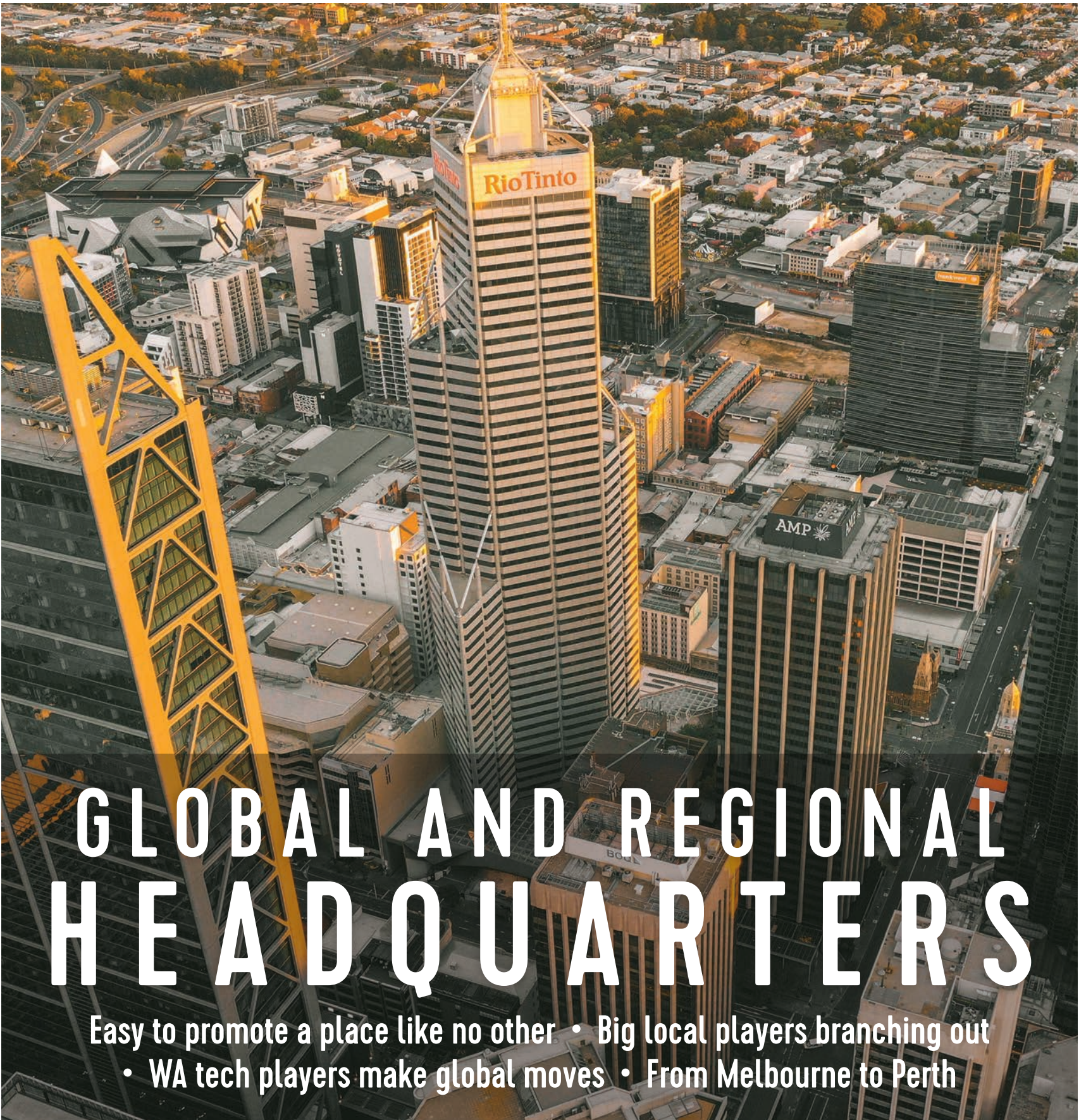


PROMOTING PERTH

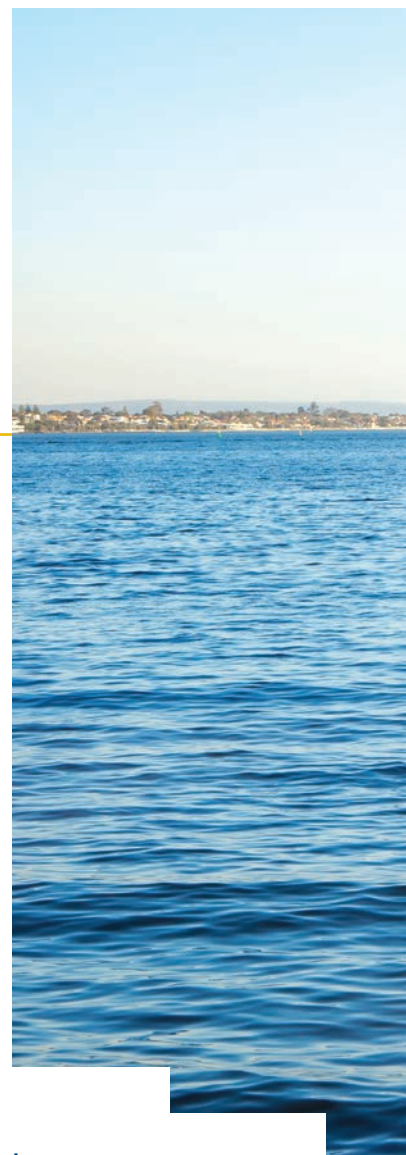


GLOBAL AND REGIONAL HEADQUARTERS

Easy to promote a place like no other • Big local players branching out
• WA tech players make global moves • From Melbourne to Perth

“ Perth is characterised as entrepreneurial. Our ‘have a go’ nature provides the perfect platform for local people to create solutions that have wider application, well beyond WA’s borders

Matilda Bay Boatshed, Perth



Easy to promote a place like no other

Perth is an attractor of global organisations and the creator of local success stories.



WESTERN Australia’s share of the nation’s overall economic output is 15.9 per cent, with the state’s core strength - mining - making up 11.1 per cent of the total across all states and territories, according to the Reserve Bank of Australia’s July 2021 figures.

The RBA’s figures also show that the resources sector dominates exports nationally at 66.4 per cent, well ahead of second-placed services at 12.7 per cent.

WA’s economic specialisation in mining and resources is a key influencer in Perth’s global connectedness. As a result, Perth is home to several multinationals, including Chevron, Rio Tinto,

and BHP. They are joined by local success stories such as Woodside Petroleum, FMG, South32, and Wesfarmers.

These major players attract vast support infrastructure consisting of international professional service firms, technology companies, and financiers, all staffed by specialists lured from across the globe.

The lucrative roles on offer may be enticing in a professional sense but selling individuals on the benefits of a move to Perth requires a concerted effort by recruiters, given the city isn’t top-of-mind for many people.

However, once the new arrivals experience the high

quality of life offered by a place the Economist Intelligence Unit’s latest rankings found to be the sixth most liveable city in the world, they quickly turn into some of Perth’s biggest and most vocal advocates.

