

## Mid Year Report on the Territory's Economic Performance 2007-08

In the 2007-08 Mid Year Report, tabled in parliament November 29 2007, economic growth in the Territory (as measured by changes in gross state product (GSP)) is forecast to increase by 4.6 per cent, revised up from the May 2007 Budget forecast of 3.7 per cent growth (see Table 1). Full production of gas from the LNG plant, higher alumina production from Alcan's G3 facility at Gove and increased manganese exports from the Bootu Creek mine near Tennant Creek and the Gemco mine at Groote Eylandt, along with iron ore exports from Frances Creek, will contribute to strong export growth. Investment expenditure will remain near historically high levels, with the Darwin Waterfront Development, the Bonaparte Gas Pipeline project and a sizeable Defence infrastructure schedule in place for 2007-08.

**Table 1: Reported Growth Rates, Budget Forecasts and Mid Year Revisions**

% Change	ABS Latest Estimate				Budget Forecast	Revised Forecast
	2003-04	2004-05	2005-06	2006-07	2007-08	2007-08
<b>GSP</b>	2.0	5.5	5.5	5.6	3.7	4.6
<b>SFD</b>	6.2	4.8	7.0	1.5	-2.1	1.4
<b>Employment</b>	-2.9	-1.3	3.0	5.3	2.3	5.8
<b>Population*</b>	0.7	1.6	2.3	2.0	1.4	1.8
<b>CPI**</b>	2.1	1.6	2.6	4.4	3.0	3.5

\* Based on middle of the financial year, December estimates

\*\* Year on year ended December percentage change

Source: Northern Territory Treasury, Australian Bureau of Statistics

Another broad measure of economic activity is state final demand (SFD) which is forecast to increase by 1.4 per cent in 2007-08, revised up from a forecast decline of 2.1 per cent reported in the Budget. Like GSP, Territory SFD has been volatile in recent years, influenced by the timing of investment for major projects. The extension of the Alcan completion date has been a major influence on the upward revision to SFD growth in 2007-08, as well as additional public expenditure associated with Defence weapons systems, the Territory's 'Closing the Gap' initiative and the Australian Government Intervention in Indigenous communities.

Employment growth is forecast to strengthen to 5.8 per cent in 2007-08, revised up from 2.3 per cent reported at the May 2007 Budget. While acute skills shortages have been reported across a broad range of industries in the Territory, strong employment growth has continued throughout 2006-07 and early 2007-08. Despite declining levels of engineering construction due to the approaching completion of the Alcan refinery expansion, business investment will remain at historically high levels and, combined with ongoing strength in the retail and tourism-related industries will continue to drive strong demand for labour.

The inflation outlook reported at the time of the Budget was that moderating growth in housing prices and declining prices for crude oil and fruit and vegetables would lead to a significant fall in the Darwin inflation rate. Although this broad outlook remains unchanged, the rate of growth in the Consumer Price Index over 2007 has been stronger than estimated at the time of the Budget. At the time of the Budget, Darwin inflation in 2007 was estimated to increase by 3.0 per cent. This is revised in the Mid Year Report to 3.5 per cent. In annual terms the Darwin inflation rate to December 2007 has been revised up from 2.2 per cent to 3.1 per cent.

Taking forward recent observations about population growth, especially higher rates of overseas migration and a smaller net outflow of migrants interstate, the Budget forecast for population growth for 2007 has been revised up from 1.4 per cent to 1.8 per cent. This is consistent with the latest ABS population figures, reporting a net interstate inflow of 115 in the June quarter 2007.

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
<b>Expenditure on GSP (2003-04 prices)</b>										
Private Consumption	6.6	3.5	6.5	4.6	7.6	4.9	4.8	3.0	Jun Q 07	3.5
Public Consumption	7.9	1.2	0.4	2.5	3.6	3.4	2.4	3.9	Jun Q 07	2.5
<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>	<b>3.4</b>	Jun Q 07	<b>3.1</b>
<b>Private Investment</b>										
<i>Dwellings</i>	-25.2	-40.4	3.8	9.3	-1.9	38.5	3.0	-4.7	Jun Q 07	-28.1
<i>Other buildings and structures</i>	-58.8	-22.8	125.6	26.5	8.6	0.8	6.1	-3.9	Jun Q 07	-22.4
<i>Machinery and equipment</i>	11.9	31.1	2.5	6.3	8.8	-10.9	32.7	1.2	Jun Q 07	76.1
<i>Livestock</i>	-11.1	43.8	8.7	-56.0	163.6	-3.4	3.6	-44.8	Jun Q 07	-44.8
<i>Intangible fixed assets**</i>	-17.5	-17.1	50.0	-42.2	-19.2	60.3	98.0	-3.5	Jun Q 07	-39.3
<i>Ownership transfer costs</i>	-7.3	-20.2	15.5	4.9	24.4	7.5	8.7	-2.4	Jun Q 07	-3.2
Business Investment#	-39.9	-1.6	54.2	7.8	9.3	0.7	18.6	-4.3	Jun Q 07	-5.3
Total Private Investment	-36.1	-11.7	45.4	8.0	7.7	5.4	15.8	-4.3	Jun Q 07	-8.9
Public Investment	41.8	46.6	18.8	-33.2	1.4	26.1	-5.0	23.5	Jun Q 07	22.4
<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>	<b>-0.8</b>	Jun 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>6.4</b>	<b>2.1</b>	Jun Q 07	<b>0.7</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>7.9</b>	<b>2.5</b>	Jun Q 07	<b>0.7</b>
International Trade - export of goods	47.2	30.0	-22.6	-11.0	-23.7	-6.2	-1.7	45.3	Jun Q 07	22.1
International Trade - import of goods	178.2	-62.0	15.1	29.9	4.1	107.5	27.4	-5.3	Jun Q 07	-24.0
<b>Total Gross State Product</b>	<b>7.3</b>	<b>5.6</b>	<b>1.7</b>	<b>0.6</b>	<b>2.0</b>	<b>5.5</b>	<b>5.5</b>	<b>5.6</b>		
<b>Contribution to GSP Growth</b>										
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		
<b>State Final Demand</b>	<b>-5.5</b>	<b>1.5</b>	<b>11.4</b>	<b>2.4</b>	<b>6.5</b>	<b>5.3</b>	<b>7.7</b>	<b>1.6</b>		
<b>Net International Exports</b>	<b>3.5</b>	<b>24.4</b>	<b>-13.2</b>	<b>-7.8</b>	<b>-9.3</b>	<b>-12.2</b>	<b>-6.1</b>	<b>9.1</b>		
Balancing item	9.4	-20.4	3.5	6.0	4.8	12.4	3.9	-5.1		
<b>Gross State Product</b>	<b>7.3</b>	<b>5.6</b>	<b>1.7</b>	<b>0.6</b>	<b>2.0</b>	<b>5.5</b>	<b>5.5</b>	<b>5.6</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

