

NORTHERN TERRITORY BUSINESS CONFIDENCE SURVEY

September Quarter 2021

NORTHERN TERRITORY BUSINESS CONFIDENCE SURVEY

September Quarter 2021

SUMMARY

- The Territory-wide business confidence level was +70% in the September quarter 2021. This represents a 14 percentage point decrease from the June quarter 2021 and a 28 percentage point increase on the same quarter in 2020.
- Despite this quarterly decrease, it is still the second highest level of business confidence since the survey began in September 2016.
- Between 1 July and 30 September 2021, 265 businesses were surveyed across Territory regions and industry sectors.
- Business confidence by region ranged from +100% in Daly-Tiwi-West Arnhem to +35% in the Katherine (Big Rivers) region. ¹
- 63% of businesses surveyed expected to perform better this year compared to the previous year, representing a 1 percentage point increase 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.

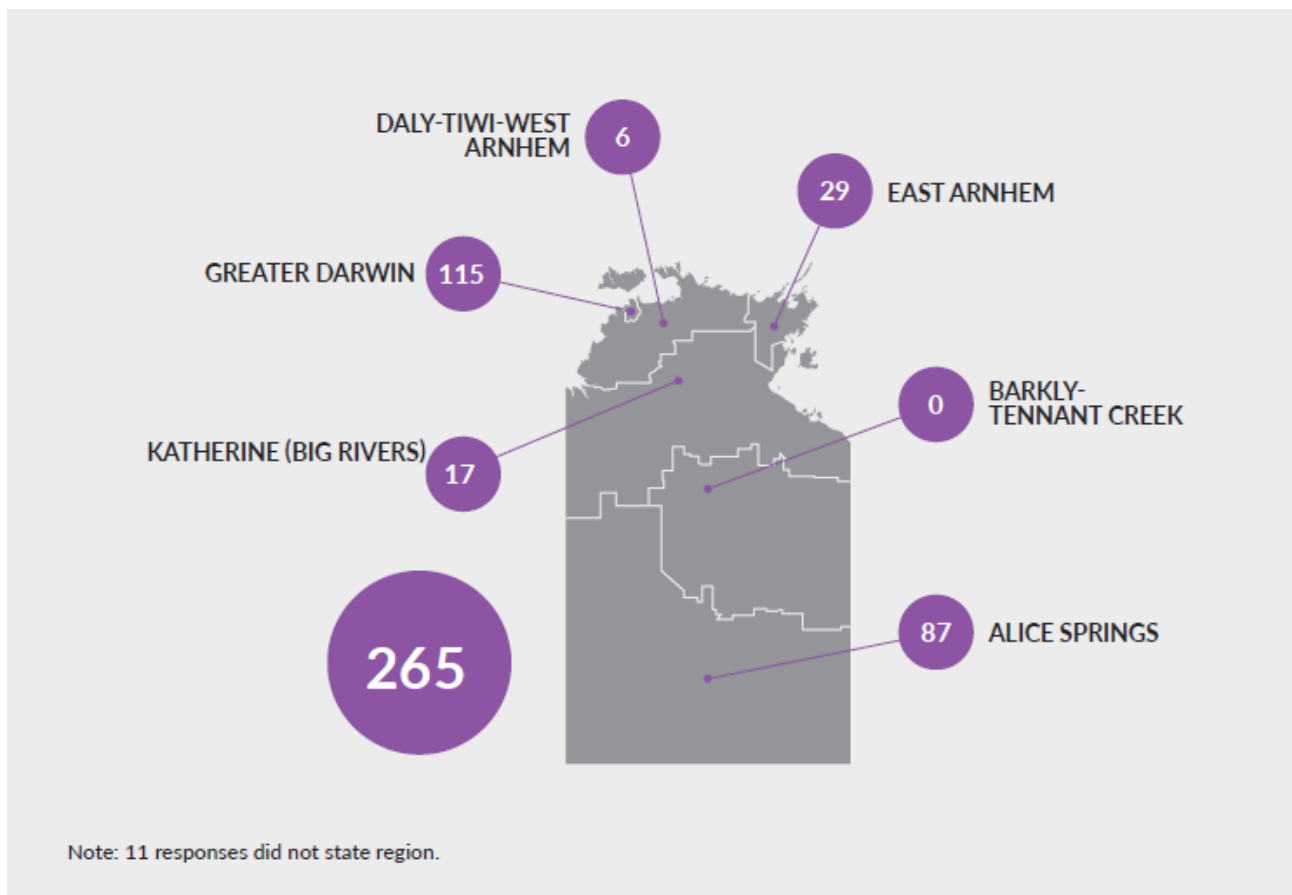
Information about the survey methodology is included at the end of the report.

¹

The Barkly-Tennant Creek result is excluded in the regional breakdown due to an insufficient number of responses collected in the quarter.

