

 Territory Economic Review November 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 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) increased by 8.3 per cent to $31.9 billion in 2014-15. Growth in SFD was also largely driven by private investment (contributing 6.4 percentage points), as well as public investment (contributing 1.1 percentage points) and household consumption (contributing 0.5 percentage points).

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 liquefied natural gas (LNG) project means that it will not be an accurate measure of onshore economic activity in the Territory.

The Territory’s trend unemployment rate was 4.5 per cent in October 2015, 0.5 percentage points higher than the same time last year. The Territory’s unemployment rate continues to be the lowest of the jurisdictions and remains below the national rate of 6.1 per cent.

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

The Darwin CPI has been moderating in annual terms since the December quarter 2013, where growth peaked at 4.4 per cent. In the September quarter 2015, annual growth in the Darwin CPI increased by 0.4 per cent, the lowest increase in CPI recorded among all capital cities.

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

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

|  | **Monthly** | **Quarterly** | **Year on Year** |
| --- | --- | --- | --- |
| **Economic Growth** |
| GSP, 2014-15 | n.a. | n.a. | 10.5% |
| SFD, 2014-15 | n.a. | n.a. | 8.3% |
| International goods exports 2014-15 | n.a. | n.a. | -5.0% |
| International goods imports 2014-15 | n.a. | n.a. | 53.4% |
| **Population** |
| NT population, March Qtr 2015 | n.a | flat | 0.2%1 |
| **Labour Market** |
| Employment, October 2015 | -0.2% | n.a. | 1.5% |
| Unemployment rate, Oct 2015 | 4.5% | n.a. | 0.6ppt1 |
| **Prices and Wages** |
| CPI, Sept Qtr 2015  | n.a. | 0.4% | 0.4%1 |
| WPI, Sept Qtr 2015 | n.a. | 0.9% | 2.5% |
| **Construction** |
| Construction activity, Sept Qtr 2015 | n.a. | n.a. | 45.3% |
| **Property Market** |
| Darwin house price, Sept Qtr 2015 | n.a. | -0.7% | - 1.4% |
| Building approvals, September 2015 | -3.5% | n.a. | - 17.8% |
| **Business Environment** |
| Retail trade, September 2015 | 0.1% | n.a. | 0.5% |
| Sales of new motor vehicles, October 2015 | - 1.4% | n.a. | - 1.9% |

1Annual 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 economic growth was the highest in Australia in 2014-15**

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

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

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

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

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

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

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

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

Private investment
In 2014-15, private investment in the Territory increased by 16.1 per cent to $13.7 billion, the highest level on record.

Growth in private investment in the Territory for 2014‑15 was primarily driven by non-dwelling construction activity (up by 20.8 per cent to $10.2 billion) and machinery and equipment (up 28.5 per cent to $1.5 billion). This investment largely reflects work on the Ichthys LNG project.

The Territory experienced a 6.7 per cent decline in new dwelling investment in 2014-15, however this follows a strong increase in the previous year when a number of large, multi-unit dwelling complexes were constructed. The value of dwelling investment in the Territory remains at elevated levels.

Household consumption
In 2014-15, household consumption in the Territory increased by 1.6 per cent to $9.9 billion.

This growth was mainly driven by expenditure in other goods and services, and recreation and culture, which contributed 0.8 and 0.7 percentage points, respectively, to growth in household consumption. Other drivers of growth included hotels, cafes and restaurants, furnishings and equipment, and rent and other dwelling services (each contributed 0.3 percentage points). Expenditure on alcoholic beverages and tobacco, transport and education services all detracted from household consumption growth in 2014-15.

Public investment
In 2014-15, public investment increased by 23.4 per cent to $1.7 billion, likely due to the completion of the Darwin Correctional Centre in 2014.

International trade
The Territory’s international trade surplus narrowed from $3.4 billion in 2013-14 to $1.2 billion in 2014-15. This was driven by a $1.9 billion increase in goods imports and a $338 million decrease in goods exports.

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

The Territory’s services exports increased by 8.1 per cent to $762 million. Services imported also increased, up 5.2 per cent to $647 million.

