

# Territory Economic Review

June 2006

## 2006-07 Australian Government Budget: Impact on Territorians

### Income tax rates and thresholds

The cornerstone of the 2006-07 Australian government budget involved changes to both marginal income tax rates, and the income thresholds at which they become effective, as shown in table 1. These changes are estimated to be worth \$37 billion to Australians over the next four years. Table 2 shows the impact of these changes on the average Australian and Territorian. The amount of income tax payable has been calculated assuming no deductions or rebates, and as such represents the maximum that would be paid in income tax. As shown in table 2, the average Australian and Territorian will pay \$510 less in income tax in 2006-07 compared to 2005-06, this equates to \$9.81 per week. This is a very modest increase in weekly income which will largely be off-set by the 3 May decision by the Reserve Bank of Australia to raise interest rates, combined with the impact of higher fuel prices on family budgets.

### Family Tax Benefit

In addition to the modifications introduced to the income tax system, the federal treasurer announced changes to the family tax benefit (FTB) system. The income threshold at which the FTB starts to be withdrawn has been increased from \$33 361 to \$40 000, estimated to increase the average FTB by \$9.60 per fortnight.

### Estimated GST revenue

Of particular interest to the Territory is the estimated GST revenue for 2006-07 of \$39.1 billion, an increase of 6.3 per cent from 2005-06. This revenue is redistributed to the eight jurisdictions and accounts for around 80 per cent of Northern Territory revenue.

### Additional funding for Territory projects

The 2006-07 Australian government budget has provided \$30 million for the Victoria Highway upgrade, \$7.2 million for the Uluru-Kata Tjuta and Kakadu national parks, funds for programs designed to reduce illegal fishing in Australia's northern waters, \$40 million in defence spending to complete the Bradshaw Training facility and the Roberston Barracks and put in place scope for negotiations between the Australian and Territory governments regarding funding for an Oncology Unit at Royal Darwin Hospital.

Table 1

### Changes to Australian income tax rates and thresholds

From July 1 2005		From July 1 2006	
Taxable Income	Tax rate	Taxable Income	Tax rate
\$0 - \$6000	0%	\$0 - \$6000	0%
\$6001 - \$21 600	15%	\$6001 - \$25 000	15%
\$21 601 - \$63 000	30%	\$25 001 - \$75 000	30%
\$63 001 - \$95 000	42%	\$75 001 - \$150 000	40%
> \$95 000	47%	> \$150 000	45%

Source: Australian Treasury Budget 2006-07

Table 2

### Average income and average income tax liability: Australia and Northern Territory

	Australia	Northern Territory
Average annual gross income*	\$56 425	\$55 380
Income tax payable 2005-06	\$12 787	\$12 473
Income tax payable 2006-07	\$12 277	\$11 964
Tax savings per year	\$510	\$510
Tax savings per week	\$9.81	\$9.81

\* Australian Bureau of Statistics Cat. No. 6345.0, Average Weekly Earnings, March Quarter 2006  
Source: NT Treasury



# Territory Economic Review - June 2006

<b>Northern Territory State Final Demand and Gross State Product</b>									
Year ended June Percentage Change	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	Latest	Annual % change
<b>Expenditure on GSP (2003-04 prices)</b>									
Private Consumption	5.3	6.7	3.7	6.0	4.1	7.9	4.0	Dec Q 05	4.3
Public Consumption	4.8	5.4	0.0	0.4	2.6	2.4	4.1	Dec Q 05	2.5
<b>Total Consumption Expenditure</b>	<b>5.1</b>	<b>6.1</b>	<b>2.0</b>	<b>3.5</b>	<b>3.5</b>	<b>5.6</b>	<b>4.0</b>	Dec Q 05	<b>3.6</b>
Private Investment									
<i>Dwellings</i>	43.5	-25.3	-40.4	3.4	11.8	-2.4	24.7	Dec Q 05	34.9
<i>Other buildings and structures</i>	173.6	-58.9	-22.7	124.7	29.4	8.2	-3.3	Dec Q 05	12.1
<i>Machinery and equipment</i>	47.0	8.7	34.2	-1.6	1.4	3.6	-10.6	Dec Q 05	162.9
<i>Livestock</i>	112.5	-11.8	46.7	9.1	-54.2	145.5	0.0	Dec Q 05	-11.1
<i>Intangible fixed assets **</i>	-21.3	-17.6	-17.6	50.9	-42.1	-19.2	59.8	Dec Q 05	111.9
<i>Ownership transfer costs</i>	4.7	-7.8	-21.7	15.4	4.0	28.2	6.0	Dec Q 05	10.3
Business Investment <sup>††</sup>	89.0	-40.5	-0.7	52.0	7.9	7.7	-1.6	Dec Q 05	46.8
Total Private Investment	71.9	-36.8	-10.9	43.4	8.2	6.6	1.8	Dec Q 05	43.6
Public Investment	-34.3	43.6	46.1	18.9	-35.7	-0.2	30.2	Dec Q 05	3.0
<b>Total Investment</b>	<b>52.5</b>	<b>-30.4</b>	<b>-1.6</b>	<b>37.5</b>	<b>-0.9</b>	<b>5.7</b>	<b>5.5</b>	Dec Q 05	<b>37.0</b>
<b>State Final Demand</b>	<b>16.9</b>	<b>-6.0</b>	<b>1.3</b>	<b>11.5</b>	<b>2.2</b>	<b>5.6</b>	<b>4.4</b>	Dec Q 05	<b>12.7</b>
<b>State Final Demand less L-C and B-U<sup>##</sup></b>	<b>5.7</b>	<b>1.9</b>	<b>1.4</b>	<b>10.1</b>	<b>0.5</b>	<b>4.4</b>	<b>9.8</b>	Dec Q 05	<b>15.0</b>
International Trade - export of goods	-1.5	47.2	30.0	-22.6	-11.0	-23.8	-6.2	Dec Q 05	-10.3
International Trade - import of goods	-27.7	177.9	-62.0	15.3	29.9	4.1	107.5	Dec Q 05	-14.6
<b>Total Gross State Product</b>	<b>7.1</b>	<b>-0.4</b>	<b>5.2</b>	<b>1.2</b>	<b>0.1</b>	<b>0.2</b>	<b>3.6</b>	Dec Q 05	<b>3.6</b>
<b>Contribution to GSP Growth</b>									
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	
<b>State Final Demand</b>	<b>17.7</b>	<b>-6.8</b>	<b>1.5</b>	<b>11.9</b>	<b>2.5</b>	<b>6.5</b>	<b>5.2</b>	<b>n.a</b>	
<b>Net International Exports</b>	<b>1.8</b>	<b>2.8</b>	<b>21.3</b>	<b>-10.0</b>	<b>-6.7</b>	<b>-7.9</b>	<b>-12.0</b>	<b>n.a</b>	
Balancing item	-12.5	3.7	-17.6	-0.7	4.3	1.6	10.4	n.a	
<b>Gross State Product</b>	<b>7.1</b>	<b>-0.4</b>	<b>5.2</b>	<b>1.2</b>	<b>0.1</b>	<b>0.2</b>	<b>3.6</b>	<b>n.a</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-Corallina oilfields and Bayu-Undan Stage 1 and Stage 2 pipeline  
 Source: NT Treasury, Australian Bureau of Statistics data

