

REDS Impact Review

Northern Rivers 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 Northern Rivers. 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 industry experts. The priorities within this document were identified and are owned by Local Government, covering five LGAs: Byron Bay, Ballina, Lismore, Kyogle and Richmond Valley.

The 2019-2020 bushfires directly affected the Northern Rivers from around February to December 2019, significantly earlier than other Functional Economic Regions (FERs) in the south of the state were affected. Forestry, tourism, agriculture and horticulture all sustained direct bushfire damage, along with indirect impact to these industries and to adjacent industries such as transportation and food product manufacturing. Examples of direct impacts include plantation loss, damage to National Parks, and loss of fencing and livestock. Further, examples of indirect impact include tourism industry visitation downturn and ongoing perception issues throughout the FER. Overall, impact to industries will be more pronounced in certain LGAs within the FER. For example, Ballina and Byron are heavily exposed to tourism visitation downturn in the FER. Lismore has experienced direct impacts to tourism in areas surrounding Nimbin through property loss, trading disruption and evacuation, and indirect impacts on resident workforce supporting industries in adjacent shires. In comparison, Richmond Valley is highly exposed to the significant impacts to the forestry industry and impacts to supporting and adjacent industries. In the mid-term, the bushfires have highlighted the importance of the existing strategic priorities, as well as the broad benefits of further investment in enabling infrastructure to improve resilience, connectivity and disaster response and recovery management.

Example priorities identified in this document relate to, but are not limited to, infrastructure investment, forestry recovery, industry diversification and development 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 Northern Rivers has burnt 1952km², approximately 22% of the FER, and impacted a number of engine industries
- 2 Sustained tourism downturn from February to December 2019 for the most affected LGAs
- 3 Significant direct damage to forestry assets
 - Tarmac timber mill destroyed
 - Up to 10% of the FER's sustainable long-term forestry supply destroyed
- 4 Significant fencing and reported livestock loss disrupted agricultural production, high cost to restock due to general and drought-related de-stocking



Key takeaways

- 1 Ability to deliver REDS strategic priorities not materially affected over the long term, but disrupted in short term
- 2 Importance of implementing original strategic priorities emphasised by bushfires
- 3 Assistance required to support impacted industries in short term to medium term

Recap: Northern Rivers REDS



Regional endowments

- 1 Physical amenity
- 2 Proximity to South East Queensland
- 3 Arable land
- 4 Road, rail and airport infrastructure
- 5 Hospital and private capital infrastructure
- 6 Local councils and government agencies
- 7 Southern Cross University
- 8 Cultural and Indigenous Heritage
- 9 Balance of opportunities and clean, green organic branding



Regional Specialisations

- Engines of growth
 - Agriculture
 - Forestry and Fishing
 - Manufacturing
 - Tourism
- Enabling industries
 - Transport
 - Postal and Warehousing
 - Administrative and Support Services
- Population serving industries
 - Health Care and Social Assistance
 - Education and Training
 - Retail Trade
 - Public Administration and Safety



Strategic Priorities

- Develop 'engines of growth' through better connections to external markets
- Grow tourism opportunities across the region
- Foster the development of emerging industries and specialisations
- Grow the population and internal markets of the region
- Develop the services precincts of the region through new approaches to partnership

1,952km² of FER is physically impacted by fire, approximately 22% of the entire FER

Fire impacted area within Northern Rivers:



