

 Territory Economic Review March 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. Nationally, gross domestic product (GDP) in 2013-14 grew by 2.5 per cent. Economic growth in the Territory was supported by higher levels of private investment, household consumption and net exports.

Territory’s state final demand (SFD) increased by 4.7 per cent to $29.7 billion in 2014. Growth was driven by a 7.1 per cent increase in private investment, a 13.9 per cent increase in public investment and a 2.1 per cent increase in consumption.

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 4.3 per cent in February 2015, 0.5 percentage points higher than the same time last year. Despite the increase, Territory’s unemployment rate remains the lowest of the jurisdictions and compares with 6.3 per cent nationally.

Trend retail trade turnover in the Territory increased by 0.1 per cent to $257 million in January 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 December quarter 2013. Annual growth in Darwin CPI has moderated to 1.9 per cent the December quarter 2014.

Economic indicators for the Territory should be interpreted with care, particularly over short periods. 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, Dec Qtr 2014 | n.a. | 2.1% | 4.7% |
| International goods exports Jan 2015 | -32.2% | n.a. | 8.4% |
| International goods imports Jan 2015 | -40.5% | n.a. | -17.2% |
| **Population** |
| NT population, Sept Qtr 2014 | n.a. | 0.5% | 1.1%1 |
| **Labour Market** |
| Employment, Feb 2015 | 0.5% | n.a. | 1.4% |
| Unemployment rate, Feb 2015 | 0.2ppt | n.a. | 0.5ppt1 |
| **Prices and Wages** |
| CPI, Dec Qtr 2014  | n.a. | 0.2% | 1.9%1 |
| WPI, Dec Qtr 2014 | n.a. | 0.6% | 2.8% |
| **Construction** |
| Construction activity, Dec Qtr 2014 | n.a. | n.a. | 59.6% |
| **Property Market** |
| Darwin house price, Dec Qtr 2014 | n.a. | -4.1% | -4.1% |
| Building approvals, January 2014 | -10.0% | n.a. | -13.2% |
| **Business Environment** |
| Retail trade, January 2015 | 0.1% | n.a. | 3.6% |
| Sales of new motor vehicles, February 2015 | -0.3% | n.a. | -2.4% |

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* |
| --- |

**Economic Growth**

**Territory economy records highest growth in Australia in 2013-14**

**Territory private capital expenditure at record levels in 2013-14**

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 2013-14, private capital expenditure in the Territory increased by 8.0 per cent to $11.8 billion, the highest level on record. This was the strongest growth of all states, which varied between ‑12.9 per cent in the Australian Capital Territory and 6.8 per cent in Victoria.

Private capital expenditure in the Territory in 2013-14 was driven by non-dwelling construction activity, which increased by 2.9 per cent to $8.6 billion. This reflects a number of major projects, including: the INPEX Ichthys LNG project; expansion at the McArthur River zinc-lead mine; the Marine Supply Base; and the Darwin Correctional Precinct.

Residential housing and unit development in Darwin and Palmerston also contributed to private dwelling construction growing by 39.4 per cent in 2013‑14.

Household consumption

In 2013-14, household consumption in the Territory, increased by 3.4 per cent to $9.5 billion.

The main contributor to growth in household consumption in the Territory in 2013-14 was net expenditure interstate, contributing 1.0 percentage points to growth. Other main contributors were: rent and other dwelling services (0.5 percentage points), health (0.4 percentage points), and food (0.2 percentage points).

The only category that detracted from household consumption growth in the Territory in 2013‑14 was transport (detracting 0.4 percentage points).

Public consumption and capital expenditure

In 2013-14, public final demand increased by 0.7 per cent driven by a 3.3 per cent increase in public consumption, partly offset by an 11.4 per cent decline in public investment.

Government final consumption expenditure in the Territory increased by 3.3 per cent to $6.5 billion in 2013-14. This reflects a 2.2 per cent increase in state and local government expenditure to $3.6 billion and a 4.7 per cent increase in national government expenditure to $2.8 billion.

Government capital expenditure declined by 11.4 per cent to $1.2 billion. This comprised a 25.9 per cent decline for public corporations and a 4.7 per cent decline in general government expenditure on capital expenditure.

