

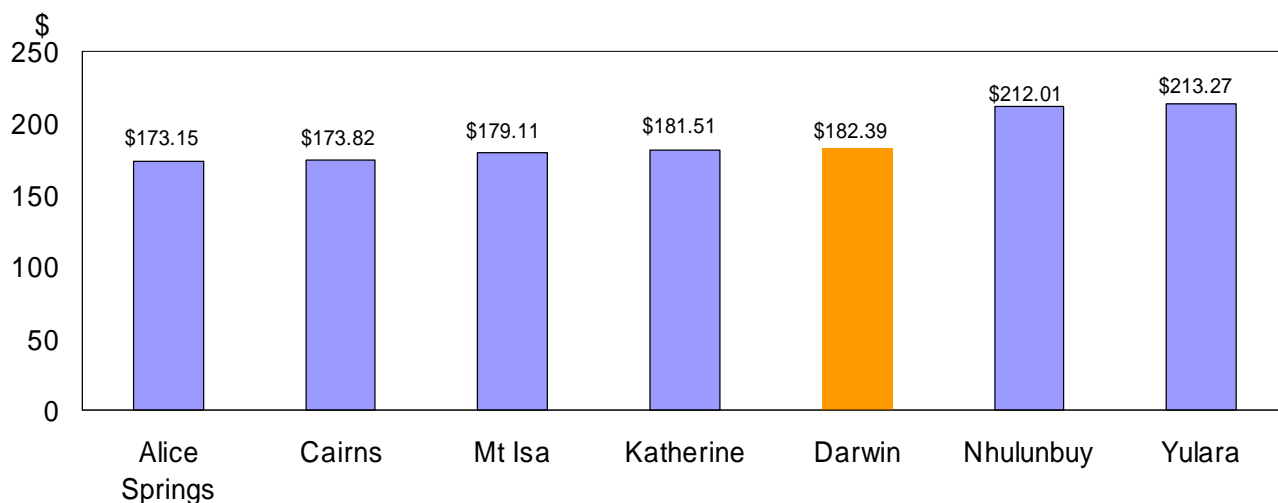
# Territory Economic Review

October 2006

## Results from the latest Northern Territory Treasury Grocery Price Survey

The Northern Territory Treasury Grocery Price Survey (GPS) measures the cost of purchasing an average basket of goods at 26 supermarkets across the Northern Territory and, for comparative purposes, Northern Queensland. The GPS is undertaken by Treasury twice yearly. The June 2006 GPS reports price increases in most surveyed regions, the exception being Yulara, where prices fell in the June 2006 survey. Despite the decrease in the cost of the basket reported in the latest survey, Yulara continues to report the most expensive basket of all centres surveyed (see Chart 1). Consistent across all supermarkets in the survey was a substantial increase in prices for 'fruit & vegetables' which was the major driver of the rise in the cost of the basket. This price increase was primarily due to the high cost of bananas following the destruction of the banana crops in Northern Queensland as a result of Cyclone Larry in March 2006.

**Chart 1**  
**June 2006 Grocery Price Survey**



Source: NT Treasury

## Consumer Sentiment

Despite rising grocery prices, the September quarter 2006 *Sensis Consumer Report* finds that residents of the Northern Territory are the most confident of all Australians, regarding financial prospects for the year ahead. The main reason expressed by consumers for feeling confident was having a secure job, while the main areas of concern continued to be interest rates, fuel prices and inflation. For more information on the September quarter 2006 *Sensis Consumer Report*, please turn to page 7.

## Territory Population

Another indicator of the strength of the Territory economy is reported in the latest population figures released by the Australian Bureau of Statistics (ABS). These figures report population growth of 1.8 per cent in the year to March 2006, third highest of the jurisdictions and significantly stronger than population growth nationally. This is the strongest reported year on year growth in the Territory's population since September 1998, and reflects the combined impact of major projects, the resources boom and the level of activity in the construction and property markets, all attracting skilled workers to the Territory. For more information on the Territory's latest population figures, please turn to page 4.



