

ABS State Details, December quarter 2014

Source: ABS 5206.0, released 4 March 2015, 10:30 am AEST

Note: ABS 5206.0 provides only state final demand and its components. Experimental State level estimates of quarterly overseas trade in goods and services were 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 annual Gross State Product data.

Queensland's state final demand (SFD) fell by 1.0% in seasonally adjusted (sa) terms in December quarter 2014, following a 1.7% decline in the previous quarter. Queensland SFD was 3.4% lower over the year to December quarter 2014.

The main driver of the fall in SFD in the quarter was business investment, detracting 0.9 percentage point, while public final demand also fell sharply (see Table 1). The staged completion of LNG projects has resulted in a sharp decline in new engineering construction.

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

Chain Volume Measures ^(a)	% Change		Contribution to SFD Growth	
	quarterly	annual	quarterly	annual
Private Final Demand	-0.3	-2.7	-0.2	-2.1
Household Consumption	0.8	1.9	0.5	1.0
Private Investment	-2.8	-12.2	-0.7	-3.1
Dwelling Investment	1.0	7.4	0.0	0.3
New Dwellings	1.0	12.9	0.0	0.3
Alterations and Additions	1.1	0.6	0.0	0.0
Business Investment	-5.8	-20.3	-0.9	-3.7
Machinery and Equipment	-7.5	-10.3	-0.4	-0.5
New Engineering Construction	-11.9	-36.3	-1.0	-4.0
New Non-Residential Building	-0.6	1.9	0.0	0.1
Public Final Demand	-3.3	-5.6	-0.7	-1.2
General Govt. Final Consumption	-0.4	1.5	-0.1	0.2
National	0.5	2.6	0.0	0.1
State and Local	-0.8	1.1	-0.1	0.1
General Govt. Investment	-16.8	-10.6	-0.7	-0.4
National	8.0	-5.2	0.1	0.0
State and Local	-21.9	-11.9	-0.8	-0.4
Public Corporation Investment	4.0	-44.0	0.1	-1.1
National	-17.4	-32.5	0.0	-0.1
State and Local	9.7	-45.9	0.1	-1.0
State Final Demand (SFD)	-1.0	-3.4	-1.0	-3.4

(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.

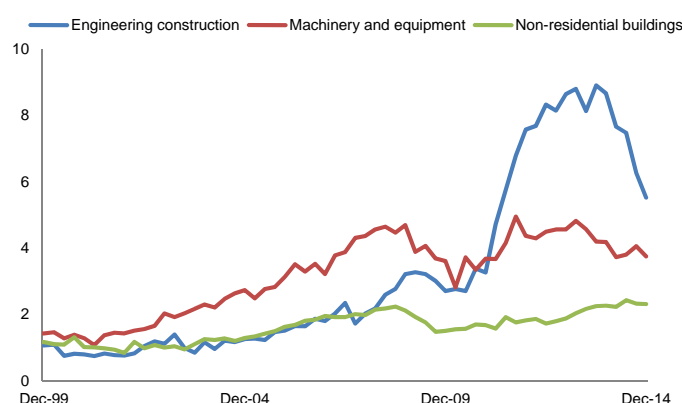
Household consumption rose 0.8% in December quarter 2014, to be 1.9% higher over the year. Reflecting soft labour market conditions and modest income growth, household consumption growth remained below average. By component, insurance and other financial services (up 3.0%), hotels, cafes and restaurants (up 2.4%) and food (up 1.3%) were the main contributors, while expenditure on furnishings and household equipment (down 1.5%), other goods and services (down 0.7%) and cigarettes and tobacco (down 2.6%) recorded the largest detractions.

Dwelling investment rose by 1.0% in December quarter 2014, with both construction of new dwellings (up 1.0%) and alterations and additions (up 1.1%) rising in the quarter. Total dwelling investment was 7.4% higher over the year. Supported by expectations of a sustained period of low interest rates and more attractive rental yields than the larger states, investor demand in medium-to-high density dwellings has grown strongly. Trends in new dwelling approvals suggest strength in Queensland's dwelling sector is likely to continue.

Business investment fell 5.8% in December quarter 2014, to be 20.3% 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 in the remainder of 2014-15 and 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 less attractive.

Of the components, new engineering construction fell 11.9% in the December quarter, to be 36.3% lower over the year (see Chart 1). Non-residential building construction (shops, offices, factories etc.) fell 0.6% in the quarter, but was 1.9% higher than a year earlier. Machinery and equipment investment fell 7.5% in the December quarter, to be 10.3% lower over the year.

Chart 1: Business investment, Queensland
(CVM, quarterly \$ billion, sa)



Public final demand fell in the December quarter 2014 (down 3.3%), mainly due to a 16.8% decline in general government investment.

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

	Trend		Seasonally adjusted	
	Quarterly % change	Annual % change	Quarterly % change	Annual % change
New South Wales	0.1	3.1	0.3	3.8
Victoria	0.3	2.1	1.6	2.8
Queensland	-1.0	-2.5	-1.0	-3.4
South Australia	0.3	1.5	0.2	1.7
Western Australia	-0.3	-3.1	2.1	-1.7
Tasmania	0.2	1.4	-0.1	1.5
Australia	0.0	0.8	0.6	1.2

ABS 5302.0, released yesterday, provided experimental estimates of State level overseas trade in goods and services. Based on these data, Queensland's overseas exports of goods and services in original terms rose 6.4% over the year to December quarter 2014.

Overseas imports of goods and services fell 9.0% over the year to December quarter 2014. These data suggest the overseas trade sector will make a significant contribution to Queensland's GSP growth.