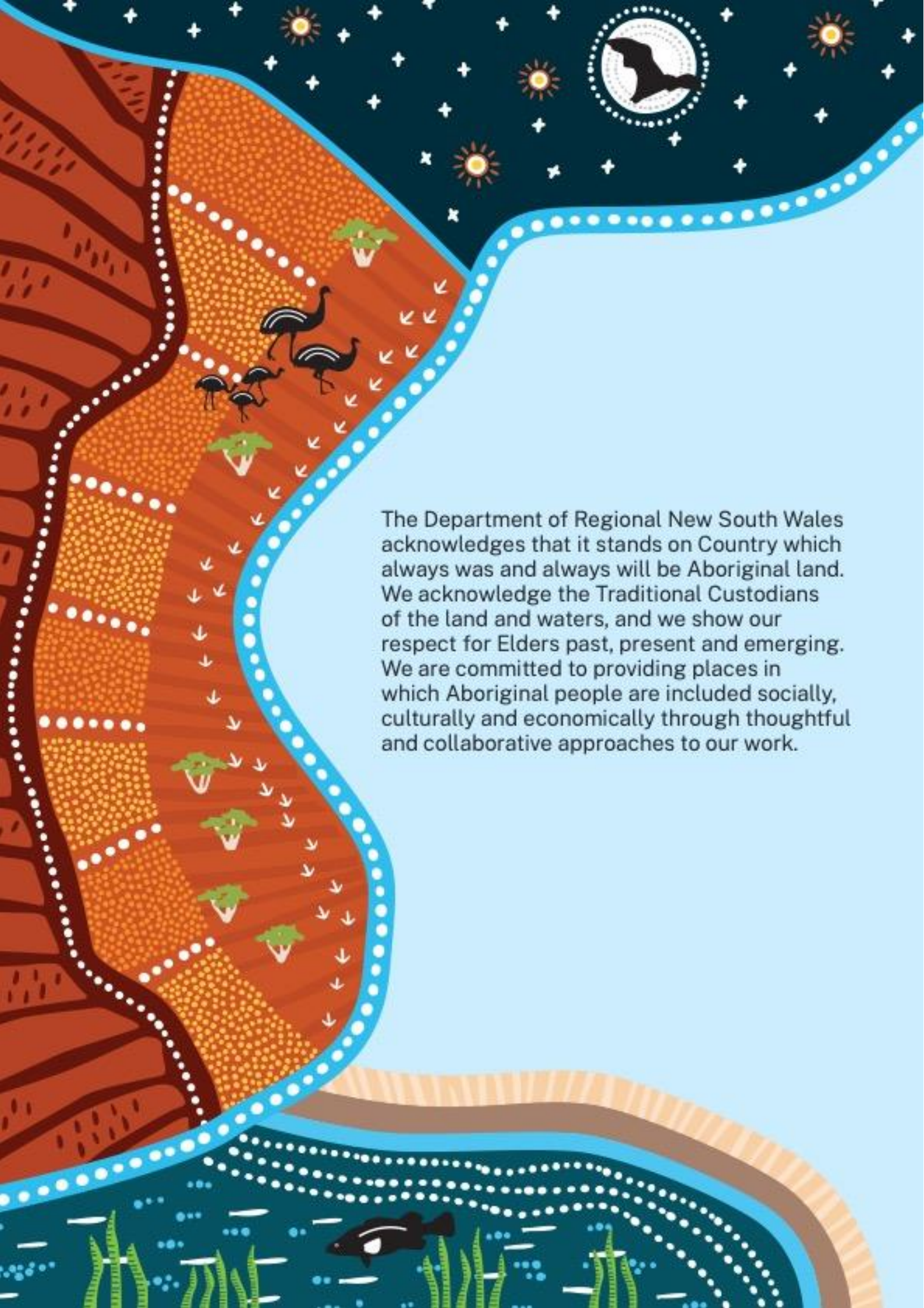


Kiama Regional Economic Development Strategy - 2023 Update





The Department of Regional New South Wales acknowledges that it stands on Country which always was and always will be Aboriginal land. We acknowledge the Traditional Custodians of the land and waters, and we show our respect for Elders past, present and emerging. We are committed to providing places in which Aboriginal people are included socially, culturally and economically through thoughtful and collaborative approaches to our work.

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On Country – Artwork by Mumbulla Creative

"On Country" captures the many different countries located within the Department of Regional NSW footprint. Only part of the image is shown on the Acknowledgement of Country page. The regions included in this partial image are detailed below.

The Far West region of NSW is represented by red earth plains, mallee scrubs and an abundant emu population. Freshwater countries are referenced by the expansive network of rivers stretching through the regions. The Riverina Murray region is represented by the roots of a river redgum on the banks of a river, and a large Murray Cod can be seen in the river. The night sky features as it plays an important navigational and story-telling role in traditional life.

Unless otherwise acknowledged, photographs have been provided by Kiama Municipal Council. Cover image: Sunrise over the ocean in Kiama LGA. Photo credit: Kiama Municipal Council.

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1. Executive Summary

Changes in the Kiama region since 2018

In 2018, the NSW Government developed Regional Economic Development Strategies (REDS) for 38 Functional Economic Regions (FERs) across regional NSW. Since publication, regional NSW has endured shocks including bushfires, floods, COVID-19 and the mouse plague, and significant new economic opportunities have emerged. The 2023 REDS Update provides an updated evidence base to guide governments in making policy and investment decisions to enhance resilience and drive sustainable, long-term economic growth in regional NSW.

The Kiama region has seen significant investment delivered since 2018, with additional projects in the planning or delivery stages



Significant investment in the **Kiama Harbour Revitalisation Action Plan**.



Upgrades to enhance **Hindmarsh Park**.



Road upgrades including investment in **Jamberoo Mountain roadworks**.



Upgrades to the **Jamberoo Sporting Precinct**.

The region has seen significant population growth since 2018, which brings both opportunities and challenges to the economy



+ **2.3 %** population growth since 2018.



Housing vacancy rates fluctuate around **1%**, with median house prices having risen by **56%** since 2018.



The proportion of the population over 55 years has increased **1.1%** since 2018.



The **unemployment rate** was **1.8%** as at June 2022, significantly lower than the 3.3% NSW benchmark, accompanied by a record high job vacancies of 3,088 in August 2022.

The region's key industries (including tourism, arts and recreation services, construction and agriculture) have remained resilient and continue to drive growth



Tourism

+ **2.9%** Year-on-Year (YoY) growth from 2011-2020

\$ 223 million visitor spend in 2021

1,679 jobs supported in 2021



Arts and recreation services

+ **3.7%** YoY growth from 2011-2020

\$ 9 million Gross Value Added (GVA) in 2020

159 jobs supported in 2021



Construction

+ **7.3%** YoY growth from 2011-2020

\$ 57.4 million GVA in 2020

1,233 jobs supported in 2021



Agriculture, forestry and fishing

+ **6.0%** YoY growth from 2011-2020

\$ 13.4 million GVA in 2020

195 jobs supported in 2021

Key themes from local consultation

Stakeholders from the Kiama region have highlighted sustainable growth of their population, as well as growing the visitor economy and improving land accessibility, as key priorities for the region.

Housing availability and affordability



Stakeholders expressed concerns over current shortages and reduced affordability of housing in the region, which is inhibiting the attraction and retention of workers.

