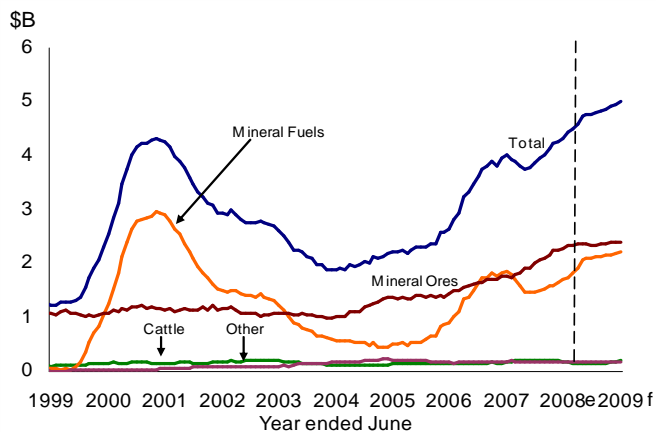


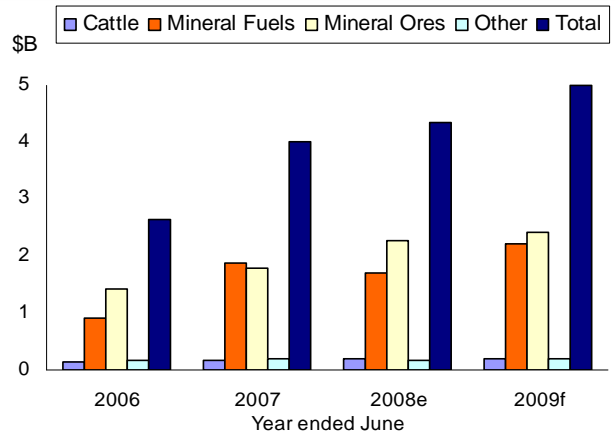
## Exports – Sustaining the Territory Economy

International trade is a fundamental part of the Territory economy. Merchandise (or goods) exports are a major contributor to Gross State Product (GSP), contributing almost a third to GSP in recent years. The Territory's international merchandise trade balance, as a proportion of gross state product (GSP), was 7.9 per cent in 2006-07, compared to the national ratio of -2.5 per cent. This reflects the relatively high importance of international trade to the Territory economy. In 2006-07, the value of Territory merchandise exports (excluding service exports) was reported at over \$4.0 billion (see chart 1), contributing to a \$1.2 billion trade surplus (merchandise exports exceeded merchandise imports). Preliminary estimates by NT Treasury indicate positive growth in merchandise exports and the Territory's trade surplus in 2007-08 and 2008-09. More detailed information will be released in the upcoming 2008-09 *Northern Territory Economy Book*.

**Chart 1 – Territory Merchandise Exports**



**Chart 2 – Composition of Territory Merchandise Exports**



Source: Australian Bureau of Statistics Data Services, DBERD

The substantial growth in merchandise exports is a result of the composition of the Territory export market, dominated by mineral ores and fuels, prices of which have been at high levels due to increased global demand. In the three years to 2007-08, mineral ores constituted 50 per cent of Territory merchandise exports, while mineral fuels and liquefied natural gas (LNG) constituted 40 per cent, and cattle and other exports comprised the remainder (see Chart 2).

The Territory is heavily reliant on the mining and energy sector, which is often characterised by projects with long lead times, significant levels of business investment, and sensitivity to both volatile commodity prices and exchange rates. With a further interest rate rise announced on March 3 2008, the Australian cash rate is now at 7.25 per cent, the highest since December 1994, increasing costs to both businesses and households. In addition, the slowing US economy along with the 24 year high in the Australian exchange rate, means that Australia and the Territory are facing a rapidly changing economic environment, with both opportunities and threats.

On balance, the Territory economy is likely to be somewhat insulated from global economic concerns such as the slowing US economy, largely due to continued demand for commodities in China. On the production side, growth in merchandise exports in 2008-09 is expected to be supported by a full year of LNG production, manganese from the new Bootu Creek mine and alumina from Alcan's Gove refinery. Importantly, purchase contracts for major export commodities such as LNG and uranium will continue to act as a safety net for the Territory as high production levels are ensured through guaranteed purchases from international markets. On the prices side, commodity prices are forecast to rise modestly in 2008-09 and remain strong as solid demand from a surging Chinese economy continues.

