

Territory Economic Review

May 2007

Northern Territory 2007-08 Budget and Economic Forecasts

The latest Northern Territory Government Budget was handed down on May 1 2007. The \$3.3 billion budget included a record \$645 million infrastructure expenditure program for 2007-08, covering roads, housing, health and hospital services. One of the central planks of the 2007-08 budget was the significant reduction in stamp duty payable by first-home buyers, along with changes to the HomeNorth scheme. The changes to HomeNorth will enhance housing affordability for families with dependents, and in addition, by increasing the property price threshold to 85 per cent of the median house price in the region where the house is purchased, will provide consumers with greater choice. Again, with housing affordability in mind, the budget allocated funds to bring forward the development of the new sub-division of Bellamack, estimated to supply about 600 residential blocks to the market. The Budget included other tax reform measures, including the abolition of stamp duty on hiring.

As part of the Budget process, Northern Territory Treasury provides forward estimates for key economic and demographic indicators (see table 1). Treasury estimates economic growth of 7.2 per cent in 2006-07, driven by substantial increases in the production and export of key mining and energy commodities such as liquefied natural gas (LNG), condensate, liquefied petroleum gas (LPG), alumina and manganese. Economic growth is forecast to remain strong in 2007-08, at 3.7 per cent, as business investment associated with mega projects declines significantly and production and exports of some commodities stabilise.

Following reported growth of 4.0 per cent in resident employment in 2005-06, Treasury estimates employment growth of 4.4 per cent in 2006-07 and 2.3 per cent in 2007-08. There will be some moderation in growth in 2007-08, as mega projects conclude, replaced by a number of smaller scale, local employment generating projects.

Table 1

	2002-03	2003-04	2004-05	2005-06	2006-07e	2007-08f
	%	%	%	%	%	%
Real GSP	0.2	0.2	6.0	7.5	7.2	3.7
Resident Employment	-0.1	-2.2	-2.0	4.0	4.4	2.3
Population ¹	0.1	0.3	1.2	2.0	1.6	1.4
Darwin CPI ²	2.2	2.1	1.6	2.6	4.4	3.0

e: estimate, f: forecast

¹ As at December, annual percentage change

² As at December, year on year percentage change

Source: ABS Cat. Nos. 5220.0, 3101.0, 6202.0, 6401.0 and NT Treasury

Following record population growth of 2.0 per cent in 2005, which included four consecutive quarters of positive net interstate migration, the first such outcome in over twenty years, Territory population growth is estimated at 1.6 per cent in 2006 and 1.4 per cent in 2007. While remaining above national population growth, the moderation reflects the return to more typical patterns of net interstate migration.

The Darwin CPI is estimated to moderate, from the 4.4 per cent reported in 2006, to 3.0 per cent in 2007 and 2.5 per cent in 2008. The major contributors to the lower inflation outlook are; stabilising Darwin house prices, more moderate crude oil prices and fruit prices returning to more normal levels following the impact of Cyclone Larry, particularly on bananas.



Territory Economic Review - May 2007

Northern Territory State Final Demand and Gross State Product									
Year ended June Percentage Change	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	Latest available	Annual % change
Expenditure on GSP (2003-04 prices)									
Private Consumption	6.6	3.5	6.5	4.6	7.6	4.9	4.9	Dec Q 06	3.5
Public Consumption	7.9	1.2	0.4	2.5	3.6	3.4	2.4	Dec Q 06	0.5
Total Consumption Expenditure	7.2	2.5	3.8	3.7	5.9	4.3	3.8	Dec Q 06	2.3
Private Investment									
<i>Dwellings</i>	-25.2	-40.4	3.8	9.3	-1.9	38.5	3.0	Dec Q 06	-16.3
<i>Other buildings and structures</i>	-58.8	-22.8	125.6	26.5	8.6	0.8	6.1	Dec Q 06	1.1
<i>Machinery and equipment</i>	11.9	31.1	2.5	6.3	8.8	-10.9	32.7	Dec Q 06	-54.8
<i>Livestock</i>	-11.1	43.8	8.7	-56.0	163.6	-3.4	3.6	Dec Q 06	-41.4
<i>Intangible fixed assets</i> **	-17.5	-17.1	50.0	-42.2	-19.2	60.3	98.0	Dec Q 06	12.9
<i>Ownership transfer costs</i>	-7.3	-20.2	15.5	4.9	24.4	7.5	8.7	Dec Q 06	-14.3
Business Investment [#]	-39.9	-1.6	54.2	7.8	9.3	0.7	18.6	Dec Q 06	-13.7
Total Private Investment	-36.1	-11.7	45.4	8.0	7.7	5.4	15.8	Dec Q 06	-13.9
Public Investment	41.8	46.6	18.8	-33.2	1.4	25.9	-6.9	Dec Q 06	25.6
Total Investment	-30.0	-2.5	39.1	-0.3	6.9	8.1	12.4	Dec Q 06	-9.4
State Final Demand	-5.0	1.6	12.1	2.3	6.2	5.4	6.3	Dec Q 06	-1.4
State Final Demand less L-C and B-U^{##}	2.8	1.7	10.8	0.7	5.0	10.5	7.9	Dec Q 06	-1.4
International Trade - export of goods	47.2	30.0	-22.6	-11.0	-23.7	-6.2	-1.7	Dec Q 06	50.3
International Trade - import of goods	178.2	-62.0	15.1	29.9	4.1	107.5	27.4	Dec Q 06	-20.1
Total Gross State Product	1.1	5.5	1.6	0.2	0.2	6.0	7.5		
Contribution to GSP Growth									
Private Consumption	2.7	1.6	2.7	2.0	3.6	2.4	2.8		
Public Consumption	2.6	0.4	0.1	0.9	1.2	1.2	0.8		
Private Investment	-12.2	-2.5	8.1	2.1	2.1	1.6	4.4		
Public Investment	1.2	1.8	1.0	-2.1	0.0	1.1	-0.2		
State Final Demand	-5.6	1.7	12.1	2.6	7.0	6.4	7.7		
Net International Exports	2.8	23.4	-12.4	-7.5	-8.9	-12.1	-5.9		
Balancing item	3.9	-19.6	1.9	5.2	2.0	11.7	5.7		
Gross State Product	1.1	5.5	1.6	0.2	0.2	6.0	7.5		

