

The Launceston lifestylepreneur movement

Connectivity facilitating
the rise of entrepreneurialism
in Launceston





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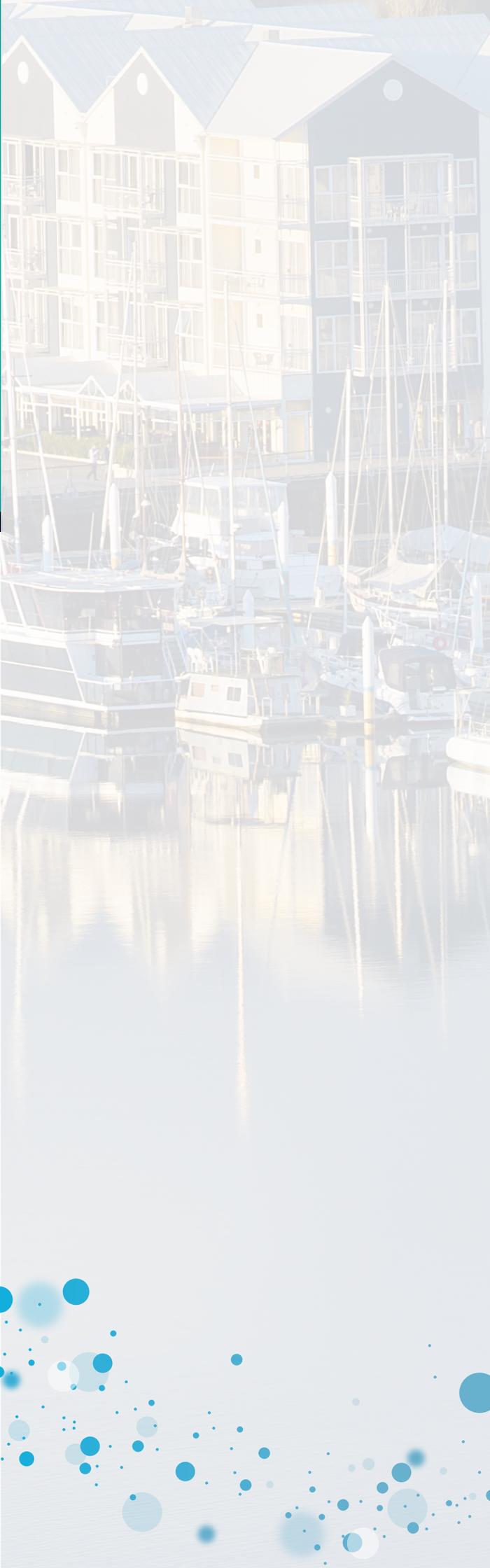
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The lifestylepreneur report was commissioned by **nbn** and developed by demographer Bernard Salt on behalf of KPMG. The study examined business growth in regional Australia. Source of all statistics and trends is Australian Bureau of Statistics (ABS).



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The Launceston story

There is something about Launceston that distinguishes it from other major cities across Australia. It isn't a capital city so it doesn't have the apparatus of government like a parliament house and attendant public service. It is sufficiently distant from the Tasmanian capital that intercity commuting isn't practical as a way of life. And it is perhaps the largest provincial city in Australia with the longest history of European settlement.



The Launceston experience of independence has been shaped by history and geography like no other community in Australia. This has created a community of proud and independently minded people and businesses.

To the extent that Tasmanians all understand the concept and the geography of the Boags line which separates the respective reach of Launceston and Hobart breweries. The brewery Checkpoint Charlie sits at about Richmond on the Midland Highway.

Launceston sits at the head of the Tamar River and in the heart of a particularly fertile agricultural region. The town filled early with entrepreneurial graziers and can-do immigrants who forged an independently minded people. This is not a community supported from scratch by supply ships and funding from London. This is not a community underpinned by state-funded institutions. This is a community that boldly decided to forge new territories across Bass Strait in the founding of Melbourne. Launceston it could be argued is one of Australia's most entrepreneurial communities. Today Launceston is Australia's 21st largest city with 87,000 residents fitting between Albury-Wodonga (90,000) and Mackay (85,000). The Launceston urban area is defined to include the City of Launceston together with suburbs and townships

extending north along the west bank of the Tamar River. The broader area for which business data is collected includes Launceston (as defined) together with a further 30,000 residents in Tasmania's northeast.

