

ABS State Details, December quarter 2015

Source: ABS 5206.0, released 2 March 2016, 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 0.2% in trend terms in December quarter 2015, following an upwardly revised 0.4% decline in the previous quarter. Domestic demand conditions in Queensland remain weak, with SFD 1.7% 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
(December quarter 2015, trend)

Chain Volume Measures ^(a)	% Change		Contribution to SFD Growth	
	quarterly	annual	quarterly	annual
Private Final Demand	-0.3	-2.3	-0.2	-1.8
Household Consumption	0.5	2.5	0.3	1.4
Private Investment	-2.2	-14.5	-0.5	-3.4
Dwelling Investment	2.8	14.7	0.2	0.7
New Dwellings	4.0	16.9	0.1	0.5
Alterations and Additions	1.3	11.7	0.0	0.2
Business Investment	-4.4	-26.5	-0.5	-4.0
Machinery and Equipment	-5.4	-19.8	-0.2	-1.1
New Engineering Construction	-10.5	-45.8	-0.5	-3.3
New Non-Residential Building	4.7	6.2	0.1	0.2
Public Final Demand	0.0	0.5	0.0	0.1
General Govt. Final Consumption	1.0	4.2	0.2	0.7
National	1.4	6.7	0.1	0.3
State and Local	0.8	3.1	0.1	0.3
General Govt. Investment	-4.3	-14.2	-0.1	-0.5
National	-4.3	-9.4	0.0	-0.1
State and Local	-3.9	-15.1	-0.1	-0.4
Public Corporation Investment	-3.4	-8.2	0.0	-0.1
National	-0.9	-2.2	0.0	0.0
State and Local	-4.1	-9.6	0.0	-0.1
State Final Demand (SFD)	-0.2	-1.7	-0.2	-1.7

(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 0.5% in December quarter 2015, to be 2.5% higher over the year. By component, health (up 1.9%), food (up 1.1%) and rent and other dwelling services (up 0.5%) were the main contributors, while expenditure on hotels, cafes and restaurants (down 1.4%) and the purchase of vehicles (down 2.7%) were the main detractors from growth in the December quarter.

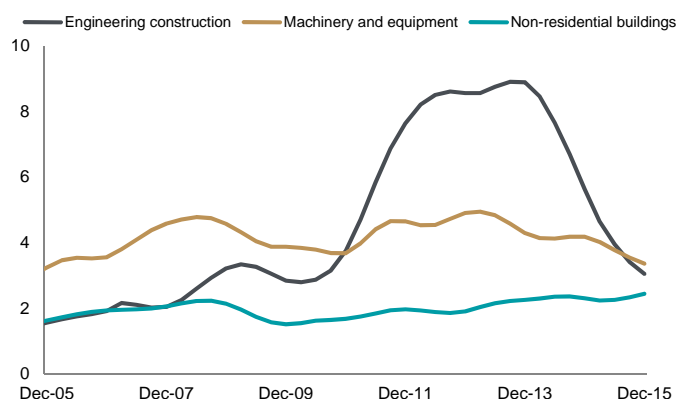
Dwelling investment grew by 2.8% in December quarter 2015, as both construction of new dwellings (up 4.0%) and alterations and additions (up 1.3%) rose. Total dwelling investment was 14.7% higher over the year, with construction work done on both houses and medium-to-high density dwelling rising over this period. A strong pipeline of units and apartments, particularly in inner Brisbane is likely to drive continued strength in dwelling investment in 2016.

Business investment fell 4.4% in December quarter 2015, following a 6.2% decline in the previous quarter. Total business investment is 43.8% below its June quarter 2013 peak, as the large LNG projects near completion and production and exports from these plants have ramped-up. The rate of decline in overall business investment, from unprecedented levels, is expected to continue to slow in coming quarters, although investment intentions outside the resources sector remain modest.

Of the components of business investment, *new engineering construction* fell 10.5% in the December quarter, to be 45.8% lower over the year. *Non-residential building construction* (shops, offices, factories etc.) rose 4.7% in the quarter, to be 6.2% higher on a year earlier. *Machinery and equipment* investment fell 5.4% in the December quarter, to be 19.8% lower over the year (see Chart 1).

Public final demand was unchanged in December quarter 2015 as a rise in general Government consumption offset a fall in public investment.

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



ABS 5302.0, released on 1 March, 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 1.6% in December quarter 2015, to be 9.0% higher over the year. *Overseas imports of goods and services to Queensland* fell 0.2% in the December quarter, to be 3.2% lower over the year.

While domestic demand in Queensland remains subdued, increased resource exports and a fall in LNG related imports are resulting in a solid contribution from this sector to Queensland's economic growth.

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

	Trend		Seasonally adjusted	
	Quarterly % change	Annual % change	Quarterly % change	Annual % change
New South Wales	0.6	3.0	1.1	3.4
Victoria	0.8	4.3	1.2	4.6
Queensland	-0.2	-1.7	0.1	-1.7
South Australia	0.3	1.6	0.4	1.8
Western Australia	-1.3	-3.5	-2.3	-4.7
Tasmania	0.6	2.8	0.6	3.0
Australia	0.1	1.1	0.4	1.1