

Territory Economic Review

February 2006

Mining and energy significant to Territory economy

Territory Gross State Product (GSP) is dominated by the 'mining' industry, which over the past 15 years has averaged 20 per cent of GSP, compared to 5 per cent nationally (see chart). Mining includes oil and gas production, which has been of increasing importance to the Territory economy since 1999-00. Production from the large Laminaria-Corallina oil fields in the Timor Sea was a major contributor to 'mining' accounting for 31% of Territory GSP in 2000-01. In addition, natural gas is now being piped from the Bayu-Undan fields (in the Joint Petroleum Development Area (JPDA)) to Wickham Point near Darwin to produce liquid natural gas (LNG). The first LNG export shipment of 125 000 cubic metres has just been loaded and is bound for Japan.

Gas becoming increasingly important

In recent months there has been major progress on issues that had previously been stalling the development prospects for several major resource projects located in disputed waters in the Timor Sea. For example, in January 2006 the Australian and Timor Leste Government's signed the Treaty on Certain Maritime Arrangements in the Timor Sea (CMATS). This treaty, along with the 2003 International Unilateralisation Agreement for Greater Sunrise (IUA), allows for the equal sharing of 'upstream' government revenues from the 79 per cent of the Greater Sunrise fields that are outside the JPDA. The other 21 per cent of the Greater Sunrise field (that lies within the JPDA) has a revenue sharing agreement determined by the 2002 Timor Sea Treaty, which distributes 90 per cent of 'upstream' revenues to Timor Leste and 10 per cent to Australia.

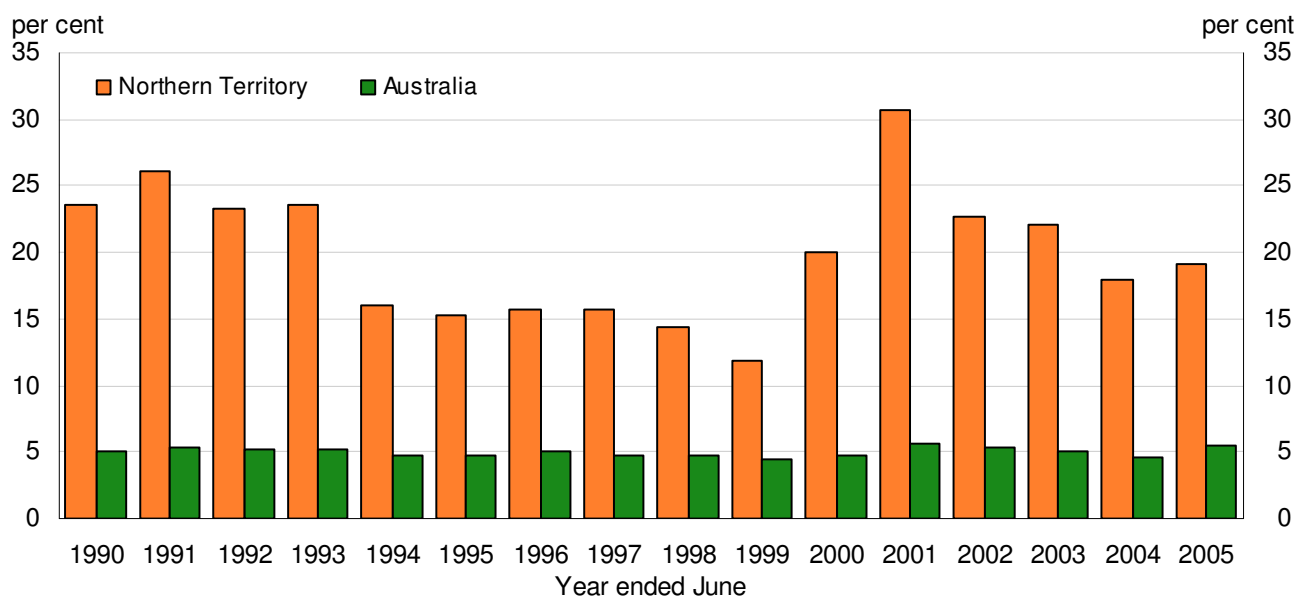
Power and Water Corporation closer to securing long term gas supply

Another recent development that puts the Territory a step closer to securing long term access to gas for electricity generation, is the agreement between Eni and the Power and Water Corporation. Signed in December 2005, there is a commitment to work towards a Gas Sales Agreement for the supply of natural gas from 2009. The gas, sourced from the Blacktip fields in the Bonaparte Gulf, would be landed near Wadeye and piped to connect to the existing Central Australia to Darwin gas pipeline. It is estimated that pipeline and production infrastructure costs would be approximately \$750 million.

Other new energy opportunities in Darwin

In January 2006 civil engineering work began on Australia's largest biodiesel facility the Darwin Business Park at East Arm. The \$77 million project is scheduled to be completed in September 2006, with the plant able to produce 130 000 tonnes of biodiesel a year when in full production. In addition, there is a proposal by the BOC Group for a helium recovery and liquefaction plant at Wickham Point.

