

# **Prosperous Places: Research informing the development of the Surf Coast Shire Economic Development Strategy**

January 2021



# What is prosperity?

For this strategy, a definition of prosperity is needed.

It means we're striving for more than just material wealth or growth. The word contains a sense of optimism, sustainability and takes a long-term view and aims to deliver a better quality of life.

The Surf Coast is now, more than ever, a place where people want to live work and visit. It is a beautiful place that is thriving in many ways.

It is common when talking about the economy and business success to use the money as the sole measure of success.

However, 56% of people choose to run businesses on the Surf Coast because of lifestyle. *Therefore, business attraction, growth and success on the Surf Coast is connected to our quality of life.* How can businesses continue to thrive and enhance our quality of life?

Over 90% of businesses on the Surf Coast are small businesses. The Surf Coast has a history of innovative people earning enough to enjoy a quality of life not available in other areas.

**Prosperous people** live in a safe, healthy and connected community where their skills are recognised and there is an opportunity for work and further education.

Thriving **places** have a healthy and diverse natural environment that is protected and enjoyed by locals and visitors. Our town centres and public spaces express our unique character and local culture.

If we consider how our businesses, people and places can *all* thrive when faced with challenges or opportunities, that will create Prosperous Places and show us *the economy we need*.



Figure 1: Surf Coast Business Barometer 2019



# The Economy We Have

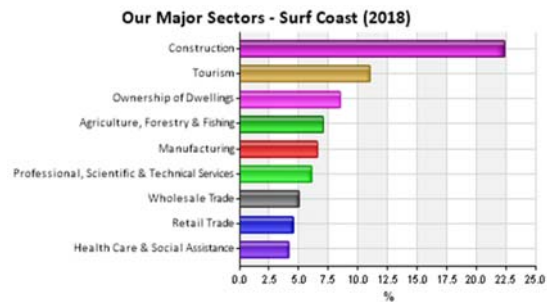
The Surf Coast is a major lifestyle and visitor destination that is among the fastest growing regional municipalities in Victoria.

A \$2.5 billion regional economy has developed based on: the surf industry; tourism; population growth; a strong innovation and enterprise culture; the many advantages that come from living near a large regional city – Geelong; and accessibility to Melbourne.



The **major sectors** of our economy in terms of value are: construction; tourism; agriculture, surfing (clothing manufacture, some wholesale & retail), professional (white collar) and health.

As our population grows, **professional services and health related industries are growing**. These are the fastest growing sectors in the region.



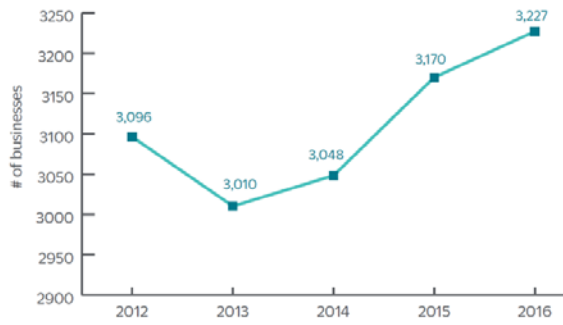
The Surf Coast has several non-traditional but very strong sectors unique to the Surf Coast including **Creative Industries** and **Home Based businesses**.

The number of businesses has grown over time. Much of this growth is in Torquay.

90% of businesses in the Surf Coast are micro to small businesses that employ 4 people or less.

Number of employees per business	
Sole Trader/Consultant	1,994
1-4 employees	907
5-19	275
20-199	41
200+	0
<b>Total</b>	<b>3,217</b>

Number of businesses 2012-2016



# A Growing Region

The Surf Coast economy has several key features that influence employment and workforce skill requirements. Population is increasing, it has a large visitor economy and it is interconnected to a large regional city, Geelong.

## Three Distinct Local Economies

Long term growth patterns over the last 20 years have seen the emergence of **three distinct local economies** that differ in scale, population size, industry mix and growth trends and outlook. They are: the Torquay; Coast and Hinterland economies.

