

ABS State Details, June quarter 2019

Source: ABS 5206.0, released 4 September 2019, 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 0.3% in June quarter 2019, to be 0.9% higher over the year (Table 1). In financial year terms, SFD rose 1.1% in 2018-19. This result was driven by an increase in household consumption (up 2.1% in 2018-19) and public final demand (up 4.4%), while private investment fell, driven by declines in business investment (down 7.8%) and dwelling investment (down 2.4%, **Figure 1**).

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

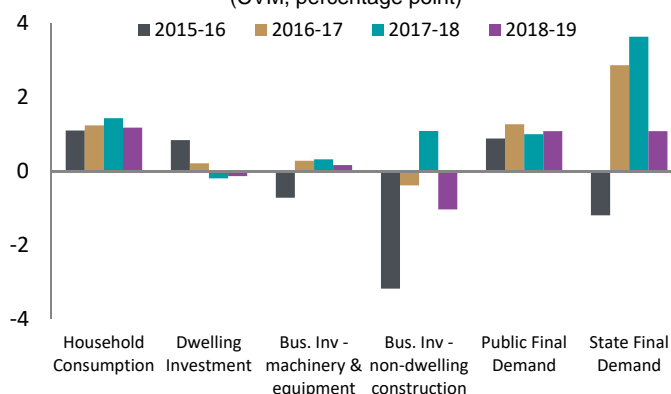


Table 1: Queensland's state final demand
(CVM, June quarter 2019, trend)

Chain Volume Measures ^(a)	% Change		Contribution to SFD Growth	
	quarterly	annual	quarterly	annual
Private Final Demand	-0.1	-0.6	-0.1	-0.5
Household Consumption	0.6	2.1	0.3	1.2
Private Investment	-1.9	-8.2	-0.4	-1.6
Dwelling Investment	-0.5	-2.3	0.0	-0.1
New Dwellings	-2.1	-9.9	-0.1	-0.3
Alterations and Additions	1.4	9.8	0.0	0.2
Business Investment	-3.2	-11.7	-0.3	-1.3
Machinery and Equipment	0.0	4.6	0.0	0.2
Engineering Construction	-5.4	-20.6	-0.2	-0.8
Non-Residential Building	-6.5	-24.4	-0.1	-0.7
Public Final Demand	1.3	5.3	0.3	1.3
General Govt. Final Consumption	1.6	4.9	0.3	1.0
National	1.4	8.4	0.1	0.6
State and Local	1.7	2.6	0.2	0.3
General Govt. Investment	1.4	11.3	0.1	0.4
National	-0.5	-0.2	0.0	0.0
State and Local	2.0	15.5	0.1	0.4
Public Corporation Investment	-2.0	-1.6	0.0	0.0
National	1.5	-2.7	0.0	0.0
State and Local	-3.7	-1.0	0.0	0.0
State Final Demand (SFD)	0.3	0.9	0.3	0.9

(a) Reference year for chain volume measure is 2016-17. 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 modest growth in SFD in the June quarter. By component, *rent and other dwelling services* (up 0.6%) and *hotels, cafes and restaurants* (up 1.0%) were the main contributors. Expenditure on the *purchase of vehicles* (down 1.3%) was the main detractor. Over the year, consumption rose by a modest 2.1%, constrained by slowing employment growth, subdued real wages growth and a moderating housing market.

Dwelling investment fell 0.5% in June quarter 2019, driven by a further fall in the construction of *new dwellings* (down 2.1%) which more than offset an increase in *alterations & additions* (up 1.4%). Total dwelling investment was 2.3% lower over the year. *New dwellings* investment in Queensland is now 22.5% lower than the recent peak in September quarter 2016. In contrast, *alterations and additions* activity has risen 21.6% over the same period.

Business investment fell 3.2% in June quarter 2019, to be 11.7% lower over the year. By component, both non-residential building and engineering construction were more than 20% lower over the year, while machinery and equipment investment rose 4.6% (despite being unchanged in the quarter).

Increased uncertainties around the global (particularly China-US trade tensions and Brexit) and national economic outlooks has seen Queensland households and businesses being discouraged from undertaking major investment projects. Instead, households are opting to invest in their current homes, while businesses choose to invest in machinery and equipment to expand productive capacity.

Driven by a rise in *general government consumption* in the quarter (up 1.6%), *public final demand* rose 1.3% in June quarter 2019, to be 5.3% higher over the year.

Table 2: Interstate SFD/DFD growth comparison
(June quarter 2019, CVM)

	Trend		Seasonally adjusted	
	Quarterly % change	Annual % change	Quarterly % change	Annual % change
	New South Wales	0.1	1.0	0.0
Victoria	0.4	2.0	0.5	1.9
Queensland	0.3	0.9	0.0	0.4
South Australia	0.0	0.8	-0.2	0.4
Western Australia	-0.1	-0.9	0.8	-0.1
Tasmania	0.6	3.4	0.3	3.1
Australia	0.2	0.9	0.3	1.0

ABS 5302.0 (released on 3 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 1.8% in June quarter 2019, to be 3.9% higher over the year. Meanwhile, *overseas imports of goods and services* to Queensland rose 1.1% in the quarter, but were 2.1% lower over the year.

In financial year terms, Queensland's *overseas exports* rose 3.6% in 2018-19, while overseas imports fell 0.8%. These results suggest the overseas trade sector made a solid contribution to overall economic growth in 2018-19.