

# Tasmanian Economic Update

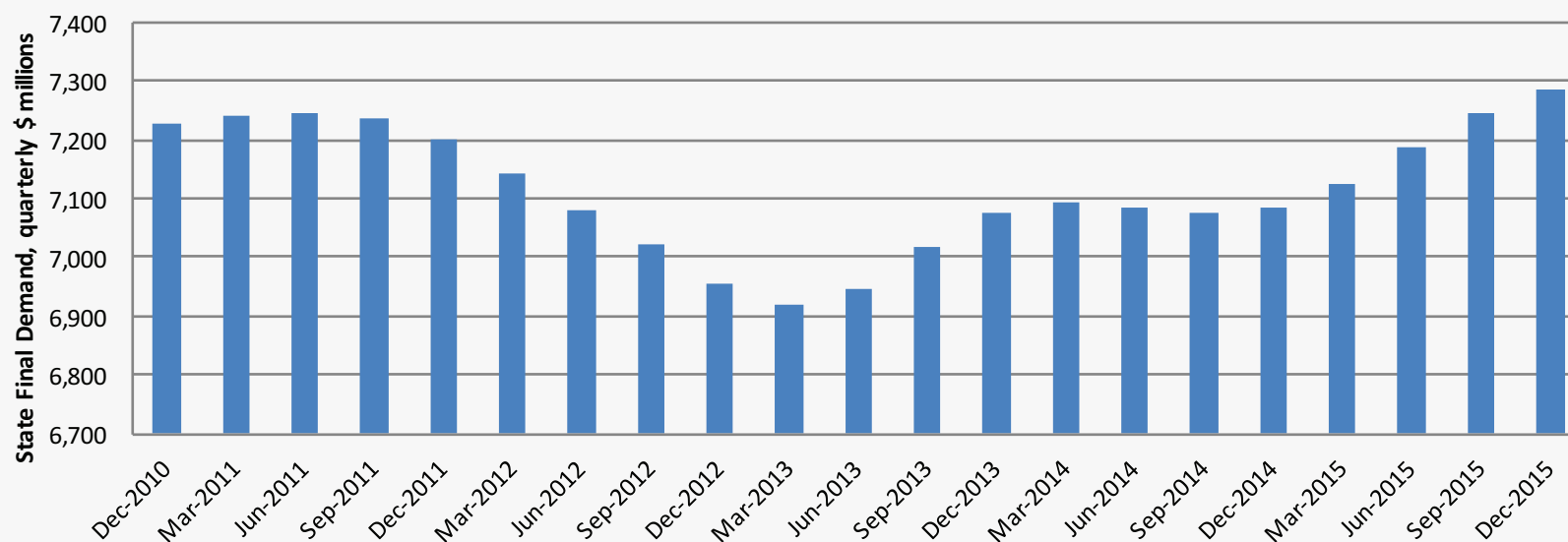
Economic strength  
continues into 2016

# Summary

- Tasmania's economy continues to perform, delivering solid growth over 2015 which is continuing through 2016
- Tourism and export industries are thriving, assisted by, amongst other things, a lower Australian dollar
- Household consumption has been strong and the private sector continues to be the driver of growth
- Conditions in the labour market have moderated however, which is somewhat at odds with strength in the large majority of economic indicators
- The Tasmanian housing market appears to be performing well, with Hobart recording the highest price increase of the Australian Capital Cities in the March quarter
- The outlook for the State remains positive, supported by a lower Australian dollar, improved confidence, low interest rates, and Tasmania's competitive strengths in long term growth industries such as Tourism and Agriculture
- Developments in the labour market will be closely watched over the coming periods.

# The Tasmanian Economy continues to grow

## State Final Demand, Tasmania

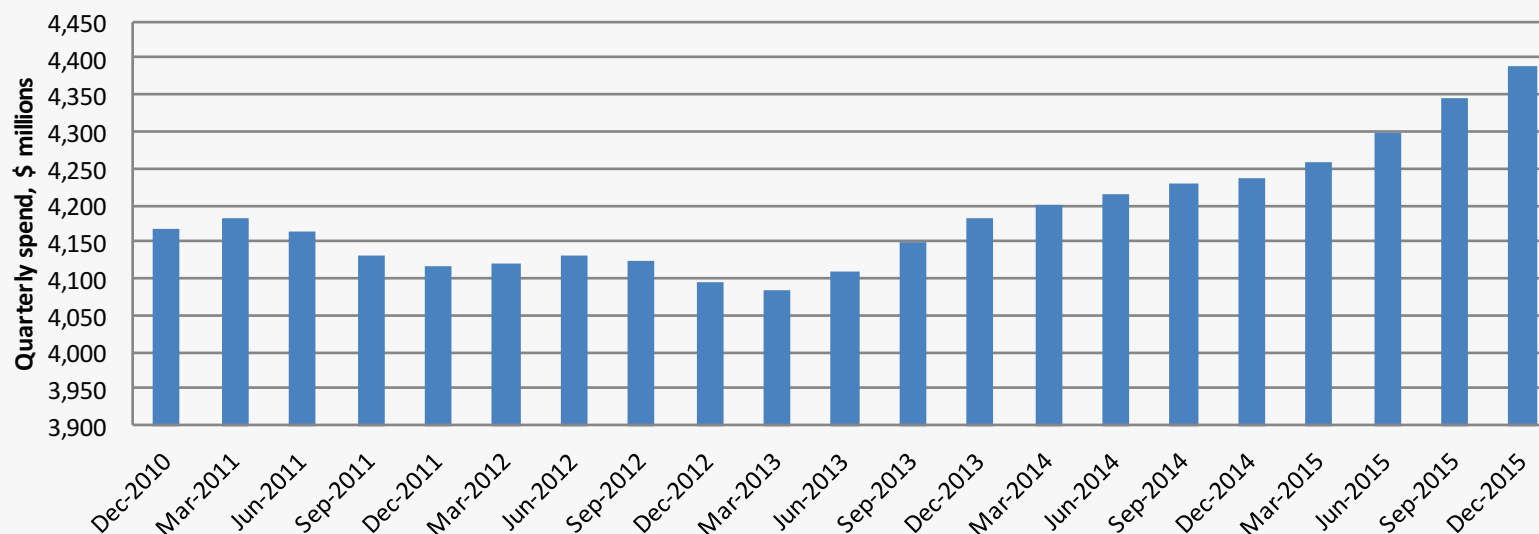


- State Final Demand, a broad measure of economic activity, continues to recover since bottoming in March 2013
- State final demand grew 0.6% in the December quarter and 2.8% over 2015

Source: ABS, current December 15, trend terms.