Land release and economic development



A lack of suitable and available land for release for residential, commercial or industrial purposes resulting from the region's natural topography was highlighted as a key constraint on economic development opportunities.

Increased visitor economy and economic resilience



A refresh of the town centre and expanded visitor economy opportunities were cited as key priorities for expanding growth of this sector and maximising the value it provides to the economy.

Kiama REDS - 2023 Update strategies and enablers

Strategies	Enablers
<p>Drive tourism growth beyond its current seasonal peak and develop opportunities that will grow overnight visitor expenditure.</p>	<ul style="list-style-type: none"> • Undertake a visitor accommodation demand study and ensure that local strategic planning supports private sector investment in visitor accommodation. • Identify opportunities to grow attractions and agritourism experiences across the region.
<p>Enhance the liveability of Kiama and capitalise on the region's unique opportunities to drive economic development.</p>	<ul style="list-style-type: none"> • Plan for the revitalisation of Kiama Town Centre, including exploring opportunities for a heritage precinct, to identify opportunities to improve amenity through civic space and community assets. • Identify opportunities to enhance the efficiency and accessibility of public transport connections within the region.
<p>Support growth in key industries and encourage twenty-first century industry and business models through well planned urban and rural land development.</p>	<ul style="list-style-type: none"> • Investigate barriers and opportunities in relation to expanding the availability of industrial and commercial land to support business growth in engine and emerging industries. • Identify and support investment in the infrastructure, services and utilities needs of new and existing residential areas, including by implementing utility plans in high-growth areas such as Jamberoo. • Review planning controls through the development of a Local Housing Strategy, focussing on opportunities to enable diversification of the region's housing offering, and ensuring sufficient flexibility to meet housing demand across relevant potential growth trajectories. • Explore opportunities for the development of a start-up hub to assist with the provision of suitable commercial premises and support networks which enable the growth of finance and technology enterprises.

2. About the 2023 REDS Update

In 2018, the NSW Government and local councils developed a series of REDS for 38 Functional Economic Regions (FERs) across regional NSW. FERs are made up of one or more Local Government Areas (LGAs) that work together to create smaller economies with strong economic links.

Supporting the *20-Year Economic Vision for Regional NSW*, the REDS set out a place-based vision and framework for economic development for each FER. The REDS identify each FER's endowments, industry specialisations and key vulnerabilities and opportunities, and outline economic development strategies and actions to leverage these strengths.

Since 2018, regional NSW has endured many challenges including drought, bushfires, floods, COVID-19 and the mouse plague. At the same time a range of broader state-wide trends and actions continue to change the economic landscape across regional NSW, including digital transformation, increased remote working and the shift towards net zero. These challenges and trends have altered the landscape of economic development in many regions and created new opportunities for growth.

The 2023 REDS Update provides an updated evidence base to guide governments in making policy and investment decisions to enhance resilience and drive sustainable, long-term economic growth in regional NSW. The objectives of the update are to:

1. **Highlight progress:** reflect on significant initiatives and investments that have supported progress against the key strategies and actions in the 2018 REDS.
2. **Capture major changes:** identify and assess the impacts of major changes to regional economies since 2018, including the effect of recent 'shocks' such as bushfires, droughts, floods, mouse plagues and the COVID-19 pandemic.
3. **Identify strategic opportunities:** identify key strategic opportunities and vulnerabilities for engine and emerging industries, as well as any changes to local endowments.
4. **Set the foundation for the future:** review, affirm and/or adjust the 2018 strategies, including consideration of new strategies to meet emerging priorities, to ensure they remain relevant.
5. **Identify key enablers to guide future action:** develop a non-exhaustive list of priority enabling actions that will support the 2023 REDS Update strategies.



Figure 1: Welcome to Kiama.



Figure 2: Cattle at Jamberoo.

3. About the Kiama region

The Kiama FER is located on the south coast of the NSW in the Illawarra region. As shown in Figure 3, the region encompasses the Kiama Municipal Council LGA. Kiama is the main administrative and population centre in the region, with other significant towns being Gerringong, Gerroa, Jamberoo, Kiama Downs and Minnamurra.

Total area covered (km ²)	258
Population (2021)	22,961
Size of the economy (2020)	\$796 million
Total employment (2021)	10,131

Source: ABS Estimated Resident Population (2021), REMPLAN (2020), ABS Census (2021)






Figure 3: The Kiama Functional Economic Region

4. The 2018 Kiama REDS





In the 2018 Kiama REDS, the region was actively pursuing growth in its key industry specialisations, particularly tourism and agriculture. Endowments recognised in the document spanned natural, social and infrastructure assets, many of which were central to the strategy's approach to enabling economic development for the region. These endowments and specialisations are below.

2018 Kiama Strategies

	Drive tourism growth beyond its current seasonal peak and develop opportunities that will grow overnight visitor expenditure.
	Enhance the liveability of Kiama and capitalise on the region's unique opportunities in digital connectivity.
	Support growth in key industries and encourage twenty-first century industry and business models through well planned urban and rural land development.



2018 Kiama specialisations

The primary industry specialisations below were identified as comparative advantages for the Kiama region in the 2018 REDS, based on employment concentrations in industry sectors.

	Agriculture, forestry and fishing
	Accommodation and food services
	Tourism
	Healthcare and social assistance

2018 Kiama endowments

Kiama is home to a wealth of physical, institutional, built and human endowments. These endowments play a key role in enabling success and growth across its 2018 industry specialisations of agriculture, accommodation and food services, construction, arts and recreation and healthcare and social assistance services.

Endowment	Relevant 2018 specialisation
Water, climate and soil	
Location, accessibility and lifestyle benefits	








Coastal, rural and natural environments	
Healthcare infrastructure	
Labour resources	
Heritage appeal	
Local institutions	
Telecommunications	
Proximity to Wollongong, Shoalhaven, and Sydney	



Figure 4: Kiama Council Chambers.

5. The big picture: Shocks and trends impacting the Kiama region since 2018



Figure 5: Aerial view of Gerringong with the ocean pool in the foreground.

Significant events impacting major industries since 2018

A sustained period of drought from 2017, followed by major flooding events in 2022 had severe environmental and economic implications for the region. The COVID-19 pandemic further challenged the region with local businesses, particularly those in the tourism sector, feeling the impacts of movement and operating restrictions. From 2018 to 2022 the region had 4 disaster declarations.^[1] Recovering from these events and developing both industry and community resilience has been a key priority since 2018.

Drought

As seen in Figure 6, drought had a significant impact on Kiama and surrounding regions. In the period January 2017 to December 2019, NSW temperatures were the warmest and rainfall was the lowest on record.^{[2],[3]}

The drought had a significant impact on the Illawarra's major catchment, the Avon Dam, with levels dropping to 43.1%.^[4] Kiama experienced Level 2 and 3 water restrictions as a result.^[5]

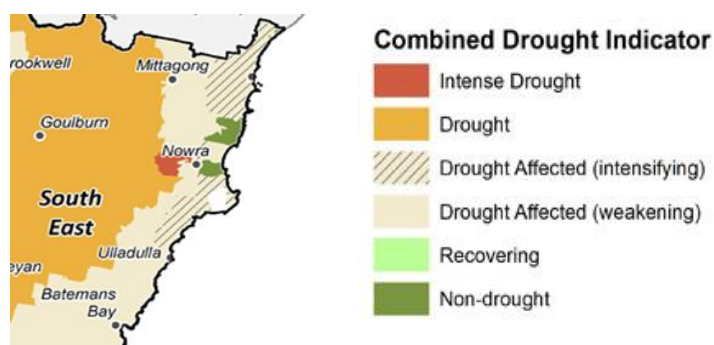


Figure 6: Combined Drought Indicator, 12 months to 31 December 2019 (Department of Primary Industries (DPI), 2022).