International trade

Territory’s goods trade surplus widened to $3.2 billion in the year to January 2015. The increase was driven by a $747 million decline in goods imports and a $527 million increase in goods exports.

The decline in goods imports reflects lower machinery imports and a decrease in reported feedstock gas imports from the Joint Petroleum Development Area following the ABS decision to suppress the information.

Higher goods exports largely reflect increases in exports of petroleum products to Thailand and mineral ores to China.

**Population**

**246 322 people residing in the Territory**

**Net overseas migration of 3266 people to the Territory in the year to September 2014**

**4029 births in the Territory in the year to September 2014**

The Territory’s estimated resident population (ERP) increased by 0.5 per cent in the September quarter 2014 to 246 322 people (Table 2) and by 1.1 per cent annually. The Territory recorded the third lowest annual growth in ERP of all jurisdictions.

Components of growth

In the year to September 2014, the Territory’s population increased by 2765 people due to:

* net overseas migration, which added 3266 people;
* natural increase, which added 2882; and
* net interstate migration, which reduced the population by 3383 people.

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

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

*Net overseas migration*

In the September quarter 2014, net overseas migration contributed 1028 people to the Territory’s population and added 3266 people to the Territory’s population in the year to September 2014 (Chart 2). Although net overseas migration has declined from a peak in the March quarter 2013, it remains at historically elevated levels.

*Net interstate migration*

Net interstate migration in the Territory is highly volatile. In the September quarter 2014, the Territory recorded a net interstate migration loss of 469, higher than the 10 year quarterly average of -171.

In the year to September 2014, net interstate migration detracted 3383 persons from the Territory’s population.

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 September 2014

|  | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Aust1 |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ERP (‘000) | 7 544.5 | 5 866.3 | 4 740.9 | 2 589.1 | 1 688.7 | 515.0 | 387.1 | 246.3 | 23 281.0 |
| Annual growth | 1.4% | 1.8% | 1.5% | 2.1% | 0.9% | 0.3% | 1.2% | 1.1% |  1.5% |

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**

**133 000 resident employment in the Territory**

**Unemployment rate at 4.3 per cent is the lowest of the jurisdictions**

**The Territory’s participation rate at 74.1 per cent is the highest among jurisdictions**

Employment

In February 2015, the trend number of people employed in the Territory increased by 0.5 per cent to about 133 000 people. This was highest monthly increase in employment of all jurisdictions. Nationally, trend employment grew by 0.1 per cent in the month.

In the year to February 2015, employment in the Territory grew by 1.4 per cent. This was the third highest year on year change in employment of all jurisdictions, which ranged from a decrease of 0.6 per cent in the Australian Capital Territory to an increase of 3.2 per cent in Tasmania (Chart 3). Nationally, employment grew by 1.2 per cent over the same period.

Chart 3: Year on year change in employment, year to February 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*

While Territory employment grew in the year to the February quarter 2015, the rate of employment growth varied substantially across the different sectors.

Industries that experienced growth in the year to the February quarter 2015 included:

* ‘public administration and safety’, up by 3.7 per cent (800 people);
* ‘professional, scientific and technical services’, up by 9.9 per cent (700 people);
* ‘mining’, up by 10.4 per cent (500 people);
* ‘information media and telecommunications’, up by 34.6 per cent (400 people);
* ‘electricity, gas, water and waste services’ up by 20.9 per cent (400 people), and
* ‘health care and social assistance’, up by 2.5 per cent (400 people).

Partly offsetting growth were declines in:

* ‘retail trade’, down by 7.9 per cent (800 people);
* ‘manufacturing’, down 6.3 per cent (300 people);
* ‘accommodation and food services’, down by 2.2 per cent (200 people);
* ‘agriculture, forestry and fishing’, down by 13.6 per cent (200 people); and
* ‘financial and insurance services, down by 10.6 per cent (200 people)

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 decreased by 1201. This reflects a decrease of 2329 employed males, partly offset by an increase of 1128 females.

Consistent with the changes in employment, the unemployment rate for females decreased by 0.1 percentage points to 3.6 per cent through the year to February 2015, while the male unemployment rate increased by 0.9 percentage points to 4.8 per cent over the same period.

In trend terms, full-time employment accounted for 81.8 per cent of total employment in February 2015. Compared to February 2014, the number of people employed on a full‑time basis decreased by 1.6 per cent in February 2015, while part‑time employment increased by 2.2 per cent.

