

THE EXPANDING TERRITORY LABOUR MARKET

The Northern Territory labour market has experienced strong growth in recent years and is forecast to remain vibrant in 2008-09. Labour is a vital component of the Territory economy and necessary for the production of goods and services and to maintain strong levels of economic growth. In June 2008, the Australian Bureau of Statistics (ABS) reported Territory:

- Year on year employment growth of 5.9 per cent – the highest of the jurisdictions;
- Unemployment rate of 3.6 per cent – the third lowest of the jurisdictions; and
- Labour force participation rate of 72.8 per cent – the second highest of the jurisdictions.

Year on year growth in Territory employment has been above national levels for the past two years (see chart 1), in line with ANZ job ads (up by 15.5 per cent), business surveys and employment agency forecasts.

Construction of large engineering projects, such as the liquefied natural gas (LNG) plant at Wickham Point, near Darwin and expansion of the Alcan refinery in Gove can have a substantial impact on the Territory's relatively small economy. While construction activity relating to these two projects has been completed, there are a number of world scale projects that may be undertaken in the Territory over the next five years.

Potentially the largest of these would be the construction of an LNG plant (and pipeline) near Darwin to service the Ichthys gas and condensate field in the Browse Basin, 200 kilometres off the north-west coast of Western Australia. If the developer, Inpex, chooses Darwin over a site in Western Australia, the project will have a large impact on economic growth and demand for labour in the Territory. Independent economic forecaster, ACIL Tasman, has forecast that the project would inject around \$50 billion into the Territory economy over 20 years and create 4000 jobs. While it is anticipated that a large proportion of workers directly related to the construction of the plant will be employed on a fly-in, fly-out basis, such a large project will nevertheless have a significant impact on the overall demand for labour in the Territory. In turn this could lead to significant wages growth in the Territory as occurred during the construction of the LNG plant at Wickham Point (see chart 2).

Chart 1 – Employment (year on year % change)

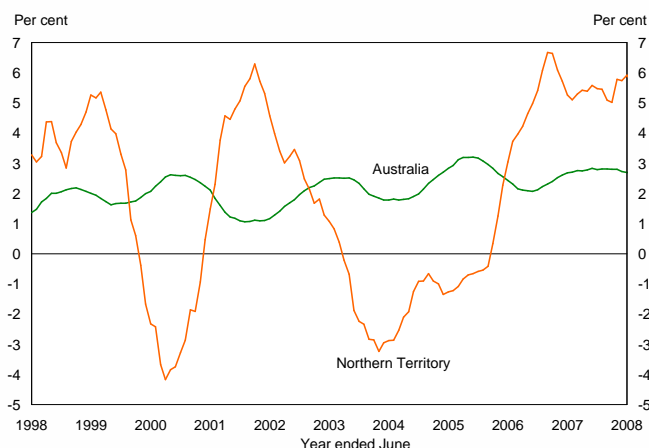
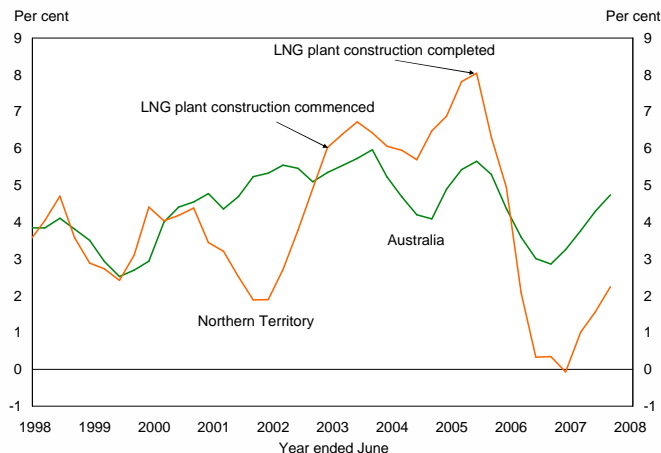


Chart 2 - Average Weekly Full Time Earnings (year on year % change)