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

**Population**

**243 826 people residing in the Territory**

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

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

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

Components of growth

In the year to March 2015, the Territory’s population increased by 501 persons due to net overseas migration, which added 1041 persons and natural increase, which added 2853 persons. These gains were offset by net interstate migration, which reduced the population by 3393 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 the year to March 2015, the Territory recorded net overseas migration of 1041 persons. Net overseas migration has declined from historically high levels in 2012 and 2013, and is returning to long term trend levels. The reduction in net overseas migration over 2014 was a key contributor to the moderation in Territory population growth.

*Net interstate migration*

Net interstate migration in the Territory is highly volatile, reflecting the young and transient nature of the Territory’s population. In the year to March 2015, net interstate migration detracted 3393 persons from the Territory’s population. Net interstate migration outflows during the year were enhanced by population losses associated with the curtailment of operations at the Gove alumina refinery.

*Natural Increase*

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

Population measurement

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

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

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

Table 2: Estimated resident population, as at March 2015

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

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

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

**Labour Market**

**134 362 residents employed in the Territory**

**The unemployment rate at 4.5 per cent is the lowest of the jurisdictions**

**The Territory’s participation rate at 75.4 per cent is the highest among jurisdictions**

Employment

In October 2015, the trend number of people employed in the Territory decreased by 0.2 per cent to 134 362 people. Nationally, trend employment grew by 0.2 per cent in the month.

In the year to October 2015, employment in the Territory increased by 1.5 per cent. In other jurisdictions, the year on year change in employment ranged from a decrease of 0.3 per cent in the Australian Capital Territory to an increase of 2.6 per cent in Victoria (Chart 4). Nationally, employment grew by 1.7 per cent over the same period.

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

*Jobs versus employment*

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

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

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

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

*Employment by industry*

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

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

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

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

* ‘manufacturing’ down by 20.2 per cent;
* ‘administrative and support services’ down by 16.3 per cent;
* ‘education and training’ down by 5.2 per cent;
* ‘retail trade’ down by 5.6 per cent; and
* ‘arts and recreation’ down by 11.2 per cent.

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

*Employment by gender and full-time status*

In annual terms, the trend number of people employed in the Territory increased by 5514 in October 2015. This reflects an increase of 1910 employed females and an increase of 3604 employed males.

In trend terms, full-time employment accounted for 81.4 per cent of total employment in October 2015. In annual terms, the number of people employed on a full‑time basis increased by 3.8 per cent in October 2015, while part‑time employment increased by 6.3 per cent.

Unemployment

In October 2015, the Territory’s trend unemployment rate remained at 4.5 per cent. This was the lowest rate of all jurisdictions, which ranged between 5.1 per cent in the Australian Capital Territory to 7.7 per cent in South Australia. Nationally, the unemployment rate was 6.1 per cent (Chart 5).

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

The unemployment rate for females increased by 1.8 percentage points to 5.2 per cent through the year to October 2015 and the male unemployment rate decreased by 0.3 percentage points to 4.0 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, which comprise a relatively large proportion of survey respondents.

Chart 6: Historical trend unemployment rate,
2004-05 to 2014-15 Source: ABS, *Labour Force Australia*, Cat. No. 6202.0

Participation

In October 2015, the Territory’s trend participation rate was 75.4 per cent. This reflects an increase of 3.1 percentage points since the same time last year. The Territory recorded the highest trend participation rate of all jurisdictions, which ranged from 61.0 per cent in Tasmania to 70.2 per cent in the Australian Capital Territory. Nationally, the participation rate was 65.0 per cent.

Vacancies

The ABS reports that in the year to August 2015, the number of job vacancies in the Territory decreased by 22.2 per cent to 2975. This was driven by a 27.2 per cent decline in the number of private sector vacancies, partly offset by a 17.6 per cent increase in public sector vacancies (Chart 7).

Chart 7: 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 1.2 per cent in October 2015.

The monthly decrease in the Territory reflects decreases across all categories except for ‘managers’. Nationally, the number of internet vacancies increased by 0.6 per cent over the same period (Chart 8).

Chart 8**:** Internet Vacancies by Industry, Monthly % Change, Trend

Source: DEEWR, *Internet Vacancy Report*

In original terms (three month moving average), the number of internet vacancies in the Territory decreased by 19.7 per cent in October 2015 compared to the same time last year. This was driven by a 17.2 per cent decline in vacancies in Darwin (339 less vacancies) and a 27.8 per cent decline in vacancies in regional areas in the Territory (166 less vacancies).