Northern Territory State Final Demand and Gross State Product											
Year ended June	Percentage Change	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	Latest available	Annual % change
<b>Expenditure on GSP (2003-04 prices)</b>											
Private Consumption		6.6	3.5	6.5	4.6	6.4	4.8	5.7	4.4	Sep Q 07	8.4
Public Consumption		7.6	1.1	0.4	2.5	4.6	3.2	2.2	4.7	Sep Q 07	1.4
<b>Total Consumption Expenditure</b>		<b>7.0</b>	<b>2.4</b>	<b>3.8</b>	<b>3.7</b>	<b>5.6</b>	<b>4.1</b>	<b>4.2</b>	<b>4.5</b>	Sep Q 07	<b>5.6</b>
Private Investment											
<i>Dwellings</i>		-25.4	-40.1	3.4	9.8	-3.5	27.6	14.5	2.1	Sep Q 07	-24.7
<i>Other buildings and structures</i>		-58.9	-22.7	125.4	26.6	6.5	0.7	4.5	-3.2	Sep Q 07	-35.6
<i>Machinery and equipment</i>		11.5	30.9	2.3	6.7	11.7	-11.5	28.6	6.0	Sep Q 07	21.9
<i>Livestock</i>		-7.1	46.2	5.3	-55.0	222.2	-6.9	11.1	-53.3	Sep Q 07	71.4
<i>Intangible fixed assets**</i>		-18.5	-17.9	51.1	-41.5	-19.9	60.9	96.7	-4.0	Sep Q 07	-43.6
<i>Ownership transfer costs</i>		-8.4	-21.1	15.1	5.1	27.9	6.8	10.6	-2.5	Sep Q 07	-10.8
Business Investment <sup>#</sup>		-40.2	-1.6	54.5	7.8	9.7	0.5	16.9	-3.2	Sep Q 07	-22.6
<b>Total Private Investment</b>		<b>-36.2</b>	<b>-11.7</b>	<b>45.7</b>	<b>8.0</b>	<b>8.6</b>	<b>3.6</b>	<b>16.1</b>	<b>-2.4</b>	Sep Q 07	<b>-22.4</b>
Public Investment		46.2	46.4	19.0	-33.2	1.5	25.5	2.2	-9.8	Sep Q 07	20.0
<b>Total Investment</b>		<b>-29.9</b>	<b>-2.3</b>	<b>39.3</b>	<b>-0.4</b>	<b>7.6</b>	<b>6.4</b>	<b>14.0</b>	<b>-3.4</b>	Sep Q 07	<b>-18.4</b>
<b>State Final Demand</b>		<b>-5.0</b>	<b>1.5</b>	<b>12.1</b>	<b>2.3</b>	<b>6.2</b>	<b>4.8</b>	<b>7.0</b>	<b>2.0</b>	Sep Q 07	<b>-2.1</b>
<b>State Final Demand less L-C and B-U<sup>##</sup></b>		<b>2.5</b>	<b>1.6</b>	<b>10.9</b>	<b>0.8</b>	<b>5.1</b>	<b>9.7</b>	<b>8.5</b>	<b>2.5</b>	Sep Q 07	<b>#N/A</b>
International Trade - export of goods		47.3	29.9	-22.6	-11.0	-23.7	-6.2	-1.8	44.2	Sep Q 07	-14.7
International Trade - import of goods		177.7	-62.0	15.1	29.9	4.3	107.3	27.4	-0.4	Sep Q 07	-13.0
<b>Total Gross State Product</b>		<b>7.3</b>	<b>5.6</b>	<b>1.7</b>	<b>0.6</b>	<b>2.0</b>	<b>5.5</b>	<b>5.5</b>	<b>5.6</b>		
<b>Contribution to GSP Growth</b>											
Private Consumption		2.7	1.4	2.6	1.9	2.8	2.1	2.6	1.5		
Public Consumption		2.5	0.4	0.1	0.8	1.5	1.0	0.7	1.4		
Private Investment		-12.3	-2.3	7.7	1.9	2.2	1.0	4.4	-0.9		
Public Investment		1.3	1.8	1.0	-2.1	0.1	1.1	0.1	-0.4		
<b>State Final Demand</b>		<b>-5.5</b>	<b>1.5</b>	<b>11.4</b>	<b>2.4</b>	<b>6.5</b>	<b>5.3</b>	<b>7.7</b>	<b>1.6</b>		
<b>Net International Exports</b>		<b>3.5</b>	<b>24.4</b>	<b>-13.2</b>	<b>-7.8</b>	<b>-9.3</b>	<b>-12.2</b>	<b>-6.1</b>	<b>9.1</b>		
Balancing item		9.4	-20.4	3.5	6.0	4.8	12.4	3.9	-5.1		
<b>Gross State Product</b>		<b>7.3</b>	<b>5.6</b>	<b>1.7</b>	<b>0.6</b>	<b>2.0</b>	<b>5.5</b>	<b>5.5</b>	<b>5.6</b>		

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

Latest Northern Territory Economic Indicators											
Year ended June	Percentage Change*	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	Latest	Annual % change**
Real Retail Turnover		5.7	-0.8	4.1	1.7	4.9	5.1	2.4	7.9	Dec Q 07	8.6
New Motor Vehicle Sales		-8.8	-4.2	-0.3	3.3	8.4	10.7	0.0	4.1	Jan 08	10.9
Tourist Accommodation Takings		0.0	1.5	-1.0	-0.1	2.8	13.6	3.4	14.8	Sep Q 07	7.4
Number of Dwellings Approved		-30.6	-28.4	-13.8	0.0	23.4	18.4	-1.8	7.4	Dec 07	12.5
Number of Dwellings Commenced		-21.1	-34.0	0.1	-4.1	6.0	29.1	1.3	-0.2	Sep Q 07	28.6
Employment		-2.3	1.5	4.6	1.1	-2.9	-1.3	3.0	5.3	Jan 08	6.5
Unemployment rate		4.4	5.6	6.7	5.5	5.2	5.7	5.5	3.8	Jan 08	5.5
Darwin Consumer Price Index <sup>##</sup>		0.7	3.9	3.6	2.2	2.1	1.6	2.6	4.4	Dec Q 07	2.9
AWOTE <sup>#</sup> (year average)		4.6	3.7	2.3	5.0	6.5	7.0	3.9	0.7	Nov Q 07	2.2
Wage Price index (year average)		2.5	2.8	3.1	3.0	3.3	3.7	4.4	3.9	Nov Q 07	3.9
Population, December (levels - thousands) <sup>##</sup>		194.3	196.3	198.4	199.4	200.7	203.9	208.5	212.6	Jun Q 07	215.0
Population (annual % change) <sup>##</sup>		1.6	1.0	1.1	0.5	0.7	1.6	2.3	2.0	Jun Q 07	2.0
Net Interstate Migration (levels - number) <sup>##</sup>		-817	-1621	-1730	-2397	-2241	-439	693	-489	Jun Q 07	228.0

\* Year ended, or year on year \*\* Quarter on corresponding quarter the previous year, or through the year per cent change <sup>#</sup> Average Weekly Ordinary Time Earnings  
<sup>##</sup> Denotes calendar year  
Source: NT Treasury, Australian Bureau of Statistics data

