

Torres Strait Regional Economic Investment Strategy, 2015-2018

Phase 1: Regional Business Development Strategy

*A Framework for Facilitating Commercially-viable
Business Opportunities in the Torres Strait*

September 2015



This report has been prepared on behalf of the Torres Strait Regional Authority (TSRA).



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Executive Summary



Executive Summary

A New Approach to Enterprise Assistance in the Torres Strait

The Torres Strait is one of the most remote and sparsely populated regions in Australia. High costs of basic services and of doing business in the region, infrastructure shortfalls, high levels of unemployment and a lack of economic independence amongst many Torres Strait Islanders and Aboriginal people living in the region pose significant challenges in efforts to facilitate opportunities for commercially-viable businesses in the Torres Strait.

Recognising these challenges, the Torres Strait Regional Economic Investment Strategy defines a new approach to business assistance that is informed, strategic and targeted in nature. It identifies potentially sustainable industries which - in light of the many challenges and constraints on the region's economic growth - provide the greatest potential to establish and grow commercially-viable businesses in the Torres Strait.

Building on existing data, information, analysis and strategic directions, the Torres Strait Regional Economic Investment Strategy is informed by:

- A socio-economic profile of the Torres Strait Region focussing on those industries with potential for future growth;
- Data and information on broader industry trends, challenges and prospects, to help identify opportunities for regional industry and business investment across the communities of the Torres Strait;
- Consultation with business owners and leaders in the communities of the Torres Strait; and
- The vision for the Torres Strait region, which is *“empowering our people, in our decision, in our culture, for our future”*.

A Plan of Action

This Business Development Strategy is Phase 1 of a two-phase approach to developing the Torres Strait Regional Economic Investment Strategy. Informed by research, consultation and analysis, it provides an evidence base to inform the TSRA in taking a strategic and targeted approach to facilitating assistance for commercially-viable business development in the Torres Strait Region. The strategy guides a plan of action for the TSRA to effectively deliver its Economic Development Program objectives and to meet the performance measures as articulated in the *Torres Strait Development Plan 2014-2018*, including:

- Increased capability of Torres Strait Islander and Aboriginal People in the region to manage commercially-viable businesses;
- Improved access to capital and other opportunities to finance commercially-viable businesses;
- Increased number of commercially-viable businesses owned and/or operated by Torres Strait Islander and Aboriginal people in the region; and
- Improved wealth of Torres Strait Islanders and Aboriginal people living in the region.

The Regional Economic Investment Strategy is driven by the objectives of the TSRA's Economic Development Program which aims to address identified challenges and capitalise on opportunities for the sustainable economic development of the Torres Strait and Northern Peninsula Area.

Economic development, in the context of the Torres Strait Regional Economic Investment Strategy requires the identification of commercially-viable business opportunities while recognising and responding to the region's unique economic development issues, challenges and constraints.

Recognising the Torres Strait Region's Unique Challenges

There are a number of critical challenges and constraints which must be considered and ultimately addressed to help facilitate and encourage economic development through the establishment and growth of commercially-viable businesses in the Torres Strait.

These challenges and constraints include, for example:

- A small and widely dispersed population in a remote region of Australia;
- High levels of unemployment and welfare dependency;
- High costs of basic service provision;
- High costs of accessing the Torres Strait from elsewhere in Australia and of doing business in the region;
- Critical physical infrastructure shortfalls (e.g. broadband communications);
- Community infrastructure deficiencies in some areas (e.g. health care);
- A lack of economic independence for Torres Strait Islanders and Aboriginal people living in the region; and
- Limited commercially-viable business opportunities that can be established in remote communities.

These critical infrastructure, human resource, market and other challenges and constraints on economic development in the Torres Strait Region concern the broader 'determinants' and 'enablers' of economic development, that is, the things that require the attention of all three tiers of government through their various agencies and which are not the sole responsibility of the TSRA.

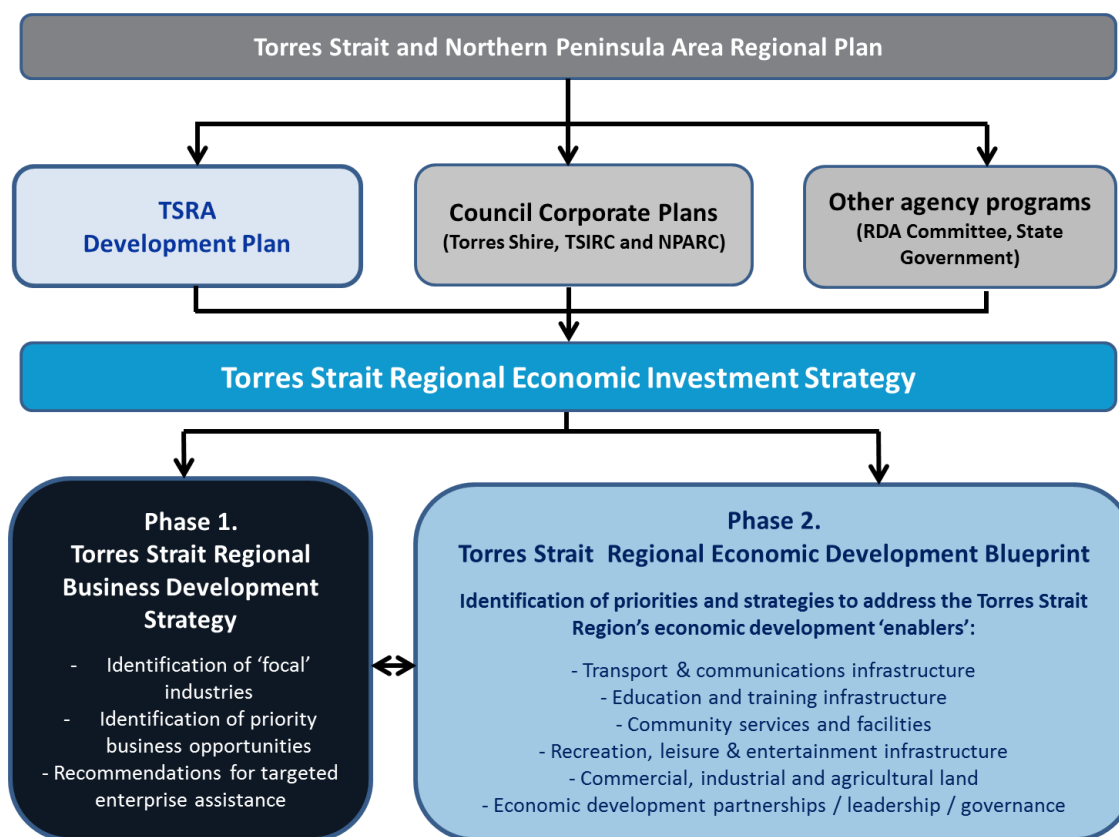
Hence, this first phase of the Torres Strait Regional Economic Investment Strategy will in time be followed by Phase 2, to be developed by the TSRA in consultation and collaboration with other stakeholders to develop a *"Torres Strait Regional Economic Development Blueprint"*.

The second phase will be necessary to help address the diversity of issues, challenges and constraints which impact on the Torres Strait Region's capacity to take advantage of potential business development opportunities. Importantly, it will focus on the critical determinants and enablers of economic development including:

- Transport and communications infrastructure;
- Education and training infrastructure;
- Community services and facilities;
- Recreation, leisure and entertainment infrastructure;
- Commercial and industrial land; and
- Economic development partnerships / leadership / governance.

The development of a two-phase Regional Economic Investment Strategy sits within a broader regional economic development framework, reflecting a holistic approach to economic development in the Torres Strait Region, as illustrated below.

Torres Strait Regional Economic Investment Strategy Framework



Source: SC Lennon & Associates

Targeted Assistance for Business Opportunities in Three 'Focal' Industries

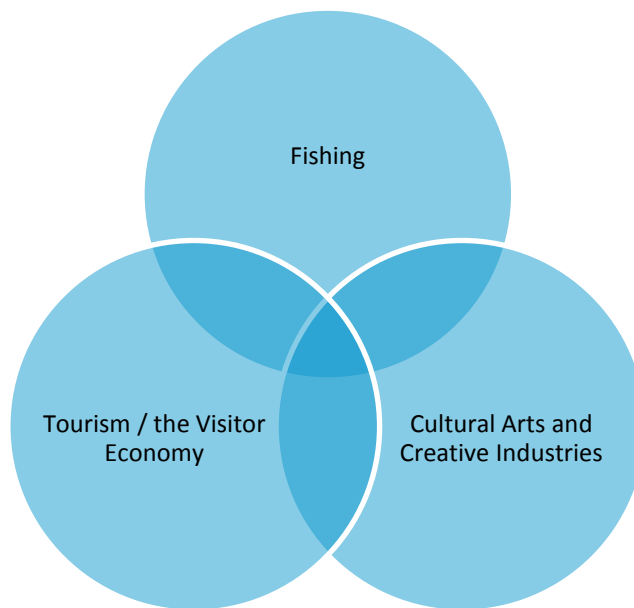
The Regional Economic Investment Strategy recommends the TSRA focus its business assistance services on five broad business opportunities within three 'focal' industries. The recommendations are targeted with the identification of those industries that present the best prospects to assess potential pilot projects for enterprise assistance from the TSRA. Hence, this report provides an informed assessment of opportunities for local business development throughout the region.

Consistent with the findings of the socio-economic research and analysis, coupled with anecdotal evidence gathered through consultation with business leaders and other stakeholders in the Torres Strait, it is considered that economic activities in fishing, the arts and tourism provide the basis for strategic efforts to establish and grow commercially-viable businesses in the Torres Strait Region.

Specifically, those industries, which should form the basis of more targeted enterprise assistance in the Torres Strait, include:

- Fishing;
- Cultural Arts and Creative Industries; and
- Tourism / the Visitor Economy.

‘Focal’ Industries for TSRA Business Assistance



Business Opportunities

For each of the three focal industries, consideration has been made for potential opportunities for business and industry development in the Torres Strait Region, having regard for existing economic activity, broader trends, challenges and influences, regional attributes and comparative advantages.

As a result, the Torres Strait Regional Economic Investment Strategy identifies five areas of ‘business opportunity’ within the three focal industries. These are broadly-defined business development opportunities that represent tangible business ideas worth considering further, subject to applications / expressions of interest being made to the TSRA for enterprise assistance.

They are:

1. Fishing

- Support Value-added Fishing Activities
- Support the Development of a Torres Strait Fishing Company

2. Cultural Arts and Creative Industries

- Support Local Arts and Creative Enterprise Development

3. Tourism / the Visitor Economy

- Support Tourism Enterprises that Capitalise on the Region’s Emerging Markets
- Support Tourist Accommodation Enterprise Development

Business Opportunity Prioritisation

While the research and consultation findings show all the opportunities identified are all considered valid and worthwhile in principle, resource constraints will make it impossible for the TSRA to provide support for all opportunities at one time. Hence, the opportunities identified need to be prioritised so that the TSRA can target its assistance by providing support to prospective pilot projects.

As a result, two broad sets of assessment criteria have been applied to each of the opportunities identified in this strategy, being 'benefit assessment' (what benefits is the business opportunity likely to deliver to the region?) and 'capacity to implement' (does the region have the capacity to support the opportunity in question?).

For all the opportunities identified in this Regional Economic Investment Strategy, some form of targeted assistance would be needed. The TSRA would assess each business proposal on its merits following calls for expressions of interest (EOIs) and receipt of applications for assistance. However, the analysis presented in this report provides informed guidance to the TSRA in prioritising those areas where it advertises for EOIs, ranked as follows:

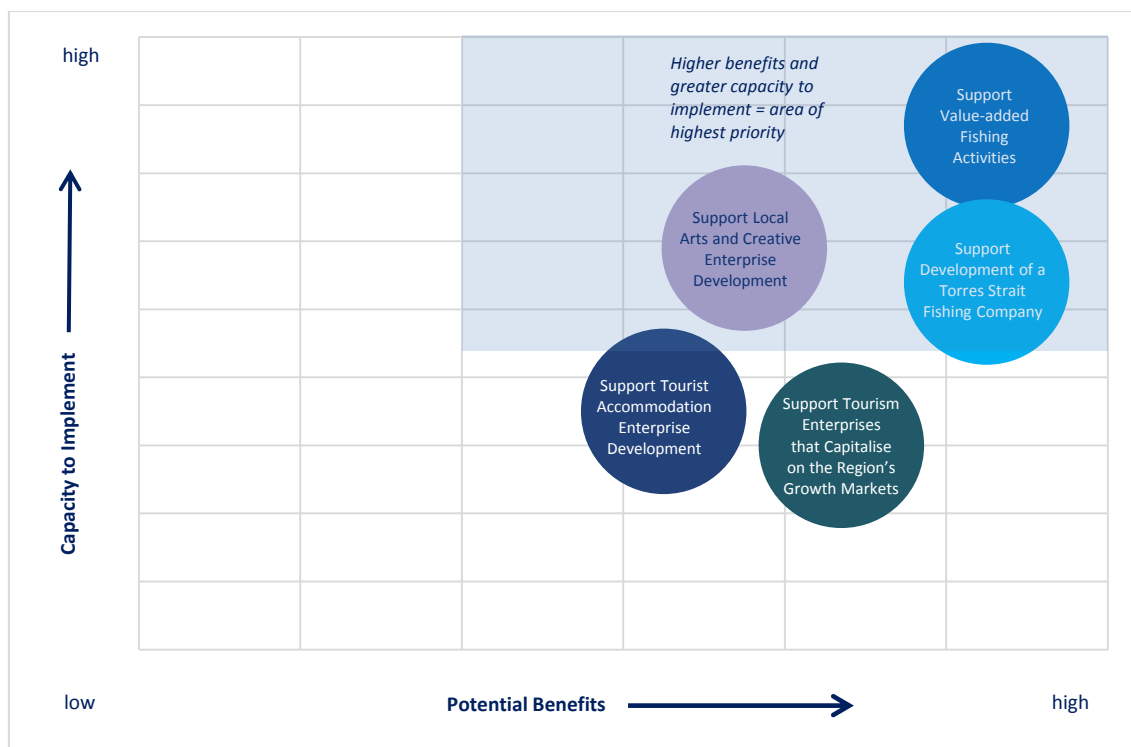
SUMMARY ASSESSMENT OF BROAD BUSINESS OPPORTUNITIES

Business Opportunity	Benefit Assessment	Capacity to Implement	Overall Assessment
1. Support Value-added Fishing Activities	High	High	High
2. Support the Development of a Torres Strait Fishing Company	High	High	High
3. Support Local Arts and Creative Enterprise Development	Medium/High	Medium	Medium/High
4. Support Tourism Enterprises that Capitalise on the Region's Growth Markets	Medium	Medium	Medium
5. Support Tourist Accommodation Enterprise Development	Medium	Medium	Medium

Source: SC Lennon & Associates

A conceptual illustration of how the opportunities considered compare to one another - in the context of the Torres Strait Region's unique and challenging economic development landscape, based on the evidence and the assessment made - is presented below.

CONCEPTUAL INDICATIVE REPRESENTATION OF BUSINESS OPPORTUNITY ASSESSMENT OUTCOMES



Source: SC Lennon & Associates

Recommendations to Prioritise Strategic Enterprise Assistance

In the immediate to short-term, it is recommended the TSRA focus its efforts on encouraging applications for business assistance first and foremost in the **fishing industry** beginning with those broad areas of business opportunity identified in this strategy, that is:

1. **Support Value Added Fishing Activities;** and
2. **Support the Development of a Torres Strait Fishing Company.**

Other areas of priority are in the **cultural arts and creative industries** and the **tourism industry**. It is these industries that the TSRA would promote throughout the region as priority 'focal industries' in calling for expressions of interest (EOIs) from individuals and organisations seeking targeted assistance for prospective pilot projects.

These are the business opportunities that, in the context of the region's challenges to grow sustainable industries and sustainable businesses, are considered to present the strongest prospects for development. This does not necessarily mean they will be easy to implement and in fact, in all cases, it is likely the opportunities identified will require more detailed work to progress, and may have a long gestation period.

Hence, the findings of the initial broad assessment illustrated above, is designed to assist the TSRA to focus its business assistance resources in an informed, strategic and targeted fashion. It should be used to 'short-list' the TSRA's call for expressions of interest in the three focal industries. Once expressions of interest are received, the TSRA would then apply a second set of assessment criteria to select individual projects or business proposals for targeted assistance.

Calling for Expressions of Interest

In submitting EOIs for business assistance in the region's 'focal' industries, applicants will need to demonstrate, as a minimum, the following:

1. That the business / project proposal sits within one of the three focal industries identified in this Regional Economic Investment Strategy, being:
 - Fishing;
 - Cultural Arts and Creative Industries; and
 - Tourism / the Visitor Economy.
2. That the project responds to or taps into current and emerging market opportunities in these focal industries while acknowledging the Torres Strait Region's unique challenges and constraints on economic development.
3. That the project proponent has informed his/her application for assistance with the use of sound management principles, strategic business planning, market research and financial management.
4. That there is a strong business case for the project that is market driven.
5. How the project is likely to be commercially-viable with potential to generate a profit and a return on investment.
6. How the project will generate a sustainable income for the Torres Strait Region. Specifically, how will the project deliver a net economic benefit to the Torres Strait Region as a result of the assistance? Net economic benefits include:
 - Employment creation;
 - Increased investment;
 - New export or import replacement sales;
 - Improved productivity and industry growth as a result of the assistance sought.
7. That the project will directly contribute to an increase in the number of Torres Strait Islander and Aboriginal-owned commercially-viable businesses in the Torres Strait Region.
8. How the project will benefit particular local communities (e.g. local training and employment).
9. If and how the project will contribute to the region's 'enablers' of economic development, such as:
 - Physical infrastructure like transport;
 - Community services and facilities;
 - Recreation, leisure and entertainment facilities;
 - Education and training infrastructure.
10. That proponents seeking assistance demonstrate adherence to the practices of good corporate and community governance based on the TSRA's preferred model of Indigenous enterprise governance.

Once prospective pilot projects have been identified - following receipt of applications for business assistance that sit within the focal industries and which meet the criteria above - each one would then be the subject of a further full financial business assessment in line with the TSRA's existing risk assessment procedures. Short-listed applications for assistance will need to satisfy all of the requirements of this final detailed business risk assessment before any form of assistance will be provided by the TSRA.

The assistance which would ultimately be offered by the TSRA to successful applicants would include one or a combination of: low-interest business loans; grants; small business training; access to the TSRA's 'Into Business' workshops; and access to one-on-one mentoring support with a

relevant industry expert to facilitate business development. Specifically, the TSRA would provide this targeted support through the development of pilot projects.

Action Plan: Ten Key Recommendations

This Business Development Strategy is Phase 1 of a two-phase approach to developing the Torres Strait Regional Economic Investment Strategy. Informed by research, consultation and analysis, it provides an evidence base to inform the TSRA in taking a strategic and targeted approach to facilitating assistance for commercially-viable business development in the Torres Strait Region.

A plan of action for the TSRA to effectively deliver its Economic Development Program objectives under the Regional Economic Investment Strategy is embodied in the following recommendations:

1. It is recommended the TSRA focus its efforts on encouraging applications for business assistance in the fishing industry beginning with those broad areas of business opportunity identified in the Regional Business Development Strategy, being:
 - Support Value-added Fishing Activities; and
 - Support the Development of a Torres Strait Fishing Company.
2. It is recommended the TSRA also direct its efforts on encouraging applications for business assistance in the other focal industries, being tourism and the cultural arts and creative industries. Along with the fishing industry, these business opportunities present the best prospects to assess potential pilot projects for enterprise assistance from the TSRA, and include:
 - Support Local Arts and Creative Enterprise Development;
 - Support Tourism Enterprises that Capitalise on the Region's Emerging Markets; and
 - Support Tourist Accommodation Enterprise Development.
3. It is recommended the TSRA continue to be pro-active in approaching community members / TSI Corporations that might consider applying for assistance to establish or grow a business under the Regional Economic Investment Strategy. The TSRA can pro-actively communicate its assistance program by offering information on where organisations can access such business assistance, including via the TSRA's standing panel of business experts. This will help to ensure project or business proponents interested in acquiring assistance will be better informed of the expectations and responsibilities associated with establishing a new business venture or expanding operations to capitalise on identified strategic comparative or competitive advantages in the Torres Strait Region.
4. Using the information presented in this Strategy, it is recommended the TSRA call for expressions of interest (EOIs) from individuals and organisations seeking business assistance. The assistance that would ultimately be offered by the TSRA to successful applicants would include one or a combination of: low-interest business loans; grants; small business training; access to the TSRA's Into Business workshops; and access to one-on-one mentoring support with a relevant industry expert to facilitate business development. Specifically, the TSRA would provide this targeted support through the development of pilot projects.
5. It is recommended the TSRA use the EOI guidelines presented in this Strategy to develop and communicate a transparent selection process to identify pilot projects for targeted assistance. The selection criteria should be publicly available and widely communicated across the region. A selection panel should be established to assess applications for assistance in line with the priorities identified in the Regional Economic Investment Strategy. The selection panel should

include outside relevant industry and financial expertise where appropriate. The selection process should be conducted within the applicable Australian Government and TSRA policies and guidelines, particularly with respect to probity.

6. Once prospective pilot projects have been identified by the TSRA, it is recommended each one be the subject of a further full financial business assessment in line with the TSRA's existing risk assessment procedures. Short-listed applications for assistance would need to satisfy all of the requirements of this final detailed business risk assessment before any form of assistance will be provided by the TSRA.
7. It is recommended the TSRA and those organisations that receive assistance under the Regional Economic Investment Strategy jointly undertake a benefits realisation and 'value for money' analyses of projects, businesses and opportunities for which funding, finance or other forms of business assistance has been given. The objective is to analyse and assess the outcomes and performance of enterprise assistance against the TSRA's Economic Development Program objectives.
8. The region's community social enterprises that are not commercially-viable, and which do not desire to become commercially-viable, should continue to be supported by the TSRA. Support is to be provided through access to the ED Business Support Panel, Into Business Workshops and the Community Development Program (CDP), and provided with information about other business advisory services from across the State and Federal governments and the private sector.
9. In its role as a solutions-broker and facilitator of regional economic development, it is recommended the TSRA continue to Promote Gab Titui as a Commercial Tourism Hub and engage with Tourism Tropical North Queensland (TTNQ) to help facilitate the establishment of a professionally-qualified tourism officer position within TTNQ for the Torres Strait Region. The TSRA would work in collaboration with the local Councils and TTNQ to provide support for the appointment of a professionally qualified and experienced Torres Strait tourism development officer.
10. To help address the broader 'macro' level issues, challenges and opportunities for economic development, it is recommended the TSRA - in its capacity as a solutions-broker and facilitator of regional economic development - commission the preparation of a *Torres Strait Regional Economic Development Blueprint* as Phase 2 of the Regional Economic Investment Strategy. This will focus on the broader 'enablers' of economic development which require the attention of all three tiers of government through their various agencies and which are not the sole responsibility of the TSRA.

1. Introduction



1 Introduction

1.1 The Regional Economic Investment Strategy

A New Approach to Enterprise Assistance in the Torres Strait

The Torres Strait Regional Authority (TSRA) commissioned the preparation of a Regional Economic Investment Strategy to identify sustainable industries and opportunities for commercially-viable enterprise development for Torres Strait Islanders and Aboriginal people living in the region.

The Torres Strait is one of the most remote and sparsely populated regions in Australia. High costs of basic services and of doing business in the region, infrastructure shortfalls, high levels of unemployment and a lack of economic independence amongst many Torres Strait Islanders and Aboriginal people living in the region all pose significant challenges in efforts to facilitate the region's sustainable economic development.

Recognising these challenges, the Regional Economic Investment Strategy defines a new approach to business assistance that is informed, strategic and targeted in nature. It identifies potentially sustainable industries which – in light of the many challenges and constraints on the region's economic growth – provide the greatest opportunities to establish and grow commercially-viable businesses in the Torres Strait.

Importantly, the Regional Economic Investment Strategy informs the TSRA's Economic Development Program, which aims to deliver a strategically-targeted mix of support to projects that demonstrate a capacity for commercially-viable business development in the region.

Building on existing information and strategic directions, the strategy is informed by:

- A socio-economic profile of the Torres Strait region, focussing on employment and industries with potential for future growth;
- Data and information on broader industry trends and prospects, to help identify opportunities for business investment in the Torres Strait Region;
- Consultation with business owners and leaders in the communities of the Torres Strait; and
- The vision for the Torres Strait region, which is *“empowering our people, in our decision, in our culture, for our future”*.

The Regional Economic Investment Strategy informs a ‘blueprint’ for the TSRA, other agencies, industry and the communities, to guide the future economic development of the Torres Strait, and to contribute to the delivery of the objectives of the *Torres Strait Development Plan 2014-2018*.

This report, which is the ***“Torres Strait Regional Business Development Strategy”*** represents Phase 1 of the Regional Economic Investment Strategy, and has been prepared to identify priority industries that, based on the research and consultation undertaken, are most suitable for the assessment of prospective pilot projects for local enterprise development.

This report addresses the need for an informed and strategic approach to the identification of suitable industries and opportunities for commercially-viable enterprise development for Torres Strait Islanders and Aboriginal people living in the region. The recommendations are targeted with the identification of those industries that, in the context of the many challenges facing sustainable

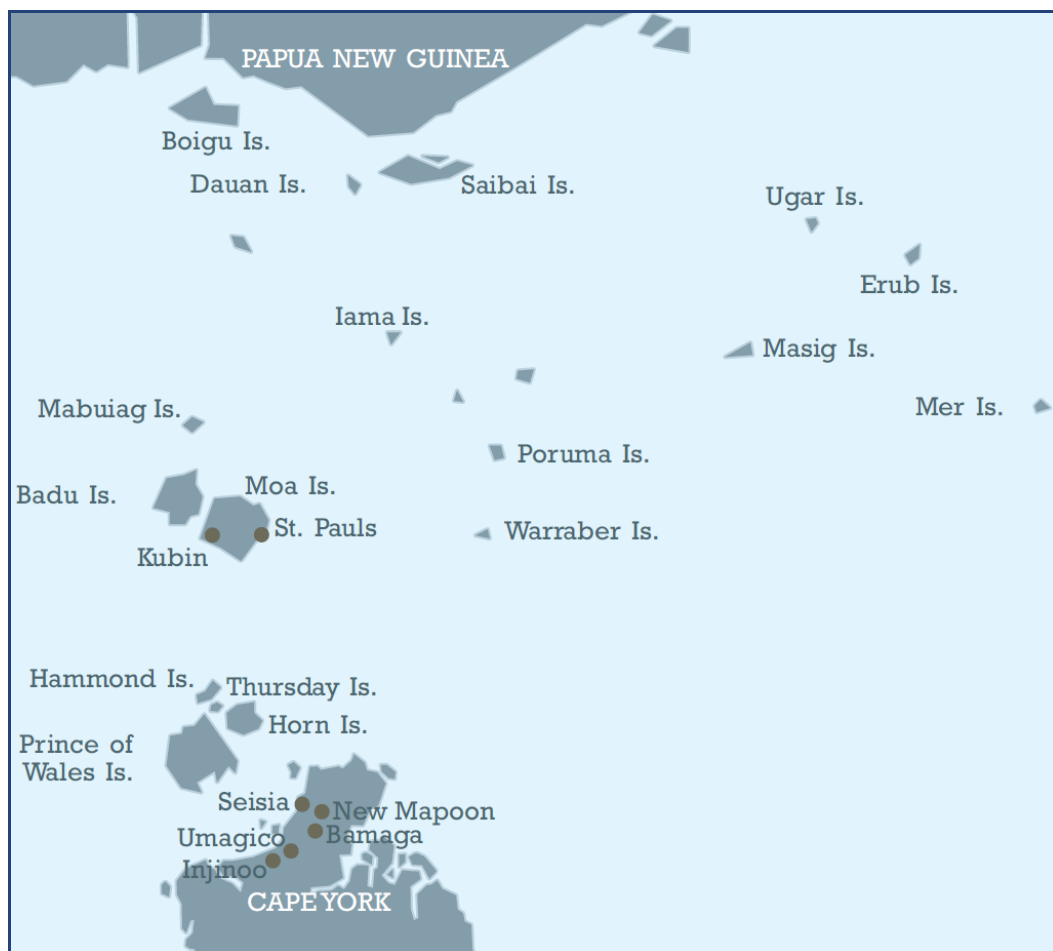
economic development in the Torres Strait Region, present the best prospects to assess potential pilot projects for strategic enterprise assistance from the TSRA. Hence, this report has a focus on opportunities for local business development throughout the region.