About one-in-five Tasmanians live in Launceston and every one of them, I suspect, is conscious of the need to 'make a go of it' and largely because concentrations of state government employment lie elsewhere. Launceston is one of provincial Australia's great entrepreneurial cities.

The 25 largest Australian cities in 2016

Rank	City (Significant Urban Area definition)	Population June 2016
1	Sydney	4,604,774
2	Melbourne	4,459,278
3	Brisbane	2,248,472
4	Perth	1,976,753
5	Adelaide	1,298,112
6	Gold Coast - Tweed Heads	638,090
7	Newcastle - Maitland	438,775
8	Canberra - Queanbeyan	429,023
9	Central Coast	326,796
10	Sunshine Coast	307,501
11	Wollongong	295,842
12	Hobart	211,000
13	Geelong	191,440
14	Townsville	182,183
15	Cairns	149,609
16	Darwin	124,171
17	Toowoomba	115,310
18	Ballarat	102,230
19	Bendigo	94,608
20	Albury - Wodonga	90,319
21	Launceston	86,946
22	Mackay	85,402
23	Rockhampton	80,497
24	Bunbury	76,361
25	Bundaberg	70,677

Source: Australian Bureau of Statistics (ABS 3218)

Private sector cities

The logic that Launceston is a uniquely entrepreneurial city is based in census fact.

At the 2011 Census 84 per cent of the Australian workforce and 81 per cent of the Tasmanian workforce was employed by the private sector.

But in entrepreneurial Launceston this proportion was 83 per cent while in Hobart this proportion was 76 per cent.

These figures confirm that Launceston is economically and culturally different to Hobart.

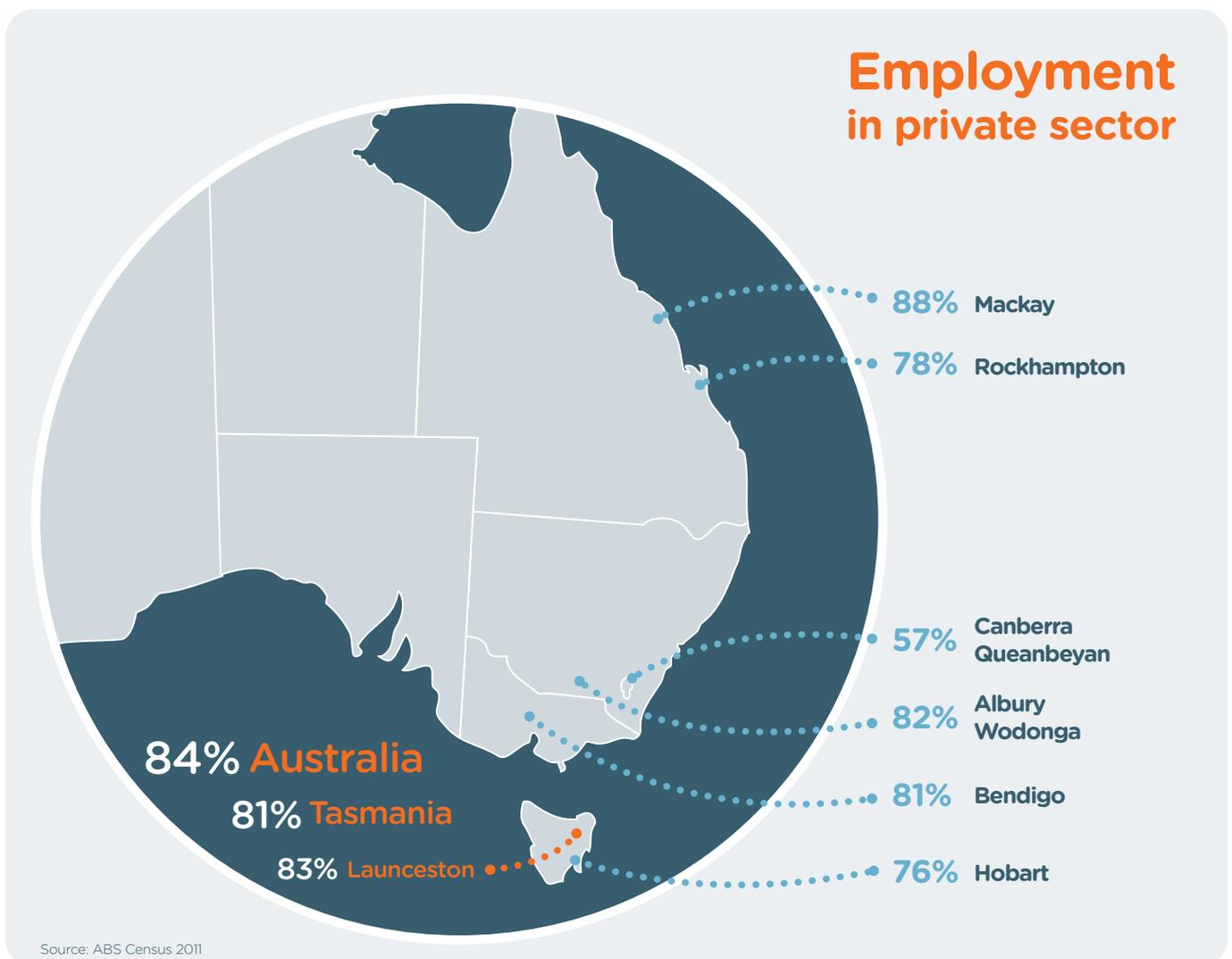
Indeed in a comparison with cities of a similar scale (Bendigo, Albury, Mackay and Rockhampton) Launceston