Former Rio Tinto Iron Ore chief Sam Walsh hails from Melbourne, and ATCO’s Canada-born managing director Pat Creaghan joined the ‘Team Perth’ cheer squad some years ago.

More recently, Perth has welcomed vice-chancellors Harlene Hayne and Amit Chakma to Curtin University and the University of Western Australia, respectively. I understand both have



STORY: MARION FULKER PHOTOS: STOCK PHOTO

already fallen under Boorloo's (Perth's) spell.

Others, including me, came to Perth early in our careers and have remained for decades, simply smitten with the place.

Beyond being a great place to raise a family, its liveability, natural beauty, and 300 days of sunshine a year, Perth is characterised as entrepreneurial. Our 'have a go' nature provides the perfect platform for local people to create solutions that have wider application, well beyond WA's borders.

Our new generation of local success stories has been fuelled by the tech boom giving rise to companies such as

HealthEngine, Canva, Moodle, and Evari.

As the state's capital city, Perth is a beneficiary of the flow of capital, ideas, and people, be they local or global.

In research terms, Perth is described as an 'outlier', with some of its attributes, such as its role in the global commodity chain, considered typical of a 'world city' yet also deemed to be more of a branch office economy; a spoke in the wheel, so to speak.

The contrast between local versus international decision-making was brought into stark contrast by the COVID-19 pandemic.

Companies headquartered

in COVID-hotspots in the US, the UK and elsewhere implemented drastic measures to protect staff.

But these decisions were made in response to events on the ground that bore little to no resemblance to life in Perth and ignored how well WA was doing compared to pretty much anywhere on the planet.

