

## Grocery Prices in the Northern Territory

Given the Territory's distance from the location of production for many food items, the price of food is an ongoing concern that affects domestic households and food retailers. Monitoring of Territory grocery prices started after the Legislative Assembly Select Committee on Territory Food Prices (1999) recommended that the Territory Government monitor and publish grocery prices on a regular basis. In response, Northern Territory Treasury implemented a twice-yearly Grocery Price Survey. The survey measures the cost of purchasing a fixed basket of goods from supermarkets across Northern Territory and also northern Queensland for comparative purposes.

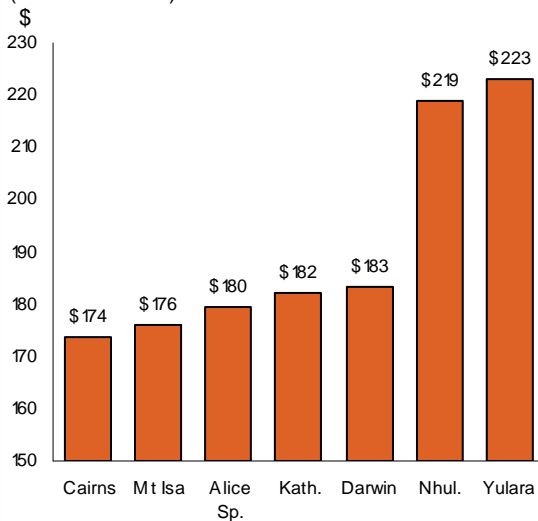
The latest Australian Bureau of Statistics (ABS) Consumer Price Index (CPI) for 'food' reports that inflation in Darwin food prices is similar to those recorded around Australia. In the December quarter 2008, inflation in food prices in both the Darwin and the eight capital cities average was 2.0 per cent. Comparing the December quarter 2008 with the December quarter 2007, Darwin food recorded inflation of 5.4 per cent, while the eight capitals recorded 5.6 per cent. The food price increase recorded in 2008 reflects the higher costs food producers face, which is reflected in the ABS Producer Price Index (PPI), a measure of the input prices paid by producers. The PPI for 'road freight transport' increased significantly in 2008 (8.2 per cent) and these higher transport costs in the year have flowed through to the cost of groceries in the Territory.

Similarly, the Northern Territory Grocery Price survey reported the cost of the survey basket of goods for Darwin in December 2008 was 4.3 per cent higher than a year earlier. The increased prices were driven mainly by inflation in the 'fruit and vegetable' and the 'meat and seafood' categories, which tend to record volatile price fluctuations, subject to seasonal factors. 'Dairy and related products' decreased in some regions.

Of the surveyed centres, Cairns recorded the lowest price for the basket of goods in December 2008 (\$173.78), while Yulara recorded the highest (\$223.09), indicating that distance from supply centres is a key contributor to the price of groceries (see Chart 1). Yulara also recorded the highest growth in the price of the basket of goods in the six months to December 2008 (9.4 per cent), while Katherine recorded the lowest growth (0.3 per cent).

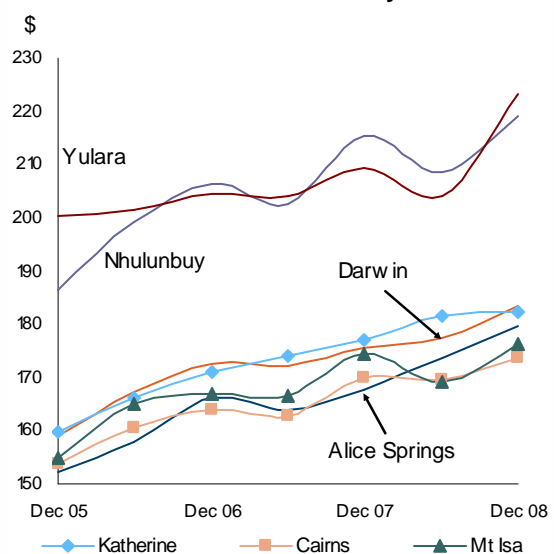
**Chart 1: Cost of Grocery Basket**

(December 2008)



