



State of the States

State and Territory
Economic Performance Report

July 2023

Edition 56

Tasmania still 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 14th 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.

But Australia's state and territory economies are slowing in response to higher borrowing costs and price pressures.

The future path of economies will depend on the response of inflation to higher interest rates.

In the latest survey there is little to separate four of the state and territory economies. **Tasmania** continues to lead economic performance. In fact, it ranks first on two of the eight indicators.

NSW is ranked second with **South Australia** in third position ahead of **Queensland**. **Western Australia** is fifth ahead of **Victoria** in sixth, ahead of the **ACT** and the **Northern Territory**.

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 of the eight economic indicators, **NSW** is first, ahead of **Queensland** with **Western Australia**, **Victoria** and **South Australia** in joint third place.

The **ACT** is sixth, ahead of the **Northern Territory** and **Tasmania**.

5. WA

Strength

Relative economic growth.

Weakness

Construction work done.

Western Australia ranks first on relative economic growth.

8. NT

Strength

Relative economic growth.

Weakness

Retail spending.

The Northern Territory is ranked third on relative economic growth.

4. QLD

Strength

Home loans.

Weakness

Construction work done.

Queensland is ranked first on home loans and second on relative economic growth.

2. NSW

Strength

Relative unemployment.

Weakness

Dwelling starts.

NSW is ranked first on relative unemployment.

7. ACT

Strength

Retail spending.

Weakness

Relative population growth.

The ACT is ranked first on retail trade.

3. SA

Strength

Relative population growth.

Weakness

Retail spending.

South Australia ranks first on relative population growth.

1. TAS

Strength

Equipment spending.

Weakness

Relative population growth.

Tasmania is ranked first on two indicators.

6. VIC

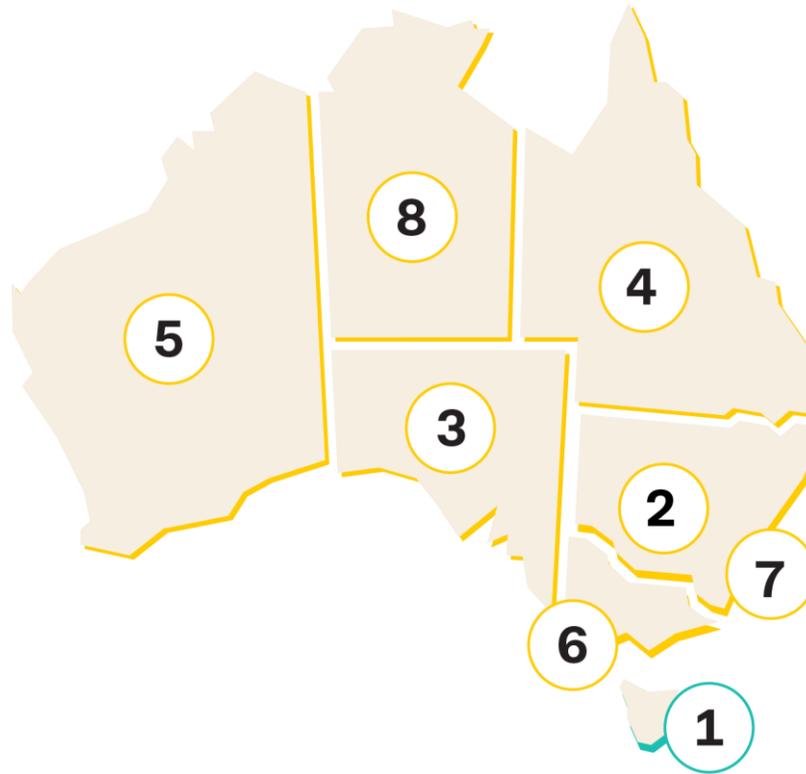
Strength

Construction work done.

Weakness

Relative economic growth.

Victoria ranks first on construction work done.



Overall *performance*

Tasmania has retained top spot in the *State of the States'* economic performance rankings, improving its ranking on retail spending.

Tasmania ranks first on equipment spending and dwelling starts.

NSW remains in second position and has narrowed the gap with **Tasmania**. **South Australia** slips to third place.

NSW ranked first on relative unemployment. **South Australia** ranks first on relative population growth.

Behind **NSW** and **South Australia** in fourth spot is **Queensland**. **Western Australia** is fifth while **Victoria** slips to sixth. There is little to separate the top six economies.

The **ACT** is ranked seventh ahead of the **Northern Territory**.

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

As noted above, **NSW** heads the leader board of annual growth rates, ahead of **Queensland** and **Western Australia**.

There are encouraging signs for the **Western Australian** economy. **Western Australia** leads other states and territories on annual growth rates for two of the eight indicators.

NSW, South Australia, Tasmania, the Northern Territory, Queensland and the **ACT** all lead on one indicator.



Tasmania is
**Australia's best
performing economy.**

Economic growth



Economic activity in Western Australia in the year to March 2023 was 44.1 per cent above its 'normal' or decade-average level of output.

Western Australia continues to lead

Ideally, Gross State Product (GSP) would be used to assess broad economic growth. But the data isn't available quarterly. We have previously used State Final Demand (SFD, household and equipment spending) plus exports less imports to act as a proxy for GSP. But the Bureau of Statistics doesn't provide long-term trade data for all states and territories in real terms. So nominal state final demand plus trade is assessed with rolling annual totals used to remove seasonality.

Western Australia leads the way

Western Australia continues to lead on relative economic growth. Economic activity in Western Australia in the year to March 2023 was 44.1 per cent above its 'normal' or decade-average level of output. Queensland remains in second spot, with output 36.3 per cent above the 'normal' level of output.

The Northern Territory is now in third position (up 32.8 per cent) followed by Tasmania (up 31.7 per cent) and NSW (up 31.3 per cent).

