

REDS impact review

Lithgow REDS fire impact addendum
May 2020



Regional
NSW



Executive summary

This document serves as a summary of the fire impact assessment for the Lithgow 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.

The original REDS for Lithgow indicate a diverse economy with significant contribution from coal mining. All industries in the top 10 for Gross Value Added (GVA), 53% of total GVA, have limited direct exposure to bushfire impact despite 52% of the Functional Economic Region (FER) being burnt, with 274 properties damaged or destroyed. Industry, employment and productivity across the FER, however, was disrupted by a range of indirect impacts.

The industry with most exposure to fire impact is tourism, which contributes \$34m GVA, 3.2% of total GVA, and employs 440 FTE, 6% of total employment. The tourism industry is made of a number of components from other industries such as retail trade, accommodation and food and beverage services. Tourism has experienced significant direct damage to natural amenity and tourism assets, and disruptions to operations caused by access issues, smoke disruption and ongoing perception issues. The tourism industry is expected, however, to recover from fire impact given natural amenity recovery and economic disruption from access issues is primarily contained to the immediate fire crisis. In addition 60% of forestry assets have burnt, however, the overall area of plantation is small and an absence of significant processing and manufacturing mean that forestry industry is not economically significant to the region. Despite this significant impact to tourism, the overall economy is well diversified and so the consequent overall disruption from fire to the regional economy is limited.

The tourism industry may require short term support to recover (e.g. promotional activity) when it is possible, mindful of existing COVID-19 travel restrictions. However, overall the strategic priorities within the REDS are not affected by fire over the longer term. As the life of existing coal mines near their natural end over approximately the next 10yrs, regional diversification away from coal mining (e.g. tourism or manufacturing), utilising endowments, will become increasingly important.

These materials are based on 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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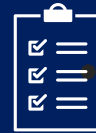
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Impact summary

- 1 Total burn scar size from fire is 2,370 km², 52% of the FER
- 2 Tourism industry impacted by immediate access issues, damage to national parks and tourism assets, and ongoing perception issues
- 3 Shipping and freight 'through traffic' affected by road closures, but limited enduring direct economic impact on region
- 4 Forestry assets significantly impacted, but overall economic value is small



Key takeaways

- 1 Ability to deliver REDS strategic priorities not materially affected
- 2 Continue focusing on existing priorities, such as transitioning to diverse economy through infrastructure and development of local business capability

Recap: Lithgow REDS



Regional endowments

- 1 Proximity to Sydney and the Central West
- 2 Natural Environment and Recreational Amenity
- 3 Climate and Rainfall
- 4 Aboriginal and Industrial Heritage
- 5 Mineral Resources
- 6 Affordable Land
- 7 Rail and Energy Infrastructure
- 8 Education Infrastructure
- 9 Community and Lifestyle Benefits
- 10 Cultural Hubs and Networks



Regional Specialisations

- Public Administration and Safety
- Accommodation and Food Services
- Health Care and Social Assistance
- Mining
- Manufacturing
- Education and Training

