

ABS State Details, September quarter 2017

Source: ABS 5206.0, released 6 December 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 trend state final demand (SFD) rose 0.5% in September quarter 2017, following a downwardly revised 0.6% increase in the previous quarter. After a period of weakness, as LNG construction wound down, domestic demand conditions in Queensland have improved, with SFD 2.6% higher than a year earlier (Table 1).

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

| | % Change | | Contribution to SFD Growth | |
|----------------------------------|------------|------------|----------------------------|------------|
| | quarterly | annual | quarterly | annual |
| Chain Volume Measures (a) | | | | |
| Private Final Demand | 0.6 | 2.3 | 0.4 | 1.7 |
| Household Consumption | 0.3 | 1.8 | 0.2 | 1.0 |
| Private Investment | 1.3 | 3.4 | 0.2 | 0.7 |
| Dwelling Investment | -0.3 | -7.0 | -0.0 | -0.4 |
| New Dwellings | -1.0 | -9.3 | -0.0 | -0.4 |
| Alterations and Additions | 0.7 | -2.4 | 0.0 | -0.0 |
| Business Investment | 2.9 | 9.1 | 0.3 | 0.9 |
| Machinery and Equipment | 0.6 | 5.9 | 0.0 | 0.3 |
| Engineering Construction | 4.8 | 14.9 | 0.2 | 0.5 |
| Non-Residential Construction | 1.0 | 8.5 | 0.0 | 0.2 |
| Public Final Demand | 0.1 | 3.3 | 0.0 | 0.8 |
| General Govt. Final Consumption | 0.8 | 3.7 | 0.2 | 0.7 |
| National | 1.0 | 2.8 | 0.1 | 0.2 |
| State and Local | 0.7 | 4.3 | 0.1 | 0.5 |
| General Govt. Investment | -2.1 | 5.9 | -0.1 | 0.2 |
| National | 0.8 | 11.3 | 0.0 | 0.1 |
| State and Local | -3.1 | 4.1 | -0.1 | 0.1 |
| Public Corporation Investment | -1.9 | 0.9 | -0.0 | 0.0 |
| National | -0.2 | 25.1 | -0.0 | 0.1 |
| State and Local | -3.1 | -9.8 | -0.0 | -0.1 |
| State Final Demand (SFD) | 0.5 | 2.6 | 0.5 | 2.6 |

(a) Reference year for chain volume measure is 2015-16. Chain volume measures are not strictly additive. As such, there may be discrepancies associated with calculations based on the sum of components.

A 0.3% (trend) increase in household consumption contributed partially to the solid outcome in SFD in the September quarter. By component, insurance and other financial services (up 1.3% in the quarter), rent and other dwelling services (up 0.6%), and clothing and footwear (up 1.0%) were the main contributors. Expenditure on the hotels, cafes and restaurants (down 0.6%) and transport services (down 0.9%) were the main detractors from consumption growth in the quarter. Over the year to September quarter 2017, household consumption rose 1.8%.

Dwelling investment fell 0.3% in September quarter 2017, driven by a fall in the construction of new dwellings (down 1.0%) which more than offset a marginal rise in alterations and additions (up 0.7%). Total dwelling investment was 7.0% 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 is now past

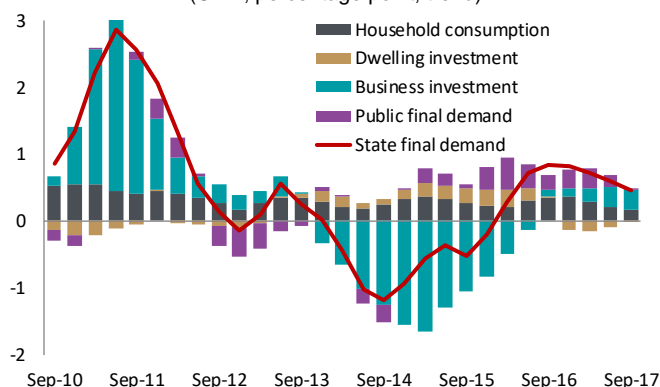
its peak and has detracted from Queensland SFD growth for four consecutive quarters.

Business investment rose 2.9% in September quarter 2017, to be 9.1% higher over the year. Total business investment halved between its September quarter 2013 peak and June quarter 2016 trough. This wind-down in investment, following the construction of the three LNG projects, was the key driver of the declines in state final demand recorded through 2014 and 2015. However, with business investment recovering, the September quarter 2017 result marked the fifth consecutive quarterly increase (Figure 1), and the largest contributor to quarterly SFD growth in Queensland.

All three of the business investment components rose in the quarter, with engineering construction recording the largest increase (up 4.8%). However, compared with LNG projects, the current level of committed resources projects in Queensland remains small, with mining firms opting primarily to invest in maintaining existing productive capacity, rather than expansion.

Driven by a rise in General Government Consumption in the quarter (up 0.8%), public final demand rose slightly in September quarter 2017, up 0.1%, to be 3.3% higher over the year.

Figure 1: Contribution to quarterly SFD growth, Queensland
(CVM, percentage point, trend)



ABS 5302.0, released on 5 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 1.2% in September quarter 2017, to be 0.6% higher over the year. Meanwhile, overseas imports of goods and services to Queensland rose 2.3% in the September quarter, to be 14.0% higher over the year.

Table 2: Interstate SFD/DFD growth comparison
(September quarter 2017, CVM)

| | Trend | | Seasonally adjusted | |
|-------------------|--------------------|-----------------|---------------------|-----------------|
| | Quarterly % change | Annual % change | Quarterly % change | Annual % change |
| New South Wales | 0.5 | 2.2 | 1.0 | 2.8 |
| Victoria | 1.0 | 4.7 | 0.4 | 4.7 |
| Queensland | 0.5 | 2.6 | 0.2 | 2.7 |
| South Australia | 0.8 | 4.4 | 0.2 | 3.9 |
| Western Australia | 0.4 | -0.2 | 0.9 | 1.3 |
| Tasmania | 0.0 | 2.2 | -0.8 | 2.2 |
| Australia | 0.7 | 2.8 | 0.6 | 3.2 |