

ABS State Details, June quarter 2023

Source: ABS *Australian National Accounts*, released 6 September 2023, 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.

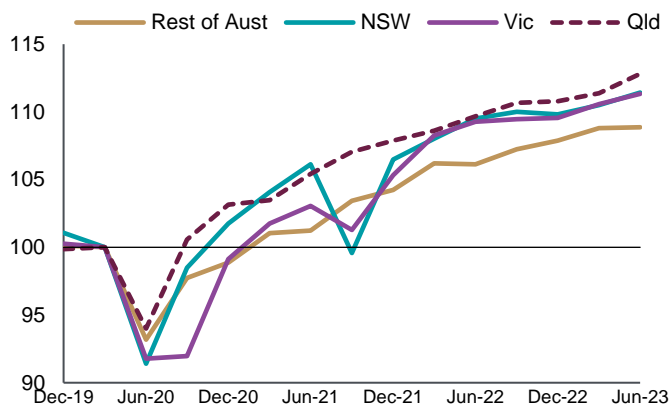
Note: All data in this brief are reported in seasonally adjusted terms.

Queensland's state final demand (SFD) rose 1.3% in June quarter 2023 to be 2.9% higher over the year (Table 1). The quarterly result was the equal strongest of the states (along with South Australia). The rest of Australia (Australia less Queensland) recorded growth of 0.6% in the quarter.

In year-average terms, Queensland SFD rose 2.9% in 2022-23, broadly in line with the 2023-24 Budget forecast for 2¾%.

Chart 1: Growth in State Final Demand

(seasonally adjusted, quarterly, index, March quarter 2020 = 100)



Household consumption rose 0.3% in the June quarter. However, as higher interest rates and cost of living pressures filter through to household budgets, spending growth in annual terms has slowed from 5.3% in September quarter 2022 to 0.9% in June quarter 2023.

The increase in the quarter was primarily driven by a 0.6% rise in *rents*, 1.7% increase in spending at *hotels, cafes & restaurants* and a 3.5% increase in the *purchase of motor vehicles*. These results were partly offset by declines in *recreation and culture* (down 2.0%) and a 1.1% fall in spending on *furnishings & household equipment*.

Compensation of employees rose 1.7% in the quarter, to be 10.7% higher over the year. Both results were stronger than the national average (1.6% growth in the quarter and 9.6% annually).

Dwelling investment rose 3.8% in the June quarter, the fourth consecutive quarterly increase as the sector continues to recover from material and labour supply shortages during the pandemic.

The quarterly result was driven by both a 5.6% increase in *alterations and additions*, and a 2.3% increase in *new dwelling investment*. The rise in *alterations and additions* follows six consecutive quarterly declines, after record activity in 2021 supported by the *Homebuilder* program.

While dwelling investment remains below the recent September quarter 2021 peak, a record amount of residential work in the pipeline in Queensland should support housing construction

activity in the near term.

Business investment rose 0.3% in June quarter 2023 to be 5.6% higher over the year. Investment in *non-residential construction* rebounded 8.8%, while *machinery & equipment* rose 2.4% due to broad based increases in vehicle purchases as well as some large investment by the mining and transport industries. However, there was a 1.1% decline in *engineering construction*.

Public final demand (government spending) in Queensland rose strongly, up 3.0% in the quarter to be 5.8% higher over the year.

General government investment rose 10.9% in the quarter, driven by strength in *state and local* (10.7%) due to increased work on road and rail projects, hospital buildings and purchases of health equipment.

General government consumption rose 1.6%, driven by *state and local* (2.0%) due to rises in employees in the health and education sectors, and *national* expenditure (up 1.1%) due to increased commonwealth spending on social benefit programs.

Table 1: Queensland's state final demand, by component
(June quarter 2023, seasonally adjusted)

Main Volume Measures ^(a)	% Change		Contribution to SFD Growth	
	quarterly	annual	quarterly	annual
Private Final Demand	0.6	1.6	0.4	1.2
Household Consumption	0.3	0.9	0.2	0.5
Private Investment	1.4	3.9	0.3	0.7
Dwelling Investment	3.8	6.1	0.2	0.3
New Dwellings	2.3	14.8	0.1	0.4
Alterations and Additions	5.6	-3.1	0.1	-0.1
Business Investment	0.3	5.6	0.0	0.6
Machinery and Equipment	2.4	0.9	0.1	0.0
Engineering Construction	-1.1	12.0	0.0	0.3
Non-Residential Building	8.8	8.9	0.2	0.2
Public Final Demand	3.0	5.8	0.9	1.7
General Govt. Final Consumption	1.6	3.3	0.4	0.8
National	1.1	3.0	0.1	0.3
State and Local	2.0	3.7	0.2	0.5
General Govt. Investment	10.9	14.2	0.5	0.6
National	11.9	-11.1	0.1	-0.1
State and Local	10.7	21.2	0.4	0.7
Public Corporation Investment	2.1	26.4	0.0	0.3
National	2.7	42.0	0.0	0.1
State and Local	2.0	23.1	0.0	0.2
State Final Demand (SFD)	1.3	2.9	1.3	2.9

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

Table 2: Interstate SFD/DFD growth comparison
(June quarter 2023, % change, CVM, seasonally adjusted)

	NSW	Vic	Qld	SA	WA	Tas	Aust	Aust (GDP)
Quarterly	0.8	0.7	1.3	1.3	0.4	-0.2	0.7	0.4
Annual	1.7	1.9	2.9	1.7	3.7	1.0	2.2	2.1
Since March-20	11.4	11.3	12.8	14.0	15.2	9.8	11.0	8.3

ABS *Balance of Payments* data show Queensland's *overseas exports of goods and services* rose 20.2% in June quarter 2023 to be 17.5% higher over the year. Meanwhile, *overseas imports of goods and services* were unchanged in the quarter, but were up 5.5% over the year.

The rise in *exports* and unchanged *imports* in the quarter suggests the overseas trade sector made a solid contribution to Queensland's gross state product growth in the June quarter.