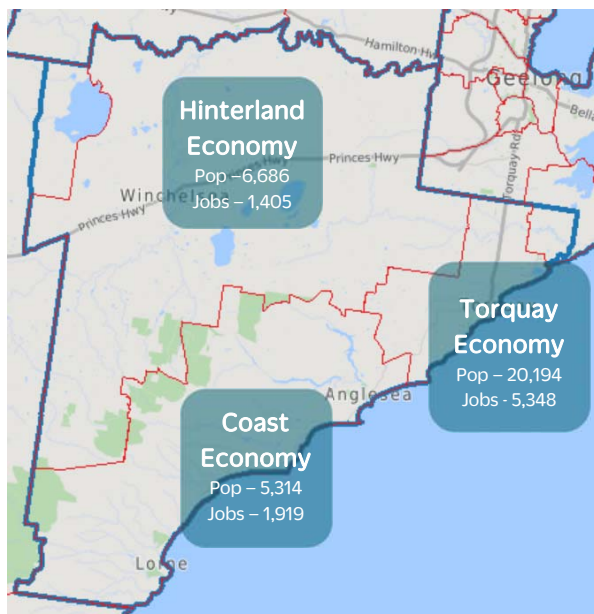


Figure 2: Three distinct economies within the Surf Coast

These economies are based on Statistical Area 2 (SA2) areas used by the ABS to define significant urban areas and tourist regions.

Most of the population growth, jobs and businesses are concentrated in Torquay.

Torquay has long been a centre for the Surf industry and is attracting new entrepreneurs and startups.

The Coast economy is highly reliant on the tourism market and has seen limited growth in terms of number of businesses and population.

This trend is likely to continue given the Great Otway National Park surrounds the towns in

this area, land prices are high, and there are fewer permanent residents and fewer jobs.

The Hinterland has an agribusiness base with some farms exporting nationally and internationally. There is a small but growing agritourism sector.

Torquay Economy	Coast Economy	Hinterland Economy
<ul style="list-style-type: none"><li>• 14% jobs construction based</li><li>• 13% jobs tourism based</li><li>• Internationally significant events</li><li>• Dominated by at home businesses</li><li>• Cottage industry servicing global markets</li><li>• Strong surf history</li><li>• Entrepreneurs seeking lifestyle.</li><li>• Provides skilled labour to Geelong &amp; Melbourne</li><li>• Main population centre</li></ul>	<ul style="list-style-type: none"><li>• 22% jobs tourism based</li><li>• 15% jobs construction based</li><li>• Seasonal visitor market</li><li>• Emerging visitor products</li><li>• Significant major events</li><li>• Low population growth</li><li>• High property prices and low rental availability</li><li>• High percent of holiday homes</li><li>• Difficult to attract &amp; retain skilled staff</li></ul>	<ul style="list-style-type: none"><li>• 39% jobs agriculture &amp; forestry based.</li><li>• Services regional &amp; national markets</li><li>• 19% jobs construction based.</li><li>• Services Torquay &amp; greater Geelong</li><li>• Receives 3% of Surf Coast visitation</li><li>• Emerging agritourism</li><li>• Affordable housing</li><li>• Areas of unproductive land</li></ul>