Mining as a Proportion of Gross State/Domestic Product



Source: ABS Cat. No. 5220.0



Territory Economic Review - February 2006

Northern Territory State Final Demand and Gross State Product									
Year ended June Percentage Change	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	Latest	Annual % change
Expenditure on GSP (2003-04 prices)									
Private Consumption	5.3	6.7	3.7	5.9	4.1	7.9	4.0	Sep Q 05	9.1
Public Consumption	4.8	5.4	0.0	0.4	2.7	2.3	3.2	Sep Q 05	0.8
Total Consumption Expenditure	5.1	6.1	2.1	3.5	3.5	5.6	3.7	Sep Q 05	5.8
Private Investment									
<i>Dwellings</i>	43.5	-25.3	-40.4	3.4	11.8	-2.4	24.7	Sep Q 05	15.2
<i>Other buildings and structures</i>	173.6	-58.9	-22.7	124.7	29.4	8.2	-3.3	Sep Q 05	50.2
<i>Machinery and equipment</i>	47.0	9.3	33.5	-1.6	1.4	3.6	-8.3	Sep Q 05	28.4
<i>Livestock</i>	112.5	-11.8	46.7	9.1	-54.2	145.5	0.0	Sep Q 05	-11.1
<i>Intangible fixed assets**</i>	-21.3	-17.6	-17.6	50.9	-42.1	-19.2	59.8	Sep Q 05	170.6
<i>Ownership transfer costs</i>	4.7	-7.8	-21.7	15.4	4.0	28.2	6.0	Sep Q 05	16.0
Business Investment#	89.0	-40.5	-0.7	52.1	7.9	7.7	-1.2	Sep Q 05	51.3
Total Private Investment	71.9	-36.8	-10.9	43.3	8.3	6.6	2.1	Sep Q 05	43.7
Public Investment	-34.3	43.6	46.1	18.9	-35.7	-0.2	30.2	Sep Q 05	18.0
Total Investment	52.5	-30.4	-1.6	37.4	-0.9	5.7	5.7	Sep Q 05	39.9
State Final Demand	16.9	-6.0	1.3	11.5	2.1	5.6	4.3	Sep Q 05	14.0
State Final Demand less L-C and B-U##	5.7	1.9	1.4	10.1	0.5	4.4	9.6	Sep Q 05	14.2
International Trade - export of goods	-1.5	47.2	30.0	-22.6	-11.0	-23.8	-6.2	Sep Q 05	-23.1
International Trade - import of goods	-27.7	177.9	-62.0	15.3	29.9	4.1	107.6	Sep Q 05	31.7
Total Gross State Product	7.1	-0.4	5.2	1.2	0.1	0.2	3.6	Sep Q 05	3.6
Contribution to GSP Growth									
Private Consumption	2.3	2.9	1.8	2.6	1.9	3.9	2.4	n.a	
Public Consumption	1.7	1.9	0.0	0.1	0.9	0.8	1.4	n.a	
Private Investment	15.3	-12.5	-2.4	7.9	2.1	1.8	0.0	n.a	
Public Investment	-1.6	1.3	1.9	1.1	-2.4	0.0	1.3	n.a	
State Final Demand	17.7	-6.8	1.5	11.9	2.5	6.5	5.2	n.a	
Net International Exports	1.8	2.8	21.3	-10.0	-6.7	-7.9	-12.0	n.a	
Balancing item	-12.5	3.7	-17.6	-0.7	4.3	1.6	10.4	n.a	
Gross State Product	7.1	-0.4	5.2	1.2	0.1	0.2	3.6	n.a	

* 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*	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	Latest	Annual % change**
Real Retail Turnover	5.9	5.8	-0.7	4.1	2.2	5.1	5.3	Sep Q 05	2.1
New Motor Vehicle Sales	-3.4	-8.8	-4.2	-0.3	3.3	8.4	10.6	Dec Q 05	-0.5
Tourist Accommodation Takings	7.0	16.8	1.5	-1.0	-0.1	2.8	13.6	Jun Q 05	5.6
Number of Dwellings Approved	0.0	-30.6	-28.4	-13.8	0.0	23.4	18.4	Nov Q 05	-15.9
Number of Dwellings Commenced	-9.7	-21.1	-34.0	0.1	-4.1	6.0	29.1	Sep Q 05	-4.4
Employment	5.3	-2.3	1.1	5.4	-0.1	-2.2	-2.0	Dec Q 05	3.5
Unemployment rate	4.0	4.4	5.6	6.8	5.8	5.2	6.3	Dec Q 05	-0.5ppt
Darwin Consumer Price Index (year average)##	0.7	0.7	3.9	3.6	2.2	2.1	1.6	Dec Q 05	3.0
AWOTE# (year average)	3.1	4.6	3.7	2.3	5.0	6.5	7.0	Sep Q 05	7.5
Wage Price index (year average)	2.8	2.5	2.8	3.1	3.0	3.3	3.7	Sep Q 05	4.5
Population, December (levels - thousands)##	191.3	194.3	196.3	198.0	198.2	198.7	200.8	Jun Q 05	202.8
Population (annual % change)##	1.6	1.6	1.0	0.9	0.1	0.3	1.1	Jun Q 05	1.5
Net Interstate Migration (levels - number)##	-688	-817	-1621	-2049	-3069	-2895	-1097	Jun Q 05	233

* 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	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	Latest	Level
Interest Rates									
90 Day Bank Bill (as at 30 June)	4.92	6.17	5.02	5.11	4.67	5.50	5.66	31 Jan 06	5.63
10 Year Govt Bond Yield (as at 30 June)	6.27	6.16	6.04	5.99	5.01	5.87	5.11	31 Jan 06	5.35
Exchange Rates									
US\$ per A\$ (year average)	0.63	0.63	0.54	0.52	0.58	0.71	0.75	31 Jan 06	0.76
US\$ per A\$ (as at 30 June)	0.66	0.60	0.51	0.56	0.67	0.69	0.76	31 Jan 06	0.75
Special Drawing Rights per A\$ (as at 30 June)	58.40	53.60	49.80	52.30	58.98	59.06	64.50	31 Jan 06	63.44
Trade Weighted Index of A\$ (as at 30 June)	0.64	0.64	0.60	0.57	0.58	0.57	0.63	31 Jan 06	0.62

* A measure of the Australian dollar against an IMF determined, weighted basket of currencies consisting of the US dollar, the Euro, the yen and pound sterling
Source: NT Treasury, Reserve Bank of Australia data

CONTENTS

Page

OVERVIEW	1
TERRITORY SFD AND GSP; TABLE OF LATEST ECONOMIC AND FINANCIAL INDICATORS	2
CONTENTS	3
Economic Indicators Due for Release	
ECONOMIC INDICATORS.....	4
Consumer Price Index, Producer Price Index, Access Economics	4
Petrol Prices, Retail Turnover, Consumer Sentiment	5
Sales of New Motor Vehicles, Tourist Accommodation, Housing Finance for Owner Occupation,	6
Residential Building Approvals, Building Work Done, Engineering Work Done	7
Total Construction Work Done, Employment, Unemployment	8
GLOSSARY	9
STATE AND TERRITORY COMPARATIVE INDICATORS	10

