

ABS State Details, September quarter 2016

Source: ABS 5206.0, released 7 December 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) rose by 0.4% in trend terms in September quarter 2016, following an upwardly revised 0.4% increase in the previous quarter. Following a period of weakness as LNG construction wound down, domestic demand conditions in Queensland have improved, with SFD 1.2% higher than a year earlier.

A 0.6% increase in household consumption drove the solid outcome in SFD in the September quarter (Table 1).

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

Chain Volume Measures ^(a)	% Change		Contribution to SFD Growth	
	quarterly	annual	quarterly	annual
Private Final Demand	0.6	0.4	0.4	0.3
Household Consumption	0.6	2.1	0.3	1.2
Private Investment	0.6	-4.1	0.1	-0.9
Dwelling Investment	1.6	9.3	0.1	0.5
New Dwellings	2.5	14.7	0.1	0.5
Alterations and Additions	0.0	1.1	0.0	0.0
Business Investment	0.3	-12.2	0.0	-1.5
Machinery and Equipment	2.3	-3.0	0.1	-0.1
Engineering Construction	1.9	-19.3	0.1	-0.9
Non-Residential Construction	-6.9	-10.1	-0.2	-0.3
Public Final Demand	-0.3	3.6	-0.1	0.8
General Govt. Final Consumption	0.3	4.0	0.1	0.7
National	1.4	7.5	0.1	0.4
State and Local	-0.2	2.4	-0.0	0.3
General Govt. Investment	-3.9	5.1	-0.1	0.2
National	-2.2	8.5	-0.0	0.1
State and Local	-4.4	4.2	-0.1	0.1
Public Corporation Investment	2.9	4.4	0.0	0.1
National	3.8	23.2	0.0	0.1
State and Local	2.5	-1.1	0.0	-0.0
State Final Demand (SFD)	0.4	1.2	0.4	1.2

(a) Reference year for chain volume measure is 2014-15. 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 0.6% in September quarter 2016, to be 2.1% higher over the year. By component, insurance and other financial services (up 1.4%), rent and other dwelling services (up 0.5%) and health (up 1.4%), were the main contributors, while expenditure on the purchase of vehicles (down 1.6%), cigarettes and tobacco (down 1.2%) and transport services (down 0.6%) were the main detractors from consumption growth in the September quarter.

Dwelling investment grew by 1.6% in September quarter 2016, driven entirely by the construction of new dwellings (up 2.5%) while alterations and additions were unchanged. Total dwelling investment was 9.3% 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

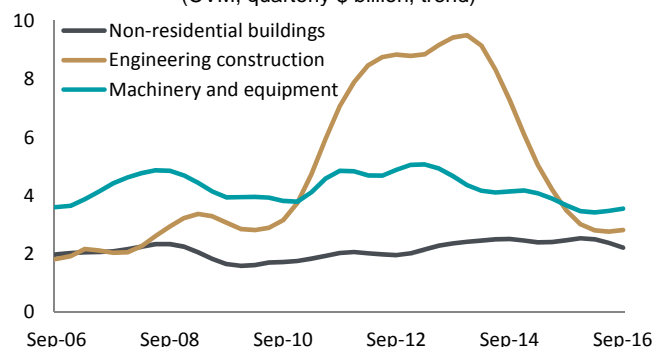
suggests ongoing strength in Queensland dwelling investment in 2016-17, particularly for units and apartments in Brisbane.

Business investment rose slightly, up 0.3% in September quarter 2016, following a decline of 1.6% in the previous quarter. Total business investment has almost halved since its September quarter 2013 peak (see Figure 1), and with the construction of the three LNG projects now completed (and the production phase ramping up), business investment is expected to return to a more sustainable longer term growth.

Of the components of business investment, new engineering construction rose 1.9% in the September quarter, but was 19.3% lower over the year. Non-residential building construction (shops, offices, factories etc.) fell 6.9% in the quarter, to be 10.1% lower on a year earlier. Machinery and equipment investment rose 2.3% in the September quarter, but was 3.0% lower over the year.

Driven by a fall in general Government investment in the quarter, Public final demand fell 0.3% in September quarter 2016, but was 3.6% higher over the year.

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



ABS 5302.0, released on 6 December, 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 0.9% in September quarter 2016, to be 11.3% higher over the year. Meanwhile, overseas imports of goods and services to Queensland rose 0.6% in the September quarter, to be 3.9% higher over the year. With all six LNG trains exporting in the September 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 State economic activity.

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

	Trend		Seasonally adjusted	
	Quarterly % change	Annual % change	Quarterly % change	Annual % change
New South Wales	0.9	5.0	0.1	5.0
Victoria	0.4	2.5	-0.4	2.5
Queensland	0.4	1.2	0.1	1.2
South Australia	0.4	1.6	0.1	1.6
Western Australia	-2.8	-8.7	-3.8	-9.5
Tasmania	0.3	1.4	-0.3	1.1
Australia	0.2	1.5	-0.5	1.5