NORTHERN TERRITORY

2024-25 BUDGET

WORKING FOR THE TERRITORY

NORTHERN TERRITORY ECONOMY

Contents

Overview

The 2024-25 Northern Territory Economy publication summarises the outlook for the Territory economy across a range of key economic indicators, with headline forecasts detailed in Table i. Further commentary on current and historical macroeconomic conditions can be accessed at the Territory Economy website at nteconomy.nt.gov.au.

Table i: Key economic indicator forecasts (%)

	2022-23a	2023-24e	2024-25f	2025-26f	2026-27f	2027-28f
Gross state product[1]	- 5.3	4.9	2.3	7.1	4.1	2.1
State final demand[1]	1.9	1.7	1.9	- 0.2	2.1	1.9
Population[2]	0.9	0.8	0.9	1.1	1.1	1.1
Employment[1]	2.6	1.5	1.1	0.9	1.3	1.3
Unemployment rate[3]	4.3	4.4	4.6	4.8	4.7	4.6
Consumer price index[1]	6.4	3.6	2.9	2.5	2.4	2.4
Wage price index[1]	2.8	4.1	3.2	3.1	3.1	3.0

a: actual; e: estimate; f: forecast
1 Year-on-year percentage change.
2 Change in June quarter compared with June quarter the previous year.
3 Year average.
Source: Department of Treasury and Finance; ABS

Recent economic outcomes

The Northern Territory economy has not been immune to the high inflation and interest rate environment that has weighed on the national economy. Major maintenance activity has also impacted the Territory's trade balance, constraining exports in 2022-23.

In 2022-23, Territory gross state product (GSP) declined by 5.3%, while state final demand (SFD) increased by 1.9%. The contraction in GSP reflected lower export volumes following major maintenance shutdowns at the Ichthys liquefied natural gas (LNG) plant and lower production at the Darwin LNG plant as the Bayu-Undan field is now largely depleted of recoverable gas.

In 2022-23, SFD growth was supported by public sector activity, with investment up 12.3% and consumption up 1.4%. Conversely, inflationary pressures and high interest rates constrained household consumption and private investment.

Inflation is showing signs of easing, having declined to its lowest level in three years. Economic activity remained resilient in the December quarter 2023, supported by solid public and private sector investment. The Territory economy is expected to improve in 2024-25 as inflation pressures ease and the stage 3 tax cuts improve household balance sheets. Forecast cuts to the Reserve Bank of Australia's (RBA) cash rate in 2025 are expected to further support household and business confidence.

Economic outlook

GSP is expected to grow by 4.9% in 2023-24 driven by stronger net exports and investment. Imports are expected to be lower due to soft household spending and lower machinery and equipment imports. An improvement in LNG exports from the Ichthys LNG plant will be partially offset by the suspension of mining at Core Lithium and the Peko mine moving into administration.

Cyclone Megan has also temporarily halted production at the Groote Eylandt Mining Company (GEMCO) mine, which is expected to detract around 0.7 percentage points from GSP in 2023-24, and 1.3 percentage points from GSP in 2024-25.

SFD is estimated to grow by 1.7% in 2023-24, with a large pipeline of public and private investment projects continuing to support economic growth in the Territory.

Household consumption is expected to contract by 1.5% in 2023-24, as household budgets are constrained by recent increases in price levels and mortgage interest rates. Household consumption spending is expected to improve from 2024-25 as inflation moderates, recent increases in real wages, and tax cuts from 1 July 2024 improve household balance sheets.

Private sector investment is estimated to increase by 5.8% in 2023-24, before softening to 1.5% in 2024-25, supported by construction works at the Barossa LNG plant and an expansion at Tanami gold mine including a new production shaft. There are several major projects proposed that are not included in the forecasts and, if they receive final investment decision status and proceed during the outlook period, will contribute to stronger than expected economic growth and employment outcomes (see Chapter 2 *Major projects yet to reach final investment decision* section).

Over the five years to 2027-28, annual GSP and SFD growth are expected to average 4.1% and 1.5%, respectively. The growth outlook is heavily influenced by the timing of the Barossa offshore LNG project's construction phase, expected to be completed in 2025 and the commencement of gas production in 2025-26.

Employment is forecast to grow by 1.5% in 2023-24, before moderating to 1.1% in 2024-25 and 0.9% in 2025-26 in line with the Territory investment profile, reflecting population and labour force growth, and ongoing demand for skilled labour in the Territory. The unemployment rate is expected to increase from 4.4% in 2023-24 to peak at around 4.8% in 2025-26, as the construction phase of Barossa is completed, before moderating over the forward estimates period to stabilise around 4.6% in 2027-28.

Inflation declined to 3.3% in the March quarter 2024 and is expected to continue to moderate across the outlook period, averaging 2.4% across the forward estimates. Inflationary pressures in the Territory have softened in recent quarters, particularly goods price inflation. Services inflation is expected to be the main contributor to inflation in the short term, reflecting growth in input prices such as labour and insurance.

Wages growth is at a 15-year high due to tight competition for labour in the Territory and nationally, minimum wage increases in line with inflation and one-off impacts of the current public sector enterprise agreements. Wages growth is expected to average 3.1% from 2024-25, above its 10-year average, reflecting ongoing tightness in the labour market and a period of wage growth catch-up following significant real wage declines in recent years as inflation has outpaced nominal wage growth.

Population is forecast to grow by 0.8% in 2023-24 and 0.9% in 2024-25, supported by natural increase and overseas migration. Population growth is expected to peak at around 1.1%, as net interstate migration outcomes improve, and birth rates return to average levels.

Risks to the outlook

Economic forecasts are subject to risks and uncertainties in the assumptions and data relied on to generate the forecasts.

There are a variety of risks that can impact the economic forecasts, including the state of the global economy and any impacts on commodity prices, national economic growth, interest rates, inflation and exchange rates, government and private spending, and consumer behaviour. Any changes in these assumptions can lead to actual outcomes diverging significantly from forecast outcomes.

Key risks to the economic forecasts include:

- potential escalation of conflicts in Europe and the Middle East, which may affect global supply chains and inflation, particularly through disruptions to global energy markets
- ongoing tight labour market conditions in other jurisdictions, potentially affecting the Territory's ability to compete for labour and population growth
- interest and inflation rate paths that differ from current market expectations, which could lead to different consumption growth nationally and in the Territory.

Other risks include:

- the extent to which large projects underpinning economic growth over the forecast period do not proceed to the level or timeframe as planned
- projects without a final investment decision at the time of budget, proceed to final investment decision within the outlook period, resulting in upside risks to the forecasts
- changes in exchange rates and commodity prices, which can have significant effect on the production of current resource and agricultural projects
- adverse weather conditions, such as cyclones, floods and droughts, and agricultural pests and diseases, which can affect production and or put upwards pressure on prices and add downside risks to economic growth, employment and revenue forecasts.

Uncertainty in economic forecasts is driven by the use of economic data that is subject to reporting limitations, statistical error, revisions and methodological changes. New information can also be made available. The impact of this uncertainty is generally more pronounced in small jurisdictions such as the Territory.

Chapter 1

Structure of the economy

Overview

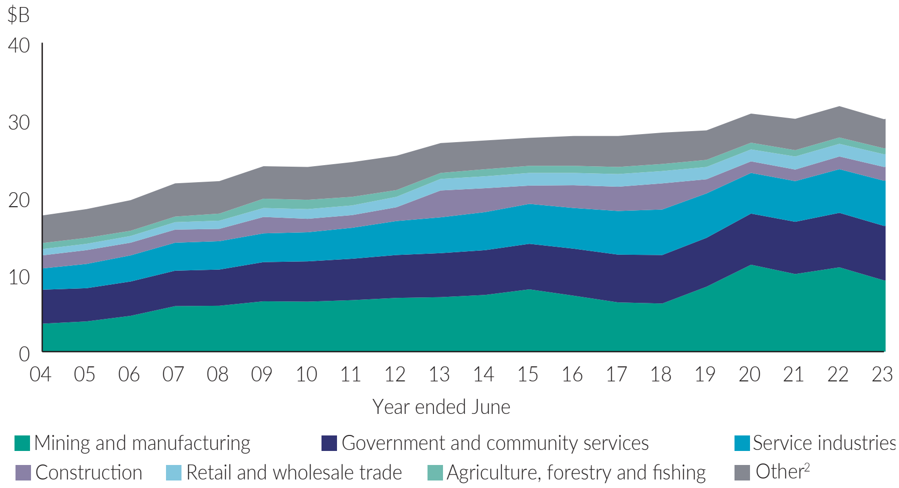
The Territory economy operates in a unique environment characterised by significant mineral resource reserves, rich cultural heritage, natural attractions and strategic importance to the nation's defence.

Economic activity and employment within the Territory is driven by several key sectors including mining, government and community services, and other service industries. Collectively, these sectors contribute more than two thirds of total economic activity and around 80% of employment.

A summary of the structure of the Territory economy is presented in this chapter that provides context for the economic outlook in later chapters.

In 2022-23, the Territory's GSP was $30.1 billion. Around 28% of the Territory's GSP was derived from mining, while around 23% was derived from government and community services (Chart 1.1). Industry contributions can be volatile in the short term, often driven by large public or private investment projects, while changes in the underlying structure of the economy occur over the medium term and reflect the Territory's comparative economic advantages.

Chart 1.1: Contributions to gross state product[1]

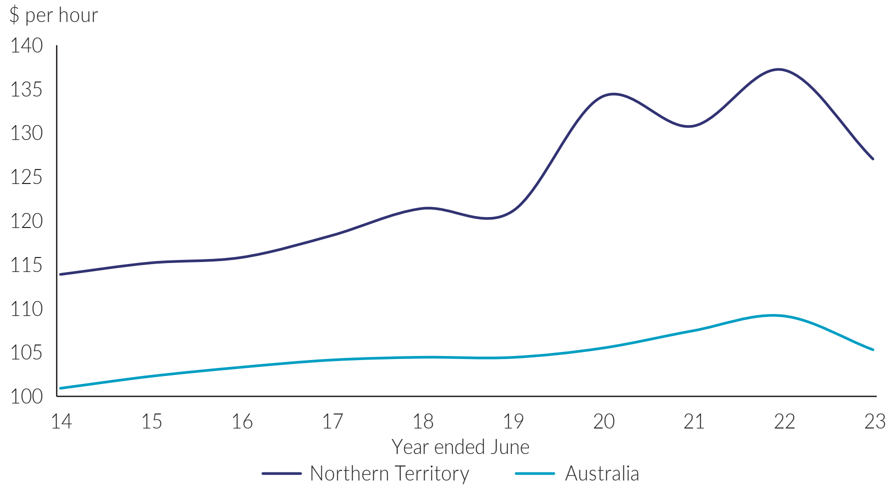


1 Tourism is not reported separately as an industry as it combines output from several service industries.
2 'Other' includes ownership of dwellings, taxes less subsidies and statistical discrepancy.
Source: ABS, *Australian National Accounts: State Accounts*, Cat. No. 5220.0

Output per hour worked in the Territory economy is high, reflecting the capital-intensive nature of key industries, particularly mining and non-residential construction. In 2022-23, each hour worked in the Territory generated around $127 of real economic activity, compared with $105 per hour nationally (Chart 1.2).

In the Territory, output per hour worked has grown at an average rate of 1% per annum over the 10 years to 2022-23, compared with 0.6% nationally. The stronger growth in output per hour worked reflects the mining sector's increasing share of economic activity in the Territory.

Chart 1.2: Output per hour worked



Source: ABS, *Australian National Accounts: State Accounts*, Cat. No. 5220.0, *Labour Force, Australia*, Cat. No. 6202.0; Department of Treasury and Finance

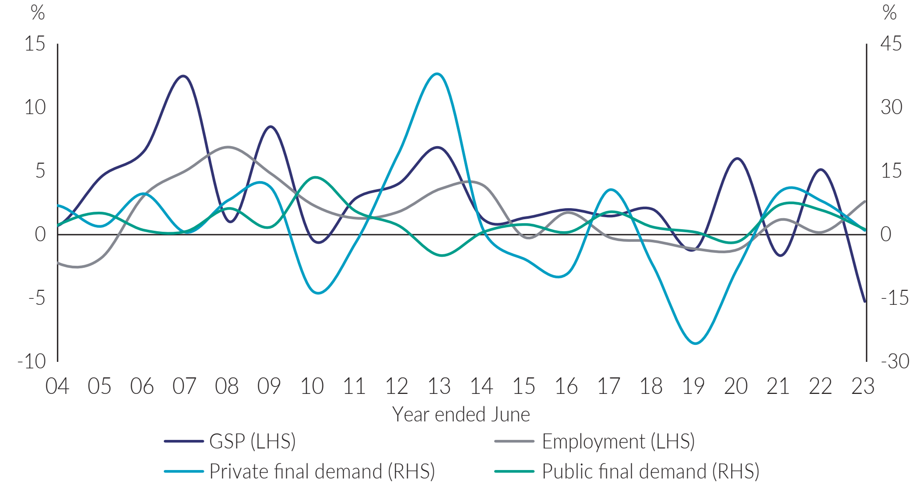
While the relative size of the Territory's mining sector and the high level of capital used in production results in higher output per hour worked, this exposure to major projects in the Territory can result in large cycles in investment and activity. This has historically corresponded to mining and gas projects, and major public sector infrastructure projects.

Investment cycles for the public and private sectors have major impacts in the Territory (Chart 1.3). Private final demand is particularly variable and characterised by intensive demand for skilled labour during construction of major projects. As the construction of major projects is completed and the operational phase commences, a period of low growth and or even contractions in the labour force can occur as the economy adjusts.

The combined impact of public and private demand (SFD) tends to have direct linkages with key economic indicators such as employment, business turnover, and asset values for commercial and residential property.

SFD plus net exports broadly equates to GSP. Mining and gas exports have historically made a large positive contribution to growth and Territory GSP outcomes. Recent declines in Territory GSP can be attributed to lower exports during a major maintenance event at one of the Territory's major gas export plants (Chart 1.3).

Chart 1.3: Economic cycles in the Territory[1]

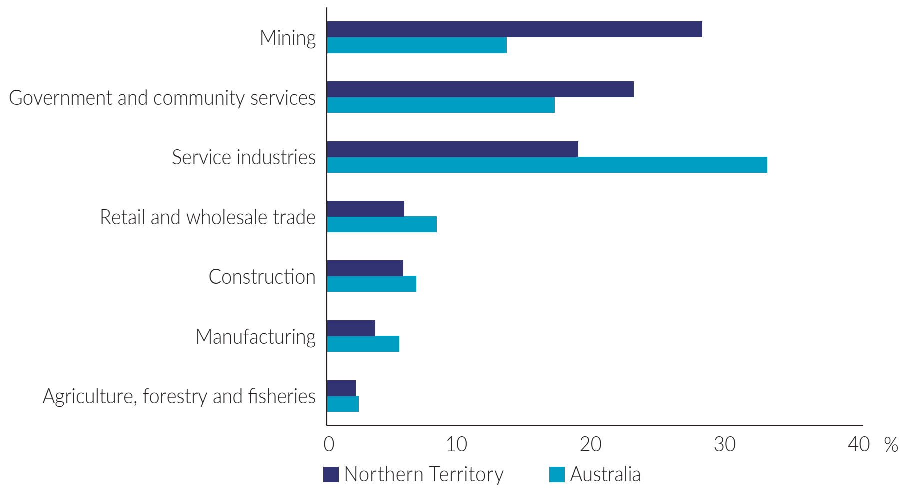


GSP: gross state product
1 Year-on-year growth.
Source: ABS, *Australian National Accounts: State Accounts*, Cat. No. 5220.0, *Labour Force, Australia*, Cat. No. 6202.0; Department of Treasury and Finance

While sectors directly impacted by major projects can be volatile, the government and community services, retail and wholesale trade, and other service industries sectors have experienced relatively more stable growth over the last two decades. Growth in these industries largely reflects changes in population and real income growth. These three sectors make up a little under half of total economic activity but account for around 85% of employment in the Territory. The stability of these sectors and their large share of employment drives growth outside major project investment cycles.

Government and community services, and the mining sector are the largest industries in the Territory economy. This contrasts with the relative size of these industries at the national level, where the services sector is more dominant (Chart 1.4).

Chart 1.4: Share of economic activity by selected sectors, 2022-23



Source: ABS, *Australian National Accounts: State Accounts*, Cat. No. 5220.0

The government and community services sector is the largest employer in the Territory, reflecting higher service needs and the complex nature of service delivery compared to the rest of Australia. The mining industry contributes less to employment than its output share would suggest, reflecting the highly capital-intensive nature of mining projects in the Territory (Chart 1.5).

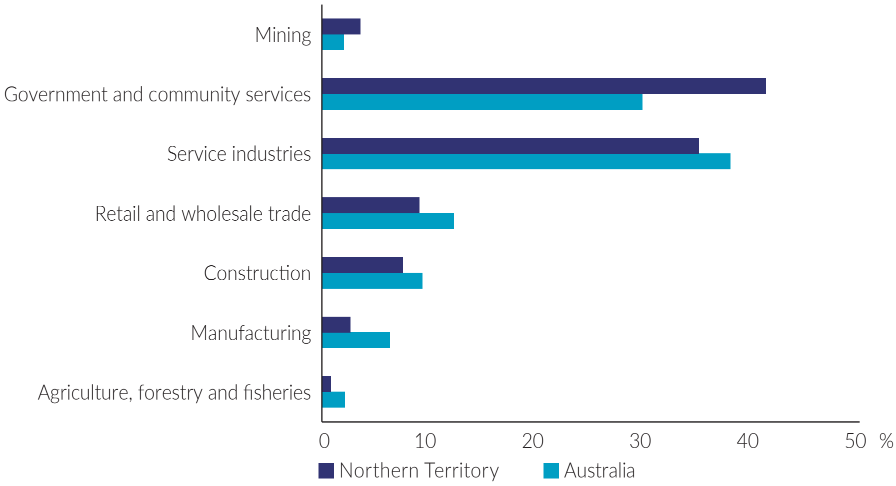
The service industries sector covers a broad range of discrete industries that support other sectors of the Territory's economy. This includes services that support the tourism industry such as recreation and accommodation.

Manufacturing includes food products, fabricated metals and transport equipment. While manufacturing accounts for a relatively small share of economic activity, it provides important inputs to other industries and households. Manufacturing is comparatively more employment intensive than mining but demands less labour per unit of output than service industries.

Retail and wholesale trade is driven by household and business consumption and is influenced by growth in employment, the labour force and consumer spending.

In the Territory, construction is driven by engineering construction, followed by non-residential and residential activity. Historically, mining and energy projects as well as defence have significantly increased activity during construction. Public investment in roads, infrastructure and housing also support the construction sector.

Chart 1.5: Share of employment by selected sectors, 2022-23



Source: ABS, *Labour Force, Australia, Detailed, Quarterly*, Cat. No. 6291.0.55.003

Sectors of the economy

Mining

In 2022-23, the mining sector accounted for 28% of GSP, a decrease of 3 percentage points compared with the previous year. The mining sector is the largest contributor to the Territory economy and has increased as a share of GSP by 8.3 percentage points over the past 20 years. Mining accounted for 3% of total Territory employment with mining payroll jobs increasing by 3.6% in 2022-23, supported by new and ongoing mining and mineral-related projects.

Government and community services

The government and community services sector accounted for 22.9% of GSP in 2022-23 and comprises:

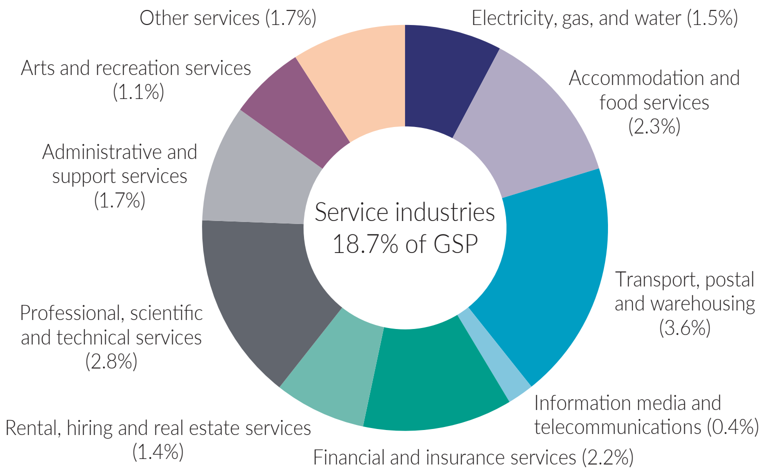
- public administration and safety (10.1%)
- health care and social assistance (8.0%)
- education and training (4.8%).