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	Sep Q 07	6.1
New Motor Vehicle Sales	-8.8	-4.2	-0.3	3.3	8.4	10.7	0.0	4.1	Oct 07	2.5
Tourist Accommodation Takings	16.8	1.5	-1.0	-0.1	2.8	13.6	3.4	14.8	Jun Q 07	11.4
Number of Dwellings Approved	-30.6	-28.4	-13.8	0.0	23.4	18.4	-1.8	7.5	Sep 07	-22.8
Number of Dwellings Commenced	-21.1	-34.0	0.1	-4.1	6.0	29.1	1.3	-0.8	Jun Q 07	13.2
Employment	-2.3	1.5	4.6	1.1	-2.9	-1.3	3.0	5.3	Oct 07	6.5
Unemployment rate	4.4	5.6	6.7	5.5	5.2	5.7	5.5	3.8	Oct 07	3.8
Darwin Consumer Price Index###	0.7	3.9	3.6	2.2	2.1	1.6	2.6	4.4	Sep Q 07	3.2
AWOTE# (year average)	4.6	3.7	2.3	5.0	6.5	7.0	3.9	0.7	Aug Q 07	2.4
Wage Price index (year average)	2.5	2.8	3.1	3.0	3.3	3.7	4.4	3.9	Aug Q 07	3.6
Population, December (levels - thousands)###	194.3	196.3	198.4	199.4	200.7	203.9	208.5	212.6	Mar Q 07	213.8
Population (annual % change)###	1.6	1.0	1.1	0.5	0.7	1.6	2.3	2.0	Mar Q 07	2.0
Net Interstate Migration (levels - number)###	-817	-1621	-1730	-2397	-2241	-439	693	-489	Mar Q 07	-180.0

\* 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
<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	6.43	30 Nov 07	7.24
10 Year Govt Bond Yield (as at 30 June)	6.16	6.04	5.99	5.01	5.87	5.11	5.79	6.26	30 Nov 07	6.00
<b>Exchange Rates</b>										
US\$ per A\$ (year average)	0.63	0.52	0.52	0.58	0.71	0.75	0.75	0.79	30 Nov 07	0.83
US\$ per A\$ (as at 30 June)	0.60	0.51	0.56	0.67	0.69	0.76	0.74	0.85	30 Nov 07	0.89
Special Drawing Rights* per A\$ (as at 30 June)	0.45	0.41	0.43	0.48	0.47	0.52	0.51	0.56	30 Nov 07	0.56
Trade Weighted Index of A\$ (as at 30 June)	53.30	49.70	52.30	59.40	59.06	64.50	62.24	68.92	30 Nov 07	68.94

