CommSec

State of the States

State and Territory
Economic Performance Report

July 2024

Edition 60

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 higher-than-desired price inflation.

Australia's state and territory economies have slowed as consumers respond to higher borrowing costs and price pressures. The future path will depend on the resiliency of the job market and interest rates.

South Australia continues to lead the performance rankings. **South Australia** ranked first on three of the eight indicators. **Western Australia** is still in second spot, fast closing-in on first place. **Victoria** remains in third place with the **ACT** now alone in fourth position.

The previously equal fourth-placed states of **Queensland** (now fifth), **Tasmania** (now sixth) and **NSW** (now seventh) all dropped down the table.

The **Northern Territory** remains stuck in eighth spot. We acknowledge that the economic performance ranking criteria disadvantages this small, open economy. 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** and **Queensland** are now in joint first place. The **ACT** is third and **Victoria** is fourth. **Tasmania** is fifth ahead of **NSW** in sixth spot, followed by **South Australia** and the **Northern Territory** in seventh and eighth spots, respectively.

2. WA

Strength
Relative population growth.

Weakness
Construction work done.

Western Australia ranks first on two indicators.

8. NT

Strength
Relative population growth.

Weakness
Housing finance.

The Northern Territory is ranked eighth on six indicators.

5. QLD

Strength
Housing finance.

Weakness
Relative economic growth.

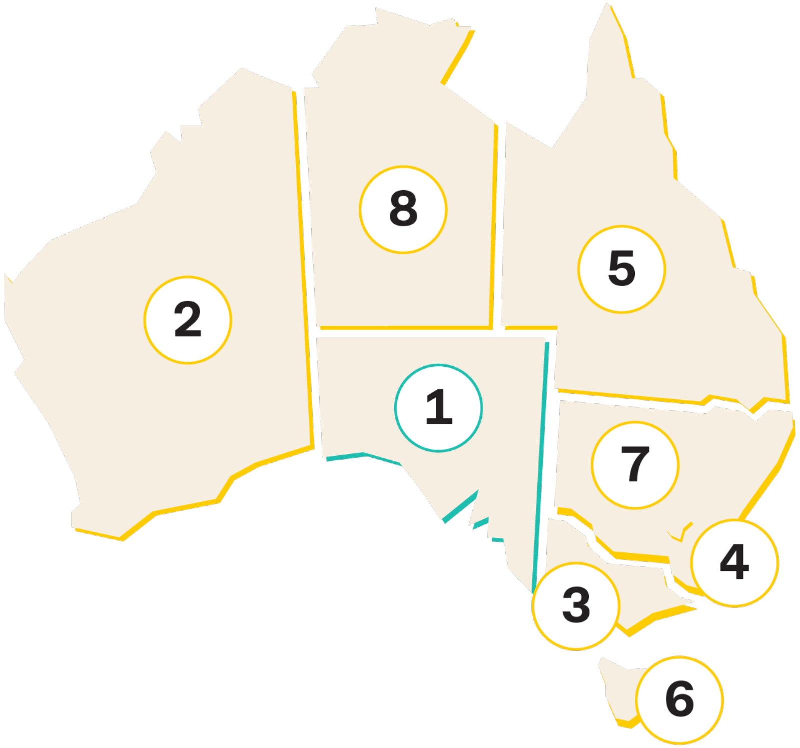
Queensland is ranked fourth on four indicators.

7. NSW

Strength
Relative population growth.

Weakness
Retail spending.

NSW is ranked seventh on two indicators.



4. ACT

Strength
The ACT is ranked first on three indicators.

Weakness
Relative unemployment.

The ACT is ranked seventh on two indicators.

1. SA

Strength
Ranked first on three indicators.

Weakness
Equipment spending.

South Australia is consistently strong across most indicators.

6. TAS

Strength
Construction work.

Weakness
Relative population growth.

Tasmania is ranked sixth on two indicators.

3. VIC

Strength
Retail spending.

Weakness
Relative unemployment.

Victoria is ranked third on three indicators.

Source: CommSec

Overall *performance*

South Australia has retained the top spot in the *State of the States'* economic performance rankings for a third straight survey.

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

Western Australia is close behind in second position, ranking first on relative population growth and housing finance.

Victoria remains in third spot, with results pretty solid across the board.

The **ACT** is now alone in fourth place—leading on three indicators—but is held-back by low relative rankings on several other measures.

The previously equal-fourth ranked states of **Queensland** (now fifth), **Tasmania** (now sixth) and **NSW** (now seventh) have dropped down the rankings. **Queensland** is ranked fourth on four indicators, with **Tasmania** marginally behind.

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. That said, the 'Top End' still remains in last place.

Resources-focused states **Western Australia** and **Queensland** both have the strongest annual economic momentum, with 'The West' first for a third survey.

The **ACT** is now up in third spot with **Victoria** dropping to fourth. **Tasmania** is in fifth position ahead of **NSW** in sixth position. **South Australia** is seventh and **Northern Territory** is in eighth position.

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

Both **Queensland** and the **ACT** are first placed on two economic indicators.

Source: CommSec

Economic *growth*

Real economic activity in the ACT in the year to March 2024 was 8.6 per cent above a long-run average level of output.

ACT 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 4½ years, the results can be consistently compared for all economies in real terms.

ACT leads from South Australia

In the March quarter 2024, economic activity in the ACT was 8.6 per cent above its long-term average level of output. South Australia is now in second spot, with output 6.6 per cent above the long-run average of output.

Victoria remains in third position (up 6.0 per cent) followed by Tasmania (up 5.2 per cent) and NSW (up 5.1 per cent).