**Question:** What would make your area more prosperous in future?

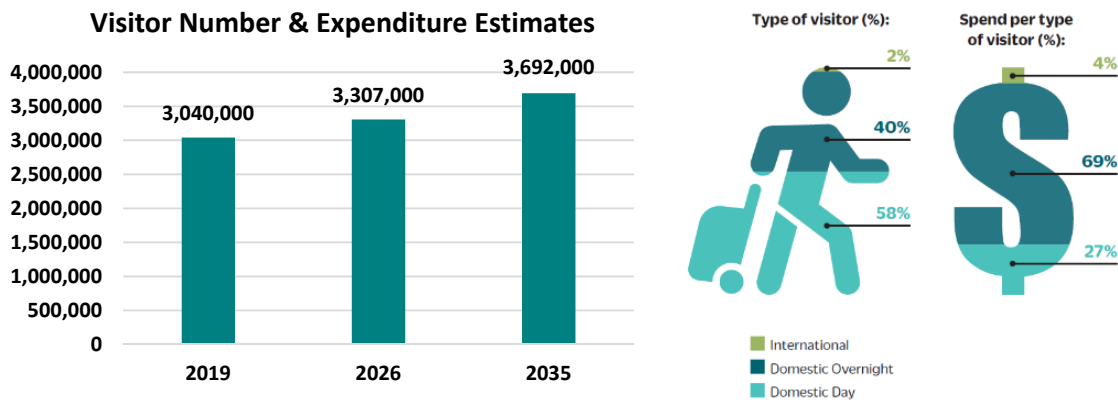
## THE TOURISM

The Surf Coast is the official start of the Great Ocean Road. Its proximity to Melbourne, many outdoor recreational opportunities, major events and beautiful natural environment make it a tourism drawcard.

During 2019, the Surf Coast Shire attracted over 3 million visitors, generating **over \$544 million in tourism expenditure**. Tourism is the largest source of employment for the Surf Coast.

While domestic day trippers are the most common type of visitor (58%), domestic **overnight visitors contribute the highest spend (69%)**. International overnight visitor numbers are small (2%) but growing.

A five year trend shows that visitor numbers are increasing and expenditure is increasing. However, the length of stay has reduced from 3 nights to 2.5 nights on average.



Most visitors come to the Surf Coast during Spring and Summer and predominantly from Melbourne or nearby areas. Access via the Geelong and Melbourne Ring Road makes visitation easy.

<b>Day Trip</b>	Melbourne (68%): Werribee, Essendon, Brunswick, Williamstown
<b>Overnight</b>	Victoria (93%): Melbourne, Geelong & Bellarine, Mornington
<b>International</b>	UK (16%), USA (10.6%), China (10.4%)

Figure 4: Most common origin of visitors to Surf Coast



Figure 3: Tourism visitation by quarter

The western region of Melbourne is experiencing strong population growth and the Surf Coast is the closest place for day visits to the beach, towns and National Park. Visitation is expected to increase.

In 2006, the Surf Coast Shire Council was the first local government area in Australia to research local perceptions on the impact of tourism. The top three most positive and negative impacts are below:

Positive perception of Tourism	Negative perception of tourism
<b>New infrastructure:</b> Better shopping, dining and recreational opportunities	<b>Disruption:</b> inconvenience through traffic congestion, parking difficulties & noise are worse.
<b>Economic benefits:</b> The money that visitors spend help local businesses and is good for employment	<b>Environment:</b> a negative impact through excessive litter, pollution, overuse or damage to natural areas.
<b>Interesting:</b> Because of tourism there are more interesting things to do (e.g. attractions, events)	<b>Undesirable behaviour:</b> Tourism is associated with some people behaving inappropriately or excessive drinking.

**Question:** The objective for tourism is to attract visitors year-round and encourage them to stay longer and spend more. Is it working? How could we get more benefit or a better balance?

## THE EVENTS SECTOR

Surf Coast Shire is **home to some of Victoria's, and Australia's, most iconic events** including the Rip Curl Pro, Pier to Pub, the Cadel Evans Great Ocean Road Race, Race Torquay, Amy's Gran Fondo, Surf Coast Century.

Beyond these, the Surf Coast hosts **over 200 events annually**, ranging from vibrant community offerings to events of national and international significance.

Events provide a key platform in attracting visitors, sustaining local economies (particularly in the off peak periods), promoting the Surf Coast and its values, and connecting communities.

### Annual Event Benefits



200+  
community &  
major events



240,000  
spectators &  
participants



Viewed globally  
by 100M+  
people



Generate  
over \$100M  
expenditure



They form an important role in community and civic life and offer many opportunities to celebrate the Shire's extraordinary natural environment and local culture. Calendar management forms an important part of ensuring the benefit of events for the host community are maximised.

With its spectacular coastline, surf breaks and extensive trail network, the region is particularly renowned for its surfing and ocean sports events, and adventure activities such as trail running and cycling.

Events held in Surf Coast Shire have a distinctive environmental focus. Event organisers lead initiatives to reduce landfill, reduce use of plastics and tread lightly on the earth. Council is committed to working with event organisers to be recognised as leaders in this sector.





