



Geelong Economic Blueprint 2023/24

Past successes, current issues and the future potential of business growth in the Greater Geelong region

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October 2023

Acknowledgement of Country

KPMG acknowledges Aboriginal and Torres Strait Islander peoples as the First Peoples of Australia. We pay our respects to Elders past present and future as the Traditional Custodians of the land, water and skies of where we work.

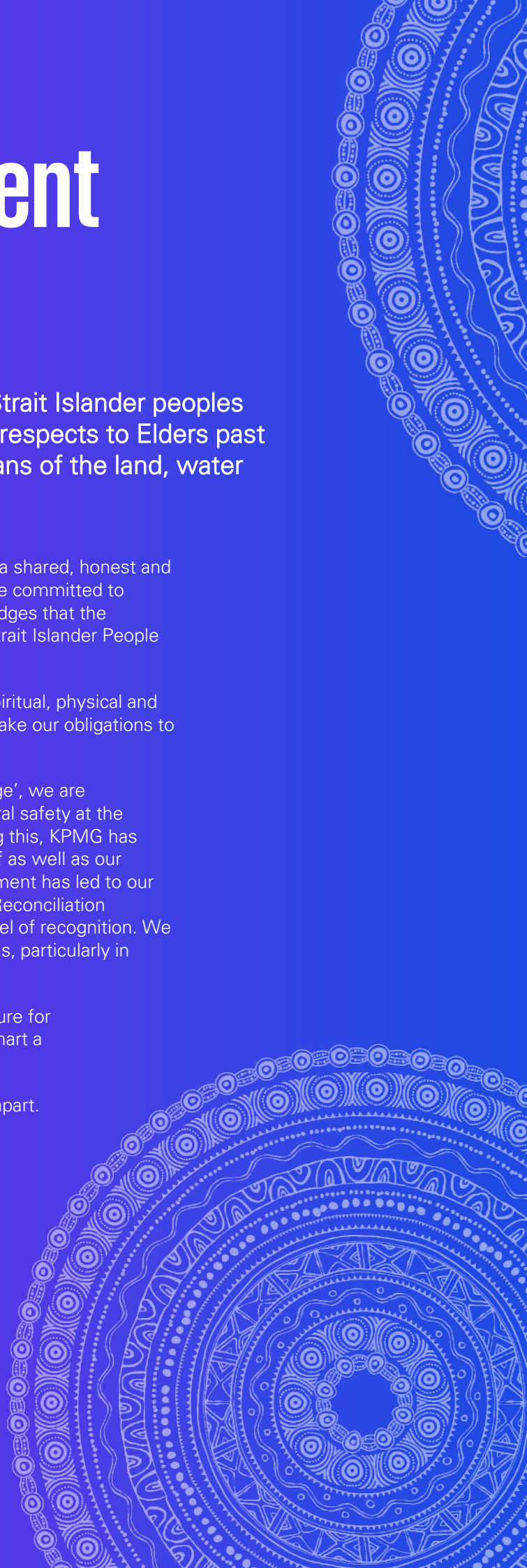
At KPMG, our future is one where all Australians are united by a shared, honest and complete understanding of our past, present and future. We are committed to making this future a reality. Our story celebrates and acknowledges that the cultures, histories, rights and voices of Aboriginal and Torres Strait Islander People are heard, understood, respected and celebrated.

Australia's First Peoples continue to hold distinctive cultural, spiritual, physical and economical relationships with their land, water and skies. We take our obligations to the land and environments in which we operate seriously.

Guided by our purpose to 'Inspire Confidence. Empower Change', we are committed to placing truth-telling, self-determination and cultural safety at the centre of our approach. Driven by our commitment to achieving this, KPMG has implemented mandatory cultural awareness training for all staff as well as our Indigenous Peoples Policy. This sincere and sustained commitment has led to our 2021-2025 Reconciliation Action Plan being acknowledged by Reconciliation Australia as 'Elevate' – our third RAP to receive this highest level of recognition. We continually push ourselves to be more courageous in our actions, particularly in advocating for the Uluru Statement from the Heart.

We look forward to making our contribution towards a new future for Aboriginal and Torres Strait Islander peoples so that they can chart a strong future for themselves, their families and communities.

We believe we can achieve much more together than we can apart.



Foreword



Carmel Mortell

Victorian Chairman,
KPMG Australia

I am delighted to present KPMG's first Geelong Economic Blueprint.

The Blueprint highlights Geelong's remarkable transformation. From its roots as a manufacturing town, it has emerged as a thriving and vibrant city in one of Australia's fastest-growing regions. This Blueprint captures the essence of Geelong's journey, exploring its past successes, current challenges, and the boundless potential that lies ahead.

The Blueprint provides valuable insights into the factors that drive business growth and wider economic development in Geelong, serving as a guide to those looking to invest and thrive in this remarkable region.

At KPMG, we firmly believe that sustainable growth and prosperity are achieved through collaboration and partnership. We have recently established our permanent office in Geelong, based on our belief in the immense potential and opportunities that the region holds. We are privileged to have a long history of working within the greater Geelong community, and many of our dedicated staff call this region home. My own father commenced his Australian immigration journey in the early 1950's here in Geelong, disembarking his six week journey from Ireland at the Port of Geelong.

Through our active participation in the local business community over many years, and recent establishment of our Geelong office, we continue to forge meaningful relationships with organizations, businesses, and government bodies across the Greater Geelong Region.

We want to continue to contribute to the Geelong region as a valued member of the business community and a responsible corporate citizen. Our commitment extends beyond Geelong's borders. By leveraging our expertise, resources, and extensive networks, we aim to position Geelong as a beacon of economic growth and innovation.

I hope you find the insights and recommendations in the attached Blueprint valuable as you consider extending or commencing your engagement with this vibrant region. We look forward to engaging further with you as we continue our shared investment in the region.

*Carmel Mortell
Victorian Chairman
KPMG Australia*



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Executive Summary

Geelong is Victoria's second-largest city located approximately 75km from Melbourne's CBD. It has transitioned from a traditional manufacturing town into a thriving and vibrant city in one of the fastest-growing regions in Australia.

The Geelong Economic Blueprint analysed business growth and identifies opportunities in the city and the broader region for future prosperity and success.

We interviewed 55 business leaders and reviewed existing strategies. This resulting Blueprint explores successes, issues and the potential for business growth in the region.



327.4k

Geelong's population reached 327,419 in 2021, a CAGR of 2.7%. Its population in all age groups grew faster than the national and state averages.

3.7%

Geelong's estimated real Gross Regional Product was 3.7% per annum on average between 2016 and 2021, faster than Victoria and Australia. GRP per capita in the city grew by 4.8% over the same period.

25%



The number of people working in Geelong grew 25%, from 107,000 in 2016 to 135,000 in 2021. This is equivalent to a CAGR of 4.6% and is faster than population growth.

Source: KPMG Economic/ABS

Five Key Insights



The 'Geelong Lifestyle' is a huge magnet



Geelong has all the elements needed for sustained business growth



Prosperity needs to be shared



Leadership and collaboration will drive growth



Understanding common goals will help achieve shared outcomes.

Five Measures of Success



Economic growth (GRP and GRP per capita)



Business growth and diversity



Labour market (employment and education)



Inbound investment and business



Shared prosperity (median income and disposable income)

Methodology

56

Individual interviews with leaders and business community leaders within the Geelong region.



A review of strategies from City of Greater Geelong, Deakin University, Regional Development Victoria and Committee for Geelong.



KPMG Interviews comprised both set questions and deeper discussions to explore specific issues.



Demographics from KPMG Economics team

These questions were a key component in our participant interviews and formed the basis of this Blueprint.

Establish

1. What do you believe are the key factors driving growth in Geelong?
2. What are the biggest advantages to economic growth in the region compared to Melbourne, other parts of Regional Victoria and other parts of Australia?
3. Which industries have the greatest potential to drive economic growth in our region?

Examples

4. Who or what are some of our local success stories of business growth?
5. Are there any existing programs or potential programs, locally or elsewhere, that would help to achieve growth in our local businesses and economy?

Expectations

6. How would you define success for our region in economic terms?
7. What are the key success indicators for you?
8. Geelong will grow to half a million residents by the end of next decade. What's your prediction for how our business landscape will change by then? What about when Geelong reaches a million residents?

Execution

9. What are the deliberate actions we can take to drive economic growth in the region in the short, medium and long term?
10. Are there any specific industry sectors or business sizes that should be the initial focus of these activities?
11. Who should be responsible for driving economic growth in our region?

Our Geelong office team led the analysis and insight activities with support from a broad range of KPMG staff across our national network..

Participants

This study used a specific sampling strategy to recruit participants who could provide a comprehensive and diverse perspective on the growth of the local economy and businesses in the Greater Geelong Region. Our sample covered a cross-section of the business community, including owners, founders, leaders and other influential stakeholders from the private sector, education, government and member organisations. KPMG staff conducted semi-structured interviews with participants using a standard interview protocol with a defined set of questions and deeper discussions where appropriate. After the interview, participants had the opportunity to verify and amend their contributions before this report was published.

Adrian Henry
Business Development
Manager
Direct Recruitment

Andrew Yates
Executive Manager – South
West Victoria
Commonwealth Bank of
Australia

Anna Burgess
Executive Director, Strategy &
Planning
Barwon Health

Anne O'Loughlin
Managing Principal
Coulter Legal

Ben Flynn
Chief Executive Officer
Geelong Chamber of
Commerce

Brett Ince
Regional Director, Barwon
South West
Regional Development Victoria

Carley Brennan
Manager
Skilling the Bay

Clare Amies
Chief Executive Officer
genU

Clive Pugh
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Winchester Australia

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Giovanni Siano
Owner & Director
Home Instead

Giulia Baggio
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G21 - Geelong Region Alliance

Greg Hughes
Managing Director
Farm Foods

Iain Martin
Vice Chancellor
Deakin University

Jack Fitzgerald
Founder
Think Fencing

Jake Dingle
Chief Executive Officer
Carbon Revolution

Jake Munday
Chief Executive Officer
Custom Neon

Jennifer Conley
Chief Executive Officer
Geelong Manufacturing Council

Joe Calafiore
Chief Executive Officer
Transport Accident Commission

Joe Ormeno
Chief Executive Officer
Gordon Institute of TAFE

John Giles
Director
Jacaranda Industries

Justin Giddings
Chief Executive Officer
AMDA Foundation

Kaarina Phyland
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City of Greater Geelong

Karl Morris
Managing Director
Goop Digital

Keith Baillie
Chief Executive Officer
gforce employment +
recruitment

Lyn George
Corporate Director
Austeng

Lyn Morgan
Chief Executive Officer
Northern Futures

Lyndsay Sharp
Director
The Sharp Group

Maree Herath
Director
Harvest Recruitment

Mark Edmonds
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Ryan Chamley
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Robot Army productions/ Milk
Video

Simon Loader
Senior Principal Town Planner
Tract Consulting

Stephen Roberts
CEO
St John of God Hospital Geelong

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Manager Business & Industry
Experience
City of Greater Geelong

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Distinct challenges and opportunities shape the business landscape in our regions. Unlike urban counterparts, local enterprises require tailored strategies and nuanced knowledge to thrive. In Geelong and regional Victoria, you must navigate these differences for success.

A key opportunity for regional businesses is to ensure effective financial reporting mechanisms for informed decision-making are implemented. In a dynamic economy, accurate financial insights act as your compass, guiding your crucial choices. Strong financial reporting empowers your resource allocation and identifies growth prospects.

Another opportunity is for you to have a deep grasp of compliance matters. Regional businesses face specific regulations that demand attention. Mastering these needs ensures smooth operations and risk management. Effective compliance also propels growth, aligning businesses strategically. Navigating these regulations effectively means leveraging compliance to expand while upholding ethical and legal integrity.

Are you familiar in how to apply taxes in regional environments, like payroll tax, windfall gains tax and fringe benefits tax? Navigating complex tax requires an astute understanding to prevent unforeseen financial impacts.

Recent changes, like phasing out special purpose financial reports, underscore the need for proactive planning, audit preparation and embracing ESG and sustainability reporting.

In a dynamic regional environment, leading a successful business means it's essential to have financial insight and an understanding of how assurance, compliance and tax will affect you. As you reflect on your business's journey, consider these questions:

1. Do we have the financial reporting tools to steer our decisions effectively?
2. Who are your stakeholders and are you reporting to them appropriately?
3. Are we navigating the labyrinth taxation, compliance and assurance with confidence?

By thoughtfully addressing these questions, your regional businesses can lay the groundwork for resilient growth and sustainable prosperity.

Are you ready to unlock your regional business's full potential? Our expert team can guide you through these complexities, enabling you to seize opportunities, mitigate risk and chart a course towards a thriving future.



Geelong, a Global City on the Bay

Geelong's natural environment is stunning, featuring diverse landscapes and habitats. Inhabited by First Nations people the Wadawurrung, Geelong was originally known as "Djilang" which means "land or place of the seagull".

Given the name 'Geelong' in 1837, the city's wool industry played a critical role in its development in the 19th and early 20th centuries. Establishing many large warehouses and processing plants, as well as a thriving port for exports, made Geelong a significant regional centre.

The city's manufacturing industry flourished in the 20th century with the opening of several major factories, including facilities for the Ford Motor Company and the Alcoa aluminium plant. However, the sector declined in the late 20th century as some major manufacturers closed or reduced their Geelong operations.

A diversified economy and an emphasis on sustainability and environmental conservation have driven recent growth in Geelong.. The city has become a centre for advanced manufacturing in industries such as aerospace, defence and biotechnology, and a hub of industry, innovation and cultural activity.

The tourism industry is also significant, with surrounding areas such as the Great Ocean Road, the Bellarine Peninsula and the Geelong Waterfront attracting domestic and international visitors.. The city is known for its natural beauty, strong focus on innovation and sustainability, and leading education institutions such as Deakin University and the Gordon Institute of TAFE.

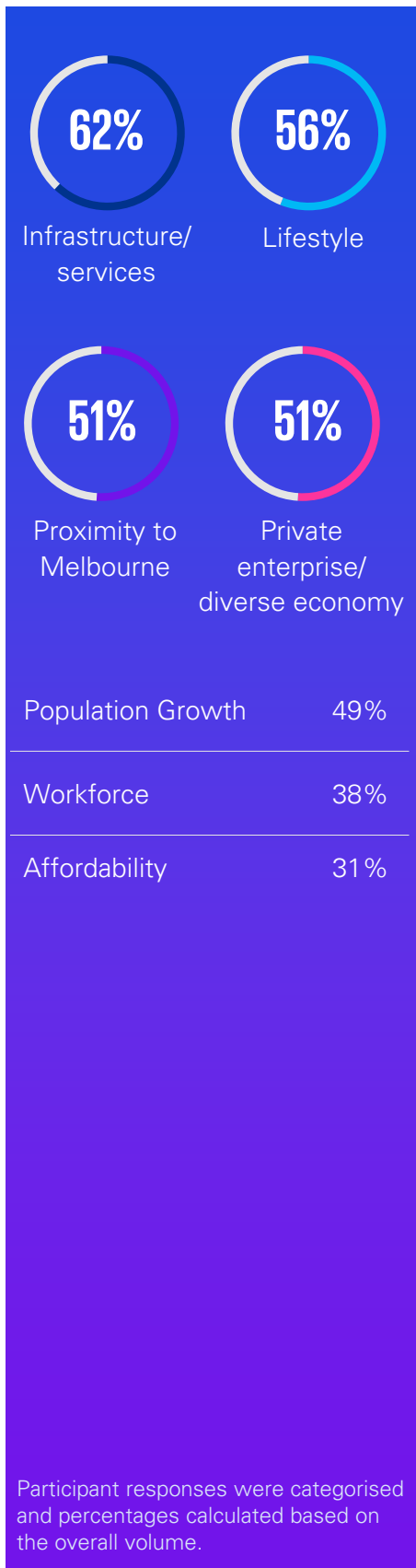
The You Yangs Regional Park to the east of the city is ideal for hiking, rock climbing and spotting native wildlife. The Great Ocean Road to the south offers breathtaking views of the coastline and the Twelve Apostles rock formations, while beaches such as Torquay and Bells Beach are popular with surfers and sunbathers. The Bellarine Peninsula to the west is renowned for fresh produce and seafood, charming seaside towns, vineyards and orchards.

The city's growing population has led to significant investments in infrastructure and public services, such as the construction of new housing developments and the expansion of public transport. Geelong's proximity to Melbourne makes it an attractive location for businesses and individuals looking for an alternative to the high cost of living and congestion in the capital. In October 2017, Geelong was designated as a UNESCO City of Design as a recognition of its continued creativity and innovation. With continued investment, Geelong is well positioned for continued growth in the years to come.

“
**Greater Geelong
is one of
Australia's most
desirable regions
to live, work,
invest, study and
visit.”**

Rebecca Bartel,
Senior Commercial and Strategic
Partnerships – Government and
Industry, Deakin University

Key Growth Drivers



The Geelong region has experienced significant population growth in recent years.

This is thanks to a combination of factors, including its growing economy, proximity to Melbourne and reputation as a desirable place to live.

