

Northern Territory Budget and Economic Forecasts

The 2009-10 Northern Territory Budget was handed down on 5 May 2009. Highlights of the \$4.5 billion Territory Budget include \$1 billion for health and families, \$808 million for education and training, and \$279 million for police and emergency services. Despite severe reductions in the GST pool, the Northern Territory Government has increased investment spending to protect jobs and economic growth.

The Budget delivers an unprecedented \$1.3 billion infrastructure investment in Territory housing, roads, education and health facilities. The significant increase in infrastructure expenditure (47 per cent) will support growth in jobs and the economy.

As part of the Budget process, Northern Territory Treasury provides forward estimates and forecasts for key economic and demographic indicators (see table 1).

Table 1: Key Growth Forecasts

	2005-06	2006-07	2007-08	2008-09e	2009-10f	2010-11f
	%	%	%	%	%	%
Real GSP	6.5	5.2	3.9	4.1	2	3 ¼
Resident Employment	3.2	5.1	5.9	2.5	1 ½	2
Population ¹	2.3	1.9	2.4	2.0	1.8	1 ½
Darwin CPI ²	2.6	4.4	3.4	4.0	2.6	2 ½

e: estimate; f: forecast

¹ As at December, annual percentage change

² As at December, year on year percentage change

The Territory economy is forecast to grow by 2 per cent in 2009-10, with the downturn in the Australian and world economy constraining expenditure on goods and services by households and businesses and constraining demand for, and the value of, the Territory's mineral and energy exports.

Resident Employment is estimated to increase by 1.5 per cent in 2009-10, with fewer employment opportunities expected in the retail sector and the mining industry. However employment levels in the Territory will be supported by the record public investment in infrastructure, growth in residential construction, the Strategic Indigenous Housing Infrastructure Program, and the Commonwealth's Nation Building and Jobs Plan.

Population growth is estimated to moderate to 1.8 per cent in 2009, with net interstate migration returning towards longer run averages following the completion of major projects in the Territory, including large scale residential developments in Darwin's central business district.

Inflationary pressures are expected to ease in the Territory in 2009 with inflation growth estimated to be 2.6 per cent, down from 4.0 per cent in 2008. Slowing domestic and global economies, and lower crude oil prices, are expected to reduce consumption and keep inflation within the Reserve Bank of Australia target range of 2 to 3 per cent.

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	2007-08	Latest available	Annual % change ¹
Expenditure on GSP (2005-06 prices)												
Private Consumption		6.5	3.5	6.5	4.6	6.4	4.8	5.8	3.8	5.4	Dec Q 08	-1.1
Public Consumption		7.6	1.1	0.4	2.5	4.6	3.2	2.2	5.3	3.6	Dec Q 08	0.9
Total Consumption Expenditure		7.0	2.4	3.8	3.7	5.7	4.1	4.3	4.4	4.6	Dec Q 08	-0.3
Private Investment												
<i>Dwellings</i>		-24.7	-40.7	4.0	9.9	-4.0	27.5	14.7	-4.4	-8.4	Dec Q 08	7.9
<i>Other buildings and structures</i>		-58.9	-22.7	125.2	26.5	6.5	0.7	4.4	-3.9	-23.4	Dec Q 08	111.0
<i>Machinery and equipment</i>		11.3	31.3	2.6	6.3	11.8	-11.6	28.7	7.3	83.3	Dec Q 08	16.8
<i>Livestock</i>		-7.7	41.7	5.9	-55.6	225.0	-3.8	8.0	-29.6	10.5	Dec Q 08	4.8
<i>Intangible fixed assets**</i>		-18.9	-17.8	51.0	-42.0	-20.0	62.5	98.2	-3.9	1.4	Dec Q 08	-46.8
<i>Ownership transfer costs</i>		-6.3	-21.7	16.0	3.7	29.2	6.8	9.0	-1.2	-16.1	Dec Q 08	-5.0
Business Investment [#]		-40.2	-1.7	54.4	7.9	9.7	0.4	17.0	-2.5	4.7	Dec Q 08	38.1
Total Private Investment		-36.1	-11.6	45.0	8.1	8.5	3.8	16.3	-2.8	1.8	Dec Q 08	31.8
Public Investment		46.3	45.8	19.4	-33.3	1.9	25.6	2.1	-3.8	24.3	Dec Q 08	4.6
Total Investment		-29.8	-2.4	38.9	-0.5	7.6	6.7	14.2	-2.9	4.9	Dec Q 08	27.8
State Final Demand		-5.0	1.5	12.0	2.3	6.2	4.8	7.1	2.1	4.7	Dec Q 08	7.9
State Final Demand less L-C and B-U^{##}		2.1	1.6	10.8	0.8	5.2	9.5	8.5	2.5		Dec Q 08	
International Trade - export of goods		47.2	30.0	-22.6	-11.0	-23.9	-6.2	-1.6	44.1	-5.9	Dec Q 08	18.8
International Trade - import of goods		178.4	-62.0	15.2	30.1	4.0	107.5	27.5	-0.4	-21.8	Dec Q 08	62.9
Total Gross State Product		7.2	4.9	1.7	0.0	2.3	5.6	6.5	5.2	3.9		
Contribution to GSP Growth												
Private Consumption		2.7	1.4	2.6	1.9	2.8	2.2	2.6	1.8	2.1		
Public Consumption		2.5	0.4	0.1	0.8	1.5	1.1	0.7	1.7	1.1		
Private Investment		-12.3	-2.3	7.6	1.9	2.2	1.1	4.5	-0.8	-0.2		
Public Investment		1.3	1.8	1.0	-2.1	0.1	1.1	0.1	-0.2	1.1		
State Final Demand		-5.5	1.5	11.4	2.4	6.6	5.4	7.8	2.4	4.1		
Net International Exports		4.0	23.7	-13.1	-7.6	-9.3	-11.7	-5.8	9.0	2.6		
Balancing item		8.8	-20.3	3.3	5.2	5.0	12.0	4.5	-6.2	-2.8		
Gross State Product		7.2	4.9	1.7	0.0	2.3	5.6	6.5	5.2	3.9		

