

CHAPTER 1

ECONOMIC PERFORMANCE, OUTLOOK AND STRATEGY

Chapter	Page
1.1 Overview	7
1.2 National and Global Economic Outlook	9
1.3 ACT Economic Outlook	11
1.4 Economic Strategy	23
1.5 Risks to the Economic Outlook	27

1.1 OVERVIEW

The ACT economy has now emerged from the impact of past Commonwealth Government cuts, with growth expected to reach 2 per cent in 2015-16 (up ¼ of a percentage point from the 2015-16 Budget Review), before returning to longer-term trend growth of 2½ per cent from 2017-18 onward.

The improvement in the growth outlook is being accompanied by solid labour market outcomes, with the unemployment rate falling to 4.1 per cent in April 2016 and around 2,000 net new jobs expected to be created over the course of 2015-16.

In addition, other indicators of economic activity, such as State Final Demand and Retail Trade, are also showing strong outcomes and are consistent with a broad-based recovery in the ACT's economy.

The upward revision in the outlook for growth has also occurred in an environment of historically low inflation, driven by weak international growth.

The wages outlook is also subdued partly as a result of protracted Australian Public Service wage bargaining negotiations and the lower inflation environment.

Overall, the recovery is being supported by the end of the Commonwealth Government's hiring freeze on 1 July 2015, the low Australian dollar's positive impact on service exports such as tourism and foreign student numbers, as well as historically low interest rates.

ACT Government infrastructure investment, including the Light Rail – Stage 1 project, the University of Canberra Public Hospital, the ACT Law Courts, public housing renewal and several major road upgrades are also expected to support growth over the short to medium term.

There remain, however, downside risks to the medium-term outlook. In particular, the 2016-17 Federal Budget's announcement of an additional \$1.9 billion in efficiency dividend savings (of which an estimated \$600 million may occur in the ACT) would have flow-on effects to the broader ACT economy.

In addition, any worse than expected outcomes arising from the Australian economy's transition away from mining investment led growth toward broader sectoral drivers, could also impact on the ACT economy.

The outcome of the July 2016 Federal election will also potentially impact the ACT economy depending on the fiscal and economic policy priorities of the elected Government.

1.2 NATIONAL AND GLOBAL ECONOMIC OUTLOOK

Australian economy

The outlook for the Australian economy is positive over the forecast period, notwithstanding some downside risks. Overall, the Australian economy is expected to recover from its period of below trend growth in 2014-15, to record 2½ to 3 per cent growth over the forward estimates.

Over the course of 2015-16, robust dwelling investment has been an important driver of the performance of the domestic economy, while consumption growth remains around its long-run trend growth rate. Both of these sectors may experience additional support in coming months, given the Reserve Bank's decision to cut the official interest rate at its May 2016 meeting.

In tandem with solid consumption growth and dwelling investment performance, national labour market conditions have also improved. While the momentum behind these improvements has slowed somewhat, conditions have nonetheless improved over the past year. National unemployment has been trending downward since mid-2015, and annual employment growth is around its long-run average of 1.8 per cent.

The strength of the labour market over the past year has been accompanied by an environment of subdued wages growth. Modest wage outcomes are expected to continue throughout the forecast period as employment growth shifts away from the mining sector and toward services-based industries. The shift is in line with Australia's broader economic transition away from mining investment led growth toward broader sectoral drivers.

In a similar vein, consumer price inflation outcomes are currently at historical lows. The low inflation environment is expected to prevail over the forecast period, with the Reserve Bank anticipating price growth potentially below its 2 to 3 per cent target band.

Overall business investment growth remains subdued. Nonetheless, non-mining sectors of the Australian economy are generally growing at above average rates, suggesting the transition from mining sector dominated growth is progressing.

While the Commonwealth Government's overall rate of fiscal consolidation in the 2016-17 Budget (0.4 per cent of GDP per annum) was unchanged when compared with the 2015-16 Mid-Year Economic and Fiscal Outlook, expenditure consolidation by the Commonwealth is likely to disproportionately affect the ACT. In addition, the continued efficiency dividend impost on the Australian Public Service carries a risk to the ACT's economic outlook.

Global economy

The global economic outlook has been downgraded since the 2015-16 ACT Budget Review, with the International Monetary Fund (IMF) lowering its outlook in its April 2016 *World Economic Outlook*. This is the fourth time that the IMF has lowered its outlook for global growth in the past year. Despite this downgrade, global growth is still expected to rise slowly over the forecast period.

China's transition to a slower, but more sustainable, consumption oriented growth path, has brought with it challenges in relation to declining growth in productivity as well as urban workforce flows. Potential disruptions to this transition remain a key risk to the global outlook.

Similarly, economic growth in the **Euro region** is expected to remain moderate and is being supported largely by accommodative monetary policy and lower energy prices. The primary economic risks facing the outlook for the Euro region are political, including a possible British exit from the European Union.

Japan's weak growth outlook is expected to continue despite highly accommodative monetary policy.

A modest recovery in the **United States** over 2016 and 2017 is anticipated, led by household consumption with support from lower energy prices. Despite mild business investment performance, gradual improvements in the labour market are expected to continue.

1.3 ACT ECONOMIC OUTLOOK

Economic growth is expected to be higher across the forecast period in the 2016-17 Budget, when compared to the 2015-16 Budget Review. The forecast improvements reflect a broad based recovery across all sectors of the ACT's economy.

Importantly, service exports have continued to grow significantly, reaching \$1.6 billion in 2015, an increase of 16 per cent from 2014. Higher education exports grew by 10 per cent in 2015, to reach \$450 million and international tourism exports were worth over \$200 million in 2015.

The outlook for consumption growth in the ACT is also continuing to improve, with retail trade figures showing the highest recorded recent growth of any jurisdiction in Australia.

The improvement in consumption reflects an improved employment growth outlook since the 2015-16 Budget Review and has contributed to the upgraded Gross State Product forecasts in the 2016-17 Budget.

The ACT's population is anticipated to grow by 1½ per cent from 2015-16 onward, slightly higher than the 1.4 per cent growth rate in 2014-15.

