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**NSW Parliamentary
Research Service**

Economic Indicators NSW (July 2014)

Statistical Indicators 4/14

By Andrew Haylen

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Economic Indicators NSW (July 2014)

by

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SUMMARY

The Australian economy is continuing to show signs of recovery, underpinned by strong growth in resource exports. Activity related to the household sector has also picked up, buoyed by the low level of interest rates and the associated strengthening in housing prices.¹ However, further declines in mining investment and planned fiscal consolidation appear to be dragging on growth at a national level.²

NSW has again performed strongly across a number of key economic indicators for the quarter, as it closes the growth gap on the mining dependent States such as Western Australia.³

Economic growth in NSW continues to be underpinned by the resurgence in the housing sector. Improved property prices, particularly in Sydney, have provided the stimulus for demand and consumption growth, and have resulted in an expansion in building approvals across the State. Dwelling approvals in the March 2014 quarter were 46 per cent higher than the previous year and up 31 per cent for the month of May.

The upward trend in building approvals will help other segments of the economy. According to the Commonwealth Bank, building multipliers are among the most robust in the economy; having positive impacts on demand, retail spending and employment. All levels of government will benefit from more construction, jobs and tax revenues. The expansion in residential housing supply also has the dual benefits of restraining house price inflation and assisting the transition away from the mining sector by stimulating other areas of the economy.⁴

The turnaround in the NSW economy has also been characterised by strong retail sales growth. Average turnover of retail trade in NSW rose by 3.5 per cent in the March 2014 quarter to \$7.2 billion and was 8 per cent higher than the previous year; this was the highest average quarterly growth of the other States and Territories.

The NSW labour market has remained relatively positive, with the average unemployment rate unchanged over the June quarter at 5.6 per cent. The average number of people employed in NSW also rose by 0.4 per cent, while the average labour force participation rate increased marginally to 63.1 per cent. The number of job vacancies also increased by 2 per cent over the latest quarter to 50,600; the highest figure for NSW since February 2012 and above

¹ Reserve Bank of Australia, [Statement on Monetary Policy](#), May 2014, p.62

² Reserve Bank of Australia, [Statement on Monetary Policy](#), May 2014, p.29

³ Sydney Morning Herald, [NSW economy gaining momentum](#), 21 July 2014

⁴ Commonwealth Bank, [Building approvals – May 2014](#), 3 July 2014

the 10 year average of 47,300.

Based on the latest quarterly movements in these and other key economic indicators,⁵ the strengthened and weakened areas of the NSW economy are summarised in the table below. Indicators including housing finance and dwelling approvals are weaker based on the latest complete quarter of data; however, it should be noted that both of these are subject to cyclical variations and remain elevated over a longer horizon.

Stronger	Weaker
Employment	Housing finance
Job vacancies	Dwelling approvals
Labour force participation	Exports
Mining investment	
Bankruptcies	
House price index	
Vehicle sales	
Retail trade	

Economic outlook

Looking forward at a national level, GDP growth is expected to be a bit 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. Key factors outlined by the RBA in restricting growth over this period include:⁶

- 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.⁷

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 set 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.⁸

⁵ That is, for the most recent quarter in which data is available.

⁶ Reserve Bank of Australia, [Statement on Monetary Policy](#), May 2014, p.62

⁷ Ibid

⁸ St George Bank, NSW Economic Outlook, 18 June 2014, State Economic Report, p.1

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.⁹

This July 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 March 2014 or June 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 for the housing finance and mineral exploration expenditure statistics have also been adjusted.

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.

INTEREST RATES

Interest rates again remain unchanged during the latest quarter and have been kept on hold by the RBA for the 10th consecutive month (since the 25 basis point reduction in August 2013).

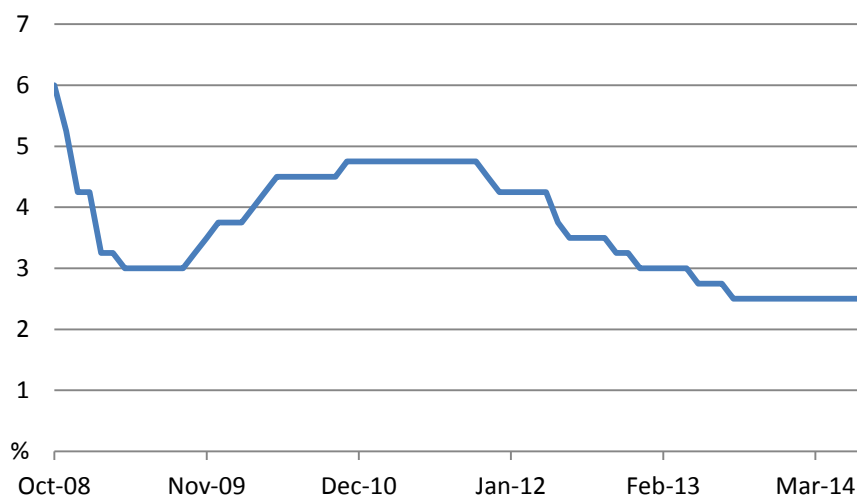
While NSW has performed strongly over the last quarter in a number of key areas, this decision by the RBA reflects continued uncertainty in other areas of the national economy.

Reflecting on recent economic results at a national level, the RBA Board noted that:¹⁰

GDP growth was above trend in the March quarter, reflecting very strong growth in resource exports. There had been a gradual improvement in the non-resource sector and forward-looking indicators suggested that further strong growth in residential construction was in prospect, despite some easing of conditions in the established housing market over recent months. After picking up through last year, household consumption growth appeared to have eased, while non-mining business investment was picking up gradually.

The RBA Board also noted that while the labour market had improved slightly in recent months, the outlook remains less certain, with only moderate growth expected. Having considered such factors, the RBA Board determined that it was prudent to leave the cash rate on hold in order to support demand; although they acknowledged other factors including a high exchange rate, an anticipated decline in mining investment and planned fiscal consolidation would drag on further economic recovery.

Figure 1: Cash rate target as at 2 July 2014



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

¹⁰ Reserve Bank of Australia, [Minutes of the Monetary Policy Meeting of the Reserve Bank Board](#), 1 July 2014

GROSS STATE PRODUCT

Gross State Product (GSP) for NSW grew by 1.8 per cent between June 2012 and 2013, down from the increase of 2.4 per cent the 12 months previous. The Northern Territory (5.6 per cent), Western Australia (5.1 per cent) and Queensland (3.6 per cent) experienced the highest annual growth in GSP between June 2012 and 2013 of the other Australian States and Territories.

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

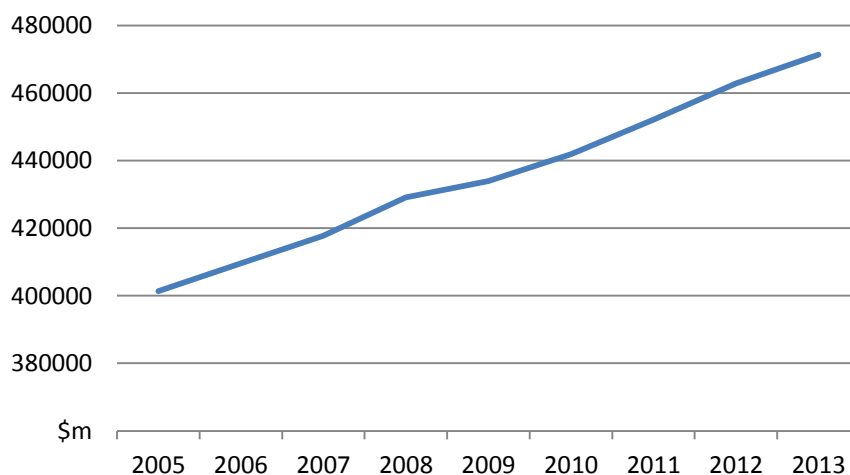
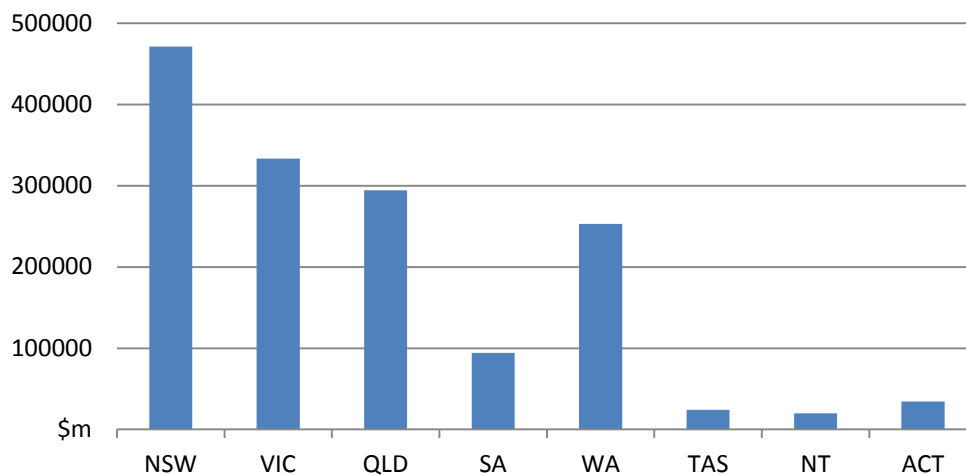


Figure 3: Gross state product, year ending June 2013**Figure 4: GSP per capita, chain volume measure, year ending June 2013****Figure 5: Change in GSP, June 2012 to June 2013**

INTERNATIONAL TRADE

The latest quarter saw the Japan-Australia Economic Partnership Agreement (JAEPA) formally signed on the 8 July 2014. This came following the signing of the Korea Australia Free Trade Agreement (KAFTA) on the 8 April 2014.

These free trade agreements 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. Australian exporters can expect to obtain an additional \$603 million in annual revenue by the end of the KAFTA implementation period; with NSW exporters to obtain around \$122 million of this.¹¹

Both the KAFTA and the JAEPA are not yet enforceable and are to be considered by the Commonwealth Parliament's [Joint Standing Committee on Treaties](#) as part of the [domestic treaty processes](#).

Exports

The **average monthly free on board (FOB) value of merchandise exports** from NSW decreased by 6.1 per cent in the March 2014 quarter to \$2.97 billion. Western Australia continued to dominate the States and Territories in terms of the amount exported (an average of \$11.5 billion per month), followed by Queensland at \$3.4 billion. NSW exported the third highest amount.

The **top five destinations for merchandise exports** from NSW for the month of May 2014 only were: Japan (\$668m – down from \$719m in February 2014); China (\$474m – down from \$525m); Korea (\$204m – down from \$257m); Taiwan (\$199m – up from \$104m); and New Zealand (\$196m – up from \$161m). 60 per cent of exports were to the top five destinations, with 39 per cent of all NSW merchandise sent to Japan or China.

Imports

The **average monthly customs value of merchandise imports** for NSW increased by 5 per cent in the March 2014 quarter to \$7.02 billion. NSW continues to import the greatest amount of the States and Territories, followed by Victoria at \$5.5 billion (up 14 per cent for the quarter).

The **top five import sources** for NSW May 2014 only were: China (\$1,566m – up from \$1,566m in February 2014); the United States (\$862m – up from \$812m); Japan (\$526m – up from \$456m); Germany (\$481m – up from \$343m); and Singapore (\$337m – up from \$312m). 53 per cent of imports were from the top five sources, with around 24 per cent attributable to China.

