



# Structure of the Economy

- The Northern Territory economy is markedly different to other Australian jurisdictions. It has an abundance of natural resources, a large public sector and a significant defence presence.
- The Territory economy is highly influenced by global economic conditions due to its relatively small size and commodity-focused base.
- The importance of mining and mining-related production will grow as production reaches full capacity following the completion of major infrastructure projects.
- A relatively large mineral and energy sector means that the Territory economy is capable of high growth as resources are developed.

# Economic Growth

- Economic growth in the Northern Territory tends to be volatile from year to year. The small size of the economy means large, typically resource-based projects can have a substantial impact on investment and income streams.
- During the mid to late 1990s, the Territory’s strong growth was predominately due to the defence relocation program. Growth began to weaken in 1999-2000.
- In 2000-01 and 2001-02, the relative weakness of the onshore economy was masked by significant increases in offshore oil production leading to solid gross state product (GSP) growth. This situation was reversed in 2002-03 and 2003-04, when the strengthening of the onshore economy was offset by a significant decline in offshore oil production.
- In 2004-05 GSP grew by 3.6 per cent with strengthening construction, mining and tourism.
- The major influence on estimated GSP growth of 6.7 per cent in 2005-06 is strong onshore activity, with work on major projects leading to strong investment and state final demand (SFD) growth.
- Economic growth is forecast at 5.8 per cent in 2006-07. A full year of liquefied natural gas (LNG) production, peak production at the Bayu-Undan gas and condensate fields and increased alumina production from Alcan, are the major contributors to growth.

### Summary of Territory Economic Indicators

Year on Year % Growth	2001-02	2002-03	2003-04	2004-05	2005-06e	2006-07f
Real GSP	1.2	0.1	0.2	3.6	6.7	5.8
Employment	5.4	-0.1	-2.2	-2.0	2.1	2.3
Population*	0.9	0.1	0.3	1.1	1.7	1.5
Darwin CPI#	3.6	2.2	2.1	1.6	2.6	2.9

e: estimate; f: forecast

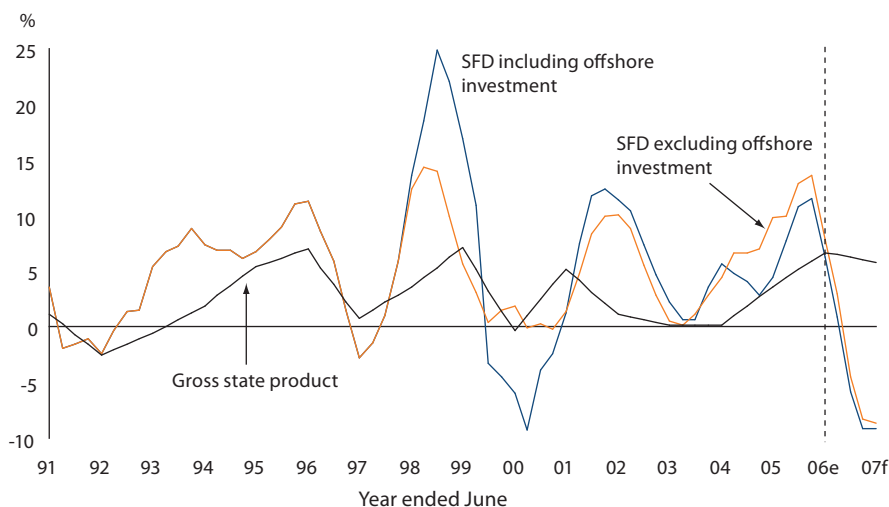
\* As at December, annual percentage change

# As at December

Territory Economic Growth Profile	Period	GSP Growth %	Comment
	1995-96 to 1999-2000	3.6	Strong growth phase, associated with impetus from defence force relocation program.
	2000-01	5.2	Weak onshore activity. Headline GSP boosted by offshore oil production.
	2001-02	1.2	Pick up in onshore activity. Rail-related investment surge boosts construction and property and business services.
	2002-03	0.1	Sharp fall in offshore oil production a major influence on weak headline result.
	2003-04	0.2	Offshore oil production continues to fall. Recovery in onshore economy gains momentum, boosted by strong construction activity.
	2004-05	3.6	Onshore recovery broadens. Strengthening in construction, mining and tourism. Private consumption growth moderates. Business investment falls, but greater level of local value adding. Population growth continues to recover. Skills shortages lead to increased fly in fly out employment. Resident employment reported as declining.
	2005-06e	6.7	Construction for major projects continues, and liquefied natural gas (LNG) production commences. Strengthening in mining and energy sectors. Population growth supports solid residential construction. Darwin Waterfront Development proceeds. Recovery in tourism continues. Resident employment growth.
	2006-07f	5.8	Pick up in economy led by exports of LNG and alumina will largely offset slower onshore economy, as investment for the LNG plant and Alcan G3 refinery expansion concludes. Solid population and employment growth.

e: estimate; f: forecast  
 Source: Northern Territory Treasury, ABS Cat. No. 5220.0

Territory SFD and GSP Growth



e: estimate; f: forecast  
 Source: Northern Territory Treasury, ABS Cat. No. 5206.0, 5220.0