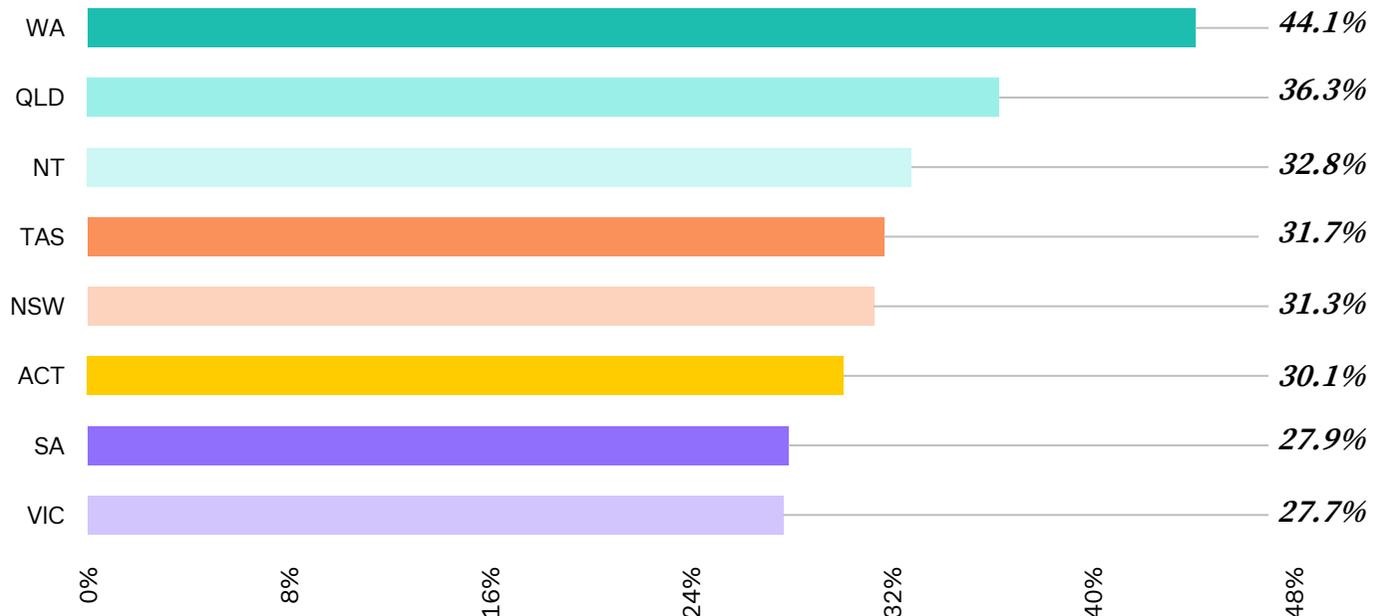
At the other end of the scale, economic activity in Victoria in the March quarter 2023 was 27.7 per cent above its decade average, but behind South Australia (up 27.9 per cent) and the ACT (up 30.1 per cent).

Queensland recorded the fastest nominal economic growth, up 14.1 per cent over the year. Next best is NSW (up 13.9 per cent), Western Australia (up 10.9 per cent), Victoria (up 10.1 per cent) and South Australia (up 9.8 per cent).

Tasmania records the slowest growth

The weakest on annual nominal economic activity is Tasmania (up 6.6 per cent), the Northern Territory (up 7.9 per cent) and the ACT (up 8.8 per cent).

If seasonally adjusted SFD should in real terms is used, comparing the latest result with decade averages reveals some subtle changes in the rankings. Western Australia, Queensland and the Northern Territory lose the benefit of their strong resource exports. The ACT leads on relative economic growth from Victoria, Tasmania, South Australia and NSW.



Economic growth (state final demand plus trade) rolling annual nominal totals, percentage change year to March 2023 on the decade average.

Source: CommSec, ABS

Retail spending



The ACT is now leading the retail rankings, ahead of Victoria and NSW.

The ACT is now the strongest for retail spending

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

The ACT leads on 'real' retail spending

A solid job market, rising wages, strong construction and renovation activity continued to support retail spending in the March quarter. Spending has softened though in response to weak consumer sentiment, cost of living pressures and higher interest rates.

The ACT has leapt from fourth to first position, with real spending up 15.3 per cent in the March quarter 2023 on its decade-average levels.

Victoria has fallen from first to second spot with spending 14.8 per cent above its 'normal' levels or the decade average.

NSW remains in third spot with real spending up 12.4 per cent on decade-average levels. Tasmania is now in fourth position, with spending 12.0 per cent up on 'normal' levels. Queensland has moved from second to fifth position with spending up 11.9 per cent on the long-term average.

At the other end of the rankings, Northern Territory spending was down 0.7 per cent on the decade average, behind South Australia (up 10.0 per cent) and Western Australia (up 11.8 per cent).

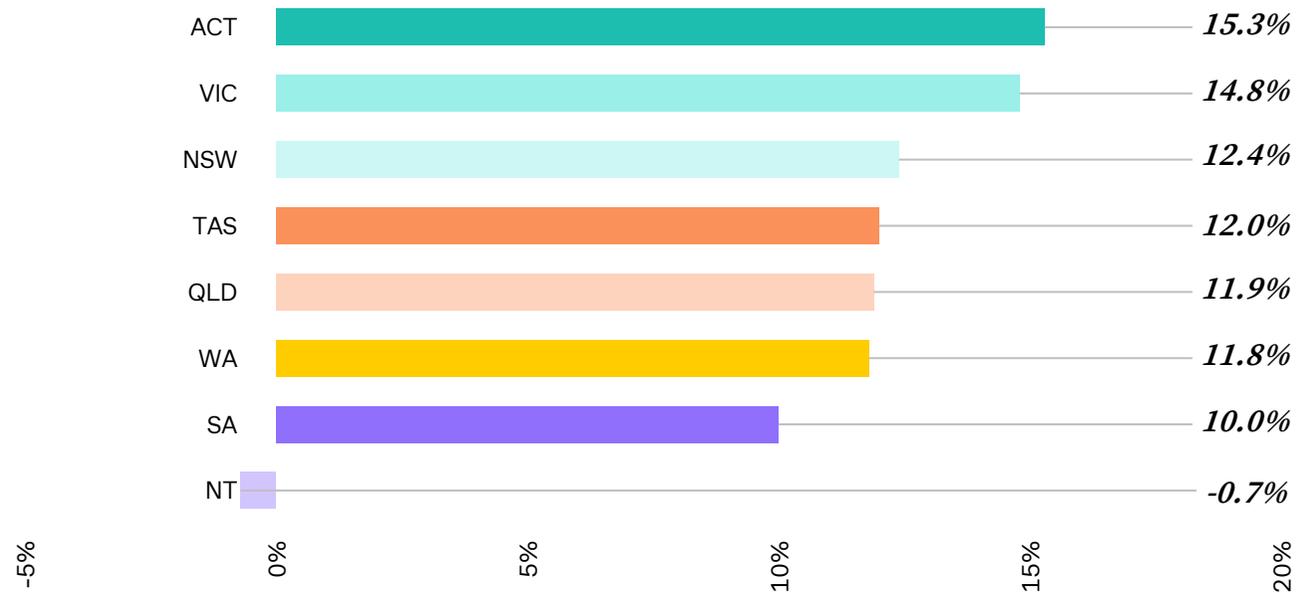
The ACT also has the fastest annual growth

