



CommSec

State of the States

State and Territory
Economic Performance Report

January 2024

Edition 58

South Australia leads the nation

How are Australia's states and territories performing?

Each quarter CommSec attempts to find out which state or territory is Australia's economic leader. Now in its 15th year, the report also includes a section comparing annual growth rates for the eight key indicators across the states and territories as well as Australia as a whole, enabling comparisons in terms of economic momentum.

Overall, the economic performances of Australian states and territories are being supported by a solid job market and strong population growth at a time of rising interest rates.

Australia's state and territory economies have slowed in response to higher borrowing costs and price pressures. The future path will depend on the response of inflation to higher interest rates.

For the first time in the 14 years of our quarterly reports, **South Australia** is on top of the leader board. **South Australia** ranked first on four of the eight indicators.

Victoria is now ranked equal second with **NSW**. **Western Australia** ranks fourth ahead of **Tasmania** in fifth spot. The **ACT** is sixth, ahead of **Queensland** in seventh spot and the **Northern Territory** in eighth.

We acknowledge that the economic performance ranking criteria disadvantages the small, open economy of the **Northern Territory**. As a result we highlight the annual growth rankings—a measure of economic momentum.

Measuring annual growth rates of the eight economic indicators, **Western Australia** is in first spot ahead of **Queensland**. **Victoria** is third and **NSW** is fourth. **South Australia** is fifth ahead of the **Northern Territory** in sixth spot followed by the **ACT** and **Tasmania** in seventh and eighth spots respectively.

4. WA

Strength

Relative population growth.

Weakness

Construction work done.

Western Australia ranks first on relative population growth.

8. NT

Strength

Relative population growth.

Weakness

Retail spending.

The Northern Territory is ranked second on relative population growth.

7. QLD

Strength

Housing finance.

Weakness

Equipment spending.

Queensland is ranked first on home loans.

=2. NSW

Strength

Relative economic growth.

Weakness

Dwelling starts.

NSW is ranked second or third on four indicators.

6. ACT

Strength

Retail spending.

Weakness

Equipment spending.

The ACT is ranked first on retail trade.

5. TAS

Strength

Equipment spending.

Weakness

Relative population growth.

Tasmania is ranked first on equipment spending.

=2. VIC

Strength

Retail spending.

Weakness

Relative population growth.

Victoria is second or third on three indicators.

1. SA

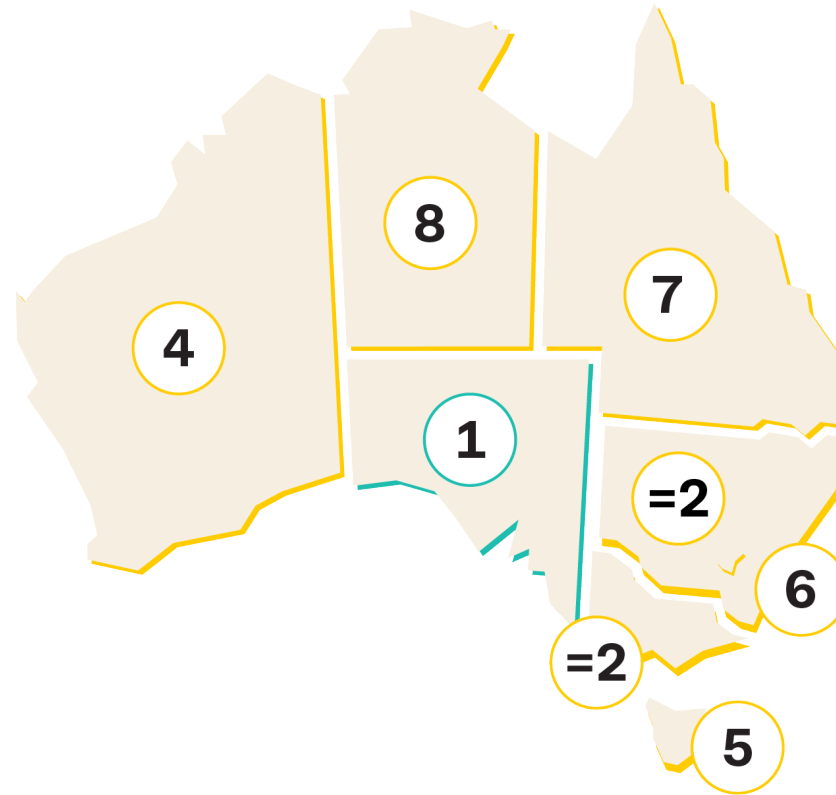
Strength

Dwelling starts.

Weakness

Retail spending.

South Australia ranks first on four indicators.



Overall performance

South Australia has climbed to the top spot in the *State of the States* economic performance rankings for the first time in the survey's history.

South Australia ranks first on relative economic growth, relative unemployment, construction work done and dwelling starts.

Victoria is now in equal second position with **NSW** and **Western Australia** is fourth.

Victoria ranks second on retail trade. **NSW** ranks second on relative economic growth and construction work done. **Western Australia** ranks first on relative population growth.

Behind **Western Australia** is **Tasmania** in fifth spot. **The ACT** is sixth and **Queensland** is seventh on the economic performance table.

And the **Northern Territory** sits in eighth position.

We acknowledge that the decade-average method of assessing economic performance disadvantages the **Northern Territory**. Significant LNG construction over 2012–18 inflated a range of economic indicators. So we also compile rankings of economic momentum—that is, the annual growth rates for the eight indicators.

Western Australia has the strongest economic momentum, unchanged from the October 2023 survey ranking.

Queensland is in second position ahead of **Victoria**, while **NSW** is in fourth spot.

South Australia is in fifth position ahead of the **Northern Territory** in sixth position, the **ACT** in seventh and **Tasmania** is in eighth position.

Western Australia leads other states and territories on annual growth rates on three of the eight indicators.

The **Northern Territory** leads on two indicators. And **Queensland**, **South Australia** and the **ACT** lead on one indicator.

South Australia is Australia's best performing economy.



Economic growth



Real economic activity in South Australia in the year to September 2023 was 9.0 per cent above the 4-year average level of output.

South Australia leads on real economic growth

Ideally, Gross State Product (GSP) would be used to assess broad economic growth. But the data isn't available quarterly. To date, we have used nominal state final demand (SFD) plus trade with rolling annual totals used to remove seasonality.

But to keep the results consistent with other indicators being measured in real terms, we now measure economic growth using real state demand plus real net trade in goods and services in seasonally adjusted terms. While the data only extends back four years, the results can be consistently compared for all economies in real terms.

South Australia now leads

Economic activity in South Australia in the September quarter 2023 was 9.0 per cent above its 4-year average level of output. NSW is in second spot, with output 8.3 per cent above the 4-year average of output.

The ACT is now in third position (up 7.6 per cent) followed by Victoria (up 7.4 per cent) and Tasmania (up 5.9 per cent).

