



CommSec

# *State of* **the States**

State and Territory  
Economic Performance Report

*October 2023*

Edition 57

# Victoria now 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 15<sup>th</sup> 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 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 six of the state and territory economies. **Victoria** has surprised, jumping from fifth to first position. **Victoria** was consistently firm across all the indicators.

**South Australia** is now ranked second, trading places with **NSW** in third position. **Queensland** remains fourth, **Western Australia** remains fifth ahead of **Tasmania** in sixth place. And the **ACT** is seventh, ahead of 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, **Western Australia** is first, ahead of **NSW**, **Victoria** and **Queensland** in equal second place. **South Australia** is fifth; the **ACT** is sixth, ahead of the **Northern Territory** and **Tasmania**.

### 5. 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 fourth on relative population growth.

### 4. QLD

#### Strength

Housing finance.

#### Weakness

Equipment spending.

Queensland is ranked first on home loans.

### 3. NSW

#### Strength

Relative economic growth.

#### Weakness

Housing finance.

NSW is ranked second on two indicators.

### 7. ACT

#### Strength

Retail spending.

#### Weakness

Relative population growth.

The ACT is ranked first on retail trade.

### 2. SA

#### Strength

Relative unemployment.

#### Weakness

Retail spending.

South Australia ranks first on relative unemployment.

### 6. TAS

#### Strength

Equipment spending.

#### Weakness

Relative population growth.

Tasmania is ranked first on two indicators.

### 1. VIC

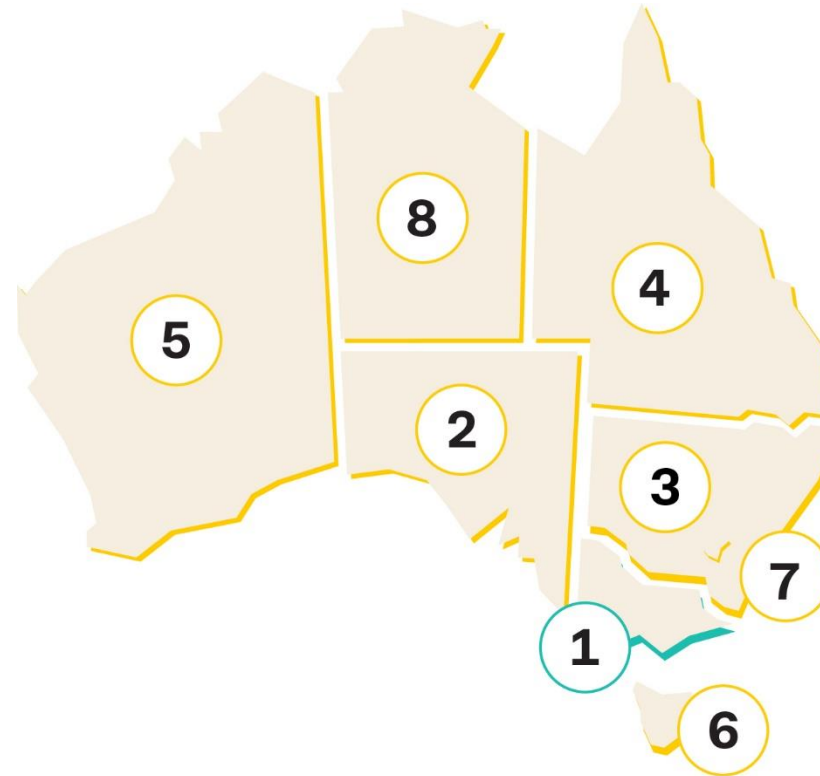
#### Strength

Relative economic growth.

#### Weakness

Relative population growth.

Victoria ranks first on two indicators.



# Overall *performance*

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**Victoria** has climbed to top spot in the *State of the States'* economic performance rankings, improving its ranking on four of the eight indicators.

**Victoria** ranks first on relative economic growth and construction work done.

**South Australia** is now in second position, ahead of **NSW** and **Queensland**.

**South Australia** ranks first on relative unemployment. **NSW** ranks second or third on four indicators. **Queensland** ranks first on home lending.

Behind **Queensland** is **Western Australia**, remaining in fifth position, ahead of **Tasmania**. There is little to separate the top six economies.

The **ACT** is ranked seventh ahead of the **Northern Territory**, which sits in eighth position.

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.

**Western Australia** now heads the leader-board of annual growth rates, ahead of **NSW**, **Victoria** and **Queensland** in joint third position.

**South Australia** is fifth; the **ACT** is sixth. The **Northern Territory** is seventh, ahead of **Tasmania**.

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

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

*Victoria is*  
Australia's best  
performing economy.



# Economic growth



*Real economic activity in Victoria in the year to June 2023 was 7.7 per cent above the 4-year average level of output.*

## Victoria 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.

### Victoria now leads

Economic activity in Victoria in the June quarter was 7.7 per cent above its 4-year average level of output. NSW is in second spot, with output 7.6 per cent above the 4-year average of output.

Queensland is now in third position (up 7.5 per cent) followed by South Australia (up 7 per cent) and the ACT (up 6.3 per cent).

