

# NORTHERN TERRITORY BUSINESS CONFIDENCE SURVEY

March Quarter 2020

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### SUMMARY

- The Territory-wide business confidence level was +33% in the March quarter 2020. This represents a 19 percentage point decrease from the December quarter 2019 and a 13 percentage point decrease on the same quarter in 2019.
- Between 1 January and 31 March 2020, 254 businesses were surveyed across Territory regions and industry sectors. 67% of the respondents were surveyed in January and February.
- Business confidence by region ranged from +100% in Barkly-Tennant Creek to +25% in the Alice Springs region.
- 34% of businesses surveyed expected to perform better this year compared to the previous year, representing a 12 percentage point decrease from the previous quarter.

### INTRODUCTION

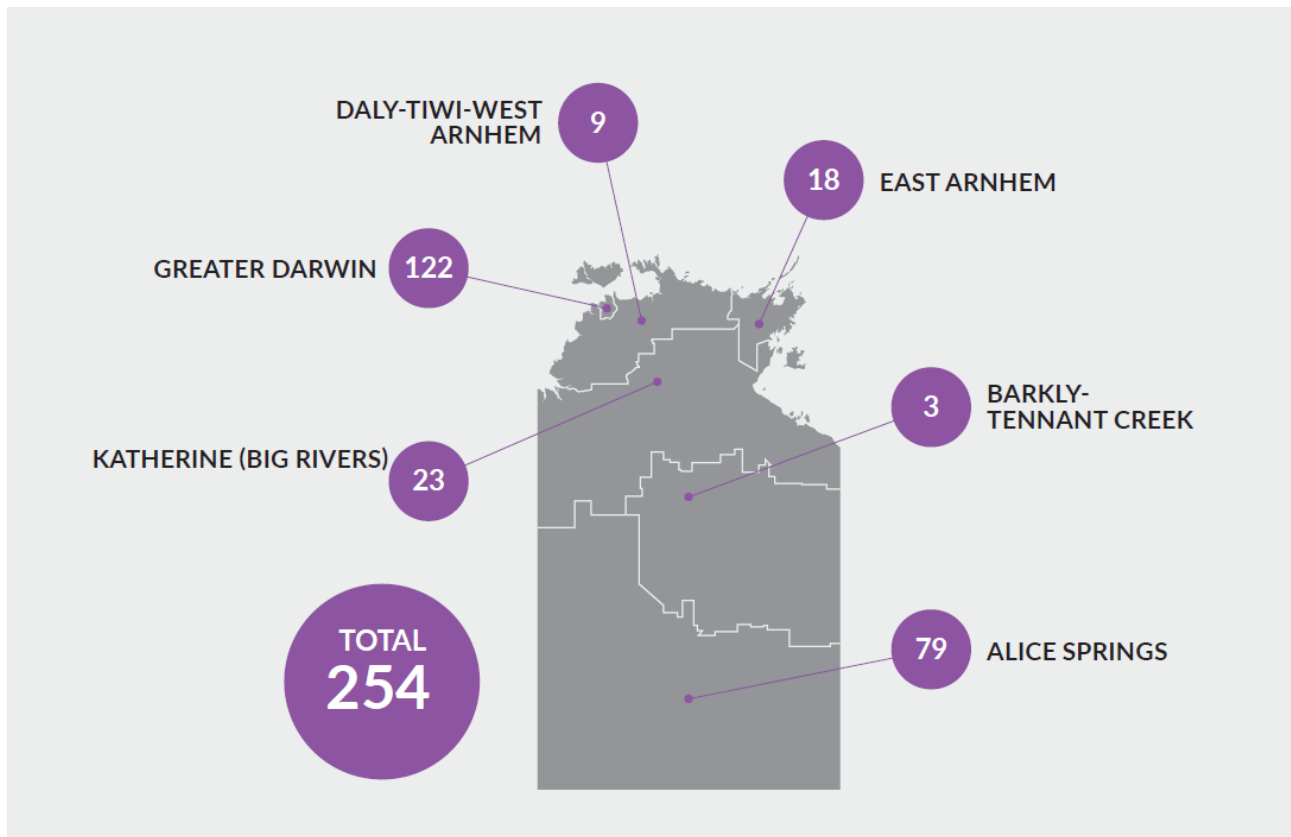
Northern Territory Business Confidence is a quarterly publication which highlights confidence levels of Territory-wide businesses.

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.

