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BUSINESS



The Busselton lifestylepreneur movement

Connectivity facilitating the
rise of entrepreneurialism in
Australia's South West



KPMG Special Advisor and recently retired Partner Bernard Salt founded The Demographics Group, a specialist advisory group that looks at social, cultural and demographic trends over time.

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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).

Contents

The West is not so different 4

The West's ups and downs 6

The West's post-boom world 8

The irrepressible South West 10

Business growth in the South West 12

The lifestylepreneurs of the South West 15

Conclusion 16

The West is not so different

There is something quintessentially Australian about Western Australia. Perhaps it is the scale of the state or the isolation of the capital. In many respects The West seems more Australian than the undulating verdant landscape of Tasmania or Victoria. And yet despite the differences in the soils and perhaps even in the climate the simple fact is that West Australians have remarkably similar values and aspirations as do other Australians.

Deep down all Australians east and west are driven by and are committed to lifestyle. These values are tempered from place to place but ultimately what works on the east coast will work perhaps with a few tweaks on the west coast. Australians all over prefer suburbia. Australians more recently have embraced apartment living. And some Australians can think of nothing better than escaping to a seachange or a treechange town.

No matter the dataset and no matter the location the same values, the same common denominators, seem to drive Australian behaviour.

And nowhere is this better evidenced than in the rise of what I think is the next iteration in the lifestyle movement. Move to a lifestyle location for sure but why 'retire' or eke out a living in some marginal employment? Why not telecommute back to the capital city or, better still, why not set up your own small business?

Fast broadband via the **nbn**™ access network can enable Australians to pursue their ultimate lifestyle: to be their own boss in a lifestyle community.

The purpose behind the blending of lifestyle with entrepreneurship isn't so much about 'making money' as it is about creating a business in order to support a lifestyle.

Start-up businesses in lifestyle locations aren't so much about 'trying to be the next Microsoft or Apple or Facebook' as they are about finding an engaging, rewarding, way of supporting a lifestyle. Welcome to the very Australian, and as it turns out, the equally very West Australian, concept of the "lifestylepreneur".

This report looks at the rise, the distribution and the composition of small and medium enterprise (SME) businesses in the lifestyle zones of Western Australia. The trend has been spotted on the east coast and no surprise it is also evident in the west.

I'm sorry to say this, Western Australians, but you are not any different to east coast Australians. We are all equally driven by the pursuit of the best quality lifestyle we can manage and now with the **nbn**™ access network it would seem that the iteration that lies beyond seachange and treechange is the lifestylepreneur movement.



