

# Territory Economic Review

April 2007

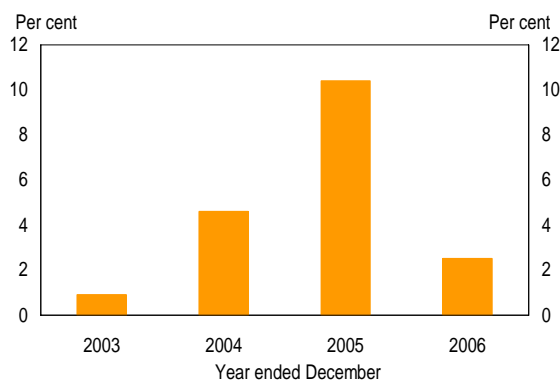
## Northern Territory Economic and Population Growth

Territory economic growth over the past two years has been boosted by the construction of the ConocoPhillips Wickham Point Liquefied Natural Gas (LNG) plant and sub-sea pipeline, completed in December 2005, and the \$3 billion expansion to the Alcan alumina refinery at Gove, (estimated at 95 per cent complete in March 2007). The combined impact of these mega-projects on the Territory economy saw total construction related activity increase to historically high levels in late 2005 and early 2006, along with positive net interstate migration to the Territory in each of the four quarters of 2005, the first time such a population inflow (over a full calendar year) has been recorded. State Final Demand (SFD), which is often used as a measure of the level of demand in an economy (both consumption and investment) increased by 10.4 per cent in 2005, mainly reflecting the very substantial increase in business investment expenditure associated with major projects, as well as robust growth in private sector consumption expenditure (see Chart 1).

As expenditure for the construction of the LNG plant wound down, and concluded (by December 2005), SFD growth moderated substantially in 2006, to 2.5 per cent (led by declines in business investment in plant, and machinery and equipment). Dwellings investment retreated from very high levels, declining by 1.6 per cent in 2006 (down from 24.6 per cent growth reported for 2005). Nevertheless, total business investment levels increased by 2.2 per cent in 2006, with strong contributions from mining and energy exploration. Growth in private sector consumption expenditure also moderated in 2006, perhaps reflecting the combined impact of three interest rate rises as well as modest net interstate migration population outflows.

Chart 1

Northern Territory State Final Demand\*

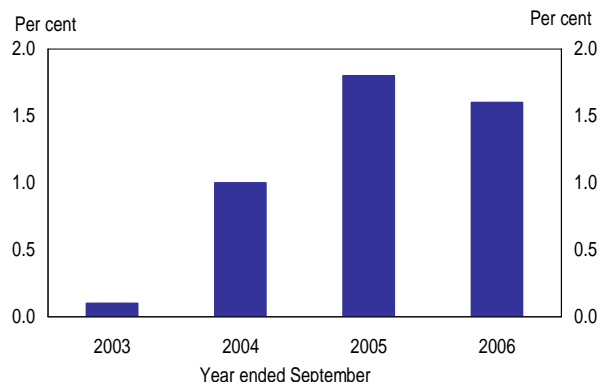


\*year on year percentage change

Source: ABS Cat. No. 5220.0

Chart 2

Northern Territory Resident Population\*



\*annual percentage change

Source: ABS Cat. No. 3101.0

As shown in Chart 2, changes in the Territory's annual population growth rate have tracked that of SFD over the past four years. This illustrates how closely the Territory's economic performance is tied to its population growth, with net interstate migration the most volatile but also most economically critical component of population change. The Territory's annual population growth peaked at 1.8 per cent in 2005, swelled by strong net interstate migration, linked to employment generating major projects. In 2006, with the completion of the Wickham Point LNG plant, the Territory recorded two consecutive quarters of net interstate migration outflows, followed by one quarter with a net interstate population inflow, leading to a moderation in the annual rate of population growth to 1.6 per cent.



# Territory Economic Review - April 2007

| <b>Northern Territory State Final Demand and Gross State Product</b> |              |             |              |             |             |              |             |                  |                 |
|--|--------------|-------------|--------------|-------------|-------------|--------------|-------------|------------------|-----------------|
| Year ended June Percentage Change                                    | 1999-00      | 2000-01     | 2001-02      | 2002-03     | 2003-04     | 2004-05      | 2005-06     | Latest available | Annual % change |
| <b>Expenditure on GSP (2003-04 prices)</b>                           |              |             |              |             |             |              |             |                  |                 |
| Private Consumption  | 6.6          | 3.5         | 6.5          | 4.6         | 7.6         | 4.9          | 4.9         | Dec Q 06         | 3.5             |
| Public Consumption   | 7.9          | 1.2         | 0.4          | 2.5         | 3.6         | 3.4          | 2.4         | Dec Q 06         | 0.5             |
| <b>Total Consumption Expenditure</b>                                 | <b>7.2</b>   | <b>2.5</b>  | <b>3.8</b>   | <b>3.7</b>  | <b>5.9</b>  | <b>4.3</b>   | <b>3.8</b>  | Dec Q 06         | <b>2.3</b>      |
| Private Investment   |              |             |              |             |             |              |             |                  |                 |
| <i>Dwellings</i>   | -25.2        | -40.4       | 3.8          | 9.3         | -1.9        | 38.5         | 3.0         | Dec Q 06         | -16.3           |
| <i>Other buildings and structures</i>                                | -58.8        | -22.8       | 125.6        | 26.5        | 8.6         | 0.8          | 6.1         | Dec Q 06         | 1.1             |
| <i>Machinery and equipment</i>                                       | 11.9         | 31.1        | 2.5          | 6.3         | 8.8         | -10.9        | 32.7        | Dec Q 06         | -54.8           |
| <i>Livestock</i>   | -11.1        | 43.8        | 8.7          | -56.0       | 163.6       | -3.4         | 3.6         | Dec Q 06         | -41.4           |
| <i>Intangible fixed assets</i> **                                    | -17.5        | -17.1       | 50.0         | -42.2       | -19.2       | 60.3         | 98.0        | Dec Q 06         | 12.9            |
| <i>Ownership transfer costs</i>                                      | -7.3         | -20.2       | 15.5         | 4.9         | 24.4        | 7.5          | 8.7         | Dec Q 06         | -14.3           |
| Business Investment <sup>#</sup>                                     | -39.9        | -1.6        | 54.2         | 7.8         | 9.3         | 0.7          | 18.6        | Dec Q 06         | -13.7           |
| Total Private Investment   | -36.1        | -11.7       | 45.4         | 8.0         | 7.7         | 5.4          | 15.8        | Dec Q 06         | -13.9           |
| Public Investment  | 41.8         | 46.6        | 18.8         | -33.2       | 1.4         | 25.9         | -6.9        | Dec Q 06         | 25.6            |
| <b>Total Investment</b>  | <b>-30.0</b> | <b>-2.5</b> | <b>39.1</b>  | <b>-0.3</b> | <b>6.9</b>  | <b>8.1</b>   | <b>12.4</b> | Dec Q 06         | <b>-9.4</b>     |
| <b>State Final Demand</b>  | <b>-5.0</b>  | <b>1.6</b>  | <b>12.1</b>  | <b>2.3</b>  | <b>6.2</b>  | <b>5.4</b>   | <b>6.3</b>  | Dec Q 06         | <b>-1.4</b>     |
| <b>State Final Demand less L-C and B-U<sup>##</sup></b>              | <b>2.8</b>   | <b>1.7</b>  | <b>10.8</b>  | <b>0.7</b>  | <b>5.0</b>  | <b>10.5</b>  | <b>7.9</b>  | Dec Q 06         | <b>-1.4</b>     |
| International Trade - export of goods                                | 47.2         | 30.0        | -22.6        | -11.0       | -23.7       | -6.2         | -1.7        | Dec Q 06         | 50.3            |
| International Trade - import of goods                                | 178.2        | -62.0       | 15.1         | 29.9        | 4.1         | 107.5        | 27.4        | Dec Q 06         | -20.1           |
| <b>Total Gross State Product</b>                                     | <b>1.1</b>   | <b>5.5</b>  | <b>1.6</b>   | <b>0.2</b>  | <b>0.2</b>  | <b>6.0</b>   | <b>7.5</b>  |                  |                 |
| <b>Contribution to GSP Growth</b>                                    |              |             |              |             |             |              |             |                  |                 |
| Private Consumption  | 2.7          | 1.6         | 2.7          | 2.0         | 3.6         | 2.4          | 2.8         |                  |                 |
| Public Consumption   | 2.6          | 0.4         | 0.1          | 0.9         | 1.2         | 1.2          | 0.8         |                  |                 |
| Private Investment   | -12.2        | -2.5        | 8.1          | 2.1         | 2.1         | 1.6          | 4.4         |                  |                 |
| Public Investment  | 1.2          | 1.8         | 1.0          | -2.1        | 0.0         | 1.1          | -0.2        |                  |                 |
| <b>State Final Demand</b>  | <b>-5.6</b>  | <b>1.7</b>  | <b>12.1</b>  | <b>2.6</b>  | <b>7.0</b>  | <b>6.4</b>   | <b>7.7</b>  |                  |                 |
| <b>Net International Exports</b>                                     | <b>2.8</b>   | <b>23.4</b> | <b>-12.4</b> | <b>-7.5</b> | <b>-8.9</b> | <b>-12.1</b> | <b>-5.9</b> |                  |                 |
| Balancing item   | 3.9          | -19.6       | 1.9          | 5.2         | 2.0         | 11.7         | 5.7         |                  |                 |
| <b>Gross State Product</b>   | <b>1.1</b>   | <b>5.5</b>  | <b>1.6</b>   | <b>0.2</b>  | <b>0.2</b>  | <b>6.0</b>   | <b>7.5</b>  |                  |                 |