# Territory Economic Review - October 2006

<b>Northern Territory State Final Demand and Gross State Product</b>									
Year ended June Percentage Change	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	Latest	Annual % change
<b>Expenditure on GSP (2003-04 prices)</b>									
Private Consumption	6.7	3.7	6.0	4.2	7.9	4.3	6.0	Jun Q 06	5.1
Public Consumption	5.6	0.0	0.4	2.7	2.4	4.2	1.7	Jun Q 06	1.9
<b>Total Consumption Expenditure</b>	<b>6.2</b>	<b>2.0</b>	<b>3.5</b>	<b>3.5</b>	<b>5.6</b>	<b>4.3</b>	<b>4.2</b>	Jun Q 06	<b>3.8</b>
Private Investment									
<i>Dwellings</i>	-25.2	-40.4	3.7	11.3	-2.1	24.7	16.3	Jun Q 06	8.9
<i>Other buildings and structures</i>	-58.9	-22.8	125.4	29.4	8.2	-3.8	8.8	Jun Q 06	-15.8
<i>Machinery and equipment</i>	9.1	33.5	-1.5	1.5	3.6	-9.9	30.9	Jun Q 06	-15.1
<i>Livestock</i>	-11.1	43.8	8.7	-56.0	163.6	-3.4	-10.7	Jun Q 06	-10.7
<i>Intangible fixed assets**</i>	-17.5	-17.1	50.0	-41.9	-19.1	58.3	97.5	Jun Q 06	59.5
<i>Ownership transfer costs</i>	-7.3	-20.2	15.5	4.9	24.4	7.5	8.7	Jun Q 06	10.7
Business Investment <sup>#</sup>	-40.4	-0.6	52.0	7.8	7.7	-1.4	19.2	Jun Q 06	-7.5
<b>Total Private Investment</b>	<b>-36.7</b>	<b>-11.0</b>	<b>43.4</b>	<b>8.2</b>	<b>6.6</b>	<b>1.8</b>	<b>18.4</b>	Jun Q 06	<b>-4.8</b>
Public Investment	43.6	46.6	19.4	-35.4	-0.5	29.2	-6.2	Jun Q 06	-21.8
<b>Total Investment</b>	<b>-30.7</b>	<b>-2.0</b>	<b>37.8</b>	<b>-0.6</b>	<b>5.7</b>	<b>5.2</b>	<b>14.7</b>	Jun Q 06	<b>-7.7</b>
<b>State Final Demand</b>	<b>-6.0</b>	<b>1.3</b>	<b>11.5</b>	<b>2.1</b>	<b>5.6</b>	<b>4.6</b>	<b>7.2</b>	Jun Q 06	<b>0.0</b>
<b>State Final Demand less L-C and B-U<sup>##</sup></b>	<b>1.6</b>	<b>1.4</b>	<b>10.2</b>	<b>0.6</b>	<b>4.5</b>	<b>9.7</b>	<b>8.7</b>	Jun Q 06	<b>1.8</b>
International Trade - export of goods	47.2	30.0	-22.6	-11.0	-23.7	-6.2	-1.2	Jun Q 06	-6.6
International Trade - import of goods	177.7	-62.0	15.3	29.7	4.2	107.3	27.4	Jun Q 06	67.5
<b>Total Gross State Product</b>	<b>-0.4</b>	<b>5.2</b>	<b>1.2</b>	<b>0.1</b>	<b>0.2</b>	<b>3.6</b>	<b>n.a</b>		
<b>Contribution to GSP Growth</b>									
Private Consumption	2.9	1.8	2.6	1.9	3.9	2.4	n.a	n.a	
Public Consumption	1.9	0.0	0.1	0.9	0.8	1.4	n.a	n.a	
Private Investment	-12.5	-2.4	7.9	2.1	1.8	0.0	n.a	n.a	
Public Investment	1.3	1.9	1.1	-2.4	0.0	1.3	n.a	n.a	
<b>State Final Demand</b>	<b>-6.8</b>	<b>1.5</b>	<b>11.9</b>	<b>2.5</b>	<b>6.5</b>	<b>5.2</b>	<b>n.a</b>	<b>n.a</b>	
<b>Net International Exports</b>	<b>2.8</b>	<b>21.3</b>	<b>-10.0</b>	<b>-6.7</b>	<b>-7.9</b>	<b>-12.0</b>	<b>n.a</b>	<b>n.a</b>	
Balancing item	3.7	-17.6	-0.7	4.3	1.6	10.4	n.a	n.a	
<b>Gross State Product</b>	<b>-0.4</b>	<b>5.2</b>	<b>1.2</b>	<b>0.1</b>	<b>0.2</b>	<b>3.6</b>	<b>n.a</b>	<b>n.a</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

<b>Latest Northern Territory Economic Indicators</b>									
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	Jun Q 06	7.0
New Motor Vehicle Sales	-8.8	-4.2	-0.3	3.3	8.4	10.7	0.0	Aug Q 06	-7.3
Tourist Accommodation Takings	16.8	1.5	-1.0	-0.1	2.8	13.6	3.4	Jun Q 06	3.4
Number of Dwellings Approved	-30.6	-28.4	-13.8	0.0	23.4	18.4	-5.8	Aug Q 06	-17.5
Number of Dwellings Commenced	-21.1	-34.0	0.1	-4.1	6.0	29.1	1.1	Jun Q 06	40.7
Employment	-2.3	1.1	5.4	-0.1	-2.2	-2.0	4.0	Aug Q 06	7.3
Unemployment rate	4.4	5.6	6.8	5.8	5.2	6.3	5.7	Aug Q 06	-0.3ppt
Darwin Consumer Price Index (year average) <sup>###</sup>	0.7	3.9	3.6	2.2	2.1	1.6	2.6	Jun Q 06	4.2
AWOTE <sup>#</sup> (year average)	4.6	3.7	2.3	5.0	6.5	7.0	3.9	Jun Q 06	1.5
Wage Price index (year average)	2.5	2.8	3.1	3.0	3.3	3.7	4.4	Jun Q 06	4.0
Population, December (levels - thousands) <sup>###</sup>	194.3	196.3	198.0	198.2	198.7	201.2	205.2	Mar Q 06	205.9
Population (annual % change) <sup>###</sup>	1.6	1.0	0.9	0.1	0.3	1.2	2.0	Mar Q 06	1.8
Net Interstate Migration (levels - number) <sup>###</sup>	-817	-1621	-2049	-3069	-2895	-1097	520	Mar Q 06	-252.0

\* 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

<b>Financial Indicators</b>									
Year Ended June	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	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	29 Sep 06	6.20
10 Year Govt Bond Yield (as at 30 June)	6.16	6.04	5.99	5.01	5.87	5.11	5.79	29 Sep 06	5.51
<b>Exchange Rates</b>									
US\$ per A\$ (year average)	0.63	0.54	0.52	0.58	0.71	0.75	0.75	29 Sep 06	0.75
US\$ per A\$ (as at 30 June)	0.60	0.51	0.56	0.67	0.69	0.76	0.74	29 Sep 06	0.75
Special Drawing Rights <sup>†</sup> per A\$ (as at 30 June)	0.45	0.41	0.43	0.47	0.47	0.52	0.51	29 Sep 06	0.51
Trade Weighted Index of A\$ (as at 30 June)	53.60	49.80	52.30	58.98	59.06	64.50	62.24	29 Sep 06	62.59