Forecasts of key economic aggregates are summarised in Table 1.3.1.

Table 1.3.1: 2016-17 Budget Economic Forecasts, percentage change¹

	Actual	Estimate	Forecasts	Projections		
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
ACT						
Gross State Product ²	1.4	2 (+¼)	2¼ (+¼)	2½	2½	2½
State Final Demand ³	1.5	2½ (+½)	2½	4	4	4
Employment	0.0	1 (+¾)	1¼ (+¼)	1½	1½	1½
Wage Price Index ⁴	1.9	1¾ (-¼)	2 (-¼)	3½	3½	3½
Consumer Price Index	0.8	¾ (-¾)	1 (-1)	2½	2½	2½
Population	1.4	1½	1½	1½	1½	1½
Australia						
Gross Domestic Product ^{3,5}	2.2	2½	2½ (-¼)	3	3	3

Sources: ABS Cat. No. 3101.0, 5206.0, 5220.0, 6202.0, 6345.0 and 6401.0; CMTEDD; 2016 Pre-election Economic and Fiscal Outlook.

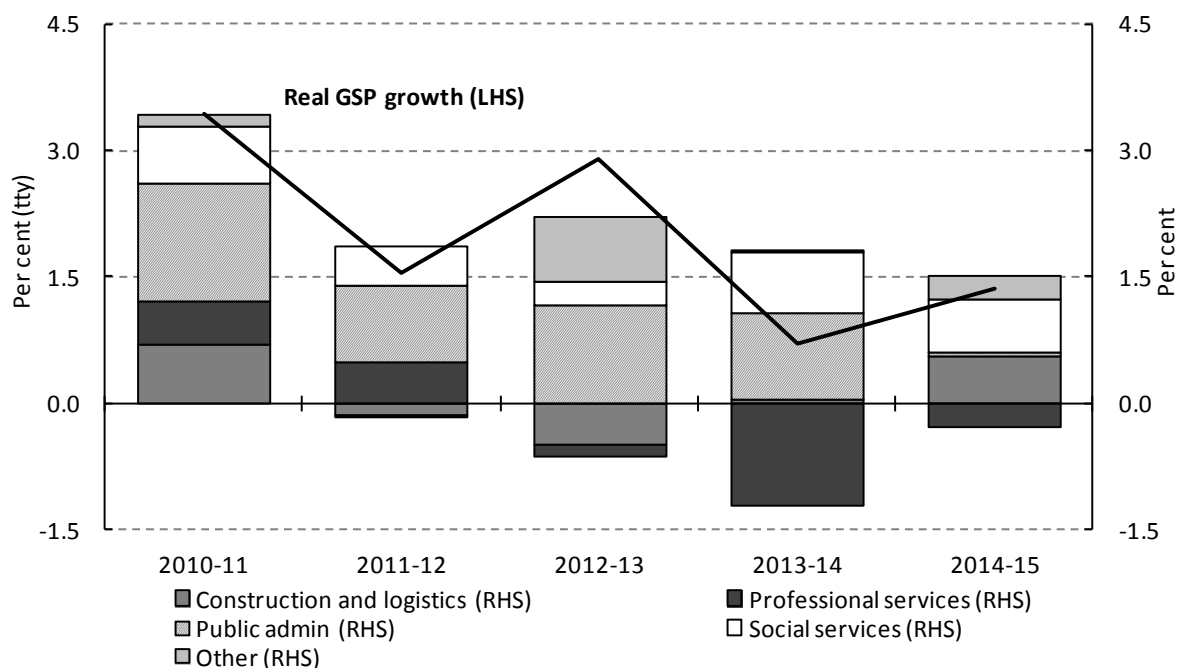
Notes: Numbers in brackets represent the change to forecast numbers since the 2015-16 Budget Review. Forecasts and projections are rounded to a ¼ of a percentage point, reflecting an appropriate level of accuracy in forecasting economic parameters. Projections are based on long-run trend assumptions.

1. Forecasts are on a through the year (tty) basis, unless otherwise specified.
2. Gross State Product is forecast on a real basis.
3. Year average basis.
4. Total hourly rates of pay excluding bonuses.
5. These are 2016 Pre-election Economic and Fiscal Outlook forecasts. Comparisons are to the Commonwealth 2015-16 Mid-Year Economic and Fiscal Outlook (MYEFO).

Gross State Product

The ACT's Gross State Product is expected to grow at 2 per cent in 2015-16, up from 1.4 per cent in 2014-15 and 0.7 per cent in 2013-14. Growth is expected to continue, reaching 2¼ per cent in 2016-17, before reaching long-term trend growth of 2½ per cent from 2017-18 onwards.

Figure 1.3.1: Contributions to real Gross State Product growth (industry groupings)



Source: ABS Cat. No. 5220.0.

Note: Contributions are on a through the year (tty) basis. 'Other' includes accommodation services, arts and recreation services, administrative services, wholesale trade, retail trade, mining, agriculture, manufacturing, the value of dwellings, other services and the effects of both the ABS' statistical discrepancy and of taxes, less subsidies. 'Social services' include the Health, Education and Electricity, Gas and Water industries. 'Professional Services' includes the Professional, Technical and Scientific services industry, the Information, Media and Telecommunications industry the Finance and Insurance Industry, and the Rental, Real Estate and Hiring industry. 'Construction and logistics' includes the Construction and Transport, Postal and Warehousing industries.

Despite the significant reduction in economic activity in the Public Administration industry sector – itself a flow-on effect from cuts to the Australia Public Service – the improvement in economic growth in the ACT was broadly based in 2014-15.

The Social Services industry grouping was the primary contributor to economic growth in 2014-15. This consisted almost entirely of economic activity in the Electricity, Gas and Water sector, with activity in the Healthcare and Education industry sectors having been more or less flat since 2013-14.

The Construction and Logistics industry grouping, despite forming less than 10 per cent of the ACT's economy, was the second largest contributor to economic growth in 2014-15.

