



Queensland
Government

QUEENSLAND TREASURY

MACROECONOMICS TEAM

NATIONAL ACCOUNTS

STATE DETAILS: DECEMBER QTR 2005

ABS 5206.0

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The *Australian National Accounts: National Income, Expenditure and Product (ABS 5206.0)* reports state final demand and its components together with international trade in goods. These measures provide only a partial measure of overall economic activity. See note at bottom.

Summary

Real Final Demand Growth (Trend):

Queensland	+1.9% (quarterly)	+6.5% (annual)
Australia	+1.2% (quarterly)	+4.6% (annual)
Rest of Aust.	+1.0% (quarterly)	+4.2% (annual)

- Following a slower period of growth at the end of 2004, growth in state final demand (SFD) has strengthened over the past three quarters (see Chart 1).
- In annual terms, Queensland's SFD growth strengthened to 6.5%, exceeding national growth of 4.6% in the December quarter.

Analysis

Household consumption continued to be a solid driver of growth, increasing by 1.0% in December quarter 2005, following rises of 1.1% in each of the previous two quarters. Most components of consumer spending increased, with the exception of spending on the purchase and operation of motor vehicles, and transport services.

Dwelling investment declined for the first time in over a year, falling by 0.2% over the quarter. The fall was driven by a decline in new and used dwelling investment, which fell by 0.8%. Partially offsetting this fall, alterations and additions investment continued to increase, albeit at a much more moderate pace than in previous quarters. Alterations and additions investment increased by 0.1% in the December quarter, following growth of 1.8% in the September quarter and 3.6% in the June quarter. The result is still stronger than the rest of Australia, which recorded a fall of 1.1% in total dwelling investment over the quarter.

Business investment was the primary driver of total SFD over the quarter, rising by 6.1%, to be 17.4% higher over the year. Machinery and equipment investment increased by 6.0%, while non-dwelling construction increased by 6.3%.

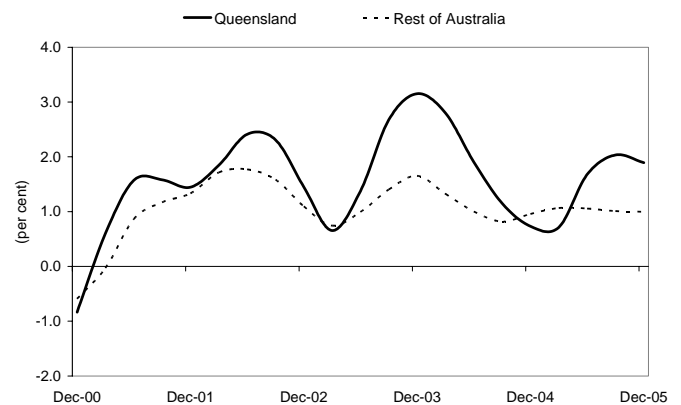
The volume of exports of goods overseas fell by 0.9% over the December quarter. However, the value of exports of goods overseas increased by 3.6% over the quarter, to be 33.5% higher over the year. The strength in export values reflects the high level of commodity prices received by Queensland exporters. In volume terms, the trade sector detracted from growth in the December quarter, with imports of goods from overseas rising by 0.8%, driven by strong domestic economic activity. The detraction from growth in the rest of Australia was far more significant, with exports declining by 1.1% and imports increasing by 2.0% over the quarter.

Table 1: Components of Final Demand (trend), December Quarter 2005

Chain Volume Measure*	Queensland		Rest of Australia	
	qoq%	yoy%	qoq%	yoy%
Private Final Demand	1.8	6.1	1.0	4.6
Household consumption	1.0	4.2	0.6	2.5
Dwelling investment	-0.2	3.8	-1.1	-2.4
New and used housing	-0.8	0.1	-1.9	-3.0
Alterations and additions	0.1	8.4	0.0	-1.6
Business investment	6.1	17.4	3.7	18.8
Machinery and equipment	6.0	15.0	4.2	17.8
Buildings and structures	6.3	22.0	2.8	20.5
Public Final Demand	1.3	6.9	0.9	2.7
Public consumption	1.7	4.6	1.1	3.5
Public investment	1.4	16.7	-0.7	-1.5
Final Demand	1.9	6.5	1.0	4.2
International exports	-0.9	2.7	-1.1	-0.4
International imports	0.8	5.4	2.0	8.8

Note: Chain volume measures are not strictly additive. As such, there may be discrepancies associated with calculations based on the sum of components. The chain volume reference year was updated to 2003-04 in June quarter 2005.

**Chart 1
Real State/Domestic Final Demand
Quarterly Growth – Trend**



**Table 2
Interstate Growth Comparison
Real State/Domestic Final Demand (trend)**

	Quarterly % Change	Annual % Change
QLD	1.9	6.5
NSW	0.4	2.3
VIC	1.0	4.3
SA	0.4	3.1
WA	2.8	9.2
TAS	1.2	5.5
AUST	1.2	4.6

Explanatory Note:

The Queensland State Accounts produced by the Office of the Government Statistician provide a comprehensive quarterly estimate of Queensland Gross State Product by incorporating additional data on interstate trade in goods and services, including tourism transactions. The Queensland results from the ABS Australian National Accounts: National Income, Expenditure and Product report only State final demand and international trade in goods.