

NORTHERN TERRITORY BUSINESS CONFIDENCE SURVEY

December Quarter 2020

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SUMMARY

- The Territory-wide business confidence level was +67% in the December quarter 2020. This represents a 25 percentage point increase from the September quarter 2020 and a 15 percentage point increase on the same quarter in 2019.
- This is the highest level of confidence since the survey began in September 2016.
- Between 1 October and 31 December 2020, 332 businesses were surveyed across Territory regions and industry sectors.
- Business confidence by region ranged from +100% in Barkly to +43% in the Alice Springs region.
- 37% of businesses surveyed expected to perform better this year compared to the previous year, representing a 6 percentage point increase from the previous quarter.

INTRODUCTION

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

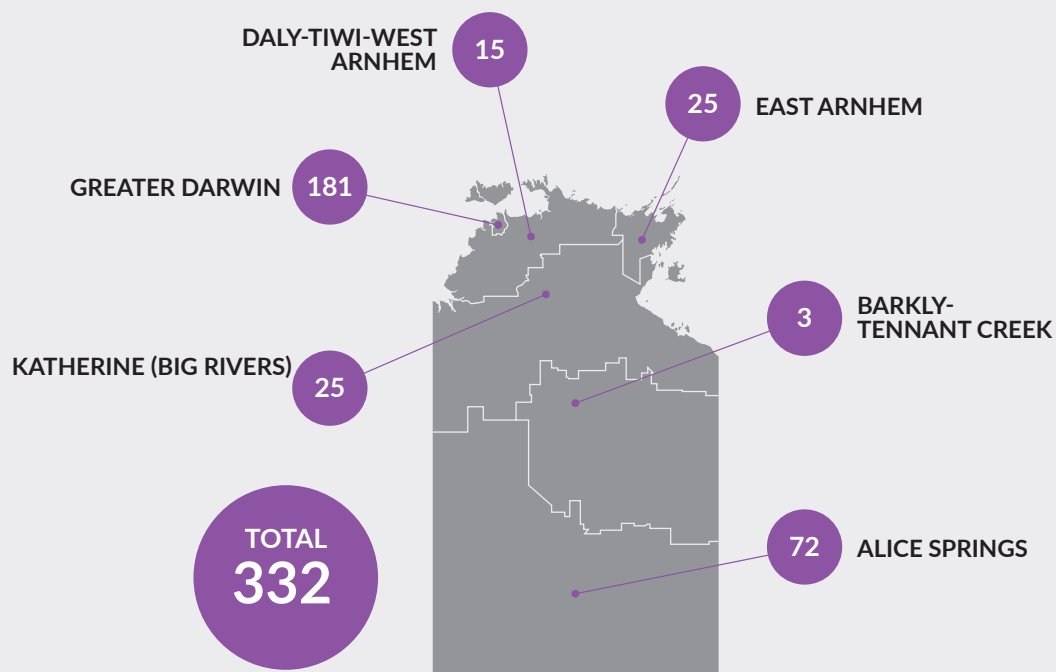
The survey covers urban and regional areas of the Territory and captures different industry sectors and business sizes (small, medium and large).

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.

NUMBER OF BUSINESSES SURVEYED BY REGIONS

(ABS STATISTICAL AREA 3 REGIONS)



Note: 11 responses did not state region

REGION	TOTAL NO. OF BUSINESSES*	BUSINESSES SURVEYED	PROPORTION OF TOTAL
Greater Darwin	10 838	181	1.7%
Daly-Tiwi-West Arnhem	375	15	4.0%
East Arnhem	225	25	11.1%
Katherine (Big Rivers)	939	25	2.7%
Barkly-Tennant Creek	213	3	1.4%
Alice Springs	2090	72	3.4%
Unclassified	n.a	11	n.a.
TOTAL	14 848	332	2.2%