<sup>†</sup> 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

<b>October 2006</b>			
ABS	8501.0	Retail Trade, August 2006	03-Oct-06
ABS	8731.0	Building Approvals, August 2006	03-Oct-06
ABS	5368.0	International Trade in Goods and Services, August 2006	04-Oct-06
ABS	3401.0	Overseas Arrivals and Departures, August 2006	05-Oct-06
ANZ		ANZ job ads series, September 2006	09-Oct-06
Westpac-MI		Consumer Sentiment Index, October 2006	11-Oct-06
ABS	5609.0	Housing Finance, August 2006	11-Oct-06
ABS	6202.0	Labour Force, September 2006	12-Oct-06
ABS	8762.0	Engineering Activity, June quarter 2006	12-Oct-06
ABS	8752.0	Building Activity, June quarter 2006	13-Oct-06
ABS	8782.0.65.001	Construction Activity (Private Sector)	13-Oct-06
ABS	5671.0	Lending Finance, July 2006	13-Oct-06
Westpac-MI		Leading Index, September 2006	18-Oct-06
ABS	6457.0	International Trade Price Indexes, September quarter 2006	20-Oct-06
ABS	9314.0	Sales of New Motor Vehicles, August 2006	20-Oct-06
ABS	6427.0	Producer Price Indexes, June quarter 2006	23-Oct-06
ABS	6401.0	Consumer Price Index, September quarter 2006	25-Oct-06
DEWRSB		Skilled Vacancy Survey, September 2006	25-Oct-06
<b>November 2006</b>			
ABS	8731.0	Building Approvals, September 2006	01-Nov-06
ABS	6403.0.55.001	Average Retail Prices of Selected Items, September quarter	01-Nov-06
ABS	8501.0	Retail Trade, September 2006	02-Nov-06
ABS	5368.0	International Trade in Goods and Services, September 2006	02-Nov-06
ANZ		ANZ job ads series, October 2006	06-Nov-06
ABS	3401.0	Overseas Arrivals and Departures, September 2006	06-Nov-06
ABS	5609.0	Housing Finance, September 2006	08-Nov-06
ABS	5220.0	State Accounts (GSP), 2005-06	09-Nov-06
ABS	6202.0	Labour Force, October 2006	09-Nov-06
ABS	5671.0	Lending Finance, August 2006	13-Nov-06
ABS	6416	House Price Indexes: Eight Capital Cities, September quarter	15-Nov-06
ABS	6302.0	Average Weekly Earnings, September quarter	16-Nov-06
DEWRSB		Skilled Vacancy Survey, October 2006	22-Nov-06
Sensis		Sensis Business Index, October quarter 2006	28-Nov-06
ABS	8755	Construction Work Done	29-Nov-06
ABS	5368.0	International Trade in Goods and Services, October 2006	29-Nov-06
ABS	5625.0	Private New Capital Expenditure (no brief)	30-Nov-06

**State Final Demand**

Territory State Final Demand (SFD) decreased by 1.4 per cent in seasonally adjusted terms, in the June quarter 2006, influenced by the rate of completion and timing of investment for major projects. In 2005-06 Territory SFD increased by 7.2 per cent (the second highest growth of the jurisdictions and below that of Western Australia) and, excluding investment for Bayu-Undan stage one and the pipeline for stage two, growth is estimated at 8.7 per cent (see chart).

In 2005-06, total investment increased by 14.7 per cent contributing 4.1 percentage points to SFD growth. The largest component of total investment is private investment, which accounted for 4.4 percentage points of SFD growth. Public investment declined in the year, subtracting 0.3 percentage points from growth. Total consumption increased by 4.2 per cent in 2005-06, contributing 3.0 percentage points to SFD growth. Household consumption expenditure was the main contributor to the increase in total consumption, with a modest increase in government consumption expenditure.

**Population**

Northern Territory resident population is estimated to have increased by 0.4 per cent in the March quarter 2006, to 205 918. This is the ninth consecutive quarterly population increase. In annual terms, Territory population growth remained at 1.8 per cent. This was greater than nationally (for the fifth consecutive quarter) where population increased by 1.3 per cent through the year, to an estimated 20.5 million persons.

The Territory's estimated resident population increased by 728 persons in the March quarter 2006, compared to an increase of 1 126 in the March quarter 2005. Natural increase (births less deaths) and net overseas migration made positive contributions to growth in the quarter while net interstate migration had a negative contribution.

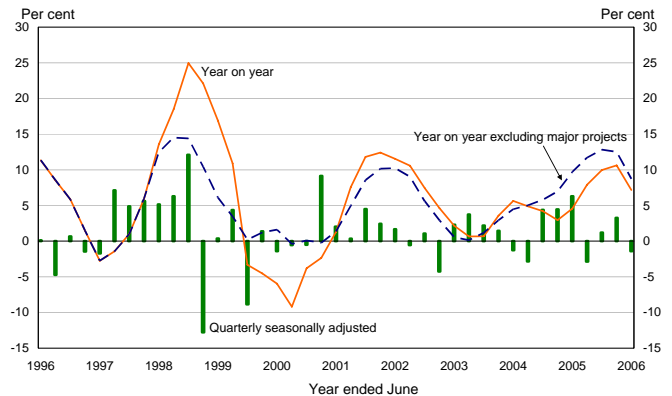
- Natural increase (births less deaths) 705
- Net overseas migration 275
- Net interstate migration -252
- Total population growth 728

**Gross Domestic Product**

Australia's Gross Domestic Product (GDP) increased by 0.3 per cent in the June quarter 2006, and by 2.7 per cent in 2005-06. Growth in the June quarter 2006 was driven by increases in gross fixed capital formation (investment) which increased by 2.7 per cent. In 2005-06 GDP growth was underpinned by solid domestic demand (that is consumption and investment), which increased by 4.2 per cent. Growth in 2005-06 was partly offset by the ongoing weakness in net exports, which subtracted 1.1 percentage points from growth (see chart).

