Supporting Analysis

KIAMA REGIONAL ECONOMIC DEVELOPMENT STRATEGY 2018–2022

Vision:

To be a strong economy outside of current holiday peaks with carefully managed growth and employment opportunities in tourism, aged care and retirees, agribusiness and other emerging industries and enhance the region's attraction to new residents.

KIAMA MUNICIPAL COUNCIL

Developed with the support of the NSW Government as part of the Regional Economic Development Strategies program to assist local councils and their communities in regional NSW. ***April 2018***

Preamble

The economic development strategy for the Kiama region is presented in the ***'Kiama Regional Economic Development Strategy 2018–2022'*** (the Strategy)

This document, the ***'Kiama Regional Economic Development Strategy 2018-2022:*** Supporting Analysis' (Supporting Analysis), prepared by AgEconPlus, details the Strategy's methodology, evidence and development process. Both documents are publically available at dpc.nsw.gov.au/cerd. Both the Strategy and Supporting Analysis have been developed with the support of the NSW Government as part of the Regional Economic Development Strategies program to assist local councils and their communities in regional NSW.

For further information about the program please contact the Centre for Economic and Regional Development (CERD) on 02 6391 3025 or CERD@dpc.nsw.gov.au.

Contents

1. Introduction

The ***Kiama Regional Economic Development Strategy 2018–2022*** (the Strategy) sets out a long term economic vision and associated strategy for the local government area (LGAs) of Kiama (the region).

It builds on the region's endowments, economic strengths and specialisations, and it core competencies, to guide investment over the next four years [1]. Economic principles suggest that endowments and specialisations play a key role in the development of regional economies [2].

The Strategy aims to leverage the region's endowments: its water, climate and soils; location, accessibility and lifestyle; coastal, rural and natural environments; healthcare infrastructure; and labour resources. These endowments are the basis of the region's current specialisations in tourism, residential care services and dairy and beef cattle farming.

These endowments and specialisations were identified through data analysis and subsequently informed and confirmed through the community consultation process. The Strategy, which builds on the endowments, core competencies, and specialisations, aims to:

- Drive tourism growth beyond its current seasonal peak;
- Enhance the liveability of Kiama and realise economic opportunity in aged care and retirees, and as a dormitory area attract new residents who work outside the region; and
- Transform agricultural enterprises and quarry land for future growth and employment.

The strategy also takes account of regional risk and how they might be addressed.

This Strategy is the culmination of collaboration between the Kiama Municipal Council, the Kiama community and the NSW Government's Centre for Economic and Regional Development (CERD).

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[1] *Regional Economic Development Strategies, Centre for Economic and Regional Development (https://www.dpc.nsw.gov.au/programs_and_services/centre_for_economic_and_regional_development/projects)*
[2] ***Regional Economic Growth Enablers Report*** *(2017), Centre for Economic and Regional Development*

The Kiama FER is 258 square km² large and comprises the LGA of Kiama.

2. Geographic Information

The LGA is located 120 kilometres South from Sydney (1 hour 45 minutes drive); it is also in close proximity to the major regional employment centres of Wollongong (1 hour drive) and Nowra (30 minutes drive), and is also driving distance (2 hours and 40 minutes) to Canberra. The main urban centres are Kiama, Kiama Downs, Minnamurra, Gerringong, Gerroa and Jamberoo.

The Kiama LGA enjoys landscapes ranging from the Littoral Rainforest, woodlands, rocky terrain, coastal plains, farmland, wetlands and floodplains. There are three National Parks/Nature Reserves within the Municipality: Seven Mile Beach National Park; Budderoo National Park; and Barren Grounds Nature Reserve. The Kiama Municipality has three major catchments; Minnamurra River, Crooked River, and Werri Lagoon. The area also has more than 20 kilometres of coastline including Seven Mile Beach, several well-known surfing beaches, such as Surf Beach, 'Mystics' and Boyds' Beach, as well as other more protected swimming beaches situated in coves between headlands such as Black Beach, Easts Beach and Kendalls Beach. Kiama Harbour forms one of several coves between headlands, with one of the headlands of Kiama Harbour containing the Kiama Blowhole. The natural amenity of the area is a strong attractor, for new residents, holiday makers and day trippers.

Created by lava flows, the area is dominated by steep rolling hills that extend from the escarpment to the coast. The area is green and lush, and a combination of rich volcanic soils and good rainfall support rich agricultural land suitable for dairy farming. The climate of Kiama LGA is warm and temperate; the geographic/climate conditions allow for dairy cattle farming, beef cattle farming, horse farming, vegetable growing and nursery production.

Figure 1: Map of the Kiama FER Boundary

Source: Kiama Municipal Council (2013) [3]

[3] *Kiama Municipal Council (2013) Community Strategic Plan 2013-2023.*

3. Demographic Profile

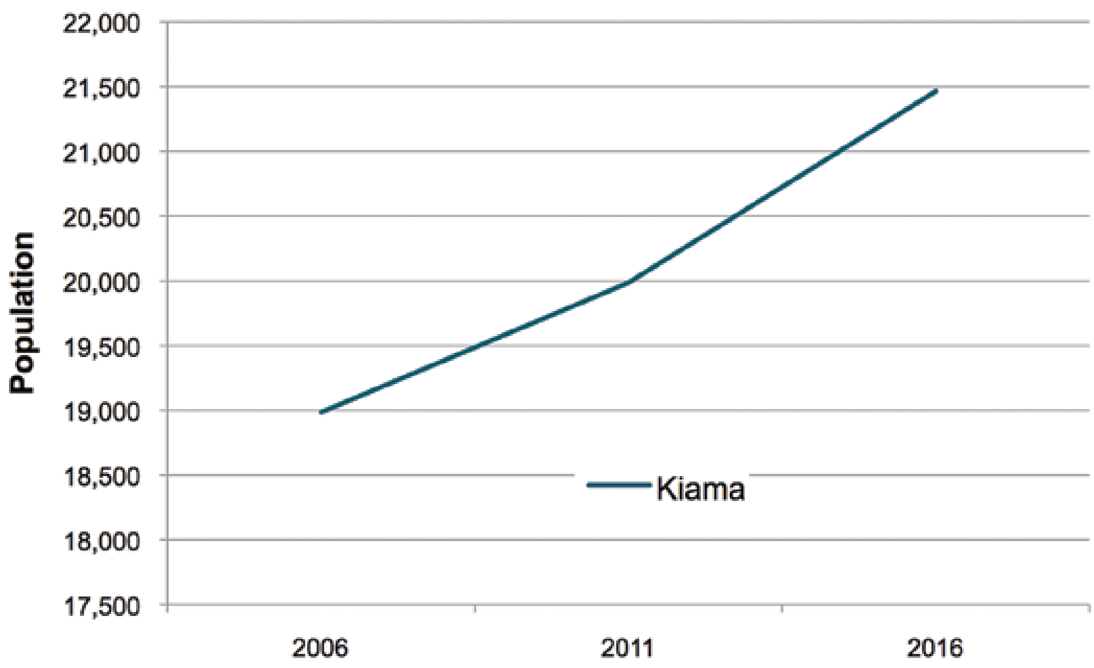
3.1. Population and Housing

The 2016 Australian Bureau of Statistics (ABS) Census of Population and Housing reported the population of Kiama LGA to be 21,464 (in 2016).

According to the ABS, the population of the region has been growing strongly since 2006 (as shown in Figure 2). During this period, the growth rate was slightly less than that of NSW (i.e. 5.3% compared with 5.6% between 2006 and 2011 and 7.4% compared to 8.1% between 2011 and 2016).

The 2016 Census reported 9,945 private dwellings in the region. Of these, 83% were occupied, less than those occupied in NSW (90%) and Regional NSW (88%), indicative of the incidence of second homes and the role of the region as a domestic tourist destination. This equates to an average of 2.5 people per household which was slightly below the State average of 2.6 and slightly above that for Regional NSW (2.4).

Figure 2: Historical Population of the Region

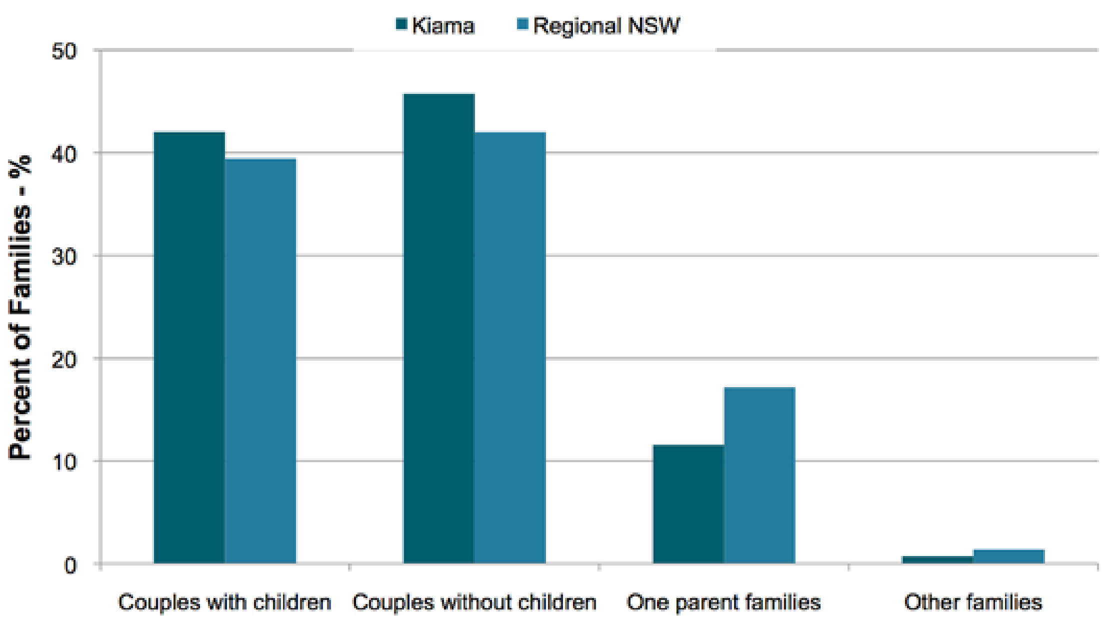


Source: ABS, 2016 Census of Population and Housing (Usual Resident Profile)

Compared with Regional NSW, the Kiama LGA has a higher proportion of couple families both with and without children and a lower proportion of one parent families. This is shown in Figure 3.

The median rent for the region was $395 per week, making it more than the median weekly rent for NSW ($380); however, this was cheaper than the median weekly rent for the Greater Sydney GCCSA ($440).

Figure 3: Family Composition for the Kiama LGA and Regional NSW— %



Source: ABS, 2016 Census of Population and Housing (Usual Resident Profile)

3. Demographic Profile

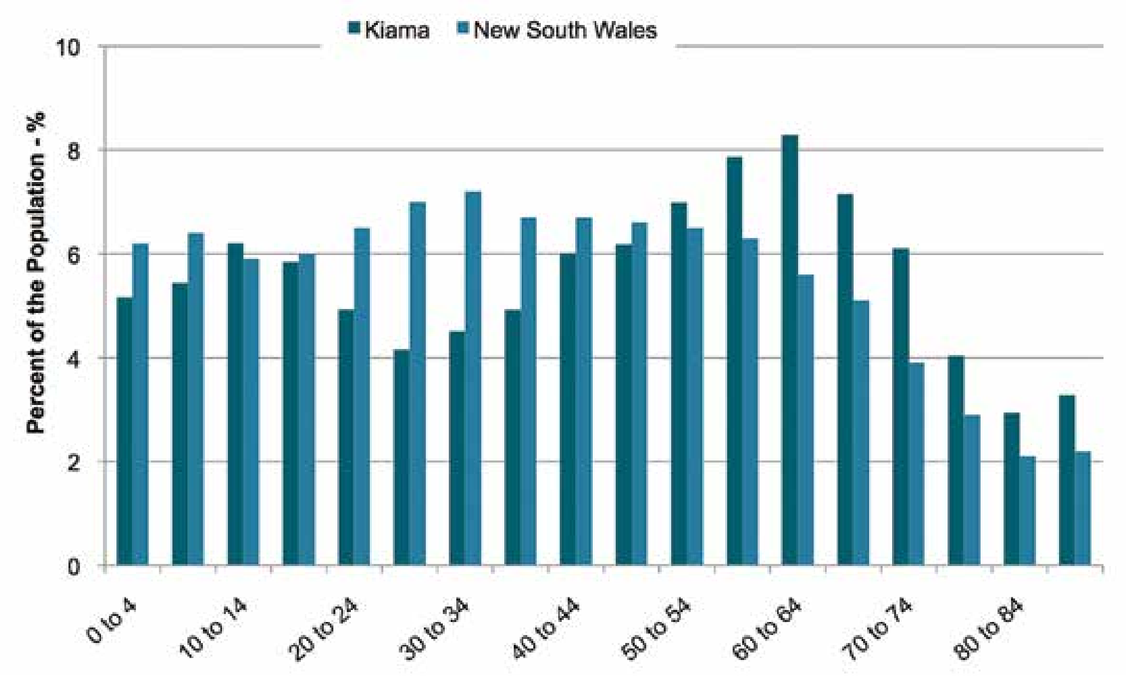
3.2. Age Profile

The median age of the region was 47 according to the 2016 Census of Population and Housing, higher than the median age of the NSW population (38 years), indicative of an ageing population in the region.

Figure 4 compares the distribution of the region population with the distribution of the population across NSW. When compared to NSW as a whole, the region follows a similar pattern as Regional NSW with a greater proportion of its population over the age of 50 and a smaller proportion of it in the 20 to 49 age group. This 'hollowing-out' of the work force age groups might reflect the out-movement of these workers and also of young adults to Sydney for work and post-school education, a common phenomenon across regional Australia. However, the region also shows a lesser percentage of the population in the 0 to 9 age group, and there is a marked ageing of the population with a high incidence of people in the post-retirement age cohorts.

To take account of this systemic difference between regional NSW and Sydney, the age profile of the region has also been compared to the age profile of Regional NSW, as shown in Figure 5. This shows that there is a lower proportion of people in the younger age groups (under 10) and 15 to 49 age group and a higher proportion of people in the 50+ age group.

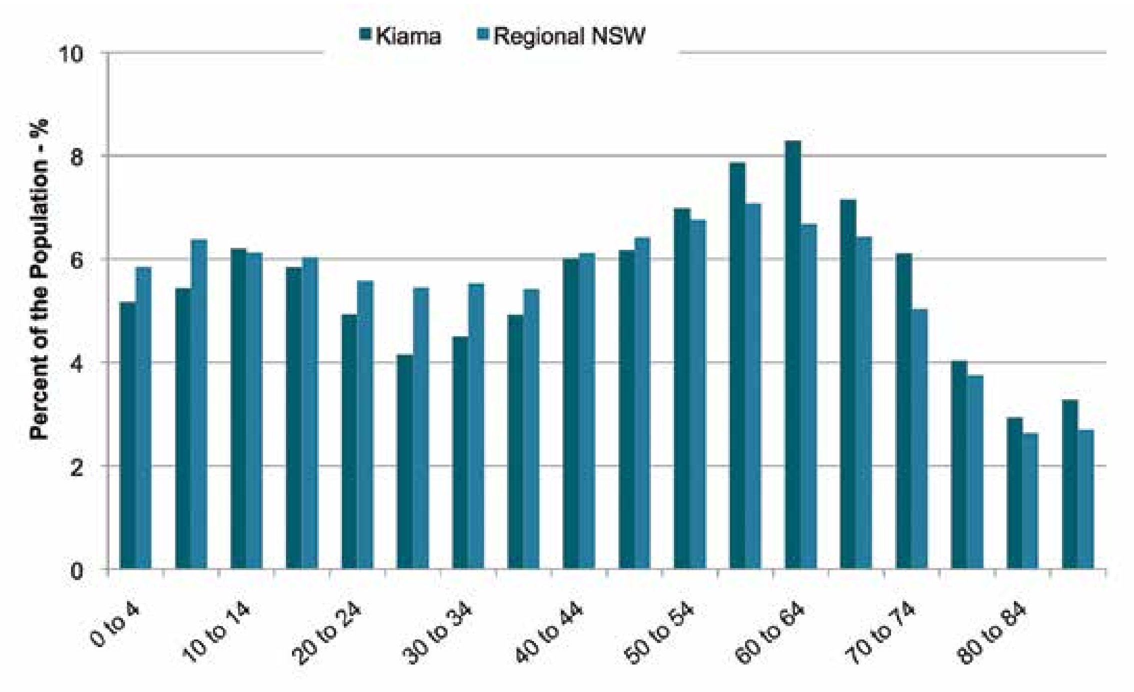
Figure 4: Kiama Population Age Distribution vs NSW



Source: ABS, 2016 Census of Population and Housing (Usual Resident Profile)

3. Demographic Profile

Figure 5: Kiama LGA Population Age Distribution vs Regional NSW



Source: ABS, 2016 Census of Population and Housing (Usual Resident Profile)

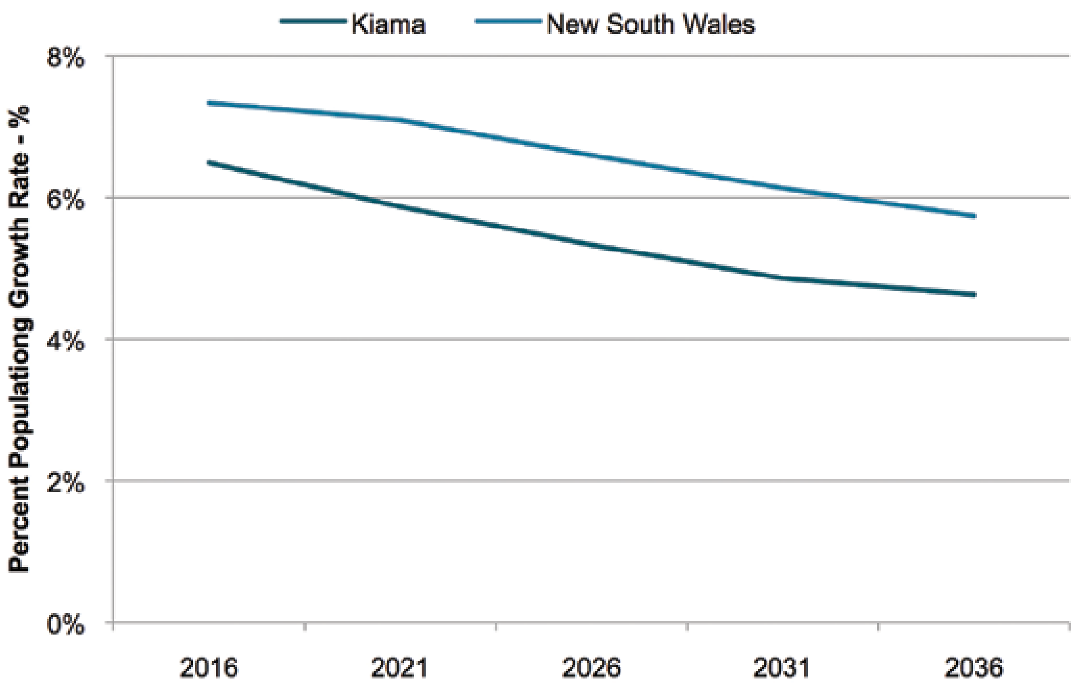
3. Demographic Profile

3.3. Population forecasts

As identified earlier, the region has experienced strong population growth, with growth between 2011 and 2016 slightly less than that for NSW.

