

Territory Economic Review

March 2007

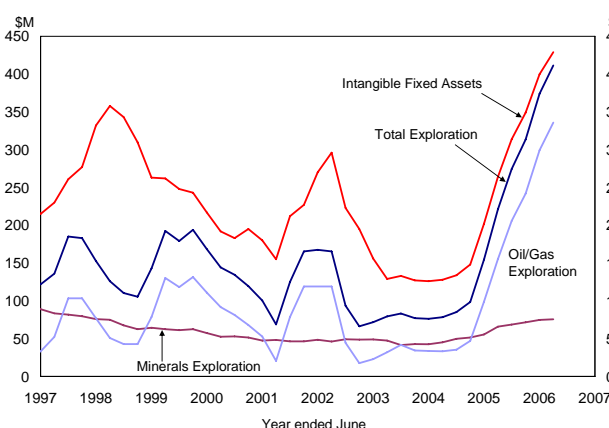
MINERAL AND ENERGY EXPLORATION EXPENDITURE IN THE TERRITORY

The mining and energy industry is the largest contributor to the Territory economy, accounting for almost 25 per cent of Gross State Product (GSP) in 2005-06.

Private sector business expenditure on; mineral and energy exploration, computer software, recorded music, and film and television, is defined by the Australian Bureau of Statistics (ABS) as expenditure on 'intangible fixed assets'. Expenditure on such assets comprises a significant and growing component of business investment (a significant contributor to GSP) in the Territory. In the year to September 2006, the ABS report that expenditure on intangible fixed assets (of \$429 million), in the Northern Territory, accounted for 13.5 per cent of all business investment. This is a significant increase from two years prior, where total expenditure on intangible fixed assets was \$125 million (and 5.5 per cent of business investment).

In the Territory, expenditure on mineral and energy exploration accounts for the majority of expenditure in the intangible fixed asset category, and reflecting the resources and commodity boom, expenditure in this category has increased by over 200 per cent in the two years to September 2006 (see Chart 1).

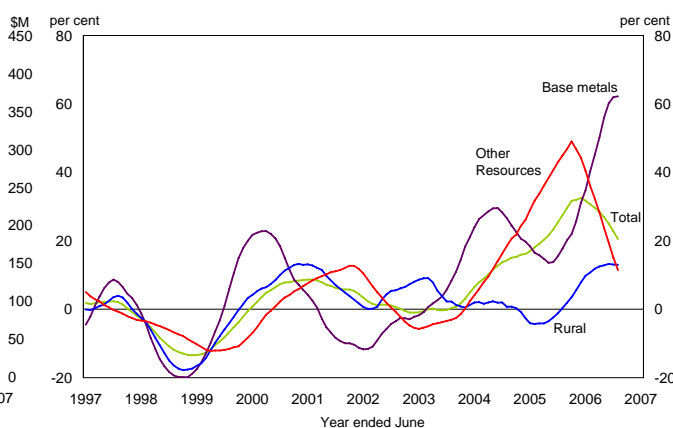
Chart 1
Northern Territory Mineral and Energy Exploration Expenditure*



*moving annual total

Source: ABS Cat. No. 8412.0 and 5220.0

Chart 2
Commodity Price Index*



*Year on year percentage change

Source: Reserve Bank of Australia

As shown in Chart 1, expenditure for oil and gas exploration has been the main driver of increased exploration expenditure in the Territory in the past two years. This reflects the significant oil and gas reserves already under development in the Timor Sea (such as the Bayu-Undan gas and condensate fields and the Blacktip gas fields), which along with very strong prices growth, has encouraged more exploration activity. In recent news, the Timor-Leste Parliament has ratified a deal with the Australian government, on 20 February 2007, designed to facilitate the development of the Greater Sunrise oil and gas fields.

In the year to September 2006, the major focus of mineral exploration expenditure in the Territory has been gold, uranium and diamonds, which collectively account for 55 per cent of all mineral exploration expenditure.

In the year to January 2007, the commodity price index increased by 20.5 per cent (see Chart 2), with very substantial growth (of 62.2 per cent) reported for the base metals category (which includes; aluminium, copper, nickel, zinc and lead). In addition, commodity prices for 'other' resources (which includes; gold, alumina and liquefied natural gas (LNG)) increased 11.4 per cent in the year.