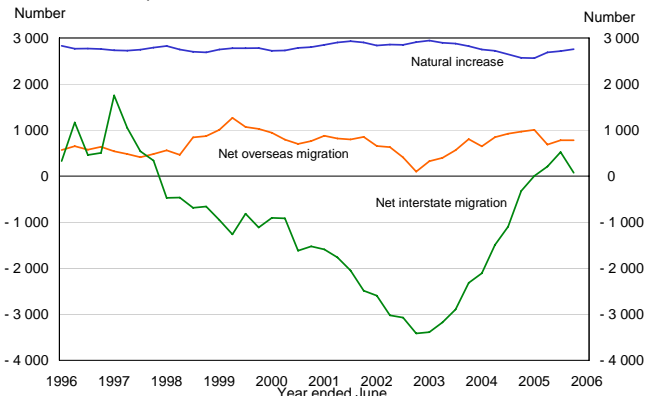
On the production side, the construction industry continued to be the driver of growth in 2005-06, and was supported by growth in the 'property and business services' industry. Other industries reporting solid but more modest growth in the year were; 'finance and insurance and 'health and community services'.

**State Final Demand**  
(latest data – June quarter 2006)



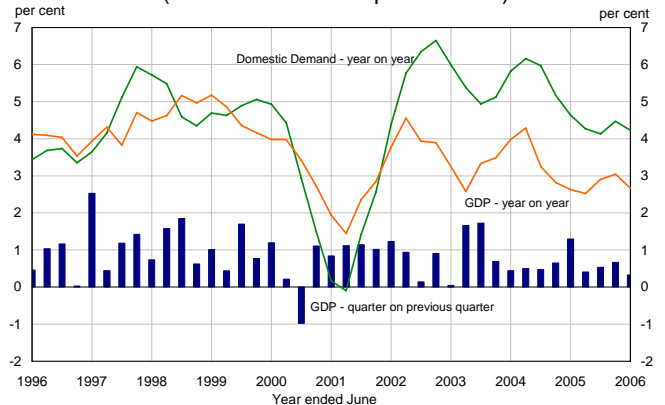
Source: ABS Cat. Nos. 5206.0

**Northern Territory Population Components\***  
(latest data – March quarter 2006)



\* moving annual total  
Source: ABS Cat. No. 3101.0

**Gross Domestic Product**  
(latest data – June quarter 2006)



Source: ABS Cat. No. 5206.0

**Retail Turnover**

Seasonally adjusted retail turnover in the Territory increased by 1.3 per cent in July 2006, compared to a 0.6 per cent increase nationally. In the year to July 2006, retail turnover increased by 6.1 per cent in the Territory, the fourth highest growth of the jurisdictions, and higher than nationally. Total retail expenditure is divided, by the Australian Bureau of Statistics (ABS), into six broad categories. As the chart shows, nominal retail expenditure in the Territory, in four of the six retail categories, is at historic highs.

In the year to July 2006 retail turnover in the Territory totalled \$2 124 million. Of this total expenditure, 45 per cent (or \$955.3 million) was on 'food', 19 per cent (\$403.5 million) was on 'hospitality', 15.2 per cent (\$322.1 million) was on 'other' retailing, 4.7 per cent (or \$99.5 million) was on 'clothing' and 3.1 per cent (or 65.9 million) was on recreation.

**Sales of New Motor Vehicles**

Territory seasonally adjusted new motor vehicle sales increased by 7.6 per cent in August 2006 to 796. Nationally, sales decreased by 2.3 per cent in the month. In the year to August 2006 Territory new motor vehicle sales decreased by 2.8 per cent, continuing the substantial moderation from the record growth reported in 2005 (and as the chart shows is the first time in over four years the growth rate has dropped below zero). At the national level sales of new motor vehicle sales decreased 2.5 per cent in the year.

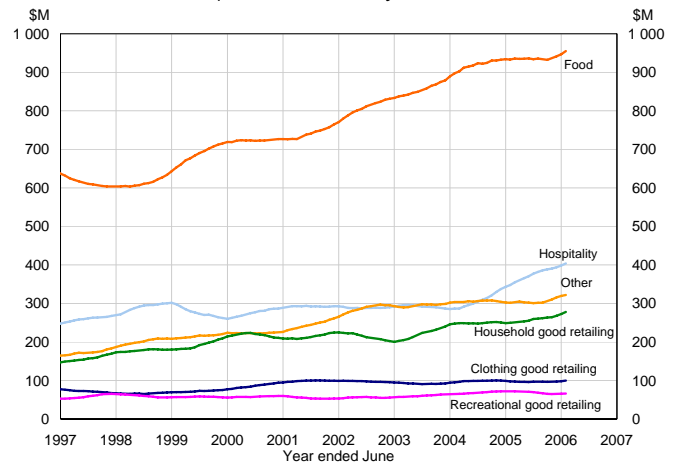
In the year to August 2006, the sale of 'utes and other light commercial vehicles, trucks and buses' continued to be the primary driver of growth in motor vehicle sales in the Territory, increasing by 5.8 per cent (to 2 991) and contributing 1.9 percentage points to growth. In contrast sales of sports utility vehicles (SUV's) and passenger vehicles continued to decline, subtracting 2.5 and 1.6 percentage points from growth respectively.

