



Economic Development Strategy Discussion Paper

» *opportunity* » *innovation* » *activation*

statistical information contained
in charts sourced from
.id the population experts

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economic development strategy

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INTRODUCTION

Council is preparing an Economic Opportunity, Innovation and Activation Strategy to:

- identify the existing building blocks and strengths of the Ballina Shire economy
- provide a strategic planning context for advancing the economic development of Ballina Shire
- identify actions to support our local business community and facilitate greater economic development opportunities in Ballina Shire
- identify opportunities to attract businesses that build on and/or complement Ballina Shire's strengths, are consistent with the Shire's established and aspirational social and environmental character, and have the potential to positively position the shire for the future
- articulate Council's existing economic development programs within a broader context
- encourage entrepreneurial and innovative business activity within Ballina Shire.

This discussion paper has been prepared as a prelude to the draft strategy. It's purpose is to:

- present a range of economic and social statistics relevant to the Ballina Shire's economic future
- identify possible global and regional trends that may impact on the economic prospects of Ballina Shire
- seek to stimulate new ideas to benefit Ballina Shire's future economic prospects.

PROJECT OUTLINE

Council will be consulting with local businesses and industry groups over the coming months to identify actions that Council can take to improve business prospects and opportunities in Ballina Shire. Council's engagement activities will include the following:

- **Online survey** to obtain the views of local business people with respect to opportunities and constraints to economic development in Ballina Shire.
- **Presentations to industry groups** including Chambers of Commerce and business networks.
- **Facilitated workshops with local stakeholders** to explore specific actions where Council could improve business opportunities.
- **Preparation of a draft strategy** followed by public exhibition and assessment of public submissions.

PROJECT PROCESS



PLANNING CONTEXT

Ballina Shire is located in one of the fastest growing regions of regional New South Wales, driven by tourism growth and lifestyle migration from Sydney and overseas.

Continuing population growth in Ballina Shire is underpinned by improving road connections with south eastern Queensland, via upgrades to the Pacific Highway, as well as increasing air transport connections to major cities through the Ballina-Byron Gateway Airport.

The draft North Coast Regional Plan, prepared by the NSW Department of Planning and Environment, identifies Ballina as a Regional Centre, in recognition of the growing regional importance of Ballina in terms of residential development, transport, tourism, retail, health and financial and professional services. Ballina Shire also has strong links to other regional centres, in particular Lismore in terms of health services and some retail services, and with Byron Bay in terms of tourism and regional brand recognition ("Byron Hinterland"). Lismore and Byron Bay also provide complementary entertainment and recreation opportunities to Ballina Shire residents, with the Gold Coast serving the region in terms of higher order retail and recreation services.

Council has established the framework for residential and commercial development at the local level via the following key strategies and studies:

- Ballina Retail Strategy (2003)
- Ballina Shire Boost - Business Options, Opportunities & Sustainability Toolkit (2008)
- Ballina Shire Bulky Goods Retailing Investigation (2011)
- Ballina Shire Local Growth Management Strategy (2012)

In addition, Council has a number of locality based strategies which aim to guide the development of these areas, including the Lennox Head Structure Plan (2004), the Southern Cross Precinct Masterplan (2008); the West Ballina Structure Plan (2011); the Wardell Strategic Plan (2016) and the Ballina Major Regional Centre Strategy (2016).

These strategies provide the framework for the delivery

of Council's infrastructure delivery programs which have delivered a high standard of infrastructure provision including an integrated and high quality local road network, sustainable water supplies, sewerage capacity and investments in strategic airport infrastructure.

The growth in housing demand is largely accommodated in major planned land releases in Lennox Head, Cumbalum/Kinvara and Wollongbar. Ballina Shire has sufficient residential land supplies identified to cater for 20-30 years of forecast demand, at current rates of anticipated development.

Council's long term planning for commercial and industrial development is based upon a retail centre hierarchy for the shire. The hierarchy establishes the Ballina Town Centre and the Kerr Street Retailing Precinct as the primary retail centres for the shire, and indicates that these facilities should be protected and consolidated at the top of the retail hierarchy.

The current hierarchy is shown in Figure 1.1. Additional retail facilities of a neighbourhood/local scale are planned for the Cumbalum urban release area in the future, as well as a light industrial estate on the northern side of Lennox Head.

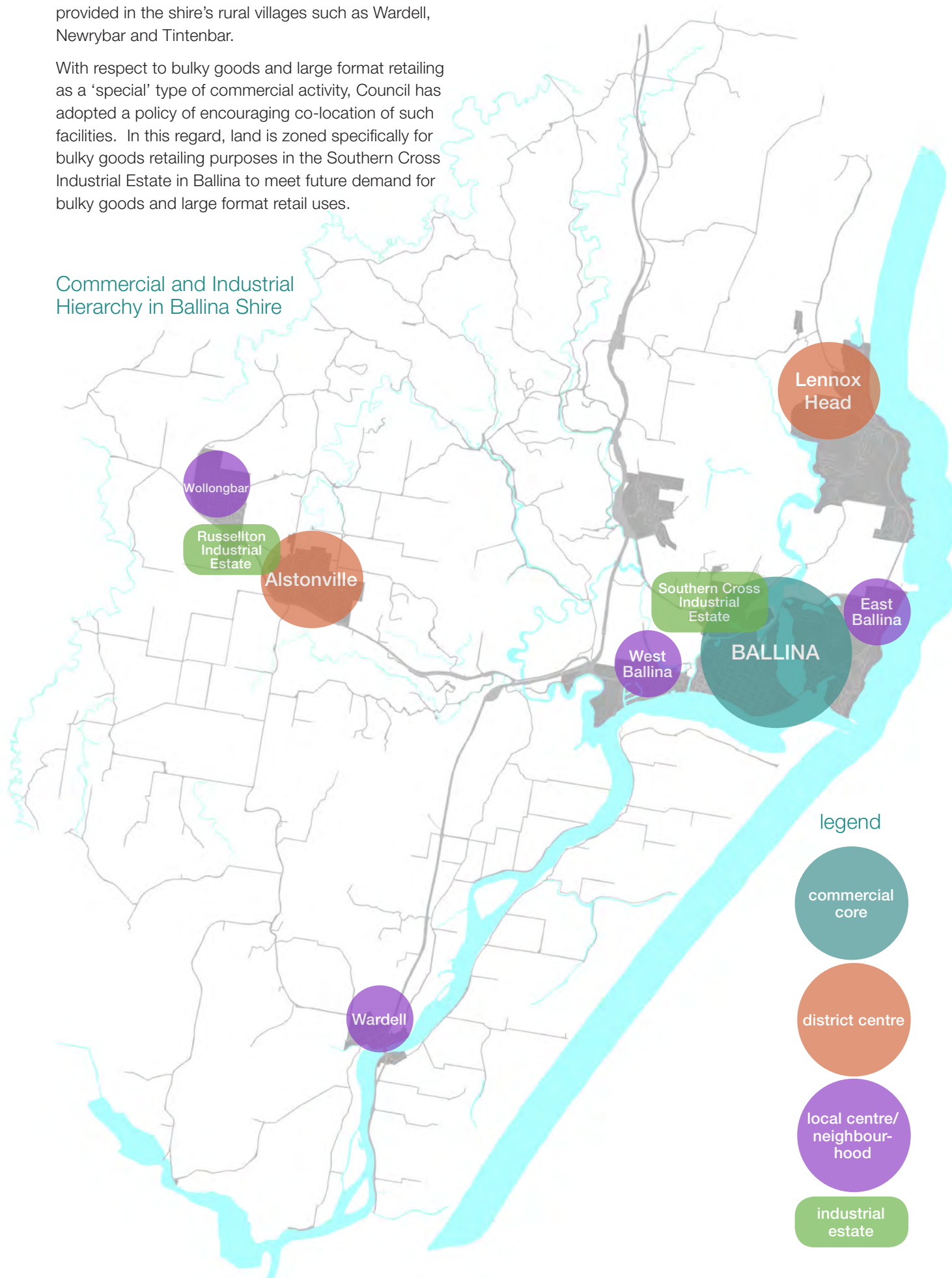
The commercial hierarchy is also supplemented by a range of quasi-retail activities and bulky goods outlets located within the Southern Cross, Clark Street and Russellton Industrial Estate (Alstonville) areas, as well as dispersed bulky goods activity along the former Pacific Highway, Kerr Street (eg Super Amart and Good Guys).

In addition to the central facilities located in Ballina, surrounding localities also include a variety of smaller scale commercial areas, in East Ballina, West Ballina, Lennox Head and Alstonville, with a smaller neighbourhood shopping centre in Wollongbar. It is also anticipated that Cumbalum will incorporate commercial development centred on a supermarket in order to provide for the needs of the local population as the area grows. Modest levels of retail services are also

provided in the shire's rural villages such as Wardell, Newrybar and Tintenbar.

With respect to bulky goods and large format retailing as a 'special' type of commercial activity, Council has adopted a policy of encouraging co-location of such facilities. In this regard, land is zoned specifically for bulky goods retailing purposes in the Southern Cross Industrial Estate in Ballina to meet future demand for bulky goods and large format retail uses.

Commercial and Industrial Hierarchy in Ballina Shire



GLOBAL CONTEXT (ECONOMIC MEGA-TRENDS)

There are a range of broader national and international social and economic trends impacting on the economic prospects of Ballina Shire.

These include:



economic rise of China and India



digital disruption



lifestyle as key attractor of skills and finance



clusters as innovation hubs



demographic trends - aging population



Economic rise of China and India

Despite the recent slowdown in demand from China, the economic rise of China and India is expected to continue to play a major role in the global economy for the foreseeable future.

Of particular relevance to our region, demand for high quality agricultural commodities and food products (particularly niche products) are expected to grow. The agricultural capacity of the Northern Rivers Region, with its high quality soils, mild climate and high rainfall, presents opportunities for food producers to target this growing (and increasingly affluent) export market.

Another impact of the growth of China and India as major manufacturing centres has been the decline in mainstream Australian manufacturing with a shift to a greater reliance on service industries and tourism/hospitality to sustain growth in employment.

The exception to the decline in manufacturing, however, is specialised high tech innovations such as robotics and the development of new materials (such as nanomaterials and 3D printing). Significantly, such businesses increasingly no longer need (or want) to be tied to the major capital cities as factors such as land cost, transport congestion and the need to attract high-skilled workers become more significant considerations. Such trends increasingly place 'lifestyle' regions such as the Northern Rivers in a good position to attract innovative high tech businesses away from the capital cities.

Digital disruption

There is little doubt that the 'digital revolution' will continue to have significant impacts on our lifestyles and economy into the future. The nature of technology development is inherently unpredictable and 'disruptive', in the sense of displacing existing and previously well-established businesses models and industries.

This 'digital disruption' presents both challenges and opportunities to the economic future of regional areas. The Regional Australia Institute estimates that 40% of Australian jobs risk being replaced by technology by 2035. In particular, unskilled or low-skilled activities will come under the greatest pressure with estimates that 92.5% of farming and forestry jobs could be automated by 2035.

Although largely unpredictable, analysis suggest that occupations that require high levels of knowledge, education and cognition, as well as those involving personal interaction (such as therapists and personal trainers), are the least likely occupations to be replaced by technology (Green et al in CEDA report).



