NORTHERN TERRITORY

BUDGET 2023-24

NORTHERN TERRITORY ECONOMY

Contents

Overview

The 2023-24 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 (%)

	2021-22a	2022-23e	2023-24f	2024-25f	2025-26f	2026-27f
Gross state product[1]	4.7	- 5.1	2.7	2.1	4.5	0.6
State final demand[1]	7.7	2.5	2.3	- 0.5	- 0.7	1.4
Population[2]	0.6	0.4	0.9	1.0	1.0	1.0
Employment[1]	1.8	4.1	2.2	0.0	0.3	1.1
Unemployment rate[3]	4.0	3.9	4.2	4.3	4.3	4.1
Consumer price index[1]	6.0	6.4	3.5	2.5	2.3	2.4
Wage price index[1]	2.1	3.0	3.6	3.5	3.3	3.1

a: actual; e: estimate; f: forecast
1 Year-on-year percentage change.
2 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 performed strongly over the past three years. Despite the disruptions caused by the COVID-19 pandemic, state final demand (SFD) has grown by 17.7% since December 2019, significantly more than any other jurisdiction. Employment is currently at a record high, eclipsing the levels seen during the peak of the INPEX construction phase.

In 2021-22, Territory gross state product (GSP) increased by 4.7% and SFD increased by 7.7%. Growth was driven by private investment, which increased by 26% in 2021-22, following a 17.3% increase in 2020-21.

Business confidence is also high – in 2022 the Territory business confidence index averaged its highest level on record with a net positive of 70.5%, up from 67.2% in 2021 and 51% in 2019. Furthermore, in the 2022 financial year more new businesses entered the Territory economy than ever before.

However, as pandemic disruptions have ebbed, a number of new economic challenges have emerged over the past 18 months. Labour shortages are acute in the Territory and have constrained many local businesses from operating at full capacity. The number of job vacancies in the Territory remains more than double pre-pandemic levels.

As with the rest of Australia, the cost of living in the Territory has been rising since the start of 2022, driven by a number of factors, including: disruptions to supply chains both globally and locally (including due to extreme weather events); the Russia-Ukraine conflict; and strong demand for goods and services. However, recent inflation outcomes in the Territory have been lower than nationally, as a result of smaller price increases for new dwellings and utilities.

The Reserve Bank of Australia (RBA) has raised the cash rate by 3.5 percentage points over the past year, as it seeks to bring down inflation from its current high levels. The impacts of these rises have started to flow through to Australian households and businesses, and are likely to constrain spending and investment going forward.

Economic outlook

GSP is estimated to decrease by 5.1% in 2022-23, primarily as result of lower export volumes. Maintenance activity at the Ichthys liquefied natural gas (LNG) plant reduced LNG export volumes in the second half of 2022. Conversely, SFD is expected to increase by 2.5%, a result of growth in both public and private consumption and investment.

Over the five years to 2026-27, annual GSP and SFD growth are expected to average 0.9% and 1%, respectively. The growth outlook is heavily influenced by the timing of activity associated with the Barossa project. As of March 2023, 56% of construction work on project had been completed. The timing of future work is uncertain as Santos seeks to work through regulatory processes following recent decisions from the Federal Court and the National Offshore Petroleum Safety and Environmental Management Authority. The forecasts anticipate that GSP growth will pick up in 2025-26 when production from the Barossa gas field begins.

Household consumption is expected to provide a modest contribution to economic growth over the outlook period. Consumption growth is expected to slow to 0.4% in 2022-23 (down from 2.3% in 2021-22) as higher interest rates and cost of living increases constrain household budgets. Consumption growth is forecast to increase slightly over subsequent years as inflation normalises and the population increases. Population growth is expected to return to long-term averages of around 1% over the outlook period as overseas migration returns and interstate migration outflows stabilise.

Private sector investment in 2022-23 is estimated to increase by 1.9%, and by 3.4% in 2023-24. Following completion of the construction phase of the Barossa project, private investment is expected to decline in 2024-25 and 2025-26. Public consumption is forecast to steadily increase over the outlook period, while public investment has been revised up over the forecast period, with particularly strong growth in 2022-23 and 2023-24.

Employment is at record highs and is forecast to increase by 4.1% in 2022-23. Over the outlook period, employment is forecast to remain at high levels, growing slowly, consistent with SFD growth. The unemployment rate is expected to remain at relatively low levels for the duration of the outlook period.

There are several major projects proposed that are not included in the forecasts and, if they proceed during the outlook period, will contribute to stronger economic growth and employment outcomes (see the *Key opportunities and major projects* section of Chapter 2).

Headline inflation nationally and in the Territory peaked in the December quarter 2022 at 7.8% and 7.1%, respectively. Inflationary pressures in the Territory have softened in recent quarters and inflation is forecast to fall to 3.8% by the end of 2023, and to 2.6% in the June quarter 2024.

Wages growth is expected to increase in the near term in response to the tight labour market. Private sector wages growth is expected to exceed 4% for much of the outlook period, while public sector wages growth is forecast to increase to 2.5% in 2023-24 and remain around that level for the remainder of the outlook period.

Risks to the outlook

Many of the challenges that have emerged over the past 18 months will continue to influence the path of the economy over the short-medium term. Key sources of uncertainty include:

- household consumption and saving choices in response to higher interest rates and consumer price increases
- global financial instability. Higher interest rates have exposed weaknesses in a number of bank balance sheets in the United States (US) and Europe
- the potential for the Russia-Ukraine conflict to escalate and destabilise global supply chains again
- regulatory decisions that impact the timing of announced resources projects
- major projects reaching a final investment decision within the outlook period.

Developing forecasts requires considerable judgement and a number of assumptions, and there remains a level of risk regarding the reliability of the forecasts.

Key assumptions underpinning the forecasts are: projects that have announced a final investment decision go ahead; there is no meaningful escalation in the Russia-Ukraine conflict that further destabilises supply chains; the Australian financial system remains insulated from global financial instability; and higher interest rates do not result in widespread mortgage defaults.

Chapter 1

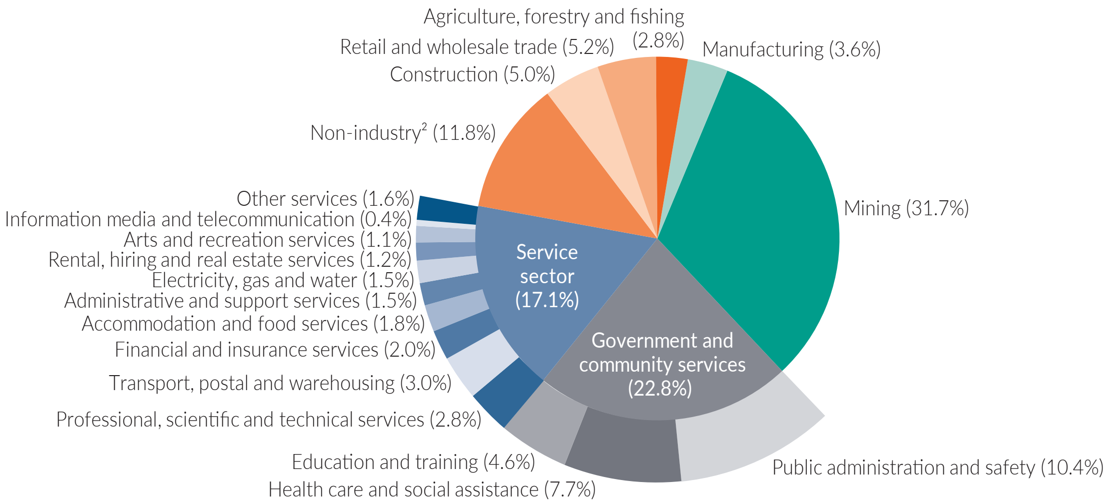
Structure of the economy

Structure

The structure of the Territory's economy reflects its wealth of natural resources, strategic defence location, tourism attractions, and relatively large government and community services sector.

In 2021-22, around 55% of the Territory's GSP was derived from the mining, and government and community services industries (Chart 1.1). The industry contributions can be volatile in the short term, while changes in the underlying structure of the economy tend to occur over the long term and reflect comparative economic advantages.

Chart 1.1: Contributions to gross state product, 2021-22[1]



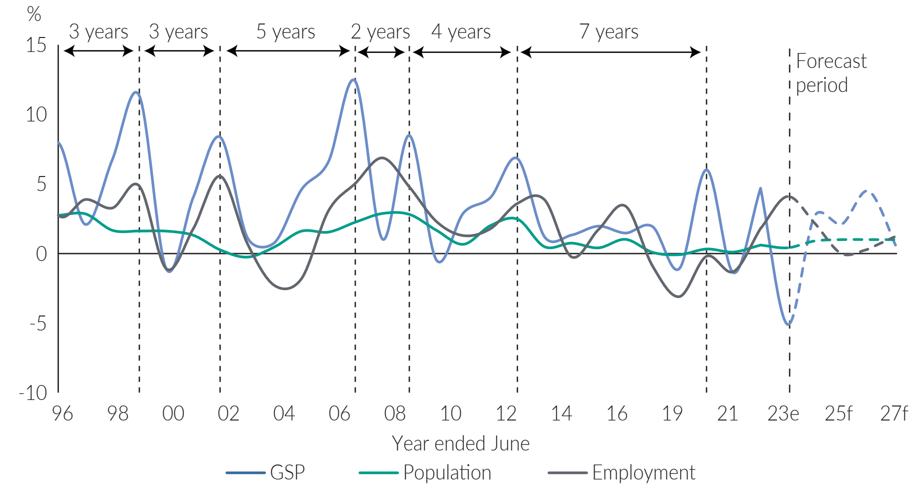
1 Tourism is not reported as an industry due to the nature of its output.
2 Non-industry components of GSP are ownership of dwellings, taxes less subsidies and statistical discrepancy.
Source: ABS, *Australian National Accounts: State Accounts*, Cat. No. 5220.0

All economies experience business cycles influenced by factors such as economic structure and exposure of key industries to external factors that influence supply, demand, prices and exchange rates. The Territory economy displays more pronounced cycles due to its unique economic characteristics, and these cycles influence the size and composition of key industries.

Over the past 25 years, the Territory has experienced business cycles that average four years, with a range from two to seven years. These cycles have been driven by major projects, often in the resources sector, with activity fluctuating around the exploration, construction and production phases. Employment and population outcomes broadly follow GSP growth, although not to the same magnitude given the capital-intensive nature of investments in the Territory and the higher productivity per worker that results (Chart 1.2).

In addition to major investment initiatives, economic growth is propelled by a range of fundamental factors, including population, business sentiment, household consumption and confidence, public sector expenditure, and small to medium-scale private investment that relies on domestic demand or niche interstate and international trade opportunities.

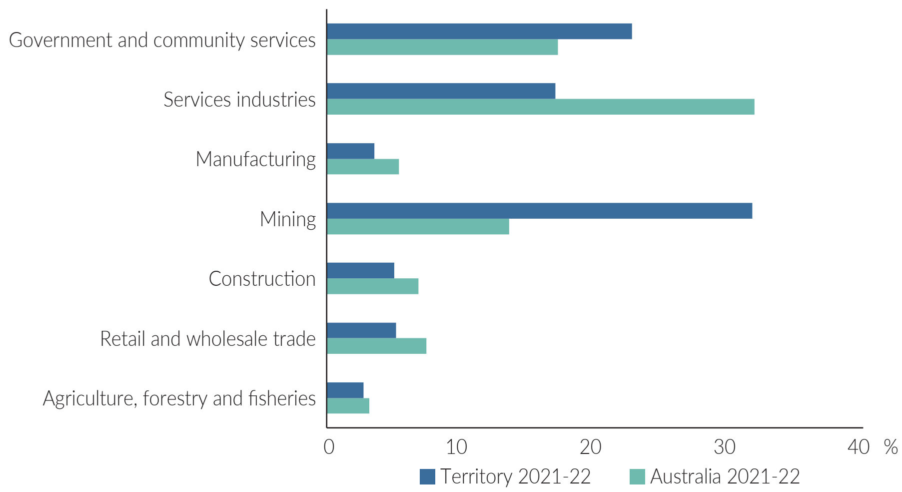
Chart 1.2: Economic cycles in the Territory[1]



e: estimate; f: forecast; GSP: gross state product
1 Change in year-on-year growth.
Source: ABS, *Australian National Accounts: State Accounts*, Cat. No. 5220.0, *Labour Force, Australia*, Cat. No. 6202.0, *National, state and territory population*, Cat. No. 3101.0; Department of Treasury and Finance

Government and community services, and the mining industry contribute a much greater share to the Territory economy compared to those industries' national contribution to gross domestic product (GDP). In contrast, the services sector is dominant nationally (Chart 1.3).

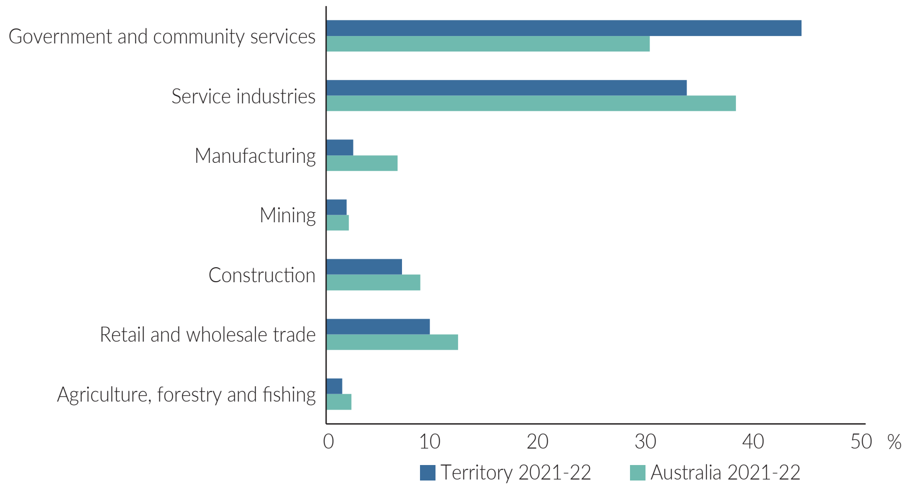
Chart 1.3: Key industry proportions of gross state product and gross domestic product



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

Government and community services, and service industries are the largest employers both in the Territory and nationally. The mining industry contributes less to employment relative to its output as a result of the capital-intensive nature of large mining projects (Chart 1.4).

Chart 1.4: Share of employment by key industries



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

Industries and employment

Mining

The significance of mining to the Territory's economy (at 31.7%, the largest contributor to GSP in 2021-22) reflects the abundance of natural resources, including natural gas, manganese, zinc/lead, gold and bauxite, along with rare earths and critical minerals such as lithium. Mining employment accounted for about 1.9% of Territory employment in 2021-22, slightly below the national average of 2.1%.

Mining output increased by 13.4% over 2021-22, largely driven by an increase in oil and gas production. In 2021-22, the value of mineral production in the Territory reached $4.86 billion, a 13.6% increase on the previous year's $4.28 billion. This is the second-highest total value recorded in the Territory's history, narrowly trailing the peak figure of $4.92 billion achieved in 2018-19. The boost in mineral production value can be attributed to higher prices for manganese and zinc. Specifically, the value of manganese production rose by 21.2% to $1.78 billion, while the combined value of zinc/lead concentrate increased by 26.9% to $1.15 billion.

According to the Northern Territory Geological Survey, up to 19 new mining projects could reach final investment decision over the next three to four years.

Government and community services

This sector includes public administration and safety; health care and social assistance; and education and training. Public administration and safety accounts for just under half of the sector's contribution to Territory GSP. Nationally, health care and social assistance is the largest contributor. Population is a key driver of growth in the sector as it affects demand for police, education, health and community services.

The higher proportion of employment in the Territory (44.1% compared with 30% nationally) reflects a number of factors, including the need to deliver services to a small population dispersed over a large area, with relatively high demand for government services.

Services sector

The services sector comprises a number of relatively small industries, with each accounting for between 0.4% and 3% of GSP in 2021-22. The services sector accounted for 17.1% of economic output and 33.4% of employment in the Territory in 2021-22. Nationally, the sector represents the largest share of GDP (31.9%) and is the largest employer (38%). The services sector is a smaller share of the Territory economy due to the size of the mining, and government and community services sectors in the Territory.

Retail and wholesale trade

Retail and wholesale trade output remained steady in 2021-22 compared with 2020-21. While contributing 5.2% of the Territory's GSP in 2021-22, the sector is the third largest contributor to employment in the Territory, accounting for 9.6% in 2021-22.

Higher prices and interest rate rises are likely to constrain growth in the sector in the near term and any re-adjustment of spending towards services will also affect growth in these industries.

Construction

Construction's contribution to the Territory's GSP and employment stabilised following a significant drop after construction of the Ichthys LNG project was completed in 2018. Construction industry output increased by 4.2% in 2021-22 as work began on the Barossa project. Modest growth is expected in 2022-23 as this project progresses and other construction projects commence.

