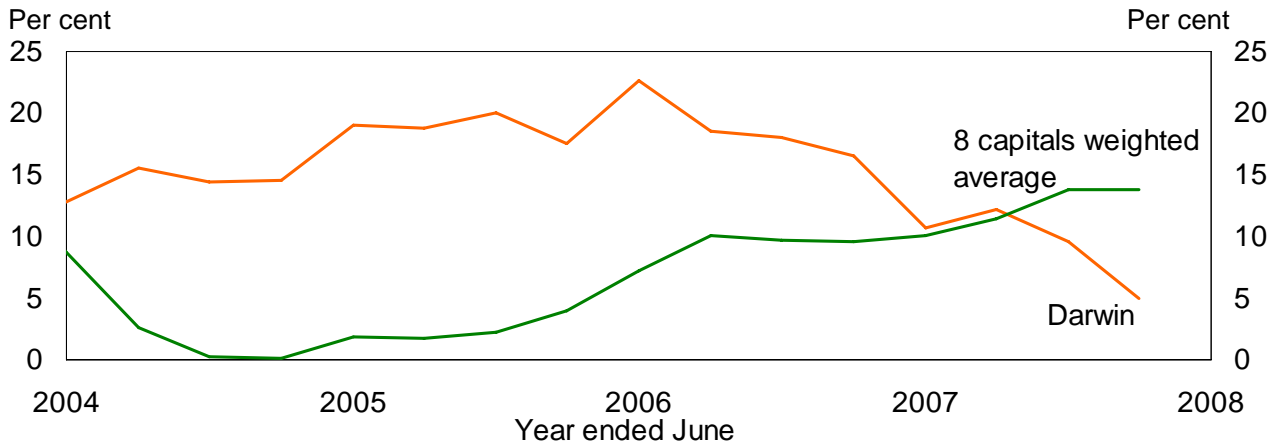


## Territory Housing Market Moderates

In the March quarter 2008 the Australian Bureau of Statistics reported a decline of 1.3 per cent in the Darwin house price index, the first quarterly decline in nearly four years. In annual terms, growth in Darwin house prices has been moderating since reaching a peak of 22.6 percent in June 2006 (see Chart 1). In the four years to June 2006 the established house price index for Darwin increased by 84.2 percent, while growth to March 2008 has been moderating. The Real Estate Institute of the Northern Territory report median house prices in Darwin of \$420 000 for the March quarter 2008.

**Chart 1: Established House Price Index**



Source: ABS Cat. No. 6416.0

In their March 2008 report, Australian Property Monitors identify slowing house price growth as an issue being felt across Australia, with half of Australia's capital cities reporting a decline in house prices for the quarter, and the others recording little or no growth. A climate of increasing interest rates and record high property prices is deterring investors and increasing average mortgage payments for homeowners. The Reserve Bank of Australia increased the official cash rate to 7.25 percent in March 2008, the twelfth consecutive interest rate rise.

Increasing housing and credit prices has led to a reduced number of first homeowners entering the housing market. Over the past 18 months, in the Territory, finance commitments for first home owners have fallen considerably. In an effort to encourage first home buyers as well as low to middle income households into the housing market, the territory Government made changes to the HomeNorth scheme in the latest Budget. Three key changes were introduced:

Firstly, an increase in the maximum amount of Government shared ownership from \$70 000 to \$75 000; secondly new HomeNorth Xtra income thresholds (see Table 1) and asset limits based on household structure; and thirdly a quarterly review of the 85 per cent price caps by region, (see Table 2)

**Table 1: Income thresholds (couples and singles)**

No of Adults	Number of Dependents	Income Threshold	No of Adults	Number of Dependents	Income Threshold
2	Nil	\$65 000	1	Nil	\$55 000
2	1	\$75 000	1	1	\$75 000
2	2	\$85 000	1	2	\$75 000
2	3	\$95 000	1	3	\$85 000
2	4	\$105 000	1	4	\$95 000

**Table 2: Regional Price Caps (as at 6 May 2008)**

Region	Purchase Price Threshold
Darwin	\$350 000
Palmerston	\$350 000
Alice Springs	\$265 000
Katherine	\$225 000
Tennant Creek	\$105 000

