

REDS Impact Review

Far South Coast REDS fire impact addendum
May 2020



Regional
NSW



Executive summary

This document serves as a fire impact addendum to the Regional Economic Development Strategy (REDS) for Far South Coast. Its purpose is to identify potential short, medium and long-term focus areas for Local, State and Commonwealth Government to consider when prioritising industry and place-based economic recovery funding in response to the 2019-2020 bushfire crisis.

This document was developed in collaboration with regional staff and Local Government Area (LGA) representatives, and utilised input from fire affected engine industry experts. The priorities within this document were identified and are owned by Local Government.

The original REDS for Far South Coast highlighted a number of industries such as forestry, tourism, and dairy as core to the regional economy. The fire impact within this Functional Economic Region (FER) is significant with many properties damaged or destroyed, and over 80% of native hardwood forest burnt. The significant scale of fire impact manifests in the core engine industries of the region, with forestry, tourism and dairy all impacted to varying degrees. The most significant impact, however, is to tourism both due to the immediate loss of revenue from summer, and due to ongoing perception issues slowing recovery.

Example priorities to address fire impact identified in this document relate to, but are not limited to, infrastructure investment, industry innovation, forestry recovery, energy and water security, and diversification and professionalisation of the tourism industry.

These materials are based on preliminary data available as of May 2020.

Note to reader: COVID-19 context and considerations

This document has been prepared in response to the 2019-2020 bushfire crisis. **It does not factor in the economic impacts from COVID-19, providing only a bushfire economic impact baseline. As a result: this document and any impact estimates within do not take into account any additional economic impacts which arise from COVID-19 and consider only the economic impact of bushfires.**

In response to COVID-19 the Commonwealth and NSW Governments have put in place restrictions on business trade and personal movement to combat the spread of disease. It is anticipated that these restrictions will further impact regional economies and engine industries.

- Industries analysed within this document likely to experience additional impact include tourism related industries such as retail, food and beverage and accommodation services.
- Other regional industries not directly affected by fire are also likely to experience impact including, but not limited to, construction and manufacturing.

The timing of short/medium/long-term priorities and initiatives outlined in this addenda have been adjusted for COVID-19 restrictions known as at May 2020. This includes delays to tourism recovery initiatives such as marketing campaigns. As the length and impact from COVID-19 becomes clearer, the timing of some initiatives may need to be adjusted further.

Any measures put in place by the Commonwealth and NSW Government to support businesses and industries in response to bushfire impact should be viewed in the context of broader recovery measures.

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Impact summary

- 1 Fire within Far South Coast primarily concentrated within tourism industry
- 2 ~80% of yearly tourism revenue lost due to fires and evacuation, sustained mid-term decline likely
 - *Eurobodalla Shire economy less diverse and highly exposed to tourism impacts*
- 3 80% of forest burnt, with 10% forestry GVA decline due to non-recoverable tree damage and direct damage to Eden woodchip mill
- 4 Temporary impact to dairy processing due to access issues
- 5 De-population risk within community, potentially exacerbating economic impact and affecting services



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Key takeaways

- 1 Ability to deliver REDS strategic priorities not materially affected over the long term, however, significant impact over short term
- 2 Support required to sustain tourism industry in the short to medium term
- 3 Key forestry assets significantly damaged, threatening regional employment

Recap: Far South Coast REDS



Regional endowments

- 1 Natural assets and amenity
- 2 Health care infrastructure and services
- 3 Port of Eden Wharf
- 4 Location (halfway Syd/Mel and Hume access)
- 5 Intellectual, cultural and social capital
- 6 Cultural festivals and events
- 7 Education infrastructure
- 8 Dairy industry
- 9 Local institutions and strong leadership