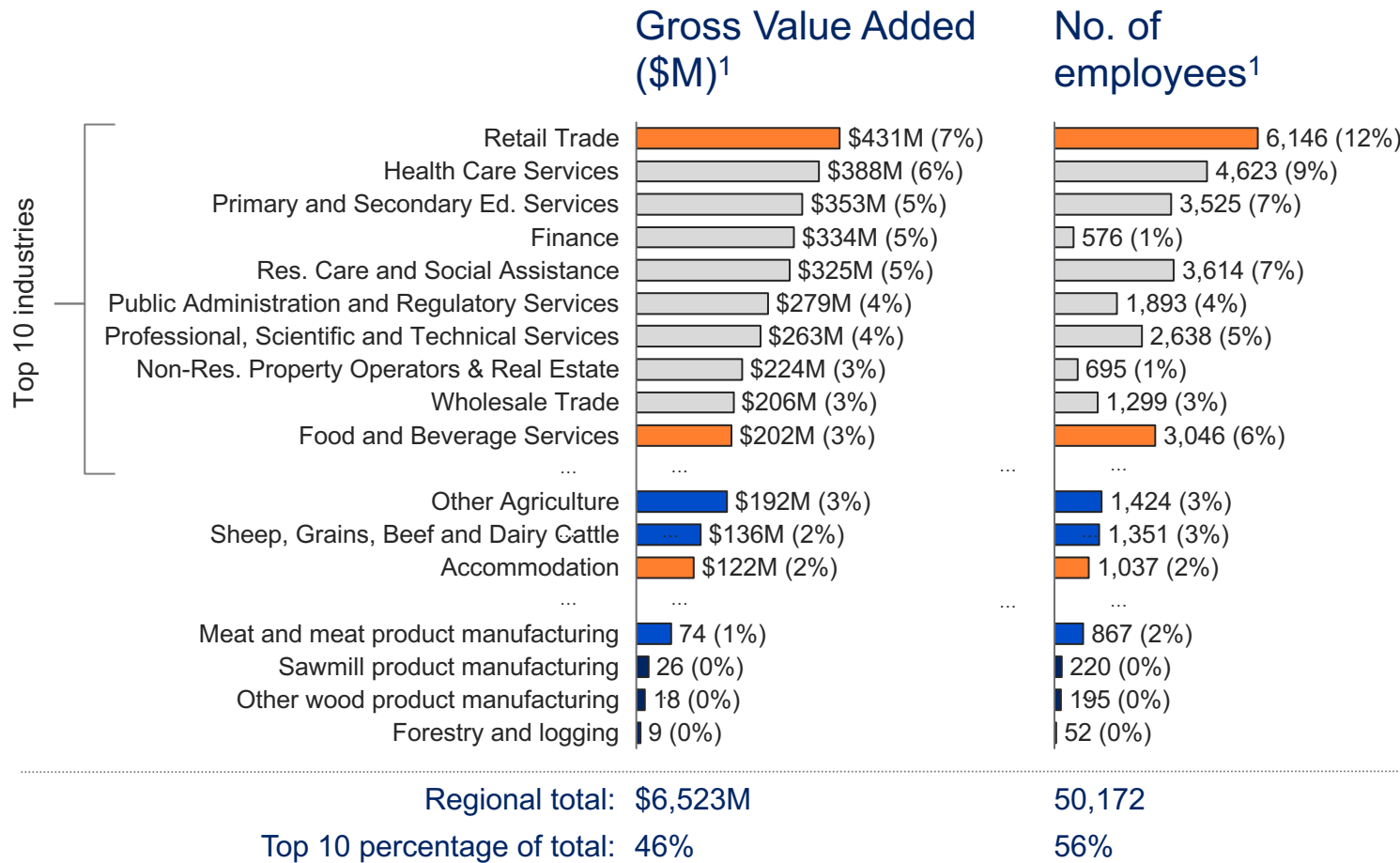
■ Fire affected area

LGAs: Ballina, Byron, Kyogle, Lismore, Richmond Valley

Key physical impacts:

- **Area burnt**¹: 1,952 km² in burn scar (22% of total FER area – 8,970km²)
- **Property damage**²: 375 properties damaged or destroyed
- **Tourism**³: Significant impact to natural environment – ~50% of Wardell indigenous protected area damaged in fires (potential cultural heritage tourism site)
- **Forestry**⁴: Native forest and plantation burnt. Tarmac timber mill destroyed
- **Agriculture**⁵: Livestock reported dead or destroyed, and damage to industry infrastructure

Northern Rivers exposed to fire impacts to tourism, agriculture and forestry











Impacted focus industries

- 1** **Tourism:** Tourism is broadly a subset of tourism-related industries (Retail Trade, Food and Beverage Services and Accommodation); according to CERD it contributes **\$360M** in GVA and 8% of FTE employment
- 2** **Agriculture and horticulture:** 'Other Agriculture' (Horticulture) and 'Sheep, Grains, Beef and Dairy Cattle' account for **~\$328M** in GVA (~5% of total), and 2,775 FTE (~6% of total)
- 3** **Forestry:** Logging and processing contribute **~\$54M** in GVA to Northern Rivers (~1% of total regional GVA), and ~470 FTE positions