Source: NT Treasury

**Chart 2: Growth in Cost of Grocery Basket**



Source: NT Treasury

Northern Territory State Final Demand and Gross State Product												
Year ended June	Percentage Change	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	Latest available	Annual % change <sup>*</sup>
<b>Expenditure on GSP (2005-06 prices)</b>												
Private Consumption		6.5	3.5	6.5	4.6	6.4	4.8	5.8	3.9	6.1	Sep Q 08	3.2
Public Consumption		7.6	1.1	0.4	2.5	4.6	3.2	2.2	5.3	3.6	Sep Q 08	4.0
<b>Total Consumption Expenditure</b>		<b>7.0</b>	<b>2.4</b>	<b>3.8</b>	<b>3.7</b>	<b>5.7</b>	<b>4.1</b>	<b>4.3</b>	<b>4.5</b>	<b>5.1</b>	Sep Q 08	<b>3.5</b>
Private Investment												
<i>Dwellings</i>		-25.1	-40.2	3.5	9.7	-3.5	27.5	14.7	-4.4	-8.2	Sep Q 08	3.6
<i>Other buildings and structures</i>		-58.9	-22.7	125.2	26.5	6.5	0.7	4.4	-3.9	-23.4	Sep Q 08	32.7
<i>Machinery and equipment</i>		11.3	31.3	2.6	6.3	11.8	-11.6	28.7	7.3	83.3	Sep Q 08	46.0
<i>Livestock</i>		-7.7	41.7	5.9	-55.6	225.0	-3.8	8.0	-29.6	15.8	Sep Q 08	-4.5
<i>Intangible fixed assets**</i>		-18.9	-17.8	51.0	-42.0	-20.0	62.5	98.2	-3.9	1.2	Sep Q 08	43.6
<i>Ownership transfer costs</i>		-6.3	-21.7	16.0	3.7	29.2	6.8	9.0	-1.2	-16.1	Sep Q 08	-11.1
Business Investment <sup>#</sup>		-40.2	-1.7	54.4	7.9	9.7	0.4	17.0	-2.6	4.9	Sep Q 08	38.1
Total Private Investment		-36.2	-11.5	45.0	8.1	8.5	3.8	16.3	-2.8	2.0	Sep Q 08	30.9
Public Investment		45.8	46.0	19.2	-33.1	1.6	25.3	2.3	-3.9	24.5	Sep Q 08	27.7
<b>Total Investment</b>		<b>-29.9</b>	<b>-2.3</b>	<b>38.8</b>	<b>-0.4</b>	<b>7.6</b>	<b>6.6</b>	<b>14.2</b>	<b>-3.0</b>	<b>5.0</b>	Sep Q 08	<b>30.5</b>
<b>State Final Demand</b>		<b>-5.0</b>	<b>1.5</b>	<b>12.0</b>	<b>2.3</b>	<b>6.2</b>	<b>4.8</b>	<b>7.1</b>	<b>2.1</b>	<b>5.0</b>	Sep Q 08	<b>11.0</b>
<b>State Final Demand less L-C and B-U<sup>#</sup></b>		<b>2.1</b>	<b>1.6</b>	<b>10.8</b>	<b>0.8</b>	<b>5.2</b>	<b>9.5</b>	<b>8.5</b>	<b>2.6</b>		Sep Q 08	
International Trade - export of goods		47.2	30.0	-22.6	-11.0	-23.9	-6.2	-1.6	44.1	-5.9	Sep Q 08	13.1
International Trade - import of goods		178.4	-62.0	15.2	30.1	4.0	107.5	27.5	-0.4	-21.8	Sep Q 08	23.9
<b>Total Gross State Product</b>		<b>7.2</b>	<b>4.9</b>	<b>1.7</b>	<b>0.0</b>	<b>2.3</b>	<b>5.6</b>	<b>6.5</b>	<b>5.2</b>	<b>3.9</b>		
<b>Contribution to GSP Growth</b>												
Private Consumption		2.7	1.4	2.6	1.9	2.8	2.2	2.6	1.8	2.1		
Public Consumption		2.5	0.4	0.1	0.8	1.5	1.1	0.7	1.7	1.1		
Private Investment		-12.3	-2.3	7.6	1.9	2.2	1.1	4.5	-0.8	-0.2		
Public Investment		1.3	1.8	1.0	-2.1	0.1	1.1	0.1	-0.2	1.1		
<b>State Final Demand</b>		<b>-5.5</b>	<b>1.5</b>	<b>11.4</b>	<b>2.4</b>	<b>6.6</b>	<b>5.4</b>	<b>7.8</b>	<b>2.4</b>	<b>4.1</b>		
<b>Net International Exports</b>		<b>4.0</b>	<b>23.7</b>	<b>-13.1</b>	<b>-7.6</b>	<b>-9.3</b>	<b>-11.7</b>	<b>-5.8</b>	<b>9.0</b>	<b>2.6</b>		
Balancing item		8.8	-20.3	3.3	5.2	5.0	12.0	4.5	-6.2	-2.8		
<b>Gross State Product</b>		<b>7.2</b>	<b>4.9</b>	<b>1.7</b>	<b>0.0</b>	<b>2.3</b>	<b>5.6</b>	<b>6.5</b>	<b>5.2</b>	<b>3.9</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	2007-08	Latest	Annual change**
Real Retail Turnover		7.6	-2.2	4.8	3.1	6.0	4.0	0.7	8.5	8.0	Dec Q 08	8.8
New Motor Vehicle Sales		-8.8	-4.2	-0.3	3.3	8.4	10.7	0.0	4.1	8.2	Jan 09	-18.6
Tourist Accommodation Takings		0.0	0.0	-1.0	-0.1	2.8	13.6	3.4	14.8	10.5	Sep Q 08	17.0
Number of Dwellings Approved		-30.6	-28.4	-13.8	0.0	23.4	18.4	-1.8	7.4	-19.9	Dec 08	-31.2
Number of Dwellings Commenced		-21.1	-34.0	0.1	-4.1	6.0	29.1	1.3	-0.2	-20.9	Sep Q 08	-43.7
Employment		-2.3	1.5	4.6	1.1	-2.9	-1.3	3.0	5.3	5.9	Jan 09	2.5
Unemployment rate		4.4	5.6	6.7	5.5	5.2	5.7	5.5	3.8	4.4	Jan 09	5.3
Darwin Consumer Price Index <sup>##</sup>		0.7	3.9	3.6	2.2	2.1	1.6	2.6	4.4	3.4	Dec Q 08	3.7
AWOTE <sup>#</sup> (year average)		4.3	3.4	2.1	4.7	6.0	6.6	3.8	1.5	5.2	Nov Q 08	5.7
Wage Price index (year average)		0.0	2.8	3.1	3.0	3.3	3.7	4.4	3.9	3.9	Nov Q 08	4.8
Population, December (levels - thousands) <sup>##</sup>		194.3	196.3	198.3	199.3	200.6	203.8	208.4	212.5	217.6	Jun Q 08	219.9
Population (annual % change) <sup>##</sup>		1.6	1.0	1.1	0.5	0.6	1.6	2.3	2.0	2.4	Jun Q 08	2.3
Net Interstate Migration (levels - number) <sup>##</sup>		-817	-1621	-1751	-2440	-2283	-482	726	-438	859	Jun Q 08	1194.0