Manufacturing

In 2021-22, the manufacturing industry accounted for 3.6% of output and 2.6% of employment. The manufacturing industry is expected to grow over the outlook as projects begin, such as manufacture of the amphibious Albatross aircraft by Amphibian Aerospace Industries.

Agriculture, forestry and fishing

The agriculture industry is vital in generating economic activity and employment in regional areas. In 2021-22, the industry accounted for 2.8% of Territory output and 1.5% of Territory employment. The sector is forecast to grow over the outlook period, reflecting new investment in horticulture and new crops coming into production.

Chapter 2
Economic growth

Outlook

The Territory economy is forecast to contract by 5.1% in 2022-23, heavily influenced by a decrease in net exports, but then to average 2.5% growth per annum over the four years to 2026-27. A portfolio of proposed significant projects represents upside to the forecasts.

Table 2.1: Territory economic growth forecasts (%)

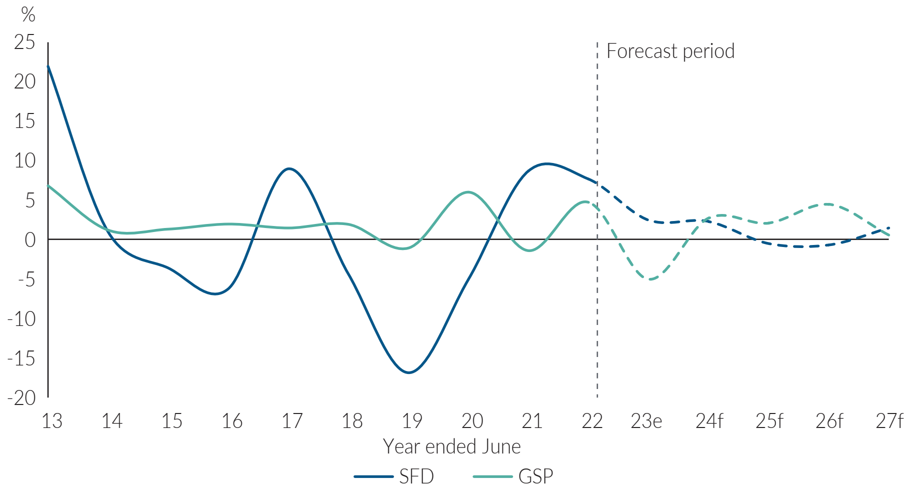
	2021-22a	2022-23e	2023-24f	2024-25f	2025-26f	2026-27f
Gross state product	4.7	- 5.1	2.7	2.1	4.5	0.6
State final demand	7.7	2.5	2.3	- 0.5	- 0.7	1.4

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

Summary

In 2021-22, GSP increased by 4.7%, while SFD, which excludes trade, increased by 7.7% (Chart 2.1), the strongest growth of the jurisdictions. The difference between the growth of GSP and SFD is due to a 4.8% decrease in the Territory's net exports, largely due to increased petroleum imports and imports related to private investment associated with large construction projects.

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

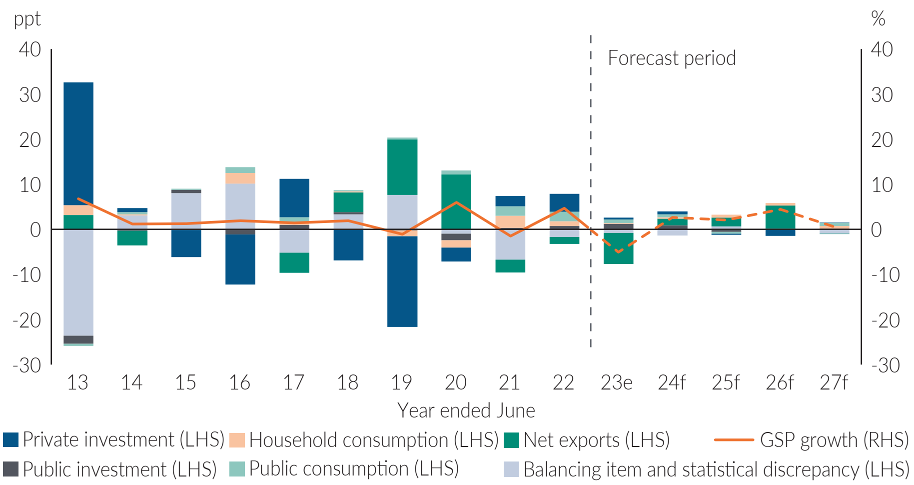


e: estimate; f: forecast; GSP: gross state product; SFD: state final demand
1 Year-on-year percentage change.
Source: ABS, *Australian National Accounts: State Accounts*, Cat. No. 5220.0; Department of Treasury and Finance

In 2022-23, Territory GSP is expected to contract, mainly due to a decrease in net exports, with fewer exports and higher imports detracting from growth. Maintenance work at Ichthys LNG resulted in fewer LNG exports in the second half of 2022. In addition, exports from the Darwin LNG plant will be lower this year with reserves at the Bayu-Undan field expected to be depleted in mid 2023. Partially offsetting these falls, the Finniss lithium mine started to export in 2023 and international services trade is anticipated to continue to grow following the opening of international borders in early 2022.

By contrast, over the forecast period, SFD is expected to grow by 2.5% in 2022-23, underpinned by public investment, which is expected to increase by 20% in 2022-23 and 12% in 2023-24. SFD is likely to contract in 2024-25 as public investment spending declines. SFD is also forecast to fall by 0.7% in 2025-26 due to a fall in private investment once construction for the Barossa project is completed (Table 2.1 and Chart 2.2).

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

Household consumption growth is expected to moderate in the near term. High inflation and higher interest rates are expected to reduce household disposable income as mortgage payments take up a greater share of household budgets in the short term. Household consumption is anticipated to return to more normal patterns over the medium term when inflationary pressures ease.

GSP over the forecast period will be heavily influenced by the Barossa project and related investment at the Darwin LNG plant, with elevated levels of private investment forecast over the next few years followed by an increase in exports once the gas field moves into operation. Despite Barossa drilling operations being suspended in the September quarter of 2022 following a Federal Court decision, the Darwin LNG plant life extension, the floating production storage and offloading fabrication, subsea hardware manufacture, and planning of the gas pipeline and sub-sea campaigns are progressing and are not impacted by the decision. Applications for remaining approvals are proceeding in accordance with the guidance provided by the court. Production is expected to recommence once the Barossa gas field is completed in the first half of 2025.

The Russia-Ukraine conflict continues to be a source of uncertainty and risk to the outlook, potentially adversely affecting energy security, supply chains and confidence. China eased some of its COVID-19 restrictions in late 2022, which could lead to an improvement in China's growth and alleviate global supply chain constraints. This could also provide a boost to global economic activity.

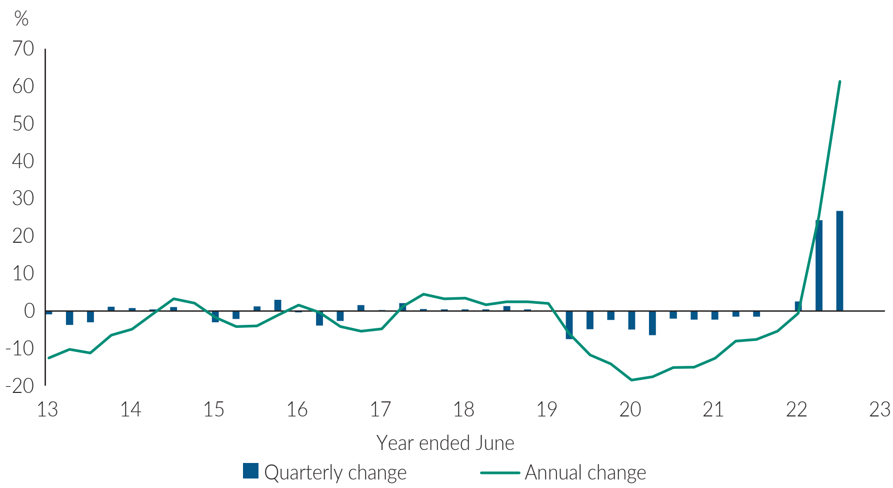
The Territory economic growth projections do not factor in potential or planned projects yet to reach final investment decision, the $2.6 billion infrastructure investment announced by the Commonwealth under its Energy Security and Regional Development Plan, or new investment arising from the $3.8 billion announced following the Defence Strategic Review to upgrade military bases in Australia's north. There are many projects on the Territory's horizon that could proceed in the forecast period but are not currently reflected in the outlook. It is likely some of these projects will reach final investment decision during the forecast period, and therefore there is considerable upside in the economic outlook. These projects are discussed in the second half of this chapter.

Household consumption

Household consumption is estimated to grow modestly in the short term, increasing by 0.4% in 2022-23 and by 0.7% in 2023-24. In the short term, household consumption is being supported by expenditure on non-discretionary items, such as housing and health, and a shift from goods expenditure to services, which had been relatively lower in recent years due to COVID-19. The moderation in the outlook for household consumption's contribution to economic growth over the short term is due to the combination of higher interest rates, inflation and lower consumer confidence. Household consumption growth is expected to start to recover in 2024-25, increasing to 1.4% as inflation moderates towards the 2% to 3% RBA target band.

The cost of mortgage interest repayments for employee households in Australia increased by 57.3% in the second half of 2022 (Chart 2.3). This increase in unavoidable expenses will constrain household budgets. Housing loan refinancing increased by 7.7% in 2022 as borrowers switched lenders for lower interest rates. However, the number of new loans for owner-occupier first home buyers has fallen to lows seen following the completion of the INPEX construction phase in 2018.

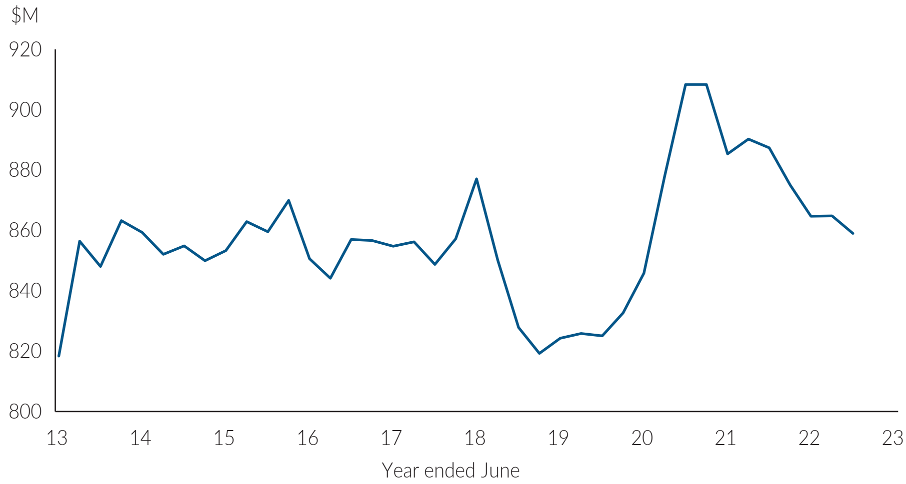
Chart 2.3: Change in employee households mortgage interest repayments



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

Although still higher than pre-COVID-19 levels, Territory retail sales volumes have fallen steadily since late 2021 (Chart 2.4). Retail sales volumes account for about a third of household consumption and comprise mostly goods. Therefore they do not capture services expenditure, which is returning to more typical levels and is supporting household consumption. Nationally, the net household savings ratio has fallen from record highs seen during the pandemic to its lowest level since September 2017. Household consumption is expected to remain weak in the short term as the full effects of the cumulative increase in the RBA cash rate is yet to be felt by households.

Chart 2.4: Quarterly Territory retail turnover (seasonally adjusted)[1]



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

Public consumption

Public consumption is estimated to increase by 2.2% in 2022-23, primarily due to growth in demand for government services. This includes additional Territory funding to support hospitals; correctional services; youth justice; courts; domestic, family and sexual violence initiatives and antisocial behaviour activities, combined with recently announced Commonwealth funding of $298 million for Central Australia.

Beyond 2023-24, public consumption growth is expected to decline due to the cessation of time-limited funding and the conclusion of a number of Commonwealth funding agreements, such as the National Partnership on Northern Territory Remote Aboriginal Investment, that are yet to be renegotiated.

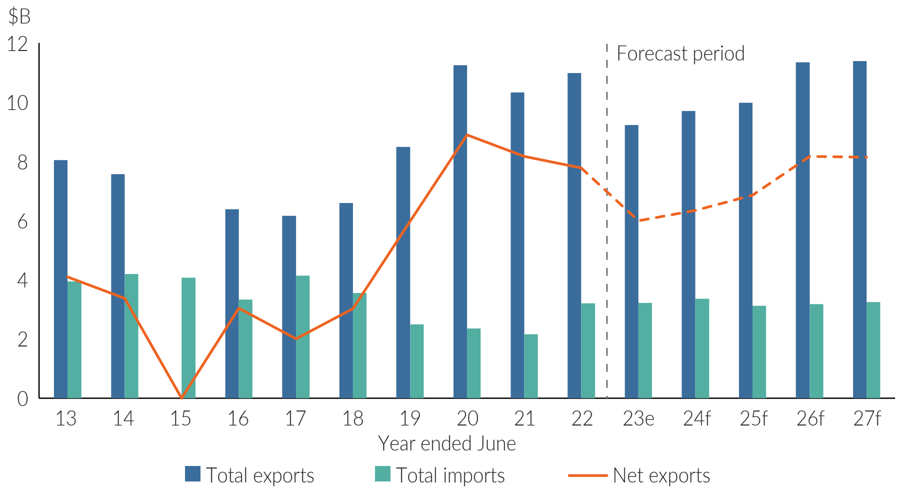
Net exports

Net trade is estimated to decrease by 23% in 2022-23 (Chart 2.5). Maintenance work at Ichthys LNG resulted in fewer LNG exports in the second half of 2022. LNG exports from the Darwin LNG plant have also declined as the Bayu-Undan field is expected to be depleted in mid 2023. Production at the Darwin LNG plant is not expected to resume until 2025 with gas from the Barossa gas field. Partly offsetting the decrease over the forecast period is an increase in LNG production in 2024 at the Ichthys LNG plant due to favourable business conditions. The Finniss lithium mine also started exporting ore in January 2023. Recent exploration activity by Core Lithium has resulted in an increase in their resource estimates by 62%. Goods imports are expected to decrease once the construction phase of the Barossa project is completed in 2024-25.

Services trade is anticipated to increase with the return of international travel, which has been relatively low in recent years due to COVID-19 restrictions. International visitor arrivals are expected to take until 2025 to return to pre-pandemic levels.

China's easing of COVID-19 restrictions presents some upside for Territory exports of goods but its impact on services is anticipated to be modest as numbers of Chinese international students and tourists in the Territory were relatively small before the pandemic.

Chart 2.5: Territory net exports



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

Private investment

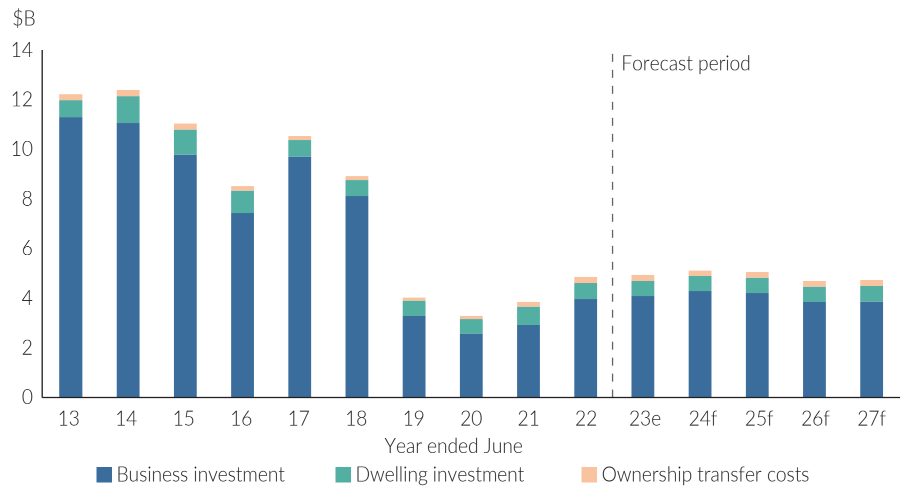
Private investment is estimated to increase by 1.9% in 2022-23 (Chart 2.6), driven by non-dwelling construction and activity associated with the Barossa project. The Vocus Darwin-Jakarta-Singapore Cable is also expected to contribute to private investment but to a lesser extent and is anticipated to be operational by mid 2023.

In the medium term, the Barossa project and Tanami Expansion 2 project (to extend the mine life beyond 2040) are expected to support private investment, with construction on both projects expected to be completed in 2025.

The forecasts for private investment do not include any potential or planned projects yet to reach final investment decision. There are many projects and opportunities that could proceed in the forecast period but are not currently reflected in the outlook, and these are discussed in more detail in the *Key opportunities and major projects* section of this chapter.

