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Economic Indicators NSW (April 2014)

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By Andrew Haylen

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Economic Indicators NSW (April 2014)

by

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SUMMARY

According to the RBA Statement on Monetary Policy, growth in the Australian economy was below trend for the duration of 2013. This was largely caused by declining mining investment, subdued growth in consumer spending and non-mining business investment, and ongoing fiscal restraint.¹

While economic indicators at the national level remain varied, the NSW economy has exhibited further signs of recovery in the April 2014 quarter, driven largely by positive growth in employment and a sustained resurgence in the housing market.

Specifically, total employment in NSW rose for the third consecutive month in March and is 1.2 per cent higher than in December 2013. The unemployment rate for NSW is also at its lowest level in over a year, with unemployment at 5.3 per cent for March and averaging 5.6 per cent for the quarter. NSW now has the second lowest unemployment rate of the other States in Australia. Wages have also grown in NSW, albeit at a relatively subdued pace.

The housing market in NSW, underpinned by considerable growth in prices, has continued to be one of the main drivers of economic growth. The established house price index rose by 4.9 per cent for the December 2013 quarter. This was the highest growth compared to all of the other States and Territories. Since September 2012, the quarterly established house price index for Sydney has grown by 17 per cent, or by 3.2 per cent on average.

The sustained growth in house prices has seen housing supply growth continue, with building approvals up 6 per cent in NSW for the December quarter. While building approvals declined in January and February (which are historically weaker months for approvals), the forecast growth in house prices, coupled with the low interest rate setting, should provide a sufficient incentive for a continuation in residential construction growth. According to the Commonwealth Bank, improvements in business confidence and profitability will help prolong the upswing that is coming in non-residential construction.²

The turnaround in the NSW economy has also been characterised by strong retail sales growth, in which the average monthly turnover of retail trade rose by 2.6 per cent in the December 2013 quarter, and is 5.5 per cent higher than the 12 months previously. NSW accounts for just under one third of all turnover of retail trade in Australia.

Based on the latest quarterly movements in these and other key economic indicators,³ the strengthened and weakened areas of the NSW economy are

¹ Reserve Bank of Australia, [Statement on Monetary Policy](#), February 2014

² Commonwealth Bank, [Building activity – QIV 2013](#), 16 April 2014, Global Markets Research, Economics: Update

³ That is, for the most recent quarter in which data is available.

summarised in the table below.

Stronger	Weaker
Employment	Trade
Unemployment	Mining investment
Wages	Labour force participation
Dwelling approvals	Vehicle sales
House prices	Bankruptcies
Retail trade	
Job vacancies	

Looking forward at a national level, the RBA expect economic growth to strengthen in 2014, though it is expected to remain just below trend (around 2.75 to 3 per cent annual growth). It is then expected to pick up further to an above-trend pace by 2015/16. Strengthening business conditions, retail sales growth, house price growth and a further depreciation in the exchange rate are all factors likely to underpin economic growth in Australia over the next couple of years.⁴

The outlook for NSW also remains positive across a number of key indicators. In particular, forecast growth in housing prices will provide further impetus for the recovery in residential and non-residential construction.⁵ Improvements in tourism, consumer spending and employment are expected to sustain economic growth in NSW for the foreseeable future.⁶

This April 2014 edition of *Economics Indicators: NSW* updates statistical information on key economic indicators, thereby presenting an updated snapshot of the NSW economy and providing relevant points of comparison with other Australian States and Territories. Statistics are updated to the end of the most recent quarter available. Most indicators have thus been updated to include the December 2013 or March 2014 quarters. There are no updates to the sections on gross state product, agricultural production and business investment as this is annual data released by the ABS in November 2014.

Sources used

The major source for much of the information in this paper is data collected by the Australian Bureau of Statistics. The figures used are the original numbers, unless otherwise indicated. Sources other than the Australian Bureau of Statistics have been used where relevant and are identified in the paper itself.

⁴ Reserve Bank of Australia, [Statement on Monetary Policy](#), February 2014

⁵ BIS Shrapnel, [Australian Housing Outlook 2013 – 2016](#), October 2013

⁶ St George Bank, NSW Economic Outlook, 17 October 2013, State Economic Report, p.9; BIS Shrapnel, [Economic Outlook](#), March 2014, p.9-11

INTEREST RATES

Interest rates again remain unchanged during the April 2014 quarter and have been kept on hold by the RBA for the 8th consecutive month (since the 25 basis point reduction in August 2013).

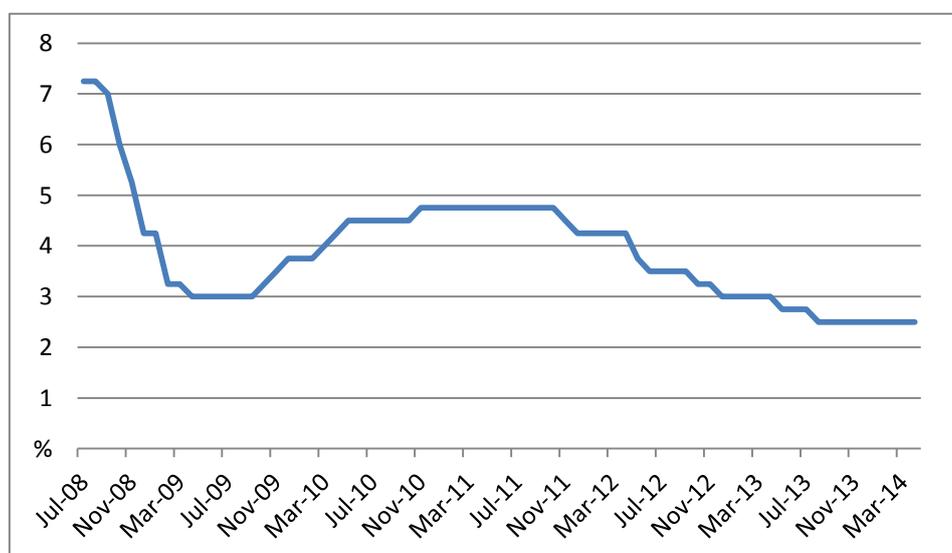
While NSW has performed strongly over the last quarter in a number of key areas, this decision by the RBA reflects continued uncertainty in other areas of the national economy.

In their April meeting, the RBA Board noted that growth domestically has been below trend for the duration of 2013, with national economic growth constrained by falling mining investment and weak public demand. The RBA did however acknowledge promising signs in other areas of the economy such as dwelling investment, exports and business conditions.

Ultimately in making their cash rate decision, the RBA Board concluded that:⁷

...it was prudent to leave the cash rate unchanged [and that] the cash rate could remain at its current level for some time if the economy was to evolve broadly as expected. Developments over the past month had not changed that assessment. There had been further signs that low interest rates were supporting domestic activity. Members noted that the exchange rate remained high by historical standards. While the decline in the exchange rate from its highs a year earlier would assist in achieving balanced growth in the economy, this would be less so than previously expected given the rise in the exchange rate over the past few months.

Figure 1: Cash rate target as at 2 April 2014



Source: Reserve Bank of Australia, 'Cash rate target', www.rba.gov.au

⁷ Reserve Bank of Australia, [Minutes of the Monetary Policy Meeting of the Reserve Bank Board](#), 1 April 2014

GROSS STATE PRODUCT

Gross State Product (GSP) for NSW grew by 2.4 per cent between June 2012 and 2013, the same increase as the 12 months prior to that. This was the second highest growth of the States behind Western Australia (5.5 per cent), while South Australia was ranked third (2.3 per cent). Queensland recorded the weakest growth of the States (0.8 per cent), which was well down on the growth 12 months previous (4 per cent).

GSP per capita is currently \$64,098 in NSW, compared to the Australian average of \$66,549. Western Australia has the highest GSP per capita of the States and Territories at \$102,232.

GSP statistics are obtained from the ABS *Australian National Accounts: State Accounts* catalogue. This is an annual publication with the next issue expected to be released in November 2014.

Table 1: Gross State Product, chain volume measures, \$m

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUS (GDP)
Jun-2007	417751	293933	251866	81652	190681	22933	15566	28372	1304022
Jun-2008	429129	303977	263795	86387	198327	23510	16634	29221	1352242
Jun-2009	433894	307448	266655	88333	206772	24098	17444	30460	1375809
Jun-2010	441855	312384	270202	89382	215493	24144	17664	31394	1402813
Jun-2011	452128	319295	272561	91411	224340	24235	18002	32336	1434227
Jun-2012	462831	328285	284441	93031	240811	24342	18813	33517	1486072
Jun-2013	471354	333393	294548	94210	252999	24191	19860	34414	1524969

Source: ABS, *Australian National Accounts, State Accounts 2011-12*, 5220.0, November 2013

Figure 2: Gross state product, NSW, chain volume measures

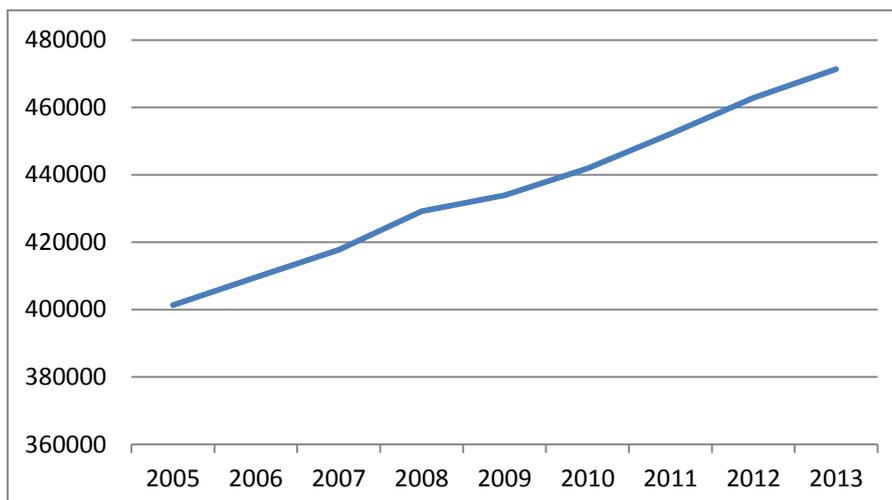
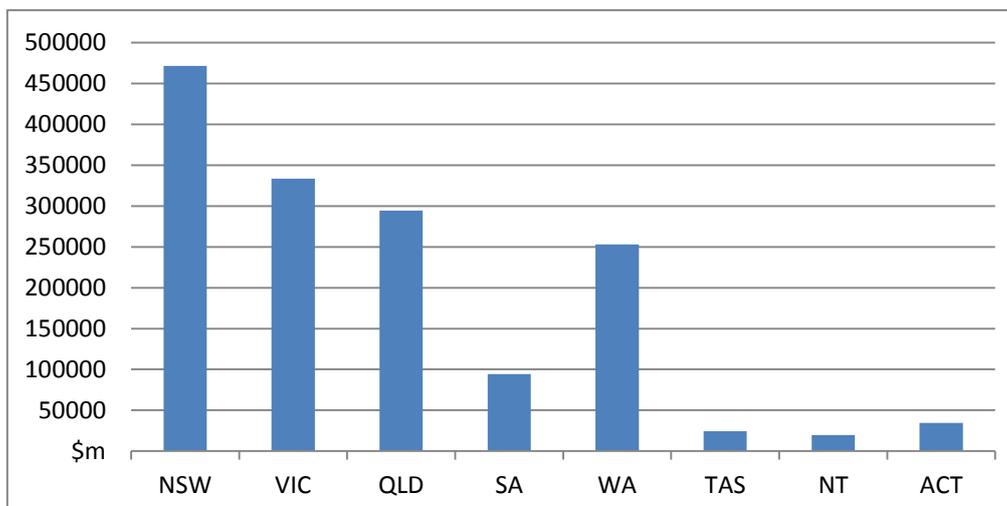


Figure 3: Gross state product, year ending June 2013**Figure 4: GSP per capita, chain volume measure, year ending June 2013****Figure 5: Change in GSP, June 2012 to June 2013**

INTERNATIONAL TRADE

The April 2014 quarter saw a number of [Free Trade Agreements](#) signed or significantly advanced with key Asian trading partners including Japan, Korea and China. These three countries are NSW's largest export partners in terms of merchandise trade. The free trade agreements negotiated represent significant opportunities for Australian exporters, as the removal of tariffs and other trade barriers will improve access and value to each of these markets. The Korea Australia Free Trade Agreement is the only agreement that has been officially signed, although it is not yet enforceable. Australian exporters can expect to obtain an additional \$603 million in annual revenue by the end of the FTA implementation period; with NSW exporters to obtain around \$122 million of this.⁸

Exports

The **average monthly free on board (FOB) value of merchandise exports** from NSW decreased by 1.1 per cent in the December 2013 quarter to \$3.15 billion. Western Australia continued to dominate the States and Territories in terms of the amount exported (an average of \$10.2 billion per month), followed by Queensland at \$3.9 billion. NSW exported the third highest amount.

The **top five destinations for merchandise exports** from NSW for the month of February 2014 only were: Japan (\$719m – up from \$700m in November 2013); China (\$525m – down from \$548m); Korea (\$257m – down from \$325m); New Zealand (\$161m – which was unchanged from November 2013); and Taiwan (\$159m – up from \$104m). 64 per cent of exports were to the top five destinations, with 44 per cent of all NSW merchandise sent to Japan or China.

Imports

The **average monthly customs value of merchandise imports** for NSW decreased by 10 per cent in the December 2013 quarter to \$6.9 billion. NSW continues to import the greatest amount of the States and Territories, followed by Victoria at \$4.8 billion (down 14 per cent for the quarter).

The **top five import sources** for NSW in the month of November 2013 only were: China (\$1,566m – down from \$2,356m in November 2013); the United States (\$812m – down slightly from \$818m); Japan (\$456m – down from \$518m); Germany (\$343m – down from \$436m); and Singapore (\$312m – up from \$295m). 43 per cent of all imports were from the top five sources, with around 19 per cent attributable to China.

