ATTACHMENT 2

CBD
Economic Enhancement Project

Interim Report

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Small & Medium Enterprise Research Centre
Edith Cowan University

For the
City of Joondalup

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EXECUTIVE SUMMARY

The City of Joondalup engaged the Small & Medium Enterprise Research Centre at Edith Cowan University to review the activities of the business community in the Central Business District (CBD) in order to support the City's strategic development plan. This report provides data to inform the future strategic decisions for the City concerning how it will grow and develop its CBD. The project aimed to identify the key indicators of current economic activity within the CBD, which could then used to assist in the development of a more targeted approach to continuous growth and development strategies for the area.

A total of 520 surveys were distributed to businesses in the Joondalup CBD (see Appendix A), and a total of 173 completed surveys were returned, giving an overall response rate of 33%. The self administered survey (see Appendix B) was used to collect the following data:

- demographic information and information about the business
- business expectations
- the use of technology
- the use of business support services
- reasons for locating in Joondalup
- perceptions of the area and the council

Overall businesses in the Central Business Distinct were positive about the location and saw Joondalup as a long term investment. The majority of businesses in the CBD were e-enabled and many of the businesses had growth plans for 2005 which included employing staff, investing in new equipment and developing new local markets and products.

There were some issues relating to facilities and services in the area, in particular with parking and a perceived lack of atmosphere in some parts of the City. However many local businesses were not aware of some of the local business services that were currently available and most businesses owners did not avail themselves of what was available. Linking what is currently available would be one way to assist in the further economic development of the area.

KEY FINDINGS

- Businesses appear to be locationally stable in the CBD, as 65% indicated they have only been located in Joondalup and 94% indicated they do not have any intention of moving from Joondalup in the next 12 months.

- 39% of businesses have customers based locally, while only 15% of suppliers were from the Joondalup area.

- Many business owners had intentions to further develop their business, with 46% indicating they would employ more staff, 57% indicating they would purchase new equipment and 52% indicating they would develop new markets. Only a few businesses anticipated moving to larger premises (6%) or expanding on their existing site (8%).

- Only 29% of the business owners were aware of any business related services offered by the City of Joondalup, yet 42% were aware of services offered by the Small Business Development Corporation (SBDC), 43% were aware of the services offered by the Joondalup Business Association and 27% were aware of the services offered by the North West Metro BEC. This awareness however did not translate into usage.

- The majority of business owners (68%) indicated they would attend programs specific to their business needs. Many (49%) prefer accessing information through emails, while only 4% preferred accessing information through seminars.

- The majority (83%) of businesses owners use both email and the Internet and 63% conduct business online. Additionally 56% have a business web page.

- Respondents consider Joondalup to be a growing area and were aware of the short term issues such as access and atmosphere. Business owners perceive Joondalup to be a good investment area and one that will expand.

RECOMMENDATIONS

- A more holistic approach to promotion of services currently available to local businesses is required. Many respondents were not aware of the business services offered by the City of Joondalup and the local BEC. Furthermore, some businesses believed the City should promote local business to business (B2B) and also promote Joondalup's businesses to the wider general community. Joondalup is the retail hub for the north and there were several comments made regarding having a major department store to be located in the area. Even though this survey did not include Lakeside, businesses in the CBD felt they would benefit exponentially from having a large department store in the shopping centre.

- Given the majority of businesses in Joondalup are connected to the Internet and most business owners indicate that email is their preferred form of accessing information, the City could use this medium for promotions and marketing to both a local and wider audience. This could be a strategic point of difference to attract businesses that have a technology focus with the possibility of developing a small north west 'technology park'.

- Targeting of other businesses types to give a more diverse industry spread, as the current mix has a high service orientation.

- Promotion of the City of Joondalup as a good investment area and an area that has good growth potential. However the substantial rental price variation needs to be addressed and a more consistent rental price structure needs to be achieved, especially as the majority of buildings are similar in age and there is not really an 'old Joondalup' area, which is common in other geographic areas.