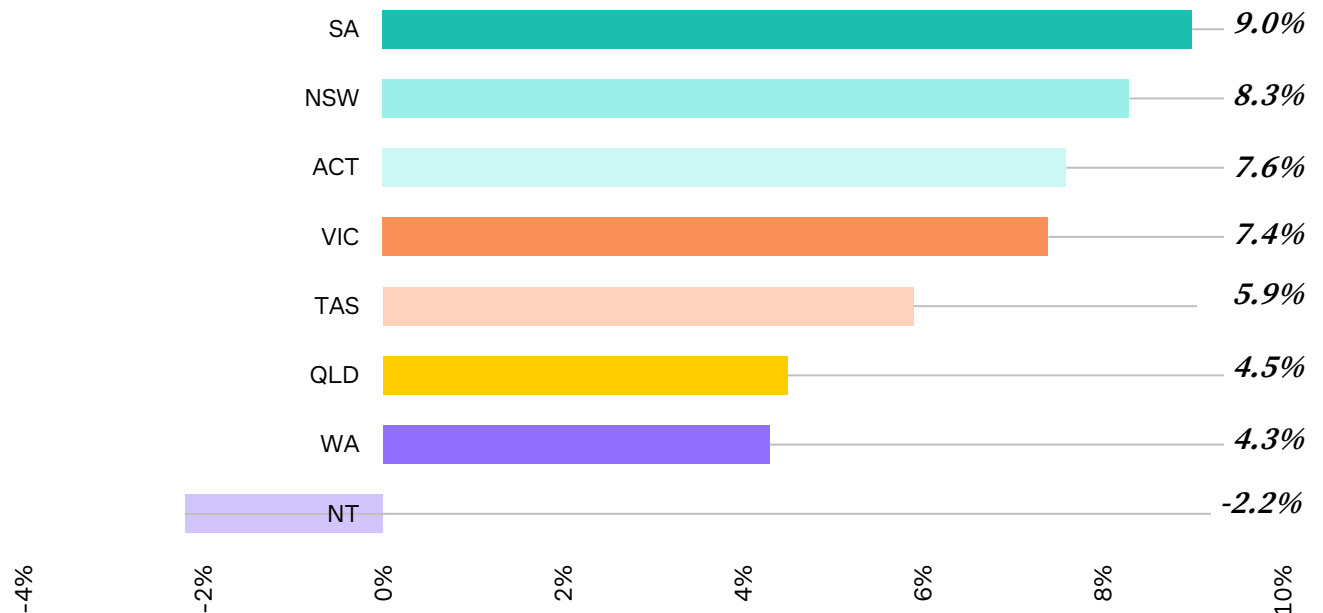
At the other end of the scale, economic activity in the Northern Territory in the September quarter 2023 was 2.2 per cent below its 4-year average, behind Western Australia (up 4.3 per cent) and Queensland (up 4.5 per cent).

The Northern Territory recorded the fastest economic growth, up 12.3 per cent over the year. Next best is Queensland (up 6.2 per cent), Victoria (up 4.3 per cent), NSW (up 3.7 per cent) and the ACT (up 3.1 per cent).

Western Australia records the slowest growth

The weakest on annual economic activity is Western Australia (up 0.7 per cent); Tasmania (up 1.7 per cent); and South Australia (up 2.9 per cent).

If seasonally adjusted SFD is used in real terms, comparing the latest result with decade averages reveals some subtle changes in the rankings. The ACT leads on relative economic growth from Victoria, South Australia, Tasmania and NSW.



Economic growth (state final demand plus trade) real, seasonally adjusted, percentage change year to September 2023 on a 4-year average.
Source: CommSec, ABS

Retail spending



The ACT still leads the retail rankings ahead of Victoria and Western Australia.

The ACT remains strongest for retail spending

The measure used was real (inflation-adjusted) retail trade in seasonally adjusted terms with September quarter 2023 data, the latest available.

The ACT leads on 'real' retail spending

Despite the rising cost of living and negative real wages, retail spending remained above the long-term average in all states and territories in the September quarter.

The ACT remains in the top position, with real spending 13.5 per cent higher in the September quarter 2023 on its decade-average levels.

Victoria holds second spot with spending 13.0 per cent above its 'normal' levels or the decade average.

Western Australia retains third spot with real spending up 11.0 per cent on decade-average levels. Queensland remains in fourth position, with spending 10.5 per cent up on 'normal' levels. NSW is in fifth position with spending up 9.4 per cent above the long-term average.

At the other end of the rankings, Northern Territory spending was up 0.5 per cent on the decade average, behind Tasmania (up 7.7 per cent) and South Australia (up 8.5 per cent).

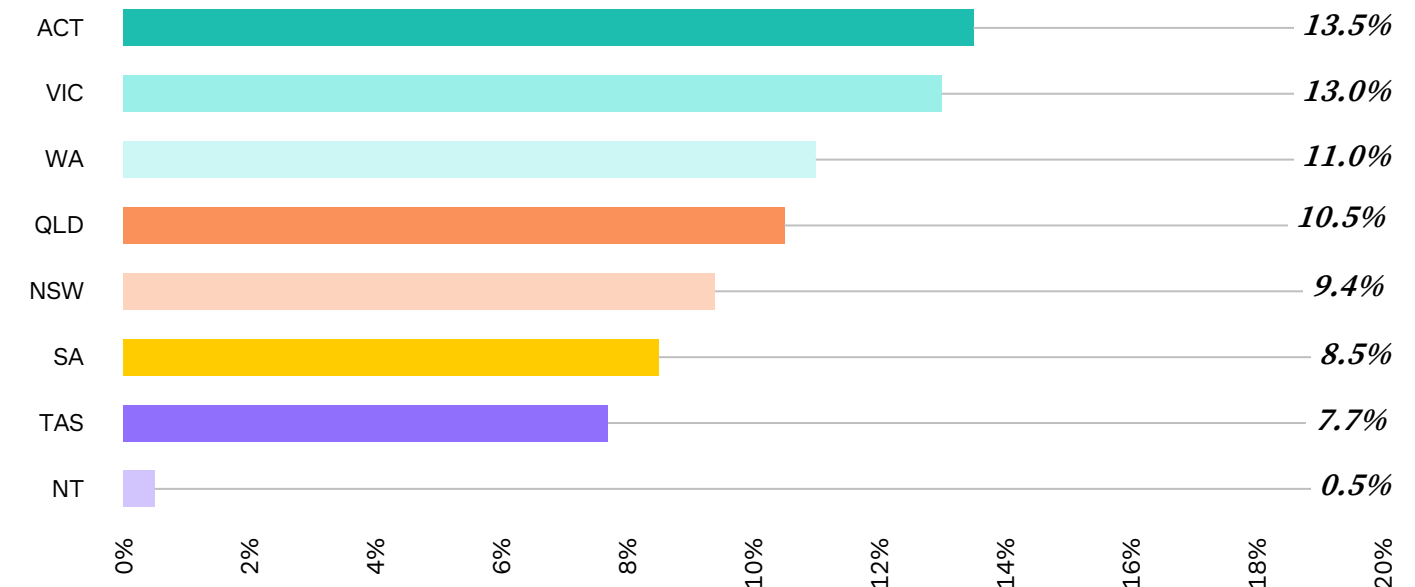
The ACT also has the fastest annual growth

In terms of annual growth of real retail trade, the ACT is the strongest (up 1.7 per cent), ahead of South Australia and Western Australia (both down 0.4 per cent).