⁸ For more information see: Haylen, A., [NSW Trade with South Korea: Outcomes for exporters from the KAFTA](#), 2014, NSW Parliamentary Research Service, e-Brief 03/2014

Table 2: Average monthly merchandise exports per quarter, FOB value, \$m

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Mar-09	3175	1527	3945	721	7699	269	523	1
Jun-09	2697	1475	3674	706	5905	290	406	0
Sep-09	2635	1462	3494	677	5841	227	375	0
Dec-09	2491	1561	3306	668	6213	237	437	1
Mar-10	2356	1480	3023	590	6694	233	407	0
Jun-10	2920	1639	4599	776	9022	305	441	0
Sep-10	3004	1592	4832	836	9101	263	453	0
Dec-10	3000	1651	4250	880	9220	281	506	0
Mar-11	2866	1575	3024	979	9049	245	412	0
Jun-11	3253	1732	4345	1036	10020	273	395	0
Sep-11	3546	1805	4981	977	10667	276	473	1
Dec-11	3512	1839	4892	987	10439	258	456	0
Mar-12	2996	1639	3726	869	8805	272	401	0
Jun-12	3459	1916	4023	970	10267	251	428	3
Sep-12	3210	1792	3832	884	9380	240	546	0
Dec-12	3161	1773	3937	828	9409	253	476	1
Mar-13	2828	1711	3165	887	9525	279	452	2
Jun-13	3140	1961	3878	971	10215	237	512	0
Sep-13	3185	1973	3927	1001	10593	217	554	0
Dec-13	3149	1961	3878	971	10215	237	512	0

Source: ABS, *International trade in goods and services, Australia*, 5368.0, February 2014

Table 3: Average monthly merchandise imports per quarter, customs value, \$m

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Mar-09	6083	4215	2293	527	2919	54	434	1
Jun-09	5901	3900	2362	456	2151	66	272	0
Sep-09	6268	4359	2551	516	2202	61	269	1
Dec-09	6527	4559	2591	587	2571	81	257	0
Mar-10	5975	4301	2511	515	2174	47	240	0
Jun-10	6564	4487	2692	531	2366	49	250	0
Sep-10	7093	4943	2720	523	2010	50	344	0
Dec-10	6991	4862	2781	530	2216	63	324	1
Mar-11	6330	4473	2671	544	2153	47	291	0
Jun-11	6747	4658	2857	579	2273	52	270	1
Sep-11	7213	4995	3258	612	3042	52	368	2
Dec-11	7652	5217	3287	616	2710	153	389	1
Mar-12	6761	4721	3277	568	3145	55	349	0
Jun-12	7159	4942	3448	625	2797	51	278	4
Sep-12	7246	5009	3602	615	3081	49	371	1
Dec-12	7534	5149	3894	621	2914	65	598	0
Mar-13	6538	4575	3353	541	2611	62	360	2
Jun-13	6908	4781	3213	576	2685	56	381	1
Sep-13	7650	5568	3731	716	3075	69	430	0
Dec-13	6908	4781	3213	576	2685	56	381	1

Source: ABS, *International trade in goods and services, Australia*, 5368.0, February 2014

Figure 6: Merchandise exports and imports, NSW

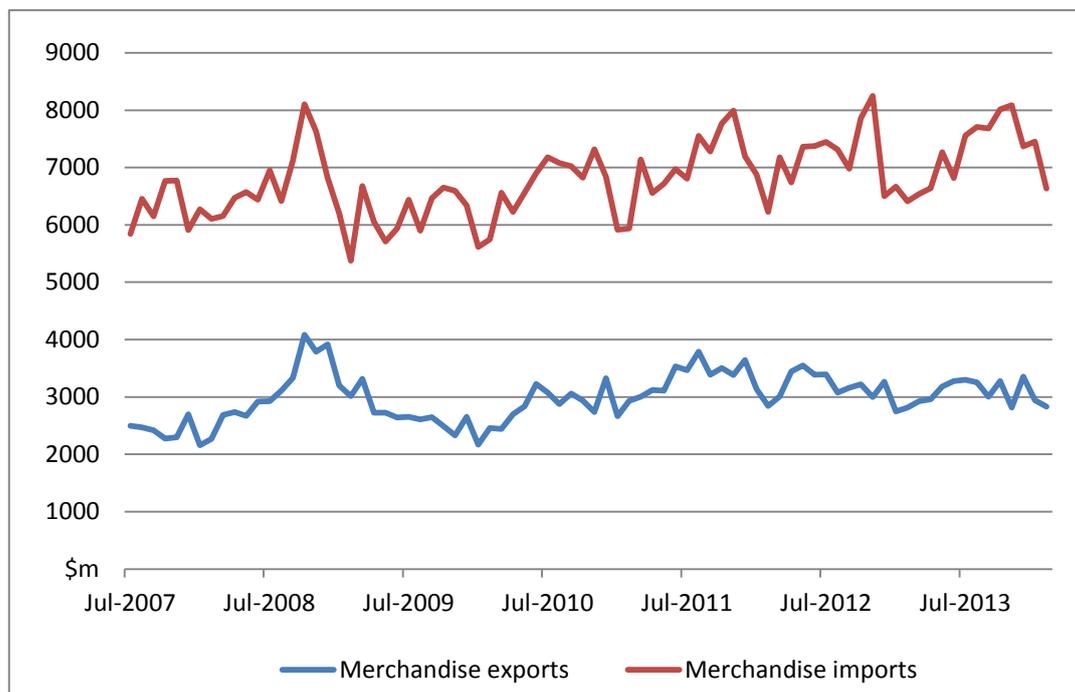


Figure 7: Change in exports and imports, September 2013 to December 2013 quarters

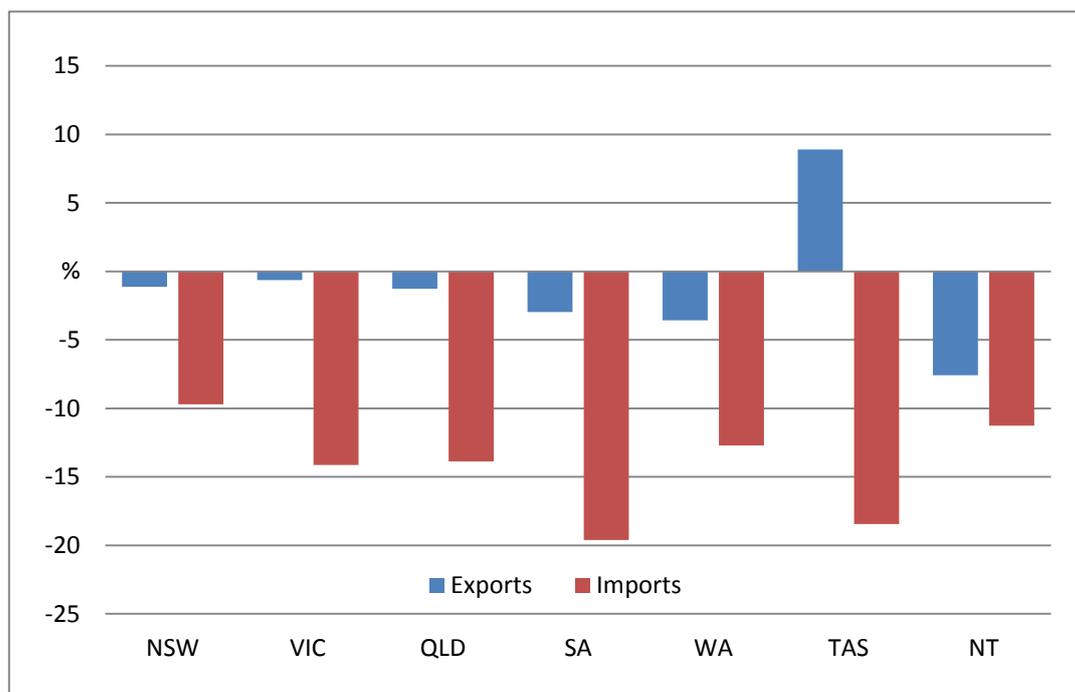
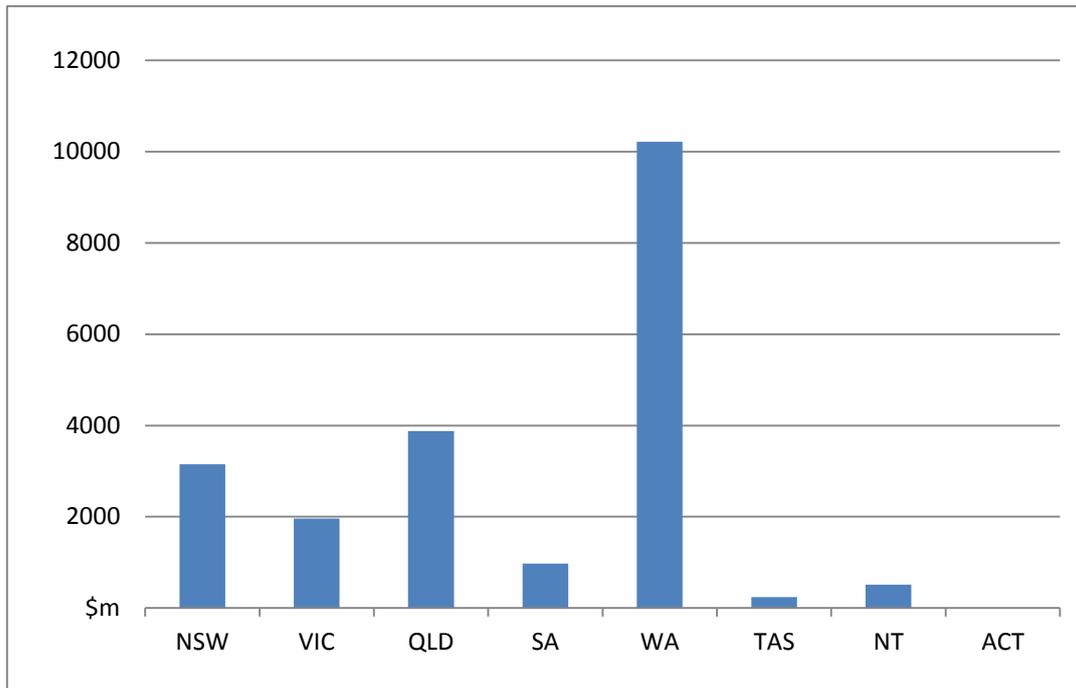


Figure 8: Average monthly merchandise exports, December 2013 quarter**Figure 9: Average monthly merchandise imports, December 2013 quarter**

CONSUMER PRICE INDEX

Consumer Price Index (CPI) for all groups in Sydney between March 2013 and March 2014 increased by 2.8 per cent (marginally lower than the Australian average of 2.9 per cent). This was higher than the change in the CPI between December 2012 and December 2013, when it rose by 2.6 per cent.

Consumer prices were softer-than-expected in the first three months of this year, lowering expectations that an interest rate increase could be on the cards later this year. Economists had forecast a 0.8 per cent quarterly rise for headline (national) inflation and an annual growth of 3.2 per cent.⁹

The largest price increases over the last 12 months in Sydney occurred in: alcohol and tobacco (up by 6.4 per cent); health (up by 4.3 per cent); education (up by 4.1 per cent); and housing (up by 3.6 per cent). Within the housing group in Sydney, utility prices rose over the year to March 2014 by 4.2 per cent. Specifically, electricity increased by 3.5 per cent and gas and other household fuels increased by 9.6 per cent.

Table 4: Consumer price index, capital cities, all groups

	SYD	MELB	BRIS	ADEL	PERTH	HOB	DAR	CAN	AUS
Dec-2009	94.4	94.0	94.5	94.1	94.5	94.7	94.9	94.7	94.3
Mar-2010	95.2	95.2	95.2	94.6	95.6	95.4	95.4	95.3	95.2
Jun-2010	95.6	95.8	95.9	95.3	96.5	95.8	96.2	95.6	95.8
Sep-2010	96.3	96.3	96.9	96.2	96.9	96.8	97.2	96.3	96.5
Dec-2010	96.7	96.9	97.4	96.5	97.0	96.9	97.1	96.7	96.9
Mar-2011	98.2	98.5	98.6	98.1	98.1	98.2	98.2	98.1	98.3
Jun-2011	99.2	99.2	99.6	99.0	99.4	99.1	99.2	99.2	99.2
Sep-2011	99.9	99.8	99.9	100.0	99.6	99.9	99.9	99.8	99.8
Dec-2011	99.8	99.9	99.7	100.0	99.8	100.0	99.5	100.1	99.8
Mar-2012	99.9	99.9	99.9	99.9	100.0	100.3	99.9	99.7	99.9
Jun-2012	100.5	100.4	100.5	100.2	100.5	99.9	100.7	100.3	100.4
Sep-2012	102.2	101.6	101.6	101.7	101.6	100.6	102.0	101.4	101.8
Dec-2012	102.3	102.0	101.9	102.1	101.9	101.0	102.0	101.8	102.0
Mar-2013	102.7	102.4	102.0	102.1	102.4	101.3	103.7	101.9	102.4
Jun-2013	103.1	102.6	102.5	102.3	103.0	101.7	104.6	102.5	102.8
Sep-2013	104.3	104.0	103.8	103.7	104.2	102.6	105.5	103.1	104.0
Dec-2013	105.0	104.8	104.6	104.4	104.9	103.6	106.5	104.1	104.8
Mar-2014	105.6	105.3	105.2	105.1	105.6	104.1	107.4	104.6	105.4

Source: ABS, *Consumer Price Index, Australia, March 2014*, 6401.0, April 2014.

⁹ Sydney Morning Herald, [Rate rise fears ease on soft inflation numbers](#), 23 April 2014

Figure 10: Change in CPI from corresponding quarter of previous year

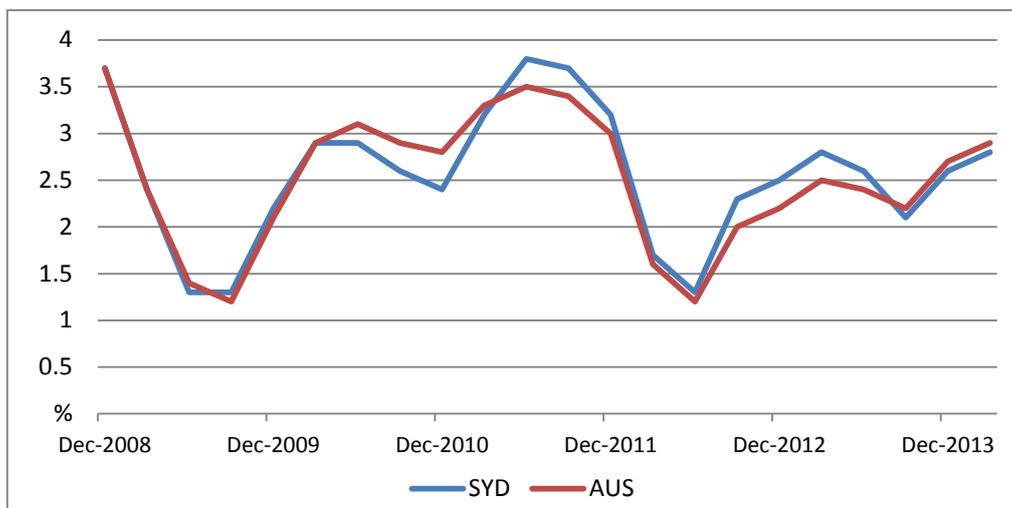


Figure 11: Change in CPI, all groups, March 2013 to March 2014

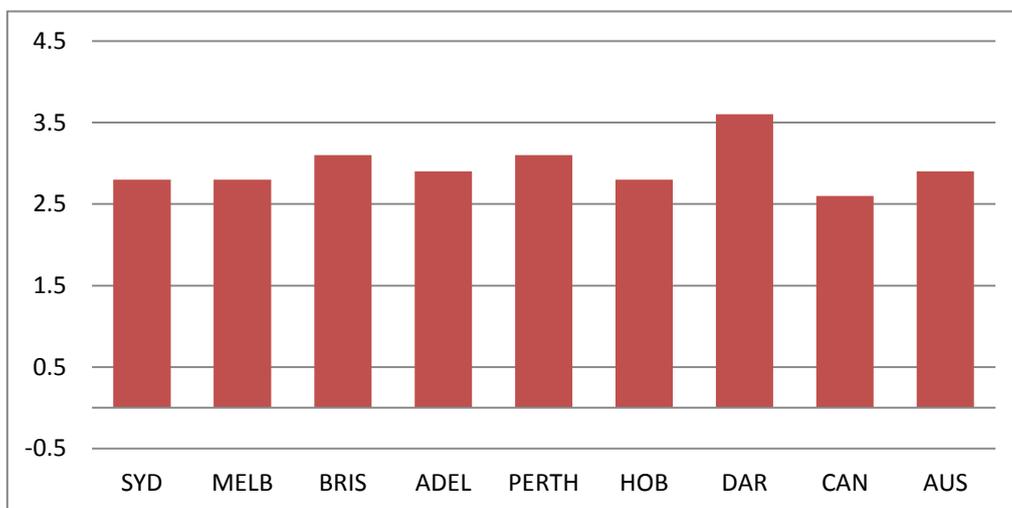
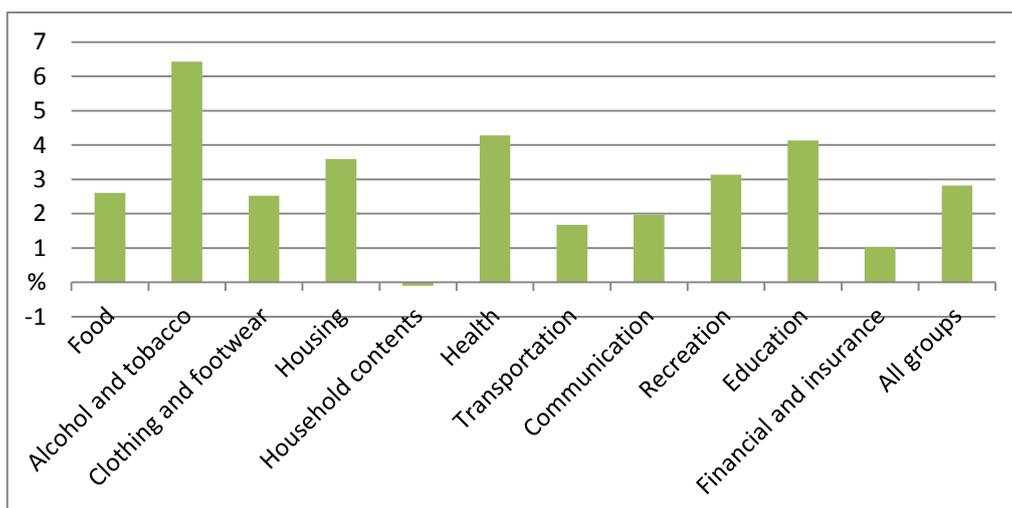


