

# Territory Economic Review

March 2006

## Latest results from the Territory Grocery Price Survey show modest price rises

The latest survey, taken in December 2005, reports moderate prices growth in most surveyed regions, the exceptions being Nhulunbuy where prices fell and Yulara, where prices increased sharply following an unusually low result in the June 2005 survey. In Darwin, where 14 stores are surveyed, the average cost of the December 2005 basket was \$173.53, with Bi-Lo Casuarina having the cheapest basket at \$170.26, and Woolworths on Knuckey Street having the most expensive basket at \$176.65. Since June 2000, the cost of the basket in Darwin has increased at an average annual rate of 2.2%.

The Grocery Price Survey (GPS), which measures the cost of purchasing an average basket of goods at 26 supermarkets across both the Northern Territory and, for comparative purposes, Northern Queensland, was first undertaken in June 2000 in response to the 1999 Legislative Assembly Select Committee Inquiry into Territory Food prices.

In Darwin, the cost of the basket of goods increased by 1.4% in the six months following the June 2005 survey. In other regions the cost of the basket increased by 2.2% in Alice Springs, by 1.1% in Katherine, by 7.6% in Yulara, by 0.7% in Cairns and by 2.0% in Mt Isa, but fell by 0.9% in Nhulunbuy. Alice Springs continues to record the lowest cost basket of the Territory centres surveyed, followed by Darwin, Katherine, Nhulunbuy and Yulara (see chart). Of the 26 stores surveyed in the latest period, the cheapest basket was at Alice Springs Bi-Lo (\$165.39) and, at \$218.69, the highest cost basket was at Yulara IGA.

The results for December 2005 are in line with the general principle that people purchasing an average basket of goods at supermarkets in towns more remote from major supply centres and larger population centres face higher prices than those living closer to major centres. This reflects higher freight costs, which have been affected by significantly higher fuel prices recently, as well as the smaller market size and reduced competition in these centres.

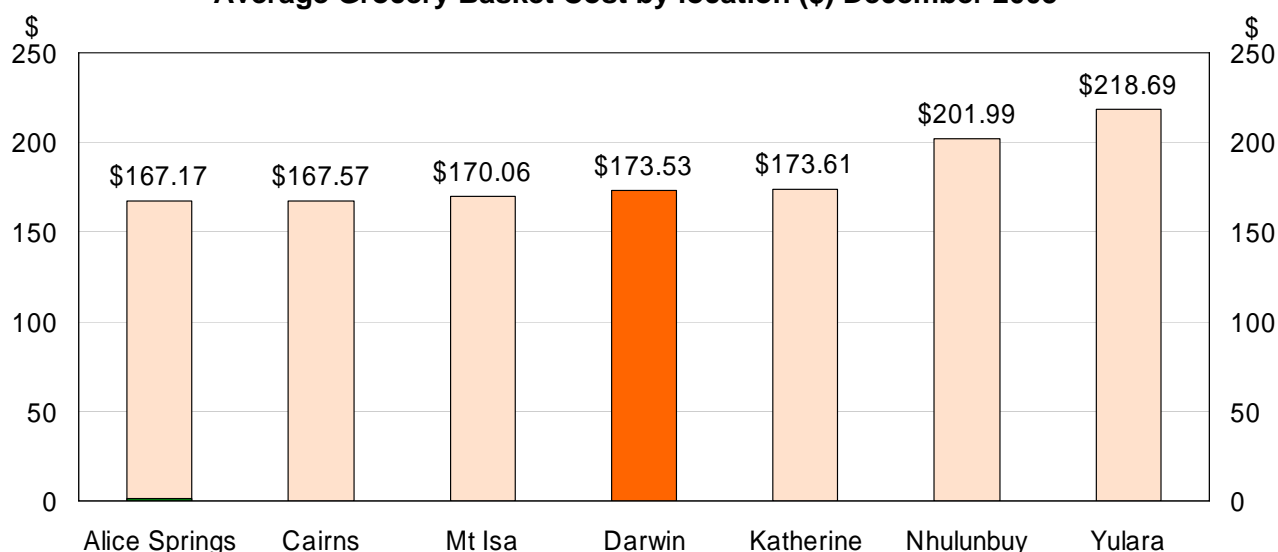
## New developments with the Territory Grocery Price Survey

For the first time since the Grocery Price Survey (GPS) began in 2000, NT Treasury has reviewed and updated items and weightings in the survey basket. This review allows the basket to remain consistent with changing consumer expenditure patterns observed over time. The review process has necessitated a break in the series, and as a result, in December 2005 NT Treasury has undertaken two surveys (Series One and Series Two) with Series Two eventually to replace Series One.

A copy of the December 2005 Grocery Price Survey can be downloaded from:

[http://www.nt.gov.au/ntt/economics/econ\\_nt\\_gpsurvey.shtml](http://www.nt.gov.au/ntt/economics/econ_nt_gpsurvey.shtml)

