

The Queensland economy

Excerpt from a presentation to
Queensland Government officials

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Chief Economist
ANZ

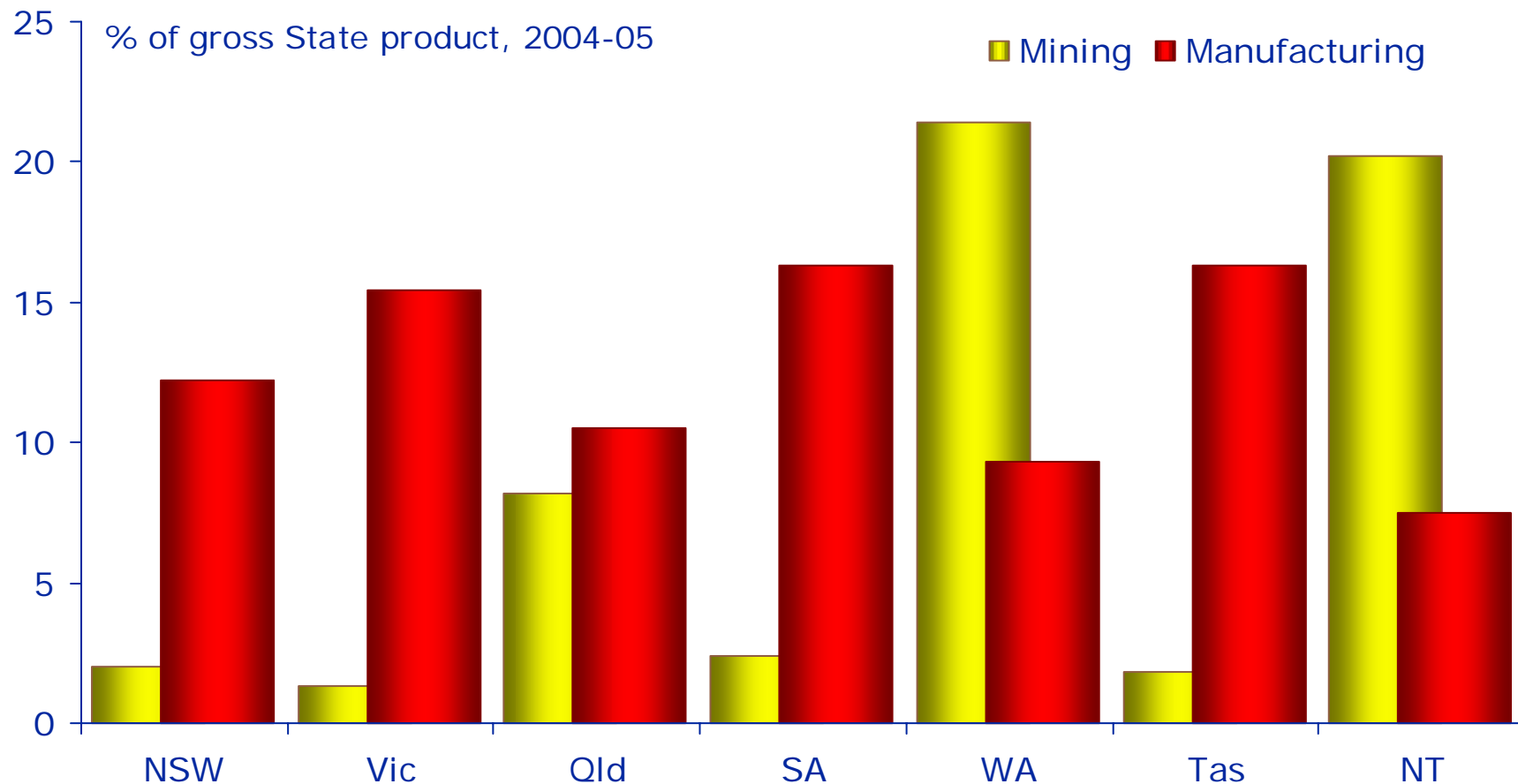
ANZ Qld office
Brisbane
31st July 2006

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The resources boom benefits WA, Queensland and the NT more than other States

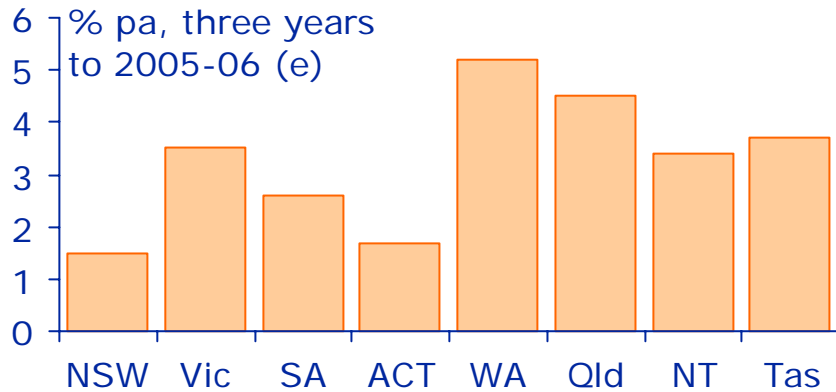
Mining and manufacturing as a share of State economies



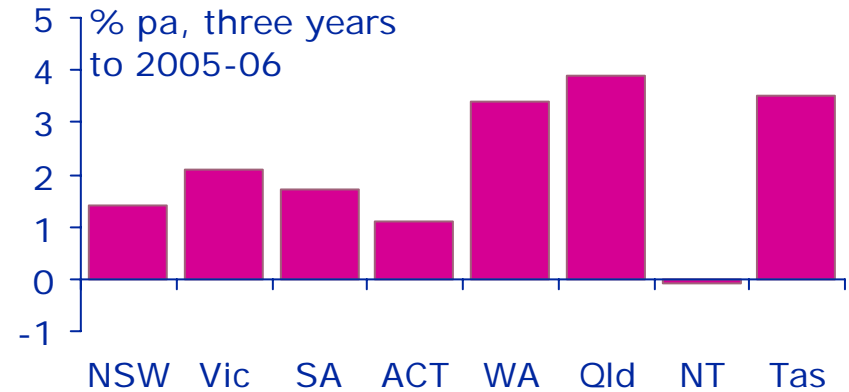
Sources: ABS; Economics@ANZ.

The changing growth mix is also impacting on the relative performance of State economies