Regional Economic Investment Strategy Background

This Regional Economic Investment Strategy follows the conclusion of a study commissioned by the TSRA to review the impact of its Economic Development Program funding for business development and employment creation in the Torres Strait Region. The focus of the review, which took place in 2014, concerned the allocation, use and effectiveness of grants issued between 2010 and 2014 through the TSRA's Community Economic Initiatives Scheme (CEIS).

In December 2014, the TSRA Board approved a recommendation of the review that the CEIS be closed and replaced with a Torres Strait Regional Economic Investment Strategy that identifies opportunities for commercially-viable business development in light of the region's economic development challenges and constraints and consistent with the region's strategic comparative advantages.

Figure 1. The Torres Strait Region



Source: Torres Strait Regional Authority

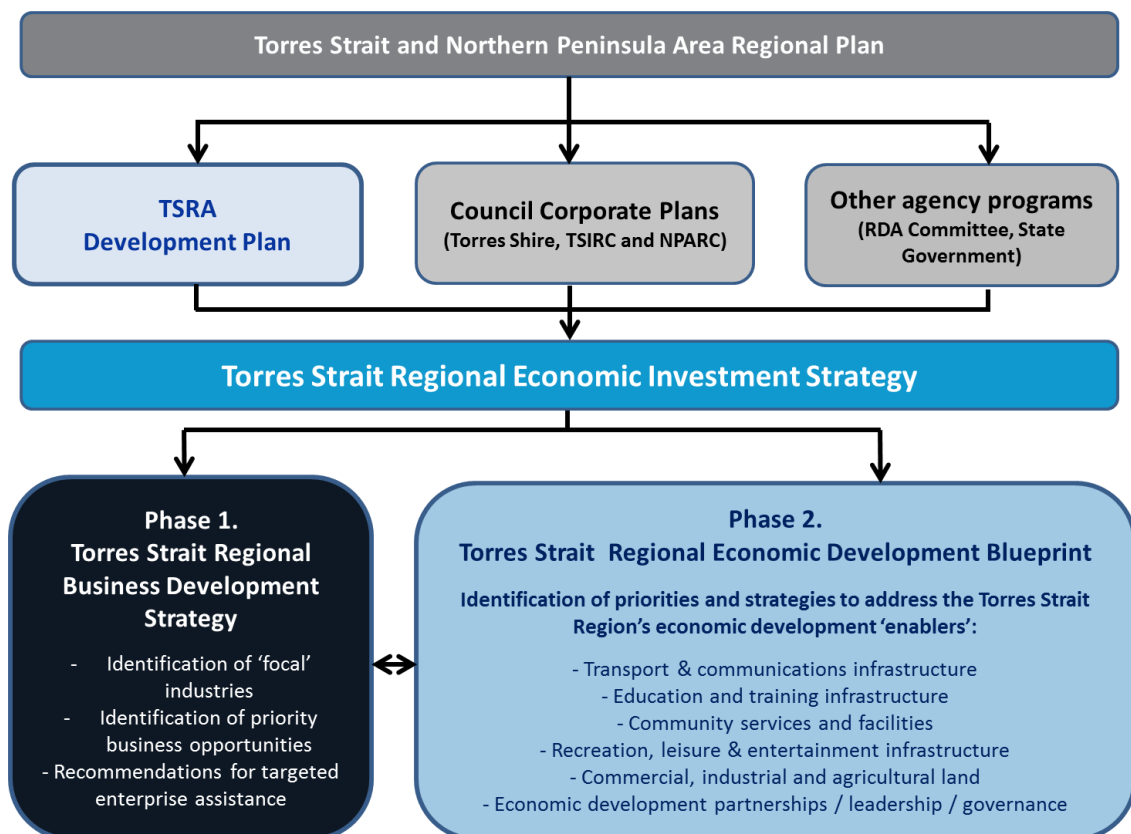
Phase 1: The Regional Business Development Strategy

This report presents the findings and recommendations of Phase 1 of the Regional Economic Investment Strategy. Figure 2, illustrates where the Torres Strait Regional Economic Investment Strategy sits in the context of other key plans and strategies which define the Torres Strait Region's economic development policy and strategy framework.

A lot of the challenges and issues raised during the consultations identified broader 'macro' level issues including infrastructure shortfalls (communications, transport, community facilities, etc.), education and training and other critical infrastructure issues. These are the broader 'determinants' and 'enablers' of economic development, that is, the things that require the attention of all three tiers of government through their various agencies and are not the sole responsibility of the TSRA.

Hence, this first phase of the study will in time be followed by Phase 2, to be developed by the TSRA in consultation and collaboration with other stakeholders to develop a "*Torres Strait Regional Economic Development Blueprint*". This second phase will be necessary to help address the diversity of human resource, infrastructure, market and other challenges and constraints which impact on the region's capacity to take advantage of potential business development opportunities.

Figure 2. Torres Strait Regional Economic Investment Strategy Framework



Source: SC Lennon & Associates

The focus of the Regional Economic Development Blueprint would be on the critical determinants and enablers of economic development, which are explained in detail in Section 1.3 of this report. They include:

- Transport and communications infrastructure;
- Education and training infrastructure;
- Community services and facilities;
- Recreation, leisure and entertainment infrastructure;
- Commercial and industrial land; and
- Economic development partnerships / leadership / governance.

This regional economic development framework reflects the holistic approach to economic development which underpins the Torres Strait Regional Economic Investment Strategy.

1.2 The Regional Economic Development Objective

‘Regional Economic Development’ Defined

‘Economic development’ is the continuous process of growing an area’s level of income and capital (wealth) and distributing that wealth (through local expenditure and jobs) to the community. Typically measured in terms of income and employment, economic development is also measured by improvements in education, skills, health, culture, community wellbeing and the environment.

Economic development, in the context of the Torres Strait Regional Economic Investment Strategy, requires the development of commercially-viable business opportunities and sustainable economic growth. But this must be achieved without compromising the region’s local community, cultural and environmental attributes which are inextricably linked with the long-term economic success.

This holistic notion of economic development is reflected in the stated objectives of the TSRA’s Economic Development Program.

Recognising the Torres Strait Region’s Economic Development Challenges

Economic development, in the context of the Torres Strait Regional Economic Investment Strategy, requires the development of commercially-viable business opportunities and sustainable economic growth. But this must be delivered in the context of the region’s unique development challenges and constraints.

These challenges and constraints include, for example: a small and widely dispersed population in a remote region of Australia; high levels of unemployment and welfare dependency; high costs of basic service provision; high costs of accessing the Torres Strait and of doing business in the region; some critical physical infrastructure shortfalls (e.g. communications); community infrastructure deficiencies in some areas (e.g. health care); a lack of economic independence for Torres Strait Islanders and Aboriginal People living in the region; and limited commercially-viable business opportunities that can be established in remote communities.

The Regional Economic Investment Strategy is driven by the objectives of the TSRA’s Economic Development Program as presented in the *Torres Strait Development Plan 2014-2018*. The Economic Development Program aims to address identified challenges and capitalise on opportunities for the sustainable economic development of the Torres Strait and Northern

Peninsula Area. It embraces the vision for the Torres Strait Region as articulated in the *Torres Strait Development Plan 2014-2018*, which is “empowering our people, in our decision, in our culture, for our future”.

Employment creation is a fundamental economic development outcome. Creation of jobs that generate real wealth for individuals, the community and the region is seen as vital to the wellbeing of the people of the Torres Strait and Northern Peninsula. To this end, there are some underlying challenges which the TSRA’s Economic Development Program is designed to address, including:

- A high level of unemployment and welfare dependency amongst the people of the Torres Strait Region. According to the latest (March 2015) small area labour markets data from the Department of Employment, the rate of unemployment in the Torres Strait Region is 9.6 per cent which is 2.7 per cent higher than the Cairns Region’s rate of unemployment and 4.4 per cent higher than the Queensland average. Unemployment levels vary throughout the Torres Strait Region. The unemployment rate is much higher in the Northern Peninsula Area (13.2%) and the Torres Strait Islands (10.9%) compared to the Torres Shire (6.2%).
- A lack of economic independence, either through the attainment of meaningful and sustainable employment or by the region’s Indigenous people owning and operating their own (commercially-viable) businesses in sustainable industries.
- The high costs of basic services impacting on the viability of regional industries and community enterprises.
- A need to address some critical infrastructure shortfalls, such as broadband connectivity.
- A need for training to continue to skill up local Torres Strait Islander and Aboriginal people so they can work within various enterprises.
- Limited commercially-viable business opportunities that can be established in remote communities.

These issues highlight the importance of the determinants or enablers of regional economic development to the establishment and development of commercially-viable business enterprises in sustainable industries in the Torres Strait Region. These enablers include the region’s stock of human resources, its physical infrastructure capacity and capabilities, its community services and facilities, as well as its natural comparative advantages. Equally important is the development of regional partnerships which encourage a shared understanding of issues and opportunities to engender a collaborative approach to effectively guide regional economic development.

Addressing the determinants and enablers of regional economic development (refer to Section 1.4 below) will underpin efforts to realise the aims and intended outcomes of the TSRA’s Economic Development Program.

Aims and Intended Outcomes of the Economic Development Program

The Regional Goal of the TSRA’s Economic Development Program is to “enhance our region’s wealth by creating sustainable industries and increasing employment opportunities for our people equivalent to the wider Australian community”.

The specifically stated aims of the Economic Development Program are:

- Stimulate economic development across the region;
- Advance business skills and align training initiatives with regional employment opportunities; and

- Advance Torres Strait Islander and Aboriginal ownership and management of businesses in the region.

The intended outcomes of the Economic Development Program include the following:

- Increased capability of Torres Strait Islander and Aboriginal People in the region to manage commercially-viable businesses;
- Improved access to capital and other opportunities to finance commercially-viable businesses;
- Increased number of commercially-viable businesses owned and/or operated by Torres Strait Islander and Aboriginal people in the region; and
- Improved wealth of Torres Strait Islanders and Aboriginal people living in the region.

The TSRA pursues these aims in its role as a 'whole-of-region economic development solution broker'. It works with other government agencies, non-government organisations and individual communities to achieve these aims. As a regional service provider, the TSRA seeks to achieve these aims through the efficient use and application of resources.

The Regional Economic Investment Strategy puts in place a plan of action to efficiently and effectively deliver on the TSRA's Economic Development Program Objectives and meet the program performance measures as articulated in the Torres Strait Development Plan, including:

- An increase in the number of Torres Strait Islander and Aboriginal owned commercially-viable businesses;
- Increased availability of approved business training; and
- An increase in the number of Torres Strait Islander and Aboriginal people in employment.

Key to realising these objectives and performance measures is a co-ordinated and collaborative approach to enhancing opportunities for Torres Strait Islanders and Aboriginal people living in the region, from the TSRA, the region's Local Government Authorities, relevant State Government agencies and other stakeholders. Together, these key 'agents of change' can address the determinants and enablers of regional economic development.

Economic Development Program Services

The TSRA's Economic Development Program provides a range of products and services to achieve the aims and intended outcomes listed above. These include:

- 1. Home Loans** - The TSRA facilitates access to home loans at concessionary interest rates to Torres Strait Islander and Aboriginal people living in the region.
- 2. Business Funding Support Loans** - The Economic Development Program provides business funding support through the Business Funding Scheme (BFS).
- 3. Into Business Workshops** - The 'Into Business' workshops help people fully investigate their business ideas in their own time at their own pace. At the workshops participants work through their idea with a business specialist to research the business and product/service to determine whether it is commercially-viable and to learn what is needed to manage finances and the operations of a business.

- 4. Employment and Training – Community Development Program (CDP)** - The TSRA is responsible for monitoring the service delivery of My Pathway as the CDP provider in the Torres Strait to ensure effective performance. The main elements of CDP are:
 - a. Personalised support for job-seekers with more access to skills development and training linked to their needs and local job opportunities;
 - b. Employer engagement to identify opportunities and establish career pathways for job-seekers; and
 - c. Meaningful participation activities so job-seekers and volunteers have the opportunity to contribute to their community.
- 5. Torres Strait Marine Pathway Program** - The Torres Strait Marine Pathway Program (TSMPP) is an initiative of the Torres Strait Marine Safety Program (TSMSP), which is a partnership between the Australian Marine Safety Authority (AMSA), Maritime Safety Queensland, the TSRA, Queensland Police Service and the National Maritime Safety Authority of Papua New Guinea. The TSRA provides a broad range of nationally recognised qualifications for commercial vessels. It also provides management experience and oversight as well as funding support.
- 6. Mentoring and Business Support** – The TSRA facilitates access to one-on-one mentoring support with a relevant industry expert to facilitate business development in the region. Business sectors eligible for support include: construction; commercial fishing; retail; tourism; transport; and seafood processing.

1.3 The Determinants and Enablers of Economic Development

‘Sustainable’ regional economic development is a concept which looks beyond improvements in industry output, gross regional product and employment. As fundamental as these traditional growth measures are, ‘economic sustainability’ requires long-term economic growth without compromising an area’s community, cultural and environmental attributes which are inextricably linked with economic success.

Efforts to stimulate economic development and enhance opportunities for Torres Strait Islanders and Aboriginal people engaged in employment, management or ownership of commercially-viable businesses must be cognisant of the determinants and enablers of regional economic development. These provide the ‘pre-conditions’ for prosperous businesses and a healthy economy and they are the foundations upon which economic interaction and exchange takes place.

While there is no uniformly-agreed definition of what constitutes the determinants or enablers of economic development, broadly-speaking, they include:

1. Regional Comparative Advantage and Business Competitiveness;
2. Human Capital (Skills);
3. Strategic Infrastructure;
4. Access to Local, National and International Markets; and
5. Effective Regional Partnerships.

Each is explained in turn below.

Regional Comparative Advantage and Business Competitiveness

Comparative advantage is an area of relative strength or specialisation. Efforts to develop regional economies are most successful when they focus on building on such strengths. Businesses can also use a region's comparative advantage to build a competitive advantage, which is also developed through the combination of factors such as knowledge, resources, skills and the ability to innovate.

A region's comparative advantage can stem from various sources, such as its geographic location, availability of natural resources, the existence of industry clusters, access to infrastructure or the skill profile of the local population. These underlying attributes influence the types of economic activity that are likely to be successful in a region. They also have implications for development initiatives, which are generally more effective where they build on an existing strength.

However, this does not mean regions cannot diversify their economies. Rather, regions can benefit by strengthening current areas of specialisation and they can diversify by developing new ways to capitalise on existing assets, resources and knowledge.

Figure 3. Determinants / Enablers of Economic Development



Source: SC Lennon & Associates

Human Capital (Skills)

Human capital is the stock of knowledge, expertise and abilities of a region's population. It is one of the most important inputs to economic activity because it is crucial to supporting local businesses to be competitive and drive economic growth. Businesses need access to workers with appropriate skills. Access to human capital is influenced by workforce participation and the mobility of labour.

Efforts to improve human capital for a given region may involve encouraging participation by segments of the population that currently have low rates of workforce participation. Improvements in human capital can enhance the innovative and productive capacity of the region's workforce. Developing a skilled and educated workforce assists with building local resilience. Individuals with greater education and skills can pursue a wider range of employment opportunities and adapt to new processes and technologies which enhances productivity and improves living standards.

An appropriately skilled and educated workforce can help regions such as the Torres Strait take advantage of new opportunities and overcome challenges and can make the region more attractive to investment. Government agencies and employment service providers can play a role in supporting the development of local skills to meet industry needs. For example, they can liaise with local businesses (and prospective new investors in the region) to identify apparent labour shortages or skills gaps and they can engage with education and training providers to help fill those gaps.

Strategic Infrastructure

Efficient and effective infrastructure underpins economic activity and is fundamental to a prosperous regional economy. It includes 'physical' infrastructure (like roads, seaports and airports, information technology and telecommunications, power and water).

It also includes quality 'community' infrastructure (like recreation and leisure facilities, cultural services and facilities and community services and facilities). Together these elements should offer good physical and functional links that support social, cultural and economic interaction and exchange.

Government agencies and service providers can help ensure such fundamentals for investment and economic development are addressed by identifying the region's infrastructure challenges and shortfalls, and liaising with private infrastructure and service providers on matters of regional significance and opportunities for development in areas such as marine-based transport, so that these opportunities and any critical gaps can be addressed.

Access to Regional, National and International Markets

Access to international, national and regional markets includes access to trading partners, clients and labour. Improving the Torres Strait region's access to markets will broaden trade, allow competitive industries to grow and increase the availability of goods and services.

Access to markets is facilitated by physical and non-physical connections. Reducing transport costs can improve physical access to markets and enable businesses to move goods more quickly. Other 'soft' infrastructure, such as strong business relationships supported by good access to quality communications technology, is equally important.

Some businesses, by their nature, are focused on the local market. For example, demand for retail and personal services is driven by local consumption. Hence local retailers will typically serve specific local needs, and focus on relatively small local markets. These businesses are important and should be encouraged. Other industries like fishing or tourism for example, are outward oriented and have stronger export potential. Growth in these sectors is greatly aided by building connections to larger trade markets throughout the region and beyond.

Greater access to markets provides local businesses with opportunities to grow by trading more goods and services. Producing on a larger scale can help local businesses to bring down their costs

through economies of scale, making them more competitive. Importantly, greater access to markets also opens the door to new investment and innovation, through the sharing of information, knowledge and technology.

Effective Regional Partnerships

Promoting partnerships and collaborative regional planning is the key to successful implementation of activities, projects and initiatives designed to meet local priorities for economic development. No one agency can be all things to all people and no one level of government can fully respond to the diverse needs and circumstances of the communities of the Torres Strait region. Hence, collaborative partnerships are essential for co-ordinating the activities and investments of different stakeholders.

Effectively promoting and facilitating regional economic development in the Torres Strait will require all three levels of government to work in partnership with each other, communities and the private sector, to focus on the challenges and opportunities for the region and its communities.

The Torres Strait Regional Economic Investment Strategy and the activities which inform it - such as the TSRA's Economic Development Summit series - play an important role in articulating a shared understanding of the region's economic development priorities and opportunities for commercially-viable enterprise growth and development throughout the Torres Strait.

1.4 Strategy Development Process

An Informed Approach

The Torres Strait Regional Economic Investment Strategy identifies opportunities for commercially-viable enterprise development in key industry sectors. It draws on economic data and industry research combined with consultation and engagement with the region's stakeholders. It is guided by a framework for regional economic development based on a sustainable approach to economic development promotion and facilitation.

The framework, as described above, espouses the important role that the 'enablers' of economic development - the services, infrastructure and support mechanisms required to facilitate growth - have to play in facilitating commercially-viable business development and employment growth. It provides the basis upon which opportunities for the development of industries and commercially-viable enterprises in the Torres Strait have been identified.

A key determinant of economic development in the Torres Strait will be the capacity of the region to recognise and utilise its attributes and comparative advantages. In order to identify the Torres Strait Region's strategic comparative advantages and opportunities for economic development, the consultant team undertook a comprehensive engagement process with community leaders, business owners, managers and Directors and other stakeholders as follows:

- Consultation with TSRA Executives and staff.
- Meetings with community leaders, including Prescribed Body Corporate (PBC) Chairs and Directors as well as business owners, managers and Directors of businesses in communities. Meetings were held in the following island communities: Boigu, Saibai, Dauan, Iama, Erub, Masig, Mer, Mabuiag, Badu, Kubin (Moa Island), Poruma and Warraber. Meetings were also held on Horn Island, Thursday Island and in the Northern Peninsula communities of Seisia and Bamaga. A list of interviewees is provided in Appendix A.

- Attendance and participation at the second Torres Strait Economic Development Summit, which was held at the offices of the TSRA over two days on April 14th and 15th 2015. The Summit was attended by TSRA Executives and Directors, invited business leaders and industry representatives, Councillors and senior public sector officers. A list of the 23 Summit attendees is provided in Appendix B.
- Separate telephone conversations were also held with a number of stakeholders who were unable to meet in person.

The findings of the stakeholder consultation and engagement were ‘ground-truthed’ with:

1. Research and analysis of the Torres Strait region’s industry and employment profile with particular consideration for local workforce dynamics and those industries in the region which display some level of strengths or comparative advantage and which have the potential for future growth; and
2. An assessment of broader industry trends, challenges and prospects, to help identify opportunities for regional industry and business investment across the various communities of the Torres Strait.

The contents of this report draw on the consultation findings, the output from the second Economic Development Summit and the consultant team’s data analysis and research. The research, consultation and analysis reveals the Torres Strait Region has a number of comparative advantages including:

- Plentiful supply of natural resources, especially seafood (finfish, mud crabs, tropical rock lobster, bêche-de-mer and prawns) available for domestic and commercial use. Having been under-fished for a number of years, these stocks are comparatively plentiful.
- The region’s natural beauty and variety of the islands and communities, including fauna, flora, reefs, pristine bays and beaches, providing an opportunity to grow the region’s tourism sector.
- A consistent level of commercial and public sector visitors provides a base level of support for the Torres Strait Region’s visitor accommodation sector, supported by a seasonal demand for eco-tourism and cultural / heritage tourism as well as adventure tourism, notably 4WD tourism on the Northern Peninsula / Cape York. The region has varying levels of accommodation to meet visitor demand.
- The Torres Strait has a sound transport, communications and logistics network with regular passenger air services to and from Horn Island and to most communities, and a regular ship and barge service to all communities. Cape York is accessible by road from Cairns and there are regular passenger ferry services between Seisia in the Northern Peninsula Area and Thursday Island.
- Unique cultural and creative industries including Torres Strait art, cultural heritage and performing arts with the arts centres on Badu and Erub and supported by artists and performers on other islands.
- A good local retail network - island communities are well-served with retail and personal services through the IBIS retail network and the provision of support and personal services in communities.

These attributes underpin the opportunities for commercially-viable business development and sustainable regional economic development in the Torres Strait in key industry sectors. The following section of this report provides an evidence base for the TSRA to concentrate its strategic business assistance programs in three ‘focal’ industries.

It does this by:

- Presenting a socio-economic profile of the Torres Strait Region, drawing out key elements of the region's business and employment base which could be developed further to help drive future economic development;
- Identifying broader industry trends, issues, challenges and prospects (at the wider regional, State and national levels) for key industries and relating that information back to industry strengths and attributes in the Torres Strait Region, including anecdotal information gathered through stakeholder consultation in the region; and
- Identifying specific areas of 'business opportunity' within the focal industries - these are opportunities that represent tangible business ideas worth considering further, subject to expressions of interest being made for enterprise assistance in line with the TSRA's call for EOIs in these industries with clearly articulated guidelines.

2. The Torres Strait Economy and Industry Opportunities



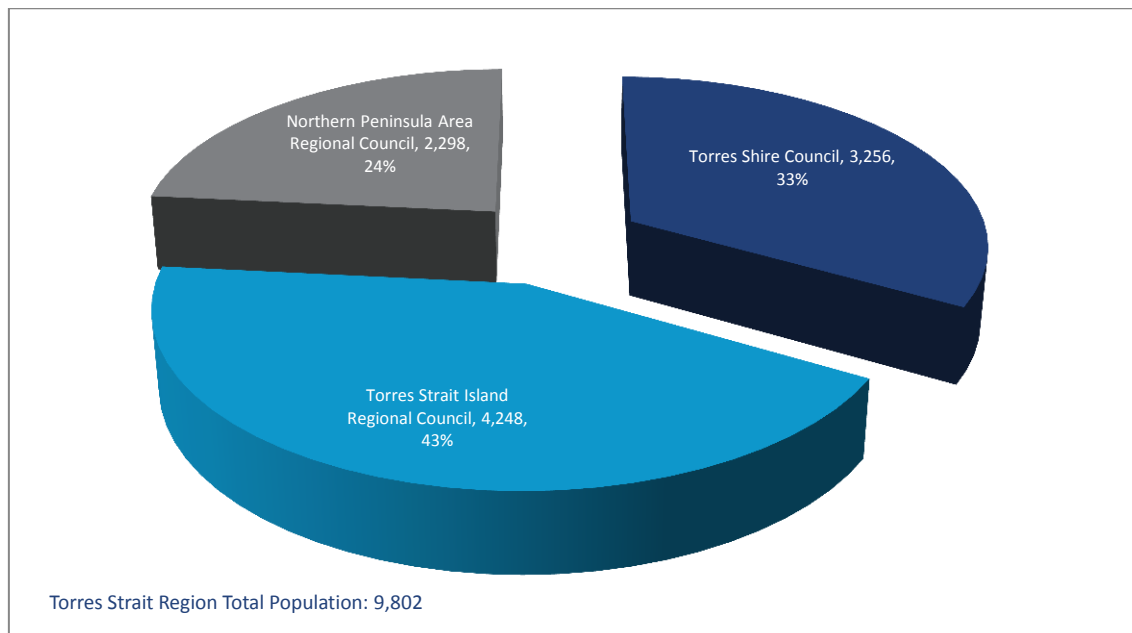
2 The Torres Strait Economy and Industry Opportunities

2.1 Population

A Small and Dispersed Population

According to the Australian Bureau of Statistics' 2011 Census of Population and Housing, the Torres Strait region - which includes the three local government areas of the Torres Shire Council, Torres Strait Island Regional Council and Northern Peninsula Area Regional Council - has a population of approximately 9,800. Time series data from the ABS Census shows the region's population has remained fairly static over the ten year period to 2011, increasing at an average annual rate of less than half of one per cent.