^{*} 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	2006-07	2007-08	Latest	Annual change**
Real Retail Turnover		7.6	-2.2	4.8	3.1	6.0	4.0	0.7	8.5	8.0	Dec Q 08	8.8
New Motor Vehicle Sales		-8.8	-4.2	-0.3	3.3	8.4	10.7	0.0	4.1	8.2	Mar 09	-35.2
Tourist Accommodation Takings		0.0	0.0	-1.0	-0.1	2.8	13.6	3.4	14.8	10.5	Dec Q 08	6.1
Number of Dwellings Approved		-30.6	-28.4	-13.8	0.0	23.4	18.4	-1.8	7.4	-19.9	Mar 09	-10.2
Number of Dwellings Commenced		-21.1	-34.0	0.1	-4.1	6.0	29.1	1.3	-0.2	-20.9	Dec Q 08	64.5
Employment		-2.3	1.5	4.8	1.5	-2.0	-0.2	3.2	5.1	5.9	Apr 09	3.7
Unemployment rate		4.4	5.6	6.7	5.5	5.2	5.7	5.5	3.8	4.4	Apr 09	4.6
Darwin Consumer Price Index ^{##}		0.7	3.9	3.6	2.2	2.1	1.6	2.6	4.4	3.4	Mar Q 09	2.8
AWOTE [#] (year average)		4.3	3.4	2.1	4.7	6.0	6.6	3.8	1.5	5.2	Nov Q 08	5.7
Wage Price index (year average)		0.0	2.8	3.1	3.0	3.3	3.7	4.4	3.9	3.9	Nov Q 08	4.8
Population, December (levels - thousands) ^{##}		194.3	196.3	198.3	199.3	200.6	203.8	208.4	212.3	217.4	Sep Q 08	221.1
Population (annual % change) ^{##}		1.6	1.0	1.1	0.5	0.6	1.6	2.3	1.9	2.4	Sep Q 08	2.2
Net Interstate Migration (levels - number) ^{##}		-817	-1621	-1751	-2440	-2283	-482	726	-428	885	Sep Q 08	1071.0

^{*} 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	2006-07	2007-08	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	6.43	7.80	25 May 09	3.14
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	6.45	25 May 09	5.27
Exchange Rates											
US\$ per A\$ (year average)	0.63	0.54	0.52	0.58	0.71	0.75	0.75	0.79	0.90	25 May 09	0.76
US\$ per A\$ (as at 30 June)	0.60	0.51	0.56	0.67	0.69	0.76	0.74	0.85	0.96	25 May 09	0.78
Special Drawing Rights ¹ per A\$ (as at 30 June)	0.45	0.41	0.43	0.48	0.47	0.52	0.51	0.56	0.59	25 May 09	0.51
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	73.40	25 May 09	62.4

¹ 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 – Northern Territory Budget and economic Forecasts.....	1
TERRITORY SFD AND GSP; TABLE OF LATEST ECONOMIC AND FINANCIAL INDICATORS	2
CONTENTS	3
May and June Release Dates	
ECONOMIC INDICATORS.....	4
International Merchandise Goods Trade, Employment, Unemployment	4
Wage Price Index/Average Weekly Earnings, House Price Index, Sensis Business Index	5
Retail Turnover, Tourist Accommodation, Sales of New Motor Vehicles	6
Petrol Prices, Housing Finance for Owner Occupation, Building Approvals,	7
Regional House Prices, Regional Rents and Vacancy Rate, Average Variable Mortgage Rates	8
GLOSSARY	9
STATE AND TERRITORY COMPARATIVE INDICATORS	10

