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The Pinnacles Desert in Nambung National Park, Western Australia

BCEC Quarterly Economic Commentary

Providing quarterly updates and expert commentary and analysis around economic and social indicators for WA.

Authored by Associate Professor Rebecca Cassells, Professor Alan Duncan and Dr Daniel Kiely

About the Bankwest Curtin Economics Centre

The Bankwest Curtin Economics Centre is an independent economic and social research organisation located within the Curtin Business School at Curtin University.

The Centre was established in 2012 through the generous support of Bankwest, a division of the Commonwealth Bank of Australia. The Centre's core mission is to deliver high quality, accessible research that enhances our understanding of key economic and social issues that contribute to the wellbeing of West Australian families, businesses and communities.

The Centre's research and engagement activities are designed to influence economic and social policy debates in state and Federal Parliament, regional and national media, and the wider Australian community. Through high quality, evidence-based research and analysis, our research outcomes inform policy makers and commentators of the economic challenges to achieving sustainable and equitable growth and prosperity both in Western Australia and nationally.

The Centre capitalises on Curtin University's reputation for excellence in economic modelling, forecasting, public policy research, trade and industrial economics and spatial sciences. Centre researchers have specific expertise in economic forecasting, quantitative modelling and economic and social policy evaluation.

Professor Alan Duncan

Positioning for Growth in an Evolving World Order

The latest economic data provide us with increasing confidence that the WA economy is on a modest positive growth trajectory. State Final Demand growth has averaged 0.5% over the last four quarters, 0.6% for the most recent December 2017 quarter. Should such growth patterns continue in the first two quarters of 2018, WA is likely to return to positive, albeit meek, GSP growth for the 2017-18 FY. Compared to national averages, growth in consumption among WA households, the largest component of SFD, remains modest. Low population and wage growth, and lingering unemployment, coupled with the less secure nature of employment, are all contributing factors.

As the season turns to Autumn in WA, Easter provided a good time to reflect on new growth. 2018 is a critical year for the WA economy, both in terms of managing the state finances, and laying the foundations for future growth – a difficult juggling act. The mining sector will continue to play a central role, but developing strategies to promote economic diversification, both within and outside the mining sector are essential. It will take time before new eggs are hatched, and there is a need for patience within the context of short-term political cycles. This quarter we have re-highlighted the importance of mining and China for the WA economy. While this is not new, what is emerging is a new political economy relating to trade and tariffs. It is essential that WA and Australia are well positioned to take advantage of new growth opportunities, and minimise losses from the potential fallouts of a newly emerging world order.

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Associate Professor Rebecca Cassells

WA labour market lagging behind and in need of stimulus

The WA labour market continues to fight against the downturn it has experienced in the last few years, with an ongoing battle ensuing to bring full-time employment in line with, or at least closer to, the national average. Over the last 12 months, full-time employment increased by only 0.8% in the State, while nationally, growth was more than three times as fast, at 3.6%. In the meantime, part-time work is doing most of the heavy lifting for the State's labour market, growing by 5.7% in the year to February 2018 – double the national rate. The majority of states and territories have seen strong full-time employment growth in this same period, with Qld steaming ahead at 5.1%, followed by NSW (4.4%) and SA (3.3%).

The strength of an economy is often reflected in the number of cranes visible across the city skyline – or in WA, the number of ships off the coast of Fremantle. While the mining sector continues to anchor the State's economy, the construction sector has been on a downward spiral with housing finance commitments down 10.4% in the last year compared to growth of 0.1% for Australia, and significant jobs losses in the sector in recent times.

Although the WA economy has made up some good ground over the last year or so, there are still signs that a substantial stimulus is needed to lift it up over the last hurdle and back into the main race – and towards full-time employment.

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Dr Daniel Kiely

Homelessness – a persistent and growing problem across WA regions

A special feature this quarter provides an overview of homelessness in WA. Recently released ABS Census data shows that the homeless rate declined from 4.0 people per 1,000 of the population in 2011, to 3.6 people per 1,000 of population in 2016. However, in absolute numbers, there has been little improvement for WA, with 9,000 people homeless in 2016, a mere drop of 200 people since 2011. By region, examination shows a far more concerning picture, with homelessness revealed as a persistent and growing problem in many areas. While the Kimberley saw a decline in the homeless rate (down 11.1 per 1,000), the number of homeless remains at over 1,200, equivalent to some 25.2 people per 1,000 of the population. Metropolitan Perth saw homelessness rise by 533 people between 2011 and 2016.

Of those homeless, 43% live in severely crowded dwellings, with 22% staying temporarily with other households, and 12% living in improvised dwellings, tents or sleeping out. For Perth City the latter category is as high as 29%. Appropriate housing is an essential first step in supporting those who are homeless or are at risk of becoming homeless. Homelessness can touch all people in our society, and across all age groups, gender and ethnicity. Amongst others, it is associated with other social issues faced by our society, such as domestic violence, physical and mental health problems, and substance abuse. While our State is in a difficult fiscal position, supporting the most vulnerable in our society should be front and centre, with continued and growing support needed for service provision and delivery. The oft used quote from Mahatma Gandhi comes to mind: "The true measure of any society can be found in how it treats its most vulnerable members".

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The BCEC Quarterly Economic Commentary is based primarily on ABS data. Various ABS data is subject to sampling variability and revisions.

WA ECONOMIC OVERVIEW

How is our economy doing?

GSP ⏬ 2.7%

Year-on-year change (June 2017)

SFD ⏫ 0.6%

Quarter-on-quarter change (December 2017)

Business Investment

⏫ 0.9%

Quarter-on-quarter change (December 2017)

Construction Work

⏫ 1.7%

Quarter-on-quarter change (December 2017)

Housing Finance Commitments

⏬ 10.4%

Year-on-year change (December 2017)

Household Consumption

⏫ 0.6%

Quarter-on-quarter change (December 2017)

Inflation and Cost of Living

CPI ⏫ 0.4%

WPI ⏫ 0.3%

Quarter-on-quarter change (December 2017)

Population Change

⏫ 0.3%

Quarter-on-quarter change (September 2017)

Labour Market

Unemployment Rate

⏬ 0.3ppt

Employed Persons

⏫ 2.3%

Year-on-Year change (February 2018)

The BCEC Quarterly Economic Commentary is based primarily on ABS data. Various ABS data is subject to sampling variability and revisions.

How is our economy doing?

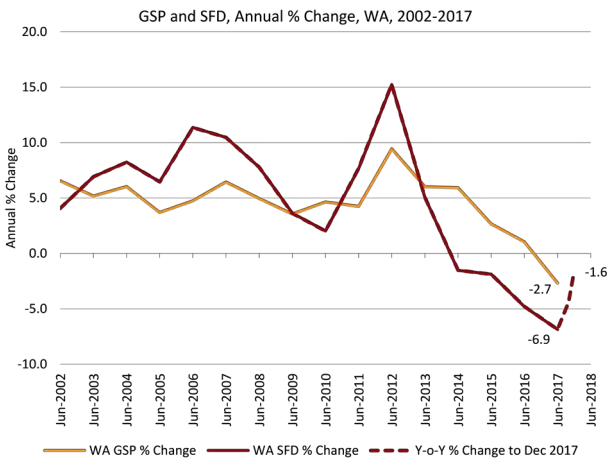
GSP ↓ 2.7%
Year-on-year change (June 2017)

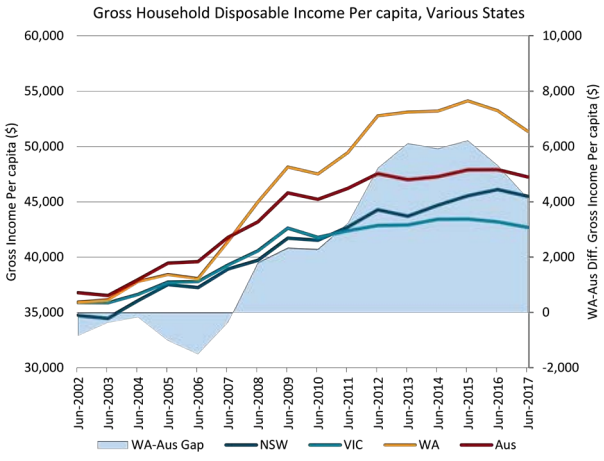
Gross State Product, Household Disposable Income, and State Final Demand

Gross State Product (GSP) is the most comprehensive indicator of the economic value of goods and services produced within a State, and includes net exports (the difference between exports and imports). However, GSP is only published on an annual basis, reporting on data for the financial year. The first BCEC QEC released in December 2017, interrogated the most recent GSP data in some detail. In summary, WA's GSP fell by -2.7% (see Figure 1, LHS), Australia's only state to report a decline in growth that year. The main contributor to this decline was business investment, which fell by -28.6%. A modest increase in household consumption (0.5%), and increases in public consumption (3.1%), exports (6.7%) and a decline in imports (down 3.7%) were insufficient to offset the substantial decline in business investment. While WA's household disposable income per capita also declined to $51,412 (see Figure 1, RHS), an annual average growth of 3.6% in the decade to June 2015 ensured that per capita household disposable income in WA remains above that of NSW ($50,814) and Vic ($42,990).

Despite its limitations (refer to BCEC QEC for details), on a quarterly basis, State Final Demand (SFD) is the best available measure of the demand for goods and services in the economy. While SFD amplifies the swings of economic cycles, annual growth rates in SFD and GSP follow a similar trajectory (Figure 1, LHS). While SFD fell by 1.6% year-on-year (Y-o-Y) to December 2017, this represents a substantial improvement compared with the decline of 8.3% in the year to December 2016. Should the trend continue, annual SFD growth is likely to return to positive territory in the first or second quarter of 2018 – something which was last seen in September 2013.

Figure 1: Gross State Product and Household Disposable Income, various States, 2002 to 2017





Notes: Chain volume; Reference year is 2015/16.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 5220, Table 1, Table 6 and Table 16; ABS Cat 5206, Table 25; ABS Cat 6401, Table 9.

How is our economy doing?

SFD ⇈ 0.6%

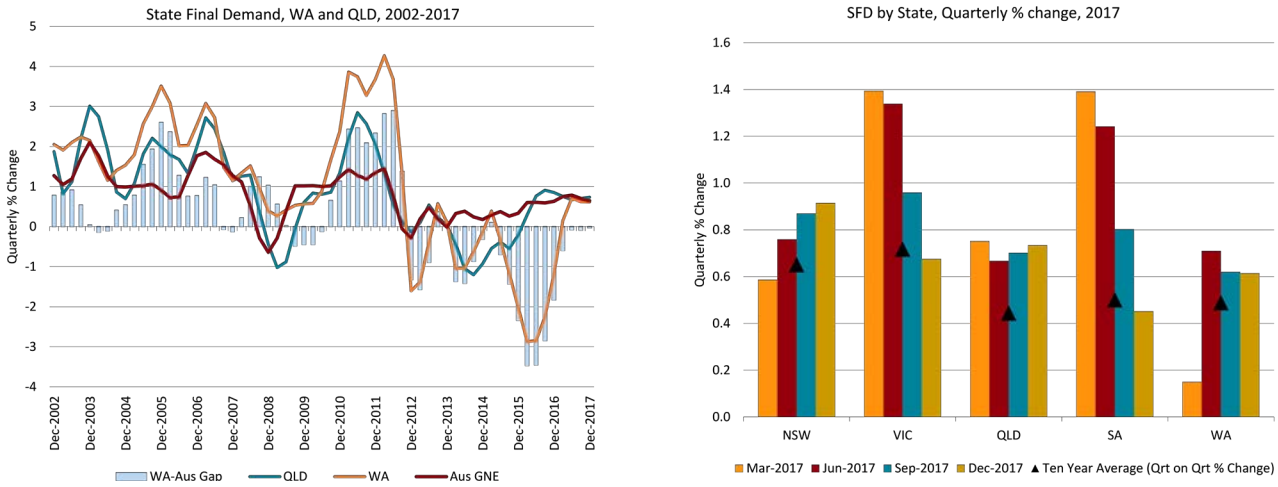
Quarter-on-quarter change (December 2017)

State Final Demand

In real terms, annualised SFD to December 2017 stood at $203,638m, down 14.3% from the peak reached in March 2013 ($237,484m). However, SFD has now increased for the last four quarters (Figure 2, RHS), averaging 0.5%. This is on the back of seven quarters of negative growth in SFD to March 2017.