NUMBER OF BUSINESSES SURVEYED BY REGIONS

(ABS STATISTICAL AREA 3 – SA3 LEVELS)



REGION	TOTAL NO OF BUSINESSES	BUSINESSES SURVEYED	PROPORTIONAL OF TOTAL
Greater Darwin	11 025	115	1.0%
Daly-Tiwi-West Arnhem	361	6	1.7%
East Arnhem	266	29	10.9%
Katherine (Big Rivers)	943	17	1.8%
Barkly-Tennant Creek	213	0	0.0%
Alice Springs	2139	87	4.1%
Unclassified	154	11	7.1%
TOTAL	15 101	256	1.8%

Source: ABS Cat. No. 8165.0

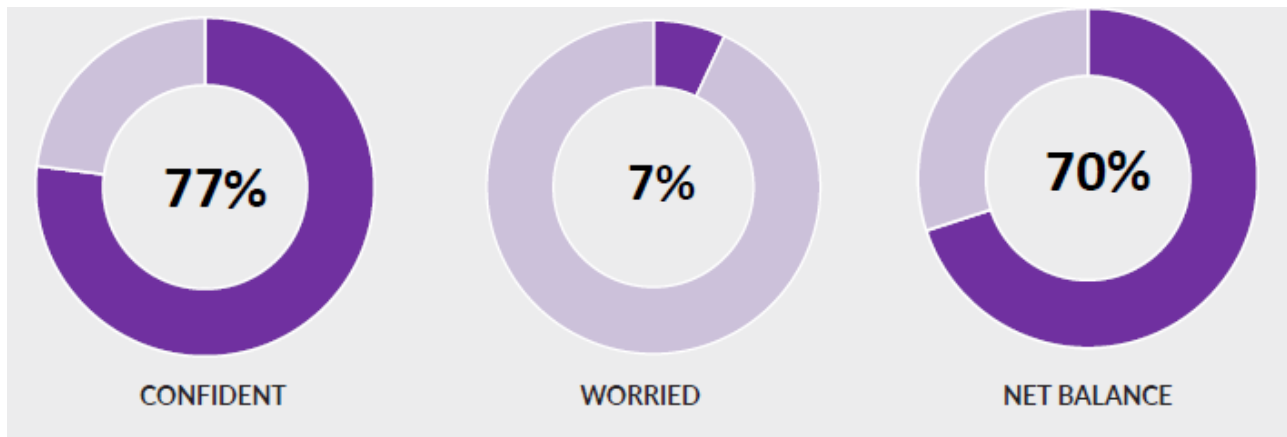
BUSINESS CONFIDENCE

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

TERRITORY WIDE

In the September quarter 2021, the Territory-wide business confidence index was +70%. The response rate for this question was 97.3%.

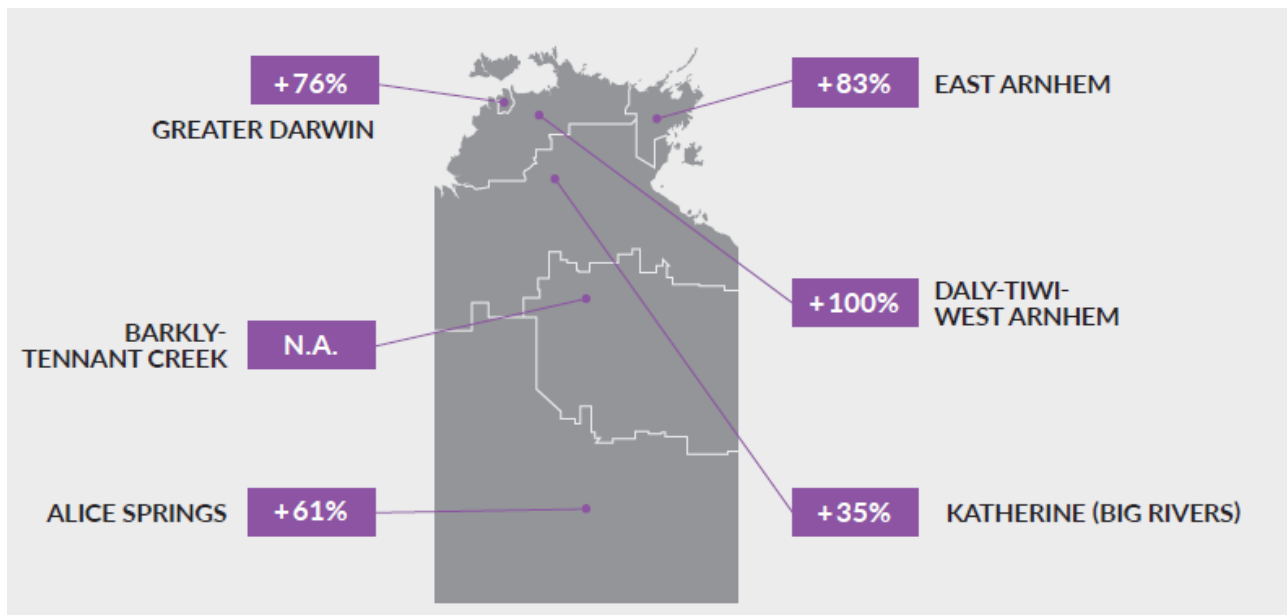
OVERALL BUSINESS CONFIDENCE INDEX



Note: 16% of the responses remained neutral (neither confident nor worried).