FIGURE 4. POPULATION BY LOCAL GOVERNMENT AREA, TORRES STRAIT REGION, 2011



Source: ABS Census of Population and Housing, 2011

The Torres Strait region's population is widely dispersed across an area that is about 200 kilometres from north to south and approximately 240 kilometres from west to east, or 48,000 square kilometres in area. Thursday Island is the region's principal centre, with a resident population of 2,610. Along with the immediately surrounding islands - Prince of Wales Island, Hammond Island and Horn Island, which are home to around 850 people - these inner islands collectively account for approximately 35% of the Torres Strait Region's total population.

The next-largest population settlement is in the Northern Peninsula Area based on the local government area boundary of the Northern Peninsula Area Regional Council (NPARC). With a population of 2,298, NPARC accounts for 23% of the region's total population. This includes the

communities of Bamaga (1,046 residents), Seisia (203 residents) and the Aboriginal Council areas of Injinoo (475 residents), New Mapoon (289) and Umagico (284).

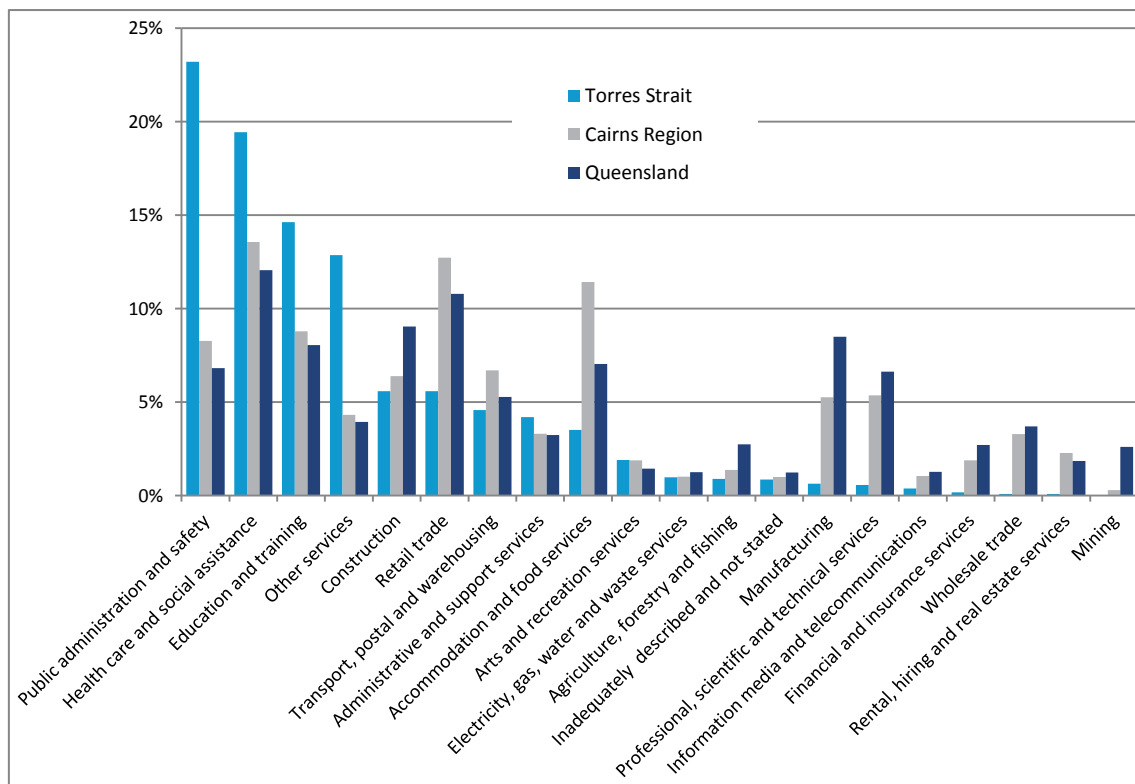
The next-biggest population clusters in the Torres Strait are the near Western Islands (approximately 1,500 people) and the Central cluster of about 1,100 residents. The Eastern cluster and the Top Western cluster of islands each have about 800 residents. The TSRA delivers services to all communities in the Torres Strait (18 communities in total) and to two of the five communities on Cape York (Bamaga and Seisia).

2.2 The Torres Strait Regional Economy

Employment by Industry

According to the ABS Census of Population and Housing (2011) and the ABS Business Register (2012 and 2013), the Torres Strait Region has a workforce (those employed) of approximately 3,500 and a total number of (employing and non-employing) businesses of just 307. These figures highlight the very small scale of the Torres Strait economy. The majority of the region's workforce is employed in the public (government) sector, mainly in government administration, health care, community services and education.

FIGURE 5. EMPLOYMENT BY INDUSTRY, TORRES STRAIT REGION, CAIRNS REGION AND QUEENSLAND, 2011



Source: ABS Census of Population and Housing, 2011 with interpretations by SC Lennon & Associates
Note: The Torres Strait Region includes the Local Government Areas of the Torres Shire, TSIRC and NPARC

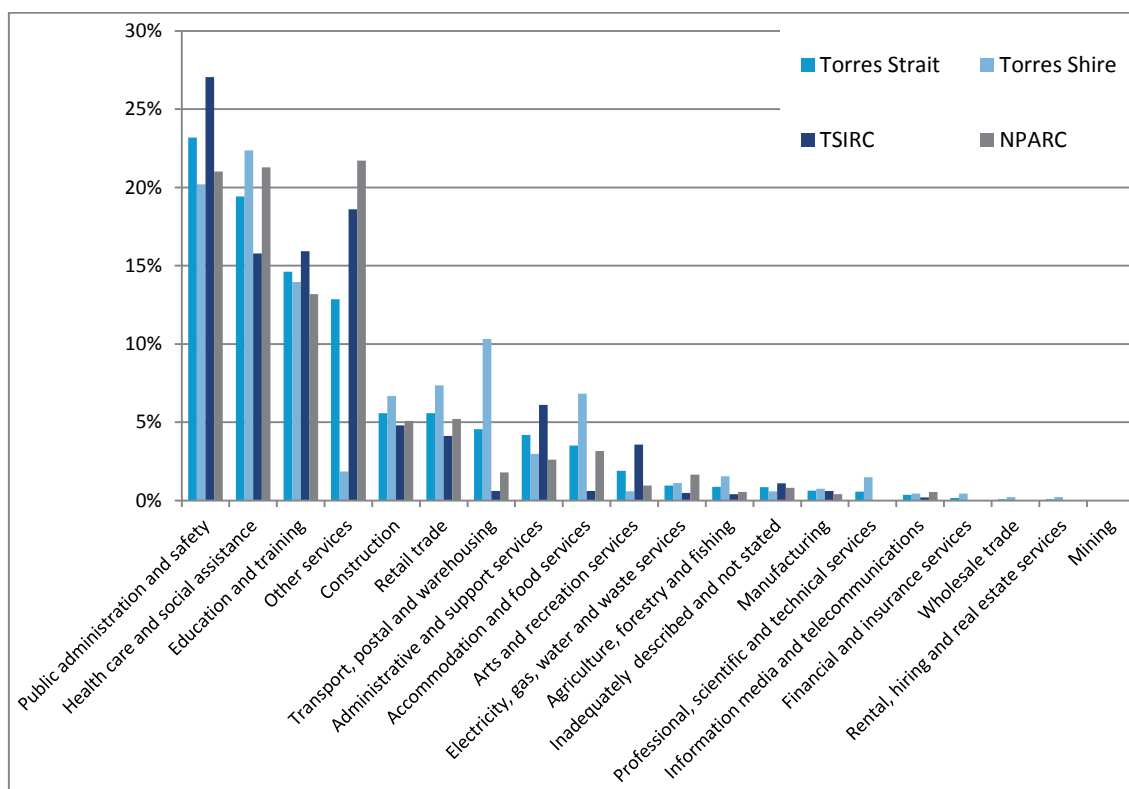
The employment data highlights the significance of the public sector to the Torres Strait economy, with public administration and safety accounting for 23% of the region's employment compared to just 8% for the Cairns Region and 7% for Queensland as a whole. This includes public administration (State and Federal Government agencies and local government), police services, emergency services and customs / border protection.

Health care and social assistance is the other major employer in the region accounting for approximately 20% of the Torres Strait's workforce compared to 13.5% for the Cairns Region and 12% for Queensland. This includes hospitals, general and specialist medical services and allied health services (such as dentists) as well as child care services, residential care services and other social assistance services (e.g. welfare counselling services and disability assistance services).

Education and training is another significant employer in the region with 14% of the working population employed in this sector compared to 9% for the Cairns Region and 8% across Queensland.

Collectively, public administration, health care and social assistance, education and training and other services account for 70% of the Torres Strait Region's employment. These sectors effectively drive the local and regional economies with the majority of economic activity in the Torres Strait reliant on government investment and expenditure and the expenditure of government sector employees on retail, personal and other services.

FIGURE 6. EMPLOYMENT BY INDUSTRY, TORRES SHIRE, TSIRC, NPARC AND TORRES STRAIT REGION, 2011



Source: ABS Census of Population and Housing, 2011 with interpretations by SC Lennon & Associates

Note: The Torres Strait Region includes the Local Government Areas of the Torres Shire, TSIRC and NPARC

The chart above reveals some differences in the profile of employment by industry across the Torres Strait Region. For example, while public administration and safety is by far the largest industry of employment in the region, this sector accounts for a larger share of total employment in both absolute and proportional terms in the Torres Strait Island Regional Council area compared to the Torres Shire and the Northern Peninsula Area.

The health care and social assistance sector employs a comparatively larger share of the working population of the Torres Shire (22%) and NPARC area (21%) compared to the Torres Strait Island Regional Council area (16%).

The other services sector accounts for 22% of the working population of the Northern Peninsula Area compared to 19% for the Torres Strait Island Regional Council area and just 2% of the working population of the Torres Shire. This is made up mostly of personal and other services such as hairdressing, laundry and dry cleaning services and babysitting services.

The transport, postal and warehousing sector and the accommodation and food services sector both have a much higher representation of jobs in the Torres Shire compared to other parts of the region. In the Torres Shire, the accommodation and food services sector accounts for 7% of employment compared to 3.2% in the NPARC area and less than one per cent in the TSIRC area.

This highlights the concentration of visitor economy and related activities in the Torres Shire and to a lesser degree in the Northern Peninsula Area with very little activity currently in the Torres Strait Islands.

Transport, postal and warehousing accounts for 10% of all jobs in the Torres Shire compared to just 2% in the NPARC area and less than one per cent in the TSIRC area. This is due to the concentration of air transport services and transport support services employment in the Torres Shire.

Despite being small in number, another notable feature of the region's employment profile is the relatively higher proportion of jobs in the Torres Strait Island Regional Council area's arts and recreation services sector compared to the Torres Shire and Northern Peninsula Area.

Business Profile

Data on the number of registered businesses by industry sector demonstrates the important role other (non-government) industries play in the local economies of the Torres Strait Region. The Australian Bureau of Statistics' count of businesses in the Torres Strait Region shows that the most notable of the region's industries (outside government administration) are agriculture, forestry and fishing and accommodation and food services.

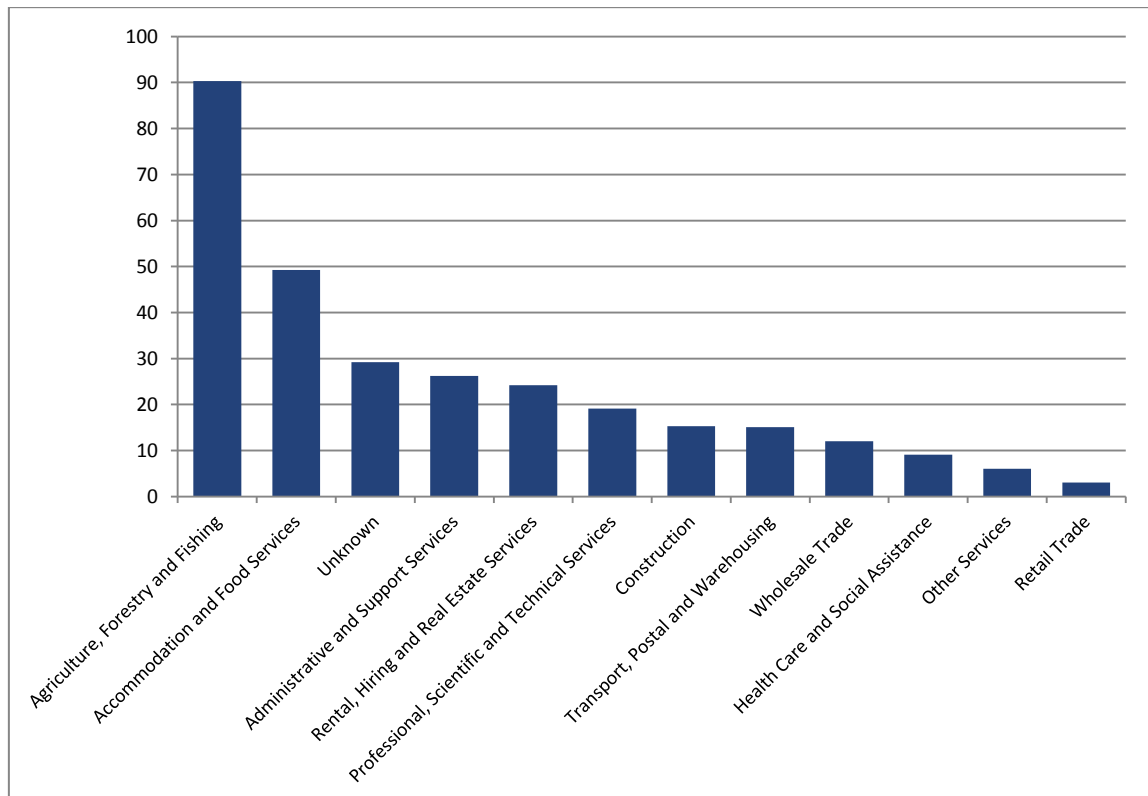
Anecdotal evidence suggests the majority of businesses in the region's agriculture, forestry and fishing sector (90 businesses in total) are fishing enterprises. Businesses in the region's agriculture, forestry and fishing sector account for just under one-third of all registered businesses in the Torres Strait Region.

The importance of the visitor economy and the potential for tourism in the region is supported by the 49 businesses in the Torres Strait which are categorised as accommodation and food services businesses. These businesses account for 16% of registered businesses in the Torres Strait Region.

Administrative and support services also accounts for a notable share of businesses in the Torres Strait Region. This includes employment placement and recruitment services and labour supply services as well as building, cleaning, pest control and gardening services.

Despite their importance to their local economies, the majority of businesses in the Torres Strait are very small. Of the region's 300-odd businesses, over two-thirds (67%) are non-employing businesses. Only 12% of businesses in the Torres Strait employ five or more people with the remaining 21% of businesses in the region having between 1 and 4 employees.

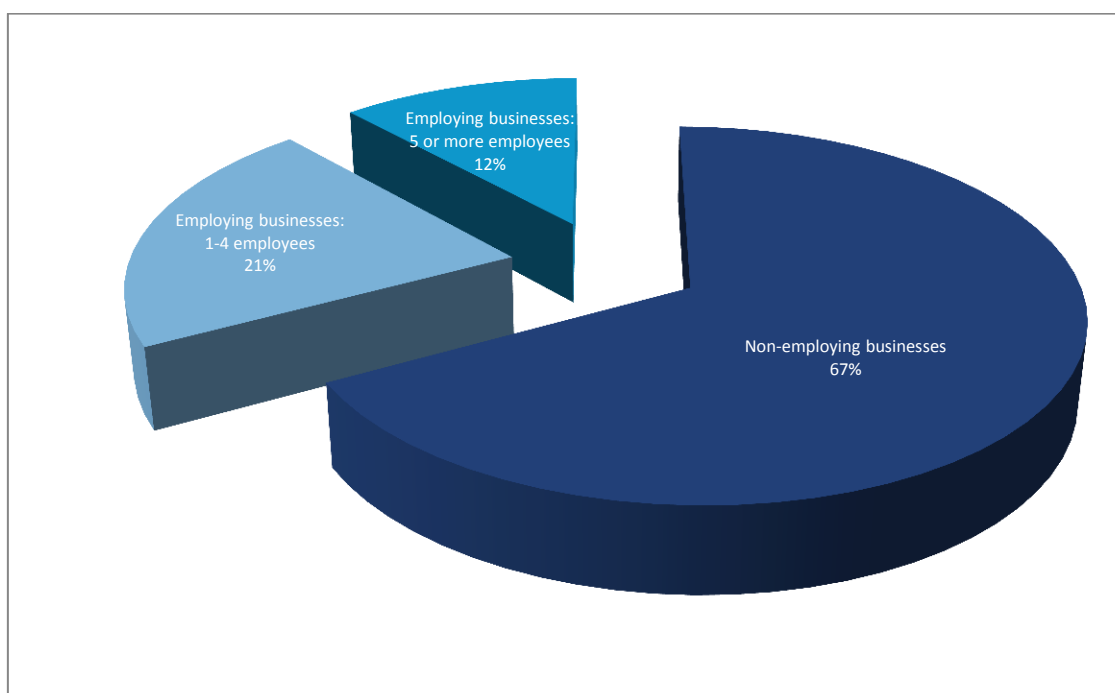
FIGURE 7. NUMBER OF BUSINESSES BY INDUSTRY SECTOR, TORRES STRAIT REGION, JUNE 2012



Source: ABS Business Register (June 2012) with interpretations by SC Lennon & Associates

Note: The Torres Strait Region includes the Local Government Areas of the Torres Shire, TSIRC and NPARC

FIGURE 8. BUSINESS PROFILE BY EMPLOYMENT SIZE, TORRES STRAIT REGION, JUNE 2013



Source: ABS Business Register (June 2013) with interpretations by SC Lennon & Associates

Note: The Torres Strait Region includes the Local Government Areas of the Torres Shire, TSIRC and NPARC

Key Industry Sub-sectors of Employment

Anecdotal evidence demonstrates that fishing in particular underpins economic activity on a number of islands throughout the Torres Strait Region. The ABS Census data on employment by industry reveals the fishing sector employs about 30 people throughout the Torres Strait, the majority of who are in the island communities in the Torres Shire. However, in remote areas like the Torres Strait, typically the official data does not capture all employment so it could be assumed that the number of individuals engaged in some form of employment in sectors like fishing or the cultural arts for example, is in fact much higher.

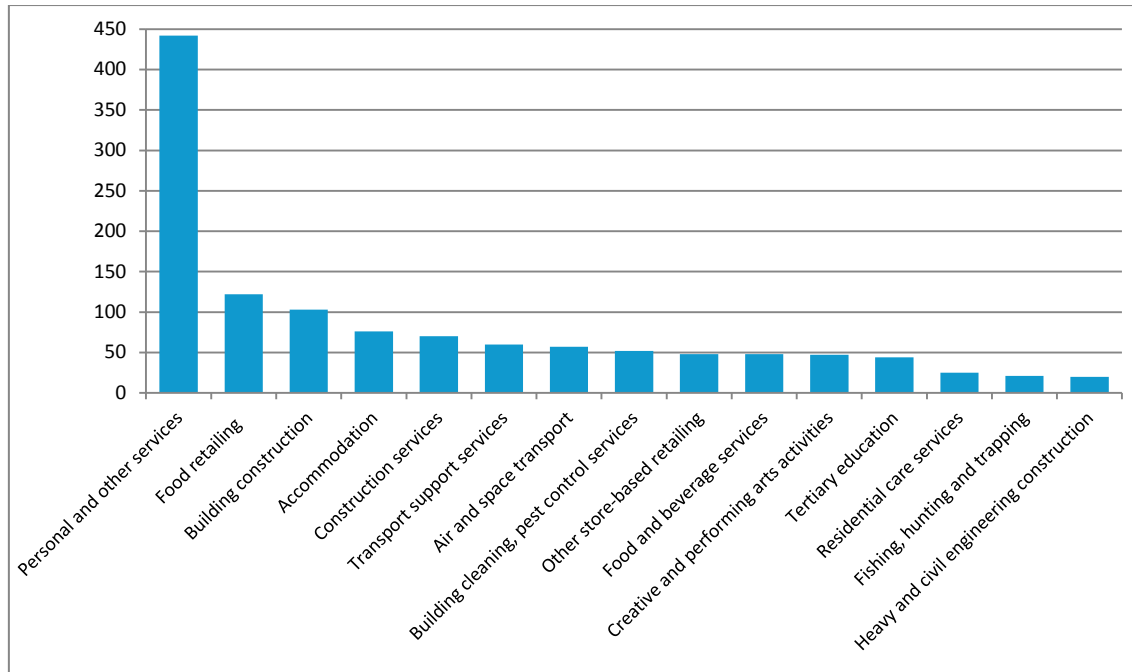
The arts and recreational services sector is another local industry which plays an important role in the communities of the Torres Strait, providing economic activity and social interaction and exchange. The Census data shows that of the approximately 70 people employed in this sector throughout the region, 52 are from islands administered by the Torres Strait Island Regional Council (TSIRC).

A large number of people employed in the region's arts and recreational services sector are involved in creative and performing arts activities. This includes creative artists, musicians, writers and performers. Of course, in the arts sector, there are a typically high number of people engaged in these economic activities who are not formally employed or recorded as employed in the Census.

The following chart shows employment by industry at a more detailed (2-digit industry) level than the profile illustrated above. It also excludes employment in the public (government) sector to illustrate those private sector industries which provide for the majority of employment in the Torres Strait Region. These sub-sectors include: personal and other services (which is part of the 'other services' sector shown above); food retailing (which is part of the 'retail trade' sector); building

construction (which falls under 'construction'); and accommodation (which is part of the 'accommodation and food services' sector).

FIGURE 9. EMPLOYMENT BY INDUSTRY, TOP 15 PRIVATE SECTOR INDUSTRIES, TORRES STRAIT, 2011



Source: ABS Census of Population and Housing, 2011 with interpretations by SC Lennon & Associates

Note: The Torres Strait Region includes the Local Government Areas of the Torres Shire, TSIRC and NPARC

Close observation of the activities included in those industry sub-sectors shown in the chart above, coupled with anecdotal evidence gathered through the stakeholder consultations reveals that those industry activities which underpin economic activity in the communities of the Torres Strait outside of the government sector include:

- Personal and other services (e.g. hairdressing, laundry and dry cleaning services and other personal services such as babysitting);
- Food retailing (namely fresh food retailing and supermarkets and grocery stores);
- Construction (building);
- Accommodation and food services (including cafes and restaurants and take-away food outlets);
- Transport services (road, water and air transport services);
- Creative and performing arts activities (visual and performing artists); and
- Fishing.

Of the top 15 private sector industries in the Torres Strait, personal and other services and food retailing are the two largest industries of employment in the region. One of the key requirements to support and sustain a competitive retail and personal services industry is a critical mass of population and a level of disposable income which supports discretionary spending. Communities in the Torres Strait are comparatively small. According to the Census of Population and Housing (2011), Thursday Island has a population of 2,610. The second-largest population centre in the region, Badu Island is home to 783 people.

Retailing options are fairly limited for consumers throughout the Torres Strait. For example, there are a limited number of food outlets on Thursday Island with the hotels providing the main dining out options. Other islands in the region are serviced by their local Islanders Board of Industry and Service (IBIS) store and / or other small independent retailers and personal service providers offering the basic daily needs of residents.

Retailing and personal services is a 'population-driven' industry and the success or otherwise of local retail ventures is almost entirely dependent on local demographics and market conditions. In regions like the Torres Strait where the population is of such a small scale, even minor fluctuations in the movement of people or in income levels can have a substantial impact on retail trade prospects.

Because of this, and the fact the retail and personal services sector is such an eclectic industry, if and when new retail business proposals are put forward to the TSRA for support, each of these would need to be assessed on their merit in terms of the likely local market need and potential economic and social benefits.

Hence, the retail and personal service sector is not considered a 'focal' industry for the purpose of identifying prospective pilot projects for targeted business assistance. Instead, this strategy focuses on potential 'drivers' of the regional economies, that is, those sectors which already display a notable presence and which, in light of the region's unique challenges, issues and constraints on economic development, have the potential to enhance the Torres Strait's (inter-regional) export income by serving markets outside the region.

2.3 'Focal' Industries for Local Enterprise Assistance

Targeted Assistance for Local Enterprise in 'Focal' Industries

The Regional Economic Investment Strategy articulates, at a regional level, the Torres Strait's economic development priorities and 'focal' industries which provide the framework for the TSRA's commitment to identify and promote local enterprise development throughout the region.

It provides an evidence base to help the TSRA (and other agencies, industry and the communities themselves) identify, assess and support prospective pilot projects for targeted assistance. Importantly, it provides guidance for the TSRA to call for and assess expressions of interest for enterprise assistance in key sectors via a package that includes access to training, mentoring, business loans, industry expertise and other means of targeted assistance.

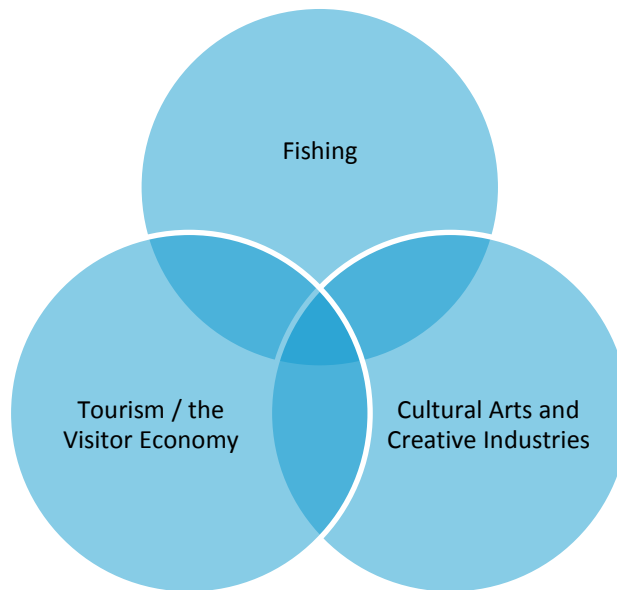
By taking an informed approach which relies on industry intelligence, data and information, the Torres Strait Regional Economic Investment Strategy identifies those sustainable industries which provide the greatest opportunities to establish and grow commercially-viable businesses in the Torres Strait.

Consistent with the findings of the socio-economic research and analysis coupled with anecdotal evidence gathered through consultation with business leaders and other stakeholders in the Torres Strait, it is considered that economic activities in fishing, the arts and tourism could provide the basis for strategic efforts to establish and grow commercially-viable businesses in the Torres Strait Region.

Specifically, those industries, which should form the basis of more targeted enterprise assistance in the Torres Strait, include:

- Fishing;
- Cultural Arts and Creative Industries; and
- Tourism / the Visitor Economy.