For WA, in the quarter to December 2017, SFD grew by 0.6%, lying above the State's ten year average quarter-on-quarter growth (0.5%). WA's SFD growth to December 2017 equates to Australia's Gross National Expenditure (GNE), an equivalent measure of SFD for the national economy, meaning a negligible gap between WA and Australia (Figure 2, LHS). Keeping the limitations of SFD in mind, data for the last four quarters provide positive news for WA's growth trajectory, which, should such continue over first two quarters of 2018, is likely to be reiterated in the GSP figures released later in the year.

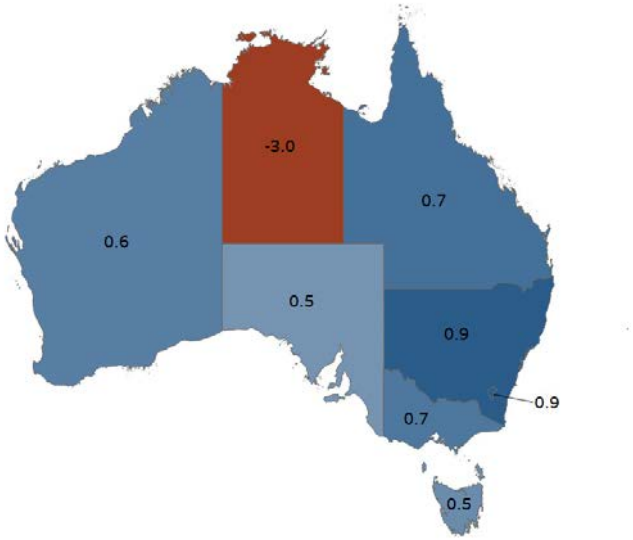
Figure 2: State Final Demand, 2002 to 2017



Notes: Chain Volume; Trend; Australia refers to the average percentage change for all States in Australia.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 5206, Table 25.

Figure 3: State Final Demand, Australian States and Territories, December 2017



In Focus: Industry Share of Gross Value Added, WA and Qld

A further point of interest from the Figure 2 (LHS) is the similarity in the historical SFD growth patterns between the two mining states of WA and Qld. However, there are periods of divergence, the most notable is the period between March 2015 and September 2017. A high level investigation into this divergence shows that, relative to Qld, WA has a larger proportion of its eggs in fewer baskets. It is stating the obvious to say that, due to natural resource endowments, WA relies heavily on the mining sector. What is not as clearly understood is that while Qld is often touted as having a similar economy to WA, the States' industry compositions are quite different (Table 1 and Figure 4). While mining is the largest industry for both States, for Qld the mining sector holds a 10.8% share of GSP, compared to 32.7% for WA. WA's mining sector value sits at $72,261m over double that of Qld ($29,854m).

At first glance, it would appear that the WA economy is less diversified. However, by definition, the large share of WA's mining sector implies a smaller share being held by the remaining sectors relative to WA. However, on a per capita basis, WA's GVA is higher for all industries bar two – electricity, gas, water and waste services, and accommodation and food services.

That said, WA's top 5 industries equate to almost 60% of GVA, compared to 45% for Qld. Looking at this another way, of the 19 industry groups, the smallest 7 industries comprise only 12.6% of WA's GSP. For Qld the smallest 7 industries make up over 18% of GSP (Figure 4). This has left the WA economy more exposed to any slowdown in growth in mining and construction, the result of which came through in last year's negative GSP growth (down 2.7%) for WA.

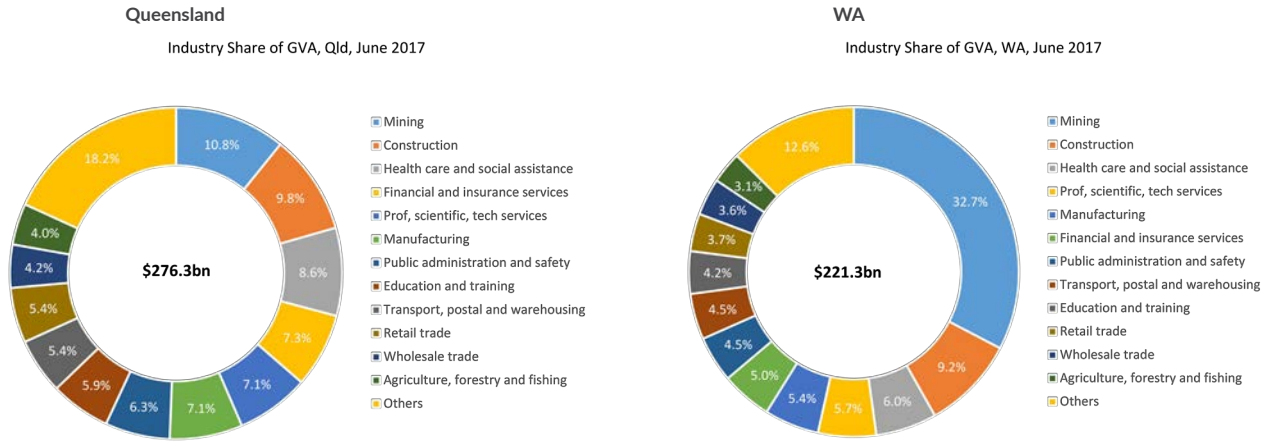
Table 1: Industry Share of State Gross State Product, WA and Queensland, June 2017

	Qld			WA		
	$m	per capita ($)	% Share	$m	per capita ($)	% Share
Agriculture, forestry and fishing	11,136	2,260	4.0	6,842	2,652	3.1
Mining	29,854	6,057	10.8	72,261	28,004	32.7
Manufacturing	19,613	3,980	7.1	11,862	4,597	5.4
Electricity, gas, water and waste services	9,786	1,986	3.5	4,566	1,770	2.1
Construction	26,965	5,471	9.8	20,296	7,866	9.2
Wholesale trade	11,601	2,354	4.2	8,053	3,121	3.6
Retail trade	14,859	3,015	5.4	8,167	3,165	3.7
Accommodation and food services	8,257	1,675	3.0	4,066	1,576	1.8
Transport, postal and warehousing	15,004	3,044	5.4	9,958	3,859	4.5
Information media and telecommunications	4,765	967	1.7	2,614	1,013	1.2
Financial and insurance services	20,072	4,073	7.3	11,018	4,270	5.0
Rental, hiring and real estate services	9,758	1,980	3.5	5,587	2,165	2.5
Professional, scientific and technical services	19,670	3,991	7.1	12,588	4,878	5.7
Administrative and support services	9,401	1,907	3.4	6,255	2,424	2.8
Public administration and safety	17,435	3,538	6.3	10,007	3,878	4.5
Education and training	16,204	3,288	5.9	9,222	3,574	4.2
Health care and social assistance	23,685	4,806	8.6	13,250	5,135	6.0
Arts and recreation services	2,393	486	0.9	1,279	496	0.6
Other services	5,855	1,188	2.1	3,409	1,321	1.5
Total all industries (19)	276,313	56,065	100.0	221,300	85,763	100.0

Notes: Notes: Total is for the 19 industry sectors, and does not include Ownership of dwellings and Statistical discrepancies.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 5220, Table 4 and Table 6.

Figure 4: Industry Share of GVA, WA and QLD, June 2017

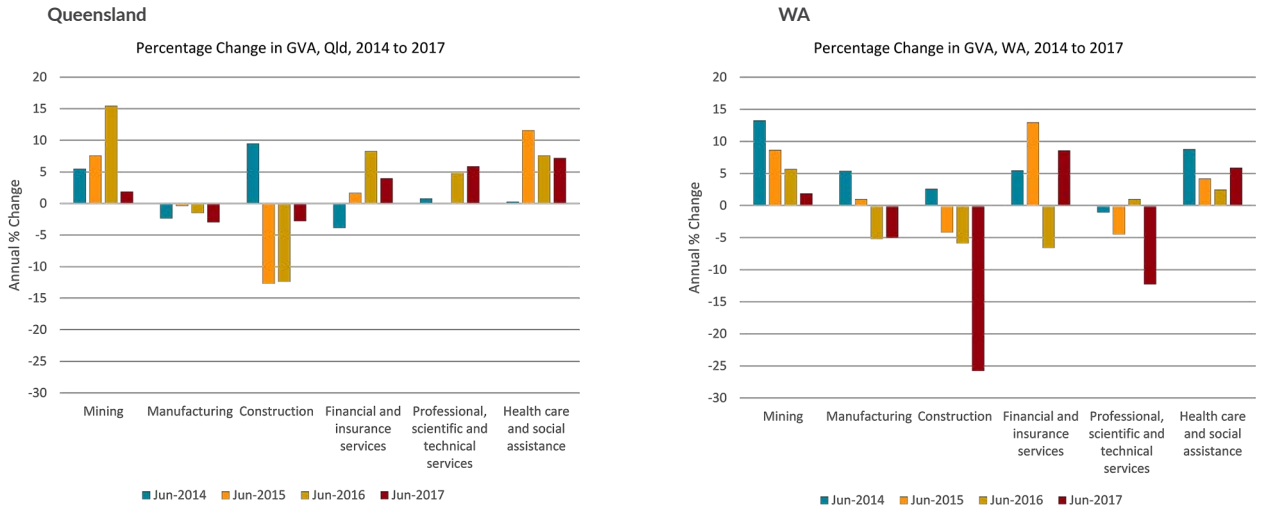


Notes: Notes: Top 12 industries selected for each state. Others relates to the share of the remaining 7 industry sectors. Total value is for the 19 industry sectors, and does not include Ownership of dwellings and Statistical discrepancies.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 5220, Table 4 and Table 6.

Figure 5 outlines the changes in GVA for the top six industries in boths States over the last four years. For WA, the mining sector experienced a continuous decline in GVA growth over the period, while for Qld, there were increasing growth levels for mining to June 2016. While both States saw declines in construction, the deterioration of WA's construction sector was particularly large in 2017. Over the period 2014 to 2017, in those years reporting negative industry growth, WA's declines (percentage) were also larger in manufacturing, financial and insurance services, and professional, scientific and technical services. While growth periods in WA's financial and insurance services industry have outweighed those in Qld, growth in the larger health care and social assistance sector were, on average, greater for Qld (averaging 6.7%) than WA (averaging 5.4%).

