

 Territory Economic Review January 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 3.7 per cent to $29.5 billion in the year to September 2014. Growth was driven by an 8.7 per cent increase in private investment and a 2.4 per cent increase in consumption. This was partly offset by a 12.6 per cent decline in public investment in the year to September 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 3.6 per cent in December 2014, 0.6 percentage points lower than the same time last year. The Territory’s unemployment rate was the lowest of the jurisdictions and compares with 6.2 per cent nationally.

Trend retail trade turnover in the Territory increased by 0.1 per cent to $257 million in November 2014.

In the year to September 2014, the Darwin CPI increased by 3.5 per cent, primarily due to increases in housing costs, tobacco and alcohol, food, and recreation and culture.

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, Sept Qtr 2014 | n.a. | 3.8% | 3.7% |
| International goods exports Nov 2014 | 18.4% | n.a. | 11.7% |
| International goods imports Nov 2014 | -17.5% | n.a. | -32.0% |
| **Population** |
| NT population, June Qtr 2014 | n.a. | 0.3% | 1.0%1 |
| **Labour Market** |
| Employment, Dec 2014 | 0.4% | n.a. | 3.2% |
| Unemployment rate, Dec 2014 | -0.2ppt | n.a. | -0.6ppt1 |
| **Prices and Wages** |
| CPI, Sept Qtr 2014  | n.a. | 0.2% | 3.5% |
| WPI, Sept Qtr 2014 | n.a. | 0.9% | 2.7% |
| **Construction** |
| Construction activity, Sep Qtr 2014 | n.a. | n.a. | 30.0% |
| **Property Market** |
| Darwin house price, June Qtr 2014 | n.a. | 0.1% | 4.5% |
| Building approvals, November 2014 | -2.2% | n.a. | -17.9% |
| **Business Environment** |
| Retail trade, November 2014 | 0.4% | n.a. | 4.0% |
| Sales of new motor vehicles, November 2014 | 0.7% | n.a. | -4.4% |

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* |
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**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 $3.6 billion in the year to November 2014. The increase was due to a decline in goods imports (down by $1.5 billion) and an increase in goods exports (up by $700 million).

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 live cattle exports to both Indonesia and Vietnam

**Population**

**245 079 people residing in the Territory**

**Net overseas migration of 2983 people to the Territory in 2013-14**

**4047 births in the Territory in 2013-14**

The Territory’s estimated resident population (ERP) increased by 0.3 per cent in the June quarter 2014 to 245 079 people (Table 2) and by 1.0 per cent annually.

Components of growth

In 2013-14, the Territory’s population increased by 2538 people due to:

* net overseas migration, which added 2983 people;
* natural increase, which added 2899; and
* net interstate migration, which reduced the population by 3344 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 June quarter 2014, net overseas migration contributed 788 people to the Territory’s population and added 2983 people to the Territory’s population in the 2013-14 (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 June quarter 2014, the Territory recorded a net interstate migration loss of 794, higher than the 10 year quarterly average of -159.

In 2013-14, net interstate migration detracted 3344 persons from the Territory’s population, compared to the 10 year average of -528 per year.

Population measurement

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

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

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

Table 2: Estimated resident population, as at June 2014

|  | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Aust1 |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ERP (‘000) | 7 518.5 | 5 841.7 | 4 722.4 | 2 573.4 | 1 685.7 | 514.8 | 386.0 | 245.1 | 23 490.7 |
| Annual growth | 1.5% | 1.9% | 1.5% | 2.2% | 0.9% | 0.3% | 1.2% | 1.0% |  1.6% |

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**

**130 000 resident employment in the Territory**

**Unemployment rate at 3.6 per cent is the lowest of the jurisdictions**

**The Territory’s participation rate at 71.9 per cent is the highest among jurisdictions**

Employment

In December 2014, the trend number of people employed in the Territory was about 130 000 people.

In 2014, employment in the Territory grew by 3.2 per cent.

This was the highest growth rate of all jurisdictions, which ranged from a decrease of 0.4 per cent in South Australia to an increase of 2.7 per cent in Western Australia (Chart 3). Nationally employment grew by 1.1 per cent over the same period.

