02 October 2003
Forecast for strong economic growth

Territory economic growth is forecast to be well above the Australian average and the third highest of all jurisdictions, according to independent forecaster Access Economics’ September quarter report.

Treasurer Syd Stirling said Access was predicting a growth rate for the Territory of 3.7% for the five years to 2006-07, compared to an Australian rate of 2.9%.

"Access points to the construction industry and defence spending as key factors in bringing about economic growth over the next few years," Mr Stirling said.

"The report states that the Territory is ‘punching above its weight in construction sector work’, pointing to strong approvals for non-residential buildings and a high level of commercial building.

"Added to that is strong private investment in housing and rising defence spending."

Mr Stirling said Access Economics pointed to positive economic signs for 2004-05, with:

- household activity growth peaking;
- rebounding international inbound tourism;
- strong commercial construction with Wickham Point and the Darwin Convention Centre underway;
- surging energy exports from the first stage of Bayu-Undan; and
- increased defence spending with the relocation of the 1st Aviation Regiment.

"Access also points to further strengthening of the economy with the construction of a $1.3 billion methanol facility likely to begin in 2004."

Mr Stirling said while the outlook for economic growth was positive, employment growth figures remained a concern in the short-term.

"Access is forecasting average annual employment growth of 0.6% over the five years to 2006-07, which is down on their previous estimate largely due to railway construction jobs falling away," Mr Stirling.

"While there was always going to be a lag in employment once the railway was completed, it is expected that jobs growth will pick up again once construction on projects such as the Wickham Point LNG Plant and the Darwin Convention Centre gets into full swing."
"Overall, the signs remain positive for the Territory economy over the coming years, with strong activity in the construction sector, greater defence spending and an improving tourism sector after a number of difficult years."