

Economic Growth

(Average annual five year growth to 2012-13)

| | |
|--------------------|-----------------------------------|
| Northern Territory | 3.8% (2.2% previous qtr estimate) |
| Australia | 2.6% (2.0% previous qtr estimate) |

Northern Territory

The Access Economics September quarter 2009 Business Outlook publication forecasts average annual Territory gross state product (GSP) growth of 3.8% for the five years to 2012-13. This represents a 1.6 percentage point increase from the June quarter 2009 Business Outlook. Territory economic growth is expected to be the highest of the jurisdictions over this period and well above national growth of 2.6% (see Chart 1).

The outlook for the Territory economy in the medium term has also been revised upwards. Access Economics is forecasting economic growth in the Territory of 5.2% (previously 4.9%) in 2008-09 and 3.6% (previously 1.8%) in 2009-10. This is the highest economic growth of the jurisdictions over this period.

The revisions reflect Access Economics conclusion that despite "important negatives to keep an eye on", such as lower levels of engineering and commercial construction and the strong rebound in the Australian dollar posing "...problems for both tourism and mining...the outlook for the Northern Territory remains pretty bright". In particular "...the downswing in housing approvals has mostly run its course and... the Territory can look forward to rising rates of housing construction in the next year or two. Moreover, retail sales in the Top End remain remarkably robust amid recovering consumer confidence, building off good news in job growth and population gains."

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

Australia

The average annual five year economic growth forecast for Australia has been revised up to 2.6% from 2.0%.

This reflects an increasingly optimistic outlook for the Australian economy in the medium term with Access Economics noting that, "Australia's growth performance has been world beating... we sailed through the worst of the global crisis on a sea of stimulus – both our own and China's."

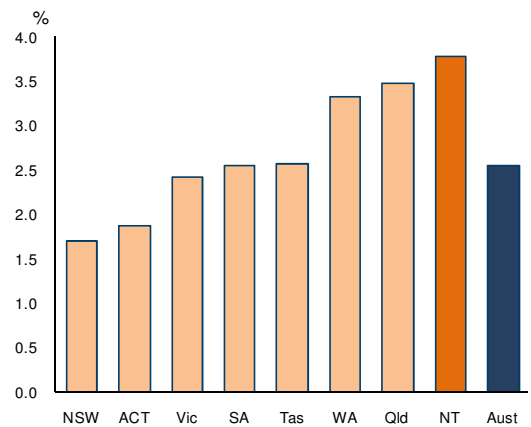
This sentiment is also reflected in Access Economics upwardly revising their economic growth forecasts for Australia in 2008-09 and 2009-10 to 1.0% (previously 0.8%) and 1.9% (previously 0.4%) respectively.

Nevertheless, Access Economics cautions that, "the stimulus is winding back: the cash splash has pretty much passed, and the Reserve Bank will soon start to raise interest rates. That means stiffer headwinds into the recovery than most recognise."

Released: 19 October 2009

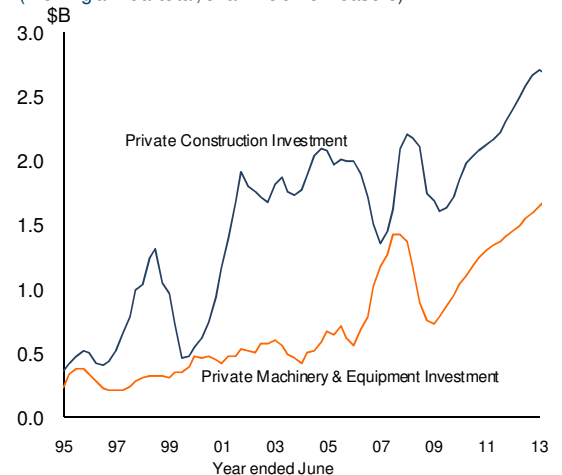
Next Release: Mid January 2009

Chart 1: Economic Growth Forecast
(five year compound average to 2012-13)