REGIONAL SUMMARY

Business confidence varied among Territory regions, ranging from +100% in Daly-Tiwi-West Arnhem to +35% in the Katherine (Big Rivers) region.



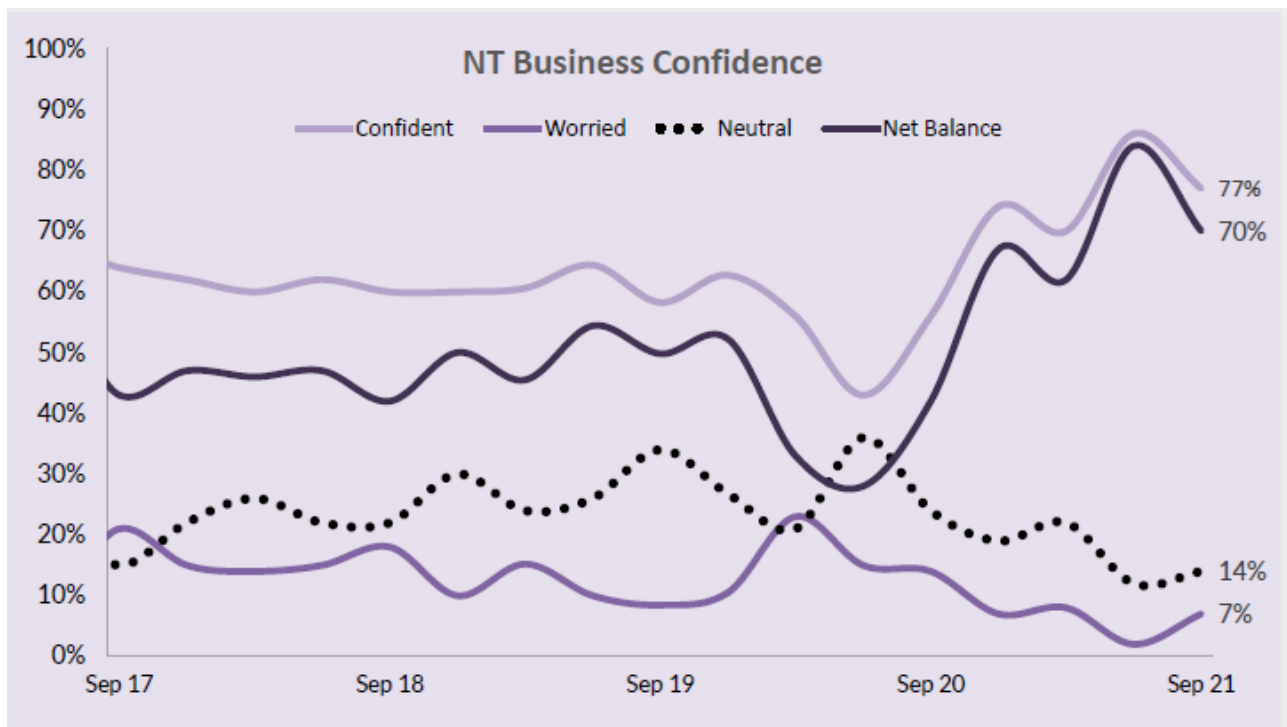
CONFIDENCE TRENDS

TERRITORY WIDE

	Sep Qtr 2020	Dec Qtr 2020	Mar Qtr 2021	Jun Qtr 2021	Sep Qtr 2021
Confident	56%	74%	70%	86%	77%
Worried	14%	7%	8%	2%	7%
Net balance	42%	67%	62%	84%	70%

