



# Weekly Economic Indicators: Queensland and Australia

Week Ending 17/01/14

## Summary

The Aussie dollar has continued to fall over the past two weeks, closing the week at US\$0.8814, with media citing fears over Australian employment, commodities and the Commonwealth budget outlook. Whilst there are few economic releases out this week, labour force data and housing finance figures illustrate a divided economy, with a worsening outlook for employment and skyrocketing demand for housing.

The ANZ Job Advertisement Series was released this week, which supported ABS labour force data, illustrating a slowing labour market. Job advertisements fell 0.7% month on month in December and 9% over the year. In trend terms, job ads contracted by a modest 0.3% month on month in December. While job ads have continued to slow, the deterioration has moderated over December 2013.

Commodities are mixed this week with cattle futures, sugar and iron ore down, whilst gold and cotton closed the week higher.

## Market Monitor

	Price (Last Week)
AUD\$/US\$	↓ \$0.8814
All Ord. Share Index	↑ 5319.40 pts
Cattle Futures (EYCI)	↓ 291.20
Sugar (ICE No.11 Futures)	↓ \$0.1522 USc/lb
Cotton (No. 2 Futures)	↑ \$0.8714 USc/lb
Iron Ore 62% Fe	↓ 128.00 US\$/t
Mogas95 <sup>#</sup>	↓ 116.85 US\$/bbl
Gold (week-end London PM Fix)	↑ 1250.00 US\$/oz

<sup>#</sup> Mogas 95 is the Singapore benchmark petrol price closely linked to Australian domestic fuel prices.

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## Interest Rates<sup>\*</sup>

### RBA Cash Rate

At its final meeting for the year on 3 December 2013, the Reserve Bank of Australia once more opted to leave the cash rate unchanged at 2.5%.

RBA Governor Glenn Steven's latest decision statement contained no new information or revelations, offering a virtually word-for-word replication of the statement issued in November; and confirming the continuation of the 'wait and assess' stance adopted by the Board over the last four months (since August's 25 basis point cut).

The Board expects global growth will remain below average for the year, before an anticipated general economic pick-up in 2014; with current international financial conditions pegged as 'very accommodative'.

Australia's economy, similarly, will likely persist in growing a bit below trend in the near term, as the economy adjusts to lower levels of mining investment, and unemployment continues to increase. As the economy continues to shift focus post-mining-boom, it is expected that private demand outside the mining sector will expand at a faster pace; however, there is still a lingering degree of uncertainty regarding just how persistent recent improvements in indicators of household and business sentiment are likely to be. In addition, public spending is forecast to be quite weak.

The Board continues to report a somewhat underwhelming response to the incremental easing of monetary policy since late 2011 as the 'full effects of these decisions' continue to filter through slowly. While the pace of borrowing remains subdued, however, positive developments include recent signs of increased demand for household finance and an apparent strengthening in housing and equity markets which should help support investment in time.

The 'uncomfortably high' Aussie dollar also continues to cause concern, as a lower level of exchange rate is 'likely to be needed to achieve balanced growth in the economy'.

However, recent consumer price data indicates that inflation remains consistent with the medium-target, leaving the board with little reason to adjust the current rate unless deemed 'appropriate' and necessary to foster continued inflation target consistency 'sustainable growth in demand'.

### Consumer Price Index<sup>†</sup>

The national headline CPI increased by 1.2% in the September quarter 2013, to be 2.2% higher over the twelve months from September 2012. The strongest increases in the September quarter 2013 were for the Housing group, with the highest increases in *water and sewerage* (9.9%) and *property rates and charges* (7.9%), and the Transport group (2.4%), with the highest increases in *automotive fuel* (7.6%) and *international holiday travel and accommodation* (6.1%).

The September quarter 2013 CPI for Brisbane increased by 1.3% to 103.8, bringing the year-on-year increase for September 2012 to September 2013 to 2.2%. This placed Brisbane fourth for the annual percentage increase for an Australia capital city, behind Darwin (3.4%), Perth (2.6%) and Melbourne (2.4%). Brisbane equalled the weighted average of all eight capital cities at 2.2% for the twelve months from September 2012.

