

NORTHERN TERRITORY BUSINESS CONFIDENCE SURVEY

March Quarter 2019

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SUMMARY

- The Territory-wide business confidence level was +46%, 4 percentage points lower than the December quarter 2018 index, and same as the March quarter 2018.
- 581 businesses were surveyed across Territory regions and industry sectors between 1 January and 31 March 2019.
- Business confidence by region ranged from +86% in Katherine (Big Rivers) to +5% in Daly-Tiwi-West Arnhem.
- 38% of the Territory businesses expected to perform better this year compared to the previous year, 3 percentage points lower than the December quarter 2018 figure. However, performance expectations varied among regions.

INTRODUCTION

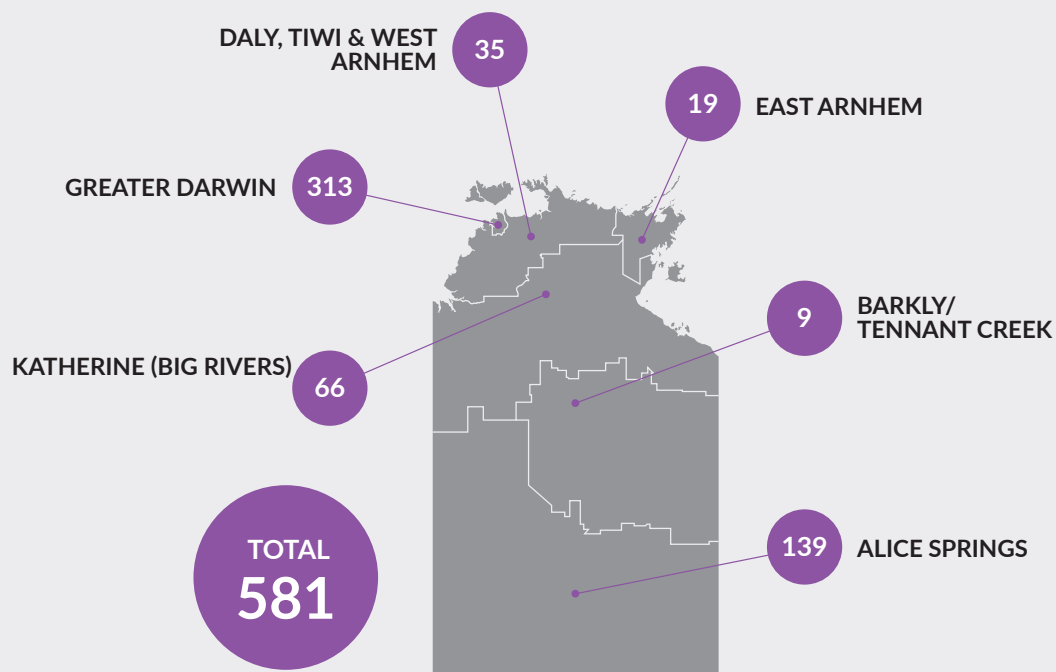
Northern Territory Business Confidence is a quarterly publication which highlights confidence levels of Territory-wide businesses.

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.

NUMBER OF BUSINESSES SURVEYED BY REGIONS

(ABS STATISTICAL AREA 3 REGIONS)



REGION	TOTAL NO. OF BUSINESSES*	BUSINESSES SURVEYED	PROPORTION OF TOTAL
Greater Darwin	10 652	313	2.9%
Daly-Tiwi-West Arnhem	365	35	9.6%
East Arnhem	226	19	8.4%
Katherine (Big Rivers)	927	66	7.1%
Barkly-Tennant Creek	214	9	4.2%
Alice Springs	2076	139	6.7%
Unclassified	185	-	
TOTAL	14 460	581	4.0%

