

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates 1 - 2 November 2006

Question: sbt 35
Topic: Manufacturing sector
Hansard Page: Written

Senator EVANS asked:

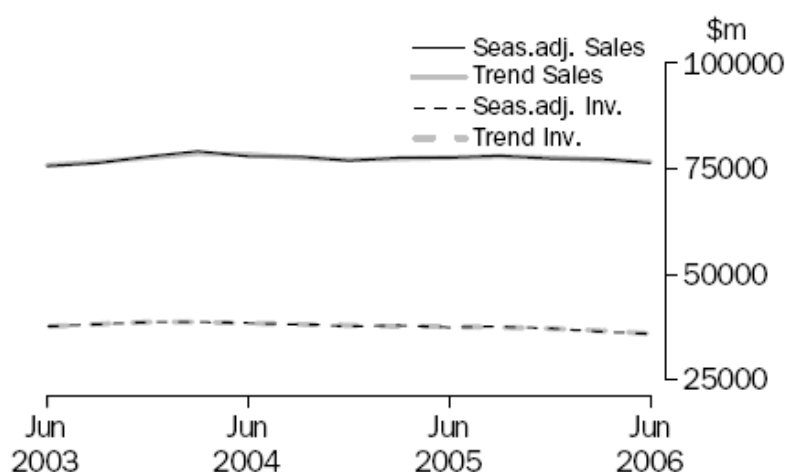
The Treasurer said recently:

“the drought is worse than was expected. The drought will detract from growth. Rural production had a negative quarter and I would expect that rural production will have some further negative quarters. Where you have negative quarters in a row, where there is an actual decline in production, you can call that a farm production recession. And that is what we will see.”

(Peter Costello, Press Conference, Parliament House, Canberra, Tuesday, 24 October 2006, 2 pm).

The ABS's June quarter *Business Indicators* publication says that for the manufacturing sector:

“In volume terms, the trend estimate for sales of goods and services decreased 0.7 per cent this quarter, following similar falls in the previous two quarters. The seasonally adjusted estimate decreased 1.2 per cent this quarter, the third consecutive quarter of falls. The trend estimate for inventories decreased 1.5 per cent this quarter, the ninth consecutive quarter of decline. The seasonally adjusted estimate also decreased 1.5 per cent this quarter, and follows similar declines in December quarter 2005 and March quarter 2006.”



Is the manufacturing sector also in recession on the Treasurer's definition?

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Answer:

As a result of the drought, farm GDP has fallen over the past two quarters and these falls are expected to continue. In addition, these falls have been broad-based, affecting a number of States and a number of components of rural production.

The September quarter 2006 National Accounts show that production in the manufacturing sector has increased in the two most recent quarters.