“ ‘Digital disruption’... is about innovating to break the ranks of the status quo. It is change that is radical in the way it transforms businesses and societies through the application of technology.

Still, it is not evolutionary in nature; it redefines the norm, and it changes the markets and competitors around us.

It comes about from a relentless focus on the customer and consumer through an innovative and entrepreneurial lens, and it offers new business models and new ways of applying technology ”

- Sarv Girn
RBA in Australia's Future Workforce
June 2015 published by CEDA

On the more positive side, technological innovations can reduce the dependence on traditional business centres for engaging in business and provide greater flexibility in the manner in which products and services can be marketed and delivered. Notwithstanding, access to high speed internet and convenient transport connections (by air and land) remain critical to the capacity of such mobile workers/entrepreneurs to stay physically connected with key business centres.

Examples of digital disruptions relevant to the NSW Northern Rivers region include the following:

- The emergence of the 'sharing economy' through apps such as Airbnb and Uber having particular relevance for tourist and visitor destinations.
- Some workers have become increasingly mobile through the increased reliance on technology and online communications over face-to-face interactions, making them less reliant on being located in the major cities. This is, however, currently limited to a relatively small number of industries, such as software development, media and communications, management and consulting, but this could soon broaden to include industries such as health and education as internet speeds increase.
- Technological innovations, through social media and marketing, are also providing opportunities for businesses focussing the production of on small-scale bespoke (hand-made) goods to reach a broader audience (such as through Etsy and Instagram).
- The decoupling of place and product development brought about by technology is also driving the

demand for warehousing and transport logistics, associated with the growth of online retail and the growing importance of courier services.

Construction of the National Broadband Network's (NBN) high speed broad network (fibre to the node) is scheduled to commence within the urban localities of Ballina Shire by the second half of 2017. Being 'digital ready' is, however, more than having the physical infrastructure in place, and hinges also on the capacity (in skills and resources) of residents and businesses to fully utilise new technology.

Prosperity of place

As entrepreneurs and businesses become less tied to the major capital cities, the attractiveness of place as a lifestyle destination is becoming a more significant factor in attracting highly skilled workers and entrepreneurs (and their businesses).

Regional centres tend to be safe and healthy places to live, community life is generally strong, and community involvement in local governance high. Regional centres tend to be well-connected to natural areas and rank highly in terms of proximity to nature conservation and outdoor tourism. Some regional centres are, however, limited in their connections to capital cities with air transport lacking or infrequent and high-speed motorways absent. In addition, good jobs can be hard to find particularly for younger people who are attracted to relocate closer to major city centres for employment and/or higher education (Deloitte Access Economics, The Purpose of Place).



Ballina Shire has many of the attributes of a regional centre, with the advantage of having high quality transport connections via the Ballina-Byron Gateway Airport and ongoing improvements to the Pacific Highway. Also, being only two hours from Brisbane positions Ballina Shire in convenient proximity for brief stay tourist trips (both directions), commuting and accessing higher order business services and networking opportunities. These factors position Ballina Shire well as a lifestyle destination with potential to attract skilled workers and entrepreneurs.

Analysis indicates that there are particular qualities of places that attract such innovators:

- **Technology:** to be successful, communities and organisations must have avenues for transferring research, ideas, and innovation into marketable and sustainable products in order to drive economic growth.
- **Talent:** a community's ability to attract and retain top talent is a key foundation for transferring opportunities into new innovations and businesses.
- **Tolerance:** economic prosperity relies on cultural, entrepreneurial, civic, scientific, and artistic creativity. Such factors flourish in places that are receptive to migrants, and are open-minded to new ideas and different cultural backgrounds and lifestyles.
- **Territorial assets:** territorial assets are the natural, built, and psychological settings of the community. It is the distinct "vibe" that makes communities unique from one another. People want to live in communities that are unique and inspiring to them.

An associated worldwide trend is that of the health and wellbeing 'movement', with food, recreation and lifestyle considerations playing an increasingly important role in where some people choose to live. Ballina Shire is well positioned to serve this need, with access to healthy local food and large areas of open space, recreation assets and coastal and natural environments.

Key factors for attracting skilled (often younger) workers and entrepreneurs to regional areas, include the following:

- The availability of skilled labour pool and support industries
- Entrepreneurial culture and networking opportunities
- Culture and entertainment opportunities
- Healthy lifestyle and recreational opportunities
- Affordable housing

Whilst Ballina Shire is well placed with respect to a number of the above factors, others such as affordable housing present a greater challenge in attracting young skilled workers.



“A growing number of cities are bases of distinctive ecosystems fuelled by local institutions, infrastructure, culture, and government.

These are not always intentionally designed as formal clusters, but are the result of unique combinations of past decisions, present capabilities, and local needs.”

- City Planet:
Business Trends 2014 in Deloitte

Clusters as innovation hubs

As much as technology is enabling the emergence of new business models and modes of work that are less tied to specific locations, geography still matters for most businesses. The natural tendency for related businesses to come together in particular locations gives rise to what is known as business “clusters”.

Clusters are seen as a critical building block for regional economic development, due to the potential for a beneficial cycle of shared learning, innovation, new business development (often through ‘spin-offs’) and jobs growth to emerge. The benefits of clustering for the businesses include shortened supply chains, improved availability of skilled workers and the potential for sharing infrastructure, suppliers, marketing and distribution networks, among others.

The economic impact of clusters depends largely on the complexity of the enterprises and the depth of the relationships between members. Manufacturing is an example of industry clustering that typically has a large economic impact, due to the complex nature of the task (and the specialised knowledge involved) combined with the depth of the supply chain, the number of businesses involved and the strength of the

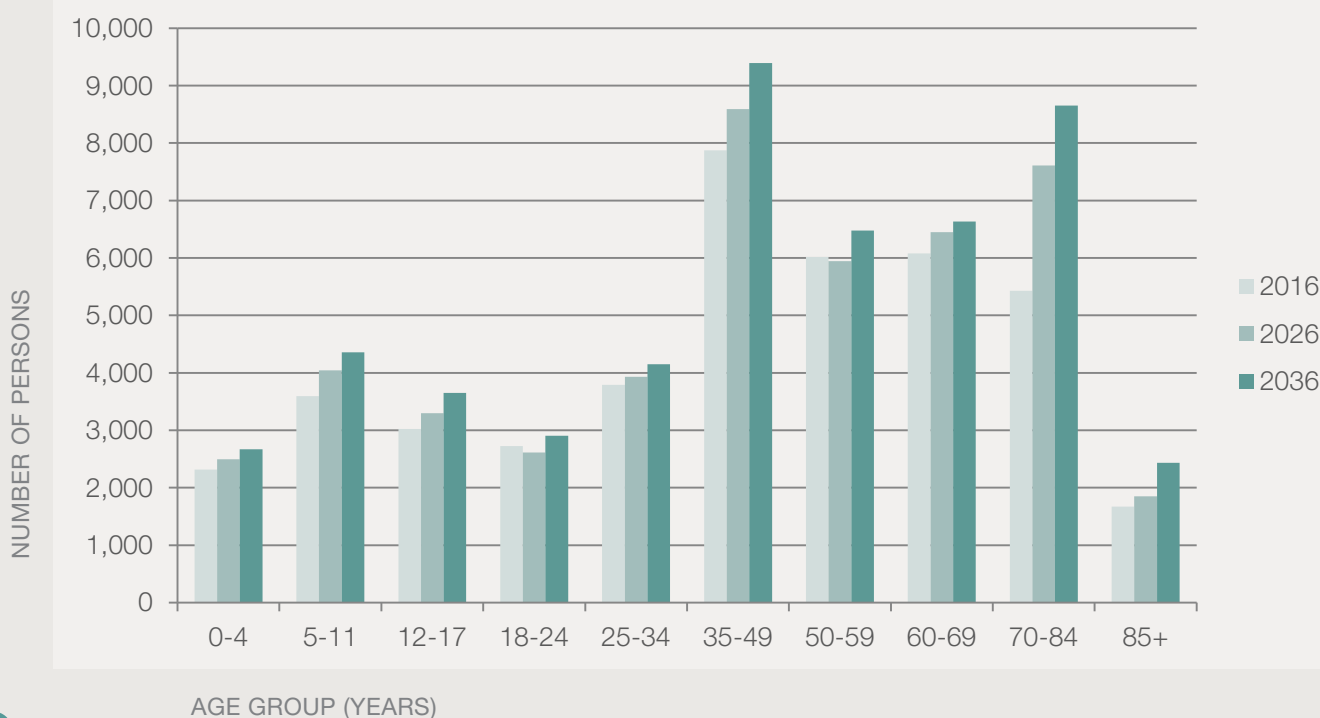
relationships between them.

In the case of Ballina Shire, key industry clusters include the following:

- **Tourism, hospitality & entertainment** focussed around key dining districts (Central Business Districts of Ballina, Lennox Head and Alstonville)
- **Construction** primarily housing construction, alterations & additions and civil engineering
- **Medical & Health** aged care and personal care services
- **Recreation** personal training, surf training, sporting groups & retailers, sporting events (surf and skate competitions)
- **Education and training** TAFE, personal training, surf life-saver training, conferencing.

A challenge for improving the effectiveness of some of these clusters is that the constituent businesses are often not located in physical proximity to each other and as a consequence opportunities for face-to-face networking and collaboration can be limited. Further, due to prevalence of small owner-operator businesses and high commercial rents, many businesses operate from home rather than having a physical presence within a commercial area. As a consequence, meeting

forecast age structure - service age groups



places that facilitate casual networking can play an important role in facilitating business relationships.

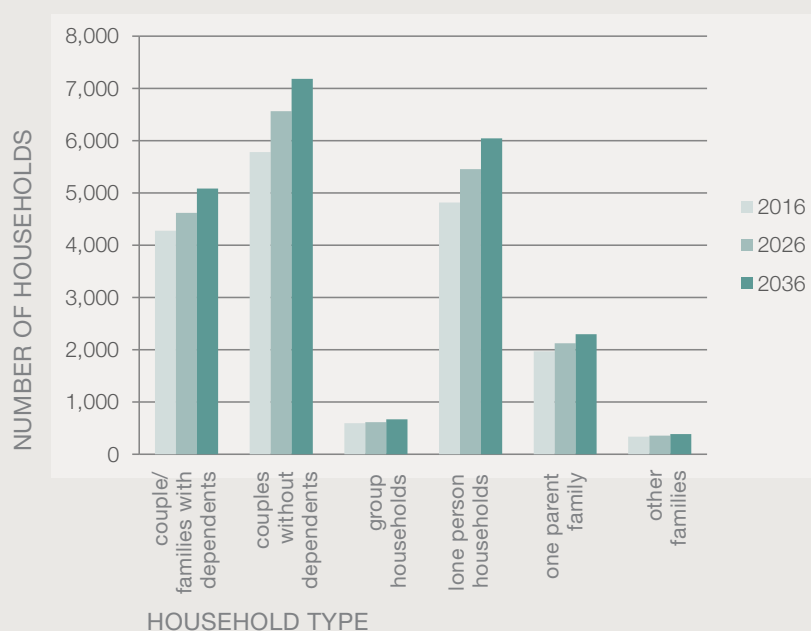
Demographic trends

Ballina Shire, as with the rest of Australia, is as anticipated to undergo a shift towards a more elderly population over the next 20 years. Council's population forecasts suggest that the proportion of Ballina Shire residents aged 60 years and over is likely to rise from 31% of the population in 2016 to 34% of the population by 2036, based on current trends. Notwithstanding, the number of people in younger age groups including those in the 'parents and homebuilders' life stage (aged 35-49 years) are also anticipated to increase over this period.

