

REDS Impact Review

Shoalhaven REDS fire impact addendum
May 2020



Regional
NSW



Executive summary

This document serves as an addendum to the Regional Economic Development Strategy (REDS) for Shoalhaven in response to the 2019-2020 bushfire crisis. 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. Where strategic priorities identified in the original REDS are minimally affected by bushfire, they remain important focus areas for the region.

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. It is anticipated that these priorities will evolve as further information on fire impact becomes available.

The original REDS for Shoalhaven highlighted defence, healthcare, manufacturing, dairy and tourism as core to the regional economy. The defence, healthcare and manufacturing industries are large employers, contributing large amounts of Gross Value Add (GVA) to the regional economy and typically support high paying jobs. The direct bushfire impact on these industries is minimal, however they were indirectly affected by access issues and are potentially vulnerable to future bushfires. Tourism, in contrast, has seen significant direct impact with natural amenity based assets destroyed and indirect impact due to reduced tourism visitation and ongoing perception issues. Although tourism is not the largest GVA contributor, it employs a large number of people, particularly within the vulnerable and fire affected southern region of the Functional Economic Region (FER).

Example short, medium and long-term priorities identified in this document include, but are not limited to, infrastructure investment, professional education and training, and support for affected industry workers to transition. These initiatives will firstly help the affected industries recover, but also in some instances have secondary benefits for high value industries such as defence, healthcare and manufacturing, supporting further regional diversification.

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, defence 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 Shoalhaven has indirectly impacted large industries like defence, but significantly affected tourism
- 2 90% of area within 39 national parks burnt
- 3 Tourism evacuation period significantly impacted overall tourism industry revenue
- 4 Ongoing perception issues affecting tourism industry recovery
- 5 Vulnerable southern portion of FER more impacted when compared to more economically diverse area near Nowra with large industries like defence and manufacturing
- 6 Defence and manufacturing temporarily indirectly impacted by access issues



Key takeaways

- 1 Ability to deliver REDS strategic priorities not materially affected
- 2 Immediate support required to sustain tourism industry through value added product development
- 3 Consider infrastructure projects where appropriate to increase tourism resilience and also benefit large engine industries (e.g. defence and manufacturing)
- 4 Opportunity to diversify tourism revenue

Recap: Shoalhaven REDS



Regional endowments

- 1 Coastal, Rural and Natural endowments
- 2 Location, Accessibility and Lifestyle benefits
- 3 Towns and Villages
- 4 Royal Australian Navy Bases
- 5 Healthcare infrastructure
- 6 Educational infrastructure
- 7 Aboriginal and historic heritage
- 8 Local institutions
- 9 Labour resources



Regional Specialisations

- Defence industries
- Healthcare and Social Assistance
- Dairy Cattle Farming
- Tourism
 - Retail trade
 - Accommodation and Food Services
- Niche industry specialisations
 - Grain mill and cereal products
 - Bakery product
 - Transport equipment
 - Wood product
 - Niche manufacturing (e.g. food and nutraceuticals)
 - Advanced manufacturing
 - Chemicals

