

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

Telstra Corporation was effectively privatised on 20 November 2006 and therefore reclassified by the ABS from a public sector non-financial corporation to private sector non-financial corporation in September 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	+0.3% (quarterly)	+3.7% (annual)
Australia	+0.3% (quarterly)	+2.9% (annual)

- State final demand (SFD) growth in Queensland moderated to 0.3% in December quarter 2008 (see Chart 1). Nationally, domestic final demand growth also moderated, to 0.3% in the December quarter.
- In annual terms, growth in Queensland's SFD moderated to 3.7% in the December quarter. This was above national annual growth of 2.9%, but was exceeded by growth in Tasmania, Western Australia and South Australia (table 2).
- In seasonally adjusted terms, Queensland's SFD rose 0.5% in the December quarter, following an upwardly revised 0.2% fall in the September quarter (originally a 0.5% fall).

Analysis (trend)

Household consumption fell 0.2% in the December quarter, the second consecutive decline, but remained 0.8% higher over the year. A decline in discretionary expenditure on vehicles, hotels cafés and restaurants, furnishings and household equipment as well as recreation and culture detracted 1.5 percentage points from SFD growth in the quarter. This was partially offset by growth in traditional contributors to consumption, such as rent and other dwelling services and health.

Private investment (total) growth moderated in the December quarter, to 1.3%. *Dwelling investment* declined in the quarter, falling by 2.5%. The fall was driven by a 5.7% fall in new dwelling construction, which was partially offset by a 1.1% rise in alterations and additions investment. Total dwelling investment remained higher in annual terms (up 1.1%).

Business investment (in seasonally adjusted terms) rose 10.9% in the quarter, following a modest fall in the September quarter. Machinery and equipment investment rose 13.0% and non-dwelling construction rose by 8.4%. Annual growth in both machinery and equipment investment and non-dwelling construction remained strong in the quarter (at 21.6% and 26.5% respectively).

Investment by *state and local government* rose in the December quarter, (up 0.3%). Growth in the quarter was driven by a rise in public corporations investment.

Overseas exports of goods rose 0.9% in the December quarter, to be 6.7% higher over the year, representing the highest annual rate of growth in four years. In line with the fall in household consumption, *overseas imports of goods* fell (by 1.3%) in the quarter, but remained 7.5% higher in annual terms.

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.

Table 1: Components of Queensland's State Final Demand, December Quarter 2008

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	-0.2	0.8	-0.1	0.4
Private Investment	1.3	10.4	0.4	2.7
Dwelling Investment	-2.5	1.1	-0.2	0.1
New Dwellings	-5.7	-3.4	-0.2	-0.1
Alterations and Additions	1.1	6.6	0.0	0.2
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	-2.1	3.8	-0.1	0.1
Public Final Demand	n.a.	n.a.	n.a.	n.a.
General Govt. Final Consumption	0.4	4.3	0.1	0.6
National	-0.4	1.2	0.0	0.1
State and Local	0.7	5.7	0.1	0.6
General Govt. Investment	-1.4	-8.4	-0.1	-0.3
National	-8.8	-7.1	0.0	0.0
State and Local	-0.4	-8.4	0.0	-0.3
Public Corporation Investment	n.a.	n.a.	n.a.	n.a.
National	n.a.	n.a.	n.a.	n.a.
State and Local	0.9	5.1	0.0	0.2
State Final Demand (SFD)	0.3	3.7	0.3	3.7
Overseas Exports of Goods	0.9	6.7	n.a.	n.a.
Overseas Imports of Goods	-1.3	7.5	n.a.	n.a.

* Reference year for chain volume measure is 2006-07. 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

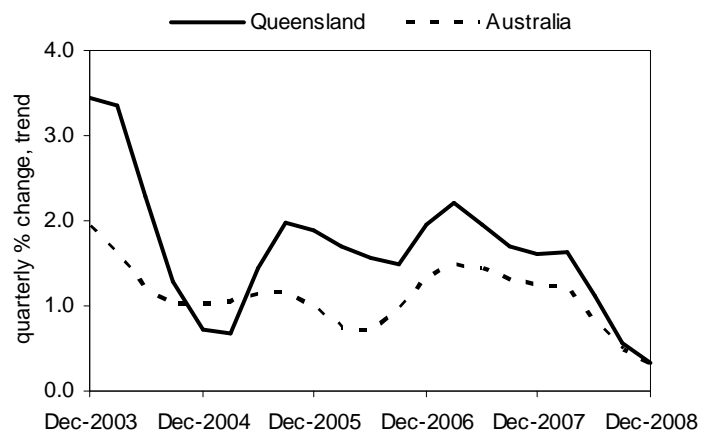


Table 2: Interstate SFD Growth Comparison, December Quarter 2008

Chain Volume Measures (Trend)	Quarterly % Change	Annual % Change
New South Wales	0.1	1.6
Victoria	0.1	1.6
Queensland	0.3	3.7
South Australia	0.7	4.8
Western Australia	1.0	5.9
Tasmania	0.8	6.5
Australia	0.3	2.9