\* 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	27 Feb 09	3.14	
10 Year Govt Bond Yield (as at 30 June)	6.16	6.04	5.99	5.01	5.87	5.11	5.79	6.26	27 Feb 09	3.73	
<b>Exchange Rates</b>											
US\$ per A\$ (year average)	0.63	0.54	0.52	0.58	0.71	0.75	0.75	0.79	27 Feb 09	0.82	
US\$ per A\$ (as at 30 June)	0.60	0.51	0.56	0.67	0.69	0.76	0.74	0.85	27 Feb 09	0.65	
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	27 Feb 09	0.44	
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	27 Feb 09	54.84	

\* 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 2009			
ABS	5676.0	Business Indicators, December Quarter 2008 ( <i>no brief</i> )	02-Mar-09
ABS	5302.0	Balance of Payments, December Quarter 2008	03-Mar-09
ABS	8501.0	Retail Trade, January 2009	03-Mar-09
ABS	5206.0	National Accounts - State Final Demand, December Quarter 2008	04-Mar-09
ABS	5368.0	International Trade in Goods & Services, January 2009	05-Mar-09
ABS	3401.0	Overseas Arrivals and Departures, Australia, January 2009 ( <i>no brief</i> )	06-Mar-09
ANZ		ANZ job ads series, February 2009 ( <i>no brief</i> )	09-Mar-09
ABS	8731.0	Building Approvals, January 2009	09-Mar-09
ABS	5609.0	Housing Finance, January 2009	11-Mar-09
ABS	8412.0	Mineral and Petroleum Exploration, Australia, December Quarter 2008	11-Mar-09
Westpac-MI		Consumer Sentiment Index ( <i>no brief</i> )	11-Mar-09
ABS	6202.0	Labour Force, February 2009	12-Mar-09
AAA		Petrol Prices, February 2009	Mid-Mar-09
ABS	5671.0	Lending Finance, January 2009	16-Mar-09
ABS	3101.0	Population, September Quarter 2008	18-Mar-09
Westpac-MI		Leading Index ( <i>no brief</i> )	18-Mar-09
ABS	6291.0.55.001	Labour Force by Industry, February 2009 ( <i>no brief</i> )	19-Mar-09
ABS	8750.0	Dwelling Commencements, December Quarter 2008	19-Mar-09
ABS	9314.0.55.001	Sales of New Motor Vehicles, February 2009	19-Mar-09
ABS	8635.0	Tourist Accommodation, December Quarter 2008	26-Mar-09
April 2009			
ABS	8501.0	Retail Trade, February 2009	01-Apr-09
ABS	8731.0	Building Approvals, February 2009	01-Apr-09
ABS	5368.0	International Trade in Goods & Services, February 2009	02-Apr-09
ANZ		ANZ job ads series, March 2009 ( <i>no brief</i> )	06-Apr-09
ABS	3401.0	Overseas Arrivals and Departures, Australia, February 2009 ( <i>no brief</i> )	06-Apr-09
ABS	8762.0	Engineering Activity, December 2008	06-Apr-09
ABS	5609.0	Housing Finance, February 2009	08-Apr-09
Westpac-MI		Consumer Sentiment Index ( <i>no brief</i> )	08-Apr-09
ABS	6202.0	Labour Force, March 2009	09-Apr-09
ABS	5671.0	Lending Finance, February 2009	14-Apr-09
Westpac-MI		Leading Index ( <i>no brief</i> )	15-Apr-09
AAA		Petrol Prices, March 2009	Mid-Apr-08
ABS	6291.0.55.001	Labour Force by Industry, March 2009 ( <i>no brief</i> )	16-Apr-09
ABS	8752.0	Building Activity, December 2008	17-Apr-09
ABS	8782.0.65.001	Construction Activity: Chain Volume Measures, December 2008	17-Apr-09
ABS	6457.0	International Trade Price Indexes, Australia, March 2009	17-Apr-09
ABS	6427.0	Producer Price Indexes, March 2009	20-Apr-09
ABS	6401.0	Consumer Price Index, March 2009	22-Apr-09
ABS	9314.0.55.001	Sales of New Motor Vehicles, March 2009	23-Apr-09
ABS	6403.0.55.001	Average Retail Prices of Selected Items, March 2009	29-Apr-09

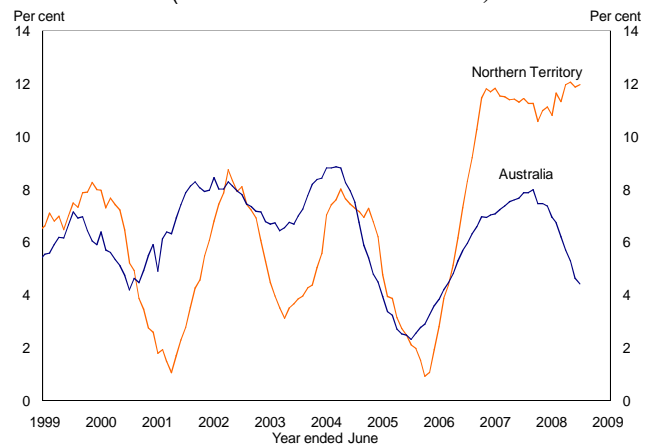
## Retail Turnover

In December 2008, seasonally adjusted retail turnover increased by 4.9 per cent in the Territory and by 3.8 per cent nationally.

In the year to December 2008, current price retail turnover in the Territory increased by 12.0 per cent, the highest of the jurisdictions and above the national average of 4.4 per cent growth (see chart).

The Commonwealth Government's \$42 billion Nation Building and Jobs Plan stimulus package announced on February 3, 2009, is likely to support retail spending in coming months through one off tax bonuses to workers earning up to \$100 000, as well as additional one off bonuses to single income families.