Participants identified several issues that have driven population growth and ongoing migration to the region. This includes the attraction of population growth itself.

Infrastructure/services

Geelong’s location provides it with some natural assets that have proven advantageous to its ongoing growth. A north-facing bay and excellent port provided the foundations for growth in the 19th century when the city was a hub for the wool and textile industry.

As the city grew, infrastructure followed to accommodate the growing population and burgeoning industry. Road and rail connections to Melbourne, South-Western Victoria and beyond provided access to markets and goods transportation. Avalon Airport was built in the early 1950s, creating the foundation for the current international airport. And Geelong Port moved north of Corio Bay in the early 20th century and became Victoria’s key bulk port.

The Geelong region is home to several leading education institutions, including Deakin University and The Gordon TAFE, which provide a skilled workforce for the city's businesses. These institutions offer a wide range of courses and programs, from traditional trades and apprenticeships to degrees in emerging fields like artificial intelligence and biotechnology.

There are many public and private primary and secondary schools within the region, which provide a wide selection of education options for families.

Deakin University is a major research institution that conducts work in areas such as health, sustainability and materials science. In the early 2000s, Deakin invested in advanced manufacturing and industry engagement from its Waurn Ponds Campus. This optimised the region’s legacy of manufacturing and has created world-class capabilities.

With multiple hospitals including Barwon Health’s University Hospital, St John of God Hospital and the recently established Epworth Hospital, there are significant health care services in the region which are not only benefiting patients, but also provide training and research opportunities for those in the health industry.

“We have an amazing natural advantage: the port, the airport, the legacy of skills and capabilities, our education and research facilities, even the ability to deal with difficult things like major hazard facilities. The region has all the attributes you need to be an industrial centre of excellence.”

Jennifer Conley, Chief Executive Officer, Geelong Manufacturing Council

Key Growth Drivers

Lifestyle

More than half our respondents cited the lifestyle as the reason people live in or move to Geelong and surrounds. The area has some of the world's best beaches, there's a large metro centre just 30 minutes from open countryside and there's easy access to the Bellarine Peninsula, Surf Coast and Great Ocean Road.

There are excellent education and health facilities. Life in Geelong is considered less stressful than in a capital city. Many of our participants noted the work-life balance was a significant drawcard for Geelong. During and after the pandemic, residents could optimise their time in the region instead of commuting to Melbourne.

Participants expect lifestyle to continue to be one of Geelong's primary drawcards.

"The exceptional lifestyle - offering ideal work-life balance opportunities. You can live in a city, coastal or rural area and work locally."

Tennille Bradley, Manager
Business & Industry Experience,
City of Greater Geelong

Proximity to Melbourne

Half of the people we interviewed mentioned Geelong's proximity to Melbourne was a growth driver. It's close enough to the city to be easily accessible, but not so close as to lose its identity.

Migration to Geelong increased during the Covid-19 pandemic, particularly from Melbourne. This accelerated population growth in the region.

The commute from Geelong to Melbourne is comparable to that from the city's outer suburbs. But the Geelong region's superior lifestyle and relative housing affordability were significant differentiators to outer city suburbs.

"Proximity to Melbourne is a massive advantage."

Nadja Fleet, Editor, Geelong
Advertiser

Private enterprise/diverse economy

The diversity of businesses and industries in the region has kept pace with its population growth. Geelong's early days were driven by the wool trade and then by large scale manufacturing, such as International Harvester, Ford and Alcoa. Target basing its headquarters in Geelong was an early driver in the retail space, and while they departed Geelong in 2016, Cotton On has expanded rapidly and significantly, more than filling the gap left by Target.

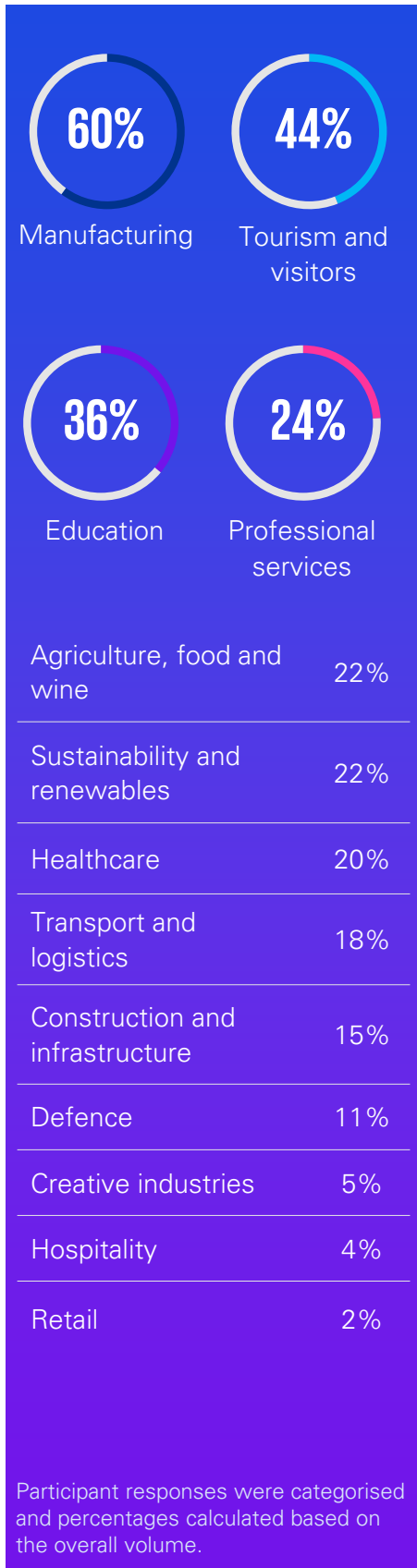
Since 2009 an influx of organisations has relocated to Geelong, bringing workers, skills and other businesses with them. TAC, WorkSafe and NDIS are now headquartered in the city and many others have created satellite offices.

Many of our participants mentioned that Geelong business was based on relationships. In capital cities, business typically centres on transactions. We heard several mentions of there being "two degrees of separation" between people in Geelong, meaning that everyone is connected. Business relationships can take many years to form, but that investment pays off.

"Business relationships in Geelong are powerful"

Michael De Stefano, Director,
Gartland

Growth Industries



There are diverse opportunities for business growth in the Greater Geelong Region.

While many respondents identified manufacturing as having the most potential for growth, they also mentioned many secondary industries that support it. Defence, food manufacturing, and advanced fibres are all related to Geelong’s traditional strength in manufacturing and are also growing at pace.

Manufacturing

Advanced, or smart, manufacturing practices have become mainstream in the past 15 years. Companies including Carbon Revolution, Marand Engineering and Austeng have developed new products and materials that have opened new domestic and international markets to the Greater Geelong Region.

Manufacturing is responsible for 26% of Geelong’s GRP and 60% of its exports. But it employed just 7% of the local workforce. Global changes in the industry, including automation, have led to a reduction in the workforce needed in manufacturing.

This automation has meant that previously labour-intensive production either requires significantly fewer employees, albeit more highly trained, or the production has been off-shored to cheaper locations. Several participants noted that bespoke and advanced manufacturing would be the focus of the next iteration of manufacturing in the Greater Geelong Region.

Respondents also acknowledged the need to pursue new and emerging industries to ensure the growth of manufacturing in the region

“The legacy of us as a manufacturing city can play to our future benefit.”
 Tony Brun, Chief Executive Officer, Avalon Airport

Growth Industries

Tourism and visitors

The region is ripe for growth in the tourism and visitor economy. It enjoys natural beauty, has a wide range of activities and attractions, and a thriving food and wine scene. Collectively, these make the Greater Geelong Region an appealing destination for domestic and international visitors.

Several respondents noted food and wine is a multi-million-dollar industry for the region, making it a key element of the visitor economy and tourism experience.

Greater Geelong already hosts several high-profile events, such as the Cadel Evans Great Ocean Road Race and the Australian International Air Show. Both events have international profiles and have helped to establish the region as a destination for world-class events.

The increase in visitors has been well supported by the recent expansion of Avalon Airport, arrival of the Spirit of Tasmania and the development of the Geelong Convention Centre. These have all helped position Geelong as a top-tier destination for tourism and events.

Some respondents were concerned that skills shortages would limit the growth of the sector. Some also observed the need to transition from low-yield activities, such as free attractions or low-end accommodation, into high-yield ones, like major events and conventions, and luxury accommodation.

“Food and wine, it’s a multi-million-dollar industry including tourism and tourism products”

Lyndsay Sharp, Director, The Sharp Group

Education

The education industry in Geelong is well developed and has excellent options across all levels of education.

Our participants noted these institutions were one reason people moved to the area. They also noted they provided significant employment themselves.

The Gordon was founded in 1887. It provides training in vocational programs and pathways to university education.

Deakin University was founded in 1974 and is ranked in the top 50 young universities in the world. It has a significant economic impact as a local employer, but also as a support for cutting-edge innovative businesses.

Participants highlighted the advantages that Deakin provides the region and that Geelong had become a university town.

“Education should be a priority focus. A cradle to grave education pathway is what Geelong offers. Knowledge and access is key.”

Diana Taylor, Chair & Board Member, Geelong Authority

Professional services

In the past two decades, several high-profile organisations have moved their headquarters to Geelong.

TAC, NDIS, ABS, WorkSafe and KPMG have all opened offices in the city since 2009.

These organisations have grown professional services in a visible way, however, there are many smaller existing service providers that have continued to serve the Geelong community over many years.

As a result, many workers commute to Geelong or have relocated to the region. This has also attracted other businesses to the city.

“Major government offices and companies are increasingly locating in Geelong.”

Rebecca Bartel, Senior Commercial & Strategic Partnerships – Government & Industry, Deakin University

Family Business



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Family businesses play a significant role in the economy of Geelong. These businesses are known for their long-term horizons, local reinvestment and strong community involvement.

Building an ecosystem that allows these and future business families to succeed is key to the continued growth of the city.

Family businesses make significant contributions to Geelong, including:

- Creating jobs and stimulating growth, often with a strong desire to ensure jobs remain local, leading to a more stable and resilient workforce.
- Investing locally and remaining deeply committed to their communities, from local supply chains to community events and charities.
- Ensuring diversity in the local business ecosystem, bringing unique skills, expertise and perspective that mitigate the risk of wider economic downturns.
- Operating in a variety of industries across retail, manufacturing, construction, agriculture and many more.
- Thinking long-term with a focus on sustainable growth and profitability and a recognition of the socio-economic measures of success in addition to financial metrics.

Family businesses face many of the traditional business issues alongside their non-family counterparts and also have unique challenges that come from being a family in business together.

Top of mind for many are the core issues of:

1. **Management and ownership succession** – How are families developing clear plans and frameworks to support the continuity of the business and family?
2. **Digital and business transformation** – How can families harness the experience of the senior generations and the digital natives from the next generation to drive growth and change in what can often be ‘traditional business models’?
3. **Family governance and the rise of Family Office** – As an evolving industry, how are families supporting their diversified wealth ensuring clear structures around decision making and communication?

Understanding the dynamics of family businesses in Geelong is vital for your success and economic impact. We can help address challenges in management succession, digital transformation and family governance.

Booming Population, Thriving Demographics

Geelong has experienced remarkable population growth and demographic changes in recent years.

Between 2016 and 2021, Geelong's population expanded rapidly. Its average annual growth rate was approximately 2.7%. This outpaced growth in both Victoria and Australia. Moreover, Geelong ranked 7th among the Statistical Area 4 (SA4) regions with the highest net migration during the pandemic, attracting a significant number of people from Melbourne's Inner and West regions.

More than half of Geelong's population falls within the working-age range of 15-64. The dominant age groups in Geelong are 25-44 and 45-64. However, despite constituting 26.5% of the region's population in 2021, there are fewer people in the 25-44 age group when compared with Victoria (29.4%) and Australia (28.2%). But Geelong has more people in the 65+ age group (19.2%) compared to 16.4% in Victoria and 16.8% in Australia. Nevertheless, Geelong has seen sustained growth in the 25-64 age group for more than a decade, with a notable acceleration in recent years. From 2016 to 2021, the average annual population growth rate in the 25-44 group was 3.5% in Geelong, compared to 1.4% in Victoria. If this trend continues, the share of the younger working-age population in Geelong is likely to increase and be on par with Victoria and the national rate.

Geelong's socio-economic profile has also improved, with more equal income distribution and higher education levels among its residents. The percentage of residents aged 15 and above with non-school qualifications (such as university or TAFE qualification, industry qualification or certification) rose rapidly by almost six percentage points in five years to reach 56.3% in 2021, exceeding the Victorian average of 55.6%. Furthermore, most individuals with non-school qualifications in Geelong are employed.

The four top non-school qualifications in Geelong (Management & Commerce; Engineering & Related Tech; Health; Society & Culture), remained unchanged between 2016 and 2021. However, the number of students selecting engineering and related technologies increased more modestly compared to other fields between 2011 and 2016.

If further research confirms a misalignment between fields of study and the direction of industry growth, there may be a need for intervention to better align local workers with future employment opportunities.



“ Economically, Geelong has outperformed both Victoria and Australia. ”

Diverse Industries To Fuel Geelong's Revival

Economically, Geelong has outperformed both Victoria and Australia. The region's annual real GRP and total employment have outpaced growth in the state and country. Additionally, Geelong has maintained a tighter labour market, as evidenced by the sustained gap in unemployment rates between Geelong, Victoria, and Australia since the onset of COVID-19.

Geelong's economy has witnessed a shift away from the once-dominant manufacturing sector.

In the five years from 2016, employment growth in manufacturing was just 1.4%.

In contrast, other industries have contributed significantly to growing local employment. These industries include:

- healthcare and social assistance
- construction
- education and training
- professional, scientific and technical services
- public administration and safety

Diversification is also reflected in the industries employing Geelong residents. The number of locals working in manufacturing has decreased, while knowledge-based and population-serving industries have experienced considerable growth.

This indicates that the local labour market possesses a more diverse range of skills and experience to support current and future business demands.

Furthermore, the COVID-accelerated work-from-home trend has attracted workers from many knowledge-intensive industries to relocate to Geelong, resulting in population and employment growth in these sectors from 2021 to 2022.

Geelong's business sector has also grown, with an increase in the number of businesses in different industries and of all sizes. Business entries from 2016 to 2021 rose at a faster pace than the overall growth in Victoria, while the number of business exits remained relatively contained. These outcomes suggest Geelong offers favourable business ecosystems.

To gain a deeper understanding of the factors contributing to Geelong's economic development, it would be beneficial if further localised studies were conducted. These studies could examine the roles of various stakeholders, including governments, industries, educators, and communities, in creating and maintaining entrepreneurial ecosystems. Additionally, investigating the drivers of business entries and exits can provide valuable insights for shaping policies and strategies to foster sustained economic growth in Geelong.



