

REDS impact review

Albury-Wodonga REDS fire impact addendum
May 2020



Regional
NSW



Executive summary

This document serves as a summary of the fire impact assessment for the Albury-Wodonga 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 Albury-Wodonga REDS indicates a highly diverse economy where the top 10 Gross Value Add (GVA) contributors make up only 40% of total GVA. As the bushfires occurred during the summer school holidays, tourism was the industry most affected. The intermittent closure of the Hume Highway, a perception the entire region was fire affected and heavy smoke haze throughout January discouraged visitation. As these temporary impacts have passed it is expected that long-term effect is limited. In addition to tourism, the 2020 viticulture harvest has been impacted by smoke taint, with approximately 45% yield anticipated. This impact is confined to the 2020 vintage and future vintages are not likely affected. Forestry processing will be impacted in 12 – 18 months due to forest supply losses in adjacent regions after timber inventories and fire salvage are exhausted. It is expected that depending on what is manufactured, some operators will be affected more severely than others. However, as the processing industry is a small proportion of GVA overall impact to the economy is limited.

The forestry processing industry may face some challenges to source supply after 12-18 months, however overall the strategic priorities within the REDS are not 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 fire burn scar size is 333 km², approximately 2.3% of FER
- 2 Immediate impact to tourism and related industries due to Hume Highway closures, heavy smoke and negative perception of safety of region
- 3 Forestry processing industry impacted by lost timber supply within FER and in other regions
- 4 2020 harvest was impacted by smoke taint, with ~45% yield anticipated



Key takeaways

- 1 Minimal impact to ability to deliver REDS strategic priorities
- 2 Continue to focus on growing emerging industries such as transport and logistics, and recycling
- 3 Support existing industries such as forestry and tourism to recover from fire impact

Recap: Albury-Wodonga REDS



Regional endowments

- 1 Location
- 2 Natural resource endowment
- 3 Liveability and lifestyle appeal
- 4 Albury Airport
- 5 Education infrastructure
- 6 Healthcare infrastructure and services
- 7 Transport and logistic infrastructure
- 8 Military sector
- 9 Human capital, local institutions and strong leadership
- 10 Historical significance
- 11 Strong branding for products



Regional Specialisations

Engines of growth

- Manufacturing
- Agriculture
- Forestry
- Tourism

Enabling industries

- Transport and Logistics

Population serving industries

- Health Care and Social Assistance



Strategic Priorities



Support and grow the Agribusiness and Softwoods industries throughout the region



Grow the Transport and Logistics sector



Continue to develop and grow the Tourism sector and the visitor economy



Grow the Healthcare sector through the development of a Health precinct in the region



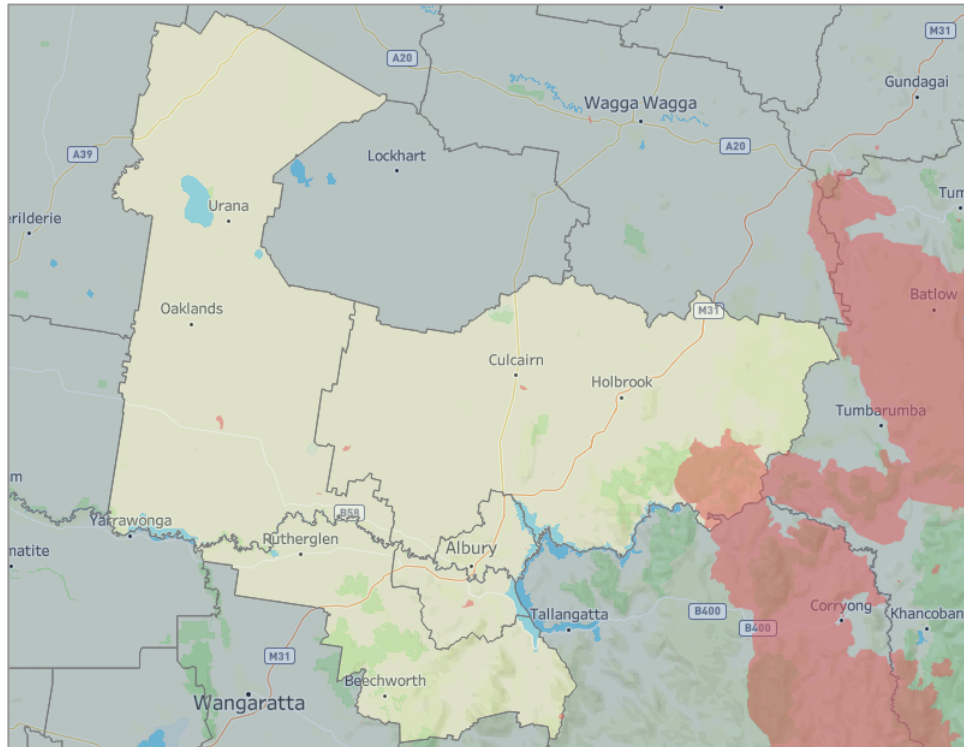
Attract and retain talent to sustain the supply of skilled workers by improving liveability throughout the region