\* 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

December 2007			
ABS	5368.0	International Trade in Goods & Services, October 2007	03-Dec-07
ABS	5676.0	Business Indicators ( <i>no brief</i> ), September Quarter 2007	03-Dec-07
ABS	3101.0	Population, June Quarter 2007	04-Dec-07
ABS	8501.0	Retail Trade, October 2007	04-Dec-07
ABS	8731.0	Building Approvals, October 2007	04-Dec-07
ABS	5206.0	National Accounts - State Final Demand, September Quarter 2007	05-Dec-07
ABS	3401.0	Overseas Arrivals and Departures, Australia ( <i>no brief</i> ), October 2007	05-Dec-07
ABS	5609.0	Housing Finance, October 2007	10-Dec-07
ANZ		ANZ job ads series ( <i>no brief</i> ), November 2007	10-Dec-07
ABS	5671.0	Lending Finance, October 2007	12-Dec-07
ABS	8412.0	Mineral and Petroleum Exploration, Australia, September Quarter 2007	12-Dec-07
Westpac-MI		Consumer Sentiment Index ( <i>no brief</i> )	12-Dec-07
ABS	6202.0.55.001	Labour Force, November 2007	13-Dec-07
AAA		Petrol Prices, November 2007	Mid Dec-07
ABS	8750.0	Dwelling Commencements - Preliminary, September Quarter 2007	17-Dec-07
DEWR		Skilled Vacancy Survey ( <i>no brief</i> )	19-Dec-07
Westpac-MI		Leading Index ( <i>no brief</i> )	19-Dec-07
ABS	6291.0.55.001	Labour Force by Industry ( <i>no brief</i> ), November 2007	20-Dec-07
ABS	9314.0.55.001	Sales of New Motor Vehicles, November 2007	21-Dec-07
January 2008			
Access		Access Economics Five Year Business Outlook, December Quarter 2007	02-Jan-08
ABS	8635.0	Tourist Accommodation, September Quarter 2007	08-Jan-08
ABS	8731.0	Building Approvals, November 2007	08-Jan-08
ABS	8501.0	Retail Trade, November 2007	09-Jan-08
ABS	6354.0	Job Vacancies, Australia, November 2007	09-Jan-08
Westpac-MI		Consumer Sentiment Index ( <i>no brief</i> )	09-Jan-08
ABS	5368.0	International Trade in Goods & Services, November 2007	10-Jan-08
ANZ		ANZ job ads series, December 2007 ( <i>no brief</i> )	14-Jan-08
ABS	3401.0	Overseas Arrivals and Departures, Australia, November 2007 ( <i>no brief</i> )	15-Jan-08
ABS	5609.0	Housing Finance, November 2007	16-Jan-08
Westpac-MI		Leading Index ( <i>no brief</i> )	16-Jan-08
ABS	6202.0	Labour Force, December 2007	17-Jan-08
ABS	8762.0	Engineering Activity, September Quarter 2007	18-Jan-08
ABS	6457.0	International Trade Price Indexes, Australia, December Quarter 2007	18-Jan-08
ABS	6427.0	Producer Price Indexes, December Quarter 2007	21-Jan-08
ABS	8752.0	Building Activity, September Quarter 2007	21-Jan-08
ABS	8782.0.65.001	Construction Activity: Chain Volume Measures, September Quarter 2007 ( <i>no brief</i> )	21-Jan-08
ABS	5671.0	Lending Finance, November 2007	21-Jan-08
ABS	9314.0	Sales of New Motor Vehicles, December 2007	22-Jan-08
ABS	6401.0	Consumer Price Index, December Quarter 2007	23-Jan-08
ABS	6291.0.55.001	Labour Force by Industry, December 2007 ( <i>no brief</i> )	24-Jan-08
ABS	6403.0.55.001	Average Retail Prices of Selected Items, December Quarter 2007	30-Jan-08
DEWR		Skilled Vacancy Survey	31-Jan-08

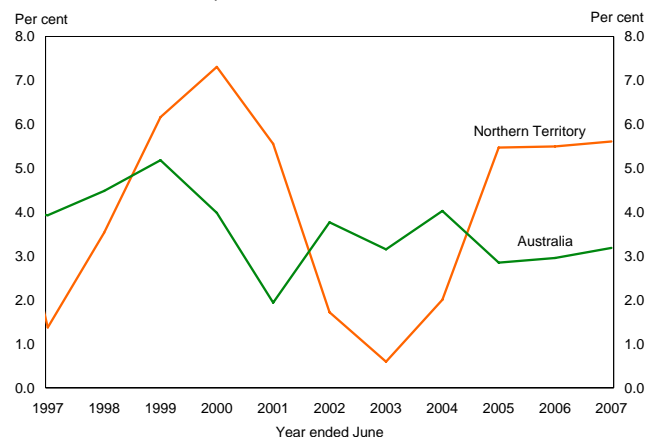
## Gross State Product

Northern Territory Gross State Product (GSP) increased by 5.6 per cent in 2006-07, the second highest growth rate of the jurisdictions, behind Western Australia. In 2006-07, the Australian Bureau of Statistics (ABS) introduced a new measure of GSP, GSP (Production), which will complement the existing measures of GSP (Expenditure) and GSP (Income). The headline measure now reported by the ABS is growth in GSP (Average), the average of the three GSP figures.

The latest data indicates that the onshore economy slowed in 2006-07. 'Private household consumption' increased by 3.3 per cent, and 'business investment' decreased by 2.9 per cent. 'Public consumption' expenditure increased by 4.7 per cent, while 'public investment' decreased by 9.5 per cent. Merchandise exports, increased by 44.6 per cent in real terms, in 2006-07, while merchandise imports decreased by 0.3 per cent. The significant increase in merchandise exports reflects the increased LNG exports from the Wickham Point plant and offshore oil production.

## Gross State Product\*

(latest data – 2006-07)



\*annual percentage change  
Source: ABS Cat. No. 5220.0

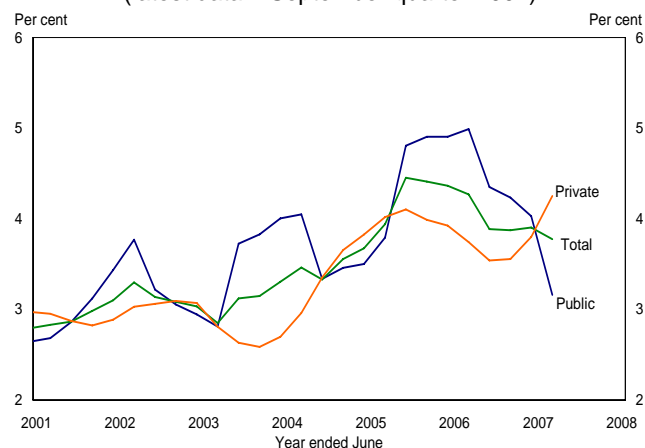
## Wage Price Index

The Territory wage price index (WPI) increased by 0.8 per cent in the September quarter 2007, below the national increase of 1.3 per cent. The WPI measures the change in the cost of employing a standard 'basket' of jobs in each jurisdiction in Australia. In year on year terms, the Territory WPI increased by 3.8 per cent to September 2007, slightly below the national increase of 4.1 per cent. In the Territory the public sector component of the WPI increased by 0.5 per cent in the quarter and 3.2 per cent in the year to September 2007, compared to private sector growth of 1.0 per cent in the quarter and 4.3 per cent in the year (see chart).

