Northern Territory Government

Territory Economic Review September 2008

territory economic review

SECURING THE ENERGY NEEDS OF THE TERRITORY

Global warming and climate change are key issues of profound social and economic importance for today and for future generations.

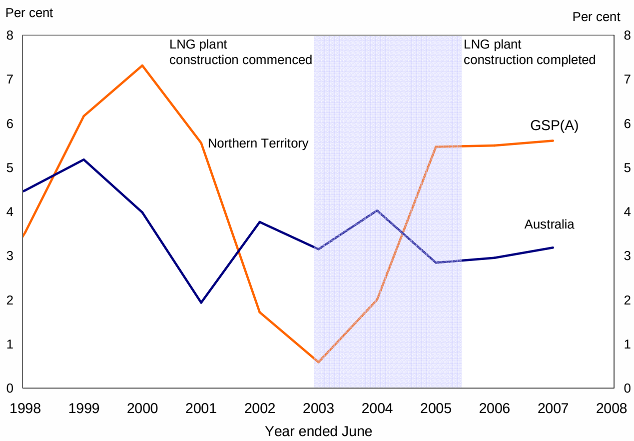
While renewable energy sources such as wind, wave and solar power provide solutions, some of the technologies required have many years of research and development ahead before they become economically viable on a large scale. In the interim, natural gas is seen as the fuel of choice as modern gas-fired power stations emit half the greenhouse pollutants of traditional coal-fired power stations.

Meeting the future energy needs of the Northern Territory, Power Water Corporation, through a 25-year gas sales agreement, plan to use gas from the Blacktip gas field to generate electricity in Darwin and other locations in the Territory. Blacktip gas field is located in the Timor Sea approximately 110 km off shore in the Bonaparte Basin. An initial annual production rate of 650 million cubic metres is planned, increasing to 1.1 billion cubic metres per annum. The Blacktip gas project secures the long-term energy needs of Territory industry for economic growth and development and will help maintain an environmentally friendly footprint in a carbon constrained environment.

Australia has enormous reserves of natural gas and the Territory is well positioned to benefit from growing global demand for LNG. Worldwide the demand for gas is steadily growing and the LNG market is expected to more than double by 2015. The A$1.6 billion ConocoPhillips LNG plant at Wickham Point built during the period June 2003 to December 2005, created more than 2 250 jobs during the construction phase and had a substantial impact on other economic indicators such as GSP and average weekly earnings, see Charts 1 and 2. Eighteen major contracts were awarded to Territory companies and 100 permanent workers operate the gasification facility.

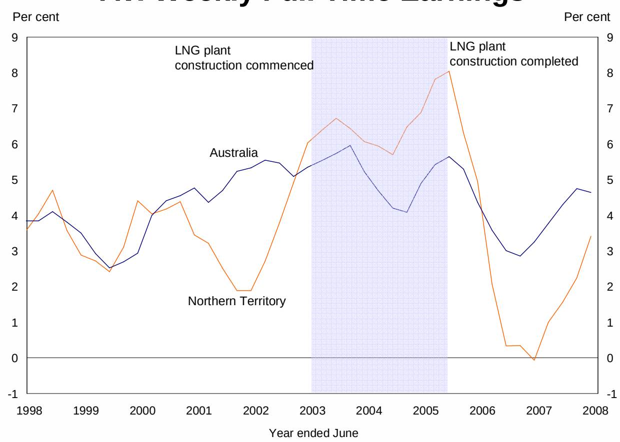
Considerable interest has been shown by international energy company INPEX, in developing a second LNG plant in Darwin. INPEX has a working interest as an operator in Ichthys field located in the Browse Basin 200 kilometres off the north-west coast of Western Australia. Construction of a second LNG plant in Darwin would see a significant injection of capital investment into the Territory. A new LNG plant could be expected to have a similar impact on the Territory economy as the ConocoPhillips plant, however due to the size of this proposed project the order of magnitude would be greater.