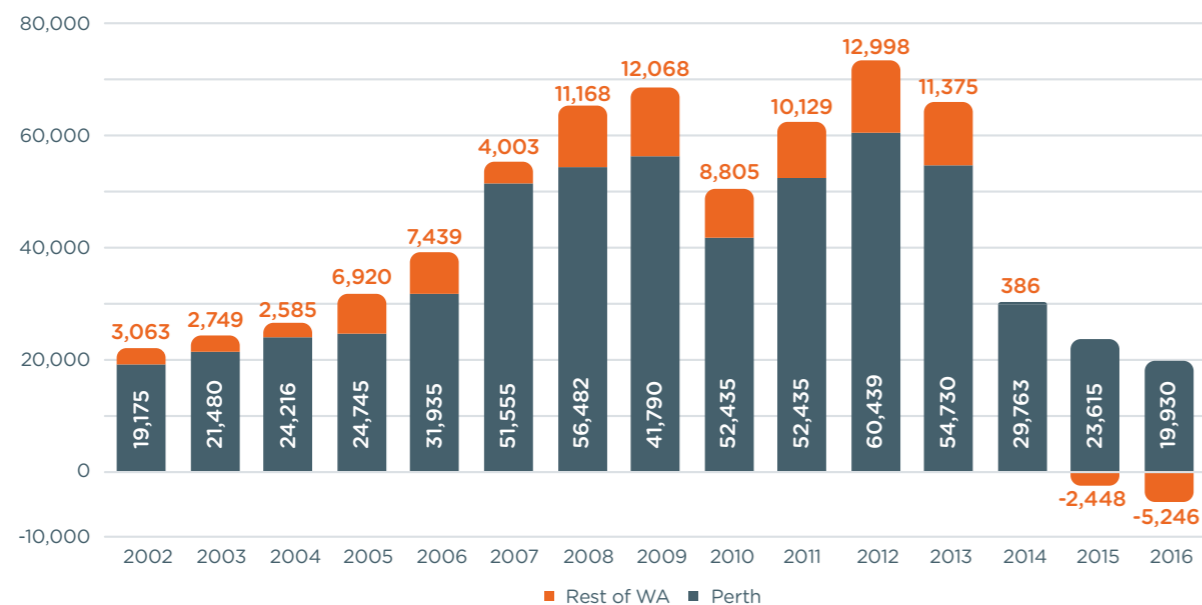
The West's ups and downs

Let's start at the beginning. Western Australia is a sparsely populated vast state rich in resources but thin with people. Perth has only just topped the two million mark; the whole of the state contains just 2.6 million.

The West has long been defined by the rise and fall of the mining sector from the times of the Kalgoorlie gold rush through to the Poseidon nickel speculation of the late 1960s, the rise (and fall) of Alan Bond and WA Inc in the late 1980s and on to the most recent boom which peaked in 2012.

The West is a frontier state driven by resources delivering wealth and some might say a Texan self-confidence to the local business community.

Population change in Perth and the rest of WA



Source: Bureau of Infrastructure, Transport and Regional Economics

When the booms are running the state drags in spurts of population growth which drive other sectors such as housing, retail and cafes and restaurants. Perth added a record 60,000 residents in the year to June 2012. Within four years the increase was just 20,000. The property market slumped as a consequence.

The story in the balance of the state is more dramatic. The number of people added to non-metropolitan WA in the year to June 2012 was 13,000; four years later there was a net outflow from the regions of 5,000.

It's almost as if the movement of people into and out of the West's region ebbs and flows like a tidal flow. We are in an ebb tide at the moment. The high water mark was five years ago.

The next flow tide isn't likely until the 2020s which means that there is energy and a capacity in the west that isn't being soaked up by the resources industry.

I wonder where all that labouring and entrepreneurial energy might be redirected in the years since the peak of the mining boom? We will come to this later.

This is not to suggest that The West is losing people or that the labour market is shrinking. It's more to say that the rate of growth has slowed as evidenced through immigration and also through employment growth.

We are a young and vital nation much underpinned by immigration. There are few places and times where the population and the workforce doesn't continue to grow.

The West's workforce is still rising, as is Perth's, on a long term trajectory that would support confidence in the state.

The West's unemployment rate bottomed out in the pre global financial crisis era at around the 3 per cent mark at this time and topped out at close to the 7 per cent mark earlier this year.