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

Latest Northern Territory Economic Indicators									
Year ended June Percentage Change*	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	Latest	Annual % change**
Real Retail Turnover	5.8	-0.7	4.1	2.2	5.1	5.3	2.8	Dec Q 06	8.8
New Motor Vehicle Sales	-8.8	-4.2	-0.3	3.3	8.4	10.7	0.0	Mar Q 07	6.2
Tourist Accommodation Takings	16.8	1.5	-1.0	-0.1	2.8	13.6	3.4	Dec Q 06	17.6
Number of Dwellings Approved	-30.6	-28.4	-13.8	0.0	23.4	18.4	-1.8	Feb Q 07	47.4
Number of Dwellings Commenced	-21.1	-34.0	0.1	-4.1	6.0	29.1	1.3	Dec Q 06	-34.3
Employment	-2.3	1.1	5.4	-0.1	-2.2	-2.0	4.0	Mar Q 07	5.3
Unemployment rate	4.4	5.6	6.8	5.8	5.2	6.3	5.7	Mar Q 07	-19.2
Darwin Consumer Price Index (year average) ^{##}	1.4	5.4	2.2	2.3	1.4	2.2	3.4	Mar Q 07	4.0
AWOTE [#] (year average)	4.5	3.3	2.9	5.6	6.6	7.2	1.9	Nov Q 06	0.8
Wage Price index (year average)	2.5	2.8	3.3	2.8	3.5	3.9	4.3	Nov Q 06	3.5
Population, December (levels - thousands) ^{##}	194.3	196.3	198.0	198.2	198.7	201.2	205.2	Sep Q 06	207.7
Population (annual % change) ^{##}	1.6	1.0	0.9	0.1	0.3	1.2	2.0	Sep Q 06	1.6
Net Interstate Migration (levels - number) ^{##}	-817	-1621	-2049	-3069	-2895	-1097	520	Sep Q 06	235.0

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

^{##} Denotes calendar year

Source: NT Treasury, Australian Bureau of Statistics data

Financial Indicators									
Year Ended June	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	Latest	Level
Interest Rates									
90 Day Bank Bill (as at 30 June)	6.17	5.02	5.11	4.67	5.50	5.66	5.97	30 Apr 07	6.39
10 Year Govt Bond Yield (as at 30 June)	6.16	6.04	5.99	5.01	5.87	5.11	5.79	30 Apr 07	5.88
Exchange Rates									
US\$ per A\$ (year average)	0.63	0.54	0.52	0.58	0.71	0.75	0.75	30 Apr 07	0.77
US\$ per A\$ (as at 30 June)	0.60	0.51	0.56	0.67	0.69	0.76	0.74	30 Apr 07	0.83
Special Drawing Rights [#] per A\$ (as at 30 June)	0.45	0.41	0.43	0.48	0.47	0.52	0.51	30 Apr 07	0.54
Trade Weighted Index of A\$ (as at 30 June)	53.60	49.80	52.30	59.40	59.06	64.50	62.24	30 Apr 07	67.03