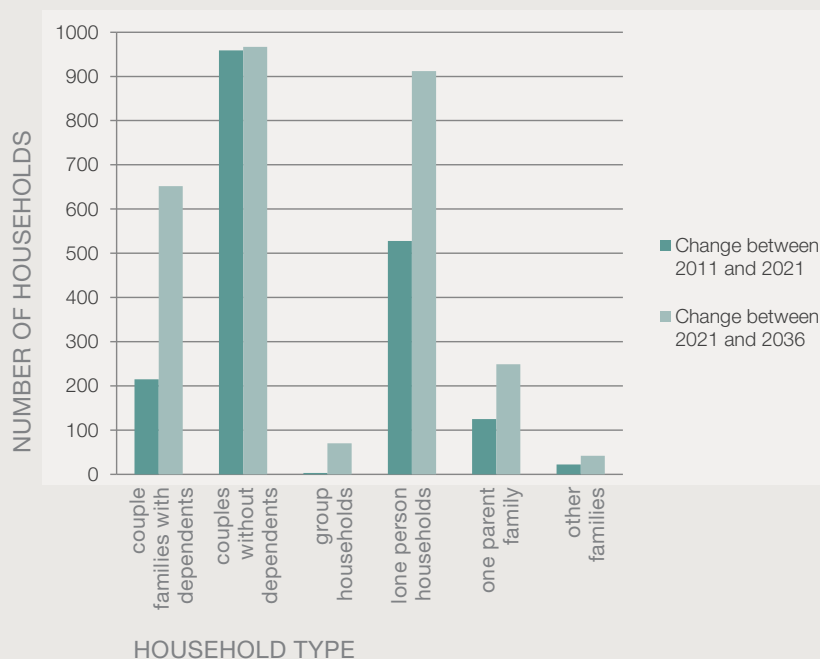
The changing age profile is also anticipated to have an impact on household formation with an expected higher prevalence of lone person households and couple families without children.

The increase in the number of older people and the changes in household structure also have implications for future housing need, due to the growth in couples without children and lone person households being the major component of growth, compared with the 'traditional' family unit. Increased demand for smaller dwellings, of one and two bedrooms, is anticipated as the number of smaller households increases. Accommodating these changing housing demands is, however, a key challenge as the local housing market is currently orientated towards the construction of traditional 'family-unit' housing (of separate detached dwellings) rather than smaller houses and multi-unit dwellings.

forecast household types



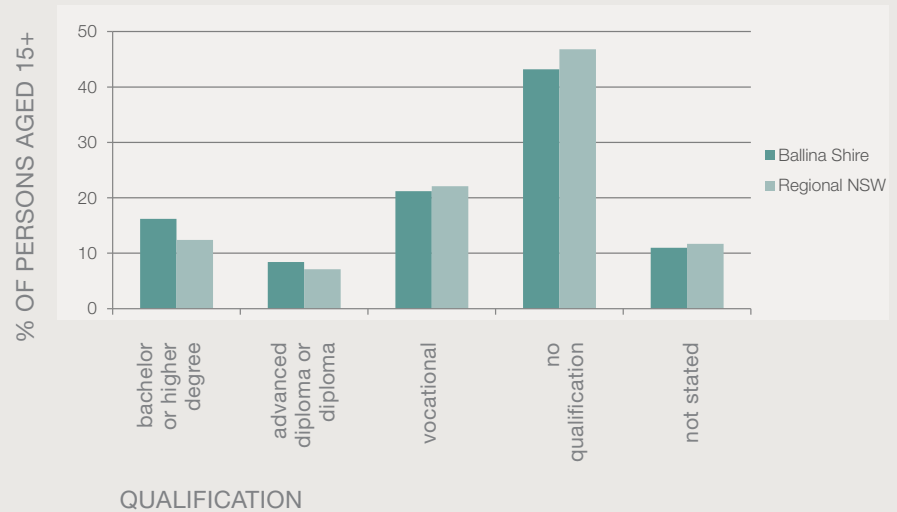
forecast change in household types 2011 to 2036



Education, skills and training

The population of Ballina Shire has a higher level of educational qualifications compared with regional New South Wales as a whole.

highest qualification achieved 2011



Further, the level of education and training of Ballina Shire residents has been increasing over time.

change in highest qualification achieved 2001 to 2011



Income

While the household incomes in Ballina Shire are relatively low compared with NSW as a whole, there has been a shift towards higher household incomes.

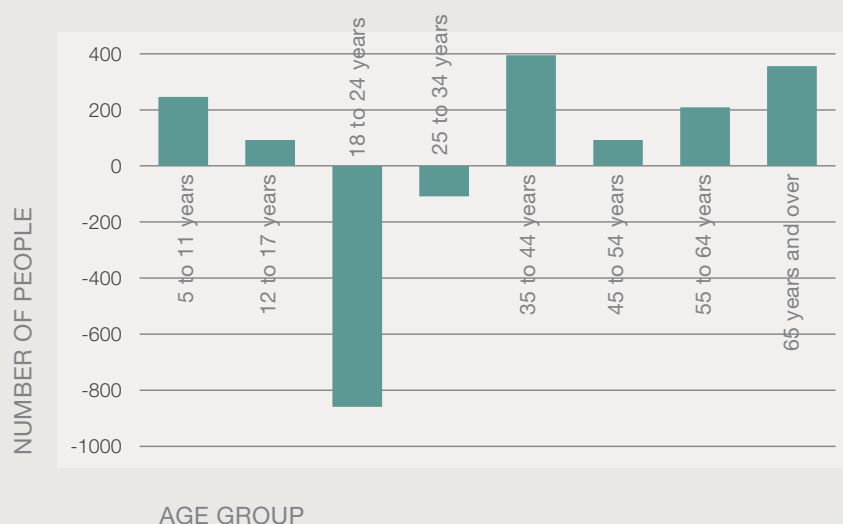
change in equivalised household income quartiles 2001 to 2011



Migration

Unsurprisingly, the younger age groups (between the ages of 18 and 34 years) tend to migrate out of Ballina Shire, mostly towards Brisbane and the Gold Coast. Conversely, net immigration occurs for all other age groups including, significantly, younger families (parents aged 35-44 and children aged between 5 and 17 years).

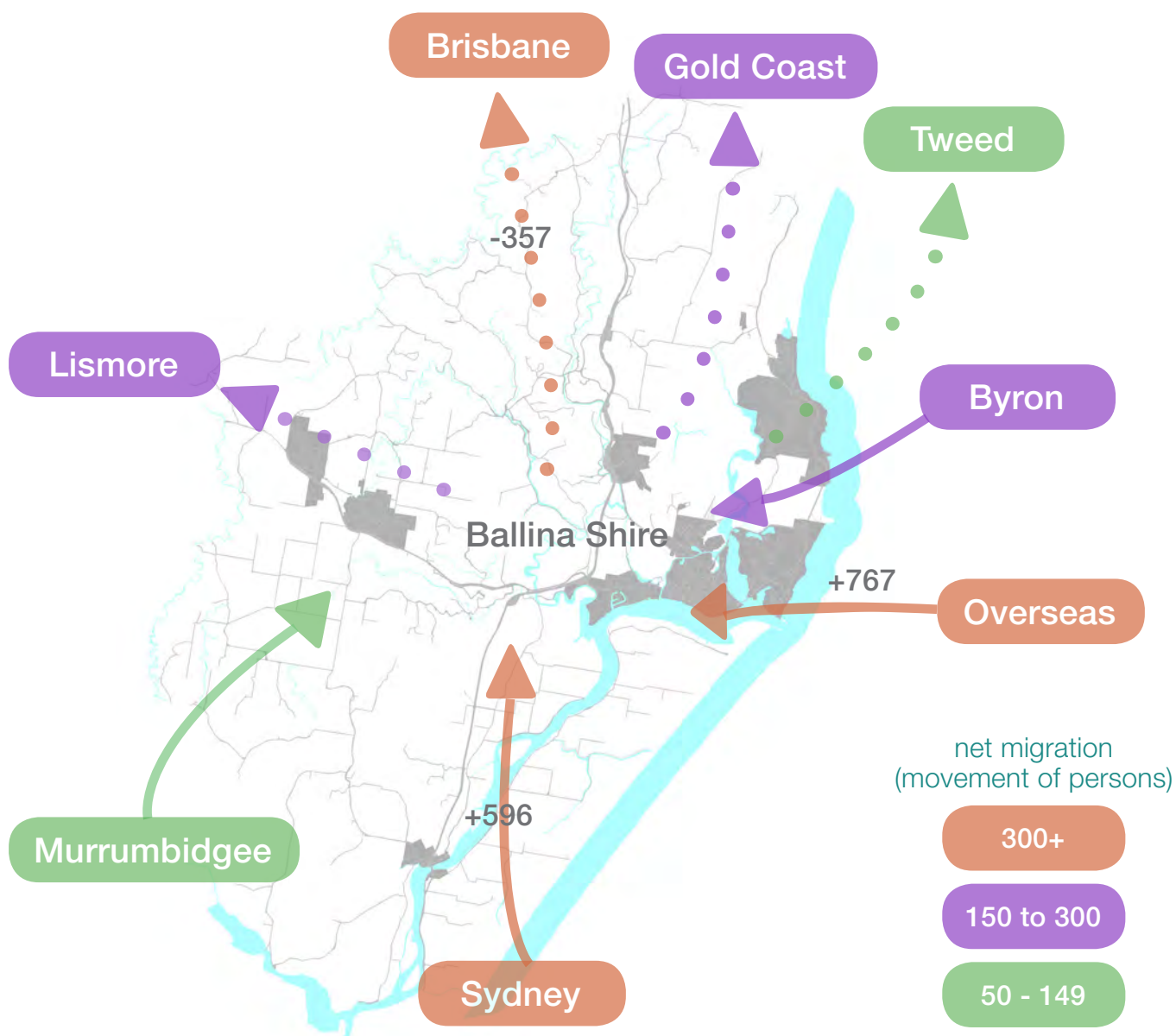
net migration by age group 2011



Ballina Shire's migration trends are considered quite normal, as younger people tend to leave regional areas in search of education and jobs in major city centres. The encouraging aspect of the migration profile is that if people in the family formation stay in the Shire, sometimes the same people who at an earlier stage left the region, return.

