



# INSIGHT

Australia's regional competitiveness index

## Bringing Business into Australian Regional Development

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Results of a Survey of the Business Community of  
Regional Australia



## About the Regional Australia Institute

Independent and informed by both research and ongoing dialogue with the community, the Regional Australia Institute (RAI) develops policy and advocates for change to build a stronger economy and better quality of life in regional Australia – for the benefit of all Australians.<sup>i</sup>

## Acknowledgements

The RAI would like to acknowledge and thank all of the businesses who participated in the survey. The RAI would also like to thank the Regional Development Australia Committees throughout Australia and the Australian Chamber of Commerce and Industry and its state and local members who assisted the RAI in raising awareness of the survey amongst the business community.

As well as RAI analysis, this report relies on survey data collected for the RAI by Roy Morgan Research and Taverner Research and analysis completed by Professor Patrice Braun (University of Ballarat) and Professor Paul Collits (University of Southern Queensland).

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## Executive Summary

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The success of regional business is central to regional development. Growing existing businesses or encouraging new entrepreneurs to establish and grow provides an opportunity for new jobs and wealth in the regions.

However, due to a lack of data, relatively little is known at the national level about the business community in regional Australia. This severely constrains the possibility for policy making that takes into account the needs and opportunities of regional business. To begin filling this gap, this report provides some initial insights into the regional business community from the Regional Australia Institute's (RAI) *Survey of Business Conditions and Perspectives on Regional Development* undertaken in early 2013.

The survey confirms that regional Australia has a vibrant business community. Density of businesses in the regions is actually higher than in metropolitan areas. Almost one in five income earners outside the capital cities are business owners, compared to one in seven for the nation as a whole.

The survey also suggests that the level of ambition in the regional business community is similar to that of metropolitan areas. The results show that 20 per cent of businesses in regional and remote areas are seeking to double the size of their businesses in the next five years.

The state of the local economy is relatively more important to success for the regional and remote business community. On balance it may be said that for roughly half of businesses in regional economies what happens locally is make or break. Many of these 'local make or break businesses' see the state of their local economy as a constraint on their growth.

The results also emphasise how much work there is to do to bring regional and remote businesses more effectively into the regional development system in regional Australia. Most survey respondents have a low awareness of current development activities at the local and regional level.

The survey also highlights a significant gap between business and policy makers perspectives on regional development.

Most recent analytical work on regional growth and competitiveness emphasises the need for a focus by policy makers and local development organisations on innovation, technological readiness and human capital as pathways for creating more prosperous regions. However, the top three factors identified by businesses as driving regional performance include none of these issues. Government policy can do little about the geography of natural resources, the state of the region's economy or the



size of the local market which are top of mind for business.

This gap may present a significant challenge for policy makers and people involved in regional development who are seeking to activate and involve businesses as part of regional development initiatives.

Despite the challenges however, this shift to greater business engagement is important. Government action continues to dominate the regional development system in Australia despite the fact that governments located in capital cities cannot readily understand diverse regions in the way that is needed to catalyse effective regional level action. A focus on locally driven change is essential to counter the persistent but unhelpful focus on external government action as the key driver of change in regions.

Bringing the business community – particularly those businesses intent on growth - more effectively and consistently into partnerships on regional development activities is central to shifting this historical bias and building a more effective system. Developing a stronger shared vision for local and regional development should be a crucial component of future regional development action in Australia.

Rather than a source of answers on this difficult issue, this report seeks to be a discussion starter. RAI looks forward to discussions and input from others in the regional development community about how policy can best assist in integrating the business community into regional development policy and practice in the future.





# Introduction

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## Understanding Regional Australia's Business Community

In a fast moving world, regional institutions and businesses are constantly trying to make sense of and respond to external events and trends in an effort to carve out new competitive advantage.

The contemporary focus of regional policy on economic growth from within regions places the success of a regions business community at the heart of regional development. However, despite the shift in national policy rhetoric towards an endogenous growth perspective, the traditional focus on government infrastructure expenditure in the politics and policy of regional development remains embedded in the system through policy and programs<sup>ii</sup>.

Understanding the interaction between business sophistication and institutions is integral to understanding regional policy, yet information flows between regional areas and their governing institutions are weak, particularly in regards to the economic conditions facing regional enterprises. This is because most national business surveys contain a limited number of regional businesses. The many local business surveys are of limited use in state or national decision making as they cannot easily be aggregated to support policy analysis. It is imperative to fill this information gap in order to gain a comprehensive understanding of the competitiveness of regions and assess the role of business in future regional development.

About 850,000 Australians run a business as their main job. A recent report by the Australian Bureau of Statistics (ABS) <sup>iii</sup> showed that business ownership is higher in regional Australia. Almost one in five income earners outside the capital cities are business owners, compared to only one in seven for the nation as a whole.

The majority of business owners are male (66 per cent) and tend to be older than the general working population, with a median age of 47 years, compared to 40 for the average worker. The three main industries were;

- Construction;
- Agriculture, forestry, and fishing; and
- Professional, scientific and technical services.

These statistics are valuable and illuminating but tell us little about how well businesses are doing in adapting to the changing external environment. For example, the reason for the higher presence of





businesses in regional areas is not clear. Similarly, the knowledge of specific issues for businesses in regional Australia is limited. This constrains the ability for local, state or national governments to make good decisions for business in regional Australia.

## About the Survey

### Intent and Design

In the absence of an established data source on business sophistication and institutions, a survey was developed by the Regional Australia Institute (RAI). The survey was designed to gauge 'business conditions and business perspectives on regional development'. Within this context, the three main competitiveness themes identified as requiring data were institutions, innovation and business sophistication which led to a survey with two purposes:

- Explore regional business conditions; and
- Gauge business perceptions of regional development institutions and related information flows.

As a result, the survey provided an opportunity for regional and metropolitan businesses to share their opinions on:

- How the local environment is currently contributing to their business success and their confidence in their regions future;
- Business issues;
- Regional development challenges; and
- Other factors that affect regional development.

This survey supports eight indicators in *[In]Sight – Australia's regional competitiveness index* (see Appendix 1). The survey also included questions on some general characteristics of respondents' businesses, such as location, industry, main source of income etc. A copy of the survey questionnaire is at Appendix 2.

### Responses

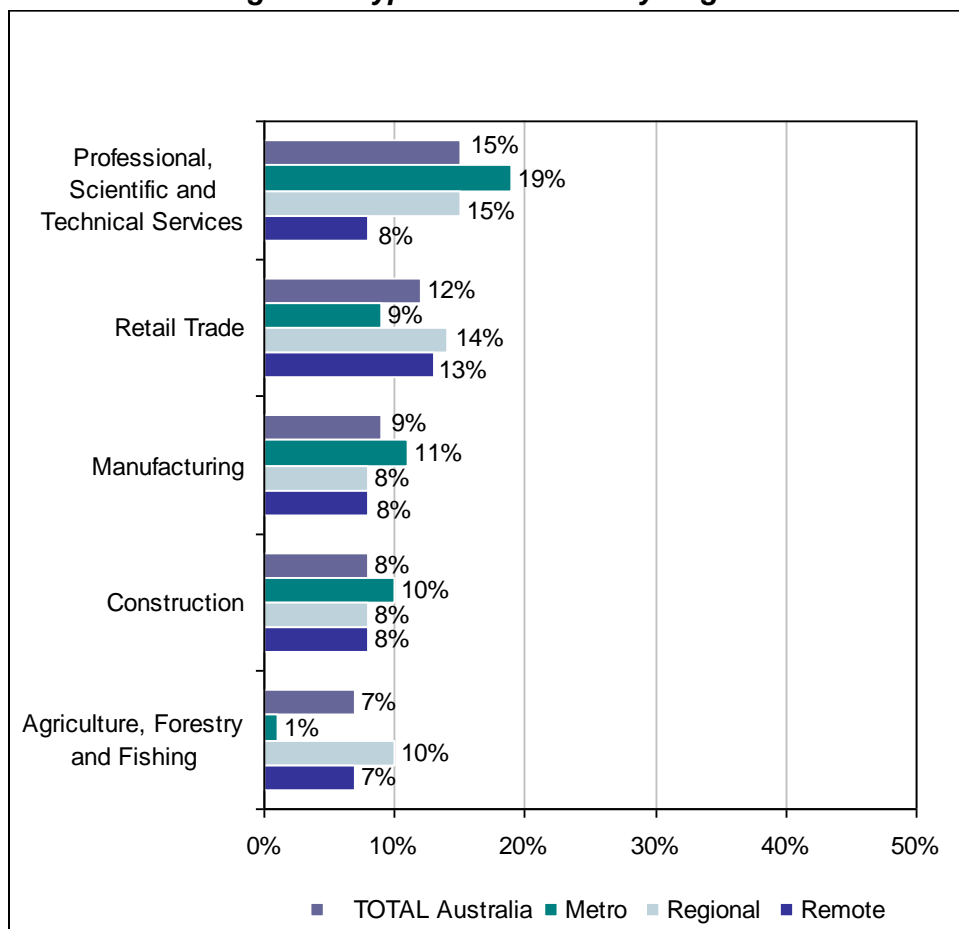
Using an online survey methodology, the survey was conducted with business owners or managers throughout regional and metro Australia. Respondents to the survey were recruited from the Roy Morgan Research Business Panel and directly by the RAI resulting in a total of 2,143 responses (1,829 from the Roy Morgan research Business panel and 314 from RAI contacts). Responses from 184 business owners and managers who had responded to an earlier mail survey using the same questionnaire were also added to the respondent data base to give a total data base of 2,327

businesses.

