

 Territory Economic Review October 2015

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 2013-14, Territory gross state product (GSP) increased by 6.5 per cent. This was the highest growth rate of all jurisdictions. Economic growth in the Territory was supported by higher levels of private investment, household consumption and net exports.

Territory state final demand (SFD) increased by 6.9 per cent to $30.5 billion in 2014-15. Growth was driven by investment (up by 13.5 per cent) with the main contribution coming from public investment (up by 34.9 per cent) due to the completion of the Darwin Correctional Centre in December quarter 2014.

SFD in the Territory is expected to be highly volatile over the coming years and the impact of progress payments for components of the Ichthys project means that it will not be an accurate measure of onshore economic activity in the Territory.

The Territory’s trend unemployment rate was 4.9 per cent in September 2015, 0.8 percentage points higher than the same time last year. The Territory’s unemployment rate continues to be the lowest of the jurisdictions and compares with 6.2 per cent nationally.

Trend retail trade turnover in the Territory decreased by 0.1 per cent to $257 million in August 2015.

Annual growth in the Darwin CPI has continued the downward trend over the past year since peaking at 4.4 per cent growth in the December quarter 2013. Annual growth in Darwin CPI has moderated to 0.2 per cent in the June quarter 2015. This was due to easing pressures on recreation and transportation costs.

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 will 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, 2013-14 | n.a. | n.a. | 6.5% |
| SFD, June Qtr 2015 | n.a. | -0.2% | 6.9% |
| International goods exports August 2015 | -6.2% | n.a. | -15.7% |
| International goods imports August 2015 | -37.8% | n.a. | 54.9% |
| **Population** |
| NT population, March Qtr 2015 | n.a | flat | 0.2%1 |
| **Labour Market** |
| Employment, September 2015 | flat | n.a. | 1.2% |
| Unemployment rate, Sep 2015 | 4.9% | n.a. | 0.8ppt1 |
| **Prices and Wages** |
| CPI, June Qtr 2015  | n.a. | flat | 0.2%1 |
| WPI, June Qtr 2015 | n.a. | 0.4% | 2.6% |
| **Construction** |
| Construction activity, June Qtr 2015 | n.a. | n.a. | 91.6% |
| **Property Market** |
| Darwin house price, June Qtr 2015 | n.a. | -2.4% | - 1.7% |
| Building approvals, August 2015 | -0.7% | n.a. | - 23.7% |
| **Business Environment** |
| Retail trade, August 2015 | -0.1% | n.a. | 0.6% |
| Sales of new motor vehicles, September 2015 | - 2.3% | n.a. | - 1.7% |

1. Annual percentage 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 economy records highest growth in Australia in 2013-14**

**Territory private capital expenditure at record levels in 2014-15**

Economic growth

In 2013-14, economic growth in the Territory, as measured by Gross State Product (GSP), increased by 6.5 per cent to $21.2 billion. This was the strongest growth of all jurisdictions, and compares with 2.5 per cent nationally (Chart 1). Economic growth in the Territory was driven by private investment, household consumption and net exports.

Chart 1: Year on year change in gross state product, 2013-14

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

Private capital expenditure

In 2014-15, private capital expenditure in the Territory increased by 11.3 per cent to $12.8 billion, the highest level on record. This was the highest increase of all states, which varied between a 14.6 per cent decline in Queensland to a 7.4 per cent increase in Tasmania.

Private capital expenditure in the Territory for 2014‑15 was driven by non-dwelling construction activity, which increased by 14.1 per cent to $9.5 billion. This was partly offset by a decrease of 12.3 per cent in new dwelling investment.

The decline in new dwelling investment in 2014-15 follows a strong increase in the previous year, as a number of large, multi-unit dwelling complexes were constructed. The value of dwelling construction in the Territory remains at elevated levels.

Household consumption

In 2014-15, household consumption in the Territory, increased by 1.6 per cent to $9.5 billion.