Subsequently, mounting the case for a reasonable strategy to return to the office proved to be an almost impossible task for local leaders here.

As we found in our Hashtag Perth brand and reputation project, Perth is a different kind of 'good'. It's an attractor of global organisations and

the creator of local success stories; a place important to the national and global economy that increasingly has big-city amenity yet retains its small-town friendliness.

This issue of *Promoting Perth* is an exploration of the big and small businesses that make up the Perth and WA economy. Rather than a battle between David and Goliath, Perth is a mix that creates a place like no other. ✓

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“ There has never really been any desire to move, we have a lot of very capable Western Australians here running a national business
-David Bailey

Big local players branching out

Only a handful of Perth-based companies outside the resources sector have built truly national or global operations.

THERE have been many occasions during Wesfarmers' long history when people have asked why the conglomerate continues to be based in Perth.

For many years it has been one of Australia's largest companies, with most of its earnings coming from outside Western Australia.

That is especially the case now, when the group is powered by its retail brands: Bunnings, Kmart, and Officeworks.

Nearly 90 per cent of the group's staff are outside of WA and most of its shares are held by institutional investors outside the state.

Rather than shift Wesfarmers' HQ to a bigger financial centre, however, the board of

directors has chosen to stay close to the company's roots in WA.

It's not because the board is stacked with parochial Western Australians.

Wesfarmers' nine-member board has just four Perth-based directors: Michael Chaney, Rob Scott, Wayne Osborn, and Sharon Warburton.

Nor is it for sentimental reasons.

Wesfarmers is driven by shareholder returns and will sell any asset if it gets a suitable offer. (This was evidenced by the sale some years ago of the rural services business that provided its foundation.)

The company maintains a lean head office in Perth, with

just 287 staff at last count.

That's out of a group-wide total of nearly 108,000 across Australia and New Zealand.

Notably, the leaders of Wesfarmers' three big retail divisions – Bunnings, Kmart, and Officeworks – are based interstate, closer to most of their staff and operations.

The rest of the 12-member leadership team, including CEO Rob Scott and CFO Anthony Gianotti, are based in Perth.

That provides a unique perspective on the Australian market.

With a long-term track record as one of Australia's best-performing listed companies, it would be a brave move to change what is clearly a successful formula.



STORY: MARK BEYER

Most of Wesfarmers' peers in WA operate in the resources sector.

Perth is the logical home for big companies such as Fortescue Metals Group, Woodside Petroleum, Hancock Prospecting, and Northern Star Resources because their operations are overwhelmingly in WA.

Mining companies that operate overseas also have a good reason to keep their head office in Perth.

That's because Perth has unsurpassed technical, legal, and financial expertise that global miners need to support their operations.

Head office location is a more interesting question for WA companies with national or international operations

outside the resources sector.

A notable example is ship-builder Austal, which generates the bulk of its earnings from its US operations but retains its head office in Perth.

Another is education services provider Navitas, which has 6,000 employees in 120 colleges and campuses across the globe, all run from Perth.

In both cases, a key factor is that the founders and major shareholders – John Rothwell and Rod Jones, respectively – are Perth residents and have no desire to move.

It's a similar story at Australian Finance Group.

AFG has grown to be one of Australia's largest mortgage broking groups: it deals with nearly 3,000 brokers and



AFG's leadership team includes chief executive David Bailey (left), Lisa Bevan, and Ben Jenkins. Photo: David Henry



Rob Scott has a lean head office team at Wesfarmers. Photo: Gabriel Oliveira

287
Wesfarmers' Perth staff

70 lenders, most of whom are on the east coast.

The group runs this national business from its head office in West Perth, which has 192 out of its 238 staff.

Chief executive David Bailey said AFG's establishment in Perth was important in shaping the company.

"The business was founded in Perth in 1994; that's where the heart and soul of the business is, where the core expertise is with our technology platform," he said.

Mr Bailey said the company had been offered incentives to move.

"Historically we have received offers from other state governments to relocate," he said

"There has never really

been any desire to move, we have a lot of very capable Western Australians here running a national business.

"That's something we are quite proud of."

Like Wesfarmers, most of AFG's key executives, including Mr Bailey, CFO Ben Jenkins, and company secretary Lisa Bevan, are based in Perth.

Several key executives are based interstate, including: Them Lam, national manager strategic partners and recruitment, in Melbourne; Damian Percy, general manager securitisation, in Adelaide; and Chris Slater, head of sales and distribution, in Brisbane.