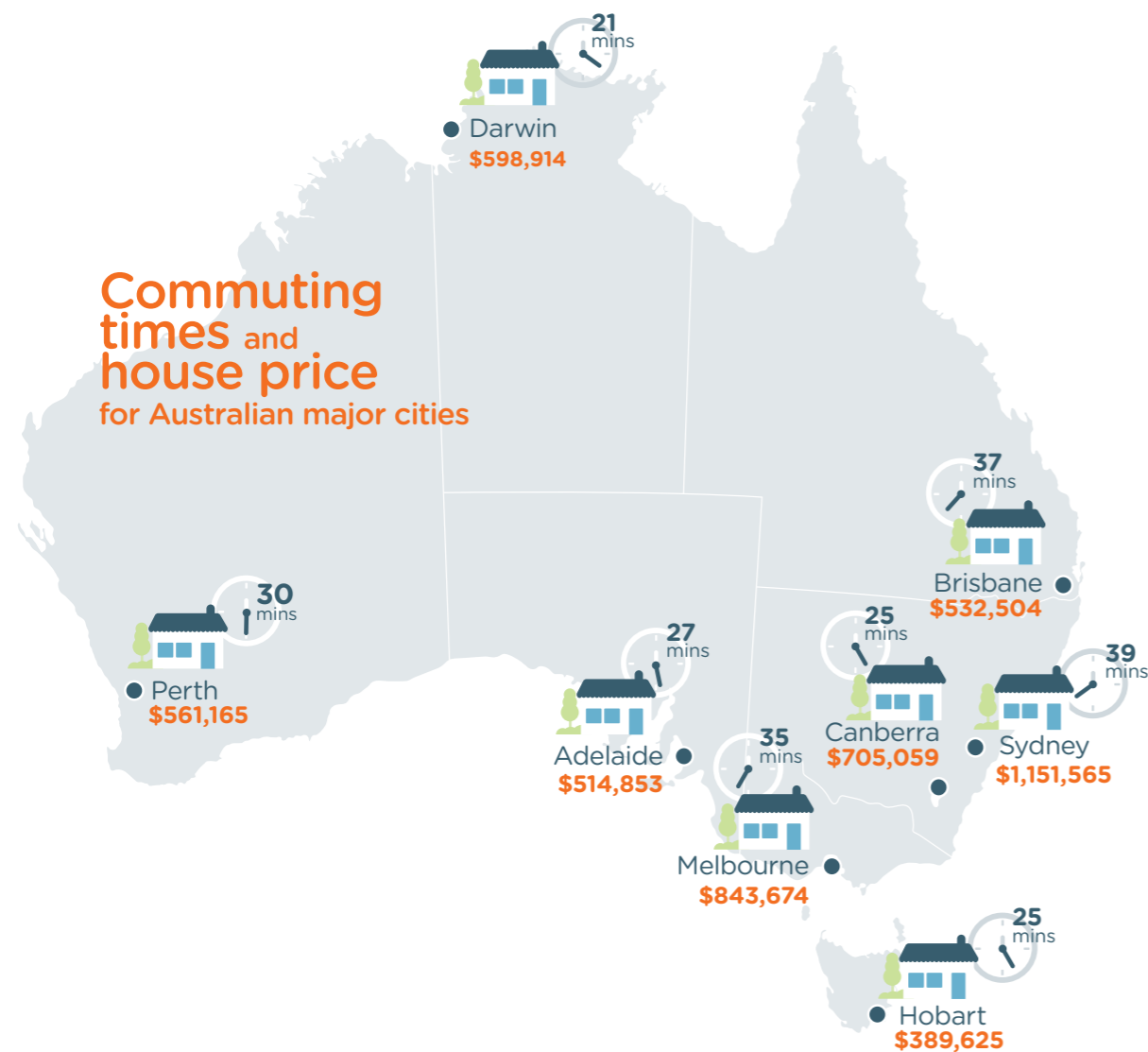
The West's post-boom world

And while these movements reflect a significant shift in economic fortunes over recent years the proportion of unemployment is still well below the double-digit peak of the early 1990's recession.

The difference I suspect is the continuation of population growth and especially in The West's engine of Perth.

Since the end of the construction phase of the mining boom Perth house prices have dropped such that by March 2017 the median was \$561,000 as compared with \$1.1 million in Sydney. Perth can be and has been an expensive city in which to live not just in terms of house prices (during boom times) but also in terms of getting around.

The average commute time in Perth is 30 minutes where in Melbourne for example, a city twice the size, it is 35 minutes. In Sydney it is 37 minutes.