Average Grocery Basket Cost by location (\$) December 2005



Source: NT Treasury



# Territory Economic Review - March 2006

<b>Northern Territory State Final Demand and Gross State Product</b>									
Year ended June Percentage Change	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	Latest	Annual % change
<b>Expenditure on GSP (2003-04 prices)</b>									
Private Consumption	5.3	6.7	3.7	6.0	4.1	7.9	4.0	Dec Q 05	4.3
Public Consumption	4.8	5.4	0.0	0.4	2.6	2.4	4.1	Dec Q 05	2.5
<b>Total Consumption Expenditure</b>	<b>5.1</b>	<b>6.1</b>	<b>2.0</b>	<b>3.5</b>	<b>3.5</b>	<b>5.6</b>	<b>4.0</b>	Dec Q 05	<b>3.6</b>
Private Investment									
<i>Dwellings</i>	43.5	-25.3	-40.4	3.4	11.8	-2.4	24.7	Dec Q 05	34.9
<i>Other buildings and structures</i>	173.6	-58.9	-22.7	124.7	29.4	8.2	-3.3	Dec Q 05	12.1
<i>Machinery and equipment</i>	47.0	8.7	34.2	-1.6	1.4	3.6	-10.6	Dec Q 05	162.9
<i>Livestock</i>	112.5	-11.8	46.7	9.1	-54.2	145.5	0.0	Dec Q 05	-11.1
<i>Intangible fixed assets**</i>	-21.3	-17.6	-17.6	50.9	-42.1	-19.2	59.8	Dec Q 05	111.9
<i>Ownership transfer costs</i>	4.7	-7.8	-21.7	15.4	4.0	28.2	6.0	Dec Q 05	10.3
Business Investment <sup>#</sup>	89.0	-40.5	-0.7	52.0	7.9	7.7	-1.6	Dec Q 05	46.8
Total Private Investment	71.9	-36.8	-10.9	43.4	8.2	6.6	1.8	Dec Q 05	43.6
Public Investment	-34.3	43.6	46.1	18.9	-35.7	-0.2	30.2	Dec Q 05	3.0
<b>Total Investment</b>	<b>52.5</b>	<b>-30.4</b>	<b>-1.6</b>	<b>37.5</b>	<b>-0.9</b>	<b>5.7</b>	<b>5.5</b>	Dec Q 05	<b>37.0</b>
<b>State Final Demand</b>	<b>16.9</b>	<b>-6.0</b>	<b>1.3</b>	<b>11.5</b>	<b>2.2</b>	<b>5.6</b>	<b>4.4</b>	Dec Q 05	<b>12.7</b>
<b>State Final Demand less L-C and B-U<sup>##</sup></b>	<b>5.7</b>	<b>1.9</b>	<b>1.4</b>	<b>10.1</b>	<b>0.5</b>	<b>4.4</b>	<b>9.8</b>	Dec Q 05	<b>15.0</b>
International Trade - export of goods	-1.5	47.2	30.0	-22.6	-11.0	-23.8	-6.2	Dec Q 05	-10.3
International Trade - import of goods	-27.7	177.9	-62.0	15.3	29.9	4.1	107.5	Dec Q 05	-14.6
<b>Total Gross State Product</b>	<b>7.1</b>	<b>-0.4</b>	<b>5.2</b>	<b>1.2</b>	<b>0.1</b>	<b>0.2</b>	<b>3.6</b>	Dec Q 05	<b>3.6</b>
<b>Contribution to GSP Growth</b>									
Private Consumption	2.3	2.9	1.8	2.6	1.9	3.9	2.4	n.a	
Public Consumption	1.7	1.9	0.0	0.1	0.9	0.8	1.4	n.a	
Private Investment	15.3	-12.5	-2.4	7.9	2.1	1.8	0.0	n.a	
Public Investment	-1.6	1.3	1.9	1.1	-2.4	0.0	1.3	n.a	
<b>State Final Demand</b>	<b>17.7</b>	<b>-6.8</b>	<b>1.5</b>	<b>11.9</b>	<b>2.5</b>	<b>6.5</b>	<b>5.2</b>	<b>n.a</b>	
<b>Net International Exports</b>	<b>1.8</b>	<b>2.8</b>	<b>21.3</b>	<b>-10.0</b>	<b>-6.7</b>	<b>-7.9</b>	<b>-12.0</b>	<b>n.a</b>	
Balancing item	-12.5	3.7	-17.6	-0.7	4.3	1.6	10.4	n.a	
<b>Gross State Product</b>	<b>7.1</b>	<b>-0.4</b>	<b>5.2</b>	<b>1.2</b>	<b>0.1</b>	<b>0.2</b>	<b>3.6</b>	<b>n.a</b>	

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

<b>Latest Northern Territory Economic Indicators</b>									
Year ended June Percentage Change*	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	Latest	Annual % change**
Real Retail Turnover	5.9	5.8	-0.7	4.1	2.2	5.1	5.3	Dec Q 05	1.5
New Motor Vehicle Sales	-3.4	-8.8	-4.2	-0.3	3.3	8.4	10.7	Jan Q 06	5.0
Tourist Accommodation Takings	7.0	16.8	1.5	-1.0	-0.1	2.8	13.6	Jun Q 05	5.6
Number of Dwellings Approved	0.0	-30.6	-28.4	-13.8	0.0	23.4	18.4	Jan Q 06	8.4
Number of Dwellings Commenced	-9.7	-21.1	-34.0	0.1	-4.1	6.0	29.1	Sep Q 05	-4.4
Employment	5.3	-2.3	1.1	5.4	-0.1	-2.2	-2.0	Jan Q 06	2.8
Unemployment rate	4.0	4.4	5.6	6.8	5.8	5.2	6.3	Jan Q 06	0.3ppt
Darwin Consumer Price Index (year average) <sup>##</sup>	0.7	0.7	3.9	3.6	2.2	2.1	1.6	Dec Q 05	3.0
AWOTE <sup>#</sup> (year average)	3.1	4.6	3.7	2.3	5.0	6.5	7.0	Dec Q 05	5.2
Wage Price index (year average)	2.8	2.5	2.8	3.1	3.0	3.3	3.7	Dec Q 05	5.1
Population, December (levels - thousands) <sup>##</sup>	191.3	194.3	196.3	198.0	198.2	198.7	200.8	Jun Q 05	202.8
Population (annual % change) <sup>##</sup>	1.6	1.6	1.0	0.9	0.1	0.3	1.1	Jun Q 05	1.5
Net Interstate Migration (levels - number) <sup>##</sup>	-688	-817	-1621	-2049	-3069	-2895	-1097	Jun Q 05	233

