

Territory Economic Review

September 2006

The Territory Economy in 2005-06

On the basis of economic indicators available for the complete 2005-06 financial year, the Territory economy has out-performed the national economy, (see Table 1). In 2005-06 the Territory reported significantly stronger resident employment and population growth than the national economy, reflecting in large part the impact of the resources boom. The most volatile component of Territory population growth is net interstate migration which recorded a gain of 477 people in 2005, reflecting the strengthening employment market in the Territory and the robust demand for skilled labour. An additional signal of the performance of the Territory's employment market is the 4.9 per cent growth in average weekly earnings, exceeding the 4.4 per cent reported nationally.

In the Territory the housing and property markets have well established links to the on-shore economy. In 2005-06 growth in both the number of housing finance applications and house prices have significantly exceeded national growth (see Table 1). Retail turnover growth is linked to the housing market via expenditure on 'household goods', which includes; furniture, floor coverings, domestic hardware, appliances and recorded music. Expenditure in this category of retail turnover grew by 9.7 per cent in 2005-06, and contributed significantly to the 5.1 per cent growth rate of total retail turnover in the Territory.

Table 1
The Territory's Economic Performance in 2005-06

	Growth in 2005-06*	
	Northern Territory	Australia
Employment	4.0%	2.2%
Population [#]	1.8%	1.2%
Average weekly earnings	4.9%	4.4%
Housing Finance (number)	23.6%	11.2%
House Price Index	18.6%	3.5%
Retail Turnover (nominal)	5.1%	4.3%
CPI**	3.4%	3.2%
Petrol Prices	18.2%	20.0%
Building Approvals (number)	-6.3%	-7.3%
Motor Vehicle Sales (number)	0.0%	-1.1%

* year on year percentage change

[#] growth in calendar year 2005

** CPI measure for Darwin versus Eight Capital Cities weighted average

The CPI reports price increases of 3.4 per cent in Darwin in 2005-06 compared to 3.2 per cent nationally. The most significant contributor to the higher consumer inflation rate in Darwin was housing, followed by increases in the prices of fruit and vegetables (particularly bananas) and fuel. While petrol prices are typically higher in the Territory due to transportation costs and distances from refineries, growth in petrol prices in the Territory track national growth rates in 2005-06 (see Table 1).

Residential building approvals declined by 6.3 per cent in the Territory in 2005-06. Despite the decline, the number of residential approvals remains close to historically high levels. The number of approvals for 'other residential' declined significantly, the number of approvals for 'houses' was flat while a substantial increase in approvals for 'alterations and additions and conversions' was reported. Similarly, growth in the number of motor vehicles sales in the Territory was flat in 2005-06, but nevertheless the number of vehicle sales remains close to historic highs.

As measured by these economic indicators, the Territory's economic performance in 2005-06 can be described as strong. The resources boom has created strong employment and population growth, while contributing to the strength in the housing and property markets and retail turnover.