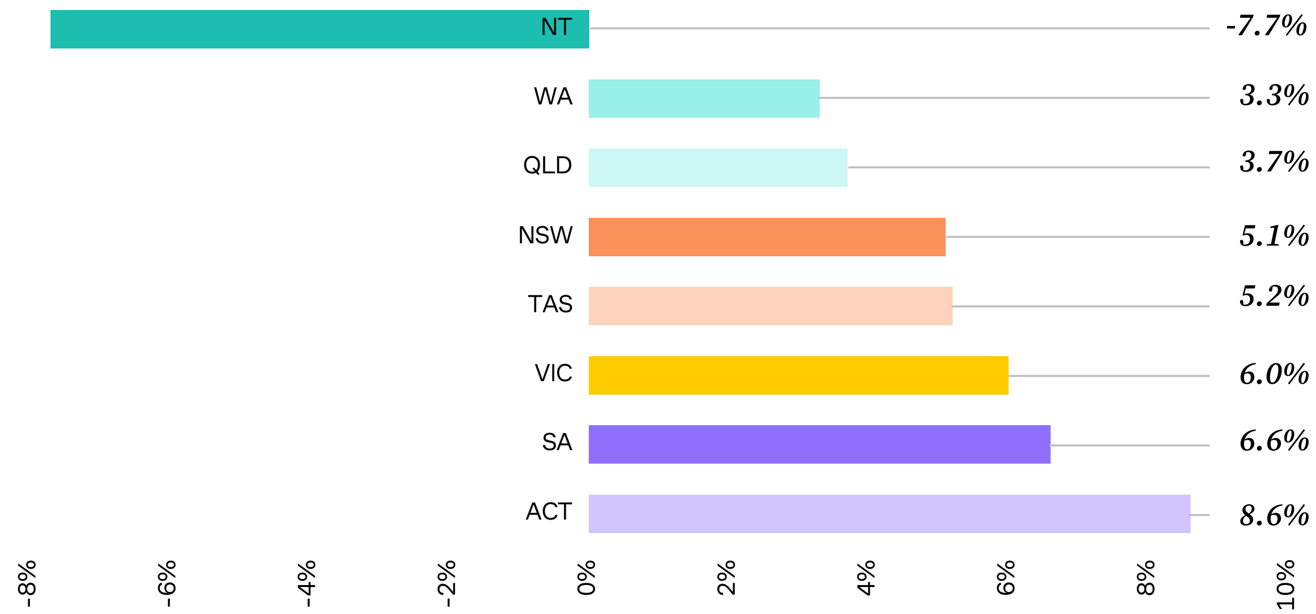
At the other end of the scale, the Northern Territory's March quarter economic activity was 7.7 per cent below its long-run average, behind Western Australia (up 3.3 per cent) and Queensland (up 3.7 per cent).

Queensland recorded the fastest economic growth, up 4.1 per cent over the year. Next best is Tasmania (up 3.3 per cent), the ACT (up 2.4 per cent) and NSW and Victoria (both up 1.2 per cent).

Northern Territory records the slowest growth

The weakest performer on annual economic activity in the quarter is Northern Territory (down 6.7 per cent), followed by Western Australia (up 0.5 per cent) and South Australia (up 0.6 per cent).

If seasonally adjusted SFD is used in real terms, comparing the latest result with long-run averages reveals notable changes in the rankings. Western Australia (due to solid export growth) leads from the ACT and Queensland.



Economic growth (state final demand plus trade) real, seasonally adjusted, percentage change year to March 2024 on a long-run 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 March quarter 2024 data, the latest available.

The ACT leads on 'real' retail spending

Despite the rising cost of living and higher borrowing costs, retail spending remained above the long-term average in all states and territories in the March quarter.

The ACT remains in the top position, with real spending 10.8 per cent higher in the March quarter 2024 on its decade-average levels.

Victoria is now in second spot with spending 10.3 per cent above its 'normal' levels or the decade average.

Western Australia slips to third spot with real spending up 10.0 per cent on decade-average levels. Queensland remains in fourth position, with spending up 9.7 per cent on 'normal' levels.

Tasmania is in fifth position with spending up 8.8 per cent above the long-term average.

At the other end of the rankings, Northern Territory spending was up 1.1 per cent on the decade average, behind NSW (up 7.2 per cent) and South Australia (up 7.9 per cent).

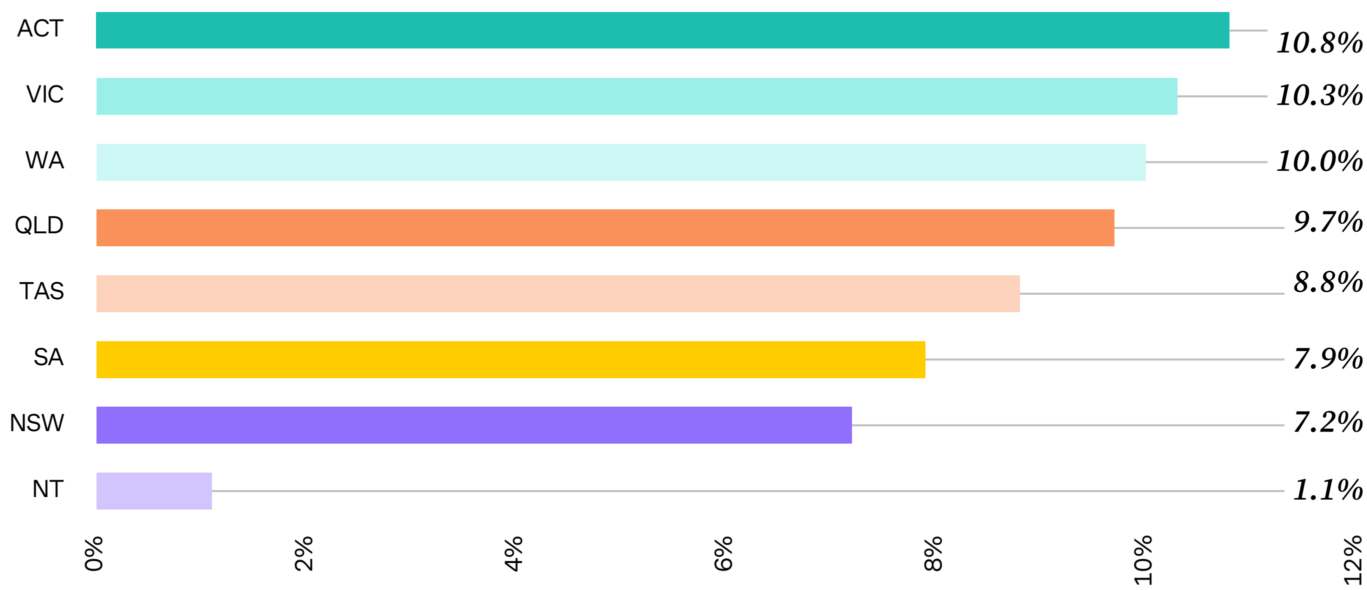
Victoria has the fastest annual growth

In terms of annual growth of real retail trade, the Northern Territory is the strongest (up 1.0 per cent), ahead of Queensland (down 0.4 per cent) and both Tasmania and Western Australia (down 0.5 per cent).