Northern Territory State Final Demand and Gross State Product										
Year ended June Percentage Change	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	Latest available	Annual % change
<b>Expenditure on GSP (2003-04 prices)</b>										
Private Consumption	6.6	3.5	6.5	4.6	6.4	4.8	5.7	4.6	Dec Q 07	9.8
Public Consumption	7.6	1.1	0.4	2.5	4.6	3.2	2.2	4.7	Dec Q 07	4.8
<b>Total Consumption Expenditure</b>	<b>7.0</b>	<b>2.4</b>	<b>3.8</b>	<b>3.7</b>	<b>5.6</b>	<b>4.1</b>	<b>4.2</b>	<b>4.6</b>	Dec Q 07	<b>7.8</b>
Private Investment										
<i>Dwellings</i>	-25.2	-40.1	3.4	9.8	-3.5	27.6	14.5	2.3	Dec Q 07	-13.4
<i>Other buildings and structures</i>	-59.0	-22.6	125.4	26.6	6.5	0.7	4.5	-3.6	Dec Q 07	-45.4
<i>Machinery and equipment</i>	11.5	30.9	2.3	6.7	11.7	-11.5	28.6	6.0	Dec Q 07	205.1
<i>Livestock</i>	-7.1	46.2	5.3	-55.0	222.2	-6.9	11.1	-53.3	Dec Q 07	42.9
<i>Intangible fixed assets**</i>	-18.5	-17.9	51.1	-41.5	-19.9	60.9	96.7	-4.0	Dec Q 07	35.1
<i>Ownership transfer costs</i>	-8.4	-21.1	15.1	5.1	27.9	6.8	10.6	-2.5	Dec Q 07	-5.3
Business Investment <sup>#</sup>	-40.2	-1.6	54.4	7.9	9.7	0.5	16.9	-3.5	Dec Q 07	5.1
<b>Total Private Investment</b>	<b>-36.2</b>	<b>-11.7</b>	<b>45.7</b>	<b>8.0</b>	<b>8.6</b>	<b>3.6</b>	<b>16.1</b>	<b>-2.6</b>	Dec Q 07	<b>1.4</b>
Public Investment	46.2	46.4	19.0	-33.2	1.5	25.5	2.2	-9.8	Dec Q 07	-9.4
<b>Total Investment</b>	<b>-29.9</b>	<b>-2.3</b>	<b>39.3</b>	<b>-0.4</b>	<b>7.6</b>	<b>6.4</b>	<b>14.0</b>	<b>-3.6</b>	Dec Q 07	<b>-0.3</b>
<b>State Final Demand</b>	<b>-5.0</b>	<b>1.5</b>	<b>12.1</b>	<b>2.3</b>	<b>6.2</b>	<b>4.8</b>	<b>7.0</b>	<b>2.1</b>	Dec Q 07	<b>5.4</b>
<b>State Final Demand less L-C and B-U<sup>##</sup></b>	<b>2.5</b>	<b>1.6</b>	<b>10.8</b>	<b>0.8</b>	<b>5.1</b>	<b>9.7</b>	<b>8.5</b>	<b>2.5</b>	Dec Q 07	
International Trade - export of goods	47.3	29.9	-22.6	-11.0	-23.7	-6.2	-1.8	44.1	Dec Q 07	-5.1
International Trade - import of goods	177.7	-62.0	15.1	29.9	4.3	107.3	27.4	-0.4	Dec Q 07	-30.9
<b>Total Gross State Product</b>	<b>7.3</b>	<b>5.6</b>	<b>1.7</b>	<b>0.6</b>	<b>2.0</b>	<b>5.5</b>	<b>5.5</b>	<b>5.6</b>		
<b>Contribution to GSP Growth</b>										
Private Consumption	2.7	1.4	2.6	1.9	2.8	2.1	2.6	1.5		
Public Consumption	2.5	0.4	0.1	0.8	1.5	1.0	0.7	1.4		
Private Investment	-12.3	-2.3	7.7	1.9	2.2	1.0	4.4	-0.9		
Public Investment	1.3	1.8	1.0	-2.1	0.1	1.1	0.1	-0.4		
<b>State Final Demand</b>	<b>-5.5</b>	<b>1.5</b>	<b>11.4</b>	<b>2.4</b>	<b>6.5</b>	<b>5.3</b>	<b>7.7</b>	<b>1.6</b>		
<b>Net International Exports</b>	<b>3.5</b>	<b>24.4</b>	<b>-13.2</b>	<b>-7.8</b>	<b>-9.3</b>	<b>-12.2</b>	<b>-6.1</b>	<b>9.1</b>		
Balancing item	9.4	-20.4	3.5	6.0	4.8	12.4	3.9	-5.1		
<b>Gross State Product</b>	<b>7.3</b>	<b>5.6</b>	<b>1.7</b>	<b>0.6</b>	<b>2.0</b>	<b>5.5</b>	<b>5.5</b>	<b>5.6</b>		

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

Latest Northern Territory Economic Indicators										
Year ended June Percentage Change*	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	Latest	Annual % change**
Real Retail Turnover	5.7	-0.8	4.1	1.7	4.9	5.1	2.4	7.9	Mar Q 08	7.6
New Motor Vehicle Sales	-8.8	-4.2	-0.3	3.3	8.4	10.7	0.0	4.1	Apr 08	18.8
Tourist Accommodation Takings	0.0	1.5	-1.0	-0.1	2.8	13.6	3.4	14.8	Dec Q 07	11.1
Number of Dwellings Approved	-30.6	-28.4	-13.8	0.0	23.4	18.4	-1.8	7.4	Mar 08	-32.8
Number of Dwellings Commenced	-21.1	-34.0	0.1	-4.1	6.0	29.1	1.3	-0.2	Dec Q 07	-12.0
Employment	-2.3	1.5	4.6	1.1	-2.9	-1.3	3.0	5.3	Apr 08	5.9
Unemployment rate	4.4	5.6	6.7	5.5	5.2	5.7	5.5	3.8	Apr 08	4.2
Darwin Consumer Price Index <sup>##</sup>	0.7	3.9	3.6	2.2	2.1	1.6	2.6	4.4	Mar Q 08	3.9
AWOTE <sup>#</sup> (year average)	4.6	3.7	2.3	5.0	6.5	7.0	3.9	0.7	Feb Q 08	4.4
Wage Price index (year average)	2.5	2.8	3.1	3.0	3.3	3.7	4.4	3.9	Feb Q 08	3.6
Population, December (levels - thousands) <sup>##</sup>	194.3	196.3	198.4	199.4	200.7	203.9	208.5	212.6	Sep Q 07	216.5
Population (annual % change) <sup>##</sup>	1.6	1.0	1.1	0.5	0.7	1.6	2.3	2.0	Sep Q 07	2.2
Net Interstate Migration (levels - number) <sup>##</sup>	-817	-1621	-1730	-2397	-2241	-439	693	-489	Sep Q 07	381.0

\* Year ended, or year on year \*\* Quarter on corresponding quarter the previous year, or through the year per cent change <sup>#</sup> Average Weekly Ordinary Time Earnings

<sup>##</sup> Denotes calendar year

Source: NT Treasury, Australian Bureau of Statistics data

Financial Indicators										
Year Ended June	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	Latest	Level
<b>Interest Rates</b>										
90 Day Bank Bill (as at 30 June)	6.17	5.02	5.11	4.67	5.50	5.66	5.97	6.43	29 May 08	7.99
10 Year Govt Bond Yield (as at 30 June)	6.16	6.04	5.99	5.01	5.87	5.11	5.79	6.26	29 May 08	6.59
<b>Exchange Rates</b>										
US\$ per A\$ (year average)	0.63	0.52	0.52	0.58	0.71	0.75	0.75	0.79	29 May 08	0.00
US\$ per A\$ (as at 30 June)	0.60	0.51	0.56	0.67	0.69	0.76	0.74	0.85	29 May 08	0.96
Special Drawing Rights <sup>†</sup> per A\$ (as at 30 June)	0.45	0.41	0.43	0.48	0.47	0.52	0.51	0.56	29 May 08	0.59
Trade Weighted Index of A\$ (as at 30 June)	53.30	49.70	52.30	59.40	59.06	64.50	62.24	68.92	29 May 08	73.16