In terms of annual growth of real retail trade, the ACT is the strongest (up 2.7 per cent), ahead of South Australia (up 1.7 per cent) and Western Australia (up 0.9 per cent).

At the other end of the scale, retail spending in the Northern Territory was down 2.9 per cent, behind Queensland (down 1.3 per cent), Victoria (up 0.2 per cent), Tasmania (up 0.7 per cent) and NSW (up 0.8 per cent).

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

In May, annual spending growth was fastest in the ACT (up 8.9 per cent) followed by South Australia (up 6.5 per cent) and Western Australia (up 5.7 per cent).



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

Source: CommSec, ABS

Equipment investment



In the March quarter, equipment investment in Tasmania was 23.9 per cent above the decade average.

Tasmania leads equipment investment

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

In the March quarter 2023, six states and territories had equipment spending above or in line with decade-average levels—a result below the December quarter 2022 (seven states or territories).

Tasmania retains the lead

Equipment investment in Tasmania was up by 23.9 per cent on the decade average, ahead of NSW (up 13.5 per cent). Western Australia is now in third position (up 12.9 per cent) with South Australia fourth (up 11.9 per cent), ahead of Victoria (up 8.8 per cent).

At the other end of the table, equipment investment in the Northern Territory was down 16.4 per cent on the decade average with the ACT down 1.4 per cent, behind Queensland (up 8.4 per cent).

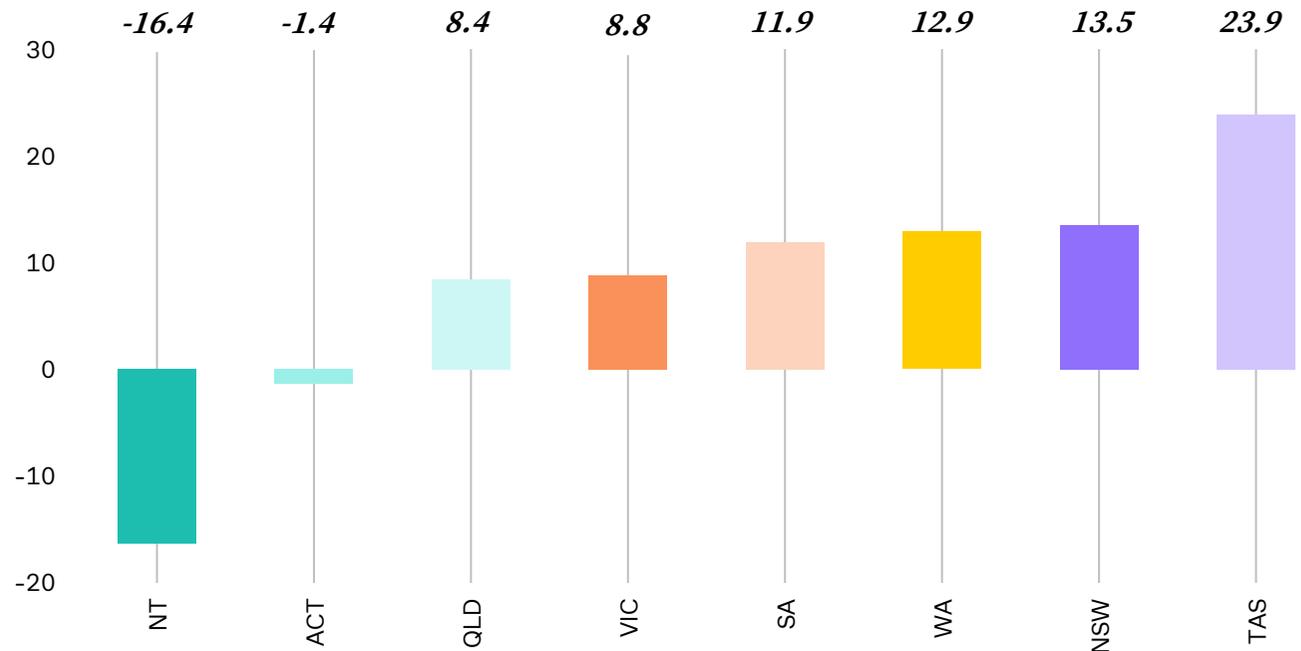
On a shorter-run analysis, real equipment investment in the March quarter 2023 was up on a year ago in three of the eight states and territories, compared with four economies in the December quarter 2022.

Equipment investment in NSW was up 9.9 per cent on the previous year, ahead of Queensland (up 4.2 per cent); Victoria (up 3.3 per cent); and South Australia (down 1.6 per cent).

The ACT lags on annual comparisons

At the other end of the scale, new equipment investment in the ACT was 31 per cent lower than a year ago, behind Tasmania (down 10.9 per cent); Western Australia (down 6.9 per cent); Northern Territory (down 3.2 per cent); and South Australia (down 1.6 per cent).

Equipment investment was at record highs in NSW in the March quarter 2023. But investment was at 2-year lows in Western Australia, South Australia, Tasmania and the ACT.



Equipment spending, percent change March quarter, 2023 on the decade average.
Source: CommSec, ABS

Unemployment



With unemployment at 37.8 per cent below its decade-average level, NSW has the strongest job market.

NSW now 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, NSW has the strongest job market. Trend unemployment in NSW was 3.1 per cent in June 2023, 37.8 per cent below the decade average.

