REDS Impact Review

Snowy Valleys REDS fire impact addendum
May 2020

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Executive summary

This document serves as a fire impact addendum to the Regional Economic Development Strategy (REDS) for Snowy Valleys. 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 Directors 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 Snowy Valleys highlighted a number of industries such as forestry, horticulture, viticulture and tourism, as core to the regional economy. The direct fire impact within this Functional Economic Region (FER) is quite extensive to both property and to industry. For example, forestry has had approximately 50% of plantation burnt, horticulture has lost approximately 25% of fruit trees, viticulture has had entire 2020 production lost to some taint. and tourism has lost both assets such as Selwyn snowfields, and revenue due to tourist evacuations and ongoing perception issues.

Example priorities to address fire impact identified in this document relate to, but are not limited to, support to restructure forestry industry, infrastructure investment, industry skills and transition support, 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 industries.

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 Snowy Valleys has affected economy engine industries
2. Up to 50% of plantation forests have burnt, limiting future available fibre for processing and manufacturing industry
3. Horticulture industry has lost approximately 20% of fruit trees, vignerons' had 2020 harvest impacted by smoke taint and significant impact to blueberry harvest
4. Tourism industry immediately impacted by tourist evacuations, with disrupting damage to key assets e.g., Selwyn snowfields destroyed

Key takeaways

1. Ability to deliver REDS strategic priorities significantly impacted, particularly forestry and horticulture in the medium to long term
2. Immediate support required to sustain tourism industry in the short term

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Recap: Snowy Valleys REDS

Regional endowments

1. Natural resource endowment
2. Forestry and timber processing infrastructure
3. Snowy Hydro Infrastructure
4. Location
5. Snowy Mountains Highway
6. Healthcare infrastructure and services
7. Forestry sector specialists
8. Aboriginal heritage

Regional Specialisations

- Forestry and wood product manufacturing
- Agriculture
  - Sheep, beef cattle and grain farming
  - Fruit and tree nuts
- Electricity generation
- Tourism

Strategic Priorities

- Support the growth of the forestry and timber processing and agriculture through improving access to and reliability of infrastructure and utilities
- Continue to develop and grow the tourism sector to diversify the region's economy
- Boost and sustain the supply of skilled workers for the region's core industries with regional skills development and initiatives to attract new residents

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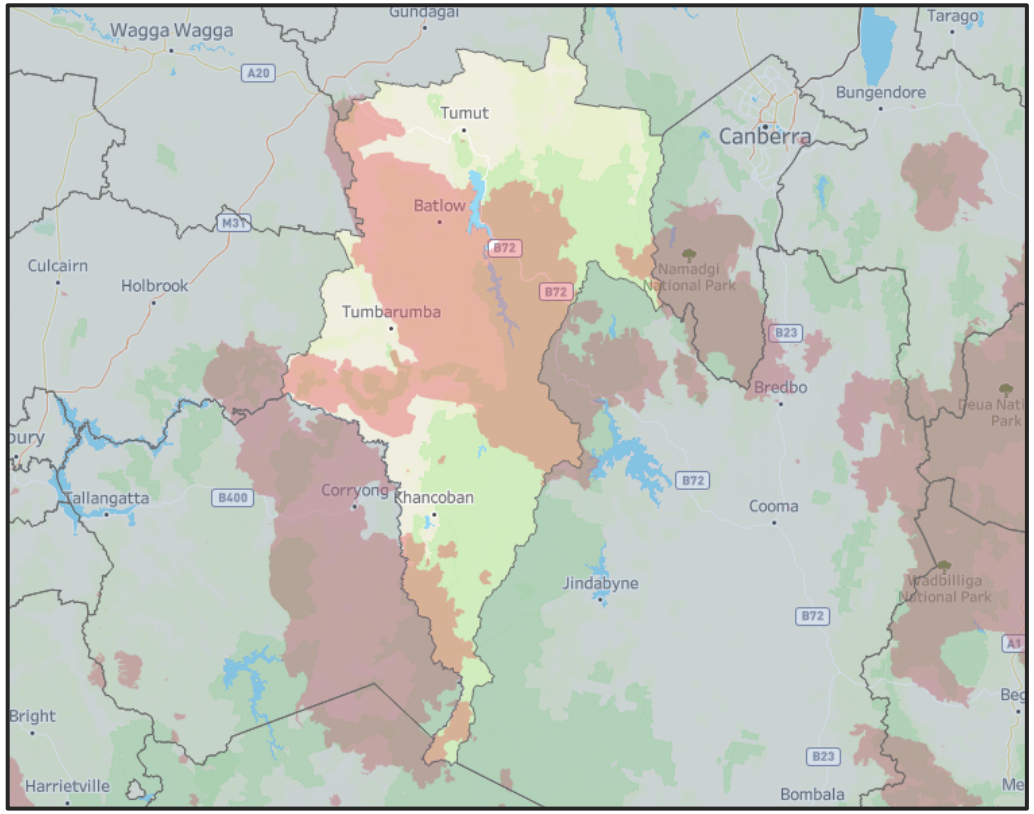
Source: Snowy Valleys Regional Economic Development Strategy

