

NORTHERN TERRITORY BUSINESS CONFIDENCE SURVEY

December Quarter 2021

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SUMMARY

- The Territory-wide business confidence level was +58%, down 12 percentage points from the September quarter 2021, but above pre-COVID levels.
- The decline in overall business confidence was primarily due to a greater proportion of businesses moving from fairly confident to neutral. The number of businesses responding that they were worried remains low (10%).
- Between 1 October and 31 December 2021, 414 businesses were surveyed across Territory regions and industry sectors.
- Business confidence by region ranged from +93% in East Arnhem to +19% in the Alice Springs region.
- 49% of businesses surveyed expected to perform better this year compared to the previous year, representing a 14 percentage point decrease from the previous quarter.

INTRODUCTION

Northern Territory Business Confidence is a quarterly publication which highlights confidence levels of Territory-wide businesses.

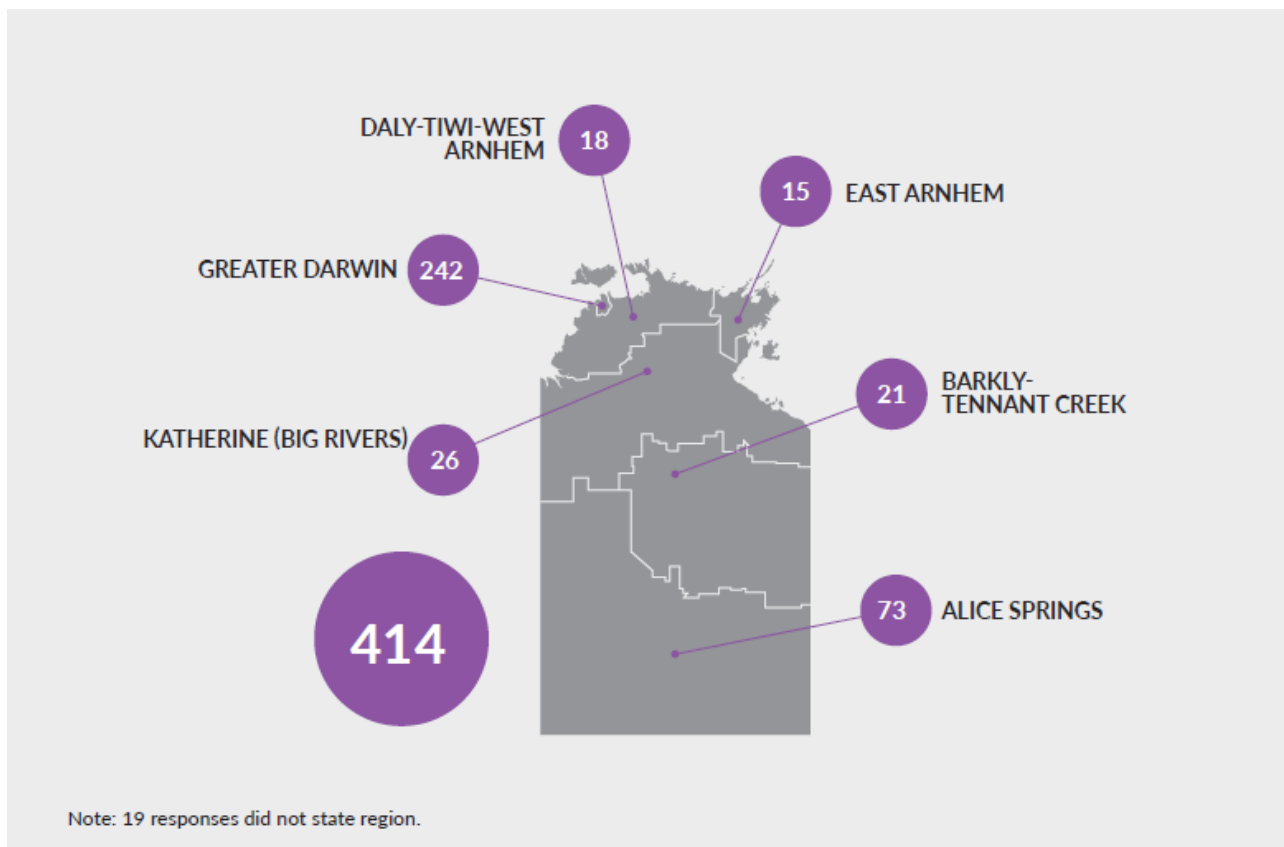
The survey covers urban and regional areas of the Territory and captures different industry sectors and business sizes (small, medium and large).

Monitoring business confidence levels is important as it is a key barometer and a leading indicator of business conditions and the overall health of the economy. Business confidence drives business growth and investment, supports employment opportunities and attracts people to the region.

Information about the survey methodology is included at the end of the report.