**Petrol Prices**

In August 2006, fuel prices increased by 0.4 cpl in Darwin while the eight capital cities weighted average price decreased by 0.4 cpl. Darwin recorded an average unleaded petrol price of 145.2 cpl, compared to 135.6 cpl for the eight capital cities weighted average. This represents a 9.6 cpl price differential between Darwin and the eight capital cities weighted average, the highest differential since February 2006. Compared to August 2005 petrol prices in Darwin have increased by 22.1 per cent, compared to a 15.3 per cent increase in the eight capital cities weighted average. As the chart shows, petrol prices in Darwin track other capital cities, though tend to remain higher.

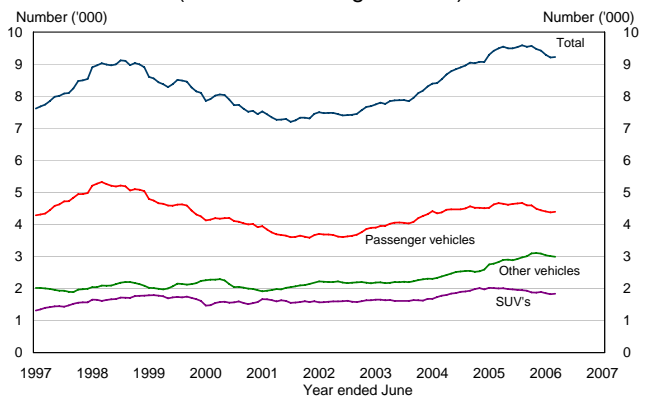
In \$US terms, crude oil prices decreased by 0.4 per cent in August 2006 averaging \$US73.98 a barrel. The recent rise in crude oil prices reflects the combination of strong global demand, limited spare production capacity and continuing geopolitical uncertainty.

**Retail Turnover\***  
(latest data – July 2006)



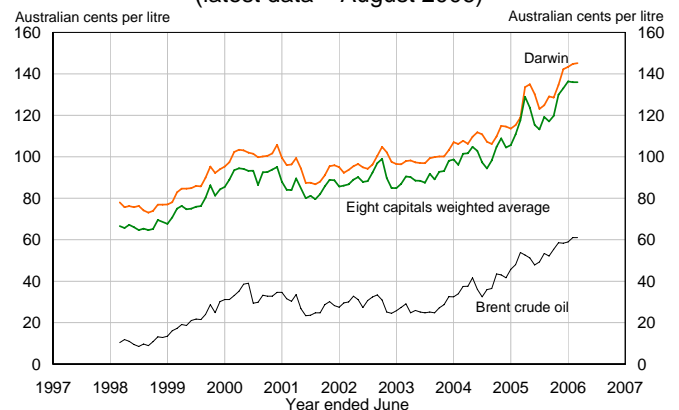
\* moving annual total  
Source: ABS Cat. No. 8501.0

**Motor Vehicle Sales\***  
(latest data – August 2006)



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

**Petrol Prices**  
(latest data – August 2006)



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

### Housing Finance for owner Occupation

In July 2006, the number of seasonally adjusted owner-occupier housing finance commitments in the Territory decreased by 5 to 635, while nationally, commitments decreased by 0.9 per cent in the month. In the year to July 2006 the number of Territory finance commitments increased by 1 490, or 22.3 per cent to 8 168, compared to a 12.2 per cent increase nationally.

Of the 1 490 additional commitments in the Territory 992 were for the purchase of an established dwelling, 17 were for the construction of a new dwelling, 78 were for the purchase of a new dwelling, and 403 were refinancing commitments. First home buyers account for about one-quarter of the Territory's housing finance commitments. As the chart shows, growth in commitments by first home owners in the Territory has moderated to 23.4 per cent in the year to July 2006, down from the historic high of almost 57 per cent growth reported in the year to May 2005.

### Residential Building Approvals

In the Territory, residential building approvals increased by 104 to 187 (in original terms) in July 2006, with 100 private and 4 public sector approvals. Of the private sector approvals in the month, 75 were for 'other residential', 24 were for houses and there was one approval for a 'conversion'. There were zero approvals for both 'residential building in a non-residential facility' (such as a care-taker or park-ranger dwelling) and 'alterations and additions'. In the public sector there were 6 approvals for 'other residential', while approvals for 'houses' decreased by two in the month.

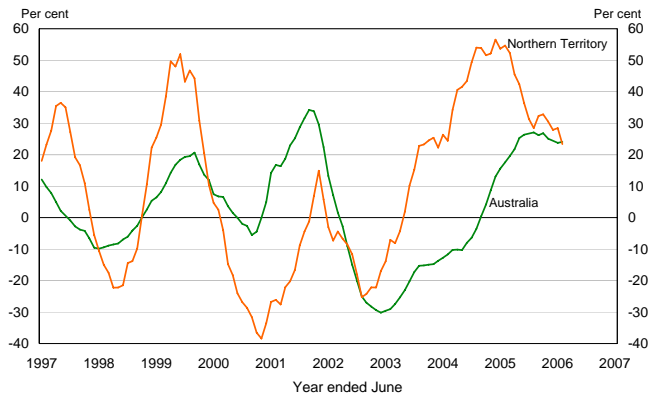
In the year to July 2006, residential building approvals in the Territory decreased by 7.6 per cent to 1 321 (see chart). Of the 1 321 residential building approvals in the Territory in the year, 1 289 were in the private sector, with the remaining 32 approvals in the public sector.

