

NORTHERN TERRITORY BUSINESS CONFIDENCE SURVEY

June Quarter 2019

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SUMMARY

- The Territory-wide business confidence level was +54% in the June Quarter 2019. This represents an 8 percentage point increase from the March Quarter 2019 and a 7 percentage point increase on the same quarter in 2018.
- Between 1 April and 30 June 2019, 415 businesses were surveyed across Territory regions and industry sectors.
- Business confidence by region ranged from +82% in East Arnhem to +44% in Daly-Tiwi-West Arnhem.
- 48% of businesses surveyed expected to perform better this year compared to the previous year, representing a 10 percentage point increase from the March Quarter 2019.

INTRODUCTION

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

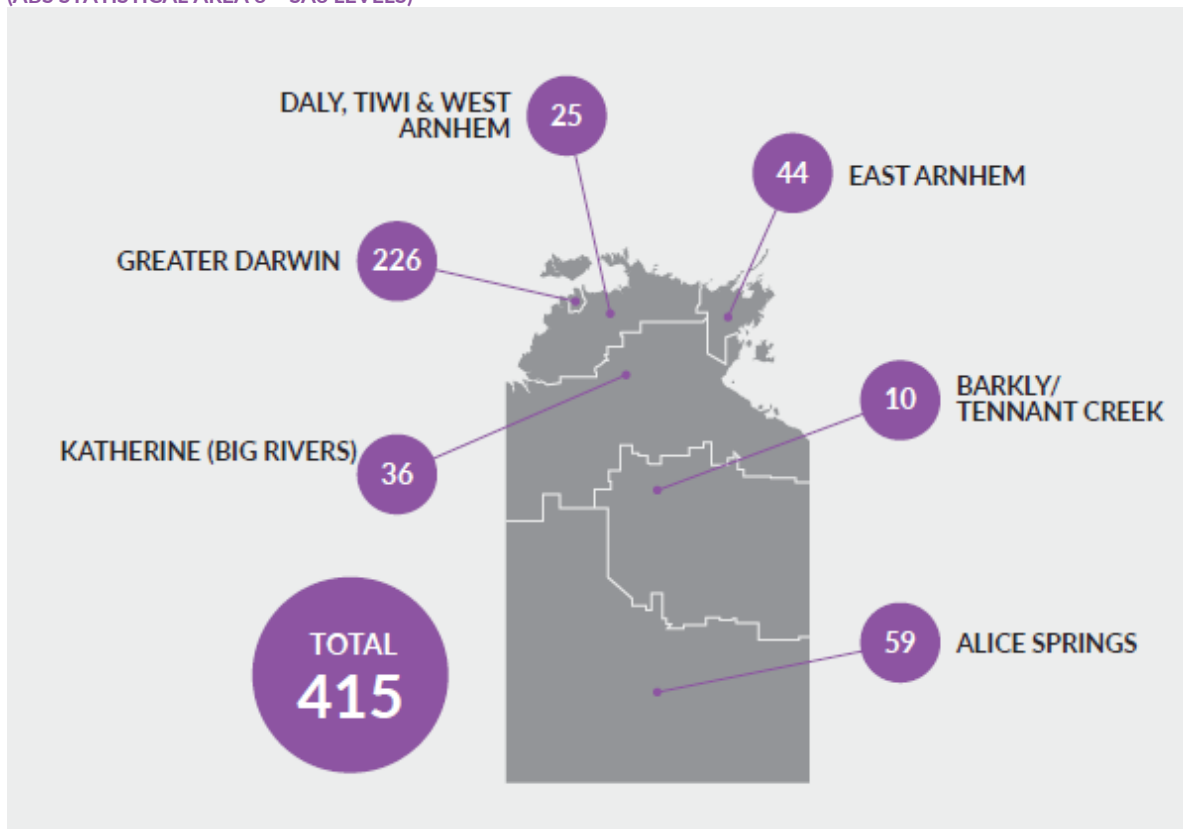
The survey covers urban and regional areas of the Territory and captures different industry sectors and business sizes (small, medium and large).

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	10 652	226	2.1%
Daly-Tiwi-West Arnhem	365	25	6.8%
East Arnhem	226	44	19.5%
Katherine (Big Rivers)	927	36	3.9%
Barkly-Tennant Creek	214	10	4.7%
Alice Springs	2076	59	2.8%
Unclassified	185	15	n.a.
TOTAL	14 460	415	2.8%

Source: ABS Cat. No. 81650.0

BUSINESS CONFIDENCE

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

OVERALL CONFIDENCE

In the June quarter 2019, the Territory-wide business confidence index was +54%. The response rate for this question was 98.8%.

