

ABS State Details, March quarter 2016

Source: ABS 5206.0, released 1 June 2016, 11:30 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 0.1% in trend terms in March quarter 2016, following a downwardly revised 0.3% decline in the previous quarter. Domestic demand conditions in Queensland remain weak, with SFD 1.5% lower than a year earlier.

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

Table 1: Queensland's state final demand
(March quarter 2016, trend)

Chain Volume Measures ^(a)	% Change		Contribution to SFD Growth	
	quarterly	annual	quarterly	annual
Private Final Demand	-0.5	-2.3	-0.4	-1.8
Household Consumption	0.4	2.0	0.2	1.2
Private Investment	-3.0	-13.6	-0.6	-3.0
Dwelling Investment	3.7	14.6	0.2	0.8
New Dwellings	5.6	19.6	0.2	0.6
Alterations and Additions	1.2	8.0	0.0	0.2
Business Investment	-7.2	-27.0	-0.8	-3.7
Machinery and Equipment	-5.6	-21.9	-0.2	-1.1
New Engineering Construction	-11.9	-45.5	-0.4	-2.7
New Non-Residential Building	0.9	5.1	0.0	0.1
Public Final Demand	1.1	1.5	0.2	0.3
General Govt. Final Consumption	0.9	4.0	0.2	0.7
National	1.3	7.2	0.1	0.4
State and Local	0.7	2.5	0.1	0.3
General Govt. Investment	4.4	-4.7	0.2	-0.2
National	0.2	-8.0	0.0	-0.1
State and Local	5.5	-3.8	0.1	-0.1
Public Corporation Investment	-3.5	-14.6	0.0	-0.2
National	9.2	14.4	0.0	0.0
State and Local	-7.3	-21.7	-0.1	-0.3
State Final Demand (SFD)	-0.1	-1.5	-0.1	-1.5

(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 0.4% in March quarter 2016, to be a modest 2.0% higher over the year. By component, food (up 1.0%), rent and other dwelling services (up 0.5%) and insurance and other financial services (up 0.9%), were the main contributors, while expenditure on the purchase of vehicles (down 3.5%), cigarettes and tobacco (down 2.9%) and at hotels, cafes and restaurants (down 0.4%) were the main detractors from growth in the March quarter.

Dwelling investment grew by 3.7% in March quarter 2016, as both construction of new dwellings (up 5.6%) and alterations and additions (up 1.2%) rose. Total dwelling investment was 14.6% higher over the year, driven by strong growth in construction work done on medium-to-high density dwellings. A strong pipeline of housing work yet-to-be-done suggests ongoing strength in Queensland dwelling investment over 2016, particularly for units and apartments in Brisbane.

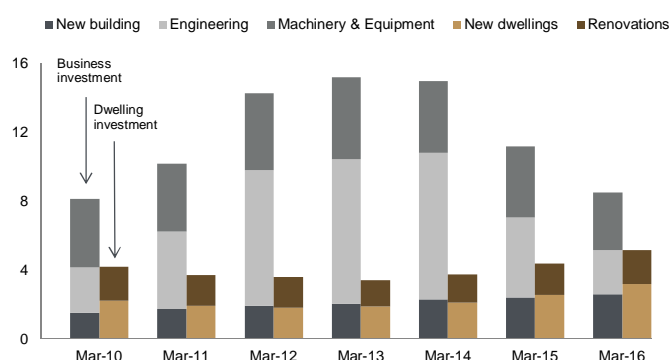
Business investment fell 7.2% in March quarter 2016, following a similar decline in the previous quarter. Total business investment has halved since its June quarter 2013 peak, as the large LNG projects near completion.

Of the components of business investment, *new engineering construction* fell 11.9% in the March quarter, to be 45.5% lower over the year. *Non-residential building construction* (shops, offices, factories etc.) rose 0.9% in the quarter, to be 5.1% higher on a year earlier. *Machinery and equipment* investment fell 5.6% in the March quarter, to be 21.9% lower over the year.

The rate of decline in engineering construction work, from unprecedented levels, is expected to slow in coming quarters, but continue to outweigh any improvement in non-residential building and the strong growth in dwelling investment in the short-term (see Chart 1).

Public final demand rose 1.1% in March quarter 2016, driven by an increase in general Government consumption and investment.

Chart 1: Business and dwelling investment, Queensland
(quarterly, nominal \$ billion, trend)



ABS 5302.0, released on 31 May, provided a snapshot of international trade in goods and services on a consistent basis to the national accounts methodology.

Based on these data, Queensland's *overseas exports of goods and services* (trend) rose 4.3% in March quarter 2016, to be 15.3% higher over the year. Meanwhile, *overseas imports of goods and services* to Queensland rose 0.5% in the March quarter, but were 0.8% lower over the year.

With four of the six LNG trains exporting in the March quarter, the ramp-up in LNG exports, along with a fall in LNG-related imports, suggest the trade sector continues to make a strong contribution to Queensland economic activity.

Table 2: Interstate SFD/DFD growth comparison
(March quarter 2016, CVM)

	Trend		Seasonally adjusted	
	Quarterly % change	Annual % change	Quarterly % change	Annual % change
New South Wales	0.9	3.5	1.0	3.9
Victoria	0.6	3.6	0.1	3.2
Queensland	-0.1	-1.5	0.0	-1.8
South Australia	0.3	1.0	0.0	0.5
Western Australia	-1.5	-4.7	-1.2	-4.2
Tasmania	0.1	1.9	0.1	2.1
Australia	0.2	0.8	0.1	0.9