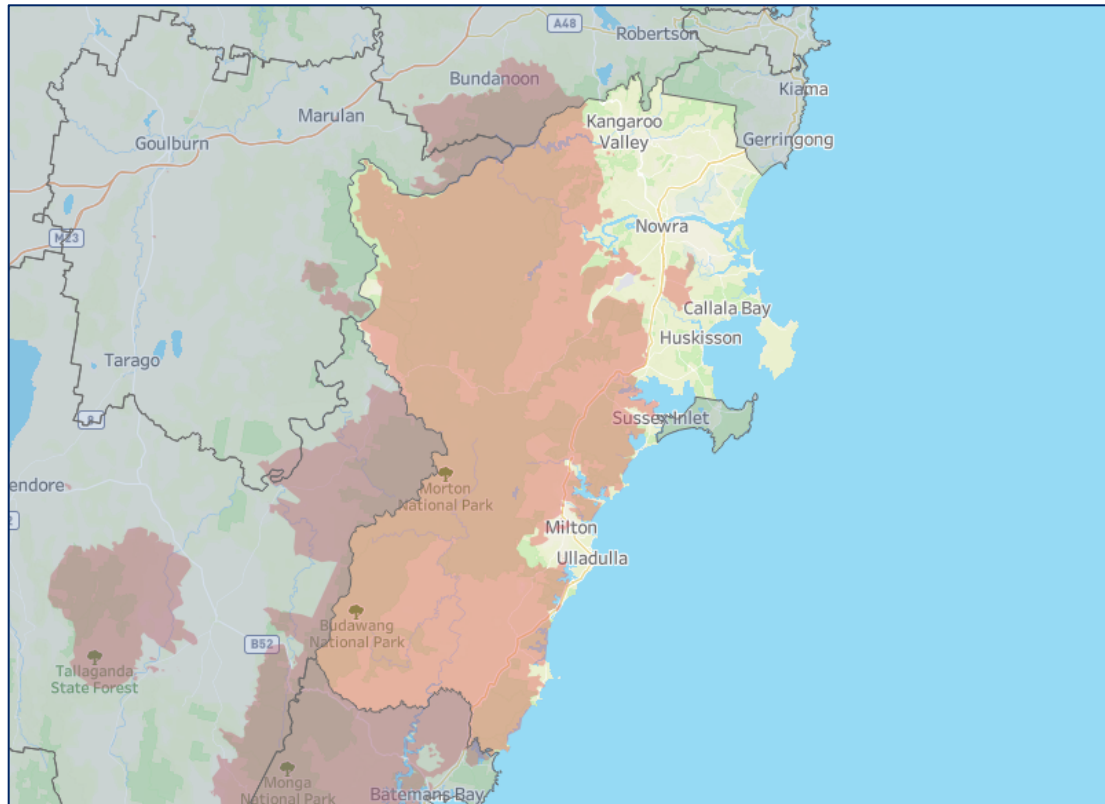


Strategic Priorities

- Build on Region's strength in health and social assistance
- Facilitate industrial developments for the defence and manufacturing sectors
- Drive tourism growth in region
- Invest in rail, road and electronic infrastructure to address recognised connectivity issues

3,296 km² of the FER is physically impacted by fire, approximately 70% of the entire FER