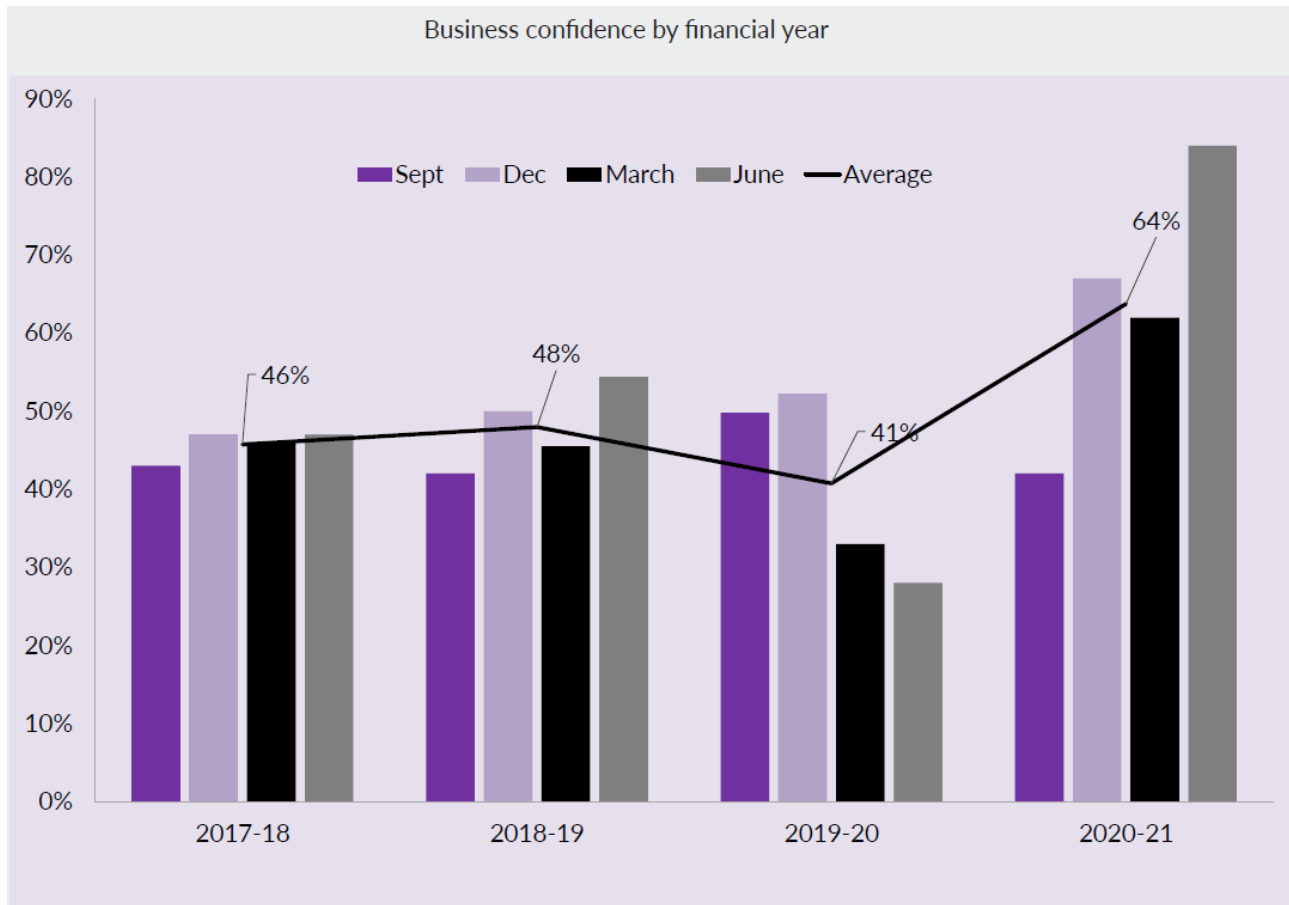
In the September quarter 2021, business confidence decreased 14 percentage points to +70% from the previous quarter. This also represents a 28 percentage point increase from the September quarter 2020.

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, and is now at the second highest level on record since the survey began in September 2016.



ANNUAL AVERAGE BUSINESS CONFIDENCE

Yearly average business confidence in 2020-21 was +64%, compared to +41% in 2019-20. The lower annual average business confidence in 2019-20 was primarily due to restrictions related to COVID-19.



BUSINESS CONFIDENCE BY REGION

In the September quarter 2021, business confidence decreased in all regions except Daly-Tiwi-West Arnhem, and East Arnhem, where confidence increased.

REGION	Sep Qtr 2020	Dec Qtr 2020	Mar Qtr 2021	Jun Qtr 2021	Sep Qtr 2021
Greater Darwin					
Confident	58%	75%	71%	83%	81%
Worried	12%	4%	5%	1%	5%
Net balance	46%	71%	66%	82%	76%
Daly-Tiwi-West Arnhem					
Confident	66%	93%	71%	73%	100%
Worried	14%	0%	0%	7%	0%
Net balance	52%	93%	71%	66%	100%
East Arnhem					
Confident	94%	80%	92%	84%	86%

REGION	Sep Qtr 2020	Dec Qtr 2020	Mar Qtr 2021	Jun Qtr 2021	Sep Qtr 2021
Worried	5%	4%	0%	5%	3%
Net balance	89%	76%	82%	79%	83%
Katherine (Big Rivers)					
Confident	23%	72%	94%	75%	65%
Worried	15%	8%	0%	13%	30%
Net balance	8%	64%	94%	62%	35%
Barkly-Tennant Creek					
Confident	100%	100%	67%	n.a.	n.a.
Worried	0%	0%	0%	n.a.	n.a.
Net balance	100%	100%	67%	n.a.	n.a.
Alice Springs					
Confident	56%	65%	47%	73%	70%
Worried	29%	22%	26%	8%	9%
Net balance	27%	43%	21%	65%	61%