The main contributor to growth in household consumption in the Territory in 2014-15 was other goods and services which contributed 0.26 percentage points to growth. Other main contributors were recreation and culture (0.2 percentage points), furnishings and household equipment (0.09 percentage points), and rent and other dwelling services (0.08 percentage points).

Expenditure on cigarette and tobacco, purchase of vehicles and education services all detracted from household consumption growth in the Territory in 2014-15.

Public consumption and capital expenditure

In 2014-15, public final demand increased by 6.7 per cent likely due to the completion of the Darwin Correctional Centre in December quarter 2014.

Government final consumption expenditure in the Territory increased by 1.6 per cent to $6.6 billion in 2014-15. This reflects a 2.3 per cent increase in state and local government consumption expenditure to $3.7 billion and a 0.7 per cent increase in national government consumption to $2.9 billion.

Government capital expenditure increased by 34.9 per cent to $1.6 billion. This included a 14.1 per cent increase in national investment and a 62.4 per cent increase in state and local investment.

International trade

The Territory’s goods trade surplus narrowed from $3.5 billion in the year to August 2014 to $595 million in the year to August 2015. This was driven by a $1.9 billion increase in goods imports and a $1.1 billion decrease in goods exports.

The increase in goods imports reflects higher manufactured goods imports mostly related to the Ichthys project.

Lower goods exports largely reflect a decrease in exports of mining commodities. The increase in manufactured goods imports is largely due to the Ichthys project.

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**

**243 826 people residing in the Territory**

**Net overseas migration of 1041 people to the Territory in the year to March 2015**

**4104 births in the Territory in the year to March 2015**

In the March quarter 2015, the Territory’s estimated resident population (ERP) was 243 826 persons, an increase of 0.2 per cent compared to the same period last year. The Territory recorded the lowest annual growth in ERP of all jurisdictions (Table 2).

Components of growth

In the year to March 2015, the Territory’s population increased by 501 persons due to net overseas migration, which added 1041 persons, and natural increase, which added 2853 persons. These gains were partly offset by net interstate migration, which reduced the population by 3393 persons (Chart 2).

Chart 2: Components of Territory population growth, moving annual total

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

*Net overseas migration*

In the year to March 2015, the Territory recorded net overseas migration of 1041 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 Territory 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 the year to March 2015, net interstate migration detracted 3393 persons from the Territory’s population.

*Natural Increase*

In the year to March 2015, natural increase contributed 2853 persons to the Territory’s population, down slightly from the previous year, when natural increase contributed 2899 persons. This was due to an increase in births (3.6 per cent) partly offset by an increase in deaths (10.7 per cent).

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 March 2015

|  | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Aust1 |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ERP (‘000) | 7 596.6 | 5 914.9 | 4 766.7 | 2 587.0 | 1 696.2 | 516.1 | 389.7 | 243.8 | 23 714.3 |
| Annual growth | 1.4% | 1.7% | 1.3% | 1.4% | 0.8% | 0.3% | 1.3% | 0.2% |  1.4% |

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

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

**Labour Market**

**136 247 resident employment in the Territory**

**The unemployment rate at 4.9 per cent is the lowest of the jurisdictions**

**The Territory’s participation rate at 76.3 per cent is the highest among jurisdictions**

Employment

In September 2015, the trend number of people employed in the Territory was flat at 135 330 people. Nationally, trend employment grew by 0.1 per cent in the month.

In the year to September 2015, employment in the Territory increased by 1.2 per cent. In other jurisdictions, the year on year change in employment ranged from a decrease of 0.5 per cent in the Australian Capital Territory to an increase of 2.5 per cent in Tasmania (Chart 3). Nationally, employment grew by 1.5 per cent over the same period.

Chart 3: Year on year change in employment, September 2015

Source: 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.

The ABS 2011 Census data reports that there were 5200 people working in the Territory with a usual place of residence interstate. These workers 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 August 2015 the rate of employment growth in the Territory varied substantially across the different sectors.