The NSW Department of Planning and Environment projects that the region will continue to have a population growth rate less than that for NSW. The growth rate will continue to decline to 5.9% between 2016 and 2021, and to 4.6% between 2031 and 2036 - see Figure 6. However, the NSW Department of Planning and Environment projects that compared with NSW, Kiama will continue to have a higher proportion of its population in elderly aged brackets.

Figure 6: NSW Planning and Environment Population Growth Rate Forecasts



Source: NSW Department of Planning and Environment, NSW Population Projects Regional NSW LGA Data

3.4. Summary of Demographics

From the statistics provided in the previous section it can be said that:

- Historically, the population of Kiama has been growing strongly, albeit at a slower pace than that of NSW; it is also estimated (by DPE) to grow at a slower pace than NSW in the 2016-2036 period.
- Kiama has a high-age population with fewer people in the 15-49 year old age span than both Regional NSW and NSW; this may either indicate the lack of entry job opportunities/higher education opportunities inside the LGA and/or the attraction of the region as a popular retirement destination.
- Relative to NSW, the Kiama LGA has a high proportion of unoccupied dwellings, reflecting its role in tourism and as a coastal holiday home destination.

4. Education & Employment

4.1. Labour Force- Labour Force Status & Income

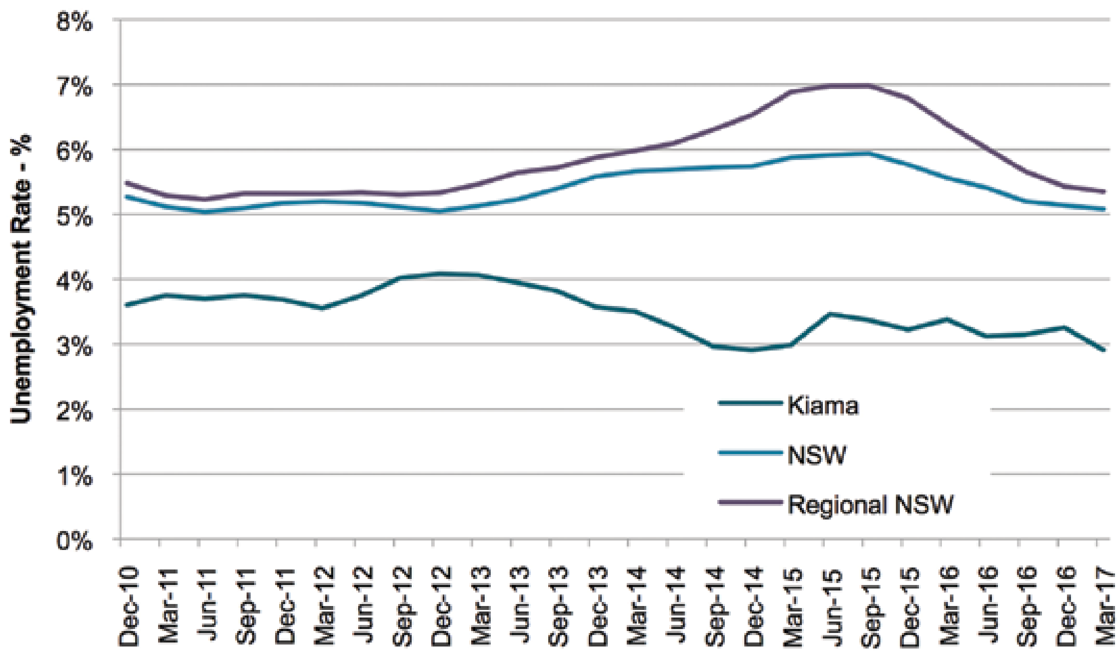
According to the 2016 Census of Population and Housing, 9,485 people living in the Kiama LGA were employed.

Unemployment in the region was 4.4% in 2016, which was below the unemployment rates for Regional NSW (6.6%) and NSW as a whole (6.3%). The Department of Employment's Small Area Labour Markets publication (see Figure 7) indicates that unemployment in the region has been consistently below that for Regional NSW and NSW. [4]

In 2016, the median household income for the region was $1,509 compared to $1,486 for NSW.

The distribution of weekly household income relative to Regional NSW is given in Figure 8. This indicates that compared with Regional NSW in 2016, the region had a higher proportion of high income households (those earning $1,500 per week or more) and a lower proportion earning less than $999 per week.

Figure 7: Small Area Labour Markets Estimate of the Kiama LGA, Regional NSW and NSW unemployment rate



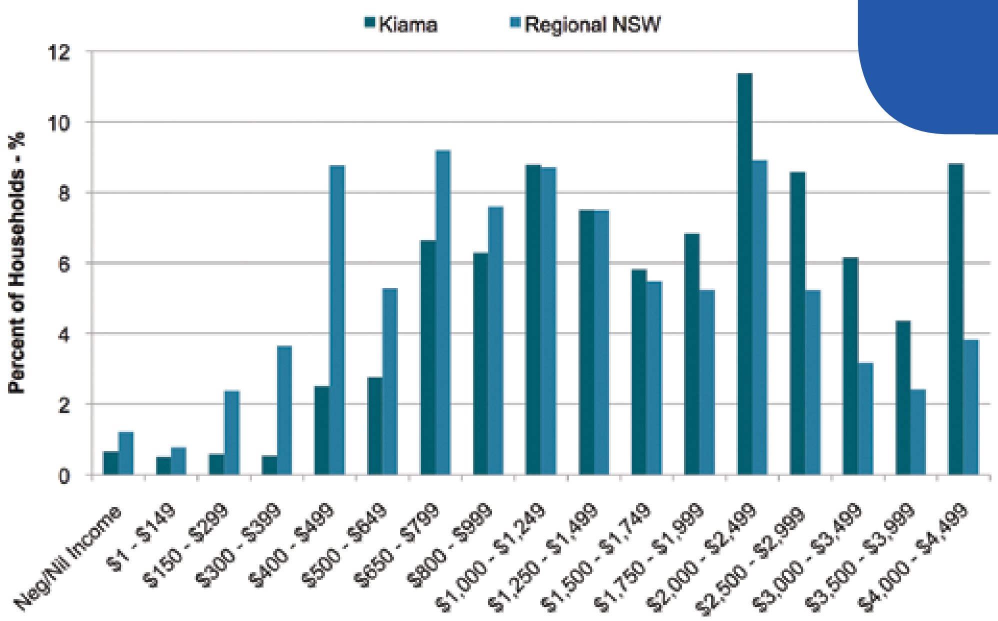
Source: Department of Employment, Small Area Labour Markets (March 2017)

[4] *Estimates of individual LGA unemployment rates are highly variable and should be viewed with caution.*

Historically, average wage and salary income in the Kiama LGA has been below that for NSW. However, in 2011-12 it was above that for NSW – see Figure 9.

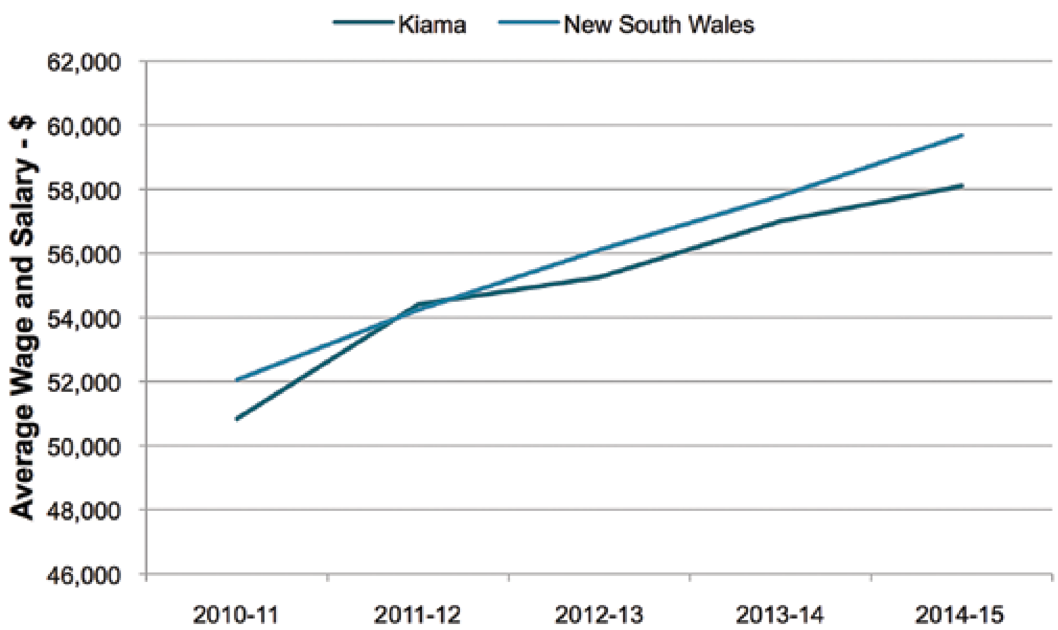
4. Education & Employment

Figure 8: Weekly Household Income Distribution



Source: ABS, 2016 Census of Population and Housing (Usual Resident Profile)

Figure 9: Average Wage and Salary Income



Source: ABS, Catalogue Number: 6524.0.55.002 Estimates of Personal Income for Small Areas, 2011-

4. Education & Employment

4.2. Labour Force - Occupations

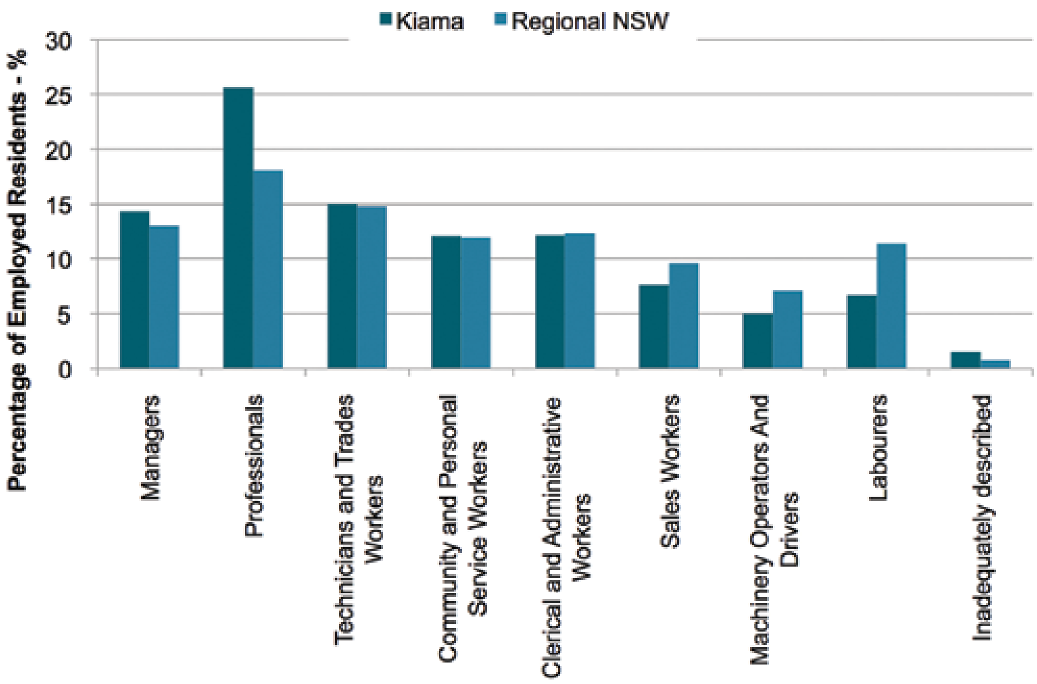
The 2016 Census of Population and Housing showed that compared to Regional NSW, the region had a relatively higher proportion of its workers employed as:

- Managers; and
- Professionals

Comparatively, the region had a lower proportion of its workers employed as:

- Sales Workers;
- Machinery Operators and Drivers; and
- Labourers - see Figure 10.

Figure 10: Occupations in the Kiama LGA and Regional NSW



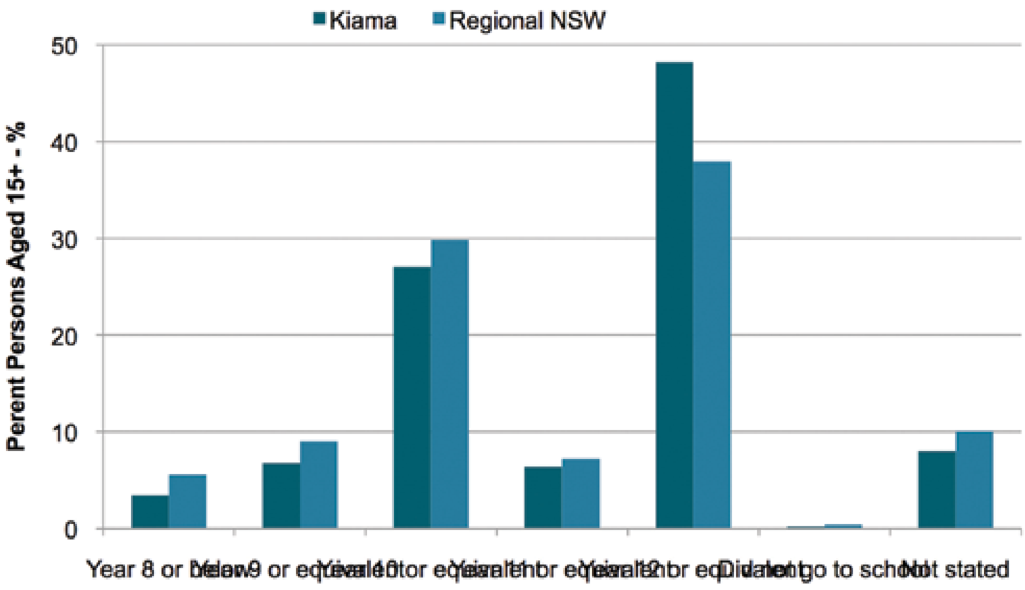
Source: ABS, 2016 Census of Population and Housing (Usual Resident Profile)

4.3. Educational Status

Compared with Regional NSW, in 2016 the Kiama LGA had a higher proportion of people who completed Year 12 or equivalent and a lower proportion who finished school earlier than this—see Figure 11.

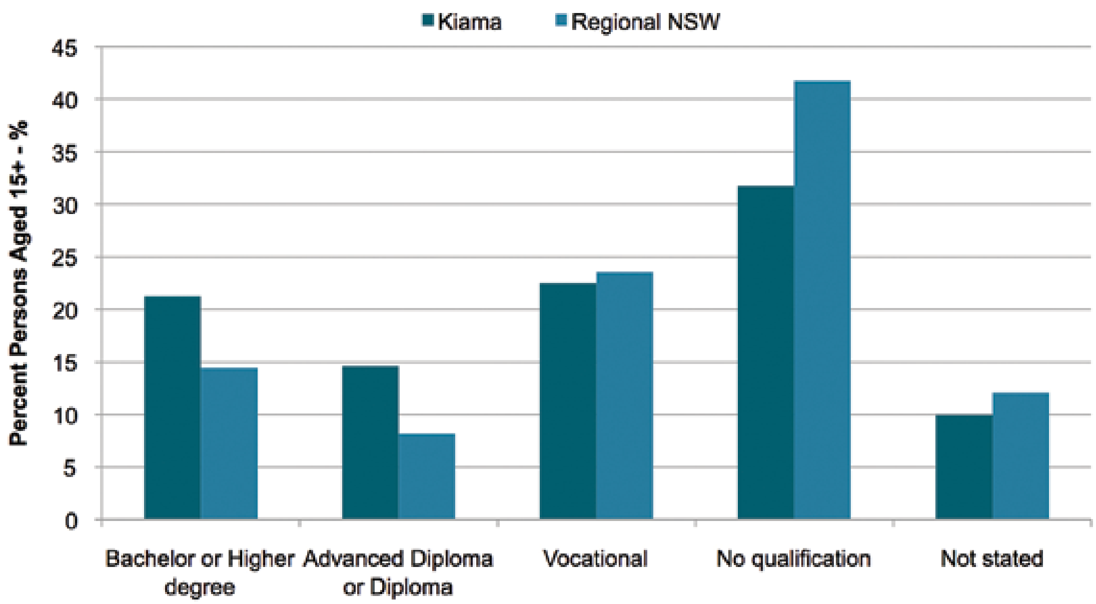
Compared to Regional NSW, in 2016 there was a higher proportion of people holding formal University qualifications (Bachelor or higher degree, and Advanced Diploma or Diploma) and a lower proportion with Vocational qualifications and No formal qualifications – see Figure 12.