Economic Catchment Region

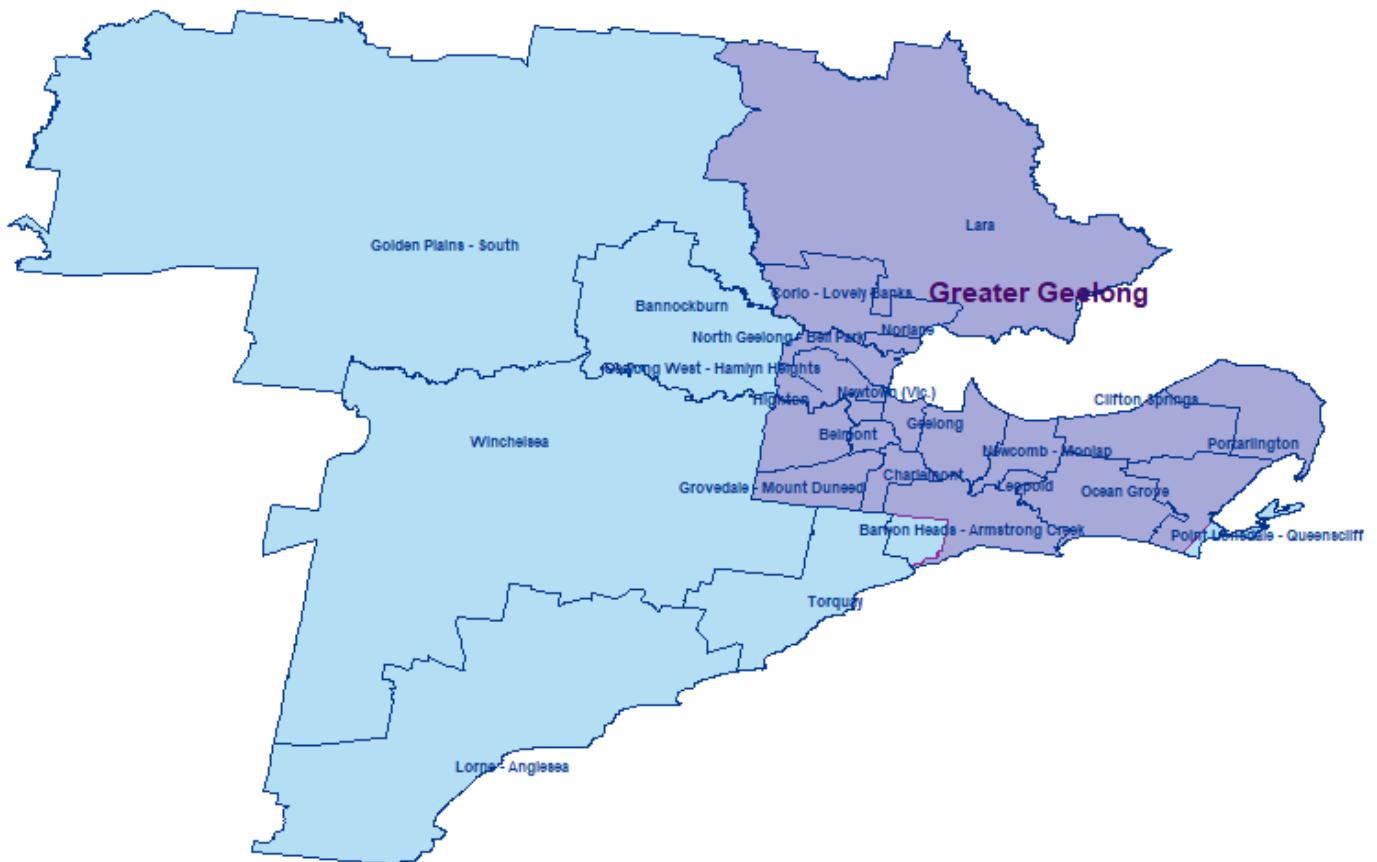
The demographic and economic analysis for Geelong is conducted at the Statistical Area Level 4 (Geelong SA4) instead of Local Government Area (Greater Geelong LGA) for the following reasons:*

- Units of statistical areas are readily comparable over time and are robust statistically for cross-time comparisons.
- LGAs have administrative boundaries that can change arbitrarily due to their political nature, complicating their time series comparisons. In addition, several localities or suburbs can cross over two or more LGAs, and LGAs are not always contiguous. It's not suitable to compare LGAs because some are very large and sparsely or unevenly populated, while others are very small and densely populated.
- Data can be seamlessly transformed from a statistical area level to another (e.g., grouping data from SA2 to SA4). An SA4 region, which is an area with a population above 100,000 people, designed with an emphasis on stability over time and for enhancing

quality of data related to labour markets, is made up of SA2 regions, which are areas with a population between 3,000 and 25,000 people, designed to represent a community that interacts together socially and economically (e.g., a set of related suburbs). As a result, an analysis at the SA4 level will dovetail with that at SA2 level, allowing an economically meaningful localised look at sub-regions below Greater Geelong LGA.

- The Greater Geelong LGA leaves out important suburbs of the Geelong economy such as Torquay, Jan Juc, Bannockburn and Inverleigh that are undergoing significant development.

Below is a map of Geelong SA4, showing the SA2 regions, with the Greater Geelong LGA shown in purple. The boundaries are based on the Australian Statistical Geography Standard (ASGS) 2021 edition. While the detailed demographic and economic analysis is at the SA4 level, we also provide a breakdown of key indicators into SA2 regions.



* See *Guidance on the collection and use of data for location-based analysis, ANZLIC 2020*

Demographics: Geelong SA4

327.4k

In 2021, Geelong's population reached 327,419, up from 286,384, equivalent to a CAGR of 2.7%.

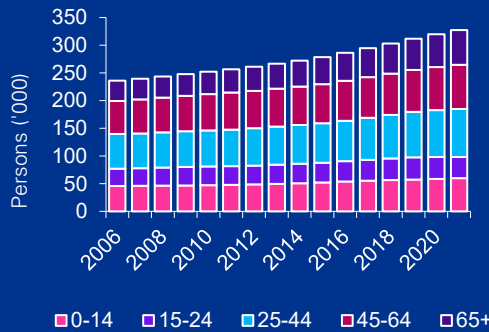
Population in all age groups grew at a faster pace than the national and Victoria's average.

7th

Geelong had the 7th highest net number of people moving to it in the year before the 2021 Census. It's the only SA4 in Victoria in the top 10. Most people who moved to Geelong came from Melbourne's inner and west suburbs.

Population by age

Geelong is dominated by population in age groups 25-44 (26.5% of total in 2021) and 45-64 (24.4%). Compared to Victoria and the nation, Geelong population is most under-represented in the 25-44 age group and over-represented in the 65+ age group.

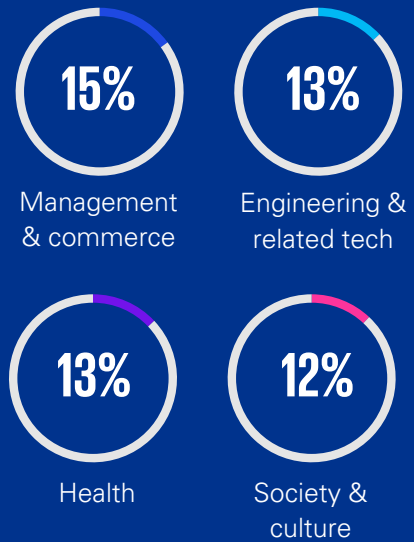


56.3%

of Geelong residents aged 15+ had non-school qualifications in 2021

This is slightly higher than Victoria's average (55.6%) and an improvement from 50.4% in 2016.

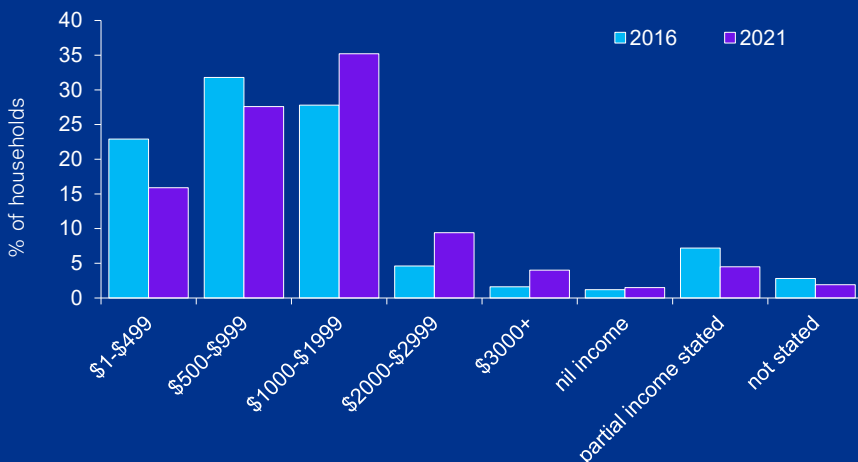
Top fields of study: non-school qualifications



\$1,037

Median equivalised total household income (weekly) in 2021, up by 18% from 2016 (adjusted for inflation).

Income distribution



Households earning less than \$1,000 per week (including nil) reduced from 56% in 2016 to 45% in 2021. The proportion of high-income households increased from 34% to 49%.*

0.46

Gini coefficient in 2019, down from 0.47 in 2016, with the lower score suggesting more income equality. Lower than Victoria's average of 0.48

* Noting the Census income brackets have not been adjusted for inflation. We estimated that even assuming 25% of households within the \$1000-\$1999 bracket would earn less than the equivalent of \$1000 in 2016 dollars, the conclusion in our analysis does not change.

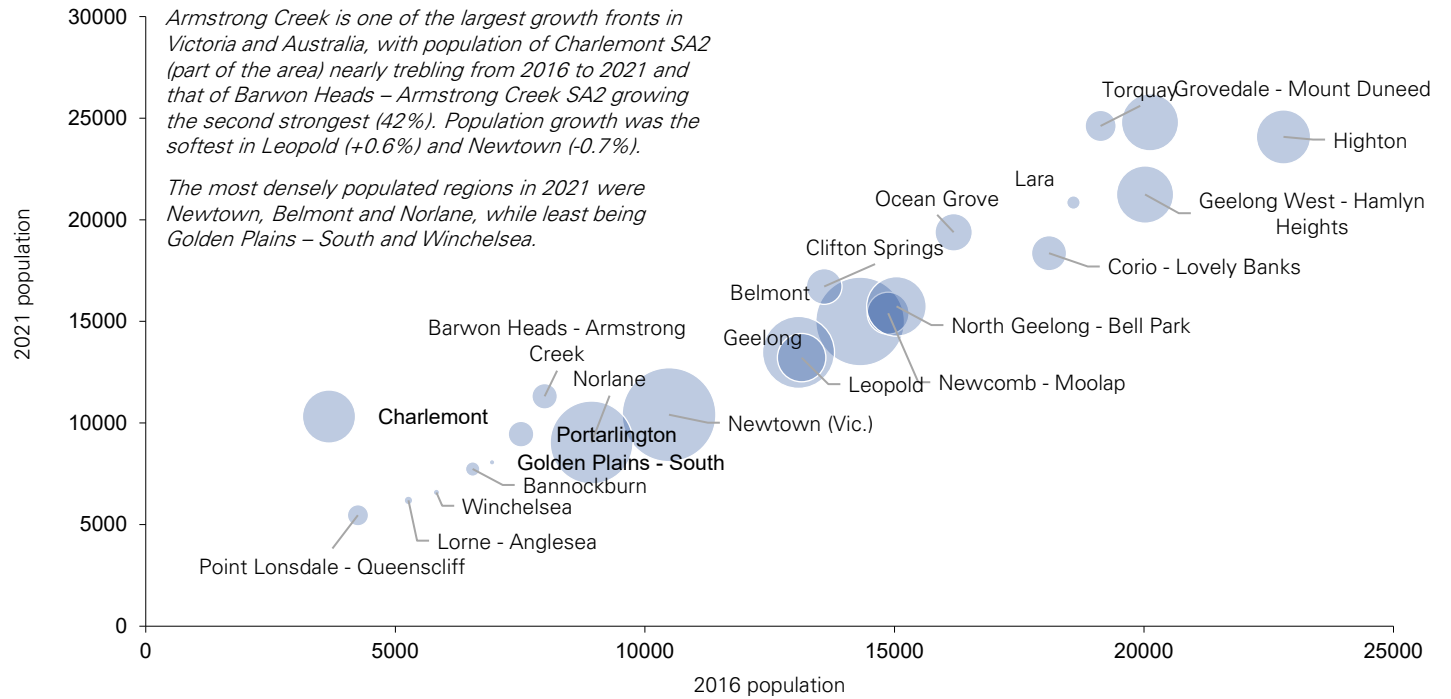
Source: KPMG Economics, ABS



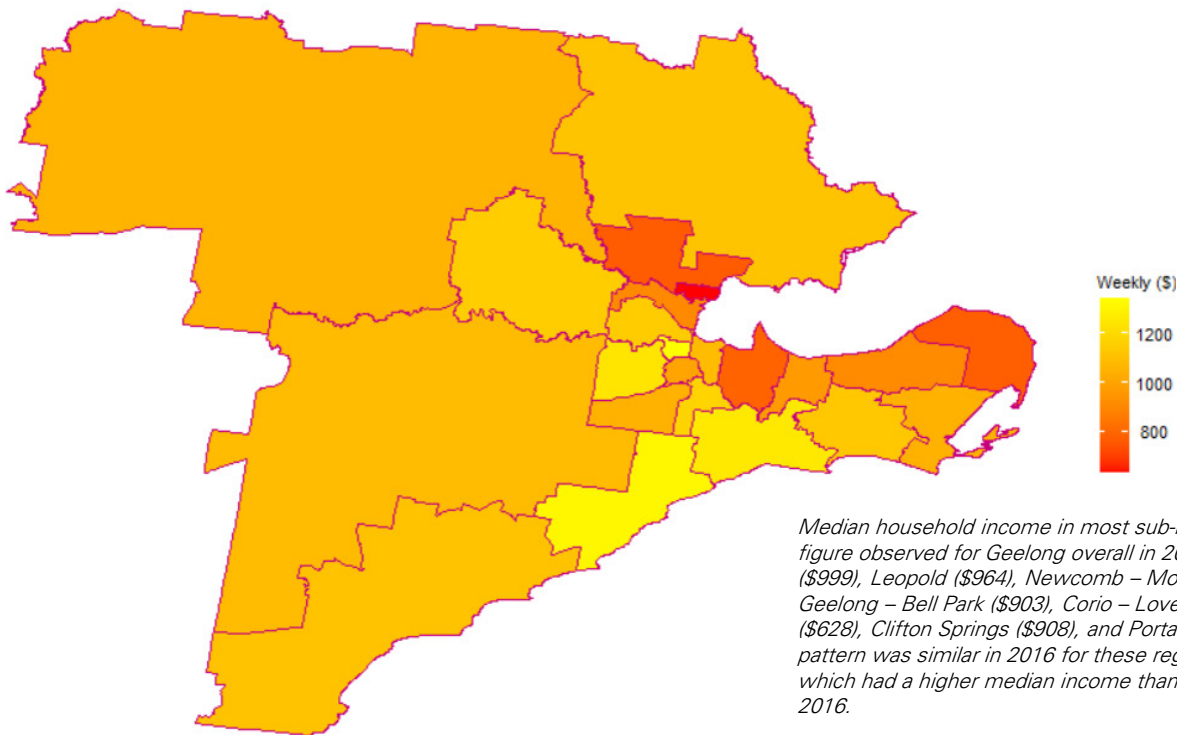
Demographics: SA2 Regions

Population size in 2016 and 2021

Bubble size reflects population density (people/km²) in 2021



Median equivalised total household income – 2021



Median household income in most sub-regions was higher the figure observed for Geelong overall in 2021, except for Belmont (\$999), Leopold (\$964), Newcomb – Moolap (\$783), North Geelong – Bell Park (\$903), Corio – Lovely Banks (\$762), Norlane (\$628), Clifton Springs (\$908), and Portarlington (\$772). The pattern was similar in 2016 for these regions apart from Leopold, which had a higher median income than Geelong median in 2016.

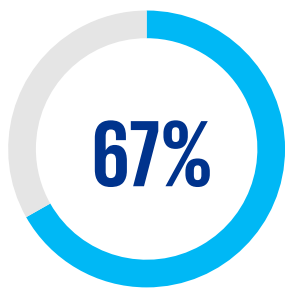
The strongest real household income growth was witnessed in Charlemont (24%), while the weakest was in Leopold (9%).

Source: KPMG Economics, ABS

Economy – Labour Market: Geelong SA4

3.7%

Geelong’s real GRP was estimated to grow at 3.7% per annum on average from 2016 to 2021, faster than Victoria and Australia. GRP per capita grew by 4.8% over the same period.

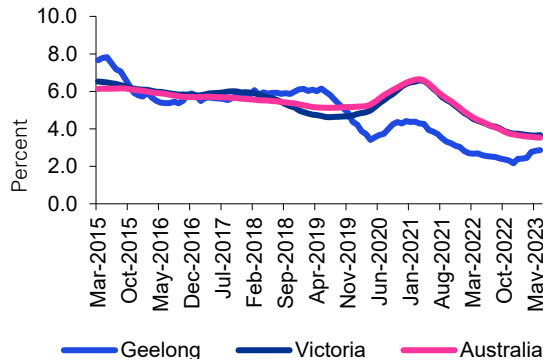


Geelong’s labour force participation rate in June 2022 – in line with Victoria and national average.

Total employed residents grew by **35.2%** from June 2016 to June 2022, with the employment to population rate up from 57.5% to 65.1%.*

2.9% unemployment rate

Geelong’s unemployment rate has been lower than that of Victoria and Australia since the onset of COVID-19. In June 2023, just 2.9% of Geelong residents were unemployed.*



25%

Growth in the number of people working in Geelong from 107,000 in 2016 to 135,000 in 2021. This is equivalent to a CAGR of 4.6%, faster than population growth. Geelong outpaced Victoria and Australia in the growth of local employment across all industries, except for manufacturing.