<b>Latest Northern Territory Economic Indicators</b>									
Year ended June Percentage Change*	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	Mar Q 06	0.6
New Motor Vehicle Sales	-3.4	-8.8	-4.2	-0.3	3.3	8.4	10.7	Apr Q 06	-4.6
Tourist Accommodation Takings	7.0	16.8	1.5	-1.0	-0.1	2.8	13.6	Dec Q 05	1.2
Number of Dwellings Approved	0.0	-30.6	-28.4	-13.8	0.0	23.4	18.4	Mar Q 06	-5.1
Number of Dwellings Commenced	-9.7	-21.1	-34.0	0.1	-4.1	6.0	29.1	Dec Q 05	-0.5
Employment	5.3	-2.3	1.1	5.4	-0.1	-2.2	-2.0	Apr Q 06	4.5
Unemployment rate	4.0	4.4	5.6	6.8	5.8	5.2	6.3	Apr Q 06	0.5ppt
Darwin Consumer Price Index (year average) <sup>##</sup>	0.7	0.7	3.9	3.6	2.2	2.1	1.6	Mar Q 06	3.4
AWOTE <sup>#</sup> (year average)	3.1	4.6	3.7	2.3	5.0	6.5	7.0	Mar Q 06	1.4
Wage Price index (year average)	2.8	2.5	2.8	3.1	3.0	3.3	3.7	Mar Q 06	3.9
Population, December (levels - thousands) <sup>##</sup>	191.3	194.3	196.3	198.0	198.2	198.7	200.8	Sep Q 05	203.7
Population (annual % change) <sup>##</sup>	1.6	1.6	1.0	0.9	0.1	0.3	1.1	Sep Q 05	1.7
Net Interstate Migration (levels - number) <sup>##</sup>	-688	-817	-1621	-2049	-3069	-2895	-1097	Sep Q 05	56

\* 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

<b>Financial Indicators</b>									
Year Ended June	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	Latest	Level
<b>Interest Rates</b>									
90 Day Bank Bill (as at 30 June)	4.92	6.17	5.02	5.11	4.67	5.50	5.66	31 May 06	5.89
10 Year Govt Bond Yield (as at 30 June)	6.27	6.16	6.04	5.99	5.01	5.87	5.11	31 May 06	5.71
<b>Exchange Rates</b>									
US\$ per A\$ (year average)	0.63	0.63	0.54	0.52	0.58	0.71	0.75	31 May 06	0.75
US\$ per A\$ (as at 30 June)	0.66	0.60	0.51	0.56	0.67	0.69	0.76	31 May 06	0.76
Special Drawing Rights <sup>*</sup> per A\$ (as at 30 June)	0.49	0.45	0.41	0.43	0.47	0.47	0.52	31 May 06	0.51
Trade Weighted Index of A\$ (as at 30 June)	58.40	53.60	49.80	52.30	58.98	59.06	64.50	31 May 06	63.25