**Retail Turnover\***  
(latest data – December 2008)



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

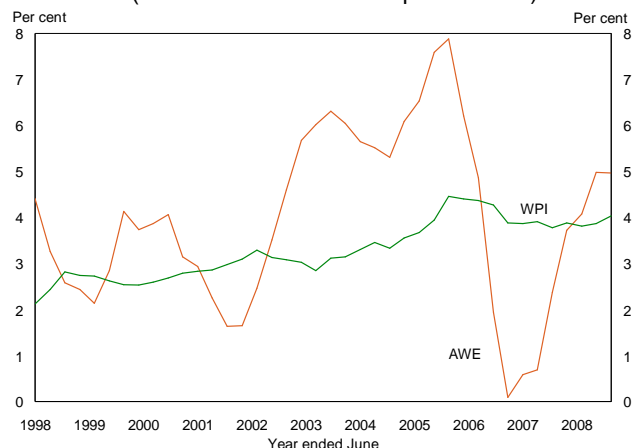
## Wage Price Index / Average Weekly Earnings

The wage price index (WPI) measures the change in the cost of employing a constant quantity and quality of jobs. In the December quarter 2008, the Northern Territory WPI increased by 1.5 per cent, above the national increase of 1.2 per cent.

In 2008, the WPI increased by 4.3 per cent in the Territory and 4.2 per cent nationally. In the Territory, public WPI over the same period increased 3.4 per cent while private increased by 4.9 per cent. Nationally the increases in WPI for public and private were 3.9 per cent and 4.2 per cent respectively.

In the December quarter 2008, seasonally adjusted average weekly full time adult earnings (AWE) were \$1162.60 in the Territory, the sixth highest of the jurisdictions, and below the national level of \$1215.70. In year on year terms, AWE (which includes overtime and bonus payments) increased by 5.0 per cent in the Territory, compared to an increase of 4.9 per cent nationally.

**Northern Territory Wage Price Index\* and Average Weekly Earnings\*\***  
(latest data – December quarter 2008)



\* year on year percentage change \*\* full time adult total earnings  
Source: ABS Cat. Nos. 6302.0 and 6345.0

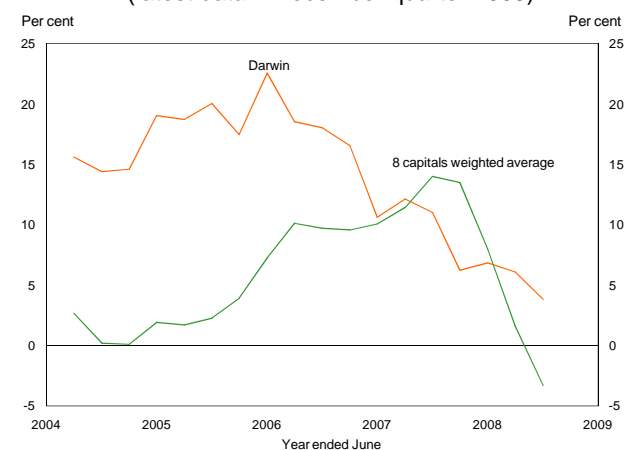
## House Price Index

The House Price Index (HPI) reports on the growth in the average price of established homes and cost of project homes (new homes under construction on existing land) in each of the capital cities in Australia. In the December quarter 2008, Darwin established house prices increased by 1.6 per cent, compared to a national decrease of 0.8 per cent.

Comparing the December quarter 2008 with the December quarter 2007, growth in the Darwin HPI for established house prices increased by 3.8 per cent, compared with a decrease of 3.3 per cent nationally. In year on year terms the HPI for Darwin increased by 5.7 per cent, while increasing by 4.7 per cent nationally.

Growth in the Darwin HPI has been moderating since peaking 22.6 per cent in the June quarter 2006. Nationally, the HPI declined through the year to the December quarter 2008.

**Established House Price Index\***  
(latest data – December quarter 2008)



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

## Regional House Prices

Median house prices in the December quarter 2008, as reported by the Real Estate Institute of the Northern Territory (REINT), are at historic highs in Darwin, Palmerston and Alice Springs.

The median house price in Darwin is reported as \$432 000, representing year on year growth of 6.5 per cent. In Palmerston, median house prices have increased to \$410 000 at a growth rate of 6.4 per cent. In Alice Springs the median house price has increased to \$330 000, at a year on year growth rate of 6.5 per cent. Year on year growth of 6.7 per cent and 16.4 per cent in median house prices were reported in Katherine and Tennant Creek respectively, where smaller markets make the data more volatile. The increases in median house prices may be a result of continued population growth in the Territory, high labour market participation rates and a general land shortage.

## Regional Rents & Vacancy Rates

As reported by REINT, in the December quarter 2008, the Darwin median rental price for a three bedroom house was \$520 per week and a two bedroom unit was \$360 per week. This represents year on year growth of 25.5 per cent for houses and 17.2 per cent for units. Palmerston also experienced an increase in house and unit rental prices, to \$455 and \$320 per week, representing year on year growth of 14.2 per cent and 9.2 per cent respectively. In Alice Springs and Katherine weekly house rental also grew 9.3 and 5.1 per cent in year on year terms respectively.

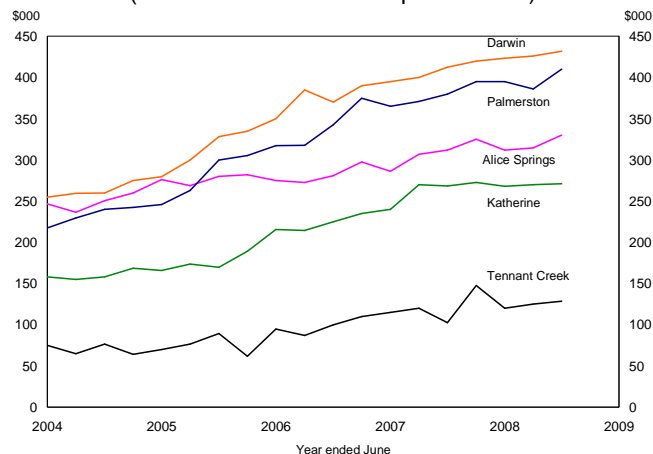
Vacancy rates decreased across all regions in 2008, with the exception of Katherine where total vacancy rates increased to 2.5 per cent in the December quarter 2008 from 1.0 per cent in the December quarter 2007. Total vacancies in Darwin were down to 1.8 per cent from 2.1 per cent, for the same period. In addition, Palmerston (2.1 per cent) and Alice Springs (1.2 per cent) also recorded low vacancy rates in the December quarter 2008, adding to the rental price pressures across the Territory and highlighting the supply shortage of rental properties.

