



NORTHERN TERRITORY

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BUDGET 2023-24

INDUSTRY OUTLOOK

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Industry outlook

This publication provides an overview of the Territory's key industries and discusses opportunities and risks to growth in these industries.

The Northern Territory's economic output is concentrated in the mining, and government and community services sectors. The main contributors to employment are the government and community services, retail and wholesale trade, and construction industries.

Table 1: Gross state product and employment, Territory 2021-22¹ (chain volume measure)

	GSP				Employment			
	Value \$M	Change %	10-year CAGR %	Share of GSP %	Number	Change %	10-year CAGR %	Share %
Government and community services	6 752	2.5	2.3	22.8	59 346	2.3	3.3	44.1
Public administration and safety	3 107	1.9	0.8	10.4	23 218	3.8	2.8	17.2
Health care and social assistance	2 261	4.1	5.9	7.7	24 561	6.5	5.9	18.2
Education and training	1 384	1.2	1.3	4.6	11 568	- 8.1	0.1	8.6
Service industries	5 314	2.5	2.1	17.1	45 019	6.2	0.8	33.4
Accommodation and food services	568	- 6.1	0.0	1.8	8 788	4.9	0.9	6.5
Transport, postal and warehousing	912	2.4	2.2	3.0	7 109	37.1	0.5	5.3
Information and media telecommunications	138	16.0	5.1	0.4	1 412	18.5	- 1.3	1.0
Financial and insurance services	623	- 0.5	1.7	2.0	943	- 19.7	- 7.2	0.7
Rental, hiring and real estate services	386	7.8	2.1	1.2	1 829	- 6.2	- 1.6	1.4
Professional, scientific and technical services	832	- 1.2	1.5	2.8	7 268	- 2.8	1.7	5.4
Administrative and support services	479	2.4	1.5	1.5	5 198	0.7	3.0	3.9
Electricity, gas, water and waste services	486	9.5	4.1	1.5	2 642	35.6	1.1	2.0
Arts and recreational services	364	9.6	5.0	1.1	3 137	- 2.2	- 1.0	2.3
Other services	526	5.4	2.4	1.6	6 692	- 0.4	2.9	5.0
Mining and manufacturing	6 864	13.2	4.4	35.3	5 972	- 7.8	- 2.5	4.4
Mining	5 736	13.4	6.5	31.7	2 527	- 17.7	- 5.3	1.9
Manufacturing	1 128	12.6	- 2.3	3.6	3 445	1.1	0.2	2.6
Construction	1 547	4.2	- 1.1	5.0	9 441	- 9.6	- 2.6	7.0
Defence²	2 674	8.7	2.9	11.1	5 395	- 0.9	- 2.1	5.1⁴
Retail and wholesale trade	1 623	0.0	2.1	5.2	12 927	- 1.8	- 0.5	9.6
Retail	792	1.7	1.8	2.4	10 692	- 6.4	- 0.2	7.9
Wholesale trade	831	- 1.5	2.4	2.7	2 235	28.3	- 2.0	1.7
Tourism³	655	- 24.4	- 2.4	2.6	6 771	- 9.5	- 0.9	5.0
Agriculture, forestry and fishing	805	5.4	0.5	2.8	1 989	- 17.7	- 8.7	1.5

CAGR: compound annual growth rate; GSP: gross state product

1 Excludes non-industry components of GSP (ownership of dwellings, taxes less subsidies and statistical discrepancy). Numbers may not add due to rounding. Tourism and defence estimates are indicative. These sectors are not discrete industries in ABS reporting, and activity for these sectors is captured across multiple industries in ABS state accounts data. Therefore, figures in the table do not sum to ABS-reported GSP and employment data due to double counting related to the separate reporting of the tourism and defence sectors in this table.

2 ABS labour market statistics exclude defence personnel.

3 Data for 2020-21. State Tourism Satellite Account numbers produced by Tourism Research Australia are not available for 2021-22 at time of publication.

4 This is the Territory's share of the Australian defence expenditure.

Source: ABS, *State Accounts*, Cat. No. 5220.0, *Labour Force*, Cat. No. 6291.0.55.003, unpublished defence data; Department of Defence annual reports; Tourism Research Australia, *State Tourism Satellite Accounts*; Department of Treasury and Finance

The Territory economy grew by 4.7% in 2021-22, and economic growth is forecast to average 0.9% per annum over the five years to 2026-27.

Gross state product (GSP) is expected to contract by 5.1% in 2022-23. This is weaker than the 3.7% forecast in the 2022-23 Budget, reflecting a 16.1% decrease in total exports following disruptions to liquefied natural gas (LNG) production and export volumes in the second half of 2022. There are several large-scale resource and technology projects proposed that are not included in the forecasts which, if they proceed during the outlook period, will contribute to growth.

Public consumption (2.2%), public investment (20%) and household consumption (0.4%) are expected to contribute to growth in 2022-23. Household consumption is estimated to grow modestly in the short term, due to the combination of higher interest rates, high inflation and lower consumer confidence.

While business confidence in the Territory remained strong over 2022 and early 2023, labour shortages have impacted most industries in the Territory over the past 18 months. Initiatives from the Territory and Commonwealth governments to upskill workers domestically and attract more overseas workers are expected to help reduce this shortage over time.

Global demand and prices for minerals have recovered since the beginning of the COVID-19 pandemic. Robust demand and prices for minerals will support the development of resource projects in the Territory over the outlook period. For example, demand for critical minerals is anticipated to be strong as countries increase efforts to transition to low-carbon energy, which has the potential to support critical mineral projects proceeding in the Territory. The risk of global supply chains being destabilised from geopolitical tensions, such as the Russia-Ukraine conflict, remains a source of uncertainty for demand and pricing of resources over the short term.

Locally, mining and energy activity will be heavily influenced by LNG production. Output is expected to decline in 2022-23 due to the depletion of the Bayu-Undan gas field and disruptions at Ichthys LNG in the second half of 2022. Output is likely to recover a little in 2023-24 with fewer disruptions at Ichthys, and increase again in 2025-26 once the Darwin LNG plant transitions to the Barossa field.

The government and community services sector's output will continue to grow as the Territory's population grows and as the Government provides targeted program funding for areas of strategic need. This includes funding for correctional services, health and public safety initiatives.

The Territory's location makes it integral to the operational capability of the Australian Defence Force. The Territory is expected to benefit from increased defence spending over the outlook as the Commonwealth looks to maintain Australia's strategic presence in the Indo-Pacific region. Much of the benefit of increased defence and infrastructure spending across different levels of government will be felt in the construction industry as facilities and capability are upgraded. The construction industry will also benefit from public investment in water, land and housing infrastructure by the Territory Government.

The retail trade industry is expected to slow in the short term due to high inflation and rising interest rates constraining household consumption. Growth over the outlook period will be primarily supported by population growth. Growth in the wholesale trade sector in the Territory is expected to improve in line with increased private investment activity over the outlook period.

The agriculture sector is expected to grow modestly over the outlook period. This reflects the expansion of agricultural land, increased cotton production and trialling of new horticultural products.

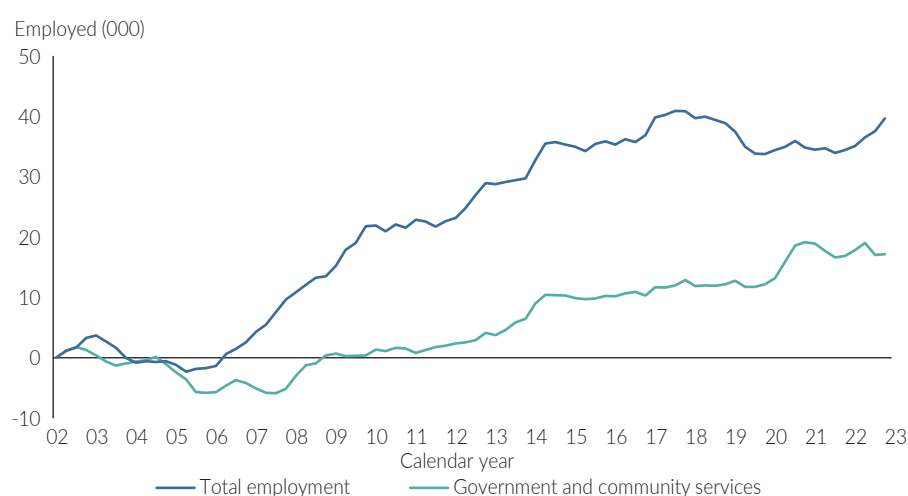
Government and community services

Outlook

The government and community services sector's output is expected to increase in the near term due to increased demand for government services and the response to extreme weather events.

In 2021-22, the government and community services sector accounted for 22.8% of the Territory's GSP, which is higher than the national contribution of 17.3%. The sector is the largest employer in the Territory, accounting for 44.1% of employment in 2021-22, of which 17.2% is in public administration and safety, 18.2% in health care and social assistance and 8.6% in education and training.

Chart 1: Territory change in employment



Source: ABS, *Labour Force, Australia, Detailed*, Cat. No. 6291.0.55.001; Department of Treasury and Finance

From 2002 to 2022, growth in employment in the government and community services sector has accounted for 43.5% of the growth in total employment (Chart 1). In recent years, employment growth in the sector has been driven by the public health response to COVID-19.

Growth in the sector is expected to continue in 2022-23 due to growth in demand for government services. This includes programs to support hospitals; correctional services; youth justice; courts; domestic family and sexual violence initiatives and antisocial behaviour activities.

In January 2023, ex-Tropical Cyclone Ellie resulted in severe weather and flooding significantly impacting communities in the Top End region of the Territory. The Commonwealth and the Territory Government have provided financial assistance to support affected residents in meeting their immediate needs and facilitate return to their homes. Additionally, funding will be provided to support local councils in covering the expenses of cleaning up, repairing flood-damaged housing and infrastructure (including roads and utilities) and undertaking counter-disaster operations.

In response to social issues in Alice Springs, in early 2023 the Commonwealth and Territory government announced a funding package for Central Australia, aiming to enhance community safety, combat alcohol-related harm and create more opportunities for young people. The plan includes \$48 million in community safety funding for:

- extra high visibility police and law enforcement operations including targeting grog running, increasing liquor licensing compliance inspectors and boosting security guards in public places
- improving closed-circuit television, lighting and safety measures throughout Alice Springs
- additional emergency accommodation and safe spaces to give young people a place to go to at night and boost effectiveness of the night patrol program
- the Tangentyere Women's Family Safety Group to boost domestic violence services
- funding to extend safety and community services, which are currently scheduled to end in June 2023 and provide certainty to providers and their employees to ensure this work continues.

Additionally, \$250 million will be invested in:

- improved community safety and cohesion, through more youth engagement and diversion programs
- job creation, including changes to the Community Development Program
- improving health services in surrounding communities
- preventing and addressing the issues caused by foetal alcohol spectrum disorders
- families, including by better supporting elders and parents, and boosting domestic violence services
- on country learning, by improving school attendance and completion through caring for culture and country.

The Territory Government continues to provide targeted program funding and infrastructure investment for areas of strategic need and in line with population growth. This includes several long-term projects and funding initiatives that will support output in the government and community services sector over the outlook period. Key program funding and investments include:

- \$135.3 million to upgrade the Royal Darwin Hospital (including the new mental health unit) and the Alice Springs Hospital
- \$36.8 million to upgrade the central services sterilisation department across the Territory
- \$29.4 million to upgrade Territory schools and other educational facilities
- \$46.6 million to upgrade police complexes across the Territory
- \$10 million in additional funding to support implementation of the second round of reforms under the Domestic, Family and Sexual Violence Action Plan
- \$19.9 million to address the Department of Attorney-General and Justice's demand pressures and justice reform.

In March 2023, the Commonwealth granted the Territory's request for 60 aged care bed licences, and expressions of interest have opened for aged care providers to construct, own, operate, or collaborate in a new aged care facility. The 2021-22 Commonwealth Budget allocated \$396.9 million over 5 years for capital investment to assist aged care providers to enhance their facilities and develop new services.

As part of the 2022-23 Budget, the Commonwealth also announced funding and co-contributions to support program delivery in the Territory including:

- a 2-year extension to the Northern Territory Remote Aboriginal Investment until 2023-24 with an additional \$173.2 million to fund programs to improve outcomes for remote Aboriginal people in health, schooling, community safety and justice; tackling alcohol abuse; child, youth, family and community wellbeing; housing, municipal and essential services; and remote engagement and coordination
- \$30.7 million from the Commonwealth and \$13.3 million from the Territory over 2021-22 to 2025-26 towards the National Mental Health and Suicide Prevention Agreement.

In addition, the Territory Government will continue to improve the quality and quantity of economic and community infrastructure through its long-term urban and regional infrastructure programs, including:

- the \$200 million Darwin City Deal, a 10-year (2018–2028) agreement with the Commonwealth and the City of Darwin
 - \$132.3 million for Darwin's Civic and State Square Revitalisation stage 2, including the Northern Territory Art Gallery, sheltered walkways, central heart shade structure and public art
 - the Darwin Education and Community Precinct, which is expected to be completed by 2024
 - planning for future development of a Larrakia Cultural Centre at Stokes Hill
- the \$84.7 million, 10-year (2019–2029) Barkly Regional Deal to stimulate economic growth to reduce overcrowding and improve child safety through economic and social development, and culture and place-making projects, including:
 - the Barkly Business Hub, and the Barkly Mining and Energy Service Hub, to support regional business creation and growth
 - installing a new weather radar to provide real-time weather information and improve road and air travel safety, due to be completed by mid 2023
 - further investment to construct a boarding facility for secondary school children in Tennant Creek, safe places and accommodation for crisis youth support, a visitor park to increase housing supply and reduce overcrowding, and investment in aged care services, community sports and childcare places.

For the latest data on the Territory's government and community services sector, refer to the [Territory Economy](#) website.