Private sector dwelling investment is anticipated to be modest in the short term with leading indicators such as building approvals and housing loan commitments weakening. The number of new loan commitments to owner-occupier first home buyers in 2022 decreased to pre-pandemic levels. Problems with supply chains, rising input costs and labour shortages have been challenging for the construction industry since 2021.

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

Public investment

Public investment is forecast to average $2.1 billion per annum over 2022-23 to 2026-27 and will provide significant support to the Territory economy and jobs, with a steady supply of road infrastructure works and defence projects (Chart 2.7). The Territory Government's capital works program has increased over the forecast period compared with the 2022-23 Budget. Public investment is expected to increase by 20% in 2022-23 and by 12% in 2023-24.

Major public sector projects underway and scheduled include:

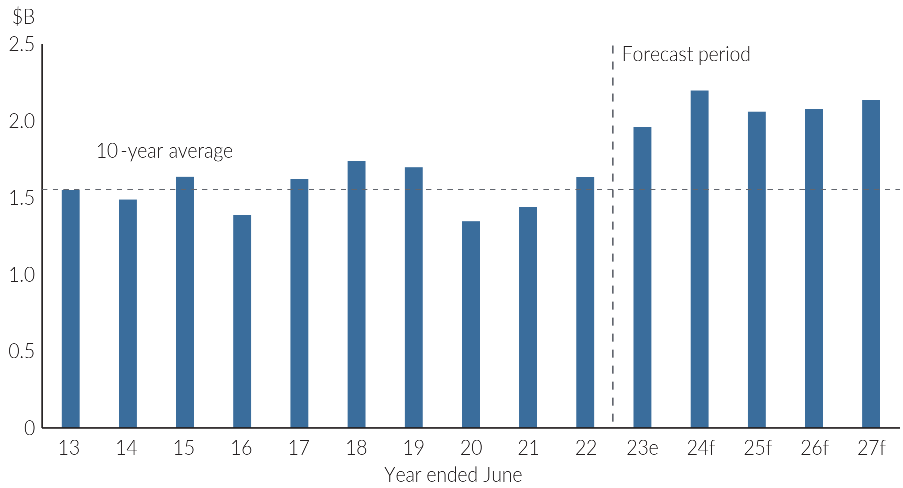
- Remote Housing Investment Package
- Darwin ship lift facility and marine industry project
- Darwin City Deal (including the Northern Territory Art Gallery)
- Alice Springs central business district (CBD) revitalisation
- Darwin youth justice facility
- Mandorah marine facility
- National Aboriginal 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
- hospital and school upgrades
- Peppimenarti police complex
- Newman to Katherine road corridor
- Alice Springs to Halls Creek road corridor.

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

- $301 million for the Darwin Region Water Supply Infrastructure program to return Manton Dam to service and to commence the Adelaide River off-stream water storage (AROWS) project development activities
- $321 million for the Northern Territory Strategic Roads Package
- $124 million for upgrades to the Outback Way
- $348 million for Tanami Road and Central Arnhem Road future priorities program
- $100 million for the homelands package.

There is also upside risk with any announced Commonwealth Budget public investment projects and further defence investment as a result of recommendations from the Defence Strategic Review.

Chart 2.7: 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

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

	Value ($M)[1]									
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23e[3]	2023-24f	2024-25f	2025-26f	2026-27f
Total consumption	19 438	19 202	19 019	20 408	21 213	21 443	21 687	21 739	21 871	22 199
Household consumption	10 973	10 646	10 254	10 929	11 179	11 219	11 302	11 455	11 599	11 749
Public consumption	8 627	8 734	8 945	9 478	10 001	10 223	10 386	10 284	10 272	10 450
Total investment	10 597	5 711	4 626	5 287	6 485	6 902	7 305	7 101	6 765	6 850
Private investment	8 850	4 014	3 280	3 849	4 850	4 940	5 107	5 041	4 688	4 716
Dwelling investment	642	619	582	732	637	613	609	621	628	640
Ownership transfer costs	149	127	129	197	256	250	216	218	220	222
Business investment	8 110	3 277	2 573	2 921	3 958	4 077	4 281	4 202	3 841	3 854
Public investment	1 739	1 697	1 346	1 438	1 635	1 963	2 198	2 060	2 077	2 134
State final demand	29 970	24 907	23 642	25 695	27 664	28 345	28 992	28 840	28 636	29 050
Net exports	3 045	6 010	8 922	8 197	7 806	6 013	6 365	6 878	8 193	8 175
Total exports	6 612	8 514	11 285	10 367	11 029	9 255	9 743	10 016	11 390	11 433
Total imports	3 567	2 504	2 363	2 170	3 223	3 242	3 377	3 138	3 197	3 257
Balancing item[2]	- 8 944	- 7 106	- 7 322	- 9 002	- 9 413	- 9 618	- 9 951	- 9 784	- 9 740	- 9 985
Gross state product	**24 072**	**23 811**	**25 243**	**24 890**	**26 058**	**24 740**	**25 406**	**25 933**	**27 089**	**27 239**
	Year-on-year change (%)									
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23e[3]	2023-24f	2024-25f	2025-26f	2026-27f
Total consumption	0.6	- 1.2	- 1.0	7.3	3.9	1.1	1.1	0.2	0.6	1.5
Household consumption	0.6	- 3.0	- 3.7	6.6	2.3	0.4	0.7	1.4	1.3	1.3
Public consumption	0.8	1.2	2.4	6.0	5.5	2.2	1.6	- 1.0	- 0.1	1.7
Total investment	- 12.4	- 46.1	- 19.0	14.3	22.7	6.4	5.8	- 2.8	- 4.7	1.3
Private investment	- 15.4	- 54.6	- 18.3	17.3	26.0	1.9	3.4	- 1.3	- 7.0	0.6
Dwelling investment	- 5.6	- 3.6	- 6.0	25.8	- 13.0	- 3.7	- 0.6	2.0	1.0	2.0
Ownership transfer costs	- 5.1	- 14.8	1.6	52.7	29.9	- 2.4	- 13.5	0.7	0.9	0.9
Business investment	- 16.4	- 59.6	- 21.5	13.5	35.5	3.0	5.0	- 1.9	- 8.6	0.4
Public investment	7.1	- 2.4	- 20.7	6.8	13.7	20.0	12.0	- 6.3	0.8	2.7
State final demand	- 4.4	- 16.9	- 5.1	8.7	7.7	2.5	2.3	- 0.5	- 0.7	1.4
Net exports	50.5	97.4	48.5	- 8.1	- 4.8	- 23.0	5.9	8.0	19.1	- 0.2
Total exports	7.0	28.8	32.5	- 8.1	6.4	- 16.1	5.3	2.8	13.7	0.4
Total imports	- 14.2	- 29.8	- 5.6	- 8.2	48.5	0.6	4.2	- 7.1	1.9	1.9
Balancing item[2]	- 8.2	- 20.6	3.0	22.9	4.6	2.2	3.5	- 1.7	- 0.5	2.5
Gross state product	**1.9**	**- 1.1**	**6.0**	**- 1.4**	**4.7**	**- 5.1**	**2.7**	**2.1**	**4.5**	**0.6**
	Percentage point contribution to year-on-year GSP change									
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23e[3]	2023-24f	2024-25f	2025-26f	2026-27f
Total consumption	0.5	- 1.0	- 0.8	5.5	3.2	0.9	1.0	0.2	0.5	1.3
Household consumption	0.3	- 1.4	- 1.6	2.7	1.0	0.2	0.3	0.6	0.6	0.6
Public consumption	0.3	0.4	0.9	2.1	2.1	0.9	0.7	- 0.4	- 0.0	0.7
Total investment	- 6.4	- 20.3	- 4.6	2.6	4.8	1.6	1.6	- 0.8	- 1.3	0.3
Private investment	- 6.8	- 20.1	- 3.1	2.3	4.0	0.3	0.7	- 0.3	- 1.4	0.1
Dwelling investment	- 0.2	- 0.1	- 0.2	0.6	- 0.4	- 0.1	- 0.0	0.0	0.0	0.0
Ownership transfer costs	- 0.0	- 0.1	0.0	0.3	0.2	- 0.0	- 0.1	0.0	0.0	0.0
Business investment	- 6.7	- 20.1	- 3.0	1.4	4.2	0.5	0.8	- 0.3	- 1.4	0.1
Public investment	0.5	- 0.2	- 1.5	0.4	0.8	1.3	1.0	- 0.5	0.1	0.2
State final demand	- 5.8	- 21.0	- 5.3	8.1	7.9	2.6	2.6	- 0.6	- 0.8	1.6
Net exports	4.3	12.3	12.2	- 2.9	- 1.6	- 6.9	1.4	2.0	5.1	- 0.1
Total exports	1.8	7.9	11.6	- 3.6	2.7	- 6.8	2.0	1.1	5.3	0.2
Total imports	2.5	4.4	0.6	0.8	- 4.2	- 0.1	- 0.5	0.9	- 0.2	- 0.2
Balancing item[2]	3.4	7.6	- 0.9	- 6.7	- 1.7	- 0.8	- 1.3	0.7	0.2	- 0.9
Gross state product	**1.9**	**- 1.1**	**6.0**	**- 1.5**	**4.7**	**- 5.1**	**2.7**	**2.1**	**4.5**	**0.6**

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

Key opportunities and major projects

There is a significant portfolio of projects not included in the current economic forecasts. These projects and investment opportunities represent potential upside for the Territory's economic development and can support the Territory Government's target of a $40 billion economy by 2030. The overall portfolio comprises three categories:

- major and significant private sector projects
- Territory major infrastructure projects
- defence infrastructure projects.

The major and significant private sector project portfolio features a number of large-scale and transformative energy projects. These have the potential to increase the Territory's export capacity for minerals, gas, agricultural products, large-scale solar and the emerging hydrogen industry.

To ensure the private sector projects can be delivered, coordinated work across government agencies is underway to improve infrastructure across 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 to maintain water supply and security for the residential population of the Territory.

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

There will also be competition for skilled labour, not just in the post-COVID-19 construction and infrastructure-led recovery nationally and globally, but for projects within the Territory. There is a significant spend on major defence infrastructure projects in the Territory already underway. Increased defence spending supports other industries as it provides business development and local employment opportunities.

Given the overlap and interdependency between projects in the overall economic portfolio, it will be important to align the Territory's resources and effort to meet these interdependencies and provide certainty for investors. Careful coordination will be required to:

- 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
- support commercialisation of the Beetaloo Sub-basin in a net zero policy environment and ensure decarbonisation pathways through renewable power at scale, and carbon capture and storage are progressed
- ensure the Middle Arm Sustainable Development Precinct is ready to accommodate proponents of the major and significant private sector projects
- 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
- deliver social infrastructure to support an increased workforce and population, including new housing, government services and community amenities.

Table 2.3 provides a list of the portfolio of projects across the Territory.

Table 2.3: Portfolio of projects across the Territory

Committed	Planned/proposed
• Barossa project • Remote Housing Investment Package • Tanami mine expansion 2 • RAAF Base Tindal airfield and redevelopment • Larrakeyah Barracks and HMAS Coonawarra upgrades • Darwin ship lift facility and Marine Industry Park • Darwin City Deal, including the Charles Darwin University campus, Northern Territory Art Gallery and State Square • Darwin region water supply infrastructure (Manton Dam return to service) • Robertson Barracks, Kangaroo Flats, Mount Bundy and Bradshaw upgrades • Arafura class offshore patrol vessel upgrades • Katherine Logistics and Agribusiness Hub • National Aboriginal Art Gallery • Barkly Regional Deal • Strategic Oil Reserve Darwin • Northcrest property development • Darwin-Jakarta-Singapore Cable • D1 Data Centre • Lasseters Casino and Resort redevelopment • Territory cotton gin • Alice Springs Hospital accommodation • Rum Jungle rehabilitation • Larrakia Cultural Centre • Jabiru and Kakadu future developments • Biofuels pilot plant facility	• Australia-Asia Power Link • Tiwi H2 Project (Green Hydrogen Production and Export) (Tiwi H2) • Ammaroo ammonium phosphate fertiliser project • Petrel gas field project • Nolan's rare earths project • HyperOne fibre network • Mount Todd mine • Mount Peake mine and Tivan processing facility • AROWS • Asia Connect Cable System (ACC-1) • Lithium cathode battery manufacturing • Mount Bundy gold project • Project Sea Dragon – stage 1A • Hawaiki Nui cable • Jervois base metal project • Singleton horticultural project • Rover mineral field • Winchelsea manganese mine • Merlin diamond project • Albatross G-111 aircraft manufacturing • Molyhil tungsten-molybdenum project • Aboriginal Land Economic Development Agency agriculture project • Hayes Creek gold silver zinc project • Tennant Creek central gold mill • DRW01 Data Centre • Unite Cable System • Fountain Head gold • Desert Bloom Hydrogen • Little Mindil Beach Resort • Mitchell Street hotel project • Darwin Convention Centre Hotel

Major and significant private sector projects

The major and significant private sector projects being facilitated by Investment Territory are collectively valued at $42.4 billion and span all regions (see Map 2.1) of the Territory, including 14 projects granted major project status.

Several of these projects (including the Barossa project and the Vocus Darwin-Jakarta-Singapore Cable) are already captured in the economic growth outlook for the Territory. The rest of the portfolio represents a potential extra $36.4 billion of investment in the Territory that will positively influence the outlook if these projects proceed.

The strength of the major and significant private sector project portfolio is its alignment with global tailwinds around geopolitics, energy transition, supply chain security and the response to climate change.

Renewable energy

Globally there is increasing demand for renewable energy as countries work towards net-zero emissions. Japan, Korea and China 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 Northern 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.

There is a potential $22.2 billion of renewable projects in the portfolio, including:

- Australia-Asia Power Link project
- Tiwi H2
- Desert Bloom Hydrogen.

Gas, and carbon capture and utilisation 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 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 is also central to sustainable energy-mix transitions that will deliver increased investment, innovation and multi-generational economic benefits as part of the pathway to net zero emissions by 2050. The Northern Territory Gas Strategy aims to establish Darwin as a world class production, manufacturing and services hub by 2030.

There is a potential $2.9 billion of gas projects in the portfolio, including:

- the Petrel offshore gas field development
- the Territory Government has signed an agreement with the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and industry to progress reducing emissions across northern Australia's energy sector. The agreement will facilitate collaboration between government and industry to assess the viability of a large-scale low-emission carbon capture and utilisation storage hub at Middle Arm.

Minerals and minerals processing

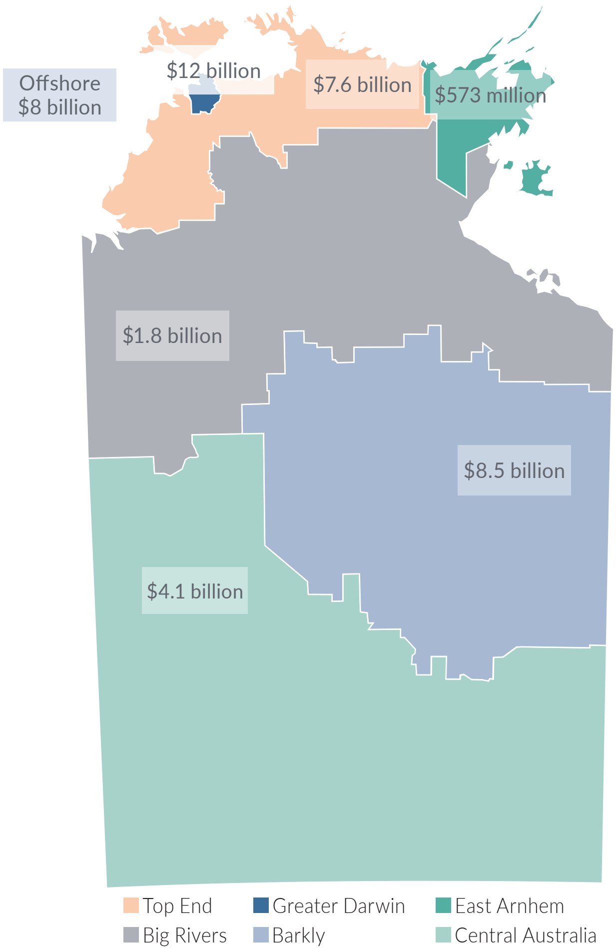
The Territory has large mineral reserves and the quality of these resources has supported private investment in the past. The growing recognition of the strategic importance of critical minerals to economic security and environmental interests is incentivising further investment in minerals projects in the Territory. The Territory's proximity to export markets also makes it an attractive and strategic location for mineral projects.

The Territory is experiencing growth in exploration for minerals that can contribute to transitioning to net zero such as lithium, which is a key component in electric vehicle (EV) and renewable battery storage manufacturing.

There is a potential $6.9 billion of minerals and minerals processing projects in the portfolio, including:

- Nolans rare earths project
- Lithium cathode battery manufacturing
- Mount Peake mine and Middle Arm processing facility
- Ammaroo ammonium phosphate fertiliser project.

Map: 2.1 Private sector portfolio managed by Investment Territory by region[1]



1 Does not include the potential capital spend for commercialisation of the Beetaloo Sub-basin.

Digital technologies and aerospace

Improving the Territory's digital connectivity with contemporary high speed, low latency links to Asia 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.

