

Territory Economic Review

May 2006

Bright future for the Territory Economy

The outlook for the Territory economy remains robust in 2005-06 with Gross State Product (GSP) strengthening, along with population and resident employment growth. A continuation of strong economic performance is forecast for 2006-07 underpinned by a full year of exports from Wickham Point, as well as solid household spending and resident employment growth.

2005-06

The Northern Territory Treasury estimates that Gross State Product (GSP) will increase by 6.7 per cent in 2005-06. The major contributor to growth in this period is the unprecedented level of private sector investment for the construction of the Wickham Point liquefied natural gas (LNG) plant and the expansion of the Alcan G3 alumina facility at Gove. The coincidence of expenditure on these mega-projects has seen private sector investment in the Territory rise to levels never previously experienced. A small but strongly increasing component of private sector investment in the Territory is expenditure on minerals and energy exploration. The substantial increase in investment for exploration in the Territory mirrors the historic rise in commodity prices in Australia. Complementing this, Territorians are benefiting from a very strong property market and the associated increase in housing prices, along with solid wages growth which is reflected in healthy retail turnover. In 2005-06 the public sector has contributed to Territory economic growth through both government consumption and investment spending. The combined effect of strong growth in both total consumption and investment in 2005-06 has led to Northern Territory Treasury estimating growth in state final demand (SFD) of 6.3 per cent (see table).

2006-07

In 2006-07 the Northern Territory Treasury forecasts further growth in GSP, of 5.8 per cent. The major contributor to this forecast growth rate is a full year of production and export of LNG from the processing plant at Wickham Point. In addition the Alcan G3 expansion will be completed by October 2006, allowing alumina production to reach full capacity, and a full year of manganese production from the Bootu Creek mine will also contribute to growth. Nevertheless, as the construction of the Alcan expansion concludes, Northern Territory Treasury forecasts a significant decline in private sector investment, which will see it return to levels observed prior to the commencement of the two mega-projects. However, residential construction work will continue at a solid pace and retail turnover growth is forecast to strengthen along with resident employment. The contribution of the public sector will moderate in 2006-07 particularly as investment expenditure associated with the construction of Defence barracks and training facilities concludes. Given the very substantial reduction in private sector investment in 2006-07 (a reduction of around \$1.3 billion) Northern Territory Treasury is forecasting a decline in SFD.

Northern Territory Treasury estimates and forecasts

Year on Year Percentage Growth	2005-06e	2006-07f
Real Gross State Product (GSP)	6.7	5.8
State Final Demand (SFD)	6.3	-9.1
Private Consumption	4.0	4.3
Public Consumption	4.3	0.7
Private Investment	10.7	-42.0
Public Investment	17.6	-15.3
Population*	1.7	1.5
Darwin CPI#	2.6	2.9

e: estimate, f: forecast

* As at December, annual percentage change

As at December



Territory Economic Review - May 2006

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

* 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*	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	Latest	Annual % change**
Real Retail Turnover	5.9	5.8	-0.7	4.1	2.2	5.1	5.3	Dec Q 05	1.5
New Motor Vehicle Sales	-3.4	-8.8	-4.2	-0.3	3.3	8.4	10.7	Mar Q 06	1.5
Tourist Accommodation Takings	7.0	16.8	1.5	-1.0	-0.1	2.8	13.6	Dec Q 05	1.2
Number of Dwellings Approved	0.0	-30.6	-28.4	-13.8	0.0	23.4	18.4	Feb Q 06	-16.8
Number of Dwellings Commenced	-9.7	-21.1	-34.0	0.1	-4.1	6.0	29.1	Dec Q 05	-0.5
Employment	5.3	-2.3	1.1	5.4	-0.1	-2.2	-2.0	Mar Q 06	2.7
Unemployment rate	4.0	4.4	5.6	6.8	5.8	5.2	6.3	Mar Q 06	0.6ppt
Darwin Consumer Price Index (year average) ^{##}	0.7	0.7	3.9	3.6	2.2	2.1	1.6	Dec Q 05	3.0
AWOTE [#] (year average)	3.1	4.6	3.7	2.3	5.0	6.5	7.0	Dec Q 05	5.2
Wage Price index (year average)	2.8	2.5	2.8	3.1	3.0	3.3	3.7	Dec Q 05	5.1
Population, December (levels - thousands) ^{##}	191.3	194.3	196.3	198.0	198.2	198.7	200.8	Sep Q 05	203.7
Population (annual % change) ^{##}	1.6	1.6	1.0	0.9	0.1	0.3	1.1	Sep Q 05	1.7
Net Interstate Migration (levels - number) ^{##}	-688	-817	-1621	-2049	-3069	-2895	-1097	Sep Q 05	56

