

ABS State Details, September quarter 2019

Source: ABS 5206.0, released 4 December 2019, 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 0.1% in September quarter 2019, to be 0.9% higher over the year (Table 1). Private sector investment continued to soften in the quarter, however, this has been offset by continued growth in public final demand and a modest rise in household consumption (Figure 1).

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

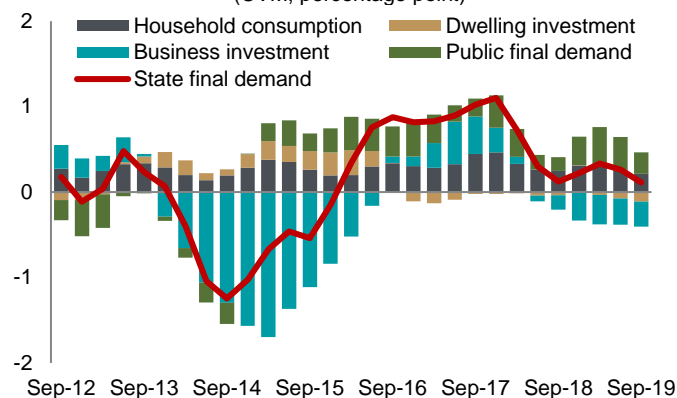


Table 1: Queensland's state final demand
(CVM, September quarter 2019, trend)

Chain Volume Measures ^(a)	% Change		Contribution to SFD Growth	
	quarterly	annual	quarterly	annual
Private Final Demand	-0.3	-0.7	-0.2	-0.5
Household Consumption	0.4	2.0	0.2	1.1
Private Investment	-2.2	-8.4	-0.4	-1.6
Dwelling Investment	-2.1	-4.0	-0.1	-0.2
New Dwellings	-3.5	-10.5	-0.1	-0.4
Alterations and Additions	-0.4	5.7	0.0	0.1
Business Investment	-3.1	-12.1	-0.3	-1.3
Machinery and Equipment	-1.0	1.7	0.0	0.1
Engineering Construction	-10.2	-29.8	-0.3	-1.2
Non-Residential Buildings	1.2	-9.3	0.0	-0.2
Public Final Demand	1.0	5.6	0.3	1.4
General Govt. Final Consumption	1.1	5.6	0.2	1.1
National	2.2	9.5	0.2	0.7
State and Local	0.4	3.0	0.0	0.4
General Govt. Investment	1.0	10.0	0.0	0.4
National	5.5	6.2	0.0	0.1
State and Local	-0.3	11.1	0.0	0.3
Public Corporation Investment	0.6	-4.0	0.0	-0.1
National	0.3	0.5	0.0	0.0
State and Local	0.8	-6.1	0.0	-0.1
State Final Demand (SFD)	0.1	0.9	0.1	0.9

(a) Reference year for chain volume measure is 2017-18. Chain volume measures are not strictly additive. As such, there may be discrepancies associated with calculations based on the sum of components.

A modest 0.4% (trend) increase in *household consumption* contributed to the marginal growth in SFD in the September quarter. By component, *rent and other dwelling services* (up 0.6%) and *recreation and culture* (up 0.5%) were the main contributors. Expenditure on *Cigarettes and tobacco* (down 2.0%) and *purchase of vehicles* (down 1.3%) were the main detractors. Over the year, consumption rose by a modest 2.0%, as consumers continue to exercise caution. A substantial proportion of savings to households from recent interest rate cuts and income tax offsets are likely being used to reduce household debt, rather than for consumption.

Dwelling investment fell 2.1% in September quarter 2019, driven by a further fall in the construction of *new dwellings* (down 3.5%) and a marginal fall in *alterations & additions* (down 0.4%). Total dwelling investment was 4.0% lower over the year. *New dwellings* investment is now 26.2% lower than the recent peak in September quarter 2016. A range of factors have contributed to this slowdown, including the oversupply of units and apartments (which has begun to unwind), household and investor uncertainty, introduction of regulatory measures and tightening credit, previous uncertainty due to the Banking Royal Commission, and the impact on sentiment from previous declines in property prices in Sydney and Melbourne.

Business investment fell 3.1% in September quarter 2019, to be 12.1% lower over the year. By component, *engineering construction* (down 29.8%) and *non-residential buildings* (down 9.3%) were substantially lower over the year, while *machinery and equipment* investment rose 1.7% (despite falling 1.0% in the quarter). Engineering construction has now fallen for five consecutive quarters following a modest recovery in 2017-18. These trends are indicative of increased uncertainty in both the global (particularly US-China trade tensions and Brexit) and domestic economies, which has discouraged businesses from committing to large scale construction projects.

Public final demand continues to be the main driver of SFD growth, up 1.0% in the September quarter, to be 5.6% higher over the year. *General government consumption* rose 1.1% in the quarter, with this quarter's trend estimate still impacted by flood remediation expenditure earlier in the year.

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

	Trend		Seasonally adjusted	
	Quarterly	Annual	Quarterly	Annual
	% change	% change	% change	% change
New South Wales	0.3	1.0	0.3	0.6
Victoria	0.4	1.6	0.4	1.8
Queensland	0.1	0.9	0.1	1.3
South Australia	-0.1	0.3	-0.3	0.2
Western Australia	0.4	0.5	-0.2	0.0
Tasmania	0.5	3.1	0.8	3.3
Australia	0.3	1.0	0.2	0.9

ABS 5302.0 (released on 3 December), provided a snapshot of *international* trade in goods and services. Queensland's *overseas exports of goods and services* (trend) rose 1.5% in September quarter 2019, to be 5.3% higher over the year. Meanwhile, *overseas imports of goods and services* to Queensland were unchanged in the quarter, but were 1.7% lower over the year. These results suggest the overseas trade sector continued to make a solid contribution to overall economic growth in the September quarter.