

# **Ground Truthing Jobs & Population Data in Wimmera Southern Mallee**

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## **BACKGROUND RESEARCH REPORT**

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# Executive Summary

## Background

The *Ground Truthing Jobs & Population Data* project identifies key structural, economic and workforce issues impacting on small businesses operating across the six LGAs in the Wimmera Southern Mallee (Hindmarsh, Yarriambiack, Horsham, Northern Grampians, Buloke and West Wimmera). This report provides the background data supporting the *Revitalising the High Street* summary report completed for the Wimmera Development Association in May 2022.

The research explored the challenges both new and established small businesses face and opportunities identified by local businesses themselves to support their growth and development goals throughout the region. Ethnographic research interviews were undertaken with over 150 small/micro businesses owners currently operating within the retail, hospitality, and tourism sectors across 25 townships to identify those factors contributing to business success and the barriers small businesses are experiencing in achieving their goals. The research documented the unique issues small businesses face (with an emphasis on micro business and sole traders) when establishing new businesses in the region. The targeted sectors were:

- Accommodation & Food
- Retail
- Art & Recreation (tourism focus)
- Tourism
- Transport.

In addition, the work:

- Documented the current and anticipated staffing levels, training and skill level requirements
- Identified the challenges and opportunities in employee recruitment and retention
- Provided an understanding of system impacts [red tape] across all levels of government
- Identified the current opportunities businesses are taking advantage of and future opportunities (both issues being realised by businesses and unrealised intentions)
- Explored the changing trajectory of work in the region and critically examined the structures and supports necessary to enable those businesses to thrive.

Key findings from the interview research material facilitated the development of a set of recommendations to advocate for approaches that better support local small business sustainability and growth.

This research project was funded by the Wimmera Development Association.

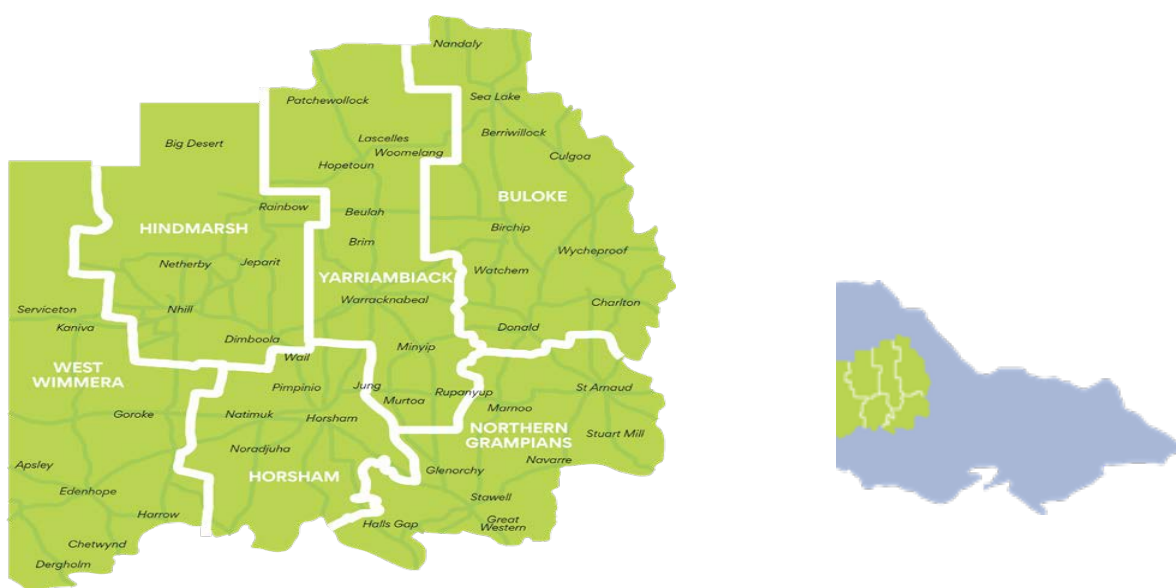


Figure 1: Victorian Local Government Areas – Local Government Areas included in research study are highlighted. (Wimmera Development Association, 2022).

## Research Question

The project considered the following research question:

- What are the challenges both new and established small businesses face and the opportunities to better support local businesses to prosper in the Wimmera Southern Mallee?

## Method

Individual research interviews were conducted with more than 150 small business owners in the Wimmera region to collect a series of qualitative and quantitative data, identifying small business issues, growth trajectory and business support needs. This included a geographic spread of businesses within the identified research area of the Wimmera Southern Mallee LGA areas (Hindmarsh, West Wimmera, Northern Grampians, Yarriambiack and Horsham Rural City).

Data was collected in the form of a set of standard research questions, similar to a survey, that were completed by the interviewer in the presence of the interviewee, with the possibility of completion via telephone if in-person contact was not possible due to COVID-19 restrictions, or limited availability at the time of an in-person visit. Additional qualitative information was collected using an ethnographic approach, with a series of semi-structured questions.

An ethnographic method was important for this research to explore some of the less obvious cultural and structural attitudes and limitations which may be influencing business development in the region. This approach also allowed the research teams to explore connections between individual businesses and community, using a critical theoretical lens to explore the data.

Participants were made aware of the nature of the research when being recruited for direct interviews and were provided with the plain language information statement (PLIS) and consent form and a verbal discussion of the research focus prior to the commencement of an interview.

The research analysis was undertaken thematically, with data coded and analysed. Specific identifying features (such as names and workplaces) were de-identified to protect the identity of each participant.



Photograph: A tourist van parked in the main street of Rainbow, Victoria (Federation University, 2022).

## Background & Review of the Literature

### Significance of the Study

This work extends on previous demographic and community-level ethnographic research conducted in Victoria, (Henshall Hansen Associates, 1988; Dempsey, 1990 & 1992; Barr, 2009) exploring the changing demographics and service delivery arrangements in rural communities. For this research, current indicators suggest that a lack of critical infrastructure may be hampering rural business growth. Such growth is necessary to support the development of services and supports within the region and making the region attractive for lifestyle and careers (Barr, 2009). A fundamental infrastructure issue is a lack of available housing supply across the region (Wimmera Development Association, November 2020 - Unpublished report) including both existing dwellings and new builds. Largescale projects such as the Murra Warra Windfarm have also contributed to over-demand and under-supply of rental accommodation (Department of Environment, Land, Water & Planning, 2020: 31). This shortage in rental accommodation may be further limiting local businesses from being able to attract and retain professional workers to the region. The problem has therefore become cyclical, as a lack of accommodation prevents workers from establishing in the region, which in turn hampers growth. Alongside housing supply, figures on intra-regional unemployment indicate that the Wimmera Southern Mallee's unemployment rate is currently sitting at between 2.5 and 3 per cent, the lowest point in fifteen years (Australian Government Labour Market Information Portal, 2021). Such low unemployment rates may also be affecting small business operation and development in the region.

Data also suggests a level of precarity for businesses in the region which warrants further investigation. An assessment of payroll impacts and personnel accessing COVID-19 recovery support indicates that the region has experienced significant financial impacts as a direct consequence of the pandemic (Taylor-Fry, November 2020). This suggests business resilience is also a concern within the region, and the data collection approach devised for this research supported the exploration of issues in this space.

This research sought to understand if this rural community is having growth potential hampered by limited infrastructure development, and what actions and activities can be undertaken to change the expected trajectory of population decline in the region. This work is intended to produce a more granular quantitative and qualitative data set for the Wimmera Southern Mallee region by engaging individually with local business owners around the challenges and opportunities associated with their businesses and future development plans.

### Themes in the literature

#### Historic regional to urban migration

Hettihewa & Wright (2018) suggest that over time, regional to urban migration has resulted in significant consequences for rural communities, including decaying infrastructure and under-utilised housing. In direct contrast, the consequences for urban centres of this mass migration have been a shortage of housing and infrastructure unable to keep up with surging demand.

For decades, regional areas have suffered a growing exodus of young adult populations away from their rural and regional homes for education and work:

One of the most consistent patterns of demographic change affecting regional Victoria is that of young adult net out-migration. Research points overwhelmingly to the role of education and employment as motivators of this out movement. As higher education has become more important in securing a job and career, the draw of the city has become even stronger (State of Victoria, 2020, p.14).

This has meant that regional and rural businesses have struggled to attract trained and skilled staff to fill job vacancies, thereby limiting their ability to maintain or grow their businesses.

While de-centralisation may seem like a logical policy response, evidence suggests that the drivers of population change must be taken into consideration when looking to address this issue. For example, the location of a township in relation to a larger centre is more likely to determine population growth and decline,

rather than the size of the settlement itself (State of Victoria, 2020). More importantly, policy makers must consider how each locality will have its own 'demographic DNA', whereby historical patterns of settlement and migration will continue to impact future policy intervention:

Population growth can be due to people having more children, or people living longer. It may be caused by people choosing to move into an area or people choosing to stay in an area. All regions – metropolitan or regional, will have a mixture of these components: births, deaths and migration. (State of Victoria, 2020 p.12).