Financial Indicators										
Year Ended June	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	Latest	Level
<b>Interest Rates</b>										
90 Day Bank Bill (as at 30 June)	6.17	5.02	5.11	4.67	5.50	5.66	5.97	6.43	29 Feb 08	7.96
10 Year Govt Bond Yield (as at 30 June)	6.16	6.04	5.99	5.01	5.87	5.11	5.79	6.26	29 Feb 08	6.21
<b>Exchange Rates</b>										
US\$ per A\$ (year average)	0.63	0.52	0.52	0.58	0.71	0.75	0.75	0.79	29 Feb 08	0.86
US\$ per A\$ (as at 30 June)	0.60	0.51	0.56	0.67	0.69	0.76	0.74	0.85	29 Feb 08	0.95
Special Drawing Rights per A\$ (as at 30 June)	0.45	0.41	0.43	0.48	0.47	0.52	0.51	0.56	29 Feb 08	0.59
Trade Weighted Index of A\$ (as at 30 June)	53.30	49.70	52.30	59.40	59.06	64.50	62.24	68.92	29 Feb 08	71.79

\* 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 2008			
ABS	5676.0	Business Indicators, December Quarter 2007 ( <i>no brief</i> )	03-Mar-08
ABS	8501.0	Retail Trade, January 2008	04-Mar-08
ABS	5302.0	Balance of Payments, December Quarter 2007	04-Mar-08
ABS	5206.0	National Accounts - State Final Demand, December Quarter 2007	05-Mar-08
ABS	3401.0	Overseas Arrivals and Departures, Australia, January 2008 ( <i>no brief</i> )	06-Mar-08
ABS	8731.0	Building Approvals, January 2008	06-Mar-08
ABS	5368.0	International Trade in Goods & Services, January 2008	06-Mar-08
ANZ		ANZ job ads series, February 2008 ( <i>no brief</i> )	10-Mar-08
ABS	5609.0	Housing Finance, January 2008	11-Mar-08
ABS	5671.0	Lending Finance, January 2008	12-Mar-08
Westpac-MI		Consumer Sentiment Index ( <i>no brief</i> )	12-Mar-08
ABS	8412.0	Mineral and Petroleum Exploration, Australia, December Quarter 2007	12-Mar-08
ABS	6202.0	Labour Force, February 2008	13-Mar-08
AAA		Petrol Prices, February 2008	Mid-Mar 08
ABS	8750.0	Dwelling Commencements, December Quarter 2007	19-Mar-08
Westpac-MI		Leading Index ( <i>no brief</i> )	19-Mar-08
ABS	3101.0	Population, September Quarter 2007	19-Mar-08
ABS	6291.0.55.001	Labour Force by Industry, February 2008 ( <i>no brief</i> )	20-Mar-08
ABS	9314.0.55.001	Sales of New Motor Vehicles, February 2008	20-Mar-08
ABS	6354.0	Job Vacancies, Australia, February 2008	27-Mar-08
ABS	8635.0	Tourist Accommodation, December Quarter 2007	28-Mar-08
April 2008			
ABS	8501.0	Retail Trade, February 2008	04-Apr-08
ABS	8731.0	Building Approvals, February 2008	07-Apr-08
ABS	5368.0	International Trade in Goods & Services, February 2008	07-Apr-08
ANZ		ANZ job ads series, March 2008 ( <i>no brief</i> )	07-Apr-08
ABS	3401.0	Overseas Arrivals and Departures, Australia, February 2008 ( <i>no brief</i> )	09-Apr-08
Westpac-MI		Consumer Sentiment Index ( <i>no brief</i> )	09-Apr-08
ABS	6202.0	Labour Force, March 2008	10-Apr-08
ABS	5609.0	Housing Finance, February 2008	14-Apr-08
ABS	5671.0	Lending Finance, February 2008	15-Apr-08
AAA		Petrol Prices, March 2008	Mid-Apr 08
Westpac-MI		Leading Index ( <i>no brief</i> )	16-Apr-08
ABS	8762.0	Engineering Activity, December 2007	17-Apr-08
ABS	6291.0.55.001	Labour Force by Industry, March 2008 ( <i>no brief</i> )	17-Apr-08
ABS	8752.0	Building Activity, December 2007	18-Apr-08
ABS	8782.0.65.001	Construction Activity: Chain Volume Measures, December 2007 ( <i>no brief</i> )	18-Apr-08
ABS	6457.0	International Trade Price Indexes, Australia, March 2008	18-Apr-08
ABS	9314.0.55.001	Sales of New Motor Vehicles, March 2008	21-Apr-08
ABS	6427.0	Producer Price Indexes, March 2008	21-Apr-08
ABS	6401.0	Consumer Price Index, March 2008	23-Apr-08
ABS	6403.0.55.001	Average Retail Prices of Selected Items, March 2008	30-Apr-08

## Average Weekly Earnings

In the November quarter 2007, average weekly full time adult earnings (AWE) was \$1 112 in the Territory, the fifth highest of the jurisdictions, and below the national level of \$1 159. In annual terms, seasonally adjusted AWE (which includes overtime and bonus payments) increased by 1.9 per cent in the Territory, compared to an increase of 4.8 per cent nationally. In the November quarter 2007, average weekly ordinary time earnings (AWOTE) (which excludes overtime and bonus payments), increased by 2.2 per cent in the Territory and by 4.7 per cent nationally.

In 2007, Territory AWE increased by 1.6 per cent compared to a 4.3 per cent increase nationally (see chart), while AWOTE increased by 1.8 per cent in the Territory and 4.5 per cent nationally. It should be noted that this ABS series is sensitive to the composition of businesses in the survey, and the significant decline in AWE growth from December 2005 to December 2006 resulted from one major employer leaving the survey.

## Wage Price Index

In the December quarter 2007, the wage price index (WPI) increased by 1.0 per cent both nationally and in the Territory. The WPI measures the change in the cost of employing a constant quantity and quality of jobs. In 2007, the Territory WPI increased by 3.9 per cent, slightly below the national increase of 4.1 per cent.

