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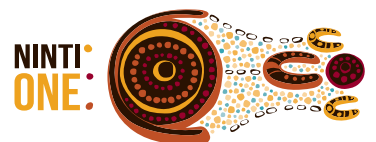
Local government initiatives to support business and employment in desert regions

Maria Fay Rola-Rubzen

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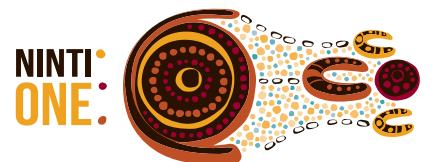


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The Desert Knowledge Cooperative Research Centre (2003–2010) was an unincorporated joint venture with 28 partners whose mission was to develop and disseminate an understanding of sustainable living in remote desert environments, deliver enduring regional economies and livelihoods based on Desert Knowledge, and create the networks to market this knowledge in other desert lands.

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Executive summary

Doing business in the desert is not always easy. Businesses are remote, sometimes without critical mass, a long way from market centres and suppliers, incur high transaction costs and are vulnerable to climate and weather conditions. These are just a few of the daily challenges faced by businesses in desert areas of Australia. Yet they play a critical role in the quality of life for desert residents, and perhaps even for the long-term survival of communities. So what support do businesses in desert areas need?

We outline local government initiatives to support business and employment in Australia's desert regions. The research explored barriers and challenges faced by businesses in desert regions, and potential solutions and initiatives that local shire councils are undertaking to improve employment and help desert businesses.

The study showed that local government shire councils have a host of programs to support business and employment in their areas of jurisdiction in varying degrees. There appear to be more programs targeted specifically towards improving employment outcomes rather than stimulating business activities, although councils recognise the links between the two.

Programs to support employment focus on four areas:

1. general training programs
2. youth-targeted training programs
3. Aboriginal-targeted programs
4. linked training and employment programs.

Programs to support businesses fall into four areas:

1. building capacity for business owners
2. supporting business
3. supporting industry
4. engendering business-friendly policies.

Because of unique conditions in desert areas, businesses arguably face a wider range of challenges and constraints than non-desert businesses. Encouraging business start-ups, supporting business development and growing sustainable businesses rely on three critical factors – people, place and policy. These three areas are interrelated.

People: The essence of a community is centred on people. Without people, a community cannot exist – nor does a business. Without local demand, it is difficult to attract business start-ups and sustain a business. Maintaining local population levels is therefore critical for businesses and the community's survival. Communities where population levels are declining need strategies to attract and retain people in the community. Innovative strategies include:

- using the media to promote the area as an attractive place to live
- offering land at affordable prices
- providing affordable housing
- marketing and promoting the area as a tourist destination (where applicable).

Place: People will live in a community if the place is attractive, and if it has appropriate infrastructure and services for health, education, housing and information and communication technology. These basic services are critical to attract and retain people in a community. For businesses in desert areas, particularly in remote areas, the availability of infrastructure and services are critical. Information

and communication technologies, for example, help business owners reduce transaction costs. They also help businesses to find and reach markets, conduct business efficiently, and in some cases, more cost-effectively.

Policy: People-friendly and business-friendly policies are the links that bind people and place. This is a crucial role for government – local government in particular. A proactive local government can greatly influence whether a business survives and the vitality of a region.

We suggest strategies for local governments to help desert businesses, including:

1. Update development plans. Most shires have development plans, but some of them are unrealistic. Development plans need to focus on a community's reality and current issues (e.g. climate change or globalisation). They need to identify what can realistically be achieved and what is strategically best for the community.
2. Identify new local industries and value-adding activities that can increase employment and improve business outcomes.
3. Use state and federal funding. Many development opportunities need investment and funding to come to fruition. The shire must proactively look for funding sources to support development projects.
4. Partner with industry and the private sector. Shires should link with industries (such as mining) where possible, and make sure there are strategies for the community to capture as many benefits as possible – for both employment and small business opportunities.
5. Invest in an economic development officer and/or a business development officer. Their role is critical: they can think of ideas and strategies, and support the community by encouraging and facilitating business activity. An economic development officer/business development officer must be well-grounded, knowledgeable, enthusiastic and proactive. They have to be realistic, understanding the realities on the ground, yet open-minded to new ideas, able to create realistic and achievable plans, and act on those plans. They must have an entrepreneurial mind; able to see opportunity in challenges; be able to turn destructive, negative change into constructive, positive opportunity; and think creatively.
6. Find a champion. Shires have to develop a shared community vision, and find a leader or champion who will work towards the vision and see it through.
7. Design programs based on evidence and research. Shires have to be willing to experiment and see what works. It is important to look at successful initiatives and the experiences of others to learn what made them successful. Shires can learn from their own and others' experiences, and adapt relevant experiences for their own communities.

Finally, it is important to recognise that a development strategy must be holistic. A piecemeal approach is likely to be counterproductive or likely to fail. Effective strategies with the right ingredients will encourage sustainable businesses in desert regions.

1. Introduction

Two towns of the same size, similar population levels and comparable environments – one is vibrant and alive, and one is just getting by. All around the world and its diverse communities, most people want to live in a vibrant community that is resilient and can thrive in the face of modern challenges.

Why do some towns flourish and some languish? Why are some regions vibrant while others struggle to survive? What do modern, global communities need to thrive? How do some regions get it right when many others still face this development conundrum?

The answer to these questions is not simple. However, it is evident that vibrant regions have common characteristics. Businesses are thriving, services are available, resources are plentiful and, most importantly, people are happy.

In desert regions of Australia, keeping a community vibrant can sometimes be challenging. Regional centres usually teem with activity, but more remote areas sometimes have few businesses and limited services. While the number of businesses and availability of services do not necessarily equate to a community's success, in some cases a lack of local services and economic opportunities may be a push factor for people to leave. There is increasing concern in some rural communities about youths choosing to leave their home towns. If the youth do not return, this could lead to declining populations and threaten the long-term survival of the community. The role of businesses in the vibrancy and survival of communities should not be downplayed. In many communities, businesses provide employment for and services to the community.



