

INSIGHT ECONOMY



ECONOMIC GAME: Treasurer Curtis Pitt (above), the Property Council's Chris Mountford (below left), AEC Group CEO Ashley Page (below right). Pictures: Mark Calleja/Darren England

STATE VERSUS STATE
ECONOMIC PERFORMANCE

Measure	Long-term		Short-term	
	NSW	QLD	Winner	NSW
Population growth	1.46%	2.09%	QLD	1.39%
Migration contrib to population growth	51.7%	58.7%	QLD	58.6%
Working people per jobseeker	2.1	2	NSW	2
Unemployment	5.3%	5.3%	TIE	5.1%
Gross State product per capita	\$65,659	\$62,874	NSW	\$69,117
Average economic growth	2.4%	3.3%	QLD	5%
State final demand per capita	\$62,714	\$67,130	QLD	\$67,310
Average SFD growth	2.7%	3.1%	QLD	4.2%
Economic reliance on trade-exposed sectors	13%	19.3%	NSW	11%
NSW	1.35%	NSW	NSW	NSW
NSW	47.8%	NSW	NSW	NSW
QLD	6.2%	NSW	NSW	NSW
NSW	\$65,286	2%	NSW	NSW
NSW	\$65,819	-1.3%	NSW	NSW
NSW	18.5%	NSW	NSW	NSW

TOTAL LONG-TERM WINS

QLD
NSW
TIE5
3
1

TOTAL SHORT-TERM WINS

QLD
NSW1
8

NSW kicking goals against Queensland

If there were trophies for an economic State of Origin, bragging rights would now be going to New South Wales and not its northern rival, writes **Daryl Passmore**

CAMERON Smith will lead his Maroons out on to the Suncorp Stadium turf on Wednesday evening, aiming to continue a run of success which has seen them win all but one State of Origin series since 2006.

Such domination was once mirrored in economic performances too. But in recent years, Queensland has dropped the ball badly while New South Wales storms home, racking up the points.

Research, commissioned by the Property Council of Australia, highlights the extent of the turnover – and the tactics behind it.

The analysis by economics and finance consultants AEC Group shows that across nine

key measures, the Sunshine State came out top in five for the decade from 2006-16, with a tie in another.

It is a case of basking in past glories, however. For the past couple of years, our southern neighbours have trounced us eight to one.

"New South Wales are winning the economic game and the Queensland Government has a big challenge ahead of it to close the gap and re-establish Queensland as the state of choice to invest," Property Council Queensland executive director Chris Mountford says.

"The key point of difference between the states recently has been infrastructure investment, with the New South Wales economy riding high from

record investment programs and Queensland shipping behind with a sizeable infrastructure deficit."

Queensland has generally enjoyed stronger economic growth than that of cockroach country for the past quarter of a century, but that has been reversed during the past two years.

The latest Commsec State of the States report ranks our economy only the fifth strongest in the country. New South Wales, at the top, is growing at 7.5 per cent – more than double Queensland's 3.5 per cent.

"What is clear is that the two states are continuing to diverge in terms of economic performance," Mountford says. "Under the current policy

settings, the gap between the states only stands to widen over the long term."

But Queensland Treasurer Curtis Pitt says the Palaszczuk Government has delivered two successive budget surpluses and is on course to spend more per capita on infrastructure than any other state.

A spokesman says Treasury officials had issues with the "arbitrary and inconsistent" indicators selected and the way the data was presented.

Brisbane-based AEC Group chief executive Ashley Page says people are voting with their feet in an exodus across the border.

"For the first time in my working history, New South Wales' net migration as a percentage of population is outstripping Queensland's. It is at its highest level in at least 35 years," Page says.

"That is the truest measure of whether Queensland is a better place to live and work. People are deciding that it's not."

"Even despite all the infrastructure and transport issues and the price of housing down there, people still want to move to New South Wales."

Much of that movement is motivated by job opportunities – fuelled by an unprecedented infrastructure construction bonanza.

Queensland continues to struggle to build a business case capable of convincing Infrastructure Australia to endorse its No.1 project – the \$5.4 billion Cross River Rail – and the federal Government to put money into it.

In contrast, New South Wales has embarked on a \$75 billion program including major road, rail and light rail routes, much of it funded by the

\$34 billion in proceeds from leasing state energy assets.

Earlier this month, the NSW government invited bidders to buy a 51 per cent stake in Sydney Motorway Corp, the company building the \$16.8 billion WestConnex motorway network.

Page says the research report, *Who Is Winning The Economic Game*, found that the southern resurgence was the result of a clear and decisive strategy.

"If I had to highlight one thing, it was a tipping point at which NSW fundamentally changed their fiscal and policy settings and decided to balance their books and set a path back into the black," he says.

"New South Wales has taken far more custody and ownership of political and financial stewardship. They sold and leased lots of assets and controlled their spending."

"As with a household budget, you have a certain amount of money coming in and you might have some debt. If you have been spending the equity in your home on consumption, then you will end up in trouble."

"Queensland is still partying on the mortgage. The money is coming in.

Queensland is still partying on the mortgage

ASHLEY PAGE

It's about what they do with it. What is the plan?"

Government revenue as a proportion of gross state product was still higher in Queensland, as was revenue per capita.

"Mining royalties have softened but they haven't gone away."

Ordinary people had the right to ask where the benefits were from the mining boom years. "Excuse my French but WTF did they do with all that?"

"Look at what came in through the front door and at what was delivered, and it's a reasonable question – where are the results? Where did the money go?"

Pitt says, based on current projections, Queensland in 2019-20 will spend approximately \$177 a person on infrastructure in the general government sector.

"That's more per capita than every other state – \$170 per capita more than New South Wales and almost double Western Australia," he says.

"The Palaszczuk Government's disciplined and methodical approach over the past two Budgets has significantly improved the State's financial position. We have achieved this in the face of ongoing challenges in global and domestic economic conditions."

Ratings agency Moody's recently affirmed the state's AA+ rating, changing Queensland's outlook from negative to stable.

"This is because we have successfully reduced general government debt without selling our government-owned corporations, without increasing our taxes and without cutting our services to Queenslanders," Pitt says.