# Strong household consumption growth has been an important driver of economic activity

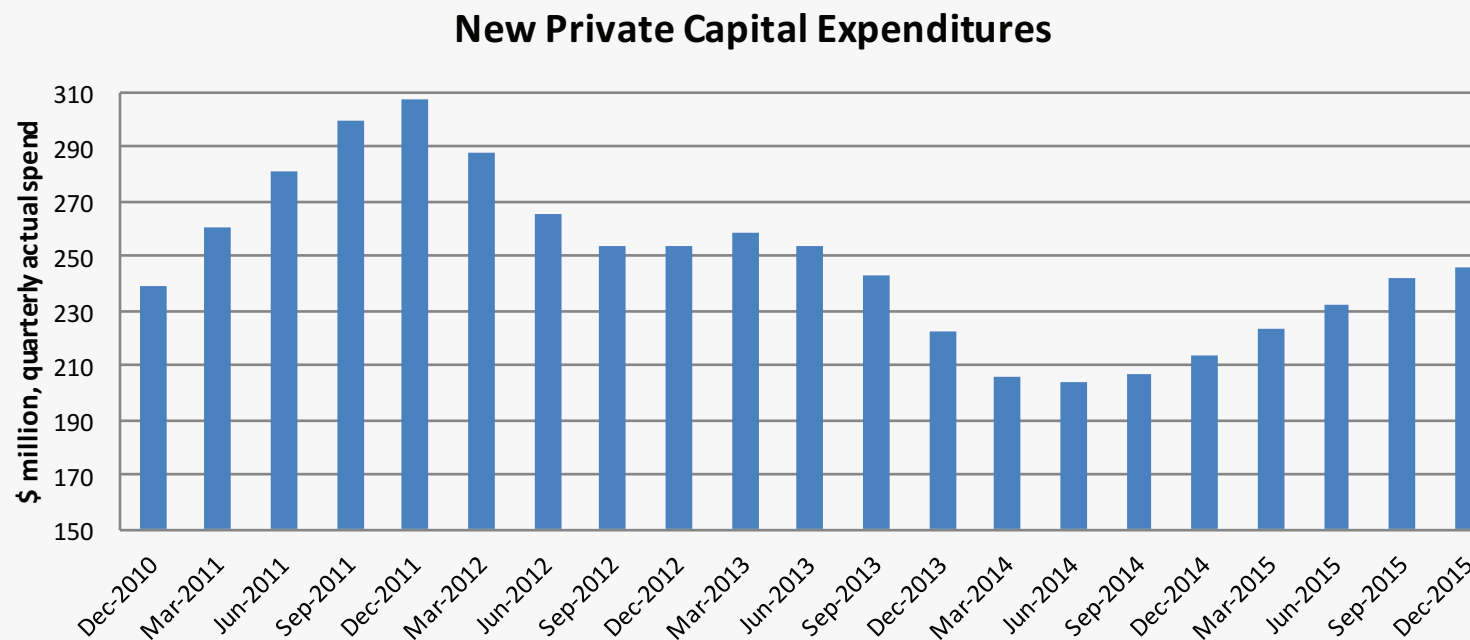
## Tasmanian Household Consumption



- Tasmanian household consumption increased over 1% in the December quarter to be up over 3.5% in 2015

Source: ABS, current December 15, trend terms.

# Private investment in Tasmania has been growing since bottoming in June 2014

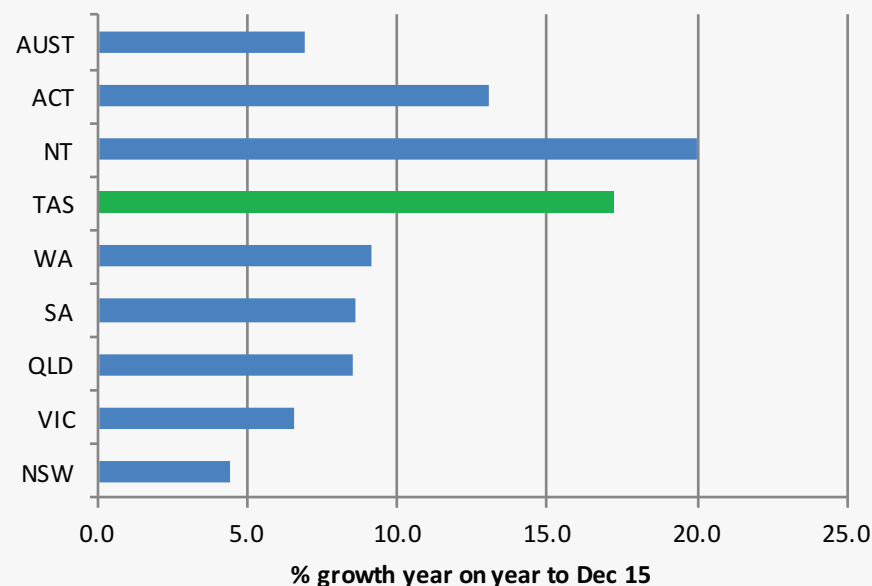


- Increased private investment indicates improved confidence in the Tasmanian Economy
- Private investment remains well below previous peaks

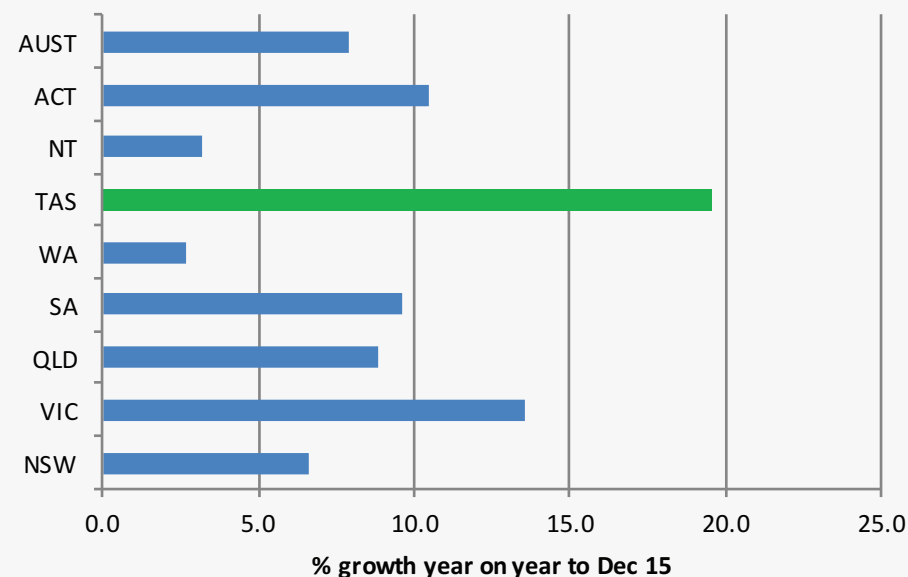
Source: ABS, current December 15, trend terms.

