Economic Value of the Surf Industry to Surf Coast Shire

Surf Coast Shire Council

FINAL REPORT

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AECgroup

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Executive Summary

The Surf Coast Shire surf industry consists of organisations that generate revenues through the supply of goods and services to residential, consumer and tourist markets that participate directly or indirectly in surf-related activities.

Surf Industry in Surf Coast Shire

As the location of choice for one of the world's premier annual professional surfing events - the Rip Curl Pro at Bells Beach - and home to internationally marketed retail surf brands, Surf Coast Shire is a location of historical and contemporary significance to the global surfing community.

Surfing has been a feature activity of Surf Coast Shire for almost a century; and the surf industry itself a notable contributor to the regional economy since the 1960s. The first Bells Beach surf competition was held in 1962 and as the forerunner to the current Rip Curl Pro, holds historical significance in showcasing the region and promoting its reputation as one of the world's best surfing destinations.

Major retail brands Rip Curl and Quiksilver commenced operations in Torquay in the late 1960s as small cottage industries, with occasional forays into manufacturing and marketing of items such as surfboards, board shorts, t-shirts and wetsuits.

The cold conditions prompted innovation requiring designs of *products that surfers need* - these businesses recognised and filled gaps in an emerging international market and as a result have expanded to become multi-million dollar organisations sitting in the top three global surfing brands. Strapper and Modom are other Torquay brands that have expanded beyond the surf strip, with retail outlets in other Victorian coastal towns and shopping centres and in Modom's case globalised operations. Surf Coast Shire is also home to a large number of small and niche surf equipment designers, manufacturers and retailers, providing custom equipment and services, as well as surf schools and clubs.

The Shire also boasts many small and home based surf businesses, which contribute substantially to the local surf industry supply chain. Surf Coast – and much of the serviced market – consists of interstate and international clients.

Surf Coast Shire has adopted *The Home of Australian Surfing* brand. The brand is underpinned by several factors that, when combined, reflect the surfing dominated economy and culture of Surf Coast Shire:

- Natural, world renowned surf assets and conditions, headlined by the Bells Beach Surfing Recreation Reserve.
- Birth place of Rip Curl and Quiksilver and current Rip Curl global and Quiksilver Asia Pacific headquarters.
- Home of Surfing Victoria, one of the oldest surfing administration organisations in the world and the largest State Sporting Organisation in Victoria not based in Melbourne.
- Australian National Surfing Museum (SurfWorld Museum) the world's largest and only accredited surfing museum.
- Highly technical and innovative surf businesses at the leading edge of equipment and apparel design and development.
- One of the most intensive surf industry/ activity clusters in the world – Surf City & Baines Crescent precinct.
- The largest Surf Lifesaving club in Victoria (Anglesea)
- Home of Torquay Boardriders Club – one of Australia's largest and most active boardriding clubs.

The emergence of surfing as a standalone industry in the 1960's - combined with the unique conditions of local Surf Coast Shire waves and water temperatures, inspired the establishment of the Torquay based, multi-million dollar Rip Curl and Quiksilver.

Key Findings

Economic Contribution

The surf industry is a key contributor to the local Surf Coast Shire economy, both directly and indirectly, supporting around one quarter of the Shire's industry value added ($217.0 million) and local jobs (2,034 FTE jobs).

The surf industry primarily contributes to Surf Coast Shire's economy through distribution and sales of surf equipment and services, surf equipment design and manufacture and provision of accommodation and food/ beverages for visitors to Surf Coast Shire for surf-related purposes.

Table ES.1. Total Contribution of the Surf Industry to Surf Coast Shire's Economy, 2013

Contribution	Output ($M)	Industry Value Added ($M)	Incomes ($M)	Employment (FTEs)
Contribution to Surf Coast Shire Economy				
Direct	$330.8	$155.3	$82.2	1,532
Production Induced (Type I)	$79.2	$34.4	$18.7	306
Consumption Induced (Type II)	$47.1	$27.4	$9.9	196
TOTAL CONTRIBUTION	**$457.2**	**$217.0**	**$110.9**	**2,034**
TOTAL SURF COAST ECONOMY	*$1,789.6*	*$819.8*	*$393.3*	*7,561*
Percent Contribution to Surf Coast Shire Economy				
Direct	18.5%	18.9%	20.9%	20.3%
Production Induced (Type I)	4.4%	4.2%	4.8%	4.0%
Consumption Induced (Type II)	2.6%	3.3%	2.5%	2.6%
TOTAL CONTRIBUTION	**25.5%**	**26.5%**	**28.2%**	**26.9%**

Source: REMPLAN (2014), Department of Employment (2014), AEC.

Key Issues & Opportunities

A series of ongoing investments and development initiatives are required to support the growth and development of the surf industry locally; including focus on infrastructure, business skills development and training.

Analysis of consultation and surveys of businesses in Surf Coast Shire identified a range of initiatives and requirements necessary to facilitate further growth of the surf industry into the future:

- The retention and protection of Surf Coast Shire's surf culture, history and key surf assets such as Bells Beach, is critical to supporting the long term sustainability of the local surf industry.
- Clear and concise messaging and brand promotion of Surf Coast Shire and particularly Torquay is important to attract domestic and overseas visitors, growing the industry, and retaining key surf businesses. Key messages include:
  - Branding as 'The Home of Australian Surfing' and 'Start of the Great Ocean Road'.
  - A world leader of surf industry innovation and development.
  - A unique combination of surf assets.

  There is potential to extend Surf Coast Shire experiential tourism product base to target a non-surf tourism market, through promotion of both ocean based and land based 'adventure' and recreational activities throughout the year. This would:
  - Increase Surf Coast Shire's appeal as a destination for visitors to come and stay, rather than pass through on the way to other nearby attractions.
  - Capture more visitor spend locally.
  - Alleviate some of the seasonality issues the industry currently experiences, by providing options to attract visitors during traditionally non-peak periods.



- There is potential to promote the SurfWorld Museum as an attraction for interstate and international visitors, leveraging the facility's status as the world's largest and only accredited surfing museum in the world.
- There may be potential to develop a Surf Centre of Excellence training facility to provide career pathways and high performance training for surf related activities and careers. The Centre would also provide an opportunity to export education overseas through engagement of international students.
- Infrastructure upgrades, in particular road infrastructure - including better signage, parking and supporting facilities, would improve access to key surf assets and attract greater visitation and visitor spend locally (e.g. signage promoting Torquay as the *Start of the Great Ocean Road* combined with enhanced infrastructure and ancillary signage, will increase visitor awareness and encourage stop overs and subsequent visitor spend).
- Enhanced industry networking and leadership are required to facilitate greater industry coordination and manage growth potential. This includes improved accessibility and responsiveness between industry and local government and strong support by local government in promoting and building Surf Coast Shire's surf brand.

Any activities undertaken to promote and grow the industry should seek to retain and maintain Surf Coast Shire's surf culture, environment and niche products and experiences.

Recommendations

The following recommendations are made:

- **Strong brand messages - promote Surf Coast Shire, in particular Torquay, as the *Home of Australian Surfing* and the *Start of the Great Ocean Road. Seek to secure and deliver new surfing events throughout Surf Coast***: There is an opportunity to leverage the globally recognised surf assets (including Torquay and Bells Beach Surfing Recreation Reserve) and local industry. Branding (and associated collateral) as the *Home of Australian Surfing* in Torquay and S*tart of the Great Ocean Road* should be finalised and used in promotion and branding activities. In addition, new events could be attracted in the off peak seasons at different locations across Surf Coast Shire. There is a unique opportunity to promote cooler months as the best surfing conditions.
- **Identify, prioritise and implement key surf industry infrastructure requirements**: Many visitors to the Geelong and Great Ocean Road region bypass key townships in Surf Coast Shire (e.g., Torquay) and come and go from the Shire without spending locally. Potential infrastructure enhancements should be investigated to improve signage, awareness and accessibility of Surf Coast Shire assets, as well as overall visitor experiences. Torquay's CBD should better reflect the history and culture of surfing.
- **Enhance, expand and promote the Australian National Surfing Museum (SurfWorld Museum) and develop the Surf City precinct as a key destination and visitor attractor**: The SurfWorld Museum should be leveraged and promoted as a drawcard to attract greater levels of international and interstate visitation to Surf Coast Shire. Options for refurbishing and/ or expanding SurfWorld Museum to enhance the facility should be investigated.
- **Facilitate enhanced access to Baines Crescent/ Surf City precinct through street-scaping and master planning**: Options for master planning and revitalising the Baines Crescent/ Surf City precinct should be investigated, to provide an integrated, connected and revitalised precinct that showcases the significant local surf culture and history and provides a key visitor destination offering surf retail, cafés, the visitor information centre and SurfWorld Museum.
- **Investigate developing a Surf Centre of Excellence**: There may be potential for a Surf Centre of Excellence training facility, providing not only high performance training for surf related activities, but also a longer term surf industry career pathways and skills development. Feasibility of such a facility should be investigated.
- **Facilitate and implement a small business network and cluster enhancement/ innovation development program:** There is an opportunity for enhanced industry networking and greater communication and responsiveness between local government

and the local surf industry, in particular small business. It is recommended a program be facilitated and implemented to support small business development and networking, as well as supporting and promoting innovation in the surf industry. There are a number of localised professional service businesses, which could play a role in the provision of support and training.

- **Form a closer working relationship with Surfing Victoria and jointly pursue projects to advance the surfing industry**: The location of Surfing Victoria's headquarters in Torquay provides an excellent platform for a collaborative approach to identifying and pursuing key projects. This could also include the formation of an implementation committee to enact the above recommendations. Local surf industry stakeholders highlighted better promotion, increased leadership and cohesiveness and improved government support as being required to support the surf sector. Closer ties with Surfing Victoria would achieve all of these aspects and help drive the sustainability and growth of the sector.



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1. Introduction

1.1 Background

The surfing industry plays a prominent and defining role in Surf Coast Shire's economy, anchored by world renowned surfing assets such as Bells Beach. However, historically no official statistics to identify the size, nature or value of the surf industry to the local economy have existed.

Surf Coast Shire and in particular Torquay, has been the unofficial home of surfing in Australia since the industry began.

The exceptional natural assets and coastal conditions of Surf Coast Shire have seen the local surf industry drive innovation in the international market, with the development and manufacture of surfboards, equipment and apparel. Brands such as Rip Curl and Quiksilver have become internationally renowned, whilst smaller businesses across manufacturing, retail, recreation, education and accommodation make a significant indirect contribution to operations in the surf industry and the visitor population.

Surf Coast Shire is also home to the Rip Curl Pro at Bells Beach Surfing Recreation Reserve, recognised as one of the world's most significant and prestigious surfing events since 1962, attracting the world's best surfers each year.

1.2 Purpose

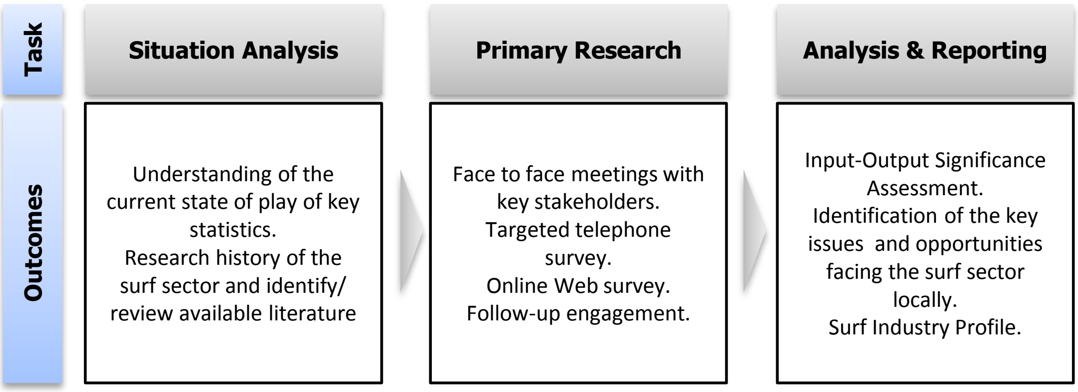
The purpose of this study and the Surf Industry Contribution and Significance Mapping project is to identify and wherever possible, quantify the contribution and significance that the surfing industry holds for Surf Coast Shire's economy.

The findings of the analysis will be used to assist in the branding and communication of the significance of the surf industry within Surf Coast Shire and aid investment attraction. To do this, a more accurate picture of business growth opportunities is required.

The report also presents a summary of the key issues facing the industry locally, the opportunities for development and the most important things identified by local business stakeholders (surf and non-surf sector based) as needing to be done to support and grow the industry moving forward.

1.3 Approach

The approach undertaken to develop the study is outlined in the following diagram and involved detailed industry and key business stakeholder engagement; as well as an extensive research and literature review. Stakeholders included businesses in Surf Coast Shire that are directly and indirectly involved with the surf industry. Face to face consultations have been held with businesses in the key towns of Torquay, Anglesea, Aireys Inlet and Lorne.



Source: AEC

2. Overview

2.1 Economic Overview

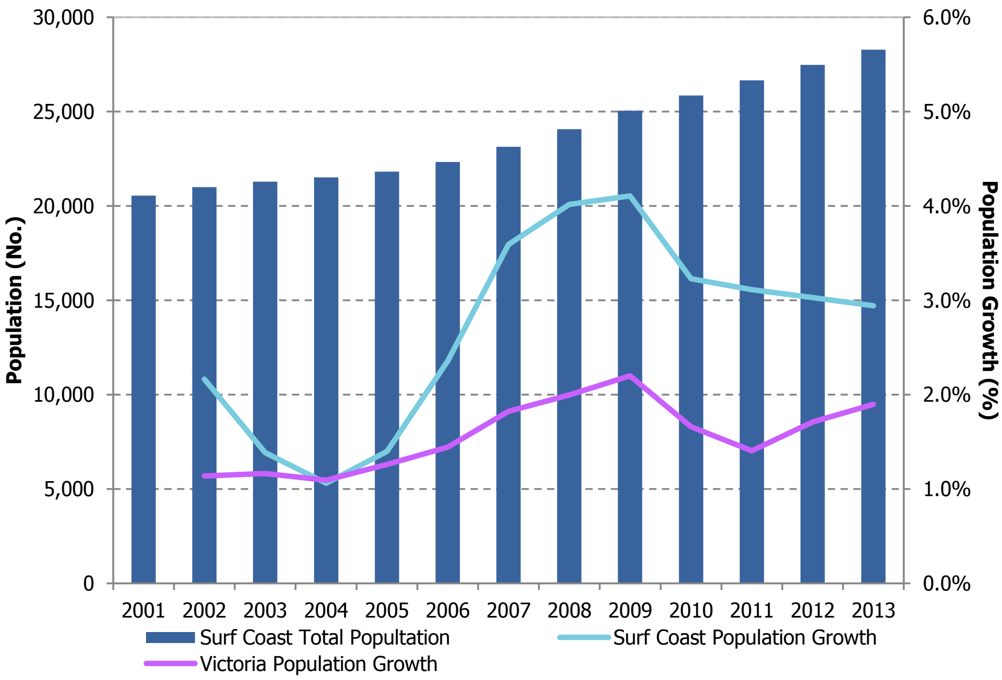
2.1.1 Population

Surf Coast Shire had an estimated resident population of 28,282 as at June 2013, having experienced 2.9% growth from the previous year. This is consistent with Surf Coast Shire's average annual growth since 2003 and is considerably higher than growth rates experienced across Victoria over the past decade.

Between 2007 and 2013, Surf Coast Shire's population growth rate has been over 3.0%, whereas the Victorian average annual population growth has been around 2.0% per annum over the same period.

Figure 2.1 displays overall population and growth in Surf Coast Shire between 2011 and 2013, with a comparison to the Victorian population growth rate.

Figure 2.1. Surf Coast Shire Population



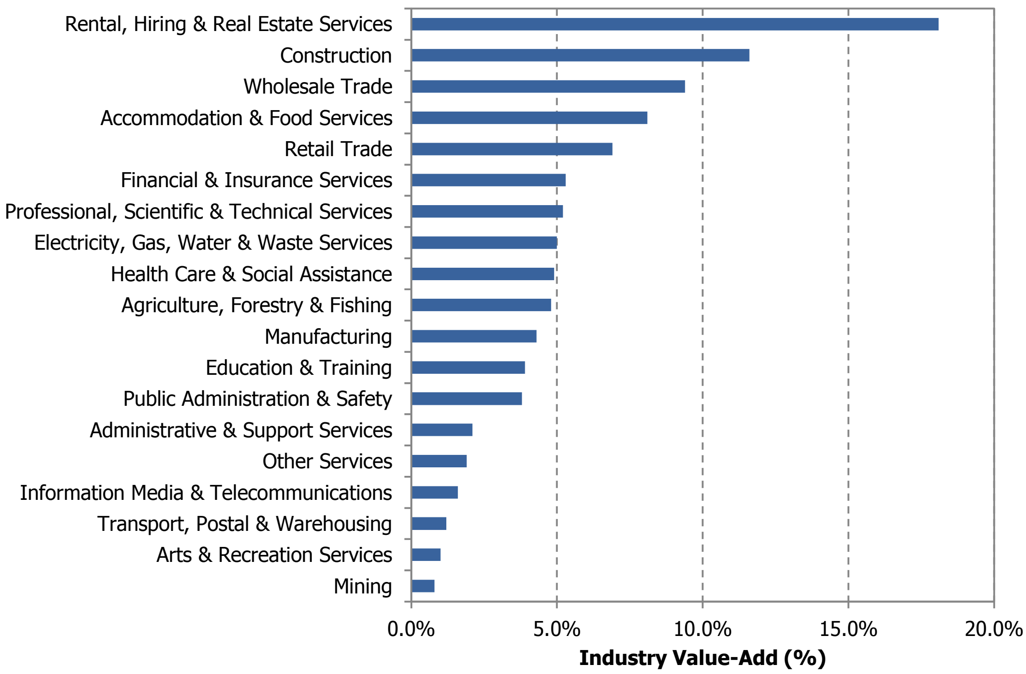
Source: ABS (2014).

2.1.2 Gross Regional Product

Surf Coast Shire recorded Gross Regional Product (GRP) of $923.6 million in 2013 (REMPLAN, 2014). Figure 2.2 provides a breakdown of by industry value-added (IVA) across Surf Coast Shire industries, and shows the Shire's key industries by IVA include 'Rental, Hiring and Real Estate Services'[1] (18.1% of Surf Coast Shire IVA), 'Construction' (11.6% of Surf Coast Shire IVA) and 'Wholesale Trade' (9.4% of Surf Coast Shire IVA).

[1] The rental, hiring and real estate services industry estimate of value added includes value added of approximately $124 million from ownership of dwellings. In the economic contribution assessment the ownership of dwellings industry has been separated from the rest of the rental, hiring and real estate services industry.