\* Quarter on corresponding quarter the previous year, or through the year annual per cent change \*\* Predominantly computer software and mineral exploration  
<sup>#</sup> Private investment less dwellings investment and ownership transfer costs <sup>##</sup> Investment for the Laminaria-Corallina oilfields and Bayu-Undan Stage 1 and Stage 2 pipeline  
 Source: NT Treasury, Australian Bureau of Statistics data

| <b>Latest Northern Territory Economic Indicators</b>     |         |         |         |         |         |         |         |          |                   |
|--|---------|---------|---------|---------|---------|---------|---------|----------|-------------------|
| Year ended June Percentage Change*                       | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | Latest   | Annual % change** |
| Real Retail Turnover                                     | 5.8     | -0.7    | 4.1     | 2.2     | 5.1     | 5.3     | 2.8     | Dec Q 06 | 8.8               |
| New Motor Vehicle Sales                                  | -8.8    | -4.2    | -0.3    | 3.3     | 8.4     | 10.7    | 0.0     | Jan Q 07 | 3.8               |
| Tourist Accommodation Takings                            | 16.8    | 1.5     | -1.0    | -0.1    | 2.8     | 13.6    | 3.4     | Dec Q 06 | 17.6              |
| Number of Dwellings Approved                             | -30.6   | -28.4   | -13.8   | 0.0     | 23.4    | 18.4    | -1.8    | Feb Q 07 | 47.4              |
| Number of Dwellings Commenced                            | -21.1   | -34.0   | 0.1     | -4.1    | 6.0     | 29.1    | 1.3     | Dec Q 06 | -34.3             |
| Employment   | -2.3    | 1.1     | 5.4     | -0.1    | -2.2    | -2.0    | 4.0     | Feb Q 07 | 4.8               |
| Unemployment rate  | 4.4     | 5.6     | 6.8     | 5.8     | 5.2     | 6.3     | 5.7     | Feb Q 07 | -45.8             |
| Darwin Consumer Price Index (year average) <sup>##</sup> | 1.4     | 5.4     | 2.2     | 2.3     | 1.4     | 2.2     | 3.4     | Dec Q 06 | 5.0               |
| AWOTE <sup>#</sup> (year average)                        | 4.5     | 3.3     | 2.9     | 5.6     | 6.6     | 7.2     | 1.9     | Nov Q 06 | 0.8               |
| Wage Price index (year average)                          | 2.5     | 2.8     | 3.3     | 2.8     | 3.5     | 3.9     | 4.3     | Nov Q 06 | 3.5               |
| Population, December (levels - thousands) <sup>##</sup>  | 194.3   | 196.3   | 198.0   | 198.2   | 198.7   | 201.2   | 205.2   | Jun Q 06 | 206.7             |
| Population (annual % change) <sup>##</sup>               | 1.6     | 1.0     | 0.9     | 0.1     | 0.3     | 1.2     | 2.0     | Jun Q 06 | 1.6               |
| Net Interstate Migration (levels - number) <sup>##</sup> | -817    | -1621   | -2049   | -3069   | -2895   | -1097   | 520     | Jun Q 06 | -229.0            |

\* Year ended, or year on year \*\* Quarter on corresponding quarter the previous year, or through the year per cent change <sup>#</sup> Average Weekly Ordinary Time Earnings

<sup>##</sup> Denotes calendar year

Source: NT Treasury, Australian Bureau of Statistics data

| <b>Financial Indicators</b>                    |         |         |         |         |         |         |         |           |       |
|--|---------|---------|---------|---------|---------|---------|---------|-----------|-------|
| Year Ended June                                | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | Latest    | Level |
| <b>Interest Rates</b>                          |         |         |         |         |         |         |         |           |       |
| 90 Day Bank Bill (as at 30 June)               | 6.17    | 5.02    | 5.11    | 4.67    | 5.50    | 5.66    | 5.97    | 30 Mar 07 | 6.52  |
| 10 Year Govt Bond Yield (as at 30 June)        | 6.16    | 6.04    | 5.99    | 5.01    | 5.87    | 5.11    | 5.79    | 30 Mar 07 | 5.88  |
| <b>Exchange Rates</b>                          |         |         |         |         |         |         |         |           |       |
| US\$ per A\$ (year average)                    | 0.63    | 0.54    | 0.52    | 0.58    | 0.71    | 0.75    | 0.75    | 30 Mar 07 | 0.77  |
| US\$ per A\$ (as at 30 June)                   | 0.60    | 0.51    | 0.56    | 0.67    | 0.69    | 0.76    | 0.74    | 30 Mar 07 | 0.81  |
| Special Drawing Rights per A\$ (as at 30 June) | 0.45    | 0.41    | 0.43    | 0.48    | 0.47    | 0.52    | 0.51    | 30 Mar 07 | 0.53  |
| Trade Weighted Index of A\$ (as at 30 June)    | 53.60   | 49.80   | 52.30   | 59.40   | 59.06   | 64.50   | 62.24   | 30 Mar 07 | 65.85 |