Floods

Similar to many parts of NSW, the Kiama region experienced the negative impacts of major flooding events in 2022. In early 2022, major storms leading to flash flooding at multiple locations across the region.^[6] The average cost of self-reported direct damage in the region as a result of early 2022 floods was approximately \$24,000.^[7]


Further major storms and flooding in the region in July 2022 caused several landslips and tree falls along Jamberoo Mountain Road, in particular between The Abbey and Misty's Lane.^[8] Jamberoo Mountain Road is a vital part of the Illawarra's road network, and its extended closure due to damage from flooding has impacted the mobility of residents and flow of tourists in the region.^[9]




COVID-19

COVID-19 had a strong impact on businesses, with 59% of businesses in the region reporting that COVID-19 has negatively affected their business.^[10] Additionally, Jobseeker recipients rose by 124% while health care card recipients rose by 49% from March to June 2020.^[11] Despite the negative impacts of COVID-19, stakeholder consultation revealed the region has benefited from COVID-19 related migration since the beginning of the pandemic, with remote working allowing greater flexibility to live locally and work in Sydney and surrounding areas.

Macroeconomic trends shaping the region's future

Since 2018, the economic landscape of the region has been significantly influenced by macroeconomic related to digitisation, climate and migration. With a growing number of remote workers, the impacts of successive natural disasters, and an increasing push towards decarbonisation, the region faces both opportunities and challenges in building resilience against and leveraging competitive advantage to maximise benefits from these trends.

Trend		Opportunities and risks
 Digital Transformation	<p>The recent COVID-19 pandemic has accelerated the digital economy in Australia, with increased uptake of remote working arrangements as well as online services such as education and telehealth.^[12] As industries diversify and innovate, digital technologies are becoming increasingly important to secure and attract businesses and create growth in innovative industries.</p> <p>Since 2018, Kiama has benefited from the Illawarra and South Coast participation in the Regional Digital Connectivity Fund, improving connectivity and delivering faster and more reliable digital services for regional households and businesses. However, further improvement to enhance connectivity and coverage will be required to fully take advantage of the digital economy.</p>	<p>Remote working and digital service provision enables access to a greater labour pool and expands small business capacity.</p> <p>Leveraging digital connectivity and increased prevalence of remote working arrangements may enable growth in professional and creative sectors in the region.</p>

Trend		Opportunities and risks
 <p>Changing Migration Patterns</p>	<p>The COVID-19 pandemic has bolstered remote workers who are taking advantage of the regional lifestyle offering while maintaining metro-based employment. This is evident in the population shift in 2020-21, with regional NSW gaining an additional 26,800 residents while Sydney declined by 5,200.^[13]</p> <p>Stakeholder feedback highlighted the region has been an epicentre of regionalisation since COVID-19 with rapid house price appreciation (40% increase in some areas). Local stakeholder feedback highlighted the competitive nature of COVID-19-related migration in filling local jobs as residents can live and work in higher paying jobs that are not based in region, this presents opportunities to grow knowledge-based sectors.</p>	<p>Accelerated population growth in the region.</p> <p>Potential to bring about rising housing unaffordability and lower housing availability.</p> <p>Creates greater demand for services, including health and education, which already face challenges with workforce shortages.</p>
 <p>Towards Net Zero</p>	<p>The shift towards achieving net zero presents potential growth opportunities for the Kiama region, with the Illawarra Renewable Energy Zone (REZ) currently in early stage planning.^[14] Given the proximity of Kiama to the Illawarra REZ, there are potential significant opportunities for Kiama to leverage economic growth out of major renewable energy investments.</p> <p>While a lack of available industrial land in the region may inhibit large-scale renewable energy production or manufacturing capacity, there is potential for creating value through upstream and downstream supply chain opportunities.</p>	<p>Major green infrastructure projects in surrounding regions may drain resources and skills from Kiama.</p> <p>Regulatory and land use changes will be needed to support industrial development and opening renewable energy sites, alongside community consultation to address concerns around the scope and location of development.</p>
 <p>Rising Uncertainty</p>	<p>The region has seen a succession of extreme climate events since 2018, including drought, bushfires and floods. Climate events have had a significant and ongoing impacts on local infrastructure and the viability of many industries, whether through direct or indirect impacts.</p> <p>As the frequency and intensity of these events is projected to increase in coming decades, there is a need to enhance climate resilience in the region. This focus needs to encompass a focus on building the resilience of not only built infrastructure, but also of key industry and the community.</p>	<p>Elevated risk of damage to infrastructure assets as a result of major climate events.</p> <p>Risks to supply chain reliability which impedes local industries particularly tourism and manufacturing.</p>

6. Responding to change: Initiatives and investments since 2018



Figure 8: Jamberoo palms.

Since 2018, Kiama Municipal Council, the NSW Government and other key organisations have delivered new and updated key strategic documents and plans that help guide economic and community development in the region. These documents support the development of local enabling actions that contribute towards progress against key REDS priorities and strategies.

Strategies and plans	Relevant 2018 Strategies
The Greater Cities Commission (GCC) will bring together the cities of the Lower Hunter and Greater Newcastle, Central Coast, Greater Sydney and Illawarra-Shoalhaven to create a globally competitive city region.	
The Illawarra Shoalhaven Regional Plan 2041 sets out 30 key objectives to enable the development of a productive, resilient, liveable and connected region. This is supported by the Local Strategic Planning Statement , which sets out strategic planning objectives for the LGA in line with the Regional Plan.	
The Illawarra Shoalhaven Regional Transport Plan provides a blueprint for how Transport for NSW will proactively respond to the transport needs of the region, as well as address the key trends that will necessitate a transport related response in the future.	
The Kiama Harbour Revitalisation Plan will determine potential infrastructure enhancements to improve outcomes for recreational and commercial vessel operators and place the community at the centre of the vision making process.	
The Kiama Council's Community Strategic Plan 2017-27 identifies the continued encouragement and support of tourism, along with development, economic growth and employment.	

