

Hunter Surf Industry Study

Executive Summary



The UNIVERSITY
of NEWCASTLE

EXECUTIVE SUMMARY

The Hunter Region has produced some of the world's best surfers. Its beach inspectors, surf life savers and board shapers are respected internationally. It has one of the largest surf clothing producers in Australia, produces close to 10% of the nation's surfboards, and the majority of its surf shops are 100% owned by local surfers with annual turnover in 1997-1998 in excess of \$17 million. Despite this enormous achievement, the industry supporting this activity has received little attention and recognition as a contributor to the economic and social development of the region. This study provides support for the extensive contribution that this diverse industry makes to the region and provides some guidelines for the development of the Hunter Surfing Industry. Overall, it was calculated that the Surfing Industry in the Hunter Region directly contributes over \$36.5 million and over 400 jobs annually to the region.

In recognition of the importance of the Hunter Surfing Industry, the Hunter Area Consultative Committee (Hunter ACC) sought funding under the Regional Assistance Program through the Department of Education, Employment, Training and Youth Affairs (DEETYA) for the Hunter Surfing Industry Feasibility Study. The study was supported by The Hunter Regional Development Organisation (HURDO). Throughout the project there has been considerable enthusiastic input from a large core of Surfing Industry stakeholders who formed the basis of the Steering Committee. This group will now form the core of the Leadership Group that will oversee the implementation of the proposed strategies.

The study identifies: the various stakeholders in the Surfing Industry; provides an environmental framework for development; examines possible best-practice areas; and concludes with a summary of potential strategy areas for sustainable development. The findings are informed by extensive primary research, consultation with several secondary resources, and interviews with all sectors of the identified Surfing Cluster.

Industry stakeholders include: surf-related manufacturers, retailers and wholesalers, surf-related events, tourism, training/education providers, media, surfing associations, surf life saving clubs, the various levels of government, beach inspectors, Coastcare/environmental groups and various user groups.

The Findings of the Study

Manufacturers

- The surf-related manufacturing industry directly contributes \$13.9 million to the Hunter Region economy. The total number of boards produced in the Hunter area during 1997-1998 was 6459.
- Manufacturers indicated that during the past year, on average, local sales were 82% of their business. This

indicates that of 6459 boards produced 82% or 5231 boards were sold through local Hunter retail outlets to local individuals.

- The Hunter region is producing close to 10% of Australia's surfboards.
- Overall employment contribution to the manufacturing sector was 125 employees, with 81 of these primarily full-time workers. Approximately 21% of the employees were under the age of 21.
- The major barriers facing Hunter Region manufacturers were: "backyard" operators; lack of skilled workers in the area; lack of retail and export knowledge; high sales tax; and operating under low profit margins.
- A board manufacturing Cooperative could provide: smaller operators access to some equipment; provide safer working conditions and lower overheads; provide access to other workers in the industry; and a cohesive working environment.
- An export network similar to the Sunshine Coast Surf Export Network should be considered for development in the Hunter Region.

Retailers

- Surf clothing is big business in Australia, with Surf shops currently turning over in excess of \$250 million in domestic markets and \$50 million in international markets. Clothing sales have been conservatively estimated to have increased 30% since 1993.
- The overall direct economic contribution of the surf retail outlets last year in the Hunter Region was calculated to be \$17.1 million. Clothing is significantly the largest revenue generating item, with an average of 69% of sales.
- The retail sector currently provides about 234 direct employment places, with approximately 32% of these employees being under the age of 21.
- All retail outlets (except one) stated that they were experiencing significant growth in their business (over 10% growth per annum) and the majority were considering expanding, moving to new locations and/or developing more retail outlets.
- The main issues presented by retail operators included: the need for more positive assistance and recognition from the Local Government, the lack of tourism to the area and the fluctuations in their business based upon the surf quality and weather conditions.

Events

- The Hunter Region holds a large number of surf-related events and competitions annually. These include: twelve major boardriding competitions; ten regional and one state Surf Life Saving carnival; one Uncle Toby's event; over 200 local surf-craft riding competitions; and Surfest.

- The development of further national and international events in the Hunter should be encouraged. This would provide potential for: economic/employment benefits for the region; international promotion of The Hunter Region as a Surfing and Tourist destination; raising domestic awareness of The Hunter Region as a Surfing and Tourist Destination; and providing local activities for the community (particularly youth).
- Surfest is the largest surfing event for the Hunter Region. Further development and support of this event should be pursued along with collaboration from the Surf Cluster.
- Events in the Hunter Region could be improved through: coordinated marketing and promotional strategies; development of a comprehensive tourism strategy plan highlighting surf related events; an examination of revenue sources with a view to enhancing the non-sponsorship components; an analysis of the infrastructure available to the general public to maximise the possibility of return visitors; the development of a marketing and promotional plan for future events which will ensure that the needs of all stakeholders are considered.

