

ABS State Details, September quarter 2022

Source: ABS *Australian National Accounts*, released 7 December 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.

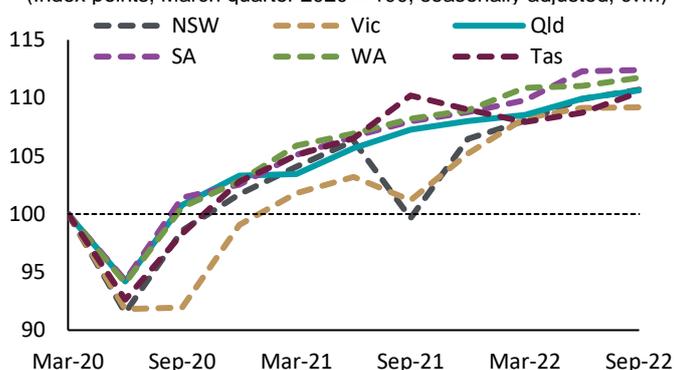
Note: All data in this brief are reported in seasonally adjusted terms.

Queensland's state final demand (SFD) rose 0.7% in September quarter 2022 to be 3.2% higher over the year (**Table 1**) and 10.7% above the pre-COVID level in March quarter 2020.

The rest of Australia recorded growth of 0.6% in the quarter, with particularly strong growth in Tasmania (1.6%). Queensland's SFD growth since the pre-pandemic period of March quarter 2020 (10.7%) remains stronger than the rest of Australia (9.1%).

Chart 1: Growth in State Final Demand by state

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



Household consumption rose 0.6% in the September quarter to be 5.1% higher over the year. The solid growth in household spending continues to be supported by high household savings and an exceptionally strong labour market, with compensation of employees up 2.6% in the quarter, and 8.4% over the year.

The quarterly result was primarily driven by strong growth in several discretionary goods and services components. These included *purchase of vehicles* (up 14.0%), *hotels, cafes and restaurants* (up 3.8%), *operation of vehicles* (up 6.4%) and *transport services* (up 12.3%). The ABS stated that '*Spending on new vehicle purchases increased as international supply chain constraints eased, enabling an increase in vehicle imports.*'

Electricity, gas and other fuel (down 33.0%) detracted from headline consumption growth due to the state government's *Cost of Living Rebate for Households*. Spending on *Recreation and culture* (down 1.6%) and *food* (down 1.4%) also fell in the quarter.

The substantial increase in lending rates since May and declines across some asset prices are expected to constrain household budgets and spending from the second half of 2022-23.

Dwelling investment rose modestly following four consecutive quarterly declines as supply chain and labour constraints started to ease. The 0.1% quarterly increase was driven by a 2.0% increase in *new dwelling investment*, more than offsetting a 2.0% decline in *Alterations and additions*.

Despite dwelling investment being down 14.1% over the year, a

record amount of residential work in the pipeline in Queensland should support housing construction activity in the near-term.

Business investment rose 5.1% in September quarter 2022 to be 5.3% higher over the year. All components rose in the quarter. However, the largest increases were recorded in *non-residential building* (5.7%) and *engineering construction* (up 3.1%). The recovery in business investment is expected to continue in the remainder of 2022-23, with the number and value of known investment projects continuing to trend upwards.

Public final demand in Queensland fell 0.2% in the quarter but was 3.5% higher annually. *General government investment* (down 8.1%) was the main detractor from growth in the quarter, with falls at both the *National* (down 17.2%) and *State and local* (down 5.5%) levels.

General government consumption rose 0.9% driven by an increase in *state and local expenditure* (up 2.2%), while *public corporation investment* (up 7.2%) also rose in the quarter.

Table 1: Queensland's state final demand, by component
(September quarter 2022, CVM, seasonally adjusted)

| Chain Volume Measures ^(a) | % Change | | Contribution to SFD Growth | |
|--------------------------------------|-------------|------------|----------------------------|------------|
| | quarterly | annual | quarterly | annual |
| Private Final Demand | 1.0 | 3.0 | 0.7 | 2.1 |
| Household Consumption | 0.6 | 5.1 | 0.3 | 2.7 |
| Private Investment | 2.4 | -3.0 | 0.4 | -0.6 |
| Dwelling Investment | 0.1 | -14.1 | 0.0 | -0.8 |
| New Dwellings | 2.0 | -12.1 | 0.1 | -0.4 |
| Alterations and Additions | -2.0 | -16.2 | 0.0 | -0.5 |
| Business Investment | 5.1 | 5.3 | 0.6 | 0.6 |
| Machinery and Equipment | 1.4 | 14.5 | 0.1 | 0.6 |
| Engineering Construction | 3.1 | -0.4 | 0.1 | -0.0 |
| Non-Residential Building | 5.7 | -2.6 | 0.1 | -0.1 |
| Public Final Demand | -0.2 | 3.5 | -0.1 | 1.0 |
| General Govt. Final Consumption | 0.9 | 5.4 | 0.2 | 1.3 |
| National | -0.5 | 6.1 | -0.1 | 0.7 |
| State and Local | 2.2 | 4.8 | 0.3 | 0.6 |
| General Govt. Investment | -8.1 | -7.7 | -0.3 | -0.3 |
| National | -17.2 | -19.8 | -0.2 | -0.2 |
| State and Local | -5.5 | -4.1 | -0.2 | -0.1 |
| Public Corporation Investment | 7.2 | 8.8 | 0.1 | 0.1 |
| National | 15.7 | 25.1 | 0.0 | 0.0 |
| State and Local | 5.5 | 5.7 | 0.0 | 0.1 |
| State Final Demand (SFD) | 0.7 | 3.2 | 0.7 | 3.2 |

(a) Reference year for chain volume measure is 2020-21. 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
(September quarter 2022, % change, CVM, seasonally adjusted)

| | NSW | Vic | Qld | SA | WA | Tas | Aust | Aust (GDP) |
|----------------|------|-----|------|------|------|------|------|------------|
| Quarterly | 0.7 | 0.0 | 0.7 | 0.1 | 0.6 | 1.6 | 0.6 | 0.6 |
| Annual | 11.1 | 7.9 | 3.2 | 4.1 | 3.3 | 0.2 | 6.9 | 5.9 |
| Since March-20 | 10.7 | 9.2 | 10.7 | 12.4 | 11.7 | 10.5 | 9.4 | 6.8 |

ABS *Balance of Payments* data show Queensland's *overseas exports of goods and services* fell 5.5% in September quarter 2022 to be 1.5% lower over the year. Meanwhile, *overseas imports of goods and services* rose 9.6% to be 20.8% higher in annual terms.

The fall in exports and the rise in imports in the quarter suggests the overseas trade sector detracted from Queensland's gross state product growth in the September quarter.