

Territory Economic Review July 2016

The Territory Economic Review provides an overview of the state of the Territory economy, including 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 3.9 per cent in the March quarter 2016. The decline was driven by a 15.4 per cent decline in business investment. In the year to March 2016, Territory SFD decreased by 10.4 per cent, driven by continued declines in business investment, as major projects near completion through 2016. The value of SFD in the Territory remains at elevated levels.

Territory SFD had been increasing at record levels over the past few years, influenced by investment in major projects. As construction work on major projects passes peak capacity, it is expected that SFD will begin to return to long term trend levels.

The Territory reported a trend unemployment rate of 3.7 per cent in June 2016, a decrease of 0.8 percentage points from the same time last year. The Territory’s unemployment rate is the second lowest of the jurisdictions and remains below the national rate of 5.7 per cent.

Trend retail trade turnover in the Territory decreased by 0.2 per cent $259 million in May 2016.

In 2015-16, the Darwin Consumer Price Index (CPI) increased by 0.1 per cent. Darwin continues to have the lowest year on year growth in CPI recorded amongst all capital cities.

In the year to March 2016, the Territory’s Wage Price Index (WPI) grew by 2.3 per cent. This consisted of a 3.1 per cent increase in public sector WPI and a 1.9 per cent increase in private sector WPI.

| *Note: 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.*  *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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**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, Mar Qtr 2016 | n.a. | -3.9% | -10.4% | |
| International goods exports May 2016 | 9.7% | n.a. | -25.8% | |
| International goods imports May 2016 | -8.6% | n.a. | -20.8% | |
| **Population** | | | | |
| NT population, Dec Qtr 2015 | n.a | -0.3% | 0.3%1 | |
| **Labour Market** | | | | |
| Employment, June 2016 | 0.5% | n.a. | | 1.3% |
| Unemployment rate, June 2016 | -0.2ppt | n.a. | | -0.8ppt1 |
| **Prices and Wages** | | | | |
| CPI, June Qtr 2016 | n.a. | 0.3% | 0.1% | |
| WPI, Mar Qtr 2016 | n.a. | 0.2% | 2.3% | |
| **Construction** | | | | |
| Construction activity,  Mar Qtr 2016 | n.a. | -11.3% | -12.8% | |
| **Property Market** | | | | |
| Darwin house price,  Mar Qtr 2016 | n.a. | -4.3% | -6.8%1 | |
| Building approvals,  May 2016 | 19.1% | n.a. | -5.8% | |
| **Business Environment** | | | | |
| Retail trade,  May 2016 | -0.2% | n.a. | 1.6% | |
| Sales of new motor vehicles, June 2016 | 0.9% | n.a. | -4.9% | |

1Annual change Sources: ABS; REINT

**Economic Growth**

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

**Territory private investment declining in the year to March 2016**

Economic growth  
In 2014-15, economic growth in the Territory, as measured by 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

State Final Demand

Although in the March quarter 2016, SFD declined by 3.9 per cent, it does not fully reflect the overall state of the economy. SFD is a partial measure of economic growth, incorporating investment and consumption expenditure, but not trade.

Private investment  
In the year to March 2016, private investment, as a component of state final demand, decreased by 25.7 per cent.

The decline in private investment follows a number of years of record growth, and comes as the impact of payments made for work done overseas for the Ichthys LNG project reduces. Despite the decline, the value of private investment remains at elevated levels.

Non-dwelling construction investment drove the decline in private investment in the year to March 2016, down by 22.0 per cent, while machinery and equipment investment (down by 44.1 per cent) and intellectual property products investment (down by 53.3 per cent) also contributed to the decline.

Household consumption   
In the year to March 2016, growth in household consumption strengthened to 0.8 per cent. Growth was largely driven by an 8.7 per cent increase in consumption of recreation and culture, as well as a 5.2 per cent increase in consumption of other goods and services. Consumption of cigarettes and tobacco, clothing and footwear and education services all detracted from household consumption in 2015.

Public investment  
In the year to March 2016, public investment decreased by 12.0 per cent to $1.5 billion. The decline follows a substantial increase in the previous year following the completion of the Darwin Correctional Centre in late 2014. Despite the decline, the value of public investment remains above the long term average.

International trade  
The Territory’s international trade surplus narrowed by $675 million to $1 billion in the year to May 2016. This was due to a $966 million decrease in goods imports partly offset by a $1.6 billion decrease in goods exports over the year.