\* 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

<b>June 2006</b>			
ABS	3401.0	Overseas Arrivals and Departures, April 2006	01-Jun-06
ABS	5625.0	Private New Capital Expenditure, March Quarter 2006	01-Jun-06
ABS	3101.0	Australian Demographic Statistics, Dec 2005	02-Jun-06
ABS	5676.0	Business Indicators, March Quarter 2006	05-Jun-06
ANZ		ANZ job ads, May 2006	05-Jun-06
Sensis		Sensis Business Index, May quarter 2006	06-Jun-06
ABS	5302.0	Balance of Payments, March Quarter 2006	06-Jun-06
ABS	5609.0	Housing Finance, April 2006	06-Jun-06
ABS	5206.0	National Accounts, March Quarter 2006	07-Jun-06
ABS	6202.0	Labour Force, May 2006	08-Jun-06
ABS	5671.0	Lending Finance, April 2006	09-Jun-06
ABS	8412.0	Mineral and Petroleum Exploration March 2006	14-Jun-06
Westpac-MI		Consumer Sentiment Index, June 2006	17-Jun-06
DEWRSB		Vacancy Report, June 2006	21-Jun-06
Westpac-MI		Leading Index, June 2006	21-Jun-06
ABS	8750.0	Dwelling Commencements, Preliminary, March Quarter 2006	22-Jun-06
ABS	9314.0	Sales of New Motor Vehicles, May 2006	22-Jun-06
ABS	6354.0	Job Vacancies, May Quarter 2006	29-Jun-06
ABS	8635.0	Tourist Accommodation, March 2006	30-Jun-06
<b>July 2006</b>			
ABS	8501.0	Retail Trade, May 2006	03-Jul-06
ABS	8731.0	Building Approvals, May 2006	03-Jul-06
ABS	5368.0	International Trade in Goods and Services, May 2006	04-Jul-06
ABS	3401.0	Overseas Arrivals and Departures, May 2006	06-Jul-06
ANZ		ANZ job ads series, June 2006	10-Jul-06
ABS	5609.0	Housing Finance, May 2006	11-Jul-06
Westpac- MI		Consumer Sentiment Index July 2006	12-Jul-06
ABS	5671.0	Lending Finance, May 2006	12-Jul-06
ABS	6202.0	Labour Force, June 2006	13-Jul-06
ABS	8762.0	Engineering Activity, March quarter 2006	18-Jul-06
ABS	8752.0	Building Activity, March quarter 2006	19-Jul-06
ABS	8782.0	Construction Activity, March quarter 2006	19-Jul-06
DEWRSB		Vacancy Report, July 2006	19-Jul-06
Westpac-MI		Leading Index, July 2006	19-Jul-06
ABS	6457.0	International Trade Price Indexes, June Quarter 2006	21-Jul-06
ABS	9314.0	Sales of New Motor Vehicles, June 2006	21-Jul-06
ABS	6427.0	Producer Price Indexes, June Quarter 2006	24-Jul-06
ABS	6401.0	Consumer Price Index, June Quarter 2006	26-Jul-06
Access		Access Economics Five Year Business Outlook	31-Jul-06

### Labour Price Index / Average Weekly Earnings

The Territory labour price index (LPI) increased by 0.7 per cent in the March quarter 2006, below the national increase of 1.0 per cent. In year on year terms, a more stable measure of growth, the Territory LPI increased by 4.4 per cent, above the increase of 4.1 per cent nationally. In the Territory the public sector component of the LPI increased by 4.9 per cent in the year to March 2006, compared to private sector growth of 4.0 per cent (see chart). The LPI measures the change in the cost of employing a standard 'basket' of jobs in each jurisdiction in Australia.

Year on year growth in Territory average weekly full time adult earnings (AWE), which includes overtime and bonuses, moderated to 6.3 per cent in the March quarter 2006, remaining stronger than the 5.3 per cent increase nationally. The relative strength in Territory AWE growth reflects in part the different composition of the Territory labour market when compared to the national labour market, with a larger emphasis on mining, and government administration, and substantial growth in the construction industry in recent years.

### Private New Capital Expenditure

In 2005 private new capital expenditure increased by 34.3 per cent (to \$2.26 billion) in the Territory (see chart). Private new capital expenditure for 'buildings and structures' increased by 30.2 per cent (to \$1.83 billion) while expenditure for 'equipment plant and machinery' increased by 54.4 per cent (to \$437 million). The expenditure on the pre-assembled modules (PAMs) for the Alcan G3 expansion at Gove are included in the 'buildings and structures' category of new capital expenditure, along with work on the preparation, construction and expansion of production capability for mine developments, such as the new manganese mine at Bootu Creek.

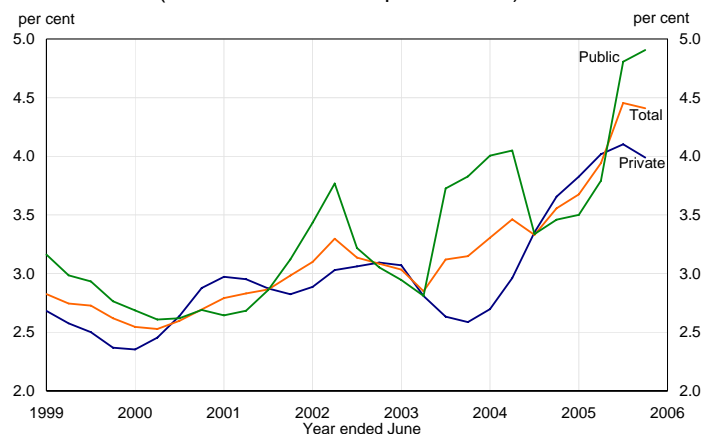
At the national level, in 2005 total capital expenditure on 'buildings and structures' was \$23.3 billion and \$41.2 billion on 'equipment, plant and machinery'. Territory capital expenditure in 2005 accounted for 7.8 and 1.1 per cent of these totals respectively.

### Commodity Price Index

The Reserve Bank of Australia (RBA) reports monthly on Australia's commodity price index. The index is measured in units of 'special drawing rights' (SDR), which is an international reserve asset, created by the International Monetary Fund (IMF), the value of which is based on a basket of international currencies. In the year to April 2006 the total commodity price index has increased by an historic 31.7 per cent, of which 22.5 percentage points is attributable to growth in prices of non-rural commodities and 9.2 percentage points to growth in rural commodity prices.

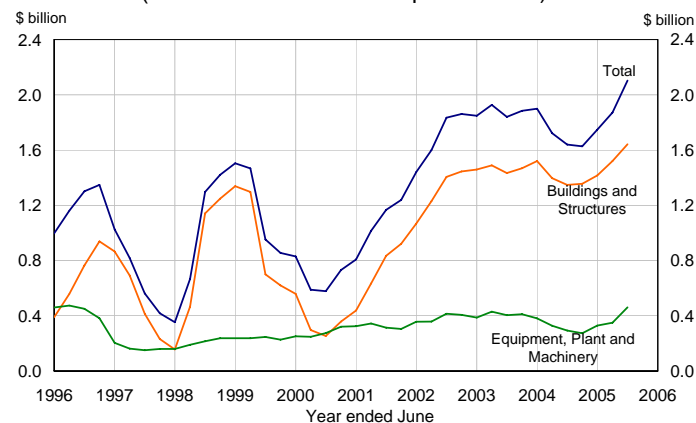
The non-rural category, which comprises 71 per cent of the commodity price index, is about four-fifths 'other resources' and one-fifth 'base metals'. Of significance to the Northern Territory is the increases in prices of zinc and lead (included in 'base metals'), and increases in prices of gold (mined primarily in the Tanami and Tennant Creek area), alumina (from Alcan) and LNG from Wickham Point, each included in the 'other resources' category.

