

ABS State Details, December quarter 2023

Source: ABS *Australian National Accounts* released 6 March 2024, 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* (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, an indicator of domestic spending) rebounded 0.6% in December quarter 2023, to be 2.3% higher over the year (**Table 1**).
- Queensland's domestic economy continues to outperform the rest of Australia in the post-pandemic period (**Table 2**).
- Strong growth in business investment, particularly machinery and equipment investment, and the public sector drove the rise in Queensland's SFD in the quarter.

Table 1: Queensland's state final demand
(December quarter 2023, cvm, seasonally adjusted)

	% change		Contribution to SFD Growth	
	quarterly	annual	quarterly	annual
Private Final Demand	0.4	0.8	0.3	0.6
Household Consumption	0.2	-0.1	0.1	-0.1
Private Investment	0.8	3.4	0.1	0.6
<i>Dwelling investment</i>	-3.8	-2.4	-0.2	-0.1
New Dwellings	-2.2	4.1	-0.1	0.1
Alterations and Additions	-5.9	-9.6	-0.1	-0.2
<i>Ownership Transfer Costs</i>	3.8	4.8	0.1	0.1
<i>Business Investment</i>	2.6	6.1	0.3	0.7
Machinery and Equipment	6.2	8.4	0.3	0.3
Engineering Construction	0.0	9.5	0.0	0.3
Non-Residential Building	1.7	1.4	0.0	0.0
Public Final Demand	1.0	5.8	0.3	1.7
General Government Final Consumption	0.7	3.7	0.2	0.9
National	0.4	4.0	0.0	0.4
State and Local	1.0	3.5	0.1	0.4
General Government Investment	-0.4	8.1	0.0	0.3
National	1.1	7.9	0.0	0.1
State and Local	-0.7	8.1	0.0	0.3
Public Corporation Investment	8.8	34.3	0.1	0.5
National	-7.5	-6.8	0.0	0.0
State and Local	13.3	49.0	0.2	0.5
State Final Demand	0.6	2.3	0.6	2.3

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

	NSW	Vic	Qld	SA	WA	Tas	Aust	Aust (GDP)
Quarterly	-0.4	0.0	0.6	-0.4	0.8	0.0	0.1	0.2
Annual	1.4	2.1	2.3	1.6	5.5	1.8	2.3	1.5
Since March-20	11.9	11.6	13.0	14.4	20.0	11.8	12.3	9.3

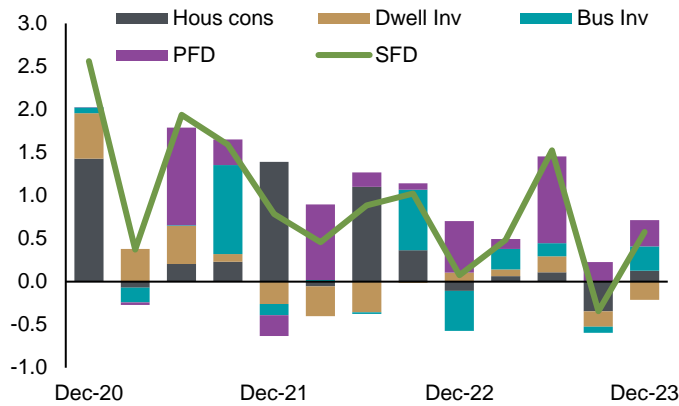
Source: ABS *National Accounts*

Detail

Queensland's state final demand (SFD) rose 0.6% in December quarter 2023 to be 2.3% higher over the year. Strong growth in business investment, particularly machinery and equipment investment, and the public sector drove the rise in overall SFD in the quarter (**Chart 1**).

Queensland's SFD was 13.0% above the pre-COVID level in March quarter 2020, above growth in national domestic demand (up 12.3%) over the same period (**Table 2**).

