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Mid Year Report Shows NT Economy on Track

Treasurer, Delia Lawrie, today released the 2010-11 Mid Year Report which shows the Territory’s economy continues to grow and the Government’s plan to protect Territory jobs has worked.

Ms Lawrie said the report shows the Territory’s economy is expected to grow by 3.6 per cent in 2010-11, on the back of higher than predicted growth of 1.3 per cent in 2009-10.

The Mid Year Report shows that timing of Commonwealth funding, falling GST and own-sourced revenue and the announcement of important policies have worsened the deficit position by $157 million to $425 million.

“The Northern Territory Government made a deliberate decision to go into deficit, spending a record $1.8 billion in infrastructure projects to protect Territory jobs against falling private sector investment,” Ms Lawrie said.

“This strategy has paid off with 3823 jobs created in the year October and the Territory consistently recording unemployment rates well below the national rate.

“However external factors including the timing of Commonwealth funding, lower mining royalties as a result of the high Australian dollar and lower stamp duty revenue due to a moderating housing market have also impacted forward estimates.

“Nationally private investment and spending has not returned to pre-GFC levels resulting in significantly lower GST revenue for the Territory, which for 2010-11, is now projected to be $241 million lower than predicted in May 2008.

“The Government has also announced $130 million over five years to increase child protection resources in response to Growing Them Strong, Together report and $43 million over three years for the New Era In Corrections which significantly expands alternative incarceration and education programs to reduce recidivism.

“While the Territory Government has a strong record of managing the economy, delivering eight consecutive Budget surpluses, cutting infrastructure spending now while private investment continues to moderate would cost Territory jobs.

“The Government predicted the greatest effects of the GFC would be felt in the Territory in 2010-11.
“Net debt to revenue ratio is projected to increase to 48 per cent in 2013-14, but is still lower than the 61 per cent left by the CLP in 2001-02.

“The Henderson Government’s commitment to strong fiscal restraint is evidenced by the reduced expenditure growth in 2009-10 to only one-third of that in previous years and we will continue to tighten our belts.

“Our Government remains committed to stepping out of deficit as soon as it’s economically prudent to do so.”

The Mid Year Report also forecasts continued economic growth for the Territory.

“As forecast in this year’s Budget, the Territory economy is expected to continue to benefit from strong growth in Asian economies through increased demand for our energy and mineral resources,” Ms Lawrie said.

“Forecast growth in the Territory’s labour market remains unchanged at 2.5 per cent driven by record levels of public sector investment associated with the Commonwealth’s stimulus spending and the Territory Government’s capital works program.

“The Mid-Year Report recognises the tightening of national migration strategies and swifter recovery of the national economy has impacted on the Territory’s net interstate and overseas migration and has revised population growth to 1.4 per cent.

“The report also shows the Territory’s taxation revenue per capita remains significantly below the state average – including the lowest taxes in the nation for small businesses to support jobs.”

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