Territory Economic Review - September 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	5.4	6.7	3.7	6.0	4.2	8.0	4.2	Mar Q 06	3.5
Public Consumption	4.7	5.5	0.0	0.4	2.7	2.3	4.2	Mar Q 06	0.3
Total Consumption Expenditure	5.1	6.2	2.1	3.5	3.6	5.6	4.2	Mar Q 06	2.2
Private Investment									
<i>Dwellings</i>	43.5	-25.3	-40.4	3.4	11.8	-2.4	24.7	Mar Q 06	12.5
<i>Other buildings and structures</i>	173.6	-58.9	-22.7	124.7	29.4	8.2	-3.4	Mar Q 06	2.0
<i>Machinery and equipment</i>	47.2	9.0	33.7	-1.4	1.4	3.6	-10.4	Mar Q 06	94.3
<i>Livestock</i>	112.5	-11.8	46.7	9.1	-54.2	145.5	0.0	Mar Q 06	-11.1
<i>Intangible fixed assets**</i>	-21.3	-17.6	-17.6	50.9	-42.1	-19.2	59.8	Mar Q 06	86.8
<i>Ownership transfer costs</i>	4.7	-7.8	-21.7	15.4	4.0	28.2	6.0	Mar Q 06	0.0
Business Investment [#]	89.0	-40.5	-0.8	52.2	7.9	7.7	-1.6	Mar Q 06	21.9
Total Private Investment	71.9	-36.8	-11.0	43.4	8.2	6.6	1.8	Mar Q 06	19.7
Public Investment	-34.3	43.6	46.1	18.9	-35.7	-0.2	30.2	Mar Q 06	-5.6
Total Investment	52.5	-30.4	-1.7	37.5	-0.9	5.7	5.4	Mar Q 06	16.3
State Final Demand	16.9	-6.0	1.2	11.5	2.2	5.6	4.5	Mar Q 06	6.0
State Final Demand less L-C and B-U^{##}	5.7	2.0	1.3	10.2	0.5	4.4	9.9	Mar Q 06	8.3
International Trade - export of goods	-1.5	47.2	30.0	-22.6	-11.0	-23.8	-6.2	Mar Q 06	-6.6
International Trade - import of goods	-27.7	177.9	-62.0	15.3	29.9	4.1	107.5	Mar Q 06	67.5
Total Gross State Product	7.1	-0.4	5.2	1.2	0.1	0.2	3.6	Mar Q 06	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	Jun Q 06	7.0
New Motor Vehicle Sales	-3.4	-8.8	-4.2	-0.3	3.3	8.4	10.7	Jul Q 06	-9.2
Tourist Accommodation Takings	7.0	16.8	1.5	-1.0	-0.1	2.8	13.6	Mar Q 06	2.3
Number of Dwellings Approved	0.0	-30.6	-28.4	-13.8	0.0	23.4	18.4	Jun Q 06	-17.5
Number of Dwellings Commenced	-9.7	-21.1	-34.0	0.1	-4.1	6.0	29.1	Mar Q 06	-24.1
Employment	5.3	-2.3	1.1	5.4	-0.1	-2.2	-2.0	Jul Q 06	8.1
Unemployment rate	4.0	4.4	5.6	6.8	5.8	5.2	6.3	Jul Q 06	-0.3ppt
Darwin Consumer Price Index (year average) ^{##}	0.7	0.7	3.9	3.6	2.2	2.1	1.6	Jun Q 06	4.2
AWOTE [#] (year average)	3.1	4.6	3.7	2.3	5.0	6.5	7.0	Jun Q 06	1.5
Wage Price index (year average)	2.8	2.5	2.8	3.1	3.0	3.3	3.7	Jun Q 06	4.0
Population, December (levels - thousands) ^{##}	191.3	194.3	196.3	198.0	198.2	198.7	200.8	Dec Q 05	204.5
Population (annual % change) ^{##}	1.6	1.6	1.0	0.9	0.1	0.3	1.1	Dec Q 05	1.8
Net Interstate Migration (levels - number) ^{##}	-688	-817	-1621	-2049	-3069	-2895	-1097	Dec Q 05	-4

* 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	31 Aug 06	6.19
10 Year Govt Bond Yield (as at 30 June)	6.27	6.16	6.04	5.99	5.01	5.87	5.11	31 Aug 06	5.67
Exchange Rates									
US\$ per A\$ (year average)	0.63	0.63	0.54	0.52	0.58	0.71	0.75	31 Aug 06	0.75
US\$ per A\$ (as at 30 June)	0.66	0.60	0.51	0.56	0.67	0.69	0.76	31 Aug 06	0.76
Special Drawing Rights* per A\$ (as at 30 June)	0.49	0.45	0.41	0.43	0.47	0.47	0.52	31 Aug 06	0.51
Trade Weighted Index of A\$ (as at 30 June)	58.40	53.60	49.80	52.30	58.98	59.06	64.50	31 Aug 06	63.62

* 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

September 2006			
ABS	5302.0	Balance of Payments and International Investment Position, June quarter	01-Sep-06
ABS	5676.0	Business Indicators, June quarter 2006	04-Sep-06
ABS	8731.0	Building Approvals, July 2006	04-Sep-06
ANZ		ANZ job ads series, August 2006	04-Sep-06
ABS	3401.0	Overseas Arrivals and Departures, July 2006	04-Sep-06
ABS	5206.0	Australian National Accounts, June quarter 2006	06-Sep-06
ABS	6202.0	Labour Force, August 2006	07-Sep-06
ABS	5368.0	International Trade in Goods and Services, July 2006	08-Sep-06
ABS	5609.0	Housing Finance, July 2006	08-Sep-06
ABS	5671.0	Lending Finance, July 2006	11-Sep-06
Westpac-MI		Consumer Sentiment Index September 2006	13-Sep-06
ABS	8750.0	Dwelling Unit Commencements, Preliminary, June quarter 2006	14-Sep-06
Access		Access Economics Five Year Business Outlook	Mid Sept
Westpac-MI		Leading Index, September 2006	20-Sep-06
DEWRSB		Skilled Vacancy Survey, August 2006	20-Sep-06
ABS	9314.0	Sales of New Motor Vehicles, August 2006	21-Sep-06
ABS	3101.0	Population, March quarter 2006	21-Sep-06
ABS	6354.0	Job Vacancies, August quarter 2006	28-Sep-06
October 2006			
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
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, August 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	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

Average Weekly Earnings

In the June quarter 2006, average weekly full time adult earnings (AWE), which includes overtime and bonuses, increased by 2.5 per cent in the Territory, higher than the 0.3 per cent growth reported nationally. In 2005-06 growth in Territory AWE has moderated to 4.9 per cent, from the record growth of 8.0 per cent reported in calendar year 2005. Nationally AWE increased by 4.4 per cent in 2005-06 representing moderation from the 5.6 per cent growth reported in calendar year 2005. The relative strength in Territory AWE growth reflects in part the different composition of the Territory labour market when compared to the national labour market, with a larger emphasis on mining, and government administration, and substantial growth in the construction industry in recent years.

