

# ABS State Details, December quarter 2020

Source: ABS *Australian National Accounts*, released 3 March 2021, 10.30 am AEST.

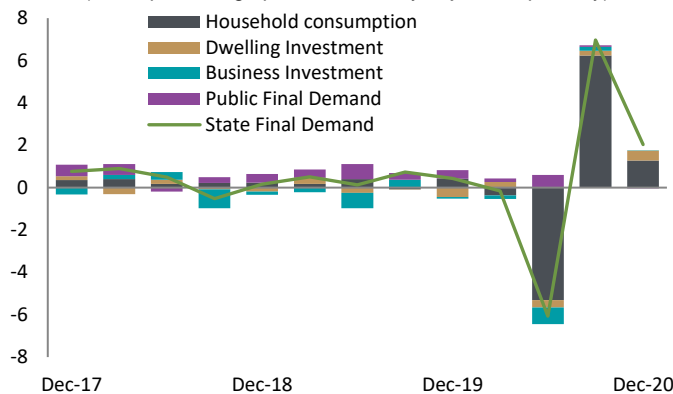
**Note: ABS Australian National Accounts only provides data for state final demand and its components. State level estimates of overseas trade in goods and services on a consistent basis to the national accounts are released as part of ABS *Balance of Payments and International Investment Position* and these are discussed below. For a complete picture of State economic growth, ABS *State Accounts* provides annual Gross State Product data.**

The ABS has suspended trend data due to COVID-19. Trend data will be reinstated by the ABS when more certainty emerges in the underlying trends in the economy. As a result, all numbers presented in this brief are in seasonally adjusted terms.

Queensland's state final demand (SFD) rose 2.0% in December quarter 2020 to be 2.4% higher annually (Table 1) and 2.5% higher than in March quarter 2020. Queensland recorded by far the strongest growth since March quarter 2020 and over the year (Table 2).

In calendar year terms, Queensland SFD declined 0.2% in 2020, with household consumption down 1.3%, dwelling investment down 2.9% and business investment falling 7.6%. Public final demand rose 4.8% in the year.

**Figure 1: Contribution to SFD growth, Queensland**  
(CVM, percentage point, seasonally adjusted, quarterly)



Household consumption was the strongest contributor to the quarterly increase in SFD, rising a further 2.3% (following the record 11.7% rebound in the September quarter), to be up 2.6% annually. The successful containment of the virus (combined with improvements in labour income and government income support measures underpinning household incomes) has led to a continued recovery across several components, particularly *hotels, cafes and restaurants* (up 14.4%), *purchase of vehicles* (up 22.4%), and *operation of vehicles* (up 10.2%).

Dwelling investment rose 9.6% in the December quarter, driven by a 10.1% rebound in *new and used dwellings*. Although this component had been in a long-run decline since the end of the apartment construction boom, low interest rates and generous government incentives have spurred a recent surge in activity in this sector. Strong recent building approvals data suggest the increase in construction activity will continue in coming quarters.

Meanwhile *alterations and additions* rose a further 9.0% in the quarter. The pandemic has seen Queensland residents choose to increase investment in their current homes, with *alterations and additions* investment now up 21.9% since June quarter 2020.

Business investment rose 0.2% in December quarter 2020 but was 8.2% lower over the year. While Queensland's success in controlling the virus has resulted in recent improvement in business confidence, the lag between changes in confidence and investment spending suggests business investment will remain subdued in the near-term, before recovering.

Partially offsetting the increase in private spending, public final demand in Queensland fell 0.1% in the quarter but was 2.9% higher annually. *State and local general government final consumption* (down 1.9%) and *state and local public corporation investment* (down 6.7%) were the main detractors from growth in the quarter. However, *state and local general government investment* rose 8.1% driven by increased work in road and rail infrastructure projects.

**Table 1: Queensland's state final demand by component**  
(December quarter 2020, CVM, seasonally adjusted)

Chain Volume Measures <sup>(a)</sup>	% Change		Contribution to SFD Growth	
	quarterly	annual	quarterly	annual
<b>Private Final Demand</b>	<b>2.9</b>	<b>2.2</b>	<b>2.1</b>	<b>1.6</b>
Household Consumption	2.3	2.6	1.3	1.5
Private Investment	4.9	0.7	0.8	0.1
Dwelling Investment	9.6	12.4	0.5	0.6
New Dwellings	10.1	2.8	0.3	0.1
Alterations and Additions	9.0	24.0	0.2	0.5
Business Investment	0.2	-8.2	0.0	-0.8
Machinery and Equipment	0.5	-8.5	0.0	-0.4
Engineering Construction	2.6	-8.6	0.1	-0.3
Non-Residential Building	0.5	-5.3	0.0	-0.1
<b>Public Final Demand</b>	<b>-0.1</b>	<b>2.9</b>	<b>0.0</b>	<b>0.8</b>
General Govt. Final Consumption	-1.3	3.6	-0.3	0.7
National	-0.4	7.3	0.0	0.6
State and Local	-1.9	0.9	-0.2	0.1
General Govt. Investment	6.6	2.5	0.3	0.1
National	0.3	-10.8	0.0	-0.1
State and Local	8.1	6.0	0.3	0.2
Public Corporation Investment	-3.2	-5.4	0.0	-0.1
National	6.5	-6.6	0.0	0.0
State and Local	-6.7	-4.9	-0.1	-0.1
<b>State Final Demand (SFD)</b>	<b>2.0</b>	<b>2.4</b>	<b>2.0</b>	<b>2.4</b>

(a) Reference year for chain volume measure is 2018-19. Chain volume measures are not strictly additive. As such, there may be discrepancies associated with calculations based on the sum of components.

**Table 2: Interstate SFD/DFD growth comparison**  
(December quarter 2020, % change, CVM, seasonally adjusted)

	NSW	Vic	Qld	SA	WA	Tas	Aust	Aust (GDP)
Quarterly	2.9	6.8	2.0	0.6	1.5	3.3	3.3	3.1
Since March-20	0.5	-3.0	2.5	1.0	0.4	0.5	0.2	-0.8
Annual	-0.7	-3.4	2.4	0.0	1.2	1.5	-0.3	-1.1

ABS *Balance of Payments* data (released 2 March), provided a snapshot of international trade in goods and services. Queensland's *overseas exports of goods and services* rose 4.9% in December quarter 2020 but were 15.7% lower annually.

Meanwhile, *overseas imports of goods and services* to Queensland rose 7.2% but were 9.8% lower over the year. These results suggest Queensland's net overseas trade made a modest contribution to growth in the December quarter.