## THE CONSTRUCTION SECTOR

Construction is the largest sector of the Surf Coast economy. It is worth \$568m and provides the second highest number of jobs (1,350).

**Residential construction** accounts for 77% of total construction activity.

In 2017-18, the Surf Coast had the highest number of building approvals (598) in the last 10 years.

	Surf Coast (\$)
<b>Building Approvals</b>	
2008-2009	380
2009-2010	470
2010-2011	490
2011-2012	341
2012-2013	314
2013-2014	319
2014-2015	419
2015-2016	418
2016-2017	425
2017-2018	598

## THE AGRICULTURE SECTOR

The Surf Coast Shire is home to over 900 agribusinesses and Australian Business Register data indicates a growth of 5% since 2017.

Agribusiness is an umbrella term used to describe businesses with a connection to agriculture and the agricultural supply chain. Agribusiness includes a broad range of food and fibre production, as well as a network of processing, logistics, and support services.

Much of the agribusiness sector in the Surf Coast produces sheep, grains, beef, poultry and dairy for consumption.

Agribusiness ensures that we are fed, housed and clothed, all while looking after our prized landscapes and environment.



# Skills

The Surf Coast has a **skilled population**, with a **high incidence of tertiary qualifications and trade qualifications**. University and TAFE qualifications are readily available to Surf Coast residents thanks to opportunities in both Geelong and Melbourne for further study and education.

The development of skills is important for existing businesses and new businesses and for the local workforce (including young people entering the workforce).

The Surf Coast has access to a large education and training sector based in Geelong (Deakin University and Gordon TAFE).



As a result, **the Surf Coast has a higher level of professionally qualified residents than many other local government areas.**

The number of residents with qualifications has increased substantially over the 10-year period 2006-2016. For example, people with a bachelor degree increased by over 2000 and persons with certificate qualifications increased by over 1400.

**Women** are more likely to have health, education and society & culture qualifications. **Men** are more likely to have Engineering, Architecture & Building qualifications.

#### Field of Qualifications

- Management & Commerce
- Health
- Education
- Engineering
- Society & Culture
- Architecture & Building

# Jobs

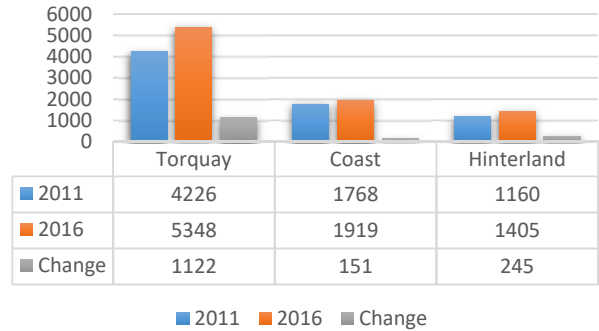
The number of jobs in the Surf Coast grew by 17% to 8,600 from 2011 to 2016. **Much of this growth (21%) was in Torquay**, followed by the Hinterland (17%). The Coast economy saw little growth (8%).

While there has been strong growth in jobs from 2011 to 2016, **an increasing trend is in part time jobs**.

While the Surf Coast does not have an unemployment issue, the prevalence of part time jobs suggests an **under-employment** issue.

Less than one third of jobs growth in the past five years has been in full time jobs. 45% of jobs were less than 25 hours. Part time employment is highest in the retail trade, tourism, education and health sectors.

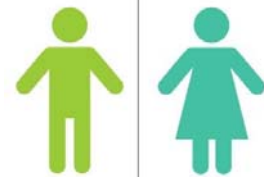
## Local jobs growth 2011-2016



### New Jobs by Hours

1,518 jobs 2011-2016

- Full time 35+ hours: 32%
- 25-34 hours: 19%
- Less than 25: 45%



64% work full time

32% work full time

## THE GEELONG WORK CONNECTION

Geelong provides great opportunity to the Surf Coast residents for jobs. The growth in high skill jobs in Geelong has been a major attractor for new residents moving to Torquay.

Most women (66%) work part time roles of less than 25 hours per week.