\* A measure of the Australian dollar against an IMF determined, weighted basket of currencies consisting of the US dollar, the Euro, the yen and pound sterling

Source: NT Treasury, Reserve Bank of Australia data

## CONTENTS

Page

|   |    |
|---|----|
| COVER STORY .....   | 1  |
| TERRITORY SFD AND GSP; TABLE OF LATEST ECONOMIC AND FINANCIAL INDICATORS.....   | 2  |
| CONTENTS .....  | 3  |
| Economic Indicators Due for Release   |    |
| ECONOMIC INDICATORS.....  | 4  |
| State Final Demand, Gross Domestic Product, Population                          | 4  |
| Retail Turnover, Sales of New Motor Vehicles, Petrol Prices                     | 5  |
| Building Approvals, Housing Finance for Owner Occupation, Housing Affordability | 6  |
| Dwelling Commencements, Private New Capital Expenditure, International Trade    | 7  |
| Employment, Unemployment, ANZ Job Ads   | 8  |
| GLOSSARY .....  | 9  |
| STATE AND TERRITORY COMPARATIVE INDICATORS .....                                | 10 |

ECONOMIC INDICATORS DUE FOR  
RELEASE

## April 2007

|            |               |  |           |
|------------|---------------|--|-----------|
| ABS        | 8501.0        | Retail Trade, Australia, February 2007   | 02-Apr-07 |
| ABS        | 8731.0        | Building Approvals, Australia, February 2007                                   | 02-Apr-07 |
| ABS        | 5368.0        | International Trade in Goods and Services, Australia, February 2007            | 03-Apr-07 |
| Access     |               | Access Economics Five Year Business Outlook                                    | 04-Apr-07 |
| ABS        | 3401.0        | Overseas Arrivals and Departures, Australia, February 2006 ( <i>no brief</i> ) | 05-Apr-07 |
| ABS        | 8635.0        | Tourist Accommodation (8635.7.55.001)  | 05-Apr-07 |
| ANZ        |               | ANZ job ads series, March 2007 ( <i>no brief</i> )                             | 10-Apr-07 |
| ABS        | 5609.0        | Housing Finance, Australia, February 2007                                      | 11-Apr-07 |
| Westpac-MI |               | Consumer Sentiment Index, April 2007 ( <i>no brief</i> )                       | 11-Apr-07 |
| ABS        | 6202.0        | Labour Force, Australia, March 2007  | 12-Apr-07 |
| ABS        | 5671.0        | Lending Finance, Australia, February 2007                                      | 13-Apr-07 |
| AAA        |               | Petrol Prices, March 2007  | Mid-April |
| Westpac-MI |               | Leading Index, March 2007 ( <i>no brief</i> )                                  | 18-Apr-07 |
| ABS        | 8762.0        | Engineering Activity, December quarter 2006                                    | 18-Apr-07 |
| ABS        | 8752.0        | Building Activity, December quarter 2006                                       | 19-Apr-07 |
| ABS        | 6291.0.55.001 | Labour Force by Industry, March 2007 ( <i>no brief</i> )                       | 19-Apr-07 |
| ABS        | 8782.0.65.001 | Construction Activity: CVM, December quarter 2007 ( <i>no brief</i> )          | 19-Apr-07 |
| ABS        | 9314.0.55.001 | Sales of New Motor Vehicles, Australia, March 2007                             | 20-Apr-07 |
| ABS        | 6457.0        | International Trade Price Indexes, Australia, March 2007                       | 20-Apr-07 |
| ABS        | 6427.0        | Producer Price Indexes, December quarter 2006                                  | 23-Apr-07 |
| ABS        | 6401.0        | Consumer Price Index, March quarter 2007                                       | 24-Apr-07 |

## May 2007

|            |               |   |           |
|------------|---------------|---|-----------|
| DEWRSB     |               | Skilled Vacancy Survey, April 2007 ( <i>no brief</i> )          | 02-May-07 |
| ABS        | 6403.0.55.001 | Average Retail Prices of Selected Items                         | 02-May-07 |
| ABS        | 5368.0        | International Trade in Goods & Services                         | 04-May-07 |
| ANZ        |               | ANZ job ads series, April 2007 ( <i>no brief</i> )              | 07-May-07 |
| ABS        | 8501.0        | Retail Trade  | 08-May-07 |
| ABS        | 8731.0        | Building Approvals  | 08-May-07 |
| ABS        | 6416.0        | House Price Indexes: Eight Capital Cities                       | 09-May-07 |
| ABS        | 3401.0        | Overseas Arrivals and Departures, Australia ( <i>no brief</i> ) | 09-May-07 |
| Westpac-MI |               | Consumer Sentiment Index ( <i>no brief</i> )                    | 09-May-07 |
| ABS        | 6202.0        | Labour Force  | 10-May-07 |
| ABS        | 5609.0        | Housing Finance   | 14-May-07 |
| ABS        | 5671.0        | Lending Finance   | 15-May-07 |
| AAA        |               | Petrol Prices, April 2007                                       | Mid-May   |
| ABS        | 6345.0        | Labour Price Index (Wage Cost Index)                            | 16-May-07 |
| Westpac-MI |               | Leading Index ( <i>no brief</i> )                               | 16-May-07 |
| ABS        | 6291.0.55.001 | Labour Force by Industry ( <i>no brief</i> )                    | 17-May-07 |
| ABS        | 6302.0        | Average Weekly Earnings   | 17-May-07 |
| ABS        | 9314.0.55.001 | Sales of New Motor Vehicles, Australia, April 2007              | 22-May-07 |
| DEWRSB     |               | Skilled Vacancy Survey, May 2007 ( <i>no brief</i> )            | 23-May-07 |
| Sensis     |               | Sensis Business Index   | 29-May-07 |
| ABS        | 8755.0        | Construction Work Done  | 30-May-07 |
| ABS        | 5625.0        | Private New Capital Expenditure ( <i>no brief</i> )             | 31-May-07 |

### State Final Demand

Territory State Final Demand (SFD) decreased by 5.7 per cent in seasonally adjusted terms in the December quarter 2006, influenced by investment in major projects such as the Alcan G3 expansion. In year on year terms, Territory SFD increased by 2.5 per cent, below domestic final demand (DFD) growth at the national level of 4.0 per cent. Excluding investment for Bayu-Undan stage one and the pipeline for stage two, growth is estimated at 3.9 per cent (see chart).

Year on year, total investment increased by 0.5 per cent contributing 0.2 percentage points to SFD growth. The largest component of total investment is private investment, which accounted for 0.4 percentage points of SFD growth. Public investment declined in the year, subtracting 0.3 percentage points from growth. Total consumption increased by 3.4 per cent in the year, contributing 2.3 percentage points to SFD growth. Household consumption expenditure was the main contributor to the increase in total consumption, adding 1.5 percentage points, with a modest increase in government consumption expenditure, of 0.8 percentage points.