Northern Territory State Final Demand and Gross State Product											
Year ended June	Percentage Change	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	Latest available	Annual % change
Expenditure on GSP (2005-06 prices)											
Private Consumption		6.5	3.5	6.5	4.6	6.4	4.8	5.7	4.8	Mar Q 08	12.3
Public Consumption		7.6	1.1	0.4	2.5	4.6	3.2	2.2	4.5	Mar Q 08	3.6
Total Consumption Expenditure		7.0	2.4	3.8	3.7	5.6	4.1	4.2	4.7	Mar Q 08	8.6
Private Investment											
<i>Dwellings</i>		-25.2	-40.1	3.4	9.8	-3.5	27.6	14.5	-3.9	Mar Q 08	-17.6
<i>Other buildings and structures</i>		-59.0	-22.6	125.4	26.6	6.5	0.7	4.5	-4.0	Mar Q 08	-37.8
<i>Machinery and equipment</i>		11.5	30.9	2.3	6.7	11.7	-11.7	28.9	5.7	Mar Q 08	111.2
<i>Livestock</i>		-7.1	46.2	5.3	-55.0	222.2	-6.9	11.1	-26.7	Mar Q 08	9.1
<i>Intangible fixed assets**</i>		-19.0	-16.8	50.0	-42.2	-19.0	62.1	96.7	-4.0	Mar Q 08	44.0
<i>Ownership transfer costs</i>		-8.4	-21.1	15.1	5.1	27.9	6.8	10.6	-2.5	Mar Q 08	-34.1
Business Investment [†]		-40.2	-1.7	54.6	7.9	9.7	0.5	17.0	-2.7	Mar Q 08	-1.1
Total Private Investment		-36.2	-11.4	45.0	8.0	8.5	3.8	16.4	-2.9	Mar Q 08	-5.1
Public Investment		46.2	46.4	19.0	-33.2	1.5	25.7	1.9	-3.3	Mar Q 08	-6.3
Total Investment		-29.9	-2.1	38.7	-0.5	7.5	6.7	14.2	-2.9	Mar Q 08	-5.3
State Final Demand		-5.0	1.5	12.0	2.3	6.2	4.8	7.1	2.3	Mar Q 08	4.7
State Final Demand less L-C and B-U[‡]		2.5	1.6	10.8	0.8	5.1	9.8	8.6	2.7	Mar Q 08	
International Trade - export of goods		47.3	29.9	-22.6	-11.0	-23.7	-6.2	-1.8	44.1	Mar Q 08	6.3
International Trade - import of goods		177.7	-62.0	15.1	29.9	4.3	107.3	27.4	-0.4	Mar Q 08	-33.3
Total Gross State Product		7.3	5.6	1.7	0.6	2.0	5.5	5.5	5.6		
Contribution to GSP Growth											
Private Consumption		2.7	1.4	2.6	1.9	2.8	2.1	2.6	1.5		
Public Consumption		2.5	0.4	0.1	0.8	1.5	1.0	0.7	1.4		
Private Investment		-12.3	-2.3	7.7	1.9	2.2	1.0	4.4	-0.9		
Public Investment		1.3	1.8	1.0	-2.1	0.1	1.1	0.1	-0.4		
State Final Demand		-5.5	1.5	11.4	2.4	6.5	5.3	7.7	1.6		
Net International Exports		3.5	24.4	-13.2	-7.8	-9.3	-12.2	-6.1	9.1		
Balancing item		9.4	-20.4	3.5	6.0	4.8	12.4	3.9	-5.1		
Gross State Product		7.3	5.6	1.7	0.6	2.0	5.5	5.5	5.6		

* 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

Latest Northern Territory Economic Indicators											
Year ended June	Percentage Change*	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	Latest	Annual % change**
Real Retail Turnover		5.7	-0.8	4.1	1.7	4.9	5.1	2.4	7.9	Mar Q 08	7.6
New Motor Vehicle Sales		-8.8	-4.2	-0.3	3.3	8.4	10.7	0.0	4.1	Jun 08	1.9
Tourist Accommodation Takings		0.0	1.5	-1.0	-0.1	2.8	13.6	3.4	14.8	Mar Q 08	11.8
Number of Dwellings Approved		-30.6	-28.4	-13.8	0.0	23.4	18.4	-1.8	7.4	May 08	-46.5
Number of Dwellings Commenced		-21.1	-34.0	0.1	-4.1	6.0	29.1	1.3	-0.2	Mar Q 08	-33.1
Employment		-2.3	1.5	4.6	1.1	-2.9	-1.3	3.0	5.3	Jun 08	6.5
Unemployment rate		4.4	5.6	6.7	5.5	5.2	5.7	5.5	3.8	Jun 08	3.7
Darwin Consumer Price Index ^{‡‡}		0.7	3.9	3.6	2.2	2.1	1.6	2.6	4.4	Jun Q 08	3.9
AWOTE [‡] (year average)		4.6	3.7	2.3	5.0	6.5	7.0	3.9	0.7	Feb Q 08	4.4
Wage Price index (year average)		2.5	2.8	3.1	3.0	3.3	3.7	4.4	3.9	Feb Q 08	3.6
Population, December (levels - thousands) ^{‡‡}		194.3	196.3	198.3	199.3	200.6	203.8	208.4	212.5	Dec Q 07	217.6
Population (annual % change) ^{‡‡}		1.6	1.0	1.1	0.5	0.6	1.6	2.3	2.0	Dec Q 07	2.4
Net Interstate Migration (levels - number) ^{‡‡}		-817	-1621	-1751	-2440	-2283	-482	726	-438	Dec Q 07	859.0

* 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

Financial Indicators										
Year Ended June	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	Latest	Level
Interest Rates										
90 Day Bank Bill (as at 25 July)	6.17	5.02	5.11	4.67	5.50	5.66	5.97	6.43	25 Jul 08	7.82
10 Year Govt Bond Yield (as at 25 July)	6.16	6.04	5.99	5.01	5.87	5.11	5.79	6.26	25 Jul 08	6.46
Exchange Rates										
US\$ per A\$ (year average)	0.63	0.54	0.52	0.58	0.71	0.75	0.75	0.79	25 Jul 08	0.90
US\$ per A\$ (as at 25 July)	0.60	0.51	0.56	0.67	0.69	0.76	0.74	0.85	25 Jul 08	0.96
Special Drawing Rights [†] per A\$ (as at 25 July)	0.45	0.41	0.43	0.48	0.47	0.52	0.51	0.56	25 Jul 08	0.59
Trade Weighted Index of A\$ (as at 25 July)	53.30	49.70	52.30	59.40	59.06	64.50	62.24	68.92	25 Jul 08	73.00

