

ABS State Details, December quarter 2021

Source: ABS *Australian National Accounts*, released 2 March 2022, 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.

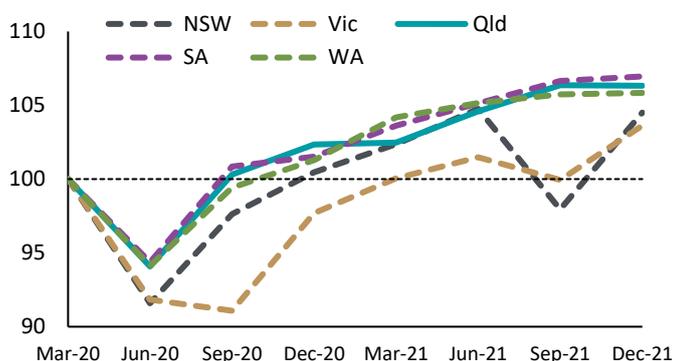
The ABS has suspended trend data due to COVID-19. Trend data will be reinstated when more certainty emerges in the underlying trends in the economy. As a result, seasonally adjusted estimates are presented in this brief, unless otherwise stated.

Queensland's state final demand (SFD) fell marginally (down 0.03%, or \$33 million) in December quarter 2021 but was 3.9% (or \$3.71 billion) higher annually (**Table 1**) and 6.3% above the pre-COVID level in March quarter 2020. SFD rose 5.8% in 2021.

The rest of Australia recorded stronger growth of 3.7% in the December quarter, reflecting rebounds in household spending in New South Wales, Victoria and the Australian Capital Territory as these jurisdictions emerged from lengthy "Delta" COVID-19 lockdowns in the September quarter. Queensland's SFD growth since the pre-pandemic period of March quarter 2020 (6.3%) remains considerably stronger than the rest of Australia (4.7%).

Chart 1: Growth in State Final Demand by state

(Index points, March quarter 2020 = 100, seasonally adjusted, cvm)



Household consumption rose 2.0% in the December quarter to be 2.5% higher over the year. Strong labour market conditions along with substantial government income support, record low interest rates and substitution of spending away from overseas travel has underpinned household balance sheets and spending.

By component, spending on *hotels, cafes & restaurants* (up 13.5%), *recreation & culture* (up 4.2%) and *clothing and footwear* (up 9.1%) were the largest contributors to quarterly growth. The rebound in these discretionary spending components was likely driven by the easing of COVID restrictions, with short lockdowns implemented in South East Queensland and Cairns in the September quarter. Meanwhile, *purchase of vehicles* fell 15.5% in the quarter as a result of supply shortages.

Dwelling investment fell 4.4% in the December quarter, with labour and material shortages causing project delays. Despite the quarterly decline, the component is 12.3% higher over the year and at near record levels. The quarterly decline was driven by a 9.4% fall in *Alterations and additions*, while *new dwelling investment* rose marginally (up 0.3%). With residential work in the pipeline in Queensland at a record level, dwelling investment

should remain elevated in the near-term.

Business investment fell 4.0% in December quarter 2021 but was 3.8% higher over the year. All components fell in the quarter, with *non-residential building* recording the largest decline (down 9.5%). However, the component is up 11.2% over the year. Meanwhile, *Engineering construction* investment (down 1.8%) and *machinery and equipment* investment (down 1.2%) recorded modest falls.

Public final demand in Queensland fell 1.7% in the quarter but was 3.6% higher annually. *General government investment* (down 7.5%) was the main detractor from growth in the quarter, driven by a 23.3% decline in *National general government investment*. *General government final consumption* (down 0.5%) also detracted from growth, primarily driven by weakness in national defence spending.

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

Chain Volume Measures ^(a)	% Change		Contribution to SFD Growth	
	quarterly	annual	quarterly	annual
Private Final Demand	0.6	4.0	0.4	2.9
Household Consumption	2.0	2.5	1.1	1.4
Private Investment	-3.3	9.0	-0.6	1.5
Dwelling Investment	-4.4	12.3	-0.3	0.6
New Dwellings	0.3	16.9	0.0	0.5
Alterations and Additions	-9.4	7.3	-0.3	0.2
Business Investment	-4.0	3.8	-0.4	0.3
Machinery and Equipment	-1.2	-0.9	0.0	0.0
Engineering Construction	-1.8	0.7	0.0	0.0
Non-Residential Building	-9.5	11.2	-0.2	0.2
Public Final Demand	-1.7	3.6	-0.5	1.0
General Govt. Final Consumption	-0.5	4.8	-0.1	1.1
National	-0.8	5.5	-0.1	0.5
State and Local	-0.3	4.3	0.0	0.5
General Govt. Investment	-7.5	1.6	-0.4	0.1
National	-23.3	-5.3	-0.3	0.0
State and Local	-3.0	3.3	-0.1	0.1
Public Corporation Investment	0.4	-9.7	0.0	-0.1
National	9.7	-23.7	0.0	-0.1
State and Local	-1.5	-5.8	0.0	-0.1
State Final Demand (SFD)	0.0	3.9	0.0	3.9

(a) Reference year for chain volume measure is 2019-20. 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 2021, % change, CVM, seasonally adjusted)

	NSW	Vic	Qld	SA	WA	Tas	Aust	Aust (GDP)
Quarterly	6.7	3.7	-0.03	0.3	0.1	-1.5	2.9	3.4
Annual	4.0	6.1	3.9	5.4	4.5	5.8	4.6	4.2
Since March-20	4.5	3.6	6.3	7.0	5.8	7.4	5.0	3.7

ABS *Balance of Payments* data (released 1 March), 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* rose 3.1% in December quarter 2021 but was 2.0% lower annually. Meanwhile, *overseas imports of goods and services* to Queensland fell 2.1% but was 1.9% higher annually. The rise in exports and the fall in imports in the quarter suggests the overseas trade sector contributed to Queensland's gross state product growth in the December quarter.