

# REDS impact review

Mid-Western REDS fire impact addendum  
May 2020



Regional  
NSW



# Executive summary

This document serves as a summary of the fire impact assessment for the Mid-Western Regional Economic Development Strategy (REDS) in response to the 2019-2020 bushfire crisis. It was developed in collaboration with regional staff and Local Government representatives, and utilised input from industry experts.

The purpose of this addenda is to identify the degree of fire impact to the strategic priorities within the existing REDS. This work has been undertaken with a focus on impact from bushfire.

The original REDS for Mid-Western indicate a diverse economy with significant contribution from coal mining, directly contributing 20% of Gross Value Add (GVA) and 17% of employment. The tourism industry is the largest industry to be directly impacted by fires with significant impact to natural amenity and road access in the region. Fires also resulted in the closure of attractions such as Ganguddy Dunns Swamp, affecting overall tourism numbers. Overall, the impact to the visitor economy was particularly pronounced in towns in close proximity to the fires, such as Rylstone and Kandos, with tourism revenue estimated to be reduced by ~85% in the peak summer season for these areas. In addition to tourism, the viticulture industry has experienced a one-off loss of the 90% of 2020 wine grape harvest to smoke taint, impacting local employment.

The tourism industry may require support to recover in the short term, particularly in areas disproportionately impacted. The viticulture industry may require support to offset the financial and workforce impacts of lost vintage. Overall, however, the strategic priorities within the REDS are not significantly affected by fire. Revised priorities and initiatives to respond to fire impact are not required.

These materials are based on preliminary data available as of May 2020.

## Note to reader: COVID-19 context and considerations

This document has been prepared in response to the 2019-2020 bushfire crisis. **It does not factor in the economic impacts from COVID-19, providing only a bushfire economic impact baseline. As a result: this document and any impact estimates within do not take into account any additional economic impacts which arise from COVID-19 and consider only the economic impact of bushfires.**

In response to COVID-19 the Commonwealth and NSW Governments have put in place restrictions on business trade and personal movement to combat the spread of disease. It is anticipated that these restrictions will further impact regional economies and engine industries.

- Industries analysed within this document likely to experience additional impact include tourism related industries such as retail, food and beverage and accommodation services.
- Other regional industries not directly affected by fire are also likely to experience impact including, but not limited to, construction and manufacturing.

As the length and impact from COVID-19 becomes clearer, the strategic priorities mentioned in this addenda and the timing of any related initiatives may need to be further adjusted.

Any measures put in place by the Commonwealth and NSW Government to support businesses and industries in response to bushfire impact should be viewed in the context of broader recovery measures.

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## Impact summary

- 1 Total burn scar size from fire is 806 km<sup>2</sup>, 9% of total FER
- 2 Mid-Western's economy insulated by significant coal mining industry that had limited impact unaffected
- 3 Tourism impacted by road closures, smoke and ongoing visitor perception issues with disproportionate impact to Kandos and Rylstone
- 4 Smoke taint to 90% of 2020 vintage in small Mudgee wine region



## Key takeaways

- 1 Minimal impact to ability to deliver REDS strategic priorities
- 2 Continue to focus on priorities to build emerging industries and strengthen existing engine industries to diversify the economy

# Recap: Mid-Western REDS



## Regional endowments

- 1 Geography and location
- 2 Economic Development and Networking
- 3 Tourism and cultures
- 4 Viticulture
- 5 Freight and aviation
- 6 Water Security
- 7 Sporting complex
- 8 Water and sewerage infrastructure
- 9 Heritage



## Regional Specialisations

- Coal mining
- Agriculture
- Repair and Maintenance
- Tourism
- Food Retailing
- Beverage and Tobacco Product Manufacturing