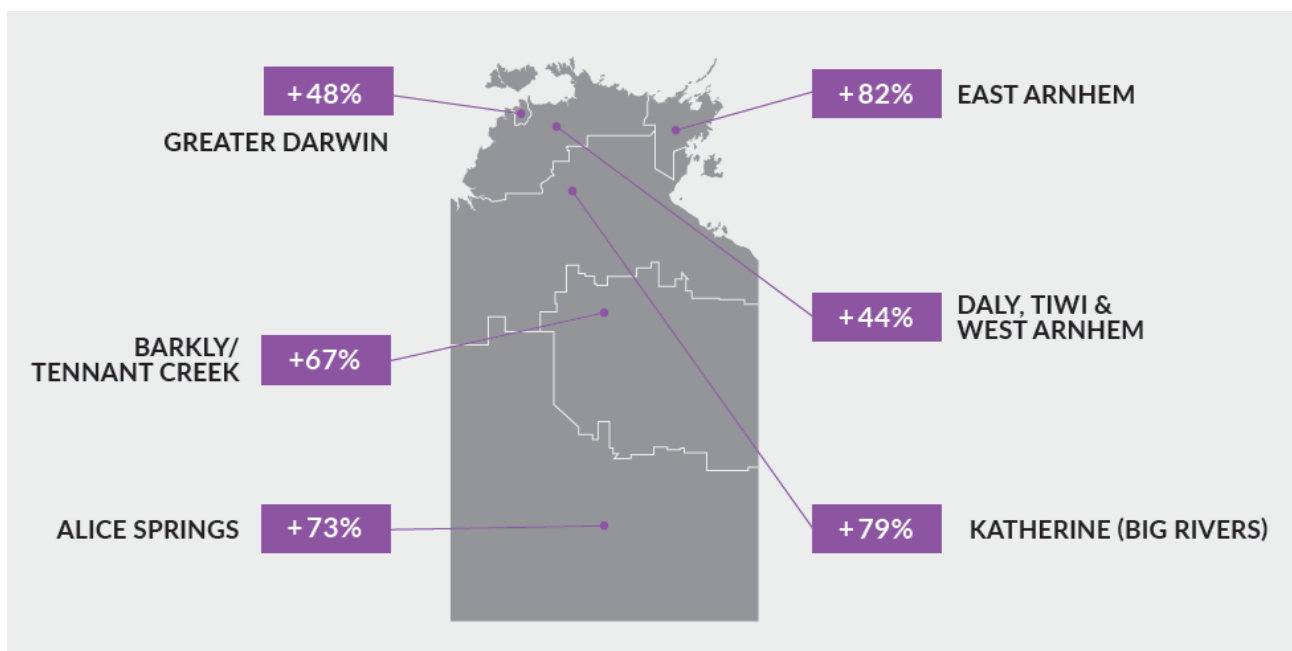
OVERALL BUSINESS CONFIDENCE INDEX



Note: 26% of the responses remained neutral (neither confident nor worried)

CONFIDENCE IN THE REGIONS

Business confidence varied among Territory regions, ranging from +82% in East Arnhem to +44% in the Daly-Tiwi-West Arnhem region.



CONFIDENCE TRENDS

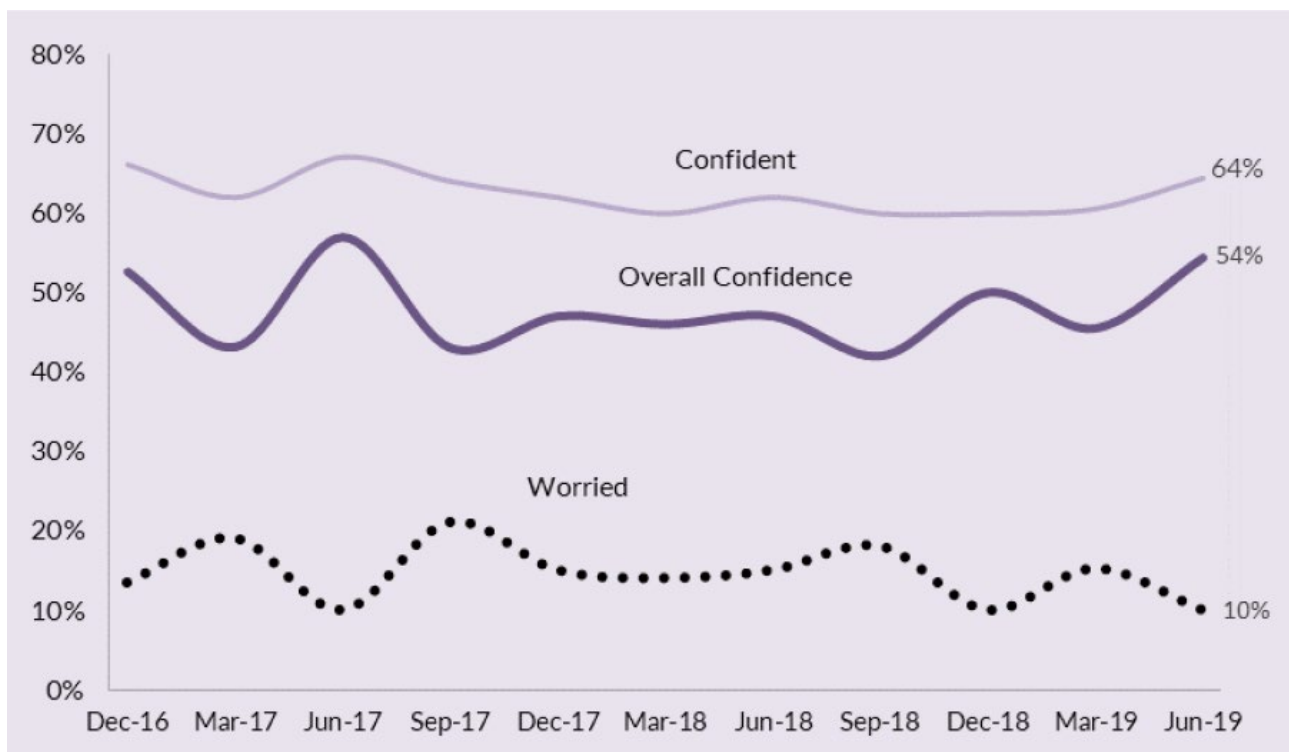
OVERALL CONFIDENCE – TERRITORY WIDE

REGION	June 2019	March 2019	December 2018	September 2018	June 2018
Confident	64%	61%	60%	60%	62%
Worried	10%	15%	10%	18%	15%
Net balance	54%	46%	50%	42%	47%

The June quarter 2019 business confidence has increased 8 percentage points to +54% from the previous quarter. This represents a 7 percentage point increase from June 2018.

The above table and the chart below show that the level of overall business confidence in the Territory has been stable and relatively buoyant over the past year.

