

 Territory Economic Review January 2016

The Territory Economic Review provides an overview of the state of the Territory economy, interpreting key economic indicators and economic conditions influencing households and businesses.

Summary

In 2014-15, the Territory’s gross state product (GSP) increased by 10.5 per cent to $22.5 billion. This was the highest growth of all jurisdictions and the highest growth for the Territory since 1998-99.

A key driver of economic growth in the Territory in 2014-15 was high levels of private investment in construction and machinery and equipment associated with work on major projects.

Territory state final demand (SFD) decreased by 2.8 per cent in the September quarter 2015. The decline was driven by a 13.5 per cent decline in business investment. In the year to September 2015, growth in Territory SFD moderated to 2.9 per cent, reflecting lower growth in private investment over the year.

SFD in the Territory is expected to be highly volatile over the coming years, as the impact of progress payments for components of the Ichthys liquefied natural gas (LNG) project means that SFD will not be an accurate measure of onshore economic activity in the Territory.

The Territory’s trend unemployment rate was 4.1 per cent in December 2015, 0.2 percentage points higher than the same time last year. The Territory’s unemployment rate continues to be the lowest of the jurisdictions and remains below the national rate of 5.8 per cent.

Trend retail trade turnover in the Territory increased by 0.2 per cent to $259 million in November 2015.

In the year to December 2015, the Darwin CPI increased by 0.5 per cent. Darwin continues to have the lowest year on year growth in CPI recorded amongst all capital cities.

Economic indicators for the Territory should be interpreted with care, particularly over short periods of time. They can be highly volatile due to the small size of the Territory economy and are be heavily influenced by major projects and international trade.

**Table 1: Summary of change in the Territory’s key economic indicators**

|  | **Monthly** | **Quarterly** | **Year on Year** |
| --- | --- | --- | --- |
| **Economic Growth** |
| GSP, 2014-15 | n.a. | n.a. | 10.5% |
| SFD, Sept Qtr 2015 | n.a. | -2.8% | 2.9% |
| International goods exports Nov 2015 | -7.3% | n.a. | -14.8% |
| International goods imports Nov 2015 | -38.3% | n.a. | 66.0% |
| **Population** |
| NT population, June Qtr 2015 | n.a | 0.5 | 0.4%1 |
| **Labour Market** |
| Employment, December 2015 | -0.3% | n.a. | 2.2% |
| Unemployment rate, Dec 2015 | 4.1% | n.a. | 0.2ppt1 |
| **Prices and Wages** |
| CPI, Dec Qtr 2015  | n.a. | 0.3% | 0.5% |
| WPI, Sept Qtr 2015 | n.a. | 0.9% | 2.5% |
| **Construction** |
| Construction activity, Sept Qtr 2015 | n.a. | -0.6% | 45.3% |
| **Property Market** |
| Darwin house price, Dec Qtr 2015 | n.a. | 0.4% | 4.1%1 |
| Building approvals, September 2015 | -3.5% | n.a. | - 17.8% |
| **Business Environment** |
| Retail trade, November 2015 | 0.2% | n.a. | 0.5% |
| Sales of new motor vehicles, December 2015 | -0.1% | n.a. | -4.3% |

1Annual change

Sources: ABS; REINT

| *Note: Although all due care has been exercised in the preparation of this material, no responsibility is accepted for any errors or omissions. For queries please contact the Department of Treasury and Finance, Economic Analysis Unit by email, economics.dtf@nt.gov.au* |
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**Economic Growth**

**Territory economic growth was the highest in Australia in 2014-15**

**Territory private investment at record levels in 2014-15**

**Public investment up by 40.7 per cent in the year to September 2015**

Economic growth
In 2014-15, economic growth in the Territory, as measured by gross state product (GSP), increased by 10.5 per cent to $22.5 billion. This was the strongest growth for the Territory since 1998-99 (when the rate of growth was 14.4 per cent).

GSP growth in 2013-14 was revised down from 6.5 per cent to 3.0 per cent, largely due to significant revisions to mining and construction activity.

The main drivers of economic growth in the Territory for 2014-15 were private sector investment, public investment, household consumption and net services exports (Chart 1).

Source: ABS, *Australian National Accounts: State Accounts*, Cat. No. 5520.0

Partly offsetting growth were declines in net goods exports and dwellings investment.