73%

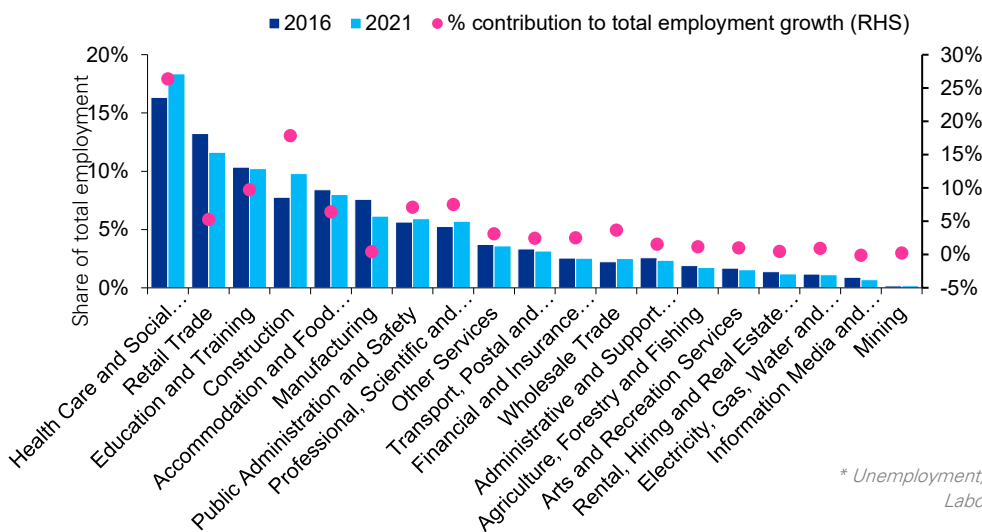
Of Geelong residents aged 15+ with a non-school qualification were employed in 2021

78%

Of Geelong residents worked in the region in 2021

	Geelong	Victoria	Australia
Construction	58%	31%	17%
Wholesale Trade	41%	0%	1%
Health Care and Social Assistance	41%	30%	30%
Professional, Scientific and Technical Services	36%	22%	22%
Mining	32%	5%	21%
Public Administration and Safety	32%	23%	12%
Financial and Insurance Services	25%	20%	16%
Education and Training	24%	17%	15%
Other Services	21%	12%	9%
Electricity, Gas, Water and Waste Services	20%	17%	16%
Accommodation and Food Services	19%	9%	6%
Transport, Postal and Warehousing	18%	13%	9%
Administrative and Support Services	15%	6%	6%
Agriculture, Forestry and Fishing	15%	10%	6%
Arts and Recreation Services	15%	3%	7%
Retail Trade	10%	6%	4%
Rental, Hiring and Real Estate Services	8%	7%	3%
Manufacturing	1%	4%	5%
Information Media and Telecommunications	-4%	-6%	-7%
Total	25%	15%	13%

Local employment (people working in Geelong) by industry from 2016 to 2021



From a local employment perspective, Geelong’s industry structure did not change substantially from 2016 to 2021. Manufacturing continued to contribute a lesser share of employment compared to its past, while *Health care and social assistance* and *Construction* strengthened their positions.

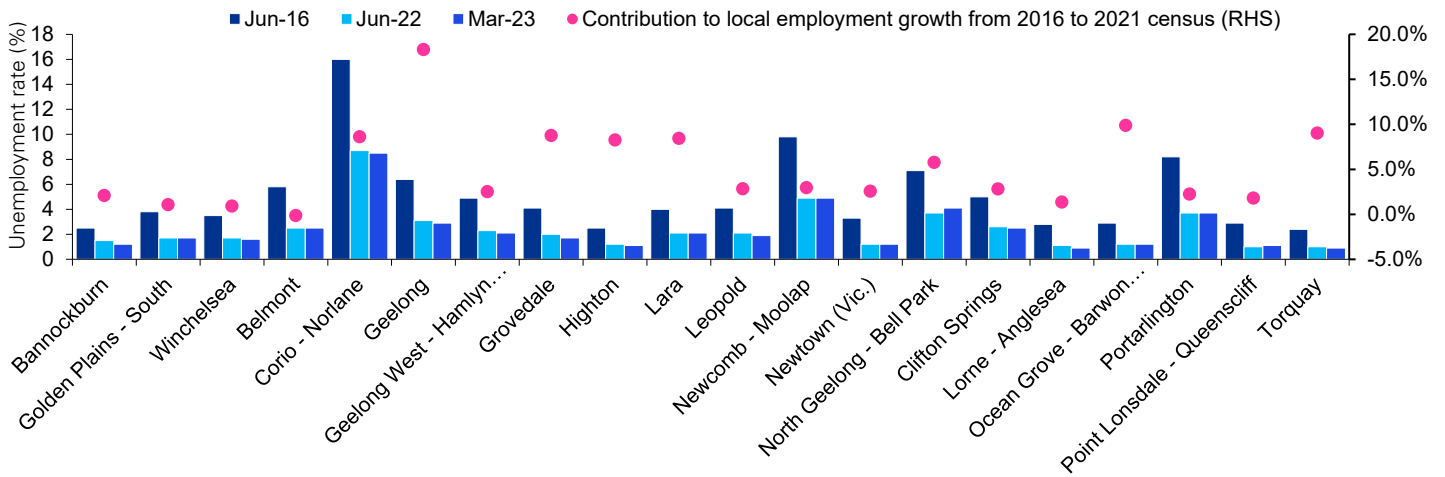
The top 5 contributors to total employment growth from 2016 to 2021 include: *Health care and social assistance*, *Construction*, *Education and training*, *Professional, scientific and technical services*, and *Public administration and safety*.

* Unemployment, participation and employment to population rates are ABS Labour Force Survey original series in 12-month average terms.

Source: KPMG Economics, ABS

Economy – Labour Market: SA2 Regions

Unemployment rate and contribution to local employment growth*



The unemployment rate of Geelong residents in the March quarter of 2023 was lower than 2016 levels across sub-regions.

In terms of local employment (including those who live elsewhere and come to Geelong for work), from 2016 to 2021, Geelong SA2 was the largest contributor to total growth. Belmont was the only sub-region recording a negative growth in local employment.

As shown in 2021 census data, employment is highly concentrated in Geelong SA2. It dominates in a wide range of industries, most notably financial and insurance services, public administration and safety, and electricity, gas, water and waste services. Apart from Geelong SA2, Corio – Lovely Banks also comprised a high share of workers in Wholesale trade, and North Geelong – Bell Park in Transport, portal and warehousing. Agriculture activity is strong in Golden Plains – South and Winchelsea, while Mining has a robust presence in Lara.

Subregion’s local employment as a share of total by industry – 2021

SA2 (PLACE OF WORK)	Agriculture, Forestry and Fishing	Mining	Manufacturing	Electricity, Gas, Water and Services	Construction	Wholesale Trade	Retail Trade	Accommodation and Food Services	Transport and Warehousing	Information and Communications	Financial and Insurance Services	Rental, Hiring and Real Estate Services	Professional, Scientific and Technical Services	Administrative and Support Services	Public Administration and Safety	Education and Training	Health Care and Social Assistance	Arts and Recreation Services	Other Services
Bannockburn	4%	2%	2%	0%	2%	1%	1%	1%	1%	2%	0%	1%	1%	1%	2%	2%	1%	1%	1%
Golden Plains - South	23%	15%	1%	1%	1%	1%	0%	1%	1%	1%	0%	0%	1%	1%	1%	1%	0%	1%	1%
Winchelsea	20%	4%	1%	1%	2%	1%	0%	1%	1%	1%	0%	0%	1%	1%	1%	1%	1%	1%	1%
Belmont	0%	0%	2%	1%	2%	3%	5%	5%	1%	4%	2%	5%	3%	2%	2%	5%	6%	5%	6%
Geelong	5%	8%	23%	42%	18%	19%	18%	20%	21%	37%	59%	24%	32%	24%	48%	16%	39%	28%	20%
Geelong West - Hamlyn Heights	1%	5%	2%	1%	4%	2%	5%	7%	2%	4%	6%	7%	6%	4%	1%	6%	4%	3%	7%
Highton	2%	0%	6%	1%	3%	1%	2%	3%	2%	4%	2%	4%	5%	5%	1%	17%	8%	3%	3%
Lara	12%	34%	9%	1%	8%	13%	6%	4%	12%	1%	4%	3%	6%	15%	3%	2%	5%	4%	4%
Leopold	1%	0%	1%	0%	2%	1%	3%	2%	1%	2%	1%	2%	1%	2%	1%	1%	2%	0%	2%
Newcomb - Moolap	2%	5%	7%	9%	6%	3%	3%	3%	5%	2%	2%	3%	5%	3%	1%	2%	4%	2%	6%
Newtown (Vic.)	1%	0%	2%	1%	4%	4%	2%	3%	1%	4%	4%	7%	6%	3%	1%	9%	2%	6%	5%
North Geelong - Bell Park	4%	8%	14%	22%	10%	12%	12%	3%	24%	6%	2%	9%	9%	9%	3%	8%	8%	3%	9%
Charlemont	0%	0%	0%	0%	2%	0%	0%	0%	1%	1%	0%	1%	1%	1%	0%	1%	1%	1%	1%
Corio - Lovely Banks	3%	2%	10%	9%	6%	20%	4%	4%	5%	3%	1%	2%	2%	5%	4%	6%	2%	2%	4%
Grovedale - Mount Duneed	1%	0%	3%	2%	7%	2%	12%	7%	4%	10%	3%	2%	3%	6%	3%	4%	5%	6%	5%
Norlane	1%	3%	7%	2%	3%	4%	3%	3%	5%	2%	0%	1%	1%	5%	2%	1%	2%	1%	2%
Clifton Springs	3%	0%	2%	1%	2%	1%	3%	2%	2%	2%	1%	3%	2%	3%	1%	4%	2%	3%	3%
Lorne - Anglesea	1%	0%	1%	1%	2%	1%	1%	6%	1%	2%	1%	4%	2%	2%	1%	1%	1%	6%	1%
Portarlington	4%	0%	1%	0%	2%	0%	1%	2%	1%	1%	1%	2%	2%	1%	1%	1%	1%	1%	1%
Point Lonsdale - Queenscliff	3%	3%	0%	0%	1%	0%	1%	3%	3%	1%	0%	2%	2%	2%	3%	1%	1%	4%	1%
Torquay	4%	1%	4%	2%	7%	4%	8%	9%	2%	8%	5%	7%	8%	6%	5%	5%	4%	9%	8%
Barwon Heads - Armstrong Creek	2%	0%	1%	2%	2%	1%	2%	4%	1%	1%	1%	4%	2%	2%	1%	3%	1%	5%	2%
Ocean Grove	3%	2%	2%	0%	4%	4%	5%	7%	3%	2%	3%	5%	5%	4%	3%	3%	3%	5%	5%
Total	100%	91%	100%	100%	100%	100%	100%	100%	100%	100%	99%	101%	100%	100%	100%	100%	100%	100%	100%

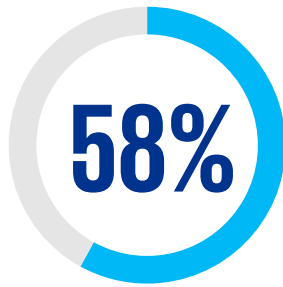
* SA2's unemployment rates are sourced from the Small Area Labour Markets data, in which data are based on ASGS 2016 edition. SA2 regions in Geelong SA4 in this edition can be aligned with the ASGS 2021 edition.

Source: KPMG Economics, ABS

Economy – Businesses: Geelong SA4

18%

Growth in total number of businesses from 2016 to 2021 – a broad-based increase across all business size ranges*



Of total businesses were non-employing businesses in 2021.

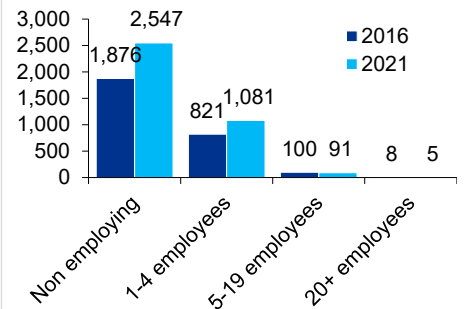
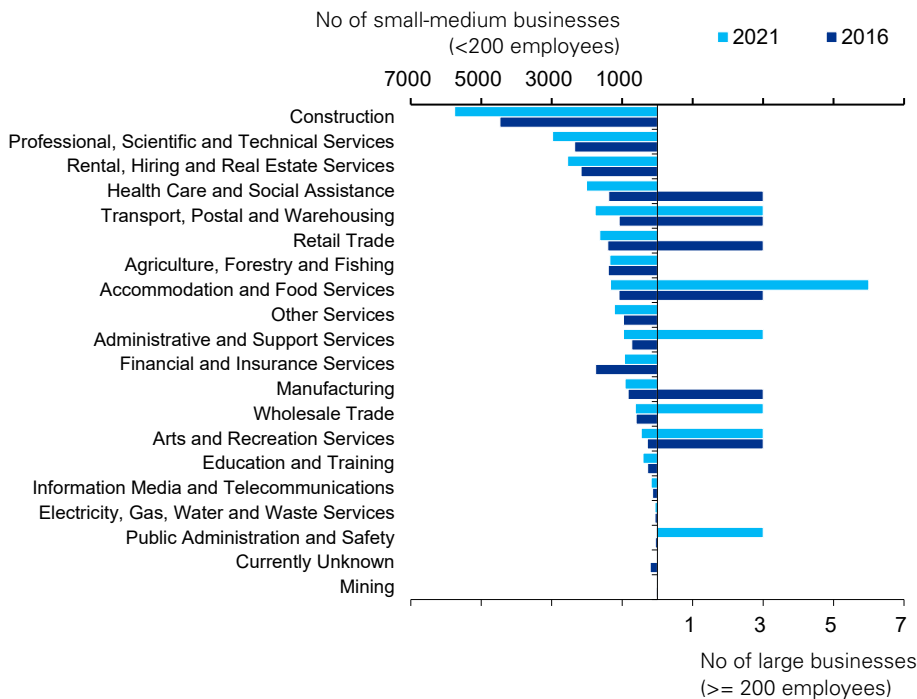
Nearly all of Geelong’s economy consists of small to medium sized businesses with fewer than 200 employees.

33%

Growth in business entries from 2016 to 2021 – faster than Victoria’s average of 23%

Micro businesses (0-4 employees) were the largest contributor to the increase in business entries.

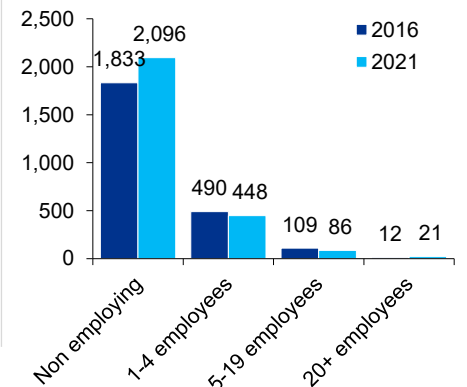
Business numbers by industry from 2016 to 2021



8%

Increase in business exits from 2016 to 2021 – lower than Victoria’s average of 13.7%

Micro businesses were also the largest contributor to the increase in business exits.



Consolidation observed in financial and insurance services, Public administration and safety, Mining and Agriculture, forestry and fishing

- The total number of businesses increased across most industries, except for financial and insurance services (-48%), public administration and safety (-31%), mining (-18%), and agriculture, forestry and fishing (-5%). This was driven by a decline in businesses in the smaller size ranges, while there was an increase, albeit by a lesser amount, in businesses of larger size ranges.
- Local employment in these industries still grew strongly over the same period, suggesting there were more workers per employing business.
- Industries with the highest growth of new businesses between 2016 and 2021 were construction; transport, postal and warehousing; professional, scientific and technical services; and Healthcare and social assistance.

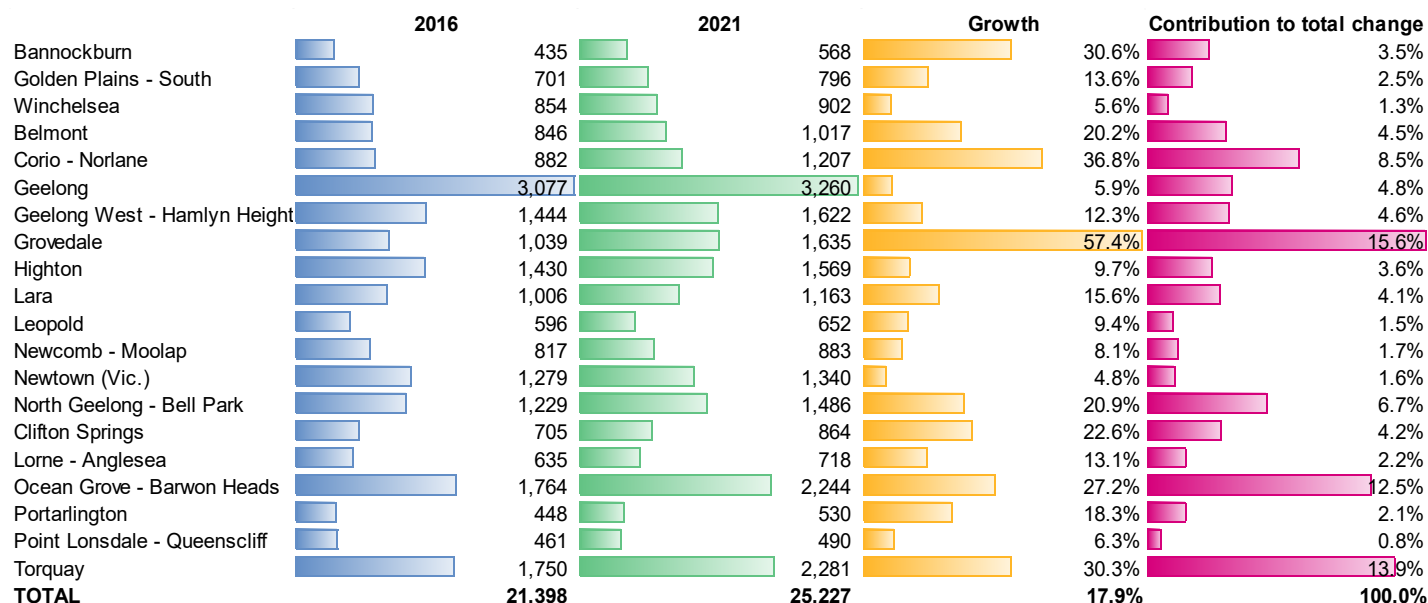
Wholesale trade, Accommodation and food services, Administration and support services, and Public administration and safety each saw entries of three large businesses over the period.

