



The Cairns lifestylepreneur movement

Connectivity facilitating
the rise of entrepreneurialism
in Cairns





KPMG Partner Bernard Salt founded and heads KPMG Demographics, a specialist advisory group that looks at social, cultural and demographic trends over time.

Bernard has worked as an advisor to business and government for more than 25 years drawing on census and other datasets.

He is a twice weekly columnist with The Australian newspaper and he is one of the most in-demand speakers on the Australian corporate speaking circuit.

Bernard holds a Master of Arts degree from Monash University and since 2011 has been an adjunct professor at Curtin University Business School.

Bernard also holds a number of board positions in education and the arts.

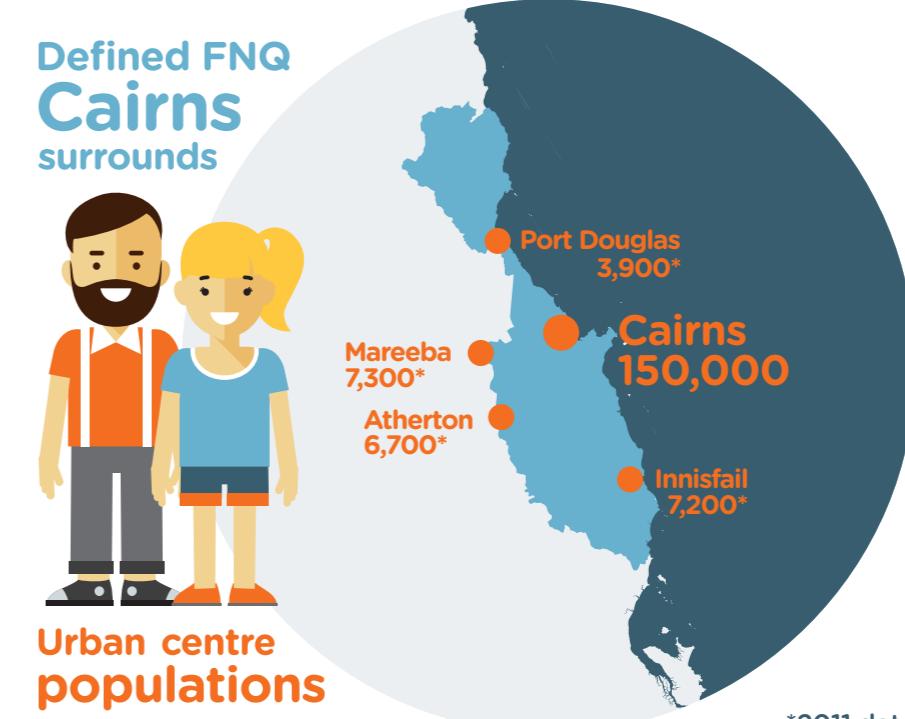
The Lifestylepreneur report was commissioned by nbn and developed by demographer Bernard Salt on behalf of KPMG. The study examined business growth in regional Australia. Source of all statistics and trends is Australian Bureau of Statistics (ABS).

The Cairns story

At the time of Federation Cairns was a city of barely 4,000 residents. It was a timber milling and fishing village. A colonial outpost. Today Cairns is a bustling tropical city with global linkages and a positive outlook. Cairns is now the 14th largest city on the Australian continent with an urban population of 150,000, servicing a Far North Queensland community of a further 80,000.

The Far North Queensland (FNQ) that Cairns dominates is an area that stretches between Mission Beach in the south and Cape Tribulation in the north and pushes inland to Mareeba. At another time in Australia's history such a concentration of the Australian people would have warranted the formation of a separate state or territory.

But alas this was not to be the case. Cairns and its region remain bolted onto Queensland but the scale and history of the FNQ population base creates something quite unique. FNQ and Cairns, and to be fair possibly Townsville too, represent the largest collection of the Australian people well removed from the seat of state government. On the west coast The Kimberly and the Pilbara jointly contain barely 100,000 permanent residents. If there was to be a new Australian state it would most likely be formed by the excision of FNQ from Queensland. This makes Cairns and surrounds quite special, in that it supports a unique local culture.