NUMBER OF BUSINESSES SURVEYED BY REGIONS

(ABS STATISTICAL AREA 3 – SA3 LEVELS)



REGION	TOTAL NO OF BUSINESSES	BUSINESSES SURVEYED	PROPORTIONAL OF TOTAL
Greater Darwin	10 908	242	2.2%
Daly-Tiwi-West Arnhem	358	18	5.0%
East Arnhem	230	15	6.5%
Katherine (Big Rivers)	958	26	2.7%
Barkly-Tennant Creek	180	21	11.7%
Alice Springs	1954	73	3.7%
Unclassified	379	19	5.0%
TOTAL	14 947	414	2.8%

Source: ABS Cat. No. 8165.0

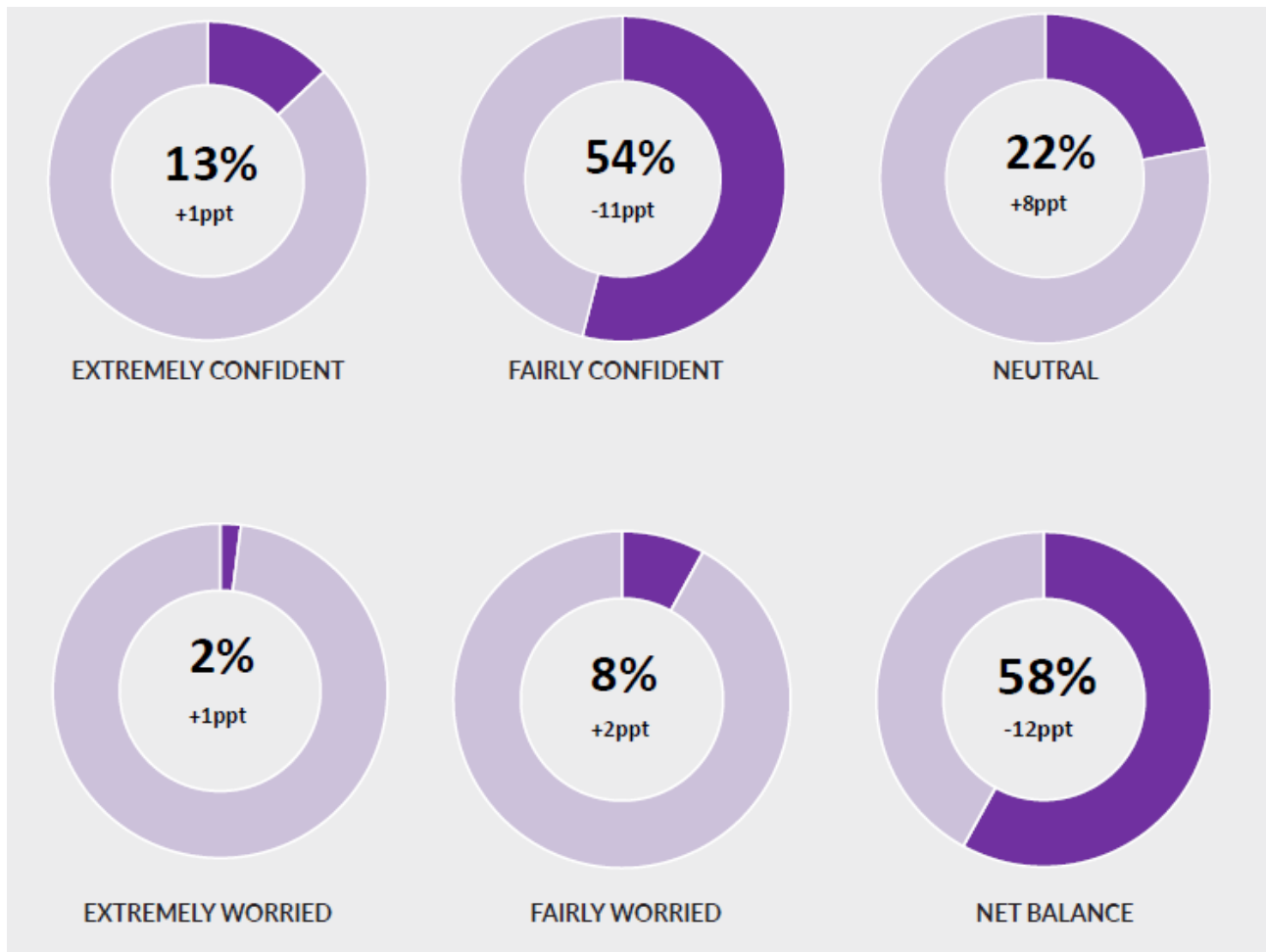
BUSINESS CONFIDENCE

Q. How confident are you about your business prospects for the next 12 months?

TERRITORY WIDE

In the December quarter 2021, the Territory-wide business confidence index was +58%. The response rate for this question was 99.7%.