Figure 12: Change in CPI, groups, March 2013 to March 2014



EMPLOYMENT

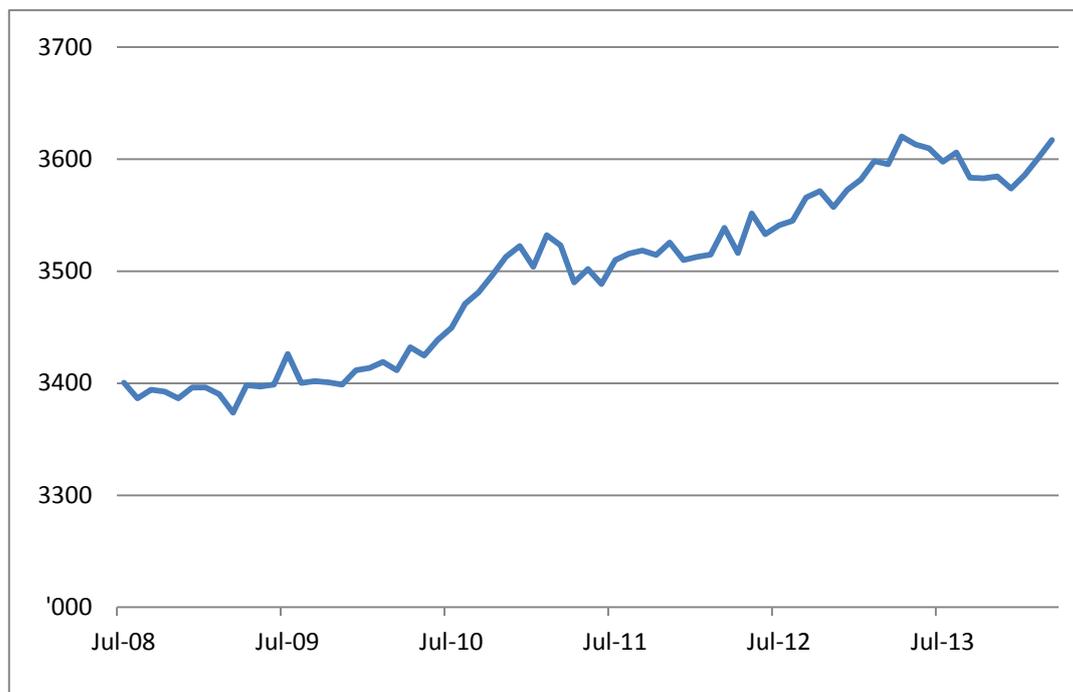
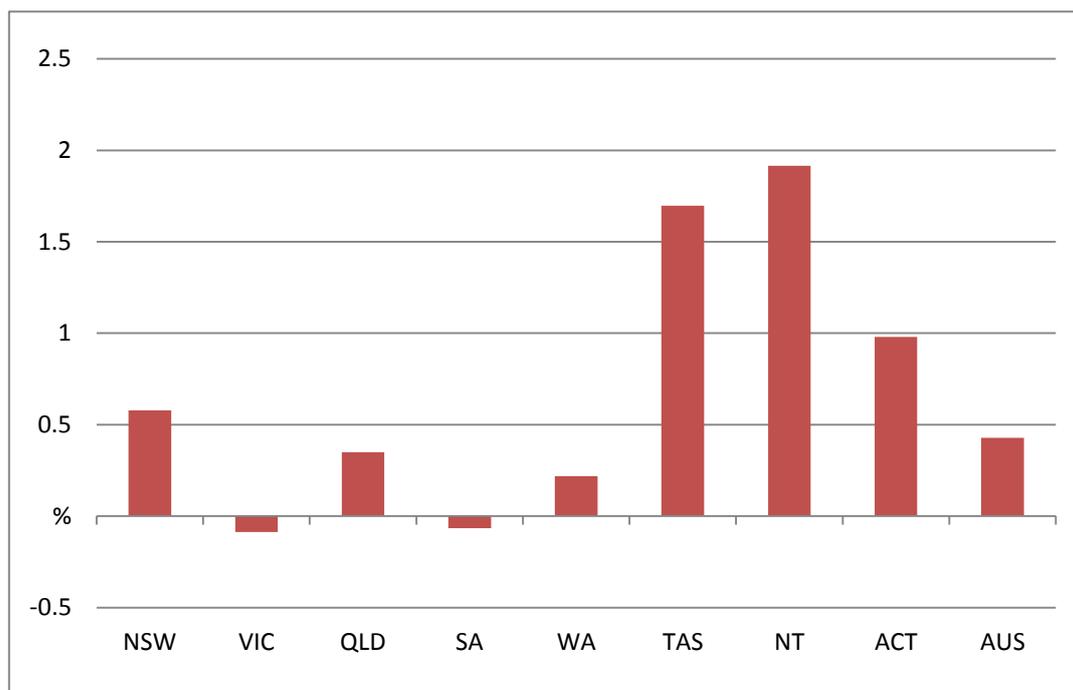
The average number of people employed in NSW in the March 2014 quarter rose marginally by 0.5 per cent to 3,601,000, with total employment 0.26 per cent higher than a year ago. Total employment in NSW rose for the third consecutive month in March and is 1.2 per cent higher than in the month of December 2013.

Employment growth across the other States was relatively subdued, with the Northern Territory (a rise of 1.92 per cent) and Tasmania (a rise of 1.7 per cent) experiencing the largest quarterly changes.

Table 5: Total number of persons employed ('000), quarterly average, seasonally adjusted

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Sep-08	3394	2659	2198	789	1178	241	114	200
Dec-08	3392	2655	2206	787	1195	241	114	201
Mar-09	3387	2655	2218	786	1183	241	118	200
Jun-09	3398	2653	2203	791	1180	235	121	198
Sep-09	3409	2679	2204	786	1166	236	120	199
Dec-09	3404	2724	2203	791	1180	233	120	201
Mar-10	3415	2737	2216	802	1190	237	120	204
Jun-10	3432	2739	2239	794	1198	239	120	205
Sep-10	3467	2765	2239	803	1214	239	122	206
Dec-10	3511	2790	2260	803	1219	239	121	208
Mar-11	3520	2815	2248	803	1221	240	121	208
Jun-11	3494	2813	2271	810	1242	238	120	207
Sep-11	3515	2812	2276	810	1251	238	120	206
Dec-11	3517	2812	2287	810	1257	238	123	207
Mar-12	3522	2812	2288	809	1290	235	124	209
Jun-12	3534	2844	2288	806	1307	233	124	211
Sep-12	3551	2835	2286	805	1312	235	125	212
Dec-12	3567	2837	2283	811	1324	235	126	212
Mar-13	3592	2841	2300	810	1325	233	124	212
Jun-13	3614	2862	2295	814	1322	232	126	213
Sep-13	3596	2862	2314	801	1326	231	128	212
Dec-13	3580	2863	2323	798	1342	230	130	213
Mar-14	3601	2861	2331	797	1345	234	132	215

Source: ABS, *Labour Force, Australia, Mar 2014*, 6202.0, April 2014.

Figure 13: Number of people employed, NSW**Figure 14: Change in number of people employed, December 2013 to March 2014 quarters**

UNEMPLOYMENT

The unemployment rate in NSW fell in the March 2014 quarter to 5.6 per cent (5.8 per cent in the December 2013 quarter). It is now below the average Australian unemployment rate and is the fourth lowest of the States and Territories. In observing the relatively sharp decline in the national unemployment rate for February (from 6.1 per cent in January to 5.8 per cent), the Commonwealth Bank noted that:¹⁰

This is a significant decline and bucked the trend of monthly rises in the unemployment rate. While it is too early to say that we are at a turning point in the cycle, the decline in the unemployment rate is certainly something that will comfort policy makers.

Tasmania continued to have the highest average quarterly unemployment rate at 7.5 per cent followed by South Australia at 6.8 per cent.

Unemployment in Australia is lower than in many other developed economies at present. Average unemployment is currently about 8 per cent in the OECD nations and 12.2 per cent in the Euro area.¹¹

Table 6: Unemployment rate (%), quarterly average, seasonally adjusted

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUS
Jun-09	6.3	5.9	5.3	5.5	5.1	5.3	3.9	3.4	5.7
Sep-09	5.8	5.8	5.7	5.7	5.5	4.9	3.7	3.7	5.7
Dec-09	5.9	5.4	5.8	5.3	5.1	5.5	3.5	3.8	5.6
Mar-10	5.5	5.3	5.5	4.9	5.0	5.7	3.4	3.6	5.3
Jun-10	5.4	5.5	5.5	5.6	4.3	6.0	2.8	3.3	5.3
Sep-10	5.1	5.4	5.3	5.3	4.5	5.9	2.8	3.2	5.1
Dec-10	5.0	5.2	5.5	5.5	4.5	5.4	2.7	3.3	5.1
Mar-11	4.9	4.8	5.6	5.6	4.4	5.7	2.7	3.6	5.0
Jun-11	5.1	4.9	5.3	5.3	4.2	5.4	3.5	3.9	5.0
Sep-11	5.4	5.2	5.6	5.3	4.2	5.1	4.1	4.0	5.2
Dec-11	5.3	5.3	5.4	5.2	4.3	6.0	4.6	3.8	5.2
Mar-12	5.0	5.4	5.6	5.2	3.9	6.9	4.5	3.6	5.1
Jun-12	5.1	5.5	5.4	5.6	3.7	7.1	4.2	3.6	5.1
Sep-12	5.0	5.6	6.0	5.5	3.9	6.9	4.1	3.9	5.3
Dec-12	5.1	5.5	6.0	5.6	4.5	7.0	4.1	4.3	5.3
Mar-13	5.3	5.8	5.7	5.9	4.5	7.2	4.8	4.5	5.5
Jun-13	5.5	5.8	5.9	6.0	4.9	7.9	5.5	4.0	5.6
Sep-13	5.7	5.8	5.8	6.6	4.7	8.1	5.5	4.1	5.7
Dec-13	5.8	6.2	5.8	6.8	4.4	7.7	4.6	4.0	5.8
Mar-14	5.6	6.4	6.1	6.8	5.3	7.5	3.9	3.5	5.9

Source: ABS, *Labour Force, Australia, Mar 2014*, 6202.0, April 2014.

¹⁰ Commonwealth Bank, [Labour force – March 2014](#), 10 April 2014, Global Markets Research, Economics: Update

¹¹ OECD, [OECD Employment Outlook 2013](#), July 2013

Figure 15: Unemployment rate, NSW

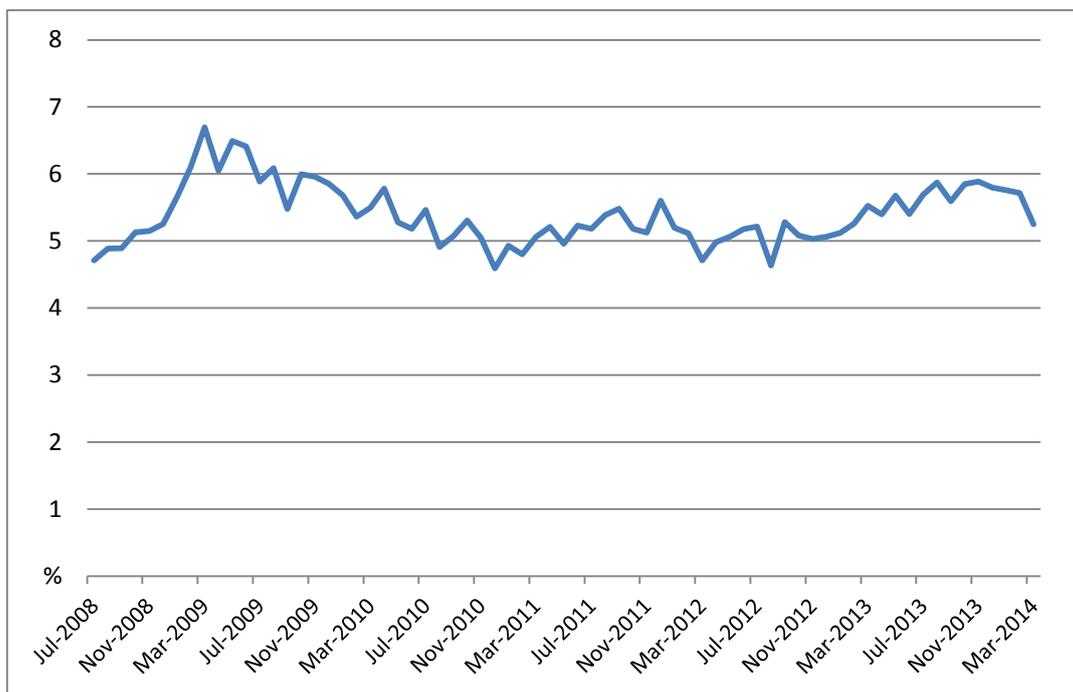
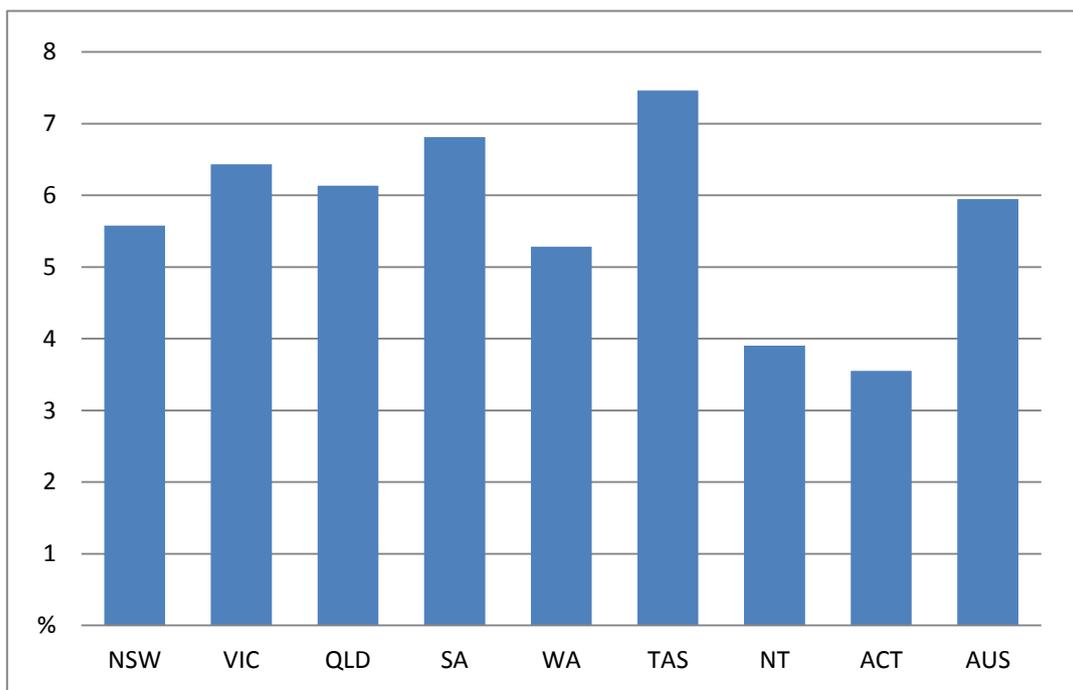


Figure 16: Average unemployment rate, March 2014 quarter



LABOUR FORCE PARTICIPATION

The labour force participation rate in NSW decreased marginally in the December 2013 quarter to 63.0 per cent (the same as the Australian average). Only South Australia (62.0 per cent) and Tasmania (60.4 per cent) have lower participation rates than NSW. The highest labour force participation rate is in the Northern Territory (75.5 per cent).

