

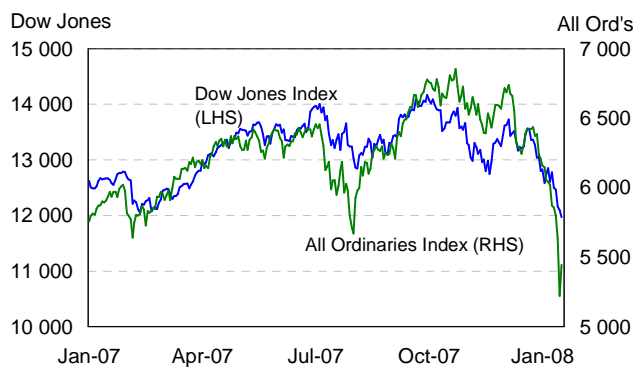
## A RESILIENT TERRITORY ECONOMY

Fears of an economic recession in the United States, fuelled in part by the sub-prime mortgage crisis, volatile global stock markets (see Chart 1), unexpectedly low US retail sales figures combined with inflationary pressures in the Australian economy, are sending mixed signals as to the likelihood of an official Australian interest rate increase in February 2008. Despite these difficulties and other factors such as high fuel prices and the recent findings of the latest Demographia (2008) report, that Australian cities have some of the least affordable housing in the world, the Territory economic outlook remains positive.

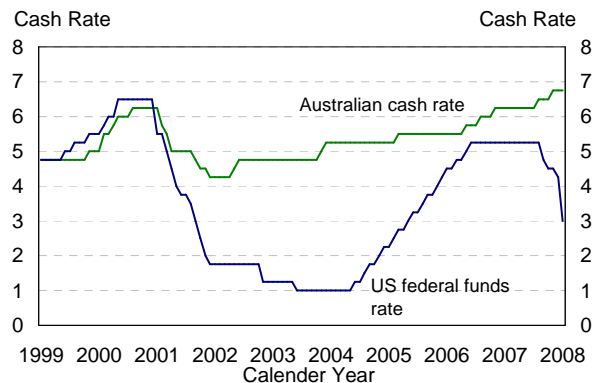
One of the major reasons for this lies in the composition of the Territory economy. In terms of contribution to GSP, mining is the most significant Northern Territory industry, accounting for 24.5 per cent of GSP in 2006-07, more than three times the national figure of 7.0 per cent. When combined with the current economic strength of China and its for-the-moment insatiable demand for Australian and Territory raw materials, the Territory economy appears to be insulated from much of the current economic instability. Nevertheless, this current strength of the Territory economy also has the potential to be a vulnerability, if demand from China declines.

One of the consequences of Australia's strong economic growth in recent years is consumer inflation. Inflation has led to four interest rate rises in the past 18 months (to a cash rate of 6.75 per cent) with the possibility of another two rises in 2008. This is in contrast to the US Federal Reserve which has reduced the federal funds rate by an unprecedented 1.25 percentage points over an eight day period, to 3.0 per cent in January 2008 (see Chart 2). The latest consumer inflation figures, released by the Australian Bureau of Statistics for the December quarter 2007, report the median underlying inflation rate for Australia at 1.1 per cent in the quarter, and 3.8 per cent in the year, well above the Reserve Banks 2 to 3 per cent target band.

**Chart 1**  
**Stock Markets Indexes; US and Australia**



**Chart 2**  
**Official Cash Rate: US and Australia**



Source: Reserve Bank Australia; [www.nasdaq.com](http://www.nasdaq.com)

Potentially adding to existing inflationary pressures in 2008 are the income tax cuts promised by the new Australian government. However, the Australian government has also announced a five point plan designed to alleviate some of the underlying inflationary pressures evident in the Australian economy. While this is welcome, the strategies upon which the plan is based focus on long run solutions based on skilled migration, easing infrastructure bottlenecks, and incentives to increase national savings, both in terms of superannuation and housing. For the moment the Territory economy continues to grow on the back of resource demand from China. However any increase in official interest rates will raise the already high cost of housing throughout the Territory and Australia and place more stress on financially stretched households.