The WPI reports solid growth in labour costs over the year to September 2007, reflecting the demand for skilled labour. Comparing the September quarter 2007 with the September quarter 2006, the WPI increased 3.6 per cent in the Territory compared to a 4.2 per cent increase nationally.

## Territory Wage Price Index

(latest data – September quarter 2007)



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

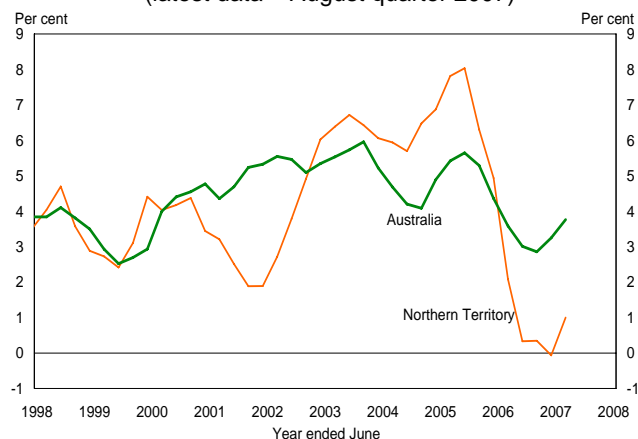
## Average Weekly Earnings

In the August quarter 2007, in seasonally adjusted terms, average weekly full time adult earnings (AWE), which includes overtime and bonuses, increased by 1.9 per cent in the Territory and 1.1 per cent nationally. Year on year growth in Territory AWE peaked at 8.0 per cent in 2005, followed by a moderation in each of the six quarters to May 2007. In August 2007 the ABS report Territory AWE year on year growth of 1.0 per cent. The AWE measurement is particularly sensitive to the composition of business types participating in the ABS survey.

In seasonally adjusted terms, Territory AWE was \$1 109 in the August quarter 2007, below the national level of \$1 152, and fifth highest of the jurisdictions below the ACT, Western Australia, Victoria and New South Wales.

## Average Weekly Earnings\*

(latest data – August quarter 2007)



\*year on year percentage change  
Source: ABS Cat. No. 6302.0

## Retail Turnover

Seasonally adjusted retail turnover in the Territory increased by 0.3 per cent in September 2007, while increasing by 0.8 per cent nationally. In the year to September 2007, current price retail turnover increased by 10.7 per cent in the Territory, the second highest growth of the jurisdictions behind Western Australia and well above the national average of 6.8 per cent (see chart).

Total retail expenditure is divided, by the (ABS), into six broad categories. In the month of September 2007 (in original terms) current price retail turnover in the Territory totalled \$208 million. Of this total expenditure, 47.6 per cent (or \$99 million) was on 'food', 16.7 per cent (\$35 million) was on 'hospitality and services', 15.0 per cent (\$31 million) was on 'household goods', 13.7 per cent (\$29 million) was on 'department stores and other retailing', 4.7 per cent (\$10 million) was on 'clothing and soft goods', leaving the remaining 2.4 per cent (\$5 million) expenditure on 'recreation related goods'.

## Sales of New Motor Vehicles

In October 2007, total Territory new motor vehicle sales increased by 0.6 per cent to 831 in trend terms. By vehicle category; sales of passenger vehicles decreased by 0.8 per cent in the month, while sales of 'other' vehicles increased by 2.2 per cent and sales of SUV's increased by 1.2 per cent. Nationally, the total level of motor vehicle sales increased 0.5 per cent in the month of October 2007.

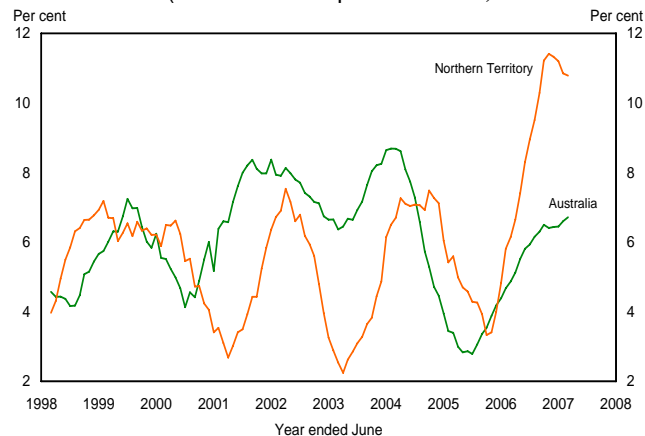
In the year to October 2007, new motor vehicle sales in the Territory increased by 6.5 per cent to 9 819 (see chart). In year on year terms, sales of passenger vehicles increased 5.3 per cent to 4 657, sales of 'other' vehicles increased 9.8 per cent to 3 175, and sales of SUV's increased 4.5 per cent to 1 987. Nationally, sales of new motor vehicles increased 6.9 per cent in the year.