## NUMBER OF BUSINESSES SURVEYED BY REGIONS

(ABS STATISTICAL AREA 3 – SA3 LEVELS)



REGION	TOTAL NO OF BUSINESSES	BUSINESSES SURVEYED	PROPORTIONAL OF TOTAL
Greater Darwin	10 838	122	1.1%
Daly-Tiwi-West Arnhem	375	9	2.4%
East Arnhem	225	18	8.0%
Katherine (Big Rivers)	939	23	2.4%
Barkly-Tennant Creek	213	3	1.4%
Alice Springs	2090	79	3.8%
Unclassified	n.a	49	n.a.
<b>TOTAL</b>	<b>14 848</b>	<b>254</b>	<b>1.7%</b>

Source: ABS Cat. No. 81650.0

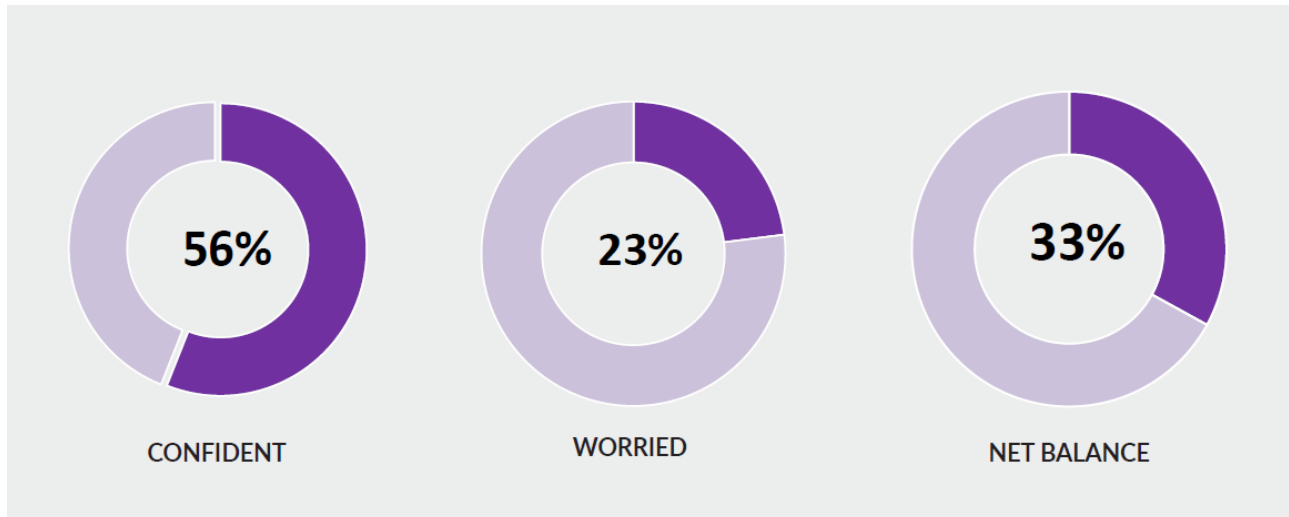
## BUSINESS CONFIDENCE

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

### TERRITORY WIDE

In the March quarter 2020, the Territory-wide business confidence index was +33%. The response rate for this question was 96.2%.

