

ABS State Details, March quarter 2024

Source: ABS *Australian National Accounts* released 5 June 2024, 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* (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, an indicator of domestic spending) rose 0.6% in March quarter 2024, to be 2.8% higher over the year (**Table 1**).
- Queensland's domestic economy continues to outperform the rest of Australia (**Table 2**).
- In addition to household consumption, strong growth in business investment, particularly machinery and equipment investment, and the public sector again drove the rise in Queensland's SFD in the quarter.

Table 1: Queensland's state final demand
(March quarter 2024, cvm, seasonally adjusted)

	% change		Contribution to SFD Growth	
	quarterly	annual	quarterly	annual
Private Final Demand	0.5	1.6	0.3	1.1
Household Consumption	0.6	1.5	0.3	0.8
Private Investment	0.1	1.7	0.0	0.3
<i>Dwelling investment</i>	-4.3	-7.0	-0.2	-0.4
New Dwellings	-5.4	-7.6	-0.2	-0.2
Alterations and Additions	-3.0	-6.2	-0.1	-0.2
<i>Ownership Transfer Costs</i>	-1.5	4.9	0.0	0.1
<i>Business Investment</i>	2.4	5.5	0.3	0.6
Machinery and Equipment	8.2	12.2	0.3	0.5
Engineering Construction	-1.2	-3.8	0.0	-0.1
Non-Residential Building	-4.0	2.7	-0.1	0.1
Public Final Demand	0.8	5.8	0.2	1.7
General Government Final Consumption	1.4	6.2	0.3	1.4
National	0.9	4.9	0.1	0.5
State and Local	1.7	7.3	0.2	0.9
General Government Investment	-0.9	-1.1	0.0	0.0
National	3.8	12.9	0.0	0.1
State and Local	-1.9	-3.9	-0.1	-0.1
Public Corporation Investment	-2.3	19.1	0.0	0.3
National	-6.8	-6.1	0.0	0.0
State and Local	-1.2	26.6	0.0	0.3
State Final Demand	0.6	2.8	0.6	2.8

Table 2: Interstate SFD/DFD growth comparison

(March quarter 2024, % change, CVM, seasonally adjusted)

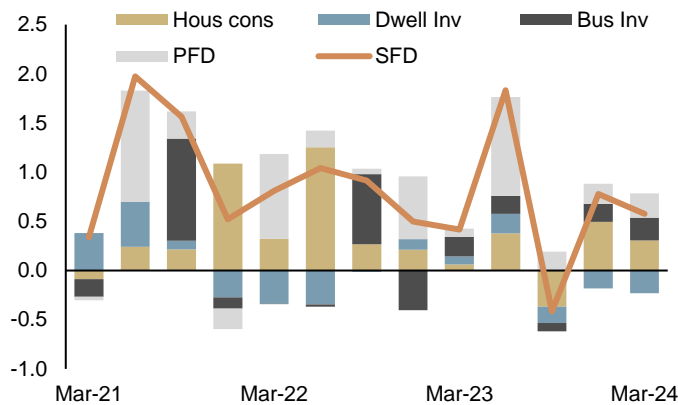
	NSW	Vic	Qld	SA	WA	Tas	Aust	Aust (GDP)
Quarterly	0.5	0.0	0.6	0.2	-1.0	0.1	0.2	0.1
Annual	2.1	1.5	2.8	1.8	4.1	1.5	2.3	1.1

Source: ABS *National Accounts*.

Detail

Queensland's state final demand (SFD) rose 0.6% in March quarter 2024 to be 2.8% higher over the year. In addition to household consumption, strong growth in business investment, particularly machinery and equipment investment, and the public sector drove the rise in overall SFD in the quarter (**Chart 1**).