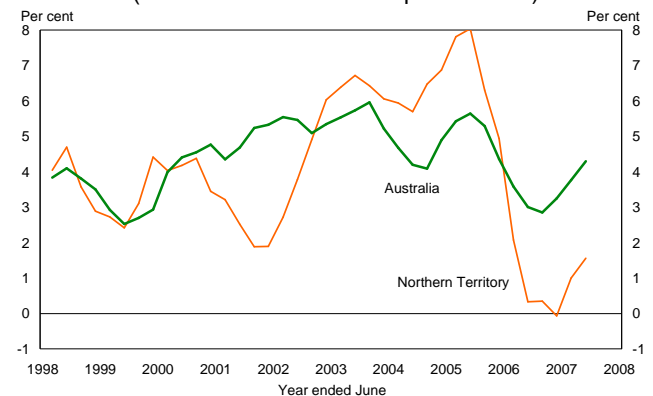
Public sector growth in the Territory WPI increased 0.6 per cent in the quarter and by 2.7 per cent in the year to December 2007, compared to private sector growth of 1.1 per cent in the quarter and 4.8 per cent in the year (see chart). The smaller increase in the Territory public sector WPI reflects the current EBA negotiations for the general NTPS (representing around 9 500 public servants), which are nearing completion, along with on-going EBA negotiations with teachers, police and fire and emergency workers. Comparing the December quarter 2007 with the December quarter 2006, the WPI increased 3.9 per cent in the Territory compared to a 4.2 per cent increase nationally.

## Commodity Price Index

The Reserve Bank of Australia (RBA) reports monthly on Australia's commodity price index. The index is measured in units of 'special drawing rights' (SDR), the value of which is based on a basket of international currencies. In the year to January 2008 the total commodity price index increased by 5.8 per cent, moderating from the historic growth of 32.5 per cent reported in the year to May 2006. In the commodity price index, year on year growth for the 'other resources, and 'base metals' categories have moderated significantly from the peaks recorded in 2006-07, while the index for rural prices has grown by 20.7 per cent, the strongest growth rate in more than eighteen years.

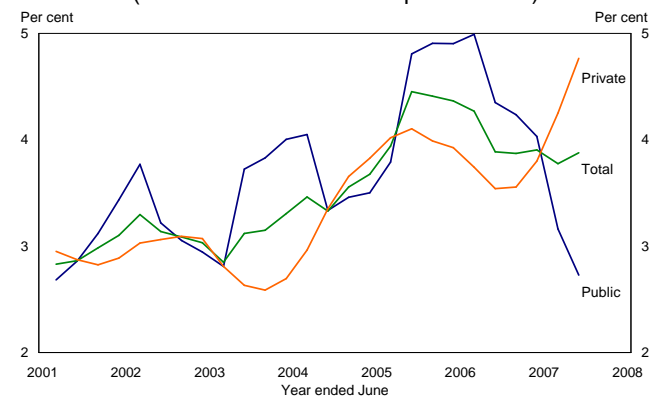
The categories of 'other resources' and 'base metals' are significant to the Territory. Included in 'other resources' are prices of; gold, iron ore, alumina and LNG, while included in 'base metals' are prices of aluminium, copper, nickel, zinc and lead .

**Average Weekly Earnings\***  
(latest data – November quarter 2007)



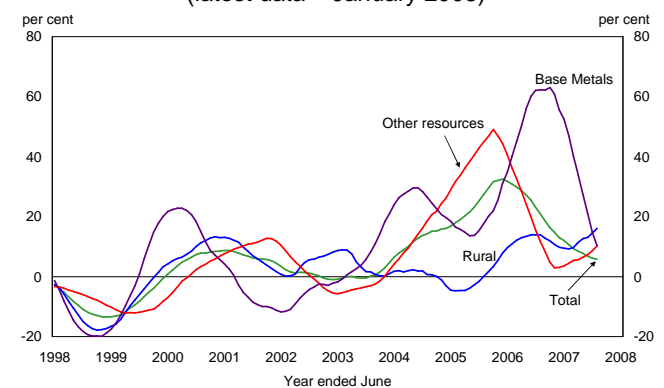
\*year on year percentage change  
Source: ABS Cat. Nos. 6302.0

**Territory Wage Price Index\***  
(latest data – December quarter 2007)



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

**Commodity Price Index\***  
(latest data – January 2008)



\*year on year percentage change  
Source: RBA

## Retail Turnover

In December 2007, seasonally adjusted retail turnover increased by 2.6 per cent in the Territory, while increasing by 0.5 per cent nationally. In the year to December 2007, current price retail turnover in the Territory increased by 10.5 per cent, equal highest of the jurisdictions with Western Australia and well above the national average of 7.3 per cent growth (see chart).

In the month of December 2007, in original terms, current price retail turnover in the Territory totalled \$212 million. The ABS classifies retail expenditure into six broad categories. 'Food' was the largest category, contributing 47.3 per cent (\$100 million), followed by 'department stores and other retailing' 15.3 per cent (\$32 million), 'hospitality and services' 15.6 per cent (\$33 million), 'household goods' 15.0 per cent (\$32 million), 'clothing and soft goods' 4.5 per cent (\$10 million) and 'recreation related goods' the remaining 2.3 per cent (\$5 million).

## Sales of New Motor Vehicles

In January 2008, total Territory new motor vehicle sales increased by 1.5 per cent to 874 in trend terms. By vehicle category; sales of passenger vehicles increased by 2.0 per cent in the month, and sales of 'SUV's' increased by 4.2 per cent while sales of 'other' vehicles decreased by 1.1 per cent. Nationally, the total level of motor vehicle sales increased 0.9 per cent in the month of January 2008.

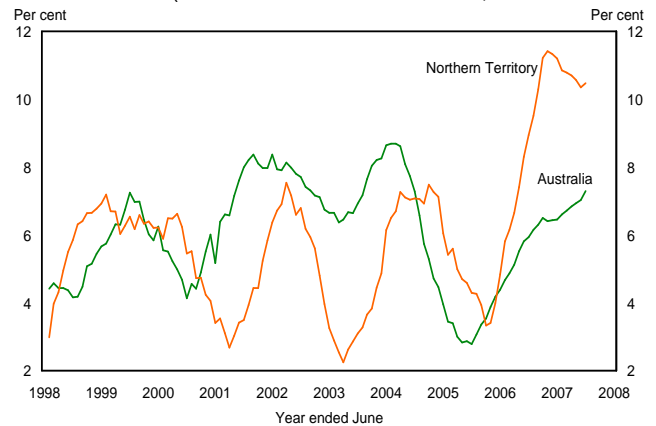
In the year to January 2008, new motor vehicle sales in the Territory increased by 7.5 per cent to 9 991, the highest level recorded for the Territory (see chart). In year on year terms, sales of passenger vehicles increased 5.3 per cent to 4 692, sales of 'other' vehicles increased 12.4 per cent to 3 248, and sales of SUV's increased 5.3 per cent to 2 051. Nationally, sales of new motor vehicles increased 8.8 per cent in the year to January 2008.