Figure 10. 'Focal' Industries for TSRA Business Assistance



The three focal industries illustrated above are shown to overlap one another with good reason. Each industry to varying degree influences and is influenced by the other two. For example, recreational fishing provides opportunities for tourism. Visitors to the Torres Strait Region are an important source of potential income for the Torres Strait's artists and in turn, Torres Strait art and culture is one area that underpins the region's tourism potential. For this reason, opportunities for enterprise creation or development in the Torres Strait Region's cultural arts and creative industries also represent opportunities to grow the region's tourism sector.

However, to be able to make an informed assessment about the prospects for business opportunities in these sectors, a greater understanding of broader industry trends and prospects is required. This includes consideration of industry-specific trends and prospects at a regional, State and national level such as: recent industry performance; industry dynamics and characteristics; the competitive landscape; the market and key external drivers; and industry prospects.

For each of the three focal industries identified, the following sub-sections of this report provides an overview of the industry, broader regional, State and national trends and influences and opportunities for industry development in the Torres Strait Region, having regard for existing economic activity, regional attributes and comparative advantages.

2.4 Fishing

Regional Industry Overview: Challenges and Opportunities

The Torres Strait Region Fishing Industry

Fishing has been the traditional mainstay of the Torres Strait regional economy, producing seafood for local consumption and for sale in Australia and overseas. Marine resources are a staple component of the diet of Torres Strait Islanders, as well as being central to traditional island culture and an important source of income.

A natural comparative advantage of the Torres Strait is the region's abundant supply of seafood, including mackerel, barramundi, mud crabs, tropical rock lobster, bêche-de-mer (sea cucumber) and prawns, all available for domestic and commercial use. This natural resource base underpins some areas of potential opportunity for commercially-viable business development and sustainable regional economic development in fishing.

ABS Business Register data (2012) reveals that of the Torres Strait Region's approximately 300 employing and non-employing businesses, around one-third are in the agriculture, forestry and fishing sector. Anecdotal evidence gathered through stakeholder consultation and the consultant team's visits to the communities throughout the region suggests the majority of these are fishing and related businesses. Two Australian commercial sectors operate in Torres Strait: the Traditional Inhabitant sector, operating under Traditional Inhabitant Boat (TIB) licences; and the non-Traditional Inhabitants sector, operating under Transferable Vessel Holder (TVH) licences.

The Torres Strait Tropical Rock Lobster Fishery is, in terms of earnings, the most valuable of the Torres Strait fisheries, with a gross value of production of \$18.4 million in the 2012/13 financial year, followed by the Torres Strait Prawn Fishery (worth \$5.9 million in 2012/13) (source: ABARES Fishery Status Report 2013-14). This fishery comprises only of Non-Traditional Inhabitant licence holders (TVH) and there are no TIB licences to fish in the Torres Strait Prawn Fishery. There is a current PZJA research project to examine the benefits that this fishery may provide to local communities.

The 1985 Torres Strait Treaty between Australia and Papua New Guinea (PNG) established the boundaries between the two nations and provides for joint management of the shared resources of the sea area. The Treaty is concerned with sovereignty and maritime boundaries, protection of the marine environment and optimum use of commercial resources in the region. The Treaty also establishes the Torres Strait Protected Zone (TSPZ), in which each nation exercises sovereign jurisdiction for migratory fish and sedentary species in their own waters. The principal purpose of the TSPZ is to acknowledge and protect the way of life and livelihood of the Traditional Inhabitants of the area. This includes protecting traditional fishing methods and rights of free movement.

In the Australian area of the TSPZ, traditional fishing and commercial fisheries are managed by the Torres Strait Protected Zone Joint Authority (PZJA). The PZJA, established under the Torres Strait Fisheries Act 1984 (TSF Act), comprises the Australian Government and Queensland Ministers responsible for fisheries and the Chair of the TSRA.

The fisheries currently managed by the PZJA are prawn, tropical rock lobster, Spanish mackerel, reef line, bêche-de-mer, Trochus (top shell), pearl shell, crab, barramundi and traditional fishing

(including turtle and dugong). Five of these fisheries - prawn, tropical rock lobster, pearl shell, Spanish mackerel, turtle and dugong - are jointly managed by PNG and Australia.

Fishing Industry Challenges

Consultation with stakeholders indicates the catch of finfish in the Torres Strait by the TIB licensees is lower than it has been in the past and these stocks are considered to be comparatively plentiful. It is also considered that reserves of the region's highest-value seafood product, tropical rock lobster, are also plentiful. Nevertheless, development of the Torres Strait Region's fishing sector faces a number of challenges and constraints. For example, to be successful, fishing operators must have ready access to a skilled and reliable workforce. The consultation reveals this poses a constant challenge in the Torres Strait Region as those who can dive for lobster, for example, are not always available meaning local TIB fishers can't always depend on a ready supply of qualified labour.

Some of the community stakeholders consulted suggested there is a latent capacity of local labour (and potential business-owners) amongst those currently receiving income support payments. Experienced fishing operators are more productive as they have the necessary knowledge of tasks required and are accustomed to the environmental conditions. In the Torres Strait, these skills need to be utilised and transferred to the next generation of local fishers.

As is the case in any region, financial literacy and the competent management of financial resources is imperative to the commercial success of local fishing operations due to variable revenue and profitability and the levels of capital investment required to purchase equipment. This is an area where continued access to local training and education such as the TSRA's 'Into Business' workshops and mentoring support from industry experts will benefit business development in the local fishing sector.

An ability to establish or enhance relationships with wholesalers and processors is also important if local fishing activities are to be commercially-viable. However, some TIB fishers in the region lack the full set of skills required to successfully establish or run a commercially-viable business.

Existing TSRA services are available to help address this and these services should continue to be promoted throughout the region. For TIB fishers in the Torres Strait, establishing or enhancing relationships across the supply chain might be facilitated through joint ventures with TVH commercial fishing organisations already operating in the region and who understand the dynamics of the Torres Strait's fishing industry. Rapport built with wholesalers and/or processors over long periods of time will facilitate the easy sale of catchment produce for Torres Strait Islanders and Aboriginal people living in the region who wish to own and manage commercially-viable fishing enterprises.

The consultation findings indicate that while there is an opportunity to increase the number of Torres Strait Islanders involved in fishing including finfish (Spanish mackerel and coral trout), tropical rock lobster and bêche-de-mer, this is constrained by the remote nature of the region, its distance from markets and a lack of co-ordination amongst industry stakeholders.

The fishing industry in the Torres Strait currently lacks a regional focus; the fishing sector run by Traditional Inhabitants is fragmented with a number of smaller companies buying product from individual fishers depending on availability. As a result, the reliability of supply is dependent on the capacity of local fishers to catch stock which varies depending on things like the availability of labour, local fishing conditions and the decision by individuals whether or not to fish at a certain

time. It is considered a more co-ordinated and professional approach to management of the local industry by local fishers will help address many of the problems associated with uncertain of supply.

Fishing Industry Opportunities

In light of this constraint on industry growth, there is an opportunity to establish an overarching Torres Strait fishing company which would have a mix of local Directors and external professional Directors with experience in owning and directing businesses. Professional Directors would have knowledge and contacts in national and international markets and experience in negotiating and dealing with these markets. This would not be a TSI corporation but rather a commercially-focussed company administered under the Australian Securities and Investment Commission (ASIC) and operating under strictly commercial principles. The TSRA would have no control over the company but would provide support for its development.

Non-Indigenous commercial fishing companies operating in the region could benefit from the development of more formal partnerships with TIB fishers through direct involvement with a fishing company. By engaging the full supply chain, the establishment of a Torres Strait fishing company would provide the resources required to pursue value-adding opportunities such as a regional seafood processing facility.

While there are a number of challenges to future growth which would need to be addressed, broader fishing industry trends and prospects support opportunities to continue to develop fishing enterprises. Specifically, the data and anecdotal evidence indicates there are opportunities to investigate value-adding activities to help grow the value of the fishing industry in the Torres Strait Region, increase the number of commercially-viable businesses owned and/or operated by Torres Strait Islander and Aboriginal people in the region and improve the wealth of local communities throughout the Torres Strait.

Consultation on the islands revealed interest from community leaders already involved in fishing, in the establishment of fish processing facilities. The opportunity to develop a strong Torres Strait regional brand should also be explored as part of the value-adding process.

Progressing initiatives to value-add to the region's fishing output would require capital investment and training of locals in accredited fish cleaning and filleting techniques (fish handling). It would also require a program of engagement with local communities on: the potential commercial and community benefits of adding value to existing local fishing products; and the need to satisfy critical requirements for success such as ensuring reliability of supply of catch, understanding market needs, optimising existing infrastructure, financial management and good corporate governance. In some communities, matters of land tenure would also need to be assessed and addressed.

The TSRA has programs in place to facilitate access to education and training in these areas (e.g. through the Torres Strait Marine Pathways Project) and this should continue to be provided with the aim of encouraging greater value-adding to the region's fishing industry output and retaining that value locally, for the benefit of communities.

Broader Fishing Industry Trends and Prospects

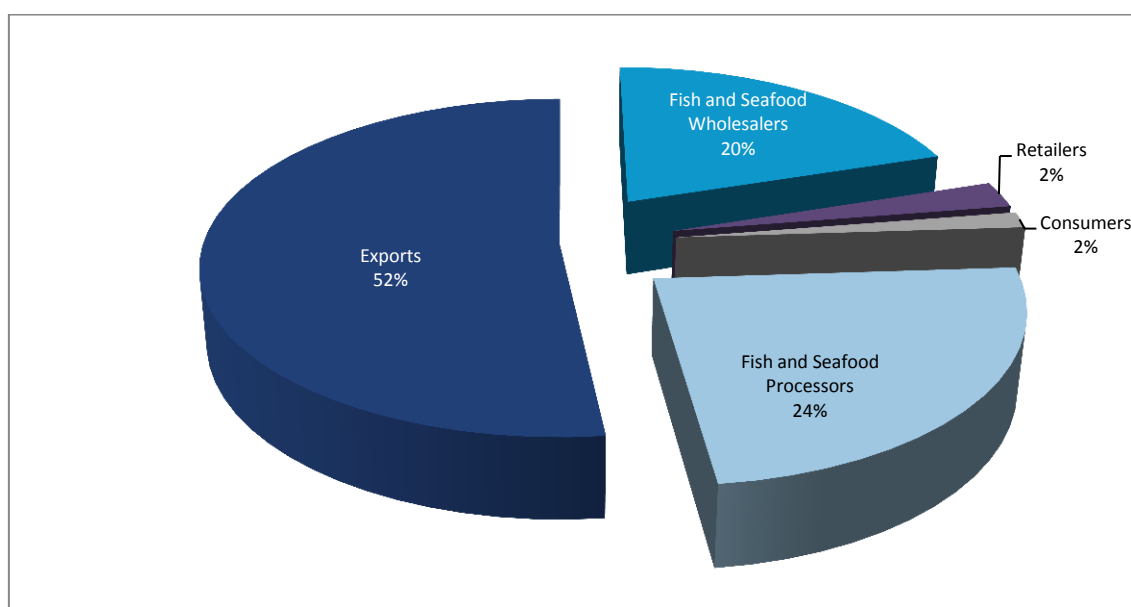
Commercial fishing is one of the most important economic activities in the Torres Strait and the region's natural resource base underpins opportunities for commercially-viable business development and sustainable regional economic development in fishing. Nationally, Australia's

fishing industry generates \$1.4 billion in total revenue and \$745 million in exports (source: IBISWorld, 2015).

A significant proportion of produce from Australia's fishing industry is sold to international markets. Australia's fishing industry export revenue has grown over the past five years driven by rising demand from Hong Kong, Japan and mainland China due to increased incomes among Asia's expanding middle-class. Some Australian fishing industry operators have been able to maintain a competitive edge through the high quality of their catch, enabling sale to the premium Asian market at higher prices.

The Torres Strait's opportunity to grow its fishing industry lies in the region's ability to grow these high-value markets for fresh seafood. According to IBISWorld, rising incomes among the Asian middle-class will continue to lift export demand and earnings for Australia's fishing industry, providing some opportunity for growth. Over the five years through to 2019/20, fishing industry revenue is forecast to grow at an annualised 0.9%, to reach \$1.5 billion.

FIGURE 11. MAJOR MARKET SEGMENTATION, AUSTRALIA'S FISHING INDUSTRY, 2014/15



Source: IBISWorld, 2015

Australia's fishing industry operators have also been challenged by the previous depletion of natural stocks of fish and seafood in wild catches. Additionally, federal and state governments have implemented strict quotas on catch numbers to ensure sustainability.

In the Torres Strait, this may not pose such a problem as current information suggests much of the stock in the Torres Strait Protected Zone (TSPZ) is currently under-fished. For example, in the Torres Strait, the catch of both tropical rock lobster and finfish has been down since the buy-back of fishing licences, with Traditional Inhabitants not fishing as much as the non-Indigenous commercial license holders and stocks are considered to be sustainable. Hence, there is an opportunity to increase the number of Torres Strait Islanders involved in fishing in the Torres Strait.

For this to ensure this can occur, there is a need for better coordination and management within the TIB sector to ensure Traditional Inhabitants are maximising commercial fishing opportunities.

The current fragmentation of the TIB sector provides an opportunity to an opportunity to establish an overarching Torres Strait fishing company owned and managed by Torres Strait Islanders.

For this to ensure this can occur, there is a need for better coordination and management within the TIB sector to ensure Traditional Inhabitants are maximising commercial fishing opportunities. The current fragmentation of the TIB sector provides an opportunity to an opportunity to establish an overarching Torres Strait fishing company owned and managed by Torres Strait Islanders.

Opportunities for Business Development in the Torres Strait Region

Tropical Rock Lobster

The Torres Strait Tropical Rock Lobster Fishery (TSTRLF) is currently the largest commercial fishery in the Torres Strait in terms of catch (478 tonnes from the Australian jurisdiction and 108 tonnes from the PNG jurisdiction in 2013) (source: ABARES, 2014). As mentioned earlier, for Australian fishers the Torres Strait Tropical Rock Lobster Fishery is, in terms of earnings, the most valuable of the Torres Strait fisheries, with a gross value of production (GVP) of \$18.4 million in the 2012/13 financial year, followed by the Torres Strait Prawn Fishery (worth \$5.9 million in 2012/13).

The TSTRLF is commercially fished in the Torres Strait Protected Zone by Australian and Papua New Guinean nationals. It is a closed fishery. Australians hold TVH licences or TIB licences. There are no quota entitlements, however restrictions are in place regarding season closure (October and November), fishing methods, size and bag limits. Torres Strait Islanders and Aboriginal people living in the region own 56% of the fishery with the remaining 44% privately-owned by seven licence-holders with Kailis, based in Cairns, holding the majority. No more licences will be issued. Tropical rock lobster is hand-caught by divers. With no pots, nets, traps or baits used, there is no by-catch, which minimises the impact on the marine environment within the fishery. The stock is not considered to be overfished.

The significance of the TSTRLF is highlighted by the fact that nationally, rock lobsters are the largest contributor to Australia's fishing industry revenue (source: IBISWorld, July 2015). Revenue from rock lobsters heavily depends on exports and overall, prices for Australian rock lobsters in US dollars have increased over the five years to 2014/15. This is due to strong international demand and reduced supplies from competing suppliers. The rock lobster segment has increased its share of Australia's fishing industry revenue over the past five years.

The main participants in the Torres Strait Region's tropical rock lobster fishing industry are:

- Kailis is the main buyer of tropical rock lobster from the Torres Strait and the Western Province of Papua New Guinea. Australia's largest producer of tropical rock lobster, Kailis is a seller of fresh tropical rock lobster, predominantly to Asia and has facilities in Cairns for processing and exporting live cray.
- Pearl Island Seafoods, which sources product from various islands in the Torres Strait, both live and frozen cray tails, especially from Iama Island where Pearl Island Seafoods owns a freezer.
- Torres Strait Seafoods leases its own licences out to fishers. The company has a vessel of 16 metres, and sources product from various islands across the region. It also sells product to Darden in the United States of America and other purchasers in Asia.
- Torres Blue Seafoods, which sources product from Poruma and surrounding islands.
- Other small companies, including individuals who may source product from a number of local fishers, and who then on-sell the product to one of the larger companies mentioned above.

- Individual fishers who sell to the highest bidder.

The TVH sector uses large primary boats (motherships) in conjunction with smaller fishing tenders, generally using hookah gear, with a small fleet of TVH vessels undertaking trips to fishing grounds that last from a few days to several weeks.

In contrast, the majority of Traditional Inhabitant Boat sector trips last for only a day or two, with divers working from smaller (traditional) boats (dories), which continue provide an efficient means for TIB fishers to catch tropical rock lobster. However, in recent years, an increasing number of TIB sector operators have used large primary vessels in conjunction with attached fishing tenders and hookah equipment. This has allowed TIB sector operators to target live rock lobster, which attracts a higher and more consistent market price than frozen rock lobster tails.

Nevertheless, consultation findings suggest the number of fishers in communities fishing for tropical rock lobster on a full-time basis is still quite small and the use of dories remains a highly-effective a viable way to fish for tropical rock lobster in the Torres Strait.

According to ABARES (2014), there has been a decrease in production of tropical rock lobster in the Torres Strait in 2012/13. Despite this, a significant increase in beach prices (whole weight equivalent) contributed to an overall increase in the gross value of production (GVP) for the fishery of 24 per cent between 2011/12 and 2012/13. This was driven by a 26 per cent increase in the value of whole rock lobster, from \$13.3 million in 2011/12 to \$16.8 million in 2012/13, which was in turn driven by an increase in the average price for whole rock lobster.

According to ABARES, the net economic returns from tropical rock lobster in the Torres Strait have increased and this is likely because of higher market prices in 2012/13. ABARES' Fishery Status Reports, 2013-14 states that the fishery is meeting its objective to provide commercial opportunities for Traditional Inhabitants but it is uncertain whether its objective to optimise value is being met.

The potential returns for catching live tropical rock lobster are high, and given the plentiful supply, one way to increase economic development in Torres Strait and meet all the objectives of the *Torres Strait Development Plan 2014-2018*, is for the TSRA to continue to provide support for existing and prospective fishing businesses. This could include the development of a communications strategy to inform local communities of the TSRA's existing business assistance services for local fishers looking to expand their operations.

Efforts to continue to support local fishing businesses under existing programs and services offered by the TSRA could be complemented with a strategy to engage with existing fishers / businesses on opportunities to value-add to the local catch by processing tropical rock lobster locally, for sale to market.

An effective approach may be to develop a program to work with prospective fishers over a period of time, on multiple fronts, until they have the capacity to fish, source their inputs to fishing, set up and run their business and potentially process locally. To do this successfully may require a more co-ordinated and collaborative approach to grow commercial fishing enterprises in the Torres Strait Region.

The establishment of a Torres Strait fishing company to hold quota entitlements in the Torres Strait Tropical Rock Lobster Fishery – if a quota was introduced to that fishery – may be the appropriate vehicle to facilitate an increase in the capability of Torres Strait Islander and Aboriginal people in the region to manage commercially-viable businesses in the industry.

Such a company, if established, would need to be owned and managed by Torres Strait Islanders supplemented by appropriate expertise to ensure local communities capture the wealth generated by increased fishing activities. Partnerships with non-Indigenous commercial fishers who already have a presence in the region could be pursued to ensure their commercial fishing expertise and networks can be utilised for the benefit of Torres Strait Islanders and Aboriginal people living in the region.

Finfish

Finfish is a multi-species industry mainly focusing on high-value coral trout and Spanish mackerel. Most commercial fishing activity in the Torres Strait Finfish Fishery (TSFF) takes place in the north-eastern part of the region. In 2008 a largely government funded buyout of all TVH licences resulted in the transfer of all fishing capacity to the Traditional Inhabitant sector. The catch has declined since the buy-back of licenses with Traditional Inhabitants not fishing as much as the non-traditional license holders. Part of the finfish industry, Spanish mackerel stocks are relatively stable. There are restrictions on size limits and volume and there is a nominal total allowable catch (TAC) of around 187 tonnes per annum.

The TSFF has two components: the Torres Strait Spanish Mackerel Fishery (TSSMF) and the Torres Strait Reef Line Fishery (TSRLF). The TSSMF targets Spanish mackerel, whereas the TSRLF is a multispecies fishery mainly targeting coral trout, with smaller catches of tropical snappers and emperors, jacks and rock cods. Red bass and barramundi cod may be harvested in the Torres Strait. In both fisheries target species are harvested using multiple dinghies and hand lines. Whilst it is permitted, there are currently no live finfish operations.

According to ABARES (2014), a survey of by-product and bycatch in the TSRLF found that coral trout made up more than 65 per cent of the retained catch (by weight) for both the traditional and non-traditional sectors. Mackerel and snapper contributed 23 per cent for both sectors. The TIB sector retained a wider range of species than the TVH sector.

The amount of allocation leased out for each fishing season is considered by the Finfish Quota Management Committee which makes a recommendation to the TSRA Board on how much to be leased. The TSRA Board then makes a decision based on that recommendation. Revenue raised through leasing is used for the benefit of communities. This is currently being considered through the TSRA's Finfish Fishery Action Plan Project.

From 2003/04 to 2006/07, the gross value of production (GVP) for the TSFF averaged \$3.45 million (2012/13 dollars). In 2007/08, real GVP fell by \$1.44 million to \$1.57 million. This fall was largely attributed to substantial declines in catches of coral trout (by 72 per cent) and Spanish mackerel (by 57 per cent). According to ABARES (2014), the move to sunset licences for non-Indigenous fishers in 2008, and the vessel buyback during this period, might have contributed to these declines.

In 2012/13, the gross value of production for the TSFF was \$0.78 million, 33 per cent lower than in 2011/12. This was a result of a fall in landed catch of coral trout in the TSRLF and a drop in the average unit price received in the fishery. The TSRLF contributed approximately \$0.18 million and the TSSMF approximately \$0.59 million to the TSFF GVP in 2012/13.

It is unclear how much of the allocation leased out by the TSRA for the TSRLF and TSSMF has been caught in recent years. Leasing arrangements are likely to generate some positive economic returns to the communities of the Torres Strait, since revenue from leasing activity is invested in capacity building for TIB fishers. In September 2011, the ban on catching coral trout for live export (in place

since December 2002) was removed. This could improve profitability in the fishery if price premiums on live fish can be achieved, and if these exceed the additional costs associated with handling live fish.

The key objectives of the Torres Strait Finfish Fishery Management Plan are to acknowledge and protect the traditional way of life of Traditional Inhabitants, including their rights in relation to traditional fishing for finfish, and to conserve resources in a way that minimises the impact on the marine environment (Torres Strait Finfish Fishery Management Plan 2013). Optimising economic viability of the fishery is one objective, but, unlike solely Commonwealth fisheries, the targeting of maximum economic yield is not a key focus. The leasing arrangements in the fishery provide a means to meet the objectives under the Torres Strait Treaty to promote economic development and employment for the region's Traditional Inhabitants.

Fishers can alternate between tropical rock lobster and finfishing, especially in those communities within the finfishing zones, namely Erub, Mer Ugar, Masig, Warraber, Poruma, Warraber, Iama, Saibai and Dauan (the latter two to a lesser extent).

As is the case for tropical rock lobster, a two-pronged strategy to continue to support local fishing businesses under existing programs and services offered by the TSRA could be complemented with a strategy to engage with existing fishers / businesses looking to value-add to the local catch by processing product locally, for sale to market.

Other Seafood Products

Whilst tropical rock lobster and finfish present the two most immediate opportunities for commercially-viable business development in the Torres Strait Region, there are opportunities for business development with other products including:

- **Crab Fishery** - primarily mud crab with small quantities of blue swimmer crab taken. As with the tropical rock lobster, there are regulations in place regarding size and a ban on the taking of female crabs and spanner crabs. Fishing is for Traditional Inhabitants only and most of the take is in the region's north-west. Due to the limited commercial fishing, the catch is not considered to be over fished, although there is less data on the crab industry.
- **Prawn Fishery** - this is one of the most valuable commercial fisheries, with little involvement of Traditional Inhabitants. According to ABARES (2014), in 2012/13, the Torres Strait Prawn Fishery (TSPF) generated a gross value of production of \$5.92 million. Tiger prawns accounted for the largest share of GVP (80 per cent; \$4.7 million).

Between 2000/01 and 2012/13, the number of hours trawled per vessel declined substantially in response to declines in profitability. As a result, the net economic return from the TSPF continued to be negative as a result of a decline in fishing income from 2007/08 levels as both catch and prawn prices declined. Despite still being negative, the net economic return for the region's prawn fishery increased from -\$2.4 million in 2010/11 to -\$1.8 million in 2011/12.

According to ABARES, this improvement in the net economic return is mainly attributed to an increase in catch and the prices of major species caught by the fishery.

- **Pearl shell fishing** - the abundance of pearl shell on the main fishing grounds is low, and there have been low levels of fishing for this product in recent years.

- **Bêche-de-mer** - this is a high value product with currently 70 TIB license-holders (there are no non-Indigenous licence-holders). Bêche-de-mer has historically been a very important fishery to Torres Strait Islander and Aboriginal people. Since 2015, access to the fishery has been 100 per cent owned by Torres Strait Islander and Aboriginal people.

Most bêche-de-mer species are susceptible to overfishing as they can easily be collected from reef tops during low tide and have low recruitment capacity. As a result, several of the high value species are currently closed to fishing to rebuild the stocks to levels that could sustain some fishing. Black teatfish is one species of bêche-de-mer that was heavily fished in the past and due to sustainability concerns, the TAC for species was set at zero for many years. Last year the Protected Zone Joint Authority (PZJA) managed a trial opening the fishery for 15 tonnes. A number of local fishers participated in the trial and while it was planned to open the fishery for one month, it was closed after two weeks due to high/fast catch levels.

The PZJA is considering re-opening the fishery on a permanent basis, pending appropriate management arrangements being developed further. The PZJA recently agreed to another trial in November 2015.

- **Trochus fishery** - due to a decline in demand for this product, there is very little fishing currently undertaken.

2.5 Tourism / the Visitor Economy

Regional Industry Overview: Challenges and Opportunities

The Torres Strait Region Visitor Economy

The tourism industry provides services to international and domestic visitors (on day or overnight trips). Tourists include those travelling for work-related purposes (such as conferences), for leisure (holidays) and personal reasons (such as visiting friends and relatives). Despite facing challenges of remoteness, infrastructure issues and a small, undeveloped market, tourism is an industry with potential to grow in the Torres Strait Region by building on existing natural attributes and the currently limited level of tourist activity.

The Torres Strait Region receives visitors to its various communities by way of public sector services, training and development services, commercial visitors, trade and professional services, contractors and consultants and recreational visitors (tourists), all of whom require accommodation of some kind in most of these communities.

According to the ABS Census of Population and Housing's Working Population Profile (2011), accommodation and food services - which is typically associated with tourism - is the ninth-largest employer out of 20 industries in the Torres Strait; the associated retail trade sector is the region's sixth-largest employer. Of the region's top 15 private sector industries, accommodation is the fourth-largest employer in the Torres Strait.