* 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 2007			
DEWRSB		Skilled Vacancy Survey, April 2007 (no brief)	02-May-07
ABS	6403.0.55.001	Average Retail Prices of Selected Items	02-May-07
ABS	5368.0	International Trade in Goods & Services, March 2007	04-May-07
ANZ		ANZ job ads series, April 2007 (no brief)	07-May-07
ABS	8501.0	Retail Trade, Australia, March 2007	08-May-07
ABS	8731.0	Building Approvals, Australia, March 2007	08-May-07
ABS	6416.0	House Price Indexes: Eight Capital Cities, March Quarter 2007	09-May-07
ABS	3401.0	Overseas Arrivals and Departures, Australia, March 2007 (no brief)	09-May-07
Westpac-MI		Consumer Sentiment Index (no brief)	09-May-07
ABS	6202.0	Labour Force, Australia, April 2007	10-May-07
ABS	5609.0	Housing Finance, Australia, March 2007	14-May-07
ABS	5671.0	Lending Finance, March 2007 (no brief)	15-May-07
AAA		Petrol Prices, April 2007	Mid-May
ABS	6345.0	Labour Price Index, March Quarter 2007 (Wage Cost Index)	16-May-07
Westpac-MI		Leading Index (no brief)	16-May-07
ABS	6291.0.55.001	Labour Force by Industry (no brief)	17-May-07
ABS	6302.0	Average Weekly Earnings, March Quarter 2007	17-May-07
ABS	9314.0.55.001	Sales of New Motor Vehicles, Australia, April 2007	22-May-07
DEWRSB		Skilled Vacancy Survey, May 2007 (no brief)	23-May-07
Sensis		Sensis Business Index	29-May-07
ABS	8501.0	Retail Trade, Australia, April 2007	30-May-07
ABS	8755.0	Construction Work Done, March Quarter 2007	30-May-07
ABS	5368.0	International Trade in Goods & Services, April 2007	31-May-07
ABS	5625.0	Private New Capital Expenditure, March Quarter 2007 (no brief)	31-May-07
June 2007			
ABS	5676.0	Business Indicators, March Quarter 2007 (no brief)	04-Jun-07
ANZ		ANZ job ads series, May 2007 (no brief)	04-Jun-07
ABS	3101.0	Population, December Quarter 2006	05-Jun-07
ABS	3401.0	Overseas Arrivals and Departures, Australia, April 2007 (no brief)	05-Jun-07
ABS	5302.0	Balance of Payments, March Quarter 2007	05-Jun-07
ABS	8731.0	Building Approvals, Australia, April 2007	05-Jun-07
ABS	5206.0	National Accounts - State Final Demand, March Quarter 2007	06-Jun-07
ABS	6202.0	Labour Force, Australia, May 2007	07-Jun-07
ABS	5609.0	Housing Finance, Australia, April 2007	08-Jun-07
ABS	5671.0	Lending Finance, April 2007 (no brief)	12-Jun-07
ABS	8412.0	Mineral and Petroleum Exploration, Australia, March Qtr 2007 (no brief)	13-Jun-07
Westpac-MI		Consumer Sentiment Index (no brief)	13-Jun-07
ABS	6291.0.55.001	Labour Force by Industry (no brief)	14-Jun-07
AAA		Petrol Prices, May 2007	Mid-June
ABS	8635	Tourist Accommodation (8635.7.55.001)	19-Jun-07
ABS	8750.0	Dwelling Commencements, March Quarter 2007	20-Jun-07
ABS	9314.0.55.001	Sales of New Motor Vehicles, May 2007	20-Jun-07
DEWRSB		Skilled Vacancy Survey (no brief)	20-Jun-07
Westpac-MI		Leading Index (no brief)	20-Jun-07
ABS	6354.0	Job Vacancies, Australia, June Quarter 2007 (no brief)	28-Jun-07

Consumer Price Index

In the March quarter 2007, Darwin's Consumer Price Index (CPI) was unchanged compared to an increase of 0.1 per cent nationally. Inflationary pressures have been building in Darwin over the past two years, with Darwin's annual inflation exceeding national annual inflation since December 2005. In annual terms, Darwin's inflation rate increased by 4.0 per cent down from 5.0 per cent reported in the December quarter 2006, while nationally, the annual inflation rate increased by 2.4 per cent, down from 3.3 per cent reported in the December quarter 2006.

Generally, inflation in Darwin moves in line with prices growth in the eight capitals, which indicates that price movements are largely driven by national and international factors. The main contributors to Darwin's annual increase were, 'housing', 'food' and 'recreation'. The increase in 'housing' reflected the increased cost of purchasing houses and rising rents, while 'restaurant meals', 'takeout food' and 'fruit' were the largest contributors to the reported increase in the 'food' category.

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 2007 the PPI remained unchanged from the previous quarter, with the domestic goods component increasing by 0.1 per cent while the imported goods component decreased by 1.1 per cent.

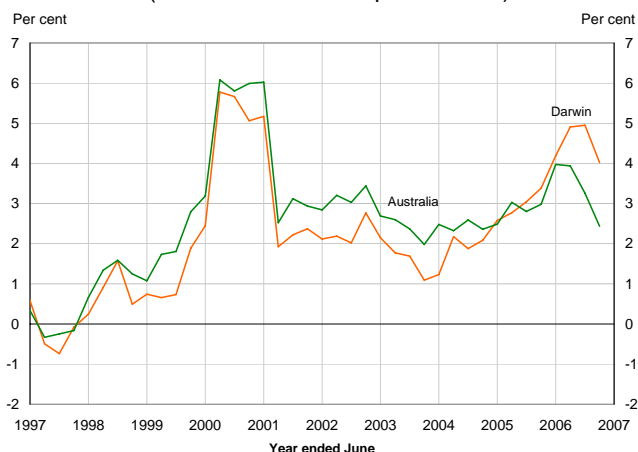
In the year to March 2007, the PPI increased by 3.7 per cent, with domestic goods prices increasing by 4.5 per cent and imported goods prices decreasing by 0.5 per cent. In the year, imported capital goods prices decreased by 2.2 per cent while prices of imported consumer goods increased by 0.9 per cent. Domestically produced consumer and capital goods prices increased by 4.7 and 4.2 per cent over the same period.

Tourist Accommodation

In the December quarter 2006, tourist accommodation figures indicate an increase in the level of tourism activity in the Territory. In original terms, takings in the Northern Territory increased by 9.5 per cent in 2006, while room occupancy rates increased by 2.0 percentage points over the same period.

