

## Viewpoint Issue Four

- Current projections have the global economy expanding by about 4.5% in 2011 and 2012, significantly above the long-run average of 3.75% p.a. A disaster with an economic cost equal to the Japanese earthquake or tsunami, would still leave the global economy running at above trend.
- The proportion of people who say their personal circumstances are worse than they were six months ago has been steadily increasing over the past 12 months, with 44% stating their circumstances are worse than 6 months ago, an increase of 10% since August 2010.
- Belief in the strength of the Australian economy is down 10%, with just under a quarter of the population (23%) currently believing 'the economy is strong', compared with May 2011.
- Four main factors that shape the pathway to personal income recovery in the disaster affected communities: scale, frequency of disasters, local industry profile and proximity to population hubs.
- Some disasters such as the 2011 Queensland floods are of such magnitude that they impact on the broader economy. However at a macro-economic level, the economic cost of disasters is usually recouped in the subsequent rebuild. For instance, tradespersons engaged in rebuilding activity can look forward to strong employment opportunities.
- It takes from 6 to 18 months for the majority of personal income sources to return to pre-disaster conditions, with very high proportions of people receiving some form of government support to rebuild their lives in the interim.
- The 2009 Victorian Black Saturday bushfires were intense but localised in nature, containing the economic impacts within the region, with very little impact on the state or national economies.
- Victoria is a resilient state – despite the extent of the 2009 bushfires, within 12-18 months, even the hardest hit areas had returned to pre-disaster levels of people receiving Newstart Allowance payments, which have remained consistently below the state average.
- Frequent repeat disasters can hinder personal income recovery. The cumulative effect of flood and cyclone damage is hurting North Queensland, with key agricultural industries (sugar cane and tropical fruits) having insufficient recovery time between events. As a result, increasing proportions of people are relying on unemployment benefits as their only source of income, with average salary amounts continuing to decline, especially in key income earning 35-44yrs age group.

# Key Findings



**Determined** to be different

- Local industries are affected differently by natural disasters. Where agriculture is dominant, what is grown or farmed matters. Some crops recover quickly; like cotton grown in South West Queensland that benefits from high rainfall, aiding economic recovery. However crops that rely on established trees, like bananas grown in North Queensland, may take multiple seasons to recover, with a heavy impact on local employment prospects.
- Proximity to large towns/cities makes a difference to personal economic recovery. For the Victorian bushfire communities, the close proximity to metro-based sources of employment and services helped residents to maintain employment and local residency. While high proportions of bushfire-affected residents migrated in the aftermath of the disaster, the majority moved less than 50 km away.
- Localised disasters have a truly national impact – almost four out of ten Australians (36%) say they were either affected personally or had friends or family that were affected by the recent natural disasters.
- Even when people are not directly affected by natural disasters, they can feel that they are – two-thirds (66%) of Australians believe the natural disasters had a negative impact on the national economy.
- 45% of Australians say the natural disasters have had a negative impact on their personal finances regardless of where they live. In particular one third believe recent natural disasters have increased the cost of living with essential items such as groceries (fruit and vegetables) and utilities being most frequently mentioned.