*Source: ABS Cat. No. 8165.0

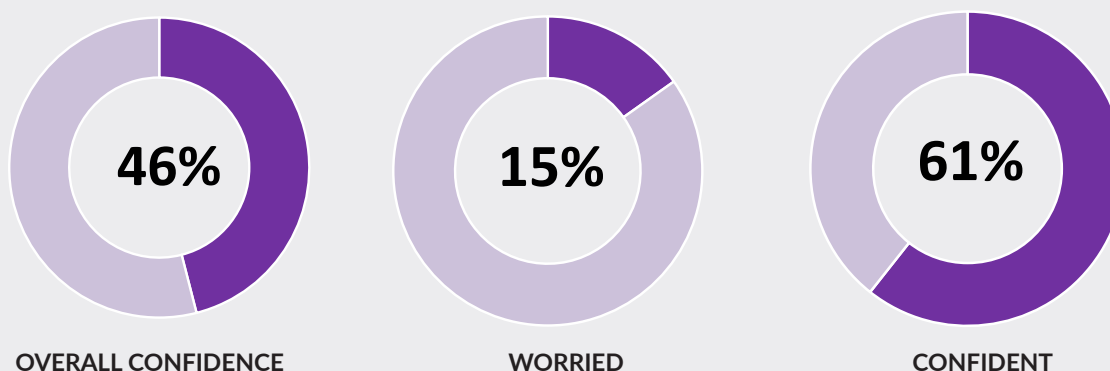
BUSINESS CONFIDENCE

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

OVERALL CONFIDENCE

In the March quarter 2019, the Territory-wide business confidence index was +46%. The response rate for this question was 98.3%.

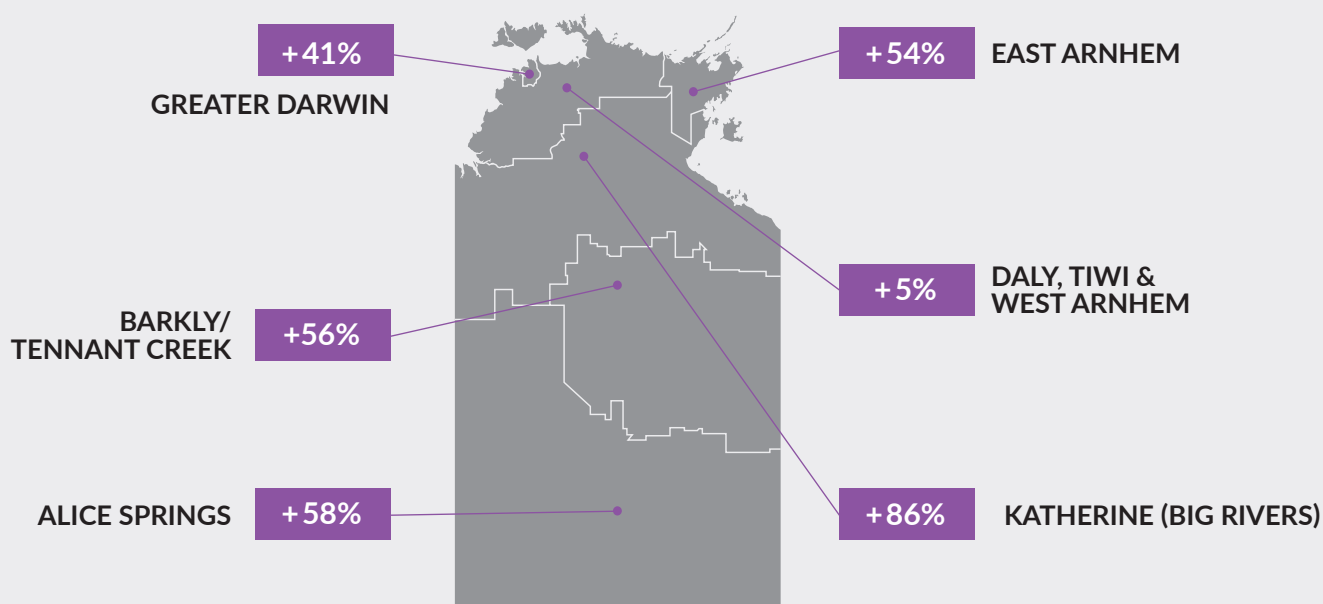
OVERALL BUSINESS CONFIDENCE INDEX



Note: 24% of the responses remained neutral (neither confident nor worried).