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

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

Source: NT Treasury, Australian Bureau of Statistics data

<b>Financial Indicators</b>									
Year Ended June	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	Latest	Level
<b>Interest Rates</b>									
90 Day Bank Bill (as at 30 June)	4.92	6.17	5.02	5.11	4.67	5.50	5.66	28 Feb 06	5.61
10 Year Govt Bond Yield (as at 30 June)	6.27	6.16	6.04	5.99	5.01	5.87	5.11	28 Feb 06	5.29
<b>Exchange Rates</b>									
US\$ per A\$ (year average)	0.63	0.63	0.54	0.52	0.58	0.71	0.75	28 Feb 06	0.76
US\$ per A\$ (as at 30 June)	0.66	0.60	0.51	0.56	0.67	0.69	0.76	28 Feb 06	0.74
Special Drawing Rights <sup>†</sup> per A\$ (as at 30 June)	58.40	53.60	49.80	52.30	58.98	59.06	64.50	28 Feb 06	62.60
Trade Weighted Index of A\$ (as at 30 June)	0.64	0.64	0.60	0.57	0.58	0.57	0.63	28 Feb 06	0.62

<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

<b>March 2006</b>			
ABS	5206.0	State Final Demand, December quarter 2005	01-Mar-06
ABS	5206.0	Gross Domestic Product, December quarter 2005	01-Mar-06
ABS	8501.0	Retail Trade, January 2006	02-Mar-06
ABS	8731.0	Building Approvals, December 2005	02-Mar-06
ABS	5368.0	International Trade in Goods and Services, January 2006	03-Mar-06
ANZ		ANZ job ads, February 2006	06-Mar-06
ABS	3401.0	Overseas Arrivals and Departures, January 2006	07-Mar-06
Westpac/MI		Consumer Sentiment Index, March 2006	08-Mar-06
ABS	6202.0	Labour Force, February 2006	09-Mar-06
ABS	5609.0	Housing Finance, January 2006	10-Mar-06
Westpac/MI		Leading Index, March 2006	15-Mar-06
ABS	8750.0	Dwelling Commencements, December quarter 2005	21-Mar-06
ABS	3101.0	Population, September quarter 2005	21-Mar-06
ABS	9314.0	Sales of New Motor Vehicles, February 2006	22-Mar-06
DEWRSB		Vacancy Report, March 2006	22-Mar-06
ABS	8635.0	Tourist Accommodation, December quarter 2005	30-Mar-06
ABS	8501.0	Retail Trade, February 2006	31-Mar-06
ABS	8731.0	Building Approvals, January 2006	31-Mar-06
<b>April 2006</b>			
ABS	5368.0	International Trade in Goods and Services, Australia, February 2006	03-Apr-06
ANZ		ANZ job ads, March 2006	03-Apr-06
ABS	3401.0	Overseas Arrivals and Departures, Australia	05-Apr-06
ABS	6202.0	Labour Force, Australia, March 2006	06-Apr-06
ABS	5609.0	Housing Finance, Australia, February 2006	07-Apr-06
ABS	5671.0	Lending Finance, Australia, February 2006	11-Apr-06
Westpac/MI		Consumer Sentiment Index, April 2006	12-Apr-06
Westpac/MI		Leading Index, April 2006	19-Apr-06
ABS	8762.0	Engineering Construction Activity, Australia December 2005	20-Apr-06
ABS	6457.0	International Trade Price Indexes, Australia, March Quarter 2006	21-Apr-06
ABS	8752.0	Building Activity, Australia December 2005	21-Apr-06
ABS	6427.0	Producer Price Indexes, Australia, March Quarter 2006	24-Apr-06
ABS	9314.0	Sales of New Motor Vehicles, Australia, March 2006	24-Apr-06
ABS	6401.0	Consumer Price Index, Australia, March Quarter 2006	26-Apr-06
DEWRSB		Vacancy Report, April 2006	26-Apr-06

### Average Weekly Earnings/Labour Price Index

The Territory labour price index (LPI) increased by 1.2 per cent in the December quarter 2005, above the national increase of 0.8 per cent. In year on year terms, a more stable measure of growth, the Territory LPI increased by 4.5 per cent (see chart), above the increase of 4.1 per cent nationally. The LPI reflects the quarterly change in the cost of employing a standard 'basket' of jobs in each jurisdiction in Australia.

In contrast the year on year growth in Territory average weekly full time adult earnings (AWE), which includes overtime and bonuses, increased by 8.0 per cent significantly stronger than the 5.6 per cent increase nationally. The relative strength in Territory AWE growth reflects in part the different composition of the Territory labour market when compared to the national labour market, with a larger emphasis on mining, and government administration, and substantial growth in the construction industry in recent years.

### Employment

ABS labour force data for the Territory are characterised by extreme volatility and as such should be interpreted with caution. The ABS now estimates that standard errors of labour force statistics for the Territory are much larger than previously published further reducing the confidence that users should place on the figures. Bearing this in mind, the ABS reports that trend employment increased by around 100 to 97 700 in January 2006. Nationally, seasonally adjusted employment increased by 1 800 in the month to be just over 10 million employed persons.

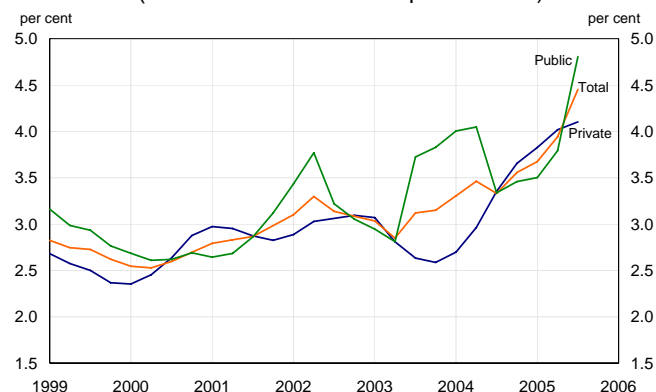
Trend employment in the Territory has increased quite sharply in the past nine months (see chart), driven by the strength of employment as reported in original terms. However, as the chart shows, Territory employment (in original terms) peaked in October 2005 and decreased significantly through to January 2006, where the largest reported drop was recorded in original terms since May 2003.