According to the Commonwealth Bank, the slight fall in the national participation rate in March magnified the impact that the positive jobs growth had on the unemployment rate. It also observed that the ageing of the population was continuing to have an impact on overall labour force participation.¹²

Table 7: Labour force participation rate (%), quarterly average, seasonally adjusted

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUS
Sep-08	63.6	64.9	67.6	63.8	69.2	62.5	71.8	73.4	63.6
Dec-08	63.5	64.6	67.6	63.7	69.5	62.4	72.1	73.2	63.5
Mar-09	63.8	64.7	68.1	63.7	69.2	62.1	73.9	72.5	63.8
Jun-09	63.9	64.7	67.7	63.6	69.2	61.0	75.3	72.0	63.9
Sep-09	63.5	64.9	67.7	63.2	68.3	60.8	73.9	72.3	63.5
Dec-09	63.2	65.4	67.4	63.0	68.5	60.4	73.7	72.8	63.2
Mar-10	62.9	65.3	67.3	63.4	68.5	61.1	72.9	73.2	62.9
Jun-10	63.0	65.2	67.6	63.1	68.1	61.7	72.2	73.0	63.0
Sep-10	63.3	65.5	67.2	63.5	68.7	61.5	72.9	73.1	63.3
Dec-10	63.8	65.8	67.7	63.5	68.5	61.2	72.4	73.5	63.8
Mar-11	63.7	65.8	67.1	63.4	68.0	61.4	72.6	73.2	63.7
Jun-11	63.2	65.5	67.3	63.6	68.5	60.7	72.1	72.8	63.2
Sep-11	63.5	65.5	67.4	63.5	68.5	60.3	72.4	72.6	63.5
Dec-11	63.3	65.3	67.2	63.3	68.3	61.0	74.1	72.4	63.3
Mar-12	63.0	65.1	67.0	63.1	69.2	60.6	74.5	72.4	63.0
Jun-12	63.1	65.6	66.5	62.9	69.3	60.3	73.8	72.6	63.1
Sep-12	63.2	65.1	66.5	62.6	69.0	60.5	73.9	72.9	63.2
Dec-12	63.2	64.9	66.1	62.9	69.5	60.6	74.0	72.9	63.2
Mar-13	63.6	64.8	66.0	63.0	69.0	60.2	73.3	72.7	63.6
Jun-13	63.9	65.0	65.7	63.1	68.6	60.3	74.2	72.3	63.9
Sep-13	63.5	64.7	65.9	62.4	68.1	60.1	75.0	71.8	63.5
Dec-13	63.1	64.7	65.8	62.1	68.1	59.6	75.0	71.4	63.1
Mar-14	63.0	64.5	65.9	62.0	68.4	60.4	75.5	71.4	63.0

Source: ABS, *Labour Force, Australia, Mar 2014*, 6202.0, April 2014.

¹² Commonwealth Bank, *Labour force – March 2014*, 10 April 2014, Global Markets Research, Economics: Update

Figure 17: Labour force participation rate, NSW

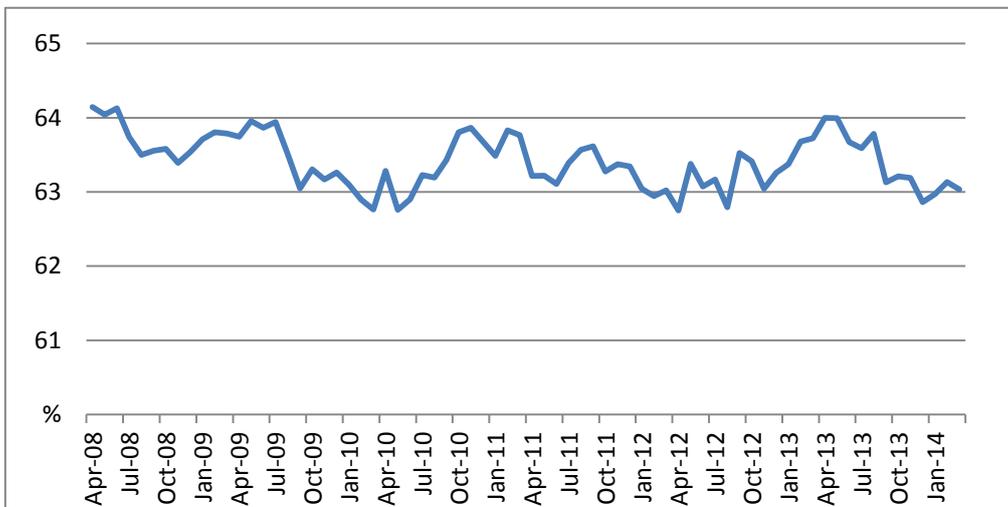


Figure 18: Labour force participation rate, March 2014 quarter

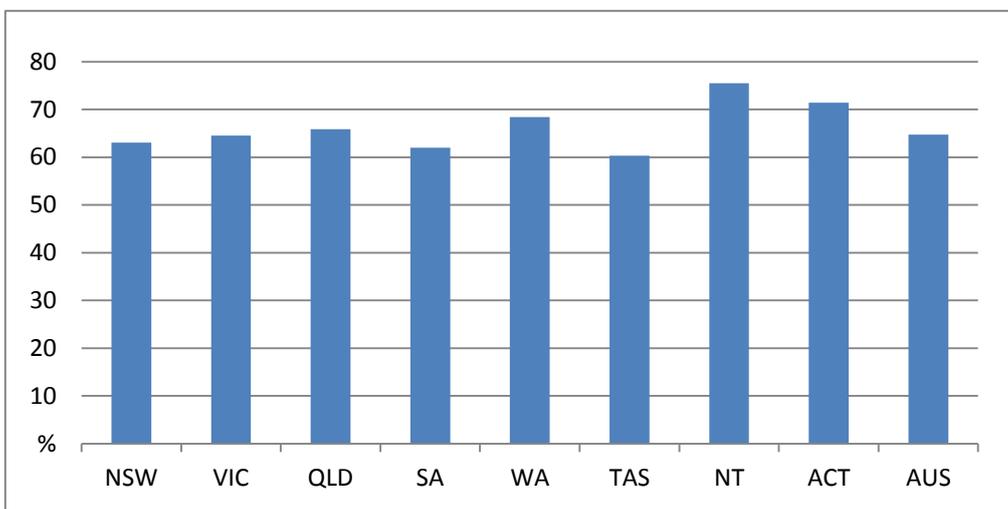


Figure 19: Change in labour force participation rate, Dec 2013 to March 2013



JOB VACANCIES

The number of job vacancies in NSW increased by 10.7 per cent in the February 2014 quarter to 49,600. This is the highest number of job vacancies recorded for NSW since February 2012, which has historically been a relatively strong month for job vacancies growth in NSW. Job vacancies in NSW are now above the 10 year average of 47,000.

There was an average increase of around 1.9 per cent in the number of job vacancies across Australia. The number of job vacancies fell in Victoria (down by 17 per cent) and Queensland (down by 2.7 per cent), while increasing in South Australia (11.9 per cent) and Western Australia (10.5 per cent).

Table 8: Number of job vacancies, original figures, '000

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUS
Feb 2010	50.3	33.3	31.6	13.3	27.6	2.8	4.4	5.8	169.0
May 2010	47.5	36.8	28.5	14.3	27.0	1.7	4.1	4.7	164.7
Aug 2010	52.9	40.2	33.4	13.3	28.4	2.6	4.3	6.2	181.4
Nov 2010	50.1	46.0	37.4	16.6	30.3	2.6	3.9	6.8	193.7
Feb 2011	49.2	47.7	38.3	10.7	31.5	2.3	3.8	6.2	189.9
May 2011	47.3	40.8	41.6	10.4	28.0	2.3	4.2	6.4	181.0
Aug 2011	47.1	41.9	44.6	8.9	32.8	2.3	3.1	6.0	186.7
Nov 2011	49.0	38.1	43.4	8.6	32.5	2.6	2.6	4.9	181.6
Feb 2012	52.6	40.1	36.1	10.8	31.6	1.9	3.2	5.8	182.2
May 2012	45.2	32.9	43.1	10.4	31.3	2.0	2.3	4.7	172.1
Aug 2012	48.2	36.6	34.8	11.1	37.6	2.5	3.2	4.7	178.7
Nov 2012	45.9	38.7	30.7	10.8	32.4	2.1	2.6	3.9	167.1
Feb 2013	44.7	31.9	26.0	8.5	31.1	2.2	2.7	2.8	149.8
May 2013	37.1	33.7	27.2	6.0	27.1	1.7	3.2	2.8	138.9
Aug 2013	45.7	31.1	26.2	7.5	24.3	1.8	3.6	2.7	142.9
Nov 2013	44.8	30.7	29.9	6.7	20.9	1.9	3.4	2.6	140.9
Feb 2014	49.6	25.4	29.1	7.5	23.1	1.9	4.2	3.0	143.6

Source: ABS, *Job Vacancies, Australia*, 6354.0, February 2014.

Figure 20: Number of job vacancies, February 2014**Figure 21: Change in job vacancies, November 2013 to February 2014 quarters**

WAGES

The ABS now releases its data on wages on a biannual rather than quarterly basis. In its most recent publication, trend estimates for wages are available for November 2013. The ABS determined that the change in the frequency of publication resulted in a shift in the level of trend estimates and thus released a new series commencing with May 2012 data. Accordingly, the table below shows the movement in wages before this change, and then from May 2012 onwards.

The average adult weekly fulltime earnings (ordinary time) in NSW rose by just under 1 per cent in the November 2013 half year to \$1421. NSW had the fifth highest average weekly earnings behind the ACT (\$1678), Western Australia (\$1627), the Northern Territory (\$1452) and Queensland (\$1316).

Table 9: Average adult weekly fulltime earnings, ordinary time, trend estimates

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Aug 2007	1133	1071	1042	1017	1136	947	1063	1259
Nov 2007	1139	1079	1053	1027	1161	951	1079	1267
Feb 2008	1140	1088	1069	1036	1185	951	1095	1279
May 2008	1145	1103	1091	1051	1206	956	1108	1298
Aug 2008	1157	1120	1115	1071	1224	966	1122	1320
Nov 2008	1174	1136	1133	1093	1244	980	1134	1338
Feb 2009	1190	1150	1146	1109	1266	996	1144	1345
May 2009	1206	1162	1163	1117	1287	1014	1151	1352
Aug 2009	1225	1175	1187	1122	1310	1035	1160	1373
Nov 2009	1246	1190	1209	1127	1332	1054	1175	1408
Feb 2010	1260	1206	1223	1132	1350	1071	1197	1441
May 2010	1268	1221	1233	1140	1364	1084	1221	1459
Aug 2010	1276	1231	1244	1149	1384	1101	1246	1464
Nov 2010	1289	1236	1257	1160	1411	1118	1265	1470
Feb 2011	1308	1241	1268	1176	1449	1136	1281	1484
May 2011	1323	1251	1277	1193	1488	1152	1305	1505
Aug 2011	1330	1271	1289	1207	1516	1164	1336	1523
Nov 2011	1334	1290	1305	1218	1523	1174	1367	1543
Feb 2012	1341	1302	1320	1224	1520	1185	1391	1565
May 2012	1350	1308	1336	1230	1511	1196	1408	1590
New series								
May 2012	1357	1303	1325	1237	1529	1198	1407	1596
Nov 2012	1394	1326	1372	1269	1588	1228	1422	1647
May 2013	1409	1346	1415	1288	1633	1260	1444	1690
Nov 2013	1421	1385	1427	1316	1627	1272	1452	1678

Source: ABS, *Average weekly earnings, Australia, Nov 2013*, 6302.0, February 2014.

Figure 22: Average adult weekly fulltime earnings, NSW

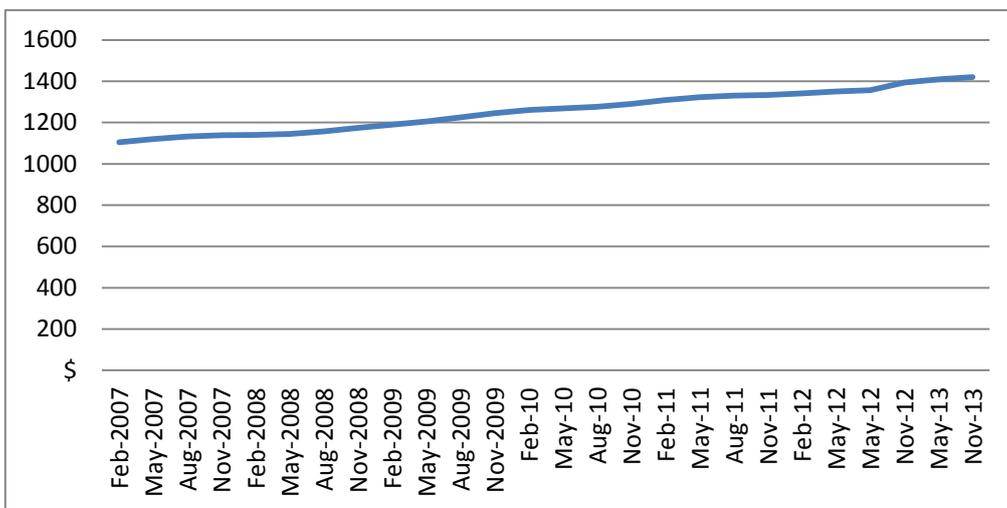


Figure 23: Average adult weekly fulltime earnings, November 2013

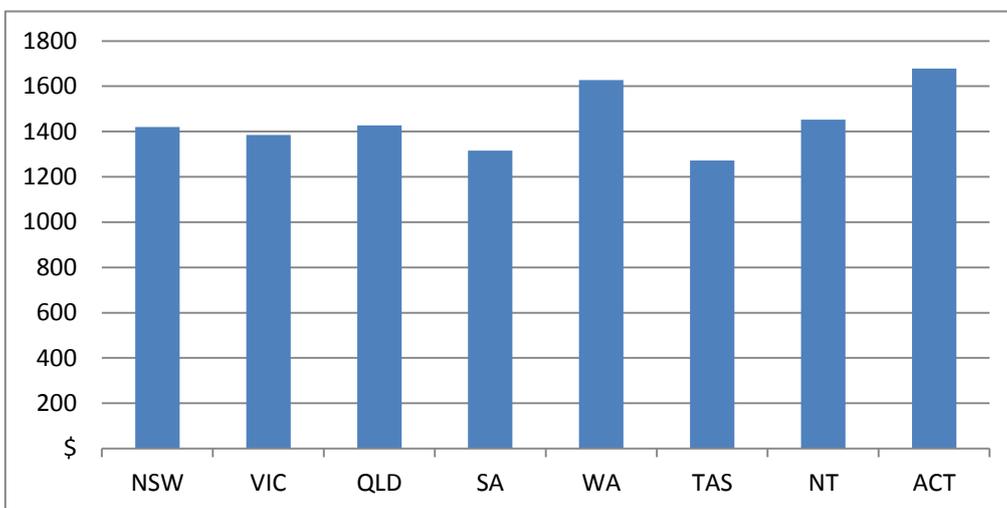


Figure 24: Change in average weekly fulltime earnings, May to November 2013



AGRICULTURAL PRODUCTION AND INCOME

The gross value of agricultural production in NSW was virtually unchanged at \$15.3 billion for the year ending June 2013. NSW recorded the third highest gross value in agricultural production in Australia, after Victoria (\$16.2 billion) and Queensland (\$15.3 billion). Western Australia was the only State to record positive growth, with an increase of 6.9 per cent compared with the 12 months previous.