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

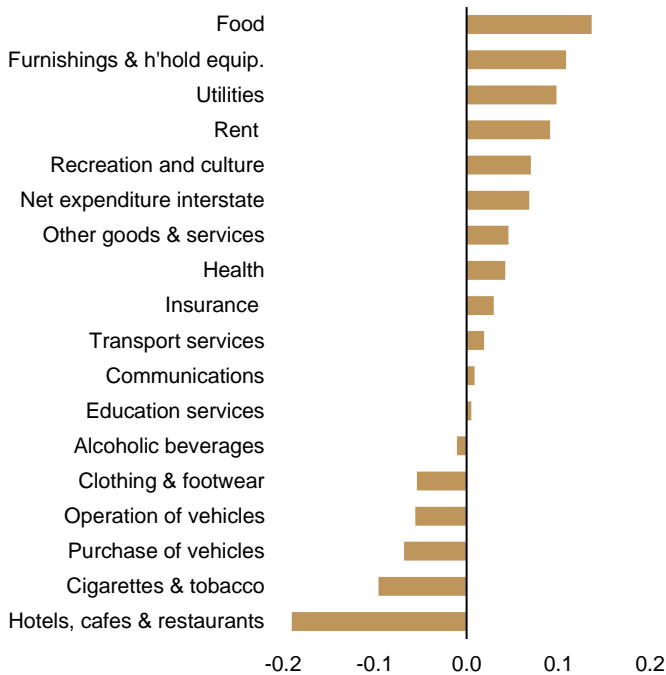


Sources: ABS National Accounts.

Household consumption

Household consumption rose 0.2% in the December quarter but is 0.1% lower over the year as household budgets continue to be impacted by higher borrowing costs and other cost-of-living pressures.

Chart 2: Household consumption components, Queensland
(seasonally adjusted, quarterly %-pt contribution to growth)



Source: ABS National Accounts.

The ABS noted that at the national level 'households upped their spending on essential items' but 'wound back spending in discretionary areas'. This trend was also evident in Queensland with a strong increase in spending on essential items including food (up 1.3%), electricity, gas and other fuel (up 9.1%), and rent and other dwelling services (up 0.4%), while spending on discretionary components including hotels, cafes and restaurants (down 2.3%), cigarettes and tobacco (down 13.3%), purchase of vehicles (down 2.0%), and clothing and footwear (down 1.4%) fell in the quarter (**Chart 2**).

Meanwhile, compensation of employees rose 2.0% in the quarter, to be 8.8% higher over the year.

Dwelling investment

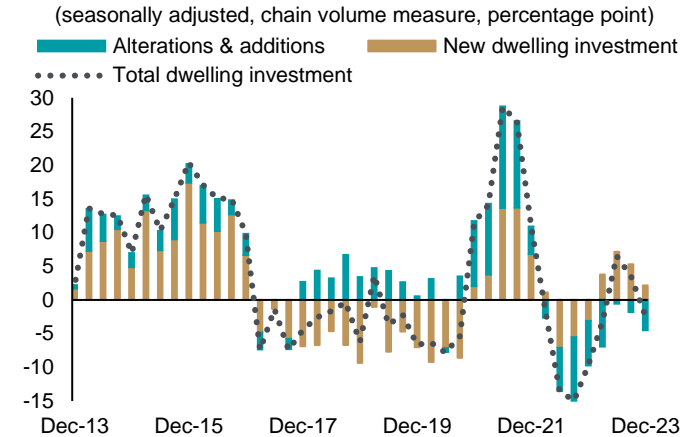
Dwelling investment fell 3.8% in the December quarter to be 2.4% lower over the year.

The quarterly result was driven by falls in both alterations and additions (down 5.9%), and new dwelling investment (down 2.2% but 4.1% higher over the year). Alterations and additions are now down 26.5% from record peak in September quarter 2021 but have moderated to levels more in line with pre-COVID (up 2.1% compared with December quarter 2019).

In annual contribution terms, alterations and additions have detracted from dwelling investment growth since March quarter 2022, while new dwelling investment contributed to growth in recent quarters (**Chart 3**).

While dwelling investment remains significantly 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.

Chart 3: Contribution to annual dwelling investment growth, Queensland
(seasonally adjusted, chain volume measure, percentage point)

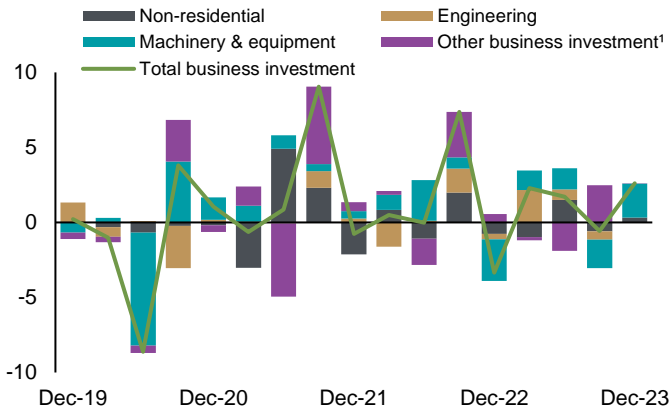


Source: ABS National Accounts.

