

## Economic Growth

(Average annual five year growth to 2013-14)

Northern Territory	4.1% (3.9% previous qtr estimate)
Australia	3.1% (3.1% previous qtr estimate)

### Northern Territory

Access Economics December quarter 2009 Business Outlook publication forecasts average annual Territory gross state product (GSP) growth of 4.1% for the five years to 2013-14. This is a 0.2 percentage point increase from the average annual growth rate for this period reported in the September quarter 2009 Business Outlook. Over this period Territory average annual economic growth is expected to be the second highest of the jurisdictions, behind Queensland and well above national growth of 3.1% (Chart 1).

While Access Economics has revised down its 2009-10 economic growth forecast for the Territory from 3.6% to 0.1% in 2009-10, it has revised growth for 2010-11 upwards from 1.7% to 4.8%, the highest growth of the jurisdictions. The large revisions primarily reflect a change in sentiment towards private construction investment performance over the next few years, a significant driver of economic activity in the Territory.

Access Economics notes that "when the pace of work in construction (especially resource-related construction) slows, then so too does the Northern Territory's economy...but that is a temporary problem, and the step up in growth forecast in coming years represents a return to health...in the pace of project investment. The glittering prize (for the Territory economy) is the potential spend associated with the Inpex LNG project, but there are a number of other resource-related projects in the offing, while public sector spending will also be on the rise..."

Despite declining sharply in 2009-10, private investment expenditure in the Territory is forecast to rebound strongly over the next five years (Chart 2), supported by the potential for major projects such as the Inpex LNG project to proceed and strong population and private consumption growth (Chart 3).

### Australia

The average annual five year economic growth forecast for Australia has remained unchanged at 3.1%.

Access Economics notes that "[t]he world is recovering, but Australia is outpacing that rebound, aided by similar strength in China" and that the "recovery (in Australia) should continue through 2010 and 2011."

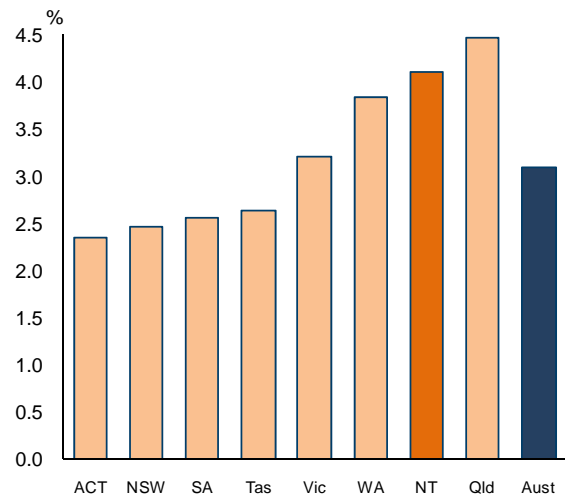
Access Economics has revised down their economic growth forecasts for Australia in 2009-10 to 1.6% (previously 1.9%) while growth in 2010-11 remains unchanged at 3.2%.

Access Economics cautions that, "government spending will ease back, and consumers may stay in low gear as rates rise, but housing construction will lift notably thanks to surging population gains..."