CONFIDENCE IN THE REGIONS

Business confidence varied among the regions across the Territory, ranging from +86% in the Katherine (Big Rivers) region to +5% in the Daly-Tiwi-West Arnhem region.



CONFIDENCE TRENDS

OVERALL CONFIDENCE - TERRITORY WIDE

	March 2019	December 2018	September 2018	June 2018	March 2018
Confident	61%	60%	60%	62%	60%
Worried	15%	10%	18%	15%	14%
Net balance	46%	50%	42%	47%	46%

The March quarter 2019 business confidence has decreased 4 percentage points to +46% from the previous quarter, the same as the March quarter 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

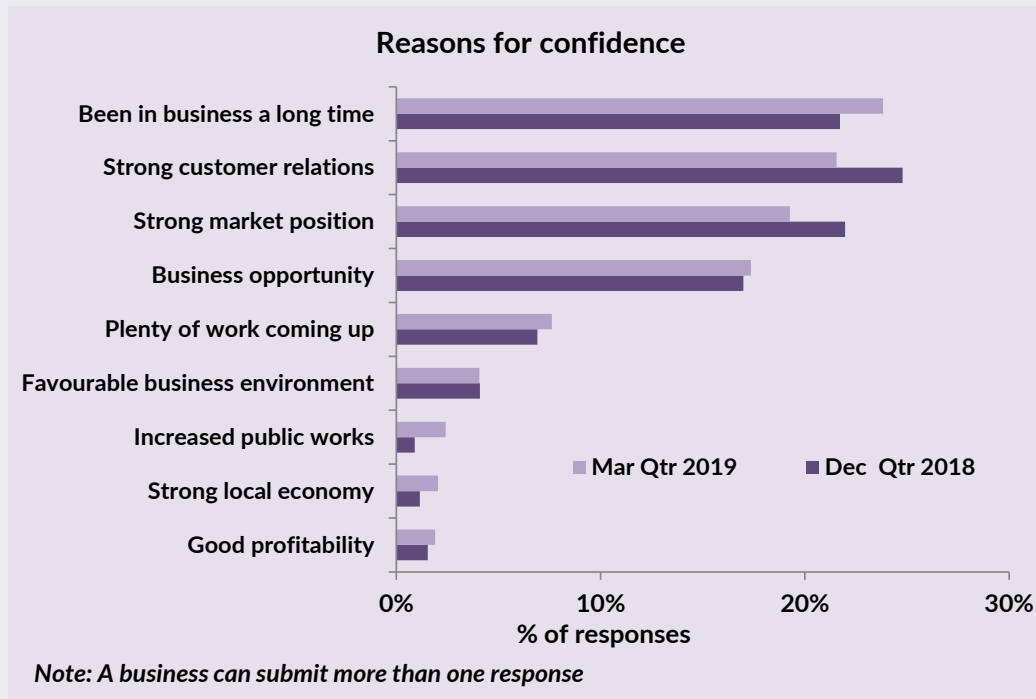
REGION	March 2019	December 2018	September 2018	June 2018	March 2018
Greater Darwin					
Confident	57%	53%	51%	55%	58%
Worried	16%	12%	21%	18%	14%
Net balance	41%	41%	30%	37%	44%
Daly-Tiwi-West Arnhem					
Confident	42%	33%	59%	46%	67%
Worried	37%	19%	9%	12%	14%
Net balance	5%	14%	50%	34%	53%
East Arnhem					
Confident	66%	91%	75%	64%	84%
Worried	12%	5%	17%	18%	15%
Net balance	54%	86%	58%	46%	69%
Katherine (Big Rivers)					
Confident	88%	88%	79%	80%	77%
Worried	2%	0%	0%	10%	0%
Net balance	86%	88%	79%	70%	77%
Barkly-Tennant Creek					
Confident	78%	75%	81%	71%	n.a.
Worried	22%	0%	0%	14%	n.a.
Net balance	56%	75%	81%	57%	n.a.
Alice Springs					
Confident	65%	82%	84%	86%	64%
Worried	14%	4%	9%	6%	21%
Net balance	51%	78%	75%	80%	43%

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

Business confidence declined in all the regions, except in the Greater Darwin, where confidence remained the same in the March quarter 2019, compared to the previous quarter.

