

NT Business Confidence Survey

September Quarter 2022

Key points

- Territory-wide business confidence was +76 per cent in the September quarter 2022, increasing by 4 percentage points on the previous quarter.
- 62 per cent of Territory businesses noted their performance is better this year compared to last year, representing a 2 percentage point increase from the previous quarter.
- The most commonly cited reasons for confidence this quarter were ‘strong customer relations’, ‘business opportunity’ and ‘strong market position’.
- The most commonly cited reason for being worried this quarter was ‘lack of suitably skilled workers’, reflecting the Territory’s low unemployment rate and high number of job vacancies.

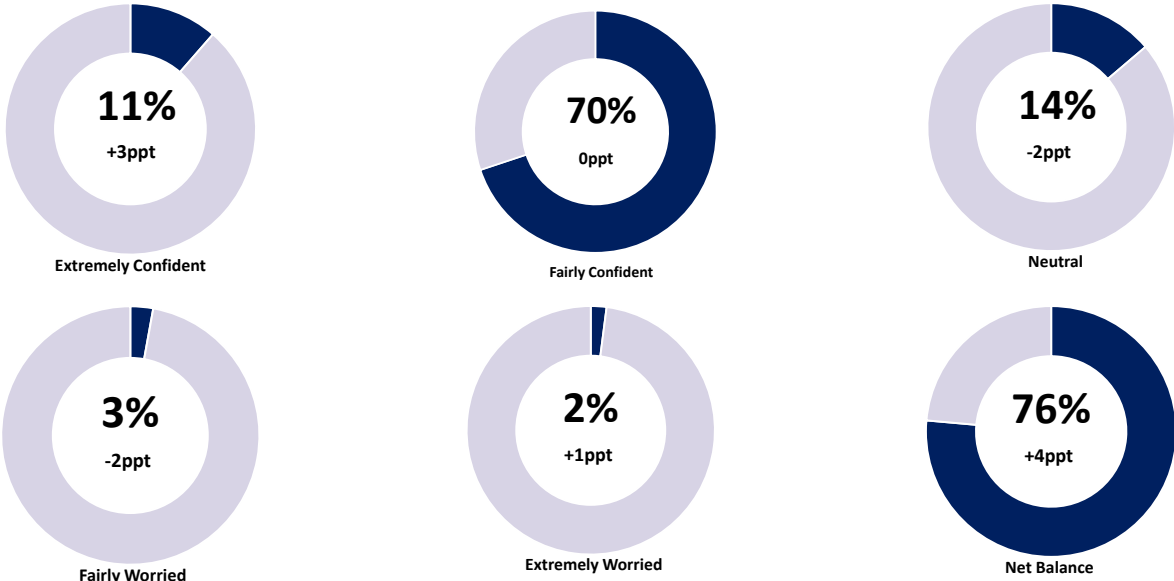
NT businesses were confident about their prospects this quarter

The business confidence index measures responses to the question ‘How confident are you about your business prospects over the next 12 months?’ The Territory-wide business confidence index was +76 per cent for the September quarter 2022, a 3 percentage point increase on the previous quarter. The change reflected a greater share of businesses who were ‘extremely confident’ about their prospects (Figure 1).

Table 1: Business confidence index

	Sep Qtr 2022	Quarterly change	Through the year change
Confident	81%	+3ppt	+2ppt
Worried	5%	-1ppt	-2ppt
Net Balance	76%	+4ppt	+4ppt

Figure 1: Responses to the business confidence question and change from previous quarter