There is a potential $3.4 billion of digital technologies and aerospace projects in the portfolio, including:

- a number of subsea cable projects, including the Asia Connect Cable System (ACC-1) and the Hawaiki Nui cable
- a number of terrestrial cable projects, including the Unite Cable System and the HyperOne hyper-scale national high speed fibre network
- Albatross G-111 aircraft manufacturing.

Further information on the role of Investment Territory and its work program can be found on the Invest in the Territory website.

Territory major infrastructure projects

The Territory is characterised by a relatively small and transient population dispersed over large distances. The major and significant private sector projects span across the regions (see Map 2.1), with many of these needing to access export markets from Darwin.

To facilitate access between the regions, additional infrastructure will be required. Infrastructure NT has developed the Northern Territory Infrastructure Framework to link infrastructure planning to economic and population growth.

The *NT Infrastructure Plan and Pipeline 2022* provides a detailed roadmap to the investments that will enact the Territory Government's vision of a sustainable and diverse economy. The plan identifies projects, programs and proposals to address challenges and capture opportunities in each of the Territory's regions.

There are already a number of infrastructure projects underway to improve the connectivity across the Territory, including:

- $155 million to upgrade the Northern Territory's section of roads that form the 'Outback Way', which runs from Winton in Queensland through the Territory to Laverton in Western Australia
- $436 million for Tanami Road and Central Arnhem Road upgrades, which will address the priorities of the corridor for safety, flood immunity and connectivity
- $367 million to support the Territory gas industry road upgrades, including:
  - Carpentaria Highway
  - Stuart Highway
  - Buchanan Highway
  - Western Creek Road
  - Gorrie Dry Creek Road.

There are a number of infrastructure 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.

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 principle for marine infrastructure to support the development of the Middle Arm Sustainable Development Precinct.

The precinct 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.

The precinct has attracted over 30 new investors interested in establishing in the Territory. These investors predominantly include critical minerals and renewable energy projects.

Darwin ship lift

The $515 million Darwin ship lift facility will enable the maintenance and servicing of defence and Australian Border Force vessels, along with commercial and private vessels including from the oil, gas and marine industries. The ship lift facility will potentially catalyse development of the adjacent Marine Industry Park to enable establishment of the support and supply chain services required to maintain vessels up to 5,000 tonnes.

Manton Dam return to service and Adelaide River off-stream water storage

With a growing population in the Territory, there is an increasing need to secure water for the future for people, agriculture, industry and the environment. The Territory Government has identified the AROWS as an economically viable solution to provide water security to the Darwin region and is working with Power and Water Corporation to progress the project in two stages:

- stage 1: Manton Dam return to service (already committed) – short-term water supply with a development timeframe of 3 to 4 years
- stage 2: AROWS – long-term water supply with a development timeframe of 7 to 10 years.

Rum Jungle rehabilitation

The former Rum Jungle mine site is located about 105 kilometres south of Darwin and 6 kilometres north of Batchelor. It was first opened as a mining site in the 1950s. The project will deliver rehabilitation works at the former Rum Jungle mine and at two satellite sites, Mount Burton and Mount Fitch. Major components of the rehabilitation plan include the deconstruction of the existing waste rock dumps; management of contaminated soils and asbestos-containing materials; main pit backfilling and reinstatement of the east branch of the Finniss River; groundwater and surface water treatment; and ecological rehabilitation and revegetation. The Territory Government is working in partnership with the Commonwealth and traditional owners to rehabilitate the former Rum Jungle mine.

Residential land development

Land released for future housing development needs to be timed to support the predicted population growth associated with economic development across the Territory. The regional centres of Katherine, Alice Springs and Tennant Creek are already experiencing growing pains as a result of economic growth. In many cases, economic activity has outpaced the capacity of regional markets to meet the influx of new demand. The Territory is progressing development of residential land, supporting construction and population growth across the Territory. This includes developing Holtze and Kowandi (Darwin), Coolalinga, Katherine East, Kilgariff in Alice Springs, and Tennant Creek. Importantly, the speed of the land release program can be adjusted to meet market demand.

Liveability

Improving liveability is one of the cross-cutting objectives of the NT Infrastructure Strategy 2022 to 2023. Liveability will attract and retain the workforce required to grow both the economy and population. The Territory Government is partnering and investing $145 million in the Civic and State Square Redevelopment, including the new Northern Territory Art Gallery, as well as the new National Aboriginal Art Gallery in Alice Springs.

Further information on the NT Infrastructure Framework and infrastructure pipeline can be found on Infrastructure NT's 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. Since the pandemic, there has been increased geopolitical instability, which has refocused the importance of investment in an effective defence presence in the Top End.

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 is in the midst of a significant infrastructure investment program in the Territory until 2025, with an estimated defence capital investment of $4.5 billion. Key projects include:

- RAAF Base Tindal airfield and redevelopment
- Larrakeyah Barracks and HMAS Coonawarra upgrades
- Robertson Barracks, Kangaroo Flats, Mount Bundy and Bradshaw upgrades.

Further defence investment in the Territory is possible following the recommendations of the recently released Defence Strategic Review. One of the priority areas for immediate action identified by the Review is to improve the Defence Force's capability to operate from Australia's northern bases. Accordingly, the Review recommends that work to upgrade and develop Australia's northern bases, ports and barracks should commence immediately. The Review also recommends that defence leverage the capabilities offered by resource industry infrastructure in northern and central Australia.

Following the release of the Review, the Commonwealth announced $3.8 billion in funding to bolster northern Austalian defence capabilities and fortifications. This represents further upside to the forecasts to the extent that it is new rather than repurposed investment.

Refer to the *Defence* section of the *Industry Outlook* online publication for more information on defence projects and the potential outlook.

Chapter 3

External economic environment and trade

Outlook

Net exports are expected to decline in 2022-23 due to a fall in LNG exports as maintenance work reduced output from the Ichthys LNG plant in the second half of 2022. Exports are expected to remain at lower levels until 2025-26 when the Barossa gas field comes on line.

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

	2021-22a	2022-23e	2023-24f	2024-25f	2025-26f	2026-27f
Total exports	11 029	9 255	9 743	10 016	11 390	11 433
Total imports	3 223	3 242	3 377	3 138	3 197	3 257
Net exports	7 806	6 013	6 365	6 878	8 193	8 175

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

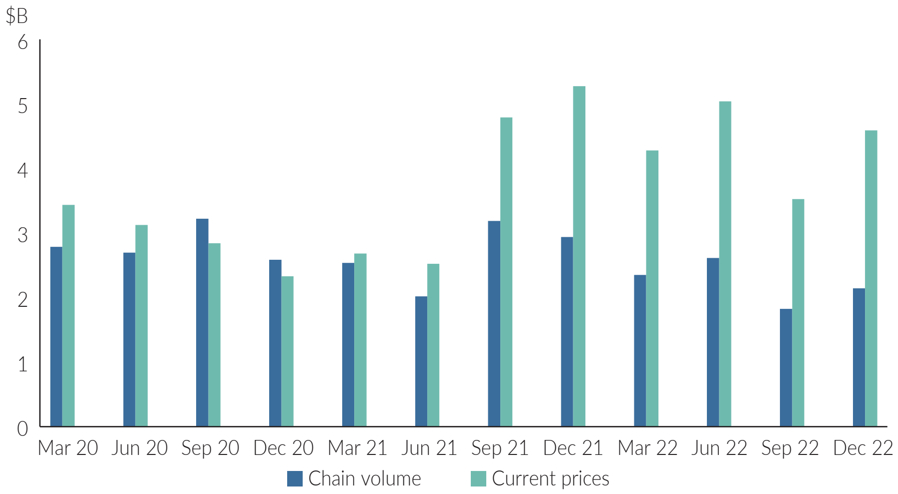
International trade

The Territory's net exports decreased by 4.8% in 2021-22 primarily due to a 48.5% increase in imports to $3.2 billion. Exports increased by a more modest 6.4% to $11 billion, partially offsetting the increase in imports. However, the value of Territory exports increased by significantly more than the volume of exports as a result of increases in commodity prices, particularly LNG (Chart 3.1). Higher imports were driven by strong demand for petroleum along with construction materials as a result of large investment projects such as the Barossa gas field.

Net exports are projected to decrease by 23% in 2022-23 and remain at a lower level until 2025. Lower exports in 2022-23 are partly due to maintenance activity impacting operations at the Ichthys LNG plant in July and August 2022. Exports are expected to remain constrained thereafter as gas reserves from the Bayu-Undan field are expected to be exhausted in mid 2023 and production from the Barossa gas field does not commence until 2025.

Over the outlook period, lower LNG exports will be partly offset by increased lithium exports. LNG exports are expected to recover in 2025-26 as the Barossa gas field commences production in 2025.

Chart 3.1: Territory exports



Source: ABS, *Balance of Payments and International Investment Position, Australia*, Cat. No. 5302.0; Department of Treasury and Finance

Global economic outlook

Global economic growth was 3.4% in 2022, hampered by the rapid spread of COVID-19 in China, the Russia-Ukraine conflict and tight monetary policy measures introduced worldwide. The International Monetary Fund (IMF) predicts the latter two factors, together with financial stability concerns, to slow global growth to 2.8% in 2023 (Table 3.2).

Inflation globally peaked towards the end of 2022. Early signs of moderation are attributable to declining energy and commodity prices as supply chains adapt to disruptions caused by the Russia-Ukraine conflict.

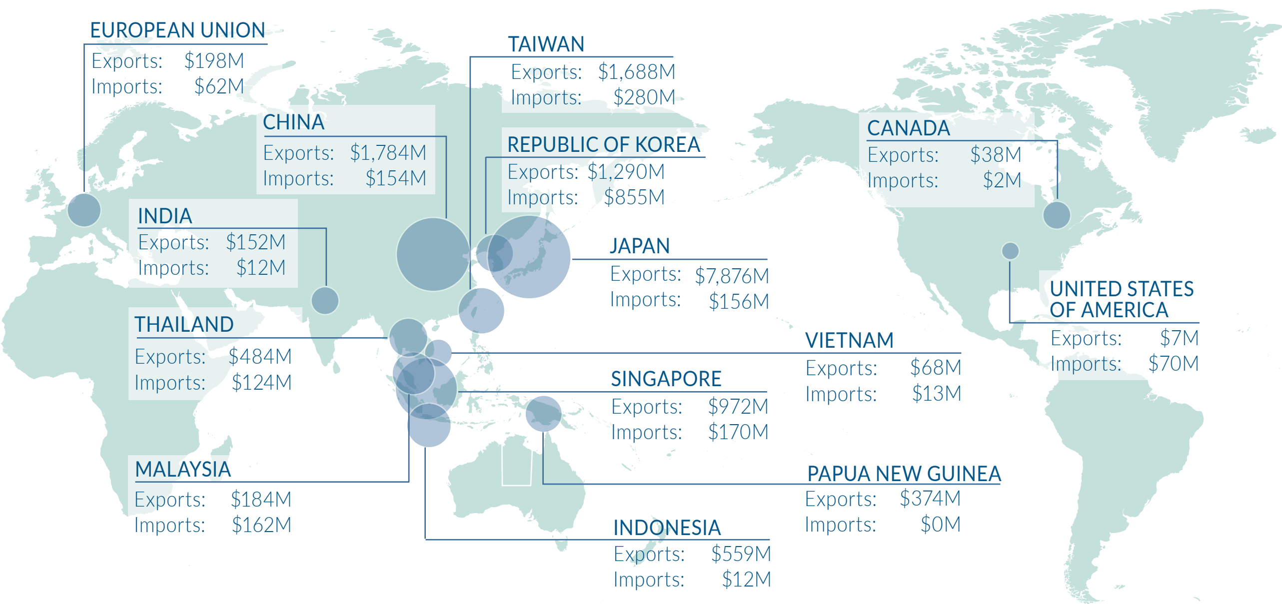
Despite easing inflation, the global economy will face significant challenges in 2023. The Russia-Ukraine conflict remains a major source of uncertainty. Sustained levels of high inflation globally have brought about an aggressive monetary policy response, which will constrain consumption and investment growth over the period ahead. Additionally, if China's economic recovery takes longer than expected, demand for commodities will be weak. This in turn will adversely affect resource-based economies, such as the Territory, that rely on exporting these goods.

Table 3.2: Economic growth outlook[1]

	2021a	2022a	2023f	2024f	2025f	2026f	2027f
Australia	5.2	3.7	1.6	1.7	2.1	2.2	2.3
China	8.4	3.0	5.2	4.5	4.1	4.0	3.6
India	9.1	6.8	5.9	6.3	6.2	6.1	6.0
Indonesia	3.7	5.3	5.0	5.1	5.0	5.0	5.0
Japan	2.1	1.1	1.3	1.0	0.6	0.5	0.4
Korea, Republic of	4.1	2.6	1.5	2.4	2.3	2.3	2.2
Malaysia	3.1	8.7	4.5	4.5	4.4	4.4	3.9
Singapore	8.9	3.6	1.5	2.1	2.5	2.5	2.5
Taiwan	6.5	2.5	2.1	2.6	2.2	2.6	2.4
United States	5.9	2.1	1.6	1.1	1.8	2.1	2.1
Vietnam	2.6	8.0	5.8	6.9	6.8	6.7	6.7
European Union	5.6	3.7	0.7	1.6	2.2	2.0	1.8
Emerging market and developing economies	6.9	4.0	3.9	4.2	4.0	4.0	3.9
Advanced economies	5.4	2.7	1.3	1.4	1.8	1.9	1.8
World	**6.3**	**3.4**	**2.8**	**3.0**	**3.2**	**3.2**	**3.1**
Territory major trading partners	**4.8**	**2.4**	**2.7**	**2.6**	**2.2**	**2.2**	**2.0**

a: actual; f: forecast
1 Year-on-year change in gross domestic product.
Source: IMF, World Economic Outlook Update, April 2023; ABS, International trade in goods and services, Australia, Cat. No. 5368.0; Department of Treasury and Finance

Map 3.1: Territory's major trading partners, 2022[1]



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

Major trading partners

The Territory's close proximity to Asia provides it with a strategic opportunity to engage in trade with the advanced and emerging economies of this region. Of these, Japan, Taiwan, the Republic of Korea and China are the most prominent trading partners, accounting for 79.7% of the value of all goods exports in 2022.

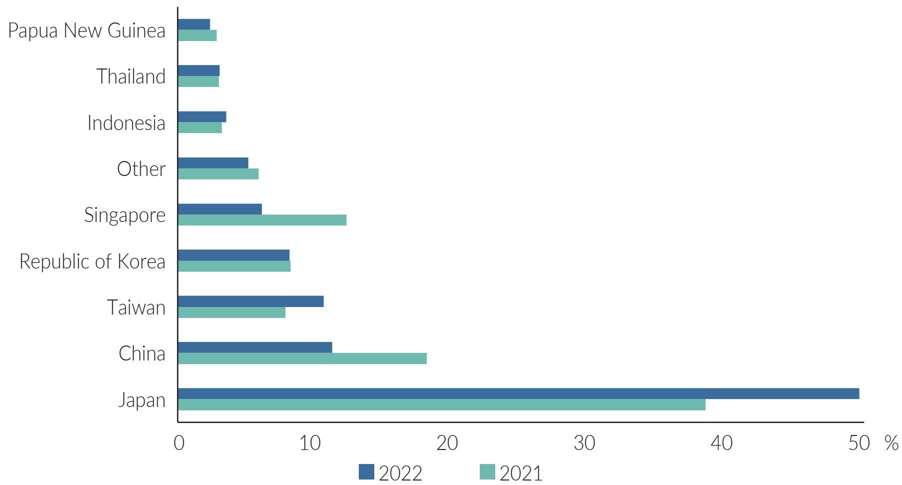
Economic growth in Japan has been relatively strong over the past year, supported by higher exports, greater industrial activity and private consumption. Strength is expected to continue over 2023, as high corporate profits and implementing previously delayed projects boost business investment. However, high commodity prices, and the impact of government stimulus subsiding will slow economic growth over the remainder of the forecast period.

For the Republic of Korea and Taiwan, weaker exports and consumer spending resulted in slower growth in these countries over the past year. The electronics industry is particularly important for both countries and was supported by strong demand during COVID-19. Demand for consumer electronics has started to wane due to rising interest rates, and these economies are expected to slow down over the short term as a result.

China's economic growth remained subdued throughout 2022 as a result of strict COVID-19 restrictions and a weak real estate sector. Its GDP growth target for 2023 is 5%, which is expected to be achieved as COVID-19 restrictions have been lifted and policies to support its real estate market have been introduced. Beyond 2023, growth is expected to be stable.

Changes in the share of goods exports for the Territory's trading partners between 2021 and 2022 largely reflect changes in destinations for the Territory's LNG exports. In 2022, export shares for Japan, Taiwan and Indonesia increased, whereas export shares for Singapore and China decreased (Chart 3.2).