ECONOMIC INDICATORS DUE FOR RELEASE

June 2009			
ABS	5676.0	Business Indicators, Australia, March 2009 (<i>no brief</i>)	01-Jun-09
ABS	8501.0	Retail Trade, Australia, April 2009	01-Jun-09
ABS	5302.0	Balance of Payments and International Investment Position, Australia, March 2009	02-Jun-09
ABS	8731.0	Building Approvals, Australia, April 2009	02-Jun-09
ABS	5206.0	Australian National Accounts: National Income, Expenditure and Product, March 2009	03-Jun-09
ABS	3101.0	Population, December 2008	04-Jun-09
ABS	3401.0	Overseas Arrivals and Departures, Australia, April 2009 (<i>no brief</i>)	04-Jun-09
ABS	5368.0	International Trade in Goods and Services, Australia, April 2009	04-Jun-09
ANZ		ANZ job ads series, May 2009 (<i>no brief</i>)	08-Jun-09
ABS	8412.0	Mineral and Petroleum Exploration, Australia, March 2009	10-Jun-09
Westpac-MI		Consumer Sentiment Index (<i>no brief</i>)	10-Jun-09
ABS	5609.0	Housing Finance, Australia, April 2009	10-Jun-09
ABS	6202.0	Labour Force, Australia, May 2009	11-Jun-09
ABS	5671.0	Lending Finance, Australia, April 2009	15-Jun-09
AAA		Petrol Prices, May 2009	Mid Jun 09
Westpac-MI		Leading Index (<i>no brief</i>)	17-Jun-09
ABS	8750.0	Dwelling Unit Commencements, Australia, Preliminary, March 2009	17-Jun-09
ABS	6291.0.55.001	Labour Force by Industry, Australia, May 2009 (<i>no brief</i>)	18-Jun-09
ABS	9314.0	Sales of New Motor Vehicles, Australia, May 2009	22-Jun-09
July 2009			
ABS	8762.0	Engineering Construction Activity, Australia, March Quarter 2009	01-Jul-09
ABS	8501.0	Retail Trade, Australia, May 2009	01-Jul-09
ABS	8731.0	Building Approvals, Australia, May 2009	01-Jul-09
ABS	5368.0	International Trade in Goods and Services, Australia, May 2009	02-Jul-09
ANZ		ANZ job ads series, June 2009 (<i>no brief</i>)	06-Jul-09
ABS	3401.0	Overseas Arrivals and Departures, Australia, May 2009 (<i>no brief</i>)	07-Jul-09
ABS	8635.0	Tourist Accommodation, March Quarter, 2009	07-Jul-09
Westpac-MI		Consumer Sentiment Index (<i>no brief</i>)	08-Jul-09
ABS	5609.0	Housing Finance, Australia, May 2009	08-Jul-09
ABS	6202.0	Labour Force, Australia, June 2009	09-Jul-09
ABS	5671.0	Lending Finance, Australia, May 2009	13-Jul-09
ABS	8752.0	Building Activity, Australia, March Quarter 2009	15-Jul-09
ABS	8782.0.65.001	Construction Activity: Chain Volume Measures, Australia, March Quarter 2009	15-Jul-09
Westpac-MI		Leading Index (<i>no brief</i>)	15-Jul-09
AAA		Petrol Prices, June 2009	Mid-July 09
ABS	6291.0.55.001	Labour Force by Industry, Australia, June 2009 (<i>no brief</i>)	16-Jul-09
ABS	6457.0	International Trade Price Indexes, Australia, June Quarter 2009 (<i>no brief</i>)	17-Jul-09
ABS	6427.0	Producer Price Index, Australia, June 2009	20-Jul-09
ABS	9314.0	Sales of New Motor Vehicles, Australia, June 2009	21-Jul-09
ABS	6401.0	Consumer Price Index, Australia, June Quarter 2009	22-Jul-09
ABS	6403.0.55.001	Average Retail Prices of Selected Items, Eight Capital Cities, June Quarter 2009	29-Jul-09
ABS	8731.0	Building Approvals, Australia, June 2009	30-Jul-09

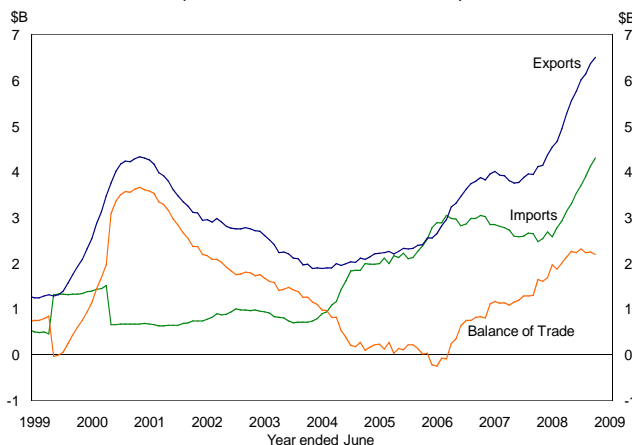
International Merchandise Goods Trade

In the year to March 2009 the value of Territory merchandise goods exports increased by 58.1 per cent to a record \$6.5 billion. This is mainly due to the higher production and prices of mineral ores exports (manganese, iron ore and alumina) and liquefied natural gas. Over the same period, the value of merchandise imports to the Territory increased by 74.6 per cent to \$4.3 billion driven mostly by gas feedstock, refined petroleum products and pearl and gem imports.

The Territory's goods trade surplus increased by 33.4 per cent in the year to March 2009, to \$2.2 billion (see chart). Growth was driven by higher exports volumes, the steep depreciation of the Australian dollar over this period, high contract prices for most commodities (locked in before global demand deteriorated) and steep falls in the prices for refined petroleum prices one of the Territory's primary imports.

Territory Merchandise Trade Balance*

(Latest data – March 2009)



* moving annual total, current prices
Source: ABS Cat. No. 5368.0

Employment

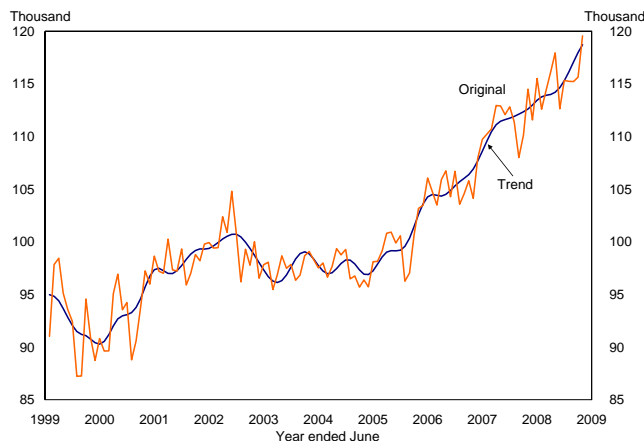
ABS labour force survey (LFS) data for the Territory are characterised by extreme volatility and as such should be interpreted with caution. While analysis of the LFS data nationally is focussed on the seasonally adjusted data, the ABS only publishes trend data for the Territory's LFS.

Taking this into account, the ABS reports that trend employment in the Territory increased by 0.6 per cent to 118 730 in April 2009 (see chart). Nationally, seasonally adjusted employment increased by 0.3 per cent in the month to 10.8 million employed persons.