Figure 2.2. Surf Coast Shire Industry Value Added, 2013

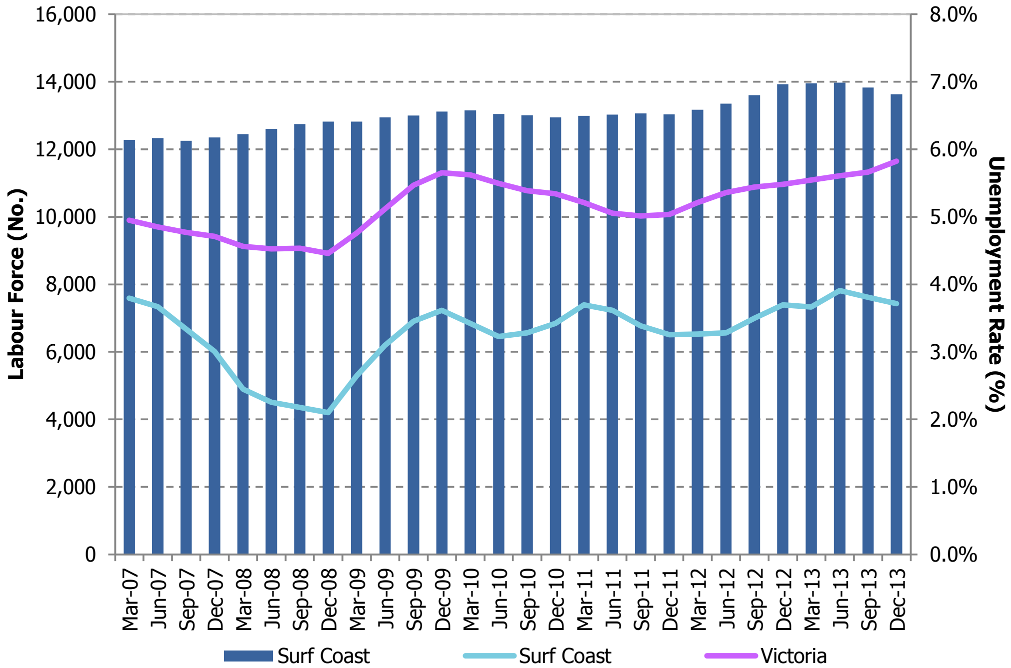


Source: REMPLAN (2014).

2.1.3 Labour Force

Figure 2.3 shows the size of Surf Coast Shire's labour force and unemployment rate relative to the State average from the March quarter 2007 to the December quarter 2013. Surf Coast Shire recorded an unemployment rate of 3.7% for the December quarter 2013. Surf Coast Shire's unemployment has been steadily increasing since the December quarter 2008; however the increase has been from a low base of 2.8%. Surf Coast Shire's unemployment rate has consistently been approximately two percent lower than the State average since the March quarter 2007.

Figure 2.3. Surf Coast Shire Labour Force



Source: Department of Employment (2014).

The 'Accommodation and Food Services' and 'Retail Trade' industries are the largest employers in Surf Coast Shire, which is largely attributed to the sizeable tourism sector. These two industries combine to account for approximately 29.0% of Surf Coast Shire's total employment (REMPLAN, 2014). In contrast, on a State basis, these two industries account for approximately 17.3% of Victoria's total employment (ABS, 2012).

2.1.4 Average Weekly Income

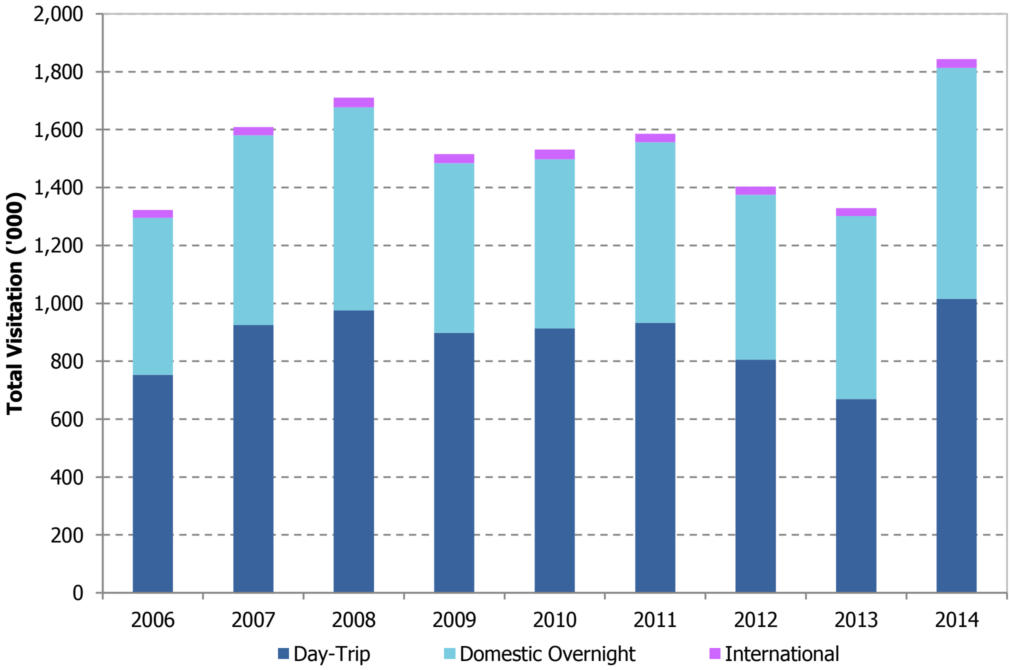
The average weekly wage in Surf Coast Shire was approximately $809.5 in 2011, well below the State average of $986.4. Surf Coast Shire's leading industries by average weekly wage were 'Electricity, Gas, Water and Waste Services' ($1,530.6), 'Mining' ($1,448.2) and 'Financial and Insurance Services' ($1,135.6) (ABS, 2012).

2.2 Surf-Based Tourism Visitation

Surf Coast Shire is a key surf tourism destination, and is also the gateway to the Great Ocean Road, one of the world's most scenic coastal drives. Surf Coast Shire recorded a total of 1.8 million tourism visitors for the year ending June 2014, a 38.7% increase from the previous year. The majority of visitors (1.0 million) to Surf Coast Shire were classified as day-trip visitors, while there were also 800,000 domestic overnight and 31,000 international visitors for the year.

A summary of historical tourist visitation to Surf Coast Shire each year between year ending June 2006 and year ending June 2014 is displayed in Figure 2.4, including a breakdown by visitor type. Historically (year ending June 2006 to year ending June 2014) day-trip visitors have accounted for approximately 57% of visitation to Surf Coast Shire, while domestic overnight visitors have accounted for 41% and international visitors the remaining 2% of visitation.

Figure 2.4. Surf Coast Shire Total Visitation



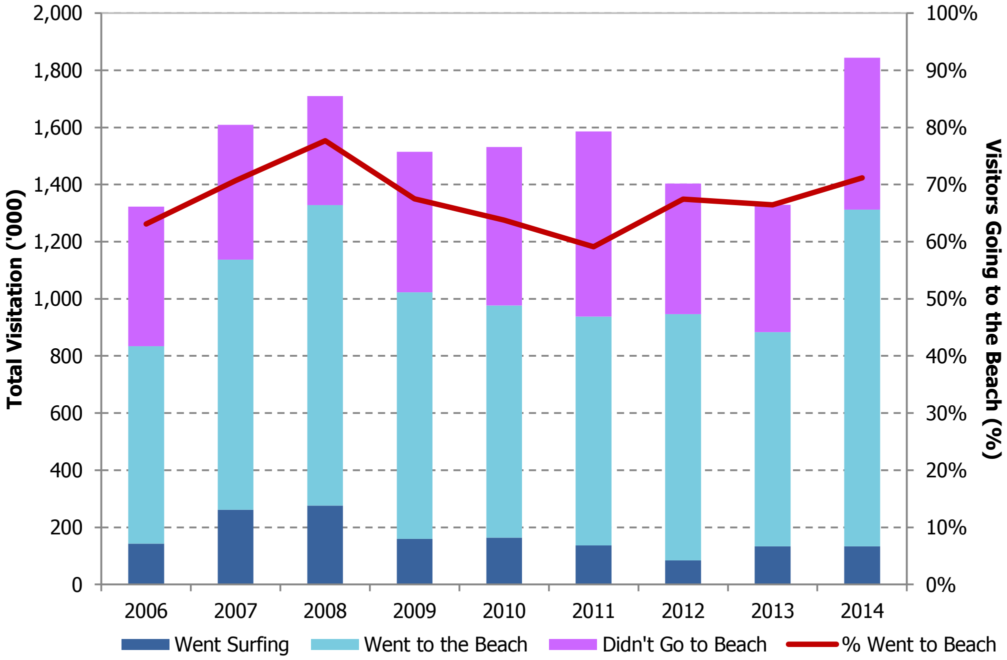
Source: TRA (2014).

Seasonally, the March quarter is by far the busiest time of the year for tourism in Surf Coast Shire, having averaged 640,000 visitors between 2005 and 2014. The December quarter is also a strong period for tourism visitation, receiving an average of 395,000 visitors each quarter. This seasonality of tourism visitation is consistent with other beach regions around Australia as the March and December quarters coincide with warmer weather and holiday periods.

The Lorne-Anglesea area[2] has been the main driver of visitation to Surf Coast Shire, averaging 898,000 visitors per annum from the year ending June 2006 to the year ending June 2014. In contrast, the Torquay area[3] has averaged 646,000 visitors annually over this period. The Lorne-Anglesea area also averaged close to double the number of domestic overnight and international visitors than the Torquay area over this period.

Figure 2.5 highlights the importance of Surf Coast Shire's beaches in attracting visitors. In the year ending June 2014, approximately 71.2% of visitors to Surf Coast Shire went to the beach. The proportion of visitors going to the beach was even higher for both domestic overnight (73.9%) and international (86.4%) visitors.

Figure 2.5. Surf Coast Shire Beach Visitation



Source: TRA (2014).

Surfing is a major driver of visitors going to the beach in Surf Coast Shire. Data from Tourism Research Australia (2014) estimates on average 10.8% of visitors to Surf Coast Shire from the year ending June 2006 to the year ending June 2014 have surfed during their stay. The proportion is higher for overnight visitors with approximately 19.9% of international and 12.2% of domestic overnight visitors to Surf Coast Shire having surfed over this period.

Bells Beach near Torquay is home to the world's longest running surfing competition in the form of the Rip Curl Pro Bells Beach (Rip Curl, 2014). This event is a significant attraction for both local and international surf competitors and fans, with upwards of 35,000 visitors estimated to attend the week and half long event annually. Through both online and traditional forms of broadcasting, it is anticipated that the broader national and international audience is in the millions.

2.3 Comparison to Other Surf Destinations

Surf Coast Shire is one of the most well known surfing locations in the world. The beaches are a key natural amenity attracting a large number of visitors to the area each year. This section highlights and compares the proportion of total visitors going to the beach or surfing in Surf Coast Shire against some of Australia's top surf locations. Internationally recognised comparison surf localities examined include:

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[2] Represented by the Lorne-Anglesea Statistical Area 2 (SA2) as classified by the ABS (Surf Coast, 2014).

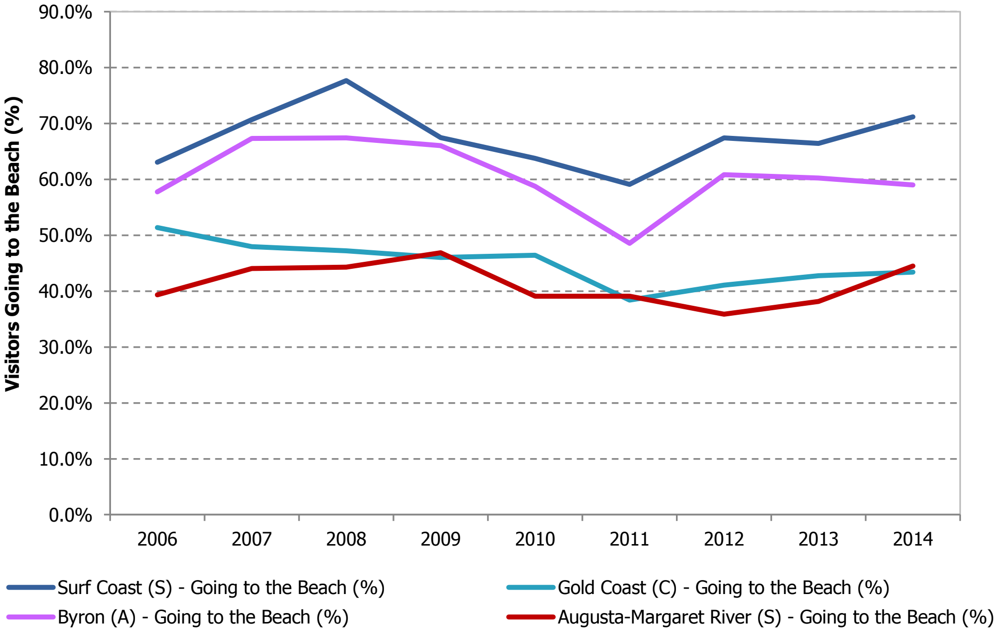
[3] Represented by the Torquay SA2 as classified by the ABS (Surf Coast, 2014).



- Gold Coast (C).
- Byron Bay (A).
- Augusta-Margaret River (S).

Figure 2.5 indicates Surf Coast Shire attracts the highest proportion of visitors that go to the beach (average of 71.2% between year ended June 2006 and year ended June 2014), compared to other major surf locations in Australia. Byron Bay (average of 59.0%) recorded the next highest proportion of visitors going to the beach, followed by Augusta-Margaret River (44.5%) and the Gold Coast (43.4%).

Figure 2.6. Proportion of Visitors that Got to the Beach (Year Ended June 2006 to 2014)



Source: TRA (2014).

Surf Coast Shire also receives considerably more visitors to the beach per local resident than any of the other comparison surf areas in Australia. This is a reflection of an area that is highly reliant on surf-based visitation for local economic activity. It is estimated that for every Surf Coast Shire local resident there are 40.7 visitors who visited the beach (on average, between year ended June 2006 and year ended June 2014), considerably higher than the next highest comparison areas of Byron Bay (26.8 visitors per local resident) and Augusta-Margaret River (25.2 visitors per local resident) over the same period. For detailed information refer to Table 2.1.

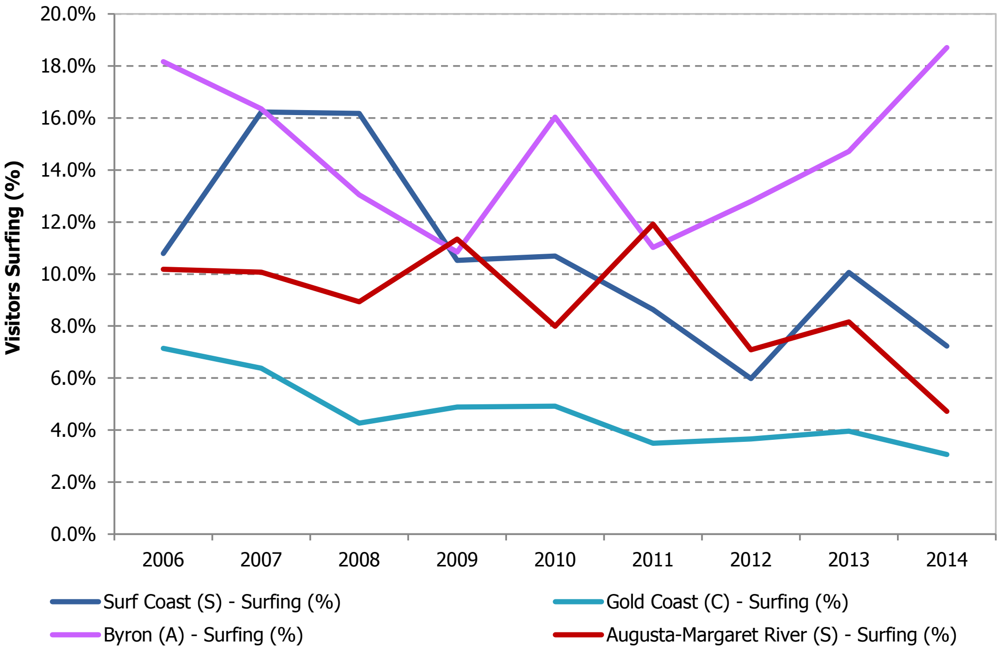
Table 2.1. Visitors Going to Beach, Visitors Per Local Resident, Year Ended June 2006 to 2014

Year Ended June	Surf Coast (S)	Gold Coast (C)	Byron Bay (A)	Augusta-Margaret River (S)
2006	37.4	5.8	24.0	26.0
2007	49.2	4.5	28.0	32.1
2008	55.2	5.1	29.1	27.7
2009	40.8	6.3	32.0	24.0
2010	37.8	6.6	26.4	23.5
2011	35.2	7.3	26.6	24.4
2012	34.4	7.4	22.6	20.0
2013	31.2	7.8	24.1	21.3
2014	44.9	7.2	28.2	27.5
Average	*40.7*	*6.4*	*26.8*	*25.2*

Note: Populations for 2014 are not yet officially released, this figure represents an estimated number based on average annual growth over the last seven years.
Source: TRA (2014), ABS (2014).

Going surfing is also a key reason for visiting Surf Coast Shire compared to other key surfing locations in Australia, though comparisons are closer than for visiting the beach (as highlighted in Figure 2.7). The proportion of overall visitors to Surf Coast Shire that go surfing is in line with Augusta-Margaret River figures and accounts for a higher proportion of total visitors than the Gold Coast. Surf Coast Shire has typically recorded a lower proportion of visitors that go surfing than in Byron Bay, particularly since 2010.

Figure 2.7. Proportion of Visitors that Go Surfing, Year Ended June 2006 to 2014



Source: TRA (2014).

Surf Coast Shire has recorded approximately the same level of visitors (per local resident) to go surfing, as Byron Bay between year ended June 2006 and year ended June 2014. Since 2010 the number of visitors that go surfing (as a ratio of total local resident population), has been below Byron Bay's (see Table 2.2). Surf Coast receives considerably higher visitor numbers to go surfing than the other comparison areas of Augusta-Margaret River and the Gold Coast.