<sup>†</sup> 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

June 2008			
ABS	5676.0	Business Indicators, March Quarter 2008, <i>(no brief)</i>	02-Jun-08
ABS	8501.0	Retail Trade, April 2008	02-Jun-08
ABS	5302.0	Balance of Payments, March Quarter 2008	03-Jun-08
ABS	8731.0	Building Approvals, April Quarter 2008	03-Jun-08
Sensis		Sensis Business Index, May Quarter 2008	03-Jun-08
ABS	3401.0	Overseas Arrivals and Departures, Australia, April 2008 <i>(no brief)</i>	04-Jun-08
ABS	5206.0	National Accounts - State Final Demand, March Quarter 2008	04-Jun-08
ABS	3101.0	Population	05-Jun-08
ABS	5368.0	International Trade in Goods & Services, April 2008	05-Jun-08
ANZ		ANZ job ads series, May 2008 <i>(no brief)</i>	10-Jun-08
ABS	5609.0	Housing Finance, April 2008	10-Jun-08
ABS	5671.0	Lending Finance, April 2008	11-Jun-08
ABS	8412.0	Mineral and Petroleum Exploration, Australia, March Quarter 2008	11-Jun-08
Westpac-MI		Consumer Sentiment Index <i>(no brief)</i>	11-Jun-08
ABS	6202.0	Labour Force, May 2008	12-Jun-08
AAA		Petrol Prices, May 2008	Mid-Jun 08
ABS	8750.0	Dwelling Commencements, March Quarter 2008	17-Jun-08
Westpac-MI		Leading Index <i>(no brief)</i>	18-Jun-08
ABS	6291.0.55.001	Labour Force by Industry, May 2008 <i>(no brief)</i>	19-Jun-08
ABS	9314.0.55.001	Sales of New Motor Vehicles, May 2008	23-Jun-08
ABS	6354.0	Job Vacancies, Australia, May Quarter 2008	26-Jun-08
ABS	8635.0	Tourist Accommodation, March Quarter 2008	30-Jun-08
July 2008			
ABS	8762.0	Engineering Construction Activity, Australia, March 2008	01-Jul-08
ABS	8501.0	Retail Trade, Australia, May 2008	02-Jul-08
ABS	8731.0	Building Approvals, Australia, May 2008	02-Jul-08
ABS	5368.0	International Trade in Goods and Services, Australia, May 2008	03-Jul-08
ABS	3401.0	Overseas Arrivals and Departures, Australia, May 2008 <i>(no brief)</i>	07-Jul-08
ANZ		ANZ job ads series, May 2008 <i>(no brief)</i>	07-Jul-08
Westpac-MI		Consumer Sentiment Index <i>(no brief)</i>	09-Jul-08
ABS	5609.0	Housing Finance, Australia, May 2008	09-Jul-08
ABS	6202.0	Labour Force, Australia, June 2008	10-Jul-08
ABS	8752.0	Building Activity, Australia, March 2008	15-Jul-08
ABS	8782.0.65.001	Construction Activity: Chain Volume Measures, Australia, March 2008	15-Jul-08
AAA		Petrol Prices, May 2008	Mid-July 08
Westpac-MI		Leading Index <i>(no brief)</i>	16-Jul-08
ABS	6457.0	International Trade Price Indexes, Australia, June 2008 <i>(no brief)</i>	18-Jul-08
ABS	9314.0	Sales of New Motor Vehicles, Australia, June 2008	21-Jul-08
ABS	6401.0	Consumer Price Index, Australia, June 2008	23-Jul-08
ABS	6403.0.55.001	Average Retail Prices of Selected Items, Eight Capital Cities, June 2008	30-Jul-08
ABS	8731.0	Building Approvals, Australia, June 2008	30-Jul-08
ABS	5368.0	International Trade in Goods and Services, Australia, June 2008	31-Jul-08
ABS	8501.0	Retail Trade, Australia, June 2008	31-Jul-08

## Average Weekly Earnings

In the February quarter 2008, seasonally adjusted average weekly full time adult earnings (AWE) was \$1 137 in the Territory, the fifth highest of the jurisdictions, and below the national level of \$1 174. In annual terms, seasonally adjusted AWE (which includes overtime and bonus payments) increased by 4.4 per cent in the Territory, compared to an increase of 4.9 per cent nationally. In the February quarter 2008, average weekly ordinary time earnings (AWOTE) (which excludes overtime and bonus payments), increased by 1.8 per cent in the Territory and by 1.1 per cent nationally.

In the year to February 2008, Territory AWE increased by 2.2 per cent compared to a 4.7 per cent increase nationally (see chart), while AWOTE increased by 2.3 per cent in the Territory and 4.8 per cent nationally. It should be noted that this ABS series is sensitive to the composition of businesses in the survey, and the significant decline in AWE growth from December 2005 to December 2006 resulted from one major employer leaving the survey.

## Wage Price Index

In the March quarter 2008, the wage price index (WPI) increased by 0.8 per cent in the Territory and 0.9 per cent nationally. The WPI measures the change in the cost of employing a constant quantity and quality of jobs. In the year to March 2008, the Territory WPI increased by 3.8 per cent, slightly below the national increase of 4.1 per cent.

