

Territory Commodity Projects Update

Mining and energy is the Territory's largest industry in terms of output, accounting for 25 per cent of gross state product in 2005-06, compared to 7 per cent nationally. Recent growth in commodity prices and solid demand from China has seen mining and energy production, exports and exploration increase significantly. While Alcan's Gove refinery, Bootu Creek and Groote Eylandt's manganese operations and the McArthur River project make up an estimated 81 per cent of mineral production in 2006-07, and liquefied natural gas from Wickham Point accounts for 30 per cent of energy production, other projects have recently come on-line or are in the construction phase.

ENI's Black Tip gas project is valued at an estimated \$750 million and began construction in 2007. Site works for the future gas processing plant outside Wadeye are now nearing completion. With the sub sea pipeline from the Bonaparte Gas fields to Wadeye currently under construction, first gas production is forecast for the March quarter 2009 at an initial rate of 650 million cubic metres per year before increasing to 1.1 billion cubic metres. Construction of the onshore gas plant at Wadeye is set to begin in the December quarter 2007 and is expected to supply the Territory with gas for an estimated 25 years.

Compass Resource's \$100 million Bachelor based 'Browns Oxide' project should be fully commissioned by early 2008. Production, forecast to begin in early 2008, is then estimated at 1.3 million tonnes per annum, including ten thousand tonnes of copper cathode, 0.9 thousand tonnes of nickel and one thousand tonnes of cobalt. Compass Resource's has estimated gross earnings from the operation at \$89 million for 2008. The project has a projected life-span of 10 years.

The re-commissioning of the Union Reefs processing plant, located at Burnside near Pine Creek, by GBS Gold in August 2006 has been a further boost to the Territory economy. Construction of the plant at Union Reefs is one of the expansion projects currently in the pipeline for GBS Gold. In addition, GBS is planning to open a mine at Maud Creek near Katherine by mid 2008 to access a one million ounce gold deposit.

Coogee Resource's new \$450 million Timor Sea 'Montara' oil project is in addition to its existing projects in the Jabiru and Challis oilfields. Preparation of the production vessel for the Montara field is expected to begin in the September quarter 2008, with operations planned over the following 12 years. This project currently estimates output of 37 million barrels of oil per year.

Recent Territory infrastructure investments have re-opened previously non-viable mining projects. The Darwin to Adelaide rail link has been one factor that has facilitated the re-opening of the Frances Creek open-cut pits by Territory Iron. Iron ore is now being railed from Frances to Darwin daily with 1.5 million tonnes of iron ore produced annually for a minimum of 5 years. Other transport industry enhancements include the new port of Darwin's \$24 million bulk handling facility and the new 'Mocean' shipping link from Darwin and North-West Western Australia to Surabaya, Indonesia. The new shipping link commenced in July 2007, and the 3200 tonne vessel operates primarily to service the mining industry.