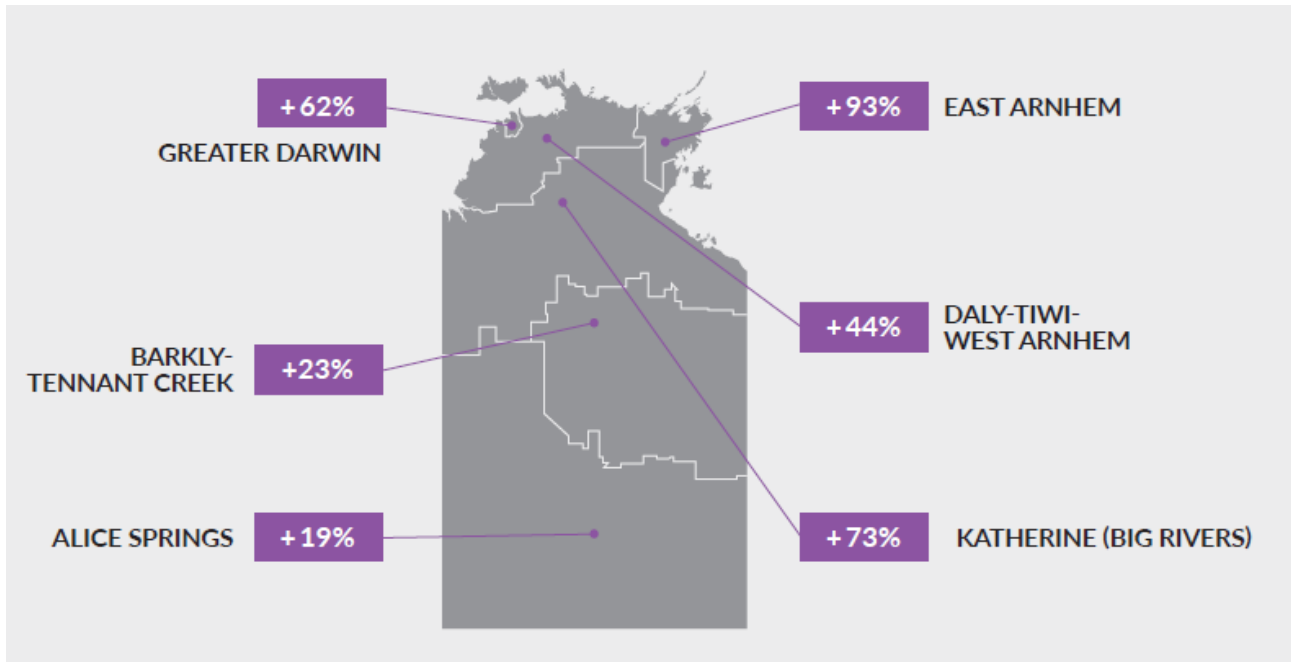
OVERALL BUSINESS CONFIDENCE INDEX



Note: Individual confidence categories may not add up to the net balance figure due to rounding.

REGIONAL SUMMARY

Business confidence varied among Territory regions, ranging from +93% in East Arnhem to +19% in the Alice Springs region.