Chart 3.2: Share of the Territory's goods exports



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

In 2022, the Territory's largest import sources were the Republic of Korea, Taiwan and Singapore. Petroleum and petroleum products are the Territory's main import commodities, accounting for 60% of the value of Territory imports in 2022. The value of Territory imports from the Republic of Korea and Taiwan increased last year whereas imports from Singapore decreased, reflecting the change in the source for petroleum imports.

Major trading partner growth

As a small economy with relatively high export volumes, demand for the Territory's exports and economic outcomes in the Territory are heavily influenced by economic conditions of our major trading partners. Understanding how economic conditions are tracking in these countries is therefore important for understanding how our export volumes and prices may evolve.

The Territory's Major Trading Partner index tracks the aggregate GDP of 14 of the Territory's largest current and historical export destinations. These are: Japan, China, Taiwan, Republic of Korea, Singapore, Indonesia, Thailand, Papua New Guinea, European Union, Malaysia, India, Vietnam, Canada and the US. Together they comprised 98.9% of the value of all goods exports in 2022.

Each country's contribution to the aggregate measure is weighted by its goods export share over the past five years, with countries having a larger export share carrying greater weight. For example, Japan, to which the Territory exports large volumes of LNG, accounts for 43% of the index. China accounts for 22.1% of the index, Taiwan 8% and Korea 6.6%. This ensures that the focus remains on the Territory's most relevant export markets, and that the resulting index is a gauge of economic conditions in the countries most relevant to the Territory.

To assess the path of future economic growth in our major trading partners, forecasts for each country are taken from the IMF. Export weights are held constant at their 2022 shares over the forecast period.

Aggregate growth is expected to slow over the outlook period, primarily as a result of slower growth in Japan going forward. Japan's high share in the index also means that economic growth in the Territory's major trading partners will continue to be slower than global growth, as has been the case over the past two years.

Chart 3.3: Global GDP growth

f: forecast
Source: IMF, *World Economic Outlook Update*, April 2023; ABS, *International Trade in Goods and Services, Australia*, Cat. No. 5368.0; Department of Treasury and Finance

Commodity outlook

The main commodities produced in the Territory are LNG, bauxite, lithium, manganese, gold and cattle, with LNG being the largest.

Supply constraints brought about as Russia cut pipeline flows to Europe resulted in the price of LNG increasing over 2022, supporting the value of the Territory's exports. Although rising uncertainty in the gas market may prompt countries to diversify their energy sources, inadequate supply to compensate for Russia's curtailment will continue to place upward pressure on prices in 2023.

Bauxite and manganese are important inputs in the production of aluminium and steel, respectively. Manganese prices rose steeply at the start of 2022; driven by concerns over supply availability following the Russia-Ukraine conflict. Prices have since moderated and are expected to remain steady, supported by a modest increase in demand for steel. The price of bauxite steadily rose over 2022, but is expected to decline in 2023 due to slow global economic growth.

The global transition to low-carbon energy has driven demand for clean technology products that rely on lithium inputs. The price of spodumene (a source of lithium) rose over 2022, driven by government incentives for EVs and supply shortages. Prices are expected to continue to climb, peaking in 2023, before moderating. This is likely due to new lithium projects contributing to increased supply and the withdrawal of government incentives as the EV market matures.

The price of gold was relatively volatile in 2022 (Chart 3.4), peaking in the first quarter supported by high inflation, before rising interest rates and a strengthening US dollar saw demand decline. By the end of 2022, prices began to recover in part due to record levels of purchases from central banks amid rising global economic uncertainty. With expectations of smaller and less frequent interest rate rises and a global economic slowdown, demand for gold is expected to see some upside in 2023 to the benefit of Territory exports.

Live animal exports in the Territory comprise predominantly of cattle. In recent years, there has been strong demand from southern states as they seek to rebuild their herds, which has resulted in cattle exports being redirected from international markets towards local markets. This was beneficial for the Territory as domestic prices were greater than international prices in 2022. Favourable weather conditions will see the Territory's herd numbers grow over 2023, resulting in greater exports to overseas markets.

Chart 3.4: Commodity prices

Source: AME Group; Department of Treasury and Finance

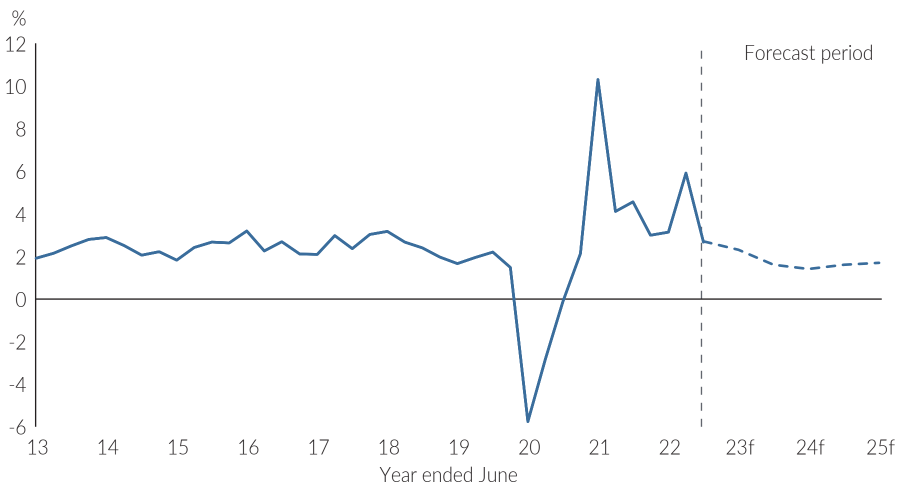
National economy

With all COVID-19 restrictions lifted, Australia's GDP grew by 3.6% in year-on-year terms in 2022. This was driven by strong household consumption as households spent savings they had accumulated during the pandemic. Over the year, the household savings rate declined from 12.9% in December 2021 to 4.5% in December 2022. Increased consumption was primarily seen in service categories, particularly travel and eating out.

Investment increased marginally in 2022, up by 0.9% in year-on-year terms. Net exports detracted from growth with strong growth in imports more than offsetting modest growth in exports. Travel imports grew particularly strongly in 2022, but remain around half of their pre-pandemic levels.

The RBA forecasts annual GDP growth to decline to 1.6% by the end of 2023, only increasing slightly in mid-2025 (Chart 3.4). Household consumption growth is expected to moderate further, as higher interest rates constrain household budgets. However exports are expected to grow, driven by the ongoing rebound in tourism and education-related travel. The labour market is likely to remain tight over the forecast period, although weaker economic growth will see the unemployment rate gradually increase from current lows.

Chart 3.5: 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

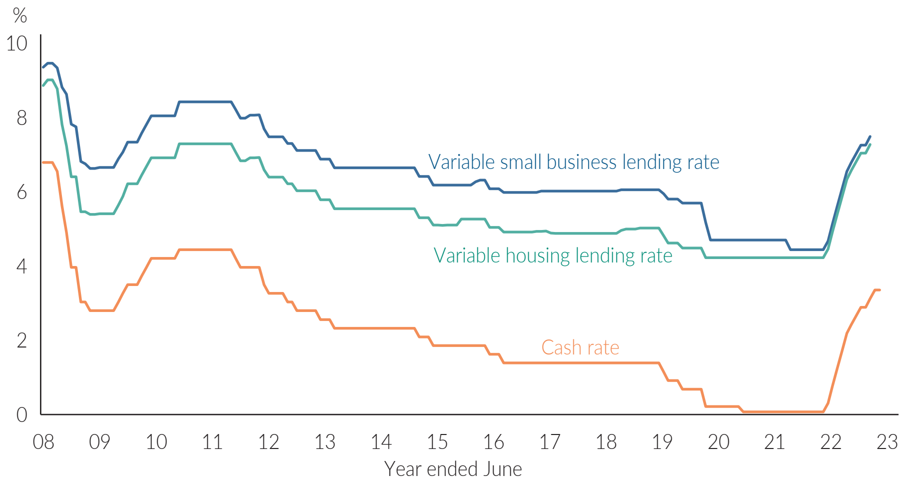
The RBA has increased the cash rate by 3.5 percentage points since May 2022 to 3.6%, as it seeks to bring inflation back to its 2% to 3% target.

In December 2022, headline inflation reached 7.8%, the highest level since 1990. High inflation was the result of: supply chain disruptions both locally and globally (including due to extreme weather events); the Russia-Ukraine conflict; and strong demand for goods and services. Over 2022, inflationary pressures became increasingly broad-based with price growth in most expenditure categories exceeding 3% (see Chapter 6 *Prices and wages*).

The RBA has deemed successive increases in the cash rate necessary to prevent high inflation becoming entrenched in people's expectations. If inflation expectations were to move higher, it would be more costly to bring down inflation at a later date. Although the RBA kept the cash rate on hold at its April 2023 meeting, it has stated that further interest rate rises may be needed to ensure inflation returns to target. The successive cash rate rises follow a two-year period where the cash rate was held at or below 0.25% to stimulate economic activity in the wake of COVID-19.

The higher cash rate has flowed into higher mortgage and business lending rates as financial institutions pass on the increased cost of borrowing (Chart 3.6). Higher mortgage lending rates reduce disposable income and are therefore expected to reduce household consumption in the near term. Higher business lending rates deter investment as they increase the cost of borrowing for businesses and decrease profitability.

Chart 3.6: Interest rates



Source: RBA

Exchange rates

Movements in the Australian dollar are influenced by domestic and international interest rates and demand for commodities that impact demand for Australian dollars. 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, with net exports accounting for 30% of the Territory's output in the 2021-22 financial year. The Australian dollar depreciated against the US dollar over 2022, partly reflecting iron ore prices decreasing through most of the year and partly due to increased demand for the US dollar given its status as a safe-haven asset during periods of economic uncertainty.

Chapter 4

Population

Outlook

The Territory's population is expected to grow steadily over the forecast period as migration patterns normalise following COVID-19.

Table 4.1: Territory population forecasts (%)

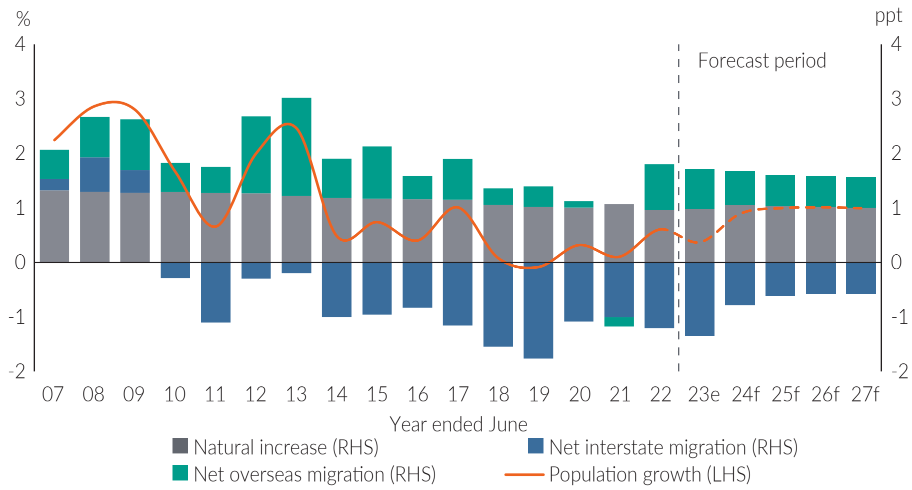
Financial year	2021-22a	2022-23e	2023-24f	2024-25f	2025-26f	2026-27f
Annual change	0.6	0.4	0.9	1.0	1.0	1.0
Calendar year	2021a	2022e	2023f	2024f	2025f	2026f
Annual change	0.1	0.4	0.7	0.9	1.0	1.0

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 (250,700 in 2021-22) is expected to grow by an average of 0.9% per annum over the five years to 2026-27 (Chart 4.1) as COVID-19 restrictions have been removed and migration patterns normalise. This is a significant improvement over the previous five years, which saw growth average 0.2% per annum due to the strong migration outflow of workers and their dependants following the conclusion of the Ichthys LNG project construction phase.

Natural increase is expected to remain the largest contributor to population growth over the outlook period, followed by net overseas migration. Net interstate migration is expected to detract from population growth and offset contributions achieved from net overseas migration.

Chart 4.1: Territory annual population growth and percentage point contribution by components



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

Population growth in 2022-23 is expected to remain constrained by strong net interstate migration outflows. With the remaining social distancing and isolation restrictions lifted across Australia over 2022, previously suppressed intentions to leave the Territory and move to other jurisdictions are expected to unfold throughout 2022-23, resulting in higher interstate departures.

These departures are estimated to be partly offset by elevated net overseas migration. While the surge of overseas arrivals in 2021-22 that followed the reopening of Australia's international borders is expected to ease, overseas departures are expected to remain below pre-pandemic levels, resulting in stronger net overseas migration in 2022-23. Net overseas migration will also be supported by the education sector as Charles Darwin University and other education providers seek to increase their numbers of international students.

From 2023-24, population growth is forecast to remain steady as interstate and overseas migration revert to long-term trends. To support this, several government initiatives focusing on migration to the Territory are underway. In October 2022, the Territory reopened the general skilled migration program to offshore applicants, allowing eligible overseas skilled workers to qualify for a five-year provisional visa, with a pathway to permanent residency. The eligibility criteria for offshore applicants were also amended to reduce work experience requirements, and expand the priority occupations and family support streams.

At the September 2022 Jobs and Skills Summit, the Commonwealth, state and territory governments agreed to initiatives to help strengthen Australia's migration system going forward. These include increasing Australia's permanent migration program planning levels by 35,000 in 2022-23, accelerating visa processing and resolving backlogs, and encouraging more migration from regions around Australia through reforms to the Pacific Australia Labour Mobility scheme and the new Pacific Engagement visa.

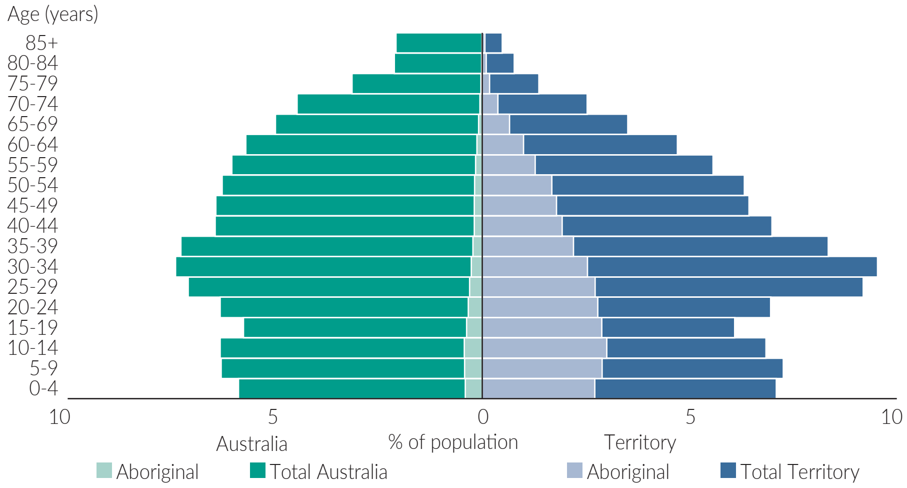
With interstate migration outcomes influenced by employment opportunities, it is likely population growth will be stronger than forecast if major projects in the Territory's investment portfolio reach final investment decision over the forecast period.

Although the forecasts assume migration will return to usual patterns over the forecast period, heightened global economic uncertainty, particularly around inflation and interest rates, may impact the Territory's economic outlook and consequently migration outcomes. Similarly, the Territory's ability to compete for labour given the tight labour market across Australia and the world remains a risk to the migration outlook.

Population profile

The Territory's population is characterised by its young age profile, with a median age of 33.5 years compared with 38.5 years nationally. This reflects a large number of persons aged 25 to 34 years in the Territory, as well as the Territory's large Aboriginal population which, based on the 2021 Census, had a median age of 26 years (Chart 4.2). Aboriginal people make up around 31% of the Territory's population.

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



Source: ABS, 2021 Census

A further characteristic of the Territory's population is that males outnumber females 103.3 to 100, compared with 98.5 to 100 nationally. This is partly due to the prevalence of male dominated industries such as mining, construction and defence, as well as the workforce demands of major projects.

Recent activity

In 2021-22, the Territory's population reached 250,700, surpassing a quarter of a million people for the first time and recording an annual population growth rate of 0.6%, the strongest financial year end growth since 2016-17.

Census rebasing

On 10 August 2021, the Australian Bureau of Statistics (ABS) conducted its most recent census. The census is a count of every person and household in Australia, undertaken every five years, and provides the most comprehensive snapshot of the economic, social and cultural make-up of the country.

The census provides the basis for Australia's official population estimates. Following each census, the ABS rebases (revises) previous population figures using the latest census data. In June 2022, the ABS released the preliminary rebased population figures for 2020-21, based on the results of the 2021 Census.

The rebasing revealed a larger Territory population than previously estimated – the Territory's population estimate for June 2021 increased to 249,200 compared with 245,900 previously. The rebasing also revealed stronger historical growth rates between 2016-17 and 2020-21, with the Territory reporting only a single year of negative population growth over this period compared with the previously reported three years of negative growth (Chart 4.3). The Territory's average annual population growth between 2016-17 and 2020-21 rose from flat to 0.3%.