Tourism

- Previously, the potential for the surfing industry to generate significant tourism opportunities for the Hunter Region has been largely ignored. The potential exists for the development of a tourism industry supported by the Surfing Cluster. The Hunter Region currently attracts a small proportion of overseas tourists and the development of the surfing tourism market has the potential to generate significant growth in this area.
- There is potential for an integrated marketing approach to a niche market of recreational surfers through the development of travel packages incorporating various aspects of the Surfing Cluster (airfares, hotel accommodation, surfcraft skills instruction, surf life saving instruction, surfcraft, clothing and surfing accessories).
- There is considerable interest in the Hunter Region's surf based upon the large number of inquiries and hits generated by virtual overseas visitors on a web page featuring some of the Hunter's beaches. This currently is not a market that is serviced by the Hunter Tourism Industry.
- Consideration should be given to any enhancement of existing resources that contribute to the development of the Hunter Region as a surf destination and provide incentives for tourism.
- Consideration should also be given to coastal enhancement and surf development which can perform several functions: provide consistent, safe and environmentally sound surf, improve beach amenity, increase tourism, provide protection for the foreshore

and provide a more reliable, quality venue for major surf events.

Education

- Almost all stakeholders in the Surfing Cluster have training requirements. These include: the development of skills in relation to surfing activities; conduct as a professional surfer; manufacture; retail; hospitality; professional beach inspectors; and surf life saving. Consideration should be given to a coordinated approach to develop training for each sector.
- The establishment of a 'Surf Institute' could become the focus for the Surfing Cluster by providing a venue for industry training and education across all sectors. Links could be established with recognised accrediting providers such as schools, TAFE and The University of Newcastle.

Media

- It is anticipated that the media will play a major role in the growth of the surfing industry, and through this mechanism the development of the Hunter Surfing Cluster's image and 'brand' will be developed.
- A coordinated communication/media strategy should be developed within the Surfing Cluster.
- An Internet site should be developed for the Surfing Cluster, linked to the Surfcam site.
- Development assistance should be provided to local media initiatives such as the recent Bay to Bay surf publication, however some coordination is necessary in this process.

Surfing Organisations and Participation

- An estimated 11% of the Australian population regularly participates in some type of surfing activities (including non coastal regions).
- Research quoted in the Lake Macquarie Council Coastal Report (1997) stated that 13% of the population surveyed were surfers. Given that this research did not survey individuals over the age of 20 years of age, serious doubt must be cast on the accuracy of these figures or conclusions drawn from them. Figures reported by Surfing Australia (1997) indicate that 37% of surfers are under 18 years of age (10-18 years age bracket).
- There are sixteen official surf craft riding clubs in the Hunter Region, with a total of over 1000 members registered.
- It is evident that the Hunter Region has had enormous success with its surfers, being the largest producer of professional surfers in Australia. Consideration should be given to examining how the Hunter has managed to achieve this and how we can ensure continued success.

Summary of Strategy Recommendations and Potential Action Plans

STRATEGY AREA	ACTION PLAN	POTENTIAL FUNDING
Manufacturers/ Retailers	<ul style="list-style-type: none"> ➔ Research on the Board Manufacturing Industry due to backyard operations and further development of manufacturers co-op ➔ Feasibility study for surf Incubator - manufacturers ➔ Export, networks and business assistance ➔ Research and Development Grants for the board and clothing manufacturing sectors ➔ Internet site development for possible export 	DEETYA Local Council Environment AusIndustry Ausaid Local Capital Works Program – Com. Gov
Events	<ul style="list-style-type: none"> ➔ Development of surf industry events strategy - utilise existing and potential events, link with tourism strategy ➔ Improve market and promotional campaigns that link with tourism strategy ➔ Surf expo development and strategy - link with other events 	Local Council Dept. Tourism HACC
Tourism	<ul style="list-style-type: none"> ➔ Research Tourism Market - potential of market, needs and existing resources ➔ Development of focused tourism strategy ➔ Internet - promotion of Newcastle and tourist information dissemination 	Dept. Tourism Local Council
Youth Training and Education	<ul style="list-style-type: none"> ➔ Development of Accredited Courses and links with TAFE and University <ol style="list-style-type: none"> 1. retail/manufacturers skills 2. surf skills -link with Hunter Institute of Sport 3. professional surfer circuit 4. ABILA/SLS 5. Surf Administration ➔ Develop strategy for the development of a Hunter Surf Institute - feasibility plan ➔ Case Studies on Hunter Professional Surfers 	DEETYA HACC
Communication	<ul style="list-style-type: none"> ➔ Strategic Plan for communication strategy for the surf cluster, co-ordinated communication in cluster ➔ Internet Development - tourism promotion, surf cameras, image development ➔ Facilitation for Hunter Surf Cluster Magazine development 	Local Council Seed Money Self-funding HACC
Infrastructure	<ul style="list-style-type: none"> ➔ Coastal Scan - potential safety issues and potential coastal enhancement sites ➔ Research Paper - feasibility of coastal enhancements and reefs, incorporating all research and developments ➔ Research Coastal Enhancement Site - develop site for coastal enhancement study ➔ Utilisation of SLS Clubs - strategy for the use of SLS clubs for research sites, accommodation provision and other club usage 	Coastcare Environmental Local Council Department of Sport and Recreation.