¹¹ 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
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	3925	998	10594	217	554	0
Dec-13	3159	1961	3878	971	10215	237	512	0
Mar-14	2968	1980	3431	1066	11458	223	572	0

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

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

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
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
Mar-14	7028	5457	3464	643	3055	60	193	0

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

Figure 6: Merchandise exports and imports, NSW

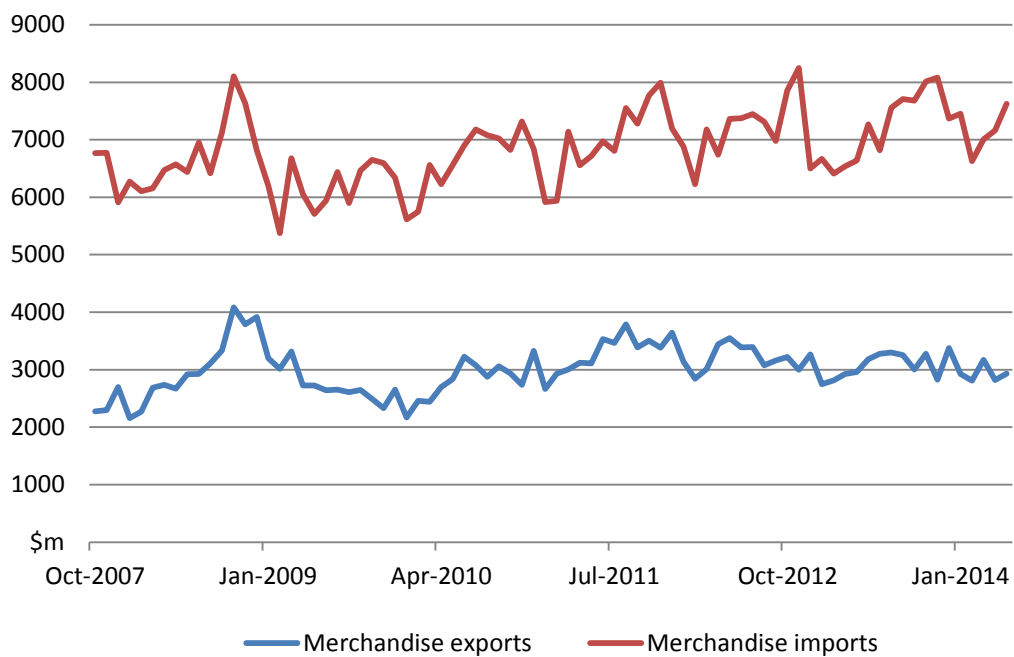


Figure 7: Change in exports and imports, December 2013 to March 2014 quarters

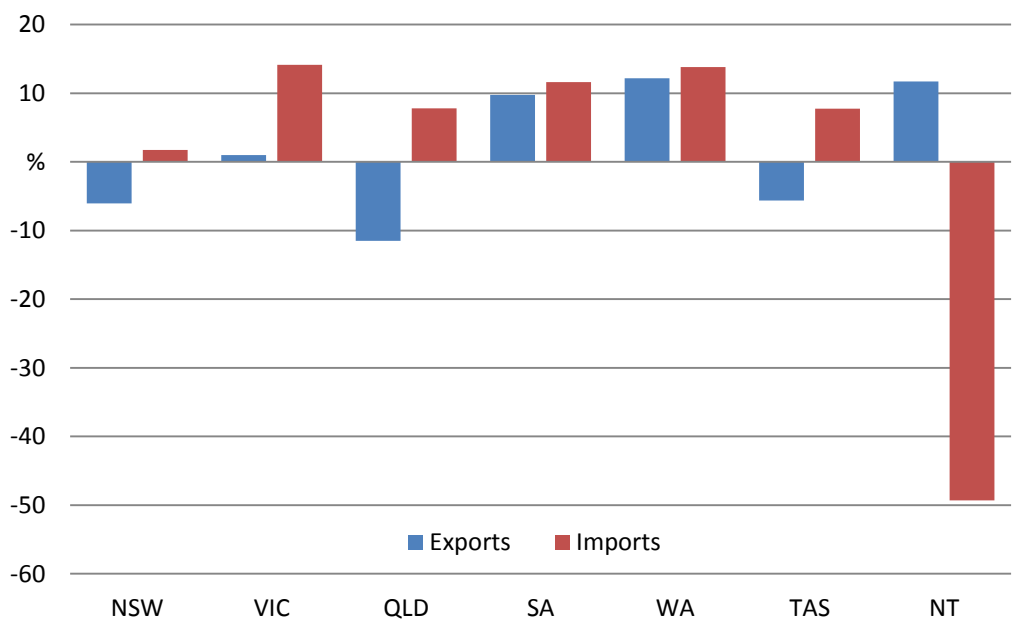
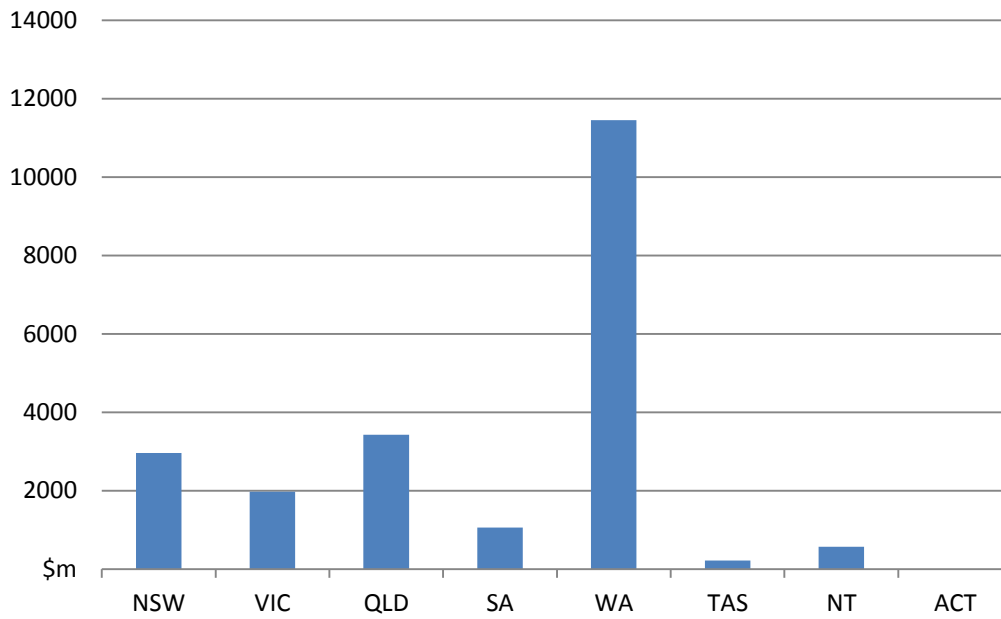
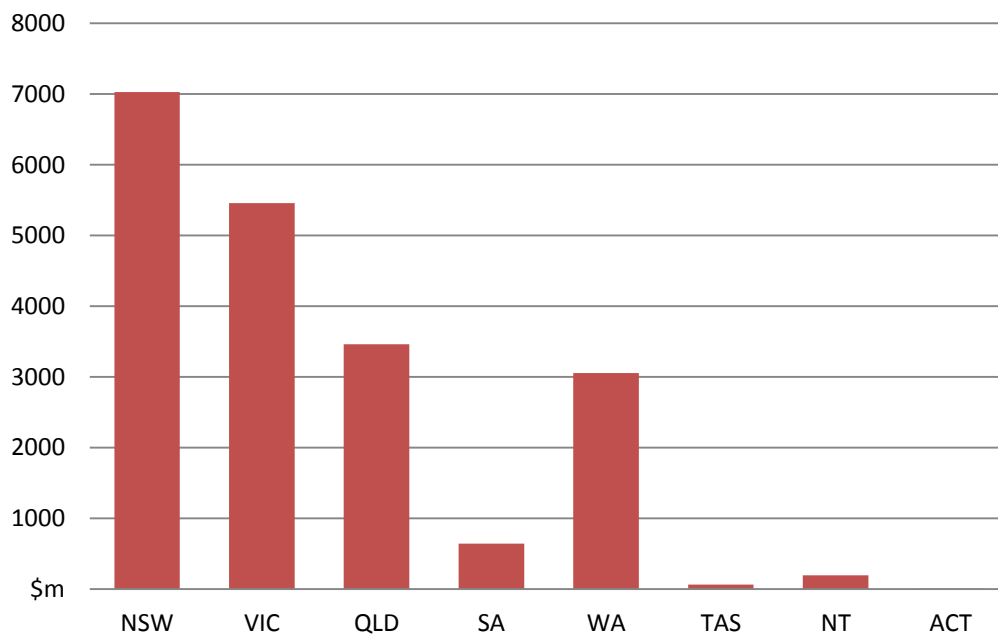


Figure 8: Average monthly merchandise exports, March 2014 quarter**Figure 9: Average monthly merchandise imports, March 2014 quarter**

CONSUMER PRICE INDEX

Consumer Price Index (CPI) for all groups in Sydney increased by 2.8 per cent between June 2013 and June 2014 (marginally lower than the Australian average of 3.0 per cent). This was the same as the change in the CPI between March 2013 and March 2014 and was broadly in line with market expectations.

This was the highest inflation rate in two and a half years and there is the possibility that interest rate increases could soon be back on the agenda as the headline inflation rate rose to the top of the Reserve Bank's target range.¹² However, underlying inflation still remains within the target band of 2 and 3 per cent and the Commonwealth Bank's Chief Economist Michael Blythe suggested that:¹³

The Reserve Bank is probably happy to leave rates where they are for quite a while yet, and market pricing for some chance of a rate cut looks misplaced.

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 5.1 per cent); education (up by 4.5 per cent); and housing (up by 3.9 per cent). Within the housing group in Sydney, utility prices rose over the year to June 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
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
Jun-2014	106.0	105.9	105.8	105.5	106.4	104.5	108.1	104.8	105.9

Source: ABS, *Consumer Price Index, Australia, June 2014*, 6401.0, July 2014.

¹² The Australian, [CPI increase puts pressure on RBA to hike interest rates](#), 23 July 2014

¹³ Sydney Morning Herald, [Australian dollar bounces back on CPI figures](#), 23 July 2014

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

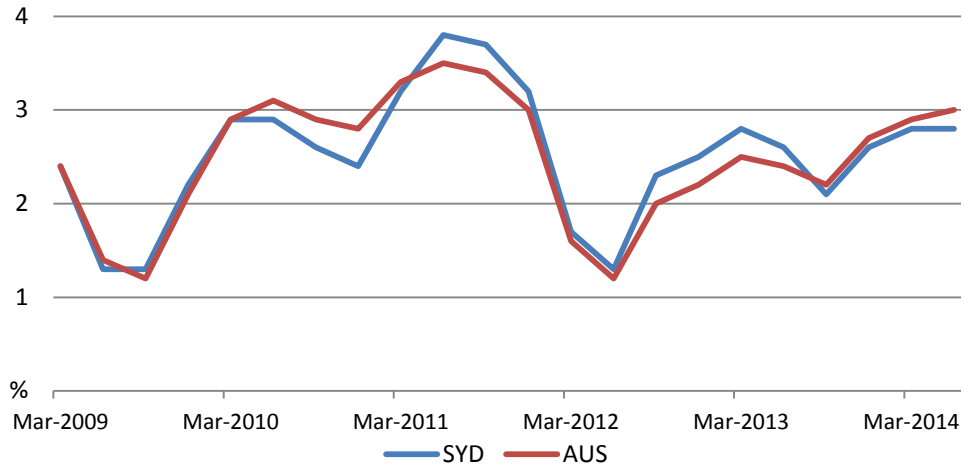


Figure 11: Change in CPI, all groups, June 2013 to June 2014

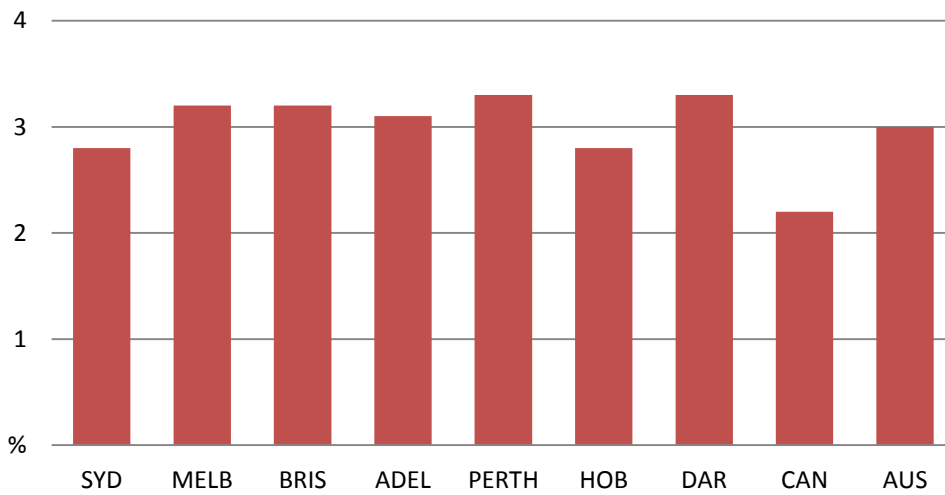
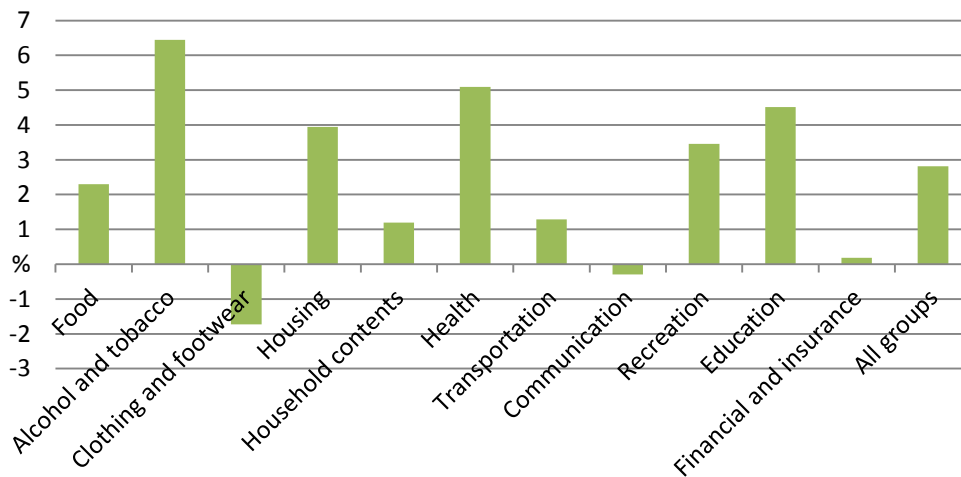


Figure 12: Change in CPI, groups, June 2013 to June 2014



EMPLOYMENT

The average number of people employed in NSW during the June 2014 quarter rose by 0.4 per cent to 3,614,000, with employment largely unchanged compared to a year ago. Despite being higher on average for the quarter, total employment in NSW was down slightly for the month of June (3.61 million) when compared to March (3.62 million) and April (3.63 million) this year.