Chart 1
Gross State Product *



* Year on year percentage change
Source: ABS Cat. Nos. 5206.0, 5220.0

Chart 2
Av. Weekly Full Time Earnings*



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

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 (2005-06 prices)										
Private Consumption	6.5	3.5	6.5	4.6	6.4	4.8	5.7	4.8	Mar Q 08	12.3
Public Consumption	7.6	1.1	0.4	2.5	4.6	3.2	2.2	4.5	Mar Q 08	3.6
Total Consumption Expenditure	**7.0**	**2.4**	**3.8**	**3.7**	**5.6**	**4.1**	**4.2**	**4.7**	Mar Q 08	**8.6**
Private Investment										
Dwellings	-25.2	-40.1	3.4	9.8	-3.5	27.6	14.5	-3.9	Mar Q 08	-17.6
Other buildings and structures	-59.0	-22.6	125.4	26.6	6.5	0.7	4.5	-4.0	Mar Q 08	-37.8
Machinery and equipment	11.5	30.9	2.3	6.7	11.7	-11.7	28.9	5.7	Mar Q 08	111.2
Livestock	-7.1	46.2	5.3	-55.0	222.2	-6.9	11.1	-26.7	Mar Q 08	9.1
*Intangible fixed assets***	-19.0	-16.8	50.0	-42.2	-19.0	62.1	96.7	-4.0	Mar Q 08	44.0
Ownership transfer costs	-8.4	-21.1	15.1	5.1	27.9	6.8	10.6	-2.5	Mar Q 08	-34.1
Business Investment#	-40.2	-1.7	54.6	7.9	9.7	0.5	17.0	-2.7	Mar Q 08	-1.1
Total Private Investment	-36.2	-11.4	45.0	8.0	8.5	3.8	16.4	-2.9	Mar Q 08	-5.1
Public Investment	46.2	46.4	19.0	-33.2	1.5	25.7	1.9	-3.3	Mar Q 08	-6.3
Total Investment	**-29.9**	**-2.1**	**38.7**	**-0.5**	**7.5**	**6.7**	**14.2**	**-2.9**	Mar Q 08	**-5.3**
State Final Demand	**-5.0**	**1.5**	**12.0**	**2.3**	**6.2**	**4.8**	**7.1**	**2.3**	Mar Q 08	**4.7**
State Final Demand less L-C and B-U##	**2.5**	**1.6**	**10.8**	**0.8**	**5.1**	**9.8**	**8.6**	**2.7**	Mar Q 08	
International Trade - export of goods	47.3	29.9	-22.6	-11.0	-23.7	-6.2	-1.8	44.1	Mar Q 08	6.3
International Trade - import of goods	177.7	-62.0	15.1	29.9	4.3	107.3	27.4	-0.4	Mar Q 08	-33.3
Total Gross State Product	**7.3**	**5.6**	**1.7**	**0.6**	**2.0**	**5.5**	**5.5**	**5.6**		
Contribution to GSP Growth										
Private Consumption	2.7	1.4	2.6	1.9	2.8	2.1	2.6	1.5		
Public Consumption	2.5	0.4	0.1	0.8	1.5	1.0	0.7	1.4		
Private Investment	-12.3	-2.3	7.7	1.9	2.2	1.0	4.4	-0.9		
Public Investment	1.3	1.8	1.0	-2.1	0.1	1.1	0.1	-0.4		
State Final Demand	**-5.5**	**1.5**	**11.4**	**2.4**	**6.5**	**5.3**	**7.7**	**1.6**		
Net International Exports	**3.5**	**24.4**	**-13.2**	**-7.8**	**-9.3**	**-12.2**	**-6.1**	**9.1**		
Balancing item	9.4	-20.4	3.5	6.0	4.8	12.4	3.9	-5.1		
Gross State Product	**7.3**	**5.6**	**1.7**	**0.6**	**2.0**	**5.5**	**5.5**	**5.6**		

* 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	5.7	-0.8	4.1	1.7	4.9	5.1	2.4	7.9	Jun Q 08	7.6
New Motor Vehicle Sales	-8.8	-4.2	-0.3	3.3	8.4	10.7	0.0	4.1	Jul 08	21.8
Tourist Accommodation Takings	0.0	1.5	-1.0	-0.1	2.8	13.6	3.4	14.8	Mar Q 08	11.8
Number of Dwellings Approved	-30.6	-28.4	-13.8	0.0	23.4	18.4	-1.8	7.4	Jun 08	-38.9
Number of Dwellings Commenced	-21.1	-34.0	0.1	-4.1	6.0	29.1	1.3	-0.2	Mar Q 08	-33.1
Employment	-2.3	1.5	4.6	1.1	-2.9	-1.3	3.0	5.3	Jul 08	4.0
Unemployment rate	4.4	5.6	6.7	5.5	5.2	5.7	5.5	3.8	Jul 08	2.2
Darwin Consumer Price Index##	0.7	3.9	3.6	2.2	2.1	1.6	2.6	4.4	Jun Q 08	3.9
AWOTE# (year average)	4.6	3.7	2.3	5.0	6.5	7.0	3.9	0.7	May Q 08	5.0
Wage Price index (year average)	0.0	2.8	3.1	3.0	3.3	3.7	4.4	3.9	May Q 08	4.3
Population, December (levels - thousands)##	194.3	196.3	198.3	199.3	200.6	203.8	208.4	212.5	Dec Q 07	217.6
Population (annual % change)##	1.6	1.0	1.1	0.5	0.6	1.6	2.3	2.0	Dec Q 07	2.4
Net Interstate Migration (levels - number)##	-817	-1621	-1751	-2440	-2283	-482	726	-438	Dec Q 07	859.0

* 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 25 July)	6.17	5.02	5.11	4.67	5.50	5.66	5.97	6.43	28 Aug 08	7.27
10 Year Govt Bond Yield (as at 25 July)	6.16	6.04	5.99	5.01	5.87	5.11	5.79	6.26	28 Aug 08	5.79
Exchange Rates										
US$ per A$ (year average)	0.63	0.54	0.52	0.58	0.71	0.75	0.75	0.79	29 Aug 08	0.91
US$ per A$ (as at 25 July)	0.60	0.51	0.56	0.67	0.69	0.76	0.74	0.85	29 Aug 08	0.86
Special Drawing Rights* per A$ (as at 25 July)	0.45	0.41	0.43	0.48	0.47	0.52	0.51	0.56	29 Aug 08	0.55
Trade Weighted Index of A$ (as at 25 July)	53.30	49.70	52.30	59.40	59.06	64.50	62.24	68.92	29 Aug 08	67.76