Local shires have a critical role in supporting businesses and employment in a region. Some shires actively pursue initiatives to make their region attractive for people to live in or for people to visit and enjoy.

In this research, we looked at initiatives implemented by local shires to support businesses and employment in desert regions. We did not assess or compare the performance of communities. Rather, we looked at various programs

and initiatives that local shires have implemented (or are implementing) to encourage local employment and business in their area, which contributes to the growth and resilience of the community.

2. Methodology

We interviewed local shire representatives in desert regions of Australia. We made a list of shires in desert areas, then invited 117 shires to participate in the study. We first sent a letter to the shire offices explaining the research and inviting Economic Development Officers or Community Development Officers to participate. We then called to arrange an interview with the Economic or Community Development Officer, or a representative knowledgeable about the shire's development initiatives.

Fifty shires agreed to participate in the study. Over six months in 2009, we conducted phone interviews using a structured set of guide questions. The questions elicited the types and sources of employment in the area, services available, types of businesses and opportunities for businesses, challenges and constraints, and local initiatives and programs to support business and employment. We also asked about economic opportunities for Aboriginal residents in their region, and business or employment programs to specifically support Aboriginal residents.

On average, the interview took about half an hour. Some took longer, particularly when the shire had implemented multiple initiatives. Five interviewees were new to the shire and did not know enough about the shire's economic development initiatives. They could not complete the interview, so a total of 45 interviews were completed and included in the report.

Data gathered during the interviews were mostly qualitative. We also used data from the Australian Bureau of Statistics (ABS) and information from the Shire websites – particularly for demographic and background information.

3. Findings

Section 3.1 gives a general background on the profile of interviewees, a discussion of the main industries in the shires, current employment in the shires and existing businesses common in desert shires. Section 3.2 is devoted to programs and initiatives to promote employment in desert areas. Section 3.3 details programs and initiatives that support businesses or encourage business start-ups. Section 4 discusses the challenges faced by businesses and potential entrepreneurs in desert areas. Section 5 looks at how to overcome these challenges.

Section 6 presents some concluding remarks.

3.1 Background

3.1.1 Profile of the interviewees

Figure 1 illustrates our interviewees' position in their shire. More than one third of the interviewees (36%) were economic development officers and 11 per cent were community development officers. About a tenth of the interviewees were chief executive officers or deputy chief executive officers. A similar number were department heads (e.g. Manager of Community and Corporate Services, Director of Community Engagement, or similar). The remaining third (36%) did not indicate their position.

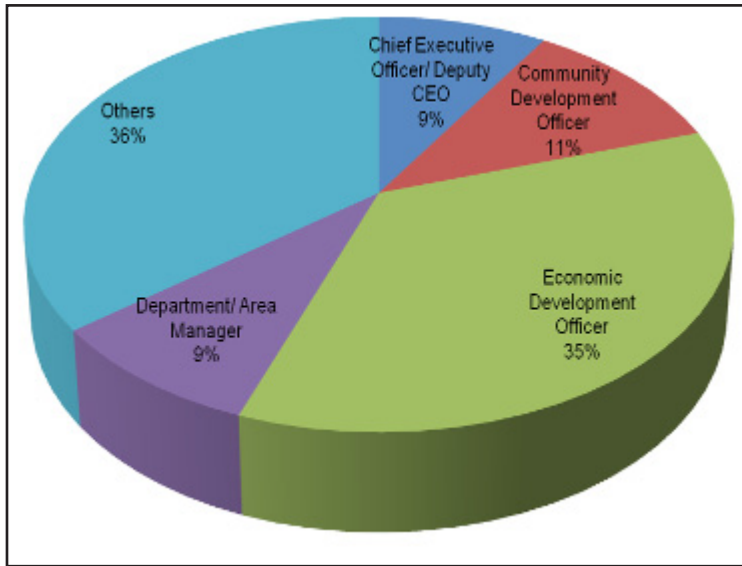


Figure 1: Profile of interviewees

3.1.2 Main industries in the shires

Interviewees identified the main industries in their shires (Figure 2):

- agriculture, by 82% of interviewees
- tourism, by 33% of interviewees
- mining, by 22% of interviewees
- government administration, by 13% of interviewees

Other key industries mentioned by interviewees include transport, retail trade, manufacturing and hospitality.

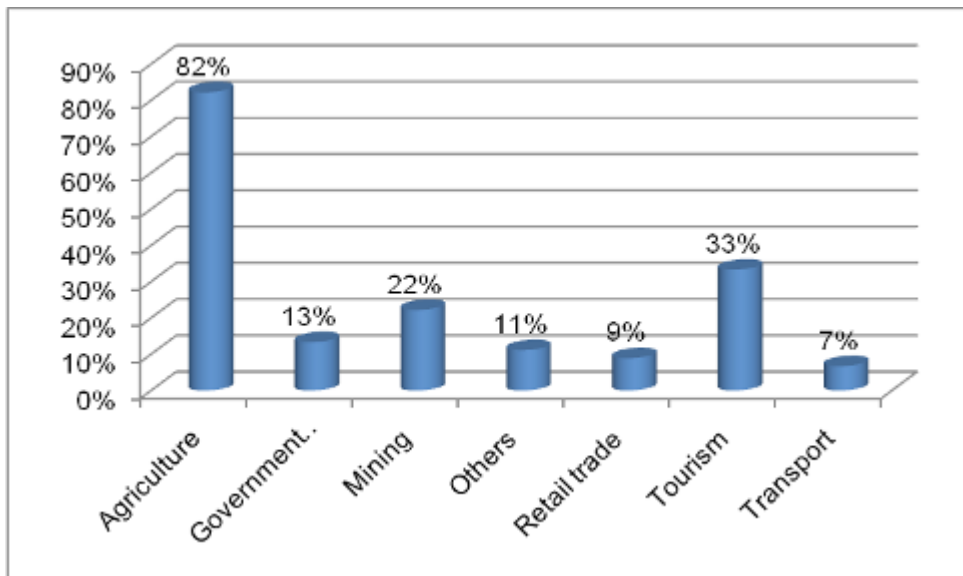


Figure 2: Key industries in desert areas

3.1.3 Business and employment in the shires

Types of employment



The main sources of employment identified in the shires are agriculture, government departments or services, mining, retail trade, tourism and health; shown in Table 1. This is consistent with ABS figures – agriculture, retail trade, health care, manufacturing and mining are identified as the main sources of employment in the sample shires (Appendix 1).