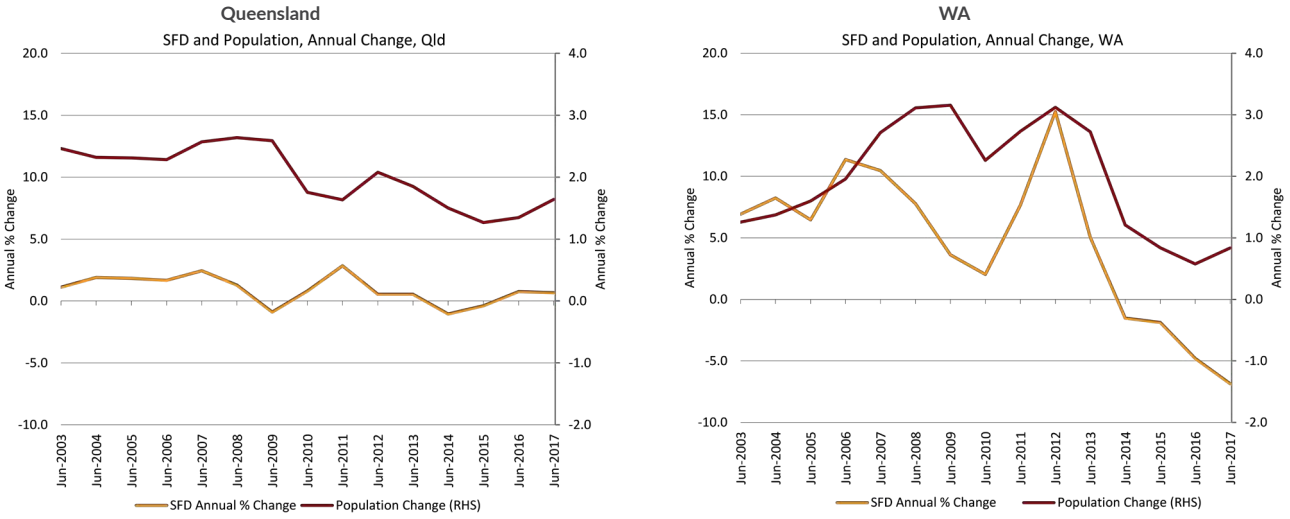
Figure 5: Percentage Change in GVA, Selected Industries, WA and QLD, 2014 to 2017



Notes: Notes: The top six industries by share of GVA are common to both states, although with a different order.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 5220, Table 4 and Table 6.

There is a clear relationship between SFD and population growth, as visible in Figure 6 below. Coupled with lingering unemployment, low wage growth and a related lack of consumer and business confidence, there is no doubt that the slowdown in WA's population growth has kept growth in the demand for goods and services in the domestic economy modest. Of course other factors are at play. Economists often talk about the importance of the three Ps for economic growth. Along with population growth, productivity and labour force participation are also key elements, an investigation of which is beyond the scope of this release.



Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 5206, Table 25; ABS Cat 3101, Table 4.

So what does all of this imply? The Easter period has provided a good time for reflection, with eggs, baskets and a time for new growth all metaphors coming to mind. While challenging within the State's current finance purse, the WA government must continue in its attempt to diversify the economy. BCEC has reported on key industries with additional growth potential, such as Agriculture and Agribusiness and International Education. The latter sector has continued to experience declines. International education also has strong ties to tourism, through visiting family and friends, return visits from alumni, and with word of mouth often the best form of marketing. Policy must remain relevant and reactive to support new and emerging industries.

Of course mining is the primary industry for WA, and will remain so. This is not a bad thing. Any growth in mining (and diversification within the basket of mining commodities) that may occur, will bring significant positive multiplier effects across the economy, including increased employment, population and wage growth. However, with a longer term horizon in mind, greater diversification both within and outside of the mining sector, will place current and future WA generations in better stand.

Components of State Final Demand

Returning to WA's SFD, what are the components laying behind the headline growth figure of 0.6% for the December 2017 quarter in WA? Table 2 shows the quarterly percentage change in the key components of SFD for the states, with the equivalent GNE for Australia. Highlights will be discussed here, with more detailed commentary around the two largest components – household consumption and business investment, to follow in later sections.

For WA, household consumption expenditure accounts for almost 53% of SFD (42% share of GSP) and has been a primary driver for recent growth in SFD, growing by 0.6% for the December quarter. This displays a growing confidence amongst consumers. However, constrained by low wage growth, and lingering employment uncertainties, such confidence remains soft in comparison to other states (with the exception of Qld). WA's household consumption growth remains below the Australian average (0.8%) and WA's ten year average growth (0.7%).

Given the fiscal repair measures which continue to be rolled out by the McGowan Government, growth in national government expenditure (0.4%) was offset by the decline in the much larger state and local government consumption expenditure (-0.3%). The latter accounts for 12.6% (share) of SFD, compared to a share of 5.5% for national government expenditure. At the state level, fiscal repairs can be expected for some time to come, so additional growth is unlikely to come from this source in the foreseeable future.

That brings us to Gross Fixed Capital Formation (GFCF). Private GFCF (24.2% share of SFD) increased by 0.5% in WA, above the national figure (0.4%). In the height of the mining boom, Private GFCF was a major source of growth, with its major component, business investment, discussed in further detail in relation to Figure 7. Public GFCF also grew strongly, although holding less weight with a SFD share of 4.8%.

Table 2: Components of State Final Demand by State and Territory, Quarterly Percentage Change, December 2017

Components | State	NSW	VIC	QLD	SA	WA	AUS
			Percentage Change			
State Final Demand	0.9	0.7	0.7	0.5	0.6	0.6
Final consumption expenditure						
General government	0.2	0.7	1.4	0.1	0.0	0.7
Households	0.8	1.0	0.5	0.7	0.6	0.8
Gross fixed capital formation						
Private	1.3	-0.6	1.3	-1.2	0.5	0.4
Public	1.6	0.5	-1.8	2.9	1.8	0.7

Notes: Notes: Chain Volume; Trend; Australia data refers to Gross National Expenditure and its various components.
Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 5206, Table 2 and Table 25.

Business Investment

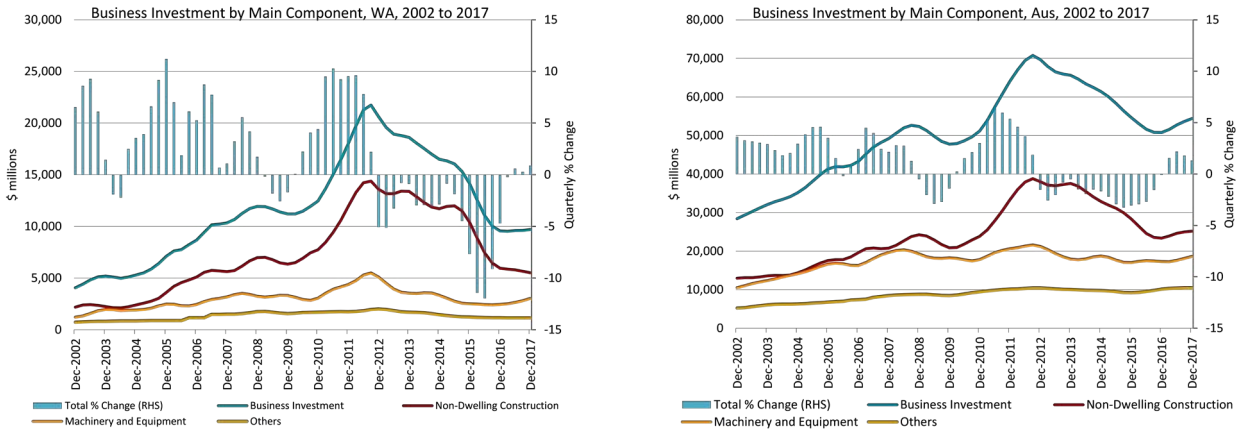
0.9%
Quarter-on-quarter change (December 2017)

Business Investment

During WA's economic boom (construction phase), business investment was a key source of economic growth, and in turn for the Australian economy (Figure 7). As we moved to the production phase of mining, and coupled with global uncertainty and declining commodity prices, growth in WA's economy has declined.

For the December 2017 quarter, business investment in WA grew at 0.9%, modest relative to the 1.3% reported for Australia. Decomposing business investment into its major components shows the continuing decline of non-dwelling construction in WA (-2.4%), though it is increasing across Australia (0.7%). While the majority of the construction works that created the mining boom in WA are gone for now, there is strong output from existing mines, which requires employment through operational and maintanence works. There is also a need for continued investment in machinery - the smaller component of business investment. This has been the driver of WA's business investment growth in recent quarters, growing at 7.7% to Decemner 2017, much larger than Australia's 2.9% growth.

Figure 7: Business Investment, WA and Australia, Quarterly, 2002 to 2017



Notes: Chain volume; Trend. Business investment is Private Gross Fixed Capital Formation, excluding Dwellings and Ownership transfer costs. Others includes Intellectual Property products and Cultivated biological resources.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 5206, Table 2 and Table 30.

Household Consumption

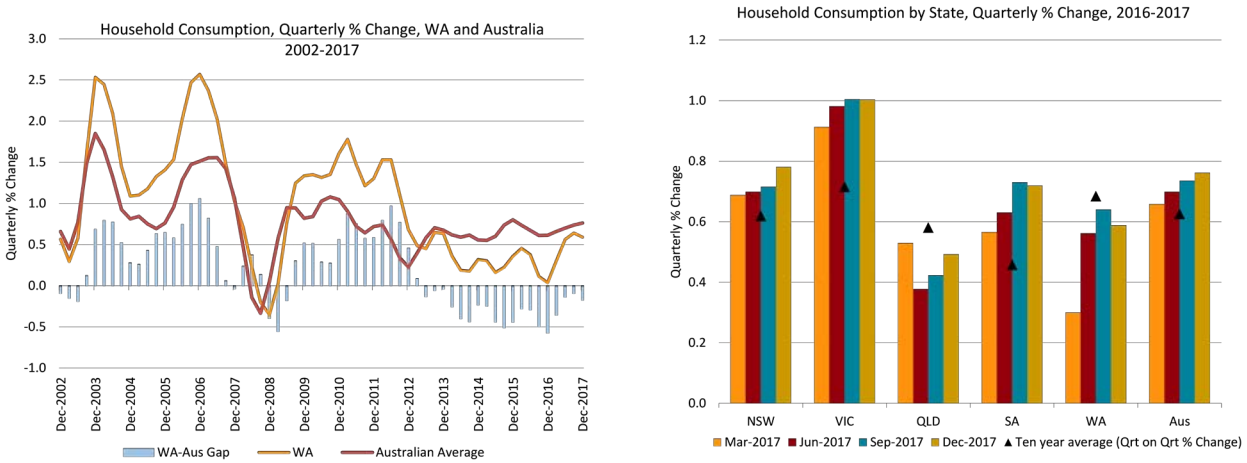
0.6%
Quarter-on-quarter change (December 2017)

Household Consumption

Household consumption is a key component of SFD (53% share) and GSP (42% share), and an important driver of WA's economic growth. Since March 2009, household consumption has been positive in WA, with growth in WA above the national average between September 2009 and June 2013. However, since then, as indicated by the WA-Aus gap in Figure 8 (LHS), household consumption growth in Australia has exceeded that of WA. This trend has continued in the December 2017 quarter, with household consumption growth of 0.6% in WA compared to 0.8% for Australia (Figure 8 RHS).

In the year to September 2017, WA's household consumption growth was converging back to the Australian average (Figure 8, LHS). However, the recent quarter shows a divergence emerging once again. WA's household consumption growth remains sluggish relative to most other state jurisdictions. While there have been signs of improving consumer confidence over the last year, low wage growth, and continuing uncertainties in the WA labour market, including increased part-time and casual work, continue to hold consumer spending patterns back from the State's longer term average household consumption growth of 0.7% (Figure 8, RHS). Population growth is a further factor, with WA's average population growth in the year to September 2017 equal to 0.2% compared to 0.4% for Australia.