The majority of respondents were from regional (59 per cent) or remote (12 per cent) areas. With over 70 per cent of respondents coming from non-metropolitan areas, the survey represents a statistically valid sample of regional business views. Sample details can be found at Appendix 3.

The greater number of respondents was from professional, scientific and technical services; retail trade; manufacturing; construction; and agriculture, forestry and fishing industries. There were some differences by region (Figure 1), with 19 per cent of professional, scientific and technical services in the metropolitan areas (above the 15 per cent average), while only 8 per cent of businesses belong to this industry in the remote areas of Australia (below the 15 per cent average).

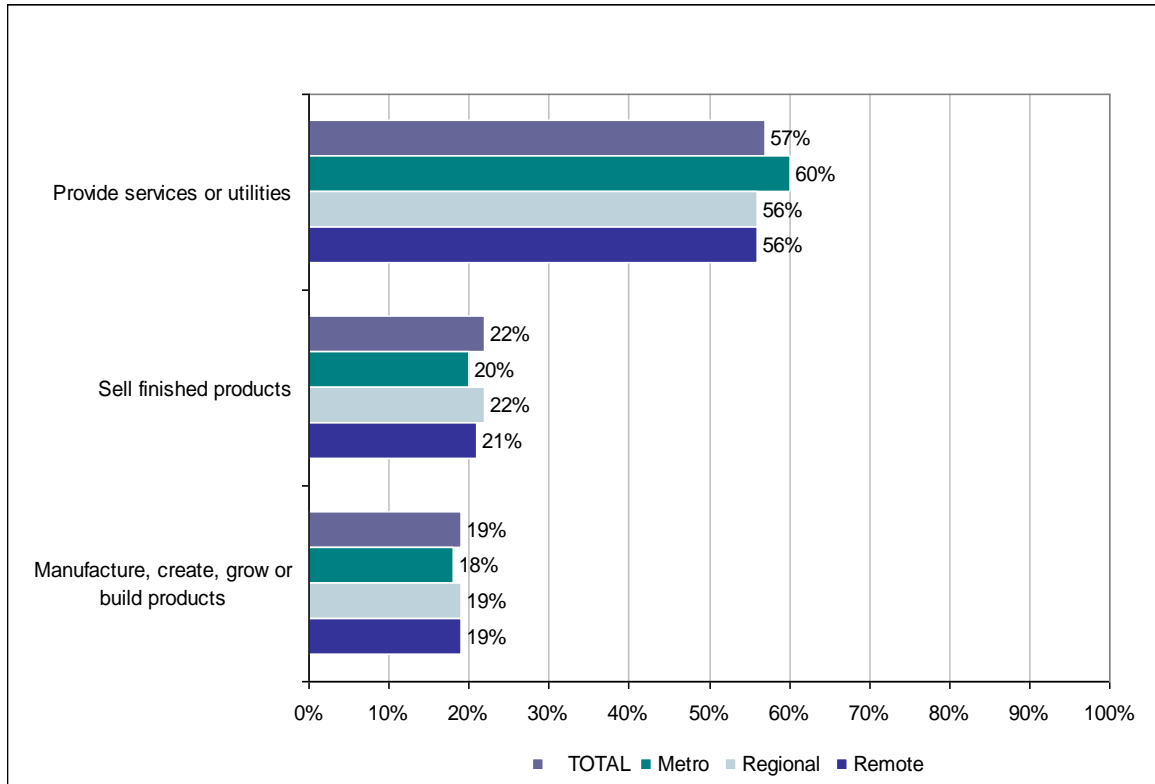
**Figure 1: Types of Business by Region**



Q8. What kind of business is carried out at business location? Base: Total (n=2,327), Metro (n=676), Regional (n=1,372), Remote (n=279).

Just over a half of businesses named their main source of income as providing services or utilities, showing a strong representation of businesses in the service economy, followed by selling finished products and manufacturing (Figure 2).

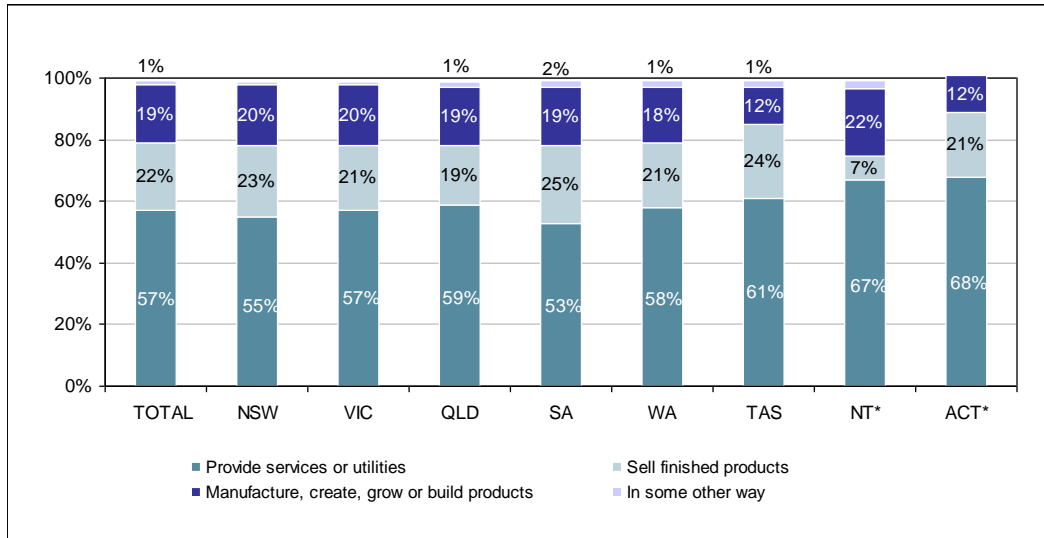
**Figure 2 Main Source of Income by Region**



Q9. How does your business generate its main source of income? Base: Total (n=2,327), Metro (n=676), Regional (n=1,372), Remote (n=279).

State cohorts (Figure 3) are consistent with the Australian average, except for Tasmania with only 12% of businesses mainly engaged in manufacturing (below the 19% total).

**Figure 3: Main Source of Income by State**



Q9. How does your business generate its main source of income? Base: Total (n=2,327), NSW (n=696), VIC (n=430), QLD (n=279), SA (n=252), WA (n=256), TAS (n=109), NT (n=27)\*, ACT (n=34). \*Note: NT and ACT numbers are indicative only due to the small base size.

### Future Surveys

The business survey will be refined and conducted again in the future to support the update of [In]Sight. In such iteration, RAI will seek to significantly expand the number of businesses to enable more detailed regional level analysis of the result in future reports.

# Main Findings

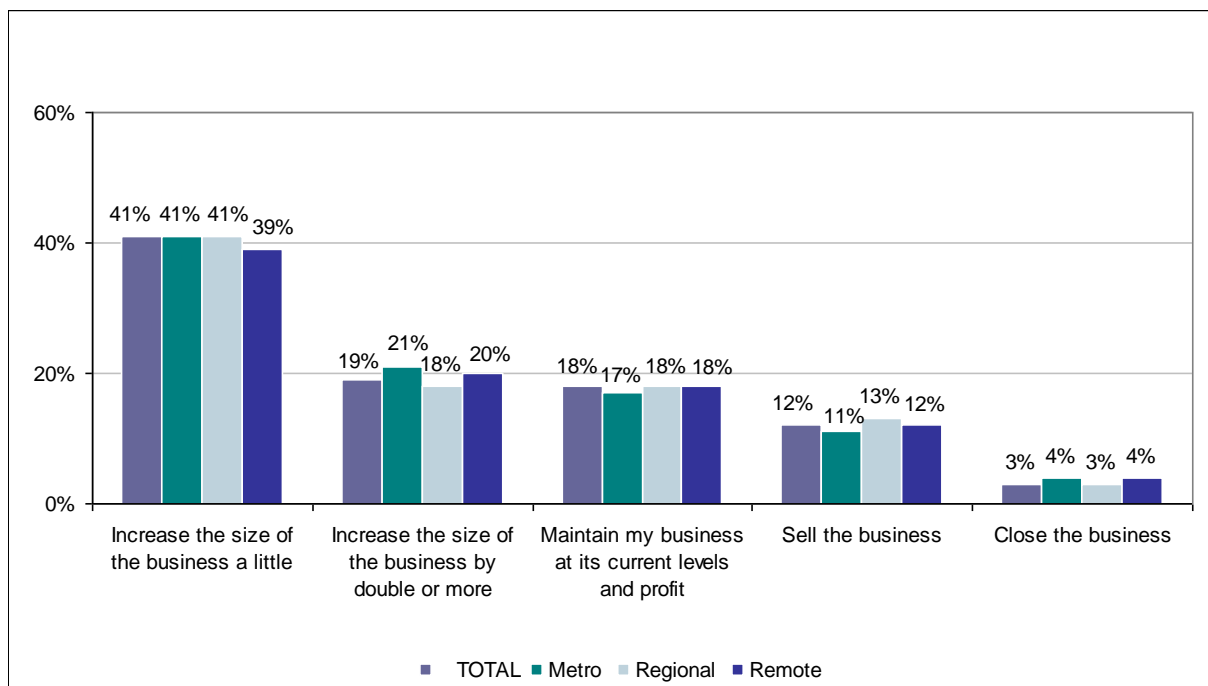
## Engagement with the Future: Business Ambition, Innovation and Expectations of the Rise of Asia

The survey results suggest that ambition for business growth, innovation and expectations about the influence of the rise of Asia is relatively consistent across metropolitan, regional and remote business communities.