## Petrol Prices

In October 2007, fuel prices increased by 0.5 cpl in Darwin to 136.1 cpl while the eight capital cities weighted average price increased by 2.3 cpl to 124.2 cpl. This represents a 11.9 cpl price differential between Darwin and the eight capital cities weighted average. Compared to October 2006 petrol prices in Darwin have increased by 7.8 cpl, while nationally the eight capital cities weighted average price increased by 9.3 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).

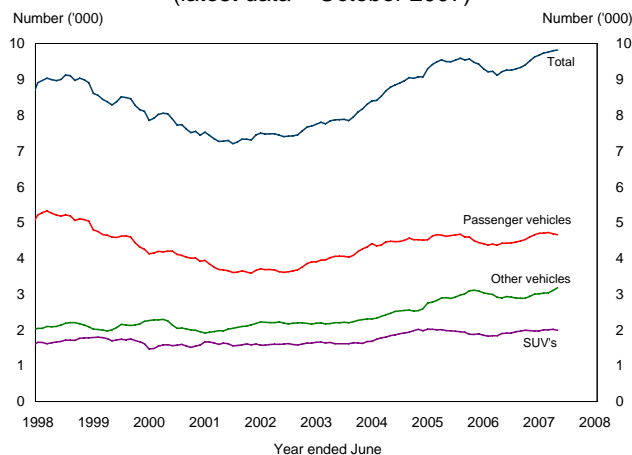
In A\$ terms, crude oil prices decreased by 1.5 per cent in October 2007 despite record prices for crude oil in US\$ terms. The appreciation of the Australian dollar against the US more than offset the significant price increase in oil, caused by decreased oil supply as a result of tensions between Turkey and Kurds in northern Iraq and strong global economic growth. Fundamental supply and demand factors are expected to support crude oil prices near historical levels over the remainder of 2007.

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



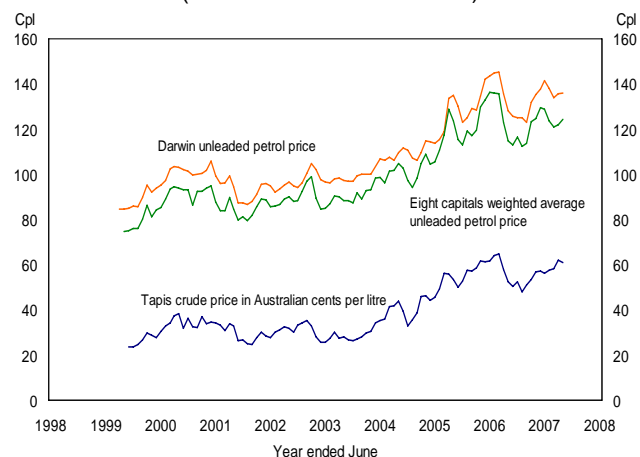
\* year on year percentage change, current price  
Source: ABS Cat. No. 8501.0

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



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

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



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

## Building Approvals

In the Territory, residential building approvals decreased by 26 to 96 (in original terms) in September 2007. Of these 96 approvals, 90 were in the private sector and six were in the public sector. Of the private sector approvals in the month, 35 were for 'houses', 54 for 'other residential' and one approval for a 'non-residential dwelling'. In the public sector, all six approvals were for 'other residential' dwellings.

In the year to September 2007, residential building approvals in the Territory increased by 3.4 per cent to 1 370, third highest of the jurisdictions behind Tasmania and Queensland. Of the 1 370 residential building approvals, 1 181 were in the private sector, with the remaining 189 approvals in the public sector (see chart). Private sector approvals are being driven by new housing development in Palmerston and Lyons, as well as a number of high rise unit developments in the Darwin CBD.

## Housing Finance for Owner Occupation

In September 2007, the number of seasonally adjusted owner-occupier housing finance commitments in the Territory decreased by 0.8 per cent to 509, compared to a 2.4 per cent decrease nationally. In annual terms, the number of Territory finance commitments decreased by 9.3 per cent, compared to a 1.1 per cent decrease nationally.

In the year to September 2007, housing finance commitments in original terms decreased by 23.8 per cent in the Territory, driven by a 23.9 per cent decline in the purchase of established dwellings and a 27.9 per cent decline in the construction of new dwellings. 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. At the national level, housing finance commitments have increased by 3.1 per cent in the year to September 2007.

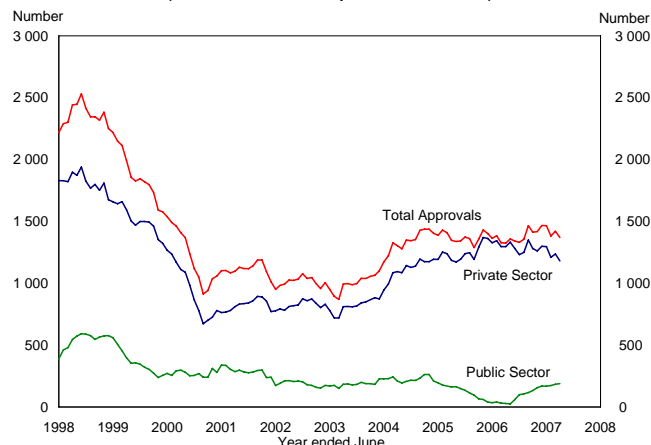
## House Price Index

The ABS house price index (HPI) measures the growth in prices of established homes, across capital cities and nationally. In the September quarter 2007 prices of established houses increased by 5.1 per cent in Darwin, while increasing 3.5 per cent nationally. Compared to the September quarter 2006, prices of established homes in Darwin have increased 13.1 per cent, the fourth highest annual growth of the capital cities, and above the national growth of 10.6 per cent (see chart).