Source: ABS Catalogue: 3218.0 Regional Population Growth – Jun 2016 and ABS Census 2011

Note: Cairns is 2016 data for Significant Urban Area boundary
Other centres are 2011 Census data for Urban Centre Locality boundaries

The rise of the entrepreneurial city

Cairns is proudly independent not just of the state capital but in an entrepreneurial sense as well. Small and Medium Enterprise (SME) activity is strongest in communities that have a culture of fending for themselves. And that is precisely the picture that emerges when looking at new figures released by the Australian Bureau of Statistics (ABS) in February.

The number of micro businesses employing 1-4 workers in regional Queensland (excludes Brisbane, Gold Coast and Sunshine Coast) remained steady at 33,000 between 2014 and 2016 as the mining boom subsided. The number of small businesses employing 5-19 workers actually contracted over this period from 14,000 to 13,000 which reflects a drop of five per cent. However, in Far North Queensland (FNQ) it was a very different story.

Micro business activity lifted from 5,400 to 5,500 which is an increase of two per cent, while small business numbers grew from 2,200 to 2,300 which is a growth of four per cent. Micro business activity in Cairns is growing against the static state regional average and small businesses in this area are proving to be more resilient than elsewhere in regional Queensland. Something is holding aloft the SME sector in Cairns and surrounds.

But within Cairns it's a different story again. The number of micro businesses based in the suburban centre of Edmonton for example jumped by 29 enterprises or 20 per cent between 2014 and 2016. A net extra 70 new micro businesses were also added in Westcourt over this period. Other micro business hotspots at this time included Redlynch (up from 215 to 239) and Clifton Beach (up from 242 to 267).

But the entrepreneurialism of the Cairns business community doesn't end there. In the small business category, five Cairns suburbs significantly bucked the regional Queensland trend and attracted more activity over recent years. Leading the charge is Redlynch, again, where small business numbers increased from 44 in 2014 to 63 two years later. This means that Redlynch added 45 net new businesses (employing 1-19 workers) over the 48 months to June 2016 which reflects a growth rate of almost one net new business a month in the years immediately following the end of the mining boom.

Other small business hotspots over the last two years include Yorkeys Knob (up 11 net new businesses), Brinsmead (up 11), Whitfield (up 10) and Bentley Park (up 9). SME culture is clearly evident within FNQ in the post-mining-boom years but it is especially evident across most parts of the Cairns urban area from Yorkeys to Edmonton.