This sector has been relatively stable, averaging 23.4% of GSP over the past 20 years. Recent payroll jobs growth in this sector largely reflects growth in healthcare and social assistance, increasing strongly by 14.8% over the past year, followed by a 0.8% increase in education and training jobs.

Service industries

Service industries account for 18.7% of GSP in 2022-23, comprising several relatively small industries (Chart 1.6).

Chart 1.6: Service industries, 2022-23



Source: ABS, *Australian National Accounts: State Accounts*, Cat. No. 5220.0; Department of Treasury and Finance

Service industries are a steady source of economic growth for the Territory, with the sector's share of GSP largely unchanged over the past 20 years. About 34.8% of total Territory employment in 2022-23 was in the service industries, up from 32.9% in 2021-22. Increased workforce activity was experienced across most services, with payroll jobs increasing for arts and recreation; financial and insurance services; and information media and telecommunications by 13%, 12.8% and 9.5%, respectively in 2022-23.

Retail and wholesale trade

The two components of this sector collectively accounted for 5.8% of GSP in 2022-23 with retail trade at 2.7% and wholesale trade at 3.1%. As a share of GSP, these components have been relatively stable, averaging 5.8% over the past 20 years. This sector accounted for 8.9% of total Territory employment in 2022-23. Payroll jobs increased by 6.2% in retail trade, while wholesale trade jobs decreased by 0.9% in 2022-23.

Construction

In 2022-23, this sector accounted for 5.7% of GSP, an increase of 0.5 percentage points compared with the previous year, mainly driven by increases in non-residential construction. Residential construction increased as lots were released in Palmerston and Alice Springs, complemented with significant investments into remote housing.

As a share of GSP, this sector has averaged 8.8% over the past 20 years, however varies significantly due to large defence and resource-related projects in the Territory. Construction accounted for 7.3% of total Territory employment and, in payroll job terms, workforce activity increased by 6.3% in 2022-23.

Manufacturing

The manufacturing sector accounted for 3.6% of GSP in 2022-23, an increase of 0.2 percentage points from the previous year. Manufacturing as a share of GSP has averaged 5% over the past 20 years. Significant manufacturing industries in the Territory include food products, fabricated metals and transport equipment. Manufacturing accounted for 2.4% of total Territory employment, with manufacturing payroll jobs increasing by 4.1% in 2022-23.

Agriculture, forestry and fishing

In 2022-23, the agriculture, forestry and fishing sector accounted for 2.2% of GSP, a decrease of 0.4 percentage points from 2021-22. In terms of employment, the sector accounted for 2.3% of the Territory's employed, down 0.3 percentage points from 2021-22. Agriculture, forestry and fishing as a share of GSP has fallen over the last 20 years, averaging 2.6% over this period. Although the sector accounts for a small share of GSP, it is an important source of economic and workforce activity in regional areas. In 2022-23, payroll jobs in this sector increased by 5.5% through the year, reflecting a recovery in working holiday backpacker numbers.

Chapter 2
Economic growth

Outlook

The Territory economy is forecast to grow by 2.3% in 2024-25, supported by a recovery in household consumption, as pressure on household budgets ease, and growth in public investment. In 2025-26, economic growth is expected to be driven by stronger exports as the Barossa project moves into production.

Table 2.1: Territory economic growth forecasts[1] (%)

	2022-23a	2023-24e	2024-25f	2025-26f	2026-27f	2027-28f
Gross state product	- 5.3	4.9	2.3	7.1	4.1	2.1
State final demand	1.9	1.7	1.9	- 0.2	2.1	1.9

a: actual; e: estimate; f: forecast
1 Year-on-year percentage change.
Source: Department of Treasury and Finance; ABS, *Australian National Accounts: State Accounts*, Cat. No. 5220.0

Summary

Elevated levels of private investment are forecast to mid-2025, heavily influenced by the construction of the offshore component of the Barossa project and life extension work at the Darwin LNG plant. This will be followed by an increase in exports once the Barossa project moves into operation in the September quarter of 2025.

In 2022-23, GSP declined by 5.3%, while SFD, which excludes international trade, increased by 1.9% (Chart 2.1). The difference between the growth of GSP and SFD is due to a 26.8% decline in the Territory's net exports, largely driven by a reduction in LNG exports, as major maintenance work at the Ichthys LNG plant shut down the plant for a number of weeks. Lower exports were also reported from the Darwin LNG plant, which produced its final shipment from the Bayu-Undan field in November 2023.

In 2023-24, Territory GSP is estimated to increase by 4.9%, reflecting a strong contribution to growth from net exports, with fewer imports due to lower household and capital consumption. This is partly offset by a decrease in lithium exports as Core Lithium suspended mining operations, and a decrease in manganese ore exports due to damage caused by Cyclone Megan at the GEMCO mine.

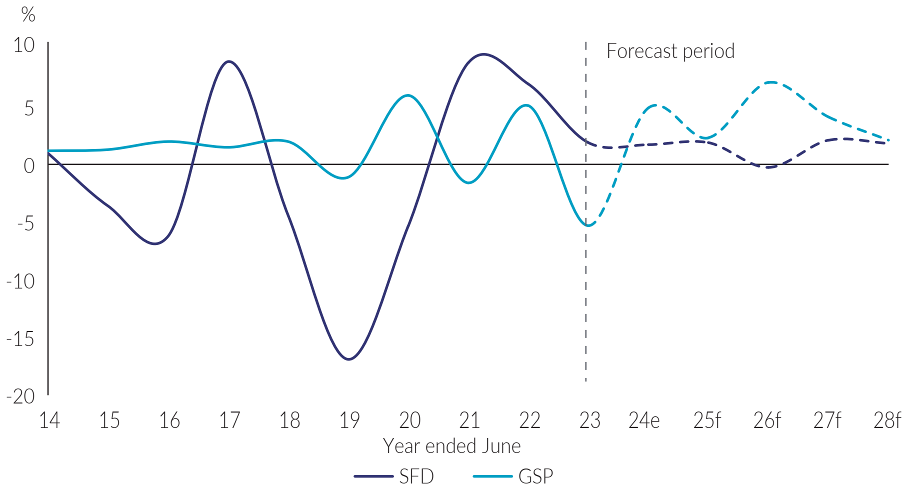
SFD is expected to grow by 1.7% in 2023-24, underpinned by private and public investment, and public consumption. Household consumption is expected to decline in 2023-24 as high inflation and higher interest rates increase the share of household budgets used for mortgage payments and reduce household disposable income.

Forecast GSP growth of 2.3% in 2024-25 is supported by a modest recovery in household consumption and strong growth in public investment.

Exports growth of 19.4% and 4.5% in 2025-26 and 2026-27, respectively, driven by the Barossa project, underpins the GSP forecast of 7.1% in 2025-26, and 4.1% in 2026-27. SFD is forecast to detract 0.2% from growth in 2025-26, reflecting the contraction in private investment once construction for the Barossa project is completed, partially offset by household consumption growth (Table 2.1 and Chart 2.2).

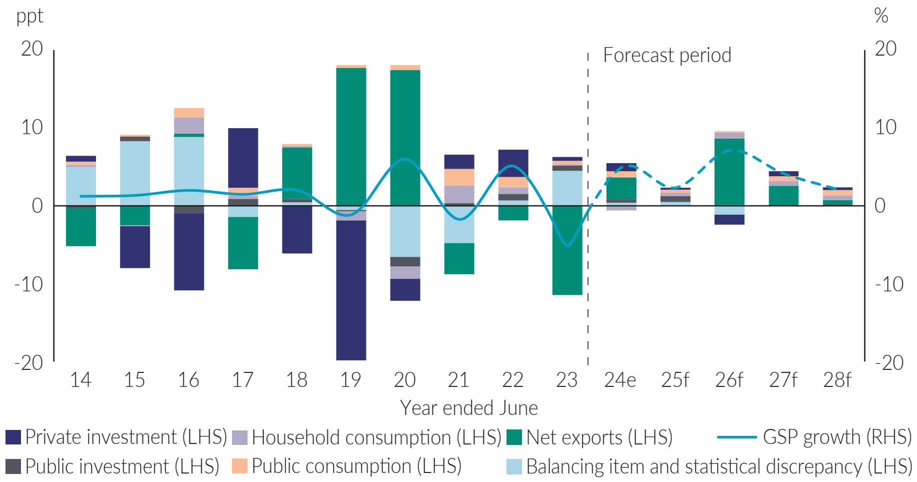
In 2027-28, GSP is forecast to return to average growth rates for private consumption and public sector spending. Exports growth is expected to be modest, as major export facilities maintain stable production.

Chart 2.1: Territory gross state product and state final demand[1]



e: estimate; f: forecast; GSP: gross state product; SFD: state final demand
1 Year-on-year percentage change.
Source: ABS, *Australian National Accounts: State Accounts*, Cat. No. 5220.0; Department of Treasury and Finance

Chart 2.2: Contributions to Territory gross state product growth



e: estimate; f: forecast; GSP: gross state product; LHS: left-hand side; ppt: percentage points; RHS: right-hand side
Source: Department of Treasury and Finance; ABS, *Australian National Accounts: State Accounts*, Cat. No. 5220.0

Global factors remain a key source of risks over the budget and forward estimates period through linkages such as trade, financial markets, investment and sentiment. Monetary policy settings in advanced economies are restrictive and central banks are closely monitoring data releases to guide changes to monetary policy settings. However, monetary policy uncertainty generates risks to growth, for example, insolvencies are increasing rapidly in Europe.

The Russia-Ukraine war remains a key source of uncertainty and risk to the outlook. An escalation in the war could adversely affect energy markets, and disrupt global supply chains and confidence.

Since the previous budget, the Israel-Hamas war has emerged as an evolving risk that has increased political tensions in the Middle East. This has added to uncertainty, and trade has been diverted from the region following attacks on international freight ships by Houthi rebels in Yemen.

The International Monetary Fund (IMF) forecasts global economic growth to be 3.2% in 2024 and remain steady over the forecast period. Key risks to this outlook include an escalation of geopolitical conflicts in Ukraine and the Middle East, persistence in core inflation and a further deterioration of the real estate crisis in China.

Strength in the national labour market not only sustains wage growth but also supports consumer demand. This may weigh on the RBA's monetary policy decision and delay interest rate cuts, which would be a downward risk for relatively weak private consumption in the Territory.

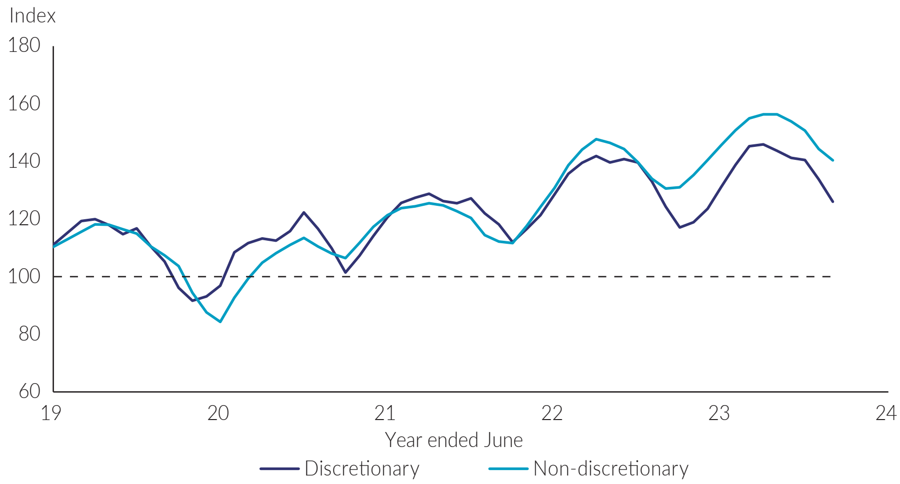
The Territory economic growth projections do not factor in potential or planned projects yet to reach final investment decision. Some of these projects may reach final investment decision during the forecast period but are not currently reflected in the outlook. These projects are discussed in the *Major projects yet to reach final investment decision* section.

Household consumption

Household consumption is estimated to decline 1.5% in 2023-24, as families' disposable income is impacted by higher income taxes through bracket creep, cost of living pressures, and rent and interest rate increases.

In response to high inflation as well as higher interest rates, Territory households are curbing their discretionary spending, eating out less and spending less on entertainment. Spending on services started to slow from late 2023, following a significant boost in services spending in 2022-23 (Chart 2.3).

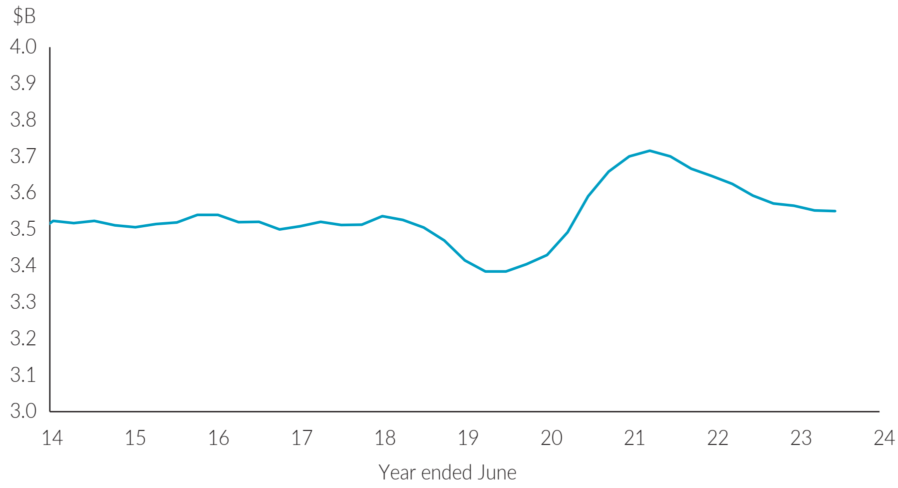
Chart 2.3: Territory household spending index, discretionary and non-discretionary (quarterly average, current prices, calendar adjusted, index January 2019 = 100)



Source: ABS, *Household Spending Indicator*; Department of Treasury and Finance

Weakness in household consumption is also reflected in a decline in Territory retail sales volumes, down by 1.2% in 2023, following a decline of 2.9% in 2022 (Chart 2.4). Retail sales account for about a third of household consumption and comprise mostly imported goods. Overall, retail turnover volumes remain slightly higher than pre-covid levels.

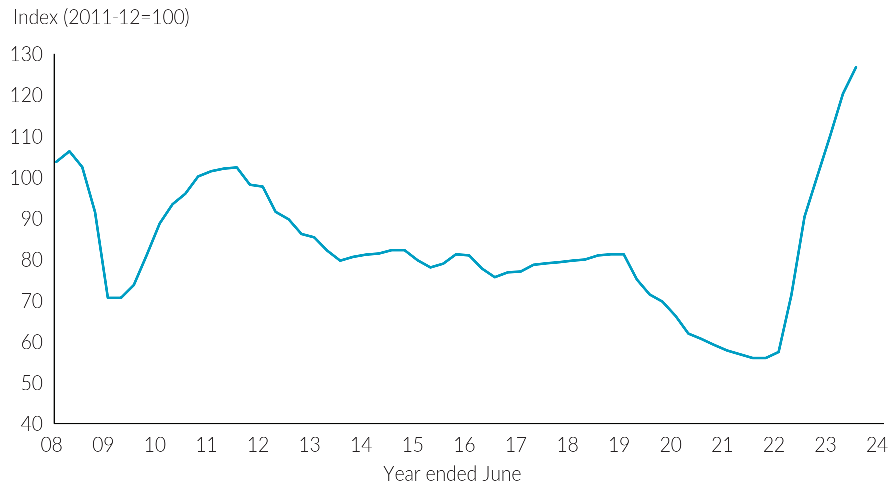
Chart 2.4: Territory moving annual total retail turnover[1]



1 Chain volume measure.
Source: ABS, *Retail Trade, Australia*, Cat. No. 8501.0; Department of Treasury and Finance

The cost of mortgage interest repayments for employee households in Australia increased by 40.3% in annual terms in December 2023, and mortgage interest costs are at their highest level in over 20 years (Chart 2.5). This increase in unavoidable expenses will constrain household budgets. Housing loan refinancing increased by 3.2% in 2023 as borrowers sought lower interest rates. The high interest rates have also impacted first home buyers with the number of new loans for owner-occupier first home buyers falling to levels recorded following the completion of the INPEX construction phase in 2018.

Chart 2.5: Employee households mortgage interest repayments



Source: ABS, *Selected Living Cost Indexes, Australia*, Cat. No. 6467.0; Department of Treasury and Finance

Nationally, households are saving less and in the September quarter 2023 the household savings ratio fell to its lowest level since December 2007 as many households drew down on accumulated savings to offset short-term increases in the cost of living. The national household saving to income ratio increased slightly in the December quarter 2023 as households appear to have adjusted to cost of living pressures and new budgetary constraints, and decided to rebuild savings buffers.

Territory households are experiencing similar pressures, and household consumption is expected to remain weak in the short term. Households are likely to maintain modest spending levels, as reflected in the latest data. Household consumption is expected to improve in 2024-25, increasing by 1.2%, supported by moderating inflation, real wage increases and tax cuts from 1 July 2024. Markets are forecasting cuts to the RBA cash rate in 2025, which should further support consumption.

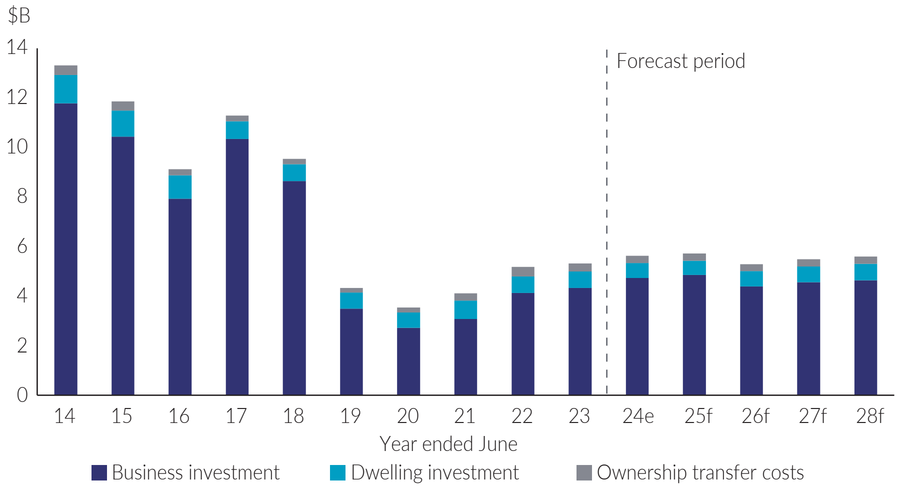
Public consumption

Public consumption is forecast to grow by 2.3% in 2023-24 and by 1.1% in 2024-25. This is primarily due to growing demand for government services and includes additional Territory funding to support hospitals; education; cost of living; tourism; correctional services; youth justice; police; courts; domestic, family and sexual violence initiatives; and antisocial behaviour activities.

Private investment

Private investment is estimated to increase by 5.8% in 2023-24, with growth softening to 1.5% in 2024-25 (Chart 2.6), supported by the Barossa project and Tanami Expansion 2 project (to extend the mine life beyond 2040). Construction of the Barossa project is expected to be complete in mid-2025, which will drive a 7.4% contraction in private investment in 2025-26, detracting 1.3 percentage points from GSP growth. Commercial production for the Tanami Expansion 2 project is expected in the second half of 2027. Other projects supporting private investment include the D1 Darwin Data Centre, Darwin Convention Centre hotel, Katherine cotton gin and rehabilitation of the Ranger mine site.