Industries that experienced growth in the year to August 2015 included:

* ‘accommodation and food services’, up by 21.6 per cent;
* ‘construction’ up by 4.6 per cent;
* ‘health care and social assistance’, up by 2.0 per cent;
* ‘electricity, gas, water and waste services’, up by 12.2 per cent; and
* ‘professional, scientific and technical services’ up by 1.9 per cent.

Industries that experienced declines in the year to August 2015 included:

* ‘manufacturing’, down by 20.2 per cent;
* ‘administrative and support services’, down by 16.3 per cent;
* ‘education and training’, down by 5.2 per cent;
* ‘retail trade’, down by 5.6 per cent; and
* ‘arts and recreation’, down by 11.2 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 6706 in September 2015. This reflects an increase of 2960 employed females and an increase of 3746 employed males.

In trend terms, full-time employment accounted for 81.5 per cent of total employment in September 2015. In annual terms, the number of people employed on a full‑time basis increased by 4.7 per cent in September 2015, while part‑time employment increased by 7.5 per cent.

Unemployment

In September 2015, the Territory’s trend unemployment rate increased to 4.9 per cent. This was the lowest rate of all jurisdictions, which ranged between 5.1 per cent in the Australian Capital Territory to 8.0 per cent in South Australia. Nationally, the unemployment rate was 6.2 per cent (Chart 4).

The unemployment rate for females increased by 1.2 percentage points to 4.9 per cent through the year to September 2015 and the male unemployment rate increased by 0.5 percentage points to 5.0 per cent, over the same period.

Chart 4: Trend unemployment rate, September 2015

Source: ABS, *Labour Force Australia*, Cat. No. 6202.

The Territory’s reported unemployment rate is more sensitive than other states due to the small sample size 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, which comprise a relatively large proportion of survey respondents.

Chart 5: Historical trend unemployment rate, Northern Territory

Source: ABS, *Labour Force Australia*, Cat. No. 6202.0

Participation

In September 2015 the Territory’s trend participation rate was 76.3 per cent. This reflects an increase of 3.9 percentage points since the same time last year and is the highest level on record. The Territory recorded the highest trend participation rate of all jurisdictions, which ranged from 61.1 per cent in Tasmania to 70.4 per cent in the Australian Capital Territory. Nationally, the participation rate was 65.0 per cent.

Vacancies

The ABS reports that in the year to May 2015, the number of job vacancies in the Territory decreased by 12.6 per cent to 3300. This was driven by a 15.7 per cent decline in the number of private sector vacancies, partly offset by a 17.6 per cent increase in public sector vacancies (Chart 6).

Chart 6: Number of Job Vacancies, Northern 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 increased by 0.5 per cent in August 2015.

The monthly increase in the Territory reflects increases in vacancies in ‘professionals’, ‘technicians and trades workers’, ‘labourers’ and ‘managers’. Nationally, the number of internet vacancies increased by 0.2 per cent over the same period.

In original terms (three month moving average), the number of internet vacancies in the Territory decreased by 19.5 per cent in August 2015 compared to the same time last year. This was driven by a 17.1 per cent decline in vacancies in Darwin (348 less vacancies) and a 27.4 per cent decline in vacancies in regional areas in the Territory (162 less vacancies).

**Prices and Wages**

**Darwin CPI was unchanged in the June quarter 2015**

**Territory WPI grew by 2.6 per cent in 2014-15**

**Average unleaded fuel price in the Territory – 132.3 cents per litre**

Prices

Darwin’s consumer price index (CPI) was unchanged in the June quarter 2015 (Chart 7). Darwin was the only capital city to not record an increase. In other capitals cities, the quarterly increase in the CPI ranged from 0.1 per cent in Hobart to 0.9 per cent in Sydney.

Chart 7: Percentage point contribution to CPI change in the quarter

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

The main areas that experienced growth in the June quarter 2015 included:

* health (contributing 0.12 percentage points); and
* transportation (contributing 0.8 percentage points).