Chart 3: Year on year change in employment, year to November 2014

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 November quarter 2014, the rate of employment growth varied substantially across the different sectors.

Industries that experienced growth in the year to November quarter 2014 included:

* ‘public administration and safety’, up by 14.1 per cent (2800 people);
* ‘construction’, up by 11.2 per cent (1600 people);
* ‘professional, scientific and technical services’, up by 16.6 per cent (1000 people);
* ‘health and social assistance’, up by 6.3 per cent (1000 people); and
* ‘administrative and support services’, up by 20.7 per cent (800 people).

Partly offsetting growth were declines in:

* ‘retail trade’, down by 11.5 per cent (1200 people);
* ‘accommodation and food services’, down by 8.0 per cent (600 people);
* ‘agriculture, forestry and fishing’, down by 23.1 per cent (500 people);
* ‘transport, postal and warehousing’, down by 7.5 per cent (500 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*

The trend number of people employed in the Territory decreased by 1007 through the year to December 2014. This reflects a decrease of 111 females and 896 males of employed people.

Despite the decrease in employment, the trend annual unemployment rate has decreased by 1.1 percentage points to 3.2 per cent for females and by 0.3 percentage points to 4.0 per cent for males.

The combination of declining employment and unemployment rates is likely due to a lower participation rate for both males (down 4.0 percentage points) and females (down 2.4 percentage points).

In trend terms, full-time employment accounted for 81.8 per cent of total employment in December 2014. The number of people employed on a full‑time basis decreased by 0.5 per cent between December 2013 and December 2014, while part‑time employment decreased by 1.9 per cent.

Unemployment

In December 2014, the Territory’s trend unemployment rate fell by 0.2 percentage points to 3.6 per cent. The unemployment rate was 0.6 percentage points lower than the same time last year. The Territory recorded the lowest unemployment rate of all jurisdictions. In other jurisdictions, the unemployment rate ranged from 4.9 per cent in the Australian Capital Territory to 6.8 per cent in Tasmania. Nationally, the unemployment rate was 6.4 per cent (Chart 4).

Chart 4: Trend unemployment rate, December 2014

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 November 2014, Territory’s trend participation rate increased by 0.1 percentage points to 71.9 per cent in December 2014. The Territory recorded the highest trend participation rate of all jurisdictions, which ranged from 61.5 per cent in South Australia to 70.6 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 decreased by 0.8 per cent in November 2014.

The monthly decline reflects decreases in vacancies across all categories in the Territory, except for ‘professionals’ (up by 1.2 per cent). Nationally, the number of internet vacancies decreased by 0.8 per cent over the same period.

In original terms (three month moving average), the number of internet vacancies in the Territory decreased by 11.0 per cent in November 2014 compared to November 2013. This reflects an 11.0 per cent decline in vacancies in Greater Darwin (244 less vacancies) and an 11.1 per cent decrease (58 less vacancies) in vacancies in regional areas in the Territory.

**Prices and Wages**

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

**Territory WPI grew by 0.9 per cent in September quarter 2014**

**Average unleaded fuel price in the Territory – 159.3 cents per litre**

Prices

Compared to the June quarter 2014, Darwin's consumer price index (CPI) increased by 0.2 per cent in the September quarter 2014 (Chart 7). This was the second lowest quarterly increase (equal with Melbourne) of all the capital cities. In other capitals cities, the quarterly increase in the CPI ranged between an increase of 0.1 per cent in Hobart and 0.7 per cent increase in Brisbane.

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:

* recreation and culture (contributing 0.17 percentage points);
* transportation (contributing 0.13 percentage points); and
* food and non-alcoholic beverages (contributing 0.07 percentage points).

In annual terms (comparing September 2013 to September 2014), Darwin’s CPI moderated from 3.4 per cent to 2.7 per cent. In other capitals, the annual increase in the CPI ranged from 1.9 per cent in Hobart to 2.6 per cent in Perth and Brisbane. The eight capital cities CPI increased by 2.3 per cent in annual terms.

The largest contributor to Darwin’s annual CPI growth was tobacco and alcohol (contributing 0.58 percentage points), followed by food and non‑alcoholic beverages (0.54 percentage points) and housing (0.49 percentage points).