* 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

CONTENTS

ECONOMIC INDICATORS DUE FOR RELEASE

		September 2008	
ABS	5302.0	Balance of Payments, June Quarter 2008	01-Sep-08
ABS	5676.0	Business Indicators, June Quarter 2008 *(no brief)*	01-Sep-08
ABS	8501.0	Retail Trade, July 2008	02-Sep-08
ABS	8731.0	Building Approvals, July 2008	02-Sep-08
ABS	5206.0	National Accounts - State Final Demand, June Quarter 2008	03-Sep-08
ABS	3401.0	Overseas Arrivals and Departures, Australia, July 2008 *(no brief)*	04-Sep-08
ABS	5368.0	International Trade in Goods & Services, July 2008	04-Sep-08
ANZ		ANZ job ads series, August 2008 *(no brief)*	08-Sep-08
ABS	5609.0	Housing Finance, July 2008	09-Sep-08
ABS	8412.0	Mineral and Petroleum Exploration, Australia, June Quarter 2008	10-Sep-08
ABS	5671.0	Lending Finance, July 2008	10-Sep-08
Westpac-MI		Consumer Sentiment Index *(no brief)*	10-Sep-08
ABS	6202.0	Labour Force, August 2008	11-Sep-08
ABS	8750.0	Dwelling Commencements, June Quarter 2008	15-Sep-08
AAA		Petrol Prices, August 2008	Mid-Sep 08
Westpac-MI		Leading Index *(no brief)*	17-Sep-08
ABS	6291.0.55.001	Labour Force by Industry, August 2008 *(no brief)*	18-Sep-08
ABS	9314.0.55.001	Sales of New Motor Vehicles, August 2008	22-Sep-08
ABS	3101.0	Population, March Quarter 2008	24-Sep-08
ABS	8635.0	Tourist Accommodation, June Quarter 2008	26-Sep-08
ABS	8501.0	Retail Trade, August 2008	30-Sep-08
ABS	8731.0	Building Approvals, August 2008	30-Sep-08
ABS	8762.0	Engineering Activity, June Quarter 2008	30-Sep-08
		October 2008	
ABS	5368	International Trade in Goods and Services, Australia, August 2008	02-Oct-08
ABS	3401	Overseas Arrivals and Departures, Australia, August 2008 *(no brief)*	03-Oct-08
ABS	5609	Housing Finance, Australia, August 2008	08-Oct-08
Westpac-MI		Consumer Sentiment Index *(no brief)*	08-Oct-08
ABS	6202	Labour Force, Australia, September 2008	09-Oct-08
ABS	5671	Lending Finance, Australia, August 2008	13-Oct-08
ABS	8752	Building Activity, Australia, June 2008	13-Oct-08
ABS	8782.0.65.001	Construction Activity: Chain Volume Measures, Australia, June 2008	13-Oct-08
ANZ		ANZ job ads series, September 2008 *(no brief)*	13-Oct-08
Westpac-MI		Leading Index *(no brief)*	15-Oct-08
AAA		Petrol Prices, September 2008	Mid-Oct 08
ABS	6427	Producer Price Indexes, Australia, September 2008 *(no brief)*	20-Oct-08
ABS	9314	Sales of New Motor Vehicles, Australia, September 2008	21-Oct-08
ABS	6401	Consumer Price Index, Australia, September 2008	22-Oct-08
ABS	6403.0.55.001	Average Retail Prices of Selected Items, Eight Capital Cities, September 2008	29-Oct-08

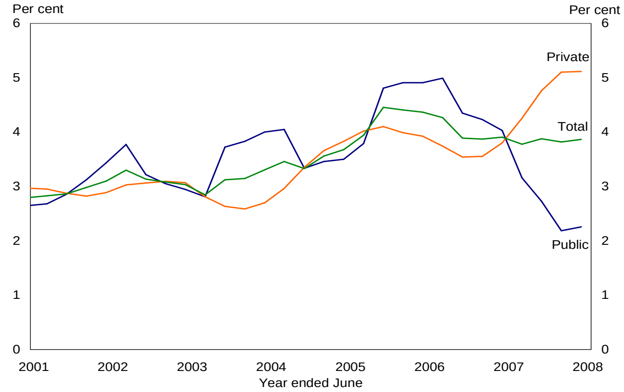
Wage Price Index

In the June quarter 2008, the wage price index (WPI) increased by 1.7 per cent in the Territory and 0.9 per cent nationally. The WPI measures the change in the cost of employing a constant quantity and quality of jobs. In 2007-08, the Territory WPI increased by 3.9 per cent, slightly below the national increase of 4.2 per cent.

Public sector growth in the Territory WPI increased 1.9 per cent in the quarter and by 3.6 per cent in 2007-08, compared to private sector growth of 1.6 per cent in the quarter and 4.8 per cent in the year (see chart). In the June quarter 2008 EBA negotiations for the general NTPS (representing approximately 9500 public servants) was completed, reflected in the 1.9 per cent quarterly increase for the public sector. In year on year terms, growth in Territory WPI has been relatively constant for the past seven quarters following its peak of 4.5 per cent in calendar year 2005

Territory Wage Price Index*

(latest data – June quarter 2008)



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

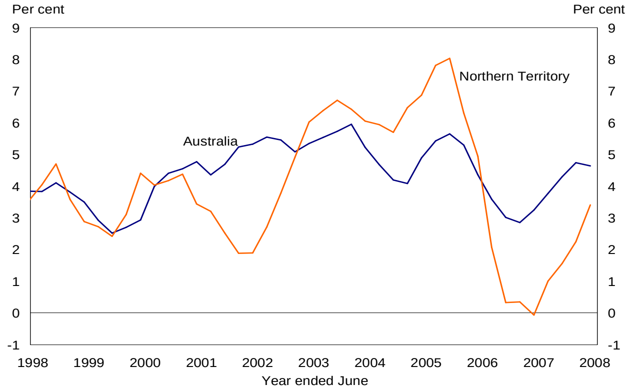
Average Weekly Earnings

In the May quarter 2008, seasonally adjusted average weekly full time adult earnings (AWE) was $1 142.70 in the Territory, the fifth highest of the jurisdictions, and below the national level of $1 182.60. In annual terms, seasonally adjusted AWE (which includes overtime and bonus payments) increased by 4.9 per cent in the Territory, compared to an increase of 4.0 per cent nationally. In the May quarter 2008, average weekly ordinary time earnings (AWOTE) (which excludes overtime and bonus payments), increased by 1.4 per cent in the Territory and by 0.6 per cent nationally.