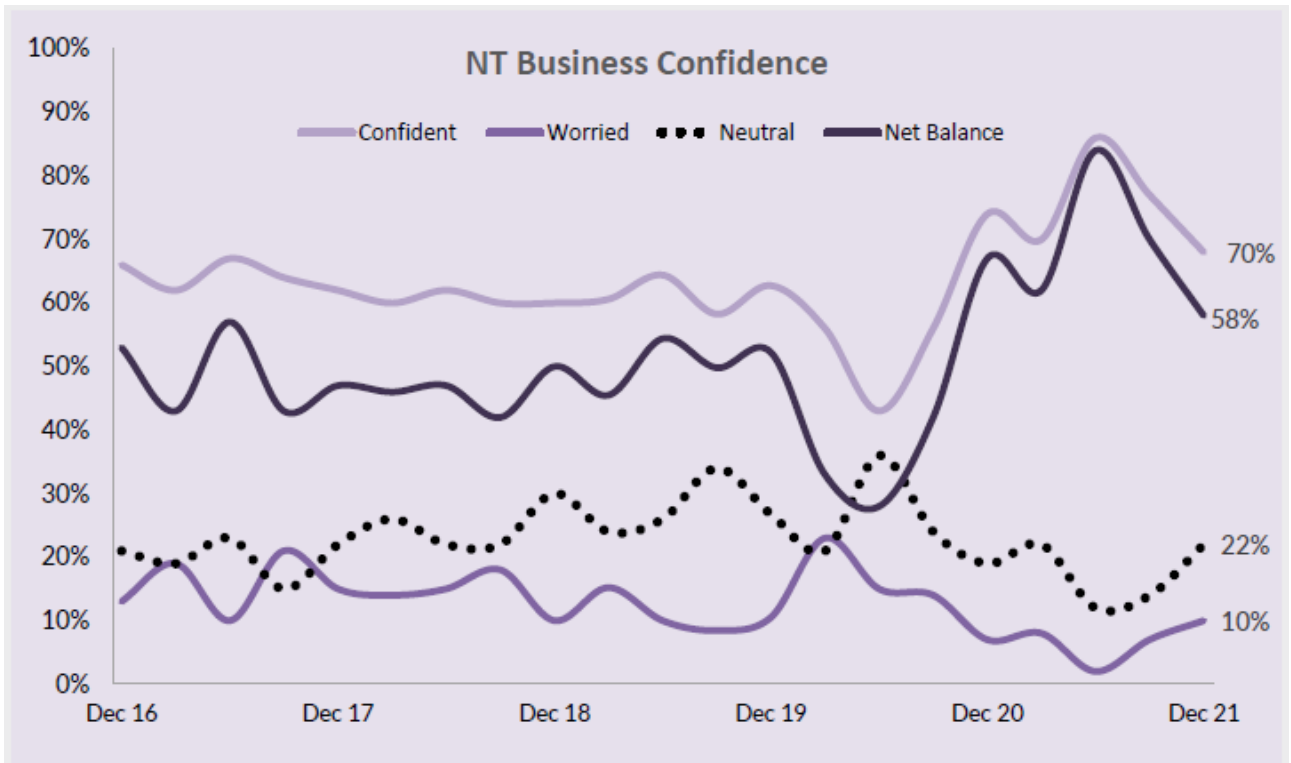
CONFIDENCE TRENDS

TERRITORY WIDE

	Dec Qtr 2020	Mar Qtr 2021	Jun Qtr 2021	Sep Qtr 2021	Dec Qtr 2021
Confident	74%	70%	86%	77%	68%
Worried	7%	8%	2%	7%	10%
Net balance	67%	62%	84%	70%	58%

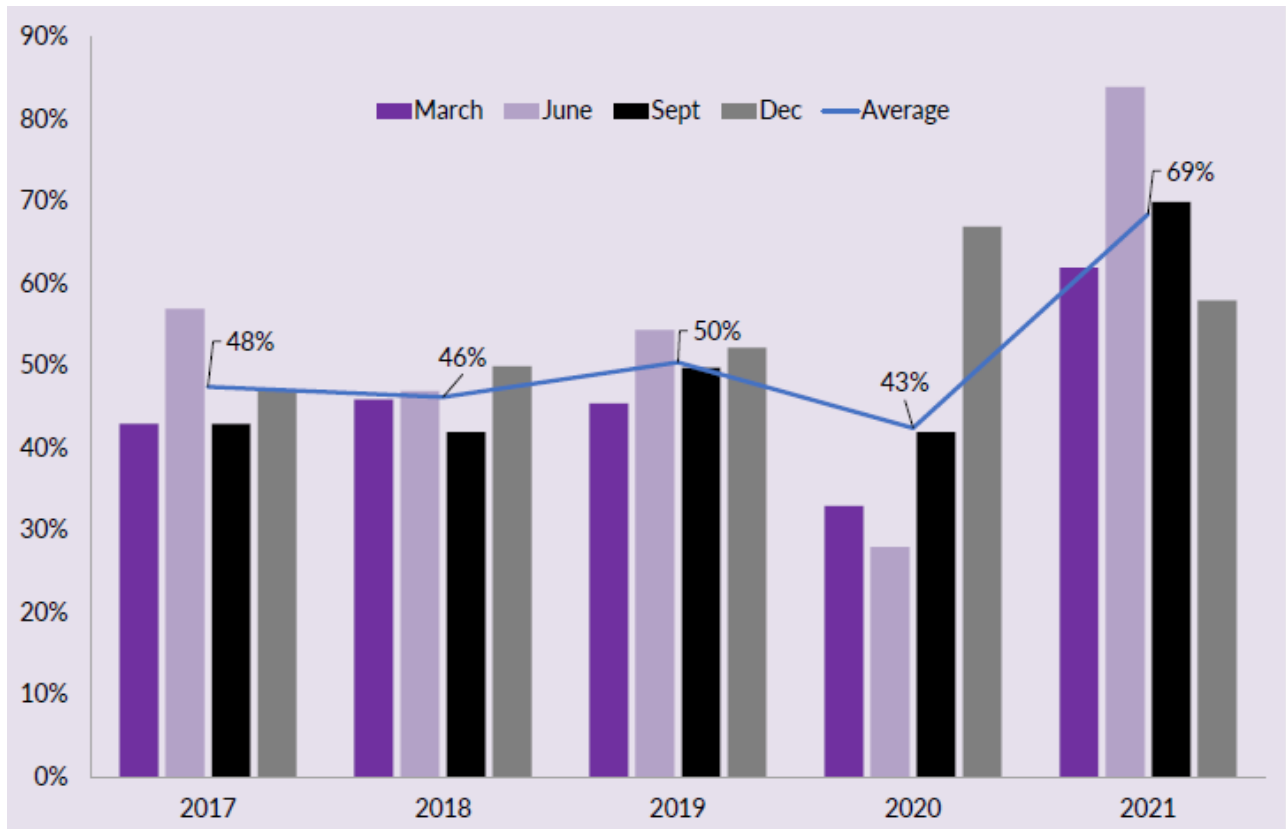
In the December quarter 2021, business confidence decreased 12 percentage points to +58% from the previous quarter. This also represents a 9 percentage point decrease from the December quarter 2020.