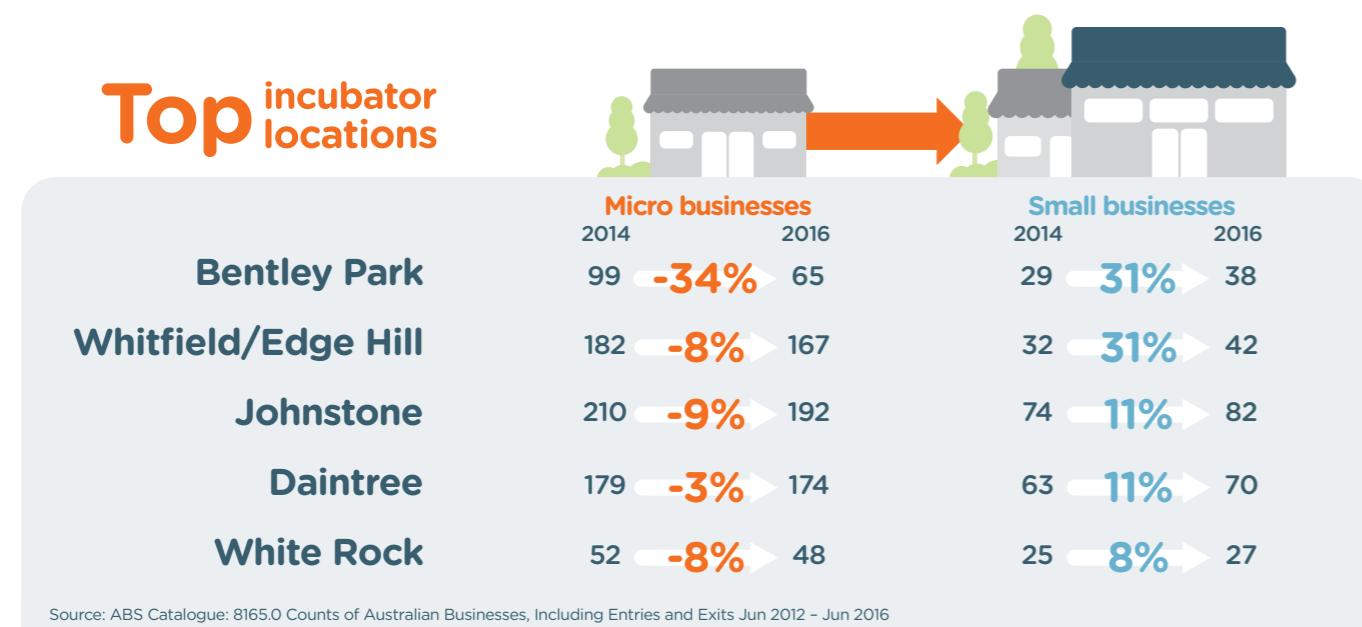
Small business hotspots and rockets

Small business activity emerges within specific areas possibly because this is where shops and cafes cluster such as the CBD. It could be argued that these SME hotspots are amongst the most entrepreneurial places on the Australian continent. SME rockets on the other hand may be coming off a low base but they are shooting ahead attracting more and more start-ups. Redlynch is an SME rocket but so too are Edmonton and Westcourt.



The rise of business incubators

In other places it appears that some suburban centres across Cairns act as business incubators. Initially they attract and support micro businesses employing 1-4 workers which then grow and prosper and employ more workers, pushing them into the 5-19 employee category. A good example of the “business incubator” process is Bentley Park where the number of micro businesses employing 1-4 workers dropped from 99 in 2014 to 65 in 2016 but where the number of small businesses (employing 5-19) jumped over the same period from 29 to 38.



Business incubators

For whatever reason some places scattered in and around Cairns appear skilled at cultivating small businesses and growing those enterprises from 1-4 to 5-19 workers and beyond. It's possibly related to the maturity of the local area but it could also be that some places have something that enables local entrepreneurs to succeed. The Cairns suburb of Bentley for example, is a proven business incubator.

The classic business sectors and hubs

The most common small business activity in Cairns and FNQ are to be found in construction (359 enterprises), accommodation & food (325) and retail (282). Small business in Cairns is dominated by tradies, motels, cafes and retail. The same logic applies to micro businesses. The SME hotspots in FNQ include Cairns which contained 990 establishments in June 2016 followed by Westcourt (730), Atherton (450), Mareeba (400), Trinity Beach (370), and Clifton Beach (360).

Cairns and FNQ have not just a rich heritage of small business activity but a remarkably resilient SME culture as well. Other parts of Queensland might be struggling but proudly independent Cairns is doing better than most.



What's driving business growth in Cairns?

This of course raises the issue of why Cairns specifically, and FNQ more generally, are such hotspots for SME activity. To some extent this is possibly due to the scale of population within the region. Businesses cannot get too big. But also there is no lifeline of government or big-city support as there might be in a capital city. Businesses must make a go of it or go out of businesses.

But again the story of Cairns' entrepreneurship is more than this. There is something else supporting this market. And this is where Cairns emerges as a place of population growth driving demand for housing and household-formation goods and services, and for retail and other services such as legal, accounting and medical, all of which must be provided in the burgeoning suburbs of Cairns.



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 Cairns. Take your city-learnt 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.