In dollar terms, Territory AWE was \$1 091 in the June quarter 2006, above the national level of \$1 088, and fourth highest of the jurisdictions, behind the Australian Capital Territory, Western Australia and New South Wales.

Labour Price Index

The Territory labour price index (LPI) increased by 0.8 per cent in the June quarter 2006, equal to the national increase. The LPI measures the change in the cost of employing a standard 'basket' of jobs in each jurisdiction in Australia. In 2005-06, the Territory LPI increased by 4.4 per cent, above the increase of 4.1 per cent reported nationally. In the Territory the public sector component of the LPI increased by 0.6 per cent in the quarter and 4.9 per cent in 2005-06, compared to private sector growth of 0.8 per cent in the quarter and 3.9 per cent in 2005-06 (see chart).

The LPI reports solid growth in labour prices over the past year, reflecting the strong demand for skilled labour. Comparing the June quarter 2005 with the June quarter 2006 the LPI increased 4.0 per cent in the Territory compared to 4.2 per cent nationally.

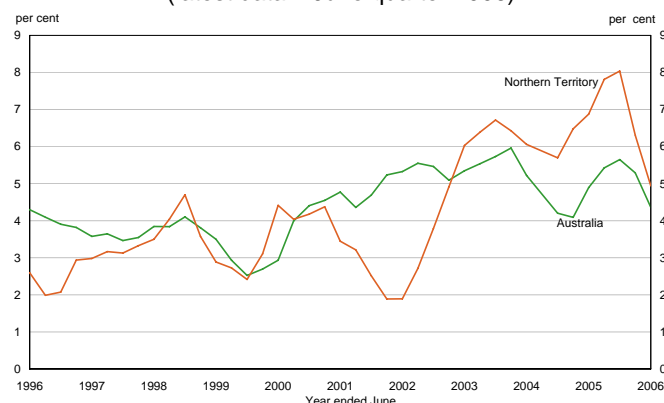
Sensis Business Index

Sensis reports Territory business confidence regarding prospects for the next twelve months increased by 1 percentage point to a net balance of 58 per cent in the August quarter 2006. Business confidence in the Territory exceeds confidence reported at the national level (see chart). The net balance is defined as the difference between the percentage of positive and negative responses. Businesses in the Northern Territory and Queensland recorded the strongest employment expectations for the year ahead, and the Northern Territory recorded the strongest capital expenditure expectations. Finding and keeping good staff was the most frequently cited problem by businesses in the Northern Territory (exceeding all other jurisdictions).

Territory businesses reported that in the survey period (May 2006-July 2006) their 'actual' experience exceeded their 'expectations' for capital expenditure, but was below 'expectations' for prices, sales value, wages bill, size of workforce and profitability.

Average Weekly Earnings*

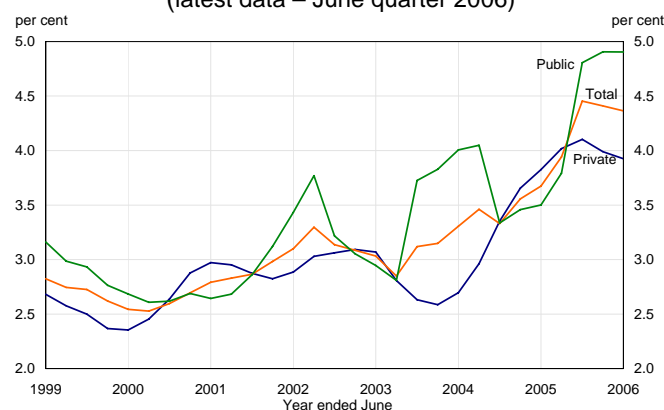
(latest data – June quarter 2006)