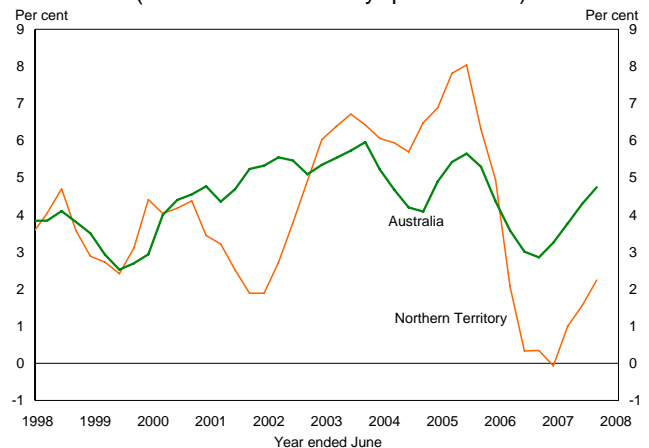
Public sector growth in the Territory WPI increased 0.5 per cent in the quarter and by 2.2 per cent in the year to March 2008, compared to private sector growth of 0.9 per cent in the quarter and 5.1 per cent in the year (see chart). The smaller increase in the Territory public sector WPI reflects EBA negotiations for the general NTPS (representing around 9 500 public servants), not being completed prior to the ABS data collection cut-off date, in conjunction with on-going EBA negotiations with teachers, police and fire and emergency workers. The effect on the public sector WPI is expected to be reported in the June quarter 2008 release.

## Sensis Business Index

In the May quarter 2008, a net balance of 58 per cent of Territory Small and Medium Enterprises (SMEs) remain confident about the next 12 months, an decrease of 16 percentage points from the February quarter 2008. Nationally, confidence decreased by 16 percentage points to a net balance of 33 per cent. Business confidence in the Territory has exceeded or equalled that reported nationally for fifteen consecutive quarters (see Chart).

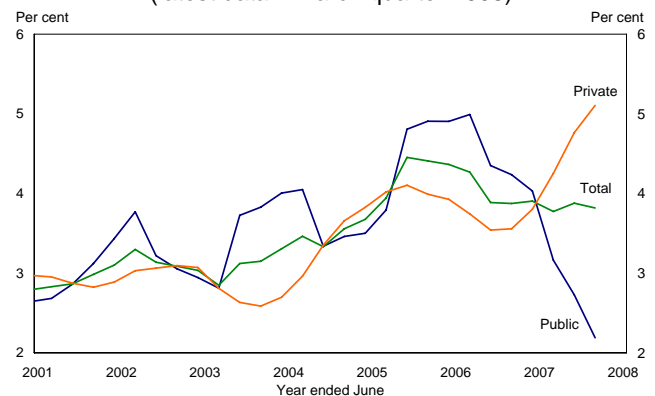
The Territory recorded the highest net balance of the jurisdictions (58%), ahead of; Queensland (42%), Western Australia (55%), Tasmania (40%), South Australia (36%), Victoria (48%), Australian Capital Territory (23%) and New South Wales (11%). In annual terms, the net balance in the Territory decreased by 5 percentage points (to 58%), indicating more SMEs are confident regarding their prospects than a year ago.

## Average Weekly Earnings\* (latest data – February quarter 2008)



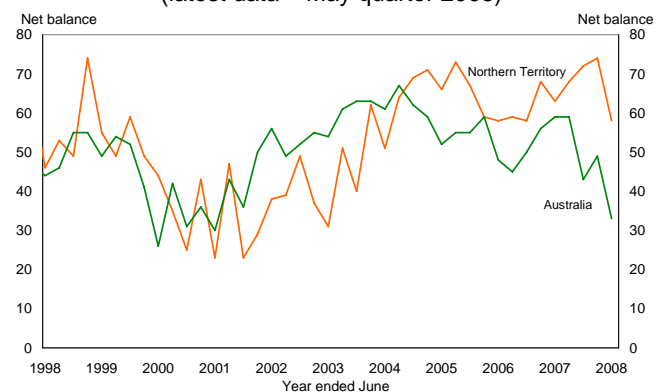
\* year on year percentage change  
Source: ABS Cat. Nos. 6302.0

## Territory Wage Price Index\* (latest data – March quarter 2008)



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

## Business Confidence Index (latest data – May quarter 2008)



Source: Sensis Business Index, May quarter 2008

## Retail Turnover

In March 2008, seasonally adjusted retail turnover increased by 0.5 per cent in both the Territory and nationally. In the year to March 2008, current price retail turnover in the Territory increased by 10 per cent, equal highest with Queensland and well above the national average of 7.1 per cent growth (see chart).

In the month of March 2008, in original terms, current price retail turnover in the Territory totalled \$197 million. The ABS classifies retail expenditure into six broad categories. 'Food' was the largest category, contributing 48.9 per cent (\$96 million), followed by 'hospitality and services' 15.7 per cent (\$31 million), 'household goods' 14.7 per cent (\$29 million), 'department stores and other retailing' 13.5 per cent (\$27 million), 'clothing and soft goods' 4.1 per cent (\$8 million) while 'recreation related goods' accounted for the remaining 3.2 per cent (\$6 million).

## Sales of New Motor Vehicles

In April 2008, in seasonally adjusted terms, total Territory new motor vehicle sales decreased by 7.3 per cent to 937. By vehicle category; sales of passenger vehicles decreased by 0.2 per cent in the month, sales of 'SUV's' decreased by 14.3 per cent, and sales of 'other' vehicles (such as light and heavy trucks) decreased by 10.5 per cent. Nationally, total motor vehicle sales decreased by 0.8 per cent in April 2008.

In the year to April 2008, new motor vehicle sales in the Territory increased by 9.2 per cent to 10 392, the highest level recorded for the Territory (see chart). In year on year terms, sales of passenger vehicles increased 3.0 per cent to 4 731, sales of 'other' vehicles increased 14.6 per cent to 3 368, and sales of SUV's increased 15.6 per cent to 2 293. Nationally, sales of new motor vehicles increased 7.7 per cent in the year to April 2008.