Chart 1: Contribution to quarterly SFD growth, Queensland
(seasonally adjusted, chain volume measure, percentage point)



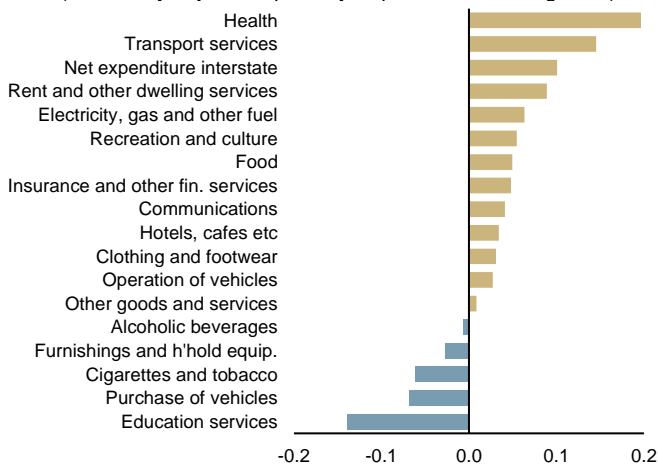
Sources: ABS National Accounts.

Household consumption

Household consumption rose 0.6% in March quarter 2024, following upwardly revised growth of 0.9% in the December quarter. However, as households have responded to tighter financial conditions, annual growth was modest at 1.5%.

The main contributors to quarterly growth were higher spending on *health* (up 2.4%) and *transport services* (up 5.8%, **Chart 2**). Ongoing tight rental market conditions saw the *rent and other dwelling services* component (up 0.4%) also contribute to headline consumption, which was followed by higher spending on utilities (up 5.0%). In contrast, *education services* (down 4.5%) and *purchase of vehicles* (down 2.1%) were the main detractors from the headline measure in the quarter.

Chart 2: Household consumption components, Queensland
(seasonally adjusted, quarterly %-pt contribution to growth)



Source: ABS National Accounts.

Meanwhile, ongoing solid labour demand and improved wage rates have seen compensation of employees rise 2.0% in the quarter, to be 8.9% higher over the year.

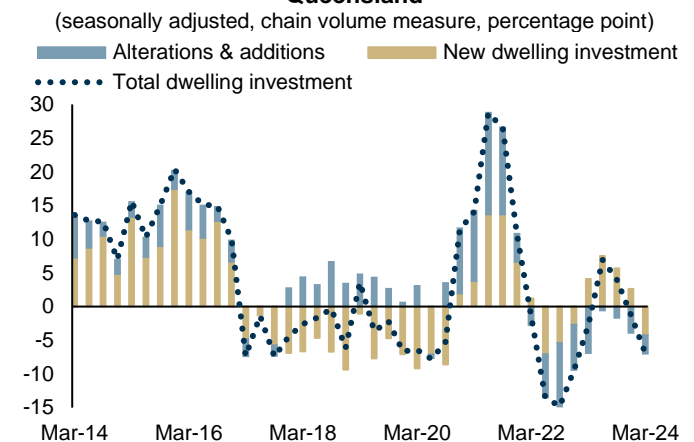
Dwelling investment

Despite a significant amount of work in the pipeline, dwelling investment fell for the third consecutive quarter, down 4.3% to be 7.0% lower over the year.

The quarterly result was driven by falls in both *alterations & additions* (down 3.0%) and *new dwelling investment* (down 5.4%). *Alterations and additions* activity is now down 28% from its record peak in September quarter 2021 to be more in line with pre-COVID levels (0.4% above December quarter 2019).

In annual contribution terms, *alterations & additions* have detracted from dwelling investment growth since March quarter 2022 (**Chart 3**).

Chart 3: Contribution to annual dwelling investment growth, Queensland
(seasonally adjusted, chain volume measure, percentage point)



Source: ABS National Accounts.