[†] 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 2008			
ABS	6416.0	House Price Indexes: Eight Capital Cities, June Quarter 2008	04-Aug-08
ANZ		ANZ job ads series, July 2008 (<i>no brief</i>)	04-Aug-08
ABS	3401.0	Overseas Arrivals and Departures, Australia, June 2008 (<i>no brief</i>)	05-Aug-08
ABS	5609.0	Housing Finance, Australia, June 2008	06-Aug-08
ABS	6202.0	Labour Force, Australia, July 2008	07-Aug-08
ABS	5671.0	Lending Finance, Australia, June 2008	11-Aug-08
ABS	6345.0	Labour Price Index (Wage Cost Index), Australia, June Quarter 2008	13-Aug-08
Westpac-MI		Consumer Sentiment Index (<i>no brief</i>)	13-Aug-08
ABS	6291.0.55.001	Labour Force by Industry, Australia, July 2008 (<i>no brief</i>)	14-Aug-08
ABS	6302.0	Average Weekly Earnings, Australia, May Quarter 2008	14-Aug-08
AAA		Petrol Prices, July 2008	Mid-Aug 08
Westpac-MI		Leading Index (<i>no brief</i>)	20-Aug-08
ABS	9314.0.55.001	Sales of New Motor Vehicles, Australia, July 2008	21-Aug-08
ABS	8755.0	Construction Work Done, Australia, June Quarter 2008	27-Aug-08
ABS	5625.0	Private New Capital Expenditure, Australia, June Quarter 2008 (<i>no brief</i>)	28-Aug-08
September 2008			
ABS	5302.0	Balance of Payments, June Quarter 2008	01-Sep-08
ABS	5676.0	Business Indicators, June Quarter 2008 (<i>no brief</i>)	01-Sep-08
ABS	8501.0	Retail Trade, July 2008	02-Sep-08
ABS	8731.0	Building Approvals, July 2008	02-Sep-08
ABS	5206.0	National Accounts - State Final Demand, June Quarter 2008	03-Sep-08
ABS	3401.0	Overseas Arrivals and Departures, Australia, July 2008 (<i>no brief</i>)	04-Sep-08
ABS	5368.0	International Trade in Goods & Services, July 2008	04-Sep-08
ANZ		ANZ job ads series, August 2008 (<i>no brief</i>)	08-Sep-08
ABS	5609.0	Housing Finance, July 2008	09-Sep-08
ABS	8412.0	Mineral and Petroleum Exploration, Australia, June Quarter 2008	10-Sep-08
ABS	5671.0	Lending Finance, July 2008	10-Sep-08
Westpac-MI		Consumer Sentiment Index (<i>no brief</i>)	10-Sep-08
ABS	6202.0	Labour Force, August 2008	11-Sep-08
ABS	8750.0	Dwelling Commencements, June Quarter 2008	15-Sep-08
AAA		Petrol Prices, August 2008	Mid-Sep 08
Westpac-MI		Leading Index (<i>no brief</i>)	17-Sep-08
ABS	6291.0.55.001	Labour Force by Industry, August 2008 (<i>no brief</i>)	18-Sep-08
ABS	9314.0.55.001	Sales of New Motor Vehicles, August 2008	22-Sep-08
ABS	3101.0	Population, March Quarter 2008	24-Sep-08
ABS	8635.0	Tourist Accommodation, June Quarter 2008	26-Sep-08
ABS	8501.0	Retail Trade, August 2008	30-Sep-08
ABS	8731.0	Building Approvals, August 2008	30-Sep-08
ABS	8762.0	Engineering Activity, June Quarter 2008	30-Sep-08

Consumer Price Index

In the June quarter 2008, Darwin's Consumer Price Index (CPI) increased by 1.5 per cent, identical to the increase reported nationally. In annual terms, Darwin's CPI increased by 3.9 per cent. Nationally, the annual inflation rate increased to 4.5 per cent, up from 4.2 per cent recorded in the March quarter 2008 and the highest annual increase since June 2001.

Headline inflation often reflects short-term price volatility and can be largely affected by items that have only a small weighting in the overall CPI basket. For this reason the RBA, when reviewing the cash rate as part of monetary policy, prefer to use other measures such as 'Trimmed Mean' to examine core inflation and underlying reasons for CPI growth before adjusting the cash rate. Using this measure the national CPI increased by 4.3 per cent in 2007-08, the highest increase in 17 years.

Consumer Price Index*
(latest data - June quarter 2008)



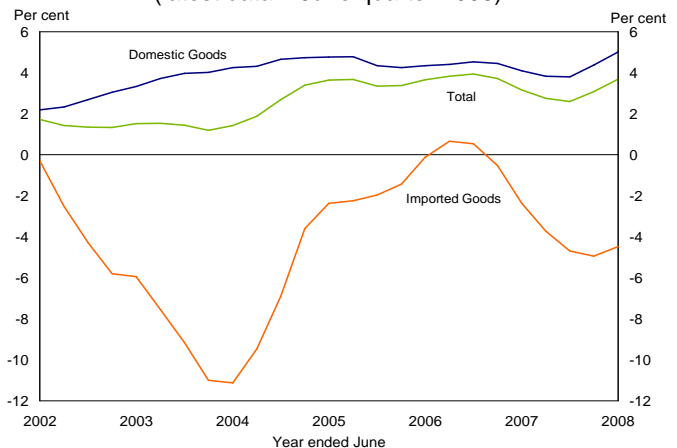
* annual percentage change
Source: ABS Cat. No. 6401.0

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 2008 the PPI increased by 1.0 per cent from the previous quarter influenced by an increasing domestic goods component (increasing by 1.4 per cent) and a negative contribution from the imported goods component (decreasing by 1.0 per cent).

In 2007-08, the PPI increased by 3.7 per cent, with the prices of domestic goods increasing by 5.0 per cent while imported goods prices decreased by 4.5 per cent. The appreciating Australian dollar is the primary reason for decreasing import prices. In the year, imported capital goods prices decreased by 5.8 per cent while prices of imported consumer goods decreased by 3.5 per cent. Domestically produced consumer and capital goods prices increased by 5.0 and 5.1 per cent respectively, over the same period.