*Source: ABS Cat. No. 8165.0

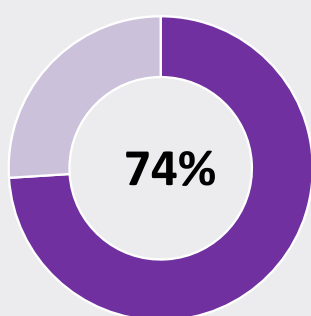
BUSINESS CONFIDENCE

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

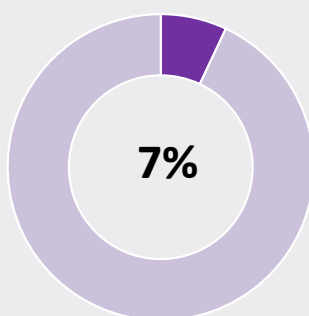
TERRITORY WIDE

In the December quarter 2020, the Territory-wide business confidence index was +67%. The response rate for this question was 97%.

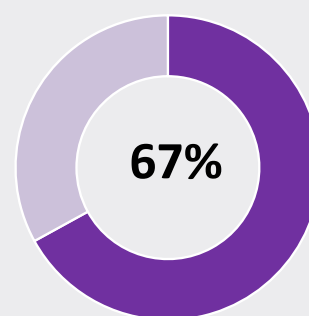
KEY BUSINESS INSIGHTS



CONFIDENT



WORRIED

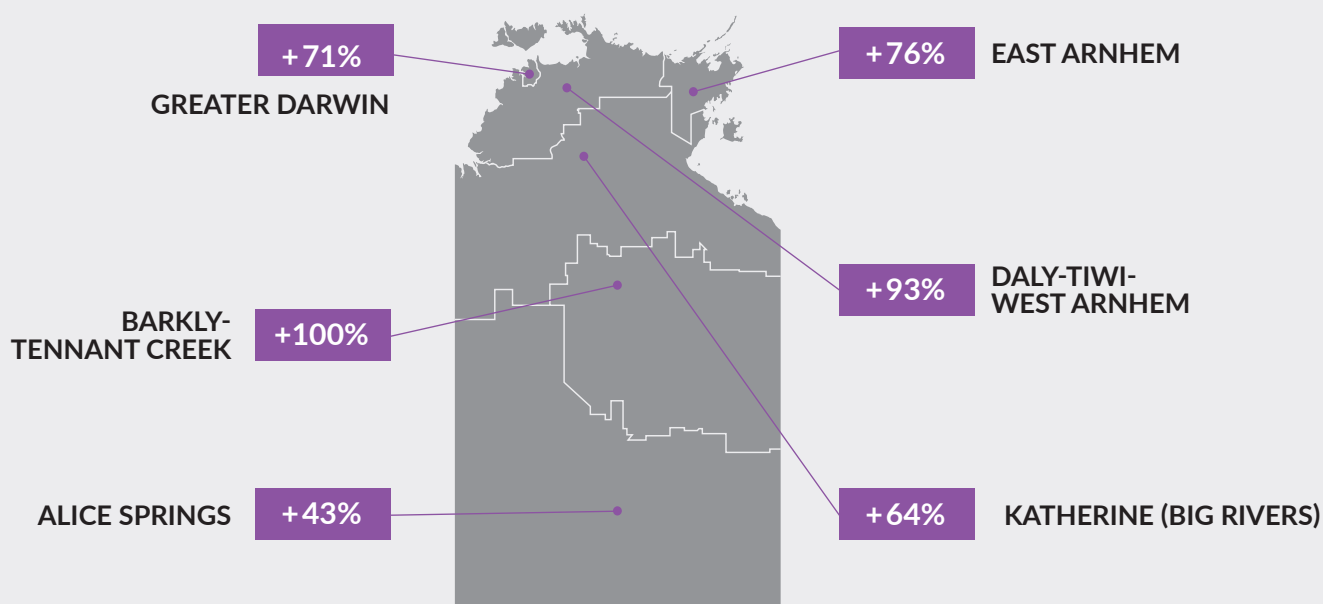


NET BALANCE

Note: 19% of the responses remained neutral (neither confident nor worried).