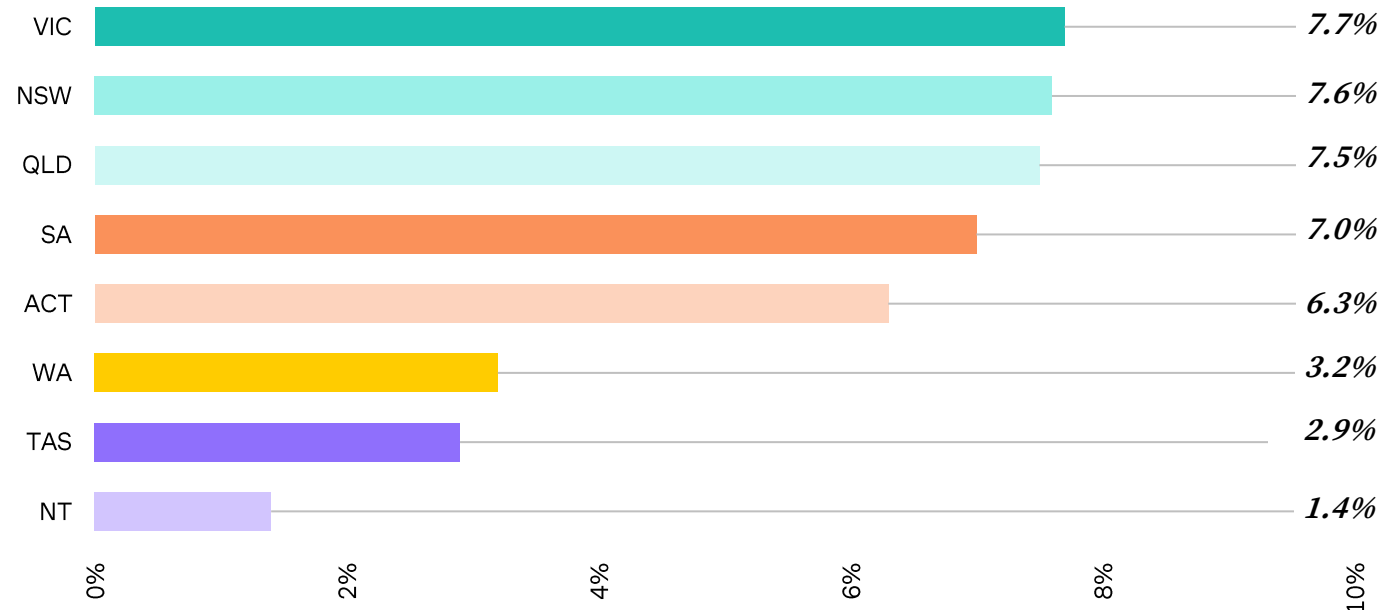
At the other end of the scale, economic activity in the Northern Territory in the June quarter 2023 was 1.4 per cent above its 4-year average, but behind Tasmania (up 2.9 per cent) and Western Australia (up 3.2 per cent).

Queensland recorded the fastest economic growth, up 4.9 per cent over the year. Next best is NSW (up 3.8 per cent), Western Australia (up 3.2 per cent), Victoria (up 2.8 per cent) and the ACT (up 2.5 per cent).

### Tasmania records the slowest growth

The weakest on annual nominal economic activity is the Northern Territory (down 2.4 per cent); Tasmania (down 0.7 per cent); and South Australia (up 2.2 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 June 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 June 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 June quarter.

The ACT remains in the top position, with real spending 14 per cent higher in the June quarter 2023 on its decade-average levels.

Victoria holds second spot with spending 13.3 per cent above its 'normal' levels or the decade average.

Western Australia lifts from sixth to third spot with real spending up 12.1 per cent on decade-average levels. Queensland is now in fourth position, with spending 10.7 per cent up on 'normal' levels. NSW falls from third to fifth position with spending up 10 per cent on the long-term average.

At the other end of the rankings, Northern Territory spending was up 0.3 per cent on the decade average, behind Tasmania (up 8.8 per cent) and South Australia (up 9.7 per cent).

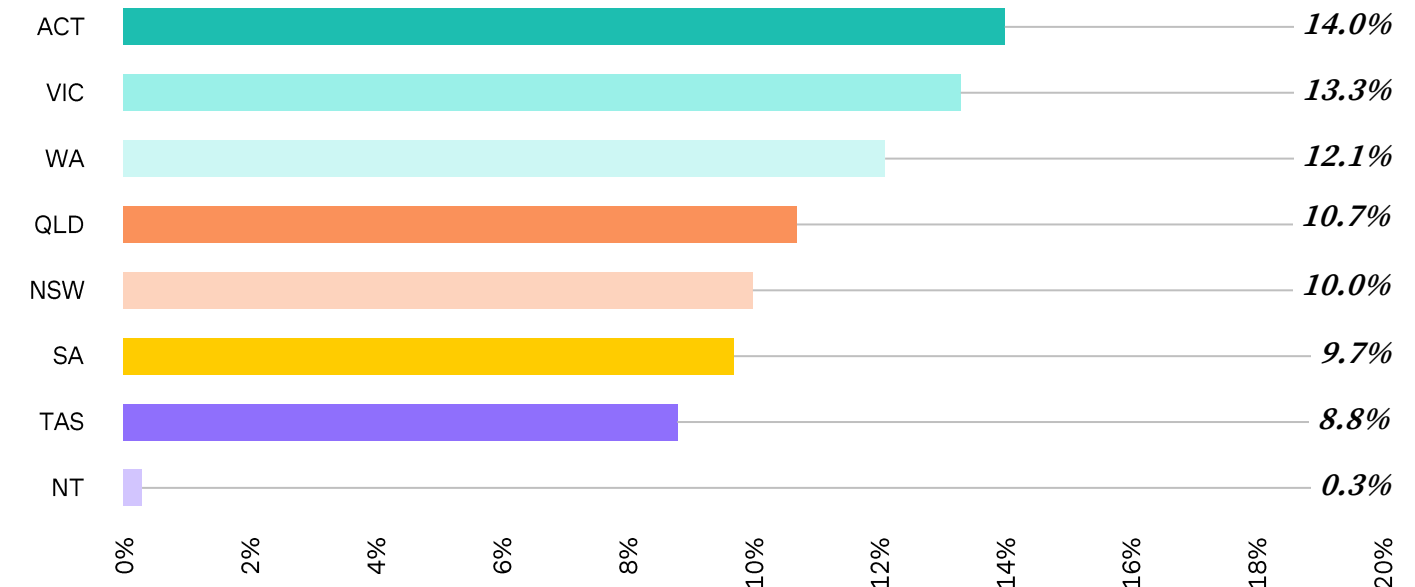
### The ACT also has the fastest annual growth

In terms of annual growth of real retail trade, the ACT is the strongest (up 2.1 per cent), ahead of South Australia (up 1.1 per cent) and Western Australia (up 0.5 per cent).