Producer Price Index*
(latest data - June quarter 2008)



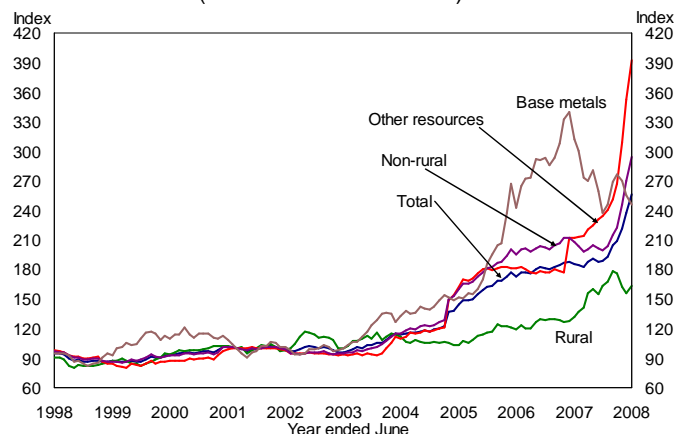
* year on year percentage change
Source: ABS Cat. No. 6345.0

Commodity Price Index

The Reserve Bank of Australia (RBA) reports monthly on Australia's commodity price index. The index is measured in units of 'special drawing rights' (SDR), which is an international reserve asset, created by the International Monetary Fund (IMF), the value of which is based on a basket of international currencies. In 2007-08 the total commodity price index increased by 12.0 per cent, moderating from the historic growth of 32.5 per cent reported in the year to May 2006. In the commodity price index, year on year growth for the 'non-rural' and 'base metals' categories have moderated from the peaks recorded between 2005 and 2007. Growth in the 'other resources' category strengthened to 42.5 per cent in the year, while the 'rural' category has reported its strongest growth since May 1989.

The non-rural category of the index is split about four-fifths 'other resources' and one-fifth 'base metals'. Of significance to the Northern Territory economy are the prices of aluminium, copper, nickel, zinc and lead (each included in 'base metals').

Commodity Price Index*
(latest data - June 2008)



* year on year percentage change
Source: Reserve Bank of Australia

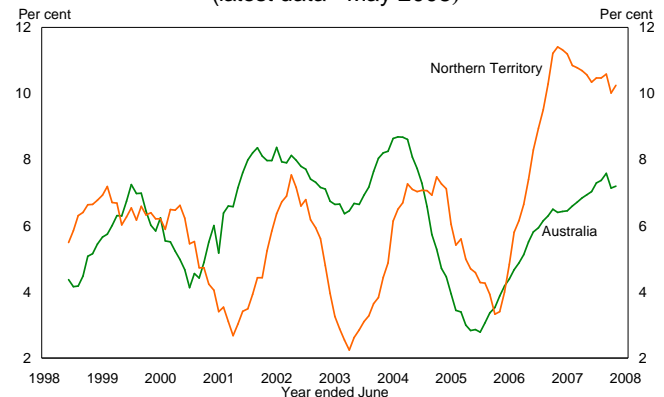
Retail Turnover

In May 2008, seasonally adjusted retail turnover increased by 0.9 per cent in the Territory and increased 0.7 per cent nationally. In the year to May 2008, current price retail turnover in the Territory increased by 11.1 per cent, the highest of the jurisdictions and well above the national average of 6.1 per cent growth (see chart).

In the month of May 2008, in original terms, current price retail turnover in the Territory totalled \$220 million. The ABS classifies retail expenditure into six broad categories. 'Food' was the largest category, contributing 48 per cent (\$106 million), followed by 'hospitality and services' 15.6 per cent (\$34 million), 'household goods' 14.5 per cent (\$32 million), 'department stores and other retailing' 13.9 per cent (\$31 million), 'clothing and soft goods' 4.2 per cent (\$9 million) while 'recreation related goods' accounted for the remaining 3.8 per cent (\$8 million).

Retail Turnover*

(latest data – May 2008)



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

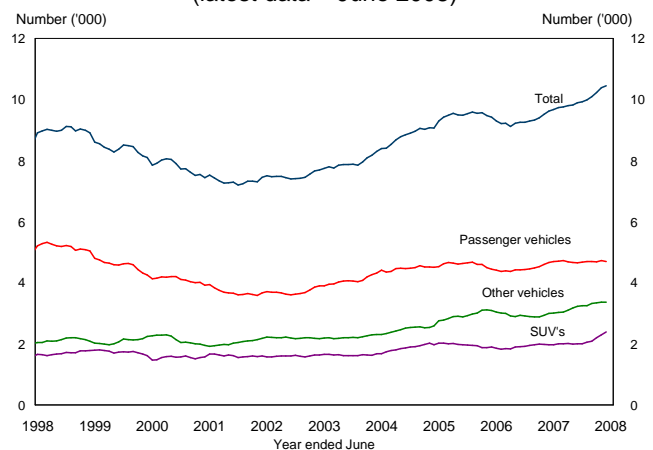
Sales of New Motor Vehicles

In June 2008, in seasonally adjusted terms, total Territory new motor vehicle sales decreased by 3.3 per cent to 857. By vehicle category; sales of passenger vehicles decreased by 0.5 per cent in the month, sales of 'SUV's' decreased by 5.5 per cent, and sales of 'other' vehicles (such as light and heavy trucks) decreased by 5.0 per cent. Nationally, total motor vehicle sales increased by 1.0 per cent in June 2008.

