

Territory Economic Review

June 2007

Northern Territory Economic Performance in 2006-07

The Territory Economy continues to perform strongly in 2006-07 with many economic indicators reporting stronger growth than nationally (see Table 1). The current financial year has been one of very strong reported resident employment growth in the Territory, combined with record low unemployment. Complementing a labour market that is operating close to full-employment is solid growth in resident population (up 1.8 per cent) and exceptionally strong growth in retail turnover, 11.6 per cent in the year to April 2007, almost double the national growth rate. Also consistent with a strongly performing on-shore economy is the 18 per cent growth in Darwin established house prices, more than double the growth rate reported nationally. This primarily reflects the different timing of the house price and economic cycle in the Territory compared to most of the other Australian jurisdictions.

As Darwin house prices have increased, housing affordability has decreased, though still remains the second most affordable of the jurisdictions, and significantly more affordable than nationally. While the numbers of housing finance commitments for owner occupation have declined in the Territory (from the recent peak reported in August 2006) they remain at high levels, comparable to what was reported about 18 months ago. The decline in finance commitments for owner occupation may be partly explained by the housing market returning to more normal sales turnover levels, following a period of unusually high activity. The number of finance commitments reported in mid-2006 was the highest on record for the Territory. Some of the reported decline in affordability may be alleviated by measures introduced in the latest Northern Territory Budget, including an increase in the stamp duty free threshold for first home buyers from \$225 000 to \$350 000.

Table 1

	Latest available	Growth in 2006-07*	
		Northern Territory	Australia
Employment	Apr-07	5.4%	2.5%
Unemployment rate [^]	Apr-07	3.7%	4.7%
Population	Sep-06	1.8%	1.3%
Average weekly earnings	Feb-07	0.3%	2.9%
Wage Price Index	Mar-07	3.9%	4.0%
Housing Finance (number)	Mar-07	-13.4%	8.1%
Housing finance (first buyers)	Mar-07	-30.8%	7.9%
House Price Index	Mar-07	18.0%	8.7%
Retail Turnover (nominal)	Apr-07	11.8%	6.3%
CPI**	Mar-07	4.5%	3.4%
Petrol Prices [#]	Apr-07	6.9%	5.5%
Building Approvals (number)	Mar-07	4.3%	-2.3%
Motor Vehicle Sales (number)	Apr-07	0.5%	1.3%

* Year on year percentage change, ^ 12 month average, ** As at December, year on year percentage change,

Darwin Petrol price

Source: ABS Cat. Nos. 5609.0, 8731.0, 6416.0, 6401.0, 9314.0.55.001, 8501.0, 6345.0 and 6302.0

The number of residential building approvals has increased by 4.3 per cent in the Territory, driven by private sector approvals for units and supported by public sector approvals for houses and units. Sales of new motor vehicles peaked in January 2006 at historically high levels, and have moderated since. Year on year growth in the sale of new motor vehicles is positive 0.5 per cent in the latest month, the first positive growth rate in the 2006-07 financial year.



Territory Economic Review - June 2007

Northern Territory State Final Demand and Gross State Product									
Year ended June Percentage Change	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	Latest available	Annual % change*
Expenditure on GSP (2003-04 prices)									
Private Consumption	6.6	3.5	6.5	4.6	7.6	4.9	4.9	Dec Q 06	3.5
Public Consumption	7.9	1.2	0.4	2.5	3.6	3.4	2.4	Dec Q 06	0.5
Total Consumption Expenditure	7.2	2.5	3.8	3.7	5.9	4.3	3.8	Dec Q 06	2.3
Private Investment									
<i>Dwellings</i>	-25.2	-40.4	3.8	9.3	-1.9	38.5	3.0	Dec Q 06	-16.3
<i>Other buildings and structures</i>	-58.8	-22.8	125.6	26.5	8.6	0.8	6.1	Dec Q 06	1.1
<i>Machinery and equipment</i>	11.9	31.1	2.5	6.3	8.8	-10.9	32.7	Dec Q 06	-54.8
<i>Livestock</i>	-11.1	43.8	8.7	-56.0	163.6	-3.4	3.6	Dec Q 06	-41.4
<i>Intangible fixed assets**</i>	-17.5	-17.1	50.0	-42.2	-19.2	60.3	98.0	Dec Q 06	12.9
<i>Ownership transfer costs</i>	-7.3	-20.2	15.5	4.9	24.4	7.5	8.7	Dec Q 06	-14.3
Business Investment [#]	-39.9	-1.6	54.2	7.8	9.3	0.7	18.6	Dec Q 06	-13.7
Total Private Investment	-36.1	-11.7	45.4	8.0	7.7	5.4	15.8	Dec Q 06	-13.9
Public Investment	41.8	46.6	18.8	-33.2	1.4	25.9	-6.9	Dec Q 06	25.6
Total Investment	-30.0	-2.5	39.1	-0.3	6.9	8.1	12.4	Dec Q 06	-9.4
State Final Demand	-5.0	1.6	12.1	2.3	6.2	5.4	6.3	Dec Q 06	-1.4
State Final Demand less L-C and B-U^{###}	2.8	1.7	10.8	0.7	5.0	10.5	7.9	Dec Q 06	-1.4
International Trade - export of goods	47.2	30.0	-22.6	-11.0	-23.7	-6.2	-1.7	Dec Q 06	50.3
International Trade - import of goods	178.2	-62.0	15.1	29.9	4.1	107.5	27.4	Dec Q 06	-20.1
Total Gross State Product	1.1	5.5	1.6	0.2	0.2	6.0	7.5		
Contribution to GSP Growth									
Private Consumption	2.7	1.6	2.7	2.0	3.6	2.4	2.8		
Public Consumption	2.6	0.4	0.1	0.9	1.2	1.2	0.8		
Private Investment	-12.2	-2.5	8.1	2.1	2.1	1.6	4.4		
Public Investment	1.2	1.8	1.0	-2.1	0.0	1.1	-0.2		
State Final Demand	-5.6	1.7	12.1	2.6	7.0	6.4	7.7		
Net International Exports	2.8	23.4	-12.4	-7.5	-8.9	-12.1	-5.9		
Balancing item	3.9	-19.6	1.9	5.2	2.0	11.7	5.7		
Gross State Product	1.1	5.5	1.6	0.2	0.2	6.0	7.5		