Territory Economic Review - March 2007

Northern Territory State Final Demand and Gross State Product										
Year ended June	Percentage Change	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	Latest available	Annual % change
Expenditure on GSP (2003-04 prices)										
Private Consumption		6.5	3.5	6.5	4.6	7.6	4.4	5.5	Sep Q 06	4.4
Public Consumption		7.9	1.2	0.4	2.5	3.6	3.4	2.4	Sep Q 06	6.2
Total Consumption Expenditure		7.2	2.5	3.8	3.7	5.9	4.0	4.2	Sep Q 06	5.1
Private Investment										
<i>Dwellings</i>		-25.2	-40.4	3.8	9.3	-1.9	38.5	3.2	Sep Q 06	10.8
<i>Other buildings and structures</i>		-58.8	-22.8	125.6	26.5	8.6	0.8	4.8	Sep Q 06	7.7
<i>Machinery and equipment</i>		11.9	31.1	2.5	6.3	8.8	-10.9	32.7	Sep Q 06	46.5
<i>Livestock</i>		-11.1	43.8	8.7	-56.0	163.6	-3.4	3.6	Sep Q 06	-3.4
<i>Intangible fixed assets **</i>		-17.5	-17.1	50.0	-42.2	-19.2	60.3	98.0	Sep Q 06	29.9
<i>Ownership transfer costs</i>		-7.3	-20.2	15.5	4.9	24.4	7.5	8.7	Sep Q 06	-6.5
Business Investment [#]		-39.9	-1.6	54.2	7.8	9.3	0.7	17.7	Sep Q 06	17.1
Total Private Investment		-36.1	-11.7	45.4	8.0	7.7	5.4	15.1	Sep Q 06	15.4
Public Investment		41.8	46.6	18.8	-33.2	1.4	25.9	-6.9	Sep Q 06	-7.0
Total Investment		-30.0	-2.5	39.1	-0.3	6.9	8.1	11.8	Sep Q 06	12.8
State Final Demand		-5.0	1.6	12.1	2.3	6.2	5.1	6.5	Sep Q 06	7.4
State Final Demand less L-C and B-U^{##}		2.8	1.7	10.8	0.7	5.1	10.3	8.0	Sep Q 06	9.3
International Trade - export of goods		47.2	30.0	-22.6	-11.0	-23.7	-6.2	-0.8	Sep Q 06	84.0
International Trade - import of goods		178.2	-62.0	15.1	29.9	4.1	107.5	27.5	Sep Q 06	1.6
Total Gross State Product		1.1	5.5	1.6	0.2	0.2	6.0	7.5		
Contribution to GSP Growth										
Private Consumption		2.7	1.6	2.7	2.0	3.6	2.4	2.8		
Public Consumption		2.6	0.4	0.1	0.9	1.2	1.2	0.8		
Private Investment		-12.2	-2.5	8.1	2.1	2.1	1.6	4.4		
Public Investment		1.2	1.8	1.0	-2.1	0.0	1.1	-0.2		
State Final Demand		-5.6	1.7	12.1	2.6	7.0	6.4	7.7		
Net International Exports		2.8	23.4	-12.4	-7.5	-8.9	-12.1	-5.9		
Balancing item		3.9	-19.6	1.9	5.2	2.0	11.7	5.7		
Gross State Product		1.1	5.5	1.6	0.2	0.2	6.0	7.5		

* Quarter on corresponding quarter the previous year, or through the year annual per cent change ** Predominantly computer software and mineral exploration

[#] Private investment less dwellings investment and ownership transfer costs ^{##} Investment for the Laminaria-Corallina oilfields and Bayu-Undan Stage 1 and Stage 2 pipeline

Source: NT Treasury, Australian Bureau of Statistics data

Latest Northern Territory Economic Indicators										
Year ended June	Percentage Change*	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	Latest	Annual % change**
Real Retail Turnover		5.8	-0.7	4.1	2.2	5.1	5.3	2.8	Dec Q 06	8.8
New Motor Vehicle Sales		-8.8	-4.2	-0.3	3.3	8.4	10.7	0.0	Jan Q 07	3.8
Tourist Accommodation Takings		0.0	1.5	-1.0	-0.1	2.8	13.6	3.4	Sep Q 06	12.6
Number of Dwellings Approved		-30.6	-28.4	-13.8	0.0	23.4	18.4	-1.8	Dec Q 06	-7.7
Number of Dwellings Commenced		-21.1	-34.0	0.1	-4.1	6.0	29.1	1.1	Sep Q 06	-36.5
Employment		-2.3	1.1	5.4	-0.1	-2.2	-2.0	4.0	Jan Q 07	4.1
Unemployment rate		4.4	5.6	6.8	5.8	5.2	6.3	5.7	Jan Q 07	-72.2
Darwin Consumer Price Index (year average) ^{##}		1.4	5.4	2.2	2.3	1.4	2.2	3.4	Dec Q 06	5.0
AWOTE [#] (year average)		4.5	3.3	2.9	5.6	6.6	7.2	1.9	Nov Q 06	0.8
Wage Price index (year average)		2.5	2.8	3.3	2.8	3.5	3.9	4.3	Nov Q 06	3.5
Population, December (levels - thousands) ^{##}		194.3	196.3	198.0	198.2	198.7	201.2	205.2	Jun Q 06	206.7
Population (annual % change) ^{##}		1.6	1.0	0.9	0.1	0.3	1.2	2.0	Jun Q 06	1.6
Net Interstate Migration (levels - number) ^{##}		-817	-1621	-2049	-3069	-2895	-1097	520	Jun Q 06	-229.0

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

^{##} Denotes calendar year

Source: NT Treasury, Australian Bureau of Statistics data

Financial Indicators										
Year Ended June		1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	Latest	Level
Interest Rates										
90 Day Bank Bill (as at 30 June)		6.17	5.02	5.11	4.67	5.50	5.66	5.97	27 Feb 07	6.35
10 Year Govt Bond Yield (as at 30 June)		6.16	6.04	5.99	5.01	5.87	5.11	5.79	27 Feb 07	5.72
Exchange Rates										
US\$ per A\$ (year average)		0.63	0.54	0.52	0.58	0.71	0.75	0.75	27 Feb 07	0.76
US\$ per A\$ (as at 30 June)		0.60	0.51	0.56	0.67	0.69	0.76	0.74	27 Feb 07	0.79
Special Drawing Rights* per A\$ (as at 30 June)		0.45	0.41	0.43	0.47	0.47	0.52	0.51	27 Feb 07	0.53
Trade Weighted Index of A\$ (as at 30 June)		53.60	49.80	52.30	58.98	59.06	64.50	62.24	27 Feb 07	65.23