### Gross Domestic Product

Australia's Gross Domestic Product (GDP) increased by 1.0 per cent in the December quarter 2006, and by 2.4 per cent in year on year terms (see chart). Growth in the December quarter 2006 was driven by increases in gross fixed capital formation (investment) which increased by 2.5 per cent. In year on year terms, GDP growth was underpinned by solid domestic demand (consumption and investment), which increased by 4.0 per cent. Growth was partly offset by net exports, which subtracted 1.0 percentage points from growth.

On the production side, the construction industry continued to be the driver of growth in 2006, and was supported by growth in the 'property and business services' industry. The 'agriculture, forestry and fishing' industry was the only detractor from growth, subtracting 0.6 percentage points.

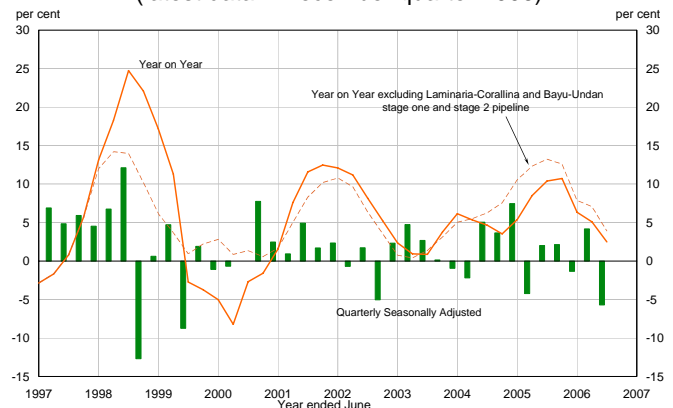
### Population

Northern Territory resident population is estimated to have increased by 0.5 per cent in the September quarter 2006, to 207 735. This is the eleventh consecutive quarterly population increase. In annual terms, Territory population growth is estimated to have increased by 1.6 per cent. This was the third highest growth of the jurisdictions and above national growth of 1.3 per cent through the year, to an estimated 20.7 million persons.

The Territory's estimated resident population increased by 1047 persons in the September quarter 2006, compared to an increase of 967 in the September quarter 2005. Natural increase (births less deaths), net overseas migration and net interstate migration made positive contributions to growth in the quarter.

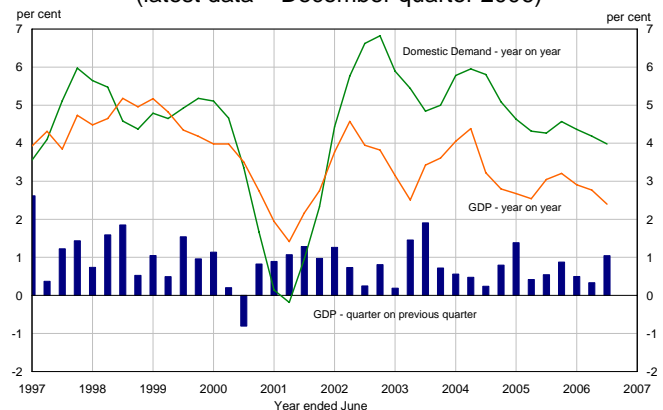
- Natural increase (births less deaths) 646
- Net overseas migration 166
- Net interstate migration 235
- Total population growth 1047

### State Final Demand (latest data – December quarter 2006)



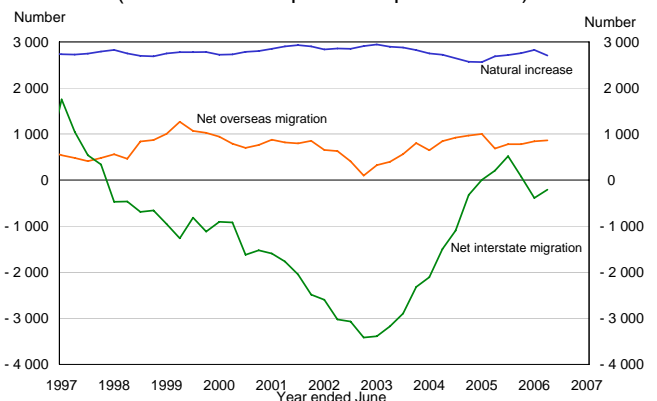
Source: ABS Cat. Nos. 5206.0

### Gross Domestic Product (latest data – December quarter 2006)



Source: ABS Cat. No. 5206.0

### Northern Territory Population Components\* (latest data – September quarter 2006)



\* moving annual total  
Source: ABS Cat. No. 3101.0

### Retail Turnover

Seasonally adjusted retail turnover in the Territory increased by 0.1 per cent in January 2007 and by 0.9 per cent nationally (higher the market median expectation of 0.5 per cent). In year on year terms, retail turnover in current prices increased by 9.9 per cent in the Territory, the second highest growth of the jurisdictions (behind Western Australia) and higher than nationally (see chart). Total retail expenditure is divided, by the Australian Bureau of Statistics (ABS), into six broad categories.

In the month of January 2007 (in original terms) retail turnover in the Territory totalled \$172 million. Of this total expenditure, 48.1 per cent (or \$83 million) was on 'food', 16.6 per cent (\$29 million) was on 'hospitality and services', 14.5 per cent (\$25 million) was on 'household goods', 12.9 per cent (\$22 million) was on 'department stores and other retailing', 4.7 per cent (\$8 million) was on 'clothing and soft goods', and the remaining 3.2 per cent (\$6 million) was on recreation related goods.

### Sales of New Motor Vehicles

Territory seasonally adjusted new motor vehicle sales decreased by 1.2 per cent in February 2007 to 827. Sales of SUVs decreased in the month by 4.8 per cent along with sales of passenger vehicles down 0.5 per cent, while sales of 'other' vehicles increased by 0.4 per cent. The decrease in sales for SUVs and passenger vehicles in the month reflects Territory consumer's response to increases in fuel prices, despite strong economic conditions. At the national level, the total level of motor vehicle sales remained unchanged in the month of February 2007.

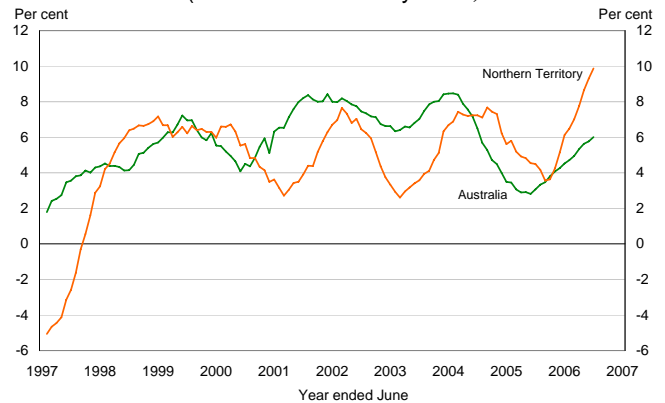
In the year to February 2007, Territory new motor vehicle sales decreased by 1.2 per cent to 9 390, (see chart) continuing the moderation in year on year growth reported over the past eight months. At the national level sales of new motor vehicle sales decreased 0.8 per cent in the year to February 2007.