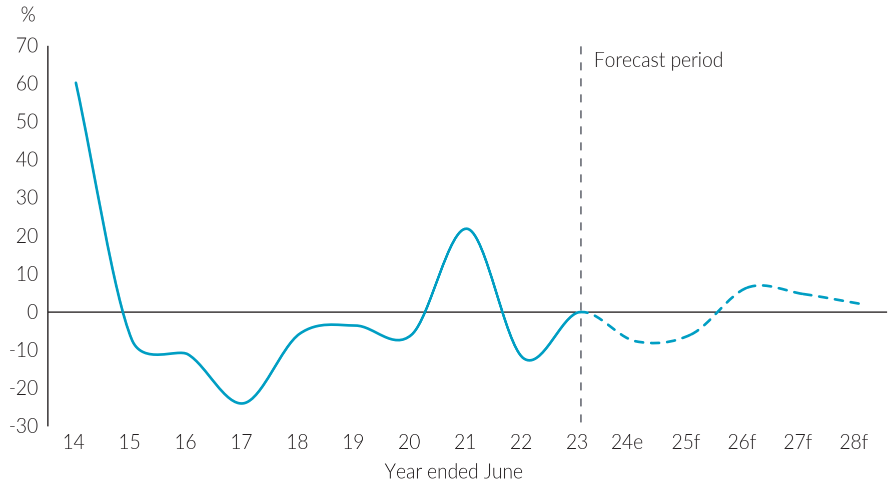
Chart 2.6: Territory private investment



e: estimate; f: forecast
Source: ABS, *Australian National Accounts: State Accounts*, Cat. No. 5220.0; Department of Treasury and Finance

Private sector dwelling investment is anticipated to decline by 7.6% in 2023-24 and decline by 5.8% in 2024-25, with leading indicators, such as building approvals and housing loan commitments, weakening (Chart 2.7). The number of private house building approvals is around 400 in the year to January 2024, below the post-INPEX (2019 to 2023) annual average of 499 approvals. The number of dwellings under construction is likely to fall over 2024 as demand remains modest. The number of new loan commitments to owner-occupier first home buyers in 2023 declined to pre-pandemic levels. Uncertainty around higher interest rates and higher construction costs have weighed on buyer sentiment and this is reflected in the value of residential building work done being below pre-pandemic levels. Private dwelling investment is forecast to increase by 6.5% in 2025-26 when buyer confidence is expected to improve as markets anticipate that interest rates will ease and cost of living pressures are offset by higher real wage outcomes.

Chart 2.7: Territory private dwelling investment[1]



e: estimate; f: forecast
1. Year-on-year percentage change.
Source: ABS, *Australian National Accounts*, *State Accounts*, Cat. No. 5220.0; Department of Treasury and Finance

Public investment

Public investment is expected to increase by 6.7% in 2023-24 and by 11.2% in 2024-25, following relatively strong growth in previous years. Public investment is forecast to average $2.3 billion per annum from 2023-24 to 2027-28 and provide significant support to the Territory economy and jobs with a steady supply of road infrastructure works, remote housing and defence projects (Chart 2.8).

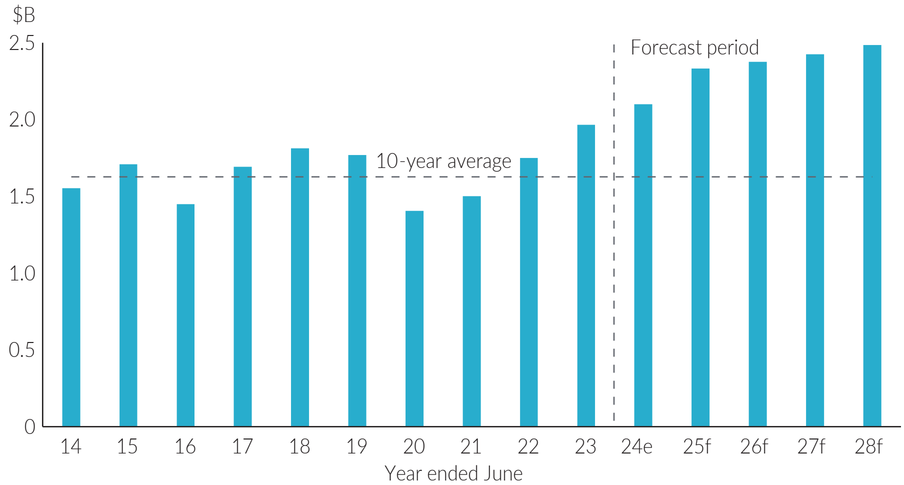
Major public sector projects underway or scheduled to commence include:

- Darwin ship lift facility and marine industry project
- Northern Territory Art Gallery
- Alice Springs central business district revitalisation
- Mandorah marine facility
- Tiger Brennan Drive overpass
- National Aboriginal Art Gallery in Alice Springs
- Katherine Logistics and Agribusiness Hub
- Rum Jungle rehabilitation
- HMAS Coonawarra, and Larrakeyah barracks and training area upgrades
- Darwin and Tindal base upgrades.

Commonwealth-funded commitments in the medium term contributing to economic growth include:

- $4 billion for the joint Territory and Commonwealth investment in remote housing
- $348 million for Tanami Road and Central Arnhem Road future priorities program
- $321 million for the Northern Territory Strategic Roads Package
- $301 million for the Darwin Region Water Supply infrastructure program to return Manton Dam to service and commence the Adelaide River off-stream water storage (AROWS) project development activities
- $124 million for upgrades to the Outback Way.

Chart 2.8: Public investment in the Territory



e: estimate; f: forecast
Source: ABS, *Australian National Accounts: State Accounts*, Cat. No. 5220.0; Department of Treasury and Finance

Net exports

Net trade is expected to contribute to growth in 2023-24. This is driven by a fall in imports due to decreased consumption and capital goods.

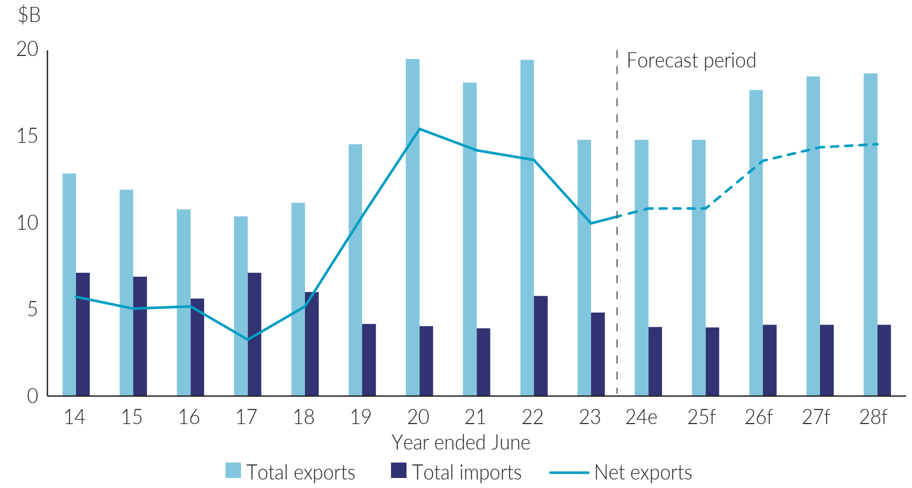
Services trade is anticipated to increase slowly as international travel continues to recover amid stiff global competition. Since travel restrictions were lifted post-covid, competition to attract international visitors has increased significantly and the Territory is constrained by reduced flights and relatively high airfares.

Export levels are anticipated to be slightly lower over the forecast period compared to the 2023-24 Budget as Core Lithium suspended mining operations due to lower spodumene concentrate prices, a result of oversupply and slower demand growth for electric vehicles (EVs). Manganese exports are down due to damage from Cyclone Megan leading to the temporary closure of the GEMCO mine from 18 March 2024.

Peko mine also entered into administration in early 2024, which will detract from the Territory's exports. Partly offsetting this is Ichthys LNG, which is on track to increase production from 8.9 Mtpa to a stable supply of 9.3 Mtpa through upgrades to boost production, upgrade cooling systems for liquification and measures to reduce vibration in the processing plant.

Net trade is forecast to be flat in 2024-25 (Chart 2.9), with decreased exports due to the temporary closure of the GEMCO mine.

Chart 2.9: Territory net exports



e: estimate; f: forecast

Source: ABS, *Australian National Accounts: State Accounts*, Cat. No. 5220.0; Department of Treasury and Finance

Cyclone Megan

Tropical Cyclone Megan formed on 16 March 2024, in coastal south-western areas of the Gulf of Carpentaria. The communities in the local region were severely impacted and remediation will take some time. The extent of damage and costs of reconstruction are still being assessed.

The cyclone also led to the temporary suspension of operations at GEMCO mine (owned by South32 (60%) and Anglo American Plc (40%)) following significant damage to port and road infrastructure, and flooding in the mining pits. GEMCO mine is one of the largest mines in the Territory, producing 5.9 million tonnes of manganese ore worth around $1.5 billion in 2022-23.

South32 is assessing the full impact of the damage to inform plans to bring the mine back into production and, based on preliminary estimates, it is expected to recommence wharf operations and exports in the March quarter of 2025. Alternative shipping arrangements are also being evaluated. At the time of publication of the 2024-25 Budget, an assessment of repairs required was not available and is not incorporated into the impact on Territory economic growth estimates.

The budget forecasts assume a halt in production from GEMCO from 18 March 2024 to 31 December 2024, which detracts around 0.7 percentage points from GSP growth in 2023-24 and 1.3 percentage points in 2024-25. Remediation work to repair the port and mining infrastructure is expected to partially offset this negative impact on GSP. When an estimate of investment spending is released, it will be incorporated into a future Territory budget publication.

Glencore also temporarily suspended operations at McArthur River mine because of Cyclone Megan as flooding cut road access, however information released indicates the impact on mine production was not significant.

Table 2.2: Components of Territory gross state product (expenditure)[1]

	Value ($M)[1]									
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24e[3]	2024-25f	2025-26f	2026-27f	2027-28f
Total consumption	20 274	20 008	21 552	22 162	22 358	22 423	22 676	22 981	23 379	23 794
Household consumption	11 426	10 968	11 671	11 928	11 980	11 805	11 942	12 205	12 388	12 581
Public consumption	8 998	9 183	9 835	10 234	10 378	10 617	10 734	10 776	10 991	11 213
Total investment	6 151	4 975	5 635	6 949	7 306	7 751	8 071	7 691	7 938	8 102
Private investment	4 374	3 565	4 132	5 198	5 341	5 653	5 738	5 314	5 514	5 618
Dwelling investment	656	617	752	661	661	611	575	613	642	657
Ownership transfer costs	189	191	290	386	332	293	291	294	296	299
Business investment	3 504	2 742	3 087	4 151	4 348	4 749	4 871	4 408	4 575	4 662
Public investment	1 769	1 404	1 500	1 751	1 966	2 099	2 333	2 376	2 424	2 484
State final demand	26 426	25 008	27 210	29 111	29 664	30 174	30 746	30 671	31 317	31 896
Net exports	10 350	15 407	14 170	13 602	9 951	10 804	10 807	13 547	14 333	14 511
Total exports	14 506	19 439	18 069	19 376	14 763	14 774	14 772	17 638	18 427	18 604
Total imports	4 156	4 032	3 899	5 774	4 812	3 971	3 964	4 091	4 094	4 093
Balancing item[2]	- 7 756	- 9 658	- 11 128	- 10 921	- 9 492	- 9 376	- 9 222	- 9 586	- 9 586	- 9 586
Gross state product	**29 020**	**30 758**	**30 253**	**31 792**	**30 123**	**31 602**	**32 332**	**34 632**	**36 064**	**36 821**
	Year-on-year change (%)									
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24e[3]	2024-25f	2025-26f	2026-27f	2027-28f
Total consumption	- 1.3	- 1.3	7.7	2.8	0.9	0.3	1.1	1.3	1.7	1.8
Household consumption	- 3.1	- 4.0	6.4	2.2	0.4	- 1.5	1.2	1.4	1.5	1.6
Public consumption	1.2	2.1	7.1	4.1	1.4	2.3	1.1	0.2	2.0	2.0
Total investment	- 46.1	- 19.1	13.3	23.3	5.1	6.1	4.1	- 4.7	3.2	2.1
Private investment	- 54.7	- 18.5	15.9	25.8	2.8	5.8	1.5	- 7.4	3.8	1.9
Dwelling investment	- 3.5	- 5.9	21.9	- 12.1	0.0	- 7.6	- 5.8	6.5	4.8	2.3
Ownership transfer costs	- 14.5	1.1	51.8	33.1	- 14.0	- 11.7	- 0.6	0.8	0.8	0.8
Business investment	- 59.6	- 21.7	12.6	34.5	4.7	9.2	2.6	- 10.1	3.8	1.9
Public investment	- 2.4	- 20.6	6.8	16.7	12.3	6.7	11.2	1.5	2.0	2.5
State final demand	- 16.9	- 5.4	8.8	7.0	1.9	1.7	1.9	- 0.2	2.1	1.9
Net exports	100.8	48.9	- 8.0	- 4.0	- 26.8	8.6	0.0	25.3	5.8	1.2
Total exports	30.1	34.0	- 7.0	7.2	- 23.8	0.1	0.0	19.4	4.5	1.0
Total imports	- 30.7	- 3.0	- 3.3	48.1	- 16.7	- 17.5	- 0.2	3.2	0.1	0.0
Balancing item[2]	2.0	24.5	15.2	- 1.9	- 13.1	- 1.2	- 1.6	0.0	0.0	0.0
Gross state product	**- 1.1**	**6.0**	**- 1.6**	**5.1**	**- 5.3**	**4.9**	**2.3**	**7.1**	**4.1**	**2.1**
	Percentage point contribution to year-on-year GSP change									
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24e[3]	2024-25f	2025-26f	2026-27f	2027-28f
Total consumption	- 0.9	- 0.9	5.0	2.0	0.6	0.2	0.8	0.9	1.2	1.3
Household consumption	- 1.2	- 1.6	2.3	0.8	0.2	- 0.6	0.4	0.8	0.6	0.6
Public consumption	0.4	0.6	2.1	1.3	0.5	0.8	0.4	0.1	0.7	0.7
Total investment	- 17.9	- 4.1	2.1	4.3	1.1	1.5	1.0	- 1.2	0.8	0.5
Private investment	- 18.0	- 2.8	1.8	3.5	0.4	1.0	0.3	- 1.3	0.6	0.3
Dwelling investment	- 0.1	- 0.1	0.4	- 0.3	0.0	- 0.2	- 0.1	0.1	0.1	0.0
Ownership transfer costs	- 0.1	0.0	0.3	0.3	- 0.2	- 0.1	0.0	0.0	0.0	0.0
Business investment	- 17.6	- 2.6	1.1	3.5	0.6	1.3	0.4	- 1.4	0.5	0.3
Public investment	- 0.1	- 1.3	0.3	0.8	0.7	0.4	0.7	0.1	0.1	0.2
State final demand	- 18.3	- 4.9	7.2	6.3	1.7	1.7	1.8	- 0.2	2.0	1.8
Net exports	17.7	17.4	- 4.0	- 1.9	- 11.5	2.8	0.0	8.5	2.4	0.6
Total exports	11.4	17.0	- 4.5	4.3	- 14.5	0.0	0.0	8.9	2.4	0.5
Total imports	6.3	0.4	0.4	- 6.2	3.0	2.8	0.0	- 0.4	0.0	0.0
Balancing item[2]	- 0.5	- 6.6	- 4.8	0.7	4.5	0.4	0.5	- 1.1	0.0	0.0
Gross state product	**- 1.1**	**6.0**	**- 1.7**	**5.1**	**- 5.3**	**4.9**	**2.3**	**7.1**	**4.1**	**2.1**

e: estimate; f: forecast
1 Inflation adjusted, components may not add to totals due to rounding and ABS chain volume estimation.
2 Balancing item includes statistical discrepancy.
3 Historical data is sourced from ABS Cat. No. 5220, released in November each year. Components of SFD are reported and revised quarterly but not updated here to ensure all components of historical GSP compute.
Source: ABS, *Australian National Accounts: State Accounts*, Cat. No. 5220.0; Department of Treasury and Finance

Major projects yet to reach final investment decision

There is a significant portfolio of projects not included in the current economic forecasts as they have not yet reached a final investment decision. These projects represent potential upside for the Territory's economic forecasts, if realised and commenced within the forward estimates period of the 2024-25 Budget.

The overall portfolio comprises three broad categories:

- major and significant private sector projects, which would contribute to Territory private business investment expenditure in the national accounts
- major public infrastructure projects, which would contribute to Territory public investment expenditure in the national accounts
- defence infrastructure projects, which would contribute to Territory public investment expenditure via national defence spending in the national accounts.

The value of major and significant private sector projects yet to reach final investment decision is about $57.5 billion, and has grown with the addition of large-scale and transformative energy projects. In addition, some projects have reported capital cost increases due to supply chain constraints and global economic conditions.

Coordinated work across government agencies is also underway to improve infrastructure across the Territory. Investments in transport and logistics infrastructure will boost the Territory's export potential, with positive downstream outcomes for local business and jobs during project construction.

Given the significance and interdependencies that exist between projects in the overall economic portfolio, the Territory continues to align resources and effort to meet these interdependencies and provide certainty for investors. Careful coordination is being undertaken to:

- upgrade Territory supply chains and logistics capability including road, rail, air and sea export to improve supply chain security for the regions and market viability of regional investment projects
- deliver social infrastructure to support an increased workforce and larger population in the Territory, including with new housing, government services and community amenities
- support commercialisation of the Beetaloo Sub-basin in a transitioning to net zero emissions policy environment and ensure decarbonisation pathways through renewable power at scale, and carbon capture and storage
- facilitate the transition to a 50% renewable energy target by 2030, net zero emissions by 2050, and meet increasing demand for large-scale solar power
- invest in water supply infrastructure necessary to support industry growth, and to maintain water supply and security for the residential population of the Territory
- ensure the Middle Arm Sustainable Development Precinct is ready to accommodate proponents of major and significant private sector projects and work with proponents to facilitate and align project development on the precinct.

Portfolio of projects across the Territory planned or proposed

The following projects are yet to reach final investment decision (early stage projects are not included):

- AROWS
- Albatross G-111T aircraft manufacturing
- Ammaroo phosphate project
- Arnhem Space Centre – phase 2
- Asia Connect Cable System-1
- Australia-Asia PowerLink project
- Bayu-Undan carbon capture and storage project
- Beetaloo – Empire acreage
- Carbon Capture Hub (INPEX)
- Chandler salt mine and waste storage facility
- Darwin H2 Hub
- Darwin Mineral Sands separation plant
- Darwin LNG train 2 expansion
- D1 Darwin Data Centre
- Fountain Head gold
- Hawaiki Nui subsea cable
- Hayes Creek gold-silver-zinc project
- Jervois copper project
- Lasseters Casino and Resort redevelopment
- Lithium ferro phosphate battery cathode manufacturing
- Little Paradise Logistics Base development
- Merlin diamond project
- Middle Arm Sustainable Development Precinct
- Molyhil tungsten-molybdenum critical minerals project
- Mount Todd gold project
- Mount Bundy gold project
- Nolans rare earths project
- Project Sea Dragon – stage 1A
- Rover 1 copper, gold, cobalt and magnetite project
- Singleton Farm horticulture project
- Speewah Tivan+ Middle Arm Sustainable Development Precinct project
- Tamboran integrated development project
- Telstra intercity fibre network
- Tennant Mining gold processing facility
- Tiwi H2 project
- Unite Darwin-Adelaide terrestrial digital cable
- Winchelsea manganese mine
- Wonarah phosphate project

Potential major and significant private sector projects

The major and significant private sector portfolio of projects yet to reach final investment decision feature a number of large-scale and transformative projects. Collectively this portfolio of projects has the potential to increase the Territory's export capacity for minerals, renewable energy in the form of large-scale solar, emerging hydrogen and derivatives, gas and agricultural products.

This portfolio spans all regions of the Territory (see Map 2.1), including 15 projects granted major project status. The major and significant private sector project portfolio is strongly aligned with the energy transition, supply chain security and the response to climate change.

Renewable energy

Global demand for renewable energy continues to grow as countries work towards net zero emissions. Japan and Korea have identified hydrogen as a fuel source that can decarbonise their energy systems. The size of these markets and their potential demand is contributing to the growing focus on renewable hydrogen opportunities.

Interest in the Territory is being driven by our globally competitive solar irradiance levels, space to locate mass solar generation facilities, and master planning for infrastructure corridors and industrial facilities.

Renewable projects in the portfolio include:

- Australia-Asia PowerLink project
- Darwin H2 Hub
- Tiwi H2 project.

Gas, and carbon capture, utilisation and storage

The Territory's world-class gas resources are poised to meet growing demand for cleaner, affordable transition fuel sources, both domestically and internationally. One such resource is the development of the Beetaloo Sub-basin, which is recognised as a world class shale gas field covering 28,000 square kilometres and estimated to contain 500 trillion cubic feet of gas (with a rating of P50 as estimated by the industry). The estimated gas volumes would be sufficient to service and grow existing global LNG export markets, secure domestic gas supply and propel low-emission advanced manufacturing in the Territory.

Natural gas, in combination with carbon capture and storage, is also central to sustainable energy-mix transitions that will deliver increased investment, innovation and multigenerational economic benefits as part of the pathway to net zero emissions by 2050. The Northern Territory Gas Strategy aims to establish the Territory as a world class production, manufacturing and services jurisdiction by 2030.