* Quarter on corresponding quarter the previous year, or through the year annual per cent change ** Predominantly computer software and mineral exploration
[#] Private investment less dwellings investment and ownership transfer costs ^{###} Investment for the Laminaria-Corallina oilfields and Bayu-Undan Stage 1 and Stage 2 pipeline
 Source: NT Treasury, Australian Bureau of Statistics data

Latest Northern Territory Economic Indicators									
Year ended June Percentage Change*	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	Latest	Annual % change**
Real Retail Turnover	5.8	-0.7	4.1	2.2	5.1	5.3	2.8	Mar Q 07	10.7
New Motor Vehicle Sales	-8.8	-4.2	-0.3	3.3	8.4	10.7	0.0	Apr 07	9.3
Tourist Accommodation Takings	16.8	1.5	-1.0	-0.1	2.8	13.6	3.4	Dec Q 06	17.6
Number of Dwellings Approved	-30.6	-28.4	-13.8	0.0	23.4	18.4	-1.8	Mar 07	26.6
Number of Dwellings Commenced	-21.1	-34.0	0.1	-4.1	6.0	29.1	1.3	Dec Q 06	-34.3
Employment	-2.3	1.1	5.4	-0.1	-2.2	-2.0	4.0	Apr 07	3.8
Unemployment rate	4.4	5.6	6.8	5.8	5.2	6.3	5.7	Apr 07	-15.9
Darwin Consumer Price Index (year average) ^{###}	1.4	5.4	2.2	2.3	1.4	2.2	3.4	Mar Q 07	4.0
AWOTE [#] (year average)	4.5	3.0	3.4	6.3	6.2	7.0	0.8	Feb Q 07	2.1
Wage Price index (year average)	2.6	2.9	3.1	3.1	3.3	4.5	3.9	Feb Q 07	3.9
Population, December (levels - thousands) ^{###}	194.3	196.3	198.0	198.2	198.7	201.2	205.2	Sep Q 06	207.7
Population (annual % change) ^{###}	1.6	1.0	0.9	0.1	0.3	1.2	2.0	Sep Q 06	1.6
Net Interstate Migration (levels - number) ^{###}	-817	-1621	-2049	-3069	-2895	-1097	520	Sep Q 06	235.0

* Year ended, or year on year ** Quarter on corresponding quarter the previous year, or through the year per cent change [#] Average Weekly Ordinary Time Earnings

^{###} Denotes calendar year

Source: NT Treasury, Australian Bureau of Statistics data

Financial Indicators									
Year Ended June	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	Latest	Level
Interest Rates									
90 Day Bank Bill (as at 30 June)	6.17	5.02	5.11	4.67	5.50	5.66	5.97	30 May 07	6.35
10 Year Govt Bond Yield (as at 30 June)	6.16	6.04	5.99	5.01	5.87	5.11	5.79	30 May 07	6.02
Exchange Rates									
US\$ per A\$ (year average)	0.63	0.54	0.52	0.58	0.71	0.75	0.75	30 May 07	0.78
US\$ per A\$ (as at 30 June)	0.60	0.51	0.56	0.67	0.69	0.76	0.74	30 May 07	0.82
Special Drawing Rights [*] per A\$ (as at 30 June)	0.45	0.41	0.43	0.48	0.47	0.52	0.51	30 May 07	0.54
Trade Weighted Index of A\$ (as at 30 June)	53.60	49.80	52.30	59.40	59.06	64.50	62.24	30 May 07	66.56

* 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

COVER STORY	1
TERRITORY SFD AND GSP; TABLE OF LATEST ECONOMIC AND FINANCIAL INDICATORS.....	2
CONTENTS	3
Economic Indicators Due for Release	
ECONOMIC INDICATORS.....	4
Average Weekly Earnings, Wage Price Index, Consumer Sentiment Index	4
Retail Turnover, Sales of New Motor Vehicles, Petrol Prices	5
Regional House Prices, Regional Vacancy Rates, House Price Index	6
Building Approvals, Housing Finance for Owner Occupation, Construction Work Done	7
Employment, Unemployment, International Trade	8
GLOSSARY	9
STATE AND TERRITORY COMPARATIVE INDICATORS	10