ECONOMIC INDICATORS DUE FOR RELEASE

February 2006			
DEWRSB		Vacancy Report, January 2006	1 Feb 06
ABS	8731.0	Building Approvals, November 2005	2 Feb 06
ABS	5368.0	International Trade in Goods and Services, December 2005	3 Feb 06
ABS	8501.0	Retail Trade, December 2005	3 Feb 06
ANZ		ANZ job ads, January 2006	6 Feb 06
ABS	3401.0	Overseas Arrivals and Departures, December 2005	7 Feb 06
Westpac/MI		Consumer Sentiment, February 2006	8 Feb 06
ABS	6202.0	Labour Force, January 2006	9 Feb 06
ABS	5609.0	Housing Finance, December 2005	10 Feb 06
Westpac/MI		Leading Index, February 2006	15 Feb 06
Sensis		Sensis Business Index, November quarter 2005	21 Feb 06
ABS	9314.0	Sales of New Motor Vehicles, January 2006	21 Feb 06
ABS	6345.0	Labour Price Index, December quarter 2005	22 Feb 06
ABS	8755.0	Construction Work Done, December quarter 2005	22 Feb 06
DEWRSB		Vacancy Report, February 2006	22 Feb 06
ABS	6302.0	Average Weekly Earnings, November quarter 2005	23 Feb 06
ABS	6416.0	House Price Index, December quarter 2005	24 Feb 06
ABS	5302.0	Balance of Payments, December quarter 2005	28 Feb 06
March 2006			
ABS	5206.0	State Final Demand, December quarter 2005	1 Mar 06
ABS	5206.0	Gross Domestic Product, December quarter 2005	1 Mar 06
ABS	8501.0	Retail Trade, January 2006	2 Mar 06
ABS	8731.0	Building Approvals, December 2005	2 Mar 06
ABS	5368.0	International Trade in Goods and Services, January 2006	3 Mar 06
ANZ		ANZ job ads, February 2006	6 Mar 06
ABS	3401.0	Overseas Arrivals and Departures, January 2006	7 Mar 06
Westpac/MI		Consumer Sentiment Index, March 2006	8 Mar 06
ABS	6202.0	Labour Force, February 2006	9 Mar 06
ABS	5609.0	Housing Finance, January 2006	10 Mar 06
Westpac/MI		Leading Index, March 2006	15 Mar 06
ABS	8750.0	Dwelling Commencements, December quarter 2005	21 Mar 06
ABS	3101.0	Population, September quarter 2005	21 Mar 06
ABS	9314.0	Sales of New Motor Vehicles, February 2006	22 Mar 06
DEWRSB		Vacancy Report, March 2006	22 Mar 06
ABS	8635.0	Tourist Accommodation, December quarter 2005	30 Mar 06
ABS	8501.0	Retail Trade, February 2006	31 Mar 06
ABS	8731.0	Building Approvals, January 2006	31 Mar 06

Consumer Price Index

Darwin's Consumer Price Index (CPI) increased by 0.5 per cent in the December quarter 2005, equal to national growth. Darwin's consumer inflation rate has strengthened over the past year, with annual inflation to December 2005 at 3.0 per cent compared to 2.8 per cent nationally. The more stable year on year measure of inflation increased to 2.6 per cent in Darwin and 2.7 per cent nationally.

Annual price movements at the national and Darwin level were broadly consistent, though noticeable differences existed in the quarterly movements. In the quarter, Darwin experienced stronger inflation in the 'housing' and 'transportation' categories, while nationally the largest contributor to quarterly inflation was in the 'food' category. As the chart shows, price changes in the 'food' category have been generally consistent over the last five years, however, food inflation in the eight capital cities is slightly higher than Darwin.

Producer Price Index

The producer price index (PPI) measures changes in input prices paid by both producers of commodities and providers of services. The PPI for preliminary, intermediate and final goods has a domestic and imported goods component. In the December quarter 2005 the PPI for final goods increased by 0.8 per cent, with the domestic and imported goods components increasing by 0.9 per cent and 0.1 per cent respectively.

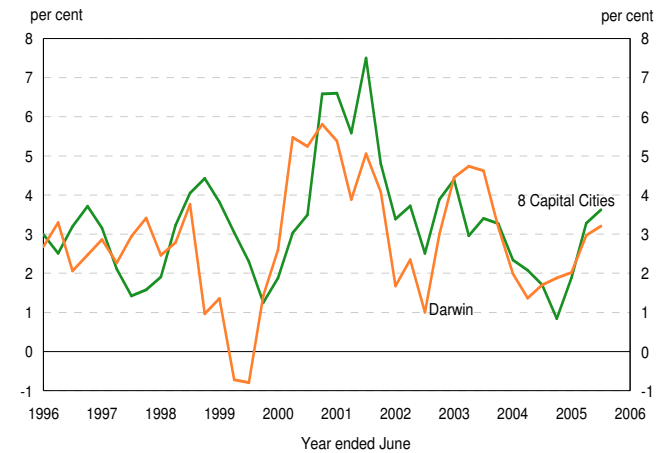
As the chart shows, the increase in the PPI in the quarter was driven by increased prices for domestic goods. In the year to the December quarter 2005, the PPI increased by 3.4 per cent, with domestic goods prices increasing by 4.3 per cent and imported goods prices decreasing by 2.0 per cent. Imported capital and consumer goods prices decreased by 4.2 per cent and 0.1 per cent respectively, attributable to the strong Australian dollar, while domestically produced consumer and capital goods prices increased over the same period.

Access Economics Forecasts

Access Economics in its December quarter 2005 *Business Outlook* forecasts that the Territory's Gross State Product (GSP) growth will average 4.4 per cent per annum in the five years to 2009-10, the highest growth rate of the jurisdictions (see chart). Access Economics suggests that "...times are great right now – the Territory is enjoying concurrent commodity price and housing price booms, making current conditions almost as good as you could get. And the forward indicators suggest further to come."