Census rebasing *continued*

Chart 4.3: Territory pre-revision and revised annual population growth

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

Population growth rates across the regions were also affected by the rebasing. Greater Darwin's five-year average growth rate increased from flat to 0.2% between 2016-17 and 2020-21, while the rest of Territory's increased from 0.1% to 0.4%.

The 2020-21 population rebasing was largely contained to regions in the Greater Darwin area, with the Darwin suburbs receiving the largest rebasing of about 3,100 people, followed by Litchfield with minus 2,700 people (Chart 4.4). Darwin City and Alice Springs were the only other regions to see significant revisions, with an additional 1,500 and 1,200 people, respectively. Other regions in the Territory saw minor rebasing adjustments.

Chart 4.4: Territory regional population rebasing adjustments, 30 June 2021

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

Final population estimates for the financial years 2017 to 2021 will be released by the ABS in June 2023 following the completion of the rebasing process.

Natural increase

Natural increase is relatively stable in the Territory, contributing on average 1 percentage point to annual population growth over the five years to 2021-22, about 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 declined over time.

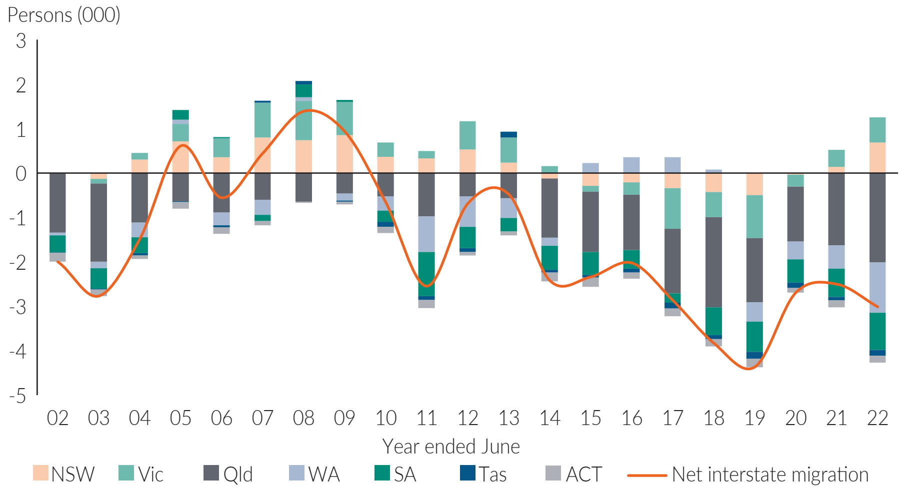
Interstate migration

Interstate migration is the most volatile component of population growth and generally detracts from the Territory's population. Over the five years to 2021-22, net interstate migration detracted on average 1.3 percentage points from annual population growth.

Net interstate migration reached historic lows in 2018-19 as workers and their dependants left after the construction of the Ichthys LNG plant. Interstate migration rebounded in 2019-20 as the economy recovered and COVID-19 reduced interstate outflows.

In 2021-22, net interstate migration worsened slightly. While net migration outcomes with New South Wales and Victoria improved, these were offset by worsening net migration outcomes with other jurisdictions, in particular Queensland, Western Australia and South Australia (Chart 4.5). Together, New South Wales and Victoria contributed about 1,300 people to the Territory's population, offset by net movements of 2,000 people to Queensland, 1,100 people to Western Australia and 800 people to South Australia.

Chart 4.5: Territory net interstate migration, by jurisdiction



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

Recent estimates of interstate migration flows have been significantly affected by the pandemic with high levels of arrivals and departures recorded in 2021. These levels reflect the mass updating of Medicare residential address records during Australia's COVID-19 vaccination program, which are used by the ABS to estimate interstate migration.

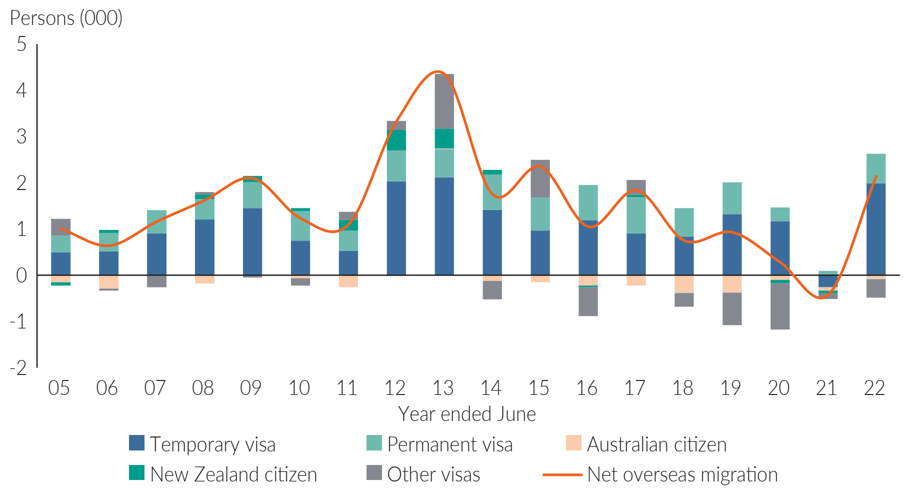
As a result, the Territory's overall population estimates should be more accurate as address records are more up to date. However, as timing of movements behind the residential address changes is unknown, estimates of interstate movements in 2021 should be treated with caution.

Overseas migration

Historically, overseas migration supports population growth in the Territory, contributing on average 0.3 percentage points annually over the five years to 2021-22. However, like interstate migration, overseas migration to the Territory was in decline following the conclusion of the Ichthys LNG project's construction period. This decline was exacerbated by the closure of Australia's international borders in early 2020 due to COVID-19.

In late 2021 and early 2022, 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, in particular student and temporary 'other' visa holders. Permanent skilled and family visa holders have also contributed to growth (Chart 4.6).

Chart 4.6: Territory net overseas migration, by visa category



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

While overseas arrivals to the Territory have largely returned to pre-pandemic levels, overseas departures have not (Chart 4.7). This is likely due to a lower population base of temporary overseas migrants in the Territory following the closure of international borders for about two years. With the return of overseas migration to the Territory, departures are forecast to return to pre-pandemic levels over the coming years.

Chart 4.7: Territory overseas migration arrivals and departures[1]

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

Regional growth

Table 4.2: Territory population by region, 30 June 2022

	Population	Proportion	Annual change	5-year average annual change
	No.	%	%	%
Greater Darwin	149 582	59.7	0.5	0.1
Darwin City	28 533	11.4	- 0.7	- 0.5
Darwin suburbs	57 967	23.1	0.0	- 0.1
Palmerston	40 324	16.1	2.0	1.8
Litchfield	22 758	9.1	0.7	- 1.6
Rest of the Territory	101 120	40.3	0.7	0.4
Alice Springs	41 043	16.4	0.9	0.7
Katherine	21 335	8.5	0.9	0.4
Daly-Tiwi-West Arnhem	18 120	7.2	0.5	0.2
East Arnhem	14 589	5.8	0.5	0.1
Barkly	6 033	2.4	0.2	- 0.3
Total	**250 702**	**100.0**	**0.6**	**0.2**

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

In 2021-22, the Territory's population grew across most regions of the Territory. Greater Darwin's annual population growth reached 0.5% following several years of subdued and negative population growth while the rest of the Territory's annual population growth continued to strengthen at 0.7%.

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

Population growth in Greater Darwin has been concentrated in Palmerston, in line with residential developments in Zuccoli, followed by Litchfield and Darwin suburbs, while Darwin City saw population decline. Growth in the rest of the Territory was largely led by growth in Alice Springs and Katherine, in part due to the major defence and mining works in those regions which are expected to continue throughout the forecast period. The rest of the Territory regions have also seen modest growth of 0.5% in Daly–Tiwi–West Arnhem and East Arnhem, and 0.2% in Barkly.

Chapter 5

Labour market

Outlook

In 2022-23, employment growth is expected to reach 4.1%, and the unemployment rate to average 3.9%. Employment growth is then expected to moderate over 2023-24 and 2024-25, as economic growth slows.

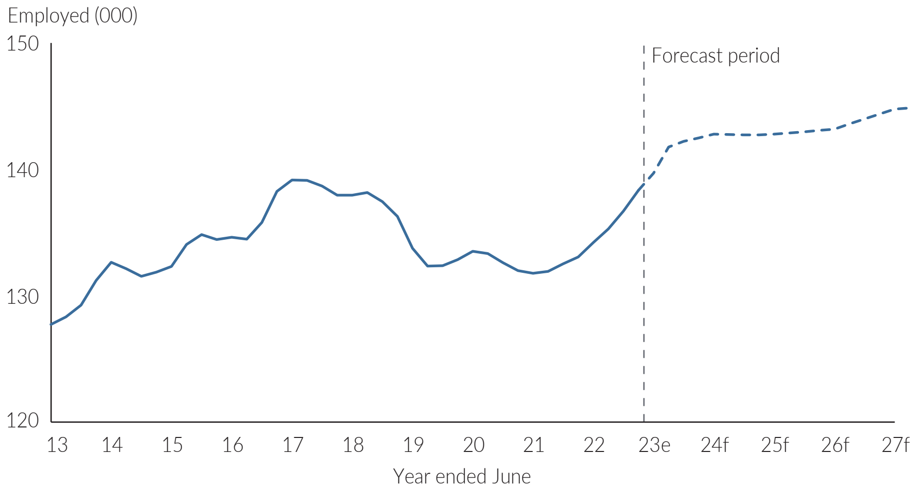
Table 5.1: Territory labour market (%)

	2021-22a	2022-23e	2023-24f	2024-25f	2025-26f	2026-27f
Employment growth[1]	1.8	4.1	2.2	0.0	0.3	1.1
Unemployment rate[2]	4.0	3.9	4.2	4.3	4.3	4.1

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

The Territory's labour market has performed strongly over the past year, with year-on-year employment growth expected to reach 4.1% and the average annual unemployment rate to decline slightly in 2022-23 (Table 5.1). The lifting of public health measures has allowed previously constrained parts of the economy to rebound, particularly in tourism-related industries. Current employment levels are the highest on record, with leading indicators suggesting that demand for additional labour remains strong (see *Recent activity* section).

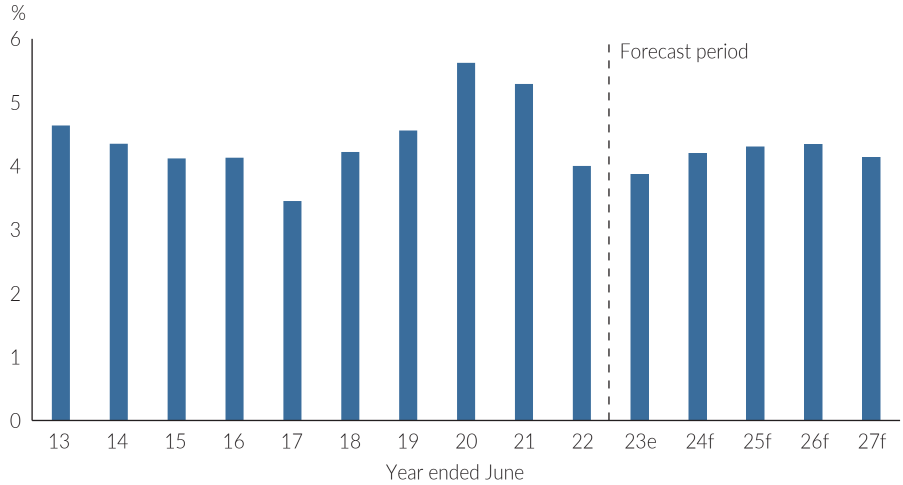
Chart 5.1: Territory employment[1]



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

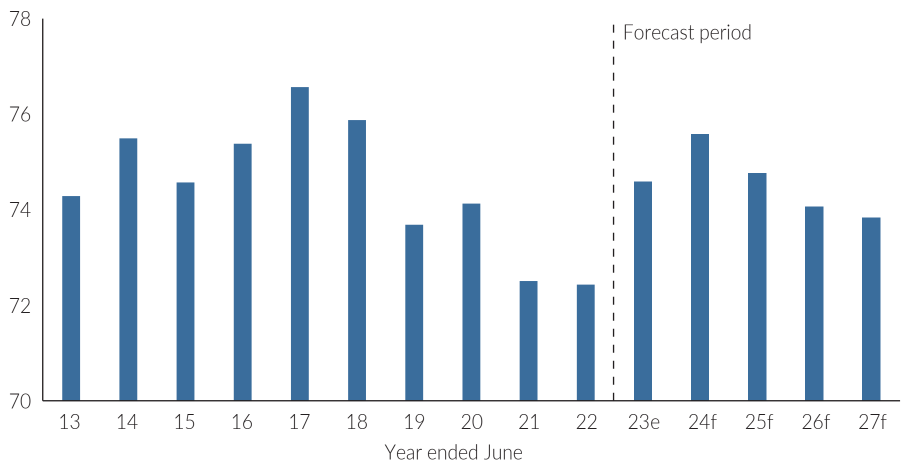
Employment growth is expected to slow over the outlook period, and the size of the Territory workforce is expected to remain relatively stable from 2023-24 to 2025-26 (Chart 5.1). Employment is forecast to grow by 2.2% in 2023-24. Afterwards, employment is likely to remain relatively steady through 2024-25 and 2025-26. The unemployment rate is expected to increase slightly over the next few years as a result of the slowdown in SFD (Chart 5.2). The participation rate will gradually decline from 2023-24 onwards, as labour demand eases (Chart 5.3).

Chart 5.2: 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 5.3: 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

Despite the anticipated completion of construction on the Barossa project over the next few years, there are a variety of planned projects that could contribute to labour demand. Significant investments under consideration include the Singleton horticultural project, Nolans rare earths project, and Tiwi H2 (see *Key opportunities and major projects* in Chapter 2). Ongoing and increased gas exploration in the Beetaloo Basin could also support labour demand. The Commonwealth has also committed $2.6 billion in infrastructure investment for the Territory as part of its 2022-23 Budget, with expenditure timing yet to be finalised.

Skilled labour supply shortages are expected to persist in 2023, particularly in health and carer occupations, but will gradually ease as migration recovers to pre-COVID-19 levels (see Chapter 4 *Population*). In the short term, the Territory labour market will have limited domestic capacity, and will need to compete with other jurisdictions for skilled workers.

To alleviate some of these labour constraints, the Territory Government has implemented several employment initiatives, including:

- the $3 million Flexible Workforce Solutions Fund, designed to attract and retain workforces
- two new Working Holiday Maker campaigns, 'Get paid to do this', targeting working holiday makers already in Australia, and the 'NT Backpacking Academy', targeting those in the United Kingdom and Germany
- the 2023 Global Worker Attraction campaign, with a targeted marketing campaign and in-country information sessions
- the ongoing Work, Stay, Play 2.0 program, allowing businesses to reimburse workers moving for new jobs in the Territory with $1,000 payments, capped at $20,000 per business.

In September 2022, the Commonwealth held a Jobs and Skills Summit to discuss the challenges and opportunities faced by the Australian labour market. Commitments to a number of key outcomes from the summit were in the Commonwealth's 2022-23 Budget. These measures include:

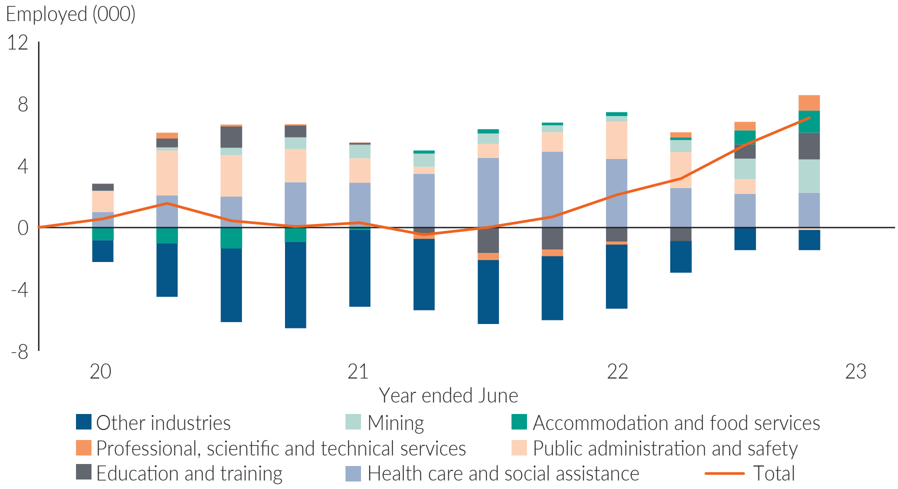
- a $1 billion, one-year National Skills Agreement to provide fee-free technical and further education (TAFE) in 2023
- a new $3.7 billion five-year National Skills Agreement in 2024. This includes funding for 480,000 additional fee-free TAFE places under a cost-sharing arrangement with states and territories, with 180,000 being delivered in 2023
- an increase in the number of permanent migration visas available from 160,000 to 195,000 in 2022-23
- $42.2 million of additional funding to accelerate visa processing and resolve the visa backlog
- the relaxation of work restrictions for student and training visa holders until 30 June 2023
- a Digital and Tech Skills Compact in collaboration with businesses and unions to support workers entering the tech industry.