### Business Ambition

On the whole, there was optimism among regional businesses as reflected by their intentions to grow their enterprises (Figure 4). Two in five businesses in Australia are planning to increase the size of the business a little in the next 5 years. Importantly, around one in five (19 per cent) is planning to increase the size of the business by double or more. This result is remarkably consistent across all types of regions.

**Figure 4: Business Goals in the Next 5 Years by Region**

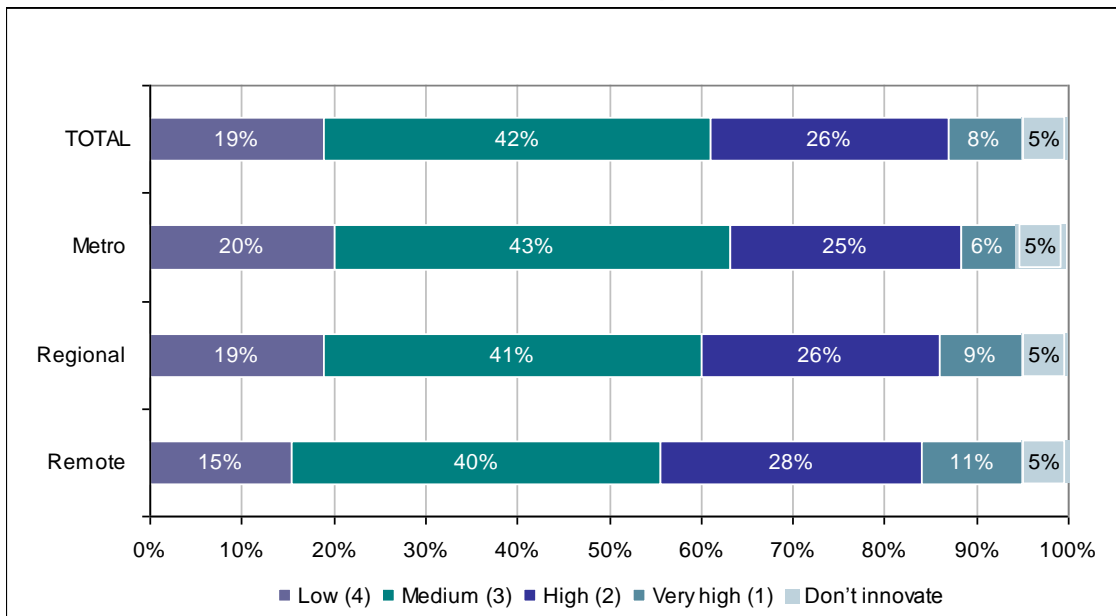


Q11. In the next 5 years my business goal is to...(statements provided) Base: Total (n=2,327), Metro (n=676), Regional (n=1,372), Remote (n=279).

### Innovation

Innovation perspectives were also similar for businesses in metropolitan, regional and remote areas (Figure 5). Two in five (42 per cent) rated their firms' levels of innovation as medium. Around a third (34 per cent) rated their firms' levels of innovation as high and very high. A slightly larger number of remote businesses rated themselves as high and very high (39 per cent) in innovation (above the 34 per cent total). There were far fewer firms who rated their own innovation performance highly than those who admitted to lower levels of innovation.

**Figure 5: Innovation by Region**



Q23. How would you rate your firm's level of innovation? Base: Total (n=2,327), Metro (n=676), Regional (n=1,372), Remote (n=279).

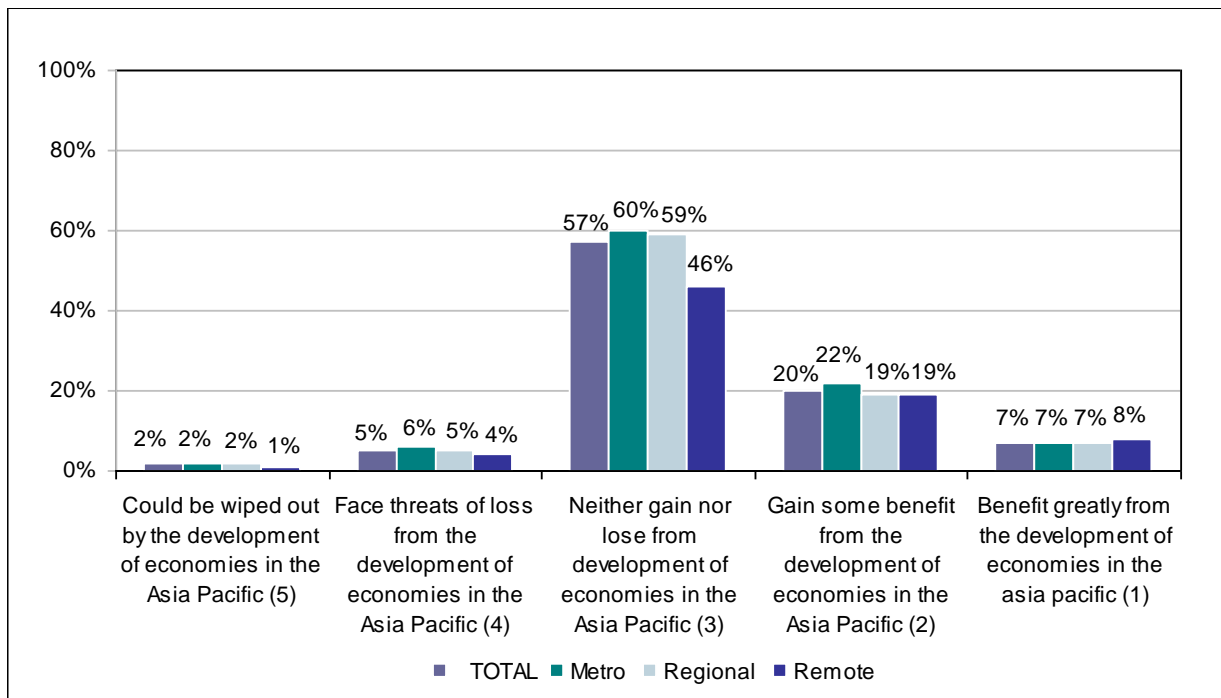
This is clearly a preliminary result and the self-assessments have not been verified. Overall, the notion of innovation in general, and in regional business particularly, needs further unpacking and clarifying given its fundamental influence on the economic performance of regions.

### The Rise of Asia

Given the centrality of Asian development in current policy discussions, the survey also tested the perceptions of risk and reward for businesses arising from the rise of Asia.

As with business ambition, the results are relatively similar across metropolitan, regional and remote businesses (Figure 6). Over half of businesses across Australia consider they will neither gain nor lose from the development of economies in the Asia Pacific suggesting either a level of comfort or lack of engagement/knowledge with the implications for their industry. One in five (20 per cent) of businesses consider that they will gain some benefit and a small group of businesses (5 per cent) sees a threat of loss from the development in the Asia Pacific.

**Figure 6: Impact of Asia-Pacific Development by Region**

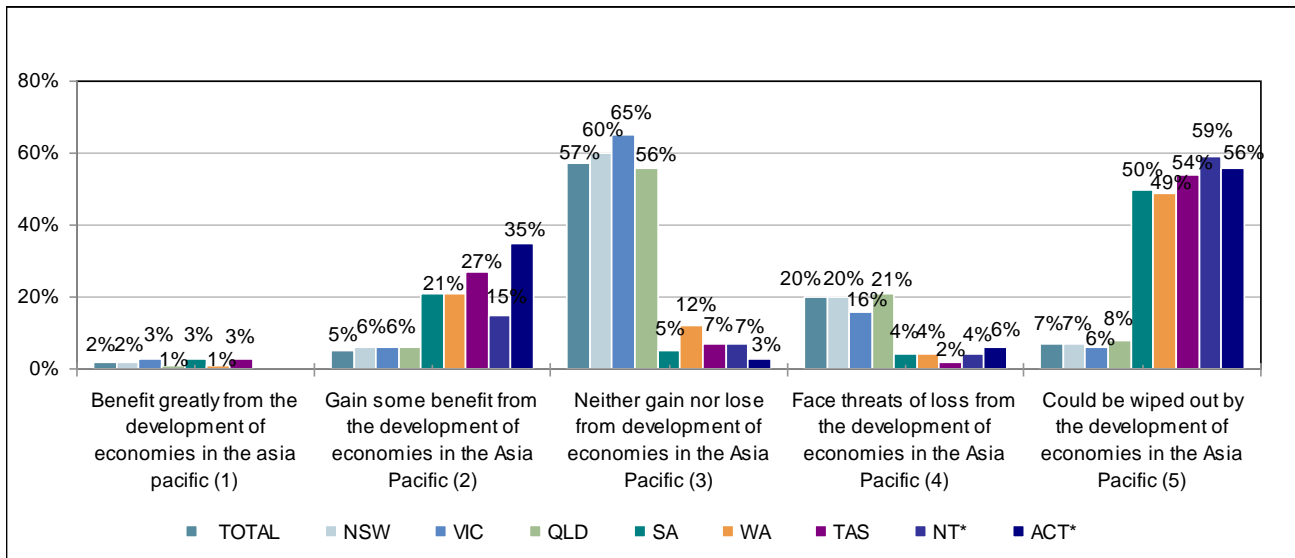


Q44. Your business will... (Statements provided). Base: Total (n=2,327), Metro (n=676), Regional (n=1,372), Remote (n=279).