Unemployment

In February 2015, the Territory’s trend unemployment rate increased by 0.2 percentage points to 4.3 per cent. Despite the increase, the Territory’s unemployment rate remains the lowest of all jurisdictions. In other jurisdictions, the unemployment rate ranged from 4.5 per cent in the Australian Capital Territory to 7.0 per cent in South Australia. Nationally, the unemployment rate was 6.3 per cent (Chart 4).

Chart 4: Trend unemployment rate, February 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

Compared to January 2015, Territory’s trend participation rate increased by 0.5 percentage points to 74.1 per cent in February 2015. The Territory recorded the highest trend participation rate of all jurisdictions, which ranged from 61.2 per cent in Tasmania to 70.0 per cent the Australian Capital Territory. Nationally, the participation rate was 64.7 per cent.

Vacancies

The ABS reports that in the year to November 2014, the number of job vacancies in the Territory increased by 20.2 per cent to 3875. This was driven by a 34.7 per cent increase in the number of private sector vacancies, partly offset by a 15.0 per cent decline 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 0.6 per cent in February 2015. This is the fourth monthly consecutive increase in vacancies.

The monthly increase in the Territory reflects vacancies in all categories with the exception of ‘clerical and administrative workers’ (down by 1.2 per cent), ‘sales workers’ (down by 0.3 per cent) and ‘machinery operators and drivers’ (down by 3.5 per cent). 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 1.1 per cent in February 2015 compared to February 2014. This reflects a 4.5 per cent decline in vacancies in Greater Darwin (76 less vacancies) partly offset by a 15.0 per cent increase in vacancies in regional areas in the Territory (53 more vacancies).

**Prices and Wages**

**Darwin CPI increased by 0.2 per cent in the December quarter 2014**

**Territory WPI grew by 0.6 per cent in December quarter 2014**

**Average unleaded fuel price in the Territory – 131.3cents per litre**

Prices

Compared to the September quarter 2014, Darwin's consumer price index (CPI) increased by 0.2 per cent in the December quarter 2014 (Chart 7). In other capitals cities, the quarterly increase in the CPI ranged from 0.1 per cent in Perth, Canberra and Hobart to 0.3 per cent in Adelaide.

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



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

The main contributors to the quarterly growth in Darwin CPI were increases in the costs of:

* alcohol and tobacco (contributing 0.18 percentage points);
* furnishings, household equipment and services (contributing 0.09 percentage points);
* clothing and footwear (contributing 0.06 percentage points); and
* housing (contributing 0.06 percentage points)

In annual terms, Darwin’s CPI moderated from 4.4 per cent to 1.9 per cent. In other capital cities, the annual increase in the CPI ranged from 1.1 per cent in Hobart to 2.0 per cent in Perth and Brisbane. Across all eight capital cities annual CPI was an increased by 1.7 per cent.

The largest contributor to Darwin’s annual CPI growth was tobacco and alcohol (contributing 0.62 percentage points), followed by housing (0.37 percentage points) and food and non‑alcoholic beverages (0.34 percentage points).

Wages

In 2014, the Territory’s wage price index (WPI) grew by 2.8 per cent. This comprised of a 2.9 per cent increase in public sector WPI and a 2.8 per cent increase in private sector WPI. Nationally, the WPI grew by 2.6 per cent over the same period.

The Territory recorded the second highest increase in the WPI of all jurisdictions in 2014. In other jurisdictions, the increase in the WPI ranged from 2.0 per cent in the Australian Capital Territory to 2.9 per cent in South Australia.

In the year to November 2014, the AWFTE in the Territory declined by 0.7 per cent. This comprised of a 0.4 per cent decline in private sector wages, partly offset by a 2.6 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 2.5 per cent in the year to November 2014. This was driven by a 3.1 per cent increase in private sector wages and a 2.4 per cent increase in public sector wages.

Fuel prices

In the week ending 22 February 2015, the average price for unleaded fuel in the Territory was 131.3 cents per litre (cpl), a decrease of 43.0 cpl from the same period last year. The average retail ULP price over the period was 128.8 cpl in Darwin,
138.9 cpl in Alice Springs, 130.5cpl in Katherine and 154.0 cpl in Tennant Creek. Nationally, the average unleaded fuel price was 119.8 cpl. This equals to a price differential between the Territory and Australia of 11.5 cpl.