ECONOMIC INDICATORS DUE FOR
RELEASE

June 2007

ABS	5676.0	Business Indicators, March Quarter 2007 (<i>no brief</i>)	04-Jun-07
ANZ		ANZ job ads series, May 2007 (<i>no brief</i>)	04-Jun-07
Sensis		Sensis Business Index	05-Jun-07
ABS	3101.0	Population, December Quarter 2006	05-Jun-07
ABS	3401.0	Overseas Arrivals and Departures, Australia, April 2007 (<i>no brief</i>)	05-Jun-07
ABS	5302.0	Balance of Payments, March Quarter 2007	05-Jun-07
ABS	8731.0	Building Approvals, Australia, April 2007	05-Jun-07
ABS	5206.0	National Accounts - State Final Demand, March Quarter 2007	06-Jun-07
ABS	6202.0	Labour Force, Australia, May 2007	07-Jun-07
ABS	5609.0	Housing Finance, Australia, April 2007	08-Jun-07
ABS	5671.0	Lending Finance, April 2007 (<i>no brief</i>)	12-Jun-07
ABS	8412.0	Mineral and Petroleum Exploration, Australia, March Qtr 2007 (<i>no brief</i>)	13-Jun-07
Westpac-MI		Consumer Sentiment Index (<i>no brief</i>)	13-Jun-07
ABS	6291.0.55.001	Labour Force by Industry (<i>no brief</i>)	14-Jun-07
AAA		Petrol Prices, May 2007	Mid-June
ABS	8750.0	Dwelling Commencements, March Quarter 2007	20-Jun-07
ABS	9314.0.55.001	Sales of New Motor Vehicles, May 2007	20-Jun-07
DEWRSB		Skilled Vacancy Survey (<i>no brief</i>)	20-Jun-07
Westpac-MI		Leading Index (<i>no brief</i>)	20-Jun-07
ABS	6354.0	Job Vacancies, Australia, June Quarter 2007 (<i>no brief</i>)	28-Jun-07
ABS	8635.0	Tourist Accommodation, March Quarter 2007	29-Jun-07

July 2007

ABS	8501.0	Retail Trade, Australia, May 2007	03-Jul-07
ABS	8731.0	Building Approvals, Australia, May 2007	03-Jul-07
ABS	5368.0	International Trade in Goods and Services, Australia, May 2007	04-Jul-07
Access		Access Economics Five Year Business Outlook (02-6273 1222)	11-Jul-07
ABS	3401.0	Overseas Arrivals and Departures, Australia, May 2007 (<i>no brief</i>)	06-Jul-07
ABS	8635.0	Tourist Accommodation (8635.7.55.001) March Quarter 2007	06-Jul-07
ANZ		ANZ job ads series (<i>no brief</i>)	09-Jul-07
ABS	5609.0	Housing Finance, Australia, May 2007	10-Jul-07
ABS	5671.0	Lending Finance, Australia, May 2007	11-Jul-07
Westpac-MI		Consumer Sentiment Index (<i>no brief</i>)	11-Jul-07
ABS	6202.0	Labour Force, Australia, June 2007	12-Jul-07
AAA		Petrol Prices, June 2007	Mid-July
ABS	8762.0	Engineering Activity, March Quarter 2007	17-Jul-07
ABS	8782.0.65.001	Construction Activity: Chain Volume Measures (<i>no brief</i>)	18-Jul-07
ABS	8752.0	Building Activity, March Quarter 2007	18-Jul-07
Westpac-MI		Leading Index (<i>no brief</i>)	18-Jul-07
ABS	6291.0.55.001	Labour Force by Industry (<i>no brief</i>)	19-Jul-07
ABS	6457.0	International Trade Price Indexes, Australia, June Quarter 2007	20-Jul-07
ABS	9314.0	Sales of New Motor Vehicles, Australia, June 2007	20-Jul-07
ABS	6427.0	Producer Price Indexes, Australia, June Quarter 2007	23-Jul-07
ABS	6401.0	Consumer Price Index, Australia, June Quarter 2007	25-Jul-07
DEWRSB		Skilled Vacancy Survey	25-Jul-07
ABS	8731.0	Building Approvals, Australia, June 2007	31-Jul-07

Average Weekly Earnings

In the February quarter 2007, in seasonally adjusted terms average weekly full time adult earnings (AWE), which includes overtime and bonuses, increased by 0.1 per cent in the Territory, and 1.1 per cent nationally. In the year to February 2007, growth in Territory AWE was unchanged at 0.3 per cent while moderating at the national level to growth of 2.9 per cent from the most recent peak of 5.6 per cent, reported in the August quarter 2005 (see chart). The AWE measurement is particularly sensitive to the composition of business types participating in the ABS survey. Some of the substantial decline in growth may in fact be attributable to the rotation of businesses (both out of and into) the survey sample.

In seasonally adjusted terms, Territory AWE was \$1 092 in the February quarter 2007, below the national level of \$1 117, and fourth highest of the jurisdictions below the ACT, Western Australia and New South Wales.

Wage Price Index

The Territory wage price index (WPI) increased by 1.1 per cent in the March quarter 2007, in line with the national figure. The WPI measures the change in the cost of employing a standard 'basket' of jobs in each jurisdiction in Australia. In year on year terms, the Territory WPI increased by 3.9 per cent, slightly below the national increase of 4.0 per cent. In the Territory the public sector component of the WPI increased by 0.7 per cent in the quarter and 4.2 per cent in the year to March, compared to private sector growth of 1.3 per cent in the quarter and 3.6 per cent in the year to March (see chart).

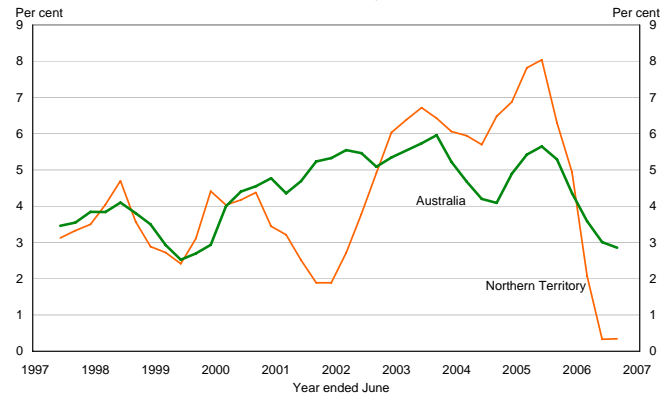
When analysing national data for the March quarter 2007 the completion of the privatisation of Telstra should be considered. The movement of Telstra employees from the public sector to the private sector in the March quarter 2007 may have a one-off impact on the components of the WPI.