Employment growth across the other States was relatively subdued, with the Northern Territory (a rise of 1.21 per cent) and Queensland (a rise of 1.1 per cent) experiencing the largest average quarterly increases. The total number of employed persons declined by 15,000 (or 0.53 per cent) in Victoria, the largest decline of the other jurisdictions. According to the Commonwealth Bank, the lift in employment over June bettered market expectations which were centred on a modest increase of 12,000 nationally.¹⁴

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

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
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	3410	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	3468	2765	2239	803	1213	239	122	206
Dec-10	3511	2789	2260	803	1219	239	121	208
Mar-11	3519	2815	2248	803	1221	240	121	208
Jun-11	3493	2813	2271	810	1242	238	120	207
Sep-11	3515	2812	2277	810	1250	238	120	206
Dec-11	3517	2812	2287	810	1257	238	123	207
Mar-12	3521	2812	2288	810	1290	235	124	209
Jun-12	3533	2844	2287	806	1307	233	124	211
Sep-12	3551	2835	2287	805	1311	235	126	212
Dec-12	3568	2837	2283	811	1324	235	126	212
Mar-13	3591	2841	2300	811	1325	234	124	212
Jun-13	3614	2862	2294	814	1322	232	126	213
Sep-13	3597	2862	2315	800	1326	231	128	212
Dec-13	3581	2864	2323	798	1342	230	130	213
Mar-14	3600	2861	2331	798	1346	234	133	214
Jun-14	3614	2862	2357	804	1358	236	134	214

Source: ABS, *Labour Force, Australia, Jun 2014*, 6202.0, July 2014.

¹⁴ Commonwealth Bank, [Labour Force – June 2014](#), 10 July 2014, Global Markets Research, Economics: Update

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

UNEMPLOYMENT

The unemployment rate in NSW was unchanged, on average, over the June 2014 quarter at 5.6 per cent; although the NSW unemployment rate for the month of June only was at 5.7 per cent, up from 5.2 per cent in March. It is now below the average Australian unemployment rate and is the fourth lowest of the States and Territories. Tasmania continued to have the highest average quarterly unemployment rate at 7.4 per cent followed by South Australia at 6.9 per cent.

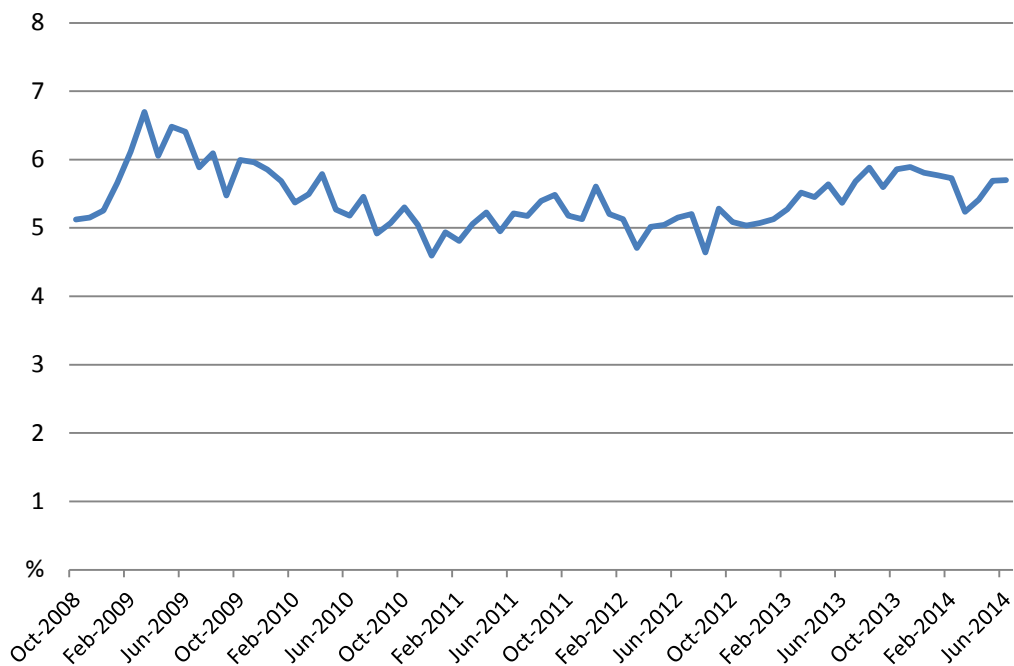
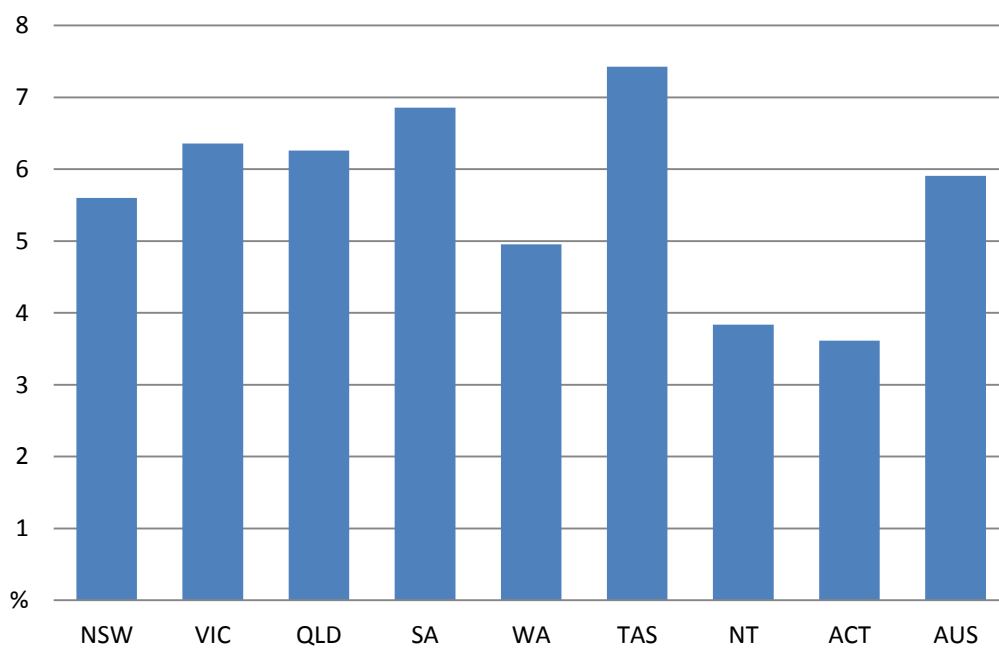
The increase in the national monthly unemployment rate in June 2014 was due to an increase in labour force participation. The Commonwealth Bank suggests that the small variations in the unemployment rate are not overly concerning and that, on a trend basis (which adjusts for monthly volatility), it has been sitting at 5.9 per cent for about 6 months. Further, the Commonwealth Bank suggests that the unemployment rate is at a peak nationally.¹⁵

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

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUS
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	5.6	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	5.5	4.3	5.7	2.7	3.6	5.0
Jun-11	5.1	4.9	5.3	5.4	4.2	5.4	3.6	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	4.5	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	5.4	5.4	5.7	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	6.1	5.6	4.5	7.0	4.1	4.3	5.3
Mar-13	5.3	5.8	5.7	5.9	4.4	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	5.9	6.2	5.8	6.8	4.4	7.7	4.6	4.0	5.8
Mar-14	5.6	6.4	6.2	6.8	5.3	7.5	3.9	3.6	5.9
Jun-14	5.6	6.4	6.3	6.9	5.0	7.4	3.8	3.6	5.9

Source: ABS, *Labour Force, Australia, Jun 2014*, 6202.0, July 2014.

¹⁵ Commonwealth Bank, [Labour Force – June 2014](#), 10 July 2014, Global Markets Research, Economics: Update

Figure 15: Unemployment rate, NSW**Figure 16: Average unemployment rate, June 2014 quarter**

LABOUR FORCE PARTICIPATION

The average labour force participation rate in NSW increased marginally in the June 2014 quarter to 63.1 per cent (1.6 per cent below the Australian average). This increase in the participation rate in NSW offset the positive effect of employment growth on the unemployment rate. Only South Australia (62.4 per cent) and Tasmania (60.9 per cent) have lower participation rates than NSW. The highest labour force participation rate is in the Northern Territory (75.7 per cent).

St George Bank identifies risk that the unemployment rate could edge higher, but not too significantly, and not much above 6 per cent. Labour force participation and jobs growth will determine this outcome. Due to a recent loss in momentum in the domestic economy, St George Bank suggests that job gains in the near-term may continue to be insufficient to keep pace with current strong population growth. Despite these short term risks, it concludes that an economic recovery is still underway; suggesting that further moderate job growth is in prospect in coming months.¹⁶

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

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUS
Jun-09	63.8	64.7	67.7	63.6	69.2	61.0	75.3	72.0	65.5
Sep-09	63.5	64.9	67.7	63.2	68.3	60.8	73.9	72.3	65.3
Dec-09	63.2	65.4	67.4	63.0	68.4	60.4	73.7	72.8	65.3
Mar-10	62.9	65.3	67.3	63.4	68.5	61.1	72.8	73.2	65.3
Jun-10	63.0	65.2	67.6	63.1	68.1	61.7	72.3	73.1	65.2
Sep-10	63.3	65.5	67.2	63.5	68.7	61.5	73.0	73.1	65.4
Dec-10	63.8	65.8	67.7	63.5	68.5	61.2	72.3	73.5	65.7
Mar-11	63.7	65.8	67.1	63.4	68.0	61.4	72.5	73.2	65.6
Jun-11	63.2	65.5	67.2	63.6	68.6	60.7	72.2	72.8	65.3
Sep-11	63.5	65.5	67.4	63.5	68.5	60.3	72.4	72.6	65.4
Dec-11	63.3	65.3	67.2	63.3	68.3	61.0	74.0	72.4	65.3
Mar-12	63.0	65.1	67.0	63.1	69.2	60.6	74.5	72.4	65.2
Jun-12	63.1	65.5	66.5	62.9	69.3	60.2	73.8	72.6	65.2
Sep-12	63.2	65.1	66.5	62.5	69.0	60.5	74.0	72.9	65.1
Dec-12	63.3	64.9	66.1	62.9	69.5	60.6	74.0	72.9	65.1
Mar-13	63.6	64.8	66.1	63.0	69.0	60.3	73.3	72.7	65.2
Jun-13	63.9	65.0	65.7	63.2	68.6	60.2	74.3	72.3	65.1
Sep-13	63.5	64.7	65.9	62.4	68.1	60.1	75.0	71.8	64.9
Dec-13	63.1	64.7	65.8	62.1	68.1	59.6	74.9	71.4	64.7
Mar-14	63.0	64.5	65.9	62.0	68.4	60.4	75.5	71.3	64.8
Jun-14	63.1	64.2	66.4	62.4	68.2	60.9	75.7	71.0	64.7

Source: ABS, *Labour Force, Australia, Jun 2014*, 6202.0, July 2014.