## Petrol Prices

In January 2008, fuel prices increased by 1.0 cpl in Darwin to 148.4 cpl while the eight capital cities weighted average price increased by 1.6 cpl to 139.2 cpl. This represents a 9.2 cpl price differential between Darwin and the eight capital cities weighted average. Compared to January 2007 petrol prices in Darwin have increased by 20.0 cpl, while nationally the eight capital cities weighted average price increased by 26.8 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).

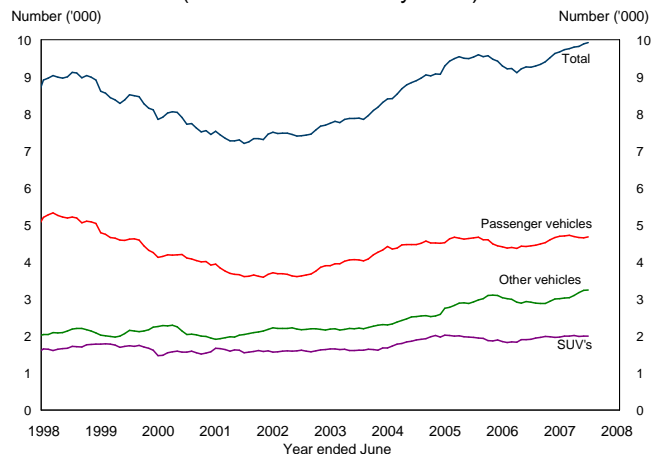
In annual terms, crude oil prices increased by 42.0 per cent in A\$ terms in the year to January 2008, while increasing by 64.1 per cent in US\$ terms. The current strength of the A\$ against the US\$ offset some of the effects of rising oil prices. Price increases are due to decreased oil supply as a result of tightness in global refining inventories and worldwide refining bottlenecks and strong global economic growth. Fundamental supply and demand factors are expected to support crude oil prices at high levels in the short term.

**Retail Turnover\***  
(latest data – December 2007)



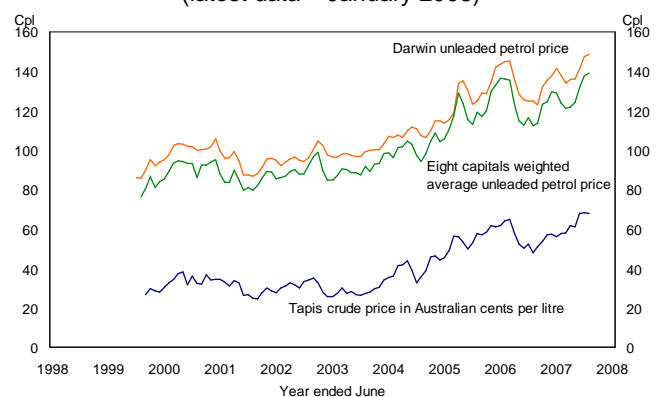
\* year on year percentage change, current price  
Source: ABS Cat. No. 8501.0

**Motor Vehicle Sales\***  
(latest data – January 2008)



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

**Petrol Prices**  
(latest data – January 2008)



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

## Building Approvals

In the Territory, residential building approvals increased by 35 to 76 (in original terms) in December 2007. Of these 76 approvals, 44 were in the private sector and 32 were in the public sector. For the month, 27 of the private sector approvals were for 'houses' and the remaining 17 for 'other residential'. In the public sector, all 32 approvals were for 'houses'.

In the year to December 2007, residential building approvals in the Territory increased by 5.8 per cent to 1 409, the third highest growth of the jurisdictions behind only Queensland and the Australian Capital Territory. Of the 1 409 residential building approvals, 1 240 were in the private sector, with the remaining 169 approvals in the public sector (see chart). Private sector approvals are being driven by new housing developments in Palmerston and Lyons, as well as a number of high rise unit developments in the Darwin CBD.

## Housing Finance for Owner Occupation

In December 2007, the number of seasonally adjusted owner-occupier housing finance commitments in the Territory decreased by 5.1 per cent to 504, compared to a 2.9 per cent increase nationally.

Since peaking in 2005-06 the number of housing finance commitments in the Territory has been steadily declining (see chart). However the decline in finance commitments since 2005-06 has been from historically high and unsustainable levels. In the year to December 2007, Territory housing finance commitments in original terms decreased by 18.4 per cent, driven by an 18.2 per cent decline in the purchase of established dwellings and a 23.7 per cent decline in the construction of new dwellings. The number of first home buyer finance commitments decreased in the Territory by 28.2 per cent in 2007. At the national level the number of first home buyer housing finance commitments increased by 3.8 per cent in 2007.

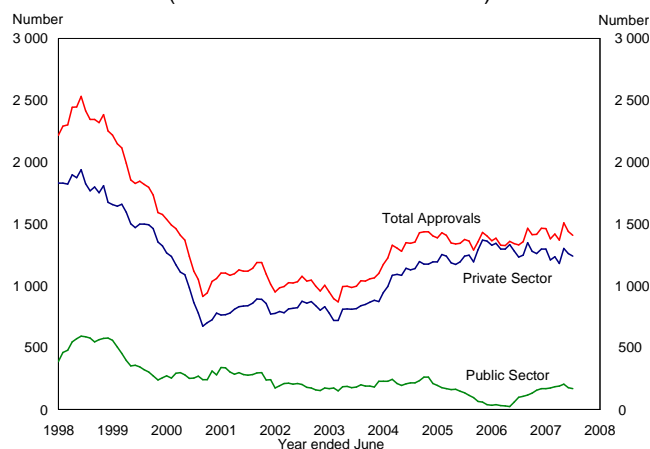
## House Price Index

The House Price Index (HPI) gives an indication of the average cost of established homes and project homes (new homes under construction on existing land) in each of the capital cities in Australia. In the December quarter 2007, Darwin established house prices rose by 2.3 per cent, compared to the national increase of 3.2 per cent. The growth in prices has eased in Darwin from peak levels in 2006, although nationally, moderate prices growth has continued in the eight capitals after reporting robust growth in 2006.