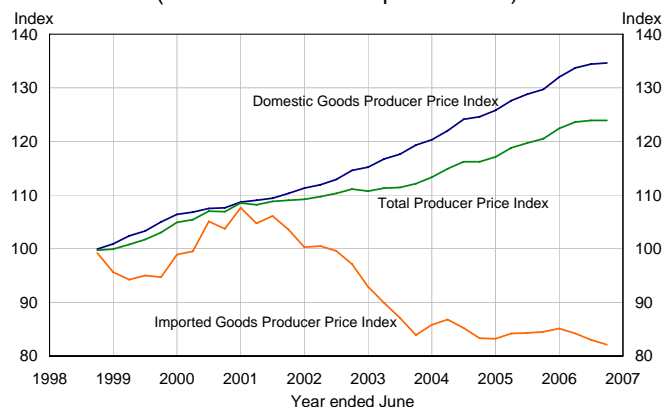
In annual terms, growth in accommodation takings increased by 17.6 per cent in the Territory, with substantial variation across major centres. Takings grew by 5.8 per cent in Darwin, 15.5 per cent in Alice Springs and 37.8 per cent in the 'rest of the Territory', while decreasing by 0.5 per cent in Katherine. Over the same period, room occupancy rates increased by; 1.0 percentage point in Darwin, 10.0 percentage points in Alice Springs, by 2.9 percentage points in Katherine and by 8.7 percentage points in the 'rest of the Territory'. The number of 'guest nights' reported increases for all major centres across the Territory.

Consumer Price Index* (latest data – March quarter 2007)



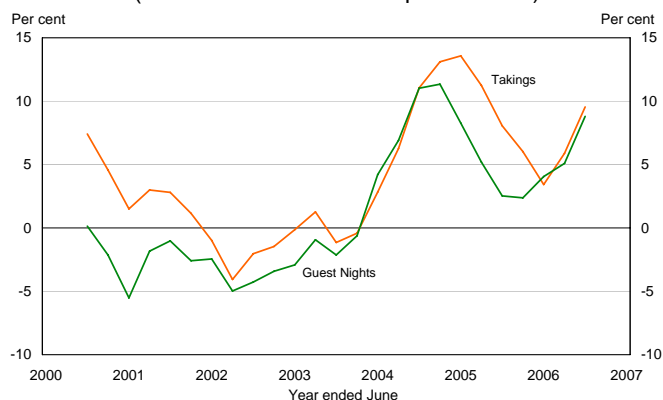
*annual percentage change
Source: ABS Cat. Nos. 6401.0

Producer Price Index (latest data – March quarter 2007)



Source: ABS Cat. No. 6345.0

Tourist Accommodation* (latest data – December quarter 2006)



*year on year percentage change
Source: ABS Cat. No. 8635.0

Retail Turnover

Seasonally adjusted retail turnover in the Territory increased by 1.2 per cent in February 2007 and by 0.9 per cent nationally (higher than the market median expectation of 0.4 per cent). In year on year terms, retail turnover in current prices increased by 10.6 per cent in the Territory, the highest growth of the jurisdictions and higher than nationally (see chart). Total retail expenditure is divided, by the Australian Bureau of Statistics (ABS), into six broad categories.

In the month of February 2007 (in original terms) retail turnover in the Territory totalled \$165 million. Of this total expenditure, 47.8 per cent (or \$79 million) was on 'food', 17.5 per cent (\$29 million) was on 'hospitality and services', 13.9 per cent (\$23 million) was on 'household goods', 12.7 per cent (\$21 million) was on 'department stores and other retailing', 4.8 per cent (\$8 million) was on 'clothing and soft goods', and the remaining 3.6 per cent (\$6 million) was on recreation related goods.

Sales of New Motor Vehicles

Territory seasonally adjusted new motor vehicle sales increased by 0.5 per cent in March 2007 to 833. Sales of SUVs decreased in the month by 8.5 per cent, while sales of passenger vehicles increased 2.7 per cent and sales of 'other' vehicles increased by 3.2 per cent. The decrease in sales for SUVs in the month reflects Territory consumer's response to increases in fuel prices, despite strong economic conditions. At the national level, the total level of motor vehicle sales increased 1.0 per cent in the month of March 2007.

In the year to March 2007, Territory new motor vehicle sales decreased by 1.8 per cent to 9 397, (see chart) with moderating year on year growth continuing over the past nine months. Nationally, sales of new motor vehicles decreased 0.2 per cent in the year to March 2007.

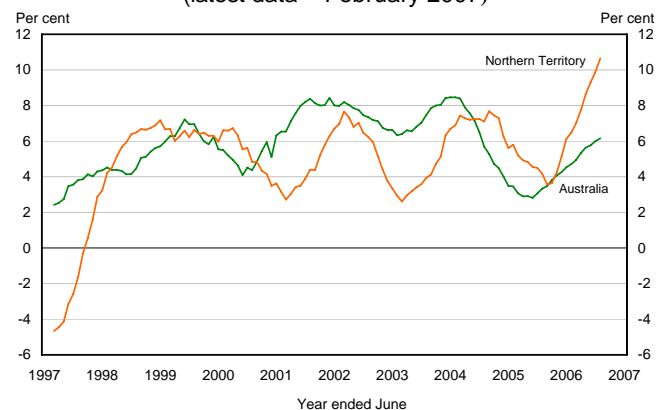
Petrol Prices

In March 2007, fuel prices increased by 9.0 cpl in Darwin to 132.0 cpl while the eight capital cities weighted average price increased by 9.3 cpl to 123.2 cpl. This represents a 8.8 cpl price differential between Darwin and the eight capital cities weighted average. Compared to March 2006 petrol prices in Darwin increased by 3.4 cpl, while nationally the eight capital cities weighted average price increased by 3.5 cpl. Over the long term petrol prices in Darwin track other capital cities, though tend to remain higher due to distance from refineries and other competitive factors (see chart).