At the other end of the scale, retail spending in NSW was down 2.4 per cent, behind Victoria (down 1.4 per cent), the ACT (down 1.3 per cent) and South Australia (down 0.6 per cent).

If nominal monthly retail trade was assessed instead to calculate the decade average rankings (May 2024 data is available), Western Australia would be in top spot, ahead of the ACT and Victoria.

In May 2024, annual spending growth was fastest in Tasmania (up 4.4 per cent) ahead of Western Australia (up 3.5 per cent).



Real retail trade, seasonally adjusted, percentage change March quarter, 2024 on the decade average.
Source: CommSec, ABS

Equipment *investment*

In the March quarter, equipment investment in the ACT was 47.2 per cent above the decade average.

The ACT takes the lead on equipment investment

The measure of equipment investment is real spending on new plant and equipment in trend terms with March quarter 2024 data compared with decade averages (the 'normal' performance).

In the March quarter, seven states and territories had equipment spending above or in-line with decade-average levels, unchanged from the result in the December quarter of 2023.

The ACT takes the lead

Equipment investment in the ACT was up by 47.2 per cent on the decade average, ahead of Western Australia (up 29.5 per cent). Tasmania is now in third position (up 26.0 per cent) with Queensland now fourth (up 17.7 per cent), ahead of Victoria (up 17.0 per cent) and NSW (up 12.5 per cent).

At the other end of the scale, equipment investment in the Northern Territory was down 12.1 per cent on the decade average with South Australia up 2.8 per cent.

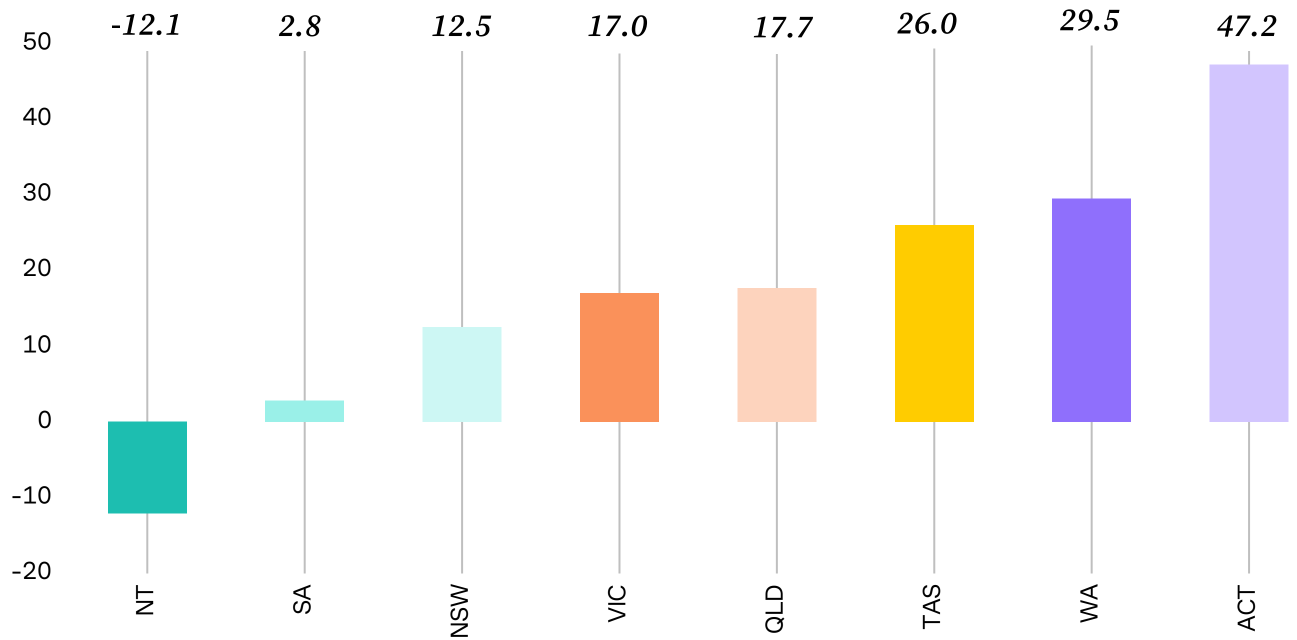
On a shorter-run analysis, real equipment investment in the March quarter of 2024 was up on a year ago in five of the eight states and territories, unchanged from the result in the December quarter of 2023.

Equipment investment in the ACT was up 64.2 per cent on the previous year, ahead of Western Australia (up 13.5 per cent); Queensland (up 9.3 per cent); Victoria (up 4.8 per cent) and Tasmania (up 0.9 per cent).

South Australia lags on annual comparisons

At the other end of the scale, new equipment investment in South Australia was 8.8 per cent lower than a year ago, behind NSW (down 1.2 per cent) and Northern Territory (down 0.6 per cent).

Equipment investment was at 10-year highs in Queensland in the March quarter 2024. But investment was near 3-year lows in South Australia.



Equipment spending, trend, percent change March quarter, 2024 on the decade average.
Source: CommSec, ABS

Unemployment

With unemployment at 33.4 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 still has the strongest job market. Trend unemployment in South Australia was at 3.9 per cent in June 2024, 33.4 per cent below the decade-average level.

Tasmania now in second spot

Next best is Tasmania, its 3.8 per cent jobless rate is 33.0 per cent below the decade average.