Regional Specialisations

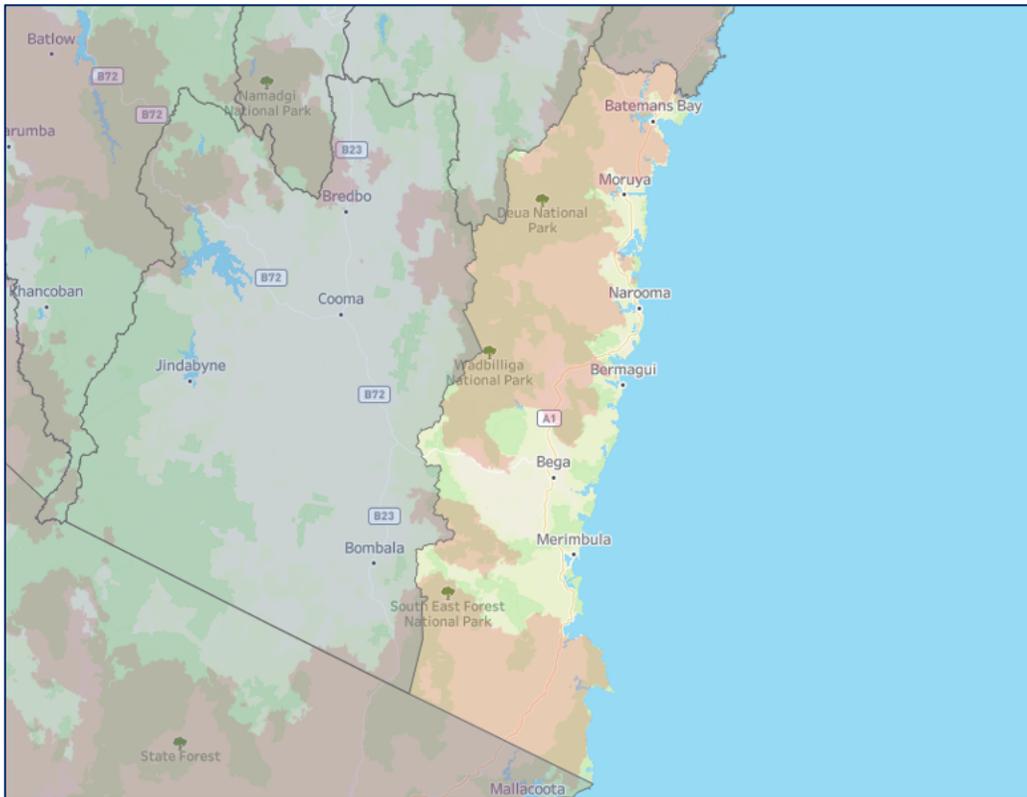
- Growth sectors:
 - Dairy product manufacturing, Aquaculture, Forestry and Logging, Timber and Hardware Goods Wholesaling, Bakery Product Manufacturing, Residential Care Services and Local Government Administration
- Potentially emerging sectors
 - Sheep, Beef Cattle and grain farming, medical services and other administrative services
 - Creative industries
- Declining sectors relative to state average:
 - Dairy cattle farming
 - Traditional accommodation (e.g. hotels)

Strategic Priorities

- Support the development and growth of the Region's tourism sector and overall lifestyle appeal
- Continue to grow the sector's agricultural, aquaculture and food production sectors
- Grow the participation and supply of skilled labour and enhance regional economic resilience
- Improve the reliability of infrastructure and telecommunications

6,589 km² of the FER is physically impacted by fire, approximately 68% of the entire FER