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

Northern Territory Labour Price Index*

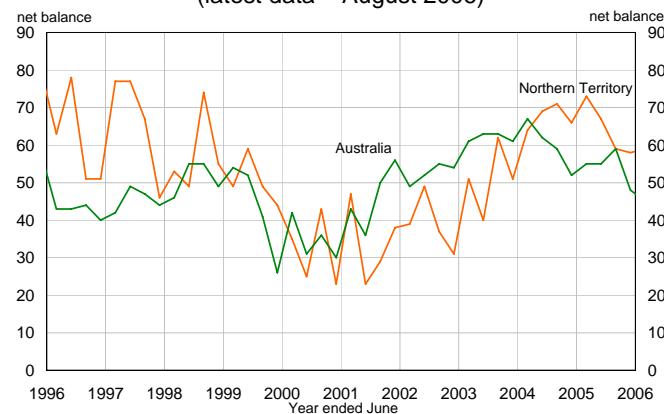
(latest data – June quarter 2006)



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

Sensis Business Index

(latest data – August 2006)



Source: Sensis Business Report, August quarter 2006

Retail Turnover

Seasonally adjusted retail turnover in the Territory increased by 1.1 per cent in June 2006, compared to a 1.0 per cent increase nationally. In 2005-06, retail turnover increased by 5.1 per cent in the Territory, the fifth highest growth of the jurisdictions, and higher than nationally. As the chart shows, growth in nominal retail turnover in the Territory has rebounded from recent lows.

Total retail expenditure is divided, by the Australian Bureau of Statistics, into six broad categories. In 2005-06 growth was driven by expenditure in the 'hospitality and services' category, which includes expenditure in hotels, pubs, clubs, taverns, restaurants, cafes, hair salons, beauty stores and video hire, and which contributed 2.8 percentage points to growth. This was supported by growth in expenditure on 'household goods' which includes furniture and floor coverings, domestic hardware, appliances and recorded music, and which contributed 1.2 percentage points to growth.

Sales of New Motor Vehicles

Territory seasonally adjusted new motor vehicle sales decreased by 3.8 per cent in July 2006 to 734. Nationally, sales increased by 2.6 per cent in the month. In the year to July 2006 Territory new motor vehicle sales decreased by 2.2 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 1.3 per cent in the year.

In the year to July 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 8.4 per cent (to 3 011) and contributing 2.5 percentage points to growth. In contrast sales of sports utility vehicles (SUV's) and passenger vehicles continued to decline, subtracting 2.0 and 2.6 percentage points from growth respectively.

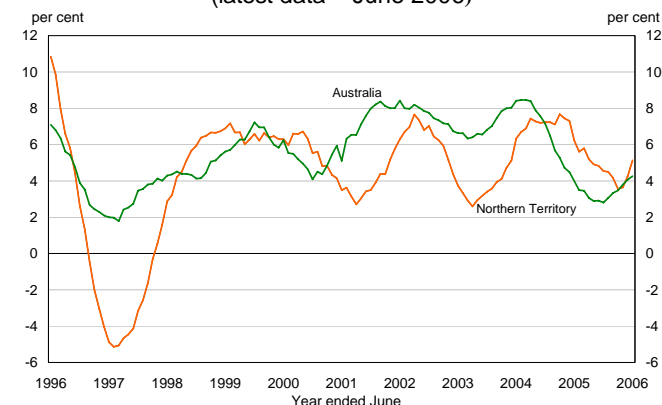
Petrol Prices

In July 2006, fuel prices increased by 1.4 cpl in Darwin while the eight capital cities weighted average price decreased by 0.4 cpl. Darwin recorded an average unleaded petrol price of 144.8 cpl, compared to 136.0 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, marginally higher than the average differential of 8.2 cpl in the year. Compared to July 2005 petrol prices in Darwin have increased by 25.6 per cent, compared to a 22.7 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 increased by 6.6 per cent in July 2006 averaging \$US74.27 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*

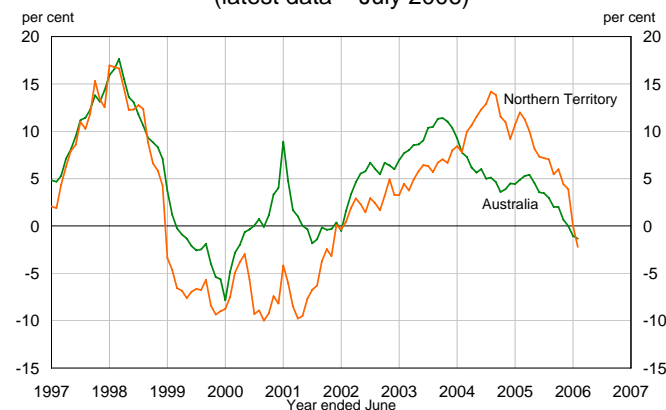
(latest data – June 2006)



* year on year percentage change in nominal retail turnover
Source: ABS Cat. No. 8501.0