The largest state-wide movement in the *Housing group* was recorded in Brisbane (0.58%), driven by increases in the areas of *electricity* and *utilities* (*increasing 18.9% and 12.1%*

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<sup>\*</sup> Reserve Bank of Australia: Cash Rate Target <http://www.rba.gov.au/statistics/cash-rate/> and Housing Loan Indicator Lending Rates <http://www.rba.gov.au/statistics/tables/xls/f05hist.xls?accessed=0706-15:44:13>

<sup>†</sup> ABS Cat No. 6401.0 <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6401.0>

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respectively). The largest detraction from inflation in Brisbane for the September quarter 2013 was within the *Food and non-alcoholic beverages group*, in particular the *vegetables* category which decreased by 6.5% for the quarter.

## Labour Force<sup>‡</sup>

NEW

### National

The trend national unemployment rate remained unchanged at 5.8% (an increase of 1500 persons) in December 2013, also unchanged over the year from December 2012. The total number of unemployed persons in December 2013 (716,000) is 8.6% higher than December 2012.

The total number of employed people decreased by 600 persons (0.0%) to 11,636,600 in December 2013. This figure was comprised of an 8,700 (0.1%) reduction in full-time jobs and an 8,000 (0.2%) increase in part-time employment. The trend participation rate remained unchanged at 64.7% for December 2013, down 0.5% from the 65.2% recorded one year ago.

### Queensland

Queensland's trend total unemployed persons decreased by 1,100 persons to 5.7% in December 2013 (totalling 145,300). The result was 0.3% lower than the 6.0% trend unemployment rate recorded one year ago in December 2012.

The total of employed persons increased 0.1% or 2,300 persons in December 2013, and are 1.5% higher than December 2012. The employment participation rate is unchanged from the previous month at 65.8%, and approximately 0.4% below the 66.2% trend participation rate recorded a year earlier in December 2012.

## Employment by Industry<sup>§</sup>

As of the November 2013 quarter, there were approximately 2,387,600 employed persons in Queensland – an increase of 1.8% across the quarter, and an increase of 1.34% on the 2,356,000 employed persons reported in November 2012. The five industries with the largest number of employed persons were Health Care and Social Assistance (291,063); Retail Trade (285,559); Construction (239,361); Manufacturing (198,627); and Education and Training (174,893). Those industries employing the smallest number of persons included Information, Media, and Telecommunications (25,008); Electricity, Gas, Water and Waste Services (33,098); and Arts and Recreation Services (42,033).

The biggest quarterly employment gains were recorded in the Manufacturing (11.4%); Arts and Recreation Services (8.8%); Rental, Hiring and Real Estate Services (8.6%); and Administrative and Support Services sectors (8.6%). In contrast, Information, Media, and Telecommunications; Professional, Scientific and Technical Services; and Public Administration and Safety, suffered the biggest employment losses over the three months from the previous, August 2013 quarter; declining by 26.9%, 10.0%, and 8.7% respectively.

In the year from November 2012, the largest industry-wide employment gains were in Arts and Recreation Services (14.6%); Manufacturing (13.0%), and Retail Trade (10.7%) . The State's largest industry-wide annual declines in employment were recorded in Financial and Insurance Services (-16.6%); Accommodation and Food Services (-11.6%); and Agriculture, Forestry and Fishing (-9.5%).

<sup>‡</sup> ABS Cat No. 6202.0  
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/ProductsbyCatalogue/F756C48F25016833CA25753E00135FD9?OpenDocument>

<sup>§</sup> ABS Cat No. 6291.0.55.003  
<http://abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/35006594EB1126B2CA257132000F9189?OpenDocument>

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## Employed Persons by Industry - Queensland: Original