¹⁶

St George Bank, [Labour Force – A False Dawn?](#), 10 July 2014, Data Snapshot

Figure 17: Labour force participation rate, NSW

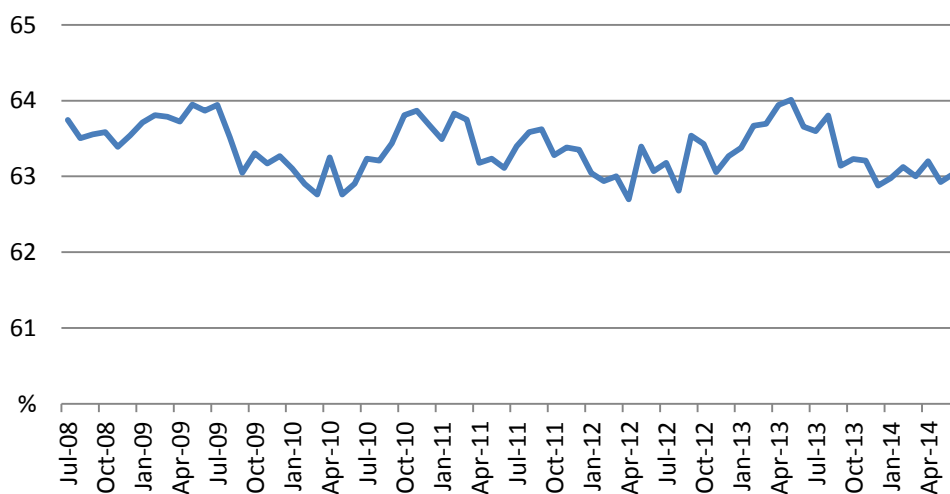


Figure 18: Labour force participation rate, June 2014 quarter

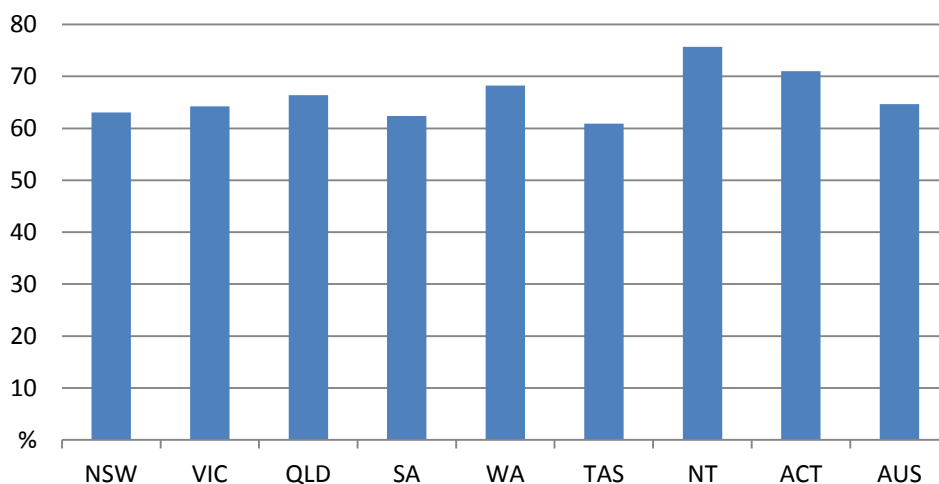
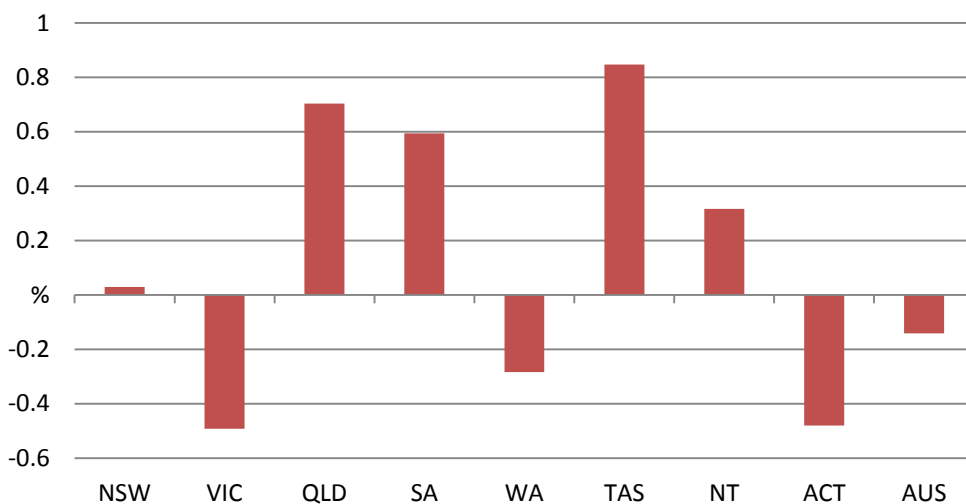


Figure 19: Change in labour force participation rate, March 2014 to June 2014



JOB VACANCIES

The number of job vacancies in NSW increased by 2 per cent in the latest quarter to 50,600. This is the highest number of job vacancies recorded for NSW since February 2012. Job vacancies in NSW are above the 10 year average of 47,300.

The growth in job vacancies in NSW was driven by the public sector (up by 1,300 or 41 per cent), as the private sector incurred a small decline.

There was an average decrease of around 0.7 per cent in the number of job vacancies across Australia. The number of job vacancies fell in Western Australia (down 16 per cent) and Queensland (down 13 per cent), while increasing in Victoria (up 19 per cent) and South Australia (up 8 per cent).

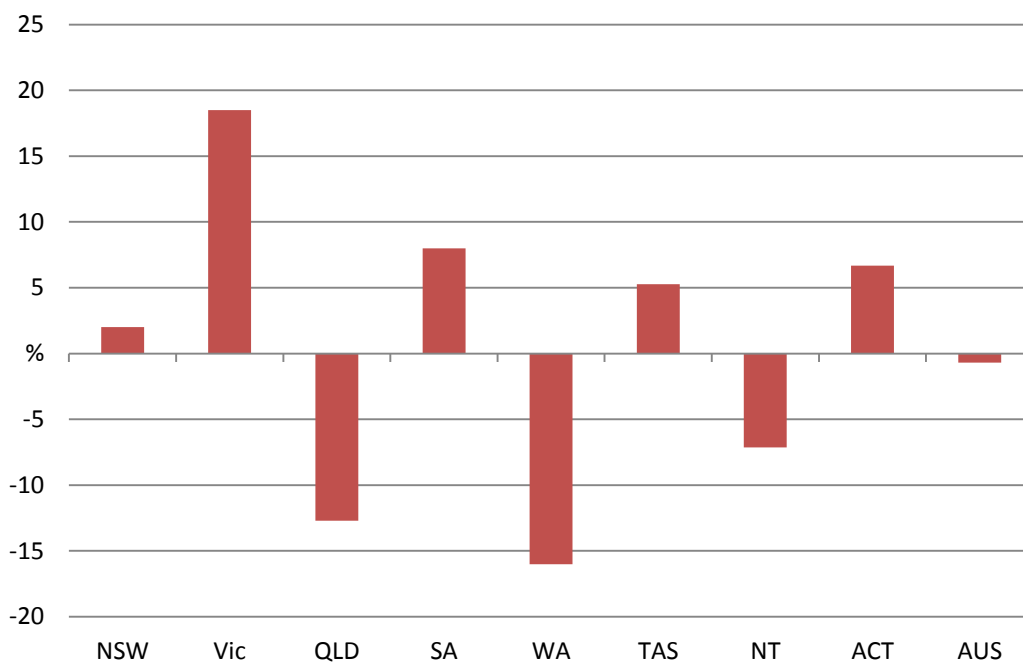
Analysts value the vacancies series as it has proved a reliable leading indicator of labour demand and turning points in employment. The pick-up in vacancies should also help offset softness seen in some of the monthly indicators of job advertisements.¹⁷

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

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUS
Feb-10	50.3	33.3	31.6	13.3	27.6	2.8	4.4	5.8	169.0
May-10	47.5	36.8	28.5	14.3	27.0	1.7	4.1	4.7	164.7
Aug-10	52.9	40.2	33.4	13.3	28.4	2.6	4.3	6.2	181.4
Nov-10	50.1	46.0	37.4	16.6	30.3	2.6	3.9	6.8	193.7
Feb-11	49.2	47.7	38.3	10.7	31.5	2.3	3.8	6.2	189.9
May-11	47.3	40.8	41.6	10.4	28.0	2.3	4.2	6.4	181.0
Aug-11	47.1	41.9	44.6	8.9	32.8	2.3	3.1	6.0	186.7
Nov-11	49.0	38.1	43.4	8.6	32.5	2.6	2.6	4.9	181.6
Feb-12	52.6	40.1	36.1	10.8	31.6	1.9	3.2	5.8	182.2
May-12	45.2	32.9	43.1	10.4	31.3	2.0	2.3	4.7	172.1
Aug-12	48.2	36.6	34.8	11.1	37.6	2.5	3.2	4.7	178.7
Nov-12	45.9	38.7	30.7	10.8	32.4	2.1	2.6	3.9	167.1
Feb-13	44.7	31.9	26.0	8.5	31.1	2.2	2.7	2.8	149.8
May-13	37.1	33.7	27.2	6.0	27.1	1.7	3.2	2.8	138.9
Aug-13	45.7	31.1	26.2	7.5	24.3	1.8	3.6	2.7	142.9
Nov-13	44.8	30.7	29.9	6.7	20.9	1.9	3.4	2.6	140.9
Feb-14	49.6	25.4	29.1	7.5	23.1	1.9	4.2	3.0	143.6
May-14	50.6	30.1	25.4	8.1	19.4	2.0	3.9	3.2	142.6

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

¹⁷ Sydney Morning Herald, [Australian job vacancies at highest in over a year](#), June 26 2014

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

WAGES

Since May 2012, the ABS has released 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.

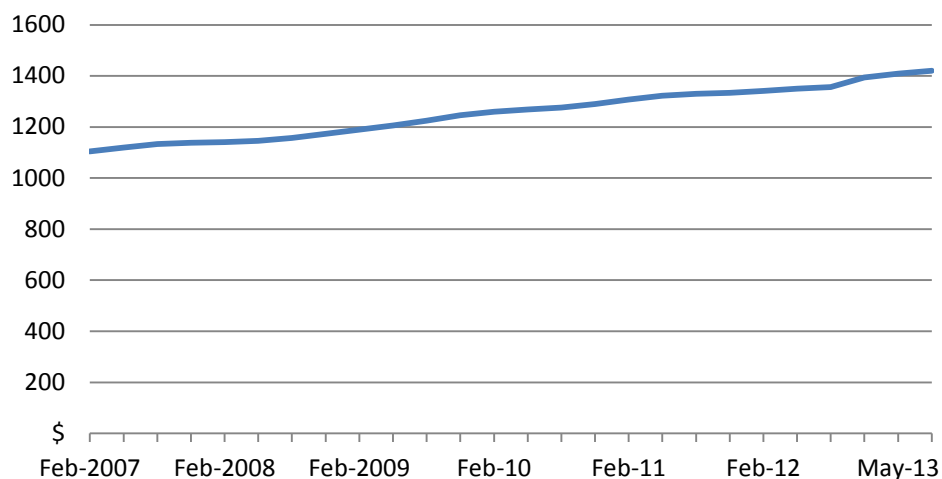
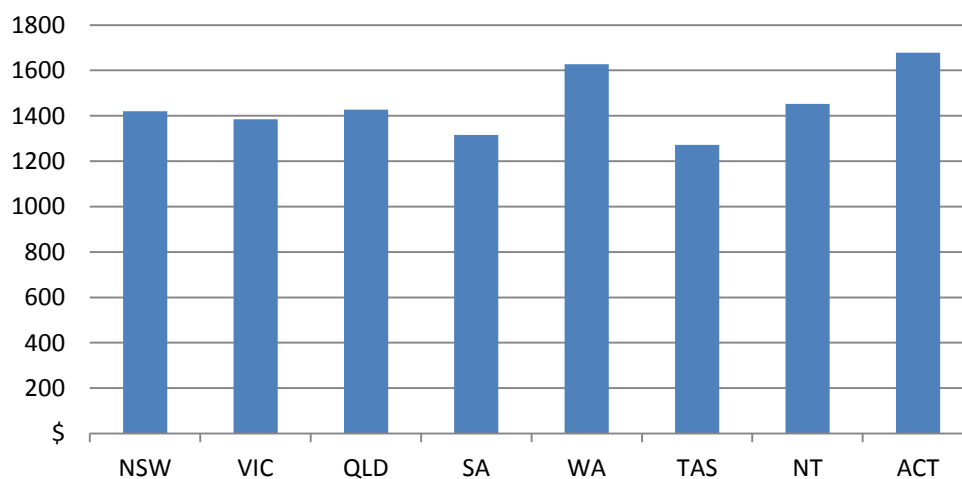
The ABS determined that the change in the frequency of publication meant that the data was not directly comparable and thus released a new series commencing with the May 2012 data. Accordingly, the table below shows the movement in wages before this change, and then from May 2012 onwards.

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.