**Prices and Wages**

**Darwin CPI grew 0.4 per cent in the September quarter 2015**

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

**Average unleaded fuel price in the Territory – 130.9 cents per litre**

Prices

Darwin’s consumer price index (CPI) increased by 0.4 per cent in the September quarter 2015. The quarterly increase in Darwin’s CPI was in line with other capital cities, which ranged from 0.2 per cent in Canberra to 0.7 per cent in Brisbane.

The main areas that experienced price growth in the September quarter 2015 included (Chart 9):

* recreation and culture (contributing 0.38 percentage points);
* tobacco and alcohol (contributing 0.12 percentage points); and
* furnishings, household equipment and services (contributing 0.5 percentage points).

These were offset by a moderation in prices for:

* clothing and footwear (detracting 0.10 percentage points);
* transportation (detracting 0.06 percentage points); and
* communication (detracting 0.06 percentage points).

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

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

In annual terms, Darwin’s CPI growth has trended upwards to 0.4 per cent in the September quarter 2015. This was due to growth in prices for education, health, and tobacco and alcohol.

Darwin recorded the lowest annual CPI increase of the jurisdictions, which ranged from 0.6 per cent in Canberra to 1.9 per cent in Sydney. Across all eight capital cities annual CPI increased by 1.5 per cent.

Wages

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

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

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

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

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

Fuel prices

In the week ending 22 November 2015, the average price for unleaded fuel (ULP) in the Territory was 130.9 cents per litre (cpl), a decrease of 28.4 cpl from the same period last year. The average retail ULP price over the period was 128.6 cpl in Darwin,
138.9 cpl in Alice Springs, 129.2 cpl in Katherine and 142.9 cpl in Tennant Creek. Darwin recorded above the national average of 126.2 cpl.

**Construction**

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

**Major projects driving engineering construction**

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

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

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

Engineering

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

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

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

Non-residential

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

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

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

Private residential

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

Public residential

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

Chart 13: Residential construction, Northern Territory, moving annual total

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

**Property Market**

**Median house prices ranged from $222 500 in Tennant Creek to $605 500 in Darwin in the September quarter 2015**

**Housing finance commitments decreased in September 2015**

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

Sales activity

Overall dwelling sales in the Territory (houses and units) decreased by 18.1 per cent to 3016 in the year to September 2015 (Chart 14).

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

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

The number of housing finance commitments for owner occupation (excluding refinancing) decreased by 6.9 per cent to 2887 in the year to September 2015. This was driven by an 8.3 per cent decrease in housing finance commitments for non‑first home buyers and a decrease of 2.6 per cent for first home buyers (Chart 15).

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

Chart 15: Territory Housing Finance Commitments

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

Median Property Prices

REINT reported that, in the September quarter 2015, the median house prices in Darwin declined by 0.7 per cent to $605 500 (Chart 16), with the majority of these sales in the higher dollar bracket. Quarterly data reported by REINT can be volatile. REINT reports the median price for all properties sold in the quarter and does not adjust for quality and location of houses sold.

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

* increased by 8.5 per cent to $222 500 in Tennant Creek;
* increased by 4.1 per cent to $562 000 in Palmerston;
* increased by 2.0 per cent to $480 000 in Alice Springs; and
* decreased by 25.0 per cent to $322 500 in Katherine.

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 June quarter 2015, the median house price in Darwin increased by 1.8 per cent to $655 511, the third highest of all the capital cities. Median house prices in other capital cities ranged from $327 797 in Hobart to $1 004 767 in Sydney (Chart 17).

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

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

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

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

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

In the June quarter 2015, Darwin’s RPPI decreased by 0.8 per cent, the second largest decline among jurisdictions. This reflects decreases of 0.5 per cent in the established house price index and 1.3 per cent in the attached dwelling price index. Perth was the only other capital city to record a decline in the RPPI. In other jurisdictions, the change in RPPI in the quarter ranged between no change in Hobart to an 8.9 per cent increase in Sydney. Nationally, the RPPI grew by 4.7 per cent in the quarter (Chart 18).