Consumer Sentiment Index

At the national level, consumer sentiment, as reported by the Westpac-Melbourne Institute, rose from 115.3 in April to 123.9 in May 2007 an increase of 7.5 per cent. Compared to May 2006, the index has increased by 18.8 per cent. This result has taken the index to its highest level since the survey began in 1975. Factors that contributed to the very positive result include; the latest Australian Government tax cuts announced in the May budget, the record level of the All Ordinary's Index, a 32-year low in unemployment, appreciation in the Australian dollar, and easing inflationary pressure that has resulted in interest rates remaining unchanged.

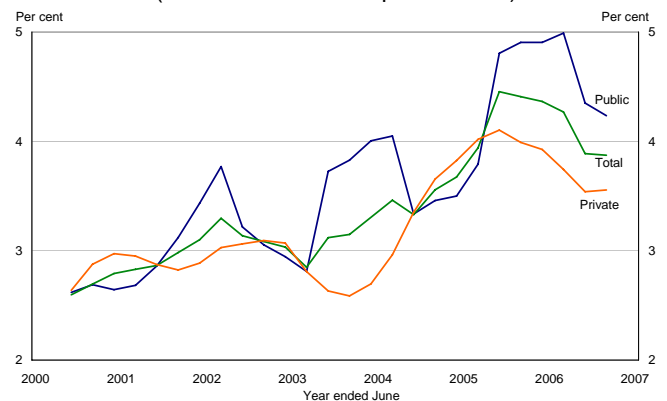
The Westpac-Melbourne Institute reports that all the sub-components of the index were very positive in the month. For example, twelve month expectations for 'economic conditions' increased 11.2 per cent, expected 'economic conditions' over the next 5 years' increased by 9.6 per cent, and 'expected finances' over the next year' increased by 11.7 per cent.

Average Weekly Earnings* (latest data – February quarter 2007)



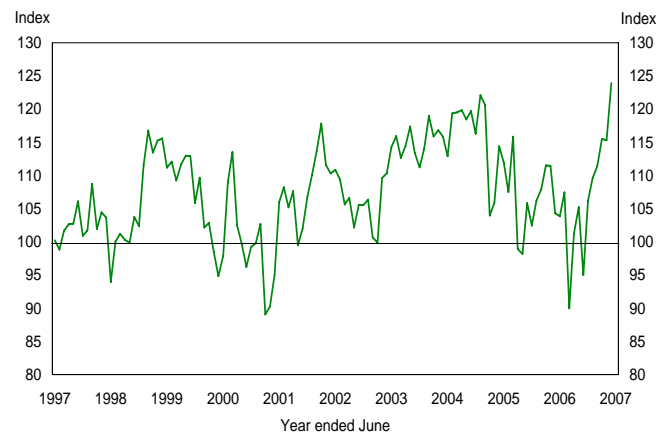
* year on year percentage change
Source: : ABS Cat. No. 6302.0

Territory Wage Price Index (latest data – March quarter 2007)



Source: ABS Cat. No. 6345.0

Consumer Sentiment Index (latest data – May 2007)



Source: Westpac-Melbourne Institute

Retail Turnover

Seasonally adjusted retail turnover in the Territory increased by 2.3 per cent in the March quarter 2007 and by 2.0 per cent nationally (higher than the market median expectation of 0.5 per cent). In year on year terms, retail turnover in chain volume terms increased by 8.5 per cent in the Territory, the highest growth of the jurisdictions and well above national levels (see chart).

Total retail expenditure is divided, by the Australian Bureau of Statistics (ABS), into six broad categories. In the month of March 2007 (in original terms) current price retail turnover in the Territory totalled \$189 million. Of this total expenditure, 47.9 per cent (or \$91 million) was on 'food', 17.6 per cent (\$33 million) was on 'hospitality and services', 14.2 per cent (\$27 million) was on 'household goods', 12.7 per cent (\$24 million) was on 'department stores and other retailing', 4.3 per cent (\$8 million) was on 'clothing and soft goods', and the remaining 3.3 per cent (\$6 million) was on recreation related goods.

Sales of New Motor Vehicles

Territory trend new motor vehicle sales increased by 0.7 per cent in April 2007 to 844 (see chart). Sales of passenger vehicles decreased in the month by 3.4 per cent, while sales of SUV's increased 5.0 per cent and sales of 'other' vehicles increased by 8.8 per cent. Nationally, the total level of motor vehicle sales decreased 1.1 per cent in the month of April 2007.

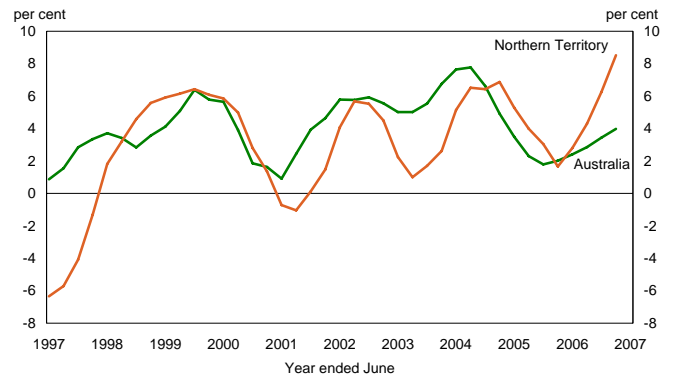
In the year to April 2007, Territory new motor vehicle sales increased by 0.5 per cent to 9 516, after a nine month period of moderating year on year growth. SUV and passenger vehicle sales account for the increase in total sales, contributing 1.1 and 1.2 percentage points to the total, respectively. Nationally, sales of new motor vehicles increased 1.3 per cent in the year to April 2007.