Released: 27 January 2010

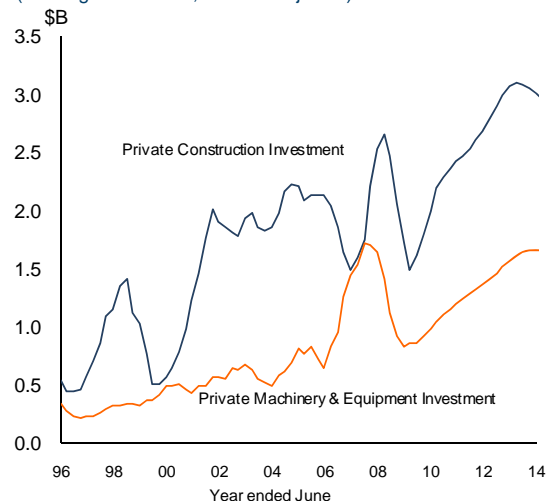
Next Release: Mid April 2010

**Chart 1: Economic Growth Forecast**  
(five year average annual growth rate to 2013-14)



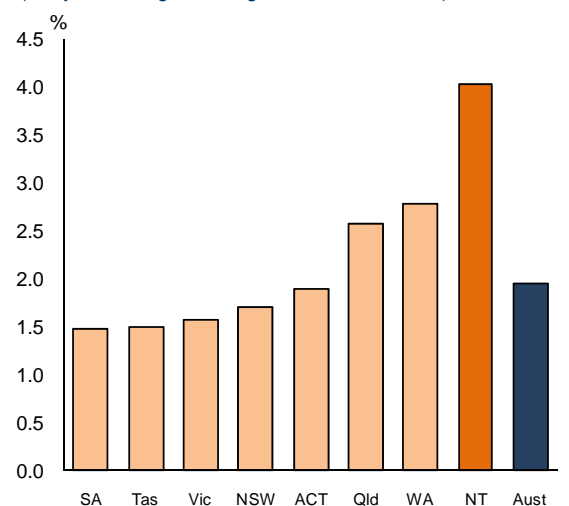
Source: Access Economics Business Outlook, December Q 2009

**Chart 2: Territory Private Investment Components**  
(moving annual total, inflation adjusted)



Source: Access Economics Business Outlook, December Q 2009

**Chart 3: Private Sector Consumption**  
(five year average annual growth rate to 2013-14)



Source: Access Economics Business Outlook, December Q 2009



## Employment Growth Forecast (Five years to 2013-14, average annual growth)

Northern Territory 2.3% (1.9% previous qtr estimate)  
Australia 1.9% (1.6% previous qtr estimate)

In the five years to 2013-14, Access Economics forecasts average annual employment growth of 2.3% in the Territory, the third highest growth of the jurisdictions, and above the national forecast of 1.9% (Chart 4). This average annual employment growth figure has been revised upwards by 0.4 percentage points, highlighting the increasingly optimistic outlook for the Territory economy over this period.

Over the same period, Access Economics forecasts the Territory's annual unemployment rate to average 4.5%, the second lowest of the jurisdictions. This represents a 0.8 percentage point decrease from the September quarter 2009 Business Outlook. In the five years to 2008-09 the Territory's unemployment rate averaged 4.6%.

## Population Growth Forecast (Five years to 2013-14, average annual growth)

Northern Territory 2.0% (1.9% previous qtr estimate)  
Australia 1.8% (1.4% previous qtr estimate)

In the five years to 2013-14, Access Economics forecasts average annual population growth in the Territory of 2.0%, the third highest of the jurisdictions behind Western Australia and Queensland and above the national forecast growth rate of 1.8% (Chart 5). Both the Territory and national figures have been revised upwards from the growth rate published in the September quarter 2009 publication.

## Consumer Price Index Forecast (Five years to 2013-14, average annual growth)

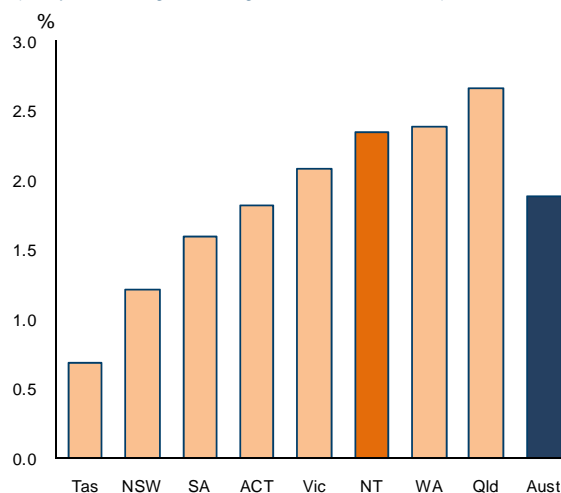
Northern Territory 2.9% (2.9% previous qtr estimate)  
Australia 2.5% (2.5% previous qtr estimate)

Access Economics forecasts that growth in the Darwin Consumer Price Index (CPI) will moderate to 3.1% in 2009-10 and to 2.5% in 2010-11 before strengthening to 3.8% in 2011-12 respectively (Chart 6).