The Territory experienced the strongest growth of all jurisdictions. The Australian economy grew by 2.3 per cent in 2014-15 (Chart 2).

Source: ABS, *Australian National Accounts: State Accounts*, Cat. No. 5520.0

Private investment
In the year to September 2015, private investment, as a component of state final demand, increased by 1.1 per cent.

Growth in private investment in the Territory has begun to moderate, as the impact of payments made for work done overseas for the Ichthys LNG project fades.

Non-dwelling construction was a key driver of growth in private investment in the year to September 2015, increasing by 3.9 per cent to $9.2 billion. Machinery and equipment investment also contributed to growth, increasing by 9.3 per cent to $1.4 billion.

Offsetting growth in the year to September 2015 was a 7.5 per cent decline in dwelling investment.

Household consumption
In the year to September 2015, household consumption increased by 1.1 per cent.

Growth was largely driven by a 10.8 per cent increase in consumption of recreation and culture, as well as a 5.3 per cent increase in consumption of other goods and services. Other drivers of growth included insurance and financial services, rent and other dwelling services, furnishings and household equipment.

Consumption of cigarettes and tobacco, clothing and footwear and education services all detracted from household consumption in the year to
September 2015.

Public investment
In the year to September 2015, public investment increased by 40.7 per cent to $1.8 billion, a significant contribution to this was the completion of the Darwin Correctional Centre in late 2014 and ongoing program of road upgrades.

International trade
The Territory’s international trade surplus narrowed from $3.6 billion in the year to November 2014 to $500 million in the year to November 2015. This was due to a $2.1 billion increase in goods imports and a $1.0 billion decrease in goods exports over the year.

The increase in goods imports reflects higher manufactured goods imports mostly related to the Ichthys LNG project. Lower goods exports largely reflect a decrease in exports of mining commodities.

Caution should be used when interpreting goods imports data following the ABS decision to suppress reported feedstock gas imports from the Joint Petroleum Development Area.

**Population**

**244 602 people residing in the Territory**

**The Territory reported the strongest quarterly increase in population of all jurisdictions**

**4040 births in the Territory in 2014-15**

In the June quarter 2015, the Territory’s estimated resident population (ERP) was 244 602 persons, an increase of 0.4 per cent compared to the same period last year. The Territory recorded the lowest annual growth in ERP among jurisdictions (Table 2).

Components of growth

In 2014-15, the Territory’s population increased by 939 persons due to net overseas migration, which added 1093 persons and natural increase, which added 2884 persons. These gains were offset by net interstate migration, which reduced the population by 2884 persons (Chart 3).

Chart 3: Components of Territory population growth, moving annual total

Source: ABS, *Aus. Demographic Statistics*, Cat. No. 3101.0

*Net overseas migration*

In 2014-15, the Territory recorded net overseas migration of 1093 persons. Net overseas migration has declined from historically high levels in 2012 and 2013, and is returning to long term trend levels. The reduction in net overseas migration over 2014 was a key contributor to the moderation in the Territory’s population growth.

*Net interstate migration*

Net interstate migration in the Territory is highly volatile, reflecting the young and transient nature of the Territory’s population. In 2014-15, net interstate migration detracted 3038 persons from the Territory’s population. Net interstate migration outflows during the year were enhanced by population losses associated with the curtailment of operations at the Gove alumina refinery.

*Natural Increase*

In 2014-15, natural increase contributed 2884 persons to the Territory’s population. The Territory reported a slight increase from the previous year, when natural increase contributed 2864 persons.

Population measurement

The ABS model for estimating interstate migration flows is largely based on Medicare ‘change of address’ information.

Due to the age profile of the Territory’s interstate migrants, there is generally a lag in recording population movements into the Territory, but a timely recording of people leaving the Territory.

People arriving in the Territory tend to be relatively young, transient and highly mobile and these characteristics mean that they are less likely to update their Medicare records. Conversely, the age profile of those leaving the Territory tends to be older and they are more likely to update their Medicare records in a timely manner.

Table 2: Estimated resident population, as at June 2015

|  | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Aust1 |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ERP (‘000) | 7 618.2 | 5 938.1 | 4 779.4 | 2 591.6 | 1 698.6 | 516.6 | 390.8 | 244.6 | 23 781.2 |
| Annual growth | 1.4% | 1.7% | 1.2% | 1.3% | 0.8% | 0.4% | 1.4% | 0.4% |  1.4% |

1Includes Other Territories – Jervis Bay Territory, Christmas Island and the Cocos (Keeling) Islands.