At the other end of the scale, retail spending in Queensland was down 3.7 per cent, behind Tasmania (down 3.1 per cent), NSW (down 1.5 per cent), Victoria (down 0.8 per cent) and Northern Territory (down 0.5 per cent).

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

In August, annual spending growth was fastest in the ACT (up 5.5 per cent) followed by Western Australia (up 4.0 per cent) and Northern Territory (up 2.8 per cent).



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

Source: CommSec, ABS

# Equipment investment



*In the June quarter, equipment investment in Tasmania was 21 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 June quarter 2023 data compared with decade averages (the 'normal' performance).

In the June quarter 2023, six states and territories had equipment spending above or in line with decade-average levels—a result the same as for the March quarter.

### Tasmania retains the lead

Equipment investment in Tasmania was up by 21 per cent on the decade average, ahead of Victoria (up 19.7 per cent). NSW is now in third position (up 19.6 per cent) with Western Australia fourth (up 17.9 per cent), ahead of South Australia (up 13.4 per cent) and Queensland (up 9.1 per cent).

At the other end of the scale, equipment investment in the Northern Territory was down 7.1 per cent on the decade average with the ACT down 2 per cent.

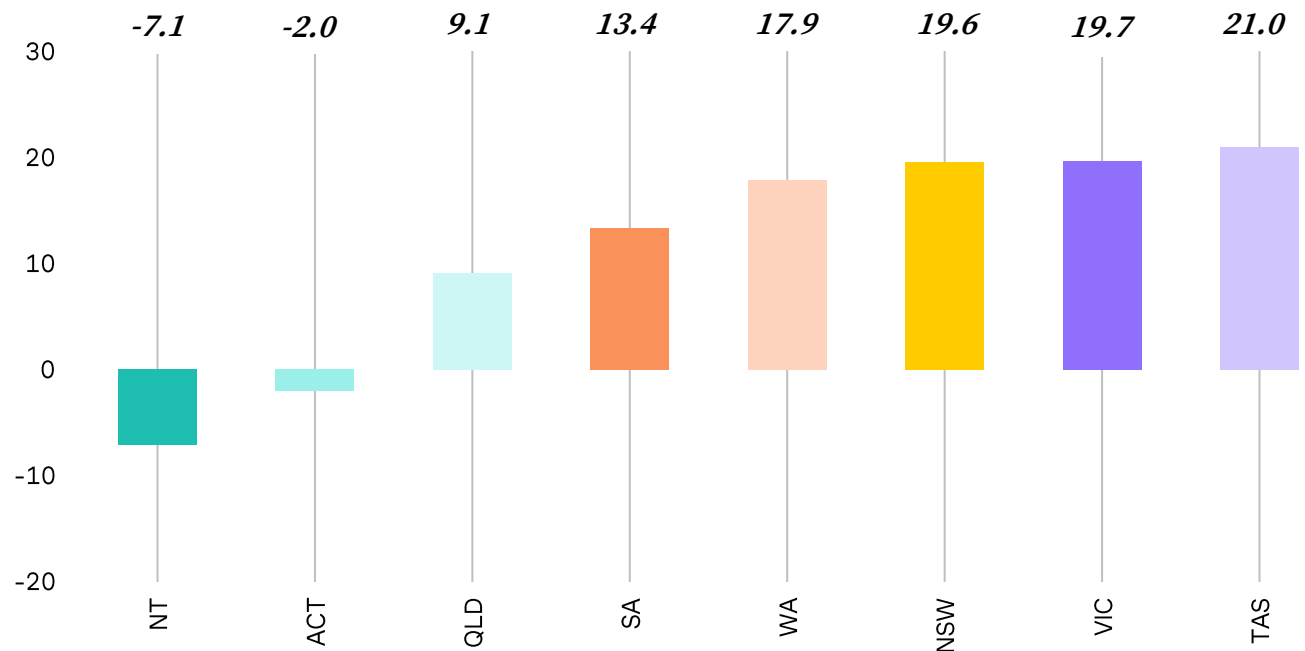
On a shorter-run analysis, real equipment investment in the June quarter 2023 was up on a year ago in five of the eight states and territories, compared with three economies in the March quarter 2023.

Equipment investment in the Northern Territory was up 26 per cent on the previous year, ahead of Victoria (up 17.5 per cent); NSW (up 12.8 per cent); Queensland (up 1.8 per cent); and South Australia (up 0.6 per cent).

### The ACT lags on annual comparisons

At the other end of the scale, new equipment investment in the ACT was 25.8 per cent lower than a year ago, behind Tasmania (down 16.2 per cent); and Western Australia (down 3.3 per cent).

Equipment investment was at record highs in NSW and Victoria in the June quarter 2023 and at 9½-year highs in Queensland. But investment was at 2½-year lows in the ACT and Tasmania.



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

Source: CommSec, ABS

# Unemployment



*With unemployment at 38.9 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 a record low of 3.7 per cent in September 2023, 38.9 per cent below the decade-average level.

### Western Australia is now in second spot

Next best is Western Australia, its 3.4 per cent jobless rate is 36.3 per cent below the decade average.

Victoria comes next (34.7 per cent below the decade average), ahead of NSW (32.9 per cent below the 10-year average), Queensland (31.0 per cent below the decade average).

At the other end of the scale, the Northern Territory jobless rate of 3.9 per cent is 8.9 per cent below the 4.3 per cent decade average rate.

Ahead of the Northern Territory are the ACT, its jobless rate of 3.4 per cent is 11.4 per cent below the decade average, and Tasmania (25.7 per cent below the decade average).