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	6.4	4.8	5.7	4.4	Sep Q 07	8.4
Public Consumption	7.6	1.1	0.4	2.5	4.6	3.2	2.2	4.7	Sep Q 07	1.4
<b>Total Consumption Expenditure</b>	<b>7.0</b>	<b>2.4</b>	<b>3.8</b>	<b>3.7</b>	<b>5.6</b>	<b>4.1</b>	<b>4.2</b>	<b>4.5</b>	Sep Q 07	<b>5.6</b>
Private Investment										
<i>Dwellings</i>	-25.4	-40.1	3.4	9.8	-3.5	27.6	14.5	2.1	Sep Q 07	-24.7
<i>Other buildings and structures</i>	-58.9	-22.7	125.4	26.6	6.5	0.7	4.5	-3.2	Sep Q 07	-35.6
<i>Machinery and equipment</i>	11.5	30.9	2.3	6.7	11.7	-11.5	28.6	6.0	Sep Q 07	21.9
<i>Livestock</i>	-7.1	46.2	5.3	-55.0	222.2	-6.9	11.1	-53.3	Sep Q 07	71.4
<i>Intangible fixed assets**</i>	-18.5	-17.9	51.1	-41.5	-19.9	60.9	96.7	-4.0	Sep Q 07	-43.6
<i>Ownership transfer costs</i>	-8.4	-21.1	15.1	5.1	27.9	6.8	10.6	-2.5	Sep Q 07	-10.8
Business Investment <sup>#</sup>	-40.2	-1.6	54.5	7.8	9.7	0.5	16.9	-3.2	Sep Q 07	-22.6
Total Private Investment	-36.2	-11.7	45.7	8.0	8.6	3.6	16.1	-2.4	Sep Q 07	-22.4
Public Investment	46.2	46.4	19.0	-33.2	1.5	25.5	2.2	-9.8	Sep Q 07	20.0
<b>Total Investment</b>	<b>-29.9</b>	<b>-2.3</b>	<b>39.3</b>	<b>-0.4</b>	<b>7.6</b>	<b>6.4</b>	<b>14.0</b>	<b>-3.4</b>	Sep Q 07	<b>-18.4</b>
<b>State Final Demand</b>	<b>-5.0</b>	<b>1.5</b>	<b>12.1</b>	<b>2.3</b>	<b>6.2</b>	<b>4.8</b>	<b>7.0</b>	<b>2.0</b>	Sep Q 07	<b>-2.1</b>
<b>State Final Demand less L-C and B-U<sup>##</sup></b>	<b>2.5</b>	<b>1.6</b>	<b>10.9</b>	<b>0.8</b>	<b>5.1</b>	<b>9.7</b>	<b>8.5</b>	<b>2.5</b>	Sep Q 07	<b>#N/A</b>
International Trade - export of goods	47.3	29.9	-22.6	-11.0	-23.7	-6.2	-1.8	44.2	Sep Q 07	-14.7
International Trade - import of goods	177.7	-62.0	15.1	29.9	4.3	107.3	27.4	-0.4	Sep Q 07	-13.0
<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  
<sup>#</sup> Private investment less dwellings investment and ownership transfer costs <sup>##</sup> Investment for the Laminaria-Coralina 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	Dec 07	4.5
Tourist Accommodation Takings	0.0	1.5	-1.0	-0.1	2.8	13.6	3.4	14.8	Sep Q 07	7.4
Number of Dwellings Approved	-30.6	-28.4	-13.8	0.0	23.4	18.4	-1.8	7.4	Nov 07	5.6
Number of Dwellings Commenced	-21.1	-34.0	0.1	-4.1	6.0	29.1	1.3	-0.2	Sep Q 07	28.6
Employment	-2.3	1.5	4.6	1.1	-2.9	-1.3	3.0	5.3	Dec 07	5.9
Unemployment rate	4.4	5.6	6.7	5.5	5.2	5.7	5.5	3.8	Dec 07	4.9
Darwin Consumer Price Index <sup>##</sup>	0.7	3.9	3.6	2.2	2.1	1.6	2.6	4.4	Dec Q 07	2.9
AWOTE <sup>#</sup> (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) <sup>##</sup>	194.3	196.3	198.4	199.4	200.7	203.9	208.5	212.6	Jun Q 07	215.0
Population (annual % change) <sup>##</sup>	1.6	1.0	1.1	0.5	0.7	1.6	2.3	2.0	Jun Q 07	2.0
Net Interstate Migration (levels - number) <sup>##</sup>	-817	-1621	-1730	-2397	-2241	-439	693	-489	Jun Q 07	228.0

\* Year ended, or year on year \*\* Quarter on corresponding quarter the previous year, or through the year per cent change <sup>#</sup> Average Weekly Ordinary Time Earnings  
<sup>##</sup> Denotes calendar year  
 Source: NT Treasury, Australian Bureau of Statistics data

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	29 Jan 08	7.31
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	29 Jan 08	6.08
<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	29 Jan 08	0.85
US\$ per A\$ (as at 30 June)	0.60	0.51	0.56	0.67	0.69	0.76	0.74	0.85	29 Jan 08	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	29 Jan 08	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	29 Jan 08	68.33