In 2013-14, Access Economics forecasts that the growth in Darwin CPI will moderate back to 2.3%, well within the Reserve Bank of Australia's inflation target band of 2-3%.

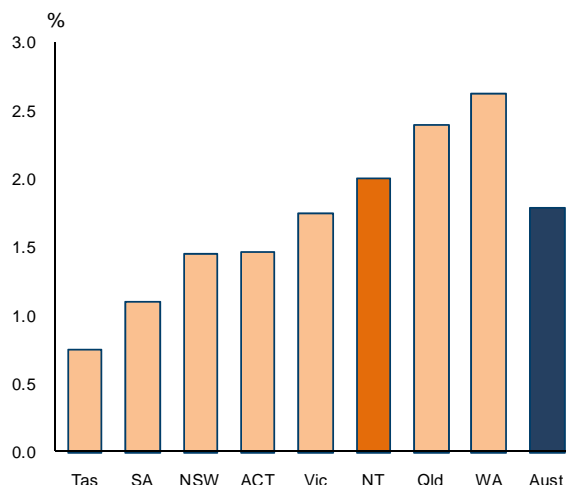
Access Economics is forecasting crude oil prices, a significant driver of the cost of living over the past few years, to average \$US77.12 per barrel in 2009-10, compared to \$US71.73 per barrel in 2008-09, and growing to \$US 82.72 by 2011-12 and \$US 88.87 by 2013-14 (Table 3).

**Chart 4: Employment Growth Forecast**  
(five year average annual growth rate to 2013-14)



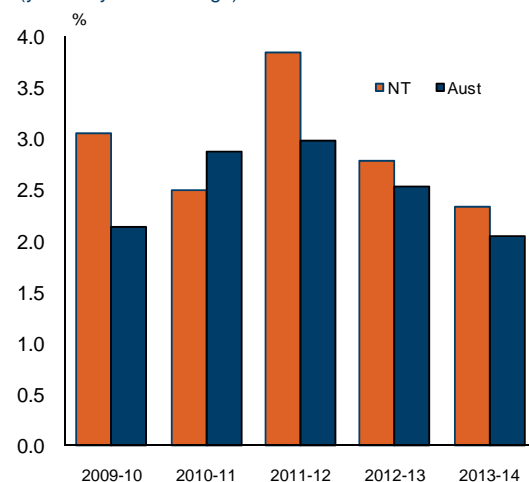
Source: Access Economics Business Outlook, December Q 2009

**Chart 5: Population Growth Forecast**  
(five year average annual growth rate to 2013-14)



Source: Access Economics Business Outlook, December Q 2009

**Chart 6: CPI Forecast**  
(year on year % change)



Source: Access Economics Business Outlook, December Q 2009

## Average Weekly Earnings

### (Five years to 2013-14, average annual growth)

Northern Territory	4.1% (4.0% previous qtr estimate)
Australia	4.0% (3.9% previous qtr estimate)

Average Weekly Earnings (AWE) measures average gross earnings of employees while the Labour Price Index (LPI) measures changes in wages and salaries, overtime, bonuses, annual and public holiday leave, superannuation, payroll tax and worker's compensation.

In the five years to 2013-14, Access Economics forecasts AWE in the Territory to grow at an average annual rate of 4.1%, slightly higher than the national forecast rate of 4.0%.

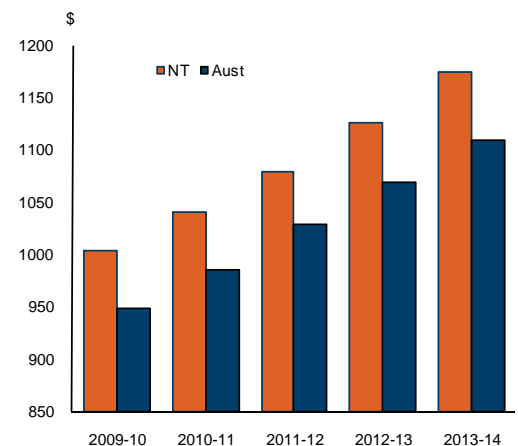
In 2009-10, AWE in the Territory is forecast to grow by 4.5% to \$1003.53, and by 3.8% in 2010-11 to \$1041.20.