Recent activity

Over the year to March 2023, employment in the Territory increased by 5.1%, while the unemployment rate declined slightly from 3.9% to 3.8%. Nationally, employment increased by 3.1% over the same period, with an unemployment rate of 3.5%.

Employment in the Territory is at its highest level on record, even greater than at the height of the Ichthys LNG project construction. Facilitating this, the participation rate has increased from 72.8% to 75.6% over the past year. The national participation rate also increased slightly over the same period, from 66.5% to 66.8%. However, despite the strong growth in employment, the increase in the participation rate means the unemployment rate has declined only marginally.

Chart 5.4: Change in Territory annual average employment by industry since February 2020



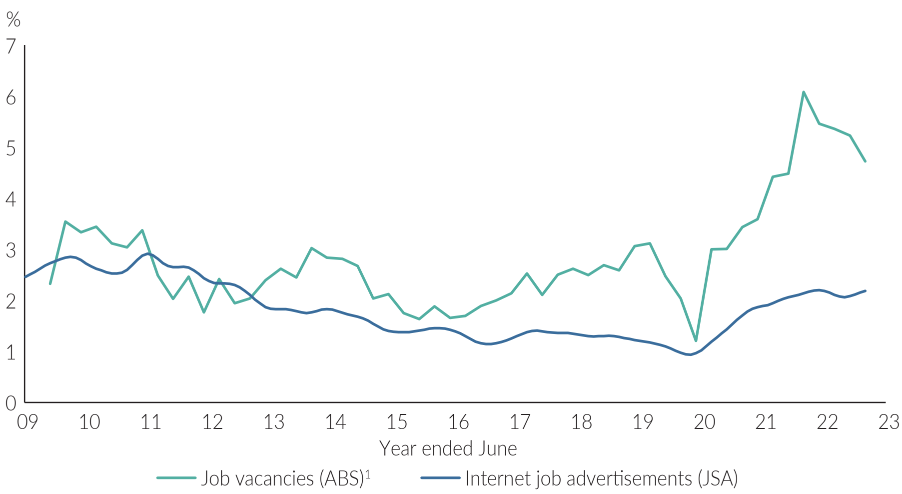
Source: ABS, *Labour Force, Australia, Detailed, Quarterly*, Cat. No. 6291.0.55.003

The strong employment rebound over 2022 is due to lifting COVID-19 health measures and travel restrictions, with the accommodation and food services, professional, scientific and technical services, education and training, and mining industries rebounding from weaker levels in 2020-21 (Chart 5.4). Conversely, employment in health care and social assistance, and public administration and safety were at elevated levels during the pandemic period, before trending down over the past year. Employment in the construction sector was up 10.9% through the year to February 2023, and up 0.5% in year-on-year terms. Notwithstanding this, construction employment is still below May 2021 levels, when housing incentives resulted in a surge of residential construction projects.

Job vacancies

The number of job advertisements tends to rise alongside business confidence, offering a leading indicator for the short-term employment outlook. Following the cessation of skilled migration from overseas in 2020 and 2021, job vacancies in the Territory trended up from May 2020 to February 2022, reaching the highest level on record. Since then, the number of job vacancies has declined, however remains more than double its pre-COVID-19 level (Chart 5.5).

Chart 5.5: Territory job vacancies and internet job advertisements, share of labour force



ABS: Australian Bureau of Statistics; JSA: Jobs and Skills Australia
1 The data series was suspended from May 2008 to November 2009.
Source: ABS, *Job Vacancies, Australia*, Cat. No. 6354.0; Jobs and Skills Australia, *Internet vacancy index*.

The return of international workers to the Territory has not kept pace with the resurgence in labour demand. Internet job advertisement data indicates the high level of vacancies is being driven by demand for:

- health professionals
- legal, social and welfare professionals
- carers and aides.

The occupations in demand align with those observed nationally. The Territory is competing with other jurisdictions for the same pool of skilled labour, which has been driving wages growth in the private sector over the past year (see Chapter 6 *Prices and wages*).

Chapter 6

Prices and wages

Outlook

Inflation is expected to fall over the outlook period as supply chain disruptions continue to unwind and demand decreases in response to higher interest rates. Wage growth in the Territory is expected to strengthen in the near term as tight labour market conditions add upward pressure to private sector wages.

Table 6.1: Darwin consumer price index and Territory wage price index[1] (%)

Financial year	2021-22a	2022-23e	2023-24f	2024-25f	2025-26f	2026-27f
Consumer price index	6.0	6.4	3.5	2.5	2.3	2.4
Wage price index	2.1	3.0	3.6	3.5	3.3	3.1

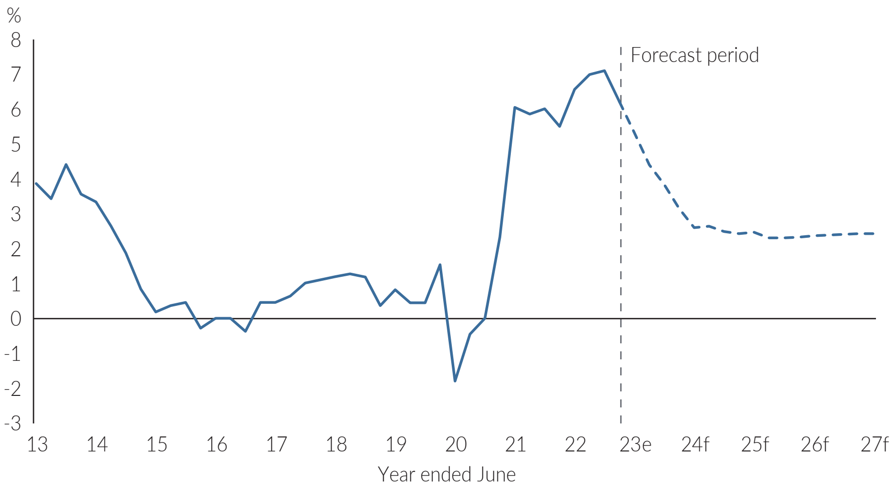
a: actual; e: estimate; f: forecast
1 Year-on-year change.
Source: ABS, *Consumer Price Index, Australia*, Cat. No. 6401.0, *Wage Price Index, Australia*, Cat. No. 6345.0; Department of Treasury and Finance

Consumer price index

Outlook

Inflation in Darwin peaked in the December quarter 2022 at a 32-year high of 7.1%, but is expected to fall substantially over the next 18 months (Chart 6.1). In year-on-year terms, growth in Darwin's consumer price index (CPI) is estimated to increase to 6.4% in 2022-23 before falling to 3.5% in 2023-24. CPI increases averaging 2.4% over the forward estimates reflect expectations that inflation will be more persistent than previously thought, albeit at much lower levels than in 2021-22 and 2022-23.

Chart 6.1: Consumer price index, Darwin[1]

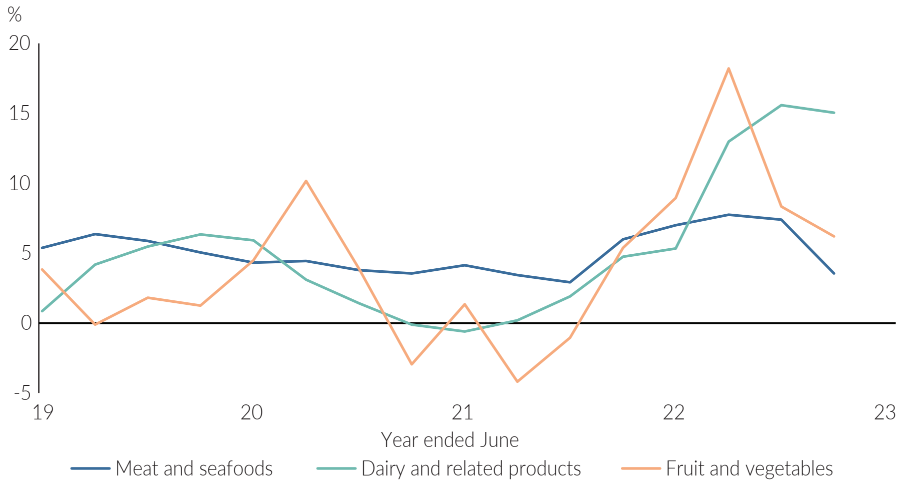


e: estimate; f: forecast
1 Annual change.
Source: ABS, *Consumer Price Index, Australia*, Cat. No. 6401.0; Department of Treasury and Finance

Price growth will be broad-based across most expenditure categories over the year ahead, but below recent levels. Goods inflation, which has fallen over the past six months, is expected to decrease further over the outlook period as supply chain disruptions have largely been resolved. Services inflation (which includes rent, holiday travel, financial services and insurance) is expected to remain elevated in the short term. The costs of services are more sensitive to movements in wages growth which is expected to increase over the outlook period.

Reports from retailers suggest grocery prices in some categories will continue to increase over coming quarters. In particular, dairy product inflation is expected to remain elevated in the short term given high wholesale milk prices. However, falling fruit and vegetable, and meat and seafood inflation are likely to add downwards pressure to grocery inflation overall, as they have recently (Chart 6.2). Price increases for meals out and takeaway food are also expected over the medium term, due to increased input costs, particularly wages.

Chart 6.2: Grocery inflation, Darwin



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

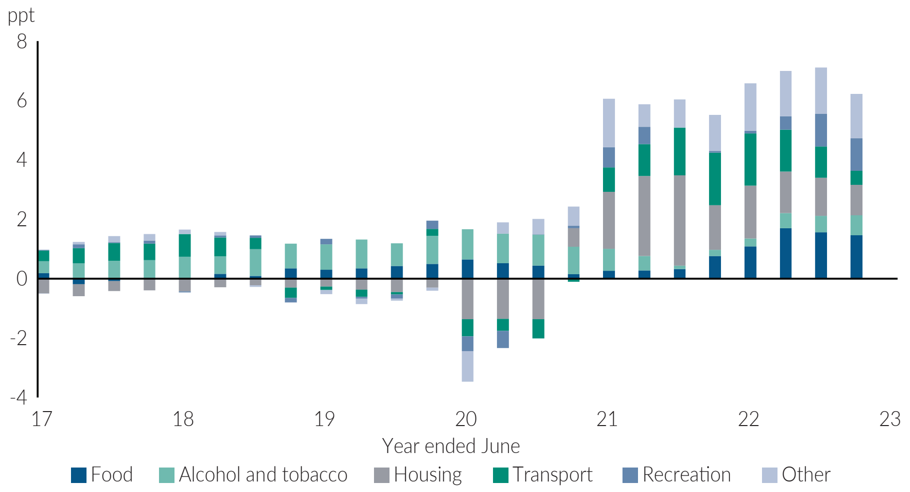
Annual rental price inflation in Darwin has declined since the June quarter 2022, and this is expected to continue in the short term. Growth in Darwin advertised rents slowed in 2022 following strong growth in 2020 and 2021. This is one of the key drivers of difference in the inflation outlook between Darwin and Australia. Advertised rents nationally have increased substantially over 2022 following relatively little movement in 2020 and 2021.

Overall, inflation in Darwin is expected to subside at a faster pace than Australia. In addition to differences in rental growth, Darwin will not experience the same increases in utility prices that are occurring at the national level. The Territory Government regulates utility prices paid by Territory households and has capped utility price increases at 2.7% for 2023-24.

Recent activity

Over the past two years, inflation has been consistently high in Darwin, reaching a peak of 7.1% in December 2022, the highest rate since 1990. The high level of inflation in 2021 was driven primarily by the unwinding of Commonwealth and Territory government subsidies, in particular the Home Improvement Scheme. More recently, inflation pressures have broadened, with large contributions coming from transport (mainly fuel), housing, recreation and culture, and food (Chart 6.3).

Chart 6.3: Contributors to annual inflation, Darwin



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

National and global events contributed to price increases in 2022, in particular:

- increased global demand for goods through the pandemic resulted in strained supply chains, causing shipping times and freight costs to increase substantially
- the Russia-Ukraine conflict caused oil prices to increase and disrupted the global supply of grain and other key resources exported by Russia and Ukraine
- adverse weather events, including several periods of flooding along the east coast of Australia, disrupted local supply chains and resulted in damage to key agricultural areas, causing food prices to increase.

These pressures have started to ease. Freight costs and shipping times have almost returned to pre-COVID-19 levels as demand has settled and capacity has recovered. Oil prices peaked in mid-2022 and have fallen back to levels seen before the Russia-Ukraine conflict. In Australia, producers impacted by flooding in late 2022 have proven more resilient than previously expected.

The impact of these events was most obvious in the price of goods, which were the main contributor to inflation in 2022, contributing five percentage points to headline inflation at its peak in the September quarter 2022 (Chart 6.4). These pressures abating has started to flow through to goods inflation, which decreased in the December quarter 2022 and March quarter 2023.

Chart 6.4: 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

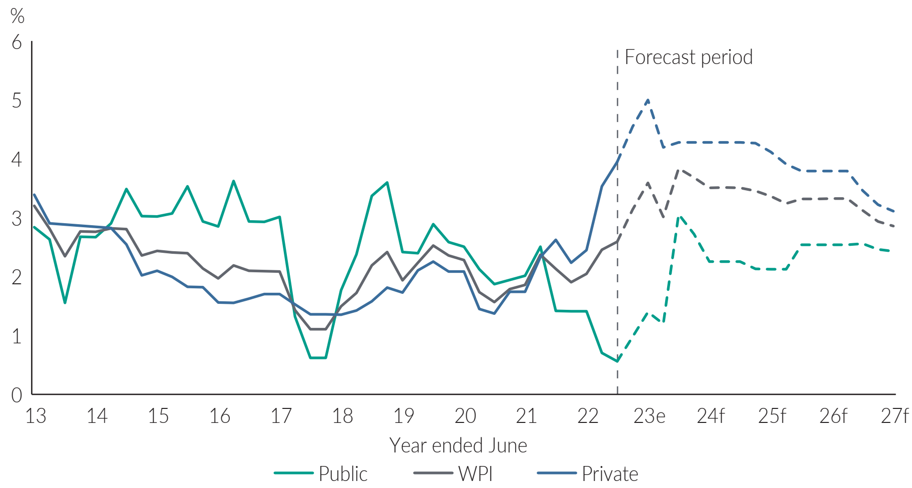
Services inflation has increased over recent quarters. This is likely due to pent up demand for services that were restricted during the pandemic, especially travel. Prices for holiday travel and accommodation are up over 40% in annual terms due to the strong demand that followed the reopening of domestic and international borders.

Wage price index

Outlook

Wages growth is expected to increase over the year ahead, driven by strong private sector wages growth (Chart 6.5), changes to the Territory Government's Wages Policy and outcomes of several enterprise agreements. In year-on-year terms, Territory wages are estimated to grow by 3.0% in 2022-23, stronger than the 1.6% forecast in the 2022-23 Budget. Annual wages growth is expected to remain above 3% for most of the outlook period.

Chart 6.5: Territory wage price index[1]



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

In the private sector, strong demand for labour will continue to put upward pressure on wages in the near term. Future decisions by the Fair Work Commission will also add to private sector wages growth if it decides to increase minimum and award wages in line with national inflation again.

Public sector wages growth is expected to pick up from a low level, following the introduction of the new Northern Territory Public Sector Wages Policy in late 2022. The policy includes an annual 2% compounding pay increase, and replaces the previous wages policy, which included annual lump sum bonuses in lieu of pay increases. Lump sum bonuses are not captured by the wage price index (WPI).

Recently negotiated public sector enterprise agreements will also contribute to wages growth. Under their new enterprise agreement, teachers will receive a 3% pay increase each year from 2021-22 to 2023-24. For WPI purposes, this will amount to a 6% pay increase in 2022-23 as the increases for 2021-22 and 2022-23 were applied in February and March 2023. Correctional officers will also receive a 3% per annum pay increase as part of their new 2021-2025 enterprise agreement.

The RBA expects the national WPI to increase by around 4% per annum up to June 2025. This can be attributed to strong labour demand in a tight labour market, heightened levels of staff turnover and the impacts of the Fair Work Commission's June 2022 decision on wages.