### Unemployment

The Territory's trend unemployment rate increased from 6.0 per cent in December 2005 to 6.4 per cent in January 2006. Compared to January 2005, the unemployment rate has increased by 0.3 percentage points. Volatility in the Territory's trend unemployment rate has been quite extreme over the past few years, relative to the national trend unemployment rate (see chart).

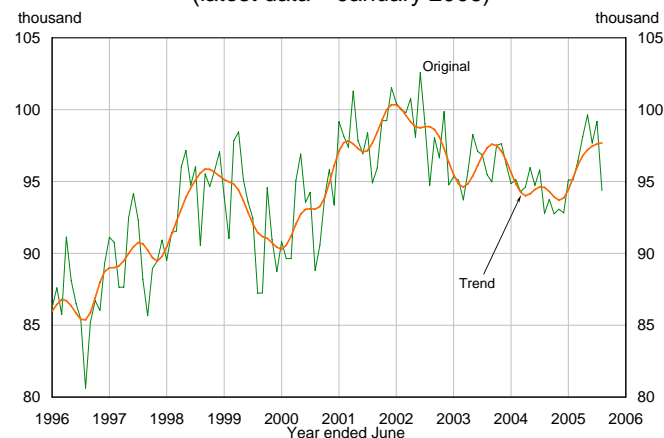
At the national level, the seasonally adjusted unemployment rate (the figure most commonly quoted in the media) increased to 5.3 per cent in January. In the past year the Territory's unemployment rate has fallen below the national level and was the third lowest of the jurisdictions in September 2005. However, the most recent data provided by the ABS reports the Territory's unemployment rate higher than nationally and second highest of the jurisdictions, again reflecting the volatile nature of labour force data for the Territory. As the chart shows, the Territory's original unemployment rate now exceeds 8 per cent for one of only three times in the last five years.

### Northern Territory Labour Price Index\* (latest data – December quarter 2005)



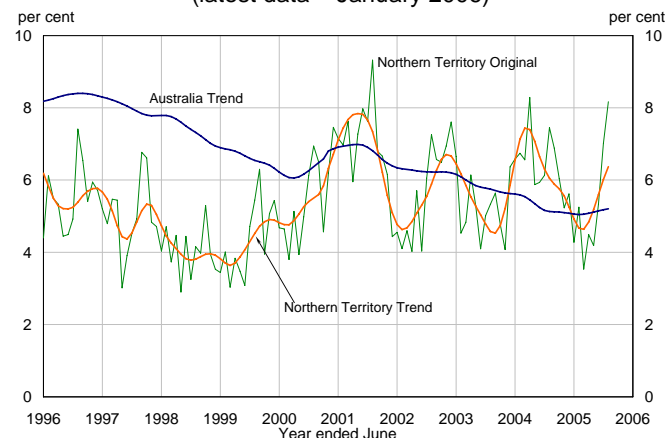
\* year on year percentage change  
Source: ABS Cat. No. 6345.0

### Northern Territory Employment (latest data – January 2006)



Source: ABS Cat. No. 6202.0

### Unemployment Rate (latest data – January 2006)



Source: ABS Cat. No. 6202.0

### Retail Turnover

Real, inflation adjusted retail turnover for the December quarter 2005 decreased by 0.5 per cent compared to an increase of 0.3 per cent nationally. Year on year growth moderated to 3.0 per cent in the Territory and to 1.8 per cent at the national level (see chart).

Retail turnover growth in the Territory continues to moderate following a period of historically strong growth, which peaked in March 2005. While higher fuel prices are affecting retail spending, the strength of the local construction and property markets, historically low interest rates and the stronger exchange rate are supporting consumption. Additionally, the December quarter 2005 Sensis *Consumer Report* reports that Territory consumers had the highest confidence with respect to their financial prospects, of all Australians, and this was associated with 'earning more money from work and investments'.

### Sales of New Motor Vehicles

Territory seasonally adjusted new motor vehicle sales increased by 5.5 per cent in January 2006 to 818. Nationally, sales increased by 2.6 per cent in the month. Year on year growth, a more stable measure of activity, reports that growth in Territory new motor vehicle sales remains solid at 7.0 per cent, though continues to moderate from the record growth reported in 2005. At the national level growth in new motor vehicle sales was 3.0 per cent in the year to January 2006.

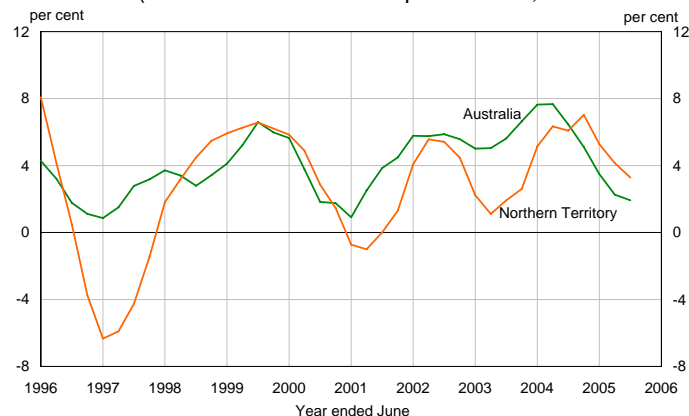
In the year to January 2006, the sale of 'utes and other light commercial vehicles, trucks and buses' continued to be the primary driver of growth in overall motor vehicle sales in the Territory, increasing to 2 972 vehicles and contributing 4.8 percentage points to growth. This was followed by passenger vehicles increasing to 4 670 and contributing 1.9 percentage points to growth and sports utility vehicles increasing to 1 947 and contributing 0.4 percentage points to growth.