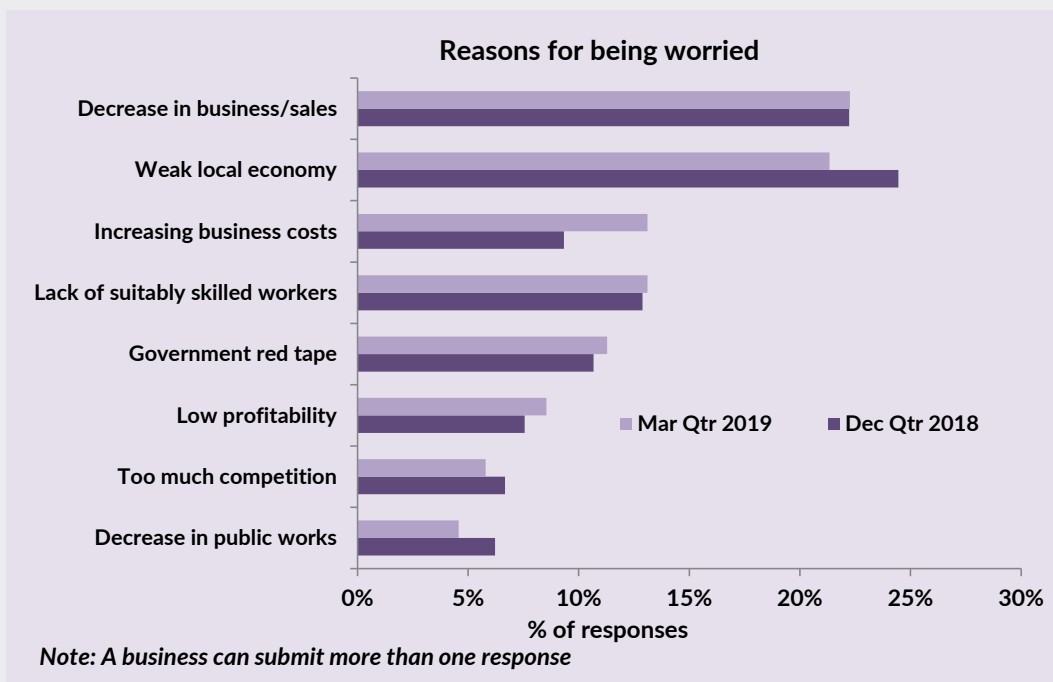
REASONS FOR CONFIDENCE

Of the Territory businesses confident about their business prospects for the next 12 months, key reasons cited are: 'been in business a long time'; 'strong customer relations'; 'strong market position'; and 'business opportunity'. The graph below shows the relative importance of the key reasons for confidence. The reasons for confidence for the last two quarters are also highlighted. The 'Other' reasons for businesses being confident included 'product diversification' and 'better business planning and strategy'.



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'; 'weak local economy'; 'increasing business costs'; 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. The 'Other' key reason for businesses being worried was 'loss of market share'.



BUSINESS CONFIDENCE BY SECTOR

The Territory-wide business confidence was +46% but varied among the sectors, ranging from 21% in Manufacturing to +100% in Information, media and telecommunications (table below). The previous two quarters of confidence levels are shown for comparison purposes.