# Tasmania's Tourism industry continues to thrive

## Domestic tourist numbers



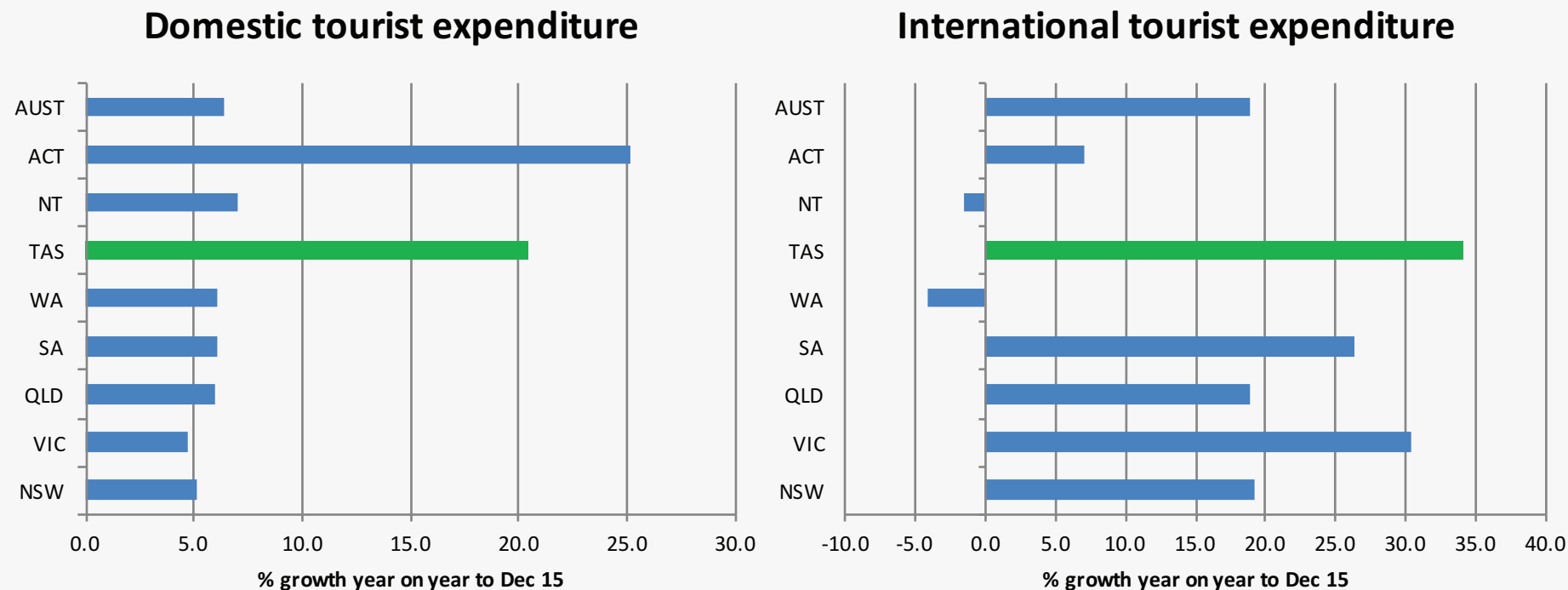
## International tourist numbers



- The number of visitors to Tasmania has increased significantly, driven by both domestic and international tourists

Source: Tourism Research Australia, current December 15.

# Both visitor numbers and expenditure grew substantially through 2015



- ⦿ The amount spent has increased even more than the number of visitors

Source: Tourism Research Australia, current December 15.

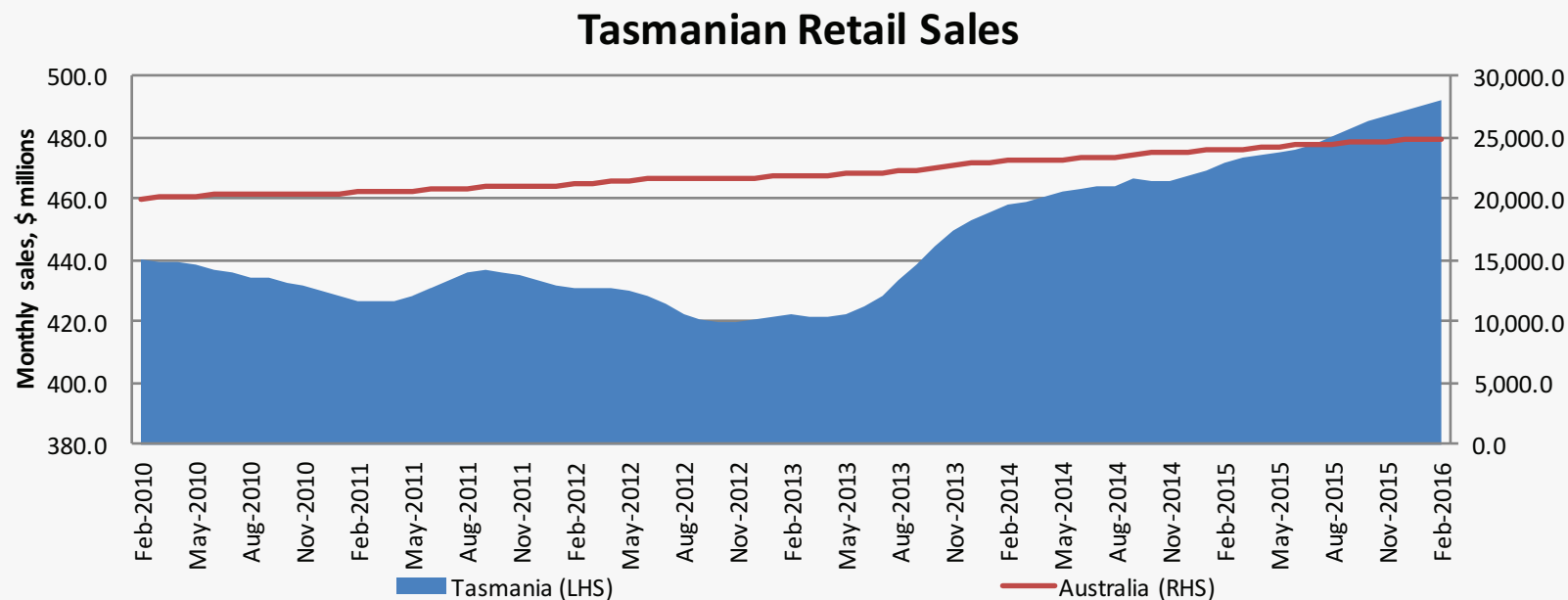
# The lower Australian dollar has also helped Tasmanian good exports



- Exports have increased significantly over the past 6 months after a long decline

Source: ABS, current February 2016, original terms.

# Retail sales remain an area of strength for the Tasmanian economy

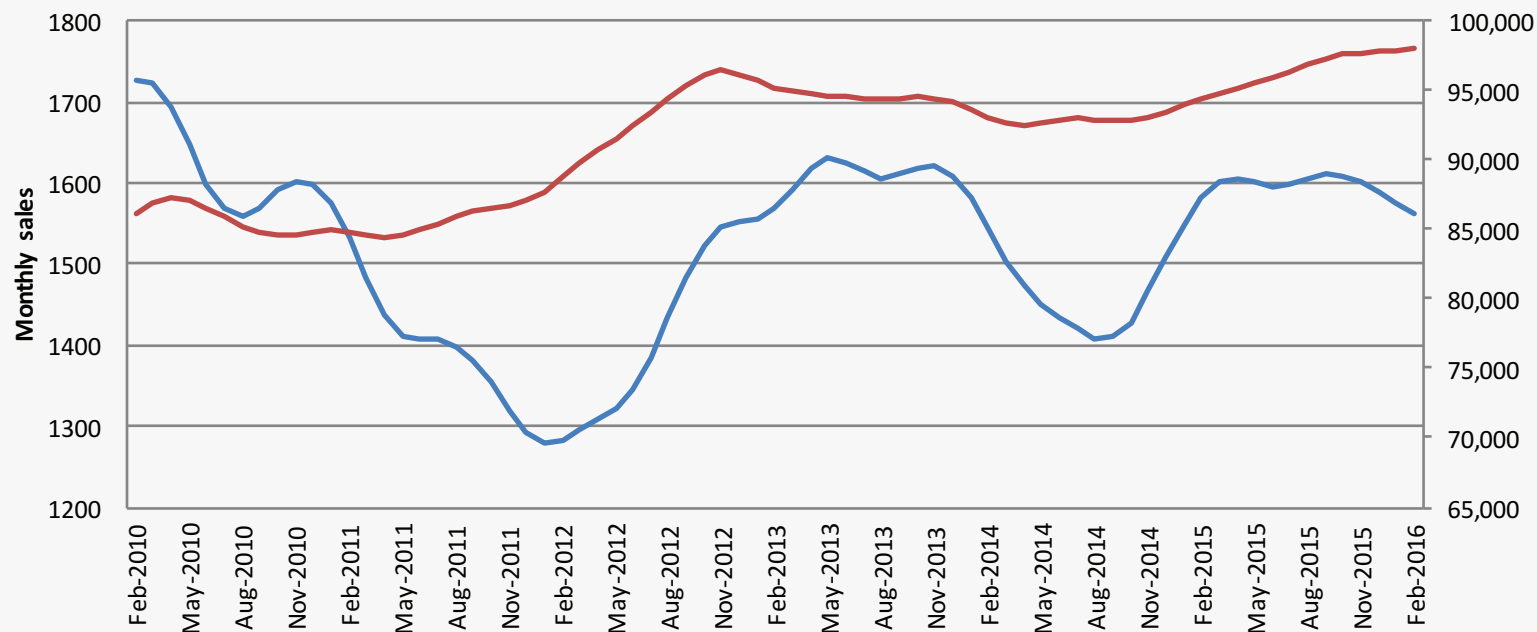


- Retail sales in Tasmania are growing faster than National sales reflecting improved local confidence and a booming tourism sector

Source: ABS, current February 2016, trend terms.