\* 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

February 2008			
ABS	5368.0	International Trade in Goods & Services, December 2007	04-Feb-08
ABS	6416.0	House Price Indexes: Eight Capital Cities, December Quarter 2007	04-Feb-08
ABS	3401.0	Overseas Arrivals and Departures, Australia, December 2007 ( <i>no brief</i> )	05-Feb-08
ABS	8501.0	Retail Trade, December 2007	05-Feb-08
ABS	8731.0	Building Approvals, December 2007	05-Feb-08
ABS	5609.0	Housing Finance, December 2007	11-Feb-08
ANZ		ANZ job ads series, January 2008 ( <i>no brief</i> )	11-Feb-08
ABS	5671.0	Lending Finance, December 2007	13-Feb-08
Westpac-MI		Consumer Sentiment Index ( <i>no brief</i> )	13-Feb-08
ABS	6202.0	Labour Force, January 2008	14-Feb-08
AAA		Petrol Prices, January 2008	Mid-Feb-08
ABS	6345.0	Labour Price Index (Wage Cost Index), December Quarter 2007	20-Feb-08
Westpac-MI		Leading Index ( <i>no brief</i> )	20-Feb-08
ABS	6291.0.55.001	Labour Force by Industry, January 2008 ( <i>no brief</i> )	21-Feb-08
ABS	6302.0	Average Weekly Earnings, November Quarter 2007	21-Feb-08
ABS	9314.0	Sales of New Motor Vehicles, January 2008	21-Feb-08
ABS	8755.0	Construction Work Done, December Quarter 2007	27-Feb-08
ABS	5625.0	Private New Capital Expenditure, December Quarter 2007 ( <i>no brief</i> )	28-Feb-08
March 2008			
ABS	5676.0	Business Indicators, December Quarter 2007 ( <i>no brief</i> )	03-Mar-08
ABS	8501.0	Retail Trade, January 2008	04-Mar-08
ABS	5302.0	Balance of Payments, December Quarter 2007	04-Mar-08
ABS	5206.0	National Accounts - State Final Demand, December Quarter 2007	05-Mar-08
ABS	3401.0	Overseas Arrivals and Departures, Australia, January 2008 ( <i>no brief</i> )	06-Mar-08
ABS	8731.0	Building Approvals, January 2008	06-Mar-08
ABS	5368.0	International Trade in Goods & Services, January 2008	06-Mar-08
ANZ		ANZ job ads series, February 2008 ( <i>no brief</i> )	10-Mar-08
ABS	5609.0	Housing Finance, January 2008	11-Mar-08
ABS	5671.0	Lending Finance, January 2008	12-Mar-08
Westpac-MI		Consumer Sentiment Index ( <i>no brief</i> )	12-Mar-08
ABS	8412.0	Mineral and Petroleum Exploration, Australia, December Quarter 2007	12-Mar-08
ABS	6202.0	Labour Force, February 2008	13-Mar-08
AAA		Petrol Prices, February 2008	Mid-Mar-08
ABS	8750.0	Dwelling Commencements, December Quarter 2007	19-Mar-08
Westpac-MI		Leading Index ( <i>no brief</i> )	19-Mar-08
ABS	3101.0	Population, September Quarter 2007	19-Mar-08
ABS	6291.0.55.001	Labour Force by Industry, February 2008 ( <i>no brief</i> )	20-Mar-08
ABS	9314.0.55.001	Sales of New Motor Vehicles, February 2008	20-Mar-08
ABS	6354.0	Job Vacancies, Australia, February 2008	27-Mar-08
ABS	8635.0	Tourist Accommodation, December Quarter 2007	28-Mar-08

## Consumer Price Index

In the December quarter 2007, Darwin's Consumer Price Index (CPI) increased by 0.3 per cent compared to an increase of 0.9 per cent nationally. In annual terms, Darwin's CPI increased by 2.9 per cent, continuing a downward trend from the peak of 5.0 per cent reported in the December quarter 2006. Nationally, the annual inflation rate increased to 3.0 per cent, up from 1.9 per cent recorded in the September 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. Easing pressure on housing costs contributed to Darwin's annual inflation rate dropping below the national annual inflation rate in the December quarter 2007. The other main contributors to the moderation in Darwin's annual inflation rate were prices in the 'recreation' and 'household contents and services' categories.

## 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 December quarter 2007 the PPI increased by 0.6 per cent from the previous quarter influenced by an increasing domestic goods component (increasing by 0.9 per cent) and a decreasing imported goods component (increasing by 1.4 per cent).

In 2007, the PPI increased by 2.6 per cent, with the prices of domestic goods increasing by 3.8 per cent while imported goods prices decreased by 4.7 per cent. The appreciating Australian dollar is the primary reason for decreasing import prices. In the year, imported capital goods prices decreased by 5.1 per cent while prices of imported consumer goods decreased by 4.4 per cent. Domestically produced consumer and capital goods prices increased by 3.0 and 4.3 per cent respectively, over the same period.

## Tourist Accommodation

In the September 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 September 2007, while room occupancy rates increased by 3.3 percentage points over the same period.

