

**From:**

**Sent:** Wednesday, 5 January 2011 9:57 AM

**To:**

**Cc:**

**Subject:** re: flood impact calculations

Hi Paul,

Our estimate of the impact of the floods on retail is \$1.2 billion.

This includes some extended effects beyond the first month, and excludes any deduction for food. See attachment for a quick write up of how we got to this number. Please feel free to discuss further with [S22 ].

Regards,

Household Demand Unit | Domestic Economy Division  
Macroeconomic Group  
The Treasury

Statistical Regions	Employed (orig)	Per cent of emp in affected area
Wide Bay - Burnett	116.6	
Mackay - Fitzroy - Central West	203.9	
Darling Downs - South West	125.4	
Sum	445.9	
Queensland	2189.8	20.4
Australia	11395.4	3.9

Retail trade - QLD, orig, Oct 2010 (\$m): 4186.8

QLD \* employment share of affected area: 852.5

Duration assumption: 1 month's loss, plus 50% effect in subsequent 2 months  
= 1705.081852

Rounded up: 2 billion

Since, at the aggregate level, food accounts for 40% of total retailing, and since people will continue to be eating (through food assistance), we'll deduct 40% from the expected reduction

= 2 billion \* 0.6

= 1.2 billion