**Construction**

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

**Major projects driving engineering construction**

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

Construction activity associated with major projects continues to drive economic growth in the Territory. In 2014, total construction work done in the Territory increased by 59.6 per cent to $7.4 billion, the highest level on record.

Engineering

In 2014, engineering construction work done in the Territory increased by 106.2 per cent to $5.8 billion (Chart 9). This is the highest level on record and more than double the ten year average of $2.2 billion.

Chart 9: Year on year change in engineering construction activity, Northern Territory, 2014

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

Non-residential

In 2014, non‑residential construction work done decreased by 24.1 per cent to $844 million. This was primarily driven by a 29.5 per cent decrease in the private sector. Despite the decline, the private sector non-residential work done remains above the ten year average of $392 million.

Public sector non-residential building declined by 0.8 per cent to $207 million in 2014.

Private residential

Private residential construction activity increased by 4.0 per cent to $688 million, in 2014 (Chart 10).

Growth in private residential construction was driven by a number of large scale unit developments in Darwin and Palmerston.

Public residential

In 2014, total public residential construction activity increased by 28.8 per cent to $54 million in the Territory. Public residential construction activity has been moderating over the past year since the peak of $374 million in the June quarter 2011. Despite the moderation, public construction activity remains relatively robust. The decline in public sector residential activity primarily reflects the winding down of works related to the Strategic Indigenous Housing and Infrastructure Program.

Chart 10: Residential construction, Northern Territory, moving annual total

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

**Property Market**

**Median house prices ranged from $291 250 in Tennant Creek to $585 000 in Darwin in the December quarter 2014**

**Housing finance commitments for owner occupation increased in the year to January 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 12.6 per cent to 3745 in 2014 (Chart 11).

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) increased by 9.2 per cent to 3186 in 2014 (Chart 11). This was the highest increase of all jurisdictions above Tasmania (up by 6.9 per cent).

Chart 11: Territory Moving Annual Dwelling Sales and Housing Finance Commitments

Source: ABS, *Housing Finance*, Cat. No. 5609.0; REINT, Real Estate Local Market Facts

Land sales
In 2013, annual land sales in the Territory increased by 25 per cent. This growth reflects recent land releases in the greater Darwin area with development of the new suburbs of Muirhead, Bellamack, Johnston and Zuccoli as well as the Coolalinga subdivision.

Median Property Prices

The Real Estate Institute of the Northern Territory (REINT) reported that, in the December quarter 2014, the median house prices in Darwin Overall decreased by 4.1 per cent to $585 000 (Chart 12). 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 4.6 per cent to $429 500 in Alice Springs;
* increased by 6.3 per cent to $380 000 in Katherine; and
* increased by 7.3 per cent to $291 250 in Tennant Creek.

Chart 12: 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 December quarter 2014, the median house price in Darwin was $634 316, the second highest of all the capital cities. Median house prices in the other capital cities ranged from $335 880 in Hobart to $881 971 in Sydney (Chart 13).

Compared to the December quarter 2013, the median Darwin house price declined by 6.8 per cent in the December quarter 2014. Darwin was the only capital city to record an annual decline in median house prices. Nationally, median house prices rose by 8.3 per cent over the same period.

The median unit price in Darwin decreased by 4.3 per cent to $433 981 in the December quarter 2014. This was the second highest unit price behind Sydney. Median unit prices in the capital cities ranged from $236 651 in Hobart to $607 066 in Sydney.

In annual terms, Darwin recorded a decline of
2.3 per cent in median unit prices. Other capital cities annual change ranged from a decrease of 7.9 per cent in Hobart to an increase of 12.1 per cent in Sydney. Nationally, median unit prices increased by 7.2 per cent over the year.

Chart 13: Capital city median house prices, December Quarter 2014



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 December quarter 2014, Darwin’s RPPI decreased by 0.6 per  cent. This reflects decreases of 0.9 per cent in the established house price index and 0.2 per cent in the attached dwelling price index. Darwin was the only capital city to record a decline in the RPPI. In other jurisdictions, the RPPI growth in the quarter ranged between an increase 0.2 per cent in Canberra to 3.4 per cent in Sydney. Nationally, the RPPI grew by 1.9 per cent in the quarter (Chart 14).