### Dwelling Commencements

In original terms, Territory dwelling commencements increased by 42.5 per cent (to 332) in the June quarter 2006. Nationally, seasonally adjusted quarterly commencements (the figure usually reported in the media) decreased by 2.3 per cent in the quarter.

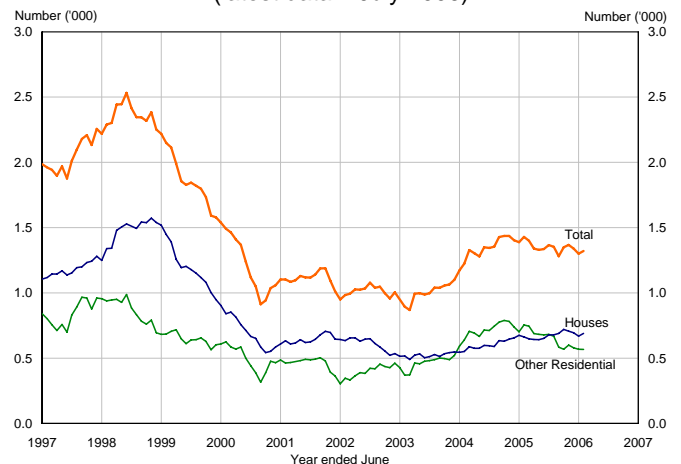
In 2005-06, total Territory dwelling commencements increased by a modest 1.1 per cent to 1 364. Of this total, 1 301 commencements were in the private sector and 63 were in the public sector. Further analysis of the dwelling commencement data in 2005-06 show that 675 of the total commencements were 'houses' while 625 were for 'other' dwellings and 64 were 'conversions'. The modest increase in commencements in the year masks a 12.6 per cent increase in private sector commencements (entirely for houses), which was almost completely offset by the 67.4 per cent decline in public sector commencements for both houses and other dwellings, (see chart).

**Growth in commitments by First Home Buyers\***  
(latest data – July 2006)



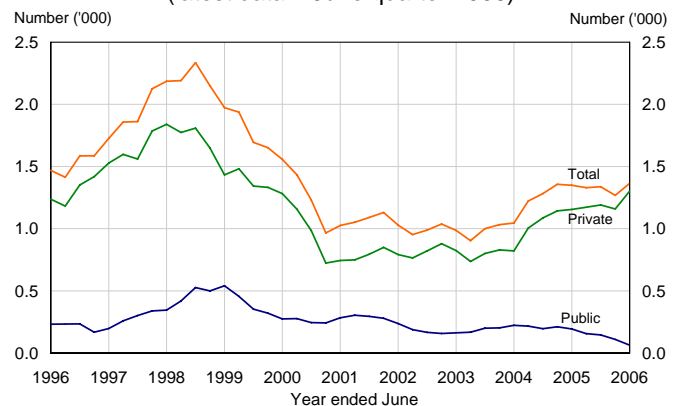
\* year on year percentage change  
Source: ABS Cat. Nos. 5609.0

**Residential Building Approvals\***  
(latest data – July 2006)



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

**Dwelling Commencements**  
(latest data – June quarter 2006)



\* moving annual; total  
Source: ABS Cat. No. 8750.0

### Private New Capital Expenditure

In 2005-06 total private new capital expenditure increased by 11.6 per cent (to \$2.06 billion) in the Territory (see chart). Private new capital expenditure for 'buildings and structures' increased by 7.9 per cent (to \$1.70 billion) while expenditure for 'equipment plant and machinery' increased by 29.7 per cent (to \$402 million), in the year. The expenditure on the pre-assembled modules (PAMs) for the Alcan G3 expansion at Gove are included in the 'buildings and structures' category of new capital expenditure, along with work on the preparation, construction and expansion of production capability for mine developments, such as the new manganese mine at Bootu Creek.

At the national level, total capital expenditure on 'buildings and structures' and 'equipment, plant and machinery' was \$26.9 billion and \$44.8 billion respectively, in 2005-06.

### Overseas Arrivals and Departures

In original terms, short term overseas visitor arrivals to Australia, increased by a modest 1.4 per cent in 2005-06. This represents a significant moderation from the 6.9 per cent growth reported in 2004-05. However as the chart shows, overseas arrivals to Australia are now at historically high levels. Over 2005-06 short term departures by Australian residents, to overseas destinations, increased by 5.3 per cent (see chart). The somewhat stronger growth in departures by Australian residents may reflect the appreciation of the Australian dollar over 2005-06.

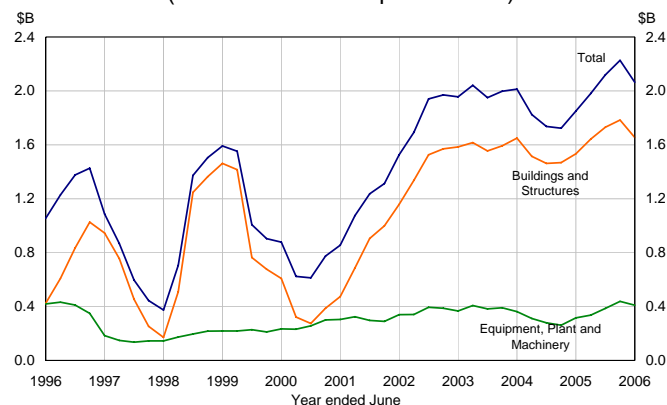
The recovery in both overseas arrivals and departures from the third quarter of 2003 can be linked to the strength in the global economy, the relatively strong value of the Australian dollar, a revival in consumer confidence following the terrorist attacks in both the United States in 2001 and Bali in 2002 and the absence of any major health risks.

