

ABS State Details, March quarter 2017

Source: ABS 5206.0, released 7 June 2017, 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) rose by 0.4% in trend terms in March quarter 2017, following a 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 1.8% higher than a year earlier (Table 1).

Table 1: Queensland's state final demand
(March quarter 2017, trend)

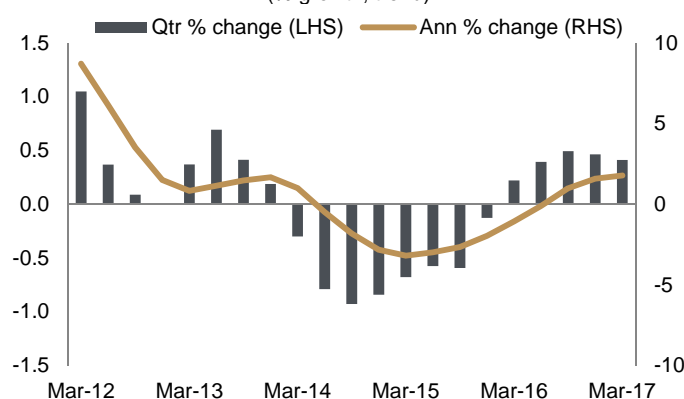
Chain Volume Measures ^(a)	% Change		Contribution to SFD Growth	
	quarterly	annual	quarterly	annual
Private Final Demand	0.2	1.8	0.2	1.4
Household Consumption	0.6	2.4	0.4	1.4
Private Investment	-0.9	-0.1	-0.2	-0.0
Dwelling Investment	-4.0	-6.4	-0.2	-0.4
New Dwellings	-4.2	-3.5	-0.2	-0.1
Alterations and Additions	-3.5	-11.3	-0.1	-0.3
Business Investment	-0.6	1.0	-0.1	0.1
Machinery and Equipment	-0.7	6.7	-0.0	0.3
Engineering Construction	1.9	1.1	0.1	0.0
Non-Residential Construction	0.2	-5.6	0.0	-0.2
Public Final Demand	1.0	1.8	0.2	0.4
General Govt. Final Consumption	0.6	1.8	0.1	0.3
National	-0.6	0.9	-0.0	0.1
State and Local	1.1	2.3	0.1	0.3
General Govt. Investment	4.1	-0.4	0.1	-0.0
National	0.0	3.0	0.0	0.0
State and Local	5.2	-1.4	0.1	-0.0
Public Corporation Investment	-0.1	5.1	-0.0	0.1
National	6.5	28.5	0.0	0.1
State and Local	-2.9	-3.0	-0.0	-0.0
State Final Demand (SFD)	0.4	1.8	0.4	1.8

(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.

A 0.6% (trend) increase in *household consumption* drove the solid outcome in SFD in the March quarter. By component, rent and other dwelling services (up 0.5% in the quarter), insurance and other financial services (up 1.0%) and health (up 1.0%) were the main contributors. Expenditure on the purchase of vehicles (down 0.7%) and cigarettes and tobacco (down 0.4%) were the main detractors from consumption growth in the March quarter. Over the year to March quarter 2017, household consumption rose 2.4%.

Dwelling investment fell 4.0% in March quarter 2017, driven by falls in both the construction of new dwellings (down 4.2%) and alterations and additions (down 3.5%). Total dwelling investment was 6.4% lower over the year. A decline in dwelling approvals, in addition to a moderation in the pipeline of housing work yet to be done, suggests the Queensland dwelling investment cycle may have peaked after recording three years of strong growth.

Figure 1: State final demand, Queensland
(% growth, trend)



Business investment fell 0.6% in March quarter 2017, but was 1.0% higher over the year, suggesting the business investment cycle is close to bottoming out. Total business investment has almost halved since its September quarter 2013 peak, with the construction of the three LNG projects completed in late-2016. This wind-down in investment was the key driver of the declines in state final demand recorded through 2014 and 2015 (Figure 1).

Of the components of business investment, *new engineering construction* rose 1.9% in the March quarter, to be 1.1% higher over the year. *Non-residential building construction* (shops, offices, factories etc.) rose 0.2% in the quarter, but was 5.6% lower on a year earlier. *Machinery and equipment* investment fell 0.7% in the March quarter, but was 6.7% higher over the year.

Driven by a rise in General Government Investment in the quarter, *Public final demand* rose 1.0% in March quarter 2017, to be 1.8% higher over the year.

ABS 5302.0, released on 6 June, 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 1.2% in March quarter 2017, to be 10.3% higher over the year. Meanwhile, *overseas imports of goods and services* to Queensland rose 1.7% in the March quarter, to be 6.4% higher over the year. With all six LNG trains exporting in the March 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
(March quarter 2017, CVM)

	Trend		Seasonally adjusted	
	Quarterly % change	Annual % change	Quarterly % change	Annual % change
New South Wales	0.2	2.1	0.0	1.9
Victoria	1.1	3.8	1.4	4.5
Queensland	0.4	1.8	0.0	1.6
South Australia	0.9	2.7	1.4	3.3
Western Australia	-0.7	-6.9	-0.2	-6.6
Tasmania	0.6	2.5	0.9	3.3
Australia	0.5	1.7	0.3	1.7