

ABS State Details, December quarter 2017

Source: ABS 5206.0, released 7 March 2018, 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 0.7% in December quarter 2017, following an upwardly revised 0.7% increase in the previous quarter. After a period of weakness, as LNG construction wound down, domestic demand conditions in Queensland have improved, with SFD 2.9% higher than a year earlier (Table 1).

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

Chain Volume Measures ^(a)	% Change		Contribution to SFD Growth	
	quarterly	annual	quarterly	annual
Private Final Demand	0.7	2.7	0.5	2.1
Household Consumption	0.5	1.8	0.3	1.0
Private Investment	1.3	5.3	0.3	1.0
Dwelling Investment	1.0	-2.6	0.1	-0.2
New Dwellings	-0.2	-6.4	0.0	-0.3
Alterations and Additions	3.2	5.1	0.1	0.1
Business Investment	2.3	11.8	0.2	1.2
Machinery and Equipment	2.7	10.0	0.1	0.4
Engineering Construction	0.1	9.7	0.0	0.3
Non-Residential Construction	1.1	10.7	0.0	0.3
Public Final Demand	0.7	3.2	0.2	0.8
General Govt. Final Consumption	1.4	4.9	0.3	0.9
National	1.8	4.9	0.1	0.4
State and Local	1.1	5.0	0.1	0.6
General Govt. Investment	-1.5	-0.5	-0.1	0.0
National	-0.4	5.9	0.0	0.1
State and Local	-1.9	-2.7	0.0	-0.1
Public Corporation Investment	-1.9	-3.8	0.0	-0.1
National	-2.3	10.3	0.0	0.0
State and Local	-1.6	-10.5	0.0	-0.1
State Final Demand (SFD)	0.7	2.9	0.7	2.9

(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 0.5% (trend) increase in *household consumption* contributed to the solid outcome in SFD in the December quarter. By component, *rent and other dwelling services* (up 0.6% in the quarter), *insurance and other financial services* (up 1.0%), and *recreation and culture* (up 0.9%) were the main contributors. Expenditure on *utilities* (down 1.5%) and *purchase of vehicles* (down 0.3%) were the main detractors from consumption growth in the quarter. Over the year to December quarter 2017, household consumption rose 1.8%.

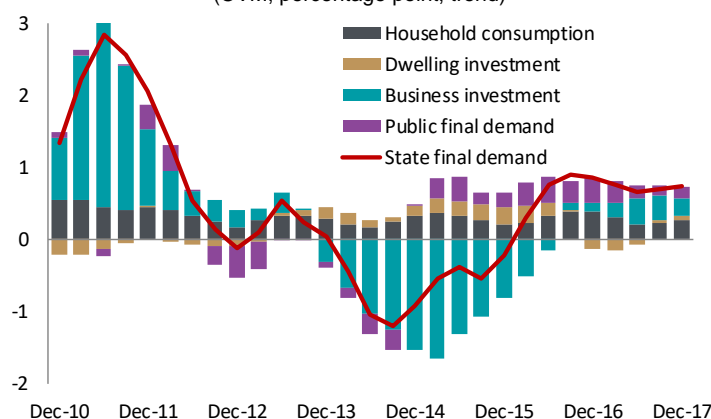
Dwelling investment rose 1.0% in December quarter 2017, driven by a rise in *alterations and additions* (up 3.2%) which more than offset a marginal fall in the construction of *new dwellings* (down 0.2%). However, total dwelling investment was still 2.6% lower over the year. With a substantial amount of apartment projects already well advanced, the Queensland dwelling investment cycle is now likely past its peak.

Business investment rose 2.3% in December quarter 2017, to be 11.8% 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 SFD recorded through 2014 and 2015. However, with business investment continuing to recover, the December quarter 2017 result marked the sixth consecutive quarterly increase (Figure 1), and the second largest contributor to SFD growth in Queensland.

All three of the business investment components rose in the quarter, with *machinery and equipment* recording the largest increase (up 2.7%). While an improvement in the outlook for global industrial production should provide some upside, miners remain cautious about expanding capacity.

Driven by a rise in *General Government Consumption* in the quarter (up 1.4%), *public final demand* rose 0.7% in December quarter 2017, to be 3.2% higher over the year.

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



ABS 5302.0 (released on 6 March), 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 0.2% in December quarter 2017, to be 0.8% higher over the year. Meanwhile, *overseas imports of goods and services* to Queensland rose 1.6% in the quarter, to be 12.9% higher over the year.

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

	Trend		Seasonally adjusted	
	Quarterly % change	Annual % change	Quarterly % change	Annual % change
New South Wales	0.9	3.2	1.0	3.0
Victoria	0.7	4.4	0.3	4.4
Queensland	0.7	2.9	0.9	2.6
South Australia	0.5	3.9	0.8	4.9
Western Australia	0.6	2.1	-0.2	1.2
Tasmania	0.5	3.6	1.3	4.8
Australia	0.8	3.3	0.6	3.1