In contrast, the ACT's Professional Services industry grouping has suffered its second consecutive year of contraction (driven by falling activity in the Professional, Scientific and Technical services sector). The ongoing robustness of the ACT's Information and Communication Technology industry and the recovery of the ACT's Finance and Insurance industry from a contraction in 2013-14 were not enough to reverse the decline in Professional Services activity in 2014-15.

State Final Demand

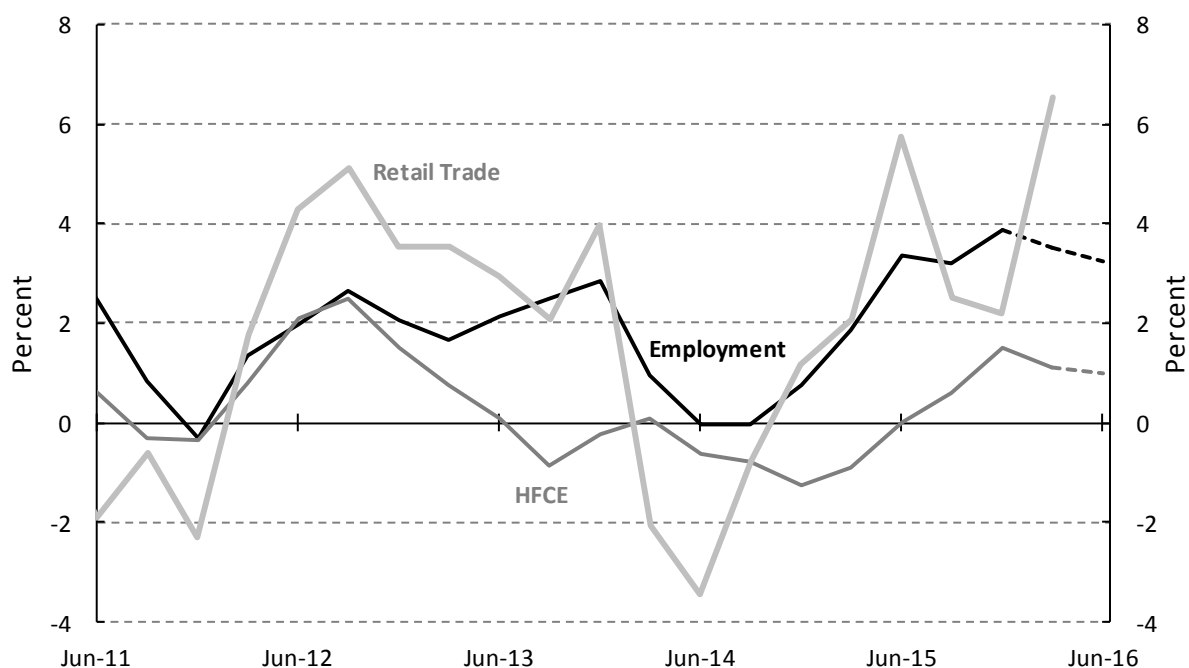
State Final Demand (SFD) is forecast to grow by 2½ per cent in 2015-16, following growth of 1½ per cent in 2014-15. The estimated outcome for 2015-16 is also supported by recent results, including a strong March quarter of 1.3 per cent which was the highest in Australia. The improvement in growth is being driven by solid household and improving government consumption growth. Growth in SFD is expected to remain at 2½ per cent in 2016-17, as a result of moderating growth in household and government consumption being offset by an increase in investment.

Household consumption

Household consumption growth has picked up in the ACT, having increased consecutively for the last six quarters to December 2015. Partial indicators of household consumption have also been positive: through the year retail trade growth has been positive for 22 consecutive months to April 2016; and employment growth is expected to reach 1 per cent in 2015-16, well above the ¼ per cent growth expected at the time of the 2015-16 Budget Review and the flat growth recorded in 2014-15.

Going forward, household consumption is expected to remain solid, as the local labour market continues to recover from the effects of past Australian Public Service job cuts. Record low interest rates and a return to trend population growth are also expected to support consumption activity over the forward estimates period.

Figure 1.3.2: Household Final Consumption Expenditure (HFCE), retail trade and employment, through the year growth



Sources: ABS Cat. No. 5206.0, 8501.0 and 6202.0.

Note: Employment data is in trend terms. HFCE and retail trade are in seasonally adjusted terms. Dotted lines represent an estimate.

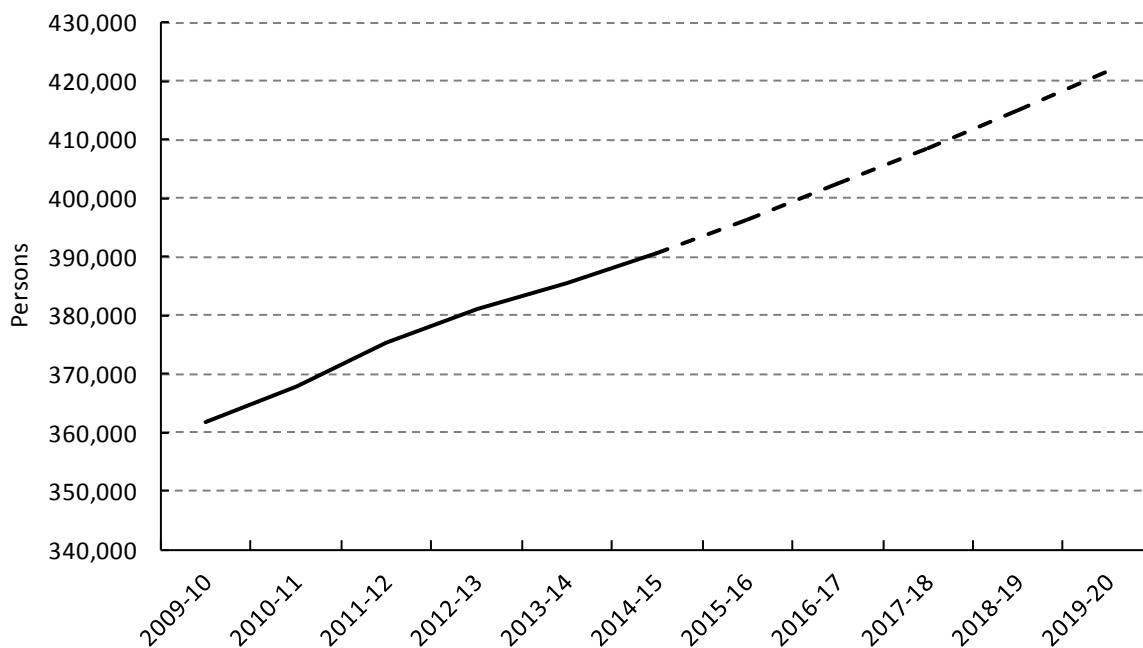
Population

The ACT's population is estimated to grow by 1½ per cent in 2015-16 and at trend growth of 1½ per cent from 2016-17 onward. This represents an increase of over 6,500 people per annum¹ by the end of the forecast period. By 2019-20, the ACT's population is expected to exceed 420,000 (Figure 1.3.3).