The above table and the chart below show that the level of overall business confidence in the Territory has rebounded strongly since the June quarter 2020, despite falling over the past two quarters.



ANNUAL AVERAGE BUSINESS CONFIDENCE

Yearly average business confidence in 2021 was +69%, compared to +43% in 2020. The lower annual average business confidence in 2020 was primarily due to restrictions related to COVID-19.



BUSINESS CONFIDENCE BY REGION

In the December quarter 2021, business confidence decreased in all regions except Katherine (Big Rivers), Barkly-Tennant Creek, and East Arnhem, where confidence increased.

REGION	Dec Qtr 2020	Mar Qtr 2021	Jun Qtr 2021	Sep Qtr 2021	Dec Qtr 2021
Greater Darwin					
Confident	75%	71%	83%	81%	70%
Worried	4%	5%	1%	5%	8%
Net balance	71%	66%	82%	76%	62%
Daly-Tiwi-West Arnhem					
Confident	93%	71%	73%	100%	72%
Worried	0%	0%	7%	0%	28%
Net balance	93%	71%	66%	100%	44%
East Arnhem					
Confident	80%	92%	84%	86%	93%
Worried	4%	0%	5%	3%	0%

REGION	Dec Qtr 2020	Mar Qtr 2021	Jun Qtr 2021	Sep Qtr 2021	Dec Qtr 2021
Net balance	76%	82%	79%	83%	93%
Katherine (Big Rivers)					
Confident	72%	94%	75%	65%	81%
Worried	8%	0%	13%	30%	8%
Net balance	64%	94%	62%	35%	73%
Barkly-Tennant Creek					
Confident	100%	67%	n.a.	n.a.	52%
Worried	0%	0%	n.a.	n.a.	29%
Net balance	100%	67%	n.a.	n.a.	23%
Alice Springs					
Confident	65%	47%	73%	70%	41%
Worried	22%	26%	8%	9%	22%
Net balance	43%	21%	65%	61%	19%

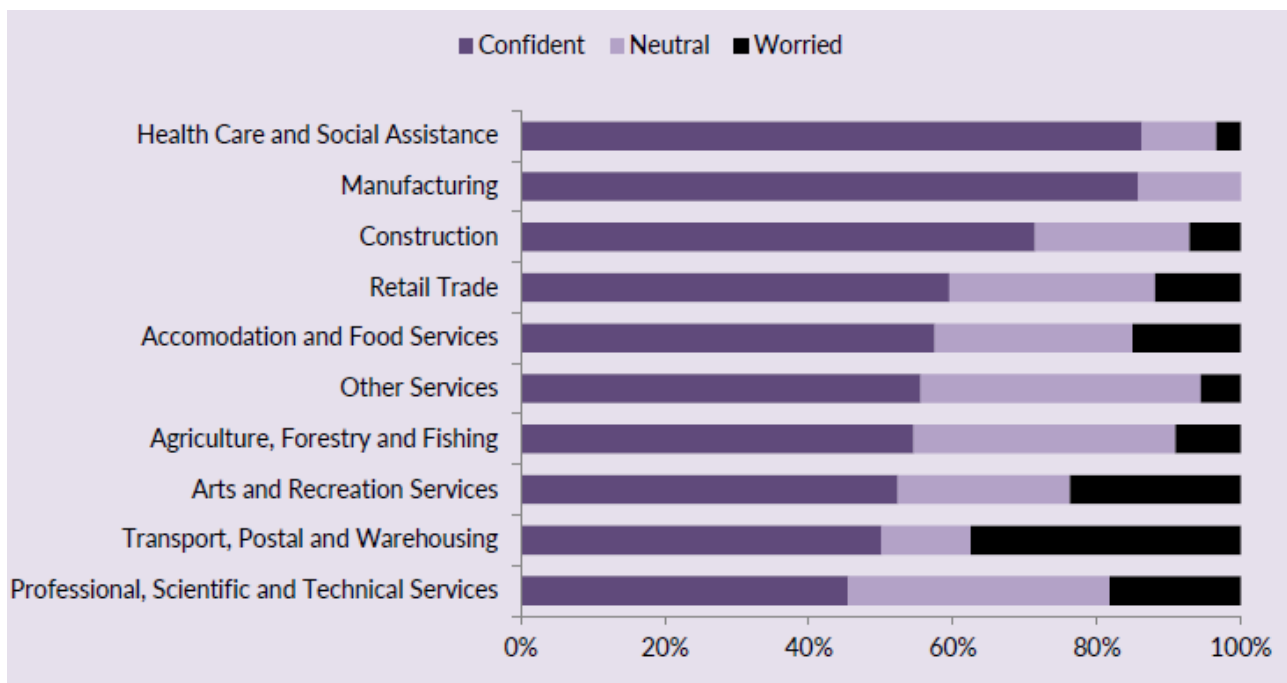
BUSINESS CONFIDENCE BY INDUSTRY

In the December quarter 2021, business confidence decreased in all industries except: Mining; Manufacturing; Wholesale Trade; Public Administration and Safety; and Health Care and Social Assistance. The table below displays the top 10 most surveyed industries.