In the year to May 2008, Territory AWE increased by 3.4 per cent compared to a 4.6 per cent increase nationally (see chart), while AWOTE increased by 3.5 per cent in the Territory and 4.5 per cent nationally. It should be noted that this ABS series is sensitive to the composition of businesses in the survey, and the significant decline in AWE growth from December 2005 to December 2006 resulted from one major employer rotating out of the survey, coinciding with the completion of a major project.

Average Weekly Earnings*

(latest data – May quarter 2008)



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

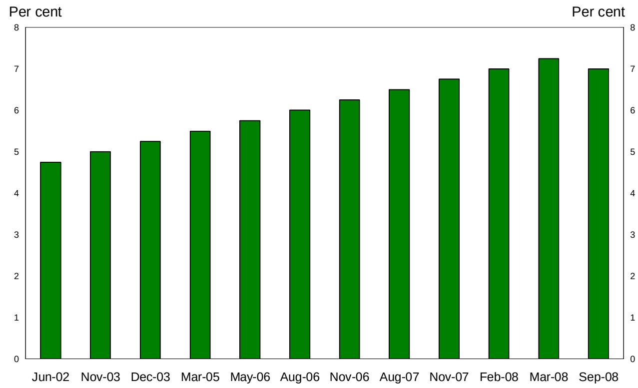
Quarterly Statement on Monetary Policy

In the quarterly statement on monetary policy of 11 August 2008, the RBA indicated that overall market developments have resulted in a tightening in domestic financial conditions. Banks have experienced increases in their funding costs, and in July 2008 they raised their variable mortgage rates by a further 15 basis points. This has brought the total increase in mortgage rates since the middle of 2007 to a little over 150 basis points, of which 50 basis points was independent of the RBA cash rate. Consumer sentiment has fallen markedly in recent months with retail sales volumes declining further in the June quarter 2008.

Notwithstanding these developments, conditions in the money market since early August 2008 have stabilised, both domestically and internationally, prompting the RBA in its September monthly meeting to reduced the cash rate by 0.25 percentage points to 7.0 per cent, the first decrease in the cash rate since December 2001 (see chart).

Reserve Bank of Australia Cash Rate*

(latest data – September 2008)



* Source: Reserve Bank of Australia

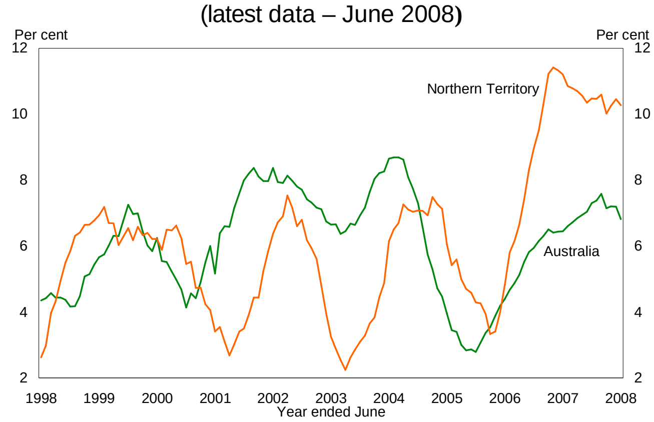
Retail Turnover

In June 2008, seasonally adjusted retail turnover remained unchanged in the Territory and decreased by 1.0 per cent nationally. In 2007-08, current price retail turnover in the Territory increased by 10.3 per cent, the highest of the jurisdictions and well above the national average of 6.8 per cent growth (see chart).

In the month of June 2008, in original terms, current price retail turnover in the Territory totalled $222 million. The ABS classifies retail expenditure into six broad categories. 'Food' was the largest category, contributing 47.1 per cent ($105 million), followed by 'hospitality and services' 15.7 per cent ($35 million), 'household goods' 14.8 per cent ($33 million), 'department stores and other retailing' 14.3 per cent ($32 million), 'clothing and soft goods' 4.5 per cent ($10 million) while 'recreation related goods' accounted for the remaining 3.6 per cent ($8 million).

Retail Turnover*

(latest data – June 2008)



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

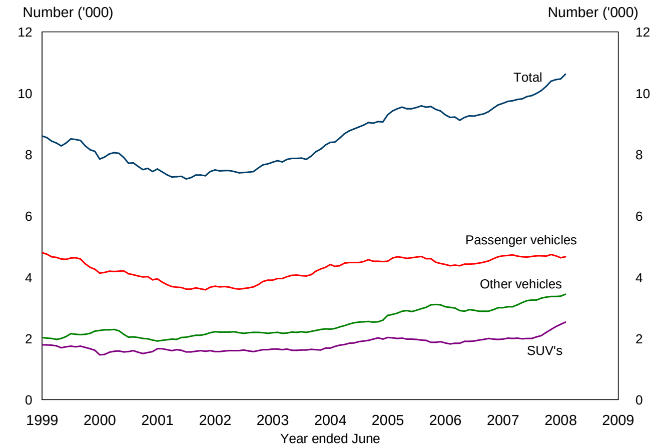
Sales of New Motor Vehicles

In July 2008, in seasonally adjusted terms, total Territory new motor vehicle sales increased by 6.4 per cent to 918. By vehicle category; sales of passenger vehicles increased by 5.9 per cent in the month, sales of 'SUV's' increased by 1.8 per cent, and sales of 'other' vehicles (such as light and heavy trucks) increased by 10.7 per cent. Nationally, total motor vehicle sales decreased by 3.4 per cent in July 2008.