Wages

In the year to September 2014, the Territory’s wage price index (WPI) grew by 2.7 per cent. This reflects a 2.5 per cent increase in public sector WPI and a 2.9 per cent increase in private sector WPI. Nationally, the WPI grew by 2.6 per cent over the same period.

In other jurisdictions, growth in the WPI in the year to September 2014 ranged from 2.1 per cent in the Australian Capital Territory to 3.1 per cent in South Australia.

The latest average weekly full‑time earning (AWFTE) data is for May 2014. In the year to May 2014, the AWFTE in the Territory remained flat at $1511 in original terms. This comprised of a 2.2 per cent growth in public sector wages to $1588 which was offset by a 1.2 per cent decrease in private sector wages to $1467 (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 2.6 per cent to $1516 in original terms in the year to May 2014. This was driven by a 4.0 per cent increase in private sector wages and a 3.8 per cent increase in public sector wages.

Fuel prices

In the week ending 23 November 2014, the average price for unleaded fuel in the Territory was 159.3 cents per litre (cpl), a decrease of 10.7 cpl from the same period last year. The average retail ULP price over the period was 155.3 cpl in Darwin,
174.5 cpl in Alice Springs, 154.7 in Katherine and 174.0 cpl in Tennant Creek. Nationally, the average unleaded fuel price was 142.8 cpl. This equals to a price differential between the Territory and Australia of 16.5 cpl.

**Construction**

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

**Major projects driving engineering and non-residential 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 the year to September 2014, total construction work done in the Territory was at record levels at $6.3 billion.

Engineering

In the year to September 2014, engineering construction work done in the Territory increased by 41.2 per cent to $4.5 billion (Chart 9). This is the highest level of on recorded and more than double the ten year average of $2.1 billion.

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

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

Non-residential

In the year to September 2014, non‑residential construction work done increased by 1.8 per cent to $1.0 billion. This was driven by a 123.1 per cent increase in public non-residential building, driven by the development of the Robertson Barracks Joint Logistic Unit.

Private non-residential building decreased by 15.4 per cent in the year to September 2014, reflecting the winding down of the Darwin Correctional Precinct and the Ichthys Workers Accommodation Village.

Private residential

Private residential construction activity increased by 19.9 per cent to $724 million, in the year to September 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 the year to September 2014, total public residential construction activity increased by 1.5 per cent to $52 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 $291 000 in Tennant Creek to $620 795 in Darwin in the June quarter 2014**

**Housing finance commitments for owner occupation remain at relatively low levels**

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

Sales activity

Overall sales activity in the Territory has been trending upwards since December quarter 2011. Territory dwelling sales (houses and units) increased by 4.4 per cent to 3418 in the year to June 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 5.3 per cent to 3165 in the year to November 2014 (Chart 11).

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 September quarter 2014, the median house prices in Inner Darwin decreased by 8.1 per cent to $790 000 and Palmerston decreased by 5.1 per cent to $560 000 compared to the previous quarter (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 decreased in all other urban areas of the Territory, with prices declining by:

* 2.7 per cent to $450 000 in Alice Springs
* 5.5 per cent to $357 500 in Katherine; and
* 6.7 per cent to $271 500 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 September quarter 2014, the median house price in Darwin was $667 115, the second highest of all the capital cities. Median house prices in the other capital cities ranged from $322 274 in Hobart to $843 994 in Sydney (Chart 13).

Compared to the September quarter 2013, the median Darwin house price declined by 1.7 per cent in the September quarter 2014. Darwin was the only capital city to record an annual decline in median house prices. Nationally, median house prices rose by 9.6 per cent compared to the same time last year.

Darwin recorded the second highest median unit price ($456 113) of all capital cities in the September quarter 2014, behind Sydney. Median unit prices in the other capital cities ranged from $257 465 in Hobart to $580 861 in Sydney.

Compared to the September quarter 2013, the median unit price in Darwin increased by 5.7 per cent in the September quarter 2014. Darwin recorded the second highest annual growth rate of the capital cities, equal with Hobart, and behind Sydney (up by 12.1 per cent). Nationally, median unit prices increased by 7.3 per cent over the year.