REGIONAL SUMMARY

Business confidence varied among Territory regions, ranging from +100% in Barkly to +43% in the Alice Springs region.



CONFIDENCE TRENDS

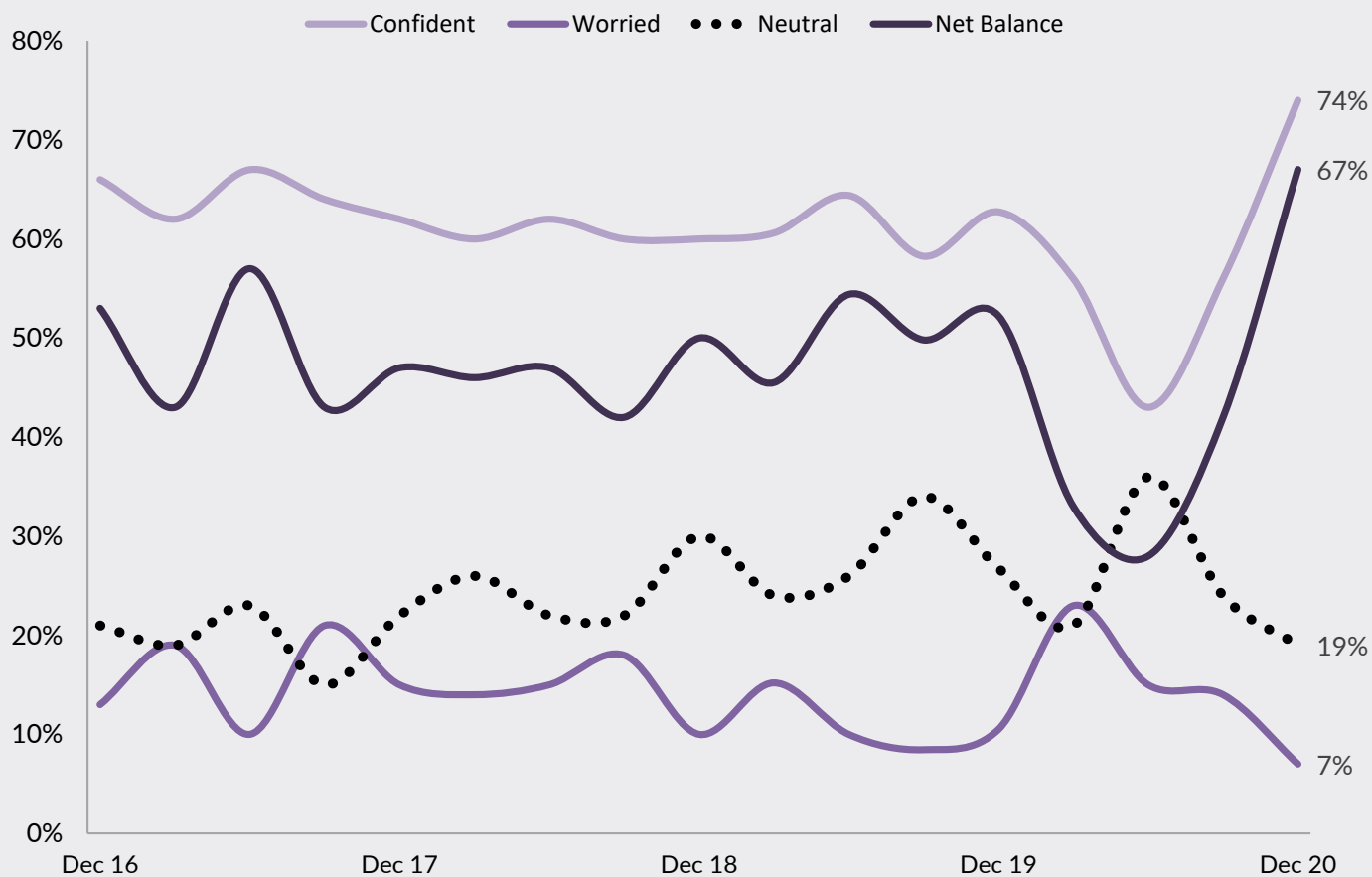
TERRITORY WIDE

	Dec Qtr 2019	Mar Qtr 2019	Jun Qtr 2020	Sep Qtr 2020	Dec Qtr 2020
Confident	63%	56%	43%	56%	74%
Worried	11%	23%	15%	14%	7%
Net balance	52%	33%	28%	42%	67%

In the December quarter 2020, business confidence increased 25 percentage points to +67% from the previous quarter. This also represents a 15 percentage point increase from the December quarter 2019.

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 highest level on record since the survey began in September 2016.

TREND IN BUSINESS CONFIDENCE LEVELS



BUSINESS CONFIDENCE BY REGION