TRENDS IN NT BUSINESS CONFIDENCE



CONFIDENCE IN THE REGIONS

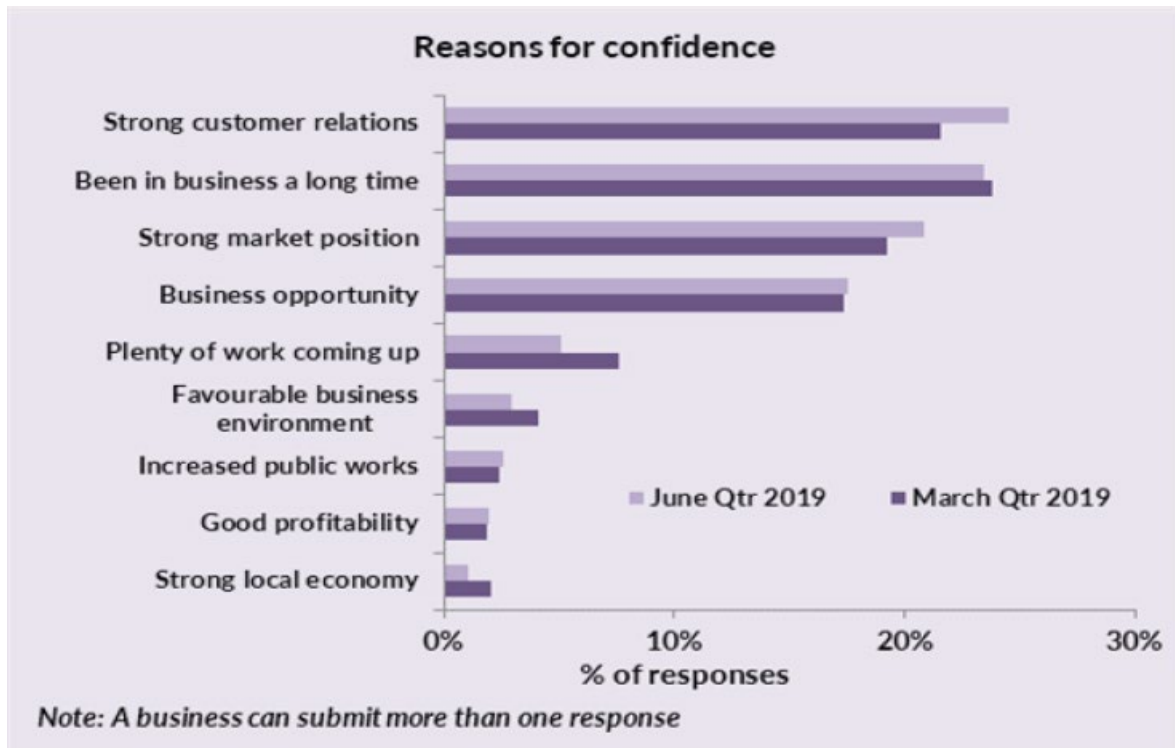
REGION	June 2019	March 2019	September 2018	September 2018	June 2018
Greater Darwin					
Confident	59%	57%	53%	51%	55%
Worried	11%	16%	12%	21%	18%
Net balance	48%	41%	41%	30%	37%
Daly-Tiwi-West Arnhem					
Confident	48%	42%	33%	59%	46%
Worried	4%	37%	19%	9%	12%
Net balance	44%	5%	14%	50%	34%
East Arnhem					
Confident	82%	66%	91%	75%	64%
Worried	0%	12%	5%	17%	18%
Net balance	82%	54%	86%	58%	46%
Katherine (Big Rivers)					
Confident	88%	88%	88%	79%	80%
Worried	9%	2%	0%	0%	10%
Net balance	79%	86%	88%	79%	70%
Barkly-Tennant Creek					
Confident	78%	78%	75%	81%	71%
Worried	11%	22%	0%	0%	14%
Net balance	67%	56%	75%	81%	57%
Alice Springs					
Confident	81%	65%	82%	84%	86%
Worried	8%	14%	4%	9%	6%
Net balance	73%	51%	78%	75%	80%

n.a. sample size too small to provide accurate confidence level

In June Quarter 2019, business confidence improved from the previous quarter in all the regions, except in the Big Rivers region, where confidence declined by 7 percentage points to 79%.