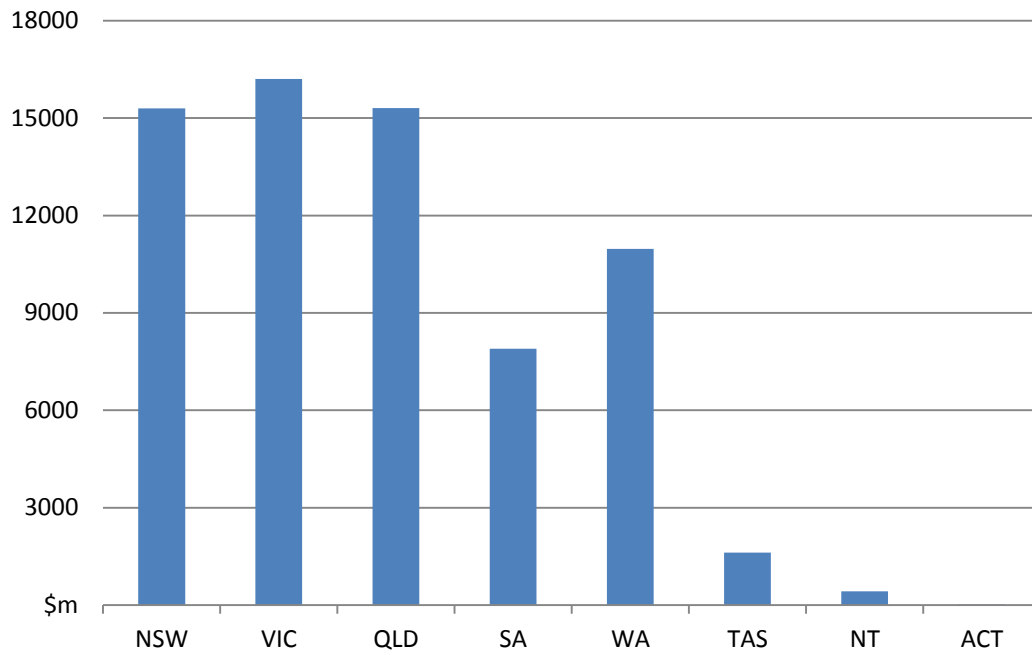
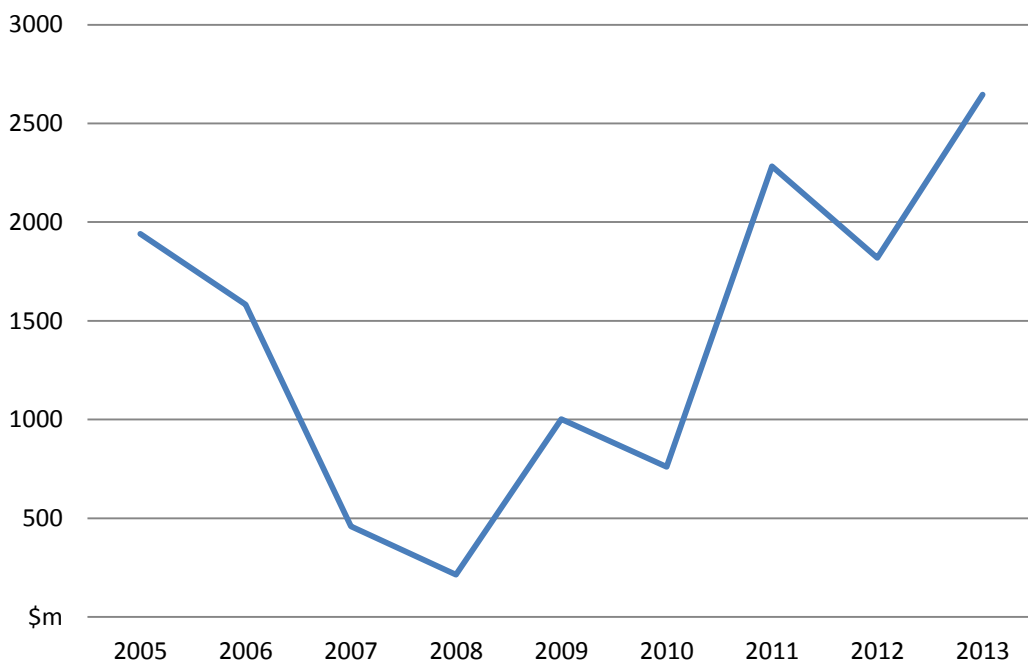
Agricultural income in NSW was \$2.65 billion in the year ending June 2013. This represented an increase of 45 per cent compared with the 12 months ending June 2013. South Australia (73 per cent) and Queensland (11 per cent) also recorded strong positive growth in the agricultural income.

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 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, quarterly 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 increased over the March quarter by 14.2 per cent; it still remains 37 per cent below the high for the reporting period realised in September 2011.

NSW incurred the highest percentage increase in exploration expenditure when compared to the other Australian jurisdictions. 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. A large share of this decline has been accounted for by Western Australia which was down nearly 20 per cent for the quarter; and down 58 per cent from March 2012.

Table 11: Mineral exploration expenditure, \$m

	NSW	VIC	QLD	SA	WA	TAS	NT	AUS
Mar-2009	40.9	10.3	89.2	42.4	271.5	3.1	31.2	488.6
Jun-2009	37.6	10.0	71.6	38.0	262.1	2.8	39.7	461.8
Sep-2009	38.9	15.0	99.4	47.8	281.6	3.5	40.1	526.3
Dec-2009	27.0	24.0	113.4	36.0	304.8	4.4	35.0	544.7
Mar-2010	33.1	24.2	105.3	40.2	307.8	5.6	37.4	553.7
Jun-2010	31.6	20.2	117.0	43.8	346.9	7.3	36.8	603.5
Sep-2010	31.5	12.4	123.5	47.1	364.6	8.0	44.8	631.8
Dec-2010	35.8	12.5	149.9	56.6	376.3	10.0	45.4	686.6
Mar-2011	39.3	13.1	167.5	74.3	429.6	9.5	51.3	784.7
Jun-2011	46.4	19.4	220.7	77.2	422.7	9.9	56.0	852.3
Sep-2011	63.7	19.4	249.7	74.6	459.5	9.5	57.1	933.5
Dec-2011	62.6	13.1	239.8	85.6	512.5	9.8	62.1	985.4
Mar-2012	58.9	13.2	255.3	87.5	575.9	10.1	46.0	1046.9
Jun-2012	56.5	12.8	226.9	81.2	565.3	10.0	40.8	993.6
Sep-2012	49.3	10.2	195.6	81.7	467.0	10.8	38.0	852.5
Dec-2012	45.7	7.9	179.5	63.1	456.3	9.8	31.0	793.3
Mar-2013	44.4	10.9	158.3	45.0	493.6	9.9	31.3	793.5
Jun-2013	47.6	9.5	129.5	40.1	357.2	9.9	29.4	623.3
Sep-2013	36.2	7.8	123.5	26.6	379.0	9.2	26.1	608.3
Dec-2013	35.1	8.1	116.0	33.8	299.5	8.6	28.0	529.1
Mar-2014	40.1	7.9	124.6	30.0	240.7	6.4	30.5	480.2

Source: ABS, *Mineral and Petroleum Exploration, Australia*, 8412.0, March 2014

Figure 27: Mineral exploration expenditure, NSW

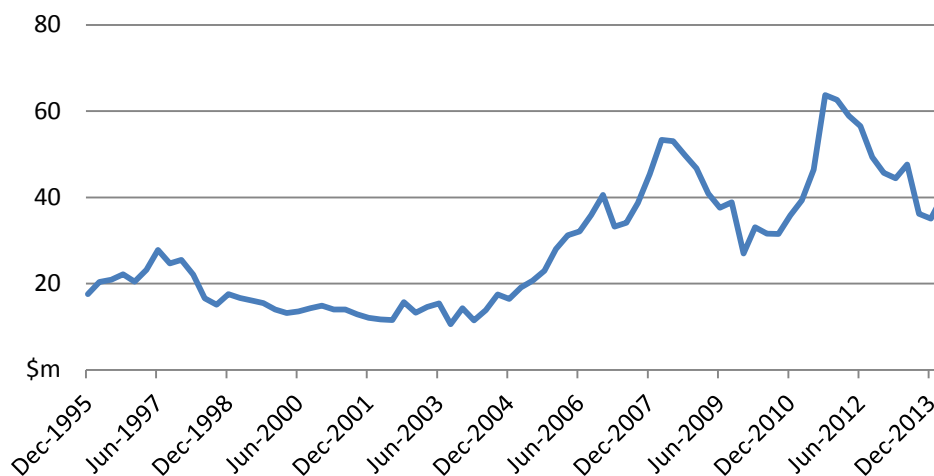


Figure 28: Mineral exploration expenditure, March 2014

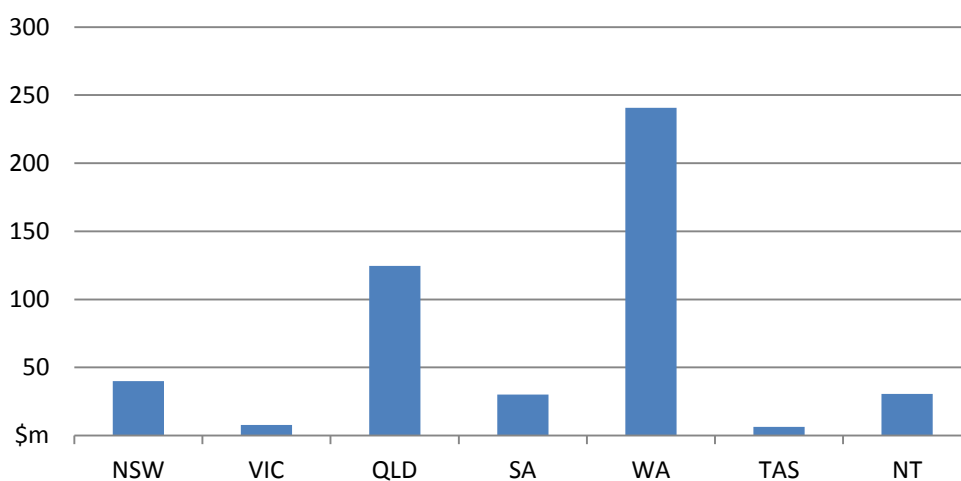


Figure 29: Change in mineral and petroleum exploration expenditure, March 2014



BUSINESS INVESTMENT

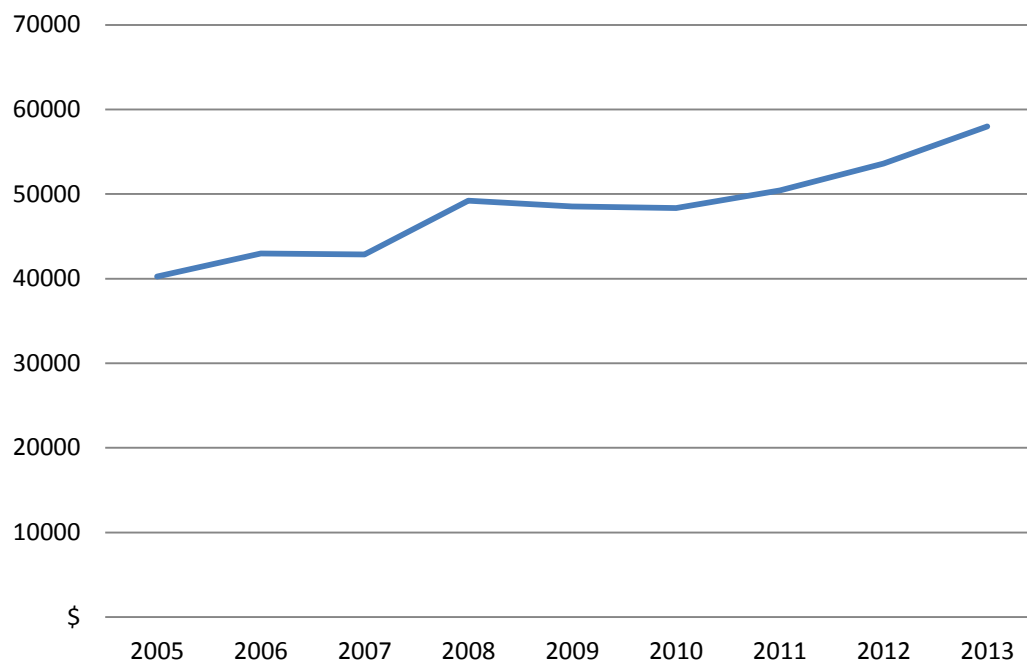
Total private business investment in NSW was \$58 billion (gross fixed capital formation, chain volume measures) for the year ending June 2013, 8 per cent more than in the year ending June 2012. This was the third highest amount of private business investment in Australia, behind Western Australia (\$74.8 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 3.5 per cent in the March 2014 quarter to \$7.2 billion, up 8 per cent from a year previous. This was the highest average quarterly growth of the other States and Territories.

Quarterly retail trade growth was also relatively strong in Tasmania (up 2.5 per cent), Victoria (up 2.2 per cent) and the Northern Territory (up 2.2 per cent). The ACT (down 2 per cent) and Western Australia (down 0.1 per cent) were the only jurisdictions to experience a decline in quarterly retail trade.

According to the Commonwealth Bank, retail trade growth was hindered by falls in spending at department stores and on clothing and soft goods. Specifically, spending was adversely impacted by warmer than usual weather over May and a sharp dip in consumer confidence in response to the Federal Budget.¹⁸

As at May 2014, NSW accounted for 31.5 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 32).

