

ABS State Details, December quarter 2022

Source: ABS Australian National Accounts, released 1 March 2023, 10.30 am AEST.

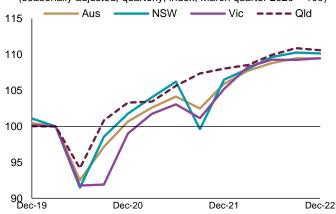
Note: ABS Australian National Accounts only provides data for state final demand and its components. State level estimates of overseas trade in goods and services on a consistent basis to the national accounts are released as part of ABS Balance of Payments and International Investment Position and these 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) fell 0.3% in December quarter 2022 but was 2.4% higher over the year (**Table 1**) and 10.6% above the pre-COVID level in March quarter 2020.

The rest of Australia recorded growth of 0.1% in the quarter, with the strongest growth in the ACT (up 0.3%) and Victoria (up 0.2%). Queensland's SFD growth since March quarter 2020 (10.6%) remains stronger than the rest of Australia (9.2%).

Chart 1: Growth in State Final Demand by state (seasonally adjusted, quarterly, index, March quarter 2020 = 100)



<u>Household consumption</u> fell 0.1% in the December quarter but was 3.1% higher over the year. The decline in consumption in the quarter was driven by falls in *furnishings & household equipment* (down 4.1%), likely reflecting the slowdown in the housing market, *electricity, gas & other fuel* (down 18.0%) and *operation of vehicles* (down 3.6%).

Partly offsetting these declines was solid growth in consumption of food (up 3.9%), rent & other dwelling services (up 0.8%) and hotels, cafes & restaurants (up 1.0%).

Reflecting Queensland's tight labour market in the December quarter, compensation of employees continued to grow strongly, up 2.9% in the quarter to be 11.7% higher over the year.

<u>Dwelling investment</u> rose modestly in the quarter, up 1.4%, following four consecutive quarterly declines as supply chain and labour constraints started to ease. The quarterly increase was driven by a 3.9% increase in *new dwelling investment*, more than offsetting a 1.3% decline in *alterations and additions*. This was the fifth consecutive decline in renovation activity, after record activity in 2021 supported by the *Homebuilder* program.

Despite dwelling investment being down 9.5% over the year, a record amount of residential work in the pipeline in Queensland should support housing construction activity in the near term.

<u>Business investment</u> fell 4.7% in December quarter 2022 but was 1.9% higher over the year. All major components fell in the quarter, with investment in *machinery* & equipment down 6.9%,

engineering construction falling 5.1% and non-residential construction 4.3% lower.

The fall in construction activity was due to 'weakness in both new building and new engineering construction with a decrease in work done on energy projects and retail & office building projects.'

<u>Public final demand</u> (government spending) in Queensland rose 1.3% in the quarter to be 5.1% higher over the year. General government consumption rose 1.2% in the quarter, with both national (up 1.0%) and state & local (up 1.3%) growing solidly. Growth in state & local consumption was 'primarily due to an increase in non-employee expenses, which includes the Queensland Government's "Cost of living rebate for households".'

General government investment rose 0.7%, driven by an increase in state & local (up 1.3%), which more than offset a fall in national (down 3.0%). Public corporation investment rose 4.7%, driven by a rise in state & local (up 6.7%).

Table 1: Queensland's state final demand, by component

(December quarter 2022, seasonally adjusted) % Change SFD Growth Chain Volume Measures (a) quarterly annual quarterly annual Private Final Demand -0.9 1.3 -0.6 0.9 Household Consumption -0.1 3.1 0.0 1.7 Private Investment -34 -4 1 -0.6 -0.7 Dw elling Investment 1.4 -95 0.1 -0.5 New dw ellings 3.9 0.1 -0.2 -5.3 Alterations & additions -1.3 0.0 -0.4 -14.1 -4.7 Business Investment -0.5 0.2 Machinery & equipment -6.9 -0.3 0.2 Non-dw elling constuction 0.0 Engineering construction -0.1 -0.1 Non-residential construction -4.3 4.2 0.1 -0.1 Public Final Demand 1.3 5.1 1.4 General Govt. Consumption 1.2 4.9 0.3 1.1 National 0.6 1.0 5.4 0.1 State and Local 13 4.5 02 0.6 General Govt Investment 0.7 3.5 0.0 0.1 National -3.0 -6.5 0.0 -0.1 State and Local 1.6 6.1 0.1 0.2 Public Corporation Investment 4.7 15.4 0.2 0.1 National -4.3 4.7 0.0 0.0 State and Local 6.7 17.7 0.1 0.2

(a) Reference year for chain volume measure is 2020-21.

State Final Demand (SFD)

Table 2: Interstate SFD/DFD growth comparison

| (December quarter 2022, % change, CVM, seasonally adjusted) | | | | | | | | | | |
|---|------|-----|------|------|------|------|------|------|-----|-----|
| | | | | | | | | | Aus | |
| | NSW | Vic | Qld | SA | WA | Tas | NT | ACT | DFD | GDP |
| Quarterly | -0.1 | 0.2 | -0.3 | -0.2 | 0.1 | 0.0 | -0.5 | 0.3 | 0.0 | 0.5 |
| Annual | 3.4 | 4.1 | 2.4 | 3.2 | 3.2 | 1.1 | 3.3 | 3.9 | 3.3 | 2.7 |
| Mar-20 | 10.1 | 9.5 | 10.6 | 12.2 | 12.7 | 10.4 | 19.6 | 10.1 | 9.4 | 7.4 |

ABS Balance of Payments data show Queensland's overseas exports of goods and services rose 4.8% in December quarter 2022 but were 0.1% lower over the year. Meanwhile, overseas imports of goods and services fell 4.7% but were up 13.6% over the year.

The rise in *exports* and fall in *imports* in the quarter suggests the overseas trade sector contributed to Queensland's gross state product growth in the December quarter.



-0.3

2.4