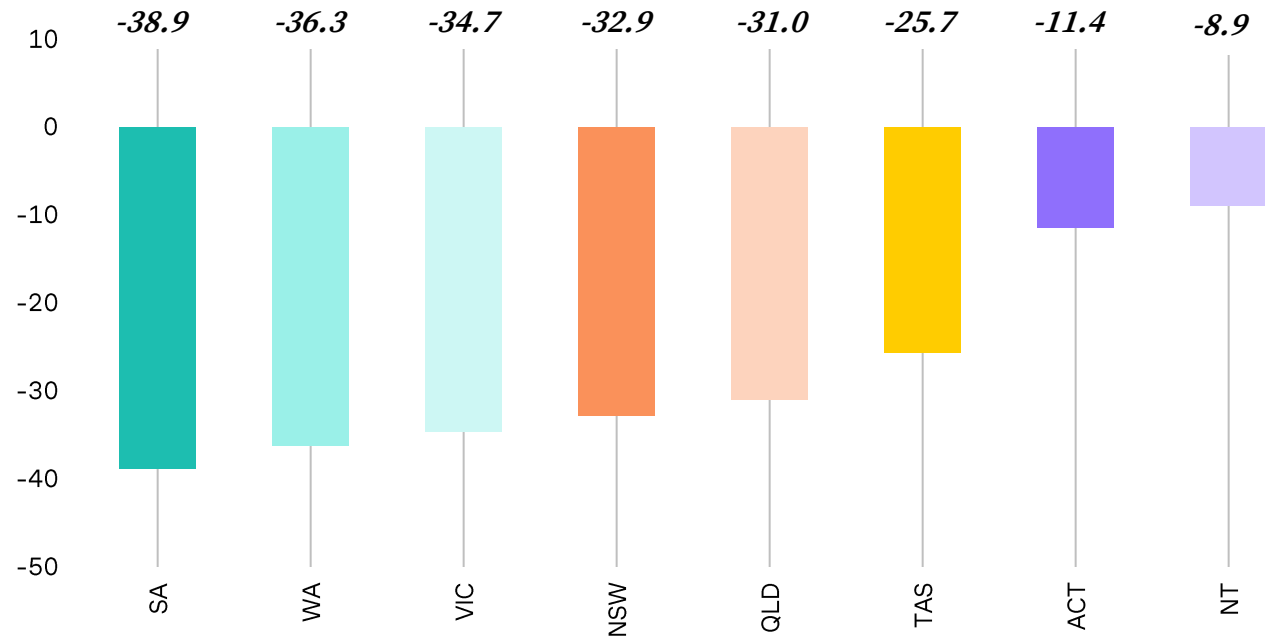
In September 2023, employment in all the states and territories was above decade-average levels. Queensland was strongest on this measure with employment 13.8 per cent higher than the decade average.

### South Australia has the fastest job growth

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

Performing best was the South Australia (up 4.1 per cent), ahead of Victoria (up by 4.0 per cent) and the ACT (up 3.5 per cent).

Western Australia jobs were up by 2.8 per cent over the year; Queensland (up by 2.2 per cent); NSW (up 3.2 per cent); Tasmania (up 1.5 per cent) and the Northern Territory (down 0.1 per cent).



Unemployment, trend, percent change in September 2023 on the decade average.  
Source: CommSec, ABS

# Construction work



*Victoria remains the strongest economy for construction work done.*

## Victoria remains 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 June quarter 2023.

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

### Victoria still on top

Victoria remains in top spot for construction work done. In Victoria, construction work done is 19.7 per cent above its decade average, ahead of Tasmania (up 18.1 per cent).

South Australia is next with work done 15.6 per cent above the decade average, ahead of NSW (up 13.7 per cent) and the ACT (up 1.9 per cent).

At the lower end of the scale, the Northern Territory construction work done in the June quarter was 48.3 per cent below the decade average.

Next lowest was Western Australia with construction work down 16.5 per cent on the decade average, behind Queensland (down 5.0 per cent).

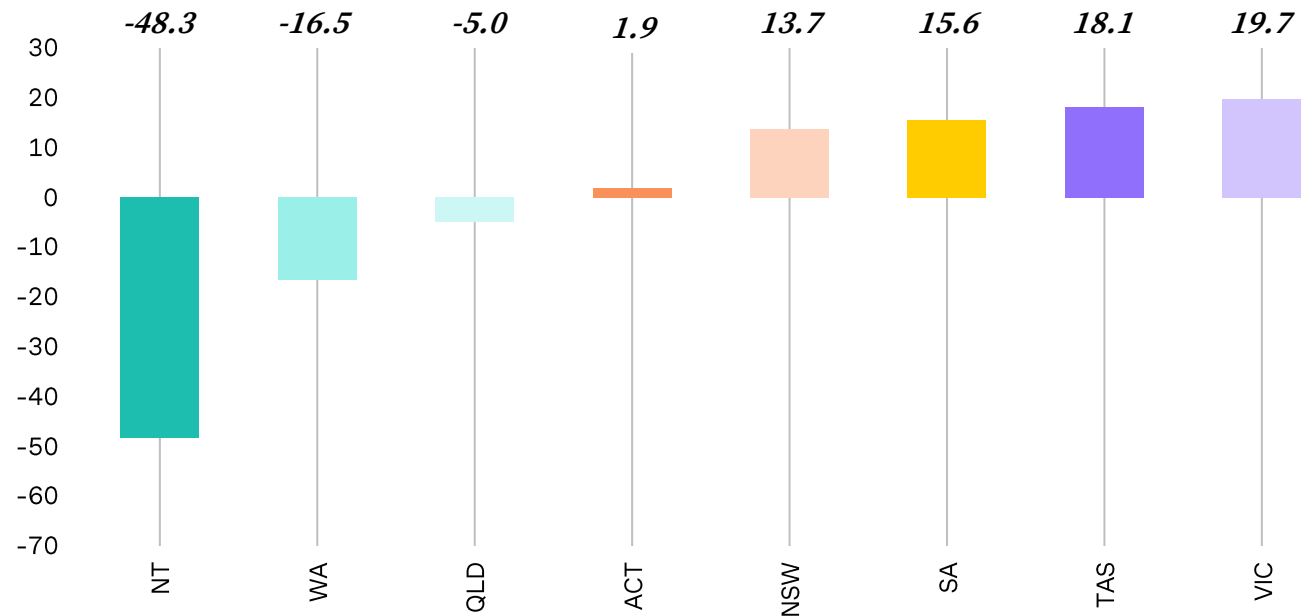
Only two economies posted weaker growth in the June quarter: the Northern Territory (down 0.4%) and South Australia (down 0.3%).