Gas projects in the portfolio include:

- Bayu-Undan carbon capture and storage project
- Carbon Capture Hub (INPEX)
- Tamboran integrated development project.

Minerals and minerals processing, including critical minerals

The Territory has a rich history of gold, manganese, zinc, bauxite and uranium production from globally significant deposits. The Territory also has economically viable resources of 17 of the world's critical minerals and geological potential for a further 12 emerging critical minerals, which are needed to support the global energy transition.

Most projects are actively looking at options for further downstream processing and value adding, including metallisation, lithium hydroxide, vanadium electrolyte, magnet metals, and battery cathode materials.

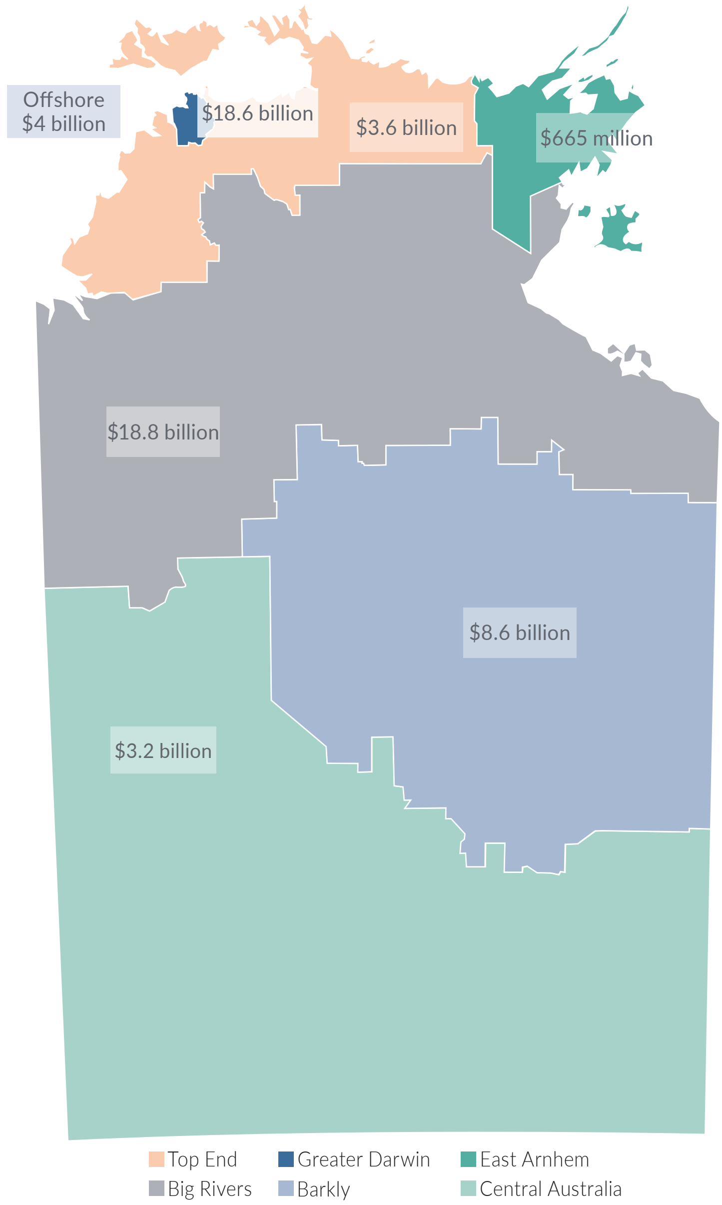
The Commonwealth, through Export Finance Australia and the Northern Australian Infrastructure Facility, has committed up to $840 million to Arafura Rare Earths Limited to help deliver Australia's first combined rare earths mine and refinery, located 135 km north of Alice Springs.

Minerals and minerals processing projects in the portfolio include:

- Ammaroo phosphate project
- Darwin Mineral Sands separation plant
- Fountain Head gold
- Hayes Creek gold-silver-zinc project
- Jervois copper project
- Lithium ferro phosphate battery cathode manufacturing
- Merlin diamond project

- Molyhil tungsten-molybdenum critical minerals project
- Mount Todd gold project
- Mount Bundy gold project
- Nolans rare earths project
- Rover 1 copper, gold, cobalt and magnetite project
- Speewah Tivan+ Middle Arm Sustainable Development Precinct project
- Tennant Mining gold processing facility
- Winchelsea manganese mine
- Wonarah phosphate project.

Map: 2.1 Private sector portfolio of projects yet to reach final investment decision by region



Digital technologies and aerospace

Improving the Territory's digital connectivity with contemporary high speed, low latency links to Asia, the United States (US) and the rest of Australia is critical to achieving the vision of the Territory as northern Australia's most advanced digital economy and Australia's digital gateway to Asia and beyond.

Digital technologies and aerospace projects in the portfolio include:

- a number of subsea cable projects, including the Asia Connect Cable System-1 and the Hawaiki Nui subsea cable
- a number of terrestrial cable projects, including the Unite cable system and the Telstra intercity fibre network
- data centre projects
- Albatross G-111T aircraft manufacturing
- Arnhem Space Centre – phase 2.

Further information on major and significant private sector projects can be found on the Invest in the Territory webpage.

Territory Government-led major infrastructure projects

To ensure private sector projects can be delivered, coordinated work across government agencies is underway to improve infrastructure in the Territory. Investment in transport and logistics infrastructure will boost the Territory's export potential, with positive downstream outcomes for local business and jobs during project construction. Investment in water supply and infrastructure is necessary to support industry growth and maintain water supply and security for the residential population of the Territory.

An uplift in the Territory's skilled labour force will be required to deliver these projects, as well as improvements in social infrastructure to support a growing population. Social infrastructure will play a key role in attracting and retaining new skilled workers. Improvement to social infrastructure supports government service delivery such as health care, education and training, justice and public safety, as well as housing, sport, recreation and lifestyle.

Infrastructure NT has developed the Northern Territory Infrastructure Framework (NTIF) to link infrastructure planning to economic and population growth. This framework includes the Northern Territory Infrastructure Plan and Pipeline, which provides a detailed roadmap to investments that will support the Territory Government's vision of a sustainable and diverse economy.

Key projects in early stages of development or in the pipeline that will support economic and population growth as private sector and defence projects ramp up are noted further.

Middle Arm Sustainable Development Precinct

The Territory Government is progressing the development of Middle Arm into a globally competitive, sustainable development precinct for renewable hydrogen, carbon capture and storage, and minerals processing. In October 2022, the Commonwealth committed $1.5 billion in planned equity for common user marine infrastructure to support the development of the Middle Arm Sustainable Development Precinct.

The Middle Arm Peninsula is already home to the Darwin LNG and the Ichthys LNG processing facilities. It has an extensive product corridor network for the efficient transmission of utilities, gas, feedstock and products, and is in close proximity to Darwin International Airport, Darwin Port, the Adelaide to Darwin railway and freight terminal, and the road network.

Adelaide River off-stream water storage

The Territory Government has identified AROWS as an economically viable solution to providing water security to the Darwin region, leveraging a natural basin adjacent to the Adelaide River to store water that is pumped in during wet months when significant water flows occur. The development timeframe of the project is estimated to be about 10 years.

Regional logistics hubs

Regional logistics hubs will be developed to consolidate, store and transfer freight between road and rail networks between project and ports, and include community distribution, skills training and waste recycling facilities. The hubs will support multi-modal supply chain connectivity, and reduce bottlenecks and inefficiencies along the supply chain to ensure logistics support, rather than constrain, industry and economic growth. The Commonwealth has supported the project with $440 million in planned equity.

Further information on the NTIF and infrastructure pipeline can be found on the Infrastructure NT website.

Defence infrastructure projects

Defence continues to invest in upgrading infrastructure and capability in the Territory, given its strategic importance to Australia's defence and regional stability.

As a sparsely populated yet geographically large jurisdiction, defence personnel and operational decisions have a direct impact on the Territory's economy. Associated supply and maintenance activity supports local businesses and industry development, and relocating families contribute to population growth and increased demand for goods and services.

The Commonwealth has a significant infrastructure investment program in the Territory, with the 2024 National Defence Strategy reaffirming its priority to improve the Australian Defence Force's ability to operate from Australia's northern bases.

Refer to the *Defence* section of the Industry Outlook online publication for more information.

Chapter 3

External economic environment and trade

Outlook

Net exports are expected to contribute positively to GSP growth in 2025-26 and over the forward estimates period. The strong contribution to growth from exports is expected to be driven by an increase in production as the Barossa gas field becomes operational from 2025-26.

Table 3.1: Territory trade ($M, chain volume measure)

	2022-23a	2023-24e	2024-25f	2025-26f	2026-27f	2027-28f
Total exports	14 763	14 774	14 772	17 638	18 427	18 604
Total imports	4 812	3 971	3 964	4 091	4 094	4 093
Net exports	9 951	10 804	10 807	13 547	14 333	14 511

a: actual; e: estimate; f: forecast
Source: ABS, *Australian National Accounts: State Accounts*, Cat. No. 5220.0; Department of Treasury and Finance

International trade

The Territory's net exports detracted from GSP growth in 2022-23, primarily driven by a 23.8% fall in exports, partly offset by a 16.7% decline in imports. The reduction in exports reflected low levels of LNG production from Bayu-Undan as reserves were exhausted and scheduled major maintenance work at the Ichthys LNG plant from July to August 2022. Net exports are estimated to contribute to GSP growth from 2023-24 onwards over the outlook period.

In 2024-25, the Territory's net exports are expected to add $10.8 billion to GSP. A decrease in manganese ore exports due to the temporary closure of the GEMCO mine is expected to be offset by increased production capacity at the Ichthys LNG plant. INPEX aims to produce 9.3 million tonnes of LNG per year, up from 8.9 million tonnes per year, through enhanced facility utilisation. Imports are forecast to remain stable in 2024-25, following a decline in 2023-24 relative to the previous year. The decline reflects lower imports for household consumption, and lower capital goods imports related to the Barossa project. Imports could detract more from growth depending on the progress towards final investment decision for large private investment projects not currently incorporated into the forecast profile.

The contribution from exports is estimated to increase by around $2.9 billion from 2025-26, largely driven by expected LNG production commencing from the Barossa project.

Global economic outlook

The IMF estimates global economic growth to be 3.2% in 2024 and remain stable thereafter. The forecast for 2024 has been revised up compared to the October 2023 World Economic Outlook due to expected continuation of strong economic performance in the US and recovery in the Euro area from low growth in 2023. Projections for global growth are below the historical average growth rate (from 2000 to 2019) of 3.8%, reflecting restrictive monetary policy, withdrawal of fiscal support, high debt and low productivity weighing on the world economy.

The impact of tighter monetary policy implemented by central banks worldwide became more evident over 2023 with inflation declining faster than anticipated. This can be attributed to the lagged effect of rising interest rates, falling energy prices and tight labour market conditions subsiding.

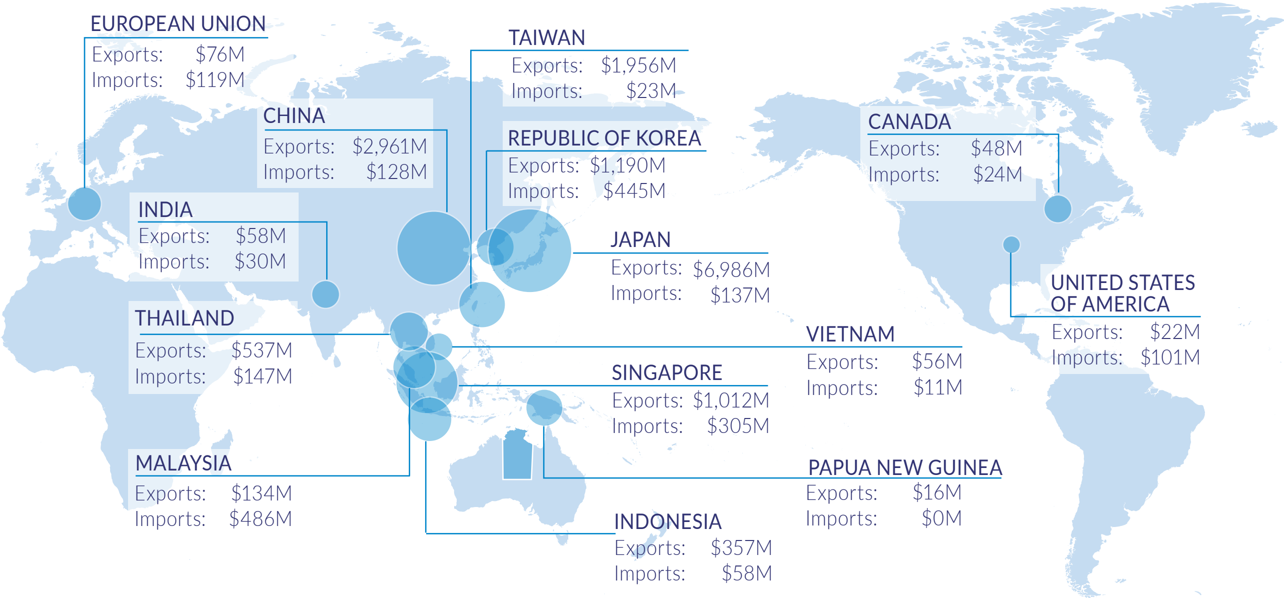
With inflation falling ahead of expectations and the impacts of supply shocks receding, the global economy appears to be on a stable path to recovery. However, this outlook may change if conflicts in the Middle East or Ukraine escalate, causing major disruptions to global supply chains. Persistence in core inflation could also prompt interest rate expectations to shift, increasing financial stability risks and leading to higher rates for longer than expected. Many economies have elevated debt levels that require a reduction in fiscal spending. If this occurs abruptly, it could hamper growth and lead to debt distress. In addition, the effectiveness of fiscal stimulus in China will impact demand for commodities and resource-reliant trading partners, including the Territory.

Table 3.2: Economic growth outlook[1]

	2022a	2023a	2024f	2025f	2026f	2027f	2028f
Australia	3.8	2.1	1.5	2.0	2.2	2.2	2.2
China	3.0	5.2	4.6	4.1	3.8	3.6	3.4
European Union	3.6	0.6	1.1	1.8	1.7	1.6	1.6
India	7.0	7.8	6.8	6.5	6.5	6.5	6.5
Indonesia	5.3	5.0	5.0	5.1	5.1	5.1	5.1
Japan	1.0	1.9	0.9	1.0	0.8	0.6	0.6
Korea, Republic of	2.6	1.4	2.3	2.3	2.2	2.1	2.1
Malaysia	8.7	3.7	4.4	4.4	4.4	4.0	4.0
Singapore	3.8	1.1	2.1	2.3	2.5	2.5	2.5
Taiwan	2.6	1.4	3.1	2.7	2.5	2.4	2.3
United States	1.9	2.5	2.7	1.9	2.0	2.1	2.1
Vietnam	8.1	5.0	5.8	6.5	6.5	6.5	6.5
Emerging market and developing economies	4.1	4.3	4.2	4.2	4.1	4.0	3.9
Advanced economies	2.6	1.6	1.7	1.8	1.8	1.7	1.7
World	**3.5**	**3.2**	**3.2**	**3.2**	**3.2**	**3.1**	**3.1**
Territory major trading partners	**2.4**	**2.6**	**2.4**	**2.3**	**2.2**	**2.0**	**2.0**

a: actual; f: forecast
1 Year-on-year change in gross domestic product.
Source: IMF, *World Economic Outlook*, April 2024; ABS, *International trade in goods, Australia*, Cat. No. 5368.0; Department of Treasury and Finance

Map 3.1: Territory's major trading partners, 2023[1]



1 Annual total.
Source: ABS, *International Trade in Goods, Australia*, Cat. No. 5368.0; Department of Treasury and Finance

Major trading partners

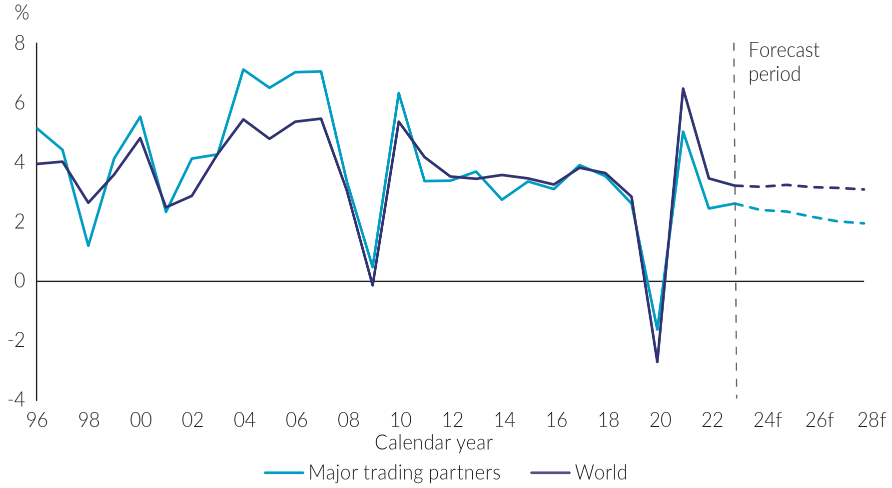
The Territory's major trading partner index tracks the aggregate gross domestic product (GDP) of 14 of the Territory's largest current and historical export destinations (Chart 3.1). These are: Japan, China, Taiwan, Republic of Korea, Singapore, Thailand, Indonesia, Malaysia, European Union, India, Vietnam, Canada, the US and Papua New Guinea (Map 3.1). Together they comprised 98.7% of the value of all goods exports in 2023.

Aggregate growth is expected to steadily decline over the outlook period from 2.6% in 2023 to 2.4% in 2024 and 2.3% in 2025. This can largely be attributed to the path of economic growth in Japan as it carries the greatest weight in the index, followed by China, Taiwan and the Republic of Korea.

The decline in economic growth in Japan from 1.9% in 2023 to 0.9% in 2024 reflects the waning of one-off factors that supported activity in 2023, including pent-up demand and a recovery in business investment. China's economy is also expected to moderate from 5.2% growth in 2023 to 4.6% in 2024 due to ongoing challenges in the property sector together with growth constraints in the economy. Taiwan and the Republic of Korea are expected to see an improvement in their economies driven by stronger demand for exports.

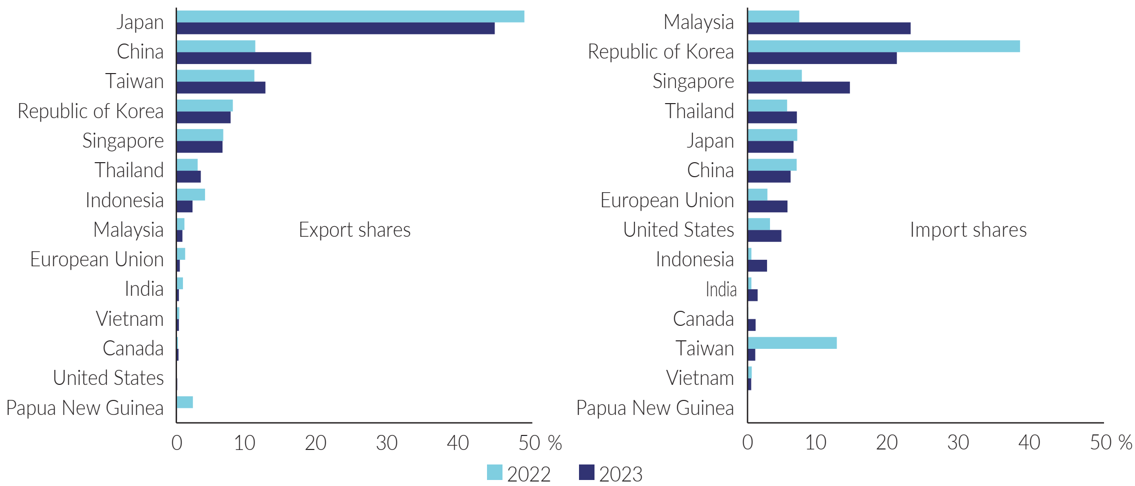
LNG and petroleum are the main export and import commodities for the Territory, respectively. Changes in the share of goods trade with the Territory's trading partners between 2022 and 2023 largely reflected changes in the destination for LNG exports and the source of petroleum imports (Chart 3.2).