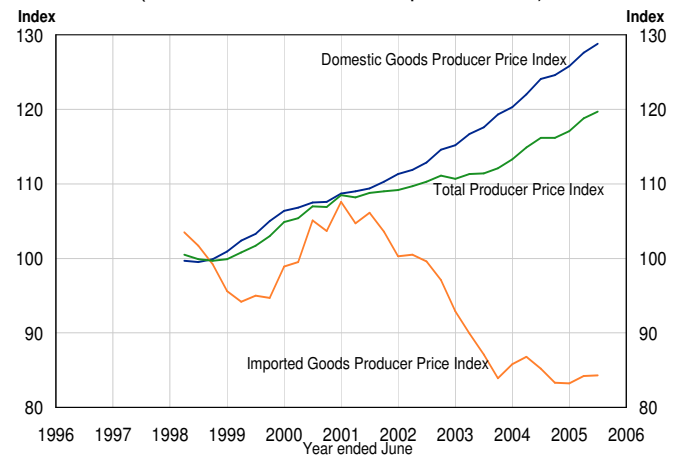
Access Economics also reports a positive outlook for Territory employment, forecasting average growth of 2.4 per cent per annum in the five years to 2009-10, the second highest growth rate of the jurisdictions, following Western Australia. In the five years to 2009-10 Access is forecasting Territory population growth of 1.7 per cent per annum, second highest of the jurisdictions and behind the growth rate of Queensland. Access notes that "Longer term the Territory has solid fundamentals – notably population growth now well ahead of the national average."

Food Inflation* (latest data – December quarter 2005)



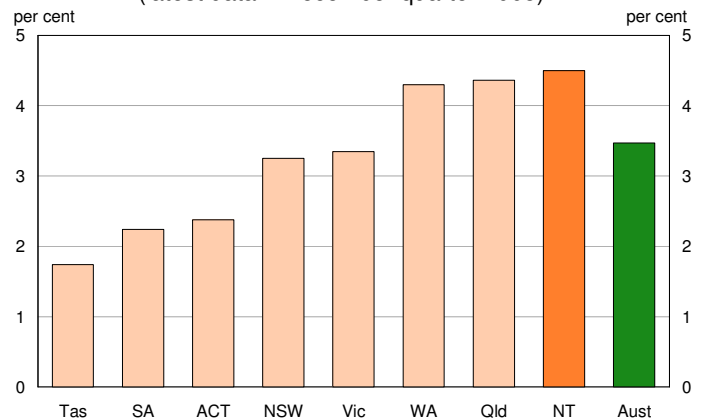
* annual percentage change in CPI of 'food' category
Source: ABS Cat. No. 5206.0

Producer Price Index (latest data – December quarter 2005)



Source: ABS Cat. No. 6427.0.0

Economic Growth, Five Years to 2009-10* (latest data – December quarter 2005)



* average annual percentage change
Source: Access Economics Five year Business Outlook, December Q 2005

Tourist Accommodation

September quarter 2005 tourist accommodation data report growth in tourism activity in the Territory compared to the corresponding period in 2004.

In the year to September 2005 accommodation takings and guest nights in the Territory increased by 11.2 and 5.2 per cent respectively, over the same period, occupancy rates increased by 3.3 percentage points. As the chart shows, growth in guest nights remains positive, but has eased from that reported in the previous two quarters, while takings growth has eased from that reported in the June quarter. By region, takings increased by 16.1 per cent in Darwin, by 3.5 per cent in Alice Springs and by 0.5 per cent in Katherine. Over the same period, guest nights increased by 8.7 per cent in Darwin, 3.4 per cent in Alice Springs while declining by 9.0 per cent in Katherine. For the 'Rest of the Territory', takings increased by 9.9 per cent while guest nights increased by 4.8 per cent.

Retail Turnover

Seasonally adjusted retail turnover in the Territory decreased by 1.5 per cent in November 2005, compared to a 0.1 per cent decrease nationally. Trend turnover, an estimate of underlying retail activity, decreased by 0.1 per cent in the Territory and was unchanged nationally. In the year to November 2005, retail turnover increased by 4.8 per cent in the Territory, the third highest growth of the jurisdictions, and higher than nationally.

The chart shows that in the year to November 2005, expenditure on 'food', at \$935.8 million, accounted for 46 per cent of retail turnover in the Territory. At \$370.4 million 'hospitality and services' expenditure was second, accounting for 18.3 per cent of total turnover. Expenditure on 'other retailing' (such as pharmaceutical, toiletry, jewellery, florist, cosmetic, nursery, and other goods) was \$302.0 million in the year to November 2005, accounting for 14.9 per cent of the total. Expenditure on 'household goods', 'clothing and soft goods' and 'recreational goods' totalled \$255.0, \$96.1 and \$70.5 million respectively, in the year to November 2005.

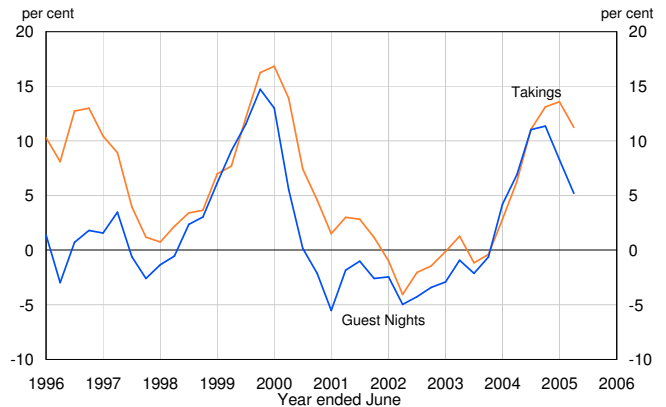
Consumer Sentiment

At the national level, consumer sentiment as reported by the Westpac-Melbourne Institute increased by 2.6 per cent in January 2006. Compared to January 2005 the index has decreased by 12.8 per cent and remains 4.4 per cent below its average level in 2005. The Westpac-Melbourne Institute note that the increase in the index in January 2006 was somewhat unexpected given the increase in petrol prices over the same period.