For the Wimmera region, distance from larger centres, an aging population and youth migration presents specific challenges to economic growth, whereby the success of a 'build it and they will come' approach will depend on what is being built and how staff will be attracted and retained. Several successful businesses in the Wimmera have recognised that in order to sustain and grow their businesses, new and innovative initiatives have needed to be employed. One such example is the Luv-A-Duck processing plant based in Nhill.

Luv-A-Duck is a family-owned business that has been in operation for over 40 years, with the main processing plant being based in Nhill. The company has strong ties with the community both directly through employment of a large number of locals but also indirectly through the maintenance of relationships with the Hindmarsh Shire Council and local community groups (Luv-A-Duck, 2021). In 2009, the company sought to expand its workforce dramatically to meet growing demand. Due to local recruitment opportunities having been exhausted, then CEO of the Nhill plant, John Millington, approached AMES Australia for advice and assistance to recruit a group of Karen refugees, who were living in Werribee. With support from the Hindmarsh Shire Council and local community organisations, this partnership resulted in some 160 Karen refugees relocating to Nhill to work in the processing plant (Economics, D. A., & Australia, A. M. E. S, 2015). Crucially, it was through the Nhill community providing wrap around supports (such as access to housing, education and socio-welfare services) that ensured the longevity of not only the business, but of Nhill itself:

The wider social impacts of the resettlement of the Karen in Nhill provide the story behind the numbers.

In short, the Karen resettlement in Nhill has helped to:

- redress population decline for the township
- revitalise local services and attract increased government funding
- increase social capital across both communities (Economics, D. A., & Australia, A. M. E. S, 2015. p.4)

Tailored, responsive strategies such as this, which involve collaboration and commitment of business, council and community, represent a positive way of mitigating population and economic decline within the Wimmera region.

Barr (2009) also argues that small towns depend on migration for survival. His work noted that:

While the current generation of migrants will include mid-life returnees who were born in the area, in another generation there will be far fewer in this potential pool of migrants because relatively few children have been brought up in the area in the last twenty years. In the future migrants will be attracted by amenity, be it social or landscape rather than returning to the land of their youth (p 66).

## **Migration flip**

Despite regional centres such as the Wimmera Southern Mallee experiencing slow growth over the past decades, a recent phenomenon is the reverse migration of urban dwelling families seeking cheaper accommodation, shorter work and school commutes and a 'lifestyle' change. According to the Victorian State Government's *Population and Housing in Regional Victoria Trends and Policy Implications* Report, between 2011 and 2016, the municipalities of Ballarat, Bendigo, Geelong, Horsham, Latrobe, Mildura, Shepparton, Wangaratta, Warrnambool and Wodonga, "all experienced population growth, ranging from an annual growth rate of more than 2 percent in Greater Geelong and Wodonga to a growth rate of less than 0.5% in Latrobe and Horsham" (State of Victoria, 2020, p.10).

COVID-19 restrictions and lockdowns further intensified this trend, with intrastate migration from capital cities to regional centres increasing despite restrictions on travel more generally. In Victoria for example, over 8,000 Melbourne residents had migrated to regional Victoria in the June quarter of 2020 (McConnell, 2021). Whether



or not this net migration will result in permanent 'tree' and 'sea changes' is not yet known, with McConnell (2021) noting that:

The size of the lasting impact will be dependent upon the take up of remote work and a rural area's proximity to the major metropolitan areas and/or regional cities... some rural areas are forecast to experience positive economic change and local employment growth, thus attracting residents. In addition to economic opportunity, if working from home becomes permanently accepted by employers and employees alike, then the attractiveness of rural areas as a place to live is likely to increase further (p.3).

While this intrastate migration is benefiting some local government areas, (particularly those close to major centres and beachside localities) other areas have largely missed out, including many small towns within the Wimmera Southern Mallee, with some forecast to, at best, retain current populations:

namely Buloke (e.g. Wycheproof), Corangamite (e.g. Camperdown), Hindmarsh (e.g. Nhill), Yarriambiack (e.g. Warracknabeal), Southern Grampians (e.g. Hamilton) and Northern Grampians (e.g. Stawell) all of which are expected to lose more than 1,000 residents over 16 years (Rural Councils Victoria, 2021 p.7.)

However, findings from a recent Wimmera Southern Mallee Housing Review (2020) indicate that land sales and enquiries to real estate agencies have risen post the COVID-19 pandemic to the highest rates ever experienced in the region.

Regional and rural localities may also be able to capitalise on a growing trend of millennials either choosing to stay in the rural communities they were born in or moving from metropolitan Melbourne to the regions. Drivers of this trend include high cost of living and seeking a better lifestyle for their young families. As noted above, the recent COVID-19 pandemic may exacerbate this population drift. Alongside high cost of living:

There is a push to strengthen Australian agriculture and manufacturing to drive the economic recovery of the nation. Employment opportunities in these industries ... will encourage a larger share of young people to remain rural. Some students might even choose to do all their further education remotely while remaining in their rural hometown. That said, many young rural people will still seek education opportunities in Melbourne or regional centres (Rural Councils Victoria, 2021).

Rural and regional communities are obviously central to this push for an agriculture and manufacturing led recovery and the positive flow on effects with regard to business development and longer-term population growth.

While regional communities should welcome this influx of new families and workers to their cities and townships, several issues will need to be considered if population growth is to be developed and sustained. Of particular concern is housing availability.

## Housing

A recent review into housing in the Wimmera Southern Mallee found that a lack of housing (both for sale and for rent) was dampening economic growth and overall liveability across the region. Shortages include:

- Residential land for sale (particularly land zoned as residential and serviced)
- Accommodation appropriate to service both an aging population and also attractive to new residents
- Low-cost/social housing, emergency/crisis housing and housing for seasonal and itinerant workers
- Rental accommodation - rental supply is at critical levels in many parts of the region, leaving businesses and other agencies struggling to house staff (Wimmera Development Association, 2020).

Reasons for this lack of supply across the region are nuanced. The *Population and Housing in Regional Victoria Trends and Policy Implications* Report (2020) suggests that there is a much higher proportion of housing that is owned outright in regional Victoria than in Melbourne. This leaves less housing available for rent and also under mortgage. A lack of available housing may also be due to regional Victoria having older populations. While older residents who own their homes outright may have capital to invest in housing, older homes are either a) occupied by homeowners or b) occupied by renters, so there is a dearth of property investment options.

As well, while building activity in major growth areas such as Geelong, Ballarat and the 'Calder Corridor' has been increasing, other regions, particular in western Victoria, remain at historically low levels (State of Victoria, 2020). This is thought to be due in some part to the 'thin markets' whereby developers are reluctant to invest in smaller centres due to slow sales leading to slow returns on investment:

Reasons for this supply shortage vary, but a common reason is that housing investment is not economically attractive in many regional locations. There may be a relative difference in the rate of appreciation of assets, thus lessening the attractiveness for investing in non-metropolitan regions compared to larger cities (State of Victoria, 2020, p.32).

A lack of rental properties is of particular concern for business development and growth in the Wimmera. Agricultural businesses, large-scale renewable energy projects and the healthcare sector all require suitable short to medium term housing to accommodate a temporary workforce:

Solar and wind energy developments in western Victoria are currently using hundreds of construction workers who require housing for the particular period that construction is underway. There are few if any small towns which have the rental property available for these temporary workforces. Rather than driving an increase in housing supply, these short- and medium-term demands are usually dealt with through commuting as a substitute for living locally. Because many workers will move to other locations once the construction phase is over, there is little incentive to purchase local housing, hence rental accommodation is preferred (State of Victoria, 2020, p32).

The Wimmera Southern Mallee Housing Review 2020 made extensive recommendations aimed at addressing the lack of housing supply in the region. These included:

- Providing more residentially zoned and serviced land
- Attracting developers and investors through the provision of packaged developments that encompass several townships
- Reducing planning red tape and streamlining services
- Utilising projected population and housing demand data in line with expected or known job creation objectives.
- "Recognition that availability of suitable housing, and housing choices, is part of a bigger bundle of facilities and services to engender vibrant towns, attractive residential areas, and a level of growth to sustain communities and retain infrastructure and assets" (p.4).

Such strategies will need to be taken into consideration when seeking to promote business activity and growth in the region.

### **Entrepreneurship culture**

It is well acknowledged in the literature that entrepreneurship has a significant, positive impact on regional development and growth (Basson & Erdiaw-Kwasie, 2019; Stuetzer, Audretsch, Obschonka, Gosling, Rentfrow & Potter, 2018). A recent US paper examining the link between entrepreneurship and regional economic performance found that a collective, localised and positive entrepreneurship 'culture' can encourage and support small businesses to take entrepreneurial risks, thereby increasing their capacity to develop and grow. The authors describe this entrepreneurship culture as:

a collective programming of the mind toward entrepreneurial values and norms such as proactiveness, risk taking, accepting failure, openness to new ideas, individualism, independence and achievement, to name a few (Stuetzer et al, 2018, pp.3-4).