- Continuation of localised business skills development programs with emphasis on more collaboration and partnerships with other government agencies for both funding purposes and also to ensure that Joondalup businesses have access to all available development opportunities.

BACKGROUND

The central business district within the City of Joondalup has been enduring a slow growth period over the past five years, which has resulted in the closure of some small businesses and a high degree of vacancies in its business rental market. In order to address these issues the City of Joondalup sought to better understand the requirements of the business community in order to further assist and support strong growth of the commercial sector.

As a result the City of Joondalup engaged the Small & Medium Enterprise Research Centre at Edith Cowan University to review the activities of the business community in the Central Business District in order to support the City's strategic development plan. This report provides data to inform the future strategic decisions for the City concerning how it will grow and develop its CBD. The project aimed to identify the key indicators of current economic activity within the CBD, which could then used to assist in the development of a more targeted approach to continuous growth and development strategies for the area.

METHODOLOGY

The quantitative aspect of this study involved the distribution of a self-administered survey to businesses in the Joondalup CBD and was administered in September 2004. The City of Joondalup provided a database which was qualified to identify the businesses to the area specified (see Appendix A). These businesses were qualified by a telephone call to:

- ensure the business was still in operation;
- confirm the address and
- obtain agreement to participate in the study.

Of the 520 surveys that were posted by mail a total of 85 surveys were returned using this method. To increase this initial response rate, the surveys were then hand delivered to these non responding businesses. A further 88 surveys were returned resulting in a total 173 completed surveys giving an overall response rate of 33%.

RESULTS

A copy of the survey is shown in Appendix B and detailed results for all questions are shown in Appendix C.

Demographic information

The respondents were asked their gender, age and where they lived in order to gain some basic demographic information. 59% of the respondents were male, and nearly half (46%) were between 41-50 years of age. Of the remainder, 22% were between 31-40 years and 19% were between 51-60 years of age. This replicates the general ageing of the population and highlights the baby boomer bulge which is evident in all population statistics. Further age and gender distribution is presented in Table 1.

Table 1: *Percentage of distribution of age and gender*

	Male (%)	Female (%)	Total (%)
Under 30	2	4	6
31-40	15	9	24
41-50	31	18	49
51-60	12	6	18
Over 60	2	1	3
Total	62	38	100

NB[1]

The businesses

Half of all businesses are service industries, with a further 33% retail, 4% wholesale and 13% a combination of wholesale and retail.

Nearly two thirds (62%) of businesses in Joondalup are independently owned and operated, while 12% operate as a franchise and a further 11% operate as a subsidiary or a branch company. Accordingly, 72% of the respondents of the survey were the owners of the business, and 13% were the managers.

[1] The percentages in the tables may not add up to 100 due to missing data

Length of business operation ranged from less than one year to over 50 years, with a small proportion of respondents (9%) reporting two years or less, 28% between 2-5 years, 29% between 6-10 years, 21% between 11-20 years and the remainder (8%) more than 20 years. This shows a good spread of business acumen within the local business community and that businesses that have been operating for a long period of time purposely relocated to Joondalup.

Respondents were also asked how long the business had been operating in Joondalup specifically rather than overall operation. A slightly higher proportion (13% rather than 9%) had been operating for less than two years, 36% between 2 and 5 years, and 34% between 6 and 10 years As would be expected because Joondalup is a young city, fewer business (11%) had been in operation in Joondalup between 11 and 20 years. These results are summarised in Table 2 below.

Table 2: *Percentage of length of business operation*

Years	Length of business operation (%)	Length of business operation in Joondalup (%)
< 2 years	9	13
2-5 years	28	36
6-10 years	29	34
11-20 years	21	11
>20 years	8	1

Businesses appear to be locationally stable in Joondalup, as 65% indicated they have only been located in Joondalup and 94% indicated they have no intention of moving from Joondalup in the next 12 months.