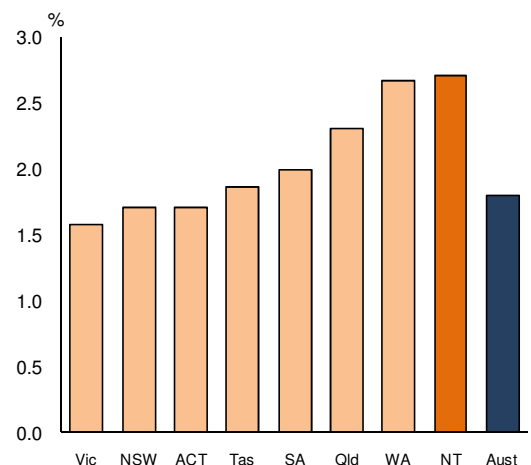
Source: Access Economics Business Outlook, September Q 2009

Chart 2: Territory Private Investment Components
(moving annual total, chain volume measure)



Source: Access Economics Business Outlook, September Q 2009

Chart 3: Private Sector Consumption
(five year compound average to 2012-13)



Source: Access Economics Business Outlook, September Q 2009



Employment Growth Forecast

(Five years to 2012-13, average annual growth)

| | |
|--------------------|-----------------------------------|
| Northern Territory | 2.0% (1.2% previous qtr estimate) |
| Australia | 1.5% (1.1% previous qtr estimate) |

In the five years to 2012-13, Access Economics forecasts average annual employment growth of 2.0% in the Territory, the third highest growth of the jurisdictions, and above the national forecast of 1.5% (see Chart 4). The average annual employment growth figure for the Territory has been revised upwards by 0.8 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 5.1%. This represents a 0.7 percentage point decrease from the June 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 2012-13, average annual growth)

| | |
|--------------------|-----------------------------------|
| Northern Territory | 2.0% (2.0% previous qtr estimate) |
| Australia | 1.5% (1.5% previous qtr estimate) |

In the five years to 2012-13, 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 1.5% (see Chart 5). Both figures remain unchanged from the growth rate published in the June quarter 2009 publication.

Consumer Price Index Forecast

(Five years to 2012-13, average annual growth)

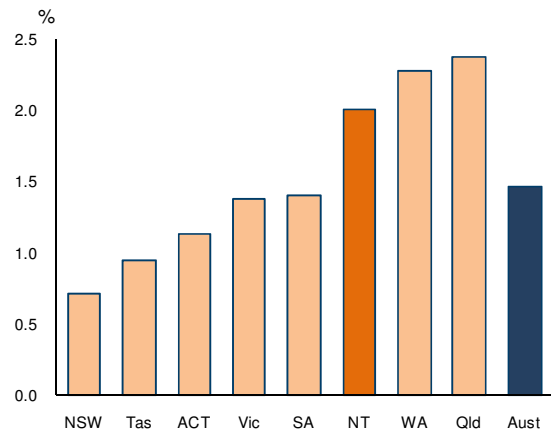
| | |
|--------------------|-----------------------------------|
| Northern Territory | 3.0% (2.6% previous qtr estimate) |
| Australia | 2.7% (2.7% previous qtr estimate) |

Access Economics forecasts that growth in the Darwin Consumer Price Index (CPI) will moderate to 2.6% in 2009-10 before strengthening to 2.8% and 3.9% in 2010-11 and 2011-12 respectively.

In 2012-13, Access Economics forecasts that the growth in Darwin CPI will moderate back to 2.6%, well within the Reserve Bank of Australia's inflation target band of 2-3%.

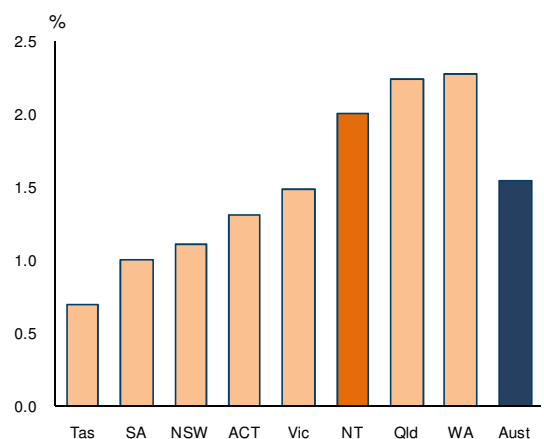
Access Economics is forecasting crude oil prices, a significant driver of the cost of living over the past few years, to average \$US74.28 per barrel in 2009-10 compared to \$US71.73 per barrel in 2008-09 (see Table 3).