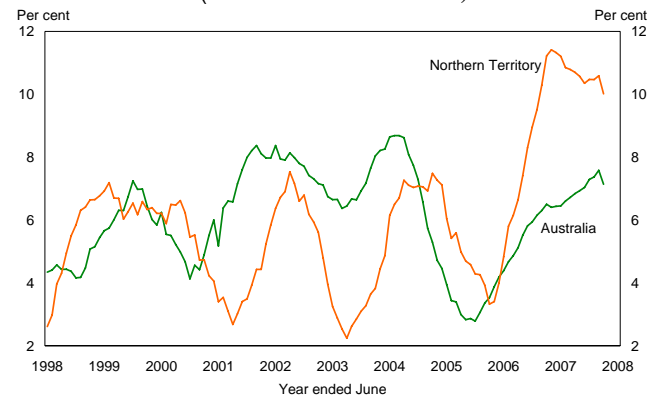
## Petrol Prices

In April 2008, fuel prices increased by 3.0 cpl in Darwin to 152.6 cpl while the eight capital cities weighted average price increased by 3.6 cpl to 143.0 cpl. This represents a 9.6 cpl price differential between Darwin and the eight capital cities weighted average. Compared to April 2007 petrol prices in Darwin have increased by 17.3 cpl, while nationally the eight capital cities weighted average price increased by 18.4 cpl. Over the long term, petrol prices in Darwin track other capital cities, though tend to remain higher due to distance from refineries and other competitive factors (see chart).

In annual terms, crude oil prices increased by 37.9 per cent in A\$ terms in April 2008, while increasing by 55.7 per cent in US\$ terms. The current strength of the A\$ against the US\$ has offset some of the effects of rising oil prices. Price increases are due to increased global demand with strong economic growth in Asia, particularly from China and decreased oil supply as a result of tightness in global refining inventories and worldwide refining bottlenecks.

## Retail Turnover\*

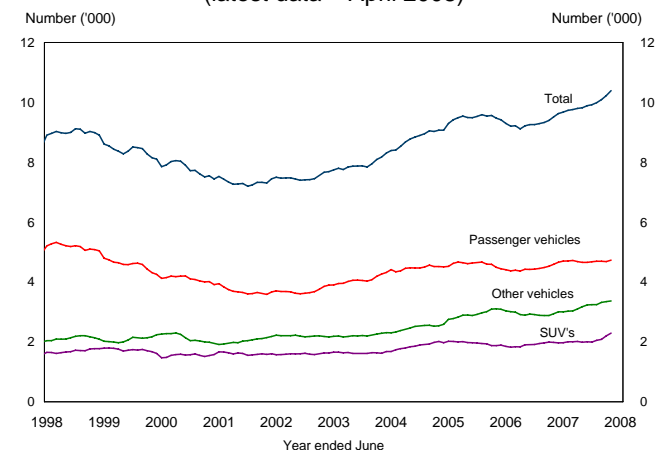
(latest data – March 2008)



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

## Motor Vehicle Sales\*

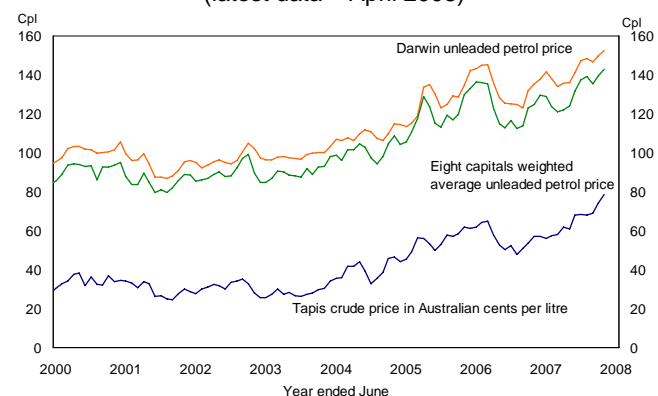
(latest data – April 2008)



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

## Petrol Prices

(latest data – April 2008)



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

## Building Approvals

In the Territory, residential building approvals decreased by 70 to 81 in March 2008. Of these 81 approvals, 75 were in the private sector and 6 were in the public sector. For the month, 26 of the private sector approvals were for 'houses', while 49 were for 'other residential'. In the public sector, all 6 approvals were for 'houses'.

In the year to March 2008, residential building approvals in the Territory decreased by 9.4 per cent to 1 279, the second lowest growth of the jurisdictions (with Western Australia having the lowest growth) and below the national average increase of 2.7 per cent. The decrease in the number of residential building approvals was largely due to declines for approvals in the private sector housing market, which subtracted 11.5 per cent from total growth. This trend reflects current conditions in the housing market with moderating price growth as well as higher interest rates.

## Housing Finance for Owner Occupation

In March 2008, the number of seasonally adjusted owner-occupier housing finance commitments in the Territory decreased by 25.9 per cent to 394 annually, while decreasing 8.4 per cent nationally.

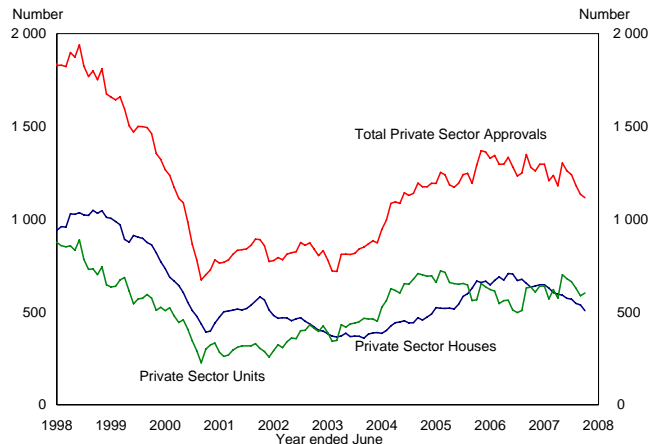
Since peaking in 2005-06 the number of housing finance commitments in the Territory has been steadily declining (see chart). However the decline in finance commitments since 2005-06 has been from historically high and unsustainable levels. In the year to March 2008, Territory housing finance commitments in original terms decreased by 15.5 per cent, driven by a 15.5 per cent decline in the purchase of established dwellings and a 17.8 per cent decline in the construction of new dwellings. The number of finance commitments by first home buyers decreased in the Territory by 22.8 per cent in the year to March 2008. At the national level the number of first home buyer housing finance commitments increased by 3.3 per cent in the same period

## House Price Index

The House Price Index (HPI) gives an indication of the average cost of established homes and project homes (new homes under construction on existing land) in each of the capital cities in Australia. In the March quarter 2008, Darwin established house prices decreased by 1.3 per cent, compared to a national increase of 1.1 per cent. House price growth has eased in Darwin from the peak levels reported in 2006. Nationally, moderate price growth has continued in the eight capitals after reporting more robust growth in 2006.