The decline in Territory’s goods exports has been driven by a number of factors including decreased commodity prices and production volumes. On the other hand a decrease in goods imports likely reflects a gradual decline in arrivals of preassembled modules for construction of the Itchys LNG project throughout the year.

**Population**

**244 031 people residing in the Territory**

**4004 births and 1171 deaths in the Territory in 2015**

**The annual population growth rate was 0.3%**

In the December quarter 2015, the Territory’s Estimated Resident Population (ERP) was 244 031 persons, an increase of 0.3 per cent compared to the same period last year. The Territory recorded the lowest annual growth in ERP among all jurisdictions (Table 2).

Components of growth

In 2015, the Territory’s population increased by 840 persons mainly due to net overseas migration, which added 739 persons, and natural increase, which added 2833 persons. These gains were offset by net interstate migration, which reduced the population by 2732 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 2015, the Territory recorded net overseas migration of 739 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 the past two years has been 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 2015, net interstate migration detracted 2732 persons from the Territory’s population. This was a smaller loss than the previous year.

*Natural increase*

In 2015, natural increase contributed 2833 persons to the Territory’s population, which was the same number as the previous year.

Population measurement

The Australian Bureau of Statistics (ABS) model for estimating interstate migration flows is 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 December 2015

|  | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Aust1 | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ERP (‘000) | 7 670.7 | 5 966.4 | 4 808.7 | 2 603.9 | 1 702.7 | 517.4 | 393.0 | 244.0 | | 23 940.3 |
| Annual growth | 1.4% | 1.9% | 1.3% | 1.2% | 0.7% | 0.4% | 1.4% | 0.3% | 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**

**134 465 residents employed in the Territory**

**The unemployment rate at 3.7 per cent is the second lowest of the jurisdictions**

**The Territory’s participation rate at 74.8 per cent is the highest among jurisdictions**

Employment

In June 2016, the trend number of people employed in the Territory increased by 0.5 per cent to 134 465 people. Nationally, trend employment was unchanged in the month at 11 933 423 persons.

In 2015-16, employment in the Territory increased by 1.3 per cent. In other jurisdictions, the growth in year on year employment ranged from a 0.2 per cent decline in Tasmania to an increase of 3.7 per cent in New South Wales (Chart 4). Nationally, employment grew by 2.1 per cent over the same period.

Chart 4: Year on year change in employment, 2015-16. 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.

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 May 2016 the rate of employment growth in the Territory varied substantially across the different sectors.

Industries that experienced the largest growth in the year to May 2016 included:

* ‘rental, hiring and real estate services’ up by 27.6 per cent;
* ‘mining’ up by 18.7 per cent;
* ‘accommodation and food services’ up by 14.1 per cent;
* ‘wholesale trade’ up by 10.4 per cent; and
* ‘retail trade’ up by 7.4 per cent.

Industries that experienced the largest declines in the year to May 2016 included:

* ‘agriculture, forestry and fishing’ down by 40.0 per cent;
* ‘information media and telecommunication’ down by 34.2 per cent;
* ‘professional, scientific and technical services’ down by 19.9 per cent; and
* ‘financial and insurance services’ down by 14.6 per cent;

*Employment by gender and full****-****time status*

In annual terms, the trend number of people employed in the Territory decreased by 262 in June 2016. This reflects a decrease of 1189 employed males, partly offset by an increase of 926 employed females.

In trend terms, full-time employment accounted for 81 per cent of total employment in June 2016. In annual terms, the trend number of people employed on a full‑time basis was flat and part‑time employment decreased by 0.9 per cent in June 2016.

Unemployment

In June 2016, the Territory’s trend unemployment rate decreased by 0.2 percentage points to 3.7 per cent. The Territory has the second lowest unemployment rate of all jurisdictions above the Australian Capital Territory (3.6 per cent). The unemployment rate in other jurisdictions ranged between 5.2 per cent in the New South Wales to 6.9 per cent in South Australia. Nationally, the unemployment rate was unchanged at 5.7 per cent (Chart 5).

Chart 5: Trend unemployment rate, June 2016   
Source: ABS, *Labour Force Australia*, Cat. No. 6202.

The trend unemployment rate for females decreased by 1.2 percentage points to 3.1 per cent through the year to June 2016. The male unemployment rate also decreased by 0.5 percentage points to 4.3 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 June 2016, the Territory’s trend participation rate was 74.8 per cent. The Territory continues to record the highest trend participation rate of all jurisdictions, which ranged from 59.7 per cent in Tasmania to 69.8 per cent in the Australian Capital Territory. Nationally, the participation rate was 64.8 per cent.

