Overview

CommSec State of the States is a quarterly publication that assesses the overall economic performance of each jurisdiction based on eight key indicators.

Economic performance is measured in terms of each jurisdiction's change relative to their respective 10 year average (or 'normal') level for each economic indicator, rather than comparing economic performance across jurisdictions. The Territory's 10 year average includes record levels of construction and investment activity, which may affect the assessment of some indicators.

Overall Performance

The Northern Territory was ranked the fourth best performing economy again this quarter in terms of overall economic performance, above South Australia, Queensland, Tasmania and Western Australia.

The Territory was ranked first for economic growth, unemployment and construction work done.

The Territory was ranked last for retail spending, business (equipment) investment, population growth and housing finance.

CommSec notes that the Territory economy is losing momentum and expects that, as key resource projects are completed, activity levels will slow further unless a lift in investment takes place.

Economic Growth

Gross state product (GSP) is the preferred measure of a state's economic growth. However, GSP data is not available on a quarterly basis and therefore state final demand (SFD) plus trade statistics in nominal terms are used. This measure may not always produce an accurate or comparable measure of overall economic performance compared to GSP.

The Territory was ranked first in terms of economic growth, with an increase of 24.1 per cent above the decade average level (Chart 1). In other jurisdictions, the difference in growth compared to the decade average level ranged from 10.8 per cent in Tasmania to 23.1 per cent in the Australian Capital Territory.

Retail Trade

Performance is measured using inflation-adjusted retail trade in trend terms, with June quarter 2016 data the latest available.

The Territory was ranked last for retail spending in the June quarter 2016, 7.0 per cent above the decade average (Chart 2). New South Wales was ranked first, supported by housing activity and lower unemployment.

Unemployment

The Territory is assessed as having the strongest job market, having the lowest trend unemployment rate of 3.4 per cent, 14.6 per cent below the Territory's decade average (Chart 3). New South Wales and the Australian Capital Territory were the only other jurisdictions to record an unemployment rate below their decade average.
Population Growth
To rank each jurisdiction’s population growth, CommSec compares each state and territory’s current annual rate of population growth with the average annual growth over the past decade.
In the March quarter 2016, the Territory was ranked lowest in terms of annual population growth (Chart 4), up only 0.4 per cent. This was 76 per cent lower than the Northern Territory’s decade average level.
Victoria was ranked first this quarter, with its annual population growth of 1.9 per cent being 8.4 per cent higher than decade average levels.

Construction Work
The measure is the total amount of residential, commercial and engineering work completed in trend terms during the June quarter 2016, compared with the decade average.
The Territory remains in first place for construction work done with the level of construction work in the June quarter 2016 being 30.6 per cent above the decade average level (Chart 5), mainly due to activity associated with major gas projects. Queensland was the weakest jurisdiction, with construction work done being almost 19 per cent lower than the decade average level.

Equipment Investment
The Territory was ranked last in equipment investment, with June quarter 2016 equipment investment levels 34.2 per cent lower than the decade average level. CommSec notes that nine months prior, investment had been 1.5 per cent above decade averages.
New South Wales (up 17.6 per cent) and Victoria (up 0.8 per cent) were the only jurisdictions with equipment investment above decade averages.

Dwelling Commencements
CommSec measures the trend number of dwelling commencements in comparison with the decade average level of commencements.
The Territory was ranked seventh in terms of dwelling commencements in the June quarter 2016. Dwelling commencements in the Territory were 11.0 per cent below the decade average level (Chart 6).
New South Wales remains in first place, with dwelling commencements almost 76 per cent above decade average levels.

Housing Finance Commitments
The measure used by CommSec for the housing finance rankings is the trend number of housing finance commitments for owner occupation, compared to the decade average number of housing finance commitments for each jurisdiction.
Trend housing finance commitments in the Territory in August 2016 were more than 19 per cent below the decade average, the weakest of the jurisdictions. CommSec notes that commitments in the Territory are now 6.8 per cent lower than a year ago, after being down 5.9 per cent in July.