In A\$ terms, crude oil prices increased by 4.9 per cent in March 2007, averaging A\$85.24 a barrel. Crude oil prices have decreased significantly from the peak reported in mid 2006, as growth in world oil consumption has eased and production continues to increase. Decisions by OPEC to reduce production by 1.2 million barrels per day as of 1 November 2006, and additional production cuts from 1 February 2007, as well as continuing uncertainty in Nigeria, will place upward pressure on crude oil prices.

Retail Turnover*

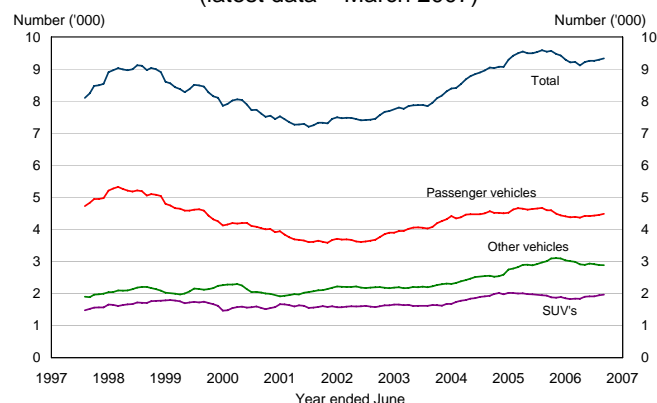
(latest data – February 2007)



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

Motor Vehicle Sales*

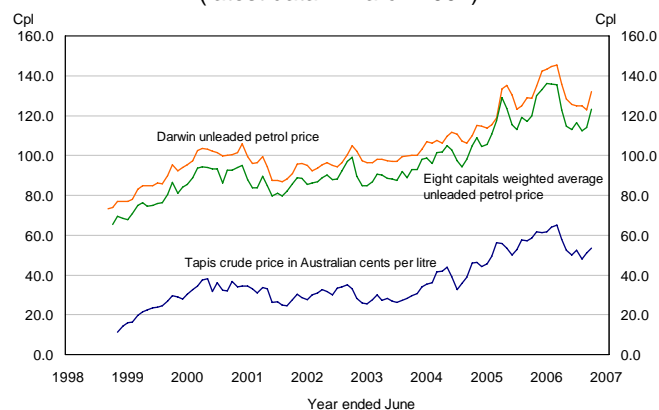
(latest data – March 2007)



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

Petrol Prices

(latest data – March 2007)



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

Building Approvals

In original terms, Territory residential building approvals increased by 105 to 197 in February 2007, with 186 private and 11 public sector approvals. Of the private sector approvals in the month, 128 were for 'other residential' and 58 for 'new houses'. There were zero approvals for 'residential building in a non-residential facility' (such as a care-taker or park-ranger dwelling), 'alterations and additions' and 'conversions'. In the public sector all of the 11 approvals were for 'new houses'. There were zero approvals in all other categories.

In the year to February 2007, residential building approvals in the Territory increased by 13.9 per cent to 1468 (see chart). Of the 1468 residential building approvals in the Territory in the year, 1351 were in the private sector, with the remaining 117 approvals in the public sector.

Housing Finance for Owner Occupation

In February 2007, the number of seasonally adjusted owner-occupier housing finance commitments in the Territory decreased by 38 to 462, while nationally, commitments increased by 0.3 per cent in the month. In annual terms, the number of Territory finance commitments decreased by 34.7 per cent, compared to a 5.2 per cent increase nationally.

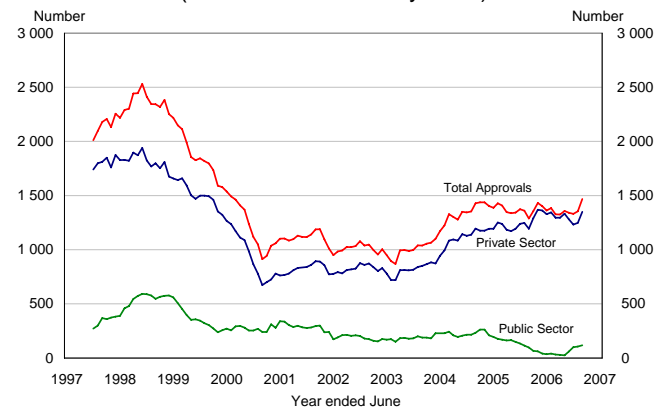
The components of housing finance are only available in original terms. Housing finance commitments in original terms increased by 7.4 per cent in the month of February, largely due to an increase in finance for the purchase of an established dwelling (up by 39 or 10.2 per cent) and refinancing (up by 19 or 20.7 per cent). As the chart shows, growth in the number of commitments in the Territory has been quite stable over the past three years, nevertheless growth has declined sharply since September 2006 to negative 9.0 per cent. In the year to February 2007, the value of housing finance commitments in original terms declined by 2.2 per cent.

