

The *Australian National Accounts* (ABS 5206.0) reports state final demand and its components together with overseas trade in goods. These measures provide only a partial measure of economic activity.

Telstra Corporation was effectively privatised on 20 November 2006. As a result, Telstra was reclassified from a public sector non-financial corporation to private sector non-financial corporation in March quarter 2007. As such, there is a trend break in a number of series, resulting in no trend estimates being published by the ABS for these series.

Summary

Real Final Demand Growth (Trend):

Queensland	+1.1% (quarterly)	+6.6% (annual)
Australia	+1.1% (quarterly)	+5.3% (annual)

- State final demand (SFD) growth in Queensland moderated for the third consecutive quarter, to 1.1% in December quarter 2007 (see Chart 1). Nationally, domestic final demand growth moderated slightly, also to 1.1% in the December quarter.
- In annual terms, growth in Queensland's SFD moderated to 6.6% in the December quarter. This was above national annual growth of 5.3%, but exceeded by growth in Western Australia (9.5%) and Tasmania (6.7%).

Analysis

Household consumption growth strengthened for the sixth consecutive quarter in the December quarter, to 1.5% (5.6% over the year). All major components increased during the quarter. Expenditure on recreation and culture, health, as well as rent and other dwelling services, contributed the most to growth in the quarter.

Private investment (total) fell 1.9% in the December quarter, but remained 2.5% higher than a year ago. The decline was led by *dwelling investment*, which declined 3.9% in the quarter, to be 5.7% lower over the year. Both components of dwelling investment fell in the quarter, with the construction of new dwellings down 3.4% and alterations and additions activity falling 3.9%.

Business investment (in seasonally adjusted terms) rose in the quarter, following a decline in the September quarter. Machinery and equipment investment grew 2.4% in the quarter, while non-dwelling construction increased by 6.1%, rebounding from a 14.2% fall last quarter. In annual terms, growth in machinery and equipment investment remained strong, at 15.4%, while non-dwelling construction grew by 2.6%.

Investment by state and local governments continued to grow in the December quarter, with general government investment growth remaining strong at 11.4%, and public corporations investment increasing by a more modest 0.5%.

Overseas exports of goods declined 0.2% in the December quarter, but remained 1.0% higher over the year. Quarterly growth in imports strengthened to 3.1% in the quarter, with imports 12.3% higher over the year.

Table 1: Components of Queensland's State Final Demand, December Quarter 2007

Chain Volume Measures (Trend)*	% Change		Contribution to SFD Growth	
	quarterly	annual	quarterly	annual
Private Final Demand	n.a.	n.a.	n.a.	n.a.
Household Consumption	1.5	5.6	0.8	2.9
Private Investment	-1.9	2.5	-0.5	0.7
Dwelling Investment	-3.9	-5.7	-0.3	-0.5
New Dwellings	-3.4	-3.5	-0.1	-0.2
Alterations and Additions	-3.9	-7.6	-0.1	-0.3
Business Investment	n.a.	n.a.	n.a.	n.a.
New Machinery and Equipment	n.a.	n.a.	n.a.	n.a.
New Engineering Construction	n.a.	n.a.	n.a.	n.a.
New Non-Residential Buildings	-2.2	-4.4	-0.1	-0.2
Public Final Demand	n.a.	n.a.	n.a.	n.a.
General Govt. Final Consumption	0.9	2.3	0.1	0.4
National	1.4	2.3	0.1	0.1
State and Local	0.6	2.2	0.1	0.2
General Govt. Investment	10.3	41.2	0.4	1.3
National	0.5	1.4	0.0	0.0
State and Local	11.4	47.5	0.4	1.3
Public Corporation Investment	n.a.	n.a.	n.a.	n.a.
National	n.a.	n.a.	n.a.	n.a.
State and Local	0.5	62.3	0.0	1.5
State Final Demand (SFD)	1.1	6.6	1.1	6.6
Overseas Exports of Goods	-0.2	1.0	n.a.	n.a.
Overseas Imports of Goods	3.1	12.3	n.a.	n.a.

* Reference year for chain volume measure is 2005-06. Chain volume measures are not strictly additive. As such, there may be discrepancies associated with calculations based on the sum of components.

n.a. – Trend data not published by the ABS due to the privatisation of Telstra.

Chart 1: Real State/Domestic Final Demand

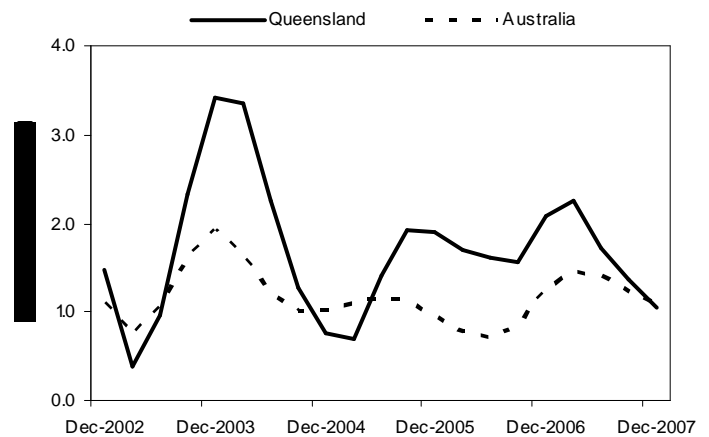


Table 2: Interstate SFD Growth Comparison, December Quarter 2007

Chain Volume Measures (Trend)	Quarterly % Change	Annual % Change
New South Wales	1.0	4.6
Victoria	1.4	4.7
Queensland	1.1	6.6
South Australia	0.3	1.8
Western Australia	1.2	9.5
Tasmania	1.6	6.7
Australia	1.1	5.3

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.