SECTOR	CONFIDENT	WORRIED	NET BALANCE		
			Dec Qtr 2021	Sep Qtr 2021	Jun Qtr 2021
Professional, Scientific and Technical	45%	18%	27%	55%	86%
Transport, Postal and Warehousing	50%	38%	12%	50%	60%
Arts and Recreation Services	52%	24%	28%	54%	73%
Agriculture, Forestry and Fishing	55%	9%	46%	50%	100%
Other Services	56%	6%	50%	78%	74%
Accommodation and Food Services	58%	15%	43%	59%	75%
Retail Trade	60%	12%	48%	69%	54%
Construction	71%	7%	64%	76%	71%
Manufacturing	86%	0%	86%	75%	86%
Health Care and Social Assistance	86%	3%	83%	79%	80%

Note: Caution is advised when using this data as the sample size in some sectors may be relatively small.

INDUSTRY EXPECTATIONS



KEY BUSINESS INSIGHTS

CONFIDENT

Of the Territory businesses confident about their business prospects for the next 12 months, key reasons cited are: 'strong customer relations'; 'been in business a long time'; 'strong market position'; and 'business opportunity'. The graph below shows the relative importance of the key reasons for confidence.



WORRIED

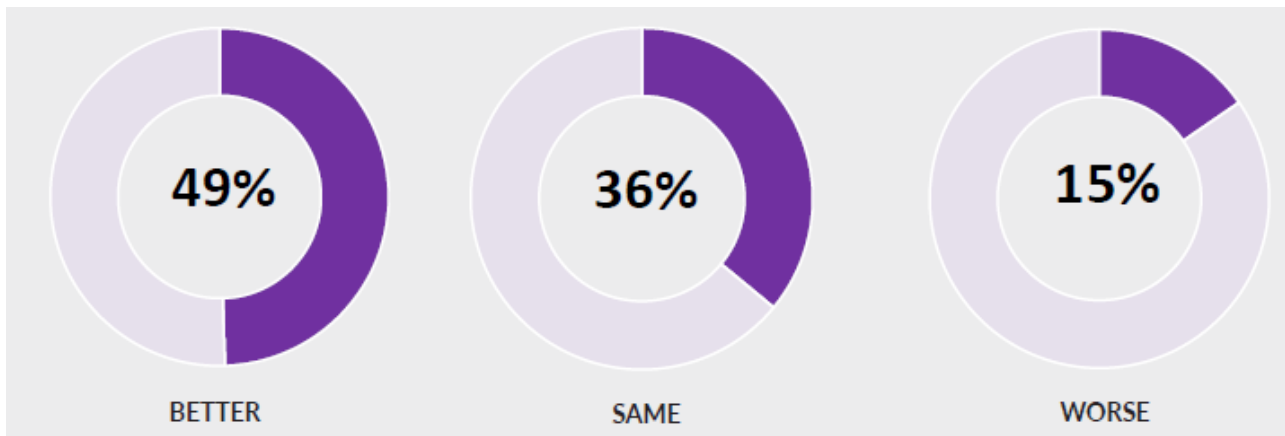
Of those Territory businesses worried about their business prospects for the next 12 months, the main reasons cited for being worried are: 'lack of suitably skilled workers'; 'decreasing business/sales'; and 'government red tape'. Territory businesses also noted COVID and the lack of international travellers as reasons they were worried about their business prospects. The graph below shows the relative importance of the key reasons for being worried for the last two quarters.



BUSINESS PERFORMANCE

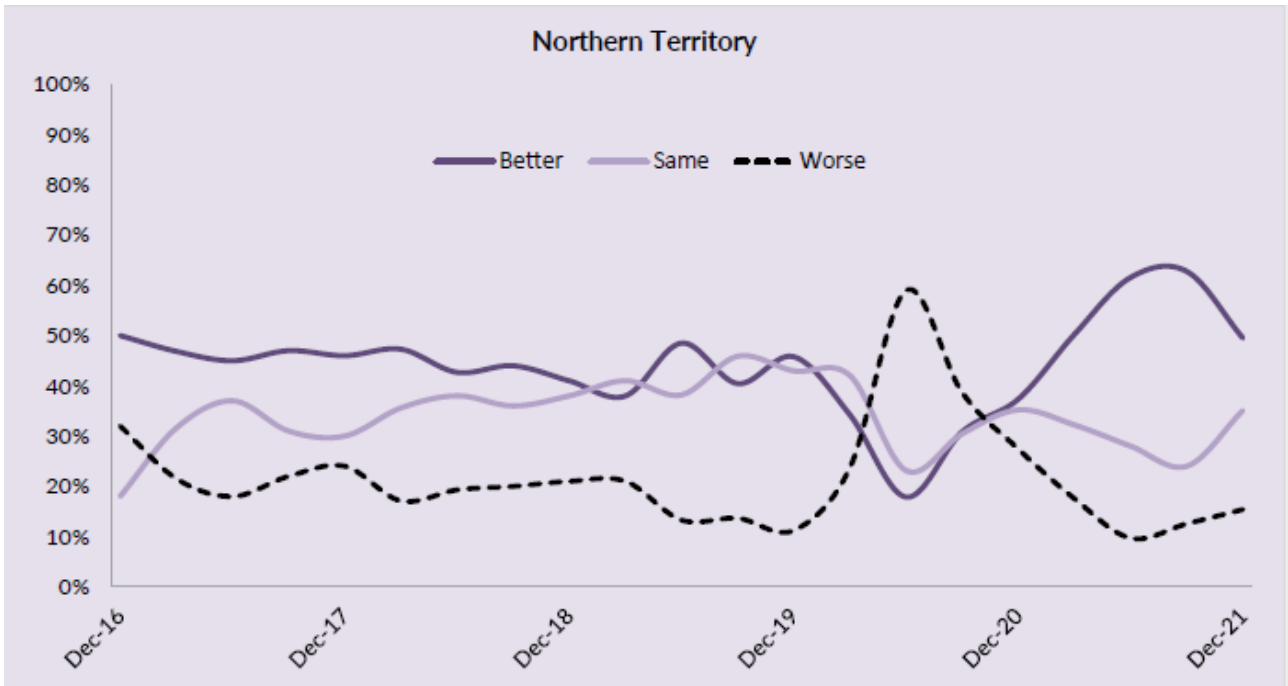
Q. How's your business performing this year compared to last year?