Figure 8: Household Consumption Growth, WA and Australia, 2002 to 2017



Notes: Chain volume, Trend.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 5206, Table 25.

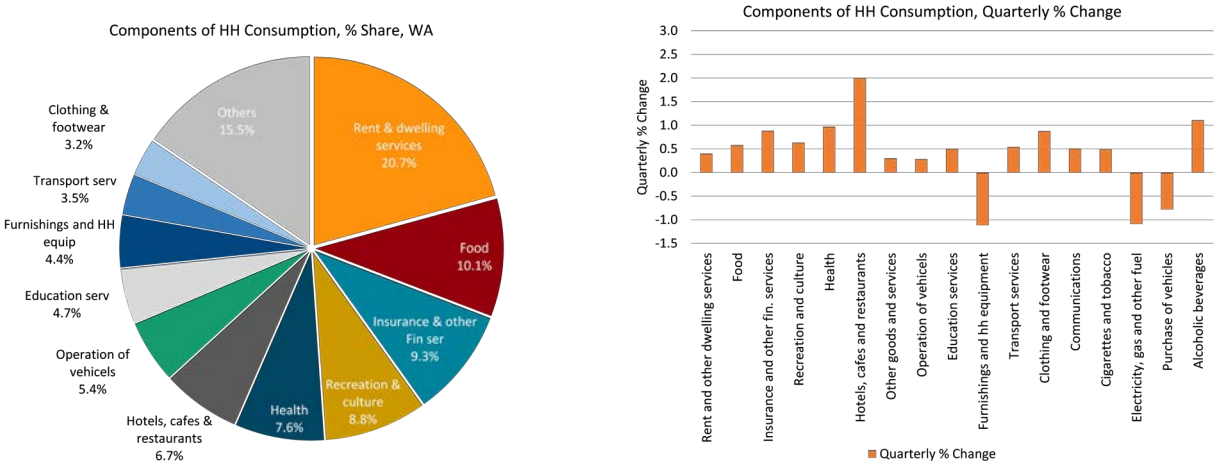
Components of Household Consumption

What are the drivers behind WA's household consumption growth? Figure 9 (LHS) shows the shares held by the various components of household consumption. Rent and dwelling services holds the largest share at 20.7% followed by food (10.1%), insurance and other financial services (9.3%), recreation and culture (8.8%) and health (7.6%).

The December 2017 growth for these components are displayed in Figure 9 (RHS), ranked in order of share. The Ashes cricket series was a key driver of growth in the hotels, cafes and restaurants sector (2.0%), and reiterates the importance of such events as drawcards to the WA economy. This is also a key sector for youth employment, and so, growth in this sector will aid in addressing the high youth unemployment rates in WA as pointed out in a previous BCEC Monthly Labour Market Update.

Health also saw reasonably good growth (1.0%), along with insurance and other financial services (0.9%), with increased food prices keeping growth across the food category more mosest (0.6%). The decline in furnishings and household equipment (-1.1%) is a likely testament to the perception of these products as luxury items, for which houeseholds are refraining from purchasing. Falls in electricity usage was the main driver behind the decline in electricity, gas and other fuels (-1.1%).

Figure 9: Components of Household Consumpton in WA, % Share and Quarterly % Change, December, 2017



Notes: Chain volume; Trend. Shares based on current prices. Components are ranked based on percentage share.
Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 5206, Table 30.

Retail Trade

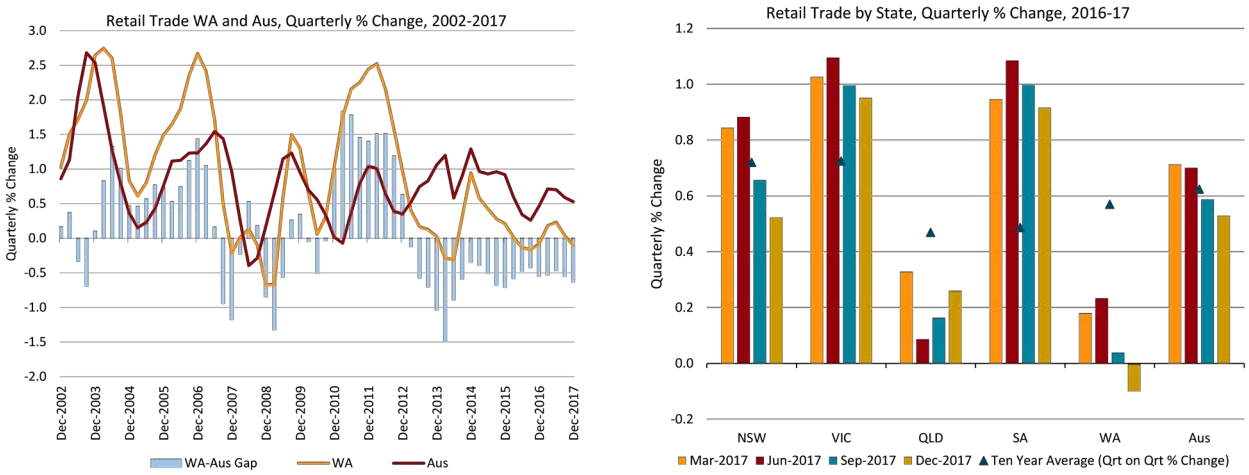
0.1%

Quarter-on-quarter change (December 2017)

Retail Trade/Turnover

On the back of three consecutive quarters of positive retail trade growth (Figure 10, RHS), growth for December 2017 in WA was -0.1%, the only state to report negative growth. With the exception of Qld, retail trade growth was down across the states relative to September. However, other States, growth was down on the back of strong growth in previous quarters. Bar Qld, WA's retail trade growth is well out of line with that of other states over the last four quarters. This reiterates the fact that consumer confidence in WA remains below national sentiment. Continuing low interest rates are clearly not sufficient to offset low wage growth, low population growth and the employment uncertainties that prevail.

Figure 10: Retail Trade, WA and Australia, 2002 to 2017



Notes: Chain volume, Trend.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 8501, Table 9.

Construction Work

1.7%
Quarter-on-quarter change (December 2017)

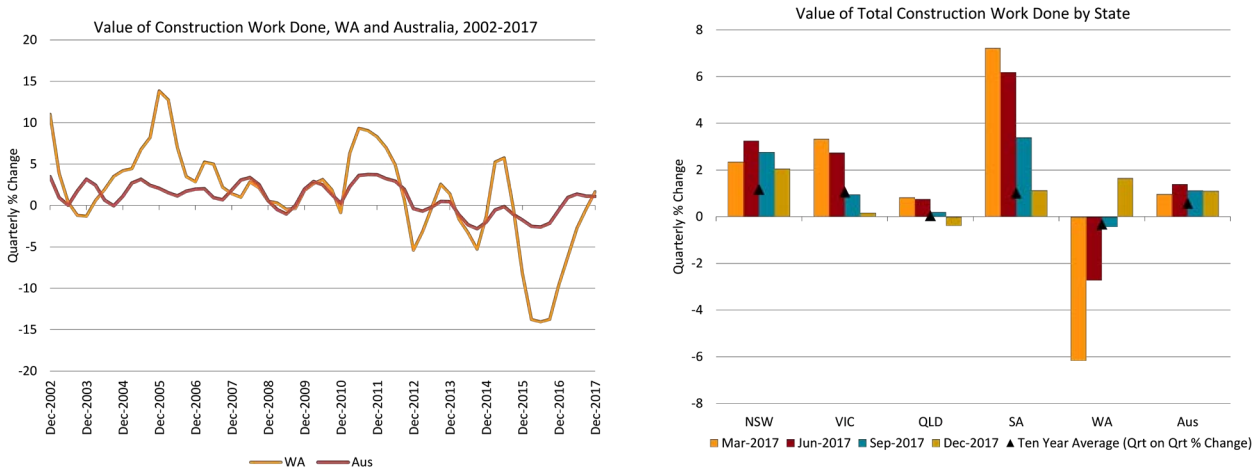
Value of Construction Work Done

The strength of an economy is often viewed through the number of cranes visable across the skyline. Being a mining state, construction is much more than city cranes for the WA economy. That said, strong growth in the construction sector reflects the economic health and optimism across all industries. Construction also contributes significantly to jobs in WA, albeit with significant jobs losses over recent times.

On the back of nine quarter-on-quarter declines in the value of construction work done, for WA the value of total construction work done has increased by 1.7% in the December 2017 quarter, second only to NSW across the states (Figure 11 RHS). However, given the negative growth in the previous two years (Figure 11 LHS), in real terms, the value of construction work done stands at $7.3bn, less than half the amount reported in the December quarter of 2012 ($14.9bn).

Construction value comprises two key elements - the value of building work and the value of engineering construction. The latter has been the diver of growth in construction work in WA this quarter, with 2.8% growth. This growth in engineering construction is a relief for the economy, given an average quarter-on-quarter growth of -9.2% since December 2015.

Figure 11: Value of Construction Work Done by State, Quarterly % Change, 2017



Notes: Chain volume; Trend. Preliminary data. The value of building work done includes the construction of new buildings and alterations and additions to existing buildings.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 8755, Table 8.

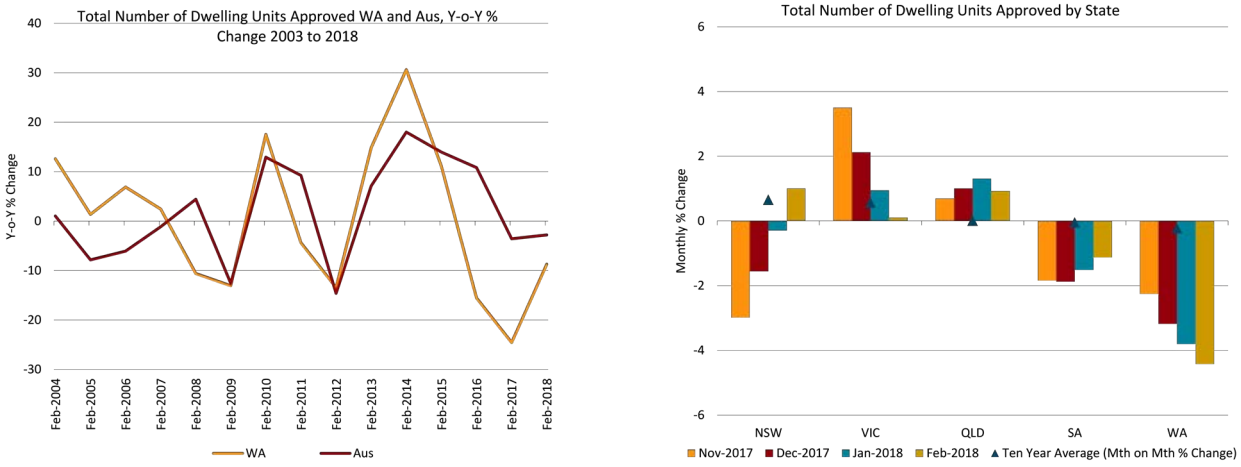
Dwelling Approvals

-4.4%
Year-on-year change
(February 2018)

Dwelling Units Approved

The number of dwelling units approved in WA decreased by -4.4% in the month to February 2018 (Figure 12, RHS). On an annual basis the number of dwelling units approved in WA to February 2018 are down -8.7% from 21,000 units to 19,150 units, and are well below the height of 32,900 units seen in the year to February 2015. In recent years, WA has seen a more severe decline in dwelling units approved compared to the Australian average (Figure 12, LHS), although WA was coming off a higher growth phase which it experienced during the boom years. While recording modest growth for the month to February, Victoria has now had eight consecutive months of growth in dwelling units approved. This reflects a strengthening Victorian economy, with GSP growth of 3.3% to June 2017, coupled with population growth of 3.1% over the last year.