4,293 km^2 of the FER is physically impacted by fire, approximately 48% of the entire FER

Fire impacted area within Snowy Valleys FER



Fire affected area LGAs within FER: Snowy Valleys

Key physical impacts

- **Area burnt**[1]: 4,293 km^2 burnt by bushfires (48% of total FER area—8,959 km^2)
- **Property damage**[2]: 1,074 properties damaged or destroyed[2]
- **Forestry**[3]: Estimated 30,000 hectares of state forest and 17,000 hectares of private forest damaged
- **Horticulture**[4]:~25% of apple trees damaged, picking worker accommodation destroyed, and significant impact on blueberry harvest
- **Viticulture**[5]: 2020 harvest lost to smoke taint, approximately 2300 tonnes valued at ~$7.3M

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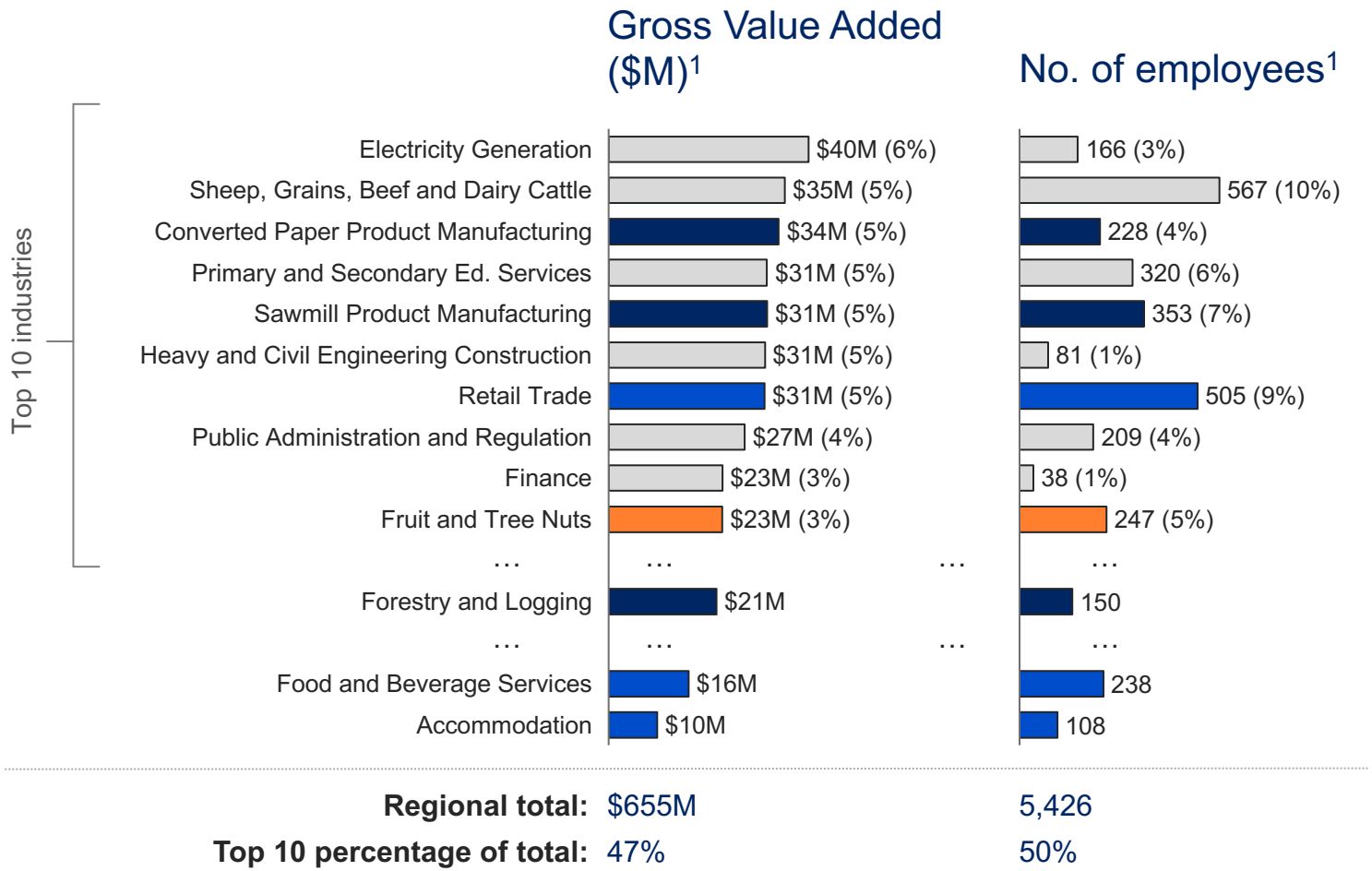
Note: Estimates of km^2 of land burnt vary depending on methodology used | Source: 1. National Indicative Aggregated Fire Extent dataset (25/02/20); 2. RFS building impact assessments 31/01/20; 3. Department of Primary Industries forestry impact; 4. Department of Primary Industries - Kevin Dodds 20/01/20 5. DPI agriculture impact data

