

# Territory Economic Review

## August 2007

### Darwin Consumer Inflation and Housing Costs

The Consumer Price Index (CPI) measures changes in the price of a 'basket' of goods and services representative of purchases by typical households around Australia. Comparing the June quarter 2007 with the same time a year ago, Darwin's CPI increased by 3.7 per cent compared to 2.1 per cent nationally (see Chart 1). Darwin continues to report the highest annual inflation rate of the capital cities, though Darwin's annual inflation rate has moderated over the past two quarters.

As shown in Chart 1, Darwin's annual inflation rate has exceeded the national inflation rate since December 2005. The higher annual inflation rate in Darwin has been driven by housing related costs, which have increased at a significantly higher rate than that of the all groups Darwin CPI. As shown in Chart 1 growth in the housing cost component of the Darwin CPI peaked at 9.5 per cent in December 2006

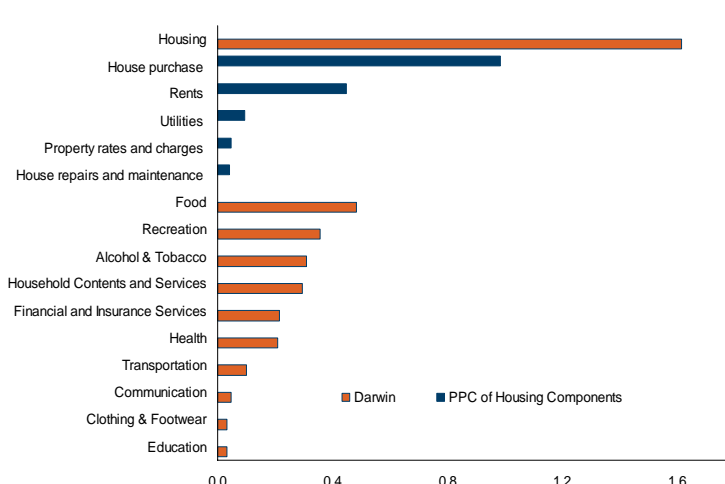
In December 2006 housing costs accounted for 2.1 percentage points of the 5 per cent annual Darwin inflation rate. The most recent data report that in the June quarter 2007 the contribution of housing costs has moderated to 1.6 percentage points (see Chart 2). The housing category is comprised of; house purchase, rents, utilities, property rates and charges and house repairs and maintenance. As shown in Chart 2 'house purchase' has been the largest contributor to the housing cost category, accounting for almost two-thirds of the total increase. Rising rents have accounted for just over one quarter of the total increase in housing costs. In annual terms Darwin rents (as measured by the CPI) have increased by 8 per cent to June 2007, the highest annual growth rate since 1988.

**Chart 1**  
Darwin versus 8 Capital's annual CPI



Source: ABS Cat. No. 6401.0

**Chart 2**  
Percentage Point Contribution (ppc) to annual CPI



Source: ABS Cat. No. 6401.0

As shown in Chart 2, increases in food costs continue to contribute significantly to the Darwin CPI, though the price pressure is no longer due to fruit. The main contributors to the increase in food costs in Darwin over the year to June 2007 were; bread and cereal products, soft drinks, water and juices and take-away and fast-food meals. Costs in the recreation category also increased over the year, primarily due to increases in the prices of domestic holiday travel and accommodation.