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

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUS
Jun-09	6101	4956	4151	1442	2151	444	218	371	19833
Sep-09	6058	4924	4076	1412	2139	440	217	371	19636
Dec-09	6247	4962	4104	1430	2176	444	223	374	19959
Mar-10	6196	5022	4081	1439	2186	439	223	377	19964
Jun-10	6284	5107	4099	1472	2197	440	228	380	20206
Sep-10	6367	5210	4151	1455	2206	433	226	378	20426
Dec-10	6310	5215	4136	1439	2216	433	218	384	20350
Mar-11	6370	5173	4207	1451	2295	426	228	386	20536
Jun-11	6296	5314	4238	1429	2337	429	228	380	20650
Sep-11	6396	5313	4271	1434	2396	437	231	380	20857
Dec-11	6444	5330	4278	1448	2451	434	233	380	20998
Mar-12	6379	5332	4366	1449	2510	432	236	391	21094
Jun-12	6565	5345	4451	1463	2578	431	242	396	21471
Sep-12	6619	5368	4480	1453	2629	423	239	403	21612
Dec-12	6598	5333	4514	1436	2662	417	241	396	21597
Mar-13	6702	5393	4605	1439	2671	425	243	409	21887
Jun-13	6740	5387	4628	1446	2677	421	241	410	21951
Sep-13	6809	5468	4661	1479	2674	433	250	411	22186
Dec-13	6992	5596	4736	1486	2713	448	251	419	22642
Mar-14	7239	5719	4814	1493	2711	459	256	411	23102

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

¹⁸ Commonwealth Bank, [Retail Trade – May 2014](#), 3 July 2014, Global Markets Research, Economics: Update

Figure 32: Turnover of retail trade, NSW

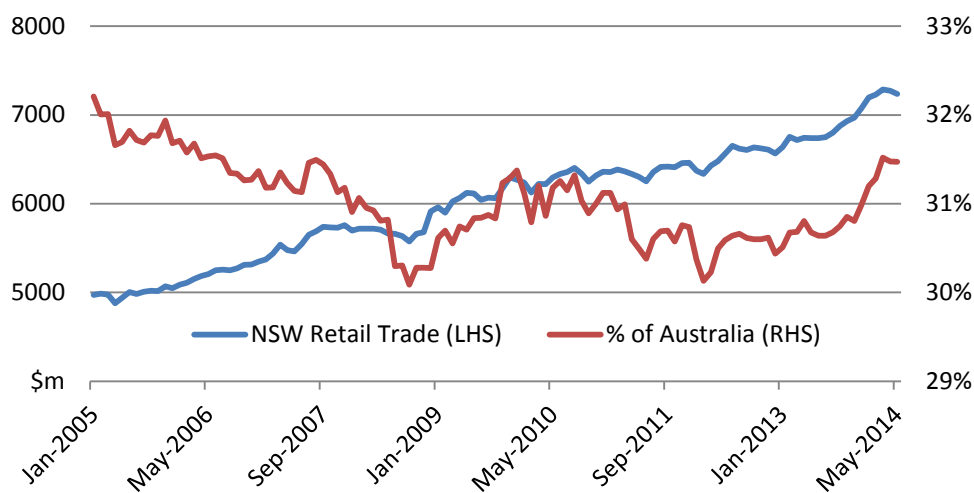
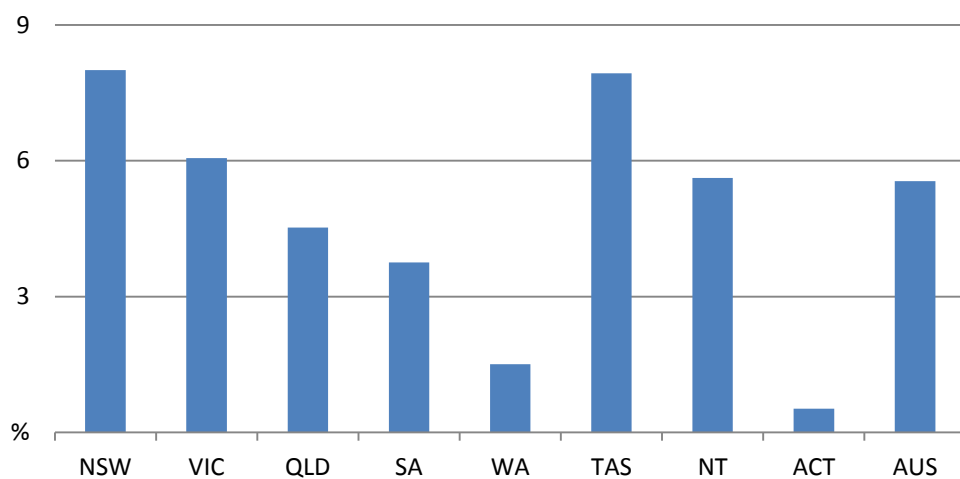


Figure 33: Change in turnover of retail trade, December 2013 to March 2014



Figure 34: Change in turnover, March 2013 to March 2014 quarters



VEHICLE SALES

The average number of new vehicles sold per month in NSW increased by 9.0 per cent in the June 2014 quarter to 30,996. All of the other States and Territories experienced increases in the average monthly sales of new vehicles, with the change in sales averaging 10.2 per cent in Australia. The Northern Territory and Queensland had the sharpest increases in sales, rising by 32.1 and 12.6 per cent respectively.

Table 14: Sales of new vehicles, quarterly average

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUS
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
Jun-14	30996	26159	20312	6064	10321	1445	1102	1461	97860

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

The June quarter has historically been a relatively strong period for new vehicle sales in NSW, having recorded positive vehicle sales growth between the March and June quarters almost every year since 1995 (Figure 35).

Figure 35: Change in new vehicle sales NSW, March/June quarters, 1995-2014

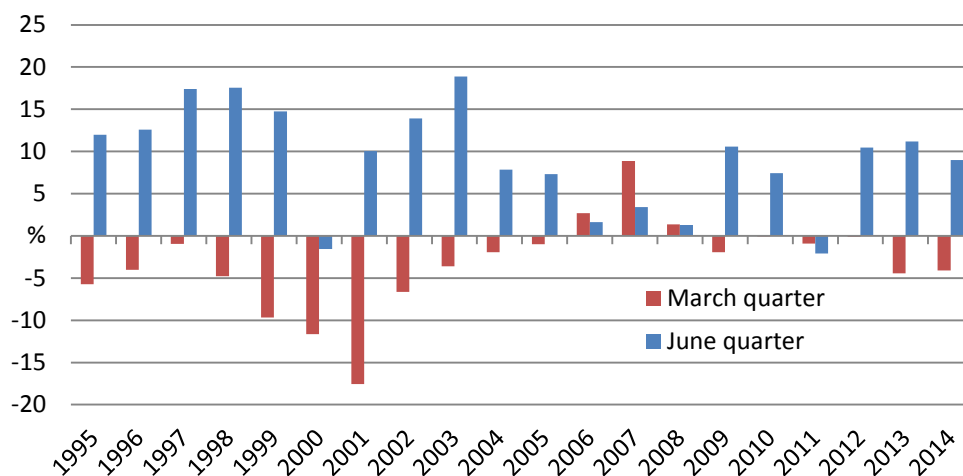


Figure 36: Total vehicle sales, NSW

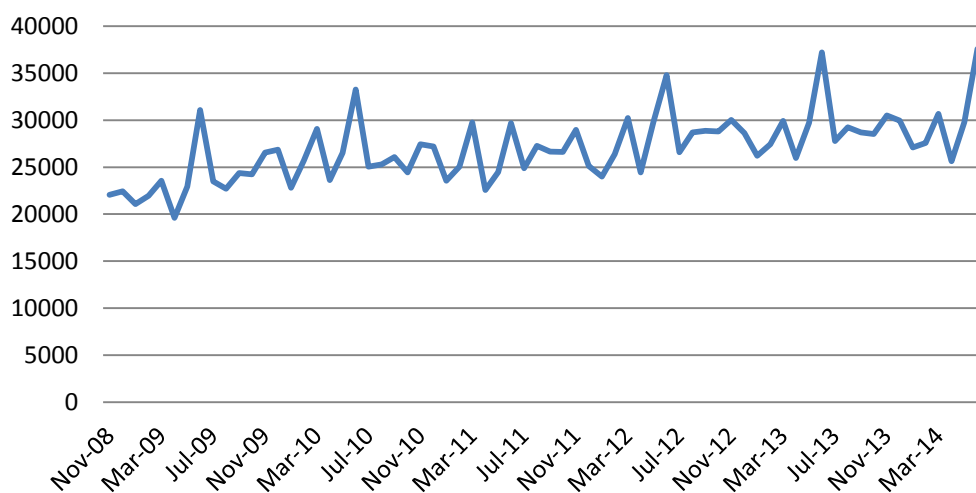
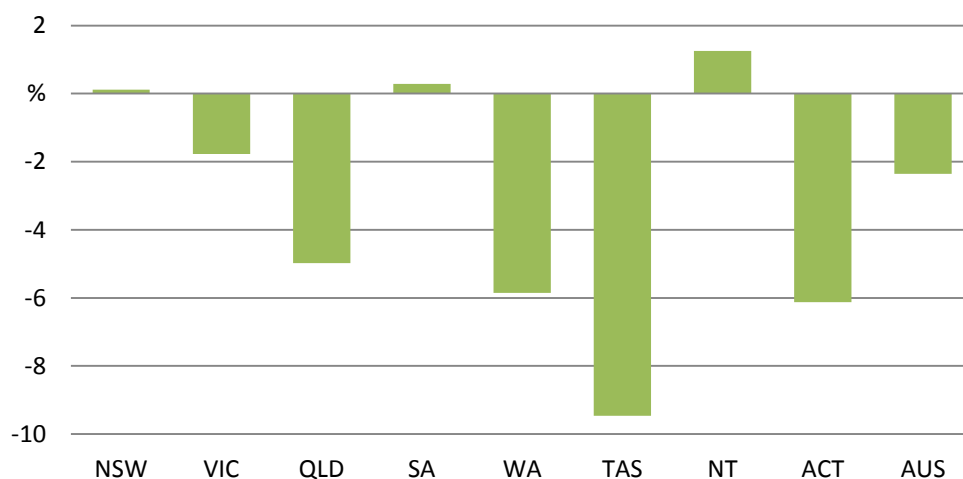


Figure 37: Change in average monthly vehicle sales, June 2013 to June 2014



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 2.3 per cent increase in the house price index for the March 2014 quarter and continues the resurgence in the housing market over the last 18 months.

All of the other capital cities, except for Canberra, realised increases in their respective house price indexes over the quarter, with Melbourne (2.1 per cent) and Hobart (1.4 per cent) recording the largest increases outside of Sydney.

The Commonwealth Bank suggests that continuous rises in dwelling prices will eventually dampen affordability. Their analysis indicates that a 10 per cent rise in prices dampens affordability by around 10 per cent. And a 10 per cent rise in prices combined with a 1 per cent increase in the mortgage rate decreases affordability by 18 per cent. Affordability pressures are evident in continued low levels of First-Home Buyer demand.