### Petrol Prices

In January 2006, fuel prices increased across Australia. In Darwin prices increased by 1.8 cpl and the eight capital cities weighted average price increased by 6.0 cpl. Darwin recorded an average unleaded petrol price of 124.9 cpl, compared to 119.2 cpl for the eight capital cities weighted average. This represents a 5.7 cpl price differential between Darwin and the eight capital cities weighted average, a significant decrease from the record high differential of 14.9 cpl recorded in November 2005. Compared to January 2005 petrol prices in Darwin have increased by 16.4 per cent, compared to a 26.4 per cent increase in the eight capital cities weighted average.

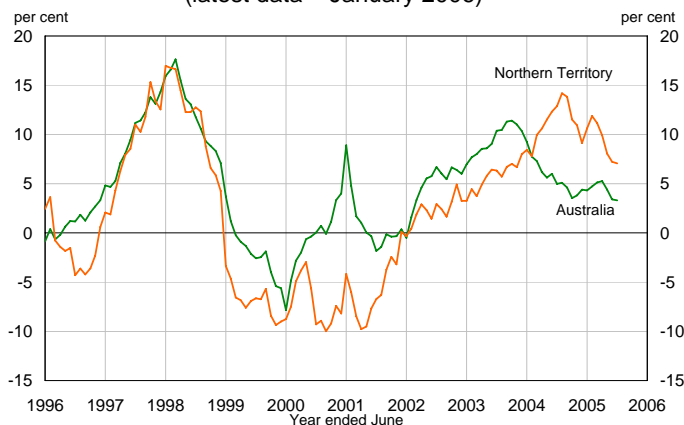
In \$US terms, crude oil prices increased by 10.7 per cent in January 2006 averaging \$US63.69 a barrel. The recent rise in crude oil prices reflects the instability in both Iran and Nigeria, the world's fourth and eighth largest oil producers, respectively.

**Real Retail Turnover\***  
(latest data – December quarter 2005)



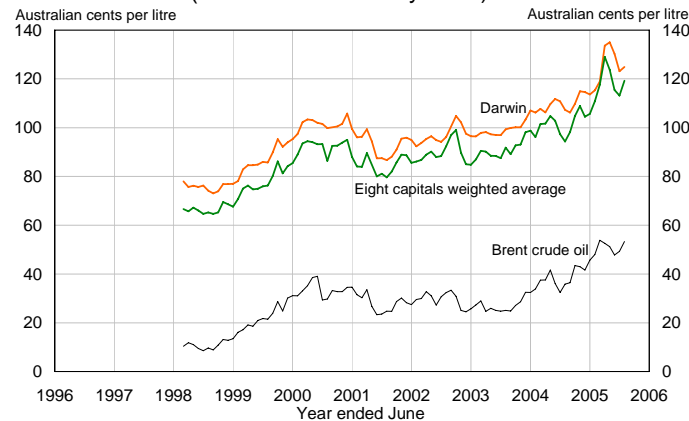
\* moving annual total, percentage change  
Source: ABS Cat. No. 8501.0

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



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

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



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

## Rider Hunt Construction Cost Commentary

The Rider Hunt *Construction Cost Commentary* is published twice yearly and aims to provide insight into the key factors influencing construction costs in the capital cities of Australia. Additionally it provides the reported change in these costs over time, and a medium term forecast of changes in construction costs (see chart). Growth in construction costs in Darwin, as reported by Rider Hunt, peaked at 12 per cent in calendar year 2004, before easing to 6.5 per cent in 2005, with continued easing in the growth of construction costs forecast through 2008.

The Rider Hunt Tender Price Index (TPI) is calculated based on the feedback from and knowledge of, the construction industry, regarding costs associated with all stages of the production/construction process, for a specifically defined commercial project. The TPI is calculated for each capital city based on the identified construction costs to complete the same project.

## Housing Finance for Owner Occupation

In December 2005, the number of seasonally adjusted owner-occupier housing finance commitments in the Territory decreased by 37 to 689. Nationally, commitments increased by 0.9 per cent. In calendar year 2005 the number of Territory commitments increased by 1 441, or 24.0 per cent to 7 446, compared to 9.2 per cent increase nationally. Excluding refinancing, Territory commitments increased by 28.6 per cent compared to a 9.8 per cent increase nationally.

Of the 1 441 additional commitments in the Territory 1 123 were for the purchase of an established dwelling, 188 were for the construction and purchase of a new dwelling and there were an additional 130 refinancing commitments. As the chart shows the past five years has seen a significant increase in the average loan size at both the national and Territory level, nevertheless housing in the Territory remains the most affordable of all jurisdictions, contributing to the strong growth in housing finance commitments.

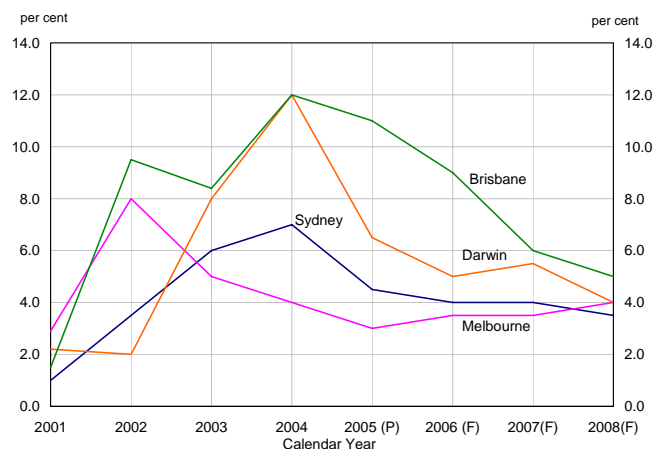
## House Price Index

The ABS house price index (HPI) measures the growth in prices of established homes, across capital cities and nationally. In the December quarter 2005 prices of established houses increased by 6.1 per cent in Darwin, second only to Perth where prices increased by 6.6 per cent. Compared to the December quarter 2004, prices of established homes have increased 23.2 per cent in Darwin, exceeding the growth rates of all other jurisdictions and nationally (see chart).