# Territory Economic Review - August 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	5.0	Mar Q 07	3.7
Public Consumption	7.9	1.2	0.4	2.5	3.6	3.4	2.4	Mar Q 07	1.9
<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>3.9</b>	Mar Q 07	<b>3.0</b>
Private Investment									
<i>Dwellings</i>	-25.2	-40.4	3.8	9.3	-1.9	38.5	3.0	Mar Q 07	1.0
<i>Other buildings and structures</i>	-58.8	-22.8	125.6	26.5	8.6	0.8	6.1	Mar Q 07	2.0
<i>Machinery and equipment</i>	11.9	31.1	2.5	6.3	8.8	-10.9	32.7	Mar Q 07	-38.4
<i>Livestock</i>	-11.1	43.8	8.7	-56.0	163.6	-3.4	3.6	Mar Q 07	-44.8
<i>Intangible fixed assets</i> **	-17.5	-17.1	50.0	-42.2	-19.2	60.3	98.0	Mar Q 07	-4.0
<i>Ownership transfer costs</i>	-7.3	-20.2	15.5	4.9	24.4	7.5	8.7	Mar Q 07	17.9
Business Investment#	-39.9	-1.6	54.2	7.8	9.3	0.7	18.6	Mar Q 07	-10.3
Total Private Investment	-36.1	-11.7	45.4	8.0	7.7	5.4	15.8	Mar Q 07	-8.1
Public Investment	41.8	46.6	18.8	-33.2	1.4	25.9	-4.7	Mar Q 07	21.3
<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>12.7</b>	Mar Q 07	<b>-4.3</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>6.5</b>	Mar Q 07	<b>0.8</b>
<b>State Final Demand less L-C and B-U##</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>8.0</b>	Mar Q 07	<b>0.8</b>
International Trade - export of goods	47.2	30.0	-22.6	-11.0	-23.7	-6.2	-1.7	Mar Q 07	43.4
International Trade - import of goods	178.2	-62.0	15.1	29.9	4.1	107.5	27.4	Mar Q 07	33.6
<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  
 # Private investment less dwellings investment and ownership transfer costs ### 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	Mar Q 07	10.7
New Motor Vehicle Sales	-8.8	-4.2	-0.3	3.3	8.4	10.7	0.0	Jun 07	10.4
Tourist Accommodation Takings	16.8	1.5	-1.0	-0.1	2.8	13.6	3.4	Mar Q 07	20.7
Number of Dwellings Approved	-30.6	-28.4	-13.8	0.0	23.4	18.4	-1.8	May 07	0.3
Number of Dwellings Commenced	-21.1	-34.0	0.1	-4.1	6.0	29.1	1.3	Mar Q 07	47.9
Employment	-2.3	1.5	4.6	1.1	-2.9	-1.3	3.0	Jun 07	2.8
Unemployment rate	4.4	5.6	6.7	5.5	5.2	5.7	5.5	Jun 07	-4.6
Darwin Consumer Price Index (year average)###	1.4	5.4	2.2	2.3	1.4	2.2	3.4	Jun Q 07	3.7
AWOTE# (year average)	4.5	3.0	3.4	6.3	6.2	7.0	0.8	Feb Q 07	2.1
Wage Price index (year average)	2.6	2.9	3.1	3.1	3.3	4.5	3.9	Feb Q 07	3.9
Population, December (levels - thousands)###	194.3	196.3	198.4	199.3	200.7	204.0	208.8	Dec Q 06	212.6
Population (annual % change)###	1.6	1.0	1.1	0.5	0.7	1.6	2.4	Dec Q 06	1.8
Net Interstate Migration (levels - number)###	-817	-1621	-2049	-3069	-2895	-1097	520	Dec Q 06	-110.0

\* Year ended, or year on year \*\* Quarter on corresponding quarter the previous year, or through the year per cent change # Average Weekly Ordinary Time Earnings  
 ## 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	31 Jul 07	6.62
10 Year Govt Bond Yield (as at 30 June)	6.16	6.04	5.99	5.01	5.87	5.11	5.79	31 Jul 07	6.03
<b>Exchange Rates</b>									
US\$ per A\$ (year average)	0.63	0.54	0.52	0.58	0.71	0.75	0.75	31 Jul 07	0.80
US\$ per A\$ (as at 30 June)	0.60	0.51	0.56	0.67	0.69	0.76	0.74	31 Jul 07	0.86
Special Drawing Rights per A\$ (as at 30 June)	0.45	0.41	0.43	0.48	0.47	0.52	0.51	31 Jul 07	0.56
Trade Weighted Index of A\$ (as at 30 June)	53.60	49.80	52.30	59.40	59.06	64.50	62.24	31 Jul 07	68.81

\* 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

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## ECONOMIC INDICATORS DUE FOR RELEASE

## August 2007

ABS	5368.0	International Trade in Goods & Services, June 2007	01-Aug-07
ABS	8501.0	Retail Trade, June 2007	01-Aug-07
ABS	3401.0	Overseas Arrivals and Departures, Australia ( <i>no brief</i> ), June 2007	03-Aug-07
ANZ		ANZ job ads series ( <i>no brief</i> ), July 2007	06-Aug-07
ABS	5609.0	Housing Finance, June 2007	08-Aug-07
ABS	6416.0	House Price Indexes: Eight Capital Cities, June Quarter 2007	08-Aug-07
ABS	6202.0.55.001	Labour Force, July 2007	09-Aug-07
ABS	5671.0	Lending Finance, June 2007	10-Aug-07
AAA		Petrol Prices, July 2007	Mid Aug-07
ABS	6345.0	Labour Price Index (Wage Cost Index), June Quarter 2007	15-Aug-07
ABS	6291.0.55.001	Labour Force by Industry ( <i>no brief</i> ), July 2007	16-Aug-07
ABS	6302.0	Average Weekly Earnings, May Quarter 2007	16-Aug-07
ABS	9314.0.55.001	Sales of New Motor Vehicles, July 2007	22-Aug-07
DEWRSB		Skilled Vacancy Survey	22-Aug-07
Sensis		Sensis Business Index	28-Aug-07
ABS	8755.0	Construction Work Done, June Quarter 2007	29-Aug-07
ABS	5302.0	Balance of Payments, June Quarter 2007	30-Aug-07
ABS	5625.0	Private New Capital Expenditure ( <i>no brief</i> ), June Quarter 2007	30-Aug-07
ABS	5368.0	International Trade in Goods & Services, July 2007	31-Aug-07
ABS	8501.0	Retail Trade, July 2007	31-Aug-07