Nationally, AWE is forecast to grow by 4.0% to \$948.84 in 2009-10 and by 3.8% in 2010-11 to \$985.26 (Chart 7).

In the five years to 2013-14, Access Economics forecasts the LPI in the Territory to grow at an average annual rate of 3.6%. Nationally, LPI is also forecast to grow at a rate of 3.6%.

In the Territory, LPI growth is forecast at 2.9% in 2009-10 and 3.6% in 2010-11. Nationally, LPI is forecast to grow at a rate of 3.2% in 2009-10 and 3.7% in 2010-11.

Chart 7: Average Weekly Earnings



Source: Access Economics Business Outlook, December Q 2009

## Jurisdictional Comparison

### (Year on year percentage change)

In 2009-10, the Territory's GSP is forecast to increase by 0.1% (Table 1), the lowest growth rate of the jurisdictions. In 2010-11, growth in the Territory's GSP is forecast to increase to 4.8%, the highest growth rate of the jurisdictions.

In both 2009-10 and 2010-11, the Territory's unemployment rate is forecast to remain the second lowest of the jurisdictions behind the ACT.

Table 1: Access Economics Business Outlook by jurisdiction

	2009-10								
	Australia	NT	NSW	Vic	Qld	SA	WA	Tas	ACT
GDP/GSP growth (%)	1.6	0.1	1.7	2.9	2.7	1.9	2.2	1.3	0.6
Unemployment rate (%)	5.9	4.1	6.2	5.9	5.9	5.8	5.5	5.4	3.8
	2010-11								
	Australia	NT	NSW	Vic	Qld	SA	WA	Tas	ACT
GDP/GSP growth (%)	3.2	4.8	2.1	3.9	3.0	3.7	4.5	4.2	2.1
Unemployment rate (%)	5.8	4.5	6.2	5.9	5.5	5.6	6.0	5.4	4.0

Source: Access Economics Business Outlook December Quarter 2009

**Table 2: Access Economics Business Outlook<sup>1</sup>**

<b>Northern Territory</b>		<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>5 year average annual growth</b>
Gross State product	Constant price (\$m)	16 314	17 101	17 647	18 769	19 946	
	% change	0.1	4.8	3.2	6.4	6.3	4.1
Northern Territory as a share of Australian output %		1.3%	1.4%	1.4%	1.4%	1.4%	
Real final demand	Constant price (\$m)	16 935	18 601	19 834	20 984	22 262	
	% change	-6.0	9.8	6.6	5.8	6.1	4.3
Private consumption	Constant price (\$m)	6824	7159	7532	7863	8180	
	% change	1.7	4.9	5.2	4.4	4.0	4.0
Private housing investment	Constant price (\$m)	725	868	866	898	998	
	% change	28.4	19.6	-0.2	3.7	11.2	12.1
Private construction investment	Constant price (\$m)	1,483	2,195	2,475	2,791	3,094	
	% change	-44.2	48.1	12.7	12.8	10.9	3.1
Private equipment investment	Constant price (\$m)	855	1,039	1,243	1,405	1,615	
	% change	-39.4	21.5	19.7	13.0	14.9	2.7
International exports	Constant price (\$m)	5 701	6 435	7 075	7 932	9 165	
	% change	3.1	12.9	9.9	12.1	15.5	10.6
International imports	Constant price (\$m)	3 122	2 929	3 254	3 545	3 951	
	% change	-29.9	-6.2	11.1	9.0	11.4	-2.4
Retail turnover	Constant price (\$m)	2 543	2 559	2 623	2 727	2 866	
	% change	3.2	0.6	2.5	4.0	5.1	3.1
Total population	Persons ('000s)	228	233	237	242	246	
	% change	2.3	2.1	2.0	1.9	1.8	2.0
Population aged 15 to 64	Persons ('000s)	175	179	183	187	191	
	% change	2.7	2.5	2.3	2.2	2.0	2.3
Employment ('000s)	Persons ('000s)	120	121	122	126	131	
	% change	2.9	0.9	1.3	2.8	4.0	2.3
Unemployment	Persons ('000s)	5.1	5.7	6.0	6.1	6.1	
Unemployment rate	%	4.1	4.5	4.7	4.6	4.4	
Consumer Price Index	1989-90 = 100	168.6	172.8	179.4	184.4	188.7	
	% change	3.1	2.5	3.8	2.8	2.3	2.9
Average Weekly Earnings	\$	1003.53	1041.20	1078.53	1126.90	1175.18	
	% change	4.5	3.8	3.6	4.5	4.3	4.1
Labour Price Index	\$	102.95	106.63	109.95	114.40	119.23	
	% change	2.9	3.6	3.1	4.0	4.2	3.6