Fire impacted area within Shoalhaven

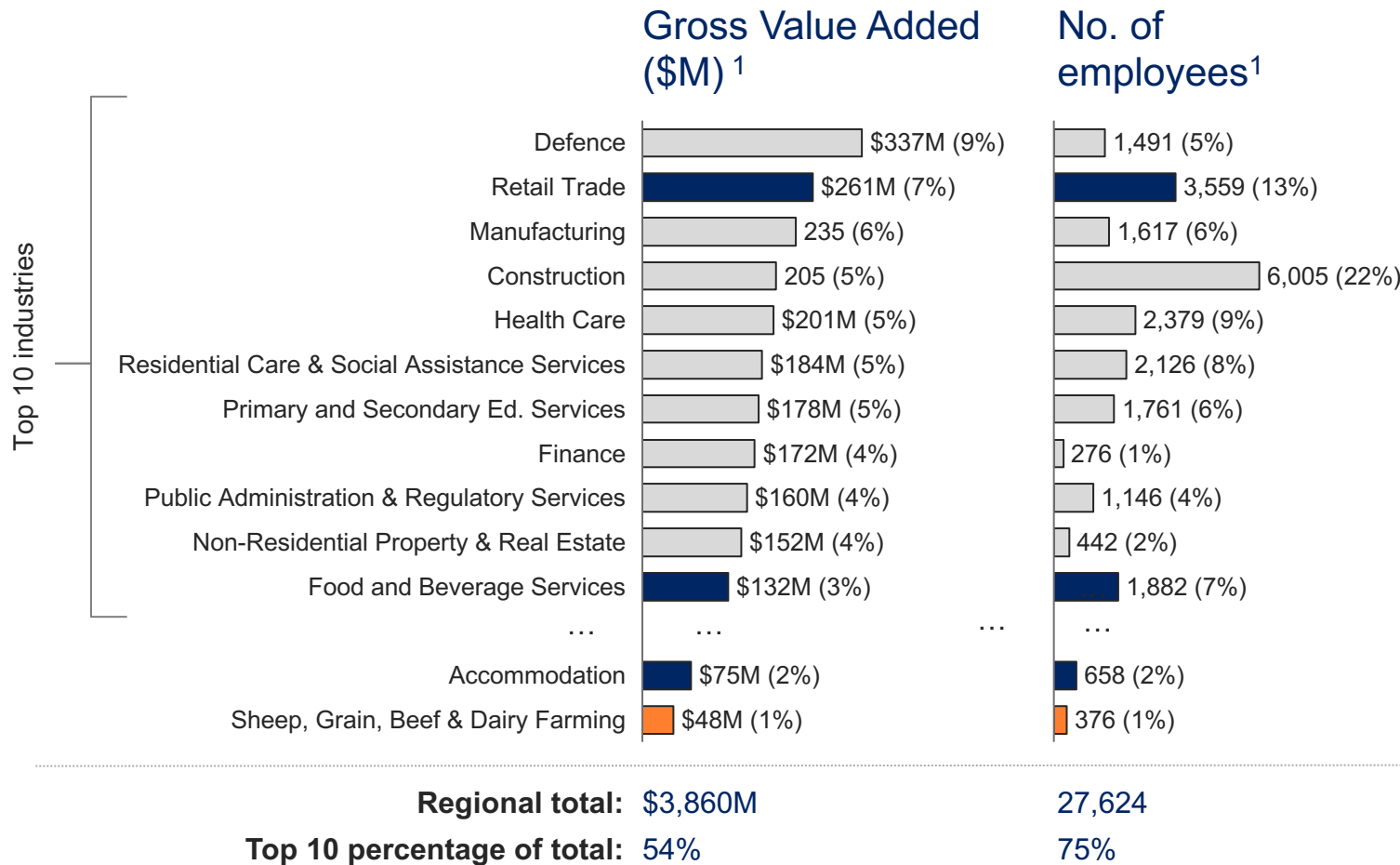


Fire affected area LGAs within FER: Shoalhaven

Key physical impacts

- **Area burnt**¹: 3,296 km² burnt by bushfires (72% of total FER area—4566 km²)
- **Property damage**²: 1,381 properties damaged or destroyed
- **Dairy**³: ~60 heads of dairy cattle reported lost, 0.2% of total dairy herd
- **Forestry**⁴: 504km² forestry land burnt—97% of total (520km²)
- **Tourism**⁵: 89% of the 39 national parks are destroyed

Overall Shoalhaven economy has limited exposure to impacted industries, but southern portion of FER significantly affected through tourism



Impacted focus industries

- 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 **\$265M** in GVA and **~8%** of FTE employment
- Dairy:** "Sheep, Grain, Beef and Dairy Cattle" accounts for \$48M in GVA—of this, around ~\$45M comes from just Dairy Cattle

Note: other industries such as manufacturing and construction temporarily affected by access issues and temporary road closures.

Highly impacted focus industries leverage endowments, all of which appear impacted to varying degrees

Focus industries	Dependent endowments	Impacted
<p>1  Tourism</p>	<ul style="list-style-type: none"> 1 Coastal, Rural and Natural endowments 2 Location, Accessibility and Lifestyle Benefits 4 Towns and Villages 5 Aboriginal and historic heritage 	<ul style="list-style-type: none"> • Yes—Widespread damage through LGA (e.g., at Kangaroo Valley) • Yes—Access and benefits significantly impacted due to bushfires • Yes—Some towns directly burnt • Yes—Impact to individual contributors likely
<p>2  Dairy</p>	<ul style="list-style-type: none"> 1 Towns and villages 3 Local institutions 8 Labour resources 	<ul style="list-style-type: none"> • Yes—Access to local economy-supporting infrastructure impacted • Yes—Supply chain impact during bushfires • Yes—Labour resources directly and indirectly impacted (e.g., access issues, physical damage to property)