## September 2007

ABS	5676.0	Business Indicators, June Quarter 2007 ( <i>no brief</i> )	03-Sep-07
ABS	8731.0	Building Approvals, Australia, July 2007	03-Sep-07
ANZ		ANZ job ads series ( <i>no brief</i> ), August 2007	03-Sep-07
ABS	3401.0	Overseas Arrivals and Departures, Australia, July 2007 ( <i>no brief</i> )	04-Sep-07
ABS	5206.0	National Accounts - State Final Demand, June Quarter 2007	05-Sep-07
ABS	6202.0	Labour Force, August 2007	06-Sep-07
ABS	5609.0	Housing Finance, July 2007	07-Sep-07
Westpac-MI		Consumer Sentiment Index ( <i>no brief</i> )	08-Sep-07
ABS	5671.0	Lending Finance, July 2007	11-Sep-07
ABS	8412.0	Mineral and Petroleum Exploration, Australia, June Quarter 2007 ( <i>no brief</i> )	12-Sep-07
ABS	6291.0.55.001	Labour Force by Industry ( <i>no brief</i> ), Aug 2007	13-Sep-07
ABS	8750.0	Dwelling Commencements, June Quarter 2007	13-Sep-07
Westpac-MI		Leading Index ( <i>no brief</i> )	15-Sep-07
AAA		Petrol Prices, August 2007	Mid Sep-07
ABS	9314.0.55.001	Sales of New Motor Vehicles, Aug 2007	21-Sep-07
ABS	3101.0	Population, March Quarter 2007	24-Sep-07
DEWRSB		Skilled Vacancy Survey	26-Sep-07
ABS	6354.0	Job Vacancies, Australia, August Quarter 2007 ( <i>no brief</i> )	27-Sep-07
ABS	8635.0	Tourist Accommodation, June Quarter 2007	28-Sep-07

**Consumer Price Index**

In the June quarter 2007, Darwin's Consumer Price Index (CPI) increased 1.4 per cent compared to an increase of 1.2 per cent nationally. Darwin's annual inflation has exceeded national annual inflation since December 2005. In annual terms, Darwin's inflation rate increased by 3.7 per cent down from 4.0 per cent reported in the March quarter 2007. Nationally, the annual inflation rate increased by 2.1 per cent, down from 2.4 per cent reported in the March quarter 2007.

Generally, inflation in Darwin moves in line with prices growth in the eight capitals, which indicates that price movements are largely driven by national and international factors. The main contributors to Darwin's annual increase were, 'housing', 'food' and 'recreation'. The increase in 'housing' reflected the increased cost of purchasing houses and rising rents, while 'takeout food', 'non-alcoholic drinks and beverages', 'breads and cereal products' and 'vegetables' were the largest contributors to the reported increase in the 'food' category.

**Producer Price Index**

The producer price index (PPI) measures changes in input prices paid by producers of commodities and providers of services. The PPI for final goods has a domestic and imported goods component. In the June quarter 2007 the PPI increased 1 per cent from the previous quarter, with the domestic goods component increasing by 1.5 per cent while the imported goods component decreased by 1.6 per cent.

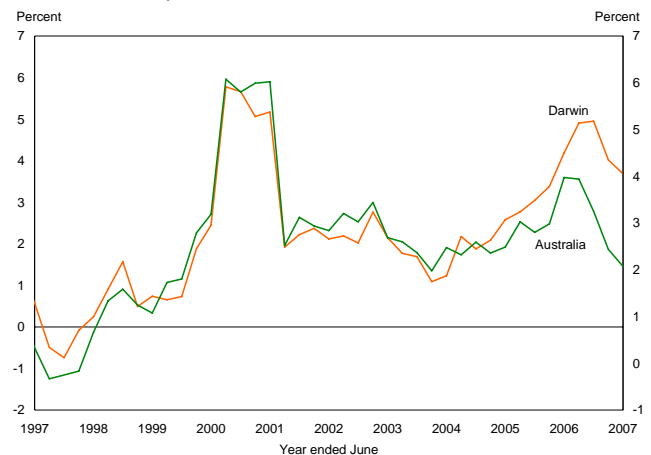
In 2006-07, the PPI increased by 3.2 per cent, with domestic goods prices increasing by 4.1 per cent and imported goods prices decreasing by 2.4 per cent. In the year, imported capital goods prices decreased by 3.4 per cent while prices of imported consumer goods decreased by 1.5 per cent. Domestically produced consumer and capital goods prices increased by 3.9 and 4.2 per cent over the same period.

**Tourist Accommodation**

In the March quarter 2007, tourist accommodation figures indicate an increase in the level of tourism activity in the Territory. In original terms, takings in the Northern Territory increased by 12.8 per cent in the year to March 2007, while room occupancy rates increased by 2.8 percentage points over the same period.