In the year to July 2008, new motor vehicle sales in the Territory increased by 9.2 per cent to 10 626, the highest on record (see chart). In year on year terms, sales of passenger vehicles decreased 0.9 per cent to 4 662, sales of 'other' vehicles increased 13.4 per cent to 3 435, and sales of SUV's increased 26.2 per cent to 2 529. Nationally, sales of new motor vehicles increased 5.3 per cent in the year.

Motor Vehicle Sales*

(latest data – July 2008)



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

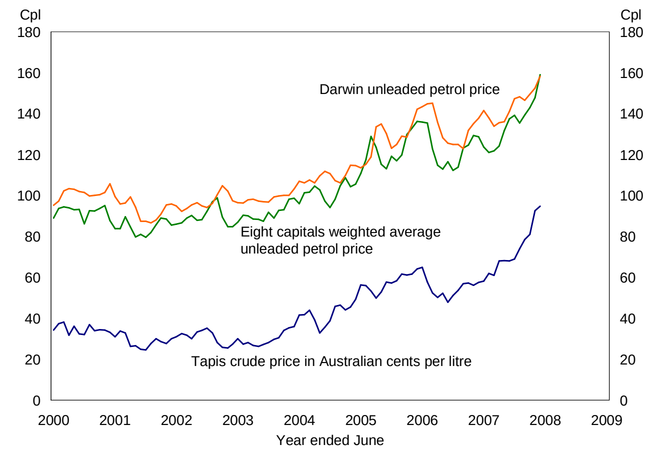
Petrol Prices

In July 2008, Darwin fuel prices increased by 4.7 cpl to 173.4 cpl, while nationally the eight capital cities weighted average price increased by 0.6 cpl to 159.7 cpl. This represents a 13.7 cpl price differential between Darwin and the eight capital cities weighted average. Compared to July 2007 petrol prices in Darwin have increased by 35.3 cpl, while nationally the eight capital cities weighted average price increased by 35.9 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 annual terms, crude oil prices increased by 64.8 per cent in A$ terms in July 2008, while increasing by 82.7 per cent in US$ terms. The strength of the A$ against the US$ in July 2008 has offset some of the effects of rising oil prices. Price increases are due to a number of factors such as: increased global demand with strong economic growth in Asia, particularly from China; stagnant growth in oil supply as a result of tightness in global refining inventories; worldwide refining bottlenecks; and speculative demand from investment funds.

Petrol Prices

(latest data – July 2008)



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

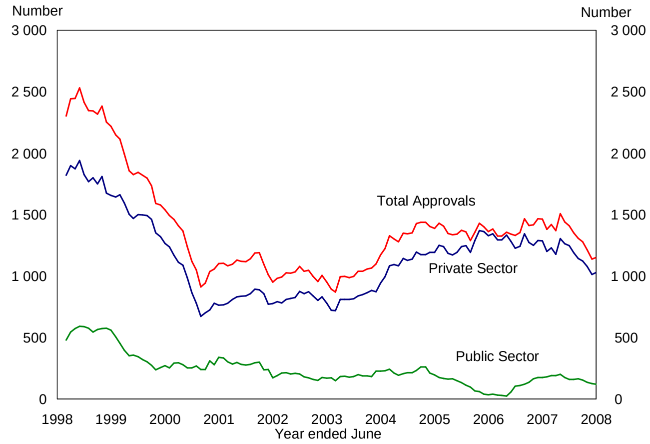
Building Approvals

In annual original terms, Territory residential building approvals increased by 10 to 91 in June 2008, with 91 private and zero public sector approvals. For the month, 43 of the private sector approvals were for 'houses', while 47 were for 'other residential' and 1 for alterations additions, and refurbishment.

In 2007-08, residential building approvals in the Territory decreased by 21.4 per cent to 1 150, the lowest growth of the jurisdictions and below the national average increase of 3.6 per cent. The decrease in the number of residential building approvals was largely attributable to declines in approvals for private sector houses and units which subtracted 11.7 and 6.9 percentage points respectively from total growth. This trend reflects current conditions in the housing market with moderating price growth, rising material and labour costs as well as relatively high interest rates.

Total Building Approvals*

(latest data – June 2008)



*moving annual total
Source: ABS Cat. No. 8731.0

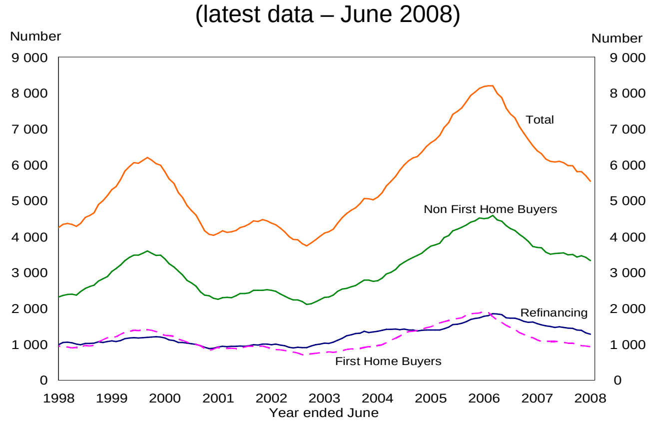
Housing Finance for Owner Occupation

Over the year to June 2008, the number of seasonally adjusted owner-occupier housing finance commitments in the Territory decreased by 25.3 per cent to 383, while decreasing 24.8 per cent nationally.