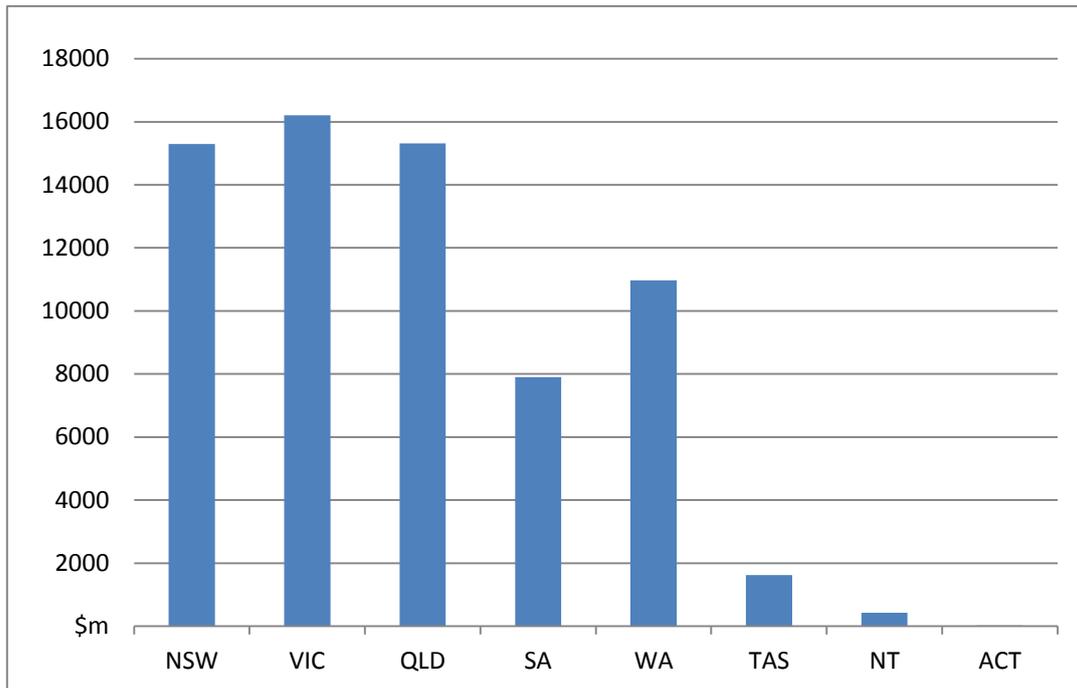
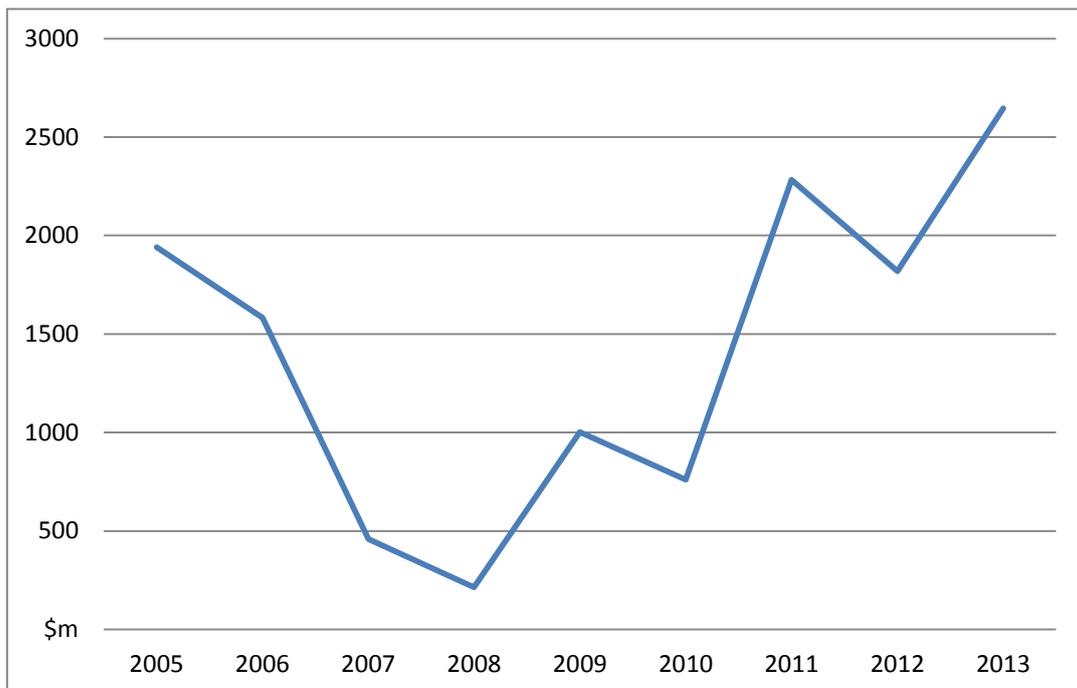
Agricultural income in NSW was \$2.65 billion in the year ending June 2013. This represented an increase of 45 per cent compared with the 12 months ending June 2013. South Australia (73 per cent) and Queensland (11 per cent) also recorded strong positive growth in the agricultural income.

Agricultural production statistics are obtained from the ABS *Australian National Accounts: State Accounts* catalogue. This is an annual publication with the next issue expected to be released in November 2014.

Table 10: Gross value of agricultural production, \$m

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Jun-2005	12322	11036	11965	5543	6917	1246	464	33
Jun-2006	12576	11679	12629	6113	7951	1334	428	34
Jun-2007	10746	10978	13064	5254	6550	1333	479	30
Jun-2008	12154	14568	12173	7049	9243	1558	586	32
Jun-2009	12984	13302	13480	6656	9550	1624	557	30
Jun-2010	11204	13960	13081	6431	7435	1398	563	23
Jun-2011	15375	16268	13755	8426	7093	1585	532	26
Jun-2012	15306	16931	15338	8048	10259	1684	421	22
Jun-2013	15301	16204	15314	7899	10972	1618	420	18

Source: ABS, *Australian National Accounts, State Accounts 2012-13*, 5220.0, November 2013

Figure 25: Gross value of agricultural production, year ending June 2013**Figure 26: Agricultural income, NSW**

MINERAL AND PETROLEUM EXPLORATION EXPENDITURE

There is no comprehensive quarterly or annual dataset available for the gross value of mining production for the States and Territories in Australia. Mineral and petroleum exploration expenditure is the only comprehensive dataset available through the ABS and is the best proxy for the level of mining activity taking place in NSW and elsewhere in Australia. No statistics are published for the ACT as it does not have any mining activities.

NSW has experienced three consecutive quarters of negative growth in mineral and petroleum exploration expenditure. Between March 2013 and December 2013, exploration expenditure in NSW declined by 59 per cent (or \$49.9 million).

Western Australia (61 per cent) still accounts for the majority of mineral and petroleum expenditure in Australia, followed by Queensland (15 per cent) and the Northern Territory (10 per cent).

Table 11: Mineral and petroleum exploration expenditure, \$m

	NSW	VIC	QLD	SA	WA	TAS	NT	AUS
Jun-2008	61.8	25.6	173.7	123.6	935.3	8.4	70.7	1505.4
Sep-2008	49.8	23.8	168.9	109.4	938.0	7.3	103.3	1480.6
Dec-2008	54.0	19.5	160.8	85.1	1151.9	7.3	69.5	1577.3
Mar-2009	45.4	10.3	160.4	66.7	1065.0	3.1	105.0	1541.4
Jun-2009	43.2	10.0	152.8	69.0	1015.3	2.8	113.7	1420.7
Sep-2009	49.4	15.0	191.4	74.3	928.4	3.5	73.6	1367.4
Dec-2009	43.6	24.0	234.8	61.7	850.9	4.5	83.8	1335.4
Mar-2010	75.9	24.2	244.1	57.5	962.8	5.6	75.0	1469.1
Jun-2010	71.4	20.2	252.4	43.8	986.5	7.2	69.5	1557.5
Sep-2010	57.3	12.4	258.8	47.2	998.5	8.0	70.7	1517.5
Dec-2010	77.7	12.5	255.3	70.6	939.6	10.2	67.1	1494.8
Mar-2011	66.7	13.1	279.1	107.6	1046.4	9.4	58.0	1606.2
Jun-2011	73.9	19.4	331.7	111.8	1016.2	9.8	90.2	1663.6
Sep-2011	63.7	19.4	379.9	111.5	972.3	9.5	57.4	1737.1
Dec-2011	62.0	13.1	355.7	122.2	1112.7	10.0	113.1	1830.1
Mar-2012	87.4	13.2	368.3	131.7	978.4	9.9	95.6	1690.9
Jun-2012	56.6	12.8	332.8	137.2	1155.4	9.9	112.1	1884.5
Sep-2012	49.2	10.2	297.2	153.6	1239.7	10.9	151.2	1953.5
Dec-2012	45.0	7.9	310.2	176.7	1398.3	10.0	114.3	2097.9
Mar-2013	84.3	10.9	292.9	175.1	1260.1	9.8	74.5	1912.5
Jun-2013	47.6	9.5	421.8	112.9	1154.9	9.8	65.6	1883.7
Sep-2013	36.0	7.8	278.1	121.3	1150.3	9.3	101.2	1735.3
Dec-2013	34.4	8.1	238.6	109.7	941.6	8.8	154.5	1547.2

Source: ABS, *Mineral and Petroleum Exploration, Australia*, 8412.0, December 2013

Figure 27: Mineral and petroleum exploration expenditure, NSW

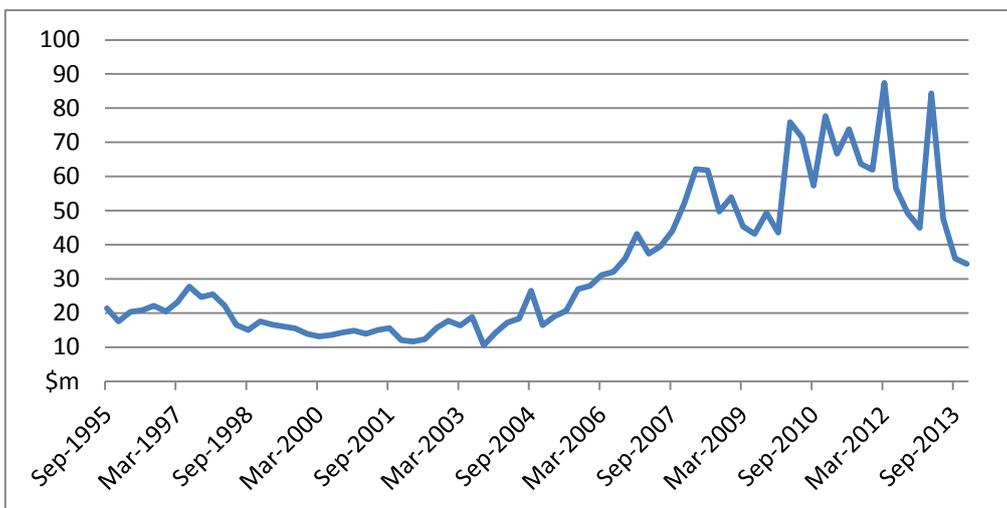


Figure 28: Mineral and petroleum exploration expenditure, December 2013

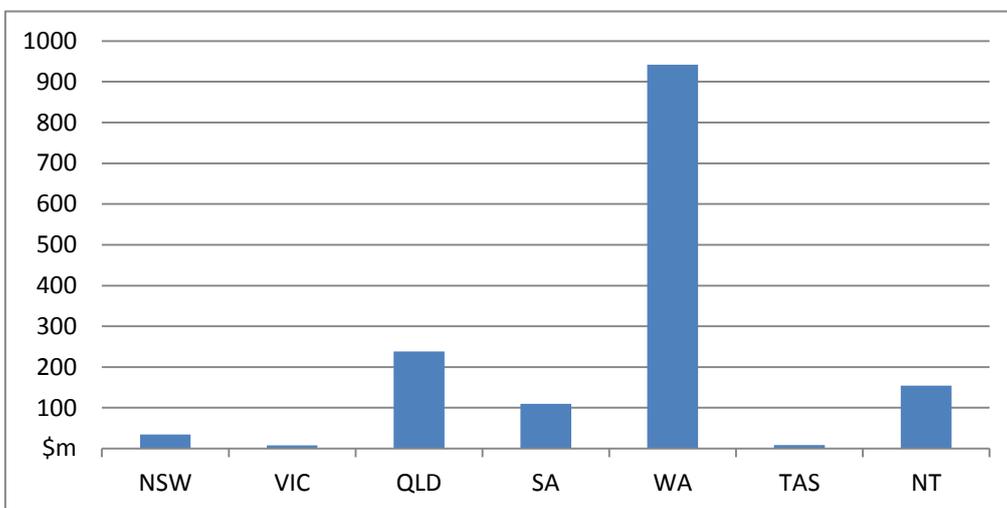


Figure 29: Change in mineral and petroleum exploration expenditure, December 2013



BUSINESS INVESTMENT

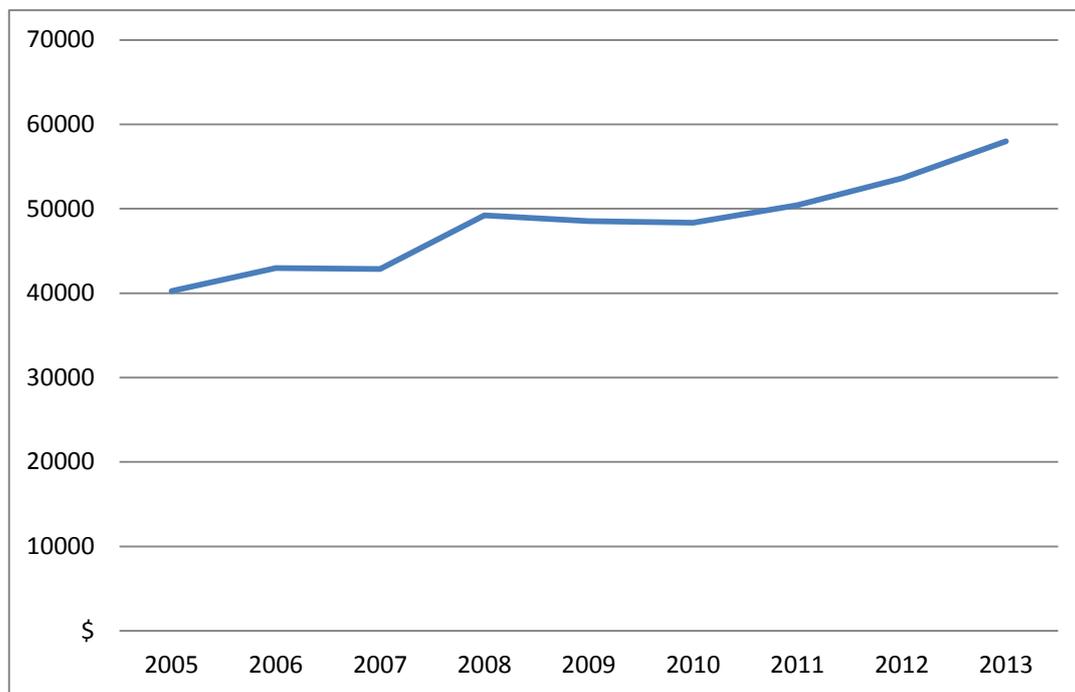
Total private business investment in NSW was \$58 billion (gross fixed capital formation, chain volume measures) for the year ending June 2013, 8 per cent more than in the year ending June 2012. This was the third highest amount of private business investment in Australia, behind Western Australia (\$74.8 billion) and Queensland (\$67.2 billion), which both recorded positive growth of 9 and 8 per cent respectively. Tasmania (down by 20 per cent) and Victoria (down by 9 per cent) both recorded negative private business investment growth for the year ending June 2013.

