

ABS State Details, September quarter 2015

Source: ABS 5206.0, released 2 December 2015, 10:30 am AEST.

Note: ABS 5206.0 provides only 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 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 0.7% in trend terms in September quarter 2015, following a downwardly revised 0.6% decline in the previous quarter. Domestic demand conditions in Queensland remain weak, with SFD 2.8% lower than a year earlier.

A quarterly fall in business investment continued to be the main driver of subdued domestic demand (see Table 1).

Table 1: Queensland's state final demand
(September quarter 2015, trend)

Chain Volume Measures ^(a)	% Change		Contribution to SFD Growth	
	quarterly	annual	quarterly	annual
Private Final Demand	-0.8	-3.6	-0.6	-2.8
Household Consumption	0.7	3.1	0.4	1.7
Private Investment	-4.1	-18.6	-0.9	-4.5
Dwelling Investment	1.7	11.5	0.1	0.6
New Dwellings	1.4	13.0	0.0	0.4
Alterations and Additions	2.1	9.4	0.0	0.2
Business Investment	-6.9	-31.5	-0.9	-5.2
Machinery and Equipment	-4.0	-13.1	-0.2	-0.7
New Engineering Construction	-17.3	-53.5	-0.8	-4.5
New Non-Residential Building	-0.3	-5.1	0.0	-0.1
Public Final Demand	-0.4	0.1	-0.1	0.0
General Govt. Final Consumption	1.3	4.4	0.2	0.7
National	2.7	5.5	0.1	0.3
State and Local	0.7	4.0	0.1	0.4
General Govt. Investment	-7.0	-16.9	-0.2	-0.7
National	-6.2	-3.7	-0.1	0.0
State and Local	-7.3	-20.2	-0.2	-0.6
Public Corporation Investment	-2.1	2.7	0.0	0.0
National	-5.8	-5.3	0.0	0.0
State and Local	-1.2	4.8	0.0	0.1
State Final Demand (SFD)	-0.7	-2.8	-0.7	-2.8

(a) Reference year for chain volume measure is 2013-14. Chain volume measures are not strictly additive. As such, there may be discrepancies associated with calculations based on the sum of components.

Household consumption (trend) rose 0.7% in September quarter 2015, to be 3.1% higher over the year. By component, insurance and other financial services (up 1.4%), health (up 1.8%) and rent and other dwelling services (up 0.5%) were the main contributors, while expenditure on hotels, cafes and restaurants (down 1.2%) and cigarettes and tobacco (down 1.6%) were the main detractors from growth in the September quarter.

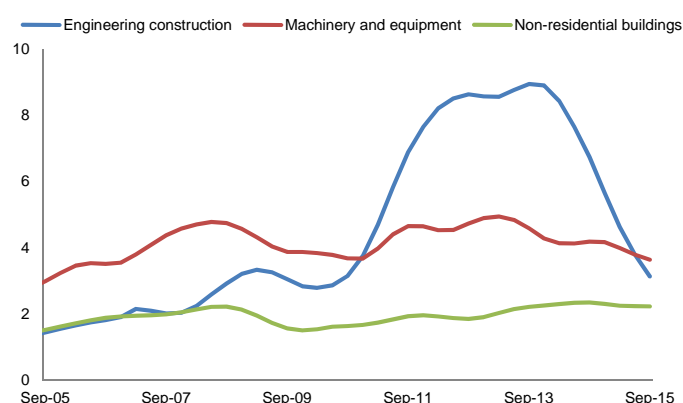
Dwelling investment (trend) rose by 1.7% in September quarter 2015, with both construction of new dwellings (up 1.4%) and alterations and additions (up 2.1%) rising. Total dwelling investment was 11.5% higher over the year. Supported by expectations of a sustained period of low interest rates and more attractive rental yields in Brisbane relative to Sydney and Melbourne, investor demand in medium-to-high density dwellings has grown strongly.

Business investment fell 6.9% in September quarter 2015, following a 9.3% decline in the previous quarter. Total business investment is 31.5% lower over the year, as the large LNG projects near completion and transition to production and exports (see Chart 1). The rate of decline in overall business investment, from unprecedented levels, is expected to slow over the course of 2015-16, before investment returns to a more sustainable longer term growth path from 2016-17.

Of the components of business investment, *new engineering construction* fell 17.3% in the September quarter, to be 53.5% lower over the year. *Non-residential building construction* (shops, offices, factories etc.) fell 0.3% in the quarter, to be 5.1% down on a year earlier. Machinery and equipment investment fell 4.0% in the September quarter, to be 13.1% lower over the year.

Public final demand fell in September quarter 2015 (down 0.4%), driven by a fall in general government investment associated with the completion of Brisbane's Legacy Way tunnel in the June quarter.

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



ABS 5302.0, released on 1 December, provided a snapshot of international trade in goods and services on a consistent basis to the national accounts methodology.

Based on these data, *overseas exports of goods and services in Queensland* (trend) rose 1.7% in September quarter 2015, to be 8.7% higher over the year.

Overseas imports of goods and services to Queensland fell 1.7% in the September quarter, to be 5.5% lower over the year. While domestic demand in Queensland remains subdued as a result of the fall in resource-related investment, increased resource exports and a fall in LNG-related imports are resulting in a solid contribution to Queensland economic activity from net overseas trade.

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

	Trend		Seasonally adjusted	
	Quarterly % change	Annual % change	Quarterly % change	Annual % change
New South Wales	0.6	2.7	-0.2	2.6
Victoria	0.7	3.9	0.0	4.2
Queensland	-0.7	-2.8	-0.2	-2.5
South Australia	0.2	1.6	0.1	1.6
Western Australia	-0.6	-2.4	-1.3	-2.6
Tasmania	0.5	1.6	0.1	1.4
Australia	0.1	0.9	-0.5	0.8