Fire impacted area within Far South Coast

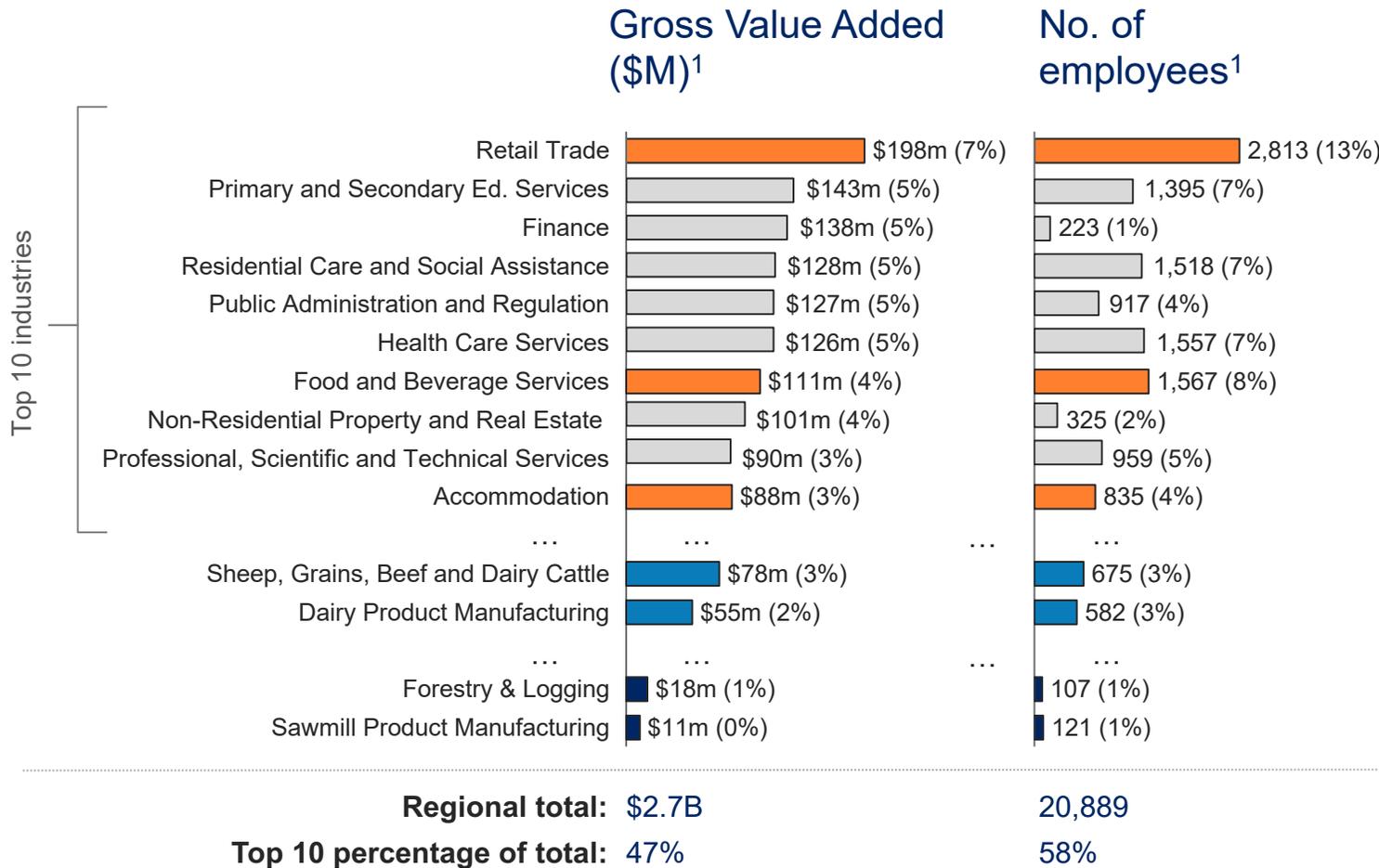


Fire affected area LGAs within FER: Bega Valley, Eurobodalla

Key physical impacts

- **Area burnt**¹: 6,589 km² burnt by bushfires (68% of total FER area – 9,707 km²)
- **Property damage**²: 3,855 properties damaged or destroyed
- **Dairy**³: Reported ~1450 dairy herd lost, 4% of total dairy herd
- **Forestry**⁴: Eden woodchip mill damaged, and 80% of hardwood native forest burnt
- **Tourism**⁵:
 - Major road closures impact all operators (e.g. Princess Highway and Kings Highway)
 - At least 3 cruise ship cancellations to area (~\$300k shortfall each)