At the other end of the scale, retail spending in Queensland was down 3.1 per cent, behind Tasmania (down 3.0 per cent), NSW (down 2.1 per cent), Northern Territory (down 1.1 per cent) and Victoria (down 0.9 per cent)

If monthly retail trade was assessed instead to calculate the rankings (November 2023 data is available), the ACT would be in top spot, ahead of Western Australia, Victoria and Queensland.

In November, annual spending growth was fastest in the ACT (up 5.3 per cent) followed by South Australia (up 4.5 per cent) and Northern Territory (up 4.2 per cent).



Real retail trade, percentage change September quarter, 2023 on the decade average.

Source: CommSec, ABS

Equipment investment



In the September quarter, equipment investment in Tasmania was 28.7 per cent above the decade average.

Tasmania still leads on equipment investment

The measure of equipment investment is real spending on new plant and equipment in trend terms with September quarter 2023 data compared with decade averages (the 'normal' performance).

In the September quarter 2023, six states and territories had equipment spending above or in line with decade-average levels, a result replicating the June quarter survey.

Tasmania retains the lead

Equipment investment in Tasmania was up by 28.7 per cent on the decade average, ahead of Western Australia (up 28.6 per cent). Victoria is now in third position (up 23.2 per cent) with NSW fourth (up 18.7 per cent), ahead of South Australia (up 10.1 per cent) and Queensland (up 5.0 per cent).

At the other end of the scale, equipment investment in the Northern Territory was down 5.1 per cent on the decade average with the ACT down 3.1 per cent.

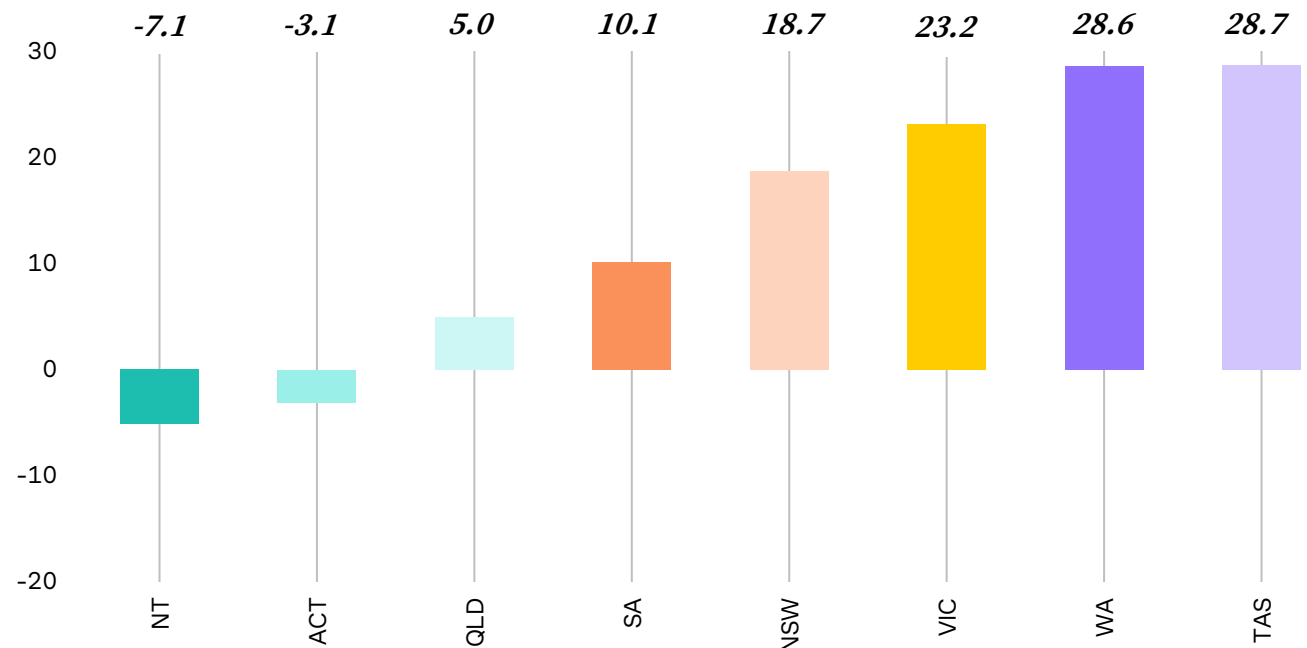
On a shorter-run analysis, real equipment investment in the September quarter 2023 was up on a year ago in four of the eight states and territories, compared with five economies in the June quarter 2023.

Equipment investment in the Northern Territory was up 33.8 per cent on the previous year, ahead of Victoria (up 21.9 per cent); NSW (up 9.3 per cent); Western Australia (up 8.9 per cent); and South Australia (down 3.0 per cent).

The ACT lags on annual comparisons

At the other end of the scale, new equipment investment in the ACT was 15.2 per cent lower than a year ago, behind Tasmania (down 12.2 per cent); and Queensland (down 3.6 per cent).

Equipment investment was at record highs in NSW and Victoria in the September quarter 2023 and at decade highs in Western Australia. But investment was at 2½-year lows in South Australia and 21-month lows in Queensland.



Equipment spending, percent change September quarter, 2023 on the decade average.

Source: CommSec, ABS

Unemployment



With unemployment at 36.5 per cent below its decade-average level, South Australia has the strongest job market.

South Australia has the strongest job market

Which state or territory has the strongest job market in the nation? It is not an easy question to answer. But we have looked at unemployment rates across state and territory economies, comparing the rates with the decade average.

On this measure, South Australia has the strongest job market. Trend unemployment in South Australia was at 3.8 per cent in December 2023, 36.5 per cent below the decade-average level.

Tasmania is now in second spot

Next best is Tasmania, its 3.9 per cent jobless rate is 32.8 per cent below the decade average.

NSW comes next (30.1 per cent below the decade average), ahead of Western Australia (28.7 per cent below the 10-year average), Victoria (24.8 per cent below the decade average).

At the other end of the scale, the Northern Territory jobless rate of 4.6 per cent is 7.4 per cent above the 4.3 per cent decade average rate.