In 2007-08, new motor vehicle sales in the Territory increased by 8.2 per cent to 10 465, the highest on record (see chart). In year on year terms, sales of passenger vehicles decreased 1.5 per cent to 4 626, sales of 'other' vehicles increased 12.4 per cent to 3 380, and sales of SUV's increased 24.7 per cent to 2 459. Nationally, sales of new motor vehicles increased 6.4 per cent in 2007-08.

Motor Vehicle Sales*

(latest data – June 2008)



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

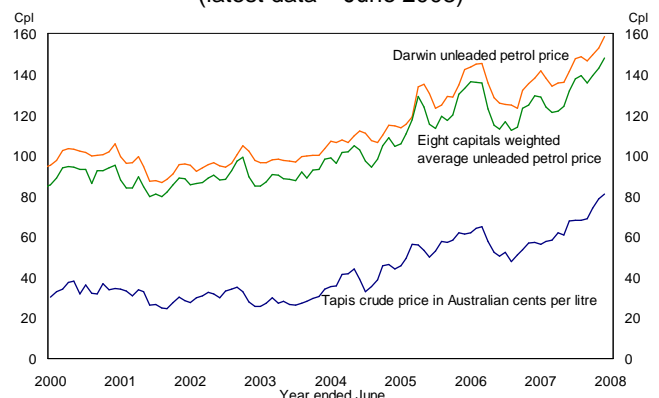
Petrol Prices

In June 2008, fuel prices increased by 10.4 cpl in Darwin to 168.7 cpl while the eight capital cities weighted average price increased by 11.3 cpl to 159.1 cpl. This represents a 9.6 cpl price differential between Darwin and the eight capital cities weighted average. Compared to June 2007 petrol prices in Darwin have increased by 27.2 cpl, while nationally the eight capital cities weighted average price increased by 30.3 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 annual terms, crude oil prices increased by 65 per cent in A\$ terms in June 2008, while increasing by 86 per cent in US\$ terms. The current strength of the A\$ against the US\$ has offset some of the effects of rising oil prices. Price increases are due to a number of factors such as: increased global demand with strong economic growth in Asia, particularly from China; stagnant growth in oil supply as a result of tightness in global refining inventories; worldwide refining bottlenecks; and speculative demand from investment funds.

Petrol Prices

(latest data – June 2008)



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

Building Approvals

In annual original terms, Territory residential building approvals decreased by 75 to 45 in May 2008. Of these 45 approvals, 43 were in the private sector and 2 were in the public sector. For the month, 33 of the private sector approvals were for 'houses', while 10 were for 'other residential'. In the public sector, all 2 approvals were for 'houses'.

In the year to May 2008, residential building approvals in the Territory decreased by 22.2 per cent to 1 140, the lowest growth of the jurisdictions and below the national average increase of 4.1 per cent. The decrease in the number of residential building approvals was largely due to declines for approvals in the private sector housing market, which subtracted 11.5 percentage points from total growth. This trend reflects current conditions in the housing market with moderating price growth, rising material and labour costs as well as higher interest rates.

Housing Finance for Owner Occupation

Over the year to May 2008, the number of seasonally adjusted owner-occupier housing finance commitments in the Territory decreased by 16.7 per cent to 418, while decreasing 21.5 per cent nationally.

Since peaking in 2005-06 the number of housing finance commitments in the Territory has been steadily declining (see chart). However the decline in finance commitments since 2005-06 has been from historically high and unsustainable levels. In the year to May 2008, Territory housing finance commitments in original terms decreased by 12.8 per cent, driven by a 12.9 per cent decline in the purchase of established dwellings and a 8.4 per cent decline in the construction of new dwellings. The number of finance commitments by first home buyers decreased in the Territory by 19.3 per cent in the year to May 2008. At the national level the number of first home buyer housing finance commitments increased by 0.7 per cent in the same period.

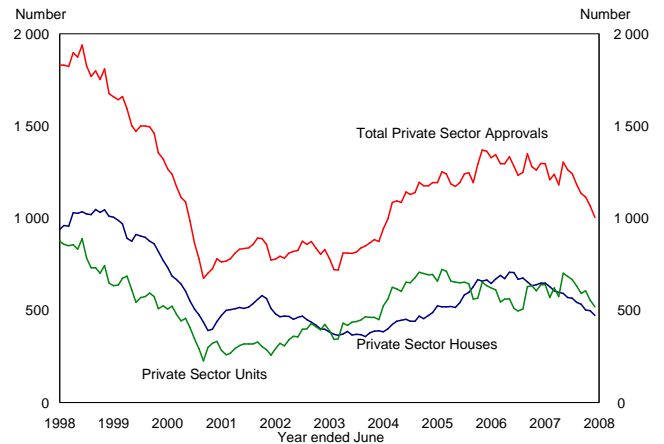
Australian Property Monitors

In the June quarter 2008, Australian Property Monitors (APM) reports that Darwin's median weekly rent for a house increased by 7% to \$450, while median weekly rents for a unit remained unchanged at \$350. Over the past 12 months median rent for a Darwin house have increased by 15% and by 9% for a unit. APM reports that Darwin is the most expensive Australian capital city to rent a house, followed by Sydney at \$420 per week, while Hobart remains the cheapest capital city to rent a house at \$285 per week.