* Based on the ABS Count of businesses data, which includes only private for-profit businesses.

Source: KPMG Economics, ABS

Economy – Business: SA2 Regions

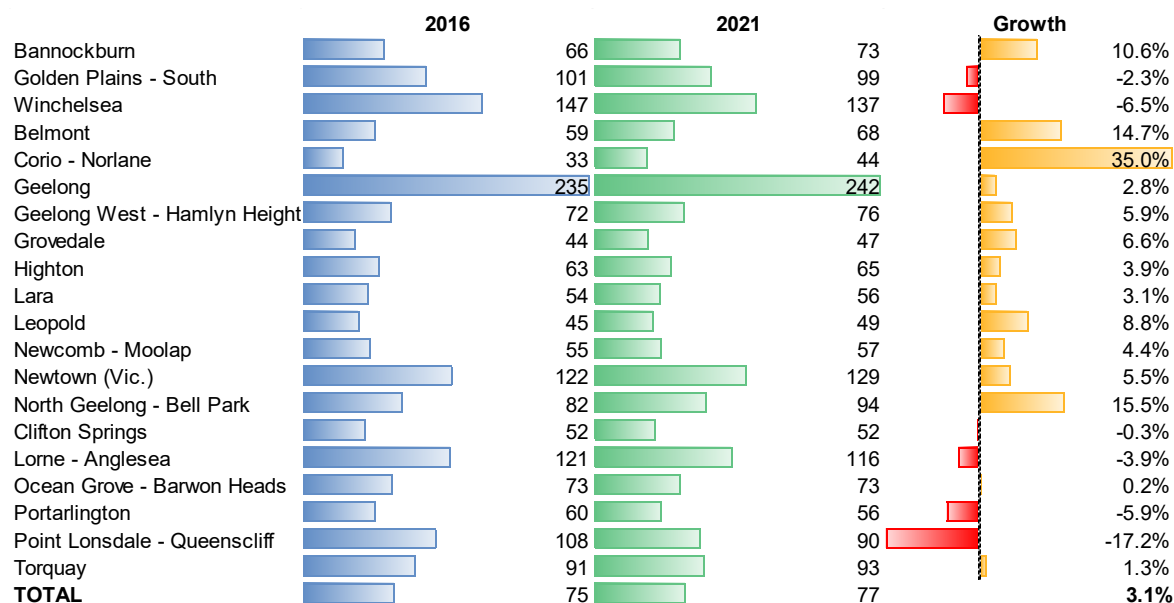
Number of businesses*



The number of businesses rose across all sub-regions within Geelong SA4 from 2016 to 2021, with the largest contributor being Grovedale SA2 (now Grovedale – Mount Duneed and Charlemont), followed by Torquay and Ocean Grove – Barwon Heads (now Ocean Grove and Barwon Heads – Armstrong Creek).

Accounting for population differences among sub-regions, Corio – Norlane experienced the largest growth in businesses (35%), followed by North Geelong – Bell Park (15.5%) and Belmont (14.7%). Norlane saw entries of three large businesses (200+ employees) in wholesale trade in 2021. Business growth the increase of business numbers in Point Lonsdale – Queenscliff, Winchelsea, Portarlington, Lorne – Anglesea, Golden Plains – South, and Clifton Springs did not catch up with its population growth.

Number of businesses per 1,000 people (adjusted for population)*



*Count of businesses data in 2016 is based on ASGS 2016 edition

Source: KPMG Economics, ABS

Cyber and Data Security



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In times of international unrest, and economic uncertainty, businesses must remain vigilant against increased malicious activity.

SMEs are essential to the Australian economy, contributing significantly to GDP and job creation. However, they often lack adequate cybersecurity measures, making them vulnerable to cyber-attacks.

Geelong has 17,190 SMEs, with major job providers in healthcare, retail, trade, and construction, many of which rely on third-party IT providers that can be susceptible to a variety of cyber-attacks.

Last year, a staggering 693,053 Australian SMEs, accounting for 33% of the national economy, fell victim to cybercrime. These attacks resulted in operational disruptions for 40% of businesses, while 25% experienced revenue losses. On average, SMEs spent \$276,323 per business in the aftermath of a cyber-attack. Such incidents can have severe consequences, impacting critical infrastructure, services and healthcare institutions, causing substantial economic damage and disrupting lives.

To improve cyber resilience, SMEs in different industries can take immediate steps to address threats and vulnerabilities, even if they are still in the planning phase. These six steps are a good place for businesses to start:

1. Review cyber insurance policies to understand potential business interruption implications and identify any coverage gaps.
2. Conduct assessments to identify vulnerabilities and evaluate the impact and risks specific to the business.
3. Implement crucial cybersecurity measures, such as enabling multi-factor authentication (MFA) on critical systems, using strong and complex passwords, and ensuring regular password changes.
4. Provide comprehensive training to employees to raise awareness about phishing attacks and the importance of not clicking on suspicious links in emails.
5. Prioritise the prompt patching of external-facing and critical software to prevent known vulnerabilities from being exploited.
6. Safeguard against ransomware and data destruction attacks by ensuring up-to-date and isolated backups that are adequately protected.

By taking proactive steps, businesses can reduce vulnerability to cyber threats and enhance resilience. Being prepared is vital to safeguarding SMEs during challenges, ensuring uninterrupted operations, and minimising economic and operational impacts of cyber incidents.

Tales of Success, Opportunities for Growth



We have almost everything you need to grow businesses in Geelong.”

Matt Dingle, Managing Director, FormFlow

Geelong, historically, has seen remarkable success in its business landscape, with numerous local success stories of business growth. This vibrant city has been home to entrepreneurial ventures that have flourished and made significant contributions to the local economy. When exploring this topic, we sought to identify local success stories and understand the factors that fuelled their growth. Additionally, we aimed to assess the availability of existing or potential programs that could facilitate further growth in the local businesses and economy.

Programs were included in this review because they're essential to the execution of strategic plans. They can help translate strategic objectives into tangible actions and outcomes. Programs provide a structured approach to implementing growth initiatives, fostering innovation, developing talent and accessing resources and support systems that enable businesses to thrive.

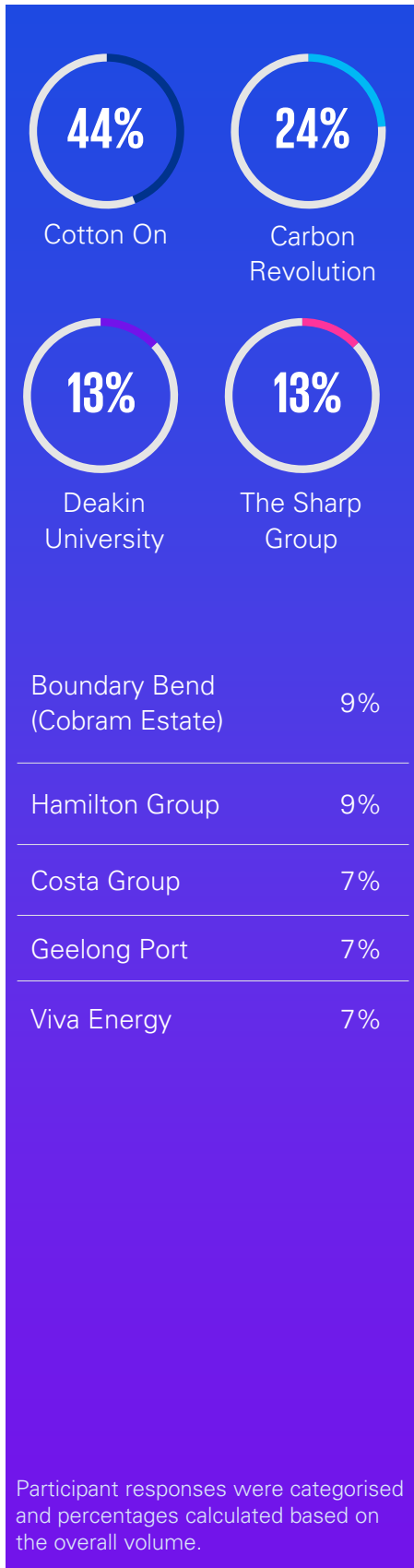
Highlighting international programs is essential because they offer valuable lessons and best practices from flourishing business ecosystems around the world. By studying and adapting effective programs from other regions, Geelong can tap into global expertise, gain new perspectives and enhance its own local programs to drive growth and innovation.

Success encompasses a wide range of achievements, including substantial revenue growth, expansion of operations, job creation opportunities, and contributed to the overall development of the region.

Geelong's current success can be attributed to several factors, including a supportive business environment, collaboration between businesses and government entities, investment in infrastructure and innovation, and a skilled workforce. These elements have created an ecosystem conducive to business growth and attracted entrepreneurs and investors to the region.

To determine collective and ongoing success, it's crucial to establish clear benchmarks and indicators. These may include metrics such as job creation, revenue growth, innovation output, business diversity, and the overall economic health of the region. Regular monitoring and evaluation of these indicators will provide insights into the effectiveness of programs and strategies implemented and help identify areas for improvement or further investment.

Local Success Stories



Participants identified more than 80 stories of successful business growth within the Geelong Region. Some were well known but there were other more low-profile names that also experienced significant growth.

The examples of success were spread across industry sectors and business sizes. Some government organisations were mentioned, which may be attributed to their impact on the local business environment or the benefits of significant local employment.

Almost half of our respondents mentioned Cotton On as a successful local business story. The company has grown from a single store in Geelong to a global fashion retailer with more than 1,400 stores in 18 countries. Cotton On focuses on affordable and stylish clothing, and has the ability to adapt quickly to changing consumer trends. The commitment of the leadership team and especially founder, Nigel Austin, to support Geelong's positioning as a Global HQ for the brand and boosts the local economy and community.

Nearly a quarter of our participants mentioned Carbon Revolution, a manufacturer of carbon fibre wheels. The company has experienced significant growth in recent years, driven by demand from high-end automakers and a focus on innovative manufacturing processes. Carbon Revolution's achievement highlights the importance of investing in research and development and leveraging technology to create high-value products.

Carbon Revolution is a key example of success within Geelong's advanced manufacturing sector. It's also an example of the value brought by Deakin University's investment in Carbon Nexus, (a cutting-edge research facility focused on advanced carbon fibre and composites), and the broader advanced manufacturing sector over many years.

Other companies mentioned as business growth stories in Geelong include Deakin University, Sharp Group and Boundary Bend. Deakin University's success can be attributed to its focus on innovation and collaboration with industry partners and its significant presence in the region.

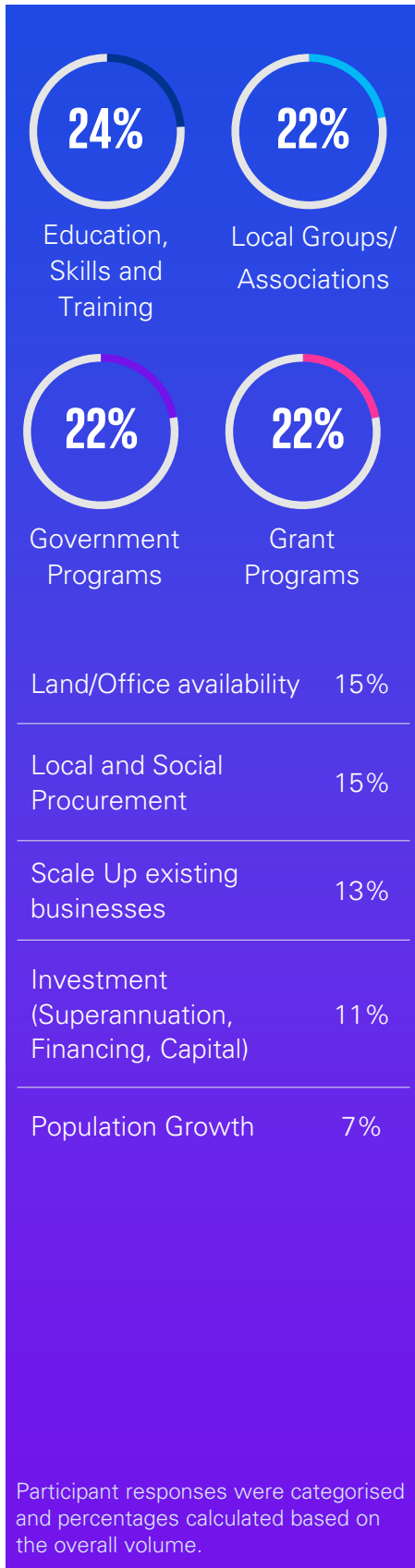
The Sharp Group, which encompasses Leura Park Estate, Jack Rabbit and Flying Brick Cider and other hospitality interests on the Bellarine Peninsula, continues to expand and innovate as an industry leader. Boundary Bend's Cobram Estate business is the largest vertically integrated olive oil producer in Australia, has been successful due to its focus on high-quality products, innovative technology and sustainable farming practices.

Overall, the achievements of these companies highlights the importance of innovation, collaboration and their focus on quality and sustainability to drive business growth in Geelong

80

Local success stories identified by interviewees.

Programs driving business growth



Interviewees were asked, “Are there any existing programs or potential programs, locally or elsewhere, that would help us to achieve growth in our local businesses and economy?”

Responses to the question, in the main part, identified issues for growing businesses, or just business in general. Whether it was the need for ongoing education or access to skills or training, access to government programs or grant funding, or support from local business groups or associations. These responses primarily addressed various aspects related to businesses but were not solely centred on direct business growth strategies.

On the whole, most respondents did not know of any local programs driving business growth and only a few could point to international programs that might be of interest.

“How do we help businesses who don't know what they don't know!”

Rob Hunter, Director, HunterCorp Investments

Education, skills and training

Many respondents identified education, skills and training as a key or critical factor to ongoing business growth.

Participants discussed the opportunity to expand training programs to be more inclusive of business needs and for existing workers, augmenting the existing programs for students leaving secondary education. Several others mentioned the need to foster lifelong learning.

Many of these comments were made in the context of the current labour and skills shortage.

The need for business to access qualified and skilled workers was seen as crucial to enabling business growth. Issues highlighted included the need for:

- migration to address the labour shortage;
- education and training programs to supply industry ready staff; and
- ongoing training and support to retain staff and upskill them for future challenges.

“The skilling program needs to be more targeted at the needs of businesses.”

Clive Pugh, Managing Director, Winchester Australia

Programs driving business growth

Local groups and associations

Local organisations that support business were seen as another key opportunity to drive business growth.

Participants mentioned many organisations, however only a few noted programs that specifically aid business growth.

The growth programs noted were often highly targeted at an industry or geography, such as the Geelong Manufacturing Council’s Leadership for Manufacturing Excellence or Deakin’s ManuFutures Ignite program.

“There are a lot of established groups and associations that are collectively impacting such as Chamber, Business Events Geelong, Tourism Geelong Bellarine, Committee for Geelong.”

Lyndsay Sharp, Director, The Sharp Group

Government programs

Programs and other support from all levels of government were another avenue for business growth that participants mentioned.

Our participants mentioned grant and funding programs as instrumental to business growth.

Participants also noted that they had a desire for government to be more involved in driving business growth.

Many existing government programs are designed to promote economic growth. It appears there is an opportunity to create new and agile government programs with specific remits to drive business growth.

Most participants agreed that government support was just one part of a needed holistic effort from the business community to develop and execute growth programs.

“There needs to be a combined effort with government, local government is keen to help, but it takes too much time. Nimble government would greatly help drive growth”

Damien Foster, Chief Operating Officer, Business Solutions, Morris Finance

Grant programs

Many participants identified grants from state and local government as a good catalyst for business growth.

Some respondents mentioned challenges in identifying appropriate grants and some confusion in understanding their assessment criteria.

There was an opportunity to further implement specific programs to help business grow in the Greater Geelong Region.

“It feels like majority of development programs are for start-ups or large businesses, it's hard to find assistance for the in between.”

Ryan Chalmley, Director, Robot Army Productions/ Milk Video

Programs driving business growth

Payroll tax

A small number of participants mentioned the regional rate of payroll tax as an incentive for businesses to move to or remain in the Greater Geelong Region.

The regional payroll tax rate is 1.21% which applies to the Geelong region, whereas in metropolitan areas, the rate is 4.85%.

“Another really strong regional factor is the state payroll tax. When you tell people you can put your business in Wyndham and you’re paying 4.85% or you can bring the business down here where you’re paying 1.2% and they have 60 employees, that’s a bottom-line cost that will save you money.”

Terry Hickey, Regional Manager – Western Victoria, AusIndustry

Scaling up business

While it wasn't the category with the most responses, the responses about scaling up businesses or facilitating growth through programs were among the most relevant to the question asked. This emphasis on a specific area of need underscores its significance in the discussion.

A number of the responses referred to the desire to help businesses begin to look at growth and to give them some key parameters so they can understand its benefits and challenges.

Several respondents highlighted the importance of educating business owners about business growth, particularly due to the limited awareness and lack of experience among existing businesses.