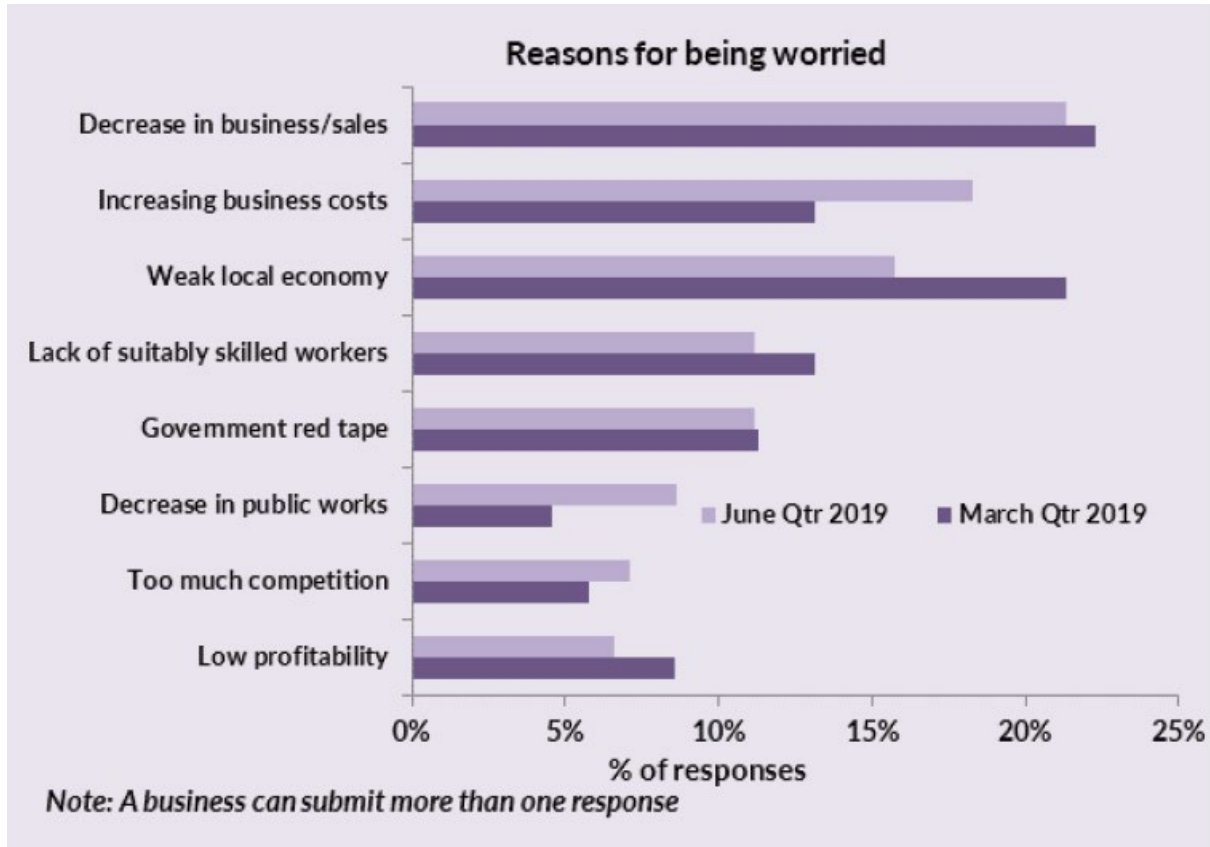
REASONS FOR CONFIDENCE

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. The 'Other' reason for businesses being confident was an anticipated pick up in the economy.



REASONS FOR BEING WORRIED

Of those Territory businesses worried about their business prospects for the next 12 months, the main reasons cited for being worried are: 'decrease in business/sales'; 'increasing business costs'; 'weak local economy'; and 'lack of suitably skilled workers'. The graph below shows the relative importance of the key reasons for being worried for the last two quarters.



BUSINESS CONFIDENCE BY SECTOR

The Territory-wide business confidence was +46% but remained varied among the sectors. The previous two quarters of confidence levels are shown for comparison purposes.

SECTOR	CONFIDENCE	WORRIED	OVERALL CONFIDENCE		
			Jun Qtr 2019	Mar Qtr 2019	Dec Qtr 2018
Agriculture, Forestry and Fishing	85%	8%	77%	47%	60%
Mining	n.a.	n.a.	n.a.	n.a.	n.a.
Manufacturing	67%	13%	53%	21%	-13%
Electricity, Gas, Water and Waste Services	60%	20%	40%	60%	83%
Construction	46%	10%	36%	53%	40%
Wholesale Trade	n.a.	n.a.	n.a.	50%	71%
Retail Trade	56%	13%	42%	26%	32%
Accommodation and Food Services	63%	7%	57%	40%	50%
Transport, Postal and Warehousing	73%	18%	55%	79%	18%
Information Media and Telecommunications	100%	0%	100%	100%	100%
Financial and Insurance Services	100%	0%	100%	100%	-50%
Rental, Hiring and Real Estate Services	100%	0%	100%	78%	62%
Professional, Scientific and Technical Services	93%	0%	93%	81%	79%
Administrative and Support Services	69%	0%	69%	25%	80%
Public Administration and Safety	50%	0%	50%	67%	25%
Education and Training	64%	9%	55%	41%	69%
Health Care and Social Assistance	84%	3%	69%	69%	78%
Arts and Recreation Services	68%	11%	58%	40%	59%
Other Services	59%	15%	44%	65%	61%

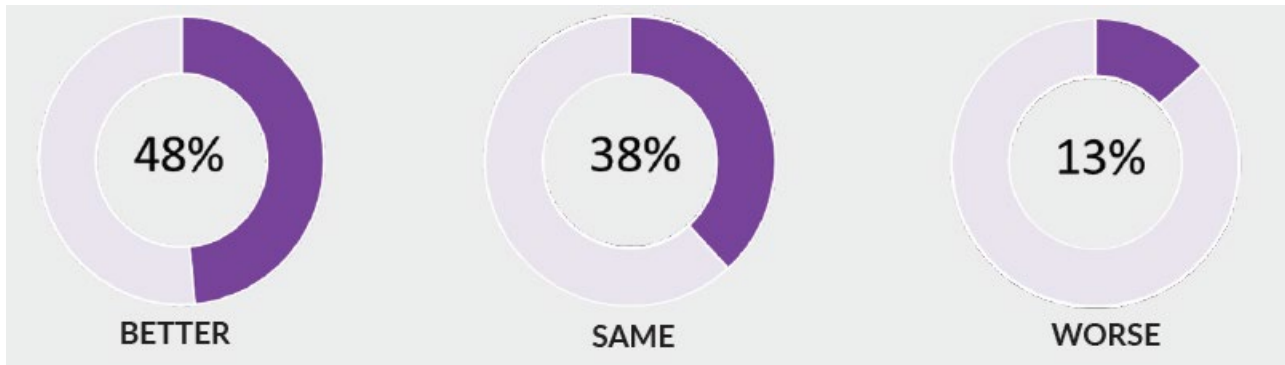
Note: Caution is advised when using this data as the sample size in some sectors are relatively small.