Strategies and plans	Relevant 2018 Strategies
<p>South Coast Marine Tourism Strategy is intended to be a connecting document that provides guidance for local, regional, state and Commonwealth governments; helping them to fulfill the potential of the regional’s marine environment over 20 years. This includes local government councils of Wollongong, Shellharbour, Kiama, Shoalhaven, Eurobodalla and Bega Valley.</p>	
<p>The Destination Management Plan Sydney Surrounds South 2018-2022 sets out a range of actions and recommendations to facilitate the doubling of the region’s overnight visitor economy by 2022.</p>	
<p>The Greater Sydney Regional Water Strategy charts a direction for delivering sustainable and resilient water services to Greater Sydney, including the Illawarra.</p>	

Significant investments since 2018

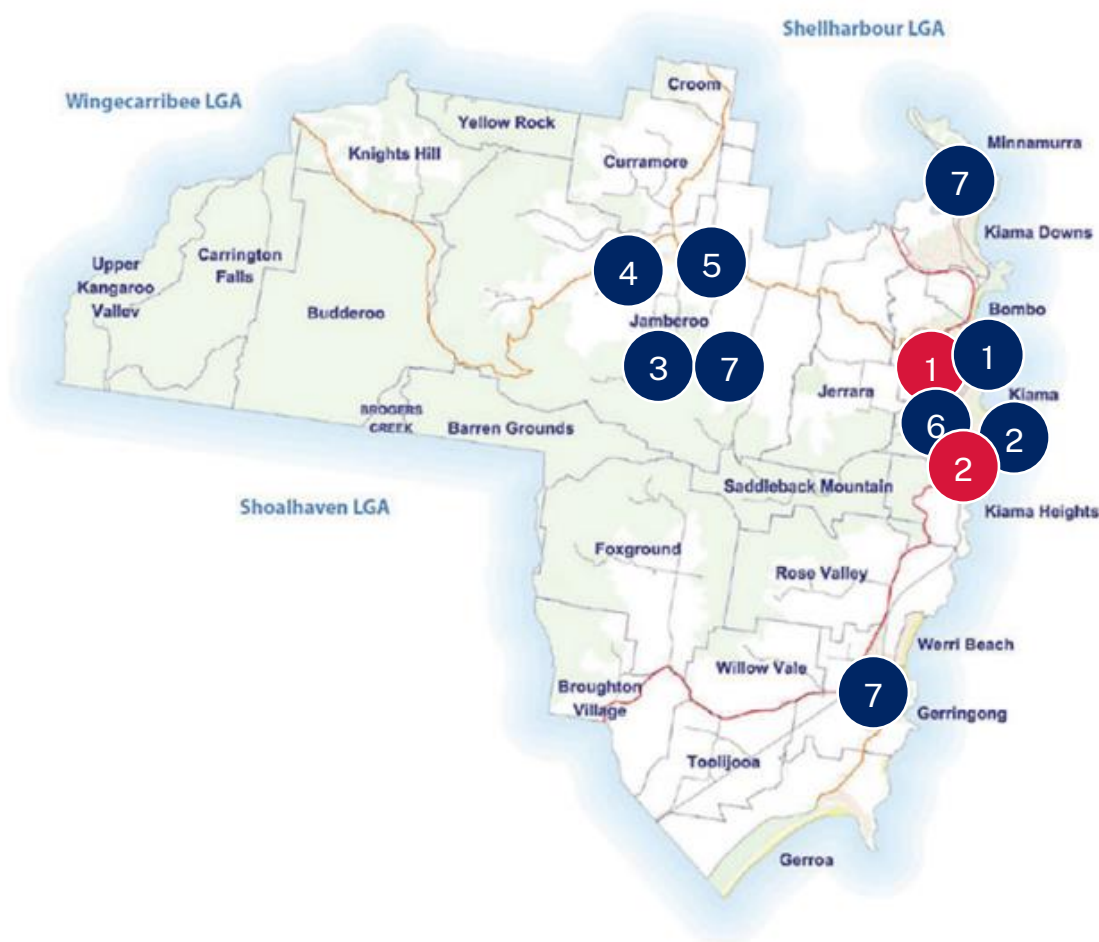


Figure 9: Significant investment in the Kiama region since 2018, as set out on page 17.

As shown above in Figure 9, since 2018 the region has received a range of local, state and federal funding as well as significant private investments. These investments are at varying stages of progress, with some delivered, some underway, and some investments still in the planning stage. Public investments have largely focused upon developing infrastructure which supports amenity for the local community, in particular recreation and community infrastructure, along with upgrades and repairs to key transport infrastructure. Grant funding has played a role in the delivery of many of these projects.

Major private investment since 2018

Investment	Estimated total project value	Relevant 2018 Strategies
1 Cedar Grove Stage 2	Not available	
2 South Kiama subdivision development	Not available	

Major public investment since 2018

Investment	Estimated total project value	Relevant 2018 Strategies
1 Kiama Harbour Revitalisation Action Plan – Seawall upgrades	\$2.1 million	
2 Hindmarsh Park upgrade	\$3 million	
3 Road repair program including Jamberoo Mountain Road	\$4.24 million	
4 Jamberoo Youth Hall upgrade	\$0.27 million	
5 Jamberoo Sporting Precinct upgrade project	\$1.86 million	
6 Barney Street Culvert replacement	\$0.7 million	
7 Cycleways in Jamberoo Valley, Gerringong and Minnamurra	\$3.3 million	

Regional grant programs

The region has received \$17.74 million in grant funding since 2018. Key programs in the region have included the Stronger Country Communities Fund, with \$5.79 million committed to a range of projects including the Jamberoo Sporting Precinct upgrade.

Grant category	Approved funding
Community	\$16.47 million
Economic	\$1.2 million
Disaster recovery	\$0.07 million

Note: Total grant funding outlined above only includes programs managed by the Department of Regional NSW, accurate as at January 2023.

7. Kiama region 2023 economic snapshot

The Kiama region experienced a slowing rate of population growth over the pandemic period

The Kiama region has seen a slight decline in the rate of population growth since 2016. There is also a need to focus on developing social infrastructure which can support attraction and retention of people in their prime working age. This need is compounded by changing work arrangements and internal migration to the broader Illawarra region.

Population growth

As shown in Figure 10, the region saw year-on-year population growth of 0.7% between 2018 and 2021, with overall growth in the period sitting at 2.3%. In this period, a peak yearly growth rate of 0.99% was experienced in 2019. This was followed by a low of 0.58% growth rate in 2021, a dip which can likely be attributed to the impacts of COVID-19.

There was a net increase of 508 residents between 2018 and 2021, with the population growing from 22,453 to 22,961.

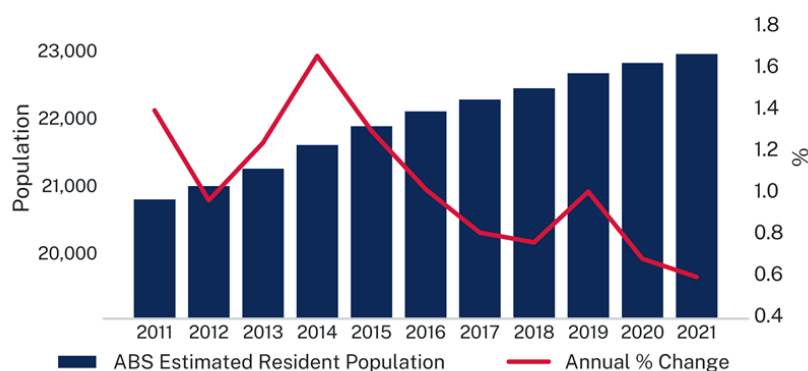


Figure 10: Kiama FER population growth, 2011-2021 (ABS ERP, July 2022).

Demographic profile

There are significant differences between the demographic profile of the Kiama region and NSW as a whole. The largest gap lies in the 25-29 and 30-34 age brackets, with the Kiama region having 2.8% less people proportionally in these brackets compared to NSW as a whole, as shown in Figure 11. The region also has a much larger proportion of the population in the over 55 category compared to NSW.

