

# 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 three years to 2006-07, Territory gross state product (GSP) grew by an average annual rate of 5.5 per cent. Growth was driven by strong consumption and a substantial increase in investment associated with major resource projects, followed by solid growth in exports and the commencement of liquefied natural gas (LNG) production.
- Economic growth is estimated to ease to 2.8 per cent in 2007-08, as business investment declines in line with the completion of the Alcan expansion, and scheduled maintenance at Wickham Point, temporary closure of the Corallina oil field and the permanent closure of the Elang Kakatua oil field contribute to a moderate decrease in exports. These are offset by very strong consumption expenditure, particularly among Territory households.
- Economic growth is forecast to strengthen to 6.6 per cent in 2008-09, driven by a substantial recovery in export volumes and supported by consumption expenditure.
- Resident employment is estimated to increase by 4.8 per cent in 2007-08, in line with strong population growth.
- The Darwin Consumer Price Index (CPI) is estimated to moderate in 2008 primarily reflecting lower growth in housing prices. This moderation will continue into 2009 as crude oil prices track lower.

## Summary of Territory Economic Indicators

	2003-04	2004-05	2005-06	2006-07	2007-08e	2008-09f
	%	%	%	%	%	%
Real GSP	2.0	5.5	5.5	5.6	2.8	6.6
Resident Employment	-2.9	-1.3	3.0	5.3	4.8	2.5
Population <sup>1</sup>	0.7	1.6	2.3	2.0	2.2	1.9
Darwin CPI <sup>2</sup>	2.1	1.6	2.6	4.4	3.4 <sup>3</sup>	3.1

e: estimate; f: forecast

<sup>1</sup> As at December, annual percentage change

<sup>2</sup> As at December, year on year percentage change

<sup>3</sup> Actual Darwin CPI 2007

Source: Northern Territory Treasury, ABS Cat. Nos 5220.0, 6202.0, 3101.0, 6401.0