The change in household incomes and educational level is partly explained migration trends with the highest source of new migrants to Ballina Shire originating from Sydney and Overseas.

historical migration flows Ballina Shire 2006-2011



Further interrogation of these migration statistics indicate that the majority of recent overseas migrants were born in Australia (citizens returning), followed by England, New Zealand and Southern and East Africa. Notwithstanding, as the adjacent table shows, recent migrants come from a diverse range of countries.

country of birth, persons residing overseas 5 years ago (2011)	males	females
Australia	108	127
United Kingdom	65	74
New Zealand	34	44
Southern and East Africa	28	31
Western Europe	13	25
Northern America	13	16
Maritime South-East Asia	11	30
Chinese Asia (includes Mongolia)	10	15
Southern Asia	9	10
Polynesia (excludes Hawaii)	7	0
Mainland South-East Asia	6	17
Ireland	6	5
Japan and the Koreas	5	16
Middle East	4	0
South America	3	8
Central America	3	0
Northern Europe	0	7
Southern Europe	0	5
Eastern Europe	0	3
total	325	433

Table generated using ABS TableBuilder
(cells have been randomly adjusted to avoid the release of confidential data)

REGIONAL INFLUENCES

A number of regional factors are likely to influence the future economic wellbeing of Ballina Shire including:



relationships with other centres



major infrastructure investments



local land supplies



housing affordability



Relationships with other regional centres

One of the defining characteristics of the Northern Rivers Region is the dispersed settlement pattern that has led to the region being known as ‘the region of villages’. From this dispersed pattern of population centres several key centres have emerged over time. Those centres with the strongest relationship with Ballina Shire are Lismore and Byron Bay. Together these three centres have a mutually beneficial influence on one another, providing complementary functions (though with considerable overlap):

- **BALLINA** retail, water-based and coastal recreation, financial and professional services, air transport
- **LISMORE** retail, higher order health services and medical specialists, entertainment, nature-based recreation
- **BYRON BAY** entertainment and food & drink services, coastal recreation, boutique retail, food product manufacturing.

Major infrastructure investments

Ongoing investments in major transport infrastructure by the State Government and Council provide economic stimulus (through construction related jobs) and improved business conditions through an improved standard of infrastructure and reduced travel times and associated costs. These transport infrastructure investments include improvements to the Pacific Highway, expansions to the Ballina-Byron Gateway Airport, strategic local road investments (including new planned connections between Ballina and Lennox Head), and investments in maritime infrastructure (including Marine Rescue Tower and marina investigations).

Ballina Shire Council has also committed to a number of other major infrastructure investments providing benefits for local residents and businesses including:

- improvements to the open space network, including upgrade to Pop Denison Park
- extensions to the coastal shared pathway and coastal recreational pathway network between Ballina and Lennox Head
- Surf club projects in Ballina and Lennox Head
- improvements to public swimming pools in Ballina and Alstonville
- provision of an indoor sporting facility in Ballina
- regional scale sporting infrastructure in Wollongbar
- new wharves and pontoons in the Richmond River at Ballina and Wardell
- town centre improvement programs for Ballina, Alstonville and Wardell.





Local land supplies

Ballina Shire has identified, through its strategic planning framework and rezoning processes, sufficient land supplies to accommodate the projected housing demand beyond 2035. The shire's main "greenfield" residential development areas are located in Lennox Head, Skennars Head, Cumbalum, Kinvara, North Ballina, Wollongbar and to a lesser extent Wardell. Additionally, there is capacity within existing residential areas for some infill development, predominately through dual occupancy and medium density development, as well as higher density development within the Ballina CBD.

The development of these areas is expected to provide ongoing strength to construction related jobs and industry and add aggregate demand to the local economy and support the growth of local service industries.

Housing affordability

Despite the availability of land for housing development in Ballina Shire, housing affordability continues to be a significant issue, as in other coastal areas of Australia.

A lack of affordable housing is a constraint on economic growth in a number of ways:

- Constraining household disposable incomes - high housing costs mean that households have less disposable income available to spend on other items within the economy.
- Constraining the local supply of workers, particularly for 'key workers'. Key workers in Ballina Shire include those in the service industries (such as retail and hospitality trades), construction, health, aged care and education sectors. These essential sectors traditionally have low to moderate level wages, making it difficult for some workers to access affordable housing. This could result in labour shortages and/or rising wage costs for local businesses.

KEY INDUSTRY SECTORS

The most significant industry clusters in Ballina Shire, in terms of employment, number of businesses, output/sales and value-adding (a measure of productivity) are:



construction and real estate



education and health care



finance, management and administration



retail, hospitality & entertainment (incl media)



natural resources (incl agriculture & mining)



light industry (incl wholesale & manufacturing)



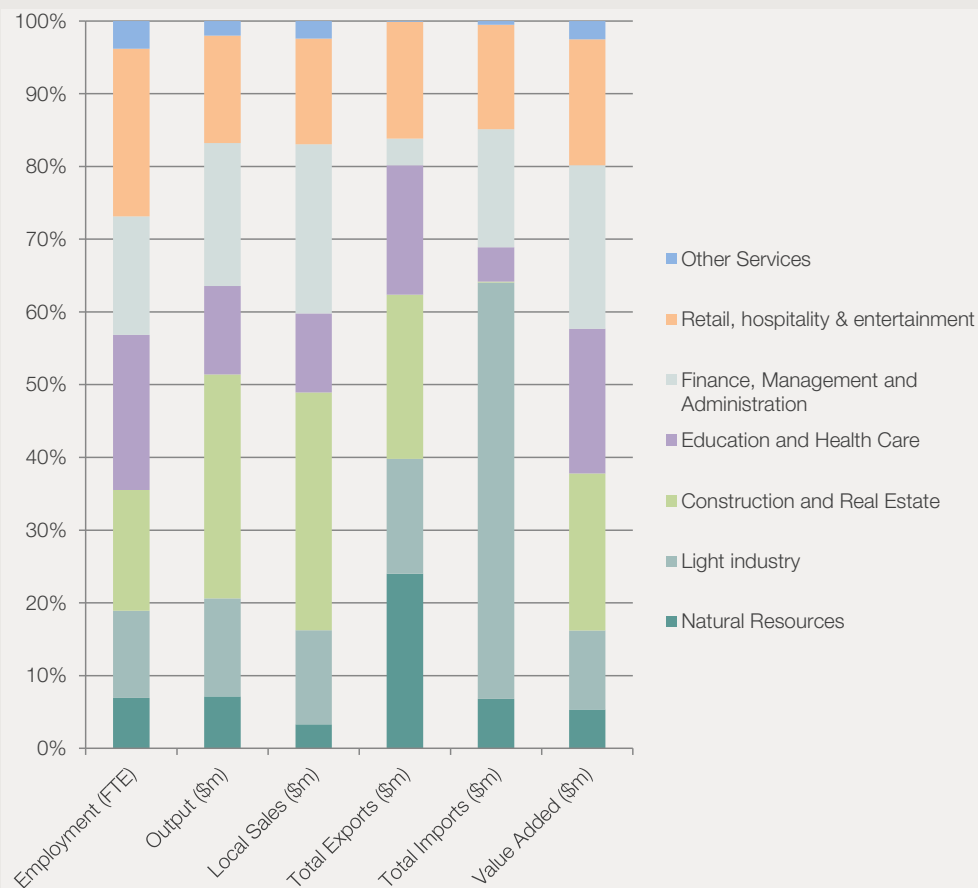
Construction and real estate sector

The development industry plays a significant role in Ballina Shire's economy. Combined with property operators and real estate, the construction sector is the largest employer (2,221 FTE employees); generates the highest amount of value added (\$318 million) and is responsible for the largest proportion of economic output (\$1,011 million). The construction sector also has the most registered businesses (1,088 local businesses) of any industry in Ballina Shire. The majority of this activity occurs within the construction services sub-sector, which includes land development and site preparation services and building trades (excluding building construction).

In addition, although the construction sector is not a major export earner directly, the property operators and real estate industry was the top export earner for Ballina Shire (primarily from property sales) comprising 26.3% of total exports in FY2014/15 of \$155.3 million.

Whilst the strength of the construction sector is a boost to Ballina Shire's economy, this concentration and relative reliance on the industry is also a major vulnerability due to the reliance of the sector on debt finance. Because of this, changes in interest rates and broader macroeconomic conditions have the potential to significantly impact on the local economy.

economic performance of key industry sectors 2015/16



Education and health sector

The health and education Sector, comprising the education and training and health care and social assistance industries, together represent a largest industry of employment within Ballina Shire, with approximately 21.3% of total persons employed (2,789 FTE). These industries together also contribute 17.8% of total export earnings (through the flow of public funding by State and Federal Governments).

The key places of employment within this sector include:

- Preschool and school education (909 FTE employees)
- Social assistance services (514 FTE employees)
- Medical and other health care services (including medical specialists) (451 FTE employees)
- Residential care and other aged care services (438 FTE employees)

Finance, management and administration sector

Approximately 16.3% of Ballina Shire workers (2,131 FTE employees) are employed in finance, management and administrative enterprises (including public administration), including:

- Financial and Insurance Services
- Professional, Scientific and Technical Services
- Public Administration and Safety
- Administrative and Support Services
- Electricity, Gas, Water and Waste Services

The finance, management and administration sector contributes 19.6% of Ballina Shire's economic output (\$629 million) and 22.5% of the Shire's value added (\$329 million). The financial, administrative and professional services within this sector support the smooth operation of other businesses within the Shire and the region.



Retail, hospitality and entertainment sector

Approximately 23.1% of Ballina Shire workers (3,020 FTE employees) are employed in retail, hospitality and entertainment enterprises, such as:

- Retail trade
- Accommodation and food services
- Arts and recreation services
- Information media and telecommunications

The retail, hospitality and entertainment sector contributes 14.8% of Ballina Shire's economic output (\$474 million), 16% of the Shire's exports (\$95 million) and 17.3% of value added (\$254 million).

Tourism and hospitality

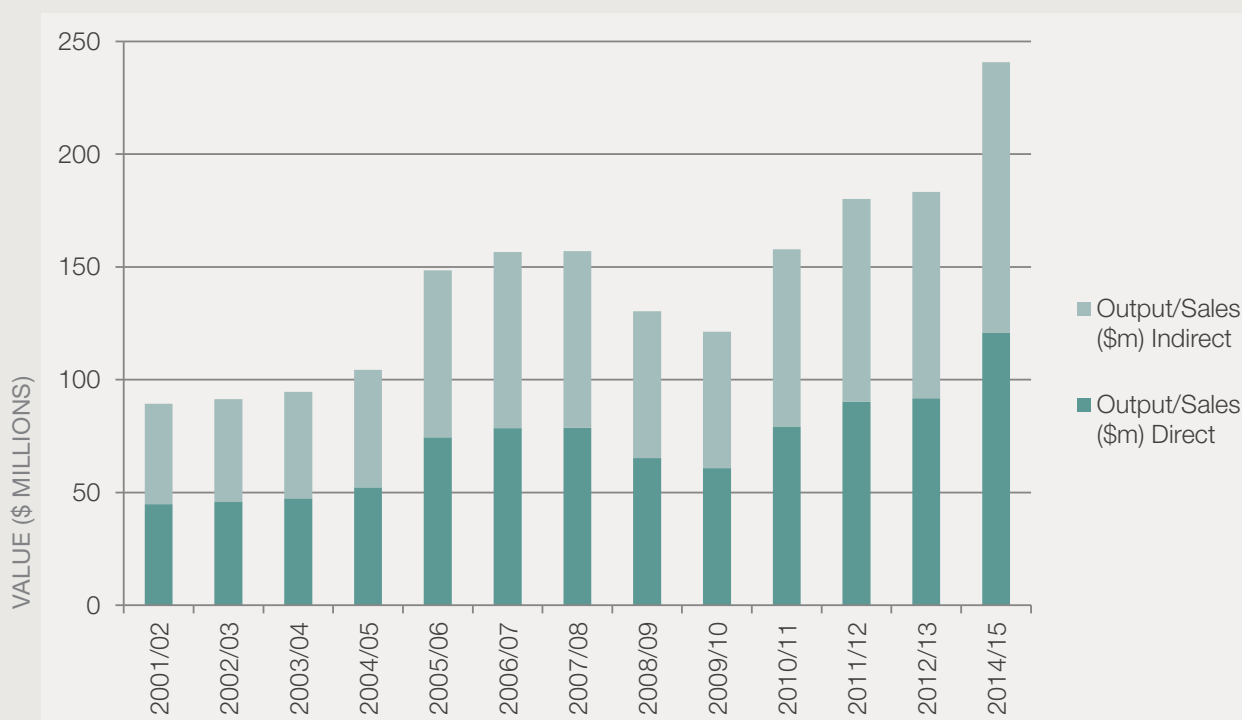
In the five years to FY2014/15, approximately 1.3 million over night domestic visitors visited Ballina Shire, with a further 66,546 international visitors.