outranks all but Mackay in its reliance upon the private sector for employment. The proportion of the workforce supported by the private sector in Launceston is several percentage points higher than in most Australian cities of a similar size.

By this measure it is fair to say that Launceston is one of the most entrepreneurial cities in Australia. And in view of Launceston's history it probably has been so for almost 200 years.

This fact creates a unique culture of enterprise that supports the logic of the lifestylepreneur.

Employment in private sector



Source: ABS Census 2011

The rise of the entrepreneurial city

The Australian Bureau of Statistics (ABS) publishes data tracking the number of businesses registered in different locations across Australia.

At a broad level there are more than two million private sector business entities in Australia.

About 600,000 of these are micro businesses employing 1-4 workers; another 200,000 are small businesses employing 5-19 workers. Almost a million entities are sole traders although this also includes self-managed superfunds which tend to muddy analyses of employment-generating enterprise.

Micro and small business across Australia



	Micro businesses		Small businesses	
	2014	2016	2014	2016
Australia	571,674	599,392	199,806	198,655
		+27,718 5%		-1,151 -1%
Tasmania	9,349	9,610	4,472	4,268
		+261 3%		-204 -5%
Regional Tasmania (excl. Launceston)	2,763	2,830	1,298	1,255
		+67 2%		-43 -3%
Launceston	2,864	2,950	1,391	1,323
		+86 3%		-68 -5%

Source: ABS Catalogue: 8165.0 Counts of Australian Businesses, Including Entries and Exits Jun 2012 – Jun 2016

Over the two years to June 2016 the number of micro businesses in Australia increased by five per cent while the number of small businesses remained stable. Employment and business activity continued to grow during this post-mining-boom period and especially at the micro end of the business hierarchy. Perhaps this was being driven by skilled workers more or less laid off from the mining industry. Perhaps this was ageing baby boomers setting up small businesses to occupy their interest in the post-corporate-world stage in the lifecycle.

The figures for Tasmania and especially for Launceston are instructive. Outside Hobart and Launceston the number of micro businesses in

Tasmania jumped by two per cent from 2,763 to 2,830 over the two-year period to June 2016. However within the greater Launceston and northeast region the increase was three per cent from 2,864 to 2,950 which is net growth of 86. In these 24 months new micro businesses were forming at a rate of about three per month. And interestingly there are more micro businesses in Launceston and the Northeast than in other parts of regional Tasmania combined.