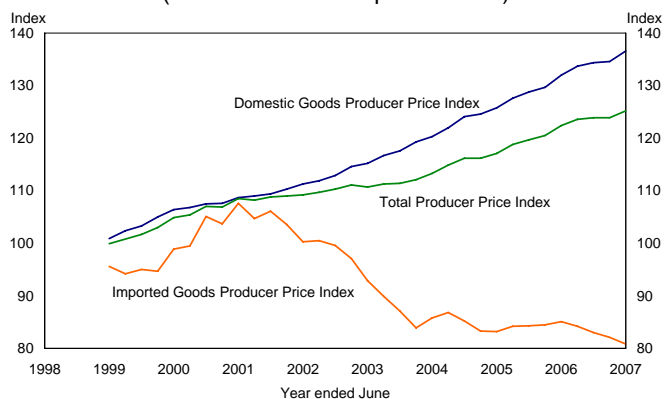
In annual terms, growth in accommodation takings increased by 20.7 per cent in the Territory, with substantial variation across major centres. Takings grew by 18.7 per cent in Darwin, 14.3 per cent in Alice Springs and 29.8 per cent in the 'rest of the Territory', while decreasing by 5.0 per cent in Katherine. Over the same period, room occupancy rates increased by; 9.9 percentage points in Darwin, 4.7 percentage points in Alice Springs, by 2.2 percentage points in Katherine and by 16.1 percentage points in the 'rest of the Territory'. The number of 'guest nights' reported increased in Darwin however Katherine and Alice Springs reported decreases.

**Consumer Price Index\***  
(latest data – June quarter 2007)



\*annual percentage change  
Source: ABS Cat. Nos. 6401.0

**Producer Price Index**  
(latest data – June quarter 2007)



Source: ABS Cat. No. 6345.0

**Tourist Accommodation\***  
(latest data – March quarter 2007)



\*year on year percentage change  
Source: ABS Cat. No. 8635.0

### Retail Turnover

Seasonally adjusted retail turnover in the Territory increased by 0.5 per cent in May 2007 while increasing by 0.1 per cent nationally. In year on year terms, retail turnover in current prices increased by 11.7 per cent in the Territory, the highest growth of the jurisdictions and well above the national level (see chart).

Total retail expenditure is divided, by the Australian Bureau of Statistics (ABS), into six broad categories. In the month of May 2007 (in original terms) current price retail turnover in the Territory totalled \$202 million. Of this total expenditure, 47.9 per cent (or \$97 million) was on 'food', 16.5 per cent (\$33 million) was on 'hospitality and services', 13.9 per cent (\$28 million) was on 'household goods', 13.4 per cent (\$27 million) was on 'department stores and other retailing', 4.6 per cent (\$9 million) was on 'clothing and soft goods', leaving the remaining 3.7 per cent (\$7 million) expenditure on recreation related goods.

### Sales of New Motor Vehicles

Territory trend new motor vehicle sales decreased by 0.4 per cent in June 2007 to 830 (see chart). Sales of passenger vehicles decreased in the month by 0.5 per cent, while sales of SUV's decreased 3.2 per cent while sales of 'other' vehicles increased by 1.4 per cent. Nationally, the total level of motor vehicle sales increased 0.1 per cent in the month of June 2007.

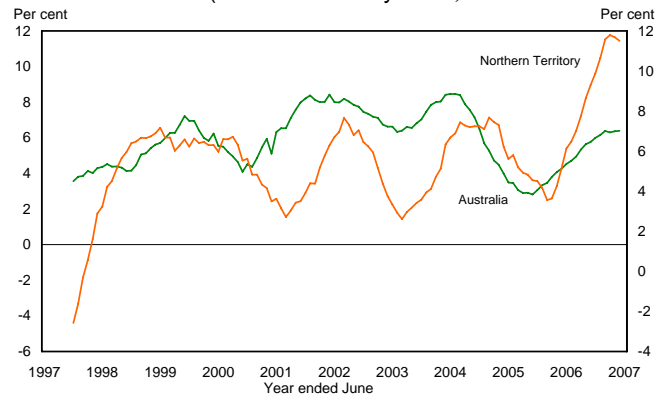
In 2006-07, Territory new motor vehicle sales increased by 4.1 per cent to 9 675, the highest year on year growth rate since April 2006. Passenger and SUV vehicle sales contributed 3.1 and 1.3 percentage points to the total increase in sales, respectively, while a decrease in the sale of 'other' vehicles subtracted 0.3 percentage points from this improvement. Nationally, sales of new motor vehicles increased 3.3 per cent in 2006-07.

### Petrol Prices

In June 2007, fuel prices increased by 3.7 cpl in Darwin to 141.5 cpl while the eight capital cities weighted average price decreased by 0.7 cpl to 128.8 cpl. This represents a 12.7 cpl price differential between Darwin and the eight capital cities weighted average. Compared to June 2006 petrol prices in Darwin have decreased by 1.9 cpl, while nationally the eight capital cities weighted average price decreased by 7.5 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).

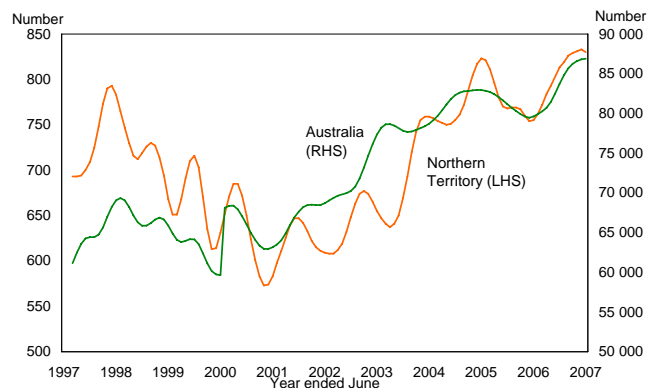
In A\$ terms, crude oil prices decreased by 1.9 per cent in June 2007, averaging A\$89.34 a barrel. Crude oil prices have decreased significantly from the peak reported in mid 2006, however low excess global production capacity means that crude oil prices will remain sensitive to supply shocks in the short to medium term.