The majority of international tourists visiting Ballina Shire did so for the purpose of a holiday (60.1% of holiday nights), with a further 31.1% of visiting friends and relatives. In both cases the average length of stay is approximately 8 nights.

In terms of domestic overnight visitors, the majority visit for the purpose of visiting friends and relatives (42%), followed by visiting for a holiday (38.9%), business (12.2%) and for other reasons/not stated (6.9%). Domestic overnight visitors tend to stay for 3-4 nights on average.

Additional to the above, over the five years to FY2014/15 Ballina Shire received approximately 1.7 million domestic day visitors who came for predominately for the purpose of a holiday (44.5% of visitors) and visiting friends and relatives (29.1%).

value of tourism and hospitality 2015/16

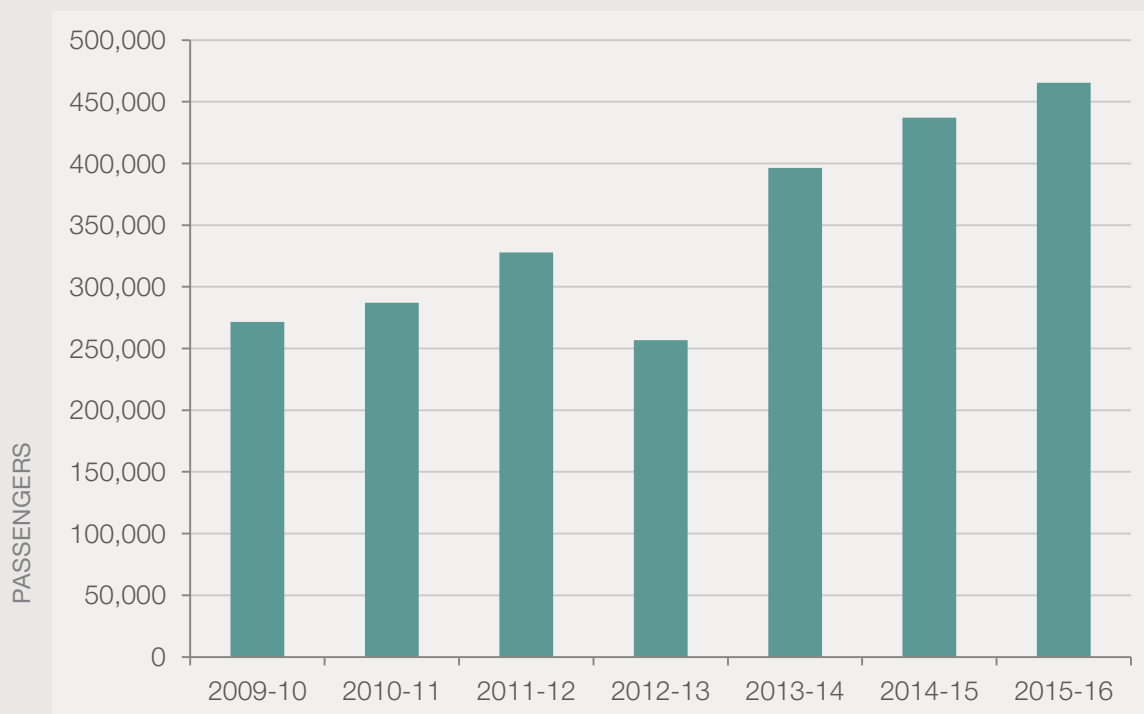


Airport facts

Between 2015 and 2016, the Ballina-Byron Gateway Airport was the fastest growing regional airport in NSW and one of the fastest growing in Australia. The airport is the second largest regional airport in NSW, is ranked number 12 in the top 50 regional airports in Australia (after Cairns Airport), and ranked number 20 in the top 20 Airports in Australia (after Sydney).



Ballina-Byron Gateway Airport annual passenger numbers





Light industry sector

The wholesale, transport and manufacturing sectors are included here together as they represent a group of 'light' industries that typically occupy industrial estates in the shire. These industries tend to require sizeable industrial allotments, with good transport connections and access to services. The strength of this sector is a reflection of Ballina's role as a regional centre. Together these industries represent 12% of total employment (FTE), 13.5% of output (\$432 million), 10.8% of value-added (\$159 million) and 15.8% of exports (\$93 million). These industries also function as important support industries servicing other sectors of the local and regional economy.

Though manufacturing has declined in relative importance in recent times throughout Australia, the manufacturing that remains tends to be niche and high tech, requiring specialised skills and an educated and well-trained workforce. Manufacturing can provide major benefits to local economies, by tending to support 'spin-offs' and growth in other related sectors of the economy as local businesses gear to service the manufacturing businesses.

Food product manufacturing is Ballina Shire's largest manufacturing industry, with \$68.2 million worth of output in FY2014/15. Notably, 40% of the Ballina Shire residents employed in food product manufacturing work in locations outside Ballina Shire, indicating there are more people employed in the industry than there are jobs available in Ballina Shire. Food product manufacturing within Ballina Shire makes up a relatively low proportion of that produced within the region (7.4% of total output/sales) and the majority of this is sold locally (75% of total output).

Natural resources sector

Although no longer significant as it once was in terms of employment and share of total output, the Agriculture, Forestry and Fishing industries remain significant in terms of the number of registered businesses (15% of all businesses) and the value of exports (22.9% of all exports) in Ballina Shire. Despite the historical decline in number of agricultural workers, the industry remains the sixth largest industry of employment with 6.5% of all hours worked (856 FTE employees) of the Shire.

The main agricultural commodities in Ballina Shire (in terms of the total value of production) are nursery products & cut flowers (30.5% of total exports), nuts (mainly Macadamia at 30.4%), broad-acre crops (mainly sugarcane at 18.3%) and non-citrus fruits (12.5%). Ballina Shire generates approximately 26.5% of total agricultural exports for the Northern Rivers Region, but only 11.5% of local sales.

Mining activities in Ballina Shire tend to be involved in the local and regional supply of quarry material such as sand, gravel and rock for local construction and development projects. As a consequence, while the supply of this material is important for other sectors of the economy, the mining industry itself represents only a small proportion of overall economic output and activity.

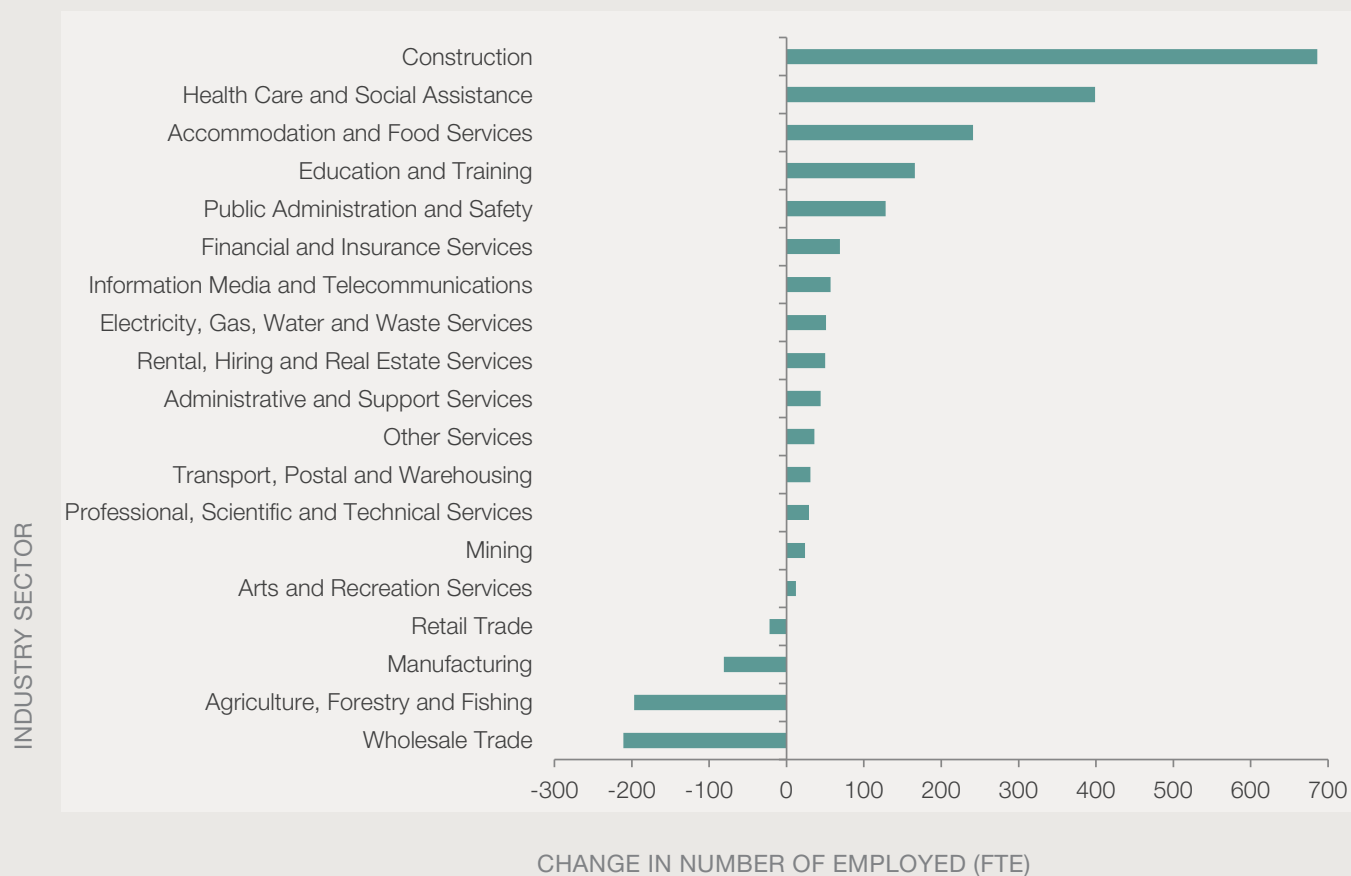


EMPLOYMENT

In terms of workers employed, the major industries of employment in Ballina Shire are retail trade (14.7% of all workers); construction (13.7%); health care and social assistance (13.5%); accommodation and food services (10.4%); and education and training (8.2%).