In its December quarter 2005 *Consumer Report*, Sensis reports that at 55 per cent, Territory households had the highest net balance, of all jurisdictions, of confidence with respect to their financial prospects. Territorians along with residents of Western Australia, were also the most likely to feel 'better off' than they had reported a year earlier. In particular, consumers identified 'earning more money' from work and investments, as the key reason for improved confidence.

Guest Nights and Takings*

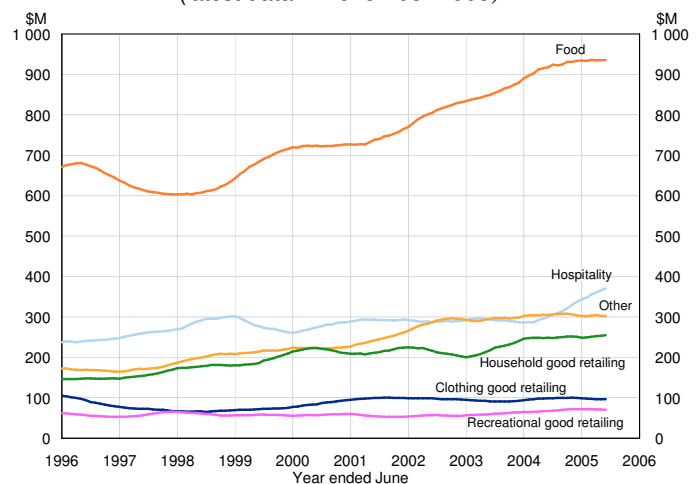
(latest data – September quarter 2005)



* year on year growth
Source: ABS Cat. No. 8635.0

Nominal Retail Turnover*

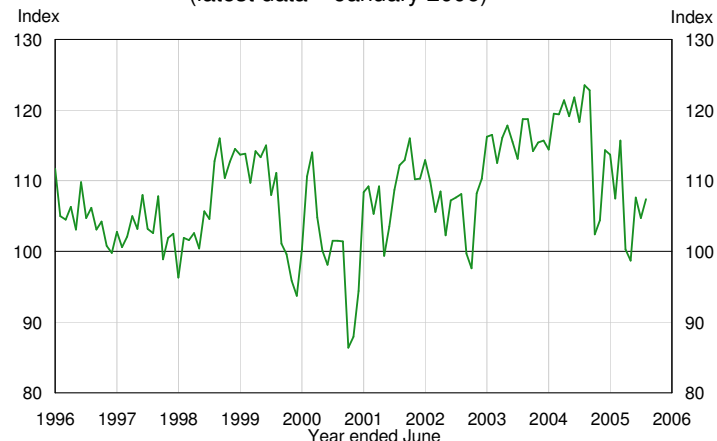
(latest data – November 2005)



* moving annual total, nominal expenditure
Source: ABS Cat. No. 8501.0

Consumer Sentiment

(latest data – January 2006)



Source: Westpac-Melbourne Institute

Motor Vehicle Sales

Territory seasonally adjusted new motor vehicle sales increased by 5.7 per cent in December 2005 to 761. Nationally, sales increased by 0.8 per cent in the month. Year on year growth, a more stable measure of activity, indicates that growth in Territory new motor vehicle sales is still solid at 7.1 per cent, but has moderated over 2005. At the national level growth in new motor vehicle sales was 3.3 per cent in calendar year 2005.

In 2005, the sale of 'utes and other light commercial vehicles, trucks and buses' continued to be the primary driver of growth in overall motor vehicle sales in the Territory, increasing to 2 915 vehicles and contributing 4.3 percentage points to growth. This was followed by passenger vehicles increasing to 4 653 and contributing 2.1 percentage points to growth and sports utility vehicles increasing to 1 956 and contributing 0.7 percentage points to growth.

Petrol Prices

In December 2005, fuel prices decreased across Australia. In Darwin prices fell by 7.2 cpl and the eight capital cities weighted average price fell by 2.2 cpl. Darwin recorded an average unleaded petrol price of 123.1 cpl, compared to 113.2 cpl for the eight capital cities weighted average. This represents a 9.9 cpl price differential between Darwin and the eight capital cities weighted average, a 5.0 cpl decrease from the record high recorded in November 2005. Compared to December 2004 petrol prices in Darwin have increased by 11.1 per cent, compared to a 16.3 per cent increase in the eight capital cities weighted average.

Crude oil prices rose in December 2005, increasing by 3.1 per cent, and averaging \$US57.51 a barrel. The recent rise in crude oil prices primarily reflects a colder than anticipated Northern hemisphere winter and the resulting decline in inventories.

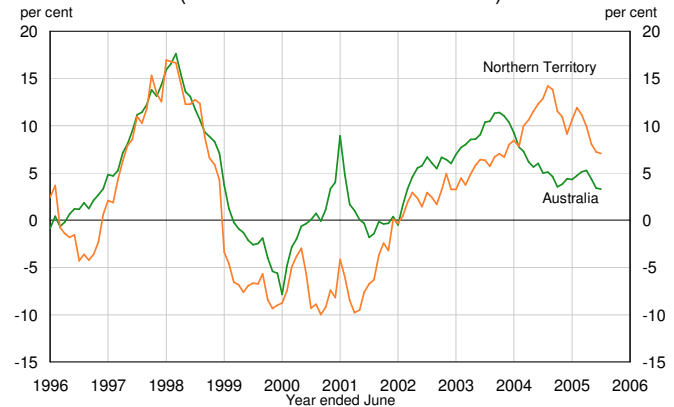
Housing Finance for Owner Occupation

In November, the number of seasonally adjusted owner-occupier housing finance commitments in the Territory increased by 4 to 742. Nationally, commitments increased by 0.4 per cent. In the year to November 2005 the number of Territory commitments increased by 1 525, or 26.1 per cent to 7 367, compared to 8.0 per cent increase nationally. Excluding refinancing, Territory commitments increased by 31.3 per cent compared to a 9.2 per cent increase nationally.