Table 1: Sources of employment in the shires

Source of employment	Number*	Per cent
Agriculture	34	75.6
Shire council or government departments	20	44.4
Mining	11	24.4
Retail trade	10	22.2
Tourism	7	15.6
Health services	7	15.6
Education	6	13.3
Accommodation	3	6.7
Transport and storage	3	6.7
Manufacturing	2	4.4
Communication services	2	4.4
Others**	3	6.7

* Some interviewees gave multiple responses

** Includes the local pub, heavy industry and community services

Other sources of employment in the shires include tourism, health services, education, accommodation, transport and storage, manufacturing, communication services, local pubs, heavy industry and community services.

Number and type of businesses

The number of desert businesses in each shire ranged from three to 1365 (ABS 2007a–at). More than 60 per cent of the shires have less than 100 businesses. A third of the shires have between 101 and 500 businesses. Only a few have more than 500 businesses (Table 2).

Table 2: Number of businesses in the shire

Number of businesses ¹	Number of shires	Per cent
5–20	9	20
21–40	11	24.4
41–60	2	4.4
61–80	4	8.9
81–100	2	4.4
101–500	15	33.3
above 500	2	4.4
Total	45	100.0

1. These figures are based on the number of owner-managers of incorporated and unincorporated enterprises.

Source: ABS (2007a–at)

There were over 150 different types of businesses mentioned by interviewees. The most common businesses identified by the interviewees are summarised in Table 3.

Table 3: Most common businesses identified by interviewees in their region

Type of business	Number*	Per cent
Accommodation (hotels/motels)	44	97.8
Retail store	43	95.6
Grocery or supermarket	38	84.4
Restaurant or fast food	31	68.9
Fuel station	30	66.7
Electrical or mechanical service	28	62.2
Agricultural or hardware supply	28	62.2
Cafe or pub	23	51.1
Caravan park	22	48.9
Pharmacy	18	40.0
Bank or financial service	18	40.0
Hairdressing or hair-and-beauty service	17	37.8
Butcher	16	35.6
Real estate	15	33.3
Plumbing	13	28.9

* Some interviewees gave multiple responses

Business opportunities

More than half of the interviewees believe there is potential for creating more businesses in their jurisdiction (Figure 3). They see opportunities in tourism, manufacturing, and irrigation or water, agricultural supplies or services, health services, retail trade and housing. Other opportunities

that interviewees mentioned include clothing, value-adding, transport, youth services, aged care, accommodation, gas, hairdressing, Aboriginal art, service industries, furniture, machinery and equipment hire, mining, development-related business, finance, insulation, carpentry, electrical and plumbing services. These opportunities make up the ‘Others’ category in Table 4.

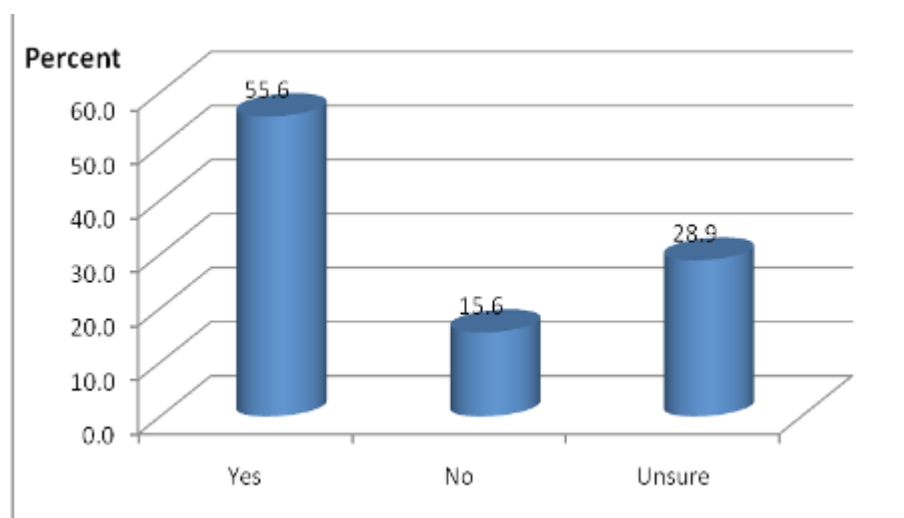


Figure 3: Are there other business opportunities in the shire?

Table 4: Perceived business opportunities in the shire

Business opportunities	Number*	Per cent
Tourism	8	17.8
Manufacturing	4	8.9
Irrigation/water	4	8.9
Agricultural supplies/services	3	6.7
Health services	3	6.7
Retail trade	3	6.7
Housing	3	6.7
Clothing	2	4.4
Others	18	40.0

* Some interviewees gave multiple responses

Opportunities for business come from many areas. These are detailed below.

New development projects: New developments in a desert area create opportunities for businesses. For example, in one shire, a new national park will open in the next 12 months. This offers opportunities for tourism and allied industries (such as transport, retail, accommodation and food). In another shire, a new irrigation system has created new opportunities for horticultural and agricultural farms, which might also increase employment opportunities.

Service gaps: A gap in services in a community offers business opportunities. For example, some shires have a lack of public transport, youth services, medical services (GP and dentist) and mental health support. Another shire needs more Aboriginal housing. Yet other shires need more agricultural

suppliers and manufacturers because of the number of farms nearby. In some areas, there are no plumbers, perhaps because of low populations in those areas. These service gaps offer opportunities for entrepreneurial professionals to create service businesses. By servicing nearby towns (particularly for small towns) as well, this can help in dealing with the issue of critical mass.

The resources boom: Mining developments in a shire or surrounding area offers employment and business opportunities, where those businesses service the needs of the mining companies and their employees. For example, in one shire the mining industry offers opportunities for entrepreneurial people to capture opportunities from mining operations. Those businesses could offer a competitive alternative to mining companies for their supplies. Likewise, there are opportunities for new tourism businesses and accommodation (e.g. demountable housing).