Motor Vehicle Sales*

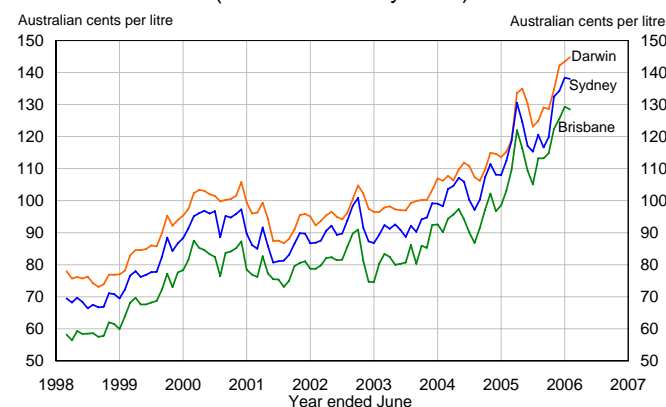
(latest data – July 2006)



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

Petrol Prices

(latest data – July 2006)



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

Housing Finance for owner Occupation

In June 2006, the number of seasonally adjusted owner-occupier housing finance commitments in the Territory decreased by 1 to 642, while nationally, commitments increased by 1.3 per cent in the month. In 2005-06 the number of Territory finance commitments increased by 1 556, or 23.6 per cent to 8 152, compared to an 11.2 per cent increase nationally. Excluding refinancing, Territory commitments increased by 22.6 per cent compared to an 11.1 per cent increase nationally.

Of the 1 556 additional commitments in the Territory 1 454 were for the purchase of an established dwelling, 29 were for the construction of a new dwelling and there were 73 purchases of new dwellings. As the chart shows, the ratio of purchases of 'established dwellings' to the 'construction and purchase of new dwellings' is currently about seven to one in the Territory.

House Price Index

The ABS house price index (HPI) measures the growth in prices of established homes, across capital cities and nationally. In the June quarter 2006 prices of established houses increased by 3.6 per cent in Darwin, the second highest quarterly growth rate of the jurisdictions behind Perth. Compared to the June quarter 2005, prices of established homes have increased 18.7 per cent in Darwin, the second highest annual growth rate of the jurisdictions, and behind the very substantial 35.4 per cent annual growth rate in Perth (see chart). Sydney was the only capital city to report an annual decrease in the index.

The ABS also reports on price growth associated with the construction of new homes (excluding land value), and reports an increase of 4.1 per cent for Darwin in the June quarter 2006. Annually the price of constructing a new home in Darwin increased by 11.3 per cent, significantly higher than the 3.2 per cent growth reported nationally.

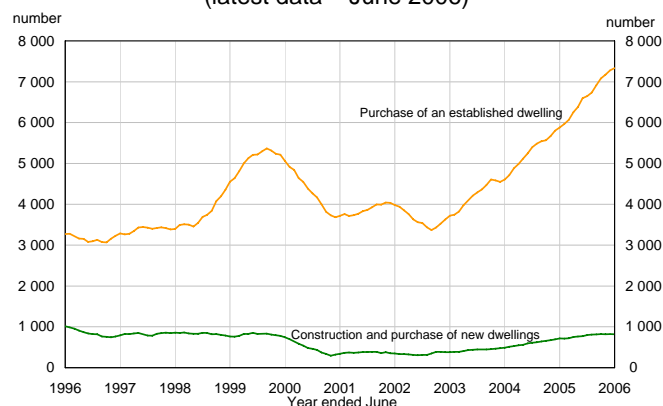
REINT Vacancy Rates in Darwin

Vacancy rates peaked in Darwin in December 2001, at 14.9 per cent for units and 7.3 per cent for houses (see chart), however, since December 2001, vacancy rates in Darwin for both houses and units have been declining. In the June quarter 2006 the Real Estate Institute of the Northern Territory (REINT) report vacancy rates in Darwin of just 1.8 per cent for houses and 1.7 per cent for units.

The REINT also report that in the June quarter 2006 there were 432 house sales in Darwin 'overall', of which 49 were in 'inner' Darwin, 176 were in the northern suburbs and 207 were in the city of Palmerston. The median prices reported for the June quarter 2006 were \$613 773, \$424 978 and \$317 246 respectively. In addition, the REINT reports that there were 385 unit sales in Darwin 'overall' in the June quarter 2006, of which 207 were in 'inner' Darwin, 109 were in the northern suburbs and 69 in Palmerston, again with median prices of \$331 658, \$239 936 and \$230 833 respectively.

