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Perth - a well-connected, global city

While Sydney and Melbourne might be Australia's biggest cities, they aren't necessarily our most connected or globalised. A major finding of the latest FACTBase Bulletin released by the Committee for Perth is that it matters less if a city is global, it's now more important how it is global. The report also dispelled the perception that Perth has a 'branch office' economy, where we have local offices but not many company headquarters based here.

"In the 21st century, emails, financial transactions, the importing of goods, phone calls, airline networks, resource exports, trade agreements, and a number of other physical and virtual flows are far more important than the traditional idea of connectivity," said Committee for Perth CEO, Marion Fulker.

"There are currently 652 Perth-headquartered firms listed on the Australian Securities Exchange. Of those, 391 are in the mining and resources sector and 110 are in the energy sector, which shows the importance of these industries to our economy. However, between 2013 and 2016, Perth lost more ASX-listed firm headquarters than any other Australian city. Of the 98 losses, 78 were in the materials sector, mostly junior miners, and 19 were in the energy sector. But these losses were counteracted by gains in other sectors, with Perth more than doubling the number of listed firms in the information technology sector, and a modest increases in healthcare as well.

"What this indicates, is that changes are afoot in Perth's economy and it has shown the potential to further diversify. That's one of the many things the Committee for Perth is examining as part of our Bigger and Better Beyond the Boom research project, which industries can grow, so that we aren't solely reliant on the minerals and energy sector to keep the economy growing and thriving."

The FACTBase Bulletin also examined the connections of 1,840 firms listed on the ASX. This shows not only direct connections, but the complex reporting structures of firms through indirect ties, from smaller regional offices reporting to larger ones and ultimately to their Perth headquarters. Using this data, Perth emerges as either the highest, or second highest city in Australia, in terms of where ASX offices are most likely to be and how globally connected they are.

"The heavy presence of financial industries in Perth demonstrates our strong connections to the resources sector. This is particularly interesting when you consider that financials don't appear strong in any other Australian city other than Sydney, which is home to the ASX, and is Australia's global city hub for advanced producer services," added Mrs Fulker.

"When you look at the overseas branches of Perth-based companies, 49 were in the mining and materials sector and 45 were in energy, not surprisingly, these represent almost half of the total of 195. When you take a closer look at where the branches are located, 27 were in Africa, 42 in the Americas, 80 in Asia, 32 in Europe, and 5 in Oceania."

Mrs Fulker said the globally-connected, 21st century marketplace provides challenges and opportunities for our economy.

“On the one hand, the globalisation of commodity markets means that resources, like the price of iron ore, are subject to external ups and downs, which causes cyclical business trends and related shifts in employment. On the other hand, Perth firms sell not only commodities, but expertise and knowledge to the rest of the world, which provide solutions to distant markets, Mrs Fulker said.

“Our strong resources connections to Africa, Latin America, and parts of Southeast Asia and North America are also important because they provide opportunities for us to enhance our overseas activities and to deepen global ties. Most importantly, they open the door to new overseas markets, and provide some guidance on which of these are unique to Perth, over our competitors in other large Australian cities.”

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