- Most (37%) residents who work outside the Surf Coast work in Geelong, 12% work in Melbourne.
- Surf Coast residents have access to high paying trade and professional jobs in finance, legal, health and education jobs thanks to Geelong.
- Many workers come from Geelong to the Surf Coast and tend to have lower paying jobs in accommodation, food services and education.

- Linkages to a growing Geelong region will continue to be important for the Surf Coast's development. Without this connection, the Surf Coast would not be as prosperous.

**2,900 jobs need to be created in the Surf Coast by 2036 if we are to maintain the ratio of 40% of people living and working in the Surf Coast.**

**Question:** As the Surf Coast population grows, how can we grow the number of jobs to maintain our quality of life?

# An Economy in Transition

## The story of the Surf Coast is evolving.

The early appeal of promenading at the seaside and love of the ocean evolved into the formation of international surf brands, new sports and a whole way of life. Construction and Tourism have overtaken agriculture and emerged as our region's largest providers of local jobs and expenditure.

The internet has spawned opportunities for a new wave of innovators and home-based businesses keen to live and work in a place they love. There are also emerging industries that will demand a different skill set and support to any that we have now.

There are a few positive signs for the transition, with new businesses emerging. Several factors create a positive environment for emerging businesses in the Surf Coast. These include the changing nature of work; emerging industries and sectors; an innovation culture and access to markets.

To explain the transition, we will highlight some key trends in:

- Creative industries
- Surfing's evolution
- Population growth & tourism
- Home Based Businesses
- Our fastest growing sectors
- An Innovation Culture
- Climate Change

## POPULATION GROWTH & TOURISM

The Surf Coast is recognised as a high growth area in terms of population and is forecast to grow from around 34,000 to 46,000 residents to 2036. In the same period, Geelong will grow by 109,000 residents, Greater Western Melbourne by 414,000 residents. Combined this represents an additional 523,000 people. Greater Melbourne is forecast to grow from 5 million to 8 million people

Our tourism data shows that these locations are the major source of our tourism visitation. We know that there is an important relationship between the Surf Coast, Geelong and Melbourne for jobs and for businesses having ready access to a large customer base.



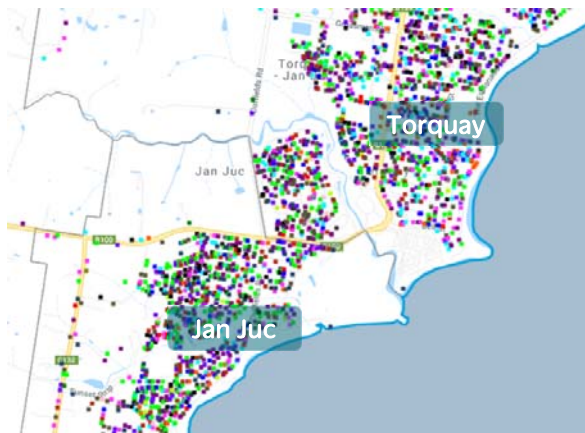
**Question: How can we make the most of this opportunity whilst retaining the lifestyle that we currently enjoy?**

## HOME-BASED BUSINESSES

Lifestyle, a highly skilled and entrepreneurial workforce, new ways of working, close proximity to Geelong and Melbourne and advances on data speed and capability has resulted in a rapid expansion of home-based businesses on the Surf Coast.

Home based businesses are increasing - it is a major and fast-growing business segment. Currently, there are **an estimated 2,117 home-based businesses** (including independent tradespersons, who have their business registered at a home address) in the Surf Coast.

Spread across sectors such professionals, financial, consulting, creative, allied health, small scale manufacture/wholesale and recreation home-based businesses are becoming a key driver of the Surf Coast economy.



The dominance of the construction sector is reflected in over 1,000 from-home businesses, which extend across the Surf Coast. These from-home construction related businesses service the strong growth of Greater Geelong and Torquay

Construction is the largest sector in the Surf Coast across all three economies: Torquay, Coast and Hinterland. It helps to sustain communities during the cooler months.

The estimated turnover of home-based businesses (including construction businesses) was \$172 million in 2016. This comprised \$131 million for at home businesses and \$41 million for from home businesses. As an '*industry*', **home-based businesses would be in the top five sectors** of the Surf Coast economy on output.