* 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

March 2007			
ABS	5625.0	Private New Capital Expenditure, Australia, December Quarter 2006	01-Mar-07
ABS	5302.0	Balance of Payments, Australia, December Quarter 2006	02-Mar-07
ABS	8501.0	Retail Trade, Australia, January 2007	02-Mar-07
ABS	5676.0	Business Indicators, Australia, December Quarter 2006	05-Mar-07
ABS	5368.0	International Trade in Goods and Services, Australia, January 2007	06-Mar-07
ABS	8731.0	Building Approvals, Australia, January 2007	06-Mar-07
ABS	3401.0	Overseas Arrivals and Departures, Australia, January 2006 (<i>no brief</i>)	07-Mar-07
ABS	5206.0	Australian National Accounts, December Quarter 2006	07-Mar-07
ABS	5609.0	Housing Finance, Australia, January 2007	09-Mar-07
ANZ		ANZ job ads series, February 2007 (<i>no brief</i>)	12-Mar-07
Westpac-MI		Consumer Sentiment Index, March 2007 (<i>no brief</i>)	13-Mar-07
ABS	5671.0	Lending Finance, Australia, January 2007	14-Mar-07
ABS	8412.0	Mineral and Petroleum Exploration, Australia, December Quarter 2006	14-Mar-07
AAA		Petrol Prices, February 2007	Mid-Feb
ABS	6202.0	Labour Force, Australia, February 2007	15-Mar-07
Westpac-MI		Leading Index, February 2007 (<i>no brief</i>)	20-Mar-07
ABS	8750.0	Dwelling Commencements, Australia, Prelim, December Quarter 2006	20-Mar-07
DEWRSB		Skilled Vacancy Survey, March 2007 (<i>no brief</i>)	21-Mar-07
ABS	9314.0	Sales of New Motor Vehicles, Australia, February 2007	21-Mar-07
ABS	6291.0.55.001	Labour Force by Industry, February 2007 (<i>no brief</i>)	22-Mar-07
ABS	3101.0	Population, September Quarter 2006	22-Mar-07
ABS	6354.0	Job Vacancies, Australia, February 2007	29-Mar-07
ABS	8635.0	Tourist Accommodation, December Quarter (8635.7.55.001)	30-Mar-07
April 2007			
ABS	8501.0	Retail Trade, Australia, February 2007	02-Apr-07
ABS	8731.0	Building Approvals, Australia, February 2007	02-Apr-07
ABS	5368.0	International Trade in Goods and Services, Australia, February 2007	03-Apr-07
ABS	3401.0	Overseas Arrivals and Departures, Australia, February 2006 (<i>no brief</i>)	05-Apr-07
ABS	8752.0	Building Activity, December quarter 2006	09-Apr-07
ANZ		ANZ job ads series, March 2007 (<i>no brief</i>)	09-Apr-07
ABS	5609.0	Housing Finance, Australia, February 2007	11-Apr-07
Westpac-MI		Consumer Sentiment Index, April 2007 (<i>no brief</i>)	11-Apr-07
ABS	6202.0	Labour Force, Australia, March 2007	12-Apr-07
ABS	5671.0	Lending Finance, Australia, February 2007	13-Apr-07
AAA		Petrol Prices, March 2007	Mid-April
Westpac-MI		Leading Index, March 2007 (<i>no brief</i>)	18-Apr-07
ABS	8762.0	Engineering Activity, December quarter 2006	18-Apr-07
ABS	6291.0.55.001	Labour Force by Industry, March 2007 (<i>no brief</i>)	19-Apr-07
ABS	8782.0.65.001	Construction Activity: CVM, December quarter 2007 (<i>no brief</i>)	19-Apr-07
ABS	9314.0.55.001	Sales of New Motor Vehicles, Australia, March 2007	20-Apr-07
ABS	6457.0	International Trade Price Indexes, Australia, March 2007	20-Apr-07
ABS	6427.0	Producer Price Indexes, December quarter 2006	23-Apr-07
ABS	6401.0	Consumer Price Index, March quarter 2007	24-Apr-07

Wage Price Index

The Territory wage price index (WPI) increased by 0.6 per cent in the December quarter 2006, below the national increase of 1.0 per cent. The WPI measures the change in the cost of employing a standard 'basket' of jobs in each jurisdiction in Australia. In 2006, the Territory WPI increased by 3.9 per cent, slightly below the national increase of 4.0 per cent. In the Territory the public sector component of the WPI increased by 0.4 per cent in the quarter and 4.4 per cent in the year, compared to private sector growth of 0.9 per cent in the quarter and 3.5 per cent in the year (see chart).

The WPI reports solid growth in labour costs over 2006, reflecting the strong demand for skilled labour. Comparing the December quarter 2005 with the December quarter 2006 the WPI increased 3.5 per cent in the Territory compared to 4.0 per cent nationally.

Average Weekly Earnings

In the December quarter 2006, in seasonally adjusted terms average weekly full time adult earnings (AWE), which includes overtime and bonuses, increased by 0.7 per cent in the Territory, the same as reported nationally. In 2006, Territory AWE grew by a very modest 0.3 per cent, down from the record growth of 8.0 per cent reported in calendar year 2005 (see chart). The AWE measurement is particularly sensitive to the composition of business types participating in the ABS survey. Some of the substantial decline in growth may in fact be attributable to the rotation of businesses (both out of and into) the survey sample. Nationally AWE increased by 3.0 per cent in 2006 representing moderation from the 5.6 per cent growth reported in calendar year 2005.

