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## NSW Parliamentary Research Service

### **NSW Economic Update: October 2014**

#### **Statistical Indicators 9/14**

By Andrew Haylen

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# NSW Economic Update: October 2014

by

Andrew Haylen

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## SUMMARY

The New South Wales economy has been in the headlines this quarter following the release of the October CommSec 'State of the States' report. New South Wales was ranked the best-performing State economy, with CommSec citing population growth and dwelling starts as key drivers of economic growth in the State. It has overtaken Western Australia where the fading mining boom has seen it lose ground in terms of population growth, retail trade and investment.<sup>1</sup>

The relatively strong position of New South Wales was welcomed by Premier Mike Baird who described the housing sector as the the 'cornerstone' of the State's growth.<sup>2</sup>

While the CommSec report paints a positive picture for New South Wales, growth has not been consistent, nor sustained across all segments of the State economy. Among other areas of weakness, labour market indicators have softened. Unemployment is up 0.6 per cent since March, job vacancies have declined and employment growth has been stagnant for the past six months.

Additionally, New South Wales continues to have the highest trade deficit of all the States; and despite improving for the quarter, has been deteriorating for the last decade or so.

The bigger picture therefore suggests that while the NSW economy remains in a relatively strong headline position, other areas of the State economy need to be stimulated if growth is to be realised more broadly and sustained once the housing sector slows.

Based on the latest quarterly movements in these and other key economic indicators,<sup>3</sup> the strengthened and weakened areas of the NSW economy are summarised in the table below. Weaker indicators include dwelling approvals and vehicle sales; however, it should be noted that both of these are subject to cyclical variations and remain elevated over a longer horizon.

Stronger	Weaker
Household consumption	State demand
Business investment	Unemployment
Trade balance	Job vacancies
Retail trade	Bankruptcies
House prices	Mining expenditure
Housing finance	Vehicle sales
	Dwelling approvals

<sup>1</sup> CommSec, [State of the States](#), October 2014; It should be noted that CommSec uses a different methodology for analysing State performance. It compares the performance of each State across indicators by measuring the quarterly deviation from decade long averages.

<sup>2</sup> The Australia, [NSW economy back on top as mining boom wanes](#), 20 October 2014

<sup>3</sup> That is, for the most recent quarter in which data is available.

## Economic outlook

Looking forward at a national level, economic growth is expected to be slightly below trend at close to 2.75 per cent over 2014/15. It is then expected to pick up to an above-trend pace over 2015/16. As outlined by the RBA, key factors restricting growth over this period include:<sup>4</sup>

- the decline in mining investment, which still has some way to run and will gather speed as large mining projects reach completion;
- the exchange rate, which has retraced the decline of early 2014 and remains elevated; and
- fiscal restraint at both the federal and State levels of government, which is expected to weigh on growth in public demand over coming years.

Such downward pressures should be offset by forecast low interest rates which are expected to support the established housing market, the construction of new dwellings and household consumption.<sup>5</sup>

With respect to NSW, St George Bank concluded that the State should continue to benefit from shifting growth drivers in the economy and low interest rates and is likely to continue to outperform growth Australia-wide. Additionally, it comments that the improving outlook for NSW is a welcome change from the State's previous status as a laggard over the past decade, at a time when mining investment in the resource States drove economic growth.<sup>6</sup>

Low interest rates, the solid housing market and gains in business investment should result in a pickup in NSW gross State product in 2014-15. St George Bank forecast growth of 2.8 per cent in 2013-14, rising to 3.0 per cent in 2014-15, which would be the fastest growth in the State in 15 years.<sup>7</sup>

## About the paper

This paper updates statistical information on key economic indicators, thereby presenting a current 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 June 2014 or September 2014 quarters.

A new feature of this October 2014 edition is the inclusion of State final demand (household and business spending) which is used as a proxy for gross state product (GSP). Ideally, GSP would be used to assess broad economic growth, but this data is not available quarterly. Also new to this edition is analysis related to the exchange rate, household consumption and business investment;

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<sup>4</sup> Reserve Bank of Australia, [Statement on Monetary Policy](#), May 2014, p.62

<sup>5</sup> Ibid

<sup>6</sup> St George Bank, [NSW Economic Outlook](#), 18 June 2014, State Economic Report, p.1

<sup>7</sup> Ibid

the latter two are components of State final demand.

This October 2014 edition has excluded gross state product data, as well as business investment and agricultural production data. This data is only released annually in November and will be presented in the December NSW Economic Update.

### **Sources used**

Data presented in this paper is sourced from 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. Analysis and forecasts from the RBA and major private banks (including Westpac, the Commonwealth Bank and St George Bank) are also presented in the paper.

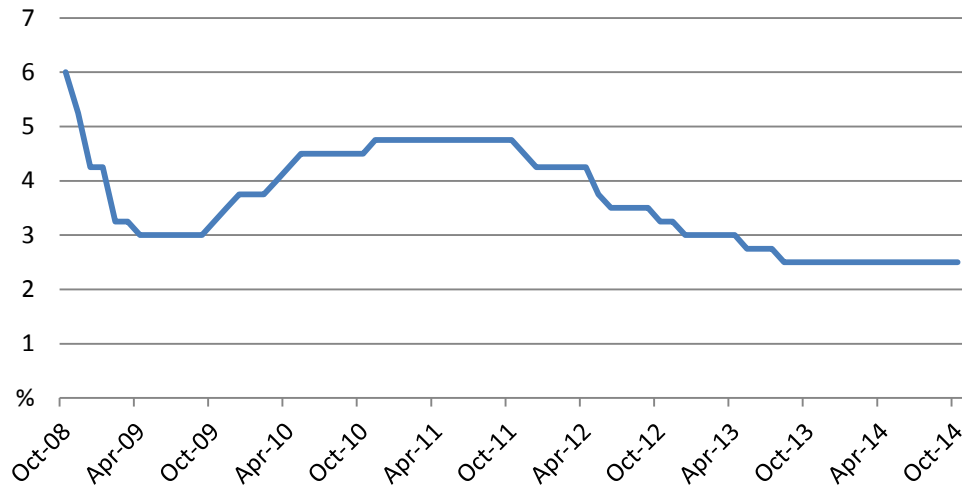
Note that the economic outlook provided in the summary will be updated once the Statement of Monetary Policy is released by the Reserve Bank in early November.



## INTEREST RATES

Interest rates remained unchanged during the latest quarter and have been kept on hold by the RBA for the 14th consecutive month, since the 25 basis point reduction in August 2013 (Figure 1).

**Figure 1: Cash rate target, effective at 8 October 2014**



Source: Reserve Bank of Australia, 'Cash rate target', [www.rba.gov.au](http://www.rba.gov.au)

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

Reflecting on recent economic results at a national level, the RBA Board noted that:<sup>8</sup>

...the domestic economy had grown moderately in the June quarter [and] that more timely indicators suggested that moderate growth overall had continued into the September quarter.

However, the RBA Board noted that there were key areas of weakness in the economy that was constraining economic growth:

...conditions in the labour market remained subdued but had stabilised somewhat this year [however] it would probably be some time before the unemployment rate declined consistently. [Also] Wage growth was expected to remain relatively slow in the near term.

The RBA Board concluded that the current setting of monetary policy was accommodative and 'continued to be appropriate for fostering sustainable growth in demand and inflation outcomes consistent with the target over the period ahead'.

<sup>8</sup> Reserve Bank of Australia, [Minutes of the Monetary Policy Meeting of the Reserve Bank Board](#), October 2014

## STATE DEMAND

State final demand, which is a proxy for economic growth, measures the total value of goods and services that are sold in a State to buyers who wish to either consume them or retain them in the form of capital assets. It excludes sales made to buyers who use them as inputs to a production activity, export sales and sales that lead to accumulation of inventories.

Final demand was mixed across States in the June quarter. Demand in NSW declined by 0.4 per cent for the quarter (Table 1). Victoria and South Australia increased by 1.2 and 1.4 per cent respectively: this is against the trend of relatively flat growth in recent quarters, a product of the comparatively large manufacturing sectors in both States, which have struggled in recent years with the high Australian dollar.

**Table 1: State final demand, chain volume measures, seasonally adjusted, \$m**

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
<b>Jun-2012</b>	110,184	86,092	77,166	23,788	53,371	6,935	6,668	13,059
<b>Sep-2012</b>	110,167	86,027	76,887	23,669	54,346	6,844	6,342	12,731
<b>Dec-2012</b>	110,418	85,523	77,496	23,523	54,768	6,812	7,326	12,688
<b>Mar-2013</b>	110,895	86,351	78,192	23,715	52,448	6,756	6,310	12,902
<b>Jun-2013</b>	111,360	86,520	78,134	23,971	53,011	6,810	6,957	12,808
<b>Sep-2013</b>	112,024	86,718	78,413	24,118	53,138	6,861	7,085	12,817
<b>Dec-2013</b>	112,873	87,006	78,249	23,835	52,804	6,887	7,263	12,789
<b>Mar-2014</b>	115,909	87,629	77,486	23,778	52,330	6,921	6,745	12,774
<b>Jun-2014</b>	115,406	88,713	77,783	24,105	52,173	6,920	6,875	12,812

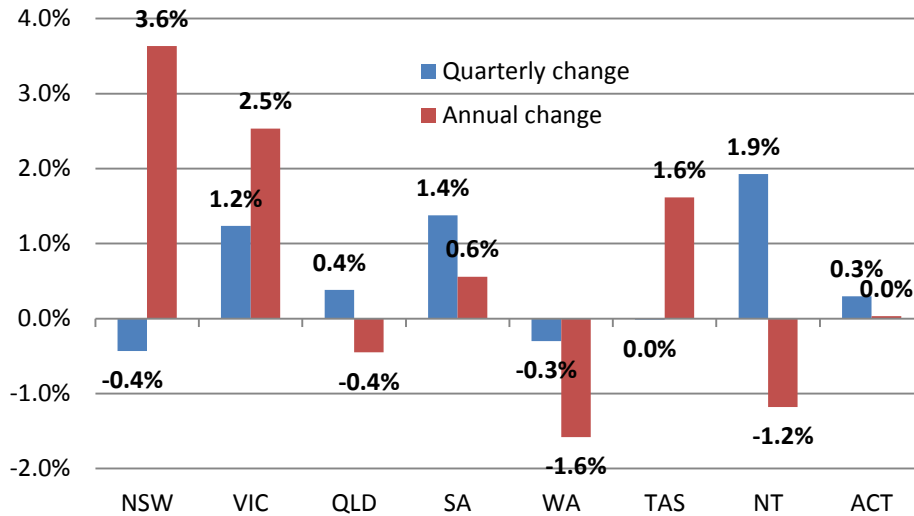
Source: ABS, *Australian National Accounts, June 2014*, 5206.0, September 2014

According to St George Bank, annual growth in State final demand reflected the shift in growth drivers from mining to non-mining States.<sup>9</sup> On an annual basis, final demand contracted in Queensland, WA and Northern Territory, where mining investment has been most prominent (Figure 2). In all other States or Territories, demand has turned positive, but remains subdued in most. NSW was the only State or Territory to record annual growth in final demand stronger than the long-run average.