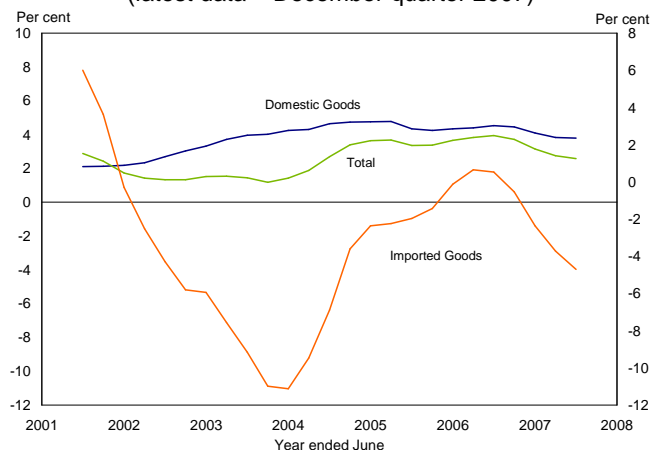
In annual terms, growth in accommodation takings increased by 7.4 per cent in the Territory, with substantial variation across major centres. Takings grew by 4.4 per cent in Darwin, 6.7 per cent in Alice Springs and 14.3 per cent in the 'rest of the Territory', while decreasing by 0.6 per cent in Katherine. Over the same period, room occupancy rates increased by; 2.0 percentage points in Darwin, 4.5 percentage points in Alice Springs and by 3.8 percentage points in the 'rest of the Territory', while falling 3.2 percentage points in Katherine. The number of 'guest nights' reported increased in Katherine, but Darwin and Alice Springs reported decreases.

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



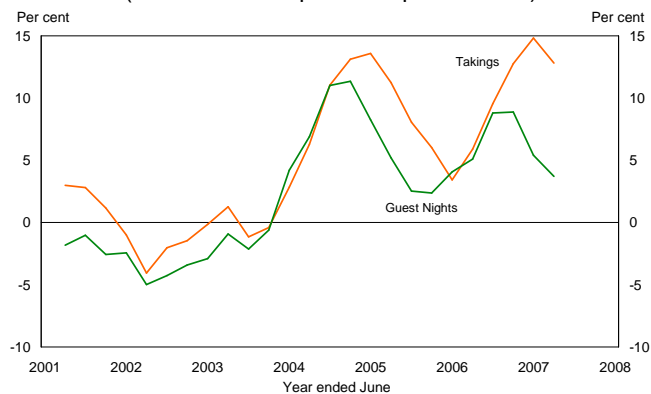
\*annual percentage change  
Source: ABS Cat. Nos. 6401.0

**Producer Price Index\***  
(latest data – December quarter 2007)



\*annual percentage change  
Source: ABS Cat. No. 6345.0

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



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

## Retail Turnover

Seasonally adjusted retail turnover in the Territory increased by 1.6 per cent in November 2007, while increasing by 0.8 per cent nationally. In the year to November 2007, current price retail turnover increased by 10.3 per cent in the Territory, the second highest growth of the jurisdictions behind Western Australia and well above the national average of 7.0 per cent (see chart).

Total retail expenditure is divided, by the (ABS), into six broad categories. In the month of November 2007 (in original terms) current price retail turnover in the Territory totalled \$207 million. Of this total expenditure, 46.9 per cent (or \$97 million) was on 'food', 15.9 per cent (\$33 million) was on 'department stores and other retailing', 15.6 per cent (\$32 million) was on 'hospitality and services', 15.1 per cent (\$31 million) was on 'household goods', 4.4 per cent (\$9 million) was on 'clothing and soft goods', leaving the remaining 2.1 per cent (\$4 million) expenditure on 'recreation related goods'.

## Sales of New Motor Vehicles

In 2007, total Territory new motor vehicle sales increased by 0.5 per cent to 843 in trend terms. By vehicle category; sales of passenger vehicles increased by 1.0 per cent in the month, and sales of 'other' vehicles increased by 0.4 per cent while sales of SUV's decreased by 0.6 per cent. Nationally, the total level of motor vehicle sales increased 0.8 per cent in the month of December 2007.

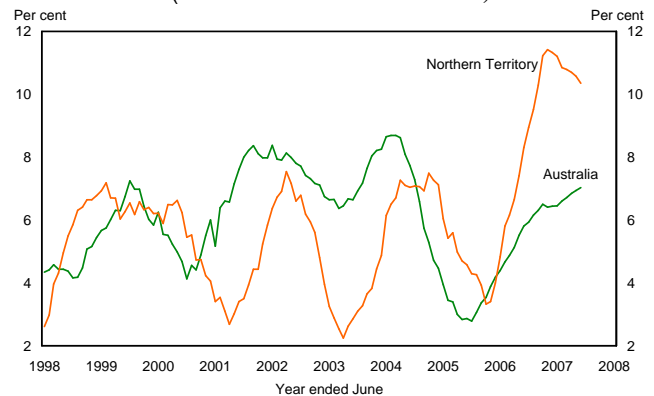
In December 2007, new motor vehicle sales in the Territory increased by 7.2 per cent to 9 920 the highest level recorded for the Territory (see chart). In year on year terms, sales of passenger vehicles increased 5.6 per cent to 4 677, sales of 'other' vehicles increased 11.4 per cent to 3 246, and sales of SUV's increased 4.4 per cent to 1 997. Nationally, sales of new motor vehicles increased 9.1 per cent in the year.

## Petrol Prices

In December 2007, fuel prices increased by 6.2 cpl in Darwin to 147.4 cpl while the eight capital cities weighted average price increased by 5.9 cpl to 137.6 cpl. This represents a 9.8 cpl price differential between Darwin and the eight capital cities weighted average. Compared to December 2006 petrol prices in Darwin have increased by 22.4 cpl, while nationally the eight capital cities weighted average price increased by 21.1 cpl. Over the long term, petrol prices in Darwin track other capital cities, though tend to remain higher due to distance from refineries and other competitive factors (see chart).