Vacancies

The ABS reports that in the year to May 2016, the number of job vacancies in the Territory decreased by 26.5 per cent to 2300. This was driven by a 34.5 per cent decline in the number of private sector vacancies, offset by a 5.0 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 job vacancy report shows that trend job vacancies in the Territory increased by 1.5 per cent in June 2016.

The monthly increase in the Territory internet vacancies reflects increases in most categories with the exception of ‘managers’ (down 0.9 per cent), ‘sales workers’ (down 0.7 per cent), and ‘machine operators and drivers’ (down 0.3 per cent) (Chart 8). Nationally, the number of internet vacancies increased by 0.8 per cent over the same period.

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

Source: DoE, *Internet Vacancy Report*

The monthly change in internet job vacancies in other jurisdiction ranged from a decrease of 0.3 per cent in Western Australia to an increase of 1.9 per cent in the Australian Capital Territory.

**Prices and Wages**

**Darwin CPI increased by 0.3 per cent in the June quarter 2016**

**Territory WPI grew by 2.3 per cent in the year to March 2016**

**Territory’s average unleaded fuel price was 122.1 cents per litre**

Prices

The Darwin CPI increased by 0.3 per cent in the June quarter 2016. The quarterly increase in the Darwin CPI was largely consistent with other capital cities also recording increases.

The main areas that contributed to an increase in the June quarter 2016 CPI included recreation and culture (contributing 0.19 percentage points), alcohol and tobacco (contributing 0.14 percentage points) and health (contributing 0.14 percentage points).

These were partly offset by decreases in prices for housing (detracting 0.17 percentage points) and food (detracting 0.06 percentage points).

Chart 9: Percentage point contribution to CPI change in the June quarter 2016

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

The key driver of the Darwin CPI included decreases in communication, transportation and housing costs, reflecting declines in fuel prices and rents. The main category that contributed positively to CPI was tobacco and alcohol.

In other capital cities, CPI growth ranged from 0.5 per cent in Perth to1.5 per cent in Brisbane. Across all eight capital cities annual CPI increased by 1.0 per cent.

Wages

In the year to March 2016, the Territory’s WPI grew by 2.3 per cent. This consisted of a 3.1 per cent increase in public sector WPI and a 1.9 per cent increase in private sector WPI. Nationally, the WPI grew by 2.2 per cent over the same period.

The Territory recorded the second highest year on year increase in the WPI of all jurisdictions, slightly ahead of South Australia. In other jurisdictions, the increase in the WPI ranged from 1.7 per cent in the Australian Capital Territory to 2.5 per cent in Victoria.

In the year to November 2015, the Average Weekly Full Time Earnings (AWFTE) in the Territory increased by 5.3 per cent. This comprised of a 6.2 per cent increase in private sector wages and a 3.9 per cent increase in public sector wages (Chart 10). Nationally, the AWFTE increased by 1.4 per cent in the year to November 2015.

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

Fuel prices

In the week ending 24 July 2016, the average price for unleaded petrol (ULP) in the Territory was 122.1 cents per litre (cpl). This was 3.4 cpl above the national average ULP price of 118.7 cpl.

The weekly average retail ULP price in Darwin over the week was 119.8 cpl, 14.8 cpl lower than the same time last year and 1.1 cpl higher than the national average. In other urban areas, the weekly average retail ULP price was 119.8 cpl in Katherine and 129.9 cpl in Alice Springs.

The average retail price for diesel in the Territory was 123.9 cpl in the week ending 24 July 2016. This was 2.4 cpl higher than the national weekly average price of 121.5 cpl. The weekly average retail price for diesel was 122.0 cpl in Darwin and 127.0 cpl across the Territory’s regional areas.

**Construction**

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

**Value of engineering construction is starting to decline following record growth**

**House construction near record levels**

In the year to March 2016, total construction work done in the Territory decreased by 12.8 per cent to $8.2 billion (Chart 11), driven by decreases in engineering, non-residential and unit construction. This was partly offset by an increase in new house 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 decreased by 13.1 per cent to $6.8 billion in the year to March 2016 (Chart 12). This followed a period of record growth. Despite the decline, the value of engineering construction work remains above long term average levels.

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 9.9 per cent to $700 million in the year to March 2016.

The decline was primarily driven by a fall in private sector construction, which was down by 11.2 per cent to $528 million. Despite the reduction, private sector non-residential construction remains above the long term average.