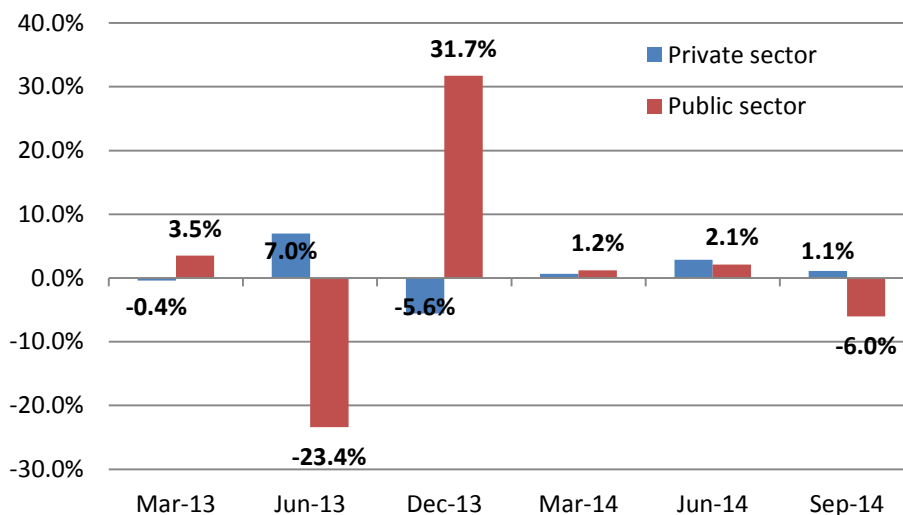
These State final demand figures do not include net exports and therefore do not take into account the positive impact of higher resource exports on economic growth in the resource States, including Western Australia and Queensland. The impact of net exports will be available in Gross State Product data, which is only available on an annual basis, to be released in late November.<sup>10</sup>

<sup>9</sup> St George Bank, [National Accounts – GDP: A patchwork quilt](#), 3 September 2014

<sup>10</sup> Ibid

**Figure 2: State final demand, quarterly and annual change, June 2014**

The public sector accounted for the annual growth in final demand in NSW, increasing by 27.9 per cent (or \$5.1 billion) between June 2013 and June 2014. However, over the last quarter, public sector demand decreased by 6 per cent (Figure 3). As at June 2014, private sector final demand was equivalent to \$91.8 billion, while public sector demand was \$23.6 billion.

**Figure 3: Public vs. private expenditure in New South Wales, quarterly changes**

## HOUSEHOLD CONSUMPTION

At the national level, spending by households rose by 0.5 per cent in the June quarter, after rising 0.5 per cent in the March quarter. However, this remains below the 0.7 to 0.8 per cent increases seen in the last three quarters of 2013, despite the ongoing low interest rate environment.

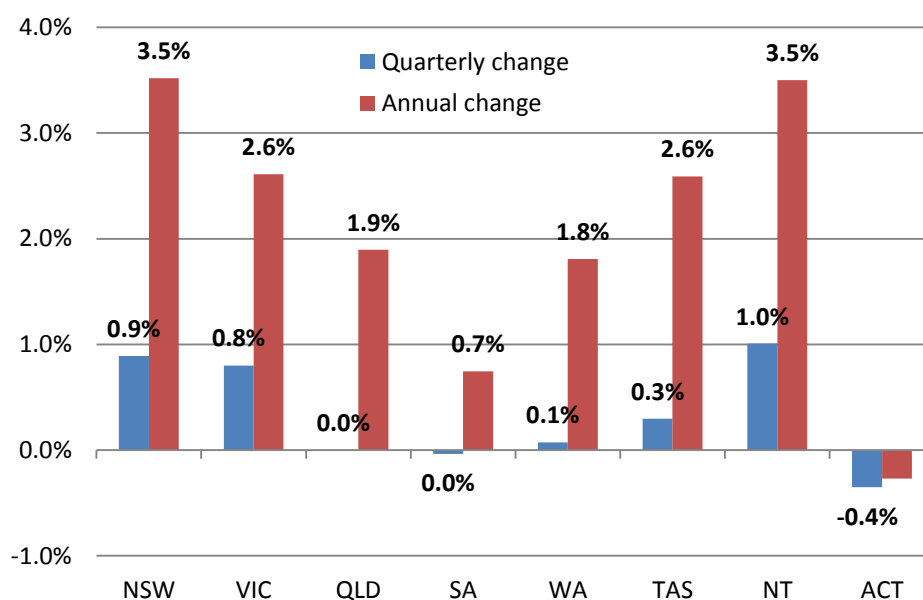
**Table 2: Household final consumption, chain volume measures, seasonally adjusted, \$m**

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
<b>Jun-2012</b>	66,789	50,534	39,184	13,679	22,085	3,894	2,143	3,595
<b>Sep-2012</b>	67,010	50,556	39,337	13,701	22,308	3,920	2,141	3,628
<b>Dec-2012</b>	67,468	50,557	39,645	13,642	22,446	3,905	2,210	3,637
<b>Mar-2013</b>	67,791	50,757	39,795	13,709	22,369	3,902	2,210	3,674
<b>Jun-2013</b>	68,250	51,051	40,085	13,708	22,575	3,939	2,228	3,704
<b>Sep-2013</b>	68,869	51,352	40,405	13,902	22,652	3,974	2,250	3,724
<b>Dec-2013</b>	69,369	51,891	40,606	13,784	22,993	3,999	2,261	3,745
<b>Mar-2014</b>	70,029	51,967	40,843	13,815	22,966	4,029	2,283	3,707
<b>Jun-2014</b>	70,652	52,383	40,845	13,810	22,983	4,041	2,306	3,694

Source: ABS, *Australian National Accounts, June 2014*, 5206.0, September 2014

Household spending increased by 0.9 per cent in NSW over the June quarter. This was the second highest quarterly growth behind the Northern Territory (Figure 4). This continues the relatively strong consumption growth in the State, following rises of between 0.7 and 1.0 per cent in the previous three quarters. Year on year, consumption rose by 3.5 per cent in NSW which was the equal highest annual growth of all States and Territories.

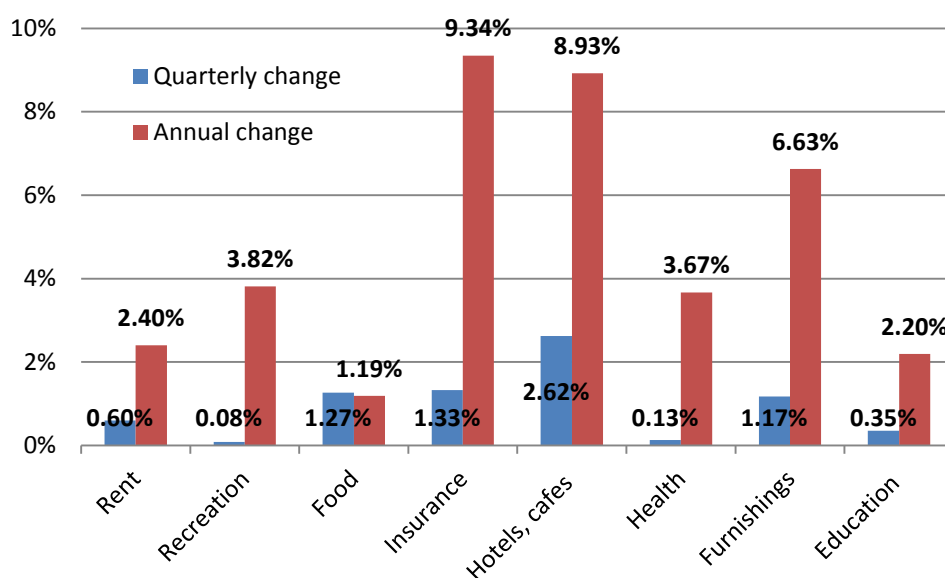
**Figure 4: Household final consumption, quarterly and annual change, June 2014**



Household expenditure on hotels, cafes and restaurants in NSW increased by \$138 million during the June quarter. This was the largest of all the categories, followed by rent and food expenditure which increased by \$91 and \$81 million respectively.

On an annual basis, household expenditure on insurance and other financial services in NSW increased by \$503 million in the 12 months to June 2014 (Figure 5). This was the largest of all the categories, followed by hotels/cafes and rent expenditure which increased by \$443 and \$357 million respectively.

**Figure 5: Household consumption, by expenditure category, New South Wales**



## BUSINESS INVESTMENT

Nationally, business investment rose by 1.0 per cent in the June quarter, after rising by 0.3 per cent in the March quarter. For the year to the June quarter, however, business investment declined by 10.9 per cent reflecting weakness in mining investment.

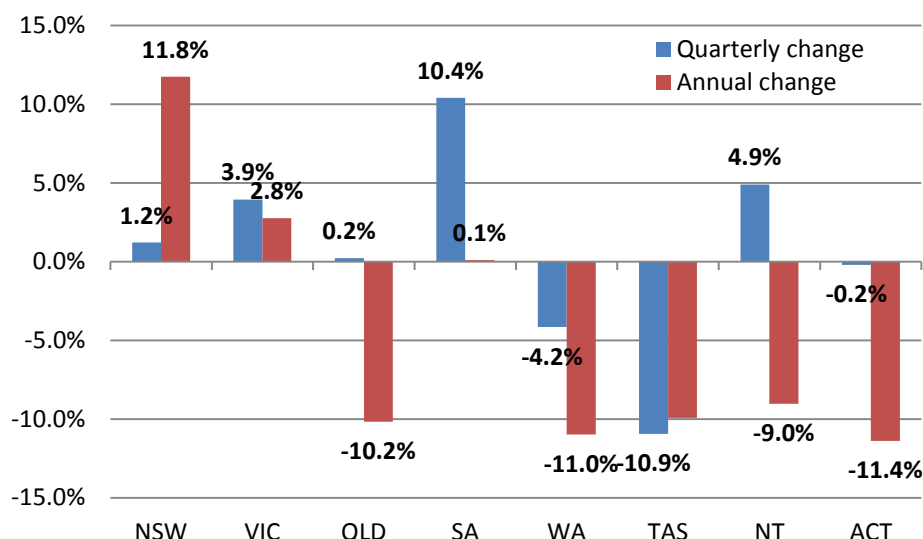
**Table 3: Gross fixed capital formation, business investment, chain volume measures, seasonally adjusted, \$m**

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
<b>Jun-2013</b>	18,247	10,592	17,234	3,039	17,780	599	2,713	495
<b>Sep-2013</b>	12,601	10,762	17,004	3,140	17,878	605	2,682	571
<b>Dec-2013</b>	12,621	10,474	15,873	2,891	16,426	600	2,878	555
<b>Mar-2014</b>	13,914	10,639	15,238	2,847	16,607	612	2,326	507
<b>Jun-2014</b>	14,082	11,059	15,273	3,143	15,916	545	2,440	506

Source: ABS, *Australian National Accounts, June 2014*, 5206.0, September 2014

Business investment grew by 1.2 per cent for NSW over the June quarter, the fourth highest of all jurisdictions (Figure 6). On an annual basis, business investment grew by 11.8 per cent which is the highest of all jurisdictions.

**Figure 6: Gross fixed capital formation, business investment, quarterly and annual change<sup>11</sup>, June 2014**



According to St George Bank, mining investment is expected to drop sharply in the coming year. However, it is expected that capital spending in the non-mining sectors will lift gradually over the foreseeable future.<sup>12</sup>

<sup>11</sup> The annual change compares September 2013 to June 2014, rather than June 2013 to June 2014. This is because of the significant spike in investment that occurred in June 2013 for New South Wales.

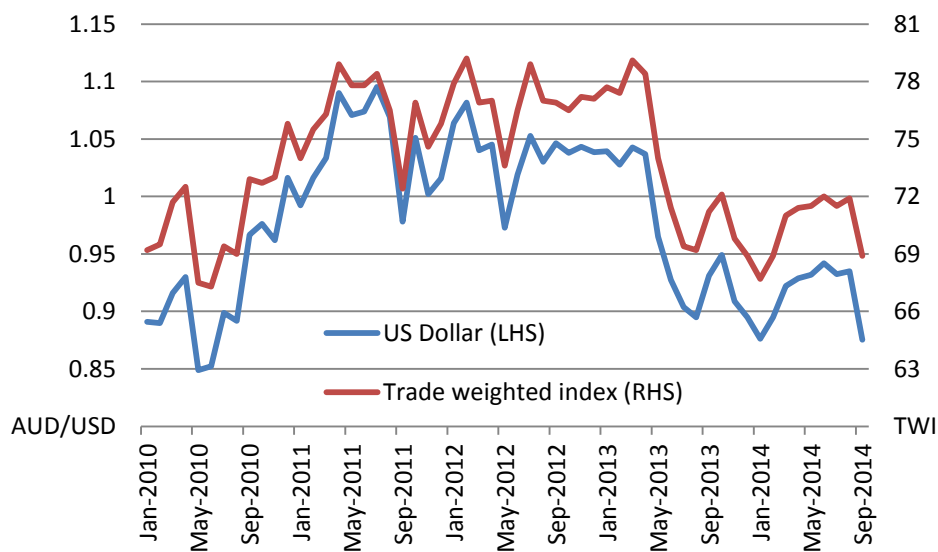
<sup>12</sup> St George Bank, [National Accounts – GDP: A patchwork quilt](#), 3 September 2014

## EXCHANGE RATE

The Australian dollar depreciated by 4 per cent in trade-weighted terms during September. According to the Reserve Bank Board, this was primarily due to the 6 per cent depreciation against a rising US dollar. Weaker-than-expected Chinese economic data and further declines in key commodity prices contributed to the softening of the Australian dollar (Figure 7).