Figure 12: Total Number of Dwelling Units Approved by State, 2003 to 2018



Notes: Trend.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 8731, Table 7.

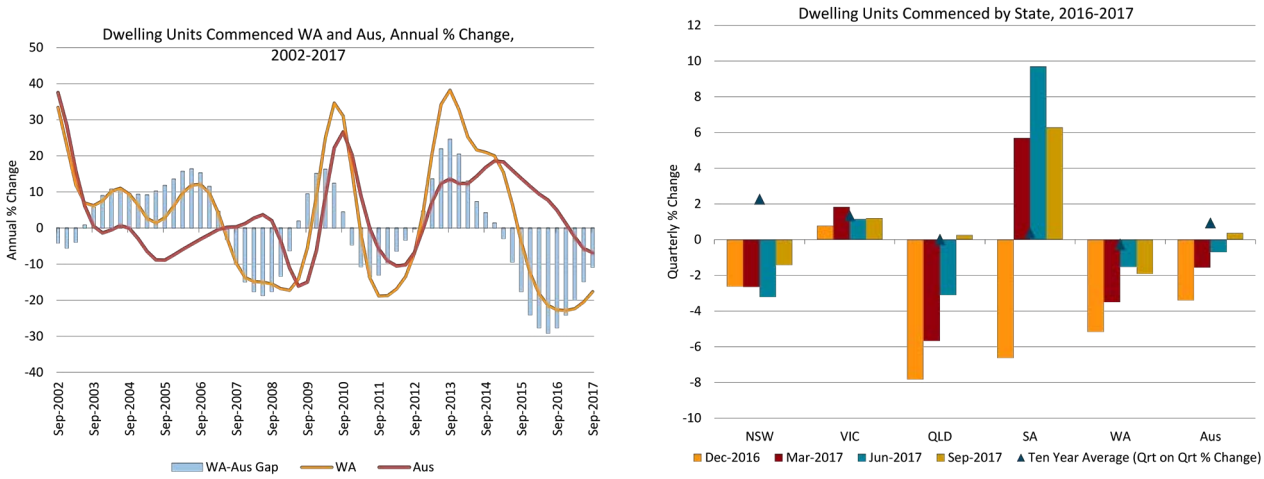
Dwelling Commencements

1.9%
Quarter-on-quarter change (September 2017)

Dwelling Commencements

With December 2017 data due for release by the ABS in the coming days, at this point in time, the most current data available for dwelling commencements is to September 2017, with -1.9% quarter on quarter growth. In fact, since September 2015, annually (Figure 13, LHS) WA has experienced negative Y-o-Y growth in the number of dwelling units commenced, averaging -18.0%. Now standing at 19,250, the number of dwelling units commenced in the year to September 2017 is two-thirds of the number reported at the height in March 2015 (32,600). When we reported on the June 2017 data, it was hoped that WA's trajectory would head into positive growth territory, as has come to materialise for Qld (albeit very low). While WA keeps company with NSW, this is another indicator displaying a continued divergence from the overall Australian trend.

Figure 13: Dwelling Units Commenced, WA and Australia, 2002 to 2017



Notes: Trend.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 8752, Table 35.

Housing Finance Commitments

10.4%

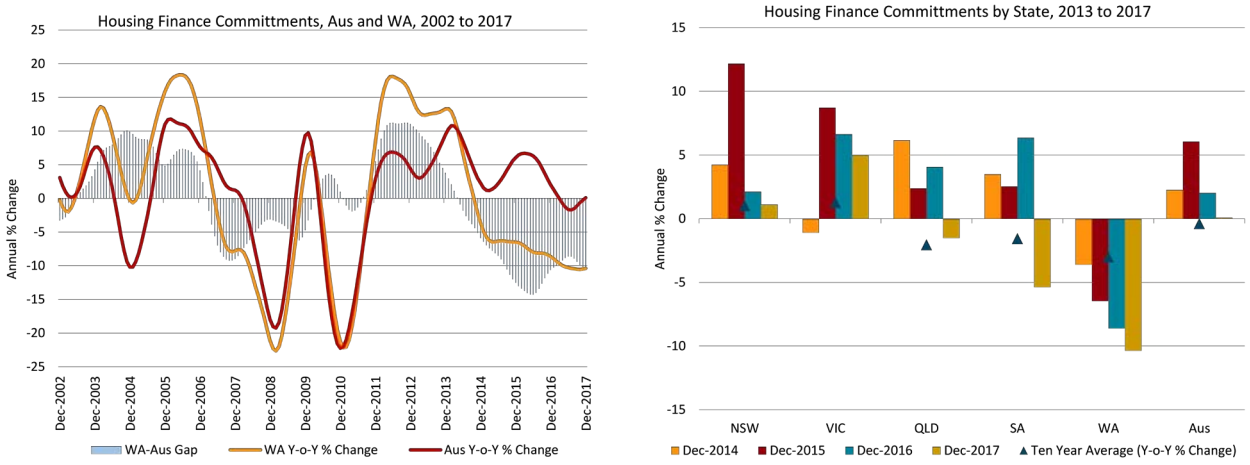
Year-on-year change (December 2017)

Housing Finance Commitments

Housing finance commitments is a lead indicator of real estate activity and housing construction, and is an important indicator of activity in the financial services sector. With typically higher peaks and lower troughs, between October 2002 and October 2014, the trends in housing finance commitments in WA followed a broadly similar trajectory to those of Australia (Figure 14, LHS). However, since then there has been a strong divergence, with a negative WA-Aus gap opening up since April 2014. Housing finance commitments in WA are down 10.4% over the year to December 2017, compared to growth of 0.1% for Australia.

And while the number of housing finance commitments has fallen by 3.0% per year on average over the last 10 years, the rate of decline has become progressively more pronounced over the last three years – down by an average of 8.5% per year (Figure 14, RHS). In the three months to December 2017, Australia has seen negative growth in housing finance commitments (down by an average of 0.2% per month) driven primarily by WA (down by an average of 1.5% per month) and NSW (down 0.6%). There have now been five consecutive months of declining growth in housing finance commitments for WA.

Figure 14: Housing Finance Commitments, WA and Australia, 2002 to 2017



Notes: Trend.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 5609, Table 5.

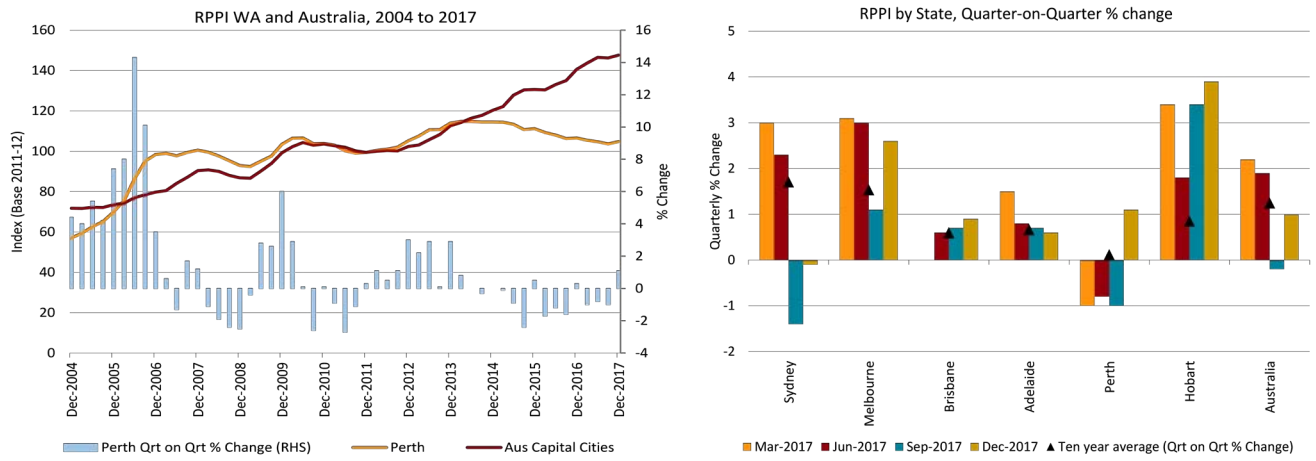
Housing Affordability

1.0%
Quarter-on-quarter RPPI change (September 2017)

Residential Property Price Index

Perth's Residential Property Price Index (RPPI) provides a summary measure of the relative affordability of housing in WA's capital compared to national and state capital trends. As pointed out in our previous commentary, what is striking in Figure 15 (LHS) is the divergence in property prices between Perth and the average of Australian capital cities since 2014. Perth's RPPI has declined while the equivalent Australian capital city RPPI has continued to increase. The December 2017 quarter-on-quarter growth of 1.1% for Perth, relative to a 1.0% growth for Australia, points to a potential end to the widening gap between WA and Australia (Figure 15, RHS), and is something to watch over the next few quarters. That said, Perth's RPPI remains on par with the levels reported in the latter half of 2012, and there is need for much more improvement before Perth's RPPI returns to parity with the national index. Elsewhere, at a state level, noteworthy are the decline in Sydney's RPPI over the last two quarters, and Melbourne and Hobart's strong growth, with the latter receiving particularly strong media attention.

Figure 15: Residential Property Price Index, Australia by State, 2004 to 2017



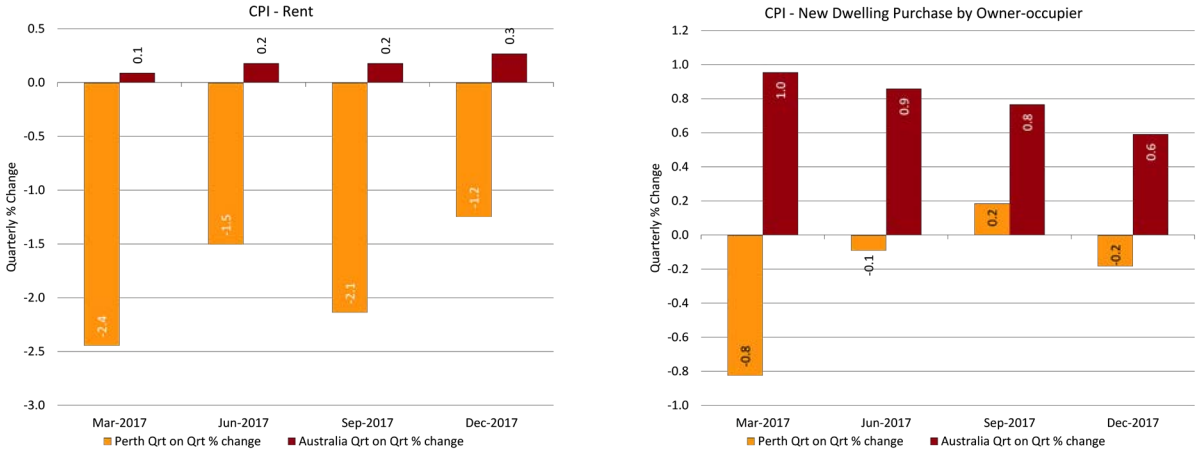
Notes: Index, Base 2011-12. Major cities.
Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 6416, Table 1.

