

From:
Sent: Wednesday, 12 January 2011 9:33 AM
To:
Cc: MEG DED ForecastingTeam;
Subject: Q&A for Assistant Treasurer on Impact of Flooding

Hi,

Please find attached a page of notes regarding the impact of floods on the Australian economy for the Assistant Treasurer's visit to Hong Kong.

Please let me know if you have any questions.

Regards,

Analyst

Domestic Economy Division

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phone:

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QUESTION:

What is the impact of recent floods on the Australian economy?

ANSWER:

- The recent flooding in Queensland and northern NSW is likely to have a substantial impact on the Australian economy, although it is too early to put a precise figure on the impact given that events are still unfolding.
- The key areas of economic activity that are likely to be negatively affected are coal production, crop production (particularly horticultural, broadacre, sugar and cotton) and retail trade (including related activity such as wholesale trade, transport and storage).
- There has also been damage to the stock of assets, such as housing and infrastructure, which may take some time to rebuild.
- The floods in Queensland have severely disrupted coal mining activities and coal transportation infrastructure.
 - Some estimates suggest that as much 40 per cent of Australia's coal exports have been temporarily affected by the floods. However, this is only a preliminary estimate.
- Flooding has affected mining operations - with the majority of mines either closed or operating below capacity.
- The flooding has also disrupted coal rail infrastructure – with all rail lines either closed or operating below capacity.
 - The Blackwater coal rail system, which services the Port of Gladstone and has an annual throughput of around 60 million tonnes, is closed.
- The severe nature of the flooding prevents an accurate assessment of the repair requirements and recovery timeframes for both mining operations and rail infrastructure.