Some of Northern Rivers' impacted focus industry endowments have been impacted by fires

Focus industries	Dependent endowments	Impacted
<p>1  Tourism</p>	<p>2 Proximity to South East Queensland</p> <p>4 Road, rail and airport infrastructure</p> <p>8 Cultural and Indigenous Heritage</p> <p>9 Balance of opportunities and clean, green, organic branding</p>	<ul style="list-style-type: none"> Yes – Access disrupted by fires Yes – Infrastructure damaged and connectivity disrupted, including access to SE QLD Yes – Potential damage to indigenous heritage and culture Yes – bushfires damaged perception of brand
<p>2  Agriculture and horticulture</p>	<p>1 Physical amenity</p> <p>3 Arable land</p> <p>4 Road, rail and airport infrastructure</p>	<ul style="list-style-type: none"> Yes – 22% of FER in burn scar Yes – Arable land damaged Yes – Infrastructure damaged and connectivity disrupted, including access to SE QLD
<p>3  Forestry</p>	<p>1 Physical amenity</p> <p>3 Arable land</p> <p>4 Road, rail and airport infrastructure</p>	<ul style="list-style-type: none"> Yes – 22% of FER in burn scar Yes – Arable land damaged Yes – Infrastructure damaged and connectivity disrupted

Northern Rivers focus areas require minimal restructuring to respond to fire impact

 Strategic Priorities	 Degree of impact	 Restructured priority focus areas
□ Develop 'engines of growth' (Agriculture, Forestry and Fishing, Manufacturing and Tourism) through better connections to external markets	 High	□ Bushfires directly impacted connectivity for engines of growth in short term <ul style="list-style-type: none"> □ Disruptions to road, mobile, internet and power connectivity in hinterlands primarily affected forestry and tourism □ Some additional connectivity impacts to agriculture and manufacturing
□ Grow tourism opportunities across the region	 High	Direct bushfire impact to some endowments linked to future tourism opportunities <ul style="list-style-type: none"> □ Support prompt recovery/rebuild of damaged tourism and cultural heritage assets □ Focus on increased resilience where infrastructure problems emerged
□ Foster the development of emerging industries and specialisations	 Medium	□ Fires have disrupted regional economy, potentially disrupting emerging industries and specialisations <ul style="list-style-type: none"> □ Support emerging industries that create economic resilience through diversification by leveraging endowment and specialisations
□ Grow the population and internal markets of the region	 Low	□ Bushfires have created a risk of some depopulation due to housing/job loss <ul style="list-style-type: none"> □ Support access to accommodation solutions and social support for bushfire affected individuals and communities □ Consider infrastructure to facilitate population growth and affordable housing
□ Develop the services precincts of the region through new approaches to partnership	 Low	Bushfires had minimal direct impact on development of services precincts. However bushfires may have delayed implementation of this priority by redirecting limited resources

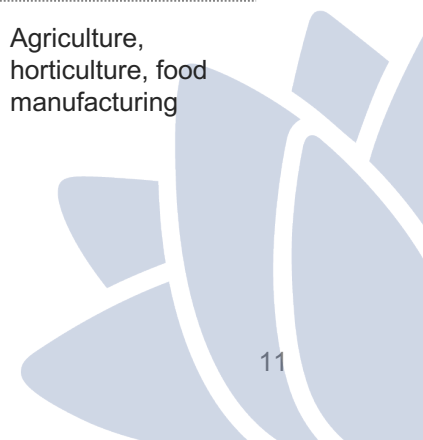
Northern Rivers potential priorities and initiatives