The recent depreciation followed a period when the Australian dollar had held up against the US dollar more than most other currencies. The Australian dollar is now around its January low against the US dollar but remained a little higher on a trade-weighted basis than earlier in the year.<sup>13</sup>

**Figure 7: Exchange rate, US dollar and Trade Weighted Index, as at 30 September 2014**



According to the Commonwealth Bank, a lower Australia dollar will act as an income buffer to the drop in commodity prices and is important during the mining to non-mining transition. Specifically, businesses with a high export propensity or high import penetration will benefit the most.<sup>14</sup> In addition, government revenue will benefit from the lower currency; such that a 1 point drop in the Trade-Weighted Index adds around \$1.8 billion over four years to the Federal Budget bottom line.

The Commonwealth Bank forecast the AUD at USD0.85 at the end of 2015 and USD0.82 at the end of 2016. NAB also expects a gradual depreciation of the AUD to USD0.8 by mid-2016. Westpac, on the other hand, forecast the AUD to be 0.94 USD by the end of 2015.<sup>15</sup>

<sup>13</sup> Reserve Bank of Australia, [Minutes of the Monetary Policy Meeting of the Reserve Bank Board](#), October 2014

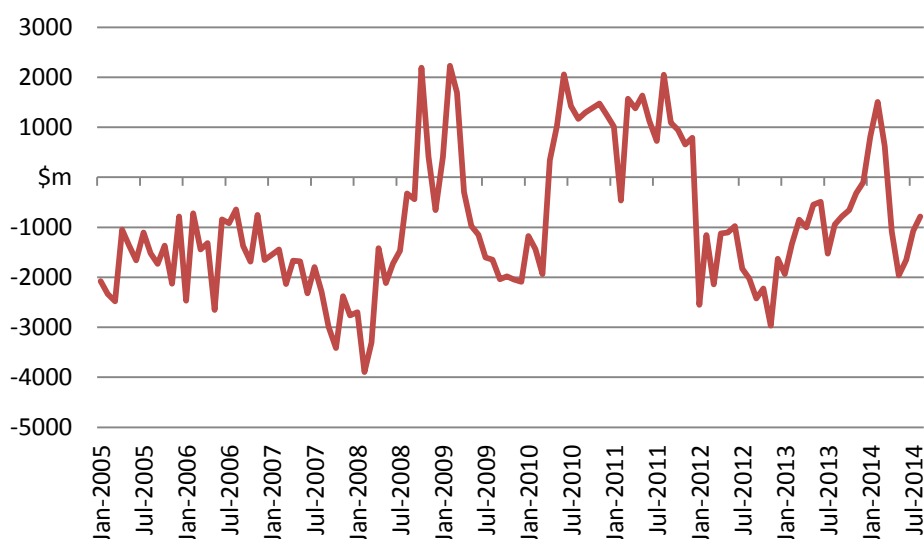
<sup>14</sup> Commonwealth Bank, [What does a lower Aussie dollar mean for the economy?](#), 16 October 2014, Global Markets Research, Economics: Issues

<sup>15</sup> Westpac, [Australia and NZ weekly](#), 27 October 2014; Commonwealth Bank, [Forecasts](#)

## INTERNATIONAL TRADE

Australia recorded a seasonally-adjusted trade deficit (which includes both goods and services) of \$787 million for the month of August. This was the fifth consecutive month since April that Australia has recorded a trade deficit. However, this was an improvement on the deficits realised in the three months previous, narrowing a further \$288 million in August (Figure 8).

**Figure 8: National balance on trade in goods and services**



The driver of the contraction in the monthly trade shortfall was the fact that imports fell by 3 per cent outpacing a 2 per cent slide in exports. According to the Commonwealth Bank, the latest trade numbers help underscore the general view that the lower Australian dollar will help bolster domestic economic activity by lowering the demand for imports. It anticipates that the trade accounts will return to surplus in 2015 as export volumes trend higher.<sup>16</sup> St George Bank also concluded that:<sup>17</sup>

The outlook for Australia's trade position appears more promising given the recent fall in the Australian dollar. The AUD depreciation and ongoing transition in mining from investment to production should see Australia's deficit narrow further in months ahead and help offset the impact of weaker commodity prices.

The **average monthly free on board value of merchandise exports** from NSW decreased by 2.8 per cent in the June 2014 quarter to \$2.89 billion. This continues the relatively flat trend in export growth for NSW since 2008 (Figure 9). WA continued to dominate the States and Territories in terms of the amount exported (an average of \$10.3 billion per month), followed by Queensland at

– [Economic](#), 24 October 2014; NAB, [Global and Australian Forecasts](#), October 2014

<sup>16</sup> Commonwealth Bank, [Trade Balance – August 2013](#), 2 October 2014, Global Markets Research, Economics: Update

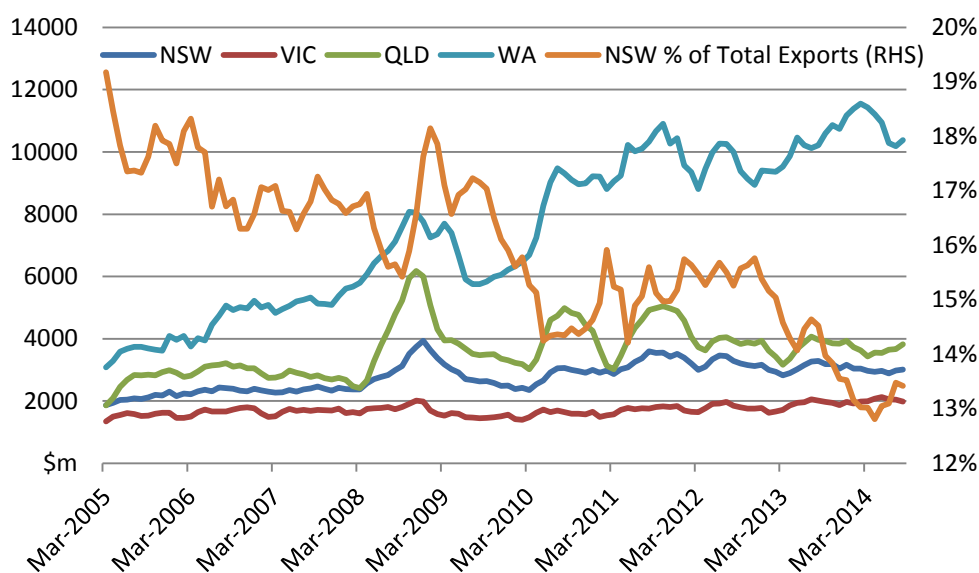
<sup>17</sup> St George Bank, [Trade Balance – Narrowing the Gap](#), 2 October 2014, Data Snapshot



\$3.6 billion.

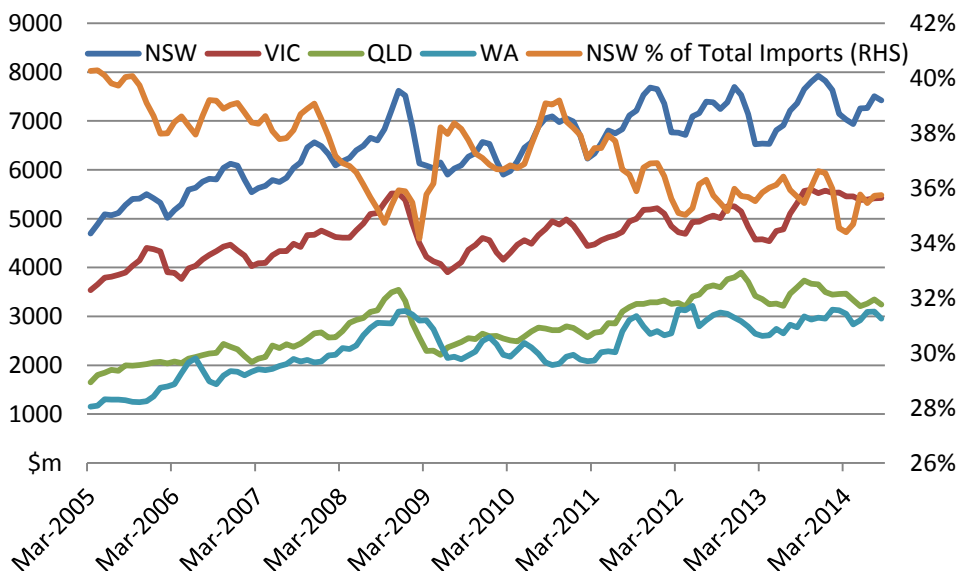
The **top five destinations for merchandise exports** from NSW for the month of August 2014 only were: Japan (\$742m – up from \$668m in May 2014); China (\$502m – down from \$474m); Korea (\$264m – up from \$204m); Taiwan (\$218m – up from \$199m); and New Zealand (\$166m – down from \$196m). 63 per cent of exports were to the top five destinations, with 41 per cent of all NSW merchandise sent to Japan or China.

**Figure 9: Merchandise exports, 3-monthly moving average, FOB value, by State**



The **average monthly customs value of merchandise imports** for NSW increased by 3 per cent in the June 2014 quarter to \$7.3 billion. NSW continues to import the greatest amount of the States and Territories (Figure 10), followed by Victoria at \$5.4 billion (down 1 per cent for the quarter).

**Figure 10: Merchandise imports, 3-monthly moving average, customs value, by State**

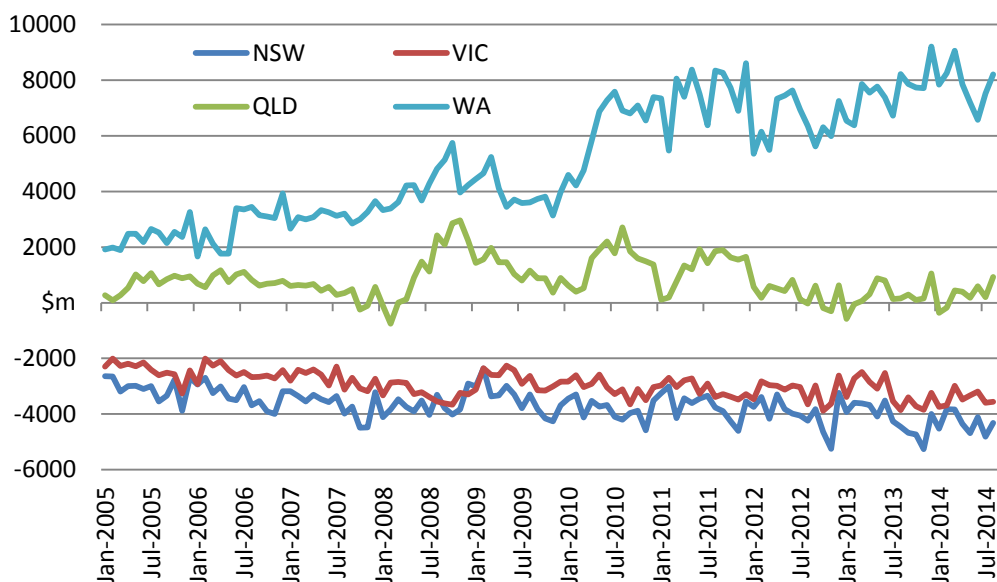


The **top five import sources** for NSW during August 2014 only were: China (\$1,931m – up from \$1,566m in May 2014); the United States (\$840m – down from \$862m); Japan (\$468m – down from \$526m); Germany (\$436m – down from \$481m); and Thailand (\$297m – up from \$254m). 54 per cent of imports were from the top five sources, with around 26 per cent attributable to China.