* 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	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	Latest	Level
Interest Rates									
90 Day Bank Bill (as at 30 June)	4.92	6.17	5.02	5.11	4.67	5.50	5.66	28 Apr 06	5.81
10 Year Govt Bond Yield (as at 30 June)	6.27	6.16	6.04	5.99	5.01	5.87	5.11	28 Apr 06	5.70
Exchange Rates									
US\$ per A\$ (year average)	0.63	0.63	0.54	0.52	0.58	0.71	0.75	28 Apr 06	0.75
US\$ per A\$ (as at 30 June)	0.66	0.60	0.51	0.56	0.67	0.69	0.76	28 Apr 06	0.75
Special Drawing Rights [†] per A\$ (as at 30 June)	0.49	0.45	0.41	0.43	0.47	0.47	0.52	28 Apr 06	0.52
Trade Weighted Index of A\$ (as at 30 June)	58.40	53.60	49.80	52.30	58.98	59.06	64.50	28 Apr 06	62.86

[†] 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

May 2006			
ABS	6403.0	Average Retail Prices, Eight Capital Cities, March Quarter 2006	03-May-06
ABS	5368.0	International Trade in Goods and Services, Australia, March 2006	05-May-06
ABS	8731.0	Building Approvals, Australia, March 2006	05-May-06
ANZ		ANZ job ads, April 2006	08-May-06
ABS	8501.0	Retail Trade, Australia, March 2006	08-May-06
ABS	3401.0	Overseas Arrivals and Departures, Australia, March 2006	09-May-06
Westpac/ MI		Consumer Sentiment Index, May 2006	10-May-06
ABS	6202.0	Labour Force, Australia, April 2006	11-May-06
ABS	5609.0	Housing Finance, Australia, March 2006	12-May-06
ABS	5671.0	Lending Finance, Australia, March 2006	16-May-06
ABS	6345.0	Labour Price Index, Australia, March Quarter 2006	17-May-06
Westpac-MI		Leading Index, May 2006	17-May-06
ABS	6302.0	Average Weekly Earnings, Australia, Feb 2006	18-May-06
ABS	9314.0	Sales of New Motor Vehicles, Australia, April 2006	22-May-06
ABS	8755.0	Construction Work Done, Australia, March 2006	24-May-06
DEWRSB		Vacancy Report, May 2006	24-May-06
ABS	6416.0	House Price Indexes: Eight Capital Cities, March Quarter 2006	25-May-06
ABS	8501.0	Retail Trade, Australia, April 2006	30-May-06
ABS	8731.0	Building Approvals, Australia, April 2006	30-May-06
Sensis		Sensis Business Index, May quarter 2006	30-May-06
ABS	5368.0	International Trade in Goods and Services, Australia, April 2006	31-May-06
June 2006			
ABS	3401.0	Overseas Arrivals and Departures, Australia, April 2006	01-Jun-06
ABS	5625.0	Private New Capital Expenditure, March Quarter 2006	01-Jun-06
ABS	3101.0	Australian Demographic Statistics, Dec 2005	02-Jun-06
ABS	5676.0	Business Indicators, Australia, March Quarter 2006	05-Jun-06
ABS	5302.0	Balance of Payments, March Quarter 2006	06-Jun-06
ABS	5609.0	Housing Finance, Australia, April 2006	06-Jun-06
ABS	5206.0	National Income, Expenditure and Product, March Quarter 2006	07-Jun-06
ABS	6202.0	Labour Force, Australia, May 2006	08-Jun-06
ABS	5671.0	Lending Finance, Australia, April 2006	09-Jun-06
ANZ		ANZ job ads, May 2006	09-Jun-06
Westpac/ MI		Consumer Sentiment Index, May 2006	14-Jun-06
ABS	8412.0	Mineral and Petroleum Exploration, Australia	14-Jun-06
DEWRSB		Vacancy Report, June 2006	21-Jun-06
Westpac-MI		Leading Index, June 2006	21-Jun-06
ABS	8750.0	Dwelling Unit Commencements, Preliminary, March Quarter 2006	22-Jun-06
ABS	9314.0	Sales of New Motor Vehicles, Australia, May 2006	22-Jun-06
ABS	6354.0	Job Vacancies, Australia, May Quarter 2006	29-Jun-06
ABS	8635.0	Tourist Accommodation, March 2006	30-Jun-06

Consumer Price Index

Darwin's Consumer Price Index (CPI) increased by 0.9 per cent in the March quarter 2006, equal to the increase at the national level. Darwin's consumer inflation rate has strengthened over the past year, with annual inflation to March 2006 at 3.4 per cent compared to 3.0 per cent nationally. The more stable year on year measure of inflation increased to 2.9 per cent in Darwin and 2.8 per cent nationally. At the national level, annual 'core' inflation was 2.2 per cent. Core inflation is defined as: annual 'all-groups' CPI growth minus growth in prices of volatile items including both 'fruit and vegetables' and 'automotive fuel', and is one of the parameters on which the Reserve Bank of Australia (RBA) bases changes to its cash rate.

In Darwin, strong prices growth for new and established homes led to a 5.7 per cent increase in the 'housing' component of the annual measure of the Darwin CPI, significantly stronger than nationally (see chart). This is the strongest growth in the 'housing' component of the Darwin CPI for a decade.

Producer Price Index

The producer price index (PPI) measures changes in input prices paid by producers of commodities and providers of services. The PPI for final goods has a domestic and imported goods component. In the March quarter 2006 the PPI increased by 0.8 per cent, with the domestic and imported goods components increasing by 0.7 per cent and 0.8 per cent respectively. Goods used by producers can be for consumption or may be for capital goods used in the production process.