Ahead of the Northern Territory are the ACT, its jobless rate of 3.8 per cent is 0.7 per cent below the decade average, and Queensland (23.7 per cent below the decade average).

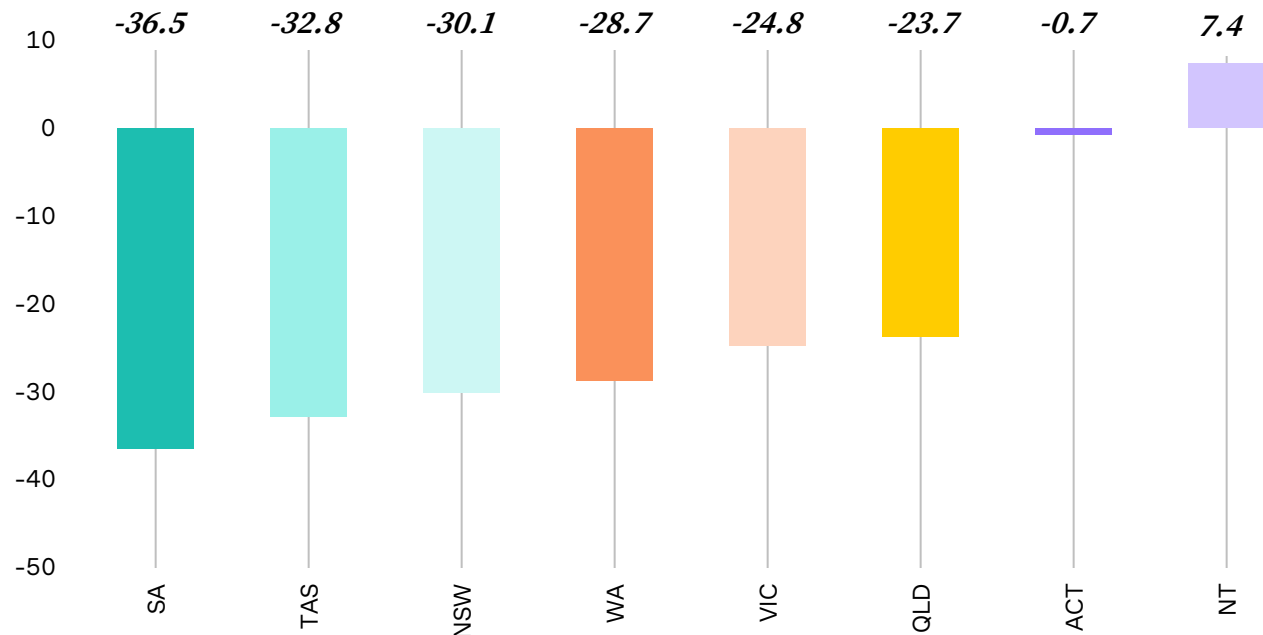
In December 2023, employment in all the states and territories was above decade-average levels. Western Australia was strongest on this measure with employment 14.6 per cent higher than the decade average.

Western Australia has the fastest job growth

Looking over the year to December, employment in all states and territories recorded annual gains except the Northern Territory.

Performing best was Western Australia (up 4.3 per cent), ahead of Victoria (up by 3.7 per cent) and Queensland (up 3.2 per cent).

Jobs in the ACT were up by 2.7 per cent over the year; South Australia (up by 2.5 per cent); NSW (up 2.3 per cent); Tasmania (up 0.2 per cent) and the Northern Territory (down 1.1 per cent).



Unemployment, trend, percent change in December 2023 on the decade average.

Source: CommSec, ABS

Construction work



Up 23.4 per cent on the decade-average level, South Australia is now strongest for construction work done.

South Australia now strongest for construction work

The measure used for analysis was the total real value of residential, commercial and engineering work completed in trend terms in the September quarter 2023.

In five of the eight states and territories, construction work in the September quarter was higher than the decade average, unchanged from the previous quarter.

South Australia now on top

South Australia is now in the top spot for construction work done, up from third. In South Australia, construction work done is 23.4 per cent above its decade average, ahead of NSW (up from fourth, 18.3 per cent above the decade average).

Victoria is next with work done 17.1 per cent above the decade average, ahead of Tasmania (up 14.9 per cent) and the ACT (up 4.3 per cent).

At the lower end of the scale, the Northern Territory construction work done in the September quarter was 43.9 per cent below the decade average.

Next lowest was Western Australia with construction work down 11.1 per cent on the decade average, behind Queensland (down 0.5 per cent).

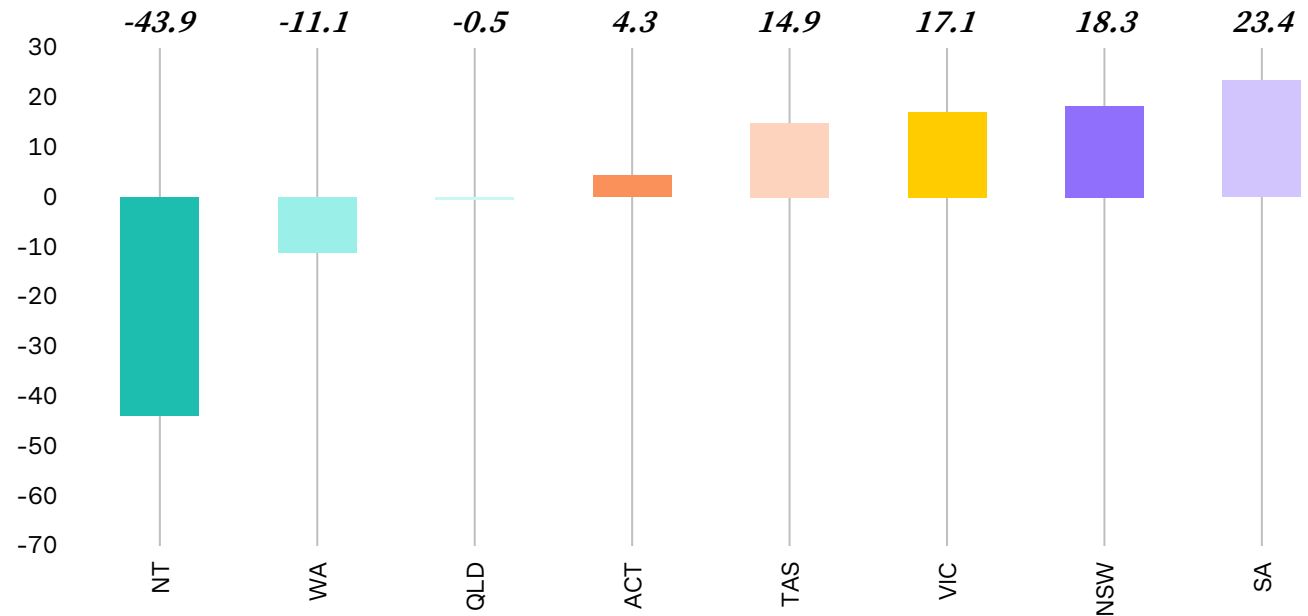
Only Victoria posted weaker growth in the September quarter (down 0.5 per cent) while South Australia was strongest (up 3.9 per cent).