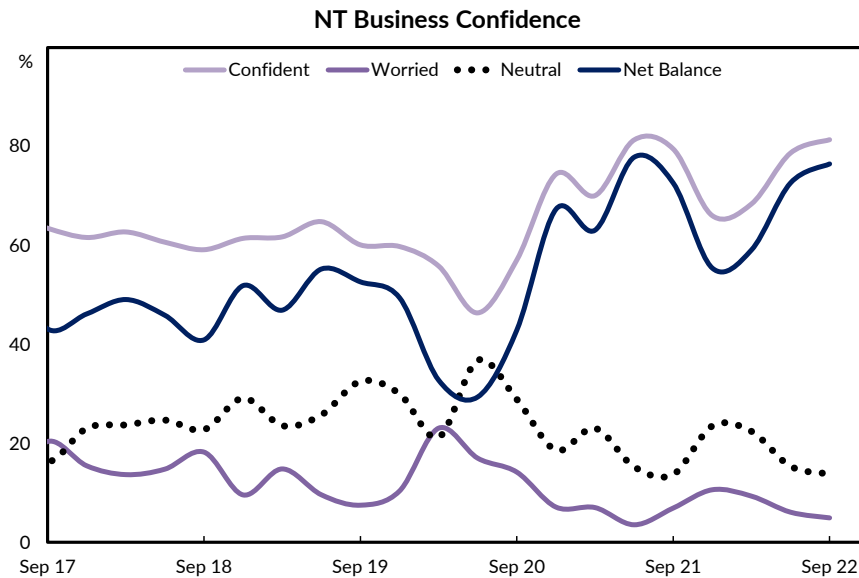


Note: Individual categories may not add to the net balance figure due to rounding.

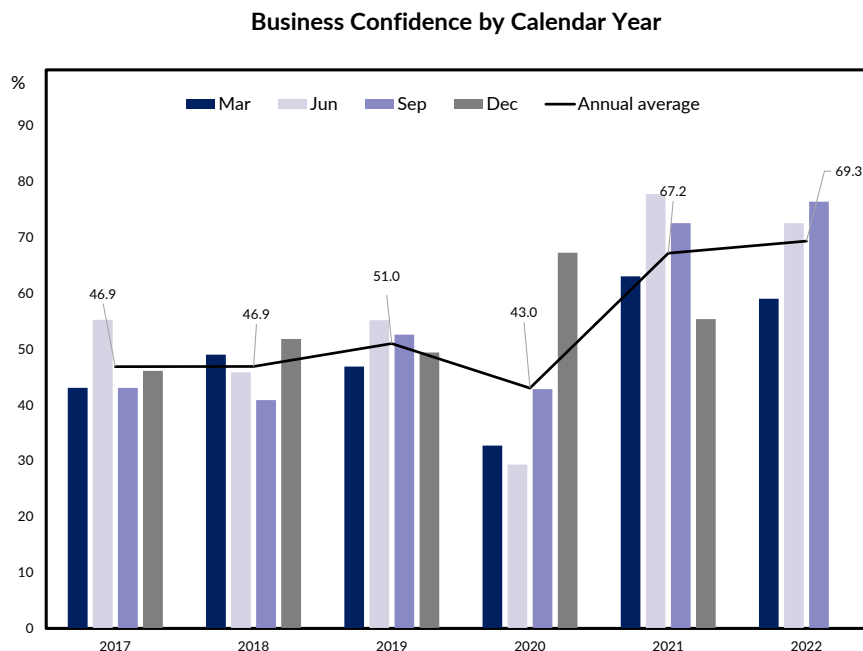
Business confidence remains above long term trend levels

After falling during the Omicron outbreak (December quarter 2021–March quarter 2022), business confidence has recovered over the past two quarters to sit well above pre-pandemic levels (Graph 1). Over the year to date, the average business confidence level sits slightly above the 2021 average (Graph 2).

Graph 1



Graph 2



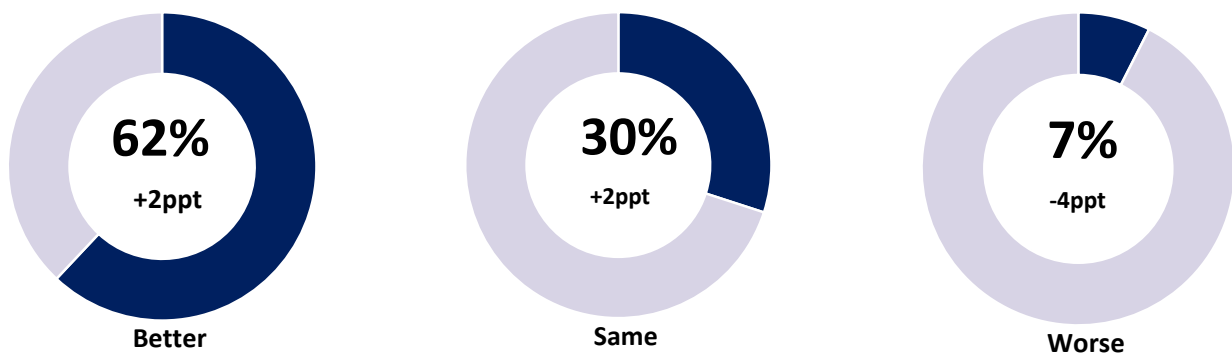
Businesses performed better this year compared to last year

