

# ABS State Details, March quarter 2023

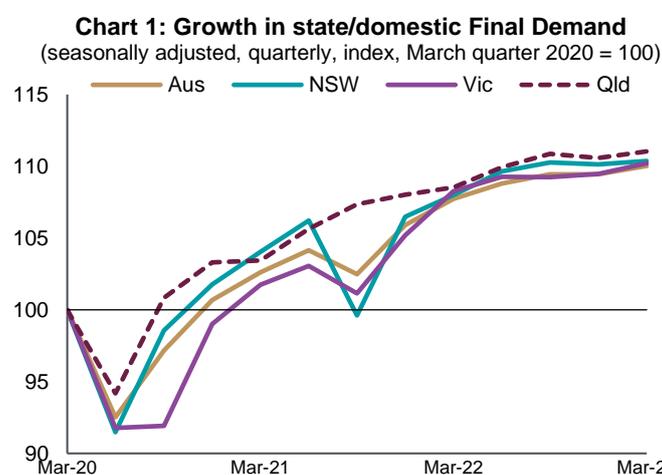
Source: ABS *Australian National Accounts*, released 7 June 2023, 11.30 am AEST.

**Note: ABS *Australian National Accounts* only provides data for state final demand and its components. State level estimates of overseas trade in goods and services on a consistent basis to the national accounts are released as part of ABS *Balance of Payments and International Investment Position* and these are discussed below. For a complete picture of State economic growth, ABS *State Accounts* provides annual Gross State Product data.**

**Note: All data in this brief are reported in seasonally adjusted terms.**

Queensland's state final demand (SFD) rose 0.4% in March quarter 2023 to be 2.3% higher over the year (Table 1) and 11.0% above the pre-COVID level in March quarter 2020.

The rest of Australia recorded growth of 0.6% in the quarter, with the strongest growth in Western Australia (up 0.8%) and Victoria (up 0.7%). Queensland's SFD growth since March quarter 2020 (11.0%) remains stronger than the rest of Australia (9.8%).



*Household consumption* fell 0.1% in the March quarter but was 2.5% higher over the year. The decline in consumption in the quarter was driven by falls in *food* (down 2.4%), *furnishings & household equipment* (down 3.0%, reflecting the slowdown in the housing market) and *hotels, cafes & restaurants* (down 1.5%).

Partly offsetting these declines was solid growth in consumption of *electricity, gas & other dwelling services* (up 49.4%, due to the cost-of-living rebate ceasing in the December quarter) and *rent & other dwelling services* (up 0.5%).

Compensation of employees continued to grow strongly, up 2.6% in the quarter to be 10.7% higher over the year. Compensation of employees growth was also strong at the national level, with the ABS stating 'The continued strength was underpinned by the tight labour market as the unemployment rate remained at historical lows and job vacancies were elevated. Increased employment, hours worked, pay rises and bonuses in the public sector also contributed to this rise.'

*Dwelling investment* fell 1.3% and has now declined four of the past six quarters. The quarterly decline was driven by a 6.1% fall in *alterations and additions*, more than offsetting a 2.8% increase in *new dwelling investment*. This was the sixth consecutive decline in renovation activity, after record activity in 2021 supported by the *Homebuilder* program.

Despite dwelling investment being down 5.0% over the year, a record amount of residential work in the pipeline in Queensland

should support housing construction activity in the near term.

*Business investment* rose 3.6% in March quarter 2023 to be 7.2% higher over the year. Investment in *engineering construction* rebounded 10.7% (and is now 18.7% higher over the year), while *machinery & equipment* rose 5.5% driven by investment from the mining and construction industries and small businesses purchasing motor vehicles in the quarter. However, there was a decline of 5.5% in *non-residential construction*.

*Public final demand* (government spending) in Queensland rose 0.5% in the quarter to be 2.8% higher over the year. *General government investment* rose 6.7% in the quarter, driven by an 8.6% rise in *state & local* as work done increased for several transport infrastructure and building projects. *Public corporation investment* rose 3.8% (to be 18.5% higher over the year), also driven by a rise in *state & local* (up 6.0%).

However *General government consumption* fell 0.8%, driven by a decline in *state & local* (down 1.8%) due to a decrease in social benefits to households, which was elevated in prior quarters by the Queensland government's 'Cost of living rebate for households'.

**Table 1: Queensland's state final demand, by component**  
(March quarter 2023, seasonally adjusted)

Chain Volume Measures <sup>(a)</sup>	% Change		Contribution to SFD Growth	
	quarterly	annual	quarterly	annual
<b>Private Final Demand</b>	<b>0.4</b>	<b>2.1</b>	<b>0.3</b>	<b>1.5</b>
Household Consumption	-0.1	2.5	0.0	1.3
Private Investment	1.9	1.0	0.3	0.2
Dwelling Investment	-1.3	-5.0	-0.1	-0.3
New Dwellings	2.8	4.7	0.1	0.1
Alterations and Additions	-6.1	-15.3	-0.1	-0.4
Business Investment	3.6	7.2	0.4	0.8
Machinery and Equipment	5.5	8.0	0.2	0.3
Engineering Construction	10.7	18.7	0.3	0.5
Non-Residential Building	-5.5	-4.4	-0.1	-0.1
<b>Public Final Demand</b>	<b>0.5</b>	<b>2.8</b>	<b>0.1</b>	<b>0.8</b>
General Govt. Final Consumption	-0.8	1.0	-0.2	0.2
National	0.4	0.9	0.0	0.1
State and Local	-1.8	1.0	-0.2	0.1
General Govt. Investment	6.7	9.7	0.3	0.4
National	-1.7	-17.0	0.0	-0.2
State and Local	8.6	17.3	0.3	0.5
Public Corporation Investment	3.8	18.5	0.0	0.2
National	-6.0	20.4	0.0	0.0
State and Local	6.0	18.1	0.1	0.2
<b>State Final Demand (SFD)</b>	<b>0.4</b>	<b>2.3</b>	<b>0.4</b>	<b>2.3</b>

(a) Reference year for chain volume measure is 2020-21.

**Table 2: Interstate SFD/DFD growth comparison**  
(March quarter 2023, % change, CVM, seasonally adjusted)

	NSW	Vic	Qld	SA	WA	Tas	Aust	Aust (GDP)
Quarterly	0.4	0.7	0.4	0.1	0.8	-0.2	0.6	0.2
Annual	2.2	1.9	2.3	2.1	2.8	1.8	2.2	2.3
Since March-20	10.4	10.2	11.0	12.2	14.1	10.1	10.0	7.7

ABS *Balance of Payments* data show Queensland's *overseas exports of goods and services* fell 5.7% in March quarter 2023 but were 1.5% higher over the year. Meanwhile, *overseas imports of goods and services* rose 3.4% to be up 11.9% over the year.

The fall in *exports* and rise in *imports* in the quarter suggests the overseas trade sector detracted from Queensland's gross state product growth in the March quarter.