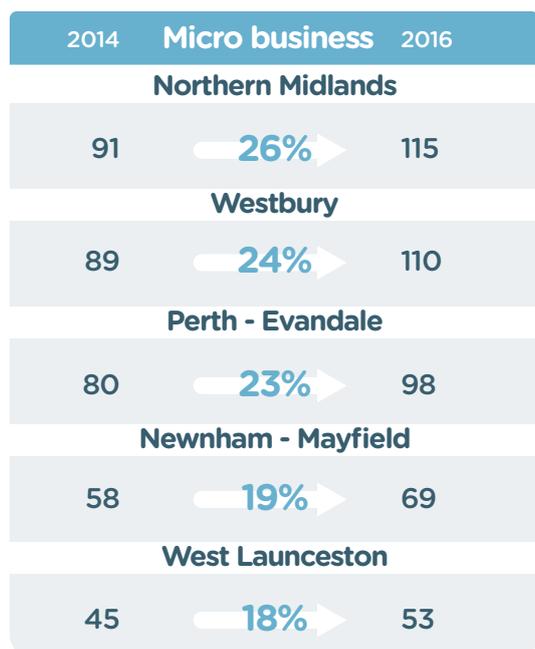
The micro business takeover

Something is driving micro business growth in Launceston and the Northeast and especially in some areas.

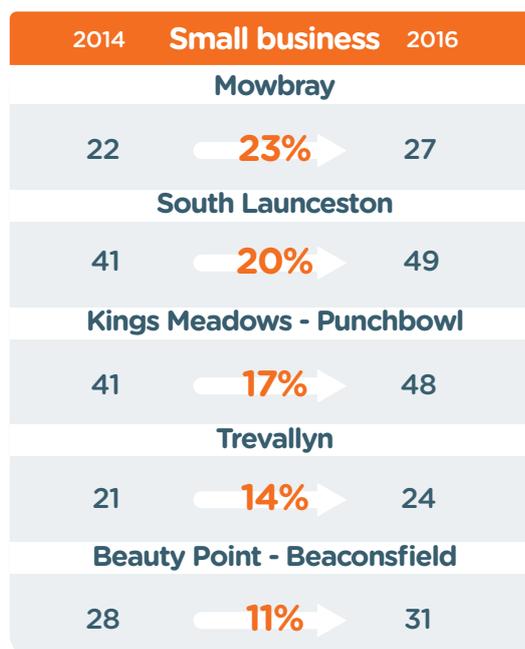
Between 2014 and 2016 the number of micro businesses based in “Northern Midlands” (centred on Campbell Town) increased from 91 to 115 reflecting growth of 26 per cent. In rural Westbury it was a similar story: net growth in micro business activity of 24 per cent up from 89 entities to 110 over this period. While in Perth-Evandale south of Launceston the increase was 23 per cent up from 80 to 98 micro businesses.

other words small businesses were becoming more efficient: fewer small-business entities but each one of them bigger on average when measured by employment.

Australia’s entrepreneurial activity thus far this decade appears to be very much focussed at the smallest end of the business hierarchy. However in the Launceston centre of Mowbray small business numbers jumped by 23 per cent from 22 to 27 over two years to June 2016. South Launceston also recorded growth in the category of business up from 41 to 49 entities over this period.



Source: ABS Catalogue: 8165.0 Counts of Australian Businesses, Including Entries and Exits Jun 2012 - Jun 2016



Source: ABS Catalogue: 8165.0 Counts of Australian Businesses, Including Entries and Exits Jun 2012 - Jun 2016

Small business growth

In the small business category employing 5-19 workers the national and the regional growth story was flat and in Launceston and the Northeast this segment actually contracted. However even though the number of small businesses contracted by five per cent between 2014 and 2016 in this region, the region’s total workforce held steady at 67,000. In

It seems that the hotspots for micro businesses lie to the south and west of Launceston and especially within rural communities like Campbell Town and Westbury. On the other hand slightly bigger enterprises seem to be flourishing best within the Launceston urban footprint and which is to be expected in that these businesses generally require access to a bigger market of consumers and clients.

Drivers of business growth in Launceston

About one-in-six micro businesses (or 525 entities) operating in the Launceston and Northeast region is based within the Launceston CBD.