# New motor vehicle sales in Tasmania have however moderated

**New motor vehicle sales – Tasmania V Australia**

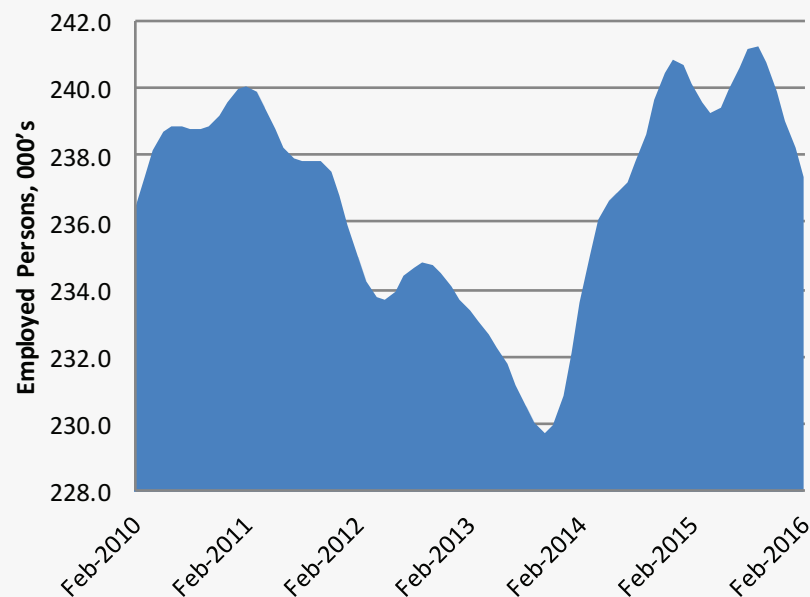


- Sales of new motor vehicles in Tasmania tend to be more volatile than that Nationally

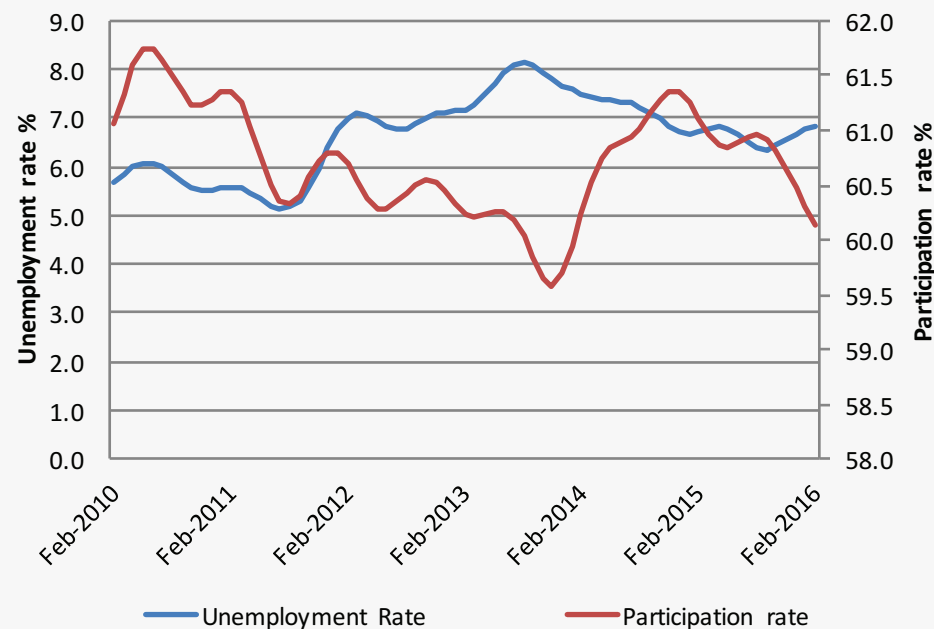
Source: ABS, current February 2016, trend terms.

# The labour market has also softened over the past 6 months following a significant improvement

The number of employed persons has declined more recently but remains above the average of the past 5 years



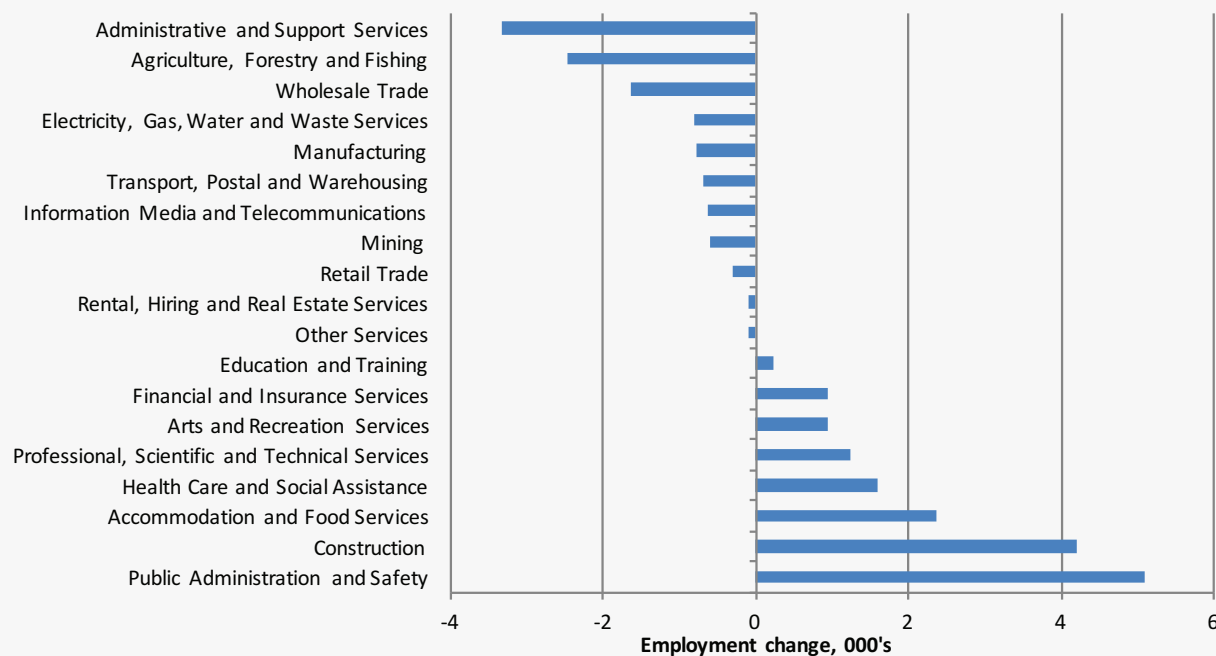
The unemployment rate has ticked up while the participation rate has declined



Source: ABS, current February 2016, trend terms.