It also has a credit hub for the home loans business in Melbourne.

"That has allowed us to spread ourselves and attract talent," Mr Bailey said.

"Technology has been a big player in that."

Another success story that has grown out of Perth is ASX-listed Omni Bridgeway.

Through a combination of organic growth and mergers it has become the world's largest litigation funder with a market capitalisation of just under \$1 billion.

Reflecting the company's history, Perth is one of the largest offices in Omni Bridgeway's global network.

The group has about 180 staff, with 30 in Perth.

This includes a substantial legal team led by group general counsel Jeremy Sambrook.

However, Perth's influence is waning.

Managing director Andrew Saker spent six years running the business from Perth until April this year, when he transferred to New York to focus on its expansion in the world's largest legal market.

The company still has two Perth-based directors (out of seven) but co-founder and executive director Hugh McLernon plans to retire next year.

That will leave corporate lawyer Michael Bowen as the only Perth-based director. ✓

Beyond WA

- Wesfarmers: national retailer
- Navitas: global education services
- Austal: global shipbuilder
- Australian Finance Group: mortgage broking
- Peet: national land developer
- Cedar Woods: land development

Moodle chief executive
Martin Dougiamas.
Photo: Madeleine
Stephens



WA tech players make global moves

Perth-based tech operations have been busy targeting international expansion opportunities.

STORY: MADELEINE STEPHENS

“ I decided to outsource the clients to other people so I could focus on the core development - Martin Dougiamas

SEVERAL technology companies based in Perth have expanded their global reach in recent weeks.

ASX-listed cyber safety company Family Zone recently acquired its UK-based competitor, Smoothwall, for \$142 million.

Moodle, meanwhile, an open-source learning management system, acquired three of its US partners, while Vix Technology rolled out its transit ticketing system to more cities.

Family Zone, which offers cloud-based parental control

solutions, raised \$146 million to fund the acquisition of Smoothwall in early August.

According to an ASX release at the time of the acquisition, Smoothwall, which develops and sells similar technology to Family Zone, generated about \$30 million of annual recurring revenue and delivered unaudited underlying earnings of about \$7 million for the financial year ending March 2021.

Smoothwall services 12,400 schools and 6 million students in the UK and the US.

Family Zone founder and

managing director Tim Levy said the acquisition gave the company access to new clients and software capabilities that could be added to its existing products.

The purchase adds 113 staff to Family Zone's 180 employees.

Family Zone has experienced strong growth since listing on the ASX in 2016.

It acquired New Zealand company Linewize in 2017, and in June of this year paid \$23 million for US company Net Ref.

Family Zone has grown its

US footprint to serve more than 5 per cent of school districts in the US and has a market capitalisation of about \$300 million.

Mr Levy said Family Zone was a Perth business with global cyber safety problems to solve.

He said being based in Perth provided a good time zone to operate from and allowed him to arrange meetings between employees in New Zealand, the UK, and US.

Finding employees in Perth could be difficult, however.

“One of the challenges we



Tim Levy founded Family Zone. Photo: David Henry

“ One of the challenges we have in Perth is engineering talent gets soaked up by the resources industry and by government
-Tim Levy

have in Perth is engineering talent gets soaked up by the resources industry and by government and they're prepared to put big money into people to do things,” Mr Levy told *Business News*.

He said it was especially difficult to find people with experience building security and safety technology or selling it, although global connectivity was making it easier to find talent.

“You can compensate for that by working virtually now globally,” Mr Levy said.

He said Perth's lifestyle was

a major factor that kept him here.

“It's just a fabulous place to live ... so I'd rather not leave,” Mr Levy said.

Moodle has also recently made strides to grow its business globally by acquiring three of its US partners.

The company, which started open-source learning management systems used by institutions and companies including Cisco, Cambridge University and Shell, and has 300 million registered users, did not expand internationally in the conventional way.

After university staffer Martin Dougiamas started developing Moodle in the early 2000s (for free), he was overrun by enquiries for support and decided he needed to turn it into a sustainable business.

He created a model where businesses could register as Moodle partners to help clients sell and configure the

software. Partners pay Moodle 10 per cent as a licensing fee to use trademarked marketing materials.

“I decided to outsource the clients to other people so I could focus on the core development and that's how the partners got going,” Dr Dougiamas told *Business News*.