Sensis Consumer Report

The *Sensis Consumer Report* 'is a quarterly survey designed to measure the confidence and behaviour of Australia's consumer population'. The March quarter 2007 *Sensis Consumer Report* finds that confidence increased in most jurisdictions with the exception of Queensland, Tasmania and the Territory.

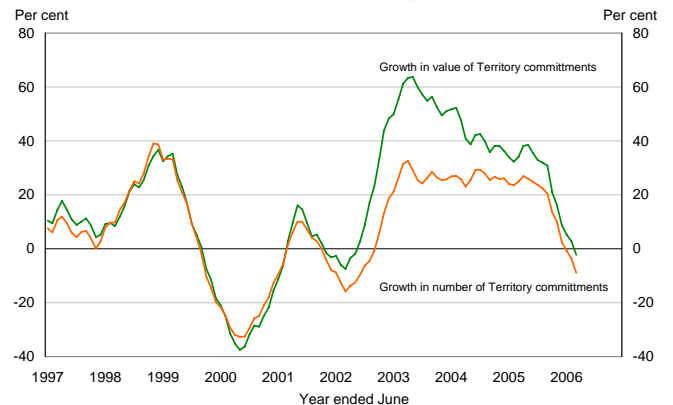
The most confident Australians were those living in the Australian Capital Territory where a net balance of 64 per cent of consumers expressed confidence in their financial prospects for the year ahead (see chart). The main reasons expressed for feeling confident about the year ahead were; 'secure employment', 'everything going well generally' and 'had sufficient resources'. For Australians feeling worried about their financial prospects in the coming year, the main reasons were the 'high cost of living' followed by 'financial hardship'. Compared to a year ago, residents of the Northern Territory were the most confident followed by residents of Western Australia and the Australian Capital Territory.

Building approvals*
(latest data – February 2007)



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

Growth in number and value of commitments*
(latest data – February 2007)



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

Consumer Confidence by Jurisdiction
(latest data – March quarter 2007)



Source: Sensis Consumer Report, March quarter 2007

Engineering Construction Activity

In seasonally adjusted real terms, engineering construction work done in the Territory decreased by 14.3 per cent in the December quarter 2006 and decreased by 13.4 per cent (to \$1.7 billion) in 2006 (see chart). While still at high levels, the current value of engineering construction work done has moderated from the historically high levels 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 91.0 per cent, or \$1.5 billion, of total work done in 2006. With work valued at \$1.36 billion, 'heavy industry' was by far the dominant engineering category in the private sector. The value of engineering work done for the public sector was \$161 million in 2006, with 42.2 per cent of this activity on 'telecommunications', 31.1 per cent on 'roads, highways and subdivisions', and 10.6 per cent on 'electricity generation, transmission and pipelines'.

Building Activity

In annual terms, seasonally adjusted total building work done decreased by 2.2 per cent in the Territory, while nationally increasing by 4.9 per cent in 2006. The Territory recorded the third strongest growth of the jurisdictions (behind the Australian Capital Territory and Western Australia) in the year, and significantly stronger than the 1.5 per cent increase nationally.

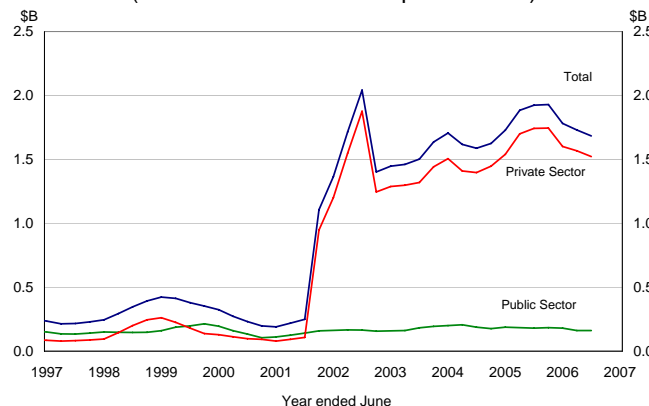
In 2006, residential building work done represented 54 per cent of total building activity, with the remaining 46 per cent attributable to non-residential activity. Of the \$342 million in the residential market (see chart), 43 per cent (\$147 million) was for new houses, 38 per cent (\$129 million) for new 'other residential' and the remaining 19 per cent (\$66 million) was for alterations and additions. The value of building activity in the non-residential market was \$270 million.

Total Construction Activity

In the December quarter 2006, seasonally adjusted construction work done decreased by 10.1 per cent to \$530 million in the Territory, compared to a national increase of 3.7 per cent. In annual terms, the value of construction activity decreased by 11.3 per cent compared to a 6.9 per cent increase nationally. Although, the value of total construction activity remains close to historically high levels (see chart), year on year construction activity decreased by 8.8 per cent to \$2.29 billion.