Territory Economic Review - September 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 | 2006-07 | Latest available | Annual % change [*] |
| Expenditure on GSP (2003-04 prices) | | | | | | | | | | | |
| Private Consumption | | 6.6 | 3.5 | 6.5 | 4.6 | 7.6 | 4.9 | 4.8 | 3.0 | Jun Q 07 | 3.5 |
| Public Consumption | | 7.9 | 1.2 | 0.4 | 2.5 | 3.6 | 3.4 | 2.4 | 3.9 | Jun Q 07 | 2.5 |
| Total Consumption Expenditure | | 7.2 | 2.5 | 3.8 | 3.7 | 5.9 | 4.3 | 3.8 | 3.4 | Jun Q 07 | 3.1 |
| Private Investment | | | | | | | | | | | |
| <i>Dwellings</i> | | -25.2 | -40.4 | 3.8 | 9.3 | -1.9 | 38.5 | 3.0 | -4.7 | Jun Q 07 | -28.1 |
| <i>Other buildings and structures</i> | | -58.8 | -22.8 | 125.6 | 26.5 | 8.6 | 0.8 | 6.1 | -3.9 | Jun Q 07 | -22.4 |
| <i>Machinery and equipment</i> | | 11.9 | 31.1 | 2.5 | 6.3 | 8.8 | -10.9 | 32.7 | 1.2 | Jun Q 07 | 76.1 |
| <i>Livestock</i> | | -11.1 | 43.8 | 8.7 | -56.0 | 163.6 | -3.4 | 3.6 | -44.8 | Jun Q 07 | -44.8 |
| <i>Intangible fixed assets</i> ** | | -17.5 | -17.1 | 50.0 | -42.2 | -19.2 | 60.3 | 98.0 | -3.5 | Jun Q 07 | -39.3 |
| <i>Ownership transfer costs</i> | | -7.3 | -20.2 | 15.5 | 4.9 | 24.4 | 7.5 | 8.7 | -2.4 | Jun Q 07 | -3.2 |
| Business Investment [#] | | -39.9 | -1.6 | 54.2 | 7.8 | 9.3 | 0.7 | 18.6 | -4.3 | Jun Q 07 | -5.3 |
| Total Private Investment | | -36.1 | -11.7 | 45.4 | 8.0 | 7.7 | 5.4 | 15.8 | -4.3 | Jun Q 07 | -8.9 |
| Public Investment | | 41.8 | 46.6 | 18.8 | -33.2 | 1.4 | 26.1 | -5.0 | 23.5 | Jun Q 07 | 22.4 |
| Total Investment | | -30.0 | -2.5 | 39.1 | -0.3 | 6.9 | 8.1 | 12.7 | -0.8 | Jun Q 07 | -4.3 |
| State Final Demand | | -5.0 | 1.6 | 12.1 | 2.3 | 6.2 | 5.4 | 6.4 | 2.1 | Jun Q 07 | 0.7 |
| State Final Demand less L-C and B-U^{###} | | 2.8 | 1.7 | 10.8 | 0.7 | 5.0 | 10.5 | 7.9 | 2.5 | Jun Q 07 | 0.7 |
| International Trade - export of goods | | 47.2 | 30.0 | -22.6 | -11.0 | -23.7 | -6.2 | -1.7 | 45.3 | Jun Q 07 | 22.1 |
| International Trade - import of goods | | 178.2 | -62.0 | 15.1 | 29.9 | 4.1 | 107.5 | 27.4 | -5.3 | Jun Q 07 | -24.0 |
| Total Gross State Product | | 1.1 | 5.5 | 1.6 | 0.2 | 0.2 | 6.0 | 7.5 | N/A | | |
| 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 | 2006-07 | Latest | Annual % change ^{**} |
| Real Retail Turnover | | 5.8 | -0.7 | 4.1 | 2.2 | 5.1 | 5.3 | 2.8 | 8.4 | Jun Q 07 | 6.5 |
| New Motor Vehicle Sales | | -8.8 | -4.2 | -0.3 | 3.3 | 8.4 | 10.7 | 0.0 | 4.1 | Jul 07 | 8.8 |
| Tourist Accommodation Takings | | 16.8 | 1.5 | -1.0 | -0.1 | 2.8 | 13.6 | 3.4 | #N/A | Mar Q 07 | 20.7 |
| Number of Dwellings Approved | | -30.6 | -28.4 | -13.8 | 0.0 | 23.4 | 18.4 | -1.8 | 7.5 | Jul 07 | -10.6 |
| Number of Dwellings Commenced | | -21.1 | -34.0 | 0.1 | -4.1 | 6.0 | 29.1 | 1.3 | #N/A | Mar Q 07 | 47.9 |
| Employment | | -2.3 | 1.5 | 4.6 | 1.1 | -2.9 | -1.3 | 3.0 | 5.3 | Jul 07 | 4.3 |
| Unemployment rate | | 4.4 | 5.6 | 6.7 | 5.5 | 5.2 | 5.7 | 5.5 | 3.8 | Jul 07 | 3.9 |
| Darwin Consumer Price Index ^{###} | | 0.7 | 3.9 | 3.6 | 2.2 | 2.1 | 1.6 | 2.6 | 4.4 | Jun Q 07 | 3.7 |
| AWOTE [#] (year average) | | 4.6 | 3.7 | 2.3 | 5.0 | 6.5 | 7.0 | 3.9 | 0.7 | May Q 07 | 0.4 |
| Wage Price index (year average) | | 2.5 | 2.8 | 3.1 | 3.0 | 3.3 | 3.7 | 4.4 | 3.9 | May Q 07 | 4.1 |
| Population, December (levels - thousands) ^{###} | | 194.3 | 196.3 | 198.4 | 199.3 | 200.7 | 204.0 | 208.8 | 212.6 | Dec Q 06 | 212.6 |
| Population (annual % change) ^{###} | | 1.6 | 1.0 | 1.1 | 0.5 | 0.7 | 1.6 | 2.4 | 1.8 | Dec Q 06 | 1.8 |
| Net Interstate Migration (levels - number) ^{###} | | -817 | -1621 | -2049 | -3069 | -2895 | -1097 | 520 | -356 | Dec Q 06 | -356.0 |

^{*} 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 | 2006-07 | 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 | 6.43 | 31 Aug 07 | 6.87 |
| 10 Year Govt Bond Yield (as at 30 June) | | 6.16 | 6.04 | 5.99 | 5.01 | 5.87 | 5.11 | 5.79 | 6.26 | 31 Aug 07 | 5.92 |
| Exchange Rates | | | | | | | | | | | |
| US\$ per A\$ (year average) | | 0.63 | 0.54 | 0.52 | 0.58 | 0.71 | 0.75 | 0.75 | 0.79 | 31 Aug 07 | 0.80 |
| US\$ per A\$ (as at 30 June) | | 0.60 | 0.51 | 0.56 | 0.67 | 0.69 | 0.76 | 0.74 | 0.85 | 31 Aug 07 | 0.82 |
| Special Drawing Rights [*] per A\$ (as at 30 June) | | 0.45 | 0.41 | 0.43 | 0.48 | 0.47 | 0.52 | 0.51 | 0.56 | 31 Aug 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 | 68.92 | 31 Aug 07 | 66.24 |

^{*} 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 2007

| | | | |
|------------|---------------|---|------------|
| ABS | 5676.0 | Business Indicators, June Quarter 2007 (<i>no brief</i>) | 03-Sep-07 |
| ABS | 8731.0 | Building Approvals, Australia, July 2007 | 03-Sep-07 |
| ANZ | | ANZ job ads series (<i>no brief</i>), August 2007 | 03-Sep-07 |
| ABS | 3401.0 | Overseas Arrivals and Departures, Australia, July 2007 (<i>no brief</i>) | 04-Sep-07 |
| ABS | 5206.0 | National Accounts - State Final Demand, June Quarter 2007 | 05-Sep-07 |
| ABS | 6202.0 | Labour Force, August 2007 | 06-Sep-07 |
| ABS | 5609.0 | Housing Finance, July 2007 | 10-Sep-07 |
| ABS | 5671.0 | Lending Finance, July 2007 | 11-Sep-07 |
| Westpac-MI | | Consumer Sentiment Index (<i>no brief</i>) | 12-Sep-07 |
| ABS | 8412.0 | Mineral and Petroleum Exploration, Australia, June Quarter 2007 (<i>no brief</i>) | 12-Sep-07 |
| ABS | 6291.0.55.001 | Labour Force by Industry (<i>no brief</i>), August 2007 | 13-Sep-07 |
| ABS | 8750.0 | Dwelling Commencements Australia, Preliminary, June Quarter 2007 | 13-Sep-07 |
| AAA | | Petrol Prices, August 2007 | Mid Sep-07 |
| Westpac-MI | | Leading Index (<i>no brief</i>) | 19-Sep-07 |
| ABS | 9314.0.55.001 | Sales of New Motor Vehicles, August 2007 | 21-Sep-07 |
| ABS | 3101.0 | Population, March Quarter 2007 | 24-Sep-07 |
| DEWRSB | | Skilled Vacancy Survey | 26-Sep-07 |
| ABS | 6354.0 | Job Vacancies, Australia, August Quarter 2007 (<i>no brief</i>) | 27-Sep-07 |
| ABS | 8635.0 | Tourist Accommodation, June Quarter 2007 | 28-Sep-07 |