In the December quarter 2020, business confidence improved in all regions except East Arnhem where confidence decreased, and Barkly where the level of business confidence was unchanged.

REGION	Dec Qtr 2019	Mar Qtr 2020	Jun Qtr 2020	Sep Qtr 2020	Dec Qtr 2020
Greater Darwin					
Confident	53%	55%	42%	58%	75%
Worried	11%	22%	15%	12%	4%
Net balance	42%	33%	26%	46%	71%
DTWA					
Confident	22%	78%	22%	66%	93%
Worried	11%	11%	56%	14%	0%
Net balance	11%	67%	-33%	52%	93%
East Arnhem					
Confident	89%	72%	100%	94%	80%
Worried	0%	16%	0%	5%	4%
Net balance	89%	56%	100%	89%	76%
Katherine (Big Rivers)					
Confident	75%	61%	n.a.	23%	72%
Worried	4%	26%	n.a.	15%	8%
Net balance	71%	35%	n.a.	8%	64%
Barkly-Tennant Creek					
Confident	67%	100%	0%	100%	100%
Worried	0%	0%	0%	0%	0%
Net balance	67%	100%	0%	100%	100%
Alice Springs					
Confident	78%	52%	50%	56%	65%
Worried	13%	27%	32%	29%	22%
Net balance	65%	25%	18%	27%	43%

