

# ABS State Details, December quarter 2016

Source: ABS 5206.0, released 1 March 2017, 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 0.5% in trend terms in December quarter 2016, following an upwardly revised 0.5% increase in the previous quarter. Following a period of weakness as LNG construction wound down, domestic demand conditions in Queensland have improved, with SFD 1.6% higher than a year earlier.

A 0.7% increase in household consumption drove the solid outcome in SFD in the December quarter (Table 1).

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

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>1.4</b>	<b>0.5</b>	<b>1.1</b>
Household Consumption	0.7	2.2	0.4	1.3
Private Investment	0.5	-0.9	0.1	-0.2
Dwelling Investment	-0.6	3.2	-0.0	0.2
New Dwellings	1.1	9.9	0.0	0.4
Alterations and Additions	-3.1	-6.6	-0.1	-0.2
Business Investment	0.9	-4.5	0.1	-0.5
Machinery and Equipment	3.4	8.4	0.2	0.4
Engineering Construction	-1.5	-13.1	-0.1	-0.5
Non-Residential Construction	-3.8	-12.8	-0.1	-0.4
<b>Public Final Demand</b>	<b>-0.2</b>	<b>2.2</b>	<b>-0.0</b>	<b>0.5</b>
General Govt. Final Consumption	-0.1	2.1	-0.0	0.4
National	0.0	4.4	0.0	0.2
State and Local	-0.1	1.0	-0.0	0.1
General Govt. Investment	-2.5	1.6	-0.1	0.1
National	1.1	12.6	0.0	0.1
State and Local	-3.4	-1.5	-0.1	-0.0
Public Corporation Investment	-0.5	4.4	-0.0	0.1
National	0.3	16.3	0.0	0.1
State and Local	-0.9	0.4	-0.0	0.0
<b>State Final Demand (SFD)</b>	<b>0.5</b>	<b>1.6</b>	<b>0.5</b>	<b>1.6</b>

(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.

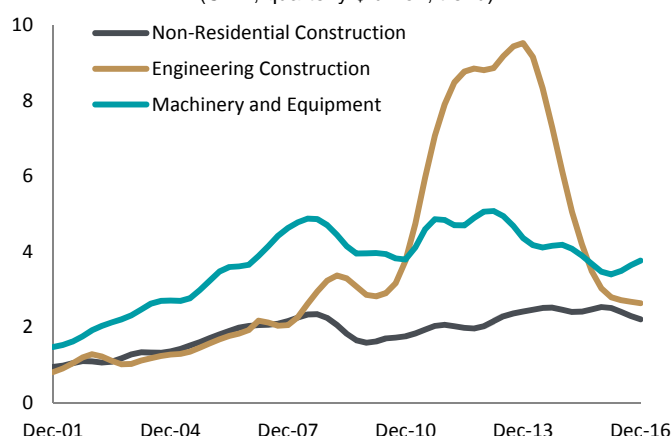
By component, insurance and other financial services (up 1.1% in the quarter) and rent and other dwelling services (up 0.5%) were the main contributors, while expenditure on the purchase of vehicles (down 0.7%) and cigarettes and tobacco (down 0.9%) were the main detractors from consumption growth in the December quarter. Over the year to December quarter 2016, household consumption (trend) rose 2.2%.

Dwelling investment fell 0.6% in December quarter 2016, driven entirely by alterations and additions (down 3.1%) while construction of new dwellings rose 1.1%. Total dwelling investment was 3.2% higher over the year, reflecting the 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, however, the recent substantial decline in building approvals suggest growth in this component will be constrained in 2017-18.

Business investment rose 0.9% in December quarter 2016, following an upwardly revised rise of 0.7% 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 having ramped up), business investment is expected to return to a more sustainable longer term growth.

Of the components of business investment, new engineering construction fell 1.5% in the December quarter, to be 13.1% lower over the year. Non-residential building construction (shops, offices, factories etc.) fell 3.8% in the quarter, to be 12.8% lower on a year earlier. Machinery and equipment investment rose 3.4% in the December quarter, to be 8.4% higher over the year.

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



Driven by a fall in General Government Investment in the quarter, Public final demand fell 0.2% in December quarter 2016, but was 2.2% higher over the year.

ABS 5302.0, released on 28 February, 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 1.7% in December quarter 2016, to be 11.9% higher over the year. Meanwhile, overseas imports of goods and services to Queensland rose 1.8% in the December quarter, to be 6.7% higher over the year. With all six LNG trains exporting in the December quarter, the ramp-up in LNG exports and the fall in LNG-related imports, suggests the trade sector has made a strong contribution to State economic activity over the past year.

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

	Trend		Seasonally adjusted	
	Quarterly % change	Annual % change	Quarterly % change	Annual % change
New South Wales	0.6	4.0	0.8	4.1
Victoria	0.8	3.1	1.7	3.4
<b>Queensland</b>	<b>0.5</b>	<b>1.6</b>	<b>0.9</b>	<b>1.8</b>
South Australia	0.4	1.8	0.9	2.1
Western Australia	-2.1	-9.2	0.4	-7.8
Tasmania	0.6	2.3	0.9	2.4
<b>Australia</b>	<b>0.4</b>	<b>1.7</b>	<b>1.2</b>	<b>2.1</b>