Service industries

Outlook

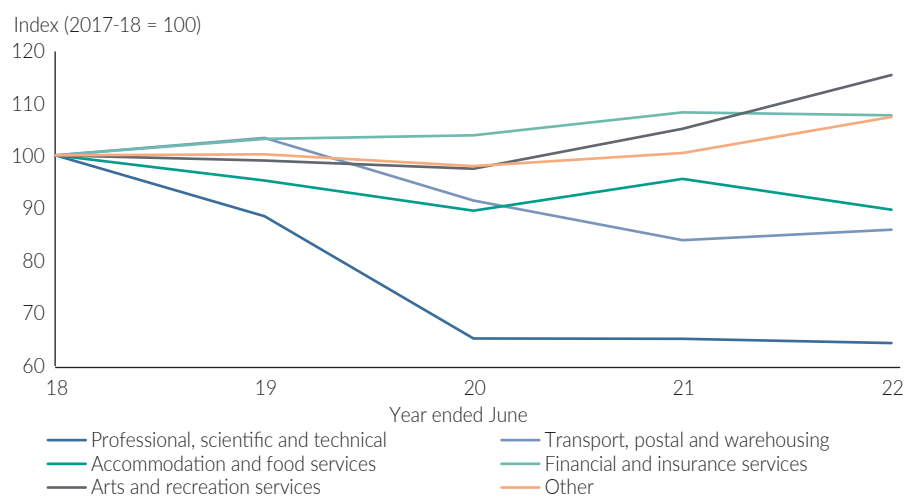
The output of the Territory's service industries is expected to increase in the short term with the continuing return of overseas visitors, and will be supported longer term by a strong pipeline of construction projects.

The service sector covers a broad range of discrete industries, which accounted for 17.1% of the Territory's GSP and 33.4% of the Territory's employment in 2021-22.

The performance of the service industries over the past 5 years was mixed (Chart 2), reflecting the sector's diversity. Accommodation and food services output was subdued during COVID-19 as visitor numbers fell due to border closures. Professional, scientific and technical services output peaked in 2017-18 and has since returned to pre-INPEX levels following the completion of the INPEX construction phase. Financial and insurance services output saw strong growth over the past 5 years as households took advantage of low interest rates and government incentives to purchase homes.

Looking forward, demand in service industries with strong links to tourism, such as accommodation and food, transport, and arts and recreation services, is expected to improve supported by the return of overseas visitors, the resumption of the cruise ship industry and continued strong domestic demand.

Chart 2: Territory service industries gross value added



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

The tourism-related service industries have been some of the most impacted by labour shortages over the past couple of years, with labour often being the limiting factor for output. While the labour market is expected to remain relatively tight in the short term, industries will benefit from the return of overseas migration, which will boost labour supply. A number of industry-led initiatives to find more overseas workers should also assist in easing labour shortages. For more information on the outlook of the tourism industry, refer to the *Tourism* section.

Large construction projects are also expected to support service industry output over the outlook period. In particular, output for professional, scientific and technical services is expected to be supported during the design and construction phase of large projects, such as the:

- Darwin ship lift facility
- Darwin Education and Community Precinct
- National Aboriginal Art Gallery in Alice Springs
- Civic and State Square Revitalisation stage 2, including the Northern Territory Art Gallery, sheltered walkways, central heart shade structure and public art
- D1 Data Centre in Darwin
- Lasseters Hotel Casino redevelopment in Alice Springs.

These services are also expected to benefit from the development of the Middle Arm Sustainable Development Precinct and defence infrastructure projects.

Additionally, there are a number of large construction projects proposed that, if final investment decisions are achieved, will boost and sustain service industries in the Territory in the future. For further information on these projects see Chapter 2 *Economic Growth* in the [2023-24 Northern Territory Economy](#) publication.

Large construction projects are also expected to contribute to population growth with significant workforce demand. Population growth will support greater demand for a wide range of services across the Territory such as electricity, gas, water and waste services, and rental, hiring and real estate services.

For the latest data on the service industries, refer to the [Territory Economy](#) website.

Mining and manufacturing

Outlook

The gross value-adding activity of the mining and manufacturing industries is expected to decline in 2022-23 before recovering over the rest of the outlook period as the Darwin LNG plant transitions from the Bayu-Undan field to the Barossa field, which is due to come on line in 2025. Over the outlook period, progress will also be made towards transforming Middle Arm into a globally competitive sustainable development precinct.

In 2021-22, the mining industry comprised 31.7% of GSP, the largest contributor to the Territory economy. The manufacturing sector accounted for 3.6%. Mining employed 2,527 persons, and manufacturing employed 3,445 persons, accounting for 1.9% and 2.6% of total Territory employment respectively. In real terms, the Territory mining sector's gross value added increased by 13.4% to \$5.7 billion, while manufacturing increased by 12.6% to \$1.1 billion.

Mining output is dominated by LNG and metallic minerals. The sector contributes to the Territory economy through international trade, private investment and employment. The mining industry also has a large impact on the Territory's construction industry, as mining development generates significant levels of construction activity.

Production output from the Ichthys LNG plant is expected to increase in 2023 and then remain stable over the following years. However, gas reserves from the Bayu-Undan field are expected to deplete in mid 2023, with production from the Barossa field expected to commence in 2025.

Demand for critical minerals will be particularly strong given their use in energy-efficient technology and as countries increase efforts to transition to low-carbon energy. This comes amid a backdrop of supply bottlenecks and steep fuel prices that resulted from the Russia-Ukraine conflict. There are a number of projects pending final approvals, which if realised, will boost mineral production in the Territory. These projects include:

- Jervois copper mine
- Mount Peake iron, vanadium and titanium mine
- Nolans rare earths mine
- Mount Todd and Mount Bundy gold mines
- Warrego tailings project and Frances Creek iron ore mine
- Winchelsea manganese mine
- Molyhil tungsten mine
- Merlin diamond mine.

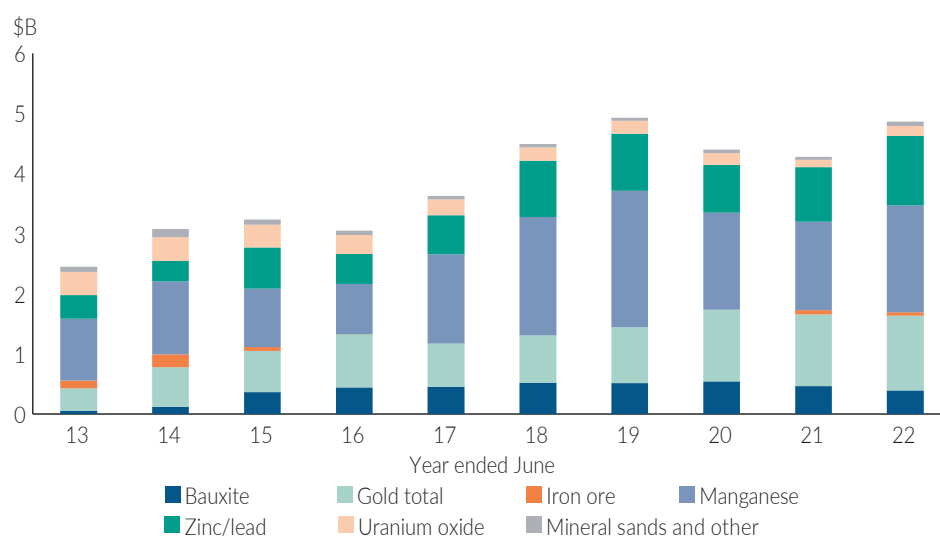
In April 2023, the Territory Government released the Mineral Development Taskforce Final Report. It outlines how the Territory can accelerate mining development by increasing private investment in mining and downstream value-add projects. A series of recommendations have been made with a focus on encouraging exploration activity and streamlining procedures to enhance the Territory's competitiveness as an investment destination.

Minerals production

The majority of minerals produced in the Territory are metallic, including lithium, gold, manganese, zinc, lead and bauxite (Map 1). The Territory also produces non-metallic minerals, such as crushed rock, sand, quicklime and gravel.

The value of the Territory's mineral output was \$4.9 billion in 2021-22, a 13.6% increase from the previous year in current prices. This represents the second highest value of mineral output and was largely due to an increase in the value of manganese, and zinc/lead concentrates (Chart 3). The value of the Territory's mineral production is expected to decline in 2022-23 to \$4.7 billion before rising to \$5.4 billion in 2023-24.

Chart 3: Value produced of selected Territory minerals



Source: Department of Industry, Tourism and Trade

Manganese

Manganese is an input to steel manufacturing, and production is largely driven by global steel demand. In the Territory, manganese is produced at the Groote Eylandt Mining Company (GEMCO) mine, the largest manganese mine in the world, and previously at the Bootu Creek mine, which stopped producing in December 2021 (Map 1).

In 2021-22, the value of manganese produced increased by 21.2% (Chart 3), driven by an increase in the global price for the commodity. Manganese accounted for 36.5% of the value of all minerals produced by the Territory.

In 2022-23, the value of production is forecast to decline due to lower quantities produced resulting from the closure of the Bootu Creek mine. This will be partially offset by a slight increase in the price of manganese. The GEMCO mine is expected to continue to operate near capacity, so long as global demand for steel remains strong.

Gold

The Territory produces gold from the Granites mine in the Tanami region and Mount Tynm just south of the Adelaide River (Map 1). The value of gold produced increased by 4.2% in 2021-22, accounting for 25.5% of the value of all minerals produced by the Territory. This was driven by modest increases in both price and production.

In 2022-23, expansion activities at the Granites mine will be less disruptive on operations compared to the previous year. This, together with elevated prices resulting from strong demand, is expected to increase the value of gold production this year.

The completion of expansion activities at the Granites mine, together with the Nobles Nob mine, expected to become operational in 2024, will contribute to production levels increasing over 2023-24 and 2024-25.

Zinc and lead

Zinc and lead are produced at the McArthur River mine located 65 kilometres south-west of Borroloola (Map 1). The value of zinc and lead produced increased by 26.9% to \$1.2 billion in 2021-22, due to an increase in both price and quantity produced.

In 2022-23, the value of production is expected to decline as prices moderate and there is a slight decrease in production levels.

Bauxite

Two bauxite mines operate in the Territory – Rio Tinto's mine at Gove and Gulkula's mine on the Dhupuma Plateau (Map 1).

The value of Territory bauxite produced decreased by 15.2% to \$396.8 million in 2021-22, reflecting a decrease in price and quantity produced. Bauxite prices are expected to decline over the short-term due to an expected decrease in global demand for aluminium.

Iron ore

In 2021-22, the value of iron ore produced in the Territory decreased by 18% to \$60.4 million due to the closure of Nathan River mine in October 2021 resulting in lower iron ore production.

Output is forecast to remain low in 2022-23 as production occurs only from the Peko mine. In 2023-24, output is then expected to increase as the Peko mine builds towards its target production levels, and the Warrego Tailings mine and Frances Creek mine reopen in the second half of 2023.

Lithium

Lithium is a crucial mineral in the transition to net zero carbon emissions and will help diversify the Territory's economic base.

The Finnis lithium project opened in October 2022, making the Territory an emerging supplier of lithium. The value of lithium production in 2022-23 is forecast to be \$68 million. Part of this comes from the export of 15,000 tonnes of unprocessed lithium ore to China in January 2023 and the rest will be from the production of spodumene concentrate, with the first shipment expected in May 2023. The start of spodumene production will help the mine to gradually approach its planned levels of production for a 12-year mine life.

The value of production is expected to increase over 2023-24 with two binding agreements already in place for the supply of 375,000 tonnes of lithium concentrate over four years.

Uranium

Production at the Ranger mine ceased in January 2021. Uranium accounted for 3.4% of the total value of the Territory's mineral production in 2021-22 as remaining inventory was sold off. Energy Resources of Australia Limited's rehabilitation of the Ranger mine is currently underway and expected to continue until at least 2028.

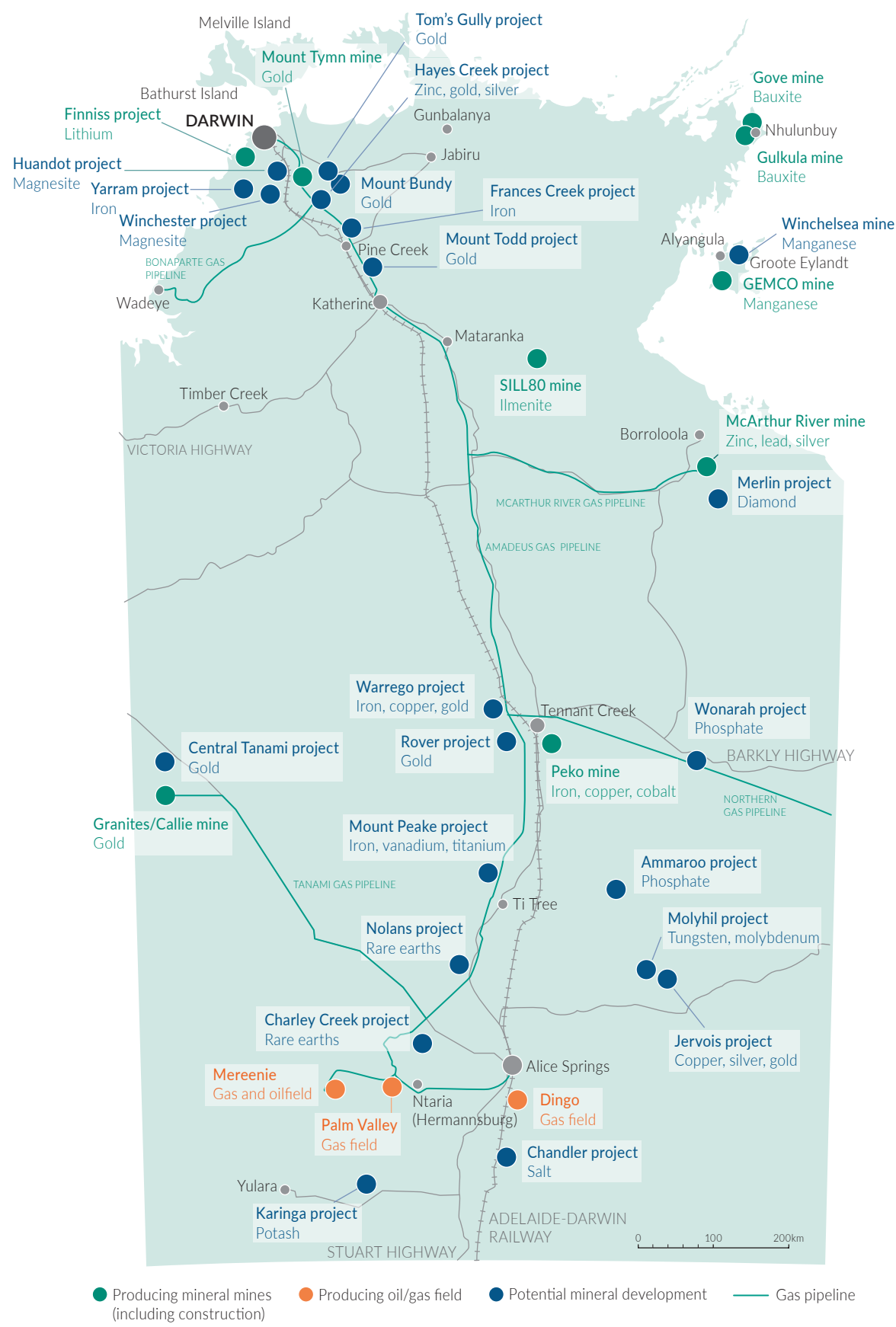
The Territory contains around 30% of Australia's low cost uranium resources with two projects currently under feasibility in the eastern Pine Creek region and the Ngalia Basin.