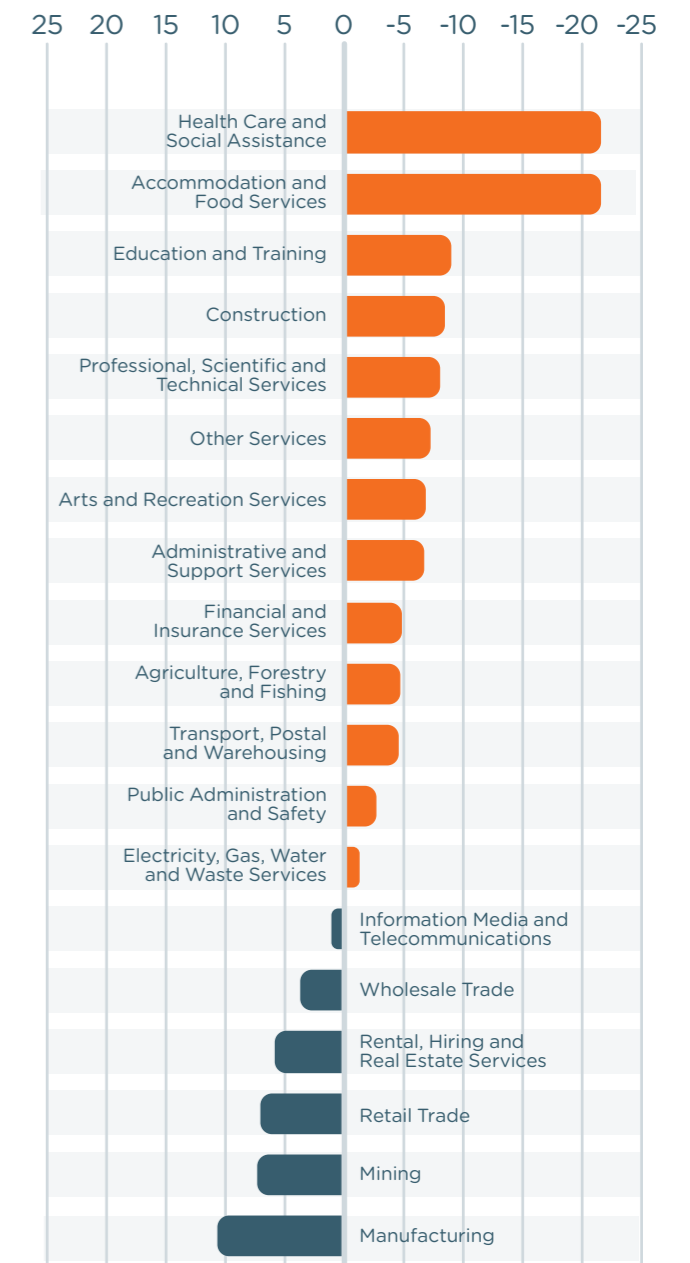


Source: Bureau of Infrastructure, Transport and Regional Economics and domain.com.au

Over the five years to 2017 continued population growth in Western Australia has delivered job opportunities in Perth. Australian Bureau of Statistics (ABS) Labourforce data shows that Perth added 76,100 jobs over this period mostly in health care and in accommodation and food services. However, at the same time there were job losses in Perth which totalled 25,000 leaving net job growth of 51,000 over five years.

Job losses within Perth were mostly concentrated in manufacturing (down 7,600 jobs) and mining (down 5,200 jobs). Perth is still expanding, still growing, still offering job opportunities at an average rate of about 10,000 net new jobs per year, but they are different jobs to the jobs being lost.

Industry of employment change from 2012 to 2017



Source: ABS 6202 Labour Force, Australia

The irrepressible South West

Not all parts of regional Western Australia have suffered population loss since the peak of the mining boom. In fact between 2012 and 2017 there has been something of a population boom in parts of the south west including for example Dalyellup which jumped 28 per cent over the five years to 2017.

The number of people in the greater Busselton region increased by 22 per cent over these years. Augusta and Margaret River also increased their local populations by more than 20 per cent. The increase for Busselton was 19 per cent.

In many respects it appears as though the excess population and worker capacity from the mining sector has sought refuge in the lifestyle communities of the south west centred on places like Bunbury and Busselton.

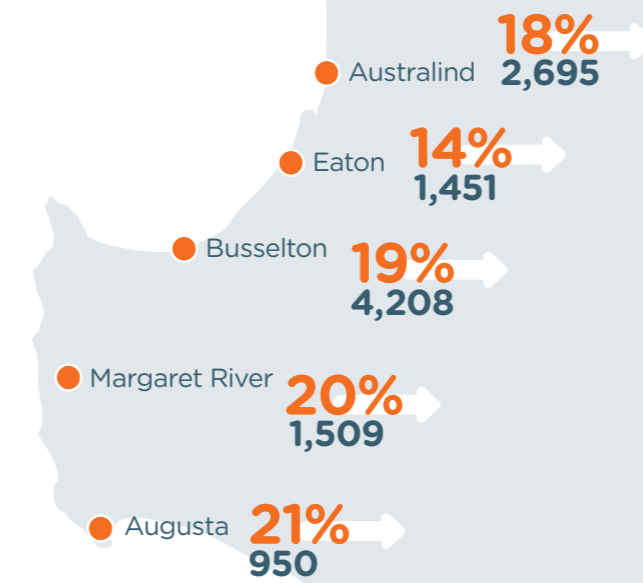
Indeed whereas the rest of non-metropolitan Western Australia has contracted in population the annual growth numbers for Busselton have slowed but remained positive.

South West Population change from 2011 to 2016

Population change in Bunbury and the rest of WA



Source: ABS



Source: ABS

Business growth in the South West

This of course brings the discussion to the rise of The West's South West as a possible lifestylepreneur location. This issue is easily tracked by the rise and fall of net new businesses formed by locality by year, based on data collected by the ATO and published by the ABS.

Over the two years to June 2016 the number of sole trader businesses in Australia increased by 3 per cent. The number of sole traders operating in the Busselton region increased by 10 per cent (or by 106 businesses) over this period. The increase in Margaret River was 5 per cent and in Augusta it was 6 per cent.