The end result of the upward trend in merchandise imports and stagnant growth in merchandise exports is a steady deterioration in New South Wales' merchandise trade balance since the mid-2000s (Figure 11). In January 2005, the State's trade deficit was recorded at \$2.6 billion. As at August 2014, the State's trade deficit was recorded at \$4.3 billion.

Off the back of commodities exports, WA has performed the best compared to the other major States, with its merchandise trade balance recorded at \$8.2 billion in August 2014.

**Figure 11: Merchandise import and export trade balances, by State**



## CONSUMER PRICE INDEX

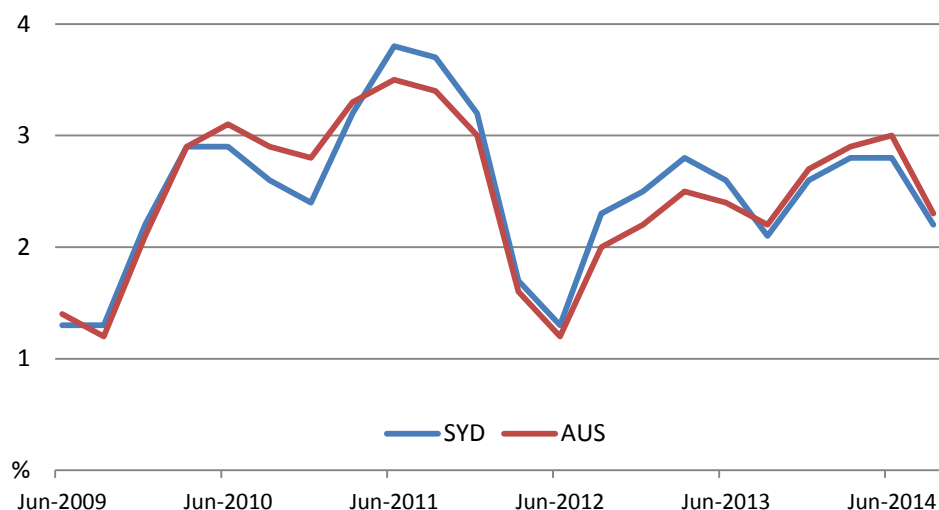
Nationally, the Consumer Price Index (CPI) for the September quarter rose by 0.5 per cent, with annual growth at 2.3 per cent. While this rise was slightly above market expectations<sup>18</sup>, it is down on the annual growth of 3 per cent realised in the June quarter and is linked to the removal of the carbon tax.

**Table 4: Consumer price index, capital cities, change from corresponding quarter of previous year**

	SYD	MELB	BRIS	ADEL	PERTH	HOB	DAR	CAN	AUS
<b>Sep-2011</b>	3.7	3.6	3.1	4.0	2.8	3.2	2.8	3.6	3.4
<b>Dec-2011</b>	3.2	3.1	2.4	3.6	2.9	3.2	2.5	3.5	3.0
<b>Mar-2012</b>	1.7	1.4	1.3	1.8	1.9	2.1	1.7	1.6	1.6
<b>Jun-2012</b>	1.3	1.2	0.9	1.2	1.1	0.8	1.5	1.1	1.2
<b>Sep-2012</b>	2.3	1.8	1.7	1.7	2.0	0.7	2.1	1.6	2.0
<b>Dec-2012</b>	2.5	2.1	2.2	2.1	2.1	1.0	2.5	1.7	2.2
<b>Mar-2013</b>	2.8	2.5	2.1	2.2	2.4	1.0	3.8	2.2	2.5
<b>Jun-2013</b>	2.6	2.2	2.0	2.1	2.5	1.8	3.9	2.2	2.4
<b>Sep-2013</b>	2.1	2.4	2.2	2.0	2.6	2.0	3.4	1.7	2.2
<b>Dec-2013</b>	2.6	2.7	2.6	2.3	2.9	2.6	4.4	2.3	2.7
<b>Mar-2014</b>	2.8	2.8	3.1	2.9	3.1	2.8	3.6	2.6	2.9
<b>Jun-2014</b>	2.8	3.2	3.2	3.1	3.3	2.8	3.3	2.2	3.0
<b>Sep-2014</b>	2.2	2.0	2.6	2.1	2.6	1.9	2.7	2.0	2.3

The CPI in Sydney increased by 2.2 per cent between September 2013 and September 2014, marginally lower than the Australian average (Figure 12). This is 0.6 per cent lower than the annual CPI realised in June 2014.

**Figure 12: Change in CPI from corresponding quarter of previous year**

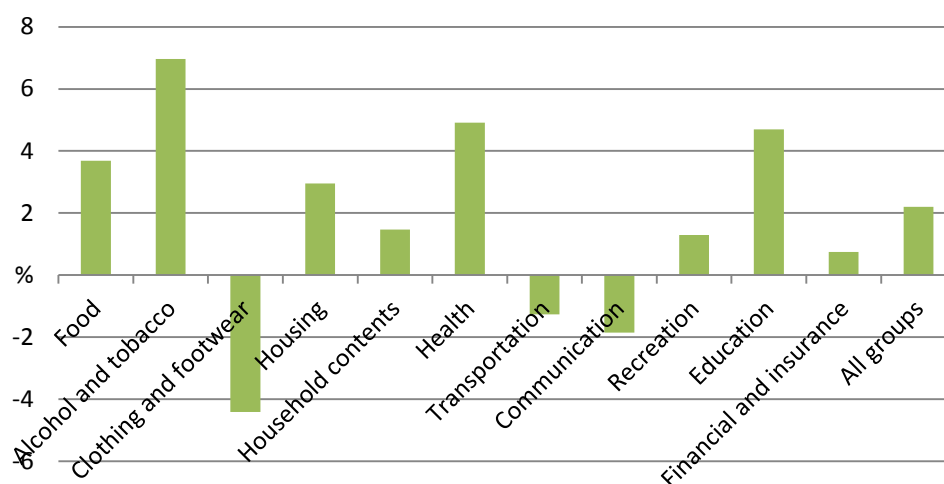


<sup>18</sup> Commonwealth Bank, [CPI – QIII 2014](#), 22 October 2014, Global Markets Research, Economics: Update

The largest price increases over the last 12 months in Sydney occurred in: alcohol and tobacco (up by 7.0 per cent); health (up by 4.9 per cent); education (up by 4.7 per cent); and food (up by 3.7 per cent) (Figure 13).

The impact of the carbon tax removal was reflected in the housing group in Sydney, with utility prices decreasing by 2.5 per cent over the year to September 2014. This included a decrease in electricity by 7.3 per cent. However, gas and other household fuels increased by 12.0 per cent.

**Figure 13: Change in CPI, groups for Sydney, June 2013 to June 2014**



Nationally, electricity prices fell for the September quarter by 5.1 per cent. When the carbon tax was initially introduced, electricity prices rose by 15.3 per cent nationally in the September quarter of 2012. According to the Commonwealth Bank, this discrepancy suggests reluctance on the part of businesses to pass on the claimed price benefits of the carbon tax removal.<sup>19</sup>

According to the Reserve Bank<sup>20</sup>, spare capacity in labour markets is expected to see domestic inflationary pressures remain contained. Inflation is forecast to decline over the coming year to around 2¼ per cent before picking up, to be in the top half of the target range of 2 to 3 per cent over 2016. NAB also forecast inflation to decline in the 2014-15 financial year inflation to 2.1 per cent, before rising to 2.8 per cent in 2015-16.<sup>21</sup>

**Table 5: Reserve Bank of Australia inflation forecasts**

	Dec-14	Jun-15	Dec-15	Jun-16	Dec-16
<b>CPI inflation</b>	3	2	1.75-2.75	2.5-3.5	2.25-3.25
<b>Underlying inflation</b>	2.75	2.25	1.75-2.75	2-3	2-3

<sup>19</sup> Commonwealth Bank, [CPI – QIII 2014](#), 22 October 2014, Global Markets Research, Economics: Update

<sup>20</sup> Reserve Bank of Australia, [Statement on Monetary Policy](#), August 2014, p.72

<sup>21</sup> NAB, [Global and Australian Forecasts](#), October 2014, NAB Group Economics

## EMPLOYMENT

Nationally, employment declined by 29,700 for the month of September but was still up by 32,000 on average between the June and September quarters. This comes following revisions by the ABS to employment figures for July and August. The previously reported gain of 121,000 in jobs over August was revised down to 32,100.

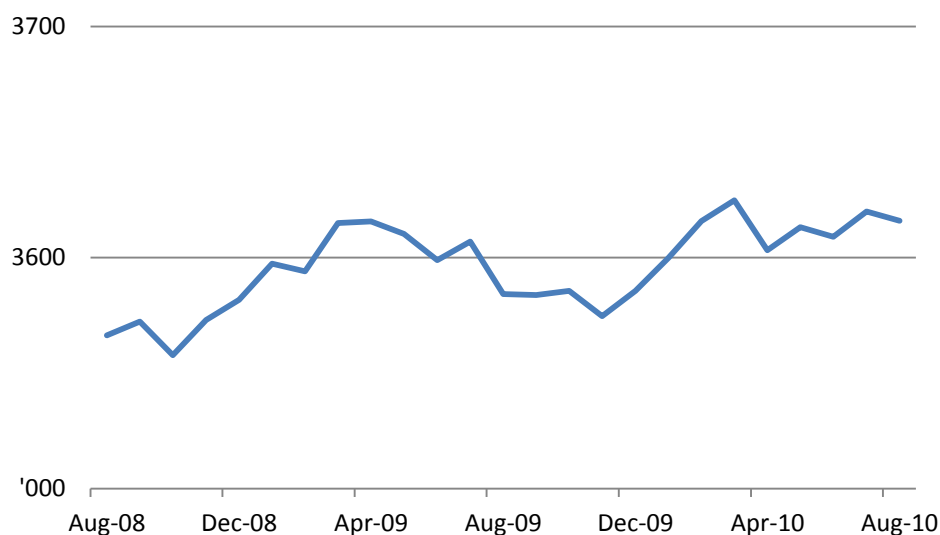
**Table 6: Number of persons employed ('000), quarterly average, seasonally adjusted**

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUS
<b>Sep-12</b>	3,551	2,835	2,287	805	1,311	235	126	212	11,360
<b>Dec-12</b>	3,568	2,837	2,283	811	1,324	235	126	212	11,394
<b>Mar-13</b>	3,591	2,841	2,300	811	1,325	234	124	212	11,447
<b>Jun-13</b>	3,614	2,862	2,294	814	1,322	232	126	213	11,469
<b>Sep-13</b>	3,597	2,862	2,315	800	1,326	231	128	212	11,470
<b>Dec-13</b>	3,581	2,864	2,323	798	1,342	230	130	213	11,478
<b>Mar-14</b>	3,600	2,861	2,331	798	1,346	234	133	214	11,527
<b>Jun-14</b>	3,614	2,862	2,357	804	1,358	236	133	214	11,569
<b>Sep-14</b>	3,615	2,885	2,349	805	1,370	236	130	213	11,602

Source: ABS, *Labour Force, Australia, Sep 2014*, 6202.0, October 2014.

The average number of people employed in NSW for the September 2014 quarter was mostly unchanged at 3,615,000. Total employment in NSW was down slightly for the month of September (3.616 million) when compared to August (3.620 million). While employment in NSW has been trending up over the medium term, growth has remained relatively flat for the past six months or so (Figure 14).