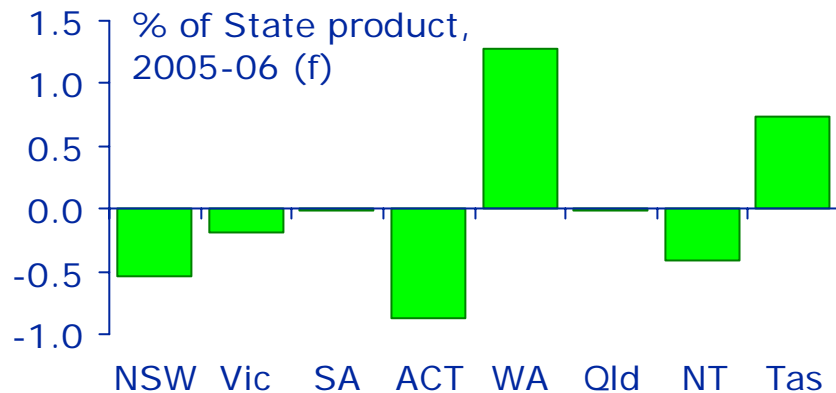
Real State product growth



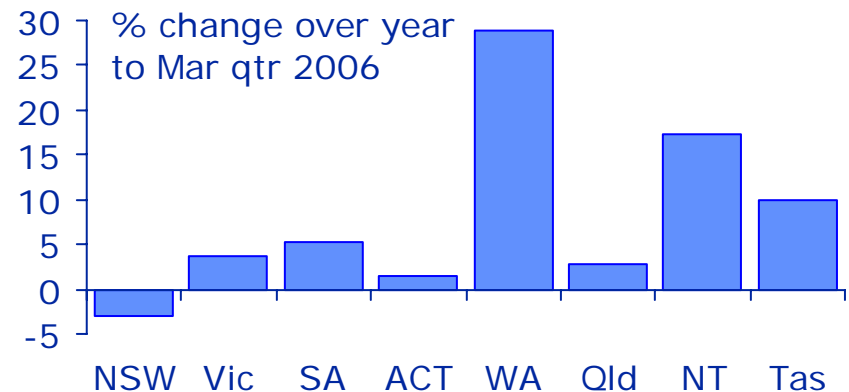
Employment growth



State cash balance

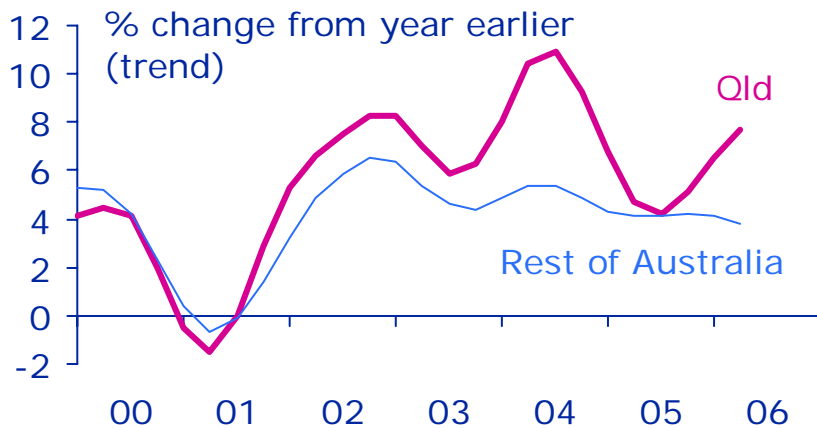


Capital city house prices

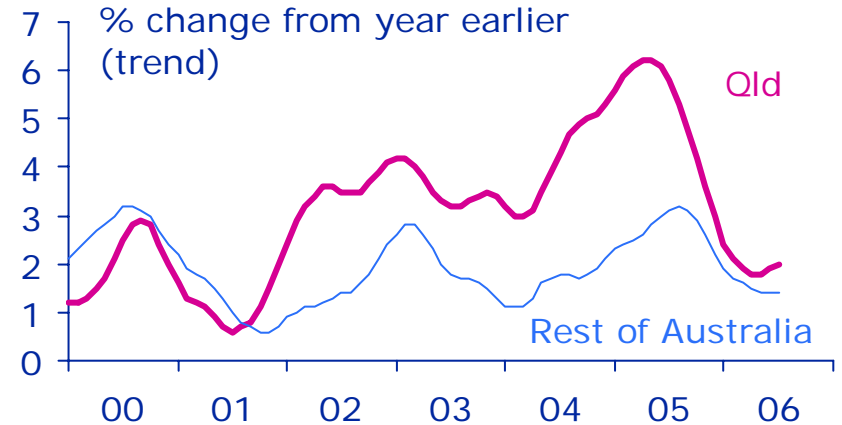


Queensland is out-performing the national economy on most broadly-based indicators

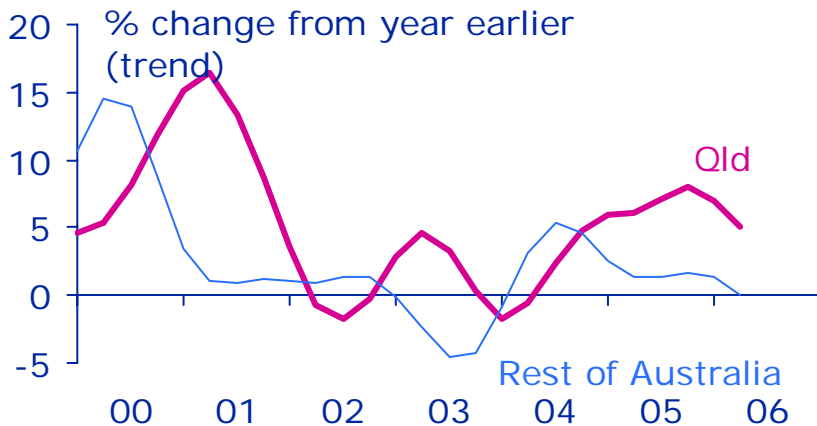
Real final demand



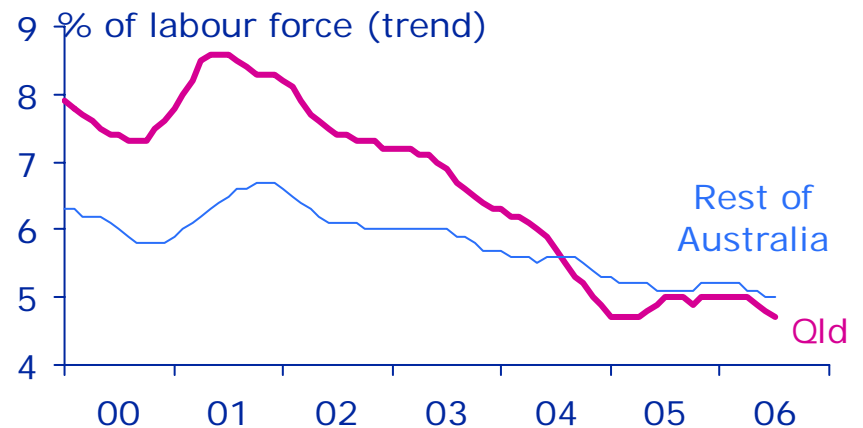
Employment



Exports of goods

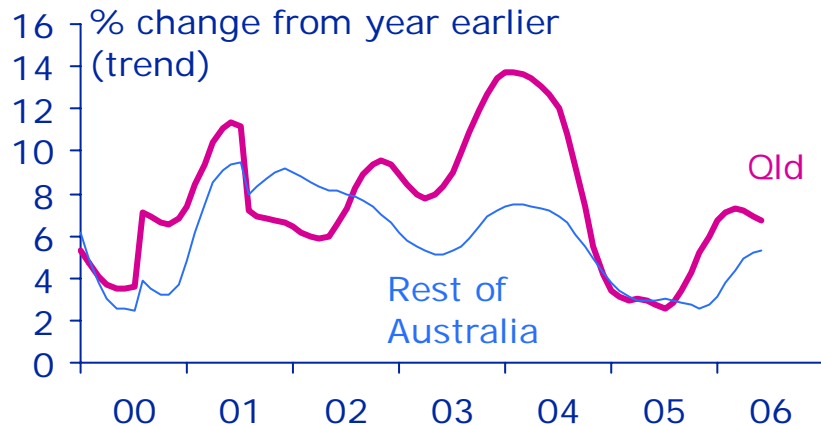


Unemployment

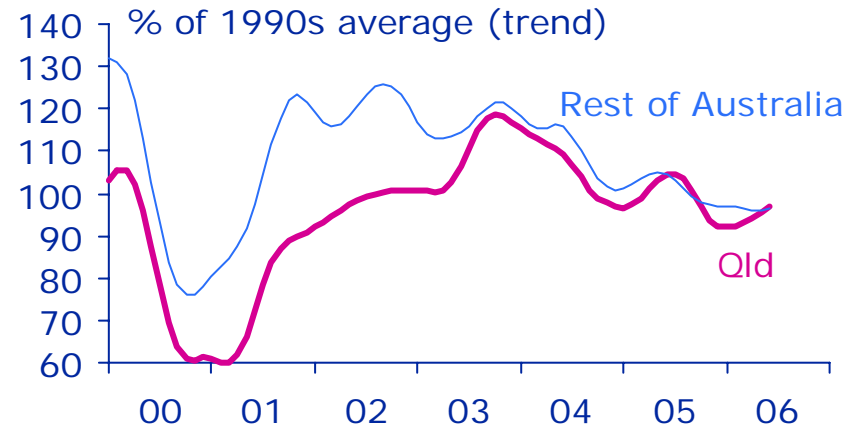


Household spending and housing activity stronger in Queensland than in southern States