Figure 11: Highest level of schooling



Source: ABS, 2016 Census of Population and Housing (Usual Resident Profile)

Figure 12: Highest qualification



Source: ABS, 2016 Census of Population and Housing (Usual Resident Profile)

4. Education & Employment

4.4. Labour Force- Interactions

The main labour force interactions within and external to the Kiama LGA are shown in Figure 13. It is clearly evident that there is a very high incidence of commuting out of the region for residents to work in Wollongong to the north and to Nowra to the south. And there is also a high incidents of in commuting to Kiama from those regions to the north and south. Thus, the Kiama region has a significant role as a dormitory area.

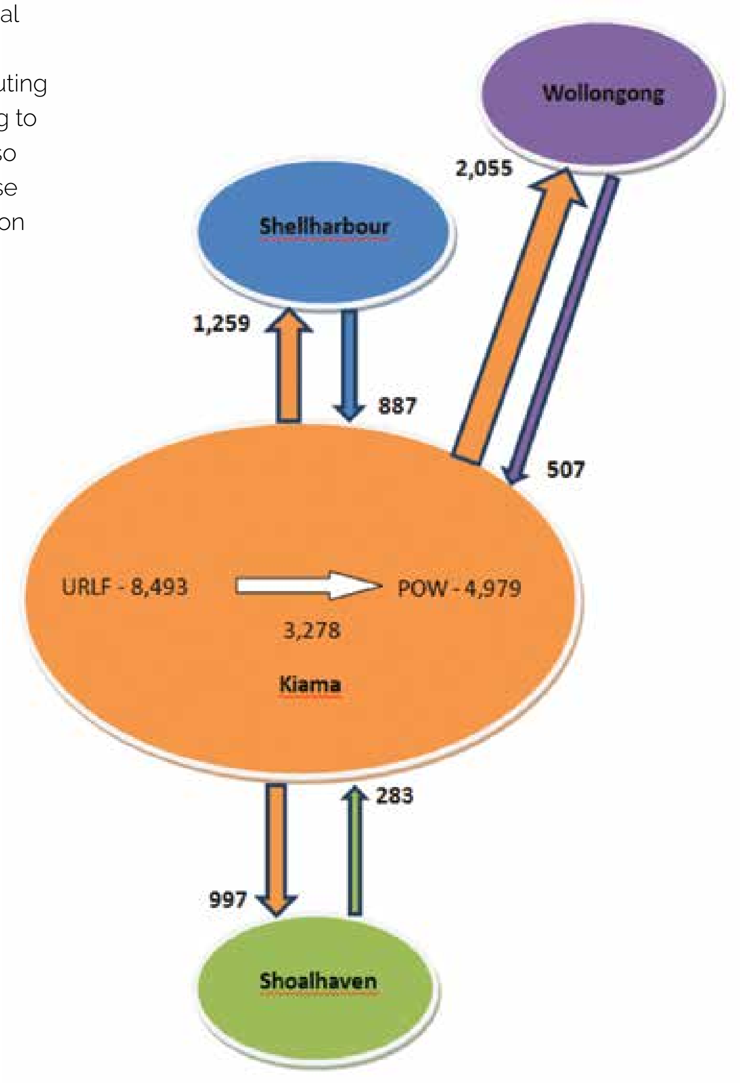


Figure 13: Main Labour Force Interactions for Region

Source: AgEconPlus and Gillespie Economics based ABS Tablebuilder 2016 Census

Notes:

(a) POW = Place of Work; URLF = Usual Resident Labour Force

(b) there are some data inconsistencies in the ABS data: with different flows of labour depending on whether the data source relates to exports of Labour from an LGA or imports of labour to an LGA; and totals from ABS Tablebuilder differing from totals from ABS Community Profiles.

4. Education & Employment

In 2016, 66% of jobs in the region were filled by those residing in the region. Those who work in the region, but live outside it, are predominantly from Shellharbour LGA (18%), Wollongong LGA (10%) and Shoalhaven LGA (6%).

Table 1: Residential Location of Workers Employed in the Region

Category	No.	%
Live and work in the region	3,278	66
Work in the region, but live outside	1,701	34
Total workers in the region	4,979	100

Source: ABS, 2016 Census of Population and Housing (Place of Work Profile)

The labour force residing in the region exceeds the number of jobs in the region. 57% of the employed labour force residing in the region commute to a work location outside the FER, which is very high—see Table 2. For an additional 4% of the usual resident labour force, their work location was unknown. The main location of work for those commuting outside the region is to Wollongong LGA (24%), Shellharbour LGA (15%), Shoalhaven LGA (12%) and Sydney (5%).

Table 2: Work Location of Employed Usual Residents of Kiama LGA

Category	No.	%
Live and work in the region	3,278	39
Live in the region, but work outside	4,843	57
Work location unknown	372	4
Total employed residents	8,493	100

Source: ABS, 2016 Census of Population and Housing (Place of Usual Residence)

4. Education & Employment

4.5. Summary of Education & Employment

From the statistics provided in the previous section, it can be said that:

- Kiama is an exporter of labour, mainly to the Wollongong and Shellharbour LGAs to the north and it thus has a role as a dormitory area which explains much of its population growth and drives demand for housing and for services.
- Kiama has had a lower unemployment rate than both Regional NSW and NSW; combined with the fact that:
  - the LGA enjoys a higher proportion of its employed in high-skill operations,
  - the fact that it has a higher ratio of high-salary earners than Regional NSW, and
  - the fact that it has a higher proportion of residents completing year 12 or equivalent and holding,

  it can be concluded that Kiama is home to highly skilled labour.
- Kiama is a commuter belt region with high dependency on Wollongong and Nowra in particular.

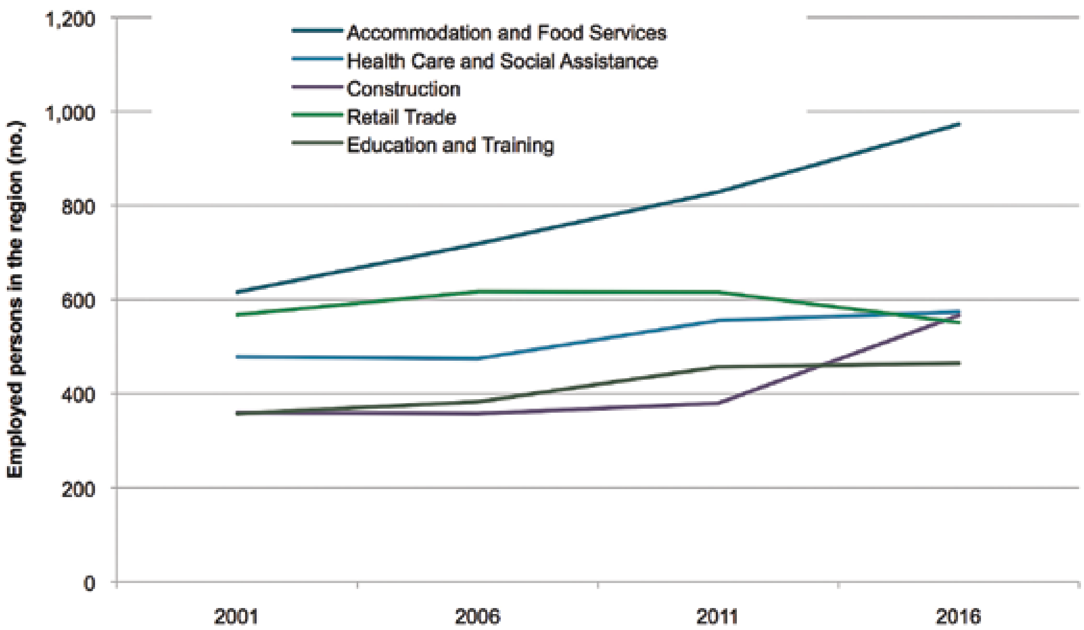
5. Industry Employment Share

Historically, the largest employing industries in the region have been Accommodation and Food Services, Retail Trade, and Health Care and Social Assistance.

All are 'population serving' functions, while Accommodation and Food Services are also 'engines of growth' functions serving tourism. As shown in Figure 14, employment in Accommodation and Food Services has continued to grow strongly and remains the most significant employing sector. Employment in Retail Trade as declined in significance over time to now be the fourth largest employing sector. Employment in the 'Health Care and Social Assistance' sector and Construction sector have grown, overtaking the Retail Sector in terms of employment. The Education and Training sector has also increased in significance over time and was the fifth largest employing sector in 2016.

Employment in the region increased between 2011 and 2016 by 637, at the same time that the number of the employed usual resident labour force increased by 298.

Figure 14: Historical Employment of the five largest industries in ANZSIC Code Level 1 inside Kiama



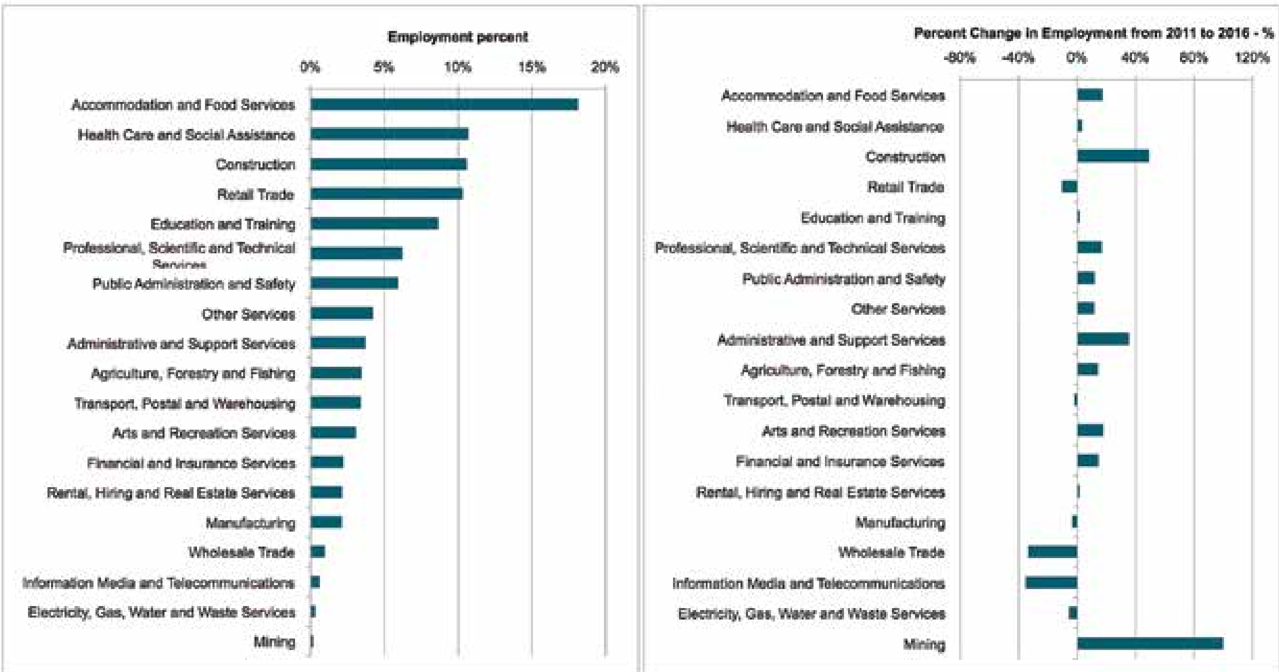
Source: ABS, 2001, 2006, 2011 2016 Census of Population and Housing (Place of Work Profile)

5. Industry Employment Share

The 2016 Census of Population and Housing reports that there were 5,363 people employed in the region.

Figure 15 shows the ANZSIC Level 1 employment sectors in Kiama in 2016, and the percentage change in employment from 2011 to 2016. Of the 5 largest employing industries in the region, all but Retail Trade grew between 2011 and 2016. Other growth sectors included Professional, Scientific and Technical Services, Public Administration and Safety, Other Services, Administration and Support Services, Agriculture, Forestry and Fishing, Arts and Recreation Services, Financial and Insurance Services and Mining.

Figure 15: Employed Persons in Kiama LGA



Source: Department of Premier and Cabinet (NSW)



Notwithstanding, there are a higher number of part-time and casual jobs in some sectors and wages differ between sectors. Income to employees provides another basis on which to compare employment between sectors. On this basis, the most significant sectors in the region are:

- Health Care and Social Assistance;
- Accommodation and Food Services;
- Education and Training;
- Public Administration and Safety; and,
- Retail Trade.

The significance of Accommodation and Food Services and Construction declined due to the smaller comparative wages of these sectors, while the significance of Public Administration and Safety, Education and Training, and Health Care and Social Assistance increased due the greater comparative wages.

Thus, the region is very much a consumption, 'population serving' economy with a domination of the services sectors and with that a significant level of employment being generated by public sector functions.

6. Specialisations

6.1. Gross Regional Product [5] and Gross Value Added

The CERD has produced an Input Output table for the regional economy based on the ABS Input Output Tables for New South Wales.

The Gross Regional Product (GRP) of Kiama was estimated at $802 million for the 2015-16 period. This represented approximately 0.1% of NSW Gross State Product (GSP) and $37,344 GRP per Capita (compared to $71,991 GRP per Capita for NSW).

The Kiama LGA is a net importer, with exports out of the region of $95 million and imports into the region of $312 million. Using the Input Output industry classifications, the largest exporting industries by value are:

- Sheep, Grains, Beef and Dairy Cattle Farming ($26M);
- Accommodation and Restaurants ($17M); and,
- Professional, Scientific and Technical Services ($6M).

In addition, the Kiama LGA is increasingly a commuter area for Wollongong and Shellharbour LGAs, as well as Shoalhaven LGA, and hence the region is essentially exporting labour.

Conversely, the largest importing industries in the region are:

- Accommodation and Restaurants ($20M);
- Residential Building Construction ($16M); and,
- Construction Trade Services ($15M).

The following analysis uses the Input Output table data but reports the findings in terms of both the Input Output industry classifications and the ANZSIC 1 digit industry classification.

Using the Input Output industry classifications, in terms of value-added, it is estimated that Accommodation and Restaurants had the highest value added in total, equal to approximately 8 per cent of the regional economy – Table 3 [6]. Health Care and Social Assistance, Construction, Public Administration and Safety, and Retail Trade were the next most important for value added.

Table 3: Gross Value Added for the 5 Largest Industries in the Kiama economy (ANZSIC One Digit Sectors)

Industry	Gross Value Added ($m)	Proportion of Regional Economy (%)	Proportionof Regional Employment (%)	Per Capita Value Added ($)
Accommodation and Food Services	67	8.4%	18%	3,141
Health Care and Social Assistance	49	6.1%	11%	2,288
Construction	43	5.3%	11%	1,981
Public Administration and Safety	42	5.2%	6%	1,957
Retail Trade	42	5.2%	10%	1,952

Source: Department of Premier and Cabinet (NSW)

[5] The economic profile is based on ABS Place of Work data.
[6] Gross Value Added (GVA) measures the value of goods and services produced in a region.

6.2. Tourism

Tourism data from Destination NSW is available for the Kiama LGA.

Key statistics are summarised in Table 4. Domestic day visitation is responsible for 72% of visitor numbers but domestic overnight visits are the responsible for the majority (66%) of expenditure.

Tourism is not a sector in the Input Output or ANZSIC frameworks. Rather it encapsulates final demand expenditure by visitors to a region on a range of sectors, including Retail, Accommodation, Food and Beverage Services etc. Using tourism visitation and expenditure data, CERD has used Input Output modelling to estimate the direct impact of tourism on the Kiama regional economy. This indicated that in 2015-16 tourism contributed $79M in value-added (10% of regional economy), 718 FTE jobs (17% of regional economy) and $39M in household income (wages) (13% of regional economy). This makes tourism one of the most significant sectors in the regional economy.

Table 4: Destination NSW Visitor Profile

	Kiama LGA	
	No.	%
Total Visitors (000's)	**956**	
International Overnight	11	1
Domestic Overnight	260	27
Domestic Day	685	72
Total Nights (000's)	**813**	
International Overnight	62	8
Domestic Overnight	751	92
Total Spend ($M)	**155**	
International Overnight	4	3
Domestic Overnight	103	66
Domestic Day	48	31

Source: Destination NSW (2016)

6. Specialisations

6.3. Employment Shift-Share Analysis

Shift-Share Analysis is a widely used technique to analyse regional economies where there is a specific interest in the growth or decline in a particular macroeconomic variable; most often employment.

The interest in shift share analysis arises from its ability to partition employment change in a given region into three distinct components:

- Changes in regional employment resulting from changes in the state economy. That is, employment will increase or decrease as a result of broader economic conditions. This component is called the State Shift.
- Changes in regional employment that are a result of boarder industry specific trends. For example, an increase in demand for agricultural products will result in an increase in employment in agricultural industries. This component is called the Industry Mix Shift.
- Finally, changes in employment which results from unique regional factors that are not related to broader economic and industry factors. This component is called the Regional Shift, and it is a reflection of the role of endogenous factors influencing the employment performance of the regional economy.

The total employment change in the region is called the Total Shift.

Shift-Share Analysis is concerned with the 'share' that each of these 'shifts' hold in the total change in employment (the Total Shift). This relationship is also described by the following expression.