## Average Variable Mortgage Rates

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

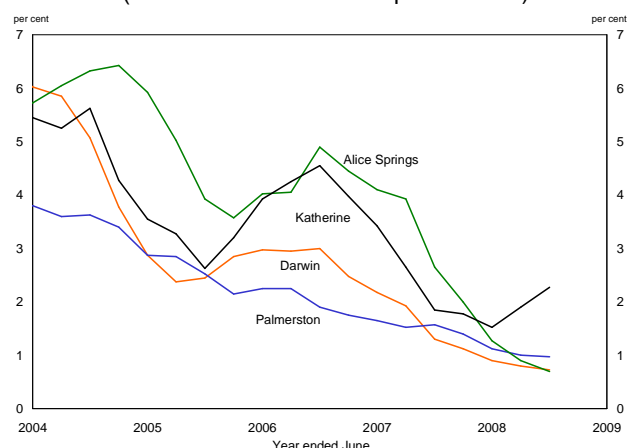
Standard variable loan rates had been steadily increasing from a low of 6.05 per cent at the beginning of 2002, when the official cash rate set by the RBA was at 4.25 per cent. Since then the rate increased and peaked at 9.60 per cent in July and August 2008. In an attempt to stimulate the slowing domestic economy the RBA reduced the cash rate by 400 basis points in a series of cuts. The cash rate has reduced from its peak of 7.25 per cent in March 2008 to 3.25 per cent in the latest cut in February 2009. The average standard variable mortgage rate as recorded by the RBA in January 2009 was 6.85 per cent, however this figure does not include the RBA's latest 100 basis point cut in February 2009, which major banks have passed on in full.

**Regional House Prices**  
(latest data – December quarter 2008)



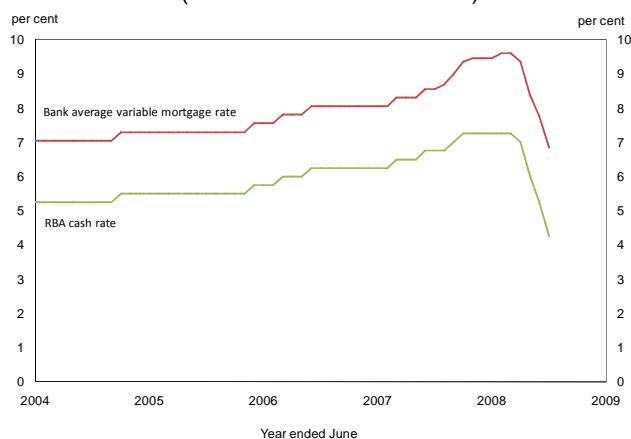
Source: Real Estate Institute of the Northern Territory

**Regional Vacancy Rates\***  
(latest data – December quarter 2008)



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

**Average Variable Mortgage Rates\***  
(latest data – October 2008)



Source: Reserve Bank of Australia  
\*Average of major lenders

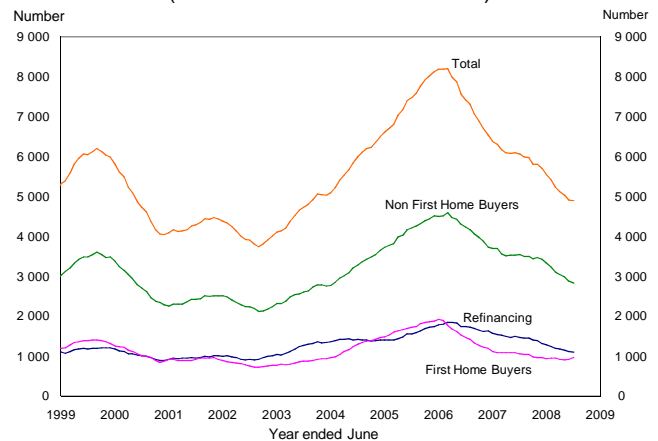
## Housing Finance for Owner Occupation

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 2008, the number of housing finance commitments for owner-occupation decreased by 19.3% in the Territory, compared to a 17.1% decrease nationally. The value of housing finance commitments for the same period decreased by 9.8% in the Territory and decreased by 13.6% nationally.

In 2008, the number of housing finance commitments for first home buyers in the Territory decreased by 8.4%, while decreasing 9.8% nationally. New Commonwealth and Territory initiatives, such as the expansion to the First Home Owners Grant and Buildstart, may increase Housing Finance for Owner Occupation in the coming months.

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



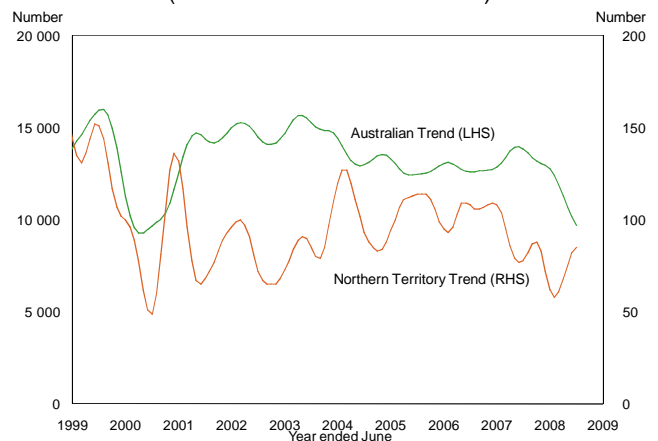
\* moving annual total  
Source: ABS Cat. No. 5609.0

## Building Approvals

In annual trend terms, which is used to analyse the underlying behaviour of the series over time, the downward trend in monthly approvals observed nationally continued in December, this was not the case in the Territory where approvals continued to trend upwards (9.0 per cent) from the recent low reported in July 2008 (see chart).