Table 2.2. Visitors that Go Surfing, Visitors Per Capita, Year Ended June 2006 to 2014

Year Ended June	Surf Coast (S)	Gold Coast (C)	Byron Bay (A)	Augusta-Margaret River (S)
2006	6.4	0.8	7.5	2.5
2007	11.3	0.6	6.8	2.7
2008	11.5	0.5	5.6	2.1
2009	6.4	0.7	5.2	2.2
2010	6.3	0.7	7.2	1.9
2011	5.1	0.7	6.0	3.0
2012	3.1	0.7	4.8	1.6
2013	4.7	0.7	5.9	1.9
2014	4.6	0.5	8.9	1.2
Average	*6.6*	*0.6*	*6.4*	*2.1*

Note: Populations for 2014 are not yet officially released, this figure represents an estimated number based on average annual growth over the last seven years.
Source: TRA (2014), ABS (2014).

2.4 History of Surfing in Surf Coast Shire

The 1900's saw surfing come to Australia, with legendary Hawaiian Duke Kahanamoku one of the first on record to give demonstrations in NSW in 1914/ 1915[4]. Since this time, surfing has grown to become a multi-billion dollar industry, with Torquay founded brands Rip Curl and Quiksilver leading the international surf market.

As the surf industry was emerging, the unique coastal conditions of Surf Coast Shire provided the perfect inspiration for these businesses to fill gaps in a new market - developing products that *surfers need*, through both research and innovation.

In 1915, a 17 year old by the name of Grace Wootton "…began surfing prone on small timber boards, reportedly brought to Australia from Hawaii…" (Baker, 2013). In 1919, Louis Whyte, a wealthy Geelong businessman used to travel to his holiday house in Lorne replete with surfboards that he had purchased from Duke Kahanamoku. Further early surfing history of Surf Coast Shire tells of Ainsley 'Sprint' Walker being transferred from Sydney to Melbourne in the early 1920s and setting up the Torquay Surf Club with a group of local surfers. Vic Tantau was another early pioneer of surfing and in the late 1940s could be seen surfing breaks around the Torquay and Bells Beach areas.

Figure 2.8. Vic Tantau, 1948

Photo courtesy of SurfWorld Musuem

In 1962 Vic Tantau and Peter Troy organised the first Bells Beach surfing competition (Bells Beach Surf Classic), which was won by Glynn Ritchie. In 1973 the event became professional and was won by Michael Peterson (from Queensland), who went on to win the following two years as well. The annual surf competition at Bells Beach Surfing Recreation Reserve is now the world's longest running surfing competition – the Rip Curl Pro – attracts the world's best surfers and is held every Easter (Rare Surf Tees, 2014). The first recorded winner (1964) of the Women's event was Gail Couper who went on to win 10 times in the period 1964-1976.

The first serious surfing businesses started to emerge in the Victorian coastal town of Torquay in the late 1960's (Walding, 2006). A couple of surfers, Doug Warbrick and Brian Singer – the founders of Rip Curl, put their money together and started making wetsuits to keep the chill of the southern ocean at bay so they could surf longer. They would turn their fledgling company into one of the three multi-million dollar global surf empires. In 1969

[4] This is questioned by Mark Maddox who in an article in the Sydney Morning Herald in 2007 claims that Australian surfers were riding boards at North Steyne as early as 1911 (Benns, 2007).

two Torquay locals, Alan Green and John Law, started making board shorts and wetsuits in their home garage and Quiksilver was born.

In the early days, Rip Curl and Quiksilver were essentially small cottage industries with occasional forays into manufacturing and marketing items like surfboards, board shorts, t-shirts and wetsuits. In the mid-80's there was a huge boom in the surfing industry and demand for merchandising, lifestyle products and surfing accessories took off. In 2002, Quiksilver was listed on the New York Stock Exchange with revenue in excess of $800 million.

Strapper is another Torquay brand that has expanded beyond the Torquay surf strip and has retail outlets in other Victorian coastal towns and shopping centres. Strapper commenced business in 1976 but its roots are in the fledgling Torquay surf industry in the 1960’s. Current owner of Strapper Surf Michael DiSciascio started as a shaper with Strapper in the late 1970’s.

Similarly, Modom is continuing to expand on a global scale as a major surf accessory provider. While much of the employment is based offshore, Modom’s Torquay base is where the design and knowledge base (IP) activity takes place. Uniquely, all of Modom’s marketing is via online mediums.

Figure 2.9. Bells Beach

Photo courtesy of SurfWorld Museum

From humble and modest beginnings the surf industry in Surf Coast Shire has become globally significant touching virtually every part of the world.

3. Economic Contribution of the Surf Industry

Definition of the Surf Industry

For the purposes of this study, the following definitions have been made regarding the surf industry:

- A surf-related activity refers to both active and passive surfing and related recreational activities (e.g., actively participating in or watching surfing at the beach, participating in or attending surf historical or cultural/ amenity activities).
- Organisations in the surf industry are defined as including:
  - Any business or other organisation (including clubs) that produce/ provide goods or services directly related to undertaking a surf-related activity (e.g., surf clothing and equipment design, manufacture, retail and repair, surf lifesaving, surf education, surf tourism, surf event organisation).
  - Other businesses or organisations (including clubs) that have located to Surf Coast Shire specifically to service consumers undertaking surf-related activity.

Any business or other organisation (including clubs) that produce/ provide goods or services that are consumed by visitors to Surf Coast Shire whose primary purpose of visit is to undertake a surf-related activity.

The surf industry is defined as including organisations who supply goods and services to consumers that undertake surf-related activities, as well as those organisations providing other goods and services to people attracted to Surf Coast Shire for surf-related activities.

Many businesses in Surf Coast Shire generate revenue through a mix of surf-related activity and other activities.

3.1 Approach

The contribution of the surf industry to Surf Coast Shire's economy has been estimated using an economic significance assessment approach, based on a 2013 Surf Coast Shire transaction table. The table was produced by REMPLAN (2014) and includes findings from industry consultation and business surveys conducted as part of this report. An overview of the economic significance assessment approach is provided in Appendix D. Details regarding the consultation and surveying undertaken are provided in Appendix B and Appendix C, respectively.

This section highlights the direct contribution of the surf sector in Surf Coast Shire (i.e., the size and nature of the businesses identified as participating in the local surf sector) as well as the flow-on contribution of the industry locally. See Appendix D for definitions of direct and flow-on contributions.

3.2 Overview of Economic Contribution

3.2.1 Direct Economic Contribution of the Surf Industry

Surf Coast Shire's surf industry is estimated to have directly generated over $330 million in industry output (similar to turnover) in 2013, contributing over $155 million in industry value added and employing more than 1,500 full time equivalent (FTE) jobs[5] in the local economy[6]. The surf industry also directly provided over $82 million in income of people employed in the industry in Surf Coast Shire.

[5] Where one FTE job is equivalent to one person working full time for a period of one year.

[6] The part time and casual nature of many people employed in the industry means the actual number of people employed in the surf industry is far greater than the FTE estimate.

Table 3.1 shows the surf industry in Surf Coast Shire is largely represented by wholesale trade (including distribution centres for major surf companies Rip Curl and Quiksilver), retail trade, manufacturing of surf equipment and clothing, and professional, scientific and technical services (primarily through design and marketing activities). Accommodation and food services and ownership of dwellings[7] also generate a large contribution to the economy as a result of servicing the surf industry, in particular through the provision of accommodation (and food/ beverages) for surf tourists.

Table 3.1. Direct Contribution of the Surf Industry to Surf Coast Shire's Economy by Industry, 2013

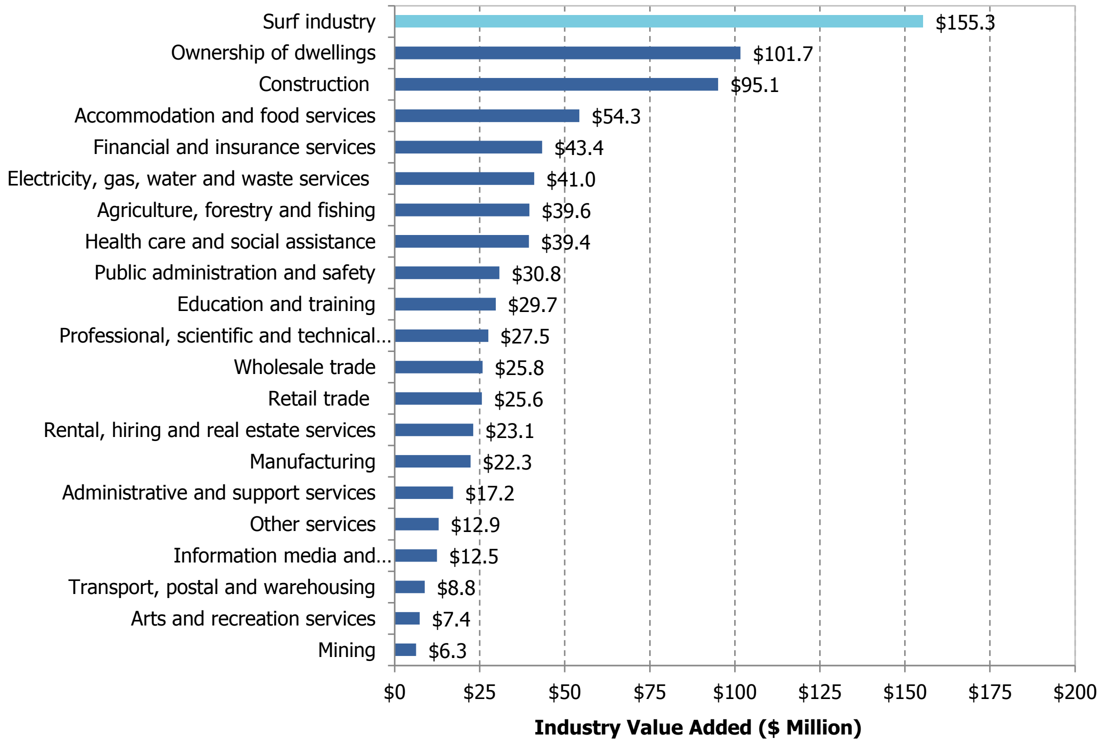
Industry	Output ($M)	Industry Value Added ($M)	Incomes ($M)	Employment (FTEs)
Agriculture, forestry and fishing	-	-	-	-
Mining	-	-	-	-
Manufacturing	$66.5	$13.3	$6.9	133
Electricity, gas, water and waste services	-	-	-	-
Construction	-	-	-	-
Wholesale trade	$101.7	$51.3	$31.7	340
Retail trade	$52.5	$30.7	$20.2	557
Accommodation and food services	$27.3	$12.0	$6.7	211
Transport, postal and warehousing	$2.4	$1.0	$0.6	12
Information media and telecommunications	$0.7	$0.3	$0.1	2
Financial and insurance services	-	-	-	-
Rental, hiring and real estate services	$3.6	$1.4	$0.6	8
Professional, scientific and technical services	$32.4	$14.9	$9.3	139
Administrative and support services	$0.9	$0.4	$0.3	5
Public administration and safety	-	-	-	-
Education and training	$3.3	$2.5	$2.1	36
Health care and social assistance	$1.5	$1.0	$0.8	15
Arts and recreation services	$3.3	$1.2	$0.7	24
Other services	$5.5	$3.0	$2.1	49
Ownership of dwellings	$29.2	$22.4	$0.0	1
Total	**$330.8**	**$155.3**	**$82.2**	**1,532**

Source: REMPLAN (2014), Department of Employment (2014), AEC.

Figure 3.1 displays the direct contribution of industry to Surf Coast Shire's economy in terms of value added activity. The surf industry (in aggregate) directly contributes more in terms of industry value added than the non-surf component of any other single industry in Surf Coast Shire. The $155.3 million in industry value added represents a contribution of $50 million more than the next highest contributing industries of ownership of dwellings and construction. In total, the surf industry directly contributed an estimated 18.9% of total industry value added in Surf Coast Shire's economy in 2013.

[7] The contribution from ownership of dwellings primarily represents the rental incomes and activities generated through provision of private residences for short or long stay to surf related visitors.

Figure 3.1. Direct Contribution to Surf Coast Shire Value Added by Industry, 2013

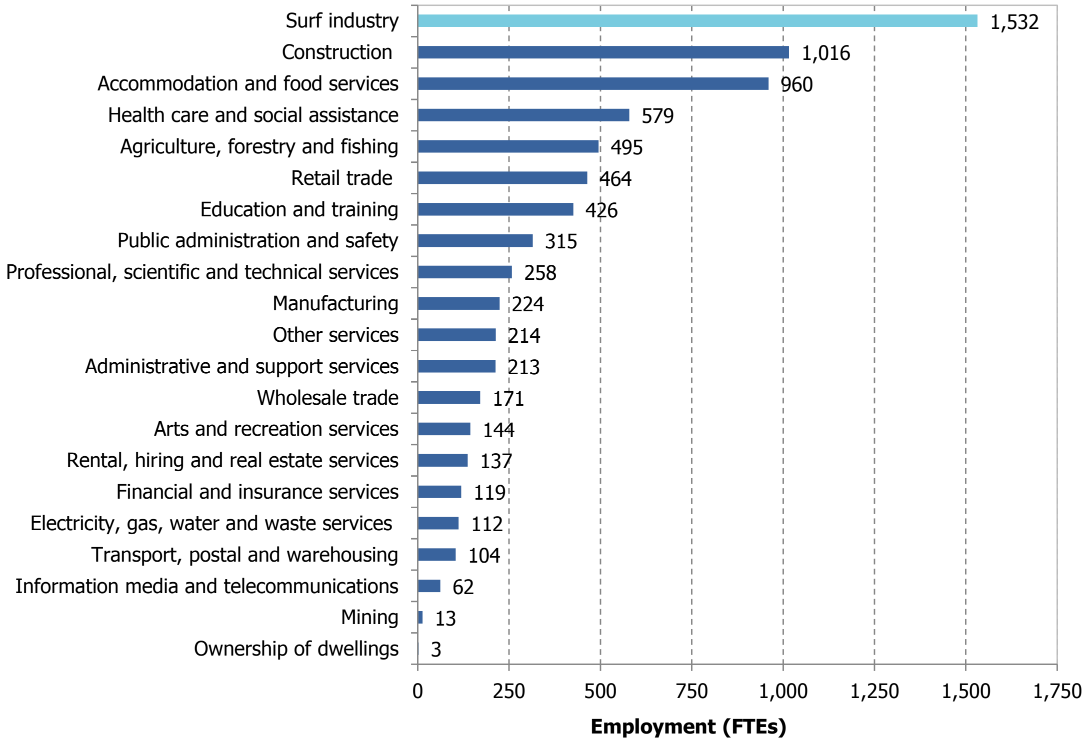


Note: For all industries represented in the figure (aside from the surf industry), the value added estimate represents the value added for non-surf related components of the respective industry in Surf Coast Shire. For example, the $25.6 million for retail trade excludes the $30.7 million in surf related retail trade IVA, which is included in the $155.3 million surf industry.
Source: REMPLAN (2014), AEC.

The surf industry (in aggregate) is also the largest employing industry in Surf Coast Shire (see Figure 3.2); directly contributing around one fifth of Surf Coast Shire's total FTE jobs (20.3%). The surf industry employs around 500 more FTE employees than the next largest industries (construction and non-surf related accommodation and food services).

The surf industry is highly seasonal in nature, with peak visitation periods during the warmer months of the year. Survey and consultation with business highlighted many businesses in the surf industry, particularly retail businesses, typically increased the number of part time and casual staff during these periods. As such, the number of people employed in the surf industry during peak periods is likely considerably more than outlined in Table 3.1. However, it is estimated there was the equivalent of 1,532 full time employees in the surf industry in 2013 on an annual basis.

Figure 3.2. Direct Contribution to Surf Coast Shire Employment by Industry, 2013



Note: For all industries represented in the figure (aside from the surf industry), the employment estimate represents the employment for non-surf related components of the respective industry in Surf Coast Shire. For example, the 464 FTEs for retail trade excludes the 557 FTEs in surf related retail trade, which is included in the 1,532 FTEs in the surf industry.
Source: REMPLAN (2014), Department of Employment (2014), AEC.

3.2.2 Flow-On Economic Contribution of the Surf industry

In addition to the sizable direct contribution the surf industry makes to Surf Coast Shire's economy, many businesses in Surf Coast Shire are supported indirectly by the surf industry through flow-on activity. Two key types of flow-on activity are supported by the surf industry:

- **Industry support (Type I) flow-on activity**, as a result of expenditure by surf businesses on inputs used in the production of goods and services provided by the surf industry and subsequent effects throughout the local supply chain.
- **Household consumption induced (Type II) flow-on activity**, through the expenditure of incomes earned by those employed within the surf industry or subsequently engaged by the surf industry indirectly.

Table 3.2 outlines the flow-on contribution of the surf industry to Surf Coast Shire's economy, by industry (including type I and type II flow-on impacts). The surf industry is estimated to have supported approximately $126.3 million in business output through flow-on activity in 2013 (including Type I and Type II flow-on activity), contributing $61.7 million to industry value added activity in Surf Coast Shire's economy and supporting 502 FTE jobs.

Key industries supported through flow-on activity by the surf industry include ownership of dwellings, professional, scientific and technical services, financial and insurance services, rental, hiring and real estate services, and administrative and support services, with each of these industries estimated to generate over $4 million in industry value added as a result of flow-on activities. The surf industry is also a strong contributor to flow-on employment in retail trade and accommodation and food services.

Estimates of flow-on activity presented in this study are considerably lower than what standard Input-Output multipliers would estimate. This is because all inter-industry purchases of surf businesses from other surf businesses are captured as part of the direct activity of the industry. This demonstrates the strength of the significance assessment approach compared to the traditional Input-Output multiplier approach, as it avoids double counting of transactions within the economy. For more details regarding economic significance assessment compared to the standard Input-Output multiplier approach, see Appendix D.

Table 3.2. Flow-On (Type I + Type II) Contribution of the Surf Industry to Surf Coast Shire's Economy by Industry, 2013

Industry	Output ($M)	Industry Value Added ($M)	Incomes ($M)	Employment (FTEs)
Agriculture, forestry and fishing	$3.5	$1.5	$0.3	19
Mining	$1.4	$0.7	$0.2	1
Manufacturing	$9.8	$2.0	$1.0	20
Electricity, gas, water and waste services	$4.5	$2.0	$0.6	5
Construction	$10.0	$2.8	$1.4	30
Wholesale trade	$4.6	$2.3	$1.4	15
Retail trade	$5.3	$3.1	$2.0	56
Accommodation and food services	$7.2	$3.2	$1.8	56
Transport, postal and warehousing	$4.0	$1.6	$0.9	19
Information media and telecommunications	$5.2	$2.4	$0.9	12
Financial and insurance services	$9.2	$6.7	$3.1	18
Rental, hiring and real estate services	$11.1	$4.3	$1.9	26
Professional, scientific and technical services	$15.5	$7.1	$4.4	66
Administrative and support services	$8.6	$4.1	$3.2	50
Public administration and safety	$1.4	$0.8	$0.6	8
Education and training	$2.1	$1.6	$1.4	23
Health care and social assistance	$2.7	$1.8	$1.5	27
Arts and recreation services	$1.9	$0.7	$0.4	13
Other services	$4.0	$2.1	$1.5	36
Ownership of dwellings	$14.4	$11.0	$0.0	0
Total	**$126.3**	**$61.7**	**$28.7**	**502**

Source: REMPLAN (2014), Department of Employment (2014), AEC.