When asked ‘How is your business performing this year compared to last year?’ 62 per cent of businesses responded ‘better’ in the September quarter 2022. This represents a 2 percentage point increase from the June quarter 2022 (Table 2) and remains above the long term average.

Table 2: Business performance compared to last year

	Sep Qtr 2022	Quarterly change	Through the year change
Better	62%	2ppt	-3ppt
Same	30%	2ppt	7ppt
Worse	7%	-4ppt	-3ppt

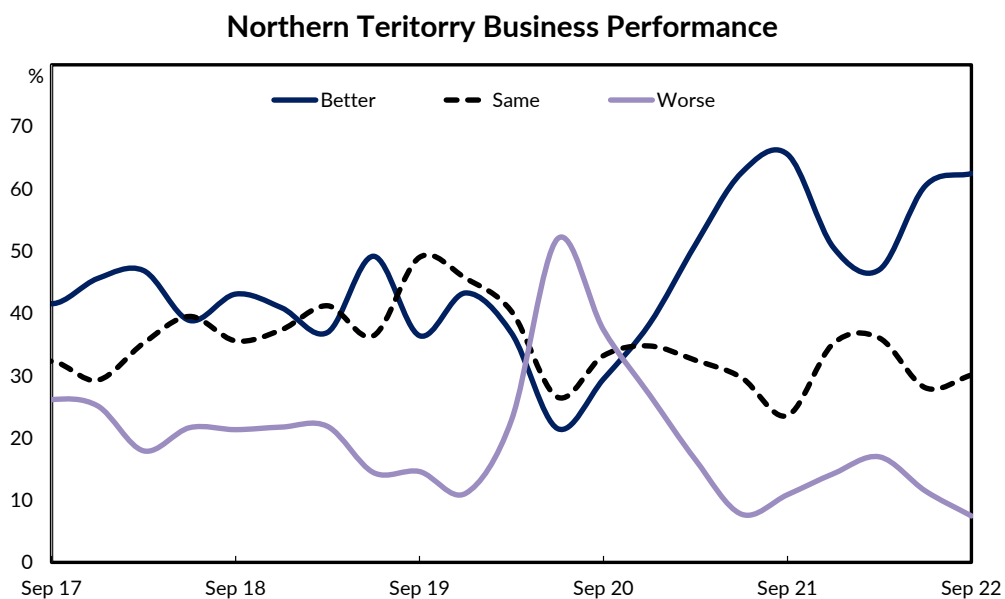
Figure 2: Responses to the business performance question and quarterly change



Note: Individual categories may not sum to 100 due to rounding.

Further, the number of businesses stating that their performance this year has been worse than last year decreased by 4 percentage points to its lowest recorded level (Graph 3).

Graph 3



Confidence was driven by strong customer relations and business opportunities...

The most commonly cited reasons for business confidence were 'strong customer relations', 'business opportunity' and a 'strong market position' (Graph 5). There was a slight increase in the number of businesses reporting 'favourable business environment' as a reason for confidence this quarter.