Tasmania is now in second spot

Next best is Tasmania, its 3.8 per cent jobless rate is 36.7 per cent below the decade average.

Queensland comes next (35.0 per cent below the decade average), ahead of South Australia (34.7 per cent below the 10-year average) and Western Australia (33.0 per cent below the decade average).

At the other end of the scale, the ACT jobless rate of 3.1 per cent is 19.6 per cent below the 4.3 per cent decade average rate.

Ahead of the ACT is the Northern Territory, its jobless rate of 3.3 per cent is 23.4 per cent below the decade average. The Victorian jobless rate of 3.7 per cent is 31.7 per cent below the decade average.

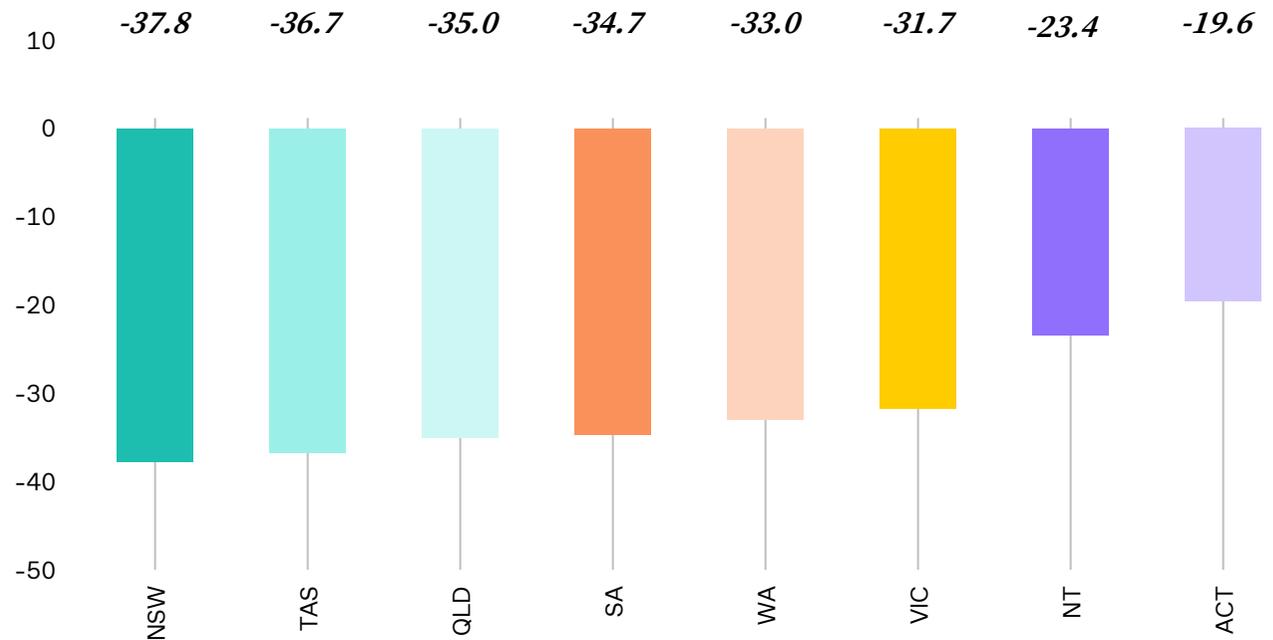
In June, employment in all the states and territories was above decade-average levels. Queensland was strongest on this measure with employment 14.3 per cent higher than the decade average.

South Australia has the fastest job growth

Looking over the year to June, employment in all states and territories recorded annual gains.

Performing best was the South Australia (up 4.7 per cent), ahead of the ACT and Victoria (up by 3.9 per cent).

The Northern Territory was up by 3.5 per cent; NSW (up by 3.4 per cent); Tasmania (up 3.2 per cent); Victoria (up 3.5 per cent); Queensland (up 2.8 per cent); and Western Australia (up 1.0 per cent).



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

Source: CommSec, ABS

Construction work



Victoria is now in top spot on construction work done.

Victoria is 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 March quarter 2023.

In four of the eight states and territories, construction work in the March quarter was higher than the decade average, down from five economies in the previous quarter.

Victoria now on top

Victoria is now in top spot for construction work done. In Victoria, construction work done is 19.3 per cent above its decade average, ahead of South Australia (up 14.9 per cent).

NSW and Tasmania come next with work done in both states 12.2 per cent above the decade average, ahead of the ACT (down 5.2 per cent).

At the lower end of the scale, the Northern Territory construction work done in the March quarter was 49.1 per cent below the decade average.

Next lowest was Western Australia with construction work down 23.2 per cent on the decade average, behind Queensland (down 9.8 per cent).

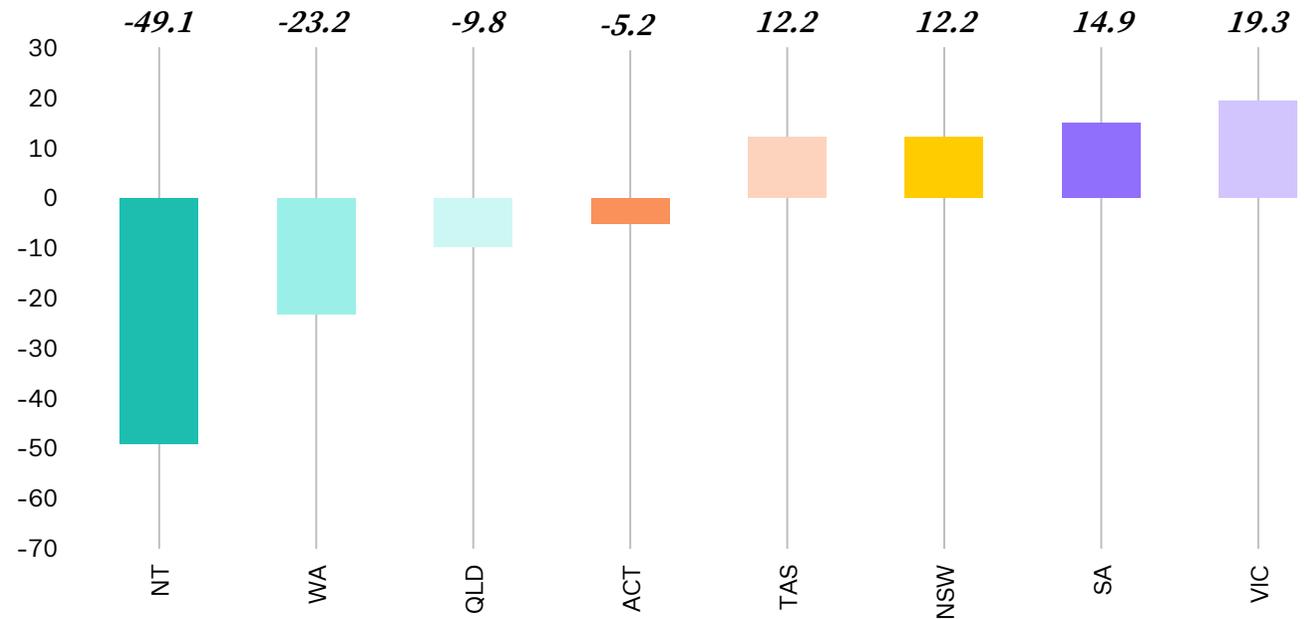
The ACT (down 4.5 per cent), South Australia (down 2.2 per cent) and Tasmania (down 0.8 per cent) posted weaker construction growth in the March quarter.