3.2.3 Combined Economic Contribution of the Surf Industry

Combining both direct and flow-on activity, the surf industry is estimated to have supported approximately one quarter of economic activity in Surf Coast Shire's economy in 2013, providing $217 million in industry value added activity (of a total $819.8 million across all industries in Surf Coast Shire) and more than 2,000 FTE jobs (of a total of 7,561 FTE jobs in Surf Coast Shire). A summary of the direct and flow-on contribution of the surf industry to Surf Coast Shire's economy is presented in Table 3.3.

Table 3.3. Total Contribution of the Surf Industry to Surf Coast Shire's Economy, 2013

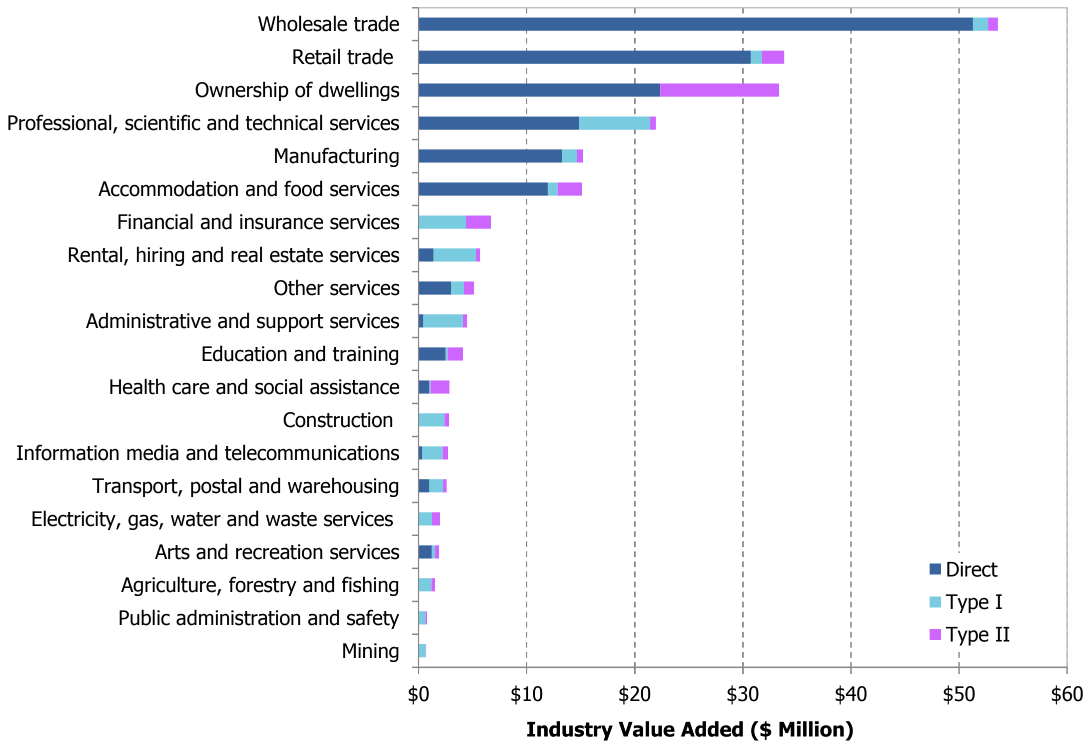
Contribution	Output ($M)	Industry Value Added ($M)	Incomes ($M)	Employment (FTEs)
Contribution to Surf Coast Shire Economy				
Direct	$330.8	$155.3	$82.2	1,532
Production Induced (Type I)	$79.2	$34.4	$18.7	306
Consumption Induced (Type II)	$47.1	$27.4	$9.9	196
TOTAL CONTRIBUTION	**$457.2**	**$217.0**	**$110.9**	**2,034**
TOTAL SURF COAST SHIRE	*$1,789.6*	*$819.8*	*$393.3*	*7,561*
Percent Contribution to Surf Coast Shire Economy				
Direct	18.5%	18.9%	20.9%	20.3%
Production Induced (Type I)	4.4%	4.2%	4.8%	4.0%
Consumption Induced (Type II)	2.6%	3.3%	2.5%	2.6%
TOTAL CONTRIBUTION	**25.5%**	**26.5%**	**28.2%**	**26.9%**

Source: REMPLAN (2014), Department of Employment (2014), AEC.

A breakdown of the surf industry's contribution to industry value added across standard industry classifications (ANZSIC) is displayed in Figure 3.3, and shows the surf industry:

- Contributes over $50 million to value added activity in Surf Coast Shire's wholesale trade industry and over $30 million to Surf Coast Shire's retail trade industry, almost exclusively through direct activity. This highlights the strong contribution the surf industry makes to the local economy through distribution and sales of surf equipment and services; and through sales to those visiting Surf Coast Shire to partake in surf activities.
- Contributes over $30 million to value added activity in Surf Coast Shire's ownership of dwellings sector and over $15 million to the accommodation and food services industry. Contributions to both industries are primarily through direct activity, though a sizable portion of the contribution to ownership of dwellings is also through type II flow-on activity. This activity would reflect local employees engaged in the surf industry and its supply chain (and their families) renting their homes.
- Provides relatively more modest contributions to the industries of professional, scientific and technical services (over $20 million) and manufacturing (over $15 million). The majority of this represents direct surf related activities of surf equipment design and manufacture.

Figure 3.3. Direct & Flow-On Contribution of the Surf Industry to Surf Coast Shire Value Added, 2013



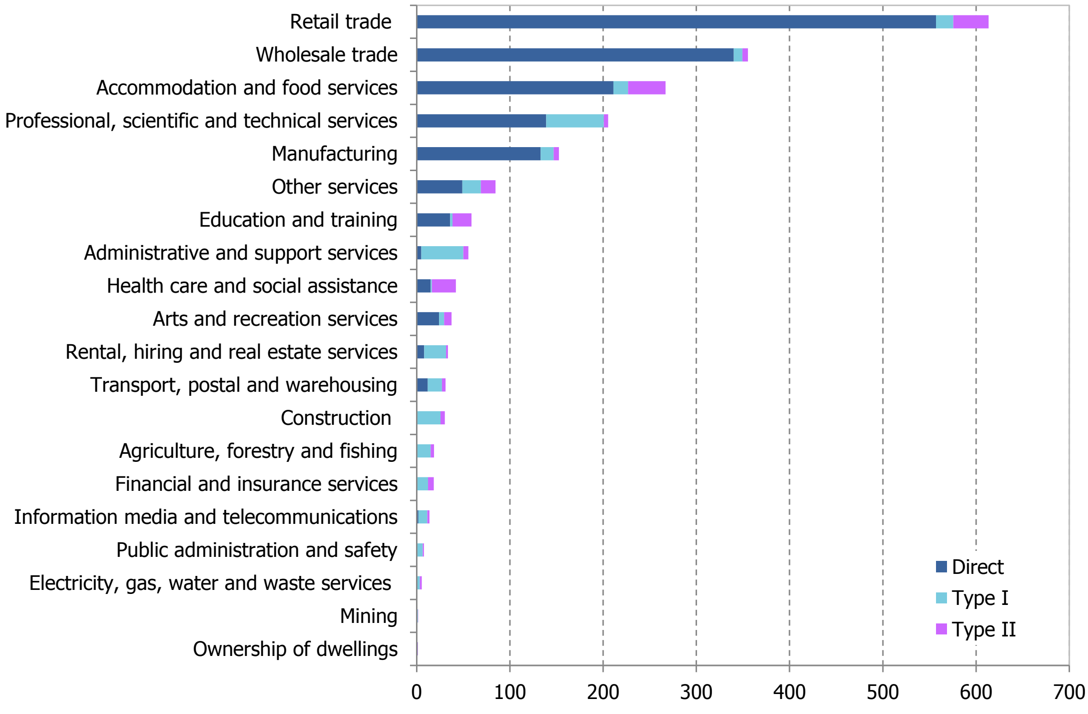
Source: REMPLAN (2014), AEC.

Figure 3.4 shows that from an employment perspective, the surf industry:

- Contributes over 950 FTE jobs in the industries of retail trade and wholesale trade combined, again highlighting the significant contribution the distribution and sale of surf equipment and services makes to Surf Coast Shire's economy.
- Supports more than 250 FTE jobs in the accommodation and food services industry, around 200 of which are supported by direct surf industry activity.
- Contributes over 350 FTE jobs in professional, scientific and technical services and manufacturing, primarily through surf equipment design and manufacture.

Ownership of dwellings is effectively a non-employing sector of the economy, with only three FTE jobs in Surf Coast Shire employed in the ownership of dwellings sector in 2013 in total. As such the sector records negligible employment contributed by the surf industry despite over $30 million in industry value added contributed directly and indirectly by surf activities (see Figure 3.3).

Figure 3.4. Direct & Flow-On Contribution of the Surf Industry to Surf Coast Shire Employment, 2013



Source: REMPLAN (2014), Department of Employment (2014), AEC.

3.3 Local Sales & Exports

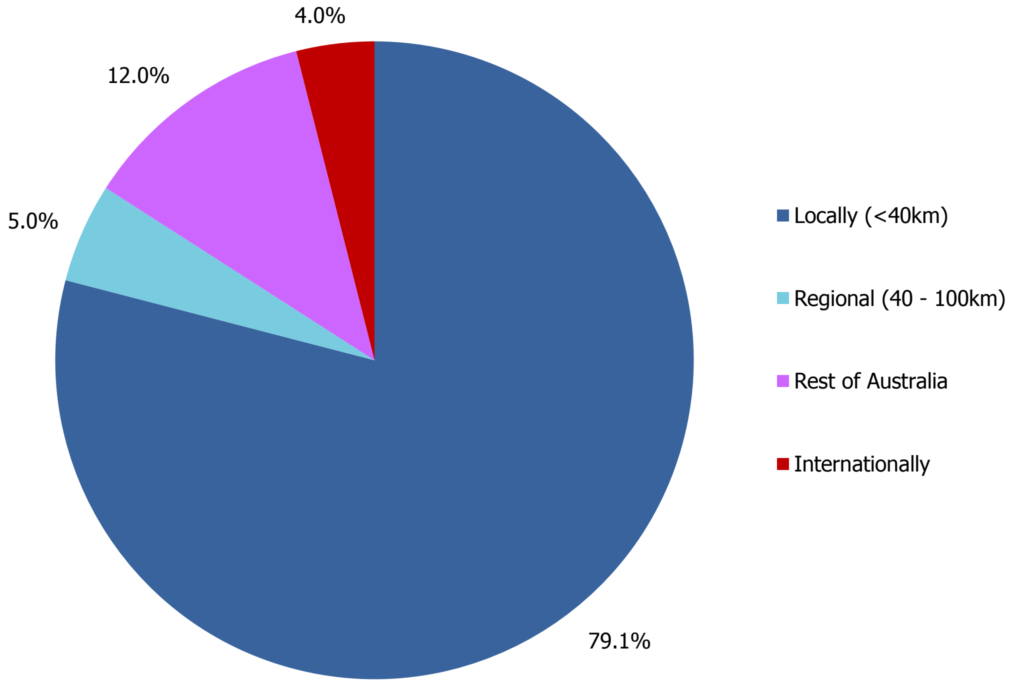
Surveying and consultation with local businesses identified where surf related goods and services produced by businesses in Surf Coast Shire were typically sold.

Figure 3.5 shows distribution of sales from Surf Coast Shire's surfing related goods and services across the following locations – locally (within 40km of Surf Coast Shire), regionally (within 40km and 100km of Surf Coast Shire), within the rest of Australia, or overseas. In interpreting this figure, it should be noted most larger brands did not provide responses suitable for inclusion in the analysis, including the two major surf brands in Surf Coast Shire (Rip Curl and Quiksilver), and the results should therefore not be considered a representation of sales for larger brands.

The figure shows that the vast majority of surfing related goods and services sold by smaller surf businesses are sold locally (79.1%). Approximately 17.0% is sold elsewhere in Australia (5.0% regionally between 40km-100km from Surf Coast Shire and the remaining 12.0% throughout the rest of Australia) and 4.0% of goods and services are sold overseas.

While a significant proportion of surfing related goods and services are sold locally, a large proportion of these sales likely represent retail sales to tourists and other visitors that do not live locally within Surf Coast Shire.

Figure 3.5. Proportion of Surf Coast Shire's Goods and Services Sold by Region



Source: AEC

The analysis of sales does not include sales from Surf Coast Shire's two largest surf companies, Rip Curl and Quiksilver. These two companies were not included in the analysis as the answers they provided during consultation were not suitable for inclusion within the categories used during surveying.

However, during consultation both Quiksilver and Rip Curl indicated the vast majority of their sales are to overseas customers with a minority of sales occurring within Surf Coast Shire and Victoria. It is reasonable to assume that a far greater proportion of the sales of these two major brands occur internationally, than represented in Figure 3.5.

4. Local Surf History & Context

4.1 Surf Assets

4.1.1 Climate and Natural Conditions

The chilly waters and powerful waves have encouraged innovation in the development of surf equipment, which has seen companies such as Rip Curl, Quiksilver and many niche businesses lead the market in surf equipment design and manufacture.

Sea temperatures can range between 12 degrees Celsius (August) to 20 degrees Celsius (February), though temperatures near shore can vary from this range (MSW, 2014).

Interestingly, statistics show historical high visitor numbers in the March and December quarters for Surf Coast Shire. However, the best 'surfing conditions' are typically in the cooler months (April - October) providing an opportunity to market a point of difference for surfing and undoubtedly a key reason why innovation has been at the forefront of many local businesses.

4.1.2 Bells Beach

The Bells Beach Surfing Recreation Reserve is one of the world's most celebrated and famous surfing locations and is the site of the longest running surfing contest in the world, the Bells Beach Rip Curl Pro. This event is regarded as one of Victoria's marquee sporting events and sits alongside the AFL Grand Final, Melbourne Cup, F1 Grand Prix and the Australian Tennis Open. Bells Beach also has important Aboriginal and European heritage values and is a unique nature reserve.

First reports of surfing at Bells Beach date back to the post war (WW2) period after the formation of the Torquay Surf Life Saving Club (Victoria's first) in the late 1940s. Club members would venture around to Bells to swim, body surf and take on the challenge of riding Bells boomers on their timber surfboards. Surfing at Bells became a more popular past time with the introduction of Malibu Chip style surfboards in the late 1950s, these shorter lighter boards were more suited to the steep and powerful surf at Bells and could be more easily transported as surfing pioneers bush bashed their way around the cliff tops to Bells.

Since its inception the annual surfing contest at Bells (first run on Australia day 1962) attracted the best surfers, first from around Australia and then overseas. This ensured that the winner of Bells can not only claim to have beaten the best surfers in the world, but done so in the unique, dynamic and challenging environment that Bells represents.

The ongoing sustainability of Bells Beach as a globally recognised surf location has close connections to its preservation as an environmental asset in a wild and undeveloped landscape with important indigenous values. Failure to preserve the spirit of Bells as a wild and natural place would undoubtedly impact the economy through the strong global branding opportunity it provides.

The Bells Beach Surfing Recreation Reserve is included on the Victorian Heritage Register (VHR number H203) because of its social and historical significance to the State of Victoria. The following is an extract of the listing.

> Bells Beach Surfing Recreation Reserve is a landscape that is socially significant as an international icon of Australian surfing culture. Bells Beach Surfing Recreation Reserve is socially and historically significant as the location of the world's longest continuous running surf competition. The Bells Beach Easter competition has world renown and in terms of prestige and aura is often referred to as "the Wimbledon of surfing". Bells Beach Surfing Recreation Reserve has historic significance to the development of surfboard and wetsuit technology. The Bells Beach conditions led to important developments in the surfing industry which now makes the nearby town of Torquay the home to the multi-million dollar surf manufacturing industry, and the site of the headquarters of major surfing companies.

4.1.3 Australian National Surfing Museum (SurfWorld Museum)

The SurfWorld Museum Torquay celebrates the history of surfing in Australia. It tells the story of this country's rich beach culture and surfing heritage that has developed over the last one hundred years. The museum was the brainchild of surfing pioneers Peter Troy, Vic Tantau (founders of the annual Bells contest) and Alan Reid, whose efforts were supported by the surfing association and backed by the surf industry. Surfing Victoria also played a vital role in establishing the museum. Once aligned with local and state government (through a body dedicated to regional development) the museum came to fruition and opened in December 1993. At that point it was only the third surfing museum globally and was Australia's first, soon after recognised by the International Surfing Association as a "place of surfing significance".

SurfWorld is the home of the Australian Surfing Hall of Fame and is the only accredited surfing museum in the world. The museum displays a collection drawn from the surfing community and provides a window into Australia's unique surfing history, its characters and culture. It also provides an opportunity for thousands of interstate and international visitors annually to become immersed into an activity and culture that may be new to many of them, to learn why Torquay is recognised as a centre for surfing and perhaps be inspired to try surfing.

Figure 4.1. SurfWorld Museum Exhibit

Photo courtesy of SurfWorld Museum

The museum is closely associated with the:

- Local community: Who loan and donate material that make up the displays.
- Surfing association: Whose endeavours run parallel to the museum.
- Local surf industry: Whose stories are reflected throughout the museum.

The museum is visited by thousands of Australian surfers who get to ride a wave of history at the museum and enjoy a trip through their own surfing memories. Through its education program SurfWorld is also enjoyed by thousands of students every year who learn about surfing/beach culture, history and technical developments. The museum also conducts offsite tours at Bells Beach highlighting the overlapping natural, indigenous and surfing histories of Victoria's most famous beach.

Figure 4.2. SurfWorld Museum – The Board Room

Photo courtesy of SurfWorld Museum

Through themed exhibition spaces and interactive displays, visitors can relive time spent at the beach, or discover the intimate link between surfers and breaking waves. The Museum also provides an overview of local surfing heroes and legends in the Hall Of Fame and spectacular footage of surfers in action can be seen in the precincts theatre. The museum allows visitors to explore the many elements that go to make up surf culture, clothes, movies, music, and walk through the ultimate surf mobile, the VW kombi van. Regardless of age, visitors to the SurfWorld Museum Torquay can gain a deeper appreciation of Australian Surf culture.

Visitation to SurfWorld has been in decline since the early to mid 2000s, averaging around 12,500 visitors each year between 2009 and 2013 compared to around 17,000 visitors on average between 2000 and 2003. Almost 85% of visitors to SurfWorld come from outside Victoria, the majority of which are international visitors (Surf Coast Shire, unpublished[1]).

