

WA surges ahead as Australia's flagship economy

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<http://www.watoday.com.au/wa-news/wa-surges-ahead-as-australias-flagship-economy-20100726-10qyk.html>

July 26, 2010 - 7:36AM

Western Australia has been ranked Australia's best-performing economy, but the fortunes are fading for fellow resource-rich state Queensland, which has claimed the country's economic wooden-spoon.

While the latest CommSec state and territory economic rankings delivered a glowing report for WA, Queensland tied with NSW for last place.

The survey assesses states' economic growth, retail spending, equipment investment, housing, unemployment, construction work and population growth.

The report said Queensland was still suffering from soft tourism demand and a more modest boost from population growth than other states.

CommSec chief economist Craig James said WA was riding high on the back of iron ore demand in China and was out in front because it didn't have the same high reliance on tourism as Queensland.

The report said sunshine state was also experiencing a slower resumption of mining projects compared with Western Australia after the global financial crisis.

Queensland Treasurer Andrew Fraser dismissed the report as unreliable, saying Queensland was at the top of the tree for job generation and migration.

"I don't agree with the methodology that CommSec uses," Mr Fraser said.

"If you look at what the Australian Bureau of Statistics has said in last couple of months, we are number one for generating jobs.

"We remain number one destination for people moving within Australia."

Mr Fraser agreed weaker tourism demand and the strong Aussie dollar was hurting Queensland but new tourism programs were helping to boost domestic visitor numbers.

He said Queensland was suffering from a credit crunch.

"Our banks are more reticent to lend than in other parts of Australia," he said.

"I think that the banks do have a role to play in supporting growth."

Mr James said the result was not all bad news for Queensland.

"This is very much a relative ranking of states and territories," he said.

"It's doing all the right things, the government is investing in infrastructure, roads, bridges, hospitals ... land is being (released).

"Unemployment is relatively low ... wages in Queensland are rising faster than prices, that's good for retail spending.

"House prices are not rising to the same extent of other states that means housing affordability is better."