

ABS State Details, September quarter 2014

Source: ABS 5206.0, released 3 December 2014, 10:30 am AEST

Note: ABS 5206.0 provides only state final demand and its components. State level estimates of overseas trade in goods on a merchandise trade basis (which excludes 're-exports' and 'state not available') are released as part of ABS 5302.0 and these are discussed below. For a complete picture of State economic growth, ABS 5220.0 State Accounts provides Gross State Product data on an annual basis.

Queensland's state final demand (SFD) fell by 1.4% in seasonally adjusted (sa) terms in September quarter 2014, following a 0.7% rise in the previous quarter. Queensland SFD was 1.8% lower over the year to September quarter 2014.

The main driver of the fall in SFD in the quarter was business investment with the staged completion of LNG projects resulting in a sharp decline in new engineering construction (see Table 1).

Table 1: Queensland's state final demand
(September quarter 2014, sa)

	% Change		Contribution to SFD Growth	
	quarterly	annual	quarterly	annual
Chain Volume Measures ^(a)				
Private Final Demand	-1.5	-2.8	-1.2	-2.2
Household Consumption	0.1	1.7	0.0	0.9
Private Investment	-4.8	-11.6	-1.2	-3.1
Dwelling Investment	-0.5	10.6	0.0	0.5
New Dwellings	-0.7	18.7	0.0	0.4
Alterations and Additions	-0.2	1.5	0.0	0.0
Business Investment	-6.6	-18.6	-1.1	-3.6
Machinery and Equipment	10.3	-3.5	0.5	-0.2
New Engineering Construction	-13.1	-27.6	-1.2	-3.1
New Non-Residential Building	-4.9	5.5	-0.2	0.2
Public Final Demand	-1.0	1.9	-0.2	0.4
General Govt. Final Consumption	0.5	2.6	0.1	0.4
National	0.0	2.4	0.0	0.1
State and Local	0.8	2.7	0.1	0.3
General Govt. Investment	-3.4	4.8	-0.1	0.2
National	-11.9	-9.2	-0.1	-0.1
State and Local	-1.5	8.1	-0.1	0.3
Public Corporation Investment	-11.1	-13.8	-0.2	-0.2
National	-27.2	-23.7	-0.1	-0.1
State and Local	-5.3	-10.7	-0.1	-0.1
State Final Demand (SFD)	-1.4	-1.8	-1.4	-1.8

(a) Reference year for chain volume measure is 2012-13. Chain volume measures are not strictly additive. As such, there may be discrepancies associated with calculations based on the sum of components.

Household consumption rose 0.1% in September quarter 2014, and growth moderated to 1.7% over the year. By component, recreation and culture (up 1.0%), rent and other dwelling services (up 0.5%) and communications (up 3.5%) were the main contributors, while expenditure on food (down 1.9%) and health (down 1.5%) recorded the largest detractions.

Dwelling investment fell by 0.5% in September quarter 2014, with both construction of new dwellings (down 0.7%) and alterations and additions (down 0.2%) falling in the quarter. Nonetheless, dwelling investment was 10.6% higher over the year to September quarter 2014. Supported by expectations of a sustained period of low interest rates and more attractive rental yields than the larger states, trends in new dwelling approvals suggest strength in the dwelling sector in 2014-15.

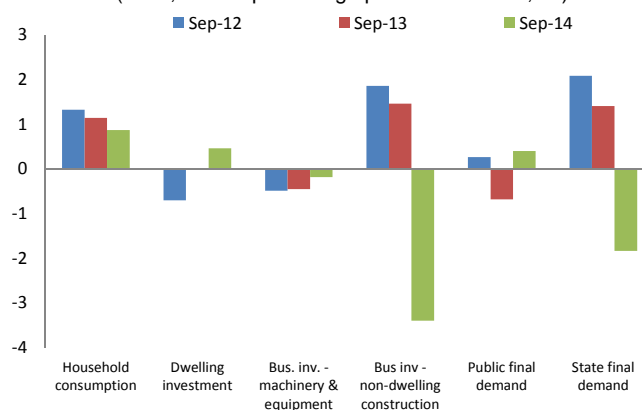
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Business investment fell 6.6% in September quarter 2014, to be 18.6% lower over the year. With the completion of three large LNG projects and their transition to production, overall business investment is expected to continue to fall sharply in 2014-15 and more moderately in 2015-16, before returning to a more sustainable longer term growth path from 2016-17. Further, lower commodity prices will make additional investment in resources outside of the LNG sector more difficult.

Of the components, new engineering construction fell 13.1% in the September quarter, to be 27.6% lower over the year. Non-residential building construction (shops, offices, factories etc.) fell 4.9% in the quarter, following a strong 11.8% rise in the previous quarter, to be 5.5% higher than a year ago. Machinery and equipment investment rose 10.3% in the September quarter, but was 3.5% lower over the year.

Chart 1: Contributions to annual SFD growth
(CVM, annual percentage point contribution, sa)



On a merchandise trade basis, ABS 5302.0 data show overseas exports of goods in Queensland fell 0.7% in September quarter 2014, but were 2.2% higher over the year.

Overseas imports of goods fell 4.1% in the September quarter to be 8.4% lower over the year. However, the ABS treatment of LNG construction-related capital imports has somewhat distorted this series in recent years, given that some imports are accounted for at the national level, but not assigned at the state level.

Table 2: Interstate SFD/DFD growth comparison
(September quarter 2014, CVM)

	Trend		Seasonally adjusted	
	Quarterly % change	Annual % change	Quarterly % change	Annual % change
New South Wales	1.0	4.0	1.3	4.7
Victoria	0.2	1.8	-1.6	1.2
Queensland	-0.5	-1.4	-1.4	-1.8
South Australia	0.6	1.0	-0.1	0.1
Western Australia	-1.2	-3.5	-2.0	-4.8
Tasmania	0.2	1.3	0.0	0.9
Australia	0.3	1.1	-0.3	0.9

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And a plan for the future.