# The public sector and the construction industry were the main job creators over the year to February

Tasmanian Employment Growth by Industry, year to Feb 16

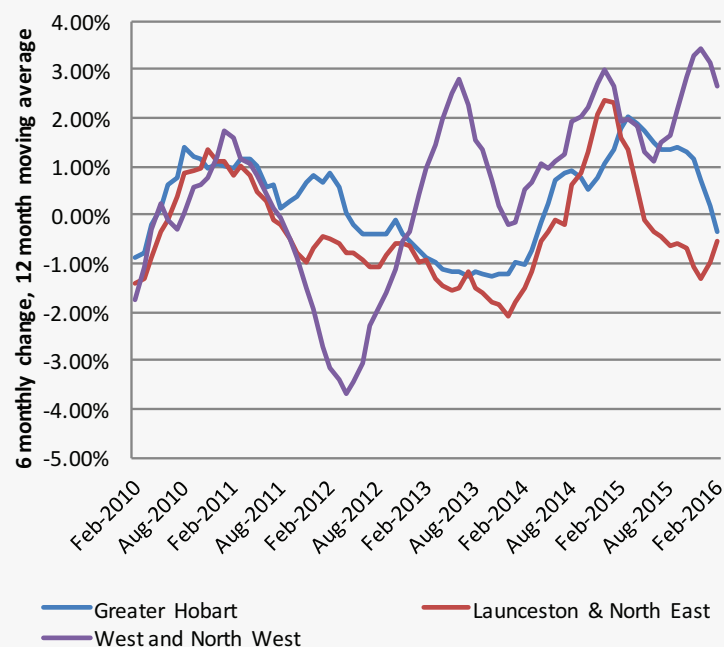


- The public administration and safety sector includes Federal, State & Local Government and legislative, executive and judicial activities.

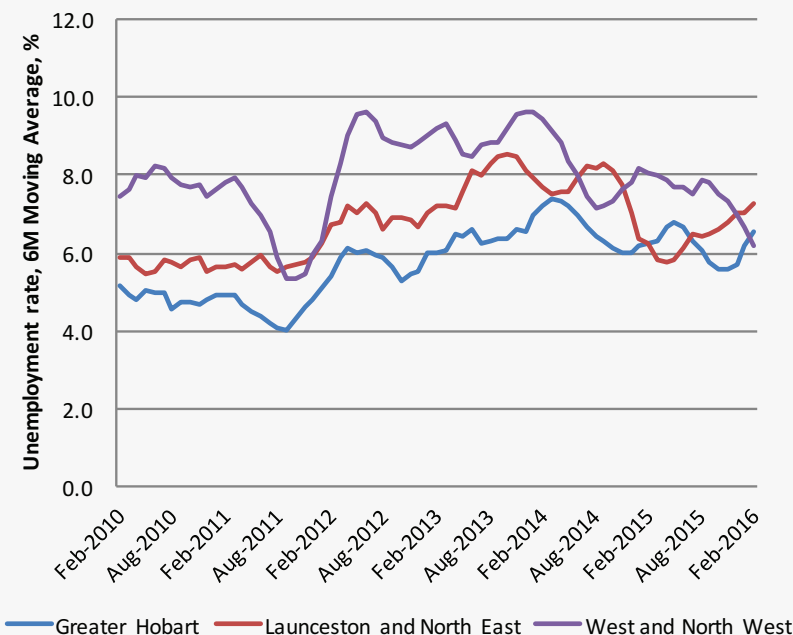
Source: ABS, current February 2016, original terms.

# Labour market softness has been experienced more recently across all major Tasmanian regions

### Regional employment growth



### Unemployment Rate

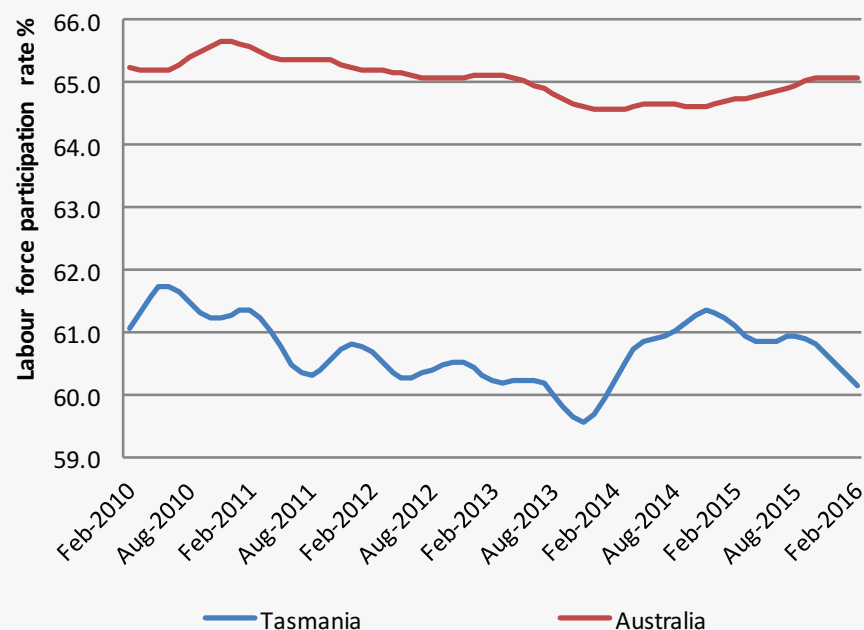


- According to ABS data, the West and North-West region has created jobs over the past couple of years, which is at odds with anecdotal feedback around conditions in the region

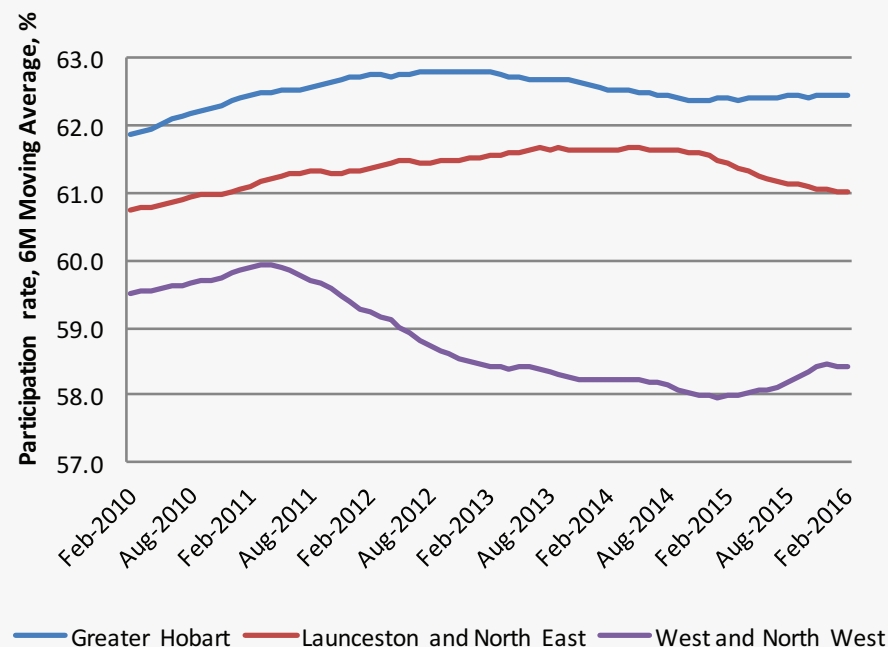
Source: ABS, current February 2016, original terms.