Snowy Valleys economy highly exposed to industries impacted by bushfires, especially forestry-related industries



Impacted focus industries

1. **Forestry:** Snowy Valleys relies heavily on industry located along forestry value chain, accounting for ~$95M (22%) GVA and 15% employment
2. **Fruit and Tree Nuts:** Significantly affected by bushfires, $23M GVA and 5% employment
3. **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 **$35M** in GVA and **~6%** of FTE employment

Also reliant on viticulture tourism and engine industry business tourism (e.g. forestry and tourism)

1. CERD Input-Output GVA tables 2015-16 | Note: Dairy Cattle GVA estimated using ABARES herd value data; excludes 'Ownership of Dwellings' from industry rankings | Source: CERD Input-Output tables; NSW Department of Agriculture bushfire asset impact reports; Australian Agricultural Census; BCG analysis

Impacted focus industries leverage regional endowments, some of which are impacted

Focus industries	Dependent endowments	Impacts
1 Forestry	1 Natural resource endowment 2 Forestry and timber processing infrastructure 4 Location 5 Snowy Mountains Highway 7 Forestry sector specialists	• Yes—Plantation forests damaged • Yes—Harvesting equipment damaged • No • Yes—Temporarily closed • Yes—Personal and employment impacts
2 Fruit and Tree Nuts	1 Natural resource endowment 4 Location 5 Snowy Mountains Highway	• Yes—Water supply and fruit trees impacted • No • Yes—Temporarily closed
3 Tourism	Dependent on all endowments—endowments impacts identical to above	

Source: Snowy Valleys Regional Economic Development Strategy

Snowy Valleys focus areas require restructuring to respond to fire impact

Strategic Priorities	Degree of impact	Restructured priority focus areas
▫Support the growth of **forestry and timber processing and agriculture** through improving access to and reliability of infrastructure and utilities	Very High	▫Given magnitude of impact to softwood plantations suggest focus should be adjusted • Support salvage efforts and viability of remaining industry • Consider options to adapt industry, industry skills and underlying endowments given significance of forestry pre-fire
▫**Boost and sustain the supply of skilled workers** for the region's core industries with regional skills development and initiatives to attract new residents	High	▫Priority is not directly affected, but could be indirectly impacted if skilled forestry workforce exit region • Consider how to transition appropriately given evolving skill requirements from re-adjusting forestry industry and recovery effort *(e.g., construction skills, Snowy 2.0 opportunities and retraining tourism employees)*
▫Continue to develop and grow the **tourism sector** to diversify the region's economy	Medium	▫Tourism impact is short/medium term • Address short-term perception issues around safety • Support tourism operators to continue operate through downturn • Continue to develop and diversify tourism, creating a more resilient regional economy

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Snowy Valleys potential priorities and initiatives

	6–18mths Short term	18mths–5yrs Medium term	5yrs+ Long term
Forestry	1 Rectify and maintain damaged industry infrastructure and salvage timber	1 Replant and diversify use of forestry land 2 Investigate alternative forestry fibre sources for manufacturing industry	1 Continue to support forestry related manufacturing industry
Horticulture and Other	2 Support infrastructure that enables horticulture harvest and replanting	3 Invest in regional infrastructure 4 Diversify agricultural production 5 Promote value adding agriculture industry to integrate with tourism experience	2 Continue to encourage emerging industries
Tourism	3 Support redevelopment of key tourism assets 4 Develop coordinated marketing plan	6 Develop and diversify tourism through regional tourism assets 7 Implement coordinated marketing plan	3 Continue to support tourism industry development
Industry transition	5 Deploy education and training initiatives	8 Support ongoing workforce transition to maximise benefit from state infrastructure (e.g., Snowy 2.0)	4 Continue supporting workforce transition as new industries emerge