In 2008, residential building approvals in the Territory decreased by 36.1 per cent to 901, the lowest growth of the jurisdictions and below the national average decrease of 8.6 per cent. The decrease in the number of residential building approvals in the Territory in the year was largely attributable to declines in approvals for private sector houses and units which subtracted 6.0 and 25.1 percentage points respectively from total growth. The decline in unit approvals in the year may be a reflection of the completion of larger scale unit developments in the Darwin CBD.

## Monthly Trend Building Approvals (latest data – December 2008)



Source: ABS Cat. No. 8731.0

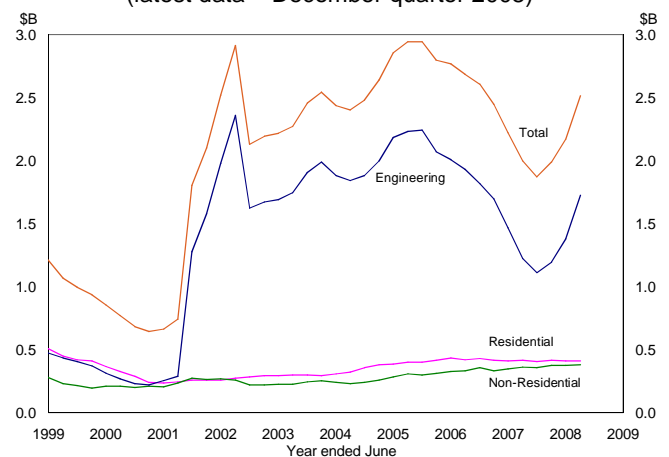
## Construction Work Done (Preliminary)

In seasonally adjusted terms, total construction work done in the Territory increased by 83.1 per cent to \$768M in the December quarter 2008, when compared to the December quarter 2007. This is based on preliminary ABS construction activity data.

The value of construction work done in the last three quarters has reversed the moderating trend seen in the Territory since the June quarter 2006, this is largely due to work on the GEMCO manganese refinery expansion on Groote Eylandt and ENI's Bonaparte Gas Pipeline project.

In original terms, construction activity in the Territory increased by 25.8 per cent to \$2.5 billion in 2008. This is primarily driven by the increase in total engineering activity.

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



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

## Producer Price Index

The producer price index (PPI) measures changes in input prices paid by producers. The PPI has a domestic and imported goods component. In the December quarter 2008 the PPI increased by 1.3 per cent from the previous quarter, influenced by an increasing imports goods component (increasing by 14.8 per cent) and a decrease in the domestic goods component (decreasing by 0.5 per cent).

In year on year terms, the PPI increased by 5.4 per cent, which is the highest level on record, with the prices of domestic goods increasing by 5.8 per cent and imported goods prices increasing by 2.2 per cent.

A lower Australian dollar in the December quarter 2008 is the primary reason for a large increase in import prices.

The increase in prices recorded in the Territory grocery price survey in December 2008 may be a reflection of the increasing costs faced by producers.

## Sales of New Motor Vehicles

In January 2009, seasonally adjusted new motor vehicle sales in the Territory decreased by 7.1 per cent to 782. By vehicle category; sales of 'passenger' vehicles decreased by 8.4 per cent in the month, sales of 'SUV's' remained unchanged, and sales of 'other' vehicles (such as light and heavy trucks) decreased by 9.7 per cent. Nationally, seasonally adjusted total new motor vehicle sales decreased by 1.1 per cent in January 2009.

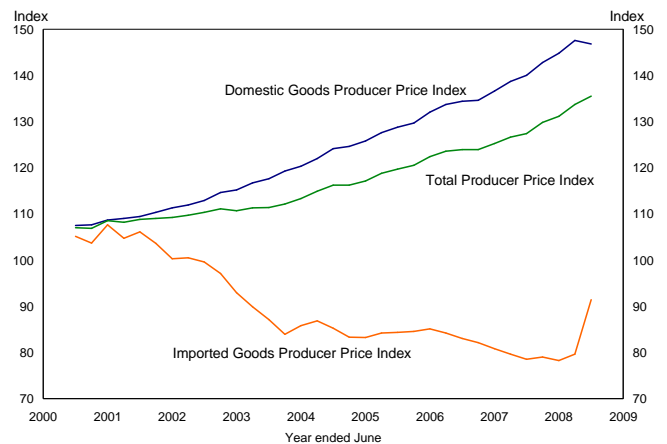
In the year to January 2009, new motor vehicle sales in the Territory increased by 5.4 per cent to 10 528 (see chart). In year on year terms, sales of 'passenger' vehicles decreased 5.7 per cent to 4 423, sales of 'other' vehicles increased 8.6 per cent to 3 526, and sales of SUV's increased 25.7 per cent to 2 579. Nationally, sales of new motor vehicles decreased 5.5 per cent in the year.

## Petrol Prices

In January 2009, Darwin fuel prices decreased by 0.6 cpl to 119.6 cpl, similar to levels recorded in August 2005. Nationally the eight capital cities weighted average price increased by 3.7 cpl to 108.1 cpl in January 2009. This represents a 11.5 cpl price differential between Darwin and the eight capital cities weighted average. Compared to January 2008 petrol prices in Darwin have decreased by 28.8 cpl, while nationally the eight capital cities weighted average price decreased by 33.1 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).

