

## Retail and Wholesale

- Retail and wholesale trade accounted for 7 per cent of Northern Territory Gross State Product (GSP) and 16 per cent of employed persons in 2003-04.
- Compared to nationally, Territory consumers tend to spend more on food relative to other retail categories (in part due to the higher freight and storage costs), while relatively less is spent on recreational goods and clothing and footwear.
- Retail turnover typically represents around 40 per cent of household consumption.
- Population, employment and household disposable income growth are major determinants of retail trade growth. In the Territory, the significance of the tourism sector means the number of interstate and overseas visitors can also have a significant impact on retail turnover.
- Following solid growth of 5.1 per cent in 2003-04, Territory real retail turnover growth is estimated to moderate to 3.5 per cent in 2004-05. After being adversely affected by the tourism downturn, hospitality and services retailing is estimated to contribute to turnover growth in 2004-05.
- Territory retail turnover is forecast to increase by 5 per cent in 2005-06, supported by the improved outlook for employment and population growth and the strengthening tourism sector.
- Over the short to medium term, interest rates and petrol prices will continue to play an important role in influencing discretionary disposable household income, consumer confidence, consumption expenditure and the pattern of retail activity. Interest rate increases and the flow through to household budgets and consumption are the major risks to the forecast.

Chart 11: Retail Turnover



e: estimate; f: forecast

Source: NT Treasury, ABS Cat. No. 8501.0