Other minerals

The value of production of non-metallic minerals increased by 29.8% to \$52.7 million in 2021-22. This was driven by increases in the quantity produced for crushed rock, gravel and sand.

Most non-metallic mineral production is for Territory consumption and responsive to changes in construction activity. The value is expected to increase in 2022-23 and 2023-24 due to greater quantities produced.

Map 1: Current and pending mineral and onshore petroleum operations in the Territory¹



1 This map is produced from various sources. Department of Treasury and Finance cannot guarantee the accuracy, currency or completeness of the information. To be used as a guide only.
Source: Department of Industry, Tourism and Trade; Department of Treasury and Finance

Oil and gas production

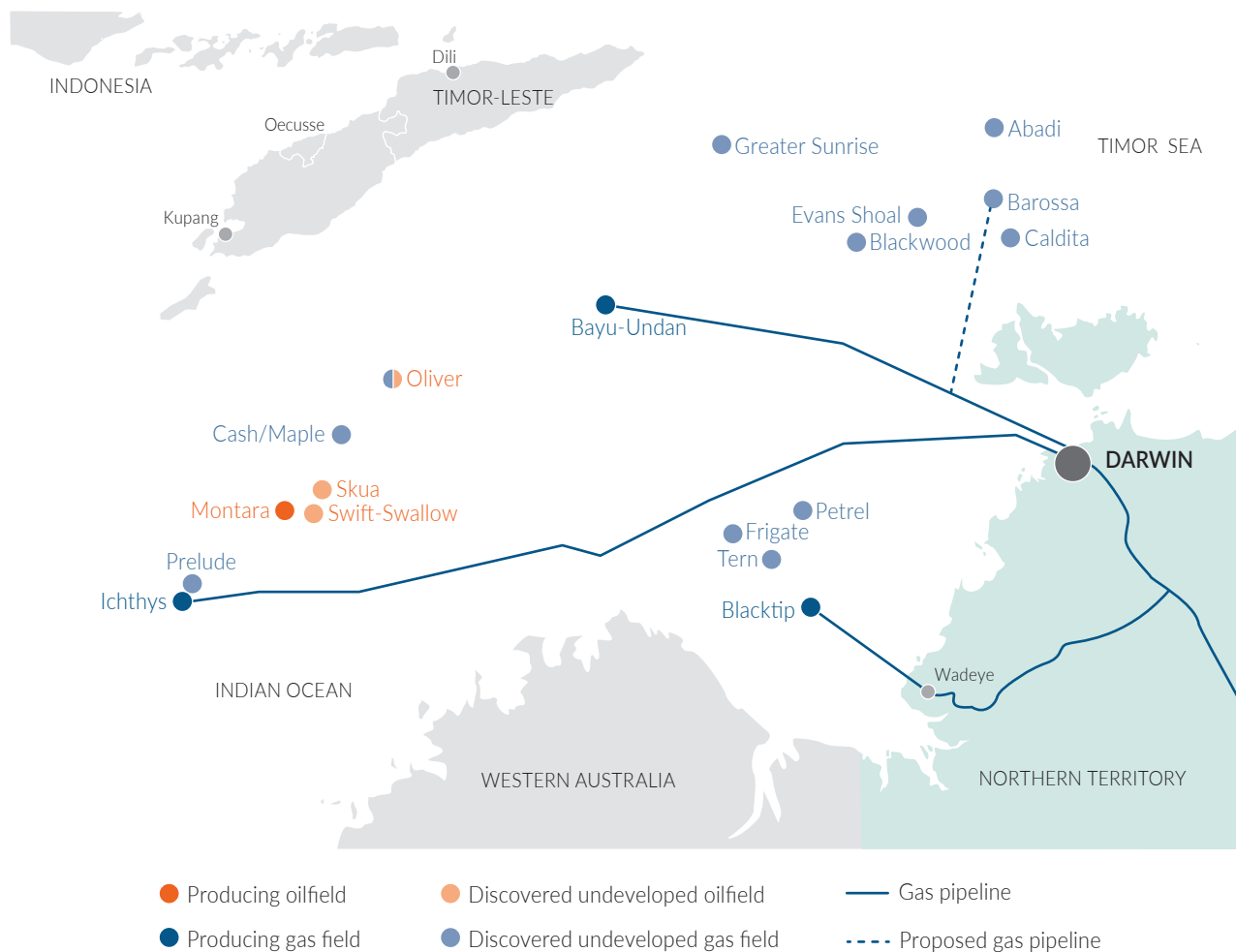
The Territory's onshore oil and gas is currently conventional in nature and sourced from the Amadeus Basin in Central Australia. Production occurs at the Mereenie, Palm Valley and Dingo fields operated by Central Petroleum Limited.

Onshore gas production increased by 0.6% to 14.3 billion cubic feet in 2021-22. The increase results from commissioning new production wells at the Mereenie field and increased demand from the Owen Springs power station, which is supplied with gas from the Dingo field. Production was further supported by increased demand from the eastern states with Central Petroleum supplying uncontracted gas to them for the first time in May 2022.

Onshore oil production occurs only at the Mereenie field and was down by 2.5% to 0.16 million barrels in 2021-22. This came about as new wells were positioned to target gas extraction instead of oil.

The Territory's offshore gas is sourced from the Ichthys, Blacktip and Bayu-Undan fields. Gas from the Ichthys and Bayu-Undan fields is transported to onshore processing facilities to be exported to global markets, whereas gas from Blacktip is used primarily for domestic consumption. The Bayu-Undan field supplies gas to Santos' Darwin LNG plant and is expected to deplete in mid 2023. Construction works to bring its replacement, the Barossa gas field, into production are 56% complete, with production anticipated to begin in 2025. The lag between reserves at Bayu-Undan exhausting and the Barossa field coming on line will result in a temporary cessation of production at Darwin LNG in 2023-24. Production from the Ichthys LNG plant is expected to increase in 2023 and then remain stable over the rest of the outlook period.

Offshore oil is produced mainly from the Montara field and is exported overseas. The value of the Territory's offshore oil exports decreased from \$47.7 million in 2020-21 to \$5.3 million in 2021-22. This outcome is likely a result of reduced operations at the Montara field due to drilling activity in the second half of 2021 and unplanned maintenance activities in the first half of 2022. However, caution is advised when interpreting this result as a large proportion of trade data has been confidentialised by the ABS. The value of offshore oil exports in 2022-23 is expected to remain low due to additional maintenance shutdowns at Montara field resulting from discovering technical defects and oil leaks into the Timor Sea in June 2022.

Map 2: Offshore petroleum activity near the Territory¹

¹ This map is produced from various sources. Department of Treasury and Finance cannot guarantee the accuracy, currency or completeness of the information. To be used as a guide only.

Source: Department of Industry, Tourism and Trade; Department of Treasury and Finance

Exploration activity

Exploration does not always lead to the development of new mines but levels of exploration activity can be a lead indicator of future development.

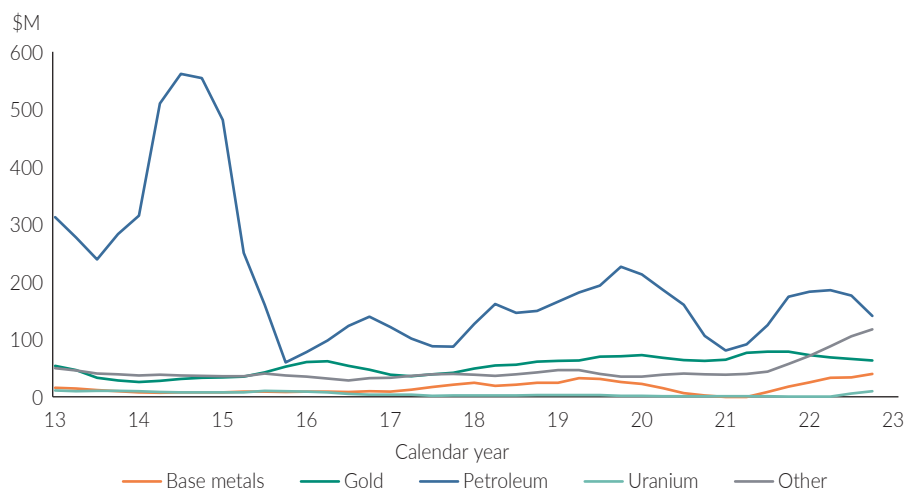
Total mineral exploration expenditure in the Territory increased by 29% to \$198.6 million in 2022, the highest it has been since 2011. This reflects increased expenditure across base metals, uranium and other non-metallic minerals, as well as greater exploration activity in greenfield areas (Chart 4).

Petroleum exploration activity in the Territory is focused on the Beetaloo Sub-basin and the Amadeus Basin. Santos, Tamboran Resources and Empire Energy Group are the main companies exploring in the Beetaloo Sub-basin currently. Petroleum exploration expenditure in the Territory decreased by 19.4% to \$140.4 million in 2022. With a limited number of companies exploring the region, expenditure is subject to large volatility based on the scope of their activity. The decrease in exploration expenditure is likely a result of exploration activity conducted by Santos being limited to well testing rather than drilling new wells.

Expenditure is anticipated to increase in 2023, as Empire Energy makes progress on commercialisation following encouraging results from testing gas flow, and Tamboran Resources commences a well stimulation program aimed at improving the flow of gas.

Exploration activity for helium and hydrogen within the Amadeus Basin is expected later in 2023, which will further support the Territory's total exploration expenditure.

Chart 4: Value of mineral and petroleum exploration expenditure in the Territory¹



¹ Moving annual total.

Source: ABS, *Mineral and Petroleum Exploration, Australia*, Cat. No. 8412.0.

Manufacturing

In 2021-22, significant manufacturing industries in the Territory included food products, fabricated metals and transport equipment.

In 2021, the Territory Government entered into a partnership with the Advanced Manufacturing Growth Centre (AMGC) to support the development of advanced manufacturing in the Territory. As part of this partnership, AMGC and the Territory Government have established the Advanced Manufacturing Ecosystem Fund (AMEF) to support local businesses to commercialise products using innovative technology. So far the AMEF has supported Diverseco, Katherine Joinery, Arctic Installations, Air Tip and Corrosion Instruments. In March 2023, Diverseco opened its Darwin manufacturing innovation hub, which will enable Territory businesses to access automation services and solutions to increase productivity. In addition, Diverseco is collaborating with the Charles Darwin University to develop robotic and automation-related qualifications to improve local workforce capabilities.

The Territory Government is also investing \$10 million in a joint venture with Amphibian Aerospace Industries (AAI) to manufacture the amphibious Albatross aircraft at Darwin airport. In December 2022, AAI established a research and development centre at Darwin airport with the new aircraft expected to become available within the next five years.

To support the Territory's role as an LNG export hub and fully realise the potential of the manufacturing sector, the Territory Government is working towards establishing the Middle Arm Sustainable Development Precinct. The focus of Middle Arm will be on enhancing downstream activities by setting up low-emission advanced manufacturing and processing facilities.

Construction

Outlook

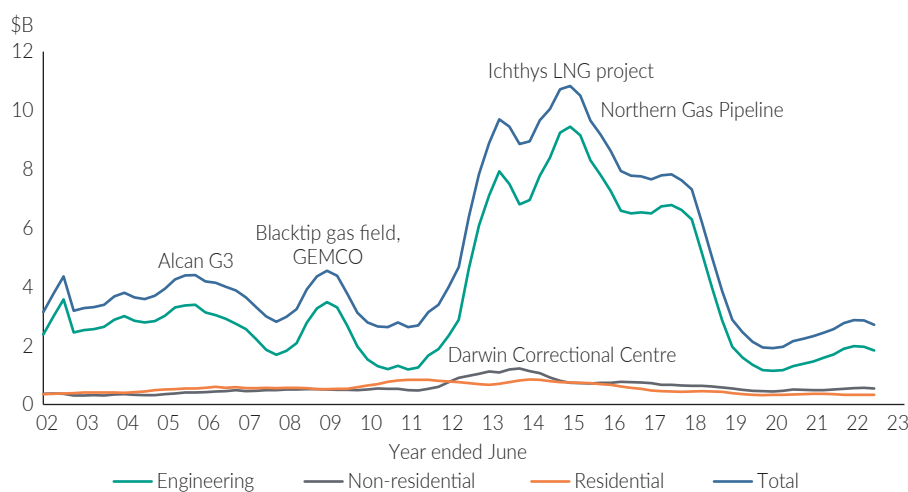
Construction activity is expected to experience moderate growth over the outlook period, supported by significant defence and natural resource-related projects.

In 2021-22, the construction sector grew by 4.2% to \$1.5 billion, driven by increased non-dwelling construction work. The construction sector is the fifth largest industry in the Territory, accounting for 5% of total GSP and employing about 9,400 people.