Of the 1 525 additional commitments in the Territory 1 213 were for the purchase of an established dwelling, 175 were for the construction and purchase of a new dwelling and there were an additional 137 refinancing commitments. Growth in the first homebuyer segment in the Territory has been solid, increasing by 36.3 per cent in the year to November 2005. As the chart shows finance commitments by first home buyers in the Territory account for a larger share of the market than nationally.

Motor Vehicle Sales*

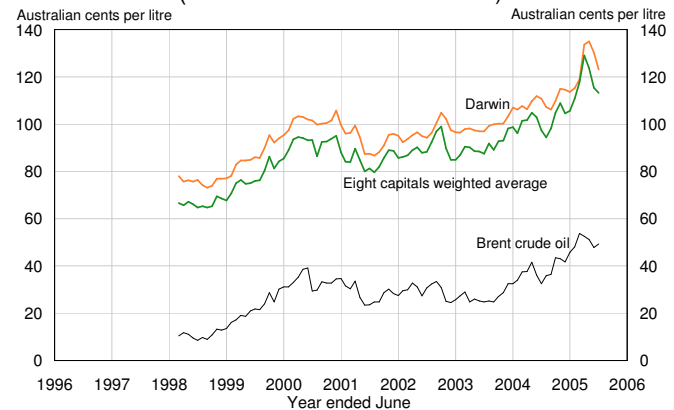
(latest data – December 2005)



* year on year percentage change
Source: ABS Cat. No. 9314.0.55.001

Petrol Prices

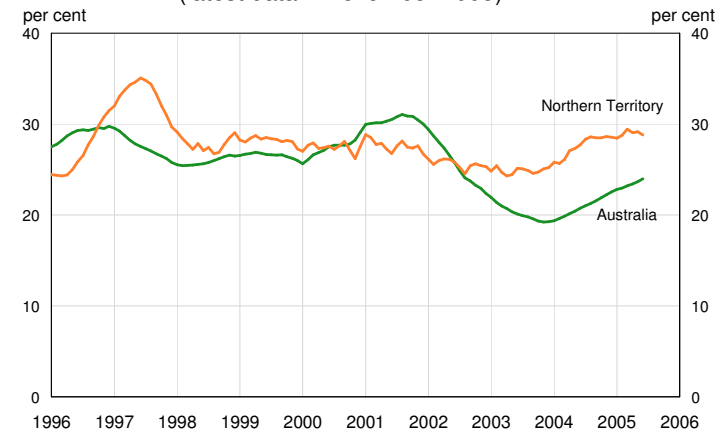
(latest data – December 2005)



Source: Australian Automobile Association, Reserve Bank of Australia and Oilenergy

First Home Owners as Share of Market*

(latest data – November 2005)



* percentage of moving annual total (excluding refinancing)
Source: ABS Cat. No. 5609.0

Residential Building Approvals

In original terms, residential building approvals in the Territory increased by 57 to 127 in November 2005. In trend terms, November approvals were unchanged at 115. In the year to November 2005, all jurisdictions, with the exception of Western Australia, recorded a decline in the number of residential building approvals, with the Territory reporting the smallest decline of 1.1 per cent, to 1 335 approvals in the year (see chart). Over the same period, the value of residential building approvals increased by 27.3 per cent to \$399.9 million, in the Territory.

In the Territory, private sector 'other residential' approvals increased by 51 (to 73) in November 2005, while private sector house approvals increased by 16 (to 54). Total public sector approvals decreased by 10 (to 0) in the month.

Building Work Done

In the September quarter 2005, the seasonally and inflation adjusted value of building activity in the Territory decreased by 4.7 per cent. Nonetheless, in the year to September 2005, activity increased by 22.1 per cent (to \$490.4 million). The Territory recorded the strongest growth of the jurisdictions in the year to September 2005, followed by Tasmania with growth of 13.3 per cent. At the national level, the value of building activity increased by 0.4 per cent in the year to September 2005.

Of the total building work done in the Territory in the year to September 2005, \$286.3 million (58 per cent) was in the residential market, and \$204.2 million (42 per cent) was attributable to non-residential activity. Of the residential building activity, 45 per cent (\$130 million) was for new houses, 38 per cent (\$107.8 million) for new 'other residential' and the remaining 17 per cent (\$48.4 million) was for alterations and additions.

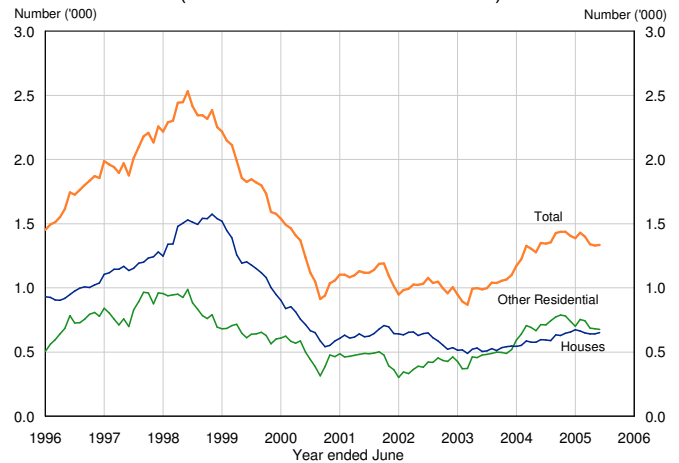
Engineering Work Done

In seasonally and inflation adjusted terms, engineering construction work done in the Territory decreased by 1.4 per cent in the September quarter, nonetheless, engineering work done increased by 15.9 per cent in the year to September 2005. While the current value of engineering construction work done is below the 2002 peak, it nevertheless remains at a very high level (see chart).

Engineering construction has been dominated by the private sector over the past five years, with the private sector accounting for 91 per cent, or \$1 613 million, of total work done in the year to September 2005. With work valued at \$1 484.5 million, 'heavy industry' was by far the dominant engineering category. The value of engineering work done for the public sector was \$175 million over the same time period, with 38 per cent of this activity on 'roads, highways and subdivisions' and 30 per cent in 'telecommunications'.