### Western Australia leads annual growth

In terms of annual growth rates, five economies had construction work higher than a year ago. Western Australia was the strongest performer, up 14.3 per cent, ahead of Queensland and NSW, both with construction work 9.9 per cent higher than a year earlier.

Victoria was next best (up 5.8 per cent); followed by Tasmania (up 4.5 per cent) and the Northern Territory (up 2.4 per cent).

At the other end of the scale, construction work was lower than a year ago in the ACT (down 4.0 per cent) and South Australia (down 2.8 per cent).



Construction work done, trend, percent change, June 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 six states or territories have population growth above the decade average.

### Western Australia now in top spot

Western Australia is now the strongest on relative population growth, with its 2.82 per cent annual population growth rate 98.3 per cent above the decade average for the year to the March quarter 2023 (latest available).

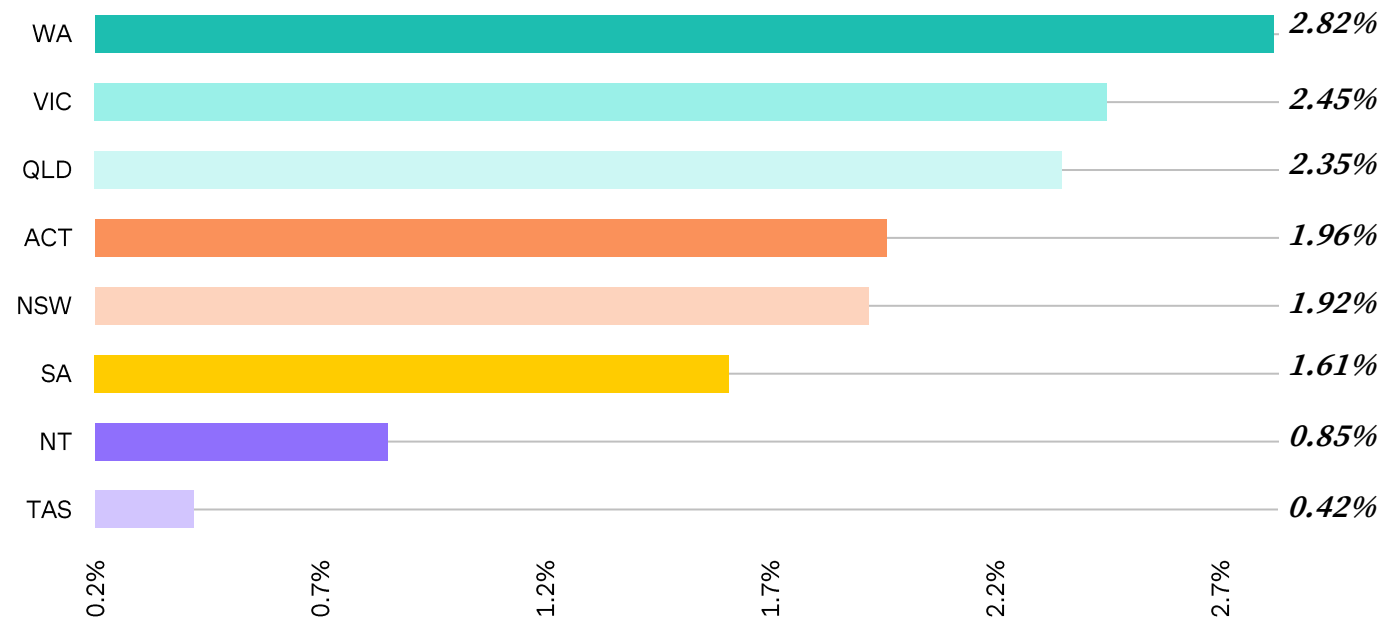
NSW is now second on the relative annual population growth measure—the 1.92 per cent annual population growth rate is up 67.5 per cent on the decade average.

Next strongest was South Australia (up 63.9 per cent), followed by the Northern Territory (up 63.1 per cent); Queensland (up 51.1 per cent); Victoria (up 50 per cent); the ACT (unchanged); and Tasmania (down 62.5 per cent).

The state with the fastest absolute annual population growth is Western Australia (up 2.82 per cent). Next strongest is Victoria (up 2.45 per cent), followed by Queensland (up 2.35 per cent); the ACT (up 1.96 per cent); NSW (up 1.92 per cent); South Australia (up 1.61 per cent); the Northern Territory (up 0.85 per cent); and Tasmania (up 0.42 per cent).

The 2.82 per cent annual population growth in Western Australia is the strongest growth in a decade. The 1.92 per cent annual population growth in NSW is the strongest on record. The Victorian population growth is the fastest in seven years. And the 2.35 per cent annual population growth in Queensland is the fastest rate in 13½ years.

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



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

Source: CommSec, ABS

# Housing finance



*Queensland is in top spot, with the value of home loans up by 15.3 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 August 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 report similar findings were obtained.

But home loans are still below last year's levels in all states and territories.