The prevalence of interstate and international visitors to SurfWorld is in contrast to overall visitation to Surf Coast Shire, and highlights the importance of the museum as a drawcard for visitors from outside Victoria to experience the unique surf history and culture of Torquay and Surf Coast Shire. There is an opportunity to further leverage SurfWorld to encourage greater interstate and international visitation to Surf Coast Shire, through marketing and promotion of the museum as well as enhancing facilities and the broader precinct as a tourism destination.

4.1.4 Surf City / Baines Crescent

Surf City retail precinct together with Baines Crescent Business Estate is possibly the most intensive cluster of surf industry related businesses in the world. The precinct contains the global headquarters of Rip Curl and the Asia Pacific headquarters for Quiksilver. The precinct is further supported by an extensive cluster of smaller surf retail, wholesale, design and manufacturing businesses. An overview of the surf businesses located in the Surf City/ Baines Crescent precinct is presented in Figure 4.3.

Surfing Victoria is also located in the Surf City precinct as well as the Australian National Surfing Museum and Visitor Information Centre. The Surf City/ Baines Crescent precinct provides attracts over 1 million visits annually and represents a major tourist attraction for Torquay. There is an opportunity to enhance the connectivity of the precinct with Torquay's CBD via improved way finding treatments. A map showing the Surf City/ Baines Crescent precinct's location relative to the Torquay CBD is provided in Figure 4.4.

Figure 4.3. Map of Surf Businesses in Surf City/ Baines Crescent Precinct

Source: Surf Coast Shire (unpublished[2]).

Figure 4.4. Surf City Precinct Proximity to Torquay CBD

Source: Surf Coast Shire (unpublished).

4.1.5 Surfing Victoria

Surfing Victoria has been based in the Surf Coast Shire since it's foundation in 1963 making it, with Surfing Australia and Surfing NSW, one the oldest surfing administration organisations in the world. Surfing Victoria is based in the Surf City precinct, Torquay.

Recognised as the governing body for surfing in the state of Victoria it is the largest State Sporting Organisation in Victoria not based in Melbourne and manages over $4 million per year in turnover.

Surfing Victoria manage a diverse array of events from the iconic Rip Curl Pro (until the Association of Surfing Professionals took over in 2014) through to school surfing. It is not unusual for Surfing Victoria to run over 14 events annually.

In addition to events Surfing Victoria also:

- Oversee Learn to Surf programs with affiliated surf schools putting through an estimated 30,000 participants in the Surf Coast Shire in 2013 - 2014.
- Run Learn to Surf, SUP and surf official education for the entire state.

- Run one of the most extensive high performance surfing programs in Australia.
- Is considered one of the elite surf event management teams in the world with staff having managed events not just in Victoria but nationally and internationally.
- Is a key partner is SEDA programs for young people linking education with experience.

- Played a key role in the establishment of the Australian National Surfing Museum (SurfWorld Museum).

4.1.6 Board Riding Clubs

Completely managed by volunteers the Torquay Boardriders Club (TBC) is a shortboard surfing club that formed in 1978. Founded at Bells Beach and known as the “Bells Angels”, TBC is a key user group of the Bells Beach Surfing Reserve and is issued 3 permits annually to hold club competitions in this area. The remainder of the club events are held at Jan Juc.

The foundation of the TBC is 6 Aggregate competitions annually to determine club champions in divisions ranging from U/8’s through to Over 55’s. In addition to these, the club runs two fun participation based events on traditional Single or Twin Fin equipment. All of the events act as a gathering of the tribe, a time for members and families to gather and enjoy surfing in a structured competitive format.

TBC has grown to over 250 members in 2014, making it one of the largest clubs in Australia. TBC is the most dominant club in Victorian surfing history, winning 23 of the 36 Victorian Teams Titles since the event’s inception in 1978, including the current streak of 5 consecutive years.

TBC also provides development opportunities for its members and has produced athletes that have progressed to countless Victorian and Australian titles, with many moving onto careers as Professional Surfers and even qualifying for the elite ASP World Tour.

Although one of the largest in boardriding clubs in Australia TBC does not have an official home venue to run presentations, to house history and memorabilia and, store event and safety equipment in a secure location.

The Surf Coast Longboarders is a smaller group that hold monthly longboard competitions, in the main at ‘Point Impossible’ and ‘The Spot’. The club was formed in 1991-1992 and also hold a winter classic event.

4.1.7 Surf Lifesaving Clubs

Surf Coast Shire is home to Victoria’s largest surf life saving clubs, including Anglesea, Lorne, Fairhaven, Torquay and Jan Juc. Each of these clubs has been in existence for over 50 years. **Club Detail:**

- **Anglesea Surf Life Saving Club** (ASLSC) was established in 1952 and is the largest surf lifesaving club in Victoria with over 1,900 members. The ASLSC runs a Nippers program (6-14 years of age), a Dolphin program (8-13 years of age) and a Youth Involvement Program (14-18 years of age). In addition, the ASLSC was the first surf life saving club in Victoria to introduce the Star Fish Nippers program, which has been designed to cater for those with special needs.
- **Lorne Surf Life Saving Club** (LSLSC) was formed in 1948. The LSLSC is home to the Lorne Pier to Pub 1.2 kilometre ocean swim which in 2015 will be the 34th time the

event has taken place. Such is its popularity that potential contestant have to apply through a ballot system. Lorne also hosts the the Lorne Mountain to Surf run. LSLSC runs a Nippers program, a Bronze Camp which leads to becoming a fully qualified lifesaver as a week long, live in camp held in December.

- **Fairhaven Surf Life Saving Club** (FSLSC) was established in 1957 and covers a 6 kilometre stretch of the surf coast located just west of the nearby town of Airey's Inlet. FSLSC conducts a Nippers program for those aged between 5 and 14, a Fairhaven Advanced Lifesaving Contingent (FALCON) program as well as having a Youth and Leadership Development program. FSLSC's new facilities and club house was opened in December 2013.
- **Torquay Surf Life Saving Club.** (TSLSC) is one of the oldest along the surf coast. TSLSC run a Surf Education Nippers program, and in 2014 was named Life Saving Victoria Club of the Year.
- **Jan Juc Surf Life Saving Club** (JJSLSC) was founded in 1963. They run a Nippers and Juniors program which aim to build skills and awareness of the surf and educate participants to be active and safe around water. Other events and fundraising activities by JJSLSC include the annual Bells Bash Cliff Run and the Junior Juc Bash. JJSLSC also runs the Danger Ocean Swim which will be in its 17th year in January 2015. It is one of the biggest and most popular open water swims in Victoria.

4.1.8 Other Key Surf Assets

Surf Coast Shire has a range of other surf assets in the area. A summary of some of the other key surf assets is provided in the following table.

Table 4.1. Other Key Surf Assets in Surf Coast Shire

Surf Asset	Description
Point Addis Marine National Park	The Point Addis Marine National Park (which includes Bells Beach) features spectacular scenery with wide sandy beaches, crumbling limestone and sandstone cliffs, rocky platforms and copious small rocky reefs. Offshore the reefs are a popular destination for divers.
Split Point Lighthouse	The Split Point Lighthouse dominates the landscape on the approach to Aireys Inlet. A small town nestled between the larger towns of Anglesea and Lorne it is where the Great Otway National Park begins. The lighthouse is open to the public for tours and there is a discovery trail in the surrounding area which offers insight into the history of the area as well as glorious views of the Eagle Rock Marine Sanctuary.
Eagle Rock Marine Sanctuary	The marine sanctuary protects 17ha of ocean waters and projects about 300m offshore. The cliffs are full of caves and ledges and the shore is covered with boulders. Offshore there are two large rocks: Eagle Rock and Table Rock. Table Rock has been levelled by constant waves whereas Eagle Rock is a tall volcanic stack capped by limestone.
Great Ocean Road Memorial Arch	Travelling west along the Great Ocean Road through Airey's Inlet and past Fairhaven, Moggs Creek and at Eastern View, the Great Ocean Road Memorial Arch commemorates the work of the World War 1 diggers who worked on the road. Next to the arch a memorial sculpture of two of the workers was commissioned in 2007 for the 75th anniversary of the road.
Point Roadknight	Just after the Anglesea township heading west is Point Roadknight Beach. There are panoramic views back across the township, river and ocean as well as views towards Airey's Inlet Lighthouse and Lorne. The beach is more protected and is popular with families.
Cliff Top Coastal Walks	There are 12 designated walks along the surf coast from Torquay to Fairhaven: • Wathaurung Country – Point Impossible to Yellow Bluff – 5.7 kms • Torquay Promenade – Yellow Bluff to Point Danger – 1.6 kms • Surf Coasting – Point Danger to Bird Rock – 3.3 kms • The Bells Track – Bird Rock to Bells Beach – 3.2 kms • Ironbark Basin – Bells Beach to Point Addis – 8.2 kms • Anglesea Heath – Point Addis to Anglesea – 7.3 kms • Anglesea Riverbanks – 1.6 kms • Point Roadknight – Anglesea to Point Roadknight 3.1 kms • Beach Combing – Point Roadknight to Urquhart Bluff – 4.5 ms • Sunnymeade – Urquhart Bluff to Sunnymeade – 3 kms • Aireys Clifftops – Sunnymeade to Aireys Lighthouse – 2.8 kms • Lighthouse Discovery – Aireys Lighthouse to Fairhaven – 2.1 kms

4.2 Surf Lifestyle & Population

All the towns in Surf Coast Shire have a unique character and the region offers a variety of attractive lifestyles options. With a major focus on the surf industry, Torquay and nearby Jan Juc have attracted residents as well as businesses and industries which are both directly and indirectly surf related.

As the residential and business population continues to grow, human services and business support service industries will also develop to meet demand. Growth will attract a variety of health, legal, creative/ designers, IT specialists, commercial staff and retail and community service workers, which are increasingly in demand.

Today, Surf Coast Shire is home to a breadth of professional organisations including accounting, legal and finance who operate in the region and provide support to small business and large businesses. The existence of these professional services makes the townships of Surf Coast Shire all the more attractive for business start-ups of those wishing to grow. Efforts should be made to connect these professional services to surfing focussed businesses to foster growth and stability.

Strong average annual population growth rates will continue to see the growth of the professional services sector. With a current population of approximately 29,000, Surf Coast Shire is forecast to grow to 44,000 by 2031. Notably over the peak summer periods Surf Coasts population swells to over 85,000.

The hospitality sector in Surf Coast Shire has also benefited from surf generated visitors. Local accommodation options range from Bed & Breakfast and self-contained to hotels and caravan and holiday parks. Accommodation providers and supporting cafés and restaurants stretch from Torquay to Lorne. Conference facilities have also been developed in recent years.

Surf Coast Shire is one of the fastest growing populations outside metropolitan Melbourne. Population growth results in increased demand for goods and services, which has created many opportunities for commercial ventures.

Business growth across goods, trades and services, due largely to the surf industry, has resulted in more self-sufficient communities and local access to trades and services.

As the retail, hospitality, tourism, building and construction and surf industry prosper in Surf Coast Shire, opportunities will continue to present themselves for businesses to join the growing market.

4.3 Local Surf Business Case Studies

Torquay is synonymous with the surfing industry and local brands Rip Curl and Quiksilver sit at the forefront of the global surfing market. Both companies manufacture surfboards, wetsuits and extensive ranges of beach wear and leisure wear for surfing, snow skiing as well as fashion accessories and casual clothing. As the surf industry continues to grow, clear messaging and branding of Torquay and Surf Coast Shire will become increasingly important.

The surf industry in Surf Coast Shire contributes significantly to employment and economic activity. This is not isolated to Rip Curl and Quiksilver alone, but also includes other local businesses. The range and depth of surf businesses in Surf Coast Shire cover almost every aspect of the surf industry supply chain. These businesses provide employment for many locals and important demand for housing and associated support services and trades.

Case studies of a selection of leading local surf businesses in Surf Coast Shire are included below.

4.3.1 GBoards/ Modom Torquay

Owner: Paul Garrard

Address: 8 Winki Way, Torquay

Web: www.gboards.com.au/modomsurf.com

GBoards and MODOM are two businesses operating out of the same premises in the Torquay industrial estate at Winki Way. GBoards commenced operations approximately 17 years ago, making durable, learn to surf boards.

The business makes 27 models of soft boards, ranging from 5'6" to 10'6". These 'beginner' boards are often used by learn-to-surf schools. GBoards also make Life Saving Boards (surf rescue) and the sleds used behind surf skis for rescue and big wave surfing around the world. GBoards use a combination of Australian products and materials assembled in China, which are then re-exported into Australia. This business model combines quality local materials and offshore assembly and has supported the company's growth and employment numbers in a challenging economic period.

Figure 4.5. GBoards Products

Photo courtesy of GBoards

Over 40% of all GBoards brought into Australia, are sold locally in the Torquay area and surrounding beach side towns in Surf Coast Shire. The rest are distributed throughout Australia. Similarly, MODOM surf hardware sells approximately 20% locally (i.e. Surf Coast Shire, Otways Shire and Bellarine Shire) and the remaining 80% is sold nationally.

MODOM is a surf hardware/ accessories company. MODOM accessories include tail pads, leg ropes, board bags and back packs, travel bags, caps and beanies. MODOM has been in operation since 2008.

Both GBoards and MODOM have experienced steady growth over the last few years and all of their products are directly related to the surf industry. Business operators recognise the surf industry is growing, but also changing. Different facets of the industry are emerging and GBoards and MODOM anticipate an increased concentration of retail sales on-line. The industry is very seasonal, while other places are quiet, Torquay, as the centre of the surf industry on the coast remains open with a vibrant business and surf industry sector. Both GBoards and MODOM are local Surf Coast Shire companies and continual supporters of many local community groups and local sponsorship activities.

4.3.2 Moonlight Laminating

Owner: Corey Graham

Address: Baines Crescent, Torquay

Web: N/A

Corey Graham started out as a shaper with Rip Curl in the 1990s, but as Rip Curl moved their surfboard operations offshore, Corey took a few years off to explore other ventures.

Figure 4.6. Corey Graham

Photo by AEC

In the past five years, Corey has identified and leveraged a resurgence by local and interstate surfers who want to deal with locals, discuss their board and have a more individualised product designed and shaped. This is a small but distinct niche market that is moving away from mass produced, factory standard boards.

Corey Graham Shapes and Moonlight Laminating is located in Baines Crescent (identified as the most intensive cluster of surf industry businesses in the world), where many large and small surf industry producers, shapers and retailers are located.

"We make boards – shape and glass them. We manufacture them from start to finish and also do ding repairs", explains Corey.

Corey does the shaping and sub-contracts out the glassing. The last 12 months has seen demand for individually shaped boards grow to the point where he is turning out about 350-400 boards per annum. What is really pleasing to Corey is that this labour intensive industry still exists in Torquay – and is viable. There is a swing back to small local customised manufacturers and this is taking up about 85% of Corey's time.

With growing demand for custom boards, Corey puts on more staff year after year and also works with several subcontractors. Sometimes if he is overloaded, Corey will share the work with other highly skilled locals who may be light on; and vice versa. "That's the way it works at the small local level – we share the work around and rely on each other. The local industry is very self supportive."

Corey tries to purchase locally to support Surf Coast Shire businesses wherever possible. The depth of the local supply chain (e.g. blanks, resins, fiberglass, fins tapes etc) mean this is possible most of the time. When this is not possible, Corey sources from elsewhere in Australia.

About 75% of Corey's business is local (i.e. local surfers coming in for a new board or to get their board fixed). The remaining 25% is growing strongly and is generated from his interstate reputation for an excellent product. At this stage there is limited international business "…but that will come eventually." Corey's core business belief is to support surfers who want something individual, "…we do a good job, which is why business is growing". Corey has recently moved premises to solve a storage problem, which also provides space for extra staff.

With the growth in demand, Corey now works some weekends, particularly to support the growth in Melbourne based demand so he can meet clients personally and tailor their board. This is where the growth in the industry will come from, the popularity of homemade products and boards and the commitment of the local owner/ directors to an exceptional quality product.

4.3.3 Great Ocean Road Surf Tours

Owner: Alistair and Rachael Lawson

Address: 106 Surf Coast Highway, Torquay

Web: www.gorsurftours.com.au

Great Ocean Road Surf Tours (GORSTs) is a surf school program for interested and prospective surfers. The lessons range in duration from two hours through to a comprehensive 10 day program. There are several surf schools operating throughout Surf Coast Shire and GORSTs operate all year round. With competition in the market GORSTs has continually looked to refine and expand their market. The surf school offers 1-on-1 lessons and courses which cater for all levels, from the absolute beginners through to the advanced. Advanced lessons incorporate video analysis, split screen viewing.

Most of GORSTs market comes from international backpackers, predominantly from Europe (England France and Germany) but also USA, Canada and Singapore. GORST offer a Melbourne pick up bus/ shuttle to bring their customers directly to Torquay. GORSTs also have a cabin at the Caravan Park where their clients can be accommodated.

GORSTs facilitate some teaching through the Surfing Australia Surf Grommets program.

Alistair and Rachel have seen consistent growth in their business and they apply a deliberate strategy of implementing new product/ programs and expanding into new markets each year. For example, the 2014/15 summer will see a new tourism product service *"Secrets of the Great Ocean Road"* – a guided cliff top walk from Point Roadknight near Anglesea to Point Addis, which will delve into the historical past of the Great Ocean Road as well are a number of local stories of legend (e.g. buried pirate treasure, the Bass Straight Triangle). Half way along the four hour walk, the group will stop for lunch, which will highlight and use all local produce.

Employment has increased with business growth and GORST employs three permanent full time staff and up to 17 additional staff in the lead up to summer and over peak periods. All staff are fully qualified and are trained to Surf Instructor Level 1 (run through Surfing Victoria). GORSTs also require staff to hold First Aid Level 2, Bronze medallion and be approved to work with children.

GORSTs supports, and is supported by, local businesses in Surf Coast Shire. For example, every year they retire old stock and replenish their supply of surfboards. Each season GORSTs purchase anywhere between 10-15 new boards from GBoards, who in return provide free maintenance to keep their stock of boards in good condition, which is another example of the local surf industry working in collaboration to ensure excellence of service and support for visitors and local business alike.

Figure 4.7. Great Ocean Road Surf Tours

Photo by AEC

4.3.4 Go Ride A Wave

Owner: Wes Smith, Director/Owner

Address: 143B Great Ocean Road, Anglesea

Web: www.gorideawave.com.au

Go Ride A Wave (GRAW) offers surf lessons from Ocean Grove through to Wye River. The business kicked off in 1987 with a small blackboard promising surf lessons, positioned in a car park. Since then it has grown into a substantial Surf Coast Shire business with its Head Office in Anglesea and retail operations in Torquay.