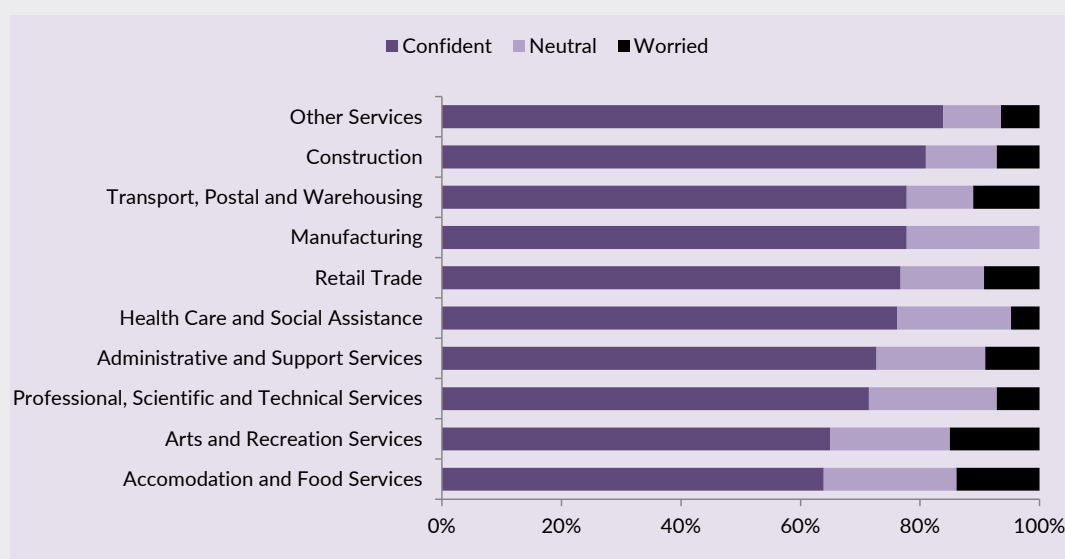
BUSINESS CONFIDENCE BY INDUSTRY

In the December quarter 2020, business confidence increased in all industries except Agriculture, Forestry and Fishing; Information, Media and Telecommunications; and Professional, Scientific and Technical Services in the December quarter 2020. The table below displays the top 10 surveyed industries.

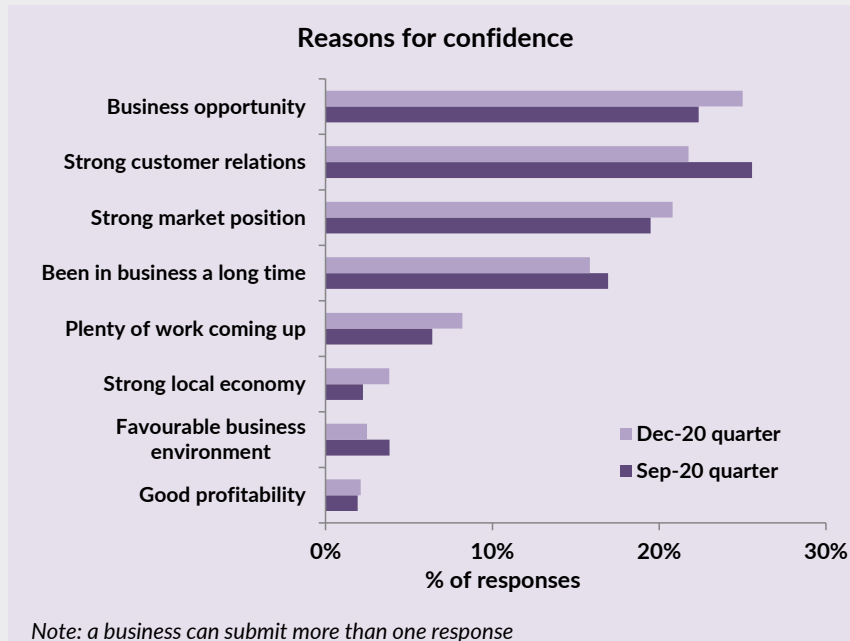
SECTOR	CONFIDENT	WORRIED	NET BALANCE		
			Dec Qtr 2020	Sep Qtr 2020	Jun Qtr 2020
Accommodation and Food Services	64%	14%	50%	6%	-22%
Arts and Recreation Services	65%	15%	50%	0%	0%
Professional, Scientific and Technical Services	71%	7%	64%	100%	56%
Administrative and Support Services	73%	9%	64%	60%	0%
Health Care and Social Assistance	76%	5%	71%	70%	87%
Retail Trade	77%	9%	67%	63%	7%
Manufacturing	78%	0%	78%	14%	33%
Transport, Postal and Warehousing	78%	11%	67%	9%	-25%
Construction	81%	7%	74%	55%	54%
Other Services	84%	6%	77%	37%	46%