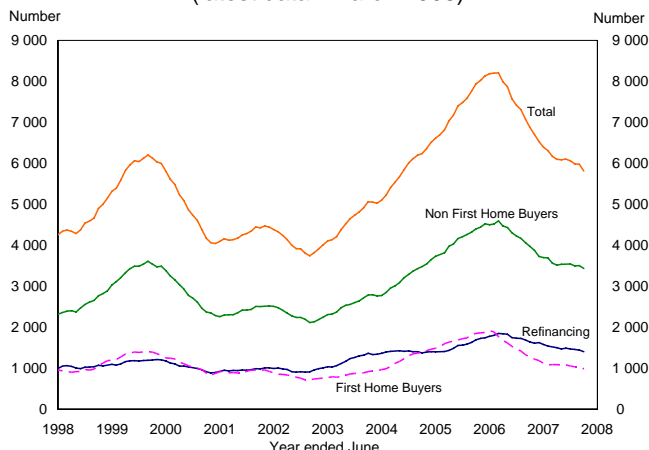
Compared to the March quarter 2007, growth in the Darwin HPI for established house prices increased by 4.9 per cent in the March quarter 2008 (see chart). Darwin house price growth continues to moderate from the peak reported in the June quarter 2006, whilst the eight capitals reports 12.3 per cent growth annually in the March quarter 2008.

## Private Sector Building Approvals\* (latest data – March 2008)



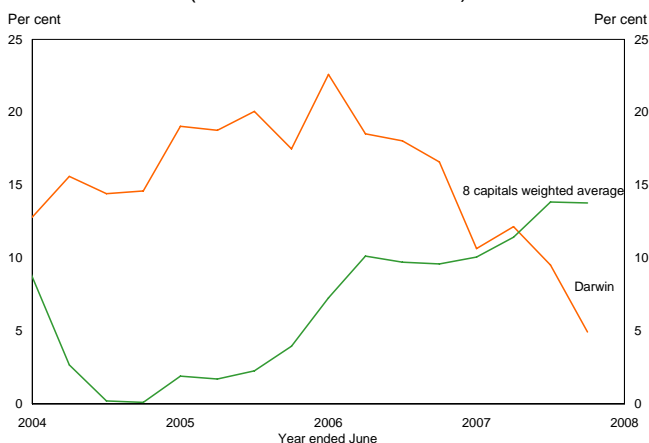
\*moving annual total  
Source: ABS Cat. No. 8731.0

## Number of Housing Finance Commitments\* (latest data – March 2008)



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

## Established House Price Index\* (latest data – March 2008)



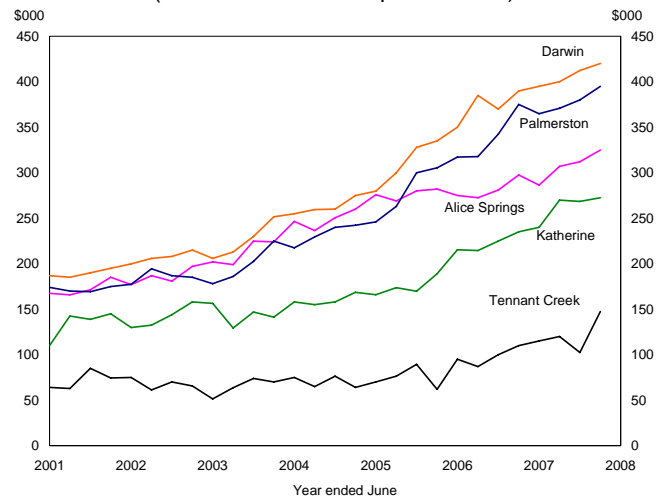
\*annual percentage change  
Source: ABS Cat. No. 6416.0

## Regional House Prices

Median house prices in the March quarter 2008, as reported by the Real Estate Institute of the Northern Territory (REINT), are at historic highs in Darwin, Alice Springs, and Palmerston, Katherine and Tennant Creek (see chart). The median house price in Darwin is \$420 000, representing annual growth of 7.7 per cent. In Palmerston, median house prices have increased to \$395 000 an annual growth rate of 5.3 per cent. In Alice Springs the median house price has increased to \$325 000, an annual rate of growth of 9.2 per cent. Annual growth of 16.0 per cent and 34.1 per cent is reported in Katherine and Tennant Creek, respectively.

The reported increases in median house prices tend to mirror changes in population growth, employment opportunities and land shortages in the major centres. In all cases house price growth is moderating, indicating the Territory house price cycle is close to its peak.

## Regional House Prices (latest data – March quarter 2008)



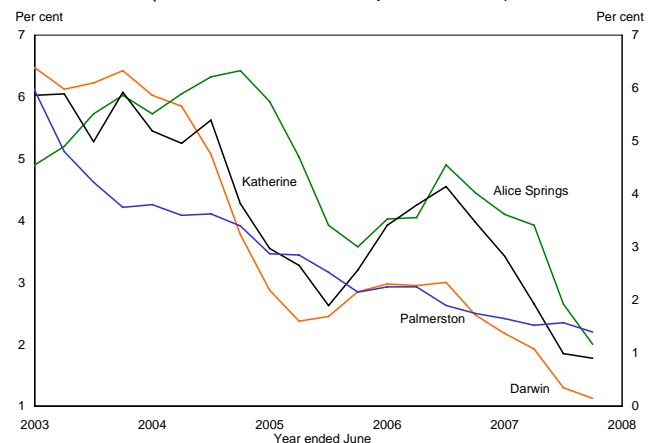
Source: Real Estate Institute of the Northern Territory

## Regional Rents & Vacancy Rates

In the March quarter 2008, rental prices in Darwin increased to \$490 and \$375 per week for 'houses' and 'other dwellings' respectively. This represents an annual growth of 44.1 per cent for house rents and 33.9 per cent for other dwellings rents. Palmerston also experienced an increase in house and other dwelling rental prices, to \$410 and \$345, representing annual growth of 13.9 and 23.2 per cent respectively. House rents in Alice Springs decreased from \$370 to \$355 while Katherine house rents increased to \$305, whereas rent for other dwellings grew by 11.5 and 10 per cent respectively.