The ABS also reports on price growth associated with the construction of new homes (excluding land value), and reports an increase of 2.3 per cent for Darwin in the December quarter 2005. Annually the price of constructing a new home in Darwin increased by 9.0 per cent, significantly higher than the 4.4 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.

## Tender Price Index Growth\*

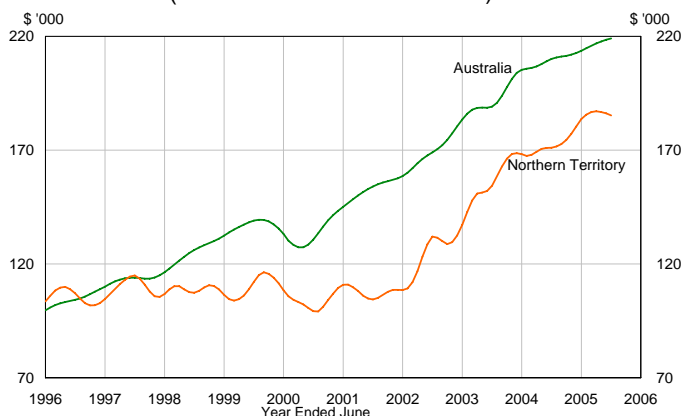
(latest data – December 2005)



\* annual percentage change in TPI (tender price index)  
Source: Rider Hunt, Construction Cost Commentary, January 2006

## Average Loan Size\*

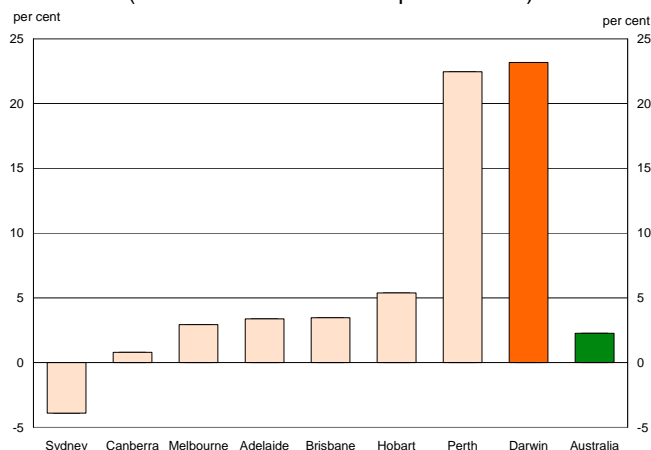
(latest data – December 2005)



\* Trend, level estimates  
Source: ABS Cat. No. 5609.0

## House Price Index Capital City Comparison\*

(latest data – December quarter 2005)



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

### Sensis Business Survey

Sensis reports Territory business confidence regarding prospects for the next twelve months declined by 8 percentage points to a net balance of 59 per cent in the February quarter 2006. Business confidence in the Territory now tracks confidence reported at the national level (see chart). The net balance is defined as the difference between the percentage of positive and negative responses. In the Territory the key reasons for confidence were; 'plenty of work coming up', 'good customer relations' and 'established / experienced business'. The concern expressed most frequently by Territory businesses, in the February quarter 2006, was 'finding quality staff'. This reflects on-going skill shortages in the Territory.

Territory businesses reported that in the survey period (November 2005-January 2006) their 'actual' experience exceeded their 'expectations' for prices and capital expenditure, but was below 'expectations' for sales value, wages bill, size of workforce and profitability.

### Residential Building Approvals

In original terms, residential building approvals in the Territory decreased by 12 to 115 in December 2005, with private sector approvals accounting for all of the decrease. The modest increase in house approvals, by 13 (to 67) was more than offset by the larger decrease in unit approvals, by 25 (to 48) in December 2005. There were no public sector approvals in the month.

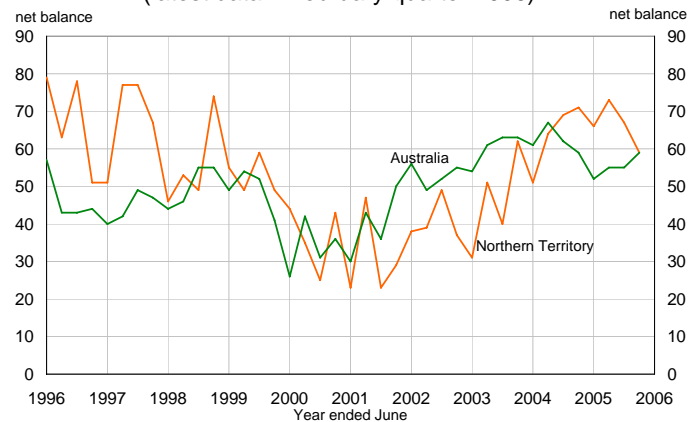
In calendar year 2005, all jurisdictions, with the exception of the Northern Territory and Western Australia, recorded a decline in the number of residential building approvals. In the Territory, building approvals increased by 1.6 per cent in the year, compared to a 5.8 per cent increase in Western Australia. The Territory recorded 1 366 approvals in the year (see chart). Over the same period, the value of residential building approvals in the Territory increased by 33.3 per cent, to \$412.8 million.

### Construction Work Done

In the December quarter 2005, the seasonally and inflation adjusted value of construction work done in the Territory decreased by 4.5 per cent to \$544.0 million. Nonetheless, in calendar year 2005, construction work done increased by 21.7 per cent (to \$2.3 billion).