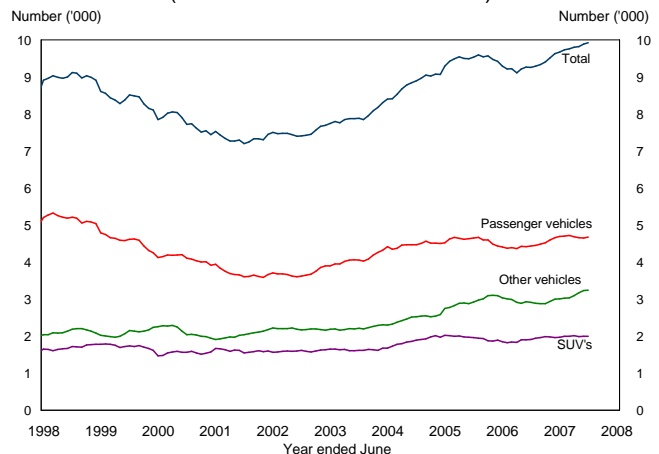
In annual terms, crude oil prices increased by 30.3 per cent in A\$ terms in 2007, while increasing by 46.6 per cent in US\$ terms. The current strength of the A\$ against the US\$ offset some of the effects of rising oil prices, caused by decreased oil supply as a result of tightness in global refining inventories and worldwide refining bottlenecks and strong global economic growth. Fundamental supply and demand factors are expected to support crude oil prices at high levels in the short term.

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



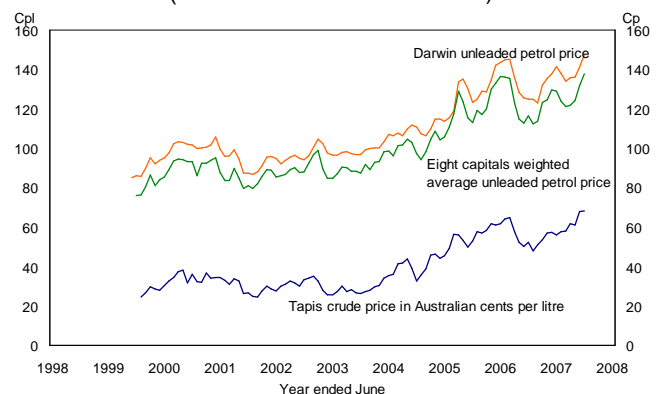
\* year on year percentage change, current price  
Source: ABS Cat. No. 8501.0

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



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

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



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

## Building Approvals

In the Territory, residential building approvals decreased by 201 to 41 (in original terms) in November 2007. Of these 41 approvals, 34 were in the private sector and seven were in the public sector. For the month, all 34 of the private sector approvals were for 'houses'. In the public sector, all seven approvals were also for 'houses'.

In the year to November 2007, residential building approvals in the Territory increased by 7.3 per cent to 1 439, second highest of the jurisdictions behind only Queensland. Of the 1 439 residential building approvals, 1 261 were in the private sector, with the remaining 178 approvals in the public sector (see chart). Private sector approvals are being driven by new housing developments in Palmerston and Lyons, as well as a number of high rise unit developments in the Darwin CBD.

## Housing Finance for Owner Occupation

In November 2007, the number of seasonally adjusted owner-occupier housing finance commitments in the Territory increased by 1.9 per cent to 532, compared to a 4.0 per cent increase 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 November 2007, Territory housing finance commitments in original terms decreased by 19.5 per cent, driven by a 19.3 per cent decline in the purchase of established dwellings and a 23.2 per cent decline in the construction of new dwellings. The number of first home buyer finance commitments decreased in the Territory by 29.4 per cent in the year to November 2007. At the national level the number of first home buyer housing finance commitments increased by 2.7 per cent in the year to November 2007.

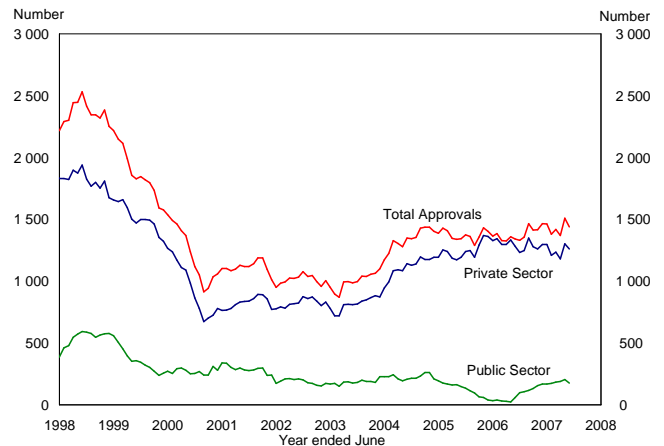
## Consumer Sentiment Index

At the national level, consumer sentiment, as reported by the Westpac-Melbourne Institute, decreased by 8.3 per cent from 112.5 in December 2007 to 103.1 in January 2008. Compared to January 2007, the index has decreased by 5.9 per cent. Factors that contributed to the negative result include; the possibility of an interest rate hike from the Reserve Bank of Australia in February 2008, the possibility of a recession in the US, a 10 per cent increase in petrol prices over the last two months, as well as the Australian sharemarket declining 12.5 per cent from its peak reported in November in 2007.