### Northern Territory Labour Price Index\* (latest data – March quarter 2006)



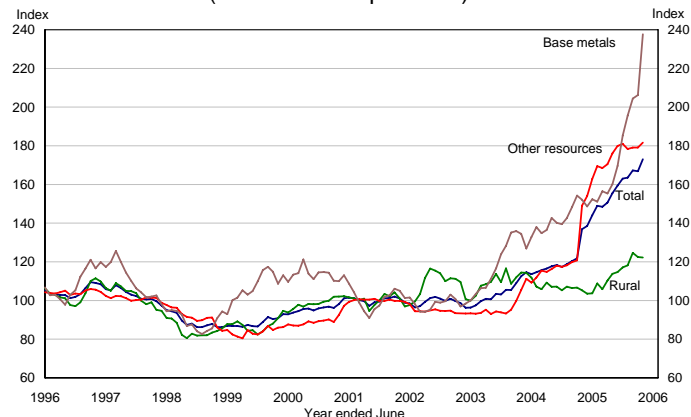
\* year on year percentage change  
Source: ABS Cat. Nos. 6345.0, 6302.0

### Private New Capital Expenditure\* (latest data – December quarter 2005)



\* moving annual total  
Source: ABS Cat. No. 5625.0

### Commodity Price Index\* (latest data – April 2006)



\* Index measured in Special Drawing Rights, 2001-02 = 100  
Source: Reserve Bank of Australia, NT Treasury

**Retail Turnover**

Seasonally adjusted retail turnover in the Territory decreased by 0.4 per cent in March 2006, compared to a 0.3 per cent increase nationally. In the year to March 2006, retail turnover increased by 3.6 per cent in the Territory, the fifth highest growth of the jurisdictions, and higher than nationally. While still exhibiting positive growth, this represents the twelfth consecutive month of moderation.

Total retail expenditure is divided, by the Australian Bureau of Statistics, into six broad categories (see chart). In the year to March 2006 growth was driven by expenditure in the 'hospitality and services' category, which includes hotels, pubs, clubs, taverns, restaurants, cafes, hair salons, beauty stores and video hire, and which contributed 3.4 percentage points to growth. The only other category to contribute significantly to growth was 'household goods' which includes expenditure on furniture and floor coverings, domestic hardware, appliances and recorded music.

**Sales of New Motor Vehicles**

Territory seasonally adjusted new motor vehicle sales decreased by 2.0 per cent in April 2006 to 753. Nationally, sales increased by 0.5 per cent in the month. In the year to April 2006 Territory new motor vehicle sales increased by 4.4 per cent, continuing to moderate from the record growth reported in 2005. At the national level sales of new motor vehicle sales increased 0.7 per cent in the year.

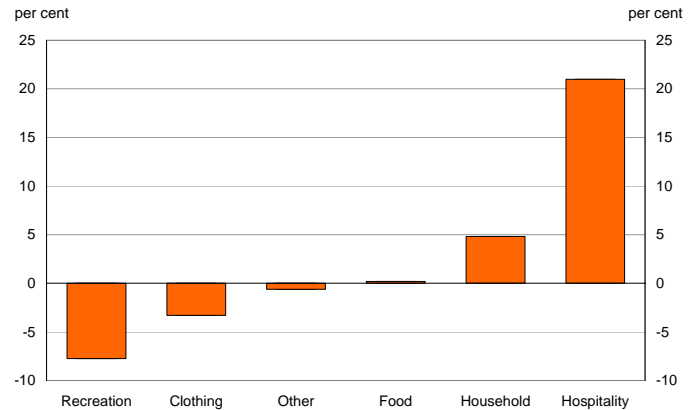
In the year to April 2006, the sale of 'utes and other light commercial vehicles, trucks and buses' continued to be the primary driver of growth in motor vehicle sales in the Territory, increasing by 22.4 per cent (to 3 107) and contributing 6.3 percentage points to growth (see chart). In contrast sales of sports utility vehicles (SUV's) continued to decline, decreasing by 7.1 per cent in the year, and subtracting 1.6 percentage points from growth. In the year to April 2006, the sale of passenger vehicles decreased by 0.6 per cent, the first decrease since November 2002.

**Petrol Prices**

In April 2006, fuel prices increased by 6.1 cpl in Darwin while the eight capital cities weighted average price increased by 10.1 cpl. Darwin recorded an average unleaded petrol price of 134.7 cpl, compared to 129.9 cpl for the eight capital cities weighted average. This represents a 4.8 cpl price differential between Darwin and the eight capital cities weighted average, a significant narrowing of the price differential from previous months. Compared to April 2005 petrol prices in Darwin have increased by 17.2 per cent, compared to a 19.4 per cent increase in the eight capital cities weighted average.