The growth of GRAW has also seen two surf schools established in Queensland, one at Surfers Paradise (2004) and on in Noosa (2007).

GRAW's principal business is to teach a range of outdoor aquatic based activities including surfing, body boarding, surf lifesaving, kayaking and stand up paddle boarding. They have a diverse clientele including schools (local, regional and interstate), the general public, community groups and the corporate sector through their *"Over the Edge"* program.

GRAW facilitates curriculum driven outdoor group activities for over 40,000 school children each year. The programs are unique, tailored to meet the specific needs of each school group.

Safety is paramount to GRAW's, with schools coming from non-coastal areas, it is often the first ocean visit for some children. GRAW's experts teach water safety, ocean awareness and surf lifesaving techniques.

Figure 4.8. Go Ride A Wave

Photo by AEC

Another growing aspect of GRAW's business is the hire of boards, wetsuits, kayaks, paddle boards, which is especially busy over the summer period as more and more people come down to the coast.

The GRAW Corporate program*, Over the Edge* is delivered to clients seeking team building exercises and the recreational programs included in the program are designed around the knowledge that '*shared experienced create a strong and lasting bond between people'*. Activities include surfing, paddling, kayaking, beach Olympics, climbing and abseiling as well as sampling local food and beverages. GRAW bases their corporate activities around team building activities – for example, when an organisation has a 3-4 day conference down the coast, GRAW get involved in segments of it.

GRAW has 18 full time staff as well as a range of trained and experienced casuals and part time staff to assist during peak times. Peak times for GRAW are Terms 1 and 4 each year where they can run up to 30-40 classes a day with 20-25 kids in each class.

GRAW tries to source all goods locally, "…we have a relatively high turnover of boards and wetsuits because we like our equipment to look good". They use GBoards in Torquay for all their surfboards and paddle boards and the default company policy is to try and spend 100% of business inputs on locally produced/retailed goods.

4.3.5 Anglesea Surf Centre

Owner: Bruce and Jillian Little

Address: 111 Great Ocean Road, Anglesea

Web: www.secondhandsurfboards.com.au

The Anglesea Surf Centre has been in operation for 22 years. Originally opening on the Four Kings Corner in 1986, it relocated to the current location in 1992. The Anglesea Surf Centre is a niche business leveraging Bruce's experience and reputation in 'knowing the market' and 'being able to read and understand his customers needs', finding exactly the right type of second hand board for customers.

The store also acts as a reference point for the local surf history. Owner Bruce Little maintains an extensive collection of surf history boards including a Terry Fitzgerald Hot Buttered, 'toothpick' boards from the 1940s, swallow tails and a 'melted' board with a good story behind it.

They also sell new boards and equipment, however, Bruce's (and his son Trenton's) focus and passion is on second hand boards. They have your classic 'little old surf shop' – the way they used to be – with a little bit of everything (e.g. boards, wetsuits, clothing and accessories, hats, thongs, boogie boards etc) you need to get started, plus equipment for the more experienced surfer who wants to talk with someone who knows.

Figure 4.9. Anglesea Surf Centre

Photo by AEC

Bruce, Jordan (store manager) and their five part time staff deal with customers and their inquiries and is able to build a rapport by talking with them, assessing their needs and providing exceptional advice as to the 'right' surfboard for specific needs.

The growth in the number of tourists should be good for business, but the industry can be very fickle and is seasonal and weather dependent. But, as surfing is becoming more mainstream, Bruce is increasing his focus as 'the niche second hand dealer' to go to for all shapes, sizes, weights, widths and abilities. Bruce and the Anglesea Surf Centre also have a large range of boards for hire, which cater to first timers and those who want to try their hand at surfing before committing financially to investing in their first board.

5. Surf Industry Issues & Opportunities

Surveys of and consultation with local business highlighted two key perspectives regarding challenges and future growth opportunities for the surf industry in Surf Coast Shire:

- *Grow and expand the region and the surf industry through increased attraction of visitors to Surf Coast Shire, extending visitor stay and subsequent spend*
- *Increase focus on niche surf products; retain and protect Surf Coast Shire's surf culture and history - and protect key surf assets such as Bells Beach*

5.1 Key Surf Industry Opportunities

Survey and consultation respondents were asked to outline what they consider to be the top three opportunities for future growth of Surf Coast Shire's surf industry (see Question 17 in Appendix C). A frequency analysis of responses is displayed in Figure 5.1, and shows of the 50 valid responses received, 42% identified product development and promotion/ marketing as key opportunities to grow the surf industry. Of note, many of these respondents indicated that:

- Promotion of Surf Coast Shire should focus on more than just the surf industry, but also on other visitor experiences available to promote Surf Coast Shire as an 'adventure destination'.
- Promoting Surf Coast Shire as a stopover location for visitors and encouraging longer stays is important to growing the industry.

The second most common opportunity identified was increasing supporting services, industry and activities (28% of respondents), in particular a need to broaden the experiences available in Surf Coast Shire so as to increase the Shire's attractiveness to visitors and assist in promoting more year round demand. 16% of respondents indicated eco-tourism surf experiences or other niche surf experiences may provide an opportunity for future growth.

This ties in with respondents indicating promotion of Surf Coast Shire should focus on more than just the surf industry. Results highlight a strong preference in Surf Coast Shire's business community for developmental activities to focus on broadening the visitor experiences available and integrating these experiences with the surf industry to provide a tourism product that is attractive to a wider audience.

Development of infrastructure and facilities to support key surf assets was identified by 24% of respondents as a key opportunity to grow the surf industry.

Some respondents highlighted infrastructure initiatives such as road and parking as necessary to enhancing visitor experiences and capturing greater visitor expenditure. NB. Anecdotal evidence identified a large number of tour buses visit Surf Coast Shire, but provide limited local visitor expenditure. However, it was identified as imperative the local and natural character of Bells Beach is maintained and preserved.

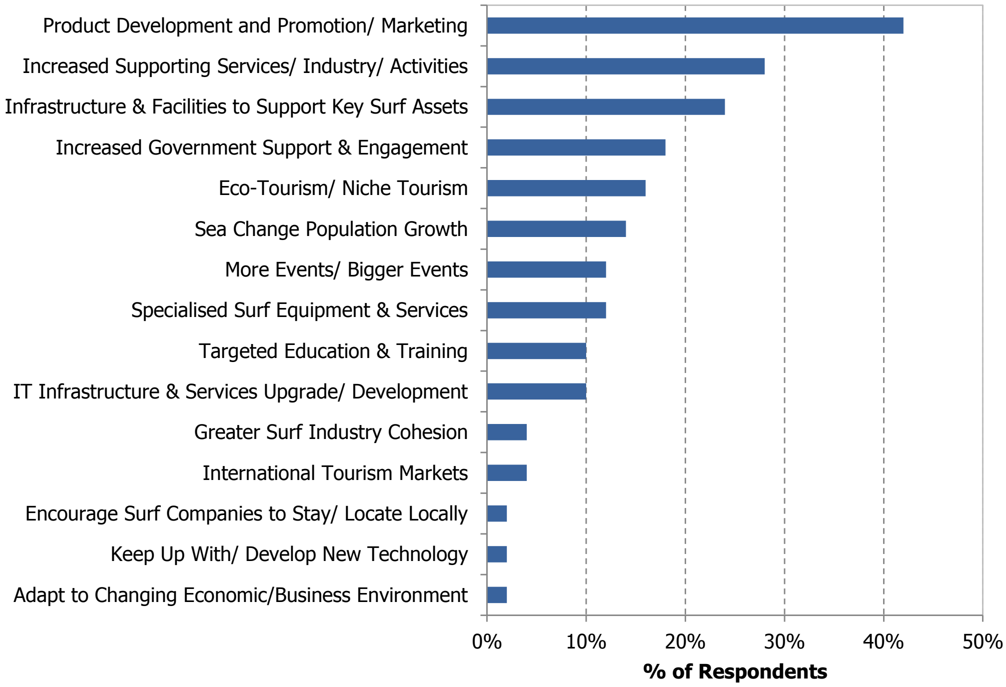
A further 10% of respondents indicated enhanced IT infrastructure and services would provide greater opportunities and capacity for online marketing and sales.

Other opportunities identified by 10% or more of respondents include:

- Increased government support and engagement (18%), with improved industry support and engagement from local government a common theme.
- Encouraging and catering to sea change population growth (16%), with lifestyle benefits of Surf Coast Shire considered a major attractor for ongoing population growth in the Shire.
- Provision of more and bigger surf events (12%), in particular during non-peak periods to encourage visitation during traditionally quieter periods.
- Specialised surf equipment design, manufacture and services (12%), focusing on small business start-ups providing custom and bespoke products and services.

- Education and training programs and services targeted at building surf skills, participation, interest and awareness (10%).

Figure 5.1. Key Opportunities for Future Surf Industry Growth



Source: AEC.

5.2 Critical Surf Industry Issues

Survey and consultation respondents were asked to outline what they consider to be the top three issues/ obstacles facing Surf Coast Shire's surf industry (see Question 16 in Appendix C).

A frequency analysis of responses is displayed in Figure 5.2, and shows that of the 65 valid responses received, 30.8% of respondents identified competition from domestic and international business as a critical issue/ obstacle (this includes competition from online sales).

A further 13.8% of respondents identified economic conditions as a key issue/ concern, which includes reduced retail demand, with a further 12.3% of respondents indicating high operating costs as an issue. Combined, these issues highlight local business and industry concerns regarding the potential impacts from changing economic and retail conditions, and the growing competition from non-local markets, placing pressures on local business profitability.

Support and business mentoring may be required to support local surf businesses in addressing these challenges.

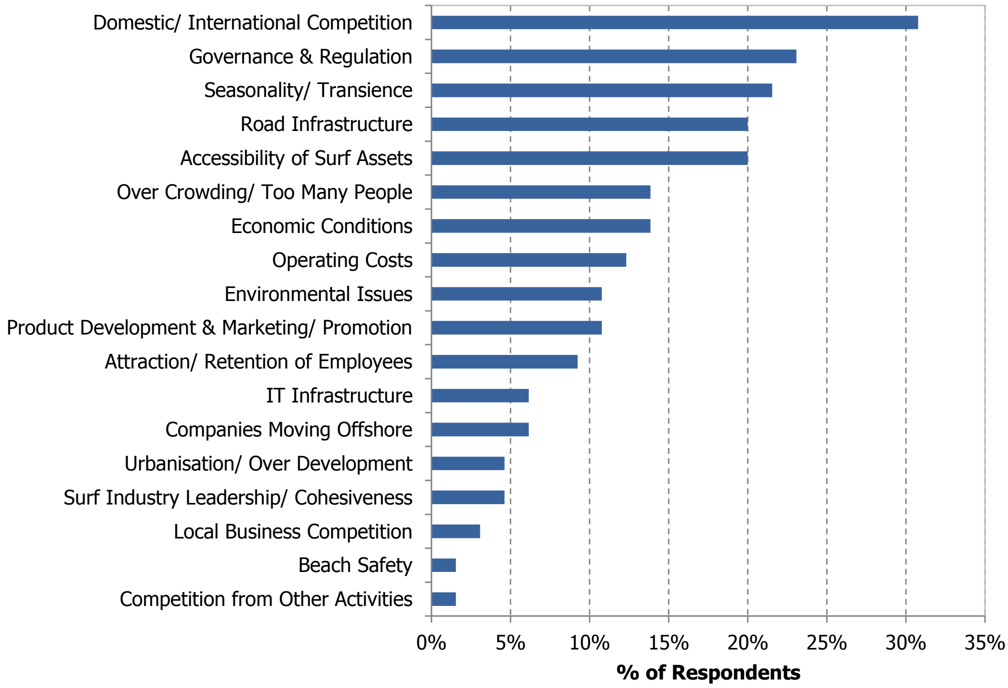
Local governance and regulation issues were the second most commonly identified issues for the industry (23.1% of respondents), with many of these respondents identifying concerns regarding support from local government for the industry. 4.6% of respondents identified issues regarding leadership and cohesiveness within the local surf industry itself and 10.8% of respondents indicated product development and marketing/ promotion of the industry was an issue. These issues suggest the industry may benefit from enhanced coordination and leadership within both government and the industry to assist in coordinating, developing and promoting the industry.

Accessibility of surf assets (including parking availability issues and access to beaches) and road infrastructure (including signage and directions to make visitors aware of surf assets) were both identified by 20% of respondents as key issues/ obstacles for the surf industry. This suggests Surf Coast Shire's surf industry may benefit from enhanced infrastructure provision to improve accessibility to key surf assets, in particular during peak periods.

Other issues identified by more than 10% of respondents include:

- Seasonality/ transience of the surf industry (23.1% of respondents)
- Overcrowding (13.8% of respondents), primarily during peak periods
- Environmental issues (including climate change) (10.8% of respondents)

Figure 5.2. Critical Surf Industry Issues/ Obstacles



Source: AEC.

Protection and maintenance of Bells Beach was identified as a key issue through face to face industry engagement. Preservation of Bells Beach and associated natural assets is critical to the ongoing growth and development of the surf industry locally.

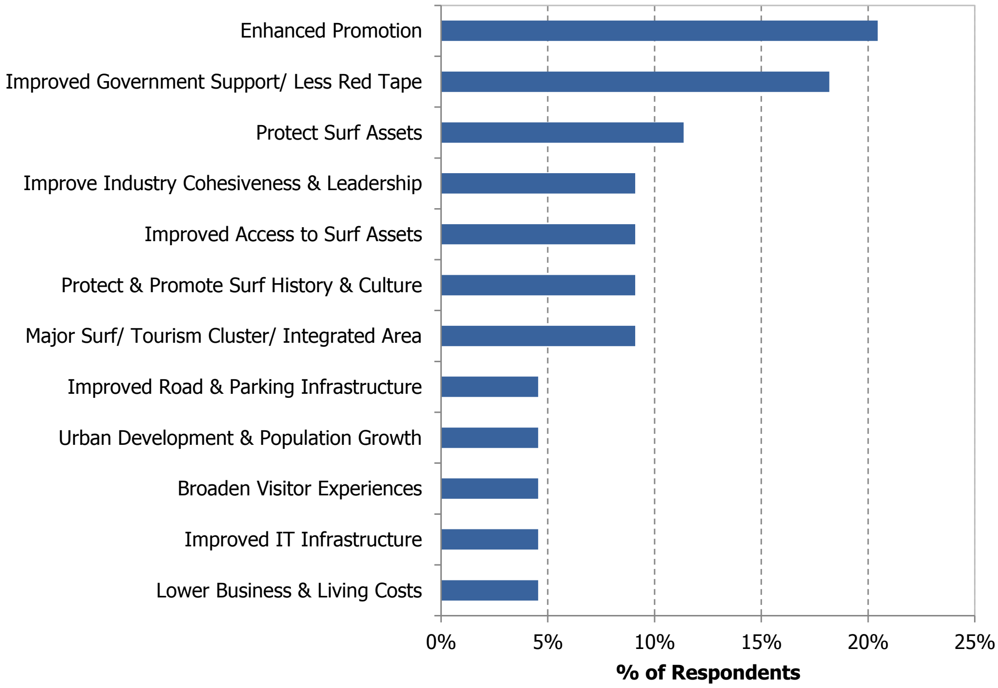
5.3 Growing the Surf Industry

In addition to the above questions regarding key opportunities (section 5.1) and key issues and obstacles (section 5.2), survey and consultation respondents were asked to identify the single most important thing that needs to happen locally to support the surf industry to grow (see Question 18 in Appendix C). A frequency analysis of responses is displayed in Figure 5.3. Supporting the findings from sections 5.1 and 5.2, enhanced promotion was most commonly identified as most important (by 20.5% of the 45 respondents to this question), followed by improved government support and reduced red tape (18.2%).

Protection of surf assets was the third most commonly identified (11.4%), though environmental issues was not one of the more commonly identified issues in section 5.2. A common reason given for protection of surf assets was that these assets are critical to the continued success of the surf industry, and need to be looked after for future generations. Any future development must take into consideration its effect on the longer term quality and impact on the physical surf assets.

Improved access to surf assets was the next most common item identified (9.1%), and was also identified as a key issue in section 5.2. Improving industry cohesiveness and leadership, protection and promotion of surf history and culture, and provision of a major surf/ tourism cluster and integrated area were also identified by 9.1% of respondents, however, were not commonly considered key issues or opportunities in previous questions.

Figure 5.3. Most Important Thing That Needs to Happen to Support Surf Industry Growth



Source: AEC.

6. Findings & Recommendations

6.1 Summary of Findings



The surf industry is a key contributor to the local Surf Coast Shire economy, both directly and indirectly, supporting around one quarter of the Shire's industry value added ($217.0 million) and local jobs (2,034 FTE jobs). The surf industry primarily contributes to Surf Coast Shire's economy through distribution and sales of surf equipment and services, surf equipment design and manufacture; and provision of accommodation and food/ beverages to visitors to Surf Coast Shire for surf-related purposes.

Surf Coast Shire boasts one of the most intensive clusters of surf businesses in the world, centred around Surf City and Baines Crescent. Two of the three global surf brands, Rip Curl and Quiksilver, originated in Surf Coast Shire and the Shire remains the corporate headquarters for these companies.

Many niche and innovative surf equipment manufacturers and designers are also present in Surf Coast Shire, as well as surf retail, wholesale and many home based surf businesses providing an important contribution to the local surf supply chain. Redevelopment of the Surf City precinct has been investigated to strengthen Surf Coast Shire's position as Australia's leading surf destination - and to leverage business and branding opportunities.

Surf Coast Shire is home to a range of unique, world leading surf assets, including:

- Natural, world renowned surf assets and conditions, headlined by the Bells Beach Surfing Recreation Reserve.
- Birth place of Rip Curl and Quiksilver and current Rip Curl global and Quiksilver Asia Pacific headquarters.
- Home of Surfing Victoria, one of the oldest surfing administration organisations in the world and the largest State Sporting Organisation in Victoria not based in Melbourne.
- Australian National Surfing Museum (SurfWorld Museum) the world's largest and only accredited surfing museum.
- Highly technical and innovative surf businesses at the leading edge of equipment and apparel design and development.
- One of the most intensive surf industry/ activity clusters in the world – Surf City & Baines Crescent precinct.
- The largest Surf Lifesaving club in Victoria (Anglesea)
- Home of Torquay Boardriders Club – one of Australia's largest and most active boardriding clubs.

The importance of Surf Coast Shire's surf assets is highlighted by the prevalence of surfing as a purpose of visiting the Shire compared to other key surf destinations in Australia. In comparison to other major surf areas nationally, Surf Coast Shire has a very high proportion of visitors that go to the beach and go surfing – and considerably more visitors that go to the beach per capita than the likes of Byron Bay, Gold Coast and Augusta-Margaret River. This highlights the important contribution of surf assets in driving local economic activity.

