

ABS State Details, June quarter 2021

Source: ABS *Australian National Accounts*, released 1 September 2021, 11.30 am AEST.

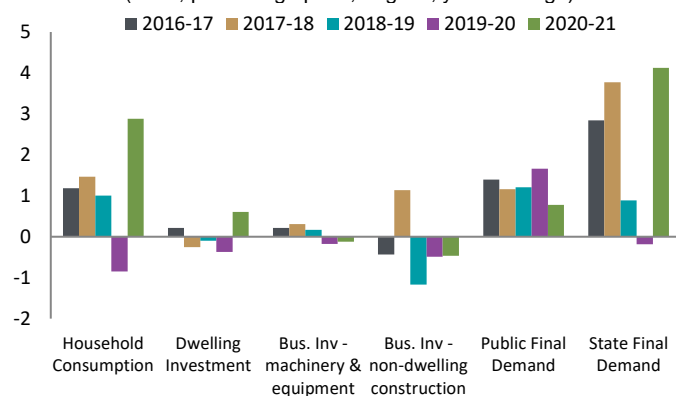
Note: ABS Australian National Accounts only provides data for state final demand and its components. State level estimates of overseas trade in goods and services on a consistent basis to the national accounts are released as part of ABS *Balance of Payments and International Investment Position* and 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, seasonally adjusted estimates are presented in this brief, unless otherwise stated.

Queensland's state final demand (SFD) rose 2.0% in June quarter 2021 to be 11.5% higher annually (Table 1). Further, Queensland's SFD is up 4.6% from the pre-COVID level in March quarter 2020, above the rest of Australia (up 3.6%).

In year-average terms, Queensland's SFD rose 4.1% in 2020-21, rebounding strongly following the 0.2% fall in 2019-20 (Chart 1).

Chart 1: Contribution to SFD growth, Queensland
(CVM, percentage point, original, year-average)



Short, sharp lockdowns in the first half of 2021 appear to have had limited impacts on consumer spending activity with *household consumption* up 0.7% in the June quarter to be 14.9% higher over the year. The strong rebound in household consumption activity in 2020-21 is due to the successful containment of the virus and government support measures allowing for a strong recovery in the Queensland labour market.

By component, spending on *health* (up 3.3%), *hotels' cafes and restaurants* (up 3.0%), *purchase of vehicles* (up 6.6%) and *operation of vehicles* (up 3.4%) were the largest contributors to quarterly growth.

Dwelling investment rose a further 2.3% in the June quarter to be 28.0% higher over the year, a near-record high level. The quarterly increase was driven by a 4.9% increase in *new dwelling investment*. *Alterations and additions* investment fell 0.3% from the record high level recorded in the March quarter, but was 35.3% higher over the year.

Low interest rates, generous government incentives and confidence in both the housing market and the general economic recovery have spurred activity in the dwelling sector.

Business investment rebounded 8.1% in June quarter 2021, following consecutive quarterly declines of 1.1% in December quarter 2020 and 5.0% in March quarter 2021 to be 4.2% higher

over the year. *Machinery and equipment* investment rose 7.4% in the quarter, with the ABS stating that the increase was 'led by increased equipment purchases by the mining industry and vehicle purchases'. Further, non-dwelling construction recovered from a sharp decline in the previous quarter to record a 27.7% rise in the June quarter.

Public final demand in Queensland rose 2.2% in the quarter to be 2.4% higher annually. *State and local general government final consumption* (up 2.3%) was the main contributor to growth in the quarter. However, *state and local public corporation investment* fell 7.1% in the quarter to be 4.3% lower annually.

Table 1: Queensland's state final demand by component
(June quarter 2021, CVM, seasonally adjusted)

Chain Volume Measures ^(a)	% Change		Contribution to SFD Growth	
	quarterly	annual	quarterly	annual
Private Final Demand	1.9	15.3	1.4	10.8
Household Consumption	0.7	14.9	0.4	8.0
Private Investment	5.7	16.4	1.0	2.8
Dwelling Investment	2.3	28.0	0.1	1.4
New Dwellings	4.9	21.7	0.1	0.6
Alterations and Additions	-0.3	35.3	0.0	0.8
Business Investment	8.1	4.2	0.6	0.4
Machinery and Equipment	7.4	18.7	0.3	0.7
Engineering Construction	1.0	-9.2	0.0	-0.3
Non-Residential Building	27.7	0.3	0.5	0.0
Public Final Demand	2.2	2.4	0.6	0.7
General Govt. Final Consumption	2.0	0.8	0.4	0.2
National	1.6	8.3	0.2	0.8
State and Local	2.3	-4.4	0.3	-0.6
General Govt. Investment	5.1	12.8	0.2	0.6
National	4.8	17.5	0.0	0.1
State and Local	5.1	11.8	0.2	0.5
Public Corporation Investment	-4.6	-5.5	-0.1	-0.1
National	2.1	-7.9	0.0	0.0
State and Local	-7.1	-4.3	-0.1	0.0
State Final Demand (SFD)	2.0	11.5	2.0	11.5

(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
(June quarter 2021, % change, CVM, seasonally adjusted)

	NSW	Vic	Qld	SA	WA	Tas	Aust
Quarterly	2.2	1.4	2.0	1.8	1.2	1.4	1.7
Annual	14.6	10.5	11.5	12.4	12.4	13.1	12.2
Since March-20	4.6	1.3	4.6	5.3	5.4	4.1	3.8

ABS *Balance of Payments* data (released 31 August), provided a snapshot of *international trade in goods and services* on a consistent basis to the national accounts methodology.

Queensland's *overseas exports of goods and services* fell 2.1% in June quarter 2021 to be 6.9% lower annually. Meanwhile, *overseas imports of goods and services* to Queensland fell 6.0% but were 24.1% higher over the year. The larger decline in overseas imports suggests the overseas trade sector contributed to Queensland's gross state product growth in the June quarter.