Compared to the December quarter 2006, growth in the Darwin HPI for established house prices increased by 11.1 per cent in the December quarter 2007 (see chart). Darwin house prices continue to moderate from their peak in the June quarter 2006, whilst the eight capitals weighted average continues its steady climb, reporting 12.3 per cent growth annually in the December quarter 2007.

## Residential Building Approvals\*

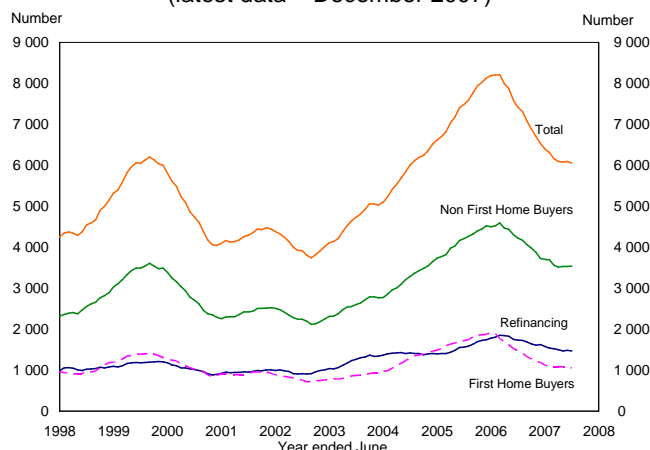
(latest data – December 2007)



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

## Number of Housing Finance Commitments\*

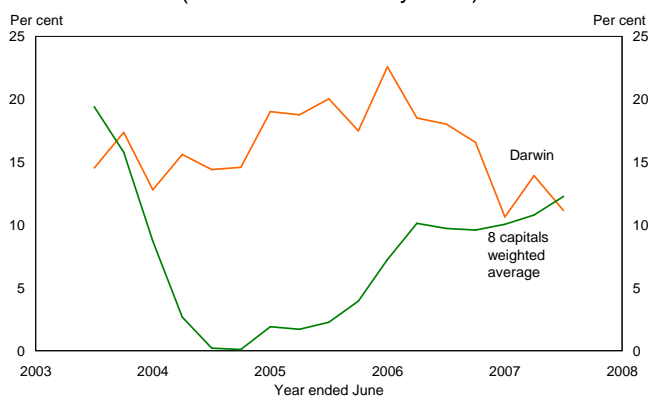
(latest data – December 2007)



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

## Established House Price Index\*

(latest data – January 2008)



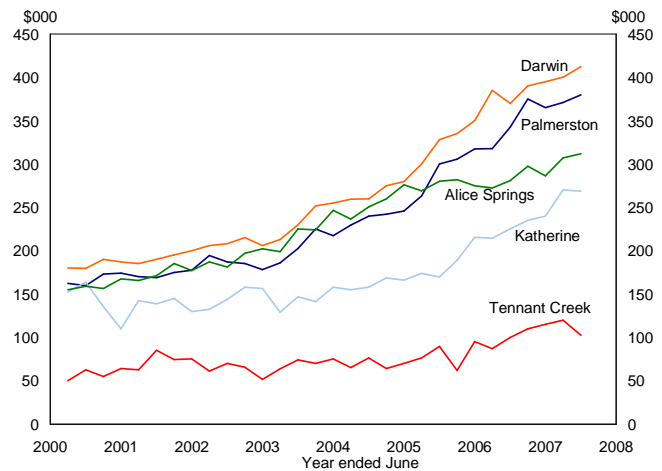
\*annual percentage change  
Source: ABS Cat. No. 6416.0

## Regional House Prices

Median house prices in the December quarter 2007, as reported by the Real Estate Institute of the Northern Territory (REINT), are at historic highs in Darwin, Alice Springs, and Palmerston and remaining close to historic highs in Katherine and Tennant Creek (see chart). The median house price in Darwin is \$412 500, representing annual growth of 11.5 per cent. In Palmerston, median house prices have increased to \$380 000 at an annual growth rate of 10.9 per cent. In Alice Springs the median house price has increased to \$312 000, at an annual rate of growth of 11.0 per cent. Annual growth of 19.3 per cent and 2.5 per cent is reported in Katherine and Tennant Creek, respectively.

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

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



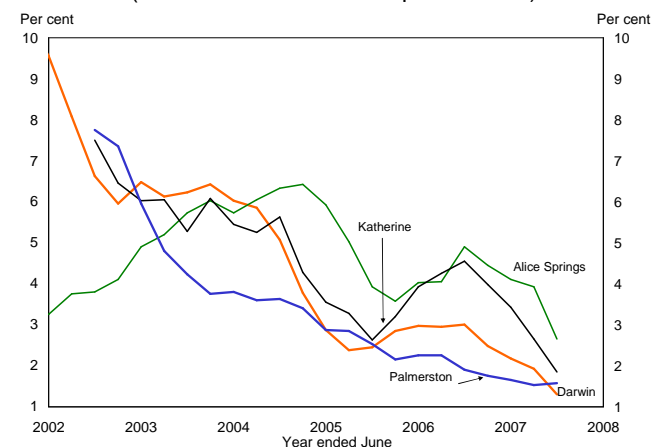
Source: Real Estate Institute of the Northern Territory

## Regional Rents & Vacancy Rates

In the December quarter 2007, rental prices in Darwin increased to \$450 and \$360 per week for 'houses' and 'other dwellings' respectively. This represents an annual growth of 42.9 per cent for house rents and 50 per cent for other dwellings rents. Palmerston also experienced an increase in house and other dwelling rental prices, to \$400 and \$340, representing annual growth of 25 and 36 per cent respectively. House rents in Alice Springs and Katherine remained unchanged in the quarter, while rent for other dwellings grew by 12 and 12.5 per cent respectively.