The Westpac-Melbourne Institute reports that all of the consumer sentiment index sub-components were down for the month. Most components moved significantly compared to a year ago; the 'economic conditions for the next 12 months' decreased by 20.4 per cent, the 'economic conditions over the next 5 years' decreased by 10.4 per cent, and family finances decreased by 3.1 per cent.

## Residential Building Approvals\*

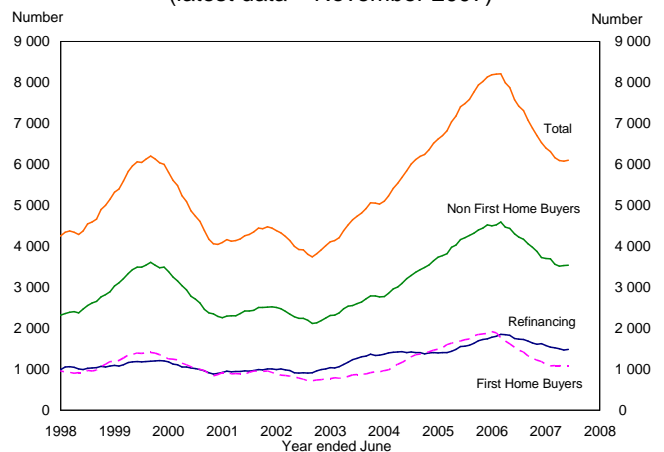
(latest data – November 2007)



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

## Number of Housing Finance Commitments\*

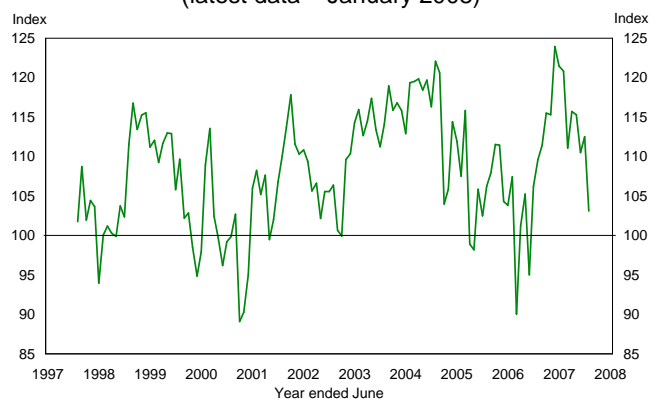
(latest data – November 2007)



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

## Consumer Sentiment Index

(latest data – January 2008)



Source: Westpac-Melbourne Institute

## Engineering Construction Activity

In seasonally adjusted real terms, engineering construction work done in the Territory decreased by 12.7 per cent in the September quarter 2007 and decreased by 26.9 per cent (to \$1.3 billion) in the year (see chart). While still at 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, with the private sector accounting for 93.9 per cent, or \$1.16 billion of total work done in the year to September 2007. With work valued at \$896M, 'heavy industry' was by far the dominant engineering category in the private sector. The value of engineering work done for the public sector was \$102 million in the year to September 2007, with 62.4 per cent on 'roads, highways and subdivisions', 13.2 per cent of this activity on 'telecommunications', and 10.9 per cent on 'electricity generation, transmission and pipelines'.

## Building Activity

In the September quarter 2007, seasonally adjusted total building work done increased 21.8 per cent in the Territory, while increasing 2.0 per cent nationally. In year on year terms the Territory recorded a decrease of 1.3 per cent, the lowest growth of the jurisdictions. Nationally, total building work done increased by 5.1 per cent.

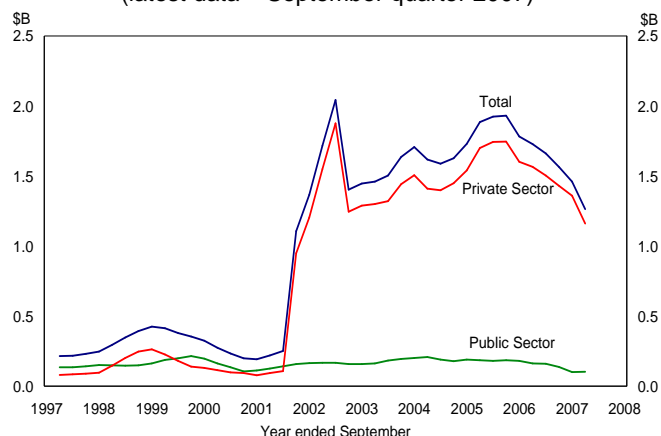
In the year to September 2007, the value of residential building work done represented 54 per cent of total building activity, with the remaining 46 per cent attributable to non-residential activity. Of the \$369 million in the residential market (see chart), 47.5 per cent (\$175 million) was for new houses, 37.2 per cent (\$137 million) for new 'other residential' and the remaining 15.3 per cent (\$56 million) was for alterations and additions. The value of building activity in the non-residential market was \$312 million.