'000	Part Time	Full Time	Total	% of Total Employment
Agriculture, Forestry and Fishing	12.3	47.0	59.4	2.49%
Mining	0.9	80.3	81.2	3.40%
Manufacturing	26.0	172.7	198.6	8.32%
Electricity, Gas, Water and Waste Services	3.1	30.0	33.1	1.39%
Construction	34.3	205.1	239.4	10.03%
Wholesale Trade	9.6	65.0	74.6	3.12%
Retail Trade	144.0	141.6	285.6	11.96%
Accommodation and Food Services	87.2	61.1	148.3	6.21%
Transport, Postal and Warehousing	28.2	111.3	139.4	5.84%
Information Media and Telecommunications	6.2	18.8	25.0	1.05%
Financial and Insurance Services	11.6	43.1	54.7	2.29%
Rental, Hiring and Real Estate Services	12.4	38.2	50.6	2.12%
Professional, Scientific and Technical Services	35.5	117.8	153.3	6.42%
Administrative and Support Services	34.7	49.7	84.5	3.54%
Public Administration and Safety	28.5	120.6	149.2	6.25%
Education and Training	71.1	103.8	174.9	7.33%
Health Care and Social Assistance	122.9	168.2	291.1	12.19%
Arts and Recreation Services	15.3	26.7	42.0	1.76%
Other Services	22.0	80.9	102.8	4.31%
<b>Total</b>	<b>705.8</b>	<b>1681.8</b>	<b>2387.6</b>	<b>100.00%</b>

Source: ABS Cat No. 6291.0.55.003 Labour Force, Detailed (November 2013).

### International Trade\*\*

In trend terms, the balance on goods and services was a deficit of \$350m in November 2013, a decrease of \$144m (29%) on the deficit in October 2013. The improvement came down to a small increase in exports and a minor decrease in imports.

In seasonally adjusted terms, the deficit balance of \$-358m in October saw a large improvement, with the deficit falling by 67% to \$-118m in November 2013. Once again, this improved balance was made of a minor improvement in exports and a small decrease in imports.

### International Tourist Visitors<sup>††</sup>

#### National

The number of international visitors to Australia rose by 4.8% in the year to September 2013, to reach 5.813 million. These visitors spent an estimated \$19.168 billion during their time in the country, representing an increase in spending of \$796 million (4.3%). Holiday travel was the key driver of the spending growth, rising by 10.2% across the year; while expenditure by those visiting friends and relatives (VFR) also rose by 3.2%, and international business expenditure, in contrast, declined marginally.

These spending movements reflected the respective contributions of the different visitor groups to growth in visitor numbers, with the number of holiday visitors having increased by 6.8% to 3.047 million, while VFR visitor numbers rose by 5.4% to 2.127 million; and business visitor numbers conversely fell by 1.5%, to 0.933 million.

\*\* ABS Cat No. 5368.0  
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/A5FB33BD2E3CC68FCA257496001547A1?opendocument>

†† Tourism and Events Queensland, *International Tourism Snapshot*.  
[http://www.tq.com.au/research/international-source-market-data/international-source-market-data\\_home.cfm](http://www.tq.com.au/research/international-source-market-data/international-source-market-data_home.cfm)

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## Queensland

Queensland saw a healthy improvement in international visitor expenditure in the year to September 2013, with spending increasing by more than \$200 million (5.4%), to \$3.971 billion. The increase reflected both the solid upsurge in international visitation to Queensland, with visitor numbers rising by 4.8% to 2.064 million; and also some strong growth in in-State expenditure, particularly from visitors from China, the UK and the US.

As at the national level, holidaymakers played the central role in Queensland's visitor spending result, with the estimated \$2.1 billion in expenditure by holidaymakers highlighting the ongoing importance of the holiday market to the sunshine state. Holiday visitors also accounted for the largest proportion of growth in visitor numbers, recording an increase of 7.4% to 1.405 million visitors over the year to September. This compared to a 1.4% rise in VFR visitors (to 0.500 million) and a -9.5% fall in business visitors, to 0.188 million.

