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GDP Result Highlights Multi-Speed Economy

Today's National Accounts figures highlight the differing fortunes across sectors of the Australian economy, said the Housing Industry Association, the voice of Australia's residential building industry.

"Today's GDP result of 1.2 per cent growth for the June 2011 quarter is positive news but most of the growth is due to the rebound in Queensland which was always expected, and there is also a large run-up in inventories which could be due to sales being lower than expected in some sectors," said HIA Senior Economist, Andrew Harvey.

"What the result does show is that the divergence between the performance of various sectors remains. New dwelling investment detracted 0.1 percentage points from growth in the June quarter, while machinery and equipment investment contributed a substantial 0.3 percentage points to quarterly growth," noted Andrew Harvey.

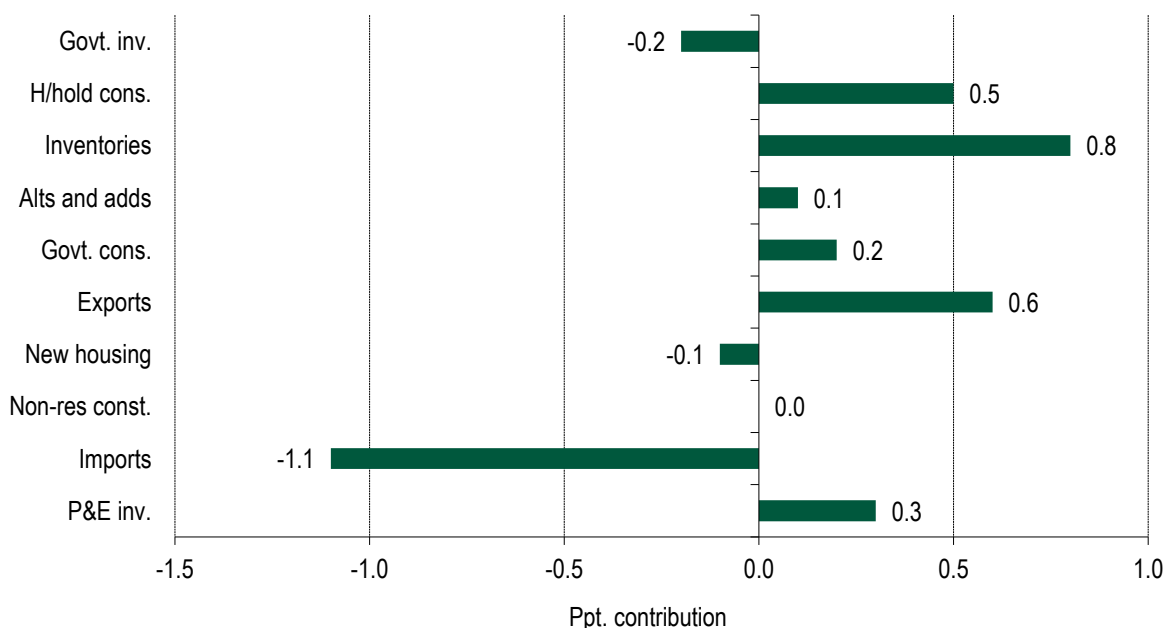
"The divergence of economic fortunes between sectors should not be ignored under the banner of structural adjustment - policy makers do need to look at what can be done to stimulate those sectors doing it tough as the mining juggernaut rolls through town," said Mr Harvey.

New housing expenditure fell by 1.9 per cent in the June 2011 quarter, offsetting a 2.5 per cent increase in expenditure on alterations and additions, with total dwelling expenditure making no contribution to growth in the June quarter.

In terms of the broader economy, the 1.2 per cent quarterly GDP growth takes Australia's annual growth rate over 2010-11 to a very modest 1.4 per cent.

Contribution to Economic Growth - June 2011 Qtr

Source: ABS 5206



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