SECTOR	CONFIDENT	WORRIED	OVERALL CONFIDENCE		
			Mar Qtr 2019	Dec Qtr 2018	Sep Qtr 2018
Agriculture, Forestry and Fishing	67%	20%	47%	60%	47%
Mining	n.a.	n.a.	n.a.	n.a.	100%
Manufacturing	42%	21%	21%	-13%	43%
Electricity, Gas, Water and Waste Services	70%	10%	60%	83%	70%
Construction	64%	11%	53%	40%	53%
Wholesale Trade	50%	0%	50%	71%	80%
Retail Trade	51%	24%	26%	32%	15%
Accommodation and Food Services	62%	22%	40%	50%	45%
Transport, Postal and Warehousing	86%	7%	79%	18%	84%
Information Media and Telecommunications	100%	0%	100%	100%	0%
Financial and Insurance Services	100%	0%	100%	-50%	67%
Rental, Hiring and Real Estate Services	78%	0%	78%	62%	37%
Professional, Scientific and Technical Services	81%	0%	81%	79%	77%
Administrative and Support Services	58%	33%	25%	80%	46%
Public Administration and Safety	67%	0%	67%	25%	n.a.
Education and Training	59%	18%	41%	69%	80%
Health Care and Social Assistance	72%	3%	69%	78%	89%
Arts and Recreation Services	58%	18%	40%	59%	25%
Other Services	72%	7%	65%	61%	63%

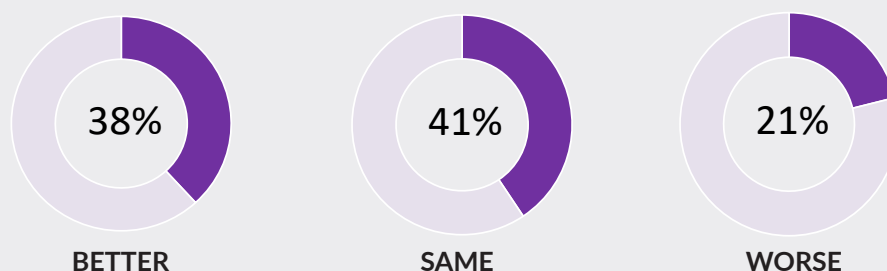
Note: Caution is advised when using this data as the sample size in some sectors are relatively small

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

BUSINESS PERFORMANCE

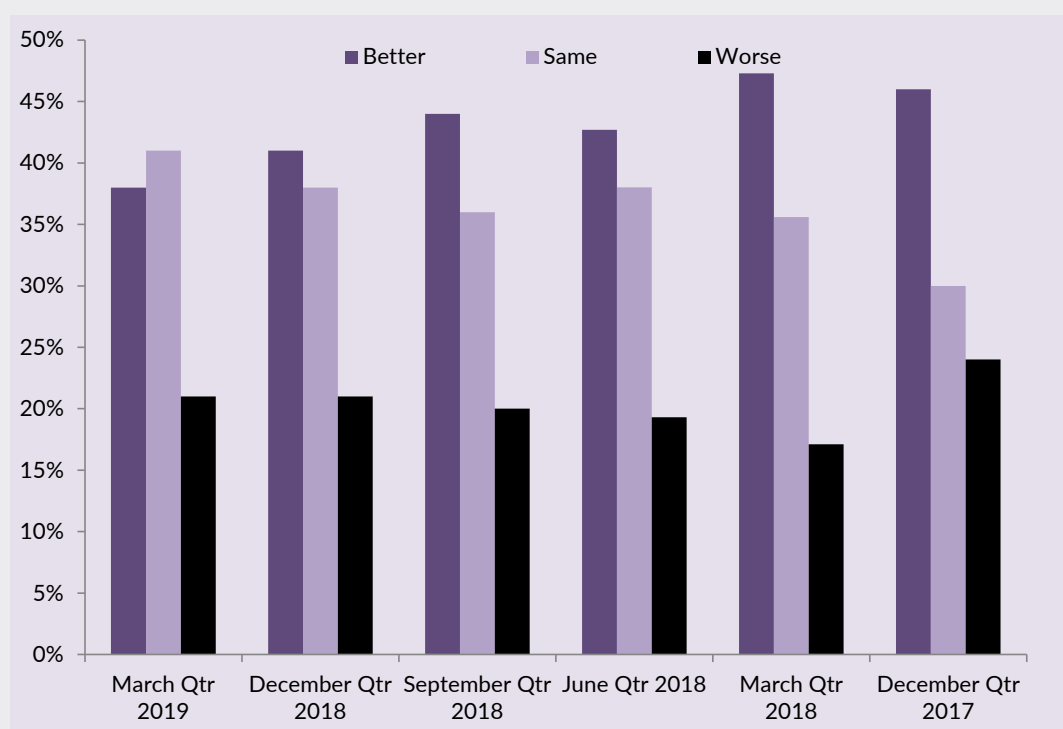
Q. How is your business performing this year compared to last year?