The ABS also reports on price growth associated with the construction of new homes (excluding land value). In the year to September 2007, the prices for the construction of new homes in Darwin increased by 12.2 per cent. In annual terms, the price of constructing a new home in Darwin increased by 9.4 per cent, significantly higher than the 3.8 per cent annual growth reported nationally. The continuing skills shortage, across all construction sectors in Darwin, combined with rising material costs, are driving increases in the cost of constructing a new home.

## Residential Building Approvals\*

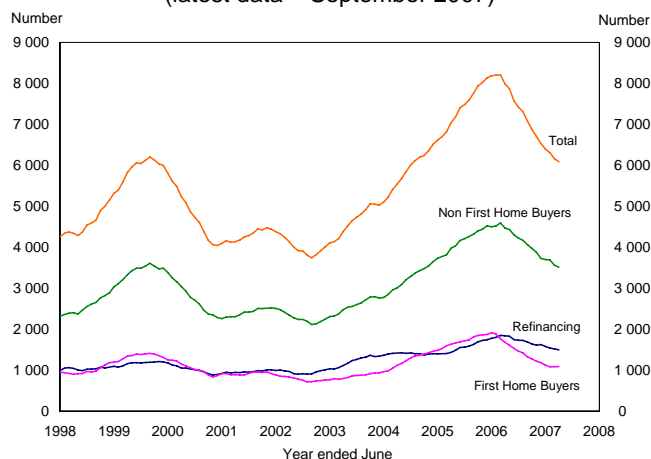
(latest data – September 2007)



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

## Number of Housing Finance Commitments\*

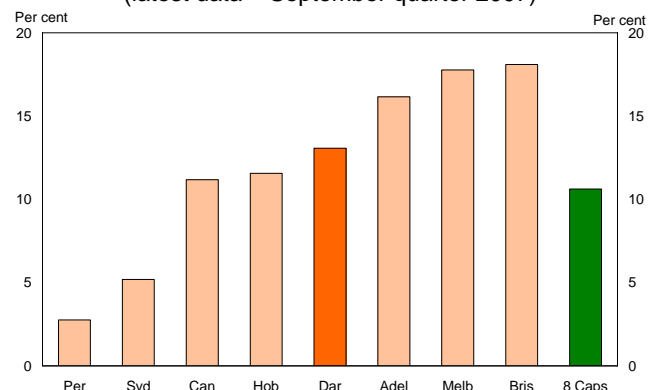
(latest data – September 2007)



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

## House Price Index\*

(latest data – September quarter 2007)



\* annual percentage change  
Source: ABS Cat. Nos. 6416.0

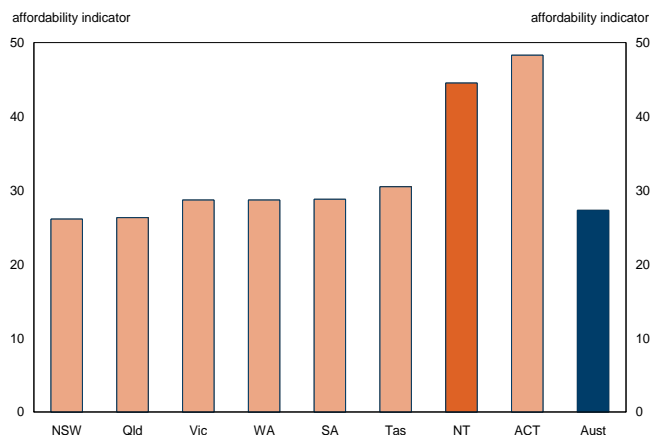
## Housing Affordability

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). In the September quarter 2007, affordability in the Territory decreased 0.7 per cent, compared to a 2.2 per cent decrease in affordability at the national level. Nevertheless when compared to the September quarter 2006, housing affordability in the Territory has declined by 8.6 per cent, larger than the deterioration of 7.8 per cent at the national level.

The decrease in Territory housing affordability in the quarter was associated with an increase in average monthly loan repayments (up 2.4 per cent in the quarter) and an increase in the average housing loan size (up 0.8 per cent) to \$215 470; more than offsetting an increase in median weekly family income (up 1.8 per cent) to \$1 711.

## Housing Affordability Indicator

(latest data – September quarter 2007)



Source: AMP, REIA

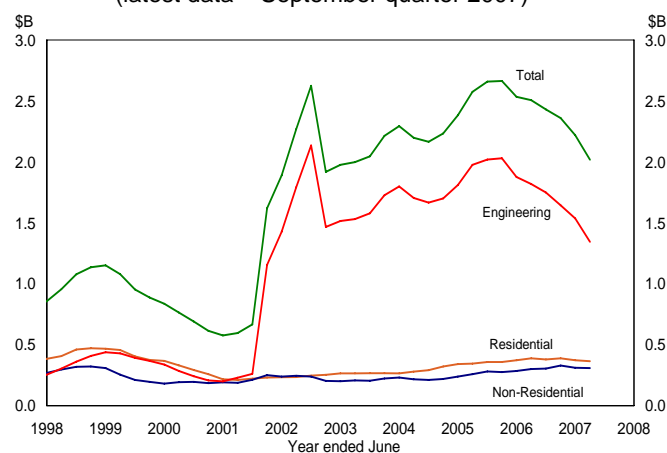
## Construction Work Done – Preliminary

In the September quarter 2007, seasonally adjusted construction work done in the Territory decreased by 30.6 per cent to \$442 million, compared to an increase of 8.9 per cent nationally. Although the value of total construction activity remains high in historic terms, year on year construction activity decreased by 19.5 per cent to \$2.0 billion in the year to September 2007.