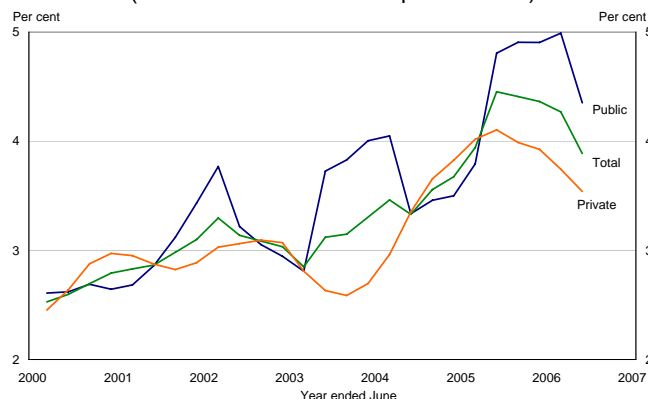
In seasonally adjusted terms, Territory AWE was \$1 091 in the December quarter 2006, below the national level of \$1 105, and fourth highest of the jurisdictions.

Grocery Price Survey

The December 2006 Grocery Price Survey (GPS) reports strong price increases in most surveyed regions in the six months to December 2006. Nevertheless, growth has moderated significantly compared to the June 2006 GPS. In Darwin, the cost of the basket increased by 2.2% in the six months since June 2006, compared to 5.1% in the last survey. In other regions, the cost of the basket increased by 3.8% in Alice Springs, 1.8% in Katherine, 4.7% in Nhulunbuy, 1.3% in Yulara, 2.3% in Cairns and 1.0% in Mt Isa.

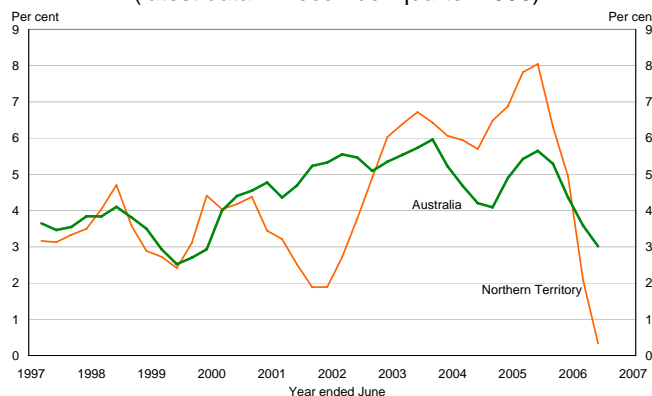
Despite a fall in banana prices across all centres, the Fruit & Vegetable category was again a significant driver of the rise in cost of the total basket in Darwin, Alice Springs, Katherine and Nhulunbuy. Meat & Seafood also contributed significantly to total price increases in Nhulunbuy, Yulara, Cairns and Mount Isa. A complete copy of the December 2006 GPS can be downloaded from the NT Treasury website.

Territory Wage Price Index
(latest data – December quarter 2006)



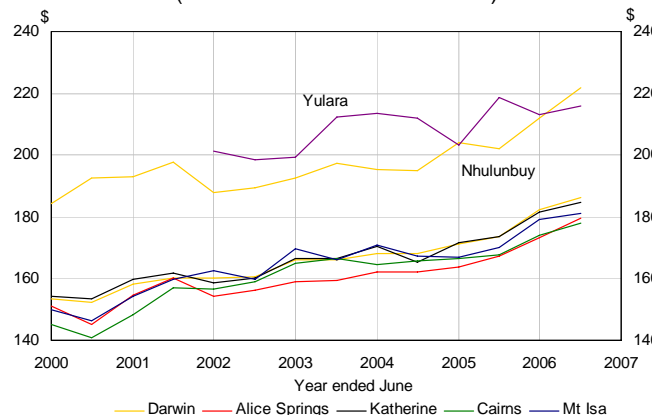
Source: ABS Cat. No. 6345.0

Average Weekly Earnings*
(latest data – December quarter 2006)



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

Grocery Price Survey
(latest data – December 2006)



Source: NT Treasury.

Retail Turnover

Seasonally adjusted retail turnover in the Territory increased by 1.6 per cent in December 2006 and by 0.3 per cent nationally (slightly below the market median expectation of 0.5 per cent). In 2006, retail turnover in current prices increased by 9.3 per cent in the Territory, the second highest growth of the jurisdictions (behind Western Australia) and higher than nationally (see chart). Total retail expenditure is divided, by the Australian Bureau of Statistics (ABS), into six broad categories.

In the month of December 2006 (in original terms) retail turnover in the Territory totalled \$216 million. Of this total expenditure, 43.5 per cent (or \$94 million) was on 'food', 17.6 per cent (\$38 million) was on 'department stores and other' retailing, 15.7 per cent (\$34 million) was on 'hospitality', 13.9 per cent (or \$30 million) was on 'household goods', 5.1 per cent (or \$11 million) was on 'clothing and soft goods' and the remaining 4.2 per cent (\$9 million) was on recreation related goods.

Sales of New Motor Vehicles

Territory seasonally adjusted new motor vehicle sales increased by 4.8 per cent in January 2007 to 835. Sales of SUVs increased in the month up 11.4 per cent along with sales of passenger vehicles up 5.5 per cent, while sales of 'other' vehicles decreased by 0.8 per cent. The increase in sales for SUVs and passenger vehicles in the month reflects Territory consumer's response to lower fuel prices, and strong economic conditions. At the national level, the total level of motor vehicle sales increased by 5.3 in the month.

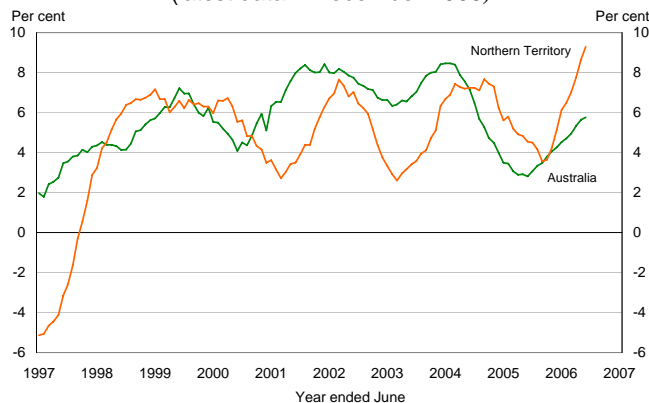
Nevertheless, in the year to January 2007 Territory new motor vehicle sales decreased by 3.1 per cent, continuing the moderation in year on year growth reported over the past eight months, (see chart). At the national level sales of new motor vehicle sales decreased 1.9 per cent in the year to January 2007.

