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Agriculture Bushfire Recovery Plan for Highly Impacted Sectors

MAY 2020

Purpose

The Agriculture Bushfire Recovery Plan sets out the broad framework and priorities for targeted sector-wide industry recovery post the 2019-20 bushfires. This recovery plan covers the following targeted sectors – Dairy, Apiculture, Aquaculture and Viticulture.

This Plan has been developed to support the implementation of the Bushfire Industry Recovery Package, which is a \$140 million investment by the NSW Government for critical regional industries, to support the creation and retention of jobs and strengthening of local supply chains.

This Plan is intended to serve as a guide for industry applicants to the Bushfire Industry Recovery Plan to identify projects to put forward through the sector development stream of the Package.

Summary of agriculture's contribution in NSW



Economically important

- In 2017–18, the gross value of agricultural production in NSW was \$13 billion
- NSW accounts for 23% of Australia's total gross value of agricultural production (\$59 billion)



Large proportion of workforce

- The agriculture industry is responsible for direct employment of 63,310
- Approximately 7% of the workforce in bushfire affected regions is in Agriculture



Diverse range of industries

- Sheep, Grains, Beef and Dairy Cattle
- Poultry and Other Livestock
- Aquaculture
- Fishing, hunting and trapping
- Agriculture, Forestry and Fishing Support Services
- Dairy Product Manufacturing
- Processed Seafood Manufacturing
- Meat and meat product manufacturing
- Grain mill and cereal product manufacturing



Overview of agriculture industries in NSW

Agriculture in NSW is characterised by a diverse range of industries. The industries covered by this package are specialised and largely capital-intensive. Agriculture contributes **roughly \$3.2B gross value add** to the bushfire affected regions, on average 5% of total GVA. About **7% of the workforce** in the bushfire affected regions work in agriculture. Domestic and international markets rely heavily on outputs from these targeted agricultural sectors.

It is estimated that close to 16,000 agricultural properties have been impacted. Damage includes extensive loss of on-farm infrastructure, livestock losses and damage to pastures and fencing to the value of **over \$1 billion**.

These identified targeted industry sectors within agriculture have been significantly impacted by the recent bushfires, compounded by drought impacts and require a targeted approach to recovery. An economic impact assessment of the bushfires has identified the following key sectors as impacted within the agriculture industry.



Dairy Farming



Aquaculture



Viticulture



Apiculture



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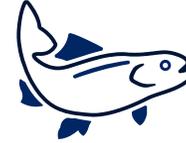
Impacts across the sector



Dairy

\$568 million output

- Reports indicate that significant stock losses have occurred in bushfire affected regions and that at least 30-40 farmers have been directly impacted, with losses of key infrastructure (such as fences), sheds, fodder reserves, stock and pasture.
- Heifer losses and inability to replace stock have been identified as major issues, which will effect ability to replace stock levels.
- This will lead to ongoing issues with maintaining supply and result in reduced output.



Aquaculture

\$181 million value

- The bushfire season had severe impacts to oyster businesses including transport network disruptions limiting access to markets and wind-blown ash, debris and sediment from fires running into oyster producing estuaries and catchments.
- The ash and sediment caused poor water quality, leading to the suspension of harvesting, and losses in some areas.
- There were also major productivity declines through decline in consumer demand and tourism, which generates many of the sales that the industry relies upon.



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Overview of agriculture industries in NSW



Viticulture

\$235 million value

- Around 34,000 hectares of land is used for NSW vineyards. The bushfires resulted in significant and widespread damage to the viticulture industry due to large dispersed and prolonged exposure of grapes to smoke plumes and resultant smoke taint.
- There will be a significant reduction in marketable product from the 2020 vintage. This will have a significant effect on both the domestic and international export markets and the tourism sector.



Apiculture

\$36 million value

- The honey bee industry has also been impacted with direct losses to hives, as well as an estimated 50% reduction in state forest sites and 35% reduction in national parks sites.
- Without sufficient bee sites and native floral resource, beekeepers will struggle to build up hive strength and numbers for pollination, jeopardising fruit and net set for major horticultural crops such as almonds, apples, cherries and blueberries in the coming years.



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There are four themes that represent the economic impact to the four targeted industries in the agriculture sector

Agriculture



Loss of productive assets



Product damage/ destruction



Loss of supporting infrastructure



Production issues



Economic impact to businesses

1 Asset/herd loss

- **Livestock lost**, reducing current and **future productivity**
- Fish kills due to **water contamination**, limiting output
- Bee hives and colonies destroyed
- Grape vines destroyed in some areas

1 Loss of product

- Smoke taint and heat damage destroyed significant viticulture production
- **Dumping** of milk production during fire
- **Honey products** lost with destroyed hives

1 Critical Infrastructure

- Significant **short term disruption** to operations due to fencing loss
- Material cost and opportunity cost to **replace lost infrastructure**
- Reduction in pasture recovery due to loss of fencing infrastructures
- Loss of key crop infrastructure such as trellis, netting etc.