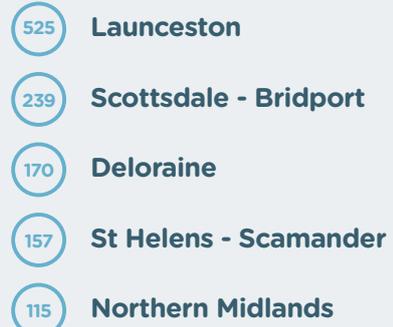
The second biggest business centre for micro business in this region is Scottsdale with 239 entities followed by Deloraine with 170 and St Helens with 157.

In the larger category of businesses employing 5-19 workers the main activity centres in 2016 were the Launceston CBD again with 324 entities, Scottsdale with 93, Invermay with 81 and Deloraine with 77. The Launceston CBD is clearly the region's leading business hub with around 870 businesses employing between 1-19 workers.

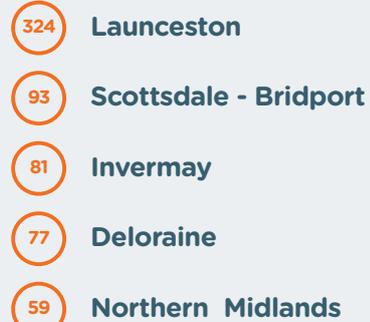
But micro business activity in Launceston and the Northeast region is dominated by enterprises engaged in construction (499) and which would include tradespeople involved in building, in agriculture (461 entities) and which would include farmers, in retail trade (312) including shopkeepers and in professional services (276) including accountants and lawyers. This profile of the key industries of micro business activity in the Launceston area is consistent with national trends.

In the small business category (employing 5-19 workers) the largest categories in this region include agriculture (191 entities in 2016), accommodation and food (182) and construction (160).

Micro businesses in numbers



Small businesses in numbers



Source: ABS Catalogue: 8165.0 Counts of Australian Businesses, Including Entries and Exits Jun 2012 - Jun 2016

Launceston most popular small business (5-19) industries

Agriculture, forestry and fishing

191



Accommodation and food services

182



Construction

160



Retail trade

159



Manufacturing

109



Source: ABS Catalogue: 8165.0 Counts of Australian Businesses, Including Entries and Exits Jun 2012 - Jun 2016



The picture that emerges from Launceston is a small business profile that is dominated by farmers, tradies, shopkeepers, tourism operators and which generally (with the exception of farmers) cluster in established business centres. New and growing activity on the other hand does tend to focus on the farming lands to the south and west of Launceston and in selected parts of the urban area like Mowbray to the north and South Launceston to the south.

But there is more to the story of business activity in and around Launceston and the Northeast than hotspots and enterprise clusters. Some suburbs and towns appear to be losing micro businesses but gaining small businesses. This means that some places are losing entities employing 1-4 workers but are gaining entities employing

5-19 workers. Here are “business incubators” that are supporting and then transitioning businesses up through the business hierarchy.

In Mowbray for example the number of micro businesses contracted between 2014 and 2016 from 44 to 36 entities. However over the same period the number of entities employing 5-19 workers in Mowbray increased from 22 to 27. The same logic applied at Trevallyn which lost seven micro businesses over the last two years but which then gained three net extra small businesses. Other “business incubator” places include Beauty Point (lost five gained three) and Newstead (down four up four).

Top 5 growth areas in Greater Launceston

micro (1-4 employees) and small (5-19 employees) business



Source: ABS Catalogue: 8165.0 Counts of Australian Businesses, Including Entries and Exits Jun 2012 - Jun 2016



A great skills shift in Launceston

At a broader level it is evident that Launceston like most other large centres across Australia has experienced substantial churn in employment thus far in the 21st century.

Between February 2000 and February 2017 the greater Launceston region delivered 14,000 net extra jobs across 15 growing industries and especially in healthcare, public administration, construction and professional services. However over this same period there was a net contraction of 8,000 jobs in five other sectors but especially in agriculture and manufacturing.