Chart 3.1: Major trading partner growth



f: forecast
Source: IMF, *World Economic Outlook*, April 2024; ABS *International Trade in Goods, Australia*, Cat. No. 5368.0; Department of Treasury and Finance

Chart 3.2: Share of the Territory's goods exports and imports



Source: ABS, *International Trade in Goods, Australia*, Cat. No. 5368.0; Department of Treasury and Finance

Commodity outlook

The main commodities produced currently and previously in the Territory include LNG, bauxite, manganese, lithium, gold and cattle, with LNG recording the largest share of production.

Petroleum and gas supply constraints brought on by the Russia-Ukraine war have eased as countries replenished gas inventories and diversified their energy sources. Prices have moderated from their peak but remain elevated compared to historical levels. An escalation of conflicts in Ukraine and the Middle East may lead to oil price volatility and this could further soften demand as countries attempt to limit their exposure to uncertainty in the petroleum and gas markets.

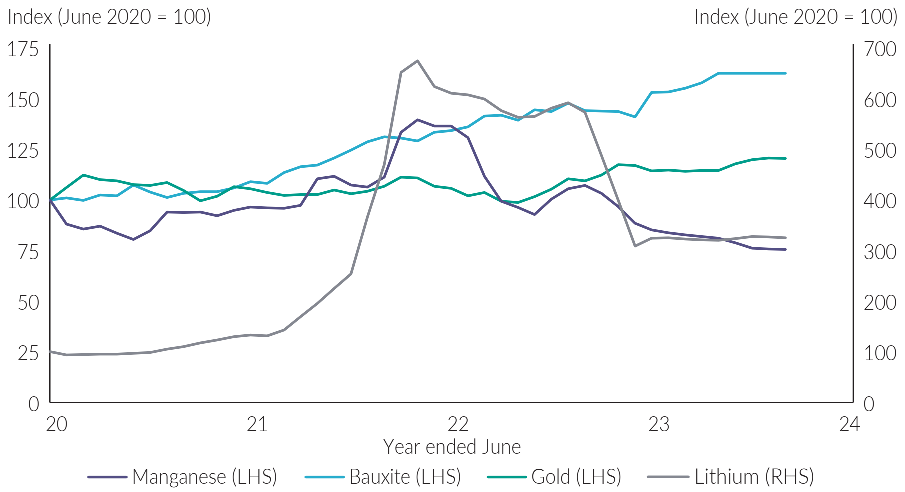
Bauxite and manganese are important inputs in the production of aluminium and steel, respectively. Over 2023, bauxite prices trended upwards, in contrast to the price of manganese, which fell (Chart 3.3). This can be explained by automotive producers seeking to substitute steel with aluminium due to its lighter weight; more modest construction activity in advanced economies; and the ongoing downturn in the Chinese real estate market. In 2024, the price of bauxite is expected to be supported by increased demand for aluminium. The outlook for manganese is also anticipated to improve, conditional upon China's economic recovery and growth in construction work.

The move towards decarbonisation of economies has driven demand for lithium, which is widely used in green technologies such as EVs. Over 2023, lithium prices fell steeply due to an oversupply in the market as well as weak demand for EVs (Chart 3.3). Prices are expected to increase slightly in the near term as many lithium producers stopped operating in response to the fall in prices, impacting supply availability. The development of newer and more efficient battery technologies may soften demand for lithium-powered batteries and place downward pressure on prices over the long term.

The price of gold was relatively stable at elevated levels over 2023 despite central bank purchases moderating from record high levels in 2022 and higher interest rates. The expectation of monetary policy easing, together with the conflict in the Middle East, pushed gold prices to a new peak in December 2023 and created renewed demand for gold as a safe-haven asset.

The Territory's main live animal exports consist of cattle. Throughout most of 2023, the price of cattle fell steeply as producer confidence declined due to dry weather conditions, as a result of El Nino. Producers reduced herd sizes and increased supply of cattle into sale yards in an effort to maintain sufficient levels of feed and mitigate the risk of overgrazing. In 2024, demand from Indonesia, the Territory's largest importer of live animals, is expected to be stronger, driven by lower prices.

Chart 3.3: Commodity prices



LHS: left-hand side; RHS: right-hand side
Source: AME Group; IMF; Department of Treasury and Finance

National economy

Australia's GDP grew by 1.5% through the year to December 2023. Economic growth over the past year has been subdued on account of weak household consumption as tight monetary policy constrained household budgets. Investment was strong in both the public and private sectors, with public sector activity supported by ongoing work on large-scale transport, health and education projects in several states. Government expenditure also contributed to GDP growth, driven by social benefits provided to households and increased spending on healthcare programs. Exports were supported by the arrival of international students, however elevated levels of inventory held by trading partners resulted in weak demand for Australian commodities.

The RBA forecasts GDP growth of 1.3% through the year to June 2024, rising to 2.1% through the year to June 2025 and then steadily growing over the remainder of the forecast period (Chart 3.4).

Economic activity is expected to remain subdued in the short term as high inflation and tight monetary policy weigh on demand. The reduction in real incomes is expected to continue to hinder consumption, while high construction costs and capacity constraints continue to weigh on dwelling investment. Business and public investment is forecast to ease, however the level of investment is expected to remain high as firms work through the large pipeline of construction work. Strong inflows of tourists and international students are expected to counter some of the weakness in consumption.

Economic growth is projected to accelerate from late 2024 as household consumption begins to rise, supported by a recovery in real incomes. Dwelling investment is anticipated to increase from 2025, driven by strong population growth and demand for housing. Inflation has eased from its peak and is expected to continue to moderate, returning to the target range of 2% to 3% in 2025.

Chart 3.4: Australia – annual gross domestic product growth

f: forecast
Source: ABS, *Australian National Accounts: National Income, Expenditure and Product*, Cat. No. 5206.0; RBA

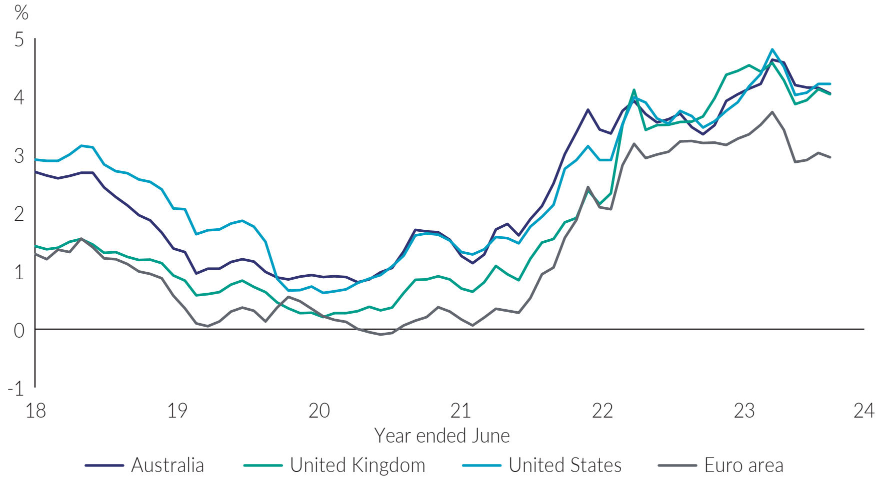
Interest rates

The RBA has increased the cash rate by 4.25 percentage points since May 2022 to 4.35% as it seeks to bring inflation back into the 2% to 3% monetary policy inflation target.

Government bond yields in advanced economies have declined in recent months reflecting a decline in real yields and inflation expectations. Headline inflation was 4.1% through the year to December 2023, down from its peak of 7.8% in the previous year. Goods inflation has been declining faster than forecast as supply chain disruptions subside and high interest rates constrain household consumption.

The cash rate has remained unchanged since the RBA's November 2023 meeting and market pricing indicates rate cuts in 2025. This indicates encouraging progress towards restoring inflation to its target level. Despite this, further interest rate rises remain a possibility if inflation persists above the target level.

Chart 3.5: 10-year government bond yields



Source: RBA, Federal Reserve Economic Data

Exchange rates

Movements in the Australian dollar are influenced by domestic and international interest rates and demand for commodities. International markets, such as mining and tourism, are sensitive to fluctuations in the exchange rate. This is important for the Territory given it is highly reliant on trade and investment, with net exports accounting for 33% of the Territory's output in 2022-23. The Australian dollar depreciated against the US dollar over most of 2023, reflecting strong demand for the US dollar driven by higher interest rates in the US and its status as a safe-haven asset during times of economic uncertainty. A lower Australian dollar, relative to the rest of the world, has the potential to support the Territory's tourism industry, boost exports and attract greater foreign investment.

Chapter 4

Population

Outlook

The Territory population is expected to grow by 0.9% in 2024-25, driven by net overseas migration and natural increase. Over the forward estimates period, population growth is forecast to increase by 1.1% per year, reflecting a normalisation in net interstate migration flows.

Table 4.1: Territory population forecasts

Financial year	2022-23a	2023-24e	2024-25f	2025-26f	2026-27f	2027-28f
Population (persons)	252 529	254 451	256 829	259 667	262 452	265 418
Annual change (%)	0.9	0.8	0.9	1.1	1.1	1.1

Calendar year	2022a	2023e	2024f	2025f	2026f	2027f
Population (persons)	250 803	252 763	255 229	257 809	260 543	263 496
Annual change (%)	1.1	0.8	1.0	1.0	1.1	1.1

a: actual; e: estimate; f: forecast
Source: ABS, *National, state and territory population*, Cat. No. 3101.0; Department of Treasury and Finance

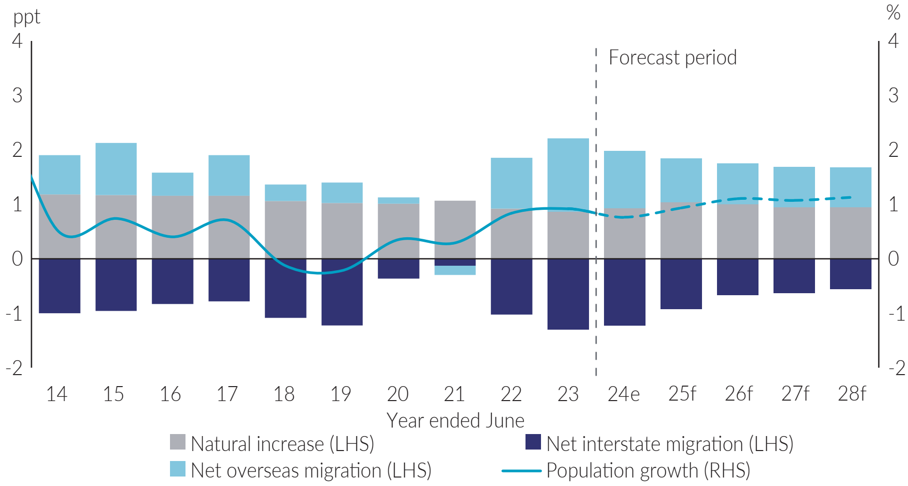
The Territory's population is estimated to grow by 0.8% to reach 254,451 persons in 2023-24 (Chart 4.1). This result is driven by expectations of ongoing weakness in natural increase as economic uncertainty and cost of living pressures weigh on family budgets. Net interstate migration is also expected to remain weak, and net overseas migration is expected to soften as arrivals moderate in line with Commonwealth policy decisions.

In 2024-25, the Territory population is forecast to grow by 0.9%. Natural increase is expected to improve as cost of living pressures ease and provide greater certainty for families. Net interstate migration is expected to improve on more public investment and expenditure, increasing demand for labour. Net overseas migration is likely to moderate but remains an important driver of population growth.

Over the forward estimates period (2025-26 to 2027-28), the Territory's population growth is forecast to stabilise at 1.1% per annum, reaching around 265,400 persons by the end of 2027-28. Natural increase is expected to begin to moderate over the forward estimates period and beyond, reflecting a transition towards lower fertility rates, as Territory families have fewer children. This trend is also evident nationally.

Net interstate migration is forecast to improve, as interstate arrivals return to levels reflective of average historical trends, while net interstate departures are estimated to remain stable. Overseas arrivals to the Territory are expected to slow from current elevated levels, and departures are forecast to stabilise over the coming years. The net effect will see a return of overseas migration to around long-run historical average levels. Natural increase is expected to remain the largest contributor to population growth. The positive contribution by net overseas migration is forecast to offset the negative contribution from net interstate migration.

Chart 4.1: Territory's annual population growth and percentage point contribution by component



e: estimate; f: forecast; ppt: percentage point; RHS: right-hand side; LHS: left-hand side
Source: ABS, *National, state and territory population*, Cat. No. 3101.0; Department of Treasury and Finance

Risks to the Territory population forecasts remain elevated. The impact of covid resulted in significant volatility in migration flows over the last few years, with both interstate and overseas migration currently at historically low and high levels respectively. While migration flows are expected to normalise in the post-covid period, the persistence of these impacts remains uncertain.

The Territory's natural increase is trending down, as was the case in the years immediately prior to the pandemic. Several variables are likely influencing the current low levels of birth rates in the Territory, including a reduction in overseas migration during covid, historically low inflows from interstate, economic uncertainty relating to higher interest rates and cost of living pressures.

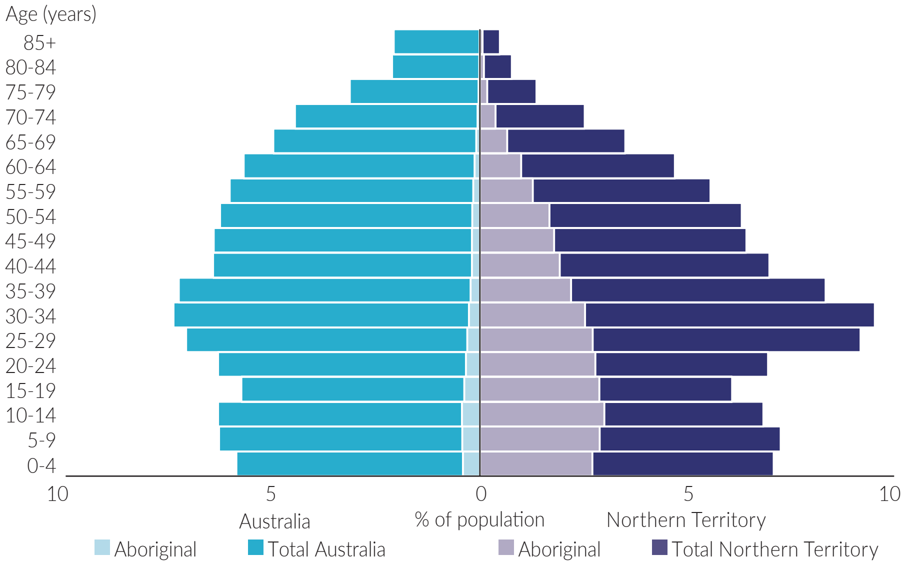
With interstate migration outcomes influenced by economic opportunities, population growth outcomes may be stronger than forecast should major projects in the Territory's investment portfolio reach final investment decision over the forecast period.

Changes to Commonwealth migration policies, such as measures to address non-genuine student enrolments, present a downside risk to the overall overseas migration outcomes in Australia and for the Territory.

Population profile

The Territory's population is characterised by a relatively young age profile, with a median age of 33.7 years, compared with 38.3 years nationally. This reflects a large number of persons aged 25 to 34 years living in the Territory, as well as the Territory's large Aboriginal population that, based on the 2021 Census, had a median age of 26 years (Chart 4.2). Around a third of the Territory's population identifies as Aboriginal (31%), compared with 3.8% nationally. The Territory's population also comprises a larger proportion of males than females (102.1 males to every 100 females), compared to 98.6 males to every 100 females nationally.

Chart 4.2: Population age profile – Australia and the Territory by Aboriginal status, 30 June 2021



Source: ABS, *2021 Census*

Recent activity

In 2022-23, the Territory's population reached 252,529, recording an annual population growth rate of 0.9%, the strongest annual population growth rate since 2012-13. Growth was supported by improvements in net overseas migration, while net interstate migration detracted from growth.

Natural increase

Natural increase has been moderating in the Territory, contributing, on average 1 percentage point to annual population growth over the five years to 2022-23, however this is double the national contribution of 0.5 percentage points. The greater contribution of natural increase reflects the Territory's younger age profile and higher fertility rate, although the fertility rate in the Territory has been declining over time. In 2022-23 the total fertility rate was 1.66 births per woman.

Along with other jurisdictions, the Territory has seen weaker levels of births in the post-covid period. This is likely a result of a spike in the number of births and a decline in overseas migrants (who have higher fertility rates) during the pandemic, and more recently the impact of financial pressures on family planning decisions due to high interest rates and cost-of-living pressures.

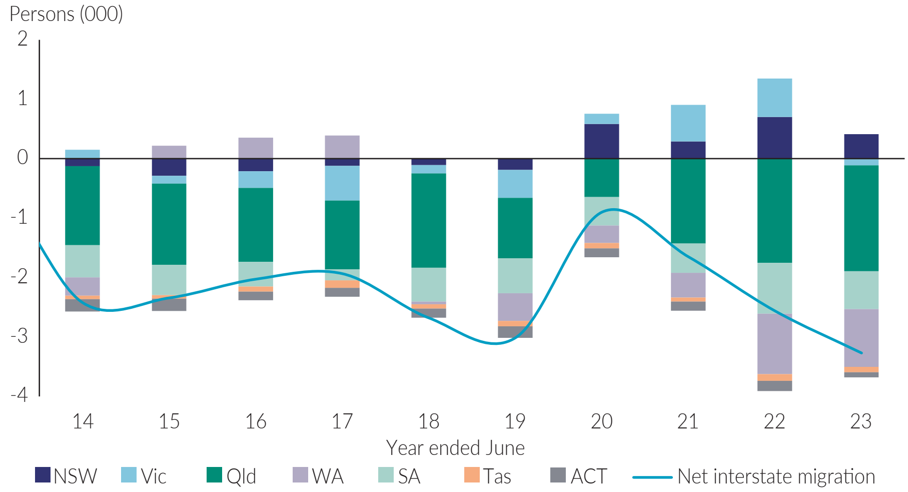
Interstate migration

Interstate migration is the most volatile component of population growth and generally detracts from the Territory's population. Over the five years to 2022-23, net interstate migration detracted on average 0.8 percentage points from annual population growth.

The negative impact of net interstate migration was reduced during covid due to reduced interstate outflows. However, from 2021-22 it is likely that interstate migrants who had previously entered the Territory during covid began moving back to their home jurisdictions.

In 2022-23, net interstate migration worsened significantly, driven by a deterioration in the number of people coming to the Territory from other jurisdictions, particularly New South Wales and Victoria. Net migration from these states was around 300 persons in 2022-23 compared with around 1,300 in 2021-22. This was partially offset by an improvement in net flows between the Territory and South Australia. Net migration to Queensland and Western Australia comprised the largest number of persons leaving the Territory at around 1,800 and 1,000 persons, respectively (Chart 4.3).

Chart 4.3: Territory net interstate migration, by jurisdiction



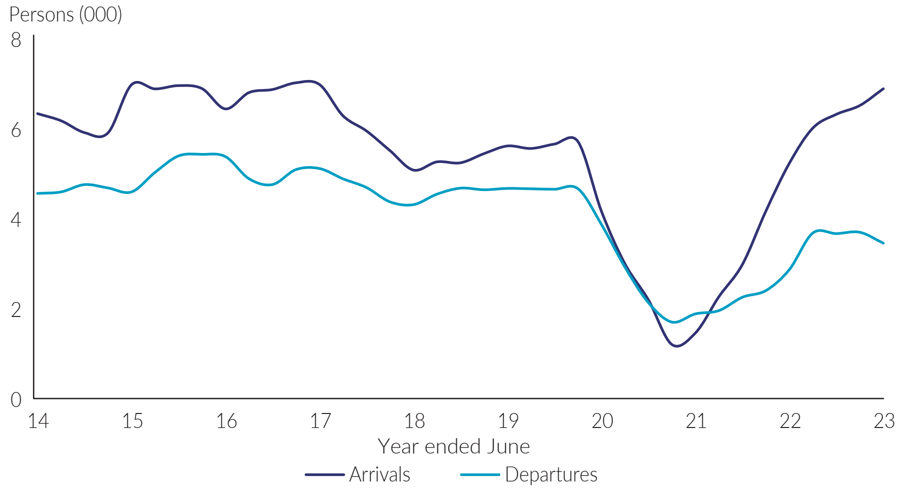
Source: ABS, *National, state and territory population*, Cat. No. 3101.0

Overseas migration

Historically, overseas migration has supported population growth in the Territory, contributing on average 0.5 percentage points annually over the five years to 2022-23.

In 2022-23, overseas arrivals increased substantially from the low levels associated with border closures relating to the pandemic, while overseas departures declined, resulting in an improvement to net overseas migration numbers (Chart 4.4).