Chart 4: Employment Growth Forecast
(five year compound average to 2012-13)



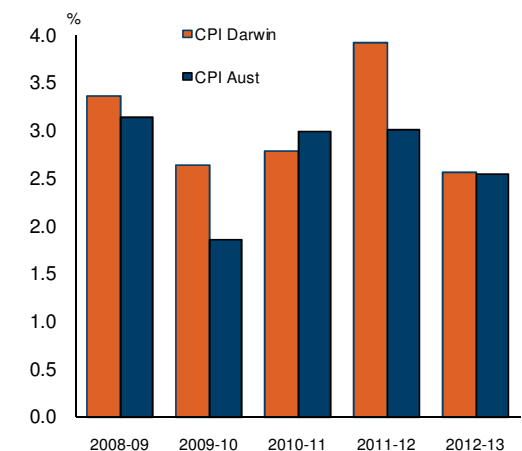
Source: Access Economics Business Outlook, September Q 2009

Chart 5: Population Growth Forecast
(five year compound average to 2012-13)



Source: Access Economics Business Outlook, September Q 2009

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



Source: Access Economics Business Outlook, September Q 2009

Average Weekly Earnings

(Five years to 2012-13, average annual growth)

| | |
|--------------------|-----------------------------------|
| Northern Territory | 4.1% (3.7% previous qtr estimate) |
| Australia | 3.9% (3.8% 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.

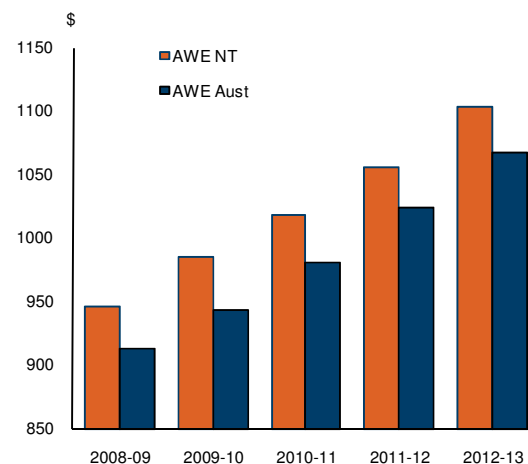
In the five years to 2012-13, Access Economics forecasts AWE in the Territory to grow at an average annual rate of 4.1%, slightly higher than the national forecast rate of 3.9%.

In 2009-10, AWE in the Territory is forecast to grow by 4.1% to \$984.38, and by 3.4% in 2010-11 to \$1017.43. Nationally, AWE is forecast to grow by 3.3% to \$942.70 in 2009-10 and by 4.0% in 2010-11 to \$980.40 (see Chart 7).

In the five years to 2012-13, Access Economics forecasts the LPI in the Territory to grow at an average annual rate of 3.7%. Nationally, LPI is forecast to grow at a rate of 3.8%.

In the Territory, LPI growth is forecast at 3.6% in 2009-10 and 3.3% in 2010-11. Nationally, LPI is forecast to grow at a rate of 3.5% in 2009-10 and 3.9% in 2010-11.

Chart 7: Average Weekly Earnings



Source: Access Economics Business Outlook, September Q 2009

Jurisdictional Comparison

(Year on year percentage change)

In 2008-09, the Territory's GSP is forecast to increase by 5.2% (see Table 1), the highest growth rate of the jurisdictions. In 2009-10, growth in the Territory's GSP is forecast to moderate to 3.6%. Nevertheless, it is expected to remain the highest growth rate of the jurisdictions.