Total Shift = State Shift +
Industry Mix Shift + Regional Shift

The Regional Shift component is of most interest to those involved in regional and economic development. This is the residual change for the region, after accounting for State Shift and Industry Mix Shift, and is attributed to characteristics or competiveness unique to the region. This value may be positive or negative.

Table 5 shows the regional shift (number) in employment growth for all ANZSIC One Digit industries employing more than 5% of the regional workforce in 2011. The total growth in employed persons between 2011 and 2016 has been split into the three components: State Shift, Industry Mix Shift and Regional Shift. The regional shift component for Education and Training, Mining and Construction was positive during the period. This indicates that, after controlling for the growth in total employment and employment in these industries at the state level, employment in these industries grew faster in the region than in the rest of the state.

Table 5: Regional Shift between 2011–2016 in Kiama LGA for Largest Industries

Industry	Employed persons (2011)	Industry size (2011)-%	State Shift	Industry Mix Shift	Regional Shift	Total growth in employed Persons (to 2016)
Accommodation and Food Services	829	18	89	42	13	144
Health Care and Social Assistance	556	12	59	39	-81	18
Construction	380	8	41	60	86	187
Retail Trade	616	13	66	-54	-76	-64
Education and Training	457	10	49	16	-57	8
Professional, Scientific and Technical Services	286	6	31	4	13	48
Public Administration and Safety	284	6	30	-10	14	34

Source: Department of Premier and Cabinet (NSW)

However, caution should be exercised in the interpretation of these results as they are based on 'point in time' measures.

In addition, the result is different at the various levels of the ABS industry classification (ANZSIC). Shift Share Analysis for employment by industry at the ANZSIC Division, Subdivision, Group and Class level for sectors contributing greater than 1% of employment was undertaken. Sectors at each level of analysis where the Regional Shift is positive, indicating growth due to some regional advantage, is summarised in Table 6. The first ANZSIC level that regional advantage occurs is in bold. This indicates some regional competitive advantage in:

- Accommodation and Food Services;
- Construction;
- Professional, Scientific and Technical Services;
- Pharmaceutical and Other Store-Based Retailing;
- Public Administration;
- eRpairs and Maintenance;
- Hairdressing and Beauty Services;
- Building and Other Industrial Cleaning Services;
- Sheep, Beef Cattle and Grain Farming;
- Arts and Recreation Services;
- Financial and Insurance Services;
- Social Assistance Services;
- Medical Services;
- Manufacturing;
- Road Freight Transport.

Table 6: Regional Shift (%) between 2011 and 2016 for Largest Industries (>1% Regional Employment)

ANZSIC Division (1 Digit)	RS (%)	ANZSIC Subdivision (2 Digit)	RS (%)	ANZSIC Group (3 Digit)	RS (%)	ANZSIC Class (4 Digit)	RS (%)
Accommodation and Food Services	**2%**	Food and Beverage Services	8%	Cafes, Restaurants and Takeaway Food Services	9%	Cafes and Restaurants	5%
				Clubs (Hospitality)	15%	Clubs (Hospitality)	15%
Construction	**23%**	Construction Services	15%	Other Construction Services	5%		
				Building Structure Services	52%		
				Building Completion Services	29%	Carpentry Services	72%
		Building Construction	27%	Residential Building Construction	42%	House Construction	28%
						Other Residential Building Construction	1917%
Retail Trade		Food Retailing		Supermarket and Grocery Stores		Supermarket and Grocery Stores	**1%**
						Stores	

Source: Department of Premier and Cabinet (NSW)

Table 6: Regional Shift (%) between 2011 and 2016 for Largest Industries (>1% Regional Employment) - Continued

ANZSIC Division (1 Digit)	RS (%)	ANZSIC Subdivision (2 Digit)	RS (%)	ANZSIC Group (3 Digit)	RS (%)	ANZSIC Class (4 Digit)	RS (%)
		Other Store-Based Retailing		**Pharmaceutical and Other Store-Based Retailing**	**4%**		
Professional, Scientific and Technical Services	**5%**	Professional, Scientific and Technical Services (except Computer System Design and Related Services)	7%	Architectural, Engineering and Technical Services	22%		
Public Administration and Safety	**5%**	Public Administration	2%				
Other Services	**5%**	Repair and Maintenance	22%				
		Personal and Other Services		Personal Care Services	14%	Hairdressing and Beauty Services	13%
Administrative and Support Services	**19%**	Building Cleaning, Pest Control and Other Support Services	14%	Building Cleaning, Pest Control and Gardening Services	14%	Building and Other Industrial Cleaning Services	39%
		Administrative Services	19%				
Agriculture, Forestry and Fishing	**8%**	Agriculture	9%	Sheep, Beef Cattle and Grain Farming	24%		

Source: Department of Premier and Cabinet (NSW)

Table 6: Regional Shift (%) between 2011 and 2016 for Largest Industries (>1% Regional Employment) - Continued

ANZSIC Division (1 Digit)	RS (%)	ANZSIC Subdivision (2 Digit)	RS (%)	ANZSIC Group (3 Digit)	RS (%)	ANZSIC Class (4 Digit)	RS (%)
Arts and Recreation Services	**5%**						
Financial and Insurance Services	**8%**						
Health Care and Social Assistance		**Social Assistance Services**	**11%**	Other Social Assistance Services	91%	Other Social Assistance Services	93%
		Medical and Other Health Care Services		**Medical Services**	**10%**	General Practice Medical Services	16%
Manufacturing	21%						
Transport, Postal and Warehousing		**Road Transport**	**8%**	Road Freight Transport	16%	Road Freight Transport	16%

Source: Department of Premier and Cabinet (NSW)

Note: Bold text indicates first level where a sector shows Regional Competitive Advantage.

6.4. Location Quotients: employment concentration and specialisations

Obtaining an understanding of a region's competitive advantages[7] is complex.

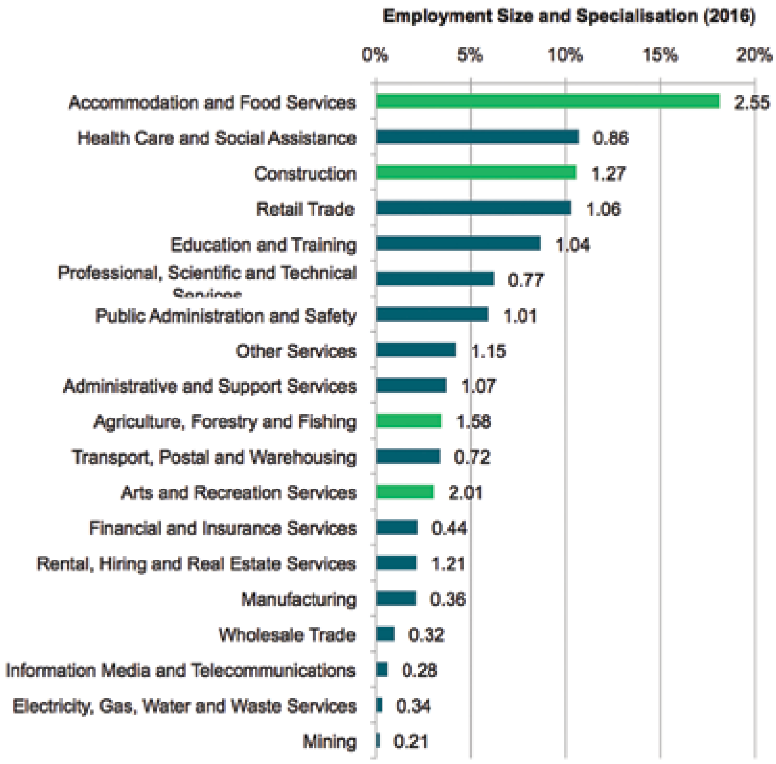
A commonly used simple form of analysis is the Location Quotient (LQ) which measures the employment concentration in industry sectors within a regional economy, compared with the same sectors across NSW. In most situations, the higher the LQ, the more specialised a region is in that industry relative to the rest of NSW. For the purpose of this analysis, specialisations are determined by LQs, which are used as a proxy measure for those sectors and industries that represent a region's true competitive advantages.

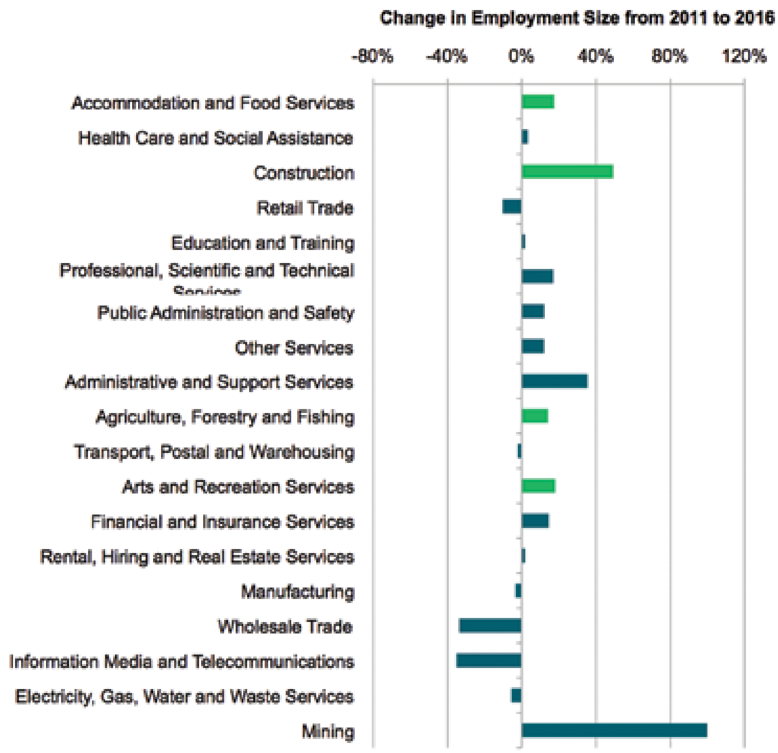
Importantly, while LQs are used in this document for that purpose, they are only a partial measure of those competitive advantages. Hence, they have been considered alongside additional qualitative evaluations and data analysis using Input-Output analysis to arrive at the findings for the region.

Generally, an LQ greater than or equal to 1.25 is taken as initial evidence of regional specialisation and that the industry has potential to be classified as an exporter (i.e. servicing more than just the regional population). The greater the LQ, the higher the level of specialisation. Figure 16 to Figure 18 summarise LQs (2016), industry size (2016) and employment growth (2011 to 2016) for sectors that represent more than 1% of employment in the Kiama LGA at each level of ANZSIC Industry Classification.

[7] A region's competitive advantage for an industry includes its ability to produce goods and services at a lower cost or differentiate its products from other regions, along with access to external factors which enhance business and operations/minimize risk (Stimson et al, 2006)

Figure 16: ABS 1 Digit ANZSIC Level Industry Employment Size, Specialisation (LQ) and Change in Employment Size

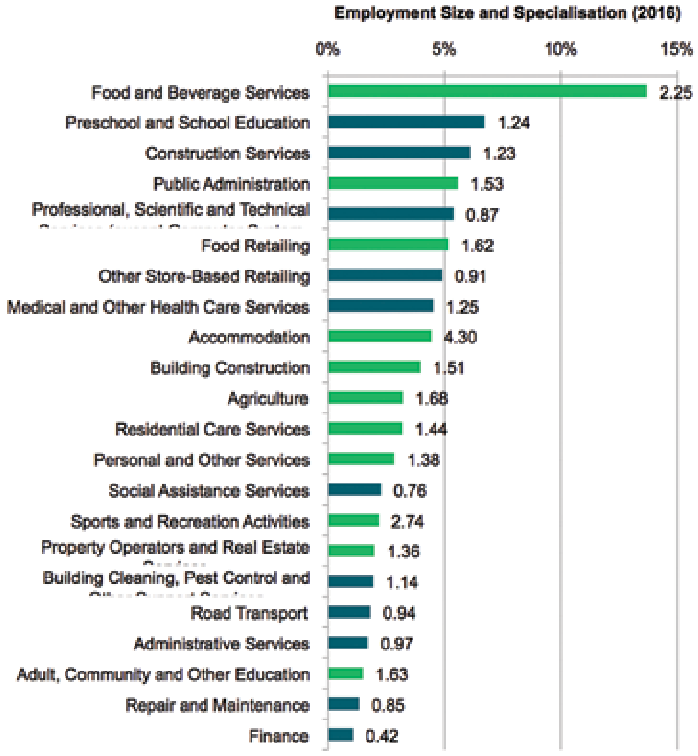


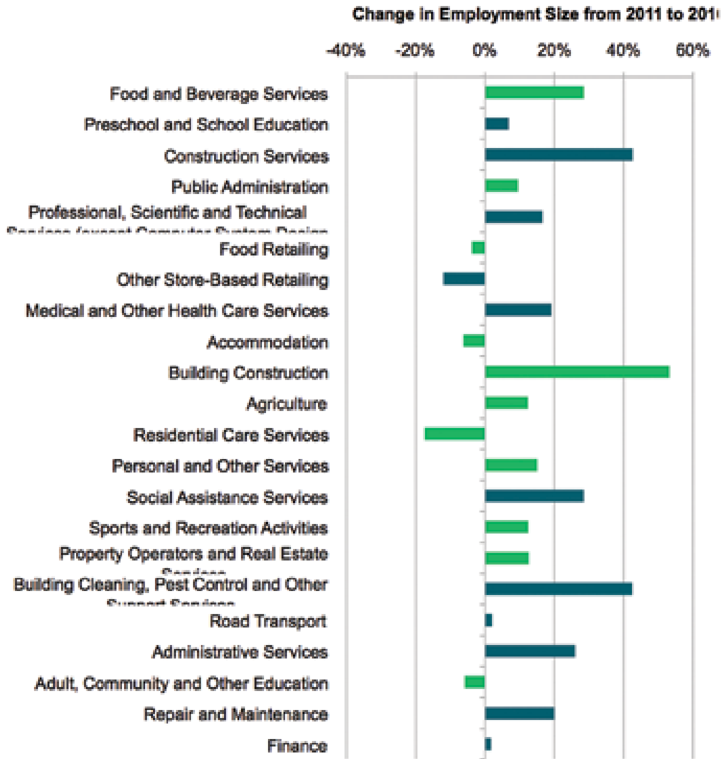


Source: Department of Premier and Cabinet (NSW)

Note: Green represents a sector with a specialisation. All other sectors are in blue. The LQ for each sector is provided at the end of each bar.

Figure 17: ABS 2 Digit ANZSIC Level Industry Employment Size, Specialisation (LQ) and Change in Employment Size

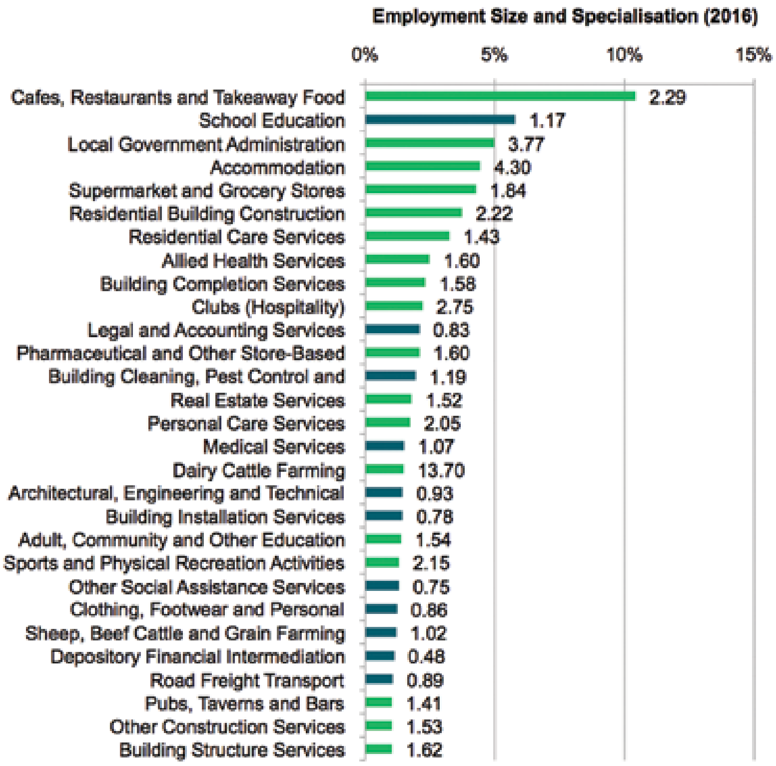


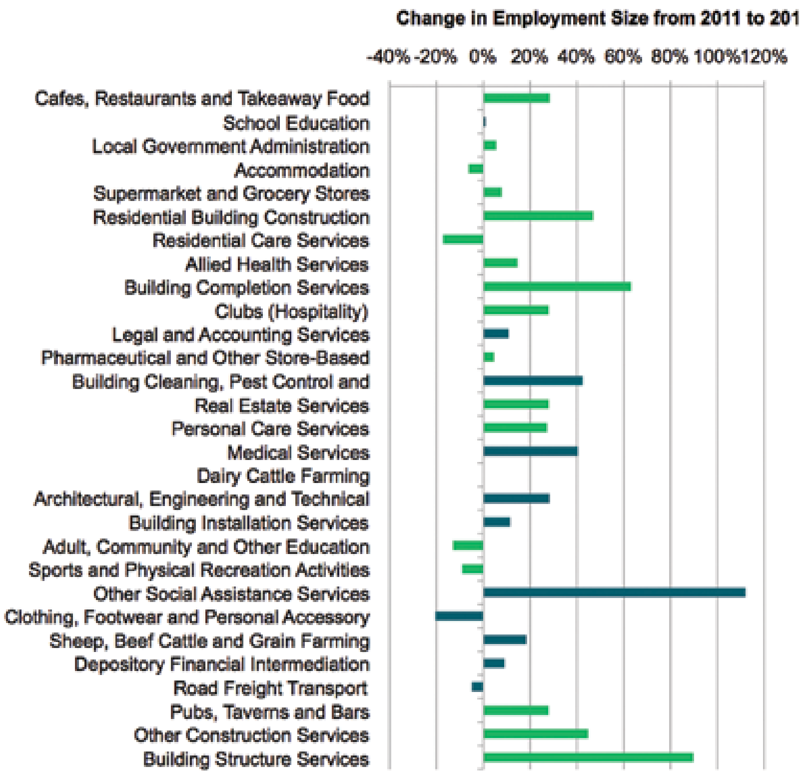


Source: Department of Premier and Cabinet (NSW)

Note: Green represents a sector with a specialisation. All other sectors are in blue.
The LQ for each sector is provided at the end of each bar.