	6–18mths Short term	18mths–5yrs Medium term	5yrs+ Long term
 Tourism	<ol style="list-style-type: none"> 1 Support recovery of damaged tourism assets 2 Develop and deploy business capacity building initiatives 3 Develop coordinated marketing plan 	<ol style="list-style-type: none"> 1 Implement coordinated marketing plan 2 Develop and diversify tourism offering 	<ol style="list-style-type: none"> 1 Continue to support development of tourism industry
 Agriculture and horticulture	<ol style="list-style-type: none"> 4 Support recovery of damaged agriculture and horticulture assets and infrastructure 5 Support agriculture workforce disrupted by supply impacts 	<ol style="list-style-type: none"> 3 Diversify and intensify agricultural and horticultural production and processing 	<ol style="list-style-type: none"> 2 Continue to diversify agricultural and horticultural production and processing
 Forestry	<ol style="list-style-type: none"> 6 Support damaged infrastructure rebuild and enable forestry access 7 Support workforce disrupted by supply impacts 	<ol style="list-style-type: none"> 4 Support forestry related industries 	<ol style="list-style-type: none"> 3 Continue to support forestry related manufacturing industry
 Other	<ol style="list-style-type: none"> 8 Invest in regional infrastructure to improve connectivity and resilience and boost regional economy 9 Support projects to build community sustainability and resilience 	<ol style="list-style-type: none"> 5 Support large and emerging industries with appropriate initiatives and infrastructure 	<ol style="list-style-type: none"> 4 Continue to support large and emerging industries with appropriate initiatives and infrastructure

Deep dive: Northern Rivers short-term focus areas (I/II)



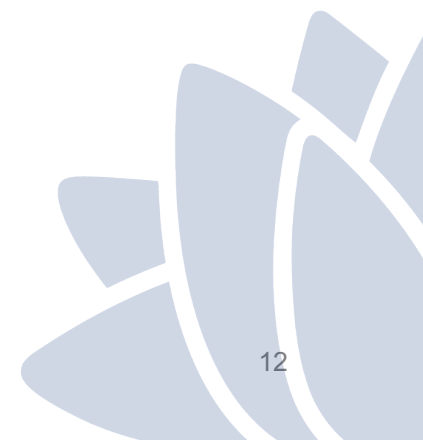
Focus areas	Description	Rationale	Relevant industry
1 Support tourism asset recovery and rebuild	<ul style="list-style-type: none"> Support recovery of damaged assets (e.g. nature tourism accommodation, Wardell indigenous protected area, mountain bike trails, walking trails, etc.) 	<ul style="list-style-type: none"> Where assets were directly damaged by fires, rebuild and recovery accelerates return of industry to pre-bushfire state 	<ul style="list-style-type: none"> Tourism
2 Develop and deploy business capacity building initiatives	<ul style="list-style-type: none"> Develop tourism industry through access to business planning and management skills training, and development pathways for employees Ensure focus on safety, disaster & recovery planning Build understanding of retail and creative industries roles in tourism economy 	<ul style="list-style-type: none"> Professionalising and educating tourism operators and employees will help maximise tourism opportunities Will help improve resilience and safety in future crises 	<ul style="list-style-type: none"> Tourism, other
3 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
4 Support agriculture and horticulture recovery and rebuild	<ul style="list-style-type: none"> Support recovery & rebuild of damaged agriculture & horticulture infrastructure (e.g. productive assets, soil health, water asset buildings, etc.) and sourcing new stock and seedlings 	<ul style="list-style-type: none"> Assists industry to return to pre-bushfire baseline as quickly as possible, minimising bushfire impact on longer-term production 	<ul style="list-style-type: none"> Agriculture, horticulture, food manufacturing
5 Support agriculture and horticulture workforce disrupted by supply impacts	<ul style="list-style-type: none"> Support workforce transition where impacted by supply disruptions 	<ul style="list-style-type: none"> Industry forms an important part of the FER workforce 	<ul style="list-style-type: none"> Agriculture, horticulture, food manufacturing



Deep dive: Northern Rivers short-term focus areas (II/II)