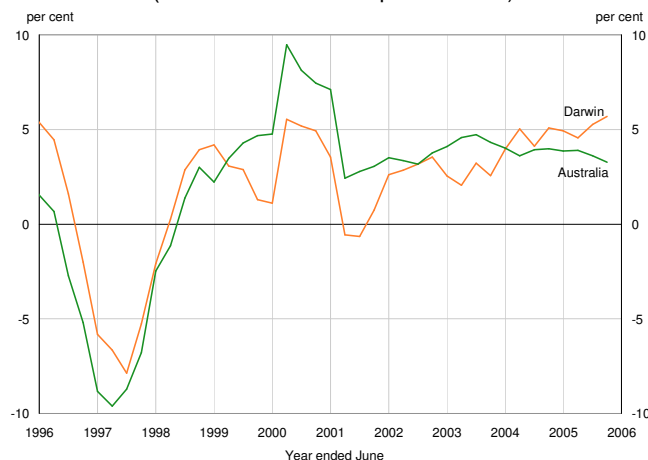
The increase in the PPI in the quarter was driven by increased prices for domestic goods. In the year to the March quarter 2006, the PPI increased by 3.4 per cent, with domestic goods prices increasing by 4.3 per cent while imported goods prices decreased by 1.3 per cent. Imported capital goods prices decreased by 4.1 per cent while prices of imported consumer goods increased by 1.1 per cent. Domestically produced consumer and capital goods prices increased over the same period.

Access Economics Forecasts

Access Economics, in its March quarter 2006 *Five Year Business Outlook*, forecasts Territory Gross State Product (GSP) to grow at an annual average rate of 4.4 per cent in the five years to 2009-10, the third highest growth rate of the jurisdictions. Access Economics suggests that "The Northern Territory is surfing two waves at once – not merely riding the China rocket with strong investment in resource projects, but also riding a return to health on population growth that has seen housing prices take off and the housing construction sector move into overdrive."

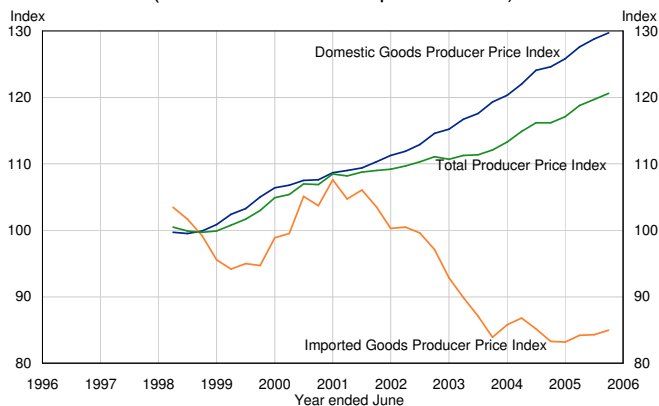
Access Economics also reports a positive outlook for Territory employment, forecasting average annual growth of 2.9 per cent in the five years to 2009-10, the strongest of the jurisdictions (see chart). In the five years to 2009-10 Access is forecasting annual average Territory population growth of 1.7 per cent, second only to growth in Queensland.

Housing Price Changes* (latest data – March quarter 2006)



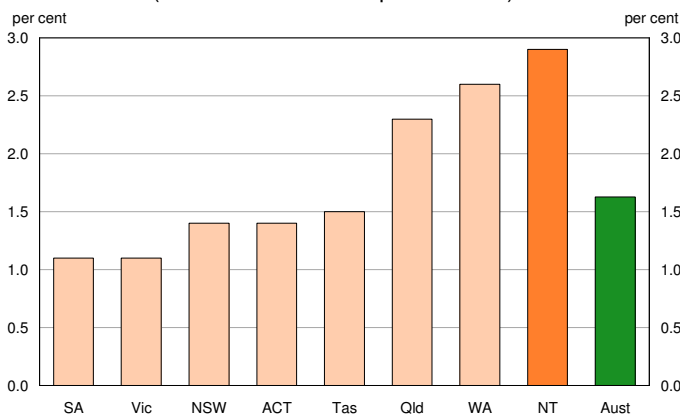
* annual percentage change
Source: ABS Cat. No. 6401.0

Producer Price Index (latest data – March quarter 2006)



Source: ABS Cat. No. 6427.0

Forecast employment growth 2005-06 to 2009-10 (latest data – March quarter 2006)



Source: Access Economics *Five Year Business Outlook* March quarter 2006

Retail Turnover

Seasonally adjusted retail turnover in the Territory decreased by 0.1 per cent in February 2006, compared to a 0.7 per cent increase nationally. In the year to February 2006, retail turnover increased by 4.2 per cent in the Territory, the fourth highest growth of the jurisdictions, and higher than nationally.