October 2007

| | | | |
|------------|---------------|---|------------|
| ABS | 5368.0 | International Trade in Goods & Services, August 2007 | 03-Oct-07 |
| ABS | 8501.0 | Retail Trade, August 2007 | 03-Oct-07 |
| Access | | Access Economics Five Year Business Outlook, September Quarter 2007 | 03-Oct-07 |
| ABS | 8731.0 | Building Approvals, Australia, August 2007 | 04-Oct-07 |
| ANZ | | ANZ job ads series (<i>no brief</i>), September 2007 | 08-Oct-07 |
| ABS | 3401.0 | Overseas Arrivals and Departures, Australia (<i>no brief</i>), August 2007 | 08-Oct-07 |
| ABS | 5609.0 | Housing Finance, Australia, August 2007 | 10-Oct-07 |
| Westpac-MI | | Consumer Sentiment Index (<i>no brief</i>) | 10-Oct-07 |
| ABS | 8762.0 | Engineering Activity, June Quarter 2007 | 11-Oct-07 |
| ABS | 6202.0 | Labour Force, September 2007 | 11-Oct-07 |
| ABS | 8752.0 | Building Activity, June Quarter 2007 | 12-Oct-07 |
| ABS | 8782.0.65.001 | Construction Activity: Chain Volume Measures (<i>no brief</i>) Australia, June Quarter 2007 | 12-Oct-07 |
| ABS | 5671.0 | Lending Finance, Australia, August 2007 | 15-Oct-07 |
| AAA | | Petrol Prices, September 2007 | Mid Oct-07 |
| Westpac-MI | | Leading Index (<i>no brief</i>) | 17-Oct-07 |
| ABS | 6291.0.55.001 | Labour Force by Industry (<i>no brief</i>), September 2007 | 18-Oct-07 |
| ABS | 6457.0 | International Trade Price Indexes, Australia, September Quarter 2007 | 19-Oct-07 |
| ABS | 9314.0 | Sales of New Motor Vehicles, Australia, September 2007 | 19-Oct-07 |
| ABS | 6427.0 | Producer Price Indexes, Australia, September Quarter 2007 | 22-Oct-07 |
| ABS | 6401.0 | Consumer Price Index, Australia, September Quarter 2007 | 24-Oct-07 |
| DEWRSB | | Skilled Vacancy Survey | 24-Oct-07 |
| ABS | 6403.0 | Average Retail Prices of selected Items, September Quarter 2007 | 31-Oct-07 |
| ABS | 8731.0 | Building Approvals, Australia, September 2007 | 31-Oct-07 |

Average Weekly Earnings

In the May quarter 2007, in seasonally adjusted terms average weekly full time adult earnings (AWE), which includes overtime and bonuses, decreased by 0.5 per cent in the Territory, while increasing 1.7 per cent nationally. Year on year growth in Territory AWE peaked at 8 per cent in 2005. Territory AWE growth has since moderated in each of the past six quarters. In 2006-07 the ABS report Territory AWE growth of negative 0.1 per cent. This is the first time that Territory AWE has reported negative year on year growth. The AWE measurement is particularly sensitive to the composition of business types participating in the ABS survey. The substantial decline in AWE growth in the Territory may in fact be attributable to the rotation of businesses (both out of and into) the survey sample.

In seasonally adjusted terms, Territory AWE was \$1 086 in the May quarter 2007, below the national level of \$1 138, and fifth highest of the jurisdictions below the ACT, Western Australia, Victoria and New South Wales.

Wage Price Index

The Territory wage price index (WPI) increased by 1.1 per cent in the June quarter 2007, above the national increase of 0.8 per cent. The WPI measures the change in the cost of employing a standard 'basket' of jobs in each jurisdiction in Australia. In year on year terms, the Territory WPI increased by 3.9 per cent in 2006-07, slightly below the national increase of 4.0 per cent. In the Territory the public sector component of the WPI increased by 0.1 per cent in the quarter and 4.0 per cent in 2006-07, compared to private sector growth of 1.9 per cent in the quarter and 3.8 per cent in 2006-07 (see chart).