Chart 4.4: Territory overseas migration arrivals and departures[1]

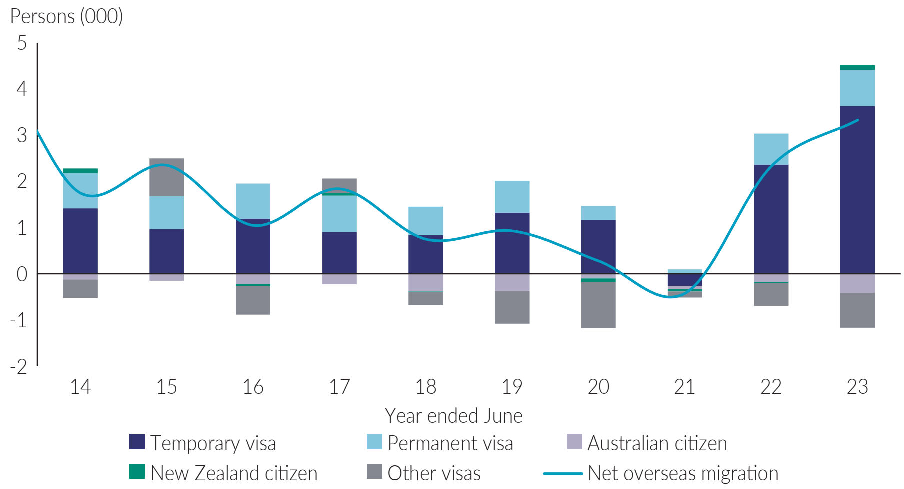


1 Moving annual total.
Source: ABS, *National, state and territory population*, Cat. No. 3101.0

The decline in overseas departures was likely due to a lower population base of temporary overseas migrants in the Territory (that is, those with the potential to leave), following the closure of international borders for about two years during the pandemic.

The Territory's net overseas migration experienced a strong rebound as Australia's international borders re-opened. The rebound in overseas migration has been led by the return of temporary visa holders. Permanent skilled and family visa holders have also contributed to growth (Chart 4.5).

Chart 4.5: Territory net overseas migration, by visa category



Source: ABS, *National, state and territory population*, Cat. No. 3101.0

Regional growth

Table 4.2: Territory population by region, 30 June 2023

	Population	Proportion	Annual change	5-year average annual change
	No.	%	%	%
Greater Darwin	150 736	59.7	1.1	0.3
Darwin city	28 735	11.4	1.1	0.0
Darwin suburbs	58 120	23.0	0.6	0.1
Palmerston	40 956	16.2	1.6	1.8
Litchfield	22 925	9.1	1.3	- 0.9
Rest of the Territory	101 793	40.3	0.7	0.6
Alice Springs	41 427	16.4	1.1	0.9
Katherine	21 385	8.5	0.1	0.5
Daly-Tiwi-West Arnhem	18 265	7.2	0.8	0.5
East Arnhem	14 679	5.8	0.6	0.3
Barkly	6 037	2.4	0.2	0.0
Total	**252 529**	**100.0**	**0.9**	**0.4**

Source: ABS, *Regional Population*, Cat. No. 3218.0

In 2022-23, the Territory's population grew across all regions of the Territory. Greater Darwin's annual population growth continued to strengthen, reaching 1.1%, following a period of subdued and negative population growth. The rest of the Territory continued to grow at a slower rate of 0.7% per annum.

Population growth in Greater Darwin and the larger regional centres (in particular, Alice Springs) has been supported by the return of overseas migration, which has helped to partially offset negative net internal migration.

In 2022-23, population growth in Greater Darwin has been concentrated in Palmerston (in line with residential developments in Zuccoli), Litchfield and Darwin city, while Darwin suburbs saw moderate population growth. Growth in the rest of the Territory was largely led by Alice Springs, likely due to the major mining works in this region, which are expected to continue throughout the forward estimates period. There has also been modest growth of around 0.8% in Daly-Tiwi-West Arnhem, 0.6% in East Arnhem and 0.2% in Barkly. Katherine experienced subdued growth of 0.1%, following a strong performance in the previous year.

Chapter 5

Labour market

Outlook

Employment is forecast to grow by around 1.1% in 2024-25, with growth expected to stabilise around 1.3% per annum by 2026-27. The unemployment rate is expected to peak at 4.8% in 2025-26, before declining to 4.7% in 2026-27 and 4.6% in 2027-28, broadly reflecting the impact of the Territory major investment profile.

Table 5.1: Territory labour market (%)

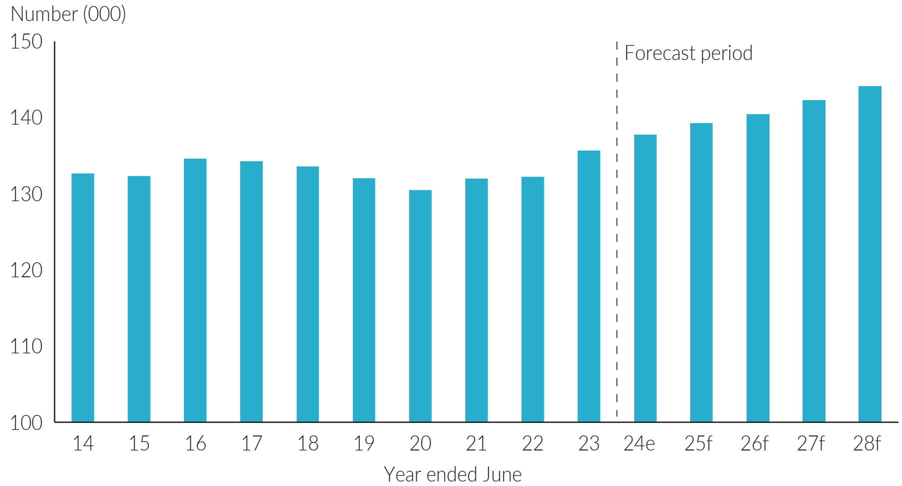
	2022-23a	2023-24e	2024-25f	2025-26f	2026-27f	2027-28f
Employment growth[1]	2.6	1.5	1.1	0.9	1.3	1.3
Unemployment rate[2]	4.3	4.4	4.6	4.8	4.7	4.6

a: actual; e: estimate; f: forecast
1 Year-on-year change.
2 Annual average.
Source: ABS, *Labour Force, Australia*, Cat. No. 6202.0; Department of Treasury and Finance

Summary

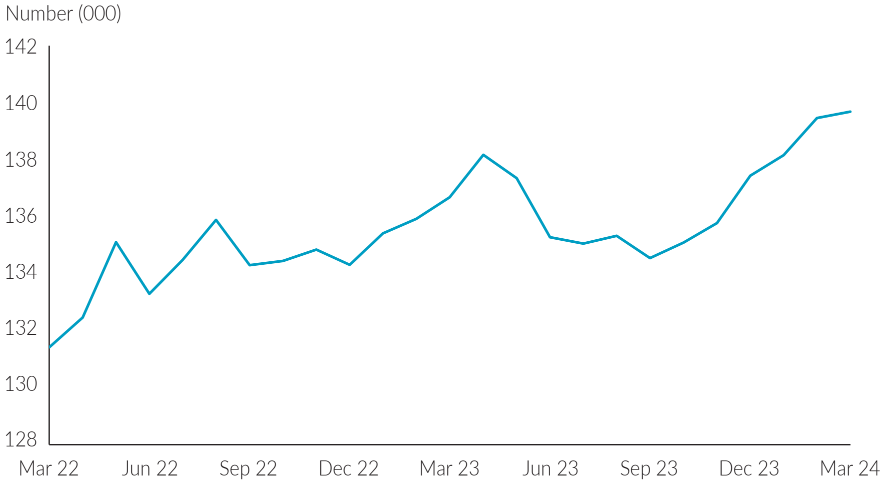
Employment is forecast to grow by 1.1% in 2024-25, before declining to 0.9% in 2025-26 as construction at the Barossa project is completed. Employment is then expected to return to average growth in 2026-27 and 2027-28 (Chart 5.1). Recently, stronger rates of activity and employment growth reflect ongoing investment by the Commonwealth and Territory governments in a pipeline of remote housing, road and utility works.

Chart 5.1: Territory employment[1]



e: estimate; f: forecast
1 Annual average.
Source: ABS, *Labour Force, Australia*, Cat. No. 6202.0; Department of Treasury and Finance

Chart 5.2: Territory employment by month[1]



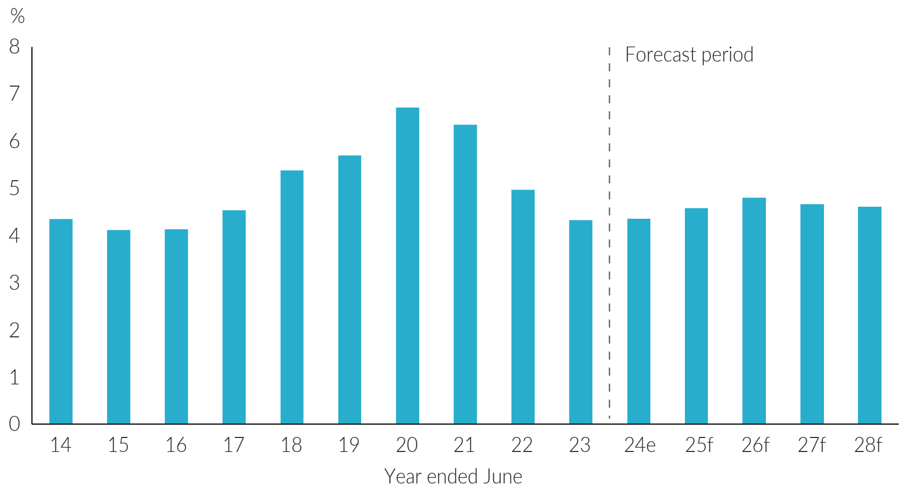
1 Seasonally adjusted.
Source: ABS, *Labour Force, Australia*, Cat. No. 6202.0

Employment has trended up over the past six months and is currently at its highest level on record (139,676), growing by 2.2% through the year to March 2024 (Chart 5.2). The increase was mostly due to elevated levels of business investment and public investment in the December quarter 2023. While the pace of growth has moderated, reflecting recent interest rate increases, employment will remain strong in 2023-24.

Employment is forecast to grow by 1.1% in 2024-25, supported by growth in household consumption and significant increases in public investment and expenditure, including new Commonwealth and Territory commitments to remote housing and schooling (see *Government initiatives* section). In 2025-26, employment growth is expected to moderate to 0.9%, in line with a forecast decline in private sector investment.

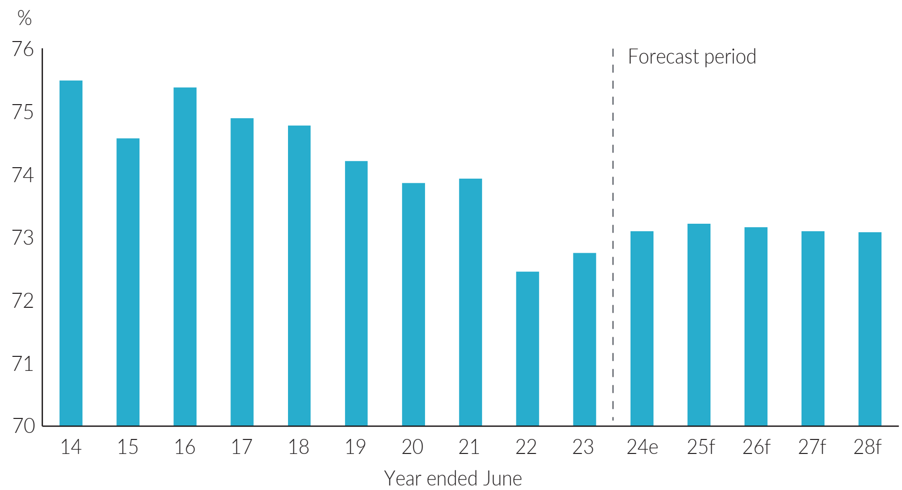
High interest rates and ongoing pressure on household budgets have driven a contraction in household consumption spending. This weakness in household spending has contributed to declining job vacancies from record highs reported in February 2022 of 8,500 to 4,800 in February 2024. Lower demand for labour in retail trade and residential construction is expected to put upward pressure on unemployment rates in the short term. The unemployment rate is forecast to increase from 4.4% in 2023-24 to 4.6% in 2024-25 (Chart 5.3), as growth in the labour force (new entrants) is expected to outpace job creation. The unemployment rate is expected to peak at 4.8% in 2025-26 reflecting the completion of construction for the Barossa project. Unemployment is then expected to decline moderately, with job creation broadly aligning with new entrants to the labour market by 2027-28, and the participation rate returning to the 20-year average level (Chart 5.4).

Chart 5.3: Territory unemployment rate[1]



e: estimate; f: forecast
1 Annual average.
Source: ABS, *Labour Force, Australia*, Cat. No. 6202.0; Department of Treasury and Finance

Chart 5.4: Territory participation rate[1]



e: estimate; f: forecast
1 Annual average.
Source: *ABS, Labour Force, Australia*, Cat. No. 6202.0; Department of Treasury and Finance

Projects of interest

Following the anticipated completion of the Barossa project's construction phase in 2025, there are a variety of projects awaiting final investment decision that could contribute to labour demand. Significant investments under consideration include the Singleton horticultural project and Nolans rare earths project (see Chapter 2, *Major projects yet to reach final investment decision*). Ongoing and increased gas exploration in the Beetaloo Sub-basin could further support labour demand if these projects reach final investment decision.

Government initiatives

In March 2024, the Commonwealth announced a $4 billion remote housing package over the next 10 years. This agreement extends the $550 million in funding for the National Partnership for Remote Housing NT and is expected to sustain current levels of construction activity in the short term under the existing program. Housing construction is then expected to remain at high levels in subsequent years, creating ongoing job opportunities in remote areas of the Territory as contracts are rolled out as part of the new program.

The Commonwealth and Territory Governments have also committed to fully fund all public schools to the Schooling Resource Standard by 2029. The education and training industry is the third largest employer in the Territory (10.8%). As such, a significant investment to this industry may contribute to higher employment growth over the forward estimates period, noting that historically, difficulties in recruiting teachers have constrained employment growth in this sector.

Changes to labour force estimates

On 21 March 2024, as part of ongoing efforts to improve labour force estimates, the Australian Bureau of Statistics (ABS) implemented changes to how certain population groups are accounted for in the labour force survey. The changes were implemented for the labour force estimates from February 2024 inclusive and have been applied retrospectively to August 2016.

The changes involve the greater use of auxiliary data sources to improve accounting for people who do not live in private dwellings, such as people in prisons and aged care facilities, and some people who live in remote and very remote parts of Australia. These groups are more difficult to survey, contribute to a higher degree of underlying sampling variability and other measurement errors, and represent a higher proportion of the population that is not in the labour force.

As a result of these changes the Territory's labour force statistics saw a general reduction in month-to-month variability, as well as significant level shifts from previously published estimates while retaining underlying patterns of changes from previous data series. Forecasts presented in this chapter are not comparable with forecasts in previous publications.

Compared to other jurisdictions, these changes were considerably larger for the Territory due to a higher proportion of difficult-to-enumerate populations.

As a result of the changes, the Territory reported average monthly adjustments of:

- minus 800 persons from the labour force (or plus 800 persons not in the labour force)
- minus 2,200 employed persons
- plus 1,400 unemployed persons.

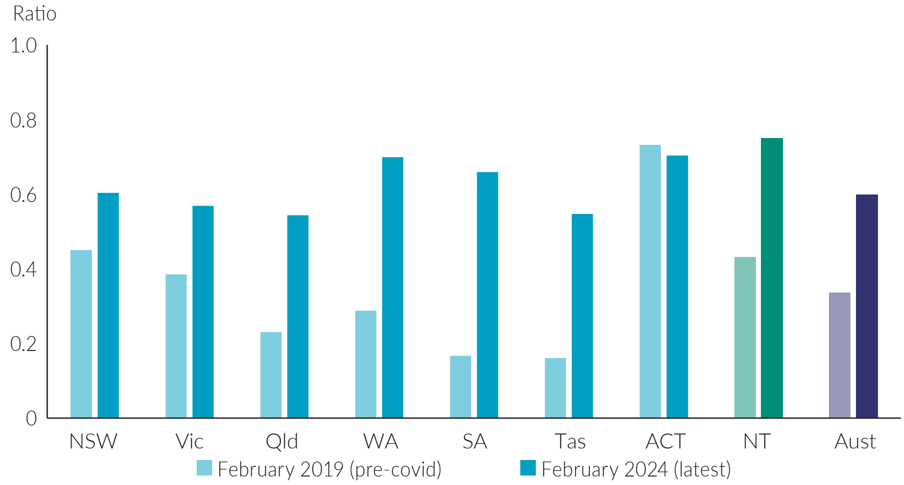
On average, the adjustments have resulted in a 1 percentage point increase to the Territory's unemployment rate, and a 0.4 percentage point decrease to the participation rate.

The unemployment rate is the number of employed persons as a share of the labour force, with the labour force being the sum of the number of employed and unemployed persons. The participation rate is the number of people in the labour force as a share of the civilian population aged 15 years or over (see *Explanation of terms*).

Job vacancies

Despite some evidence of a decline in the demand for labour, the ratio of job vacancies to unemployed persons remains elevated compared to pre-covid levels, indicating there is a slightly higher mismatch between skills in the labour force and skills demanded by industry. This may have been exacerbated following several years of limited skilled migration during the pandemic. Although travel restrictions have since lifted, several other jurisdictions also reported significant labour shortages over this period (Chart 5.5). Consequently, there is likely to be ongoing difficulty attracting and retaining interstate workers in the Territory.

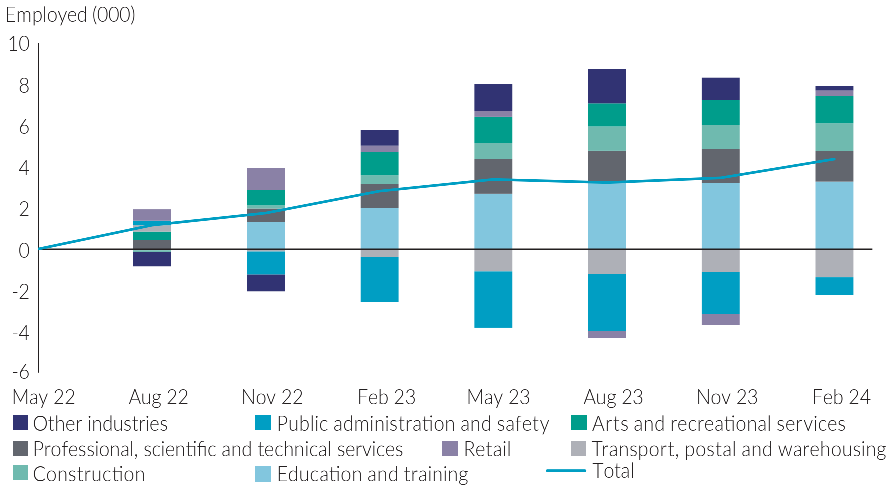
Chart 5.5: Ratio of job vacancies to unemployed persons by jurisdiction



Source: ABS, *Job Vacancies, Australia*, Cat. No. 6354.0, *Labour Force, Australia*, Cat. No. 6202.0

Industry analysis

Chart 5.6: Change in Territory annual average employment by industry since May 2022



Source: ABS, *Labour Force, Australia, Detailed, Quarterly*, Cat. No. 6291.0.55.003

Since covid health measures were lifted in 2021-22, Territory employment has rebounded across most industries. Since May 2022, the largest contributors to annual average employment have been education and training, arts and recreational services, construction, and professional, scientific and technical services (Chart 5.6). The increase in education and training, and arts and recreational services coincides with the return of international students and tourists to Australia. For other industries, several large mining and infrastructure projects were in development over this period, including the Barossa project, Tanami mine expansion and Charles Darwin University city campus.

In contrast, employment in public administration and safety, and transport, postal and warehousing were weaker over the past two years, along with subdued growth in retail trade. The decline in public administration and safety is largely due to the timing of the federal election in mid-2022, which resulted in elevated employment levels in this industry. Weaker consumer demand and higher costs of borrowing negatively impacted the retail trade and transport, postal and warehousing industries.

Chapter 6

Prices and wages

Outlook

Inflation has declined to its lowest level in three years and is expected to reach the RBA target range of 2-3% in 2025 as input cost pressures continue to ease. Wage growth has increased over the last year to its strongest level in nearly 15 years and is expected to remain above the 10-year average across the outlook period. Services inflation remains a risk as a result.