In the year to February 2006, retail turnover in the Territory totalled \$2.05 billion, of which 'food' accounted for \$934 million or 46 per cent (see chart). Retail turnover for the 'non-food' categories totalled \$1.11 billion over the same period (or 54 per cent of total retail turnover in the Territory). The largest 'non-food' expenditure category is 'hospitality services' which had turnover of \$386 million in the year to February 2006, and includes expenditure in hotels, pubs, clubs, taverns and bars, restaurants, cafes, hair-salons, beauty stores and expenditure for video hire.

Sales of New Motor Vehicles

Territory seasonally adjusted new motor vehicle sales decreased by 3.0 per cent in March 2006 to 776. Nationally, sales decreased by 2.0 per cent in the month. Year on year growth, a more stable measure of activity, reports that growth in Territory new motor vehicle sales remains solid at 6.0 per cent, though has moderated from the record growth reported in 2005. At the national level sales of new motor vehicle sales increased 2.0 per cent in the year to March 2006.

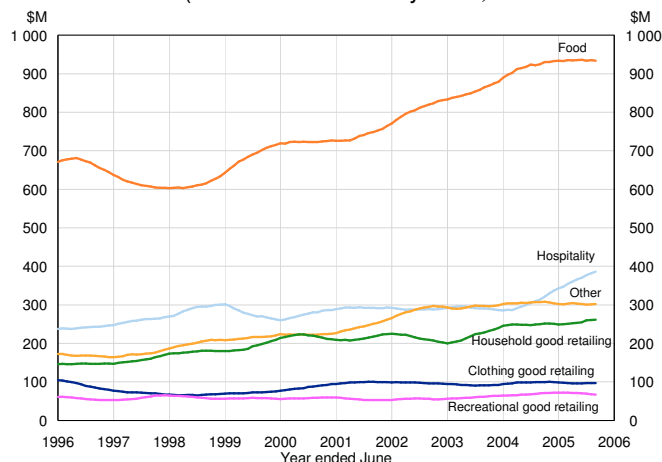
In the year to March 2006, the sale of 'utes and other light commercial vehicles, trucks and buses' continued to be the primary driver of growth in motor vehicle sales in the Territory, increasing by 22.6 per cent and contributing 6.3 percentage points to growth (see chart). In contrast sales of sports utility vehicles (SUV's) continued to decline, decreasing by 5.3 per cent in the year, and subtracting 1.2 percentage points from growth.

Petrol Prices

In March 2006, fuel prices decreased by 0.5 cpl in Darwin while the eight capital cities weighted average price increased by 2.7 cpl. Darwin recorded an average unleaded petrol price of 128.6 cpl, compared to 119.8 cpl for the eight capital cities weighted average. This represents an 8.8 cpl price differential between Darwin and the eight capital cities weighted average, a narrowing of the price differential reported last month. Compared to March 2005 petrol prices in Darwin have increased by 17.1 per cent, compared to a 14.3 per cent increase in the eight capital cities weighted average.

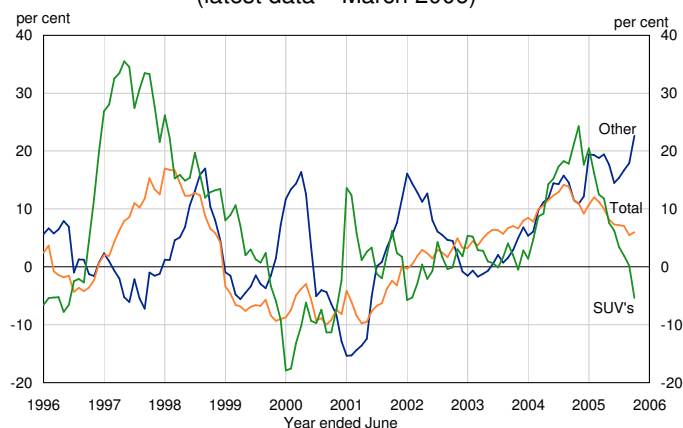
In \$US terms, crude oil prices increased by 2.9 per cent in March 2006 averaging \$US63.01 a barrel. The recent rise in crude oil prices reflects the uncertainty in the relationship between the United States and Iran, and continuing instability in Nigeria, the world's eighth largest oil exporter.

Retail Turnover*
(latest data – February 2006)



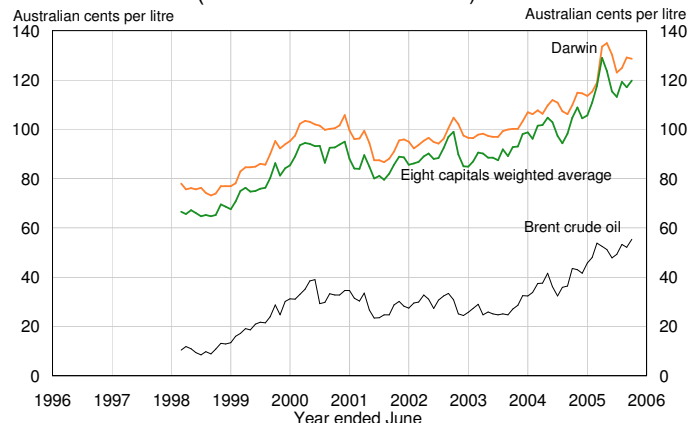
* moving annual total
Source: ABS Cat. No. 8501.0