Environmental challenges: Because of the drought, irrigation and dryland farming are likely to increase. Farmers need more research and development about dryland farming systems. As well, an expanding grazing community will need better grassland management and natural resource management technologies to improve their productivity. The current concern about climate change in many desert communities has emphasised the need for sustainable energy use.

Population trends: Trends in population also offer business opportunities. For example, where there is a growing ageing population, there will be increased need for allied health professionals, aged care homes and doctors. Similarly, an increasing population of young people needs health and education professionals, and education services and infrastructure.

Value-adding and developing new industries: Value-adding activities, such as processing agricultural products, is an important concept that some shires recognise and are looking at. Other shires mentioned opportunities to increase employment in non-traditional industries (such as manufacturing) to complement agricultural production. For example, in areas known for a particular food crop, there may be opportunities for food processing and other value-adding activities.



Interviewees who perceived few business opportunities explained that the small population in their area means there is a lack of critical mass. So while there may be some opportunities for business, these businesses are not

likely to be viable. In one case, an interviewee mentioned that the current population would not support any more businesses in the area. However, they understand that if the region's population grows, there will be more demand for consumer goods, housing and basic services.

For one shire, drought was cited as a reason for limited business opportunities. Demand for consumer goods was low because of the prolonged drought affecting farming households. This effect reverberated throughout the community.

3.2 Programs that support or encourage employment

More than half of the interviewees indicated that their shire offered programs to support or encourage employment (Figure 4). Some of these programs were part of Commonwealth or state programs, and others were locally initiated.

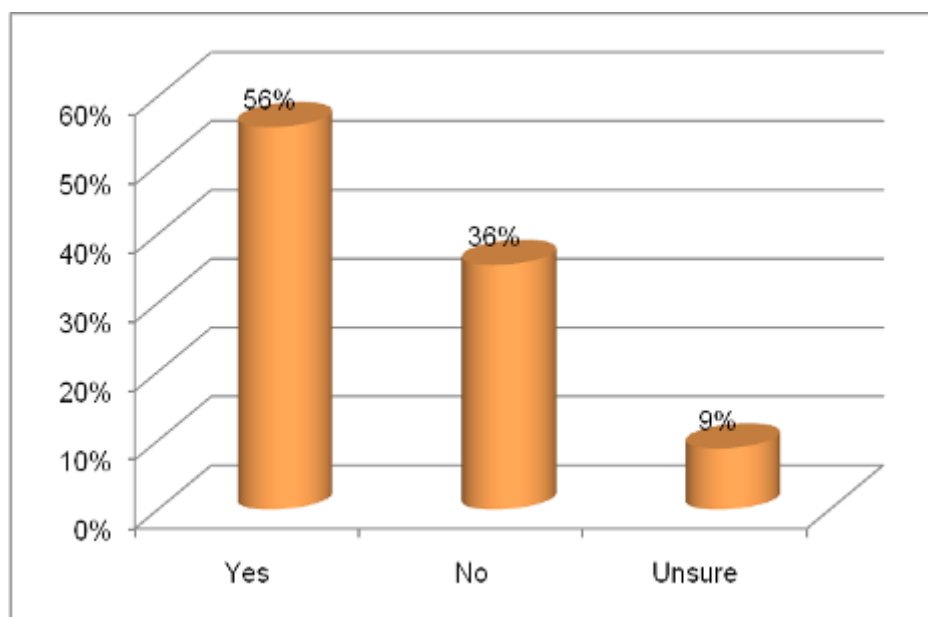


Figure 4: Do desert shires have programs to support and encourage employment?

These programs and initiatives can be classified into four groups:

- general traineeships
- youth-targeted employment programs
- Aboriginal-targeted programs
- special programs which link training with employment

Figure 5 details these initiatives.

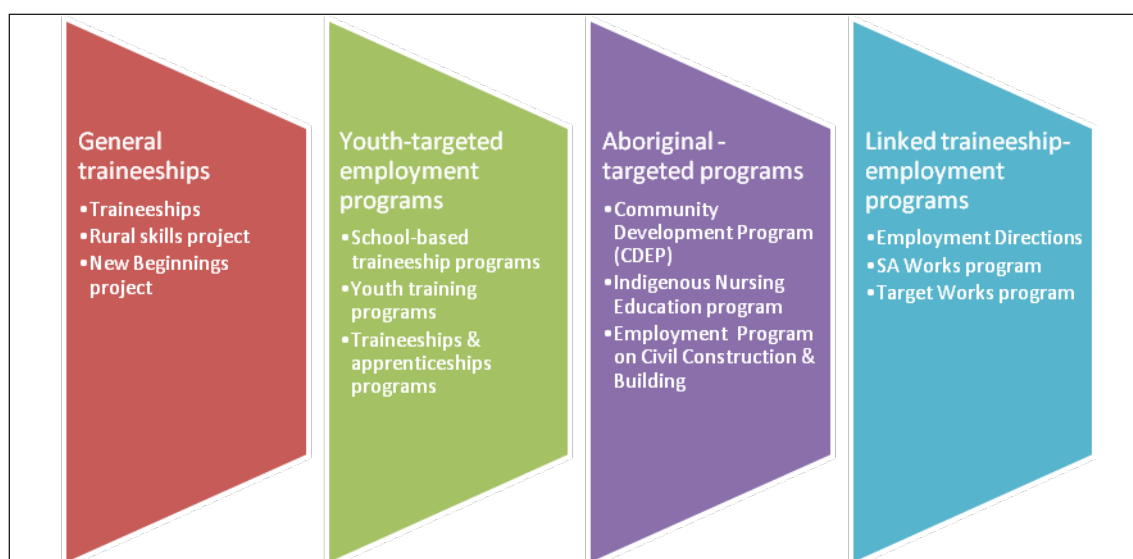


Figure 5: Programs and initiatives to increase employment

General traineeships: One shire runs an initiative called the New Beginnings Project. This project offers people ‘new chances’ by building their skills in a variety of areas. Training courses include horticulture, water and sewerage, machinery licensing, concreting, housing, repairs and maintenance, and others. Another shire has a traineeship program for people of any age. Many of the people who start these traineeships end up working for the shire in a specific field. Another program gets funding from the Department of Further Education, Indigenous People and Employment. There are other, similar, industry-specific programs – for example, the Rural Skills Project trains farmers and farm workers in off-farm activities so that they can manage the effects of the drought.