However when the results are examined on a state by state basis (Figure 7) there is a striking difference. Views of likely benefit or loss are much more pronounced in Western Australia (WA), Tasmania and South Australia (SA). In these states most businesses were expecting to experience either some benefit or a risk of being wiped out.

In contrast New South Wales (NSW), Victorian (Vic) and Queensland business felt that the effect would be marginal or slightly negative overall. These results suggest that generally business in the smaller states may see themselves as much more exposed to international markets, although more detailed data would be needed to draw a firm conclusion on the reasons for this finding.

**Figure 7: Impact of Asia-Pacific Development by State**



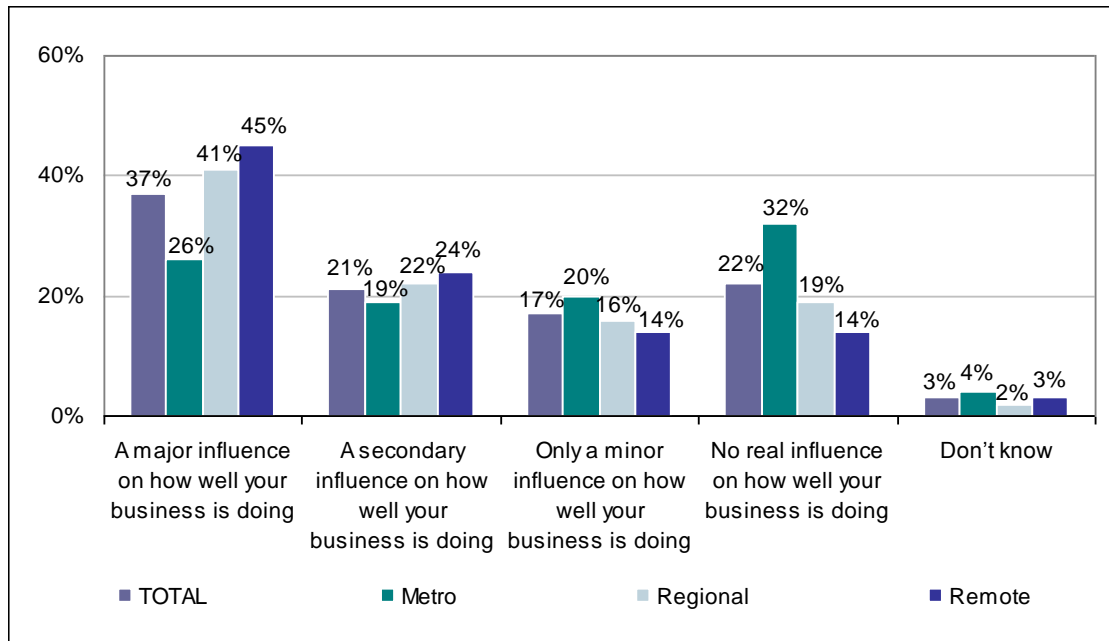
Q44. Your business will.... (Statements provided). Base: Total (n=2,327), NSW (n=696), VIC (n=430), QLD (n=279), SA (n=252), WA (n=256), TAS (n=109), NT (n=27)\*, ACT (n=34)\*. \*Note: NT and ACT numbers are indicative only due to the small base size.

## Business Success and the Local Economy

What place geography plays in regional economic development and how local factors shape regional business outcomes is a fundamental question for business and for regional decision makers. The survey included questions on how much the local and regional business climate affects respondent’s business operations.

The survey suggests that the local business environment is important to a greater proportion of regional and remote businesses (Figure 8). A much higher proportion of businesses in remote (45 per cent) and regional (41 per cent) areas than in metropolitan areas (26 per cent) consider the local business climate as having a major influence on how well their business is doing.

**Figure 8: LGA Business Conditions Influence**

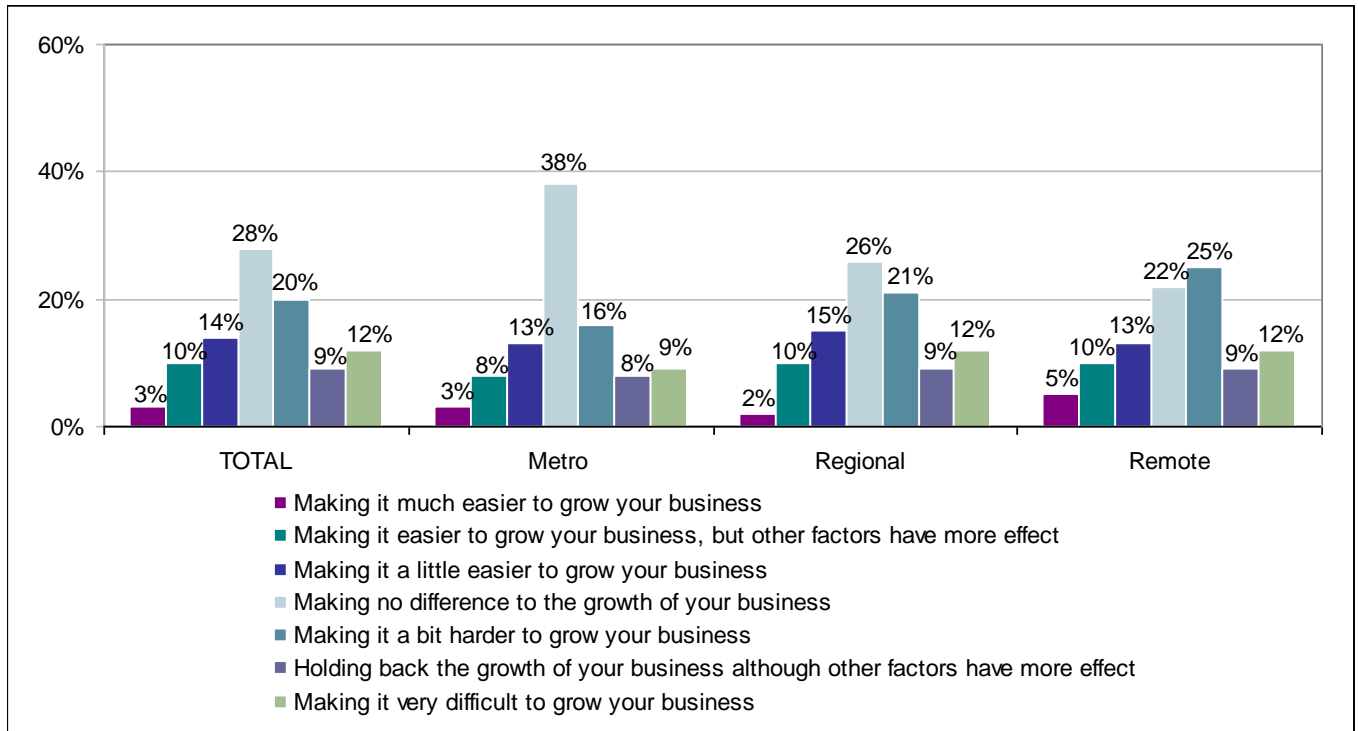


Q40. Does the business climate in the local area where you operate have...? (Statements provided) Base: Total (n=2,327), Metro (n=676), Regional (n=1,372), Remote (n=279).

Amongst those businesses who felt there was a significant link between local business conditions and their success, a greater proportion of regional and remote businesses (42 per cent and 46 per cent) saw the local environment as currently having a negative influence on their business growth (Figure 9). This suggests a significant group of businesses in regions and remote areas feel linked to and constrained by local economic conditions which for some may serve as a motivator for involvement in regional development activities.

Overall, the responses in this part of the survey suggest that, from the perspective of the business community, local economic changes are relatively more important in regional and remote areas than in the cities. This finding makes sense as regional and remote businesses operate within geographically isolated economies and are therefore more likely to be reliant on local conditions for business success. This finding however also emphasises the relatively greater exposure that regional and remote businesses have to local economic changes.

**Figure 9: Business Climate Contribution by Region**



Q40A. Is the business climate in this region where you operate... (Statements provided). Base Filtered by Total Influenced by Local Business Conditions: Total (n=1,751), Metro (n=439), Regional (n=1,081), Remote (n=231).

On balance it may be said that for roughly half of businesses in regional economies, what happens locally can make or break a business; for the other half it is not important. Additional research is needed to understand more about this group.

## Relative Importance of Regional Competitiveness Factors

The extent to which different local and regional factors are perceived to drive business performance is extremely important for both regional policy and regional economic development strategy. Knowing which drivers of business performance are important, indeed which drivers are susceptible to policy interventions, including locally, will help determine how governments at all levels best support regional development.