Source: ABS, *Australian Demographic Statistics*, Cat. No. 3101.0

**Labour Market**

**132 666 residents employed in the Territory**

**The unemployment rate at 4.1 per cent is the lowest of the jurisdictions**

**The Territory’s participation rate at 74.3 per cent is the highest among jurisdictions**

Employment

In December 2015, the trend number of people employed in the Territory decreased by 0.3 per cent to 132 666 people. Nationally, trend employment grew by 0.2 per cent in the month.

In 2015, employment in the Territory increased by 2.2 per cent. In other jurisdictions, the year on year change in employment ranged from a decrease of 0.1 per cent in the Australian Capital Territory to an increase of 2.7 per cent in Victoria (Chart 4). Nationally, employment grew by 1.9 per cent over the same period.

Chart 4: Year on year change in employment, December 2015Source: ABS, *Labour Force Australia*, Cat. No. 6202.0

*Jobs versus employment*

The ABS labour force statistics estimate employment based on an individual’s place of residence, not their place of employment. This is a significant issue for the Territory due to the relatively large proportion of people working within the Territory, but whose usual residence is outside the Territory. As such, the ABS labour force estimates significantly understate the number of jobs in the Territory and potentially, the growth in jobs in the Territory.

People working in the Territory with a usual place of residence are not included in the Territory’s labour force statistics. In addition, there is a large defence force contingent based in the Territory. Members of the Australian Defence Force are not captured in ABS labour force statistics.

Overseas military personnel working in the Territory such as US Marines and temporary overseas workers employed on major projects across the Territory are also excluded from the Territory’s labour force data.

While the ABS treat interstate resident and overseas workers consistently across all jurisdictions, the exclusion of these workers has a larger impact on Territory labour force data due to the size of this workforce in the Territory relative to other states.

*Employment by industry*

In the year to November 2015 the rate of employment growth in the Territory varied substantially across the different sectors.

Industries that experienced the largest growth in the year to November 2015 included:

* ‘accommodation and food services’ up by 20.0 per cent;
* ‘electricity, gas, water and waste services’ up by 7.7 per cent;
* ‘wholesale trade’ up by 4.7 per cent;
* ‘retail trade’ up by 4.6 per cent; and
* ‘professional, scientific and technical services’ up by 4.1 per cent.

Industries that experienced the largest declines in the year to November 2015 included:

* ‘agriculture, forestry and fishing’ down by 34.7 per cent;
* ‘manufacturing’ down by 14.8 per cent;
* ‘administrative and support services’ down by 13.9 per cent;
* ‘rental, hiring and real estate services’ down by 11.4 per cent;
* ‘arts and recreation’ down by 9.9 per cent; and
* ‘information media and telecommunications’ down by 7.3 per cent.

Care should be taken in interpreting changes in employment numbers by industry due to the small sample of employees in the ABS survey. As such, employment numbers by industry in the Territory can be highly volatile.

*Employment by gender and full-time status*

In annual terms, the trend number of people employed in the Territory increased by 1954 in December 2015. This reflects an increase of 1339 employed males and an increase of 615 employed females.

In trend terms, full-time employment accounted for 80.5 per cent of total employment in December 2015. In annual terms, the trend number of people employed on a full‑time basis remained flat in December 2015, while part‑time employment increased by 8.2 per cent.

Unemployment

In December 2015, the Territory’s trend unemployment rate decreased by 0.2 percentage points to 4.1 per cent. This was the lowest rate of all jurisdictions, which ranged between 5.2 per cent in the Australian Capital Territory to 7.3 per cent in South Australia. Nationally, the unemployment rate was 5.8 per cent (Chart 5).

Chart 5: Trend unemployment rate, December 2015
Source: ABS, *Labour Force Australia*, Cat. No. 6202.

The unemployment rate for females increased by 1.1 percentage points to 4.5 per cent through the year to December 2015 and the male unemployment rate decreased by 0.5 percentage points to 3.7 per cent over the same period.

