

External Economic Environment

During 2008-09, most developed economies and most of the Territory's major trading partners are in, or close to, recession. The International Monetary Fund and other reputable commentators expect that the downturn in the world economy will continue into 2009-10. In Australia, this has contributed to a decline in private consumption and business investment, and rising unemployment.

The downturn in the world economy has reduced demand for the Territory's key exports, such as minerals and energy production and tourism services, and contributed to a slowdown in business investment and private consumption. However, investment and consumption decisions made prior to the downturn are providing the Territory economy with considerable momentum and a relatively high rate of economic growth in 2008-09, despite the deteriorating world economic situation.

Additionally, record levels of public sector investment in infrastructure by Commonwealth, Territory and local governments, and Territory Government housing construction and affordability initiatives, are expected to support the Territory economy in 2009-10.

Commonwealth fiscal policy embodied in the Economic Security Strategy and Nation Building and Jobs Plan is also supporting public and private consumption and investment in the Territory.