Focus areas	Description	Rationale	Relevant industry
6 Recover damaged forestry infrastructure	<ul style="list-style-type: none"> Recover damaged forestry industry infrastructure and enable forestry access to continue harvesting 	<ul style="list-style-type: none"> Will ensure continuity of business for important "engine of growth" industry 	<ul style="list-style-type: none"> Forestry
7 Support forestry workforce disrupted by supply impacts	<ul style="list-style-type: none"> Support workforce displaced by disruption to forestry and processing/manufacturing in FER (e.g. destruction of Tarmac timber mill) 	<ul style="list-style-type: none"> Industry forms an important part of the FER workforce; particularly in Richmond Valley which is significantly affected by the bushfires 	<ul style="list-style-type: none"> Forestry, manufacturing
8 Invest in regional infrastructure	<ul style="list-style-type: none"> Invest in regional infrastructure to support key industries, promote industry diversification and better leverage endowments (e.g. road, air and telecoms connectivity improvements, waste processing, agriculture industry assets) 	<ul style="list-style-type: none"> Infrastructure will promote positive economic activity, improve productivity and improve connectivity within market and to other markets for key industries such as tourism, agriculture and forestry 	<ul style="list-style-type: none"> All
9 Support projects to build community sustainability and resilience	<ul style="list-style-type: none"> Identify projects that will provide broad benefits to community sustainability and resilience across the region (e.g events, cultural tourism, waste management etc.) 	<ul style="list-style-type: none"> Develop assets of importance to community sustainability 	<ul style="list-style-type: none"> All



Deep dive: Northern Rivers medium-term focus areas



Focus areas	Description	Rationale	Relevant industry
1 Implement coordinated tourism 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 Integrate plan with existing work on Northern Rivers NSW Brand, identifying ways to recover from bushfire impact as a cohesive regional place brand 	<ul style="list-style-type: none"> Accelerate return of tourism industry where possible 	<ul style="list-style-type: none"> Tourism
2 Diversify tourism offering	<ul style="list-style-type: none"> Develop and diversify tourism offering (e.g. cultural heritage tourism; Aboriginal culture and heritage offerings and agritourism) Build tourism capabilities (e.g. accommodation and trail infrastructure) to help areas leverage existing natural endowments and increase tourism visitation 	<ul style="list-style-type: none"> Improves overall attractiveness of region as tourism destination; shifts demand away from FER hotspots 	<ul style="list-style-type: none"> Tourism
3 Diversify agricultural and horticultural production and processing	<ul style="list-style-type: none"> Promote production of high value products suited to regional climate where appropriate Support implementation of ag-tech, innovation and value adding opportunities 	<ul style="list-style-type: none"> Grow total agriculture and horticulture income through high value operations, reduce dependency on single crop/type of livestock 	<ul style="list-style-type: none"> Agriculture, horticulture, manufacturing
4 Support forestry related industries	<ul style="list-style-type: none"> Support ongoing supply from state forests, plantations and private forests to support forestry industry, including processing and manufacturing 	<ul style="list-style-type: none"> Further diversify regional economy and increase total GVA 	<ul style="list-style-type: none"> Forestry, manufacturing
5 Support large and emerging industries with appropriate initiatives and infrastructure	<ul style="list-style-type: none"> Support large and emerging industries through initiatives such as promotion, regional branding, and infrastructure development (e.g. local agribusiness manufacturing, food processing and manufacturing hubs, improved freight and logistics, other) 	<ul style="list-style-type: none"> Promoting emerging industry will increase regional GVA, improve connectivity, diversify industry risk and promote additional employment 	<ul style="list-style-type: none"> All

Deep dive: Northern Rivers long-term focus areas



Focus areas	Description	Rationale	Relevant industry
1 Continue to support development of tourism industry	<ul style="list-style-type: none"> Provide assistance such as professional, entrepreneurial and business skills training Ensure cohesive regional tourism message that promotes diversified tourism opportunity Specific opportunities to be reviewed as they become evident 	<ul style="list-style-type: none"> Promoting emerging tourism industry and integration with existing operators can increase regional GVA and capture maximum tourism activity within region Spreads visitation away from resource-constrained areas into broader FER 	<ul style="list-style-type: none"> Tourism
2 Continue to diversify agricultural and horticulture production and processing	<ul style="list-style-type: none"> Continue promoting production of high value products suited to regional climate Ensure cohesive regional agricultural message 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"> Agriculture, horticulture
3 Continue to support forestry industry development	<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
4 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 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