The Territory’s reported trend unemployment rate is volatile (Chart 6). This is due to small sample sizes increasing the impact of households rotating into and out of the ABS labour force survey and to small changes in employment status of respondents within the survey, particularly households in remote Indigenous communities.

Chart 6: Historical trend unemployment rate,
2005-06 to 2015-16 Source: ABS, *Labour Force Australia*, Cat. No. 6202.0

Participation

In December 2015, the Territory’s trend participation rate was 74.3 per cent. This was an increase of 0.7 percentage points since the same time last year. The Territory recorded the highest trend participation rate of all jurisdictions, which ranged from 60.7 per cent in Tasmania to 70.9 per cent in the Australian Capital Territory. Nationally, the participation rate was 65.2 per cent.

Vacancies

The ABS reports that in the year to November 2015, the number of job vacancies in the Territory decreased by 31.6 per cent to 2650. This was driven by a 39.9 per cent decline in the number of private sector vacancies, partly offset by a 29.4 per cent increase in public sector vacancies (Chart 7).

Chart 7: Number of job vacancies, Territory



Source: ABS, *Job Vacancies Australia*, Cat. No. 6354.0

The Commonwealth Department of Employment’s internet vacancy report shows that trend vacancies in the Territory decreased by 1.3 per cent in November 2015.

The monthly decrease in the Territory reflects decreases across all categories except for ‘professionals’. Nationally, the number of internet vacancies increased by 1.2 per cent over the same period (Chart 8).

Chart 8**:** Internet vacancies by industry, monthly % change, trend

Source: DEEWR, *Internet Vacancy Report*

In original terms (three month moving average), the number of internet vacancies in the Territory decreased by 15.8 per cent in November 2015 compared to the same time last year. This was driven by a 17.1 per cent decline in vacancies in Darwin (327 less vacancies) and a 10.5 per cent decline in vacancies in regional areas in the Territory (49 less vacancies).

**Prices and Wages**

**Darwin CPI grew 0.3 per cent in the December quarter 2015**

**Territory WPI grew by 2.5 per cent in the year to September 2015**

**Average unleaded fuel price in the Territory – 127.7 cents per litre**

Prices

Darwin’s consumer price index (CPI) increased by 0.3 per cent in the December quarter 2015. The quarterly increase in Darwin’s CPI was in line with other capital cities, which ranged from 0.2 per cent in Adelaide and Canberra to 0.9 per cent in Hobart.

The main areas that contributed to price growth in the December quarter 2015 included tobacco and alcohol (contributing 0.34 percentage points) and food and non-alcoholic beverages (contributing 0.14 percentage points).

These mainly were offset by a moderation in prices for housing (detracting 0.09 percentage points), specifically in rents and utilities.

Chart 9: Percentage point contribution to CPI change in the December quarter 2015

Source: ABS, *Consumer Price Index*, Cat. No. 6401.0

In annual terms, Darwin’s CPI growth was 0.5 per cent in the December quarter 2015. The Darwin CPI has been moderating in annual terms since the December quarter 2013, where growth peaked at 4.4 per cent.

The key driver of annual growth in the Darwin CPI is increases in prices for alcohol and tobacco, in line with the Commonwealth government’s bi-annual tax increases on tobacco. The main detractor from growth was lower transportation costs, reflecting the decline in fuel prices through the year to December 2015.

Darwin recorded the lowest annual CPI increase of the jurisdictions, which ranged from 0.7 per cent in Canberra to 2.0 per cent in Sydney. Across all eight capital cities annual CPI increased by 1.7 per cent.

Wages

In the year to September 2015, the Territory’s wage price index (WPI) grew by 2.5 per cent. This consists of a 3.1 per cent increase in public sector WPI and a 2.2 per cent increase in private sector WPI. Nationally, the WPI grew by 2.3 per cent over the same period.

The Territory recorded the second highest year on year increase in the WPI of all jurisdictions, along with South Australia. In other jurisdictions, the increase in the WPI ranged from 1.7 per cent in the Australian Capital Territory to 2.7 per cent in Victoria.

In the year to May 2015, the average weekly full time earnings (AWFTE) in the Territory increased by 4.8 per cent. This comprised of a 6.1 per cent increase in private sector wages and a 2.7 per cent increase in public sector wages (Chart 10). Nationally, the AWFTE increased by 2.3 per cent in the year to May 2015.