### Retail Turnover\* (latest data – May 2007)



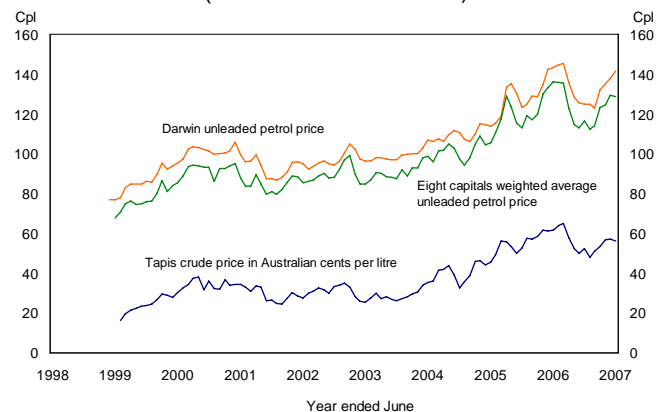
\* year on year percentage change, current price  
Source: ABS Cat. No. 8501.0

### Motor Vehicle Sales\* (latest data – June 2007)



\* total monthly sales, trend  
Source: ABS Cat. No. 9314.0.55.001

### Petrol Prices (latest data – June 2007)



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

### Engineering Construction Activity

In seasonally adjusted real terms, engineering construction work done in the Territory decreased by 5.2 per cent in the March quarter 2007 and decreased by 24.2 per cent (to \$1.6 billion) over the year to March 2007 (see chart). While still at high levels, the current value of engineering construction work done has moderated from the historically high levels achieved in 2002 and 2005-06.

Engineering construction has been dominated by the private sector over the past five years, with the private sector accounting for 91.0 per cent, or \$1.5 billion, of total work done over the year to March 2007. With work valued at \$140 million over the year to March 2007, with 37.4 per cent of this activity on 'telecommunications', 36.0 per cent on 'roads, highways and subdivisions', and 11.1 per cent on 'electricity generation, transmission and pipelines'.

### Building Activity

In the March quarter, seasonally adjusted total building work done increased 11.6 per cent in the Territory, while decreasing 0.2 per cent nationally. In annual terms seasonally adjusted total building work done increased by 18.6 per cent in the Territory, compared to 7.5 per cent nationally. The Territory recorded the third strongest growth of the jurisdictions (behind the Australian Capital Territory and Western Australia) in the year to March 2007, and significantly stronger than the 3.2 per cent increase nationally.

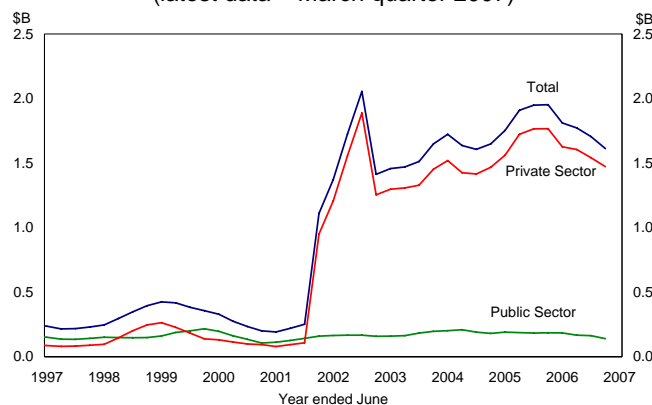
In the year to March 2007, the value of residential building work done represented 55 per cent of total building activity, with the remaining 45 per cent attributable to non-residential activity. Of the \$350 million in the residential market (see chart), 43 per cent (\$152 million) was for new houses, 36 per cent (\$128 million) for new 'other residential' and the remaining 20 per cent (\$71 million) was for alterations and additions. The value of building activity in the non-residential market was \$287 million.

### Total Construction Activity

In the March quarter 2007, seasonally adjusted construction work done decreased by 0.5 per cent to \$530 million in the Territory, compared to a national increase of 2.1 per cent. In annual terms, the value of construction activity decreased by 14.6 per cent compared to an 8.9 per cent increase nationally. Although, the value of total construction activity remains close to historically high levels (see chart), year on year construction activity decreased by 11.8 per cent to \$2.2 billion.