To investigate this, the survey tested which [In]Sight competitiveness themes were seen by business as the most directly important to their success. The results show an important contrast between the focus of



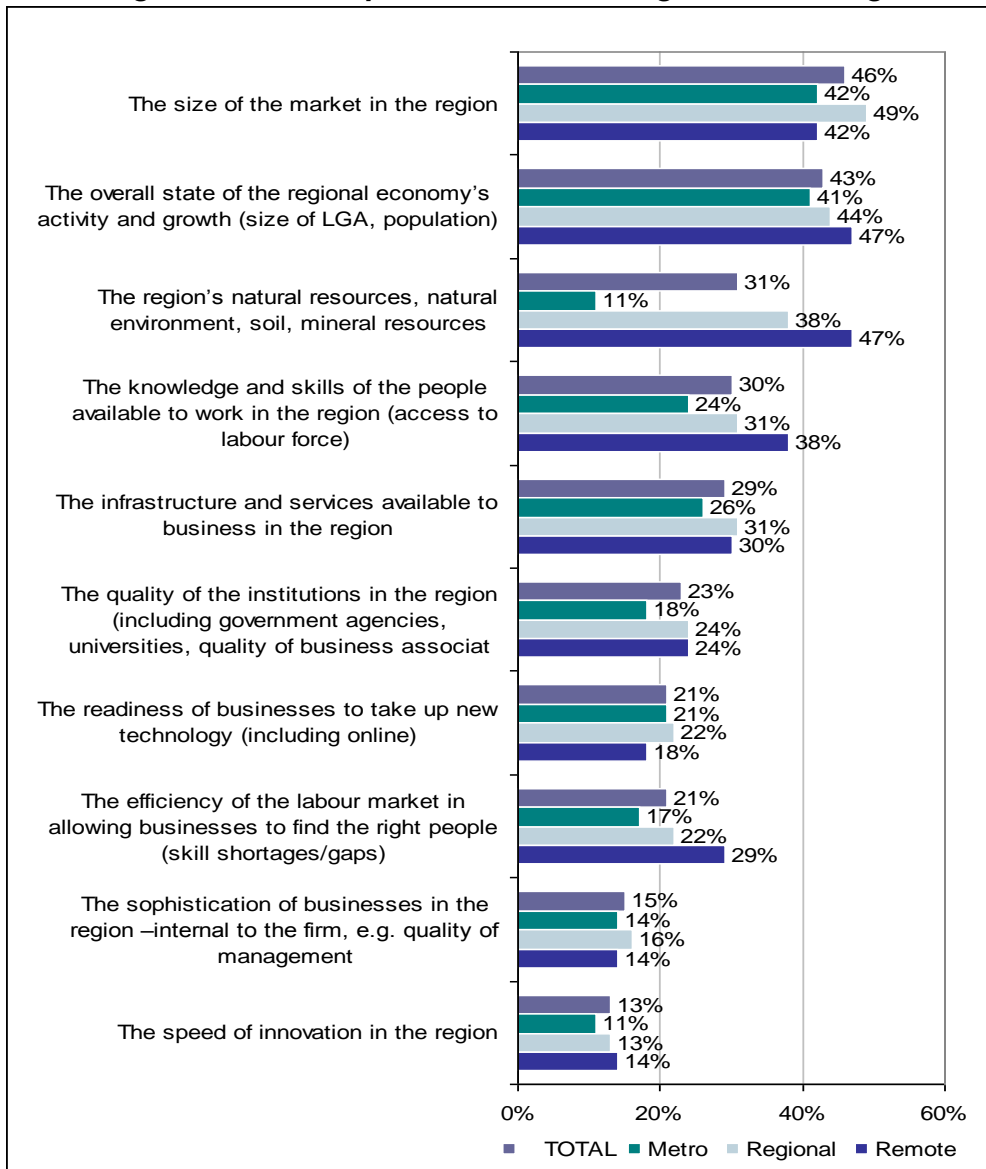
policy makers and what policy is capable of influencing and the most direct sources of competitive opportunity for business.

The three most important drivers identified by businesses, both nationally and regionally, were the size of the regional market; the state of the regional economy; and natural resources (Figure 10). Businesses rated these drivers of higher importance than 'new economy' drivers such as human capital (knowledge/skills), the quality of local institutions, technology take-up and the speed of innovation. Also of note is the mix of traditional and new economy drivers for businesses in remote regions, such as the state of region and natural resources (47 per cent) and access to knowledge and skills (38 per cent).

It is important to note that these top three factors identified by businesses as driving performance might also be regarded as those least able to be influenced or controlled by government. Government policy can do little about the geography of natural resources, the state of the region's economy or the size of the local market.



**Figure 10: Most Important Source of Regional Advantage**



Q41. Considering the region where your business is located, which of the following aspects of the region's competitiveness make a substantial contribution to the opportunities your business has to grow? Base: Total (n=2,327), Metro (n=676), Regional (n=1,372), Remote (n=279).

The businesses surveyed did not appear to rate business management skills highly (Figure 11), with sophistication of businesses in the region showing as the second lowest measure of importance despite its established importance in economic development<sup>iv</sup>.



The take-up of technology ranks equally low in business thinking. Adapting to new business opportunities, new product development and process innovation, provide new pathways for regional business growth. There is little evidence from the survey that the regional business community as a whole is alert to the possibilities afforded by technology take-up and further work is needed to understand this issue across regions.

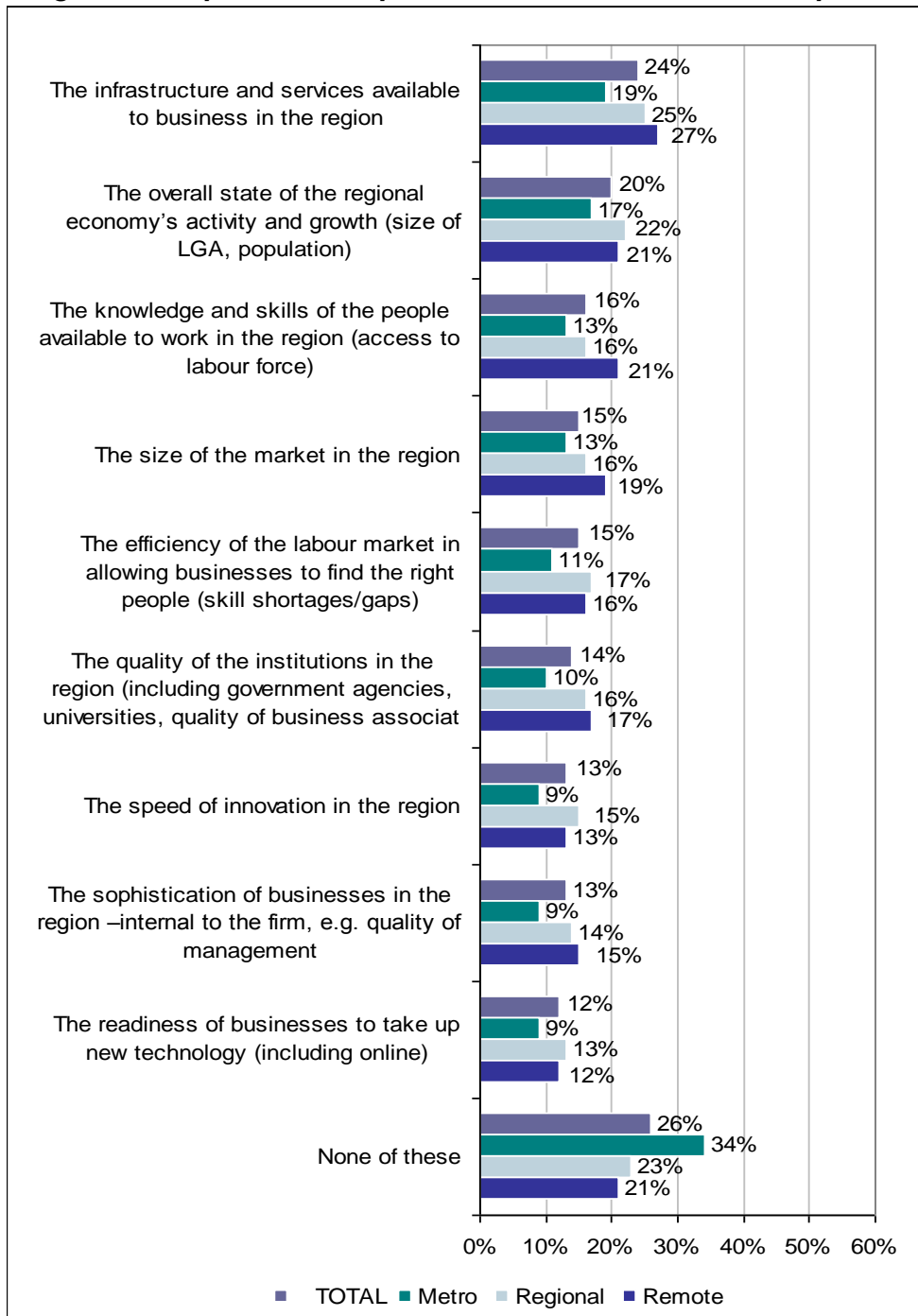
Given these results, there is a clear gap in perceptions about what is most important for business when compared to the contemporary focus of practitioners, policy makers and scholars, who will likely place other drivers much higher in their assessments.