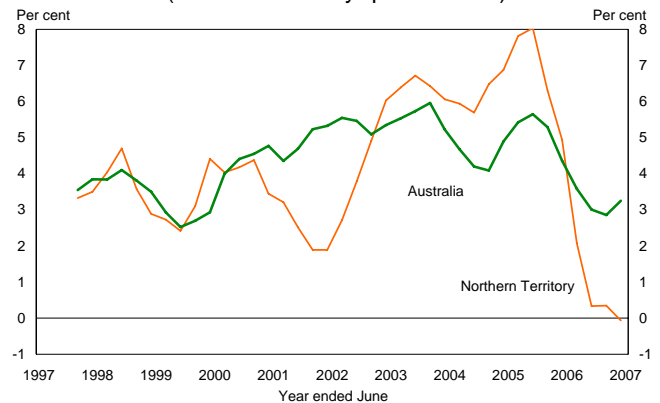
The WPI reports solid growth in labour costs over 2006-07 reflecting the demand for skilled labour. Comparing the June quarter 2007 with the June quarter 2006, the WPI increased 4.1 per cent in the Territory compared to 4.0 per cent nationally.

Sensis Business Index

In the August quarter 2007, Sensis reports Territory business confidence regarding prospects for the next twelve months increased by 4 percentage points to a net balance of 67 per cent, second highest of the jurisdictions. Business confidence in the Territory has remained equal to or above national business confidence for the past twelve quarters (see chart). The net balance is defined as the difference between the percentage of positive and negative responses. The August survey reports on actual outcomes from the May quarter, as well as expectations for the upcoming quarter and year. The Northern Territory reported the highest actual growth in sales value in the previous quarter, twenty four percentage points more than the actual growth in sales value reported nationally for the same period.

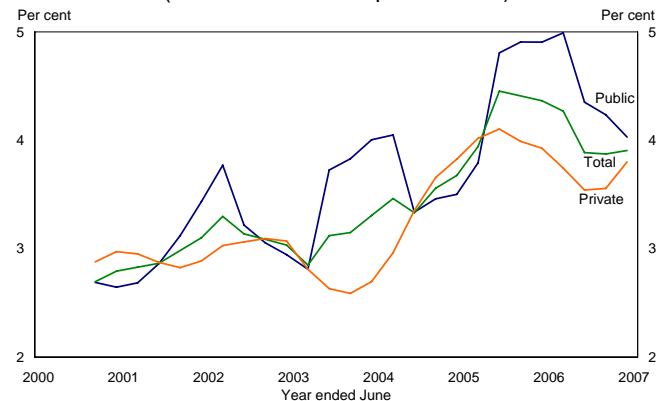
Territory businesses reported that in the August quarter 2007 their 'expectations' for the previous quarter, exceeded their 'actual' experience in all categories.

Average Weekly Earnings* (latest data – May quarter 2007)



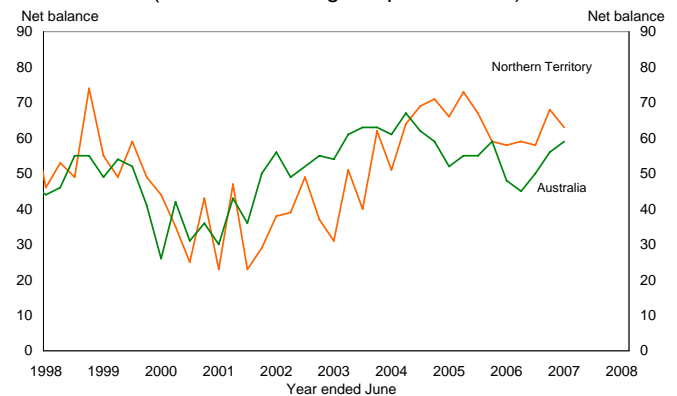
* year on year percentage change
Source: : ABS Cat. No. 6302.0

Territory Wage Price Index (latest data – June quarter 2007)



Source: ABS Cat. No. 6345.0

Sensis Business Index (latest data – August quarter 2007)



Source: Sensis Business Report, February quarter 2007

Retail Turnover

Seasonally adjusted retail turnover in the Territory increased by 1.6 per cent in June 2007, while increasing by 1.4 per cent nationally. In 2006-07, in year on year terms, retail turnover in current prices increased by 11.5 per cent in the Territory, the second highest growth of the jurisdictions behind Western Australia and well above the national level (see chart).

Total retail expenditure is divided, by the Australian Bureau of Statistics (ABS), into six broad categories. In the month of June 2007 (in original terms) current price retail turnover in the Territory totalled \$213 million. Of this total expenditure, 46.7 per cent (or \$99 million) was on 'food', 16.7 per cent (\$36 million) was on 'hospitality and services', 13.9 per cent (\$30 million) was on 'department stores and other retailing', 13.8 per cent (\$29 million) was on 'household goods', 5.0 per cent (\$11 million) was on 'clothing and soft goods', leaving the remaining 3.9 per cent (\$8 million) expenditure on recreation related goods.

Sales of New Motor Vehicles

Territory trend new motor vehicle sales decreased by 0.9 per cent in July 2007 to 810. Sales of passenger vehicles decreased in the month by 1.6 per cent, sales of 'other' vehicles decreased by 0.4 per cent while sales of SUV's have remained steady. Nationally, the total level of motor vehicle sales increased 0.1 per cent in the month of July 2007.

In the year to July 2007, Territory new motor vehicle sales increased by 5.7 per cent to 9 735 (see Chart), the highest year on year growth rate since March 2006. In year on year terms, sales of passenger vehicles increased 7.5 per cent to 4 703, sales of 'other' vehicles increased 0.6 per cent to 3 028, and sales of SUV's increased 9.9 per cent to 2 004. Nationally, sales of new motor vehicles increased 4.4 per cent in the year to July 2007.