n.a. is a result of no surveys completed in this sector

BUSINESS PERFORMANCE

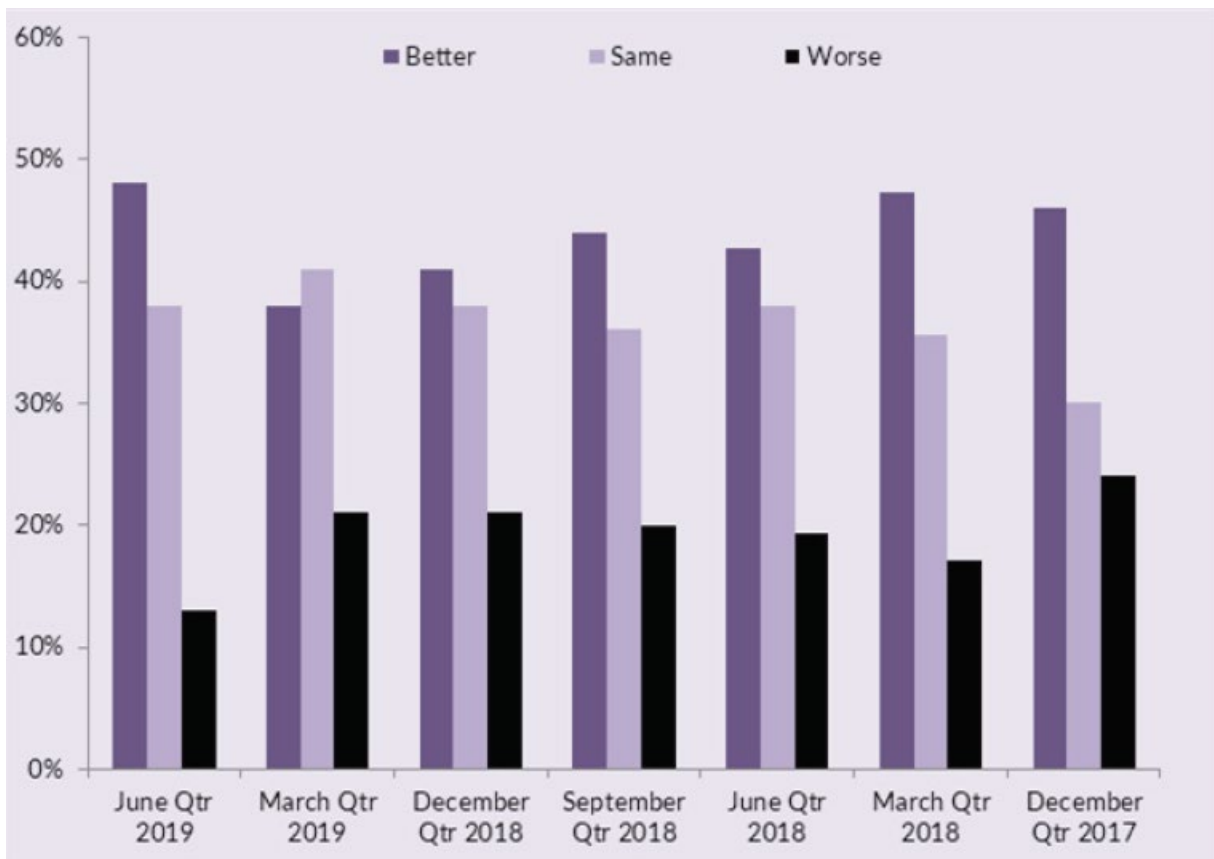
Q. How is your business performing this year compared to last year?

48% of Territory businesses noted that their business performance is better this year compared to last year, while 38% 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.



Compared to the previous quarter, the overall expectations for business performance were higher in most of the regions as shown in the following table and charts. More businesses felt that their business performance was better. The comparison of the June quarter 2019 and the March quarter 2019 show regional variations in business performance levels. Darwin, Katherine, and Barkly all showed improved business performance, whereas expectations for business performance declined in Daly-Tiwi-West Arnhem and East Arnhem.

