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Positives in the economic gloom: post disaster rebuilding will create jobs

HOTSPOTTING: Terry Ryder From: [The Australian](#)
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I AM accustomed to storms, having lived in Queensland for 33 years, but I can scarcely believe the floods that have devastated half the state, as well as parts of NSW and Victoria.

Added to the loss of life is the devastation of homes, farms, businesses, vehicles, possessions and, in some cases, whole communities.

But pessimistic analysis about the economic consequences is missing an important point.

Many media outlets have published scenarios of billions of dollars in lost production, with downwardly revised forecasts for gross domestic product and economic growth. "Floods wreak havoc on Queensland economy" is a typical headline.

Economists just love to see their faces on TV news bulletins, forecasting crisis.

There's no research to support what's being said, nor any learning of the lessons of history. There's just shooting from the lip, with profile generation the only aim.

Here's how I see it. As communities sift through the rubble, clean up the mess and rebuild, we're going to see two things: the power of community spirit and an economic boom.

The flood devastation may destroy some jobs, but many more will be created by the recovery effort, funded largely by insurance payouts, government spending and community fund-raising.

Much has been made of mine closures and disruption to infrastructure like the Port of Brisbane and state rail links. It has happened before and it will again.

People and businesses pick up the pieces and carry on.

A \$15 million boardwalk was washed away by the surging Brisbane River. It will be rebuilt. Much of the infrastructure supporting the river ferry service has been destroyed. It, too, will be re-established, because it must be.

The Local Government Association of Queensland estimates 90,000km of public roads have been damaged and these must be repaired.

More than 100 schools have been flooded with the start to the school year looming. An emergency effort is under way to get them ready in time.



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The sacred turf of Suncorp Stadium -- venue for rugby league, soccer and rugby union events -- went under water and you can imagine the effort to fix that.

The federal government has agreed to payouts to farmers and small business owners and has received thousands of claims for emergency payments.

But the main outcome will be the rebuilding of damaged housing and business premises. Builders are going to be very busy this year and beyond.

Experienced real estate analyst Michael Matusik has views similar to mine. He says: "The flood has sadly led to tragedy, with the loss of several lives and billions of dollars in property damage. But too much of the coverage, especially concerning the economy, is overly negative.

"These floods, catastrophic as they are, can ultimately have some positive results, setting up not only Queensland, but much of Australia, for an economic boom. This, perhaps, is the circuit-breaker that has been missing -- this year's probable factor X and a key ingredient to restore long-term confidence. The rebound is likely to be very strong."

Matusik says the floods -- and the stoic nature of those affected -- have been seen on televisions around the world.

He expects tourism to Australia will rise as a result, because people travel to places with character. "This event, and the way those affected are handling it, reinforces our image overseas -- tough, can-do, stoic, mateship and a land of extremes," he says.

He also notes that global demand for coal remains strong, contract prices are rising and once the mines are pumped dry and the coal is loaded it will be worth more, helping to offset any losses.

I've noticed other comments tending to support that more positive viewpoint.

Citigroup global markets director Paul Brennan said: "There is going to be a big boost to housing construction."

Ben Jarman, a JPMorgan economist: "Socially, it's terrible to have things destroyed. But if you have to replace them, that looks good in growth numbers."

Harley Dale of the Housing Industry Association: "There's likely to be a considerable short-term negative impact. But the net outcome may turn out to be a higher level of home building as a result of the need to rebuild homes and engage in quite considerable improvement and renovation."

Federal Jobs Minister Chris Evans: "Longer term, clearly there's going to be a growth in work associated with the recovery. We've seen previously after the Victorian bushfires and ACT bushfires a demand for a lot of construction work, and that rebuilding process will no doubt generate jobs."



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There are all sorts of consequences -- impacts on state and federal budgets, skills shortages, inflation pressures and rising insurance premiums -- but long-term the positive outcomes will be substantial.

This is why my long-term hotspots predictions haven't changed, although some of the key locations -- such as Toowoomba and the Surat Basin -- have been directly affected by the floods.

Terry Ryder is the founder of hotspotting.com.au