Petrol Prices

In January 2007, fuel prices decreased by 0.1 cpl in Darwin to 124.9 cpl while the eight capital cities weighted average price decreased by 4.1 cpl to 112.4 cpl. This represents a 12.5 cpl price differential between Darwin and the eight capital cities weighted average. Compared to January 2006 petrol prices in Darwin were steady at 124.9 cpl, while nationally the eight capital cities weighted average price decreased by 6.8 cpl. Over the long term petrol prices in Darwin track other capital cities, though tend to remain higher due to distance from refineries and other competitive factors (see chart).

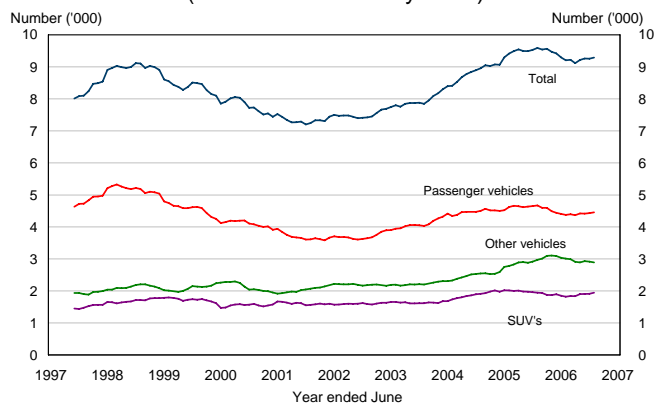
In A\$ terms, crude oil prices decreased by 4.4 per cent in January 2007, averaging A\$79.64 a barrel. The recent fall in crude oil prices reflects the combination of eased global demand, modest increases in capacity, and an uneventful hurricane season in the U.S. However, the decision by OPEC to reduce production by 1.2 million barrels per day as of 1 November 2006, and additional production cuts expected to commence 1 February 2007 will place upward pressure on crude oil prices.

Retail Turnover*
(latest data – December 2006)



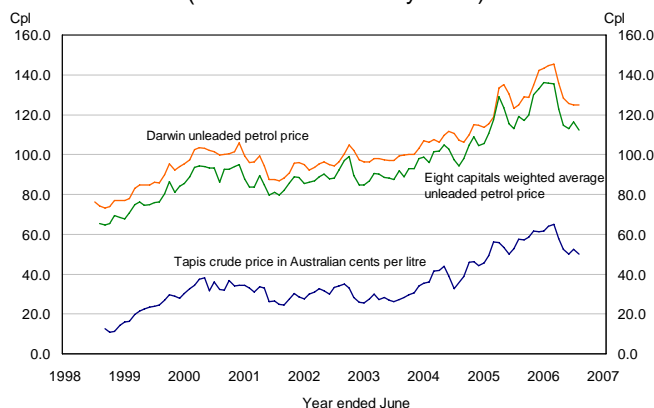
* year on year percentage change, current prices
Source: ABS Cat. No. 8501.0

Motor Vehicle Sales*
(latest data – January 2007)



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

Petrol Prices
(latest data – January 2007)



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

Building Approvals

In the Territory, residential building approvals decreased by 4 to 106 (in original terms) in December 2006, with 65 private and 41 public sector approvals. Of the private sector approvals in the month, 34 were for 'other residential' and 31 for 'houses'. There were zero approvals for 'alterations and additions', 'residential building in a non-residential facility' (such as a care-taker or park-ranger dwelling) and 'conversions'. In the public sector there were 27 approvals for 'houses' and 14 for 'other residential'. There were zero approvals in all other categories.

In 2006, residential building approvals in the Territory decreased by 7.8 per cent to 1301 (see chart). Of the 1301 residential building approvals in the Territory in the year, 1201 were in the private sector, with the remaining 100 approvals in the public sector.

Housing Finance for Owner Occupation

In December 2006, the number of seasonally adjusted owner-occupier housing finance commitments in the Territory decreased by 19 to 517, while nationally, commitments increased by 0.1 per cent in the month. In annual terms, the number of Territory finance commitments decreased by 22.0 per cent to 517, compared to a 5.6 per cent increase nationally.

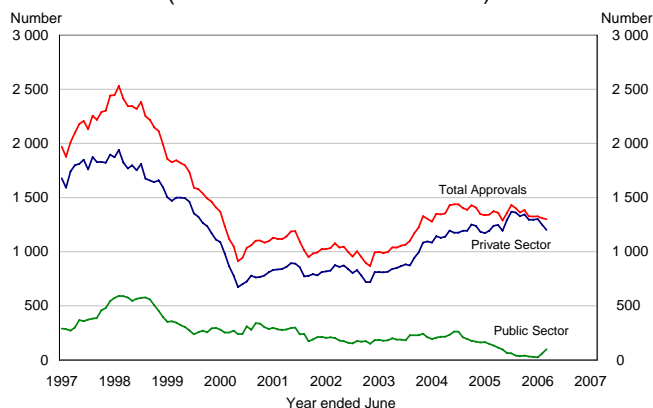
The decline in housing finance commitments was largely due to a fall in finance for the purchase of an established dwelling (down by 127 or 21.1 per cent) and a fall in finance for the purchase and construction of a new dwelling (down by 30 or 34.5 per cent). As the chart shows, growth in the number of commitments in the Territory was quite stable over the past two years, nevertheless growth has declined sharply since September 2006 to a low of negative 0.7 per cent. Growth in the value of housing finance commitments in original terms decreased to 5.2 per cent in 2006.