## Total Construction Activity

In the September quarter 2007, seasonally adjusted total construction work done decreased by 1.2 per cent to \$440 million in the Territory, compared to a national increase of 1.5 per cent. In annual terms, the value of construction activity in the Territory decreased by 31.1 per cent, continuing its moderating trend over the past 18 months. Although, the value of total construction activity has declined in the year to September 2007, it remains well above long-term trend levels (see chart). Year on year, construction activity decreased by 19.9 per cent to \$2.0 billion in the Territory, while increasing by 7.0 per cent nationally.

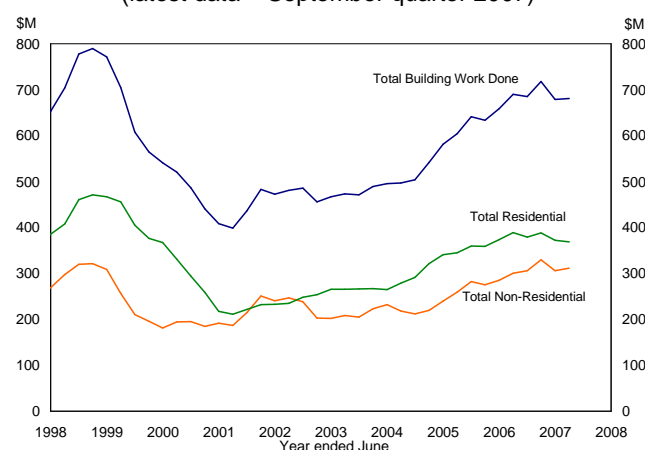
The decline in year on year terms in the Territory was largely driven by a 26.9 per cent fall in engineering construction activity (to \$1.3 billion). This reflects the completion of construction at the Wickham Point LNG plant and the Alcan G3 expansion nearing completion.

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



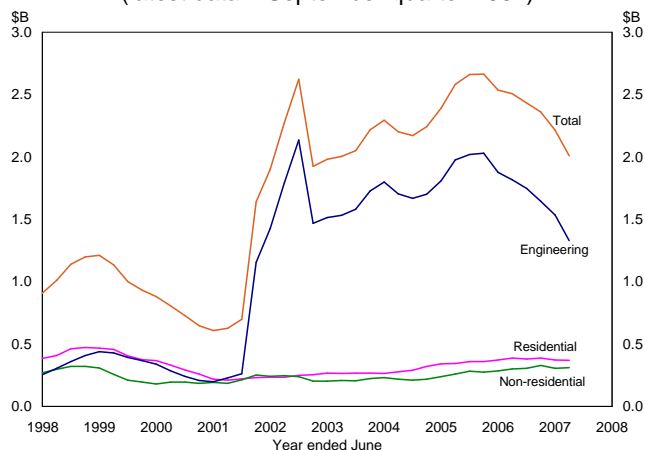
\* moving annual total  
Source: ABS Cat. No. 8762.0

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



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

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



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

## 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 55 to 108 608 in December 2007 (see chart). This is the highest resident employment level on record for the Territory. Nationally, seasonally adjusted employment increased by 20 086 in the month to about 10.6 million employed persons.

A comparison of Territory (trend) resident employment in December 2007 with resident employment in December 2006 shows an increase of 5.7 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 5.5 per cent (in original terms) in 2007, compared to 2.8 per cent growth reported nationally.

## Unemployment

The Territory's trend unemployment rate was 5.3 per cent in December 2007, up from (a revised) 5.2 per cent reported in November 2007. Compared to December 2006, the unemployment rate has increased by 2.5 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 December 2007 the Territory reported the second highest trend unemployment rate of the jurisdictions, behind Tasmania.

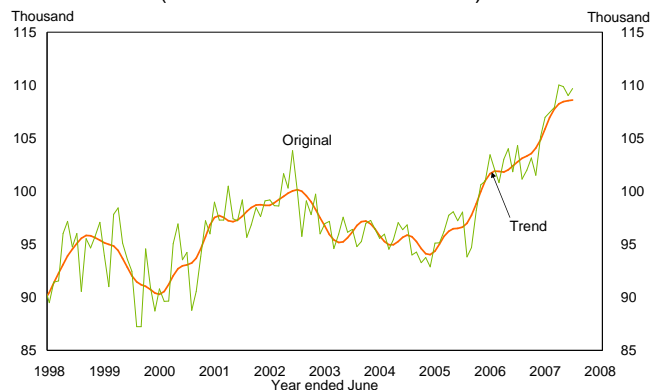
At the national level, the seasonally adjusted unemployment rate (the figure most commonly quoted in the media) decreased to 4.3 per cent in December 2007, down from 4.5 per cent reported for November 2007, and slightly above the 32 year low reported in September 2007.