Drive tourism is an established industry on the Cape York Peninsula. For drive tourists travelling through Cape York for camping, fishing and four-wheel-driving, most of the roadhouses have camping facilities and some have self-contained units as well. Camping permits must be organised in advance for the National Parks. According to the Cooktown and Cape York Peninsula Local Tourism Network, holiday rentals, beach campsites, farm stays and hotels offer a variety of accommodation options.

In the Northern Peninsula area, there are successful operations (offering dining and accommodation) which benefit from a stream of tourists, especially four-wheel-drive enthusiasts, eco-tourists and adventure tourists visiting the area during the peak season. Bamaga and Seisia attract tourists who are looking for accommodation and Seisia is a departure point for ferries to Thursday Island and ultimately the other communities in Torres Strait. Seisia is also a departure point for fishing charters.

Tourism Industry Challenges

There have been a number of tourism studies undertaken in the Torres Strait over the past ten years, the main two being:

- *The Cape York Peninsula & Torres Strait Tourism Development Action Plan 2008 - 2011*, which identified the following new traveller markets: fishing; luxury resorts; bird watching; diving; cruise shipping; super yacht cruising; and family member “war memories” tours.
- *The Torres Shire Tourism Plan* (July 2009), which focuses on the inner islands of Thursday Island, Horn Island, Prince of Wales Island, Friday Island, Wednesday Island and Goodes Island. The Plan makes 71 recommendations for action under nine dimensions: whole-of-destination approach; environmental management; cultural integrity; economic benefits; product development; industry development; infrastructure, buildings and transport; marketing; and funding and investment.

Many of the recommendations in these reports recognised the challenges and sought to address the ‘enablers’ of tourism development such as the region’s critical infrastructure needs. Some have been implemented with many yet to be actioned. While there is tourism potential across the Torres Strait, consultation with key stakeholders reveals that tourist resorts and ventures which have established in the Torres Strait islands have experienced mixed success with some ventures not fulfilling their full potential or having to rely on commercial and public sector visitors to sustain their existence. The region’s remoteness and under-developed ‘tourism offer’ poses a significant challenge in this regard.

The Torres Strait Region’s remote location poses a significant constraint on industry development. Tourism industry players must have proximity to key markets. Ensuring that the region’s tourism product is linked to markets and the particular needs of those markets will typically lead to satisfied guests and therefore, repeat visits to the region. Receiving the benefit of word-of-mouth recommendations is a key success factor for tourism operators. Satisfied guests ensure good word-of-mouth recommendations and repeat visits, which translates into future revenue growth and bookings. This means the tourism product itself - including visitor accommodation - needs to be of a quality expected of both national and international visitors.

While the Northern Peninsula is accessible by road, tourist access to the island communities of the Torres Strait is limited. Access by car is limited to barge travel, with air services to Horn Island providing the most efficient route to the region. Access to the larger islands is available by charter light plane, and by helicopter to the more remote communities. The cost of air transport services to the region is very high, deterring prospective tourists and restricting access to adventure tourists and specialist groups visiting the Northern Peninsula by road.

Currently, options for accommodation on Thursday Island, Horn Island and other communities are limited. On Thursday Island the accommodation standard varies, but occupancy is consistently high due mainly to the commercial and government visitor market and the limited choice of facilities

available. Retail and food outlets are limited on Thursday Island, with the hotels providing the most choice, complemented by only a small number of fast-food outlets.

On Cape York Peninsula holiday rentals, beach campsites, farm stays and hotels offer a variety of accommodation options. In the Northern Peninsula area, there are successful operations (offering dining and accommodation) which benefit from a stream of tourists, especially four-wheel-drive enthusiasts visiting the area during the peak season.

Accommodation at Bamaga and Seisia is well established. Cape York Peninsula Lodge at Bamaga offers a choice of hotel, suite, eco-tent or long-term accommodation complete with an a-la-carte restaurant, outdoor pool, conference facilities and hire cars. It provides an ideal base for tourists searching for adventure, fishing, boating, island-hopping and four-wheel-driving.

Seisia Holiday Park offers a range of beachfront accommodation and camping options as well as a kiosk and restaurant with a range of dine in and take-away meals. It offers a location for tourists to base themselves for exploring the tip of Cape York Peninsula, including the Jardine River National Park and on to the Torres Strait Islands.

Access to an appropriately skilled and flexible workforce is another critical success factor for tourism operators and an area in which the Torres Strait currently faces significant limitations. Having access to skilled workers ensures quality service can be provided to guests at peak times. This will maximise revenue and visitor satisfaction. Standards of service need to be high and local communities need to be welcoming of visitors. In more remote communities where tourism activity is fledgling at best, locals may need to be better informed on the potential benefits of an increase in visitor numbers to the Torres Strait Region.

Of course, another critical challenge facing the Torres Strait Region's tourism industry, as is the case elsewhere, is competition from competing locations. The tourism industry within Australia exhibits high levels of competition. This diverse industry is subject to strong competition due to the large number of operators all competing for a share of the tourism market.

Industry operators compete across a large range of factors such as price, service and product quality. Price is one of the main areas of competition for industry operators, especially in order to attract the cost-conscious consumer who wants to receive value for money. Given the large number of operators in some segments of the tourism sector (e.g. accommodation, cafes and restaurants) operators also compete on the quality of services offered to guests. This often serves as a base of differentiation, and a point of further value added for consumers, especially higher-value markets.

Despite the challenges, there is consensus amongst stakeholders that the potential for tourism in the Torres Strait Region is substantial. This is supported by the data on tourism's contribution to the wider (Tropical North Queensland) regional economy, the Queensland Government's strategic policy position on developing tourism in the wider region as well as recent trends and prospects for the tourism industry in Tropical North Queensland, Queensland and Australia.

However, a critical challenge will be co-ordinating efforts to develop the region's tourism industry in a strategic fashion. This will require, as a minimum, a professionally-qualified and experienced tourism development officer located in the region, to lead the preparation of a tourism strategy and to co-ordinate resources to develop the region's tourism offer. Importantly, it will require a sustained, collaborative effort from the businesses with an interest in developing the Torres Strait tourism industry.

Tourism Industry Opportunities

In the Torres Strait, opportunities for tourism lie in the region's unique cultural heritage and its natural assets. The findings from the research, data analysis and stakeholder consultation suggest a number of emerging opportunities for tourism industry development worth exploring further.

Cruise tourism is an important market segment for Queensland and Thursday Island is already one of Queensland's key cruise destinations along with Brisbane, Hamilton Island, Airlie Beach, Townsville, Cairns, Port Douglas and Cooktown. Cruise ship passengers on stopovers provide local businesses with opportunities to benefit from visitors who could be encouraged to buy local products and services - the longer the stopover, the greater the opportunity for the Torres Strait.

The potential flow-on benefits created by the cruise shipping industry are many and include: developing new land-based tourism experiences; increasing new and repeat visitations; enhancing economic and social benefits to local communities; and raising the profile of Torres Strait destinations around Australia and worldwide.

If the Torres Strait Region is to take advantage of this opportunity, it will require greater co-ordination amongst local businesses to promote and then provide a package of experiences – such as retail, walking tours, cultural activities, local art and craft and dining – to entice visitors to spend some time and spend money in the region. Importantly, any co-ordinated effort to take advantage of these opportunities needs to be industry-led if it is going to be successful.

Drive tourism is an established industry on the Cape York Peninsula and locations including Seisia and Bamaga on the Northern Peninsula are already important bases for four-wheel-drive enthusiasts and adventure tourists exploring the tip of Cape York and venturing on to the Torres Strait Islands.

According to the Queensland Government, drive tourism presents valuable opportunities for businesses, and contributes financially to rural, regional and remote communities as it encourages visitors to travel beyond the major tourism destinations, stopover in small towns and settlements and spend money at local businesses. Again, for local businesses to successfully take advantage of opportunities to tap into this growing visitor market, the local tourism industry will benefit most if it takes the lead itself in a co-ordinated and collaborative fashion.

With a number of facilities already in place, of varying size and standard, the communities of the Torres Strait could tap into the local and wider Tropical North Queensland Region's existing and potential visitor economy by improving and promoting the local accommodation offer. This includes cultural heritage and or adventure tourists (e.g. boating and recreational fishing) or day-trippers visiting the region on cruise ships docking at Thursday Island.

An effective way to promote the Torres Strait Region will be to leverage the existing profile of the Tropical North Queensland brand, something the Torres Strait currently doesn't take full advantage of. It is considered that in order to do so, the Torres Strait Region needs proper representation in the region from Tourism Tropical North Queensland.

Broader Tourism Industry Trends and Prospects

Tourism Industry Growth in Queensland and Australia

According to IBISWorld (2015), despite some challenges in recent years due in large part to the effects of the global financial crisis, tourism in Australia has performed well and has strong prospects. Domestic tourism has grown over the past five years, although it has not grown as strongly as international travel with Australian tourists choosing to spend more time abroad.

The number of trips taken by Australians - which indicates the health of the domestic tourism sector - has been growing in absolute terms over the past five years, leading to increased demand for local tourism from Australians and an opportunity to capitalise on domestic consumption.

Tourism in Queensland is a \$23 billion industry for the State accounting for 7.6% of Queensland's Gross State Product (GSP). Tourism in Queensland generates \$60 million a day in visitor expenditure; it directly and indirectly employs 230,000 people, which equates to 10% of all employment in Queensland (source: Tourism and Events Queensland, July 2015). Cafes, restaurants and take-away food outlets account for the largest share of Queensland's tourism employment (27%) followed by retail trade (19%) and accommodation (13%).

Queensland's tourism businesses are typically small businesses, with 9 in 10 tourism businesses employing fewer than 20 persons. Further, the majority of Queensland's tourism businesses are located in regional areas, highlighting the significance of this sector to the economies of Queensland's rural and remote communities.

Tourism Tropical North Queensland and the Torres Strait Region

The Torres Strait Region is part of the 'Tropical North Queensland' tourism region as defined by the Queensland Government. This is a very large area that extends from Mission Beach in the south to Cape York and the Torres Strait in the north, and Gulf Savannah in the west. The Tropical North Queensland (TNQ) Region includes Cairns, Kuranda, the resort islands of the Great Barrier Reef and the Daintree Rainforest. The 2020 vision for Tropical North Queensland is that it be globally-recognised as the world's leading holiday destination focussed on adventure tourism.

A 2010 report on the regional economic contribution of tourism destinations in Australia estimated the Tropical North Queensland Region generated \$1.3 billion in tourism gross regional product or 14% of Queensland's total tourism GSP. This placed the region as the third-largest contributor to Queensland's tourism economy behind Brisbane and the Gold Coast.

According to the Tropical North Queensland Tourism Destination Plan, adventure tourism and tourism experiences providing visitors with the opportunity to connect with the culture and creativity of the region's vibrant Aboriginal and Torres Strait Islander people are two of the TNQ Region's five 'hero experiences' along with the Great Barrier Reef, the world's oldest tropical rainforest and tropical lifestyle and culture. Tourism and Events Queensland has defined 'hero experiences' throughout the State as being world class iconic experiences that: provide a destination with a real competitive edge over other destinations; focus on what is truly unique or memorable or engaging about a destination; and which meet the needs of target markets.

Hence, there is a high level of strategic support from the Queensland Government for the Torres Strait to tap into the wider regional tourism strategic planning and development framework. By identifying local business opportunities and promoting these as part of the wider regional tourism

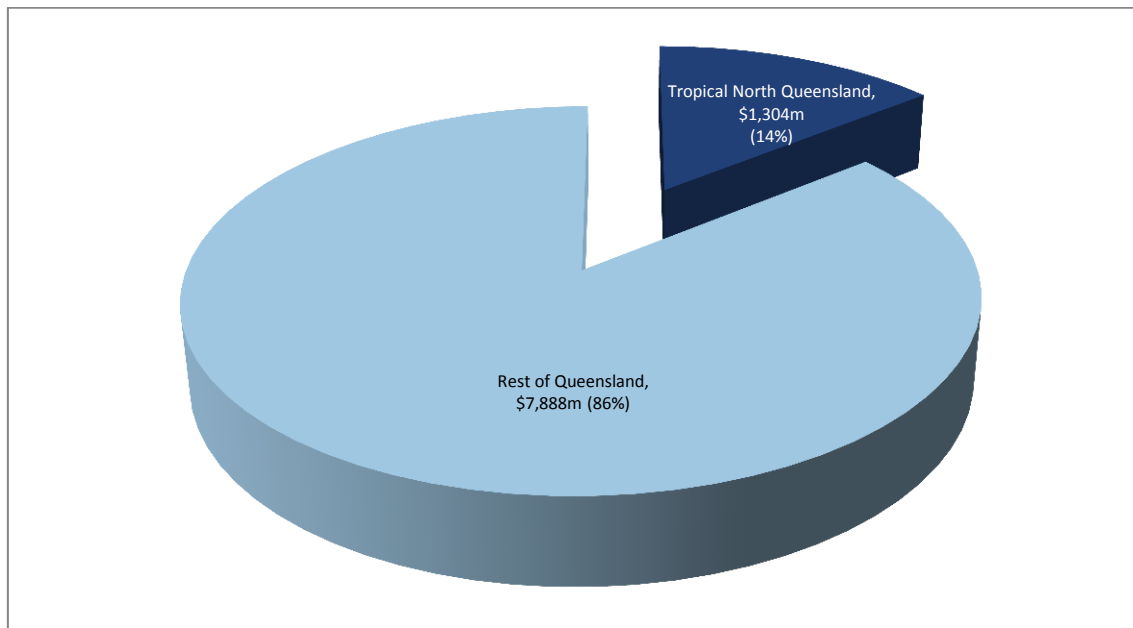
offer – particularly in areas which capitalise on local attributes (e.g. adventure tourism, eco-tourism and cultural/heritage tourism) - there is scope to grow local tourism enterprises for Torres Strait Islanders and Aboriginal People living in the region.

Prospects for adventure tourism, eco-tourism as well as cultural and heritage tourism in the Torres Strait and Northern Peninsula are supported by recent trends in visitor numbers to the wider region. According to Tourism and Events Queensland, there were 2.4 million international and domestic overnight visitors to Tropical North Queensland in the year ended December 2014, an increase of 6.3% on the previous year.

In the year to December 2014, the region had attracted \$1.7 billion in domestic overnight visitor expenditure and \$924 billion in international visitor expenditure. Tropical North Queensland receives 9% of Queensland's domestic tourists and over one-third (34%) of the State's international visitors, behind only Brisbane and the Gold Coast in terms of international visitor numbers.

According to Tourism Tropical North Queensland (2012), the TNQ region consistently ranks in the top five destinations visited by international visitors to Australia, and the top twenty destinations visited by domestic overnight visitors. At the end of December 2014, the region's largest international source markets were China (21% of international visitors), the UK (12%), the USA (12%) and Japan (12%). The largest source markets for domestic visitors to TNQ were regional Queensland (59% of domestic visitors) followed by Melbourne (11%) and Brisbane (10%).

FIGURE 12. TROPICAL NORTH QUEENSLAND'S CONTRIBUTION TO TOURISM GROSS STATE PRODUCT, 2007/08



Source: Sustainable Tourism Cooperative Research Centre, 2010

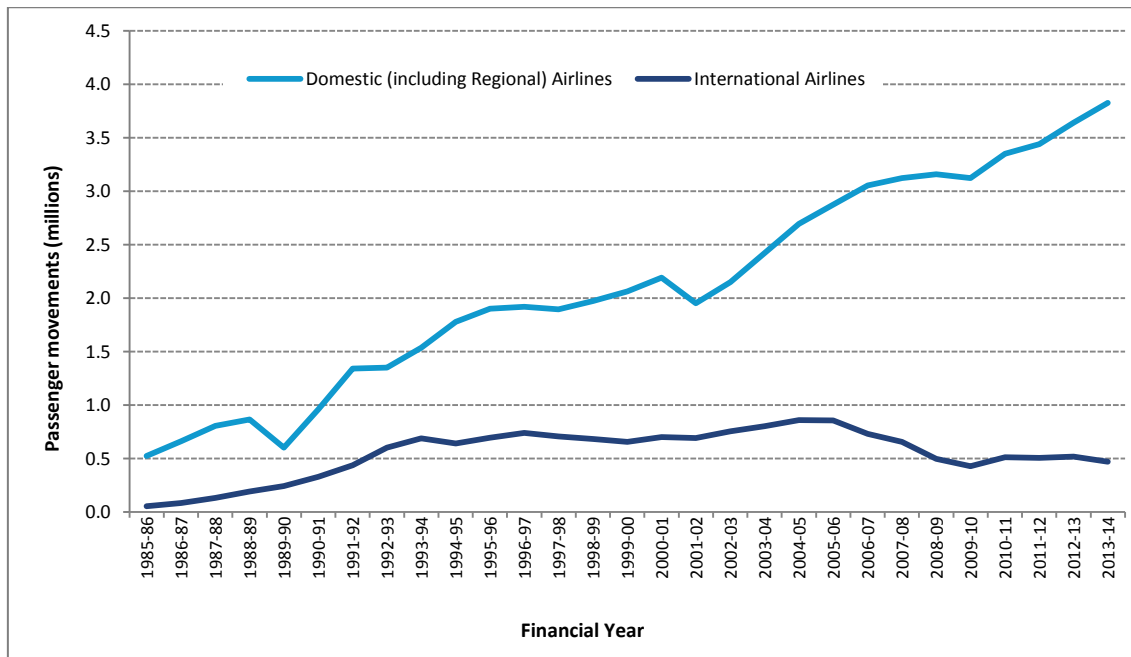
Regional Tourism 'Drivers' – Touring, Events and Aviation

According to Tourism Tropical North Queensland, touring, events and aviation are considered the primary drivers of the future tourism growth in the Tropical North Queensland Region. This will be supported by investment in 'enabling drivers' including infrastructure, greater use of digital technology, quality service and innovation and collaborative partnerships to build the region's tourism capabilities. These are all areas that require attention in the Torres Strait Region.

Cairns is the gateway to tourism on Cape York Peninsula and the Torres Strait with connecting flights to the region from Cairns via Horn Island and road connections to Cape York from Cairns via Cooktown. As illustrated below, domestic and international passenger movements through Cairns International Airport have increased steadily over the 30-year period to 2014/15.

Since 2001/02, domestic passenger movements through Cairns International Airport have increased substantially, at an average annual rate of 5.8% while total (domestic and international) passenger movements have increased by approximately 4% per annum over the same period.

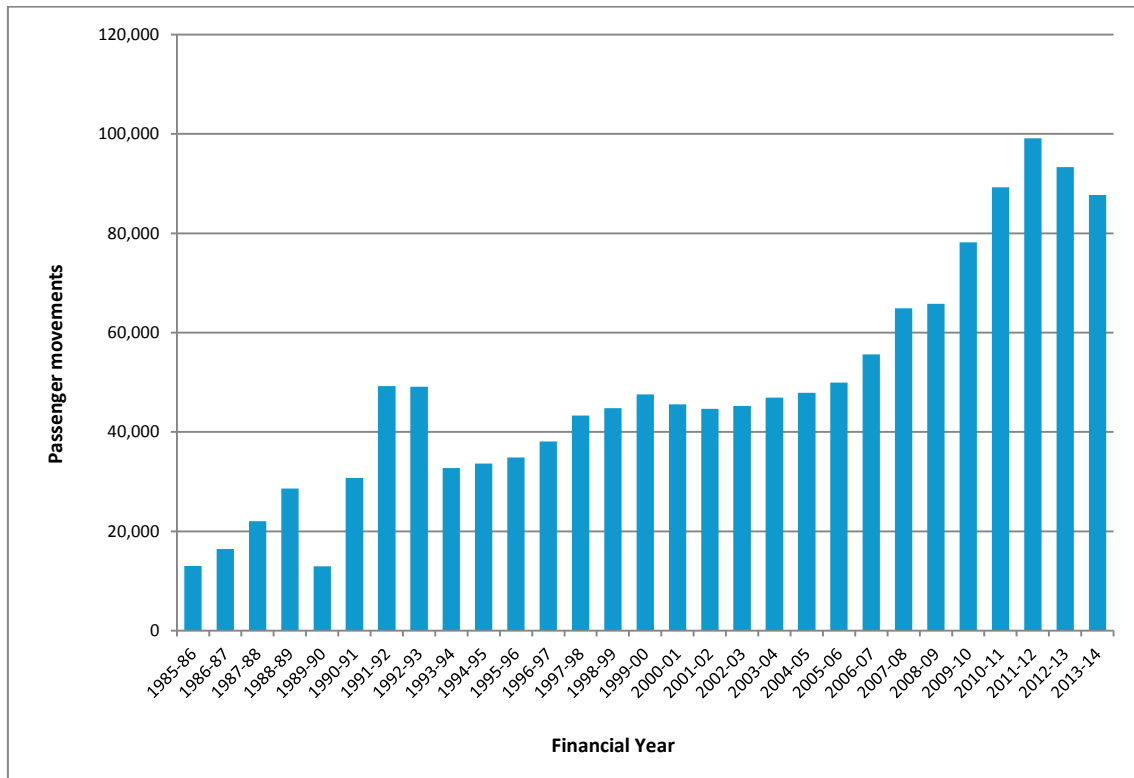
FIGURE 13. CAIRNS AIRPORT DOMESTIC AND INTERNATIONAL PASSENGER MOVEMENTS (MILLIONS), 1985/86 - 2014/15



Source: Bureau of Infrastructure, Transport and Regional Economics, 2015

Domestic passenger movements through Horn Island Airport have also shown significant growth over the last 30 years, particularly over the past 10 years. Between 2003/04 and 2013/14, passenger movements through Horn Island Airport increased at an average annual rate of 6.5%.

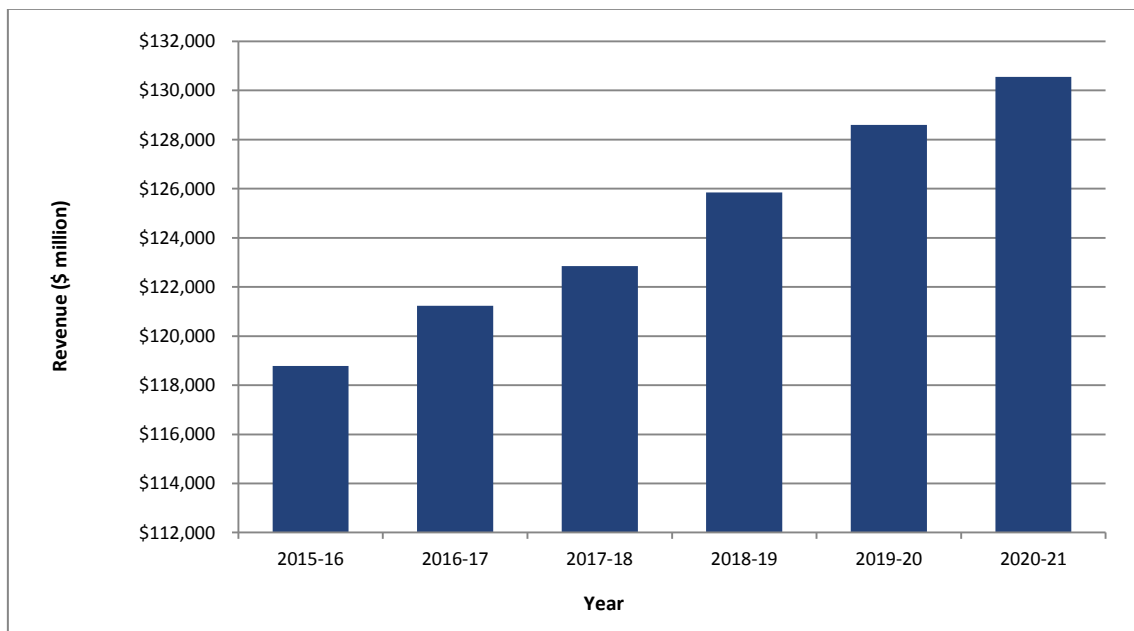
FIGURE 14. HORN ISLAND AIRPORT DOMESTIC PASSENGER MOVEMENTS, 1985/86 - 2014/15



Source: Bureau of Infrastructure, Transport and Regional Economics, 2015

Australia is expected to remain a popular destination for international travellers, especially those from Asian nations. Australia's tourism industry revenue is expected to grow over the five years to 2019/20 at an annualised 1.9%, to reach \$128.6 billion.

FIGURE 15. AUSTRALIA'S TOURISM INDUSTRY PROJECTED REVENUE (\$M), 2015/16 TO 2019/20

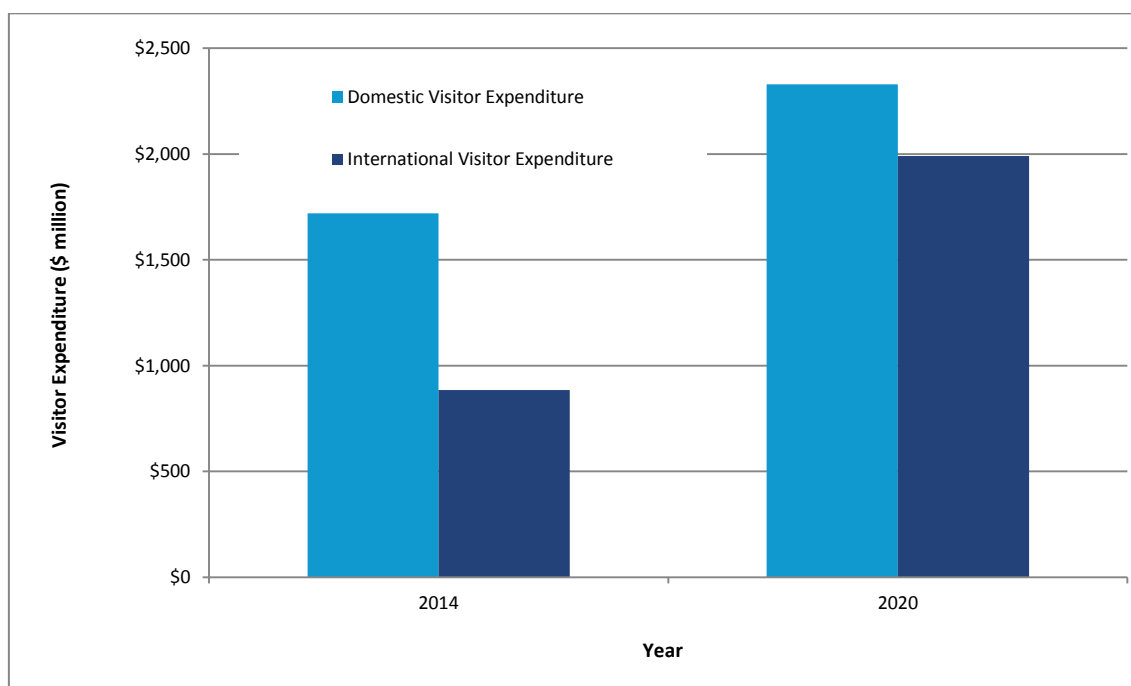


Source: IBISWorld, 2015

Projected Growth in Regional Tourism

In Tropical North Queensland, growth in international tourism is being driven by a rising number of Asian tourists, particularly from China, which is now the largest international source market of tourists to the region; over the 12 months to December 2014 Chinese visitors increased by 24%. The Torres Strait can potentially capitalise on this growth.