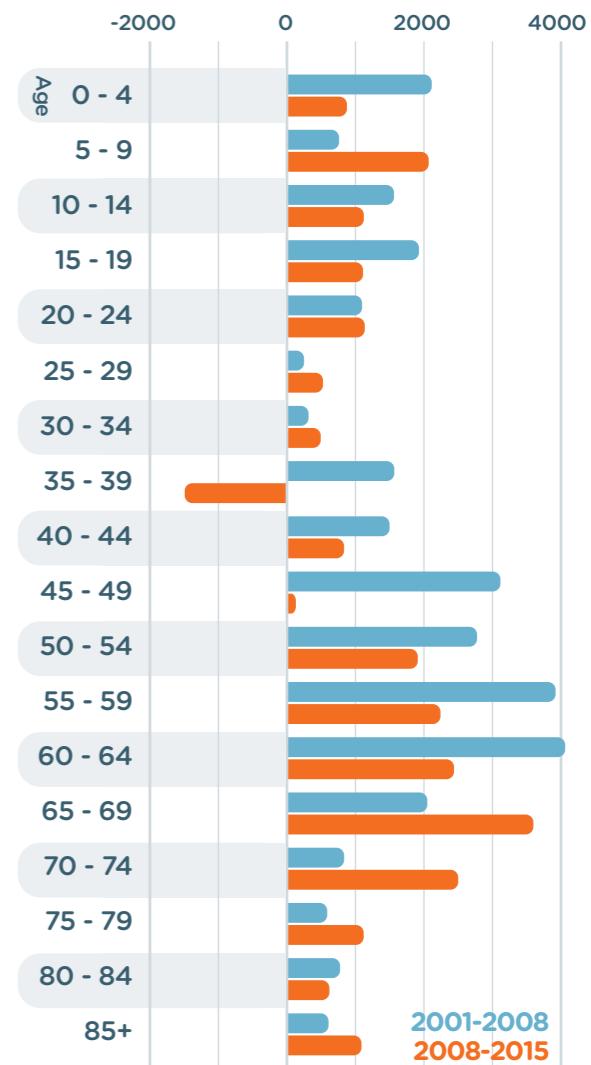
The rise of the lifestylepreneur

But yet again there is more to this story. Population and suburban growth are evident in many parts of Australia. The difference with Cairns (and FNQ) is that growth is being driven by ageing, lifestyle and retirement. Aussies move to Cairns because they want to. Others over recent years might have based themselves here while they fly-in fly-out and have remained in the city now that mining activity has subsided. This older, skilled, lifestyle-seeking inflowing population is likely to be more entrepreneurial than ever before. Move to Cairns and start a business in professional services, in retailing, in tourism or in food and live the FNQ life.

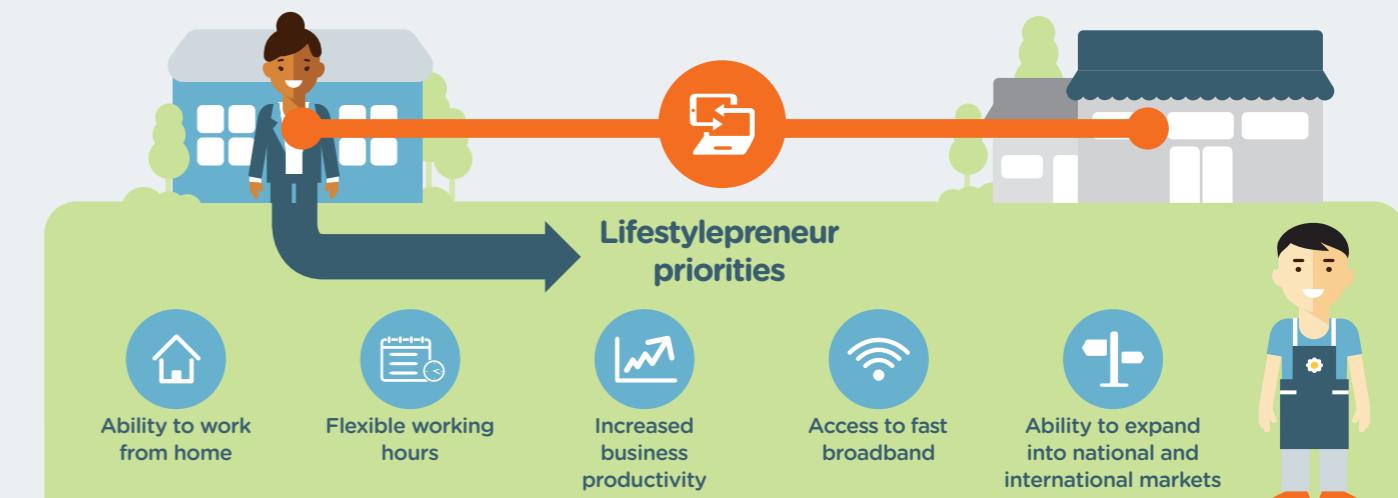
In many ways Cairns could well be in the right place late this decade as it was early last decade when it was catapulted forward on the back of the sea-change shift movement. This time around the movement seems to be underpinned by an added entrepreneurial energy as baby boomers look to reinvent themselves in their own businesses in lifestyle areas. Not-quite-ready-to-retire baby-boomers gravitate to Cairns and set up shop as lifestylepreneurs.