Figure 18: ABS 3 Digit ANZSIC Level Industry Employment Size, Specialisation (LQ) and Change in Employment Size

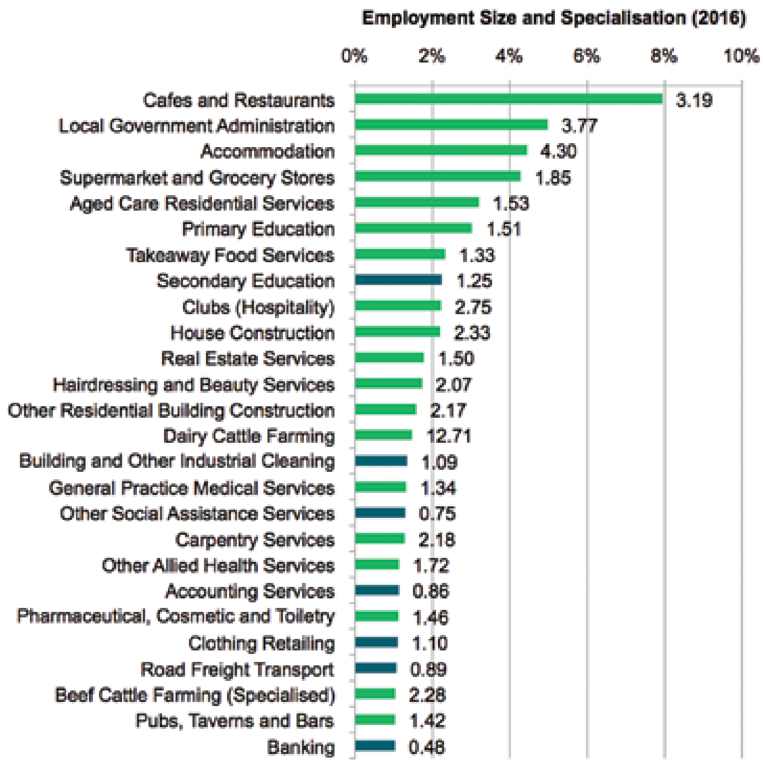


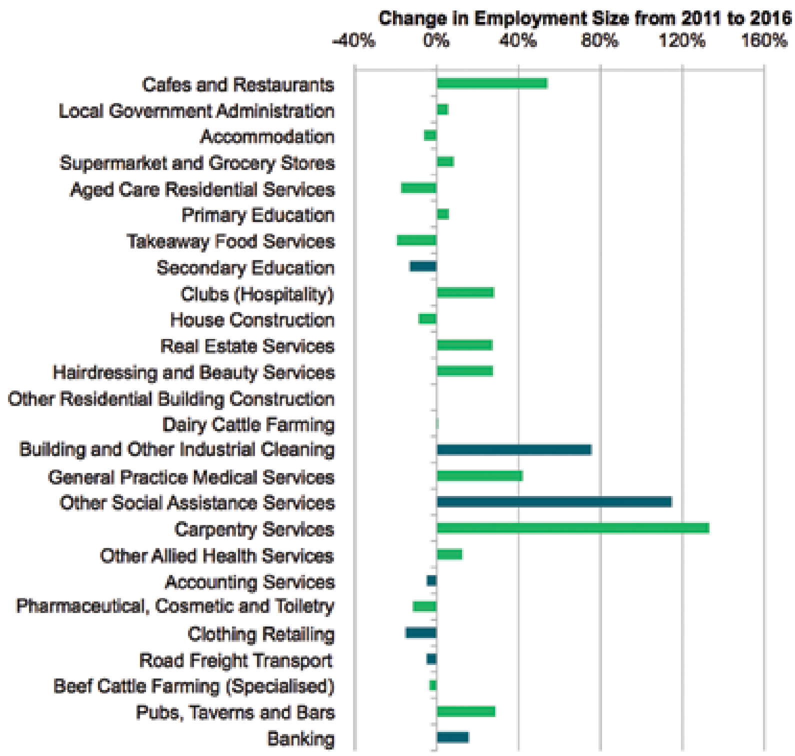


Source: Department of Premier and Cabinet (NSW)

Note: Green represents a sector with a specialisation. All other sectors are in blue.
The LQ for each sector is provided at the end of each bar.

Figure 19: ABS 4 Digit Level Industry Employment Size, Specialisation (LQ) and Change in Employment Size



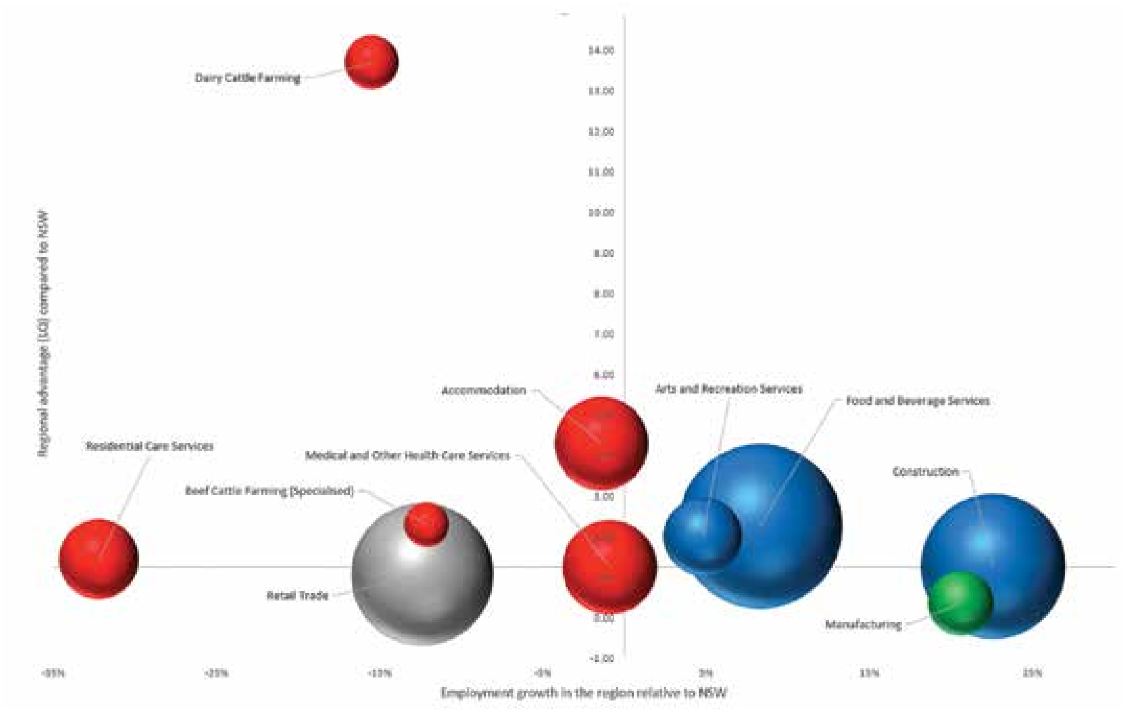


Source: Department of Premier and Cabinet (NSW)

Note: Green represents a sector with a specialisation. All other sectors are in blue. The LQ for each sector is provided at the end of each bar. Change in the Employment Size of the Other Residential Building Construction sector has been adjusted to zero as the growth from a single digit base in 2011 (3 jobs) to 85 jobs in 2016 was 2,500%.

Figure 20 charts the performance of some of the key industries in the regional economy. The size of each bubble indicates the relative size of each industry in terms of employed persons in 2016. The vertical axis indicates the LQ for an industry, with those above the line indicating a specialisation when compared to NSW (an LQ greater than 1.25). The horizontal axis indicates the industries growth between 2011 and 2016 relative to NSW, with those industries to the right of the axis growing faster or contracting slower in the regional economy than in NSW.

Figure 20: Location Quotients and Employment Growth for Industries in Kiama



Source: Department of Premiers and Cabinet (NSW)

This analysis shows that the Food and Beverage Services and the Accommodation sector are key sectors in the region, making up 14% and 4% of employment in the region, respectively, at the time of the 2016 Census of Population and Housing. The region also has a high degree of specialisation in these sectors with an LQ of 2.3 for the Food and Beverage Services sector and 4.3 for the Accommodation sector. While the Food and Beverage Service sector grew between 2011 and 2016 relative to the equivalent sector in the NSW economy, the Accommodation sector contracted.

The sector with the highest specialisation, Dairy Cattle Farming, contracted relative to this sector in the NSW economy. The other agricultural specialisation sector, Beef Cattle Farming also contracted. Similarly, the specialisation sectors of Residential Care Services and Medical and Other Health Care Services, contracted relative to the NSW economy. Other specialisation sectors that grew relative to their sectors in the NSW economy, included Arts and Recreation Services and the Construction sector.

Table 7 arranges specialisation data provided in Figure 16 to Figure 19 to the ANZSIC Division, Subdivision, Group and Class. The first level that specialisation occurs is in bold. This is helpful as:

- it is possible for a region to have a specialisation in a sector at the Subdivision, Group or Class level but not at a higher level because this specialisation gets diminished as sectors are aggregated in the ANZSIC industry classification; and
- it indicates what sectors at the Subdivision, Group and Class are responsible for specialisation at higher levels of ANZSIC sector aggregation.

From Table 6, the FER has a regional specialisation in:

- Accommodation and Food Services, Food Retailing and Real Estate Services, Sports and Physical Recreation Activities - indicating a specialisation in tourism as a driver of the economy;
- Residential Care Services, Allied Health Services, General Practice Medical Services and Pharmaceutical, Cosmetic and Toiletry Goods Retailing, Adult, Community and Other Education, Hairdressing and Beauty Services - indicating a specialisation in provision of services to the aged, which is driven by population growth, largely through the region attracting in-migration of commuters and retirees, generating demand for the services sectors;
- Agriculture, Forestry and Fishing, predominantly Dairy Cattle Farming and Beef Cattle Farming (Specialised), which can be a basis for growing the regional economy;
- Construction, in particular Residential Building Construction, although this is a population serving sector and likely reflecting growth in housing in the greater region;
- Primary School Education, most likely a function of the geographic spread of the region, numerous towns and villages and hence schools within the region; and
- Public Administration, in particular Local Government Administration - reflecting the small population served by the Council.

The concentration of direct tourism employment as estimated by CERD confirms a specialisation for the region in tourism.

Table 7: Industry Specialisation by ANZSIC Classification Level

ANZSIC Division (1 Digit)	ANZSIC Subdivision (2 Digit)	ANZSIC Group (3 Digit)	ANZSIC Class (4 Digit)
Accommodation and Food Services	Food and Beverage Services	Cafes, Restaurants and Takeaway Food Services	Cafes and Restaurants
			Takeaway Food Services
		Clubs (Hospitality)	Clubs (Hospitality)
		Pubs, Taverns and Bars	Pubs, Taverns and Bars
	Accommodation	Accommodation	Accommodation
Construction	Building Construction	Residential Building Construction	House Construction
			Other Residential Building Construction
	Construction Services	Building Completion Services	Carpentry Services
		Other Construction Services	
		Building Structure Services	
Public Administration and Safety Services	**Public Administration**	Local Government Administration	Local Government Administration
Retail Trade	**Food Retailing**	Supermarket and Grocery Stores	Supermarket and Grocery Stores
	Other Store-Based Retailing	Pharmaceutical and Other Store-Based Retailing	Pharmaceutical, Cosmetic and Toiletry Goods Retailing
Health Care and Social Assistance	**Residential Care Services**	Residential Care Services	Aged Care Residential Services
	Medical and Other Health Care Services	**Allied Health Services**	Other Allied Health Services
		Medical Services	General Practice Medical Services

Source: Department of Premier and Cabinet (NSW)

Table 7: Industry Specialisation by ANZSIC Classification Level - Continued

ANZSIC Division (1 Digit)	ANZSIC Subdivision (2 Digit)	ANZSIC Group (3 Digit)	ANZSIC Class (4 Digit)
Agriculture, Forestry and Fishing	Agriculture	Dairy Cattle Farming	Dairy Cattle Farming
		Sheep, Beef Cattle and Grain Farming	Beef Cattle Farming (Specialised)
Arts and Recreation Services	Sports and Recreation Activities	Sports and Physical Recreation Activities	
Other Services	**Personal and Other Services**	Personal Care Services	Hairdressing and Beauty Services
Rental, Hiring and Real Estate Services	**Property Operators and Real Estate Services**	Real Estate Services	Real Estate Services
Education and Training	Adult, Community and Other Education	Adult, Community and Other Education	
	Preschool and School Education	*School Education*	Primary Education

Source: Department of Premier and Cabinet (NSW)

* Sectors in Italics indicate no specialisation at this level of disaggregation but are included so that it is clear what Divisions, Subdivision and Groups a sector with a specialisation belongs to. Sectors in bold indicate the first level that a specialisation occurs.

6. Specialisations

6.5. Focus for the Regional Economic Development Strategy

Industries can be categorised as engines of growth, enabling industries, and consumption/population serving industries, or a combination of the three.

Engines of growth are generally non-population serving industries that produce goods and services that are traded outside the region (i.e. exported), and have a reliance on local endowments. Engines of growth can also include population serving industries; for example, hospitals that service more than just the local population. Enabling industries provide specialised inputs to engine industries (e.g. repairs and maintenance) while population serving industries generally service the retail and personal services needs of the population.

It is the sufficiently large (greater than 1% of employment) engines of growth sectors that regions have a specialisation in (LQs greater than 1.25), that are likely to grow the most in response to government investment to address market failures in regional areas. Notwithstanding, potentially emerging industries (those not showing regional specialisation yet but with potential for growth) may also respond to investment to remove market failures [8].

Based on the preceding analyses, the key engines of growth sectors in Kiama LGA are considered to be:

- Tourism;
- Health Care and Social Assistance, particularly Residential Care Services; and
- Agriculture, Forestry and Fishing, predominantly Dairy Cattle Farming and Beef Cattle Farming (Specialised).

In addition, Kiama is a commuter-belt region for the Wollongong, Shellharbour and Shoalhaven LGAs, and will be likely to increasingly become a dormitory area exporting labour to these areas. Large parts of its residential population will thus be highly dependent on the economic fortunes of those regions to its north and south. Hence, actions that increase its attractiveness, liveability and access to these other regions will help the Kiama regional economy, in particular to enhance its consumption/population serving service.

[8] In a competitive market, the price mechanism (interaction of demand and supply) will work to allocate resources in a way that maximises the welfare to the community. However, impediments to markets such absence of key infrastructure, inappropriate regulation etc. can result in a reduction in community welfare. Investment to remedy these market failures can improve outcomes for the community.

7. Institutional audit

Institutions play a fundamental role in the economic development process, which can have either an enhancing/facilitating effect or a detrimental effect creating barriers and time delays.

Before a REDS can be formulated, the local institutional capacity and capabilities must be evaluated.
A successful REDS for the Kiama regional economy will be one that capitalises on the institutional strengths that exist across the public agencies and business organisations in the region. This section lists the key institutions in the Kiama region as well as their:

- role in the economic future of the Kiama regional economy;
- strengths and capacity; and
- important linkages to other institutions.

Table 8: Selected Institutions in the Region

Institution	Role in economic future of the region	Strengths and capacity	Important linkages to other institutions
Kiama Municipal Council (KMC)	As the local government, the Kiama Municipal Council plays a key regulatory, support and coordination role in the economic future of the region. Council supports an Economic Development Manager and Committee who have produced and are in the process of executing their own regional development strategy. Existing strategy has been referenced in REDS development.	Maintains an active relationship with local businesses and plays a strong leadership role in the region. Its leadership role includes the convening of the KMC Economic Development Advisory Committee and the development and execution of economic development strategy. Tourism is developed and promoted through a Tourism and Events Manager and an Advisory Committee.	Kiama and District Business Chamber. Destination Kiama Kiama Community College AusIndustry
Kiama and District Business Chamber	Is the primary business network and advocacy group in the region; plays a key role in supporting and representing business interests when it comes to shaping the economic future of the region.	High level of membership amongst businesses in the region. Strong engagement in the tourism and retail sectors.	Destination Kiama Kiama Municipal Council Kiama Visitor Information Centre (operated by KMC) Destination NSW Illawarra Business Council.
Destination Kiama	Has a vital role in organising and coordinating events and marketing in the tourism sector.	Receives State Government funding with support from local businesses.	Kiama and District Business Chamber Kiama Municipal Council.