Housing Finance for owner-occupation*

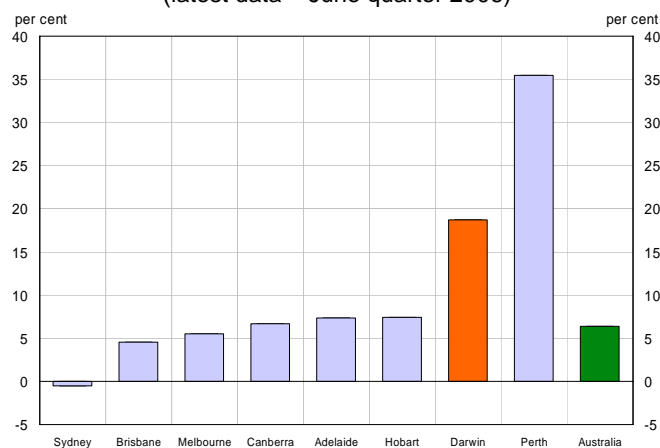
(latest data – June 2006)



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

House price Index

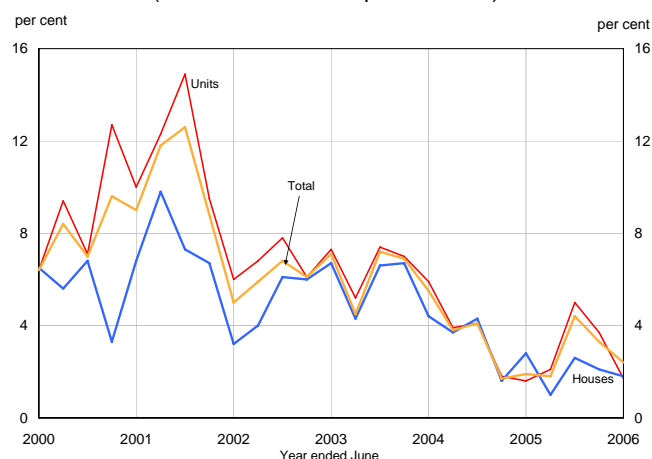
(latest data – June quarter 2006)



Source: ABS Cat. Nos. 6416.0

Vacancy Rates for Houses and Units in Darwin

(latest data – June quarter 2006)



Source: Source: Real Estate Institute of the Northern Territory

Residential Building Approvals

In the Territory, residential building approvals increased by 12 to 83 (in original terms) in June 2006, with 7 private and 5 public sector approvals. Of the private sector approvals in the month, 16 were approvals for 'other residential' while approvals for houses and 'alterations and additions' decreased by 5 and 4 respectively. There were zero approvals for both 'conversions' and 'residential building in a non-residential facility' (such as a care-taker or park-ranger dwelling). In the public sector there were 3 approvals for houses and 2 approvals for 'other residential'.

In 2005-06, residential building approvals in the Territory decreased by 6.3 per cent to 1 301, placing the Territory fifth in a ranking of jurisdictions (see chart). Of the 1 301 residential building approvals in the Territory in 2005-06, 98 per cent were in the private sector, of which just over half were approvals for houses, the remainder being primarily for 'other residential'.

Total Construction Work Done

In seasonally and inflation adjusted terms, total construction work done in the Territory, decreased by 12.8 per cent, to \$537.7 million, in the June quarter 2006. The decrease in the quarter was driven by a 21.9 per cent fall in engineering construction activity (to \$372.6 million) and was despite increases in both residential and non-residential building of 18 and 62.3 per cent respectively. Nevertheless, in 2005-06, the value of total construction activity in the Territory increased by 4.7 per cent, (to \$2.35 billion).

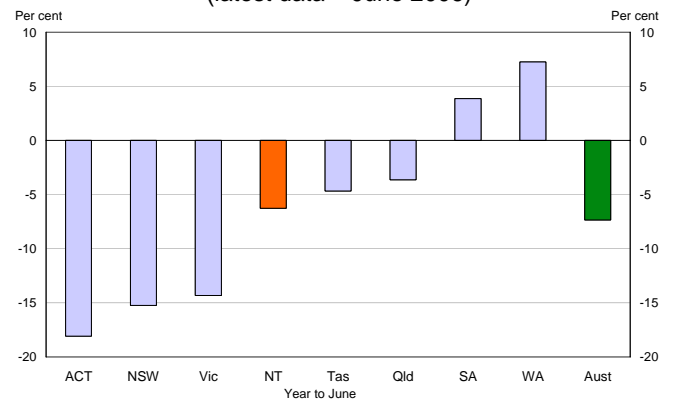
At \$2.35 billion in 2005-06, the value of total construction activity is close to historically high levels (see chart). In 2005-06 total building activity (residential plus non-residential construction) increased by 13.1 per cent to \$587 million and total engineering work increased by 2.2 per cent to \$1.77 billion.