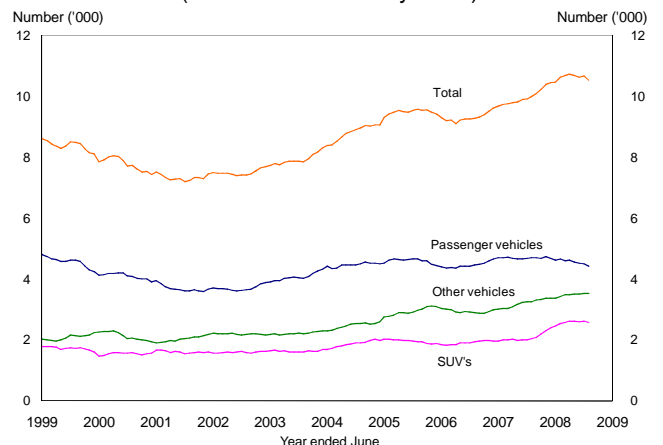
In annual terms, crude oil prices decreased by 35.4 per cent in Australian dollar terms to \$69.9 a barrel in January 2009, while decreasing by 52.1 per cent in United States dollar terms. The depreciation of the Australian dollar against the United States dollar over the last six months has meant the effects of falling oil prices have not entirely flowed through to petrol prices. Oil price decreases are mainly due to reduced demand as world economic growth has slowed. The cost of petrol remains a key contributor to prices in the Territory, due to the reliance on freight transport.

**Producer Price Index\***  
(latest data – December quarter 2008)



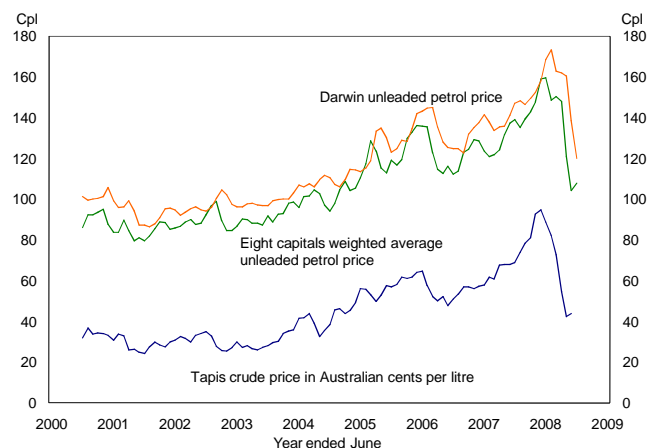
\* moving annual total  
Source: ABS Cat. No.6416.0

**Motor Vehicle Sales\***  
(latest data – January 2009)



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

**Petrol Prices**  
(latest data – January 2009)



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

## Employment

ABS labour force data for the Territory are characterised by extreme volatility and as such should be interpreted with caution. Taking this into account, the ABS reports that trend employment increased marginally to 112 675 in January 2009 (see chart). Nationally, seasonally adjusted employment increased by 1170 in the month to 10.7 million employed persons.

A comparison of Territory (trend) resident employment in January 2009 with resident employment in January 2008 shows an increase of 3.5 per cent, the highest annual growth rate of the jurisdictions ahead of Western Australia, Tasmania and Queensland. In year on year terms, Territory employment increased by 4.0 per cent, compared to 2.1 per cent growth reported nationally.

## Unemployment

The Territory's trend unemployment rate was 4.2 per cent in January 2009, an increase from the revised 4.0 per cent reported for December 2008. Compared to January 2008, the trend unemployment rate in the Territory has decreased by 0.6 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 2009 the Territory reported the fourth lowest trend unemployment rate of the jurisdictions behind the ACT, Western Australia and Queensland.

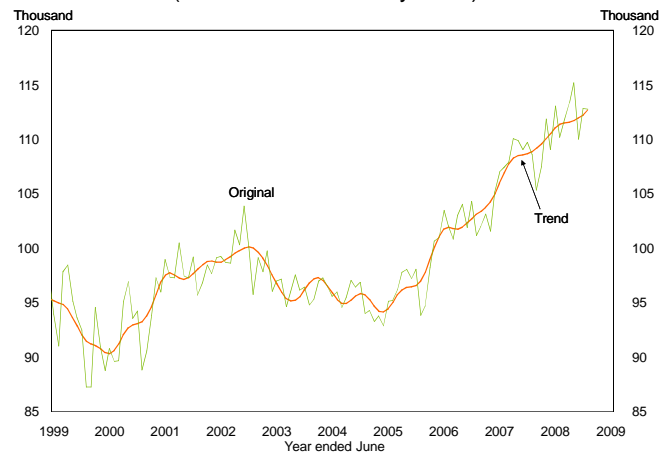
At the national level, the seasonally adjusted unemployment rate (the figure most commonly quoted in the media) increased to 4.8 per cent in January 2009, up from the 4.5 per cent reported in December 2008. This seasonally adjusted rate is up from its historic low of 3.9 per cent reported in February 2008. As with employment estimates, standard errors for the Territory are high and should be interpreted with caution.

## International Merchandise Trade

In 2008 the value of Territory merchandise exports increased by 51.9 per cent to \$5.9 billion; the highest on record. This is mainly due to the higher production of mineral ores (manganese, iron ore and alumina) and Liquefied Natural Gas exports. Over the same period, the value of merchandise imports to the Territory increased by 34.1 per cent to \$3.5 billion.