Comparing April 2009 with April 2008, trend resident employment in the Territory increased by 5.4 per cent, the highest annual growth rate of the jurisdictions. In the year to April 2009, Territory employment increased by 3.6 per cent, compared to 1.4 per cent growth reported nationally.

Territory Employment*

(Latest data – April 2009)



* monthly data
Source: ABS Cat. No. 6202.0

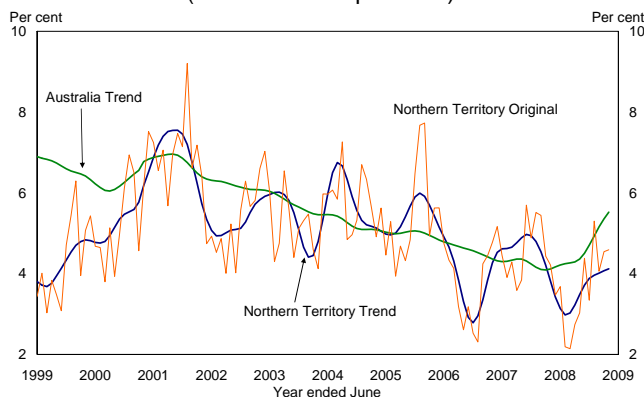
Unemployment

The Territory's trend unemployment rate was 4.1 per cent in April 2009, unchanged from the upwardly revised March 2009 figure. This is the second lowest trend unemployment of the jurisdictions. Compared to April 2008, the trend unemployment rate in the Territory has increased by 0.3 of a percentage point.

At the national level, the seasonally adjusted unemployment rate (the figure most commonly quoted in the media) decreased to 5.4 per cent in April 2009 from the 5.7 per cent reported in March 2009, contrary to anecdotal evidence which suggests firms are continuing to shed workers especially in the retail and mining industries.

Territory Unemployment*

(Latest data – April 2009)



* monthly data
Source: ABS Cat. No. 6202.0

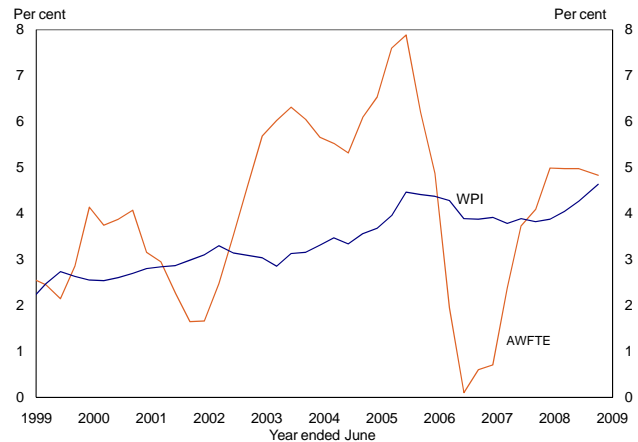
Wage Price Index / Average Weekly Earnings

The wage price index (WPI) measures the change in the cost of employing a constant quantity and quality of jobs. In the March quarter 2009, the Northern Territory WPI increased by 1.1 per cent, largely driven by wages growth in the public sector, which increased by 1.4 per cent in the quarter. This increase was driven by the backdating of salary payments to teachers in line with the negotiated EBA agreement, which was negotiated in December 2008.

In the year to the March quarter 2009, the WPI increased by 4.6 per cent in the Territory and 4.2 per cent nationally. In the Territory, public WPI over the same period increased by 4.3 per cent while private increased by 4.9 per cent. Nationally the increases in WPI for public and private were 4.0 per cent and 4.2 per cent respectively.

In the March quarter 2009, seasonally adjusted average weekly full time earnings full time (AWFTE) for adults was \$1177 in the Territory, the sixth highest of the jurisdictions, and below the national level of \$1229. In year on year terms, AWFTE (which includes overtime and bonus payments) increased by 4.8 per cent both in the Territory and nationally.

Territory Wage Price Index* and Average Weekly Full Time Earnings* (latest data – March quarter 2009)



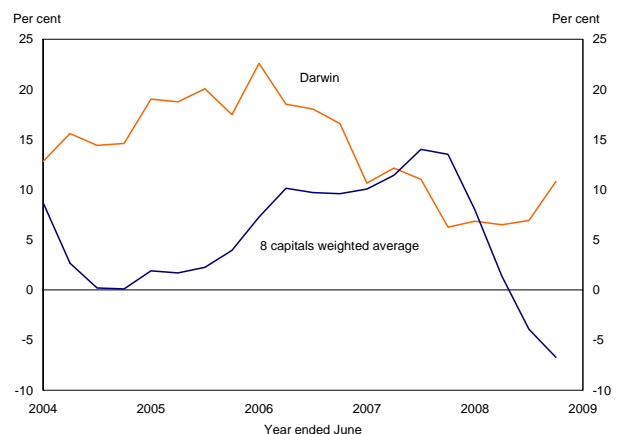
*year on year percentage change
Source: ABS Cat. Nos. 6302.0 and 6345.0

House Price Index

The House Price Index (HPI) reports on the growth in the average price of established homes and cost of project homes (new homes under construction on existing land) in each of the capital cities in Australia. In the March quarter 2009, Darwin established house prices increased by 2.2 per cent, compared to a national decrease of 2.2 per cent.

In annual terms, established house prices in Darwin increased by 10.8 per cent in the March quarter 2009 (see chart), the highest growth rate of the capital cities. Nationally, established house prices decreased by 6.7 per cent. Hobart was the only other capital city to record annual growth (0.6 per cent), while Perth recorded the largest decrease in house prices falling by 10.1 per cent.