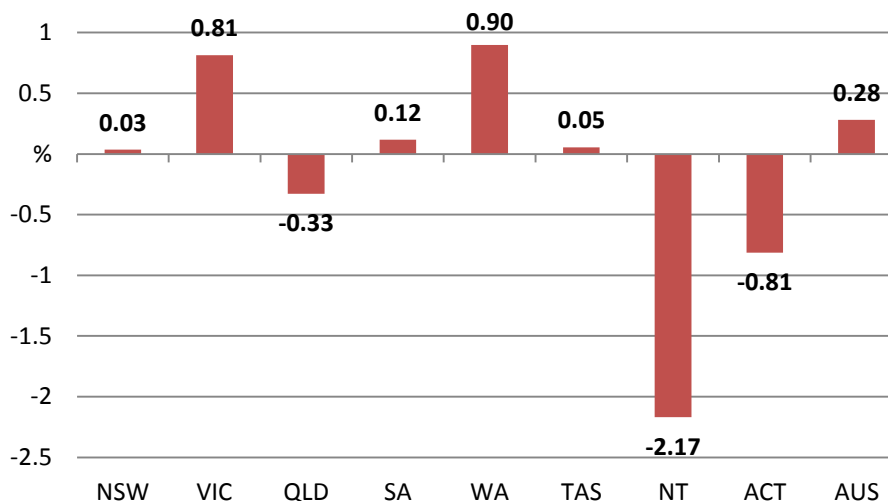
**Figure 14: Number of people employed in NSW, Sept 2012 to Sept 2014**



Average employment growth over the September quarter for the other States was relatively subdued, with Western Australia (up 0.9 per cent) and Victoria

(up 0.81 per cent) experiencing the largest average quarterly increases (Figure 15). Employment numbers in Queensland declined by 0.33 per cent for the quarter.

**Figure 15: Change in employment, by jurisdiction, June 2014 to September quarters**



According to St George Bank, employment growth has slowed in recent months, which is out of step with the improvement in leading indicators (such as job ads and improvement in business confidence and conditions).<sup>22</sup> However, the job market this year still appears in better shape than last year. In the nine months to September, the national economy has added nearly double the amount of jobs in comparison to the same period over 2013.

Both the Commonwealth Bank and St George Bank expect jobs growth in the period ahead as leading indicators of employment continue to show a positive trend.<sup>23</sup>

<sup>22</sup> St George Bank, [Labour Force: Through the Looking Glass](#), 9 October 2014, Data Snapshot

<sup>23</sup> Commonwealth Bank, [Labour Force – September 2014](#), 9 October 2014

## UNEMPLOYMENT

The average unemployment rate for NSW increased by 0.1 per cent to 5.7 per cent over the September quarter. The unemployment rate for the month of September was at 5.8 per cent, up from 5.2 per cent in March. It is now 0.3 per cent below the average Australian unemployment rate.

NSW now has the fourth lowest unemployment rate of the other jurisdictions. Tasmania has the highest unemployment rate at 7.2 per cent, followed by Victoria at 6.7 per cent.

**Table 7: Unemployment rate (%), quarterly average, seasonally adjusted**

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUS
<b>Sep-12</b>	5.0	5.6	6.0	5.5	3.9	6.9	4.1	3.9	5.3
<b>Dec-12</b>	5.1	5.5	6.1	5.6	4.5	7.0	4.1	4.3	5.3
<b>Mar-13</b>	5.3	5.8	5.7	5.9	4.4	7.2	4.8	4.5	5.5
<b>Jun-13</b>	5.5	5.8	5.9	6.0	4.9	7.9	5.5	4.0	5.6
<b>Sep-13</b>	5.7	5.8	5.8	6.6	4.7	8.1	5.5	4.1	5.7
<b>Dec-13</b>	5.9	6.2	5.8	6.8	4.4	7.7	4.6	4.0	5.8
<b>Mar-14</b>	5.6	6.4	6.2	6.8	5.3	7.5	3.8	3.6	5.9
<b>Jun-14</b>	5.6	6.4	6.3	6.9	5.0	7.4	4.1	3.7	5.9
<b>Sep-14</b>	5.7	6.7	6.4	6.3	4.9	7.2	4.3	4.4	6.0

Source: ABS, *Labour Force, Australia, Sep 2014*, 6202.0, October 2014.

St George Bank considers that the national unemployment rate is close to a peak at 6.0 per cent and that a sideways trend is the most probable scenario in coming months.<sup>24</sup> It adds that a stronger pace of domestic demand will be necessary before we see a sustained fall in the unemployment rate.

In their October minutes, the RBA Board noted that the national unemployment rate was unlikely to decline consistently in the near future:<sup>25</sup>

While forward-looking indicators pointed to modest employment growth in the months ahead, there was a degree of spare capacity in the labour market and it would probably be some time before the unemployment rate declined consistently.

<sup>24</sup> St George Bank, [Labour Force: Through the Looking Glass](#), 9 October 2014, Data Snapshot

<sup>25</sup> Reserve Bank of Australia, [Minutes of the Monetary Policy Meeting of the Reserve Bank Board](#), 7 October 2014

## LABOUR FORCE PARTICIPATION

The average labour force participation rate in NSW decreased marginally in the September 2014 quarter to 62.9 per cent (1.7 per cent below the Australian average). Only South Australia (61.9 per cent) and Tasmania (60.7 per cent) have lower participation rates than NSW. The highest labour force participation rate is in the Northern Territory (73.2 per cent).

**Table 8: Labour force participation rate (%), quarterly average, seasonally adjusted**

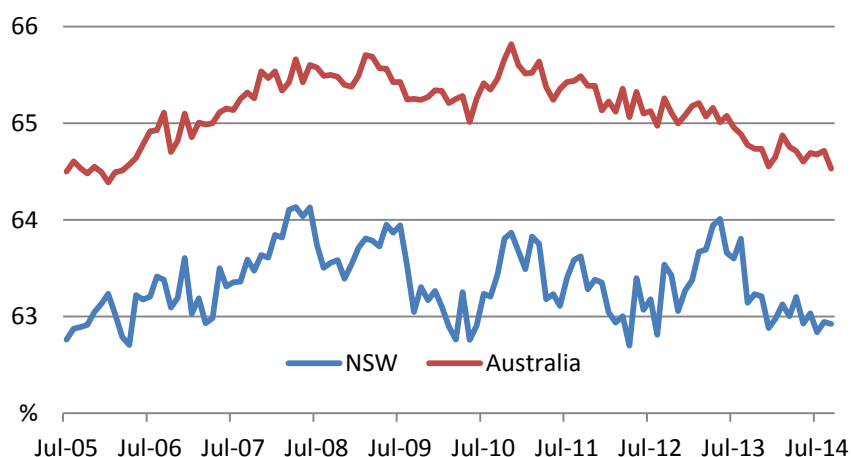
	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUS
<b>Dec-12</b>	63.3	64.9	66.1	62.9	69.5	60.6	74.0	72.9	65.1
<b>Mar-13</b>	63.6	64.8	66.1	63.0	69.0	60.3	73.3	72.7	65.2
<b>Jun-13</b>	63.9	65.0	65.7	63.2	68.6	60.2	74.3	72.3	65.1
<b>Sep-13</b>	63.5	64.7	65.9	62.4	68.1	60.1	75.0	71.8	64.9
<b>Dec-13</b>	63.1	64.7	65.8	62.1	68.1	59.6	74.9	71.4	64.7
<b>Mar-14</b>	63.0	64.5	65.9	62.0	68.4	60.4	75.6	71.3	64.8
<b>Jun-14</b>	63.1	64.2	66.4	62.4	68.2	60.9	75.2	71.1	64.7
<b>Sep-14</b>	62.9	64.7	65.9	61.9	68.3	60.7	73.2	70.7	64.6

Source: ABS, *Labour Force, Australia, Sep 2014*, 6202.0, October 2014.

Nationally, the labour force participation is at its lowest level since July 2005 (Figure 16). However, the RBA suggested that:<sup>26</sup>

The participation rate appears to have stabilised, fluctuating around its current level for the past few quarters, after declining from late 2010. Much of the earlier decline in the participation rate is likely to have reflected cyclical factors, although structural forces – including the ongoing effect of the ageing of the population – may have also had a significant effect.

**Figure 16: Labour force participation rates, seasonally adjusted**



<sup>26</sup> Reserve Bank of Australia, [Statement on Monetary Policy](#), August 2014, p.47



## JOB VACANCIES

The number of job vacancies in NSW decreased by 6.1 per cent in the latest quarter to 47,500. This reverses the upward trend of rising job vacancies and is the highest fall since May 2013.

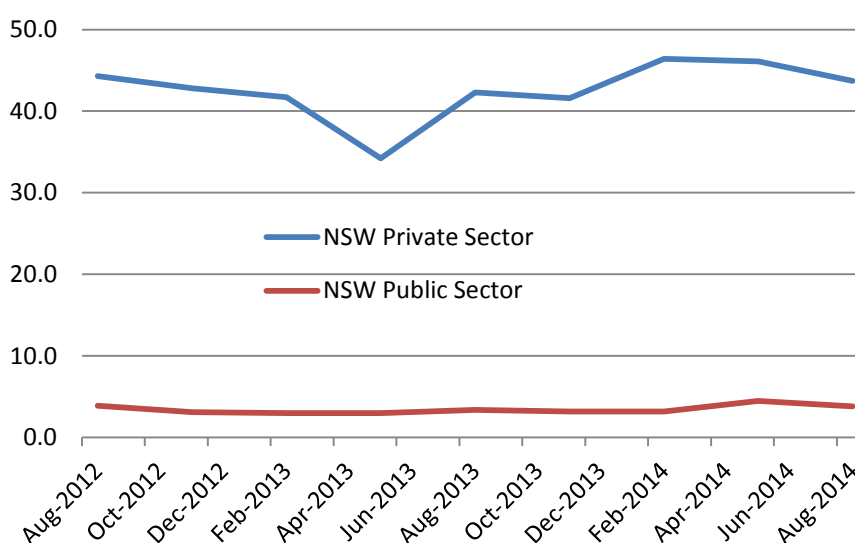
**Table 9: Number of job vacancies, original figures, '000**

	NSW	Vic	QLD	SA	WA	TAS	NT	ACT	AUS
<b>Aug-12</b>	48.2	36.6	34.8	11.1	37.6	2.5	3.2	4.7	178.7
<b>Nov-12</b>	45.9	38.7	30.7	10.8	32.4	2.1	2.6	3.9	167.1
<b>Feb-13</b>	44.7	31.9	26.0	8.5	31.1	2.2	2.7	2.8	149.8
<b>May-13</b>	37.1	33.7	27.2	6.0	27.1	1.7	3.2	2.8	138.9
<b>Aug-13</b>	45.7	31.1	26.2	7.5	24.3	1.8	3.6	2.7	142.9
<b>Nov-13</b>	44.8	30.7	29.9	6.7	20.9	1.9	3.4	2.6	140.9
<b>Feb-14</b>	49.6	25.4	29.1	7.5	23.1	1.9	4.2	3.0	143.6
<b>May-14</b>	50.6	30.1	25.4	8.1	19.4	2.0	3.9	3.2	142.6
<b>Aug-14</b>	47.5	32.8	26.9	8.8	23.1	2.2	3.8	3.4	148.4

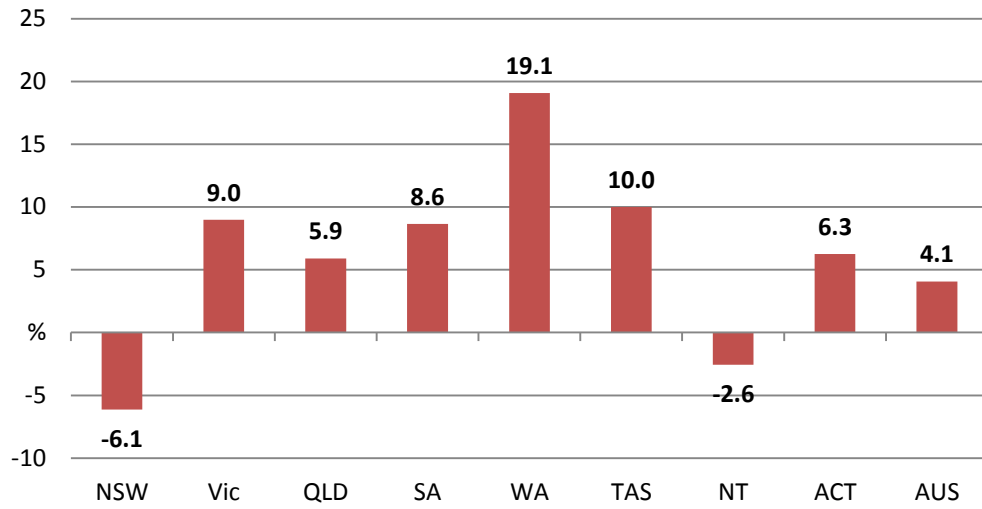
Source: ABS, *Job Vacancies, Australia*, 6354.0, August 2014.