Public sector non-residential building construction declined by 5.6 per cent to $172 million over the year.

Private residential

Total private sector residential building construction decreased by 14.7 per cent to $584 million in the year to March 2016 (Chart 13). The decline was likely driven by lower levels of new unit construction and reflects a return towards long term average levels.

Public residential

In the year to March 2016, total public residential building construction in the Territory increased by 53.7 per cent to $80 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

Building Approvals

In the year to May 2016, the number of residential building approvals declined by 5.8 per cent, to 1717. The decline was driven by a 10.4 per cent decline in other residential (units, townhouses, etc.) approvals to 796, which was partly offset by a 2.5 per cent increase in house approvals, to 896.

The value of non‑residential approvals in the Territory decreased by 25.5 per cent in the year to May 2016, to $640 million, reflecting a return to longer term trend levels, following a period of elevated growth.

**Property Market**

**Median house prices ranged from $365 000 in Tennant Creek to $582 500 in Darwin in the March quarter 2016**

**Housing finance commitments decreased in the year to May 2016**

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 39.1 per cent to 2305 in the year to March 2016 (Chart 14).

Dwelling sales volumes remain significantly below the levels observed between 2003 and 2009, when annual dwelling sales averaged 4169.

Chart 14: Territory overall dwelling sales, moving annual total, 2005-06 to 2015-16 Source: REINT

The total number of housing finance commitments for owner occupation (excluding refinancing) decreased by 14.5 per cent to 2676 in the year to May 2016. This was driven by a 36.1 per cent decrease in housing finance commitments for first home buyers and a decrease of 6.9 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

The Real Estate Institute of the Northern Territory (REINT) reported that, in the March quarter 2016, the median house prices in Darwin decreased by 4.3 per cent to $582 500 (Chart 16). 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:

* decreased by 4.3 per cent to $380 000 in Katherine;
* increased by 42.1 per cent to $365 000 in Tennant Creek; and
* increased by 3.2 per cent to $482 500 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 March quarter 2016, the median house price in Darwin decreased by 4.9 per cent to $613 118, the fourth highest of all the capital cities. Median house prices in other capital cities ranged from $360 144 in Hobart to $999 557 in Sydney (Chart 17).

The median Darwin house price decreased by 2.9 per cent in the March quarter 2016 compared to the same time the previous year. Changes in other jurisdictions ranged from a decline of 4.6 per cent in Perth to an increase of 13.4 per cent in Melbourne. Nationally, median house prices rose by 6.8 per cent over the same period.

The median unit price in Darwin increased by 14.9 per cent to $493 746 in the March quarter 2016. This was the second highest median unit price amongst capital cities, which ranged from $250 533 in Hobart to $660 234 in Sydney.

In annual terms, Darwin recorded a decrease of 0.9 per cent in median unit prices. Other capital cities’ annual change ranged from a decrease of 5.2 per cent in Perth to an increase of 6.4 per cent in Sydney. Nationally, median unit prices increased by 3.7 per cent over the same period.

Chart 17: Capital city median house prices, March quarter 2016 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 March quarter 2016, Darwin’s RPPI decreased by 2.0 per cent, the largest decline among jurisdictions. This reflects decreases of 2.8 per cent in the established house price index partly offset by an increase of 0.1per cent in the attached delling price index. In other jurisdictions, the change in RPPI ranged between an 1.7 per cent decrease in Perth to a 1.1 per cent increase in Hobart, in the quarter . Nationally, the RPPI decreased by 0.2 per cent in the quarter (Chart 18).

Chart 18: ABS Residential Property Price Indexes, quarterly change March 2016

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 March quarter 2016 (Chart 19):

* increased by 0.1 percentage points to 8.3 per cent in Darwin;
* increased by 0.2 percentage points to 6.0 per cent in Palmerston;
* decreased by 2.0 percentage points to 5.2 per cent in Alice Springs; and
* increased by 2.1 percentage points to 9.6 per cent in Katherine.

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 1.3 per cent to $535 in the March quarter 2016. Median weekly rent for a house increased in Alice Springs to $490 but decreased in Katherine to $430.

The latest data from APM reports that the median weekly asking rent for a three bedroom house in Darwin declined by 3.5 per cent to $550 in the March quarter 2016. Despite the fall, Darwin continues to have the highest asking rent for houses of the capital cities, which ranged from $350 in Hobart to $530 in Sydney (Table 3).