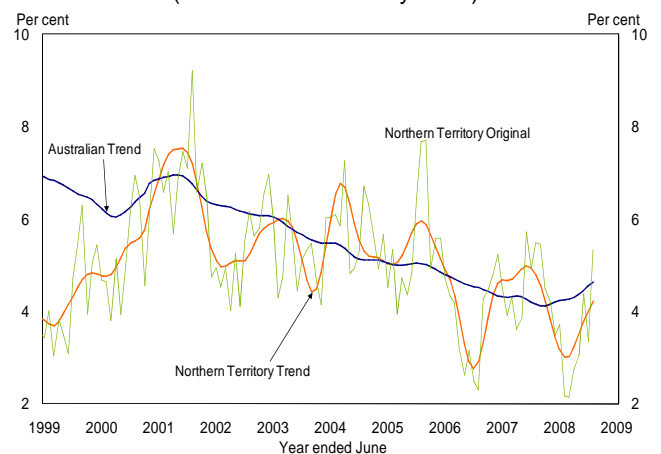
The Territory's goods trade balance increased by 87.8 per cent in December 2008, to a surplus of \$2.4 billion (see chart). The fall in the value of the Australian dollar over the past six months may continue to support Territory exports; however the slowing global economy will also have an impact. In addition, the significant improvement in the trade deficit may be attributed to favourable contract prices for commodities. Many of these contracts will be renegotiated in the first half of 2009 taking into consideration the global economic crisis.

## Territory Employment (Latest data – January 2008)



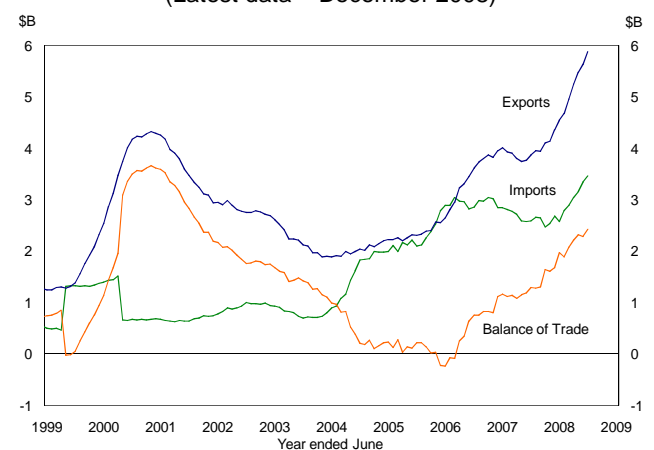
Source: ABS Cat. No. 6202.0

## Territory Unemployment (Latest data – January 2009)



Source: ABS Cat. No. 6202.0

## Territory Merchandise Trade Balance\* (Latest data – December 2008)



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

## Annual Change

Compares the current period to the same period in the previous year.

## 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.

## Year on Year Change

Compares a full year up to and including the current period with values for the same period in the previous year. i.e. current year accumulation divided by the previous year accumulated value.

# Territory Economic Review March 2009

Indicator	Period	Measure	Comparative Economic Indicators*								
			NT	NSW	Vic	Qld	SA	WA	Tas	ACT	Aus
<b>Economic Growth</b>											
Gross Domestic Product <sup>(a)</sup>	2007-08	% change	3.9	2.8	3.2	5.3	3.8	5.2	3.4	2.5	3.7
State Final Demand <sup>(a)</sup>	Year to Sep 08	% change	8.3	3.9	4.0	6.7	2.9	8.0	4.7	1.9	4.9
International Goods Exports	Year to Dec 08	% change	51.9	29.6	7.8	55.8	8.0	36.3	-1.4	100.0	33.0
International Goods Imports	Year to Dec 08	% change	29.6	11.7	14.9	28.3	13.2	32.7	56.2	-96.2	19.8
<b>Demography</b>											
Population	Jun-07 Qtr to Jun-08 Qtr	% change	2.3	1.1	1.8	2.3	1.1	2.7	1.0	1.3	1.7
<b>Labour Market</b>											
Employment (trend)	Jan 08 to Jan 09	% change	3.5	-0.2	0.0	2.5	0.7	3.5	3.0	1.5	1.0
Participation Rate (trend)	As at January 08	%	73.0	63.6	65.2	67.0	62.9	68.3	60.9	72.3	65.2
	As at January 09	%	73.1	63.2	64.2	67.5	63.2	68.6	61.7	72.5	65.0
Unemployment Rate (trend)	As at January 08	%	4.8	4.5	4.5	3.6	4.7	3.2	5.0	2.5	4.1
	As at January 09	%	4.2	5.3	4.6	4.1	5.6	3.0	4.5	2.6	4.6
ANZ Job Ads	Year to Jan 09	% change	-2.9	-23.9	-4.2	-24.1	13.8	-10.6	13.3	-32.8	-3.8
<b>Prices and Wages</b>											
Consumer Price Index	Dec-07 Qtr to Dec-08 Qtr	% change	3.7	3.8	3.2	4.3	3.8	3.7	3.3	3.7	3.7
	Year to Dec 08 Qtr	% change	4.0	4.2	4.2	5.0	4.5	4.4	3.7	4.5	4.4
Average Weekly Earnings (full-time adult total earnings)	As at November 08	\$	1163.30	1229.70	1179.80	1166.70	1147.70	1393.30	1098.80	1385.80	1216.80
<b>Housing Sector</b>											
Building Approvals (number)	Year to Dec 08	% change	-36.1	-11.8	0.4	-21.9	8.0	-4.9	4.5	15.3	-8.6
Housing Finance for Owner Occupation (number)	Year to Dec 08	% change	-19.3	-14.8	-11.8	-25.3	-14.3	-20.4	-10.2	-6.0	-17.1
Housing Affordability Indicator <sup>(b)</sup>	As at Jun 08 Qtr	Level	39.2	23.5	26.2	24.4	26.1	28.7	27.6	43.0	25.2
<b>Consumer Spending</b>											
Retail Trade (current \$)	Year to Dec 08	% change	12.0	2.0	4.9	5.8	9.7	4.0	5.9	2.7	4.4
New Motor Vehicle Sales (No.)	Year to Jan 09	% change	5.4	-6.6	-1.9	-9.9	1.0	-6.0	-6.1	-8.5	-5.5
Tourist Accommodation - Takings (current \$)	Year to Sep 08	% change	13.8	5.9	8.0	5.2	8.7	15.7	5.8	8.1	7.5

\*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 Job Advertisement Series, AMP Housing Affordability Report

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