The contribution of net interstate migration is expected to stabilise at around zero by the end of the forecast period, while the share of net overseas migration is expected to rise slightly, offsetting a slight decrease in the contribution of natural increase (births less deaths) (Figure 1.3.4).

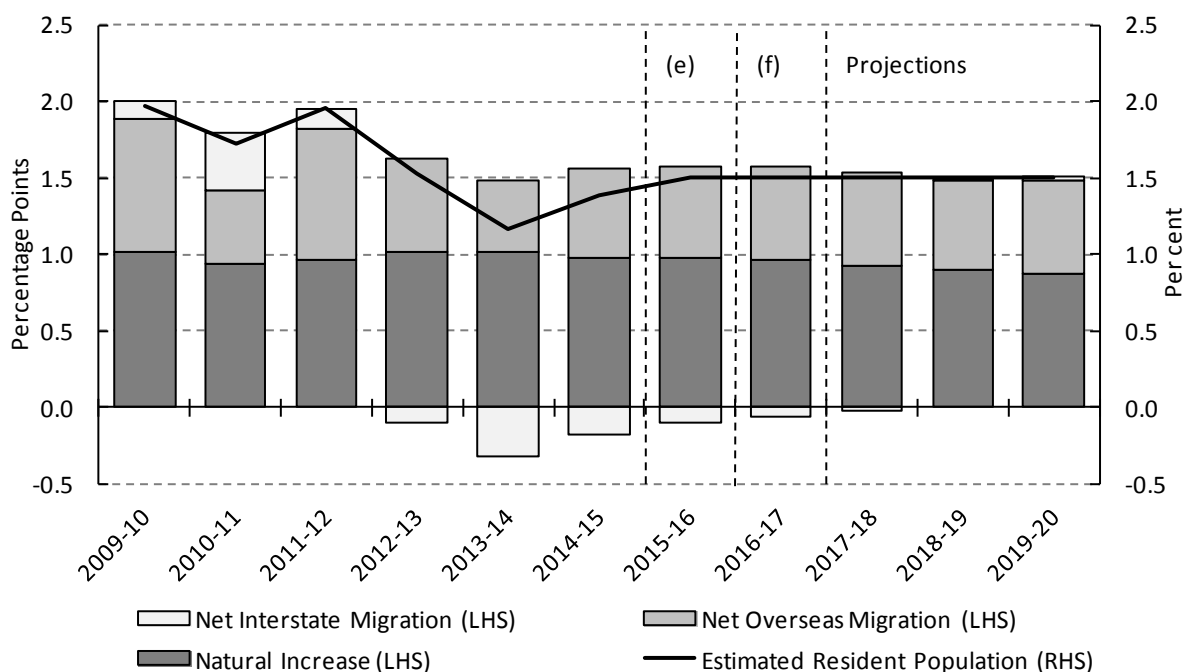
¹ Based on unrounded forecast population growth rates.

Figure 1.3.3: ACT population growth



Sources: ABS Cat. No. 3101.0; CMTEDD.
 Note: Dotted lines represent an estimate and projections.

Figure 1.3.4: ACT population growth by component



Sources: ABS Cat. No. 3101.0; CMTEDD.
 Note: (e) denotes estimate, (f) denotes forecast.

Housing

The housing market in the ACT is expected to remain solid in 2015-16, with building commencements increasing 14 per cent through the year to December 2015, the third consecutive annual increase. In addition, residential building approvals were up 28 per cent over the 12 months to April 2016, driven by an increase in approvals for houses.

Housing finance commitments for owner occupiers in the ACT have also been strong, rising by 14 per cent over the year to March 2016.

The ACT Government's land release program is anticipated to underpin housing construction activity over the forward estimates. In 2016-17, the ACT Government will release 4,550 new dwelling sites under the Indicative Land Release Program, and a total of 17,780 new dwelling sites over four years to 2019-20. In addition, the Government will continue to release a significant number of rehabilitated asbestos affected blocks over this period. See Supply and Release of Land (Chapter 5.3) for more details.