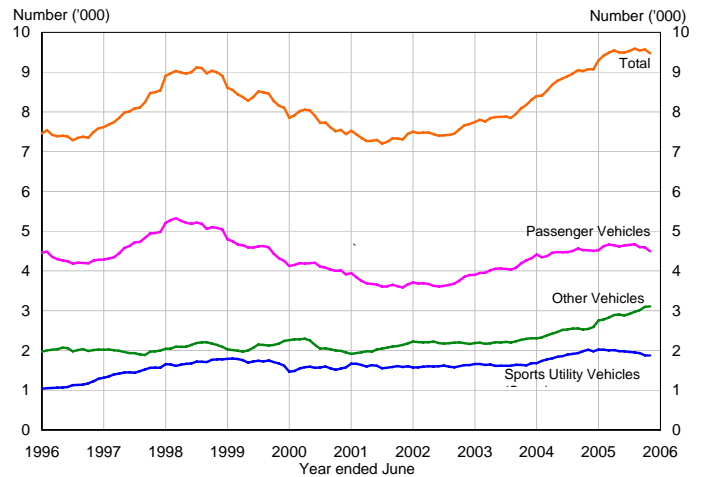
In \$US terms, crude oil prices increased by a very substantial 11.5 per cent in April 2006 averaging \$US70.23 a barrel. The recent rise in crude oil prices reflects the combination of strong global demand, limited spare production capacity and continuing uncertainty in the relationship between the United States and Iran, as well as instability in Nigeria, the world's eighth largest oil exporter.

**Retail Turnover\***  
(latest data – March 2006)



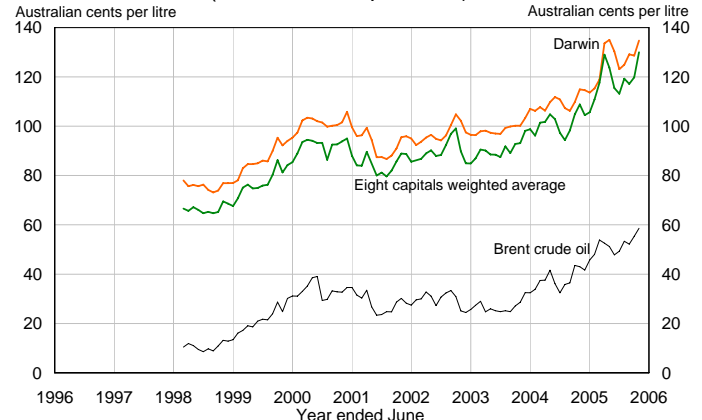
\* year on year percentage change  
Source: ABS Cat. No. 8501.0

**Motor Vehicle Sales\***  
(latest data – April 2006)



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

**Petrol Prices**  
(latest data – April 2006)



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

## Overseas Arrivals and Departures

In seasonally adjusted terms, both short-term arrivals to, and short-term departures from Australia, decreased by 1.0 per cent in March 2006. In comparison to March 2005, overseas departures have decreased by 4.5 per cent while overseas arrivals have decreased by 5.7 per cent.

However in year on year terms, a more stable measure of growth, arrivals increased by 1.5 per cent in the year to March 2006, and short term departures by Australian residents, to overseas destinations, increased by 6.0 per cent (see chart).

The relatively stronger growth in departures may reflect the strength of the Australian dollar over the year to March 2006, where it has averaged \$US0.75, improving the affordability of overseas vacations for Australian residents, while at the same time decreasing the affordability of Australia as a destination for overseas residents.

## Consumer Sentiment

At the national level, consumer sentiment, as reported by the Westpac-Melbourne Institute, decreased by 6.0 per cent, from 110.7 in April to 104.1 in May 2006, the first decrease in sentiment for calendar year 2006. Compared to May 2005, the index has decreased by 8.8 per cent. The May 2006 Consumer Sentiment survey was conducted after the announcement by the Reserve Bank of Australia, on 3 May, of the 25 basis point increase in the cash rate, and after the federal budget was bought down on 9 May 2006.

The Westpac-Melbourne Institute report that consumers were reacting to the double impact of high petrol prices and increased interest rates, which appear to have offset the favourable impact that tax cuts would be expected to have on consumer sentiment. For example, consumer confidence regarding the best time to purchase a major household item, decreased by 12.3 per cent in the May 2006 survey.

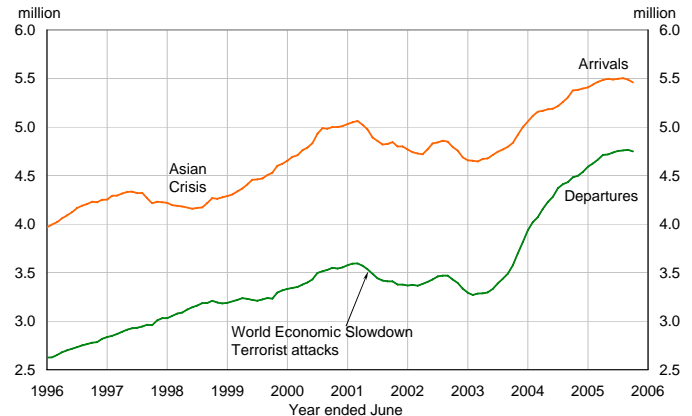
## REINT Vacancy Rates in Darwin

In this decade, vacancy rates in Darwin peaked in December 2001, at 14.9 per cent for units and 7.3 per cent for houses (see chart). Since December 2001, vacancy rates in Darwin for both houses and units have been declining. In the March quarter 2006 the Real Estate Institute of the Northern Territory (REINT) report vacancy rates of just 2.1 per cent for houses and 3.7 per cent for units. While low, the latest vacancy rates represent a modest rebound from the historic low of 1 per cent reported for houses in the September quarter 2005, and 1.6 per cent reported for units in the June quarter 2005.

The REINT also report that in the March quarter 2006 there were 405 house sales in Darwin 'overall', of which 22 were in 'inner' Darwin, 205 were in the northern suburbs and 178 were in the city of Palmerston. The median prices reported for the March quarter 2006 were \$582 500 in inner Darwin, \$350 000 in the northern suburbs and \$305 500 in the city of Palmerston.