### Sensis Consumer Report

The *Sensis Consumer Report* 'is a quarterly survey designed to measure the confidence and behaviour of Australia's consumer population'. The September quarter 2006 *Sensis Consumer Report* finds that confidence decreased across all jurisdictions with the exception of Victoria and Tasmania.

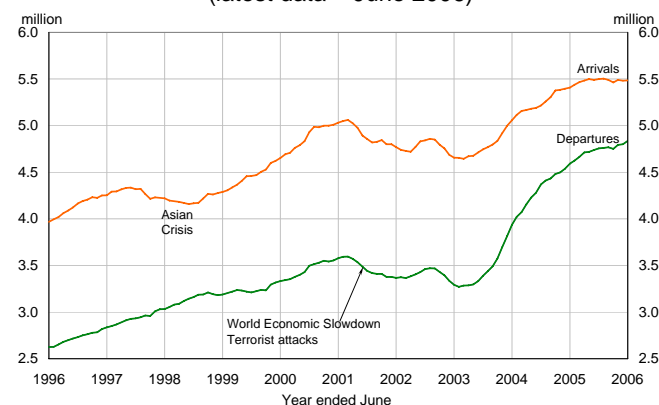
Nevertheless the most confident Australians were still those living in the Northern Territory where a net balance of 59 per cent of consumers expressed confidence in their financial prospects for the year ahead (see chart). The main reasons expressed for feeling confident about the year ahead were; 'secure employment', 'everything going well generally' and 'had sufficient resources'. Rising interest rates and fuel prices were the main reasons given for the drop in confidence in most of the jurisdictions in the quarter. Compared to a year ago, residents of Western Australia were most likely to feel better off, followed by residents of the Northern Territory.

### Private New Capital Expenditure\* (latest data – June quarter 2006)



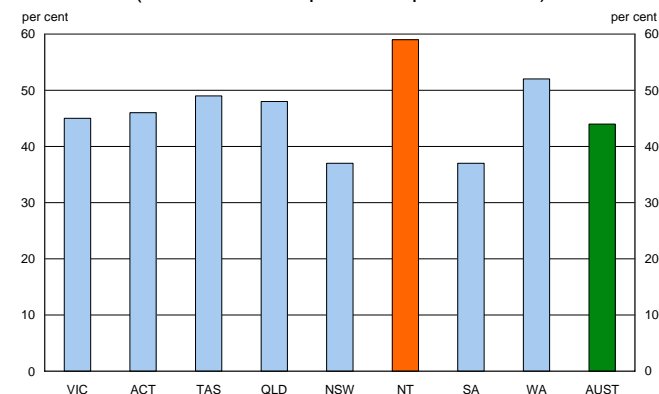
\* chain volume measure, moving annual total  
Source: ABS Cat. No. 5625.0

### Overseas arrivals and departures\* (latest data – June 2006)



\* moving annual total  
Source: ABS Cat. No. 3401.0

### Consumer Confidence by Jurisdiction (latest data – September quarter 2006)



Source: Sensis Consumer Report, September quarter 2006

### 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 increased by around 700 to 103 000 in August 2006. Nationally, seasonally adjusted employment increased by 23 400 in the month to around 10.3 million employed persons.

A comparison of Territory resident employment in August 2006 with employment in August 2005 shows an increase of 7.1 per cent, the highest annual growth rate of the jurisdictions. In year on year terms, a more stable measure of growth, employment has increased by 4.9 per cent, the highest growth rate (in year on year terms) in the Territory since June 2002.

### Unemployment

The Territory's trend unemployment rate decreased to 4.3 per cent in August 2006 down from 4.6 per cent reported in July 2006. The unemployment rate has now reported its sixth consecutive month of decline. Compared to August 2005, the unemployment rate has decreased by 0.4 of a percentage point. 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 now reports the third lowest trend unemployment rate of the jurisdictions.

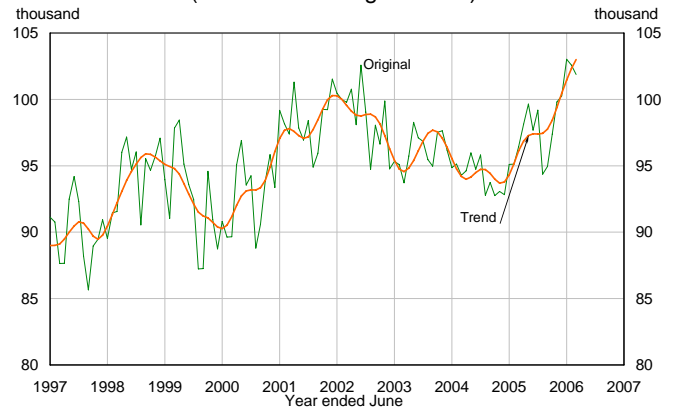
At the national level, the seasonally adjusted unemployment rate (the figure most commonly quoted in the media) increased to 4.9 per cent in August 2006, an increase of 0.1 percentage point from July.

### International Trade

Territory merchandise exports increased by 26.3 per cent in the year to July 2006, as higher crude oil and commodity prices offset weaker production from the Laminaria-Corallina oilfields. Exports were also boosted by the sale of liquefied natural gas (LNG) from the Wickham Point plant. Over the same period, the value of merchandise imports to the Territory increased by 37.2 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 have also contributed to the increasing value of imports into the Territory in the year.