**The highest concentration of home-based businesses is in Torquay – Jan Juc**, expanding from 406 in 2011 to 647 by 2016 representing a 53% increase (excluding construction related businesses). Current estimates are that almost 1,000 home-based businesses exist, evidenced by the image below.

Reflecting this rapid growth, spaces in Torquay – The Workers Hut (Baines Cres), Happy Spaces (Gilbert Street) and Surf Coast Social (27 Baines Cres) have recently emerged.

**Question: What support do our home-based businesses need to help them prosper into the future?**

## SURFING'S EVOLUTION

The surf industry has been important in the development of the local economy centred on Torquay.

The growth of Rip Curl & Quiksilver (Boardriders) and other surf businesses created an industry that is now global in its reach. It has attracted other Australian distributors of international brands and other outdoor and adventure businesses that share a common connection and values. (e.g. Patagonia & Bellroy).



Torquay was an attractive location for businesses linked to surfing due to its local competition, direct access to customers for feedback. The surf breaks were integral to strengthening local connections and inspiring new ideas.

While not a traditional sector, a 2014 analysis of the Surfing Industry indicated that the industry directly and indirectly, supporting around one quarter of the Shire's industry value-added (\$217 million) and 2034 FTE local jobs directly and indirectly.

As well as a major sector the surf industry has served as an **innovation hub** with some employees moving out to set up their own businesses, using the skills and experience, they gained while working in the surf industry learned.

The recent ownership changes of Rip Curl and Boardriders signals the next stage in this sector's evolution. **The surf industry has encouraged an innovative and entrepreneurial culture.**

Many businesses have adopted strong social or environmental values. The business owners live locally but global issues matter.

The surfing sector remains a key component of the regional economy, however the focus is expanding to **lifestyle, fitness, health and wellbeing** led by a willing cohort of entrepreneurs inspired by the Surf industry. Emphasis on this legacy of the creative industries and entrepreneurship will maintain the connection between the surfing heritage and places in the Shire.

## OUR FASTEST GROWING SECTORS

Future population growth in the Surf Coast, will increase demand for services, generate additional jobs and increase floor space occupied by businesses and other service providers. Much of this growth will be in Torquay.

The types of businesses that are stimulated the most by population growth include:

- **Business services** (accountants, lawyers, mortgage brokers, etc.)
- **Medical and allied health** (doctors, physios, dentists, osteos, psychologists, etc.)
- **Community services**
- There will be some additional demand for industrial land and retail and food services.

Additionally, if 40% of at-home businesses move to a co-working space, an additional 4,400m<sup>2</sup> of space would be required to 2036. Co-working space would also accommodate: new start-ups; some business, which downsize from their own space to a co-working space; and other businesses that may set up in Torquay and decide that a co-working facility better suits their needs. This mix of business types has been the trend in co-working internationally and in Australia.

## EMERGING BUSINESSES

We have seen change in traditional and non-traditional sectors as outlined in this discussion paper.

There is also evidence of new types of businesses emerging in response to demand from new markets. The current crop of emerging businesses tends to have a connection to lifestyle and active experiences, and coastal living is a major influence.

Businesses that have developed and grown in last few years are listed in the table.

	EXISTING INDUSTRIES	EMERGING INDUSTRIES
Torquay economy	Surf/outdoor industries Retail Services Health Creative industries Construction Tourism – day, overnight, events Food services	Craft breweries/distillery Coffee Organic & health food Wellness – fitness/allied health Active outdoor products Fashion products ICT & digital content
Coastal economy	Tourism – day, overnight, events Creative Industries Retail Services Construction Food services	Adventure tourism Environmental tourism Catalyst project - Eden Project
Hinterland economy	Agribusiness - farming & support Retail Food services	Branded products Eco-tourism/agri-tourism Catalyst project - CORA

Emerging businesses cover a spectrum - these include **craft breweries and distilleries; health food products; fashion products; skiing and outdoor wear; wellness and fitness; adventure tourism activities; agri-food products; specialty food products – coffee, organics, artisan food; and creative industries (including digital content producers)**. Hinterland agribusiness is developing new crops and products and applying new technologies.