## Strategic Priorities



Develop a mature and diversified tourism sector



Grow industry clusters around Mining, Manufacturing and Agriculture



Capitalise on existing viticulture strengths



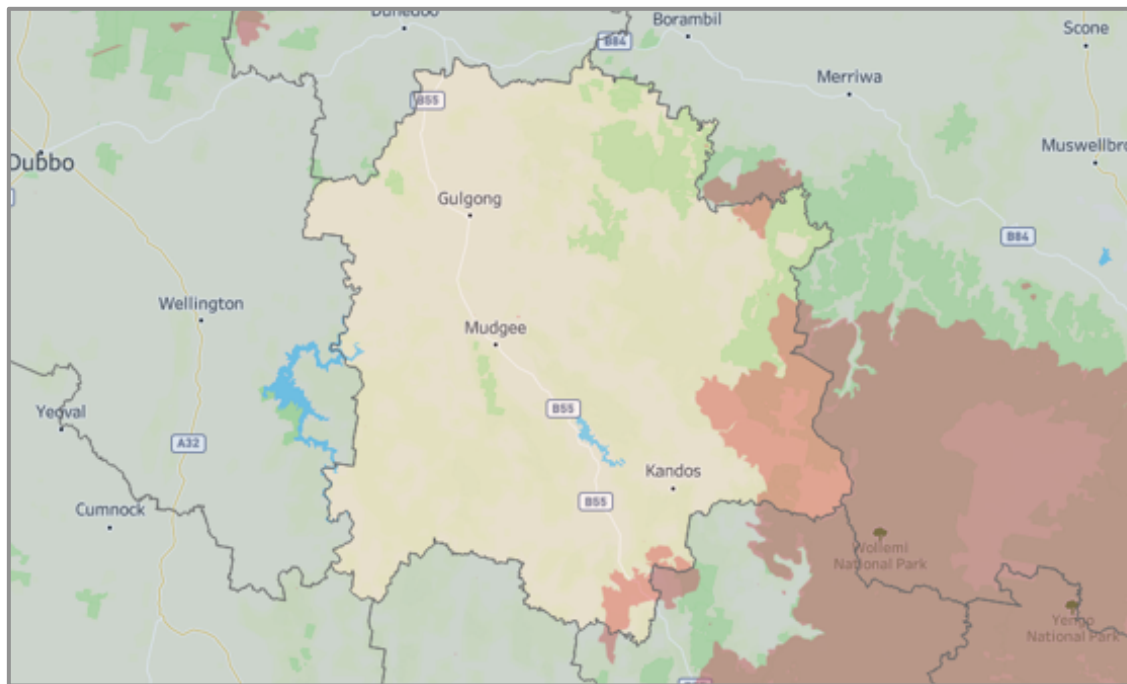
Support the attraction and retention of an increased number of diverse businesses and industries while developing a strong entrepreneurial reputation