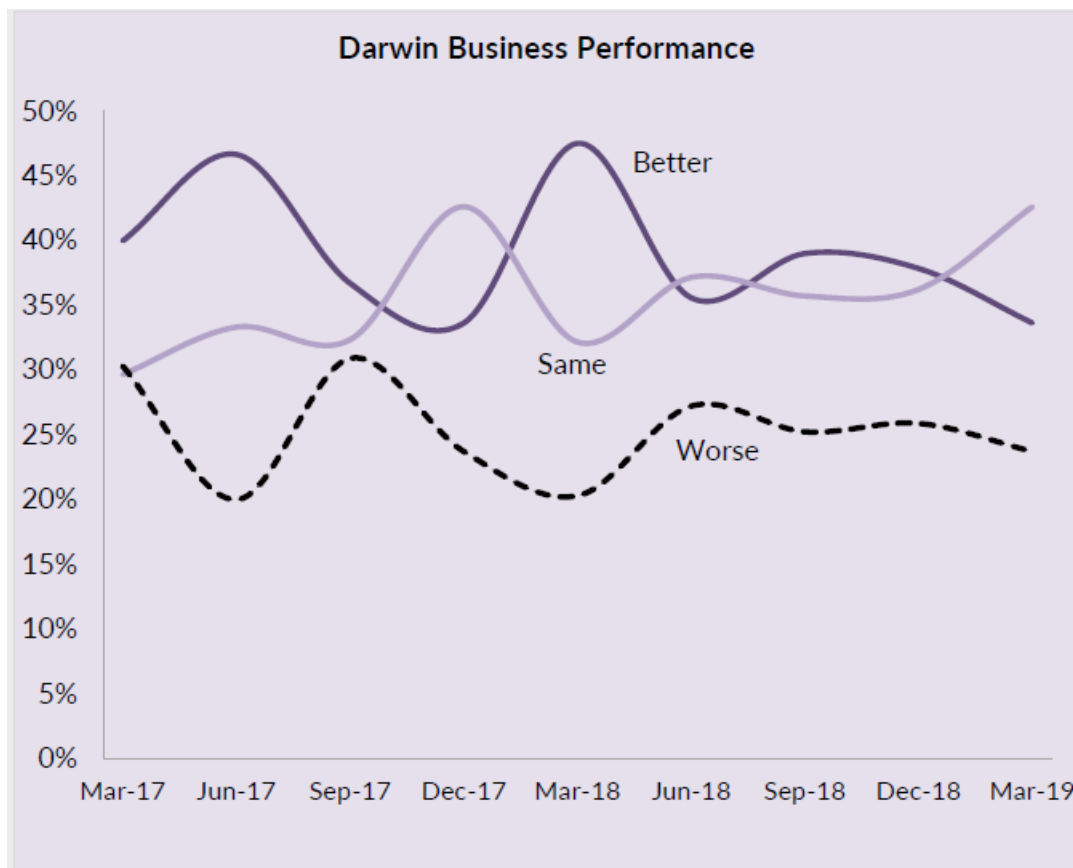
TRENDS IN BUSINESS PERFORMANCE

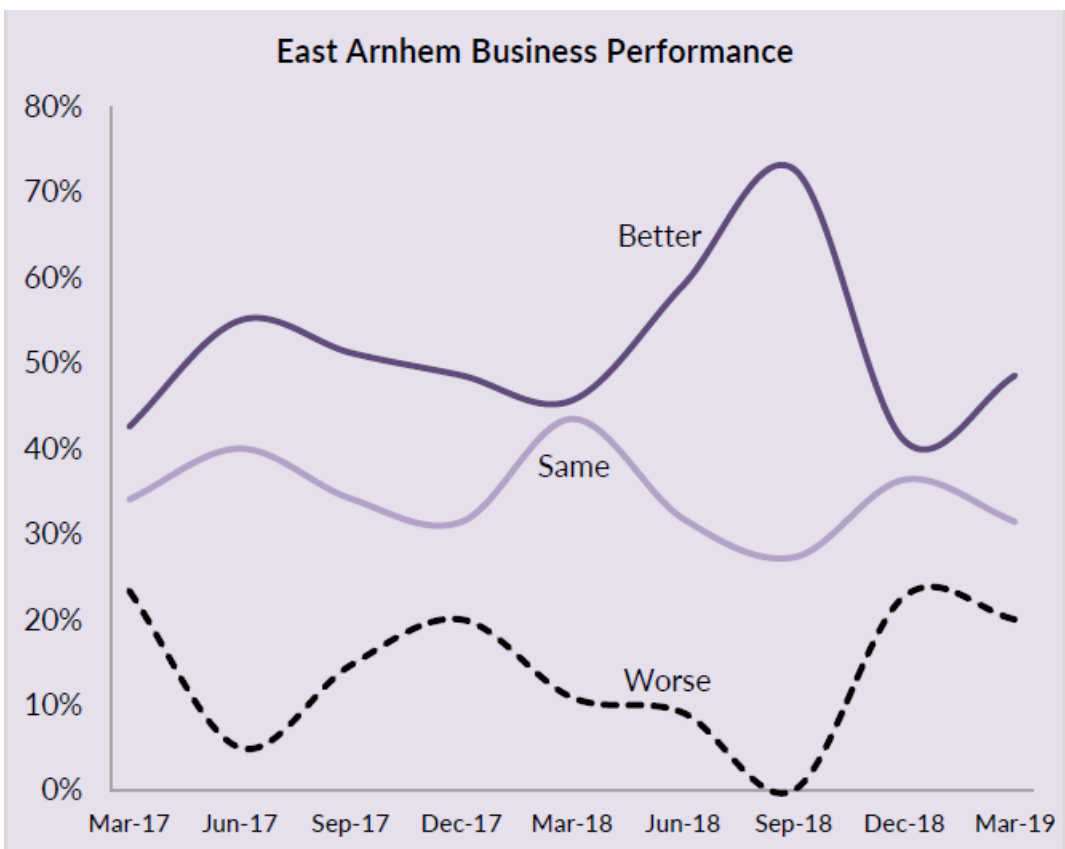
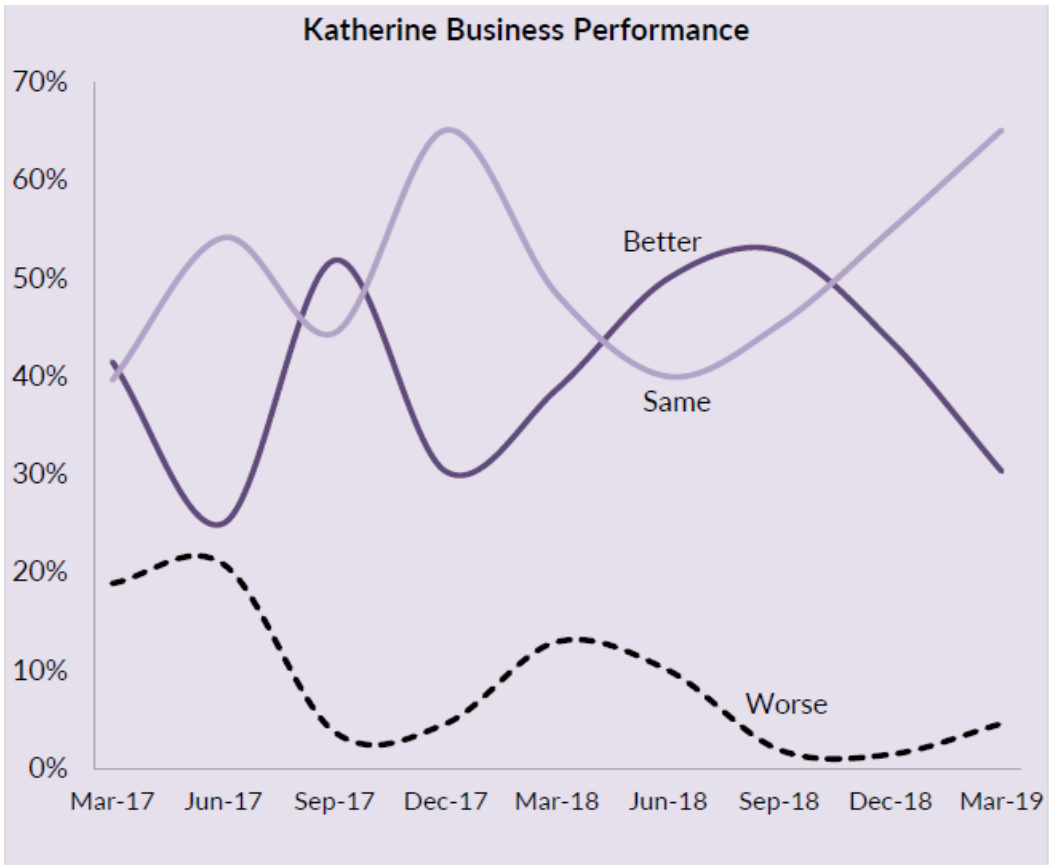