Since peaking in 2005-06 the number of housing finance commitments in the Territory has been steadily declining (see chart). However the decline in finance commitments since 2005-06 has been from historically high and unsustainable levels. In 2007-08, Territory housing finance commitments in original terms decreased by 13.2 per cent, driven by a 13.3 per cent decline in the purchase of established dwellings and a 7.9 per cent decline in the construction of new dwellings. The number of finance commitments by first home buyers decreased in the Territory by 16.9 per cent in 2007-08. At the national level the number of first home buyer housing finance commitments decreased by 1.1 per cent in the same period.

Number of Housing Finance Commitments*

(latest data – June 2008)



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

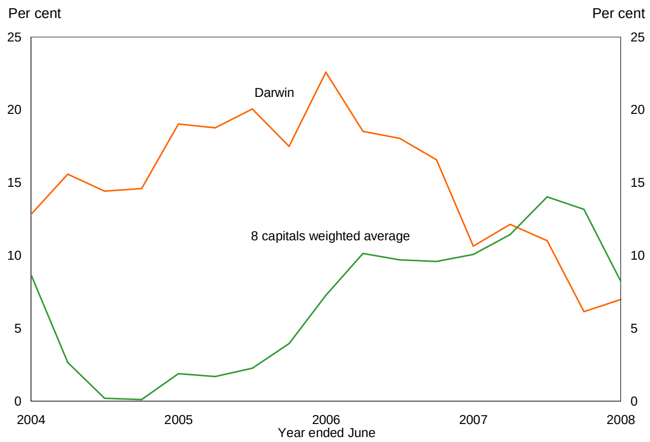
House Price Index

The House Price Index (HPI) gives an indication of the average cost of established homes and project homes (new homes under construction on existing land) in each of the capital cities in Australia. In the June quarter 2008, Darwin established house prices increased by 1.9 per cent, compared to a national decrease of 0.3 per cent. House price growth has eased in Darwin from the peak levels reported in 2006. Nationally, moderate price growth has continued in the eight capitals after reporting more robust growth in 2006.

Annually, growth in the Darwin HPI for established house prices has increased by 7.0 per cent in the June quarter 2008 (see chart), whilst the HPI for project homes has increased by 5.8 per cent. Darwin house price growth continues to moderate from the peak reported in the June quarter 2006, whilst the eight capitals reports 8.2 per cent growth annually in the June quarter 2008.

Established House Price Index*

(latest data – June 2008)



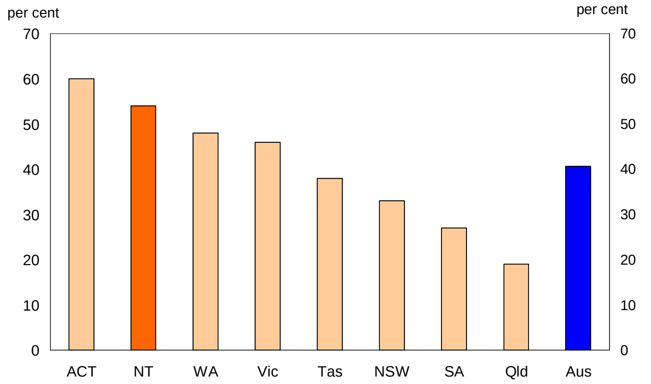
*annual percentage change
Source: ABS Cat. No. 6416.0

Sensis *Consumer Report*

The June 2008 Sensis Consumer Report finds that consumer confidence has decreased in all jurisdictions to the lowest overall levels recorded since the Report began in May 2004. In comparison with the June quarter 2007. confidence in the Territory decreased slightly from 61, with 54 per cent of consumers confident in their financial prospects for the year ahead.

The most confident Australians were those living in the Australian Capital Territory where a net balance of 60 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 'have good jobs'. For Australians feeling worried about their financial prospects in the coming year, the main reasons were the 'high cost of living' followed by 'interest rate concerns'. The Territory is ranked second in confidence level after the ACT.

Consumer Confidence by Jurisdiction
(latest data – June quarter 2008)



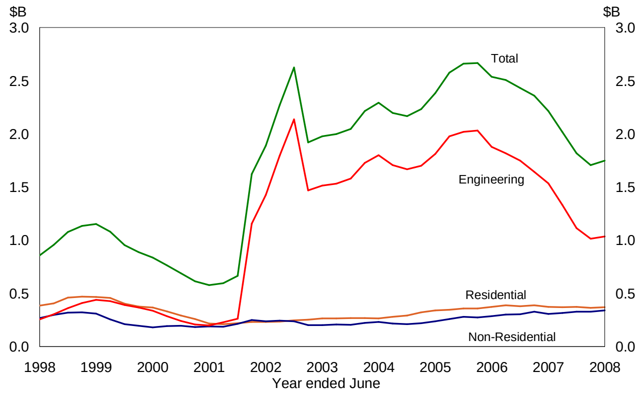
Source: Sensis *Consumer Report*, June quarter 2008

Construction Work Done – Preliminary

Comparing the June quarter 2008 with the June quarter 2007, seasonally adjusted construction work done increased by 9.9 per cent to $484M and total construction work done to $1.7B in the year (see chart). In annual terms seasonally adjusted, engineering work done increased by 7.5% to $314 million in the June quarter 2008 and total engineering work done increased to $1.0B in the year. Engineering construction activity in 2008 is expected to remain above long term trend levels supported by continued work on the Darwin Waterfront Development and ENI's Bonaparte Gas Pipeline project.

