

# ABS State Details, March quarter 2015

Source: ABS 5206.0, released 3 June 2015, 11:30 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 annual Gross State Product data.

Queensland's state final demand (SFD) rose by 0.1% in seasonally adjusted (sa) terms in March quarter 2015, following a 0.9% decline in the previous quarter. Domestic demand conditions in Queensland remain weak, with SFD 2.1% lower than a year earlier.

A quarterly rise in household consumption, dwelling investment and public final demand offset a continued fall in business investment (see table 1).

**Table 1: Queensland's state final demand**  
(March quarter 2015, sa)

Chain Volume Measures <sup>(a)</sup>	% Change		Contribution to SFD Growth	
	quarterly	annual	quarterly	annual
<b>Private Final Demand</b>	<b>-0.6</b>	<b>-2.9</b>	<b>-0.5</b>	<b>-2.2</b>
Household Consumption	0.9	2.3	0.5	1.2
Private Investment	-4.1	-13.7	-1.0	-3.4
Dwelling Investment	13.8	15.7	0.7	0.7
New Dwellings	19.0	26.0	0.5	0.7
Alterations and Additions	6.5	2.7	0.1	0.1
Business Investment	-11.3	-24.4	-1.7	-4.2
Machinery and Equipment	-2.1	0.3	-0.1	0.0
New Engineering Construction	-18.9	-42.3	-1.3	-4.2
New Non-Residential Building	-4.3	-2.3	-0.1	-0.1
<b>Public Final Demand</b>	<b>2.5</b>	<b>0.7</b>	<b>0.5</b>	<b>0.1</b>
General Govt. Final Consumption	1.2	2.7	0.2	0.4
National	0.6	-0.7	0.0	0.0
State and Local	1.4	4.2	0.2	0.5
General Govt. Investment	5.5	-11.4	0.2	-0.5
National	-5.1	-0.8	0.0	0.0
State and Local	8.5	-13.8	0.2	-0.5
Public Corporation Investment	10.4	15.1	0.1	0.2
National	33.5	7.7	0.1	0.0
State and Local	5.4	17.5	0.1	0.2
<b>State Final Demand (SFD)</b>	<b>0.1</b>	<b>-2.1</b>	<b>0.1</b>	<b>-2.1</b>

(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.

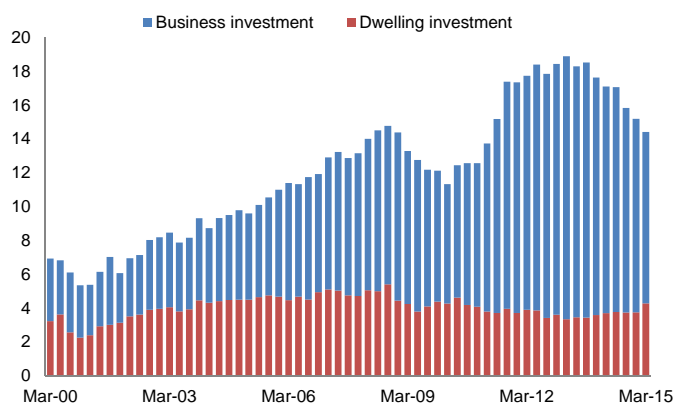
Household consumption rose 0.9% in March quarter 2015, to be 2.3% higher over the year. Reflecting soft labour market conditions and modest income growth, household consumption growth remained below average. By component, insurance and other financial services (up 2.3%), purchase of vehicles (up 9.6%) and furnishings and household equipment (up 3.0%) were the main contributors, while expenditure on recreation and culture (down 0.7%), cigarettes and tobacco (down 3.4%) and electricity, gas and other fuel (down 1.5%) recorded the largest detractions.

Dwelling investment rose by a strong 13.8% in March quarter 2015, with both construction of new dwellings (up 19.0%) and alterations and additions (up 6.5%) rising in the quarter. Total dwelling investment was 15.7% higher over the year. Supported by expectations of a sustained period of low interest rates and more attractive rental yields in Brisbane relative to Sydney and Melbourne, investor demand in medium-to-high density dwellings has grown strongly.

Business investment fell 11.3% in March quarter 2015, to be 24.4% lower over the year. Business investment is falling from unprecedented levels as three large LNG projects near completion and transition to production and exports. The strong rise in dwellings activity is only partially offsetting the fall in business investment (see Chart 1). Overall business investment is expected to continue to fall in 2015, 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 of business investment, *new engineering construction* fell 18.9% in the March quarter, to be 42.3% lower over the year. *Non-residential building construction* (shops, offices, factories etc.) fell 4.3% in the quarter, to be 2.3% lower than a year earlier. Machinery and equipment investment fell 2.1% in the March quarter, but was 0.3% higher over the year.

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



Public final demand rose in March quarter 2015 (up 2.5%), with increases in both general government and public corporation spending.

On a merchandise trade basis, ABS 5302.0 data (released on 2 June) show *overseas exports of goods in Queensland* rose 5.4% in March quarter 2015, to be 9.4% higher over the year.

*Overseas imports of goods* rose 3.5% in the March quarter, but were 4.8% lower over the year. While not directly comparable to the national accounts methodology, these data suggest net overseas trade in goods made a solid contribution to Queensland economic activity over the past year.

**Table 2: Interstate SFD/DFD growth comparison**  
(March quarter 2015, CVM)

	Trend		Seasonally adjusted	
	Quarterly % change	Annual % change	Quarterly % change	Annual % change
New South Wales	0.4	2.5	0.5	1.9
Victoria	0.8	2.7	1.3	3.4
Queensland	-0.7	-2.8	0.1	-2.1
South Australia	0.3	1.9	0.8	2.7
Western Australia	-0.9	-4.1	-1.8	-4.9
Tasmania	0.3	1.5	0.3	1.7
<b>Australia</b>	<b>0.1</b>	<b>0.6</b>	<b>0.0</b>	<b>0.8</b>