In other words, it is the underlying culture of the region in which the business is situated that influences entrepreneurial behaviour. Just as a positive entrepreneurial culture can assist new and existing businesses to undertake entrepreneurial behaviour, the reverse is also true. In their study of a mining community in Moranbah, Queensland, Basson & Erdiaw-Kwasie (2019) found that non-mining entrepreneurship was being threatened by:



- The inability of non-mining entrepreneurs to develop positive relationships with or influence local and state government entities. This was because any enterprise that was not directly mining related had a significantly lower status in the region
- A general lack of understanding of role of entrepreneurship in the region and the role that it can play in regional development.

Concerningly, the authors found that these obstacles:

resulted in fear about the future and a sense of hopelessness, although the entrepreneurs were perceived to be the group with the most significant economic investment in the community and the greatest desire for a sustainable community (p.9).

A British study takes the concept of entrepreneurial culture one step further, identifying that there is a relationship between the cultural and psychological within individual regions that can influence business behaviour and, ultimately, regional growth and prosperity. Huggins, Thompson & Obschonka, (2018) argue that developing an understanding of a region's psychocultural character can assist in forecasting the economic growth (or otherwise) of that region. Positive traits include:

- Social cooperation and coordination
- Openness and tolerance
- Extroverted and agreeable community leaders

As illustrated earlier, the success of the Luv-A-Duck enterprise rested on the willingness of the Nhill community to embrace an entrepreneurial culture of openness and adaptability. This enabled Luv-A-Duck to provide the new Karen staff and their families more than just a job, but to join a community, with positive economic and social benefits for both the Karen and for Nhill more generally.

The importance of entrepreneurial culture cannot be underestimated in terms of its ability to meet the challenges to economic growth that rural and regional communities face, especially those communities relying on agriculture. Such communities "are very vulnerable due to climate and place-based issues of water shortages while also dependent on the income and jobs generated by food and energy production" (Adhikari, Bonney, Woods, Clark, Coates, Harwood, & Miles, 2018 p.2). The role of innovation and entrepreneurial culture in mitigating against such issues is through firstly, understanding each individual community's capital and secondly, combining this knowledge with entrepreneurial capital to drive growth.

### **Community Capital**

Community capital refers to the various assets inherent within a community that can be leveraged to promote economic and development success. Emery & Flora (2006) posit a Community Capital Framework (CCF) to assist communities to determine "each capital (stock), the types of capital invested (flow), the interaction among the capitals, and the resulting impacts across capitals (p.20).

Some examples include:

- Natural capital – placed based assets, such as climate, land use, geological and geographical
- Cultural – the traditions, languages, historical 'norms' and demographic makeup
- Human – the available skills and abilities of community members, such as leadership, inclusivity, and proactivity
- Social – how much or how little community members are connected or 'bonded'
- Political – access to power (politicians, organisations, resources) and ability to leverage advantage
- Financial – the resources available to invest but also to accumulate wealth
- Built – the infrastructure to support economic development and growth (Emery & Flora, 2006).

Regional and rural communities will undoubtedly have some capital strengths relative to others. For example, the township of Natimuk has positive natural capital through being located so close to a major tourist hotspot

(Mt Arapiles and Tooen State Park) and considerable social capital through a sustained and close connection between rock climbers and the broader community. Likewise, Natimuk's embrace of the rock-climbing community has greatly enhanced the township's cultural capital, with the community now a hub for arts and creativity (Natimuk Community Building Initiative Steering Committee, (2007).

Adhikari, et al (2018) suggest that the use of a community entrepreneurship development framework (CED) can assist communities to 'capitalise on their capital' through the promotion and support of initiatives that best align with current capital strengths. Essentially, a CED framework utilises shared knowledge about the community's existing capital and vision for the future to provide the lens through which entrepreneurial enterprise is assessed. In this way, communities can support with confidence those enterprises with the best developmental potential for that individual community.

## **Employment**

Hettihewa & Wright (2018) suggest that if rural and regional employment is to be bolstered, there needs to be a shift in policy. Currently, there is an urban-centric, bigger-is-better policy approach in support of medium to large business. This is because statistical data has shown that small to medium sized businesses have a greater chance of failing than larger businesses. However, the authors found that by grouping regional small to medium sized businesses in with their urban counterparts, the important contribution that these businesses play within regional economies has been lost:

Nearly a third of Australian SBs [small businesses] operate in regional Australia (DIISR, 2011) and, in total, these Regional-SBs make a vital contribution to their local economy. However, most SB statistics arise from data that do not differentiate SBs by location. This study suggests that undifferentiated SB data under-represents Regional-SBs and over-represents Urban-SBs (p.100).

As a result, Hettihewa & Wright (2018) contend that directing policy focus towards regional small to medium sized businesses will have a positive flow on effect for regional communities through greater socio-economic growth and will assist in stemming the migration of regional workers to urban areas.

## **Worker attraction & retention**

The attraction and retention of workers in professional roles remains an ongoing issue for rural and regional centres.

A recent study investigating 'turnover intention' among early career allied health professionals in regional Australia was that, "in the adjustment stages (initial and continuing), turnover intention was most strongly affected by professional experiences, in particular those relating to the job role, workplace relationships and level of access to continuing professional development" (Cosgrave, Maple & Hussain, 2018, p.2). Of note, this study indicated that levels of personal satisfaction among early career allied health professionals working in rural and regional areas was lowest among those with the least social connections within the town.

The specific business problem is that some small business owners do not understand the relationship between motives of their employees' (a) job satisfiers (b) job dis-satisfiers, and employee turnover intentions (Reukauf, 2018, p.14).

Even where businesses are able to attract highly qualified people to professional positions such as in the health and allied health fields, the spouse of the employed person (who may also be a professional) has not been able to find work in their field of expertise (Panozzo, Laurence, Black & Poole, 2009). This issue has emerged as an important 'push' factor for professionals in choosing to work in a regional location (Keane, Lincoln, & Smith, 2012; Han & Humphreys, 2005).

A La Trobe University study that investigated skilled migrants' motivations for retention and mobility in regional Victoria highlighted this issue as being the second most important factor in selecting a residential location if moving from an urban centre:

According to the prioritised list, most of the respondents indicated that they would consider the available facilities in fulfilling their cultural needs and the proximity of their friends as the highest rated factors. The availability of the employment for the family, including any partner, was mentioned as the second highest

rated factor. Good education facilities were the third ranked factor influencing choice (Wickramarachchi & Butt, 2014, p.194).

This has led many families having to 'split' with one parent remaining in an urban location with the children while the other parent works in the regional location and returns to the family home on weekends (Han & Humphreys, 2005). Understandably, this arrangement is rarely long term, so retention of professional staff remains a challenge.

Reukauf (2018) advises that small businesses that make meaningful attempts to understand worker dissatisfaction and reduce turnover reap many rewards, and not just directly related their own businesses. By reducing turnover, businesses can invest money normally lost to turnover into their business. Other positive impacts include that employees who are satisfied with their workplace may encourage others to work for the company. They may also be more willing and able to invest long term in the community – to 'settle down' in the region.

## Findings

The study was designed to provide some understanding of the breadth of issues associated with operating a small business in the Wimmera Southern Mallee. As a result, there are a significant number of findings from the research. These have been summarised to distil key issues for action in the summary report. This report is intended to provide a fuller documentation of matters raised in the research and provide a more comprehensive analysis of the key themes the research team explored for the Wimmera Development Association.

### What are businesses doing in the region (growing, static or closing)?

There are **many small businesses looking to grow within the region**. However, this is being limited by (in order of identified importance):

- **Staffing.** This was the most common reinforced concern raised by businesses interviewed. Staffing limitations were concentrated around availability, specific skill needs (e.g., trade skills), attraction, retention, and support needs (such as housing and childcare). Many businesses identified that they thought people in the area simply didn't want to work, even though opportunities were available.

Almost no businesses were officially advertising for staff member/s, and most were using individual networks and other informal ways to attract staff and were engaged in opportunistic employment approaches.

- **Time.** Businesses noted that time to work on the business, rather than *in* the business, was a key limiting factor. Some businesses struggled to identify ways they'd like to develop as their focus was resoundingly on managing the day-to-day needs of providing a service or product. Others had a strong focus on what they needed (such as an updated website) but lacked time to give focus to this task.
- **Technological needs/skills.** Businesses recognised the value of an online presence, but many were too small and operating on too fine a margin to be able to employ technical expertise. Many also noted that the technical expertise necessary within the region was limited. Others wanted to develop these skills themselves but lacked time to do so.
- **Physical infrastructure (buildings).** Primarily this included limited shopfront availability to expand and house larger businesses, and prohibitive costs of change. Shop owners were often forced to buy adjoining shops, of which there was a limited and sometimes only a once in a generation supply. Restrictions on development for those who rented buildings was also identified as an issue.