NSW leads annual growth

In terms of annual growth rates, five economies had construction work higher than a year ago. NSW was the strongest performer with construction work 8.8 per cent higher than a year earlier.

Construction activity in Western Australia was up by 8.1 per cent on a year ago, ahead of Victoria (up 4.9 per cent); Queensland (up 4.6 per cent); and the Northern Territory (up 2.0 per cent).

At the other end of the scale, construction work was lower than a year ago in the ACT (down 9.8 per cent) behind South Australia (down 2.8 per cent) and Tasmania (down 2.7 per cent).



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

Source: CommSec, ABS

Population growth



South Australia has the highest relative population growth. Western Australia has the highest absolute population growth.

South 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 five states or territories have population growth above the decade average.

South Australia remains in top spot

South Australia is still the strongest on relative population growth, with its 1.58 per cent annual population growth rate 64.1 per cent above the decade average for the year to the December quarter 2022 (latest available).

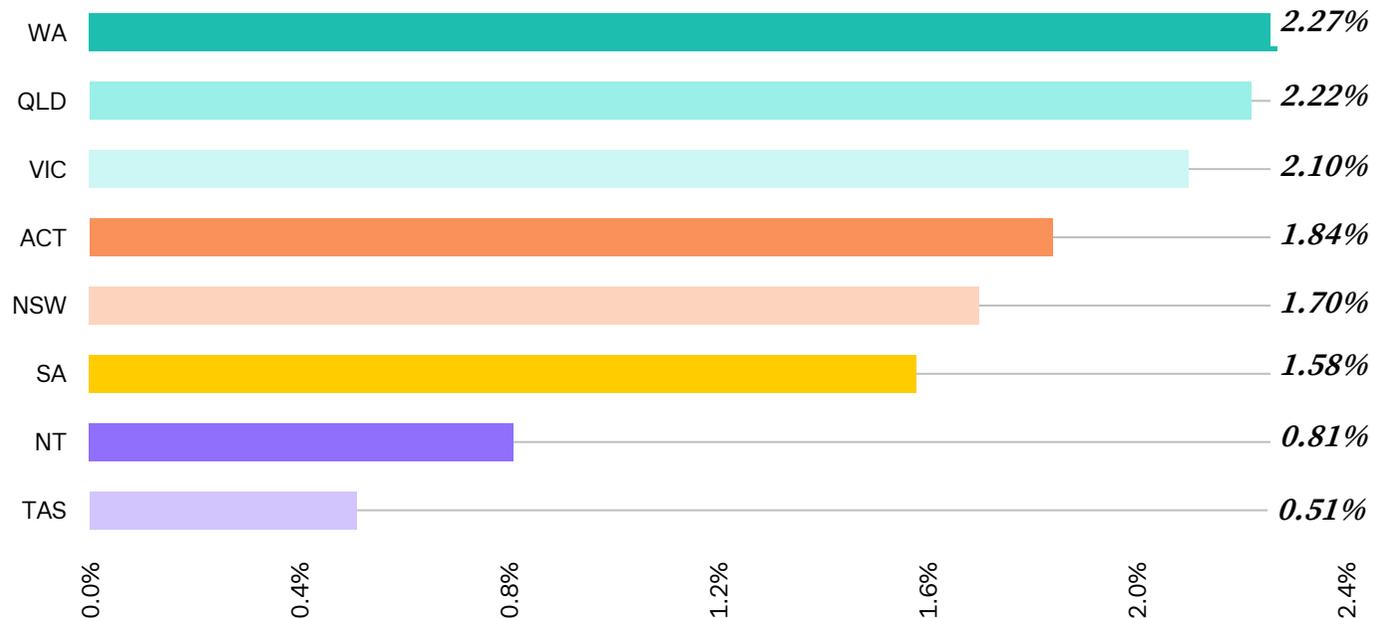
Western Australia is now second on the relative annual population growth measure—the 2.27 per cent annual population growth rate is up 60.7 per cent on the decade average.

Next strongest was NSW (up 50.7 per cent), followed by the Northern Territory (up 45.7 per cent); Queensland (up 43.8 per cent); Victoria (up 29.7 per cent); the ACT (down 6.0 per cent); and Tasmania (down 54.2 per cent).

The state with the fastest absolute annual population growth is Western Australia (up 2.27 per cent). Next strongest is Queensland (up 2.22 per cent), followed by Victoria (up 2.10 per cent); the ACT (up 1.84 per cent); NSW (up 1.70 per cent); South Australia (up 1.58 per cent); the Northern Territory (up 0.81 per cent); and Tasmania (up 0.51 per cent).

The 2.27 per cent annual population growth in Western Australia is the strongest growth in 9½ years. The 1.70 per cent annual population growth in NSW is the strongest in 14 years. And the 2.22 per cent annual population growth in Queensland is the fastest rate in 13 years.