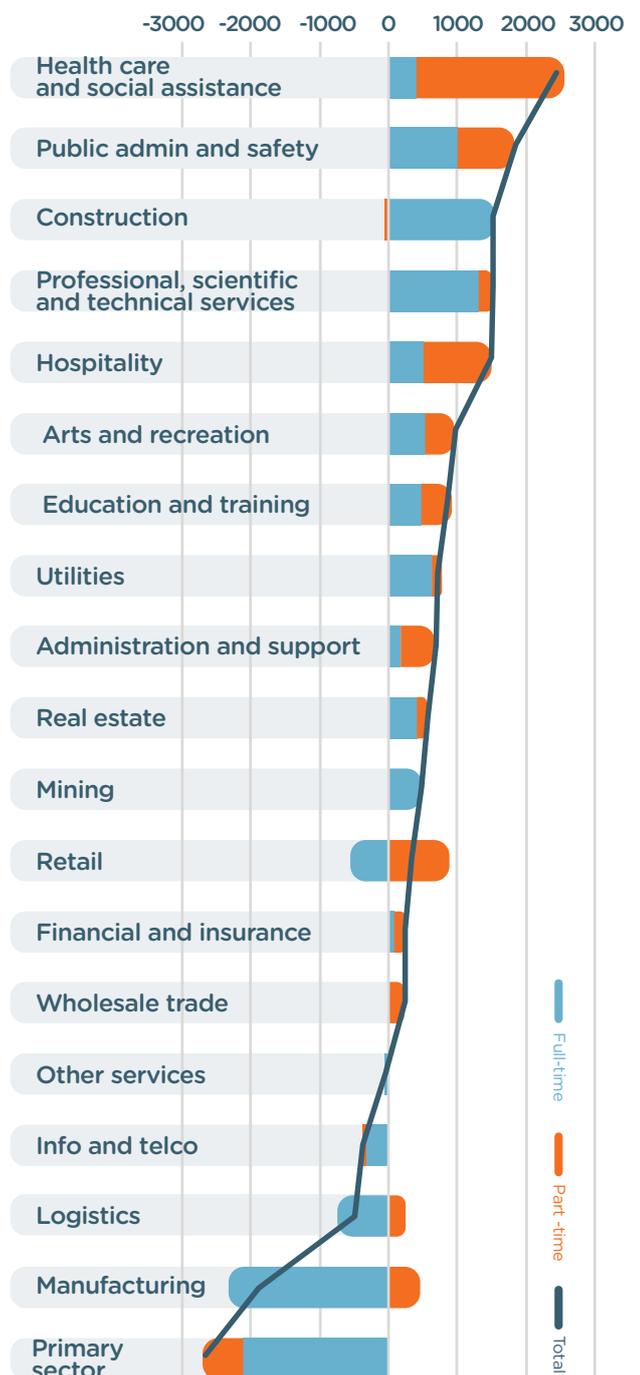
This trend of job growth and loss follows national trends but it also means that for every job lost in Launceston and the Northeast thus far this century 2.5 jobs have been created. More people are employed in the Launceston and Northeast region today than ever before. The job market might be changing in Launceston as it is elsewhere across Australia but it is also evolving and creating new opportunities for small and micro businesses. Some level of business and job churn is required to renew and refresh a community and workforce.

Most job growth in this region in this century has focussed on knowledge work and on skilled work which is consistent with trends at the national level. The best thing parents in Launceston and the Northeast can do for their kids is to ensure they have skills and training for the workforce of the future.

What is evident from this analysis is that part time work has expanded across some sectors of the Launceston job market and especially in healthcare, hospitality and retail. This too is part of a national trend towards the casualisation of work but it is also often a preference of modern households: workers want the flexibility to organise work around a lifestyle rather than have to organise lifestyle around work.

Small and micro business activity that support these broad areas of employment expansion would include healthcare professionals, tourism, accommodation & food operations, builders and tradespersons and professional services. There might be opportunities within small business in Launceston in the area of training and education and especially in skills.