Established House Price Index* (latest data – March quarter 2009)



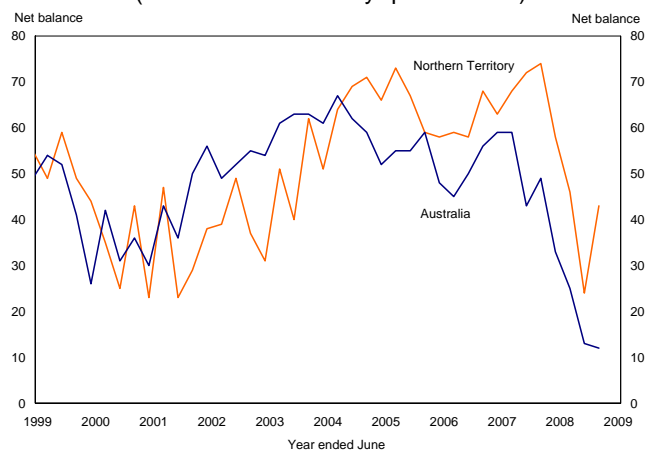
*annual percentage change
Source: ABS Cat. No. 6416.0

Sensis Business Index

Business confidence rebounded in the Territory in the February quarter 2009. A net balance of 43 per cent of Territory Small and Medium Enterprises remain confident about the next 12 months compared to a net balance of 12 per cent nationally. Business confidence in the Territory has exceeded or equalled that reported nationally since the August quarter 2004. (see chart)

In the February quarter 2009, the Territory reported an increase of 19 percentage points from the previous quarter, compared with a decrease of 1 percentage point nationally. The Territory recorded the highest net balance in business confidence (43 per cent) of all the jurisdictions. The remaining jurisdictions reported the following net balances; Western Australia (34 per cent), Queensland (28 per cent), Tasmania (20 per cent), South Australia (16 per cent), Victoria (11 per cent), Australian Capital Territory (7 per cent), and New South Wales (-3 per cent).

Business Confidence Index* (latest data – February quarter 2009)



* quarterly data
Source: Sensis Business Index, May quarter 2008

Retail Turnover (inflation adjusted)

In the March quarter 2009, seasonally adjusted real retail turnover increased by 3.5 per cent in the Territory and by 1.0 per cent nationally. Over the year to the March quarter 2009, retail trade has increased by 12.4 per cent in the Territory, while increasing by 1.6 per cent nationally.

In the year to the March quarter 2009, real retail turnover in the Territory increased by 9.5 per cent to \$2.34B, the highest growth rate of the jurisdictions and above the national average growth rate of 1.0 per cent (see chart).

Growth in Territory retail sales in the past year have been supported by strong employment and population growth and steep falls in interest rates since September 2008. Growth has also been supported by Commonwealth Government stimulus payments to households since December 2008.

Construction Work Done

In the March quarter 2009, seasonally adjusted real construction activity in the Territory decreased by 36.1 per cent to \$568M (see chart). The large decrease is primarily due to the completion of the Bonaparte Gas Pipeline project in the December quarter 2009. Nevertheless, construction activity in the March quarter 2009 remained well above long term trend levels.

In the year to March 2009, total construction work done in the Territory remained near historically high levels, increasing by 45.4 per cent to \$2.72B. Construction activity over this period was primarily supported by major engineering related projects such as the: GEMCO manganese refinery expansion, the Bonaparte gas pipeline, ENI's Blacktip project, the Darwin Waterfront Redevelopment, and the Territory Government's record capital works program, which includes the upgrade to Tiger Brennan Drive.

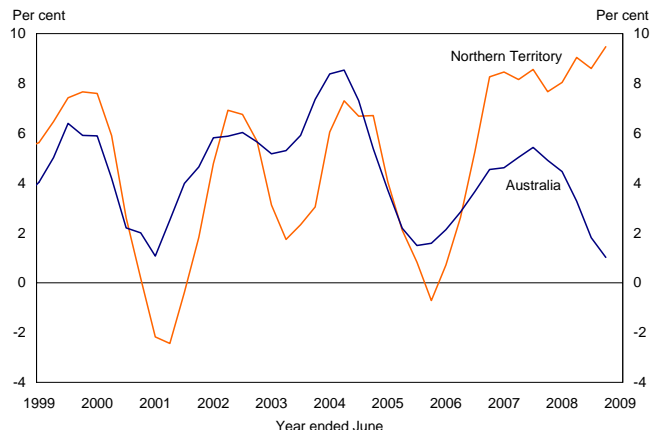
Sales of New Motor Vehicles

In April 2009, seasonally adjusted, new motor vehicle sales in the Territory increased by 13.9 per cent to 714. By vehicle category; sales of 'passenger' vehicles increased by 33.5 per cent in the month, sales of 'SUVs' increased by 2.2 per cent, and sales of 'other' vehicles (such as light and heavy trucks) decreased by 0.4 per cent. Nationally, total new motor vehicle sales increased by 0.9 per cent in April 2009.

In the year to April 2009, new motor vehicle sales in the Territory decreased by 6.7 per cent to 9691 (see chart). Nationally, new motor vehicle sales decreased by 11.7 per cent in the same period.