change in employment (FTE) 2004/05 to 2014/15



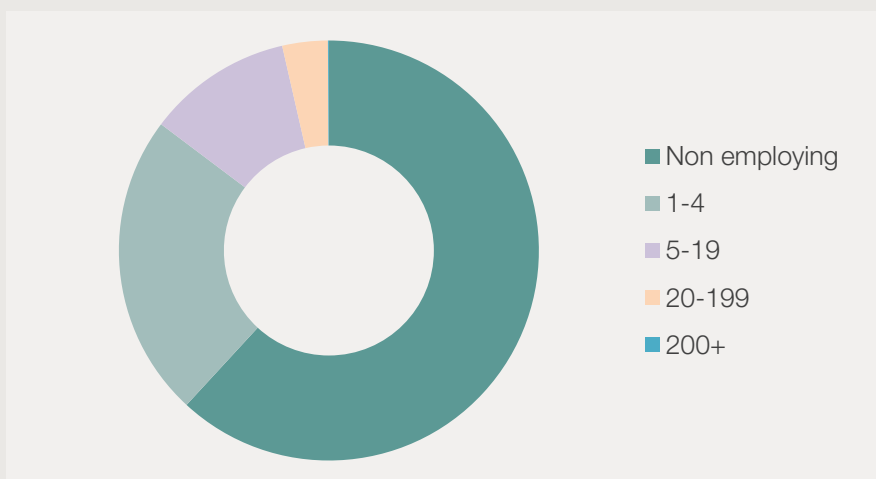
In terms of places of work, in the previous five years (to FY2014/15) the strongest growth occurred in health and personal care related industries including residential care services; child care; allied health; and other social assistance services; and in cafes, restaurants and takeaway food services. In contrast, the main declines in the number of persons employed were in department stores; hardware, building and garden supplies retailing; grocery, liquor and tobacco product wholesaling; specialised food retailing; and fruit and tree nut growing.

places of employment top 5 largest growth and decline Ballina Shire 2006 - 2011

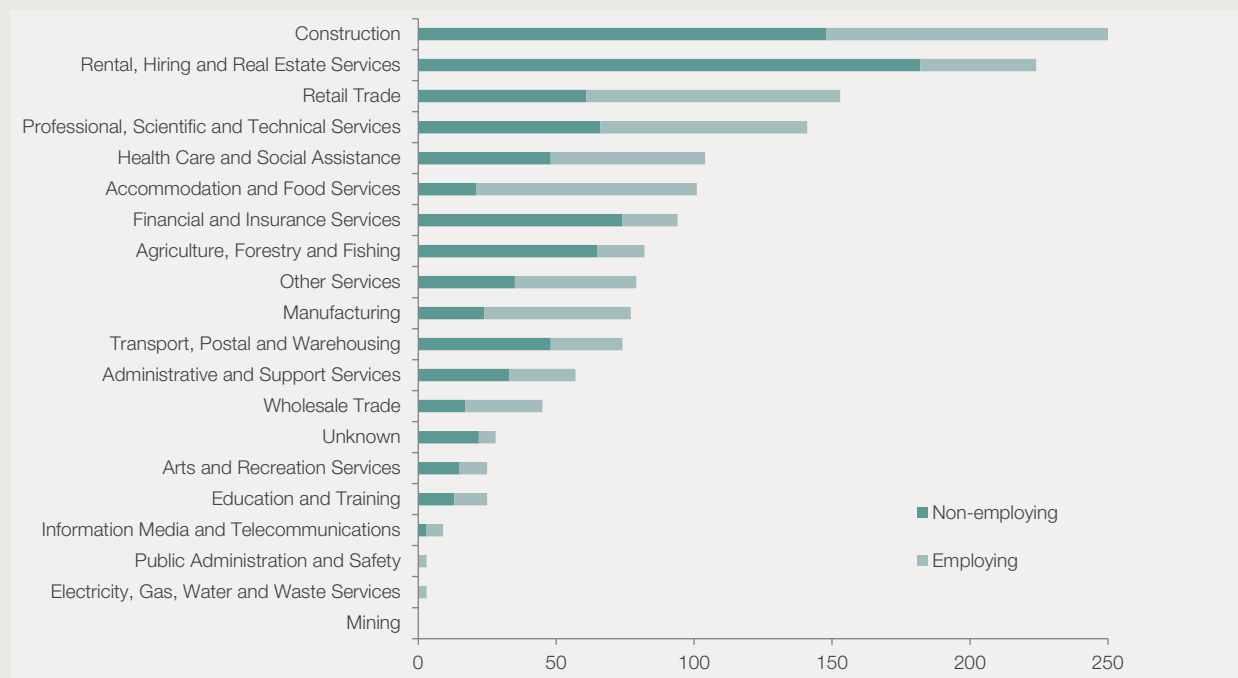


Businesses located in Ballina Shire are predominately small, owner operated businesses. This is reflected in the following two figures. The graph adjacent shows that 62% of all businesses located in the Ballina Shire were non-employing businesses, with 96% of businesses employing less than 20 workers. The graph on the next page shows the number of businesses in the Ballina Shire that are employing and non-employing in each industry.

number of employees for businesses located in the Ballina Shire 2012



number of businesses by industry by employment status in the Ballina Shire locality

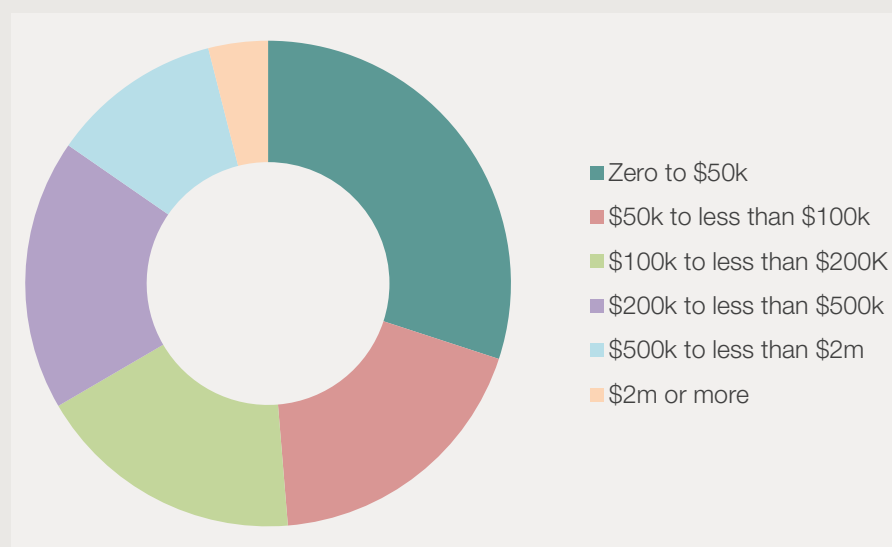


Approximately 30% of all businesses in Ballina Shire have an annual turnover of \$50,000 or less. Only 4% of businesses located in Ballina Shire have an annual turnover of more than \$2 million.

Employment locations

Ballina Shire is reasonably 'well contained' in terms of employment. This means that the majority of Ballina Shire's residents live and work in Ballina Shire (63.2% of workers), with a further 24.5% of workers living in Ballina Shire but working in other LGAs within the Northern Rivers Region (including Clarence Valley). The remaining 12.3% of working residents work outside the region, as far away as Brisbane and the Gold Coast, Sydney, Melbourne and Australia's mining regions.

business turnover for businesses located in Ballina Shire 2012



OUTPUT

Output by industry is a gross measure of the total sales of each industry sector in Ballina Shire. It does not measure how productive each industry sector is at producing this output - which is measured by value added.

By comparing the output of each industry sector to a regional benchmark, you can clearly see the structure of Ballina Shire's economy. This can be done by directly comparing the percentage contribution of each industry to the total output, relative to the benchmark, or by using a location quotient, where a number greater than one indicates a high concentration of that industry and less than one indicates a lower concentration.

An analysis of the output by industry sectors in Ballina

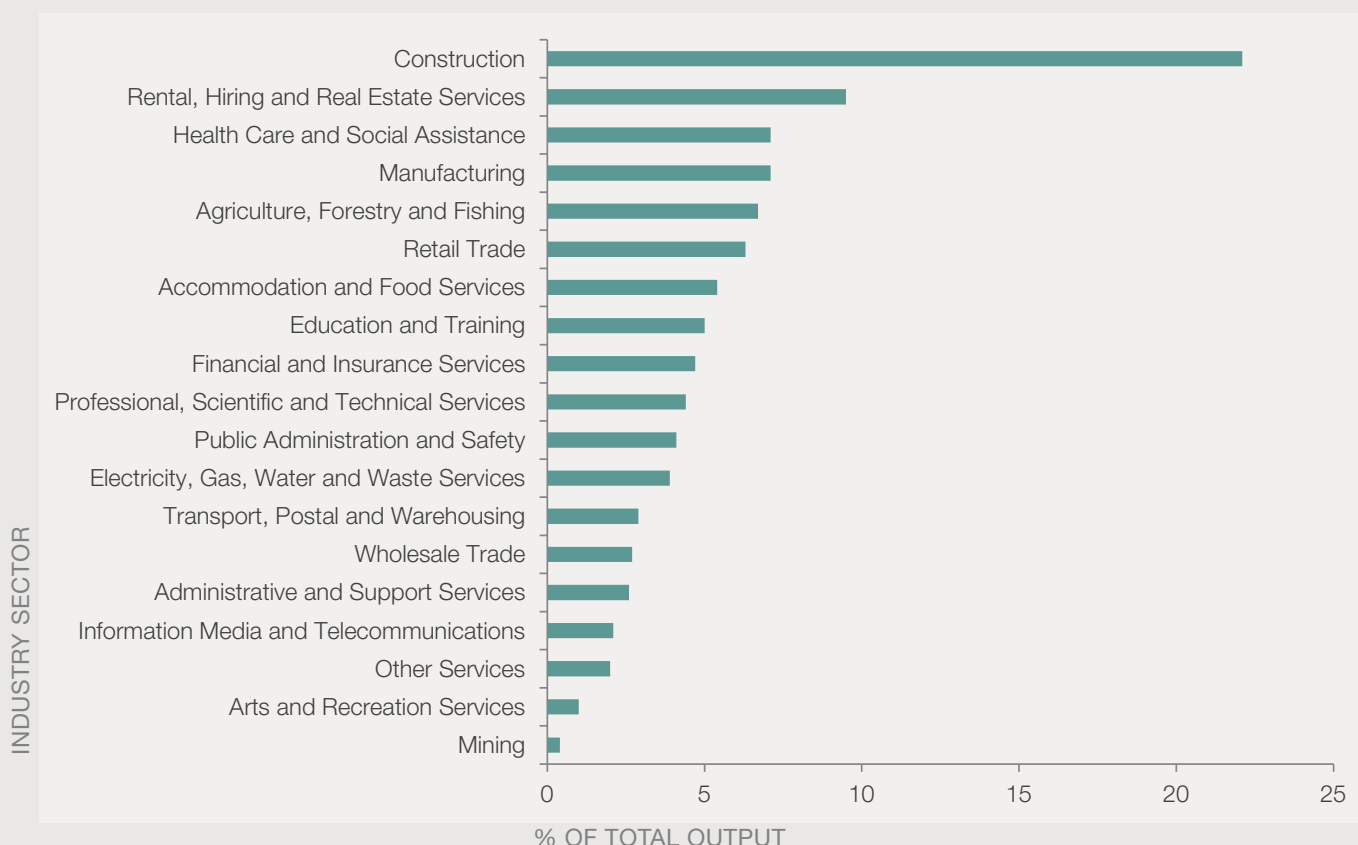
Shire in 2014/15 shows the three largest industries were:

- Construction (708 million or 22.1%)
- Rental, Hiring and Real Estate Services (303 million or 9.5%)
- Health Care and Social Assistance (229 million or 7.1%)

In combination these three industries accounted for \$1,240 million in total or 38.7% of the total output by total industry in Ballina Shire.