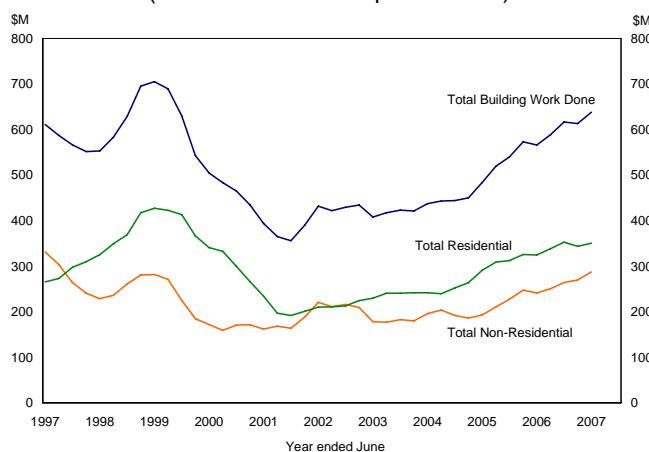
The decline in year on year terms was largely driven by an 18.9 per cent fall in engineering construction activity (to \$1.6 billion). This reflects the completion of construction at the Wickham Point LNG plant and significant construction activity work done for the Alcan G3 expansion.

**Engineering Activity\***  
(latest data – March quarter 2007)



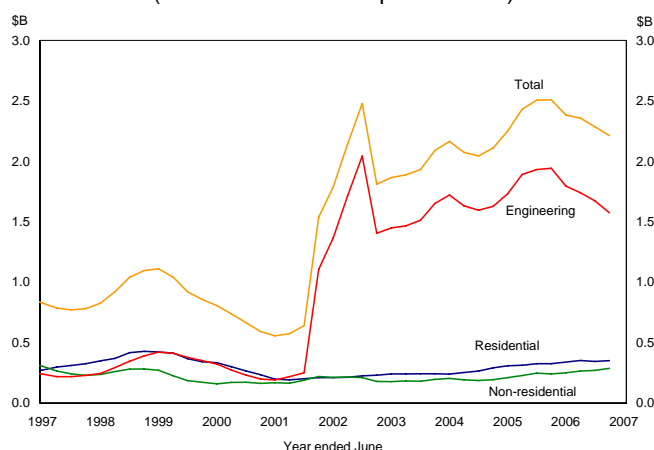
\* moving annual total  
Source: ABS Cat. No. 8762.0

**Building Activity\***  
(latest data – March quarter 2007)



\* moving annual total  
Source: ABS Cat. No. 8752.0

**Total Construction Activity\***  
(latest data – March quarter 2007)



\* moving annual total  
Source: ABS Cat. Nos. 8752.0, 8762.0 and 8782.0.65.

### Building Approvals

In the Territory, residential building approvals decreased by 12 to 119 (in original terms) in May 2007. Of these 119 approvals, there were 106 private and 13 public sector approvals in the month. Of the private sector approvals in the month, 57 were for 'houses' and 48 for 'other residential'. There were no approvals for either 'alterations and additions' or 'conversions', while 'residential building in a non-residential facility' (such as a care-taker or park-ranger dwelling) had 1 approval in May. In the public sector there were 13 approvals for 'houses' and zero approvals in all other categories.

In the year to May 2007, residential building approvals in the Territory increased by 4.6 per cent to 1 466 (see chart). Of the 1466 residential building approvals, 1297 were in the private sector, with the remaining 169 approvals in the public sector.

### Housing Finance for Owner Occupation

In May 2007, the number of seasonally adjusted owner-occupier housing finance commitments in the Territory increased by 2.3 per cent to 494, while nationally, commitments increased 0.1 per cent. In annual terms, the number of Territory finance commitments decreased by 23.1 per cent, compared to a 2.7 per cent increase nationally.

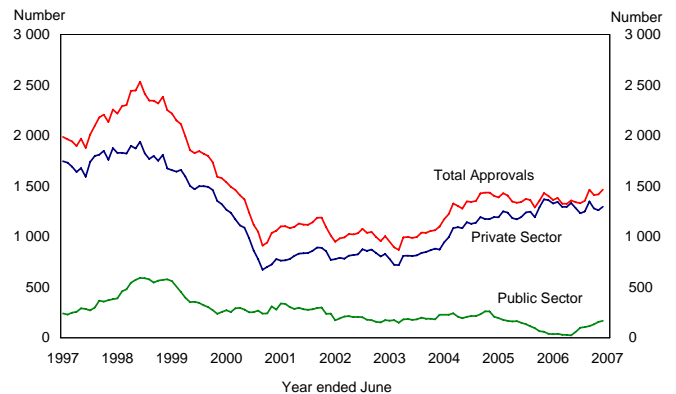
In the year to May 2007, housing finance commitments in original terms decreased 19.7 per cent, driven by an 18.8 per cent decline in the purchase of established dwellings, a 20.9 per cent decline in the purchase of new dwellings, and a 6.7 per cent decline in refinancing. Since peaking in May 2005 the growth in the number of first homebuyer commitments in the Territory has been moderating. In the year to May 2007, the number of first homebuyer commitments have declined by 36.8 per cent in the Territory (see chart), compared to an increase of 3.1 per cent nationally.

### Sensis Consumer Report

The June quarter 2007 Sensis *Consumer Report* finds that confidence increased in most jurisdictions with the exception of Victoria, ACT and South Australia. Confidence remained stable in the Territory, with a net balance of 61 per cent of consumers confident in their financial prospects for the year ahead.