### Petrol Prices

In February 2007, fuel prices decreased by 1.9 cpl in Darwin to 123.0 cpl while the eight capital cities weighted average price increased by 1.5 cpl to 113.9 cpl. This represents a 9.1 cpl price differential between Darwin and the eight capital cities weighted average. Compared to February 2006 petrol prices in Darwin decreased by 6.1 cpl, while nationally the eight capital cities weighted average price decreased by 3.1 cpl. Over the long term petrol prices in Darwin track other capital cities, though tend to remain higher due to distance from refineries and other competitive factors (see chart).

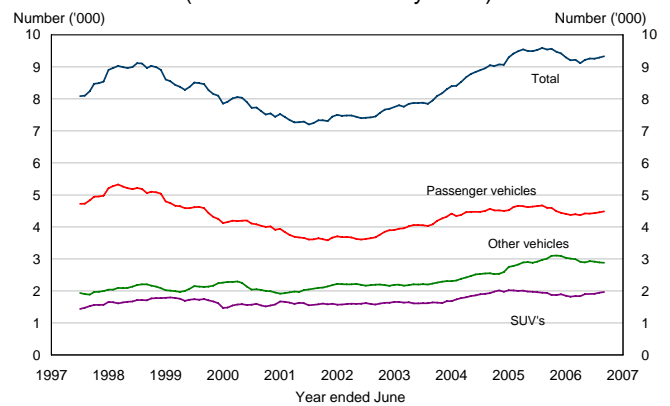
In A\$ terms, crude oil prices increased by 6.7 per cent in February 2007, averaging A\$81.24 a barrel. While crude oil prices have decreased significantly from the peak reported in mid 2006, as growth in world oil consumption has eased and production continues to increase. The decision by OPEC to reduce production by 1.2 million barrels per day as of 1 November 2006, and additional production cuts from 1 February 2007 will place upward pressure on crude oil prices.

**Retail Turnover\***  
(latest data – January 2007)



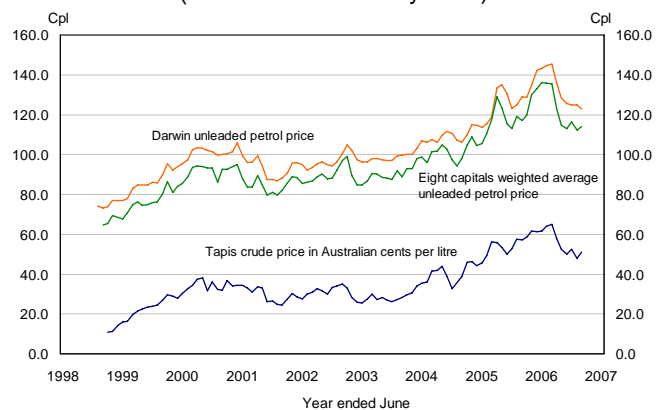
\* year on year percentage change, current prices  
Source: ABS Cat. No. 8501.0

**Motor Vehicle Sales\***  
(latest data – February 2007)



\* moving annual total  
Source: ABS Cat. No. 9314.0.55.001

**Petrol Prices**  
(latest data – February 2007)



Source: Australian Automobile Association, Reserve Bank of Australia and Energy Information Administration

### Building Approvals

In original terms, Territory residential building approvals decreased by 14 to 92 in January 2007, with 86 private and 6 public sector approvals. Of the private sector approvals in the month, 43 were for 'new houses', 42 for 'other residential' and 1 for 'residential building in a non-residential facility' (such as a care-taker or park-ranger dwelling). There were zero approvals for 'alterations and additions' and 'conversions'. In the public sector all of the 6 approvals were for 'new houses'. There were zero approvals in all other categories.

In the year to January 2007, residential building approvals in the Territory decreased by 0.4 per cent to 1355 (see chart). Of the 1355 residential building approvals in the Territory, in the year 1249 were in the private sector, with the remaining 106 approvals in the public sector.

### Housing Finance for Owner Occupation

In January 2007, the number of seasonally adjusted owner-occupier housing finance commitments in the Territory decreased by 20 to 499, while nationally, commitments increased by 0.3 per cent in the month. In annual terms, the number of Territory finance commitments decreased by 24.2 per cent, compared to a 6.1 per cent increase nationally.

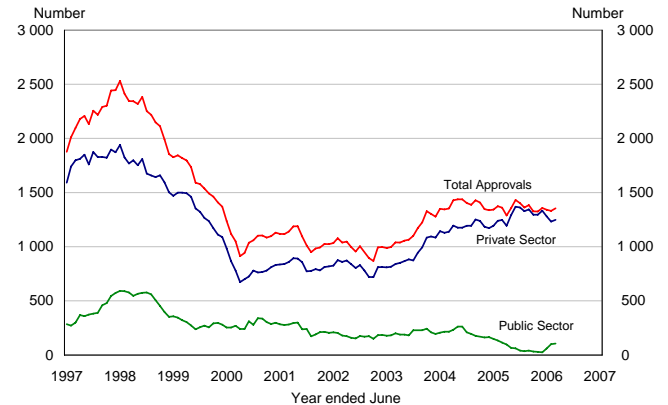
The components of housing finance are only available in original terms. The decline in housing finance commitments was largely due to a fall in finance for the purchase of an established dwelling (down by 95 or 20 per cent) and refinancing (down by 40 or 30.3 per cent). As the chart shows, growth in the number of commitments in the Territory was quite stable over the past two years, nevertheless growth has declined sharply since September 2006 to a low of negative 3.6 per cent. Growth in the value of housing finance commitments in original terms decreased to 2.8 per cent in the year to January 2007.

### Housing Affordability

Territory housing remains considerably more affordable than nationally, and as the chart shows, is the second most affordable of the jurisdictions (behind the Australian Capital Territory). This is despite a decrease of affordability in the Territory, (by 4.3 per cent) in the December quarter 2006, compared to a 4.1 per cent decrease in affordability at the national level. When compared to the December quarter 2005, housing affordability in the Territory has declined by 13.2 per cent, larger than the deterioration of 8.1 per cent at the national level.

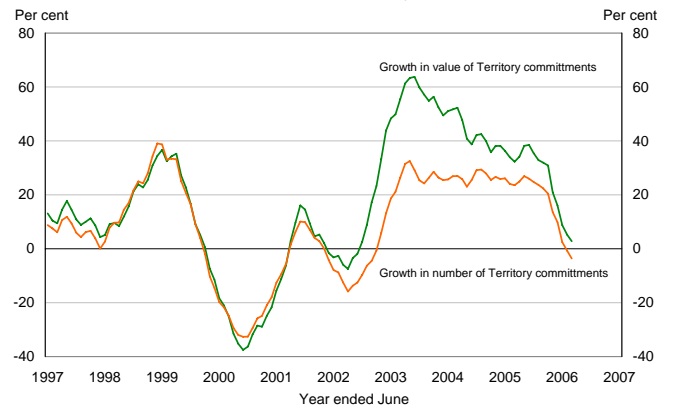
The decrease in Territory housing affordability in the quarter was associated with an increase in the average housing loan size (by 2.6 per cent) to \$205 274, despite a modest increase in median family income (up by 1.1 per cent in the quarter). In the December quarter 2006 Darwin's median house price increased by 2.1 per cent to \$370 000, 12.8 per cent higher than the median house price in December 2005.