Chart 14: ABS Residential Property Price Indexes, quarterly change December 2014

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 December quarter 2014, increased by 0.8 percentage points to 4.4 per cent in Darwin; 1.4 percentage points to 5.6 per cent in Palmerston; 3.5 percentage points to 5.6 per cent in Katherine; and 2.0 percentage points to 5.8 per cent in Alice Springs (Chart 15).

Chart 15: 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 $640 in the December quarter 2014. Median weekly rent for a house in Alice Springs was $520 and $500 in Katherine.

APM reports that the median weekly asking rent for a three bedroom house in Darwin in the December quarter 2014 was $660. In other capital cities, the median weekly rental asking price for a house ranged from $320 in Hobart to $520 in Sydney (Table 3).

Table 3: Median House Rents, December quarter 2014

|   | Median house rents |
| --- | --- |
| Sydney1 | $520 |
| Melbourne1 | $380 |
| Brisbane1 | $400 |
| Perth1 | $450 |
| Adelaide1 | $350 |
| Hobart1 | $320 |
| Canberra1 | $450 |
| Darwin2 |  $640 |
| Alice Springs2 | $520 |
| Katherine2 |  $500 |

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 decreased by 0.3 per cent in February 2015**

**Retail trade increased by 0.1 per cent in January 2015**

Business confidence

The December 2014 Sensis Business Index reported that confidence levels of Small and Medium Enterprises (SMEs) in the Territory for the next twelve months decreased by four percentage points to +46 per cent. Despite the decline, confidence levels in the Territory remain the highest of all jurisdictions. Nationally, business confidence levels declined by one percentage points to +27 per cent for the same period.

The actual conditions experienced by Territory SMEs in the three months prior to the survey declined in all categories with the exception of profitability (up by 1 percentage points).

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

Table 4: Expectations of SMEs over next three months

|   | Previous Quarter | Current Quarter |
| --- | --- | --- |
|  | Net balance | Net balance |
| Sales value | +27% | +9% |
| Size of workforce | +5% | -2% |
| Wages bill | +12% | -2% |
| Prices | +22% | +18% |
| Profitability | +17% | +15% |
| Capital expenditure | +1% | -18% |

Source: Sensis Business Index

Retail trade turnover

In trend terms, retail trade turnover in the Territory increased by 0.1 per cent to $257 million in January 2015.

In the year to January 2015, retail trade turnover in the Territory increased by 3.6 per cent (Table 5). The increase was primarily due to higher spending on food (up by 5.3 per cent) and pharmaceutical, cosmetic and toiletry (up by 37.8 per cent).

Growth in the year to January 2015 was partially offset by lower spending on cafes, restaurants and takeaway food (down by 6.5 per cent) and newspaper and book (down by 40.2 per cent).

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

|   | Value1 | Change2 |
| --- | --- | --- |
|   | $M | % |
| Food retailing | 1 434.4 | 5.3 |
| Household goods retailing | 498.1 | 4.6 |
| Clothing, footwear and personal accessory retailing | 156.4 | 3.6 |
| Cafes, restaurants and takeaway food services | 438.3 | -6.5 |
| Other3 | 544.4 | 7.1 |
| **Total**  | **3 071.6** | **3.6** |

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

Sales of new motor vehicles

In February 2015, the trend number of new motor vehicle sales in the Territory decreased by
0.3 per cent to 891. The Territory recorded the largest monthly decline in new motor vehicle sales of all jurisdictions, equal with Western Australia and the Australian Capital Territory. In other jurisdictions the monthly change in new motor vehicle sales ranged from an increase of 0.1 per cent in New South Wales to an increase of 1.7 per cent in Tasmania.

In the year to February 2015, the number of new motor vehicles sold in the Territory decreased by 2.4 per cent to 11 028. This was driven by declines in passenger vehicle sales (down by 10.3 per cent), partly offset by increases in other vehicle sales (up by 2.7 per cent) and in SUV sales (up by 1.8 per cent).

Tourism

In the year to September 2014, the total number of visitors to the Territory increased by 12.9 per cent to 1.3 million. Growth was driven by a 14.2 per cent increase in domestic visitor arrivals and an 8.5 per cent increase in international visitors. The rise in international visitors was led by increasing visitors from New Zealand, Indonesia, the United States of America and the United Kingdom.