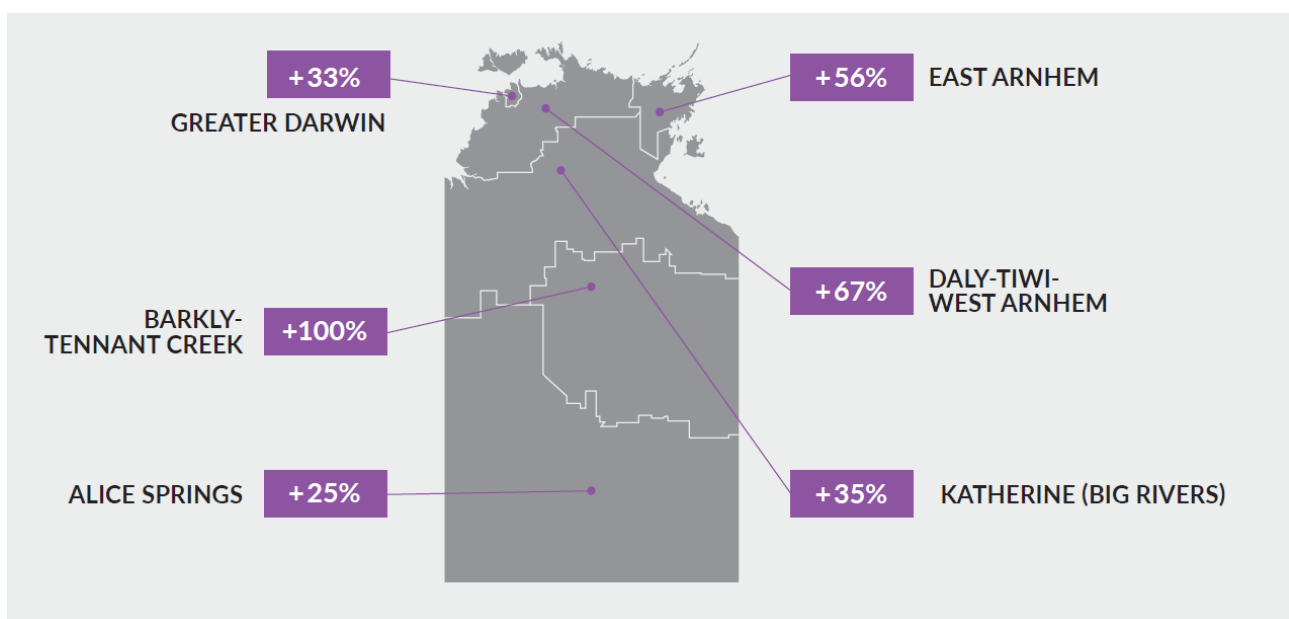
### OVERALL BUSINESS CONFIDENCE INDEX



Note: 21% of the responses remained neutral (neither confident nor worried)

### CONFIDENCE IN THE REGIONS

Business confidence varied among Territory regions, ranging from +100% in Barkly-Tennant Creek to +25% in the Alice Springs region.



## CONFIDENCE TRENDS

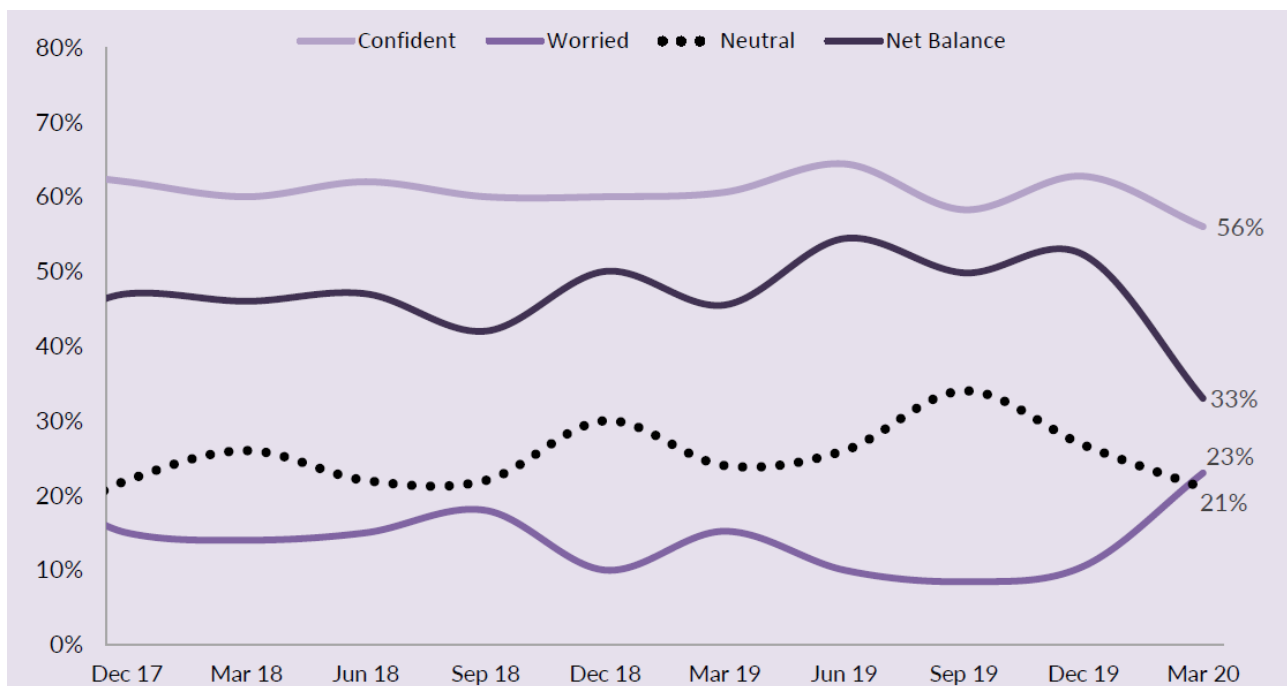
### TERRITORY WIDE

	Mar Qtr 2019	Jun Qtr 2019	Sep Qtr 2019	Dec Qtr 2019	Mar Qtr 2020
Confident	61%	64%	58%	63%	56%
Worried	15%	10%	8%	11%	23%
Net balance	46%	54%	50%	52%	33%

In the March quarter 2020, business confidence decreased 19 percentage points to +33% from the previous quarter. This also represents a 13 percentage point decrease from the March quarter 2019.