In original terms residential construction work done increased by 9.4% to $92 million in the June quarter 2008 and total residential construction to $372 million in the year. Residential construction remains at high levels including high rise apartments in the Darwin CBD and housing construction in Palmerston, the new suburb of Lyons in Darwin and Stirling Heights in Alice Springs.

Total Construction Activity*
(latest data – June quarter 2008)



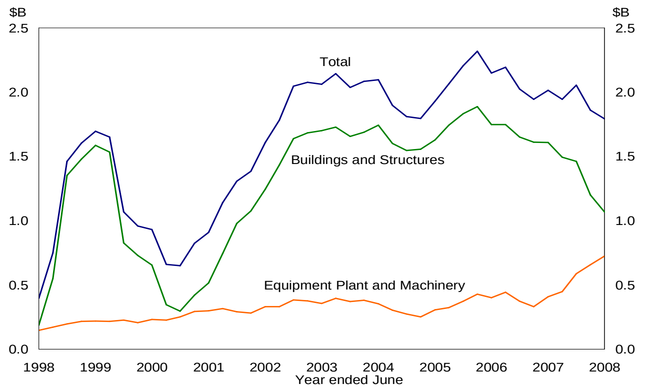
* moving annual total
Source: ABS Cat. Nos. 8752.0, 8762.0 and 8782.0.65.

Private New Capital Expenditure

In 2007-08 at the national level, total private new capital expenditure increased by 10.8 per cent to $84.8 billion. New capital expenditure on 'buildings and structures' increased by 11.4 per cent to $36 billion while expenditure for 'equipment, plant and machinery' increased 10.4 per cent to $48.8 billion.

In the Territory in 2007-08, total private new capital expenditure decreased by 11.1 per cent to $1.8 billion (see chart). Private new capital expenditure for 'buildings and structures' decreased by 33.6 per cent to $1.1 billion while expenditure for 'equipment plant and machinery' increased by 77.7 per cent to $725 million. The decline in the 'buildings and structures' category in total private new capital expenditure largely reflects the completion of the Alcan expansion at Gove.

Territory Private New Capital Expenditure*
(latest data – June quarter 2008)



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

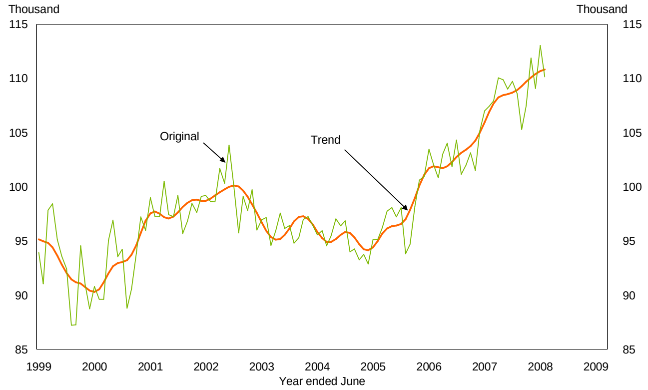
Employment

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 marginally to 110 814 in July 2008 (see chart). This is the highest resident employment level on record for the Territory. Nationally, seasonally adjusted employment increased by 10 921 in the month to just over 10.7 million employed persons.

A comparison of Territory (trend) resident employment in June 2008 with resident employment in June 2007 shows an increase of 3.7 per cent, the second highest annual growth rate of the jurisdictions behind Tasmania. In year on year terms, a more stable measure of growth, Territory employment increased by 5.7 per cent (in original terms) in 2007-08, compared to 2.7 per cent growth reported nationally.

Territory Employment

(latest data – July 2008)



Source: ABS Cat. No. 6202.0

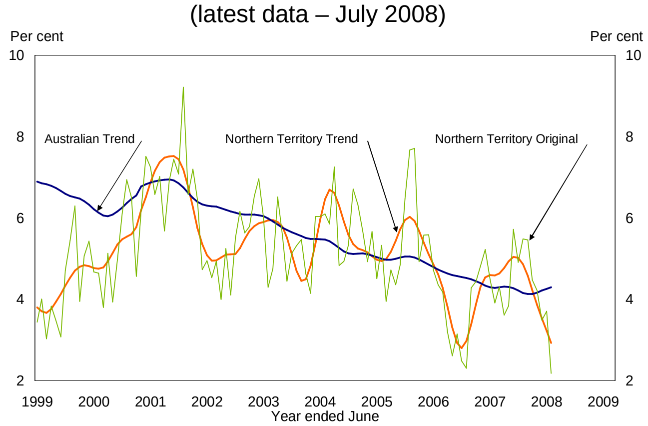
Unemployment

The Territory's trend unemployment rate was 2.9 per cent in July 2008, down from 3.2 per cent reported in June 2008. Compared to July 2007, the trend unemployment rate in the Territory has decreased by 0.3 percentage points. Volatility in the Territory's trend unemployment rate has been quite extreme over the past few years, relative to the national trend unemployment rate (see chart). In July 2008 the Territory reported the second lowest trend unemployment rate of the jurisdictions, lower than New South Wales, Victoria, Queensland, South Australia, Western Australia and Tasmania.