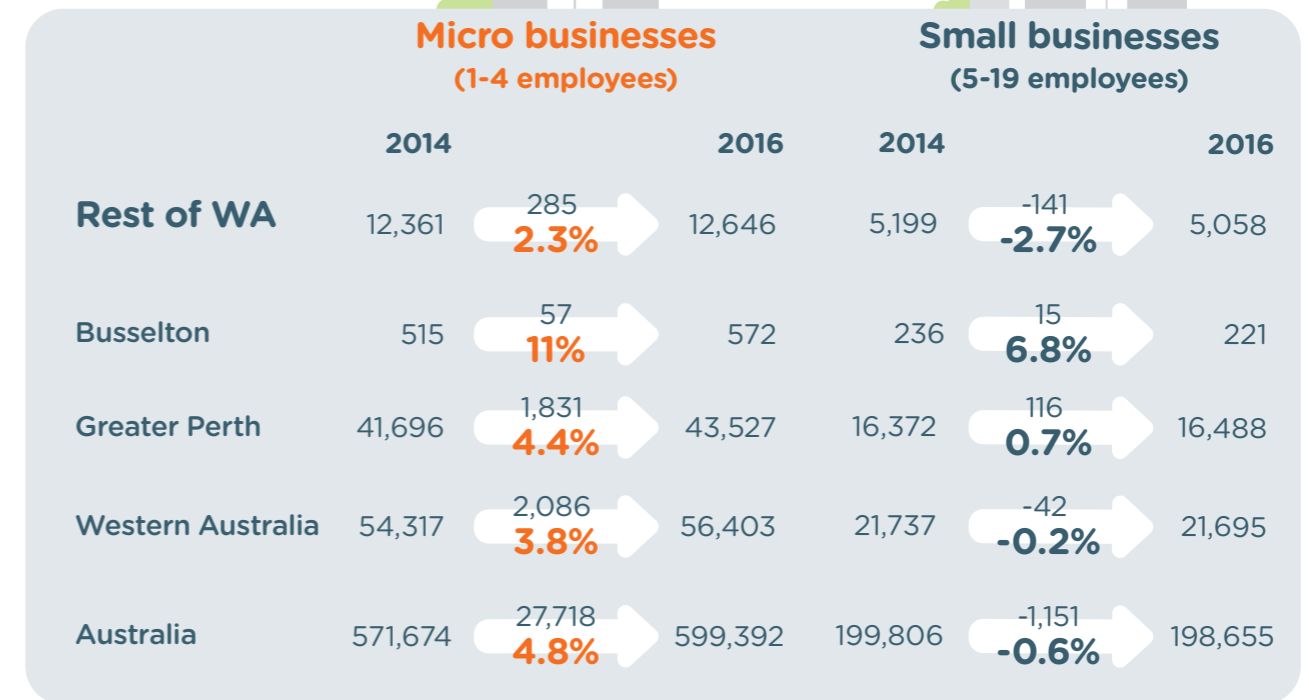
Area	2016	2014	Change	% Change
Margaret River	709	673	36	5%
Augusta	549	516	33	6%
Busselton	1,347	1,317	30	2%
Waroona	235	214	21	10%
Gelorup - Stratham	204	190	14	7%
College Grove - Carey Park	153	142	11	8%
Eaton - Pelican Point	315	305	10	3%
Australind - Leschenault	532	526	6	1%
Dalyellup	180	174	6	3%
Collie	238	242	-4	-2%
Donnybrook - Balingup	469	474	-5	-1%
Dardanup	279	284	-5	-2%
Pemberton	405	413	-8	-2%
Capel	324	333	-9	-3%
Harvey	509	519	-10	-2%
Manjimup	385	401	-16	-4%
Davenport	96	116	-20	-17%
East Bunbury - Glen Iris	272	292	-20	-7%
Withers - Usher	82	102	-20	-20%
South Bunbury - Bunbury	1,053	1,076	-23	-2%
Bridgetown - Boyup Brook	500	525	-25	-5%
Busselton Region	1,027	921	106	12%

Source: ABS

Change in Busselton sole traders



Change in micro and small businesses



Source: ABS 8165 Counts of Australian Businesses, including Entries and Exits

In the slightly bigger category of SMEs employing 1-4 workers the numbers suggesting the emergence of a lifestylepreneur movement in the South West are more impressive.

At the Australia level the number of micro businesses employing 1-4 workers jumped 4.8 per cent over the two years to June 2016. In Busselton this increase was 11 per cent, in Margaret River it was 15 per cent and in Augusta it was 21 per cent.