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

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

Vacancy Rates

Compared to the same time last year, rental vacancy rates for a three bedroom house in the September quarter 2015, increased by:

* 1.2 percentage points to 6.5 per cent in Darwin;
* 2.6 percentage points to 5.0 per cent in Palmerston; and
* 1.5 percentage points to 3.6 per cent in Alice Springs.

The rental vacancy rate in Katherine decreased by 1.3 percentage points to 2.8 per cent in the September quarter (Chart 19).

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

Source: REINT

Rental Prices

REINT reported the weekly median rent for a three bedroom house in Darwin decreased by 9.2 per cent to $556 in the September quarter 2015. Median weekly rent for a house also decreased in Alice Springs to $400 and in Katherine to $430.

APM reports that the median weekly asking rent for a three bedroom house in Darwin declined by 1.7 per cent to $590 in the September quarter 2015. Despite the fall, the asking rent for houses in Darwin remains the highest asking rent of the capital cities, which ranged from $330 in Hobart to $530 in Sydney (Table 3).

Table 3: Median House Rents, September quarter 2015

|   | Median house rents |
| --- | --- |
| Sydney1 | $530 |
| Melbourne1 | $390 |
| Brisbane1 | $400 |
| Perth1 | $420 |
| Adelaide1 | $350 |
| Hobart1 | $330 |
| Canberra1 | $450 |
| Darwin2 |  $556 |
| Alice Springs2 | $400 |
| Katherine2 |  $430 |

Sources: 1APM, *APM House Price Report*

2REINT, *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 1.4 per cent in October 2015**

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

Business confidence

The Sensis Business Index August 2015 reported that the net balance confidence level of the Territory’s small and medium enterprises (SMEs) in their own business prospects over the next 12 months decreased by 21 percentage points to +22 per cent.

In other jurisdictions, net business confidence levels ranged between +1 in South Australia and +47 in the Australian Capital Territory. Nationally, the net balance business confidence level decreased by 4 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 improved in terms of prices and wages, however declined in terms of profitability, sales and size of workforce.

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

Table 4: Expectations of SMEs over next three months

|   | Previous Quarter | Current Quarter |
| --- | --- | --- |
|  | Net balance | Net balance |
| Sales value | +21% | +23% |
| Size of workforce | +10% | -1% |
| Wages bill | +12% | flat |
| Prices | +19% | +18% |
| Profitability | +18% | +10% |

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 September 2015.

In the year to September 2015, retail trade turnover in the Territory increased by 0.5 per cent (Table 5). This increase was primarily due to higher spending on café, restaurants and takeaway food, and food retailing, with both categories contributing 0.7 percentage points.

The year on year growth was offset by lower spending on other recreational goods and the newspaper and books categories.

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

|  |  |  |
| --- | --- | --- |
|   | Value1 | Change2 |
|   | $M | % |
| Food retailing | 1448.1 | 1.4 |
| Household goods retailing | 495.7 | 0.2 |
| Clothing, footwear and personal accessory retailing | 154.5 | -0.3 |
| Cafe, restaurants and takeaway food services | 458.3 | 4.5 |
| Other3 | 516.0 | -4.8 |
| **Total**  | **3072.6** | **0.5** |

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

Sales of new motor vehicles

In October 2015, the trend number of new motor vehicle sales in the Territory declined by 1.4 per cent to 822. This was the only decline in monthly trend new motor vehicle sales recorded amongst jurisdictions, which ranged from an increase of 0.1 per cent in Western Australia to 1.6 per cent in the Australian Capital Territory.

In the year to October 2015, the number of new motor vehicles sold in the Territory declined by 1.9 per cent to 10 792. This was driven by a reduction in passenger vehicle sales (down 10.9 per cent) and other vehicle sales (down 8.3 per cent), which were partly offset by an increase in sport utility vehicle sales (up 17.1 per cent). The number of new motor vehicle sales has been declining in year on year terms since December 2013.