# Labour force participation remains a weakness in Tasmania with economic, demographic and social factors all at play

**Tasmania's labour force participation rate remains well below the National rate**

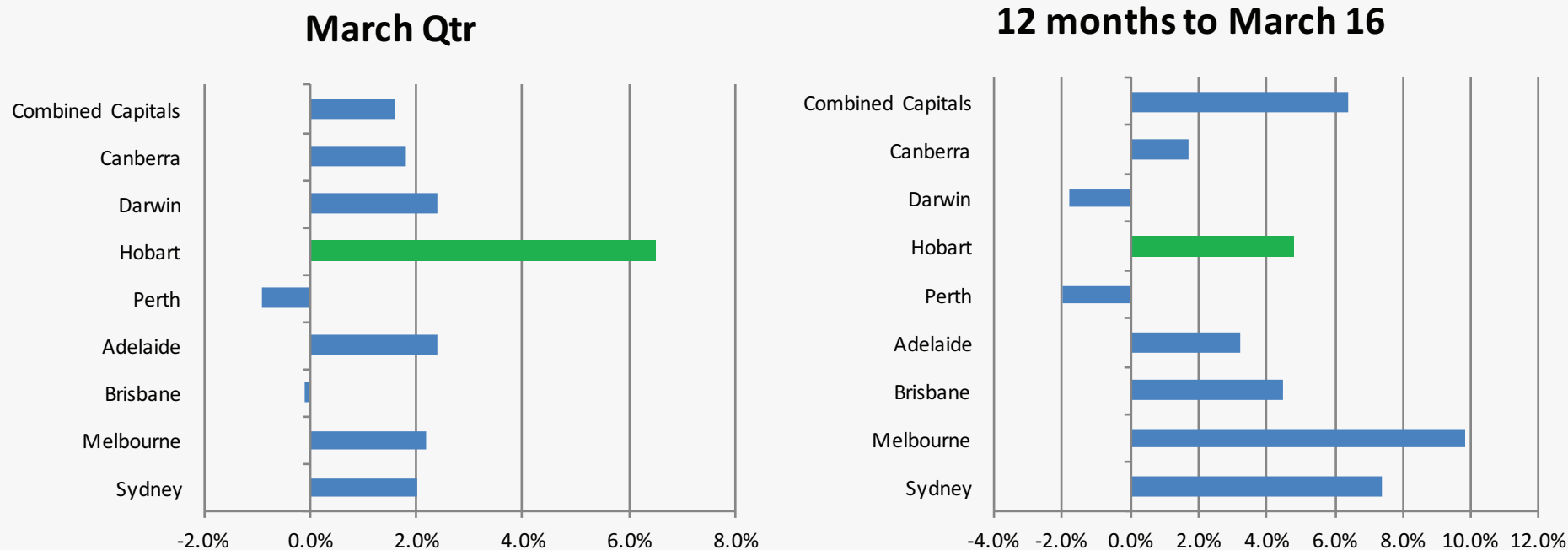


**The participation rate decline in the Launceston and North East region is notable**



Source: ABS, current February 2016, National & State data trend terms, regional data original.

# House prices in Hobart have increased over the past 12 months

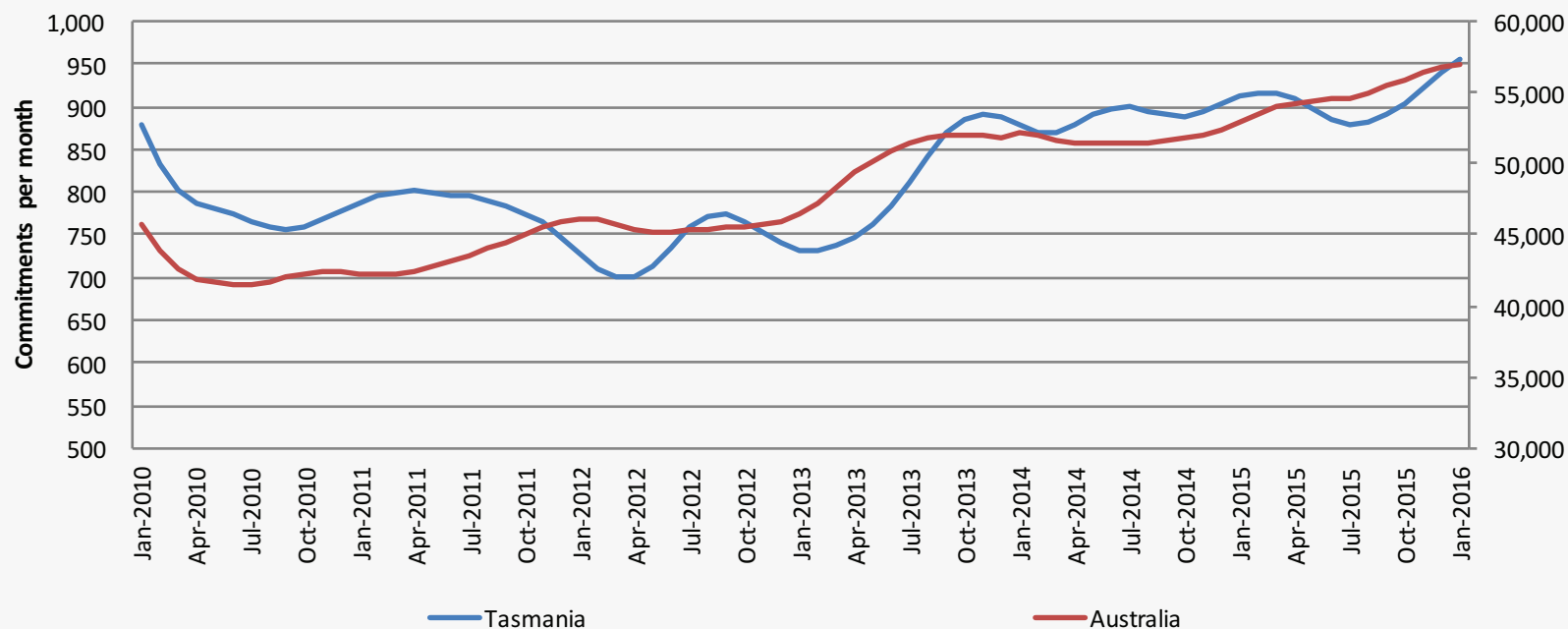


● In good news for Hobart home owners; the Hobart house price increase in the March quarter was the largest of the Australian capital cities

Source: Core Logic RP Data, current March 16.