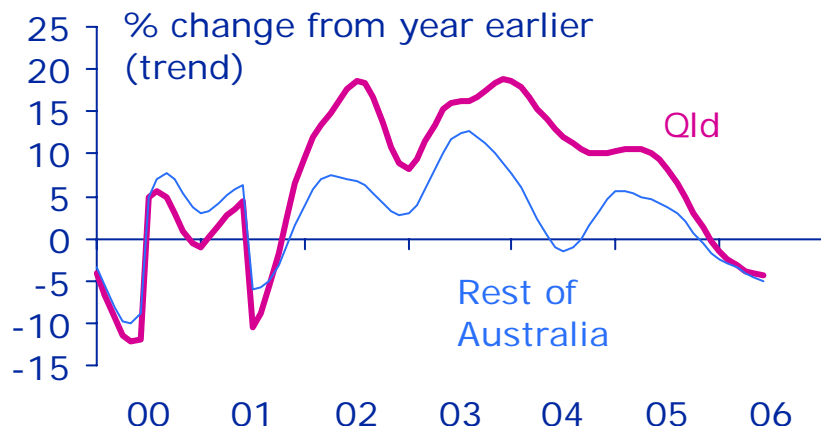
Retail sales



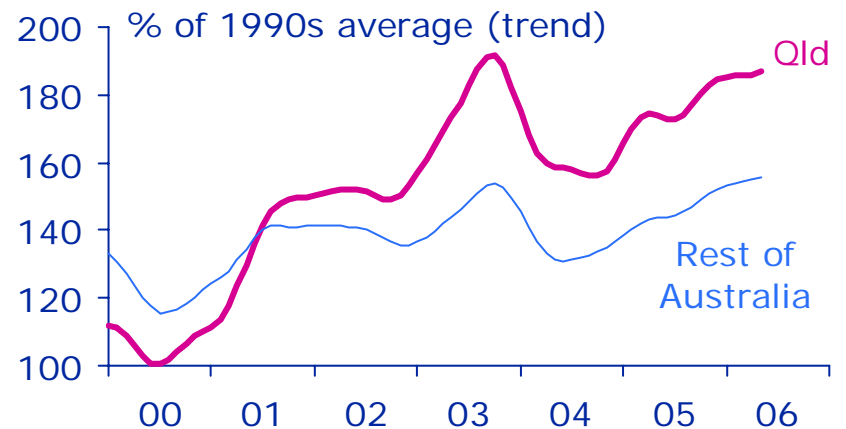
Residential building approvals



Motor vehicle sales

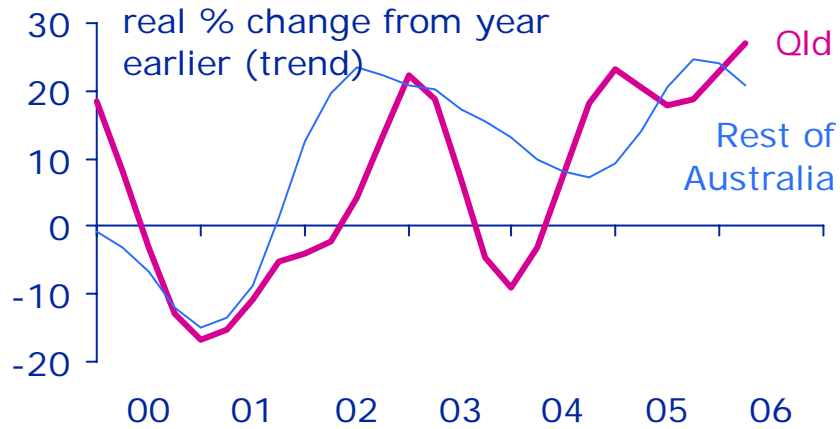


Housing finance commitments

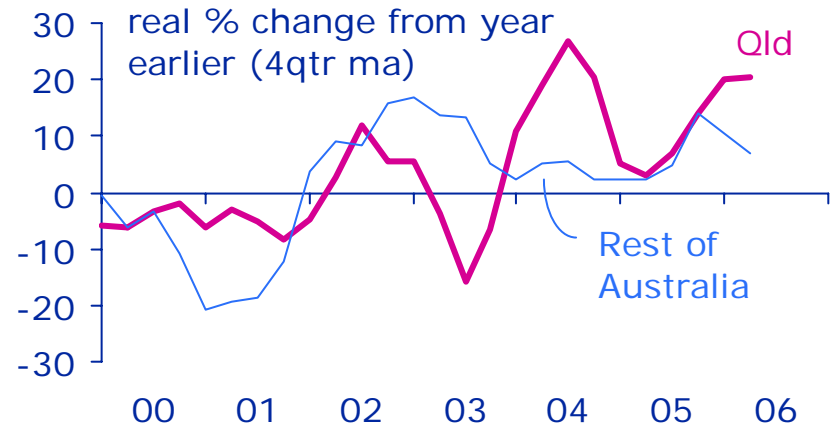


Non-residential construction activity is particularly strong in Queensland

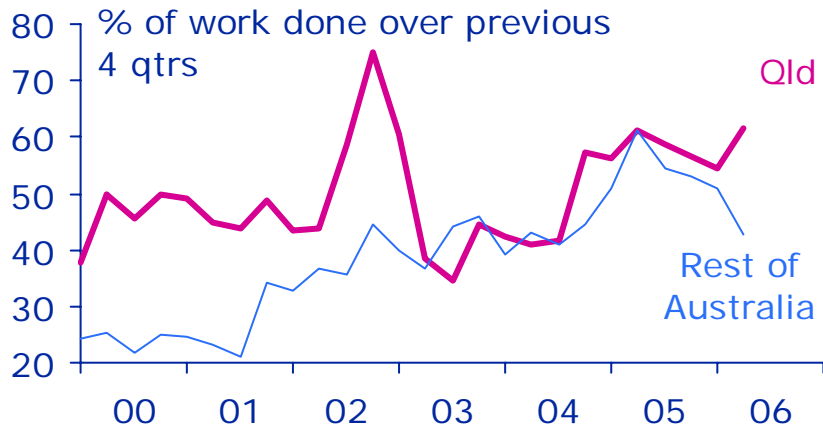
Engineering construction work done



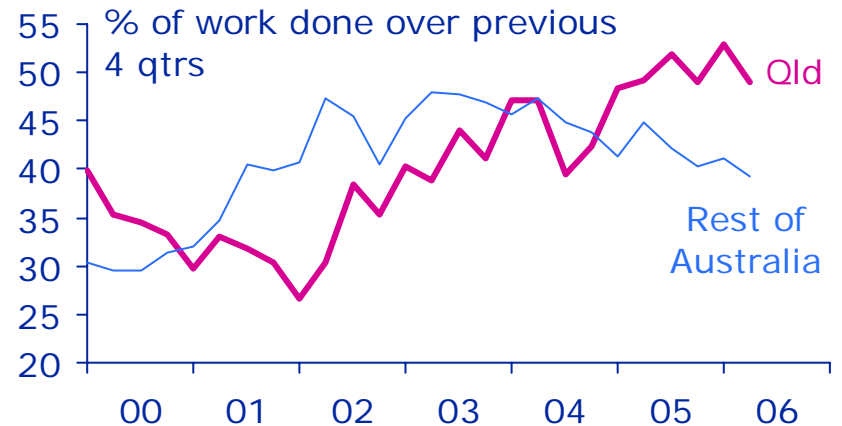
Non-residential building work done