Western Australia leads annual growth

In terms of annual growth rates, all economies had construction work higher than a year ago. Western Australia was the strongest performer, up 16.4 per cent, ahead of NSW (up 13.8 per cent) and Queensland (up 12.3 per cent).

Northern Territory was next best (up 8.3 per cent); followed by South Australia (up 5.0 per cent) and Tasmania (up 3.5 per cent).

At the other end of the scale, construction work in the ACT was 1.8 per cent above a year ago, behind Victoria (up 3.1 per cent).



Construction work done, trend, percent change, September quarter 2023 on the decade average.

Source: CommSec, ABS

Population growth



Western Australia has both the highest relative, and absolute population growth.

Western Australia leads relative population growth

We assess relative population performance—that is, we compare the current annual growth rate to each economy's decade average ('normal') growth pace. This is most relevant to the economic performance of each state or territory.

Population growth is clearly an important driver of the broader economy, especially retail spending and housing demand. With the ending of foreign border closures, annual population growth is strong across states and territories. Now seven states or territories have population growth above the decade-average.

Western Australia in top spot

Western Australia is the strongest on relative population growth, with its 3.11 per cent annual population growth rate 115.2 per cent above the decade average for the year to the June quarter 2023 (latest available).

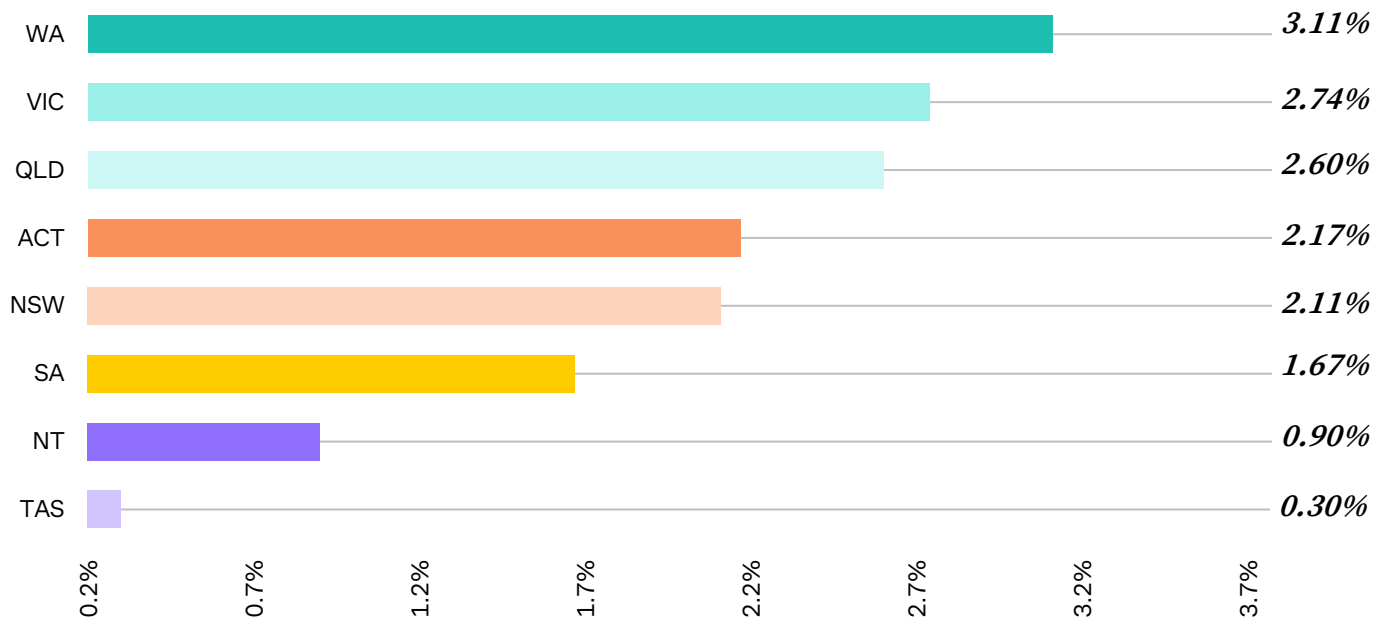
The Northern Territory is now second on the relative annual population growth measure—the 0.90 per cent annual population growth rate is up 84.9 per cent on the decade average.

Next strongest was NSW (up 81.0 per cent), South Australia (up 66.8 per cent), followed by Victoria (up 66 per cent); Queensland (up 65.1 per cent); the ACT (up 9.8 per cent); and Tasmania (down 73.1 per cent).

The state with the fastest absolute annual population growth is Western Australia (up 3.11 per cent). Next strongest is Victoria (up 2.74 per cent), followed by Queensland (up 2.60 per cent); the ACT (up 2.17 per cent); NSW (up 2.11 per cent); South Australia (up 1.67 per cent); the Northern Territory (up 0.90 per cent); and Tasmania (up 0.30 per cent).

The 3.11 per cent annual population growth in Western Australia and the 2.60 per cent annual population growth in Queensland are respectively the strongest growth rates in 14 years. The 2.11 per cent annual population growth in NSW, the Victorian population growth of 2.74 per cent and 1.67 per cent growth in South Australia are respectively record highs.

In Tasmania, annual population growth is the weakest in around eight years.



Population, absolute annual percent change, June quarter 2023 (latest).

Source: CommSec, ABS

Housing finance



Queensland is in top spot, with the value of home loans up by 24.6 per cent on the long-term average.

Queensland retains top spot for home loans

The measure used was the trend value of owner-occupier housing finance commitments (home loans) excluding refinancing and this was compared with the decade average for each respective state and territory. Data from November 2023 is the latest available.

Housing finance is not just a leading indicator for real estate activity and housing construction, but it is also a useful indicator of activity in the financial sector.

It would be useful to compare figures on commercial, personal and lease finance, but long-term data is not yet available.

Housing finance is above decade averages

In all states and territories except the Northern Territory, housing finance commitments remain above decade averages. In the previous two reports similar findings were obtained.

But home loans are still below last year's levels in three states and territories (compared with all states last survey).

