

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.

Summary

Real Final Demand (Trend):

Queensland	0.5% (quarterly)	-1.3% (annual)
Australia	1.4% (quarterly)	2.8% (annual)

- State final demand (SFD) in Queensland rose by 0.5% in December quarter 2009 (see Chart 1). Nationally, domestic final demand rose by 1.4%. All states recorded growth in SFD in December quarter 2009 (see Table 2).
- In annual terms, Queensland's SFD fell 1.3% in the December quarter. This was weaker than the national annual result of 2.8% growth. Tasmania was the only other state to record an annual fall in SFD in the quarter.
- In seasonally adjusted (sa) terms, Queensland's SFD rose 1.3% in the December quarter. All states recorded quarterly growth in sa SFD, while annual falls occurred in Queensland and Tasmania.

Analysis (trend)

Household consumption rose 0.3% in the December quarter, to be 1.2% higher in annual terms. Growth in the quarter was driven by increased expenditure on rent and other dwelling services, health and insurance and other financial services. Consumption expenditure fell on clothing and footwear, electricity, gas and other fuel, and recreation and culture. Going forward, rising interest rates are likely to weigh on consumption, although improving labour market conditions and a recovery in dwelling activity and house prices should provide some support for consumption.

Private investment (total) fell in the December quarter, by 1.1%, with a recovery in dwelling investment offset by a decline in business investment.

Dwelling investment rose by 5.1%, driven by a 10.5% rise in alterations and additions investment, while investment in new dwellings fell slightly, by 0.9%. Total dwelling investment was 5.6% lower in annual terms. Dwelling investment (sa) rose 8.4% in the quarter, the second consecutive quarterly rise following three quarters of notable weakness.

Business investment fell 4.5% in the quarter, the fourth consecutive quarterly decline. Machinery and equipment investment fell 4.0% and non-dwelling construction fell by 5.0%. The fall in non-dwelling construction was driven by new non-residential buildings, with a fall in new engineering construction detracting by a lesser amount in the quarter.

Overseas exports of goods rose 0.1% in the December quarter, to be 4.0% higher over the year – the second strongest quarterly result after Western Australia and the strongest annual result of any state. *Overseas imports of goods* rose by 5.5% in the quarter, but were 0.8% lower in annual terms.

Public final demand grew 2.2% in the December quarter, to be 5.2% higher over the year. Growth in public demand was driven by higher consumption and investment, the latter of which has been boosted by Commonwealth Government infrastructure packages as well as the State's own significant capital works program.

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 2009

	% Change		Contribution to SFD Growth	
	quarterly	annual	quarterly	annual
Chain Volume Measures (Trend)*				
Private Final Demand	-0.2	-3.4	-0.1	-2.6
Household Consumption	0.3	1.2	0.2	0.6
Private Investment	-1.1	-11.7	-0.3	-3.1
Dwelling Investment	5.1	-5.6	0.3	-0.4
New Dwellings	-0.9	-15.9	0.0	-0.6
Alterations and Additions	10.5	6.2	0.3	0.2
Business Investment	-4.5	-19.4	-0.7	-3.2
Machinery and Equipment	-4.0	-22.3	-0.3	-2.0
New Engineering Construction	-2.7	-0.3	-0.1	0.0
New Non-Residential Buildings	-9.5	-32.9	-0.3	-1.3
Public Final Demand	2.2	5.2	0.5	1.2
General Govt. Final Consumption	1.0	2.8	0.1	0.4
National	1.0	0.5	0.0	0.0
State and Local	0.4	2.6	0.0	0.3
General Govt. Investment	3.0	9.4	0.1	0.4
National	4.9	-5.4	0.0	0.0
State and Local	2.5	13.0	0.1	0.5
Public Corporation Investment	1.7	1.2	0.1	0.0
National	13.4	52.5	0.0	0.1
State and Local	0.6	-1.0	0.0	0.0
State Final Demand (SFD)	0.5	-1.3	0.5	-1.3
Overseas Exports of Goods	0.1	4.0	n.a.	n.a.
Overseas Imports of Goods	5.5	-0.8	n.a.	n.a.

* Reference year for chain volume measure is 2007-08. Chain volume measures are not strictly additive. As such, there may be discrepancies associated with calculations based on the sum of components.

Chart 1: Real State/Domestic Final Demand

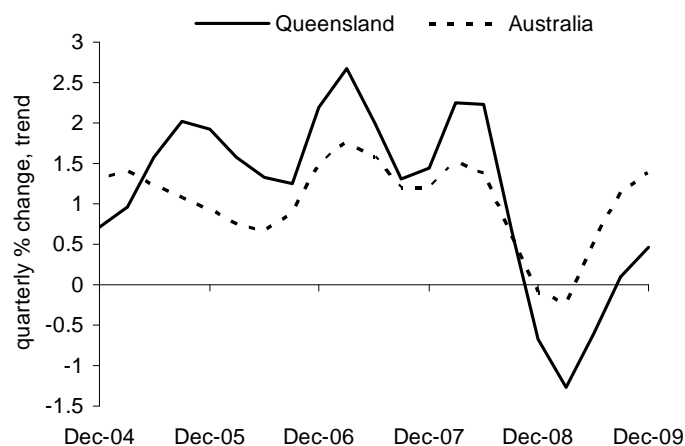


Table 2: Interstate SFD/DFD Growth Comparison, December quarter 2009, CVM

	Trend		Seasonally Adjusted	
	Quarterly % Change	Annual % Change	Quarterly % Change	Annual % Change
New South Wales	1.6	4.3	2.4	5.2
Victoria	1.8	4.1	3.0	4.0
Queensland	0.5	-1.3	1.3	-1.1
South Australia	1.2	4.1	0.6	5.0
Western Australia	1.4	3.4	2.6	3.3
Tasmania	0.7	-0.4	1.8	-0.3
Australia	1.4	2.8	2.0	3.3