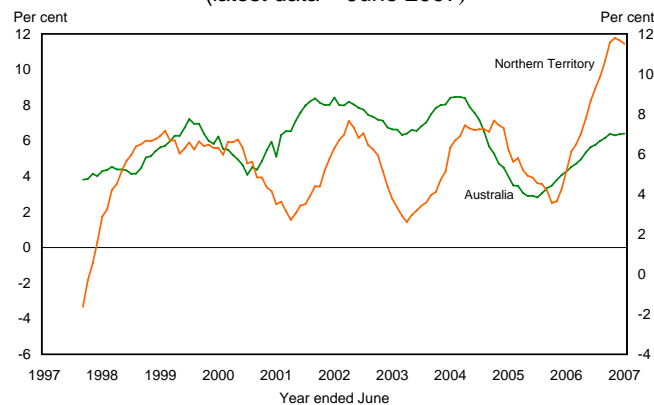
Petrol Prices

In July 2007, fuel prices decreased by 3.4 cpl in Darwin to 138.1 cpl while the eight capital cities weighted average price decreased by 4.9 cpl to 123.9 cpl. This represents a 14.2 cpl price differential between Darwin and the eight capital cities weighted average, the highest differential in 18 months. Compared to July 2006 petrol prices in Darwin have decreased by 6.7 cpl, while nationally the eight capital cities weighted average price decreased by 12.1 cpl. Over the long term, petrol prices in Darwin track other capital cities, though tend to remain higher due to distance from refineries and other competitive factors (see chart).

In A\$ terms, crude oil prices increased by 2.4 per cent in July 2007, averaging A\$91.53 a barrel. Crude oil prices have decreased significantly from the peak reported in mid 2006, however low excess global production capacity means that crude oil prices will remain sensitive to supply shocks in the short to medium term.

Retail Turnover*

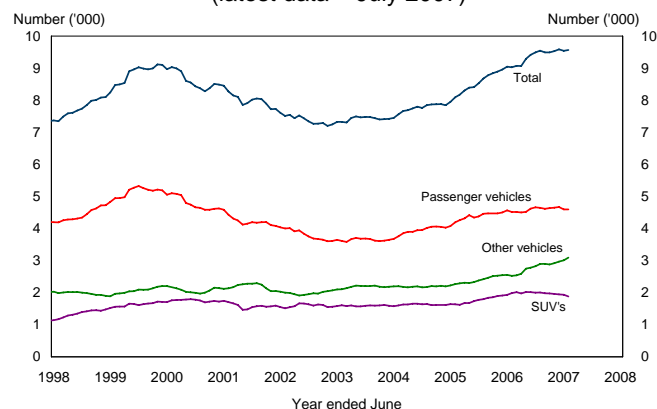
(latest data – June 2007)



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

Motor Vehicle Sales*

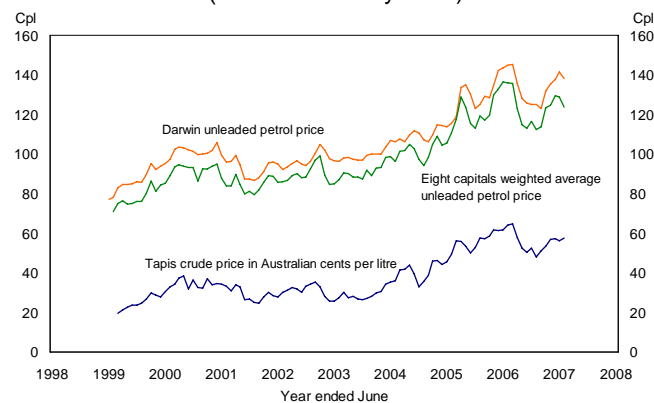
(latest data – July 2007)



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

Petrol Prices

(latest data – July 2007)



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

Construction Work Done – Preliminary

In the June quarter 2007, seasonally adjusted construction work done decreased by 21.7 per cent to \$410 million in the Territory, compared to a national decrease of 1.9 per cent. In annual terms, the value of construction activity decreased by 26.9 per cent compared to a 3.0 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 13.4 per cent to \$2.1 billion in 2006-07.

The decline in construction work done in 2006-07 was largely driven by an 18.6 per cent fall in engineering construction activity (to \$1.5 billion). This reflects the completion of construction at the Wickham Point LNG plant and the completion of the Alcan G3 expansion in the June quarter.

Private New Capital Expenditure

In 2006-07 total private new capital expenditure decreased by 6.0 per cent (to \$1.95 billion) in the Territory (see chart). Private new capital expenditure for 'buildings and structures' decreased by 8.0 per cent (to \$1.52 billion) while expenditure for 'equipment plant and machinery' increased by 2.2 per cent (to \$422 million), in 2006-07. The decline in total expenditure largely reflects the Alcan G3 expansion at Gove concluding and the completion of imports of pre-assembled modules (PAMs) which are included in the 'buildings and structures' category of new capital expenditure, are required.

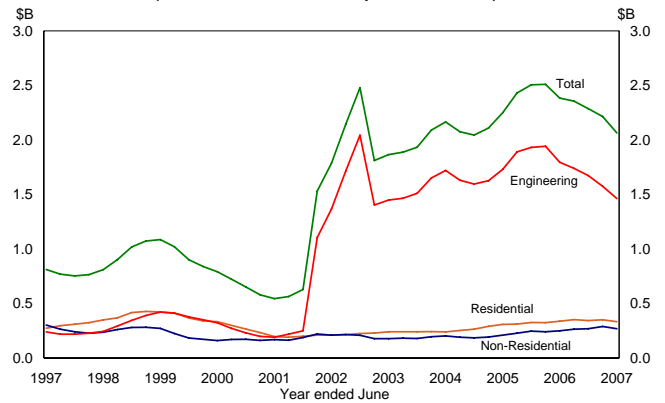
At the national level, total capital expenditure on 'buildings and structures' and 'equipment, plant and machinery' was \$30.3 billion and \$45.9 billion respectively, in 2006-07.