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

INDUSTRY EXPECTATIONS

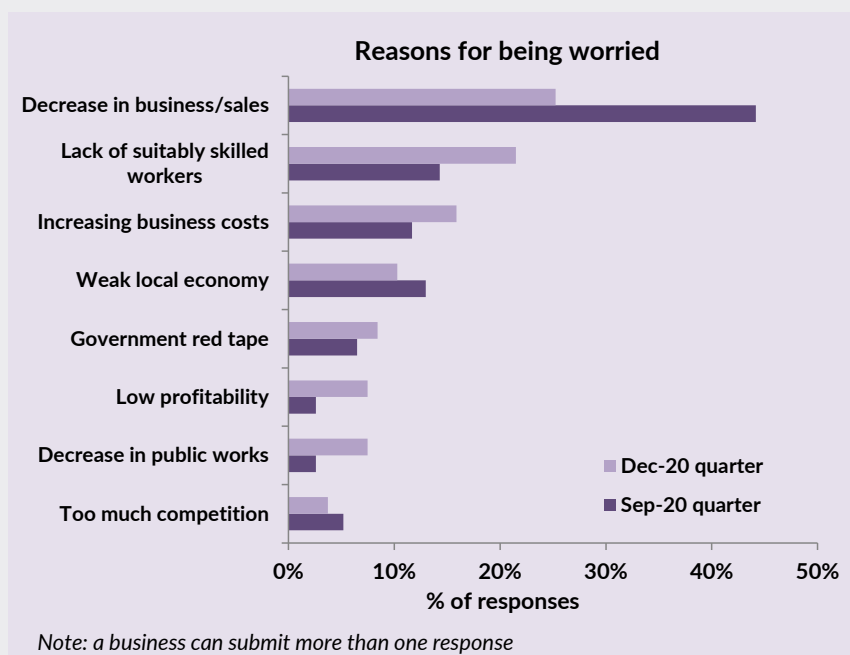


Of those Territory businesses confident about their business prospects for the next 12 months, key reasons cited are: 'strong customer relations'; 'business opportunity'; 'strong market position'; and 'been in business a long time'. The graph below shows the relative importance of the key reasons for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



WORRIED

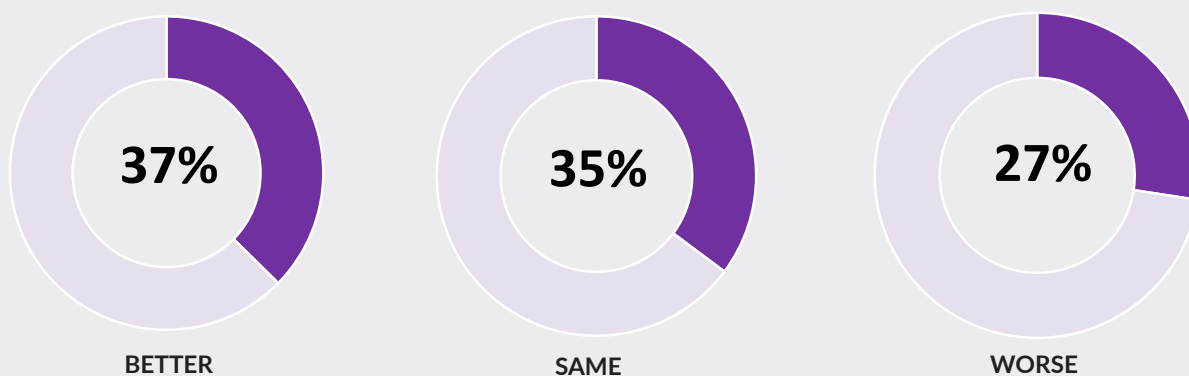
Of those Territory businesses worried about their business prospects for the next 12 months, the main reasons cited for being worried are: 'decrease in business/sales'; 'lack of suitably skilled workers', and 'increasing business costs'. The graph below shows the relative importance of the key reasons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