### International Visitors and Expenditure

#### International Visitor Types and Stays

<i>Queensland</i>	Visitors	Annual change	Average stay	Annual change
Holiday	1,405,000	7.4%	14.2	1.4%
Visiting friends or relatives (VFR)	500,000	1.4%	19.5	13.4%
Business	188,000	(-9.5%)	8.3	(-3.50%)
<b>TOTAL</b>	<b>2,064,000</b>	<b>4.8%</b>	<b>22.0</b>	<b>3.3%</b>

<i>Australia</i>	Visitors	Annual change	Average stay	Annual change
Holiday	3,047,000	6.8%	23.0	2.2%
Visiting friends or relatives (VFR)	2,172,000	5.4%	23.5	1.3%
Business	933,000	(-1.5%)	12.6	0.0%
<b>TOTAL</b>	<b>5,813,000</b>	<b>4.8%</b>	<b>36.3</b>	<b>(-0.3%)</b>

#### International Visitor Expenditure

	Expenditure (\$ million)	Annual change	Share of expenditure	Spend per visitor
QLD	\$3,971.1 million	5.4%	20.7%	\$1,913.30
<b>Australia</b>	<b>\$19,168.2 million</b>	<b>4.3%</b>	<b>100.0%</b>	<b>\$3,254.81</b>

Source: International Visitor Survey, Tourism Research Australia. As reported by Tourism Queensland, International Tourism Snapshot, Year ending September 2013.

## Domestic Tourism<sup>\*\*</sup>

### National

Domestic tourism in Australia was up by 4.1% in the year to September 2013, with visitor numbers rising to 79.955 million on the back of growth across holiday travel (up 6.4% to 33.070 million visitors), VFR travel (up 2.3% to 26.426 million) and business travel (up 3.4% to 14.135 million). Interstate travel visitor numbers in particular rose by 6.8% to 24.752 million visitors. However, while the intrastate visitor figure grew at the slower rate of 2.7%, the majority of tourism continues to occur within each traveller's home state (52.665 million intrastate visitors, or around 69.3%).

Overnight domestic visitor expenditure rose by 4.6% to \$51.703 billion over the 12-month period, representing an additional \$2.3 billion in tourism spend for the nation. The increase came largely on the back of spending growth of 6.7% in holiday market to \$22.715 billion,

<sup>\*\*</sup> Tourism and Events Queensland, *Domestic Tourism Snapshot*.

[http://www.tq.com.au/research/summary-visitor-statistics/summary-visitor-statistics\\_home.cfm](http://www.tq.com.au/research/summary-visitor-statistics/summary-visitor-statistics_home.cfm)

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and 5.1% in the VFR market to \$8.695 billion; offsetting -4.3% fall in the business spend, to \$7.866 billion.

## Queensland

Growth in domestic overnight travel was more modest in Queensland than at the national level in the year to September 2013, increasing by 1.9% to 17.872 million visitors. Business visitors grew by 7.6% to 3.325 million, and holidaymaker numbers rose by 3.6% to 7.739 million. VFR visitors in contrast declined by -1.2% to 6.128 million; though this may have been offset by an 5.6% increase in VFR visitors' average length of stay. Most of the growth occurred in the interstate market, where visitor numbers increased by 6.1% to 5.541million; while the much larger intrastate market rose by a marginal 0.1% to 12.331million.

Despite Queensland's slightly less promising 1.9% visitor growth figure (compared to the recorded 4.1% national visitor growth); domestic overnight visitor expenditure in Queensland ultimately rose by a more substantial 6.1% (\$801million) to \$5.541 billion. This likely reflected the fact that the domestic holiday and business visitation sectors – the source of the State's visitation growth – typically produce higher spending yields. Queensland's resulting domestic overnight visitor spending total constituted around 27.2% of the overall domestic expenditure share in Australia, compared with 29.1% for New South Wales, 19.4% for Victoria and 24.4% for the combined remaining states.