Housing Affordability

Territory housing remains considerably more affordable than nationally, and as the chart shows, is the second most affordable of the jurisdictions (behind the Australian Capital Territory). In the June quarter 2007, affordability in the Territory increased 2.3 per cent, compared to a 4.2 per cent decrease in affordability at the national level. Nevertheless when compared to the June quarter 2006, housing affordability in the Territory has declined by 13.3 per cent, larger than the deterioration of 8.3 per cent at the national level.

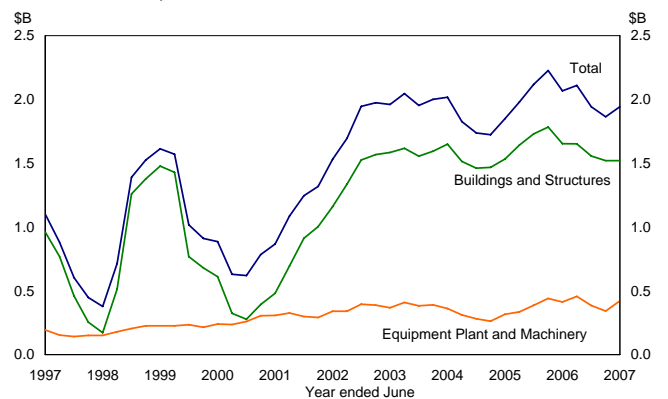
The increase in Territory housing affordability in the quarter was associated with an increase in median weekly family income (up 1.1 per cent in the quarter), coinciding with a decrease in the average housing loan size (down 1.5 per cent) to \$213 820 and a decrease in average monthly loan repayments (down 1.1 per cent) to \$1 625. In the June quarter 2007 Darwin's median house price increased by 1.3 per cent to \$395 000, 12.9 per cent higher than the median house price in June 2006.

Total Construction Activity* (latest data – June quarter 2007)



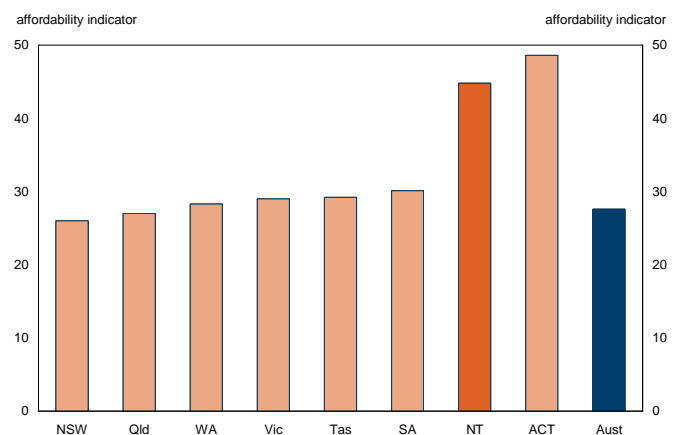
* moving annual total
Source: ABS Cat. Nos. 8752.0, 8762.0 and 8782.0.65.

Private New Capital Expenditure* (latest data – June quarter 2007)



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

Housing Affordability Indicator (latest data – June quarter 2007)



Source: AMP, REIA

Building Approvals

In the Territory, residential building approvals decreased by 38 to 81 (in original terms) in June 2007. Of these 81 approvals, there were 76 private and 5 public sector approvals in the month. Of the private sector approvals in the month, 46 were for 'houses' and 30 for 'other residential'. There were no approvals for either 'alterations and additions', 'conversions' or 'residential building in a non-residential facility' (such as a care-taker or park-ranger dwelling) in June. In the public sector there were 5 approvals for 'houses' and zero approvals in all other categories.

In 2006-07, residential building approvals in the Territory increased by 7.4 per cent to 1 464 (see chart). Of the 1464 residential building approvals, 1296 were in the private sector, with the remaining 168 approvals in the public sector.

Housing Finance for Owner Occupation

In June 2007, the number of seasonally adjusted owner-occupier housing finance commitments in the Territory increased by 1.0 per cent to 500, while nationally, commitments increased 1.1 per cent. In annual terms, the number of Territory finance commitments decreased by 22.0 per cent, compared to a 3.8 per cent increase nationally.

In 2006-07, housing finance commitments in original terms decreased 21.9 per cent in the Territory, driven by a 21.2 per cent decline in the purchase of established dwellings, a 19.8 per cent decline in the purchase of new dwellings, and an 11.3 per cent decline in refinancing. Since peaking in May 2005 the year on year growth in the number of first homebuyer commitments in the Territory has been moderating. In 2006-07, the number of first homebuyer commitments have declined by 41.5 per cent in the Territory (see chart), compared to an increase of 1.8 per cent nationally.

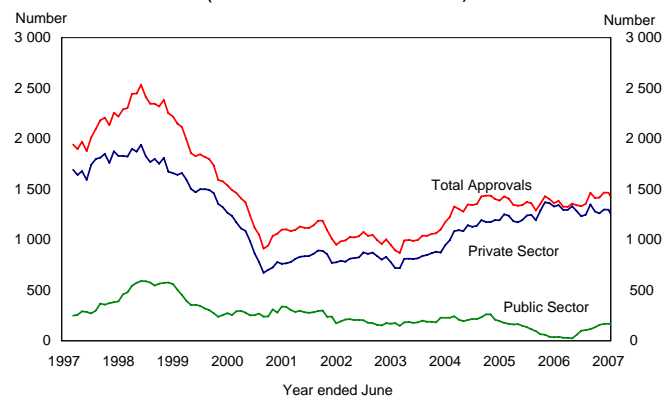
House Price Index

The ABS house price index (HPI) measures the growth in prices of established homes, across capital cities and nationally. In the June quarter 2007 prices of established houses decreased by 1.4 per cent in Darwin, while nationally increasing 3.2 per cent. Compared to the June quarter 2006, prices of established homes in Darwin have increased 7.4 per cent, the second lowest annual growth of the capital cities, ahead of Sydney and below national growth of 9.2 per cent (see chart).

