

ABS State Details, June quarter 2018

Source: ABS 5206.0, released 5 September 2018, 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 trend state final demand (SFD) rose 0.7% in June quarter 2018, following an upwardly revised 0.9% increase in the previous quarter. Domestic demand conditions in Queensland have continued to improve, with SFD 3.7% higher than a year earlier (Table 1), after a period of weakness as LNG construction wound down.

Table 1: Queensland's state final demand
(June quarter 2018, trend)

Chain Volume Measures ^(a)	% Change		Contribution to SFD Growth	
	quarterly	annual	quarterly	annual
Private Final Demand	0.6	3.5	0.4	2.6
Household Consumption	0.6	3.1	0.4	1.7
Private Investment	0.5	4.7	0.1	0.9
Dwelling Investment	-0.7	-2.8	0.0	-0.2
New Dwellings	-2.9	-10.5	-0.1	-0.4
Alterations and Additions	2.3	12.1	0.0	0.2
Business Investment	1.1	10.2	0.1	1.1
Machinery and Equipment	1.2	4.8	0.1	0.2
Engineering Construction	6.3	24.2	0.3	0.9
Non-Residential Construction	-5.6	-3.9	-0.2	-0.1
Public Final Demand	0.7	4.2	0.2	1.0
General Govt. Final Consumption	0.7	5.6	0.1	1.1
National	0.9	6.6	0.1	0.5
State and Local	0.5	4.9	0.1	0.6
General Govt. Investment	1.1	-2.0	0.0	-0.1
National	-0.3	-3.7	0.0	0.0
State and Local	1.6	-1.4	0.0	0.0
Public Corporation Investment	0.7	3.0	0.0	0.0
National	-0.7	-5.0	0.0	0.0
State and Local	1.6	8.0	0.0	0.1
State Final Demand (SFD)	0.7	3.7	0.7	3.7

(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 0.6% (trend) increase in *household consumption* contributed to the solid outcome in SFD in the June quarter. By component, *rent and other dwelling services* (up 0.6%), *insurance and other financial services* (up 0.9%) and *recreation and culture* (up 0.8%) were the main contributors. Expenditure on *hotels, cafes and restaurants* (down 1.9%) and *cigarettes & tobacco* (down 0.7%) were the main detractors from consumption growth in the quarter. Over the year to June quarter 2018, consumption rose 3.1%.

Dwelling investment fell 0.7% in June quarter 2018, driven by a fall in the construction of *new dwellings* (down 2.9%), which more than offset a rise in *alterations & additions* (up 2.3%). Total dwelling investment was 2.8% lower over the year. Driven by a fall in apartment construction, *new dwellings* investment has fallen 16.7% since the peak in September quarter 2016.

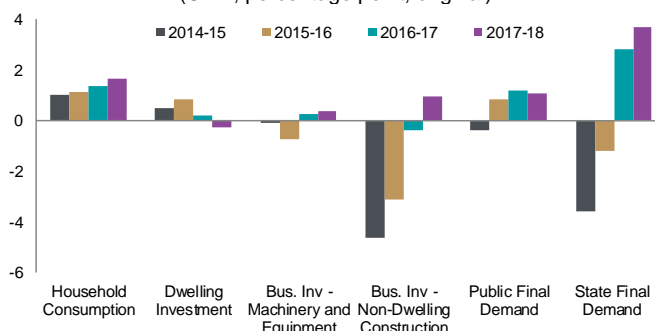
Business investment rose 1.1% in June quarter 2018, to be 10.2% higher over the year. The wind-down in investment, following the construction of the three LNG projects, was the key driver of the declines in SFD recorded through 2014 and 2015. However, business investment has since rebounded, with the June quarter 2018 marking the eighth consecutive quarterly rise.

All components of business investment rose in the quarter except *non-residential construction*, which recorded a decline of 5.6%. However, this component had trended higher since mid-2016, supported by investment in education and accommodation projects. Meanwhile, on the back of investment in a substantial number of renewable energy projects, *engineering construction* rose strongly (up 24.2%) over the year to June quarter 2018, while *machinery and equipment* rose modestly (up 4.8%).

Driven by a rise in *general government consumption* in the quarter (up 0.7%), *public final demand* rose 0.7% in June quarter 2018, to be 4.2% higher over the year.

In financial year terms, SFD rose 3.7% in 2017-18. This result was driven by an increase in *household consumption* (up 2.9%), *public final demand* (up 4.2%) and *business investment* (up 12.5%), more than offsetting the fall in *dwelling investment* (down 4.8%, Figure 1).

Figure 1: Contribution to state final demand, Queensland
(CVM, percentage point, original)



ABS 5302.0 (released on 4 September), 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 0.5% in June quarter 2018. Meanwhile, *overseas imports of goods and services* to Queensland rose 2.0% in the quarter, to be 10.5% higher over the year. This is consistent with the recent strong growth in business investment and improving household consumption.

Table 2: Interstate SFD/DFD growth comparison
(June quarter 2018, CVM)

	Trend		Seasonally adjusted	
	Quarterly % change	Annual % change	Quarterly % change	Annual % change
New South Wales	0.7	3.7	0.3	3.5
Victoria	1.5	5.2	1.2	5.2
Queensland	0.7	3.7	0.1	3.4
South Australia	0.8	3.5	1.3	3.7
Western Australia	-0.4	0.3	0.2	0.8
Tasmania	0.9	3.6	0.6	3.7
Australia	0.8	3.5	0.6	3.4