1 Insufficient food/fodder

- **Pasture damage** resulting in sub-optimal feed availability
- **Loss of on-farm fodder reserves**
- Insufficient food for livestock in many areas during fires **reducing productivity**
- **Loss of floral resources impacting on productivity.**

2 Productive buildings / natural assets

- **Damage to pastures / soils.**
- Buildings essential to economic productivity destroyed (e.g. dairy, fodder and handling facilities etc.)

2 Industry viability

- Loss of **capacity** due to lost income from stock and product loss

2 Water systems

- Water supply interrupted by destruction of pasture and crop irrigation systems and supply water systems (e.g. pumps, holding tanks etc)

2 Access issues

- Transport routes cut off, limiting production or ability to mitigate losses by moving stock or hives.
- Productivity reduced by **inability to access fodder, a critical resource** for productivity
- Access to skilled workforce has slowed production

1 Immediate economic impact

- Immediate **cash flow issues** for agriculture operators due to disruption, product loss and production issues
- Large cost to address damaged infrastructure

2 Longer term impact

- Reduced total marketable product due to productive asset damage
- Slow herd recovery period where impacted



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Immediate action is needed to support the industry



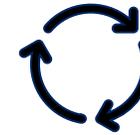
Reduced output

- The existing supports available do not reflect the scale and extent of damage to the industry. Without assistance the industry will continue to experience production issues, declining output, and the industry will not survive.
- Government assistance will fast track recovery by enabling the industry to return to productive operating levels. Government assistance will enable investment in assets and infrastructure and support the industry to address production issues.
- This will reduce the immediate strain on all aspects of the supply chain and ensure key economic outputs and jobs are maintained.



Supply chain disruption

- Reduced outputs have impacted heavily on the supply chains and ability to return to usual operating levels. This will remain an issue in the medium and long term if assistance is not provided.
- Without assistance the industry will not bounce back and this will create significant and longstanding issues for employment, consumer supply issues, and industry viability.
- Government assistance will enable immediate recovery of operations, and will also provide the opportunity to pivot and diversify so that supply is maintained.