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



Population, absolute annual percent change, December quarter 2022 (latest).

Source: CommSec, ABS

Housing *finance*



Queensland is in top spot, with the value of home loans up by 18.3 per cent on the long-term average.

Queensland takes 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. May 2023 data 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 but the Northern Territory, housing finance commitments remain above decade averages. In the previous report similar findings were obtained.

And home loans are still below year-ago levels in all states and territories.

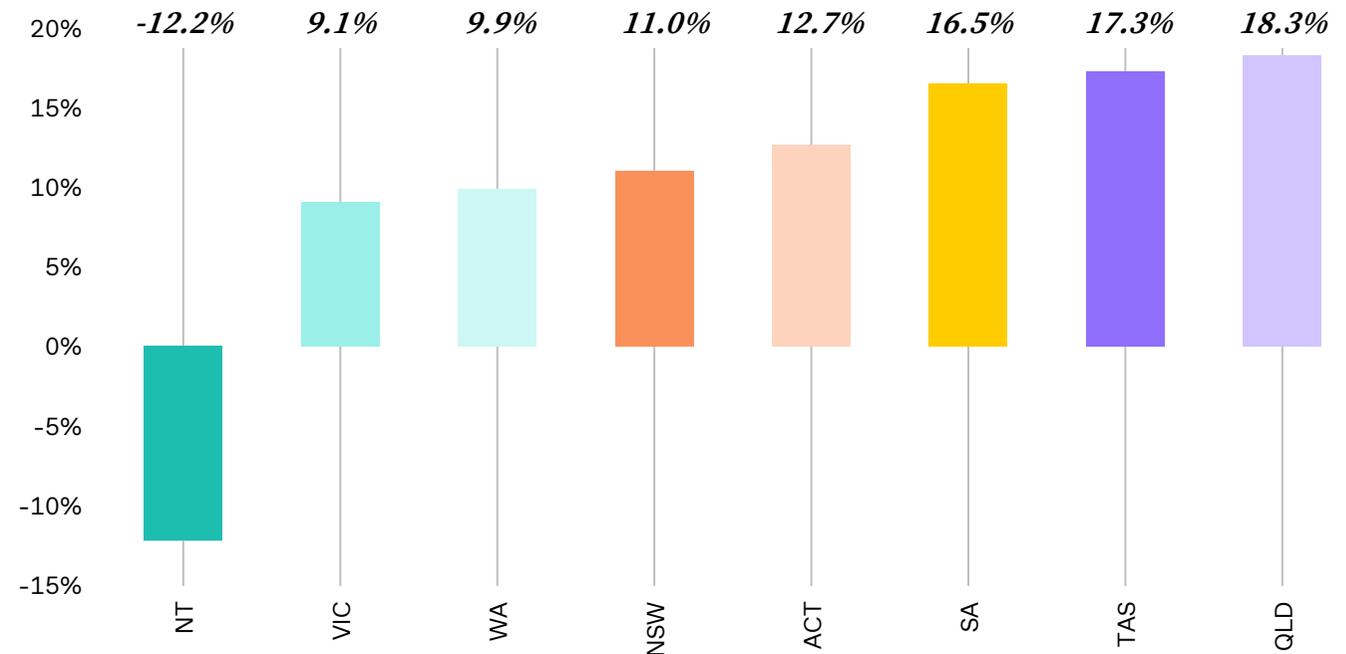
Queensland is now in the top spot, with the value of home loans up by 18.3 per cent on the long-term average. Next strongest is Tasmania (up 17.3 per cent), ahead of South Australia (up 16.5 per cent) and the ACT (up 12.7 per cent).

The Northern Territory is the weakest

The Northern Territory is still the weakest for housing finance with commitments 12.2 per cent lower than its decade average. Commitments in Victoria were up 9.1 per cent on the decade average, behind Western Australia (up 9.9 per cent) and NSW (up 11.0 per cent).

On an annual comparison, Tasmanian loans were down 12 per cent, followed by South Australia (down 13.2 per cent).

Home loans in Western Australia were down 14.8 per cent; followed by Queensland (down 15.4 per cent); NSW (down 18.9 per cent); Victoria (down 24.9 per cent); the ACT (down 26.1 per cent); and the Northern Territory (down 28.6 per cent).



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

Dwelling starts



Dwelling starts in Tasmania in the March quarter of 2023 were down 0.9 per cent on the decade average.

Tasmania still leads on dwelling starts

The measure used is the trend number of dwelling commencements (starts), with the comparison made 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.

Tasmania leads the way

Tasmania remains in top position on dwelling starts. In the March quarter 2023, starts in Tasmania were 0.9 per cent below the decade average. South Australia also remains in second spot, with starts now 8.4 per cent below the decade average.

Victoria is now in third spot with starts down 8.5 per cent on the decade average, from Queensland (down 13.6 per cent).

At the other end of the scale, dwelling starts in the Northern Territory were 48.9 per cent below the decade average.

Next weakest was Western Australia (down 34.5 per cent); the ACT (down 29.5 per cent); and NSW (down 18.5 per cent).