Change in Rents and New Dwelling Purchase by Owner-Occupier

Based on a sub-index of the Consumer Price Index (CPI), the negative growth in new dwelling purchase for December 2017 (-0.2%) has cancelled out the growth presented in September 2017 (Figure 16, RHS). Growth for Australia continues to soften, but remains positive (0.6%) for the December quarter.

As for the rental market (Figure 16, LHS), the good news for renters continues with growth rates now down 1.8% on average over the last four quarters (-1.2% to December 2017). Conversely, Australia's rental prices continue to rise, up 0.3% for the quarter to December 2017.

Figure 16: Change in Rents and Owner-Occupier New Dwelling Purchase, WA and Australia, 2016-17



Notes: Index, Base = 2011-2012.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 6401, Table 9.

Merchandise Exports

41%

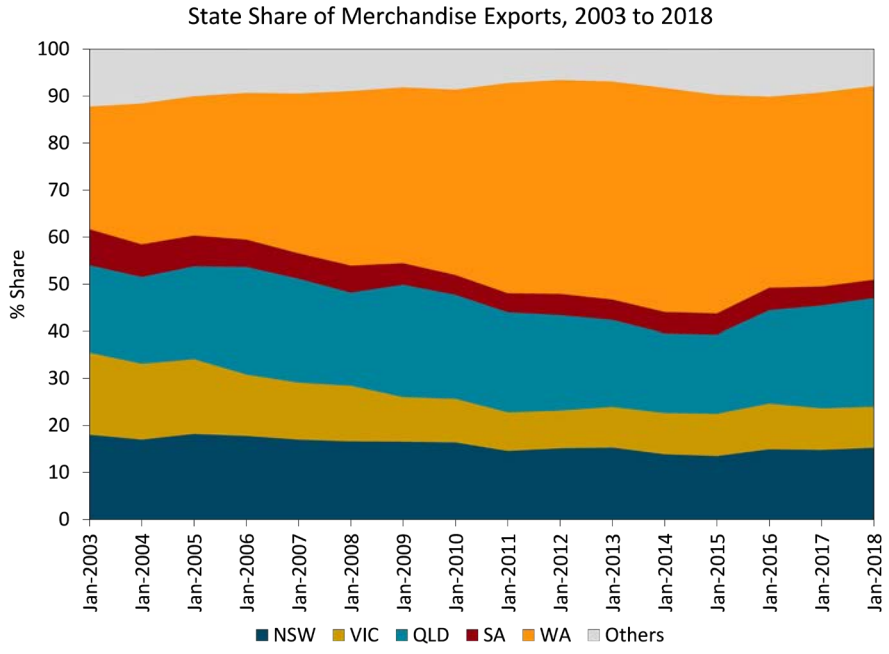
WA's share of national total (January 2018)

Trade

For WA, exports account for 53% of GSP, with net exports (exports minus imports) accounting for 35%. Net exports therefore are second only to household consumption in terms of share of GSP. Across the globe, there has been much discussion of late relating to Free Trade Agreements (FTAs) and related trade tariffs. FTAs currently account for 67% of Australia's total trade. As many economists would agree, a change to a more protectionist world economy would, in the longer term, not be in anyone's interest. Free trade and globalisation have led to significant growth across both developed and developing economies.

In the year to January 2018, WA's merchandise exports contributed $124.2bn to the Australian economy. In the twelve months to January 2018, WA accounted for 41.2% of Australia's merchandise exports, followed by Qld 23.0%, NSW 15.4%, and Vic 8.7%. WA's share of merchandise exports hit a high of 46% in January 2013 (Figure 17). Driven by China's growth and WA's high quality iron ore and other minerals, the State has been the main contributor to the nation's merchandise exports across the period reported here.

Figure 17: State Share of Merchandise Exports, 2003 to 2018



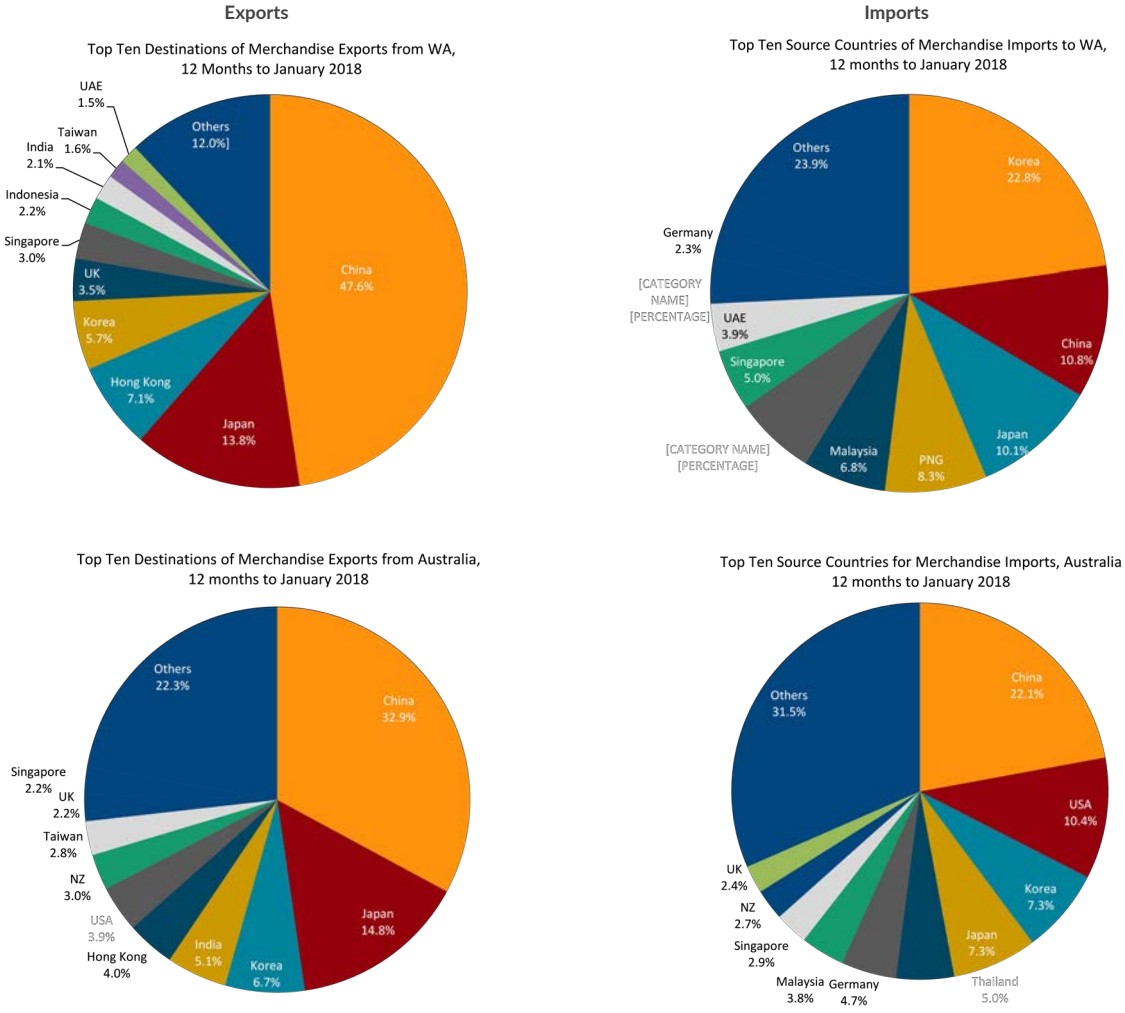
Notes: Share of Nominal $ value. Others includes Tas, NT, ACT, State not available and re-exports.
Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 5368, Table 15.

Australia and WA's key merchandise trading partners in the twelve months to January 2018 are reported in Figure 18, with further details for WA available in Table 2. China continues to be WA's key trading partner (Figure 18, top), accounting for 47.6% of our export value and 10.8% of imports. For merchandise exports, China is followed by Japan (13.8%), Hong Kong (7.1%), Korea (5.7%) and the UK (3.5%).

In terms of imports, for the 2016-17 FY, Korea was WA's thirteenth largest import partner. However, with Shell's Prelude FLNG facility leaving the shipyard in Geoje, South Korea in June last year, related payments have ensured that Korea holds the largest share (22.8%) of imports in the year to January 2018. As the one-off payment to Korea in July of last year washes out in the statistics, we fully anticipate China and Japan reverting back to being our largest import partners. In the year to January 2018, after China (10.8%) and Japan (10.1%), WA's largest import partners include Papua New Guinea (8.3%), Malaysia (6.8%) and the USA (6.6%).

For Australia (Figure 18, bottom), in the year to January 2018, USA was the sixth largest export destination of merchandise (3.9%), and the second largest import partner (10.4%). Politically, President Trump's steel tariffs and a potential global trade war puts Australia in an interesting predicatment – sandwiched between China and the USA. How the politics of this plays out in the year ahead will be interesting, with a 'business as usual' outcome in the best interest of Australia.

Figure 18: Top 10 Trading Partners, Exports and Imports of Merchandise, January 2018, WA and Australia



Notes: Korea refers to South Korea.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 5368, Table 14a, Table 14b, Table 36e and Table 37e.

Table 3: Value of Merchandise Exports and Imports to and from WA, Top 10 Countries, YTD, January 2018

	Exports			Imports	
	$millions	% Share		$millions	% Share
China	59,119	47.6	Korea	8,758	22.8
Japan	17,188	13.8	China	4,145	10.8
Hong Kong	8,843	7.1	Japan	3,907	10.1
South Korea	7,032	5.7	PNG	3,194	8.3
UK	4,325	3.5	Malaysia	2,600	6.8
Singapore	3,683	3.0	USA	2,556	6.6
Indonesia	2,741	2.2	Singapore	1,909	5.0
India	2,579	2.1	UAE	1,493	3.9
Taiwan	1,958	1.6	Thailand	1,394	3.6
UAE	1,870	1.5	Germany	889	2.3
Others	14,872	12.0	Others	7,648	19.9
Total	124,210	100.0	Total	38,493	100.0

Notes: Original. Top ten destination and source countries.
Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 5368, Table 36e and Table 37e.

Population Change

0.3%

Quarter-on-quarter change (September 2017)

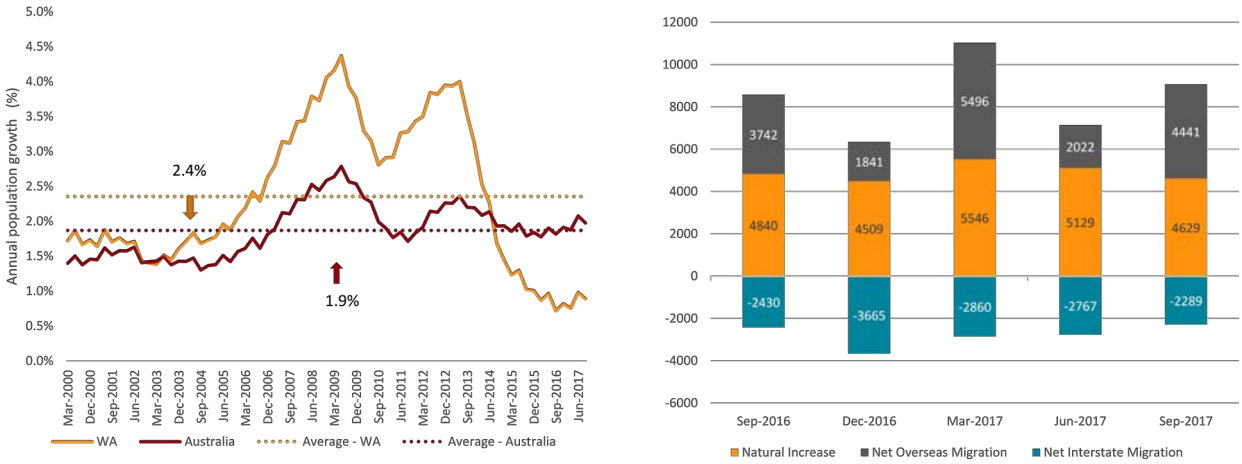
Population

The West Australian population currently stands at 2.59 million, with an additional 22,000 persons added between September 2016 and 2017. Annual population growth continues to track well below national levels and have done so since 2014 (Figure 19). And well below the 2.4% average that the State recorded over the last 17 years.