BUSINESS PERFORMANCE

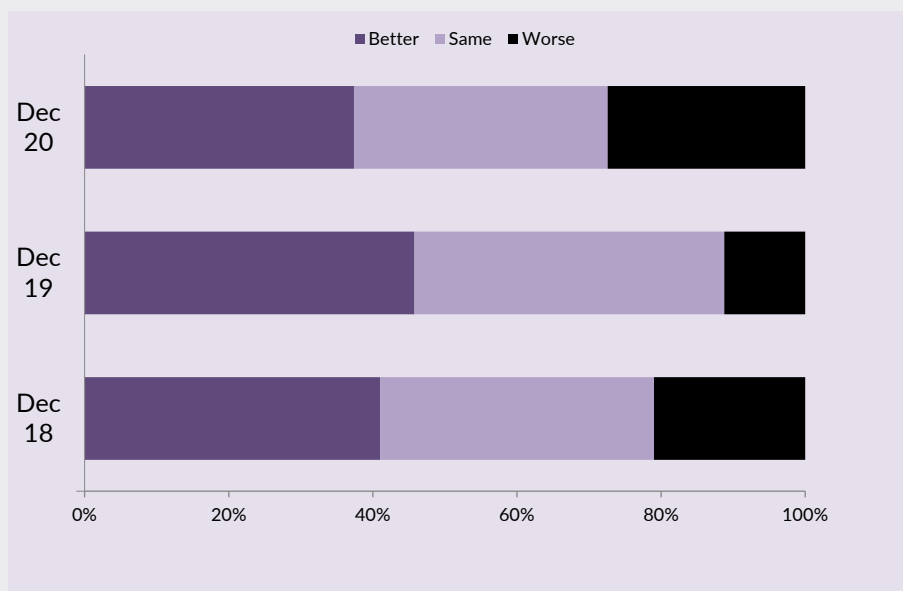
Q. How's your business performing this year compared to last year?

37% of Territory businesses noted that their business performance is better this year compared to last year, while 35% of businesses stated that business performance is the same as last year, and 27% of businesses stated their business performance is worse than last year.



TREND IN BUSINESS PERFORMANCE

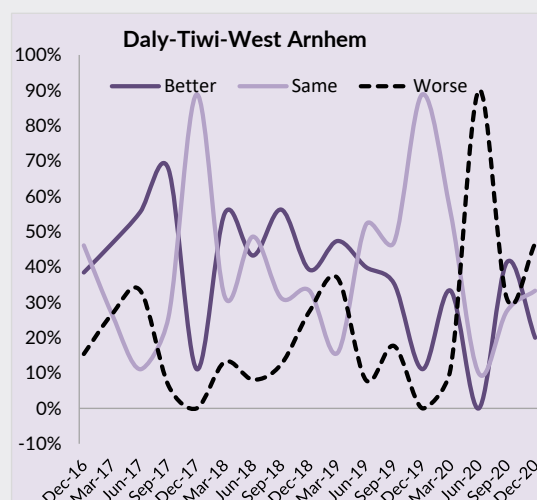
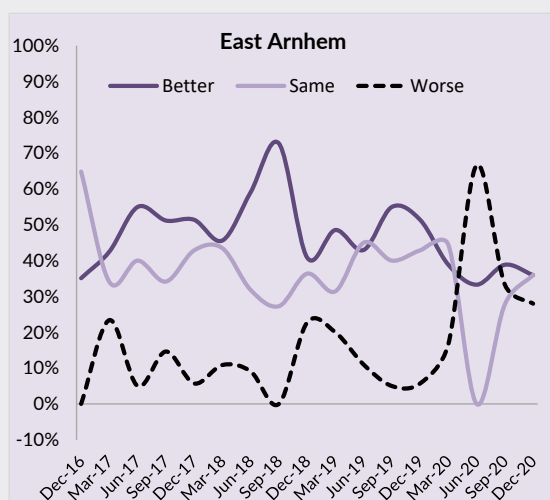
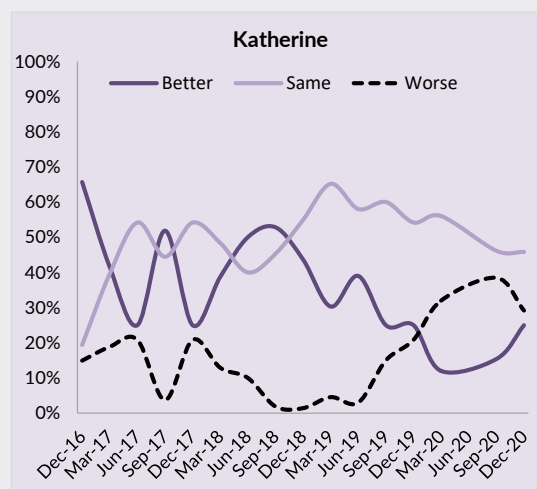
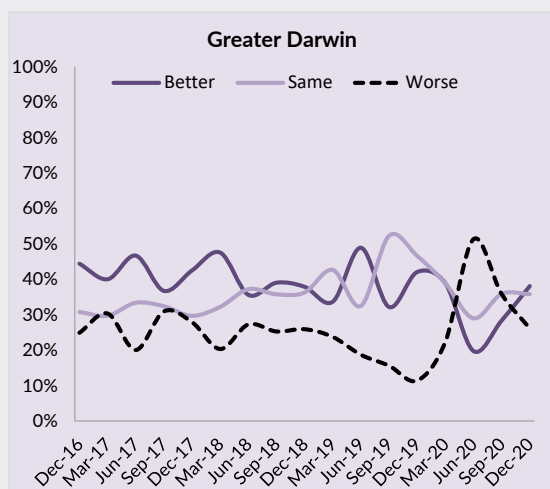
Compared to the same quarter in previous years, more businesses report that their performance was getting worse. Fewer businesses reported that their performance was the same or better compared to the previous year.