The ABS also reports on price growth associated with the construction of new homes (excluding land value). In year on year terms, the prices for the constructions of new homes in Darwin increased by 13.3 per cent in 2006-07. Annually the price of constructing a new home in Darwin increased by 10.1 per cent, significantly higher than the 2.9 per cent growth reported nationally. The continuing skills shortage, across all construction sectors in Darwin, combined with rising material costs, are driving increases in the cost of constructing a new home.

Building Approvals*

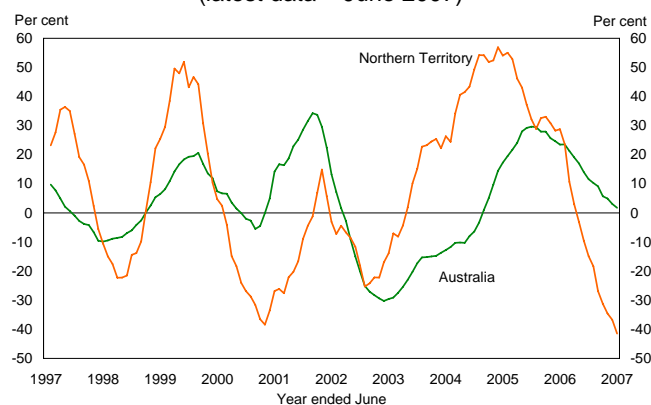
(latest data – June 2007)



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

Growth in number of first homebuyer commitments*

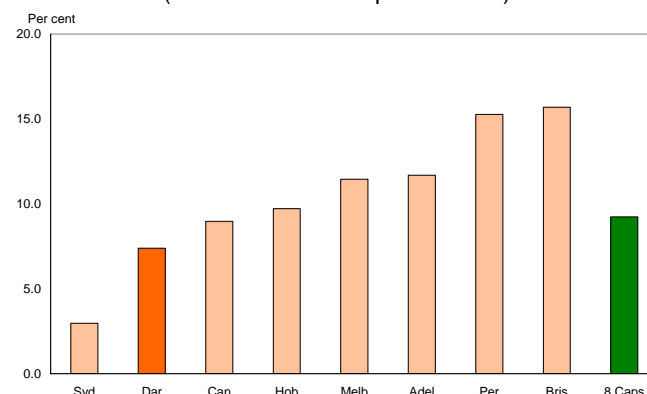
(latest data – June 2007)



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

House Price Index Capital City Comparison*

(latest data – June quarter 2007)



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

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 670 to 106 047 in July 2007 (see chart). Nationally, seasonally adjusted employment increased by 21 777 in the month to about 10.5 million employed persons.

A comparison of Territory (trend) resident employment in July 2007 with resident employment in July 2006 shows an increase of 4.0 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 5.1 per cent (in original terms), in the year to July 2007.

Unemployment

The Territory's trend unemployment rate was 4.6 per cent in July 2007, unchanged from (a revised) 4.6 per cent reported in June 2007. Compared to July 2006, the unemployment rate has increased by 0.1 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). In July 2007 the Territory reported the fourth highest trend unemployment rate of the jurisdictions, behind to NSW, SA and Tasmania.

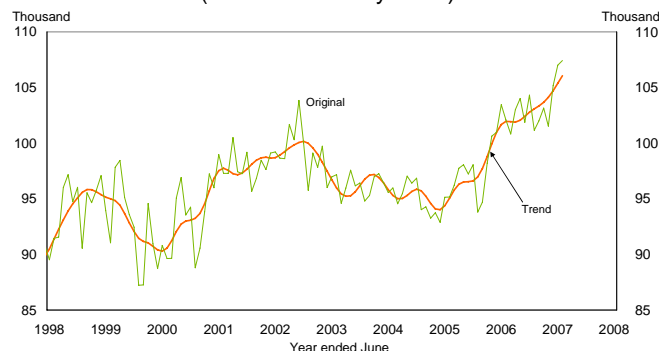
At the national level, the seasonally adjusted unemployment rate (the figure most commonly quoted in the media) remained unchanged at 4.3 per cent in July 2007.

International Merchandise Trade

In 2006-07 Territory merchandise exports increased by 51.6 per cent mainly due to higher LNG exports as well as higher crude oil and commodity prices. Over the same period, the value of merchandise imports to the Territory decreased by 1.4 per cent, mainly due to the completion of Jetstar's fleet purchase, where Darwin was the port of entry for customs reporting purchases. Significantly offsetting the decline was increasing gas feedstock imports for the Wickham Point LNG plant and machinery and transport equipment requirements for the Alcan G3 refinery expansion at Gove.

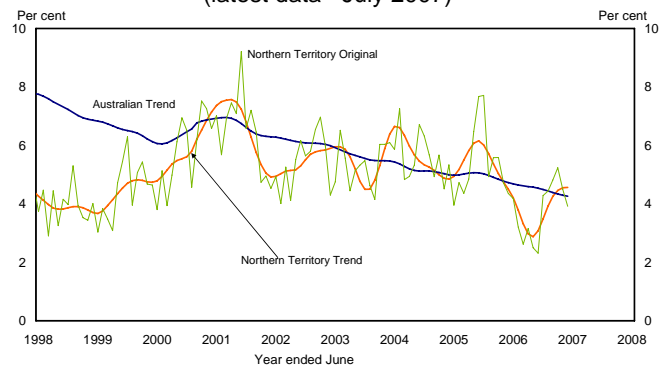
The Territory's goods trade balance increased by \$1.4 billion in 2006-07, to a surplus of \$1.2 billion (see chart). The Territory's trade surplus is expected to further improve in 2007-08 with the combined effect of increased LNG, alumina and manganese exports and reduced imports to the Territory. Lower imports of machinery and equipment reflect the completion of major projects.