Residential Building Approvals*

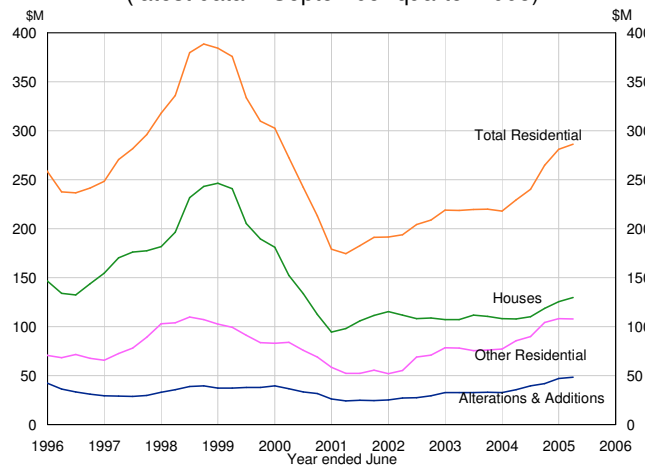
(latest data – November 2005)



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

Value of Building Work Done in the Territory*

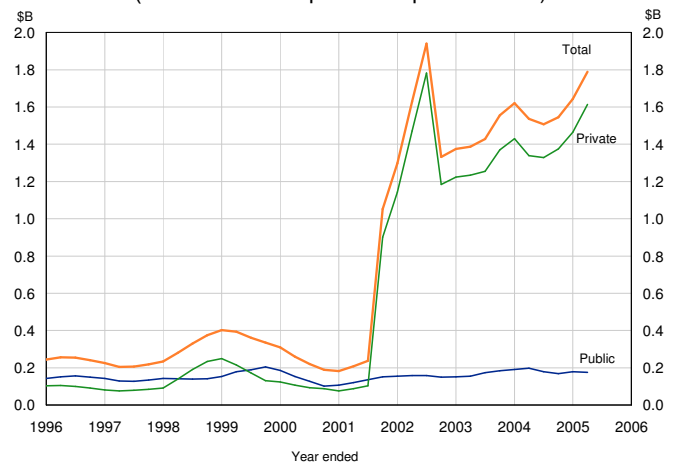
(latest data – September quarter 2005)



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

Engineering Work Done

(latest data – September quarter 2005)



* moving annual total
Source: ABS Cat. No. 6202.0

Total Construction Work Done

In seasonally and inflation adjusted terms, total construction work done in the Territory decreased by 5.0 per cent, to \$601.8 million, in the September quarter 2005. In the year to September 2005, the value of construction activity in the Territory increased by 17.2 per cent, the strongest growth of the jurisdictions.

At \$2.3 billion in the year to September 2005, the value of total construction activity remains at historically high levels. Current high levels of activity reflect the impact that major projects, such as the Bayu-Undan stage 2 subsea pipeline and LNG plant and the construction of the Alcan G3 refinery expansion at Gove, can have on the Territory economy. Work yet to be done in the Territory has retreated in the September quarter 2005, declining by 18.4 per cent. This is due to the completion of the construction phase of the Wickham Point LNG plant and progress at the Alcan G3 alumina refinery at Gove.

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, further reducing the confidence that users should place on the figures. Bearing this in mind, the ABS reports that trend employment increased by around 300 to 98 000 in December 2005. Nationally, seasonally adjusted employment increased by 2 100 in the month to be just over 10 million employed persons.

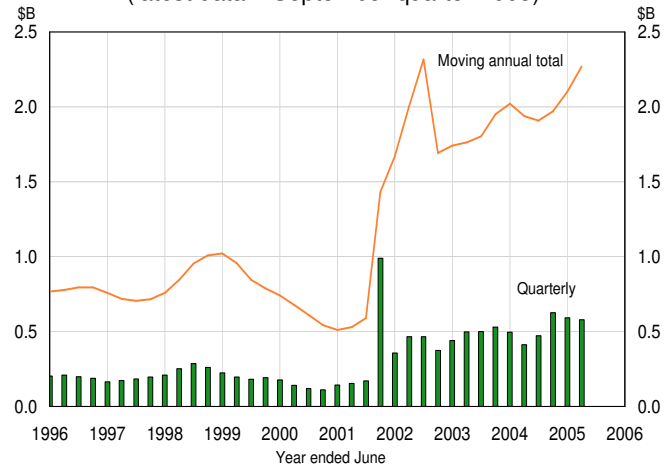
Trend employment in the Territory has increased quite sharply in the past six months (see chart), driven by the strength of employment as reported in original terms. Given the extreme seasonality in the Territory labour market, this recent growth is somewhat difficult to interpret, especially as it occurs over a period historically associated with falling employment.

Unemployment

The Territory's trend unemployment rate increased from 5.4 per cent in November to 5.8 per cent in December 2005. Compared to December 2004, the unemployment rate has fallen by 0.5 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).

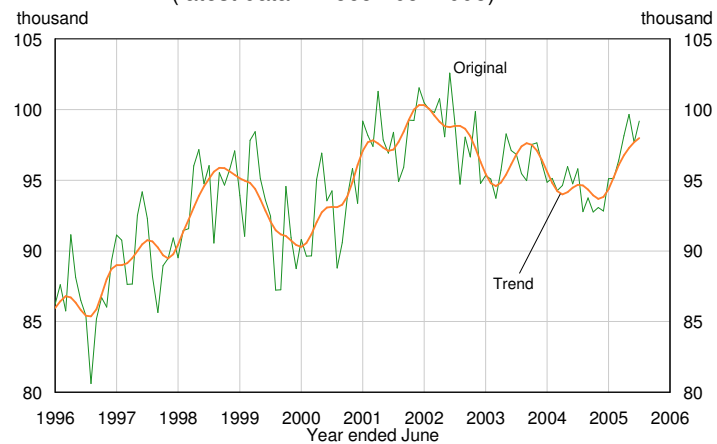
At the national level, the seasonally adjusted unemployment rate (the figure most commonly quoted in the media) remained constant at 5.1 per cent in December. The Territory's unemployment rate was reported as significantly higher than nationally in December 2004, and the highest of the jurisdictions. In the past year however, the Territory's unemployment rate has fallen below the national level and was the third lowest of the jurisdictions in September. However, the most recent data provided by the ABS has the Territory unemployment rate higher than nationally, and second highest of the jurisdictions, again reflecting the volatile nature of labour force data for the Territory.