- **Lack of enablers (primarily with Council)/red tape.** Businesses identified significant frustrations with development efforts being hindered by Council. These related to store redevelopments, signage, access and town beautification and tourism support. This frustration was limited to a subset of those researched, who were planning or already engaged in active physical business developments. In addition, there seemed to be a lack of engagement with broader development objectives that councils may have/or not have for individual townships. People reported feeling separated from councils and decision-making.
- **Limited tourism efforts.** There were some concerns in specific areas of the region around tourism efforts (or lack thereof). Tourists were considered varyingly across the region as something that should be a focus of effort, to something of no interest at all. Townships and businesses engaged with tourists in different ways and had contrasting views on the importance of tourism to their communities. The research team also witnessed a lot of volunteering, particularly in tourism type businesses, which attracted people to the community but relied heavily on unpaid efforts of local supporters. A small number of these businesses saw potential to transition to some paid support with time and strong post-COVID-19 tourist support.

A proportion of businesses were not looking to grow, but rather were either **focussed on maintaining their business or engaged in business for lifestyle reasons.**

Issues here:

- **Lifestyle businesses provide positives and negatives to community:** Lifestyle businesses add interest to a community, particularly for tourists, but also take up real-estate that can impact on the opportunity for other businesses to develop and grow. The engagement of these types of businesses with tourists is often based on the level of effort put in, which can vary significantly.
- **Maintenance Businesses:** tended to recognise limited growth potential and focus on providing a service to the community in place. They were often more likely to be found in communities with lower levels of tourist traffic where local support was a primary focus. These businesses were largely unperturbed by COVID-19 or other external stressors, such as online shopping. A small proportion of these businesses had most likely moved to being a lifestyle business (potentially without being fully aware of the shift occurring).

For businesses in maintenance phase the focus was often on providing the owner/s with a hobby, rather than an income:

*Once a month I check in on how our health is going - tend to think we've survived another year. Will go about the same for the next five years, next 5-10 years we'll slow down a bit more. It doesn't matter if I close or not, doesn't affect anything, but what would I do?*

*I am a pensioner – on an aged pension. [The business] doesn't make enough to live on, its more of a hobby than a job.*

And, **some businesses were looking to exit.** Key issues for these businesses included:

- **Being able to sell the business.** This was self-reported as a long-term proposition, requiring months or years of waiting for a potential buyer.
- **Closing a business.** For some, exit strategies necessitated closing a business and selling off stock. Low barriers to entry for some businesses (e.g., retail clothing/homewares) appear to make it difficult to sell as an established enterprise, and a more expedient route can be to close. This of course has impacts for local access to goods and services and can exacerbate shifts to online and out of community purchasing. This also has impacts on the business owners themselves who have invested years in developing and maintaining a local business.

**Succession planning** tended to be limited to well established, profitable businesses, with adult children working within the business 'learning the ropes' for when parents retired:

*My wife and I have owned the business for 19 years. It's put all our kids through school, paid our mortgage. Our son is taking over the business – we have a five year plan – he's learning the internals. I'll remain involved but will take a step back.*

*I've been in the business over 30 years and my son for the last ten. It's his business now.*

Several business owners reported either buying a business for, or running a business with, their adult children to provide them with an income or support creative pursuits:

*We're a mother and daughter partnership. Both our husbands work the farms, so we started the business as a bit of a lifestyle thing and to sell my art.*

*I ran my business from home for many years, but my daughter needed something after she finished fine arts at uni. She's very creative but didn't want to stay in Melbourne. So we bought the shopfront and she runs her business out the back.*

## What challenges are Wimmera Southern Mallee small businesses facing?

The challenges are somewhat diverse, and related to a range of factors including, location, type of business, staffing pressures, management pressures, through traffic and tourism, planning and development issues/delays, supplies and community support.

Key themes within this area include:

- **Location:** This relates to the potential for a business to grow due to likely through traffic and tourism. Some businesses in communities with limited opportunities for growth acknowledged their role was more strongly linked to a need to provide a service for the local community.

*We rely on the highway. If the highway's dead, we're dead.*

Small businesses have low expectations for growth and change in certain Wimmera communities, and due to the nature of their business acknowledge very limited (or no) opportunities to expand online or in other areas.

Some businesses also identified a value in having several similar styled businesses (e.g., homewares) as this helps establish a destination shopping location which adds value for tourism attraction. However, many communities lacked scope to do this.

- **Management pressures:** efforts to provide support to businesses, particularly to upskill (which they identified as a priority) will be challenged by the limitations on business owners and manager's time.

Most businesses are stretched very thin in terms of available time to engage in activities that would support working on the business, due to commitments to be working within the business on day-to-day activities. A large percentage of owners/managers identified "time" as THE key constraint for their business development and growth potential:

*We want to expand – put in a café, renovate - but finding the time is hard, what with bookkeeping and staffing, cleaning. We're both working 100 hours a week as it is.*

- **Viability and volunteering:** small businesses are using themselves and their own time to improve business margins, primarily by working more hours instead of employing staff. At present it is also a way of managing staff shortages in a post COVID-19 environment (2022):

*It's been really busy and keeping up is a challenge. It's a fine line – do I need the headache of employing a new staff member or do the extra hours myself?*

*I'm working around the clock, it never, ever stops. I'm involved in the community too and the pressure on my time is immense.*

Volunteering (particularly in the tourism development area) can be a precursor while a business is developing to support formal employment, but within the study area it also played a significant role in supporting long-term sub-economic business activity.

*Been tough through COVID. Can't afford staff, have friends volunteering at the moment, or wouldn't be able to keep open second shop [retail business]*

Volunteering can also create negative externalities for other businesses in a community. An example is that of a volunteer network regularly providing basic luncheons for tourists at a key tourist location. This supported the viability of the tourist business but limited the opportunity to develop commercial café/takeaway food venues within the community, and probably underestimated the potential of the tourists to pay appropriately for the service provided.

The research also found people engaged in small business as a pre-retirement type of work – and a prevalence of deliberate, part time or sub-economic businesses to support a retirement lifestyle, were in higher numbers than would otherwise be expected. This 'retirement' focus can only have impacts on the desire for growth, and responsive customer engagement.

- **A lack of community cohesion:** The ways in which businesses engaged or failed to engage with other local businesses appears to be an important factor in the ability of businesses to thrive in smaller towns in the region. The research team saw many opportunities for improved local collaboration by local businesses to progress the scope of services provided to communities and tourists, but the individual time pressures faced by businesses, and the individualistic nature of small businesses within a community, may make this difficult to achieve.

The research team also interviewed a small number of businesses established in communities by owners from outside the region without close community connections (i.e., family). When these businesses engaged with suppliers from outside the region and had few local staff, community support was often very low at best, and hostile at worst. These businesses reported a low sense of community engagement with their businesses and were heavily reliant on tourists for support:

*We need local support. Locals think we are outsiders and think we are just here to make money. Locals don't support us. [This business had a Melbourne-based owner and purchased all product in Melbourne].*

*We bought the business next door, did it up, put a lot of work and money into it, but the locals just wouldn't support it. We couldn't make enough money to pay for staff.*

New arrivals to the region also advised challenges with "fitting in" and often efforts such as coordinating volunteer and community events were seen as ways to bridge this. As one small business owner said:

*You notice how nice people are when you move to the country as long as you don't mention how good things were in the city.*

*My advice to anyone starting a new business in a new town – research the community before you insert yourself in the community. We quickly worked out that the town has a queen bee and as we're in direct competition with her, we have to play by her rules.*

New arrivals also reported challenges in engaging with the "close-knit" expectations of community – which included knowing who people were and understanding their connections. A small number also reported concerns about local networks and "gossip" and the potential it had to impact on their business and community perceptions of themselves and their families.



## What supports would help small business to thrive in the region?

The research team identified issues of scale around many topics discussed by small business. Some concerns were highlighted consistently by small business right across the region, whereas others were town specific, requiring a town specific response. The research team have categorised these issues into macro, mezzo and micro issues, which differentiate the scale of response required.

Businesses identified some obvious areas where they would like to see support. We have categorised these issues into macro, mezzo and micro issues, which differentiate the scale of response required.

### Macro Issues

Macro issues are issues that were universally identified across the 25 townships included within the study that will require large-scale intervention.

**Staffing:** Businesses within the region generally understood this as an individual issue, but it was an issue identified almost universally by all businesses within the region with staff or looking to engage staff. The scale of the problem indicated that this is having a broad impact on almost all small businesses across the region, resulting in widespread systematic effects on the choices small businesses are making regarding business development and growth.