Vacancy rates decreased across all regions in the March quarter 2008, with the exception of Katherine where total vacancy rates increased by 1.7 percentage points to 2.7 per cent. Total vacancy rates in Darwin are down to 0.5 per cent, an historic low. In addition, historic low vacancy rates of 0.9 per cent and 0.8 per cent have been reported for Palmerston and Alice Springs, adding to the rental price pressures across the Territory.

## Regional Vacancy Rates (latest data – March quarter 2008)



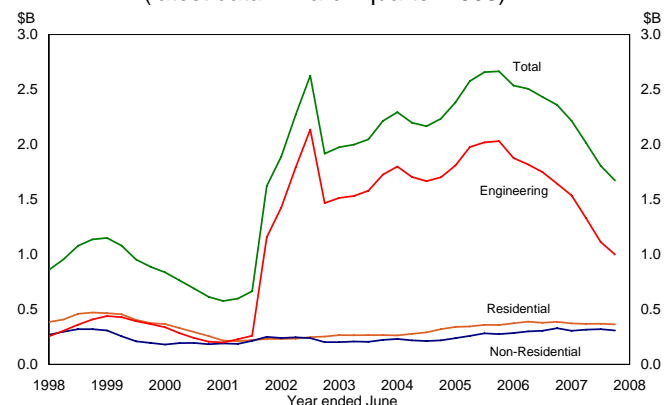
Source: Real Estate Institute of the Northern Territory

## Construction Work Done

In the March quarter 2008, seasonally adjusted total construction work done increased by 8.3 per cent to \$411 million in the Territory, compared to a national increase of 2.3 per cent. In annual terms, the value of construction activity in the Territory decreased by 25.6 per cent, continuing its moderating trend over the past two years. Although, the value of total construction activity has declined, it remains above long-term trend levels (see chart). In year on year terms, construction activity decreased by 29.1 per cent to \$1.7 billion in the Territory in the year to March 2008, while increasing by 4.6 per cent nationally.

The decline in year on year terms in the Territory was largely driven by a 39.2 per cent fall in engineering construction activity (to \$1.0 billion). This reflects the completion of construction at the Wickham Point LNG plant and the Alcan G3 expansion nearing completion.

## Construction Work Done\* (latest data – March quarter 2008)



\* moving annual total  
Source: ABS Cat. Nos. 8755.

## Employment

ABS labour force data for the Territory are characterised by extreme volatility and as such should be interpreted with caution. The ABS now estimates that standard errors of labour force statistics for the Territory are much larger than previously published. Taking this into account, the ABS reports that trend employment increased marginally to 110 067 in April 2008 (see chart). This is the highest resident employment level on record for the Territory. Nationally, seasonally adjusted employment increased by 25 384 in the month to just over 10.7 million employed persons.

A comparison of Territory (trend) resident employment in April 2008 with resident employment in April 2007 shows an increase of 5.6 per cent, the highest annual growth rate of the jurisdictions. In year on year terms, a more stable measure of growth, Territory employment increased by 5.8 per cent (in original terms) in the year to April 2008, compared to 2.8 per cent growth reported nationally.

## Unemployment

The Territory's trend unemployment rate was 4.3 per cent in April 2008, down from (a revised) 4.5 per cent reported in March 2008. Compared to April 2007, the unemployment rate in the Territory has decreased by 0.1 of a 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). In April 2008 the Territory reported the fourth lowest trend unemployment rate of the jurisdictions, marginally lower than Queensland, Western Australia and the Australian Capital Territory.

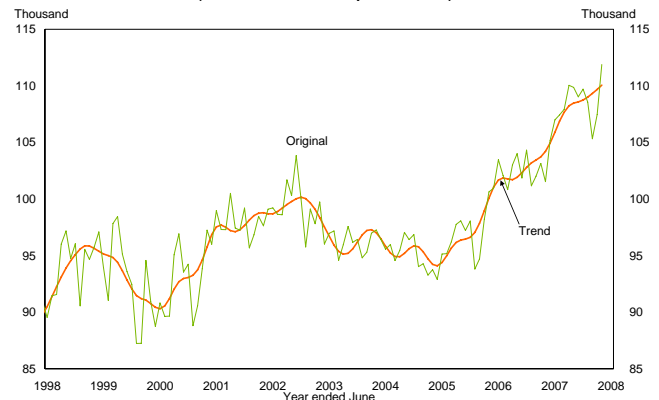
At the national level, the seasonally adjusted unemployment rate (the figure most commonly quoted in the media) increased to 4.2 per cent in April 2008, up 0.1 percentage points from 4.1 per cent reported for March 2008.

## International Merchandise Trade

In the year to March 2008 the value of Territory merchandise exports increased by 5.9 per cent to \$4.1 billion mainly due to higher LNG exports as well as higher crude oil and commodity prices. Over the same period, the value of merchandise imports to the Territory decreased by 19.0 per cent. The decline in imports reflects the completion of Jetstar's fleet purchase (where Darwin was the port of entry for customs reporting purposes). Partially offsetting this decline was increased gas feedstock imports for the LNG plant at Wickham Point and the importation of Abrams Tanks for Defence.

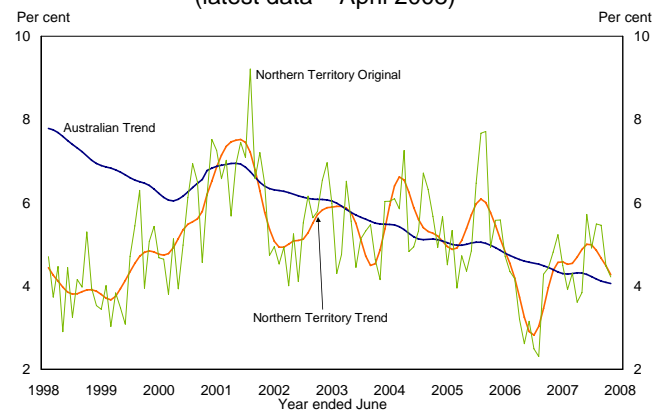
The Territory's goods trade balance increased by \$808 million in the year to March 2008, to a surplus of \$1.6 billion (see chart). The Territory's trade surplus is expected to further improve in the upcoming year with the combined effect of increased LNG, alumina and manganese exports and reduced imports to the Territory. Lower imports of machinery and equipment reflect the completion of major projects.