These were offset by detractions in:

* recreation and culture (detracting 0.28 percentage points);
* food and non-alcoholic beverages (detracting 0.11 percentage points); and
* communication (detracting 0.02 percentage points).

In annual terms, Darwin’s CPI growth has moderated from the high of 4.4 per cent in the December quarter 2013 to 0.2 per cent in the June quarter 2015. The moderation was due to easing pressures on rents, housing purchases and transportation costs.

Darwin recorded the lowest annual CPI increase of the jurisdictions, which ranged from 0.6 per cent in Hobart to 2.2 per cent in Sydney. Across all eight capital cities annual CPI increased by 1.5 per cent.

Wages

In 2014-15, the Territory’s wage price index (WPI) grew by 2.6 per cent. This consists of a 3.1 per cent increase in public sector WPI and a 2.4 per cent increase in private sector WPI. Nationally, the WPI grew by 2.4 per cent over the same period.

The Territory recorded the equal second highest increase in the WPI of all jurisdictions in 2014-15 along with South Australia. In other jurisdictions, the increase in the WPI ranged from 1.8 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 8).

Chart 8: Average weekly full time earnings, year on year change

Source: ABS, *Average Weekly Earnings*, Cat. No. 6302.0

Nationally, the AWFTE increased by 2.3 per cent in the year to May 2015. This was driven by a 2.5 per cent increase in private sector wages and a 2.7 per cent increase in public sector wages.

Fuel prices

In the week ending 27 September 2015, the average price for unleaded fuel (ULP) in the Territory was 132.3 cents per litre (cpl), a decrease of 40.9 cpl from the same period last year. The average retail ULP price over the period was 130.4 cpl in Darwin,
138.9 cpl in Alice Springs, 129.9 cpl in Katherine and 150.9 cpl in Tennant Creek. Darwin was above the national average of 129.2 cpl.

**Construction**

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

**Major projects driving engineering construction**

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

In 2014-15, total construction work done in the Territory increased by 91.6 per cent to $9.4 billion (Chart 9), the highest level on record, driven by record levels of engineering construction partly offset by declines in non‑residential and residential construction.

Chart 9: Total construction work done, Northern Territory, moving annual total

Engineering

In 2014-15, engineering construction work done in the Territory increased by 161.4 per cent to $8.0 billion (Chart 10). This reflects work on several major projects, including the INPEX Ichthys liquefied natural gas (LNG) project, the marine supply base and the Tiger Brennan Drive duplication.

Chart 10: Year on year change in engineering construction activity, Northern Territory

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

Non-residential

In 2014-15, non‑residential construction work done decreased by 32.9 per cent to $708 million. This decline was primarily driven by a 27.8 per cent decrease in private construction to $557 million. Despite the decline, the private sector non-residential work done remains above the ten year average of $412 million.

Public sector non-residential building construction declined by 46.7 per cent to $151 million in 2014-15.

Private residential

Private residential construction work done decreased by 12.9 per cent to $649 million, in 2014-15 (Chart 11). Despite the decline in activity, private residential construction is still above the ten year average of $497 million.

Public residential

In 2014-15, total public residential work done increased by 26.6 per cent to $61 million in the Territory. Public residential construction activity is in line with historical levels experienced prior to the strong construction activity associated with the Strategic Indigenous Housing and Infrastructure Program (SIHIP) which peaked at $374 million in June quarter 2011.

Chart 11: Residential construction, Northern Territory, moving annual total

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

**Property Market**

**Median house prices ranged from $205 000 in Tennant Creek to $610 000 in Darwin in the June quarter 2015**

**Housing finance commitments for owner occupation increased in July 2015**

The Territory property market, particularly in the Top End, is experiencing increasing sale volumes, home purchase prices and rents.

Sales activity

Overall dwelling sales in the Territory (houses and units) increased by 2.8 per cent to 3515 in the year to June 2015 (Chart 12).

Despite the recent increase in dwelling sales, volumes remain significantly below the levels observed between 2003 and 2009, when annual dwelling sales averaged 4178.