Table 6.1: Darwin consumer price index and Territory wage price index (%)

Financial year	2022-23a	2023-24e	2024-25f	2025-26f	2026-27f	2027-28f
Consumer price index						
Annual change	5.3	3.0	2.6	2.4	2.4	2.4
Year-on-year change	6.4	3.6	2.9	2.5	2.4	2.4
Wage price index						
Annual change	3.3	3.8	3.3	3.1	3.1	3.0
Year-on-year change	2.8	4.1	3.2	3.1	3.1	3.0

Calendar Year	2022a	2023a	2024f	2025f	2026f	2027f
Consumer price index						
Annual change	7.1	3.9	3.0	2.5	2.4	2.4
Year-on-year change	6.6	4.9	3.1	2.6	2.4	2.4

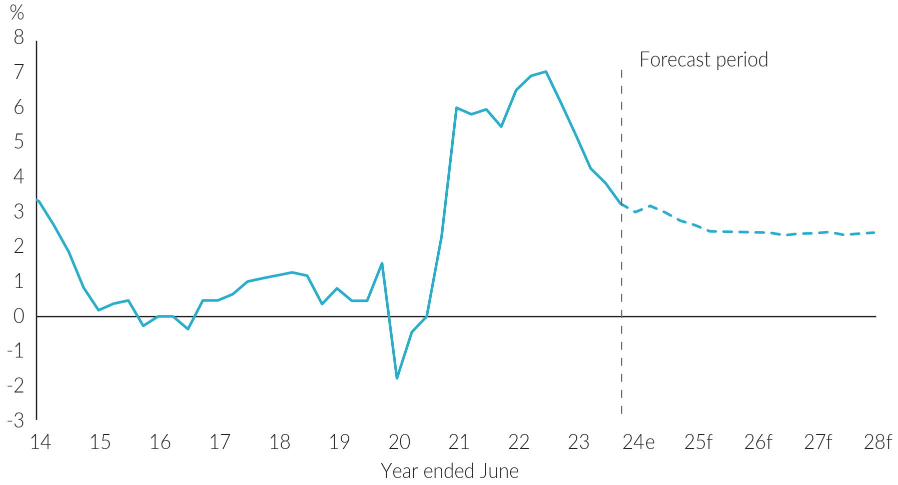
a: actual; e: estimate; f: forecast
Source: ABS, *Consumer Price Index, Australia*, Cat. No. 6401.0, *Wage Price Index, Australia*, Cat. No. 6345.0; Department of Treasury and Finance

Consumer price index

Outlook

Annual inflation in Darwin declined to 3.3% in the March quarter 2024 and is expected to continue to moderate across the outlook period, reaching the mid-point of the RBA target range in 2025 (Chart 6.1). In year-on-year terms, growth in Darwin's consumer price index (CPI) is estimated to decline to 3.6% in 2023-24 and 2.9% in 2024-25. CPI growth is expected to average 2.4% over the forward estimates, reflecting that inflation expectations remain anchored to the mid-point of the RBA range.

Chart 6.1: Consumer price index, Darwin[1]

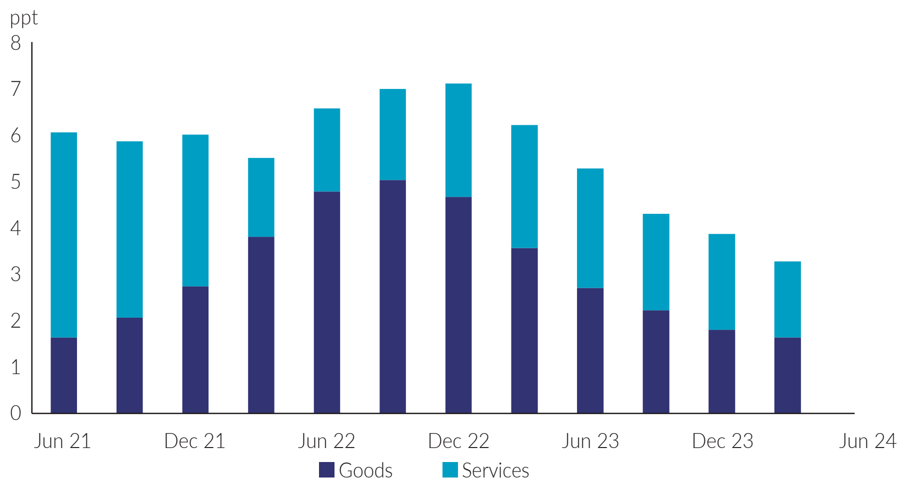


e: estimate; f: forecast
1 Annual change.
Source: ABS, *Consumer Price Index, Australia*, Cat. No. 6401.0; Department of Treasury and Finance

Services have become the main contributor to inflation in the most recent quarters (Chart 6.2) and this is expected to remain the case over 2024. Services include rents, education, holiday travel and accommodation, financial services, child care and insurance. The increase in services prices has been due to growth in key input prices, including labour, rents and insurance. While input price pressures are easing, they remain elevated. It is expected that some of the past increase in input costs is yet to be passed on to consumers. Industry stakeholders suggest it has become less challenging to source labour, however the labour market is still relatively tight for certain skills. Overall, the tightness of the labour market is now easing and wage growth is normalising. This is expected to support a gradual easing in services inflation over 2024-25, noting services inflation remains a key risk to the inflation outlook.

Goods price inflation is sitting at 2.7% in the March quarter 2024, in line with the 20-year average. Goods inflation has reduced significantly as supply chain pressures have abated, but there are some risks to the outlook for goods prices if geopolitical tensions in the Middle East escalate further and this translates into increased shipping and energy costs. There have already been some increases in the cost of freight due to ships having to reroute around the Suez Canal, however the RBA's liaison program suggests this is having a limited impact on local importers at present. If disruptions continue or worsen, there is a risk of upward price pressures on goods.

Chart 6.2: Contributors to annual inflation, goods and services, Darwin



ppt: percentage points
Source: ABS, *Consumer Price Index, Australia*, Cat. No. 6401.0; Department of Treasury and Finance

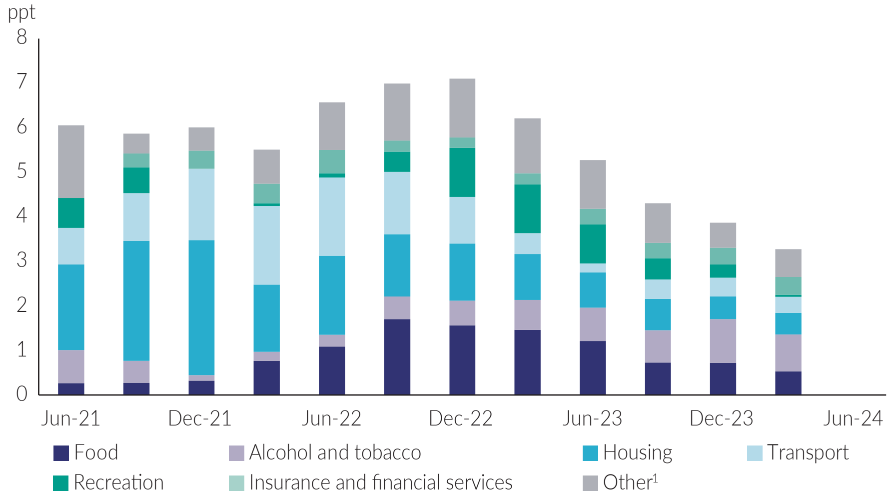
Rental inflation has eased since peaking in the June quarter of 2022. The rents component of CPI tracks the average rent across the entire stock of rentals and tends to be slow to react to changes in advertised rents. Advertised rents have been relatively steady over the last year, which suggests a further slowing of rental inflation in CPI over 2024-25. This contrasts with the rest of Australia where advertised rents continue to grow strongly. This is expected to contribute to weaker inflation in Darwin over 2024-25 relative to Australia.

The expiry of the Energy Bill Relief Fund this year, combined with the childcare subsidy changes from July 2023 (which roll out of the price calculation later this year), will create some volatility in the inflation numbers over 2024. Inflation is expected to remain around 3% in 2024, before returning to its long-term average in 2025.

Recent activity

Inflation has declined each quarter since its peak of 7.1% in the December quarter 2022. However, inflation remained elevated at 3.3% in the March quarter 2024. The decline in inflation to date has been driven by food, housing, transport, and recreation and culture (Chart 6.3). Offsetting this is increased or continuing strong contributions from alcohol and tobacco, insurance and financial services, and other services (such as health and education).

Chart 6.3: Contributors to annual inflation, Darwin



ppt: percentage points

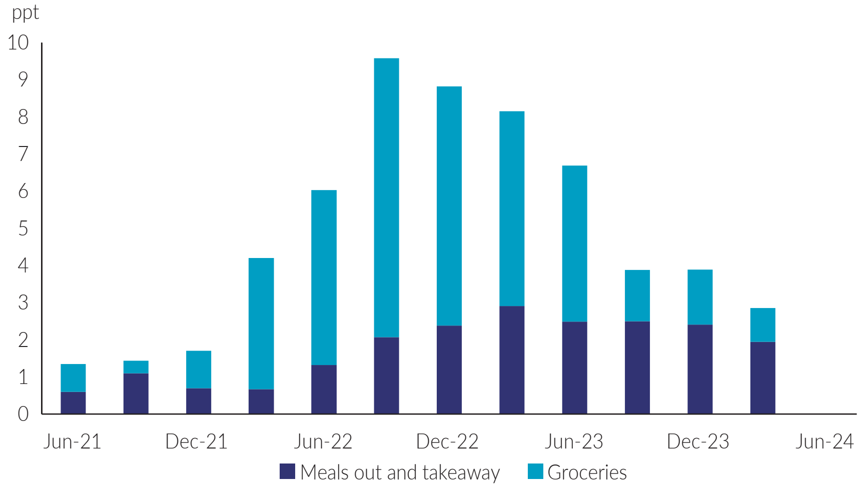
1. 'Other' includes clothing and footwear; furnishings, household equipment and services; health; education; and communication.

Source: ABS, *Consumer Price Index, Australia*, Cat. No. 6401.0; Department of Treasury and Finance

Alcohol and tobacco prices were the largest contributor to overall inflation in the March quarter 2024, growing by 7.1% through the year. Price increases in this category are dominated by the indexation of Commonwealth alcohol and tobacco excises, which occurs twice annually in accordance with the national CPI and average weekly ordinary time earnings, respectively. Both measures have been elevated in recent years, resulting in strong price growth. In addition to the usual indexation, the tobacco excise is indexed by an additional 5% per annum for three years from September 2023. However, this will be partly offset in 2024 as the weighting of the tobacco component of the Darwin CPI basket has declined significantly due to changing consumer behaviour. Excluding alcohol and tobacco, inflation in Darwin would have been 2.8% in the March quarter 2024.

Food price inflation has eased over the last year, driven by a decline in grocery inflation rates as supply pressures have eased (Chart 6.4). The price of fruit and vegetables, and meat and seafood, have seen outright price falls through the year. Meals out and takeaway food price growth remains elevated as they are sensitive to labour costs, which has been a continuing pressure for restaurants.

Chart 6.4: Contributors to food inflation, Darwin



ppt: percentage points
Source: ABS, *Consumer Price Index, Australia*, Cat. No. 6401.0; Department of Treasury and Finance

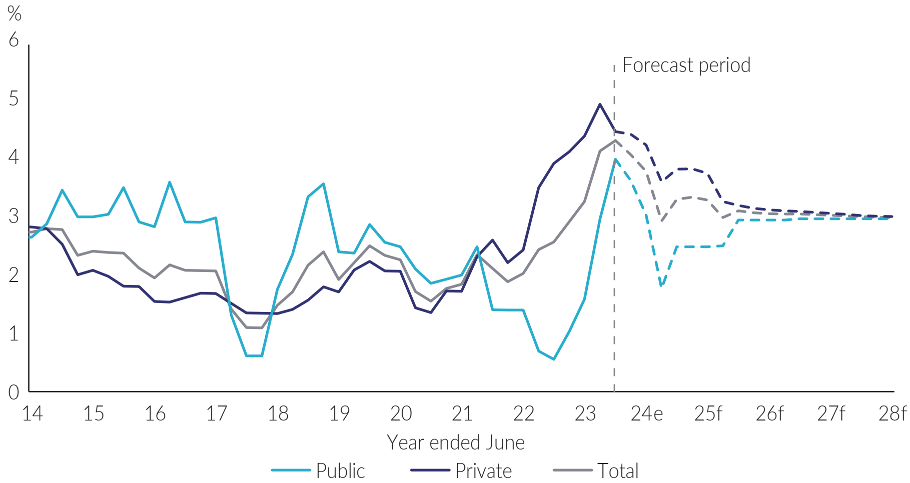
Utility prices paid by Darwin consumers have fallen on account of the Energy Bill Relief Fund, with utility prices easing by 0.9% in annual terms to March 2024. Utility price increases in Darwin have been modest relative to Australia due to the Territory Government's decisions to cap regulated tariff increases at 2.7% for 2022-23 and 2023-24. Since the December quarter 2021, utility prices as measured in the CPI increased by 2.3%, compared to an 18% increase nationally over the same period. The difference in price growth has been one of the main drivers of the lower levels of inflation in Darwin compared to Australia in 2023.

Wage price index

Outlook

Wages growth is expected to come down from recent high levels, which have been a result of large one-off impacts from the transition to new enterprise agreements in the public sector and minimum wage increases tied to national inflation (Chart 6.5). In year-on-year terms, Territory wages are estimated to grow by 4.1% in 2023-24, stronger than the 3.6% forecast in the 2023-24 Budget. Annual wages growth is expected to remain at or above 3% for the outlook period.

Chart 6.5: Territory wage price index[1]



e: estimate; f: forecast
1 Annual change.
Source: ABS, *Wage Price Index, Australia*, Cat. No. 6345.0; Department of Treasury and Finance

In the private sector, a competitive labour market is expected to provide some buoyancy to wages over 2024-25. However, private sector wages growth is expected to ease as the labour market has loosened relative to last year, while inflation is also easing. Future decisions by the Fair Work Commission may also influence the path of private sector wages growth.

Public sector wages growth is expected to decrease from recent highs to be consistent with annual wage increases specified in enterprise agreements. Enterprise agreements for the Northern Territory Public Sector (NTPS) have annual pay rises ranging between 2% and 3%, with some groups also receiving annual lump-sum bonuses. Lump-sum bonuses are not captured by the wage price index (WPI).

The RBA expects the national WPI to increase by around 4.1% in 2023-24, consistent with the Territory's forecasts. The Territory's path for private wages is broadly consistent with the RBA's outlook for the national WPI.

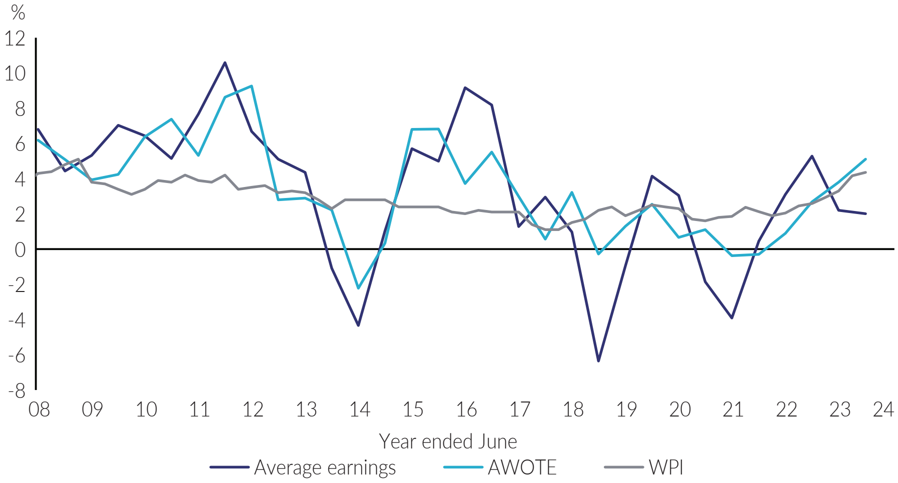
Recent activity

Wage growth is at the highest level in almost 15 years, with strength in both public and private wages. In 2023, the Territory WPI increased by 4.3% in annual terms, with public and private sector wages increasing by 4% and 4.5%, respectively. National WPI also grew by 4.3% in 2023, with public and private sector wages increasing by 4.3% and 4.2%, respectively.

Strength in wages over the last year has been driven by a competitive labour market, minimum wage decisions by the Fair Work Commission, higher levels of inflation, and the signing of NTPS enterprise agreements. In June 2023, the Fair Work Commission increased minimum and award wages by 8.65% and 5.75%, respectively. This decision was largely passed through during the September quarter 2023, resulting in a 2.6% increase in the private sector WPI – the highest increase on record, greater than the previous record set in the September quarter 2022.

Other measures of wage growth have also increased over the past year. The WPI is calculated based on a fixed basket of jobs and is not affected by changes in quality (composition of the workforce) and quantity (hours worked). In contrast, average weekly full-time (ordinary time) earnings (AWOTE) account for changes in the composition of the workforce, but only within a fixed amount of work. Average earnings account for changes in earnings due to both changes in quantity and quality. Annual growth in AWOTE increased to 5.1% in November 2023 from 2.7% a year earlier, while average earnings growth was weaker at 2% due to average hours decreasing over the past year (Chart 6.6).

Chart 6.6 Territory wage measures[1]



AWOTE: average weekly ordinary time earnings; WPI: wage price index
1 Annual change.
Source: ABS, *Average Weekly Earnings, Australia*, Cat. No. 6302.0, *Wage Price Index, Australia*, Cat. No. 6345.0; Department of Treasury and Finance

Chapter 7

Residential property market

Outlook

Residential construction activity is expected to slow in 2024. The established property market is also being impacted by high interest rates, with the time spent on the market to sell a property increasing. Rental vacancy rates have also risen.

Residential construction activity has eased over the past year as high interest rates weighed on individuals' borrowing capacity, particularly for new housing.

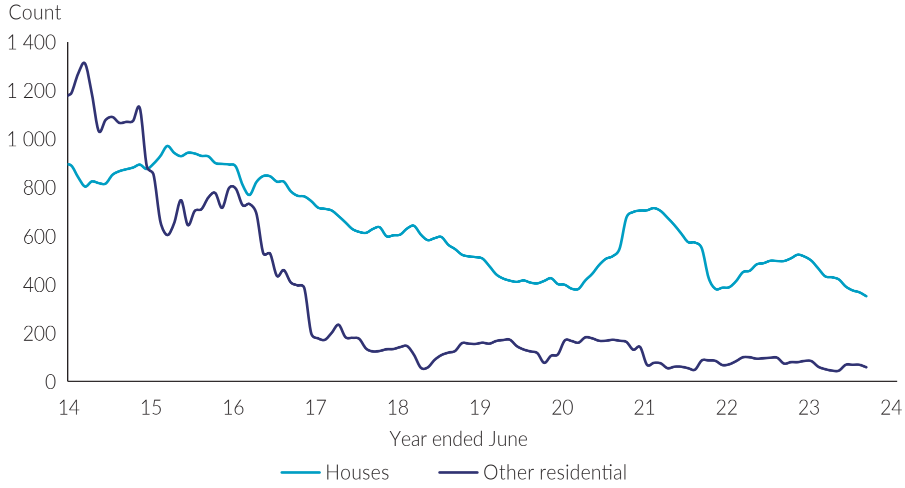
Leading indicators, such as new loans and building approvals show demand for both new and existing dwellings has slowed. New housing finance commitments have steadily declined as interest rates have increased, with a significant decrease in new loans for both first home buyers and non-first home buyers (Chart 7.1). First home buyers comprise about 30% of new financing, down from around 40% as stimulus programs ceased.

Chart 7.1: Northern Territory housing finance by owner type, monthly

Source: ABS, *Lending Indicators*, Cat. No. 5601.0.

Household budget pressures due to inflation, the increased cost of construction and higher financing costs are likely to have contributed to residential building approvals falling below pre-covid levels (Chart 7.2). Labour and material constraints likely also contributed to lower levels of new work commencing, as average build times increased.