The above table and the chart below show that the level of overall business confidence in the Territory has been stable and relatively buoyant until the March quarter 2020 where there was a decline.

### TRENDS IN NT BUSINESS CONFIDENCE



## BUSINESS CONFIDENCE BY REGION

In the December quarter 2019, business confidence improved in Katherine (Big Rivers) and Barkly-Tennant Creek, and declined in Greater Darwin, Daly-Tiwi-West Arnhem, East Arnhem, and Alice Springs, compared to the previous quarter.

REGION	Mar Qtr 2019	Jun Qtr 2019	Sep Qtr 2019	Dec Qtr 2019	Mar Qtr 2020
Greater Darwin					
Confident	57%	59%	53%	53%	55%
Worried	16%	11%	7%	11%	22%
Net balance	41%	48%	46%	42%	33%
Daly-Tiwi-West Arnhem					
Confident	42%	48%	71%	22%	78%
Worried	37%	4%	6%	11%	11%
Net balance	5%	44%	65%	11%	67%
East Arnhem					
Confident	66%	82%	100%	89%	72%
Worried	12%	0%	0%	0%	16%
Net balance	54%	82%	100%	89%	56%
Katherine (Big Rivers)					
Confident	88%	88%	77%	75%	61%
Worried	2%	9%	8%	4%	26%
Net balance	86%	79%	69%	71%	35%
Barkly-Tennant Creek					
Confident	78%	78%	71%	67%	100%
Worried	22%	11%	14%	0%	0%
Net balance	56%	67%	57%	67%	100%
Alice Springs					
Confident	65%	81%	80%	78%	52%
Worried	14%	8%	10%	13%	27%
Net balance	51%	73%	70%	65%	25%