Work yet to be done

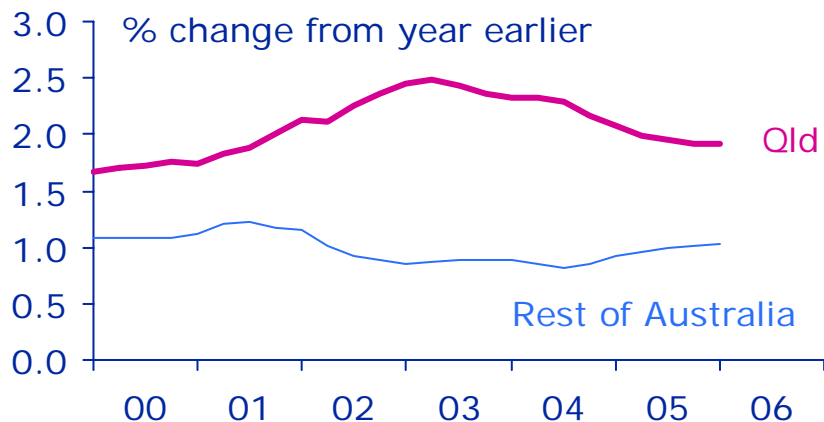


Work yet to be done

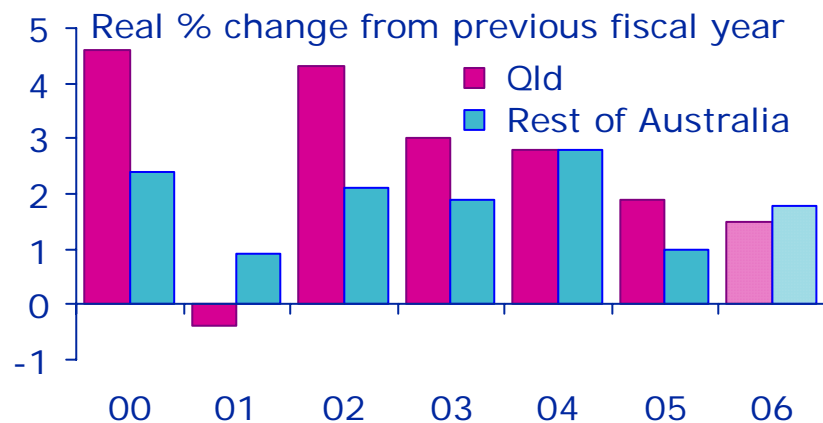


Queensland's above-average economic growth largely driven by population growth

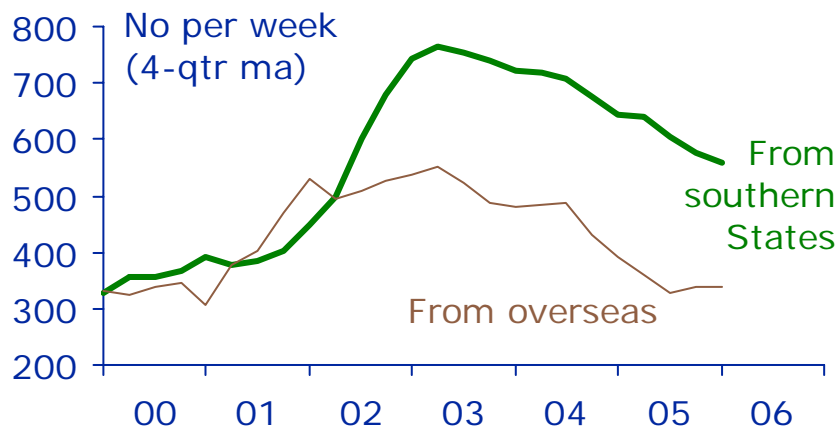
Population growth



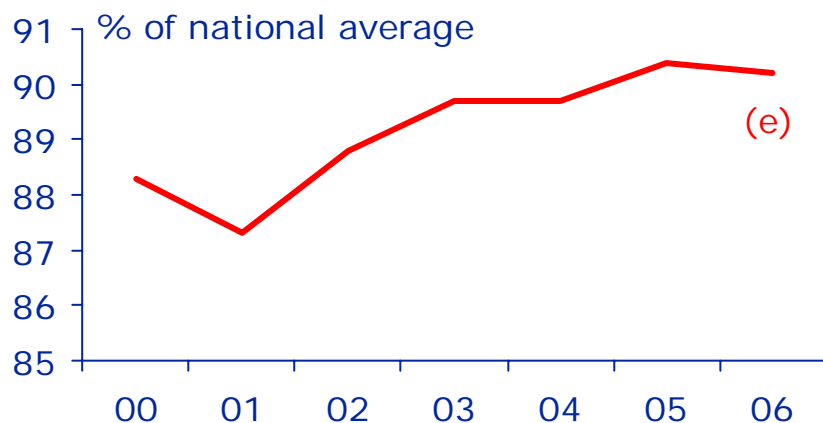
Per capita GSP growth



Immigration to Queensland

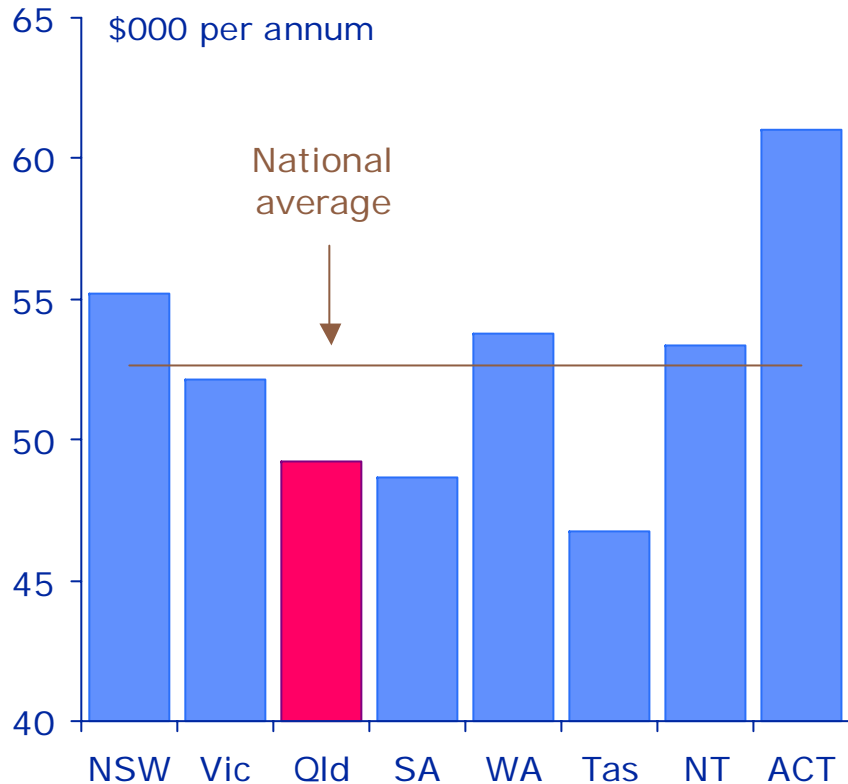


Qld per capita GSP

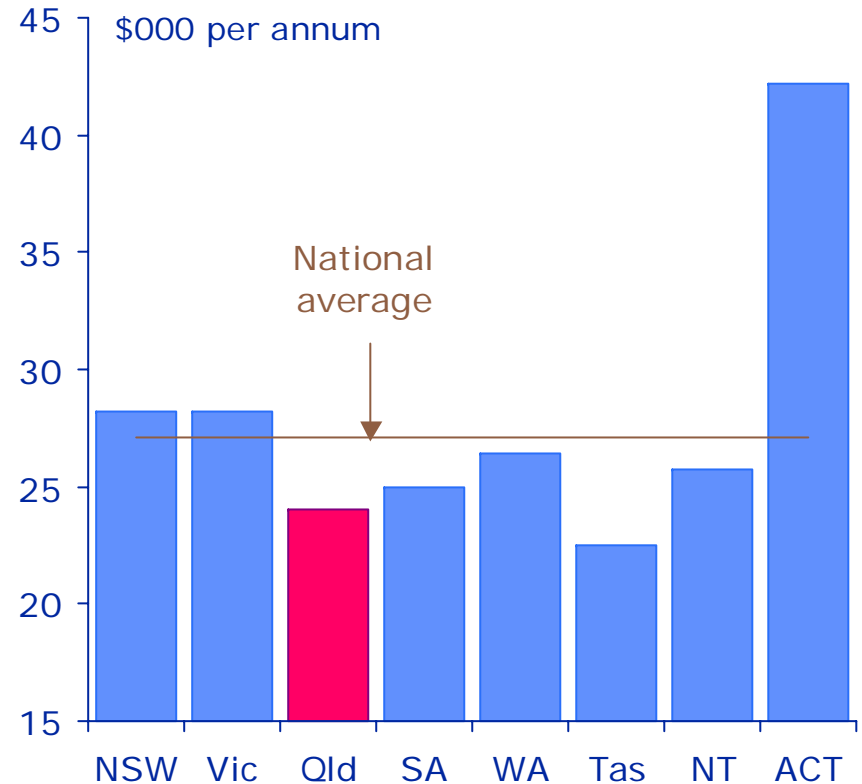