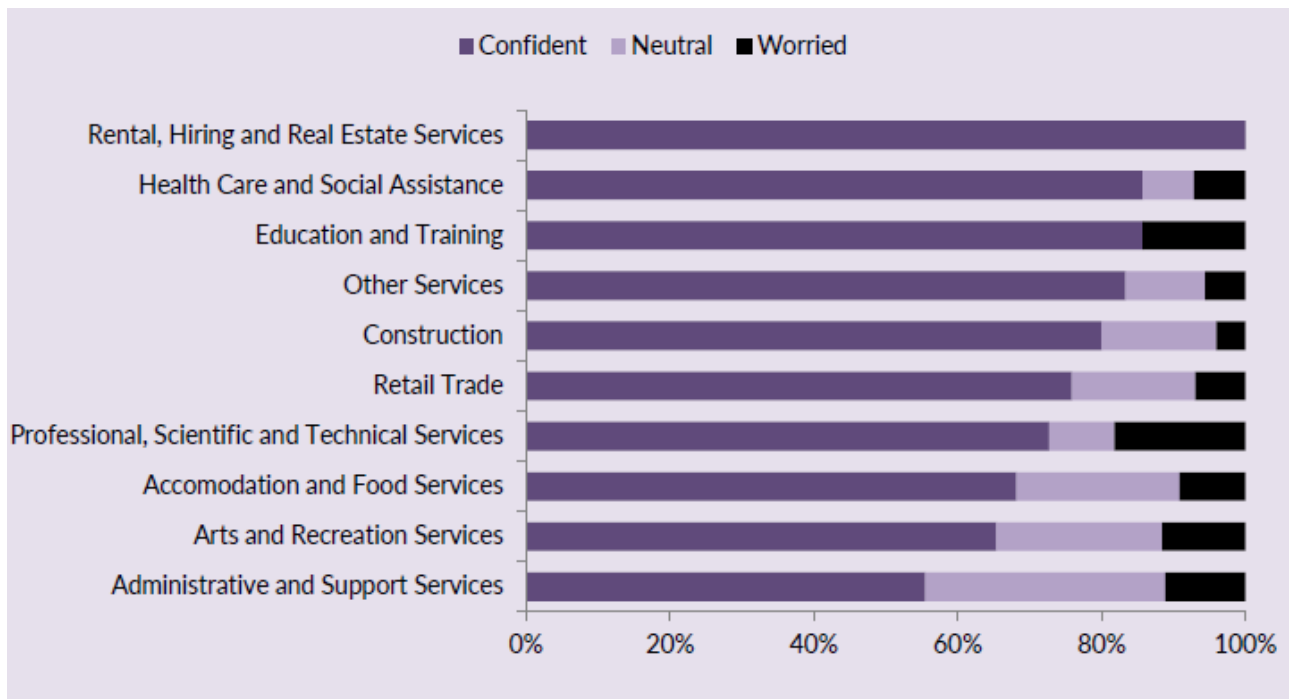
BUSINESS CONFIDENCE BY INDUSTRY

In the September quarter 2021, business confidence increased in all industries except: Electricity, Gas, Water, and Waste Services; Construction; Wholesale Trade; Retail Trade; Information, Media, and Telecommunications; Financial and Insurance Services; Rental, Hiring and Real Estate Services; Public Administration and Safety; Education and Training; and Other Services. The chart below displays the top 10 most surveyed industries.

SECTOR	CONFIDENT	WORRIED	NET BALANCE		
			Sep Qtr 2021	Jun Qtr 2021	Mar Qtr 2021
Administrative and Support Services	56%	11%	44%	63%	20%
Arts and Recreation Services	65%	11%	54%	73%	34%
Accommodation and Food Services	68%	9%	59%	75%	61%
Professional, Scientific and Technical Services	73%	18%	55%	86%	68%
Retail Trade	76%	7%	69%	54%	61%
Construction	80%	4%	76%	71%	64%
Other Services	83%	5%	78%	74%	61%
Education and Training	86%	15%	71%	50%	50%
Health Care and Social Assistance	86%	7%	79%	80%	80%
Rental, Hiring and Real Estate Services	100%	0%	100%	100%	70%