A steady pipeline of projects is expected to support growth in construction activity over the outlook period, with the continuation of significant defence spending and ongoing works as part of the Territory's \$4.1 billion infrastructure program. There are also a number of potential private sector projects, which may reach final investment decision and increase construction activity over the outlook period.

The easing of supply chain disruptions has allowed the residential construction industry to progress a back log of work created due to increased demand during COVID-19. Sentiment is largely positive in the Territory construction sector due to significant investments from the Territory and Commonwealth governments.

Chart 5: Construction work done in the Territory¹



GEMCO: Groote Eylandt Mining Company; LNG: liquefied natural gas

¹ Moving annual total.

Source: ABS, *Construction Work Done, Australia*, Cat. No. 8755.0; Department of Treasury and Finance

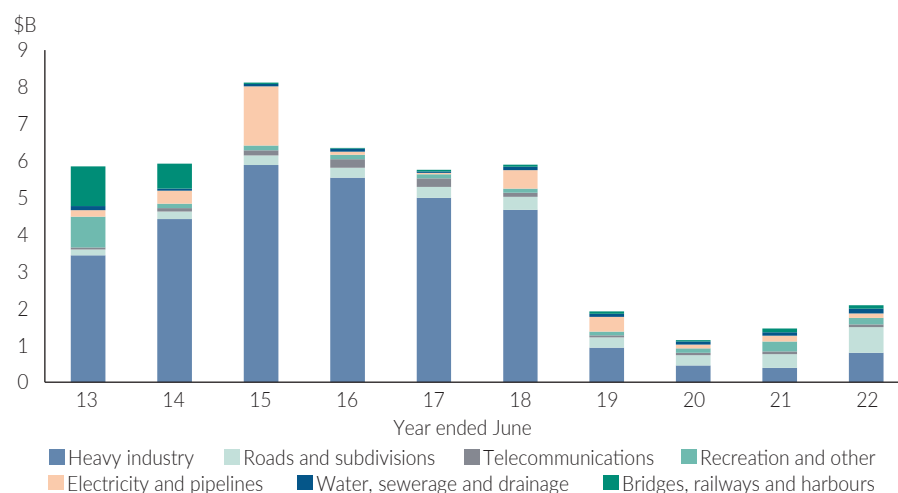
The Territory Government's commitment to deliver land to meet future growth demands will also unlock opportunities for further construction activity. Ongoing work by the Territory Government to improve the land development process through implementing recommendations of the *Bringing Land to Market: An Independent Review of the Land Development Processes, Land Under Development and Titled Land* report will be key to drive private sector residential dwelling construction, as well as commercial developments. Infrastructure investment will also be supported by the Territory's \$2.2 billion transport program.

For an overview of committed and proposed major projects in the Territory, all of which will require varying degrees of construction work, see Chapter 2: *Economic Growth* in the [2023-24 Northern Territory Economy](#) publication.

Engineering

The value of engineering construction work done increased by 13% in 2022 to \$1.9 billion. Public sector activity increased by 16.6% to \$693 million, largely relating to the Territory Government's road infrastructure program, and private sector activity increased by 25.5% to \$1.4 billion as work progressed on Santos' Barossa project (Chart 6).

Chart 6: Value of Territory engineering construction work done by type¹



¹ Current prices.

Source: ABS, *Engineering Construction Activity, Australia*, Cat. No. 8762.0

Defence-related projects continue to contribute a significant amount of work to engineering construction activity in the Territory. Ongoing works, amounting to \$1.1 billion, are expected to continue at RAAF Base Tindal until 2027. These works include runway extensions and construction of new fuel storage facilities. Training area upgrades, redevelopment of Larrakeyah Barracks and HMAS Coonawarra facility upgrades will also contribute over the medium term. The anticipated commencement of construction of the Territory Government's Darwin ship lift facility and marine industry project at East Arm will complement the Commonwealth's defence investment in the Territory.

The return to service of Manton Dam and future Adelaide River off-stream water storage, part of the Darwin Region Water Supply Infrastructure program jointly funded by the Territory and Commonwealth governments, will involve significant investment in water infrastructure, with the first stage expected to be completed in mid 2026.

Significant rehabilitation works are anticipated to occur over the outlook period at the site of the old Rum Jungle uranium mine, with funding split between Territory and Commonwealth governments. Initial works include preliminary roadworks and bulk earthworks are anticipated over the short to mid term. Additionally, rehabilitation works continue at the Ranger Uranium Mine, with works expected to continue to at least 2028.

Private sector mining and gas-related projects are expected to contribute a significant amount to engineering construction activity over the outlook period. The Tanami Expansion 2 project is expected to be completed in the first half of 2024, extending the lifetime of the Granites gold mine beyond 2040. Considerable progress has been made on Santos' Barossa project, although suspension of work in the third quarter of 2022 following a Federal Court decision has paused drilling activities.

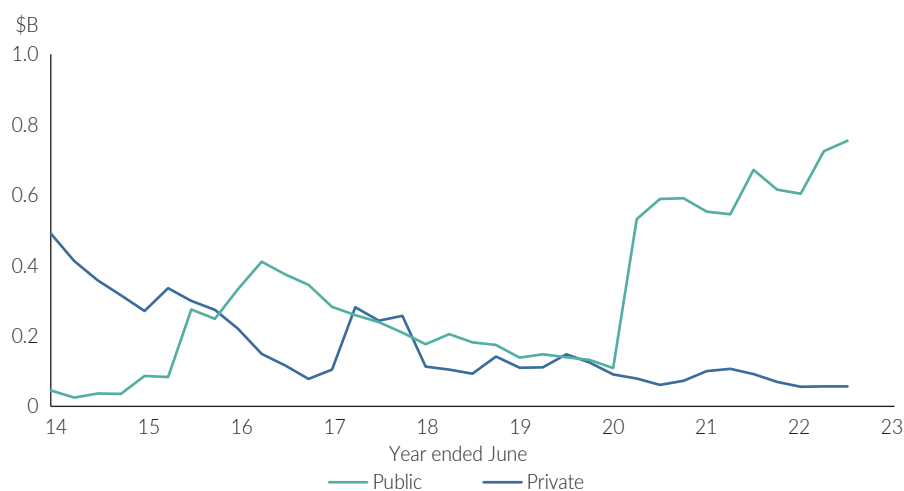
Over the long term, development of the Middle Arm Sustainable Development Precinct will aim to attract new industries including hydrogen, carbon capture, advanced manufacturing and minerals processing. This aligns with the Commonwealth's commitment of \$2.6 billion in infrastructure investment under its Energy Security and Regional Development plan, released as part of its 2022-23 Budget.

Non-residential

The value of non-residential building work done in the Territory increased by 9.7% in 2022 to \$555 million, with public sector activity increasing by 16.2% to \$358 million and private sector activity decreasing by 0.5% to \$198 million.

Public sector activity continues to support non-residential activity largely through ongoing defence-related projects and progress on the Darwin Education and Community Precinct, with a significant amount of work in the pipeline on the horizon (Chart 7). Construction of the Northern Territory Art Gallery and Darwin Education and Community Precinct, components of the Territory and Commonwealth governments' Darwin City Deal, are anticipated to be completed in 2024. Refurbishments and works at Alice Springs and Royal Darwin hospitals are progressing, with construction of the new Mental Health Inpatient Unit at Royal Darwin Hospital expected to be completed in mid 2024.

Chart 7: Value of non-residential work yet to be done in the Territory, quarterly



Source: ABS, *Building Approvals, Australia*, Cat. No. 8731.0

Non-residential work in the regions will be supported through various funding agreements between the Commonwealth and Territory governments. The Barkly Regional Deal, a 10-year commitment to 2029 of \$84.7 million by the Territory, Commonwealth and Barkly Regional Council, aims to improve productivity and liveability in the region by developing social infrastructure, and a mining and energy services hub to support private industry. Construction of the Jabiru Health Centre, part of the Territory governments Jabiru Futures Package aimed at redeveloping Jabiru into a tourism and services centre, is anticipated to be completed in late 2023.

Additionally, ongoing defence-related projects will contribute to non-residential construction activity over the outlook period including redevelopment of Darwin and Tindal RAAF bases, and the Robertson Barracks base improvements project.

The expected development of the Darwin Convention Centre Hotel, the first stage in the redesigned Darwin Waterfront Masterplan, will add 200 to 250 rooms of new accommodation options for corporate and leisure visitors to the Darwin Waterfront. The process of selecting a private sector proponent to build, own and operate the hotel is underway.

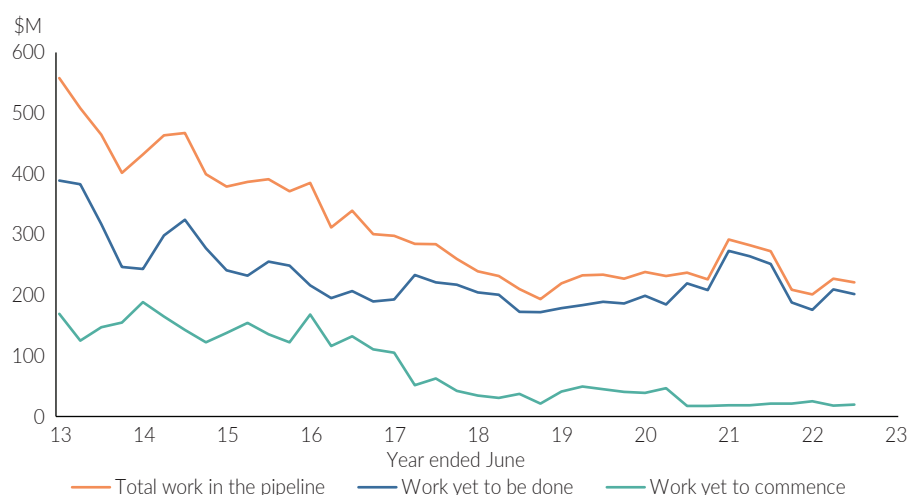
Completion of the Darwin-Jakarta-Singapore Cable in mid 2023, the Territory's first direct international fibre cable, will promote investment in digital infrastructure in the Territory. Construction of NextDC's D1 data centre in Darwin is expected to commence in late 2023 with land already secured for a second centre. Additionally, DCI Data Centers has also obtained land for its planned DRW01 data centre. Planned construction of the Asia Connect Cable System (ACC-1) and HyperOne is anticipated to further support and attract private digital investment in the Territory.

Residential

The value of residential building work done in the Territory decreased by 7.0% to \$327 million in 2022, with private sector activity decreasing by 5.1% to \$251 million and public sector activity decreasing by 12.7% to \$76 million.

Both demand and supply factors have contributed to the steady decline in residential construction activity over the past year. The ending of government incentives in mid 2021, and increasing interest rates and input costs have hampered demand for the construction of new builds, while labour shortages constrained the construction industry in progressing the backlog of builds as a result of increased demand over the first half of 2021 (Chart 8).

Chart 8: Value of residential construction work in the pipeline, quarterly



Source: ABS, *Building Activity, Australia*, Cat. No. 8752.0; Department of Treasury and Finance

Despite this moderation, progress is being made on several residential construction projects including development approval for an 8-storey, 72-room accommodation block in Darwin city to house international students on completion of the Darwin Education and Community Precinct; construction expected to commence on the 24-unit LUXE apartment complex; work progressing on Sunbuild's 92-unit Seabreeze apartment block; and completion of the first two towers of the John Stokes Square redevelopment, which includes 78 public housing dwellings across three residential towers.

The upcoming titling of new residential land across various developments such as Lee Point, Mirawood, Parkside Berrimah, Northcrest, Zuccoli and Kilgariff will provide a steady supply of land for residential construction work over the coming years.

The Territory Government is also progressing its regional accelerated accommodation project, aiming to deliver 180 and 240 dwellings in Alice Springs and Katherine, respectively, with half of these dwellings to be used to accommodate key government workers. Construction of these dwellings is scheduled to start in 2023-24, ready for occupation by 2024-25.

Additionally, significant investment in remote community housing under the Territory and Commonwealth governments' Remote Housing Investment Package will continue over the next couple of years, with the program having built 1,000 new homes since 2016.

For the latest data on the construction sector, refer to the [Territory Economy](#) website.

Defence

Outlook

Defence investment in the Territory is expected to increase over the outlook period as a result of increased geopolitical uncertainty and the Northern Territory's important strategic location in the Indo-Pacific region.

The Territory's vast distances and low population density mean investment decisions by defence have a significant effect on the economy of the Territory. The associated supply and maintenance activities support the growth of local businesses and industries, while relocating families leads to an increase in population.

Conducting defence training exercises alongside international partners and stationing allied personnel and equipment in the Territory generates supplementary revenue that extends beyond defence-linked industries. These exercises benefit a diverse range of local industries such as hospitality, retail and tourism.

Australia's strategic outlook is changing due to the shift in global economic and political power to the Indo-Pacific region, which presents both opportunities and challenges. In response to this changing dynamic, the Commonwealth is strengthening ties with allies and partners, increasing defence capabilities and reprioritising its force posture.

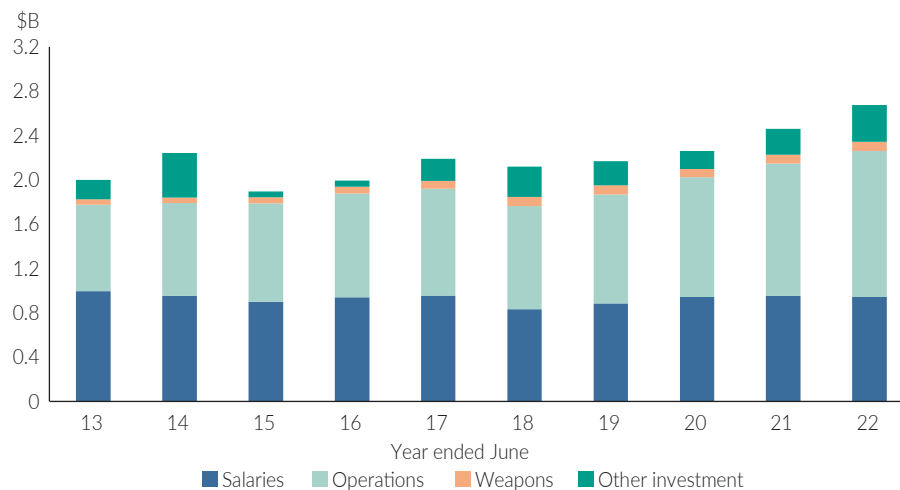
The 14 March 2023 announcement by the Prime Minister that Australia, the United Kingdom and United States (AUKUS) would work together in partnership to develop new nuclear-powered submarines for the Royal Australian Navy is an example of this shifting dynamic. Australia will purchase at least three United States (US)-manufactured nuclear submarines as part of a new program, costing up to \$368 billion over 30 years.