In comparison, the same 3 industries in New South Wales accounted for 11.0% in construction; 6.7% in rental, hiring and real estate services; and 5.0% in health care and social assistance.

output by industry sector Ballina Shire 2014/15



VALUE ADDED

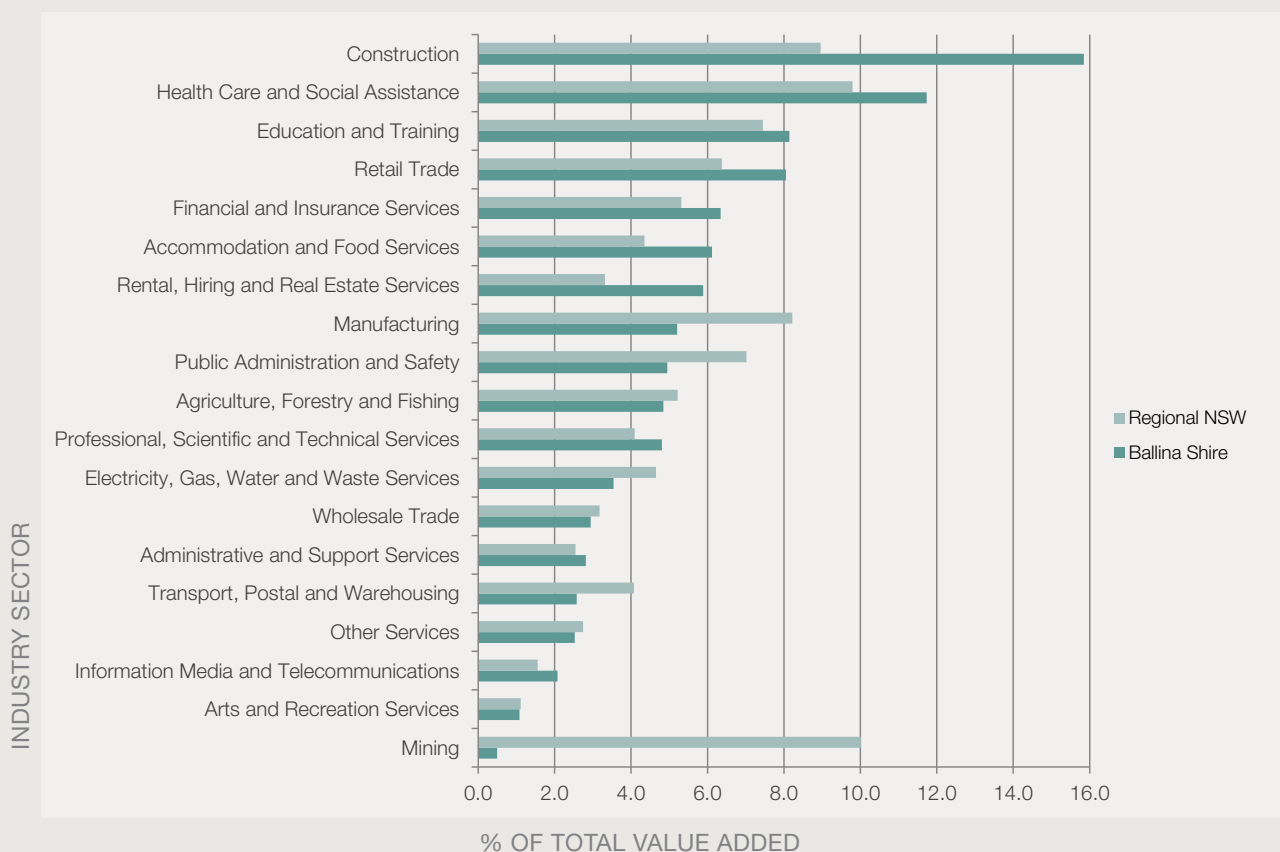
Value added by industry is an indicator of business productivity in Ballina Shire. It shows how productive each industry sector is at increasing the value of its inputs. It is a more refined measure of the productivity of an industry sector than output (total gross revenue), as some industries have high levels of output but require large amounts of input expenditure to achieve that.

By comparing the value-add of each industry sector to a regional benchmark, the structure of Ballina Shire's economy can be seen. This can be done by directly comparing the percentage contribution of each industry to the total output, relative to the benchmark, or by



using a location quotient, where a number greater than one indicates a high concentration of that industry and less than one indicates a lower concentration.

value added by industry sector Ballina Shire 2014/15



EXPORTS

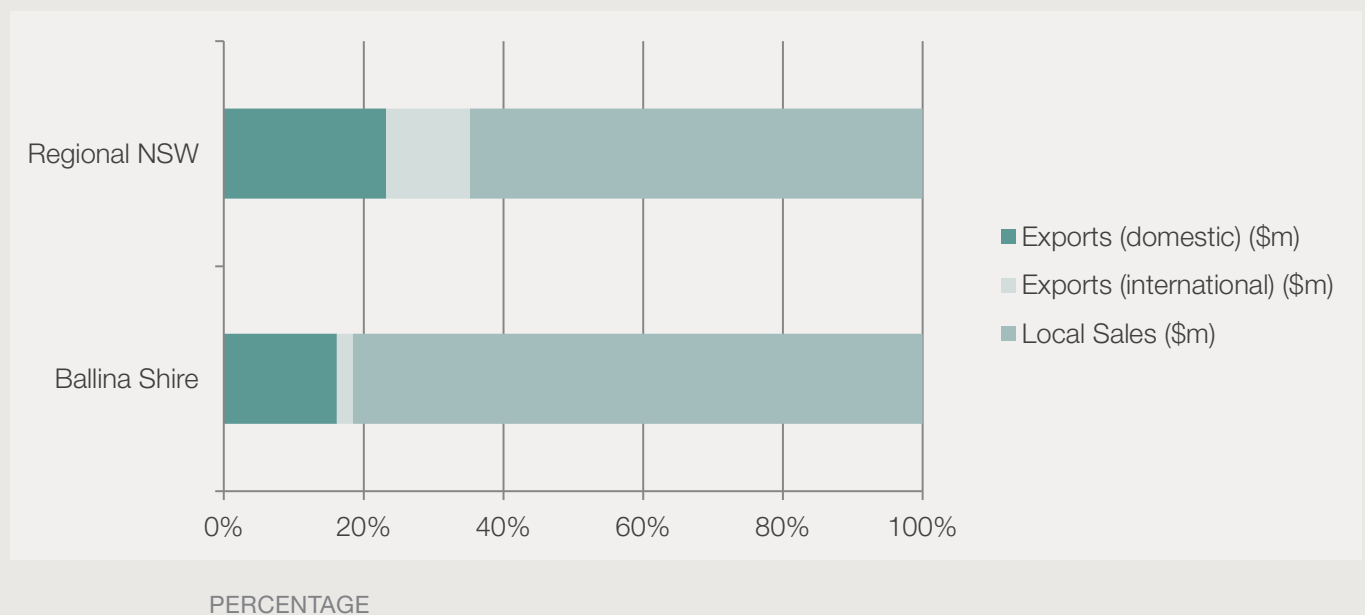
Exports are important to balance the purchase of imports from outside the region, as a region that imports more than it exports will tend to contract over time as money leaves the local economy to pay for its imports. Encouraging exports is important therefore for promoting the health of regional economies.

Total exports (earnings generated from outside the Shire) by Ballina Shire businesses for the 2014/15 financial year is estimated at \$591 million, up from \$501.8 Million in 2013/14. Main exports include rental, hiring & real estate (primarily from property sales at 26.3% of total exports); agriculture (22.9%); accommodation and food services (14.1%); health care

and social assistance (10.9%); manufacturing (10.9%); and education and training (6.9%).

Approximately 81.5% of all economic output generated within Ballina Shire is sold locally, with 16.2% of output exported domestically (to other places within Australia) and the remaining 2.3% of output exported internationally. A relatively high proportion of Ballina Shire's total output is sold locally, compared with Regional NSW as a whole.

economic output by destination Ballina Shire 2014/15



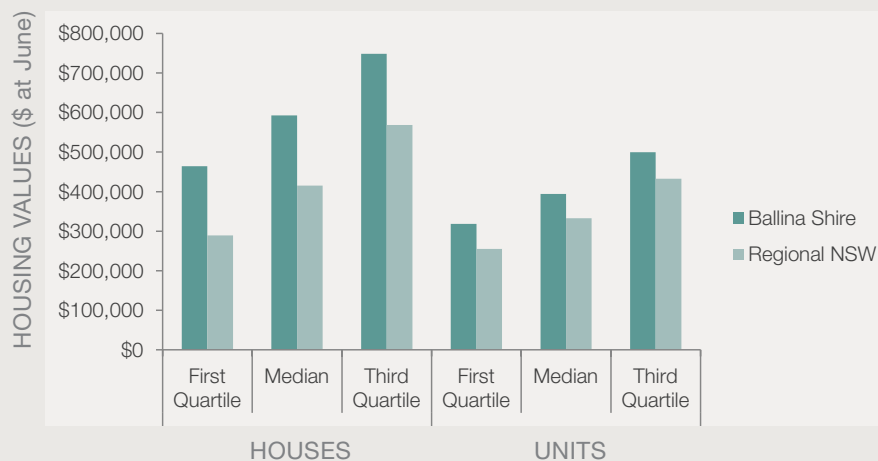
HOUSING

Housing valuation and rental data are a measure of the economic desirability of living in the local area. High housing prices usually indicate access to high-paid jobs and a very desirable area. However high housing costs can present issues in attracting and retaining key lower skilled workers. Lower housing prices indicate less demand and may be an asset for attracting people to live in the area. Lower housing costs can also indicate lower paid and lower skilled jobs or a declining economy.