Figure 1.3.5: Dwelling approvals by type, original data



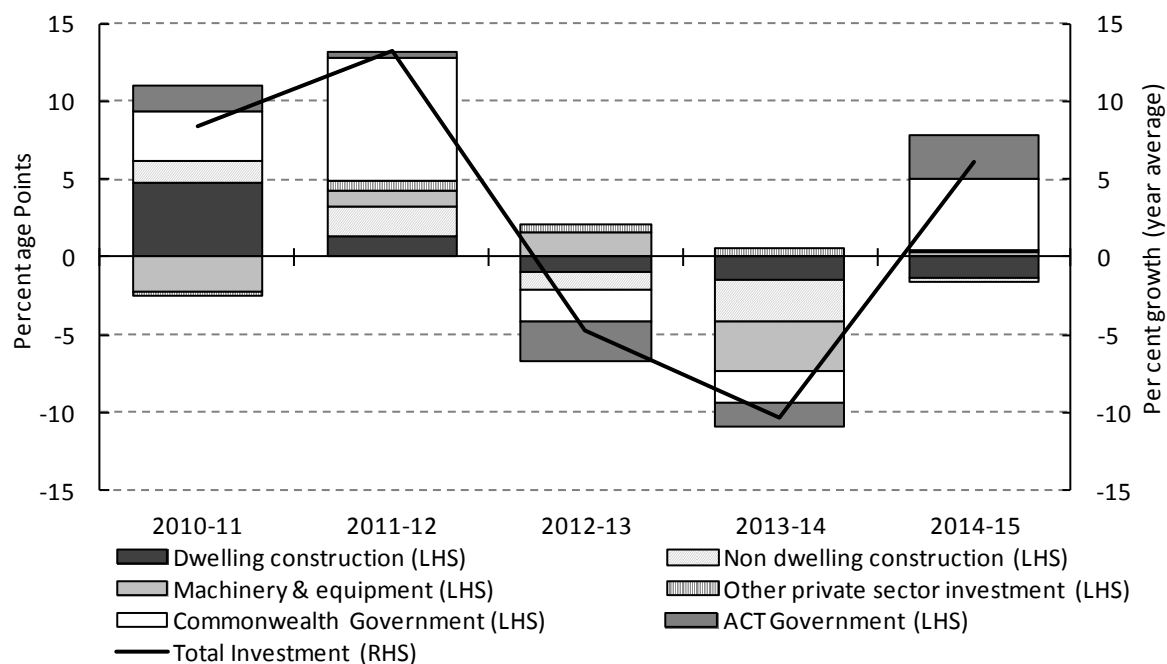
Source: ABS Cat. No. 8731.0.

Investment

The Commonwealth Government's cuts to the Australian Public Service over the past few years, coupled with its office consolidation program, is having a lingering negative impact on investment in commercial offices in the ACT. The ACT's office vacancy rate is currently the third highest in Australia, at 14.9 per cent and has risen considerably over the past three years.

Nonetheless, ACT Government investment in infrastructure, and a turnaround in Commonwealth Government investment contributed to overall strong investment activity in 2014-15 (Figure 1.3.6).

Figure 1.3.6: Contributions to ACT investment growth, by sector



Source: ABS Cat. No. 5206.0.

Private sector capital investment continues to face uncertainties against a backdrop of the effects of recent Commonwealth Government fiscal consolidation. A pipeline of ACT Government infrastructure projects will support investment activity, contributing to overall positive investment growth.

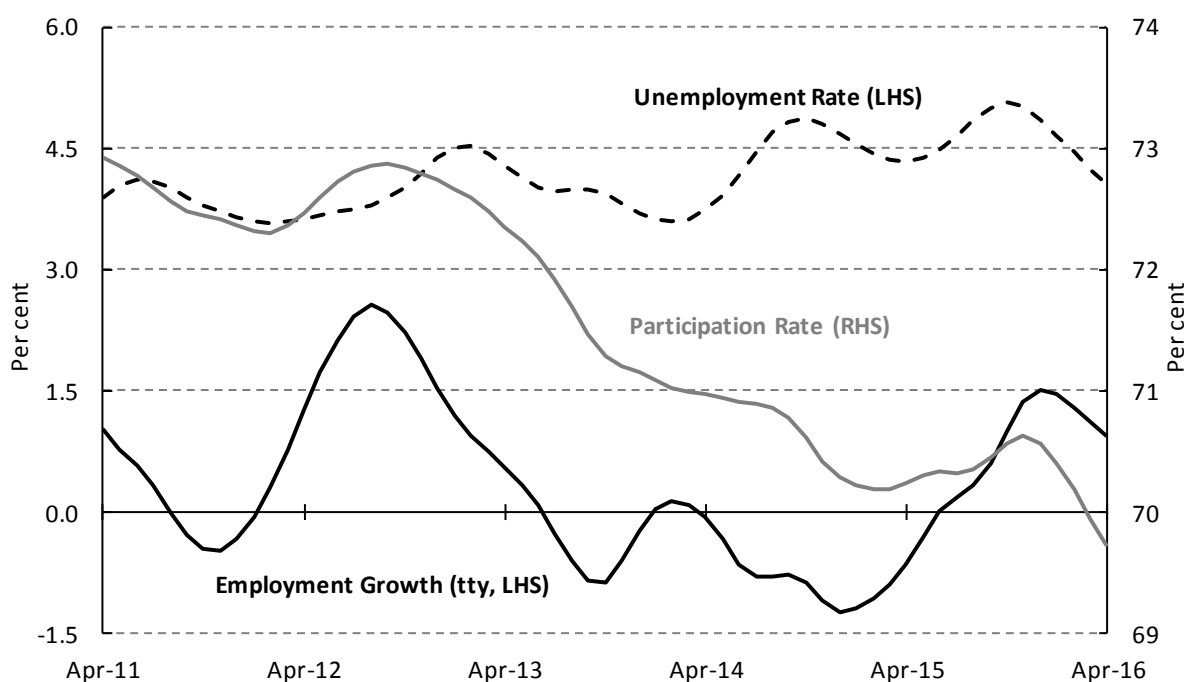
Investment is expected to strengthen in 2016-17 and beyond, with Light Rail – Stage 1, the ACT Law Courts and Urban Renewal being a major driver of this activity. In addition, the contribution of the University of Canberra Public Hospital, as well as the Horse Park Drive, Cotter Road and Aikman Drive duplications, along with land release related infrastructure and the infrastructure program more broadly, will support activity.

Over the medium to long term, the investment outlook will be complemented by opportunities associated with the establishment of direct flight links between Singapore and Canberra, and Canberra and Wellington.

Labour Market

Labour market conditions in the ACT have shown solid improvement since the 2015-16 Budget Review, with employment growth reaching 0.9 per cent through the year to April 2016. The number of employed persons at 211,300 is now at its highest point since October 2012. This is despite 532 Australian Public Service job losses in the ACT from 30 June to 31 December 2015. The unemployment rate has also improved, declining from 5.1 per cent in October 2015 to 4.1 per cent in April 2016 – the lowest amongst all jurisdictions in Australia (Figure 1.3.7).