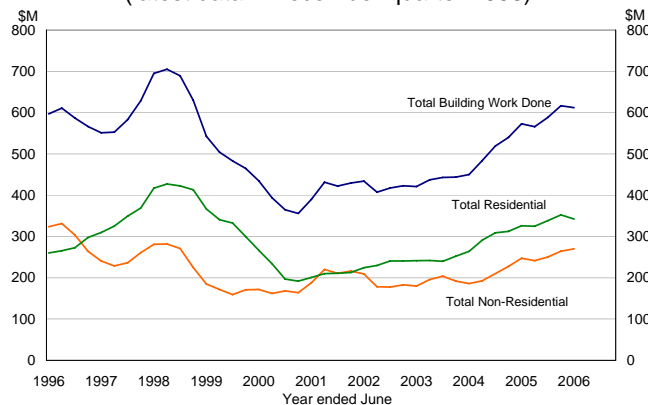
The decline in annual terms was largely driven by a 14.5 per cent fall in engineering construction activity (to \$396 million). This reflects the completion of construction at the Wickham Point LNG plant and significant construction activity work done for the Alcan G3 expansion.

Engineering Activity*
(latest data – December quarter 2006)



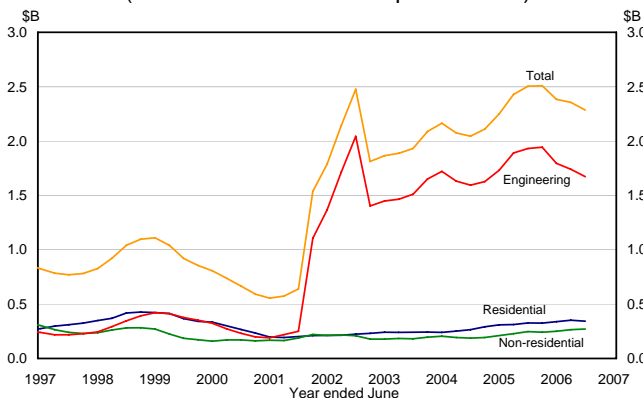
* moving annual total
Source: ABS Cat. No. 8762.0

Building Activity*
(latest data – December quarter 2006)



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

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



* moving annual total
Source: ABS Cat. Nos. 8752.0, 8762.0 and 8782.0.65.

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 231 to 102 705 in March 2007. Nationally, seasonally adjusted employment increased by 10 527 in the month to about 10.4 million employed persons.

A comparison of Territory (trend) resident employment in March 2007 with resident employment in March 2006 shows an increase of 4.3 per cent, the second highest annual growth rate of the jurisdictions (behind Queensland). In year on year terms, a more stable measure of growth, employment has increased by 5.9 per cent, unchanged from the previous month (in original terms).

Unemployment

The Territory's trend unemployment rate was 3.4 per cent in March 2007 up from (a revised) 3.0 per cent reported in February 2007. Compared to March 2006, the unemployment rate has decreased by 2.7 percentage points. Volatility in the Territory's trend unemployment rate has been quite extreme over the past few years, relative to the national trend unemployment rate (see chart). The Territory reported the third lowest trend unemployment rate of the jurisdictions (behind Western Australia and ACT).

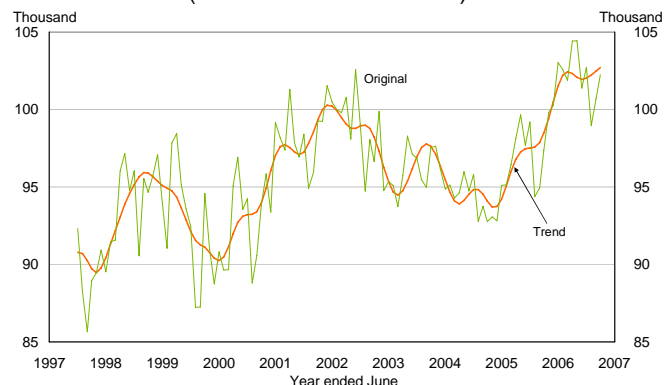
At the national level, the seasonally adjusted unemployment rate (the figure most commonly quoted in the media) decreased to 4.5 per cent in March 2007, down slightly from 4.6 per cent reported in the previous month.

International Trade

Territory merchandise exports increased by 58.5 per cent in the year to February 2007, as LNG exports and higher crude oil and commodity prices, offset weaker production from the Laminaria-Corallina oilfields. Over the same period, the value of merchandise imports to the Territory increased by 32.3 per cent, mainly attributable to aircraft imports to Australia where the Territory was recorded as the 'port of entry' for customs purposes. This is primarily a fleet of 20 new Airbus A-320's imported from France, by Jetstar. Higher fuel prices and the importation of machinery and equipment for major projects, have also contributed to the increasing value of imports into the Territory in the year.

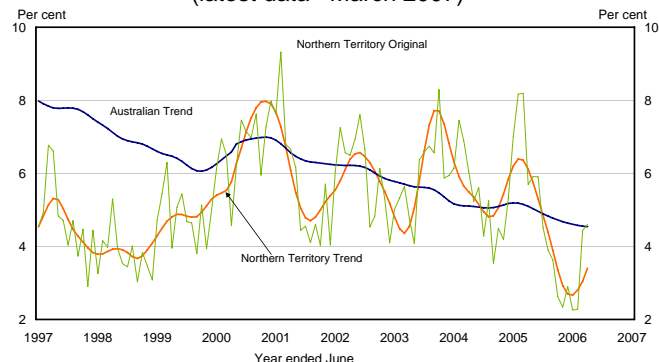
The Territory's goods trade balance increased by 493.4 per cent in the year to February 2007, to a record surplus of \$807 million (see chart). The Territory's trade surplus is expected to further improve in 2006-07 with the combined effect of increased LNG, alumina and manganese exports and reduced imports to the Territory.