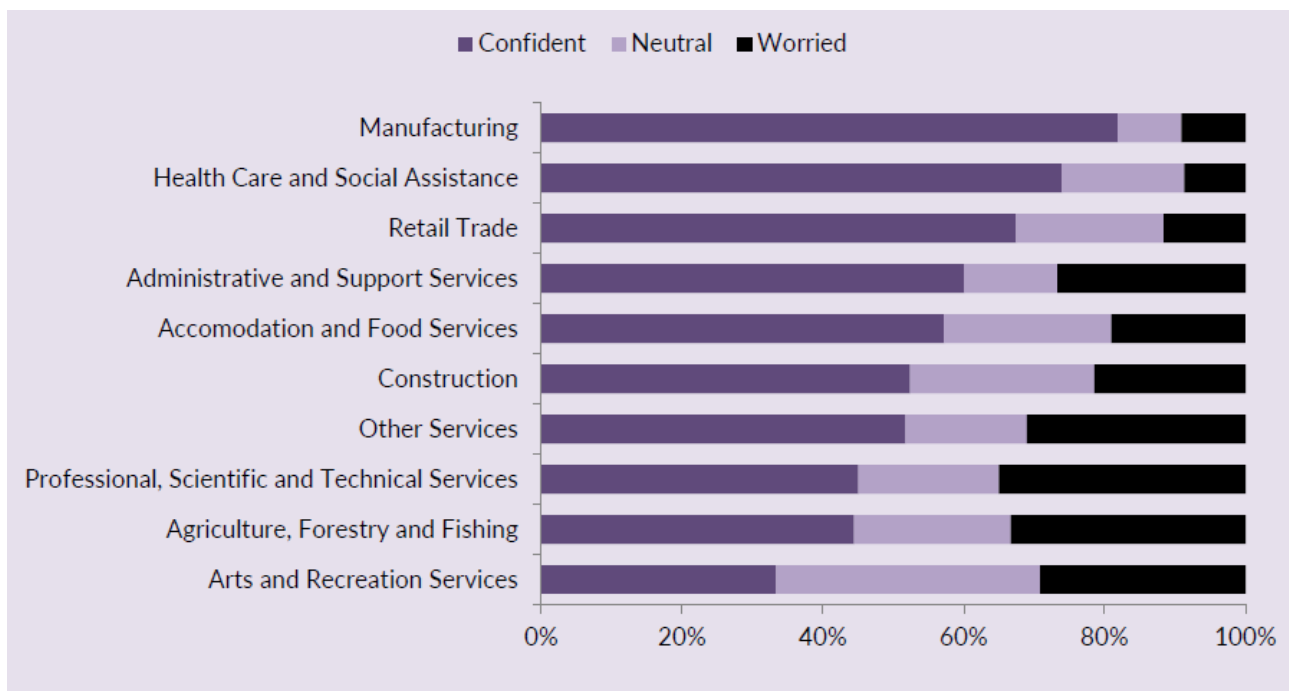
## BUSINESS CONFIDENCE BY INDUSTRY

The Territory-wide business confidence was +33% and decreased for all industries except Mining, Financial and Insurance Services, and Public Administration and Safety in the March quarter 2020. The chart below displays surveyed industries.

SECTOR	CONFIDENT	WORRIED	NET BALANCE		
			Mar Qtr 2020	Dec Qtr 2019	Sep Qtr 2019
Arts and Recreation Services	33%	38%	-4%	68%	57%
Agriculture, Forestry and Fishing	44%	22%	22%	57%	43%
Professional, Scientific and Technical Services	45%	20%	25%	61%	63%
Other Services	52%	17%	35%	61%	63%
Construction	52%	26%	26%	45%	44%
Accommodation and Food Services	57%	24%	33%	55%	69%
Administrative and Support Services	60%	13%	47%	50%	46%
Retail Trade	67%	21%	46%	57%	46%
Health Care and Social	74%	17%	57%	77%	71%
Manufacturing	82%	9%	73%	80%	55%

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

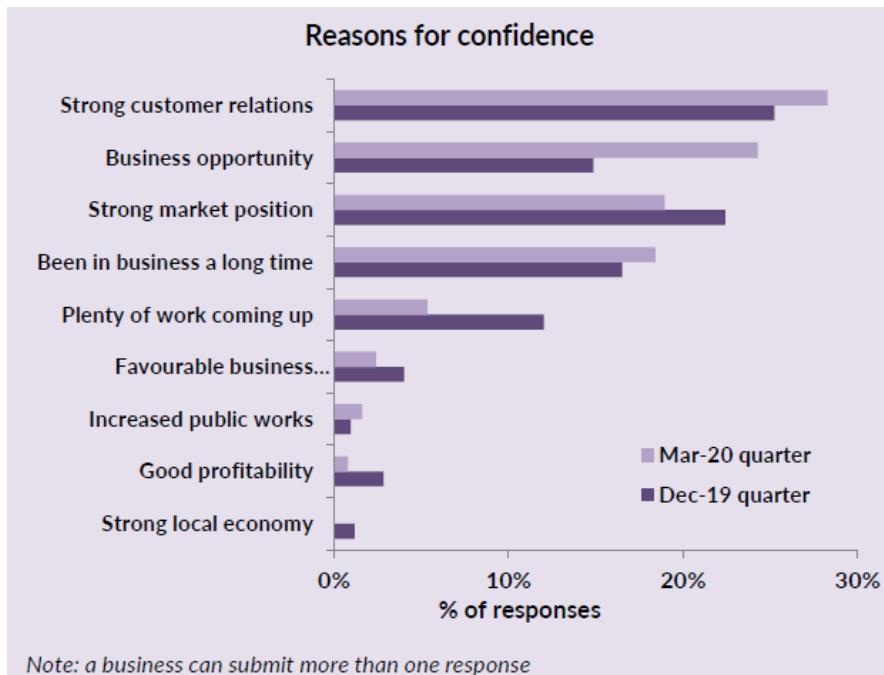
## INDUSTRY EXPECTATIONS



## 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'; 'been in business a long time' 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: 'decrease in business/sales'; 'weak local economy', and 'increasing business costs'. The graph below shows the relative importance of the key reasons for being worried for the last two quarters.