The drivers of regional competitive advantage seen by the regional business community as needing the most urgent policy attention appear inconsistent (Figure 11). There is no clear winner across the competitiveness themes with views about the importance of a focus on infrastructure, lifting the local economy and knowledge/skills all clustering around the 15-25 per cent mark. This result emphasises the diverse nature of the business community and business climate in different regions. This highlights the need for a diverse range of strategies rather than a singular focus on one driver of change.

A quarter of all businesses also indicated that none of the drivers needed improvement with metropolitan businesses highest in their belief that no improvements were needed. The lack of need for improvement could be because businesses believe that the business enabling environment is largely adequate or because they are unsure how the factors listed could be improved, including through policy interventions. On the other hand, businesses may not have adequate information on the enabling environment.



**Figure 11: Aspects of Competitiveness which Need to be Improved**



Q42. Which of the following aspects of the competitiveness of your region needs to substantially improve for the region's business growth to lift? Base: Total (n=2,327), Metro (n=676), Regional (n=1,372), Remote (n=279).



Government's strength in regional development is its capacity, beyond that of individual businesses and even industry associations, to plug information gaps in the market and to conduct or commission research pertaining to the enabling environment and drivers needing improvement. It also has an important role in helping the development of networks among businesses and in acting as both broker and coach of collaborating firms and institutions.

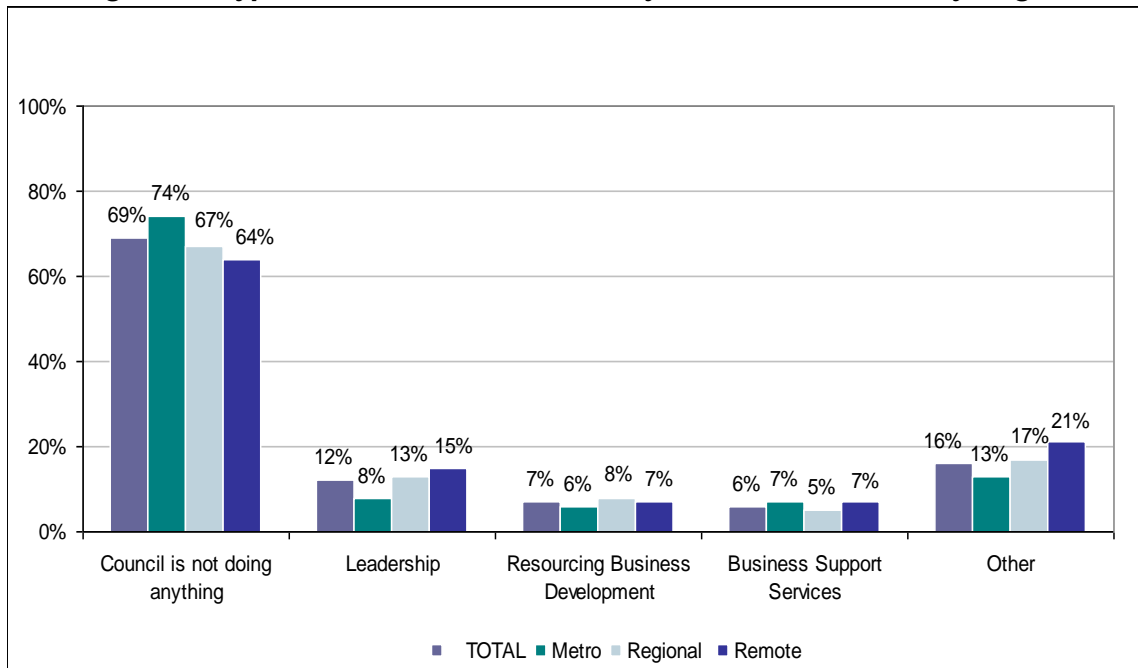
## Engagement with Government Driven Regional Development

The survey asked a range of questions of business about their local government. These questions reveal that business is not well connected to local and regional policy and strategy.

This is perhaps unsurprising given that most businesses do not see that local government has a significant impact on their business. Over a half of respondents (56 per cent) believe that their local Council has little effect on their business with a slightly higher proportion of respondents (62 per cent) in the metropolitan areas holding this view.

However a minority of businesses agreed that local council leadership (12 per cent), resources for business development (7 per cent), business support services (6 per cent) and other activities (16 per cent) were assisting their businesses. Leadership and other activities were also slightly more important in regional and remote areas (Figure 12). Proactive business support activities by local governments are valued by sections of the business community.

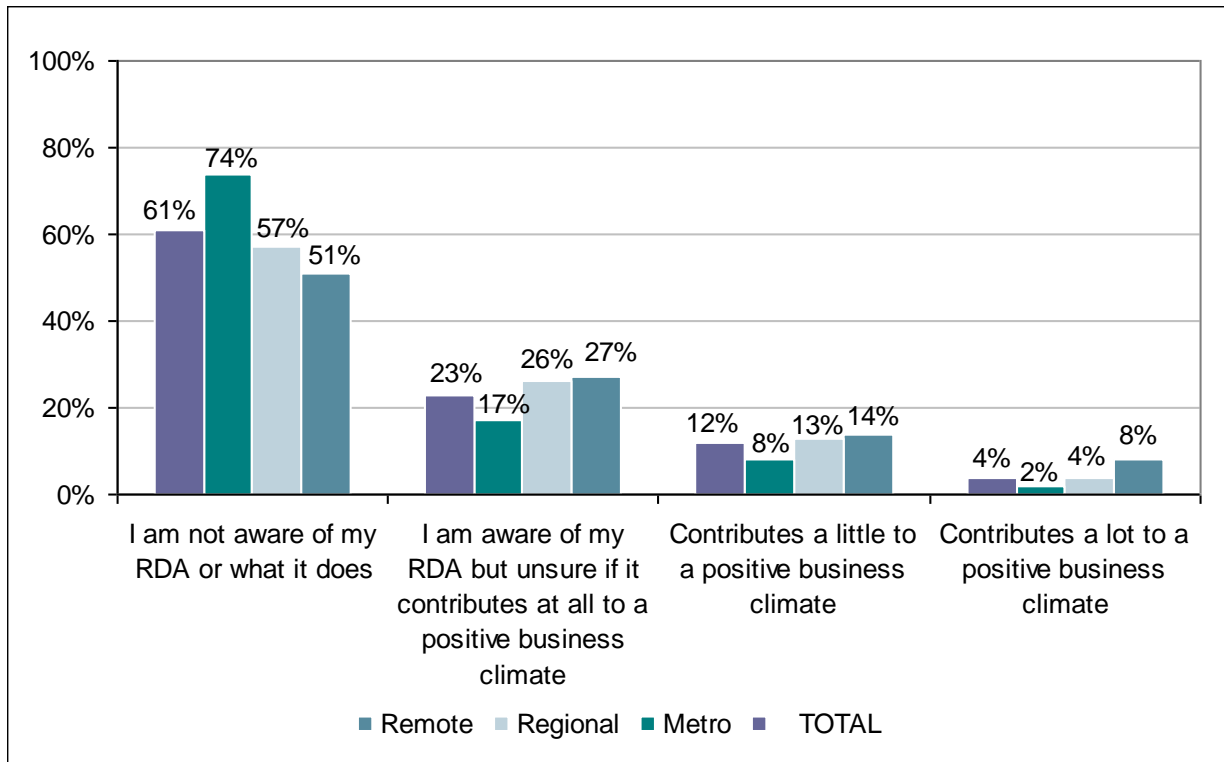
**Figure 12 Type of Assistance Provided by Local Government by Region**



Q15A. What is your Council doing right to assist your business? Base: Total (n=2,327), Metro (n=676), Regional (n=1,372), Remote (n=279).

In general, three in five businesses (61 per cent) in Australia are also not aware of their Regional Development Australia (RDA) Committee and what it does. A higher proportion of respondents from metropolitan areas (74 per cent) than respondents from regional and remote areas (57 per cent and 51 per cent respectively) are unaware of RDA suggesting that the role of the RDA committees has a higher (but still limited) profile and a greater perceived contribution to the business climate in regional than in metropolitan areas.

**Figure 13 RDA Contribution to Business Climate by Region**



Q19. The support given by my Regional Development Australia Committee (RDA) to business in the region (statements provided). Base: Total (n=2,327), Metro (n=676), Regional (n=1,372), Remote (n=279).

The RAI recognises that business engagement is not a primary activity for the 55 RDA committees<sup>v</sup> and therefore this result should not be seen as an indictment on the performance of RDAs. However, given the centrality of business to regional development, the survey did test the level of awareness of the activities of RDA committees as an input to future policy in this area.



## Conclusions

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Understanding the interaction between business sophistication and institutions is integral to understanding regional policy and it was imperative to fill this information gap to gain a comprehensive understanding of the competitiveness of regions. In the absence of an established data source on business sophistication and institutions, the survey was developed in order to capture information on regional business conditions not currently provided by mainstream information bodies.

The regional business culture is also a critical ingredient of competitive advantage. It is noteworthy that there are no great differences in the attitudes of business owners and managers in regional Australia when compared to metropolitan businesses, or with the national outcomes. Ambitions for growth, perceived levels of innovation and perspectives on government are relatively similar across metropolitan, regional and remote businesses.

This survey has also confirmed the feedback to the RAI from people in regional development that the links and information flows between business and institutions remain weak.