Many of those interviewed expressed a strong opinion that people 'don't want to work', and some felt that this was further impacted by retirees moving to the area as well as people with a preference for receiving welfare benefits. Finding skilled people, particularly trades and hospitality staff, was also a major concern for small businesses:

*Staff come and go - often after two weeks. Locals don't want to work. They want things to be easy, say "it's too much pressure" - young ones new to the industry say "customers are being mean" etc. Well, hospitality is like that.*

*They need to know one end of a broom from another... what a cash register is... how to talk to customers.*

*It's a nightmare getting staff. Everyone will tell you the same thing – once the government started paying Job Seeker, no-one wanted to work.*

*It is so hard to find people willing to work. We need people with customer service skills, be good at handling money, be motivated and trustworthy.*

*If I had more staff now, I could increase the hours the business is open.*

*Growing - yes, but requires more staff, on the plumbing side of things. Could do more area and commercial work but we don't have the staff.*

Many businesses also said they found it difficult to offer the work hours that people want. This was strongly linked to views about a lack of responsibility within the local workforce towards their work & turning up. Many found advertising to be a poor solution, and often relied on word of mouth and other strategies to find staff:

*It is hard to get staff. Advertising gets a poor response.*

*People who want to work are working. Those that don't want to won't. They're unemployable.*

*We handpick staff from pool of locals rather than advertise.*

*We use creative strategies to attract staff, go to the football club, LLEN, the school.*

*I poach them – headhunt them. I watch good staff in other businesses and poach them.*

A new small business owner to the area was also concerned about staffing for the future, and noted that staffing issues are a talking point in the community:

*I am concerned about attracting quality staff in the future, finding good staff with good customer service – I have been told it is an issue in the region. My business stands out because I offer good customer service.*

One business in the hospitality area had engaged strongly around a staffing model to support staff but was still worried about turnover and supporting growth:

*I have been lucky to get staff. I employ staff full time, so they have all the benefits, so they get holidays etc. Its unhealthy to rely on casuals - too many employers have greed around staff. I also haven't overdeveloped or grown too quick. I have been in business for 20 years, and I know it's hard. I have a chef who's passionate. I look after staff well, but I am concerned about how to grow, and not sure how to get more people in kitchen.*

Some businesses said they'd given up on trying to improve staffing outcomes as it was impossible to find housing for someone to live in, even if they could attract a new worker to the community (see Accommodation below).

Small businesses also had very mixed views about engagement with employment service providers. There were a small number of positive interactions, but also some significant negative interactions and reports of “churn” of potential staff offered to employers. For the majority, this service appeared to have been a negative experience, which created additional challenges for small business rather than resolved issues. For most employers, employment success was more strongly linked to individual efforts to attract and retain staff.

*Got one staff member through Axis Employment - now registering him as an apprentice in the kitchen.*

*I got a subsidised employee via MADEC – has been here for 9 months.*

One owner of a business employing between 15 and 20 employees reported a very negative experience with a local employment agency:

*The people they found were really awful. So we advertised ourselves and got a couple of good people eventually. One of the people who answered our ad was with the agency but the agency never sent that person to us.*

A small number of businesses highlighted Visa issues as an additional complexity for employment of staff.

*I took on someone who had been in Australia 16 years. Her 12-year-old son was born here. She had her Visa pulled when she changed jobs and came to work for me – because she changed employer. Intense paperwork for a Visa employee. After 16 years to be threatened with deportation. Cost both her and I a lot to employ her, she was unable to work during process, months of stress, lawyers etc. Visa employees should be able to change employers.*

Small business underlined the need for more assistance to provide fit-for-purpose and locally available training support to support employee development and skilled workforces:

*It's really difficult to find and keep apprentices. VCAL kids can't get apprenticeships because they have to travel to placements and trade school and don't have their car licences.*

*It took us 12 months to get one staff member. Need intelligence, honesty and personality, which is hard to get all three in one, unskilled person.*

*I need more people trained locally in hospitality – managers etc.*

*To get skill out here is hard. Hospitality is taught at schools here, but the interest is very minimal.*

**Housing/Accommodation:** This was identified as a key priority issue in all communities. A strong majority of the small businesses interviewed identified this as a key issue preventing growth and development of their business, because they were unable to attract skilled labour from outside the region.

Efforts made by individual businesses to address accommodation issues were often highly competitive. Larger businesses such as some supermarkets were finding individual solutions, including buying up local housing. One employer purchased two caravans to house new employees not local to the area.

This issue was also linked to planning and development, and a number of businesses reported that while housing needs were immediate and critically important, planning timeframes for development were unresponsive and slow. In addition, a significant number of businesses felt that councils in many areas were not being proactive about working with communities to address this urgent need (see below – Local Government Planning).

*Housing is killing us at the moment. We need houses for our staff so we're scrambling to try and find accommodation for them. If we lose our staff, we lose our business.*

*Here, we do need more housing. There's not enough housing for teachers or people who work in the hospital. Housing will bring people to the region.*

*For people leaving cities to move into regional areas there's not enough housing. And housing that's of a liveable acceptable standard isn't available. So we could advertise if we needed staff, but there's nowhere for that person to live.*

*No housing in [township] at all. I get asked once a week by someone looking for housing.*

### **Meso issues**

These were issues identified that affected multiple communities or businesses within a community, but presented with levels of variation across the region, and therefore, should not be understood as consistently presenting as issues across the region.

**Availability of trades to support business activity:** presented as highly variable across communities – with many townships reporting challenges with accessing trades in a timely manner. For some, one or two local tradespersons (e.g., plumber, electrician, builder) were addressing local demand, but small numbers of people with this skill set in a community means it is a significant issue if one person is to leave or retire. This is an important risk that needs to be managed for small business, and rural communities more broadly.

*The lack of tradespeople is hindering any industry from moving forward on any scale.*

*I've got plumbing issues I need sorted, been waiting two years but I can't get anyone to do it. You have to do things like get someone out from Horsham which is a \$150 call out for a \$50 job.*

*Have a six month wait for trades if not urgent repair. We try to do as much in-house as possible.*

### **Farmers supporting retail:**

There was some overlap of farmers investing in local townships, supporting small businesses (sometimes for their partners) and this was not always well received by other small business owners, as they were viewed as “lifestyle” businesses:

*That's what happens when farmers get jobs in town – they don't need the money, they can choose... they don't need to work, so they choose their hours [complaint was about a temporary retail closure in the town]*

Small businesses owners also highlighted the gap between farmers and small business owners who support their needs in a community:

*There's a very big socio-economic divide, you've got very low income and their kids are going to school with millionaires, and then you've got somewhere in between with the kids of the teachers.*

*A big issue we have is harvest. The big farms get in contractors who are here a few weeks and then gone. You can't rely on a few weeks a year to maintain your business.*

**Town committees/business networks:** While this was not a specific focus of the study, some businesses raised town committees or business networks as an issue. There was significant variation in terms of their

perceived value and engagement by businesses. Elements of competition and competitiveness within townships and personalities appeared to make it difficult for these to be effective. Again, the focus on volunteer effort by time-poor business owners was an issue, but it was also problematic to leave town development to 'outsiders' or community members not engaged in town/retail business. There would be value in investigating this issue more deeply to understand ways in which effectiveness could be improved.

Small businesses in the towns of Charlton, Minyip and Rainbow were able to highlight the value of town committee efforts unprompted. In addition, Dimboola small businesses reported good networking between local businesses as a key area of growing effort and action. Interestingly, there was no discussion about West Vic Business, or its role for communities other than in Dimboola.

**Infrastructure, Local Government Planning & community development support:** Interviews with businesses across the region indicated that approaches were variable, with some LGAs doing this better than others. Understanding the challenges of small business and their needs is critically important for councils to provide enabling support, rather than making the pressures on small business more intense. If approaches are not enabling it can have significant impacts which limit growth and development potential and may unintentionally reinforce a trajectory of decline. For small businesses engaged in development, challenges with council planning and compliance were highlighted:

*There has been a lot of struggle with Council, still ongoing. Feel that if you have money you get further. Small businesses they squash and squash until there's nothing left.*

*Everything is costly to develop the business. Lot of compliance costs to be up to code. Prices go up faster than the construction speed.*

*If you're a new business you get heaps of support. But if you're already established, forget it, you're on your own.*

Some small businesses felt that there were significant value judgements made about what a town should and should not have in terms of development, which did not always correspond with the needs of businesses.