Petrol Prices

In April 2007, fuel prices increased by 3.3 cpl in Darwin to 135.3 cpl while the eight capital cities weighted average price increased by 1.4 cpl to 124.6 cpl. This represents a 10.7 cpl price differential between Darwin and the eight capital cities weighted average. Compared to April 2006 petrol prices in Darwin increased by 0.6 cpl, while nationally the eight capital cities weighted average price decreased by 5.3 cpl. Over the long term, petrol prices in Darwin track other capital cities, though tend to remain higher due to distance from refineries and other competitive factors (see chart).

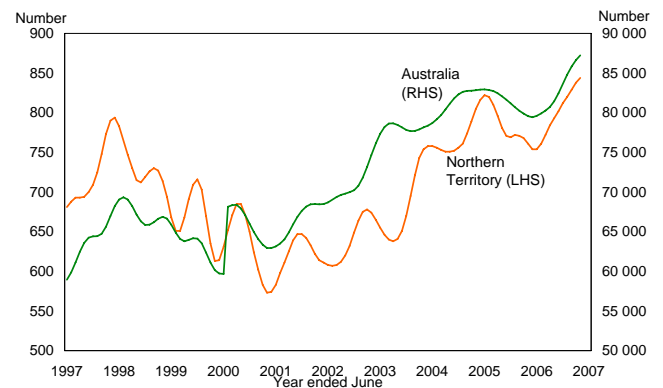
In A\$ terms, crude oil prices increased by 6.3 per cent in April 2007, averaging A\$90.60 a barrel. Crude oil prices have decreased significantly from the peak reported in mid 2006, as growth in world oil consumption has eased and production continues to increase. Decisions by OPEC to reduce production from 1 February 2007, as well as continuing uncertainty in Nigeria, will place upward pressure on crude oil prices.

Retail Turnover*
(latest data – March quarter 2007)



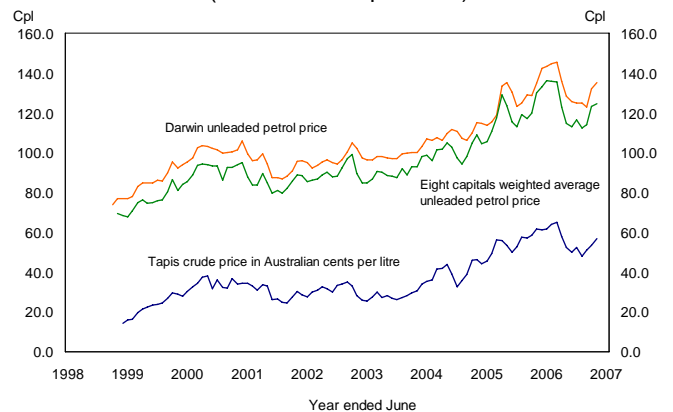
* year on year percentage change, chain volume terms
Source: ABS Cat. No. 8501.0

Motor Vehicle Sales*
(latest data – April 2007)



* total monthly sales, trend
Source: ABS Cat. No. 9314.0.55.001

Petrol Prices
(latest data – April 2007)



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

Regional House Prices

In March 2007, the Real Estate Institute of the Northern Territory (REINT) report that the median house price in 'Darwin overall' is \$390 000, an increase of 5.4 per cent in the quarter (see chart). In Palmerston the median house price is now \$375 000, a 9.5 per cent increase in the quarter, representing an annual growth rate of 22.7 per cent. In Alice Springs median prices have increased to \$298 000, at an annual growth rate of 5.5 per cent, the lowest growth rate of Territory regions. In the same period, Tennant Creek has experienced an annual growth rate of 77.4 per cent. However, the small number of houses in Tennant Creek creates a high degree of volatility and as such, April growth may not be reflective of a long term trend.

The median unit price in 'Darwin overall' remained at \$300 000, in the March quarter. Katherine unit prices decreased by 14.7 per cent while all other regions recorded positive growth in the quarter.

Regional Vacancy Rates

In their March quarter 2007 publication, data collected and reported by the REINT shows that, vacancy rates for rental accommodation, while volatile, have been decreasing in all regions surveyed (see chart). In the March quarter 2007, REINT reports Darwin vacancy rates at 1.2 per cent (the lowest of the regions) and represent a historic low for Darwin. Similarly, at 1.6 per cent, total vacancy rates in Palmerston are near historically low levels. Total vacancy rates for Alice Springs and Katherine are 3.4 and 3.0 per cent respectively.

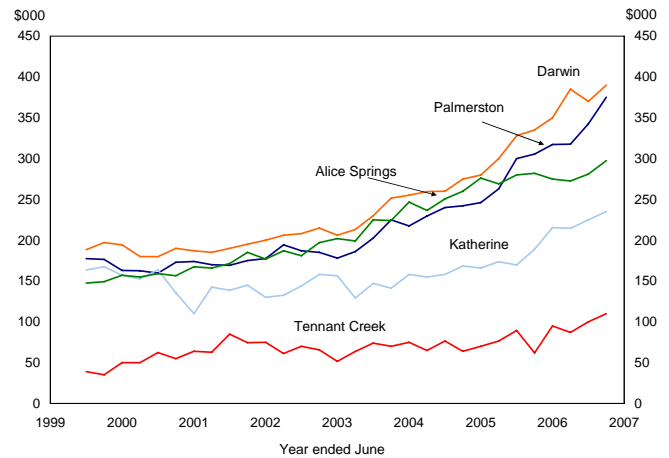
The historically low vacancy rates for rental accommodation in the Darwin and Palmerston regions, in the March quarter 2007, coincides with an 7.9 per cent increase in median weekly rental for a 3 bedroom house (to \$340) and a 16.7 per cent increase in rent for a 2 bedroom units (to \$280), in the quarter.