A contraction in net overseas migration and a deficit in net interstate migration have been the main drivers of annual population growth falling back to well below 1% over the last few years, as the draw to the State's economy and high wages during the mining construction boom diminishes.

In the most recent four quarters of population data, net interstate migration has continued to record a deficit, with more people exiting the State than entering each quarter. Natural increases (births over deaths) have been relatively consistent, with a net increase of between 4,500 and 5,500 people in each quarter. Net overseas migration has fluctuated more than the other two population components, with strong net increases in March 2017, followed by smaller gains in June 2017, with a pick up again in September 2017.

Figure 19: Annual Population Growth and Components of Population Change



Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 3101.0, Table 2, 4.

Employed Persons

▲ 2.3%

Year-on-Year change (February 2018)

Labour market

The WA labour market continues to fight against the downturn it has experienced in the last few years, as an ongoing battle ensues to bring full-time employment in line with or at least closer to the national average. In the meantime, part-time work is doing most of the heavy lifting for the State's labour market, growing by 5.7% in the year to February 2018 – double the rate of national growth (Table 4). Across this same period, full-time employment increased by only 0.8% in the State, while nationally, growth in full-time employment was more than three times faster at 3.6%.

The majority of states and territories have seen strong full-time employment growth in this same period, with Qld steaming ahead at 5.1%, followed by NSW (4.4%) and SA (3.3%).

The beginning of 2018 held high hopes for WA's labour market, with strong employment growth towards the end of 2017. But the start to the year has been a bit of a disappointment, with overall employment growing be a mere couple of hundred people, as full-time employment recorded a net loss of 1,400 persons and part-time employment a gain of 1,600. The degree to which these estimates drawn from the ABS can be relied upon is something to consider when judging the overall health of the West Australian labour market, particularly within the context of ongoing changes and revisions to the ABS labour force estimate series that have occurred and are in the current pipeline.

Table 4: Employment Changes – full and part-time

	Employed Persons ('000)	Change from:				Change from Jan-2018 ('000)		Change (%) from Feb-2017	
	Feb 2018	Jan-2018 ('000)	Rank	Feb-2017(%)	Rank	Full-Time	Part-time	Full-Time	Part-time
Australia	12,480.5	▲ +19.3	---	▲ +3.3%	---	+7.7	+11.6	▲ +3.6%	▲ +2.8%
NSW	3,959.1	▲ +7.3	1	▲ +3.9%	3	-0.7	+8.0	▲ +4.4%	▲ +2.7%
VIC	3,243.0	▲ +0.3	4	▲ +2.5%	4	+1.7	-1.4	▲ +3.1%	▲ +1.2%
QLD	2,476.9	▲ +4.2	2	▲ +4.6%	2	+5.4	-1.1	▲ +5.1%	▲ +3.7%
SA	837.7	▲ +2.7	3	▲ +2.3%	6	+1.9	+0.7	▲ +3.3%	▲ +0.5%
WA	1,338.0	▲ +0.2	5	▲ +2.3%	6	-1.4	+1.6	▲ +0.8%	▲ +5.7%
TAS	246.4	▲ +0.0	8	▲ +2.4%	5	+0.1	-0.1	▲ +1.0%	▲ +4.7%
NT	136.0	▲ +0.2	5	▼ -3.5%	8	-0.2	+0.4	▼ -4.5%	▲ +0.2%
ACT	230.9	▲ +0.2	5	▲ +4.7%	1	+0.7	-0.5	▲ +6.9%	▼ -0.8%

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 6202

Unemployment Rate

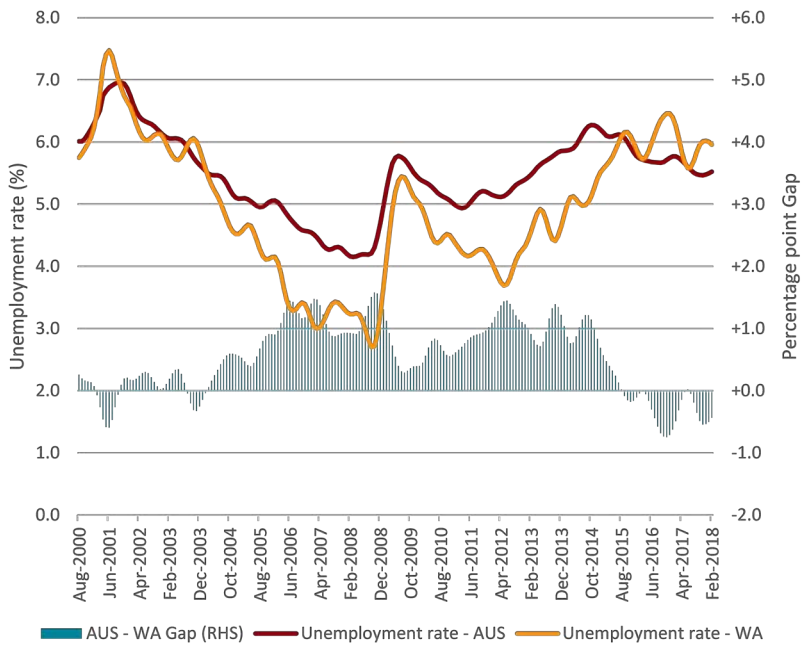
0.3ppt

Year-on-Year change
(February 2018)

Despite the relatively weak employment growth, there remain favourable signs in the West Australian labour market, with strong increases in female labour force participation, an improvement in male labour force participation, and a continued downward trajectory of the rate of unemployment.

Over the last year, WA has seen its unemployment rate fall from 6.3% to 6.0%, with 4,265 fewer people now unemployed in the State compared to a year ago. However, the State's unemployment rate still remains one of the highest across all states and territories and well above the national average, which stands at 5.5% (Figure 20).

Figure 20: Unemployment rate, WA and Australia, 2000 to 2018



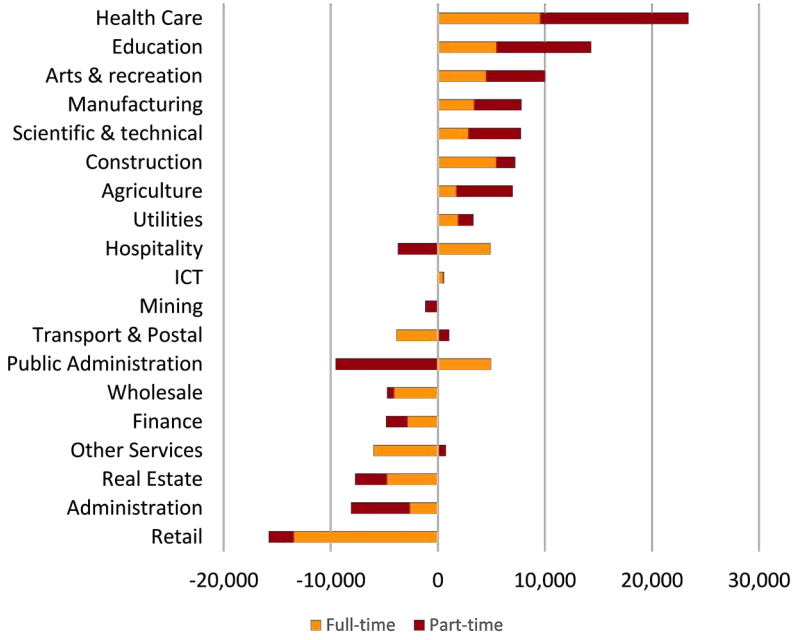
Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat No. 6202.0

Looking at employment losses and gains by sector and part and full-time status over the last 12 months gives some additional insights into where the labour market is and isn't doing well (Figure 21). Estimates provided in this analysis are based on the ABS' original data series – the only series available for such a breakdown - and hence need to be treated with some healthy caution as they do not incorporate the statistical modifications that trend and seasonally adjusted estimates receive. The Health Care sector has delivered the biggest gains for the state, with an additional 23,000+ workers in the last twelve months – 40% full-time. Education is the second biggest growth sector, adding over 14,000 workers to its payroll in the last year, the majority part-time. This is followed by the Arts and Recreation, Manufacturing, and Scientific and Technical sectors.

Construction has added an extra 7,000+ workers over the last twelve months – the majority (74%) full-time. But the rate of growth for full-time workers in this sector has been negative when comparing to previous years.

The retail sector continues to haemorrhage, losing an estimated 16,000 workers between February 2017 and February 2018. The majority of these workers (13,000+) were full-time. Other sectors that have seen an overall decrease in workers over the last twelve months include Administration and Support Services, Real Estate, Other Services, Finance, and the Wholesale sector. The Public Administration sector has seen a loss of around 9,500 part-time workers, but gained around 5,000 workers in the year to February 2018. These changes are likely to be linked to the tightening of the West Australian public sector as the McGowan overnment came to power in early 2017.

Figure 21: Change in number of employed by industry, full and part-time, February 2017 to February



Note: Estimates are sourced from the 'original' series and have not been adjusted to take into account seasonality or longer-term trends.
Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 6202.0.55.003.

FEATURE: HOMELESSNESS IN WESTERN AUSTRALIA

Homelessness in WA

9,000
People
(Census, 2016)

Homelessness

Homelessness is often associated with sleeping rough on city streets, but this challenging social issue extends far more than this. A modern definition of homelessness takes into account dwelling adequacy, stability of housing tenure and the level of control that people have over their living space.

This special feature provides an overview of homelessness in WA using recently released data from the Australian Bureau of Statistics (ABS) 2016 Census. By its very nature, homelessness is difficult to measure. According to the ABS, these data provide the best estimate of homelessness in Australia at any one point in time. However, caution must be drawn in interpreting even these figures, particularly for regions with higher proportions of Indigenous people where there can often be additional challenges in accurately representing these populations in the data.

Table 5 details the number of homeless people in WA by SA4 and SA3 region according to the ABS Census, with our Map of the Quarter (Figure 22) displaying homelessness rates per 1,000 of the population for both WA and Perth. These data indicate that the number of homeless people per 1,000 of the population of WA overall has declined from 4.0 in 2011 to 3.6 in 2016. However, much of this overall change is driven by an increase of almost 240,000 in WA's population between 2011 and 2016, and by a dramatic fall in the number of homeless people recorded in the ABS Census for the Kimberley – the latter potentially being affected by difficulties in capturing homelessness in more remote regions of WA, or in areas with larger Indigenous communities.

In fact, a careful examination of homelessness broken down by locality in WA shows a far more concerning picture, with homelessness revealed as a persistent and growing problem in many areas. In 2016, there were over 9,000 persons experiencing homelessness in WA, a decline of only 200 people (2.0%) on 2011. This figure does not include an additional 7,500 people living in 'other marginal housing' in WA, with many in this latter group being very easily tipped into homelessness.

Kimberley saw the largest recorded decline in the number of homeless people (down by nearly 620 since 2011) and in the homelessness rate (down by 11.1 per 1,000). However, noting the earlier caution in capturing homelessness in remote areas, the number of people recorded as homeless in the Kimberley remains at over 1,200, equivalent to some 25.2 people per 1,000 of the population.