Graph 5

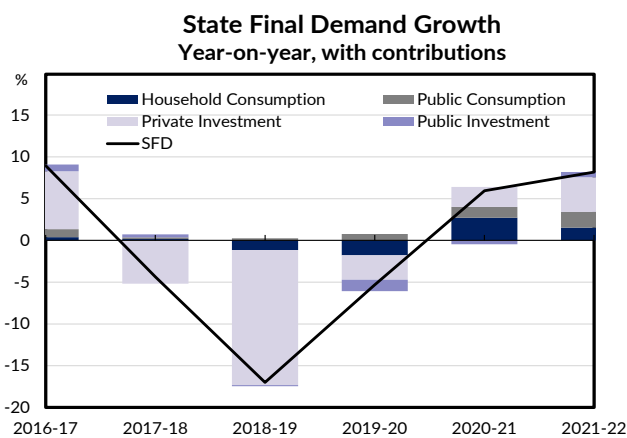


Note: a business can submit more than one response

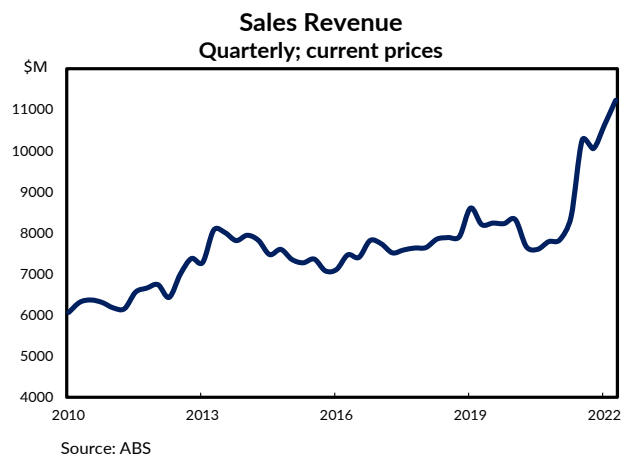
Business conditions in the Territory have been supported by strong increases in overall demand over the past year (Graph 6). Economic activity in the Territory has grown strongly and business sales revenue is at record levels (Graph 7). Reflecting these strong economic outcomes, 16 per cent of businesses cited 'strong local economy' as a reason for confidence, while only 1 per cent of businesses reported 'weak local economy' as a reason for being worried.

There was a slight increase in the proportion of businesses citing 'increased public works' as a reason for confidence this quarter when compared to this time last year.

Graph 4



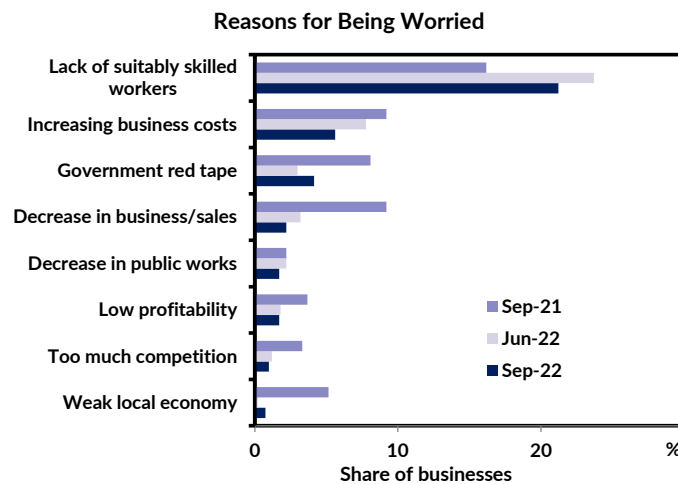
Graph 5



...but businesses were concerned about filling vacancies and rising costs

As in recent quarters, businesses were most likely to cite 'lack of suitably skilled workers' as a reason to be worried (Graph 8). There are currently more job vacancies in the Territory than there are unemployed people and Territory businesses are struggling to fill these positions (Graph 9).