The Defence Strategic Review, released on 24 April 2023, outlines how the Defence Force's structure, posture and preparedness need to change in order to meet the nation's future security challenges. The recommendations of the Review indicate there is potential for even greater Defence investment in the Territory. 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.

Employment

National defence expenditure in the Territory has steadily increased since 2017-18, reaching \$2.7 billion in 2021-22, up 8.7% on the previous year (Chart 9). This represents 5% of national defence expenditure. The share of the national defence expenditure increased by 0.1 percentage points from the previous year and is down by 1.4 percentage points from the height of 6.4% in 2014.

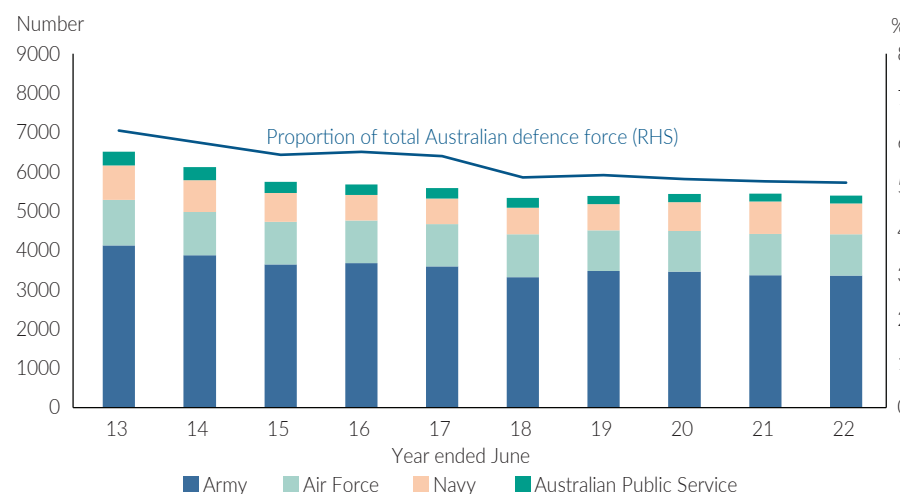
Chart 9: Defence expenditure in the Territory



Source: ABS unpublished data; Department of Treasury and Finance

The number of defence personnel stationed in the Territory decreased by 0.9% (50) in 2021-22 to a total of 5,395. The growth was in the reserve forces (up by 7% to 918), with the number of permanent forces decreasing by 2.5% to 4,273. The number of Department of Defence public servants was unchanged at 204.

Chart 10: Defence employment in the Territory



RHS: right-hand side

Source: Defence Annual Report 2021-22

In the permanent forces, the army numbers decreased by 0.4% to 3,357 while the number of navy personnel fell by 4.9% to 782. This was partially offset by a 0.4% increase in air force personnel to 1,052. The Territory's share of total defence personnel remained unchanged at 5.1%.

The number of Defence Housing Australia properties in the Territory decreased by 2.1% to 1,710 in 2021-22, continuing the downward trend from a peak of 2,638 in 2013-14. The Territory's proportion of total defence housing stock increased by 0.9 percentage points to 10.1%.

International cooperation

Australia maintains international cooperation with a range of defence partners. Together with its main defence partner, the US, Australia participates in the United States Force Posture Initiatives (USFPI).

To strengthen its defence alliances and enhance the skills of its military personnel, Australia routinely participates in military exercises. Given its location in the Indo-Pacific region, the Territory frequently collaborates with various international partners and often hosts these exercises.

In 2022, the exercises included:

- Exercise Pitch Black, with 17 nations participating in August and September
- Exercise Kakadu, a Royal Australian Navy-led exercise in September
- Exercise Predators Run, with the Philippines, Malaysia and the US in September
- Exercise Koolendong, a combined exercise alongside the US Marine Corp in July
- Exercise Singaroo, with the Singapore Navy in September
- Exercise Diamond Storm, operating from RAAF bases Darwin and Tindal in June.

The Territory is home to two large biennial defence exercises: an international air combat exercise, Exercise Pitch Black; and an international maritime engagement exercise, Exercise Kakadu. These exercises bring together numerous defence partners ranging from the US and the United Kingdom (UK) to Malaysia and Singapore.

The Royal Australian Navy also participated in a major multinational maritime warfighting exercise. In October 2022, HMAS Adelaide and ANZAC departed Darwin, signalling the launch of the Indo-Pacific Endeavour 2022 (IPE22), Australia's flagship regional engagement activity. The IPE22 featured a fleet of five ships, 11 helicopters, and about 1,800 personnel who collaborated with Australia's regional partners across 14 countries spanning from India to Indonesia and the Philippines, which strengthen Australia's engagement and partnerships with regional security forces.

Defence relationships with India and Japan are vital for the security of the Indo-Pacific region. In 2022, the RAAF conducted two maritime surveillance operations with the Indian Navy. Indian P-8I visited Darwin in April 2022, while an Australian P-8A was deployed to Goa, India in June 2022.

The engagement with international partners reaches a wide range of local industries including the hospitality, retail and tourism sectors.

Projects

Defence tenders offer the incentive for large international firms to invest in the Territory. International firms bring with them expertise and experience that support the growing local defence industry. Defence, by fostering links between international and local firms, provides the opportunity for local businesses to integrate into the global supply chain. For example, Territory companies such as Fuel Calibration Services, Territory Instruments, RAM Services and RGM Maintenance are subcontracted by Lockheed Martin to provide ground support equipment capability.

The defence projects being delivered in the Territory are extensive and extend across the air force, navy and army. This includes upgrades to training facilities, enhanced defence logistical capability, housing expansion and new strategic infrastructure to support the Australian Defence Force's operation in the north. Specific projects under development across various facilities in the Territory include (Map 3):

- \$298 million to upgrade the Delamere air weapons range
- \$55 million for the Jindalee operational radar network facilities
- \$270 million for HMAS Coonawarra N2263 Sea1180 facilities and infrastructure to support and sustain the offshore patrol vessel
- \$59 million for the new Larrakeyah Health Centre and refurbishments to Robertson Health Centre
- \$520 million for the Larrakeyah Defence Precinct redevelopment program
- \$170 million for RAAF Base Darwin P-8A Poseidon forward operating base
- \$270 million for the US bulk fuel storage facility, including 11 storage tanks at East Arm
- \$92 million for two bulk fuel storage tanks to support US Air Force missions at RAAF Base Darwin
- \$747 million to upgrade major defence training ranges and infrastructure to support USFPI
- \$1.12 billion for RAAF Base Tindal stage 6 redevelopment and USFPI airfield works and associated infrastructure to support KC-30A platform
- \$3.7 million for the RAAF Base Darwin offshore patrol vessel facilities
- \$7 million for the AIR 555 phase 1 airborne intelligence surveillance reconnaissance electronic warfare capability facilities works in the Territory of Cocos (Keeling) Islands and RAAF Base Darwin
- \$12.3 million to upgrade the Joint Health Command garrison facilities at RAAF Base Darwin
- \$6.8 million to upgrade the military working dogs kennel facility.

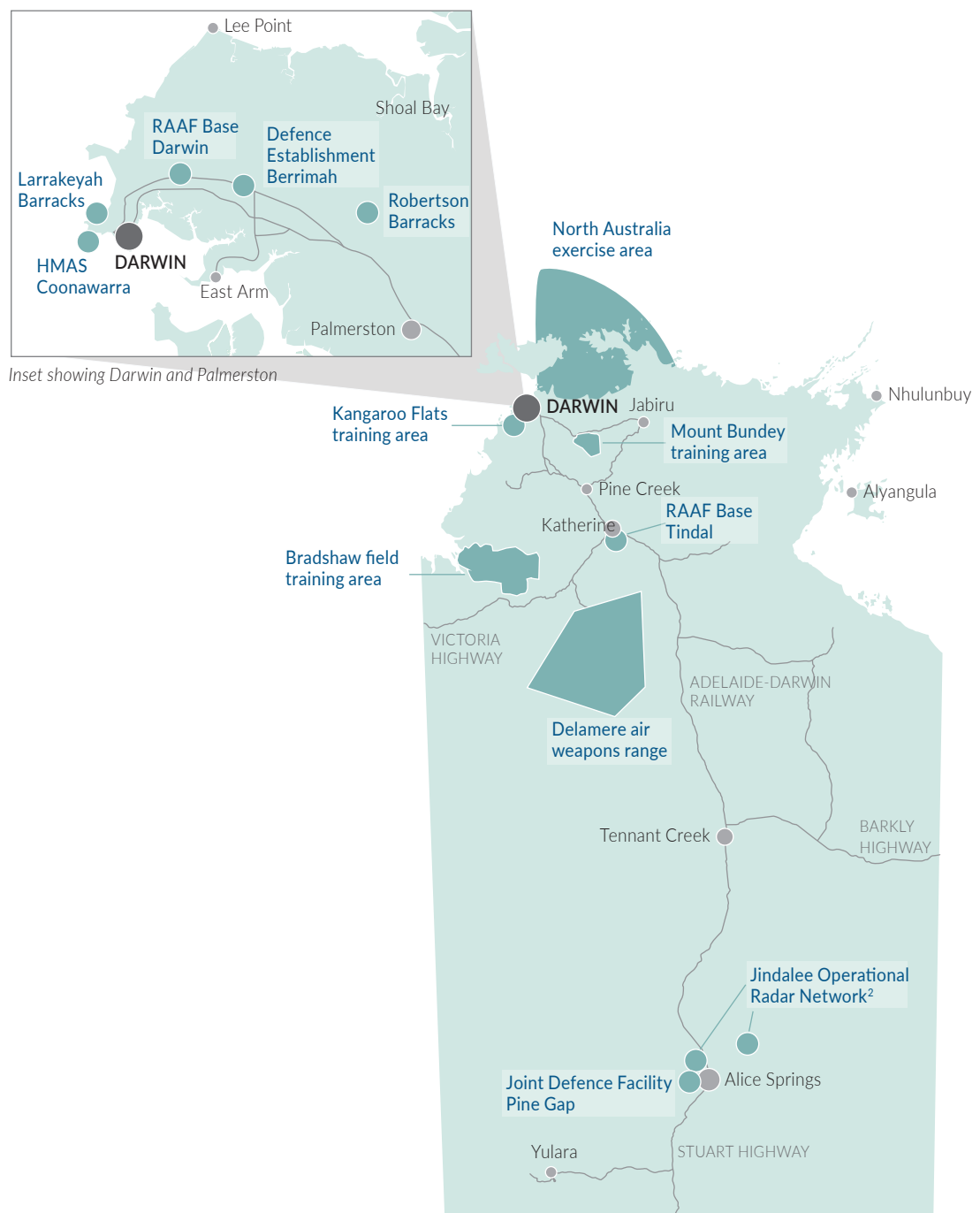
Projects proposed and subject to approval:

- Robertson Barracks base improvements project
- the defence Renewable Energy and Energy Security Program to deliver solar energy generation and battery storage systems at RAAF bases Darwin and Tindal.

Further defence investment in the Territory is possible in light of the recommendations of the recently released Defence Strategic Review. Following the release of the Review, the Commonwealth Government announced \$3.8 billion in investment funding to upgrade military bases in Australia's north. To the extent this is new investment, it represents further upside to the Defence outlook in the Territory.

For the latest data on the Territory's defence sector, refer to the [Territory Economy](#) website.

Map 3: Major defence sites in the Territory¹



- 1 This map is produced from various sources. Department of Treasury and Finance cannot guarantee the accuracy, currency, or completeness of the information. To be used as a guide only.
- 2 The Jindalee Operational Radar Network has 2 operating facilities within the Alice Springs region, at Harts Range and Mount Everard.

Source: Department of Treasury and Finance; Department of Industry, Tourism and Trade; Department of Defence

Retail and wholesale trade

Outlook

Growth in the retail trade industry is expected to slow in 2022-23 as a result of high inflation and rising interest rates in the short term. The outlook for wholesale trade will track private investment activity, as large investment projects require significant logistical support.

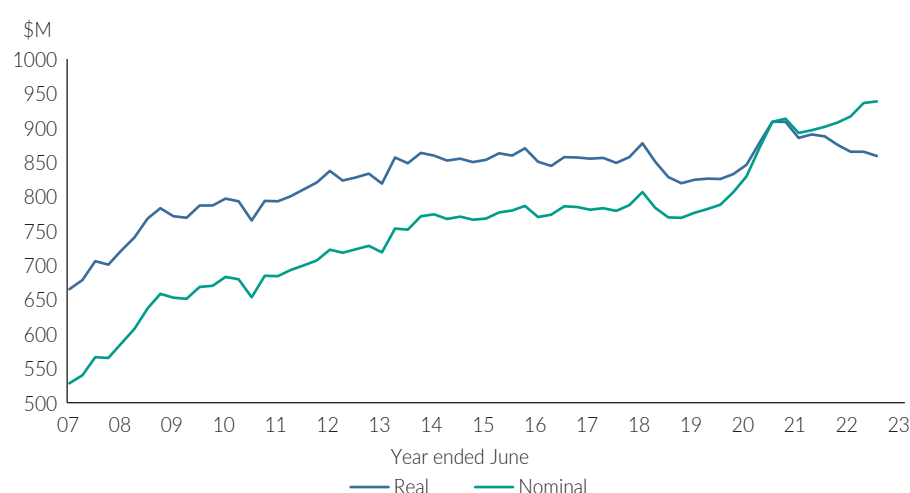
In 2021-22, the Territory retail and wholesale trade industries contributed \$1.6 billion to the Territory's economy, a similar value to 2020-21. The contribution made by the retail and wholesale industries decreased from 6.5% to 5.2% in 2021-22. Both the retail and wholesale shares of GSP decreased from the previous year. The sector's contribution to GSP is relatively low compared with other jurisdictions, reflecting the dominance of the government and community services and mining sectors in the Territory.