### Domestic Visitors and Expenditure

#### Domestic Visitor Types and Stays

<b>Queensland</b>	<b>Visitors</b>	<b>Annual change</b>	<b>Average stay</b>	<b>Annual change</b>
Holiday	7,739,000	3.6%	4.6	(-4.2%)
Visiting friends or relatives (VFR)	6,128,000	(-1.2%)	3.8	5.6%
Business	3,325,000	7.6%	3.4	3.0%
<b>TOTAL</b>	<b>17,872,000</b>	<b>1.9%</b>	<b>4.2</b>	<b>0.0%</b>

<b>Australia</b>	<b>Visitors</b>	<b>Annual change</b>	<b>Average stay</b>	<b>Annual change</b>
Holiday	33,070,000	6.4%	4.1	0.0%
Visiting friends or relatives (VFR)	26,426,000	2.3%	3.4	0.0%
Business	14,135,000	3.4%	3.2	3.2%
<b>TOTAL</b>	<b>75,955,000</b>	<b>4.1%</b>	<b>3.7</b>	<b>(-2.6%)</b>

#### Domestic Visitor Expenditure

	<b>Expenditure (\$ million)</b>	<b>Annual change</b>	<b>Share of expenditure</b>	<b>Spend per visitor</b>
QLD	<b>\$14,045.2 million</b>	<b>6.1%</b>	<b>27.2%</b>	<b>\$785.88</b>
<b>Australia</b>	<b>\$51,703.3 million</b>	<b>4.6%</b>	<b>100.0%</b>	<b>\$680.71</b>

Source: National Visitor Survey, Tourism Research Australia. As reported by Tourism Queensland, Domestic Tourism Snapshot, Year ending September 2013.

## Private New Capital Expenditure<sup>§§</sup>

### National

For the September 2013 quarter, the Australian chain volume trend estimate of private new capital expenditure increased by 1.6% to \$40.271 billion. This came as expenditure on buildings and structures increased by 3.1% across the quarter (\$26.713 billion); with growth in expenditure on equipment, plant and machinery declining by 1.5% (at approximately \$13.520 billion). The total new capital expenditure change since September quarter 2012 was a fall of 1.8% in trend estimates terms.

<sup>§§</sup> ABS Cat No. 5625.0

<http://www.abs.gov.au/AUSSTATS/abs@.nsf/ProductsbyCatalogue/C6EF1D79E13B24EACA257235007866B1?OpenDocument>

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## Queensland

Between the June 2013 and September 2013 quarters, the Queensland chain volume trend estimate of private new capital expenditure increased by approximately 2.0% to \$11.917 billion. Expenditure on equipment, plant and machinery decreased by approximately 1.8% over the quarter, to \$3.330 billion; while spending on building and structures in Queensland rose by 3.5%, to \$8.589 billion. Over the year from September 2012, total new capital expenditure increased 9.0% in trend estimate terms.

## Building Approvals<sup>\*\*\*</sup>

### National

The national trend estimate for total dwelling approvals grew by 2.4% to 16,361 in the month of November 2013, having now risen for 23 consecutive months. For the three months to November, approvals were approximately 8.8% higher than estimates recorded in the previous three months. Over the year to November 2013, trend growth in dwelling approvals continued strongly with a 23.9% rise.

### Queensland

November 2013 saw the 23<sup>rd</sup> straight monthly rise in trend dwelling approvals in Queensland, with the number of approved units increasing by 4.9% across the month, to 3,356 units. Approvals for the three months to November 2013 were up by approximately 17.1% on the June-July-August approval total. In annual terms, the number of approved dwelling units grew by 38% in November 2013 (up from 2,427 approved units in November 2012).

## Housing Finance<sup>+++</sup>

### National

The trend value of Australia's housing finance commitments (owner occupation) rose by \$220 million (1.4%) in November 2013, to total \$16.3 billion. Across the three months to October, the national trend estimates for housing finance commitments were approximately 4.5% higher than commitments recorded in the previous three months. Over the year from November 2012, housing finance commitments (owner occupied) increased by approximately 17.9% (up \$2.47 billion) in trend terms.

### Queensland

Housing finance in Queensland grew at a slower rate than the national level in November 2013, with the value of commitments climbing by 0.75%, to \$2.83 billion (up from \$2.81 billion in October). In the past three months trend commitments rose by around 3.2%, compared to the previous three months.

In annual terms, the trend growth in owner occupied housing finance now stands at 14.8%, up by approximately \$366 million on the \$2.46 billion in trend commitments reported in December 2012.