Chart 10: Average weekly full time earnings, year on year changeSource: ABS, *Average Weekly Earnings*, Cat. No. 6302.0

Fuel prices

In the week ending 24 January 2016, the average price for unleaded petrol (ULP) in the Territory was 127.7 cents per litre (cpl). This was the lowest weekly average retail ULP price recorded since October 2009. The national weekly average retail ULP price was 113.7 cpl.

The weekly average retail ULP price over the period was 124.9 cpl in Darwin, 5.4 cpl lower than the same time last year. In other urban areas, the weekly average retail ULP price was 138.9 cpl in Alice Springs, 122.0 cpl in Katherine and 140.0 cpl in Tennant Creek.

The average retail price for diesel in the Territory was 132.2 cpl in the week ending 24 January 2016. This was 12.8 cpl higher than the national weekly average price of 119.4 cpl. In Darwin the weekly average retail price for diesel was 130.2 cpl, the highest amongst all capital cities.

**Construction**

**Construction activity in the Territory near record levels**

**Major projects driving engineering construction**

**Private residential unit and house construction near record levels**

In the year to September 2015, total construction work done in the Territory increased by 45.3 per cent to $9.3 billion (Chart 11), driven by an increase in engineering construction and partly offset by declines in non‑residential and residential building construction.

Chart 11: Total construction work done, Territory moving annual totalSource: ABS, *Construction Work Done,* Cat. No. 8755.0

Engineering

Engineering construction work done in the Territory increased by 72.6 per cent to $7.8 billion in the year to September 2015 (Chart 12). This reflects work on several major projects, including the Ichthys LNG project and the Tiger Brennan Drive duplication.

Chart 12: Year on year change in engineering construction activity, Territory

Source: ABS, *Construction Work Done*, Cat. No. 8755.0

Non-residential

In the Territory, non-residential building construction decreased by 31.8 per cent to $699 million in the year to September 2015.

The decline was primarily driven by a fall in private sector construction, which was down by 24.0 per cent to $552 million. Despite the reduction, private sector non-residential construction remains at elevated levels.

Public sector non-residential building construction declined by 50.8 per cent to $146 million over the year.

Private residential

Total private sector residential building construction decreased by 13.6 per cent to $649 million in the year to September 2015 (Chart 13). Despite the decline in activity, private residential construction is still above the ten year average of $518 million.

Public residential

In the year to September 2015, total public residential building construction in the Territory increased by 30.6 per cent to $71 million. This increase is partly due to work related to post cyclone reconstruction activity in the East Arnhem region of the Territory.

Chart 13: Residential construction, Territory moving annual total

 Source: ABS, *Construction Work Done,* Cat. No. 8755.0

**Property Market**

**Median house prices ranged from $256 800 in Tennant Creek to $608 750 in Darwin in the December quarter 2015**

**Housing finance commitments decreased in the year to November 2015**

Conditions in the Territory property market have softened with a decline in sales volumes and rents, and an increase in vacancy rates.

Sales activity

Overall dwelling sales in the Territory (houses and units) decreased by 31.9 per cent to 2552 in the year to December 2015 (Chart 14).

Dwelling sales volumes remain significantly below the levels observed between 2003 and 2009, when annual dwelling sales averaged 4178.

Chart 14: Territory overall dwelling sales, moving annual total, 2005-06 to 2015-16 Source: Real Estate of the Northern Territory (REINT)

The total number of housing finance commitments for owner occupation (excluding refinancing) decreased by 10.1 per cent to 2829 in the year to November 2015. This was driven by a 24.2 per cent decrease in housing finance commitments for first home buyers and a decrease of 5.2 per cent for non‑first home buyers (Chart 15).

The Territory recorded the largest decline in housing finance commitments compared to the other jurisdictions.

Chart 15: Territory Housing Finance Commitments

Source: ABS, *Housing Finance*, Cat. No. 5609.0

Median Property Prices

REINT reported that, in the December quarter 2015, the median house prices in Darwin increased by 0.5 per cent to $608 750 (Chart 16), with the majority of these sales in the higher dollar bracket. Quarterly data reported by REINT can be volatile. REINT reports the median price for all properties sold in the quarter and does not adjust for quality and location of houses sold.