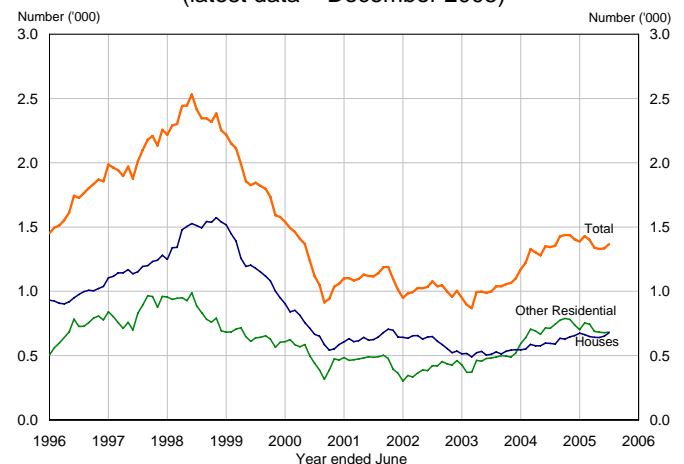
Of the total construction work done in the Territory, real engineering work done, which has been heavily influenced by large projects, increased by 20.5 per cent to \$1.8 billion in calendar year 2005. Over the same period, residential construction increased by 20.1 per cent to \$288.4 million, with work done on new residential dwellings increasing by 18.6 per cent and alterations and additions to existing dwellings increasing by 27.8 per cent. Non-residential building work done increased by 34.6 per cent to \$224.7 million, driven by a significant increase in work for the public sector.

**Business Confidence**  
(latest data – February quarter 2006)



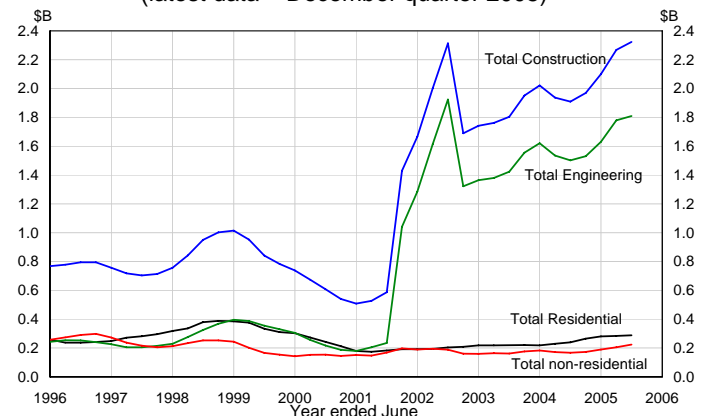
Source: Sensis Business Index-Small and Medium Enterprises

**Residential Building Approvals\***  
(latest data – December 2005)



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

**Construction Work Done**  
(latest data – December quarter 2005)



\* moving annual total  
Source ABS Cat. No. 8755.0

**International Trade**

Territory merchandise exports increased by 13.4 per cent in calendar year 2005 as 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 14.7 per cent, mainly attributable to aircraft imports to Australia where the Territory was the 'port of entry'. The reported increase in imports was also due to higher prices for imported refined fuel and the importation of machinery and transport equipment for major projects. The Territory's goods trade balance increased by 2.0 per cent (\$4 million) in calendar year 2005, to a surplus of \$204 million (see chart).

Territory exports are primarily mineral and energy commodities, which account for around 90 per cent of exports. Live cattle account for a further 7 per cent of exports.

**Consumer Sentiment**

At the national level, consumer sentiment, as reported by the Westpac-Melbourne Institute, rose by 1.8 per cent, from 107.4 in January to 109.3 in February 2006. Compared to February 2005, the index has decreased by 11.0 per cent. Nevertheless consumer sentiment appears to be rebounding with a modest increase in February 2006, following a similar increase in January 2006. It appears that nationally, consumer sentiment is recovering from the lows experienced towards the end of calendar year 2005, which may reflect that consumers are adjusting to higher fuel prices.

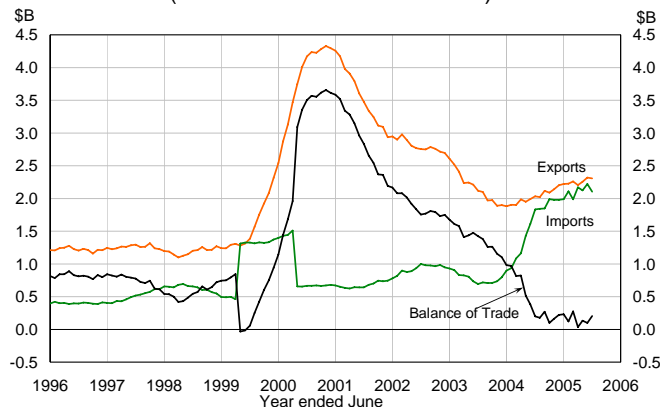
The Westpac-Melbourne Institute report that the sub-components of the index were either unchanged in the month or experienced subdued increases. For example, 'economic conditions over the next 5 years' increased by 0.7 per cent, while 'expected family finances over the next year' increased by 1.4 per cent.

**ANZ Job Advertisements**

Print job advertisements in the Territory continue to exhibit solid growth, increasing by 13 per cent in the year to January 2006, despite easing from the historically high growth rates of mid-2005. As the chart shows, growth in print job ads in the Territory is substantially higher than nationally, where growth has declined by 4.8 per cent in the year to January 2006. While concerns exist regarding the usefulness of the series as a leading indicator of employment, due to both the increasing use of electronic advertising nationally and the rise of employment and recruitment agencies, it nonetheless conforms with other anecdotal evidence about the labour market in the Territory.

