

ABS State Details, September quarter 2023

Source: ABS *Australian National Accounts*, released 6 December 2023, 10.30 am AEST.

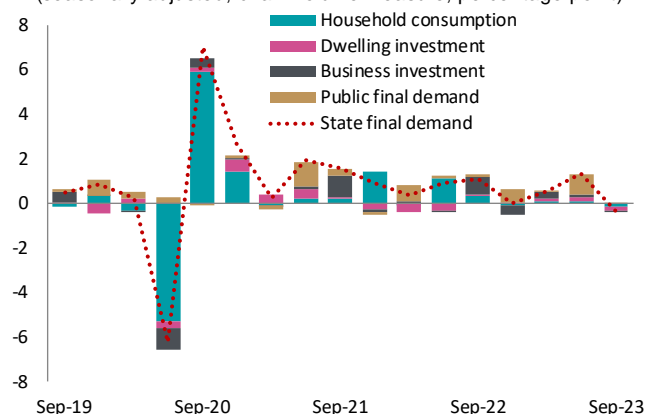
Note: ABS *Australian National Accounts* only provides data for state final demand and its components. State level estimates of overseas trade in goods and services on a consistent basis to the national accounts are released as part of ABS *Balance of Payments and International Investment Position* and 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) fell 0.3% in September quarter 2023 but was 1.6% higher over the year. Declines across all major private final demand components drove the fall in overall SFD in the quarter, while the contribution from the public sector was flat (**Chart 1**).

Queensland's SFD was 12.2% above the pre-COVID level in March quarter 2020, broadly in line with the growth in national domestic demand (up 12.1%) over the same period (**Table 2**).

Chart 1: Contribution to quarterly SFD growth, Queensland (seasonally adjusted, chain volume measure, percentage point)



Household consumption fell 0.2% in the September quarter. As higher borrowing costs and other cost-of-living pressures filtered through to household budgets, spending growth in annual terms has slowed from 5.6% in September quarter 2022 to a flat (0.0%) result in September quarter 2023.

The ABS noted that 'with government spending reducing the out-of-pocket expenditure for households on electricity and child care services in the quarter, spending on *Electricity, gas and other fuel* (down 24.3%) was the main detractor from growth in the quarter.

Partly offsetting this fall was higher spending on *purchases of vehicles* (up 11.3%) and at *hotels, cafes & restaurants* (up 1.6%).

Higher wages and an increase in the national superannuation guarantee levy supported a 2.1% increase in *Compensation of employees* in the quarter, to be 9.8% higher over the year.

Dwelling investment fell 3.2% in the September quarter but was 2.6% higher over the year as the sector continues to recover from material and labour supply shortages during the pandemic.

The quarterly result was driven by falls in both *alterations and additions* (down 4.8%), and *new dwelling investment* (down 1.9% but 8.8% higher over the year). Except for the rise in June quarter 2023, *alterations and additions* have weakened since record activity in 2021 supported by the *Homebuilder* program. While dwelling investment remains below the recent September quarter 2021 peak, a significant amount of residential work in the pipeline

should support new housing construction activity in the near term.

With all major components falling, **business investment** fell 0.5% in September quarter 2023, to be 0.5% lower over the year. Investment in *machinery & equipment* (down 5.2%) led the falls in the quarter, which the ABS attributed to weaker investment in the mining and construction industries.

Public final demand (government spending) in Queensland was unchanged the quarter but was up 5.7% over the year. **General government investment** fell 8.0% in the quarter, led by lower *state and local investment* (down 9.1%) on transport infrastructure and health buildings as key project stages reach completion.

General government consumption rose 1.1%, driven by *national expenditure* (up 1.6%) due to increased commonwealth spending on social benefit programs and defense exercises. **State and local consumption** (0.7%) also rose, driven by the Queensland government's provision of the Cost-of-Living Rebate for Households from 1 July 2023. **Public corporations investment** was up 9.1% in the quarter, driven by increased *state and local investment* (up 10.2%) on utility projects, including water and renewable energy.

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

Chain Volume Measures ^(a)	% Change		Contribution to SFD Growth	
	quarterly	annual	quarterly	annual
Private Final Demand	-0.5	-0.1	-0.4	-0.1
Household Consumption	-0.2	0.0	-0.1	0.0
Private Investment	-1.2	-0.2	-0.2	0.0
Dwelling Investment	-3.2	2.6	-0.2	0.1
New Dwellings	-1.9	8.8	-0.1	0.3
Alterations and Additions	-4.8	-4.4	-0.1	-0.1
Business Investment	-0.5	-0.5	-0.1	-0.1
Machinery and Equipment	-5.2	-6.3	-0.2	-0.3
Engineering Construction	-1.3	7.6	0.0	0.2
Non-Residential Construction	-3.2	-4.5	-0.1	-0.1
Public Final Demand	0.0	5.7	0.0	1.6
General Govt. Final Consumption	1.1	3.5	0.3	0.8
National	1.6	5.3	0.2	0.6
State and Local	0.7	2.1	0.1	0.3
General Govt. Investment	-8.0	11.4	-0.4	0.4
National	-2.1	-1.1	0.0	0.0
State and Local	-9.1	14.4	-0.4	0.5
Public Corporation Investment	9.1	28.7	0.1	0.3
National	5.5	24.9	0.0	0.1
State and Local	10.2	29.8	0.1	0.3
State Final Demand (SFD)	-0.3	1.6	-0.3	1.6

(a) Reference year for chain volume measure is 2021-22.

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

	NSW	Vic.	Qld.	SA	WA	Tas.	Aust.	Aust GDP
Quarterly	0.3	0.4	-0.3	0.5	2.4	1.5	0.5	0.2
Annual	1.7	2.1	1.6	1.7	5.5	1.0	2.2	2.1
Since Mar-20	12.5	11.4	12.2	14.8	18.9	11.1	12.1	8.9

ABS *Balance of Payments* data show Queensland's *overseas exports of goods and services* fell 4.6% in September quarter 2023 but was 20.2% higher over the year. Meanwhile, *overseas imports of goods and services* rose 2.0%, to be 1.9% higher over the year. The fall in exports and a rise in imports in the quarter suggests the overseas trade sector detracted from Queensland's gross state product growth in the September quarter.