49% of Territory businesses noted that their business performance is better this year compared to last year, while 36% of the businesses stated that business performance is the same as last year, and 15% of businesses stated their business performance is worse than last year.



TREND IN BUSINESS PERFORMANCE

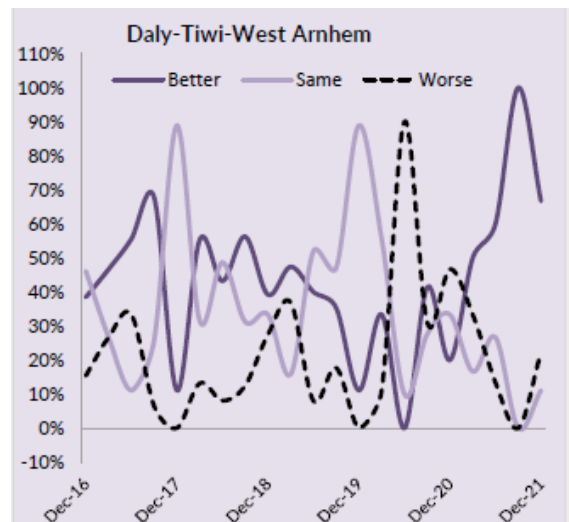
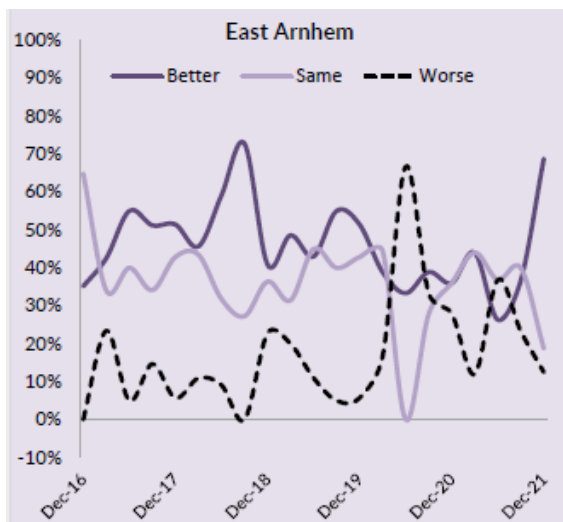
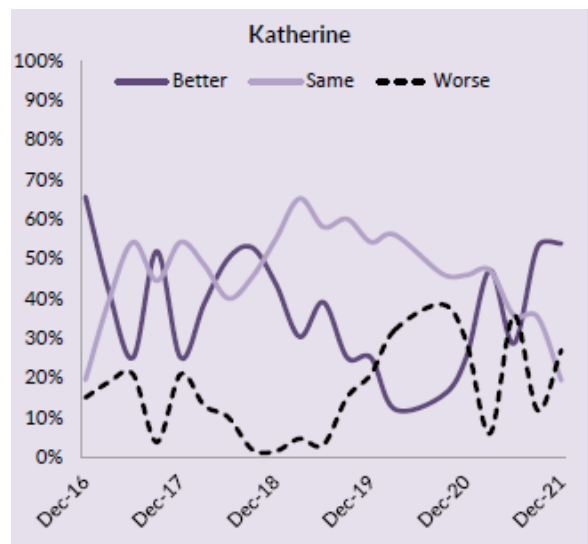
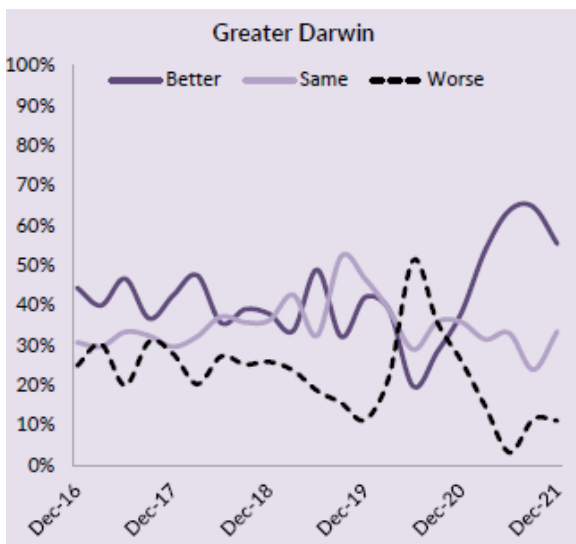
Compared to the same quarter in previous years, more businesses reported that their performance was getting better. Fewer businesses reported that their performance was worse compared to the previous year, while the proportion of businesses reporting their performance was the same, remained stable over the same period.