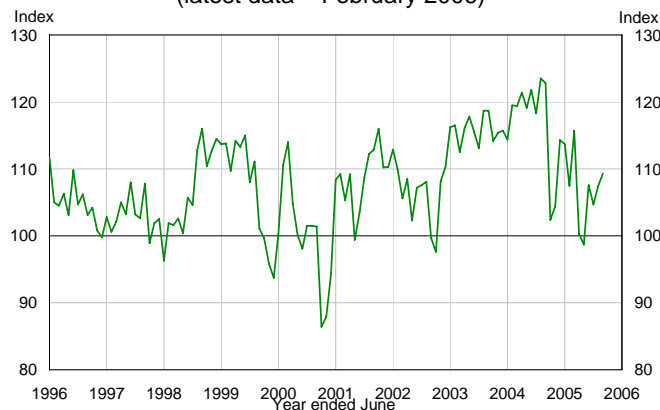
At the Territory level, the strong growth in job advertisements over the past year reflects skill shortages which have been exacerbated by major projects putting pressure on the local labour market. This pressure may ease somewhat now that construction on the \$2 billion Wickham Point LNG plant is winding down.

**Northern Territory International Trade in Goods**  
(latest data – December 2005)



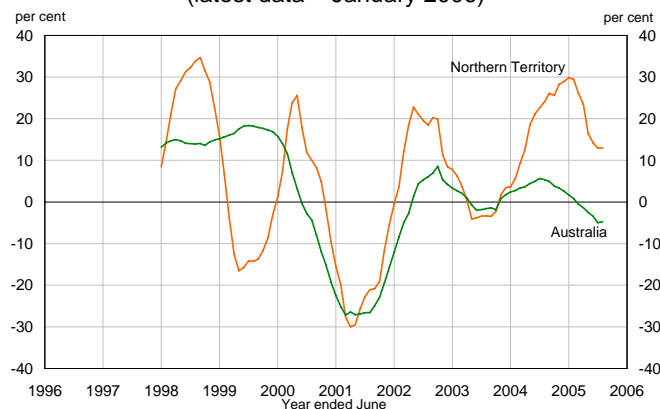
Source: ABS Cat. No. 5368.0

**Consumer Sentiment Index**  
(latest data – February 2006)



Source: Westpac-Melbourne Institute

**ANZ Job Advertisements\***  
(latest data – January 2006)



\* year on year percentage change  
Source: ANZ Job Advertisement Series

## GLOSSARY

### Consumer Price Index

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

### Current Dollars

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

### Dwelling Unit

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

### Employed

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

### Final Consumption Expenditure

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

### Fixed Capital Formation

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

### Goods and Services Tax

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

### Gross Domestic Product

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

### Gross State Product

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

### Labour Force

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

### Original Terms

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

### Participation Rate

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

### Business Investment

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

### Real Dollars

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

### Seasonally Adjusted Terms

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

### State Final Demand

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

### Trend Terms

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

### Unemployed

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

### Unemployment rate

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

## Comparative Economic Indicators\*

Indicator	Period	Measure	NT	NSW	Vic	Qld	SA	WA	Tas	ACT	Aus
<b>Economic Growth</b>											
Gross State/Domestic Product <sup>(a)</sup>	2004-05	% change	3.6	1.1	2.3	4.0	2.6	2.7	4.0	3.0	2.3
State Final Demand <sup>(a)</sup>	Year to September 05	% change	7.9	3.1	3.9	4.4	3.4	6.3	7.0	2.5	4.0
International Goods Exports	Year to December 05	% change	13.4	16.4	-3.1	35.9	5.8	24.4	11.0	n.a.	17.8
International Goods Imports	Year to December 05	% change	14.7	8.0	9.4	13.3	9.2	19.2	-4.6	575.0	10.1
<b>Demography</b>											
Population	Jun-04 Qtr to Jun-05 Qtr	% change	1.5	0.8	1.2	2.0	0.6	1.6	0.6	0.3	1.2
<b>Labour Market</b>											
Employment (trend)	January 05 to January 06	% change	3.3	1.2	0.9	1.7	1.5	3.9	4.4	-0.5	1.6
Participation Rate (trend)	As at January 05	%	69.3	62.5	64.3	65.9	61.7	66.6	59.1	72.9	64.0
	As at January 06	%	70.1	63.0	64.0	65.9	61.9	67.7	61.8	71.7	64.3
Unemployment Rate (trend)	As at January 05	%	6.0	5.2	5.6	4.7	5.3	4.6	5.8	3.6	5.1
	As at January 06	%	6.4	5.6	5.4	5.0	5.0	4.0	6.7	3.3	5.2
ANZ Job Ads	Year to January 06	% change	13.0	-9.2	-10.1	-11.5	-1.3	13.3	2.1	8.3	-4.8
<b>Prices and Wages</b>											
Consumer Price Index	Dec 04 Q to Dec 05 Q	% change	3.0	2.5	2.7	2.8	2.7	4.0	2.9	3.1	2.8
	Year to Dec 05 Q	% change	2.6	2.5	2.5	2.7	2.5	3.8	3.3	2.6	2.7
Average Weekly Earnings (full-time adult total earnings)	As at November 05	\$	1098.1	1129.0	1076.8	1002.1	991.3	1113.3	946.8	1202.5	1078.5
<b>Housing Sector</b>											
Building Approvals (number)	Year to December 05	% change	1.6	-17.8	-7.8	-8.5	-0.8	5.8	-13.3	-30.9	-8.5
Housing Finance for Owner Occupation (number)	Year to December 05	% change	24.0	4.6	11.7	10.9	5.9	14.6	3.5	3.9	9.2
Housing Affordability Indicator <sup>(b)</sup>	As at September 05 Qtr	Level	54.4	27.4	32.0	30.0	35.6	37.2	32.5	53.6	31.1
<b>Consumer Spending</b>											
Retail Trade (current \$)	Year to December 05	% change	4.5	2.1	2.3	3.8	1.1	5.1	5.6	2.9	2.8
New Motor Vehicle Sales (No.)	Year to January 06	% change	7.0	-0.7	2.1	6.4	1.6	11.0	0.7	3.2	3.0
Tourist Accommodation - Takings (current \$)	Year to September 05	% change	11.2	5.2	8.1	6.7	4.7	12.1	9.5	2.6	6.9

\* original data unless otherwise stated

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

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

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