Western Australia drops to third (30.0 per cent below the decade average), ahead of Queensland (28.5 per cent below the 10-year average) and NSW (18.7 per cent below the decade average).

At the other end of the scale, the ACT jobless rate of 3.5 per cent is 9.5 per cent below the 3.9 per cent decade average rate.

Ahead of the ACT is Victoria, its jobless rate of 4.5 per cent is 13.8 per cent below the decade average, and the Northern Territory (14.4 per cent below the decade average).

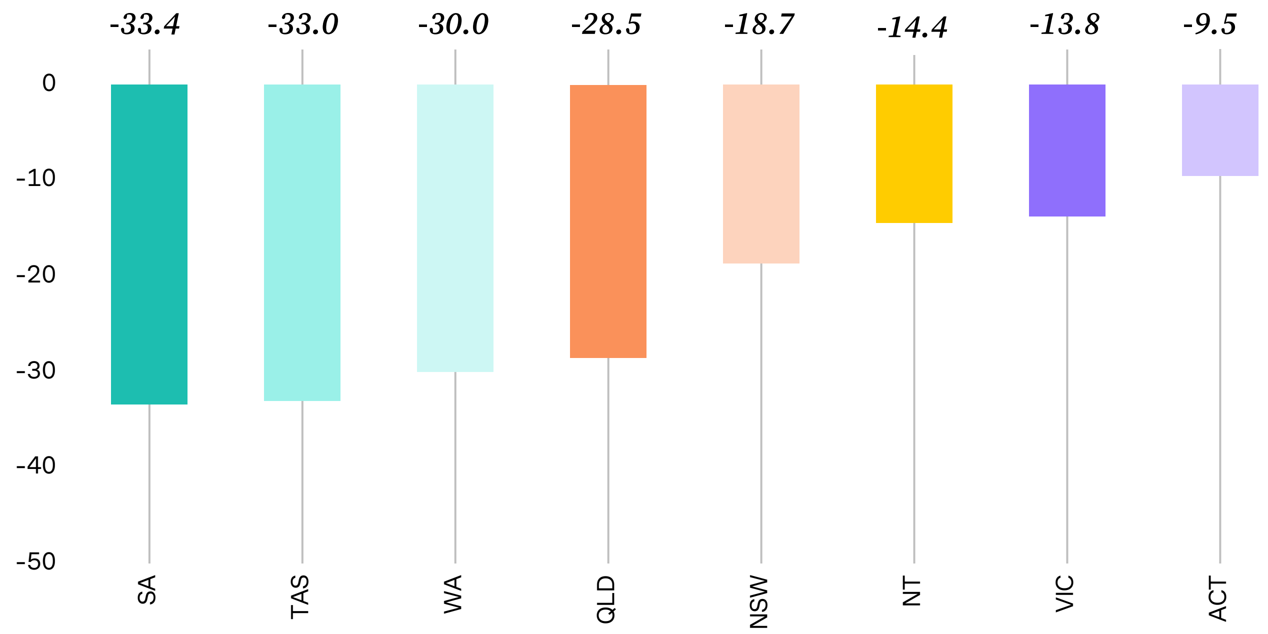
In June 2024, employment in all the states and territories were above decade-average levels. Queensland was strongest on this measure with employment 16.0 per cent higher than the decade average. Western Australia was second.

Queensland has the fastest job growth

Looking over the year to June 2024, employment in all states and territories recorded annual gains except Tasmania and South Australia.

Performing best was Queensland (up 4.6 per cent), ahead of Western Australia (up by 4.0 per cent) and Victoria (up 3.0 per cent).

Jobs in the ACT were up by 2.4 per cent over the year; NSW (up by 2.2 per cent); the Northern Territory (up 2.0 per cent); Tasmania (down 0.6 per cent); and South Australia (down 0.8 per cent).



Unemployment, trend, percent change in June 2024 on the decade average.
Source: CommSec, ABS

Construction *work*

Up 15.6 per cent on the decade-average level, South Australia is strongest for construction work done.

South Australia is 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 2024.

In seven of the eight states and territories, construction work in the March quarter were higher than the decade average, up from six in the previous quarter.

South Australia still on top

South Australia remains in the top spot for construction work done. In South Australia, construction work done is 15.6 per cent above its decade average, ahead of Tasmania, 15.3 per cent above the decade average.

Victoria is next in third place with work done 12.9 per cent above the decade average, ahead of NSW (up 12.8 per cent) and the ACT (up 4.7 per cent).

At the lower end of the scale, the Northern Territory construction work done in the March quarter was 42.2 per cent below the decade average.

Next lowest was Western Australia with construction work up 1.1 per cent on the decade average, behind Queensland (up 2.1 per cent).

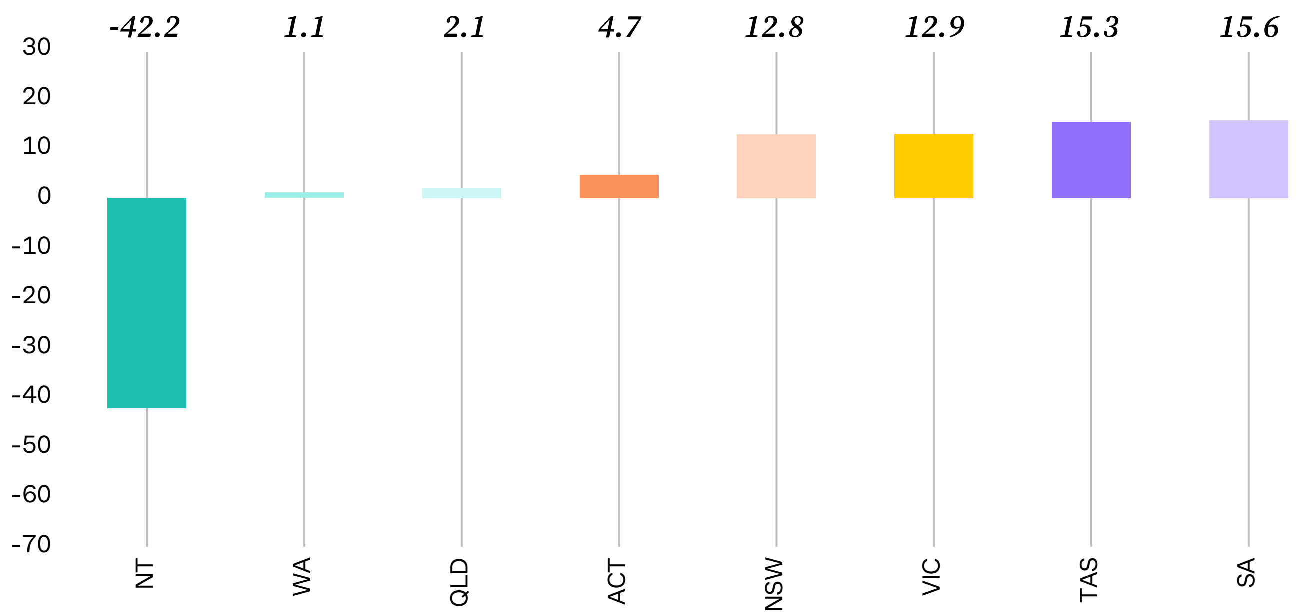
The Northern Territory posted the weakest growth in the March quarter (down 3.0 per cent) while Western Australia was strongest (up 2.4 per cent).