Median house prices in other urban areas of the Territory in the quarter:

* increased by 23.1 per cent to $397 000 in Katherine;
* increased by 15.4 per cent to $256 800 in Tennant Creek; and
* decreased by 2.6 per cent to $467 500 in Alice Springs.

Chart 16: Territory Median House PricesSource: REINT

Capital city median house prices

There are a number of data sources that report on median prices across all capital cities. The reported median price of each capital city may vary between sources due to different methodologies and geographical boundaries used.

The Australian Property Monitors (APM) reports that in the December quarter 2015, the median house price in Darwin decreased by 2.2 per cent to $636 854, the forth highest of all the capital cities. Median house prices in other capital cities ranged from $359 430 in Hobart to $1 025 478 in Sydney (Chart 17).

The median Darwin house price decreased by 1.0 per cent in the December quarter 2015 compared to the same time the previous year. Changes in other jurisdictions ranged from a decline of 4.7 per cent in Perth to an increase of 16.2 per cent in Sydney. Nationally, median house prices rose by 10.9 per cent over the same period.

The median unit price in Darwin declined by 0.4 per cent to $407 132 in the December quarter 2015. This was the third highest median unit price amongst capital cities, which ranged from $268 401 in Hobart to $662 770 in Sydney.

In annual terms, Darwin recorded a decrease of 2.0 per cent in median unit prices. Other capital cities annual change ranged from a decrease of 5.2 per cent in Brisbane to an increase of 9.8 per cent in Sydney. Nationally, median unit prices increased by 5.7 per cent over the same period.

Chart 17: Capital city median house prices, December quarter 2015 Source: APM, *APM House Price Report*

The ABS Residential Property Price Indexes (RPPI) allows a comparison of movements in Darwin residential property prices relative to other capital cities.

In the September quarter 2015, Darwin’s RPPI decreased by 0.4 per cent, the second largest decline among jurisdictions. This reflects decreases of 0.4 per cent in the established house price index and 0.7 per cent in the attached delling price index. Perth was the only other capital city to record a decline in the RPPI. In other jurisdictions, the change in RPPI in the quarter ranged between an 0.5 per cent increase in Hobart to an 3.1 per cent increase in Sydney. Nationally, the RPPI grew by 2.0 per cent in the quarter (Chart 18).

Chart 18: ABS Residential Property Price Indexes, quarterly change September 2015

Source: ABS, *Residential Property Price Indexes*, Cat. No. 6416.0

Vacancy Rates

Compared to the previous quarter, rental vacancy rates for a three bedroom house in the December quarter 2015, increased by:

* 1.7 percentage points to 8.2 per cent in Darwin;
* 0.8 percentage points to 5.8 per cent in Palmerston;
* 3.6 percentage points to 7.2 per cent in Alice Springs; and
* 4.7 percentage points to 7.5 per cent in Katherine (Chart 19).

Chart 19: Territory vacancy rates\*\*3 bedroom house and 2 bedroom unit

Source: REINT

Rental Prices

REINT reported the weekly median rent for a three bedroom house in Darwin decreased by 2.6 per cent to $542 in the December quarter 2015. Median weekly rent for a house increased in Alice Springs to $405 and in Katherine to $450.

The latest data from APM reports that the median weekly asking rent for a three bedroom house in Darwin declined by 1.7 per cent to $570 in the December quarter 2015. Despite the fall, the asking rent for houses in Darwin remains the highest asking rent of the capital cities, which ranged from $340 in Hobart to $530 in Sydney (Table 3).

Table 3: Median House Rents, December quarter 2015

|   | Median house rents |
| --- | --- |
| Sydney1 | $530 |
| Melbourne1 | $400 |
| Brisbane1 | $400 |
| Perth1 | $410 |
| Adelaide1 | $355 |
| Hobart1 | $340 |
| Canberra1 | $465 |
| Darwin2 |  $542 |
| Alice Springs2 | $405 |
| Katherine2 |  $450 |

Sources: 1APM, *APM House Price Report*

2REINT, *Real Estate Local Market Facts*

**Business Environment**

**Business outlook for the next three months is less optimistic**

**Territory new motor vehicle sales decreased by 0.1 per cent in December 2015**

**Retail trade increased by 0.2 per cent in November 2015**

Business confidence

The Sensis Business Index December 2015 reported that the net balance confidence level of the Territory’s small and medium enterprises (SMEs) in their own business prospects over the next 12 months increased by 2 percentage points to +24 per cent. Despite the small increase, the net balance business confidence level is 22 percentage points lower than around the same time last year (+46 per cent).