Job vacancies in NSW are now sitting just above the 10 year average of 47,500. The public and private sectors saw declines of 2,400 and 700 respectively (Figure 17).

**Figure 17: NSW private and public sector job vacancies, original data**



There was an average increase of 4.1 per cent in the number of job vacancies across Australia. The number of job vacancies increased significantly in WA (up 19 per cent) and Victoria (up 9 per cent). All of the other jurisdictions, except for NSW and NT, saw positive growth in job vacancies (Figure 18).

**Figure 18: Change in job vacancies, May 2014 to August 2014 quarters**

## WAGES

Since May 2012, the ABS has released data on wages on a biannual rather than quarterly basis. The ABS determined that the change in the frequency of publication meant that the data was not directly comparable and thus released a new series commencing with the May 2012 data.

The average adult weekly fulltime earnings (ordinary time) in NSW rose by 2.2 per cent in the May 2014 half year to \$1,456.

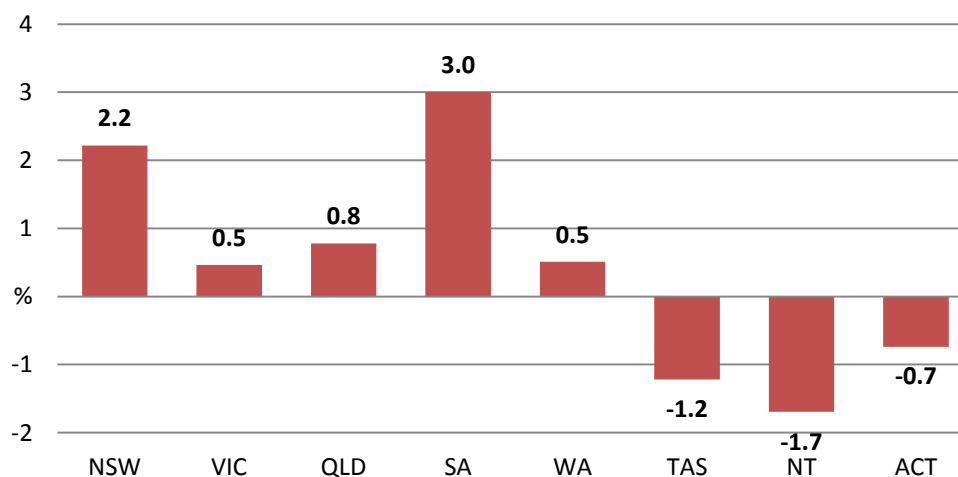
**Table 10: Average adult weekly fulltime earnings, ordinary time, trend estimates**

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
<b>May-11</b>	1,323	1,251	1,277	1,193	1,488	1,152	1,305	1,505
<b>Aug-11</b>	1,330	1,271	1,289	1,207	1,516	1,164	1,336	1,523
<b>Nov-11</b>	1,334	1,290	1,305	1,218	1,523	1,174	1,367	1,543
<b>Feb-12</b>	1,341	1,302	1,320	1,224	1,520	1,185	1,391	1,565
<b>May-12</b>	1,357	1,303	1,325	1,237	1,529	1,198	1,407	1,596
<b>Nov-12</b>	1,394	1,326	1,372	1,269	1,588	1,228	1,422	1,647
<b>May-13</b>	1,409	1,346	1,416	1,287	1,635	1,262	1,446	1,692
<b>Nov-13</b>	1,425	1,379	1,426	1,319	1,629	1,265	1,445	1,676
<b>May-14</b>	1,456	1,386	1,437	1,358	1,637	1,250	1,420	1,663

Source: ABS, *Average weekly earnings, Australia, May 2014*, 6302.0, August 2014.

South Australia was the only jurisdiction to realise a higher increase in wages (Figure 19). NSW had the third highest average weekly earnings behind the ACT (\$1663) and Western Australia (\$1637).

**Figure 19: Change in average weekly fulltime earnings, Nov 2013 to May 2014**



## BANKRUPTCIES

The number of bankruptcies in NSW increased by 15 per cent in the September 2014 quarter to 1,428 (14 per cent less bankruptcies than a year previously).

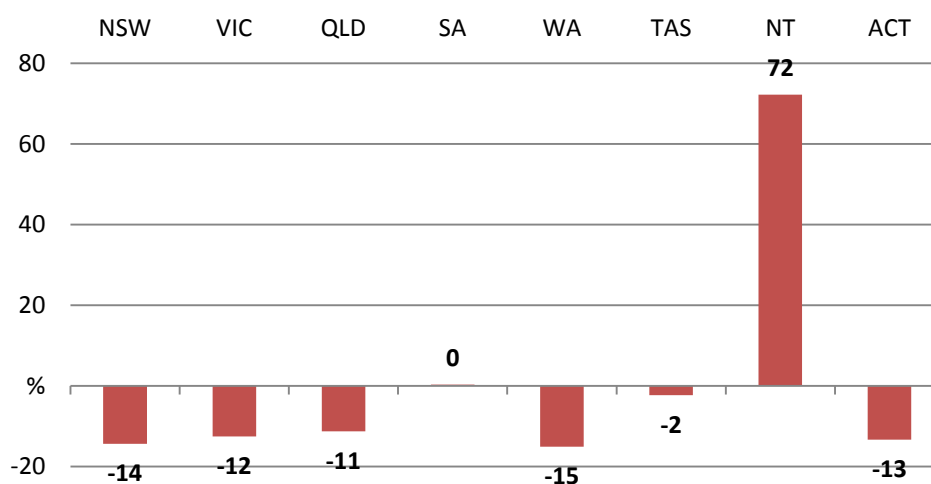
**Table 11: Bankruptcies per quarter (Parts IV and XI of the Bankruptcy Act 1966 (Cth))**

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
<b>Sep-11</b>	1,951	1,125	1,528	392	435	183	17	46
<b>Dec-11</b>	1,950	1,067	1,538	388	391	166	25	48
<b>Mar-12</b>	1,895	1,039	1,622	375	378	173	22	46
<b>Jun-12</b>	1,831	1,018	1,563	368	363	172	16	32
<b>Sep-12</b>	1,880	1,147	1,608	414	410	159	28	45
<b>Dec-12</b>	1,732	1,044	1,542	350	384	137	28	42
<b>Mar-13</b>	1,553	934	1,411	332	322	140	23	59
<b>Jun-13</b>	1,634	1,055	1,491	397	353	139	23	60
<b>Sep-13</b>	1,667	1,018	1,403	295	391	131	18	45
<b>Dec-13</b>	1,582	1,043	1,351	325	327	139	29	48
<b>Mar-14</b>	1,604	1,015	1,443	322	351	139	19	39
<b>Jun-14</b>	1,245	778	1,159	246	255	100	22	52
<b>Sep-14</b>	1,428	891	1,245	296	332	128	31	39

Source: Insolvency and Trustee Service Australia, 'Quarterly Statistics', [www.itsa.gov.au](http://www.itsa.gov.au)

The number of bankruptcies increased in most of the States and Territories (Figure 20), except for the ACT which fell by 25 per cent. The Northern Territory (41 per cent) and Western Australia (30 per cent) had the largest increases in bankruptcies of the remaining jurisdictions. Around one-third of all bankruptcies in Australia occurred in NSW.

**Figure 20: Change in number of bankruptcies, Sept 2013 to Sept 2014**



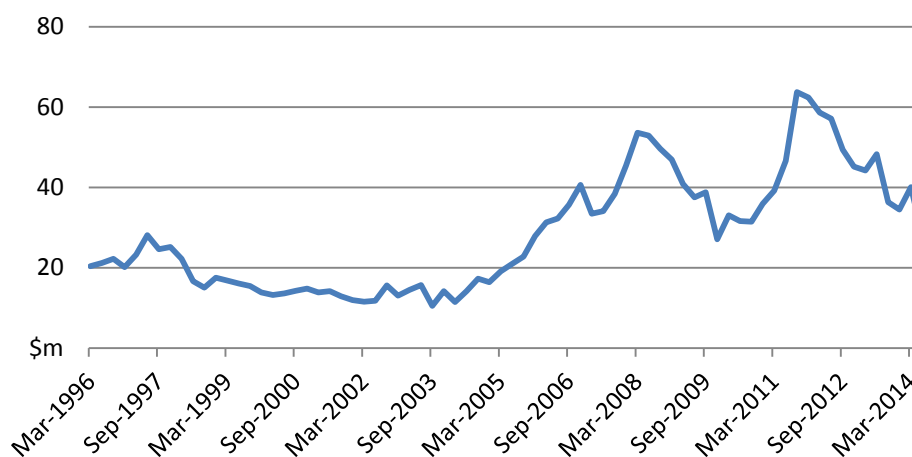
## MINERAL EXPLORATION EXPENDITURE

There is no comprehensive quarterly or annual dataset available for the gross value of mining production for the States and Territories in Australia. Mineral exploration expenditure is the only comprehensive quarterly dataset available through the ABS and is the best proxy for the level of mining activity taking place in NSW and elsewhere in Australia.

Statistics are not published for the ACT as it does not have any mining activities. Unlike most other jurisdictions, petroleum exploration expenditure statistics for NSW are only published once a year in March. The petroleum data is not published in this paper as it is not possible to make quarterly comparisons between NSW and the other jurisdictions.

NSW mineral exploration expenditure decreased over the June quarter by 30.4 per cent; it now remains 56 per cent below the high for the reporting period realised in September 2011 (Figure 21).

**Figure 21: Mineral exploration expenditure, NSW**



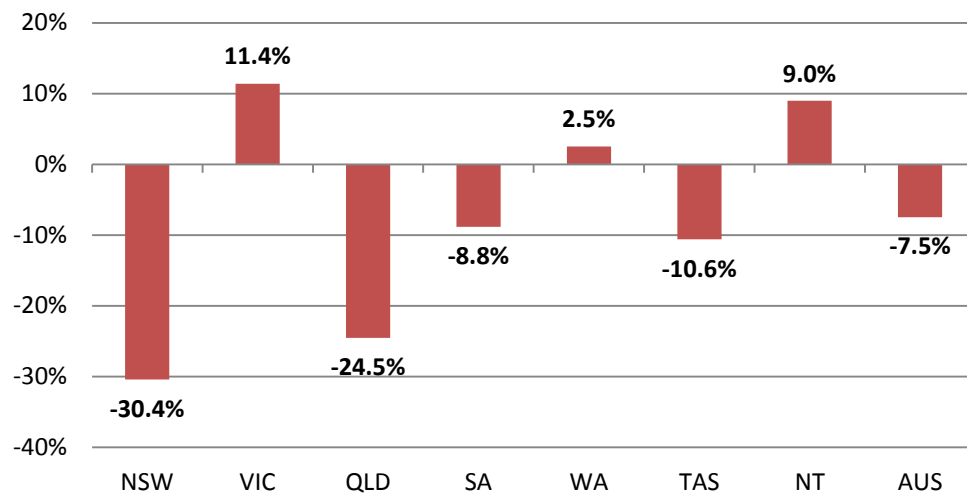
Investment in the mining sector in Australia has been slowing down over the last couple of years, with mineral exploration expenditure down by 54 per cent since March 2012.