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 2007 prices of established houses increased by 2.8 per cent in Darwin, behind Hobart and Brisbane. Compared to the March quarter 2006, prices of established homes in Darwin have increased 15.0 per cent, exceeding the growth rates of all other capital cities except Perth at 32.1 per cent (see chart).

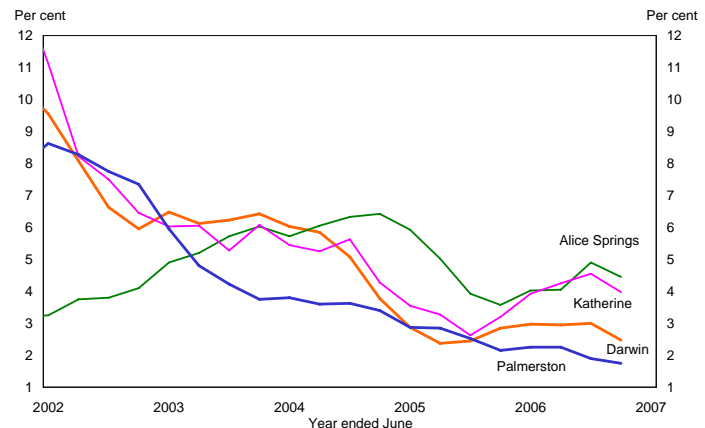
The ABS also reports on price growth associated with the construction of new homes (excluding land value). In year on year terms, the prices for the constructions of new homes in Darwin increased by 13.6 per cent. Annually the price of constructing a new home in Darwin increased by 13.8 per cent, significantly higher than the 3.0 per cent growth reported nationally. The continuing skills shortage, across all construction sectors in Darwin, combined with rising material costs, are driving increases in the cost of constructing a new home.

Regional House Prices*
(latest data – March quarter 2007)



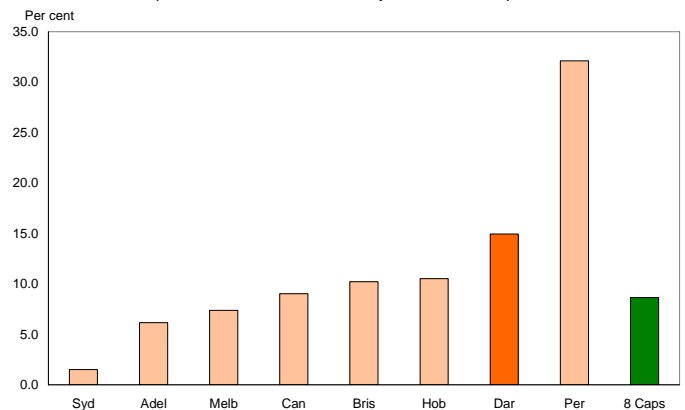
* median price
Source: REINT RELM Analysis, March Quarter 2007

Vacancy Rates*
(latest data – March quarter 2007)



* moving annual total
Source: REINT RELM Analysis, March Quarter 2007

House Price Index Capital City Comparison*
(latest data – March quarter 2007)



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

Building Approvals

In the Territory, residential building approvals decreased by 5 to 89 (in annual trend terms) in March 2007. In original terms, there were 94 private and 17 public sector approvals in the month. Of the private sector approvals in the month, 35 were for 'other residential' and 58 for 'houses'. There were zero approvals for 'alterations and additions', 'residential building in a non-residential facility' (such as a care-taker or park-ranger dwelling) and 'conversions'. In the public sector there were 17 approvals for 'houses' and zero approvals in all other categories.

In the year to March 2007, residential building approvals in the Territory increased by 4.3 per cent to 1 416 (see chart). Of the 1 416 residential building approvals in the Territory in the year to March, 1 282 were in the private sector, with the remaining 134 approvals in the public sector.

Housing Finance for Owner Occupation

In March 2007, the number of seasonally adjusted owner-occupier housing finance commitments in the Territory increased by 45 to 512, while nationally, commitments increased 1.3 per cent in the month. In annual terms, the number of Territory finance commitments decreased by 23.8 per cent, compared to a 5.6 per cent increase nationally.

The components of housing finance are only available in original terms. Housing finance commitments in original terms increased by 27.7 per cent in the month of March, largely due to an increase in finance for the purchase of an established dwelling (up by 102 or 24.3 per cent) and refinancing (up by 23 or 20.7 per cent). Nationally the number of first homebuyers commitments increased by 7.9 per cent in the year to March 2007. Since peaking in May 2005 the number of first homebuyer commitments in the Territory has been moderating. In the year to March 2007, there has been a decline of 30.8 per cent (see chart).