In other jurisdictions, net business confidence levels ranged between +16 in South Australia and +64 in the Tasmania. Nationally, the net balance business confidence level increased by 12 percentage points to +39 per cent for the same period.

The actual conditions experienced by Territory SMEs in the three months prior to the survey improved in terms of prices and wages, however declined in terms of profitability, sales and size of workforce.

For the next three months, Territory SMEs were less optimistic compared to the previous quarter (Table 4).

Table 4: Expectations of SMEs over next three months

|   | Previous Quarter | Current Quarter |
| --- | --- | --- |
|  | Net balance | Net balance |
| Sales value | +23% | -9% |
| Size of workforce | -1% | -10% |
| Wages bill | flat | -3% |
| Prices | +18% | +7% |
| Profitability | +10% | -14% |

Source: Sensis Business Index

Retail trade turnover

In trend terms, retail trade turnover in the Territory increased by 0.2 per cent to $259 million in November 2015.

In the year to November 2015, retail trade turnover in the Territory increased by 0.5 per cent (Table 5). This increase was primarily due to higher spending on takeaway food services, which contributed 1.4 percentage points to growth in the year, and supermarkets and grocery stores, which contributed 0.8 percentage points.

Year on year growth was offset by lower spending on electronic and electrical goods and the pharmaceutical, cosmetic and toiletry categories.

Table 5: Retail turnover in the Territory, year to November 2015 (original terms)

|  |  |  |
| --- | --- | --- |
|   | Value1 | Change2 |
|   | $M | % |
| Food retailing | 1445.1 | 0.9 |
| Household goods retailing | 496.7 | -0.5 |
| Clothing, footwear and personal accessory retailing | 153.9 | -0.6 |
| Cafe, restaurants and takeaway food services | 467.3 | 7.5 |
| Other3 | 516.1 | -5.1 |
| **Total**  | **3079.1** | **0.5** |

1Annual total in the year to November 2015
2Year to November 2014 to year to November 2015
3Comprises newspaper and book, pharmaceutical, cosmetic and toiletry, other recreational goods and confidential items

Sales of new motor vehicles

In December 2015, the trend number of new motor vehicle sales in the Territory declined by 0.1 per cent to 811, driven by a decline in new sports utility vehicle (SUV) sales, partly offset by an increase in new passenger vehicle sales.

In the year to December 2015, the number of new motor vehicles sold in the Territory declined by 4.3 per cent to 10 524. This was driven by a reduction in passenger vehicle sales (down 8.5 per cent) and other vehicle sales (down 15.4 per cent), which were partly offset by an increase in SUV sales (up 13.8 per cent).

Western Australia and South Australia were the only other jurisdictions to report a decline in the number of new motor vehicle sales in the year to December 2015, while sales increased by 3.8 per cent nationally. The number of new motor vehicle sales in the Territory has been declining in year on year terms since December 2013.

Tourism

In 2014-15, the total number of visitors to the Territory increased by 3.4 per cent to 1.4 million. Growth was driven by a 2.5 per cent increase in domestic visitor arrivals and a 7.3 per cent increase in international visitors. The rise in international visitors was led by increasing visitors from China, Singapore and United States of America.

