.



Key Findings

Perth's Economic Future – Action, ideas and analysis

- Long-term satisfaction with life in Perth, economic resilience and the prosperity delivered by the mining and resource boom in the first 15 years of the twenty-first century has diverted government attention away from planning for longer-term economic resilience.
- State and federal government initiatives have assisted in facilitating economic growth and major projects in WA over time, however multiple government agencies have a role to play in economic development and there is no unifying government plan or strategy for WA or Perth's long-term economic growth and resilience.
- There is potential to capitalise on current infrastructure projects such as METRONET to stimulate investment, jobs and urban regeneration.
- A wide body of research and strategy documents identify strengths, weaknesses, opportunities and potential initiatives to drive a prosperous future for Perth. Combined, this research delivers a consistent evidence base to underpin strategies for the region's future.
- Identified priorities for Perth's economic future include:
 1. Innovation and Technology
 2. Skills and Education
 3. Networks and Collaboration
 4. Budget Repair, Governance, Tax and Regulatory Reform
 5. Infrastructure Investment
 6. Economic Diversity
 7. Global Minerals and Energy Hub
 8. Connections with Asia/Being 'Asia Ready'
 9. Access to Finance
 10. Liveability and Urban Innovation
 11. Branding and Marketing
 12. Geographical Industry Hubs

From Analytics to Action – Learning from cities and countries around the globe

- While some global cities have been actively planning and delivering integrated strategies and cutting-edge initiatives to maximise economic development and urban competitiveness for more than 20 years, Perth does not yet have a dedicated regional strategy for economic development.
- A partnership approach is central to successful strategies for economic development and innovation.
- Strategies for regional economic development and urban competitiveness in today's economy are complex and often rely on the unilateral implementation of multiple, complementary and integrated initiatives.
- Successful economic development strategies build on and respond to a detailed understanding of a region's unique competitive strengths and systems of innovation; are measurable; and provide mechanisms for review and updating.
- Strategies and initiatives that aim to build an 'innovation ecosystem' have been identified as important in numerous economies and include strategies to build human capital, knowledge, technology and innovation.
- Strategies for innovation should primarily focus on 'bottom-up' initiatives with 'top-down' strategies being applied only to respond to the needs or to develop industries in which the region has a key competitive advantage.
- Nations and cities in Asia have emerged as leaders in facilitating innovation, technology and the implementation of 'smart city' initiatives to build urban competitiveness and heighten infrastructure efficiency.
- Australia's two largest cities are actively investing in infrastructure initiatives to maximise global competitiveness.
- Private investment in infrastructure has been identified as important to deliver the Nation's infrastructure needs.

Opportunities for Greater Perth

1. Catalyse Perth's Crisis of Complacency

The current economic downturn is a 'call to action' for Perth and provides an opportunity to re-evaluate the region's economic course and devise a new pathway to a prosperous future.

2. Shift from Analysis to Action

There is an opportunity for Perth to build on the substantial research, discussion and analytical work undertaken by government, industry and non-government organisations over the past decade and shift from analysis to action.

3. Partner for Prosperity

Globally, partnerships between industry and government and international governments and organisations are formed to stimulate economic growth; fund infrastructure; progress science; research and development; and foster innovation. There is an opportunity for partnerships to be a central tenant of strategies for economic development, investment and innovation in Perth.

4. Move Beyond 'Politics as Usual'

Long-term economic planning for the Greater Perth region has been hindered by fragmented governance and political cycles. There is an opportunity for all levels of government to address this problem through formal collaboration, cooperation and bipartisanship.

5. Reverse Perth's Downward Competitiveness Trend

Perth has competitive advantages, including the State's diverse natural resource base and the region's liveability strengths. Despite this, Perth's competitiveness as a place to live, work and do business has been trending downwards, and there is an opportunity to take strategic action to reverse this trend.

6. Build on Perth's Mining and Resources Strengths

Perth's early twenty-first century mining-and-energy-fuelled economic expansion founded the region as a resource sector hub of global significance, supported by both substantial financial and human capital and strong business connections to countries in Asia and Africa. There is potential for Perth to capitalise on these strengths and connections.

7. Adapt to Disruption and Seize Global Opportunities

The capacity to capture opportunities and adapt to new challenges generated by global forces, including technological development; globalisation and the rise of Asia; shifting demographics; and climate change, will influence the short- and long-term competitiveness of industries in Perth. There is therefore an opportunity to plan for this disruption and to seize the potential that global forces provide.

Opportunities for Greater Perth

8. Leverage Mining and Resource Innovation

WA's economy remains heavily dependent on the mining and resource sector, but the sector has become more diverse and innovative, providing new opportunities for a resilient and innovative economy.

9. Expand Bright Light and Growth Sectors

Perth is home to primary and 'bright light' sectors and industries with capacity and/or a need for growth and innovation, including agribusiness and ag-tech; professional, technical and scientific services; higher education; tourism; recreation and creative services; health and social services (including aged care); and advanced manufacturing, and there is an opportunity for collaborative action to facilitate the short and long-term growth of these sectors.

10. Boost Non-Mining Business Investment

Perth's economic performance has been heavily tied to commodity prices and investment in mining. Mining investment in WA declined in the 2012-2016 period, precipitating an associated fall in non-mining investment. It is evident that to increase economic stability, Perth needs new drivers to attract inward business investment.

11. Foster Perth's Innovation Ecosystem

Innovation is important to economic performance and has been identified as a weakness of Perth's economy. An opportunity has been identified for 'bottom-up' initiatives to foster an innovative and entrepreneurial ecosystem in Perth, combined with investment in new, sector specific industry clusters to facilitate collaboration and innovation.

The effects on the community is evident, with increasingly polarised reports of economic wellbeing, and satisfaction with both life in Perth, and employment prospects in the region.



Photo by Morgan Shaw, 2018, Passion for Perth Photographic Competition

Recommendations

1. Develop the inaugural investment, engagement and attraction strategy and associated brand to promote Perth as a place to invest, work and learn.
2. Create the inaugural long-term economic growth and competitiveness strategy.
3. Develop the inaugural long-term infrastructure strategy.
4. Focus on sectors where Perth has a competitive advantage, opportunity or increasing demand in order to grow the economy.
5. Protect and nurture Perth's ecosystem of innovation and entrepreneurship.
6. Implement 'smart city' initiatives for infrastructure efficiency and improved liveability and urban competitiveness.
7. Increase Perth's human capital and foster lifelong learning.

In 2019, the Western Australian Government released the document *Diversify WA* which addressed six of the seven recommendations from the B4 report. To read more on *Diversify WA*, visit: https://www.wa.gov.au/system/files/2021-10/2108-083_Diversify%20WA-Web.pdf



More Information

The Committee for Perth is a future-focused and apolitical think tank that seeks to positively influence debate and policy through our unbiased fact-based research.

As a collaborative organisation, we engage with our members in over 40 sectors to develop actionable recommendations to ensure Perth is renowned as a global city of choice to live, work, invest, study and visit.

More information about the Committee for Perth and our work, including our knowledge bank of more than 150 pieces of research, can be found at committeeforperth.com.au.



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For more information on our *Bigger and Better Beyond the Boom* project, or to download the full report, visit:

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