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

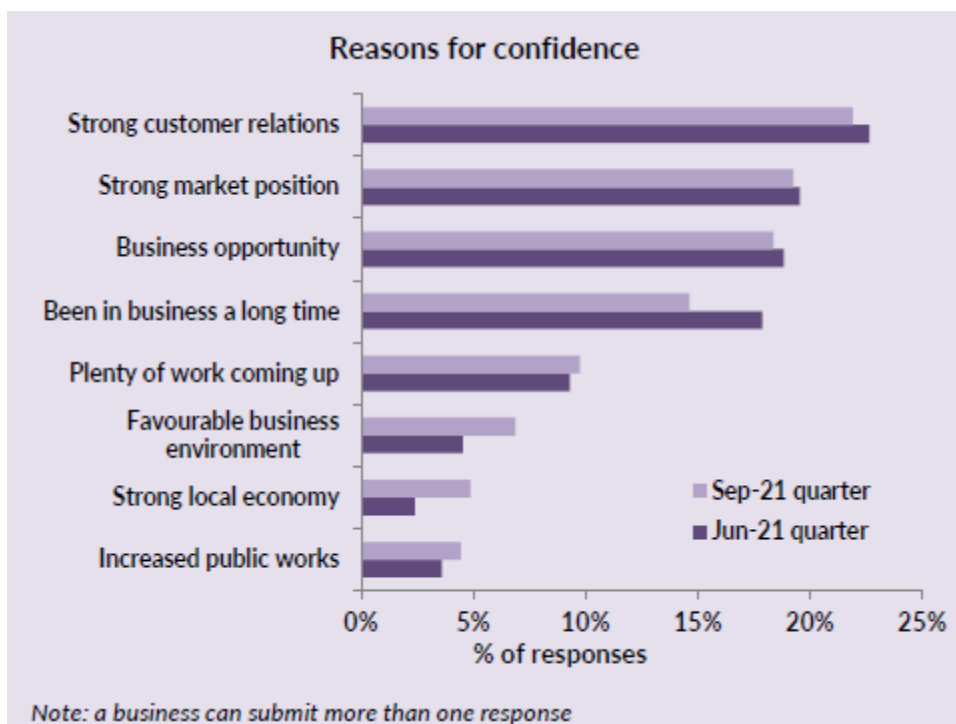
INDUSTRY EXPECTATIONS



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'; 'strong market position'; 'business opportunity'; and 'been in business a long time'. The graph below shows the relative importance of the key reasons for confidence.



WORRIED

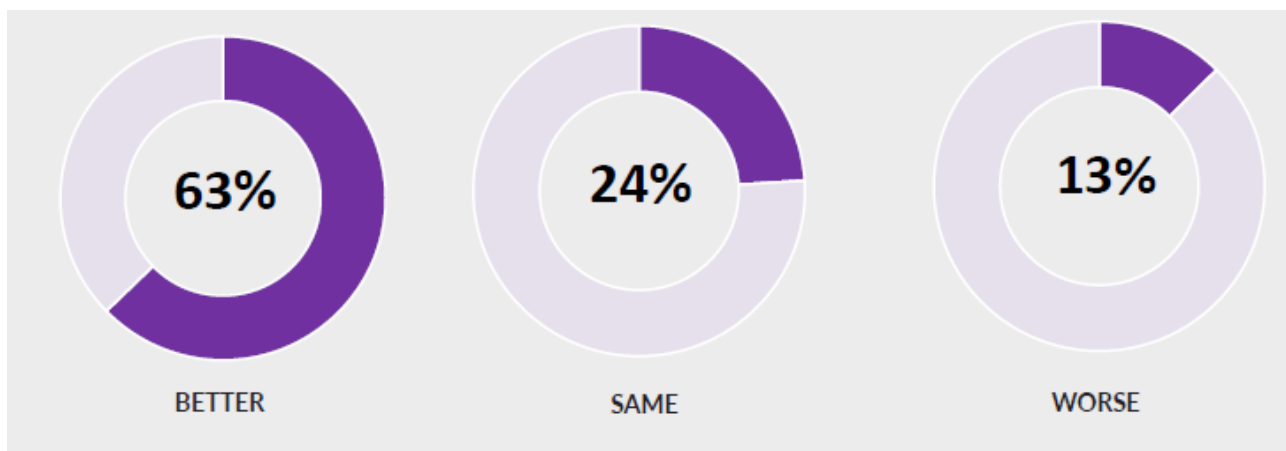
Of those Territory businesses worried about their business prospects for the next 12 months, the main reasons cited for being worried are: 'lack of suitably skilled workers'; 'decreasing business/sales'; and 'increasing business costs'. Territory businesses also noted COVID and the lack of international 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