## SURF COAST: TOP 10 FOR INNOVATION IN AUSTRALIA

Innovation is the activity of creating or capturing value from doing something new.

Across regional Australia there is an emergence of start-ups, business accelerators, co-working spaces and entrepreneurial hot spots. Some of this activity is connected with traditional Research and Development (R&D) systems, but much of it is occurring in areas that are less connected to traditional R&D institutions.

Innovation is a key characteristic of many Surf Coast businesses. Most are pursuing or have ambitions for national and international markets.

This has led to the Surf Coast being identified by the [Regional Australia Institute](#) as a top 10 area for innovation in Australia.



**The Surf Coast is identified as a Connected Lifestyle Region. It is an area that we all want to move to. Close and connected to bigger cities but with a lifestyle and amenity no city can offer.**

Places like Palerang (NSW/ACT), Byron (NSW) and Surf Coast (Vic) combine the rich local business network with a **high rate of trademark applications** suggesting existing businesses in these places are innovating successfully.

A major 2018 study identified Surf Coast as one of 4 regional areas experiencing growth in creative industries. Between 2011 and 2016 creative industries jobs in the Surf Coast increased by 94 jobs. In the same period, Byron Bay had an increase of 274 creative industries jobs.

## CREATIVE INDUSTRIES

Culture and creativity have long played a role in the economic success of the region. The development of the surf industry was inspired by the sport and culture of surfing and illustrates the role of creativity in entrepreneurship and, design and manufacture.

Creative industries are identified as:

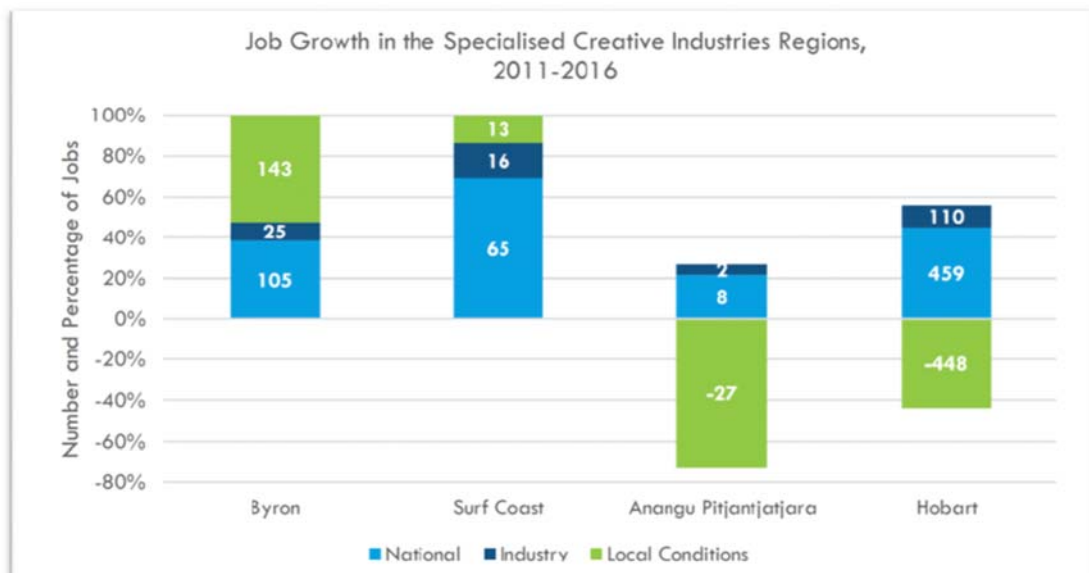
- Advertising and marketing
- Architecture, design and visual arts
- Film, TV and radio
- Music and performing arts
- Publishing
- Software and digital content

**The Surf Coast has an increasing number of persons involved in cultural production** (visual arts, music, craft, and fashion) **and in creative services** (graphic design, architecture, and product design) businesses.