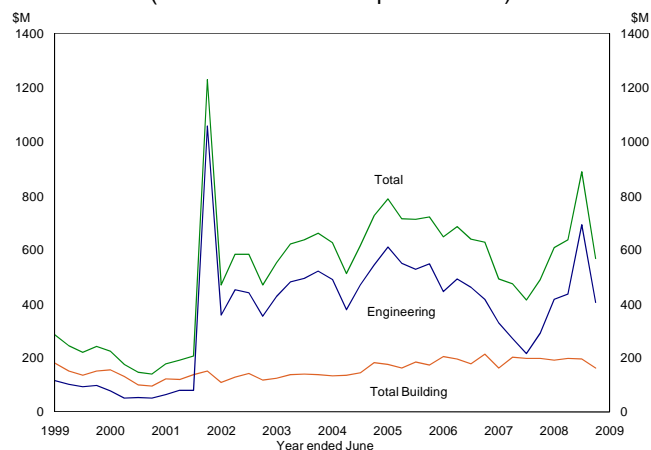
The total number of new motor vehicle sales in the Territory in the year to April 2009 has continued to decline from the peak reported in the year to September 2008. This may reflect tighter credit market conditions and Territory households and businesses becoming more cautious in their spending and delaying major purchasing decisions during uncertain economic times.

Retail Turnover* (latest data – March 2009)



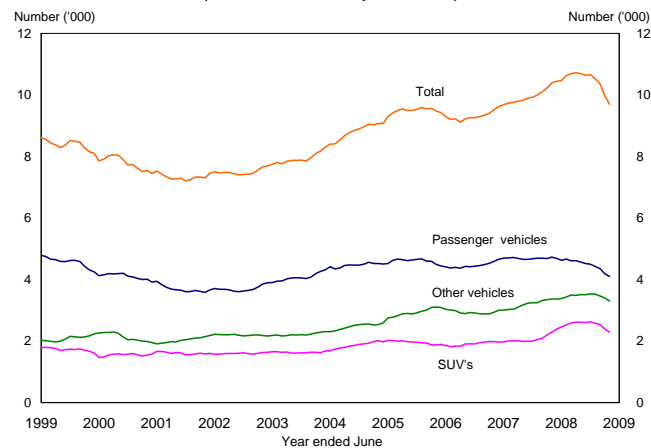
* year on year percentage change, chain volume measure
Source: ABS Cat. No. 8501.0

Construction Work Done* (latest data – March quarter 2009)



*seasonally adjusted, quarterly data, chain volume measure
Source: ABS Cat. No. 8635.0

Motor Vehicle Sales* (latest data – April 2009)



* Moving annual total
Source: ABS Cat. No. 9314.0.55.001

Petrol Prices

In April 2009, Darwin fuel prices increased by 0.1 cpl to 128.8 cpl, while nationally the eight capital cities weighted average price increased by 1.4 cpl to 117.5 cpl. This represents an 11.3 cpl price differential between Darwin and the eight capital cities weighted average. Compared to April 2008 petrol prices in Darwin have decreased by 15.6 per cent while nationally the eight capital cities weighted average price decreased by 17.8 per cent. In annual terms, crude oil prices decreased by 41 per cent in A\$ terms to \$73.73 a barrel in April 2009, while decreasing by 54.7 per cent in US\$ terms.

Despite high oil inventories in OECD countries and the slowing global economy, crude oil prices continued to rise steadily in April in \$US terms. This is primarily due to OPEC countries curtailing production in an effort to keep prices up while being faced with deteriorating global demand and increasing surplus production capacity.

Housing Finance for Owner Occupation

In March 2009, the number of seasonally adjusted housing finance commitments for owner occupation in the Territory increased by 9.4 per cent to 491. Nationally, commitments increased by 4.9 per cent to 59 793 (see chart).

Since the recent multi-year low (355) recorded in August 2008, the number of housing finance commitments for owner occupation in the Territory has increased by 38.3 per cent to 491 in March 2009. The recovery has been primarily driven by the large decline in interest rates over this period that has significantly increased housing affordability both in the Territory and nationally. It has also been supported by increases in Commonwealth and Territory Government housing subsidies, such as the First Home Owners Boost and Buildstart program.

In the year to March 2009 the number of housing finance commitments in the Territory decreased by 13.4 per cent and 17.5 per cent nationally.

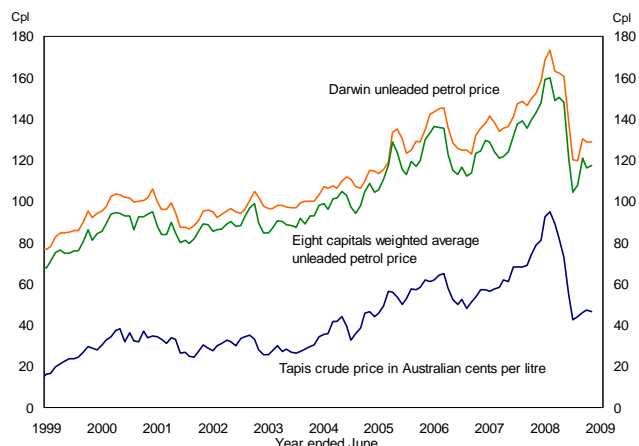
Residential Building Approvals

In March 2009, trend residential building approvals in the Territory continued to increase from the multi-year low recorded in July 2008. Nationally, trend residential building approvals increased for the first time since November 2007 (see chart).

In March 2009, trend residential building approvals increased by 5.7 per cent to 92 in the Territory, and increased by 0.4 per cent to 9851 nationally.

