2 September 2009

NT economy not in recession

Media reports by the ABC today that the Northern Territory economy is in recession are wrong and demonstrate a lack of understanding of statistical information released by the Australian Bureau of Statistics (ABS).

The ABS today released State Final Demand (SFD) figures for the Northern Territory which are a measure of demand of goods and services in the economy.

While SFD is a major component of Gross State Product (GSP), the generally accepted measure of economic output, it is not a measure of economic growth as it does not include the contribution to the economy of international and interstate imports and exports.

SFD figures out today for the 08/09 financial year show the Territory has experienced the nation’s strongest growth for the year of 6.2% against national growth of 2.5%.

The SFD shows quarterly contraction in private investment expenditure, coming off the high levels reported in the previous quarters. This is largely due to major projects such as the GEMCO expansion, the Bonaparte Gas Pipeline and the ENI Blacktip gas project nearing completion.

Government investment has helped to offset this expected decline in private sector investment with a 10.2% increase in public sector investment over the June quarter.

Seasonally adjusted household consumption grew 1.1% in the June quarter and 2% compared to June last year, which is another indication of the strength of the NT economy.

Access Economics and the Territory Government are predicting economic growth in 08/09 at 4.9%, moderating to 2% in 09/10 as a result of the global recession.

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