Develop an emerging Retiree and Aged Care Sector

# 806 km<sup>2</sup> of the FER is physically impacted by fire, approximately 9% of the entire FER

## Fire impacted area within Mid-Western FER

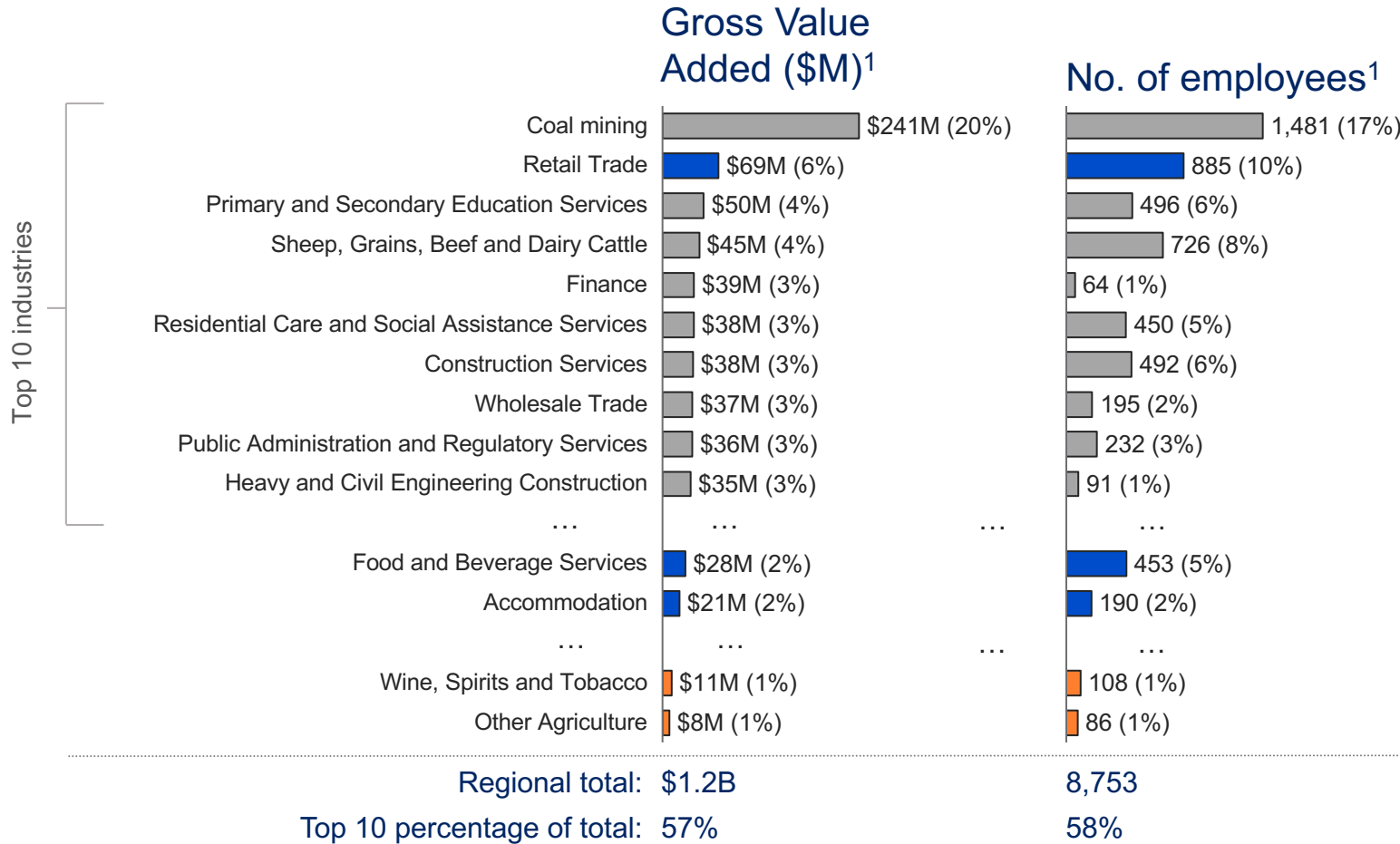


 Fire affected area **LGAs: Mid-Western Regional Council**

## Key physical impacts

- **Area burnt<sup>1</sup>**: 806 km<sup>2</sup> burnt by bushfires, 9% of total FER area— 8,752 km<sup>2</sup>
- **Property damage<sup>2</sup>**: 31 properties damaged or destroyed<sup>2</sup>
- **Agriculture<sup>3</sup>**: \$165K reported damage to fencing, gates and other agricultural infrastructure
- **Viticulture**: 90% of 2020 vintage affected by smoke taint<sup>4</sup>
- **Tourism**: Damage to transport corridors that facilitate visitation such as Blue Mountains rail and roads. 40% drop in visitation to the region overall,<sup>5</sup> with some towns such as Kandos experiencing 85% downturn<sup>6</sup>

# Mid-Western experienced some fire impact, but has limited exposure to impacted industries given dominance of coal mining





## Impacted focus industries

- 1** **Tourism:** Immediate impacts to tourism due to road closures cutting off access to Rylstone and Kandos via Bylong Valley Way and to the region overall due to Blue Mountains closures. Visitation also impacted by heavy smoke and closure of attractions such as Ganguddy Dunns Swamp. Tourism is broadly a subset of tourism-related industries such as Retail Trade, Food and Beverage Services, Accommodation etc; CERD analysis indicates that tourism contributes ~\$56M in GVA and ~7% of FTE employment.
- 2** **Viticulture:** Smoke taint damaged 90% of Mudgee's 2020 grape yield. Potential loss of picker workforce to have flow on effects to other industries. However impact to overall GVA is small as industry is only a component of the Other Agriculture and Wine, Spirits and Tobacco industries which represent 1.6%, (\$19m) of total regional GVA.



# Industry endowments are affected, but magnitude of impact is low

Focus industries	Dependent endowments	Impacts
<p>1</p>  <p>Tourism</p>	<ul style="list-style-type: none"> <li>1 Geography and location</li> <li>3 Tourism and cultures</li> <li>4 Viticulture</li> <li>5 Freight and aviation</li> <li>9 Heritage</li> </ul>	<ul style="list-style-type: none"> <li>• No</li> <li>• Yes - Closure of Ganguddy Dunns Swamp, cut off of tourist access to Rylston and Kandos</li> <li>• Yes - Damage to Mudgee's 2020 vintage</li> <li>• Yes – Some immediate impact to transport corridors such as Bylong Valley Way and Blue Mountains road and rail network</li> <li>• No</li> </ul>
<p>2</p>  <p>Viticulture</p>	<ul style="list-style-type: none"> <li>1 Geography and location</li> <li>3 Tourism and cultures</li> <li>4 Viticulture</li> <li>6 Water Security</li> <li>8 Water and sewerage infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• No</li> <li>• Yes – Overall visitation and industry decline</li> <li>• Yes – Damage to Mudgee's 2020 vintage and impact to retention of workforce</li> <li>• No</li> <li>• No</li> </ul>

# Mid-Western's REDS strategic priorities are not materially impacted and remain viable



Strategic priorities



Degree of impact



Restructured priority focus areas

▫ Capitalise on existing viticulture strengths



Medium

- Impact from smoke taint on Mudgee wine industry grape supply to be felt for 2020 vintage
- Opportunity for cellar doors to consider integrated tourism products to support and diversify revenue

▫ Develop a mature and diversified tourism sector



Medium

- Fire impact temporarily disrupted visitation but impact from fire not anticipated to continue in the long term
- Disproportionate impact to tourism access and visitation in Rylstone and Kandos, potentially requiring further support to recover

▫ Grow industry clusters around Mining, Manufacturing and Agriculture



Low

- No material impact to priorities from fire

▫ Support the attraction and retention of a number of diverse businesses and industries while developing a strong entrepreneurial reputation



Low

- No material impact to priorities from fire

▫ Develop and emerging Retiree and Aged Care Sector



Low

- No material impact to priorities from fire