

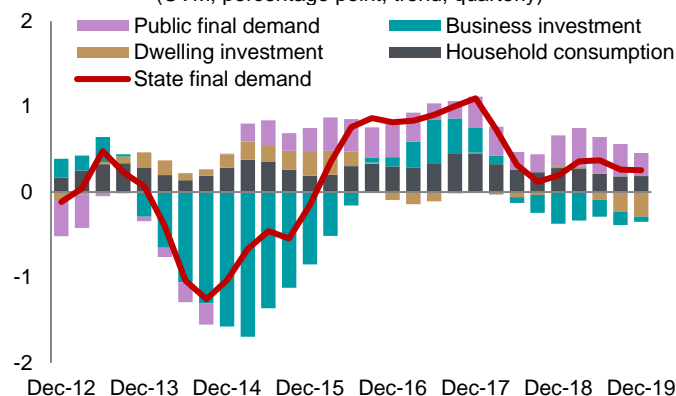
# ABS State Details, December quarter 2019

Source: ABS 5206.0, released 4 March 2020, 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 0.3% in December quarter 2019, to be 1.3% 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, trend, quarterly)



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

Chain Volume Measures <sup>(a)</sup>	% Change		Contribution to SFD Growth	
	quarterly	annual	quarterly	annual
<b>Private Final Demand</b>	<b>-0.1</b>	<b>-0.5</b>	<b>-0.1</b>	<b>-0.4</b>
Household Consumption	0.3	1.5	0.2	0.9
Private Investment	-1.5	-6.5	-0.3	-1.2
Dwelling Investment	-5.5	-10.7	-0.3	-0.6
New Dwellings	-7.8	-16.3	-0.2	-0.5
Alterations and Additions	-3.1	-3.0	-0.1	-0.1
Business Investment	-0.6	-7.4	-0.1	-0.7
Machinery and Equipment	-1.2	-1.8	-0.1	-0.1
Engineering Construction	-2.3	-20.5	-0.1	-0.8
Non-Residential Buildings	2.7	2.7	0.1	0.1
<b>Public Final Demand</b>	<b>1.0</b>	<b>6.1</b>	<b>0.3</b>	<b>1.5</b>
General Govt. Final Consumption	1.0	5.6	0.2	1.1
National	2.2	10.0	0.2	0.8
State and Local	0.2	2.7	0.0	0.3
General Govt. Investment	0.6	7.4	0.0	0.3
National	3.2	14.9	0.0	0.1
State and Local	-0.3	5.2	0.0	0.2
Public Corporation Investment	4.6	11.5	0.1	0.2
National	-4.6	-7.7	0.0	-0.0
State and Local	8.7	21.3	0.1	0.2
<b>State Final Demand (SFD)</b>	<b>0.3</b>	<b>1.3</b>	<b>0.3</b>	<b>1.3</b>

(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 0.3% (trend) increase in *household consumption* contributed to growth in SFD in the December quarter. By component, *rent and other dwelling services* (up 0.6%), *Furnishings and household equipment* (up 1.5%) and *recreation and culture* (up 0.7%) were the main contributors. Expenditure on *cigarettes and tobacco* (down 2.8%) and *purchase of vehicles* (down 2.1%) were the main detractors. Over the year, consumption rose by a modest 1.5%. Interest rate and income tax cuts during 2019 appear to have had limited impact on spending, as consumers continue to exercise caution amid a challenging external environment, and a sustained period of modest real income growth.

*Dwelling investment* fell 5.5% in December quarter 2019, driven by further falls in the construction of *new dwellings* (down 7.8%) and *alterations & additions* (down 3.1%). Total dwelling investment was 10.7% lower over the year. *New dwellings* investment is now 32.5% lower than the recent peak 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 earlier declines in property prices in Sydney and Melbourne.

*Business investment* fell 0.6% in December quarter 2019, to be 7.4% lower over the year. By component, falls in *engineering construction* (down 2.3%) and *machinery and equipment* (down 1.2%) was only partly offset by a 2.7% rise in *non-residential construction*. Engineering construction was substantially lower over the year (down 20.5%) and has now fallen for six consecutive quarters. These trends are indicative of ongoing risks in both the global (particularly US-China trade tensions and other geopolitical uncertainties) and domestic economies, which has discouraged businesses from committing to major new greenfield projects.

*Public final demand* continues to be the main driver of SFD growth, up 1.0% in the December quarter, to be 6.1% higher over the year. *General government consumption* rose 1.0% in the quarter, while *public corporations investment* was up 4.6%.

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

	Trend		Seasonally adjusted	
	Quarterly	Annual	Quarterly	Annual
	% change	% change	% change	% change
New South Wales	0.4	1.2	0.5	1.6
Victoria	0.3	1.7	-0.1	1.3
<b>Queensland</b>	<b>0.3</b>	<b>1.3</b>	<b>0.2</b>	<b>1.2</b>
South Australia	-0.1	0.0	-0.2	0.0
Western Australia	0.5	2.0	-0.2	1.7
Tasmania	0.0	2.1	-1.0	1.6
<b>Australia</b>	<b>0.3</b>	<b>1.3</b>	<b>0.1</b>	<b>1.3</b>

ABS 5302.0 (released 3<sup>rd</sup> March), provided a snapshot of *international trade in goods and services*. Queensland's *overseas exports of goods and services* (trend) rose 1.4% in December quarter 2019, to be 5.4% higher over the year. Meanwhile, *overseas imports of goods and services* to Queensland fell 1.0%, to be 1.5% lower over the year. These results suggest the overseas trade sector continued to make a solid contribution to overall economic growth in the December quarter.