**Building approvals\***  
(latest data – January 2007)



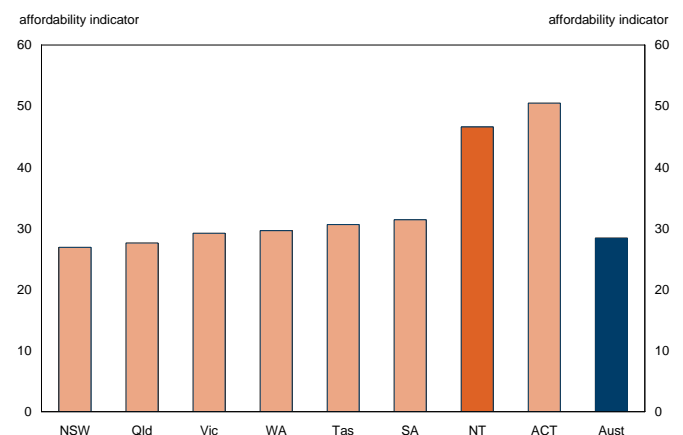
\* moving annual total  
Source: ABS Cat. Nos. 8731.0

**Growth in number and value of commitments\***  
(latest data – January 2007)



\* year on year percentage change  
Source: ABS Cat. Nos. 5609.0

**Housing Affordability Indicator**  
(latest data – December quarter 2006)



Source: AMP, REIA

## Dwelling Commencements

In original terms, Territory dwelling commencements decreased by 10.6 per cent (to 286) in the December quarter 2006. Nationally, seasonally adjusted quarterly commencements (the figure usually reported in the media) decreased by 0.8 per cent in the quarter.

In year on year terms, total Territory dwelling commencements decreased by 12.3 per cent to 1 173 in 2006. Of this total, 1 104 commencements were in the private sector and 69 were in the public sector. Further analysis of the dwelling commencement data over this period show that 699 of the total commencements were 'houses' while 409 were for 'other' dwellings and 65 were 'conversions'. The decline in commencements in the year was due to declines in both public and private sector commencements, 52.7 per cent and 7.3 per cent respectively (see chart).

## Private New Capital Expenditure

In the year to the December quarter 2006 total private new capital expenditure decreased by 28.7 per cent (to \$1.95 billion) in the Territory (see chart). Private new capital expenditure for 'buildings and structures' decreased by 20.7 per cent (to \$1.56 billion) while expenditure for 'equipment plant and machinery' decreased by 57.5 per cent (to \$384 million), in the year. The decline in expenditure largely reflects the near completion of the Alcan G3 expansion at Gove, as no new pre-assembled modules (PAMs) which are included in the 'buildings and structures' category of new capital expenditure, are required. Construction and production delays for mine developments, such as the manganese mine at Bootu Creek have also contributed to the decline in new capital expenditure in the Territory.

At the national level, total capital expenditure on 'buildings and structures' and 'equipment, plant and machinery' was \$23.1 billion and \$41.8 billion respectively, in the year to December quarter 2006.

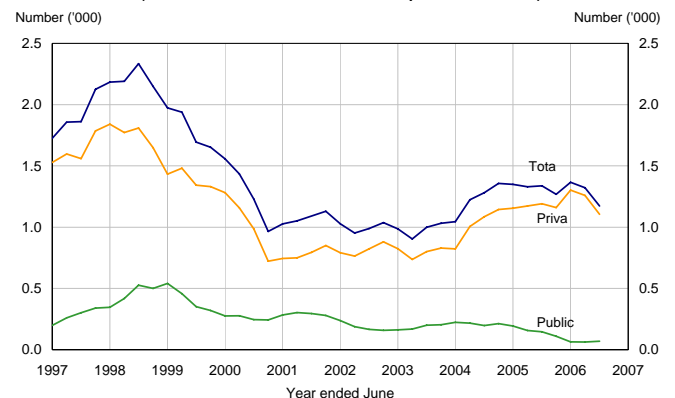
## International Trade

Territory merchandise exports increased by 60.1 per cent in the year to January 2007, as LNG exports and higher crude oil and commodity prices offset weaker production from the Laminaria-Corallina oilfields. Over the same period, the value of merchandise imports to the Territory increased by 40.9 per cent, mainly attributable to aircraft imports to Australia where the Territory was recorded as the 'port of entry' for customs purposes. This is primarily a fleet of 20 new Airbus A-320's imported from France, by Jetstar. Higher fuel prices and the importation of machinery and equipment for major projects, have also contributed to the increasing value of imports into the Territory in the year.

The Territory's goods trade balance increased by 251.9 per cent (\$534 million) in the year to January 2007, to a surplus of \$746 million (see chart). The Territory's trade surplus is expected to further improve in 2006-07 with increased LNG, alumina and manganese exports.

## Dwelling Commencements

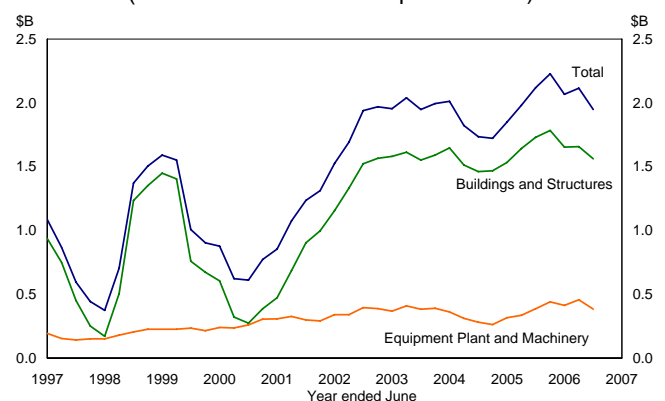
(latest data – December quarter 2006)



\* moving annual; total  
Source: ABS Cat. No. 8750.0

## Private New Capital Expenditure\*

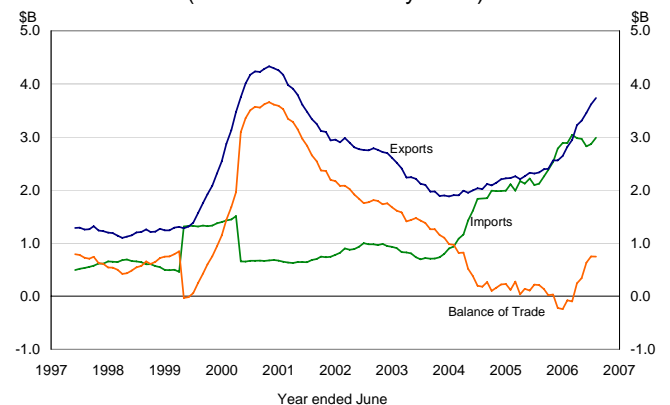
(latest data – December quarter 2006)



\* chain volume measure, moving annual total  
Source: ABS Cat. No. 5625.0

## Territory Merchandise Trade Balance\*

(latest data – January 2007)



\* moving annual total  
Source: ABS Cat. No. 5368.0

### Employment

ABS labour force data for the Territory are characterised by extreme volatility and as such should be interpreted with caution. The ABS now estimates that standard errors of labour force statistics for the Territory are much larger than previously published. Taking this into account, the ABS reports that trend employment increased by 155 to 102 238 in February 2007. Nationally, seasonally adjusted employment increased by 21 961 in the month to about 10.4 million employed persons.