Youth-targeted training programs: Several shires have programs targeted towards young people.



Traineeship and apprenticeship programs give young people an opportunity to work and earn while undertaking training for a qualification. As well, some shires have a school-based traineeship program which allows high school students to study and undertake government-approved accredited training at the same time. The program aims to attract young people to the area and encourage them to stay and work there. Another shire has a youth program targeted towards young people, which trains and increases the skills of people up to the age of 25.

Aboriginal-targeted programs: More than a fifth of the shires surveyed (22%) identified the Community Development and Employment Program (known as CDEP) as one of the Aboriginal-targeted programs that support and encourage employment. The Community Development and Employment Program is seen by some shires as an important program because it helps develop the skills and employability of Aboriginal residents. It does this by providing community-managed activities that can contribute to the community, which sometimes lead to the development of businesses.

Another initiative is an employment program in the field of civil construction and building. The program offers 16 weeks of training to help people – particularly Aboriginal people – find long-term employment in the building and construction industry.

Linked training and employment programs: One district council created the Target Works program. This program, implemented through local schools, encourages schoolchildren to take up traineeships and/or employment. It also encourages local businesses to employ young people in the community. The impact is two-fold – apart from on-the-job training, it provides local employment for residents. This helps with local population retention.

South Australia has an innovative program called South Australia Works, which helps people in business and people looking for work. First introduced in 2004, the program has successfully linked people with skills and jobs, and is now considered one of the state’s key learning, training and employment programs. The main objective of South Australia Works is to increase the employment rate. It accomplishes this by providing alternative entry points into employment, vocational training

and job search. A key success factor is that the program is delivered on a small scale in communities, so training and learning courses can be tailored to specific, local industries and to people who might be disadvantaged in the labour market. The program has the capacity to design and deliver education, training and employment courses that address the personal, social and vocational issues affecting disadvantaged job seekers. After a review in 2009, South Australia Works has decided to build on the strengths of the program and respond to new opportunities in the years to come (<http://www.saworks.sa.gov.au>).

As a strategy, some shires give priority to local residents. For example, some shires offer apprenticeships, and locals are prioritised for these positions. This is an incentive for local people to stay in the community, which helps to maintain local populations, a critical aspect in the sustainability of regional communities.

3.3 Programs that support or encourage business

Although more than half of the interviewees indicated that their shires offer programs that support or encourage employment, only 22 per cent of the shires have programs that specifically support businesses. More than three-quarters said their shires did not have specific programs to support or encourage business in their areas (Figure 6).

Some shires do not see this as their responsibility – they believe it is up to other agencies or organisations (private or public), such as business units or chambers of commerce. In some cases, interviewees said that their shires already have what they need and that because of the small number of residents, the limited market does not leave much room for competition.

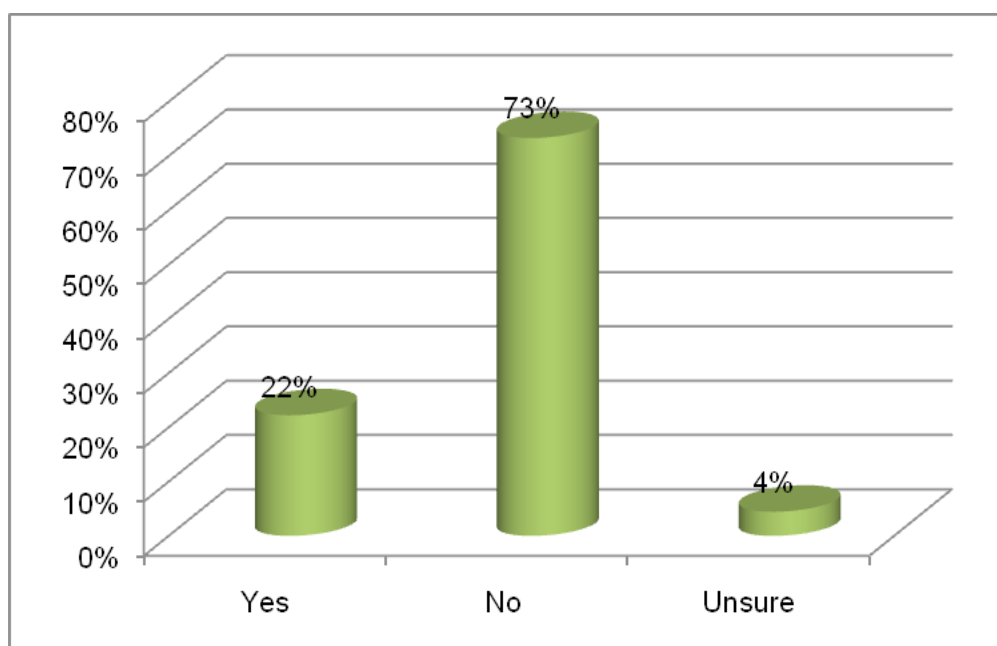


Figure 6: Do desert shires have programs to enhance business?

Some shires, on the other hand, have initiated programs to attract businesses to the area. These programs include helping with capacity building, providing business workshops, giving advice on business planning, and helping to conduct feasibility studies. Other business development programs include industry assistance packages (such as from the mining industry). These programs take the view that establishing these industries locally would lead to employment and business opportunities. Figure 7 illustrates this support.