Motor Vehicle Sales*
(latest data – March 2006)



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

Petrol Prices
(latest data – March 2006)



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

Housing Finance for Owner Occupation

In February 2006, the number of seasonally adjusted owner-occupier housing finance commitments in the Territory increased by 37 to 702. Nationally, commitments increased by 1.1 per cent. In the year to February 2006 the number of Territory commitments increased by 1 543, or 24.9 per cent to 7 728, compared to a 10.4 per cent increase nationally. Of the 1 543 total commitments in the Territory in the year to February 2006, 1 146 were for the purchase of an established dwelling, 173 were for the construction and purchase of a new dwelling and there were an additional 224 refinancing commitments.

Restricting attention to financing commitments for the purposes of purchasing a dwelling, that is excluding refinancing, Territory housing finance commitments increased by 27.6 per cent, to 6 106 (see chart) compared to a 10 per cent increase nationally. As the chart shows, when commitments for the purposes of refinancing are excluded, the majority (about 87 per cent) of finance commitments by owner occupiers are to purchase an 'established' dwelling.

Sensis Consumer Report

The *Sensis Consumer Report* "is a quarterly survey designed to measure the confidence and behaviour of Australia's consumer population", and as such, information is provided by jurisdiction.

The March 2006 *Sensis Consumer Report*, finds that the most confident Australians are those living in the Northern Territory, with a net balance of 72 per cent of consumers expressing confidence in their financial prospects for the year ahead (see chart). The main reasons expressed for feeling confident about the year ahead were; 'secure employment', 'everything going well generally' and 'had a good job'. As well as having the highest level of consumer confidence, Northern Territory residents also experienced the largest increase in confidence over the quarter. In the March 2006 survey, Sensis examined the food and drink preferences of Australians, and report that Territorians rank Thai food as their 'number one favourite'.

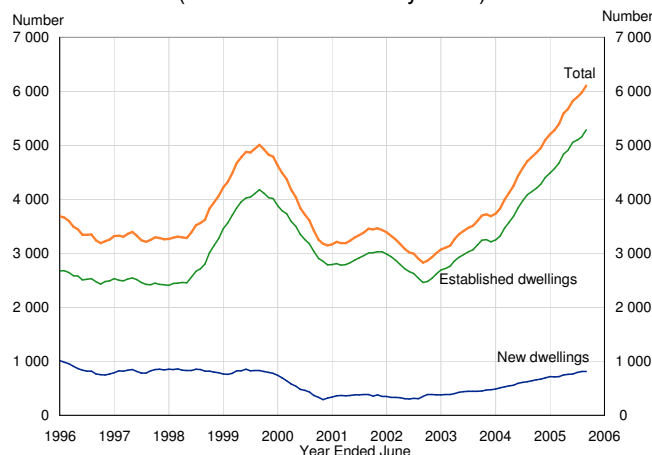
International Trade

Territory merchandise exports increased by 12.0 per cent in the year to February 2006 as higher crude oil and commodity prices offset weaker production from the Laminaria-Corallina oilfields. Over the same period, the value of merchandise imports to the Territory increased by 23 per cent, mainly attributable to aircraft imports to Australia where the Territory was the 'port of entry'. The reported increase in imports was also due to higher prices for imported refined fuel and the importation of machinery and transport equipment for major projects. The Territory's goods trade balance decreased by 58 per cent (\$155 million) in the year to February 2006, to a surplus of \$114 million (see chart).

The February 2006 trade statistics include the Territory's first export shipment of liquefied natural gas (LNG) from the Wickham Point processing plant. Mineral and energy commodities account for around 90 per cent of Territory exports.

Housing Finance for Owner Occupation*

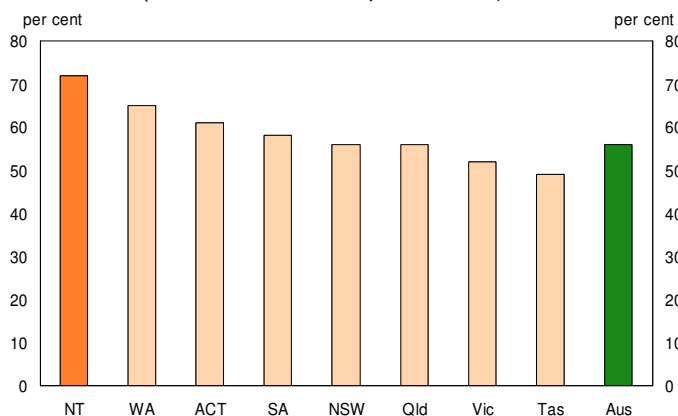
(latest data – February 2006)