It also 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.¹⁹

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

	Syd	Mel	Bris	Adel	Per	Hob	Dar	Can	Ave
Jun-10	101.4	106.2	107.0	104.7	106.6	103.6	100.9	101.6	104.3
Sep-10	101.1	104.3	105.3	103.9	103.8	103.5	101.1	101.6	103.0
Dec-10	101.3	105.7	105.0	104.8	103.9	106.6	101.9	102.5	103.6
Mar-11	101.0	104.7	102.9	103.3	103.0	105.9	99.5	102.3	102.7
Jun-11	101.4	103.5	102.5	101.0	100.2	102.9	96.5	101.9	102.0
Sep-11	99.9	101.3	99.9	100.4	99.1	100.6	96.9	98.7	100.2
Dec-11	98.4	100.0	100.2	100.7	99.4	101.9	98.2	100.9	99.4
Mar-12	100.3	99.4	100.0	99.3	100.5	99.4	100.8	100.8	100.0
Jun-12	101.4	99.3	99.9	99.6	101.0	98.2	104.1	99.5	100.4
Sep-12	100.9	98.6	100.8	99.2	102.1	98.1	105.5	99.5	100.2
Dec-12	103.7	100.4	101.7	100.2	105.2	98.4	107.8	101.8	102.4
Mar-13	104.7	100.8	101.9	99.8	107.5	100.0	109.6	100.3	103.1
Jun-13	108.7	102.7	103.2	100.9	110.6	100.0	111.0	101.0	105.7
Sep-13	112.8	105.9	104.5	101.3	110.7	101.0	111.3	101.1	108.3
Dec-13	118.4	109.5	107.2	104.0	114.1	103.4	112.9	101.5	112.4
Mar-14	121.1	111.8	108.1	104.7	115.3	104.8	114.1	101.4	114.3

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

¹⁹

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

Figure 38: House price indexes, selected cities

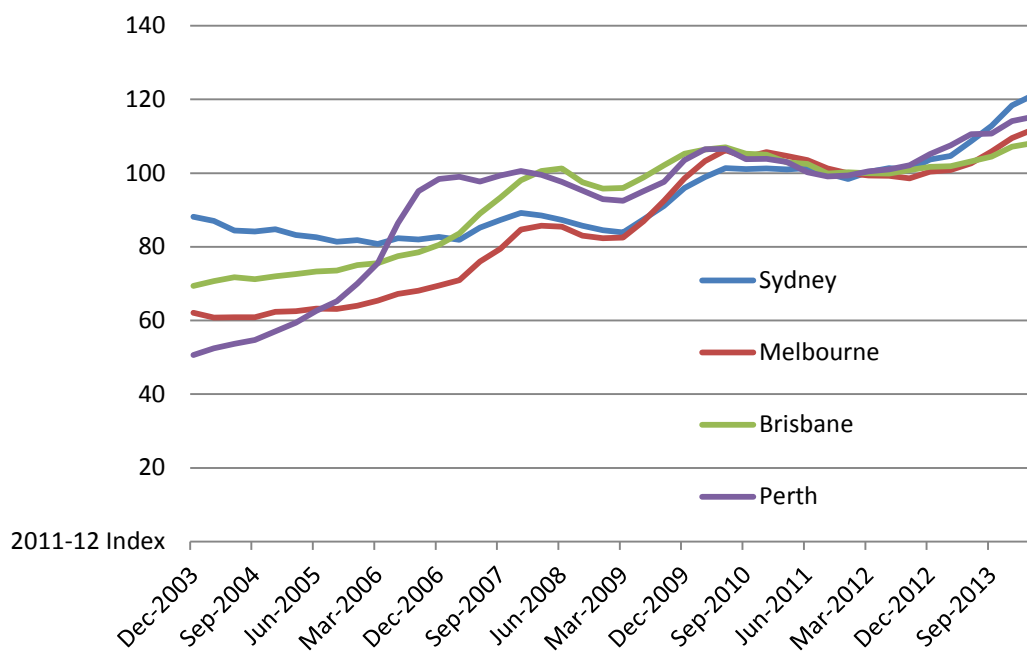
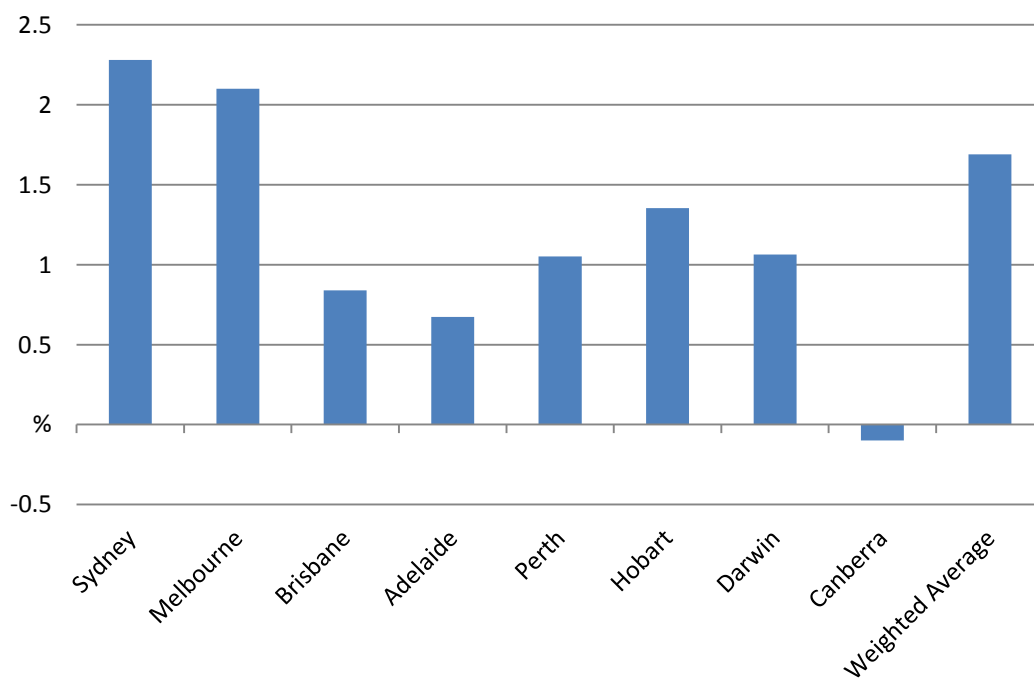


Figure 39: Change in house price indexes, December 2013 to March 2014 quarters



DWELLING APPROVALS

The average monthly number of dwellings approved in NSW decreased by 12 per cent in March 2014 to 4,159. The March quarter is a relatively weak period for dwelling approvals in NSW, decreasing in almost every quarter since 1995.

More importantly, the number of dwelling approvals in the March 2014 quarter is 46 per cent above that of the March 2013 quarter. Approvals in NSW were up 31 per cent for the month of May and up 22 per cent nationally. 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:²⁰

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.

Table 16: Number of dwellings approved, quarterly average

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUS
Jun-09	2172	3634	2422	1002	1749	289	106	311	11685
Sep-09	2652	4687	2890	1073	2049	301	109	385	14146
Dec-09	2969	4755	2976	1021	2125	314	146	347	14651
Mar-10	3029	4748	3021	1052	2347	250	55	310	14812
Jun-10	2943	5044	3227	1145	2030	253	168	471	15281
Sep-10	2838	5882	2729	1206	1845	293	207	401	15400
Dec-10	3467	5239	2628	939	1847	270	136	636	15160
Mar-11	2695	4511	2051	840	1613	230	59	396	12395
Jun-11	2544	4541	2458	960	1695	248	110	522	13079
Sep-11	3335	4654	2570	843	1734	207	148	511	14003
Dec-11	2921	3726	2140	709	1596	166	124	407	11789
Mar-12	2456	3567	2047	697	1686	168	78	217	10916
Jun-12	3065	4880	2466	625	1401	167	189	486	13279
Sep-12	3001	4694	2499	678	1919	171	255	216	13433
Dec-12	3846	4163	2486	752	2049	149	117	346	13907
Mar-13	2842	3389	2302	683	1935	120	210	299	11781
Jun-13	3787	3965	2617	820	2393	159	146	406	14293
Sep-13	4463	4532	3039	914	2542	172	237	509	16408
Dec-13	4737	4687	3519	986	2507	153	176	386	17151
Mar-14	4159	4196	2800	861	2425	160	83	418	15103

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

²⁰

Commonwealth Bank, [Building approvals – May 2014](#), 3 July 2014

Figure 40: Number of dwellings approved, NSW

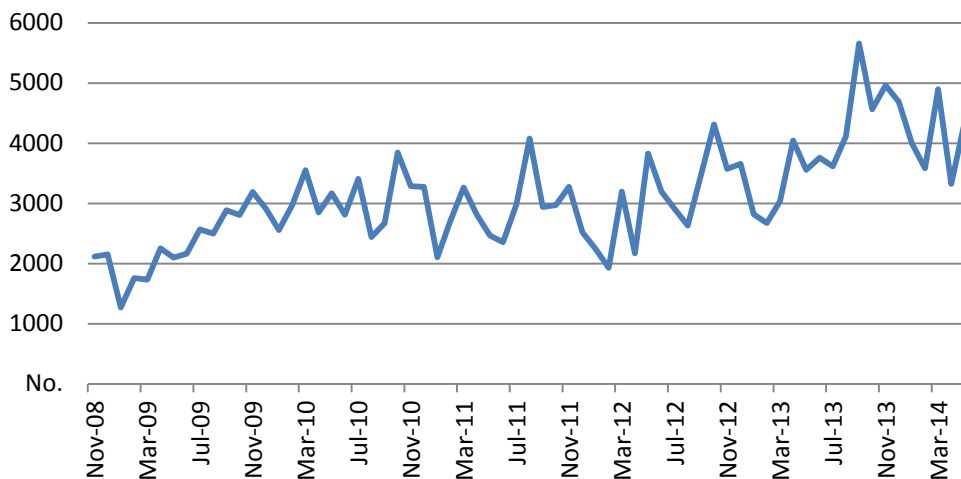


Figure 41: Change in dwelling approvals, NSW, March quarter 1995 to 2014

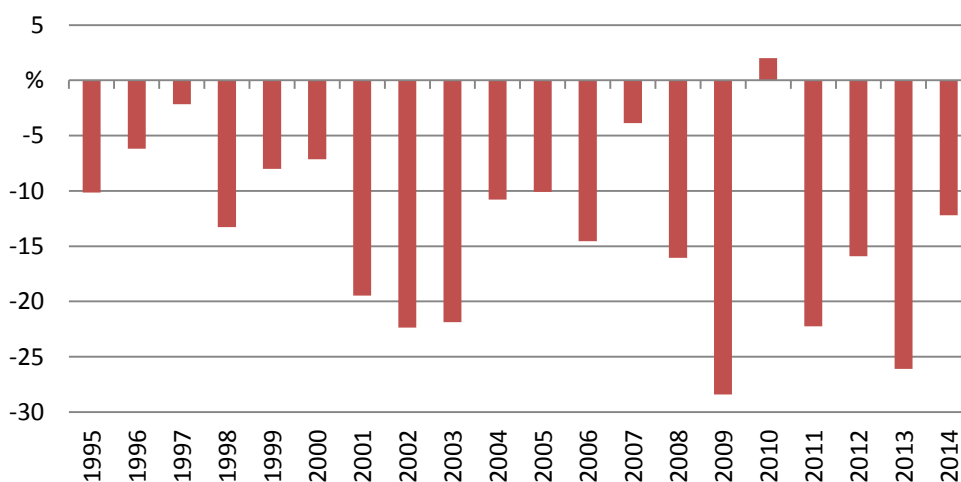


Figure 42: Change in approvals, March 2013 to March 2014 quarters



HOUSING FINANCE

The average number of owner-occupier dwellings financed in NSW decreased by 18 per cent during the March quarter to 13,514. This figure is down due to relatively weak owner-occupier demand in the months of January and February. January is typically a weak month for owner-occupier demand in NSW. As Figure 43 illustrates, demand has declined in January every year since 1996 at an average rate of 18 per cent. Owner-occupier dwellings financed in NSW were recorded at 16,384 for the month of May, up by 10.9 per cent from April.

All of the other States and Territories recorded declines in owner-occupier demand for the March quarter. Victoria (down 13.8 per cent) and Tasmania (down 11.5 per cent) had the largest falls in demand of the other jurisdictions.

As can be seen in Figure 44, owner-occupier demand in NSW remains elevated on a historical basis and has been trending up since early 2010.

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

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Dec-08	13603	12033	10546	3892	6085	1112	472	890
Mar-09	14805	11987	11587	4304	6165	1246	458	925
Jun-09	17857	14070	12486	4588	7091	1170	489	1097
Sep-09	16465	14036	12166	4316	7010	1072	444	988
Dec-09	14528	13621	11032	3985	6955	1042	414	947
Mar-10	10831	10988	8802	3069	5470	806	349	726
Jun-10	11819	11818	8387	3049	5168	788	310	694
Sep-10	12085	12065	8407	3036	5132	749	310	699
Dec-10	13097	12758	8932	3162	5502	780	305	774
Mar-11	11072	10848	7173	2816	4972	782	282	634
Jun-11	12872	12453	7662	3031	5810	801	290	741
Sep-11	13554	12321	8053	3070	5952	784	303	711
Dec-11	15310	12217	8441	3119	6270	777	352	744
Mar-12	12383	11217	8403	2977	6307	706	350	663
Jun-12	13175	12685	8457	3062	6659	726	327	724
Sep-12	13213	12516	8502	2918	6736	745	349	713
Dec-12	13627	12998	9113	3067	7049	777	404	765
Mar-13	11664	11365	8124	2855	6542	693	342	664
Jun-13	14615	13665	9453	3492	7960	779	340	816
Sep-13	14811	14550	9652	3397	7555	789	352	874
Dec-13	16525	14260	10242	3502	7852	939	362	824
Mar-14	13514	12288	9370	3150	7280	830	336	738