Total Construction Work Done (latest data – September quarter 2005)



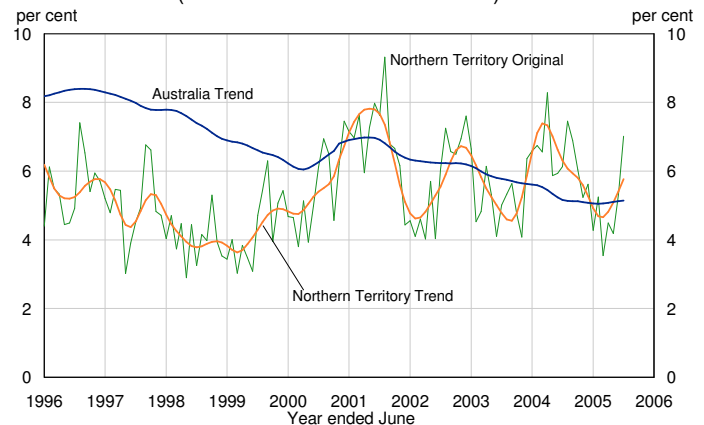
Source: : ABS Cat. No. 8762.0

Northern Territory Employment (latest data – December 2005)



Source: ABS Cat. No. 6202.0

Unemployment Rate (latest data – December 2005)



Source: ABS Cat. No. 6202.0

GLOSSARY

Consumer Price Index

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

Current Dollars

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

Dwelling Unit

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

Employed

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

Final Consumption Expenditure

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

Fixed Capital Formation

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

Goods and Services Tax

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

Gross Domestic Product

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

Gross State Product

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

Labour Force

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

Original Terms

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

Participation Rate

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

Business Investment

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

Real Dollars

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

Seasonally Adjusted Terms

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

State Final Demand

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

Trend Terms

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

Unemployed

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

Unemployment rate

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

Comparative Economic Indicators*

Indicator	Period	Measure	NT	NSW	Vic	Qld	SA	WA	Tas	ACT	Aus
Economic Growth											
Gross State/Domestic Product ^(a)	2004-05	% change	3.6	1.1	2.3	4.0	2.6	2.7	4.0	3.0	2.3
State Final Demand ^(a)	Year to September 05	% change	7.9	3.1	3.9	4.4	3.4	6.3	7.0	2.5	4.0
International Goods Exports	Year to November 05	% change	16.4	16.1	-2.5	34.1	2.1	21.9	10.5	n.a.	16.7
International Goods Imports	Year to November 05	% change	37.8	8.5	9.3	13.8	8.3	19.0	0.5	575.0	10.3
Demography											
Population	Jun-04 Qtr to Jun-05 Qtr	% change	1.5	0.8	1.2	2.0	0.6	1.6	0.6	0.3	1.2
Labour Market											
Employment (trend)	December 04 to December 05	% change	3.5	1.4	1.3	2.4	1.8	4.4	4.1	-0.6	2.0
Participation Rate (trend)	As at December 04	%	69.7	62.4	64.2	65.7	61.5	66.3	59.0	72.7	63.9
	As at December 05	%	70.1	62.9	64.2	66.0	62.0	67.7	61.5	71.3	64.3
Unemployment Rate (trend)	As at December 04	%	6.3	5.2	5.7	4.8	5.4	4.6	5.8	3.8	5.2
	As at December 05	%	5.8	5.4	5.5	4.9	5.0	4.0	6.8	3.3	5.1
ANZ Job Ads	Year to December 05	% change	12.9	-9.2	-10.3	-11.7	-1.6	12.8	4.9	6.7	-5.0
Prices and Wages											
Consumer Price Index	Dec 04 Q to Dec 05 Q	% change	3.0	2.5	2.7	2.8	2.7	4.0	2.9	3.1	2.8
	Year to Dec 05 Q	% change	2.6	2.5	2.5	2.7	2.5	3.8	3.3	2.6	2.7
Average Weekly Earnings (full-time adult total earnings)	As at August 05	\$	1102.8	1129.0	1057.5	1000.2	973.5	1089.5	938.0	1218.0	1069.5
Housing Sector											
Building Approvals (number)	Year to December 05	% change	1.6	-17.8	-7.8	-8.5	-0.8	5.8	-13.3	-30.9	-8.5
Housing Finance for Owner Occupation (number)	Year to October 05	% change	25.9	1.2	9.2	7.4	6.0	12.8	1.7	-2.9	6.4
Housing Affordability Indicator ^(b)	As at September 05 Qtr	Level	54.4	27.4	32.0	30.0	35.6	37.2	32.5	53.6	31.1
Consumer Spending											
Retail Trade (current \$)	Year to November 05	% change	4.8	2.2	2.8	3.3	1.5	5.4	5.6	2.6	2.9
New Motor Vehicle Sales (No.)	Year to December 05	% change	7.1	-0.2	2.5	6.6	1.8	11.0	3.1	3.6	3.3
Tourist Accommodation - Takings (current \$)	Year to September 05	% change	11.2	5.2	8.1	6.7	4.7	12.1	9.5	2.6	6.9

* original data unless otherwise stated

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

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

Note: Care should be taken in using monthly estimates for the Territory, in view of the small numbers and the volatile nature of the data. Although all due care has been exercised in the preparation of this material, no responsibility is accepted for any errors or omissions. For queries please contact Northern Territory Treasury, Economic and Social Analysis Unit, on (08) 8999 6801.