

(This is an extended version of an article in the July 2007 edition of Tracks Magazine)

Good Vibes and Dollar Bills: How Much is Your Surfbreak Worth?

By Neil Lazarow and Boyd Blackwell, June 2007

While the beach is such a strong part of most Australian's and every surfers' psyche and our culture, we know little about the value of beach or the value of surfing. In a world where there is increasing pressure on our coastal zone, surfbreaks are increasingly coming under threat as a result of inappropriate development, pollution, crowding and changes to access. More and more, the positive aspects of surfing such as joy, laughter, physical exercise and bonding with nature are becoming harder to find. Even today, with the global surfing industry purported to be worth many billions of dollars, surfers are often not taken seriously and surfbreaks, the elixir of life for surfing, continue to be damaged or destroyed. Besides 'good vibes' and some anecdotal evidence that surfing keeps you fit and healthy and is good for the local economy, surfers have not been able to use the weight of the economic value of surfing to argue for surfing's interests when they have been threatened. Of course many surfers may be adverse to putting dollar values on our beaches and surf breaks because they believe its wrong to put a value on something that is beyond value and this is a fair enough comment, however, sometimes we need to play the evil game of dollars and cents ('sense') with coastal development because complacency today could mean that tomorrow our breaks may be gone for good.

Recently, a study in Costa Rica revealed that over 100,000 surfers visited the country in the first half of 2006 and spent over \$200 million. Based on these figures, surf related tourism makes up 25% of Costa Rica's economy, worth more than coffee and second only to bananas. A little over 30 years ago, John Kelly's study in Oahu

revealed that despite the fact that there were 6 times more surfers than recreational boat owners on the island and that surfers contributed over \$10 million per year in taxes, the government had spent \$95 million for the construction and improvements of existing and planned harbours and facilities to improve recreational fishing amenity compared to \$123,000 on surfing and in the process had damaged or destroyed over 100 surf breaks. On a much broader scale a US study in 2006 found that the combined market and non-market value of California's beaches could be over \$10 billion per year. With surfbreaks such as Trestles, South Straddie, Mundaka, Madeira and Kirra threatened or significantly modified because of development 'priorities', what hope is there for your local surfbreak?

So how do you put a value on a surfbreak? We generally tend to value things either in terms of their market or non-market value. The most common methods are market values, which generally focus on gross expenditures and these are fairly straightforward to collect. We may also seek to use non-market valuations, which attempt to place values on goods that are not generally traded in markets such as clean air or a beautiful view. Non-market valuations have come into vogue in recent years, especially as we recognise the value of environmental or natural goods and services and as we try to work out how to place values on things we previously took for granted. This can be especially useful when arguing for the protection of a forest or a stream – or a surf break. Non-market valuations are generally collected in two ways. The first is through what are referred to as 'revealed preference' methods and the second is referred to as 'stated preference' methods. Revealed preference methods rely on behaviour or activities that have already taken place, that is what people spent while undertaking a particular activity such as going surfing. For example, the travel

cost method asks people what it cost them to get to a particular place to undertake an activity. By adding together a range of expenses such as fuel and food costs related to undertaking the activity as well as the minimum hourly wage rate for the time it took you to get somewhere, it becomes possible to work out the surplus value attached to your undertaking a particular activity. Stated preference (or contingent valuation) methods are opinion based, that is they rely on people's stated dollar values for goods and services not bought and sold in markets rather than those revealed through surrogate markets like that for fuel and our cost of travel. On the positive side, this means that contingent valuation studies are able to capture both use and non-use values such as the existence value of a particular mountain or surfbreak, However, they have been criticised for being vague. For example, a contingent valuation question might ask what you would be willing to pay to protect a particular feature eg would you be willing to pay an extra \$5 per month to ensure that the pollution in a particular creek near a surf break was cleaned up? This could be asked of both surfers and also people whom never surf but value the existence of a clean surf break or its improved ecological health.

With the use of some creative accounting it is possible to estimate what a few of Australia's better known surfbreaks are worth.