Shoalhaven focus areas require restructuring to respond to fire impact



Strategic priorities

▫Build on the region's strengths in **health and social assistance**



Degree of impact

Low



Restructured priority focus areas

▫Negligible impact to strategic priority

- Opportunity to ensure health and social assistance continue to be a focus for aging population

▫Facilitate **industrial developments** for the **defence and manufacturing** industries



Low

▫Negligible impact to strategic priority, despite some minor fire affect on industrial land on southern edges of Nowra

- Continue to focus on 'developing defence and manufacturing industries, ensuring they are not vulnerable to future fires as they typically attract high paying jobs, contribute material GVA and will support increased diversification'

▫Drive **tourism growth** in region



High

▫Impact to priority is high, but short lived given likely recovery timeframe

- Going forward, opportunity to focus on support for small to medium business through immediate crisis
- Look to diversify tourism industry away from just natural place-based amenity, into other adjacencies such as integrated food provenance experiences, and higher value options such as marine tourism and boutique hotels

▫Invest in **rail, road and connectivity** infrastructure to address recognised connectivity issues






Low

▫Impact to ability to deliver on strategic priority is negligible

- Fire impact has highlighted the need to continue to focus on this priority

Shoalhaven potential priorities and initiatives

	6–18mths Short term	18mths–5yrs Medium term	5yrs+ Long term
 Tourism	<ol style="list-style-type: none"> 1 Develop enabling infrastructure to better utilise natural amenity assets 2 Deploy business education initiatives 3 Develop coordinated marketing plan 	<ol style="list-style-type: none"> 1 Develop and diversify tourism offering e.g., boutique hotels, food experiences 2 Implement coordinated marketing plan 3 Develop higher-end marine based tourism 4 Deploy business education initiatives 	<ol style="list-style-type: none"> 1 Continue to support tourism industry development
 Other	<ol style="list-style-type: none"> 4 Redevelop damaged connectivity infrastructure 5 Coordinate recovery response to enable rapid rebuild 	<ol style="list-style-type: none"> 5 Invest in regional infrastructure to improve connectivity and accessibility 6 Support large and emerging industries with appropriate initiatives and infrastructure 	<ol style="list-style-type: none"> 2 Continue to encourage large and emerging industries
 Industry transition	<ol style="list-style-type: none"> 6 Deploy education and training initiatives to support affected workers transition 	<ol style="list-style-type: none"> 7 Ongoing support to affected tourism workers 	<ol style="list-style-type: none"> 3 Continue supporting workforce transition as new industries emerge

Deep dive: Shoalhaven short-term focus areas

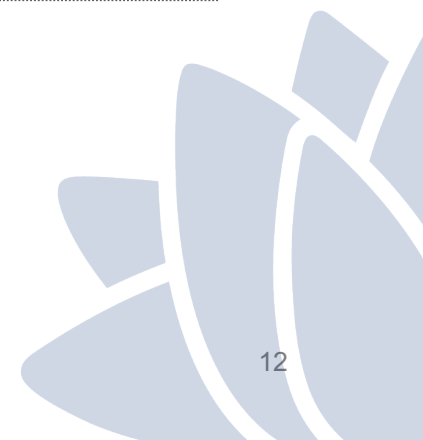


Focus areas	Description	Rationale	Relevant industry
1 Redevelop enabling infrastructure to better utilise natural amenity assets	<ul style="list-style-type: none"> Invest in natural amenity based tourism assets such as walking trails, bike paths, eco tourism accommodation, etc. to increase ability to 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 Will also benefit other industries such as defence and manufacturing 	<ul style="list-style-type: none"> Defence, manufacturing, tourism
2 Deploy business education initiatives	<ul style="list-style-type: none"> Professionalise tourism industry through access to business planning and management skills training Encourage tourism 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"> Tourism
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 Redevelop connectivity infrastructure	<ul style="list-style-type: none"> Repair telecommunications and energy infrastructure, building back better and more resilient 	<ul style="list-style-type: none"> Improved communication and energy networks increase resilience of small towns, enable alternative employment models (e.g., work from home, digital businesses) and support defence and manufacturing industries 	<ul style="list-style-type: none"> Telecoms, energy, defence, manufacturing, other
5 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 	<ul style="list-style-type: none"> Reduce barriers to reconstruction and recovery to enable rapid rebuild in communities, and mitigate de-population risk 	<ul style="list-style-type: none"> Construction, other
6 Deploy education and training initiatives	<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) 	<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: Shoalhaven medium-term focus areas I/II