Western Australia leads annual growth

In terms of annual growth rates, all economies had construction work higher than a year ago except Victoria. Western Australia was the strongest performer, up 18.2 per cent, ahead of the ACT (up 6.3 per cent), Queensland (up 4.4 per cent) and Tasmania (up 3.3 per cent).

NSW was next best (up 2.6 per cent), followed by Northern Territory (up 1.5 per cent) and the South Australia (up 1.3 per cent).

At the other end of the scale, construction work in Victoria was down by 2.4 per cent.



Construction work done, trend, percent change, March quarter 2024 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 in top spot

Western Australia is the strongest on relative population growth, with its 3.31 per cent annual population growth rate 117.4 per cent above the decade average for the year to the December quarter 2023 (latest available).

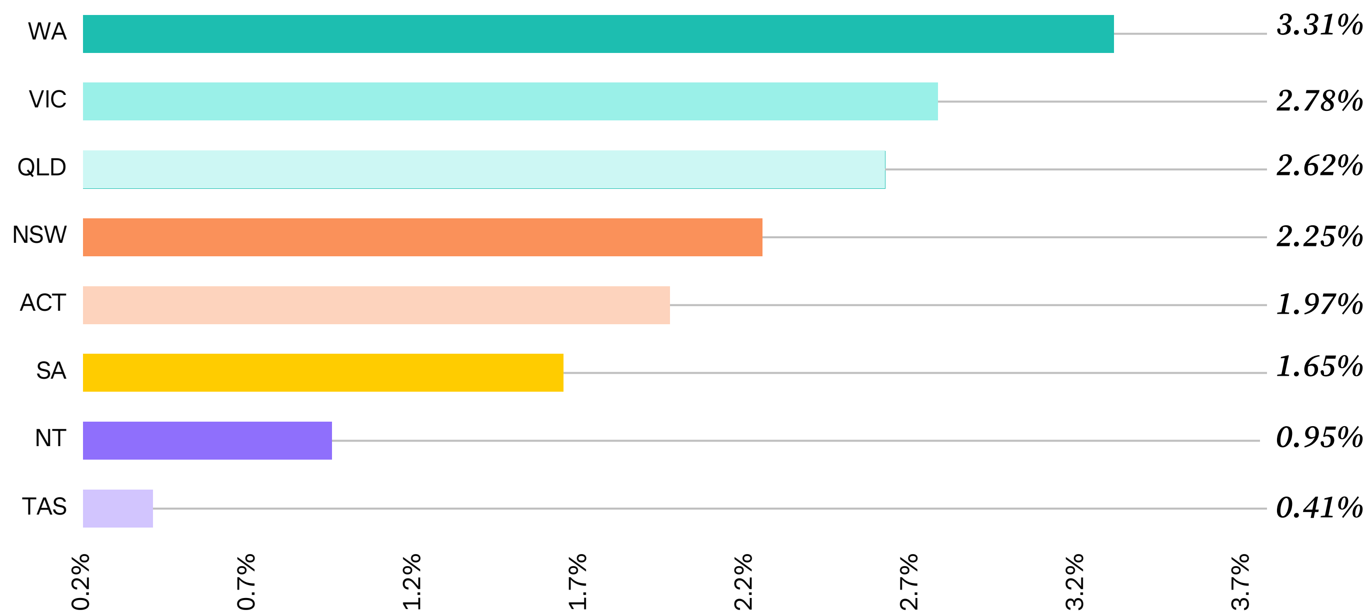
Northern Territory is now second on the relative annual population growth measure—the 0.95 per cent annual population growth rate is up 103.3 per cent on the decade average.

Next strongest was NSW (up 84.7 per cent), Victoria (up 64.1 per cent), followed by Queensland (up 61.0 per cent); South Australia (up 57.2 per cent), the ACT (down 0.5 per cent) and Tasmania (down 63.9 per cent).

The state with the fastest absolute annual population growth is Western Australia (up 3.31 per cent). Next strongest is Victoria (up 2.78 per cent), followed by Queensland (up 2.62 per cent); NSW (up 2.25 per cent); the ACT (up 1.97 per cent); South Australia (up 1.65 per cent); the Northern Territory (up 0.95 per cent) and Tasmania (up 0.41 per cent).

The 3.31 per cent annual population growth in Western Australia and the 2.68 per cent annual population growth in Queensland, respectively, are just below strongest growth rates in over 14 years. The 2.25 per cent annual population growth in NSW and the Victorian population growth of 2.78 per cent, respectively, eased from record highs in the prior quarter.

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



Population, absolute annual percent change, December quarter 2023 (latest).
Source: CommSec, ABS

Housing *Finance*

Western Australia is in top spot, with the value of home loans up by 37.8 per cent on the long-term average.