The number of housing finance commitments for owner occupation (excluding refinancing) decreased by 2.6 per cent to 2954 in the year to August 2015. This was driven by a 5.9 per cent decrease in housing finance commitments for non-first home buyers, partly offset by an 8.4 per cent increase in housing finance commitments for first home buyers (Chart 12). Compared to all other jurisdictions the Territory recorded the second largest decline in housing finance commitments in the year to August 2015.

Chart 12: Territory Housing Finance Commitments

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

Median Property Prices

REINT reported that, in the June quarter 2015, the median house prices in Darwin Overall declined by 2.4 per cent to $610 000 (Chart 13). The majority of sales in the June quarter 2015 were in the higher dollar bracket, pushing up the median house price. 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 6.1 per cent to $470 750 in Alice Springs;
* increased by 8.9 per cent to $430 000 in Katherine; and
* decreased by 26.8 per cent to $205 000 in Tennant Creek.

Chart 13: Territory Median House Prices

Source: REINT, Real Estate Local Market Facts

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 June quarter 2015, the median house price in Darwin increased by 1.8 per cent to $655 511, the third highest house price of all the capital cities. Median house prices in the other capital cities ranged from $327 797 in Hobart to $1 004 767 in Sydney (Chart 14).

Compared to the June quarter 2014, the median Darwin house price increased by 1.7 per cent in the June quarter 2015. Changes in other jurisdictions ranged from a decline of 1.3 per cent in Perth to an increase of 23.4 per cent in Sydney. Nationally, median house prices rose by 12.7 per cent over the same period.

The median unit price in Darwin declined by 3.4 per cent to $471 789 in the June quarter 2015. This was the second highest unit price behind Sydney ($656 371). Median unit prices in the other capital cities ranged from $272 932 in Hobart to $443 546 in Melbourne.

In annual terms, Darwin recorded an increase of
2.2 per cent in median unit prices. Other capital cities annual change ranged from a decrease of 4.9 per cent in Canberra to an increase of 14.0 per cent in Sydney. Nationally, median unit prices increased by 8.1 per cent over the same period.

Chart 14: Capital city median house prices, June 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 June quarter 2015, Darwin’s RPPI decreased by 0.8 per cent, the second largest decline among jurisdictions. This reflects decreases of 0.5 per cent in the established house price index and 1.3 per cent in the attached dwelling 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 no change in Hobart to an 8.9 per cent increase in Sydney. Nationally, the RPPI grew by 4.7 per cent in the quarter (Chart 15).

Chart 15: ABS Residential Property Price Indexes, quarterly change June 2015

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

Vacancy Rates

Compared to the same time last year, rental vacancy rates for a three bedroom house in the June quarter 2015, increased by 0.2 percentage points to 6.9 per cent in Darwin; 3.7 percentage points to 7.0 per cent in Palmerston; 4.9 percentage points to 5.2 per cent in Katherine; and 0.5 percentage points to 4.4 per cent in Alice Springs (Chart 16).

Chart 16: Territory Vacancy rates\*

\*3 bedroom house and 2 bedroom unit

Source: Department of Treasury and Finance

Rental Prices

REINT reported the weekly median rent for a three bedroom house in Darwin was $612 in the June quarter 2015, an increase of 2.3 per cent. Median weekly rent for a house in Alice Springs was $480 and $450 in Katherine.

APM reports that the median weekly asking rent for a three bedroom house in Darwin declined by 7.7 per cent in the June quarter 2015 to $600. Despite the fall, the asking rent for houses in Darwin remains the highest of the capital cities. In the other capital cities, the median weekly rental asking price for a house ranged from $330 in Hobart to $530 in Sydney (Table 3).