38% of Territory businesses noted that their business performance is better this year compared to last year, while 41% of the businesses stated that business performance is the same as last year, and 21% of businesses stated their business performance is worse than last year.



Compared to the previous quarter, the overall expectations for business performance were lower in most of the regions as shown in the table and charts below. Fewer businesses felt that their business performance was better, and more businesses felt that their business performance was same as last year. The comparison of the March quarter 2019 and the December quarter 2018 show regional variations in business performance levels.

TRENDS IN BUSINESS PERFORMANCE

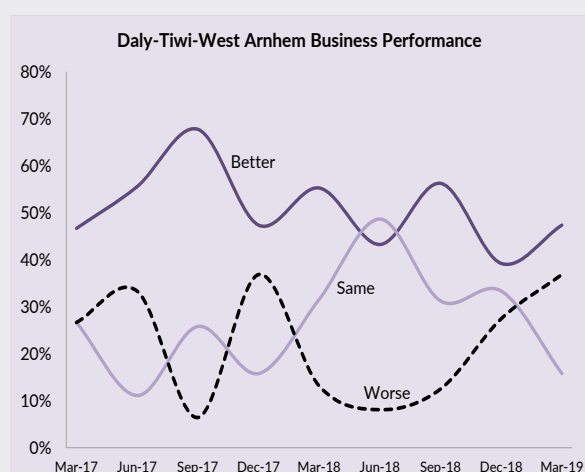
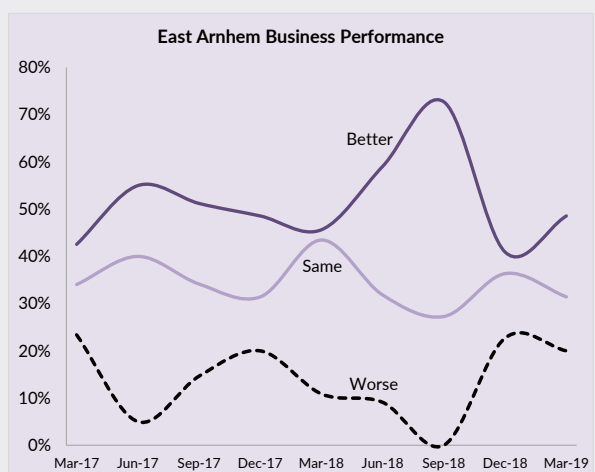
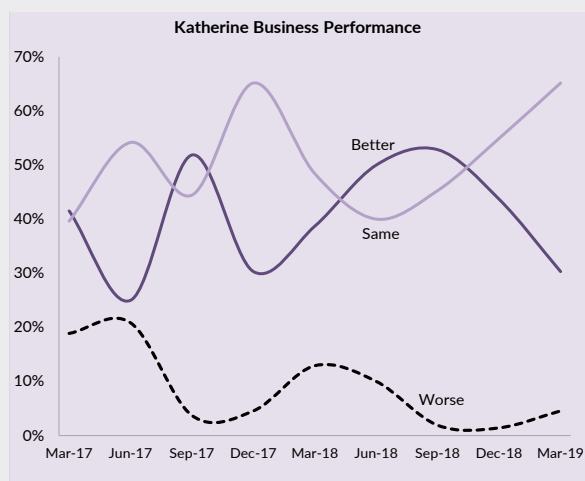
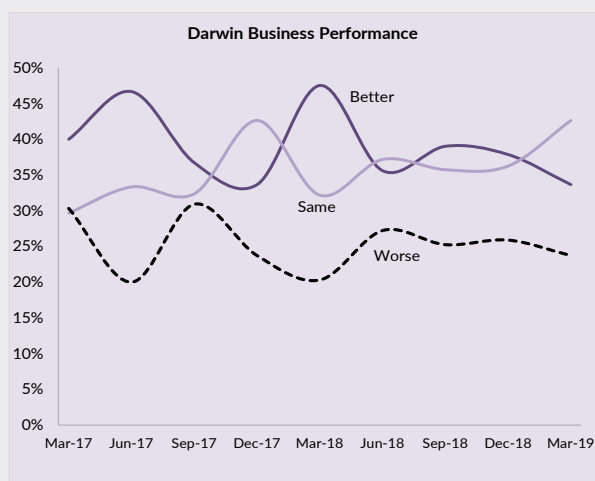