Table 8: Selected Institutions in the Region- Continued

Institution	Role in economic future of the region	Strengths and capacity	Important linkages to other institutions
Kiama Community College	Provides vocational and career training, basic skills for the workforce and leisure and personal interest short courses.	Vocationally aligned training includes hair and beauty, English and literacy, computer and digital.	Strong links to the regional secondary education system and the university sector including TAFE and the University of Wollongong.
Regional Development Australia (RDA) – Illawarra	Commonwealth and state funded with, responsibilities for economic development of the Illawarra. Role includes advisory, collaboration, awareness, promotion. RDA – Illawarra has also produced a Strategic Plan 2014-20.	RDA – Illawarra maintains good relationships with businesses and organisations involved in economic development across the Illawarra region. Its vision is: 'a prosperous, vibrant and equitable region seizing its opportunities together'.	Kiama Municipal Council Other Illawarra Councils i.e. Wollongong and Shellharbour.
NSW Farmers (Region 11, South East NSW)	Represents farmers in south east NSW. Identify policy priorities in south east and channel these to NSW Farmers Head Office for government consideration.	Strong 'grass roots' support with capacity to be heard and considered by the NSW Government.	NSW Parliament NSW Government agencies Landcare groups and other 'grass roots' organisations.
Office of Regional Development, NSW Premier and Cabinet	Leads the NSW Government's regional development activities. Focus on making NSW regions a prosperous place to live, a place where people wish to live, have good jobs and businesses choose to invest and grow.	Capacity to invest in skills and education, research and innovation, gap analysis with employers and managing access to natural resources.	The Office of Regional Development Illawarra/South East is well linked to all institutions concerned with regional development in the Kiama LGA.

Institutions serving the region are effective and appropriate for the current scope and reach of the community. The region has a mix of commercial and government support agencies that possess capabilities and connections to identify and pursue the needs for economic development. The mix includes tourism and agricultural representation, as well as a small business chamber.

8. Infrastructure audit

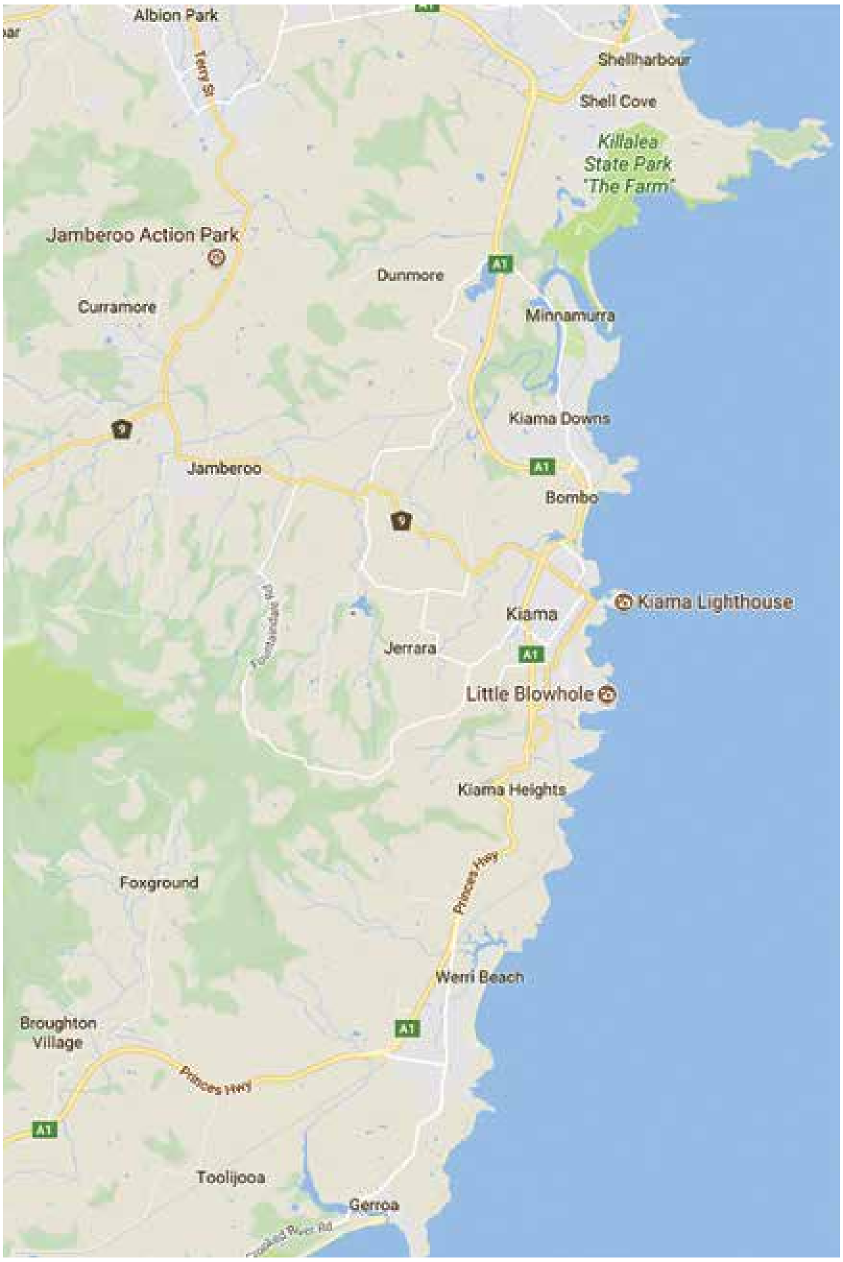
Infrastructure is an important enabler of economic growth. Customers and businesses rely upon the physical and organisational structures and facilities that exist in a region, or that link regions to other parts of the country or globe.

8.1. Roads

Highways

The town of Kiama lies alongside the Princess Highway (A1) approximately two and one half hours drive from Sydney. The Princess Highway provides a freight service to Kiama from Sydney but is not accessible for B-doubles all the way to Melbourne. The Illawarra Highway (A48) links Kiama to the Southern Highlands, Canberra and Melbourne via Albion Park. These roads are shown on the diagram to the right.

Figure 21: Roads Linking the Kiama Region



Source: Google Maps, Accessed on 3 December 2017

The Princess Highway provides the region with effective access to Shellharbour, Wollongong and Sydney for employment and the opportunity for Sydney people to visit the region for short breaks.

8. Infrastructure audit

The Illawarra Highway connects Kiama to the Hume Highway and market opportunities in Canberra and the other mainland states. Accident 'black spots' on the Illawarra Highway between Albion Park and Moss Vale require attention. The Albion Park interchange which will bypass the town and improve the efficiency of freight and passenger movements on both the Princess Highway and Illawarra Highway is an essential piece of infrastructure for the region.

Secondary roads

Secondary roads link towns and villages within the Kiama region and the region to other parts of NSW. No issues were identified with these roads during consultation.

8.2. Rail links

Kiama railway station is on the South Coast railway line. The station services diesel trains travelling south to Bomaderry and electric trains travelling north to Wollongong and Sydney. Electric trains from Kiama to Bondi Junction make it possible to commute to Sydney.

Coaches operate bus services that connect train arrivals and departures and these coaches service the surrounding towns of Gerroa, Jamberoo and Shellharbour.

9.3. Airports

Illawarra Regional Airport at Albion Park is a twenty minute drive from Kiama. The airport is owned and operated by Shellharbour City Council. The airport is home to a growing light aeronautics industry, the Historical Aircraft Restoration Society, the Australian Aerial Patrol and a range of tourism related operations. Previously Qantas provided a service to Melbourne from the airport but this was discontinued in 2008. From October 2017 a new service operated by Jet Go has provided a scheduled passenger service to Melbourne and Brisbane.

Kiama residents are keen to ensure there are effective links between the region and the proposed airport at Badgerys Creek.

8.4. Utilities

Domestic water supply and sewerage

The Kiama region is appropriately supplied with water and sewerage for domestic use. The Kiama Aged Care Centre of Excellence currently under construction will require water supply augmentation. The area currently occupied by Bombo Quarry will require water supply and sewerage connections in approximately ten years' time when the quarry is converted to a mixed use precinct that includes commercial, residential, industrial and recreational uses.

Jerrara Dam, a decommissioned water supply, has potential for redevelopment for picnic grounds and passive recreation.

Power/energy

No shortfall in energy supply was identified during consultation. The Kiama Aged Care Centre of Excellence currently under construction will require electricity supply augmentation. Connections will be required to the area currently occupied by Bombo Quarry when it is converted to a mixed-use development in ten years' time.

Telecommunications

The Kiama region was connected 'fibre to the home' with the NBN as part of a pilot project. Residents and business report an excellent service that has encouraged new businesses to the region. New businesses attracted to Kiama by excellent telecommunications infrastructure include professional services and home based businesses. Telecommunications is a key endowment for the Kiama region.

8. Infrastructure audit

8.5. Industry infrastructure

Agriculture

Infrastructure supporting large-scale agricultural irrigation is not relevant to the Kiama region. Dairy and beef cattle operations have smaller scale, private irrigation systems. Regional saleyards are located in Moss Vale.

Residential, commercial and industrial land

The Kiama region has a shortage of appropriately zoned land for residential, commercial/retail and industrial purposes. A shortage of appropriately zoned land results in a 'leakage' of economic activity to Wollongong, Shellharbour and Nowra. Changes to the LEP to free up land for development, including use of existing buildings on farm land, was identified as a community priority.

8.6. Education infrastructure

University and tertiary education

The University of Wollongong is a 40 minute drive from Kiama as is Wollongong TAFE. The Kiama Community College offers a limited range of vocationally oriented courses.

Schools and childcare

The Kiama region is well serviced with childcare, primary and secondary schools and no gaps were identified during consultation. There are three childcare/preschool centres in Kiama, public primary schools in each of Kiama, Gerringong and Jamberoo, a catholic primary school in Kiama and a public secondary school in Kiama.

8.7. Health infrastructure

Hospitals

The Kiama Hospital is under redevelopment. Aged care inpatients have been transferred to Shellharbour Private Hospital and will eventually be transferred to the public hospital in Shellharbour. Outpatients are currently being treated in the old hospital but will be transferred to a new $3.6 million Kiama Integrated Primary and Community Health Centre on the existing site. Part of the existing Kiama Hospital site has been purchased by Kiama Municipal Council for redevelopment as an aged care centre of excellence (http://www.islhd.health.nsw.gov.au/Kiama_Hospital/default.asp).

Aged care

The Kiama region has a core specialisation in aged care and additional aged care places are planned for the region. A new aged care centre of excellence is under construction and once completed will house residents from the existing Blue Haven facility.

8.8. Sporting and cultural infrastructure

Recreation and sporting facilities

Kiama is appropriately supplied with recreation and sporting facilities. The Kevin Walsh Oval at Jamberoo requires expansion and upgrade. Building improvement would allow additional community activities to occur in Jamberoo.

Cultural and entertainment

Cultural and entertainment infrastructure requires investment to upgrade structures and services in line with modern expectations and changing demographics. A new civic centre is proposed for the old Blue Haven Aged Care Site. The new civic centre would include council office space. The current council offices are not adequate in size and their relocation would free up valuable commercial space for more employment generating purposes. This development would also provide much needed professional and office spaces which are currently non-existent in Kiama and Gerringong.

Public amenities

The Kiama economy is driven by tourism including day trip groups of older people. An appropriate number of modern and clean public amenities are required to meet their needs. Kiama currently falls short of this requirement.

8.9. Accommodation infrastructure

There are three hotels in Kiama. A three-star hotel has recently closed. Hotels face competition from private homes offering bed and breakfast. The community suggests that there is an accommodation shortfall in the Kiama region. Kiama lacks accommodation for bus groups. This is important for its visitor economy which is partially reliant on coach groups of older people and visiting sporting teams.

9. Endowments

Endowments are strengths that a regional economy possesses and can capitalise on. Economic principles suggest that endowments play a key role in the economic development of regions.

The CERD in its *Regional Economic Growth Enablers Report* (2016) found that:

> *the future of individual regional economies is inexorably linked to their natural endowments and attempts to retain or establish industries without an underpinning endowment are unlikely to succeed* [9].

A region seeking to encourage economic development should therefore concentrate on factors that enable the growth of endowment-based industries, as well as building local leadership and institutional capacity and capabilities to capitalise on the opportunities that a region's endowments present. Endowments can lead to opportunities from which commercial and industrial interests may leverage and develop specialisations.

9.1. Physical endowments

Topography, climate and soil

Created by lava flows, the area is dominated by steep rolling hills that extend from the escarpment to the coast. The area is green and lush, and a combination of rich volcanic soils and good rainfall support rich agricultural land suitable for dairy farming. The climate of Kiama LGA is warm and temperate.

Coastal, rural and natural environments

The Kiama LGA scenically beautiful landscapes ranging from the Littoral Rainforect, woodlands, rocky terrain, coastal plains, farmland, wetlands and floodplains. There are three National Parks/Nature Reserves within the Municipality; Seven Mile Beach National Park; Budderoo National Park; and Barren Grounds Nature Reserve. The Kiama Municipality has three major catchments; Minnamurra River, Crooked River, and Werri Lagoon. The area also has more than 20 kilometres of coastline including Seven Mile Beach, several well-known surfing beaches, such as Surf Beach, 'Mystics' and Boyds' Beach, as well as other more protected swimming beaches situated in coves between headlands such as Black Beach, Easts Beach and Kendalls Beach. Kiama Harbour forms one of several coves between headlands, with one of the headlands of Kiama Harbour containing the Kiama Blowhole. The natural amenity of the area is a strong attractor, for both new residents, holiday makers and day trippers.

Location to Wollongong Region (Wollongong and Shellharbour), Nowra, Sydney and Canberra

The Kiama LGA is located in close proximity to the major regional employment centres of Wollongong (1 hour drive) and Nowra (30 minutes drive), and is located just one hour and 45 minutes drive from Sydney and two hours and 40 minutes to Canberra.

This enables accessibility of residents and businesses to the social and business infrastructure associated with major cities, while enjoying lower housing and land prices. This proximity is credited with the LGA becoming a popular destination for retirees and people wishing to leave large cities for a lifestyle change, while still maintaining access to the benefits of major cities. This location is also an important attribute in relation to tourism to the LGA. The LGA's location also enables it to export labour to Wollongong, Shellharbour and the Shoalhaven.

Lifestyle benefits

Lifestyle is an important strength of the LGA. The LGA offers a coastal and rural lifestyle with close proximity to the major cities of Sydney, Canberra and Wollongong. Relatively affordable house prices, small community feel, numerous rural and coastal towns and natural beauty were all referred to in consultations. All of these factors make Kiama LGA a liveable region and attractive place to raise a family, retire or semi-retire.

[9] *Regional Economic Growth Enablers Report (2017), Centre for Economic and Regional Development*

9.2. Built and institutional endowments

Health care facilities

The Kiama LGA is serviced by the Kiama Hospital which is currently under redevelopment. The new Kiama Hospital development will include and aged care centre of excellence. As well as enhancing the liveability of the region, the hospital is an important regional resource for the aged care sector.

Road and rail access

The region is serviced by both road and electric rail access to Wollongong, Sydney, and road access to Shellharbour, Nowra and Canberra. While there are limitations to these linkages they are important endowments for the region that may be able to be leveraged to create benefits for the regional economy.

Aboriginal and Historic Heritage

The region has a rich and varied Aboriginal and European heritage. The original inhabitants of the Kiama area were the Wodi Wodi Aboriginal people and the name Kiama is thought to be from an Aboriginal word meaning 'where the sea makes a noise'. There are 108 known Aboriginal sites currently recorded on the Office of Environment and Heritage's register. The Kiama town site was reserved in 1826 and the town plan was approved by the Governor in 1839. Historic heritage is scattered throughout the region and is potential an important resource for regional tourism.

Local Institutions

The region is well supported by regional development institutions including the Kiama Council, the Kiama and District Business Chamber, Destination Kiama, Regional Development Australia - Illawarra, NSW Farmers (region 11, South East NSW). Council has strong relationships with businesses and economic development institutions.

Telecommunications

The Kiama region was connected with the NBN in the early stages of the NBN rollout. Residents and business report an excellent service that has encouraged new businesses to the region. New businesses attracted to Kiama by excellent telecommunications infrastructure include professional services and home based businesses. Telecommunications is a key endowment for the Kiama region.

9.3. Human endowments

Labour supply

As identified in the 'Education and Employment', the region has a substantial labour supply that exceeds the internal demand for labour. Relative to Regional NSW, the Kiama LGA has a higher percentage of the labour force in full-time work and part-time work, and a lower proportion unemployed.

Specialist skills

As noted in 'Education and Employment', the region has a relatively high proportion of its workforce working as Professionals and Managers, compared with Regional NSW. In addition, the region has higher proportion of people who completed Year 12 or equivalent and a higher proportion of people holding formal University qualifications (Bachelor or higher degree; Advanced Diploma or Diploma).

10. Core competencies

Core competencies represent the ability of a region to organise its resources (land, labour and capital) in order to produce goods and services.

They refer to the set of skills, technology, resource applications and management unique to that region. The analysis of core competencies involve an assessment of seven sectors of regional specialisation using 34 core competency criteria used by Roberts and Stimson (1998). The selected competency criteria were ranked as either Strong (S), Average (A) or Weak (W). The ranking involved a subjective assessment, based on information derived from consultations, background reports, data analysis and industry knowledge. A weighting was then applied to the three selected competency criteria (a performance weighting score of 3 allotted to strong, 2 to average, and 1 to weak). Next, the column score for each sector industry was summed, then divided, against a possible maximum score for each industry to derive a relative index of strengths and weaknesses for each sector. The maximum relative index score for any industry sector is 1. The row score for each core competency can be derived in a similar manner. From this analysis, it is possible to develop a regional factors core competency index.

The regional core competency index shown in Figure 22 indicates that the region has significant strengths in its Quality of Life, Proximity to Markets and Delegation and Local Autonomy. Business Support Scheme, Transport Costs, Adequacy and Flexibility of Infrastructure and Energy Costs were identified as a weakness for the region.

Figure 22: Regional Factors Core Competencies Index

Source: AgEconPlus and Gillespie Economics based on consultations

11. Economic future of the region

11.1. Long term economic vision for the region

Regional economic development can take a variety of forms. The objectives of economic development are usually measured in terms of population growth, GRP growth, decreases in unemployment rates and improvements in quality of life. These measures are important for regional economic development. However, a REDS for the Kiama LGA should be a reflection of the community's aspirations.