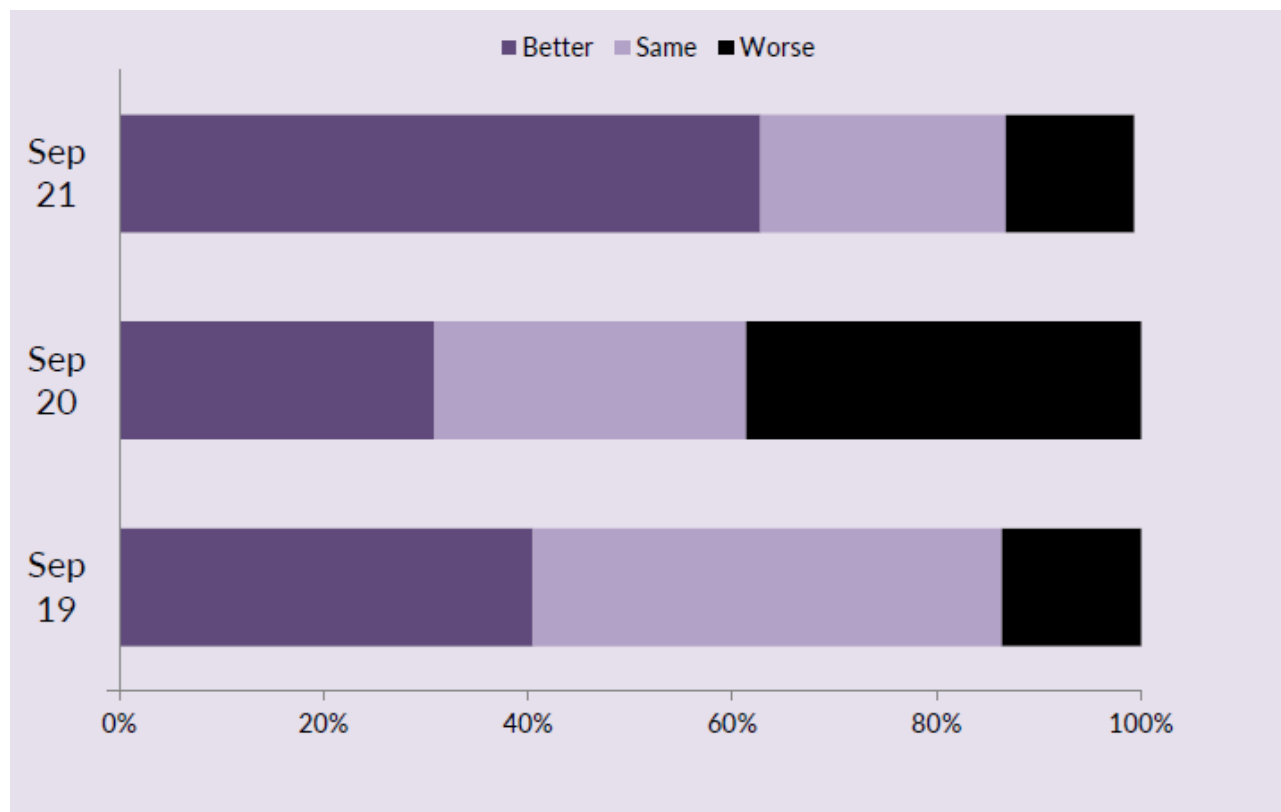
Q. How's your business performing this year compared to last year?

63% of Territory businesses noted that their business performance is better this year compared to last year, while 24% of the businesses stated that business performance is the same as last year, and 13% of businesses stated their business performance is worse than last year.