Rider Hunt Construction Forecasts

The Rider Hunt *Construction Cost Commentary* is published twice yearly and aims to provide insight into the key factors influencing construction costs (and therefore tender prices) in the capital cities of Australia. Additionally it provides the reported level of the tender price index in each capital city (see chart), and a medium term forecast of changes in construction costs. In their July 2006 report, Rider Hunt identify Perth and Darwin as the two capital cities with the most upward pressure being exerted on construction costs. In Darwin's case this cost pressure is attributed to; limited availability of resources, skill shortages and escalation of building material and fuel costs.

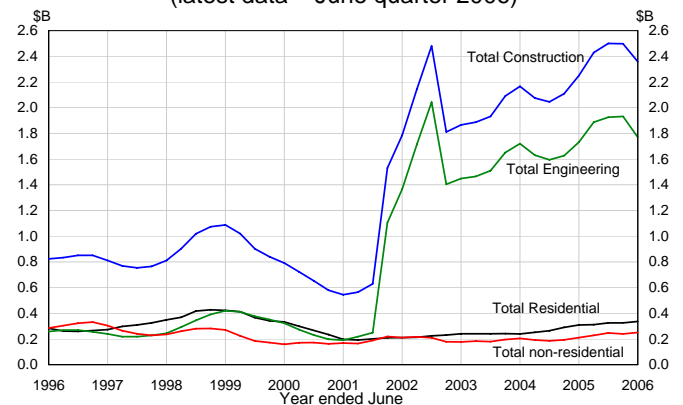
The Rider Hunt Tender Price Index (TPI) is calculated based on the feedback from and knowledge of, the construction industry, regarding costs associated with all stages of the production/construction process, for a specifically defined commercial project.

Residential Building Approvals* (latest data – June 2006)



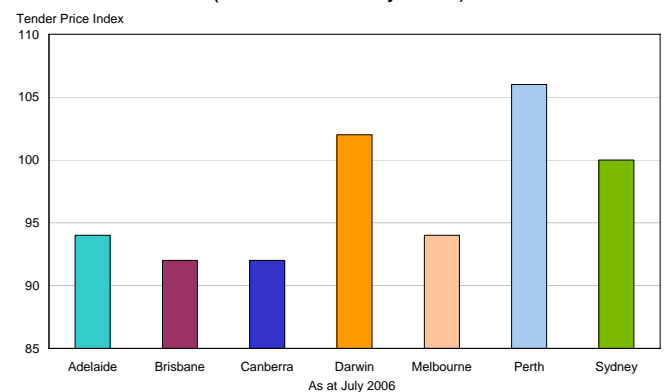
* year on year percentage change
Source: ABS Cat. No. 8731.0

Total Construction Work Done* (latest data – June quarter 2006)



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

Tender Price Index* (latest data – July 2006)



* tender price index, Sydney = base = 100
Rider Hunt Construction Cost Commentary July 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 1000 to 102 500 in July 2006. Nationally, seasonally adjusted employment increased by 50 700 in the month to around 10.2 million employed persons.

A comparison of Territory resident employment in July 2006 with employment in July 2005 shows an increase of 7.7 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 4.7 per cent, the highest growth rate (in year on year terms) in the Territory since July 2002.

Unemployment

The Territory's trend unemployment rate decreased to 4.7 per cent in July 2006 from 5.0 per cent reported in June 2006. The unemployment rate has now reported its fifth consecutive month of decline. Compared to July 2005, the unemployment rate has decreased by 0.1 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 fourth lowest trend unemployment rate of the jurisdictions.

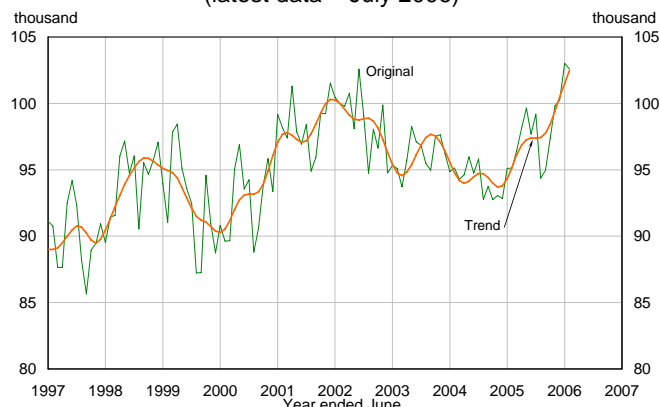
At the national level, the seasonally adjusted unemployment rate (the figure most commonly quoted in the media) decreased to 4.8 per cent in July 2006, the sixth consecutive month of decline.

International Trade

Territory merchandise exports increased by 18.1 per cent in 2005-06 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 45.3 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 have also contributed to the increasing value of imports into the Territory in 2005-06.