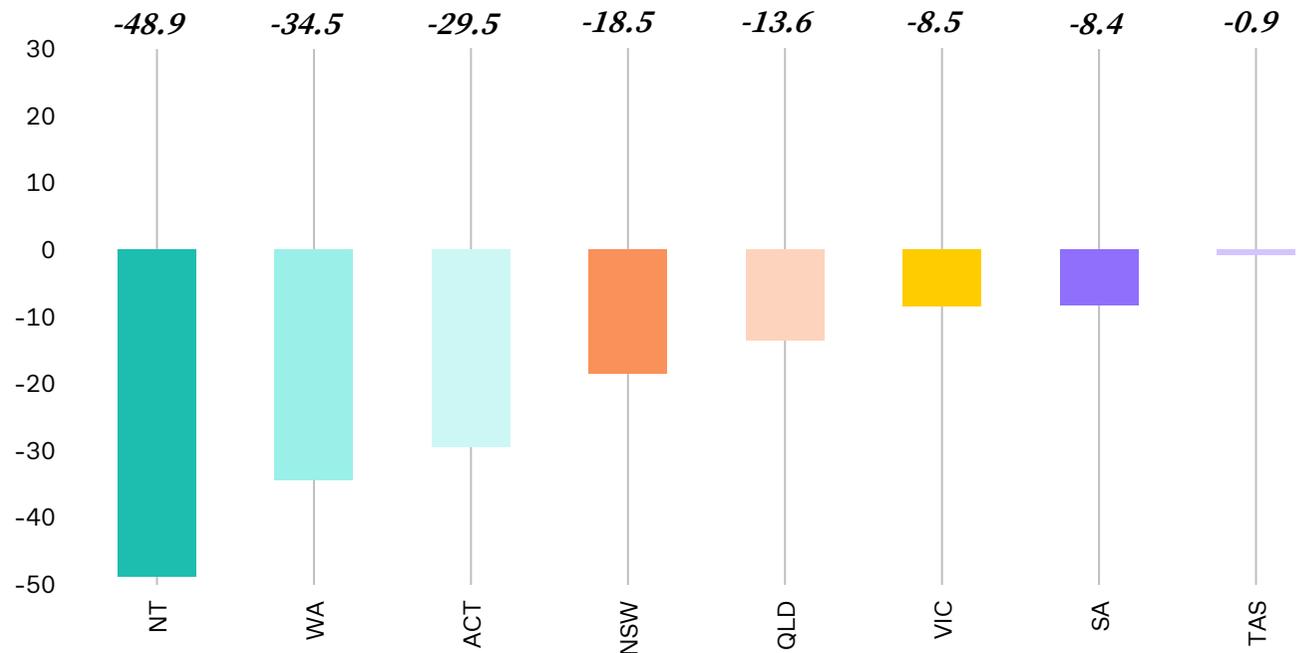
In terms of quarterly changes, all but Victoria and NSW posted declines.

The ACT fell the most, down 16.3 per cent, while starts in the Northern Territory fell 12.1 per cent. Starts in Victoria rose 2.5 per cent in the March quarter with NSW starts up 0.5 per cent.

Sharp lift in Northern Territory dwelling starts

In terms of annual changes, only the Northern Territory posted gains over the year to March 2023. Starts in the Northern Territory lifted by 5.3 per cent while starts in NSW fell by 8.1 per cent and Queensland starts fell by 12.1 per cent.

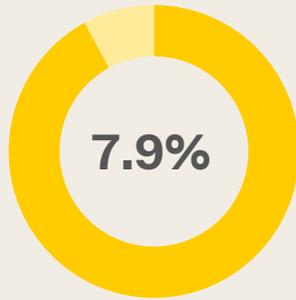
Starts in the ACT fell most over the year, down 44.1 per cent. Starts fell 30.1 per cent in Western Australia followed by South Australia (down 22.6 per cent); Tasmania (down 19.2 per cent) and Victoria (down 18.1 per cent).



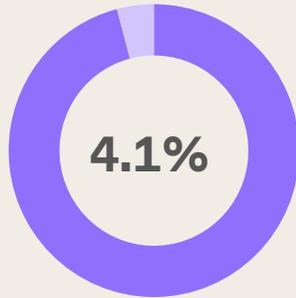
Dwelling starts, trend, percent change, March quarter 2023 on decade average
Source: CommSec, ABS

Other indicators

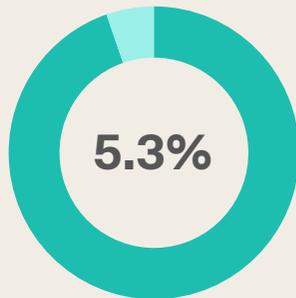
Highest inflation rate in Adelaide, SA



Fastest wage growth in Tasmania & WA



National home prices fell by



Adelaide, SA posts the biggest lift in consumer prices

Annual percentage changes of consumer prices eased across all capital cities in the March quarter of 2023.

Adelaide, SA had the highest annual inflation rate in the March quarter 2023 at 7.9 per cent, ahead of Brisbane, QLD (7.4 per cent) and Sydney, NSW (7.3 per cent).

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

Nationally in the March quarter 2023, consumer prices rose 1.4 per cent, with the annual rate falling from 7.8 per cent to 7.0 per cent. The underlying (or trimmed mean) measure rose 1.2 per cent in the quarter with the annual rate down from 6.9 per cent to 6.6 per cent.

The official Wage Price Index in the year to the March quarter 2023 was strongest in Western Australia and Tasmania (4.1 per cent), ahead of Queensland and the ACT (both up 3.7 per cent).

Wages in South Australia were up by 3.6 per cent, ahead of both NSW and Victoria, up 3.5 per cent, and the Northern Territory (up 2.9 per cent)

Slower growth of home prices

Turning to home prices, in June 2023 six of the states and territories posted annual declines in home prices. Also, the annual price change of homes weakened in four economies in the latest month compared with three months earlier.

National home prices fell by 5.3 per cent over the year to June, after falling by 8 per cent in the year to April.

The strongest annual growth in home prices was in Western Australia (up 2.7 per cent); followed by South Australia (up 1.2 per cent); and the Northern Territory (down 0.9 per cent).

Home prices fell in NSW over the past year (down 11.3 per cent); followed by Tasmania (down 9.0 per cent); Victoria (down 8.6 per cent); the ACT (down 8.1 per cent); and Queensland (down 6.8 per cent).

	CPI Mar Qtr. 2023	Wages Mar Qtr. 2023	Home Prices June 2023
NSW	7.3	3.5	-6.1
VIC	6.8	3.5	-6.1
QLD	7.4	3.7	-6.6
SA	7.9	3.5	1.2
WA	5.8	4.1	2.7
TAS	6.9	4.1	-10.0
NT	6.2	2.9	-0.9
ACT	6.2	3.7	-8.8



Western Australia

The fastest annual lift in home prices was in Western Australia, up **2.7%**.

*Annual % change.

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

Annual growth rates

NSW 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).

NSW leads the way on annual growth

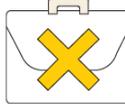
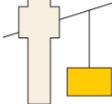
If we focus just on annual growth rates, the top of the leader-board changes markedly. **NSW** has the strongest economic momentum, up from second position in the May 2023 survey. **Queensland** is now second, up from fourth.