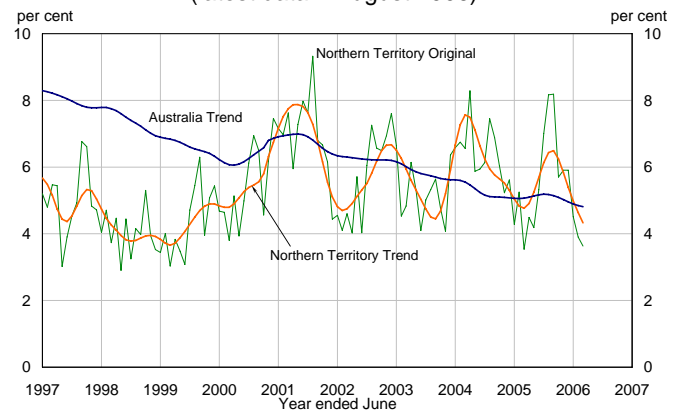
The Territory's goods trade balance decreased by 165.8 per cent (\$199 million) in the year to July 2006, to a deficit of \$79 million (see chart). The Territory's trade deficit has narrowed over the past three months, and is expected to improve in 2006-07 with increased LNG, alumina and manganese exports.

**Territory Employment**  
(latest data – August 2006)



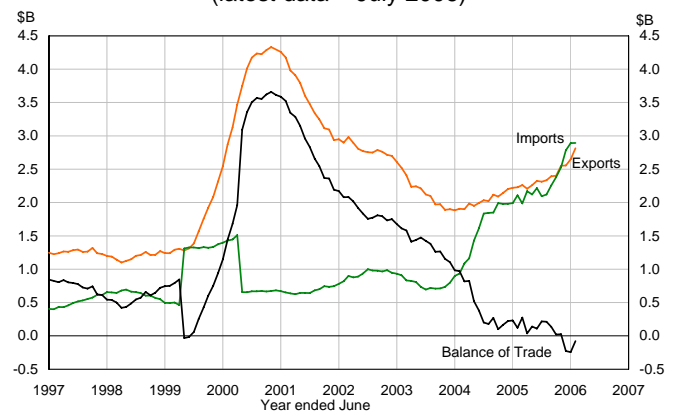
Source: ABS Cat. Nos. 6202.0

**Territory Unemployment**  
(latest data – August 2006)



Source: ABS Cat. Nos. 6202.0

**Territory Merchandise Trade Balance\***  
(latest data – July 2006)



\* moving annual total  
Source: ABS Cat. Nos. 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
<b>Economic Growth</b>											
Gross State/Domestic Product <sup>(a)</sup>	2004-05	% change	3.6	1.1	2.3	4.0	2.6	2.7	4.0	3.0	2.3
State Final Demand <sup>(a)</sup>	Year to June 06	% change	7.2	2.2	2.9	6.7	2.6	10.4	5.1	3.6	4.2
International Goods Exports	Year to August 06	% change	31.5	17.4	6.2	29.3	16.2	22.5	12.0	-66.7	20.3
International Goods Imports	Year to August 06	% change	53.2	8.2	9.5	13.8	5.5	35.2	-10.2	-88.0	12.8
<b>Demography</b>											
Population	Mar-05 Qtr to Mar-06 Qtr	% change	1.8	0.8	1.3	2.0	0.8	1.9	0.7	0.8	1.3
<b>Labour Market</b>											
Employment (trend)	August 05 to August 06	% change	7.1	1.1	2.5	3.3	1.5	2.2	2.0	4.7	2.2
Participation Rate (trend)	As at August 05	%	68.8	62.9	64.4	66.6	62.0	68.1	60.3	71.9	64.6
	As at August 06	%	71.3	63.2	64.8	67.0	62.3	67.6	61.1	74.2	65.0
Unemployment Rate (trend)	As at August 05	%	4.8	5.1	5.4	5.0	4.9	4.4	6.2	3.2	5.1
	As at August 06	%	4.3	5.4	4.8	4.5	4.8	3.3	6.2	2.8	4.8
ANZ Job Ads	Year to August 06	% change	2.0	-9.4	-12.6	-9.7	-5.7	9.4	-10.7	12.6	-5.9
<b>Prices and Wages</b>											
Consumer Price Index	Jun 05 Q to Jun 06 Q	% change	4.2	3.8	3.9	4.1	3.8	4.7	3.5	4.8	4.0
	Year to Jun 06 Q	% change	3.4	3.0	3.1	3.1	3.2	4.3	3.2	3.6	3.2
Average Weekly Earnings (full-time adult total earnings)	As at May 06	\$	1091.2	1123.3	1080.8	1035.6	1022.2	1124.0	982.7	1218.2	1088.3
<b>Housing Sector</b>											
Building Approvals (number)	Year to August 06	% change	-9.7	-14.2	-7.0	-4.0	5.0	9.1	-3.1	-15.2	-4.8
Housing Finance for Owner Occupation (number)	Year to July 06	% change	22.3	11.5	8.9	12.9	8.2	19.9	6.3	12.2	12.2
Housing Affordability Indicator <sup>(b)</sup>	As at June quarter 06	Level	51.7	27.0	31.9	29.7	33.2	32.6	31.7	52.0	30.1
<b>Consumer Spending</b>											
Retail Trade (current \$)	Year to August 06	% change	6.5	3.6	3.8	6.6	2.8	7.4	7.1	5.8	4.7
New Motor Vehicle Sales (No.)	Year to August 06	% change	-2.8	-5.4	-4.1	-1.6	-3.1	10.8	-7.2	-4.0	-2.5
Tourist Accommodation - Takings (current \$)	Year to June 06	% change	3.4	7.0	11.5	8.2	9.9	13.9	8.6	9.6	8.9

\* 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.