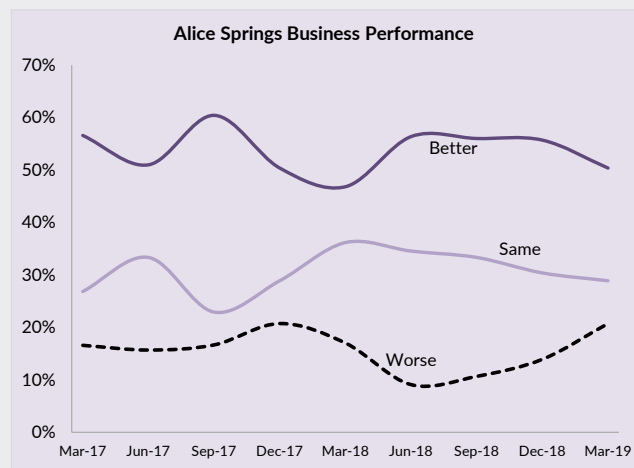
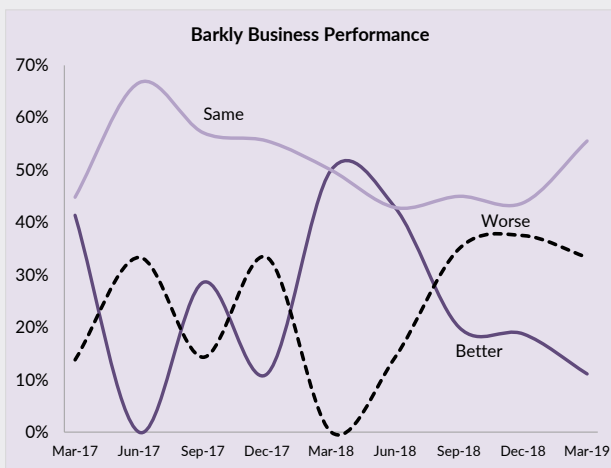
The table below highlights that business performance levels varied among businesses in the regions.

BUSINESS PERFORMANCE THIS YEAR COMPARED TO LAST YEAR BY REGION

STATISTICAL AREA 3 (SA3) REGIONS	BUSINESS PERFORMANCE		
	Better	Same	Worse
Greater Darwin	34%	43%	24%
Katherine (Big Rivers)	30%	65%	5%
East Arnhem	49%	31%	20%
Daly, Tiwi & West Arnhem	47%	16%	37%
Barkly/Tennant Creek	11%	56%	33%
Alice Springs	50%	29%	21%
Territory-wide	38%	41%	21%

TRENDS IN REGIONAL BUSINESS PERFORMANCE





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 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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