Focus areas	Description	Rationale	Relevant industry
1 Develop and diversify tourism offering	<ul style="list-style-type: none"> Incentivise development of assets and initiatives to diversify tourism offering. <i>e.g., boutique hotels, local food provenance experiences, walking trails, MTB trails, events, other</i> 	<ul style="list-style-type: none"> Reduce dependence on natural amenity assets to insulate tourism income 	<ul style="list-style-type: none"> Tourism
2 Deploy coordinated marketing plan	<ul style="list-style-type: none"> Develop coordinated message that identifies where is open (e.g., parks), capable of serving and in need of support 	<ul style="list-style-type: none"> Accelerate return of tourism industry where possible 	<ul style="list-style-type: none"> Tourism
3 Develop higher end marine based tourism	<ul style="list-style-type: none"> Develop higher quality marine based offerings in region. <i>e.g., Shoalhaven riverfront, Jervis Bay marina/port and Ulladulla harbor developments, cruise industries, whale watching etc</i> 	<ul style="list-style-type: none"> Improve tourism offerings, and attract different tourism market 	<ul style="list-style-type: none"> Tourism
4 Deploy business education initiatives	<ul style="list-style-type: none"> Professionalise tourism industry through access to business planning and management skills training Encourage tourism 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"> Tourism



Deep dive: Shoalhaven medium-term focus areas II/II



Focus areas	Description	Rationale	Relevant industry
<p>5 Invest in regional infrastructure</p>	<ul style="list-style-type: none"> Examples include road and rail upgrades to improve egress capacity and shipping capacity, support manufacturing and defence industries, and improve community facilities 	<ul style="list-style-type: none"> Improve regional productivity, benefit from construction spend, and provide confidence to local community 	<ul style="list-style-type: none"> All (incl defence and manufacturing)
<p>6 Support large and emerging industries</p>	<ul style="list-style-type: none"> Support emergent industries through initiatives such as promotion, regional branding, co-investment, and infrastructure development <i>e.g. aquaculture and defence industries</i> 	<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
<p>7 Ongoing support to affected tourism workforce</p>	<ul style="list-style-type: none"> Provide in region information on available training and deploy training to transition affected tourism workers. <i>e.g., recovery and construction skills</i> 	<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, other



Deep dive: Shoalhaven long-term focus areas



Focus areas	Description	Rationale	Relevant industry
<p>1 Continue to support tourism industry development</p>	<ul style="list-style-type: none"> Support development of initiatives and assets that improve resilience, diversify industry and increase education and skill level Specific opportunities to be reviewed as they become evident 	<ul style="list-style-type: none"> Initiatives will lift GVA of industry and overall workforce employment 	<ul style="list-style-type: none"> Tourism
<p>2 Continue to encourage large and emerging industry</p>	<ul style="list-style-type: none"> Guide new business initiatives and provide assistance where required such as business skills advice, targeted investments as appropriate Consider initiatives that support large engine industries that support large numbers of jobs, diversify the economy and increase resilience Specific opportunities to be reviewed as they become evident 	<ul style="list-style-type: none"> Promoting large and emerging industry will increase regional GVA, diversify industry risk and promote additional employment 	<ul style="list-style-type: none"> All
<p>3 Continue supporting workforce transition as new industries emerge</p>	<ul style="list-style-type: none"> Provide in region information on available training and deploy training to facilitate upskilling and transition of 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