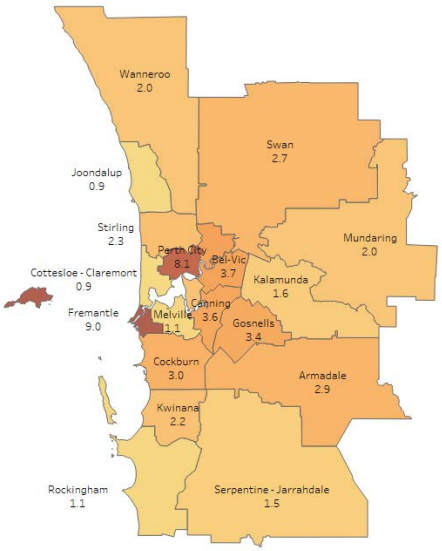
Metropolitan Perth has seen homelessness rise by some 533 between 2011 and 2016, with more than 5,047 people recorded as homeless in 2016 across the five Perth precincts.

Some 886 people were living homeless in Perth City in 2016, equivalent to around 8.1 people per 1,000 of the Perth City population. This compares with a rate of 7.6 per 1,000 in 2011. Other notable increases have been in the Bayswater–Bassendean, Mundaring, Canning and Fremantle areas of metropolitan Perth, and the Augusta-Margaret River-Busselton and Goldfields areas of regional WA.

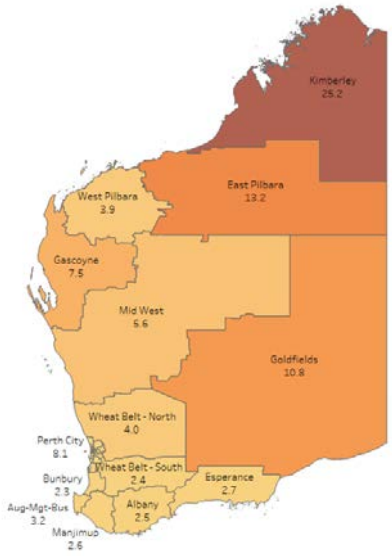
Map of the Quarter: Homelessness in WA

Figure 22: Homeless Rate per 1,000 population, by SA3 Region, WA, 2016

Homeless rate in Perth per 1,000 Pop, by SA3 Region, 2016



Homeless rate in WA per 1,000 Pop, by SA3 Region, 2016



Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 2049.0, Table 5; ABS Census of Population and Housing 2016 and Census of Population and Housing 2011.

Table 5: Change in Homelessness, Population and Homesless Rate per 1,000 Population, by SA4 and SA3 region, WA, 2011 and

	All homeless persons			Population			Homeless per 1,000 Population		
Region	**2016**	**2011**	**Change**	**2016**	**2011**	**Change**	**2016**	**2011**	**Change**
SA4 and SA3	**No.**	**No.**	**No.**	**No.**	**No.**	**No.**	**Rate**	**Rate**	**Rate**
Bunbury	**443**	**375**	**+68**	**173,528**	**156,420**	**+17,108**	**2.6**	**2.4**	**+0.2**
Augusta - Margaret River - Busselton	160	88	+72	50,758	41,636	+9,122	3.2	2.1	+1.0
Bunbury	230	195	+35	100,098	93,366	+6,732	2.3	2.1	+0.2
Manjimup	58	91	-33	22,672	21,416	+1,256	2.6	4.2	-1.7
Mandurah	**255**	**206**	**+49**	**93,396**	**80,047**	**+13,349**	**2.7**	**2.6**	**+0.2**
Mandurah	255	206	+49	93,396	80,047	+13,349	2.7	2.6	+0.2
Perth - Inner	**943**	**831**	**+112**	**178,491**	**166,875**	**+11,616**	**5.3**	**5.0**	**+0.3**
Cottesloe - Claremont	60	55	+5	68,706	65,379	+3,327	0.9	0.8	+0.0
Perth City	886	769	+117	109,784	101,495	+8,289	8.1	7.6	+0.5
Perth - North East	**728**	**513**	**+215**	**248,257**	**217,489**	**+30,768**	**2.9**	**2.4**	**+0.6**
Bayswater - Bassendean	308	168	+140	79,683	75,635	+4,048	3.9	2.2	+1.6
Mundaring	81	60	+21	41,139	39,595	+1,544	2.0	1.5	+0.5
Swan	340	286	+54	127,437	102,252	+25,185	2.7	2.8	-0.1
Perth - North West	**954**	**876**	**+78**	**528,921**	**477,761**	**+51,160**	**1.8**	**1.8**	**-0.0**
Joondalup	143	156	-13	152,894	150,463	+2,431	0.9	1.0	-0.1
Stirling	443	420	+23	190,872	177,405	+13,467	2.3	2.4	-0.0
Wanneroo	367	305	+62	185,157	149,890	+35,267	2.0	2.0	-0.1
Perth - South East	**1,446**	**1,270**	**+176**	**486,919**	**431,951**	**+54,968**	**3.0**	**2.9**	**+0.0**
Armadale	226	150	+76	78,991	61,355	+17,636	2.9	2.4	+0.4
Belmont - Victoria Park	267	247	+20	71,247	64,949	+6,298	3.7	3.8	-0.1
Canning	334	263	+71	93,884	88,530	+5,354	3.6	3.0	+0.6
Gosnells	399	416	-17	117,646	105,716	+11,930	3.4	3.9	-0.5
Kalamunda	91	71	+20	56,381	52,756	+3,625	1.6	1.3	+0.3
Serpentine - Jarrahdale	40	30	+10	26,461	17,348	+9,113	1.5	1.7	-0.2
South Perth	90	96	-6	42,307	41,295	+1,012	2.1	2.3	-0.2
Perth - South West	**976**	**1,024**	**-48**	**399,624**	**349,341**	**+50,283**	**2.4**	**2.9**	**-0.5**
Cockburn	304	231	+73	100,917	86,182	+14,735	3.0	2.7	+0.3
Fremantle	336	378	-42	37,166	34,818	+2,348	9.0	10.9	-1.8
Kwinana	85	55	+30	38,374	28,771	+9,603	2.2	1.9	+0.3
Melville	114	132	-18	100,780	97,687	+3,093	1.1	1.4	-0.2
Rockingham	131	222	-91	122,388	101,884	+20,504	1.1	2.2	-1.1
Western Australia - Wheat Belt	**426**	**400**	**+26**	**135,501**	**128,008**	**+7,493**	**3.1**	**3.1**	**+0.0**
Albany	148	188	-40	58,331	53,981	+4,350	2.5	3.5	-0.9
Wheat Belt - North	224	182	+42	56,579	53,101	+3,478	4.0	3.4	+0.5
Wheat Belt - South	49	26	+23	20,595	20,921	-326	2.4	1.2	+1.1
Western Australia - Outback (North)	**1,868**	**2,602**	**-734**	**133,739**	**130,833**	**+2,906**	**14.0**	**19.9**	**-5.9**
Kimberley	1,205	1,821	-616	47,777	50,104	-2,327	25.2	36.3	-11.1
Pilbara	664	781	-117	85,956	80,729	+5,227	7.7	9.7	-1.9
Western Australia - Outback (South)	**980**	**1,107**	**-127**	**135,355**	**136,088**	**-733**	**7.2**	**8.1**	**-0.9**
Esperance	44	47	-3	16,036	15,595	+441	2.7	3.0	-0.3
Gascoyne	122	135	-13	16,207	16,038	+169	7.5	8.4	-0.9
Goldfields	479	608	-129	44,465	46,540	-2,075	10.8	13.1	-2.3
Mid West	331	317	+14	58,645	57,915	+730	5.6	5.5	+0.2
Total WA	**9,022**	**9,206**	**-184**	**2,517,851**	**2,278,153**	**239,698**	**3.6**	**4.0**	**-0.5**

Notes: Table generated using ABS TableBuilder. ABS randomly adjust data cells to avoid the release of confidential data. Therefore, no reliance should be placed on small cells, and there may be some descrepency between SA4 and the sum of SA3 regions.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 2049.0, Table 5; ABS Census of Population and Housing 2016 and Census of Population and Housing 2011.

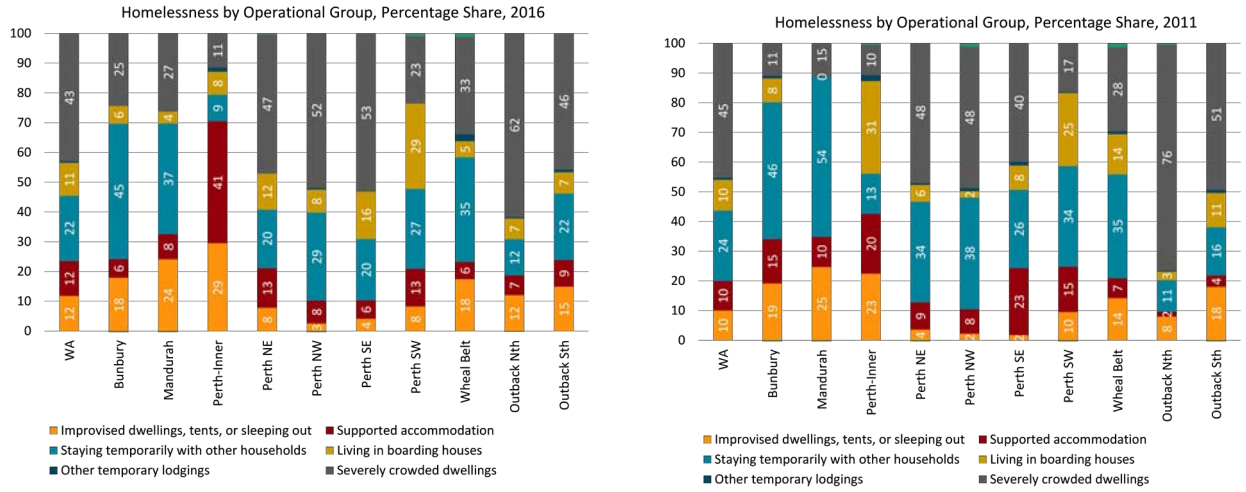
Among all homelessness circumstances in WA, people living in severely overcrowded circumstances are the most prevalent (43%), with a further 22% staying temporarily with other households, and 12% living in improvised dwellings, tents or sleeping out (Figure 23).

In 2016, Perth-Inner (which comprises of Cottesloe-Claremont and Perth City) had the largest proportion (29%) of homeless persons living in improvised dwellings, tents or sleeping out, which is 6 percentage points higher than that reported in 2011.

The prevalence of living in boarding houses in Perth-Inner has declined from 31% in 2011 to 8% in 2016. This coincides with an increased proportion now living in supported accommodation, which for Perth has increased from 20% in 2011 to 41% in 2016, alinging with re-classifications that have taken place between the two Census periods. There are a significantly lower shares of homeless persons in other WA regions living in supported accommodation, albeit with a larger proportion reported in this category for the Outback (North and South).

While WA may be in a difficult fiscal position, it is important that we do not lose sight of the most vulnerable in our society. Appropriate housing is an essential first step in supporting those who are homeless or who are at risk of becoming homeless.

Figure 23: Change in Homelessness per 1,000 population, by SA3 Region, WA, 2011 to 2016



Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors' calculations from ABS Cat 2049.0, Table 5; ABS Census of Population and Housing 2016 and Census of Population and Housing 2011.

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