FIGURE 16. CURRENT AND PROJECTED TOURISM EXPENDITURE, TROPICAL NORTH QUEENSLAND, 2014 AND 2020



Source: Tourism Tropical North Queensland

Tourism Tropical North Queensland estimates that if its growth targets are met in line with the objectives of the Tropical North Queensland Destination Plan, combined domestic and international TNQ tourism expenditure could grow from \$2.6 billion in 2014 to \$4.31 billion in 2020.

Opportunities for Business Development in the Torres Strait Region

With strong recent growth and good prospects both regionally and Australia-wide, there are a number of opportunities for tourism in the Torres Strait Region which present avenues for new tourism enterprises or the expansion of existing operations in the region and for the employment of Torres Strait Islanders and Aboriginal People living in the region.

For existing and potential tourism enterprises, there are opportunities to tap into the growing international visitor market (notably the Chinese market) as well as the domestic market, in cruise tourism, adventure tourism (including for example boating, fishing and drive tourism) as well as nature-based / eco-tourism and cultural and heritage tourism. If efforts to establish and grow commercially-viable tourism enterprises are to be successful, the Torres Strait Region will need to provide support to promote and expose the diversity of the region's tourism offer as part of an integrated TNQ Touring Development Strategy and Framework.

Adventure and Expedition Cruise Tourism

For the Torres Strait, the potential tourism markets identified in Tourism Tropical North Queensland's Destination Plan and by key players consulted include, amongst others, the adventure and expedition cruise and fly-cruise markets and cultural tourism, which all have growth potential.

Cruising is one of the fastest-growing sectors in Queensland's inbound and outbound tourism industry. According to a 2012 economic impact report prepared on behalf of Cruise Down Under, Queensland is Australia's second-largest cruise shipping market, supporting 2,117 jobs and generating \$588.8 million in direct and indirect expenditure from a total of 239 visiting ships and 442,253 passenger days at port (source: Queensland Government, www.business.qld.gov.au).

The Queensland Government's tourism strategy identifies cruise tourism as a priority market for development, with Queensland able to position itself by offering unique and compelling itineraries that differentiate Queensland destinations such as the Torres Strait from other cruise destinations. This includes opportunities for nature-based tourism and Indigenous tourism.

The anticipated growth in Australia's cruise ship industry provides a tangible avenue of opportunity for the Torres Strait. If critical infrastructure issues can be addressed and if the region's businesses can co-ordinate efforts to market themselves, and deliver quality products and experiences, the region can tap into this potentially lucrative market.

By capitalising on its existing comparative advantages and natural assets, the Torres Strait has potential to grow a viable tourism industry to benefit local communities throughout the region. According to the Queensland Government, based on medium growth of the adventure and expedition shipping sector, it is forecast that in Queensland: economic output will increase by \$30.5 million, from \$23.5 million in 2009/10 to \$54 million in 2024/25; and Queensland's cruise ship visits could potentially increase from 214 in 2009/10 to 465 in 2024/25.

There is also an opportunity to tap into Queensland's 'mega cruise ship' sector. According to the Queensland Government, based on medium growth of the mega cruise shipping sector, it is forecast that in Queensland: economic output will increase by more than \$1 billion, from \$301 million in 2009/10 to \$1.46 billion in 2024/25; and cruise ship visits could potentially increase from 115 in 2009/10 to 260 in 2024/25. This is a major growth sector worth further consideration in the Torres Strait, particularly given Thursday Island's place on Queensland's cruise shipping route.

Importantly, opportunities to tap into Australia's adventure cruise and mega cruise ship industry potential extend beyond the communities of Thursday Island and Horn Island. If well-organised and co-ordinated – and if local communities embrace opportunities to grow their local visitor economies – the region's middle and outer islands and the Northern Peninsula could also benefit from cruise ships visiting Thursday Island via organised day-trips or even overnight visits.

Drive Tourism

Queensland's drive tourism market consists of visitors who travel for leisure and use a vehicle to reach their destination. This includes both day trips and overnight trips to one or more destinations. In the 12 months ending June 2014, Queensland welcomed 12.5 million overnight domestic and international drive visitors, accounting for 69% of all visitors to the State (source: Queensland Government, www.business.qld.gov.au).

According to the *Queensland Drive Tourism Strategy 2013-2015*, regional and remote communities can benefit from the income generated from drive tourists (on stopovers), as they are often encouraged to buy local tourism products and services, and basic travel necessities like fuel, food and other supplies. Drive tourism provides a number of benefits to businesses, including: opportunities for new business start-ups; increased demand for new products and services; opportunities for business collaboration; and additional income and employment.

Key measures of success for Queensland's drive tourism market include the number of tourists embarking on self-drive journeys, the length of their journeys, the time they spend in particular places and the amount of money they spend. This market is expected to experience significant growth due to Australia's ageing population and a corresponding increase in retirees who travel around Australia. This is something the Northern Peninsula in particular, and the wider Torres Strait Region can potentially tap into.

Tourist Accommodation

According to IBISWorld (2015), accommodation is the second-largest segment of the tourism industry in Australia. This includes accommodation services provided by hotels, resorts, serviced apartments, motels, guesthouses, caravan parks, bed and breakfasts and hostels. The accommodation segment has become increasingly fragmented over the past 30 years as the tourism market has segmented into different tourist types. Visitors are demanding different accommodation depending on factors such as the length of stay, budget, the purpose of travel and the size and needs of the travel party.

There are a number of accommodation lodges and guest houses that are run by private Torres Strait Islander owners and companies with the potential to generate an increase in visitor numbers. Increased visitation to the islands and to the Northern Peninsula could be encouraged by tapping into the adventure, fishing and boating tourist market.

Establishing a tourism network which leverages visitors passing through the region on cruise ships is one potential area of opportunity. If well-organised and co-ordinated, island destinations such as Mer, Masig, Warraber and Poruma for example, could benefit from cruise ships visiting Thursday Island via organised day-trips. This would require the appropriate quantity and quality of visitor accommodation on the islands in addition to what is already available.

Increased visitation to the Northern Peninsula and the Torres Strait Islands - by road, by sea and by air - could be encouraged by tapping into regional tourism networks and promotional campaigns run by Tourism Tropical North Queensland. The Torres Strait Region could benefit from stronger ties to the TNQ tourism network if it had, for example, a local professionally-qualified and experienced tourism development officer (working as part of TTNQ) to co-ordinate strategies for enterprise development and tourism-based economic development.

For this to be a success, local communities also need to be willing to embrace the tourist market by providing a full range of customer services and cultural experiences that this market would typically seek. Consultation suggests the communities of the Torres Strait support in principle, the development of tourism in the region. For most tourist accommodation operators, it is also necessary to have access to a skilled and flexible workforce to ensure quality service can be provided to guests at peak times. This will maximise revenue and visitor satisfaction.

With these considerations in mind, tourist accommodation is an opportunity worth considering for the establishment or further development of enterprises owned and / or operated by Torres Strait Islanders and Aboriginal people living in the region.

2.6 Cultural Arts and Creative Industries

Regional Industry Overview: Challenges and Opportunities

The Torres Strait Region Cultural Arts and Creative Industries

The Torres Strait is a unique environment comprising cultures drawn from a diverse background from Melanesia, Papua New Guinea and mainland Australia. Each community has traditional forms of art expressed through various mediums including paintings, lino prints, ceramics, screen printing, fashion design, carvings and traditional dance.

In the Torres Strait, the cultural arts and creative industries is defined by the region's many individual creative artists and by the art centres which are used to produce, display and sell local Torres Strait Islander and Aboriginal art and craft products. The museum displays at the Gab Titui Cultural Centre on Thursday Island (which is managed by the TSRA) and the Torres Strait Heritage Museum & Art Gallery on Horn Island are other important elements of the cultural arts and creative industries sector in the Torres Strait Region.

In addition to the Gab Titui Cultural Centre on Thursday Island, there are four main art centres in the Torres Strait Region. These are:

- Badhulgaw Kuthinaw Mudh (the Badu Arts Centre) which displays Torres Strait Islander Art from Badu Island;
- Ngalmun Lagau Minaral Arts (Moa Arts) located at Kubin on Moa Island;
- Erub Erwer Meta (Erub Arts Australia) located on Erub Island; and
- The NPA Arts Centre based in New Mapoon just outside Bamaga on the Northern Peninsula.

The TSRA provides annual operational funding to each of the above art centres under a tripartite agreement with Arts Queensland and the Ministry of the Arts (Australia Council). The TSRA also provides support to the region's art centres through its arts development activities around governance training, arts skills development programs and as auspice bodies for grants. Local artists also have access to various workshops - funded by Arts Queensland and the TSRA - partnering with institutions as well as collaborating with experts to gain knowledge and build skills.

The Torres Strait Region's cultural arts and creative industries are part of what is known as Australia's cultural production segment. The cultural arts and creative industries embody the role of arts and cultural assets as contributors to quality of life and community well-being and as important contributors to economic activity and economic development in their own right.

Despite being very small in number, as well as being income-producers and employers in their own right, these industries make further contributions to their economy (and communities) through their indirect and induced effects caused, for example, by tourism visitation and expenditure generated by cultural attractions and events including music, festivals and dance.

The reach of the Torres Strait's cultural arts and creative industries extends beyond the Torres Strait Region through commissioned work and the sale of local art and craft products to visitors and

buyers from outside the region including paintings, sculptures, textiles, ceramics, screen printing, jewellery and fashion accessories. Artists from the Torres Strait Region also participate in arts forums and events in places like Cairns and elsewhere in Australia. Examples include the Cairns Indigenous Art Fair, the Tjapukai Aboriginal Cultural Park near Kuranda and Australian Indigenous Fashion Week.

Cultural Arts and Creative Industries Challenges

The Torres Strait Region's cultural arts and creative industries represent a very small sector of the regional economy. According to the Census of Population and Housing (2011), the arts and recreational services sector employs just 70 people in the Torres Strait Region, the majority of who are based on the outer islands. Creative and performing arts activities account for a notable share of employment in this sector (47 jobs according to the Census).

This includes people employed as creative artists, musicians, writers and performers. Of course, in the creative arts sector - not only in the Torres Strait but elsewhere - there are a typically high number of people engaged in these economic activities who are not formally employed or recorded as employed in the Census. This suggests the sector could be larger.

It is essential for artists and other creatives such as designers and performers to effectively market and promote their products and services to both domestic and international visitor markets. Having an element of uniqueness or specialisation and authenticity to local art and craft is also important to provide a point-of-difference and a reason for people to seek out local art product or to visit local art centres and their displays. While the Torres Strait and Northern Peninsula Area each offer unique art and culture, communicating this to prospective markets needs to be effective.

For many artists who pursue their artistic passion part-time, affording the time and resources to do this poses a challenge. For independent artists and small art centres like those located throughout the Torres Strait Region, limited income coupled with the often casual and voluntary nature of staff means it is difficult to dedicate the time necessary to promote local art and craft products to markets.

Large and well-resourced facilities on the other hand, such as the Gab Titui Cultural Centre on Thursday Island, have the capabilities and resources needed to deliver a good mix of cultural performance and display with wider market reach. Having a catalyst attraction or facility which local artists can leverage to reach new markets through performance and display provides one viable means for cultural arts and creative industries to establish or grow business opportunities in the Torres Strait Region.

Cultural Arts and Creative Industries Opportunities

Cultural tourism in Australia is a growth industry and in the Torres Strait, cultural tourism offers great potential as a driving element of the region's cultural arts and creative industries.

Horn Island and Thursday Island have potential to serve as the base or hub of tourism activity throughout the Torres Strait Region. Torres Strait tourism could be anchored by the presence of the Gab Titui Cultural Centre on Thursday Island with opportunities to leverage this and the region's natural beauty to attract more visitors and grow the market for Indigenous enterprise.

The TSRA is well-placed to facilitate continued development of the Gab Titui Cultural Centre as a hub of the region's tourism industry (focussing on Indigenous and non-Indigenous cultural and

heritage tourism) and as a centrepiece for the display and sale of the Torres Strait Region's art and craft. Gab Titui is the most striking building on the Thursday Island, and like any cultural centre, it has the potential to be a draw card showcasing all forms of local art, craft, cultural performance and design, representing the best the Torres Strait Region has to offer.

The Torres Strait Heritage Museum & Art Gallery on Horn Island is a privately-owned and funded operation, which houses over 400 war veteran's photos with maps, diagrams, sketching, personal items, diaries and articles of wartime. Other displays include the Torres Strait pearl diving era, an industry upon which the Torres Strait once based its economy. The Museum is complemented by the 'Forgotten Isle Tour' of Horn Island, offering visitors a personal view of the local sites of significance in World War II and the 'Garrison Town Tour' of Thursday Island.

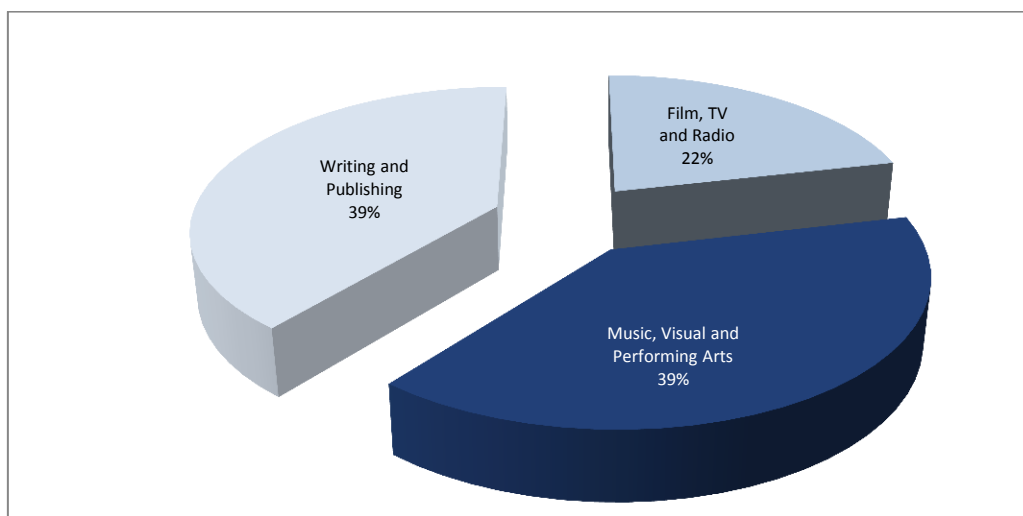
The Gateway Torres Strait Resort on Horn Island is basic, and both the heritage tourism market and accommodation are subject to seasonal fluctuations. The heritage tour sites and the museum have benefitted from TSRA support in the past and are also dependent on the drive of individuals who are passionate about the Museum. There is potential for growth in this business and opportunities for local employment, but it does require further investment.

Art galleries and museums such as those art centres located throughout the Torres Strait provide a place for communities to gather and express themselves through their various art forms. The centres engage in training and development of artists across the different mediums and Badu and Erub in particular have created art for commissions, and displayed art on the national and international stage.

Broader Cultural Arts and Creative Industry Trends and Prospects

Cultural production activities including performing arts operations and creative artists, musicians, writers and performers are collectively part of Australia's music, visual and performing arts segment. According to the Census of Population and Housing (2011), in Queensland, music, visual and performing arts employs around 9,600 people or 39% of the State's cultural production workforce. Consistent with national trends, employment growth in this sector remained fairly static between 2006 and 2011.

FIGURE 17. EMPLOYMENT BY CULTURAL PRODUCTION SEGMENT (%), QUEENSLAND, 2011



Source: ABS Census of Population and Housing, 2011 with interpretations by SC Lennon & Associates

Queensland's art galleries and museums industry operates in a highly competitive environment, competing against other leisure, sporting and entertainment industries for its share of consumer expenditure and government grants and funding.

Throughout Queensland and Australia, art centres have had to continue to re-invent and re-position themselves to attract interest and draw in visitors, particularly as competing industries have continued to undertake similar programs to increase patronage and revenue.

In the Torres Strait, the cultural arts and creative industries have a strong presence throughout the communities and with potential to grow as an important part of the region's tourism offer, anchored by the presence of the Gab Titui Cultural Centre on Thursday Island.

Opportunities for Business Development in the Torres Strait Region

The Gab Titui Cultural Centre is well-located, almost at the base of the entry and exit point for Thursday Island, within view of the marine jetty and a short walk for visitors. Given its location and prominence on the Thursday Island foreshore, Gab Titui could potentially tap into the growing cruise ship visitor market, providing a hub for visitors to Thursday Island and the wider region.

Gab Titui also presents an opportunity to enhance market exposure for the region's local artists, arts centres and enterprises, with potential to grow this sector as an essential component of the Torres Strait Region's tourism offer. Gab Titui is an asset which, if capitalised upon to full effect, could provide visitors with a good mix of quality food and beverages, cultural experiences and entertainment. There is potential to organise local dance and entertainment for visitors to experience the Torres Strait culture, potentially providing income and employment flow-ons throughout the local and regional economies.

Gab Titui could continue to grow its current role as a distributor and point of sale for art and craft products from the Erub Arts Centre and Badu Island Arts to name just two, as well as other traditional artists located throughout the Torres Strait. In this way Gab Titui can value-add to the unique art that is generated from these centres, including their emerging clothing lines and fashion labels.

Gab Titui also can also stage events that could attract visitors from other islands and provide a base for entertainment of locals on Thursday Island. Building on events already staged at the Centre, there is potential for a larger number of more diverse events that will assist in generating economic activity on Thursday Island, with potential flow-ons throughout the local community and the wider Torres Strait Region.

There is also potential for the region's art centres to ramp-up their sales to a more commercial level with the right investment, increased capacity and capability in human resources and improved access to national and international markets. Nationally, successful art centres and galleries have been tapping into other sectors of the wider creative industries, including existing and emerging digital media to offer online virtual experiences.

A cultural centre is no longer limited to a physical building, as offsite access to information and displays through websites and other new media, including social media, is a critical and integrated part of operations and way to promote local art and craft to national and international markets. This increased use of technology has raised the profiles of art centres and has been designed to increase visitor numbers to physical attractions. The use of interactive media to promote a region's

cultural production may be a viable means of growing the cultural arts and creative industries in the Torres Strait. The Gab Titui Cultural Centre can play a key role in this regard.

The cultural and heritage tourism market provides an opportunity to promote and Horn Island as a destination for travellers to the Far North Queensland Region. Thursday Island and Horn Island, which are within relatively easy access of the mainland, could benefit from growth in displays of local culture through dancers, weaving and bush tucker tours. This would complement the heritage tours and museum and enhance the experience for visitors, providing employment opportunities on Horn Island.

Other business proposals, particularly if they are located on Horn Island or Thursday Island, which could tie in with the existing cultural and heritage tourism offer, could be one priority area of opportunity for assessment by the TSRA.

There is potential to support investment in artistic businesses throughout the Torres Strait that can ramp-up their business to become commercially-viable and sustainable. There is merit in identifying a particular series of artists or art mediums that have the potential to generate a stream of viable and commercial sales. This could transition the Torres Strait's fledgling arts centres into commercially-viable operations with certain art mediums that appeal to national and international markets.

Gab Titui could continue to unlock the potential of the Torres Strait Region's art centres and highly talented artists. Continued promotion and development of this asset, as planned by the TSRA, could generate significant benefits for the art, culture and creative industries sector, as well as support the development of tourism in the Torres Strait. The region's other smaller art centres are also worth further consideration and assessment for their potential to support the development of commercially-viable arts enterprises.

Business proposals for local arts enterprise development, particularly those that tie in with the Torres Strait Region's cultural and heritage tourism offer should be one priority area of opportunity for assessment by the TSRA.

3. Recommendations for Targeted Enterprise Assistance



3 Recommendations for Targeted Enterprise Assistance

3.1 Prospective Business Opportunities in Summary

The opportunities presented in this strategy have been determined as a result of the findings from extensive research and data analysis coupled with targeted stakeholder consultation undertaken throughout the Torres Strait Region. They have been identified to narrow the TSRA's suite of potential business assistance project opportunities – what might be called 'prospective pilot projects' – by determining:

1. Three 'focal' industries which have the potential to accommodate the establishment of new enterprises or the further development of existing businesses in the region to help drive sustainable economic development by contributing to the Torres Strait's (inter-regional) export income; and
2. Areas of 'business opportunity' within those focal industries. These are broadly-defined business development opportunities that represent tangible business ideas worth considering further, in light of the Torres Strait Region's challenging economic development environment and subject to expressions of interest being made to the TSRA for enterprise assistance.

Based on the research and analysis documented in the preceding sections of this report, business opportunities recommended for further assessment as part of an expressions of interest (EOI) process, are as follows:

1. **Fishing**

- Support Value-added Fishing Activities
- Support the Development of a Torres Strait Fishing Company

2. **Cultural Arts and Creative Industries**

- Support Local Arts and Creative Enterprise Development

3. **Tourism / the Visitor Economy**

- Support Tourism Enterprises that Capitalise on the Region's Emerging Markets
- Support Tourist Accommodation Enterprise Development

Each of these broad business development opportunities is explained in more detail below.

3.2 Recommendations for Targeted Enterprise Assistance

Support Value-added Fishing Activities

It is recommended the TSRA seek expressions of interest from prospective new businesses and existing companies operating in the Torres Strait with proposals to add value to existing TIB fishing business operations through local processing and branding. The objective is to facilitate assistance to help grow the value of the fishing industry in the Torres Strait Region, increase the number of commercially-viable businesses owned and/or operated by Torres Strait Islander and Aboriginal people living in the region and improve the wealth of local communities throughout the Torres Strait by retaining more of the industry value locally.

Consultation on the islands revealed interest from community leaders already involved in fishing, in the establishment of fish processing facilities. This would require capital investment and training of locals in

accredited fish cleaning and filleting techniques (fish handling). It would also require a program of engagement with local communities on: the potential commercial and community benefits of adding value to existing local fishing products; and the need to satisfy critical requirements for success such as ensuring reliability of supply of catch, understanding market needs, optimising existing infrastructure, financial management and good corporate governance. In some communities, matters of land tenure would also need to be assessed and addressed.

In support of this opportunity, it is recommended the TSRA also continue to offer assistance to prospective new businesses and existing fishing businesses looking to establish or expand their operations. Assessment of applications for assistance would need to be undertaken in the context of the TSRA's priority fishing industry opportunities to:

- a) Support value-added fishing activities such as local processing; and
- b) Support the development of a Torres Strait fishing company.

As demonstrated in this report, the catch by Traditional Inhabitants of the region's highest-value fishing product, tropical rock lobster, is low and the buyers of this product are supportive of opportunities to support TIB fishers to fish and sell their product. An increase in the number of fishers would increase business ownership by Torres Strait Islanders and Aboriginal people living in the region and would create more jobs in a traditional 'mainstay' industry of the Torres Strait.

It is expected the TSRA would be presented with a number of opportunities and applications for enterprise assistance in this area. Therefore, specific opportunities to grow or establish small fishing businesses should be assessed on their individual merits after applying a detailed business and owner risk assessment. This applies to the treatment of all applications presented to the TSRA in line with its existing risk assessment protocols and procedures.

Support the Development of a Torres Strait Fishing Company

The fishing industry in the Torres Strait currently lacks a regional focus; the fishing sector run by TIB fishers is fragmented with a number of smaller companies buying product from individual fishers depending on availability. As a result, the reliability of supply is dependent on the capacity of local fishers to catch stock which varies depending on things like the availability of labour, local fishing conditions and the decision by individuals whether or not to fish at a certain time.

An ability to establish or enhance relationships with wholesalers and processors is important if local fishing activities are to be commercially-viable. For TIB fishers in the Torres Strait, establishing or enhancing relationships across the supply chain might be facilitated through joint ventures with TVH commercial fishing organisations already operating in the region and who understand the dynamics of the Torres Strait's fishing industry.

Non-Indigenous commercial fishing companies operating in the Torres Strait could benefit from the development of more formal partnerships with TIB fishers through direct involvement with a fishing company. By engaging the full supply chain, the establishment of a Torres Strait fishing company would provide the resources required to pursue value-adding opportunities such as a regional seafood processing facility as described above. It would also enable a co-ordinated and collaborative approach to branding the region's fishing products, providing greater market reach.

To this end it is recommended the TSRA work with the key operators in the fishing industry to explore establishment of a Torres Strait region fishing company, owned by Torres Strait Islanders. The company, once established, would be governed by a mix of owner-Directors and external Directors (from the commercial fishing sector). Directors would be appointed for their experience and expertise in the areas of finance, law, marketing and human resources and seafood operations nationally and internationally.

The company could be set up such that it would work in with existing businesses to grow a sustainable fully-functioning commercial fishing industry which generates jobs and wealth for the communities of the Torres Strait Region. This would not be a TSI corporation but rather a commercially-focussed company administered under the Australian Securities and Investment Commission (ASIC) and operating under strictly commercial principles. The TSRA would have no control over the company but would provide support for its development.

It is envisaged that once fully established the fishing company would have the potential to hold and trade quota and lease sunset licences. It would coordinate the whole fishing process throughout the Torres Strait so that there could be a more professional, collaborative and organised approach, which could generate greater wealth for all communities across the region. The fishers would be shareholders in the business so there would be ownership and risk and there would be a greater commitment to fish commercially, but still at sustainable levels.

By engendering a more coordinated and collaborative approach to regional fishing industry development, the fishing company would be in a position to direct initiatives around product processing and branding for example, helping to retain more industry value in the communities of the Torres Strait.

The company would also provide a role model for young people in the Torres Strait to aspire to, but would require work 'in' the business, not just Directors working 'on' the business. The key to success of this business would be harnessing and generating communities to fish and work with a reasonable return at all levels of the supply chain. This will enable the current generation of TIB fishers to create a 'legacy business' with valuable shareholdings for fishers that will grow over time as the business grows and prospers.

Rapport built between the Torres Strait fishing company and wholesalers and/or processors over long periods of time will facilitate the sale of (higher-value) produce for Torres Strait Islanders and Aboriginal people living in the region who wish to own and manage commercially-viable fishing enterprises.

Promote Local Arts and Creative Enterprise Development

It is recommended the TSRA and its partner agencies continue to work with the existing stakeholders including art centres in the Torres Strait to identify individual artists who are interested in developing their art and craft into a commercially-viable product for sale locally and to markets outside the Torres Strait Region.

Where there are opportunities to develop local art and craft products into new commercially-viable enterprises or to further develop existing arts enterprises in the region, these should be considered for the potential benefits they could deliver in their own right (commercially) and for their contribution to cultural expression, quality of life and community well-being.