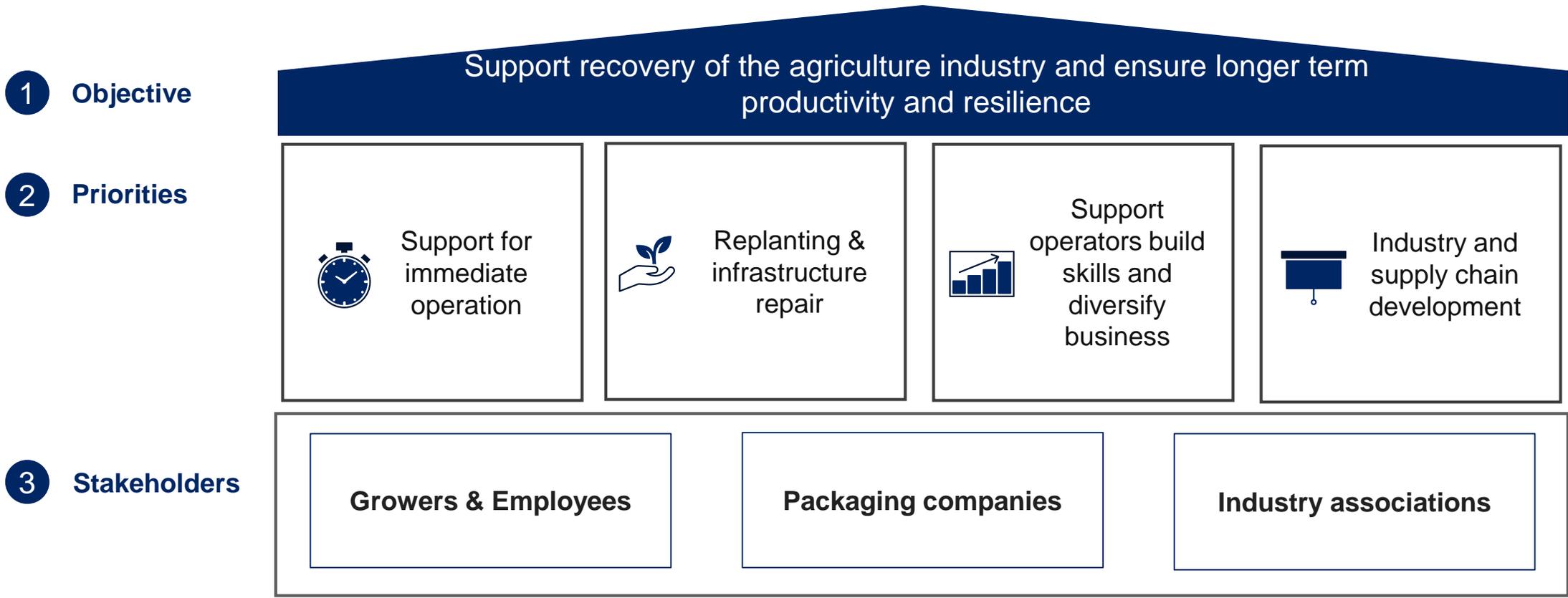


Sector wide impact

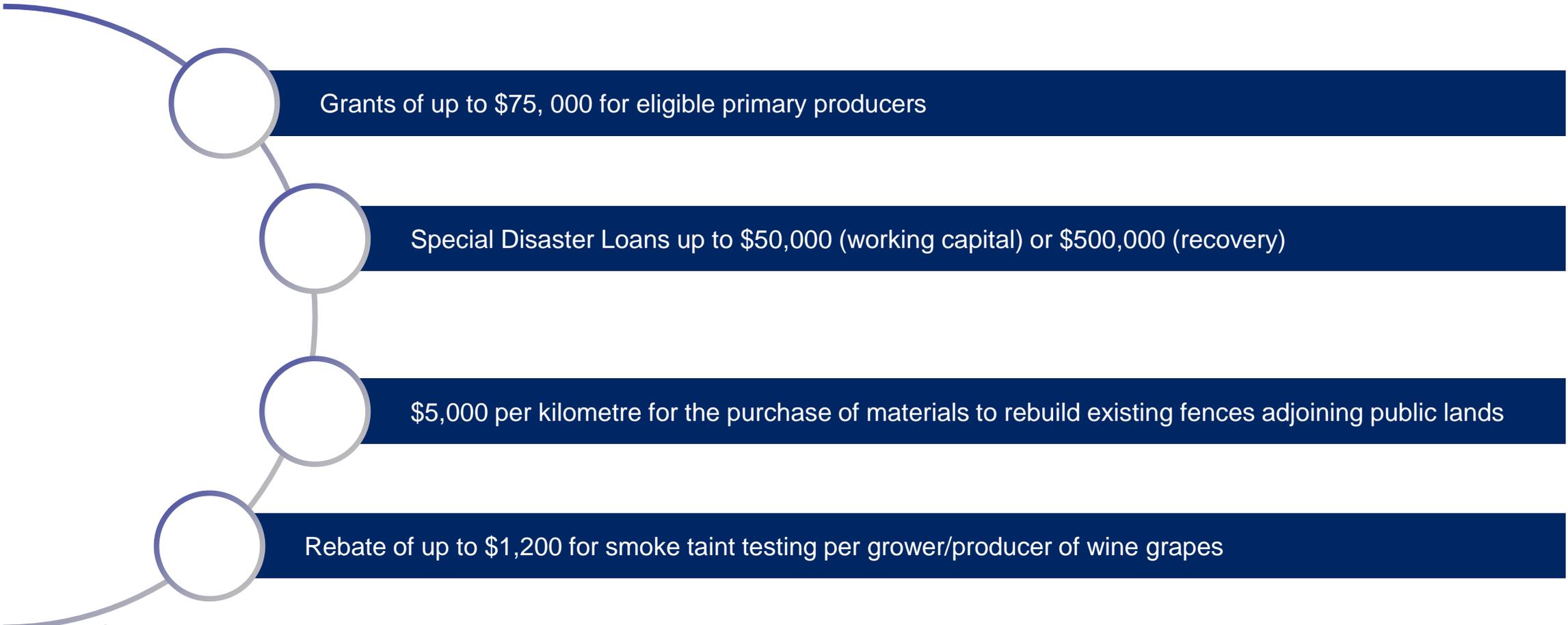
- The bushfires have caused sector wide disruption. This requires a sector wide approach.
- Without government assistance production and supply issues will continue and supply chains will fail.
- Sector wide development will support all aspects of the industry to remain viable and resilient. Government assistance will deliver a sector wide recovery pathway to ensure the industry remains viable in the long term.



Approach to recovery for dairy, aquaculture, viticulture and apiculture



Existing bushfire recovery measures in 2019-20



Grants of up to \$75,000 for eligible primary producers

Special Disaster Loans up to \$50,000 (working capital) or \$500,000 (recovery)

\$5,000 per kilometre for the purchase of materials to rebuild existing fences adjoining public lands

Rebate of up to \$1,200 for smoke taint testing per grower/producer of wine grapes



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Potential recovery priorities will drive recovery and promote a resilient and professional agriculture industry over time