For others, the next stage on from understanding the need was identifying what type of assistance and the type of business that would most benefit from a program that would drive their businesses growth.

A number of respondents highlighted medium sized businesses as the key demographic to focus future business growth programs on. Yet others talked about the small business being a focus in order to grow them into a medium sized business.

Other responses spoke to more details or values of how or what the program driving the business growth would address.

It is encouraging that respondents recognised the specific requirement to expand existing businesses as a means to foster both business and broader economic growth.

Understanding the opportunity to scale up businesses and implementing targeted programs to promote regional business growth are essential priorities for the broader business community.

“We need to help solid, medium businesses scale up, and harness the other drivers of growth.”

Paul Gray, Principal, Harwood Andrews

“There are lots of good ideas, but we need a program that helps businesses scale up with better business acumen.”

Simon Loader, Senior Principal Town Planner, Tract Consultants

Global programs growing local businesses

We've selected some successful global programs that could potentially drive business growth locally. These could serve as valuable inspiration and discussion among leaders and organisations within the Geelong business community.

Invest in Bavaria

This is a state-run agency that promotes investment in Bavaria, Germany. It provides a range of services to companies looking to locate or expand in the region, including site selection assistance, access to funding and incentives, and support for regulatory compliance. Since its foundation in 1999, Invest in Bavaria has supported 1,930 investment projects creating 52,000 new direct jobs.



Enterprise Singapore

Enterprise Singapore is a government agency established in 2018 to support the growth of Singaporean enterprises, particularly SMEs. It offers a range of programs and services to help SMEs access financing, technology, and market opportunities. Since its launch, Enterprise Singapore's programs have supported more than 28,000 projects and helped at least 8,000 companies to expand their business overseas. The agency's efforts have also contributed to job creation and foreign investment in the Singaporean economy.

Opportunity Austin

This is a rolling five-year initiative that fosters job-creating investment across the Austin Region in Texas, USA. Since beginning its economic development work in 2004, Opportunity Austin has helped create 571,600 jobs, an 85% increase, and added US\$43 billion in payroll.



Scale Up Milwaukee

This program fosters entrepreneurship and economic growth in Milwaukee. It has been successful in helping established businesses grow and scale, with participating businesses creating over 1,300 jobs and generating more than US\$206 million in revenue since its inception in 2013. Scale Up Milwaukee offers a range of education, mentoring and networking opportunities, and has formed a network of more than 1,000 entrepreneurs, investors, and mentors. Through its efforts, Scale Up Milwaukee has helped position Milwaukee as a hub for innovation and entrepreneurship in the Midwest region.

A Vision for Regional Business Success

The region's success was discussed extensively, but our participants flagged the need for a unified and captivating vision for Geelong. Respondents also emphasised the significance of achieving shared prosperity, where equal opportunities are accessible to all individuals irrespective of their background or location.

It was agreed that a clear and cohesive vision would help intentional and sustained growth. We observed three prevailing beliefs that could help to shape this vision.

First, there's a idea that growth is a collective responsibility across enterprise, government and local organisations.

Second, business growth needs to be understood as priority for the future prosperity of the region, along with transport, planning and population growth.

Third, all levels of government need to be involved with any initiative to drive business growth in the region, as it's a key lever to support wider economic development.

Participants emphasised the power of a shared vision for the success of the region, and that every individual can make a contribution. A collective understanding about the broader impact of business growth in the region will help Geelong tap into its full potential.



We want to see sustainable economic growth, not just in GDP or dollars, but how does it contribute to other community outcomes."

Dan Cowdell, Chief Executive Officer,
Geelong Sustainability

Digital Transformation



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In today's rapidly evolving technological landscape, digital transformation has become imperative for businesses, governments, and organisations of all sizes. Embracing digital transformation not only enhances operational efficiency and customer experience but also unlocks new avenues for revenue generation and competitive advantage.

Digital transformation enables businesses to meet evolving customer expectations by providing seamless and personalised experiences. By embracing digital platforms and connecting operational and customer processes, organisations can improve customer and employee experiences, eradicate inefficient or manual processes and enable improved analytics spanning front-, middle- and back-office operations.

Enterprise grade digital solutions are now accessible to organisations of all sizes and can be used to enable growth and give time back to key stakeholders across your organisation. How organisations think about lead generation, sales, customer service, service delivery and finance and HR should no longer be constrained by disjointed systems. Instead, one customer process innately connected to the necessary internal processes to not only meet but exceed customer expectations at every opportunity.

For Australian businesses there is a strong correlation between organisations that adopt a digital first culture and profitability.

In addition to revenue and profitability improvements, today's consumers and employees have ever-growing expectations for their day-to-day interactions with digital experiences. Ultimately, successful digital transformation can be a foundation to build customers for life and to improve employee attraction and retention in a skill short market.

Key questions for organisations:

1. What are your biggest challenges and opportunities? What are the areas where you need to improve your efficiency, reach new customers or create new revenue streams?
2. What are the specific technologies that could help you? What are the latest trends in digital technology and how could we use them to achieve your goals?
3. What's your budget for digital transformation? How much are you willing to invest in digital technology and how will you measure the return on investment?

In the Geelong region, digital transformation is vital for businesses, government bodies, and organisations to thrive. By asking critical questions about your digital maturity, appetite for change and transformation potential, you can lay a strong foundation for success.

Assessing Key Success Indicators



We asked participants to suggest key success measures for business growth in the Greater Geelong Region.

A range of responses was provided, with the most popular measure being employment, jobs and shared prosperity.

Many of the success indicators suggested had commonalities.

Employment and jobs

Employment and jobs had different meanings for our respondents, including:

- Keeping unemployment low
- increasing the number of jobs available
- addressing underemployment and youth unemployment
- growing the number of full-time equivalent positions.

“Addressing intergenerational unemployment requires particular focus and a range of supports, and ultimately employers have to be willing to provide opportunities. How do we find ways to make this important difference?”

Keith Baillie, Chief Executive Officer, gforce employment + solutions

Shared prosperity

The majority of respondents identified the need for prosperity to be shared and enjoyed by all parts of the Greater Geelong Regions, particularly in historically disadvantages areas such as Corio, Norlane and Newcomb.

Several respondents mentioned that impact should be measured at a geographic level to understand how prosperity is being shared. This approach means some areas may need a larger focus or specialised programs to address those issues.

Measures such as average wages, education levels and lifestyle factors at a postcode levels could help understand how prosperity is impacting in-need areas.

“How are we creating opportunities for those that need them? How many businesses have that social conscience with underlying goals around those that are disadvantaged?”

Simon Loader, Senior Principal Town Planner, Tract Consultants

Local business opportunities or investment

There’s also a need to see investment in the region and in local businesses. For some, this meant the need to invest in the businesses themselves to help them develop and access larger and new markets. For others, it was about the local investment needed to enable the growth of businesses, such as through better transport or road and rail infrastructure.

This theme that had many facets, but spoke to the desire to see ongoing and significant investment in the region, and the importance of measuring that investment at a granular level.

“Increase the number of high-growth firms in the region and stimulate in innovation activities across the sector.”

Lyn George, Corporate Director, Austeng

Assessing Key Success Indicators

Gross Regional Product (GRP) or turnover

GRP or turnover can be blunt measures of output, rather than outcomes, but they're indicators that can be used at the macro level and are also relevant to the micro level of a company's turnover.

Furthermore, GRP is a useful measure when assessing regional economic and business growth. It can be isolated to measure the effectiveness of a program on broader economic growth.

If GRP is relied upon as a key indicator of success in isolation to other macroeconomic and lifestyle indicators, there may be a negative effect on living standards across the community (Stiglitz, 2009*).

"As our population grows, we need to plan carefully to ensure that the economic benefits of that growth are broadly shared across the community to improve equity and reduce disadvantage."

Frances Diver, Chief Executive Officer, Barwon Health

Regional or population growth

Respondents noted the need to continue population growth to ensure the supply of both staff and customers to local businesses.

Labour and skills shortages continue to be a threat to the growth of many businesses. Population growth could be measured and stimulated by developing high- and medium-density housing and increasing overseas migration.

"Getting that population up so that we can have more services, not just government services but more demand for better restaurants and all those things."

Justin Giddings, Chief Executive Officer, AMDA

Liveability and lifestyle

Many respondents noted the Geelong lifestyle and liveability were key drivers behind the growth of the region for many years.

Many also noted how important it was to measure and monitor liveability and lifestyle to ensure it doesn't decline, causing a reduction in inbound migration or an increase in outbound migration.

"How do you have the growth that is projected without losing what we believe is special about the region? What is it that we value in our lifestyle?"

Clare Amies, Chief Executive Officer, genU

Inbound investment and business attraction

Another measure was the ability to attract businesses and investment from other parts of Victoria or Australia to relocate or open new locations.

We've previously mentioned the relocation of large government organisations to the region. Many respondents were seeking similar growth from the commercial and private sector which would create a demonstrable impact on GRP.

"[We need] more businesses of size. We need to be a destination for corporate headquarters and broader businesses."

Terry Hickey, Regional Manager – Western Victoria, AusIndustry

*Citation: Joseph Stiglitz & Amartya Sen & Jean-Paul Fitoussi, 2009. "The measurement of economic performance and social progress revisited: Reflections and Overview," Sciences Po publications 2009-33, Sciences Po.' Change in text from (Stiglitz, 2009) to (Stiglitz et al, 2009)

Manufacturing and Industry 4.0



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The first industrial revolution occurred more than a century ago and profoundly transformed manufacturing and society. Today, advanced technologies like artificial intelligence, big data and the internet of things have revolutionised manufacturing, providing local companies with a global innovation platform. Industry 4.0 empowers manufacturers to optimise operations, enhance client value, reduce costs and multiply profits.

Geelong boasts a rich manufacturing heritage with influential brands like Ford and Alcoa. However, their decline underscores the necessity for perpetual adaptation to thrive globally.

Industry 4.0 allows Australian manufacturers to embrace data-driven decisions, minimise waste, tackle energy costs, leverage alternative supply chains and navigate volatile commodity prices. Geelong manufacturers can fortify their operations and flourish amid market challenges and geopolitical uncertainties.

The Australian Government is committed to the Sovereign Agenda and announced the \$15 billion National Reconstruction Fund in the last budget to enable regional manufacturing hubs to upscale and meet growing domestic demand. Understanding which R&D tax grants and tax depreciation measures they can access is key to fund the investment in assets and technology needed for faster, better, cheaper production.

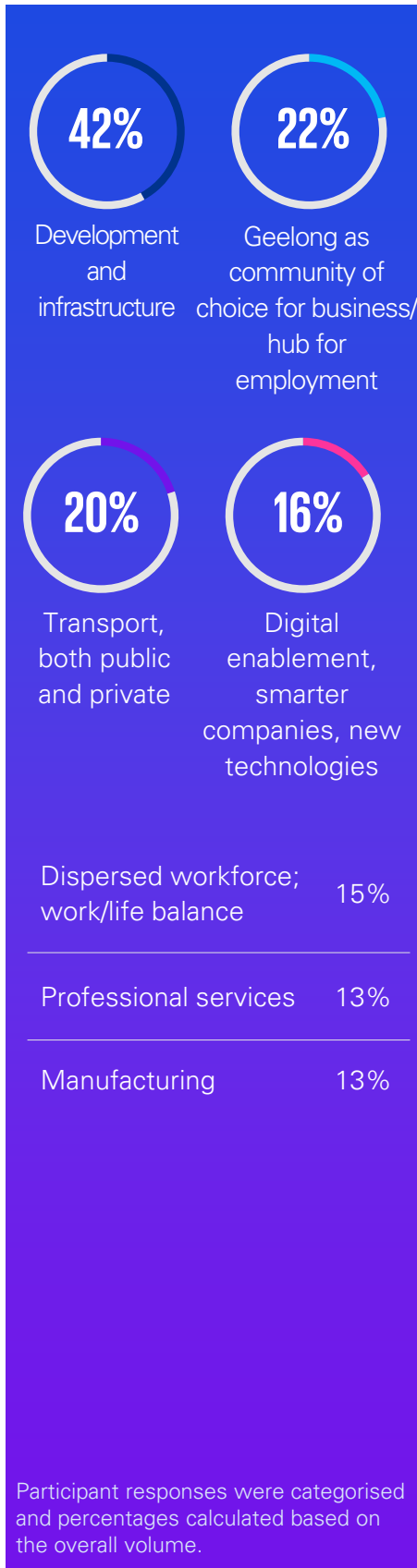
Another key aspect for Geelong manufacturers to consider is the need to upskill their people and find new talent, which is essential for sustaining growth and business viability.

So, where do you start on this journey to Industry 4.0? It's not a one-size-fits-all scenario. Investing in new technologies like automation and robotics, without aligning investments to the desired operating model and long-term objectives, is counterproductive and risks wasted effort. A few key questions to ask yourself are:

1. What's my maturity level as a manufacturer in Australia and how do we compare to our competitors domestically and globally?
2. Where are the main areas of challenge for building scalable and sustainable operations?
3. What the key initiatives and programs of work that are a priority for us to focus on to overcome these challenges?
4. What's the roadmap that we need to follow, across all levels of our organisation, to make the most of every investment in technology, process and people, and how do we create new value chains for my business?
5. What's the business case to demonstrate measurable ROI that we can present to our board or investors to access and direct funds in the right time and right place?
6. How will we set up and manage the delivery of the roadmap to ensure the outcomes of the program are delivered and benefits achieved?
7. What government support and benefits are we entitled to and how can we be successful in receiving this support?

Embracing Industry 4.0 is a complex but necessary journey for Geelong manufacturers to thrive in the evolving landscape of advanced manufacturing.

Imagining the Future Geelong



We asked participants: “Geelong will be at half a million residents by the end of next decade, what do you think the business space look like then? What about when Geelong reaches a million residents?”

Transport and infrastructure were discussed at length. Many respondents considered what business might consist of in the future or the underlying environment that would best place businesses to take advantage of future developments.

“I mean, why would it look any different? Just better.”
 Jake Munday, Chief Executive Officer, Custom Neon

Development and infrastructure

Much of the discussions on this topic focussed on current, not future, challenges. Some respondents linked the issue to the ability for business to grow in the region.

Respondents identified infrastructure as a wide issue that went beyond road and rail and into many other forms of essential infrastructure that the city requires to grow to half a million residents, and more. The need to expand health and education facilities, retail precincts and recreational infrastructure were also seen as vital to a growing region.

Housing was repeatedly raised as an issue for Geelong’s future. Current issues with housing have been discussed for some time.

Developments like Armstrong Creek and the Northern and Western Growth areas continue to be significant topics.

In isolation, housing doesn’t affect business growth, but is certainly related to the growth of the city and creating an attractive environment for businesses and their employees.

“It’s all about infrastructure. Geelong is growing at the fastest rate of any regional centre in Victoria and the infrastructure is not keeping up.”
 Lyn George, Corporate Director, Austeng

Imagining the Future Geelong

Several interviewees raised the issue of industrial land and available space for expansion or establishment of businesses. There is a shortage of industrial facilities, especially manufacturing facilities, and interviewees were concerned that growing businesses may find it difficult to accommodate their growth and will be either hampered or may need to look to places like Melbourne’s Western Suburbs for facilities.

Existing projects like the Geelong Convention Centre, Geelong Arts Centre and prospective projects such as the Geelong Gallery expansion were seen as beneficial to the city, and would benefit the business sector even in a secondary or tertiary capacity.

“Reduce the sprawl, need to increase density, as much as 50,000 in the CBD.”

Justin Giddings, Chief Executive Officer, AMDA Foundation

Geelong as a community of choice and hub for employment

Geelong is a community of choice and hub for employment. The lifestyle was a focus. Participants saw this as both a significant asset for attracting and retaining businesses and workers in the region, as well as a quality that needed to be protected.

Many interviewees expect the city to transition into a business hub in the future. Many respondents spoke to the myriad of benefits to businesses expanding or moving to Geelong.

Interviewees were emphatic in expressing that growth of any kind, whether business or the wider community itself, be a shared experience for everybody.

“Keeping Geelong's uniqueness; it's got a different vibe to other cities. No matter where I go, I realise that Geelong is the best place to live and work.”

Peter Smith, Chief Executive Officer, Boomaroo Nurseries

Transport

One in five of our participants mentioned the opportunity to improve transport to, and within the region as necessary to realise Geelong’s growth potential.

Workers need to access employment precincts using public transport, reducing their dependency on vehicles and carbon footprint.

Rail connectivity and public transport require investment. And the ongoing development in the Armstrong Creek Growth Area and the pending Northern and Western Geelong Growth Areas mean demand for public transport will increase.

The employment precincts at Avalon and other industrial areas are underserved by public transport. Significant planning and action is needed to ensure workers can access employers in these locations.

The Victorian state government has indicated that the planned \$4 billion Geelong Fast Rail project will be delayed or reduced, and the public transport plan for the region is yet to be delivered.

“Transport will be a nightmare, but I don't think you really want to see too much more sprawl. I'm all for other developments, but how far do you go?”