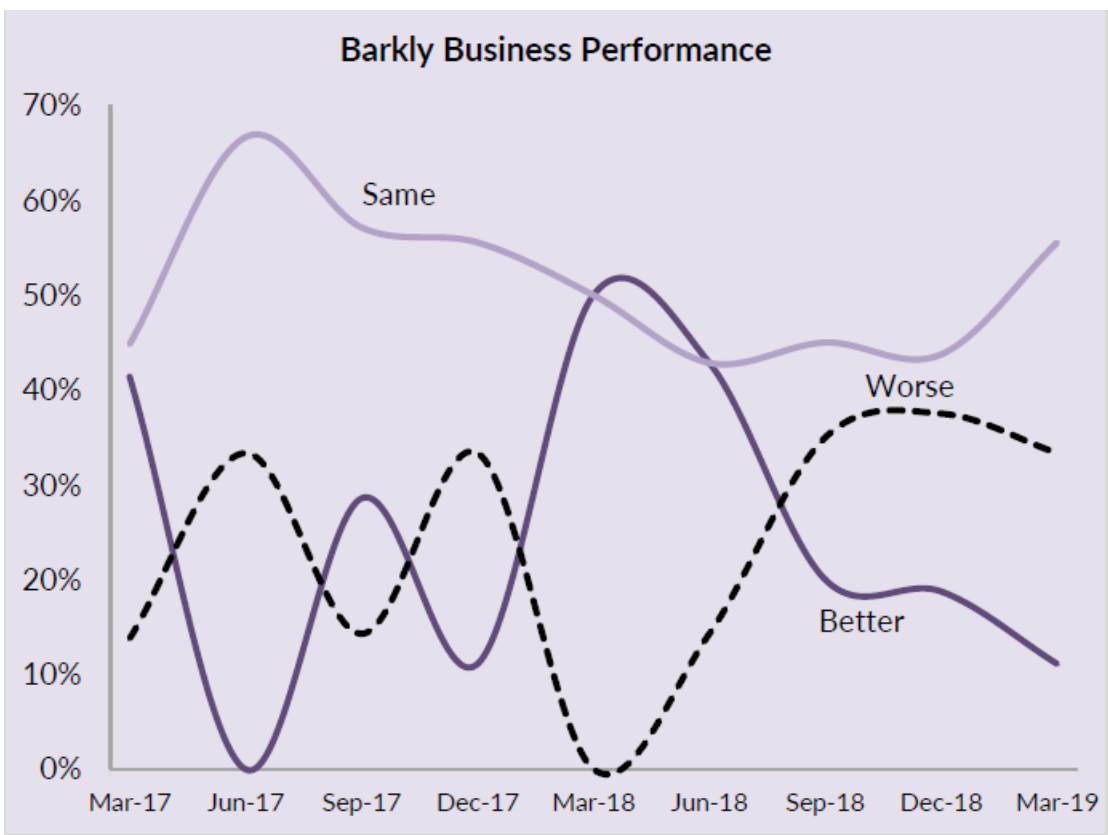
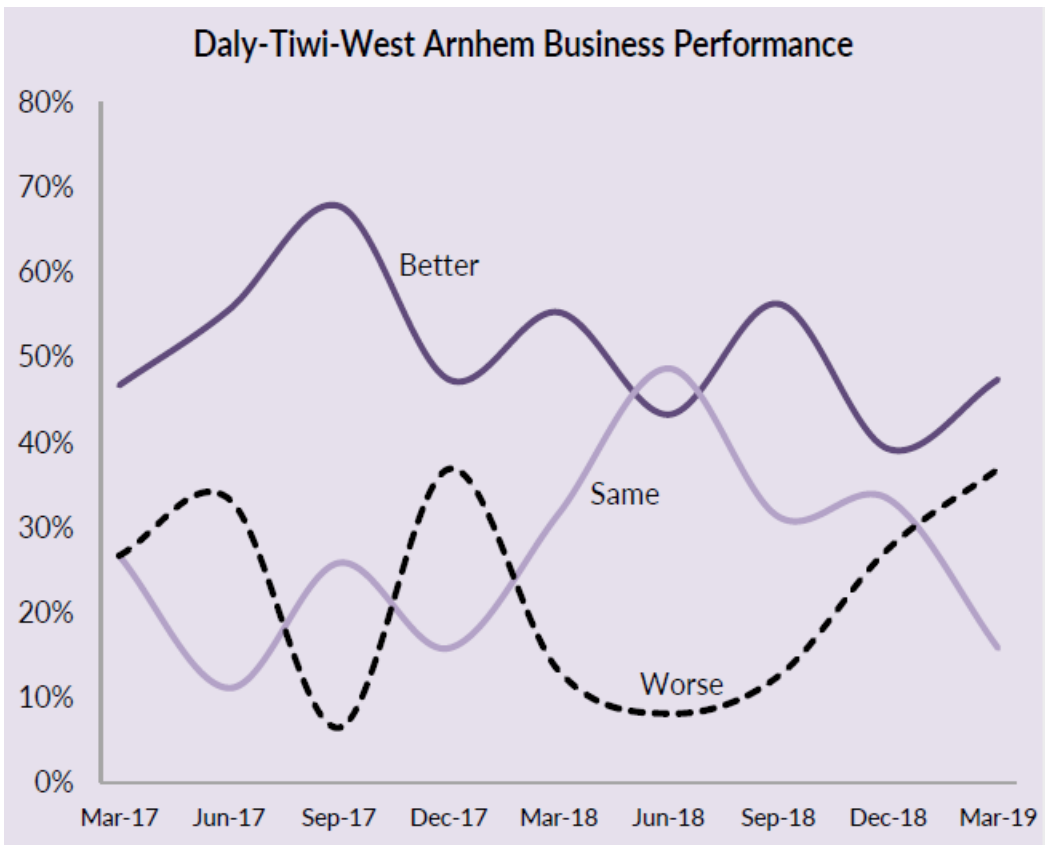
The table below highlights that business performance levels varied among businesses in the regions.