Territory Employment (latest data – March 2007)



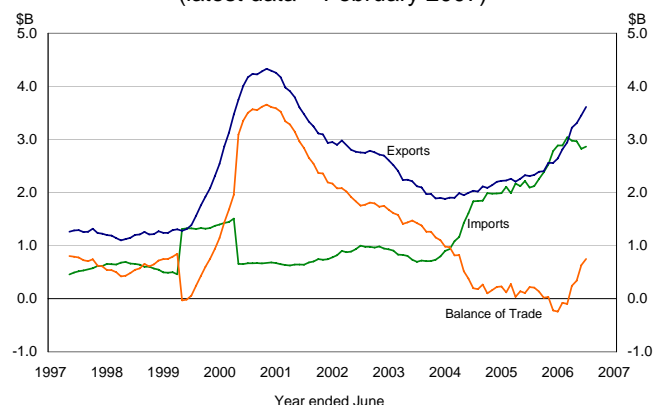
Source: ABS Cat. No. 6202.0

Territory Unemployment (latest data – March 2007)



Source: ABS Cat. No. 6202.0

Territory Merchandise Trade Balance* (latest data – February 2007)



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

GLOSSARY

Consumer Price Index

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

Current Dollars

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

Dwelling Unit

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

Employed

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

Final Consumption Expenditure

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

Fixed Capital Formation

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

Goods and Services Tax

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

Gross Domestic Product

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

Gross State Product

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

Labour Force

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

Original Terms

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

Participation Rate

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

Business Investment

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

Real Dollars

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

Seasonally Adjusted Terms

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

State Final Demand

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

Trend Terms

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

Unemployed

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

Unemployment rate

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

Comparative Economic Indicators*

Indicator	Period	Measure	NT	NSW	Vic	Qld	SA	WA	Tas	ACT	Aus
Economic Growth											
Gross State/Domestic Product ^(a)	2005-06	% change	7.5	1.4	2.7	4.9	2.2	4.9	3.1	3.4	2.8
State Final Demand ^(a)	Year to December 06	% change	2.5	1.5	2.7	7.4	1.9	10.5	-1.5	5.9	4.0
International Goods Exports	Year to February 07	% change	58.5	10.2	9.6	10.3	9.2	26.5	28.0	33.3	16.1
International Goods Imports	Year to February 07	% change	28.4	9.9	4.4	10.7	8.0	36.3	19.1	2885.7	12.2
Demography											
Population	Sep-05 Qtr to Sep-06 Qtr	% change	1.6	0.9	1.4	1.9	0.9	2.0	0.6	0.9	1.3
Labour Market											
Employment (trend)	Mar 06 to Mar 07	% change	4.3	1.7	2.6	5.9	0.6	2.9	0.2	2.1	2.8
Participation Rate (trend)	As at March 06	%	70.1	62.9	64.3	66.1	62.1	67.7	61.2	72.5	64.5
	As at March 07	%	69.4	63.0	64.7	67.6	62.0	67.4	60.1	73.0	64.8
Unemployment Rate (trend)	As at March 06	%	6.1	5.4	5.3	5.0	5.3	3.9	6.5	3.2	5.1
	As at March 07	%	3.4	5.0	4.9	4.0	5.5	2.8	5.4	3.2	4.5
ANZ Job Ads	Year to Mar 07	% change	6.6	-12.6	-8.5	-4.8	-0.6	11.7	-5.6	10.3	-3.9
Prices and Wages											
Consumer Price Index	Mar 06 Q to Mar 07 Q	% change	4.0	2.2	2.2	2.9	1.8	3.5	2.1	2.4	2.4
	Year to Mar 07 Q	% change	4.5	3.2	3.1	3.7	3.1	4.3	2.8	3.6	3.4
Average Weekly Earnings (full-time adult total earnings)	As at November 06	\$	1094.9	1139.5	1085.9	1043.8	1051.9	1180.8	1003.7	1281.5	1107.1
Housing Sector											
Building Approvals (number)	Year to February 07	% change	13.9	-8.9	-3.4	3.0	7.3	3.1	13.0	16.7	-0.6
Housing Finance for Owner Occupation (number)	Year to February 07	% change	-9.0	11.1	5.7	11.0	9.5	9.3	8.5	21.8	9.3
Housing Affordability Indicator ^(b)	As at December quarter 06	Level	46.6	26.9	29.2	27.6	31.4	29.6	30.6	50.5	28.4
Consumer Spending											
Retail Trade (current \$)	Year to February 07	% change	10.6	4.7	6.1	6.4	5.8	10.5	4.3	7.5	6.2
New Motor Vehicle Sales (No.)	Year to March 07	% change	-1.8	-1.5	-3.2	0.9	-3.3	11.5	-5.1	1.0	-0.2
Tourist Accommodation - Takings (current \$)	Year to December 06	% change	9.5	7.1	12.2	8.8	11.3	15.6	6.2	12.6	9.6

* 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.