* moving annual total, excluding refinancing
Source: ABS Cat. Nos. 5609.0

Consumer Confidence*

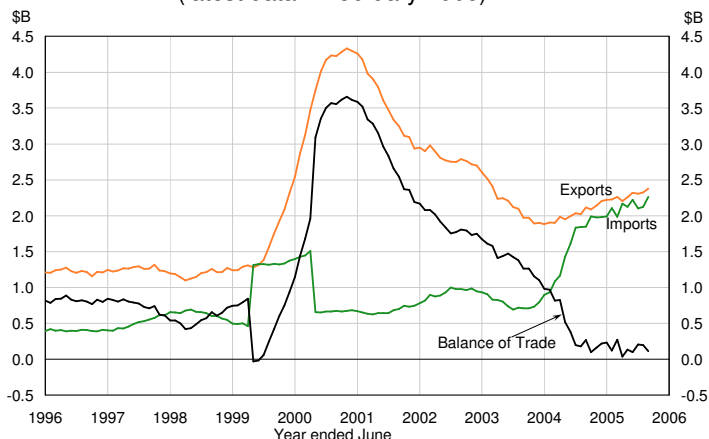
(latest data – March quarter 2006)



Source: March quarter 2006 *Sensis Consumer Report*
* net balance defined as the proportion who are confident minus the proportion who are worried

Territory merchandise trade balance*

(latest data – February 2006)



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

Building Work Done

In the December quarter 2005, the seasonally and inflation adjusted value of building work done in the Territory increased by 8.0 per cent. In 2005, activity increased by 26.4 per cent (to \$514.4 million). The Territory recorded the strongest growth of the jurisdictions, while at the national level, the value of building activity decreased by 0.1 per cent in 2005.

Of the total building work done in the Territory in 2005, 57 per cent was in the residential market, with the remaining 43 per cent attributable to non-residential activity. The value of building activity in the non-residential market was \$222.4 million. Of the \$292.1 million in residential building activity (see chart), 44 per cent (\$129.3 million) was for new houses, 38 per cent (\$112.4 million) for new 'other residential' and the remaining 17 per cent (\$50.4 million) was for alterations and additions.

Engineering Work Done

In seasonally adjusted real terms, engineering construction work done in the Territory decreased by 8.9 per cent in the December quarter 2005. Nonetheless, engineering work done increased by 21.1 per cent in 2005, to \$1.82 billion (see chart). The current value of engineering construction work done remain close to the historic high of \$1.94 billion achieved in calendar year 2002.

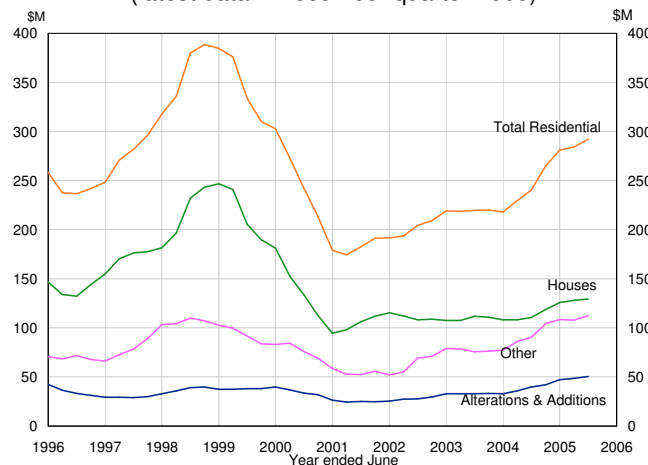
Engineering construction has been dominated by the private sector over the past five years, with the private sector accounting for 90 per cent, or \$1.65 billion, of total work done in 2005. With work valued at \$1.56 billion, 'heavy industry' was by far the dominant engineering category. The high level of activity in this category is primarily due to work for the Wickham Point LNG plant (completed December 2005) and the Alcan G3 refinery expansion. The value of engineering work done for the public sector was \$172 million in 2005, with 35 per cent of this activity on 'roads, highways and subdivisions', 30 per cent in 'telecommunications' and 13 per cent on water storage and supply, sewerage and drainage.

Total Construction Work Done

In seasonally and inflation adjusted terms, total construction work done in the Territory, decreased by 4.0 per cent, to \$576.8 million, in the December quarter 2005. The decrease in the quarter was driven by a 9.4 per cent fall in engineering construction activity (to \$435.3 million) and was despite increases in both residential and non-residential building of 19 and 14.4 per cent respectively. In 2005, the value of total construction activity in the Territory increased by 22.2 per cent, the strongest growth of the jurisdictions.

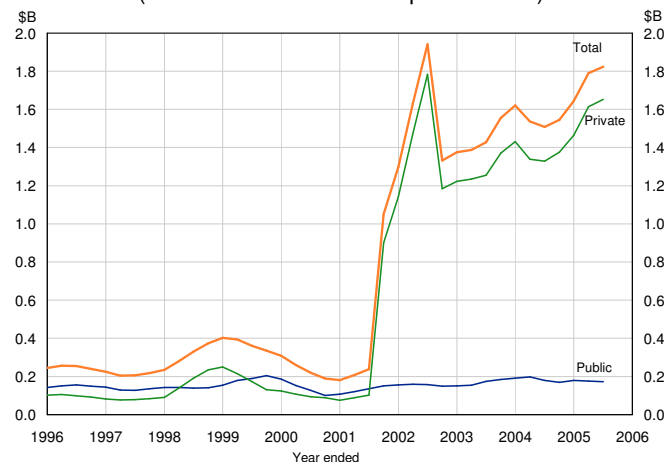
At \$2.33 billion in 2005, the value of total construction activity is at historically high levels (see chart). These high levels of activity reflect the impact that major projects, such as the Bayu-Undan stage 2 subsea pipeline and LNG plant and the construction of the Alcan G3 refinery expansion at Gove, can have on the Territory economy.