A key focus looking forward for the region will need to be on successful workforce attraction and retention initiatives for local industries, so to support an increased working age population to meet demand. There will also continue to be a need to ensure sufficient health infrastructure and human services to meet demand, given the relatively high proportion of the community in the older age groups.

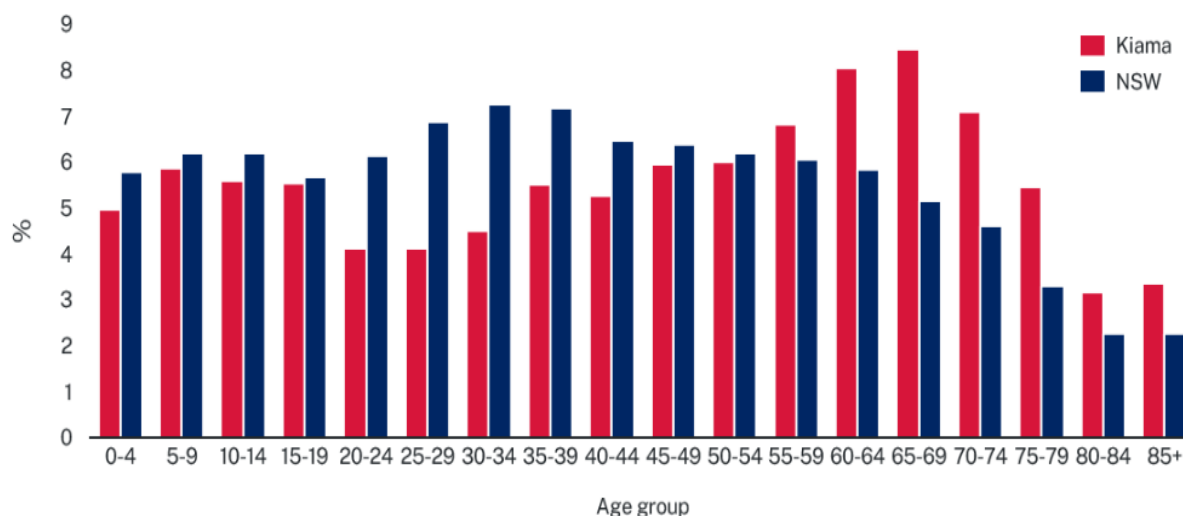


Figure 11: Kiama FER population by age, 2021 (ABS ERP, July 2022).

House prices have increased and housing availability has decreased significantly since 2018

The region has faced a steep decline in housing availability and affordability since 2018. This is concerning given ongoing population growth in the region, as well as increased demand brought about by an increase in holiday accommodation and vacant home-owned dwellings.

Housing availability

Illawarra’s residential vacancy rate has fallen progressively from a peak of 3.8% in March 2020 to 1.2% in August 2022. A relatively high level of absentee homeowners and properties owned for use as holiday rentals may have contributed to this trend. Meanwhile, outside of a significant peak in February 2021, residential building approvals in the region have stagnated with no evident increase to respond to the region’s increased housing demand (see Figure 12). This indicates that while demand for housing is increasing from ongoing population growth, housing supply is not keeping pace.

Housing affordability

Similar to other parts of regional NSW, the pandemic-related trends associated with people moving to the regions and reducing vacancy rates have led to significant growth in house prices. Between June 2018 and June 2022, median house prices in the region increased by 56%, from \$975,000 to \$1,525,000.^[15] Increased house prices may constrain the region in attracting a skilled workforce and meeting broader industry and business workforce needs, which may have implications for major project delivery and sustainable economic growth.



Figure 12: Kiama region FER vacancy rate and building approvals, 2018-2022 (REINSW, 2022).

Note: REINSW vacancy data collection is not aligned with the FER boundary map, resulting in an overlap with other FERs. These results are therefore intended to provide an indication of housing vacancies in the region.

Kiama has seen unemployment fall since late 2020 with job vacancies more than doubling over the same period

A constrained labour market has been a key issue for the Kiama region since 2018, with job vacancies more than doubling across this period despite major shocks to industry. The region identified a need to further develop skilled workforce attraction and retention initiatives in the 2018 REDS and an ongoing focus on these matters remains critical.

Employment

As at June 2022, Kiama had an unemployment rate of 1.8%, coming in well below the NSW benchmark at 3.3%. In 2020 after the commencement of the pandemic, the region's unemployment rate increased gradually to a peak of 3.4% in December 2020. Since then, the rate has steadily reduced.

Job vacancies in the broader Illawarra and South Coast region climbed to reach a record 3,088 in August 2022. Occupations with an acute need include carers and aides (259 vacancies), administrative workers (243), medical practitioners and nurses (224).

This represents a particular challenge for a region facing population growth and an ageing population, both of which bring about increased demand for health and care services.

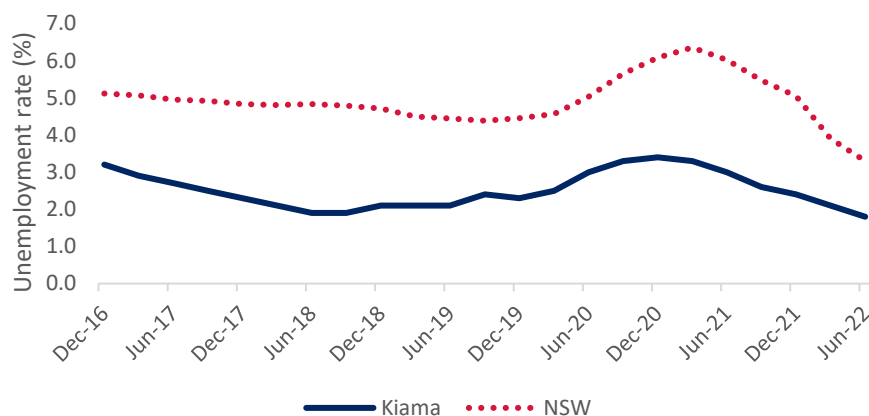


Figure 13: Kiama region unemployment rate (%), 2018-2022 (National Skills Commission, 2022; ABS Labour Force, 2022).



Figure 14: Job vacancies, Illawarra and South Coast (2018-2022) (Regional IVI, National Skills Commission, 2022).

Note: The regional IVI – National Skills Commission job vacancy data collection is not aligned with the FER boundary map, resulting in an overlap with other FERs. Job vacancy data only includes online job vacancies. These results are therefore intended to provide an indication of job vacancies in the region.

Aboriginal employment

In August 2021, the estimated Aboriginal unemployment rate was 7.7%, which was significantly lower than the NSW benchmark rate of 9.8%. The 2021 outcome was almost half that of 2016, showing positive progress has been made towards increasing Aboriginal employment in the Kiama region.

Aboriginal unemployment rate - Kiama	2011	7.4%
	2016	13.7%
	2021	7.7%
NSW Aboriginal unemployment rate	2021	9.8%
NSW unemployment rate	2021	4.9%

Source: ABS Census, 2021.

Kiama region 2023 engine and emerging industries

The Kiama region is a diverse, \$796 million economy, with tourism, construction, agriculture and arts and recreation services driving economic prosperity. Despite significant shocks since 2018, Kiama’s engine industries have remained a source of stability for the regional economy and have maintained consistent growth. The strength of key industries in the region is highlighted through location quotient (LQ) analysis¹ in Figure 15, where industry size correlates to bubble size.