Figure 1.3.7: Employment Growth, unemployment rate and participation rate



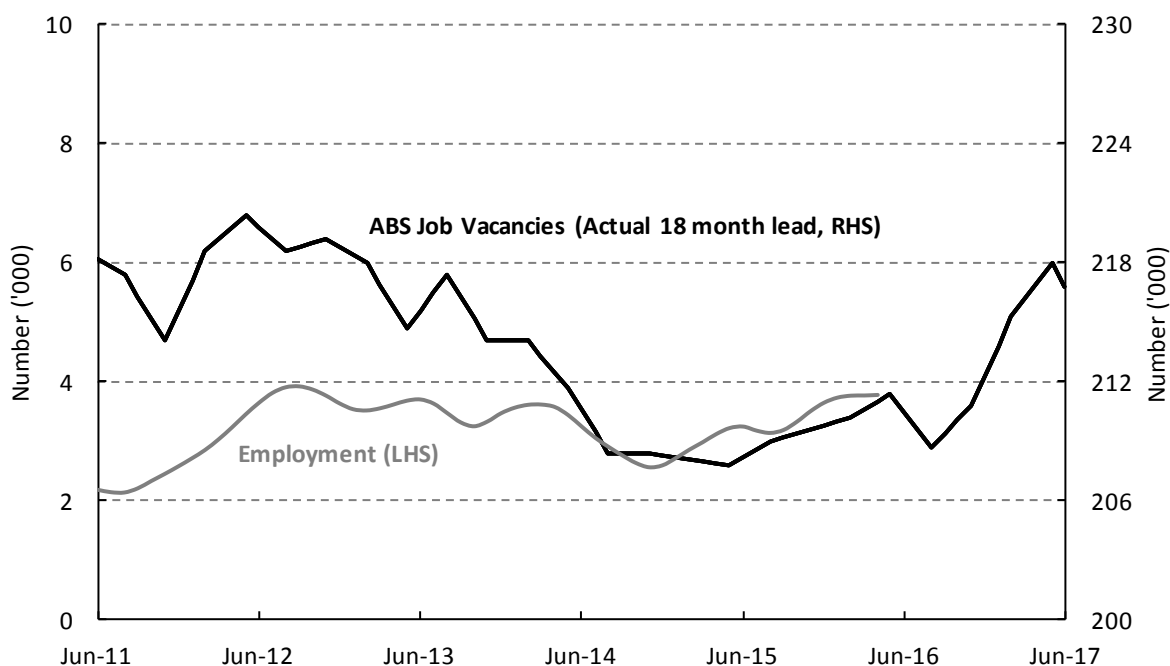
Source: ABS Cat. No. 6202.0.

Employment is forecast to grow at 1 per cent in 2015-16, with over 2,000 net new jobs expected to be created. Employment is forecast to grow by a further 1¼ per cent in 2016-17 as the labour market outlook continues to improve. This is consistent with the strong outlook in job vacancies figures for the ACT, and is supported by a subdued outlook for wages growth.

There has been a strong increase in Australian Public Service job advertisements in the ACT since the lifting of the Commonwealth Government's hiring freeze on 1 July 2015. This is anticipated to translate into additional employment outcomes going forward.

It is expected, however, that the 2016-17 Federal Budget's \$1.9 billion efficiency dividend additional impost on the Australian Public Service from 2017-18 to 2019-20 could reduce ACT-based Australian Public Service jobs by around 1,400 over this period.

Figure 1.3.8: Employment and Job Vacancies



Sources: ABS Cat. No. 6202.0 and 6354.0.

Note: Employment is monthly trend data; Job vacancies are quarterly original data.

Consumer Prices

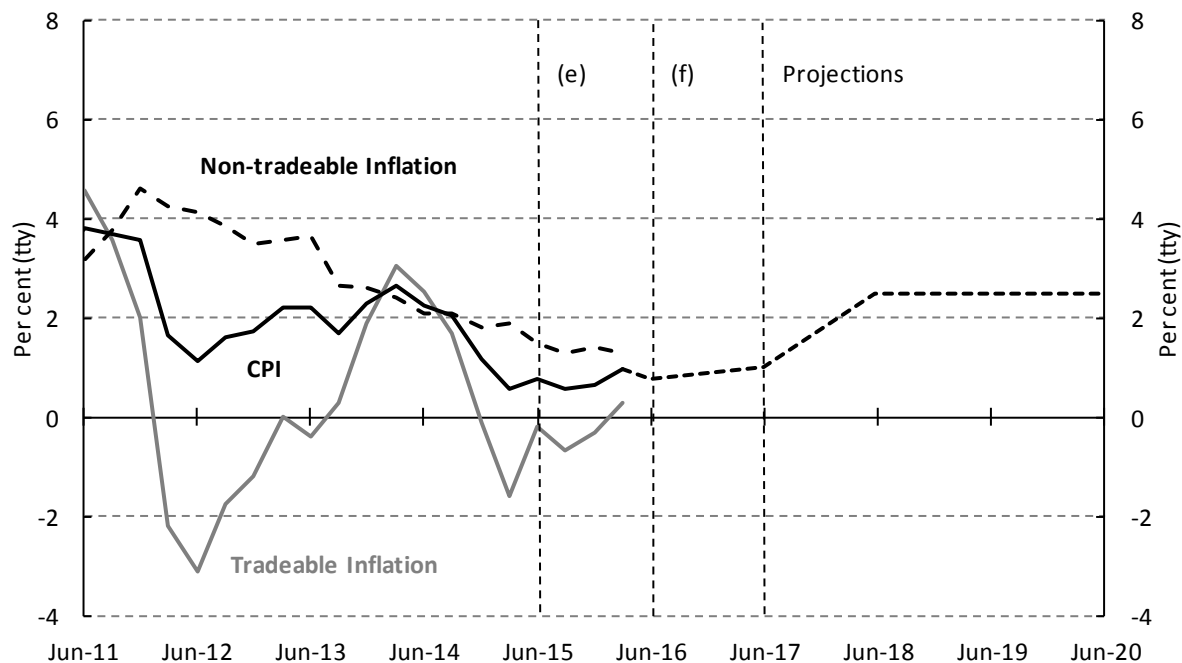
Inflationary pressures are likely to remain modest in the ACT over the forecast period. Consumer Price Index (CPI) forecasts are lower than at the 2015-16 Budget Review on the back of exceptionally weak inflation outcomes in recent quarters.