In regard to the rental cost per square metre in the CBD there was substantial variation, with 9% stating their rent was less than $50 per square metre, 17% of businesses between $51 and $100, 14% between $101 and $150, 8% between $151-$200 and a further 11% between $201 and $250 per square metre. These results are summarised in Table 3 below.

Table 3: *Percentage of rental cost per square metre*

Cost per metre ($)	Percentage
< 50	9
51-100	17
101-150	14
151-200	8
201-250	11
> 251	6

Business size

Most businesses who participated in this survey are micro businesses, employing less than 5 full time employees. Of the remaining 12% of businesses they employed between 6 and 20 full time employees. There were less people employed part time in the businesses with 45% employing less than 5 employees and 5% employing between 6 and 20 people part time.

Employees

The employment status of respondents is presented in Table 4 and shows the percentage of people working full time, part time, casually or in temporary or contract positions.

Table 4: *Percentage of employees*

Number of Employees	Full Time (%)	Part Time (%)	Casual (%)	Temporary/Contract (%)
< 5	78	45	23	6
6-20	12	4	4	0
>21	1	1	0	0

Fewer people were employed casually with 23% of businesses employing less than five people casually and 5% employing between 6 and 20 employees casually. Very few people were employed as a temporary staff or on a contract. Few businesses used either apprenticeships or traineeships as 5% of businesses had one apprentice, and 6% had one trainee.

Customers and Suppliers

The respondents were asked a series of questions regarding where their customers and suppliers were based. 39% of customers were from the City of Joondalup area, and 28% were north of the river. The remaining customers were either from wider metropolitan area or from the rest of WA. In contrast, only 15% of the suppliers were from the City of Joondalup area, and the remaining were either from metropolitan Perth, all of WA, the eastern states or overseas. The low percentage of local suppliers may well be because of the high proportion of retail in the area, which because of the nature of the supply chain for retail, goods would need to sourced from either wholesalers or manufacturers, which are known not to be located in the Joondalup Wanneroo area.

The rate of exporting products (4%) was consistent with the national average and would be expected as the majority of businesses are service enterprises, who do not traditionally export. Any products that were exported went predominantly to Asia, and of the 4% businesses that were exporting most were exporting less than 5% of their product.

There may well be opportunities here to develop more business to business activities generally in the area and also to increase the number of businesses who are exporting, this can be done in collaboration with other government agencies who deal specifically with these issues such as AusTrade.

Business Expectations

The respondents were asked a series of questions about their business expectations over the next 12 months. Overall business expectations were high, with 46% indicating intentions to employ more staff. Of these, 19% said they would employ one person and 9% said they would employ two people. A further 20% were unsure whether they would employ more staff.

In addition to intentions regarding staff, respondents indicated the following growth activities:

- investing in new equipment (57%)
- developing new products and services (51%)
- developing new local markets (52%)
- developing new interstate markets (12%)
- developing new international markets (3%)
- moving to larger premises within Joondalup (6%)

Respondents were asked if they required assistance to achieve their growth expectations. In total, 33% that indicated that they did require assistance, with the main areas in:

- promotion (11%)
- marketing (8%)
- business planning (7%)

This is an area that the City may well want to pursue, in collaboration with other agencies such as the Small Business Development Corporation (SBDC) who are the state government agency responsible for small business activity and development. There are also other agencies that have interests in small business issues such as the Federal Office of Small Business and the state Department of Industry and Resources. The next section highlights the local awareness of current business support services.

Business Support Services

The respondents were asked if they were aware of local business services and whether they had accessed these services. Table 5 below indicates overall level of awareness and usage. There was a reasonably high level of awareness of the SBDC and the Joondalup Business Association, but a reasonably low rate of awareness of the local arm of the SBDC – the North West Metro Business Enterprise Centre. There was also a considerable difference between awareness and usage between all the nominated business services. More promotion and visibility of current local business services could well help businesses in the CBD with the issues mentioned in the section above.

A current initiative by the Department of Education and Training to increase the management skills of small business owners is the Small Business Smart Business training voucher scheme, which was distributed via the BEC network and was therefore noted on the survey. Given that this scheme had been in operation for 3 years, the level of awareness and usage was very low.

