



5206.0 - Australian National Accounts: National Income, Expenditure and Product, Jun 2020

Media release

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Economic activity fell 7.0 per cent in June quarter

Australian Gross Domestic Product (GDP) fell 7.0 per cent in the June quarter, the largest quarterly fall on record, according to figures released by the Australian Bureau of Statistics (ABS) today. This follows a fall of 0.3 per cent in the March quarter 2020.

The combined effect of the pandemic and the community and government responses to it led to movements of unprecedented size, not only in GDP but also in many of the other economic aggregates in the June quarter National Accounts. Head of National Accounts at the ABS, Michael Smedes said: "The global pandemic and associated containment policies led to a 7.0 per cent fall in GDP for the June quarter. This is, by a wide margin, the largest fall in quarterly GDP since records began in 1959."

The Government's response to support Australian households and businesses resulted in record payments from the public to the private sectors. The ABS has published a series of spotlight articles to highlight the range of impacts on the economy.

Private demand detracted 7.9 percentage points from GDP, driven by a 12.1 per cent fall in household final consumption expenditure. Spending on services fell 17.6 per cent, with falls in transport services, operation of vehicles and hotels, cafes and restaurants. Mr Smedes added: "The June quarter saw a significant contraction in household spending on services as households altered their behaviour and restrictions were put in place to contain the spread of the coronavirus."

Net Trade contributed 1.0 percentage points to GDP. Imports of goods fell 2.4 per cent, with falls in consumption and capital goods reflecting weak domestic demand. Imports of services fell 50.5 per cent and exports of services fell 18.4 per cent, due to restrictions on travel and tourism.

Public demand contributed 0.6 percentage points to GDP, driven by health related spending by the state and local government. Defence spending also increased as personnel were deployed to assist with management of the COVID-19 pandemic.

The household saving to income ratio rose to 19.8 per cent from 6.0 per cent, driven by the fall in consumption expenditure. Hours worked fell a record 9.8 per cent, outpacing the record 2.5 per cent decline in wages which were supported by JobKeeper payments. Social assistance benefits in cash rose a record 41.6 per cent, due to increased number of recipients and additional support payments.

General government net saving fell to -\$82.6 billion from \$1.2 billion in the March quarter 2020. The fall in the June quarter reflected the government economic response to the COVID-19 pandemic, which resulted in a record high subsidy payments of \$55.5 billion and reduced tax income received.

On 14 September the ABS will be publishing a paper titled "A series of unprecedented events – the June quarter 2020" bringing together the stories from across a range of economic statistics.

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