Engine industries

Tourism (LQ of 3.18) is a strong driver of economic output for the Kiama region, with major attractions such as Kiama Harbour, Jamberoo Action Park and the Kiama Blowhole providing a strong competitive advantage. The industry contributed \$108 million to GVA in 2020, and it is estimated visitors spent \$223 million in the region in 2021.^[16]

Agriculture (LQ of 1.45) is another engine industry for the region, generating \$23 million in value-add to the local economy in 2020 and having grown by 6.0% YOY since 2011. This is driven largely by a strong sheep, grains and beef sector, which generates 82% of output for this sector.

The region has also demonstrated consistent growth in the **arts and recreation services** sector (LQ of 1.98), despite a state-wide decline in the industry across the same period, with the sector added \$12 million to the economy in 2020.

While considered to be an enabling industry rather than an engine of economic growth, construction (LQ of 1.77) also stands as a key source of economic output for the region. Residential building construction contributed \$108 million in GVA to the region in 2020.

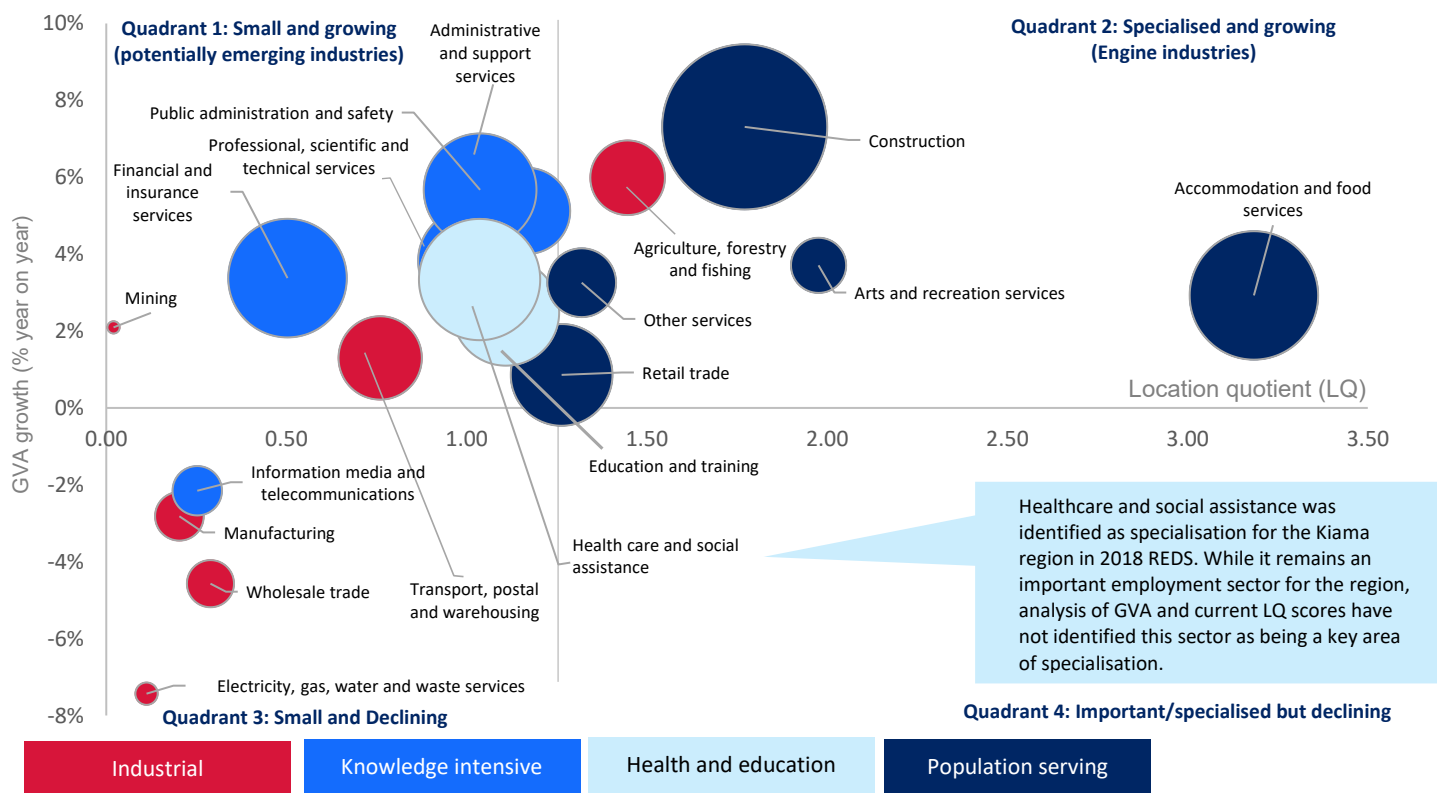


Figure 15: Location Quotient (LQ) Analysis by GVA, 2011-2020 (REMPLAN, 2020).

Note: While the 2018 REDS used employment data as the basis for LQ analysis, the 2023 Update has used Gross Value-Add (GVA) data. This allows for a clear demonstration of the changing economic impact of both engine and emerging industries across the regions.

*Combined GVA for Accommodation and food services, Foods and beverage services and retail trade is used as a proxy for the overall tourism industry.

¹ LQ analysis is used to measure industry specialisation by comparing the relative size of an industry in the region versus the whole of NSW.

Emerging industries

The region's emerging specialisations have remained consistent since the 2018 REDS (see Figure 16).

Public administration and safety demonstrated growth in annual GVA over the past decade, at 5.7% between 2011 and 2020. Public administration and regulatory services, have been the strongest sub-sector performers, contributing \$51 million to the regional economy in 2020.

Additionally, knowledge-based and population-serving sectors including **professional, scientific and technical** services portray strong growth and potential as emerging specialisations for the region. Professional, scientific and technical services have experienced a 3.8% growth rate between 2011 and 2020, and contributed \$45 million to the regional economy in 2020. Given the proximity of the region to major population centres in Sydney and Wollongong, combined with strong digital connectivity and amenity and lifestyle offerings, there is potential to grow this sector.