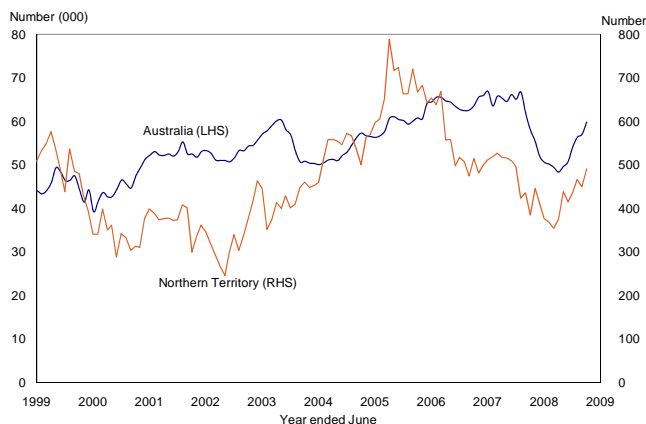
In the Territory, approvals are being constrained by the cost of building and the availability of land. However, approvals are being supported by Government assistance programs, including the temporary First Home Owners Boost and Buildstart schemes, low interest rates and confidence in the prospects of the NT economy.

Petrol Prices*
(latest data – April 2009)



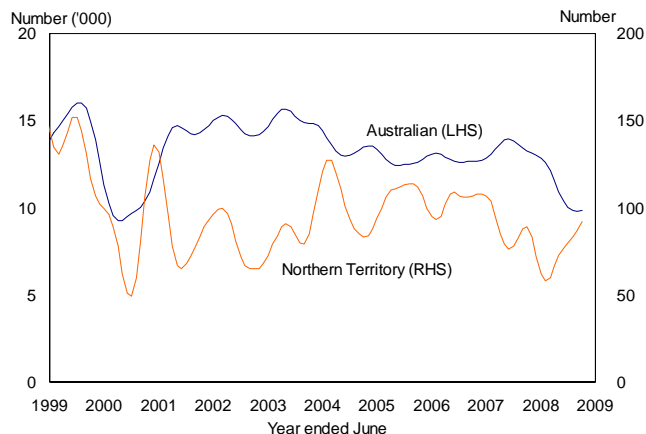
* monthly data
Source: Australian Automobile Association, Reserve Bank of Australia and Energy Information Administration

Number of Housing Finance Commitments*
(latest data – March 2009)



* seasonally adjusted, monthly data
Source: ABS Cat. No. 5609.0

Residential Building Approvals*
(latest data – March 2009)



*trend monthly data
Source: ABS Cat. No. 8731.0

Regional House Prices

In the March quarter 2009, the Real Estate Institute of the Northern Territory (REINT) reports that house prices increased to record levels across the Territory.

In annual terms, Alice Springs had the highest growth in house prices of the regions increasing by 13.1 per cent to \$367 500. This was followed by Palmerston which increased by 11.4 per cent to \$440 000, Darwin up by 8.3 per cent to \$455 000, Tennant Creek up by 5.1 per cent to \$155 000 and Katherine up by 4.6 per cent to \$285 000.

Darwin recorded the highest annual growth rate in 2-bedroom unit prices increasing by 19.2 per cent to \$384 500 in the quarter. Palmerston and Alice Springs also reported strong growth in unit prices over the year increasing by 12.5 per cent (to \$337 500) and 7.7 per cent (to \$245 000) respectively. Unit prices in Katherine decreased by 0.3 per cent to \$189 500 over the year.

In general, strong prices growth in most regions across the Territory over the past year has been driven by falling interest rates, increased Government housing subsidies and constrained land supplies.

Regional Rents and Vacancy Rates

REINT reports that the median rental price for a 3-bedroom house in Darwin increased by 1.9 per cent to \$530 per week in the March quarter 2009. Compared to March 2008, the median rental price in Darwin has increased by 8.2 per cent. The vacancy rate in Darwin is still at a very low level (1.8 per cent).

In the March quarter 2009, the median house rental price in Alice Springs has risen to \$420 per week, 31.3 per cent higher than in March 2008. Units in Alice Springs have also seen a significant increase (27.6 per cent) in the median rental price over the year. The spike in median rent prices in Alice Springs coincides with a record low total vacancy rate of 0.1 per cent (includes house and units).

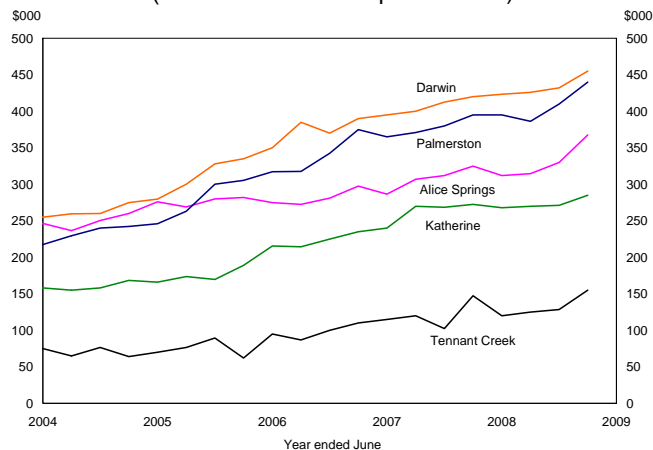
Low vacancy rates and strong population growth are adding to rental price pressures across the Territory and highlighting the supply shortage of rental properties.

Average Variable Mortgage Rates

Housing loan rates are those quoted for loans to owner-occupiers; in most cases, the same rates also apply to investment housing. Standard rates apply to housing loans with facilities such as the option to redraw or make early repayments.

