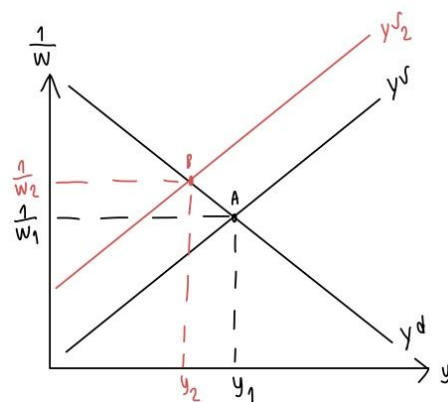
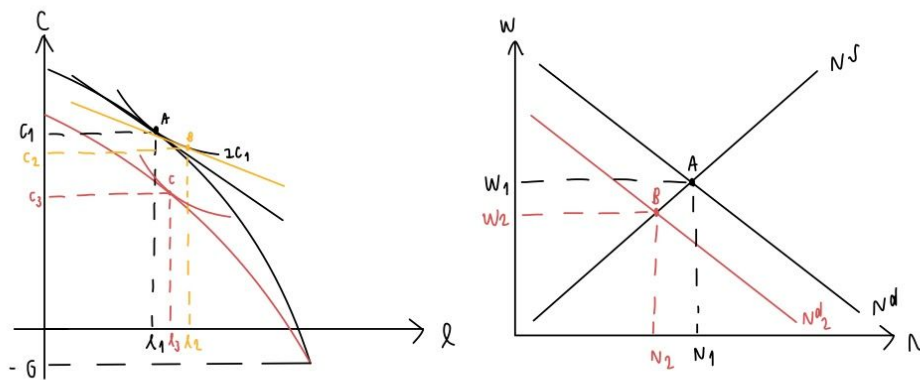


### Bushfire In Australia

During 2019-2020, there were intense bushfires in many parts of Australia which is known as Black Summer. As Australia is a country that is hot and dry which is the condition that makes the country is in fire season also a strong winds spread the fires all over the country. The wildfires have a negative impact on Australia and the major impact was infrastructure. There was damage on community infrastructure such as highways, power lines and water delivery systems. Also, the water supply is contaminated with ash and debris and soil erosion impact on agriculture. According to the bushfire in Australia, it causes a negative shock on productivity.

As there is a negative shock, it causes a decrease in the production function which shifts the MPN or Z down. With stronger substitute effects and lower wages, people consume less and leisure more. The labor demand is shifted to the left due to the MPN decreasing and has an effect on the decrease in wage and employment rate. Also, when there is a negative shock, it leads to the falling output supply but with higher real wages. In conclusion, the decrease in production function causes a falling output, employment rate and wage, which impact the decrease in consumption but increase in leisure. On the other hand, there was an increase in the real wage.



### **Reference**

Economic impact of Australia's bushfires set to exceed \$4.4bn cost of Black Saturday. (2020, January 08). Retrieved from

<https://www.theguardian.com/australia-news/2020/jan/08/economic-impact-of-australias-bushfires-set-to-exceed-44bn-cost-of-black-saturday>

Economic Impact of Wildfire. (2012, July). Retrieve from

[https://fireadaptednetwork.org/wp-content/uploads/2014/03/economic\\_costs\\_of\\_wildfires.pdf](https://fireadaptednetwork.org/wp-content/uploads/2014/03/economic_costs_of_wildfires.pdf)

Ongoing Economic and Socio-Economic Impacts of the Australian Bushfires. (2020, February 10). Retrieved from

<https://cdrta.com.au/2020/02/05/the-wider-economic-and-socio-economic-impacts-of-the-australian-bushfires/>