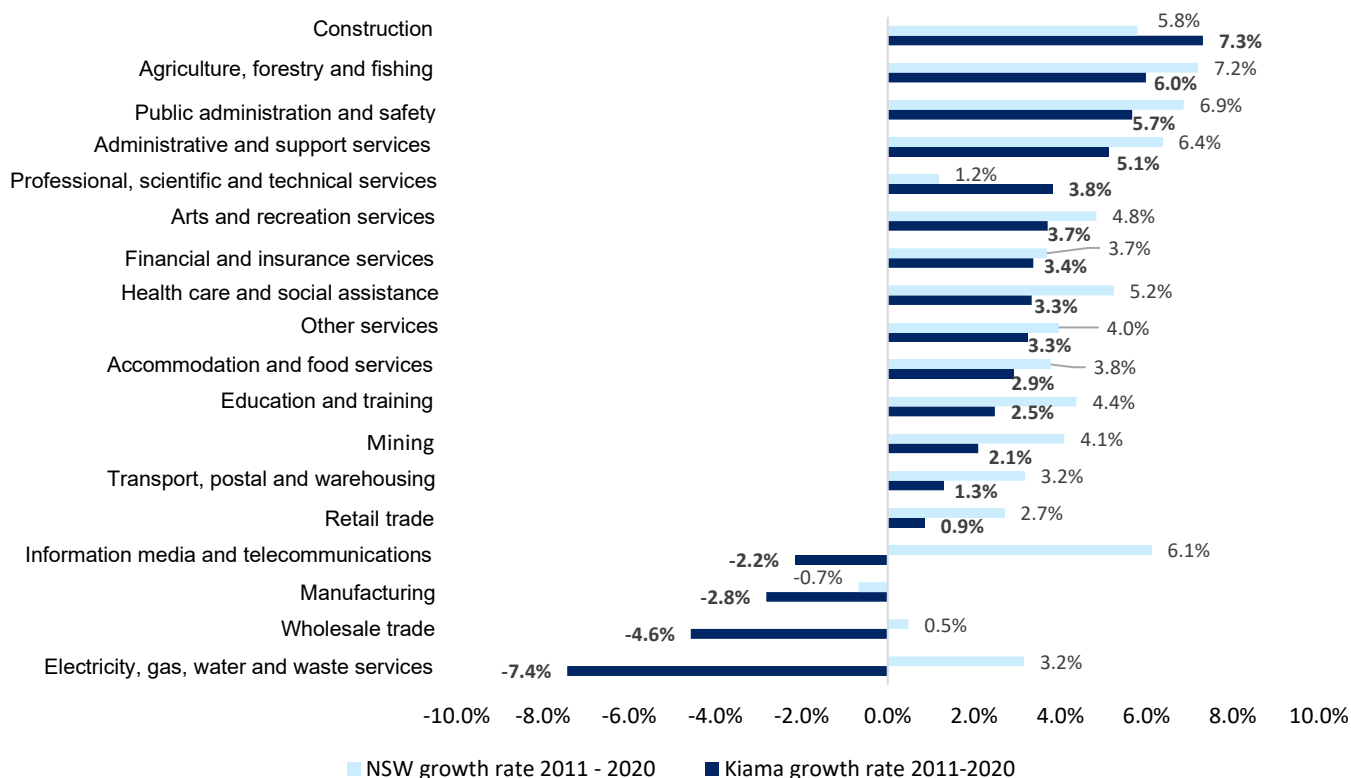


Figure 16: Change in Gross Value-Added by Industry (% YOY), 2011-2020 (REMPAN, 2020).

Kiama region 2023 endowments

Review of the 2018 endowments

The 2018 REDS identified a diverse range of endowments underpinning Kiama's economy and regional competitiveness (see page 10 and 11 for the complete list from the 2018 REDS). Despite recent shocks impacting many key endowments, consultation affirmed that most of them remain valid, with key endowments including:

- Kiama Harbour
- Minnamurra Rainforest
- Jamberoo Action Park
- Budderoo National Park
- Human capital – skill sets, community and talent
- Cultural Heritage
- Educational infrastructure – Kiama Community College & Proximity to University of Wollongong campuses

New endowments

While not yet reflected in the employment and industry specialisation (LQ) analysis, recent investments have assisted in creating new economic opportunities and future specialisations. While land availability in Kiama may constrain the ability for the region to directly support large scale renewable energy manufacturing or generation projects, there is significant potential to leverage its inclusion in the Illawarra REZ to maximise benefits to the region, including job creation, skills development, increased energy security, and flow-on industry development opportunities.

+ Illawarra Renewable Energy Zone

The Illawarra REZ will present opportunities for growth in renewable energy and complimentary sectors. This may aid the region in building its energy security to support broader economic growth.



Figure 17: View over the Pacific Ocean at Gerringong.

8. Looking ahead: Strategic opportunities for growth, resilience and liveability

Opportunities and vulnerabilities in engine and emerging industries

Tourism

The Kiama region has been able to leverage its significant natural endowments and highly specialised infrastructure to continue to grow its tourism sector and expand its visitor economy offering. The impacts of major projects and policies such as the Six Cities Vision and the Kiama Harbour Revitalisation Plan should be incorporated into project planning to ensure long-term benefits across the sector.

Visitor spend (2021, \$m) ^[16]	223
Employment (2021) ^a	1,679
LQ score (2020) ^b	3.18
LQ Accommodation (2020)	5.1
LQ Food and Beverage Services (2020)	2.6

*a Summation of ANZSIC 1 digit Retail Trade, Accommodation and Food Services, Arts and Recreation Services
b LQ score is for the accommodation and food services industry.*

Strengths

- The region has a long-held strength in tourism, with natural endowments such as the Kiama blowhole, key attractions including Jamberoo Action Park and Kiama Harbour and popular camping grounds creating a year-round tourism offering.
- Kiama has a proportionally large visitor economy relative to its population. The region had over 740,000 visitors and total visitor spend of \$223 million in 2021.^[16] While a reduction on pre covid levels (1.34 million visitors and \$252 million spent), this result highlights the ongoing strength of the sector.

Vulnerabilities

- Proximity to Sydney and a lack of overnight accommodation can create challenges for attracting higher value, overnight and longer-term tourism as opposed to day-trip visitors.
- A lack of land release for businesses and residential purposes constrains Kiama's ability to expand the visitor economy expenditure and outputs.

Opportunities

- The Greater Cities Commission's (GCC) footprint includes the Kiama region . This provides increased opportunities for growth in economic prosperity through corridors of tourism and transport with Greater Sydney. Funding and increased opportunities for industry and housing growth will allow for innovation and population growth in the region.
- Revitalisation of the city centre and harbour precincts will provide opportunities for industries to grow and attract the tourist population towards Kiama, particularly the overnight visitor's segment.
- There is an opportunity to work with the State Government to ensure flexibility in planning controls, so to bring visitor economy opportunities to market faster.

Arts and recreation

The Kiama region has been able to leverage its significant natural endowments and highly specialised infrastructure to continue to grow in the arts and recreation services industry. Future industry growth will be contingent upon ensuring resilience against economic shocks.

GVA (2020, \$m)	9
Employment (2021)	159
LQ score (2020)	1.98
LQ Sports and recreation (2020)	3.2
LQ Heritage, creative and performing arts (2020)	2.2

Strengths

- The region is home to a large population who value heritage, creative and performing arts as well as sports and recreation.
- Regular markets, an abundance of art galleries, festivals and workshops act as key enablers to the industry and also drives economic stimulation into the tourism industry.

Vulnerabilities

- The region requires additional housing to accommodate artists and recreational workers for new or expanded projects, as well as improved training offerings in the local area to meet skills requirements in the industry.
- Stakeholder feedback highlighted that recent pandemic-related lockdowns demonstrated a lack of established support mechanisms for the arts and recreation sector, and that there is a need to build long-term resilience to reduce the impact of external shocks.

Opportunities

- Kiama's growing arts and recreation services industry presents a key opportunity for supporting future economic growth in the region.
- There is an opportunity to diversify the visitor economy offering through an expansion of the cultural arts presence in the region.



Figure 18: Minnamurra in the late afternoon sun.

Construction

Kiama's specialisation in the construction sector presents a significant opportunity for ongoing growth, with the sector well supported by the region's well-established transport links.

GVA (2020, \$m)	57.39
Employment (2021)	1,233
LQ score (2020)	1.77
LQ Construction services (2020)	2.0
LQ Residential Building (2020)	3.2

Strengths

- The Kiama region has maintained its specialisation in the construction sector, with 7.3% average annual growth from 2011-2020.
- Construction services and residential building construction were the leading areas of growth in this specialisation, particularly due to the influx of remote workers and holiday accommodation to the area post COVID-19.