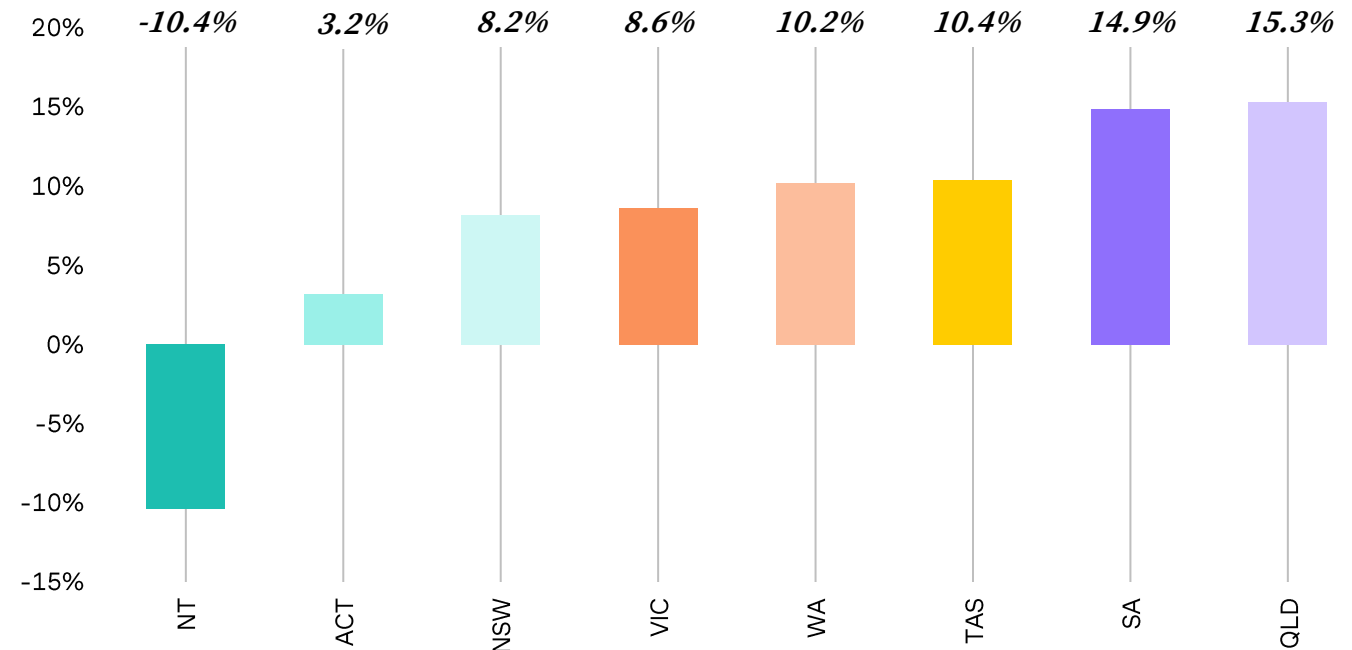
Queensland remains in the top spot, with the value of home loans up by 15.3 per cent on the long-term average. The next strongest is South Australia (up 14.9 per cent), ahead of Tasmania (up 10.4 per cent) and Western Australia (up 10.2 per cent).

### The Northern Territory is the weakest

The Northern Territory is still the weakest for housing finance with commitments 10.4 per cent lower than its decade average. Commitments in the ACT were up 3.2 per cent on the decade average, behind NSW (up 8.2 per cent) and Victoria (up 8.6 per cent).

In annual terms, lending in Western Australia was 'strongest', down 6.9 per cent, followed by South Australia (down 7.7 per cent).

Home loans in NSW were down 9.6 per cent; followed by Queensland (down 9.7 per cent); Tasmania (down 13.9 per cent); Victoria (down 15.7 per cent); the ACT (down 26.4 per cent); and the Northern Territory (down 27.3 per cent).



Housing finance commitments, percent change August 2023 on the decade average.

**Source:** CommSec, ABS

# Dwelling starts



*Dwelling starts in Tasmania in the June quarter of 2023 were up by 4.8 per cent on the decade-average level.*

## Tasmania still 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.

### Tasmania leads the way

Tasmania remains in top position on dwelling starts. In the June quarter 2023, starts in Tasmania were 4.8 per cent above the decade average. Queensland is now in second spot, with starts 9.8 per cent below 'normal' (the decade average).

NSW takes third spot with starts down 12.5 per cent on the decade average, from South Australia (down 16.4 per cent on 'normal').

At the other end of the scale, dwelling starts in the Northern Territory were 51.4 per cent below the decade average.

Next weakest was Western Australia (down 33.4 per cent); the ACT (down 32.8 per cent); and Victoria (down 21 per cent).