Table 3: Median House Rents, March quarter 2016

|  | Median house rents |
| --- | --- |
| Sydney1 | $530 |
| Melbourne1 | $400 |
| Brisbane1 | $410 |
| Perth1 | $400 |
| Adelaide1 | $360 |
| Hobart1 | $350 |
| Canberra1 | $468 |
| Darwin2 | $535 |
| Alice Springs2 | $490 |
| Katherine2 | $430 |

Sources: 1APM, *APM House Price Report*

2REINT, *Real Estate Local Market Facts*

**Business Environment**

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

**949 new motor vehicle sales over May 2016 in the Territory**

**Retail trade turnover was up 1.6% in the year to May 2016**

Business confidence

The Sensis Business Index June 2016 reported that the net balance business confidence level of the Territory’s small and medium enterprises (SMEs) in their own business prospects over the next 12 months decreased by 4 percentage points to +23 per cent. The net balance business confidence level is 20 percentage points lower than around the same time last year (+43 per cent).

In other jurisdictions, net business confidence levels ranged between +20 per cent in Western Australia and +58 per cent in New South Wales. Nationally, the net balance business confidence level decreased by 9 percentage points in the quarter to +44 per cent.

The actual conditions experienced by Territory SMEs in the three months prior to the survey improved in all categories but continued to have a negative net balance in terms of sales, size of workforce and profitability.

For the next three months, Territory SMEs were more 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 | +24% | +31% |
| Size of workforce | +6% | +9% |
| Wages bill | +5% | +17% |
| Prices | +16% | +18% |
| Profitability | +16% | +35% |

Source: Sensis Business Index

Retail trade turnover

Table 5: Retail turnover in the Territory, year to May 2016

|  |  |  |
| --- | --- | --- |
|  | Value1 | Year on year change |
| Food retailing | 1448.1 | 0.6 |
| Household goods retailing | 500.5 | 0.7 |
| Clothing, footwear and personal accessory retailing | 161.8 | 3.0 |
| Cafe, restaurants and takeaway food services | 476.3 | 7.9 |
| Other2 | 524.5 | -0.8 |
| **Total** | **3 111.2** | **1.6** |

1Annual total in the year to May 2016, original data, current prices.  
2Comprises newspaper and book, pharmaceutical, cosmetic and toiletry, other recreational goods and confidential items Source: ABS, *Retail Trade Turnover,* Cat. No. 8501.0

In the year to May 2016, Territory retail trade turnover increased by 1.6 per cent (Table 5).

The main sub category contributors to the year on year increase in retail trade turnover were cafes, restaurants and takeway food (up by 7.9 per cent and contributing 1.1 percentage points) and food retailing (up by 0.6 per cent and contributing 0.3 percentage points). The main detractor from growth in the year were pharmaceutical, cosmetic and toiletry (down by 17.5 per cent and detracting 0.8 percentage points).

In inflation adjusted terms, trend retail trade turnover was flat at $754 million in the March quarter 2016, compared to the previous quarter. Inflation adjusted retail trade turnover, in original terms, was also steady at $3.0 billion in the year to March 2016.

Sales of new motor vehicles

In June 2016, the trend number of new motor vehicle sales in the Territory increased by 0.9 per cent to 949, compared to the previous month. New motor vehicle sales in the Territory were driven by increases in passenger (up 2.0 per cent) and sports utility vehicles (SUV) (up 2.2 per cent) sales. Other vehicle sales (including utilities, panel vans, rigid trucks, buses) decreased by 1.8 per cent.

In 2015-16, the number of new motor vehicles sold in the Territory declined by 4.9 per cent to 10 529. This was driven by a reduction in passenger vehicle sales (down 7.9 per cent) and other vehicle sales (down 13.5 per cent), which were partly offset by an increase in SUV sales (up 7.0 per cent).

In other jurisdictions the year on year change ranged from a decline of 5.9 per cent in Western Australia to a 7.6 per cent increase in New South Wales. The number of new motor vehicle sales in the Territory has been declining in year on year terms since December 2013.

Tourism

In 2015, the total number of visitors to the Territory increased by 16.5 per cent to 1.6 million. Growth was driven by a 20.0 per cent increase in domestic visitor arrivals and a 3.1 per cent increase in international visitor arrivals. The rise in international visitors was led by visitors from the United States of America, the United Kingdom, Germany and Japan.