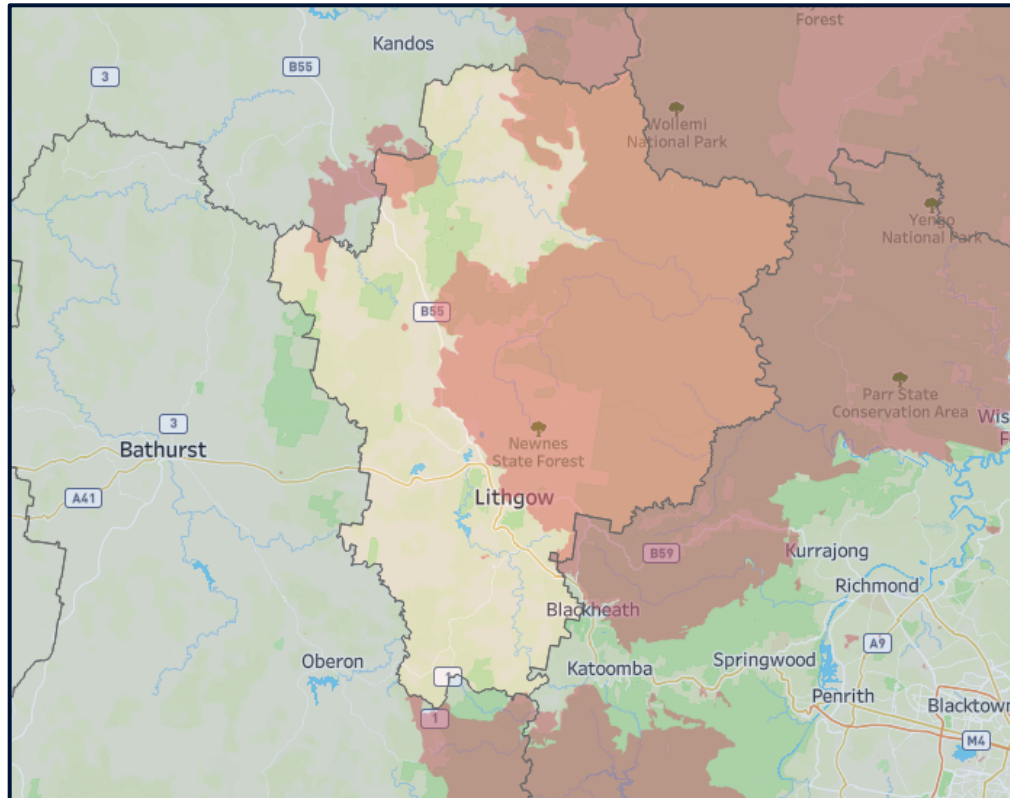


Strategic Priorities

- Drive local business capability and inward business investment
- Activate and cultivate a community of economic development leadership
- Create labour force capability in line with future business needs
- Prioritise lifestyle infrastructure and local place-making
- Foster a collaborative and vibrant community led by a diverse and inclusive culture
- Develop tourism and marketing opportunities

2,370km² of the FER is physically impacted by fire, approximately 52% of the entire FER