NEW

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\*\*\* ABS Cat No. 8731.0  
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/ProductsbyCatalogue/0545FFC6A101264DCA25719F007F6F1F?Opendocument>

+++ ABS Cat No. 5609.0  
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## Retail Trade<sup>+++</sup>

### National

November 2013 figures show trend retail turnover has continued to grow steadily, with 0.5% growth in the month, totalling \$22.396 billion. This followed similar incremental rises in September and October 2013, and approximately 4.1% (\$888 million) in the year from November 2013.

While trend growth was recorded across all industry groups, the *Clothing, footwear and personal accessory retailing* and *Cafes, restaurants and takeaway food services* sectors experienced the largest monthly expansion, with turnover increases of 1.23% and 1.12% respectively. The *Other retailing* and *Department stores* industry groups were the next best performers, recording October sales growth of 0.87% and 0.47%.

### Queensland

Queensland retail sales closely followed the national trend in retail growth in November 2013, rising by 0.4% (\$19.1 million), to a trend value of \$4.681 billion. Sales were approximately 4.3% higher than the \$4.488 billion in trend turnover recorded in November 2012.

*Other recreational goods* and *Pharmaceutical, cosmetic and toiletry goods retailing* were the biggest improvers in percentage terms, rising 2.6% and 1.4% respectively across the month. Trading by *Cafes, restaurants and takeaway food services* was also up a healthy 1.0%. In contrast *Newspaper and book retailing*, and *Hardware, building and garden supplies retailing*, were down by 1.3% and 1.2% respectively.

## Economic Growth Outlook

### National

Third quarter National Accounts data has revealed Australian Gross Domestic Product (GDP) increased by 0.6% from the June quarter to the September quarter 2013 in chain volume trend terms, to be 2.3% higher over the year from September 2012.<sup>\$\$\$</sup> In terms of the respective gross value-added contributions of industry to the national income and 0.6% trend growth, the most significant percentage point contributions came from the *Other services* (2.1%), *Mining* (1.7% growth), *Agriculture, forestry and fishing* (1.6%), and *Arts and recreation services* (1.5%). The largest trend losses in gross value-added terms were recorded by the *Wholesale trade* (-0.8%), *Manufacturing* (-0.6%), and *Accommodation and food services* (-0.5%) industry groups.

The prices of Australia's imports rose at a faster rate than the country's export prices in trend terms in September, with the import price index up by 6.1% compared to a 4.2% quarterly increase in the export price index; leading to a decline in Australia's terms of trade in the order of 0.9% in trend terms across the quarter to 88.6. This implies a small reduction in the real purchasing power of domestic production, such that the volume of imports that can currently be purchased with 100 Australian exports has declined to 88.6 import units. The terms of trade are now down by 3.2% over the year from the September quarter 2012. In seasonally adjusted terms, the annual decline is a more significant 3.6% drop (-3.6%).

Economic forecaster Deloitte Access Economics, in its September 2013 Business Outlook, has revised down its GDP growth expectations for 2013-14 to 2.5% (from a previously

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<sup>+++</sup> ABS Cat No. 8501.0  
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/productsbyCatalogue/3DDA13ECDC094B1CCA257734002042F2?OpenDocument>

<sup>\$\$\$</sup> ABS Cat No. 5206.0  
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/52AFA5FD696482CACA25768D0021E2C7?opendocument>

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forecast 2.6%), in anticipation of a below-trend result for the national economy following 2012-13's more substantial 2.9% rate of growth. The revision reflects a perceived arrival at the peak in mining construction investment, with the resulting moderation of the boom expected to impact on economic growth over the forecast period. While growth is set to remain below trend levels, and declining commodity prices and mining-related construction spending are set to challenge the nation's relatively strong international standing however; Deloitte has also set to highlight many other positives, including 'higher exports, but also lower imports and a dose of better news on retail and homebuilding'.

GDP growth of 2.6% is forecast in 2014-15, increasing to 2.9% in 2015-16 and 3.2% by 2016-17; before an anticipated slowing to 3.0% growth in 2017-18. The anticipated expansion through to 2016-17 will be fuelled by both strong resource exports volumes and investment transition from the resource sector to the non-resource sectors. The forecasts present a slightly more subdued growth picture than was offered in the previous, June 2013 Deloitte Access Economics report; which in contrast pointed to anticipated stable growth of 2.6% through 2013-14 and 2.7% for 2014-15; rising 3.0% in 2015-16; 3.2% in 2016-17 and 3.1% growth in 2017-18.