## Overseas Arrivals and Departures\*

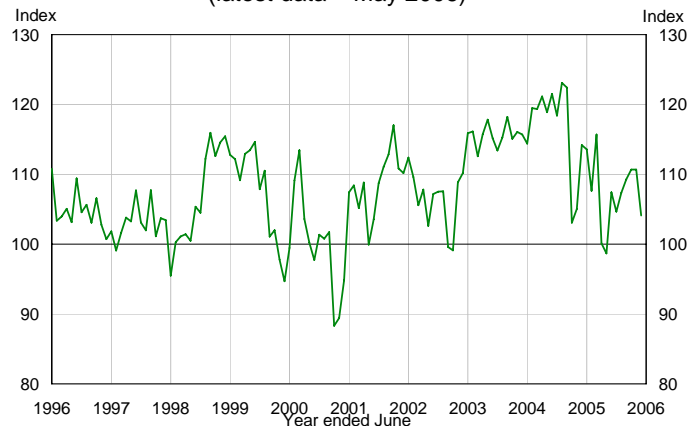
(latest data – March 2006)



\* moving annual total  
Source: ABS Cat. Nos. 3401.0

## Consumer Confidence

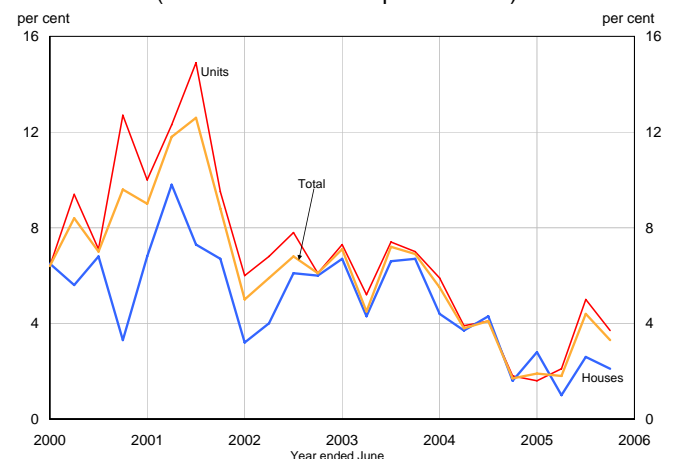
(latest data – May 2006)



Source: Westpac-Melbourne Institute, Consumer Sentiment Index

## Vacancy Rates for Houses and Units in Darwin

(latest data – March quarter 2006)



Source: Source: Real Estate Institute of the Northern Territory

## Residential Building Approvals

In the Territory, residential building approvals increased by 79 to 163 (in original terms) in March 2006, with private sector approvals accounting for all of the increase. Of the total number of approvals in the month, one was for a new house, 25 were for 'other residential' and 54 approvals were for 'alterations and additions'. There were zero approvals for 'conversions' and a decrease by one, in approvals for 'residential building in a non-residential facility' (such as a care-taker or park-ranger dwelling).

In the year to March 2006, 96 per cent, or 1 291 of the 1 349 residential building approvals in the Territory were by the private sector. As the chart shows, of the 1 291 private sector approvals, 667 or 52 per cent were for 'houses' and 566 or 44 per cent were for 'other residential'. The remaining 58 private sector residential approvals were predominantly for 'alterations and additions' with zero conversions in the year, and two approvals for residential dwellings in non-residential facilities.

## Housing Finance for Owner Occupation

In March 2006, the number of seasonally adjusted owner-occupier housing finance commitments in the Territory decreased by 30 to 673. Nationally, commitments increased by 0.7 per cent. In the year to March 2006 the number of Territory commitments increased by 1 678, or 27 per cent to 7 903, compared to an 11.4 per cent increase nationally. Of the 1 678 total commitments in the Territory in the year to March 2006, 1 194 were for the purchase of an established dwelling, 164 were for the construction and purchase of a new dwelling and there were an additional 320 refinancing commitments.

Housing finance commitments by first home-owners account for about one-third of commitments in the Territory. As the chart shows, the number of monthly housing finance commitments by first home-owners is volatile in the Territory (and nationally), but in both cases are showing positive momentum. In Australia there were 12 244 commitments by first home-owners in March 2006, compared to 167 in the Territory.

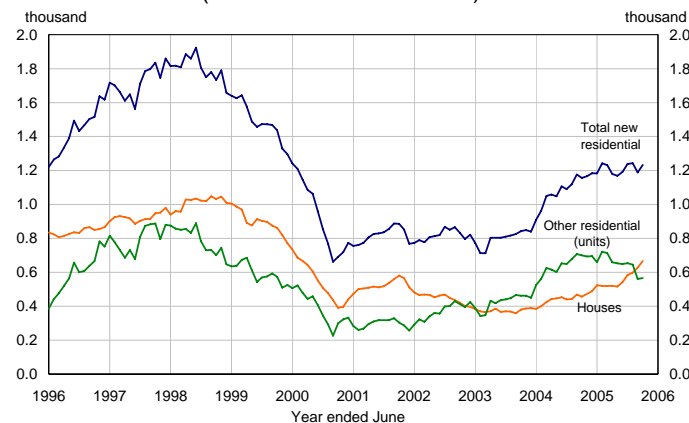
## House Price Index

The ABS house price index (HPI) measures the growth in prices of established homes, across capital cities and nationally. In the March quarter 2006 prices of established houses increased by 3.0 per cent in Darwin, the third highest quarterly growth rate of the jurisdictions and lower than both Perth and Hobart. Compared to the March quarter 2005, prices of established homes have increased 17.4 per cent in Darwin, the second highest annual growth rate of the jurisdictions, and behind the 28.8 per cent annual growth rate in Perth (see chart). Sydney was the only capital city to report a decrease in the index.