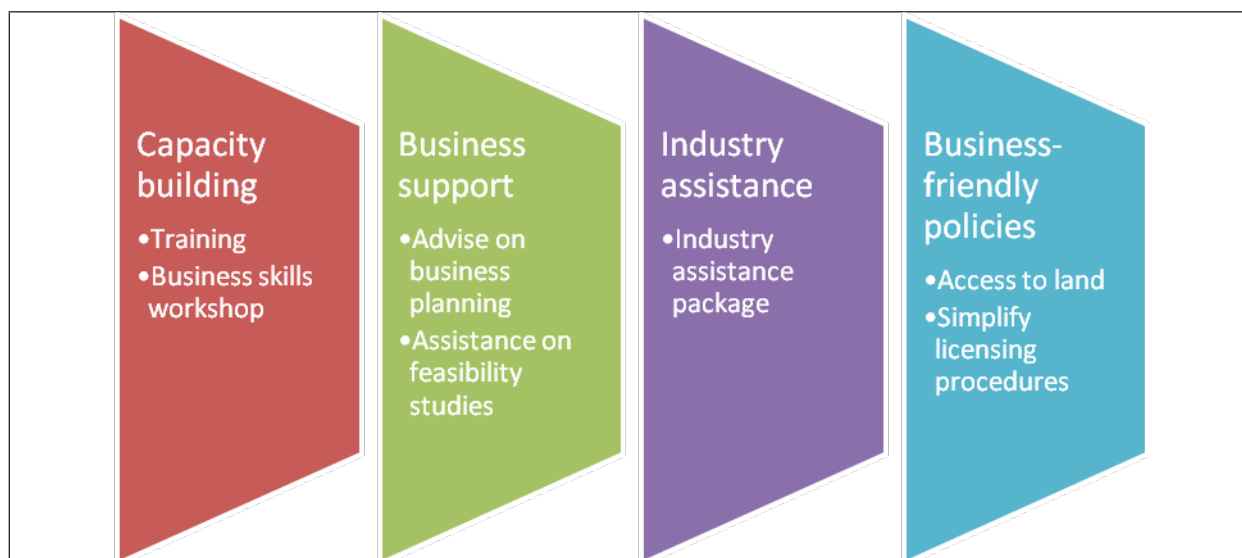


Figure 7: Programs and initiatives to enhance business

In one case, a shire has created a local Business Development Office to help people who want to set up new businesses in the area. The Business Development Office runs workshops, and answers people’s business questions. The workshops are run through a Business Enterprise Centre (which is not specifically the shire’s).

Another shire offers an Industry Assistance Package to help new or existing businesses to expand. It provides:

- financial support through low cost loans
- a balanced economic development approach
- help with creating businesses that add value to local resources.

Another shire has business-friendly policies and gives physical access to land.

In one WA shire, the local Aboriginal economic development corporation provides employment, training and teamwork. If an opportunity arises, the shire supports interested businesses to take advantage of it. Supporting other industries – such as the mining industry – is seen as a strategic approach to create local business and employment opportunities.

Apart from these business-specific programs and initiatives, some shires have developed a broader strategy of attracting more people to the area. These strategies use ‘population attraction programs’ for enticing skilled people, businesses and other residents to the area. Shires hope that new residents will breathe new life into the community, stimulate demand, participate in social and economic development and contribute to the long-term survival of the community.

4. Going into business – the challenges and constraints

The interviewees perceived many challenges and constraints that slow or prevent people from going into business. The ten most common issues identified are shown in Figure 8.

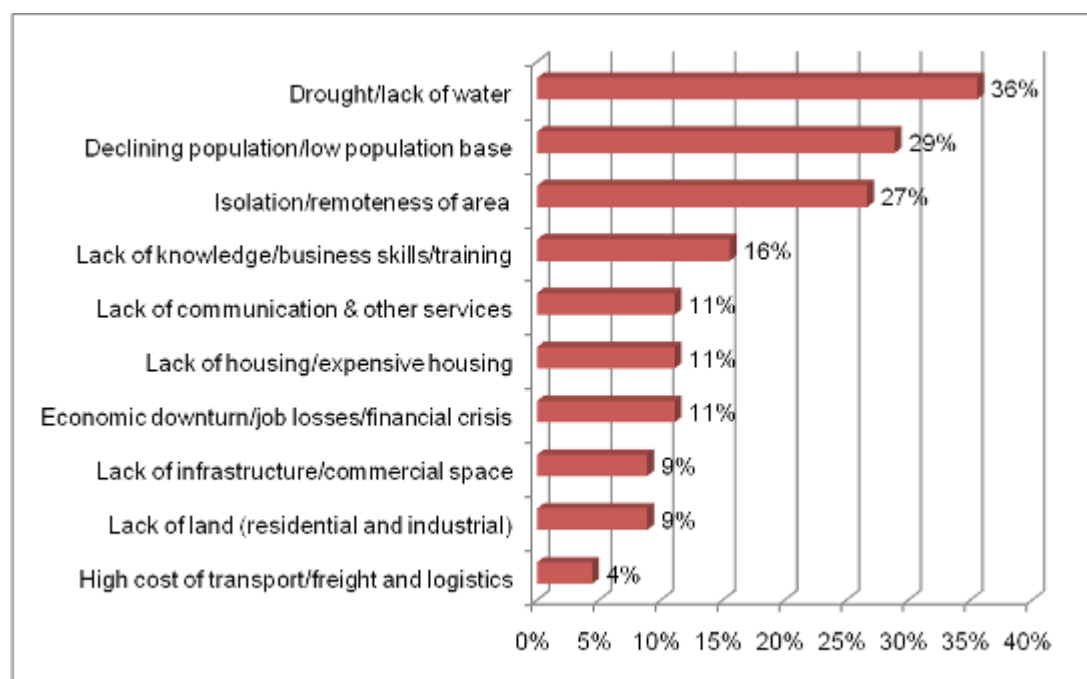


Figure 8: Main ten barriers and challenges constraining businesses

Water scarcity: This was mentioned often (by 36% of interviewees) as a constraint for agricultural, manufacturing or residential use. Because agriculture is a major industry in most shires, water is a particularly important resource in these areas. Some places have been affected by drought in recent years. The challenge of water shortages is expected to continue given the increasing effects of climate change.

Lack of critical mass: A lack of critical mass is caused by a declining population or low population base. About a third of interviewees indicated concern about low population levels. Lack of critical mass acts as a disincentive for people to enter into business. Because of a lack of people and money, opportunities for more competition are limited.