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 2006 prices of established houses increased by 3.0 per cent in Darwin, equal highest with Brisbane. Compared to the December quarter 2005, prices of established homes have increased 17.6 per cent in Darwin, exceeding the growth rates of all other capital cities except Perth (see chart).

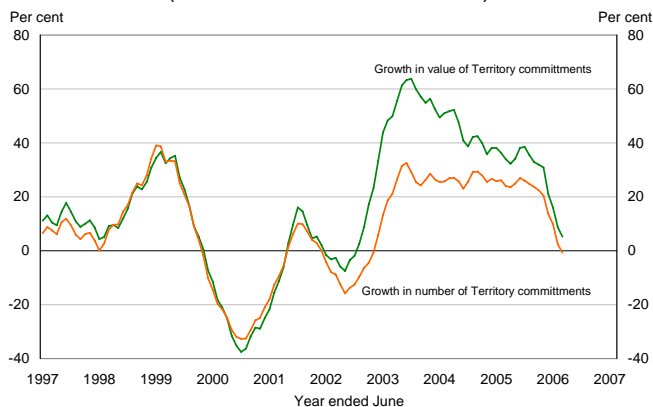
The ABS also reports on price growth associated with the construction of new homes (excluding land value). In year on year terms, the prices for the constructions of new homes in Darwin increased by 12.7 per cent. Annually the price of constructing a new home in Darwin increased by 15.8 per cent, significantly higher than the 2.4 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.

Building approvals*
(latest data – December 2006)



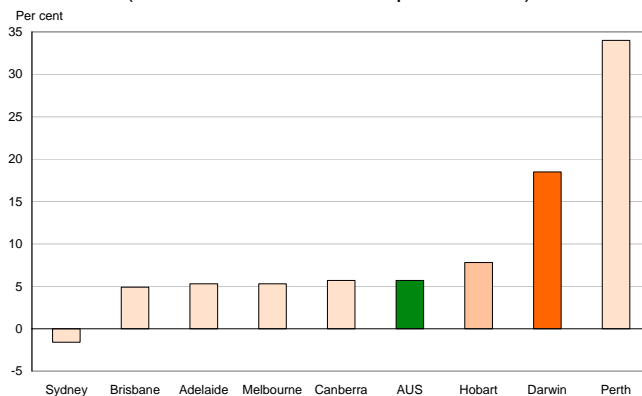
* moving annual total
Source: ABS Cat. Nos. 8731.0

Growth in number and value of commitments*
(latest data – December 2006)



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

House Price Index Capital City Comparison*
(latest data – December quarter 2006)



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

Total Construction Activity

In the December quarter 2006, seasonally adjusted construction work done decreased by 9.9 per cent to \$530 million in the Territory, compared to a national increase of 4.3 per cent. In annual terms, the value of construction activity decreased by 11.4 per cent, the third consecutive quarter of negative growth. Although, the value of total construction activity remains close to historically high levels (see chart), year on year construction activity decreased to \$2.28 billion (9.0 per cent) in 2006.

The decline in annual terms was largely driven by a 14.1 per cent fall in engineering construction activity (to \$385 million). This reflects the completion of construction at Wickham Point LNG plant and significant construction activity work done for the Alcan G3 expansion.

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 7.5 per cent in 2005 and 9.0 per cent in 2006. Growth is forecast at 9.0 per cent in 2007 and 2008, retreating to 8.0 per cent by 2009.

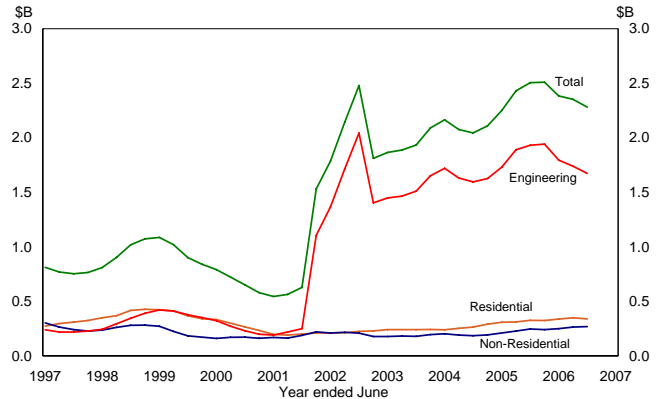
The Rider Hunt Tender Price Index (TPI) is calculated based on the feedback from and knowledge of, the construction industry, regarding costs associated with all stages of the production/construction process, for a specifically defined commercial project. The TPI is calculated for each capital city based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

Sensis Business Index

In the February quarter 2007, Sensis reports Territory business confidence regarding prospects for the next twelve months increased by 10 percentage point to a net balance of 68 per cent, second highest of the jurisdictions. Business confidence in the Territory has remained equal to or above national business confidence for the past two years (see chart). The net balance is defined as the difference between the percentage of positive and negative responses. The February survey reports on actual outcomes from the previous November quarter, as well as expectations for the upcoming quarter and year. The Northern Territory reported the second lowest (ahead of Victoria) actual growth in sales value in the previous quarter, seven percentage points less than the actual growth in sales value reported nationally for the same period.