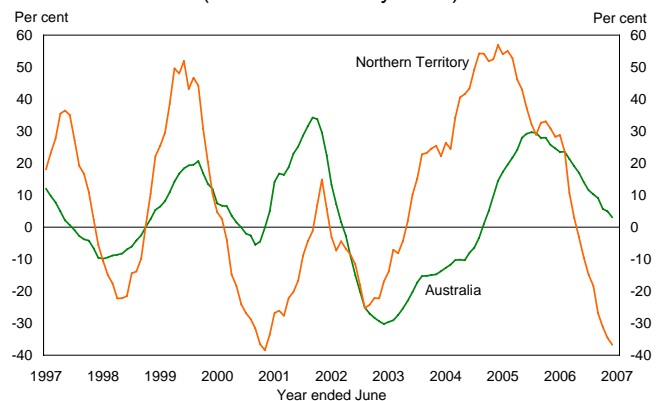
The most confident Australians were those living in Queensland where a net balance of 69 per cent of consumers expressed confidence in their financial prospects for the year ahead (see chart). The main reasons expressed for feeling confident about the year ahead were; 'secure employment', 'everything going well generally' and 'economy is looking good/stable'. For Australians feeling worried about their financial prospects in the coming year, the main reasons were the 'high cost of living' followed by 'financial hardship'. Compared to a year ago, residents of Western Australia were the most confident followed by residents of the Northern Territory and Queensland.

### Building Approvals\* (latest data – May 2007)



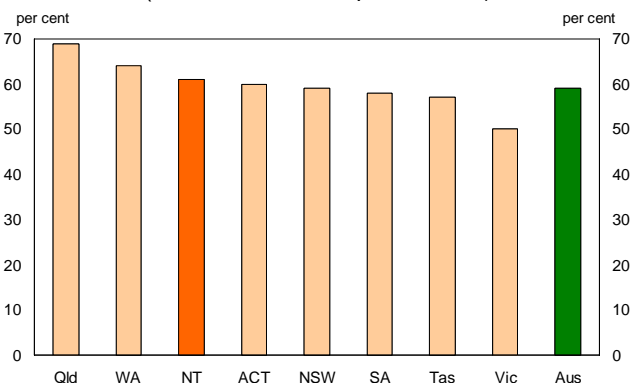
\* moving annual total  
Source: ABS Cat. Nos. 8731.0

### Growth in number of first homebuyer commitments\* (latest data – May 2007)



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

### Consumer Confidence by Jurisdiction (latest data – June quarter 2007)



Source: Sensis *Consumer Report*, June quarter 2007

## 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 359 to 104 786 in June 2007 (see chart). Nationally, seasonally adjusted employment increased by 2 536 in the month to about 10.5 million employed persons.

A comparison of Territory (trend) resident employment in June 2007 with resident employment in June 2006 shows an increase of 3.1 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 5.3 per cent (in original terms), in 2006-07.

## Unemployment

The Territory's trend unemployment rate was 4.8 per cent in June 2007 up from (a revised) 4.6 per cent reported in May 2007. Compared to June 2006, the unemployment rate has increased by 0.1 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). In June 2007 the Territory reported the highest trend unemployment rate of the jurisdictions, equal to NSW, SA and Tasmania which also all reported a 4.8 per cent unemployment rate

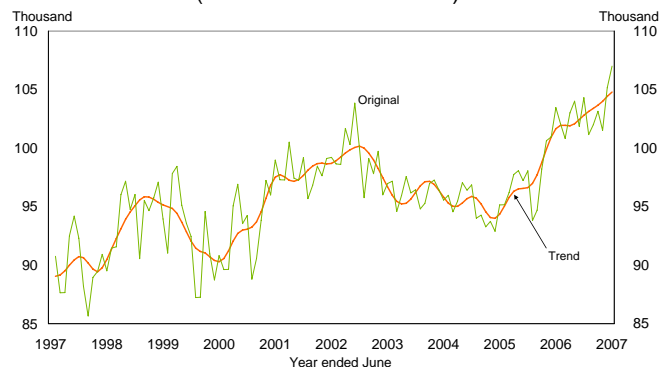
At the national level, the seasonally adjusted unemployment rate (the figure most commonly quoted in the media) decreased to 4.3 per cent in June 2007, down by 0.5 percentage points.

## International Merchandise Trade

In the year to May 2007 Territory merchandise exports increased by 54.5 per cent mainly due to higher LNG exports as well as higher crude oil and commodity prices. Over the same period, the value of merchandise imports to the Territory increased by 1.8 per cent, mainly attributable to imports of gas feedstock for the LNG plant at Wickham Point and supported by the imports of machinery and transport equipment requirements for the Alcan G3 refinery expansion at Gove.