In the short term, the retail and wholesale trade industries face challenges on both the supply and demand sides. On the supply side, labour shortages and higher input costs are impacting margins. On the demand side, consumer confidence has fallen as rising prices constrain household budgets. Consumers are adjusting their shopping behaviour in response to the rising cost of living. It is anticipated the retail and wholesale trade sector will return to modest growth over the medium term once inflation moderates and real wage growth picks up.

Retail trade

Retail trade's contribution to GSP increased by 1.7% to \$792 million in 2021-22. Nominal retail trade turnover increased by 2.8% in 2022. This increase was entirely due to price increases. In real terms, retail turnover fell by 3.1% (Chart 11).

Chart 11: Retail sales in the Territory (seasonally adjusted)



Source: ABS, *Retail Trade, Australia*, Cat. No. 8501.0

Over 2023, household consumption habits are expected to move closer to pre-pandemic patterns. In particular, services spending should continue to grow while goods spending is likely to decrease. The Australian household saving ratio continues to decline from the high levels seen during COVID-19.

Over the medium term it is expected that population growth will be the main driver of growth in retail turnover. Stronger wage growth over the outlook period should also contribute to growth.

Developments likely to support retail investment and turnover in the Territory include:

- the Darwin City Deal project to revitalise the central business district (CBD) including the Darwin Education and Community Precinct, Civic and Northern Territory Redevelopment and Northern Territory Art Gallery
- redeveloping Jabiru into a tourism and regional service hub
- CBD revitalisation in Alice Springs, focusing on heat mitigation and enhancing community safety through environmental design
- the National Aboriginal Art Gallery in Alice Springs
- Katherine East Neighbourhood Centre, retail and commercial precinct.

In 2022, Sentinel Property Group acquired the Casuarina All Sports Club. The acquisition of the club is part of Sentinel's long-term plan to develop Casuarina into a town centre and expand on the retail component to include residential developments. With over 8 million visitors to the centre each year it is the Territory's largest retail complex.

There are further unfunded proposals as well as smaller funded projects and programs in the pipeline such as the Katherine Logistics and Agribusiness Hub and Darwin International Airport stage 3, which would support retail investment across the region. Infrastructure and land use planning are being fast-tracked in major urban development zones such as Holtze, Coolalinga and Humpty Doo, which will provide future areas for population growth and commercial development.

Online sales in the Territory were steady in 2022, after growth of 11.2% in 2021. Nationally, year-on-year growth in online sales decreased by 2.5% in 2022 following an 8.2% increase in 2021, according to the National Australia Bank's online retail sales index. Online retailing expenditure is only partially captured in the Australian Bureau of Statistics (ABS) data, as it only reflects online retail sales by Australian retailers. E-commerce shops can be located in other jurisdictions or overseas, meaning growth in online retail expenditure does not directly translate to growth in the retail industry in the Territory.

Wholesale trade

In 2021-22 the wholesale trade industry decreased by 1.5% to \$831 million in the Territory, compared to a 1.3% increase nationally. With increased private investment activity over the outlook period, growth in the wholesale trade industry is expected to improve. There is potential for greater growth if proposed major projects reach final investment decision.

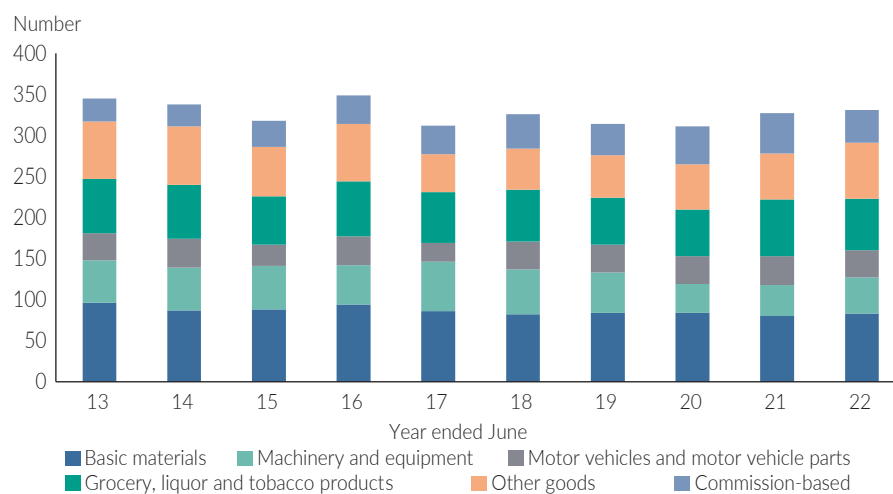
Growth in the wholesale trade sector in the Territory is dependent on infrastructure investment to support that growth. Contribution to economic output tends to move with investment projects, which require significant logistics support, particularly during construction stages. In the Territory, this relates to industrial storage and equipment, transport and food wholesaling.

The Territory is progressing development of the Katherine Logistics and Agribusiness Hub, which will assist rural and resource industries to link in with national supply chains and connect with other sectors of the economy. In addition, a supply chain database is being developed to collate the freight and industrial requirements, and impacts of known future developments across the agribusiness, minerals, energy, manufacturing, defence and social sectors. This data will become the evidence base to support freight and land use investments.

Other projects that will facilitate future growth in the wholesale trade industry include the Tanami Road upgrades, which will support the movement of freight, and the development of the Marine Industry Park.

The number of wholesale businesses operating in the Territory has continued to grow with 17 additional businesses since 2019, increasing by 5.4%. At the end of June 2022, there were 331 businesses in the wholesale trade industry in the Territory (Chart 12).

Chart 12: Number of wholesale businesses, by type



Source: ABS, *Counts of Australian Businesses, including Entries and Exits*, Cat. No. 8165.0

For the latest data on the retail and wholesale trade sector, refer to the [Territory Economy](#) website.

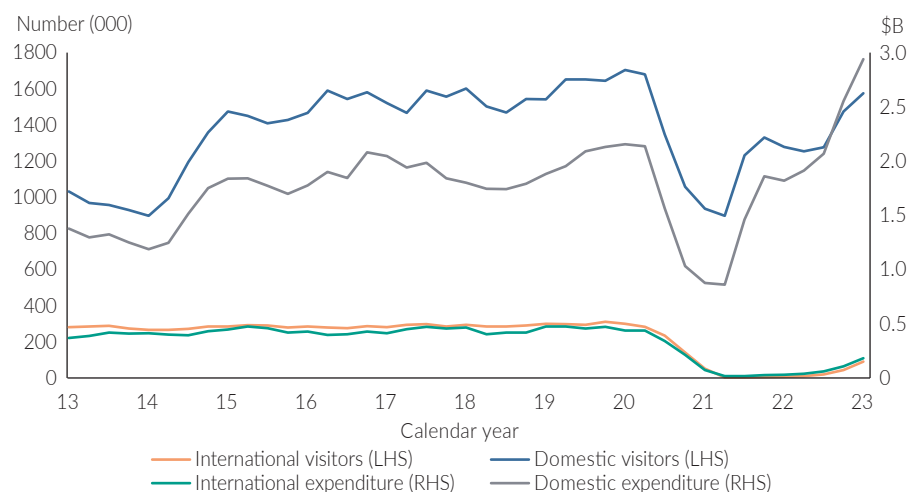
Tourism

Outlook

Growth in the tourism industry is expected to slow in 2023 as increased cost of living pressures constrain household budgets. Over the medium term, the industry is expected to be supported by growth in both international and domestic visitation to the Territory.

Visitor expenditure in the Territory in 2022 was the highest on record, reaching \$3.1 billion, up 69% on 2021. The number of visitors to the Territory increased by 30% to 1.66 million in 2022, but remained 17% below pre-pandemic levels, primarily due to a slower recovery in the number of international visitors (Chart 13). The strong results for 2022 reflect a unique operating environment for the Territory, mainly fuelled by domestic travellers substituting overseas holidays for travel within Australia.

Chart 13: International and domestic visitation and expenditure in the Territory¹



LHS: left-hand side; RHS: right-hand side

¹ Moving annual total.

Source: Tourism Research Australia, *International Visitors in Australia, Travel by Australians*

Higher prices contributed to higher average spend per trip. On average, visitors stayed in the Territory for 7.4 nights, spending on average \$1,875 per stay (up 30%). From 2011-12 to 2020-21, tourism accounted for an average of 4.3% of Territory gross state product and 6.1% of total employment.

While the international visitor recovery is underway, it is anticipated to proceed slowly. Growth in domestic spending is expected to moderate as increasing cost of living pressures weigh on discretionary spending and Australians are exposed to a range of holiday choices as international travel returns. A full recovery to pre-pandemic levels of visitation is anticipated from 2025 when international travellers return and aviation networks are expected to recommence.

International visitation

There were 90,000 international visitors to the Territory in 2022, 70% fewer than in 2019. The outlook for international visitors remains challenging due to international airlines seeking to recover their networks following two years of hibernation, traveller confidence returning in key markets where health and safety is seen as paramount, and cost of living pressures in source markets. In addition, competition is high in the global market for tourism, with a range of competing destinations ramping up their investment to attract the interest of potential travellers.

At a Territory level, the international visitor revival lags the national recovery, due to the Territory's placement on international itineraries for Australia. The closure of international borders was particularly damaging to the Central Australian tourism industry, which traditionally has been more reliant on international visitors than the Top End. Affordability issues have been exacerbated in the Territory due to airplane and crew shortages, the high cost of jet fuel and inflationary pressures. While forward occupancy rates for Darwin indicate strong visitation during the traditional peak season, significant capacity remains available outside of this period when the tourism industry relies more heavily on international visitors.

Domestic visitation

The recovery of domestic travel for the Territory and Australia has been strong. Visitor spending growth has outpaced visitor volume in the Territory, with expenditure results now higher than in 2019 at an average of \$1,867 per trip, up 48% compared with 2019. The roll back of COVID-19-related travel restrictions, pent-up demand, accrued leave and greater demand for premium experiences, is expected to see growth in domestic travel continue through the Territory's 2023 peak season from April to October.

In 2022 the number of interstate holiday visitors increased by 48% relative to 2021, 12% lower than pre-pandemic levels. The number of intra-Territory visitors fell slightly in 2022 to 623,000. In 2022, 1.1 million visitors visited regional areas, equating to 64% of visitation to the Territory.

The pace of recovery has varied for different purposes of travel. Travel for holidays and visiting friends and relatives has recovered more quickly than for other segments. Domestic visitation from the Territory's holiday and visiting friends and relatives segments grew strongly in 2022, up 24% and 21%, respectively, with the number of holiday visitors now 10% higher than in 2019.

The business travel sector is recovering at a much slower pace. Business travel increased by 22% in 2022, but remains 27% below pre-pandemic levels. Many businesses have maintained practices that were adopted during COVID-19 such as virtual conferences instead of face-to-face meetings, dampening the demand for business travel.

While outcomes have improved over the past two years, the post-pandemic recovery may be impeded by a number of factors including the effect of future COVID-19 variants or a worsening geopolitical situation as a result of the Russia-Ukraine conflict, as well as inflationary and interest rate pressures domestically.

Government initiatives

The Northern Territory's Tourism Industry Strategy 2030 sets out the strategic direction for industry development over the next decade. The strategy includes specific actions to achieve identified goals in the short, medium and long term to attract more visitors to the Territory, and help the tourism sector deliver increasingly diverse, quality tourism experiences.

In 2023-24, the Territory Government has invested in a number of projects that will help improve tourism opportunities and experience across the Territory, which include;

- \$12.8 million for targeted tourism, business events and international education marketing activities
- \$1.1 million in additional personnel expenses to increase digital activities and deliver enhanced marketing and development initiatives
- \$1.9 million for Aboriginal tourism industry development activities
- \$3 million for an international marketing boost
- \$500,000 for visitor services across the Territory.

An update of the Territory's Tourism Industry Strategy 2030 is underway and is expected to be finalised by 30 June 2023. This will reset short-term targets and contextualise actions for the next three-year period within a COVID-19 recovery operating environment.

The Government's Cruise Tourism Strategy 2022-2025 aims to increase the number of both cruise liners and expedition ships over the next three years. The cruise sector is a key part of the tourism industry in the Top End, generating an estimated \$60 million of annual expenditure within the Territory pre-COVID-19. Based on current Darwin Port data, there are 150 ships booked in to visit Darwin from June 2023 to December 2024, with a passenger capacity of approximately 95,000 visitors.

In early 2023, the Government announced a range of Alice Springs tourism support initiatives, including;

- \$1 million brand and trade campaign dedicated to the Red Centre, to drive interstate visitation in 2023
- a tailored \$500,000 business events marketing program to showcase Central Australia through familiarisation programs, media activity and travel trade advertising
- the Save and Learn voucher program will be doubled to \$3,000 per eligible school group for the 2023 calendar year to encourage more interstate schools to visit the Northern Territory
- \$1 million for round six of the visitor experience enhancement grant program where Territory operators can receive up to \$100,000 in funding to upgrade their visitor experience.

These investments build upon the Seek Different, Road Trip Differently and Culture is Closer Than You Think campaigns, which are already in market to draw visitors to the Northern Territory.

In November 2020, Tourism Central Australia released a Priority Action Plan with 11 priority projects aiming to refocus and refresh tourism experience in Central Australia. These projects were generated through consultation with the tourism industry, market intelligence, visitor surveys and feedback and reviews of product development from destinations with similar characteristics. Currently, the Mereenie Loop and Visitor Information Centre projects have been upgraded and progressed.

The National Aboriginal Art Gallery project in Alice Springs is progressing. The Northern Territory Government has acquired the land for the site and construction of the Gallery is expected to commence in 2024.

Accommodation

Strong intrastate tourism supported the accommodation sector through 2022. As a result, occupancy rates increased by 8.7 percentage points to 62% over the year and have recovered to pre-pandemic levels.

Many hotels across Australia are facing an industry-wide shortage of qualified hospitality workers, inhibiting the sector's ability to service the recovering visitor numbers. The Territory is responding with a new employment campaign as part of a \$12.8 million worker attraction program led by Hospitality NT.