**Table 12: Mineral exploration expenditure, \$m**

	NSW	VIC	QLD	SA	WA	TAS	NT	AUS
<b>Jun-2012</b>	57.1	12.8	230.0	82.6	559.9	10.1	40.3	992.8
<b>Sep-2012</b>	49.4	10.2	196.5	82.1	468.0	10.8	37.9	854.8
<b>Dec-2012</b>	45.2	7.9	177.0	62.4	459.6	9.6	31.3	793.1
<b>Mar-2013</b>	44.2	10.9	156.5	44.2	495.3	10.1	31.9	793.2
<b>Jun-2013</b>	48.3	9.5	132.1	41.0	352.1	10.0	28.8	621.8
<b>Sep-2013</b>	36.3	7.8	124.1	26.7	380.5	9.2	26.0	610.6
<b>Dec-2013</b>	34.5	8.1	114.1	33.4	302.3	8.3	28.3	528.9
<b>Mar-2014</b>	40.1	7.9	123.1	29.4	241.6	6.6	31.2	479.8
<b>Jun-2014</b>	27.9	8.8	92.9	26.8	247.7	5.9	34.0	444.0

A large share of this decline has been accounted for by Western Australia which, despite a slight increase in the most recent quarter (Figure 22), is down 57 per cent since March 2012.

**Figure 22: Change in mineral and petroleum exploration expenditure, June 2014**



## TURNOVER OF RETAIL TRADE

Average monthly turnover of retail trade in NSW rose by 0.7 per cent in the June 2014 quarter to \$7.3 billion. This was the third highest average quarterly growth of the other States and Territories. NSW retail trade is up 8.1 per cent from a year previous.

Quarterly retail trade growth was also positive in the Northern Territory (up 1 per cent), Tasmania (up 0.8 per cent) and Victoria (up 0.2 per cent).

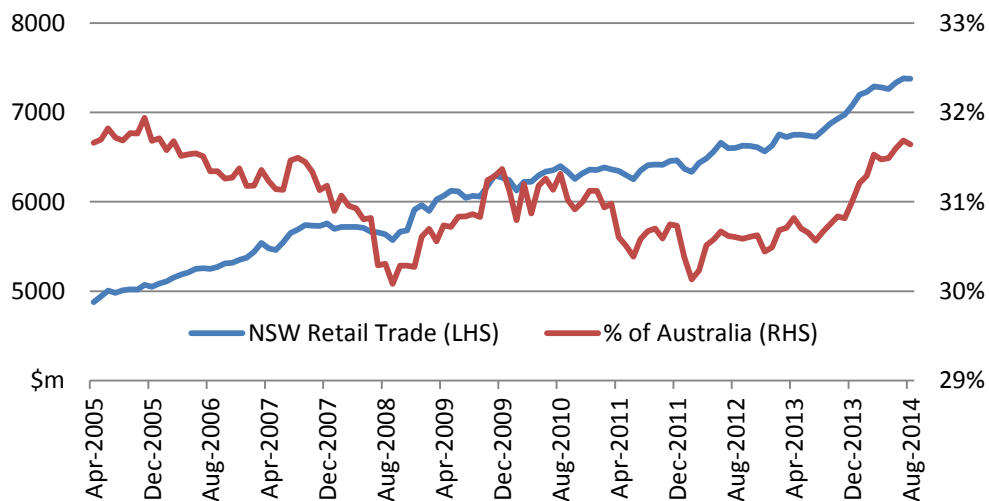
**Table 13: Turnover of retail trade (\$m), quarterly average, seasonally adjusted**

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUS
<b>Jun-12</b>	6,569	5,348	4,448	1,464	2,578	431	241	397	21,476
<b>Sep-12</b>	6,612	5,365	4,484	1,451	2,629	423	239	402	21,605
<b>Dec-12</b>	6,600	5,331	4,515	1,436	2,661	417	241	396	21,597
<b>Mar-13</b>	6,703	5,392	4,603	1,440	2,671	426	243	408	21,885
<b>Jun-13</b>	6,746	5,391	4,623	1,447	2,677	421	240	411	21,956
<b>Sep-13</b>	6,802	5,466	4,667	1,477	2,676	433	250	411	22,183
<b>Dec-13</b>	6,993	5,595	4,738	1,486	2,713	448	251	419	22,643
<b>Mar-14</b>	7,240	5,718	4,809	1,494	2,710	459	256	411	23,097
<b>Jun-14</b>	7,292	5,732	4,791	1,491	2,701	463	258	405	23,133

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

As at August 2014, NSW accounted for 31.6 per cent all retail trade in Australia. Corresponding with growth in turnover, NSW's share of Australian retail trade has increased steadily since the end of 2011 (Figure 23).

**Figure 23: Turnover of retail trade, NSW**



## VEHICLE SALES

The average number of new vehicles sold per month in NSW decreased by 6.0 per cent in the September 2014 quarter to 29,126. All of the other States and Territories, except for Tasmania, experienced a decline in the average monthly sales of new vehicles. The change in sales averaged 6.9 per cent in Australia. The Northern Territory and Queensland had the sharpest declines in sales, falling by 20.6 and 11.7 per cent respectively.

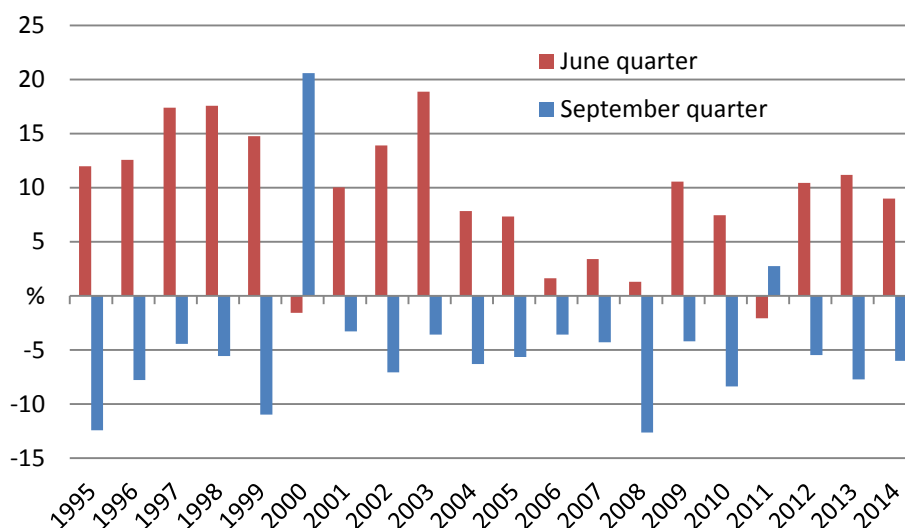
**Table 14: Sales of new vehicles, quarterly average**

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUS
<b>Sep-12</b>	28,051	24,317	19,201	5,565	10,698	1,428	911	1,435	91,607
<b>Dec-12</b>	29,147	25,685	20,029	6,046	11,306	1,800	915	1,525	96,453
<b>Mar-13</b>	27,850	24,119	18,817	5,765	10,674	1,425	897	1,470	91,016
<b>Jun-13</b>	30,961	26,632	21,377	6,047	10,963	1,596	1,088	1,557	100,221
<b>Sep-13</b>	28,571	25,075	18,739	5,687	10,059	1,597	956	1,393	92,078
<b>Dec-13</b>	29,660	26,608	18,719	5,996	10,136	1,910	864	1,535	95,428
<b>Mar-14</b>	28,440	23,670	18,033	5,611	9,417	1,333	834	1,451	88,790
<b>Jun-14</b>	30,996	26,159	20,312	6,064	10,321	1,445	1,102	1,461	97,860
<b>Sep-14</b>	29,126	24,870	17,942	5,744	9,525	1,485	875	1,434	91,001

Source: ABS, *Sales of new motor vehicles, Australia*, Cat. No. 9314.0, Sep 2014

The September quarter has historically been a relatively weak period for new vehicle sales in NSW, having recorded negative vehicle sales growth almost every year between the June and September quarters since 1995 (Figure 24).

**Figure 24: Change in new vehicle sales NSW, June and September quarters, 1995-2014**

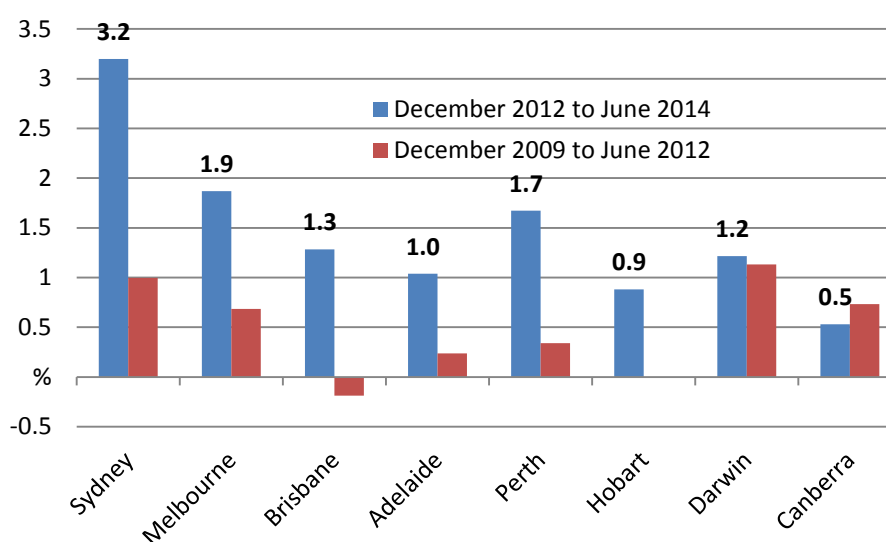




## HOUSE PRICE INDEX

Sydney experienced a 3.2 per cent increase in the house price index for the June 2014 quarter. This continues the resurgence in the housing market over the last two years and is on par with the quarterly rate of growth since December 2012 (Figure 25).

**Figure 25: Comparison of average quarterly change in house price indexes**



All of the other capital cities, except for Perth, realised increases in their respective house price indexes over the quarter, with Brisbane (1.8 per cent) and Melbourne (1.3 per cent) recording the largest increases outside of Sydney.