By many measures, Queensland remains a relatively 'poor' State

Average weekly earnings (full-time adults) 2005



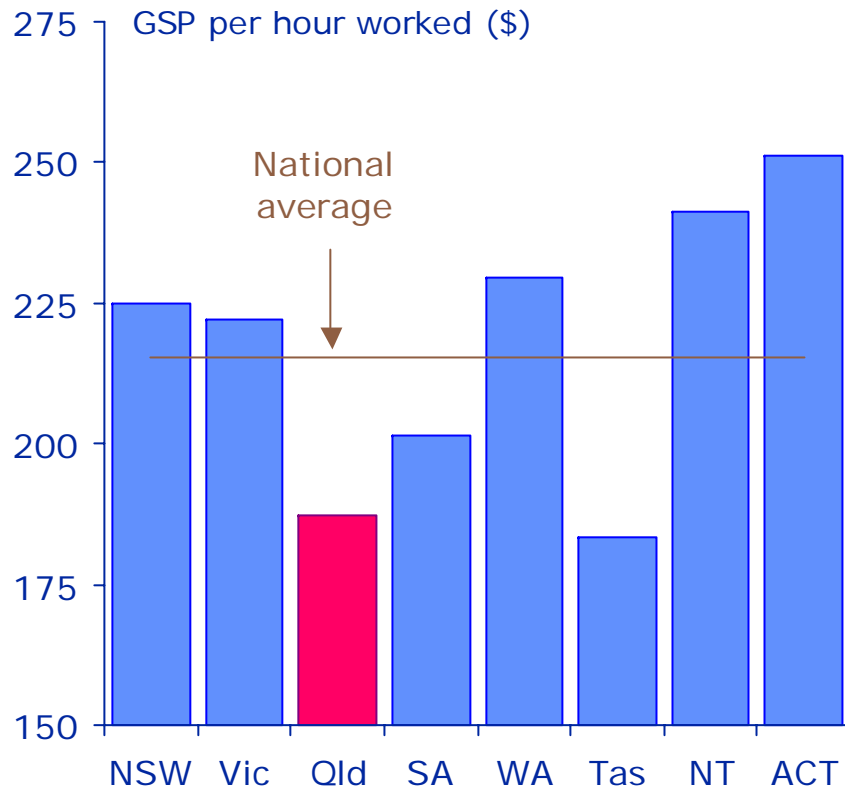
Household disposable income per capita, 2004-05



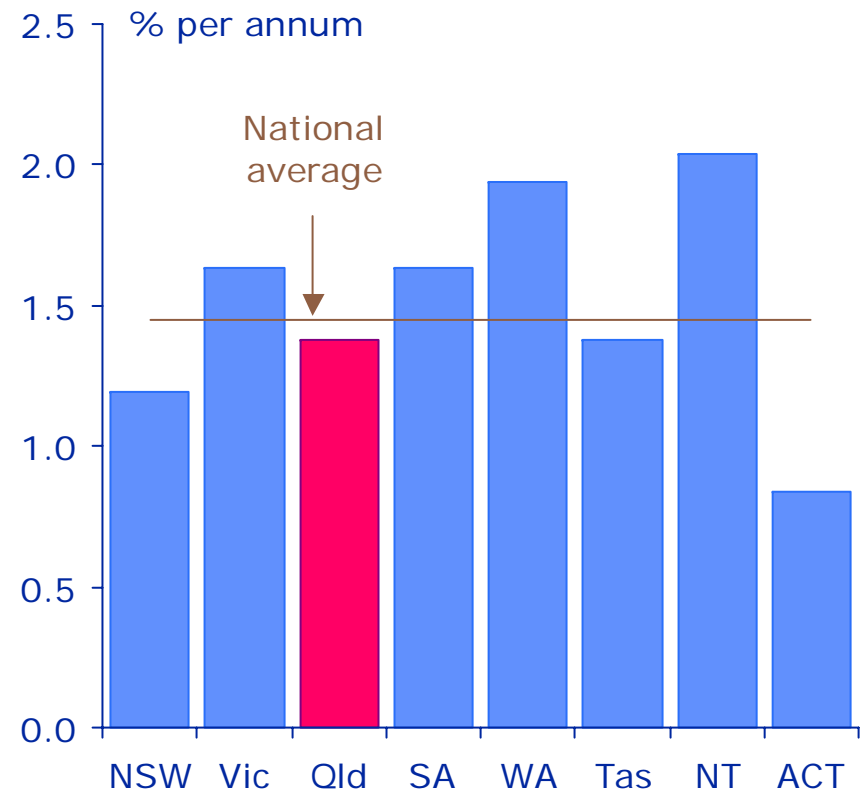
Sources: ABS; Economics@ANZ.

Queensland's productivity is the second lowest in Australia, and growing less than average

Level of labour productivity 2004-05



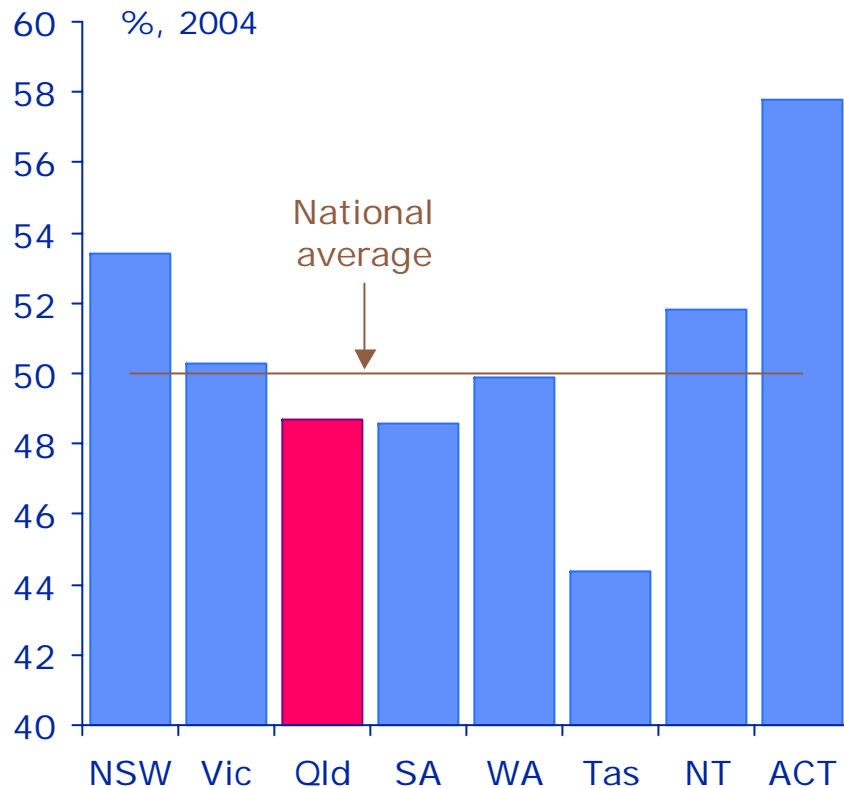
Labour productivity growth 1999-00 to 2004-05