A comparison of Territory (trend) resident employment in February 2007 with resident employment in February 2006 shows an increase of 4.5 per cent, the second highest annual growth rate of the jurisdictions (behind Queensland). In year on year terms, a more stable measure of growth, employment has increased by 5.9 per cent, slightly higher than the previous month of 5.5 per cent (original terms).

### Unemployment

The Territory's trend unemployment rate was unchanged at 2.5 per cent in February 2007 equal to (a revised) 2.5 per cent reported in January 2007. The unemployment rate is the lowest since the ABS began reporting labour force estimates for the Territory in 1978. Compared to February 2006, the unemployment rate has decreased by 3.9 percentage points. Volatility in the Territory's trend unemployment rate has been quite extreme over the past few years, relative to the national trend unemployment rate (see chart). The Territory has reported the lowest trend unemployment rate of the jurisdictions for the fourth consecutive month.

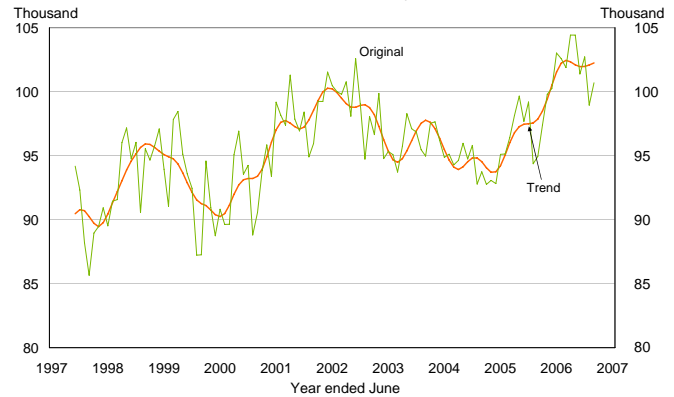
At the national level, the seasonally adjusted unemployment rate (the figure most commonly quoted in the media) increased to 4.6 per cent in February 2007, up slightly from 4.5 per cent reported in the previous month.

### ANZ Job Ads

Growth in print job advertisements has strengthened in the Territory since August 2006, and remains significantly stronger than nationally. In the year to February 2007 growth in job advertisements in the Territory increased by 5.9 per cent, compared to a decrease of 3.8 per cent nationally. The Territory reported the third highest growth in job advertisements behind Western Australian and the Australian Capital Territory, which were the only jurisdictions to record positive growth in job advertisements in the year. In annual terms, job advertisements increased 2.4 per cent in the Territory, compared to a decrease of 1.2 per cent at the national level.

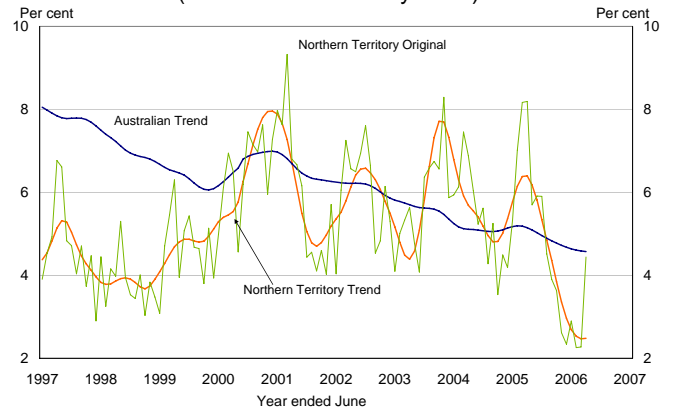
At the Territory level, the relatively solid growth in job advertisements over the past two years reflects skill shortages and labour market pressures which have been exacerbated in recent times by major projects. As the chart shows, much of this pressure decreased in 2006 with the completion of the Wickham Point LNG Plant.

**Territory Employment**  
(latest data – February 2007)



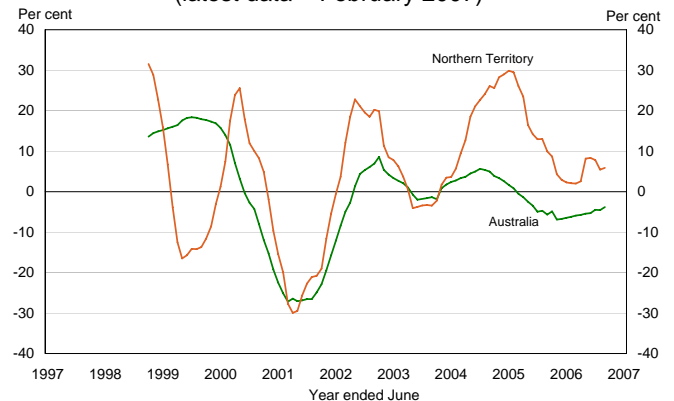
Source: ABS Cat. No. 6202.0

**Territory Unemployment**  
(latest data –February 2007)



Source: ABS Cat. No. 6202.0

**ANZ Job Advertisements \***  
(latest data – February 2007)



\* year on year percentage change  
Source: ANZ Job Advertisements series

## GLOSSARY

### Consumer Price Index

A general indicator of the prices paid by household consumers for a specific basket of goods and services in one period relative to the cost of the same basket in a base period.

### Current Dollars

Nominal. A measure that is not adjusted for inflation or changes in the purchasing power of money. Current dollars specify the value at a certain point in time and are not used to compare value over a series of time periods. Also referred to as nominal dollars.

### Dwelling Unit

A self-contained suite of rooms, including cooking and bathing facilities, intended for long-term residential use.

### Employed

Persons 15 years and older who worked for one hour or more in the week of the labour force survey.

### Final Consumption Expenditure

The value of purchases of goods and services for consumption. Excludes purchases of fixed assets, intermediate goods or additions to inventories. Intermediate goods are those used as inputs for making other goods.

### Fixed Capital Formation

Additions to the stock of real capital. Real capital represents assets, except land and natural resources, which are capable of producing income. For example, new and second-hand buildings, plant and equipment and roads.

### Goods and Services Tax

From 1 July 2000 the Australian Government introduced a 10 per cent tax on goods and services replacing the previous wholesale sales tax regime. Some items like basic food, health, education and exports are GST free.

### Gross Domestic Product

The total value of goods and services produced in Australia over the period for final consumption. Intermediate goods, or those used in the production of other goods, are excluded. GDP can be calculated by either summing total output, total income, or total expenditure.

### Gross State Product

Similar to GDP, except it measures the total value of goods and services produced in a jurisdiction. It is the sum of all income, namely wages, salaries and profits, plus indirect taxes less subsidies.

### Labour Force

All persons 15 years and over, who are available for work. That is, employed plus unemployed persons actively seeking work. Excludes defence force personnel and non-residents.