Business investment

Business investment rose 2.6% in December quarter 2023, to be 6.1% higher over the year. Investment in machinery & equipment (up 6.2%) drove the headline gain in the quarter (**Chart 4**), which the ABS attributed to strength in the mining and transport industries. Non-residential building construction rose 1.7% in the quarter, driven by construction on accommodation, warehouses, education buildings, office buildings and retail upgrades. Engineering construction was unchanged in the quarter but still 9.5% higher over the year. These results were broadly in line with the ABS New Capital Expenditure Survey results last week.

Chart 4: Business investment by component, Queensland
(seasonally adjusted, quarterly, %-point contribution)



1. Includes cultivated biological resources and intellectual property products.
Source: ABS National Accounts.

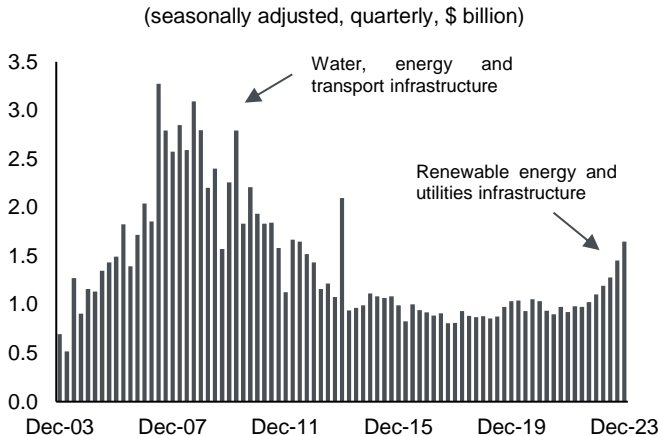
Public final demand

Public final demand (government spending) in Queensland rose 1.0% in the December quarter, contributing 0.3 percentage point to growth in state final demand. Public sector spending has been a key driver of growth in domestic activity in recent quarters, up 5.8% over the year (contributing 1.7%-points to the 2.3% growth in state final demand).

General government consumption rose 0.7%, driven by state and local government spending (up 1.0%) on health and transport. Commonwealth consumption also rose (up 0.4%), with increased spending on social benefit programs and the Referendum on an Aboriginal and Torres Strait Islander Voice.

Meanwhile, public investment rose 2.2% in December quarter 2023, driven by an 8.8% increase by public corporations which more than offset a 0.4% decline in general government investment. Investment spending by state and local public corporations has risen sharply, as work on renewable energy and utilities projects progresses, up 13.3% in the quarter and 49.0% over the year (Chart 5).

Chart 5: Investment by state & local public corporations, Queensland
(seasonally adjusted, quarterly, \$ billion)



Source: ABS National Accounts.

Overseas trade

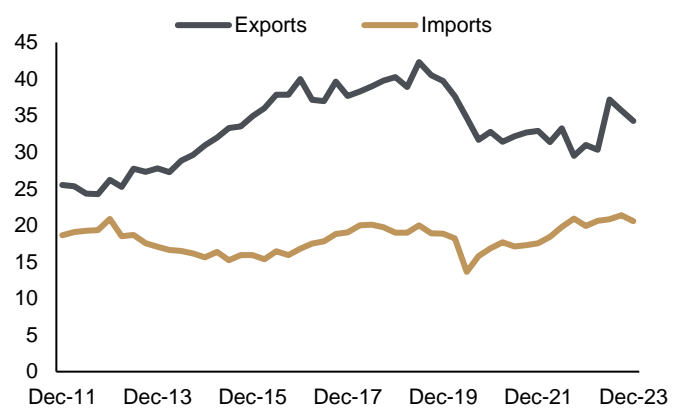
ABS Balance of Payments data (released 5 March) show Queensland's overseas exports of goods and services fell 4.1% in December quarter 2023 but was 10.6% higher over the year (Chart 6).

The quarterly decline was driven by a 4.5% fall in goods exports. Meanwhile, services exports have rebounded since the re-opening of international borders in 2022, although they remain 17% lower than corresponding quarter in 2019.

Overseas imports of goods and services declined 3.8% in December quarter 2023, with falls across both goods (down 3.4%) and services (down 5.6%) imports. Over the year, imports were 3.3% higher.

With the quarterly decline in exports more than offsetting the fall in imports, the overseas trade sector detracted from Queensland's gross state product growth in the December quarter.

Chart 6: Overseas trade in goods and services, Queensland
(seasonally adjusted, quarterly, \$ billion)



Source: ABS Balance of Payments.