Recent activity

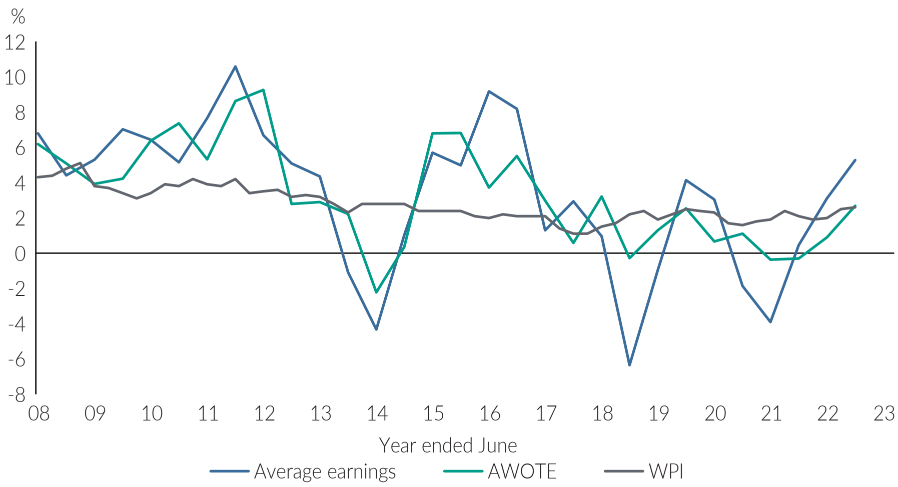
Over the past year there has been a notable increase in wages growth, especially in the private sector, due to a tight labour market, while public sector wages growth has been more constrained.

In 2022, the Territory WPI increased by 2.6% in annual terms, with public and private sector wages increasing by 0.6% and 3.9%, respectively. Over the same period, national WPI increased by 3.4% in annual terms, with public and private sector wage increases of 2.5% and 3.6%, respectively.

In June 2022, the Fair Work Commission increased minimum and award wages by 5.2% and 4.6%, respectively. This decision was largely passed through during the September quarter, and had a large impact on wages in the retail and hospitality industries. Quarterly growth in private sector wages in September 2022 was the highest on record, both in the Territory and nationally. This was followed by strong growth in the December quarter, resulting in annual private sector wages growth increasing to 3.9% in 2022, the strongest rate since 2011.

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) accounts for changes in the composition of the workforce, but only within a fixed amount of work. Average earnings accounts for changes in earnings due to both changes in quantity and quality. Annual growth in AWOTE increased to 2.7% in November 2022 from -0.3% a year earlier, while average earnings growth was even stronger at 5.3% as a result of average hours increasing 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

High levels of prices and sales volumes are expected to ease over the outlook period as higher interest rates weigh on demand for both new and existing dwellings.

Following strong stimulus-induced demand over recent years, residential construction activity is expected to ease in the near term as high interest rates weigh on housing demand, particularly for new housing. This may be partially offset by Commonwealth Government initiatives to incentivise new private dwellings.

As housing prices have increased over the past 3 years, sales turnover has also increased. Higher house values have increased homeowner wealth, allowing them to trade up to better dwellings. Although turnover is expected to ease over the outlook, it will remain elevated.

Leading indicators such as new loans and building approvals suggest demand for both new and existing dwellings has slowed. The number of new housing finance loans has steadily decreased since mid 2022 as interest rates have risen. New loans for purchasing or constructing new dwellings have contributed a significant proportion to the fall (Chart 7.1).

Chart 7.1: Construction of private dwellings, financing and commencements[1]

1 Moving annual total.
Source: ABS, *Lending Indicators*, Cat. No. 5601.0. *Building Activity, Australia*, Cat. No. 8752.0

Residential building approvals have returned to pre-pandemic levels in recent months, having been elevated during COVID-19 as a result of construction stimulus programs such as BuildBonus and HomeBuilder. Rising input costs have increased construction costs and contributed to weaker demand to progress lots to new builds. Despite increased costs, construction is expected to commence on the 24-unit LUXE apartment complex in Darwin City and work is progressing on Sunbuild's 92-residential unit Seabreeze apartment block in Nightcliff.

Significant land releases are expected to occur across the Territory over the outlook period. Implementing recommendations from the Territory Government's *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 approvals and bonding to facilitate private sector residential development.

The Commonwealth's National Housing Accord, announced in late 2022, establishes the groundwork to improve the availability of affordable housing across Australia. The Accord brings together all levels of government, investors and the residential construction industry to increase the supply of affordable housing over five years from 2024. An initial national target of 20,000 new affordable dwellings commitments over the next five years has been announced, with the Commonwealth contributing 10,000 and state and territory governments contributing 10,000. Work is underway to formulate the Territory Government response.

Housing investment across regional communities continues to be supported by the Remote Housing Investment Package, jointly funded with the Commonwealth. This regional funding is complemented by the Northern Territory Homelands Agreement, a joint Commonwealth and Territory agreement that provides funding for housing and essential infrastructure in Territory homelands.

Additionally, work is ongoing to extend the Commonwealth and Territory arrangement under the National Housing and Homelessness Agreement to improve housing outcomes, prevent homelessness, and support social and economic outcomes.

The Territory Government's Community Housing Growth Strategy 2022–2032 aims to support growth of the community housing sector by providing direction for the sector over the 10 years of the strategy, improving socio-economic outcomes and developing partnerships between the Territory Government and community housing providers.

The Territory Government is also progressing work to incentivise construction of new private dwellings in Alice Springs and Katherine as part of its regional accelerated accommodation project. Construction is anticipated to start in 2023-24, with the aim to deliver 180 dwellings in Alice Springs and 240 dwellings in Katherine. Government has committed to leasing half the dwellings for key workers, with developers able to sell or lease the remaining dwellings in the private market.

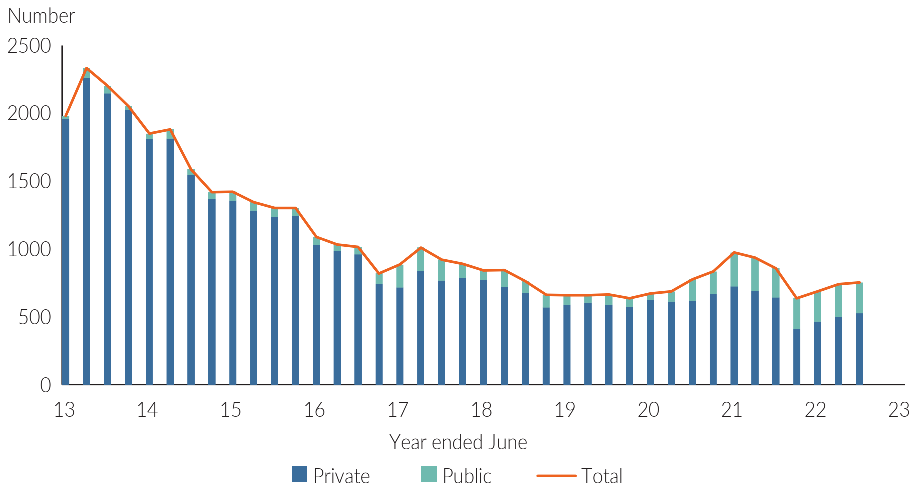
Recent activity

After recording strong price growth in 2021, the Territory's residential property market avoided the considerable price falls seen in other capital cities in 2022. Prices and sales in the Territory were steady through 2022, despite government incentives ending and the RBA starting to lift the cash rate in mid 2022. After a significant increase in the cash rate from historic lows during the pandemic, property prices, sales volumes and residential construction indicators have moderated since the start of 2023.

Residential construction

The number of dwellings under construction has declined since mid 2021. In recent quarters, high levels of public sector activity, associated with the national partnership on the Remote Housing Investment Package, have offset historically weak private sector activity (Chart 7.2).

Chart 7.2: Dwellings under construction, quarterly by sector



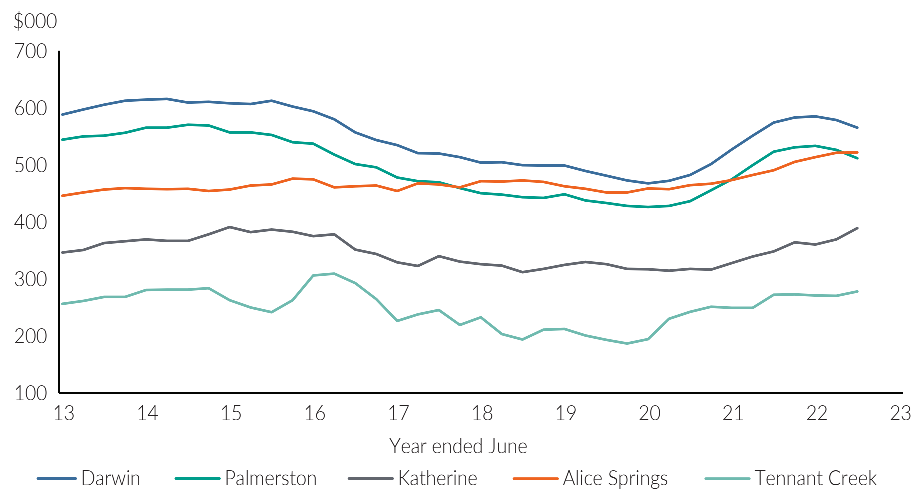
Source: ABS, *Building Activity, Australia*, Cat. No. 8752.0

Since government incentives such as BuildBonus, HomeBuilder and the Territory Home Owner Discount ended, building approvals and dwelling commencements have also declined. It is likely labour shortages and supply constraints also contributed to lower levels of new work commencing through late 2021 and early 2022, as average build times increased.

House and unit prices

Territory house and unit prices were relatively steady in 2022 (Chart 7.3). Increases in house prices occurred in the regional centres with Katherine seeing the strongest growth of 11.9%. House prices also rose in Alice Springs and Tennant Creek, by 6.4% and 2.2%, respectively. House prices in Darwin and Palmerston fell by 1.5% and 2.3%, respectively. Unit prices increased across the Territory with the largest increase in Alice Springs at 8.8%, followed by Darwin (7.7%), Katherine (6.8%) and Palmerston (3.8%).

Chart 7.3: Territory house prices[1]



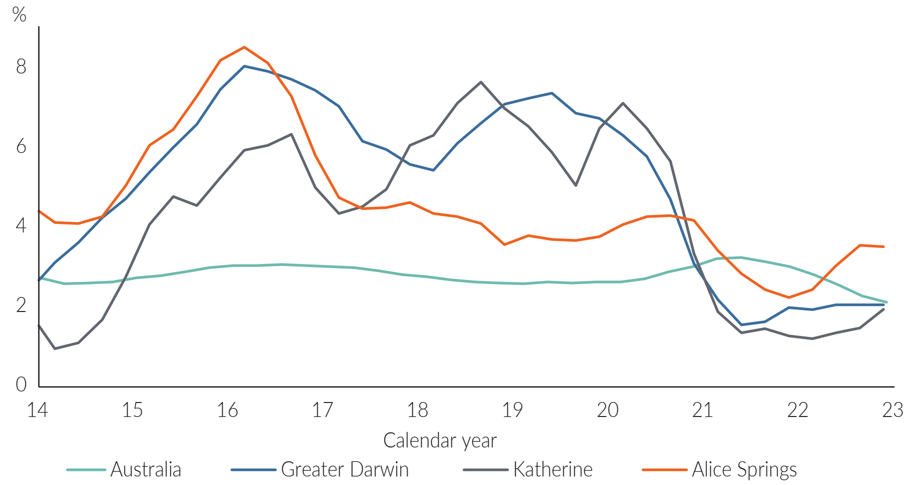
1 Moving annual average.
Source: Real Estate Institute of Northern Territory

Property sales volumes have been strong in recent years, with significant growth coinciding with the growth in prices over 2021. The number of houses sold across the Territory started to decline in mid 2022 although remains at an elevated level, with the number of unit sales starting to decrease at the start of 2023.

Rental prices and vacancy rates

Rents continued to increase for both houses and units in 2022, as rental markets remained tight across the Territory. Territory vacancy rates largely maintained the low levels reached during the pandemic (Chart 7.4). As a result, asking rents have continued to increase, although more slowly than in other parts of the country (Chart 7.5).

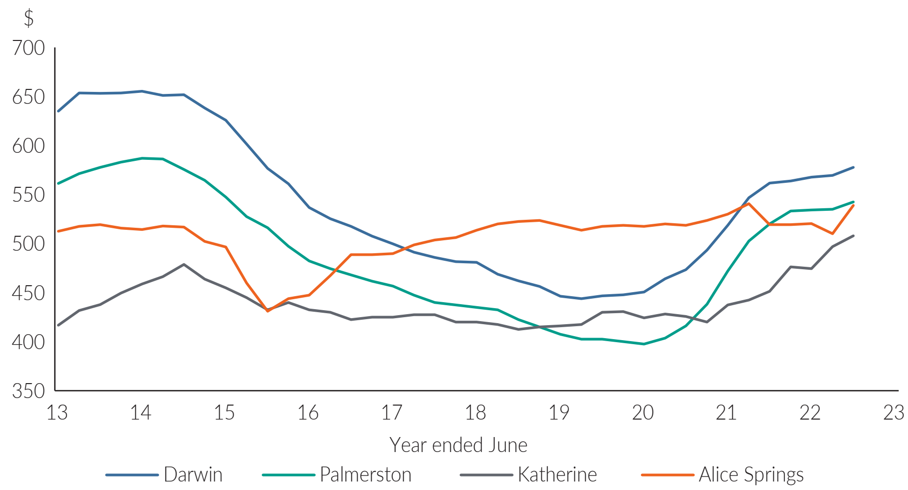
Chart 7.4: Territory rental vacancy rates[1]



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

Darwin house and unit rents increased by 2.8% and 11.5%, respectively, over 2022 with vacancy rates steady around 2%. Strong demand for housing in Katherine saw rents rise by 12.6% and 11.8% for houses and units, respectively, despite vacancy rates increasing to around 2% from 1.3% in 2021. In comparison, rent growth in Alice Springs was modest at 3.8% and 1.5% for houses and units, respectively, with vacancy rates increasing through the year from around 2% to around 3.5% in 2022.

Chart 7.5: Territory rents[1]



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

Affordability

Housing affordability has declined in recent quarters in the Territory and across Australia, as a result of increases in rents and interest rates. In the December quarter 2022, the Real Estate Institute of Australia's home loan affordability indicator (a high number indicates greater affordability) for the Territory was 31.1, a decrease of 23.1% in annual terms (although it still remains the highest in Australia). Over the same period, the average monthly loan repayment increased by 36.5% to $3,268, partly offset by the median weekly family income increasing by 5% to $2,342.

Chart 7.6: 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

The proportion of the median weekly family income required to rent a three-bedroom house increased by 0.2 percentage points over the year to 25.6% in the December quarter 2022, while the proportion to meet loan repayments increased by 7.4 percentage points to 32.2% over the same period. The Territory is the most affordable jurisdiction for loan repayments, and the third least affordable for rent (Chart 7.6).

Abbreviations and acronyms

a	actual
ABS	Australian Bureau of Statistics
ACC-1	Asia Connect Cable System
AROWS	Adelaide River off-stream water storage
AWOTE	Average weekly ordinary time earnings
B	billion
Cat. No.	catalogue number
CPI	consumer price index
CSIRO	Commonwealth Scientific and Industrial Research Organisation
e	estimate
EV	electric vehicle
f	forecast
GDP	gross domestic product
GSP	gross state product
HMAS	His Majesty's Australian Ship
IMF	International Monetary Fund
LHS	left-hand side
LNG	liquefied natural gas
M	million
ppt	percentage point
RAAF	Royal Australian Air Force
RBA	Reserve Bank of Australia
RHS	right-hand side
SFD	state final demand
TAFE	technical and further education
Tiwi H2	Tiwi H2 Project (Green Hydrogen Production and Export)
US	United States (of America)
WPI	wage price index

Explanation of terms

Advanced economies

The International Monetary Fund's classifications of nations based on their economies, not based on strict criteria and evolved over time. 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.

Annual growth

Annual growth compares data at a point in time, such as a monthly or quarterly result, with data from the corresponding point in time 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.

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.

Emerging market and developing economies

Emerging market and developing economies is an International Monetary Fund's classification for nations based on their economies. This classification has high expenditure on infrastructure, and export goods to wealthier advanced economies, often registering faster gross domestic product growth.

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.

Forecast 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 (2023-24, 2024-25, 2025-26, and 2026-27).

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 rate

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. For the purpose of adjusting agency budgets and government fees, the Territory Government uses the year-on-year 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.

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

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 boundary that involves a change in place of usual residence.

Net intrastate migration

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

Net overseas migration

The difference between the number of incoming travellers who stay in Australia for 12 months or more and are added to the population, and the number of outgoing travellers who leave Australia for 12 months or more and are subtracted from the population.

Non-dwelling construction

Non-dwelling construction consists of non-residential buildings and other structures. Non-residential buildings are those other than dwellings, such as motels, hotels, hostels, hospitals, prisons, office buildings and warehouses. Other structures are structures other than buildings such as streets, sewers and site clearance and preparation other than for residential or non-residential buildings. Also included are shafts, tunnels and other structures associated with the extraction of mineral and energy resources and dams.

P50

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

Participation rate

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

Private investment

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

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

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 by the Australian Bureau of Statistics 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.

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.

Tourism

Tourism is the travel for business and other reasons, such as education, visiting family and recreation, provided the destination is outside the person's usual place of residency. 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 tourism's contribution 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

A measure of 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 (e.g. superannuation, board and lodging) have been made.

Year-on-year growth

Year-on-year growth compares the results of one year's worth of data, 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.