

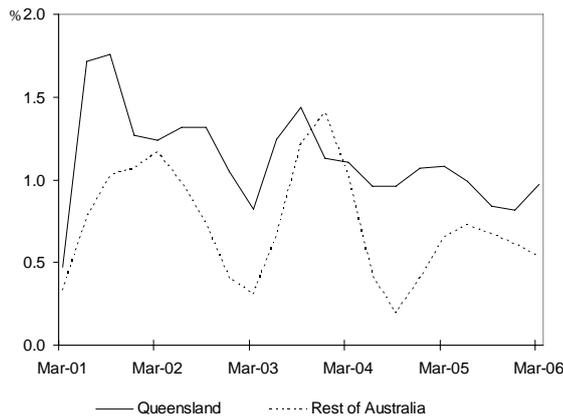


Main Features

Mar Qtr 2006 Gross State Product (CVM, trend):

Queensland	↑ 1.0% (quarterly)	↑ 3.7% (annual)
Rest of Australia	↑ 0.5% (quarterly)	↑ 2.6% (annual)
Australia	↑ 0.6% (quarterly)	↑ 2.8% (annual)

Chart 1: Gross State Product (quarterly % change, CVM, trend)



Commentary

- The latest *Queensland State Accounts* show that in real trend terms, the Queensland economy grew by 1.0 per cent in March quarter 2006 following 0.8 per cent growth in December quarter 2005. In comparison, gross Rest of Australia product grew by 0.5 per cent matching growth in the previous quarter.
- Queensland's GSP rose by 3.7 per cent over the year to March quarter 2006. In annual terms, Queensland's economic growth has outperformed the Rest of Australia since March quarter 2000.

March quarter results

- Growth in domestic activity in Queensland remained strong in the March quarter, with gross state expenditure rising 2.0 per cent, following growth of 2.1 per cent in the previous quarter. The strength of domestic activity continued to stimulate imports. Net exports detracted 1.3 percentage points from GSP growth, following a 1.5 percentage point deduction in the December quarter.
- Household consumption recorded solid growth of 1.2 per cent in the March quarter, following 1.3 per cent growth in the previous quarter.
- Business investment continued to rise in the March quarter increasing by 7.2 per cent. Both machinery and equipment investment, and other buildings and structures investment continued their upward trend, rising a further 8.4 per cent and 5.2 per cent respectively.
- Dwelling investment in Queensland declined for the second consecutive quarter, falling by 1.1 per cent in the March quarter. Nevertheless, dwellings still grew by 0.8

per cent in annual terms. In the Rest of Australia, dwelling investment declined in quarterly terms by 3.5 per cent in the March quarter and recorded a 6.2 per cent decline over the year to March quarter 2006.

- Public final demand rose 2.4 per cent in the March quarter to be 8.4 per cent higher over the year. The main contributor was public enterprise capital expenditure, which increased 11.7 per cent over the March quarter and 43.1 per cent in annual terms.
- An increase in imports of goods and services (up 3.1 per cent) with a marginal increase of 0.1 per cent in exports of goods and services, resulted in net exports detracting 1.3 percentage points from Queensland's economic growth in the March quarter.
- In annual terms export volumes declined by 0.7 per cent and import volumes grew by 11.8 per cent, resulting in a 4.8 percentage point deduction from GSP growth by net exports over the year to March quarter.

Table 1: Components of Economic Growth

Chain Volume Measure	Queensland	Rest of Australia
	(quarterly % change, trend)	
Final consumption expenditure		
Households	1.2	0.6
General government	1.2	0.3
Gross fixed capital formation		
Private	3.9	0.8
Dwellings	-1.1	-3.5
Other buildings and structures	5.2	0.4
Machinery and equipment	8.4	2.9
Public enterprises	11.7	0.7
General government	1.1	1.7
<i>Gross state expenditure</i>	2.0	0.7
Exports of goods and services	0.1	0.9
Imports of goods and services	3.1	1.1
<i>Net exports (a)</i>	-1.3	-0.2
Gross state product	1.0	0.5
Current Prices		
Compensation of employees	2.0	1.4
Gross operating surplus and mixed income	2.0	1.1
Taxes less subsidies	1.3	0.5
Gross state product	1.9	1.2

(a) Percentage point contribution to growth in GSP.

Full QSA details can be found at the OESR website:
www.oesr.qld.gov.au