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

	Syd	Melb	Bris	Adel	Per	Hob	Dar	Canb	Aust
<b>Sep-2012</b>	100.9	98.6	100.8	99.2	102.1	98.1	105.5	99.5	100.2
<b>Dec-2012</b>	103.7	100.4	101.7	100.2	105.2	98.4	107.8	101.8	102.4
<b>Mar-2013</b>	104.7	100.8	101.9	99.8	107.5	100.0	109.6	100.3	103.1
<b>Jun-2013</b>	108.7	102.7	103.2	100.9	110.6	100.0	111.0	101.0	105.7
<b>Sep-2013</b>	112.8	105.9	104.5	101.3	110.7	101.0	111.3	101.1	108.3
<b>Dec-2013</b>	119.0	109.7	107.1	104.4	113.9	103.3	112.8	101.8	112.6
<b>Mar-2014</b>	121.9	110.8	108.3	105.5	114.8	104.0	114.0	102.4	114.3
<b>Jun-2014</b>	125.7	112.2	110.2	106.6	114.6	104.3	114.8	103.2	116.4

Source: ABS, *House price indexes, Australia*, Cat. No. 6416.0, March 2014

The Commonwealth Bank suggests that the upswing in dwelling prices over the past year looks like it is approaching a peak, the result of an expected decline in investor demand (due to lower rental yields) and a lift in housing supply in response to the price growth.<sup>27</sup>

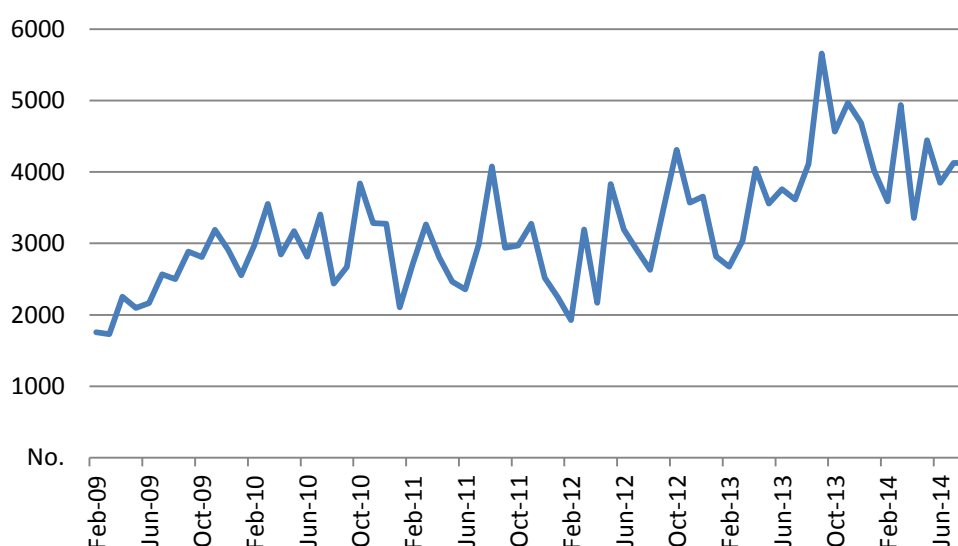
<sup>27</sup>

Commonwealth Bank, [Dwelling prices – June 2014](#), 1 July 2014

## DWELLING APPROVALS

The average monthly number of dwellings approved in NSW decreased by 7 per cent in the June 2014 quarter to 3,884. This is the result of a substantial fall in approvals between the month of March and April. The rebound in May approvals offset this decline for the quarter (Figure 26). Quarterly dwelling approvals are down by 18 per cent on the highs realised in the December 2013 quarter.

**Figure 26: Number of dwellings approved, NSW**



Across all States and Territories, Tasmania (up by 36.3 per cent for the June quarter) and the Northern Territory (up by 27.5 per cent) experienced the highest gains.

**Table 16: Number of dwellings approved, quarterly average**

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUS
<b>Jun-12</b>	3,065	4,880	2,466	625	1,401	167	189	486	13,279
<b>Sep-12</b>	3,001	4,694	2,499	678	1,919	171	255	216	13,433
<b>Dec-12</b>	3,846	4,163	2,486	752	2,049	149	117	346	13,907
<b>Mar-13</b>	2,842	3,389	2,302	683	1,935	120	210	299	11,781
<b>Jun-13</b>	3,787	3,965	2,617	820	2,393	159	146	406	14,293
<b>Sep-13</b>	4,462	4,532	3,041	916	2,543	172	237	509	16,411
<b>Dec-13</b>	4,740	4,699	3,522	982	2,513	153	173	386	17,168
<b>Mar-14</b>	4,179	4,183	2,811	861	2,435	171	83	418	15,141
<b>Jun-14</b>	3,884	4,639	3,106	950	2,568	209	221	241	15,818

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

The longer term trend in approvals reflects the continued supply response to recent strong house price growth in Sydney. The Commonwealth Bank suggests that the strengthening trend in building approvals data will help other

significant segments of the domestic economy:<sup>28</sup>

Building multipliers are among the most robust in the economy. Mainly via fuller order books, higher materials demand, more employment and higher (related) retail spending. All levels of Government will benefit from more construction, more jobs and more tax revenues. More residential supply has the dual benefits of restraining house price inflation and assisting the metamorphosis in the national economy from mining to non-mining led growth.

## HOUSING FINANCE

The average number of owner-occupier dwellings financed in NSW increased by 13.6 per cent during the June quarter to 15,347. The June quarter has historically been a relatively strong period of housing finance growth in NSW.

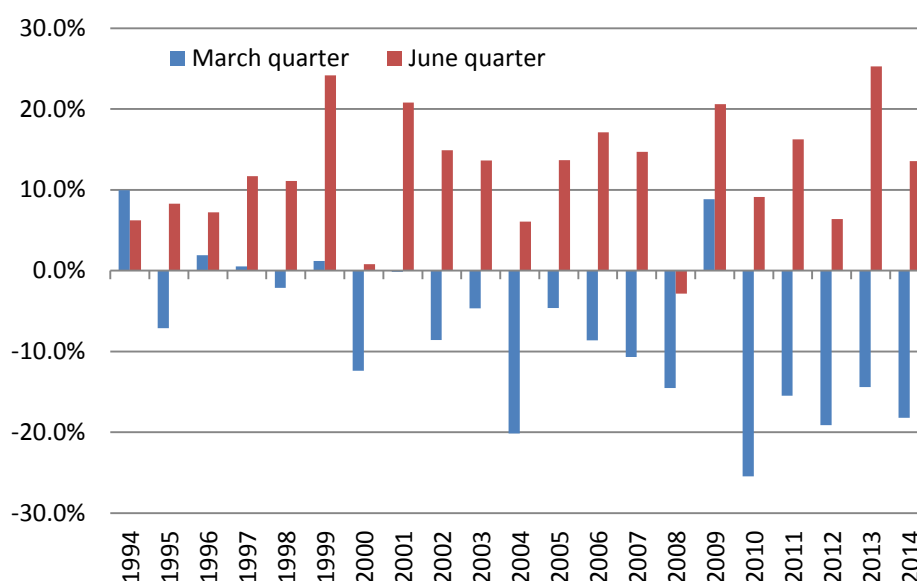
**Table 17: Number of dwellings financed, owner-occupiers, by State**

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
<b>Jun-12</b>	13,175	12,685	8,457	3,062	6,659	726	327	724
<b>Sep-12</b>	13,213	12,516	8,502	2,918	6,736	745	349	713
<b>Dec-12</b>	13,627	12,998	9,113	3,067	7,049	777	404	765
<b>Mar-13</b>	11,664	11,365	8,124	2,855	6,542	693	342	664
<b>Jun-13</b>	14,615	13,665	9,453	3,492	7,960	779	340	816
<b>Sep-13</b>	14,811	14,550	9,652	3,397	7,555	789	352	874
<b>Dec-13</b>	16,525	14,260	10,242	3,502	7,852	939	362	824
<b>Mar-14</b>	13,514	12,288	9,370	3,150	7,280	830	336	738
<b>Jun-14</b>	15,347	13,937	9,920	3,535	7,961	893	355	803

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

As Figure 27 illustrates, demand has declined in the March quarter almost every year since 2000 at an average rate of 8 per cent. This means that growth in the subsequent June quarter is from a lower base.

**Figure 27: Change in owner-occupier dwellings financed, March and June quarters, 1994-2014**

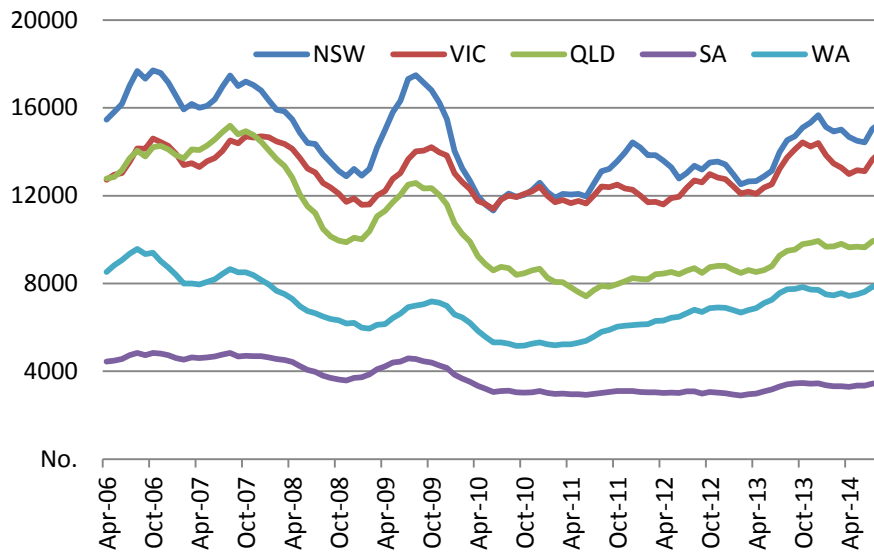


All of the other States and Territories recorded increases in owner-occupier demand for the June quarter. Victoria (up 13.4 per cent) and South Australia (up 12.2 per cent) had the largest increases in demand of the other jurisdictions.

As can be seen in Figure 28, owner-occupier demand in NSW remains elevated

on a historical basis and has been trending up since early 2010.

**Figure 28: Owner-occupier dwelling financed, 6-month moving average**

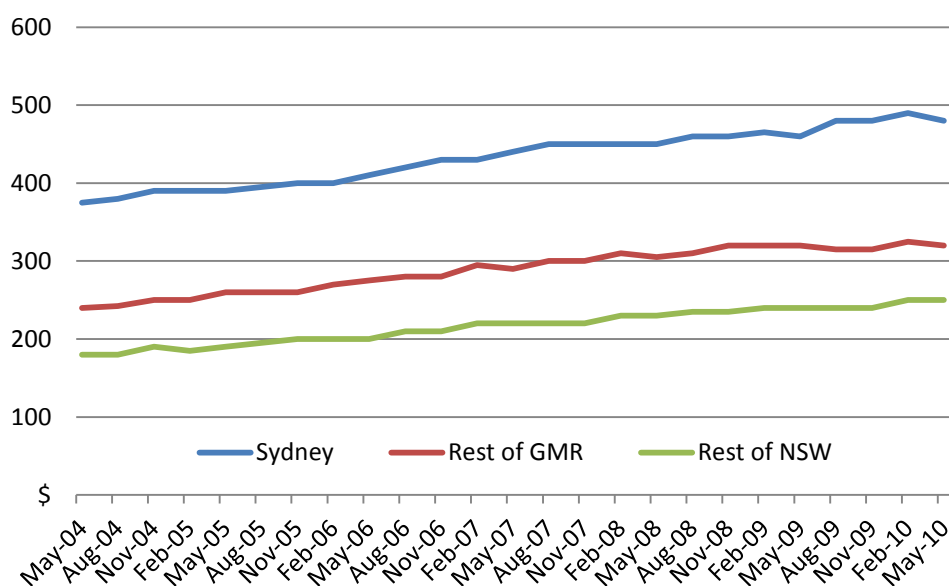


## RENT

Movement in aggregate median rents across NSW was flat or negative in the June 2014 quarter (Figure 29). Median rents for two and three bedroom dwellings in the *Sydney Region* decreased by 2 and 4 per cent respectively. Median rents for one and four bedroom dwellings remained unchanged.

In the *Greater Metropolitan Region*, median rents for one and two bedroom dwellings decreased for the quarter. While median rents for three bedroom dwellings in the *Rest of NSW* decreased by 3.2 per cent.

**Figure 29: Median weekly rent for new bonds, two bedrooms**



Source: Housing NSW, *NSW Rent and Sales Report*, No 108, 2014

### Sydney

The **average weekly rent** for new bonds in Sydney in the June 2014 quarter was: \$450 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 \$700 a week. The Mosman local government area had the highest median rent for a three bedroom dwelling at \$1,100.

The **lowest median rents** were again in the Wyong local government area at \$300 for a two bedroom dwelling and \$360 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: \$210 for a one bedroom

dwelling; \$320 for two bedrooms; \$380 for three bedrooms; and \$430 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 \$450 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 remained unchanged at \$250. The median rent for three bedrooms was \$300. The Snowy Mountains area had the **highest median weekly rent** for two and three bedroom dwellings at \$431 and \$395 respectively. The Lower Murray had the **lowest median weekly rent** for two and three bedroom dwellings at \$155 and \$200 respectively.

## GLOSSARY

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

**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](http://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.