In taking a broad view, the survey has revealed a number of contextual questions that merit follow up such as business inputs, capacity and potential; regional level communication and collaboration; and regional positioning in relation to changing Asian markets. These issues will be explored in more detail through a future survey and other RAI work.

The RAI looks forward to discussions and input from others in the regional development community about how policy can best assist in integrating businesses into regional development practice.

# Appendix 1: Use of Survey Results in [In]Sight

The survey data informs eight indicators in [In]Sight (Table 4).

Given that the number of responses are below target in this iteration of the index, the RAI has been conservative in including the survey information in the first edition of [In]Sight and has not used or presented the data at the Local Government Area (LGA) level. RDA results are also ranked from 1 to 10 using a decile rather than 1 to 55 as they are interim results.

A likert scale was used to convert qualitative survey statements into consistent indices that can be used to compare sentiments across the different focus areas. Specifically, positive answers to the survey questions were assigned values of 5 and 4, more neutral responses were given a value of 3 and negative answers were given values of 2 and 1. In this way, a higher index represents better competitiveness outcomes for RDAs, while lower ratings imply the opposite.

Data is available at [insight.regionalaustralia.org.au](https://insight.regionalaustralia.org.au). A results guide and reports can be accessed at [www.regionalaustralia.org.au](https://www.regionalaustralia.org.au).

**Table 4: [In]Sight Indicators drawn from the survey (RDA level only)**

Indicator	Theme
<b>Regional government influence at state/national level</b>	Institutions
<b>Transparency of local Government policy</b>	Institutions
<b>Clear roles and responsibilities in regional Governance</b>	Institutions
<b>Financial burden of local Government</b>	Institutions
<b>Local Government assistance for businesses</b>	Institutions
<b>Business Confidence</b>	Economic Fundamentals
<b>Exports</b>	Business Sophistication
<b>R&amp;D Expenditure</b>	Innovation





## Appendix 2: Survey Questionnaire

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### Introductory Questions

Q0 Please confirm the State and RDA in which you live?

Q1 Some who do this survey will be the owners or managers of a business located in one region of Australia. Others will be the manager responsible for one or more branches or outlets in a region.

Do you ...

Own the business

Manage the whole business

Manage one or more local branches or outlets of a larger business

Have another managerial role in the business

Not have responsibility for managing in the business (end survey)

Q2 And are you...

Male

Female

### Business characteristics

Q3 The questions presented in this section pertain to the basic characteristics of your business. Your responses will assist us to ensure we sample a broad cross section of businesses in your region.

Does the total business, including where you work, operate ...

Only in the one location

In more than one location, but inside one region

Across several regions

Across more than one state

Across more than one country including Australia

Q4 What year was the local business where you work established?

Q5 Did the business...

Start in the location where you now work

Move to the current location where you work after starting somewhere else

Start elsewhere and add the operation where you now work later



Q6 Throughout the rest of this questionnaire, when we refer to “your business” we mean the business you own or operate, or the branch, branches or outlets you manage.

Including you, does your business employ the full time equivalent of ...

1 person

2-4 people

5-9 people

10-19 people

20-49 people

50-99 people

100-399 people

400 or more people

Q7 What is the name of your Local Council - (the Local Government Area where your business is located)?

Q7B. Please type in the postcode where your business is located.

Q8 What kind of business is carried out at your business location?

Q9 How does your business generate its main source of income?

Manufacture, create, grow or build products

Sell finished products

Provide services or utilities

In some other way (please specify) \_\_\_\_\_

Q10 How much of your business turnover comes from...

ROWS:

Local customers (within a half day travel distance)

Regional customers more than half a day travel time from your location

Customers from elsewhere in your State or Territory

Customers from other States or Territories

Overseas customers from the Asia Pacific

Overseas customers from other parts of the world

Online customers

Other sources



**COLUMNS:**

- None
- 1-5%
- 6-10%
- 11-19%
- 20-49%
- 50-79%
- 80-99%
- 100%

Q10A. You indicated that your business gains some income from other sources we have not listed. Please describe these sources below.

Q10B Do you obtain any products, parts or ingredients to sell in Australia from ...

- Local suppliers (within a half day travel distance)
- Regional customers more than half a day travel time from your location
- Suppliers from elsewhere in your State or Territory
- Suppliers from other States or Territories
- Overseas suppliers from the Asia Pacific
- Overseas suppliers from other parts of the world

Q10C Do you use contractors or outsource tasks to ...

- Local suppliers (within a half day travel distance)
- Regional customers more than half a day travel time from your location
- Suppliers from elsewhere in your State or Territory
- Suppliers from other States or Territories
- Overseas suppliers from the Asia Pacific
- Overseas suppliers from other parts of the world

Q11 In the next 5 years my business goal is to...

- Maintain my business at its current levels and profit
- Increase the size of the business a little
- Increase the size of the business by double or more
- Close the business
- Sell the business
- Don't know
- Other (please specify) \_\_\_\_\_





### Competitiveness Index Questions

Government can help or hinder businesses or not be very relevant at all. The next group of questions is about how government interacts with your business and how this contributes to your success or otherwise.

We are mostly interested in the influence of [LGA NAME] Council. Some questions are also related to your involvement with your Regional Development Australia Committee and other Federal and State government agencies.

Q12. [NAME OF COUNCIL] Council policies (such as zoning, planning, environmental regulations) that affect the operation of your business are ...

- Completely open and transparent /easy to find out about
- Mostly open and transparent /easy to find out about
- A bit too often hidden and hard to find out about
- Much too often hidden and hard to find out about
- Completely hidden and hard to find out about

Q13 Thinking of all the services (such as infrastructure, waste management) provided by [NAME OF COUNCIL] Council, and the cost of compliance with council regulations, the costs to your business are ...

- No barrier to operating the business
- A small barrier to operating the business
- A substantial barrier to operating the business
- A major barrier to operating the business

Q14 Assistance for your business from [NAME OF COUNCIL] Council is ...

- Very strong
- Strong
- Has little effect on my business
- Weak
- Very weak

Q15A What is [NAME OF COUNCIL] Council doing right to assist your business?

- Please click on all that apply.
- Giving local/regional leadership,
- Resourcing of business development,
- Giving appropriate and high quality business support services,
- Council is doing other things right \_\_\_\_\_



Council is not doing anything to assist my business [SINGLE]

Q15B In your view, what does [name of council] Council need to do to improve the situation?

Give better local/regional leadership,

More resourcing of business development,

Give better and more appropriate business support services

Council needs to do other things to improve the situation. Please specify \_\_\_\_\_

There is nothing Council should do to improve the situation [SINGLE]

There is nothing Council can do to improve the situation [SINGLE]

Q16 The ability of [NAME OF COUNCIL] Council to be heard and pursue a local agenda on behalf of business and the local area with State or Federal government is ..

Very strong

Strong enough

Neither strong nor weak

Too weak

Much too weak

Q17. Collaboration between [NAME OF COUNCIL] and other local Councils to support business in the wider region...

Contributes a lot to a positive business climate

Contributes a little to a positive business climate

I am aware of some Council collaboration but unsure if it contributes to a positive business climate

I am not aware of any Council collaboration to support business in the wider region

Q18. Identifying which State or Federal government agency that has responsibility for issues that affect my business is ...

Always clear and easy to establish

Mostly clear and easy to establish

Not as clear and easy to establish as it needs to be

Too unclear and hard to establish

Always unclear, very hard to establish

Q19. The support given by my Regional Development Australia Committee (RDA) to business in the region

Contributes a lot to a positive business climate

Contributes a little to a positive business climate

I am aware of my RDA but unsure if it contributes at all to a positive business climate



I am not aware of my RDA or what it does

Q20.

This section of the survey is interested in whether your business is involved in exporting, and if so, how much of your revenue is from exports and where you are exporting to.

In the last completed financial year, what percentage of your business sales revenue was earned from exports to the Asia Pacific?

None

Less than 5%

5% to less than 10%

10% to less than 20%

20% to less than 30%

30% to less than 40%

40% to less than 50%

50% to less than 70%

70% to less than 80%

80% or more

Don't know

Q21. In the last completed financial year, what percentage of your business sales revenue was earned from exports to other parts of the world?

None

Less than 5%

5% to less than 10%

10% to less than 20%

20% to less than 30%

30% to less than 40%

40% to less than 50%

50% to less than 70%

70% to less than 80%

80% or more

Don't know

Q22. Which of the following regions does your business export to?

East Asia (China, Japan, Thailand, Vietnam, Korea etc.)

South Asia (India, Pakistan, Bangladesh or Sri Lanka)

Other Asia



Europe  
North America  
South America  
Middle East  
Africa  
Pacific  
Other

This section of the survey is interested in innovation in your business.

Innovation can mean:

Introduction of a new process or product within your firm,  
New ways of winning new customers for existing products,  
Doing things differently or  
Doing the same things with new ways of reaching an expanded customer base.

Q23. How would you rate your firm's level of innovation?

Very high  
High  
Medium  
Low  
Don't innovate

Q24. Where does your firm obtain its knowledge to innovate?

Ideas within the firm  
From my customers  
From my suppliers  
From my local networks  
Family and friends  
Online  
98. Other (please specify) \_\_\_\_\_  
None of these [SINGLE]

Q25. Which one source BEST supports your business's innovation ability?