Justin Giddings, Chief Executive Officer, AMDA Foundation

Imagining the Future Geelong

Digital enablement, smarter companies, new technologies

Several respondents mentioned the advanced technologies that will continue to drive industry forward and impact the composition of businesses in Geelong.

Manufacturing is seen as a key industry for the region but its future relies on technology advancements.

Advances in digital technology were seen as an enabler that that will need to be leveraged as the city grows.

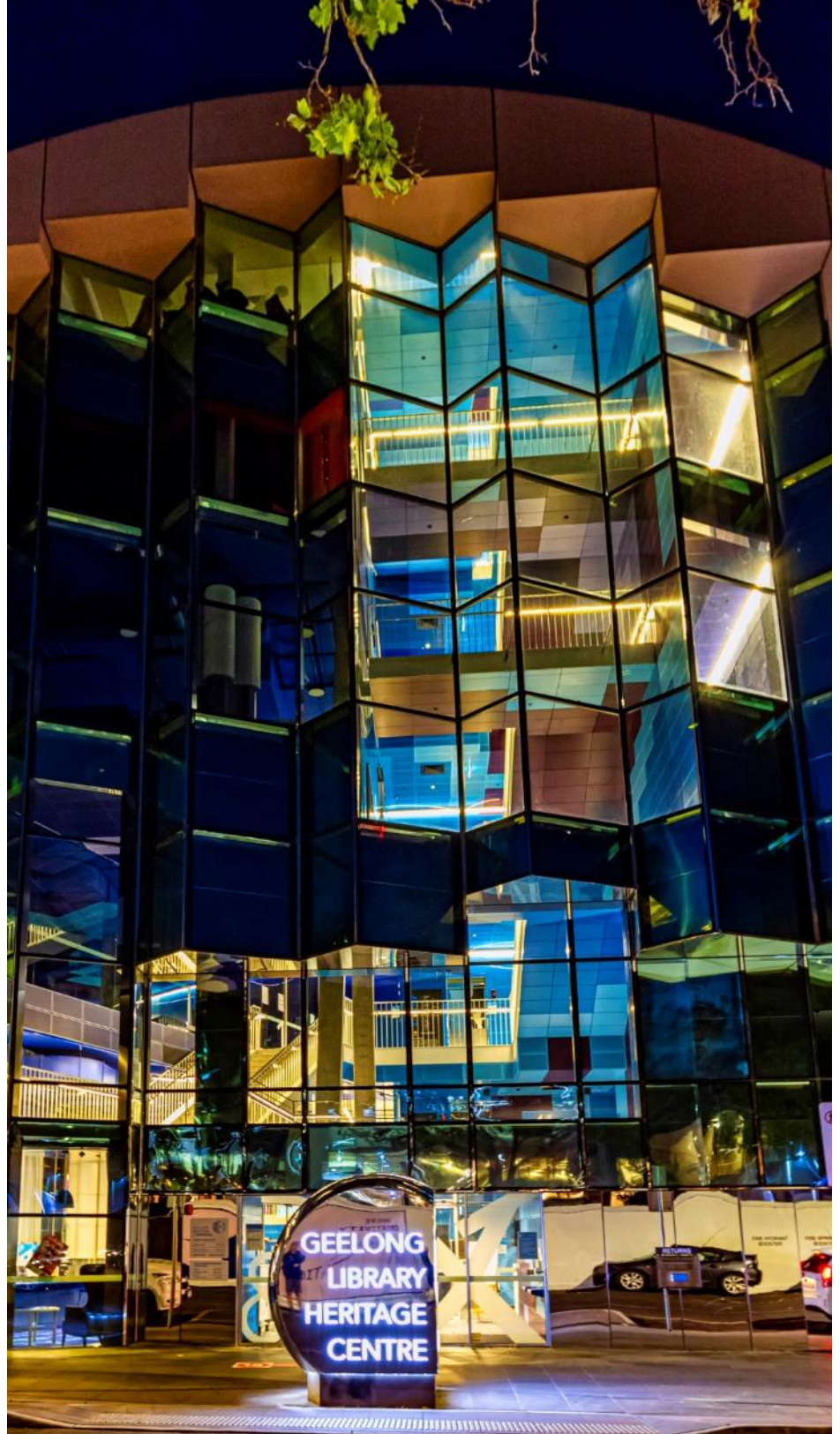
Many participants mentioned the prospect of new industries and technologies being an important part of the future growth in the region.

Already there are significant investments and growing businesses in the carbon fibre and the advanced fibre sector, such as Carbon Revolution, Quickstep and Sykes Rowing. Many respondents noted that Defence was a natural extension to advanced manufacturing. Other interviewees discussed the rise of drones and robotics, along with the ongoing impact of artificial intelligence.

Deakin's Institute for Intelligent Systems Research and Innovation (IISRI) is already bringing innovative and intelligent systems into the commercial world.

"Technology will be a massive enabler."

Giovanni Siano, Owner and Director, Home Instead



ESG – Environmental, Social and Governance



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Environmental, social and governance (ESG) is becoming an increasingly important consideration for businesses around the world. ESG encompasses a wide range of issues including climate change, human rights, employee welfare and corporate governance. In the Greater Geelong Region, your business must understand the implications of ESG for your operations and develop strategies to integrate it into your decision-making processes.

One of the key implications of ESG for businesses in the Geelong region is the need to prioritise sustainability. The region has a history of heavy industry and manufacturing, which can have a significant impact on the environment. To remain competitive in the long term, you must prioritise sustainability and consider your impact on the environment, both in terms of resource consumption and waste management.

Another important implication of ESG for businesses in Geelong is the need to consider the social and governance aspects of your operations. This includes issues such as employee welfare, community engagement and ethical behaviour. Companies that prioritise social and governance considerations are likely to be more attractive to customers, employees and investors, and may enjoy a competitive advantage in the long term.

Finally, businesses in Geelong must consider the potential regulatory implications of ESG. Governments around the world are increasingly focused on ESG issues and are introducing regulations to encourage businesses to prioritise sustainability and social responsibility. You must stay up-to-date with these developments and ensure you comply with all relevant regulations.

To understand the impact of ESG on your future business plans, consider the following questions:

1. How can you prioritise sustainability in your operations and reduce your impact on the environment?
2. What steps can you take to ensure you're prioritising social and governance considerations in your decision-making processes?
3. How can you stay up-to-date with regulatory developments and ensure you comply with all relevant regulations?

ESG considerations are vital for businesses in the Greater Geelong Region. Prioritizing sustainability, addressing social and governance aspects, and staying informed about regulatory developments are key to long-term success.

These considerations will not only benefit your business but also make it more appealing to customers, employees, and investors.

Actions and Responsibilities

Driving business and economic growth in the Greater Geelong Region requires a thoughtful approach with short, medium and long-term actions. Collaboration among stakeholders is essential, but it must be complemented with strong leadership and a shared vision.

In the short term, there's a need for further actions that will stimulate business growth. This could involve implementing additional financial incentives, streamlining regulations or introducing targeted support programs. Effective collaboration is essential to ensure the smooth implementation of these initiatives.

Moving into the medium term, the focus could shift to building solid foundations that sustain growth. This entails investing in infrastructure, enhancing education and training programs to meet industry demands, and attracting new businesses and industries to the region. Collaboration continues to be vital here, as diverse entities such as government, private organisations, industry and business groups, and educational institutions must align their strategies and pool resources towards shared goals.

In the long term, Geelong is positioned to benefit from an established, thriving and sustainable business ecosystem. This demands an environment that fosters innovation, supports research and development, and cultivates a culture of entrepreneurship. Collaboration plays a crucial role in ensuring a culture that encourages knowledge-sharing, partnerships and the development of industry clusters.

Leaders must provide a clear and inspiring vision, offer guidance and ensure collective efforts are directed towards achieving shared objectives.

Responsibility for driving business and economic growth should be shared among the contributing entities. Government plays a critical role in creating an enabling environment through policies and regulations. Private organisations provide expertise, resources and investment, while educational institutions nurture a skilled workforce and foster innovation.

Ultimately, business growth relies on the overall development and prosperity of Geelong. Investments in infrastructure, amenities, culture and sustainability contribute to the region's ability to attract businesses, talent and investment. Collaborative efforts ensure the city's growth aligns with the needs of businesses and the community, creating a mutually beneficial environment for sustainable progress and prosperity.

“
**Geelong has always
 been known for its
 strong
 collaboration. This,
 combined with
 leadership, our
 location, and our
 workforce is our
 competitive
 advantage.”**

Tennille Bradley, Manager Business & Industry Experience, City of Greater Geelong

Targeted Actions Drive Growth



Interviewees were asked: “What are the deliberate actions we can take to drive business/economic growth in the region in the short, medium and long term?”

Responses covered four main themes.

Leadership, vision, strategy and collaboration

More than a third of participants believed the most important actions centred on strong business and economic leadership. These included:

- developing a cohesive vision for the city
- building effective and action-oriented plans and strategies
- the ongoing need to foster collaboration.

Responses also identified that an effective plan is critical to realising the vision. Defining this vision and the plan should include understanding business needs.

Participants expressed a strong desire to learn how to grow their businesses.

“Develop a plan with a long-term vision, and empower the leadership to make it happen.”
Nadja Fleet, Editor, Geelong Advertiser

“We need to start with a strategy to actually grow business.”
Rob Hunter, Director, HunterCorp Investments

Development and Planning

The liveability, affordability and existing infrastructure of the Greater Geelong Region continues to attract new businesses and residents. Our participants identified an opportunity for strategic development and population growth plans that would retain the region's attraction for residents and businesses.

They also identified the need for a planning strategy that adequately considers land for industrial, warehousing and manufacturing operations.

Many noted the need to ensure infrastructure investment, including roads and transport links, matches the needs of the rapidly growing region. Privatising infrastructure or Public Private Partnerships were considered as realistic options to deliver these projects.

Transport is a significant enabler for business growth, and a good plan should include logistics and goods transport options. It should also include an effective public transport network that connects employment precincts and population centres.

“Our economic growth is linked to our liveability and how people move around Geelong and interact with public spaces, so investment in our integrated transport network is vital.”
Nat Anson, Director, Urbis

Targeted Actions Drive Growth

Attraction and promotion of region

Our participants shared the desire to promote the region, attracting new residents and businesses. They noted the Greater Geelong Stories campaign, launched in 2022, promoted the region to national and international audiences.

Promotion at scale would help attract a large pool of talented and skilled workers to the region, which in turn would help business grow.

Promoting the region's lifestyle, infrastructure, innovation and potential payroll tax benefits to the rest of the country would also attract more large-scale private-sector employers.

"Promote, promote and promote the benefits and advantages of our region."

Iain Martin, Vice Chancellor, Deakin University

Business education and support

One in five of our respondents suggested that education was an essential element of driving business growth in Geelong.

Some indicated that business support strategies should be designed to tackle specific challenges.

There is an opportunity to further educate businesses owners on growth strategies. Many respondents also mentioned the Greater Geelong Region has a variety of education and business support organisations that could create effective programs to drive growth.

Several participants mentioned the reduced rate of payroll tax for regional employers as a small but meaningful example of government support for regional growth. At the time of publication, the payroll tax for metropolitan employers is 4.85%, however, for regional employers the rate is 1.21%.

"Turbocharge the learning of the business community in Geelong as to what is possible."

Paul Gray, Principal, Harwood Andrews

Indigenous Business



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Australia's Indigenous business sector provides a real contribution to our society; to our economy, to our community, and to the physical environment we all enjoy. It's also growing at a pace of around 4 per cent per year. Running an Indigenous business is a challenge, it means managing expectations from family and community at the same time as acquitting funding, managing a team, and complying with the rules and requirements of regulators.

We know that Indigenous businesses are an enabler of wealth and are a source of pride and economic empowerment for Aboriginal and Torres Strait Islander people. We also know that Indigenous businesses are 100 times more likely to hire other Indigenous Australians¹, so more Indigenous businesses means greater employment opportunities. For industry, working with Indigenous businesses can provide additional value in that diverse supply chains can be more innovative, flexible and sustainable. In Geelong, we've seen an increase of Aboriginal and Torres Strait Islander cohort of almost 50 per cent from 2016 to 2021 (census data), meaning more people adding value, or ready to add value to the region.

Today's Aboriginal and Torres Strait Islander young people are better educated, better connected, and are more digitally savvy than ever before. Making sure these young people are exposed to the benefits, challenges, and opportunities that come with running a business is a must as we grow our pipeline of future Indigenous business owners and entrepreneurs.

Top of mind for many Indigenous businesses and entrepreneurs:

1. Where to access mentoring, business advice, training, and connections from other Indigenous businesses and from industry.
2. How to approach a potential joint venture agreement with non-Indigenous organisations, understanding tax and legal implications.
3. Keeping on track with reporting and compliance obligations, all year, not just at reporting time.

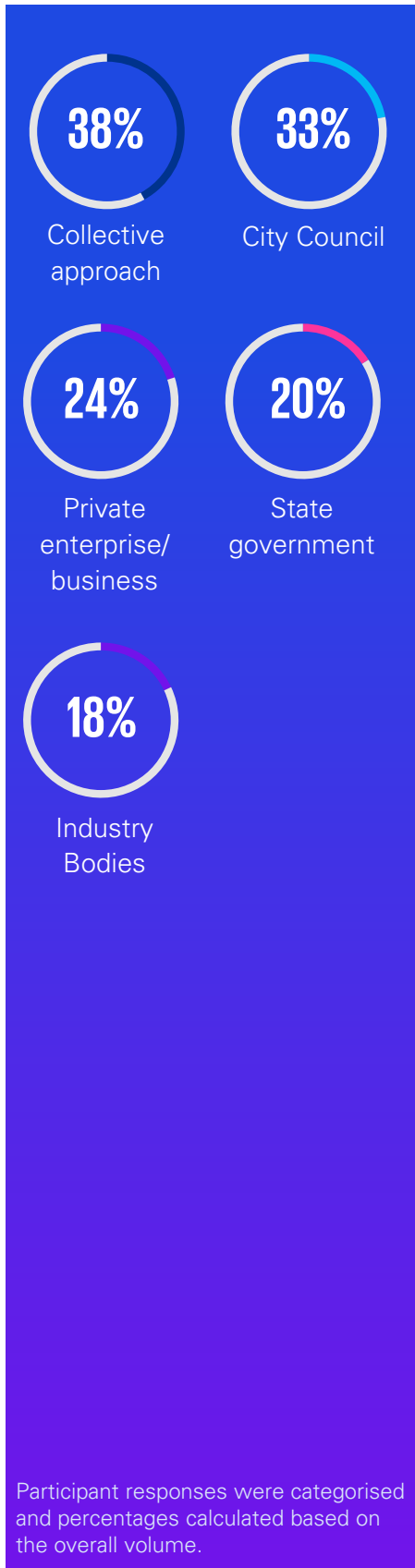
KPMG Indigenous Services is a trusted advisor to our clients, and we lead engagements with a culturally authorised team. We understand the critical importance of cultural context and are a specialist practitioner in Indigenous economic and business development, and Indigenous digital enablement.

With our deep networks and expertise across the Indigenous sector, we can help mainstream organisations connect and collaborate with Aboriginal and Torres Strait Islander people. This includes providing expertise in best practice Reconciliation Action Plan development, leveraging the Indigenous estate and cultural recognition matters, Indigenous consultation and Indigenous policy, programs, and initiatives.

¹(Source; SupplyNation 'Building Indigenous Growth Report', September 2018)



Taking Responsibility



The final question in the interview was “Who should be responsible for driving business and economic growth in the region?”.

Collective approach

For many respondents, the simple answer was that every part of the business community needs to be responsible for driving growth.

Some identified the complexity of the local business community and their need to work together.

A key finding was that even collaborative efforts need strong leadership to bring the entire community on an aligned journey that grows their businesses.

For the region to have a vision of what a growing business community looks like and will achieve, there needs to be leadership towards common goals.

“You need to have a lead to get it moving. We need to be more collaborative to get that one direction.”

Robert Hunter, Director, HunterCorp Investments

Local Council

A third of participants identified Local Council as being responsible for driving growth.

There was support for the notion that Local Council’s role is to facilitate growth programs, not to drive them.

These insights support the notion that Local Council’s role is not to drive economic growth but to be a facilitator. Some noted that there has often been a noticeable absence of prominent leadership in driving business and economic growth from the business community. As a result, the Council has found itself frequently stepping in to offer support beyond its role as a facilitator.

“Ideally, it’s the local government. But is it positioned to do so, and empowered to do so? Have they got the capacity to do so?”

Tony Brun, Chief Executive Officer, Avalon

Taking Responsibility

Private enterprise and business

Just under a quarter of participants said it was the responsibility of private enterprise to drive business and economic growth.

Some believed business growth was a business responsibility. In some cases it was mentioned that the required leadership from other bodies was absent.

Some believed businesses need to take individual responsibility, rather than collective action, to drive economic growth.

State government

One in five of our participants mentioned the Victorian state government should be responsible for driving growth in the Greater Geelong Region.

For some, this was because the state government has greater economic ability to affect change than local councils. State government's responsibility for planning control and infrastructure investment was another key driver for participants identifying state government as being responsible.