Western Australia is now in top spot for home lending

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 for May 2024 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 are above decade averages. In the previous four reports similar findings were obtained.

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

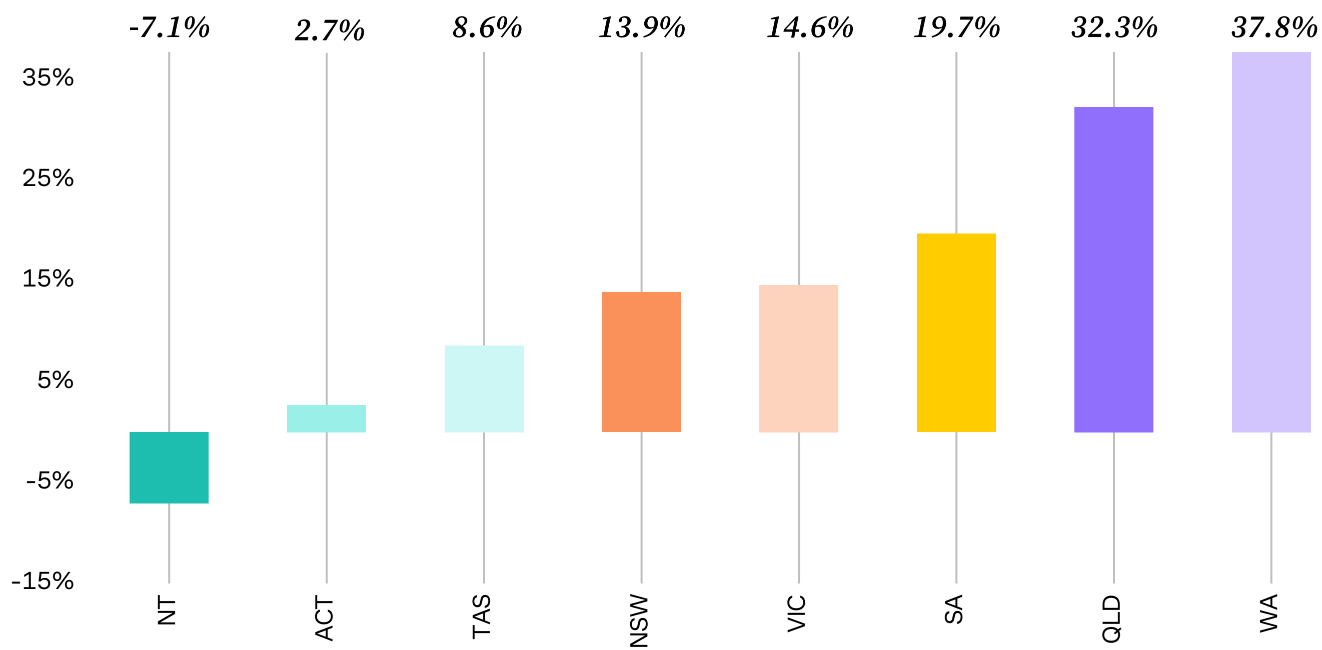
Western Australia is now in top spot, with the value of home loans up by 37.8 per cent on the long-term average. The next strongest was Queensland (up 32.3 per cent), South Australia (up 19.7 per cent) and Victoria (up 14.6 per cent).

The Northern Territory is the weakest

The Northern Territory is still the weakest for housing finance with commitments 7.1 per cent lower than its decade average. Commitments in the ACT were up 2.7 per cent on the decade average, behind Tasmania (up 8.6 per cent) and NSW (up 13.9 per cent).

In annual terms, lending in Western Australia is also strongest, up 26.3 per cent, followed by Queensland (up 19.7 per cent).

Home loans in Victoria were up 13.5 per cent; followed by NSW (up 11.2 per cent); South Australia (up 9.4 per cent); Tasmania (up 2.2 per cent); the Northern Territory (down 1.2 per cent); and the ACT (down 3.0 per cent).



Housing finance commitments, trend, percent change May 2024 on the decade average.
Source: CommSec, ABS

Dwelling *Starts*

Dwelling starts in South Australia in the March quarter of 2024 were down on the decade-average level by 4.6 per cent.

South Australia 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.

South Australia remains on top

South Australia still leads other economies on dwelling starts. In the March quarter 2024, starts in South Australia were 4.6 per cent below the decade average.

The ACT is now in second spot, with starts 7.8 per cent below 'normal' (the decade average). Victoria drops back to third place, down 13.6 per cent on 'normal'.

At the other end of the scale, dwelling starts in the Northern Territory were 64.0 per cent below the decade average.

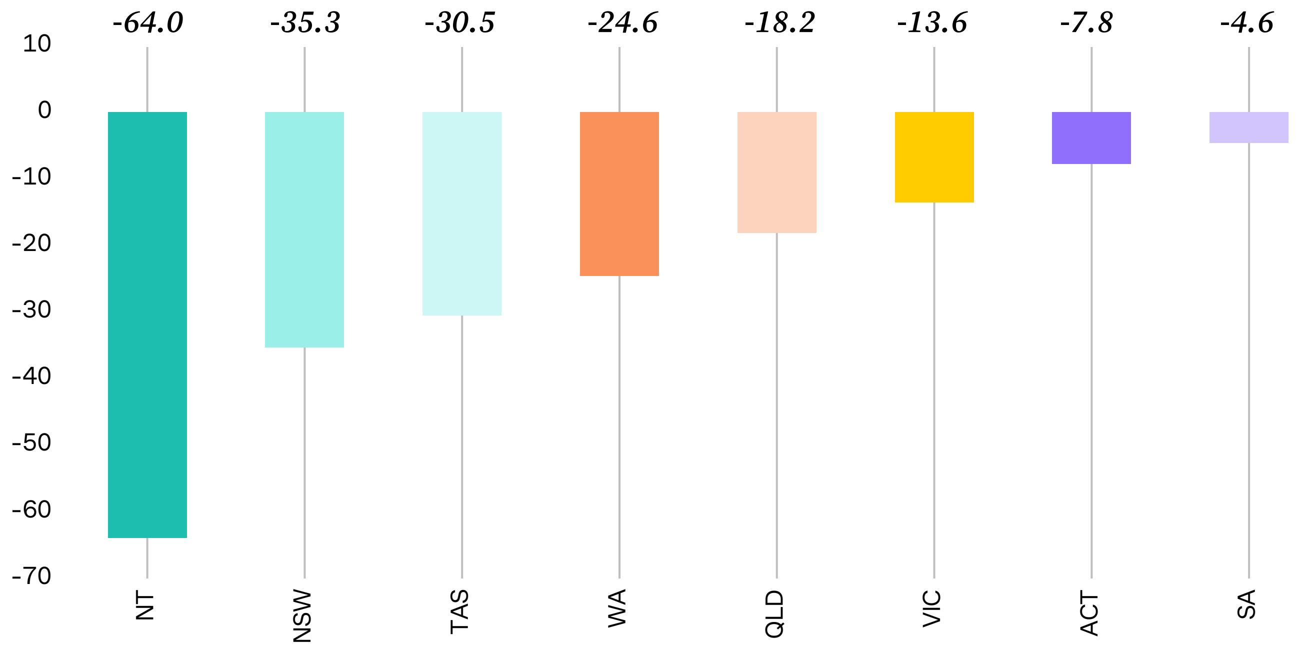
Next weakest was NSW (down 35.3 per cent); below Tasmania (down 30.5 per cent); Western Australia (down 24.6 per cent) and Queensland (down 18.2 per cent).