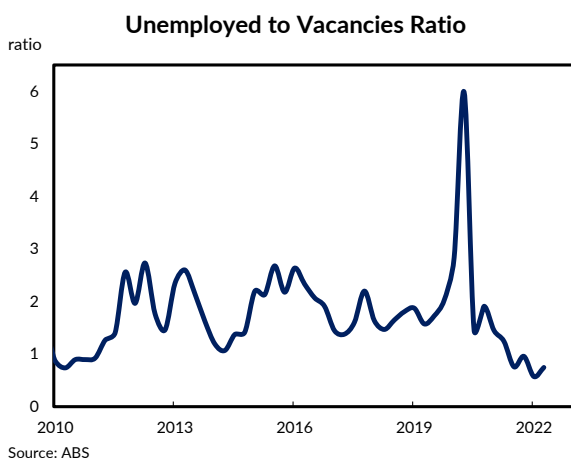
Graph 8



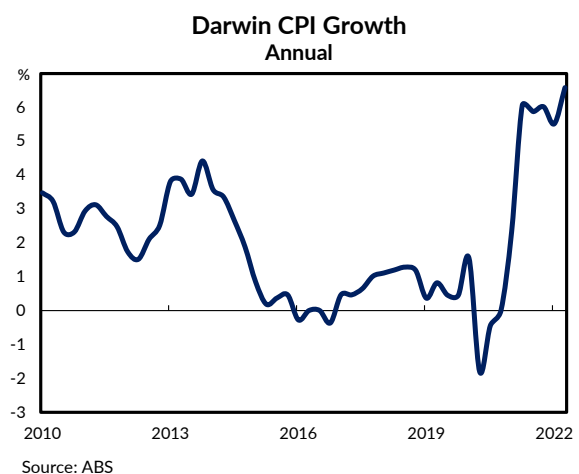
Note: a business can submit more than one response

The share of businesses reporting 'increasing business costs' as a reason to be worried declined by 2 percentage points this quarter, but remains the second most commonly cited concern for businesses. Input price inflation has been high and broad-based throughout 2022, increasing the cost of doing business. Although strong price growth is yet to subside, high consumer price inflation suggests that many businesses have been able to pass on input price increases to consumers (Graph 10). Further, increasing interest rates may be providing businesses with some confidence that inflationary pressures will dissipate in the future.

Graph 9



Graph 10



Business confidence and performance varied among the regions

Business confidence and performance varied among the regions (Table 3). Business confidence was highest in East Arnhem this quarter with a net balance of +86 per cent, a 12 percentage point increase from last quarter. Despite this increase in confidence, East Arnhem recorded the lowest result for business performance with only 25 per cent of businesses feeling better about their performance this year relative to last year.

Business performance was highest in Katherine with 80 per cent of businesses stating their performance was better this year, this represents a 40 percentage point increase from the previous quarter. Business confidence also improved in Katherine this quarter with a net balance of +77 per cent of businesses feeling confident about the future, increasing by 6 percentage points from the previous quarter.

Table 3: Business confidence and performance by region

Business Confidence				Business Performance			
	Sep Qtr 2022	Quarterly change	Through the year change		Sep Qtr 2022	Quarterly change	Through the year change
Greater Darwin (n=134)				Greater Darwin (n=135)			
Confident	81%	+8ppt	0ppt	Better	64%	+4ppt	-1ppt
Worried	5%	-1ppt	0ppt	Same	29%	0ppt	+5ppt
Net Balance	76%	+8ppt	0ppt	Worse	7%	-4ppt	-4ppt
Daly-Tiwi-West Arnhem (n=13)				Daly-Tiwi-West Arnhem (n=13)			
Confident	77%	-8ppt	-23ppt	Better	54%	+9ppt	-46ppt
Worried	23%	+8ppt	+23ppt	Same	31%	-10ppt	+31ppt
Net Balance	54%	-17ppt	-46ppt	Worse	15%	+1ppt	+15ppt
East Arnhem (n=7)				East Arnhem (n=8)			
Confident	86%	+4ppt	0ppt	Better	25%	-4ppt	-12ppt
Worried	0%	-9ppt	-3ppt	Same	50%	+21ppt	+10ppt
Net Balance	86%	+13ppt	+3ppt	Worse	25%	-17ppt	+2ppt
Katherine (n=48)				Katherine (n=49)			
Confident	79%	-1ppt	+14ppt	Better	80%	+40ppt	27ppt
Worried	2%	-6ppt	-27ppt	Same	14%	-31ppt	-21ppt
Net Balance	77%	+6ppt	+42ppt	Worse	6%	-8ppt	-6ppt
Barkly (n=6)				Barkly (n=7)			
Confident	67%	-22ppt	n/a	Better	57%	+3ppt	n/a
Worried	0%	0ppt	n/a	Same	43%	+16ppt	n/a
Net Balance	67%	-22ppt	n/a	Worse	0%	-18ppt	n/a
Alice Springs (n=191)				Alice Springs (n=191)			
Confident	87%	+5ppt	+17ppt	Better	53%	-3ppt	-15ppt
Worried	3%	-3ppt	-7ppt	Same	40%	+10ppt	+20ppt
Net Balance	85%	+8ppt	+24ppt	Worse	6%	-7ppt	-5ppt