My industry networks  
Collaboration with local institutions  
Government agencies  
Courses in business innovation  
Other (please specify) \_\_\_\_\_



None of these

Q26. Which other sources give worthwhile support for your business's innovation ability?

Please select all sources of worthwhile support.

My industry networks

Collaboration with local institutions

Government agencies

Courses in business innovation

Other (please specify) \_\_\_\_\_

None of these

Q27 In what area would you like innovation assistance (PLEASE CLICK ALL THAT APPLY)

Strategic leadership

Market intelligence

Commercialisation

Product/process technologies

eBusiness/eMarketing

Access to capital

Other (please specify) \_\_\_\_\_

None of these; [SINGLE]

Q28 In the last financial year, did your business or branch spend any money on research and development (R&D)?

No spending on R&D

Yes, spent on R&D



Q28A How much did you spend in that financial year?

Please type the amount in thousands of dollars below.

\$ |\_\_|\_\_|,|\_\_|\_\_|\_\_|,000

Q29. This section of the survey measures your confidence about the future prospects for your business.

How confident are you in the prospects for your business over the next twelve months?

Extremely confident

Fairly confident

Neutral

Fairly worried

Extremely worried

Don't know

Q30. Considering your business, comparing the last three months to the same three months of the previous year, is ...

ROWS

Total sales revenue

Size of your workforce

Number of hours worked

Wages bill

Prices you sell for

Prices you pay

Profitability

Capital expenditure on buildings and structures

Capital expenditure on plant and equipment

Local compliance costs

COLUMNS

Up

Down

Not changed

### Regional Business Conditions

This section of the survey is interested in how much the business climate in your local area (as defined by your local council boundaries) and the wider region your business operates in affects the success of your business.





Q40. Does the business climate in the local area where you operate have ....

- A major influence on how well your business is doing
- A secondary influence on how well your business is doing
- Only a minor influence on how well your business is doing
- No real influence on how well your business is doing
- Don't know

Q40A Earlier you identified region where you operate as [CODE QUOTA 2].

Is the business climate in this region where you operate ....

- Making it much easier to grow your business
- Making it easier to grow your business, but other factors have more effect
- Making it a little easier to grow your business
- Making no difference to the growth of your business
- Making it a bit harder to grow your business
- Holding back the growth of your business although other factors have more effect
- Making it very difficult to grow your business
- Don't know

This survey is part of a wider project to measure the global competitiveness of Australia's regions. This section of the survey seeks your views about which aspects of your region's competitiveness are most important to your business.

Q41. Considering the region where your business is located, which of the following aspects of the region's competitiveness make a substantial contribution to the opportunities your business has to grow? Please click on ALL that make a substantial contribution.

- The region's natural resources, natural environment, soil, mineral resources
- The size of the market in the region
- The speed of innovation in the region
- The sophistication of businesses in the region –internal to the firm, e.g. quality of management
- The readiness of businesses to take up new technology (including online?)
- The efficiency of the labour market in allowing businesses to find the right people (skill shortages/gaps?)
- The knowledge and skills of the people available to work in the region (access to labour force)
- The overall state of the regional economy's activity and growth (size of LGA, population)
- The infrastructure and services available to business in the region
- The quality of the institutions in the region (including government agencies, universities, quality of business associations & networks)
- Other (please specify) \_\_\_\_\_





None of these [SINGLE]

Q41A. Which of the following aspects of the regions competitiveness does the MOST to help your business grow?

DISPLAY CODES SELECTED IN Q41

Q42 Which of the following aspects of the competitiveness of your region needs to substantially improve for the region's business growth to lift?

DISPLAY ALL OF CODES 1-10 NOT SELECTED IN Q41

Other (please specify) \_\_\_\_\_

None of these [SINGLE]

Q43. Which of the following aspects of the competitiveness of your region MOST needs to improve for the region's business growth to lift?

DISPLAY ALL CODES SELECTED IN Q42

99. None of these

Q44 Your business will ...

Benefit greatly from the development of economies in the Asia Pacific

Gain some benefit from the development of economies in the Asia Pacific

Neither gain nor lose from development of economies in the Asia Pacific

Face threats of loss from the development of economies in the Asia Pacific

Could be wiped out by the development of economies in the Asia Pacific

Q45 Was there anything in this survey you found unclear or had difficulty in answering?

No, no difficulties

Yes, had difficulty with something (please specify) \_\_\_\_\_

Q46 Is there anything else you would like to say about the issues raised in the survey?

End of survey

## Appendix 3: Survey Sample Details

### Sampling Design

A sample was primarily composed of members of the Roy Morgan Research Business Panel, with additional responses achieved through the Regional Australia Institute emailing list.

Roy Morgan Research completed 2,143 surveys, distributed amongst the 55 Regional Development Australia Regions (RDAs). This resulted in a total of 2,327 completes including the 184 RAI mail outs achieved previously.

The initial research methodology included a sample size of 2,000 with minimum of 20 interviews per 47 RDAs required. However, Roy Morgan Research proposed amendments to the original sampling design due to insufficient sample available within the Roy Morgan Research Business panel to reach a minimum of 20 interviews requirement in each of the 47 RDAs.

As a result of the amendment, quotas for 47 RDAs were removed, and the number of completed per RDA Region was on a 'best endeavours' basis, with no maximum or minimum completes. In addition, eight metropolitan RDAs were added and this resulted in a total sample frame of 55 RDAs. The introduced eight regions were made up of metropolitan areas with large amounts of sample available. As such these regions had a maximum quota of 50 completes per region. These regions included:

- Western Melbourne,
- Northern Melbourne,
- Southern Melbourne, Perth,
- Adelaide Metropolitan,
- Brisbane City,
- Melbourne East,
- Sydney.

### Sample Characteristics - Response Analysis.

Distribution of responses by region, state and RDA (including interviews collected by previous provider).

**Table 1. Number and Distribution of Interviews by Region**

REGIONS	N=	DISTRIBUTION
Metro Areas	676	29%
Regional Areas	1372	59%
Remote Areas	279	12%
TOTAL	2,327	100%



**Table 2. Number and Distribution of Interviews by State**

STATES	N=	DISTRIBUTION
NSW	696	30%
VIC	430	18%
QLD	523	22%
SA	252	11%
WA	256	11%
TAS	109	5%
NT	27	1%
ACT	34	1%

**Table 3. Number and Distribution of Interviews by RDA**

RDA	N=	DISTRIBUTION	RDA	N=	DISTRIBUTION
Central Coast NSW	72	3%	Gold Coast	69	3%
Central West	67	3%	Ipswich and West Moreton	30	1%
Far West	10	0%	Logan and Redlands	37	2%
Hunter	76	3%	Mackay/Whitsunday	23	1%
Illawarra	38	2%	Moreton Bay	46	2%
Mid North Coast	56	2%	Sunshine Coast	65	3%
Murray	28	1%	Townsville and North West Queensland	37	2%
Northern Inland	87	4%	Wide Bay Burnett	43	2%
Northern Rivers	69	3%	Adelaide Metropolitan	52	2%
Orana	23	1%	Adelaide Hills, Fleurieu and Kangaroo Island	74	3%
Riverina	47	2%	Barossa	25	1%
South Coast	27	1%	Far North	12	1%
Southern Inland	45	2%	Limestone Coast	20	1%
Sydney	51	2%	Murraylands and Riverland	25	1%
Barwon South West	63	3%	Whyalla and Eyre Peninsula	25	1%
Gippsland	47	2%	Yorke and Mid-North	19	1%
Grampians	43	2%	Goldfields/Esperance	19	1%
Hume	41	2%	Great Southern	24	1%
Loddon Mallee	48	2%	Kimberley	25	1%
Melbourne East	46	2%	Mid West Gascoyne	32	1%
Northern Melbourne	48	2%	Peel	22	1%
Southern Melbourne	47	2%	Perth	54	2%
Western Melbourne	47	2%	Pilbara	21	1%
Brisbane City	50	2%	Southwest	33	1%
Darling Downs and South West	56	2%	Wheatbelt	26	1%
Far North Queensland and Torres Strait	39	2%	Tasmania	109	5%
Fitzroy and Central West	28	1%	Northern Territory	27	1%
Gold Coast	69	3%	Australian Capital Territory	34	1%



## End Notes

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- <sup>i</sup> The RAI was established with support from the Australian Government.
- <sup>ii</sup> Direct regional policy at the Commonwealth level remains focused on government investment through dedicated programs such as the previous government Regional Development Australia Fund and for centrally mandated regional development organisations such as the Regional Development Australia committees. A primary focus is on providing input to these central decisions. It is not clear to what extent the new government may shift this focus.
- <sup>iii</sup> ABS August 20, 2013 - 1380.0.55.008 - Perspectives on Regional Australia: Business Owners in Regions, 2011
- <sup>iv</sup> Kunkle, G. (2013). Building Scale and Sustaining Growth: the Surprising Drivers of Job Creation. Report of the Institute for Exceptional Growth Companies, Edward Lowe Foundation
- <sup>v</sup> When developing the survey, a number of RDAs contacted the RAI concerned at the likely outcomes from the survey given that business engagement was not a central part of their mandate. It was decided to proceed with the question to measure what proportion of businesses are aware of the regional development system despite the limited extent to which it may be resourced and required to actively engage with them.