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



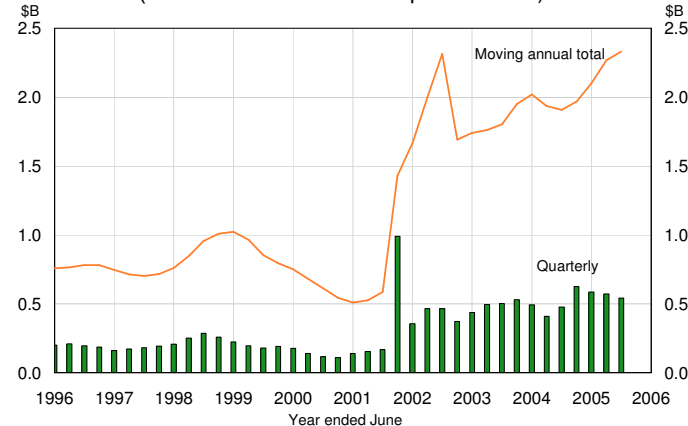
* moving annual total
Source: ABS Cat.. No. 8752.0

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



* moving annual total
Source: ABS Cat. No. 8762.0

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



Source ABS Cat. No. 8752.0

Job Advertisements

While growth in print job advertisements has weakened in the Territory over the past nine months (from the recent high of almost 30 per cent reported in June 2005), it remains significantly stronger than nationally, where in the year to March 2006 growth in job advertisements declined by 4.9 per cent. In comparison, in the year to March 2006, job advertisements increased 8.7 per cent in the Territory. Western Australian and the Australian Capital Territory were the only other jurisdictions to record positive growth in print job advertisements in the year.

At the Territory level, the relatively solid growth in job advertisements reflects skill shortages which have been exacerbated in recent times by major projects. As the construction phase of the liquefied natural gas (LNG) plant at Wickham Point concluded in December 2005, pressure on the Territory labour market has eased, reflected in the slower growth in print job advertisements.

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. Bearing this in mind, the ABS reports that trend employment decreased by around 100 to 97 400 in March 2006. Nationally, seasonally adjusted employment increased by 27 000 in the month to around 10.1 million employed persons.

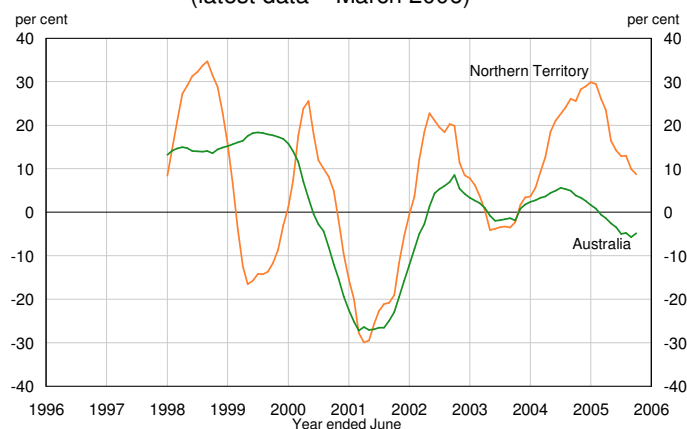
Trend employment in the Territory appears to have reached a turning point in March 2006, decreasing moderately from February (see chart). Territory employment (in original terms) is volatile. As the chart shows the Territory's employment (in original terms) experienced a recent peak in October 2005, at close to 100 000, prior to recording a substantial decline over the four months to February 2006, when employment was reported at 94 900. This has turned around in March 2006 with employment reported at 97 400, a sizeable improvement. In the year to March 2006 employment has grown by 1.4 per cent.

Unemployment

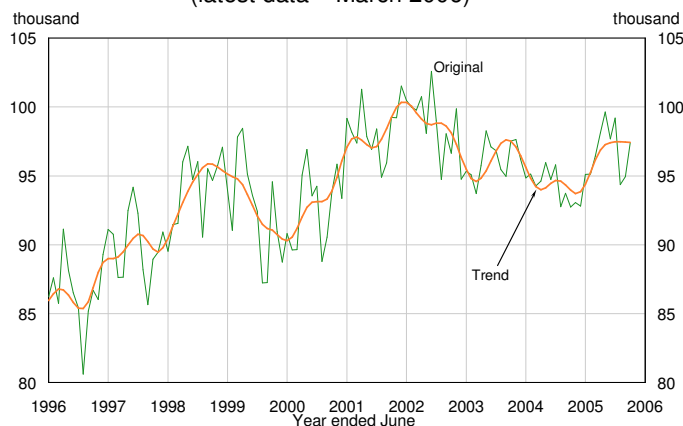
The Territory's trend unemployment rate increased from 6.7 per cent in February 2006 to 6.8 per cent in March 2006. Compared to March 2005, the unemployment rate has increased by 1.1 percentage points. Volatility in the Territory's trend unemployment rate has been quite extreme over the past few years, relative to the national trend unemployment rate (see chart).