Chart 13: Capital city median house prices, September 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 September quarter 2014, Darwin’s RPPI increased by 0.3 per  cent. This reflects an increase of 0.3 per cent in the established house price index and an increase of 0.4 per cent in the attached dwelling price index. In comparison, the change in the RPPI in other jurisdictions ranged between a decline of 0.1 per cent in Perth to an increase of 2.7 per cent in Sydney. Nationally the RPPI grew by 1.5 per cent in the quarter (Chart 14).

Chart 14: ABS Residential Property Price Indexes, quarterly change June 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 September quarter 2014, increased by 2.0 percentage points to 5.3 per cent in Darwin, by 0.3 percentage points to 2.4 per cent in Palmerston, and by 3.6 percentage points to 4.1 per cent in Katherine. Rental vacancy was unchanged in Alice Springs at 2.1 per cent over this period (Chart 15).

Chart 15: Territory Vacancy rates\*

\*3 bedroom house and 2 bedroom unit

Source: Department of Treasury and Finance

Rental Prices

REINT was unable to report on rental prices in their September publication due to the closure of the Australian Valuers Office and NT Data. However, REINT are working with Global Property Analytics to resolve this and they intend to continue to provide rental data at a later date.

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 |  $663 |
| Alice Springs2 | $503 |
| Katherine2 |  $485 |

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

**Business Environment**

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

**New motor vehicle sales in the Territory increased by 0.7 per cent in November 2014**

**Retail trade increased by 0.1 per cent in November 2014**

Business confidence

The September 2014 Sensis Business Index reported that confidence levels of Small and Medium Enterprises (SMEs) in the Territory for the upcoming year increased by 33 percentage points to +50 per cent, the highest level of all states. Nationally, business confidence levels grew by 16 percentage points to +28 per cent for the same period.

The actual conditions experienced by Territory SMEs in the three months prior to the survey (May 2014 to July 2014) increased in all categories with the exception of profitability (down 4 percentage points) and sales value (stable).

For the next three months, Territory SMEs were more optimistic, compared to the previous quarter recording increases across size of workforce, prices and capital expenditure. However, Territory SMEs were less optimistic about sales value, wages bill and profitability (Table 4).

Table 4: Expectations of SMEs over next three months

|   | Previous Quarter | Current Quarter |
| --- | --- | --- |
|  | Net balance | Net balance |
| Sales value | +36% | +27% |
| Size of workforce | +1% | +5% |
| Wages bill | +28% | +12% |
| Prices | +16% | +22% |
| Profitability | +31% | +17% |
| Capital expenditure | -17% | +1% |

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 November 2014.

In the year to November 2014, retail trade turnover in the Territory increased by 4.0 per cent (Table 5). The increase was primarily due to higher spending on food (up by 7.2 per cent) and pharmaceutical, cosmetic and toiletry (up by 44.8 per cent).

Growth in the year to November 2014 was partially offset by lower spending on cafes, restaurants and takeaway food (down by 9.9 per cent) and newspaper and book (down by 38.4 per cent).

Table 5: Retail turnover in the Territory, year to November 2014 (original terms)

|   | Value1 | Change2 |
| --- | --- | --- |
|   | $M | % |
| Food retailing | 1 432.0 | 7.2 |
| Household goods retailing | 499.4 | 3.9 |
| Clothing, footwear and personal accessory retailing | 154.8 | 1.2 |
| Cafes, restaurants and takeaway food services | 434.5 | -9.9 |
| Other3 | 543.9 | 9.5 |
| **Total**  | **3 065.0** | **4.0** |

1. Annual total in the year to November 2014
2. Year to November 2013 to year to November 2014
3. Comprises newspaper and book, pharmaceutical, cosmetic and toiletry, other recreational goods and confidential items

Sales of new motor vehicles

In November 2014, the number of new motor vehicle sales in the Territory increased by
0.7 per cent to 898. All other jurisdictions experienced a decline in the sale of new motor vehicles in the month, with the exception of Tasmania (no change) and New South Wales (up by 0.2 per cent).