Some areas have experienced a continuous decline in population. In one case an interviewee said that the area's 'population has significantly shrunk over the past 30 years, particularly recently with the changing economic situation'. That means fewer customers for businesses in the community. Even changes in nearby towns affect local businesses. For example, one interviewee said that a new business in a town close by town diluted the market of a similar business in their town, threatening the viability of the original business. A small area and population (client) base, long distances to suppliers (cost and freight) and competition from businesses in nearby towns make it difficult for businesses to survive and discourages other would-be business operators from starting a business.

Remoteness: Isolation or remoteness of the shires was another factor mentioned by 27 per cent of interviewees from shires.



If a town is far from suppliers and buyers (sometimes 500–600 km from the nearest regional centre), this can be a constraint for businesses – the biggest challenge, according to some interviewees. New businesses can especially be affected. However, proximity to a major centre can also be a challenge because

regional centres offer more choice to people for working and shopping than their local town. Few businesses (and types of businesses) can compete with the bigger businesses in regional centres.

Lack of business knowledge and skills: Nearly a fifth of interviewees said lack of knowledge and business skills deterred potential entrepreneurs. Specific gaps include:

- lack of knowledge and skills about how to start and market a business
- lack of professional support and training.

Poor economic conditions: Eleven percent of interviewees said that poor economic conditions are a barrier for new businesses. The factors include:

- uncertainty during the economic downturn – particularly in the mining industry
- job losses
- falling mining shares prices
- perception of increased risk of failure of a business.

Lack of services: Missing or insufficient services include communication facilities such as broadband internet access and mobile phone coverage, health services, transport, and banking and financial services.

Housing affordability: A lack of housing and/or expensive housing was mentioned as a big barrier for desert businesses. In one shire, the cost of residential rent is on par with top rates in Perth. In another case, there is a long waiting list for public housing. In some cases, there are no houses available for rent in the community so newcomers need to build their own house (which is very expensive), bring their own caravan or donga, or not come at all.

Lack of infrastructure or commercial space: There is also, for many communities, a lack of infrastructure and commercial or office space. A common sentiment is indicated by this interviewee: ‘There are enormous opportunities for business development here. For example, we have few tourism operators here where we need more; no men’s clothing business ... Business opportunities are here but there are two big barriers – lack of commercial space and lack of affordable housing’.

Lack of land for residential and industrial or commercial purposes: Some shires are affected by a lack of developed residential or industrial land. In one case, an interviewee claimed there were no further opportunities for business because of the freehold land problem. Difficulties with finding industrial or residential land make people reluctant to move to the area.

High cost of transport, freight and logistics: This is cited as the largest deterrent for desert businesses, particularly for people in the more remote parts of Australia. As one interviewee said, ‘Freight and logistics are the biggest problem, being 400 km away from the large centre and 45 km away from a town centre’.

There were other barriers mentioned by interviewees which were not included in the list above. They were:

- a shortage of skills
- policies that are not business friendly (for example, tough government legislation or taxes)
- lack of capital or finance
- limited childcare facilities, which deters young families with children from working
- risk from changes to population or industries in the area
- lack of knowledge about the area
- mines using fly-in fly-out labour instead of local workers (so the community cannot capture full benefits from mining boom).

Skills shortage was mentioned by a few interviewees. In one shire, even in a time of financial hardship, there were few appropriate applicants for the positions available. Perhaps this is because of the high cost of housing, which is probably also the reason for the high staff turnover in the area.

5. What shires need to support business growth and development

So what needs to be done to support the growth and development of businesses?

Interviewees’ suggestions in answer to this question are shown in Table 5. Many said attracting and retaining more people in their communities would help. One shire uses a business advisor to run a Population Attraction and Retention Project. As more people move to the area, shires believe that growth and development will happen naturally. Other interviewees said their towns needed to be promoted and marketed better, particularly to attract visitors and tourists.

Table 5: What shires need to support business growth and development

Action suggested by interviewees	Number*	Per cent
Attract and retain people; increase populations of communities	17	37.8
Give business skills training, education, community and professional support	9	20.0
Build better infrastructure (roads, communication, information technology)	9	20.0
Promote and market the area better to visitors and tourists	7	15.6
Receive more water or rain	6	13.3
Develop strategies to encourage stable and sustainable employment	6	13.3
Develop and support new industries (tourism, industrial, mining)	4	8.9
Develop residential or commercial land, or release freehold land	3	6.7
Provide more and better housing	2	4.4
Develop new technology for sustainable energy use	1	2.2
Give subsidies for freight and transport costs	1	2.2

* Some interviewees gave multiple responses

Around a fifth of interviewees said that providing better infrastructure – such as roads, broadband Internet, and other information and communication infrastructure – was paramount to support businesses. A similar number said it was vital to give businesses support such as skills training, education and professional support. In one shire, an interviewee emphasised the benefit of revitalising the chamber of commerce.

Interviewees also said it was important to create development strategies to encourage stable and sustainable employment. Interviewees said shires first need to find out what needs to be done, then to work on plans to achieve these goals. One shire, for example, has contracted a consultant to prepare an economic development plan for the shire.

Other factors that came out in the study include:

- providing better housing
- releasing freehold land
- supporting and developing new industries (such as tourism and industrial development)
- speeding up the approval process for new development projects (including releasing licenses for new mining developments)
- developing new technology for sustainable energy use to deal with the challenge of climate change
- a concerted effort in regional development planning by local, state and federal government departments.

6. Summary and conclusion

Doing business in the desert is not always easy. Businesses are remote, sometimes without critical mass, a long way from market centres and suppliers, incur high transaction costs and are vulnerable to climate and weather conditions. These are just a few of the daily challenges faced by businesses in desert areas of Australia. Yet they play a critical role in the quality of life for desert residents, and perhaps even for the long-term survival of communities. So what support do businesses in desert areas need?

This research explored barriers and challenges faced by businesses in desert regions, potential solutions and initiatives that local shire councils are undertaking to improve employment and help desert businesses. By understanding the problems and challenges from their point of view, we can better understand the issues they face. Moreover, looking at initiatives that various local shire councils have adapted or are currently trialing can give insights and knowledge about potential programs that could be applied in other places.