### Queensland

Queensland State Final Demand increased by 0.4% over the June 2013 quarter, to be 1.5% higher over the year from September 2012, in trend terms.<sup>\*\*\*\*</sup> The result matched recorded quarterly growth levels in New South Wales (0.4%) and the Northern Territory (0.4%), and eclipsed the slow-growing Western Australia, where demand rose by just 0.1%. However, the Australian Capital Territory was the best of the growth performers with its 0.6% September quarter increase in State Final Demand; and Victoria, South Australia and Tasmania also outperformed the sunshine state in growth terms with demand increases of 0.5%.

The latest *Australian National Accounts, State Accounts 2012-13* from the ABS reported that four states exceeded the national Gross domestic product (GDP) growth rate of 2.6% in 2012-13: the Northern Territory (5.6%), Western Australia (5.1%), Queensland (3.6%) and the Australian Capital Territory (2.7%), with Victoria (1.6%), New South Wales (1.8%), South Australia (1.3%) and Tasmania (-0.6%) below the national GDP rate.

The latest State Accounts (June 2013) show Queensland Gross State Product (GSP) increased by 1.3% to \$74.236 billion, in the June quarter 2013 (chain volume measures-CVM).<sup>\*\*\*\*</sup> Over the year to the June quarter 2013, Queensland's GSP increased by 4.3%, up \$3.044 billion, from June 2012's recorded \$71.192 billion GSP. This compares with Australia's June quarter increase of 0.5%, to be up 2.5% for the twelve months, in trend CVM terms.

The September 2013 Deloitte Access Economics Business Outlook reported GSP growth of 2.7% for the 2012-13 financial year, up from its preliminary growth estimate of 2.3% reported in its previous, June 2013 report. The State's outlook for the coming years shows a solid upward trajectory driven largely by natural gas projects and other resources in the short term, but with an anticipated shift in emphasis to the non-resource sectors over the coming decade; with tourism, agribusiness and international education all garnering a mention as potential future drivers of the State's growth.

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<sup>\*\*\*\*</sup> ABS Cat No. 5206.0

<http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/5206.0Main+Features1Sep%202013?OpenDocument>

<sup>\*\*\*\*</sup> OESR, Queensland State Accounts, June Quarter 2013. <http://www.oesr.qld.gov.au/products/tables/qld-state-accounts-tables/qld-state-accounts-tables-201306.xls>

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With GSP anticipated to rise by 3.4% in 2013-14 and 3.5% in 2014-15, before hitting its strides with growth of 4.9% in 2014-15, 4.6% in 2016-17 and 4.2% in 2017-18; Queensland is well placed to exceed the national trends in its economic growth outlook.

The September 2013 Business Outlook suggests that the key developments fuelling the State's steadily improving prospects include:

- Queensland's solid population growth, which continues to track above the national average, and which should also contribute to a recovering state housing construction outlook, with low vacancy rates and growing demand set to prompt a sectoral turn-around;
- Strong retail sector growth for Queensland, again tracking above the national average;
- Slowing levels of State Government cutbacks, as well as fewer closures in the coal sector;
- The impact of the lower Australian dollar on inbound tourism, with some encouraging travel and hotel occupancy rates for the Gold Coast and north Queensland already emerging;
- Large scale gas and LNG developments throughout Queensland; and
- A stronger employment position, with the State's job gains falling back in line with national trends and showing continuing momentum.

Gas developments and 'clean coal' especially offer enormous growth prospects for Queensland in the coming years, according to Deloitte Access Economics, as the air quality of Asian cities continues to cause concerns and prompt emerging market economies and powerhouse nations China and India in particular to search out cleaner and greener sources of fuel. With its abundant reserves of natural gas and high-quality, low-ash thermal coal, the Sunshine State will be in a prime position to benefit.

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