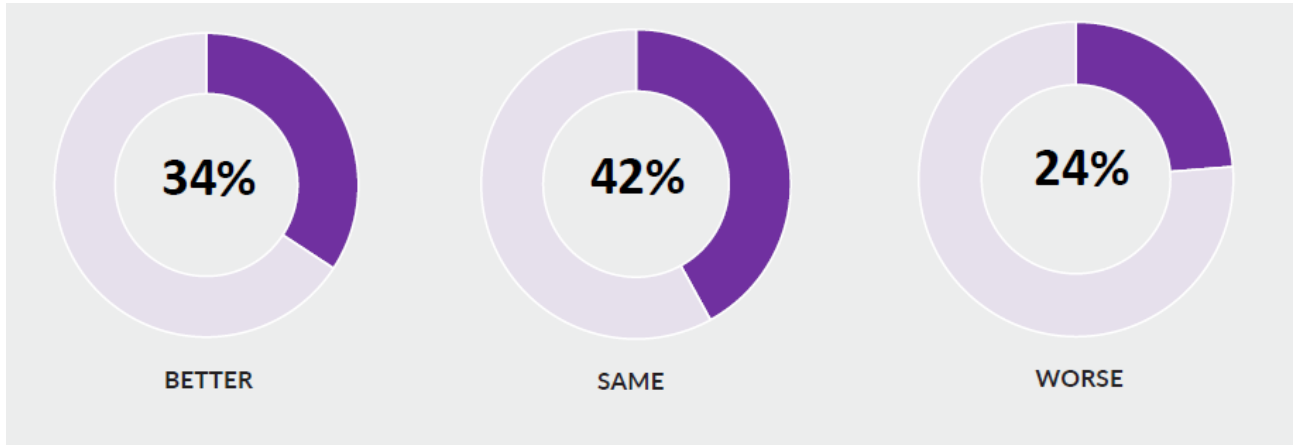




## BUSINESS PERFORMANCE

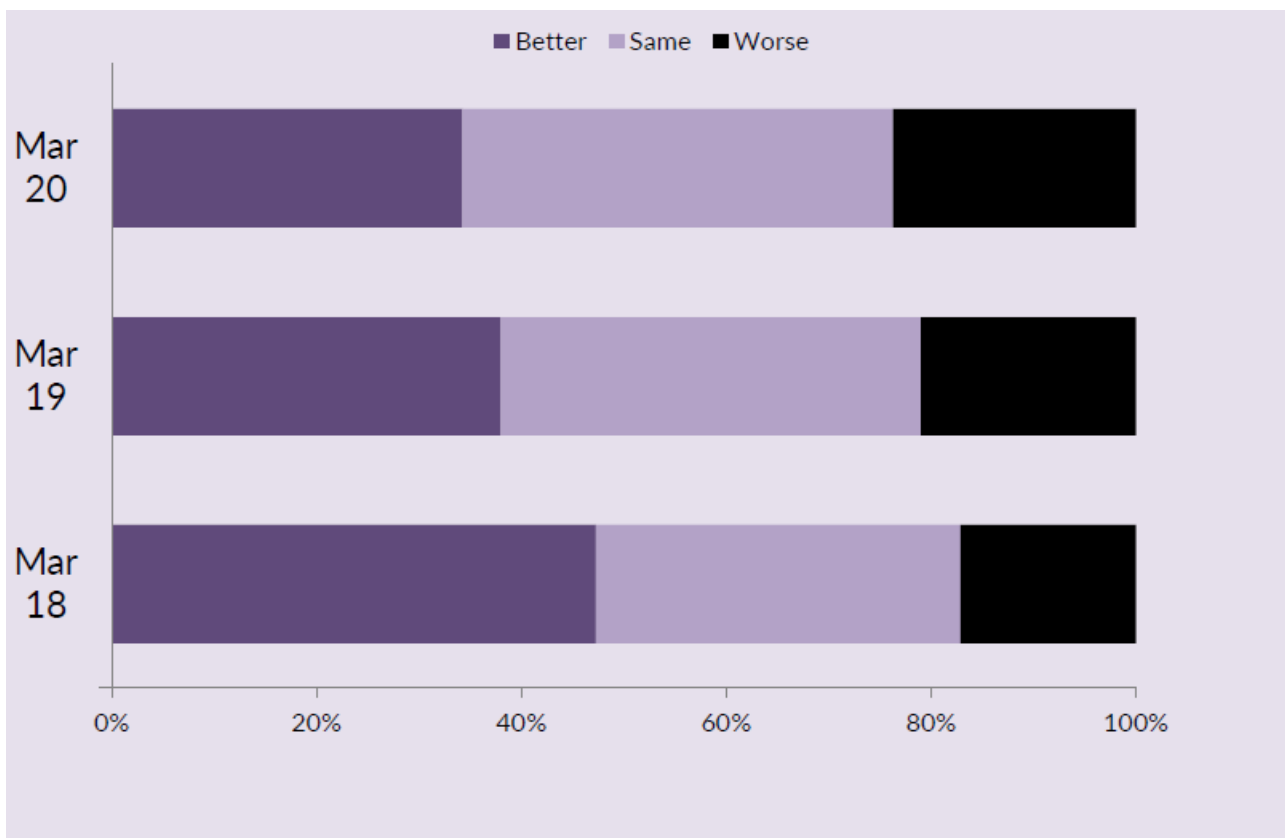
*Q. How is your business performing this year compared to last year?*