A long-term, economic vision for the Kiama LGA, building on the vision in the Community Strategic Plan is:

> *"To be a strong economy outside of current holiday season peaks with carefully managed growth and employment opportunities in tourism, aged care, agribusiness and other emerging industries."*

This will involve steady population growth, attracting new residents – including commuters and retirees - to the region and retaining existing residents. It is important that new residents are bringing skills into the region and that the region can also expand its internal employment opportunities.

For this economic vision to be sustainable, it also must be based on the existing strengths of the region and be directed towards maintaining the region's liveability. For the Kiama LGA, this would involve leveraging the water, climate and soils; location, accessibility and lifestyle; coastal, rural and natural environments; healthcare infrastructure; and labour resources.

The REDS for the Kiama LGA must therefore set out a road map for the region in the context of these endowments and the demographic and economic trends of the region.

11.2. Economic opportunities and risks for the Kiama regional economy

Inter-industry relationships

Table 9 depicts the main linkages associated with sectors reflecting areas of specialisation in the region. It also shows the degree to which expenditure on inputs to production (i.e. on intermediate sectors) and wages paid to labour are captured by the regional economy. It is based on the Input Output model of the regional economy and hence uses the Input Output sector classifications that best align with ANZSIC sectors of specialisation in the regional economy. Table 9 indicates that the Sheep, Grains, Beef and Dairy Cattle Sector is the most self-contained in terms of intermediate expenditure labour. However, there is considerable leakage of expenditure from the other sectors that represent the specialisation in the Kiama economy.

This suggests some scope for exploration of potential local providers of inputs or attraction of businesses to the region that supply required inputs - particularly where there is information failure or some other form of market failure that is preventing this occurring.

Table 9: Current Industry Linkages in the Kiama LGA

Sector	Main backward linkages from intermediate sector expenditure	Percent of intermediate sector expenditure captured in the region	Percentage of wages to labour residing in the region
Sheep, Grains, Beef and Dairy Cattle	Sheep, Grains, Beef and Dairy Cattle	69%	86%
	Agriculture, Forestry and Fishing Support Services		
	Non-Residential Property Operators and Real Estate Services		
Accommodation	Non-Residential Property Operators and Real Estate Services	55%	58%
	Employment, Travel Agency and Other Administrative Services		
	Building Cleaning, Pest Control and Other Support Services		
	Construction Services		
Food and Beverage Services	Non-Residential Property Operators and Real Estate Services	57%	67%
	Employment, Travel Agency and Other Administrative Services		
	Professional, Scientific and Technical Services		

Source: Department of Premiers and Cabinet (NSW)

Table 9: Current Industry Linkages in the Kiama LGA - Continued

Sector	Main backward linkages from intermediate sector expenditure	Percent of intermediate sector expenditure captured in the region	Percentage of wages to labour residing in the region
Health Care Services	Employment, Travel Agency and Other Administrative Services	53%	70%
	Professional, Scientific and Technical Services		
	Non-Residential Property Operators and Real Estate Services		
Residential Care and Social Assistance Services	Employment, Travel Agency and Other Administrative Services	56%	50%
	Non-Residential Property Operators and Real Estate Services		
	Professional, Scientific and Technical Services		

Source: Department of Premiers and Cabinet (NSW)

11. Economic future of the region *(Continued)*

Risks facing the region

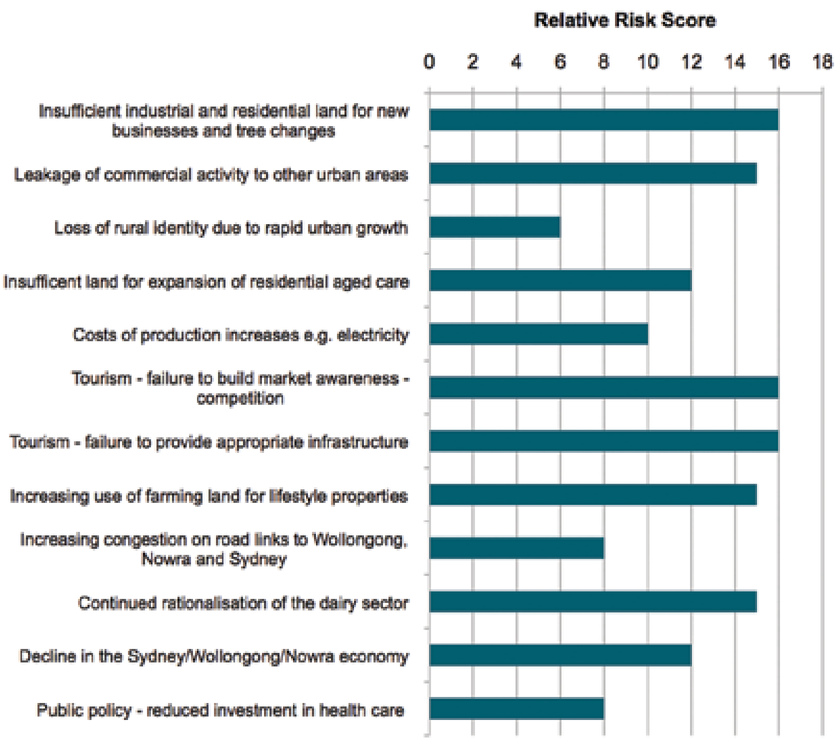
Risks impacting a region may be from factors that are endogenous to the region and from factors that are exogenous to the region.

The risks identified during the consultations included those within the following broad categories:

- economic risks (relates to the impact of global markets, trade factors, inflation or transportation disruptions);
- production risks (relates to access to resources, profits, production costs, changes in energy prices, labour disruptions, production process failures);
- governance risks (relates to sovereign risk [not just domestic], regulatory environment);
- environmental risks (relates to resource depletion, pollution, natural and /or man-made disasters); or
- societal risks (relates to public liability claims against business, community attitudes toward development and pressure groups).

Figure 23 shows the relative impact of the risks for the region identified during consultations. This was generated using a 'likelihood and severity of the consequences' risk matrix approach, where the score for impact is multiplied by the score for likelihood (refer to Appendix 6). The higher the score the greater the relative risk. The figure indicates that risk associated failure to provide appropriate tourism infrastructure, failure to build tourism market awareness, insufficient industrial and residential land, and continued rationalisation of the dairy sector, pose the greatest risks to the Kiama economy.

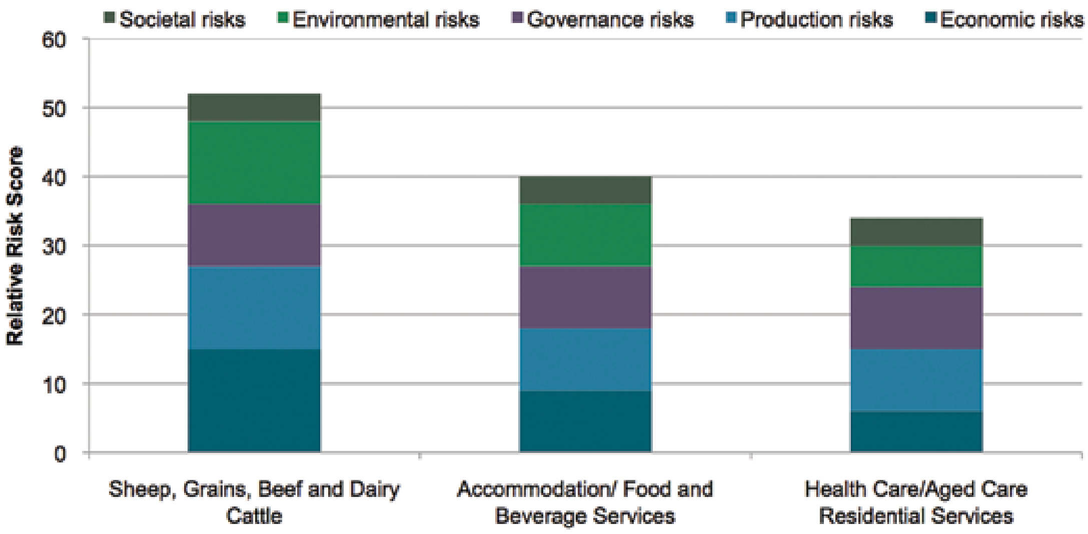
Figure 23: Relative Regional Risks for the Region



Source: AgEconPlus and Gillespie Economics

Figure 24 shows the risk impacts on each of the main regional specialisation sectors based on consultations and analysis. The figure shows that the Sheep, Grains, Beef and Dairy Cattle sector faces the greatest risks followed by the Accommodation/ Food and Beverage Services sector. The Health Care/Aged Care Residential Services sector face the least risks. Risks vary between sectors with economic risks, production risks and environmental risks being important to the Sheep, Grains, Beef and Dairy Cattle sector. Health Care/Aged Care Residential Services and Accommodation/Food and Beverage Services have higher Governance risks.

Figure 24: Industry Risk Impact for the Region

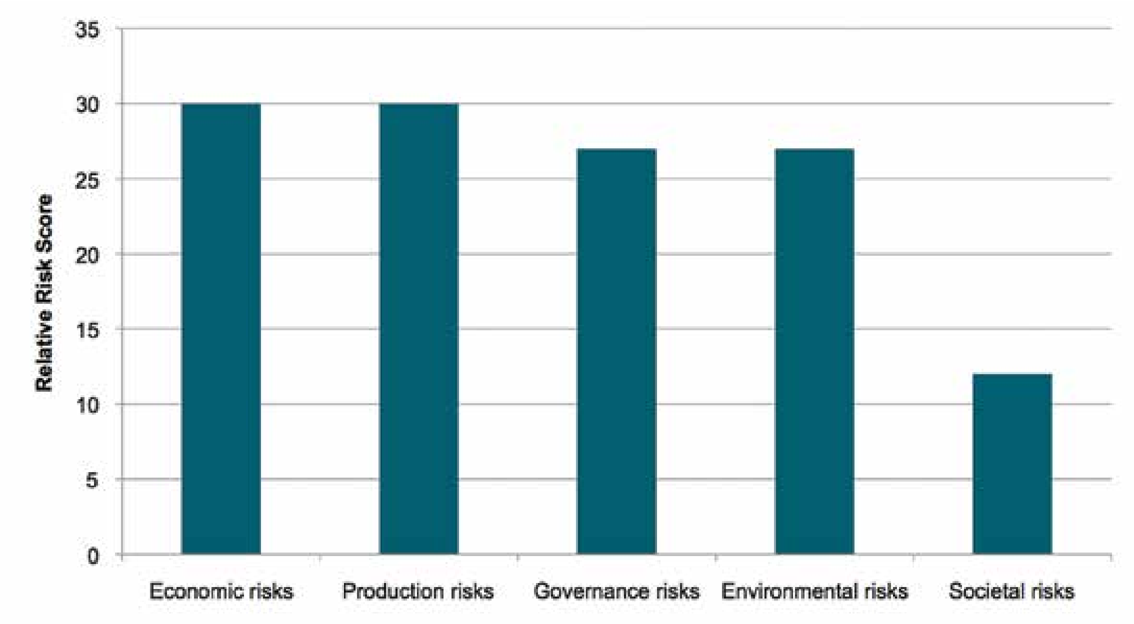


Source: AgEconPlus and Gillespie Economics

11. Economic future of the region *(Continued)*

Figure 25 indicates that the main category of risk facing the key sectors of specialisation in the regional economy are economic risk and production risks - affecting trade exposed sectors of agriculture and to a lesser extent tourism. Governance risks are also important, particularly around regulation/approval of tourism development and agriculture.

Figure 25: Main types of regional risks for specialisation sectors



Source: AgEconPlus and Gillespie Economics

Sectoral opportunities

Based on the local endowments, core competencies, inter-industry relationships and risks in the Kiama LGA, a number of opportunities have been identified in Table 10.

It is important to note that those opportunities recognise the reality that Kiama is a commuter belt region with a dominance of consumption/population serving economic functions. Tourism and agriculture are pretty much the sole sectors that are not in that category. The region also attracts retirees and hence has a specialisation in the residential care sector. This is indeed the nature of the regional economy of many coastal regions. Thus, maintaining and enhancing the region's liveability will be crucial to its success of Kiama as living environment for commuters to the major employment centres to the north and south.

Table 10: Economic Opportunities for Kiama LGA

Opportunity	Relevant endowments and core competencies	Relevant sector (s)
Drive tourism growth beyond its current seasonal peak	▸ Strengths in the arts, food, weddings, marine environment and walks/tracks ▸ Location close to Sydney and Canberra ▸ Road and rail linkages ▸ Capital base	▸ Arts and recreational services ▸ Accommodation and food services ▸ Rental, hiring and real estate services ▸ Construction
Enhance the liveability of Kiama and realise economic opportunity in aged care	▸ Local lifestyle benefits ▸ Public hospital is being upgraded ▸ Aged care centre of excellence under development ▸ Road and rail linkages ▸ Local institutions ▸ Capital base	▸ Health care and social assistance ▸ Residential care ▸ Hospitals ▸ Public admin and safety ▸ Private administrative and support services ▸ Professionals ▸ Scientific and technical services ▸ Education and training ▸ Construction
Transform agricultural enterprises and quarry land for future growth and employment	▸ Agriculture – dairy and beef ▸ Hard rock quarry ▸ Location close to Sydney and Canberra ▸ Road and rail linkages ▸ Labour supply ▸ Infrastructure ▸ Capital base	▸ Commercial ▸ Professional and technical services ▸ Industrial/manufacturing ▸ Residential growth ▸ Transport, logistics and wholesale trade ▸ Tourism, accommodation and food services

12. An Economic Development Strategy for Kiama Region

REDS are high level plans that identify actions required to achieve the long term economic vision for the region.

For these strategies to be executable and sustainable, they must be based on the economic strengths and specialisations of the region, leveraging its endowments and core competencies. These strategies must also be developed in the context of the likely risks facing the region, and be adaptable and resilient enough to withstand those risks.

The three Strategy elements for the Kiama region derived through the process employed link directly to the opportunities presented by its endowments, core competencies, and economic strengths and specialisations and also aim to address some key regional risks.

Strategy elements were derived from an analysis of the endowments that underpin the region's strengths, followed by examination of current industry specialisations and emerging specialisations, identified in consultation with the community and council.

Each element is accompanied by a set of early actions, which should be interpreted simply as example actions derived from the preliminary application of the REDS framework. It is therefore expected that there will be other actions capable of contributing to the attainment of the vision that are yet to be identified. Consequently, an action's alignment with the strategy is the preeminent strategic consideration rather than listing in this document, and all proposed actions will be subject to further qualitative and quantitative evaluative processes.

The three Strategies for the Kiama region are:

- Drive tourism growth beyond its current seasonal peak
- Enhance the liveability of Kiama and realise economic opportunity in aged care and retirees, and as a dormitory area attract new residents who work outside the region; and
- Transform agricultural enterprises and quarry land for future growth and employment.

12.1. Drive tourism growth beyond its current seasonal peak

Strategy overview:

Tourism is a major driver of the Kiama economy. The region is 'at capacity' during summer holidays but under-visited in other parts of the year. Many visitors use Kiama as a stop off or day trip. Initiatives to extend length of stay are required. A wider variety of accommodation is needed. Tourism plans have focussed on arts, culture and food as areas that will drive growth in visitor numbers and spend. Investment in infrastructure and the development of additional attractions is equally as important if Kiama is to maintain its competitiveness with other holiday destinations.

Actions required to drive tourism growth beyond its current seasonal peak include Kiama Harbour redevelopment, a visitor centre at the Kiama Blowhole, development of the an arts and culture precinct, strategy to encourage additional weddings in Kiama, creation of the Jerrara Dam picnic and passive recreation area, improved amenities (e.g. signage, toilets and gas BBQs) in Budderoo National Park and on the Minnamurra to Gerringong Coastal walk. Actions also address testing the feasibility of a range of accommodation development opportunities including changes to planning policy that facilitates the use of vacant farm buildings for tourist accommodation, provision of sites suitable for large mobile homes, exploration of the feasibility of visitor accommodation at Minnamurra either in or near the national park and working with hotel chains and developers to understand the viability of a Kiama conference centre along with additional 3 to 5 star hotel style accommodation. This strategy also proposes investigation of the feasibility of developing an additional iconic tourist attraction in the Kiama region, development of the Bombo Headland Coastal Eco-walk and the development of the Gerringong to Gerroa Coastal walk.

Potential benefits of driving tourism and enhancing the liveability of the region:

Increased tourism spend leading to more jobs and profits for local residents.

- Increases in the quality of life of current residents through improved recreational and cultural activities in the region.
- Increased visitation may lead to more people choosing to relocate permanently to the region, bringing new wealth and increasing the breadth and depth of the workforce.

Challenges and other considerations:

- A number of the initiatives require large amounts of capital and this may make funding of the entire strategy difficult.
- There may be difficulty in convincing businesses in the region that they are not competing with each other. Instead, they must see the Kiama regional economy as competing with other regions in Australia.

Infrastructure priorities:

- Urban infrastructure: to encourage additional length of stay and offseason visits to Kiama – Kiama Harbour redevelopment, a visitor centre at the Kiama blowhole, Hindmarsh Park arts and culture precinct and infrastructure to support the parking and servicing of large mobile homes.
- Outdoor amenity infrastructure: including Jerrara Dam picnic and passive recreation area and amenities that better serve visitors to Budderoo National Park and the coastal walking track. Proposed amenities include signage, toilets, picnic areas and gas BBQs.

Implications for stakeholders:

- Detailed feasibility studies and business cases need to be prepared before investment in infrastructure priorities.