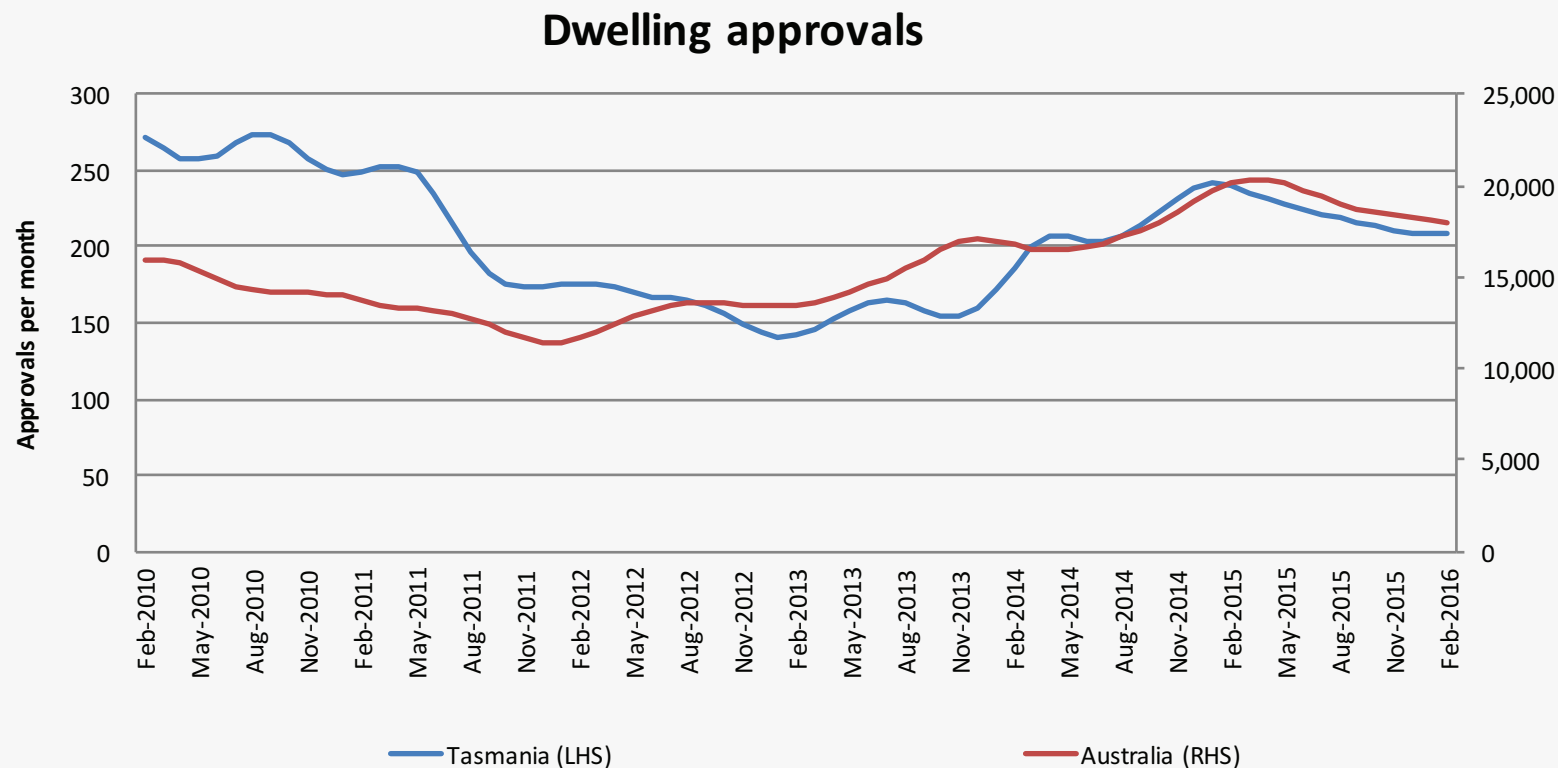
# Housing Finance activity has also picked up

## Owner occupied housing finance commitments



Source: ABS, current January 2016, trend terms.

# Dwelling approvals have however moderated, in line with National trends

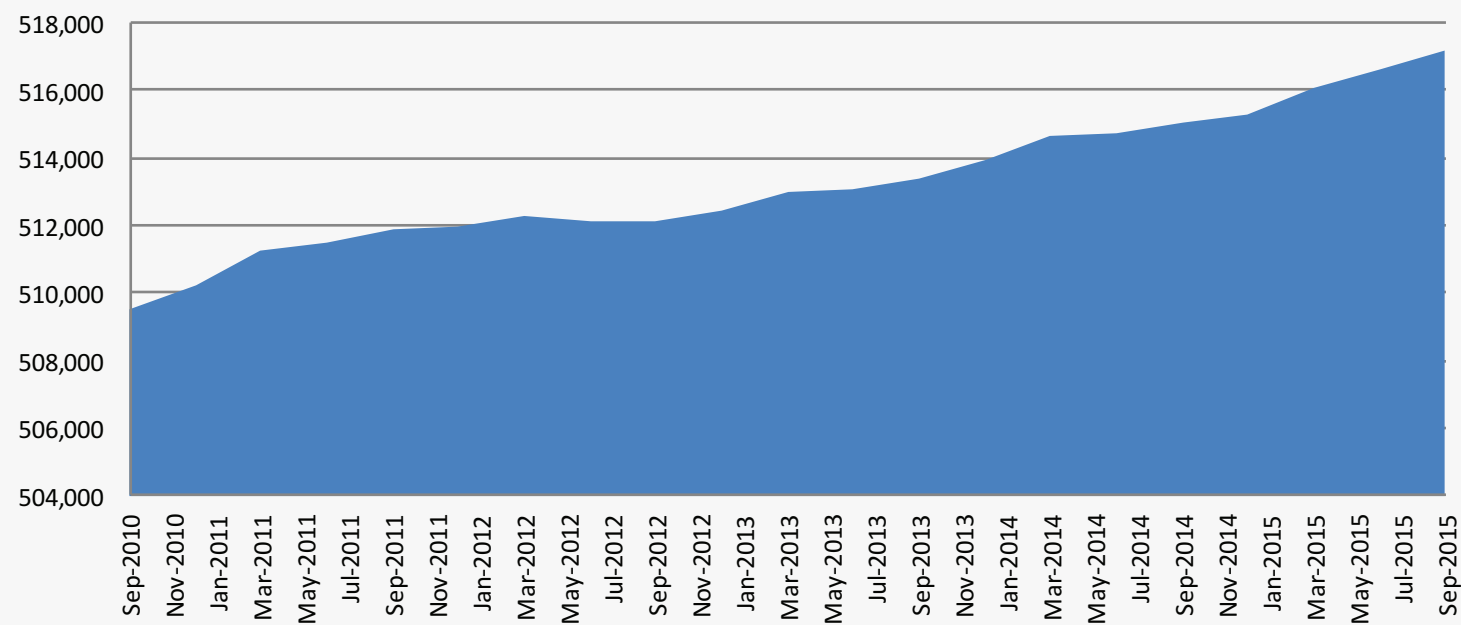


- Indicators however suggest that Construction activity will remain robust for at least the next 6 months

Source: ABS, current January 2016, trend terms.

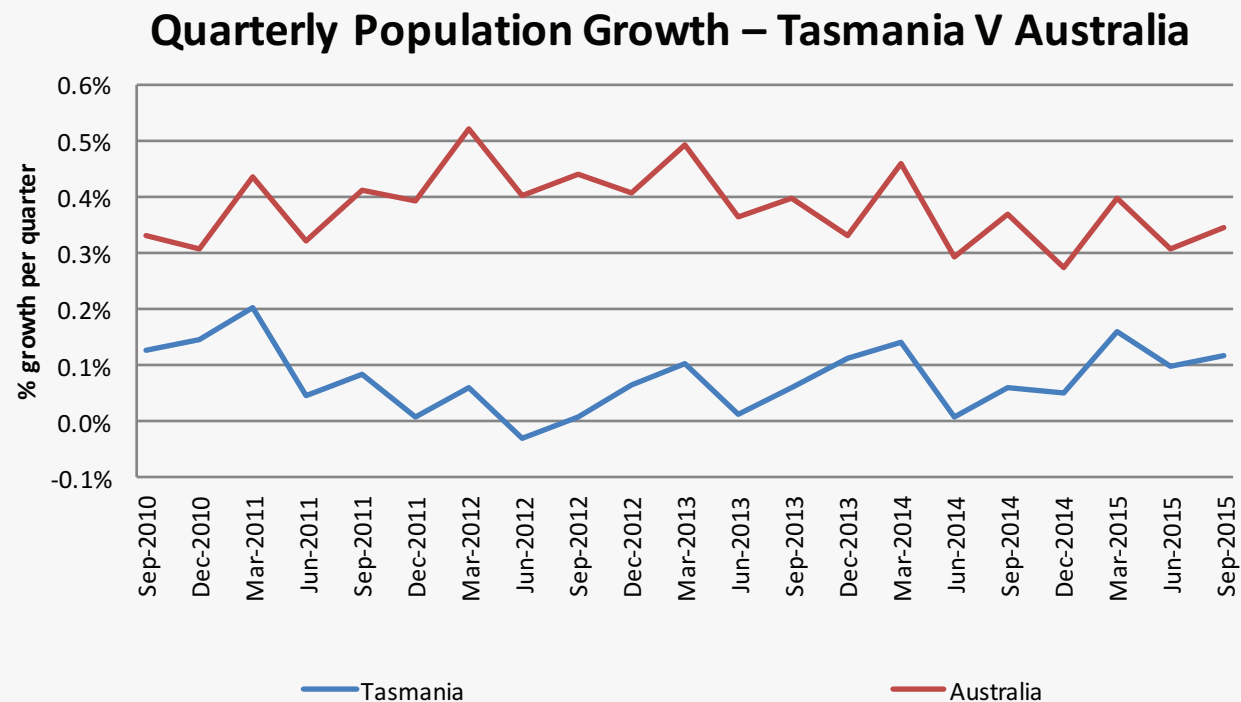
# Tasmania's population continues to grow

## Tasmania's Estimated Resident Population



Source: ABS, current September 15.