Vacancy rates decreased across all regions in 2007, with the exception of Palmerston where total vacancy rates increased from 1.5 per cent to 1.6 per cent. Total vacancy rates in Darwin are down to 1.3 per cent, an historic low. In addition, historic low vacancy rates of 1.9 per cent and 2.7 per cent have been reported for Katherine and Alice Springs, adding to the rental price pressures across the Territory.

**Regional Vacancy Rates**  
(latest data – December quarter 2007)



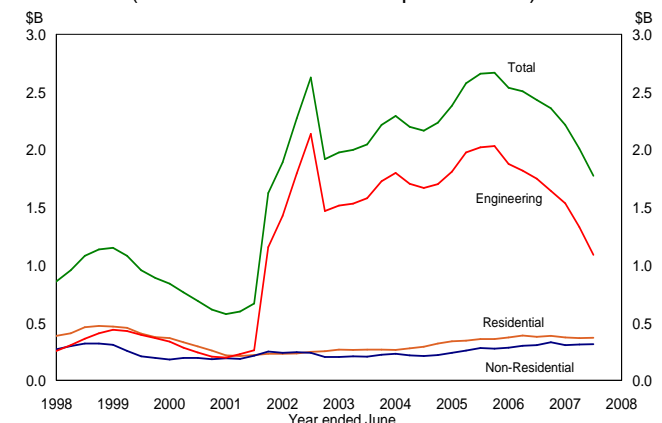
Source: Real Estate Institute of the Northern Territory

## Total Construction Activity

In the December quarter 2007, seasonally adjusted total construction work done decreased by 18.3 per cent to \$350 million in the Territory, compared to a national decrease of 1.0 per cent. In annual terms, the value of construction activity in the Territory decreased by 40.4 per cent, continuing its moderating trend over the past 24 months. Although, the value of total construction activity has declined in the year, it remains well above long-term trend levels (see chart). In year on year terms, construction activity decreased by 27.1 per cent to \$1.8 billion in the Territory, while increasing by 5.7 per cent nationally.

The recent decline in Territory construction work done, in year on year terms, was largely driven by a 37.7 per cent fall in engineering construction activity (to \$1.1 billion). This reflects the completion of construction at the Wickham Point LNG plant and the Alcan G3 expansion nearing completion.

**Total Construction Activity\***  
(latest data – December quarter 2007)



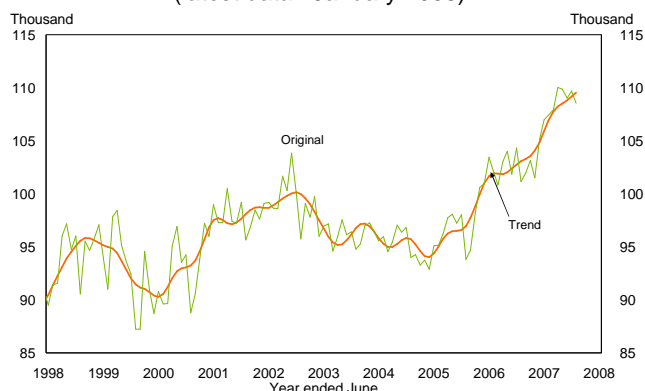
\* moving annual total  
Source: ABS Cat. Nos. 8755.0, and 8782.0.

## Employment

ABS labour force data for the Territory are characterised by extreme volatility and as such should be interpreted with caution. The ABS now estimates that standard errors of labour force statistics for the Territory are much larger than previously published. Taking this into account, the ABS reports that trend employment increased by 349 to 109 536 in January 2008 (see chart). This is the highest resident employment level on record for the Territory. Nationally, seasonally adjusted employment increased by 26 824 in the month to about 10.6 million employed persons.

A comparison of Territory (trend) resident employment in January 2008 with resident employment in January 2007 shows an increase of 6.3 per cent, the highest annual growth rate of the jurisdictions. In year on year terms, a more stable measure of growth, Territory employment increased by 5.4 per cent (in original terms) in the year to January 2008, compared to 2.8 per cent growth reported nationally.

## Territory Employment (latest data – January 2008)



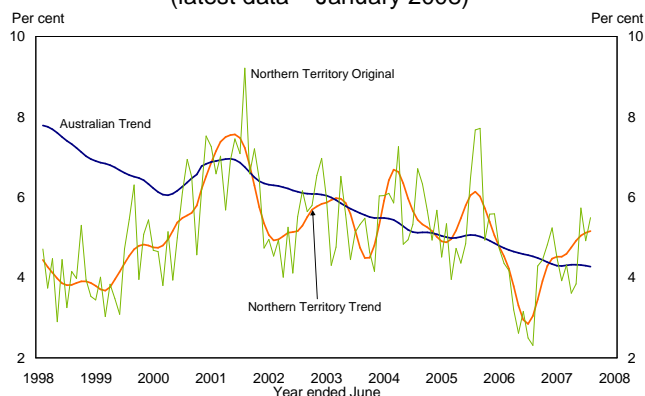
Source: ABS Cat. No. 6202.0

## Unemployment

The Territory's trend unemployment rate was 5.2 per cent in January 2008, up from (a revised) 5.1 per cent reported in December 2007. Compared to January 2007, the unemployment rate has increased by 2.2 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). In January 2008 the Territory reported the second highest trend unemployment rate of the jurisdictions, behind Tasmania.

At the national level, the seasonally adjusted unemployment rate (the figure most commonly quoted in the media) decreased to 4.1 per cent in January 2008, down from 4.3 per cent reported for December 2007, and the lowest reported figure in 33 years.