Territory Employment (latest data – July 2007)



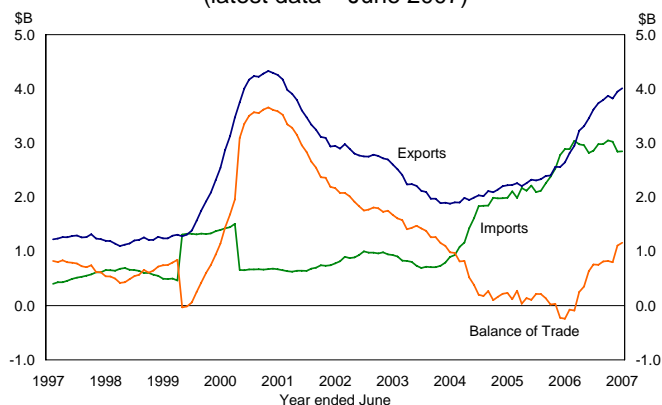
Source: ABS Cat. No. 6202.0

Territory Unemployment (latest data – July 2007)



Source: ABS Cat. No. 6202.0

Territory Merchandise Trade Balance* (latest data – June 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 June 07 | % change | 2.1 | 2.5 | 3.1 | 7.7 | 3.3 | 8.8 | 1.6 | 5.4 | 4.5 |
| International Goods Exports | Year to July 07 | % change | 39.2 | 2.8 | 6.3 | -1.2 | 3.4 | 23.5 | 26.0 | -12.5 | 8.4 |
| International Goods Imports | Year to July 07 | % change | -2.7 | 7.2 | 4.2 | 10.8 | 6.8 | 15.1 | 6.4 | 10533.3 | 7.8 |
| Demography | | | | | | | | | | | |
| Population | Dec-05 Qtr to Dec-06 Qtr | % change | 1.8 | 0.9 | 1.5 | 2.0 | 1.0 | 2.1 | 0.6 | 1.2 | 1.4 |
| Labour Market | | | | | | | | | | | |
| Employment (trend) | Jul 06 to Jul 07 | % change | 4.0 | 1.9 | 2.8 | 4.0 | 0.4 | 3.3 | 1.0 | 0.7 | 2.6 |
| Participation Rate (trend) | As at July 06 | % | 70.8 | 63.1 | 64.5 | 66.6 | 62.3 | 67.6 | 61.1 | 73.6 | 64.7 |
| | As at July 07 | % | 72.0 | 63.2 | 64.9 | 66.9 | 61.8 | 68.3 | 60.2 | 73.0 | 65.0 |
| Unemployment Rate (trend) | As at July 06 | % | 4.5 | 5.2 | 4.9 | 4.5 | 4.8 | 3.3 | 6.3 | 2.9 | 4.7 |
| | As at July 07 | % | 4.6 | 4.7 | 4.5 | 3.5 | 4.8 | 3.4 | 4.8 | 3.0 | 4.3 |
| ANZ Job Ads | Year to Jul 07 | % change | 7.9 | -10.5 | -5.8 | -0.3 | 5.0 | 8.9 | 0.3 | 9.2 | -1.8 |
| Prices and Wages | | | | | | | | | | | |
| Consumer Price Index | Jun 06 Q to Jun 07 Q | % change | 3.7 | 1.7 | 2.0 | 2.6 | 1.7 | 3.1 | 2.2 | 2.0 | 2.1 |
| | Year to Jun 07 Q | % change | 4.4 | 2.7 | 2.6 | 3.3 | 2.6 | 3.9 | 2.5 | 2.9 | 2.9 |
| Average Weekly Earnings (full-time adult total earnings) | As at May 07 | \$ | 1093.3 | 1171.4 | 1114.1 | 1076.4 | 1057.4 | 1231.4 | 1050.3 | 1298.8 | 1136.1 |
| Housing Sector | | | | | | | | | | | |
| Building Approvals (number) | Year to July 07 | % change | -0.1 | -4.1 | 1.3 | 9.6 | -6.7 | -8.3 | 6.0 | 19.0 | 0.2 |
| Housing Finance for Owner Occupation (number) | Year to June 07 | % change | -21.9 | 6.2 | 6.2 | 10.6 | 6.9 | -2.1 | 5.1 | 22.0 | 5.9 |
| Housing Affordability Indicator ^(b) | As at June quarter 07 | Level | 44.8 | 26.0 | 29.0 | 27.0 | 30.1 | 28.3 | 29.2 | 48.6 | 27.6 |
| Consumer Spending | | | | | | | | | | | |
| Retail Trade (current \$) | Year to July 07 | % change | 11.1 | 4.9 | 5.9 | 7.3 | 7.0 | 11.7 | 3.8 | 8.2 | 6.6 |
| New Motor Vehicle Sales (No.) | Year to July 07 | % change | 5.7 | 4.5 | 2.2 | 5.7 | -2.5 | 11.0 | -2.2 | 8.4 | 4.4 |
| Tourist Accommodation - Takings (current \$) | Year to March 07 | % change | 12.8 | 9.4 | 10.7 | 9.1 | 9.9 | 16.5 | 4.4 | 15.5 | 10.3 |

* 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.