




Speech By
Hon. Curtis Pitt

MEMBER FOR MULGRAVE

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MINISTERIAL STATEMENT

State Finances

 **Hon. CW PITT** (Mulgrave—ALP) (Treasurer, Minister for Aboriginal and Torres Strait Islander Partnerships and Minister for Sport) (9.44 am): In recent sittings I have informed the House about a series of positive economic data and reputable surveys and analysis which show that the Queensland economy is strong and growing. Those indicators show that our economic plan is working to transition our state to a post-mining boom economy. Today I can inform the House of the latest Queensland State Accounts produced by Queensland Treasury. Members will note that the former LNP government stopped the regular release of the Queensland State Accounts.

The State Accounts show that Queensland's economic performance continues to improve. Growth in real trend terms was up 1.2 per cent in the June quarter 2016 to be 3.8 per cent higher over the year. The most encouraging sign in this data is that it reflects Queensland's strongest quarterly growth in four years since the March quarter in 2012. The increase in gross state product of 1.2 per cent in the June quarter 2016 was also double the rest of Australia, which was up 0.6 per cent. We have not seen growth like this since the March quarter 2012 before the previous LNP government took office. It was also the strongest growth over a 12-month period since the September quarter 2012. It contrasts with trend growth of only 0.2 per cent in the year to the December quarter 2014 under the previous LNP government.

In addition to the usual quarterly results, the Queensland State Accounts contain preliminary estimates for the 2015-16 financial year. Those preliminary figures indicate that Queensland's gross state product growth in 2015-16 was 3.2 per cent. This is the highest since 2011-12. That is up significantly on the 0.8 per cent legacy growth rate recorded in 2014-15 in the aftermath of the previous LNP government. In fact, it is four times the growth rate under the former treasurer. The 3.2 per cent preliminary figure for 2015-16 is also higher than the rest of Australia's economic growth of 2.8 per cent. This latest positive economic outcome for our state was propelled by a strong contribution from net exports boosted by the ramp-up in LNG exports. Thankfully, our strong export performance and Queensland's diverse economy have helped offset relatively weaker domestic conditions.

State final demand, an indicator of domestic conditions, fell 1.5 per cent over the year in 2015-16. Of course, last year we saw a fall in business investment as construction of the LNG projects approached completion. The result for 2015-16 needs to be viewed in the context of the upturn in state final demand we have seen in both the March and June quarters this year. Despite the anticipated decline in business investment post the LNG boom, other components of the domestic economy contributed to overall growth. Household consumption, the largest component of Queensland's GSP, rose 2.4 per cent in 2015-16 and contributed 1.4 percentage points to GSP growth. A strong housing sector has also underpinned Queensland's economic performance in 2015-16. The facts are that dwelling investment was up 14.3 per cent. This is the strongest growth recorded in 13 years.

Looking ahead, a substantial pipeline of units and apartments, particularly in inner Brisbane, is likely to drive continued growth in dwelling investment in 2016-17. Public final demand rose 2.2 per cent in 2015-16, a turnaround from the previous year's decline of 1.7 per cent, and contributed 0.5 of a percentage point to GSP growth. As highlighted earlier, while overall domestic demand in Queensland was subdued in 2015-16, the state's economy was boosted by the trade sector. Increased resource exports and lower imports resulted in a 4.5 percentage point contribution from the trade sector to Queensland's economic growth in 2015-16. The continued ramp-up in production resulted in LNG exports totalling \$5.1 billion in 2015-16, which is more than a fivefold increase from the previous year.

Looking forward, economic growth in Queensland is expected to strengthen further to four per cent in 2016-17 driven by the ongoing ramp-up of LNG exports and some improvement in domestic activity. Based on the latest budgets of all the states, Queensland is forecast to record the strongest growth of all the states out to 2019-20. What the Queensland State Accounts show is that the Queensland economy is powering. This is no spin and no cherrypicking, just a clear indication that our economic plan is working. In little more than 18 months our plan and the measures taken in two state budgets have seen growth return to our state economy, a drop in our unemployment rate, a rise in business and consumer confidence and more jobs for Queenslanders.