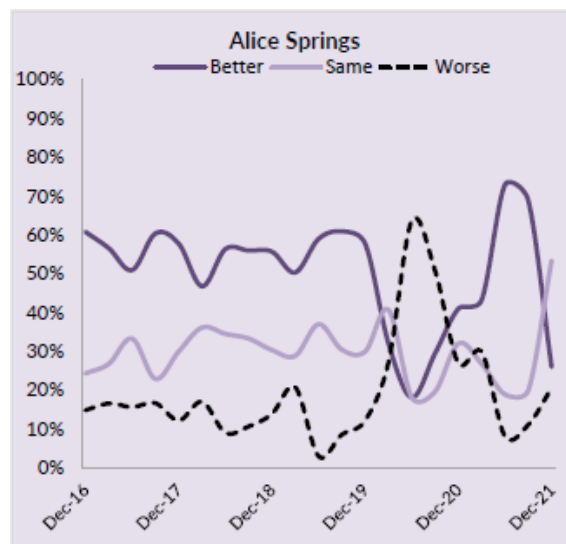
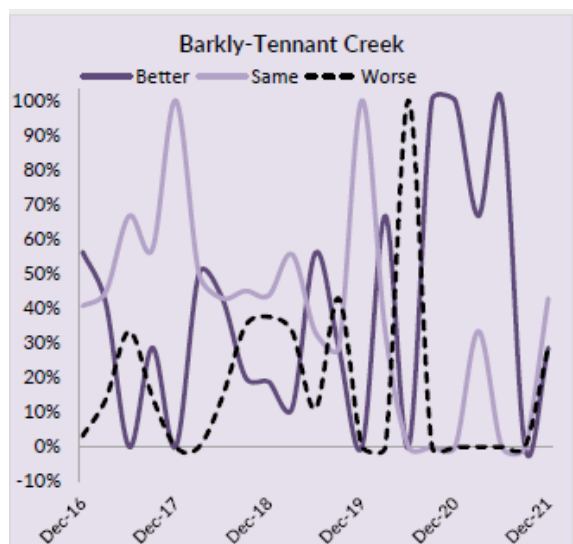


BUSINESS PERFORMANCE BY REGION

The table and graphs below highlight that business performance levels varied among businesses in the regions. Compared to the previous quarter, expectations for business performance have improved in Katherine (Big Rivers), East Arnhem, and Barkly-Tennant Creek, while decreasing in the remaining regions.

STATISTICAL AREA LEVEL 3 (SA3) REGIONS	BUSINESS PERFORMANCE		
	Better	Same	Worse
Greater Darwin	55%	33%	12%
Katherine (Big Rivers)	54%	19%	27%
East Arnhem	69%	19%	12%
Daly-Tiwi-West Arnhem	67%	11%	22%
Barkly-Tennant Creek	29%	43%	28%
Alice Springs	26%	53%	21%
Territory-wide	49%	36%	15%





SURVEY METHODOLOGY

A face-to-face survey of businesses operating in the Territory is conducted by the Department of Industry, Tourism and Trade on a quarterly basis. Business confidence is estimated using the business confidence index.

There are approximately 15 000 operating businesses in the Territory. Therefore, for the sample survey to achieve a 95% confidence level with a margin of error of 5%, 375 survey responses are required.

Business confidence index is calculated as the difference between the proportion of businesses that are 'confident about their business prospects for the next 12 months' minus the proportion of businesses that are 'worried about their business prospects for the next 12 months' (net balance approach).

The higher the net balance the greater the level of business confidence. For example, if 60% of businesses are confident and 40% of businesses are worried, the net balance is +20%. Survey responses are also analysed by region and industry sector of businesses.

The business confidence results are presented for overall Northern Territory, Greater Darwin (Darwin City, Darwin suburbs, Palmerston and Litchfield) and for individual regions.

The overall Territory-wide confidence index is weighted to account for the number of businesses in each of the regions. The weights are based on the proportion of total Territory businesses in each region. The weighted result provides a more balanced reflection of overall business confidence.

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