## Territory Unemployment (latest data – January 2008)



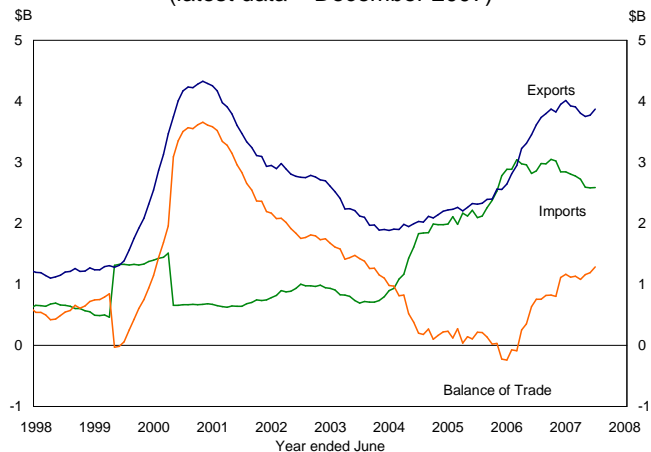
Source: ABS Cat. No. 6202.0

## International Merchandise Trade

In the year to December 2007 the value of Territory merchandise exports increased by 7.1 per cent mainly due to higher LNG exports as well as higher crude oil and commodity prices. Over the same period, the value of merchandise imports to the Territory decreased by 9.5 per cent. The decline in imports is primarily due to the completion of Jetstar's fleet purchase (where Darwin was the port of entry for customs reporting purposes). Partially offsetting this decline was increased gas feedstock imports for the LNG plant at Wickham Point.

The Territory's goods trade balance increased by \$527 million in the year to December 2007, to a surplus of \$1.3 billion (see chart). The Territory's trade surplus is expected to further improve in the upcoming year with the combined effect of increased LNG, alumina and manganese exports and reduced imports to the Territory. Lower imports of machinery and equipment reflect the completion of major projects.

## Territory Merchandise Trade Balance\* (latest data – December 2007)



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

## Consumer Price Index

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

## Current Dollars

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

## Dwelling Unit

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

## Employed

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

## Final Consumption Expenditure

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

## Fixed Capital Formation

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

## Goods and Services Tax

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

## Gross Domestic Product

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

## Gross State Product

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

## Labour Force

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

## Original Terms

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

or smoothed to remove irregularities to form a trend series.

## Participation Rate

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

## Business Investment

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

## Real Dollars

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

## Seasonally Adjusted Terms

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

## State Final Demand

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

## Trend Terms

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

## Unemployed

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

## Unemployment rate

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

# Territory Economic Review March 2008

Comparative Economic Indicators*											
Indicator	Period	Measure	NT	NSW	Vic	Qld	SA	WA	Tas	ACT	Aus
<b>Economic Growth</b>											
Gross Domestic Product <sup>(a)</sup>	2006-07	% change	5.6	1.8	2.7	4.9	0.8	6.3	2.1	5.0	3.2
State Final Demand <sup>(a)</sup>	Year to Sep 07	% change	-0.3	3.3	2.5	7.3	2.2	9.8	2.4	4.3	4.5
International Goods Exports	Year to Dec 07	% change	7.1	1.5	0.1	-7.2	7.7	11.4	13.1	-50.0	2.2
International Goods Imports	Year to Dec 07	% change	-9.5	5.7	5.8	8.9	9.7	11.4	3.2	-97.8	6.7
<b>Demography</b>											
Population	Jun-06 Qtr to Jun-07 Qtr	% change	2.0	1.1	1.5	2.2	1.0	2.3	0.7	1.7	1.5
<b>Labour Market</b>											
Employment (trend)	Jan 07 to Jan 08	% change	6.3	2.1	3.2	2.4	2.6	3.8	2.9	0.3	2.6
Participation Rate (trend)	As at January 07	%	69.7	63.1	64.6	67.4	62.5	67.4	60.2	73.6	64.8
	As at January 08	%	73.9	63.4	65.4	67.0	63.0	68.4	61.2	71.8	65.2
Unemployment Rate (trend)	As at January 07	%	3.0	5.0	4.9	4.0	5.2	3.1	5.7	3.0	4.5
	As at January 08	%	5.2	4.6	4.6	3.6	4.8	3.3	5.3	2.3	4.3
ANZ Job Ads	Year to Jan 08	% change	13.4	-2.0	-3.7	3.9	8.4	0.0	9.1	9.7	0.7
<b>Prices and Wages</b>											
Consumer Price Index	Dec-06 Qtr to Dec-07 Qtr	% change	2.9	2.4	3.3	3.9	2.7	3.0	2.9	3.3	3.0
	Year to Dec 07 Qtr	% change	3.4	1.9	2.4	3.0	1.9	3.1	2.3	2.5	2.3
Average Weekly Earnings (full-time adult total earnings)	As at November 07	\$	1115.90	1194.80	1132.80	1090.10	1085.70	1278.20	1058.50	1332.50	1160.00
<b>Housing Sector</b>											
Building Approvals (number)	Year to Dec 07	% change	5.8	-2.7	4.8	12.6	4.2	-13.8	3.4	9.5	2.0
Housing Finance for Owner Occupation (number)	Year to Dec 07	% change	-18.4	2.9	4.6	7.2	3.7	-7.5	4.7	15.1	2.7
Housing Affordability Indicator <sup>(b)</sup>	As at Sep 07 Qtr	Level	44.5	26.1	28.7	26.3	28.8	28.7	30.5	48.3	27.3
<b>Consumer Spending</b>											
Retail Trade (current \$)	Year to Dec 07	% change	10.5	6.4	5.3	9.6	7.5	10.5	5.2	5.9	7.3
New Motor Vehicle Sales (No.)	Year to Jan 08	% change	7.5	8.7	9.8	9.7	3.3	8.7	4.5	14.4	8.8
Tourist Accommodation - Takings (current \$)	Year to Sep 07	% change	12.8	11.4	9.9	10.2	7.9	18.2	7.4	15.0	11.3

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.