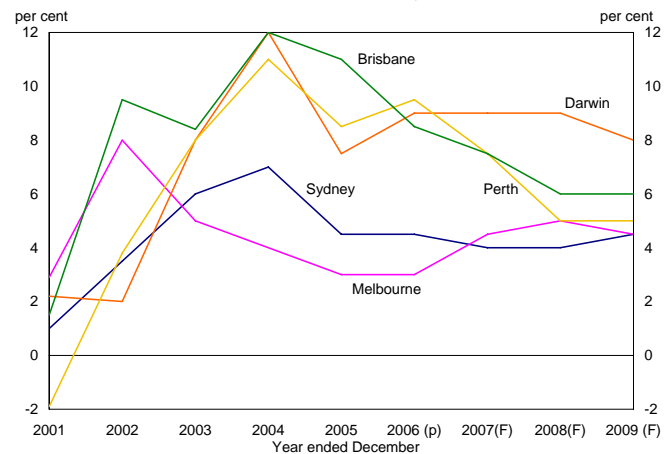
Territory businesses reported that in the February quarter 2007 their 'actual' experience in the previous quarter, exceeded their 'expectations' for sales, wages bill, profitability and capital expenditure capital but was below 'expectations' for size of workforce and prices.

Total Construction Activity* (latest data – December quarter 2006)



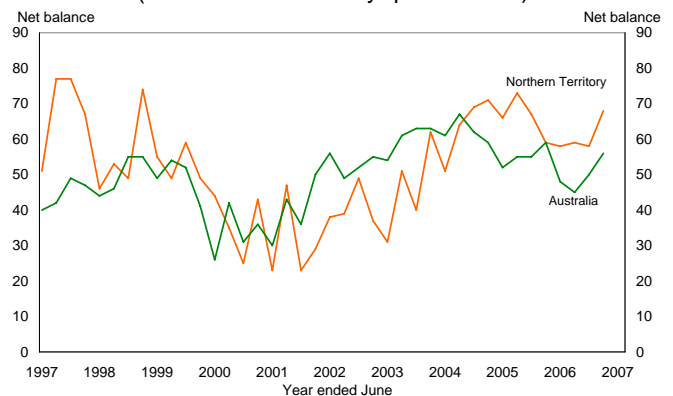
* moving annual total
Source: ABS Cat. No. 8752.0, 8762.0 and 8782.0.65.

Tender Price Index Growth* (latest data – January 2007)



* annual percentage change in TPI (tender price index)
Source: Rider Hunt, Construction Cost Commentary, January 2007

Sensis Business Index (latest data – February quarter 2007)



Source: Sensis Business Report, February quarter 2007

Employment

ABS labour force data for the Territory are characterised by extreme volatility and as such should be interpreted with caution. The ABS now estimates that standard errors of labour force statistics for the Territory are much larger than previously published. Taking this into account, the ABS reports that trend employment decreased by 61 to 101 660 in January 2007. Nationally, seasonally adjusted employment decreased by 3552 in the month to about 10.3 million employed persons.

A comparison of Territory (trend) resident employment in January 2007 with resident employment in January 2006 shows an increase of 4.2 per cent, the second highest annual growth rate of the jurisdictions. In year on year terms, a more stable measure of growth, employment has increased by 5.6 per cent, slightly higher than the previous month of 5.5 per cent.

Unemployment

The Territory's trend unemployment rate decreased to 2.0 per cent in January 2007 down from 2.2 per cent reported in December 2006. The unemployment rate is at an all time low and has now reported its eleventh consecutive month of decline. Compared to January 2006, the unemployment rate has decreased by 4.5 percentage points. Volatility in the Territory's trend unemployment rate has been quite extreme over the past few years, relative to the national trend unemployment rate (see chart). The Territory has reported the lowest trend unemployment rate of the jurisdictions for the third consecutive month.

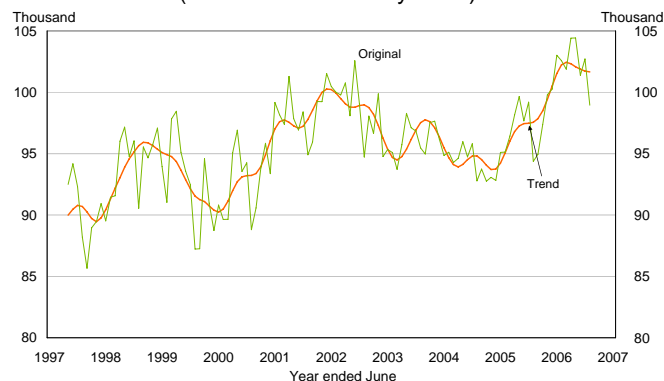
At the national level, the seasonally adjusted unemployment rate (the figure most commonly quoted in the media) decreased to 4.5 per cent in January 2007, down slightly from 4.6 per cent reported in the previous month.

International Trade

Territory merchandise exports increased by 56.4 per cent in 2006, as LNG exports and higher crude oil and commodity prices, offset weaker production from the Laminaria-Corallina oilfields. Over the same period, the value of merchandise imports to the Territory increased by 36.8 per cent, mainly attributable to aircraft imports to Australia where the Territory was recorded as the 'port of entry' for customs purposes. This is primarily a fleet of 20 new Airbus A-320's imported from France, by Jetstar. Higher fuel prices and the importation of machinery and equipment for major projects, have also contributed to the increasing value of imports into the Territory in the year.