These mild inflation outcomes have been driven by a subdued international economic environment placing downward pressure on prices for imported goods. This component of overall inflation is likely to remain weak, and faces downside risks.

Non-tradeable inflation, which is comprised mainly of services and is domestically driven, is increasing at a pace that is consistent with that which would be expected given the improvements in the wider ACT economy.

Taken together, these two drivers are likely to result in a subdued inflation outlook for the ACT (Figure 1.3.9).

Figure 1.3.9: Consumer Price Index



Sources: ABS Cat. No. 6401.0; CMTEDD.

Note: (e) denotes estimate, (f) denotes forecast.

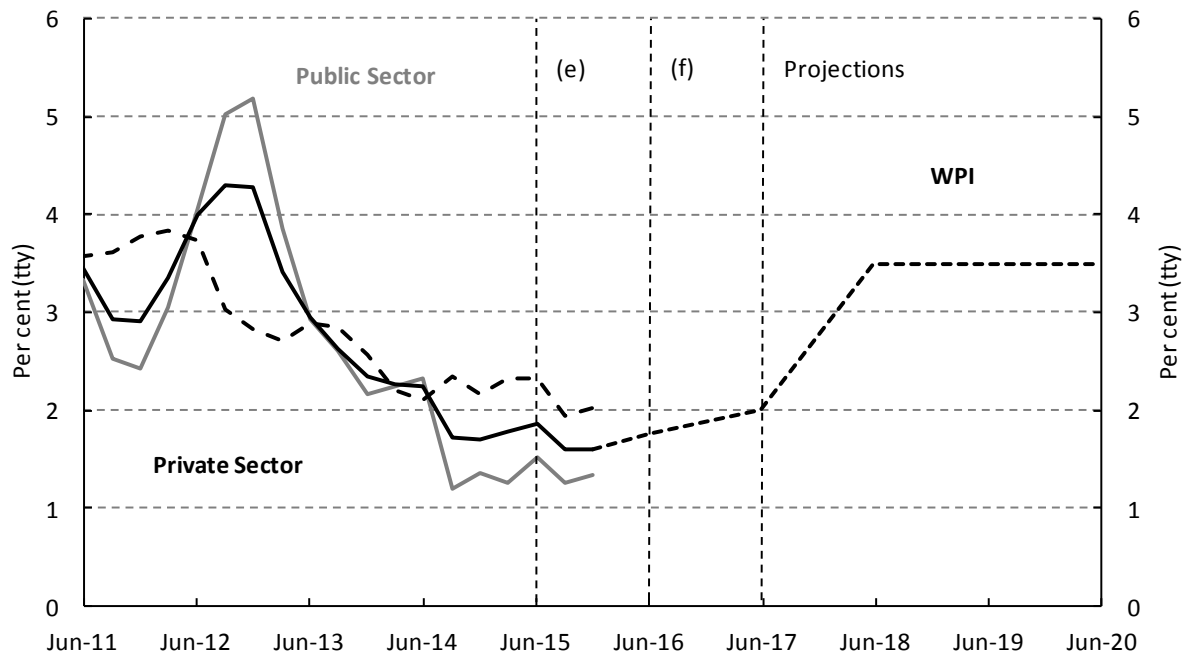
Wages

The mild wage growth observed over the past two years in the ACT is expected to continue over the forecast period. The Wage Price Index (WPI) forecast has been downgraded since the 2015-16 Budget Review, primarily as a result of a protracted Australian Public Service wage bargaining process.

Given the delays that have already occurred in most Australian Public Service bargaining negotiations, subdued public sector wage growth is expected over the remainder of the forecast period.

Private sector wages are expected to grow moderately over the forecast period and at a stronger rate than the public sector. The overall wages outlook though is still for continued weak outcomes (Figure 1.3.10).

Figure 1.3.10: Wage Price Index growth



Sources: ABS Cat. No. 6345.0; CMTEDD.

Note: (e) denotes estimate, (f) denotes forecast.

1.4 ECONOMIC STRATEGY

Economic Strategy

Priority areas of the Government's economic strategy are: promoting key infrastructure development and urban renewal; innovation driven economic diversification; the higher education and research sector; and continuing service provision with a focus on social inclusion.

Infrastructure

The 2016-17 Budget continues to provide for a significant targeted Infrastructure Investment Program, investing \$2.9 billion over four years on new and existing works. As part of this program, the Government is working with industry in the delivery of significant projects through Public Private Partnerships, including Light Rail – Stage 1 (\$623 million over four years to 2019-20¹), and the new ACT Law Courts Facilities (\$141 million over four years to 2019-20²). These investments will support economic growth and renew the City and suburbs in a way that befits Canberra as the most liveable city in the world³. The other major projects in the Government's infrastructure program include major investments in urban renewal, the upgrade of Horse Park Drive (\$57 million), Cotter Road (\$28.9 million), and Aikman Drive (\$9.8 million), as well as progressing the development of the University of Canberra Public Hospital (\$212 million).

Urban renewal

The Government will invest \$493 million over four years on urban renewal, which continues to be a key area of focus for the Government. The sale of assets under the Asset Recycling Initiative will underpin the renewal of the City and the suburbs. The key locations of these sites, such as 1,288 public housing dwellings along Northbourne Avenue and other key locations around Canberra, are providing opportunities to rebalance the demographic and housing mix to meet the needs of a growing community within a more sustainable urban footprint.

The Government is also focusing on identifying opportunities for the activation of the City to better support the growing residential mix and reinvigorate the commercial sector, consistent with the City Plan.

¹ Capital expenditure for Light Rail – Stage 1 is \$707 million over five years from 2015-16 to 2019-20, inclusive of Territory-retained risk amounts.

² Capital expenditure for ACT Law Courts Facilities is \$160 million over five years from 2015-16 to 2019-20.

³ The Organisation for Economic Co-operation and Development, My City Survey 2014.