Darwin accommodation performed strongly in 2022 compared with 2019. Darwin hotel occupancy in 2022 averaged 63% compared with 58% in 2019 and was 3.1 percentage points above the national average. In Darwin there were around 450 more rooms supplied in December 2022, compared with December 2021 as accommodation suppliers recommenced operations post-pandemic. Improvements and major construction refurbishments are being completed at hotels in Darwin, specifically at the Mercure and Novotel hotels at the Darwin Airport. Renovations are expected to be completed in 2023.

The outlook for the Darwin accommodation sector is positive with the monthly forward booking figures, as at February 2023, indicating occupancy peaking in May and July. Forward bookings around events are particularly strong, as is the normal pattern.

The accommodation sector in Alice Springs has seen improvements from 2021 with average occupancy in 2022 at 64% surpassing occupancy for 2020 and 2021, at 49% and 58%, respectively. The Mercure Alice Springs Resort reopened for business in August 2022, with 139 rooms being added to supply, providing room for the region to attract more visitors and creating flow-on impacts to other businesses in the sector.

Aviation

Aviation services directly support the Territory's economic development and underpin essential services such as healthcare, education, social welfare and movement of time-critical freight. It also plays an important role in keeping the Territory's remote communities connected throughout the year, particularly those experiencing road closures during the wet season. The Territory's expansive and isolated geography means there is a high reliance on air travel when commuting intrastate, interstate and internationally.

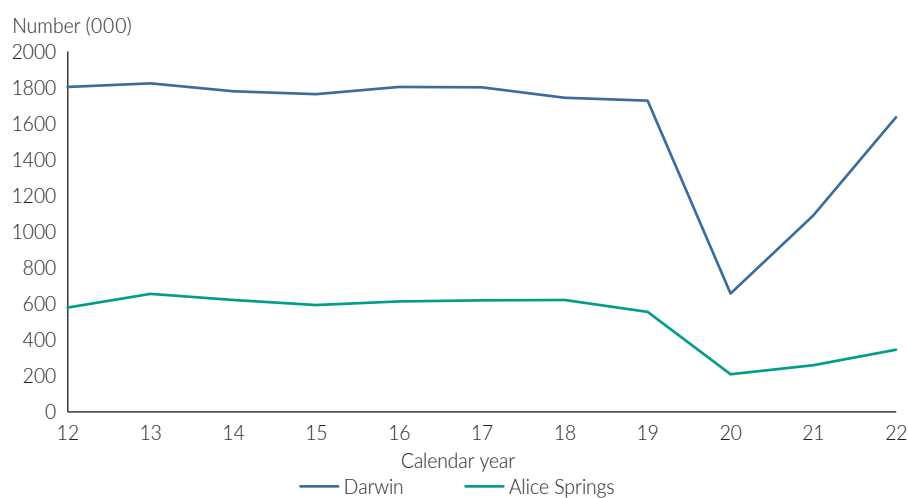
The lifting of Australia's international travel restrictions in February 2022 led to a sharp recovery in air travel demand, with airlines attempting to quickly scale-up operations to pre-pandemic levels. However, this presented the aviation sector with operational challenges at a global scale, including shortages of airplanes and crews, availability of spare parts and other supply chain disruptions. This resulted in ongoing airline capacity adjustments throughout 2022 all over Australia.

The aviation outlook for 2023-24 is positive, with the Territory Government applying a proactive strategy to rebuild its aviation network. This includes the collaborative approach by Territory Government to support the opening of Qantas' Embraer 190 aircraft and crew base at Darwin International Airport in February 2022. This project will benefit the Territory's aviation goals of improving air accessibility, while also making economic development contributions by creating up to 200 new Territory jobs.

While domestic flights at Darwin have mostly recovered to pre-pandemic levels, there is still work to do to address Central Australia's (including Alice Springs and Yulara) aviation connectivity and affordability, which is strongly linked to the recovery of international visitation. Currently there are over 450,000 seats available into the region throughout 2023. The Territory Government is focused on strategies to support the aviation recovery in the region, including working with Virgin Australia to support its position as the second airline carrier serving Alice Springs.

Passenger movements in 2022 for Darwin and Alice Springs remain below pre-pandemic levels with passenger movements in Alice Springs recovering at a much slower rate of 38% below 2019, whereas Darwin has almost recovered and is only 5% below 2019 (Chart 14). The prices of flights to Central Australia, especially to Alice Springs, are high and seat capacity has been reduced. The decline in visitation to Alice Springs can be linked to the township losing its position as the gateway to Uluru. With the expansion of Ayres Rock Airport, many visitors are choosing to go directly to Uluru, bypassing Alice Springs.

Chart 14: Annual passenger movements



Source: Bureau of Infrastructure and Transport Research Economics, *Domestic aviation activity*

Internationally, the Territory welcomed the return of Singapore Airlines to operate non-stop flights between Darwin and Singapore. This route is crucial for the Territory's global connectivity. These services will increase to five per week from July 2023. Separately, the opening of the Embraer 190 base in Darwin saw an expansion of the Darwin-Dili (Timor-Leste) route to now be served by two carriers, Qantas and Airnorth. Jetstar provides an important connection for Darwin residents with Bali as well as the promotion of a two-way traffic hub through Denpasar, connecting Darwin with cities in South-East Asia and beyond.

A non-stop flight linking the Territory with China remains a focus of the Territory Government's aviation strategy. A formal engagement and business development plan is in place to restore this important link.

For the latest data on the tourism sector, refer to the [Territory Economy](#) website.

Agriculture, forestry and fishing

Outlook

The value of the Territory's agricultural output is expected to grow over the outlook period, reflecting new investment in horticulture and new crops coming into production.

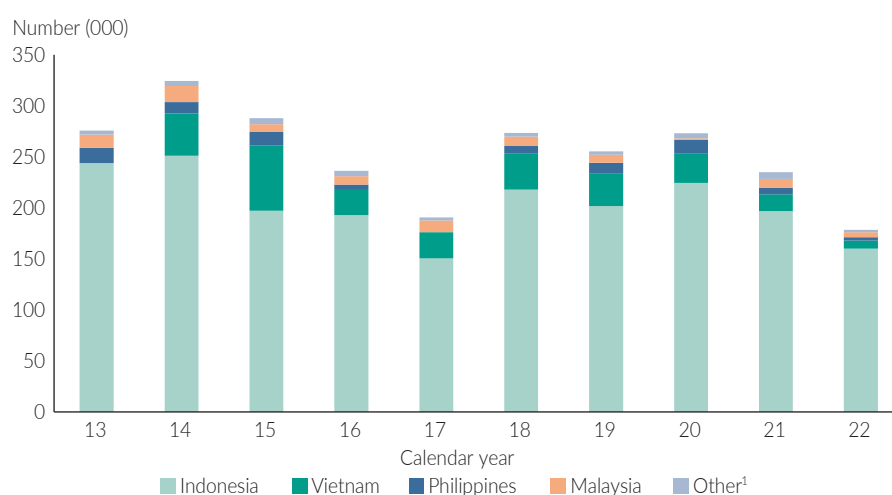
In 2021-22, the Territory agriculture, forestry and fishing sector accounted for 2.8% (\$805 million) of GSP and 1.5% (2,000 people) of employment. Although international cattle exports have declined recently, this has been offset by increased interstate cattle trade. Conditions for horticultural production have been favourable in 2022-23, reflecting strong melon production and a solid, albeit difficult, mango season. The outlook for the rest of the forecast period is positive, with above-average rainfall improving grazing conditions, continued investment in new crops, and the Territory's largest forestry plantations approaching maturity (Map 4).

One of the main risks to the outlook is the ongoing labour shortage. The number of backpackers has not fully recovered since the COVID-19 pandemic, and the industry competes with the hospitality industry to fill positions. Higher input costs also present a challenge, as agricultural businesses are generally price takers in output markets and are unable to pass on these higher costs. Several serious biosecurity threats have also been detected in the Territory's closest trading partners, which would greatly damage the industry in the event of a local outbreak.

Live cattle

The Territory's live cattle exports are expected to decrease in 2022-23, with the number of cattle shipped from Darwin Port down 21% in the financial year to date (July 2022 to March 2023) compared with the same period in 2021-22. Declines were reported across all the Territory's major trading partners in 2022, leading to the lowest number of live cattle traded in over a decade (Chart 15).

Chart 15: Annual number of live Territory cattle overseas exports, by destination



1 Other comprises Brunei, Cambodia, Egypt, Timor-Leste and Thailand.

Source: Department of Industry, Tourism and Trade

Domestic cattle prices remained at record highs through much of 2022, with cattle also trading at elevated prices in international markets. Above-average rainfall, particularly in the southern states, led to strong domestic demand for Territory cattle to restock. This trend has been observed over the past 18 months, even affecting herds traditionally intended for export. The domestic trade market is expected to grow as pastoralists diversify away from the risk that comes with international trade.

With strong rainfall continuing into 2023, pastoralists in the Territory are likely to rebuild their own herds through 2023, following several years of downsizing. The new stock would reach maturity by 2024, leading to a rebound in overseas live cattle exports. Although there is uncertainty around the future trajectory of prices, Darwin live export feeder steer prices were trading at \$3.90 per kilogram by the end of March, down from \$5.25 per kilogram in the previous year. While this is a significant drop, feeder steer prices have historically ranged from \$3.00 to \$3.50 per kilogram prior to October 2020, when exporters experienced issues with supply.

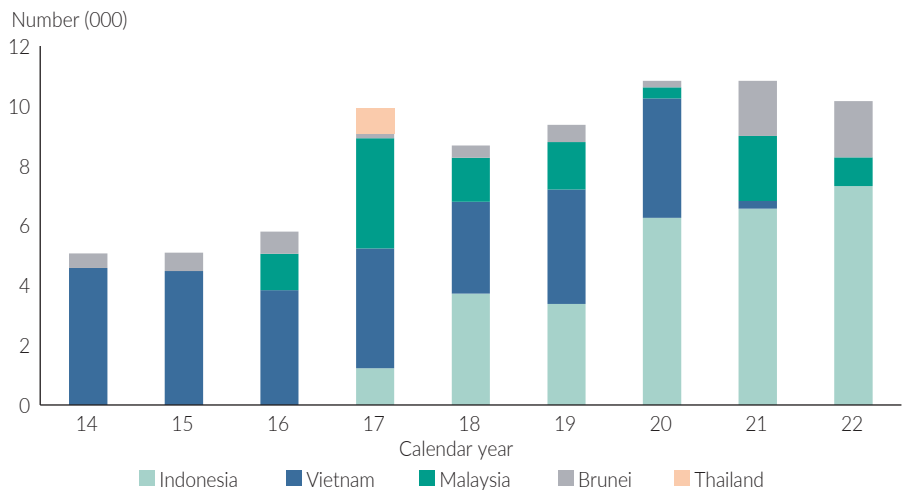
Indonesia is the Territory's largest live cattle export market, accounting for 90% (160,123 head) of cattle exports in 2022. India is Australia's major competitor in the Indonesian beef market, with its lower quality and cheaper priced frozen buffalo meat. This competition, along with higher Australian cattle prices and the Indonesian Government's policies to achieve self-sufficiency for major commodities, including beef, continues to have an impact on Australian live cattle exports.

Over the past few years, lumpy skin disease has spread through herds in South-East Asia and disrupted live exports, reaching Indonesia in early 2022. Around the same time, foot and mouth disease, another highly contagious infection, was also detected in Indonesia. Both diseases are still prevalent and are major risks in 2023. A widespread outbreak of either disease in Australia would significantly impact live cattle and buffalo exports, as well as hides, meat and dairy products. In response to the threat, the Commonwealth announced \$61.6 million in funding to boost biosecurity for northern Australia as part of its 2022-23 Budget.

Live buffalo

The export of live buffalo is a small industry in the Territory with further growth potential. The relatively higher price of live cattle positions live buffalo as an alternative product for South-East Asia. Indonesia is the largest export destination for Territory buffalo, accounting for 72% (7,314 head) of total buffalo exports in 2022, followed by Brunei at 18% (1,869 head) (Chart 16). Overall, buffalo exports decreased slightly by 6% in 2022, although recorded the third strongest year on record with a smaller decline in volume traded than live cattle exports. Despite increased overseas demand, the industry is not expected to see any significant increase in production due to the challenges of harvesting wild buffalo.