Chart 7.2: Northern Territory building approvals by type of building[1]

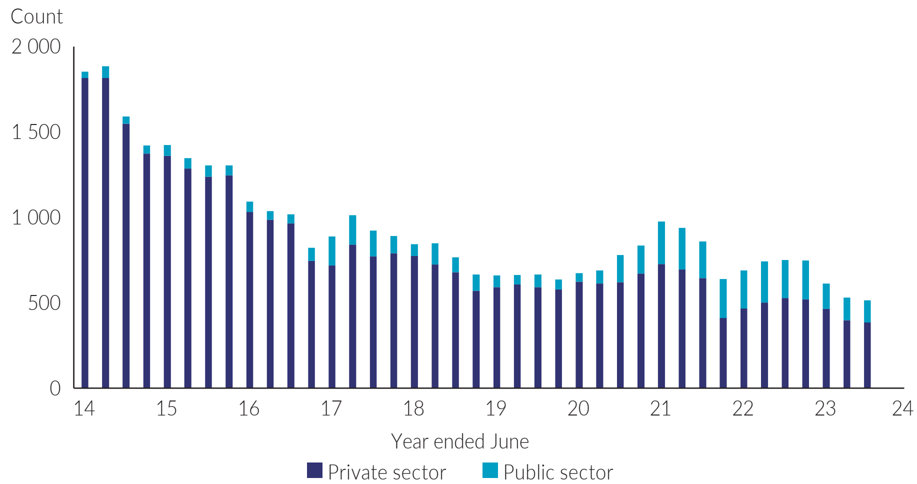


1 Moving annual total.
Source: ABS, *Building Approvals*, Cat. No. 8731.0

Significant land releases are expected across the Territory over the outlook period. Implementing recommendations from the *Bringing Land to Market: An independent review of the Land Development Processes, Land Under Development and Titled Land* is aimed at improving processes for releasing land and producing lots, authority for approvals and bonding, to facilitate private sector residential development.

The number of dwellings under construction has been supported by higher levels of public sector activity, associated with the national partnership on the Remote Housing Investment Package, partially offsetting historically weak private sector activity in the Territory (Chart 7.3).

Chart 7.3: Dwellings under construction, quarterly by sector



Source: ABS, *Building Activity, Australia*, Cat. No. 8752.0

In March 2024, the Commonwealth and Territory governments announced a joint $4 billion investment for remote housing over 10 years, with the goal of halving overcrowding by building up to 270 homes each year. The funding is complemented by a further $120 million over three years from the Commonwealth, matching the Territory Government's investment, to continue delivery of housing improvements and essential infrastructure upgrades in remote homelands, building on the Northern Territory Homelands Agreement.

The management of about 500 public housing properties in the Greater Darwin region was transferred to community housing providers, Mission Australia and Venture Housing, in early 2024. This is part of the Territory Government's Community Housing Growth Strategy 2022-32, supporting the community housing sector by improving socio-economic outcomes and developing partnerships between the Territory Government and community housing providers.

The Commonwealth is working with state and territory governments to implement its National Housing and Homelessness Plan, a 10-year strategy to inform future housing and homelessness policy. The National Housing and Homelessness Plan includes a range of short, medium and long-term reforms to address housing challenges, notably:

- increasing the maximum rates of the Commonwealth rent assistance by 15%, applied from September 2023
- the $10 billion Housing Australia Future Fund
- the National Housing Accord, an initiative to increase the supply of affordable housing over five years from 2024
- extending the National Housing and Homelessness Agreement.

The Territory Government's regional accelerated accommodation projects in Alice Springs and Katherine are anticipated to start construction in 2024-25. The projects will deliver 180 dwellings in Alice Springs and 240 dwellings in Katherine, with the Government committing to leasing half the dwellings to key workers.

Recent activity

The Territory's residential property market recorded broadly stable prices in 2023, while other capital cities saw significant increases. Sales volumes and residential construction indicators have moderated through 2023 and into early 2024, as demand is hampered by low affordability due to cost of living pressures and high borrowing costs.

Higher property prices in recent years have resulted in increased sales turnover. Higher house values have increased homeowner wealth, allowing them to trade up to better dwellings. Although turnover is expected to ease over the outlook period, it will remain elevated.

Median house and unit prices

Territory house and unit prices were relatively steady in 2023 (charts 7.4a and 7.4b). The Top End median house price in 2023 was around $570,000 and $530,000 in Darwin and Palmerston, respectively, with the median price of units around $395,000 and $320,000 for the same regions. Elsewhere in the Territory median house prices were around $515,000 and $240,000 in Alice Springs and Tennant Creek, respectively, with prices in Katherine averaging $405,000. Median unit prices were around $345,000 in Alice Springs and $265,000 in Katherine.

Chart 7.4a: Territory house prices[1]

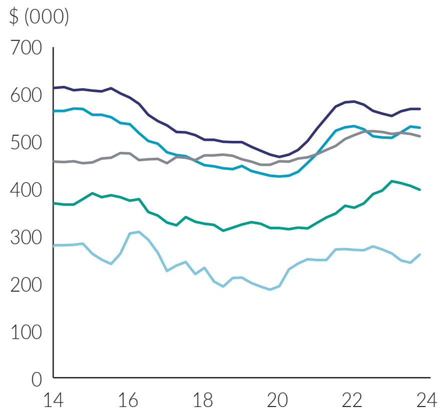
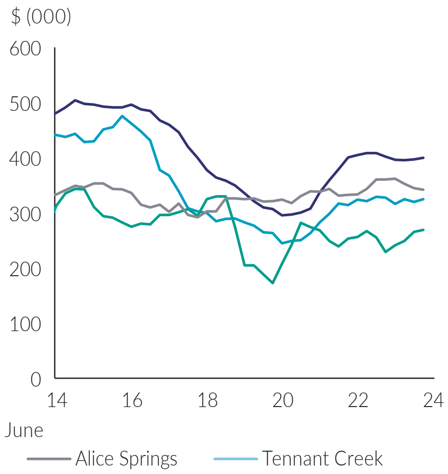


Chart 7.4b: Territory unit prices[1]



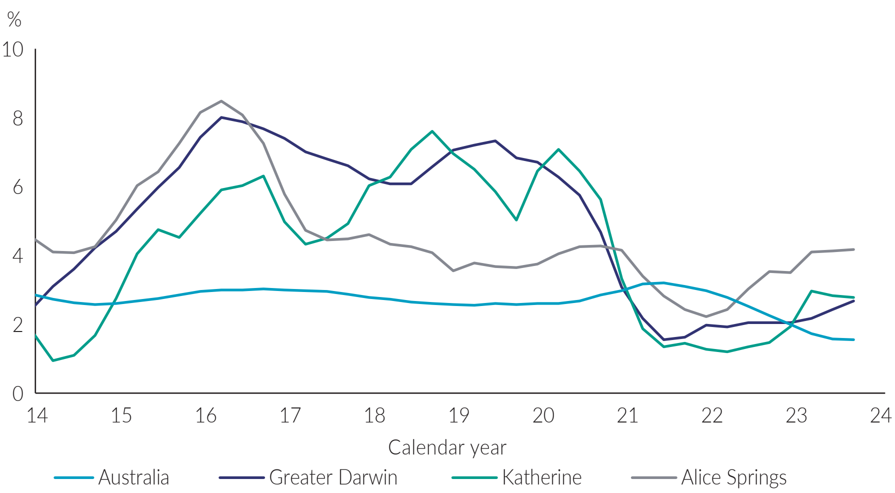
1 Moving annual average.
Source: Real Estate Institute of Northern Territory

Property sales volumes declined in the first half of 2023 as higher interest rates impacted individuals' borrowing capacity and willingness to buy. The number of properties sold across the Territory plateaued in the second half of 2023 but remains stronger than pre-pandemic levels.

Rental prices and vacancy rates

Rental prices for most of the Territory continued to increase for both houses and units in 2023. Vacancy rates increased, with Darwin and Katherine lower compared with pre-pandemic levels and Alice Springs back around pre-pandemic levels (Chart 7.5).

Chart 7.5: Territory rental vacancy rates[1]

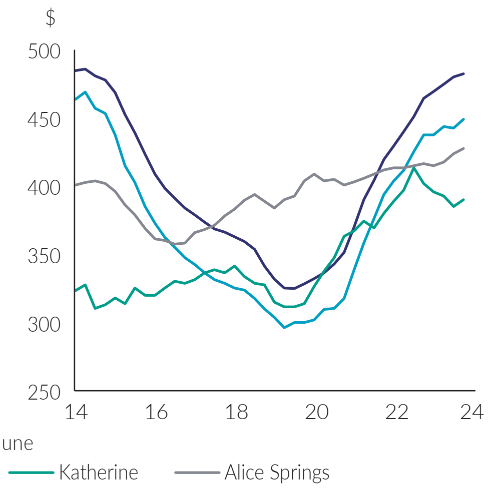


1 Moving annual average.
Source: Real Estate Institute of Australia; Real Estate Institute of Northern Territory

Darwin house and unit rents increased by 3.4% and 6.5% (charts 7.6a and 7.6b), respectively, over 2023 with vacancy rates increasing modestly to 2.7%. Alice Springs rental prices increased modestly by 1.1% and 2.1% for houses and units, respectively, with vacancy rates returning to pre-pandemic levels. After strong growth over 2022, Katherine saw a decline in median rents of around 5.8% and 6.8% for houses and units, respectively, with vacancy rates increasing through the year from 1.9% to 2.3% in 2023.

Chart 7.6a: Territory 3-bedroom house rents[1]

Chart 7.6b: Territory 2-bedroom unit rents[1]



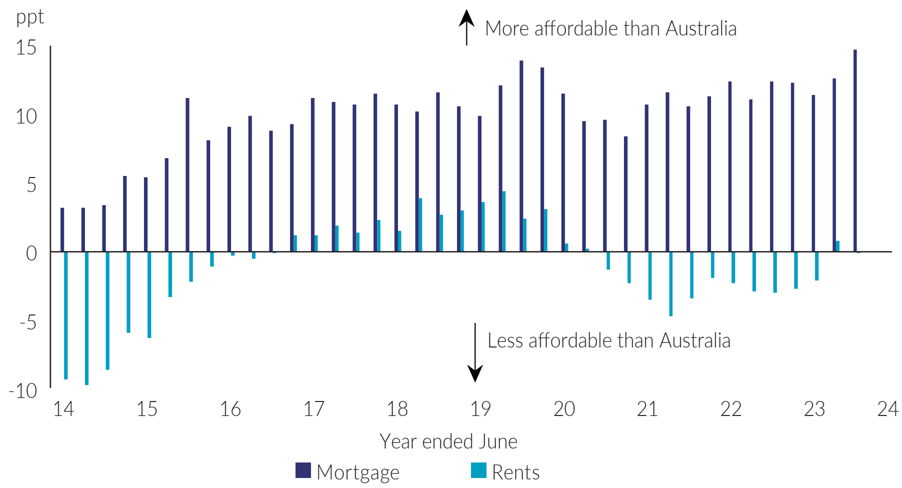
1 Moving annual average.
Source: Real Estate Institute of Northern Territory

Affordability

Housing affordability continued to decline in 2023 in the Territory and across Australia, as a result of increased interest rates. In the December quarter 2023, the average Territorian's monthly loan repayment increased by 9.2% in annual terms to $3,570, partly offset by the median weekly family income increasing by 5.5% to $2,497.

Rental affordability improved as the proportion of the median weekly family income required to rent a three-bedroom house decreased by 1.3 percentage points over the year to 24% in the December quarter 2023, while the proportion to meet loan repayments increased by 1.1 percentage points to 33% over the same period. The Territory is the most affordable jurisdiction for loan repayments and the fourth least affordable for rent (Chart 7.7).

Chart 7.7: Housing and rental affordability[1]



ppt: percentage points
1 Difference between the national average and the Territory in the proportion of weekly median income to meet loan repayments and rent.
Source: Real Estate Institute of Australia

Abbreviations and acronyms

a	actual
ABS	Australian Bureau of Statistics
AROWS	Adelaide River off-stream water storage
AWOTE	average weekly ordinary time earnings
Cat. No.	catalogue number
CPI	consumer price index
e	estimate
EV	electric vehicle
f	forecast
GEMCO	Groote Eylandt Mining Company
GDP	gross domestic product
GSP	gross state product
GST	goods and services tax
HMAS	His Majesty's Australian Ship
IMF	International Monetary Fund
LHS	lefthand side
LNG	liquefied natural gas
M	million
Mtpa	million tonnes per annum
NT	Northern Territory
NTIF	Northern Territory Infrastructure Framework
NTPS	Northern Territory Public Sector
ppt	percentage point
RBA	Reserve Bank of Australia
RHS	righthand side
SFD	state final demand
US	United States (of America)
WPI	wage price index

Explanation of terms

Annual average

The average of all observations within the span of a year, whether it be 12 months or four quarters of data. It is usually used when reporting annual results that are not accrued, such as the number of employed persons.

Advanced economies and emerging market and developing economies

The International Monetary Fund's classifications of nations based on their economies. While there is no strict criteria, advanced economies typically have a high level of per capita income, a significant degree of industrialisation, varied exports, and a financial sector integrated into the global financial system. Emerging market and developing economies tend to have high expenditure on infrastructure, and export goods to wealthier advanced economies, often registering faster gross domestic product growth.

Annual growth

Annual growth compares data at a point in time, such as a monthly or quarterly result, with data from the corresponding point 12 months ago. It is the preferred and headline measure of population growth, but can also be applied to various other datasets.

Average weekly earnings

Average weekly earnings statistics represent average gross (before tax) earnings of employees and do not relate to average award rates nor to the earnings of the 'average person'. Estimates of average weekly earnings are derived by dividing estimates of weekly total earnings by estimates of number of employees.

Balancing item

The balancing item is the residual of gross state product less state final demand less net international trade in goods and services. It implicitly comprises the change in inventories at a jurisdictional level, plus net interstate trade.

Bond yield

A bond's yield is the return an investor expects to receive each year over its term to maturity. For the investor who has purchased the bond, the bond yield is a summary of the overall return that accounts for the remaining interest payments and principal they will receive, relative to the price of the bond.

Calendar adjusted

Adjustments made to data to allow for length of month and trading day effects present in the month-to-month movements in time series data.

Chain volume measure

A measure of growth that captures the change in quantity while removing the effects of price changes.

Consumer price index

A measure of prices of a representative basket of goods and services for each Australian capital city over time.

The consumer price index's basket of goods has 11 categories of goods and services (food and non-alcoholic beverages; alcohol and tobacco; clothing and footwear; housing; furnishings, household equipment and services; health; transport; communication; recreation and culture; education; and insurance and financial services). These categories are weighted to reflect household consumption patterns in each city. Weights for each capital city are updated on an annual basis to reflect changing household consumption patterns over time.

Current prices

The value in nominal terms, not adjusted for inflation or changes in the purchasing power of money. It is the market value for the good or service at the time it was being sold.

Employed

Persons 15 years and older who worked for one hour or more in the week as measured by the labour force survey. Persons are measured as being employed in the jurisdiction in which they reside, regardless of the location of their employment.

Employee households

Households whose principal source of income is from wages and salaries.

Euro area

The euro area consists of those member states of the European Union that have adopted the euro as their currency.

Forecast period (also known as forward estimates period)

The forecast period is the period of time in the future for which estimates have been prepared, comprising the four years succeeding the current financial year (2024-25, 2025-26, 2026-27, and 2027-28).

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. Gross domestic product can be calculated by summing total output, total income or total expenditure.

Gross state product

Similar to gross domestic product, except it measures the total value of goods and services produced in a state or territory. It can be calculated by measuring expenditure, where it is the sum of state final demand and international and interstate trade, changes in the level of stocks, and a balancing item.

Household consumption

Household consumption is expenditure by resident households on goods and services that will not be resold or used in production. The purchase of dwellings is excluded from household consumption as dwellings are goods used by owners to produce housing services for those owners and is therefore captured in private investment.

Household savings ratio

The ratio of household net saving to household net disposable income. Household net saving is calculated as household net disposable income less household final consumption expenditure. Household net disposable income is calculated as household gross disposable income less household consumption of fixed capital.

Inflation

The annual change in the consumer price index.

Inflation adjusted (also known as chain volume)

Inflation adjusted measures provide estimates of real changes by factoring in general changes in prices from year to year.

Labour force

All persons 15 years and over who are available for work, that is, employed plus unemployed persons actively seeking work. Excludes Australian Defence Force personnel and non-residents.

The Territory labour force is characterised by a substantial public sector, and a relatively large defence and fly-in fly-out workforce that is not captured in Territory data reported by the Australian Bureau of Statistics. As such there is significant under reporting of on-the-ground employment in official statistics.

Labour force survey

A monthly survey conducted by the Australian Bureau of Statistics to collect information about the labour force status and other characteristics of the usually resident Australian civilian population aged 15 and over. This is the primary data source for official estimates of employment, unemployment, the unemployment rate and the participation rate.

Moving annual total

A method used to smooth data and remove the short-term fluctuations in data by averaging observations collected over a 12-month period.

Natural increase

The number of births minus the number of deaths.

Net exports (also known as trade balance)

The trade balance is the difference between the value of a jurisdiction's exports and imports. When exports exceed imports, the jurisdiction has a trade surplus and, conversely, when imports exceed exports, the jurisdiction has a trade deficit.

Net internal migration

The number of people arriving minus the number of people departing across a specified boundary within Australia that involves a change in place of usual residence. This can be interstate movements, intrastate movements or both.

Net interstate migration

The number of people arriving minus the number of people departing over a state or territory border that involves a change in place of usual residence.

Net overseas migration

The difference between the number of incoming travellers who stay in Australia for one year or more and are added to the population, and the number of outgoing travellers who leave Australia for one year or more and are subtracted from the population.

P50

There should be at least a 50% probability (P50) that the quantities of the prospective resource actually recovered will equal or exceed the best estimate.

Participation rate

The proportion of the civilian population over 15 years of age who are working or looking for work, that is, are participating in the labour force.

Payroll jobs

The payroll jobs statistics are derived from the payroll jobs index that is based on single touch payroll data provided to the Australian Taxation Office. Unlike the labour force survey, which estimates the number of people employed, the data records each job separately irrespective of whether it is worked by a multiple job holder.

Private investment

Private investment is expenditure by producers on fixed assets that are used in the process of production and used repeatedly or continuously for longer than one year. It comprises dwelling investment, ownership transfer costs (fees incurred by the buyer or seller of real estate), non-dwelling construction (industrial, commercial and non-dwelling buildings and other structures such as pipelines and bridges), machinery and equipment, cultivated biological resources (natural resources used repeatedly to produce products such as milk or orchards) and intellectual property products (products as a result of creative activity, research and development and mineral exploration).

Public consumption

Public consumption includes government expenditure on goods and services (including wages and rents). National consumption is a combination of Commonwealth consumption, defence consumption and consumption by universities. State and local government consumption includes all other public consumption.

Public investment

Public investment is the expenditure by all levels of government on the purchase of fixed assets that are used over a long time period, similar to private investment, but also includes weapons systems for defence such as warships, submarines and fighter aircraft. Most data for public investment is sourced from state and territory government finance reporting. Adjustments are made to deduct expenditure that is classified as consumption, rather than investment. The Australian Bureau of Statistics' statistical treatment of public investment does not always reconcile with the Territory Government's reporting of investment expenditure and as a result is not directly comparable.

Seasonally adjusted

Seasonal adjustment is a process for removing seasonal patterns that may be present in time series data to get a better understanding of the underlying activity in the data.

State final demand

State final demand is a major component of gross state product and is a measure of the demand for goods and services in an economy. While state final demand includes consumption and investment expenditure, it does not include the contribution of trade or changes in inventories to economic growth and as such is not a comprehensive measure of economic growth.

Tourism

Tourism includes travel for business and other reasons, such as education, visiting family and recreation, provided the destination is outside the person's usual place of residence. Tourism activity is defined by the status of the consumer being a visitor rather than a resident and is captured indirectly through a range of industries, including accommodation and food services, retail trade, culture and recreation and transport. The Australian Bureau of Statistics publishes an annual tourism satellite account to estimate the contribution of tourism to the economy.

Unemployed

Persons 15 years and older who were not employed during the week of the labour force survey and were actively looking for work in the last four weeks.

Unemployment rate

The number of unemployed persons expressed as a percentage of the labour force.

Wage price index

The wage price index measures changes to hourly rates of pay over time for a fixed range of jobs. The Australian Bureau of Statistics measures the wage price index at the state and territory level (as well as nationally) and for both the public and private sectors. It excludes non-wage costs such as superannuation, payroll tax and workers compensation.

Weekly ordinary time earnings

Weekly ordinary time earnings refers to one week's earnings of employees for the reference period, attributable to award, standard or agreed hours of work. It is calculated before taxation and any other deductions (for example, superannuation, board and lodging) have been made.

Year-on-year growth

Year-on-year growth compares the data of one full year with that of the previous year. It is used for the headline measures of growth in gross state product, state final demand, employment, the consumer price index and the wage price index.