## Territory Employment (latest data – April 2008)



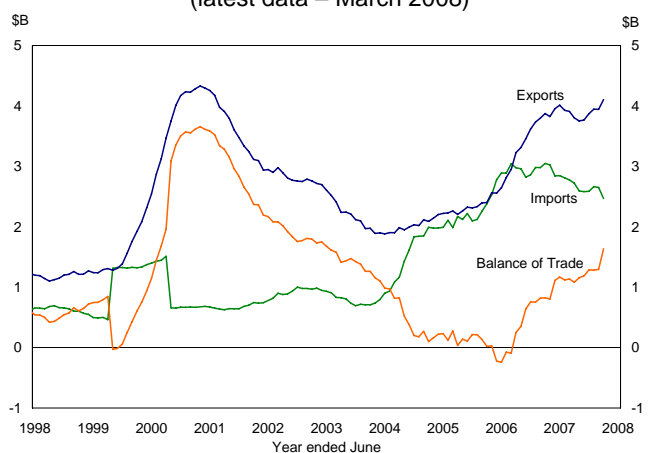
Source: ABS Cat. No. 6202.0

## Territory Unemployment (latest data – April 2008)



Source: ABS Cat. No. 6202.0

## Territory Merchandise Trade Balance\* (latest data – March 2008)



\* moving annual total  
Source: ABS Cat. No. 5368.0

## Consumer Price Index

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

## Current Dollars

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

## Dwelling Unit

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

## Employed

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

## Final Consumption Expenditure

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

## Fixed Capital Formation

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

## Goods and Services Tax

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

## Gross Domestic Product

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

## Gross State Product

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

## Labour Force

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

## Original Terms

Data in original terms is basic, raw data as collected in a survey or a census. It is not adjusted for seasonality

or smoothed to remove irregularities to form a trend series.

## Participation Rate

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

## Business Investment

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

## Real Dollars

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

## Seasonally Adjusted Terms

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

## State Final Demand

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

## Trend Terms

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

## Unemployed

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

## Unemployment rate

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

# Territory Economic Review June 2008

Indicator	Period	Measure	Comparative Economic Indicators*								
			NT	NSW	Vic	Qld	SA	WA	Tas	ACT	Aus
<b>Economic Growth</b>											
Gross Domestic Product <sup>(a)</sup>	2006-07	% change	5.6	1.8	2.7	4.9	0.8	6.3	2.1	5.0	3.2
State Final Demand <sup>(a)</sup>	Year to Dec 07	% change	1.5	4.1	3.6	7.4	2.5	10.3	5.0	3.6	5.2
International Goods Exports	Year to Mar 08	% change	5.9	1.8	1.4	-9.5	8.5	10.2	-2.4	0.0	1.8
International Goods Imports	Year to Mar 08	% change	-19.0	6.2	7.9	14.5	5.1	12.6	3.9	-96.8	8.2
<b>Demography</b>											
Population	Sep-06 Qtr to Sep-07 Qtr	% change	2.2	1.0	1.5	2.2	1.0	2.4	0.8	1.5	1.5
<b>Labour Market</b>											
Employment (trend)	Apr 07 to Apr 08	% change	5.6	3.5	2.0	2.0	3.2	3.2	2.6	2.1	2.8
Participation Rate (trend)	As at April 07	%	71.0	63.1	64.9	67.3	62.0	67.7	60.1	73.2	64.9
	As at April 08	%	72.9	64.0	64.9	66.9	62.9	68.2	60.8	73.0	65.3
Unemployment Rate (trend)	As at April 07	%	4.4	5.0	4.7	3.7	5.0	3.1	5.2	3.0	4.4
	As at April 08	%	4.3	4.3	4.4	3.6	4.6	3.2	4.5	2.8	4.1
ANZ Job Ads	Year to Apr 08	% change	16.4	-0.6	-4.2	0.1	7.5	-6.1	10.4	6.8	-0.9
<b>Prices and Wages</b>											
Consumer Price Index	Mar-07 Qtr to Mar-08 Qtr	% change	3.9	3.9	4.4	4.8	4.5	4.3	3.8	4.6	4.2
	Year to Mar 08 Qtr	% change	3.4	2.3	2.9	3.5	2.6	3.3	2.7	3.0	2.8
Average Weekly Earnings (full-time adult total earnings)	As at February 08	\$	1129.80	1204.10	1150.00	1098.30	1083.30	1325.70	1071.00	1320.50	1174.80
<b>Housing Sector</b>											
Building Approvals (number)	Year to Mar 08	% change	-9.4	-5.0	10.0	9.1	7.1	-9.9	1.7	5.9	2.7
Housing Finance for Owner Occupation (number)	Year to Mar 08	% change	-15.5	1.3	4.8	1.8	1.9	-7.0	10.2	8.1	1.2
Housing Affordability Indicator <sup>(b)</sup>	As at Dec 07 Qtr	Level	42.9	25.1	27.6	25.8	28.0	29.8	29.9	47.3	26.7
<b>Consumer Spending</b>											
Retail Trade (current \$)	Year to Mar 08	% change	10.0	6.6	5.1	10.0	8.1	7.8	6.5	5.0	7.1
New Motor Vehicle Sales (No.)	Year to Apr 08	% change	9.2	7.6	9.8	7.4	4.0	6.4	4.8	10.3	7.7
Tourist Accommodation - Takings (current \$)	Year to Dec 07	% change	11.4	9.3	8.2	9.0	8.8	16.9	6.6	10.6	9.7

\*original data unless otherwise stated

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

Source: Australian Bureau of Statistics Data, ANZ Job Advertisement Series, AMP Housing Affordability Report

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