8 April 2015

The Hon. John Brumby Advisory Board Chair

REDS.review@ecodev.vic.gov.au

Dear Mr Brumby

**Surf Coast Shire Submission: Review of DEDJR's Regional Service Delivery Model and Strategic Directions for Regional Policy**

Surf Coast Shire is pleased to participate in the above review process and attach our submission for consideration by the advisory board.

Surf Coast Shire's unique economy provides a distinct point of difference for the G21 Region and the State of Victoria via an economy underpinned by the surf industry and other key sectors such as tourism.

Harnessing these opportunities and other emerging strengths such as sustainable agriculture through effective regional policy will create new investment, additional jobs and ensure our unique environmental assets are sustained over the long term.

I look forward to the results of the review process and should you have any queries regarding our submission please do not hesitate to contact me.

Yours faithfully



**Keith Baillie**

Chief Executive Officer

Encl:Surf Coast Shire Submission Doc

# **SUBMISSION**

## Review of DEDJTR's Regional Service Delivery Model and Strategic Directions for Regional Policy

## Surf Coast Shire Economic Context

The Surf Coast Shire, with its beaches, National Parks and rural environment, is located in south-western Victoria, 1.5 hours from Melbourne's CBD and 20 minutes south of Geelong's CBD.

Surf Coast Shire is home to nine distinct townships: Aireys Inlet, Anglesea, Deans Marsh, Fairhaven, Jan Jue, Lorne, Moriac, Torquay and Winchelsea. These townships and the rural hinterland support over 3,000 businesses which drive an economy estimated to be almost $1 billion annually and currently growing at a rate of almost 4%. Strong population growth will see a need to create over 3,000 additional jobs by 2031 in a Shire that is dominated by small business. Over 87% of all businesses employ 4 or less people.

The economy is unique and a distinctly different economy to that of Victoria, Geelong and surrounding regions, with the Surfing industry representing almost 27% of all jobs (over 2,000) and 26.5% ($217 million) of all Value Add activity that takes place. This unique sector has the ability to create regional diversification for the G21 Region within which Surf Coast Shire sits. While it is well known that global brands such Rip Curl and Quicksilver were founded in Torquay (and still retain global and Asia Pacific headquarters respectively) there are a myriad of new innovative businesses that compliment and build on this unique industry sector.

Building on surfing, Tourism also plays a vital role. In the year ending September 2014 over 1.96 million visitors came to Surf Coast Shire directly expending over $440 million. Summer periods dominate visitation patterns with the March Quarter accounting for just over 42% of annual visitation (based on a 10 year period). The December (21%), June (20%) and September Quarter (17%) held distinctly lower visitation periods reflecting the strong influence of the beach.

Signature events including the Falls Festival, Cadel Evans Great Ocean Road Race, Wiggle Amy's Gran Fondo, Bells Beach Rip Curl Pro, Surf Coast Century and Great Ocean and Otway Classic Ride headline a mass of events that bring visitors from across the globe and play a vital role in sustaining businesses throughout the off peak periods of the cooler months.

Construction also plays a key role in Surf Coast Shire economy with over 700 businesses in the sector alone. These businesses have played a key role in the $2.5 billion worth of development that has taken place in Surf Coast Shire over the past 10 years. Aligned against Victoria's Regional Cities only Geelong, Bendigo and Ballarat receive higher construction figures.

Our hinterland, with its agricultural and aesthetic attributes is starting to play a growing role in the development of Surf Coast Shire's economy particularly in innovative local food production and niche tourism opportunities. Importantly components of the hinterland area serve as a buffer from urban development extending south from Geelong and it is essential it be retained.

While the growth of the economy is important, the natural environment will be a critical factor in our decision making as it forms a basis for ongoing economic stability.

Request: That DEDJTR more actively explore the role unique economies and municipalities such as Surf Coast Shire can play in delivering regional diversification beyond that of the Regional City model.

## Best Practice

Surf Coast Shire believes that a regional structure for the Department based in the G21 region is very important. Council also enjoys a very good relationship with the Department staff based in Geelong. The regional model is effective as it provides improved local knowledge, direct support and decision making, and quick access in both directions. The professional attitude of DEDJTR staff and the time given to Surf Coast Shire's requirement is greatly appreciated. The close relationship has resulted in better project outcomes via strong communication on the status of projects both prior to funding and in their subsequent delivery. Surf Coast Shire encourages DEDJTR to retain a strong staff presence in Geelong to ensure projects and subsequent job creations do not suffer.

