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Growth Rates Expose Underperforming States

By Richard Blandy

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THERE were great differences between the states and territories in the growth rates of their economies from 1990-2009. Their annual growth rates were (from fastest to slowest): Queensland (4.5 per cent); Western Australia (4.2 per cent); Northern Territory (3.6 per cent); ACT (3.2 per cent); Victoria (3.1 per cent); Tasmania (2.6 per cent); NSW (2.5 per cent) and South Australia (2.4 per cent).

Can differences in economic structure - a big mining sector, for example - explain these differences? Or were these growth differences broadly spread across sectors? In short, did state governments' economic policies matter?

To answer this question we drew on the state accounts of the Australian national accounts for the past 20 years and divided the Australian, state and territory economies into industry sectors, concentrating on those showing significant change at the national level (or important for other reasons, public administration and safety, for example).

These industry sectors are: agriculture, forestry and fishing, mining, manufacturing, financial and insurance services, professional, scientific and technical services, and public administration and safety.

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