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

Figure 43: Change in owner-occupier dwellings financed for January, 1996-2014

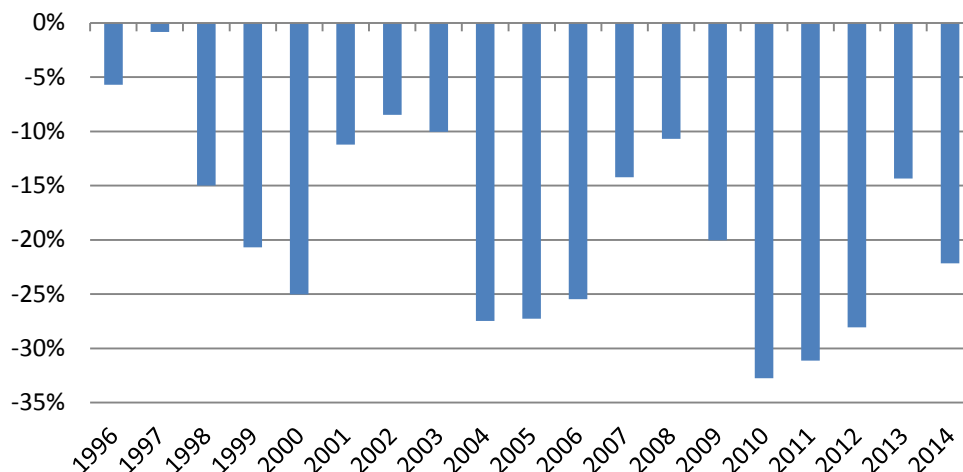


Figure 44: Owner-occupier dwelling financed, 6-month moving average

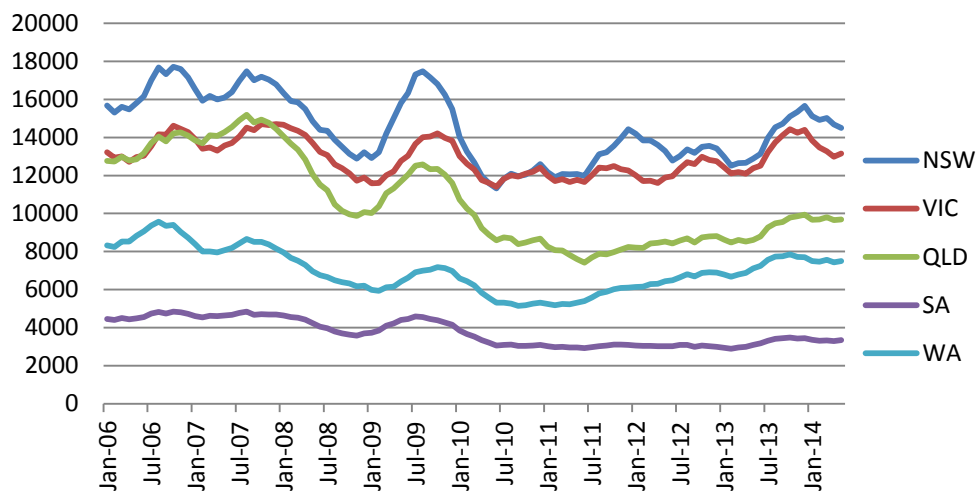
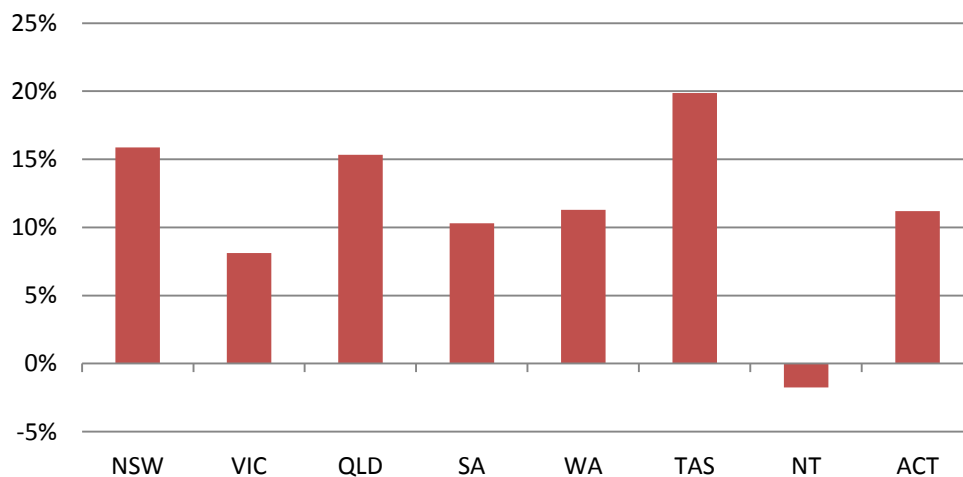


Figure 45: Annual change in owner-occupier dwellings financed, May 2013 to May 2014



BANKRUPTCIES

The number of bankruptcies in NSW decreased by 22 per cent in the June 2014 quarter to 1,245 (24 per cent less bankruptcies than a year previously). The number of bankruptcies decreased in most of the States and Territories, except for the ACT and the Northern Territory which rose by 33 and 16 per cent respectively. Tasmania (28 per cent) and Western Australia (27 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
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
Jun-14	1245	778	1159	246	255	100	22	52

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

Figure 46: Quarterly bankruptcies in NSW

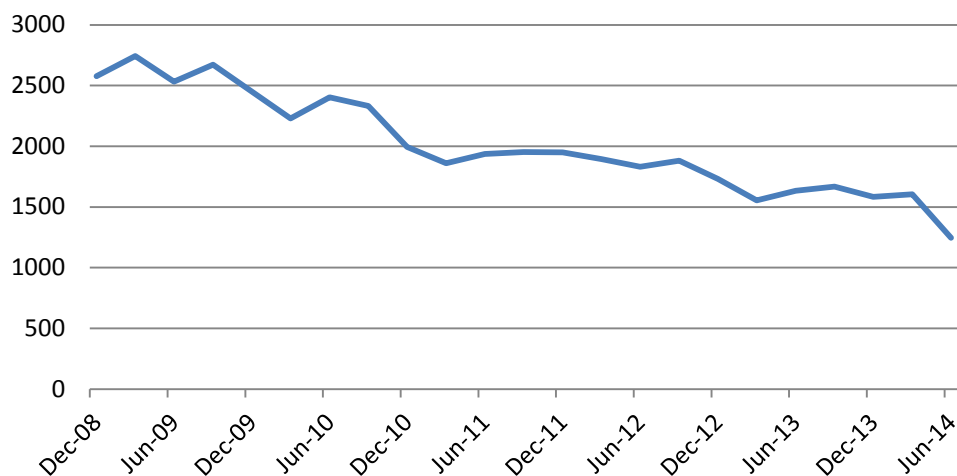


Figure 47: Number of bankruptcies, June 2014 quarter

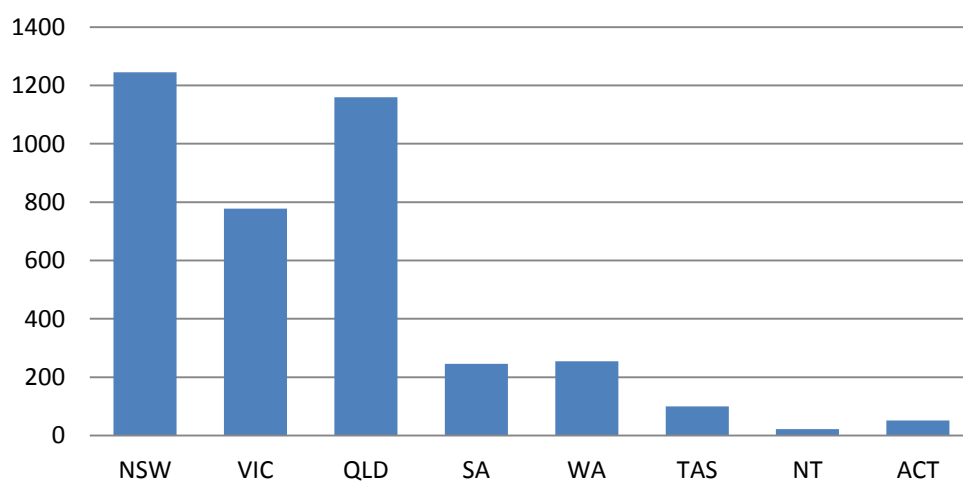
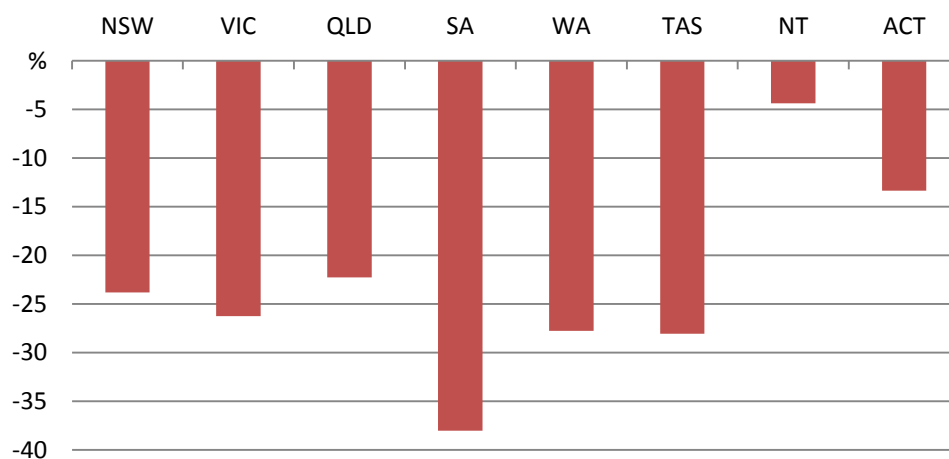


Figure 48: Change in number of bankruptcies, June 2013 to June 2014



RENT

Movement in median rents across NSW was mostly positive in the March 2014 quarter. Median rents for one, two and three bedroom dwellings in the *Sydney Region* increased by 2.3, 2.1 and 4.2 per cent respectively; although median rents for four bedroom dwellings remained unchanged. In the *Greater Metropolitan Region*, median rents for two and three bedroom dwellings increased for the quarter. Median rents for two and three bedroom dwellings in the *Rest of NSW* increased by 4.2 and 3.3 per cent respectively.

Sydney

The **average weekly rent** for new bonds in Sydney in the March 2014 quarter was: \$450 for a one bedroom place; \$490 for two bedrooms; \$500 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 Woollahra and Sydney local government areas had the highest median rent for a three bedroom dwelling at \$1100.

The **lowest median rents** were in the Wyong local government area at \$300 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; \$325 for two bedrooms; \$380 for three bedrooms; and \$430 for four or more bedrooms.

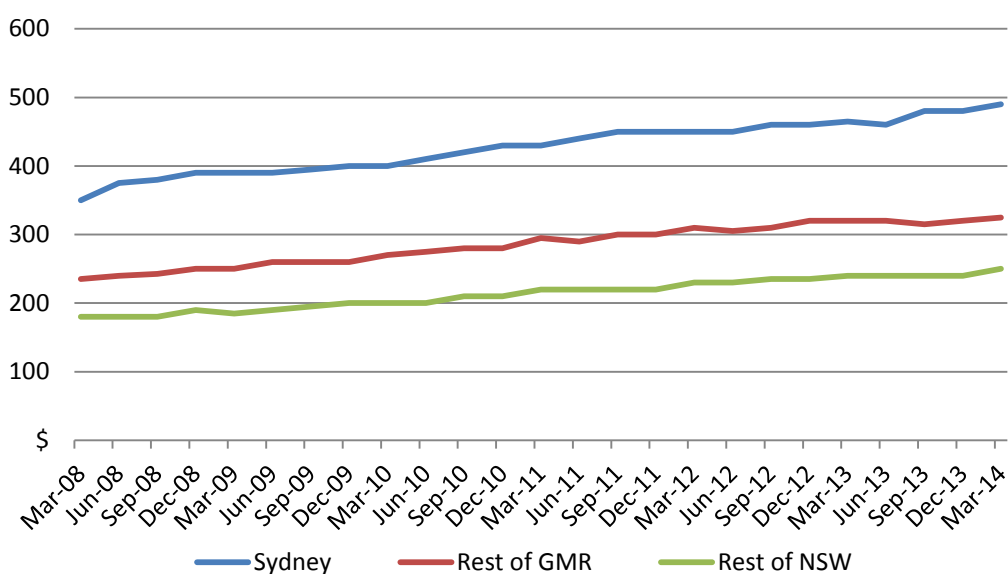
The **highest median rents** in the rest of the GMR were in Newcastle at \$360 a week for a two bedroom dwelling and in Kiama at \$440 for a three bedroom dwelling.

The **lowest median rent** for a two bedroom dwelling was in Cessnock at \$255. 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 increased to \$250. The median rent for three bedrooms was \$310. The Southern Highlands areas had the **highest median weekly rent** for a two bedroom dwelling at \$320. Richmond Valley (Coast) had the highest median rent for a three bedroom dwelling at \$430. The Lower Murray had the **lowest median weekly rent** for two and three bedroom dwellings at \$145 and \$200 respectively.

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



Source: Housing NSW, *NSW Rent and Sales Report*, No 107, 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.