34% of Territory businesses noted that their business performance is better this year compared to last year, while 42% of the businesses stated that business performance is the same as last year, and 24% of businesses stated their business performance is worse than last year.



## TREND IN BUSINESS PERFORMANCE

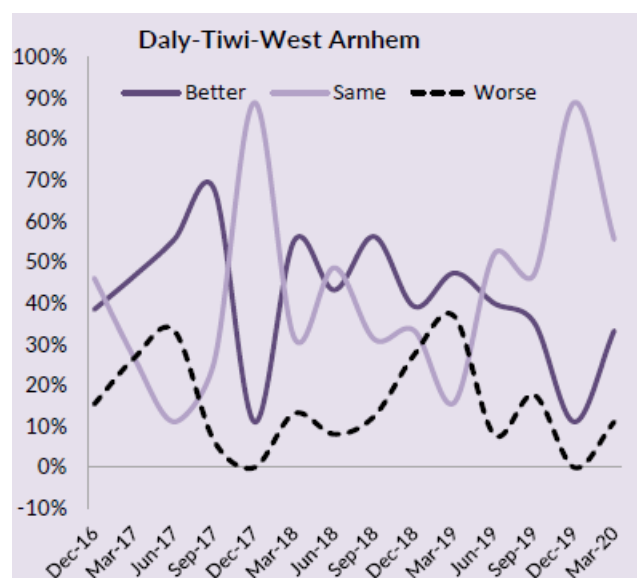
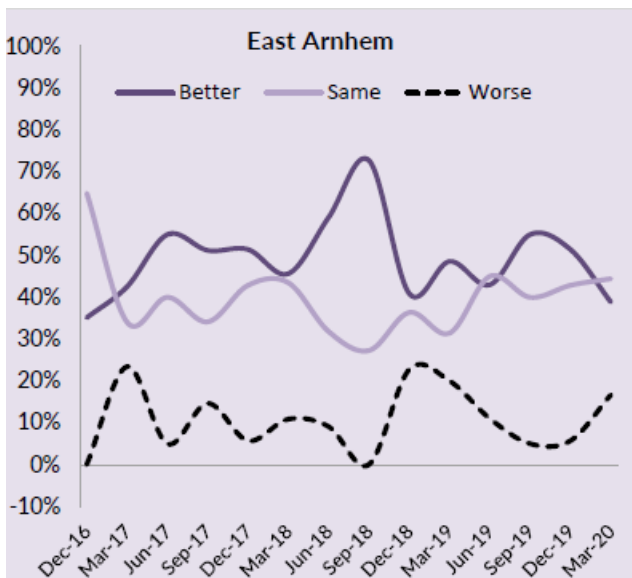
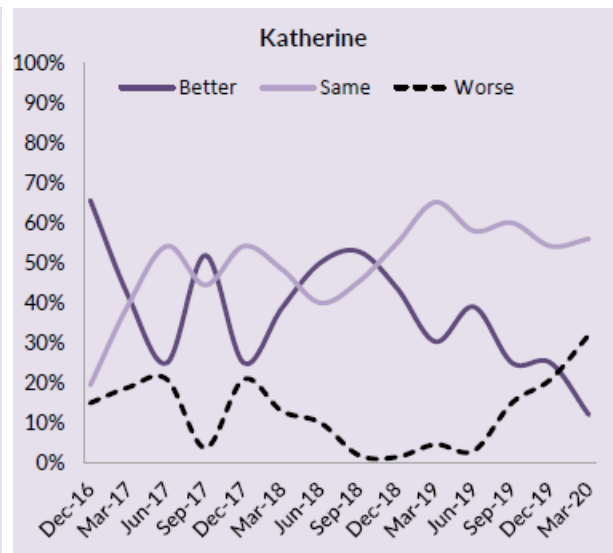
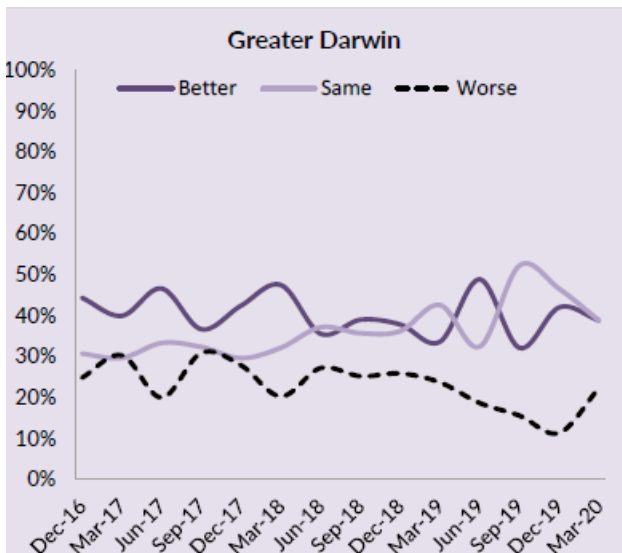
Compared to the same quarter in previous years, more businesses report that their performance was getting worse. Fewer businesses reported that their performance was the same or better compared to the previous year.