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 Product1 | 2014-15 | % change | 2.4 | 2.5 | 0.5 | 3.5 | 1.6 | 1.6 | 1.4 | 10.5 | 2.3 |
| State Final Demand 1 | Year to Mar 2016 | % change | 3.5 | 3.9 | -2.5 | -3.2 | 1.2 | 2.2 | 2.8 | -10.4 | 1.0 |
| International goods exports2 | Year to May 2016 | % change | -0.7 | 0.7 | 3.8 | -10.7 | 0.7 | 13.2 | 275.0 | -25.8 | -4.3 |
| International goods imports2 | Year to May 2016 | % change | 9.4 | 6.9 | -3.0 | -1.5 | 4.1 | 6.6 | -77.8 | -20.8 | 1.7 |
| **Demography** |  |  |  |  |  |  |  |  |  |  |  |
| Population | Dec 2014 Qtr to Dec 2015 Qtr | % change | 1.4% | 1.9% | 1.3% | 1.2% | 0.7% | 0.4% | 1.4% | 0.3% | 1.4% |
| **Labour Market** |  |  |  |  |  |  |  |  |  |  |  |
| Employment | 2015 -16 | % change | 3.7 | 2.3 | 1.6 | 0.1 | 0.5 | - 0.2 | 1.0 | 1.3 | 2.1 |
| Participation rate3 | As at June 2016 | % | 64.2 | 65.0 | 64.9 | 67.7 | 61.9 | 59.7 | 69.8 | 74.8 | 64.8 |
| Unemployment rate3 | As at June 2016 | % | 5.2 | 5.7 | 6.5 | 5.6 | 6.9 | 6.5 | 3.6 | 3.7 | 5.7 |
| **Prices and Wages** |  |  |  |  |  |  |  |  |  |  |  |
| Consumer Price Index4 | 2015-16 | % change | 1.5 | 1.6 | 1.6 | 1.0 | 0.9 | 1.4 | 0.7 | 0.1 | 1.4 |
|  | Year to Mar 2016 | % change | 1.8 | 1.5 | 1.6 | 1.1 | 1.0 | 1.2 | 0.7 | 0.2 | 1.5 |
| Wage Price Index | Year to Mar 2016 | % change | 2.1 | 2.5 | 2.0 | 2.0 | 2.3 | 2.3 | 1.7 | 2.3 | 2.2 |
| Average weekly earnings (FTE)3 | As at Nov 2015 | $ | 1579 | 1472 | 1504 | 1803 | 1422 | 1363 | 1739 | 1640 | 1556 |
| **Construction** |  |  |  |  |  |  |  |  |  |  |  |
| Construction Work Done | Year to Mar 2016 | % change | 5.0 | 6.6 | -26.6 | 5.0 | -2.9 | 2.6 | -11.0 | -12.8 | -4.0 |
| **Housing Sector** |  |  |  |  |  |  |  |  |  |  |  |
| Building approvals (number) | Year to May 2016 | % change | 15.4 | -0.9 | 11.0 | -23.3 | 3.7 | -10.3 | 29.2 | -5.8 | 3.2 |
| Housing finance for owner occupation (excluding refinancing) (number) | Year to May 2016 | % change | 11.0 | 11.2 | 2.2 | -11.6 | 2.8 | -1.6 | 6.0 | -14.5 | 4.9 |
| **Consumer Spending** |  |  |  |  |  |  |  |  |  |  |  |
| Retail trade | Year to May 2016 | % change | 5.3 | 5.4 | 2.6 | 2.0 | 4.0 | 4.5 | 5.4 | 1.6 | 4.3 |
| New motor vehicle sales | 2015 -16 | % change | 7.6 | 4.0 | 2.9 | -5.9 | 1.6 | 6.4 | 6.4 | -4.9 | 3.8 |
| Unleaded petrol retail prices4 | Week ending  24 July 2016 | cpl | 125.7 | 112.7 | 116.2 | 118.9 | 105.3 | 123.8 | 127.8 | 119.8 | 118.7 |
| Diesel retail prices4 | Week ending  24 July 2016 | cpl | 118.1 | 118.8 | 121.4 | 125.4 | 116.9 | 123.1 | 120.0 | 122.0 | 121.5 |
| **Business Index** |  |  |  |  |  |  |  |  |  |  |  |
| Sensis Business Index | As at June 2016 Qtr | Level (%) | 58.0 | 46.0 | 36.0 | 20.0 | 29.0 | 30.0 | 49.0 | 23.0 | 44.0 |

\*original data unless stated otherwise.

1Inflation adjusted terms.

2The 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.

3Trend.

4Capital cities.

Sources: ABS data, Australian Institute of Petroleum