Table 3: Median House Rents, June quarter 2015

|   | Median house rents |
| --- | --- |
| Sydney1 | $530 |
| Melbourne1 | $390 |
| Brisbane1 | $400 |
| Perth1 | $430 |
| Adelaide1 | $350 |
| Hobart1 | $330 |
| Canberra1 | $450 |
| Darwin2 |  $612 |
| Alice Springs2 | $480 |
| Katherine2 |  $450 |

Sources: 1APM,*APM House Price Report*; 2 REINT, *Real Estate Local Market Facts*

**Business Environment**

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

**New motor vehicle sales in the Territory declined by 2.3 per cent in Septmeber 2015**

**Retail trade decreased by 0.1 per cent in August 2015**

Business confidence

In the Sensis Business Index June 2015 it was reported that confidence levels of Small and Medium Enterprises (SMEs) in the Territory for the next twelve months decreased by 11 percentage points to +35 per cent. Despite the decline, confidence levels in the Territory were the second highest of all jurisdictions. Nationally, business confidence levels were unchanged at +27 per cent for the same period.

The actual conditions experienced by Territory SMEs in the three months prior to the survey increased in terms of size of workforce and wages bill, but declined in the areas of sales value, prices, and profitability.

For the next three months, Territory SMEs were more optimistic compared to the previous quarter, recording increases across all categories (Table 4).

Table 4: Expectations of SMEs over next three months

|   | Previous Quarter | Current Quarter |
| --- | --- | --- |
|  | Net balance | Net balance |
| Sales value | +9% | +45% |
| Size of workforce | -2% | +10% |
| Wages bill | -2% | +21% |
| Prices | +18% | +29% |
| Profitability | +15% | +33% |
| Capital expenditure | -18% | n.a. |

Source: Sensis Business Index

Retail trade turnover

In trend terms, retail trade turnover decreased by 0.1 per cent to $257 million in August 2015.

In the year to August 2015, retail trade turnover in the Territory increased by 0.6 per cent (Table 5). The increase was primarily due to higher spending on food retailing (contributed 0.7 percentage points), cafes, restaurants and takeaway food (contributing 0.5 percentage points) and household goods (contributing 0.2 percentage points).

The year on year growth was partly offset by lower spending on other recreational goods (down by 13.0 per cent) and newspaper and books (down by 26.6 per cent).

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

|   | Value1 | Change2 |
| --- | --- | --- |
|   | $M | % |
| Food retailing | 1 447.6 | 1.5 |
| Household goods retailing | 496.7 | 1.1 |
| Clothing, footwear and personal accessory retailing | 155.4 | 0.8 |
| Cafes, restaurants and takeaway food services | 455.1 | 3.8 |
| Other3 | 515.1 | -5.0 |
| **Total**  | **3 069.9** | **0.6** |

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

Sales of new motor vehicles

In September 2015, the trend number of new motor vehicle sales in the Territory declined by 2.3 per cent to 819. The Territory recorded the largest monthly decrease of all the jurisdictions. In other jurisdictions the monthly change in new motor vehicle sales ranged from a decrease of 0.1 per cent in South Australia to an increase of 3.1 per cent in Tasmania.

In the year to September 2015, the number of new motor vehicles sold in the Territory declined by 1.7 per cent to 10 833. This was driven by declines in passenger vehicle sales (down by 11.5 per cent) and other vehicle sales (down by 7.7 per cent), partly offset by an increase in sport utility vehicle sales (up by 17.9 per cent). The number of new motor vehicle sales 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.