The study showed that local government shire councils have a host of programs to support business and employment in their areas of jurisdiction in varying degrees. There appear to be more programs targeted specifically towards increasing employment rather than stimulating business activities, although councils recognise how these things interact. The fact that fewer programs are specifically targeted towards businesses is not an indication of indifference, but because some shires see it as the responsibility of other agencies (such as business units or chambers of commerce). However, people who think local councils are partly responsible for fostering the development of business in their region have introduced some initiatives. These initiatives promote business activities, attract entrepreneurs and support the development and growth of businesses in their area. Some councils have hired a dedicated business development officer. Others include business development as a responsibility of the economic development officers.

Because of unique conditions in desert areas, businesses arguably face a wider range of challenges and constraints than non-desert businesses. Encouraging business start-ups, supporting business development and growing sustainable businesses rely on three critical things – people, place and policy. These three areas are interrelated.

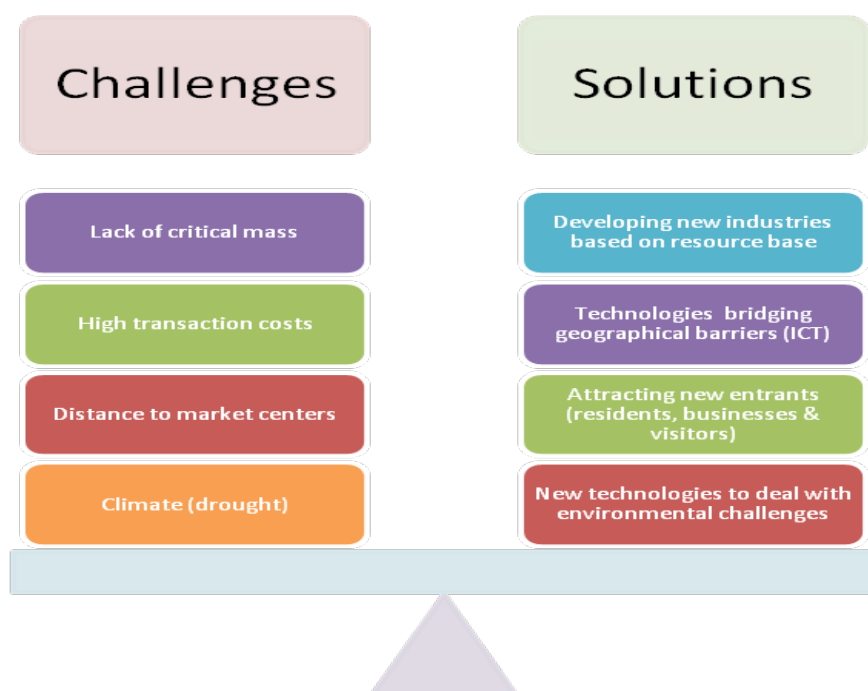
People: The essence of a community is centred on people. Without people, a community cannot exist – nor does a business. Without local demand, it is difficult to attract business start-ups and sustain a business. Maintaining local population levels is therefore critical for businesses and the community’s survival. Communities where population levels are declining need strategies to attract and retain people in the community. Innovative strategies include:

- using the media to promote the area as an attractive place to live
- offering land at affordable prices
- providing affordable housing
- marketing and promoting the area as a tourist destination (where applicable).

Desert regions have attractive attributes. For example, there is tourist potential for areas with unique geographical or cultural significance. Promoting products unique to a place, or developing a home-grown industry can offer a competitive advantage for a community. It is critical to identify these opportunities, and create strategies, and take action to take advantage of these opportunities.

Place: People will live in a community if the place is attractive, and if it has appropriate health, education, housing and information and communication technology infrastructure and services. These basic services are critical to attract and retain people for a community. Where people are sparse and providing services locally is difficult to justify, shires need creative strategies to make sure people can access these services. Technology can be used in innovative ways so people can access education, health advice, business advice and financial services. Other creative ideas (such as clustering for service sharing) and mobile services should be considered so people do not miss out on vital services. For businesses in desert areas, particularly in remote areas, the availability of infrastructure and services are critical. Information and communication technologies, for example, help business owners reduce transaction costs. They also help businesses to find and reach markets, conduct business efficiently, and in some cases, more cost-effectively.

Policy: People-friendly and business-friendly policies are the links that bind people and place. This is a crucial role for government – local government in particular. A proactive local government can greatly influence whether a business survives and the vitality of a region.



We suggest strategies that government can use to help desert businesses, including:

1. Update development plans. Most shires have development plans, but some of them are unrealistic. As one interviewee said, ‘Some councils have a long wish list, but many are unrealistic’. Development plans need to focus on a community’s reality and current issues (e.g. climate change or globalisation). They need to identify what can realistically be achieved and what is strategically best for the community.
2. Identify new local industries and value-adding activities that can increase employment and improve business outcomes.
3. Maximise use of state and federal funding. Many development opportunities need funding to come to fruition. The shire must proactively look for funding sources to support development.
4. Partner with industry and the private sector. Shires should link with industries (such as mining) where possible, and make sure there are strategies for the community to capture as many benefits as possible – for both employment and small business opportunities.
5. Invest in an economic development officer and/or a business development officer. Their role is critical: they can think of ideas and strategies, and support the community by encouraging and facilitating business activity. An economic development officer/business development officer must be knowledgeable, enthusiastic and proactive. They have to be realistic and open-minded and to new ideas, able to create realistic and achievable plans, and act on those plans. They must have an entrepreneurial mind; able to see opportunity in challenges; be able to turn destructive, negative change into constructive, positive opportunity; and think creatively.
6. Find a champion. Shires have to develop a shared community vision, and find a leader or champion who will work towards the vision and see it through. The role of a leader can never be over-emphasised. A strong leader and/or a champion can play a key role in keeping a development project or initiative moving even when challenges occur.
7. Design programs based on evidence and research. Shires have to be willing to experiment and see what works. It is important to look at successful initiatives and the experiences of others to learn what made them successful. Shires can learn from their own and others’ experiences, and adapt relevant experiences for maximum impact in their own communities.

Finally, it is important to recognise that a development strategy must be holistic. A piecemeal approach is likely to be counterproductive or likely to fail. Effective strategies with the right ingredients will encourage sustainable businesses in desert regions.

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