Launceston: change of the employment industry split from 2000 to 2017



Source: Department of Employment - Labour Market Information Portal

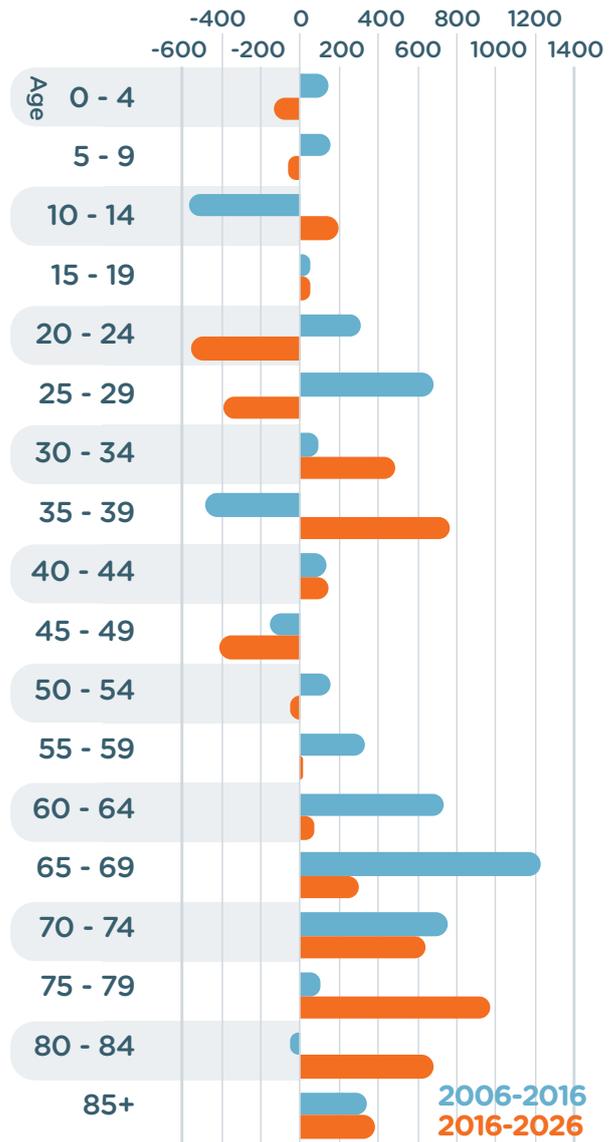
Launceston's business opportunities

Official population projections for the City of Launceston show that this community is expected to age in line with broader Australian trends.

Population levels in the younger age groups will more or less stabilise over the coming decade while the number of 20-somethings (the children of baby boomers) will push into their 30s. This will underpin demand for family and household formation; it will also bring to the fore matters relating to housing affordability. In the older age brackets baby boomers will clearly transition out of the workforce and into early active retirement.

An opportunity for the City of Launceston over the coming decade will be to highlight housing affordability relative to Hobart and especially to Melbourne. There will also be opportunities based around servicing the 60-something lifestyle including travel and accommodation, healthcare and ancillary services, perhaps even downshifting and downsizing as well as the delivery of professional services such as succession planning advice.

Launceston surrounds population change



Source: Employment projections by the Tasmanian Department of Treasury and Finance (2014) rebased on ABS population estimates (2016)

The rise of the Launceston lifestylepreneur

It is against this background of both opportunity and change that Launceston emerges as a prime location for what might be termed the lifestylepreneur.

Here are small business entities operated by an entrepreneur who is not necessarily driven by the desire to maximise returns or indeed to grow a business. A lifestylepreneur wants to operate a business to deliver a lifestyle and often in a lifestyle location. Over the coming decade some, perhaps even many, entrepreneurs will start businesses in idyllic locations to support a way of life. This concept would apply to a number of groups within the community including baby boomers looking

for a 60-something lifestyle to Generation Xers looking to escape the pressures and costs of big-city living.