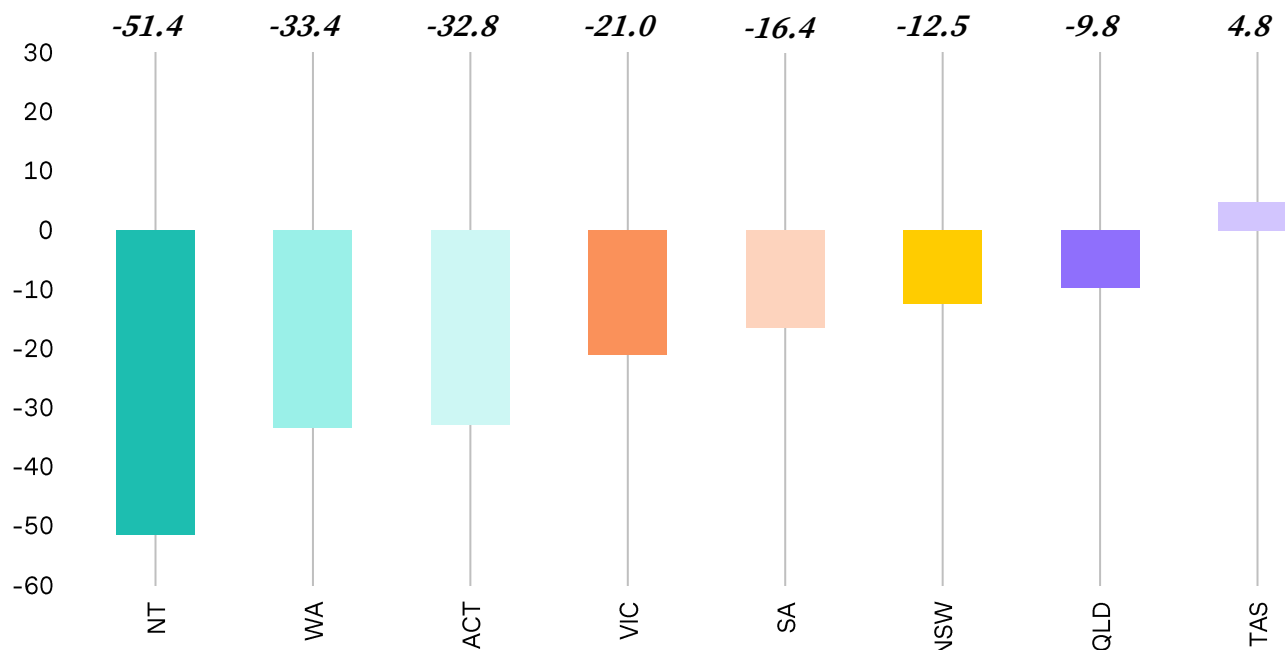
In terms of quarterly changes, all states except NSW and Queensland posted declines.

South Australia fell the most, down 9 per cent, while starts in Victoria fell 7 per cent. Starts in NSW rose 5.1 per cent in the June quarter with Queensland starts up 2.2 per cent.

### NSW: the only state to post an annual rise

In terms of annual changes, only NSW posted gains over the year to June 2023. Starts in the NSW lifted by 5.3 per cent while starts in Queensland fell by 1.1 per cent.

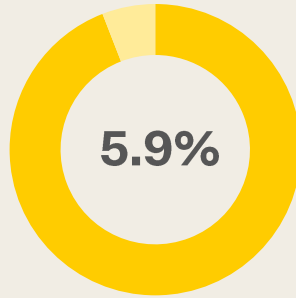
Starts in the ACT fell most over the year, down 47.6 per cent. Starts fell 29.2 per cent in South Australia followed by the Northern Territory (down 26.3 per cent); Western Australia (down 23.3 per cent); Victoria (down 21.3 per cent) and Tasmania (down 8.8 per cent).



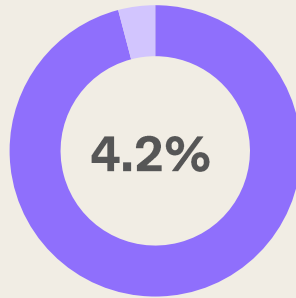
Dwelling starts, trend, percent change, June quarter 2023 on decade average.  
**Source:** CommSec, ABS

# Other indicators

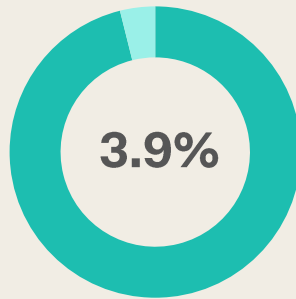
Highest inflation rate in Adelaide, SA



Fastest wage growth in Western Australia



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 were likely to have had negative real wage growth in the September quarter 2023 (the gap between wage growth and inflation). The Wage Price Index for the quarter is released on November 15.

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 June quarter 2023 was strongest in Western Australia (4.2 per cent), ahead of the ACT (4.0 per cent) and Tasmania (up 3.9 per cent).

Wages in Queensland and South Australia were both up by 3.7 per cent, ahead of Victoria (up 3.6 per cent), NSW (up 3.4 per cent) and the Northern Territory (up 3.3 per cent)

### Slower growth of home prices

Turning to home prices, in September 2023 five of the states and territories posted annual increases in home prices. Also, the annual price change of homes rose in all of the economies in the latest month compared with three months earlier.

National home prices rose by 3.9 per cent over the year to September, after falling by 2.3 per cent in the year to June.

The strongest annual growth in home prices was in Western Australia (up 8.4 per cent); followed by South Australia (up 5.6 per cent); and NSW (up 5.2 per cent).

Home prices fell in Tasmania over the past year (down 4.4 per cent); followed by the ACT (down 3.0 per cent); the Northern Territory (down 1.6 per cent); Victoria (up 0.6 per cent); and Queensland (up 4.3 per cent).

	CPI Sept Qtr. 2023	Wages Jun Qtr. 2023	Home Prices Sept 2023
NSW	5.6	3.4	5.2
VIC	4.9	3.6	0.6
QLD	5.2	3.7	4.3
SA	5.9	3.7	5.6
WA	5.8	4.2	8.4
TAS	4.1	3.9	-4.4
NT	4.3	3.3	-1.6
ACT	4.5	4.0	-3.0



### Western Australia

The fastest annual lift in home prices was in Western Australia, up **8.4%**.

\*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


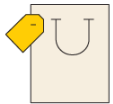


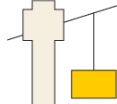

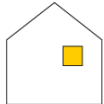
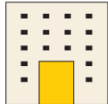
If we focus just on annual growth rates, the top of the leader-board changes markedly. **Western Australia** has the strongest economic momentum, up from equal third position in the July 2023 survey.

**NSW, Queensland, and Victoria** are in equal third position ahead of **South Australia** in fifth spot.

The **ACT** is in sixth position ahead of the **Northern Territory**, and **Tasmania** remains in eighth position.

Positively for **Western Australia**, it leads other states and territories on annual growth rates on three of the eight indicators. The state is ahead of the national average on four indicators. All this points to the potential to ride up the economic performance rankings over the next few years.