TREND IN BUSINESS PERFORMANCE

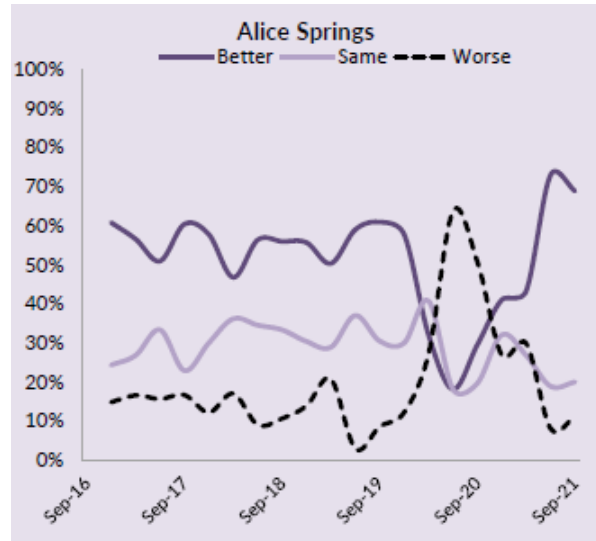
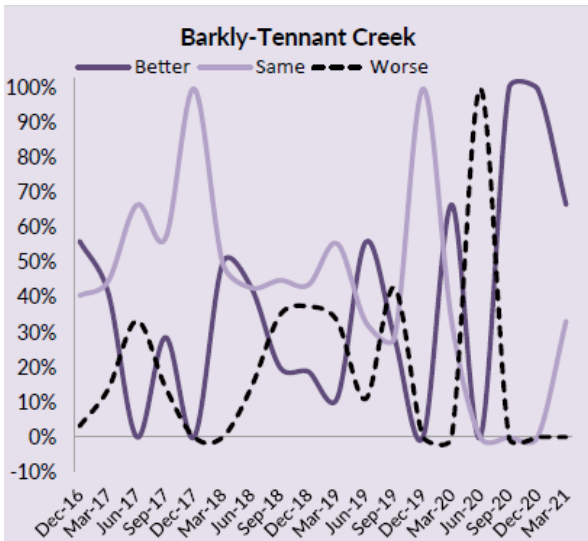
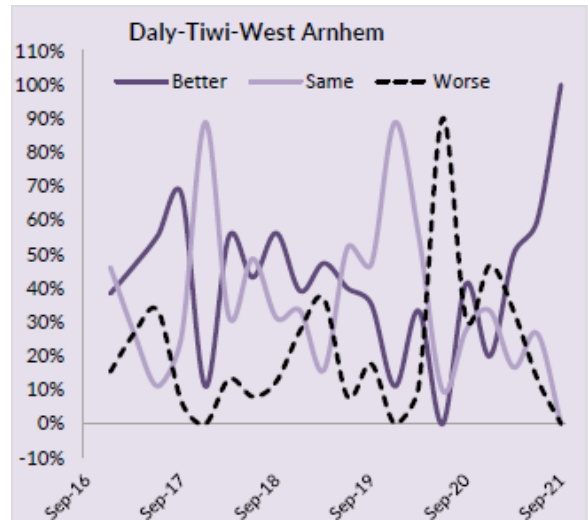
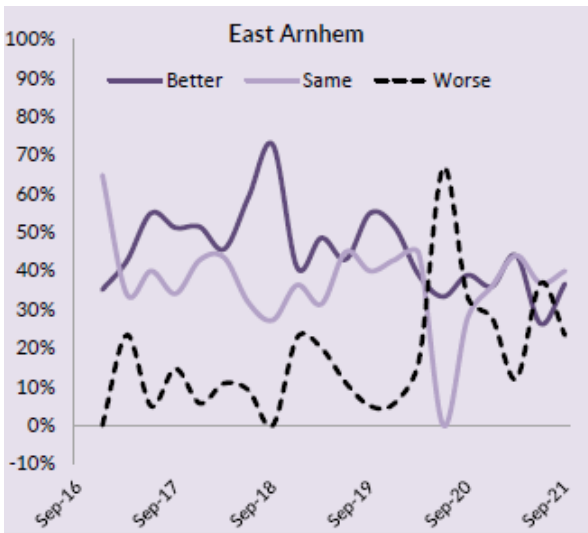
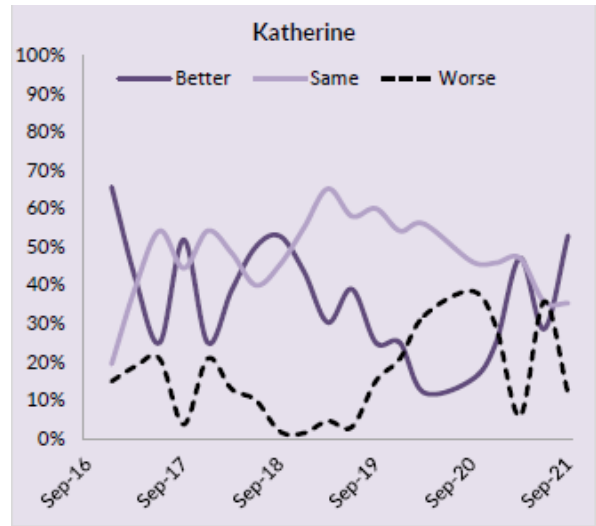
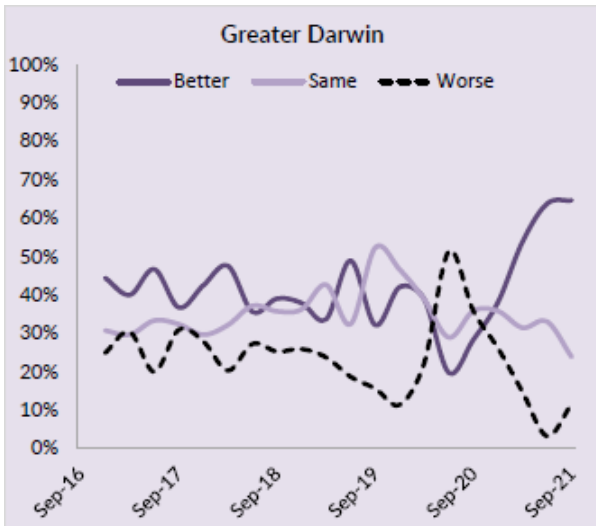
Compared to the same quarter in previous years, more businesses reported that their performance was getting better. Fewer businesses reported that their performance was worse or the same compared to the previous year.



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 all regions, except for Alice Springs.

STATISTICAL AREA LEVEL 3 (SA3) REGIONS	BUSINESS PERFORMANCE		
	Better	Same	Worse
Greater Darwin	65%	23%	12%
Katherine (Big Rivers)	53%	35%	12%
East Arnhem	37%	40%	23%
Daly-Tiwi-West Arnhem	100%	0%	0%
Barkly-Tennant Creek	n.a.	n.a.	n.a.
Alice Springs	69%	20%	11%
Territory-wide	63%	24%	13%



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.

industry.nt.gov.au