**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) | Year to Dec 14 | % change | 3.9 | 2.2 | -1.7 | -2.3 | 0.9 | 1.7 | 1.9  | 4.7 | 1.2 |
| International goods exports (b) | Year to Jan 15 | % change | -3.2 | 1.6 | -0.9 | -3.1 | -2.2 | -13.9 | 50.0 | 8.4 | -0.6 |
| International goods imports (b) | Year to Jan 15 | % change | 4.6 | 6.2 | -5.7 | 1.8 | 6.3 | 21.9 | 71.4 | -17.2 | 1.9 |
| **Demography** |  |  |  |  |  |  |  |  |  |  |  |
| Population | Sept 13 Qtr to Sept 14 Qtr | % change | 1.4 | 1.8 | 1.5 | 2.1 | 0.9 | 0.3 | 1.2 | 1.1 | 1.5 |
| **Labour Market** |  |  |  |  |  |  |  |  |  |  |  |
| Employment | Year to Feb 15 | % change | 0.9 | 1.3 | 1.2 | 2.1 | -0.1 | 3.2 | -0.6 | 1.4 | 1.2 |
| Participation rate (c) | As at Feb 15 | % | 62.9 | 65.0 | 65.3 | 69.0 | 61.5 | 61.2 | 70.0 | 74.1 | 64.7 |
| Unemployment rate (c) | As at Feb 15 | % | 6.3 | 6.3 | 6.5 | 5.8 | 7.0 | 6.5 | 4.5 | 4.3 | 6.3 |
| **Prices and Wages** |  |  |  |  |  |  |  |  |  |  |  |
| Consumer Price Index | Dec 13 Qtr to Dec 14 Qtr | % change | 1.7 | 1.4 | 2.0 | 2.0 | 1.7 | 1.1 | 1.2 | 1.9 | 1.7 |
|  | Year to Dec 14 | % change | 2.4 | 2.4 | 2.7 | 2.8 | 2.5 | 2.1 | 2.0 | 2.9 | 2.5 |
| Wage Price Index | Year to Dec 14 | % change | 2.5 | 2.7 | 2.6 | 2.4 | 2.9 | 2.4 | 2.0 | 2.8 | 2.6 |
| Average weekly earnings (FTE)(c) | As at Nov 2014 | $ | 1538 | 1447 | 1529 | 1790 | 1406 | 1302 | 1719 | 1565 | 1539 |
| **Construction** |  |  |  |  |  |  |  |  |  |  |  |
| Construction Work Done | Year to Dec 14 | % change | 0.3 | 1.7 | -10.3 | -4.5 | -11.9 | 9.7 | -3.2 | 59.6 | -2.9 |
| **Housing Sector** |  |  |  |  |  |  |  |  |  |  |  |
| Building approvals (number) | Year to January 15 | % change | 7.4 | 18.0 | 11.8 | 10.7 | 9.1 | 34.5 | -26.6 | -13.2 | 10.9 |
| Housing finance for owner occupation (excluding refinancing) (number) | Year to January 15 | % change | -1.6 | 0.5 | 2.9 | -3.0 | -0.1 | 6.9 | 4.0 | 9.2 | 0.1 |
| **Consumer Spending** |  |  |  |  |  |  |  |  |  |  |  |
| Retail trade | Year to January 15 | % change | 8.2 | 5.7 | 2.8 | 1.6 | 3.3 | 6.2 | 0.8 | 3.6 | 5.1 |
| New motor vehicle sales | Year to February 15 | % change | 1.5 | 0.0 | -3.2 | -7.0 | 0.6 | -8.3 | -3.6 | -2.4 | -1.2 |
| Petrol prices (d) | Week ending22 February 15 | cpl | 117.3 | 117.4 | 119.1 | 122.2 | 119.4 | 125.2 | 117.6 | 128.8 | 119.8 |
| **Business Index** |  |  |  |  |  |  |  |  |  |  |  |
| Sensis Business Index | As at Dec 14 Qtr | Level (%) | 24.0 | 38.0 | 13.0 | 38.0 | 19.0 | 38.0 | 9.0 | 46.0 | 27.0 |

\*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