Far South Coast economy is highly concentrated in impacted industries



Impacted focus industries

- 1 Forestry:** Forestry represents \$29m in GVA and ~2% of employment. While it is not a large GVA contributor for the region, it is a historically important stable industry which supports a large contracting workforce, particularly in Eden
- 2 Tourism:** Tourism is broadly a subset of tourism-related industries such as Retail Trade, Food and Beverage Services, Accommodation etc; CERD analysis indicates that tourism contributes **\$280m** in GVA and ~11% of FTE employment
- 3 Dairy:** Manufacturing represents \$55m in GVA; Dairy Cattle represents estimated \$63m (of the \$78m from the broader Sheep, Grains, Beef and Dairy Cattle GVA category)

Impacted focus industries leverage endowments, some of which are impacted

Focus industries	Dependent endowments	Impacted
<p>1  Forestry</p>	<ul style="list-style-type: none"> 1 Natural assets and amenity 4 Location 9 Local institutions and strong leadership 	<ul style="list-style-type: none"> • Yes – Forest and access roads damaged • No • No
<p>2  Tourism</p>	<ul style="list-style-type: none"> 1 Natural assets and amenity 2 Port of Eden Wharf 3 Location 4 Intellectual, cultural and social capital 5 Cultural festivals and events 9 Local institutions and strong leadership 	<ul style="list-style-type: none"> • Yes – National parks significantly impacted • Yes – Cruise visits temporarily cancelled • Yes – Isolated from main markets • Yes – Contributors personally, and heritage communities and items impacted • Yes – Temporary postponement of events • No
<p>3  Dairy</p>	<ul style="list-style-type: none"> 1 Natural assets and amenity 8 Dairy Industry 9 Local institutions and strong leadership 	<ul style="list-style-type: none"> • Yes – Pasture damage, water contamination from ash and debris • Yes – Herd loss and pasture damage • No

Far South Coast focus areas require restructuring to respond to fire impact

 Strategic priorities	 Degree of impact	 Restructured priority focus areas
<p>▫Support the development and growth of the region's tourism sector and overall lifestyle appeal</p>	<p>High</p>	<p>▫Significant impact to tourism sector over summer period with multi-year horizon to full recovery</p> <ul style="list-style-type: none"> • Support small to medium businesses to weather crisis • Consider training to increase resilience of businesses and workforce • Develop alternative tourism offerings to diversify industry reliance away from purely place-based natural amenity (e.g. Aboriginal tourism and hinterland opportunities)
<p>▫Continue to grow the sector's agriculture, aquaculture and food sectors</p>	<p>Medium</p>	<p>▫Priority had minor fire impact but exacerbated existing drought impact. Crisis emphasised the need to diversify away from tourism</p> <ul style="list-style-type: none"> • Continue to develop and diversify emerging industries and integrate with tourism industry (e.g. food events), creating more resilient economies
<p>▫Grow the participation and supply of skilled labour and enhance regional economic resilience</p>	<p>Low</p>	<p>▫Priority is not directly affected, but could be indirectly impacted if workforce exit the region with risk of fire-related de-population</p>
<p>▫Improve reliability of infrastructure and telecommunications</p>	<p>Low</p>	<p>▫Although infrastructure and telecommunications were damaged during the fires, there is no impediment to delivering on this strategic priority</p> <ul style="list-style-type: none"> • Going forward this will be of increased importance for the region



Far South Coast potential priorities and initiatives

	6–18mths Short term	18mths–5yrs Medium term	5yrs+ Long term
 Forestry	<ol style="list-style-type: none"> 1 Rectify damaged industry infrastructure and enable forestry access 	<ol style="list-style-type: none"> 1 Support revitalisation of forestry processing industry 	<ol style="list-style-type: none"> 1 Continue to support forestry related manufacturing industry
 Tourism	<ol style="list-style-type: none"> 2 Support redevelopment of key community assets 3 Develop enabling infrastructure to better utilise natural amenity assets 4 Support industry capacity building (e.g. business education and development) 5 Develop coordinated marketing plan 	<ol style="list-style-type: none"> 2 Develop and diversify tourism offering e.g., boutique hotels, high quality provenance based food experiences, nature based experiences and marine tourism 3 Deploy business education initiatives 4 Implement coordinated marketing plan 	<ol style="list-style-type: none"> 2 Continue to support development of tourism industry
 Other	<ol style="list-style-type: none"> 6 Support regional business innovation hubs/programs 7 Coordinate recovery response to enable rapid rebuild 	<ol style="list-style-type: none"> 5 Invest in regional infrastructure to promote industry diversification and better leverage endowments 6 Develop other marine industry based clusters 	<ol style="list-style-type: none"> 3 Continue to encourage emerging industries
 Industry transition	<ol style="list-style-type: none"> 8 Deploy education and training initiatives to support worker transition 	<ol style="list-style-type: none"> 7 Support ongoing workforce transition to maximise benefit from state infrastructure 	<ol style="list-style-type: none"> 4 Continue supporting workforce transition as new industries emerge