### Original Terms

Data in original terms is basic, raw data as collected in a survey or a census. It is not adjusted for seasonality or smoothed to remove irregularities to form a trend series.

### Participation Rate

The proportion of the population over 15 years of age who are working or looking for work.

### Business Investment

Private fixed capital formation for non-residential buildings and structures, machinery and equipment, livestock, intangible fixed assets before depreciation.

### Real Dollars

Used to remove the impact of price changes (inflation) in time series data. In the base year current prices equal constant prices. To convert current dollar values to constant dollar values it is necessary to deflate/inflate by the appropriate inflation index number. Also referred to as constant dollars or values in chain volume terms.

### Seasonally Adjusted Terms

The seasonally adjusted series is a time series of estimates with the effects of normal seasonal variation removed (that is those fluctuations that exhibit a regular pattern at a particular time of year). Seasonally adjusted terms allow the effects of other non-seasonal influences on the series to be more clearly recognised.

### State Final Demand

Final consumption expenditure plus gross fixed capital formation. It represents the total expenditure on consumption and investment in a jurisdiction.

### Trend Terms

The trend series is used to analyse the underlying behaviour of the series over time. Trend terms are derived by smoothing the seasonally adjusted series so as to reduce the impact of any irregular components of that series.

### Unemployed

Persons 15 years and older who were not employed during the week of the labour force survey and were actively seeking work in the past four weeks.

### Unemployment rate

The number of unemployed persons expressed as a percentage of the labour force.

## Comparative Economic Indicators\*

| Indicator   | Period                    | Measure  | NT            | NSW    | Vic    | Qld    | SA     | WA     | Tas    | ACT    | Aus    |
|---|---------------------------|----------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Economic Growth</b>                                      |                           |          |               |        |        |        |        |        |        |        |        |
| Gross State/Domestic Product <sup>(a)</sup>                 | 2005-06                   | % change | <b>7.5</b>    | 1.4    | 2.7    | 4.9    | 2.2    | 4.9    | 3.1    | 3.4    | 2.8    |
| State Final Demand <sup>(a)</sup>                           | Year to December 06       | % change | <b>2.5</b>    | 1.5    | 2.7    | 7.4    | 1.9    | 10.5   | -1.5   | 5.9    | 4.0    |
| International Goods Exports                                 | Year to January 07        | % change | <b>60.1</b>   | 12.4   | 9.6    | 13.7   | 9.1    | 27.8   | 26.1   | 33.3   | 18.1   |
| International Goods Imports                                 | Year to January 07        | % change | <b>40.9</b>   | 10.4   | 3.8    | 14.3   | 4.8    | 39.4   | 12.8   | 670.4  | 12.2   |
| <b>Demography</b>   |                           |          |               |        |        |        |        |        |        |        |        |
| Population  | Jun-05 Qtr to Jun-06 Qtr  | % change | <b>1.6</b>    | 0.9    | 1.4    | 1.9    | 0.8    | 2.0    | 0.7    | 0.9    | 1.3    |
| <b>Labour Market</b>  |                           |          |               |        |        |        |        |        |        |        |        |
| Employment (trend)  | Feb 06 to Feb 07          | % change | <b>4.5</b>    | 2.1    | 2.5    | 5.7    | 1.6    | 2.5    | -0.2   | 3.3    | 2.9    |
| Participation Rate (trend)                                  | As at February 06         | %        | <b>70.0</b>   | 62.9   | 64.2   | 66.1   | 62.1   | 67.8   | 61.3   | 72.2   | 64.4   |
|   | As at February 07         | %        | <b>68.6</b>   | 63.2   | 64.5   | 67.4   | 62.7   | 67.3   | 60.1   | 73.4   | 64.8   |
| Unemployment Rate (trend)                                   | As at February 06         | %        | <b>6.4</b>    | 5.4    | 5.3    | 5.1    | 5.2    | 4.1    | 6.5    | 3.3    | 5.1    |
|   | As at February 07         | %        | <b>2.5</b>    | 5.0    | 4.9    | 4.0    | 5.6    | 3.0    | 5.7    | 3.1    | 4.6    |
| ANZ Job Ads   | Year to Feb 07            | % change | <b>5.9</b>    | -11.9  | -9.1   | -5.3   | -0.4   | 12.2   | -5.7   | 11.6   | -3.8   |
| <b>Prices and Wages</b>                                     |                           |          |               |        |        |        |        |        |        |        |        |
| Consumer Price Index  | Dec 05 Q to Dec 06 Q      | % change | <b>5.0</b>    | 3.2    | 2.9    | 3.4    | 3.0    | 4.4    | 2.5    | 3.1    | 3.3    |
|   | Year to Dec 06 Q          | % change | <b>4.4</b>    | 3.4    | 3.2    | 3.7    | 3.5    | 4.5    | 3.0    | 3.9    | 3.5    |
| Average Weekly Earnings<br>(full-time adult total earnings) | As at November 06         | \$       | <b>1094.9</b> | 1139.5 | 1085.9 | 1043.8 | 1051.9 | 1180.8 | 1003.7 | 1281.5 | 1107.1 |
| <b>Housing Sector</b>                                       |                           |          |               |        |        |        |        |        |        |        |        |
| Building Approvals (number)                                 | Year to January 07        | % change | <b>-0.4</b>   | -12.3  | -5.0   | 2.1    | 6.5    | 4.3    | 10.7   | 36.5   | -1.9   |
| Housing Finance for<br>Owner Occupation (number)            | Year to January 07        | % change | <b>-3.6</b>   | 10.7   | 5.7    | 10.6   | 9.3    | 12.1   | 9.7    | 19.1   | 9.5    |
| Housing Affordability Indicator <sup>(b)</sup>              | As at December quarter 06 | Level    | <b>46.6</b>   | 26.9   | 29.2   | 27.6   | 31.4   | 29.6   | 30.6   | 50.5   | 28.4   |
| <b>Consumer Spending</b>                                    |                           |          |               |        |        |        |        |        |        |        |        |
| Retail Trade (current \$)                                   | Year to January 07        | % change | <b>9.9</b>    | 4.5    | 5.9    | 6.5    | 5.4    | 10.2   | 4.8    | 7.2    | 6.0    |
| New Motor Vehicle Sales (No.)                               | Year to January 07        | % change | <b>-3.1</b>   | -3.0   | -5.1   | -1.2   | -5.0   | 10.8   | -5.9   | -2.5   | -1.9   |
| Tourist Accommodation -<br>Takings (current \$)             | Year to September 06      | % change | <b>5.9</b>    | 5.9    | 11.7   | 7.8    | 10.4   | 13.9   | 6.1    | 11.4   | 8.5    |

\* original data unless otherwise stated

(a) in real, inflation adjusted terms (b) the higher the number, the more affordable the housing

Source: Australian Bureau of Statistics data, ANZ Bank job advertisement series, AMP Home Loan Affordability Report

Note: Care should be taken in using monthly estimates for the Territory, in view of the small numbers and the volatile nature of the data. 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 Northern Territory Treasury, Economic and Social Analysis Unit, on (08) 8999 6801.