*"If we were in Ararat Council we would have had it built. Because we are in Stawell, nope. Stawell doesn't like change."*

Small business also provided examples of lack of skill or lack of pragmatism by LGA officers in engaging and supporting local businesses (e.g. development conditions, information expectations, delays and alternative vision/s for growth and development which was different from that of local business). Permit requirements were often raised as an issue, with a strong level of variability in council approaches, which ranged from being quite supportive, to fairly obstructive. We heard from one person who was requiring a cultural heritage management plan be completed for a café development, and another that was refused assistance with paperwork for a liquor licence, both of which created delays for the proposed development and unnecessary additional costs. This suggests challenges with understanding compliance requirements within Council itself. In that particular case, a lack of clarity around requirements can distress businesses:

*Nothing local [in terms of support for business]. Council has been no support. Had issues with outside dining - no communications from Council. Front of street closed four times. Boss applied for a \$500 grant - Council didn't provide it. Council keeps charging fees, no reductions.*

Businesses also highlighted more general infrastructure needs, which supported community development. This included issues such as streetscaping, and support for infrastructure development that enabled medical professionals, and professional services, to find a home in a rural community:

*(Businesses) need the professional support from a strong community: accountants, doctors, health professionals. I know someone who had to take two days off to take their partner to Ballarat for (medical) treatment. That impacts your business. There's not the infrastructure support that businesses really need to thrive.*

*I get frustrated with infrastructure. Regional Vic misses out on a lot. Out here, if you build it they will come, but we don't get the money. People will go to a place if they've got good stuff there, but if you haven't got the infrastructure then you can't invite them here. Infrastructure attracts funding, you don't get funding if you don't have certain infrastructure - it's a big circle.*

*So lucky we have a chemist, a post office, general store and pub. Got lots of things for such a small population... we have a good level of essential business here.*

**Building/infrastructure limitations:** Capital injections are required to improve building infrastructure, and this can be a significant issue for long-term, established businesses to access. Several small businesses also spoke of a lack of opportunities to expand a shopfront presence within a location to enable bigger stores to hold more stock and increase viability due to other long term shop owners, and the lifetime or even intergenerational nature of business ownership in a community.

The research team also saw linkages between the level of perceived community support for a business by the business owner, and the level of willingness to invest. Some businesses felt that they were providing an essential service to the community and so the community should support local business infrastructure investment. This was viewed as a factor in determining future capital investment:

*[When people shop out of town] it depletes enthusiasm to grow... [business] is key for town, but if locals don't support it, its hard to invest... Looking to build a new [building for business]. It is a \$7million project. Its not a great investment but it supports basic community needs*

A very high percentage of businesses interviewed in the study area owned their own buildings, with the prevalence of investor ownership higher in larger towns (over 600 residents) and towns closer to Melbourne, Bendigo or Ballarat.

For business owners who were renters, there is very limited scope to move businesses if the landlord was difficult, unwilling to undertake repairs or was perceived to be overcharging for the property. Due to limited shopfront availability within townships, the scope for businesses to move was extremely restricted. However, there were also stories of (usually) local landlords making what appeared to be sub-economic investments to support retail development and maintaining small business presence in communities.

**Mentoring:** The ways in which Wimmera Southern Mallee small businesses operated supported a high level of independence, but also a significant degree of isolation due to long hours worked physically in the place of business. This severely limited the time available for engaging with others in person. Several businesses identified that they would like to engage with mentoring support with other similar businesses in other parts of the region.

*We need someone who has business experience who can listen, who can give good advice. If you live remotely in an isolated area, it would be great to have someone you can connect with who has business experience, like a mentor, to help you through blocks or difficulties.*

Interviewees also identified challenges in finding the time to engage with supports, and expressed interest in having some assistance to find trusted supports for business activity:

*If you have admin to do, which is so hard because you're doing it all yourself, you can get really stuck. If you had a person you could go to and say hey, I'm struggling in this area, they could look into it and funnel you towards someone who could help you.*

A small number of interviewees also highlighted value in economies of scale for like-minded businesses across the region – particularly those with an interest in tourism. To build tourist experiences, they felt more support was needed and were keen to connect with other businesses in the region to build on existing effort and value add. As one person expressed:

*I want to invite people to come and have cooking classes with what we grow. But this is a challenge for a one person show. I want to collaborate with other businesses and attract grants or funding to support our effort.*

**Tourism:** There was a wide level of variation regarding tourists and their perceived value to Wimmera Southern Mallee businesses. Traffic flow was viewed to be key to developing tourist activities from a small



business perspective, and if a town didn't have this, they tended to be much more focussed on supporting local needs. However, levels of effort ranged from providing a specific tourist experience, to that of not being focussed on engaging tourism at all and not viewing the area as a tourist destination. Towns that missed out on silo art highlighted this as an issue limiting local tourist activity:

*Tourism is a challenge – there's not something special to see here. Any tourists are looking for produce or hand creams not homewares, not always looking for bigger items (homewares store).*

*The town's just not big enough or interesting enough and too isolated to attract backpackers and the like.*

*No-one is going to travel here from Melbourne to go to a pub.*

There was a high level of disregard for State government efforts to boost tourism post-COVID-19 with efforts such as tourism vouchers. This was seen as largely wasted, due to a lack of tourist focus on the Wimmera Southern Mallee:

*Regional places have to be on people's radar. Tourism vouchers - think that's been more for tourist places, it doesn't help us. We are not a tourist destination.*

For areas more obviously linked to tourism, such as Halls Gap, a lack of connection between tourism efforts and local businesses was an issue, with some businesses feeling very unsupported by tourism committee efforts, particularly with regard to advertising and memberships:

*I pay \$550 per month to Grampians Tourism for promotion of business to be included in tourism marketing. I cannot see any benefit from this. Am exceptionally disappointed. I have to spend thousands on marketing and physically go and do it myself, as there's no support. Received some filming and photography, but that was through a Federal Grant to the tourism body, not part of ongoing strategy.*

Others had similar frustrations and felt that the broad marketing support offered by tourism organisations delivered little tangible results at the individual level:

*Tourism sites are not that beneficial for making people want to come. [I see] consultants coming in getting paid \$50k doing things that businesses have to implement. Better to give each business a \$5k grant – but small business can only do small efforts.*

In some communities, small businesses were making decisions about their future locally as a result of what they saw as insufficient tourism in their community:

*Likely relocating the goods business to Kingston, as there is more tourist traffic in summer.*

However, a proportion of businesses identified a role for them in providing an “experience” for tourists and were interested in connecting with other businesses in other towns to enable a more regional focus to such efforts. Some small businesses saw this as having potential to add value to visitor experiences, and provide linkages between Wimmera towns, connecting tourists with businesses that were tourist focussed, and providing support networks between businesses.

*We need a sense of community, working together to collaborate. Some towns do it well, we need to link to other towns doing this.*

In addition, small businesses tended to be highly independent and limited collaboration between local businesses constrained opportunities to provide support for tourists within communities. Places which were doing this better included Dimboola and Harrow – both towns communicated between local businesses and their caravan park, and Hopetoun, which had significant numbers of caravanners, friendly locals to provide information and a dedicated coffee shop/takeaway providing seven days a week service to support caravanner needs. A similar model operated in Sea Lake, and to an extent in Great Western where dedicated individuals can develop a significant small business presence and address gaps in local markets. However, unless support wraps around these individuals, it is difficult to consider their effort to be sustainable in the long-term.



The level of tourism effort also had some correlation to the ages and stages of small business, with lifestyle/retiree businesses more likely to define the terms of engagement:

*I don't open during school holidays, I don't want a dozen kids running around due to COVID risk (lifestyle tourist business for owners providing a retirement income).*

The research team saw significant variability in tourist support across the towns in the region and noted that a focus on volunteering support in some towns may also be slowing the development of legitimate business opportunities to support tourist traffic. It almost definitely impacted on tourists paying for the real cost of the services they received from the community, and is to an extent, reinforcing disadvantage within local communities. It was felt that community members may be looking through a prism of their own experience when considering tourist needs, and some effort is required in assessing the economic opportunities of tourism in local communities and supporting sustainable effort in this space, so that volunteerism is not an expected default. This was expressed well by one interviewee about their community:

*People need to step out of town and look around at different business models. People in our town need to understand tourism more. All the businesses are open 9-3 on a weekday, and on Saturday they close at lunchtime. They're catering to locals, not tourists. If they want to turn their businesses around, they need to clean them up, step out of town, understand trading hours for tourism. Stop trying to build on businesses being the same as they always were. Do something unique.*

There were also a small number of businesses who questioned the value of tourism brought to communities by caravanners – highlighting the focus of caravanners on self-sufficiency and the cost of providing accommodation. However, other small business spoke of the need for councils to provide more accommodation options such as cabins, to support the attraction of tourists and support the accommodation needs of specialist technicians and other staff to communities when needed.

Further, a small number of businesses expressed concerns about councils and tourism organisations “cherry-picking” businesses to highlight in tourist brochures and publicity. Some businesses felt that decisions made around this were subjective and there would be value in marketing the full range of small businesses within a community.

**Time & Burnout:** Many businesses expressed their frustrations at not having the time they needed to work on their business. Being “tired” was a key issue for people intending to exit a business, and many small business owners considered the issue of “time” to be the biggest inhibitor of small business growth and development. Long hours working at the place of business and the need for expertise across a range of areas – staffing, stock management, and service provision – made it difficult for engagement with efforts to change ways of doing things and improve efficiencies.