South Stradbroke Island, Qld

In 2006 the Good For The Planet Project (www.goodfortheplanet.com) undertook a gross market evaluation study to determine the socio-economic value of surfing at South Straddie. The study revealed that in one year approximately 11,500 surfers

visited Straddie over 64,000 times with a combined estimated gross market expenditure of \$20 million directly attributable to Straddie – what is spent on boards, gear, food, fuel, accommodation, travel. On a good day, over 300 surfers paddle or boat across the bull shark infested Seaway to test Straddie's barrels. Interestingly, this amount was 2½ times greater than the return on investment the Queensland Government expected from the proposed cruise ship terminal, the construction of which would have destroyed the wave at Straddie. We can draw from another study in Queensland at Mooloolaba beach on the Sunshine Coast where the non-market value for over half a million recreational beach visits undertaken there annually (which includes surfing but also going for a dip, sunbaking, and doing other fun things) was estimated at between \$116 million and \$256 million. Non-market values can be substantial in comparison to market values. Because much of what surfing and the beach is about is not traded in markets (nor should it necessarily be traded in markets) their worth to society can be easily overlooked like when a coastal development proposal threatens a nearby break.

North Narrabeen, NSW

Warringah Council staff conservatively estimate that there were 145,000 surf visits to North Narrabeen in the 12 months to May 2007. When conditions are good hundreds of surfers flock to the beach each day. While the local crew numbers 300-400, the break is extremely popular for surfers from all over the northern beaches, greater Sydney and also internationally. There is currently no data available on the socio-economic value of surfing at North Narrabeen, however, a recent study from Trestles beach in southern California can provide some useful background information.

Preliminary data coming in from the University of California study at Trestles, which was a non-market revealed preference study found that over 600 surfers per day use Trestles when the surf conditions are favourable. Each year approximately 100,000 surfers travel an average of 85 kilometres and spend approximately \$48 per visit. North Narrabeen is surrounded by suburbs (and surfers) whereas most people have to travel quite a long way to get to Trestles and many make the trek down from LA so some caution should be taken when using the data. If each visit to Warringah costs half of what it did at Trestles (\$27), then it could be estimated that the non-market value of recreational surfing at North Narrabeen per year is approximately \$3.9 million. Remember that the travel cost methodology does not take into account the purchase of gear and equipment, whereas the Straddie study did. If this was factored in then the value would certainly increase.

Of course we need to be a little careful about over or undervaluing surfing as people may come to the beach to do more than just surfing. However, the latest beach valuation data to come out of the US indicates people don't really want to substitute their beach experience for something else and that if beach-based recreational amenity is degraded for whatever reason or if surf quality declines then surfers are more likely to head for another beach in another place, possibly taking their cash out of the local economy – so clean healthy beaches are also very good for business. Interestingly, North Narrabeen and a number of other beaches were closed over the 2006-7 season (Sept – April). Beaches get closed for a number of reasons, but mainly because of dangerous surf or water quality issues. At North Narrabeen, the beach was closed for 231 days in the previous season, about 1/3 of which is attributable to water quality / pollution issues. With a number of Sydney's northern beaches backed by lagoons

which can get pretty rank at times, especially after storms, it might be worth figuring out whether the cost of fixing up the infrastructure might actually be cheaper than the loss to the economy and the community over time from beach closures.

Bells Beach, Victoria

We know that the Rip Curl Pro is worth a few million dollars to Victoria each year, but what about the other 50 weeks of the year when the many thousands of recreational surfers and weekend warriors tear up the waves for the simple prize of getting stoked. At Bells it's even harder to attempt to calculate the value of recreational surfing because there is no data for beach visitation. According to the Australian Bureau of Statistics (ABS) there are a little over 5 million people in the Victoria and the results of the 2005 Sweeney Report (the only other report that collects this type of information) indicates that at least 14% of the population surfs which equates to roughly 700,000 people in Victoria and that 88% of surfers surf an average of 36 days per year. Tourism Victoria data reports that domestic day-trippers in the 'adventure tourism sector' (which includes surfing) in Victoria spent an average of \$92 per trip. Assuming domestic day-trippers who have surfing as their major activity do other things as well as surf, maybe 50% or \$46 of their trip can be counted as being surfing related. Remember that Bells is probably closer to Trestles as a guide because many surfers make the trip from Melbourne, which is approximately 100km away. On the basis of these figures surfing is worth a little over \$1,16 billion to the State each year. So, even if only 1% of the total surfing effort in Victoria took place at Bells, this would make non-market value of the break worth \$11.5 million per year and this is before we add in any international visitors or any of the value of less

tangible but highly valuable aspects of surf breaks and the surfing experience to the community.