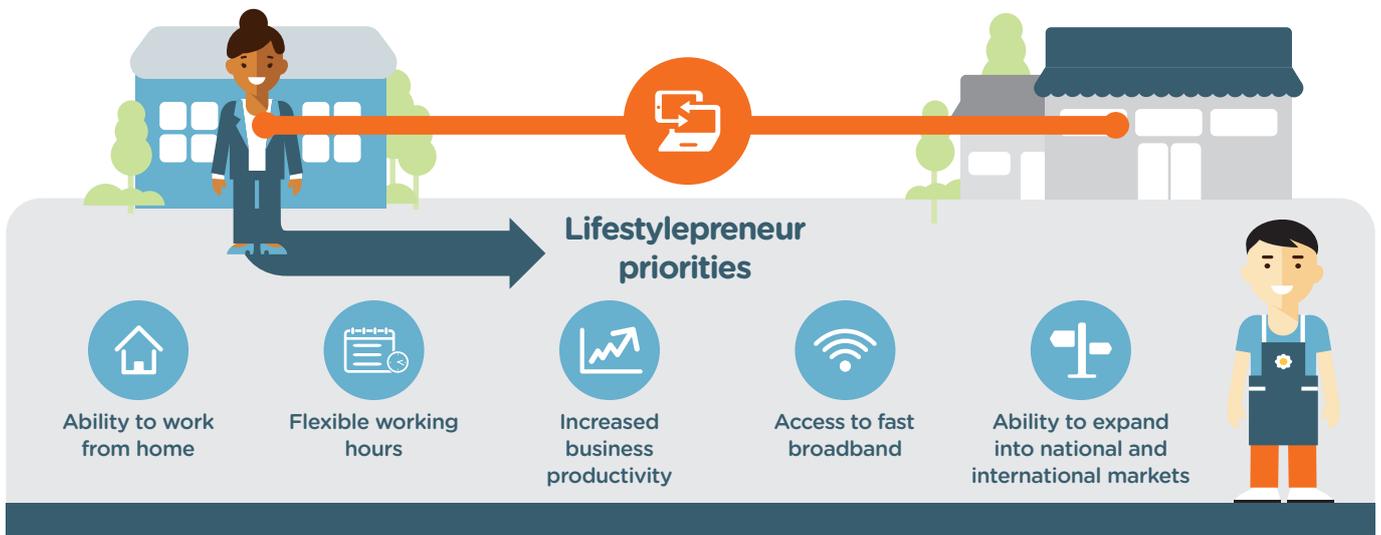
The lifestylepreneur would therefore emerge in and around lifestyle locations that offer critical mass in business infrastructure (i.e. a large city nearby) and perhaps where there is a natural existing entrepreneurial spirit. Launceston offers critical mass, it offers an idyllic, safe, green, lifestyle location. It offers access to the major market of Melbourne via a well-serviced airport. Taking all of these factors into account it is no surprise therefore that micro business activity has been especially apparent in parts of Launceston over recent years.



The lifestylepreneur lifestyle

Lifestylepreneurs are business owners who move to lifestyle locations and set up shop. Perhaps in the hinterland of Byron or near the Daintree or on the edge of a major city like Launceston. Take your city-learned skills to a lifestyle location and build a business from law to accounting to candle-making. In many ways this is the ultimate Aussie lifestyle... to be a lifestylepreneur living in a lifestyle location.

Entrepreneurs living in lifestyle areas may include retired or 'lifestyling' corporates or creative business owners who are harnessing technology to start and grow their business



But there is something else that underpins the rise of Launceston and the Northeast as a lifestylepreneur centre. This place offers all of the critical attributes required to create and grow a business. And it offers proximity to Melbourne. The traditional lifecycle model for many Tasmanians has been to leave the state for the mainland after university and to build careers elsewhere.

Later in life there are family and cultural ties to Tasmania that would draw “expats” home. Bring skills and contacts developed over a working life home to Tasmania, home to Launceston, and build a business. Tele-commute or start-up a business in an affordable non-congested lifestyle locale like Launceston. The enabling factor in this narrative is access to fast broadband with the **nbn**TM network which breaks down the barrier of distance and gives business owners the opportunity to work from anywhere in Australia.

Launceston’s rise as a lifestylepreneur city both now and into the future is underpinned by returning Tasmanians and others lured to the state by its quality of life and affordability. The more expensive, the more congested, the less safe mainland cities become, the greater is the compelling logic to move to safe, secure, entrepreneurial Launceston. This was not always possible or practical prior to the roll out of the **nbn**TM network, however now and over the coming decade lifestyle-seeking Australians can be expected to seek out lifestylepreneur locations like Launceston and the Tasmania’s Northeast.



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