Capitalise on the region's opportunity to be a special economic zone

333 km² (2.3%) of Albury-Wodonga FER directly burnt

Fire impacted area within Albury-Wodonga FER

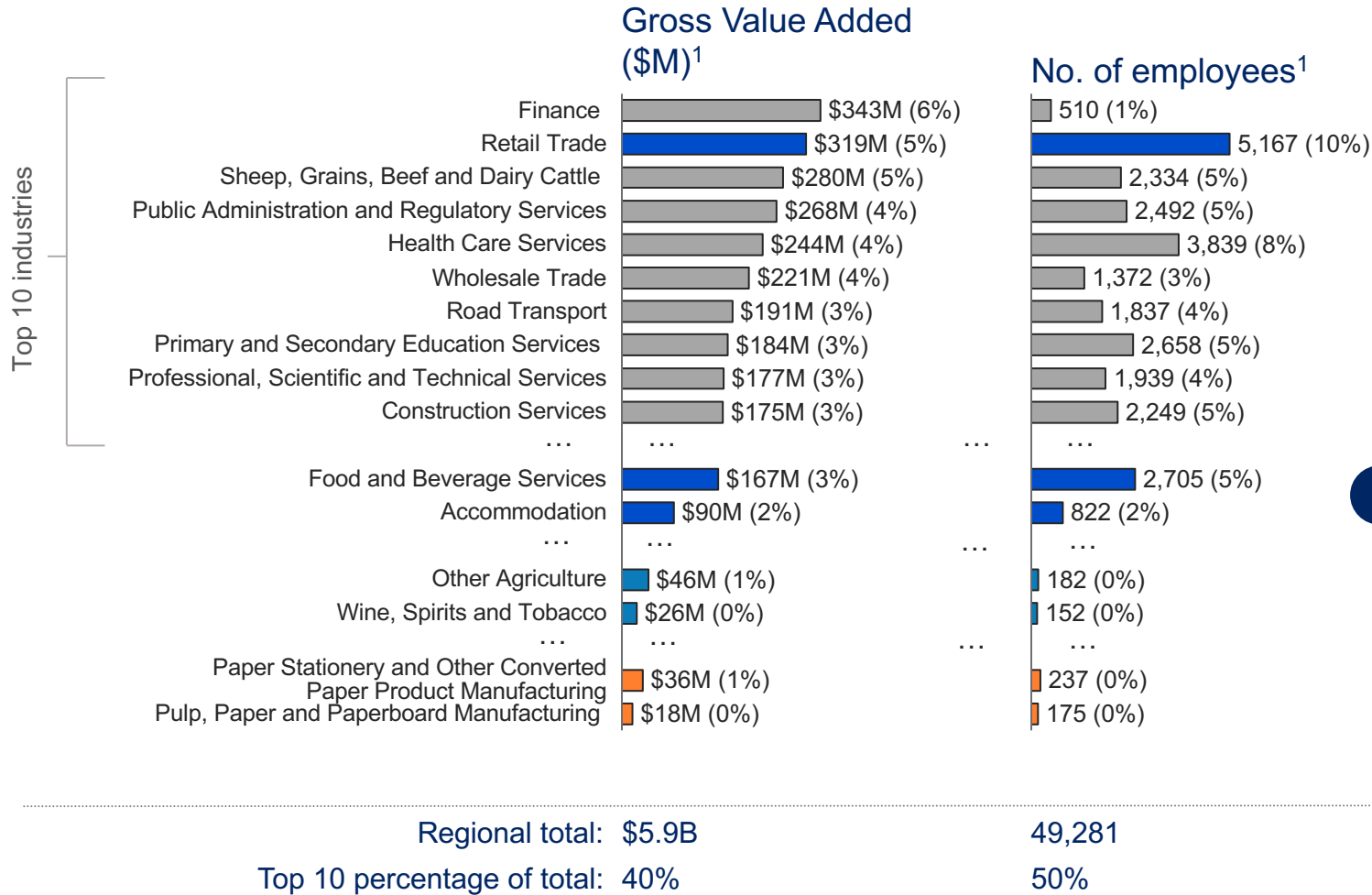


 Fire affected area **LGAs:** Albury, Federation; Greater Hume Shire; Indigo (VIC); Wodong (VIC)