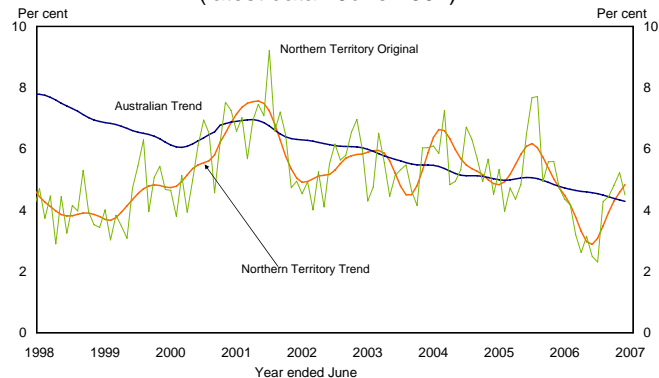
The Territory's goods trade balance increased by \$1.3 billion in the year to May 2007, to a surplus of \$1.1 billion (see chart). The Territory's trade surplus is expected to further improve in 2006-07 with the combined effect of increased LNG, alumina and manganese exports and reduced imports to the Territory. Lower imports of machinery and equipment reflect the completion of major projects.

## Territory Employment (latest data – June 2007)



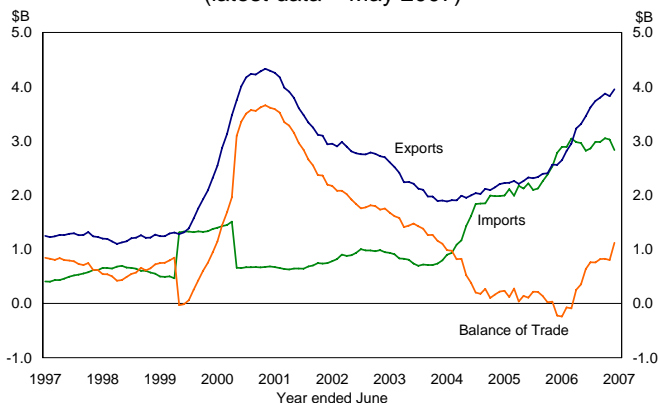
Source: ABS Cat. No. 6202.0

## Territory Unemployment (latest data – June 2007)



Source: ABS Cat. No. 6202.0

## Territory Merchandise Trade Balance\* (latest data – May 2007)



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

## 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 March 07	% change	<b>1.5</b>	1.9	2.6	7.0	2.3	10.5	-1.8	6.6	4.0
International Goods Exports	Year to May 07	% change	<b>54.5</b>	5.9	7.1	3.2	3.6	30.9	31.5	-12.5	12.6
International Goods Imports	Year to May 07	% change	<b>1.8</b>	8.7	5.0	10.7	8.4	19.0	18.4	10433.3	9.2
<b>Demography</b>											
Population	Dec-05 Qtr to Dec-06 Qtr	% change	<b>1.8</b>	0.9	1.5	2.0	1.0	2.1	0.6	1.2	1.4
<b>Labour Market</b>											
Employment (trend)	Jun 06 to Jun 07	% change	<b>3.1</b>	1.9	2.9	4.7	0.7	2.8	0.5	1.4	2.7
Participation Rate (trend)	As at June 06	%	<b>70.9</b>	63.0	64.5	66.5	62.2	67.7	61.2	73.1	64.6
	As at June 07	%	<b>71.5</b>	63.2	65.0	67.2	61.9	67.9	60.0	73.1	64.9
Unemployment Rate (trend)	As at June 06	%	<b>4.7</b>	5.2	5.0	4.5	4.8	3.4	6.4	3.0	4.8
	As at June 07	%	<b>4.8</b>	4.8	4.7	3.4	4.8	3.3	4.8	3.1	4.3
ANZ Job Ads	Year to Jun 07	% change	<b>7.9</b>	-11.1	-6.3	-0.9	3.4	10.3	-1.3	9.8	-2.1
<b>Prices and Wages</b>											
Consumer Price Index	Jun 06 Q to Jun 07 Q	% change	<b>3.7</b>	1.7	2.0	2.6	1.7	3.1	2.2	2.0	2.1
	Year to Jun 07 Q	% change	<b>4.4</b>	2.7	2.6	3.3	2.6	3.9	2.5	2.9	2.9
Average Weekly Earnings (full-time adult total earnings)	As at February 07	\$	<b>1082.4</b>	1156.9	1097.9	1061.5	1060.0	1191.4	1025.6	1291.8	1119.4
<b>Housing Sector</b>											
Building Approvals (number)	Year to May 07	% change	<b>4.6</b>	-4.2	-0.9	7.3	-3.9	-3.7	13.9	22.7	0.3
Housing Finance for Owner Occupation (number)	Year to May 07	% change	<b>-19.7</b>	7.7	6.7	11.3	8.2	0.6	5.4	21.7	7.1
Housing Affordability Indicator <sup>(b)</sup>	As at March quarter 07	Level	<b>43.8</b>	27.7	29.8	27.6	32.0	28.8	30.7	51.8	28.8
<b>Consumer Spending</b>											
Retail Trade (current \$)	Year to May 07	% change	<b>11.7</b>	4.8	5.9	6.7	6.4	11.4	3.7	8.2	6.4
New Motor Vehicle Sales (No.)	Year to June 07	% change	<b>4.1</b>	3.0	0.9	5.0	-2.7	11.2	-3.9	5.8	3.3
Tourist Accommodation - Takings (current \$)	Year to March 07	% change	<b>12.8</b>	9.4	10.7	9.1	9.9	16.5	4.4	15.5	10.3

\* 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.