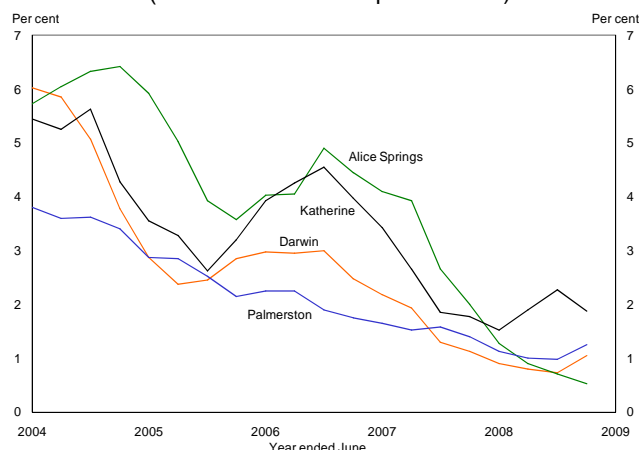
In an attempt to stimulate the slowing domestic economy the Reserve Bank of Australia (RBA) has reduced the cash rate by 4.25 percentage points in a series of cuts from September 2008. The cash rate has declined from its peak of 7.25 per cent in March 2008 to 3.00 per cent after its latest cut in April 2009. The average standard variable mortgage rate as recorded by the RBA in April 2009 was 5.75 per cent, down from the high of 9.6 per cent recorded in July and August 2008.

Regional House Prices* (latest data – March quarter 2009)



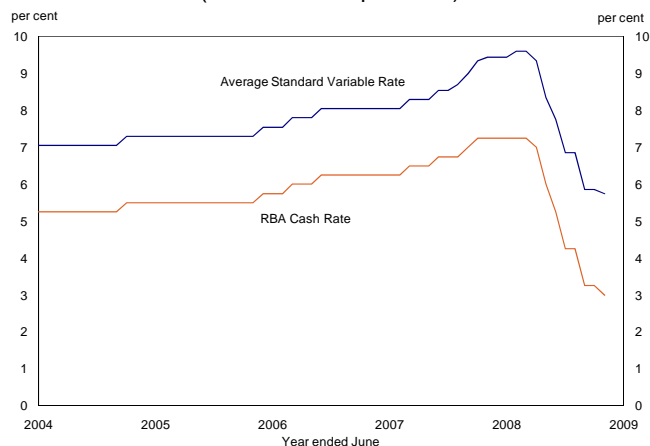
* quarterly data
Source: Real Estate Institute of the Northern Territory

Regional Vacancy Rates* (latest data – March quarter 2009)



* quarterly data
Source: Real Estate Institute of the Northern Territory *moving annual average

Interest Rates* (latest data – April 2009)



* monthly data
Source: Reserve Bank of Australia

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 2009

Comparative Economic Indicators*											
Indicator	Period	Measure	NT	NSW	Vic	Qld	SA	WA	Tas	ACT	Aus
Economic Growth											
Gross Domestic Product ^(a)	2007-08	% change	3.9	2.8	3.2	5.3	3.8	5.2	3.4	2.5	3.7
State Final Demand ^(a)	Year to Dec 08	% change	8.5	2.9	3.1	5.5	3.6	7.0	5.7	0.9	4.1
International Goods Exports	Year to Mar 09	% change	58.1	36.0	5.2	74.4	3.9	38.6	3.0	120.0	38.1
International Goods Imports	Year to Mar 09	% change	55.8	9.3	10.3	21.7	8.7	35.7	53.4	33.3	16.8
Demography											
Population	Sep-07 Qtr to Sep-08 Qtr	% change	2.2	1.3	1.8	2.5	1.1	2.9	0.9	1.4	1.8
Labour Market											
Employment (trend)	Apr 08 to Apr 09	% change	5.4	-1.1	-0.6	2.0	0.7	1.9	1.0	-0.2	0.3
Participation Rate (trend)	As at April 08	%	72.6	64.0	65.0	67.1	63.2	68.4	61.3	73.3	65.5
	As at April 09	%	74.9	63.7	64.4	67.8	63.6	69.0	61.8	72.3	65.5
Unemployment Rate (trend)	As at April 08	%	3.8	4.5	4.4	3.7	4.7	3.2	4.4	2.7	4.1
	As at April 09	%	4.1	6.3	5.7	4.9	5.8	4.7	5.3	2.8	5.5
ANZ Job Ads	Year to Apr 09	% change	-15.6	-36.0	-4.2	-36.2	6.9	-10.6	13.3	-45.3	-3.8
Prices and Wages											
Consumer Price Index	Mar-08 Qtr to Mar-09 Qtr	% change	2.8	2.4	2.1	3.1	2.3	2.2	2.2	2.7	2.5
	Year to Mar 09 Qtr	% change	3.7	3.8	3.6	4.5	3.9	3.8	3.3	4.0	3.9
Average Weekly Earnings (full-time adult total earnings)	As at November 08	\$	1163.30	1229.70	1179.80	1166.70	1147.70	1393.30	1098.80	1385.80	1216.80
Housing Sector											
Building Approvals (number)	Year to Mar 09	% change	-31.4	-18.5	-0.5	-28.4	5.8	-15.9	4.0	21.4	-13.5
Housing Finance for Owner Occupation (number)	Year to Mar 09	% change	-13.4	-14.9	-14.9	-24.9	-12.9	-21.2	-13.6	3.4	-17.5
Housing Affordability Indicator ^(b)	As at Dec 08 Qtr	Level	40.7	29.1	31.1	30.1	31.3	35.8	32.7	53.7	30.9
Consumer Spending											
Retail Trade (current \$)	Year to Mar 09	% change	13.2	1.5	4.8	4.7	8.5	3.8	6.7	2.4	4.0
New Motor Vehicle Sales (No.)	Year to Mar 09	% change	-2.5	-10.2	-6.0	-13.2	-2.2	-9.7	-7.6	-9.7	-9.1
Tourist Accommodation - Takings (current \$)	Year to Dec 08	% change	12.5	4.5	6.9	3.5	7.1	13.3	5.6	11.5	6.1

*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 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.