Cairns surrounds population change

Source: ABS Catalogue 3235.0 Population by Age and Sex, Regions of Australia, 2015



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



And now there's e-change

And what is it that enables boomers and others to pursue small business options in FNQ? Firstly there must be amenity and opportunity but there must also be technical support including phone and internet. Businesses dealing with invoices, spreadsheets and word documents, not to mention photographic or plan files or video files, require broadband connectivity of the type offered by access to the **nbn™** network. It could be argued that fast broadband is as important to opening up settlement of the Australian continent as were the early pathways of the explorers.

And who knows? Provide enough support to local entrepreneurs; employ enough people in these new tech-based businesses; attract ever more baby boomers up north to places like Cairns for digitally-connected lifestyle purposes, and Cairns may well be catapulted forward as Australia's premier lifestylepreneur city.

The single common denominator that connects all Australian businesses and its employees is the pursuit of lifestyle. The delivery of broadband technology via the **nbn™** network to suburbia is enabling small business to flourish in centres closer to the Middle Australian heartland.

The rise of e-Change

In the beginning there was suburbia then there was sea-change then there was tree-change but now we are talking e-change. Never heard of e-change? Never mind. You will. This is where someone takes their city-job to a lifestyle location and telecommutes using the **nbn™** network. The enabling factor behind the e-change movement is technology and the Aussie desire for lifestyle.

Cairns set to become a 'silicon beach' for small businesses

"When I was given the opportunity to move KoalaSafe to Queensland I was excited at the prospect of living and working in a lifestyle oriented region like Cairns while staying connected to our Silicon Valley headquarters in the United States."

"Communication with our remote team and cloud-based software requires a fast and reliable internet connection so I had to be sure the regions infrastructure could support our global business needs."

"I was delighted to discover the **nbn™** network was in place throughout Cairns as I get the benefits of a lifestyle location without sacrificing the needs of the business."

Co-founder of KoalaSafe, Adam Mills





May 2017

This report was published by **nbn**, the company building Australia's broadband network.

© 2017 nbn co ltd. 'nbn', 'bring it on', 'Sky Muster', 'gen nbn' and the Aurora device are trademarks of nbn co ltd ABN 86 136 533 741.

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).

kpmg.com.au

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although KPMG endeavours to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation. This Report has been prepared at the request of **nbn** and other than our responsibility to **nbn**, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party on this Report. Any reliance placed is that party's sole responsibility. KPMG shall not be liable for any losses, claims, expenses, actions, demands, damages, liabilities or any other proceedings arising out of any reliance by any third party.

© 2017 KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. The KPMG name and logo are registered trademarks or trademarks of KPMG International. Liability limited by a scheme approved under Professional Standards Legislation.

March 2017

Copyright: This document is subject to copyright and must not be used except as permitted below or under the Copyright Act 1968 (CTH). You must not reproduce or publish this document in whole or in part for commercial gain without prior written consent of nbn co limited. You may reproduce or publish this document or in part for educational or non-commercial purposes.

The Cairns lifestylepreneur movement_Report_1705-04-EX