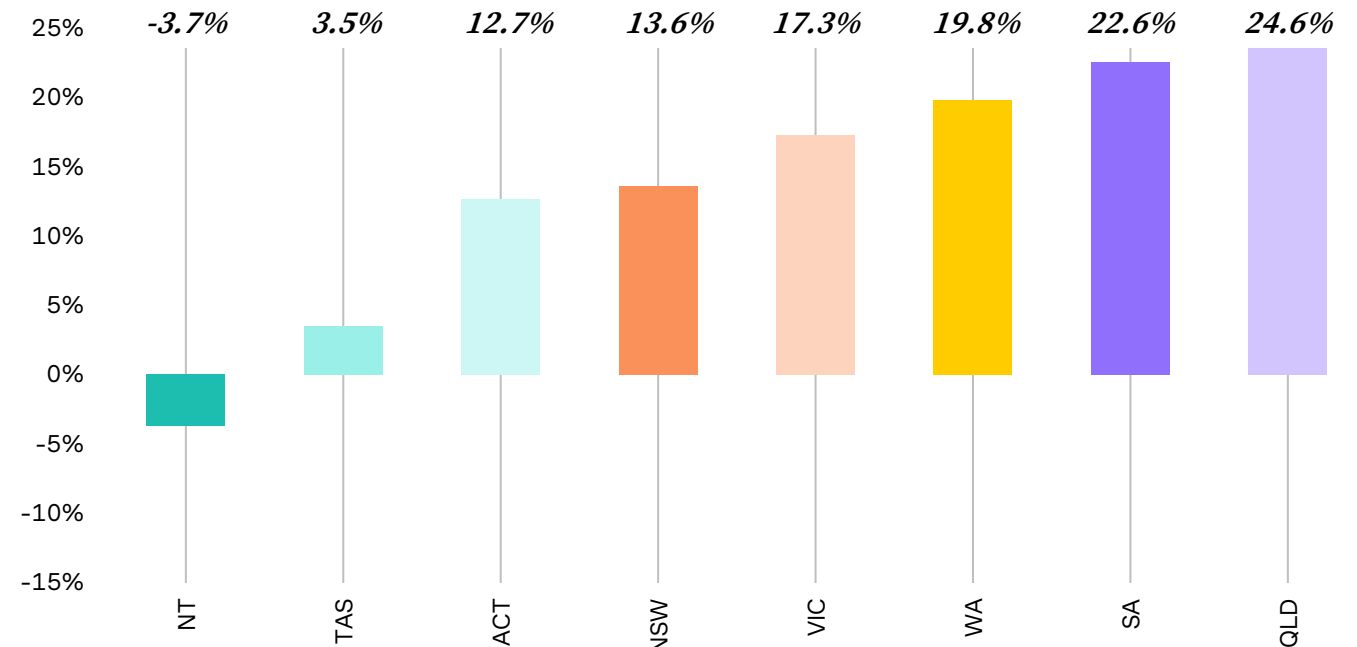
Queensland remains in the top spot, with the value of home loans up by 24.6 per cent on the long-term average. The next strongest is South Australia (up 22.6 per cent), ahead of Western Australia (up 19.8 per cent) and Victoria (up 17.3 per cent).

The Northern Territory is the weakest

The Northern Territory is still the weakest for housing finance with commitments 3.7 per cent lower than its decade average. Commitments in Tasmania were up 3.5 per cent on the decade average, behind the ACT (up 12.7 per cent) and NSW (up 13.6 per cent).

In annual terms, lending in South Australia was strongest, up 10.5 per cent, followed by Queensland (up 10.1 per cent).

Home loans in Western Australia were up 9.0 per cent; followed by NSW (up 8.6 per cent); Victoria (up 6.1 per cent); the ACT (down 7.7 per cent); the Northern Territory (down 8.7 per cent) and Tasmania (down 10.7 per cent).



Housing finance commitments, percent change November 2023 on the decade average.
Source: CommSec, ABS

Dwelling starts



Dwelling starts in South Australia in the September quarter of 2023 were down on the decade-average level by 2.3 per cent.

South Australia now leads on dwelling starts

The measure used is the trend number of dwelling commencements (starts), compared to the decade-average level of starts. Housing starts are driven in part by population growth and housing finance, and can affect retail trade, unemployment and overall economic growth. However, any over-building or under-building in previous years can affect the current level of starts.

South Australia on top

South Australia now leads other economies on dwelling starts. In the September quarter 2023, starts in South Australia were 2.3 per cent below the decade average. Tasmania is now in second spot, with starts 3.2 per cent below 'normal' (the decade average).

The ACT takes third spot with starts down 15.6 per cent on the decade average, from Victoria (down 20.7 per cent on 'normal').

At the other end of the scale, dwelling starts in the Northern Territory were 54.7 per cent below the decade average.

Next weakest was Western Australia (down 36.1 per cent); below NSW (down 28.8 per cent); and Queensland (down 21.3 per cent).

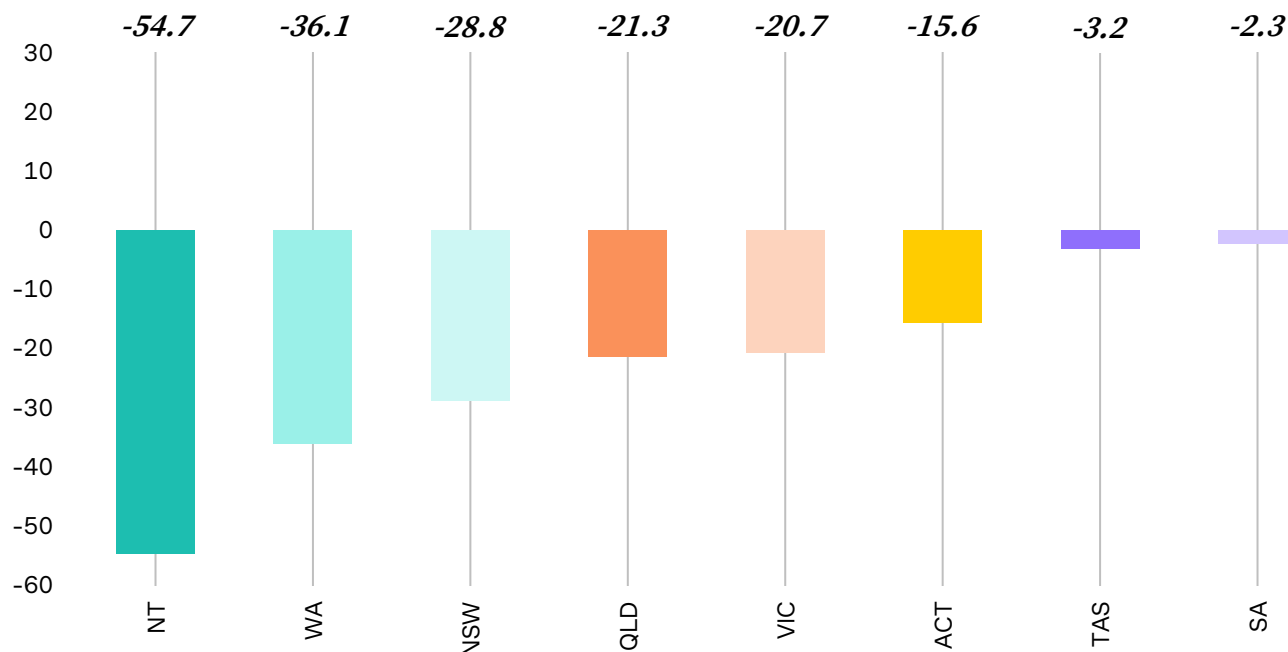
In terms of quarterly changes, all states except South Australia and the ACT posted declines.