Business investment statistics are obtained from the ABS *Australian National Accounts: State Accounts* catalogue. This is an annual publication with the next issue expected to be released in November 2014.

Table 12: Total private business investment, gross fixed capital formation, chain volume measures, \$m

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Jun-2005	40262	32887	25685	9617	20042	2374	3273	1742
Jun-2006	42985	37074	31021	9663	28019	2656	3801	2122
Jun-2007	42871	38202	35588	10169	34242	2193	3733	2557
Jun-2008	49219	41997	41254	9866	40505	2928	3924	2410
Jun-2009	48527	41010	43277	9986	45893	3173	5099	2395
Jun-2010	48338	40626	36806	9951	45085	2425	3260	2418
Jun-2011	50405	42071	44959	10922	49601	2646	2622	2384
Jun-2012	53614	43517	61831	12295	68976	2997	5458	2682
Jun-2013	57989	39426	67217	12337	74817	2392	9723	2595

Source: ABS, *Australian National Accounts, State Accounts 2012-13*, 5220.0, November 2013

Figure 30: Total private business investment, NSW**Figure 31: Change in total private business investment, year ending June 2013**

TURNOVER OF RETAIL TRADE

Average monthly turnover of retail trade in NSW rose by 2.6 per cent in the December 2013 quarter to \$6.846 billion. Retail turnover in NSW was up 5.5 per cent from 12 months previously. Retail trade growth was also relatively strong in Tasmania (3.4 per cent), Victoria (2.4 per cent), Western Australia (-1.5 per cent) and Queensland (1.5 per cent). The Northern Territory (0.3 per cent) and South Australia (0.3 per cent) both recorded relatively subdued retail trade growth for the quarter. As at December 2013, NSW accounted for 30.4 per cent all retail trade in Australia.

Table 13: Turnover of retail trade (\$m), quarterly average, seasonally adjusted

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUS
Sep-08	5624	4612	3910	1389	2108	414	203	346	18605
Dec-08	5751	4754	3989	1407	2101	426	212	356	18997
Mar-09	5961	4885	4070	1415	2121	433	219	363	19469
Jun-09	6103	4957	4150	1442	2151	444	218	372	19835
Sep-09	6058	4923	4077	1412	2139	440	217	371	19636
Dec-09	6241	4963	4102	1431	2176	444	223	374	19954
Mar-10	6183	5026	4078	1441	2187	439	223	376	19953
Jun-10	6263	5112	4091	1474	2195	440	228	380	20182
Sep-10	6336	5216	4143	1458	2204	433	226	377	20393
Dec-10	6269	5224	4125	1444	2214	433	218	383	20310
Mar-11	6326	5183	4195	1457	2294	426	228	385	20494
Jun-11	6243	5325	4220	1435	2331	429	228	377	20587
Sep-11	6331	5325	4254	1442	2391	436	231	378	20788
Dec-11	6371	5344	4258	1457	2447	433	233	378	20920
Mar-12	6302	5348	4346	1459	2508	432	236	389	21019
Jun-12	6474	5364	4420	1474	2568	431	241	392	21364
Sep-12	6518	5389	4452	1466	2621	423	239	399	21507
Dec-12	6487	5355	4484	1451	2656	416	241	392	21484
Mar-13	6582	5416	4570	1454	2661	425	242	405	21755
Jun-13	6612	5411	4583	1463	2664	421	240	404	21798
Sep-13	6673	5492	4620	1499	2663	433	250	406	22037
Dec-13	6846	5625	4691	1508	2707	448	251	414	22490

Source: ABS, *Retail Trade, Australia*, Cat. No. 8501.0, February 2014

Figure 32: Turnover of retail trade, NSW

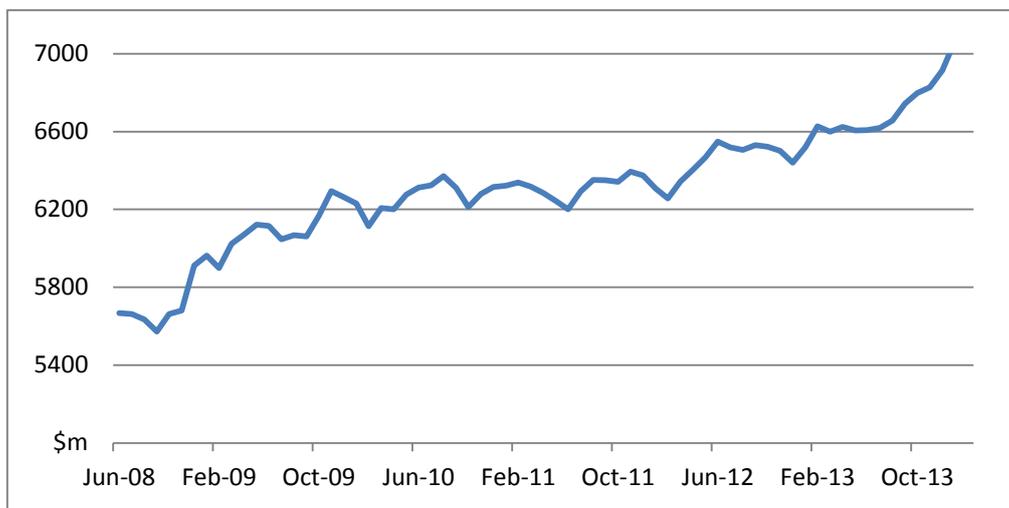


Figure 33: Change in turnover of retail trade, September to December 2013

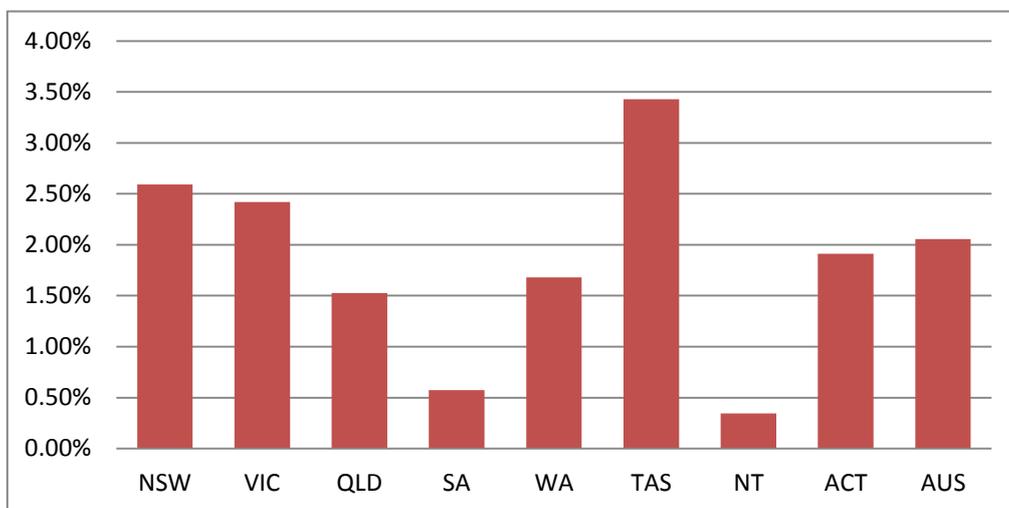


Figure 34: Change in turnover, December 2012 to December 2013 quarters



VEHICLE SALES

The average number of new vehicles sold per month in NSW decreased by 4.1 per cent in the March 2014 quarter to 28,440. All of the other States and Territories experienced declines in the average monthly sales of new vehicles, with the change in sales averaging 8.7 per cent. Tasmania and Victoria had the sharpest decreases in sales, falling by 30.2 and 11.0 per cent respectively.

Table 14: Sales of new vehicles, quarterly average

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUS
Sep-09	23514	19863	16106	4823	8012	1347	727	1190	75584
Dec-09	25886	22935	17848	5806	8811	1794	748	1292	85118
Mar-10	25870	22683	17159	5448	9068	1557	832	1324	83942
Jun-10	27796	25282	19217	5950	10861	1571	1001	1436	93114
Sep-10	25472	22441	16474	5330	9815	1471	828	1353	83184
Dec-10	26356	23404	16450	5420	9407	1853	747	1314	84951
Mar-11	26119	22526	16659	5093	8898	1367	816	1343	82821
Jun-11	25575	21399	17995	5102	9076	1278	930	1236	82591
Sep-11	26276	22675	17893	5518	9356	1424	828	1329	85297
Dec-11	26894	22800	17745	5207	9168	1520	758	1344	85436
Mar-12	26868	23242	18096	5334	9777	1172	883	1335	86707
Jun-12	29674	24682	21015	5721	10887	1260	1157	1513	95911
Sep-12	28051	24317	19201	5565	10698	1428	911	1435	91607
Dec-12	29147	25685	20029	6046	11306	1800	915	1525	96453
Mar-13	27850	24119	18817	5765	10674	1425	897	1470	91016
Jun-13	30961	26632	21377	6047	10963	1596	1088	1557	100221
Sep-13	28571	25075	18739	5687	10059	1597	956	1393	92078
Dec-13	29660	26608	18719	5996	10136	1910	864	1535	95428
Mar-14	28440	23670	18033	5611	9417	1333	834	1451	88790

Source: ABS, *Sales of new motor vehicles, Australia*, Cat. No. 9314.0, December 2013

The March quarter has historically been a relatively weak period for new vehicle sales in NSW. For example, NSW has recorded negative vehicle sales growth between the December and March quarters in almost every year since 1995 (Figure 35).

Figure 35: Change in new vehicle sales NSW, December and March quarters

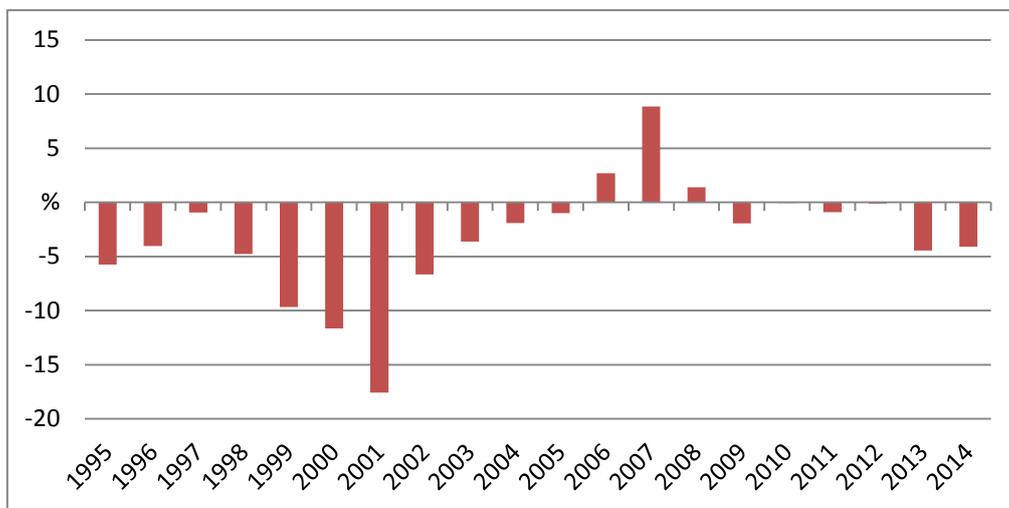


Figure 36: Total vehicle sales, NSW

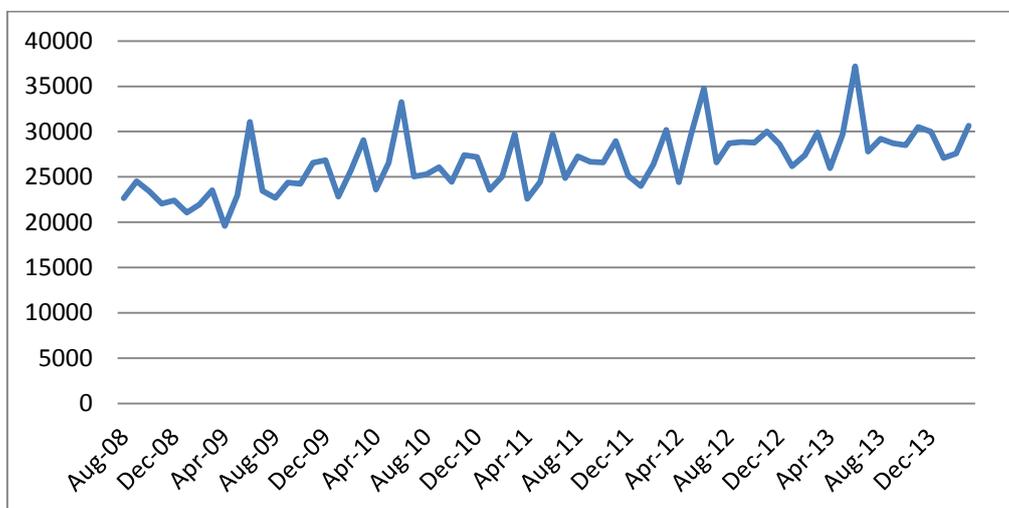


Figure 37: Change in average monthly vehicle sales, Dec 2013 to Mar 2014



HOUSE PRICE INDEXES

This data provides estimates of quarterly house price changes for each of the eight capital cities in Australia. This information is presented in the form of price indexes and is calculated on an index reference period of 2011-12 = 100.0 for each of the eight capital cities and a weighted average of all eight cities.

Sydney experienced a 4.9 per cent increase in the house price index for the December 2013 quarter, compared to the September 2013 quarter. This is a reflection of the resurgence in the housing market over the last 18 months, and comes off the back of mostly flat or negative movement in the Sydney house price index between June 2010 and March 2012. All of the other capital cities experienced increases in their respective house price indexes, with Perth (3.5 per cent) and Brisbane (2.9 per cent) experiencing the largest increases outside of Sydney.

