



## **QUEENSLAND SET TO CONTINUE AS GROWTH STATE**

Queensland is set to retain its title as the growth state of the nation, Premier and Treasurer Peter Beattie said today.

Mr Beattie said revised economic forecasts show Queensland was on track to outpace other States and Territories in nearly all major economic indicators.

“As predicted at Budget we still look like achieving an economic growth rate of 4¼% this financial year,” Mr Beattie said.

“This will easily eclipse the national forecast of 3% and mark the tenth consecutive year we have topped the nation.”

Mr Beattie said the composition of growth may be slightly different to that forecast when the Budget was handed down five months ago.

He said private consumption growth was expected to be slightly lower but dwelling investment, business investment, and jobs growth were expected to be higher.

“We now estimate the growth in private consumption might be slightly weaker than expected as result of the impact of higher petrol prices on incomes,” he said.

“At the time of the Budget unleaded petrol prices were below a \$1 a litre but in the past couple of months prices at the bowser have risen to nearly a \$1.30 a litre.

“These rises have had a huge impact on the hip pockets of Queenslanders.

“More than one third of what we pay at the pump goes straight into the coffers of the Howard Government in fuel excise.

“Their stubborn refusal to act or provide any relief for motorists is hurting consumer confidence and hurting the Queensland economy.”

Mr Beattie said the jump in petrol prices had also lead to an upward revision of the forecast inflation rate from 2¾ percent to 3%.

He said the negative impact of a slight drop in consumption growth would be partially offset by stronger than forecast jobs growth, investment growth and business confidence.

/2

“My Government has worked extremely hard to create an environment that encourages growth and investment in the Smart State,” he said.

“The mini Budget reveals our policies and commitment are continuing to pay dividends.

“Employment growth is expected to rise slightly from 2½% to 2¾% because the strong growth in domestic activity last financial year has flowed through to stronger than expected employment gains in the first quarter of this financial year.

“The year average unemployment rate will remain unchanged however because the rise in jobs growth will be offset by a rise in our labour force participation numbers.

“This unemployment rate is the lowest it has been in more than 30 years and the work we have done to bring it down to 5% is one of the biggest achievements of our Government.”

Mr Beattie said strong jobs growth was being reflected in increased business investment.

“The latest June quarter Access Investment Monitor revealed a sharp rise of 15.8% in the value of investment projects under construction or committed in Queensland,” he said.

“In conjunction with a continued rise in the price of coal and base metal prices, this has led to an upward revision in forecast business investment this financial year.

“In addition the level of housing activity in Queensland is now also expected to be slightly higher than forecast.

“In May total dwelling approvals in Queensland had slumped by nearly 20% compared to the same month a year ago and it looked like our housing boom had come to an end,” he said.

“However, in the past few months interest rates have remained steady and private sector house approvals have resumed an upward trend. As a result the outcome for dwelling investment might be slightly higher than the negative 3% forecast for this financial year.”

Mr Beattie said forecasts for other key economic indicators such as population growth (2%) and exports growth (6¾%) remained unchanged.

He said the overall forecast for this financial year remained very strong but key risks included the possibility of continued below-average rainfall, spiralling fuel prices or slower growth in the United States and its impact on our trade sector.

**25 October 2005**

**Media inquiries: (07) 3224 4500**