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Short term | Medium term | Long term

Deep dive: Snowy Valleys short-term focus areas

Focus areas	Description	Rationale	Relevant industry
1 Repair and maintain damaged industry infrastructure and salvage forestry assets	• Ensure rapid repair of state, local government and forestry infrastructure such as roads, bridges, fire trails • Salvage available logs, store appropriately for processing and ensure replanting progresses	• Enables forestry recovery and harvest, supporting processing operations	• Forestry and agriculture
2 Support infrastructure that enables horticulture and replanting	• Ensure itinerant worker accommodation is available so harvest can proceed • Consider using more local workers and "grey nomads" for harvest given potential underemployment and self sufficiency • Support rapid re-planting of destroyed horticulture production	• Ensure primary horticulture revenue is captured given recent impacts and accommodation asset damage	• Horticulture
3 Support redevelopment of key tourism assets	• Support redevelopment of assets such as Selwyn snowfields, walking trails, etc.	• Essential contributors to regional economy with large multiplier benefits	• Tourism
4 Develop coordinated tourism marketing plan	• Develop coordinated message that identifies region is open for business. Tap into likely pent-up demand for domestic travel	• Accelerate return of tourism industry where possible	• Tourism
5 Deploy education and training initiatives	• Provide in region information on available training to transition affected workers *e.g., recovery and construction skills*	• Prepare workforce for transition and ensure sufficient skills required for recovery • Ensure skills exist for emerging industries	• Forestry, agriculture, other

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Deep dive: Snowy Valleys medium-term focus areas I/II

Focus areas	Description	Rationale	Relevant industry
1 Replant and diversify use of forestry land	• Replant forestry plantation and repair infrastructure • Consider renewable energy initiatives • Promote tourism activities within forestry land	• Source additional revenue streams and employment, and de-risk forestry revenue	• Forestry and other
2 Investigate alternative forestry fibre sources	• Source alternative fibre sources such as paper waste and timber from further afield • Source out of region timber if possible	• Reduce dependence on in region fibre, and reduce pressure on vulnerable parts of value chain to maximise GVA and employment	• Forestry
3 Invest in regional infrastructure	• Example projects include improving road access, and Snowy 2.0	• Improve regional productivity and benefit from construction spend	• All
4 Diversify agricultural production	• Promote production of high value products suited to regional climate such as blueberries, hops, truffles, cool climate wines	• Grow total horticulture income through high value crops and reduce dependency on single crop	• Agriculture
5 Promote value adding agriculture industry	• Realise full value of agricultural produce by adding value and connecting to provenance. *e.g., farm-gate and micro-industry aligned to tourism*	• Capture value added GVA and integrate offering with tourism opportunities	• Tourism and agriculture

Deep dive: Snowy Valleys medium-term focus areas II/II

Focus areas	Description	Rationale	Relevant industry
6 Develop and diversify regional tourism	• Develop initiatives focused endowments and improve regional linkages. *e.g., walking trails, MTB trails, rail trails festivals, cideries, other*	• Reduce dependence on key assets and diversify income and promote year round tourism	• Tourism
7 Implement coordinated marketing plan	• 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	• Accelerate return of tourism industry where possible	• Tourism, other
8 Support ongoing workforce transition	• Conduct in region training so workforce has skills to capitalise on large infrastructure construction (e.g. Snowy 2.0)	• Maximise benefit from large capex state infrastructure	• Forestry, construction and other

Short term | Medium term | Long term

Deep dive: Snowy Valleys long-term focus areas

Focus areas	Description	Rationale	Relevant industry
1 Continue to support forestry-related manufacturing industry where possible	• Source additional fibre and timber product to ensure manufacturing industry has sufficient product to maintain viability • Support industry to become as efficient and high-tech as possible	• Maximise GVA and employment provided by globally significant industry	• Forestry
2 Continue to encourage emerging industry	• 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**	• Promoting emerging industry will increase regional GVA, diversify industry risk and promote additional employment	• All
3 Continue to support tourism industry development	• Provide assistance such as professional, entrepreneurial business skills training • Ensure cohesive regional tourism message that promotes diversified tourism opportunity • **Specific initiatives to be reviewed as they become evident**	• Promoting emerging tourism industry and integration with existing operatiors to increase regional GVA and capture maximum tourism activity with region	• Tourism
4 Continue supporting workforce transition as new industries emerge	• Provide in region information on available training to transition affected workers. • **The nature of this support will change as the economy evolves**	• Ensures local employees are equipped to fully leverage opportunities available to them	• All

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