A series of ongoing investments and development initiatives are required to support the growth and development of the surf industry locally; including focus on infrastructure, business skills development and training.

Analysis of consultation and surveys of businesses in Surf Coast Shire identified a range of initiatives and requirements necessary to facilitate further growth of the surf industry into the future:

- The retention and protection of Surf Coast Shire's surf culture, history and key surf assets such as Bells Beach, is critical to supporting the long term sustainability of the local surf industry.

- Clear and concise messaging and brand promotion of Surf Coast Shire and particularly Torquay is important to attract domestic and overseas visitors, growing the industry, and retaining key surf businesses. Key messages include:
  - Branding as 'The Home of Australian Surfing' and 'Start of the Great Ocean Road'.
  - A world leader of surf industry innovation and development.
  - A unique combination of surf assets.

  There is potential to extend Surf Coast Shire experiential tourism product base to target a non-surf tourism market, through promotion of both ocean based and land based 'adventure' and recreational activities throughout the year. This would:
  - Increase Surf Coast Shire's appeal as a destination for visitors to come and stay, rather than pass through on the way to other nearby attractions.
  - Capture more visitor spend locally.
  - Alleviate some of the seasonality issues the industry currently experiences, by providing options to attract visitors during traditionally non-peak periods.
- There is potential to promote the SurfWorld Museum as an attraction for interstate and international visitors, leveraging the facility's status as the world's largest and only accredited surfing museum in the world.
- There may be potential to develop a Surf Centre of Excellence training facility to provide career pathways and high performance training for surf related activities and careers. The Centre would also provide an opportunity to export education overseas through engagement of international students.
- Infrastructure upgrades, in particular road infrastructure - including better signage, parking and supporting facilities, would improve access to key surf assets and attract greater visitation and visitor spend locally. For example signage promoting Torquay as the *Start of the Great Ocean Road* combined with enhanced infrastructure and ancillary signage, would increase visitor awareness and encourage stop overs and subsequent visitor spend.
- Enhanced industry networking and leadership are required to facilitate greater industry coordination and manage growth potential. This includes improved accessibility and responsiveness between industry and local government and strong support by local government in promoting and building Surf Coast Shire's surf brand.

While industry growth should be encouraged, it is important not to lose sight of the strong surf culture and history in Surf Coast Shire, which couldn't exist without the world class surf assets in Surf Coast Shire. Any activities undertaken to promote and grow the industry should also seek to retain and maintain Surf Coast Shire's surf culture and niche products and experiences provided.

6.2 Recommendations

In consideration of the analysis undertaken in this study and the findings outlined above, the following recommendations are made.

Recommendation 1: Implement and extend Surf Coast Shire branding as the 'home of Australian surfing' in Torquay and 'start of the Great Ocean Road'. *Seek to secure and deliver new surfing events throughout Surf Coast*:

Rationale: There is an opportunity to leverage the globally recognised surf assets (including Torquay and Bells Beach Surfing Recreation Reserve) and local industry in Surf Coast Shire. There has been extensive research and branding analysis behind the development of the Surf Coast Shire as the 'home of Australian surfing' in Torquay and 'start of the Great Ocean Road'. This branding and associated collateral, when complete, should be used in all surf promotion and branding activities in Surf Coast Shire to support continued development and generation of high value jobs and economic growth locally. There is a unique opportunity to promote the cooler months as the best surfing conditions.

In addition, new events could be attracted in the off peak seasons at different locations across Surf Coast Shire. There may also be potential to integrate with, and expand to, a broader recreational and adventure sport experience in Surf Coast Shire.

Recommendation 2: Identify, prioritise and implement key surf industry infrastructure requirements.

Rationale: Industry consultation and surveying identified many visitors to the Geelong and Great Ocean Road region bypass key townships in Surf Coast Shire (e.g. Torquay) and come and go from the Shire without spending locally. Potential infrastructure enhancements should be investigated to improve signage, awareness and accessibility of Surf Coast Shire assets, as well as overall visitor experiences.

Options for securing funding for infrastructure development should be explored, and business cases developed to support funding applications and requests. Torquays CBD should better reflect the history and significance of surfing. This should include development of promotional collateral marketing the importance of the local surf industry and assets. This material should present a consistent and aligned regional/ industry message supported and reinforced by key stakeholders.

Recommendation 3: Enhance, expand and promote the Australian National Surfing Muesum (SurfWorld Museum) and develop the Surf City precinct as a key destination and visitor attractor.

Rationale: The SurfWorld Museum is the largest and only accredited surfing museum in the world and has historically recorded high levels of visitation from international and interstate visitors. This asset should be leveraged and promoted as a drawcard to attract greater levels of international and interstate visitation to Surf Coast Shire. Options for refurbishing and/ or expanding the SurfWorld Museum to provide an enhanced offering should be investigated.

To unlock the full potential of this facility, options for enhancing and integrating the surf culture, atmosphere and ambience throughout the museum, visitor centre and Surfing Victoria should be explored.

Recommendation 4: Facilitate enhanced access to Baines Crescent/ Surf City precinct through street-scaping and masterplanning.

Rationale: Consultation and surveying of businesses, as well as previous research, identified a desire by local industry to provide an integrated, connected and revitalised precinct to showcase the significant local surf culture and history and provide a key visitor destination offering surf retail, cafés, the visitor information centre and SurfWorld Museum.

Options for masterplanning and revitalising the precinct should be investigated. This should include options for improving accessibility, enhanced parking options and improved connectivity with the Torquay CBD.

Recommendation 5: Investigate Developing a Surf Centre of Excellence.

Rationale: Surf Coast Shire has world class surf assets, history, culture and a strong and multifaceted surf industry. There may be potential for a Surf Centre of Excellence training facility, aimed at providing not only high performance training for surf related activities, but also a longer term surf industry career pathways and skills development.

Specifically, the ability to not only service the competitive surfer, but also take a leadership role in supporting the recreational surfer to improve their surfing could be provided by such a centre. This appears to be an untapped market that may provide a sustainable business opportunity and enhance the surfing experience to the wider population.

The feasibility and business case of such a facility should be investigated to support investment attraction.

Recommendation 6 Facilitate and implement a small business network and cluster enhancement/ innovation development program.

Rationale: Consultation and surveying with businesses highlighted an opportunity for enhanced industry networking to identify and discuss issues and opportunities to progress the surf industry locally. A small business network would provide opportunities for greater communication and responsiveness between local government and the local surf industry. It is recommended a program be facilitated and implemented to support small business development and networking, as well as supporting and promoting innovation in the surf industry, discussion of procurement patterns and local supply options.

This needs to be facilitated and led by an external organisation (e.g. Council) but focussed on the needs and requirements of the local industry and business. There are a number of localised professional service businesses, which could play a role in the provision of support and training.

Recommendation 7: Form a closer working relationship with Surfing Victoria and jointly pursue projects to advance the surfing industry.

Rationale: The significance of surf industry to Surf Coast Shire presents several opportunities to pursue. The location of Surfing Victoria's headquarters in Torquay provides an excellent platform for a collaborative approach to identifying and pursuing key projects. This could also include the formation of an implementation committee to enact the above recommendations.

Responses from the business surveys highlighted better promotion, increased leadership and cohesiveness and improved government support as being required to support the surf sector. Closer ties with Surfing Victoria would achieve all of these aspects and help drive the sustainability and growth of the sector.

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Appendix A: Literature Review

Australian Surf Capital Project: The Home of Australian Surfing, Torquay (GHD & Royce, 2014)

This report was undertaken in response to declining visitation to Torquay following the completion of the Geelong bypass. Since the Geelong by-pass opened, the way visitors to Great Ocean Road access the coast has changed. Increasing volumes of traffic now approach the Great Ocean Road via Anglesea or inland direct to Lorne by-passing Torquay.

The by-pass has made the Great Ocean Road more accessible, reducing travel times from Melbourne: however, at the same time it has redirected visitors away from Torquay (see table below).

Table A.1. Domestic Visitor Nights '000 (2011-2013)

Indicator	2011	2012	2013
Visitors to Surf Coast Shire	1,720	1,793	1,819
Visitors to Torquay	654	506	557
% of Visitors to the Shire that Visit Torquay	38.0%	28.2%	30.6%
Annual Relative Change	Base Case (100.0%)	-25.5%	24.2%

Source: GHD & Royce (2014), TRA (2014)

In addition to the impacts of the bypass the Torquay region is undergoing further significant change, with urban growth transforming Torquay from a small coastal surfing town to an urban growth area within the Geelong corridor.

In response to these challenges, Council engaged consultants GHD and Royce to develop a concept capable of transforming Torquay's Surf City precinct, Visitor Information Centre (VIC) and Surf World Museum into a destination that can:

- Maintain and strengthen Torquay's position in surfing.
- Protect the integrity of Torquay's surfing culture and comprehend its nuances.
- Leverage business and branding opportunities resulting from Torquay's international surfing identity and status; to increase tourism and business investment and employment in Torquay and develop stronger connections between Torquay's community and surfing culture, especially for new residents.

Key aspects of the Torquay area identified in the report include:

- Torquay's surf culture and surf businesses have given rise to an iconic brand for Torquay, one which is recognised internationally, even when it is geographically distant from major world markets.
- As the spiritual home of Australian surfing Torquay has a rich history of characters and events.
- As the business home of Australian Surfing Torquay is a globally recognised 'cluster' of technology, innovation, expertise, with an entrepreneurial spirit. The diverse surf industry and surf related businesses are a large employer in Torquay. The depth of Torquay's surf industry is a sector that needs to be fully mapped to better understand its significance.
- The Event Home: As the event home of Australian Surfing it has the world's oldest running surfing event, The Rip Curl Pro.

Visitor behaviour is changing. The Geelong Tourism Victoria research as well as local trader feedback shows visitation to Torquay has reduced in the year the by-pass opened. The surf industry born out of Torquay's surf heritage has developed into an economic force for the region, but it too is facing huge challenges:

- Retail conditions are forcing Torquay's surf businesses to change their focus as surfing culture and lifestyle has become mainstream, and is no longer as unique.
- Increased competition from other key surf cities such as Manly and the Gold Coast.

Key brand recommendations arising from the analysis include:

- Council should adopt 'The Home of Australian Surfing' brand for Torquay and create a compelling visual language that can be extended beyond broader Torquay.
- Initiate actions to market the 'Start of the Great Ocean Road' with the 'Home of Australian Surfing' brand.
- Adopt a comprehensive signage strategy that reinforces to visitors that Torquay is 'The Home of Australian Surfing' and the start of the Great Ocean Road. This is important in building awareness, in directing visitors appropriately, and in assisting the connection between the precinct with Torquay's town centre and beach front.
- Develop and maintain a comprehensive events program that showcases Torquay as 'The Home of Australian Surfing'.
- Develop a comprehensive plan for the Torquay town centre, including an urban design framework which seeks to create a stronger sense of place by providing further connectivity between Torquay's existing town centre, its beaches, the redeveloped Surf City precinct and Torquay's main entrances.
- Change the current name of the Surf World Museum to the 'Australian National Surfing Museum'; as part of reinforcing Torquay's surf brand.

Beach and Surf Tourism and Recreation in Australia: Vulnerability and Adaptation (Raybould *et al*., 2013)

The 'Beach and Surf Tourism and Recreation in Australia: Vulnerability and Adaptation' (BASTRA) project was undertaken with the aim of improving the understanding of current beach recreation values and how the values might be altered by climate change over the remainder of this century.

The study utilised a multimodal data collection, including face-to-face, mail out, and online surveys. Surf Coast Shire was assessed as one of four study regions, registering 318 resident survey responses and 248 beach user responses. The survey responses indicate that 99% of Surf Coast Shire residents visit the beach for recreational purposes and on average visit the beach 122 times per year (see table below).

Table A.2. Resident Beach Visitation Patterns

Location	Visited Beach in Previous 12-Months (% of Respondents)	Mean Annual Beach Visits	Mean Time Spent on the Beach (Mins)
Sunshine Coast	93%	84	98
Clarence Valley	94%	102	115
Margaret River	98%	138	98
Surf Coast Shire	99%	123	84

Source: Raybould *et al.* (2013)

The Travel Cost Method (TCM) was utilised to estimate resident recreational value based on the survey responses. Tourism Research Australia (TRA) expenditure data was utilised in combination with survey responses to develop an estimate of beach-related visitor expenditure levels. Surf Coast Shire registered an annual resident recreational value of $6.1 million, and annual tourist expenditure value of $106.6 million (see table below).

Table A.3. Recreational and Tourism Expenditure Values

Location	Annual Value of Resident Recreation ($M)	Annual Value of Tourist Expenditure Related to Beaches ($M)
Sunshine Coast	$69.6	$270.2
Surf Coast Shire	$6.1	$106.6
Clarence Valley	$31.6	$32.1
Margaret River	$3.7	$24.6

Source: Raybould *et al.* (2013)

Cluster Theory and Competitive Advantage: The Torquay Surfing Experience (Stewart, Skinner & Edwards, 2008)

This research was undertaken in order to investigate the global expansion of the Rip Curl and Quiksilver surfing brands through the lens of Michael Porter's cluster theory of competitive advantage.

Porter's cluster theory was used to identify the special features of the Torquay region in Australia, and explain how these features provided the conditions for the explosive international growth of these businesses.

The research involved interviews, document analysis, and field trips to the Torquay region. It was found that the successes of Rip Curl and Quiksilver were not only the consequence of a historically strong surf culture but also the result of their ability to innovate and design superior surf products, develop strong inter-organisational synergies, and the international exposure from their association with the annual Bells Beach surfing contest.

Of particular importance to the companies' development was the Torquay region's surrounding geography, imbedded surfing culture, its industry context and competitive climate, the organisational processes, and inter-organisational synergies.

Of note:

- The Torquay region was already a focal point for surfing and as result a strong surfing culture was established. This provided not only a ready market for both Rip Curl and Quiksilver, but also a well-informed and critical one where the special needs of surfers were clearly identified.
- The close proximity of the two suppliers created a strong competitive climate in which ideas for product improvement were shared on one hand, but where innovation was used to provide a marketing edge over its rival on the other.
- The growth of the fledgling Torquay cluster attracted an eclectic array of surfing nomads, surf board makers, surf shops, skilled employees, and outsourcers.

Major Events Evaluation: Rip Curl Pro 2013 Headline Report (Victorian Government, 2013)

The Rip Curl Pro 2013 generated an estimated unconstrained economic benefit of $2.2 million to Victoria (see table below).

The economic benefit was driven predominately by the spending of an estimated 1,740 interstate and 1,492 international visitors who either came to Victoria specifically for the event or extended their stay in Victoria because of the event (21.2% of all visitors to the event).

Table A.4. Rip Curl Pro 2013 Economic Benefit

Factor	Total ($'000)
Direct in-Scope Expenditure	$1,181
General Input-Output Multiplier (Value of 1.86)	NA
Estimated Unconstrained Economic Benefit	**$2,197**

Source: Victorian Government (2013)

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Appendix B: Engagement Program

AEC undertook a consultation and survey program with surf industry participants to discuss key operational characteristics, history, issues/ obstacles for their business and the surf industry in general, and potential opportunities to support their business and broader surf industry grow. Topics covered through consultation and surveying are outlined in the business survey instrument (see Appendix C).

The consultation process involved:

- One-on-one, face-to-face consultation with major surf businesses on 19th and 20th June 2014. Findings from consultation were used to inform and refine survey instrument development. Businesses engaged during consultation included:
    - GBoards/ Modom.
    - Go Ride a Wave.
    - Great Ocean Road Surf Tours.
    - Moonlight Laminating.
    - Quiksilver.
    - Reef.
    - Rip Curl.
    - Strapper.
    - Surfing Victoria.
- An online survey of businesses in Surf Coast Shire that ran from 21st August 2014 to 18th September 2014. A copy of the survey questions is provided in Appendix C.
- The consultation and online survey was supplemented with face-to-face surveying of businesses on 17th, 18th and 24th September.

A total of 74 valid surveys were received, in addition to the nine businesses consulted, for a total of 83 valid respondents (though not all survey and consultation responses were valid for all questions).

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Appendix C: Business & Industry Survey

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SURF COAST SURF INDUSTRY ECONOMIC CONTRIBUTION QUESTIONNAIRE

August 2014 Use Only

Internal Use Only

Unique ID number
____

Introduction

AEC Group Pty Ltd has been engaged by Surf Coast Shire Council to identify the economic contribution of the surfing industry to the Surf Coast Shire. The following questionnaire has been developed to assist in understanding and quantifying the contribution and importance of the surfing industry to the local economy.

For the purposes of this survey:

- A surf-related activity refers to both active and passive surfing and related recreational activities (e.g., actively participating in or watching surfing at the beach, participating in or attending surf historical or cultural/ amenity activities).
- Organisations in the surf industry are defined as follows:
  - Any business or other organisation (including clubs) that produce/ provide goods or services directly related to undertaking a surf-related activity (e.g., surf clothing and equipment design, manufacture, retail and repair, surf lifesaving, surf education, surf tourism, surf event organisation).
  - Other businesses or organisations (including clubs) that have located to the Surf Coast specifically to service consumers undertaking surf-related activity.
  - Any business or other organisation (including clubs) that produce/ provide goods or services that are consumed by visitors to the Surf Coast Shire whose primary purpose of visit is to undertake a surf-related activity.

The surf industry is thereby defined as the organisations supplying the goods and services consumed while undertaking surf-related activities, as well as those organisations providing other goods and services to people attracted to the Surf Coast Shire for surf-related activities.

It is anticipated that many businesses will generate revenue through a mix of surf-related activity and other activities. Respondents will be asked to provide an estimate as to what proportion they believe their organisation's revenue is derived from surf-related activity.

All questions (unless otherwise stated) relate to operations conducted by that part of your organisation located in Surf Coast Shire.

Study findings will be utilised by Council to assist in the following activities:

- Brand Surf Coast Shire
- Attract investment
- Secure funding
- Facilitate existing business growth
- Highlight Surf Coast Shire's unique economy
- Lobby government

The survey should take approximately 10 minutes of your time.

CONFIDENTIALITY - Once information processing has been completed and quality assurance procedures have been undertaken, please be assured that your name and contact details will be removed from your responses to this survey.