Source: Tourism Research Australia/Tourism NT

**Comparative Economic Indicators\***

| **Indicator** | **Period** | **Measure** | **NSW** | **Vic** | **Qld** | **WA** | **SA** | **Tas** | **ACT** | **NT** | **Aust** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Economic Growth** |  |  |  |  |  |  |  |  |  |  |  |
| Gross State Product (a) | 2014-15 | % change | 2.4 | 2.5 | 0.5 | 3.5 | 1.6 | 1.6 | 1.4 | 10.5 | 2.3 |
| State Final Demand (a) | Year to Sept 2015 | % change | 2.9 | 3.2 | -3.1 | -3.3 | 1.7 | 0.4 | 1.5 | 2.9 | 0.7 |
| International goods exports (b) | Year to Nov 2015 | % change | 4.7 | 0.3 | 12.5 | -16.7 | -5.3 | 3.5 | 166.7 | -14.8 | -5.3 |
| International goods imports (b) | Year to Nov 2015 | % change | 13.0 | 6.0 | -9.1 | -1.6 | 4.9 | -19.9 | -86.7 | 66.0 | 3.8 |
| **Demography** |  |  |  |  |  |  |  |  |  |  |  |
| Population | June 2014 Qtr to June 2015 Qtr | % change | 1.4 | 1.7 | 1.2 | 1.3 | 0.8 | 0.4 | 1.4 | 0.4 | 1.4 |
| **Labour Market** |  |  |  |  |  |  |  |  |  |  |  |
| Employment | Year to Dec 2015 | % change | 4.8 | 2.1 | 2.8 | 0.3 | 1.1 | -0.5 | 1.6 | 1.5 | 2.7 |
| Participation rate (c) | As at Dec 2015 | % | 64.5 | 64.7 | 65.7 | 68.8 | 62.2 | 60.7 | 70.9 | 74.3 | 65.2 |
| Unemployment rate (c) | As at Dec 2015 | % | 5.2 | 5.9 | 5.9 | 6.4 | 7.3 | 6.6 | 5.2 | 4.1 | 5.8 |
| **Prices and Wages** |  |  |  |  |  |  |  |  |  |  |  |
| Consumer Price Index (d) | Dec 2014 Qtr to Dec 2015 Qtr | % change | 2.0 | 1.9 | 1.7 | 1.5 | 1.0 | 1.8 | 0.7 | 0.5 | 1.7 |
|  | Year to Dec 2015 | % change | 1.9 | 1.4 | 1.5 | 1.3 | 1.1 | 1.1 | 0.6 | 0.5 | 1.5 |
| Wage Price Index | Year to Sept 2015 | % change | 2.2 | 2.7 | 2.2 | 2.1 | 2.5 | 2.4 | 1.7 | 2.5 | 2.3 |
| Average weekly earnings (FTE)(c) | As at May 2015 | $ | 1562 | 1457 | 1512 | 1791 | 1398 | 1332 | 1737 | 1611 | 1546 |
| **Construction** |  |  |  |  |  |  |  |  |  |  |  |
| Construction Work Done | Year to Sept 2015 | % change | -0.5 | 9.1 | -26.7 | -1.6 | -6.8 | 8.7 | -5.7 | 45.3 | -5.1 |
| **Housing Sector** |  |  |  |  |  |  |  |  |  |  |  |
| Building approvals (number) | Year to Oct 2015 | % change | 26.5 | 23.6 | 22.4 | -5.4 | -5.1 | 22.2 | 10.3 | -6.7 | 17.2 |
| Housing finance for owner occupation (excluding refinancing) (number) | Year to Nov 2015 | % change | 6.4 | 7.4 | 0.7 | -9.4 | 0.5 | 0.7 | 8.6 | -10.1 | 2.5 |
| **Consumer Spending** |  |  |  |  |  |  |  |  |  |  |  |
| Retail trade | Year to Nov 2015 | % change | 5.4 | 4.8 | 3.0 | 2.6 | 4.4 | 3.2 | 3.9 | 0.5 | 4.2 |
| New motor vehicle sales (c) | Year to Dec 2015 | % change | 6.9 | 4.2 | 5.4 | -7.9 | -0.8 | 12.0 | 4.4 | -4.3 | 3.8 |
| Unleaded petrol retail prices (d) | Week ending24 January 2016 | cpl | 105.7 | 107.1 | 116.6 | 118.1 | 102.4 | 128.5 | 125.7 | 124.9 | 113.7 |
| Diesel retail prices (d) | Week ending24 January 2016 | cpl | 115.7 | 115.7 | 120.1 | 121.0 | 108.3 | 128.2 | 122.8 | 130.2 | 119.4 |
| **Business Index** |  |  |  |  |  |  |  |  |  |  |  |
| Sensis Business Index | As at Dec 2015 Qtr | Level (%) | 46.0 | 38.0 | 35.0 | 31.0 | 16.0 | 64.0 | 38.0 | 24.0 | 39.0 |

\*original data unless stated otherwise.

(a) In real, inflation adjusted terms.

(b) The value of international trade in the ACT is very low, therefore small variations in the value can have a large impact on year-on- year percentage changes.

(c) Trend.

(d) Capital cities

Sources: ABS data, Australian Institute of Petroleum