Lefties, WA

Once again, the existing studies are poor so we need to do a little bit of speculation. Using Buzzacott's formula for estimating the risk to a surfer of being involved in a fatal shark attack in WA (its about 1 in 4 million), which is based on ABS data, it is possible to calculate that there were approximately 1.4 million domestic surf visits to WA's beaches in 2005-6. Tourism WA statistics reveal that 10% of visitors to the South-West region are from interstate and 5% from overseas, so which might allow us to increase the figure by a further 15% (there may well be more interstate and overseas visitors to the south-west but it probably wouldn't change the total a great deal) to a total of 1.63 million surf visits to all of WA's beaches. There is no data on day trip expenditure so we will assume its similar to the values used for Bells (\$46) and Trestles (\$48) because many surfers travel quite big distances to get to the breaks in the south-west. So the total value of recreational surfing in WA in 2005-6 can be loosely estimated at a little over \$75 million. This is low compared to the other breaks discussed – and here's why. The ABS reports that 2.7% of Australian's surf, with the latest data indicating that there are 31,000 surfers in WA. The Sweeney Report estimates that there is a national participation rate of 14% - which is 5.19 times higher. There are a number of reasons for these discrepancies, but they won't be discussed in this article. If the ABS-based data is multiplied out by the participation rates suggested by Sweeney then we find that the non-market value of recreational surfing in WA is a little under \$400 million per year. So, even if only 1% of the total

surfing effort in WA took place Lefties, it would make that break worth just under \$4 million per year. Once again, the figures would increase the value of equipment and range of non-market values was included.

Conclusion

In undertaking an exercise like this, its important to both understand what data you've included and what data you've excluded, the reliability of the data and your confidence in the accuracy of the statistics. The Straddie study was a market value study so the results presumably came up higher. At North Narrabeen, Bells and Lefties we only looked at the non-market value of recreational surfing and in doing so, only one component of it. This means that the values suggested here for these beaches only tell us how people are allocating their leisure time and money and not the full investment into these activities. We haven't asked how much the surf industry (manufacturing, distribution, wages, advertising, clothing etc) is worth overall or in particular areas. We haven't even started to attempt to estimate what it might mean for surfers just to know that a break exists (existence value), what value there is in knowing your kids might be able to go surfing at your favourite break sometime in the future (bequeathement value) or even the value that a particular break like Bells or Kirra (eg as a result of an over 'zealous' dredging and beach fill program Kirra hasn't worked well for almost 10 years yet is consistently used in advertising and marketing campaigns by government and business) might have for branding recognition for both government and industry. Another issue worth briefly discussing is that in a number of study areas in the Good For the Planet Project, individuals and communities were concerned about the loss of recreational amenity and the impact it would have on

lifestyle, physical and community health, the costs of which would be borne by the community down the track. At a time when many governments are increasingly concerned about community health, mentoring, civil society, social health and obesity, does it make sense to damage and destroy our favourite recreational amenities?

If all of Australia's beaches were of a similar monetary value to California's beaches, this would make them worth more than the combined value of the beef, dairy, cotton and wool exports for the country or a little under half of the value of coal exports. For a number of reasons including that their ecological integrity is probably considerably higher, Australia's beaches may be worth more. The importance of both the market and non-market values suggests that because of their enormous value to society, to the economy and the strong links between a healthy environment and the surfing experience, we should be doing everything possible to protect our 'surfing capital'.

Visit www.goodfortheplanet.com today and fill in a survey for your local area.

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