In the year to November 2014, the number of new motor vehicles sold in the Territory decreased by 4.4 per cent. This was driven by a decline in all vehicle categories with the largest decline in passenger vehicles (down 5.7 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 Sept 14 | % change | 3.5 | 1.7 | -0.4 | -2.7 | 0.5 | 1.1 | 2.0  | 3.7 | 1.2 |
| International goods exports (b) | Year to Nov 14 | % change | -2.1 | 6.9 | -1.0 | 5.0 | 9.2 | -10.5 | -50.0 | 11.7 | 3.7 |
| International goods imports (b) | Year to Nov 14 | % change | 5.5 | 9.5 | -4.7 | 8.1 | 6.7 | 18.3 | 66.7 | -32.0 | 3.7 |
| **Demography** |  |  |  |  |  |  |  |  |  |  |  |
| Population | June 13 Qtr to June 14 Qtr | % change | 1.5 | 1.9 | 1.5 | 2.2 | 0.9 | 0.3 | 1.2 | 1.0 | 1.6 |
| **Labour Market** |  |  |  |  |  |  |  |  |  |  |  |
| Employment | Year to Dec 14 | % change | 0.6 | 0.8 | 1.4 | 2.7 | -0.4 | 2.5 | 0.6 | 3.2 | 1.1 |
| Participation rate (c) | As at Dec 14 | % | 63.1 | 65.0 | 65.2 | 69.0 | 61.5 | 61.7 | 70.6 | 71.9 | 64.7 |
| Unemployment rate (c) | As at Dec 14 | % | 5.9 | 6.7 | 6.6 | 5.6 | 6.5 | 6.8 | 4.9 | 3.6 | 6.2 |
| **Prices and Wages** |  |  |  |  |  |  |  |  |  |  |  |
| Consumer Price Index | Sept 13 Qtr to Sept 14 Qtr | % change | 2.2 | 2.0 | 2.6 | 2.6 | 2.1 | 1.9 | 2.0 | 2.7 | 2.3 |
|  | Year to Sept 14 | % change | 2.6 | 2.7 | 2.9 | 3.0 | 2.6 | 2.5 | 2.3 | 3.5 | 2.7 |
| Wage Price Index | Year to Sept 14 | % change | 2.5 | 2.7 | 2.6 | 2.6 | 3.1 | 2.3 | 2.1 | 2.7 | 2.6 |
| Average weekly earnings (FTE)(c) | As at May 2014 | $ | 1501 | 1442 | 1516 | 1731 | 1427 | 1285 | 1688 | 1511 | 1517 |
| **Construction** |  |  |  |  |  |  |  |  |  |  |  |
| Construction Work Done | Year to Sept 14 | % change | -0.3 | -2.2 | -1.8 | -4.1 | -6.6 | 2.3 | -9.2 | 30.0 | -1.7 |
| **Housing Sector** |  |  |  |  |  |  |  |  |  |  |  |
| Building approvals (number) | Year to November 14 | % change | 9.3 | 18.3 | 13.3 | 14.5 | 12.5 | 30.6 | -14.4 | -17.9 | 12.8 |
| Housing finance for owner occupation (excluding refinancing) (number) | Year to November 14 | % change | 2.6 | 3.0 | 7.1 | -1.0 | 3.5 | 10.8 | 5.2 | 5.3 | 3.3 |
| **Consumer Spending** |  |  |  |  |  |  |  |  |  |  |  |
| Retail trade | Year to November 14 | % change | 8.5 | 6.2 | 3.3 | 1.6 | 3.3 | 7.6 | 1.2 | 4.0 | 5.4 |
| New motor vehicle sales | Year to November 14 | % change | 1.8 | -1.3 | -4.7 | -7.7 | -1.3 | -7.3 | -2.0 | -4.4 | -1.9 |
| Petrol prices (d) | Week ending23 November 14 | cpl | 144.6 | 130.2 | 147.8 | 137.1 | 148.9 | 152.0 | 150.3 | 155.3 | 142.8 |
| **Business Index** |  |  |  |  |  |  |  |  |  |  |  |
| Sensis Business Index | As at Sept 14 Qtr | Level (%) | 37.0 | 28.0 | 18.0 | 35.0 | 14.0 | 14.0 | 21.0 | 50.0 | 28.0 |

\*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