NSW fell the most, down 10.8 per cent, while starts in Queensland fell 7 per cent. Starts in the ACT rose 10.8 per cent and in South Australia starts rose 4.7 per cent.

All economies post annual declines

In terms of annual changes, starts in Queensland fell by 10.6 per cent. Next 'best' was NSW (down 12.3 per cent) ahead of South Australia (down 12.4 per cent); Tasmania (down 13.1 per cent); and Victoria (down 14.3 per cent).

Starts in the Northern Territory fell most over the year (down 37.2 per cent); the ACT (down 22 per cent) and Western Australia (down 20.8 per cent).

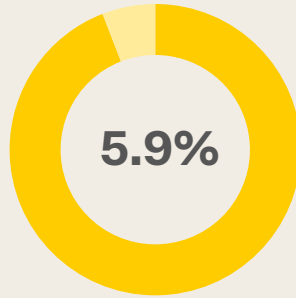


Dwelling starts, trend, percent change, September quarter 2023 on decade average.

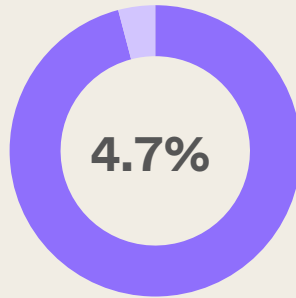
Source: CommSec, ABS

Other indicators

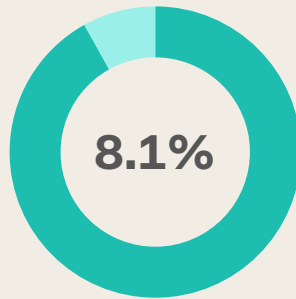
Highest inflation rate in Adelaide, SA



Fastest wage growth in Queensland



National home prices rose by



Adelaide, SA posts the biggest lift in consumer prices

Annual percentage changes of consumer prices eased across all capital cities in the September quarter of 2023, except Western Australia.

Adelaide, SA had the highest annual inflation rate in the September quarter 2023 at 5.9 per cent, ahead of Perth, Western Australia (5.8 per cent).

Elevated headline annual inflation rates and modest wage growth rates mean that all states and territories had negative real wage growth in the September quarter 2023 (the gap between wage growth and inflation).

Nationally in the September quarter 2023, consumer prices rose 1.2 per cent, with the annual rate falling from 6.0 per cent to 5.4 per cent. The underlying (or trimmed mean) measure rose by 1.2 per cent in the quarter with the annual rate down from 5.9 per cent to 5.2 per cent.

The Wage Price Index in the year to the September quarter 2023 was strongest in Queensland (4.7 per cent), ahead of Western Australia (4.6 per cent); Tasmania (up 4.4 per cent); and the ACT (up 4.3 per cent).

Wages in the Northern Territory were up by 4.2 per cent, ahead of South Australia (up 3.9 per cent), NSW (up 3.8 per cent) and Victoria (up 3.7 per cent)

Firmer growth of home prices

Turning to home prices, in December 2023 six of the states and territories posted annual increases in home prices. Also, the annual price changes of homes were higher in all of the economies in the latest month compared with three months earlier.

National home prices rose by 8.1 per cent over the year to December, after rising by 4.2 per cent in the year to September.

The strongest annual growth in home prices was in Western Australia (up 14.3 per cent); followed by Queensland (up 11.1 per cent); NSW (up 9.1 per cent); South Australia (up 8.9 per cent); Victoria (up 2.7 per cent); and the ACT (up 0.5 per cent).

Home prices fell in the Northern Territory over the past year (down 0.8 per cent) and Tasmania (down 0.4 per cent).

	CPI Sept Qtr. 2023	Wages Sep Qtr. 2023	Home Prices Dec 2023
NSW	5.6	3.8	9.1
VIC	4.9	3.7	2.7
QLD	5.2	4.7	11.1
SA	5.9	3.9	8.9
WA	5.8	4.6	14.3
TAS	4.1	4.4	-0.4
NT	4.3	4.2	-0.8
ACT	4.5	4.3	0.5



Western Australia

The fastest annual lift in home prices was in Western Australia, up **14.3%**.

*Annual % change.

Source: ABS, CoreLogic, CommSec. CPI—Consumer Price Index. Wages—Wage Price Index.

Annual growth rates

Western Australia heads the leader-board when annual growth rates are assessed for the eight economic indicators.

Growth leaders

The *State of the States* report assesses economic performance by looking at the most recent results—such as retail trade or construction—and compares that with the ‘normal experience’. And by ‘normal experience’, we define this as the decade average.

A resident of the state or territory can therefore assess whether they are experiencing relatively better economic times. Comparing states or territories on the same criteria determines which state or territory is performing the best on a certain indicator.

In addition to relative economic performance, some are also interested in economic momentum. That is, annual changes to the key indicators. A state or territory may have been under-performing, but if annual growth is strengthening, then this suggests that performance has scope to improve.

As noted above, annual growth rates are a better tool of measurement of economic performance for the Northern Territory as the small, open economy is buffeted by big projects (such as LNG construction over 2012–18 period which inflated decade averages).

Western Australia leads on annual growth

If we focus just on annual growth rates, the top of the leader-board changes markedly.

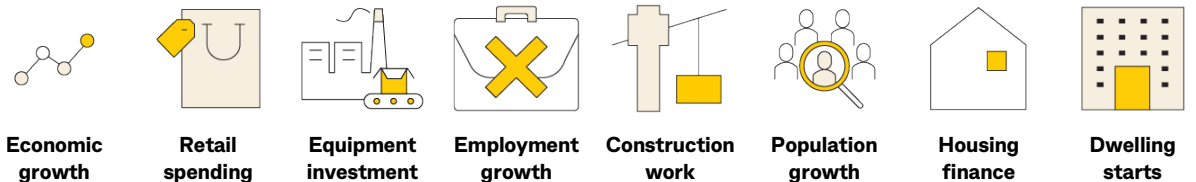
Western Australia has the strongest economic momentum, unchanged from the October 2023 survey ranking.

Queensland is in second position ahead of **Victoria**, while **NSW** is in fourth spot.

South Australia is in fifth position ahead of the **Northern Territory** in sixth position, the **ACT** in seventh and **Tasmania** is in eighth position.

Western Australia leads other states and territories on annual growth rates on three of the eight indicators.

The **Northern Territory** leads on two indicators. And **Queensland, South Australia** and the **ACT** lead on one indicator.