**Comparative Economic Indicators\***

| **Indicator** | **Period** | **Measure** | **NSW** | **Vic** | **Qld** | **WA** | **SA** | **Tas** | **ACT** | **NT** | **Aust** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Economic Growth** |  |  |  |  |  |  |  |  |  |  |  |
| Gross State Product (a) | 2013-14 | % change | 2.1 | 1.7 | 2.3 | 5.5 | 1.3 | 1.2 | 0.7 | 6.5 | 2.5 |
| State Final Demand (a) | 2014-15 | % change | 3.4 | 2.7 | -2.6 | -3.6 | 1.3 | 0.3 | 2.9 | 6.9 | 0.9 |
| International goods exports (b) | Year to Aug 2015 | % change | 3.8 | 0.3 | 8.0 | -16.3 | -6.4 | -4.5 | -25.0 | -15.7 | -6.1 |
| International goods imports (b) | Year to Aug 2015 | % change | 10.7 | 3.8 | -9.8 | -1.9 | -0.7 | -1.1 | 12.5 | 54.9 | 3.1 |
| **Demography** |  |  |  |  |  |  |  |  |  |  |  |
| Population | March 2014 Qtr to March 2015 Qtr | % change | 1.4 | 1.7 | 1.3 | 1.4 | 0.8 | 0.3 | 1.3 | 0.2 | 1.4 |
| **Labour Market** |  |  |  |  |  |  |  |  |  |  |  |
| Employment | Year to Sep 2015 | % change | 1.9 | 2.4 | 0.2 | 1.5 | 0.2 | 2.5 | -0.5 | 1.2 | 1.5 |
| Participation rate (c) | As at Sep 2015 | % | 64.1 | 64.5 | 65.4 | 68.7 | 62.3 | 61.1 | 70.4 | 76.3 | 65.0 |
| Unemployment rate (c) | As at Sep 2015 | % | 5.9 | 6.2 | 6.3 | 6.2 | 8.0 | 6.2 | 5.1 | 4.9 | 6.2 |
| **Prices and Wages** |  |  |  |  |  |  |  |  |  |  |  |
| Consumer Price Index | Jun 2014 Qtr to Jun 2015 Qtr | % change | 2.2 | 1.1 | 1.5 | 1.2 | 1.2 | 0.6 | 0.8 | 0.2 | 1.5 |
|  | 2014-15 | % change | 1.9 | 1.4 | 1.9 | 1.8 | 1.6 | 1.1 | 1.1 | 1.4 | 1.7 |
| Wage Price Index | 2014-15 | % change | 2.3 | 2.7 | 2.4 | 2.2 | 2.6 | 2.4 | 1.8 | 2.6 | 2.4 |
| Average weekly earnings (FTE)(c) | As at May 2015 | $ | 1562 | 1457 | 1512 | 1791 | 1398 | 1332 | 1737 | 1611 | 1546 |
| **Construction** |  |  |  |  |  |  |  |  |  |  |  |
| Construction Work Done | 2014-15 | % change | -0.5 | 5.0 | -23.9 | -7.1 | -12.1 | 7.8 | -3.9 | 91.6 | -6.2 |
| **Housing Sector** |  |  |  |  |  |  |  |  |  |  |  |
| Building approvals (number) | Year to Aug 2015 | % change | 18.1 | 19.9 | 13.3 | -0.3 | -2.5 | 36.3 | -0.9 | -23.7 | 13.0 |
| Housing finance for owner occupation (excluding refinancing) (number) | Year to Aug 2015 | % change | 1.2 | 4.3 | 1.0 | -7.2 | -1.5 | flat | 9.8 | -2.6 | 0.6 |
| **Consumer Spending** |  |  |  |  |  |  |  |  |  |  |  |
| Retail trade | Year to Aug 2015 | % change | 6.7 | 4.9 | 2.7 | 2.6 | 4.7 | 3.4 | 4.0 | 0.6 | 4.6 |
| New motor vehicle sales | Year to Sep 2015 | % change | 5.5 | 2.8 | 3.6 | -9.0 | -2.9 | 3.0 | 0.7 | -1.7 | 2.1 |
| Petrol prices (d) | Week ending27 Sep 2015 | cpl | 130.9 | 120.6 | 132.3 | 129.0 | 128.6 | 136.9 | 131.2 | 130.4 | 129.2 |
| **Business Index** |  |  |  |  |  |  |  |  |  |  |  |
| Sensis Business Index | As at Jun 2015 Qtr | Level (%) | 31.0 | 42.0 | 18.0 | 28.0 | 32.0 | 39.0 | 33.0 | 43.0 | 31.0 |

\*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