The ABS also reports on price growth associated with the construction of new homes (excluding land value), and reports an increase of 3.2 percent for Darwin in the March quarter 2006. Annually the price of constructing a new home in Darwin increased by 9.9 per cent, significantly higher than the 3.1 per cent growth reported nationally.

## Private Residential Building Approvals\*

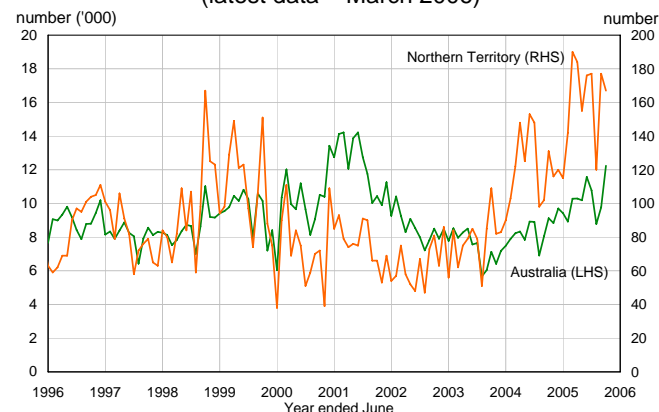
(latest data – March 2006)



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

## Finance Commitments by First Home Buyers\*

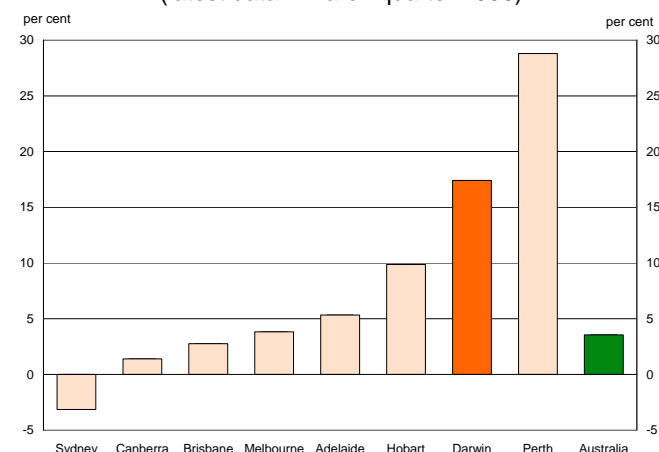
(latest data – March 2006)



\* dwellings financed per month, original data  
Source: ABS Cat. No. 5609.0

## House Price Index\*

(latest data – March quarter 2006)



\* annual percentage change  
Source ABS Cat. No. 6416.0

## 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. Bearing this in mind, the ABS reports that trend employment increased by around 100 to 97 900 in April 2006. Nationally, seasonally adjusted employment decreased by 3 200 in the month to around 10.1 million employed persons.

A comparison of Territory resident employment in April 2006 with employment in April 2005 shows an increase of 4.5 per cent, the highest annual growth rate of the jurisdictions. In year on year terms, a more stable measure of growth, employment has increased by 2.4 per cent, the highest growth rate in the Territory since February 2003.

## Unemployment

The Territory's trend unemployment rate was unchanged at 6.6 per cent in April 2006. Compared to April 2005, the unemployment rate has increased by 1.0 percentage point. 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).

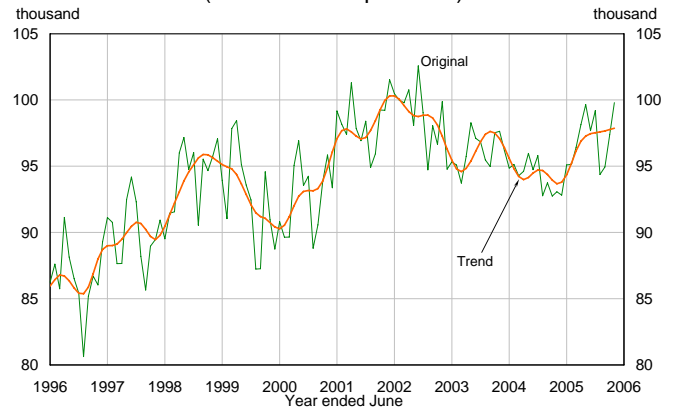
At the national level, the seasonally adjusted unemployment rate (the figure most commonly quoted in the media) increased to 5.1 per cent in April 2006. Indicative of the volatility in reported Territory labour force figures, the Territory's unemployment rate was below the national rate and was the third lowest of the jurisdictions in September 2005. However, seven months later the Territory's unemployment rate is both significantly higher than nationally and the highest of the jurisdictions, once again reflecting the volatile nature of labour force data for the Territory.

## International Trade

Territory merchandise exports increased by 14.2 per cent in the year to March 2006 as higher crude oil and commodity prices offset weaker production from the Laminaria-Corallina oilfields. Exports were also boosted by the sale of liquefied natural gas (LNG) from the Wickham Point plant. Over the same period, the value of merchandise imports to the Territory increased by 21.7 per cent, mainly attributable to aircraft imports to Australia where the Territory was recorded as the 'port of entry' for customs purposes. This is primarily a fleet of 20 new Airbus A-320's imported from France, by Jetstar.

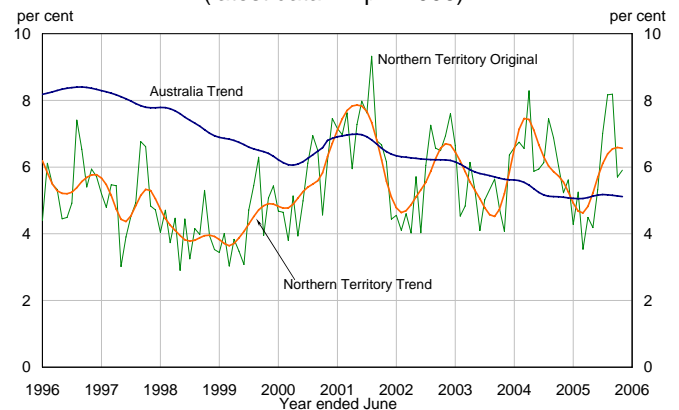
The Territory's goods trade balance decreased by 136 per cent (\$136 million) in the year to March 2006, to a deficit of \$36 million (see chart). This is only the second time the Territory has reported a trade deficit (over a twelve month period), the last time being in late 1999 which was attributable to the importation of the *Northern Endeavour*, an off-shore floating production storage facility for the Lamanaria-Corrallina oil fields.