Deep dive: Far South Coast short-term focus areas



Focus areas	Description	Rationale	Relevant industry
1 Rectify damaged industry infrastructure	<ul style="list-style-type: none"> Repair key industry infrastructure such as forestry roads, timber bridges, walking trails etc. 	<ul style="list-style-type: none"> Will ensure continuity of business for engine industries 	<ul style="list-style-type: none"> Forestry, tourism
2 Redevelop community assets	<ul style="list-style-type: none"> Repaid damaged community infrastructure (e.g. walking paths, Eurobodalla woodies, signage) 	<ul style="list-style-type: none"> Community assets provide a sense of place and community, important to recovery 	<ul style="list-style-type: none"> All
3 Develop enabling infrastructure to better utilise natural amenity	<ul style="list-style-type: none"> Identify and invest in natural amenity tourism assets such as trails, bike paths, boardwalks, eco tourism accommodation, etc. to increase ability to leverage natural amenity assets 	<ul style="list-style-type: none"> Increase appeal of existing natural amenity assets, including in national parks where possible, and increase regional GVA 	<ul style="list-style-type: none"> Tourism
4 Support industry capacity building (e.g. education and development)	<ul style="list-style-type: none"> Professionalise tourism through business management, and customer skills, and employee development pathways Support development of new innovative tourism product (e.g. agritourism) 	<ul style="list-style-type: none"> Professionalising and educating tourism operators and employees will help maximise tourism opportunity and improve resilience in future crisis 	<ul style="list-style-type: none"> Tourism
5 Develop coordinated tourism marketing plan	<ul style="list-style-type: none"> Develop coordinated message that identifies region is open for business. Tap into likely pent-up demand for domestic travel 	<ul style="list-style-type: none"> Accelerate return of tourism industry where possible 	<ul style="list-style-type: none"> Tourism
6 Support regional business innovation hubs/programs	<ul style="list-style-type: none"> Ensure innovation hub has access to necessary skills, and resources to continue operations 	<ul style="list-style-type: none"> Has been a driver of innovation and modern work practices in region, (eg. Remote working/self-employed) 	<ul style="list-style-type: none"> All
7 Coordinate recovery response to enable rapid rebuild	<ul style="list-style-type: none"> Government/local council play a role in coordinating access to building materials and trades to reduce rebuild cost to individuals and streamline rebuild process 	<ul style="list-style-type: none"> Reduce barriers to reconstruction and recovery enable rapid rebuild in communities, and mitigate de-population risk 	<ul style="list-style-type: none"> Construction, other
8 Deploy education initiatives to support worker transition	<ul style="list-style-type: none"> Provide in region information on available training and deploy training to transition affected tourism workers. (E.g. recovery and construction skills to support region through rebuild phase) 	<ul style="list-style-type: none"> Prepare affected workforce for transition and ensure sufficient skills required for recovery Ensure skills exist for emerging industries 	<ul style="list-style-type: none"> Tourism, construction, other