Table 15: Established house price indexes, indexed to 2011-12

	Syd	Mel	Bris	Adel	Per	Hob	Dar	Can	Ave
Sep-08	86.5	83.2	97.9	94.5	95.6	92.8	81.4	84.7	88.7
Dec-08	85.1	82.3	96.2	94.2	93.4	93.7	84.3	84.5	87.5
Mar-09	83.7	81.9	96.4	93.3	93.0	93.0	86.2	84.7	86.8
Jun-09	87.8	86.7	99.1	95.8	95.0	96.3	88.4	87.6	90.4
Sep-09	91.7	92.3	102.3	97.6	97.8	98.3	91.3	91.4	94.4
Dec-09	96.8	98.4	105.9	101.4	103.5	104.2	97.8	97.4	99.6
Mar-10	100.0	103.5	107.2	102.7	106.9	106.4	98.5	102.0	103.1
Jun-10	102.7	106.5	107.5	104.7	106.7	103.7	100.1	101.5	105.0
Sep-10	102.4	104.6	105.9	104.4	103.9	103.9	99.5	101.8	103.8
Dec-10	102.2	106.2	105.8	105.0	103.8	107.4	100.1	102.5	104.3
Mar-11	101.9	104.7	103.9	103.3	102.8	106.7	98.5	102.3	103.2
Jun-11	102.1	103.5	102.9	101.0	99.6	103.0	95.4	102.3	102.2
Sep-11	100.1	101.4	100.0	100.3	99.0	100.7	96.0	98.6	100.3
Dec-11	98.9	100.2	100.1	100.3	99.5	102.2	97.6	100.7	99.7
Mar-12	99.7	99.1	100.1	99.4	100.4	99.2	101.9	101.4	99.7
Jun-12	101.2	99.4	99.7	99.9	101.0	97.9	104.4	99.4	100.3
Sep-12	100.9	98.3	100.7	99.4	102.2	98.2	104.8	99.8	100.1
Dec-12	103.4	100.2	101.7	100.1	105.7	98.0	108.5	102.1	102.3
Mar-13	104.6	100.6	101.6	100.0	107.9	99.9	109.3	100.7	103.1
Jun-13	108.5	102.7	103.1	100.7	111.1	99.8	110.6	101.2	105.6
Sep-13	112.7	105.8	104.7	101.2	111.2	101.4	111.1	101.2	108.2
Dec-13	118.2	108.8	107.8	104.0	115.1	103.7	114.1	101.6	112.0

Source: ABS, *House price indexes, Australia*, Cat. No. 6416.0, December 2013

Figure 38: House price indexes, selected cities

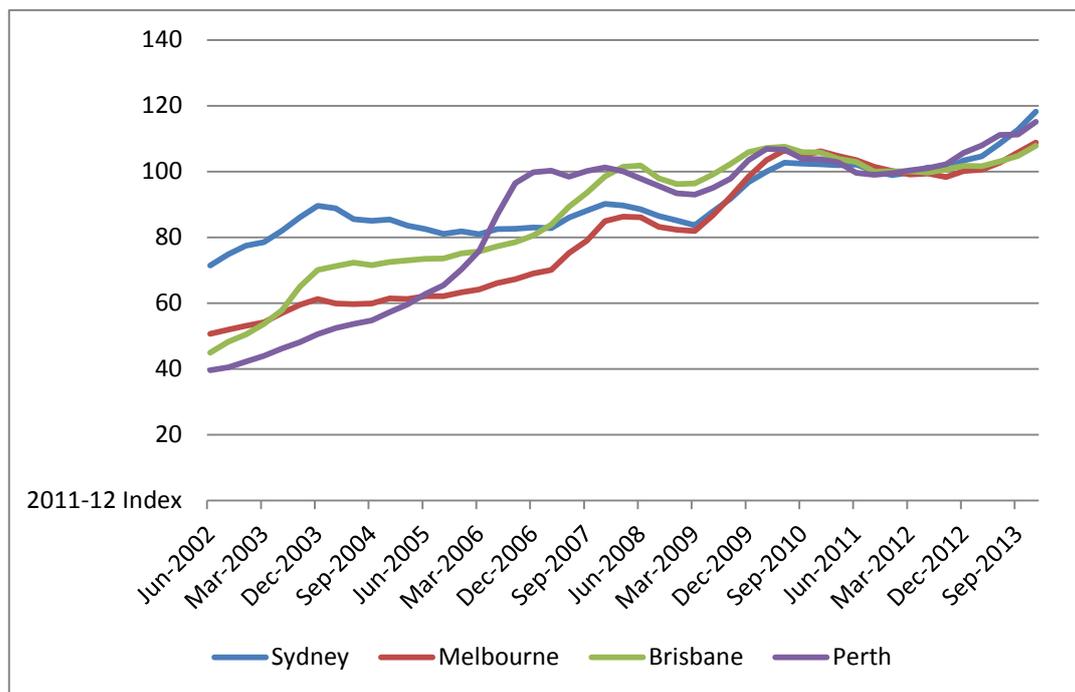
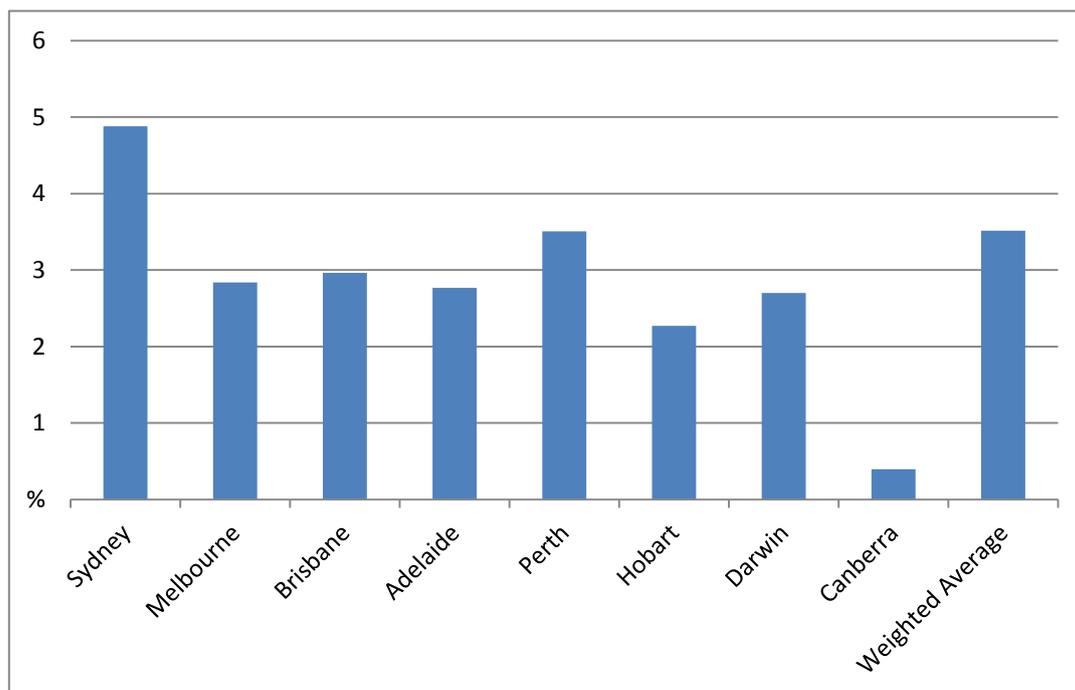


Figure 39: Change in house price indexes, September to December 2013 quarters



DWELLING APPROVALS

The average monthly number of dwellings approved in NSW increased by 6.3 per cent in December 2013 to 4,722, reflecting a continued supply response to recent strong house price growth in Sydney. The number of approvals in the December 2013 quarter is 22 per cent above that of a year previously.

Reflecting on the causes and benefits of this housing supply growth on the economy, the Commonwealth bank noted that¹³:

It is clear that lower interest rates are impacting on the interest rate sensitive areas of the economy, like housing. Higher housing lending, higher house prices and more construction are positive for growth, profitability and jobs. The construction and spending boost will help offset the winding down of resources investment from its recent peak. Non-residential construction approvals are also trending higher, thanks to strong interest in new CBD developments.

Of the other jurisdictions, Queensland had the highest growth, up 16 per cent from the previous quarter.

Table 16: Number of dwellings approved, quarterly average

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUS
Sep-08	2328	3789	3223	1231	1909	304	85	211	2328
Dec-08	2214	3166	2366	932	1487	252	217	271	2214
Mar-09	1585	3340	1846	903	1359	233	80	169	1585
Jun-09	2172	3634	2422	1002	1749	289	106	311	2172
Sep-09	2652	4687	2890	1073	2049	301	109	385	2652
Dec-09	2969	4755	2976	1021	2125	314	146	347	2969
Mar-10	3029	4748	3021	1052	2347	250	55	310	3029
Jun-10	2943	5044	3227	1145	2030	253	168	471	2943
Sep-10	2838	5882	2729	1206	1845	293	207	401	2838
Dec-10	3467	5239	2628	939	1847	270	136	636	3467
Mar-11	2695	4511	2051	840	1613	230	59	396	2695
Jun-11	2544	4541	2458	960	1695	248	110	522	2544
Sep-11	3335	4654	2570	843	1734	207	148	511	3335
Dec-11	2921	3726	2140	709	1596	166	124	407	2921
Mar-12	2456	3567	2047	697	1686	168	78	217	2456
Jun-12	3065	4880	2466	625	1401	167	189	486	3065
Sep-12	3001	4694	2499	678	1919	171	255	216	3001
Dec-12	3846	4163	2486	752	2049	149	117	346	3846
Mar-13	2833	3375	2305	682	1930	120	209	299	2833
Jun-13	3773	3965	2620	819	2392	159	144	406	3773
Sep-13	4443	4534	3039	913	2541	172	243	509	4443
Dec-13	4722	4688	3525	985	2503	154	177	385	4722

Source: ABS, *Building Approvals, Australia*, Cat. No. 8731.0, February 2014

¹³ Commonwealth Bank, *Building approvals – February 2014*, 2 April 2014, Global Markets Research, Economics: Update

Figure 40: Number of dwellings approved, NSW

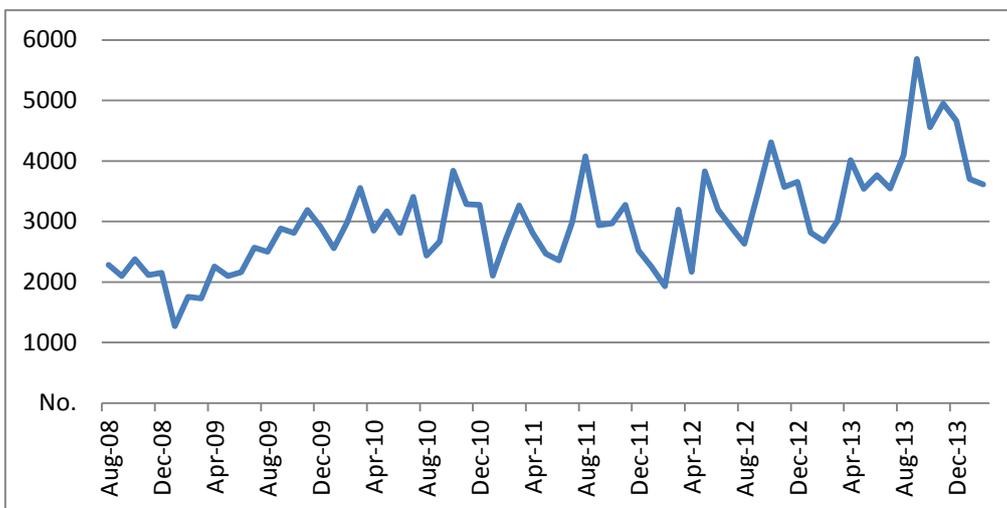


Figure 41: Average number of dwellings approved, December 2013 quarter

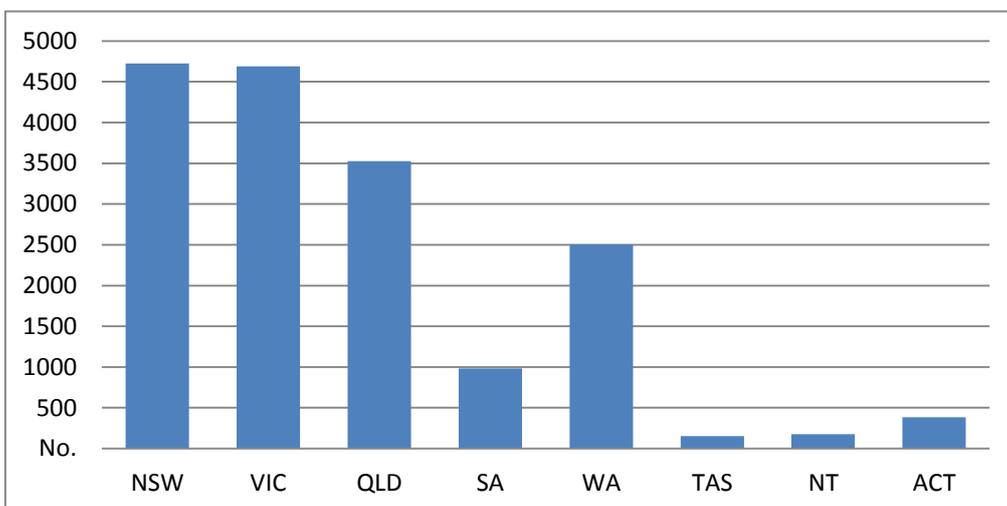


Figure 42: Change in approvals, September to December 2013 quarters



HOUSING FINANCE

Driven by considerable growth in Sydney's house prices, NSW recorded its highest average quarterly loan size in December 2013 as it rose by 10 per cent to \$329,000. This was the second highest average loan size for first home buyers in Australia, after the Northern Territory at \$339,000.

Despite the December quarter jump in loan sizes, growth in the average loan size for first home buyers in NSW has remained relatively subdued over the medium term, fluctuating between \$288,000 and \$323,000 since 2009. The other more populous States in Australia have followed similar historical trends to NSW in this respect (Figure 43).

Table 17: First home buyers loan size, quarterly average, \$'000

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Sep-08	267	239	265	219	252	183	258	269
Dec-08	283	254	282	231	277	203	284	304
Mar-09	289	257	289	239	294	208	294	314
Jun-09	291	260	284	237	298	206	302	312
Sep-09	288	263	271	235	296	208	304	310
Dec-09	309	272	283	236	300	211	327	304
Mar-10	305	275	287	244	295	206	291	309
Jun-10	314	280	291	244	285	208	328	297
Sep-10	308	285	288	243	284	206	304	317
Dec-10	310	284	287	242	278	207	305	323
Mar-11	305	281	276	237	273	204	294	329
Jun-11	313	286	279	245	281	212	305	306
Sep-11	304	289	280	245	285	213	306	322
Dec-11	295	287	275	241	282	219	305	319
Mar-12	292	282	273	237	289	214	304	311
Jun-12	303	288	278	238	296	210	319	336
Sep-12	308	287	281	246	296	205	336	322
Dec-12	314	288	276	241	301	213	301	331
Mar-13	310	288	283	243	316	211	303	314
Jun-13	309	284	276	240	313	208	283	308
Sep-13	300	283	273	236	317	209	295	317
Dec-13	329	294	282	254	322	209	339	304