Diversifying the ACT economy

This Budget commits an additional \$6.6 million over two years to *Confident and Business Ready: Building on Our Strengths* – the ACT’s business development strategy. The funding includes support for Data61, comprising the Digital Productivity Team of the CSIRO and National ICT Australia. This will position Canberra as a major player in the development of national cyber security capability and assist the ACT Government to deliver on its smart city and digital transformation goals.

The Government is also supporting the development of Canberra’s Key Capability Areas including space and spatial economy, sports technology, health innovation, ICT and e-government and the National Agriculture and Environmental Sciences Precinct.

In addition, the Government is supporting the operation of CBR Innovation Network, promoting the CBR brand and facilitating student and professional exchanges.

Higher education and research

The Government is continuing to work closely with our business community and the higher education and research sector to build a city with a distinct economic identity based on knowledge and talent.

Canberra has a world renowned higher education and research sector, which has contributed over \$2.6 billion annually to the local economy and created approximately 16,000 Full Time Equivalent jobs⁴. In addition, the ACT’s international education exports increased by 10.3 per cent in 2015, to reach \$451 million and accounted for 28 per cent of all service exports⁵.

The Government will continue to promote Canberra as Australia’s higher education and research capital.

Tourism

The Government, in partnership with industry, has a strategy to grow Canberra’s visitor economy to \$2.5 billion by 2020.

The Government is continuing to support the promotion of Canberra’s abundant natural beauty and cultural attractions; as well as facilitating international business networking opportunities – growing our strategic international relationships.

Over the year to March 2016, the Territory attracted 12.8 per cent more international visitors, to reach 200,000 in total, which increased their spending by 13.6 per cent⁶. Overall, international tourism exports increased by 5.1 per cent in 2015 to reach \$208 million⁷.

⁴ Deloitte Access Economics, March 2015

⁵ ABS Cat No. 5368.0.55.004

⁶ Tourism Research Australia, International Visitor Survey, March 2016

⁷ ABS Cat No. 5368.0.55.004

A relatively low dollar, the commencement of direct international flights and the Government's Tourism 2020 Strategy, will support the growth of Canberra's visitor economy.

International Flights

Canberra Airport has undergone the biggest transformation in its history, with \$480 million invested in the construction of a new terminal and supporting infrastructure.

Singapore Airlines will commence direct international services between Singapore and Canberra, and Canberra and Wellington, with services commencing on 20 September 2016.

Cooperative marketing campaigns will attract inbound leisure and corporate traffic from New Zealand, Singapore and connecting destinations including South East Asia, India, China and potentially Europe.

There are clear economic and social benefits to the ACT community as a result of international flights, particularly around time savings and convenience benefits for outbound travel. In addition, there will be 20 tonnes of freight capacity per flight available for exporters to utilise. Exporters from Canberra and the surrounding region are working on strategies to capitalise on this improved access to important growth markets.

Taxation reform

The Government is committed to making the Territory's taxation system fairer, simpler and more efficient through significant taxation reforms. The Territory has been reducing its reliance on inefficient taxes on conveyances and insurance premiums, and increasing its reliance on revenue from general rates. Conveyance and insurance duties have reduced from around 24 per cent of the Territory's own source taxation revenue, to around 15 per cent in 2016-17. From 1 July 2016, taxes on insurance premiums will be abolished. The Government will continue to cut conveyance duty rates in each budget.

Changing the ACT's tax mix will ensure a stable revenue base into the future, supporting the Government's fiscal strategy and delivery of the services Canberrans expect, ensuring future generations do not bear the economic costs of an unfair and inefficient tax system (see Taxation Reform (Chapter 6.3) for further information).

Access Canberra

One of the three Strategic Imperatives of *Confident & Business Ready: Building on Our Strengths* was to create the right business environment to help all businesses succeed.

Access Canberra is the key to delivering this objective. This 'one-stop shop' brings together ACT Government customer services, approvals and regulatory compliance activities. This cutting of red tape and connecting Canberrans to government services makes it simpler and quicker for individuals and local businesses to deal with the Government.

Access Canberra is a key part of the Government's reform agenda, adopting a user-centred approach to ensure a seamless experience, which meets the needs and expectations of the community.

1.5 RISKS TO THE ECONOMIC OUTLOOK

As noted earlier, there is always a degree of uncertainty around the ACT's economic outlook associated with future policy settings of the Federal Government. Assuming that the 2016-17 Commonwealth Budget remains unchanged, then a prominent risk is the effect of the Australian Public Service efficiency dividend increases from 2017-18 onward. Given that around one-third of the Australian Public Service workforce is based in the ACT, the impact of this policy decision on employment and the wider economy in the Territory is potentially significant.

In keeping with the projection methodology – whereby economic parameters revert to their trend growth rates in the projection years – the impact of the increased efficiency dividend on the projections in the 2016-17 ACT Budget has not been explicitly incorporated into these projections.

In the near term, changes to Australian and/or global economic growth will have flow-on effects to the ACT economy, particularly via any corresponding changes to Commonwealth expenditure decisions.

The impact of commodity prices on national growth, revenue and expenditure decisions are of particular importance in this regard. As such, the primary global economic risk to the ACT's economic outlook relates to China's transition to its new growth path. To the extent that this transition is more turbulent than expected, prices for Australia's key commodity exports, and indeed the wider Australian economy, may suffer.

There are also downside domestic risks to the outlook. While the rate of growth of house prices in Australia has moderated somewhat, the outlook for subdued wages growth means that any correction in key domestic real estate markets remains an important pressure point for the national economic outlook. The risk of ongoing weakness in inflation may also contribute to this risk, by fostering conditions for low wage growth.

However, there are also upside risks to the domestic outlook, and therefore the outlook for the ACT. With the current environment of subdued wages growth expected to continue, there may be further upside in the labour market and broader economy. Similarly, the relative weakness of the Australian dollar may yet add further impetus to the rebalancing toward broader economic growth across a range of sectors that has already been observed since the end of the mining boom.

There may also be additional upside risks arising from the impact of the ending of the Commonwealth Government's public service hiring freeze on 1 July 2015. This could result in additional employment over what has been forecast and with it additional population growth.