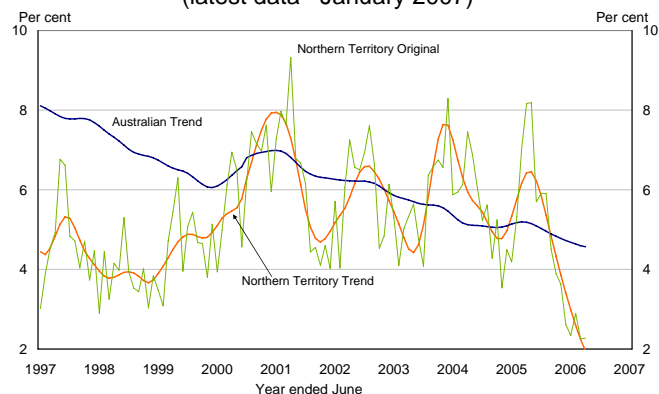
The Territory's goods trade balance increased by 245.6 per cent (\$553 million) in 2006, to a record surplus of \$750 million (see chart). The Territory's trade surplus is expected to further improve in 2006-07 with increased LNG, alumina and manganese exports.

Territory Employment (latest data – January 2007)



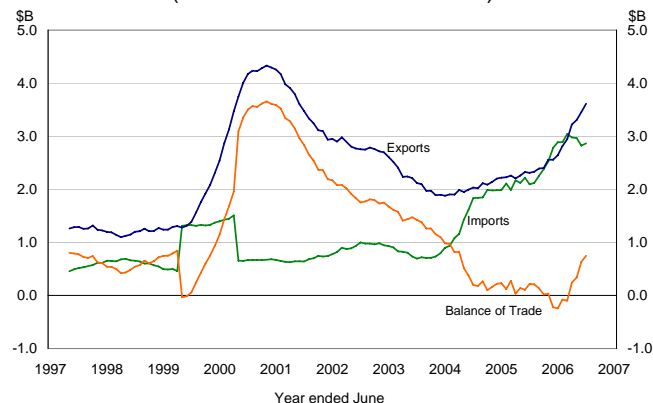
Source: ABS Cat. No. 6202.0

Territory Unemployment (latest data – January 2007)



Source: ABS Cat. No. 6202.0

Territory Merchandise Trade Balance* (latest data – December 2006)



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

GLOSSARY

Consumer Price Index

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

Current Dollars

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

Dwelling Unit

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

Employed

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

Final Consumption Expenditure

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

Fixed Capital Formation

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

Goods and Services Tax

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

Gross Domestic Product

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

Gross State Product

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

Labour Force

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

Original Terms

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

Participation Rate

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

Business Investment

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

Real Dollars

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

Seasonally Adjusted Terms

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

State Final Demand

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

Trend Terms

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

Unemployed

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

Unemployment rate

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

Comparative Economic Indicators*

Indicator	Period	Measure	NT	NSW	Vic	Qld	SA	WA	Tas	ACT	Aus
Economic Growth											
Gross State/Domestic Product ^(a)	2005-06	% change	7.5	1.4	2.7	4.9	2.2	4.9	3.1	3.4	2.8
State Final Demand ^(a)	Year to September 06	% change	5.3	1.6	2.7	7.3	1.8	11.1	0.5	5.4	4.1
International Goods Exports	Year to December 06	% change	56.4	12.0	9.4	16.8	9.5	25.7	21.3	33.3	18.1
International Goods Imports	Year to December 06	% change	36.8	10.3	5.4	15.9	4.5	42.6	1.9	670.4	13.1
Demography											
Population	Jun-05 Qtr to Jun-06 Qtr	% change	1.6	0.9	1.4	1.9	0.8	2.0	0.7	0.9	1.3
Labour Market											
Employment (trend)	Jan 06 to Jan 07	% change	4.2	2.3	2.3	5.5	2.0	2.0	-0.4	4.1	2.8
Participation Rate (trend)	As at January 06	%	70.0	62.9	64.2	66.0	62.1	67.8	61.3	71.9	64.4
	As at January 07	%	68.0	63.3	64.4	67.3	63.0	67.1	60.1	73.8	64.8
Unemployment Rate (trend)	As at January 06	%	6.4	5.4	5.4	5.1	5.1	4.1	6.6	3.3	5.2
	As at January 07	%	2.0	5.0	4.9	4.0	5.5	3.2	5.9	3.3	4.6
ANZ Job Ads	Year to Jan 07	% change	5.4	-11.9	-10.2	-6.4	-1.4	11.6	-7.9	10.8	-4.6
Prices and Wages											
Consumer Price Index	Dec 05 Q to Dec 06 Q	% change	5.0	3.2	2.9	3.4	3.0	4.4	2.5	3.1	3.3
	Year to Dec 06 Q	% change	4.4	3.4	3.2	3.7	3.5	4.5	3.0	3.9	3.5
Average Weekly Earnings (full-time adult total earnings)	As at November 06	\$	1094.9	1139.5	1085.9	1043.8	1051.9	1180.8	1003.7	1281.5	1107.1
Housing Sector											
Building Approvals (number)	Year to December 06	% change	-5.3	-13.3	-3.9	-1.6	4.5	7.0	8.1	7.5	-2.8
Housing Finance for Owner Occupation (number)	Year to December 06	% change	-0.7	10.3	6.0	10.1	8.8	14.1	9.5	17.8	9.6
Housing Affordability Indicator ^(b)	As at September quarter 06	Level	48.7	27.5	30.8	28.7	33.5	31.1	30.0	52.5	29.6
Consumer Spending											
Retail Trade (current \$)	Year to December 06	% change	9.3	4.3	5.7	6.5	5.0	9.6	5.3	7.2	5.8
New Motor Vehicle Sales (No.)	Year to January 07	% change	-3.1	-3.0	-5.1	-1.2	-5.0	10.8	-5.9	-2.5	-1.9
Tourist Accommodation - Takings (current \$)	Year to September 06	% change	5.9	5.9	11.7	7.8	10.4	13.9	6.1	11.4	8.5

* 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.