The aim would be to promote and support the development of local arts enterprises with the talent and desire to reach national and international markets, serving a potential exemplar to promote other Torres Strait art products throughout Australia and overseas.

The Torres Strait Region has high-quality arts centres with some commercial focus, such as the Erub Arts Centre Fashion Label 'Ailan Pasin'. This fledgling venture and others like it should be encouraged and supported to continue to grow into commercially-viable operations that capitalise upon the Torres Strait's unique attributes and comparative advantage.

Support Tourism Enterprises that Capitalise on the Region's Emerging Markets

Despite its relative isolation, opportunities for tourism in the Torres Strait lie in the region's natural assets and its unique cultural heritage. The potential tourism markets identified in Tourism Tropical North Queensland's Destination Plan and by key players consulted include, amongst others, the adventure and expedition cruise and fly-cruise markets and cultural tourism, which all have growth potential.

These are areas that, if properly resourced, the Torres Strait Region could tap into. However, this will require a commitment from agencies such as Tourism Tropical North Queensland, and from businesses and communities themselves. It is these stakeholders who will need to lead any push to grow the region's tourism industry. For Torres Strait Islanders and Aboriginal people, business development might be facilitated through joint ventures with experienced tourism businesses already operating in the region and who understand the dynamics of the Torres Strait's visitor economy.

Drive tourism is already well-established on Cape York Peninsula. Four-wheel-drive enthusiasts, adventure tourists and nature-based tourists visiting the Cape York wilderness already use accommodation at Bamaga and Seisia as a base. Existing and prospective local businesses with new and innovative ideas to exploit this growth market should be encouraged. Boating, fishing and camping remains a popular pursuit in the region, presenting opportunities for new enterprises to tap into the growing 'experiences' market.

Opportunities to capitalise on Australia's emerging adventure cruise and mega cruise ship industry is another area of opportunity which extends beyond the communities of Thursday Island and Horn Island. Destinations such as Mer, for example, offer an idyllic natural environment as well as Indigenous and cultural heritage tourism appeal. If well-organised and co-ordinated, the region's middle and outer islands and the Northern Peninsula could benefit from cruise ships visiting Thursday Island via organised day-trips. To this end, ideas for enterprise creation or development which looks to build on this growth segment should be considered.

Support Tourist Accommodation Enterprise Development

Supporting proposals for tourism enterprises that capitalise on the Torres Strait Region's emerging markets in adventure and expedition tourism, drive tourism, fly-cruise tourism, nature-based tourism and cultural / heritage tourism would require the appropriate quantity and quality of visitor accommodation in addition to what is already available. Island destinations such as Masig, Poruma and Warraber, which already have accommodation facilities, could be considered for further development to serve the region's latent tourism potential.

It is recommended current tourism accommodation providers be encouraged to offer a new standard and quality of accommodation which meets the needs of the region's existing and potential tourist markets. Establishing a tourism network which leverages tourists who visit the Northern Peninsula Area on adventure drive tours is a potential area of opportunity for tourist accommodation providers. If well-organised and co-ordinated, island destinations such as Mer, Masig, Warraber and Poruma for example, could benefit from four-wheel-drive and other adventure tourists visiting Thursday Island from the Northern Peninsula. The communities themselves also need to be encouraged to actively welcome tourists and ramp-up local services to meet tourists' needs.

Opportunities to accommodate increased visitation to the Northern Peninsula and the Torres Strait Islands - by road, by sea and by air - could be encouraged by tapping into regional tourism networks and promotional campaigns run by Tourism Tropical North Queensland. The Torres Strait Region's accommodation providers could benefit from a concerted effort to promote their offer to national and international markets. This could be facilitated through the development of stronger ties to the TTNQ network if the Torres Strait had, for example, a local professionally-qualified and experienced tourism development officer (working as part of TTNQ) to co-ordinate strategies for accommodation enterprise development. Importantly, this recognises that efforts to take a co-ordinated approach to tourism development in the region - including accommodation provision - must be led by the industry players themselves.

3.3 Opportunity Assessment and Prioritisation of Recommendations

To help guide the TSRA in its assessment of proposals for business assistance, it is necessary to prioritise identified opportunities for targeted assistance. The assistance which would ultimately be offered by the TSRA to successful applicants would include one or a combination of: low-interest business loans; grants; small business training; access to the TSRA's 'Into Business' workshops; and access to one-on-one mentoring support with a relevant industry expert to facilitate business development. Specifically, the TSRA would provide this targeted support through the development of pilot projects.

While the research and consultation findings articulated in this report show all the opportunities identified are all considered valid and worthwhile in principle, resource constraints will make it impossible for the TSRA to provide support for all opportunities at one time, hence, the opportunities identified above need to be prioritised so that the TSRA can target its assistance by providing support to prospective pilot projects.

Assessment Criteria

Application of the following criteria has been undertaken against the identified industry opportunities to determine whether business development opportunities identified should be selected as a short-term high priority that warrants further consideration to assist for local enterprise development.

Potential Economic Development Benefits:

1. Does the opportunity build on the Torres Strait Region's existing business and employment profile, capabilities and comparative advantages?
2. Does the opportunity demonstrate the potential to increase the number of Torres Strait Islander and Aboriginal-owned commercially-viable businesses?
3. Is the opportunity likely to help create more jobs in the Torres Strait Region's 'focal industries'?
4. Is there a ready market for the opportunity's product or service? Will it generate sustainable income for the Torres Strait Region?

Capacity to Implement:

1. Does the Torres Strait have the organisational capacity (TSRA, Councils, State Government agencies, private sector stakeholders and others) and the programs in place to facilitate and/or drive the opportunity?
2. Is the infrastructure available to enable the business opportunity to develop (or can the infrastructure in question be realistically built / accessed)?
3. Are local resources, including access to human, social, technological and financial capital, available to support the opportunity?
4. Does the opportunity / business proposal have the political will and the support of local communities?

Based on an assessment of the Torres Strait Region's policy-settings, socio-economic dynamics, broader industry trends, challenges and prospects and the views of stakeholders consulted throughout the region, the above criteria are considered suitable for guiding the efforts of the TSRA and others to support opportunities for commercially-viable business development.

Benefit Assessment

The two broad sets of assessment criteria described above have been applied to each of the opportunities identified in this strategy as shown in the following table. Beginning with the benefit assessment, each opportunity is assessed as having either 'high', 'medium' or 'low' potential benefits based on the evidence presented in earlier sections of this report.

Potential Economic Development Benefits				
	<i>Builds on the region's business and employment profile, capabilities and comparative advantages</i>	<i>Demonstrates potential to increase the number of Torres Strait Islander and Aboriginal-owned commercially-viable businesses</i>	<i>Demonstrates potential to create more jobs in the Torres Strait Region's 'focal industries'</i>	<i>Demonstrates potential to generate sustainable income for the Torres Strait Region</i>
Fishing				
Support Value-added Fishing Activities	Overall benefit assessment: high			
	<p>Fishing has been the traditional mainstay of the Torres Strait regional economy. The region's natural resource base combined with local knowledge and experience underpins opportunities for commercially-viable business development and sustainable economic development in fishing, including value-added fishing activities.</p> <p>Assessment - high</p>	<p>The data and anecdotal evidence indicates there are opportunities to investigate value-adding activities to help grow the value of the fishing industry in the Torres Strait Region, increase the number of commercially-viable businesses owned and/or operated by Torres Strait Islander and Aboriginal people in the region and improve the wealth of local communities throughout the Torres Strait.</p> <p>Assessment - high</p>	<p>Fishers are largely solo divers, with licences for produce who only catch enough to support their own livelihood. Opportunities to support local businesses to value add to fishing activities in the Torres Strait would provide new opportunities for employment in areas such as fish cleaning and filleting techniques (fish handling).</p> <p>Assessment - medium to high</p>	<p>The development of value-added fishing activities in the Torres Strait such as seafood processing, would help grow the region's income base. Strong demand from 'higher-value' overseas markets, particularly in Asia, will continue to sustain the Australian fishing industry's export revenue, which is expected to continue to grow. The Torres Strait, with its high-quality fresh produce, can tap into this growing export market.</p> <p>Assessment - medium</p>

Potential Economic Development Benefits				
	<i>Builds on the region's business and employment profile, capabilities and comparative advantages</i>	<i>Demonstrates potential to increase the number of Torres Strait Islander and Aboriginal-owned commercially-viable businesses</i>	<i>Demonstrates potential to create more jobs in the Torres Strait Region's 'focal industries'</i>	<i>Demonstrates potential to generate sustainable income for the Torres Strait Region</i>
Support the Development of a Torres Strait Fishing Company	Overall benefit assessment: high			
	<p>Despite being a mainstay of the Torres Strait economy for many years, the region's fishing industry lacks a co-ordinated regional focus. A Torres Strait fishing company would help establish and enhance relationships across the supply chain; it would co-ordinate and direct initiatives around product processing and branding for example, thus helping to retain more fishing industry value in the communities of the Torres Strait.</p> <p>Assessment: high</p>	<p>Rapport built between the Torres Strait fishing company and wholesalers and/or processors over long periods of time will facilitate the sale of (higher-value) produce for Torres Strait Islanders and Aboriginal people living in the region who wish to own and manage commercially-viable fishing enterprises.</p> <p>Assessment: medium to high</p>	<p>The Torres Strait fishing company would be set up such that it would work in with existing businesses to grow a sustainable, fully functioning Traditional Inhabitant fishing industry which generates jobs and wealth for the communities of the Torres Strait Region. The company would provide a role model for young people in Torres Strait to aspire to, and would require locals to work 'in' the business, not just as Directors working 'on' the business.</p> <p>Assessment: medium to high</p>	<p>The Torres Strait fishing company would employ fishers or buy from some fishers. It would coordinate the whole fishing process throughout Torres Strait so that there could be a more professional, collaborative and organised approach, which could generate greater wealth for all communities across the region.</p> <p>Assessment: high</p>

Potential Economic Development Benefits				
	<i>Builds on the region's business and employment profile, capabilities and comparative advantages</i>	<i>Demonstrates potential to increase the number of Torres Strait Islander and Aboriginal-owned commercially-viable businesses</i>	<i>Demonstrates potential to create more jobs in the Torres Strait Region's 'focal industries'</i>	<i>Demonstrates potential to generate sustainable income for the Torres Strait Region</i>
Cultural Arts and Creative Industries				
Promote Local Arts and Creative Enterprise Development	Overall benefit assessment: medium / high			
	<p>In the Torres Strait, the cultural arts and creative industries is defined by the region's many individual creative artists and by the art centres which are used to produce, display and sell local Torres Strait Islander and Aboriginal art and craft products. The museum displays at Gab Titui and the Torres Strait Heritage Museum & Art Gallery are other important elements of the cultural arts and creative industries sector in the Torres Strait.</p> <p>The region's cultural arts and creative industries embody the role of arts and cultural assets as contributors to quality of life and community well-being and as generators of economic activity and economic development in their own right by contributing to an active and engaging cultural life and a stimulating environment for residents and visitors.</p> <p>Assessment: medium</p>	<p>Whilst it is unlikely the region's small art centres will be commercially-viable in their own right and will need some form of subsidised support, there is potential for them to ramp-up their sales to a more commercial level with the right investment, increased capacity and capability in human resources and improved access to national and international markets.</p> <p>Improved connections with the Gab Titui Cultural Centre, offers a tangible means for increasing the exposure of Torres Strait Islander art and craft from throughout the region to wider audiences.</p> <p>Assessment: medium</p>	<p>By definition, cultural production enterprises are not large employers and many businesses are sole operators. Hence, there are potential opportunities to 'formalise' existing artists as self-employed businesses.</p> <p>There is also an opportunity to support the growth of existing arts enterprises which could employ extra staff. For example, consultation reveals Erub Arts Australia already employs 10-12 casual / part-time staff with the objective to increase employment wherever possible.</p> <p>Assessment: low</p>	<p>The Torres Strait Region has high-quality arts centres with some commercial focus, such as the Erub Arts Centre Fashion Label 'Ailan Pasin'. This fledgling venture and others like it demonstrate the potential to grow into commercially-viable businesses generating a moderate growth in income for the region.</p> <p>Assessment: high</p>

Potential Economic Development Benefits				
	<i>Builds on the region's business and employment profile, capabilities and comparative advantages</i>	<i>Demonstrates potential to increase the number of Torres Strait Islander and Aboriginal-owned commercially-viable businesses</i>	<i>Demonstrates potential to create more jobs in the Torres Strait Region's 'focal industries'</i>	<i>Demonstrates potential to generate sustainable income for the Torres Strait Region</i>
Tourism / the Visitor Economy				
Support Tourism Enterprises that Capitalise on the Region's Emerging Markets	Overall benefit assessment: medium			
	<p>In the Torres Strait, opportunities for tourism lie in the region's unique cultural heritage and its natural assets. Tourism is a growth industry in the wider Tropical North Queensland Region. Prospects for adventure tourism, eco-tourism as well as cultural and heritage tourism in the Torres Strait and Northern Peninsula are supported by recent trends in visitor numbers to the wider region.</p> <p>Assessment: high</p>	<p>By identifying local business opportunities and promoting these as part of the wider regional tourism offer – particularly in areas which capitalise on local attributes (e.g. adventure tourism, eco-tourism and cultural/heritage tourism) - there is scope to grow local tourism enterprises for Torres Strait Islanders and Aboriginal People living in the region.</p> <p>Assessment: medium</p>	<p>Cafes, restaurants and take-away food outlets account for the largest share of Queensland's tourism employment followed by retail trade and accommodation. These industries are some of the largest employers in the Torres Strait Region. Growth in tourism will serve to increase employment in these key sectors.</p> <p>Assessment: medium</p>	<p>Tourism is a growth industry and if the Torres Strait can successfully tap into this, the potential to generate additional income for the region could be significant.</p> <p>Assessment: medium</p>

Potential Economic Development Benefits				
	<i>Builds on the region's business and employment profile, capabilities and comparative advantages</i>	<i>Demonstrates potential to increase the number of Torres Strait Islander and Aboriginal-owned commercially-viable businesses</i>	<i>Demonstrates potential to create more jobs in the Torres Strait Region's 'focal industries'</i>	<i>Demonstrates potential to generate sustainable income for the Torres Strait Region</i>
Tourism / the Visitor Economy				
Support Tourist Accommodation Enterprise Development	Overall benefit assessment: medium			
	<p>Accommodation is the second-largest segment of the tourism industry in Australia. Accommodation and food services is the ninth-largest employer out of 20 industries in Torres Strait and the associated retail trade sector is the sixth-largest employer in the region. Of the top 15 private sector industries, accommodation is the Torres Strait Region's fourth-largest employer.</p> <p>The Torres Strait can potentially build on its steady stream of visitors to communities by way of public sector services, training and development services, commercial visitors, trade and professional services, contractors and consultants, all of whom require accommodation of some kind in most of these communities.</p> <p>Assessment: high</p>	<p>There is real scope to tap into the emerging cruise ship market (e.g. day-trippers from TI) or the adventure tourist market if the Gab Titui Cultural Centre can be recalibrated to capture this opportunity.</p> <p>However, while a number of accommodation facilities already exist on Thursday Island, Horn Island and other communities, the choices are limited. For the development of accommodation enterprises to be successful, local communities will need 'champions' willing to pursue the opportunity. They will need to invest in buildings and infrastructure and they will need appropriately trained personnel to serve the visitor market, should it develop.</p> <p>Assessment: medium</p>	<p>The accommodation sector employs around 75 people in the Torres Strait Region. Further development of the industry would present some opportunities for employment in hospitality and related activities such as retail.</p> <p>Assessment: medium</p>	<p>Tourism is a growth industry and if the Torres Strait can successfully tap into this, the potential to generate additional income for the region could be significant. However, this will require significant investment in infrastructure and human resources to support business development.</p> <p>Accommodation providers will need to have proximity to key markets. Ensuring that the tourism product is linked to key markets and their needs will lead to many satisfied guests and repeat visits.</p> <p>Assessment: medium</p>

Capacity to Implement

The Torres Strait region's capacity to implement each identified opportunity has been assessed as being either '*low*', '*medium*' or '*high*' based on the consultant team's knowledge of the region acquired through extensive stakeholder consultation and analysis.

To re-cap, the region's capacity to implement the opportunity in question is assessed according to the following questions:

- Does the Torres Strait have the individual or combined organisational capacity (TSRA, Councils, State Government agencies, private sector stakeholders and others) and the programs in place to facilitate and/or drive the opportunity?
- Is the infrastructure available to enable the business opportunity to develop (or can the infrastructure in question be realistically built / accessed)?
- Are local resources, including access to human, social, technological and financial capital, available to support the opportunity?
- Does the opportunity / business proposal have the political will and the support of local communities?

The assessment of each opportunity is provided in the following table.

Capacity to Implement				
	<i>Organisational capacity and programs in place to facilitate and/or drive the opportunity</i>	<i>Infrastructure available to enable the business opportunity to develop</i>	<i>Local resources including access to human, social, technological and financial capital to support the opportunity</i>	<i>Political will and the support of local communities</i>
Fishing				
Support Value-added Fishing Activities	Overall assessment: high			
	<p>The TSRA has the capacity to provide targeted support for the local fishing enterprise development via its Economic Development and Fisheries programs. The TSRA's Finfish Fishery Action Plan will be central to further enterprise development in the region.</p> <p>Enterprise creation and development in the fishing industry also has the support of the region's local government authorities and is consistent with the objectives and strategic packages presented in the Regional Development Australia Far North Queensland and Torres Strait Inc. Regional Roadmap.</p> <p>Assessment: high</p>	<p>The region is well-serviced with jetties and other marine-based infrastructure available to support local businesses. The region is connected to national and international markets via air freight transport services out of Horn Island.</p> <p>The establishment of fish processing facilities would require capital investment in processing facilities and associated infrastructure. In some communities, matters of land tenure would need to be assessed and addressed.</p> <p>Assessment: medium to high</p>	<p>The region has the human capital available to support local fishing enterprise development in the Torres Strait.</p> <p>The establishment of fish processing facilities would require training of locals in accredited fish handling techniques. It would also require a program of engagement with local communities on: the potential commercial and community benefits of adding value to existing local fishing products; and the need to satisfy critical requirements for success such as ensuring reliability of supply of catch, understanding market needs, optimising existing infrastructure, financial management and good corporate governance.</p> <p>Assessment: medium</p>	<p>Consultation revealed a high level of interest in and support for the development of value-added fishing activities throughout the communities of the Torres Strait.</p> <p>Assessment: high</p>

Capacity to Implement				
	<i>Organisational capacity and programs in place to facilitate and/or drive the opportunity</i>	<i>Infrastructure available to enable the business opportunity to develop</i>	<i>Local resources including access to human, social, technological and financial capital to support the opportunity</i>	<i>Political will and the support of local communities</i>
Support Development of a Torres Strait Fishing Company	Overall assessment: high			
	<p>The TSRA has the capacity to provide support for the development of a Torres Strait fishing company via its Economic Development and Fisheries programs. The TSRA would have no control over the company but would provide support for its development.</p> <p>For TIB fishers in the Torres Strait, establishing or enhancing relationships across the supply chain might be facilitated through joint ventures with TVH commercial fishing organisations already operating in the region and who understand the dynamics of the Torres Strait's fishing industry.</p> <p>Assessment: high</p>	<p>The region is well-served with jetties and other marine-based infrastructure available to support local businesses. The region is connected to national and international markets via air freight transport services out of Horn Island.</p> <p>Assessment: medium to high</p>	<p>The region has the human capital available to support local fishing enterprise development in the Torres Strait.</p> <p>The establishment of a Torres Strait fishing company would require a program of engagement with local communities on: the potential commercial and community benefits of a regional fishing company and the need to satisfy critical requirements for success such as ensuring reliability of supply of catch, understanding market needs, optimising existing infrastructure, financial management and good corporate governance.</p> <p>Assessment: medium</p>	<p>Consultation undertaken in the communities and at the Second ED Summit held in April 2015 indicated a high level of interest in the concept of a Torres Strait fishing company, from community leaders and from commercial fishing companies already operating in the region.</p> <p>Assessment: high</p>

Capacity to Implement				
	<i>Organisational capacity and programs in place to facilitate and/or drive the opportunity</i>	<i>Infrastructure available to enable the business opportunity to develop</i>	<i>Local resources including access to human, social, technological and financial capital to support the opportunity</i>	<i>Political will and the support of local communities</i>
Cultural Arts and Creative Industries				
Promote Local Arts and Creative Enterprise Development	Overall assessment: medium			
	<p>The TSRA has the capacity to provide targeted support for the creative enterprise development via its Economic Development Program and its Culture, Art and Heritage Program.</p> <p>Assessment: high</p>	<p>The Gab Titui Cultural Centre, the Torres Strait Heritage Museum & Art Gallery on Horn Island and the various art centres located throughout the region reflect the strength and depth of cultural and creative infrastructure available to grow local arts enterprises in the Torres Strait. A challenge will be coordinating these assets to grow the region's cultural arts and creative industries.</p> <p>Assessment: medium</p>	<p>The Torres Strait has a diversity of highly-talented artists and 'champions' of the region's cultural arts and creative industries willing to promote local capabilities. However, artists and arts organisations often require targeted financial support to operate at sustainable levels. With some 'seed' support, the region's arts organisations may be able to develop commercially-viable business propositions.</p> <p>Assessment: low</p>	<p>In the Torres Strait the cultural arts and creative industries are central to the identity of the many communities of the region. There is support across the communities of the Torres Strait for the continued development and promotion of local arts and culture which makes such an important contribution to the region's economic and community well-being.</p> <p>Assessment: high</p>

Capacity to Implement				
	<i>Organisational capacity and programs in place to facilitate and/or drive the opportunity</i>	<i>Infrastructure available to enable the business opportunity to develop</i>	<i>Local resources including access to human, social, technological and financial capital to support the opportunity</i>	<i>Political will and the support of local communities</i>
Tourism / the Visitor Economy				
Support Tourism Enterprises that Capitalise on the Region's Emerging Markets	Overall assessment: medium			
	<p>Tourism in the Torres Strait has the in-principle support of Tourism Tropical North Queensland (TTNQ) and Tourism and Events Queensland. The development of tourism is a focus of the Far North Queensland and Torres Strait Regional Roadmap.</p> <p>However, more work is required to put the Torres Strait Region on the TTNQ map. Increased visitation to the Northern Peninsula and the Torres Strait Islands - by road, by sea and by air - could be encouraged by tapping into regional tourism networks and promotional campaigns run by Tourism Tropical North Queensland.</p> <p>The Torres Strait Region could benefit from stronger ties to the TNQ tourism network if it had, for example, a professionally qualified and experienced local tourism development officer engaged by State Government (through TTNQ) to lead and co-ordinate strategies for enterprise development and tourism-based economic development in the region.</p> <p>Assessment: medium</p>	<p>Bamaga and Seisia on the Northern Peninsula and Horn Island and Thursday Island have potential to serve as the base or hub of tourism activity in the region. The region is well-served by air to Horn Island and passenger movements through Horn Island Airport are on an upward trend.</p> <p>According to Tourism Tropical North Queensland, touring, events and aviation are considered the primary drivers of the future tourism growth in the Tropical North Queensland Region. This will be supported by investment in 'enabling drivers' including infrastructure, greater use of digital technology, quality service and innovation and collaborative partnerships to build the region's tourism capabilities.</p> <p>Assessment: medium</p>	<p>Consultation suggests there are some locals willing to drive opportunities for tourism enterprise development and there the human capital (for staffing) is available in the communities. Support may be required in the form of financial and technological resources.</p> <p>Assessment: medium</p>	<p>Consultation suggests there is general support throughout the region for the development of tourism. However, in a number of communities, locals may need further engagement and consultation on the requirements and expectations of tourists regarding levels of customer service, facilities and activities, etc.</p> <p>Assessment: medium</p>

Capacity to Implement				
	<i>Organisational capacity and programs in place to facilitate and/or drive the opportunity</i>	<i>Infrastructure available to enable the business opportunity to develop</i>	<i>Local resources including access to human, social, technological and financial capital to support the opportunity</i>	<i>Political will and the support of local communities</i>
Tourism / the Visitor Economy				
Support Visitor Accommodation Enterprise Development	Overall assessment: medium			
	<p>The TSRA has the capacity to provide targeted support for the local visitor accommodation enterprise development via its Economic Development Program. Tourism in the Torres Strait has the in-principle support of Tourism and Events Queensland, and TTNQ. The development of tourism is a focus of the Far North Queensland and Torres Strait Regional Roadmap.</p> <p>However, more work is required to put the Torres Strait Region on the TTNQ map. Increased visitation to the Northern Peninsula and the Torres Strait Islands - by road, by sea and by air - could be encouraged by tapping into regional tourism networks and promotional campaigns run by Tourism Tropical North Queensland.</p> <p>Assessment: medium</p>	<p>Accommodation options throughout the region are currently fairly limited. Some facilities would need substantial repairs or upgrades to meet market expectations. However, other facilities are underutilised and in very good condition. Transport to the middle and outer islands is currently limited. Therefore, some gradual investment in infrastructure over time may be the best approach.</p> <p>Assessment: medium</p>	<p>Consultation suggests there are locals willing to drive opportunities for accommodation enterprise development and there the human capital (for staffing) is available in the communities. Support may be required in the form of financial and technological resources.</p> <p>Assessment: medium</p>	<p>Consultation suggests there is general support throughout the region for the development of tourism. However, in a number of communities, locals may need further engagement and consultation on the requirements and expectations of tourists regarding levels of customer service, facilities and activities, etc.</p> <p>Assessment: medium</p>

Summary of Priority Industry Opportunities

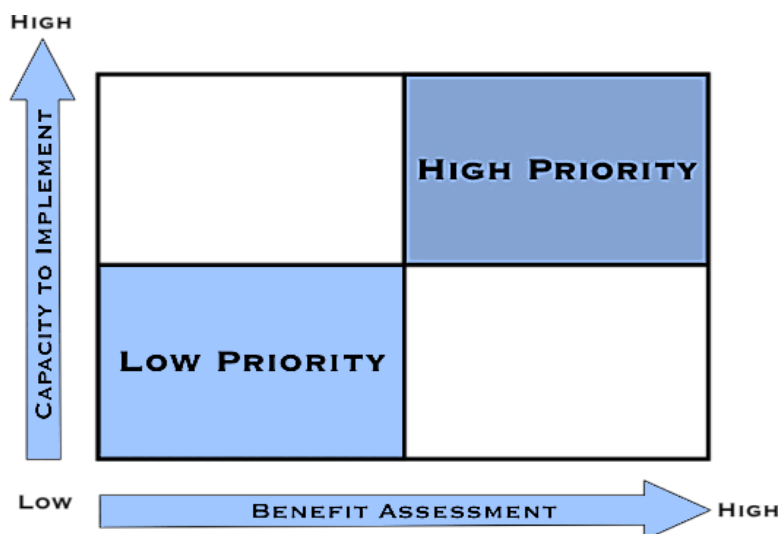
The evidence presented in this report shows that all of the opportunities identified reflect the Torres Strait Region's comparative advantages and strong prospects for growth based on regional, State and national trends and influences. For this reason, they represent areas of strategic focus for the region's economic development.