Another way of looking at this is to say that the big towns of the South West are attracting and supporting net growth in small business at rates several times the national average.

At the larger end of the SME spectrum involving businesses employing 5-19 workers the figures at the Australia level are concerning. Between 2014 and 2016 this business community contracted by 0.6 per cent.

There is no doubt that since the peak of the mining boom many businesses have struggled. However, in the Busselton Township the number of SME businesses employing 1-4 workers increased from 136 in 2014 to 155 in 2016 reflecting a growth rate of 7 per cent.

In the suburban region of Dardanup the number of businesses in this category lifted from 20 to 32 over these years. In Augusta this category expanded by nine net new businesses over two years.



The lifestylepreneurs of the South West

It is true that the peak of the mining boom has long since passed and that rate so growth as well as house prices have slowed in the West in recent years. But nothing it would seem is slowing down in the South West. Businesses are growing across all categories of small business and the population is expanding.

Something is holding up business confidence in the South West. That something, I think, is the connection that the South West offers to the lifestyle movement. Busselton and Margaret River have long been retirement and holiday destinations.

Is it possible that they are now emerging as lifestylepreneur locations delivering just the right combination of lifestyle, economic opportunity and access to infrastructure such as the nbn™ access network.

The small business dataset shows precisely what businesses are expanding in each area. In the sole trader category for example, between 2014 and 2016 there were 32 net new businesses in Busselton

in the financial services category and another 12 net new businesses in transport. In the 1-4 worker micro business category the town of Busselton generated 15 net new businesses over the four year to 2014 as well as 11 such businesses in real estate.

At the upper end of the small business spectrum Busselton added seven net new businesses employing between 5 and 19 workers. Construction too was an expanding category in Busselton at this time, up six businesses over four years.

Some places seem to specialise in attracting specific types of small businesses. For example in Margaret River the number of professional sole traders increased from 52 in 2014 to 63 in 2016.

In South Bunbury the number of small businesses employing 1-4 workers in professional services increased from 44 to 58 over this period. And in the 5-19 worker category the number of professional services business in Busselton jumped from 10 to 17 over the four years to 2016.

Busselton most popular micro businesses (1-4) industries in 2014-2016

Public Administration and Safety

6 → 12
100%



Electricity, Gas, Water and Waste Services

9 → 15
66.7%



Other

18 → 24
33.3%



Rental, Hiring and Real Estate Services

119 → 155
30.3%



Arts and Recreation Services

28 → 34
21.4%



Administrative and Support Services

129 → 145
12.4%



Source: ABS Catalogue: 8165.0 Counts of Australian Businesses, Including Entries and Exits Jun 2014 - Jun 2016

The West not so different after all

Something is happening in the South West of Western Australia. Perhaps the West Australians are right: maybe they are different. When the economic circumstances come off the boil there is a tendency to assume that this occurs universally across the nation or a state. And the post-boom world of Western Australia most certainly suggests that things have changed in Perth and in much of the regional areas.

But by the measure of continued population growth this is not the case with the South West. And especially with lifestyle places like Busselton, Bunbury, Margaret River, Augusta and suburban districts often associated with these towns. The evidence of an entrepreneurial surge in the South West is compelling.

Maybe this region has always attracted small business people wanting to have a go. Maybe the region is seen as a refuge for people “released” from the resources sector and now wanting to pursue the Australian dream of being their own boss in a lifestyle region.

The emphasis in professional services in these lifestyle towns over recent years suggest that this is not a movement tied just to population

growth. Such growth would support more building and construction and perhaps retail enterprises. Professional people moving to the South West setting up a small business may well be able to telecommute. Or they may wish to continue delivering the professional services they have always delivered.

An enabling factor of this lifestylepreneur movement is access to technology. For many business owners, living outside of Australia’s capital cities once felt like a disadvantage, however increased connectivity delivered through the **nbn**™ broadband access network can allow local businesses to tap into cloud-based collaboration and video conferencing tools to compete on a global stage.

And even though this movement and the success of the South West over recent years does seem to be at odds with state and national trends, the fact remains that Aussies are doing this not just in the pleasant and coastal parts of Western Australia, they are also doing it in other lifestyle regions. Maybe the West Australians really are no different to East Coast Australians after all?

An enabling factor of this lifestylepreneur movement is access to broadband technology delivered via the **nbn**™ access network.





November 2017

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