**Territory Employment**  
(latest data – April 2006)



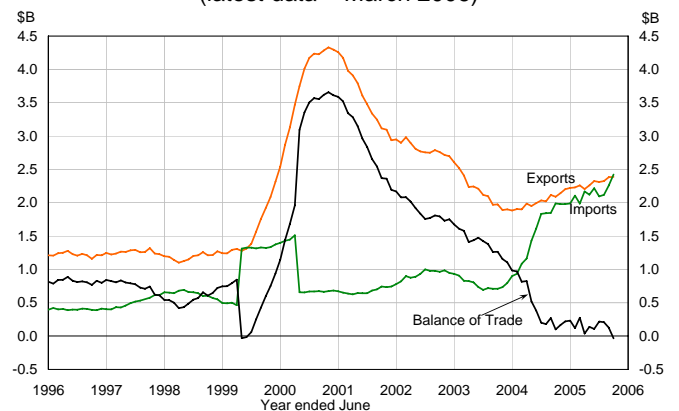
Source: ABS Cat. Nos. 6202.0

**Territory Unemployment**  
(latest data – April 2006)



Source: ABS Cat. Nos. 6202.0

**Territory Merchandise Trade Balance\***  
(latest data – March 2006)



\* moving annual total  
Source: ABS Cat. Nos. 5368.0

## GLOSSARY

### Consumer Price Index

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

### Current Dollars

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

### Dwelling Unit

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

### Employed

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

### Final Consumption Expenditure

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

### Fixed Capital Formation

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

### Goods and Services Tax

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

### Gross Domestic Product

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

### Gross State Product

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

### Labour Force

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

### Original Terms

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

### Participation Rate

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

### Business Investment

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

### Real Dollars

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

### Seasonally Adjusted Terms

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

### State Final Demand

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

### Trend Terms

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

### Unemployed

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

### Unemployment rate

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

## Comparative Economic Indicators\*

Indicator	Period	Measure	NT	NSW	Vic	Qld	SA	WA	Tas	ACT	Aus
<b>Economic Growth</b>											
Gross State/Domestic Product <sup>(a)</sup>	2004-05	% change	3.6	1.1	2.3	4.0	2.6	2.7	4.0	3.0	2.3
State Final Demand <sup>(a)</sup>	Year to December 05	% change	10.8	2.8	3.5	5.2	3.0	7.6	6.2	2.3	4.1
International Goods Exports	Year to March 06	% change	14.2	15.3	0.3	39.8	7.5	25.3	10.1	n.a.	20.1
International Goods Imports	Year to March 06	% change	21.7	7.1	9.6	15.3	9.7	25.5	-11.7	-72.0	11.3
<b>Demography</b>											
Population	Sep-04 Qtr to Sep-05 Qtr	% change	1.7	0.8	1.2	1.9	0.6	1.7	0.6	0.5	1.2
<b>Labour Market</b>											
Employment (trend)	April 05 to April 06	% change	4.5	0.6	1.2	1.4	0.7	2.9	2.5	0.9	1.2
Participation Rate (trend)	As at April 05	%	68.0	62.8	64.5	66.4	62.1	67.7	59.6	72.5	64.5
	As at April 06	%	69.9	62.7	64.4	66.1	62.2	67.9	60.9	72.4	64.4
Unemployment Rate (trend)	As at April 05	%	5.6	5.2	5.4	4.8	5.1	4.8	5.9	3.2	5.1
	As at April 06	%	6.6	5.4	5.3	5.0	5.4	4.0	6.3	3.2	5.1
ANZ Job Ads	Year to April 06	% change	4.3	-10.2	-12.9	-13.1	-4.0	9.1	-7.2	9.9	-6.9
<b>Prices and Wages</b>											
Consumer Price Index	Mar 05 Q to Mar 06 Q	% change	3.4	2.7	2.8	2.9	3.1	4.2	2.8	3.5	3.0
	Year to Mar 06 Q	% change	2.9	2.6	2.7	2.7	2.7	4.0	3.1	2.9	2.8
Average Weekly Earnings (full-time adult total earnings)	As at February 06	\$	1065.0	1124.1	1087.4	1012.6	1022.0	1119.5	967.1	1209.3	1085.1
<b>Housing Sector</b>											
Building Approvals (number)	Year to March 06	% change	-6.1	-18.7	-3.0	-0.7	-3.9	8.0	-11.3	-41.5	-5.8
Housing Finance for Owner Occupation (number)	Year to March 06	% change	27.0	4.6	11.7	10.9	5.9	14.6	3.5	3.9	9.2
Housing Affordability Indicator <sup>(b)</sup>	As at December 05 Qtr	Level	53.7	27.4	32.0	30.0	35.6	37.2	32.5	53.6	31.1
<b>Consumer Spending</b>											
Retail Trade (current \$)	Year to March 06	% change	3.6	2.2	3.4	4.8	1.4	6.0	6.3	4.2	3.5
New Motor Vehicle Sales (No.)	Year to April 06	% change	4.4	-2.8	0.4	2.7	-1.3	10.1	-3.4	0.1	0.7
Tourist Accommodation - Takings (current \$)	Year to December 05	% change	8.1	8.5	11.3	7.9	4.8	13.3	9.0	8.3	9.1

\* 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.