Vulnerabilities

- Kiama's construction specialisation relies upon inputs from land release programs and initiatives, hence disruptions to these inputs as a result of environmental or socioeconomic externalities can be detrimental to industry productivity.
- Steep increases in the price of raw materials, combined with delays to sourcing materials and labour are placing pressure on construction industries, with ongoing uncertainty around supply chains compounding these issues.

Opportunities

- Investment in initiatives aimed at developing enhanced resilience in the sector's supply chain can help minimise the impact of key external shocks on the sector.
- Investigation of further opportunities for increased land release in the region, with a focus on achieving greater efficiency and output.
- Opportunities may exist to review and refine planning controls for housing, so to speed up approvals and explore options to consider increased housing density in suitable locations in the region.

Agriculture

Long-held strengths in the agriculture sector present significant opportunities, with new technology presenting opportunities to enhance productivity and maximise value add.

GVA (2020, \$m)	13.37
Employment (2021)	195
LQ score (2020)	1.45
LQ Sheep, grains, beef and dairy cattle (2020)	2.4
LQ Other agriculture (2020)	0.7

Strengths

- The agricultural sector has long been a key specialisation in the Kiama region. The key specialisation is Sheep, grains, beef and dairy cattle, with an LQ of 2.4.
- Average annual GVA growth of 6.0% over the past decade demonstrates that the agriculture sector continues to be a key strength in the Kiama region economy.
- Natural endowments including large blocks of high quality agricultural land act as key enablers for the industry.

Vulnerabilities

- The industry relies upon the availability of land and viable climatic conditions for production, both of which face rising uncertainty (see pages 12 and 13).
- Macroeconomic factors beyond the control of producers may influence supply chains and commodity prices and therefore have an influence on the value of outputs.
- Continuing constraints on land availability through competition and pressure for competing land uses including residential and industrial land.

Opportunities

- Investment in the uptake of agtech in farming processes can help increase productivity and maximise output in the sector.
- Facilitating greater collaboration with local manufacturing can help enhance opportunities for significant value add to occur beyond the primary production phase.
- Development of collective place-based branding around high-quality produce and food products.

Key themes in stakeholder consultation

Stakeholders from the Kiama region noted the area is facing both challenges and opportunities related to its population growth, while recent events including the COVID-19 pandemic have brought to the fore the need to build community and infrastructure resilience against future shocks.

Beyond the above, major projects such as the Kiama Harbour Revitalisation Plan were recognised by stakeholders as presenting significant opportunities for the region, but also highlighted concerns pertaining to housing availability and affordability.

Housing availability and affordability

As reflected in the analysis of housing supply and prices in the region, consultation revealed concerns among stakeholders that current housing shortages and reduced affordability will only worsen in the face of a growing population. This is likely to impact the ability of the region to attract and retain workers in engine industries.

Land release and economic development

Consultation participants highlighted a lack of suitable land (and planning and regulatory levers to enable land release) represents a significant challenge to progressing economic development opportunities. Lack of land for new housing supply is also acting as a key constraint on growth.

Visitor economy and economic resilience

Recent natural disasters and shocks have brought the need to build principles of resilience into policy and programs. A refresh of the town centre and associated visitor economy opportunities were cited as key priorities in expanding the growth of this sector.

Kiama REDS – 2023 Update strategies

The 2018 strategies remain relevant to Kiama. However, there is a need to broaden the liveability strategy to encompass further issues and opportunities beyond just telecommunications needs. Identifying the ability of the region to leverage growth in Wollongong and Port Kembla is another priority for the region. Continuing to action to deliver on the key enablers identified in the 2018 REDS is crucial to ongoing local economic development.

Reflecting the changes outlined above, the 2023 REDS Update strategies for Kiama are listed below (amendments made to existing 2018 strategies are highlighted in **bold**):

Existing	Drive tourism growth beyond its current seasonal peak and develop opportunities that will grow overnight visitor expenditure.
Amended	Enhance the liveability of Kiama and capitalise on the region's unique opportunities to drive economic development .
Existing	Support growth in key industries and encourage twenty-first century industry and business models through well planned urban and rural land development.

Key enablers of economic growth

A number of key enablers have been identified to assist with delivering each of the strategies. This list is non-exhaustive, with a focus on identifying priority short-to-medium-term enablers. Responsibility for implementation of these enablers sits with various levels of government, and in some cases may also include business, industry or non-government bodies. Collaboration across these entities at a local level will be key to achieving results.

Strategy	New Enablers		Lead and support	Rationale
Drive tourism growth beyond its current seasonal peak and develop opportunities that will grow overnight visitor expenditure.	Government, information and regulation	Undertake a visitor accommodation demand study and ensure that local strategic planning supports private sector investment in visitor accommodation.	Kiama Municipal Council, Business Illawarra; Destination NSW, Department of Regional NSW (DRNSW), NSW Department of Planning and Environment (DPE), Destination Sydney Surrounds South	Capturing a greater portion of overnight visitors will help grow the industry. In 2021, the proportion of overnight visitors in surrounding Shoalhaven and Shellharbour were significantly higher than Kiama.
		Identify opportunities to grow attractions and agritourism experiences across the region.		
Enhance the liveability of Kiama and capitalise on the region's unique opportunities to drive economic development.	Infrastructure and services	Plan for the revitalisation of Kiama Town Centre, including exploring opportunities for a heritage precinct, to identify opportunities to improve amenity through civic space and community assets.	Kiama Municipal Council; DPE; DRNSW	Liveability, services and amenity improvements to attract population.
	Infrastructure	Identify opportunities to enhance the efficiency and accessibility of public transport connections within the region.		

<p>Support growth in key industries and encourage twenty-first century industry and business models through well planned urban and rural land development.</p>	<p>Government, regulation, information</p>	<p>Investigate barriers and opportunities in relation to expanding the availability of industrial and commercial land to support business growth in engine and emerging industries.</p>	<p>GCC; Kiama Municipal Council; DPE; Illawarra Shoalhaven Joint Organisation (ISJO)</p>	<p>Support the growth of key industries throughout the region.</p>
	<p>Infrastructure</p>	<p>Identify and support investment in the infrastructure, services and utilities needs of new and existing residential areas, including by implementing utility plans in high-growth areas such as Jamberoo.</p>	<p>Kiama Municipal Council; DPE; DRNSW</p>	<p>Housing is a major barrier to expanding and attracting population to the region.</p>
	<p>Government regulation, information</p>	<p>Review planning controls through the development of a Local Housing Strategy, focusing on opportunities to enable diversification of the region’s housing offering, and ensuring sufficient flexibility to meet housing demand across relevant potential growth trajectories.</p>	<p>Kiama Municipal Council; DPE</p>	<p>A shortfall in housing supply constrains the region’s capacity to attract and retain labour.</p>
	<p>Government regulation, information</p>	<p>Explore opportunities for the development of a start-up hub to assist with the provision of suitable commercial premises and support networks which enable the growth of finance and technology enterprises.</p>	<p>Kiama Municipal Council; DPE; Local universities</p>	<p>Supporting innovation will help attract growth in emerging industries.</p>

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