12.2. Enhance the liveability of Kiama and realise economic opportunity in aged care and retirees, and as a dormitory area attract new residents who work outside the region

Strategy overview:

This strategy is about enhancing liveability in order to retain and grow its population base the Kiama region must invest in infrastructure that continues to improve liveability for its residents and to maintain its attractiveness as a place to live for the large commuting work force and for retirees to relocate to the region. Thus, the region has an economy that is driven largely by consumption/population serving functions. The Kiama region certainly has a core competency in aged care and there are growing specialisations in Medical and Other Health Care. In line with an ageing population there are opportunities for additional employment in this sector. This strategy sets out to enhance the liveability of Kiama and create additional employment and economic opportunity in aged-care.

Actions required to deliver this strategy include construction of the Kiama Aged Care Centre of Excellence on the old Kiama hospital site, development of a civic centre and office space on the old Blue Haven Nursing Home site, a CBD masterplan that examines whether there is opportunity to develop taller buildings without detracting from the Kiama skyline, creation of additional parking for retail including Akuna Street south, improved amenities for use by residents and visitors and upgrade of the Kevin Walsh Oval, Jamberoo. Additional actions to address Kiama liveability include development of a renewable energy strategy that focusses on a solar farm, electric car recharge points and examines the feasibility of a driverless shuttle bus service. Actions also address master planning for the Bombo Quarry and the lobbying of government for improved passenger rail services and the construction of the Albion Park interchange.

Potential benefits of improved liveability and realising economic opportunity in aged care:

- A more desirable place to live which sets up a virtuous cycle of growth and opportunity.
- Additional employment opportunity for young people in the region.
- Upskilling the regional labour force and providing higher-income paths for local school leavers.
- Greater integration of the region with the south coast and Sydney economy.
- Further diversification of the economy away from commodity cycle dependent agriculture and seasonal tourism.

Challenges and other considerations:

- While Kiama has a core capacity in aged care and the sector is growing, it is also competitive. A focus on best practice and a centre of excellence is appropriate.

Infrastructure priorities:

- Aged care infrastructure: centre of excellence on the old Kiama hospital site.
- Civic infrastructure: civic centre, office space, parking and amenities (toilet block, picnic areas, gas BBQs and signage).
- Sporting infrastructure: upgrade of the Kevin Walsh Oval, Jamberoo.
- Main road infrastructure: construction of the Albion Park interchange.

Implications for stakeholders:

- Care will be needed to ensure that the additional people attracted to the region through successful execution of the strategy do not compromise the lifestyles of long term residents.

12.3. Transform agricultural enterprises and quarry land for future growth and employment

Strategy overview:

The Kiama region has a proud history in primary production. The area was developed as a dairy centre supplying the Sydney market with fresh milk via the rail system. In the past two decades a large number of dairy farms have been converted to beef production and, in many instances, farms are too small to be cost effective commodity producers. To retain the rural character of the region and assist farmers with their profitability, new farm-based enterprises are required. Redevelopment of agriculture is linked to enhanced accommodation and food service opportunities. New farm-based enterprises will grow the regional economy and assist with local employment.

Actions required to transform agricultural enterprises include development of a strategy for conversion of vacant farm buildings into tourist accommodation, support for diversification of agricultural production into niche products that build on Kiama's strength in 'food tourism', ensuring regional infrastructure supports niche product export to capital city and overseas markets and exploring opportunities for new agricultural industries in the 'blue economy'. 'Blue economy' opportunities may include aquaculture based on traditional finfish species or new industries such as seaweed.

A master plan is required for the redevelopment of Bombo Quarry as blue metal production winds down at the site. A concept plan for the quarry shows that the 110 ha site has potential to house between 6,000 and 7,000 residents, provide recreational opportunities, hotel, commercial and industrial space. Commercial land will ease the current critical shortage of office space in Kiama and industrial land offers potential to attract larger employers to Kiama. Kiama does not currently support large industrial employers. Residential land will meet forecast housing needs generated by Greater Wollongong and Shellharbour. Actions associated with the preparation and delivery of the Bombo Quarry Masterplan are a major medium term economic opportunity for the Kiama region.

Potential benefits of transformed agricultural enterprises and quarry land:

- A potential additional income stream for farmers that may help retain land in productive agriculture.
- Synergies with strategies aimed at increasing length of stay and reducing the seasonality of visits to Kiama.
- Opportunity to address current shortages of commercial and industrial land in Kiama.

Challenges and other considerations:

- Sound market research is required prior to investment in new agricultural enterprises and the transformation of quarry land.

Infrastructure priorities:

- No infrastructure investment is required to deliver this strategy. Once master planning is complete water supply, road, electricity and telecommunication infrastructure will be required to deliver masterplan recommendations.

Implications for stakeholders:

- Implementation of this strategy will require a strong partnership between Kiama Municipal Council, local agricultural producers and the owners of the Bombo Quarry.

13. Regional Action Plan

13.1. *Drive tourism growth beyond its current seasonal peak*

Early Stage Priority Actions	Issue	Responsibility
Develop a masterplan and business case for the redevelopment of Kiama Harbour.	With appropriate planning and execution Kiama Harbour offers a major opportunity to grow the regional tourist economy and add to the region's commercial and residential building stock.	Kiama Municipal Council.
Implement the business case for redevelopment of Kiama Harbour.	Business case is likely to address break wall extension, boardwalks, amenities, food, beverage and the development of land for commercial and residential purposes.	Kiama Municipal Council.
Develop a business case for the Kiama Blowhole Visitor Centre.	A visitor centre would encourage a longer stay in the Kiama region. NB: careful design required – most visitor centres are not profitable.	Kiama Municipal Council.
Implement the business case for the Kiama Blowhole Visitor Centre.	The visitor centre might include, interpretive material, scientific research, marine innovation, new and emerging marines industries e.g. seaweed production.	Kiama Municipal Council.
Develop the Hindmarsh Park Arts and Culture Precinct.	This project directly addresses Kiama's tourism priorities around art and culture. An arts precinct would encourage visitors to stay longer in the Kiama region.	Kiama Municipal Council.
Develop a strategy to encourage the holding of wedding ceremonies and wedding receptions in the Kiama region.	Weddings are high value and high employment tourism/visitor opportunities with venue hire, accommodation and 'value add' such as flowers.	Kiama Municipal Council.
Prepare and implement the business case for the Jerrara Dam tourist development.	Decommissioned Kiama water supply with potential for development of picnic grounds and passive recreation.	Kiama Municipal Council.

Early Stage Priority Actions	Issue	Responsibility
Explore changes to the Kiama LEP and whether use of vacant farm buildings for tourist accommodation is appropriate.	Additional opportunities to earn a living on existing farms may encourage farmers to remain in productive agriculture. Alternative accommodation types may boost the length of stay and encourage out of season stays in the Kiama region.	Kiama Municipal Council.
Identify locations and provide suitable infrastructure for large mobile homes.	Places to stop overnight will encourage visitors in large vans to stay longer and spend more in the Kiama region.	Kiama Municipal Council.
Improve amenities around Kiama, Budderoo National Park and the coastal walking track.	Consultation revealed a shortage of essential amenities including toilet blocks, picnic areas, gas BBQs and signage. Additional, good quality amenities will improve the liveability of Kiama for residents and may encourage a longer stay in the Kiama region.	Kiama Municipal Council.
Explore the feasibility of accommodation at Minnamurra either in or near the national park.	Accommodation close to the river and waterfall may increase visitation to the national park and encourage a longer stay in the Kiama region.	Kiama Municipal Council.
Work with hotel chains and developers to understand the feasibility of a Kiama conference centre along with additional 3 to 5 star accommodation.	Kiama has the potential to be a conferencing destination with 'add on' attractions based around an art culture and food offering. Accommodation is required that is 3 to 5 star and is large enough to take a coach group. NB: the area is well supplied with private homes offering bed and breakfast.	Kiama Municipal Council.
Investigate the feasibility of developing an iconic tourist attraction.	A unique and possibly quirky piece of infrastructure such as a glass headland walkway at Bombo would encourage visitors to stay longer in the Kiama region.	Kiama Municipal Council.
Develop the Bombo Headland Coastal Eco-walk.	Bombo Headland has the potential to be another iconic tourist attraction like the Kiama Blowhole. The headland requires access, walking track, amenities and interpretive material.	Kiama Municipal Council.
Develop the Gerringong to Gerroa Coastal walk	A Gerringong to Gerroa coastal walk would extend the popular Minnamurra to Gerringong walk that passes through Kiama. An 'iconic' walk of this length would shift the track from a day event to an overnight stay.	Kiama Municipal Council.

13.2. Enhance the liveability of Kiama and realise economic opportunity in aged care and retirees, and as a dormitory area attract new residents who work outside the region

Early Stage Priority Actions	Issue	Responsibility
Construct the Kiama Aged Care Centre of Excellence on the old Kiama hospital site.	Centre will service Kiama region plus retirees from other parts of NSW. Infrastructure support needed includes water supply, roads, electricity, telecommunications, funding for a community hall and heritage restoration.	Kiama Municipal Council.
Develop a civic centre and office space on the old Blue Haven Nursing Home site.	Current council offices are too small and relocation would free up much needed commercial and office space for employment creation purposes.	Kiama Municipal Council.
Review Kiama land use plans and prepare a CBD masterplan.	Current land use plans restrict development of new office space in the CBD. There may be scope to develop higher buildings in some areas of the CBD without detracting from the current Kiama skyline.	Kiama Municipal Council.
Create additional parking for retail shopping, Akuna Street South.	Local residents and tourists find it hard to stop and shop in Kiama. Additional parking would stop the 'leakage' of retail to other centres.	Kiama Municipal Council.
Improve amenities around Kiama, Budderoo National Park and the coastal walking track.	Consultation revealed a shortage of essential amenities including toilet blocks, picnic areas, gas BBQs and signage. Additional, good quality amenities will improve the liveability of Kiama for residents and may encourage a longer stay in the Kiama region.	Kiama Municipal Council.
Upgrade of the Kevin Walsh Oval, Jamberoo.	Oval upgrade would provide additional opportunity for local and regional sport.	Kiama Municipal Council.
Develop a renewable energy strategy that includes recharge points for electric cars and a solar farm.	'Green energy' is consistent with Kiama being a desirable place to live and visit. It has been suggested that a solar farm might be developed as part of the Jerrara Dam tourist development.	Kiama Municipal Council.

Early Stage Priority Actions	Issue	Responsibility
Examine the feasibility of a driverless shuttle bus service.	Service would augment existing public transport, could be used as a pilot for other areas and would require a change to existing laws.	Kiama Municipal Council.
Lobby State Government and Sydney Trains for an improved passenger rail service.	Kiama is 'at the limit' of a viable commute to Sydney but is a straightforward commute to Wollongong. An improved passenger rail service would improve the liveability of Kiama for existing residents.	Kiama Municipal Council.
Lobby State Government for delivery of the planned Albion Park road interchange.	The Albion Park interchange which will bypass the town and improve the efficiency of freight and passenger movements on both the Princess Highway and Illawarra Highway is an essential piece of infrastructure for the region.	Kiama Municipal Council.
Develop a Bombo Quarry Precinct Master Plan. Current Concept Plan shows hotel, commercial, residential, industrial and recreational precincts.	Additional commercial land will ease current critical shortage of office space in Kiama. Industrial land offers potential to attract larger employers to Kiama – currently they are missing. Residential land will meet forecast housing needs generated by Greater Wollongong and Shellharbour.	Kiama Municipal Council.

13.3. Transform agricultural enterprises and quarry land for future growth and employment

Early Stage Priority Actions	Issue	Responsibility
Undertake an assessment of impediments and opportunities facing the region's farm and agribusiness sectors – to inform potential projects aimed at strengthening and diversifying this important sector.	Assessment will help understanding of what might be done to enhance the competitiveness of this key sector and inform future investment strategy.	Kiama Municipal Council.
Encourage collaboration between farm businesses and NSW DPI (and other relevant institutions) to find ways to improve production and profitability in the region's traditional enterprises, such as beef and dairy, and on new agricultural products (for example, new industries in the 'blue economy' e.g. finfish aquaculture, seaweed production).	The economic and environmental challenges facing agriculture in the region requires a strategy that will encourage ongoing research and extension to assist industry adjustment, strategic development and risk management and; In partnership with Wollongong University explore opportunities for new aquaculture industries in the region – based on traditional finfish species or new industries such as seaweed.	Kiama Municipal Council. Kiama Municipal Council.
Develop a strategy for the conversion of vacant farm buildings into tourist accommodation.	Adaptive reuse of vacant farm buildings may provide an additional income stream for farmers and in so doing help retain land in productive agriculture. Use of farm buildings for tourist accommodation may require revision of the Kiama LEP.	Kiama Municipal Council.
Build on current Kiama tourism strategy that identifies the importance of 'food tourism' and link this opportunity to local agricultural producers.	Generally speaking regional farms are too small to be cost effective commodity producers. However, niche products (e.g. specialist wagyu beef, ice cream made from local milk) can capture profitable gourmet markets. Actions include working with current and potential local niche product makers to identify market requirements and ensuring planning instruments align with economic opportunity.	Kiama Municipal Council.
Ensure that regional infrastructure supports efficient transport of agricultural inputs and exports, including the export of niche agricultural products.	Freight can be a significant cost in regional areas. Niche agricultural products may service local tourist markets but may also be 'exported' to larger population centres or overseas. Success is at least partially dependent on an efficient road network and airports serving international markets (e.g. Canberra).	Kiama Municipal Council.

Early Stage Priority Actions	Issue	Responsibility
Develop a Bombo Quarry Precinct Master Plan. Current Concept Plan shows hotel, commercial, residential, industrial and recreational precincts.	Additional commercial land will ease current critical shortage of office space in Kiama. Industrial land offers potential to attract larger employers to Kiama – currently they are missing. Residential land will meet forecast housing needs generated by Greater Wollongong and Shellharbour.	Kiama Municipal Council.
Explore ways to target ICT industry or any business that utilises high speed internet.	Build on the region's strengths in home-based businesses which are well serviced by the NBN.	Kiama Municipal Council.
	Encourage businesses seeking a low cost location and high quality digital connectivity.	Kiama Municipal Council.

13.4. Regional Action Plan Implementation Review Process

The effective implementation of the Strategy will involve the key stakeholders and regional community that contributed to its development, including Kiama Municipal Council as well as state government agencies and local entities.

The completion of this document is intended to be the first stage of an ongoing process where new actions to further progress towards the Vision are identified through application of the REDS framework. It is therefore suggested that the Kiama Municipal Council's existing Economic Development Advisory Committee be empowered to progress the implementation of actions listed in this Strategy, apply the Strategy's framework to identify new actions to be added to the Action Plan, develop key performance indicators and evaluate outcomes.

After two years, the Economic Development Advisory Committee will initiate the conduct of a formal review of the Action Plan and associated governance processes, producing a brief report card to be published as an addendum to the Economic Development Strategy. This will also provide an opportunity to update the Action Plan for new or modified actions in view of key economic, social, environmental and policy changes.

After four years, the Advisory Committee will also begin the process of updating or refreshing the Economic Development Strategy.

14. Consultation Methodology

An introductory meeting with Kiama Municipal Council (KMC) was facilitated by Nigel McKinnon, Regional Director, Illawarra and South East, NSW Department of Premier and Cabinet – Regional Development Section, 18 September 2017.

In attendance at the meeting was Michael Forsyth, General Manager KMC, Kerry McMurray, Director Finance Corporate and Commercial, KMC and Megan Hutchison, Economic Development Manager KMC. Also present was consultant Michael Clarke and Donatella D'Amico, NSW Department of Premier and Cabinet.

At the introductory meeting KMC expressed interest in the REDS project and referred the consultants to the council's December 2014 Economic Development Strategy. Council indicated that useful inputs to the REDS would be made by the Council's Economic Development Committee, Tourism Advisory Committee and the Kiama Business Chamber.

Taking on board this advice, a tailored consultation approach was developed for the Kiama FER. Central to the tailored consultation approach was the development, with council, of a Kiama REDS discussion paper and survey (Appendix 1).

The discussion paper and survey focussed on the requirements of the final REDS document and included a summary of the economic audit, core competencies, endowments and economic drivers, an LGA focussed SWOT analysis, LGA focussed risk analysis, infrastructure audit, infrastructure priorities, opportunity to describe local strategies/actions and broader government policies/actions required for economic development. Consultation questions were embedded in the discussion paper.

The following consultation sequence was employed:

1. A draft discussion paper and survey was provided to the KMC Economic Development Manager for comment and augmentation. The discussion paper was circulated internally and embedded consultation questions and project priorities were addressed.
2. The discussion paper was finalised by the consultants and circulated to approximately thirty individuals including members of parliament, councillors, members of council's Economic Development Committee, Tourism Advisory Committee, Kiama and District Business Chamber and AusIndustry. A complete list of discussion paper and survey recipients is included as Appendix 2.
3. Discussion paper recipients were invited to comment on the content of the discussion paper, answer the survey questions and participate in a REDS development workshop held at The Pavilion, Kiama, Tuesday 28 November 2017.
4. The REDS development workshop addressed the REDS process, review of preliminary findings (discussion paper content), identification of infrastructure priorities for Kiama, and identification of other actions that are a priority for a successful strategy.
5. Workshop participants were also provided with 'clean' copies of the discussion paper and the consultant's business cards and invited to contribute additional thoughts after the workshop. Workshop participants were also asked to circulate the discussion paper to others that might be interested in contributing to the process.
6. Feedback received from KMC was that they were pleased with workshop attendance and content and had followed up with local media to explain the importance of the REDS process. It was explained to local media that opportunity to contribute to REDS development was open to all in the region, that the discussion paper would be available on the council's website until 20 January 2018 and that comment on discussion paper content and REDS priorities could be provided directly to consultant Michael Clarke up until this time.
7. A briefing on the process was provided to the Hon. Gareth Ward, Member for Kiama, Parliamentary Secretary to the Premier Illawarra and South Coast, Parliamentary Secretary for Education at Parliament House, 23 November 2017.



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Notes

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