Chart 16: Annual number of live Territory buffalo overseas exports, by destination

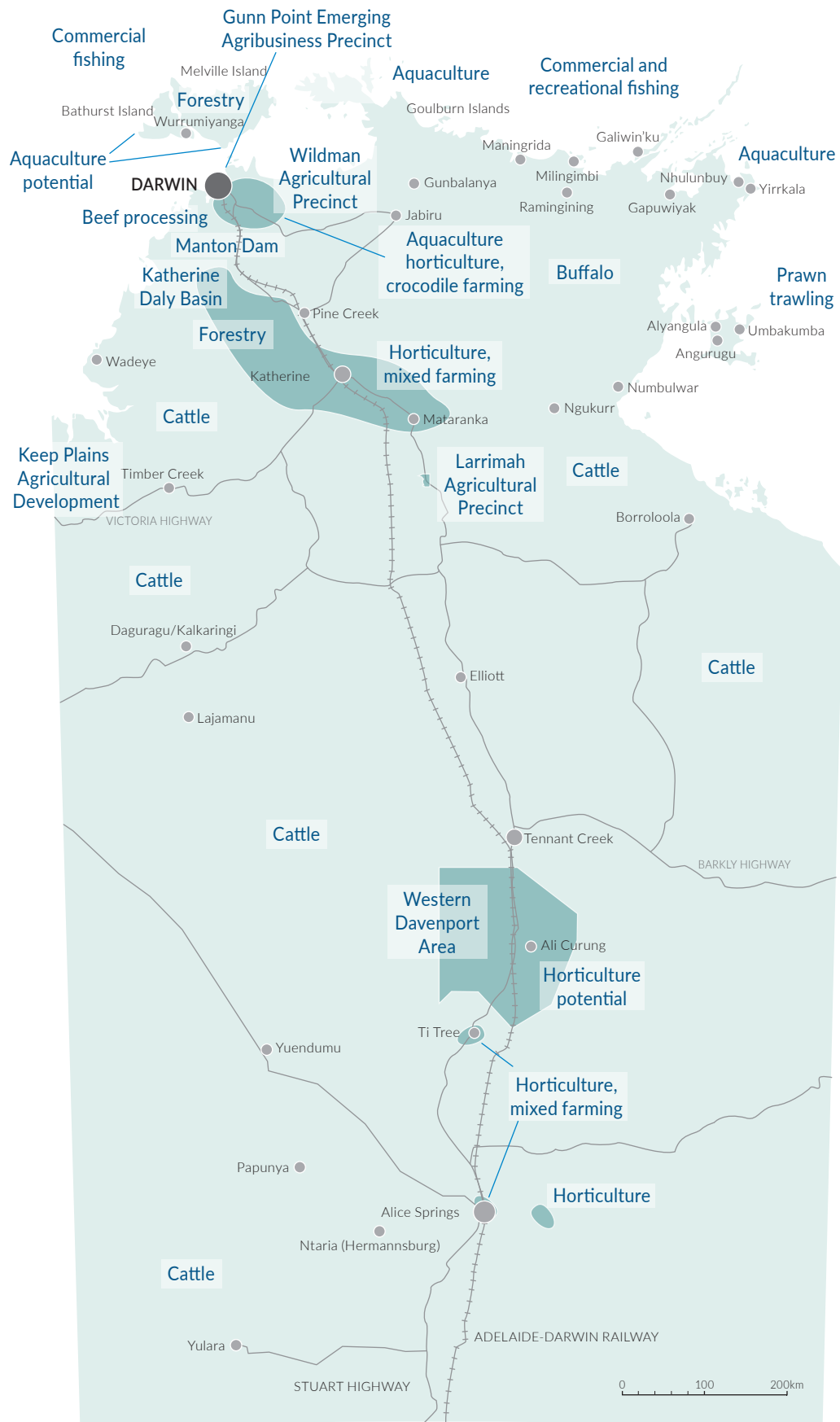


Source: Department of Industry, Tourism and Trade

Other livestock products

According to data from the Commonwealth Department of Agriculture, Water and the Environment, overseas beef exports from the Territory continued to decline, from 146 tonnes in 2021 to 55 tonnes in 2022. The short-term outlook for beef production is expected to be subdued as cattle farmers focus on rebuilding their herds.

Australia accounts for 64% of the global trade in saltwater crocodile skins, with most being farmed and exported by the Territory. Revenue from the Territory crocodile industry increased by 20% to \$29 million in 2021-22. Although demand for the high quality skins remains strong, there is a large surplus on the second grade market that is putting downward pressure on prices. Revenue is forecast to increase in 2022-23 as farmers focus on producing higher quality skins, although future production will be limited by collection challenges.

Map 4: Territory agriculture, forestry and fishing¹

¹ This map is produced from various sources. Department of Treasury and Finance cannot guarantee the accuracy, currency or completeness of the information. To be used as a guide only.

Source: Department of Treasury and Finance; Department of Industry, Tourism and Trade

Horticulture

The outlook for horticultural production is positive over the forecast period, with several potential developments in the outer years.

Mango production accounts for a large proportion of the Territory's horticulture sector (around half of total value, excluding forestry) and is strongly influenced by seasonal conditions and demand in southern Australian markets. The 2022-23 mango season began earlier than usual, with reportedly stronger yields. However, above average rainfall in late 2022 damaged a significant amount of produce from Top End growers, leading to an abundance of second grade fruit entering the market. As Katherine mangoes entered circulation later in the season, mango prices continued to drop, with some farms ceasing harvests altogether. Overall, production was stronger in 2022-23, although constrained by seasonal factors. During the season, around 285 tonnes of Territory mangoes were flown directly to South Korea, Hong Kong and Dubai in the 2022-23 season, which marks the first time mangoes have been exported to these countries directly from the Territory. This was possible following treatment at the new vapour heat treatment facility at Darwin Airport. Expanded overseas access presents a significant opportunity for mango growers to diversify from predominantly interstate trade.

Melon farming is the second-largest horticultural activity in the Territory. Though numbers are yet to be finalised, melon production grew in 2021-22 and is on track to increase again in 2022-23. The main driver for this growth is the development of new land in the Douglas-Daly region, with high levels of investment by several growers.

There are several new crops under consideration that are expected to increase the value of horticulture production over the outlook period. Up to 15,000 jackfruit trees are planted in the Territory but most are yet to produce fruit. Dragon fruit, passionfruit and rambutan production is also expected within the next five years following earlier hybridisation trials.

Since the onset of the Russia-Ukraine conflict, diesel prices and fertiliser prices have remained at elevated levels, which presents a significant input cost to growers. Labour supply will continue to be a challenge in the sector for the foreseeable future. The Commonwealth ceased the agriculture visa program in 2022 and expanded the Pacific Australia Labour Mobility (PALM) scheme in its place. However, under current conditions, the PALM scheme requires employers to accommodate workers for up to nine months, which is significantly longer than the typical 2-month mango season.

Broadacre crops

Cotton production is growing quickly in the Katherine region, with around 10,000 hectares planted in 2022, up from 7,500 hectares in 2021. Production is expected to continue growing rapidly over the outlook period, with studies suggesting the value to production from the cotton industry could grow to \$200 million per annum within 10 years. A grower-operated cotton gin in the Katherine region is expected to be finished in August 2023, which will scale up with increased production. In addition, cotton seed is a high-protein feedstock that could increase the weaning rate of cattle, which also creates an opportunity for farmers to earn carbon credits from improved efficiency.

Forestry

The outlook for the forestry industry is generally positive, noting the longer-term nature of the activity means the economic return takes many years to realise. There are currently 42,000 hectares of plantations in the Territory that are expected to produce an average of \$100 million per annum over the next 10 years. The two main types of plantations grown in the Douglas-Daly and Katherine regions are African mahogany and Indian sandalwood. Trials of Indian sandalwood are also planned for Groote Eylandt. Despite having different times to maturity, the African mahogany is expected to be harvested in coming years, providing a boost to the Territory's total value of agricultural production.

Up to 35,000 hectares of *Acacia mangium* plantations on the Tiwi Islands are being harvested and sold on the international woodchip market. COVID-19 continued to cause supply chain disruptions in 2022, although demand was strong throughout this period. Production increased from 23,000 green metric tonnes (GMT) in 2020-21 to 77,000 GMT in 2021-22, but remained below the 2019-20 level of 122,000 GMT. Production is expected to rebound strongly in 2022-23, with 109,000 GMT already exported in the second half of 2022.

Fisheries

The outlook for fisheries production in the Territory is positive, reflecting a recovery in fishing stock following another year of favourable weather conditions.

In 2021-22, production from wild harvest fisheries increased by 14%. Wild barramundi and mud crab production are affected by environmental conditions, and after favourable wet seasons in 2020-21 and 2021-22, mud crab production significantly increased, and wild barramundi production is expected to improve in another year.

In offshore fisheries, the Timor Reef Fishery experienced an increase in catches in 2021-22, while production from the Demersal and Offshore Net and Line Fishery remained stable.

The value of aquaculture production grew in 2021-22, reflecting increased barramundi production. The outlook for the Territory aquaculture industry is positive, with expansions of existing operations expected to enter production. The Commonwealth is currently considering laws to introduce country-of-origin labelling for seafood in the hospitality sector, which may raise consumer awareness and preferences for Australian produce.

Territory Government agribusiness development

There are several projects and opportunities that focus on developing the agriculture, forestry and fishing sector in the Territory. Priority projects include the Katherine Logistics and Agribusiness Hub, Keep Plains Agricultural Precinct (Weaber Plains Development of the Keep River Catchment), Larrimah Agricultural Precinct, Wildman Agricultural Precinct, Gunn Point Emerging Agribusiness Development Precinct, an improved regional road network and developing infrastructure to increase export opportunities.

Under the Commonwealth's \$2 billion Water for Australia plan, up to \$300.6 million will contribute towards the first stage of the Darwin Region Water Supply Infrastructure Program, which includes returning Manton Dam to service and preliminary works for the Adelaide River off-stream water storage project. Consistent with the findings of the detailed business case, investment in additional water supply will support a range of industries across the Darwin region including new agricultural development.

Land developments

In 2020, the Territory Government released expressions of interest for three large-scale agricultural land developments: the Keep Plains Agricultural Development (total area of 67,500 hectares with up to 15,000 hectares suitable for intensive irrigated agriculture); Wildman Agricultural Precinct (26,000 hectares); and Larrimah Agricultural Precinct (5,700 hectares). In 2022, separate developers were successfully appointed to the Keep Plains Agricultural Development and Larrimah Agricultural Precinct, with both developments set to contribute to regional growth and increased agribusiness production. The Wildman Agricultural Precinct is currently under negotiations with a private developer.

The Gunn Point Emerging Agribusiness Precinct, co-funded by the National Water Grid Authority and in partnership with the Territory Government, was established to trial the commercial viability of agricultural opportunities that could be rolled out on a broader scale. The project area is made up of two blocks over 260 hectares, allowing for multiple participants. Expressions of interest for the Gunn Point project are expected to be invited in mid to late 2023.

Collectively, these developments provide an opportunity to significantly expand the Territory's agricultural production area and offer opportunities for new investment in a wide range of high value crops, including mangoes, bananas, melons and forestry, as well as broadacre crops such as cotton, sorghum and chia. The Territory Government is currently identifying additional areas that could advance future regional agricultural growth.

Another prospective region in Western Davenport is Singleton Station, which has been identified as having the potential to produce up to 150,000 to 200,000 tonnes per annum of various crops, with the project currently undertaking rigorous regulatory approvals. There has also been interest in further expanding the Douglas-Daly region, with opportunities for several pastoral properties in the high rainfall zone to further develop land for intensive agriculture and horticulture production.

For the latest data on the agriculture, forestry and fishing sector, refer to the [Territory Economy](#) website.

Abbreviations and acronyms

ABS	Australian Bureau of Statistics
AMGC	Advanced Manufacturing Growth Centre
AUKUS	Australia, United Kingdom, United States
B	billion
Cat. No.	catalogue number
CBD	central business district
GEMCO	Groote Eylandt Mining Company Pty Ltd
GMT	green metric tonnes
GSP	gross state product
HMAS	His Majesty's Australian Ship
IPE22	Indo-Pacific Endeavour 2022
LHS	left-hand side
LNG	liquefied natural gas
M	million
PALM	Pacific Australia Labour Mobility
RAAF	Royal Australian Air Force
RHS	right-hand side
UK	United Kingdom
US	United States (of America)
USFPI	United States Force Posture Initiatives

Explanation of terms

Agriculture, forestry and fishing

The agriculture, forestry and fishing sector is a significant employer and source of economic activity in regional and remote areas. It also has important linkages to other industries of the economy, including retail and wholesale trade, manufacturing and transport. The sector's output can vary significantly from year to year due to changes in demand (including trade restrictions), seasonal conditions affecting production, and impacts of pest and disease incursions.

Construction

Analysis of construction activity and work done is based on monthly and quarterly data reported by the Australian Bureau of Statistics through a number of data releases including engineering construction activity, building activity, building approvals and construction work done. The sector's gross value added is measured annually and reported in Australian Bureau of Statistics state accounts data. Sector contributions to employment are based on quarterly Australian Bureau of Statistics labour force statistics.

Conventional gas

Conventional gas is found in geological formations which permits the gas to freely migrate below the surface and move to the surface when intercepted by a well.

Defence

Defence is not reported as a separate industry in the national accounts, rather it is reported against several industries, predominantly public administration and safety. Australian Bureau of Statistics does not report defence employment numbers. References to defence refer to both the Department of Defence and the Australian Defence Force. The Department of Defence and Defence Housing Australia annual reports are the sources of data.

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.

Engineering construction

Construction work that does not have a roof.

Government and community services

The government and community services sector consists of public administration and safety; education and training; and health care and social assistance.

These services are mainly funded by the public sector, including the Commonwealth, Territory and local governments. However, non-government and private entities may also provide education, health, aged care and other community services as well as defence.

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.

Gross value added

The value of output at basic prices minus the value of intermediate consumption at purchasers' prices. The term is used to describe gross product by industry and by sector. Basic prices valuation of output removes the distortion caused by variations in the incidence of commodity taxes and subsidies across the output of individual industries.

Mining and manufacturing

Mining and manufacturing activities in the Territory include mining of metal ores, oil and gas production, and quarrying, as well as the manufacture of fabricated metal, transport equipment and repair, and helium for domestic and overseas markets. The Territory's mining industry data also includes offshore oil and gas production in Territory waters.

Non-residential building

Buildings intended for purposes other than long-term residence.

Residential building

Buildings primarily used for the purpose of long-term residence.

Retail trade and wholesale trade

Retail trade captures the sale of goods in stores and online to predominantly households for personal consumption. Domestic online sales are attributed to the state in which the online retailer is based. This means, due to the relatively low number of Territory-based online retailers, published retail trade data does not provide a complete representation of the level of spending on retail goods by Territorians. Retail turnover data does not include purchases made directly from an overseas website.

Wholesale trade is the sale of new or used goods to businesses and institutional users. Wholesale trade is generally a smaller component of Territory gross state product than retail trade and a much smaller share of employment.

Service industries

The service industries sector covers a broad range of industries and makes up a significant proportion of gross state product and employment. The service industries are: professional, scientific and technical services; transport, postal and warehousing; accommodation and food services; financial and insurance services; administrative and support services; electricity, gas, water and waste services; rental, hiring and real estate services; arts and recreation services; information and media telecommunications; and other services.

Tourism

Tourism differs from other industries as it is defined by consumers' behaviour rather than the process of producing goods and services. Accordingly, standard Australian Bureau of Statistics measures of production in the national accounts are not available for tourism. Rather, tourism's contribution to the Territory economy is captured in a range of industries, including accommodation and food services, retail trade, culture and recreation, and transport. Tourism is sensitive to factors such as global and local economic conditions, exchange rates, tourism marketing activity, aviation access, changing consumer behaviour, visa regulations and competition amongst destinations.