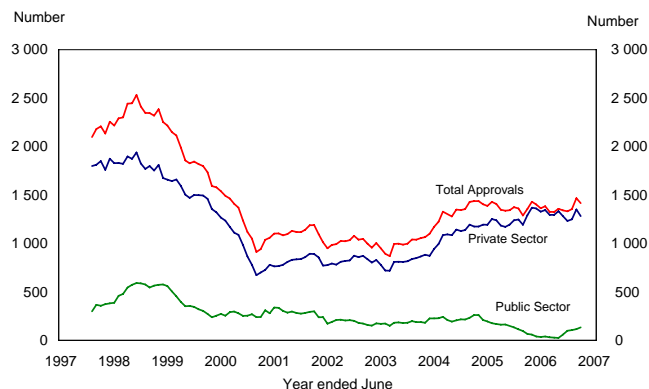
Construction Work Done

In the March quarter 2007, seasonally adjusted construction work done increased by 1.1 per cent to \$539 million in the Territory, compared to a national increase of 2.7 per cent. In annual terms, the value of construction activity decreased by 13 per cent compared to an 8.9 per cent increase nationally. Although, the value of total construction activity remains close to historically high levels (see chart), year on year construction activity decreased by 11.5 per cent to \$2.21 billion.

The decline in annual terms was largely driven by a 21.3 per cent fall in engineering construction activity (to \$378 million). This reflects the completion of construction at the Wickham Point LNG plant and significant construction activity work done for the Alcan G3 expansion.

Building Approvals*

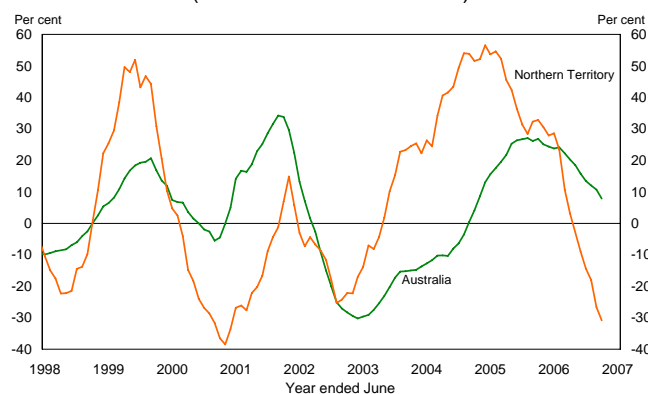
(latest data – March 2007)



* moving annual total
Source: ABS Cat. Nos. 8731.0

Growth in number of first homebuyer commitments*

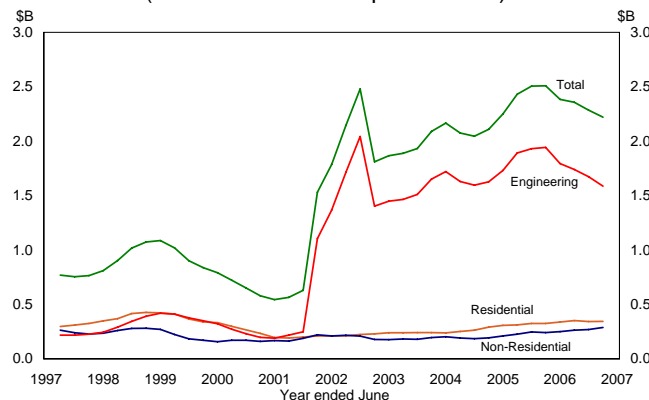
(latest data – March 2007)



* year on year percentage change
Source: ABS Cat. Nos. 5609.0

Total Construction Activity*

(latest data – March 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 decreased by 73 to 101 840 in April 2007. Nationally, seasonally adjusted employment increased by 49 583 in the month to about 10.4 million employed persons.

A comparison of Territory (trend) resident employment in April 2007 with resident employment in April 2006 shows an increase of 2.3 per cent, the fourth highest annual growth rate of the jurisdictions (behind Queensland, Victoria and Western Australia). In year on year terms, a more stable measure of growth, employment has increased by 5.4 per cent (in original terms).

Unemployment

The Territory's trend unemployment rate was 4.3 per cent in April 2007 up from (a revised) 3.8 per cent reported in March 2007. Compared to April 2006, the unemployment rate has decreased by 1.4 percentage points. Volatility in the Territory's trend unemployment rate has been quite extreme over the past few years, relative to the national trend unemployment rate (see chart). The Territory reported the fourth lowest trend unemployment rate of the jurisdictions (behind Western Australia, the ACT and Queensland).

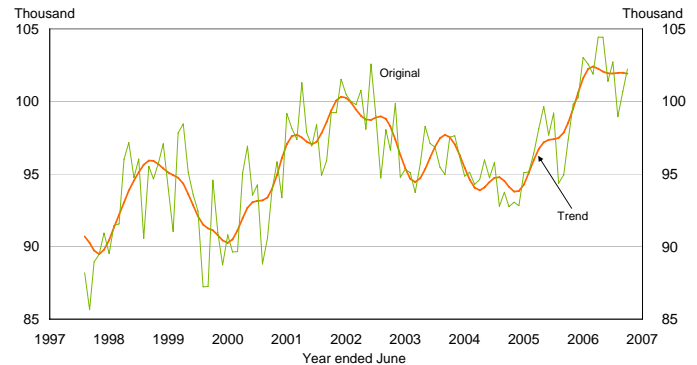
At the national level, the seasonally adjusted unemployment rate (the figure most commonly quoted in the media) decreased to 4.4 per cent in April 2007, down slightly from 4.5 per cent reported in the previous month and establishing a new 30 year low.

International Trade

Territory merchandise exports increased by 61.2 per cent in the year to March 2007, as LNG exports and higher crude oil and commodity prices, offset weaker production from the Laminaria-Corallina oilfields. Over the same period, the value of merchandise imports to the Territory increased by 28.4 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. Higher fuel prices and the importation of machinery and equipment for major projects, have also contributed to the increasing value of imports into the Territory in the year.