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SURF COAST SURF INDUSTRY
ECONOMIC CONTRIBUTION QUESTIONNAIRE

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Section A: General Information

Q1. What is the name of the organisation you represent?	Write in organisation name: ______________________
Q2. Where is the organisation you represent located? (i.e., physical address of operations)	*Select all options that apply* 1 O Surf Coast only 2 O Other areas in Victoria 3 O Interstate 4 O Overseas
Q3. What activities/ services does the organisation you represent undertake? Please describe the key products, services or goods your organisation produces or provides. For example, if your organisation is a: • Retail business only: indicate activity 1 as "retail". • Retail business that also manufactures goods (e.g.: clothing and surfboards): indicate activity 1 as "retail", activity 2 as "clothing manufacturing" and activity 3 as "surf equipment manufacturing". • Hotel/ motel: indicate activity 1 as "accommodation". If your operation also includes a bar/ restaurant, indicate activity 2 as "food and beverage service". • Community club: indicate activity 1 as "club" and describe what your club does.	*Enter as many activities as relevant* 1 Activity 1:______________________ 2 Activity 2:______________________ 3 Activity 3:______________________ 4 Activity 4:______________________ 5 Activity 5:______________________ 6 Other: ______________________
Q4. What year did the organisation you represent commence operations in Surf Coast Shire?	Write in year of commencement: ____________

Section B: Revenue

	Revenue for Surf Coast Operations Only [Only revenue generated by operations based in the Surf Coast Shire]
Q5. Which band best represents the organisations operations revenue in the latest financial year (2013-14)? Please respond for just your organisations Surf Coast Shire operations only Revenue indicated should include total sales revenue and/or takings from goods/ services provided, as well as membership fees, donations, grants, public funding and any other income received for the provision of goods/ services produced by the organisation you represent.	1 O $0 to less than $50,000 2 O $50,000 to less than $200,000 3 O $200,000 to less than $500,000 4 O $500,000 to less than $1,000,000 5 O $1,000,000 to less than $2,000,000 6 O $2,000,000 to less than $5,000,000 7 O $5,000,000 to less than $10,000,000 8 O $10,000,000 to less than $20,000,000 9 O $20,000,000+ 10 O Unsure
Q6. Is 100% of your organisations **Surf Coast operations (i.e., Q5)** revenue related to the surf industry? For a definition of the surf industry, please refer to the Introduction section of this survey.	1 O Yes ➔ *SKIP TO Q8* 2 O No
Q7. How much of your organisations **Surf Coast operations (i.e., Q5)** revenue would you estimate is related to the surf industry? For a definition of the surf industry, please refer to the Introduction section of this survey.	1 % of revenue: _________% 2 O Unsure

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SURF COAST SURF INDUSTRY ECONOMIC CONTRIBUTION QUESTIONNAIRE

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Q8. How was your organisations **Surf Coast operations (i.e., Q5)** revenue spread across your organisation's various activities in 2013-14? Activities identified in Q3 should be used for this question, in the same order presented in Q3.	*Enter as many activities as relevant. Total of responses should **sum to 100%*** 1 % of Surf Coast Turnover Activity 1: _______% 2 % of Surf Coast Turnover Activity 2: _______% 3 % of Surf Coast Turnover Activity 3: _______% 4 % of Surf Coast Turnover Activity 4: _______% 5 % of Surf Coast Turnover Activity 5: _______% 6 % of Surf Coast Turnover Other Activities: _______%
Q9. What percentage of your organisation's **Surf Coast Shire operations** trade is conducted locally (within Surf Coast Shire), regionally (within 40 – 100km), nationally and internationally.	*Enter as many activities as relevant. Total of responses should **sum to 100%*** 1 % of Surf Coast Turnover Sold Locally (Within Surf Coast Shire): _______% 2 % of Surf Coast Turnover Sold Regionally (40-100km): _______% 3 % of Surf Coast Turnover Sold to the Rest of Australia: _______% 4 % of Surf Coast Turnover Sold Internationally : _______%

Section C: Employment

Q10. As at June 30th 2014, how many staff were employed at your organisation's Surf Coast Shire operations? Please indicate full time, part time/ casual, and contracted labour separately. Please exclude any voluntary or non-remunerated workers, as this will be examined question 11 below.	1 Full Time Labour: __________ people 2 Part Time/ Causal Labour: __________ people 3 Contracted Labour: __________ people for __________ hours
Q11. What was your organisation's expenditure on staff/ labour for Surf Coast Shire operations in 2013-14? Please indicate full time, part time/ casual, and contracted labour in aggregate. Include wages/salaries, commissions, bonuses, superannuation, and taxes such as payroll and workers compensation. Exclude other on-costs such as floorspace, computers, equipment, etc.	1 Total labour cost: $__________ 2 O Unsure
Q12. Did your organisation use volunteers or any other unpaid labour in 2013-14?	1 O Yes 2 O No → *SKIP TO Q13* 3 O Unsure → *SKIP TO Q13*

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ECONOMIC CONTRIBUTION QUESTIONNAIRE

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Q13. How many hours (approximately) of volunteered or unpaid labour did your organisation use in 2013-14?	1 Number of Hours: _________

Section D: Surf Industry Outlook

	Q14_1. **Revenue** for Surf Coast Operations	Q14_2. **Employment** for Surf Coast Shire Operations
Q14. Over the **past three years**, how has your organisation's performance changed across the following?	1 O Decreased >10% 2 O Decreased 0-10% 3 O Remained Steady 4 O Increased 0-10% 5 O Increased >10% 6 O Unsure 7 O Not Relevant	1 O Decreased >10% 2 O Decreased 0-10% 3 O Remained Steady 4 O Increased 0-10% 5 O Increased >10% 6 O Unsure 7 O Not Relevant
	Q15_1. **Revenue** for Surf Coast Operations	Q15_2. **Employment** for Surf Coast Shire Operations
Q15. Over the **next three years**, what are your expectations for the following?	1 O Decrease >10% 2 O Decrease 0-10% 3 O Remain Steady 4 O Increase 0-10% 5 O Increase >10% 6 O Unsure 7 O Not Relevant	1 O Decrease >10% 2 O Decrease 0-10% 3 O Remain Steady 4 O Increase 0-10% 5 O Increase >10% 6 O Unsure 7 O Not Relevant

Q16. What do you consider to be the top three issues/ obstacles facing the Surf Coast Shire's surf industry? Please respond in order of importance.	1 ______________________ ______________________ ______________________ ______________________ 2 ______________________ ______________________ ______________________ ______________________ 3 ______________________ ______________________ ______________________ ______________________
Q17. What do you consider to be the top three opportunities for future growth of the Surf Coast Shire surf industry? Please respond in order of importance.	1 ______________________ ______________________ ______________________

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ECONOMIC CONTRIBUTION QUESTIONNAIRE

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	________ 2 ________ ________ ________ ________ 3 ________ ________ ________ ________
Q18. What is the single most important thing that needs to happen locally to support the surf industry to grow?	1 ________ ________ ________ ________

Contact Details

Thank you for completing the survey today. This survey has been conducted by AEC market research on behalf of Surf Coast Shire Council. Should you wish to confirm the authenticity of this survey please contact:

Surf Coast Shire Council: Matthew Taylor, Project Manager (03) 5261 0600

Quality Check

As part of our quality assurance procedures 1 in 20 of survey respondents are contacted to confirm their responses. May we contact you to conduct this check?	1 ☐ Yes 2 ☐ No → *End of survey*
If yes please record name and contact number	Name: ________ Contact Number: ________

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Appendix D: Economic Contribution Model Methodology

Overview of Approach

The economic contribution estimates in this report are produced using a 20 sector[8] 2013 Input-Output transaction table for Surf Coast Shire's economy produced by REMPLAN (2014) and a significance assessment model (using Input-Output multipliers) developed by AEC for the purposes of this assessment. The surf related component of each sector was split out from the non-surf related component of each sector in the transaction table based on findings from the business survey and consultation undertaken by AEC.

The significance assessment model was used to produce estimates of the direct and flow-on contribution of the surf industry to Surf Coast Shire's economy in terms of output, gross value added activity, employment and income (i.e., wages and salaries). The benefit of undertaking a significance assessment approach compared to a standard multiplier approach is that a significance assessment prevents any potential double counting of the contribution of an industry that standard Input-Output multipliers produce.

Overview of Input-Output Modelling

Input-Output analysis demonstrates inter-industry relationships within an economy, depicting how the output of one industry is purchased by other industries, households, the government and external parties (i.e. exports), as well as expenditure on other factors of production such as labour, capital and imports. Input-Output analysis shows the direct and indirect (flow-on) effects of one industry on other industries and the general economy. As such, Input-Output modelling can be used to demonstrate the economic contribution of an industry on the overall economy and how much the economy relies on this industry or to examine a change in final demand of any one industry and the resultant change in activity of its supporting industries.

The economic contribution can be traced through the economic system via:

- **Direct impacts**, which are the first round of effects from direct operational expenditure on goods and services.
- **Flow-on impacts**, which comprise the second and subsequent round effects of increased purchases by suppliers in response to increased sales. Flow-on impacts can be disaggregated to:
    - **Industry Support Effects (Type I)**, which represent the production induced support activity as a result of additional expenditure by the industry experiencing the stimulus on goods and services in the intermediate usage quadrant, and subsequent round effects of increased purchases by suppliers in response to increased sales.
    - **Household Consumption Effects (Type II)**, which represent the consumption induced activity from additional household expenditure on goods and services resulting from additional wages and salaries being paid within the economic system.

These effects can be identified through the examination of four types of impacts (or contributions):

- **Output**: Refers to the gross value of goods and services transacted, including the costs of goods and services used in the development and provision of the final product. Output typically overstates the economic impacts as it counts all goods and services used in one stage of production as an input to later stages of production, hence counting their contribution more than once.

[8] Based on the 19 major industry divisions represented in the Australian and New Zealand Standard Industrial Classifications (ABS, 2013), with ownership of dwellings split out from the rental, hiring and real estate services division.

- **Value added**: Refers to the value of output after deducting the cost of goods and services inputs in the production process. Value added defines the true net contribution and is subsequently the preferred measure for assessing economic impacts.
- **Income**: Measures the level of wages and salaries paid to employees of the industry under consideration and to other industries through flow-on activity.
- **Employment**: Refers to the part-time and full-time employment positions generated by the industry under consideration, both directly and indirectly through flow-on activity, and is expressed in terms of full time equivalent (FTE) positions.

Input-Output Modelling Assumptions

The key assumptions and limitations of Input-Output analysis include:

- **Lack of supply-side constraints**: The most significant limitation of economic impact analysis using Input-Output multipliers is the implicit assumption that the economy has no supply-side constraints so the supply of each good is perfectly elastic. That is, it is assumed that extra output can be produced in one area without taking resources away from other activities, thus overstating economic impacts. The actual impact is likely to be dependent on the extent to which the economy is operating at or near capacity.
- **Fixed prices**: Constraints on the availability of inputs, such as skilled labour, require prices to act as a rationing device. In assessments using Input-Output multipliers, where factors of production are assumed to be limitless, this rationing response is assumed not to occur. The system is in equilibrium at given prices, and prices are assumed to be unaffected by policy and any crowding out effects are not captured. This is not the case in an economic system subject to external influences.
- **Fixed ratios for intermediate inputs and production (linear production function)**: Economic impact analysis using Input-Output multipliers implicitly assumes that there is a fixed input structure in each industry and fixed ratios for production. That is, the input function is generally assumed linear and homogenous of degree one (which implies constant returns to scale and no substitution between inputs). As such, impact analysis using Input-Output multipliers can be seen to describe average effects, not marginal effects. For example, increased demand for a product is assumed to imply an equal increase in production for that product. In reality, however, it may be more efficient to increase imports or divert some exports to local consumption rather than increasing local production by the full amount. Further, it is assumed each commodity (or group of commodities) is supplied by a single industry or sector of production. This implies there is only one method used to produce each commodity and that each sector has only one primary output.
- **No allowance for economies of scope**: The total effect of carrying on several types of production is the sum of the separate effects. This rules out external economies and diseconomies and is known simply as the "additivity assumption". This generally does not reflect real world operations.
- **No allowance for purchasers' marginal responses to change**: Economic impact analysis using multipliers assumes that households consume goods and services in exact proportions to their initial budget shares. For example, the household budget share of some goods might increase as household income increases. This equally applies to industrial consumption of intermediate inputs and factors of production.
- **Absence of budget constraints**: Assessments of economic impacts using multipliers that consider consumption induced effects (type two multipliers) implicitly assume that household and government consumption is not subject to budget constraints.

Despite these limitations, Input-Output techniques provide a solid approach for taking account of the inter-relationships between the various sectors of the economy in the short-term and provide useful insight into the quantum of final demand for goods and services, both directly and indirectly, likely to be generated by a project or industry.

Significance Assessment Versus Impact Assessment

The framework employed in significance assessment **differs from that employed in standard economic impact analysis** in that economic significance assessment primarily seeks the contribution of an existing industry as opposed to the impact of a "stimulus" in a particular industry or in several industries (West, 1993). The usual approach of comparing what the economy would be with and without the industries whose contributions are to be assessed does not work because the inter-relationship between industries means whether or not the industries to be assessed exist, there will still be demand for their outputs (e.g., a complete vehicle needs tyres so that whether or not the entire tyre manufacturer is closed down, the car manufacturer's demand for tyres still exists). From a modelling stance, this problem is solved by assuming that demand for outputs of the industries to be assessed will instead be met by imports.

Further, the nature of the significance assessment approach precludes the potential for any double counting of the contribution an industry makes across different impact types (i.e., direct, type I flow-on and type II flow-on). It does so by explicitly transferring the direct contribution of the industry in question to "outside the economy", and thereby removing the internal inter-relationships within the industry that would typically be captured using standard Input-Output mutlipliers. In this way, the total contribution can never equal more than the total for the economy being examined.

Estimation of Surf Share of Industry

The model used in this assessment are derived from a Surf Coast Shire transaction table for 2013 produced by REMPLAN (2014). The transaction table used represented the 19 major industry divisions presented in the Australian and New Zealand Standard Industrial Classifications (ANZSIC) (ABS, 2013), with ownership of dwellings split out from the rental, hiring and real estate services division. Employment by industry estimates in REMPLAN were for 2011. There were adjusted to 2013 by applying the total change in employment in Surf Coast Shire using Small Area Labour Market data from the Department of Employment (2014) to the 2011 REMPLAN employment estimate of 7,100, and assuming the employment structure in 2011 remained constant.

The surf industry, much like the tourism industry, is not specifically represented by ANZSIC and thereby is not specifically represented in the transaction table. Rather, the surf industry is imbedded within a number of industries, even at more detailed ANZSIC levels than used in this project. To understand the contribution of the surf industry to the economy it is necessary to separate the surf component from the non-surf component for each of the 19 industry divisions examined, as well as ownership of dwellings.

AEC undertook consultation with major surf businesses (see Appendix B) and surveying of businesses in Surf Coast Shire (see Appendix C) to identify a range of estimates regarding business activity and the proportion of business activity directly related to the surf industry. This included questions designed to identify the industries in which each business most closely corresponds to, and the share of business activity in each industry.

In total, 78 surveys were received, of which 74 were deemed suitable for inclusion in analysis either in full or in part[9]. Nine organisations were consulted and their responses were added to the survey data, giving 83 responses included for analysis.

Some key surf industry businesses did not provide estimates of turnover for confidentiality reasons. Where this was the case, and employment estimates were provided, AEC used output per employee multipliers from REMPLAN (2014) for relevant industry activities and applied these to employment estimates to develop an indicative turnover figure for inclusion in the analysis.

Survey and consultation respondents were asked to provide estimates of the proportion of their turnover that was surf related. Turnover estimates for surf related activity by businesses responding that 100% of their activity is surf related were developed (by ANZSIC industry), and these were included in the economic significance assessment as part of the direct contribution of the surf industry.

[9] Some respondents did not complete or answer all questions. These partially completed surveys were included in the analysis for the questions that were completed only.

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To estimate the direct surf contribution of other businesses in the broader Surf Coast Shire economy, the average for all respondents that indicated less than 100% of their activity was surf related was used, broken down by ANZSIC industry[10]. These estimates were applied to total industry output by ANZSIC industry from REMPLAN (2014).

In identifying the proportion of surf related activity in the broader economy (i.e., outside of those survey respondents that reported 100% of their activity is surf related), some data integrity issues were encountered due to low response rates at an ANZSIC level. Assumptions were made regarding the direct proportion of industry activity that is surf related for the following ANZSIC industries:

- Transport, postal and warehousing: Assumed 10% of broader activity in Surf Coast Shire is surf related, supporting the transport needs of surf related visitors to Surf Coast Shire.
- Information media and telecommunications: Assumed 2.5% of broader activity in Surf Coast Shire is surf related, primarily through provision of internet and postal services to surf related visitors to Surf Coast Shire.
- Rental, hiring and real estate services: Assumed 5% of broader activity in Surf Coast Shire is surf related, primarily through lease of surf equipment. Approximately a further 1% of overall industry activity was identified as surf related through those survey and consultation respondents indicating 100% of their turnover is surf related.
- Administrative and support services: Assumed 2.5% of broader activity in Surf Coast Shire is surf related, primarily through ticketing and tour sales.
- Education and training: Assumed 2.5% of broader activity in Surf Coast Shire is surf related, primarily through provision of surf schools and education. Approximately a further 5% of overall industry activity was identified as surf related through those survey and consultation respondents indicating 100% of their turnover is surf related.
- Arts and recreation services: Assumed 10% of broader activity in Surf Coast Shire is surf related, primarily through surf clubs and similar surf organisations. Approximately a further 4% of overall industry activity was identified as surf related through those survey and consultation respondents indicating 100% of their turnover is surf related.
- Other services: Assumed 2.5% of broader activity in Surf Coast Shire is surf related, primarily through surf interest groups and professional associations, equipment repair, and personal care services. Approximately a further 16% of overall industry activity was identified as surf related through those survey and consultation respondents indicating 100% of their turnover is surf related.
- Ownership of dwellings: Assumed approximately 18% of broader activity in Surf Coast Shire is surf related, primarily through provision of properties for short term lease to surf related visitors. This percentage was used as it is equivalent to the proportion of activity identified for accommodation and food services, which also provides short term stay accommodation.

Significance Assessment Approach

The shares that surf contributes to each major industry division are utilised to expand the original Input-Output table to separate these industries into their surf related and non-surf related components to facilitate the economic significance assessment of the surf industry in isolation. Once the transaction table is complete, the significance model is developed through the development of coefficients as per West (1993).

This approach effectively assumes the production functions for surf-related components and non-surf related components of each major industry division are the same. Since the relationship between surf and non-surf components of each major industry division is likely to differ, the estimates of economic activity produced are indicative only.

[10] The average of only those responding less than 100% was surf related was used as it was conservatively assumed that inclusion of businesses that are 100% surf related would artificially inflate the proportion of surf related activity within the broader economy.

As the transaction tables provided by REMPLAN (2014) are for 2013, the assessment of the contribution provided by the surf industry represents the industry's contribution in 2013.






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