Table 5: *Percentage of awareness of business services*

Business Service	Not aware of (%)	Aware of (%)	Aware of and Accessed (%)
City of Joondalup	48	29	11
North West Metro BEC	46	27	17
Other BECs	59	19	9
Small Business Development Corporation	28	42	19
Joondalup Business Association	27	43	20
Small Business Smart Business Training Vouchers	57	19	12

Even though overall awareness and usage of local initiatives was low respondents were generally positive about attending programs specific to their needs, with 68% indicated they would attend programs that they perceived would be of benefit to them. 49% preferred accessing information through emails, while 23% preferred the post and 13% preferred one-to-one interaction. However, only 4% indicated they prefer seminars, which suggests the mode of delivery of programs needs to be considered carefully.

Membership of business and professional associations

Respondents were asked if they belonged to any business and professional associations with 38% of respondents belong to a business association and 37% belonging to a professional association. The respondents were asked why they chose not to belong to a business association and the main reasons were:

- too busy (17%)
- no perceived value (12%)

- my business is too small (10%)
- too expensive (7%)

The respondents were asked why they chose not to belong to a professional association and the main reasons were:

- too busy (16%)
- no perceived value (19%)
- my business is too small (5%)
- too expensive (5%)

Respondents were also asked what were their expectations of associations, with 22% of respondents expecting a business/professional association to provide information and advice, while others expected networking (13%) and mentoring and support (10%). Similarly, 22% of the respondents expected a BEC to provide information and advice, while 3% expected networking and mentoring and support respectively.

Use of Technology

The majority of businesses in the Joondalup Central Business District utilise some form of technology. 83% of businesses use both email and the Internet and 56% have a business web page. Respondents were asked if they had broadband access and although 54% respondents indicated they did, and 44% believed that broadband access would improve their business, it is not clear whether they understood what broadband access really is. For instance, when respondents were asked what type of broadband access they used, many listed their service provider. A small percentage of respondents (11%) indicated they did not intend to get access to email or the Internet, while another 11% indicated they did intend to get access to email or the Internet. Of these people, 5% indicated they intend to get access within one year.

Many of the respondents (61%) indicated that they conducted business online. The remaining respondents who do not conduct business online indicated that either face-to-face contact was more beneficial to their business, or that conducting business online was not a suitable way to conduct their business. Other reasons included the cost was too high or that it was something they planned to do in the future.

Reasons for being in Joondalup

The respondents were asked to indicate on a scale from 1 to 6, (1 indicating strongly disagree and 6 indicating strongly agree) the extent to which they agreed with statements as to why they chose to locate their businesses in Joondalup. These results are summarised in Table 6 and are listed in order from the most common to the least common reasons.

Table 6: *Mean scores for reasons to be in Joondalup*

Reasons for being in Joondalup	N	Mean
It is a growing area	168	5.36
It is close to my customers	145	4.74
It is a good investment area	148	4.68
It is close to my home	161	4.44
It is close to major roads	153	4.43
I like the look of the area	147	4.35
It is close to other retail/commercial/industrial areas	150	4.33
It is a great business community	151	4.20
Space/land was readily available	142	4.15
I like the lease/rental areas	140	3.54
I liked the price of land	99	3.29
I liked the price of nearby housing	107	3.18
I bought an existing business	86	3.17
Reasonable council rates	121	2.38
It is close to my suppliers	109	2.14

The results indicate that business owners located in the Joondalup CBD perceive the area to be both a growth area (5.36) and a good investment area (4.68). Furthermore, Joondalup is convenient to their customers (4.74), other retail/commercial/industrial areas (4.33), and close to major roads (4.43). Although being close to home was an important factor (4.44), the respondents were not so positive about the prices of nearby houses (3.18). In accordance with perceiving Joondalup as a growing area, it follows that space/land would also be readily available (4.15).