In both 2008-09 and 2009-10, 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

| | 2008-09 | | | | | | | | |
|-----------------------|-----------|-----|-----|------|-----|-----|-----|-----|------|
| | Australia | NT | NSW | Vic | Qld | SA | WA | Tas | ACT |
| GDP/GSP growth (%) | 1.0 | 5.2 | 0.1 | -0.2 | 1.7 | 1.4 | 3.1 | 1.0 | -1.1 |
| Unemployment rate (%) | 4.9 | 3.7 | 5.6 | 5.1 | 4.3 | 5.2 | 3.8 | 4.7 | 2.9 |
| | 2009-10 | | | | | | | | |
| GDP/GSP growth (%) | 1.9 | 3.6 | 1.0 | 2.7 | 1.9 | 2.5 | 2.7 | 2.5 | 1.4 |
| Unemployment rate (%) | 6.2 | 4.7 | 6.6 | 6.4 | 5.8 | 5.8 | 6.0 | 5.7 | 3.9 |

Source: Access Economics Business Outlook September Quarter 2009

Table 2: Access Economics Business Outlook¹

| Northern Territory | | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 5 year average annual growth |
|--|----------------------|----------------|----------------|----------------|----------------|----------------|-------------------------------------|
| Gross State product | Constant price (\$m) | 15 386 | 15 935 | 16 211 | 16 649 | 17 604 | |
| | % change | 5.2 | 3.6 | 1.7 | 2.7 | 5.7 | 3.8 |
| Northern Territory as a share of Australian output % | | 1.4% | 1.4% | 1.4% | 1.4% | 1.4% | |
| Real final demand | Constant price (\$m) | 16 826 | 16 421 | 17 778 | 18 791 | 19 877 | |
| | % change | 6.2 | -2.4 | 8.3 | 5.7 | 5.8 | 4.6 |
| Private consumption | Constant price (\$m) | 6700 | 6847 | 7035 | 7272 | 7516 | |
| | % change | 1.9 | 2.2 | 2.7 | 3.4 | 3.4 | 2.7 |
| Private housing investment | Constant price (\$m) | 522 | 641 | 811 | 826 | 841 | |
| | % change | -6.5 | 22.8 | 26.5 | 1.9 | 1.8 | 8.5 |
| Private construction investment | Constant price (\$m) | 2,175 | 1,612 | 1,984 | 2,159 | 2,502 | |
| | % change | 49.6 | -25.9 | 23.1 | 8.8 | 15.9 | 11.5 |
| Private equipment investment | Constant price (\$m) | 1,175 | 788 | 1,108 | 1,342 | 1,494 | |
| | % change | -7.5 | -32.9 | 40.6 | 21.1 | 11.3 | 3.3 |
| International exports | Constant price (\$m) | 4 971 | 5 769 | 6 017 | 6 547 | 7 376 | |
| | % change | 30.0 | 16.1 | 4.3 | 8.8 | 12.7 | 14.0 |
| International imports | Constant price (\$m) | 3 790 | 2 514 | 2 597 | 2 931 | 3 260 | |
| | % change | 70.3 | -33.7 | 3.3 | 12.9 | 11.2 | 3.9 |
| Retail turnover | Constant price (\$m) | 2 383 | 2 420 | 2 416 | 2 519 | 2 638 | |
| | % change | 9.5 | 1.5 | -0.2 | 4.3 | 4.7 | 3.9 |
| Total population | Persons ('000s) | 223 | 227 | 232 | 236 | 241 | |
| | % change | 2.2 | 2.2 | 2.0 | 1.9 | 1.8 | 2.0 |
| Population aged 15 to 64 | Persons ('000s) | 165 | 168 | 172 | 176 | 179 | |
| | % change | 2.5 | 2.2 | 2.3 | 2.1 | 2.0 | 2.2 |
| Employment ('000s) | Persons ('000s) | 116 | 119 | 119 | 121 | 123 | |
| | % change | 4.1 | 2.0 | 0.4 | 1.2 | 2.4 | 2.0 |
| Unemployment | Persons ('000s) | 4.5 | 5.8 | 7.1 | 7.4 | 7.3 | |
| Unemployment rate | % | 3.7 | 4.7 | 5.6 | 5.8 | 5.6 | |
| Consumer Price Index | 1989-90 = 100 | 163.6 | 167.9 | 172.5 | 179.3 | 183.9 | |
| | % change | 3.4 | 2.6 | 2.8 | 3.9 | 2.6 | 3.0 |
| Average Weekly Earnings | \$ | 945.78 | 984.38 | 1017.43 | 1054.98 | 1102.53 | |
| | % change | 4.9 | 4.1 | 3.4 | 3.7 | 4.5 | 4.1 |
| Labour Price Index | \$ | 122.03 | 126.38 | 130.50 | 134.65 | 140.10 | |
| | % change | 4.5 | 3.6 | 3.3 | 3.2 | 4.0 | 3.7 |