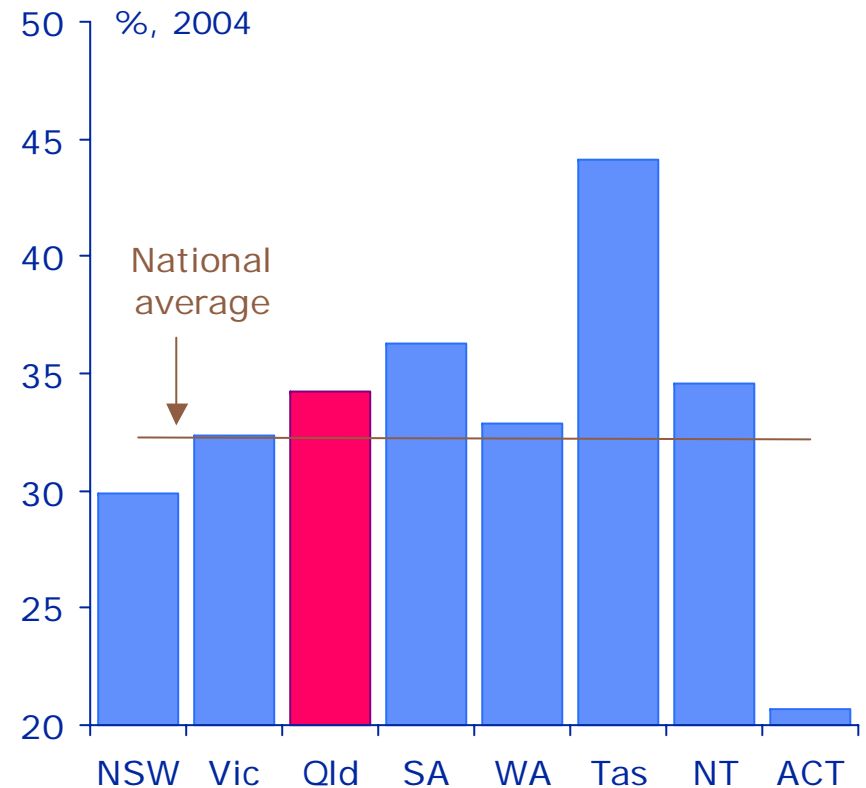
* Productivity defined as real gross State product per hour worked.
Sources: State Accounts (5220.0); ABS Employed persons by sex, age, hours worked, state (6291.0.55.001); Economics@ANZ.

Queenslanders' educational attainments are below the national average

15-64 year olds with post-school qualifications



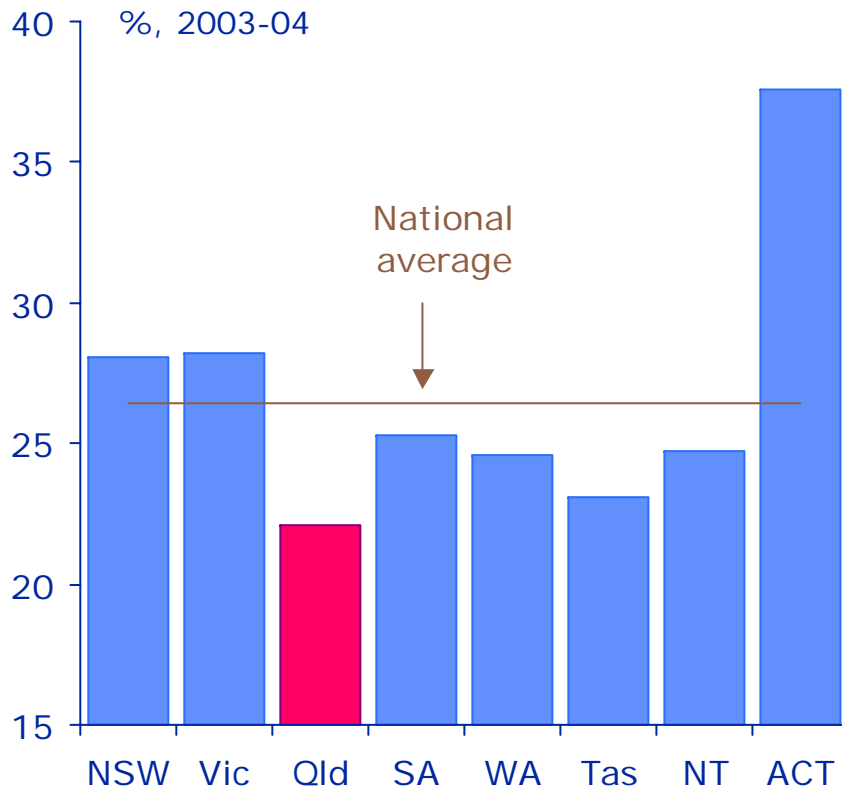
15-64 year olds who have not completed Year 12



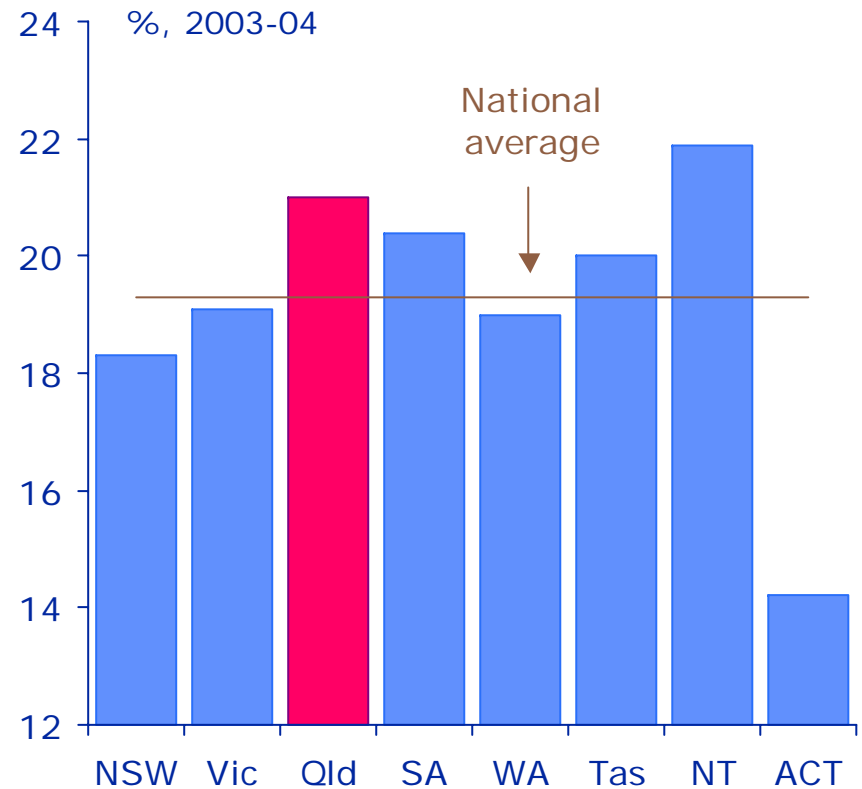
Source: ABS, *Education and Work, Australia*, (6227.0);
Australian Social Trends (4102.0) 2005.