“That's why we have so many partners around the world doing the services.

“It [business] wasn't my background, I'm a computer scientist engineer and I think I am best at solving those kinds of problems.”

Two decades on, Dr Dougiamas said it was the right decision because the partnership model allowed about 100 partners to target larger overseas markets.

However, Moodle has altered the partnership model slightly after the acquisition of My Learning Consultants, Moonami Learning Solutions,

and Elearning Experts for an undisclosed sum in early August to create Moodle US.

The move adds 45 staff to Moodle's 88 employees in Perth, Spain and the US.

Given Moodle's international reach and network of 10,000 contributors who help develop the company's open-source platform, Dr Dougiamas said he saw Moodle as a global company, rather than one from Perth.

“It is expensive and every time I hire someone here, I think we could have hired three people for that somewhere else,” he said.

Finding the right skills could also be difficult, Dr Dougiamas said.

“The number of people doing that [software development] compared to Barcelona or Silicon Valley or somewhere else is a lot less, it's a much smaller pool. So, you end up doing more hunting and training and that all

costs time and money as well,” he said.

Another local business growing its international footprint is Vix Technology.

Perth is home to one of the company's three global headquarters (the others being Cambridge in England and Seattle in the US). It also has 14 other offices worldwide.

Vix Technology has developed transit ticketing systems currently used in 200 cities around the world.

More cities are using Vix Technology's system after it has rolled out in Phoenix in the US and Edmonton in Canada.

It was recently recognised for its work and named as company of the year at the 2021 Incite Awards in Perth. ✓

From Melbourne to Perth

Melbourne was historically home to Australia's big mining houses, but the weight of influence has shifted west.

Woodside, Alcoa move to WA

BHP, Western Mining Corporation, CRA, Woodside Petroleum and Alcoa of Australia were all once based in Melbourne.

Now there is just one based there. Melbourne's dominance changed dramatically in the mid 1990s, when London-based RTZ absorbed CRA to form Rio Tinto, and both Woodside and Alcoa moved to Perth.

Woodside was established in 1954 and originally focused on exploring Victoria's Gippsland basin.

From the mid 1960s, its focus turned increasingly to Western Australia, culminating in development of the North West Shelf gas project in the 1980s.

The formal transfer of Woodside's head office in 1996 was the final step in a long process, with the group already having its staff and operations in WA.

Similarly, Alcoa moved its Australian headquarters to Perth to be closer to its major assets, including its bauxite mines and three alumina refineries in WA.



South32 established in Perth

A BIG addition to Perth's head office network came with the establishment of BHP spin-out South32 in 2015.

Led by former BHP executive Graham Kerr, South32 has a disparate collection of alumina, manganese, and coalmining operations across the globe.

It was originally expected to include BHP's Nickel West operations: one of the core assets BHP acquired when it bought Western Mining Corporation in 2005.

That did not happen because Nickel West was seen at the time as the unwanted child in BHP's diverse portfolio.

It has since recovered to become an exciting growth opportunity.



SOUTH32 CEO GRAHAM KERR

BHP and Rio the outliers

PERTH'S ascension as a global mining capital would be complete if BHP and Rio Tinto shifted their headquarters here.

BHP - once known as the Big Australian - remains headquartered in Melbourne, while Rio's head office is in London.

The issue has become more topical as the resources giants' Pilbara iron ore operations have become by far their biggest profit generators.

Added to that, Rio's destruction of the Juukan Gorge rock shelters last year signalled it was out of touch with the local community.

Rio has responded in many ways.

For example, recently appointed chief executive Jakob Stausholm has spent more time in Perth than his predecessor, JS Jacques, ever did.

Similarly, BHP chief executive Mike Henry is a regular visitor to Perth.

At a board level, Rio has recruited former WA treasurer Ben Wyatt as a non-executive director.

That brings Rio into line with BHP, which counts one Western Australian on its board: former Wesfarmers executive Terry Bowen.

Both companies have repeatedly signalled over the years they have no intention of shifting their head office.

As recently as May this year, Rio chairman Simon Thompson was asked the question.

He played down the significance of Rio's London head office, saying it had only 130 people.

The focus, he said, was on moving people out of the UK to get them closer to the company's operations in cities such as Montreal, Brisbane, Perth, and Singapore.

In that regard, Rio and BHP are two of WA's largest employers, both on the ground in the Pilbara and in their Perth offices.

They just don't have their head office here.