Median weekly rents for units in Darwin are equal third highest with Perth, with Sydney reporting the highest median weekly unit rents and Hobart reporting the lowest. APM reports that the strong increases in median rents are attributable to landlords passing on higher mortgage costs to tenants, Generation Y leaving home, strong migration levels, and a weak building sector creating a build up of demand for housing.

Private Sector Building Approvals*

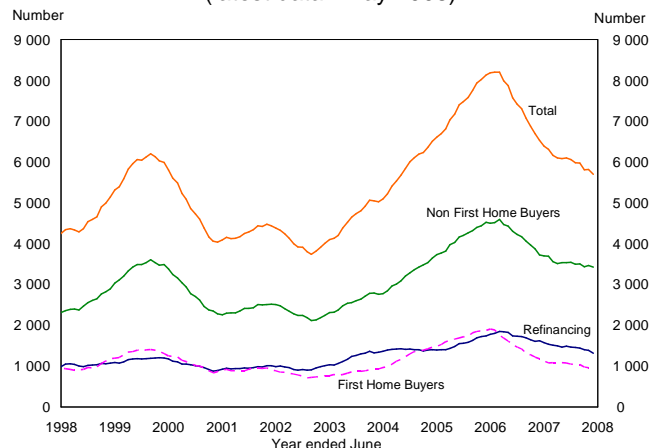
(latest data – May 2008)



*moving annual total
Source: ABS Cat. No. 8731.0

Number of Housing Finance Commitments*

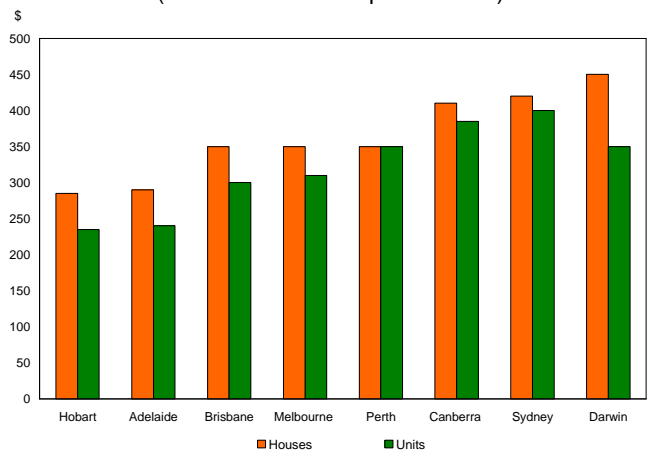
(latest data – May 2008)



* moving annual total
Source: ABS Cat. Nos. 5609.0

Median Weekly Rents for Houses and Units

(latest data – June quarter 2008)



Source: Australian Property Monitors

Engineering Construction Activity

In seasonally adjusted real terms, engineering construction work done in the Territory decreased by 29.5 per cent in the March quarter 2008 and decreased by 38.3 per cent (to \$1billion) in the year (see chart). While still at relatively high levels, the current value of engineering construction work done has declined 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. The private sector accounting for 88 per cent, or \$892 million of total work done in the year to March 2008. With work valued at \$577million, 'heavy industry' was by far the dominant engineering category in the private sector. The value of engineering work done for the public sector was \$121 million in the year to March 2008, with 63.4 per cent on 'roads, highways and subdivisions'; 16.7 per cent on 'electricity generation, transmission and pipelines'; and 12.6 per cent on 'water storage and supply, sewerage and drainage'.

Building Activity

In the March quarter 2008, seasonally adjusted total building work done decreased 4.2 per cent in the Territory, while decreasing 1.0 per cent nationally. In year on year terms the Territory recorded a decrease of 3.9 per cent, the second lowest growth of the jurisdictions. Nationally, total building work done increased by 1.7 per cent.

In the year to March 2008, the value of residential building work done represented 53 per cent of total building activity, with the remaining 47 per cent attributable to non-residential activity. Of the \$365 million worth of activity in the residential market (see chart), 50.6 per cent (\$185 million) was for new houses, 36.7 per cent (\$134 million) for new 'other residential' and the remaining 12.7 per cent (\$46 million) was for alterations and additions. The value of building activity in the non-residential market was \$324 million, primarily reflecting work done on the Darwin Waterfront Development.

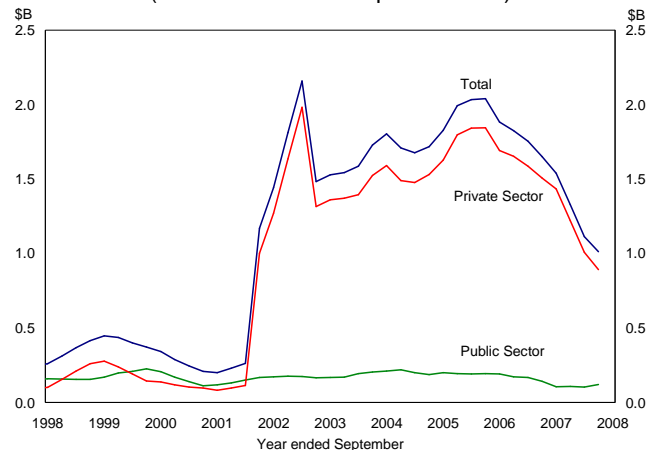
Total Construction Activity

In the March quarter 2008, seasonally adjusted total construction work done increased by 11.5 per cent to \$433 million in the Territory, compared to a national increase of 2.6 per cent for the quarter. In annual terms, the value of construction activity in the Territory decreased by 21.7 per cent, continuing its moderating trend over the past two years. Although, the value of total construction activity has declined through the year, it remains above long-term trend levels (see chart). In year on year terms, construction activity in the Territory decreased 27.8 per cent to \$1.7 billion in March 2008, while increasing by 5.1 per cent nationally.