Queensland has an above- (below-) average proportion of workers in high- (low-) skill jobs

Workforce employed in highest-skill occupations



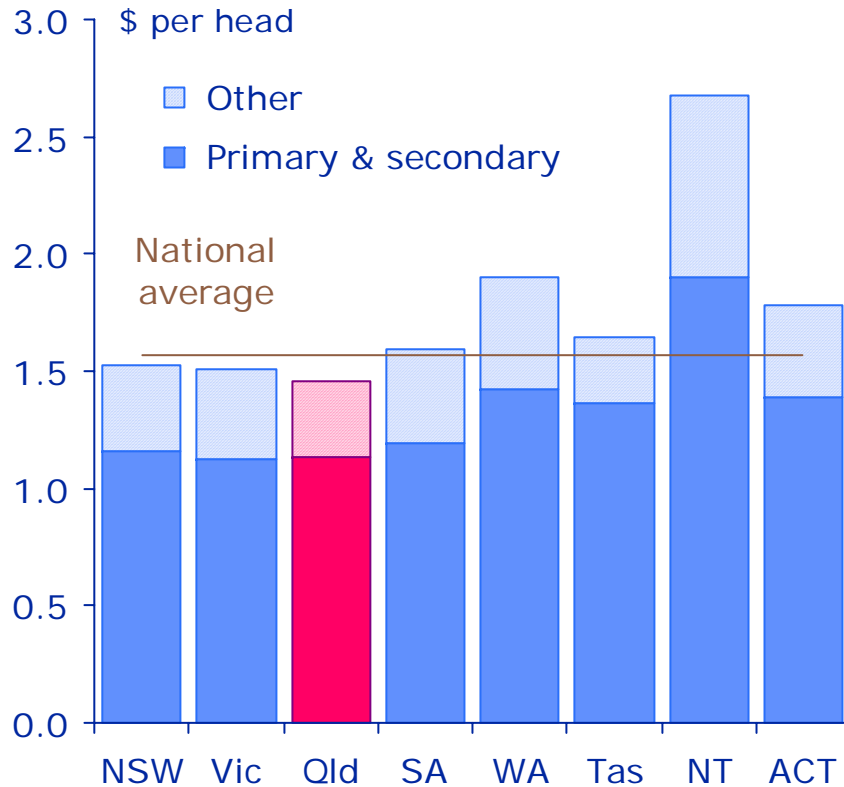
Workforce employed in lowest-skill occupations



Source: ABS, Australian Social Trends (4102.0) 2005.

Queensland spends less than the national average on education

State / Territory government spending on education, 2003-04



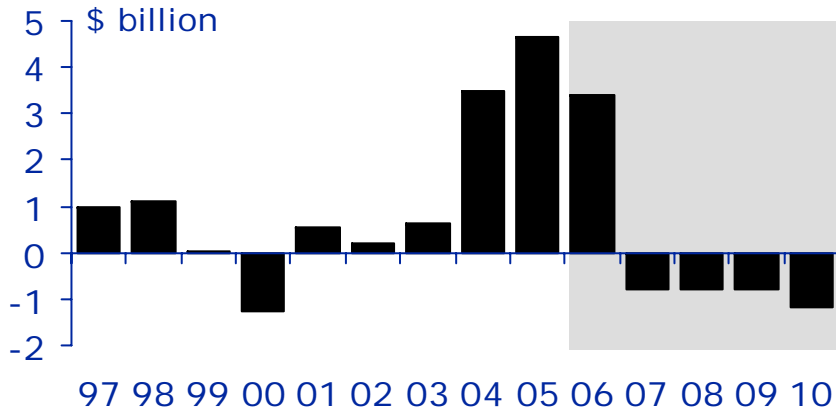
Queensland's education 'level of service provision' ratio



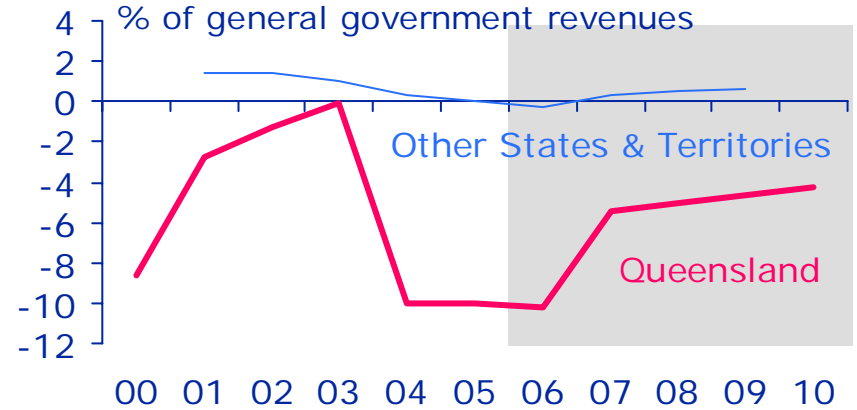
Source: ABS, Government Finance Statistics (5512.0); Economics @ANZ;
Commonwealth Grants Commission 2006 Update Report.

Borrowings foreshadowed in this year's State Budget in no way threaten its AAA rating