The decline in total construction work done in the year to September 2007 was largely driven by a 26.0 per cent fall in engineering construction activity (to \$1.3 billion). This reflects the completion of construction at the Wickham Point LNG plant and the winding down of the Alcan G3 expansion. However, total construction work done is expected to remain above long term trend levels in 2007, supported by continued work on the Darwin Waterfront Development and Eni's Bonaparte Gas Pipeline project.

## Total Construction Activity\*

(latest data – September quarter 2007)



\* moving annual total  
Source: ABS Cat. Nos. 8755.0 and 8782.0

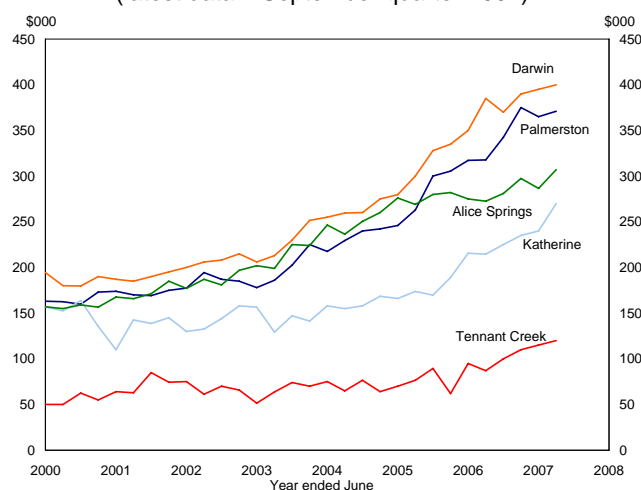
## REINT Regional House Prices

Median house prices in the September quarter 2007, as reported by the Real Estate Institute of the Northern Territory (REINT), are at historic highs in Darwin, Alice Springs, Katherine and Tennant Creek, while remaining close to historic highs in Palmerston (see chart). The median house price in Darwin is \$400 000, representing annual growth of 3.9 per cent. In Palmerston median prices have increased to \$371 000 at an annual growth rate of 16.8 per cent. In Alice Springs median prices have increased to \$307 000, an annual rate of growth of 12.7 per cent. Annual growth of 37.9 and 25.9 per cent has been experienced in Tennant Creek and Katherine, respectively.

The reported increases in median house prices tend to mirror changes in population growth, employment opportunities and land shortages in the major centres.

## Regional House Prices

(latest data – September quarter 2007)



Source: REINT

## 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 556 to 109 126 in October 2007 (see chart). This is the highest resident employment level on record for the Territory. Nationally, seasonally adjusted employment increased by 12 894 in the month to about 10.5 million employed persons.

A comparison of Territory (trend) resident employment in October 2007 with resident employment in October 2006 shows an increase of 7.0 per cent, the highest annual growth rate of the jurisdictions. In year on year terms, a more stable measure of growth, Territory employment has increased by 5.4 per cent (in original terms), compared to 2.8 per cent growth reported nationally.

## Unemployment

The Territory's trend unemployment rate was 4.6 per cent in October 2007, up from (a revised) 4.5 per cent reported in September 2007. Compared to October 2006, the unemployment rate has increased by 1.2 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 October 2007 the Territory reported the equal third highest trend unemployment rate of the jurisdictions, behind Tasmania and South Australia, and equal with New South Wales.

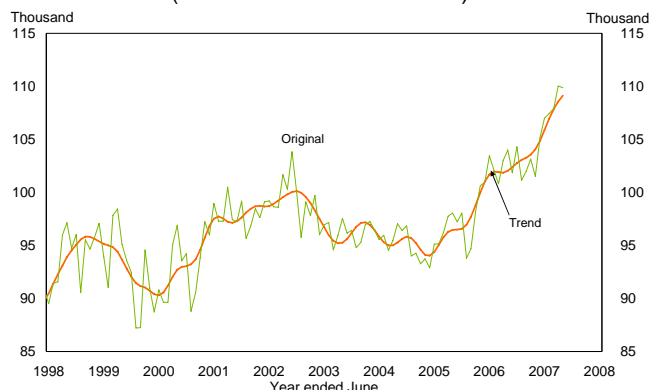
At the national level, the seasonally adjusted unemployment rate (the figure most commonly quoted in the media) increased to 4.3 per cent in October 2007, up from the 32 year low of 4.2 per cent reported in September 2007.

## International Merchandise Trade

In the year to September 2007 the value of Territory merchandise exports increased by 19.1 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 decreased by 8.7 per cent. The decline in imports is primarily due to the completion of Jetstar's fleet purchase (where Darwin was the port of entry for customs reporting purposes). Partially offsetting this decline was increased gas feedstock imports for the LNG plant at Wickham Point.