Tourism

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

Source: Tourism Research Australia/Tourism NT

**Comparative Economic Indicators\***

| **Indicator** | **Period** | **Measure** | **NSW** | **Vic** | **Qld** | **WA** | **SA** | **Tas** | **ACT** | **NT** | **Aust** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Economic Growth** |  |  |  |  |  |  |  |  |  |  |  |
| Gross State Product (a) | 2014-15 | % change | 2.4 | 2.5 | 0.5 | 3.5 | 1.6 | 1.6 | 1.4 | 10.5 | 2.3 |
| State Final Demand (a) | 2014-15 | % change | 2.9 | 1.4 | 0.3 | -1.8 | 0.8 | 0.7 | 2.1 | 8.3 | 0.7 |
| International goods exports (b) | Year to Aug 2015 | % change | 3.8 | 0.3 | 8.0 | -16.3 | -6.4 | -4.5 | -25.0 | -15.7 | -6.1 |
| International goods imports (b) | Year to Aug 2015 | % change | 10.7 | 3.8 | -9.8 | -1.9 | -0.7 | -1.1 | 12.5 | 54.9 | 3.1 |
| **Demography** |  |  |  |  |  |  |  |  |  |  |  |
| Population | March 2014 Qtr to March 2015 Qtr | % change | 1.4 | 1.7 | 1.3 | 1.4 | 0.8 | 0.3 | 1.3 | 0.2 | 1.4 |
| **Labour Market** |  |  |  |  |  |  |  |  |  |  |  |
| Employment | Year to Oct 2015 | % change | 2.1 | 2.6 | 0.5 | 1.5 | 0.2 | 2.2 | -0.3 | 1.5 | 1.7 |
| Participation rate (c) | As at Oct 2015 | % | 64.2 | 64.5 | 65.6 | 68.9 | 62.1 | 61.0 | 70.2 | 75.4 | 65.0 |
| Unemployment rate (c) | As at Oct 2015 | % | 5.7 | 6.0 | 6.3 | 6.4 | 7.7 | 6.2 | 5.1 | 4.5 | 6.1 |
| **Prices and Wages** |  |  |  |  |  |  |  |  |  |  |  |
| Consumer Price Index,Darwin | Sept 2014 Qtr to Sept 2015 Qtr | % change | 1.9 | 1.4 | 1.5 | 1.1 | 1.1 | 1.1 | 0.6 | 0.4 | 1.5 |
|  | Year to Sept 2015 | % change | 1.8 | 1.3 | 1.6 | 1.4 | 1.3 | 0.9 | 0.8 | 0.8 | 1.5 |
| Wage Price Index | Year to Sept 2015 | % change | 2.2 | 2.7 | 2.2 | 2.1 | 2.5 | 2.4 | 1.7 | 2.5 | 2.3 |
| Average weekly earnings (FTE)(c) | As at May 2015 | $ | 1562 | 1457 | 1512 | 1791 | 1398 | 1332 | 1737 | 1611 | 1546 |
| **Construction** |  |  |  |  |  |  |  |  |  |  |  |
| Construction Work Done | Year to Sept 2015 | % change | -0.5 | 9.1 | -26.7 | -1.6 | -6.8 | 8.7 | -5.7 | 45.3 | -5.1 |
| **Housing Sector** |  |  |  |  |  |  |  |  |  |  |  |
| Building approvals (number) | Year to Sept 2015 | % change | 23.5 | 22.4 | 20.0 | -2.8 | -5.3 | 35.1 | 6.2 | -17.8 | 16.0 |
| Housing finance for owner occupation (excluding refinancing) (number) | Year to Sept 2015 | % change | 2.5 | 4.8 | 0.2 | -8.6 | -1.2 | -1.9 | 10.3 | -6.9 | 0.7 |
| **Consumer Spending** |  |  |  |  |  |  |  |  |  |  |  |
| Retail trade | Year to Sept 2015 | % change | 6.2 | 4.7 | 2.7 | 2.6 | 4.7 | 3.0 | 4.0 | 0.5 | 4.4 |
| New motor vehicle sales | Year to Oct 2015 | % change | 5.5 | 3.2 | 4.7 | -9.3 | -2.4 | 5.6 | 1.8 | -1.9 | 2.5 |
| Petrol prices (d) | Week ending22 Nov 2015 | cpl | 123.5 | 118.6 | 135.0 | 124.2 | 122.2 | 134.0 | 128.1 | 128.6 | 126.2 |
| **Business Index** |  |  |  |  |  |  |  |  |  |  |  |
| Sensis Business Index | As at Aug 2015 Qtr | Level (%) | 34.0 | 32.0 | 25.0 | 18.0 | 1.0 | 18.0 | 47.0 | 22.0 | 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