Source: ABS, *Housing Finance, Australia*, Cat. No. 5609.0, February 2014

Figure 43: Average monthly loan size, first home buyers, selected states

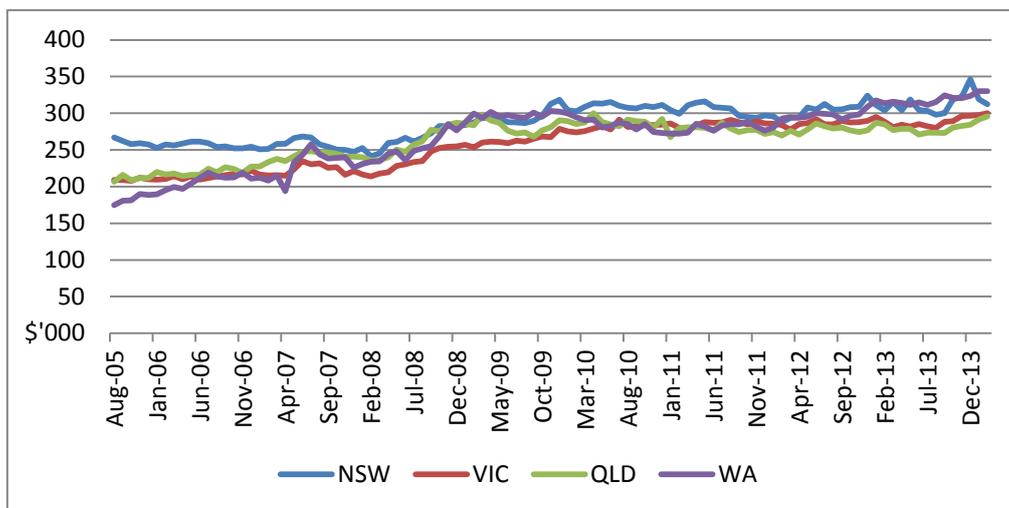


Figure 44: Average loan size, first home buyers, December 2013 quarter

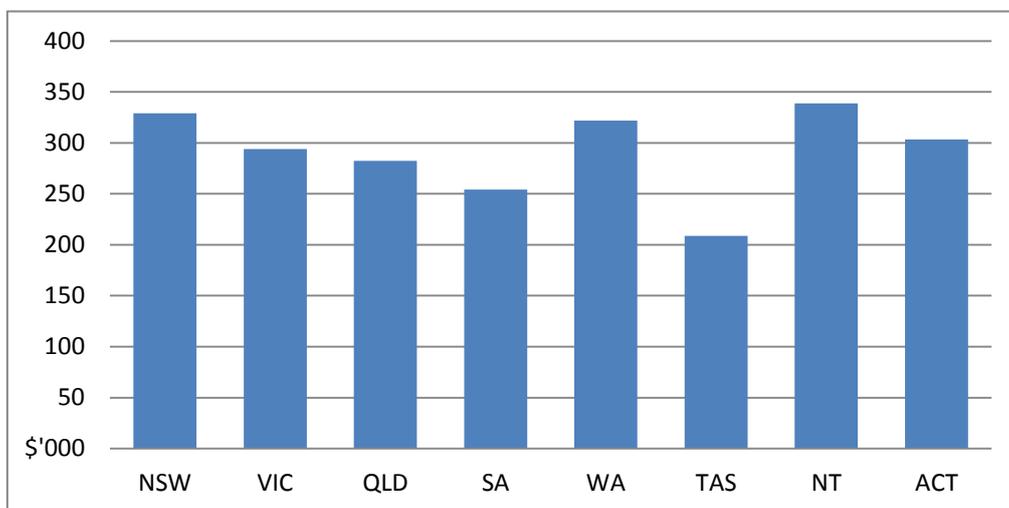


Figure 45: Change average first home buyers loan, September to December 2013 quarters



BANKRUPTCIES

The number of bankruptcies in NSW increased by 1.3 per cent in the March 2014 quarter to 1,604 (3 per cent more bankruptcies than a year previously). The number of bankruptcies decreased in most of the States and Territories, except for Western Australia and Queensland which rose by 7.3 and 6.8 per cent respectively. The Northern Territory (34 per cent) and the ACT (18 per cent) had the largest declines in bankruptcies of the remaining jurisdictions. Around one-third of all bankruptcies in Australia occurred in NSW.

Table 18: Bankruptcies per quarter (Parts IV and XI of the Bankruptcy Act 1966 (Cth))

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Sep-08	2646	1434	1433	521	387	194	23	55
Dec-08	2577	1461	1460	457	400	210	31	53
Mar-09	2742	1527	1662	483	435	217	25	73
Jun-09	2532	1562	1688	483	438	221	24	66
Sep-09	2671	1580	1708	513	532	227	36	62
Dec-09	2451	1314	1800	452	476	175	41	61
Mar-10	2229	1393	1700	492	468	183	36	63
Jun-10	2403	1435	1801	489	410	204	36	64
Sep-10	2332	1274	1549	418	431	180	22	54
Dec-10	1994	1098	1668	409	389	175	31	48
Mar-11	1861	1020	1430	414	441	186	30	40
Jun-11	1936	1126	1504	364	437	169	22	44
Sep-11	1951	1125	1528	392	435	183	17	46
Dec-11	1950	1067	1538	388	391	166	25	48
Mar-12	1895	1039	1622	375	378	173	22	46
Jun-12	1831	1018	1563	368	363	172	16	32
Sep-12	1880	1147	1608	414	410	159	28	45
Dec-12	1732	1044	1542	350	384	137	28	42
Mar-13	1553	934	1411	332	322	140	23	59
Jun-13	1634	1055	1491	397	353	139	23	60
Sep-13	1667	1018	1403	295	391	131	18	45
Dec-13	1582	1043	1351	325	327	139	29	48
Mar-14	1604	1015	1443	322	351	139	19	39

Source: Insolvency and Trustee Service Australia, 'Quarterly Statistics', www.itsa.gov.au

Figure 46: Quarterly bankruptcies in NSW

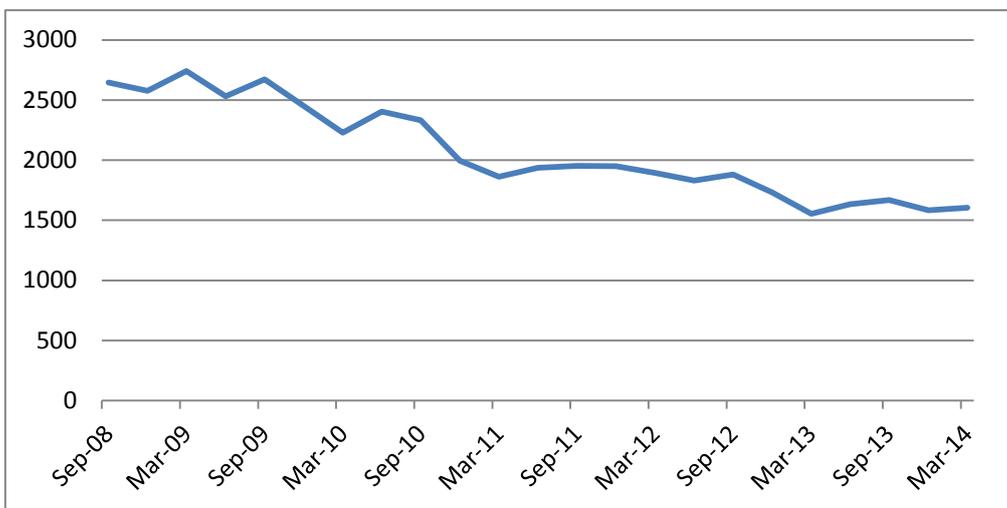


Figure 47: Number of bankruptcies, March 2014 quarter

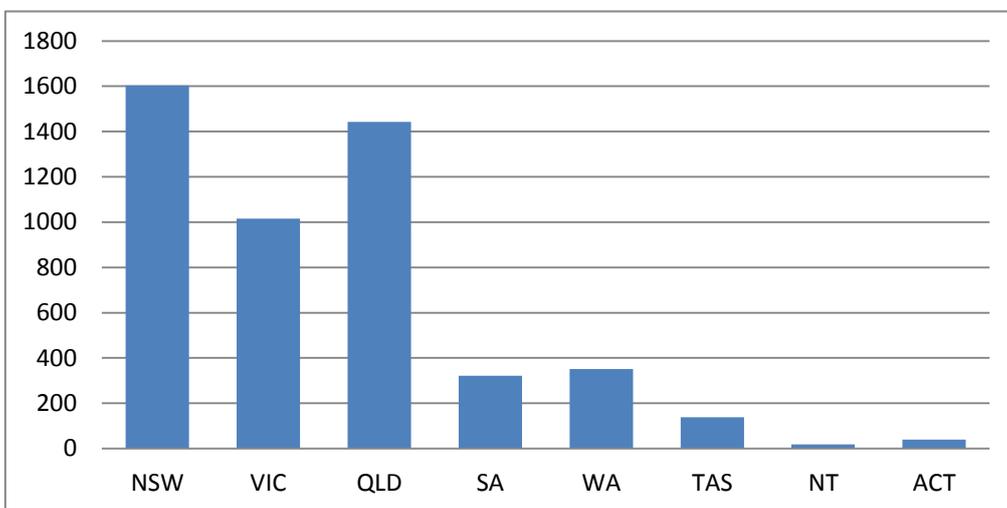


Figure 48: Change in number of bankruptcies, March 2013 to 2014



RENT

Movement in median rents across NSW was mostly positive in the December 2013 quarter. Median rents for one and four bedroom dwellings in the *Sydney Region* increased by 3.5 and 5.3 per cent respectively; although median rents for two and three bedroom dwellings remained unchanged. In the *Greater Metropolitan Region*, median rents for two, three and four bedroom dwellings all increased for the quarter. Median rents for the *Rest of NSW* remained unchanged.

Sydney

The **average weekly rent** for new bonds in Sydney in the December 2013 quarter was: \$440 for a one bedroom place; \$480 for two bedrooms; \$480 for three bedrooms; and \$600 for four or more bedrooms.

The **highest median rent** for a two bedroom dwelling in Sydney was in the Sydney local government area at \$690 a week. The Woollahra local government area had the highest median rent for a three bedroom dwelling at \$1100.

The **lowest median rents** were in the Wyong local government area at \$290 for a two bedroom dwelling and \$350 for a three bedroom dwelling.

Rest of the Greater Metropolitan Region

The **average rental price** in the Greater Metropolitan Region (GMR) excluding Sydney (includes Cessnock, Kiama, Lake Macquarie, Maitland, Newcastle, Port Stephens, Shellharbour and Wollongong) was: \$220 for a one bedroom dwelling; \$320 for two bedrooms; \$405 for three bedrooms; and \$500 for four or more bedrooms.

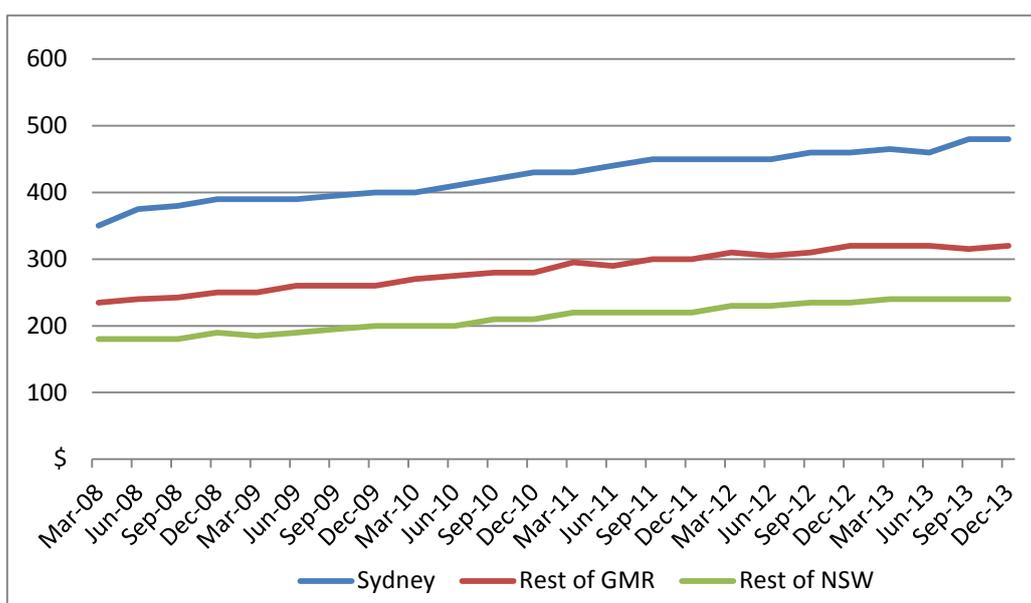
The **highest median rents** in the rest of the GMR were in Newcastle at \$360 a week for a two bedroom dwelling and in Kiama at \$435 for a three bedroom dwelling.

The **lowest median rent** for a two bedroom dwelling was in Cessnock at \$260. Cessnock also had the lowest median rent for a three bedroom dwelling at \$300.

Rural NSW

The **median rent** for a two bedroom dwelling outside the Greater Metropolitan Region was unchanged at \$240. The median rent for three bedrooms was \$300. The Southern Highlands and Queanbeyan areas had the **highest median weekly rent** for a two bedroom dwelling at \$300. Queanbeyan had the highest median rent for a three bedroom dwelling at \$438. The Lower Murray had the **lowest median weekly rent** for two and three bedroom dwellings at \$140 and \$200 respectively.

Figure 49: Median weekly rent for new bonds, two bedrooms



Source: Housing NSW, *NSW Rent and Sales Report*, No 106, 2014

GLOSSARY

The following definitions are those used by the Australian Bureau of Statistics, unless otherwise stated.

Agricultural income: The income accruing from agricultural production during the year. It is equal to gross agricultural product at factor cost less consumption of fixed capital, compensation of employees, and net rent and interest payments.

Average weekly earnings: Average gross (before tax) earnings of employees. Estimates of average weekly earnings are derived by dividing estimates of weekly total earnings by estimates of number of employees.

Cash target rate: Monetary policy decisions are expressed in terms of a target for the cash rate, which is the overnight money market interest rate. (Source: Reserve Bank of Australia, www.rba.gov.au)

Chain volume measures: Estimates that exclude the direct effects of changes in prices. Unlike current measure estimates, they take account of changes to price relativities that occur from one year to the next. Annually re-weighted chain volume indexes are referenced to the current price values in a chosen reference year.

Consumer price index: The Consumer Price Index (CPI) measures quarterly changes in the price of a 'basket' of goods and services which account for a high proportion of expenditure by the CPI population group (i.e. metropolitan households). This 'basket' covers a wide range of goods and services, arranged in the following eleven groups: food; alcohol and tobacco; clothing and footwear; housing; household contents and services; health; transportation; communication; recreation; education; and financial and insurance services.

Employed: All persons aged 15 years and over who, during the reference week: worked for one hour or more for pay, profit, commission or payment in kind in a job or business, or on a farm (comprising employees, employers and own account workers); or worked for one hour or more without pay in a family business or on a farm (i.e. contributing family workers); or were employees who had a job but were not at work and were: away from work for less than four weeks up to the end of the reference week; or away from work for more than four weeks up to the end of the reference week and received pay for some or all of the four week period to the end of the reference week; or away from work as a standard work or shift arrangement; or on strike or locked out; or on workers' compensation and expected to return to their job; or were employers or own account workers, who had a job, business or farm, but were not at work.

Free on board (FOB): The value of goods measured on a free on board (f.o.b.) basis includes all production and other costs incurred up until the goods are placed on board the international carrier for export. Free on board values exclude international insurance and transport costs. They include the value of the outside packaging in which the product is wrapped, but do not include the

value of the international freight containers used for transporting the goods.

Gross domestic product: Is the total market value of goods and services produced in Australia within a given period after deducting the cost of goods and services used up in the process of production but before deducting allowances for the consumption of fixed capital. It is equivalent to gross national expenditure plus exports of goods and services less imports of goods and services.

Gross State product (GSP): GSP is defined equivalently to gross domestic product (GDP) but refers to production within a State or Territory rather than to the nation as a whole.

Labour force: For any group, persons who were employed or unemployed, as defined.

Participation rate: For any group, the labour force expressed as a percentage of the civilian population aged 15 years and over in the same group.

Private business investment: Investment in non-dwelling construction, plus machinery and equipment, plus cultivated biological resources, plus intellectual property products.

Seasonally adjusted estimates: Seasonally adjusted estimates are derived by estimating and removing from the original series systematic calendar related effects, such as seasonal (e.g. Christmas), trading day and moving holiday (e.g. Easter) influences. Seasonal adjustment does not aim to remove the irregular or non-seasonal influences which may be present in any particular month. These irregular influences may reflect both random economic events and difficulties of statistical recording.

Trend series: A smoothed seasonally adjusted series of estimates.

Unemployed: Persons aged 15 years and over who were not employed during the reference week, and: had actively looked for full time or part time work at any time in the four weeks up to the end of the reference week and were available for work in the reference week; or were waiting to start a new job within four weeks from the end of the reference week and could have started in the reference week if the job had been available then.

Unemployment rate: For any group, the number of unemployed persons expressed as a percentage of the labour force in the same group.

Weekly ordinary time earnings: Weekly ordinary time earnings refers to one week's earnings of employees for the reference period, attributable to award, standard or agreed hours of work. It is calculated before taxation and any other deductions (e.g. superannuation, board and lodging) have been made.