At the national level, the seasonally adjusted unemployment rate (the figure most commonly quoted in the media) decreased to 5.0 per cent in March 2006. Indicative of the volatility in reported Territory labour force figures, the Territory's unemployment rate was below the national rate and was the third lowest of the jurisdictions in September 2005. However, six months later the Territory's unemployment rate is both significantly higher than nationally and the highest of the jurisdictions, once again reflecting the volatile nature of labour force data for the Territory.

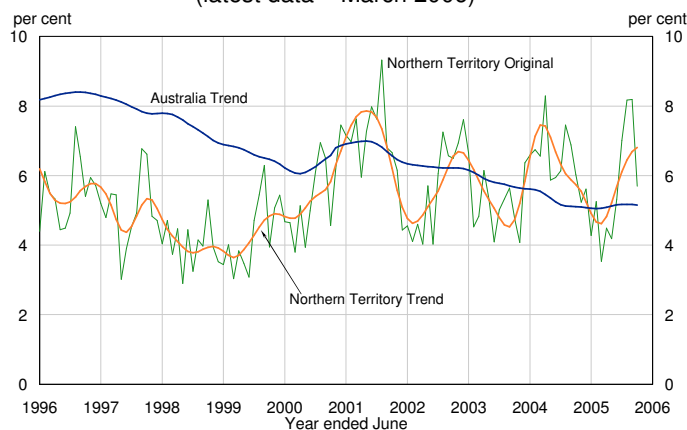
ANZ Job Advertisements* (latest data – March 2006)



Territory Employment (latest data – March 2006)



Territory Unemployment (latest data – March 2006)



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)	2004-05	% change	3.6	1.1	2.3	4.0	2.6	2.7	4.0	3.0	2.3
State Final Demand ^(a)	Year to December 05	% change	10.8	2.8	3.5	5.2	3.0	7.6	6.2	2.3	4.1
International Goods Exports	Year to February 06	% change	12.4	14.8	-2.5	38.0	7.3	25.6	7.2	n.a.	19.2
International Goods Imports	Year to February 06	% change	22.6	7.2	9.2	15.0	8.2	25.6	-24.1	575.0	10.5
Demography											
Population	Sep-04 Qtr to Sep-05 Qtr	% change	1.7	0.8	1.2	1.9	0.6	1.7	0.6	0.5	1.2
Labour Market											
Employment (trend)	March 05 to March 06	% change	3.7	1.0	1.0	1.5	1.0	3.2	3.0	0.1	1.4
Participation Rate (trend)	As at March 05	%	68.4	62.7	64.5	66.2	62.0	67.4	59.5	72.8	64.3
	As at March 06	%	69.9	62.8	64.2	66.2	62.1	67.9	61.2	72.1	64.4
Unemployment Rate (trend)	As at March 05	%	5.7	5.3	5.5	4.7	5.2	4.8	5.9	3.3	5.1
	As at March 06	%	6.8	5.3	5.3	5.3	5.3	4.2	6.4	3.2	5.1
ANZ Job Ads	Year to March 06	% change	8.7	-8.7	-10.4	-11.5	-2.1	11.9	-2.3	11.3	-4.9
Prices and Wages											
Consumer Price Index	Dec 04 Q to Dec 05 Q	% change	3.0	2.5	2.7	2.8	2.7	4.0	2.9	3.1	2.8
	Year to Dec 05 Q	% change	2.6	2.5	2.5	2.7	2.5	3.8	3.3	2.6	2.7
Average Weekly Earnings (full-time adult total earnings)	As at November 05	\$	1098.1	1129.0	1076.8	1002.1	991.3	1113.3	946.8	1202.5	1078.5
Housing Sector											
Building Approvals (number)	Year to February 06	% change	-10.3	-18.6	-4.7	-8.1	-2.9	6.7	-14.7	-41.8	-8.2
Housing Finance for Owner Occupation (number)	Year to February 06	% change	24.0	4.6	11.7	10.9	5.9	14.6	3.5	3.9	9.2
Housing Affordability Indicator ^(b)	As at December 05 Qtr	Level	54.4	27.4	32.0	30.0	35.6	37.2	32.5	53.6	31.1
Consumer Spending											
Retail Trade (current \$)	Year to February 06	% change	4.2	2.2	3.0	4.7	1.5	5.9	6.3	3.8	3.3
New Motor Vehicle Sales (No.)	Year to March 06	% change	6.0	-1.3	1.3	4.7	-0.1	10.9	-1.5	1.0	2.0
Tourist Accommodation - Takings (current \$)	Year to December 05	% change	8.1	8.5	11.3	7.9	4.8	13.3	9.0	8.3	9.1

* original data unless otherwise stated

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

Source: Australian Bureau of Statistics data, ANZ 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.