Business investment

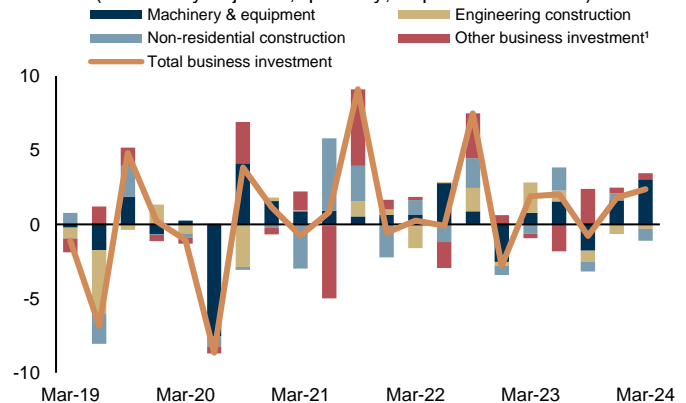
Business investment rose 2.4% in March quarter 2024, to be 5.5% higher over the year.

Investment in *machinery & equipment* (up 8.2%) drove the headline gain in the quarter (**Chart 4**), which the ABS attributed to strength in vehicles and trucks.

Non-residential building construction fell 4.0% in the quarter, with falls across a variety of building types including offices and retail.

Engineering construction fell 1.2% in the quarter, driven by falling work done on electricity and renewable energy projects.

Chart 4: Business investment by component, Queensland
(seasonally adjusted, quarterly, %-point contribution)



1. Includes cultivated biological resources and intellectual property products.

Source: ABS National Accounts.

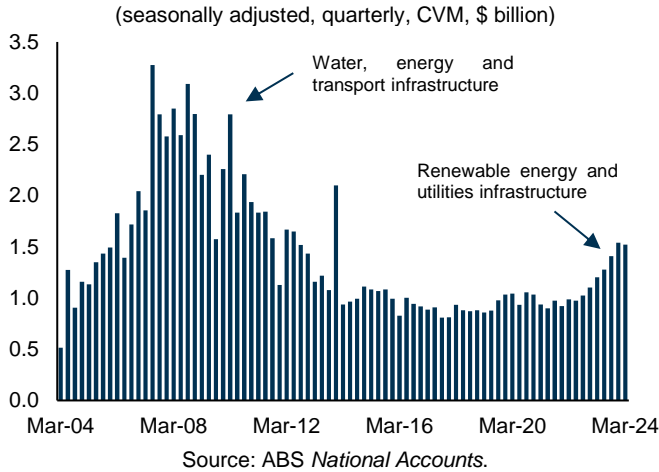
Public final demand

Public final demand (government spending) in Queensland rose 0.8% in the March quarter, contributing 0.2 percentage point to growth in state final demand. Public sector spending has been a key driver of growth in domestic activity in recent quarters, up 5.8% over the year (contributing 1.7%-points of the 2.8% growth in state final demand).

General government consumption rose 1.4% in the quarter, driven by state & local government consumption (up 1.7%), which the ABS attributed to spending on education services. National consumption rose 0.9% in the quarter, driven by spending on key social benefit programs according to the ABS.

Meanwhile, public investment fell 1.3% in March quarter 2024, with a decline in state & local investment (down 1.7%) more than offsetting growth in national investment (up 0.6%). Despite the decline in the quarter, investment spending by state & local public corporations has risen sharply over the year (up 26.6%), as work on renewable energy and utilities projects progresses (Chart 5).

Chart 5: Investment by state & local public corporations, Queensland



Overseas trade

ABS Balance of Payments data (released 4 June) show Queensland's overseas exports of goods and services rose 0.6% in March quarter 2024 to be 13.6% higher over the year (Chart 6).

The quarterly rise was driven by a 0.7% increase in goods exports. Meanwhile, services exports fell 0.2% and remain 12% lower than the pre-COVID level (December quarter 2019).

Overseas imports of goods and services rose 8.5% in March quarter 2024, with rises across both goods (up 9.0%) and services (up 6.5%) imports. Over the year, imports were 11.0% higher. However, these data should be treated with caution as the ABS have had issues with changing seasonal patterns of overseas imports post COVID-19.

The larger quarterly rise in imports means the overseas trade sector detracted from Queensland's gross state product growth in the March quarter.

Chart 6: Overseas trade in goods and services, Queensland
(seasonally adjusted, quarterly, CVM, \$ billion)