Respondents were asked if they considered any other areas prior to locating to Joondalup. Just under half (42%) indicated that they considered other areas with the most common areas being Wangara, Balcatta and Malaga. Respondents were also asked if they thought that from a business perspective Joondalup lacked any facilities. Over half (54%) indicated that Joondalup did not lack facilities while 37% indicated that there were some issues with having a business in the Joondalup CBD. Parking and access were the major concerns (10%), while another 5% commented on the lack of atmosphere and 2% commented on the lack of night life.

Services and facilities in Joondalup

The final section of the survey was open ended to give respondents an opportunity to comment on the services offered by the City of Joondalup that they had utilized in the past 12 months and also about business activity in general. In relation to City of Joondalup services and facilities 20% of the respondents declined to answer this question and 48% indicated that they did not use any of the services provided. Of the remaining 30%, the services that were most commonly used were:

- Planning, which included town planning, development and building permits;
- Cultural events, such as the Joondalup Festival, the markets and the community art;
- The library;
- Health Department, such as waste management, dog barking section and mosquito enquiries;
- Training, such as training for better business.

Business development

Businesses were asked to indicate the role that they saw the City of Joondalup playing in their business development. 25% of the respondents declined to answer the question and 37% indicated that they did not see the City of Joondalup playing any role in their business development. The comments made regarding the role of the City in business development included several key areas such as:

- Promotion of businesses and the Joondalup area generally. For example, some responses were:

- *“We would like to work with other businesses to cross promote our businesses and gain better awareness”*

- *“Promote the region as an alternative to Perth and Mandurah”*

- *“Increase Joondalup’s exposure as the ‘North’s Centre’”*

- Parking, access to land and street signage:

  - *“Access to land in the business park for a reasonable rate”*

  - *“Provide good access via signage and routes for a reasonable rate”*

- Fostering a community spirit:

  - *“The City of Joondalup needs to assist in the development of an atmosphere or culture which will lead the city to become more than just a 9 – 5 job opportunity and overcome the weekend ghost town image which it seems to have developed”*

  - *“Keep the streets clean and safe and keep up with the festival and Night Markets – this attracts tourists to the area which is important for my business”*

- Providing mentoring and support to businesses:

  - *“Continue with helping small business to grow”*

  - *“Use more local services rather than those outside the city”*

- Providing expedient building approvals and low rates:

  - *“Headaches with signage and building approvals”*

- *"Lower rates and enforcing a 'buy local' policy"*

General Comments

Respondents were asked to make any general comments about the City of Joondalup. Only 30% responded with general comments and included comments on four board categories, which were the council itself, business issues, specific faculties and the overall ambiance of the area. It should be noted that the majority of respondents did not answer this question so the comments shown below are from individuals (who may well have their own agendas), as opposed to groups and should therefore not be taken as evidence of a groundswell of popular opinion against the City. However in the interests of transparency some of the comments have been included.

- Comments on the Council:

  - *"The City needs to demonstrate sound civic leadership and be more visionary in its approach. It has become somewhat inward thinking and negative in recent years"*

  - *"The City staff are politically motivated councillors or employees and do not have an appreciation of how to run a business or be self employed"*

- Comments regarding supporting and promoting local businesses:

  - *"I feel that the City of Joondalup makes it hard for new businesses to come to Joondalup and have heard of businesses going elsewhere because of this. They are not willing to have events here and take a long time to come to decisions which other councils do quickly"*

  - *"I don't feel that the City of Joondalup promotes local business within this area"*

- Comments regarding traffic and parking issues:

  - *"There is not enough parking for employees or customers"*

- *“Traffic problems in Business Park”*

- Comments regarding lack of atmosphere:

  - *“Encourage evening trading in central area of Joondalup to promote community interaction, fine dining and entertainment for nearby residents”.*

  - *“The ‘City Walk’ needs developing with restaurants, theatres and other facilities to draw people through”*

  - *“Joondalup has no soul. Nothing to sway people away form the shopping centre”*

Appendix A Map of City of Joondalup Survey Distribution