



Speech by

Hon. D. HAMILL

MEMBER FOR IPSWICH

Hansard 16 March 2000

MINISTERIAL STATEMENT

Midyear Economic and Fiscal Review

Hon. D. J. HAMILL (Ipswich—ALP) (Treasurer) (9.49 a.m.), by leave: I rise today to report to the House on Queensland's midyear fiscal and economic review which is prepared under the Government's Charter of Social and Fiscal Responsibility and the Australian Loan Council's uniform presentation framework. The review provides an update of the fiscal and economic outlook for Queensland, based on the midyear assessment prepared by Queensland Treasury.

In relation to the economic outlook, I am pleased to report that Queensland's domestic economy is now expected to post a much stronger performance in 1999-2000. Expected aggregate economic growth has now been revised upwards to 4% in 1999-2000 compared with a Budget forecast of 3.75%. The upward revision is due to stronger domestic demand underpinned by continued strength in household consumption. The Queensland economy is expected to outperform the rest of Australia by about 0.75%. Household consumption in Queensland remains resilient, with annual growth of 4.7% recorded in the September quarter 1999. This represents the ninth consecutive quarterly annual increase in excess of 4%. Given the current pattern of consumption expenditure, year-average growth has been revised up from 3.75% to 4.75%.

I am pleased to inform the House that the review has confirmed that Queensland remains on track to achieve its Budget forecast for the unemployment rate of 7.75%. Inflation remains subdued in Queensland and is currently below the national average. Lower inflation outcomes in Queensland for the September and December quarters of 1999 have resulted in a slightly lower 1999-2000 year-average inflation forecast of 1.5%.

These inflation forecasts confirm that the Queensland economy is achieving its strong growth performance in a sustainable manner. While inflation remains under control, further interest rate rises that will have a negative impact on consumer confidence and business investment, remain unnecessary.

The mid-year review also considered the State Budget and Forward Estimates. The general Government sector is now expected to record an accrual surplus of \$4m compared to an original Budget position of \$21m. This reflects funding provided for several emergent issues and revisions to revenue. The general Government medium-term fiscal outlook remains strong, with underlying surpluses expected for 2000-01, 2001-02 and 2002-03. As foreshadowed in last year's State Budget, the projected deficit in 2000-01 reflects the Commonwealth's determination that the shortfall in funding to the States arising from the implementation of the GST in that year will be offset by a loan rather than a grant. The estimated Commonwealth loan of \$114m will mask a small underlying surplus.

We are delivering on commitments to the people of Queensland to deliver responsible economic management, so much so that we will see net State worth increase by more than \$2.5 billion by 2002-03. Under the Beattie Government, Queensland remains in the strongest financial position of all the States and Territories, and is well placed to retain its competitive advantage.