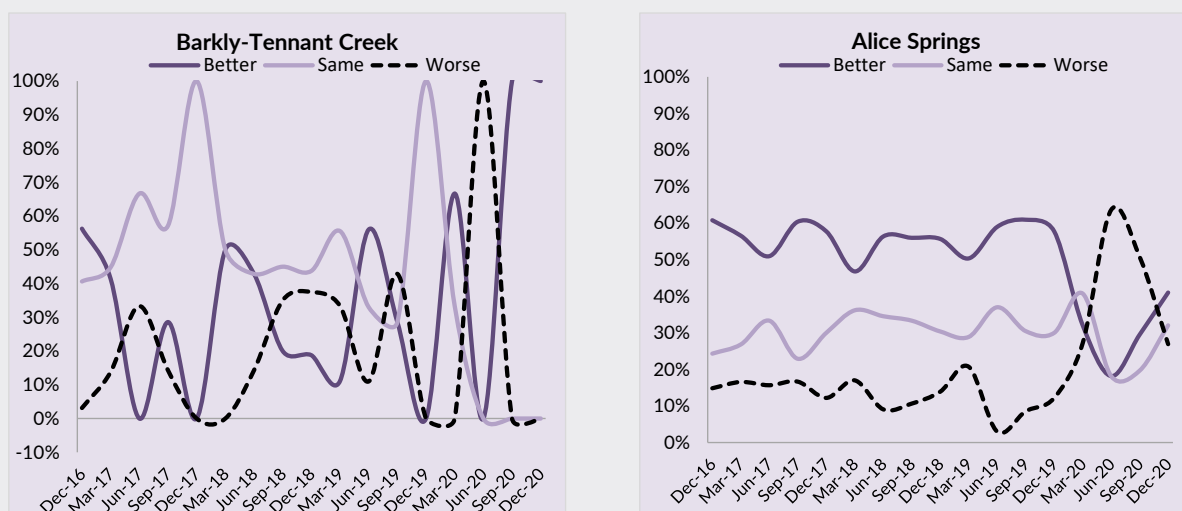


BUSINESS PERFORMANCE BY REGION

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.

STATISTICAL AREA 3 (SA3) REGIONS	BUSINESS PERFORMANCE		
	Better	Same	Worse
Greater Darwin	38%	36%	26%
Katherine (Big Rivers)	25%	46%	29%
East Arnhem	36%	36%	28%
Daly-Tiwi-West Arnhem	20%	33%	47%
Barkly-Tennant Creek	100%	0%	0%
Alice Springs	41%	32%	27%
Territory-wide	37%	35%	27%





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 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 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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