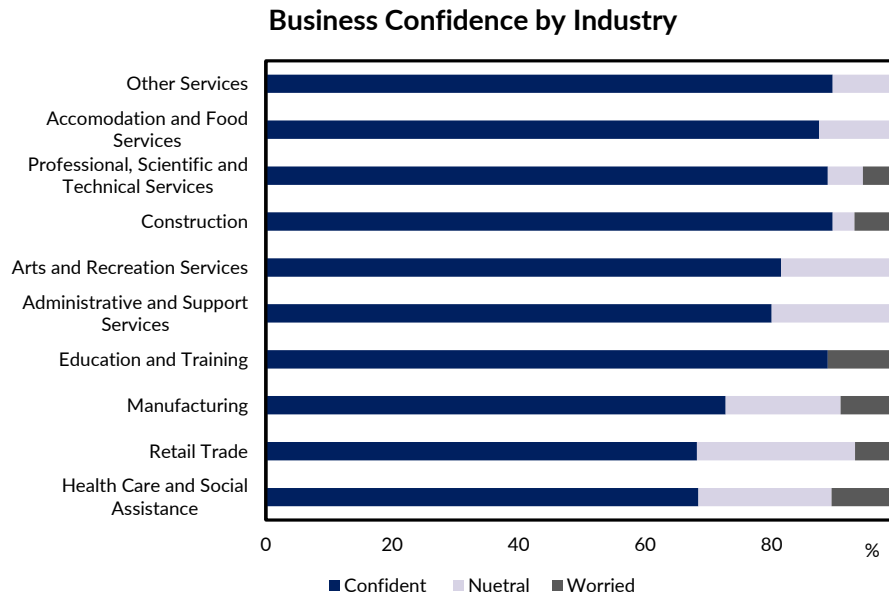
Note: Caution should be taken when interpreting these results as the sample size in some regions may be relatively small.

Business confidence varied across industries

Business confidence varied among industries, ranging from a net balance of +90 per cent for businesses in the Other Services industry to +58 per cent for businesses in the Health industry (Graph 11).

The industries that reported the largest increases in business confidence this quarter were predominantly consumer-facing service industries, such as hospitality and arts and recreation services. The removal of travel and other restrictions along with changing attitudes towards COVID-19 have likely increased confidence for businesses in these industries in recent quarters.

Graph 11



Note: Graph contains the 10 most surveyed industries. Caution is advised when using this data as the sample size in some industries may be relatively small.

Appendix

Methodology

The Department of Industry, Tourism and Trade conducts a face-to-face survey of businesses operating in the Territory on a quarterly basis. The results have been used to construct a business confidence index.

The 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' and the proportion of businesses that are 'worried about their business prospects for the next 12 months' (net balance approach).

The Territory-wide confidence index is weighted to account for the number of businesses in each region. The weighted result provides a more balanced reflection of overall business confidence. Business confidence results are also presented by region and industry.

There are approximately 15 000 operating businesses in the Territory. For the sample survey to achieve a 95% confidence level with a margin of error of 5%, 375 survey responses are required (Table 5).

Table 5: Survey Numbers

Region	Total number of businesses	Businesses surveyed	Proportion of total
Greater Darwin	10885	135	1.2%
Daly-Tiwi-West Arnhem	380	13	3.4%
East Arnhem	243	8	3.3%
Katherine	957	49	5.1%
Barkly	187	7	3.7%
Alice Springs	1971	191	9.7%
Total	15005	410	2.7%