Deep dive: Far South Coast medium-term focus areas



Focus areas	Description	Rationale	Relevant industry
1 Support revitalisation of forestry processing industry	<ul style="list-style-type: none"> Provide support to revitalisation and redevelopment of processing industry. (e.g., diversify timber processing facilities into new products, access to secure timber supply) 	<ul style="list-style-type: none"> Woodchip mill is significant employer in region and damage to it will disrupt not just immediate workforce but entire value chain e.g., shipping companies 	<ul style="list-style-type: none"> Forestry
2 Develop and diversify tourism offerings	<ul style="list-style-type: none"> Develop endowment focussed initiatives. (e.g. eco-tourism, walking trails, aboriginal culture MTB trails, provenance based food experiences, and marine based experiences) 	<ul style="list-style-type: none"> Reduce dependence on key assets to insulate tourism income 	<ul style="list-style-type: none"> Tourism
3 Deploy business education initiatives	<ul style="list-style-type: none"> Professionalise tourism industry through access to business planning and management skills training Encourage industry operators to construct professional development pathways for employees 	<ul style="list-style-type: none"> Professionalising and educating tourism operators and employees will help maximise tourism opportunity and improve resilience in future crisis 	<ul style="list-style-type: none"> All
4 Implement coordinated marketing plan	<ul style="list-style-type: none"> When appropriate, implement coordinated message that identifies region is open for business, focusing on region's right to win and targeting focus tourism segments. Tap into likely pent-up demand for domestic travel 	<ul style="list-style-type: none"> Accelerate return of tourism industry where possible 	<ul style="list-style-type: none"> Tourism, other
5 Invest in regional infrastructure	<ul style="list-style-type: none"> Invest in regional infrastructure that reinforces endowments (e.g. B-double access on Princes Highway, gas pipeline for energy security through Brown Mountain, industrial parks to promote new industry, upgrade dams for water security) 	<ul style="list-style-type: none"> Infrastructure will improve productivity and increase attractiveness of region for new industries that use endowments such as water supply (e.g., food production such poultry) 	<ul style="list-style-type: none"> All
6 Develop marine based industry clusters	<ul style="list-style-type: none"> Support development of marine industry clusters such as marine research, maritime education, shellfish hatcheries. Port of Eden redevelopment 	<ul style="list-style-type: none"> Reinforce existing marine based education advantage from marine high school and utilise proximity to bass strait to incentivise marine research activity 	<ul style="list-style-type: none"> All
7 Support ongoing workforce transition	<ul style="list-style-type: none"> Conduct in region training so workforce has skills to capitalise on emerging industry and infrastructure projects 	<ul style="list-style-type: none"> Support emerging industries and maximise benefit from infrastructure 	<ul style="list-style-type: none"> Forestry, construction and other

Deep dive: Far South Coast long-term focus areas



Focus areas	Description	Rationale	Relevant industry
1 Continue to support forestry related manufacturing industry	<ul style="list-style-type: none"> Support initiatives that drive long-term productivity and innovation in forestry industry Specific opportunities to be reviewed as they become evident 	<ul style="list-style-type: none"> Maximise GVA and employment provided by globally significant industry 	<ul style="list-style-type: none"> Forestry
2 Continue to support development of tourism industry	<ul style="list-style-type: none"> Provide assistance such as professional, entrepreneurial business skills training Ensure cohesive regional tourism message that promotes diversified tourism opportunity Specific opportunities to reviewed as they become evident 	<ul style="list-style-type: none"> Promoting emerging tourism industry and integration with existing operators to increase regional GVA and capture maximum tourism activity with region 	<ul style="list-style-type: none"> Tourism
3 Continue to encourage emerging industry	<ul style="list-style-type: none"> Guide new business initiatives and provide assistance where required such as business skills advice, targeted investments as appropriate Specific opportunities to be reviewed as they become evident 	<ul style="list-style-type: none"> Promoting emerging industry will increase regional GVA, diversify industry risk and promote additional employment 	<ul style="list-style-type: none"> All
4 Continue supporting workforce transition new industries emerge	<ul style="list-style-type: none"> Provide in region information on available training to transition affected workers. The nature of this support will change as the economy evolves 	<ul style="list-style-type: none"> Ensures local employees are equipped to fully leverage opportunities available to them 	<ul style="list-style-type: none"> All