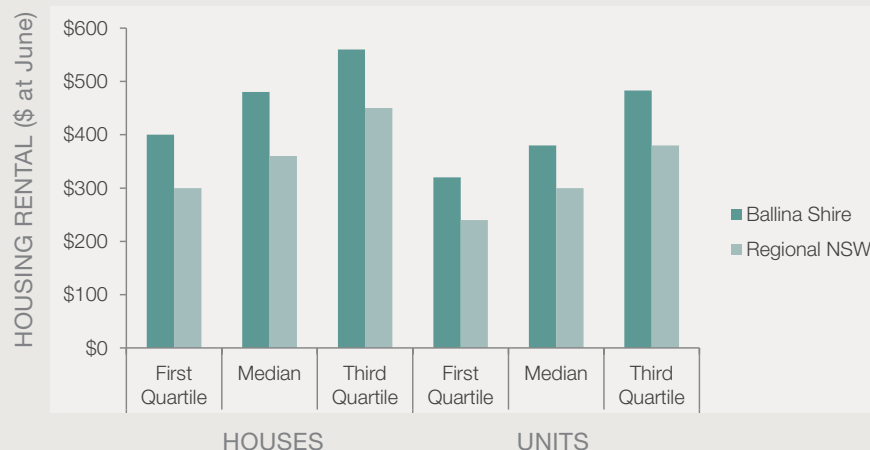
Housing prices often factor in a home ownership premium due to expected capital growth and the ability to customise the property, but rental costs are a more direct measure of the immediate economic value of living in the area. Increases in rents often have a more direct relationship to employment and demand for housing.

Ballina Shire's building approvals are used as a leading indicator of the general level of residential development, economic activity, employment and investment. Residential building activity depends on many factors that vary with the state of the economy including interest rates, availability of mortgage funds, government spending, and business investment.

housing values 2015



rental listings 2015



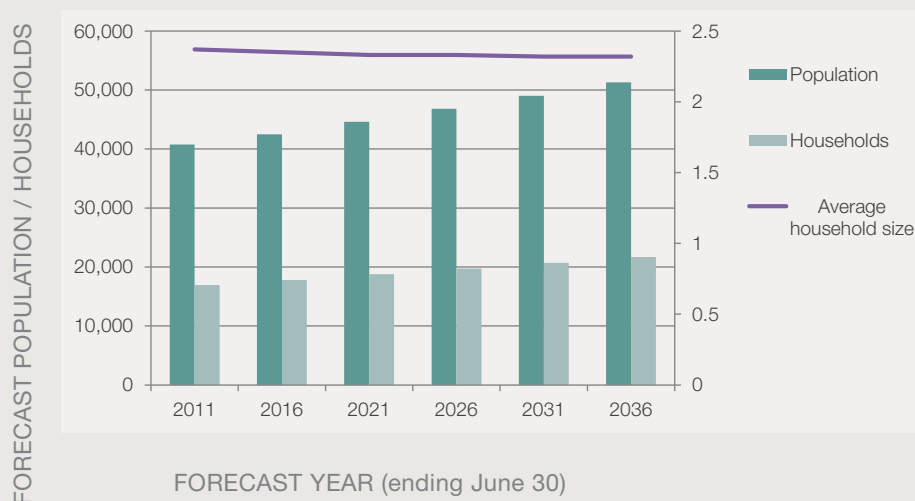
Ballina Shire has a large reserve of land supply in the Cumbalum/ Kinvara, Lennox Head/Skennars Head and Wollongbar localities, sufficient to meet projected demand for 20-30 years.

Large financial changes or shocks, such as the Global Financial Crisis of 2008/09 can be observed in the data. However, the number of building approvals can fluctuate substantially from year to year simply as a result of the short-term nature of many construction projects, and the cyclical nature of the industry.

residential building approvals Ballina Shire 2000/01 - 2015/16



forecast population, households and average household size Ballina Shire



DIMENSIONS OF PROSPERITY

Deloitte Access Economics has developed a useful conceptual framework for encouraging regional economic prosperity, based on a series of inputs, boosters and outputs, referred to as the 'dimensions of prosperity', as described below.



Source: Deloitte Access Economics 2015

The first three dimensions: Human Resources, Natural Resources and Physical Capital – are 'inputs'. They are the building blocks of prosperity in place

The next three: Social Capital, Innovation and Entrepreneurship, and Leadership and Contribution, influence the effectiveness with which these inputs are applied to creating prosperity in place. These dimensions are 'boosters'.

The final four: Material Standards, Health and Safety, Natural Amenity and Local Amenities – are 'outputs'. At the end of the day, these are the things people care about; the things that make for flourishing places and prosperous lives.



INPUTS

The following inputs provide the basis for growing prosperity.

1. HUMAN RESOURCES people power

The population of Ballina Shire has a broad range of elderly, middle aged and youth who bring a range of skills, education and experience. However, the higher prevalence of older aged workers (45+yrs) and fewer younger workers (25-34yrs) may present future challenges, in terms of succession planning and levels of workforce participation.

2. NATURAL RESOURCES endowed wealth

The beauty of Ballina Shire's natural environment is a major drawcard for visitors and residents alike, which supports a strong 'lifestyle appeal' to the shire. The fertile soils and high rainfall in Ballina Shire support productive local agriculture and food culture. Maintaining the quality of the environment, under conditions of growth, presents a challenge in terms of balancing development and the environment into the future.

3. PHYSICAL CAPITAL buildings and equipment

Ballina Shire is characterised by high quality built environment, including public and private buildings and infrastructure. Council and broader government investments in public buildings (including surf clubs, indoor sporting facilities) and transport infrastructure), land development, utility infrastructure (water & sewerage capacity and open space facilities) are key investments in the future of Ballina Shire's social and economic prosperity. A lack of affordable housing is a threat to the future social and economic wellbeing.



BOOSTERS

The following factors are fundamental to boosting productivity and prosperity.

4. SOCIAL CAPITAL social connections

Ballina Shire has a wide range of community-based organisations which respond to the social, cultural and spiritual needs of the community

5. INNOVATION AND ENTREPRENEURSHIP desire for the new and willingness to take risks

The predominance of small businesses reflects the strong spirit of innovation and entrepreneurship in Ballina Shire's business community.

6. LEADERSHIP AND CONTRIBUTION capacity and willingness to lead and collaborate

Ballina Shire Council and local business chambers provide leadership and guidance to business development in the shire. Individual businesses also demonstrate leadership and contribution in relation to their investment in the local economy.



OUTPUTS

The following outputs are the products and measures of greater prosperity, as well as being the supports for further prosperity as 'success breeds success'.

7. MATERIAL STANDARDS improved economic wellbeing

8. HEALTH AND SAFETY improved physical, mental and emotional wellbeing

9. NATURAL AMENITY maintained and improved beauty of surrounding

10. LOCAL AMENITIES convenience and accessibility in meeting everyday needs



WHERE TO FROM HERE?

Council is inviting the submission of ideas that can be considered to promote economic development opportunities in Ballina Shire. Council will also be holding stakeholder workshops to develop ideas for improving Ballina Shire's economic opportunities.

You can provide your input in a number of ways:

EMAIL

economy@ballina.nsw.gov.au

ONLINE SURVEY

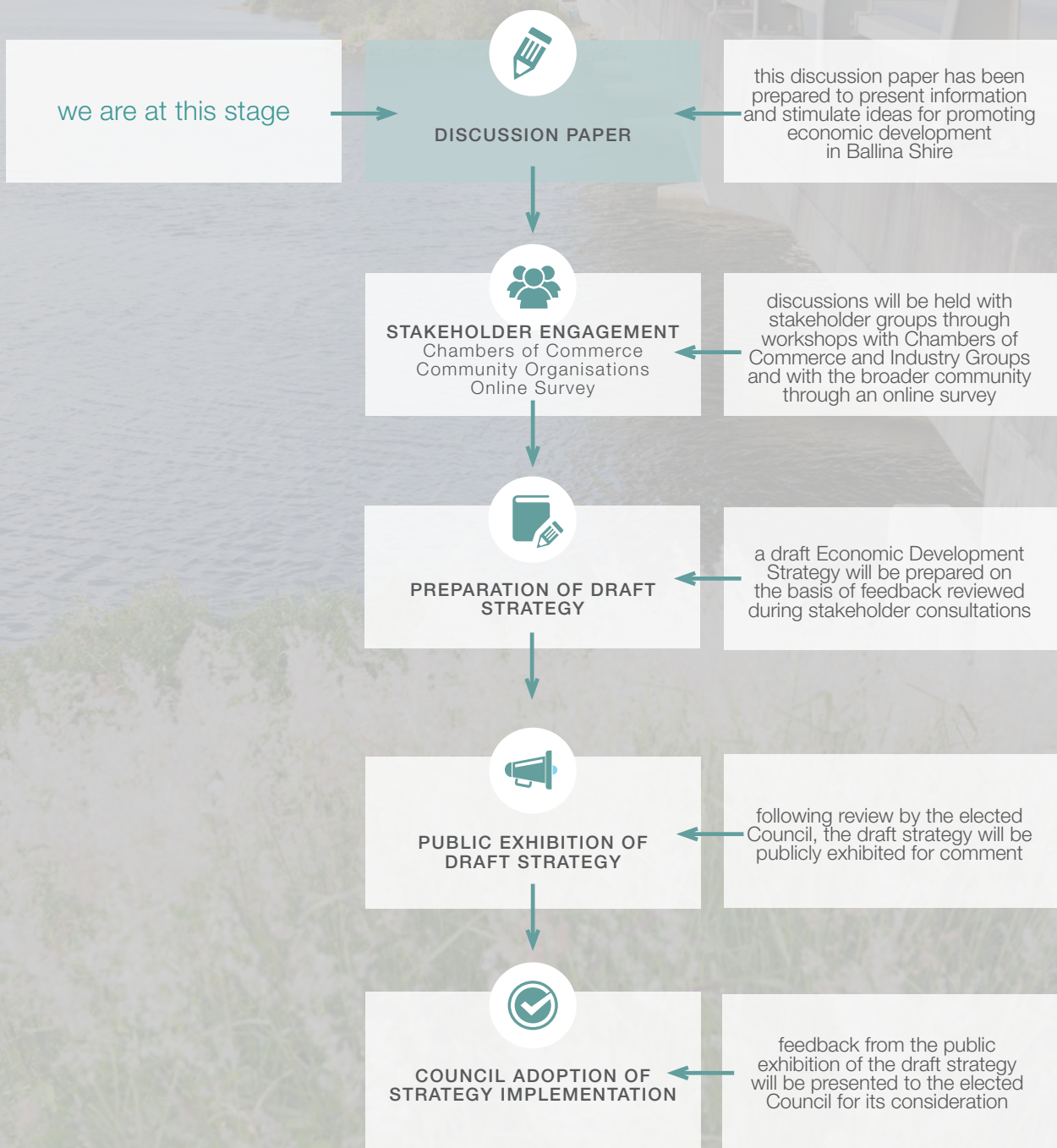
go to the project page at
www.ballina.nsw.gov.au/economy

FURTHER INFORMATION

go to the project page at
www.ballina.nsw.gov.au/economy

The ideas generated at this stage will form the basis of an economic development strategy that will be placed on public exhibition for broader community input.

STEPS IN PREPARATION OF BALLINA SHIRE ECONOMIC DEVELOPMENT STRATEGY



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