At the national level, the seasonally adjusted unemployment rate (the figure most commonly quoted in the media) was 4.3 per cent in July 2008, unchanged from June 2008 and up from the historic low of 3.9 per cent reported in February 2008.

Territory Unemployment

(latest data – July 2008)



Source: ABS Cat. No. 6202.0

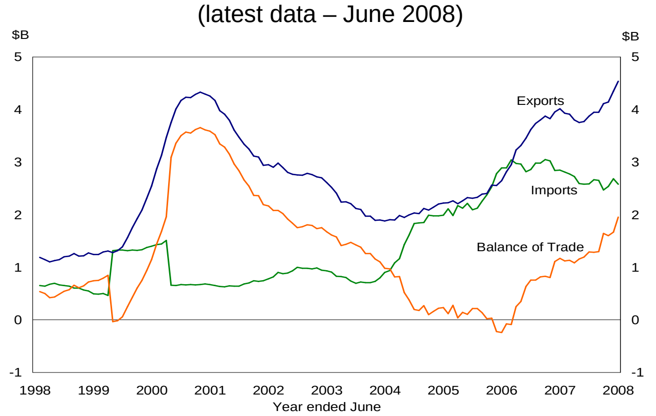
International Merchandise Trade

In 2007-08 the value of Territory merchandise exports increased by 13 per cent to $4.5 billion mainly due to higher production and prices for mineral ores (lead-zinc, iron-ore and manganese) exports. Over the same period, the value of merchandise imports to the Territory decreased by 9.3 per cent. The decline in imports reflects the completion of construction of the Alcan refinery expansion at Gove in mid-2007, which involved the importation of large pre-assembled modules, machinery and equipment.

The Territory's goods trade balance increased by $620 million in the June quarter 2008, to a record surplus of $2.0 billion (see chart). The Territory's trade surplus is expected to further improve in the upcoming year with the combined effect of increased LNG, alumina and manganese exports and reduced imports to the Territory.

Territory Merchandise Trade Balance*

(latest data – June 2008)



* moving annual total

Source: ABS Cat. No. 5368.0

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 Domestic Product[(a)]	2006-07	% change	5.6	1.8	2.7	4.9	0.8	6.3	2.1	5.0	3.2
State Final Demand[(a)]	Year to Mar 08	% change	3.8	4.2	3.8	7.8	2.7	9.3	7.0	2.2	5.3
International Goods Exports	Year to Jun 08	% change	13.0	6.8	2.4	-1.5	14.7	12.6	-2.5	-42.9	8.6
International Goods Imports	Year to Jun 08	% change	-9.3	8.8	9.2	18.9	11.5	20.6	11.9	-95.9	11.7
Demography											
Population	Dec-06 Qtr to Dec-07 Qtr	% change	2.4	1.1	1.6	2.3	1.0	2.4	0.8	1.3	1.6
Labour Market											
Employment (trend)	Jul 07 to Jul 08	% change	3.7	2.0	1.5	2.7	2.7	2.7	4.1	2.2	2.3
Participation Rate (trend)	As at July 07	%	72.5	63.2	64.9	67.1	62.3	68.4	60.4	72.8	65.0
	As at July 08	%	71.8	63.6	64.8	67.4	63.1	68.4	61.8	72.9	65.3
Unemployment Rate (trend)	As at July 07	%	4.6	4.7	4.5	3.6	4.8	3.4	5.1	2.8	4.3
	As at July 08	%	2.9	4.7	4.6	3.8	4.8	3.3	4.3	2.7	4.3
ANZ Job Ads	Year to Jul 08	% change	14.1	-5.6	-4.2	-4.9	-2.0	-10.6	13.3	-7.4	-3.7
Prices and Wages											
Consumer Price Index	Jun-07 Qtr to Jun-08 Qtr	% change	3.9	4.3	4.4	5.1	4.6	4.5	3.5	4.4	4.5
	Year to Jun 08 Qtr	% change	3.5	3.0	3.6	4.1	3.3	3.6	3.0	3.6	3.4
Average Weekly Earnings (full-time adult total earnings)	As at May 08	$	1146.10	1192.40	1162.30	1126.90	1089.10	1340.20	1053.10	1343.00	1181.60
Housing Sector											
Building Approvals (number)	Year to Jun 08	% change	-21.4	-3.0	12.8	5.1	20.3	-9.9	-0.3	4.1	3.6
Housing Finance for Owner Occupation (number)	Year to Jun 08	% change	-13.2	-4.1	0.4	-8.5	-3.6	-11.3	5.2	-3.8	-5.0
Housing Affordability Indicator[(b)]	As at Sep 07 Qtr	Level	44.5	26.1	28.7	26.3	28.8	28.7	30.5	48.3	27.3
Consumer Spending											
Retail Trade (current $)	Year to Jun 08	% change	10.3	6.7	5.1	9.0	9.1	5.9	6.1	3.5	6.8
New Motor Vehicle Sales (No.)	Year to Jul 08	% change	9.2	4.2	8.9	3.1	6.7	3.7	4.7	4.0	5.3
Tourist Accommodation - Takings (current $)	Year to Mar 08	% change	10.0	8.4	8.5	8.7	8.7	16.3	8.2	5.8	9.2

*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 Job Advertisement Series, AMP Housing 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.