However, the TSRA, in line with its economic development charter and its capacity to support commercially-viable business development in the region, must direct its limited human and financial resources in a very strategic, targeted manner to ensure it delivers the best outcomes for local industry and the communities of the region. Hence, while the broad business opportunities that have been identified narrow down the TSRA's focus (and that of other economic development stakeholders in the region), not all opportunities to support local enterprise development can necessarily be acted on immediately.

Further, it is not the role of the TSRA to actively pursue individual business opportunities. Rather, its role is to provide a framework for business assistance so that resources can be used to greatest effect.

The preceding assessment of identified business opportunities shows some may have a stronger chance of earlier success than others. Those which demonstrate a higher potential benefit and a greater capacity to implement represent opportunities of high priority for the TSRA's targeted enterprise assistance program.

FIGURE 18. OPPORTUNITY ASSESSMENT MATRIX



Source: SC Lennon & Associates

For all the opportunities identified in this Regional Economic Investment Strategy, some form of targeted assistance would be needed. The TSRA would assess each business proposal on its merits following calls for expressions of interest (EOIs) and receipt of applications for assistance. However, the analysis presented in this report provides informed guidance to the TSRA in prioritising those areas where it advertises for EOIs, ranked as follows:

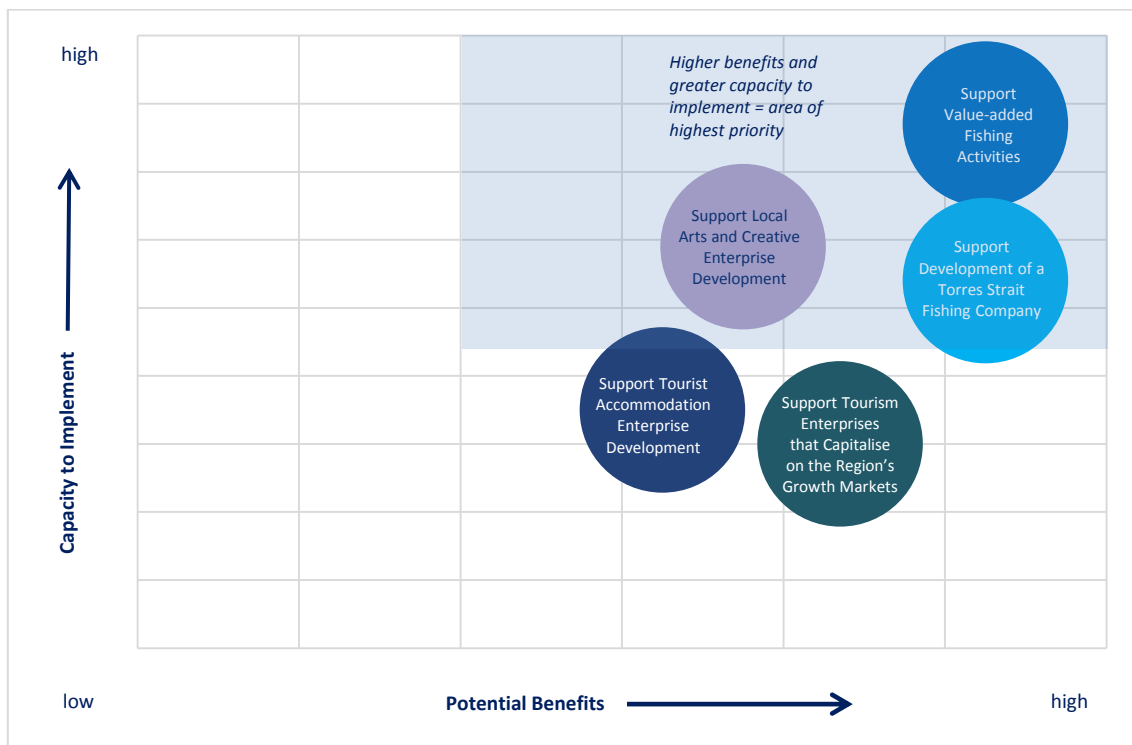
FIGURE 19. SUMMARY ASSESSMENT OF BROAD BUSINESS OPPORTUNITIES

Business Opportunity	Benefit Assessment	Capacity to Implement	Overall Assessment
1. Support Value-added Fishing Activities	High	High	High
2. Support the Development of a Torres Strait Fishing Company	High	High	High
3. Support Local Arts and Creative Enterprise Development	Medium/High	Medium	Medium/High
4. Support Tourism Enterprises that Capitalise on the Region's Growth Markets	Medium	Medium	Medium
5. Support Tourist Accommodation Enterprise Development	Medium	Medium	Medium

Source: SC Lennon & Associates

A conceptual illustration of how the opportunities considered compare to one another - in the context of the Torres Strait Region's unique and challenging economic development landscape, based on the evidence and the assessment made - is presented below.

FIGURE 20. CONCEPTUAL INDICATIVE REPRESENTATION OF BUSINESS OPPORTUNITY ASSESSMENT OUTCOMES



Source: SC Lennon & Associates

Recommendations to Prioritise Strategic Enterprise Assistance

In the immediate to short-term, it is recommended the TSRA focus its efforts on encouraging applications for business assistance first and foremost in the **fishing industry** beginning with those broad areas of business opportunity identified in this strategy, that is:

1. **Support Value-added Fishing Activities;** and
2. **Support the Development of a Torres Strait Fishing Company.**

Other areas of priority are in the **cultural arts and creative industries** and the **tourism industry**. It is these industries that the TSRA would promote throughout the region as priority 'focal industries' in calling for expressions of interest (EOIs) from individuals and organisations seeking targeted assistance for prospective pilot projects.

These are the business opportunities that, in the context of the region's challenges to grow sustainable industries and sustainable businesses, are considered to present the strongest prospects for development. This does not necessarily mean they will be easy to implement and in fact, in all cases, it is likely the opportunities identified will require more detailed work to progress, and may have a long gestation period.

Hence, the findings of the initial broad assessment illustrated above, is designed to assist the TSRA to focus its business assistance resources in an informed, strategic and targeted fashion. It should be used to 'short-list' the TSRA's call for expressions of interest in the three focal industries. Once expressions of interest are received, the TSRA would then apply a second set of assessment criteria to select individual projects or business proposals for targeted assistance.

4. Strategy Implementation



4 Strategy Implementation

4.1 Calling for Expressions of Interest

The research and analysis undertaken to inform the Regional Economic Investment Strategy has identified five broad areas of business development opportunity in three 'focal' industries. This provides the TSRA with an informed and strategic means of providing targeted assistance for the establishment and / or development of enterprises which meet certain selection criteria. Information about the focal industries and the five broad areas of business opportunity should feature in the TSRA's communications material to prospective applicants for enterprise assistance when it formally calls for expressions of interest (EOIs).

The selection criteria are documented below and should be used as a means of assessing expressions of interest for support for prospective enterprise development projects or 'pilot projects'.

The TSRA's program of informed, strategic and targeted enterprise assistance should be a merit-based program and only the strongest applications should ultimately be successful. In calling for EOIs and providing assistance to successful applicants, the TSRA should be looking to encourage small businesses and entrepreneurs to establish or grow innovative products and services that demonstrate commercial viability or very strong prospects for commercial viability.

EOI Selection Criteria

The selection criteria to be used to assess EOIs builds on the broader assessment criteria contained in this report which has been used to prioritise areas of business opportunity. The criteria would be applied in conjunction with the TSRA's existing assessment procedures for determining how its assistance program resources are allocated.

Applicants making expressions of interest for assistance could be start-ups or already-established commercially-viable businesses in the focal industry sectors as identified in this Torres Strait Regional Economic Investment Strategy. Businesses selected should demonstrate evidence of or good prospects for commercial viability and with an owning / managing entity that shows a propensity to be capable of realising or growing the commercial success of the enterprise through good planning and sound management. They should also demonstrate a willingness and capacity to provide local employment outcomes for Torres Strait Islanders and Aboriginal People living in the region.

In submitting EOIs for business assistance in the region's 'focal' industries, applicants will need to demonstrate, as a minimum, the following:

1. That the business / project proposal sits within one of the three focal industries identified in this Regional Economic Investment Strategy, being:
 - Fishing;
 - Cultural Arts and Creative Industries; and
 - Tourism / the Visitor Economy.
2. That the project responds to or taps into current and emerging market opportunities in these focal industries while acknowledging the Torres Strait Region's unique challenges and constraints on economic development.
3. That the project proponent has informed his/her application for assistance with the use of sound management principles, strategic business planning, market research and financial management.
4. That there is a strong business case for the project that is market driven.

5. How the project is likely to be commercially-viable with potential to generate a profit and a return on investment.
6. How the project will generate a sustainable income for the Torres Strait Region. Specifically, how will the project deliver a net economic benefit to the Torres Strait Region as a result of the assistance? Net economic benefits include:
 - Employment creation;
 - Increased investment;
 - New export or import replacement sales;
 - Improved productivity and industry growth as a result of the assistance sought.
7. That the project will directly contribute to an increase in the number of Torres Strait Islander and Aboriginal-owned commercially-viable businesses in the Torres Strait Region.
8. How the project will benefit particular local communities (e.g. local training and employment).
9. If and how the project will contribute to the region's 'enablers' of economic development, such as:
 - Physical infrastructure like transport;
 - Community services and facilities;
 - Recreation, leisure and entertainment facilities;
 - Education and training infrastructure.
10. That proponents seeking assistance demonstrate adherence to the practices of good corporate and community governance based on the TSRA's preferred model of Indigenous enterprise governance.

Once prospective pilot projects have been identified - following receipt of applications for business assistance that sit within the focal industries and which meet the criteria above - each one would then be the subject of a further full financial business assessment in line with the TSRA's existing risk assessment procedures. Short-listed applications for assistance will need to satisfy all of the requirements of this final detailed business risk assessment before any form of assistance will be provided by the TSRA.

The assistance which would ultimately be offered by the TSRA to successful applicants would include one or a combination of: low-interest business loans; grants; small business training; access to the TSRA's 'Into Business' workshops; and access to one-on-one mentoring support with a relevant industry expert to facilitate business development. Specifically, the TSRA would provide this targeted support through the development of pilot projects.

4.2 Performance Monitoring and Assessment

It is recommended the TSRA and those organisations that receive assistance under the Regional Economic Investment Strategy jointly undertake a benefits realisation and 'value for money' analyses of projects, businesses and opportunities for which funding, finance or other forms of business assistance has been given. The objective is to analyse and assess the outcomes and performance of enterprise assistance against the TSRA's Economic Development Program objectives.

This would be an analysis against the original business proposal and the purpose of the assistance, firstly to assess that the assistance had been used for the original purpose, and secondly to ensure that the project contributed to the TSRA's stated Economic Development Program aims, intended outcomes, benefits and performance measures.

The benefits realisation study would follow-up 12 months after assistance has been initiated to determine if the investment produced a sustainable outcome and contributed towards the aim to support commercially-viable business enterprises in the Torres Strait Region. It is recommended the TSRA continue to closely track and monitor performance of those seeking enterprise assistance and that it takes corrective measures or declines future support or funding if 'value for money' cannot be identified.

4.3 Communicating Available Business Assistance

It is recommended the TSRA continue to be pro-active in approaching community members / TSI corporations that might consider applying for assistance to establish or grow a business under the Regional Economic Investment Strategy.

The TSRA can pro-actively communicate its assistance program by offering information on where organisations can access such business assistance, including via the TSRA's standing panel of business experts. This will help to ensure project or business proponents interested in acquiring assistance will be better informed of the expectations and responsibilities associated with establishing a new business venture or expanding operations to capitalise on identified strategic comparative or competitive advantages in the Torres Strait Region.

By pro-actively communicating available business assistance in line with this Regional Economic Investment Strategy, the TSRA will continue to help encourage more commercially-viable business propositions in the communities of the Torres Strait.

4.4 Moving Forward: a Collaborative Approach to Economic Development

Support a Renewed Approach to Tourism Promotion and Development

One area which in which regional collaboration and cooperation is essential is the development and implementation of an up-to-date regional tourism strategy. There have been a number of tourism reviews developed in the past, however the implementation of the recommendations has not been as successful as it could have been, due to the fragmented approach by the industry participants in the private and public sectors. Two initiatives which could help to address this issue are: (1) continuing to promote Gab Titui as a commercial tourism hub; and (2) providing support for the appointment of a qualified and experienced Torres Strait Region tourism development officer.

Continue to Promote Gab Titui as a Commercial Tourism Hub

The Gab Titui Cultural Centre on Thursday Island is a signature piece of infrastructure for the Torres Strait that has the potential to grow as a cultural tourism hub for the region. With continued promotion and development of the facility's management and programming, the operations of Gab Titui have the potential to increase Torres Strait Islander-owned businesses, increase education and training, encourage new investment, create more jobs and support the cultural diversity of the region.

The TSRA has commissioned a detailed marketing, communications and promotions plan for the Gab Titui Cultural Centre. It is recommended Gab Titui's capacity as a commercial support operation for other tourist operators continue to be promoted as part of the region's cultural development and tourism offer. Operations at the Centre could be reviewed and potentially expanded to provide active and regular café, restaurant, cultural dance, a theatre and a point of sale and exhibition for all artistic products from the art centres in the Torres Strait Region.

This should support Gab Titui as an active enabler to continue to support the region's artists, attract tourists and support other tourism providers in the region. The multiplier effect of continued investment in Gab Titui as an exemplar cultural facility could benefit the region economically, socially and culturally, supporting opportunities for new enterprise growth or development and further contributing to the economic development of the Torres Strait Region.

A State Government-appointed Torres Strait Tourism Development Officer

To support the implementation of the Torres Strait Regional Economic Investment Strategy, it is critical there be a coordinated regional approach to industries such as tourism. A professionally qualified and experienced regional tourism development officer (appointed by the State Government and linked with Tourism Tropical North Queensland) could engage with industry participants to work in a collaborative and coordinated manner, so that the overall tourism experience for visitors to the Torres Strait Region is enhanced and communities benefit from increased visitor spend in the region.

The TSRA, in its role as a solutions-broker and facilitator of regional economic development, would engage with Tourism Tropical North Queensland (TTNQ) to help facilitate the establishment of a tourism officer position within TTNQ for the Torres Strait Region. The TSRA would work in collaboration with the local Councils and TTNQ to provide support for the appointment of a professionally qualified and experienced Torres Strait tourism development officer.

Once appointed, it is expected the tourism development officer would lead the preparation of a business plan to engage with businesses and communities to develop the Torres Strait tourism offer and promote that offer to existing and emerging markets. He/she would work in the interests of the communities of the Torres Strait to effectively put the region 'on the map' as part of the broader Tropical North Queensland tourism offer.

For this to be successful local communities and local businesses need to be pro-active. They will need to take a lead in promoting and developing the Torres Strait Region tourism offer in a collaborative and co-ordinated fashion.

Prepare a Torres Strait Regional Economic Development Blueprint

The recommendations presented in this report focus on an informed and strategic approach to the identification of suitable industries and opportunities for commercially-viable enterprise development for Torres Strait Islanders and Aboriginal people living in the region. Informed by research, consultation and analysis, this report provides an evidence base to inform the TSRA in taking a strategic and targeted approach to facilitating assistance for commercially-viable business development in the Torres Strait Region. Hence, it has a 'micro' focus on local business development opportunities in the Torres Strait Region, while recognising challenging economic development environment in which those opportunities can be pursued.

Many of the challenges, issues and constraints which have been identified focus on broader 'macro' level issues including infrastructure shortfalls, education and training and other critical infrastructure issues (and opportunities for development). These are the broader 'enablers' of economic development which require the attention of all three tiers of government through their various agencies and which are not the sole responsibility of the TSRA.

Without further stakeholder engagement and analysis beyond this first phase of work, there may be a critical gap in the assessment of economic development opportunities and the strategic response provided by various agencies in the region. Therefore, to ensure the TSRA and other agencies achieve the most positive economic development outcomes it is recommended this "*Torres Strait Regional Business Development Strategy*" be followed-up with the development of a "*Torres Strait Regional Economic Development Blueprint*" as Phase 2 of this Regional Economic Investment Strategy. Through consultation and engagement with key stakeholders, this will fill the strategic gap described above. The focus would be on the critical enablers of economic development including:

- Transport and communications infrastructure;
- Education and training infrastructure;
- Community services and facilities;

- Recreation, leisure and entertainment infrastructure;
- Commercial and industrial land; and
- Economic development partnerships / leadership / governance.

This way the TSRA, working in partnership with other agencies and organisations including Councils and relevant State Government bodies, and with the involvement of the private sector, would be building on the outcomes of Phase 1 of this strategy to confirm priorities for regional economic development in support of commercially-viable enterprise development for Torres Strait Islanders and Aboriginal People living in the region.

Promoting partnerships and collaborative regional planning is key to the successful implementation of activities, projects, and initiatives designed to meet the region's priorities for economic development. Effectively promoting and facilitating regional economic development in the Torres Strait requires all three levels of government to work in partnership with each other, communities and the private sector, to focus on the many challenges and opportunities for the Torres Strait and its local communities.

4.5 Action Plan

This Business Development Strategy is Phase 1 of a two-phase approach to developing the Torres Strait Regional Economic Investment Strategy. Informed by research, consultation and analysis, it provides an evidence base to inform the TSRA in taking a strategic and targeted approach to facilitating assistance for commercially-viable business development in the Torres Strait Region.

Ten Key Recommendations

A plan of action for the TSRA to effectively deliver its Economic Development Program objectives under the Regional Economic Investment Strategy is embodied in the following recommendations:

1. It is recommended the TSRA focus its efforts on encouraging applications for business assistance in the fishing industry beginning with those broad areas of business opportunity identified in the Regional Business Development Strategy, being:
 - Support Value-added Fishing Activities; and
 - Support the Development of a Torres Strait Fishing Company.
2. It is recommended the TSRA also direct its efforts on encouraging applications for business assistance in the other focal industries, being tourism and the cultural arts and creative industries. Along with the fishing industry, these business opportunities present the best prospects to assess potential pilot projects for enterprise assistance from the TSRA, and include:
 - Support Local Arts and Creative Enterprise Development;
 - Support Tourism Enterprises that Capitalise on the Region's Emerging Markets; and
 - Support Tourist Accommodation Enterprise Development.
3. It is recommended the TSRA continue to be pro-active in approaching community members / TSI corporations that might consider applying for assistance to establish or grow a business under the Regional Economic Investment Strategy. The TSRA can pro-actively communicate its assistance program by offering information on where organisations can access such business assistance, including via the TSRA's standing panel of business experts. This will help to ensure project or business proponents interested in acquiring assistance will be better informed of the expectations and responsibilities associated with establishing a new business venture or expanding operations to capitalise on identified strategic comparative or competitive advantages in the Torres Strait Region.

4. Using the information presented in this Strategy, it is recommended the TSRA call for expressions of interest (EOIs) from individuals and organisations seeking business assistance. The assistance that would ultimately be offered by the TSRA to successful applicants would include one or a combination of: low-interest business loans; grants; small business training; access to the TSRA's Into Business workshops; and access to one-on-one mentoring support with a relevant industry expert to facilitate business development. Specifically, the TSRA would provide this targeted support through the development of pilot projects.
5. It is recommended the TSRA use the EOI guidelines presented in this Strategy to develop and communicate a transparent selection process to identify pilot projects for targeted assistance. The selection criteria should be publicly available and widely communicated across the region. A selection panel should be established to assess applications for assistance in line with the priorities identified in the Regional Economic Investment Strategy. The selection panel should include outside relevant industry and financial expertise where appropriate. The selection process should be conducted within the applicable Australian Government and TSRA policies and guidelines, particularly with respect to probity.
6. Once prospective pilot projects have been identified by the TSRA, it is recommended each one be the subject of a further full financial business assessment in line with the TSRA's existing risk assessment procedures. Short-listed applications for assistance would need to satisfy all of the requirements of this final detailed business risk assessment before any form of assistance will be provided by the TSRA.
7. It is recommended the TSRA and those organisations that receive assistance under the Regional Economic Investment Strategy jointly undertake a benefits realisation and 'value for money' analyses of projects, businesses and opportunities for which funding, finance or other forms of business assistance has been given. The objective is to analyse and assess the outcomes and performance of enterprise assistance against the TSRA's Economic Development Program objectives.
8. The region's community social enterprises that are not commercially-viable, and which do not desire to become commercially-viable, should continue to be supported by the TSRA. Support is to be provided through access to the ED Business Support Panel, Into Business Workshops and the Community Development Program (CDP), and provided with information about other business advisory services from across the State and Federal governments and the private sector.
9. In its role as a solutions-broker and facilitator of regional economic development, it is recommended the TSRA continue to Promote Gab Titui as a Commercial Tourism Hub and engage with Tourism Tropical North Queensland (TTNQ) to help facilitate the establishment of a professionally-qualified tourism officer position within TTNQ for the Torres Strait Region. The TSRA would work in collaboration with the local Councils and TTNQ to provide support for the appointment of a professionally qualified and experienced Torres Strait tourism development officer.
10. To help address the broader 'macro' level issues, challenges and opportunities for economic development, it is recommended the TSRA - in its capacity as a solutions-broker and facilitator of regional economic development - commission the preparation of a *Torres Strait Regional Economic Development Blueprint* as Phase 2 of the Regional Economic Investment Strategy. This will focus on the broader 'enablers' of economic development which require the attention of all three tiers of government through their various agencies and which are not the sole responsibility of the TSRA.

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Appendix A: Consultation Interviewees

Interviews were conducted with TSRA staff and some TSRA Board members, community leaders and business owners in most communities of the Torres Strait Region. The list of interviewees is below.

Name	Organisation	Position
Christine Connor	Peddells Thursday Island Tours	Owner/operator
Chris Lemke	Grand Hotel	Owner
Ian Copeland	IBIS Supermarkets	CEO
Bruce Ranga	IBIS Supermarkets	Retail Operations Manager
Sandy Edwards	Rebel Tours, Rebel Seafoods	Owner
Mariana Babia	Saibai Community Development Corporation	
Herbert Warasum	Saibai PBC	Deputy Chair
Keri Akiea	Saibai PBC	Acting Chair PBC
Eric Peters	Boigu PBC and TSRA Member	TSRA Member for Boigu
Keith Pabai	Boigu PBC	Chair
Vanessa See Kee	Heritage Tours	Owner/operator
Terence Whap	Mabuiag PBC	Chair
Various PBC Members	Moa – Kubin PBC	Various
Kiwat Lui	TSRA member	TSRA Member for St Pauls (Moa)
Micah Newie	Transport Service Kubin to St Pauls	Owner
Lori Nona	Badu PBC, Badu Arts	Chair Badu PBC, Director Badu Arts
Manuel Nomoa	Badu Island PBC and Badu Island Foundation (BIF)	Chair BIF
Eva Bowie	Badu Island PBC and Badu Island Foundation (BIF)	Director BIF and PBC
Louisa Taylor	Badu Island Foundation (BIF)	Administration Support
Toshi Nagarra	TI Bulk Meats	Owner
Sam Maka	Dauan PBC and TSRA Member	Chair, TSRA Member for Dauan
Various members of Erub PBC (Reina Pilot, Amina Ghee)	Erub PBC	PBC Board Members
Bert Matysek	EFMA (Erub)	Deputy President
Dianne Liu and various Board Members	Erub Arts	Manager
Peter Hansen, Walter Liu	Ged Erub Canteen	Board Members

Name	Organisation	Position
Doug Passie, Aven Noah and full PBC Board Meeting	Mer PBC	PBC Chair (Doug Passie), Deputy Chair TSRA (Aven Noah)
Getano Lui and PBC Board members	TSIRC, TSRA, Iama PBC	TSRA member for Iama (Getano Lui), and PBC Board members
Kenny Bedford	TSRA	TSRA Member for Erub and Portfolio Member for Fisheries
Brett Arlidge	MG Kailis	Manager
Daniel Takai	Pearl Island Seafoods, McDonald Charter Boats	Director
Fred White	Sea Swift	CEO
Joseph Elu	TSRA	Chairman
John Morris and other PBC members	Masig PBC	PBC Chair Masig
John Mosby	Kailag	Chair
Philippa Bauer	Kailag	CEO
Frank Faud	Poruma PBC	PBC Chair Poruma
Francis Pearson	Poruma PBC	TSRA Member for Poruma
Willie Lui	TSRA Member for Warraber	TSRA Member for Warraber
Samuel Tamu	Warraber PBC	PBC Chair Warraber
John and Kitty Tabuai	Bamaga Peoples Indigenous Corporation	Directors
Hilda Mosby	Yorke Island Fisherman's TSI Corporation	Chair
Cedric Pearson	Torres Blue Seafoods	CEO
Arthur Wong	Seisia Enterprises	CEO
Chris Ford	Bamaga Enterprises	CEO

Appendix B: Attendees, Second ED Summit

The second Torres Strait Economic Development Summit was an intensive two-day facilitated workshop held at the TSRA offices on Thursday Island on the 14th and 15th April 2015. The objectives of the Summit were as follows:

- Discuss and assess realistic, achievable and commercially-viable economic development opportunities for the Torres Strait;
- Develop concepts and provide input for the Torres Strait Regional Economic Investment Strategy; and
- Discuss next steps in advancing a way forward for regional economic development in the Torres Strait Region.

Summit attendees are listed as follows:

Name	Organisation	Position
Brett Arlidge	MG Kailis	Manager
Kenny Bedford	TSRA	Fisheries Portfolio
Phil Brezzo	Customs	Area Commander
Christine Connor	Peddells Thursday Island Tours	Owner/Operator
Tony Edwards	Qantas	Manager Sales and Marketing
Joseph Elu	TSRA	Chairman
Keith Fell	Torres Strait Island Regional Council	Deputy Mayor
Alan Feely	Department of Aboriginal and Torres Strait Islander Partnerships	Deputy Director General
Denis Getawan	Northern Peninsula Area Regional Council	Councillor
Deb Hancock	Cairns Chamber of Commerce	CEO
Clayton Harrington	Department of Foreign Affairs and Trade	Torres Strait Treaty Liaison Officer
Sasha Lennon	SC Lennon & Associates	Director
Sam Maka	TSRA	Economic Development Portfolio
Peter Mathews	Workplace Edge	Managing Director
David Morgans	Tourism Queensland	Director Destination and Experience Development
Aven Noah	TSRA	Member for Mer
Bill O'Neil	O'Neil Pollock & Associates	Director
Bruce Ranga	IBIS Supermarkets	Retail Operations Manager
Wayne See Kee	TSRA	CEO
Pedro Stephen	Torres Shire Council	Mayor
Suzanne Stratton	TSRA	Program Manager – Economic Development and Fisheries
Daniel Takai	Pearl Island Seafoods, McDonald's Ferry and Air Charter	Director
Fred White	Sea Swift	CEO