The current regional structure is well complemented by specialist staff and resourcing from Melbourne. This approach is effective for the progression of larger initiatives.

Surf Coast Shire commends DEDJTR for the significant range of programs and funding in place to support job creation, infrastructure development and business activity. The significance of programs such as the former Regional Infrastructure Development Fund and the more recent Regional Growth Fund provides considerable leverage for Surf Coast Shire to catalyze projects which· would otherwise not have proceeded. A recent example is our ability to apply for infrastructure funding through the Economic Infrastructure Program to assist in the delivery of road infrastructure for a project that will create up to 80 new jobs.

More locally, the Geelong Advancement Fund and the Geelong Region Innovation Fund have also benefited many businesses in the G21 Region.

On a smaller scale programs such as the Putting Locals First provide a very good level of flexibility in funding options. Importantly for rural Councils with smaller budgets and funding abilities the funding ratios available (in some cases up to 3:1) prove invaluable in realizing targeted activities.

Request: That DEDJTR continue to provide a regional structure and a strong staff presence in the G21 region to support the significant economic growth opportunity that exists.

## Delivering Regional Growth and Job Creation

Surf Coast Shire is one of Victoria's fastest growing municipalities. Since 2008, Shire wide growth has average 3.3% making Surf Coast the 5th fastest growing municipality in Victoria over that period. Within the main growth area of Torquay the population has expanded by an average of 5.3% over the same period. Forecasts are for Surf Coast Shire's population to climb from 29,247 in 2014 to 44,787 in 2031.

The expected population growth will require significant job creation initiatives to ensure employment keeps pace with population growth. An analysis of ·surf Coast Shire's employment needs is below in Table 1.

Table 1:Surf Coast Shire Job Creation Requirements by 2031

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2011-16 | 2016-21 | 2021-26 | 2026-31 | Total |
| **Change in ages 15-68 years** | 3,364 | 3,177 | 3,218 | 2,591 | 12,350 |
| **Participation Rate** | 64% | 64% | 64% | 64% |  |
| **Nos. in labour force** | 2,146 | 2,027 | 2,053 | 1,653 | 7,879 |
| **Unemployment rate** | 4.0% | 4.0% | 4.0% | 4.0% |  |
| **Total no. of additional jobs needed** | 2,060 | 1,946 | 1,971 | 1,587 | 7,564 |
| **No of additional jobs needed in Surf Coast Shire 40% containment** | **824** | **778** | **788** | **635** | **3,025 Jobs** |

The table identifies over 3,000 additional jobs will need to be created within Surf Coast Shire by 2031 based on population projections. This figure assumes 60% of people who live in Surf Coast Shire will work in other areas such as Geelong, Melbourne, Golden Plains Shire and other areas.

!The population increase anticipated is notwithstanding the significant inward migration experienced during the peak Christmas period when the population expands to 85,000.

For municipalities such as Surf Coast Shire careful consideration of business composition, the natural environment and available infrastructure must be made in the context of required job creation.

Of the 3,060 businesses operating in Surf Coast Shire over 1,900 of these are non­ employing businesses with a further 750 employing four or less people. Although typically small they are innovative and in several instances world leaders in their fields.

It is important that DEDJTR recognise the importance of unique and rapidly growing economies such as Surf Coast Shire that are not based on traditional sectors such as manufacturing or large scale retail. Programs with enough flexibility to facilitate growth in sectors such as surfing, tourism and sustainable agriculture should be provided. While the programs under the Regional Growth Fund have been beneficial for large scale funding for economies with significant manufacturing and freight sectors, they do lack flexibility to offer significant funding to economies that are based around niche sectors such as surfing. DEDJTR should provision for these types of economies by offering flexible programs for large scale funding opportunities.

Request: That DEDJTR recognise unique economies such as Surf Coast Shire when formulating major funding programs to ensure there is enough flexibility to provide assistance in sectors such as surfing, sustainable agriculture and tourism which form the driving elements of our economy.

Request: That the role innovative micro businesses play in growing an economy continues to be recognised in funding programs and business assistance programs.



Keith Baillie

Chief Executive Officer Surf Coast Shire

8 April 2015