The decline in year on year terms in the Territory was largely driven by a 38.3 per cent fall in engineering construction activity (to \$1billion). This reflects the completion of construction at the Wickham Point LNG plant and the Alcan G3 refinery expansion.

Engineering Activity*

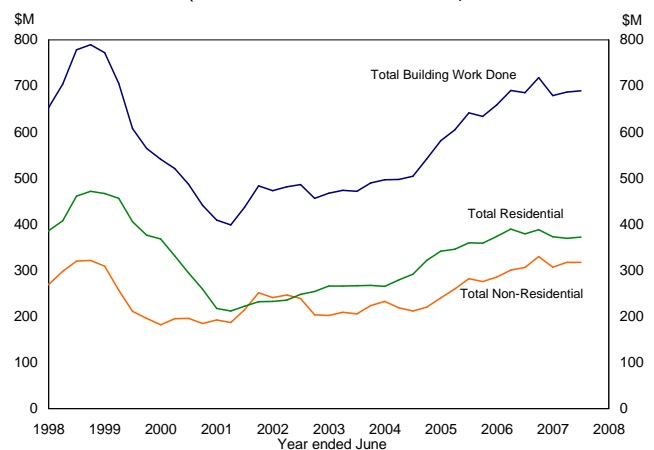
(latest data – March quarter 2008)



* moving annual total
Source: ABS Cat. No.6416.0

Building Activity

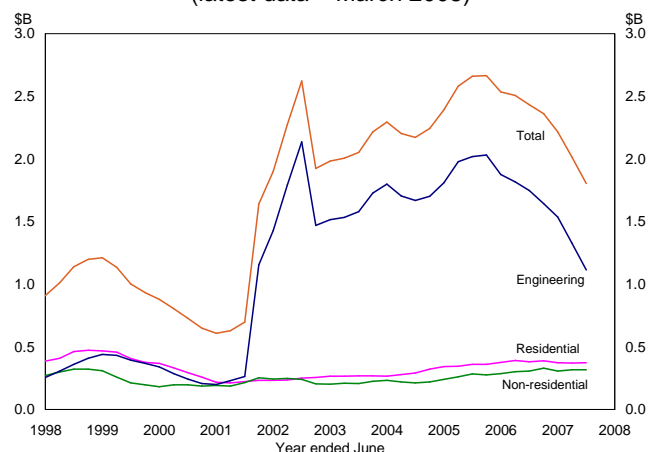
(latest data – March 2008)



Source: Westpac-Melbourne Institute

Total Construction Activity*

(latest data – March 2008)



* year on year percentage change
Source: Reserve Bank of Australia

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 marginally to 110 679 in June 2008 (see chart). This is the highest resident employment level on record for the Territory. Nationally, seasonally adjusted employment increased by 22 155 in the month to just over 10.7 million employed persons.

A comparison of Territory (trend) resident employment in June 2008 with resident employment in June 2007 shows an increase of 4.5 per cent, the highest annual growth rate of the jurisdictions. In year on year terms, a more stable measure of growth, Territory employment increased by 5.9 per cent (in original terms) in 2007-08, compared to 2.7 per cent growth reported nationally.

Unemployment

The Territory's trend unemployment rate was 3.2 per cent in June 2008, down from 3.5 per cent reported in May 2008. Compared to June 2007, the unemployment rate in the Territory has decreased by 1.4 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 2008 the Territory reported the second lowest trend unemployment rate of the jurisdictions, lower than New South Wales, Victoria, Queensland, South Australia, Western Australia and Tasmania.

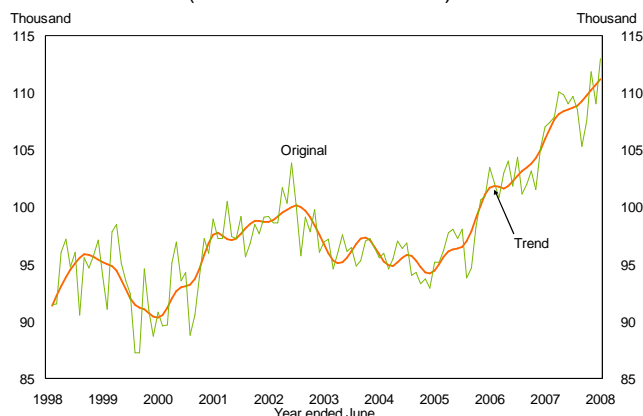
At the national level, the seasonally adjusted unemployment rate (the figure most commonly quoted in the media) was 4.3 per cent in June 2008, unchanged from May 2008 and near the historical low of 3.9 per cent reported in February 2008.

International Merchandise Trade

In the year to May 2008 the value of Territory merchandise exports increased by 10 per cent to \$4.3 billion mainly due to higher production and prices for mineral ores (lead-zinc, iron-ore and manganese) exports as well as higher crude oil prices. Over the same period, the value of merchandise imports to the Territory decreased by 5.6 per cent. The decline in imports reflects the completion of construction of the Alcan refinery expansion at Gove in mid-2007, which involved the importation of large pre-assembled modules, machinery and equipment.