| Australia | | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | |
|--------------------------|----------------------|----------------|----------------|----------------|----------------|----------------|-----|
| Gross domestic product | Constant price (\$m) | 1 095 264 | 1 115 764 | 1 151 473 | 1 190 796 | 1 230 001 | |
| | % change | 1.0 | 1.9 | 3.2 | 3.4 | 3.3 | 2.6 |
| International exports | Constant price (\$m) | 178 265 | 178 448 | 191 510 | 210 825 | 233 713 | |
| | % change | 1.8 | 0.1 | 7.3 | 10.1 | 10.9 | 5.9 |
| International imports | Constant price (\$m) | 201 650 | 188 542 | 197 698 | 212 724 | 236 932 | |
| | % change | -2.1 | -6.5 | 4.9 | 7.6 | 11.4 | 2.8 |
| Total population | Persons ('000s) | 21 692 | 22 043 | 22 363 | 22 673 | 22 983 | |
| | % change | 1.9 | 1.6 | 1.5 | 1.4 | 1.4 | 1.5 |
| Population aged 15 to 64 | Persons ('000s) | 17 481 | 17 798 | 18 090 | 18 370 | 18 646 | |
| | % change | 2.1 | 1.8 | 1.6 | 1.5 | 1.5 | 1.7 |
| Employment ('000s) | Persons ('000s) | 10 798 | 10 834 | 11 051 | 11 277 | 11 480 | |
| | % change | 1.1 | 0.3 | 2.0 | 2.0 | 1.8 | 1.5 |
| Unemployment | Persons ('000s) | 558 | 715 | 797 | 791 | 751 | |
| Unemployment rate | % | 4.9 | 6.2 | 6.7 | 6.6 | 6.1 | 6.1 |
| Consumer Price Index | 1989-90 = 100 | 166.4 | 169.5 | 174.6 | 179.8 | 184.4 | |
| | % change | 3.1 | 1.9 | 3.0 | 3.0 | 2.5 | 2.7 |
| Average Weekly Earnings | \$ | 912.85 | 942.70 | 980.40 | 1023.93 | 1066.36 | |
| | % change | 3.9 | 3.3 | 4.0 | 4.4 | 4.1 | 3.9 |
| Labour Price Index | % change | 4.1 | 3.5 | 3.9 | 3.9 | 3.7 | 3.8 |

Source: Access Economics Business Outlook September Quarter 2009.

1. Base year 2006-07.

Table 3 Access Economics Financial Outlook

| | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|---------|---------|---------|---------|---------|
| Treasury Bonds | | | | | |
| 3 year | 4.6% | 4.6% | 5.0% | 5.7% | 6.0% |
| 5 year | 4.8% | 5.1% | 5.4% | 5.8% | 6.0% |
| 10 year | 5.1% | 5.5% | 5.7% | 5.9% | 6.0% |
| Standard variable mortgage interest rate | 7.8% | 5.8% | 6.2% | 7.2% | 7.7% |
| Commercial bank bills: | | | | | |
| 90 days | 5.7% | 3.3% | 4.3% | 5.7% | 6.1% |
| 180 days | 5.5% | 3.5% | 4.4% | 5.7% | 6.1% |
| Exchange Rates | | | | | |
| Trade Weighted Index | 62.4 | 66.9 | 61.7 | 56.9 | 57.3 |
| \$US per \$A | 0.786 | 0.832 | 0.788 | 0.746 | 0.751 |
| Yen per \$A | 78.8 | 77.6 | 69.8 | 70.3 | 76.3 |
| Euro per \$A | 0.544 | 0.592 | 0.628 | 0.637 | 0.664 |
| Crude Oil Prices | | | | | |
| Crude oil (Tapis, \$US/barrel) | 71.73 | 74.28 | 75.89 | 78.03 | 80.57 |
| % change | -31.0% | 3.5% | 2.2% | 2.8% | 3.3% |

Source: Access Economics Business Outlook September Quarter 2009