The hours that small businesses in the Wimmera Mallee are operating varied depending on business type, with retail businesses generally operating ‘business’ hours (Monday-Friday 9am – 5pm and some Saturday mornings). Hospitality businesses operated along traditional hours (cafes early morning to mid-afternoon, pubs lunchtimes to late evenings). What was noticeable from the data was that, overall, small business owners are working very long hours across seven days, with many working 70 – 100 hours per week on average:

The owner of a busy pub laughed when asked how many hours he worked in the business, then said:

*Well seven days a week from early morning to late evening, I'm here. You have to be married to a place like this!*

This publican also stated that he would be expanding the business, adding accommodation and a beer garden:

*It will be hard work but I love it and want to make it profitable.*

A husband and wife business owner team who had retail outlets across several towns stated that the couple work 100 plus hours per week for much of the year:

*There's always something going on – a shop manager gets sick or leaves, a shop needs renovations, there's a sale or whatever. My husband travels to China a couple of times a year to work with some of our suppliers. You've got to keep that good relationship going.*

There were also related stressors with new and part-time businesses who were looking to become more economically viable:

*I am part time, there's not enough business to work a 8 hr day, maybe with business extension I will be able to go full time. (was looking to expand floor space of shop)*

*It is a cloud over your head all the time, is this going to be sustainable? Local support has been excellent, I have regular customers.*

The independent nature of small businesses meant that businesses viewed challenges with their time as individual issues for their own business to resolve, and this often meant working longer as business owners or making individual choices about when to open. The problem with this approach is that it doesn't necessarily result in a solution that supports the sustainability of small businesses within a community, as people become burnt out, and it similarly doesn't necessarily provide opportunities for collaborative growth within the community and value adding on tourist traffic.

In a few towns, we saw evidence of collaboration across businesses, and this created a more enthusiastic atmosphere. Communities of note included Harrow, Dimboola and Apsley in particular, where three businesses in the town had recently changed hands, and all were looking to grow their new businesses and support each other, recognising the value of more shops to create a destination for through traffic and the local community.

**Online presence and business marketing:** Many businesses reported a need to improve or develop their social media/online presence. This was identified as a difficult area for many small business owners to engage in further, as they were already time poor:

*I am busy with kids and the farm too - having to explain to someone how to do it - what's the point? Want someone switched on in IT, marketing etc, to teach me. If I have to direct them, I may as well do it myself. Have used [local marketing firm]. They need direction though; I haven't got skills or time - they are very busy and hard to engage. Big challenge – how do you get someone into your business and share your passion?*

*Marketing side of things is most difficult aspect of business. Spend a large amount of time attracting people to the business. Massive competition with big sites like Temple and Webster - getting people to see value in handmade Australian products [is hard]*

*Need assistance with marketing. Business is on a plateau. Plumbing and electrical - get us in the public eye. Through COVID because of restrictions we were nervous of where blokes go - managing requirements, we haven't focussed on marketing and growth for two years*

Finding time and appropriate skill sets in the region to do this work was highly problematic. Small businesses with small margins found it difficult to justify the time and cost involved in establishing and maintaining an online presence and managing technological changes:

*The Website is 10 years old. Trying to shift to an updated version. Might have to rebuild the website again. Website is too old, not supporting new programs. Am selling through a Facebook page but need website. Missing foot traffic now, jewellery and handbags haven't sold for two years*

However, some small businesses who had invested in upskilling themselves to do this work were clear about the benefits for their business:

*My business grew 300% during COVID. This was not foot traffic, but online.*

*[With] trades in town, business at the motel has picked up 50% in stays. Received Council funding to establish a website [during lockdown]. This is paying dividends, 95% of bookings are online.*

The age of the business owner was often a contributing factor to the level of interest shown in online engagement, and for towns with limited through traffic who were focussed on providing local products and services. Many businesses were intending to ride out their time with local customers rather than engage online:

*I am reluctant – not sure whether to start things I can't finish. Additional time, effort, cost... I have a community minded approach, I want to service the local community, not necessarily sell out of the region.*

**Stock and supplies:** Some small businesses operating in smaller communities were having to travel to access supplies for their business. While some businesses had built their model around this, some (particularly food-based) industries were going through changes with regard to supply contracts at the time of research.

It appeared that for some communities recovering slowly from COVID-19 restrictions, the delay in customer return had encouraged many suppliers to re-think their provision of stock to some areas. This meant that business owners were having to travel to access stock. These arrangements placed extra pressure on the opening hours of businesses and the cost of providing the business to the community:

*Can't compete with supermarkets, makes it difficult. Petrol prices are making it worse. Some deliveries won't come out here to this town, I have to go to a bigger centre and pick up goods - this is time consuming and annoying.*

It should be noted that issues of supply chain during COVID-19 have encouraged a renaissance for some Wimmera Southern Mallee small businesses, who had moved to a stronger focus on local produce and suppliers and Australian made products. This was particularly noticeable in homewares, and for local produce:

*Sourced Victorian suppliers to guarantee that could get stock - I can bring home exactly what I need. It is hard to be a priority for supply when you are a small new store.*

*With Melbourne being closed during COVID suppliers looked to regional options to keep things going. Lucky with suppliers, have kept most of the same. Try to freight from Perth a pallet at a time - cheaper.*

*I have a proactive approach to supplies – small business supporting each other, I try to source things locally.*

*Would have bought at trade shows but don't do that now. Using more local suppliers etc. Sharing Australian made focus, sustainable, recycled etc. have enjoyed researching and bringing something unique to business. Business is focussed on explaining why we do what we do - farming & food.*

**Supplier contracts:** Issues of contracts for small business to supply to Local government, hospitals, schools and other key organisations within a community make a difference to the viability of small businesses. The businesses who were able to attract supply contracts highlighted the value of this to their business. Notably we heard from local supermarkets who were working to source local products from their community also, and this is an important part of value-adding and supporting the sustainability of local products. However, some small businesses reported being overlooked for supplier contracts and this was a frustration:

*Council have been in the past good supporters, but they have got their [product] from elsewhere recently – they didn't ask us*

Quite a few businesses spoke of how councils and some of the bigger service centres (hospitals, schools etc) need to buy their produce and other necessities (uniforms, stationary, furniture, food etc) locally – if not in the district, then at some of the larger regional centres – not import from Melbourne, Sydney or overseas.

*They [Council] need to put their money where their mouth is.*

### *Council needs to support local businesses*

**Tax Incentives:** Several small businesses highlighted the value of tax incentives to assist with capital investment and development activity, which would support their businesses to grow:

*Tax incentives would be helpful, to progress good ideas with quick outcomes.*

However, having financial resources (cash) to contribute towards a tax incentive was also an issue and some small businesses felt they would be able to do more if they had other options, including low interest loans. Several businesses reported that accessing loans for capital investment was difficult:

*Tax incentives require us to have upfront cash to spend. Low interest/interest free loans for business would help us with machinery and equipment upgrades.*

**Pop Up Shops:** Small businesses were asked about whether they had any concerns regarding pop-up shops in their communities. Business owners had mixed views about this phenomenon, which were largely geographically linked. In most towns, pop up shops were thought to add value in providing an attraction point for people to engage with retail or provide an opportunity for community fundraising (market stalls, Christmas products, cancer fundraisers etc):

*I do pop-up shops myself. Lots of fundraisers, cancer fundraisers etc.*

*As long as they don't compete with me, then I'm fine with them.*

However, some businesses reported not seeing pop up shops, and most remembered this as an historic pre-COVID-19 presence, rather than a current experience. Several interview participants felt that their community didn't have the customer base to make it worthwhile for a pop-up shop to come to town. However, in more heavily tourist dependent communities such as Halls Gap, this was highlighted as a concern for local business, and a key concern was the high rents paid by permanent shop owners within the town, which resulted in sensitivities about the potential for lost income to pop-ups which didn't have the same cost base:

*None have affected me, but its not right for the ones paying rent.*

### **Micro**

A small number of issues were highlighted by multiple businesses in individual towns. These would benefit from immediate action:

These were:

**Brown outs and power outages** – highlighted by small businesses in **Harrow**. This was creating significant additional costs for businesses in lost stock and also in appliance damage.

**Lack of tourist signage to Lake Lascelles** – reported by local businesses in **Hopetoun**. Improved signage would help increase the connection between the town and the lake, supporting local business and encouraging tourists to stay.

**Speed of through traffic and limited signage for shopping options** available in town preventing traffic visits – was an issue for residents in **Great Western**. Small businesses noted a strong local retiree population and the challenges of crossing the highway through town as people aged. Small businesses were also concerned about needing to encourage efforts to make the town a destination for through traffic now, so that when the future town bypass is constructed, people are aware of local opportunities to stop.

**Locally focussed accommodation solutions** requiring proactive engagement from Local government at **Halls Gap**. Small businesses noted the large number of vacant holiday houses in town, and the potential for people to rent these out for some of the year, coordinated with the support of Council:

*People won't travel from Stawell to work here [Halls Gap]. Too much work, not enough people.  
Council should write a personal letter to holiday homes asking for 12 M housing lease option - even if*

*only 10% of the owners take it up it would be a massive benefit. Lots of people in Halls Gap use houses only 1-2 times per year.*

**Tired streetscapes** affecting the enthusiasm for the town and discouraging people from lingering in **Donald**:

*[Town] needs street appeal – streetscape is tired. Needs to look like a great place to shop. Buloke has no big central regional centre, just small towns, so there's no big resource draw [nothing to attract tourists to the area].*

## Issues related to COVID-19 - opportunities and challenges

The timing of the research conducted included some pressure points for small business with continuing COVID-19 restrictions in the latter half of 2021 and into 2022. The research team specifically engaged around issues of managing COVID-19 restrictions, exploring issues of financial support and community connection through this period. Two key issues were emerged from these discussions – small business engagement with financial supports, including Job Keeper, and issues around shopping locally.