Key physical impacts

- **Area burnt**¹: 333 km² burnt by bushfires, 2.3% of total FER area—14,213 km²
- **Property damage**²: 41 properties damaged or destroyed²
- **Forestry**: 22km² of forestry in burn scar in FER;³ 30% of the NSW plantation and ~10% of Victorian plantation⁴
- **Tourism assets**: Woomargama National Park damaged, sections of Hume highway intermittently closed. Tourism-related businesses reported ~50% earnings drop in some regions
- **Viticulture**⁵: 100% of vineyards affected by smoke taint. Estimated that 2020 vintage yield will be reduced to ~45%




Albury-Wodonga's overall economy was not heavily impacted, but some industries experienced impact



Impacted focus industries

- 1** **Tourism:** Tourism is broadly a subset of tourism-related industries such as Retail Trade, Food and Beverage Services, Accommodation etc; CERD analysis indicates that tourism contributes ~\$149M in GVA and ~6% of FTE employment. Immediate tourism impact due to access and perception issues however quick recovery expected due to diverse visitation (e.g. business, visiting friends and family).
- 2** **Forestry:** Xlam and VISY processors will be affected in 12-18 months when the salvage of burnt timber is complete and overall supply is reduced by losses in the region's timber estate. However, forestry is a small component of a large, diversified economy at \$70M, 1.2% of GVA and 1.2% of employment.
- 3** **Viticulture:** Beechworth and Rutherglen 2020 vintage affected by smoke taint. Estimated grape yield reduced to ~45%. Additional losses from cellar door sales due to loss of tourism in the region. However, viticulture contributes a small component of Other Agriculture and Wine, Spirits and Tobacco which together are only 1.2% of GVA.

Some industry endowments are affected, but magnitude of impact is low

Focus industries	Dependent endowments	Impacted
<p>1</p>  <p>Tourism</p>	<ul style="list-style-type: none"> 1 Location 2 Natural resource endowment 7 Transport and logistics infrastructure 9 Human capital, local institutions and strong leadership 10 Historical significance 11 Strong branding for products 	<ul style="list-style-type: none"> • No • Yes – Woomargama National Park damaged • Yes – Temporary closure of Hume Highway and cancellation of flights to Albury Airport • Yes – Personal impact felt by community • No • Yes – Rutherglen and Beechworth wine regions affected. Murray River tourism impacted by fears whole region was fire affected
<p>2</p>  <p>Forestry</p>	<ul style="list-style-type: none"> 1 Location 2 National resource endowment 7 Transport and logistic infrastructure 9 Human capital, local institutions and strong leadership 	<ul style="list-style-type: none"> • No • Yes – ~30% NSW and ~10% Vic of in-region forestry supply loss • Yes – Temporary closure of Hume Highway and cancellation of flights to Albury Airport • Yes – Personal impact felt by community
<p>3</p>  <p>Viticulture</p>	<ul style="list-style-type: none"> 1 Location 2 Natural resource endowment 11 Strong branding for products 	<ul style="list-style-type: none"> • No • Yes – Smoke damage to 2020 vintage • Yes – Unable to produce specialist products for 2020 (Durif, Tokay and Muscat)

Minimal impact to Albury-Wodonga's REDS strategic priorities



Strategic priorities



Degree of impact



Restructured priority focus areas

<p>▫ Support and grow the Agribusiness and softwoods industries throughout the region</p>		<p>Medium</p>	<ul style="list-style-type: none"> • Significant disruption to small forestry processing industry supply chain with some local forestry burn • Continue to support processing industry to source necessary supply • Minimal impact to agribusiness industry
<p>▫ Continue to develop and grow the Tourism sector and the visitor economy</p>		<p>Low</p>	<ul style="list-style-type: none"> • Some initial impact to visitation due to bushfires but highly diversified tourism industry expected to recover quickly
<p>▫ Grow the Transport and Logistics sector</p>		<p>Low</p>	<ul style="list-style-type: none"> • Some initial impact due to road closures including the Hume highway but not expected to be continued impact
<p>▫ Grow the Healthcare sector through the development of a Health precinct in the region</p>		<p>Low</p>	<ul style="list-style-type: none"> • No material impact to priorities from fire
<p>▫ Attract and retain talent to sustain the supply of skilled workers by improving liveability throughout the region</p>		<p>Low</p>	<ul style="list-style-type: none"> • No material impact to priorities from fire
<p>▫ Capitalise on the region's opportunity to be a special economic zone</p>		<p>Low</p>	<ul style="list-style-type: none"> • No material impact to priorities from fire