LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY

No. 234

WRITTEN QUESTION

Ms Uibo to the Treasurer, Hon William Yan MLA:

Additional Estimates Questions for Treasury and Finance Outputs

1. **The 2025–26 Budget forecast Gross State Product growth of 7.8% in 2025-26. The 2026–27 Budget forecasts Gross State Product growth of 2.7% in 2025–26. What factors contributed to the 5.1 percentage point reduction in the GSP growth forecast?**

   The downward revision to the 2025–26 GSP growth forecast primarily reflects a slower increase in exports than previously anticipated. The 2025-26 Budget assumed exports from the Barossa project would commence in the December quarter 2025, while the first LNG exports occurred in January 2026, as reflected in the 2026–27 Budget. Commissioning issues affecting the floating production, storage and offloading vessel also moderated the project's initial production ramp-up and temporarily affected LNG shipments, reducing export volumes and the contribution of net exports to growth.

   The revised forecast also incorporates the economic effects of flooding across the Territory, higher fuel prices associated with the Middle East conflict and tighter monetary policy.

2. **What is Treasury's estimate of the dollar value of the reduction in forecast Gross State Product growth for 2025–26? Please provide the methodology and assumptions used to calculate the dollar value of that reduction.**

   The forecast level of GSP for 2025–26 is $1.565 billion lower in chain volume terms than forecast in the 2025–26 Budget. This estimate is based on the difference between the 2025–26 GSP forecasts published in the 2025–26 and 2026–27 Budgets. The revised forecast incorporates updated ABS national accounts data and updated sectoral estimates for the expenditure components of GSP, including consumption, investment, public expenditure, exports, imports and the balancing item, which largely captures interstate trade.

3. **The 2026–27 Budget forecasts household consumption to decline by 2.1% in 2026–27. What factors are contributing to the forecast decline in household consumption?**

The forecast 2.1 per cent decline in household consumption reflects the combined effects of higher interest rates, elevated fuel prices and weaker consumer sentiment. These conditions are expected to contribute to more cautious household spending, particularly on discretionary goods and services. The Budget forecasts therefore assume that higher borrowing costs, energy prices and inflation will weigh on consumer demand over the forecast period.

The 2026–27 outlook incorporates a more subdued outlook for tourism activity, reflecting higher travel costs and softer visitor demand. Higher aviation fuel prices may place upward pressure on airfares and affect international visitation, while higher petrol prices may also influence interstate drive tourism. The forecast further incorporates softer consumer confidence and more cautious discretionary household spending amid ongoing global economic and geopolitical uncertainty.

4. **What is Treasury's estimate of the dollar value of the forecast decline in household consumption from 2025–26 to 2026–27?**

Household consumption is forecast to be approximately $313 million lower in 2026–27 than in 2025–26, in chain volume terms. This figure represents the difference between the projected levels of household consumption in the two years.

5. **The 2025–26 Budget forecast unemployment of 4.7% in 2026–27. The 2026–27 Budget forecasts unemployment of 5.2% in 2026–27. What factors contributed to the unemployment forecast being revised up by 0.5 percentage points?**

The forecast increase in unemployment is consistent with a moderation in economic activity and labour demand. The outlook incorporates weaker household consumption in the context of the RBA's interest rate increases in early 2026 and market expectations, at the time the forecasts were finalised, of further monetary policy tightening. The March quarter national accounts also reported lower private investment than previously anticipated as the Barossa project transitioned from construction to production.

6. **What is Treasury's estimate of the number of additional unemployed Territorians represented by the increase in the unemployment forecast from 4.7% to 5.2%?**

Treasury forecasts the number of unemployed Territorians to average around 8,000 persons in 2026–27. This compares with a trend estimate of 7,076 unemployed persons in May 2026, noting that the May figure is a monthly estimate and is not directly comparable with the year-average forecast.

7. **Please provide the methodology and assumptions used to calculate the number of additional unemployed Territorians.**

   Short-term forecasts of unemployed persons are informed by trends in lagged output of Gross State Product and the outlook for domestic demand, wage outcomes and forecasts of wages, the participation rate, civilian population data and projections, and recent history of employment. The unemployment forecasts are assumed to return to a steady state of 4.6% over the forward estimates. This estimate is based on an OECD potential output estimation methodology adopted for the Northern Territory.

8. **BP4 shows that 2025–26 infrastructure cash payments have been revised down by $341 million. Can you table a full list of every project that contributed to that underspend, including the amount underspent against each project?**

   The revised 2025-26 total infrastructure payments budget, at $2.4 billion, is $341 million lower than the original published 2025-26 Budget, but remains high by historical standards.

   The decrease primarily reflects revised timing of Commonwealth and Territory-funded projects, including delays due to the significant impact of flooding and other severe weather events across the Territory.

   Infrastructure cash payments represent the total expenditure budget allocated to the delivery of the infrastructure program and are not budgeted or reported on a project-by-project basis. Accordingly, the revised infrastructure cash payments cannot be disaggregated to individual projects.

9. **What is Treasury's estimate of the economic return to the Northern Territory for every dollar invested through the Territory's infrastructure program?**

   The economic return to the Northern Territory for every dollar invested through the Territory's infrastructure program is variable and depends on the nature of the investment.

   Projects that are more labour intensive can provide greater employment and household income during the construction phase, supporting short-term economic activity and consumption. More capital-intensive investments, such as roads and other enabling assets, tend to provide greater long-term economic benefits by supporting additional business investment and productivity growth.

10. What is Treasury's estimate of the number of Territory jobs supported for every $1 million spent through the Territory's infrastructure program?

The number of Territory jobs supported for every $1 million invested through the Territory's infrastructure program varies depending on the nature of the investment and the industries involved. For example, investment in public housing supports employment during the construction phase, while investment in public road and other enabling infrastructure can support both construction employment and longer-term business activity and employment opportunities.