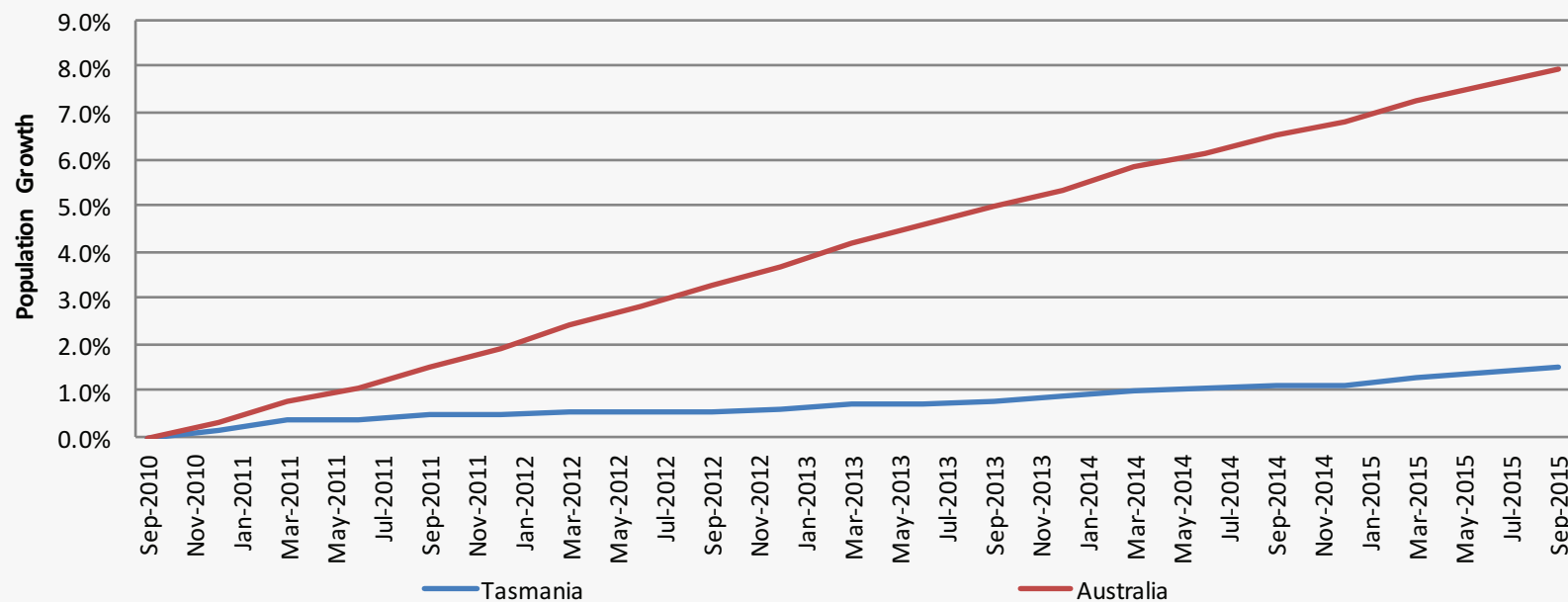
# However, Tasmania's population growth continually lags growth nationally



Source: ABS, current September 15.

# Which makes a big difference over time

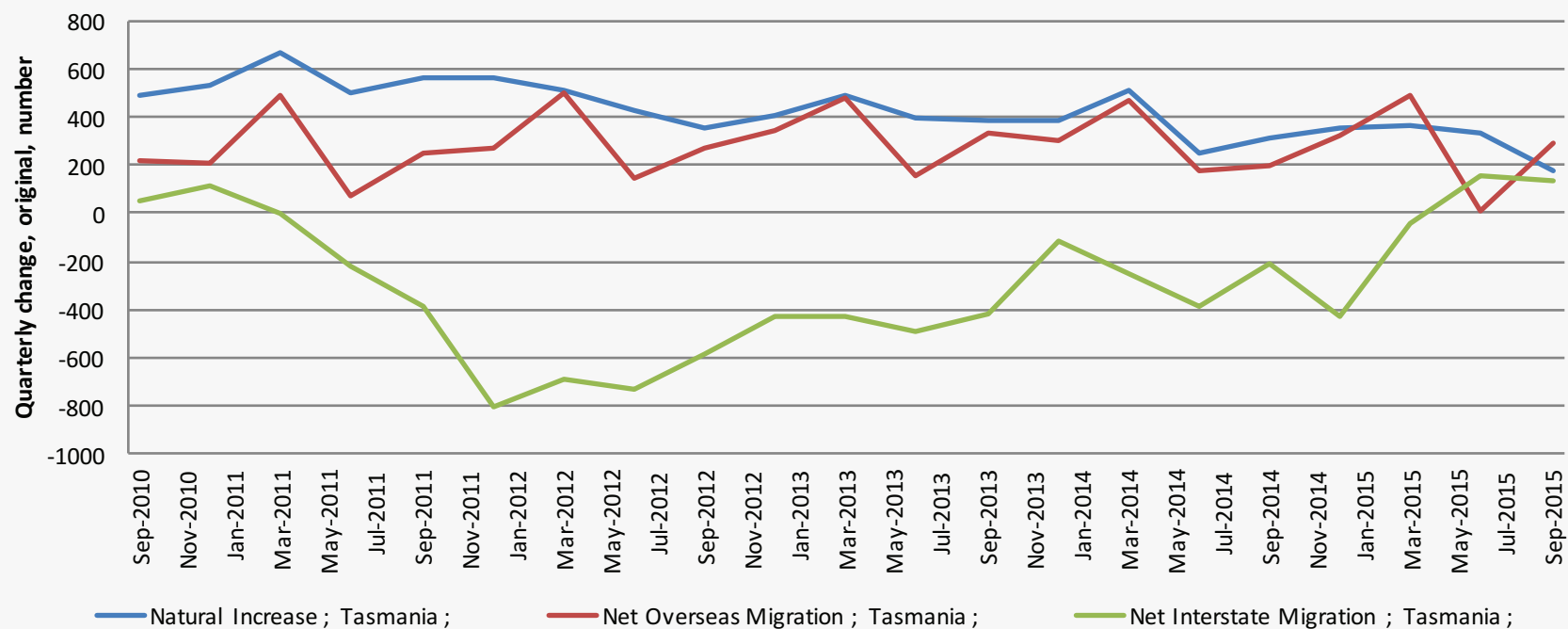
Cumulative population growth since September 2010



Source: ABS, current September 15.

# Net interstate migration into Tasmania has been positive for two consecutive quarters following 18 quarters of decline

### Tasmania's Population Change, Components



⦿ The natural increase in Tasmania's population however (births less deaths) continues to decline.

Source: ABS, current September 15.

# Contact

## Media enquiries

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