In terms of changes over the March quarter, five states and territories posted increases in commencements. Western Australia rose the most, up 8.5 per cent; followed by Victoria (up 5.8 per cent); and the ACT (up 4.5 per cent). But starts fell by 13.3 per cent in Tasmania; followed by the Northern Territory (down 6.7 per cent); and NSW (down 6.6 per cent).

ACT strongest; Northern Territory weakest

In terms of annual changes, starts in the ACT rose 30.1 per cent, followed by Western Australia (up 3.9 per cent). Next best was South Australia (up 3.4 per cent) ahead of Victoria (up 0.8 per cent).

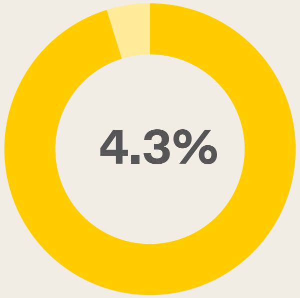
Starts in the Northern Territory fell most over the year (down 38.1 per cent); followed by Tasmania (down 34.0 per cent); NSW (down 23.5 per cent) and Queensland (down 7.8 per cent).



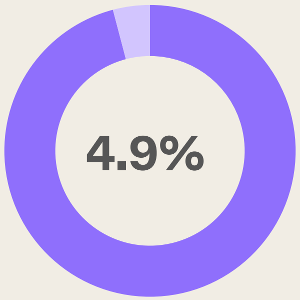
Dwelling starts, trend, percent change, March quarter 2024 on decade average.
Source: CommSec, ABS

Other *indicators*

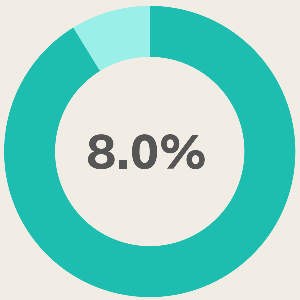
Highest inflation rate in Adelaide, SA



Fastest wage growth in Tasmania



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 March quarter of 2024.

Adelaide, South Australia had the highest annual inflation rate in the March quarter 2024 at 4.3 per cent, ahead of Sydney, NSW (3.8 per cent) and Melbourne, Victoria (3.6 per cent).

With annual inflation rates easing and wage growth rates remaining high, five of the states and territories had positive real wage growth in the March quarter 2024 (the gap between wage growth and inflation).

Nationally in the March quarter 2024, consumer prices (CPI) rose 1.0 per cent, with the annual growth rate falling from 4.1 per cent to 3.6 per cent. The underlying (or trimmed mean) measure also rose by 1.0 per cent in the quarter with the annual rate down from 4.2 per cent to 4.0 per cent.

The Wage Price Index (WPI) in the year to the March quarter 2024 was strongest in Tasmania (4.9 per cent), ahead of Queensland (4.6 per cent), Western Australia and NSW (both 4.2 per cent) and the Northern Territory (4.1 per cent).

Wages in South Australia were up by 3.8 per cent, ahead of Victoria (up 3.6 per cent) and the ACT (up 3.2 per cent).

Firmer growth of home prices

Turning to home prices, in June 2024 all states and territories posted annual increases in home prices except Tasmania. Also, the annual price changes of homes were higher in six out of the eight economies in the latest month compared with three months earlier.

National home prices rose by 8.0 per cent over the year to June, after rising by 8.8 per cent in the year to March.

In June, the strongest annual growth in home prices was in Western Australia (up 23.6 per cent); followed by Queensland (up 15.8 per cent); South Australia (up 15.4 per cent); NSW (up 6.3 per cent); the Northern Territory (up 2.4 per cent); the ACT (up 2.2 per cent); Victoria (up 1.3 per cent); and Tasmania (down 0.1 per cent).

	CPI Mar Qtr. 2024	**Wages Mar Qtr. 2024**	**Home Prices June 2024**
NSW	3.8	4.2	6.3
VIC	3.6	3.6	1.3
QLD	3.4	4.6	15.8
SA	4.3	3.8	15.4
WA	3.4	4.2	23.6
TAS	3.1	4.9	-0.1
NT	3.3	4.1	2.4
ACT	3.3	3.2	2.2

*Annual % change.
Source: ABS, CoreLogic, CommSec. CPI—Consumer Price Index, Wages—Wage Price Index

Western Australia

The fastest annual lift in home prices was in Western Australia, up **23.6%**.

Annual *growth rates*

Western Australia and Queensland both head the leaderboard 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.

Annual growth rates are a better tool of measurement of economic performance for the **Northern Territory** as the small, open economy is hit by big projects (that is, LNG construction over 2012–18 period which inflated decade averages).