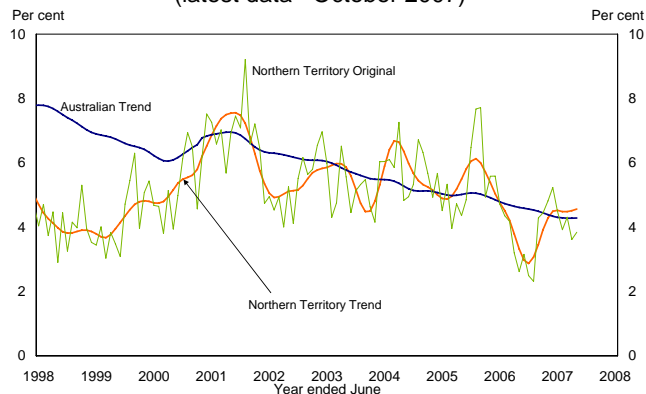
The Territory's goods trade balance increased by \$876 million in the year to September 2007, to a surplus of \$1.1 billion (see chart). The Territory's trade surplus is expected to further improve in the upcoming year with the combined effect of increased LNG, alumina and manganese exports and reduced imports to the Territory. Lower imports of machinery and equipment reflect the completion of major projects.

## Territory Employment (latest data – October 2007)



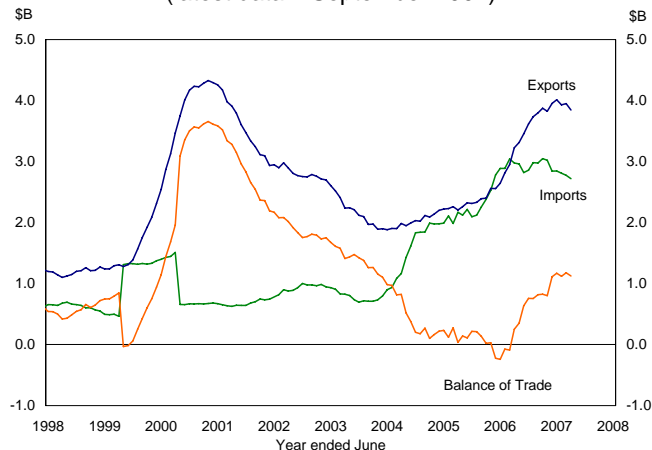
Source: ABS Cat. No. 6202.0

## Territory Unemployment (latest data – October 2007)



Source: ABS Cat. No. 6202.0

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



\* 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 December 2007

## Comparative Economic Indicators\*

Indicator	Period	Measure	NT	NSW	Vic	Qld	SA	WA	Tas	ACT	Aus
<b>Economic Growth</b>											
Gross Domestic Product <sup>(a)</sup>	2006-07	% change	5.6	1.8	2.7	4.9	0.8	6.3	2.1	5.0	3.2
State Final Demand <sup>(a)</sup>	Year to Jun 07	% change	2.1	2.5	3.1	7.7	3.3	8.8	1.6	5.4	4.5
International Goods Exports	Year to Sep 07	% change	19.1	2.3	2.8	-4.2	6.6	18.3	17.0	350.0	5.3
International Goods Imports	Year to Sep 07	% change	-8.7	7.2	3.4	7.9	8.4	16.6	14.2	31900.0	7.1
<b>Demography</b>											
Population	Mar-06 Qtr to Mar-07 Qtr	% change	2.0	1.0	1.5	2.3	1.0	2.2	0.6	1.5	1.5
<b>Labour Market</b>											
Employment (trend)	Oct 06 to Oct 07	% change	7.0	1.7	2.7	3.1	1.2	4.2	2.3	-0.4	2.5
Participation Rate (trend)	As at October 06	%	69.6	63.2	64.4	67.1	62.8	67.5	60.4	74.1	64.8
	As at October 07	%	73.6	63.2	64.7	67.2	62.7	68.8	60.8	72.2	65.0
Unemployment Rate (trend)	As at October 06	%	3.3	5.0	4.8	4.2	5.0	3.4	6.1	2.9	4.6
	As at October 07	%	4.6	4.6	4.3	3.8	5.0	3.5	5.3	2.5	4.3
ANZ Job Ads	Year to Oct 07	% change	7.3	-5.2	-4.5	2.5	6.9	5.0	4.8	8.6	0.0
<b>Prices and Wages</b>											
Consumer Price Index	Sep-06 Qtr to Sep-07 Qtr	% change	3.2	1.3	2.1	2.7	1.4	2.6	1.8	2.1	1.9
	Year to Sep 07 Qtr	% change	3.9	2.1	2.3	2.9	2.0	3.4	2.1	2.4	2.4
Average Weekly Earnings (full-time adult total earnings)	As at August 07	\$	1110.80	1188.60	1141.10	1086.10	1065.40	1241.90	1044.60	1302.40	1152.50
<b>Housing Sector</b>											
Building Approvals (number)	Year to Sep 07	% change	3.4	-7.7	1.8	10.9	-1.4	-12.8	3.5	-2.2	-0.8
Housing Finance for Owner Occupation (number)	Year to Sep 07	% change	-23.8	4.0	3.2	8.7	3.9	-7.0	2.9	20.9	3.1
Housing Affordability Indicator <sup>(b)</sup>	As at Sep 07 Qtr	Level	44.5	26.1	28.7	26.3	28.8	28.7	30.5	48.3	27.3
<b>Consumer Spending</b>											
Retail Trade (current \$)	Year to Sep 07	% change	10.7	5.3	5.9	8.0	6.9	11.8	3.8	7.6	6.8
New Motor Vehicle Sales (No.)	Year to Oct 07	% change	6.5	7.3	5.5	8.6	-0.4	10.3	0.5	13.4	6.9
Tourist Accommodation - Takings (current \$)	Year to Jun 07	% change	14.8	9.6	9.4	9.0	8.7	17.4	4.8	16.2	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 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.