



Highlights

Economic outlook – Global recession worst in 60 years...

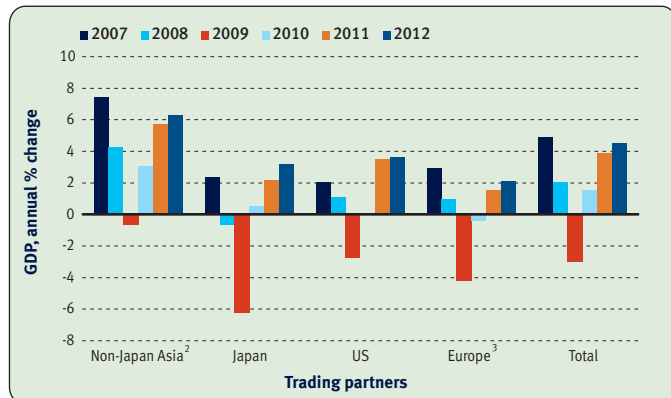
Financial crisis causes downturn in major trading partner economies

- The global economy is expected to contract for the first time in 60 years in 2009.
- The global financial crisis and associated recession is likely to see Queensland's major trading partner economies contract 3% in 2009, following below average growth of 2% in 2008.
- Major trading partner growth is expected to remain at a below average rate of 1½% in 2010.
- Japan, Queensland's largest destination for merchandise exports, has been hit hard by the crisis, with its economy contracting 8.4% over the year to March quarter 2009.
- The global recession has seen commodity prices retreat, with contract prices for hard coking and thermal coal negotiated 57% and 44% lower for the 2009-10 Japanese fiscal year.

Queensland to be affected, but will fare better than the nation

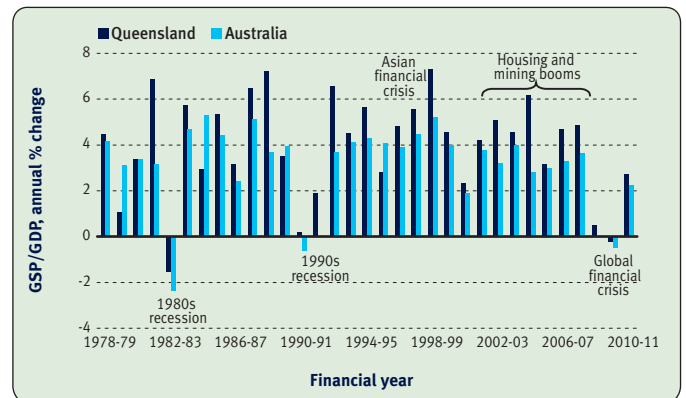
- The Queensland economy is estimated to expand by only ½% in 2008-09 and contract by a marginal ¼% in 2009-10, before recovering by 2¾% in 2010-11.
- This would represent three consecutive years of below average growth, largely reflecting the impact of the financial crisis on household wealth, business investment and exports.
- After tripling over the past eight years, business investment is forecast to fall in 2009-10, as lower commodity prices see a scaling back in mining related construction in particular.
- Private consumption is forecast to grow at a below average rate throughout the forecast period, as households adjust to declines in wealth from lower equity and house prices.
- However, partly reflecting strong population growth, the Queensland economy is forecast to outperform that nationally for the fifteenth consecutive year in 2010-11.

Major trading partner economies¹ to contract in 2009



1. 2008 is an estimated actual, 2009 to 2012 are forecasts.
 2. Includes New Zealand.
 3. Includes United Kingdom.
 Sources: IMF and Queensland Treasury.

Queensland's economic performance¹



1. CVM, 2006–07 reference year. 2008–09 is an estimated actual, 2009–10 and 2010–11 are forecasts.
 Sources: Australian Treasury, Queensland Treasury and ABS 5206.0.



leading to tough labour market outlook

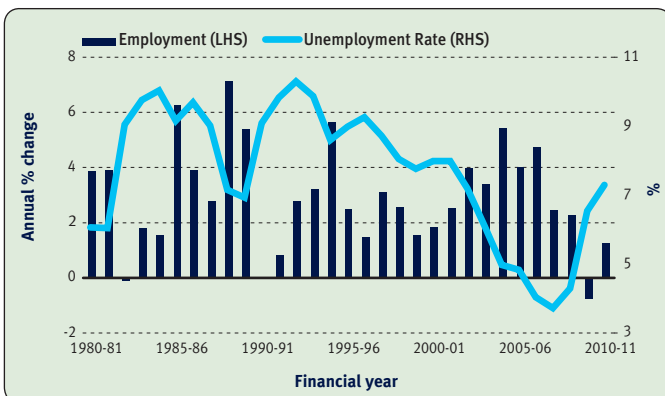
Unemployment rate to increase

- In line with weaker economic activity, year-average employment in Queensland is forecast to fall by 3/4% in 2009-10.
- Employment is forecast to grow at a below-average rate of 1 1/4% in 2010-11, reflecting the lagged impact of falling economic activity in 2009-10 and only a modest recovery in 2010-11.
- As a result, the unemployment rate in Queensland is anticipated to rise to a year-average rate of 6 1/2% in 2009-10 and peak at 7 1/4% in 2010-11.
- Queensland's labour market is forecast to fare better than that nationally, where employment is forecast to rise by 1/2% over the year to June quarter 2011, causing the national unemployment rate to peak at 8 1/2% in that quarter.

Public investment supports economy during recession

- As private sector activity declines in 2009-10, a rise in public investment is forecast to help cushion the Queensland economy from the global recession.
- This reflects the State's own significant capital works program, as well as investment spending due to infrastructure initiatives from the Australian Government.
- Public investment is forecast to contribute one percentage point to Queensland's economic growth in 2009-10.
- Greater public investment in the transport, energy and export sectors in recent years will add significantly to the productive capacity of the economy going forward.

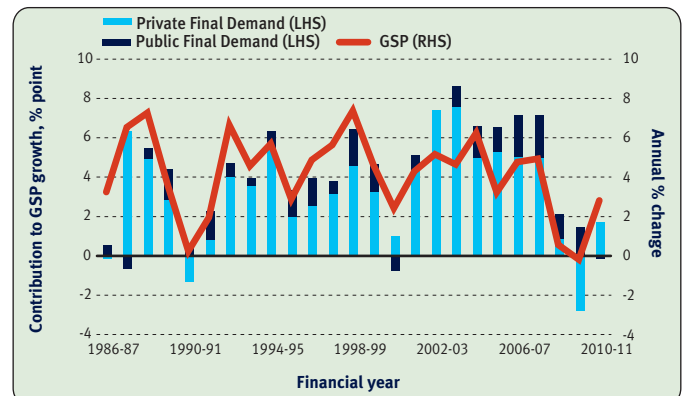
Unemployment rate¹ in Queensland to rise in line with previous recessions



1. 2008-09 is an estimated actual, 2009-10 and 2010-11 are forecasts.

Sources: ABS 6202.0 and Queensland Treasury.

Public final demand¹ to support economy in 2008-09 and 2009-10



1. CVM, 2006-07 reference year. Public final demand comprises public consumption and public investment. Adjusted for second-hand asset sales between the public and private sectors. 2008-09 is an estimated actual, 2009-10 and 2010-11 are forecasts.

Source: Queensland Treasury.