Businesses operating through COVID-19 reported different degrees of impact. Some businesses interviewed were able to stay open due to their status as an essential service, whereas others closed for periods of time during lockdowns. Impacted businesses were more likely to be in the retail services, clothing and homewares space, with food service businesses such as tourism offerings, restaurants and cafés also reporting significant impacts to their business operations because of lockdowns and travel limitations.

### Job Keeper & COVID-19 Business Supports

There was significant variation in the self-reported access small businesses had to Job Keeper and other associated supports in the Wimmera Southern Mallee. For some businesses this support was integral to their survival, but businesses had to be appropriately placed prior to the pandemic to access this assistance.

For those who were able to access Job Keeper and associated small business supports during COVID-19 this was an important part of business viability:

*Jobkeeper kept us afloat.*

*We were very fortunate. We received Fed and State government grants, which were very generous. The Federal government reduced BAS for everything.*

However, most businesses reported problems with accessing Job Keeper, which most often related to business structures (sole traders could not access Job Keeper), issues with taking a wage from the business, administrative issues, and time in the business, with new businesses reporting not being able to access support.

*I needed to take a wage to attract job keeper. I wasn't taking a wage, was putting it back in the business. Also had an issue with applying, used wrong portal, couldn't resolve it - lost \$40,000 due to an error. Struggling to pay bills - it cost a lot to get through COVID and maintain growth. I wasn't able to apply for anything – there were no categories the business would fit into. I had to cut back hours and services.*

*We could stay open because we are an essential service, but the whole town was basically shut down so trade was virtually non existent. We know of businesses in town that could've stayed open but it was cheaper for them to stay shut and collect Job Keeper.*

The lingering impact of COVID-19 on small businesses in the region was related to the residual impacts of lost income (which was variable for Wimmera Southern Mallee businesses) and new pressures created by staffing shortages. There was a determination to continue on post-COVID-19 but several businesses acknowledged the financial and personal impacts of the experience:

*We can't quit because we've made it through the hard times [COVID-19] (interview with a business that commenced in 2019)*



*Covid cost the business \$200,000.*

*We were hit really hard – it was terrible. Nothing was coming into the business. But we also took a hit on our quality of life – the uncertainty took a toll on our mental and emotional health.*

*It's basically cost us more to have our heaters running than to stay open.*

## **COVID-19 & shopping locally**

The impact of COVID-19 on small businesses varied widely, with some benefiting from travel restrictions, while others experienced severe negative impacts. Perhaps unsurprisingly, the biggest beneficiaries appeared to be local produce suppliers, such as supermarkets and related food businesses, while homewares, giftware and clothing businesses were more likely to have reported negative and sustained impacts. For some, they felt this was due to a lack of tourist traffic, which hadn't fully recovered at the time of research. Some were also concerned about a shift to online shopping for clothing and homewares products (which was corroborated by all the local post offices interviewed, all of whom had had major upticks in parcel delivery services) and some had strong concerns that this would not revert as it had been a concern for many prior to COVID-19.

*The key challenge has been online shopping. In normal times Probus buses would have been through, these have been missing for two years. Would have had 30 per year. Certain age group not coming out to buy clothing. People are used to staying at home now. Got to plug away and hope that it comes back [customers]*

The individualised nature of small businesses also placed issues of creating a local brand and brand loyalty solely on individual business owners. As one person said of owning a small business:

*It is incredibly time-consuming, and I think one of the harder things, probably town specific, creating customer loyalty, customer bond. Encouraging people to shop local. K-mart is a killer.*

*Not sure if people will go back to chain stores. That is a bit of a fear for me as a new business, people can go back to bigger centres - COVID was good for looking after locals.*

Some small businesses highlighted what they were seeing as step change, with people now preferring to shop online.

*Once people begin shopping online they prefer that method and don't go back to shopping local.*

*Bit of a stigma attached to shopping local I think.*

Businesses varied in terms of their interest in "shop local" as an approach. Some businesses felt that more emphasis should be placed on encouraging residents to "shop local" and market the synergies between small business and the viability of local communities. Related to this, many businesses spoke about their role in providing a business to the community that had ideological elements, and efforts to provide products and/or services to a community was not always about economic returns, but it was about each person and business playing a part in supporting a community to survive:

*The retail aspect of our business is more about supporting the community – attracting tourists into the town. It's not profitable at all. My daughter runs her own business at the back of the shop and that's where we make the money.*

*We have a great community of traders all on the same page. We asked people to open for a long weekend and they all agreed. We all did really well.*

For some businesses they felt that their role in supporting the community was undervalued by community members themselves, and that their investments in the community through local sponsorships and other commitments were undervalued by people in the town, to the point where small business provision of such supports were taken for granted:



*We need local services to shop local. We need the hospital to buy their produce from local traders instead of outsourcing.*

For these and some additional businesses, the “shop local” argument was no longer an effective argument to support small business in the region. Some of these small businesses felt that businesses themselves had to do more to be competitive and provide the services that are attractive to residents and tourists:

*Getting locals to shop local is hard. Participating in Shop Local and Nhill night shopping campaigns were not worth it. It's more important to stay relevant and fresh.*

*This [shop] is my story. It's an experience, not just a shop. My story is the drawcard.*

*We're a small town, 45 percent are over 65. They're happy with the status quo. Difference and change are difficult. Ideas are hard to implement.*

*This town needs something to attract people. We're a good meeting place between Bendigo, Mildura, Warrnambool. A water park or something touristy would help.*

There is an interesting ideological disparity in this space, with small businesses holding a spectrum of views related to shop-local and community connection to small business within the Wimmera Southern Mallee. Most importantly, small business expressed the need for a shift in the value that shop-local messaging is bringing to their businesses. Businesses appear unsure whether this is due to reduced focus in this space by those who could promote it (i.e., local government, business networks, town committees) or whether this is due to businesses themselves not doing enough to pivot and remain relevant to the communities they operate within.

## Discussion

Supporting small business in the Wimmera Southern Mallee requires a recognition of their role in supporting the liveability and attraction of small communities for both those who live in the region, and the tourists who visit. Understanding the real cost for small businesses to do so is the first step, recognising the value that many small businesses place on their role in supporting the viability of their community and the discount they make of their own labour to provide and maintain a service for others.

One of the most significant challenges presented from this research is how to effectively engage with small business and provide effective support at local and regional scale. There are a range of reasons for this complexity – which include:

- The highly individualised nature of small business
- Different ages and stages of small businesses, which result in different needs at different times
- Limited time and perceived value for small business in engaging with others
- A lack of trust in external supports and support efforts
- Real or perceived competition within community and across the region
- Personalities and previous experiences with local government or other organisations
- Different motivators for small business operation, which are not necessarily economic
- Different expectations by small business for what engagement and supports should look like
- A tend to value historic strategies for support

Engaging with small business in the Wimmera Southern Mallee will be very difficult due to this complexity, and is best done at a range of levels, acknowledging the macro, meso and micro nature of impacts and needs.

Some things which helped improve the level of collaboration across otherwise competitive small businesses was to have a shared vision for the community and a desire to support rather than compete. The research team saw businesses working together, even those businesses that were effectively in competition with each

other. As one café business said of its rota arrangement to share the school lunch roster with the other café in town on a term about basis:

*All for one and one for all.*

And those communities where this was not happening, also acknowledged it as an issue:

*Need a sense of community, working together to collaborate. Some towns do it well, we need to link to other towns doing this. It's hard in [town]... Need to connect to other towns talk about things to do in other areas. Few more businesses in town needed, that's what people in town want.*

The value of business diversity was also seen in other communities where the presence of a range of businesses was understood to be an important contributor to the attraction of a community for visitors and locals.

*Need more businesses, more things for people to come and do and see.*

The research team found that small businesses often acknowledge that an anchor business, event, or attraction (natural or other) was necessary to entice interest in their community. This could be a natural feature, such as a nearby lake or other feature, or was linked to the town itself, with historic buildings, silo art or an event. The challenge for uniqueness is again, that it usually relies on the enthusiasm and efforts of volunteers. Businesses who did not have this element in their community were aware:

*The town needs an attraction, something in the area to make people want to come. Some benefit from the silo trail, but we are not on the silo trail. The streetscape is tired. Some eating places are not open often, there's nothing on the weekend.*

The challenge is again, to address the necessity for volunteer effort to be the driver of change in the Wimmera Southern Mallee.

## Recommendations

The public-facing report *Revitalizing Wimmera's High Streets* makes several recommendations for actions to support Wimmera Southern Mallee small business. This report provides background material to support the report.

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