<b>Australia</b>		<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	
Gross domestic product	Constant price (\$m)	1 214 071	1 252 786	1 297 142	1 340 950	1 392 397	
	% change	1.6	3.2	3.5	3.4	3.8	3.1
International exports	Constant price (\$m)	188 646	206 658	229 248	252 589	281 440	
	% change	0.7	9.5	10.9	10.2	11.4	8.5
International imports	Constant price (\$m)	204 907	223 923	238 749	259 983	294 081	
	% change	2.4	9.3	6.6	8.9	13.1	8.0
Total population	Persons ('000s)	22 154	22 581	22 983	23 363	23 725	
	% change	2.0	1.9	1.8	1.7	1.5	1.8
Population aged 15 to 64	Persons ('000s)	17 919	18 303	18 652	18 981	19 292	
	% change	2.4	2.1	1.9	1.8	1.6	2.0
Employment ('000s)	Persons ('000s)	10 890	11 157	11 412	11 621	11 856	
	% change	0.9	2.5	2.3	1.8	2.0	1.9
Unemployment	Persons ('000s)	679	688	670	665	648	
Unemployment rate	%	5.9	5.8	5.5	5.4	5.2	5.6
Consumer Price Index	1989-90 = 100	170.0	174.9	180.1	184.6	188.4	
	% change	2.1	2.9	3.0	2.5	2.0	2.5
Average Weekly Earnings	\$	948.84	985.26	1028.50	1069.63	1109.28	
	% change	4.0	3.8	4.4	4.0	3.7	4.0
Labour Price Index	% change	3.2	3.7	3.9	3.5	3.6	3.6

Source: Access Economics Business Outlook December Quarter 2009.

1. Base year 2007-08.

**Table 3: Access Economics Financial Outlook**

	2009-10	2010-11	2011-12	2012-13	2013-14
Treasury Bonds					
3 year	4.9%	5.2%	5.7%	5.9%	6.0%
5 year	5.2%	5.5%	5.8%	5.9%	6.0%
10 year	5.5%	5.7%	5.9%	6.0%	6.0%
Standard variable mortgage interest rate	6.1%	7.0%	7.2%	7.6%	7.8%
Commercial bank bills:					
90 days	3.7%	4.8%	5.6%	6.0%	6.1%
180 days	3.9%	4.8%	5.6%	6.0%	6.1%
Exchange Rates					
Trade Weighted Index	69.5	66.4	58.7	57.5	56.2
\$US per \$A	0.882	0.847	0.768	0.752	0.736
Yen per \$A	80.8	75.7	70.7	75.5	75.4
Euro per \$A	0.615	0.614	0.613	0.643	0.651
Crude Oil Prices					
Crude oil (Tapis, \$US/barrel)	77.12	80.44	82.72	85.40	88.87
% change	7.5%	4.3%	2.8%	3.3%	4.1%

Source: Access Economics Business Outlook December Quarter 2009