There are other creatives who work from home-based studios. The Surf Coast Arts Trail is evidence of the existence of the creativity of the region. It is an annual event that showcases artists of all genres and is held in venues across the hinterland and coastal towns. The Surf Coast has an active creative hub with Ashmore Arts (Torquay) housing a number of creatives in studios.

Coastal lifestyle regions like the Surf Coast are continuing to attract creative individuals. Culture and creative industries are a major contributor to Prosperous Places.

**Proactive strategies are needed to realise future growth in creative industries.**



**Question: What are the challenges and opportunities that relate to these emerging businesses and new sectors of our economy?**



# Climate Change

The Surf Coast Shire Council made a declaration of **climate emergency** in August 2019. The declaration recognises that climate change is a real and significant threat and that more urgent action is needed globally and locally.

As a region, we seek to lead by example by setting targets for energy, emissions, water, waste, land use and biodiversity.

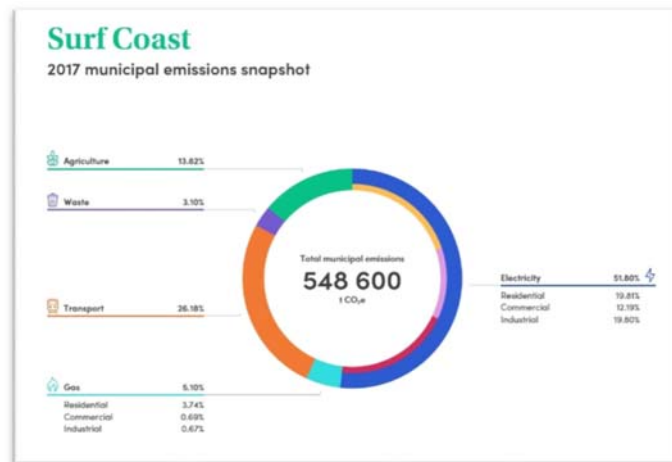
## INCREASE IN EMISSIONS

The Surf Coast's major source of emissions is electricity consumption.

The second largest source of emissions is on road transportation.

The carbon emissions for Surf Coast have demonstrated a very large increase since 2005.

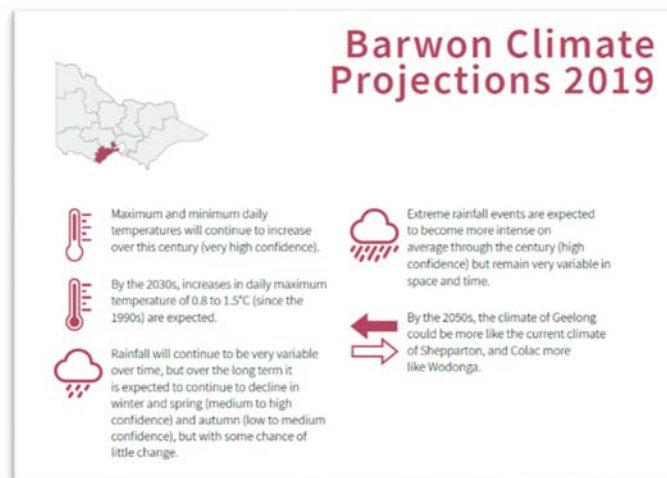
We are highly reliant on cars for our own transport and for tourism.



## SIX STEPS FOR THE PLANET

The opinion of 11,000 Climate Change Scientists has been summarised into **six areas in which people should take immediate steps to slow down the effects of a warming planet**. The steps are:

1. **Energy:** transition from fossil fuels to clean renewables.
2. **Short Lived Pollutants:** swiftly cut methane, Hydrofluorocarbons, soot and other pollutants.
3. **Nature:** Restrain massive land clearing and restore eco-systems.
4. **Food:** Eat mostly plants and less animal products. Reduce food waste.
5. **Economy:** Shift goals away from the growth of gross domestic product (see section 'how do you measure prosperity' in this discussion paper). Reduce reliance on fossil fuels and damaging environment.
6. **Population:** stabilise global population using approaches that ensure social and economic justice.
7. ([see Uni. of Sydney](#) article: World scientists declare climate emergency – 6 November 2019).



**Question: How could we take action on the six steps at a local level to reduce our climate emissions and address global warming?**