## International Merchandise Trade

In the year to November 2007 the value of Territory merchandise exports increased by 9.8 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 8.4 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.

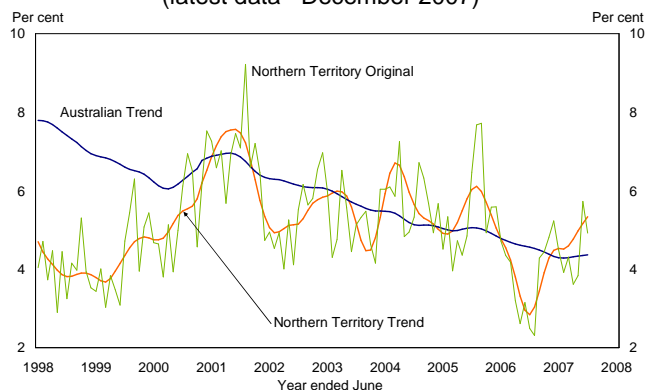
The Territory's goods trade balance increased by \$575 million in the year to November 2007, to a surplus of \$1.2 billion (see chart). The Territory's trade surplus is expected to further improve in the upcoming year with the combined effect of increased LNG, alumina and manganese exports and reduced imports to the Territory. Lower imports of machinery and equipment reflect the completion of major projects.

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



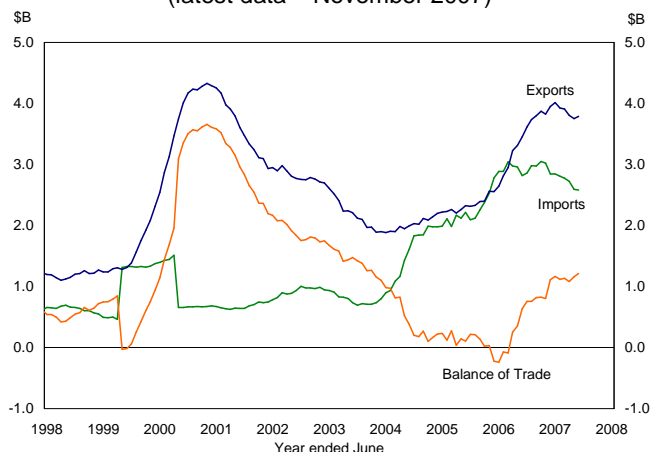
Source: ABS Cat. No. 6202.0

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



Source: ABS Cat. No. 6202.0

**Territory Merchandise Trade Balance\***  
(latest data – November 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 February 2008

## 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 Sep 07	% change	-0.3	3.3	2.5	7.3	2.2	9.8	2.4	4.3	4.5
International Goods Exports	Year to Nov 07	% change	9.8	0.9	-0.4	-7.8	5.6	13.4	13.9	-50.0	2.2
International Goods Imports	Year to Nov 07	% change	-8.4	6.1	4.9	8.0	8.8	11.2	0.3	15850.0	6.8
<b>Demography</b>											
Population	Jun-06 Qtr to Jun-07 Qtr	% change	2.0	1.1	1.5	2.2	1.0	2.3	0.7	1.7	1.5
<b>Labour Market</b>											
Employment (trend)	Dec 06 to Dec 07	% change	5.7	1.9	3.1	2.9	2.3	3.6	2.9	-0.2	2.6
Participation Rate (trend)	As at December 06	%	69.5	63.1	64.5	67.3	62.7	67.4	60.2	73.8	64.8
	As at December 07	%	73.6	63.3	65.2	67.3	63.2	68.2	61.2	71.8	65.2
Unemployment Rate (trend)	As at December 06	%	2.8	5.0	4.8	4.1	5.2	3.2	5.9	3.0	4.6
	As at December 07	%	5.3	4.7	4.6	3.7	5.0	3.3	5.4	2.4	4.4
ANZ Job Ads	Year to Dec 07	% change	9.6	-2.3	-3.3	3.8	8.4	2.0	8.4	8.5	1.0
<b>Prices and Wages</b>											
Consumer Price Index	Dec-06 Qtr to Dec-07 Qtr	% change	2.9	2.4	3.3	3.9	2.7	3.0	2.9	3.3	3.0
	Year to Dec 07 Qtr	% change	3.4	1.9	2.4	3.0	1.9	3.1	2.3	2.5	2.3
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 Nov 07	% change	7.3	-5.6	5.1	12.7	3.3	-13.1	0.7	0.7	1.3
Housing Finance for Owner Occupation (number)	Year to Nov 07	% change	-19.5	2.5	3.5	8.0	3.3	-7.2	4.6	16.5	2.6
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 Nov 07	% change	10.3	5.9	5.5	8.8	7.0	11.0	4.4	6.6	7.0
New Motor Vehicle Sales (No.)	Year to Dec 07	% change	7.2	9.1	9.5	10.4	2.7	9.4	3.3	14.9	9.1
Tourist Accommodation - Takings (current \$)	Year to Sep 07	% change	12.8	11.4	9.9	10.2	7.9	18.2	7.4	15.0	11.3

\*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.