Fire impacted area within Lithgow FER



 Fire affected area

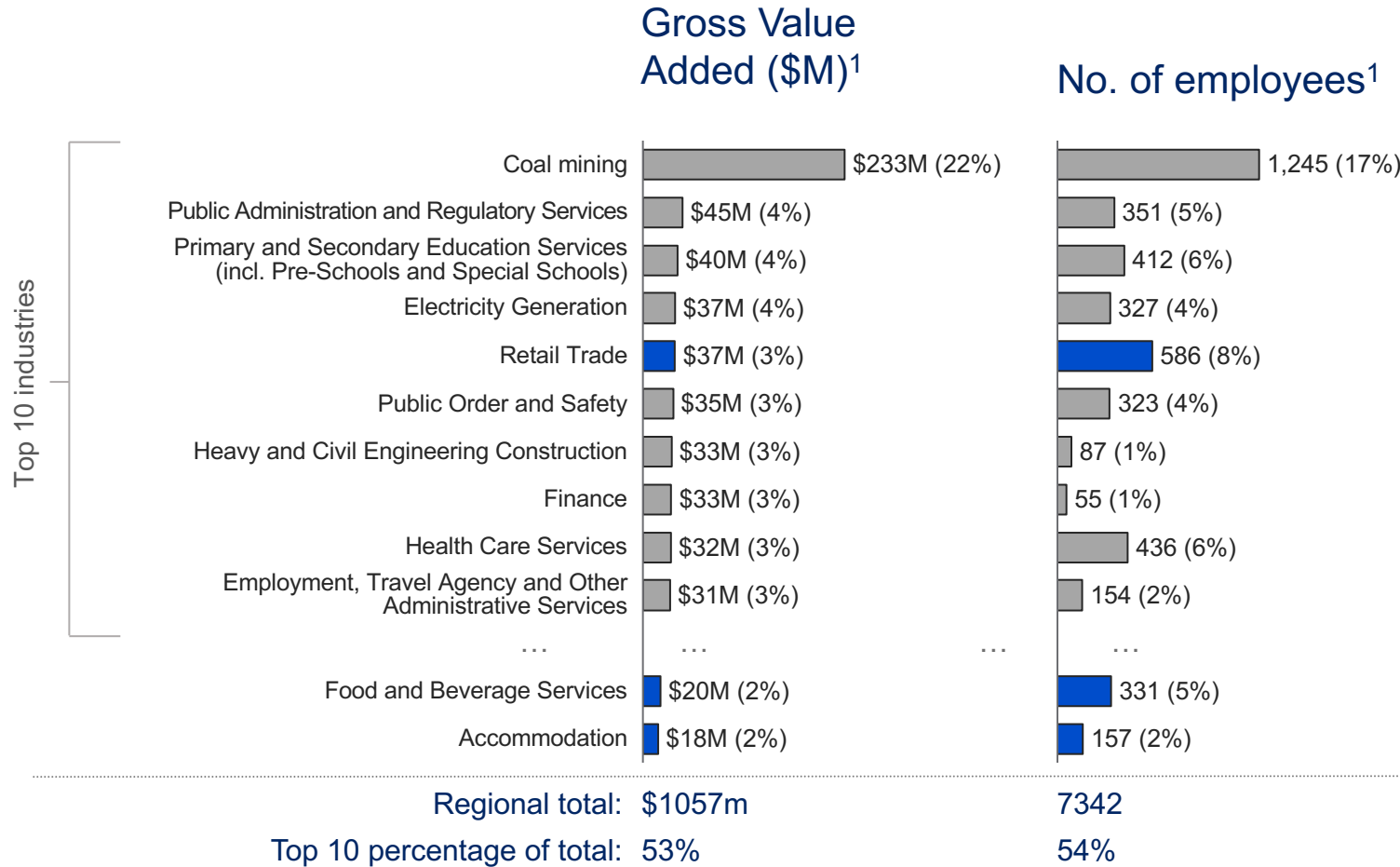
LGAs: Lithgow

Key physical impacts

- **Area burnt**¹: 2,370 km² burnt by bushfires, 52% of total FER area—8,959 km²
- **Property damage**²: 274 properties damaged or destroyed²
- **Forestry**³: 341 km² of forestry burnt, less than 30% of the impact to Snowy Valleys Forestry supply⁴
- **Tourism**: Damage to some tourism assets such as Wolgan Valley Resort, Zig Zag railway resulting in closure and significant areas of bushland.

Although fire burn scar is large, overall impact on engine industries is limited

Lithgow experienced significant fire impact, but has limited exposure to impacted industries given dominance of coal mining



Impacted focus industries

- **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 ~\$34M in GVA and ~6% of FTE employment.

▫ Tourism industry is most impacted from fire within FER's economy by immediate-term transport corridor closures, natural amenity destruction and shutdown of number of assets such as the Wolgan Valley Resort and Zig Zag railway.

▫ The regional contribution from tourism is spread across a number of tourism related industries², but only a component of these industries relates to tourism.

Tourism industry endowments are impacted, but magnitude is low

Focus industries

1



Tourism

Dependent endowments

- 1 Proximity to Sydney and the Central West
- 2 Natural Environment and recreational amenity
- 4 Aboriginal Heritage
- 7 Rail and energy infrastructure
- 9 Community and Lifestyle benefits

Impacts

- Yes – Temporary road closure
- Yes – Direct natural amenity damage to bushland, a key tourist attraction
- Yes – Physical and personal impact
- Yes – Blue Mtns rail temporarily closed
- Yes – Personal and employment impacts

Lithgow has a diverse economy with large unaffected industries such as coal mining, limiting overall impact to economy

Lithgow's REDS strategic priorities are not material impacted and viable



Strategic Priorities



Degree of impact



Restructured priority focus areas

▫Develop tourism and marketing opportunities



Medium

- Natural and recreational amenity damaged by fire, and impeded by temporary access issues
- Existing priorities still important as focus areas

▫Foster a collaborative community led by a diverse and inclusive culture



Low

- No material impact to priorities from fire

▫Drive local business capability and inward business investment



Low

- No material impact to priorities from fire

▫Activate and cultivate a community of economic development leadership



Low

- No material impact to priorities from fire

▫Create labour force capability in line with future business needs



Low

- No material impact to priorities from fire

▫Prioritise lifestyle infrastructure and local place-making



Low

- No material impact to priorities from fire