

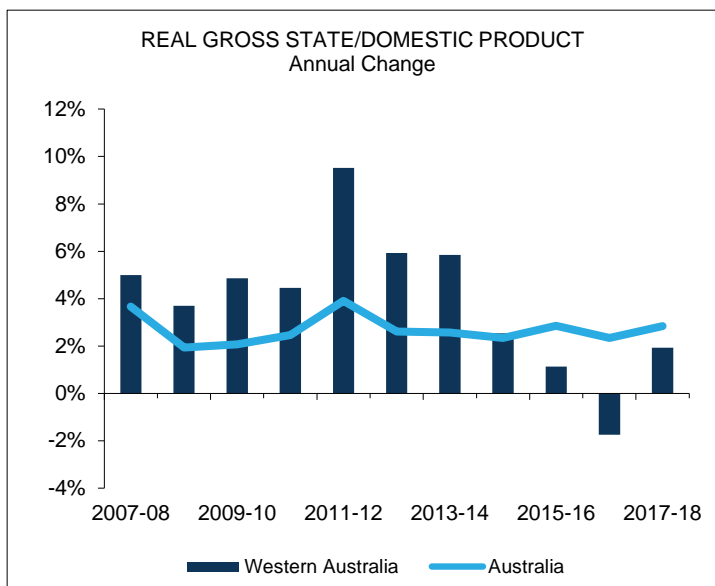


## Gross State Product, 2017-18

### Key Facts

#### Western Australia

- Western Australia's Gross State Product (GSP), rose by 1.9% in 2017-18, in real chain volume terms, with the State's economy valued at \$255,883 million.
- This was the second lowest rate of change of all the States and Territories and below the national Gross Domestic Product (GDP) growth of 2.8%.
- On an expenditure basis (see table below), the major driver of the rise in GSP was net exports, which rose by 8.5% in 2017-18. This was partly offset by the balancing item, which grew by 11.1%. The balancing item implicitly comprises changes in inventories, total net interstate trade as well as other miscellaneous items such as the balancing item discrepancy.



- State Final Demand (SFD) - a measure of total domestic demand in the State - rose by 1.1% in 2017-18.
- On an industry Gross Value Added basis, the main contributor to Western Australia's GSP growth in 2017-18 was 'mining' (contributing 0.8 percentage points, pp), while the largest detractor from growth was 'agriculture, forestry and fishing' (detracting 0.3 pp).

#### EXPENDITURE COMPONENTS OF GROSS STATE PRODUCT

##### Western Australia

|   | Annual Level<br>(\$) | Annual Growth<br>(%) | Cont. to Growth<br>(pp) |
|---|----------------------|----------------------|-------------------------|
| <b>Private</b>                              |                      |                      |                         |
| Household final consumption expenditure     | 107,571              | 1.6                  | 0.7                     |
| Business investment                         | 37,838               | 0.1                  | 0.0                     |
| Dwelling investment                         | 8,803                | -2.8                 | -0.1                    |
| Ownership Transfer Costs                    | 2,297                | -2.9                 | 0.0                     |
| <b>Public</b>                               |                      |                      |                         |
| General government consumption expenditure  | 37,839               | 2.3                  | 0.3                     |
| Public Investment                           | 9,236                | -0.2                 | 0.0                     |
| <b>State Final Demand</b>                   | <b>203,584</b>       | <b>1.1</b>           | <b>0.9</b>              |
| International exports of goods and services | 136,402              | 4.3                  | 2.3                     |
| International imports of goods and services | 43,411               | -3.6                 | 0.7                     |
| Net Exports (i.e. exports minus imports)    | 92,991               | 8.5                  | 2.9                     |
| Balancing item                              | -41,765              | 11.1                 | -1.7                    |
| Statistical Discrepancy                     | 1,073                | -30.6                | -0.2                    |
| <b>Gross State Product (chain volume)</b>   | <b>255,883</b>       | <b>1.9</b>           | <b>1.9</b>              |
| <b>Gross State Product (nominal)</b>        | <b>259,426</b>       | <b>3.3</b>           | <b>n/a</b>              |
| <b>Gross State Income</b>                   | <b>255,775</b>       | <b>1.9</b>           | <b>n/a</b>              |

Note: Reference year for chain volume measures is 2016-17. Growth rates above are in real (chain volume) terms.

## Other Results

- The chain volume growth rates of GSP presented above are an estimate of the volume of goods and services produced. These measures abstract from price movements by measuring GSP in constant dollar terms. Dividing current (nominal) price data by chain volume data provides an indication of price movements in the State's economy.
  - This approach indicates that merchandise export prices grew by 2.6% in 2017-18, while prices in the domestic economy (as measured by SFD) grew by 0.4%.
- Volume estimates of GSP measure the volume of goods and services produced in each State. If the terms of trade for a State change significantly (i.e. the prices for a State's exports and imports change at different rates) then GSP will not accurately reflect the change in real purchasing power of the income generated within a State. For this reason, real Gross State Income includes an adjustment for the terms of trade<sup>1</sup>.
  - In 2017-18, Western Australia's real Gross State Income rose by 1.9%, to \$255.8 million.
- While real GSP and Gross State Income are both helpful measures, they do not provide a measure of incomes received by the residents of a particular State. For example, a proportion of the income generated in the production process may be transferred to other States or overseas (and conversely income may be received from other States or overseas). Gross household disposable income per capita is therefore a better measure of households' economic wellbeing.
  - Western Australia's gross household disposable income per capita rose by 0.7% in 2017-18 to reach \$53,681, and was the highest of all States (but behind both Territories).

### ANNUAL LEVELS CHANGES AND RATIOS; 2017-18

|                              | GSP     | SFD     | GSP per capita |         | Gross household disposable income per capita |         | Share of National Output |
|------------------------------|---------|---------|----------------|---------|--|---------|--------------------------|
|                              | %Change | %Change | Levels         | %Change | Levels                                       | %Change |                          |
| New South Wales              | 2.6     | 3.4     | 74,955         | 1.0     | 50,653                                       | 0.8     | 32.7                     |
| Victoria                     | 3.5     | 4.7     | 66,391         | 1.2     | 42,625                                       | 1.4     | 23.4                     |
| Queensland                   | 3.4     | 3.5     | 68,379         | 1.7     | 45,550                                       | 2.0     | 18.7                     |
| South Australia              | 2.0     | 3.4     | 61,343         | 1.4     | 48,564                                       | 1.7     | 5.8                      |
| Western Australia            | 1.9     | 1.1     | 98,997         | 1.1     | 53,681                                       | 0.7     | 14.1                     |
| Tasmania                     | 3.3     | 4.1     | 57,686         | 2.3     | 44,683                                       | 3.4     | 1.7                      |
| Northern Territory           | 1.7     | -2.7    | 106,191        | 1.4     | 64,559                                       | 1.2     | 1.4                      |
| Australian Capital Territory | 4.0     | 3.8     | 94,831         | 1.8     | 91,336                                       | 2.8     | 2.2                      |
| Australia                    | 2.8     | 3.4     | 73,267         | 1.2     | 48,426                                       | 1.3     | 100.0                    |

<sup>1</sup> However, Gross State Income does not capture the extent to which the increased purchasing power of income generated by production within the State accrues either overseas or interstate.