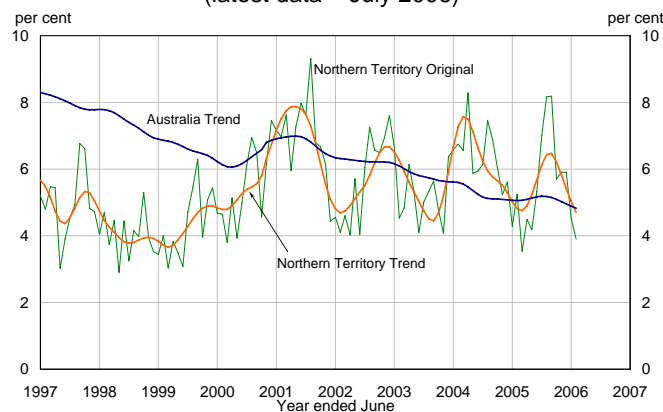
The Territory's goods trade balance decreased by 214.7 per cent (\$498 million) in 2005-06, to a deficit of \$266 million (see chart). This is only the fourth time the Territory has reported a trade deficit (over a twelve month period), the last time being in late 1999 which was attributable to the importation of the *Northern Endeavour*, an off-shore floating production storage facility for the Lamanaria-Corallina oil fields.

Territory Employment (latest data – July 2006)



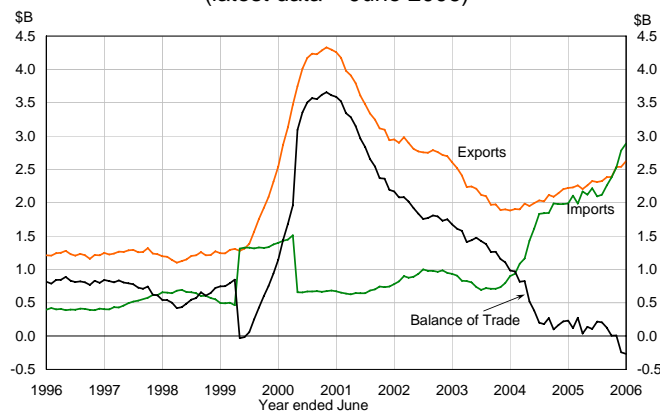
Source: ABS Cat. Nos. 6202.0

Territory Unemployment (latest data – July 2006)



Source: ABS Cat. Nos. 6202.0

Territory Merchandise Trade Balance* (latest data – June 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
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 March 06	% change	10.2	2.9	4.0	6.1	3.6	9.0	6.2	2.0	4.6
International Goods Exports	Year to June 06	% change	18.1	16.5	2.4	34.0	17.6	21.9	8.5	n.a.	20.4
International Goods Imports	Year to June 06	% change	45.3	8.0	8.6	14.6	9.3	34.9	-14.1	-88.5	12.5
Demography											
Population	Dec-04 Qtr to Dec-05 Qtr	% change	1.8	0.8	1.2	1.9	0.6	1.7	0.7	0.8	1.2
Labour Market											
Employment (trend)	July 05 to July 06	% change	7.7	1.0	2.0	2.6	1.1	2.3	2.7	3.6	1.9
Participation Rate (trend)	As at July 05	%	68.3	62.9	64.5	66.7	62.0	68.1	60.0	72.0	64.6
	As at July 06	%	71.3	63.0	64.7	66.6	62.2	67.5	61.4	73.6	64.8
Unemployment Rate (trend)	As at July 05	%	4.8	5.0	5.4	5.0	4.9	4.6	6.1	3.2	5.1
	As at July 06	%	4.7	5.2	5.1	4.5	5.0	3.3	6.4	2.8	4.8
ANZ Job Ads	Year to July 06	% change	2.0	-9.4	-13.1	-10.9	-5.2	9.6	-10.9	11.9	-6.2
Prices and Wages											
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
Housing Sector											
Building Approvals (number)	Year to June 06	% change	-6.3	-15.2	-14.3	-3.6	3.9	7.2	-4.7	-18.1	-7.3
Housing Finance for Owner Occupation (number)	Year to June 06	% change	23.6	10.6	8.0	11.8	7.0	19.6	5.7	10.0	11.2
Housing Affordability Indicator ^(b)	As at December 05 Qtr	Level	53.7	27.4	32.0	30.0	35.6	37.2	32.5	53.6	31.1
Consumer Spending											
Retail Trade (current \$)	Year to July 06	% change	6.1	3.4	3.6	6.4	2.7	7.2	7.3	5.7	4.5
New Motor Vehicle Sales (No.)	Year to July 06	% change	-2.2	-4.2	-2.9	-0.1	-2.5	11.1	-5.5	-1.3	-1.3
Tourist Accommodation - Takings (current \$)	Year to March 06	% change	6.0	6.6	11.3	8.3	7.6	14.7	10.1	10.2	8.8

* 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.

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