**NSW, South Australia, 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
<b>NSW</b>	3.8	-1.5	12.8	2.1	9.9	1.92	-9.6	<b>5.3</b>
<b>VIC</b>	2.8	-0.8	17.5	4.0	5.6	2.45	-15.7	-21.3
<b>QLD</b>	<b>4.9</b>	-3.7	1.8	2.2	9.9	2.35	-9.7	-1.1
<b>SA</b>	2.2	1.1	-0.6	<b>4.1</b>	-2.8	1.61	-7.7	-29.2
<b>WA</b>	3.2	0.5	-3.3	2.8	<b>14.3</b>	<b>2.82</b>	<b>-6.9</b>	-23.3
<b>TAS</b>	-0.7	-3.1	-16.2	1.5	4.5	0.42	<b>-13.9</b>	-8.8
<b>NT</b>	-2.4	-0.5	<b>26.0</b>	-0.1	2.4	0.85	-27.3	-26.3
<b>ACT</b>	2.5	<b>2.1</b>	-25.8	3.	<b>-4.0</b>	1.96	-26.4	-47.6
<b>Aust</b>	<b>3.3</b>	<b>-1.4</b>	<b>7.2</b>	<b>3.5</b>	<b>2.8</b>	<b>2.17</b>	<b>-12.7</b>	<b>-9.6</b>

# 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 September 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 16.4 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 the Northern Territory. Doing best is Western Australia, up 19.4 per cent on a year ago.

### Little separating Australia's economies

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

Economies continue to slow in response to higher interest

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

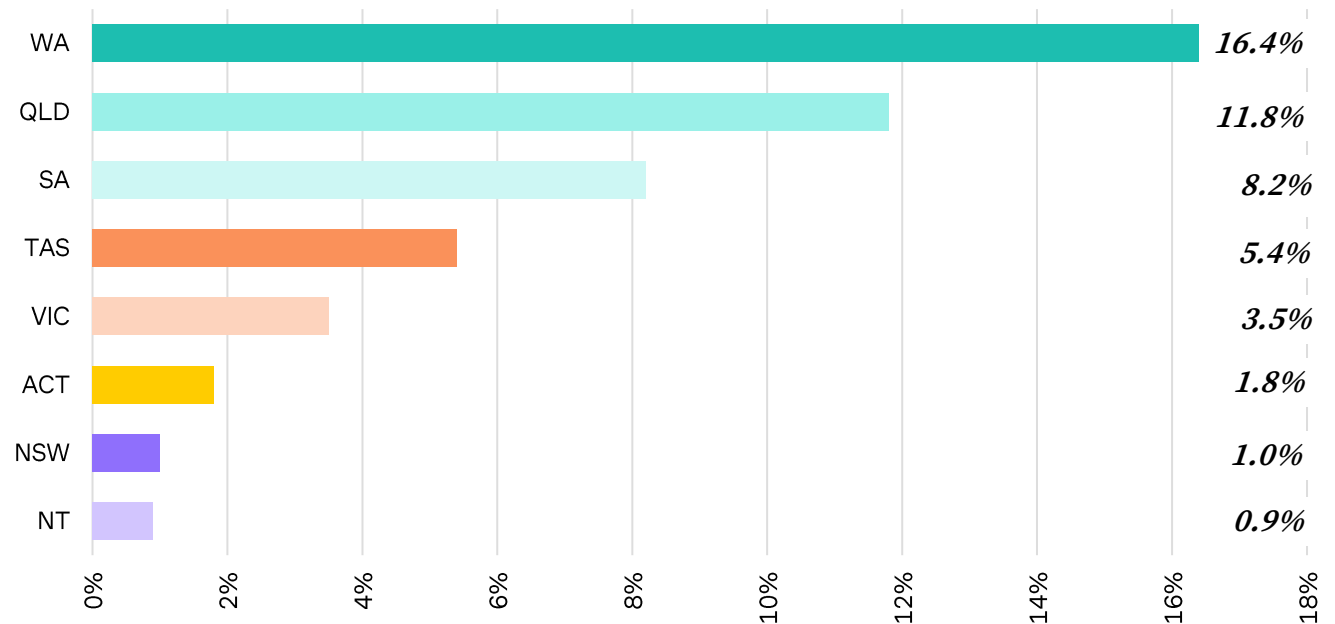
### Where to from here?

While Victoria now claims first position on overall economic performance, it faces challenges from four other economies. Even Western Australia could pose a challenge to Victoria, given its current momentum.

However, Victoria was consistent in the latest survey—first, second or third on five of the eight indicators.

Looking ahead, trends in consumer spending and migration are important to watch as well as the US and Chinese economies.

Success achieved in lowering inflation expectations, balancing supply and demand, and thus reducing 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 September 2023 on the decade average.

Source: CommSec, ABS, Federal Chamber of Automotive Industries



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### 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.

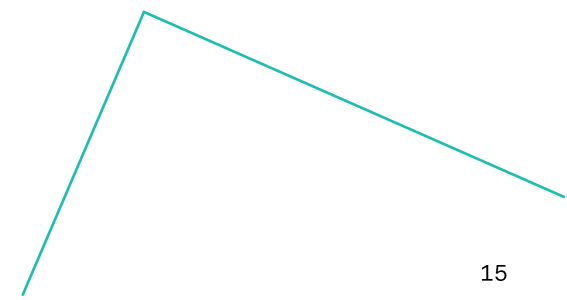
While we also looked at the current pace of growth to assess economic momentum, it may yield perverse results to judge performance. For instance, retail spending may be up sharply on a year ago but from depressed levels. Overall spending may still be well below 'normal'.

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 3.3 per cent in September. However, the NSW unemployment rate was 32.9 per cent below its decade average, while the South Australian jobless rate of a record low 3.7 percent was 38.9 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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