	Economic growth	Retail spending	Equipment investment	Employment growth	Construction work	Population growth	Housing finance	Dwelling starts
NSW	3.7	-2.1	9.3	2.3	13.8	2.11	8.6	-12.3
VIC	4.3	-0.9	21.9	3.7	3.1	2.74	6.1	-14.3
QLD	6.2	-3.1	-3.6	3.2	12.3	2.60	10.1	-10.6
SA	2.9	-0.4	-3.0	2.5	5.0	1.67	10.5	-12.4
WA	0.7	-0.4	8.9	4.3	16.4	3.11	9.0	-20.8
TAS	1.7	-3.0	-12.2	0.2	3.5	0.30	-10.7	-13.1
NT	12.3	-1.1	33.8	-1.1	8.3	0.90	-8.7	-37.2
ACT	3.1	1.7	-15.2	2.7	1.8	2.17	-7.7	-22.0
Aust	3.7	-1.7	7.9	3.0	9.8	2.40	7.8	-12.8

Looking ahead

There is little to separate Australia's states and territories in terms of economic performance.

New auto sales; Looking ahead

Timely data on new vehicle sales is available on a monthly basis. The latest data covers December 2023. We don't include vehicle sales in assessing overall economic performance as we assess other data on consumer spending. But the data is worth noting.

In all the states and territories, rolling annual new vehicle sales are above 'normal'. Western Australia is doing best with vehicle sales up by 20.7 per cent on the decade average. Looking at the yearly change of the rolling annual sum of new vehicle sales, all economies recorded growth. Doing best is Western Australia, up 17.7 per cent on a year ago.

South Australia vaults to the top

South Australia is at the top of the economic performance rankings for the first time in the survey's history, ahead of **Victoria** and **NSW**. And it is clear that **South Australia** won the spot rather than **Victoria** lost. **South Australia** is first on four of the eight indicators.

Overall, economies have slowed in response to higher interest rates, but have generally remained resilient, underpinned by firm population growth and low unemployment.

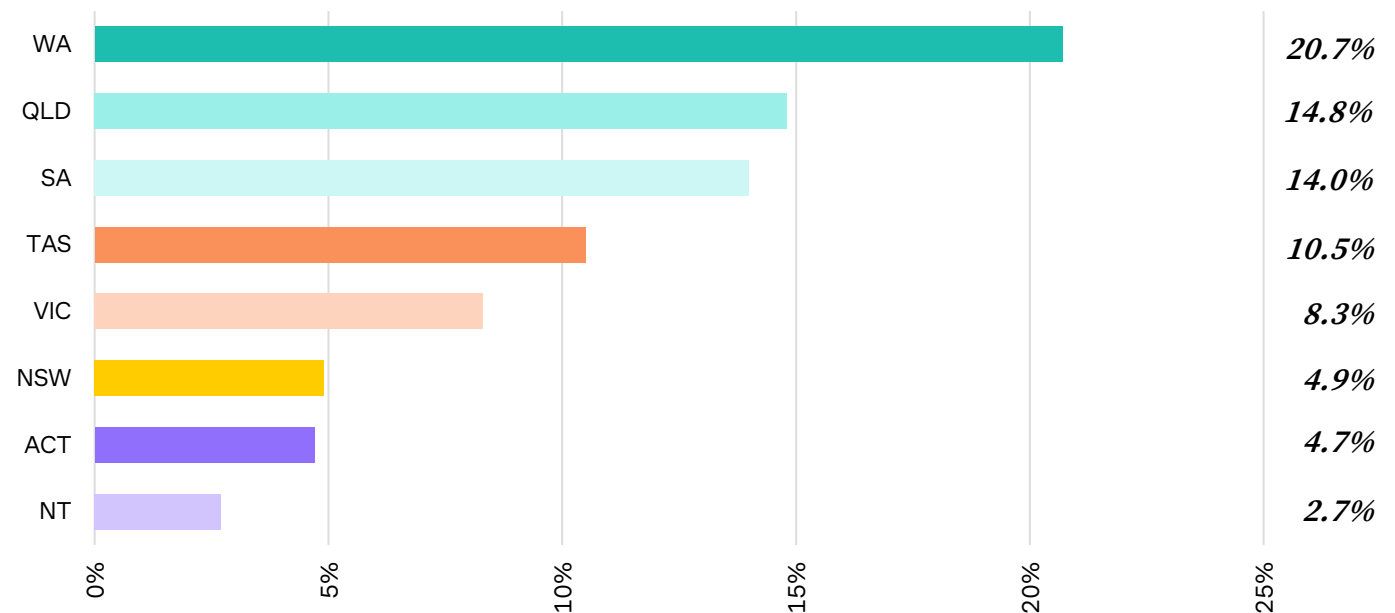
Where to from here?

Last quarter we noted that **Victoria** would face challenges for first position from four other economies. This proved correct with **South Australia** lifting from second position to first.

South Australia gained significant ground in construction-related sectors as well as overall economic growth.

Looking ahead, trends in jobs, consumer spending and housing will be important with **Queensland, NSW** and **Western Australia** possessing firm momentum.

Seven of the eight states and territories could conceivably take top spot in the next quarterly survey but **South Australia, NSW** and **Victoria** are most likely to challenge for top spot.



Motor vehicle registrations, percent change in the twelve months to December 2023 on the decade average.

Source: CommSec, ABS, Federal Chamber of Automotive Industries



CommSec

State of the States

Methodology

Each of the state and territory economies were assessed on eight key indicators: economic growth; retail spending; equipment investment; unemployment, construction work done; population growth; housing finance and dwelling commencements.

The aim is to find how each economy is performing compared with 'normal'. Similar to what the Reserve Bank does with interest rates, we used decade averages to judge the 'normal' state of affairs. For each economy, the latest level of the indicator—such as retail spending or economic growth—was compared with the decade average.

While we also looked at the current pace of growth to assess economic momentum, it may yield perverse results to judge performance. For instance, retail spending may be up sharply on a year ago but from depressed levels. Overall spending may still be well below 'normal'.

And clearly some states, such as Queensland and Western Australia, traditionally have had faster economic growth rates due to historically faster population growth. So the best way to assess economic performance is to look at each indicator in relation to what would be considered 'normal' for that state or territory.

For instance, the trend jobless rates in NSW stood at 3.4 per cent in December. But the NSW unemployment rate was 30.1 per cent below its decade average, while the South Australian jobless rate of 3.8 per cent was 36.5 per cent below its decade average. So South Australia ranks above NSW on this indicator.

Seasonally adjusted or trend measures of the economic indicators were used to assess performance on all measures. The preference was for the less volatile trend measures. Original data is used to assess population growth.

We now measure economic growth using real state demand plus real net trade in goods and services in seasonally adjusted terms. While the data only extends back four years, the results can be consistently compared for all economies in real terms.

State of the States



State and Territory Economic Performance Report

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