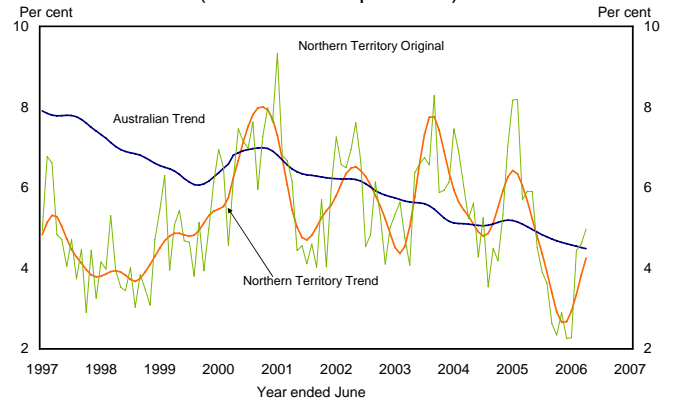
The Territory's goods trade balance increased by \$793 million in the year to March 2007, to a record surplus of \$814 million (see chart). The Territory's trade surplus is expected to further improve in 2006-07 with the combined effect of increased LNG, alumina and manganese exports and reduced imports to the Territory.

Territory Employment (latest data – April 2007)



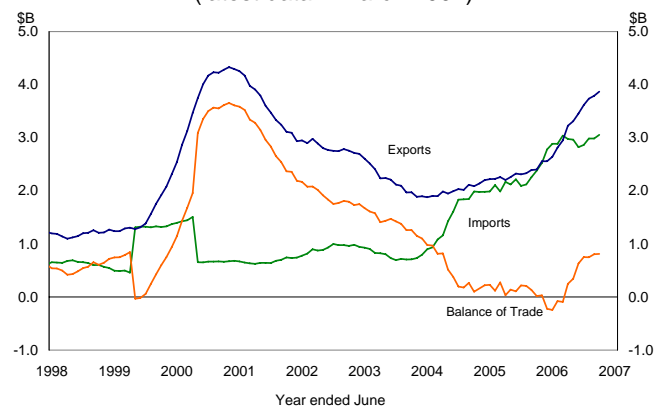
Source: ABS Cat. No. 6202.0

Territory Unemployment (latest data – April 2007)



Source: ABS Cat. No. 6202.0

Territory Merchandise Trade Balance* (latest data – March 2007)



* moving annual total
Source: ABS Cat. No. 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
Economic Growth											
Gross State/Domestic Product ^(a)	2005-06	% change	7.5	1.4	2.7	4.9	2.2	4.9	3.1	3.4	2.8
State Final Demand ^(a)	Year to December 06	% change	2.5	1.5	2.7	7.4	1.9	10.5	-1.5	5.9	4.0
International Goods Exports	Year to March 07	% change	61.2	7.8	7.9	6.2	7.8	27.2	24.7	-25.0	14.4
International Goods Imports	Year to March 07	% change	28.4	9.9	4.4	10.7	8.0	36.3	19.1	2885.7	11.4
Demography											
Population	Sep-05 Qtr to Sep-06 Qtr	% change	1.6	0.9	1.4	1.9	0.9	2.0	0.6	0.9	1.3
Labour Market											
Employment (trend)	Apr 06 to Apr 07	% change	2.3	1.4	3.0	5.7	0.3	2.9	0.4	1.7	2.8
Participation Rate (trend)	As at April 06	%	70.3	62.9	64.4	66.3	62.2	67.7	61.2	72.9	64.5
	As at April 07	%	69.4	62.9	65.0	67.6	61.8	67.3	60.2	73.2	64.9
Unemployment Rate (trend)	As at April 06	%	5.7	5.3	5.2	4.9	5.2	3.8	6.5	3.2	5.0
	As at April 07	%	4.3	5.1	4.8	3.7	5.4	2.7	5.4	3.4	4.5
ANZ Job Ads	Year to Apr 07	% change	7.7	-11.3	-6.4	-2.8	0.6	12.3	-2.5	11.4	-2.4
Prices and Wages											
Consumer Price Index	Mar 06 Q to Mar 07 Q	% change	4.0	2.2	2.2	2.9	1.8	3.5	2.1	2.4	2.4
	Year to Mar 07 Q	% change	4.5	3.2	3.1	3.7	3.1	4.3	2.8	3.6	3.4
Average Weekly Earnings (full-time adult total earnings)	As at February 07	\$	1082.4	1156.9	1097.9	1061.5	1060.0	1191.4	1025.6	1291.8	1119.4
Housing Sector											
Building Approvals (number)	Year to March 07	% change	4.3	-8.1	-5.4	-0.2	4.1	1.0	9.4	26.0	-2.3
Housing Finance for Owner Occupation (number)	Year to March 07	% change	-13.4	9.7	5.6	10.8	9.1	5.7	4.4	20.7	8.1
Housing Affordability Indicator ^(b)	As at December quarter 06	Level	46.6	26.9	29.2	27.6	31.4	29.6	30.6	50.5	28.4
Consumer Spending											
Retail Trade (current \$)	Year to April 07	% change	11.8	4.8	6.0	6.6	6.3	11.2	3.6	7.9	6.3
New Motor Vehicle Sales (No.)	Year to April 07	% change	0.5	0.2	-2.0	2.8	-2.7	12.5	-3.5	3.3	1.3
Tourist Accommodation - Takings (current \$)	Year to December 06	% change	9.5	7.1	12.2	8.8	11.3	15.6	6.2	12.6	9.6

* 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.