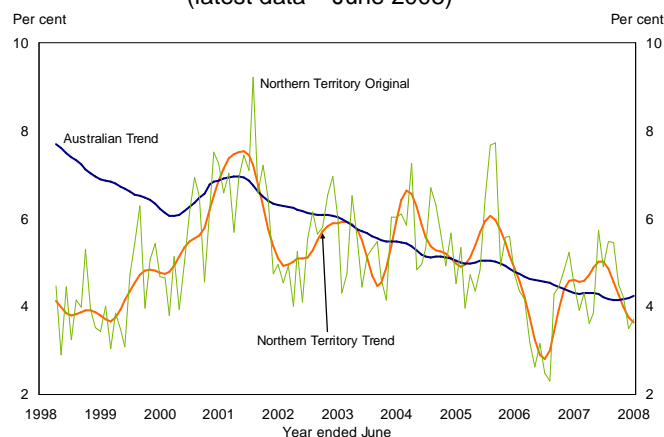
The Territory's goods trade balance increased by \$553 million in the year to May 2008, to a surplus of \$1.7 billion (see chart). The Territory's trade surplus is expected to further improve in the upcoming year with the combined effect of increased LNG, alumina and manganese exports and reduced imports to the Territory.

Territory Employment (latest data – June 2008)



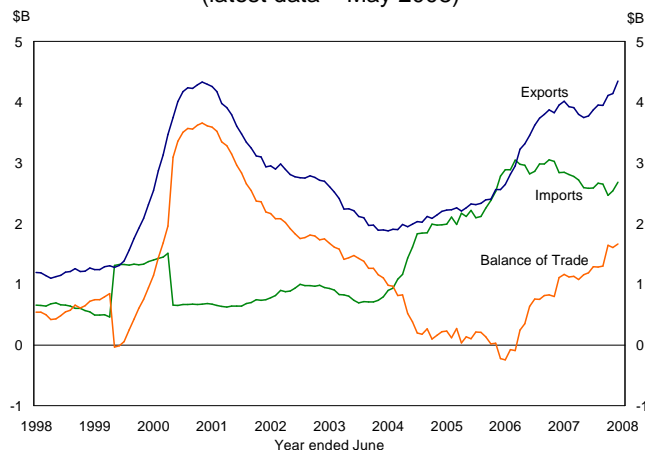
Source: ABS Cat. No. 6202.0

Territory Unemployment (latest data – June 2008)



Source: ABS Cat. No. 6202.0

Territory Merchandise Trade Balance* (latest data – May 2008)



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

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.

Territory Economic Review August 2008

Indicator	Period	Measure	Comparative Economic Indicators*								
			NT	NSW	Vic	Qld	SA	WA	Tas	ACT	Aus
Economic Growth											
Gross Domestic Product ^(a)	2006-07	% change	5.6	1.8	2.7	4.9	0.8	6.3	2.1	5.0	3.2
State Final Demand ^(a)	Year to Mar 08	% change	3.8	4.2	3.8	7.8	2.7	9.3	7.0	2.2	5.3
International Goods Exports	Year to May 08	% change	10.0	4.2	1.3	-6.9	11.9	10.0	-2.8	-42.9	4.7
International Goods Imports	Year to May 08	% change	-5.6	7.9	9.0	16.0	10.2	19.7	8.3	-96.5	10.6
Demography											
Population	Dec-06 Qtr to Dec-07 Qtr	% change	2.4	1.1	1.6	2.3	1.0	2.4	0.8	1.3	1.6
Labour Market											
Employment (trend)	Jun 07 to Jun 08	% change	4.9	2.7	1.7	2.4	2.7	2.2	3.9	2.4	2.4
Participation Rate (trend)	As at June 07	%	72.0	63.1	64.9	67.1	62.1	68.2	60.2	73.0	65.0
	As at June 08	%	72.8	63.9	64.8	67.2	63.0	68.0	61.4	73.0	65.3
Unemployment Rate (trend)	As at June 07	%	4.6	4.8	4.6	3.6	4.8	3.3	5.1	2.9	4.3
	As at June 08	%	3.6	4.6	4.4	3.8	4.9	3.4	4.2	2.6	4.2
ANZ Job Ads	Year to Jun 08	% change	15.5	-3.7	-4.2	-3.0	-4.1	-10.6	13.3	-4.8	-3.7
Prices and Wages											
Consumer Price Index	Jun-07 Qtr to Jun-08 Qtr	% change	3.9	4.3	4.4	5.1	4.6	4.5	3.5	4.4	4.5
	Year to Jun 08 Qtr	% change	3.5	3.0	3.6	4.1	3.3	3.6	3.0	3.6	3.4
Average Weekly Earnings (full-time adult total earnings)	As at February 08	\$	1129.80	1204.10	1150.00	1098.30	1083.30	1325.70	1071.00	1320.50	1174.80
Housing Sector											
Building Approvals (number)	Year to May 08	% change	-22.2	-3.2	11.0	7.8	17.6	-7.3	-0.2	3.2	4.0
Housing Finance for Owner Occupation (number)	Year to May 08	% change	-12.8	-2.1	1.9	-5.1	-1.9	-9.6	7.6	-0.2	-2.8
Housing Affordability Indicator ^(b)	As at Sep 07 Qtr	Level	44.5	26.1	28.7	26.3	28.8	28.7	30.5	48.3	27.3
Consumer Spending											
Retail Trade (current \$)	Year to May 08	% change	10.5	6.9	5.3	9.8	9.1	6.7	6.6	4.4	7.2
New Motor Vehicle Sales (No.)	Year to Jun 08	% change	8.2	5.8	9.7	4.6	6.3	4.6	6.2	6.1	6.4
Tourist Accommodation - Takings (current \$)	Year to Mar 08	% change	10.0	8.4	8.5	8.7	8.7	16.3	8.2	5.8	9.2

*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 Job Advertisement Series, AMP Housing 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.