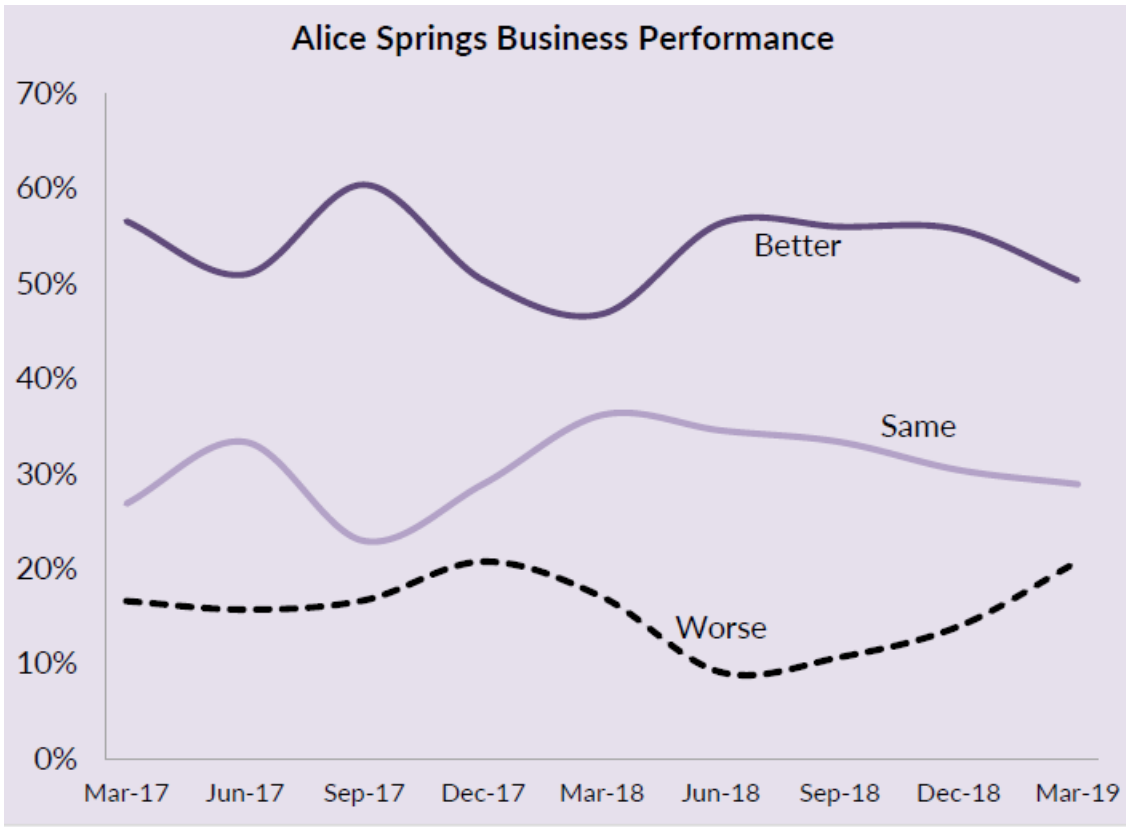
BUSINESS PERFORMANCE THIS YEAR COMPARED TO LAST YEAR BY REGION

STATISTICAL AREA LEVEL 3 (SA3) REGIONS	BUSINESS PERFORMANCE		
	Better	Same	Worse
Greater Darwin	49%	32%	19%
Katherine (Big Rivers)	39%	58%	3%
East Arnhem	43%	45%	11%
Daly, Tiwi & West Arnhem	40%	52%	8%
Barkly/Tennant Creek	56%	33%	11%
Alice Springs	59%	37%	3%
Territory-wide	48%	39%	13%









SURVEY METHODOLOGY

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

There are approximately 14,000 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 proportions 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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