Western Australia and Queensland lead

If we focus just on annual growth rates, the top of the leaderboard changes markedly.

On an aggregate basis (looking across all indicators), resources-focused states **Western Australia** and **Queensland** both have the strongest annual economic momentum, with 'The West' first for a third consecutive survey.

Momentum is also building for the **ACT**—now up in third spot—with **Victoria** dropping to fourth.

Tasmania is in fifth position ahead of **NSW** in sixth position. **South Australia** is seventh and **Northern Territory** is in eighth spot.

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

Both **Queensland** and the **ACT** are first placed on two economic indicators. **Northern Territory**—down in eighth spot—leads on retail spending.

	Economic growth	Retail spending	Equipment investment	Employment growth	Construction work	Population growth	Housing finance	Dwelling starts
NSW	1.2	-2.4	-1.2	2.2	2.6	2.25	11.2	-23.5
VIC	1.2	-1.4	4.8	3.0	-2.4	2.78	13.5	0.8
QLD	**4.1**	-0.4	9.3	**4.6**	4.4	2.62	19.7	-7.8
SA	0.6	-0.6	-8.8	-0.8	1.3	1.65	9.4	3.4
WA	0.5	-0.5	13.5	4.0	**18.2**	**3.31**	**26.3**	3.9
TAS	3.3	-0.5	0.9	-0.6	3.3	0.41	2.2	-34.0
NT	-6.7	**1.0**	-0.6	2.0	1.5	0.95	-1.2	-38.1
ACT	2.4	-1.3	**64.2**	2.4	6.3	1.97	-3.0	**30.1**
Aust	**1.5**	**-1.3**	**5.9**	**4.0**	**3.8**	**2.50**	**15.6**	**-9.0**

Source: CommSec

Looking *ahead*

There is little to separate the top two states in terms of economic performance.

Western Australia leads on new car sales; Looking ahead

Timely data on new vehicle sales is available on a monthly basis. The latest data covers June 2024. We don't include vehicle sales in assessing overall economic performance as we look at broader data on consumer spending. But the vehicle sales figures are 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 25.6 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 **South Australia**, up 15.4 per cent on a year ago.

South Australia edges Western Australia

South Australia remains at the top of the economic performance rankings for a third straight survey after vaulting to top position for the first time in January 2024.

South Australia is slightly ahead of **Western Australia** which remained in second place. The **ACT** has joined **Victoria** in third.

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

Where to from here?

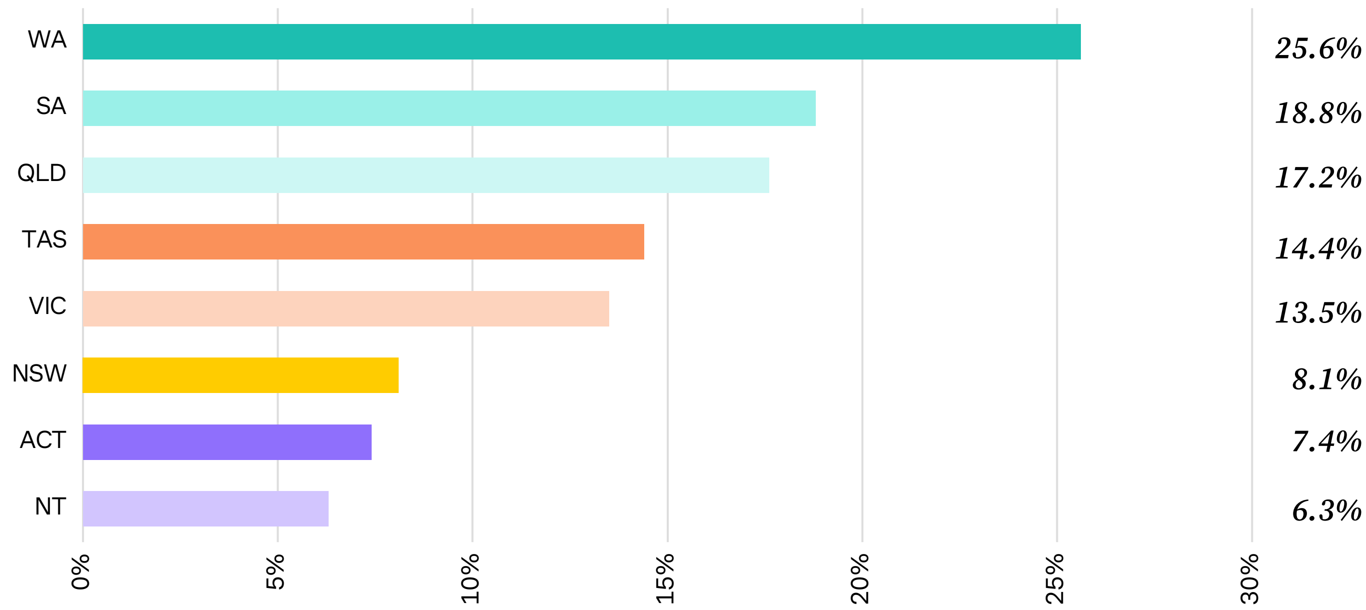
Last quarter we noted that **South Australia**, **Western Australia** and **Victoria** could conceivably take top spot in the July 2024 quarterly survey.

The rankings, however, remained broadly stable in the survey with the top three places remaining unchanged.

The **ACT** is now alone in fourth place, with **Queensland**, **Tasmania** and **NSW** all slipping down the leaderboard, although the mid-table rankings remained tight.

Looking ahead, **Western Australia** is in prime position to take over from **South Australia** in first place, which has lost some momentum recently.

Victoria, **Queensland** and the **ACT** are all in striking distance of top spot too with solid annual growth rates.



Motor vehicle registrations, percent change in the twelve months to June 2024 on the decade average.
Source: CommSec, ABS, Federal Chamber of Automotive Industries

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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 rate in **NSW** stood at 3.9 per cent in June 2024. But the **NSW** unemployment rate was 18.7 per cent below its decade average, while the **South Australian** jobless rate of 3.9 per cent was 33.4 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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