Industry bodies

Several industry bodies were mentioned as being responsible for driving growth, including:

- The Committee for Geelong
- The G21 Regional Alliance
- The Geelong Chamber of Commerce.

Respondents were clear that each of these bodies should be part of a collective effort to drive specific change and grow the economy and business.

"Business is the driver of economic growth in Geelong, enabled by government."

Frances Diver, Chief Executive Officer, Barwon Health

"If you had the state government being able to take over planning control and really allow private investment to come in. That's what they're all about."

Justin Giddings, Chief Executive Officer, AMDA Foundation

"We probably all should. It's a role that could be championed by existing alliances that we have, along with the council - a more collaborative, cohesive approach."

Dan Cowdell, Chief Executive Officer, Geelong Sustainability

Insights and Measures

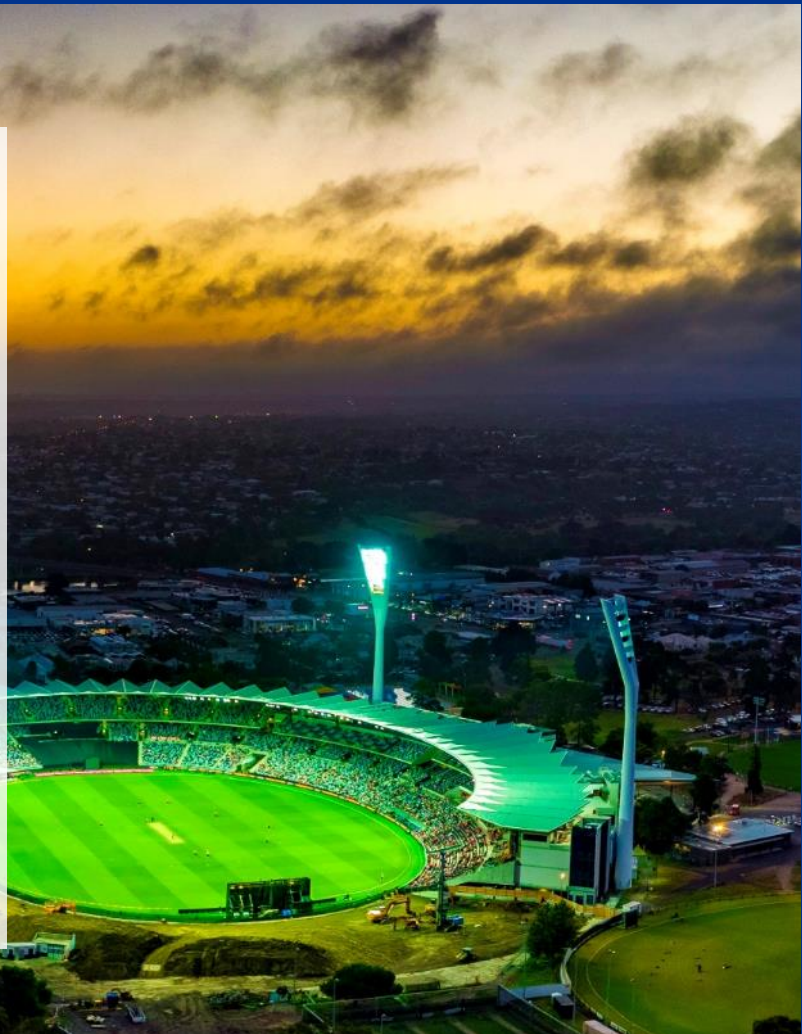
KPMG recognises the importance of measuring economic performance. With the current economic climate and the challenges facing businesses, it's critical to have a clear understanding of the factors driving economic growth.

To achieve this, we conducted extensive research, including interviews with 56 local participants and studying significant research pieces about the local economy, to gain a comprehensive understanding of the factors impacting growth in the Geelong region.

From this process, we identified five key insights that provide a framework for measuring economic performance. These insights are based on the understanding of the challenges, opportunities and potential for growth in the Greater Geelong Region.

We don't suggest specific actions, but believe wide adoption of the key measures would give the region a strong start to economic and business growth in a positive and agreed direction.

The measures are based on our insights and they will help to measure the region's economic health and attractiveness to investors and businesses.



“
We've got the potential to be Australia's most aspirational, inspirational, liveable city.”

Lyndsay Sharp, Director, The Sharp Group

Industry Innovation



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Continuous innovation remains vital for businesses and economies. History shows the perils of non-innovation, with examples like Kodak and Borders. Innovation demands not just adaptability, but investment in R&D. And even when the R&D is successful, the road to market success can be prolonged and costly. Therefore, while crucial, innovation warrants some strategic thinking. For instance, acquiring rather than developing innovation in-house can be more cost-effective and collaborations like joint ventures, cooperative research centres (CRCs), and research partnerships can mitigate risks and accelerate commercialisation. Further, Government support programs, such as the R&D Tax Incentive and grant funding can prove invaluable.

At their core, most government programs are designed to support economic growth. However, they can present as a bewildering array of programs, each with different requirements, opening and closing dates, funding levels and of course, competitiveness. As a result, it can be difficult to identify and access the right programs for a given business and it should be noted that both industry and location can play critical roles as many government programs are aligned to strategic industries and geographies.

In this respect, businesses in the Greater Geelong Region have a distinct advantage.

The Geelong region is itself considered a priority area, and many businesses within this region also operate in priority sectors; resources, agriculture, transportation, healthcare, renewables, defence and enabling capabilities.

Nonetheless, it's important to align government support with your business plan (not the other way around) and focus on how these programs can accelerate innovation and growth. Also avoid the lure of chasing 'free money' without clear alignment with your long-term goals and when formulating your innovation strategy and external support, consider these questions:

1. What sort of support would help you most?
2. If you pursue government support, do your projects align with current government priorities?
 - a. If there is alignment, what programs are you eligible for and which will provide the greatest return on effort to access?
3. If you pursue collaboration, what sort of joint ventures, university partnerships, CRCs?
 - a. Depending on the collaboration type, what's the best way to set it up?
4. Do you have the expertise and time to navigate 2a and 3a and if not, who can you call on to help?

The answers to these questions should help round out your innovation strategy and position you to collaborate and/or access government support.

Five Insights

01

The 'Geelong Lifestyle' is a huge magnet

- People are drawn to Geelong for the lifestyle, whether that be the more relaxed way of life, excellent infrastructure, natural environment, great education or growing economy.

02

Geelong has all the elements for sustained business growth

- Whether it be a growing and diverse mix of businesses and industries, proximity to Melbourne, capable workforce or good infrastructure, Geelong has all the elements required to grow significantly.

03

Prosperity needs to be shared

- The understanding that Geelong is the sum of all our parts and that success for the city is measured by prosperity that is shared across all parts of the city and all elements of the community.

04

Leadership and collaboration are required to drive growth

- There is little consensus about who should drive business growth, with the most likely being that it should be a collaborative exercise.
- Leadership is required for a collaborative effort to succeed.

05

Understanding common goals will achieve shared outcomes

- Developing plans and strategies can only begin when there is agreement on what will be measured.
- Defined measures allow for the status quo to be understood and for ambitious goals to be set.

Five Insights

Participants were passionate about how we grow and what our Geelong of the future will be. However, not many had ever considered how we grow Geelong businesses and drive economic growth in the region. Responses suggested there was an opportunity to consider strategies for how we grow Geelong businesses. It is also an opportunity for individuals, businesses and organisations to support and collaborate because they are a vital part of successfully developing Geelong for a positive future.

We identified five key insights about the Greater Geelong Region from interviewing 56 local participants.

The 'Geelong Lifestyle' is a huge magnet

Geelong is a growing city that offers a high-quality lifestyle, excellent infrastructure, a natural environment, good education and a growing economy. This mix of factors make it attractive for people to live and work in the region, leading to a diverse and capable workforce that is well-positioned to sustain business growth.

Many participants noted the lifestyle may be under threat as development and growth outpace the city's ability to protect its unique features.

Geelong has all the elements for sustained business growth

The interviewees discussed how Geelong possesses all the necessary components to maintain long-term business growth. This includes a growing and diverse mix of businesses and industries, proximity to Melbourne, a capable workforce and good infrastructure. The city has a strong manufacturing and services sector, with a particular emphasis on advanced manufacturing, health and education, and tourism.

It has a history of entrepreneurialism:

- James Harrison invented modern refrigeration in Geelong to enable meat exports to England in the 19th century;
- Gilbert Toyne invented the original Hills Hoist or rotary clothesline here in 1911; and
- Lew Band invented the ute at Ford in Geelong in 1934.

As a regional city, and with the proximity of Melbourne, there's a strong sense of community in Geelong.

As the world shrinks thanks to technology and connectivity, the markets that Geelong serve have become increasingly global. The business community now sees itself as unified in its desire to compete globally and not just locally.

Five Insights

Prosperity needs to be shared

One of the key factors identified as vital to Geelong's growth is that prosperity needs to be shared. Geelong is the sum of all its parts, and the success of the city is measured by shared prosperity across all parts of the city and all elements of the community.

Over many years there have been ongoing efforts to address disadvantage, through organisations and programs like Northern Futures, Whittington Works and the Geelong Regional Opportunities for Work (GROW) program.

The ability to grow businesses, create work pathways and drive prosperity in all parts of the community was a strong sentiment we heard from interviewees.

Leadership and collaboration are required to drive growth

With little consensus from participants about who or what is responsible for driving economic growth, the likely approach is for it to be a collaborative exercise. For this approach to succeed, it's essential to have altruistic, ambitious and cooperative leadership.

The region has several key players contributing to economic development. Government at the local, state and federal levels all have some responsibility to facilitate and fund economic growth. Local organisations such as the Committee for Geelong, Geelong Chamber of Commerce, Geelong Manufacturing Council and Advanced Fibre Cluster Geelong all represent an aspect of the business community through their members. Businesses and private enterprises also have a role to play in driving business growth in their own organisation while being both an exemplar and enabler for the wider business community.

Understanding common goals will achieve shared outcomes

To achieve shared prosperity and facilitate collaboration, it's essential to set common goals that are measurable and actionable. Developing effective plans and strategies can only begin when there is agreement on what will be measured.

Establishing common success measures and developing strategies and programs to meet these goals across multiple organisations embeds collaboration into community efforts.

Five Measures of Success

01

Economic growth

- Gross Regional Product and Gross Regional Product per Capita.
- This can also be applied at the business level utilising turnover.

02

Business growth and diversity

- The shares and growth in numbers by industry and size.
- This measure examines business segments, such as industries and business size, to understand trends and the impact of intervention measures.

03

Labour market

- Including employment, unemployment and underemployment.
- Includes the percentage of workers with non-school qualifications who are employed to give an education/employment hybrid indicator.

04

Inbound investment and business

- The share of people residing in Greater Geelong Region and working locally vs working elsewhere.
- The share of people residing elsewhere and working in the Greater Geelong Region.

05

Shared prosperity

- Median household income.
- Potential to use household expenditure as an indication of discretionary spending.

Five Measures of Success

As noted by many interviewees, there is an opportunity to develop programs that drive business growth or economic development in the region, however, there is little consensus on how we measure business growth and or economic growth.

The measures we defined address several key requirements.

First, they can be applied at the macro and micro levels. This allows for the measures to be applied for group of businesses to test program or strategy impact.

Second, they must use existing data sets. Most of the measures we've suggested use data available from the Australian Bureau of Statistics. This also ensures there is historical data for comparison and ensures the future availability of the data.

These measures are a vital part of driving growth because they ensure that all interested parties in the region can interpret success through the same lens.

This means players in the whole Greater Geelong Region can understand success and measure the impact of programs and strategies. Measuring success means initiatives can be refined to deliver benefits to individual businesses and the region.

Economic growth

Gross Regional Product (GRP) and Gross Regional Product per Capita (GRPPC) are commonly used indicators to measure economic growth at the regional level. GRP refers to the total value of goods and services produced in a specific geographic area, while GRPPC is calculated by dividing GRP by the population of the region.

These two measures are effective indicators of economic growth because they provide a quantitative assessment of the economic activity within a region. GRP and GRPPC reflect the overall productivity of the region and the residents' standard of living. Increases in GRP and GRPPC indicate the economy is expanding and the region is generating more wealth, which can lead to job creation and higher incomes.

However, it is important to note that GRP and GRPPC are driving measures, which focus on promoting economic growth and development rather than ensuring that growth is sustainable, inclusive, and aligned with community values and expectations. Therefore, policymakers and stakeholders should also consider other measures and indicators to ensure that economic growth is not achieved at the expense of social and environmental well-being.

Business growth and diversity

Assessing business growth and diversity through the shares and growth in numbers by industry and size is an effective measure to understand the economic landscape of a region. By breaking the business sector into different segments such as industry and business size, we can analyse trends and identify opportunities for growth and intervention.

The shares and growth in numbers by industry and size provide valuable information about the performance of different sectors in the economy. For example, a region with a diverse range of industries is more likely to be resilient to economic shocks and fluctuations. Conversely, a region with a concentration of businesses in a single industry may be vulnerable to economic downturns if that industry experiences a decline.

Five Measures of Success

Labour

Assessing the labour market provides important insights into the state of the workforce in a region.

This measure helps policymakers and stakeholders to understand the current labour market dynamics and identify opportunities for intervention to improve employment outcomes.

Employment numbers indicate the number of people in paid work, while unemployment numbers refer to those who are actively seeking employment but can't find work. Underemployment refers to people who are employed but are not working as many hours as they would like or are overqualified for their current job. These numbers provide a comprehensive picture of the state of employment in the region.

In addition, the education/employment hybrid indicator shows how education and employment are linked. A high percentage of employed workers with non-school qualifications indicates the region has a strong demand for skilled workers and that its education system is providing the necessary training.

This measure provides important insights into the economic health of the region. By analysing these metrics, we can identify opportunities for intervention to improve employment outcomes, such as training programs, job creation initiatives, and support for entrepreneurship.

Inbound investment and business

Assessing inbound investment and business provides important insights into the region's attractiveness to investors and businesses.

This measure helps us to understand the economic relationships between Geelong and other regions, as well as the opportunities for investment and growth.

The share of people residing in Geelong and working locally indicates the strength of the local economy and the availability of jobs for locals.

A high percentage of people working locally suggests that the region can generate sufficient economic activity to support its own workforce.

Conversely, a low percentage of people working locally may indicate the region can't generate enough economic activity. This can lead to the loss of skills and a decline in economic growth.

This indicator can serve as a measure of the region's economic strength and appeal to investors and businesses. Examining these metrics enables us to detect prospects for investment and development, as well as potential roadblocks that require attention.

Shared prosperity

The measure of shared prosperity can be gauged by assessing median household income and household expenditure. As a guiding measure, this metric provides us with a broader understanding of the economic health of a region and the degree of prosperity shared among households.

A higher median household income suggests most households in the region earn a liveable wage, indicating their potential to contribute to the economy through discretionary spending. We can use this information to assess the level of shared prosperity among households and identify areas for improvement.

Similarly, household expenditure patterns offer insights into the quality of life enjoyed by households in the region. Analysing these patterns helps us understand the potential for discretionary spending, which can spur economic growth in industries such as hospitality and tourism.

Assessing shared prosperity through median household income and household expenditure serves as an essential guiding measure to understand the economic well-being of a region.

KPMG's Commitment to Geelong

We're deeply committed to the success and prosperity of the Greater Geelong Region. As a testament to this commitment, we've established a permanent office that aims to serve Geelong, the region and Western Victoria. This investment reflects our belief in the immense potential and opportunities that the region holds as one of Australia's fastest-growing areas.

Over the years, we have been fortunate to collaborate with various local organisations, and we're honoured to be Corporate Plus Members of the Committee for Geelong. We're also proud members of the Geelong Manufacturing Council and Advanced Fibre Cluster Geelong, and we work closely with numerous other local organisations, businesses and government bodies. By actively engaging with the local Geelong business community, we aim to contribute as a valued member and a responsible corporate citizen.

One of our key priorities is to promote the region to our national and global network, as well as to our clients. We believe Geelong is an exceptional place to do business, run a business, employ talented staff and foster successful collaborations. Through our extensive networks, we hope to showcase the region's potential and opportunities, positioning Geelong as an attractive destination for business and investment.

In our commitment to driving business growth in Geelong, we remain steadfast in monitoring the five key measures outlined in our strategic approach. These include economic growth, business growth and diversity, the state of the labour market, inbound business and investment, and shared prosperity. By keeping a close eye on these indicators, we can ensure our efforts align with the region's needs and aspirations.

As we move forward, our dedication to the success of Geelong remains unwavering. We'll continue to work tirelessly, leveraging our expertise, resources and networks, to drive business growth and contribute to the overall prosperity of this vibrant region. Together with the local community, businesses, and government, we're excited about the bright future that lies ahead for Geelong.



Official Opening of the Geelong office of KPMG, August 2023.

Pictured [L-R]: Andrew Yates, CEO KPMG Australia; Naomi Mitchell, National Managing Partner Enterprise Division; Aunty Mary Shuttleworth, Elder, Wadawurrung Traditional Owners Aboriginal Corporation; Carmel Mortell, KPMG Victorian Chair; Paul Robson, Partner, Geographic Lead Geelong

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October 2023.