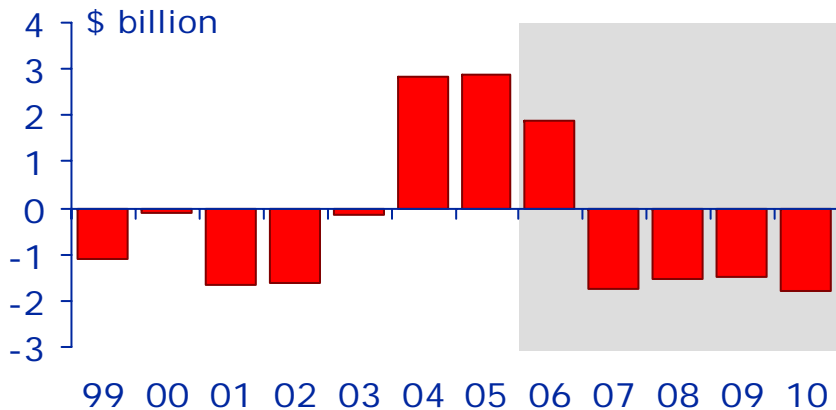
Cash balance



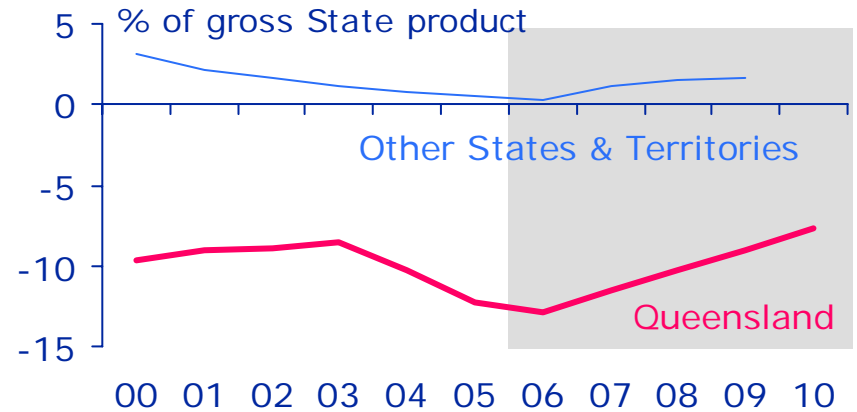
Net interest payments



Fiscal balance



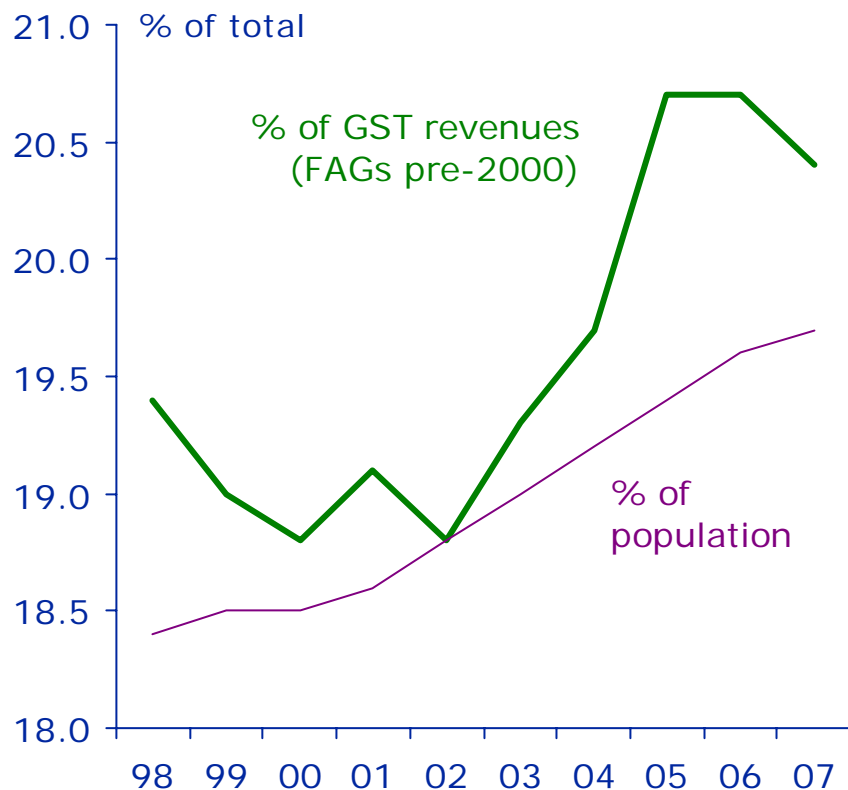
Net debt



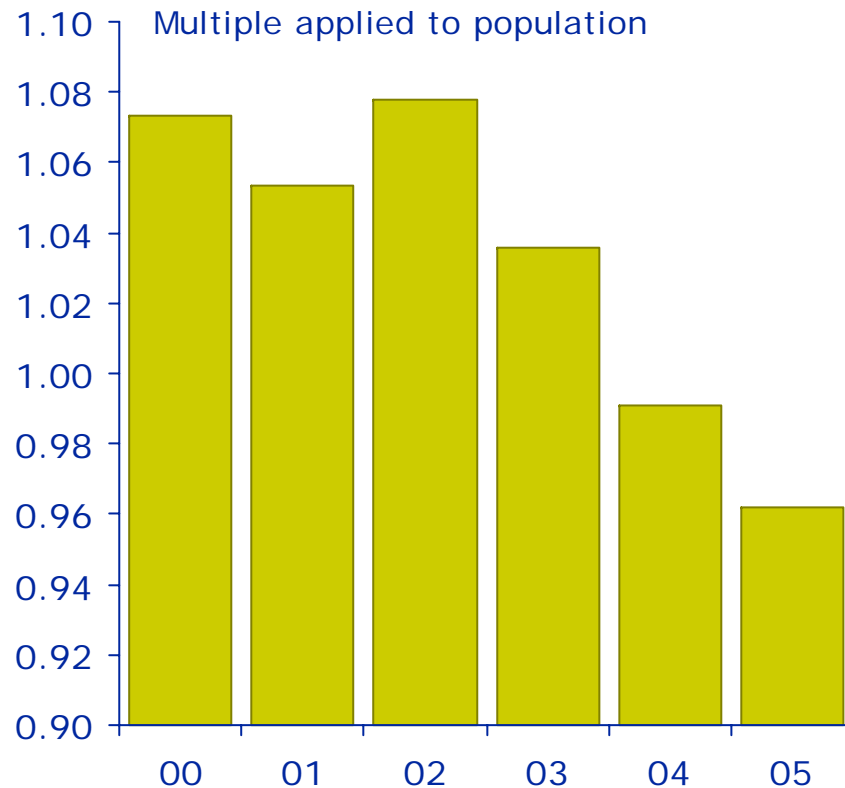
13 Note: figures are for 'general government' sector.
Source: Qld and other State Budget Papers.

On current trends Queensland will cease to be 'subsidized' by other States in about three years

Queensland's share of GST revenues and population



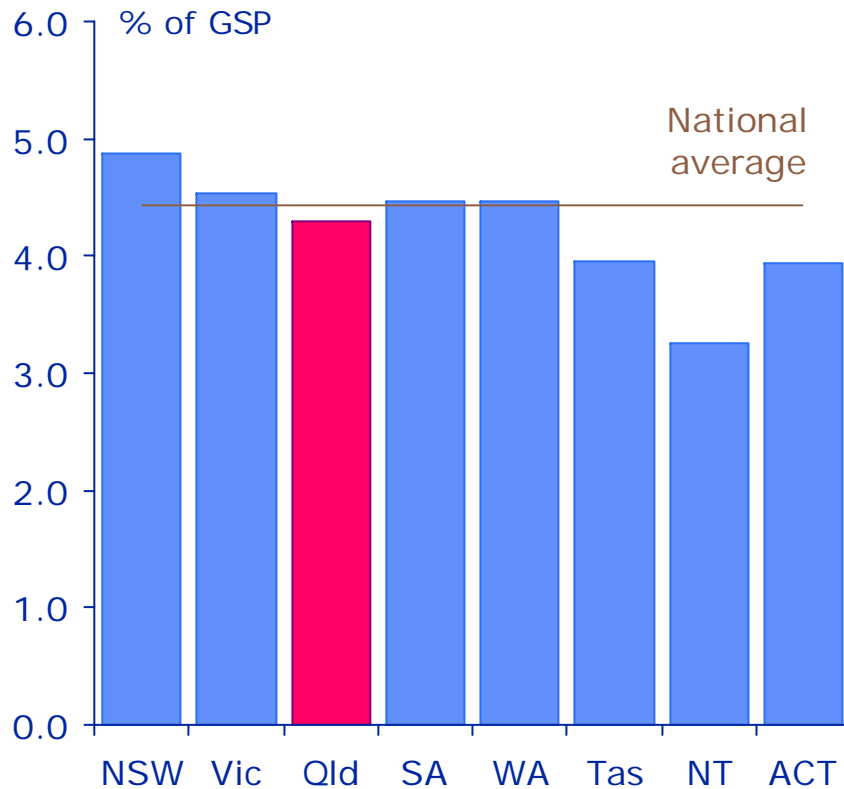
Queensland's GST share relativity*



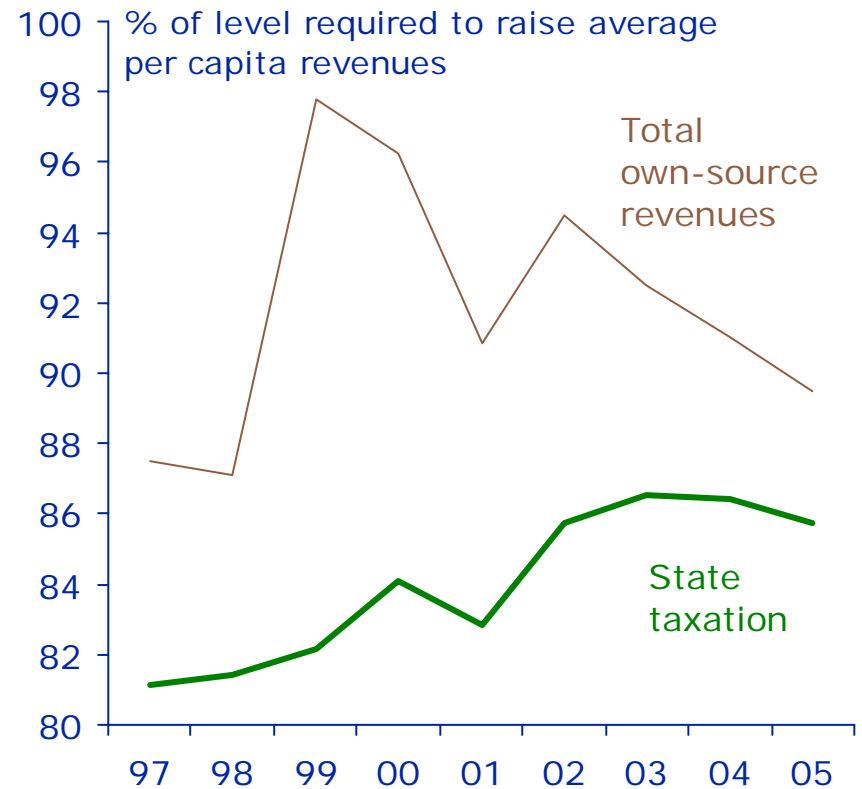
Note: GST shares are based on a five-year moving average of the annual relativities calculated by the Grants Commission. *Source:* Commonwealth Budget Paper No. 3, *Federal Financial Relations 2006-07*; Commonwealth Grants Commission *2006 Update*.

Can Queensland 'afford' to maintain its 'low tax' status to the same extent as in the past?

State / Territory tax revenues as pc of gross product



Queensland's 'revenue-raising effort' ratio



Source: State and Territory Treasuries, 2006-07 Budget Papers; Economics @ANZ; Commonwealth Grants Commission 2006 Update Report.