In joint third position are **Western Australia, Victoria** and **South Australia**.

The **ACT** is in sixth position ahead of the **Northern Territory** and **Tasmania** falls to eighth from fifth recorded in the May 2023 survey.

Positively for **Western Australia**, it leads other states and territories on annual growth rates on two of the eight indicators. This points to potential to ride up the economic performance rankings over the next few years.

NSW, South Australia, Tasmania, the Northern Territory, Queensland and the **ACT** all lead on one indicator.

	 Economic growth	 Retail spending	 Equipment investment	 Employment growth	 Construction work	 Population growth	 Housing finance	 Dwelling starts
NSW	13.9	0.8	9.9	3.4	8.6	1.70	-18.9	-8.1
VIC	10.1	0.2	3.3	3.9	5.6	2.10	-24.9	-18.1
QLD	14.1	-1.3	4.2	2.8	4.0	2.22	-15.4	-12.1
SA	9.8	1.7	-1.6	4.7	-2.6	1.58	-13.2	-22.6
WA	10.9	0.9	-6.9	1.0	9.5	2.27	-14.8	-30.1
TAS	6.6	0.7	-10.9	3.2	-2.9	0.51	-12.0	-19.2
NT	7.9	-2.9	-3.2	3.5	1.4	0.81	-28.6	5.3
ACT	8.7	2.7	-31.0	3.9	-9.9	1.84	-26.1	-44.1
Aust	11.9	0.3	3.9	3.5	5.9	1.93	-20.0	-13.4

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 June 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 four of the states and territories, rolling annual new vehicle sales are above 'normal'. Queensland is doing best with vehicle sales up by 9.7 per cent on the decade average. Looking at the yearly change of the rolling annual sum of new vehicle sales, all economies recorded growth except Northern Territory. Doing best is the ACT, up 13.0 per cent on a year ago.

Little separating Australia's economies

There is little to separate the top four states and territories in terms of economic performance. Unemployment remains historically low while population growth is strong.

Economies are slowing in response to higher interest rates, notably home lending and new dwelling starts.

The question is for how long? Firm population growth, low unemployment and tight rental markets point to stronger dwelling construction over 2024.

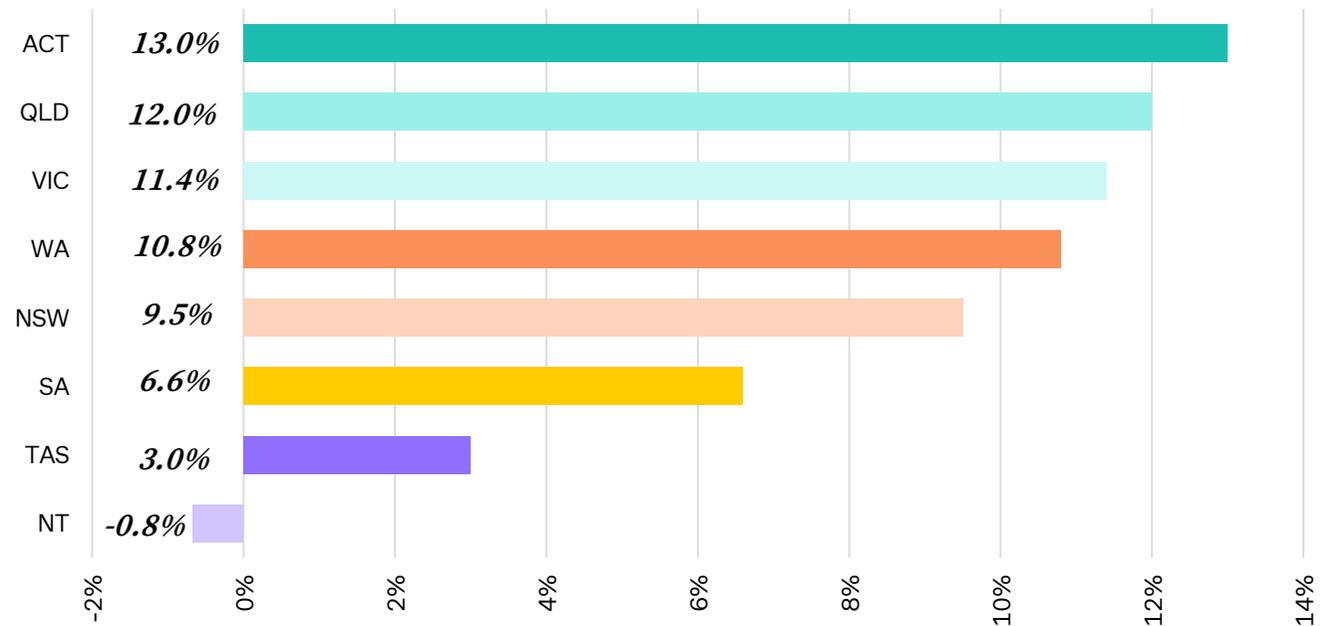
Where to from here?

While Tasmania remains in first position, it faces challenges from NSW. And while Tasmania leads on two indicators, it ranks eighth on relative population growth—pointing to slower economic activity ahead.

NSW is the most consistent economy, leading on relative unemployment, and second or third on four indicators.

Looking ahead, trends in population, the job market and housing should be closely monitored. As noted in the last survey, the potential for stimulus in the Chinese economy will be important for resources and tourism-focused states.

But clearly, the success achieved in lowering the rate of inflation will determine the path of interest rates and economic activity across all states and territories.



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

Source: CommSec, ABS, Federal Chamber of Automotive Industries



CommSec

State of the States

Methodology

Each of the states 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 the ACT and NSW both stood at 3.1 per cent in June. However, the NSW unemployment rate was 37.8 per cent below its decade average, while the ACT jobless rate was 19.6 per cent below its decade average. So NSW ranks above the ACT on this indicator.

Except for economic growth, seasonally adjusted or trend measures of the economic indicators were used to assess performance on all measures. While preference was for trend measures, in many cases these are still suspended in the wake of the Covid-19 crisis. Rolling annual nominal data was used to assess economic growth.

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State and Territory Economic
Performance Report



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