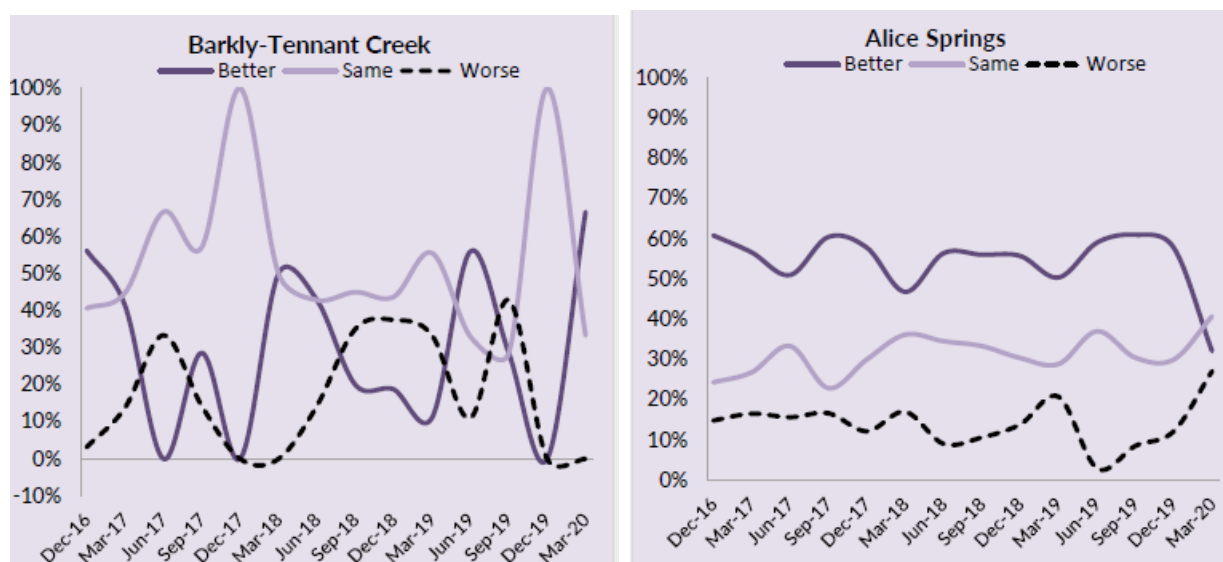


### BUSINESS PERFORMANCE BY REGION

The table and graphs below highlight that business performance levels varied among businesses in the regions. Compared to the previous quarter, the Barkly-Tennant Creek and Daly-Tiwi-West Arnhem regions show improved business performance, whereas expectations for business performance has declined in all other regions.

STATISTICAL AREA LEVEL 3 (SA3) REGIONS	BUSINESS PERFORMANCE		
	Better	Same	Worse
Greater Darwin	39%	39%	22%
Katherine (Big Rivers)	12%	56%	32%
East Arnhem	39%	44%	17%
Daly-Tiwi-West Arnhem	33%	56%	11%
Barkly-Tennant Creek	67%	33%	0%
Alice Springs	32%	41%	27%
Territory-wide	34%	42%	24%





## 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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