

# NORTHERN TERRITORY BUSINESS CONFIDENCE SURVEY

June Quarter 2020

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### SUMMARY

- The Territory-wide business confidence level was +28% in the June quarter 2020. This represents a 5 percentage point decrease from the March quarter 2020 and a 26 percentage point decrease on the same quarter in 2019.
- Between 1 April and 30 June 2020, 174 businesses were surveyed across Territory regions and industry sectors. 85% of the respondents were surveyed in May and June.
- Business confidence by region ranged from +100% in East Arnhem to -33% in the Daly-Tiwi-West Arnhem region.
- 18% of businesses surveyed expected to perform better this year compared to the previous year, representing a 16 percentage point decrease from the previous quarter.

*Please note that due to physical distancing and other impacts attributed to COVID-19, the number of businesses that participated in the NT Business Confidence Survey this quarter was lower than usual. As such, caution should be exercised in the use and interpretation of the data.*

### INTRODUCTION

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

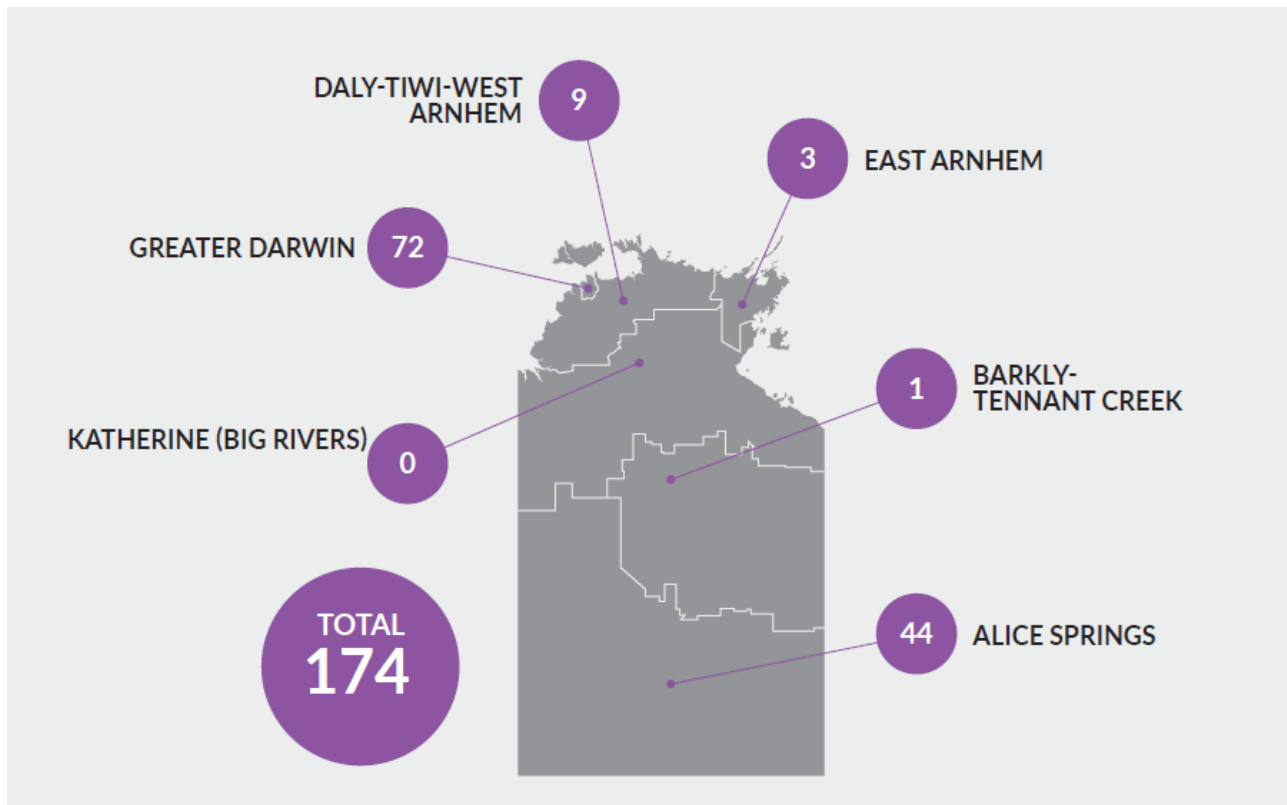
The survey covers urban and regional areas of the Territory and captures different industry sectors and business sizes (small, medium and large).

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	PROPORTION OF TOTAL
Greater Darwin	10 838	72	0.7%
Daly-Tiwi-West Arnhem	375	9	2.4%
East Arnhem	225	3	1.3%
Katherine (Big Rivers)	939	0	0%
Barkly-Tennant Creek	213	1	0.5%
Alice Springs	2090	44	2.1%
Unclassified	n.a	45	n.a.
<b>TOTAL</b>	<b>14 848</b>	<b>174</b>	<b>0.9%</b>

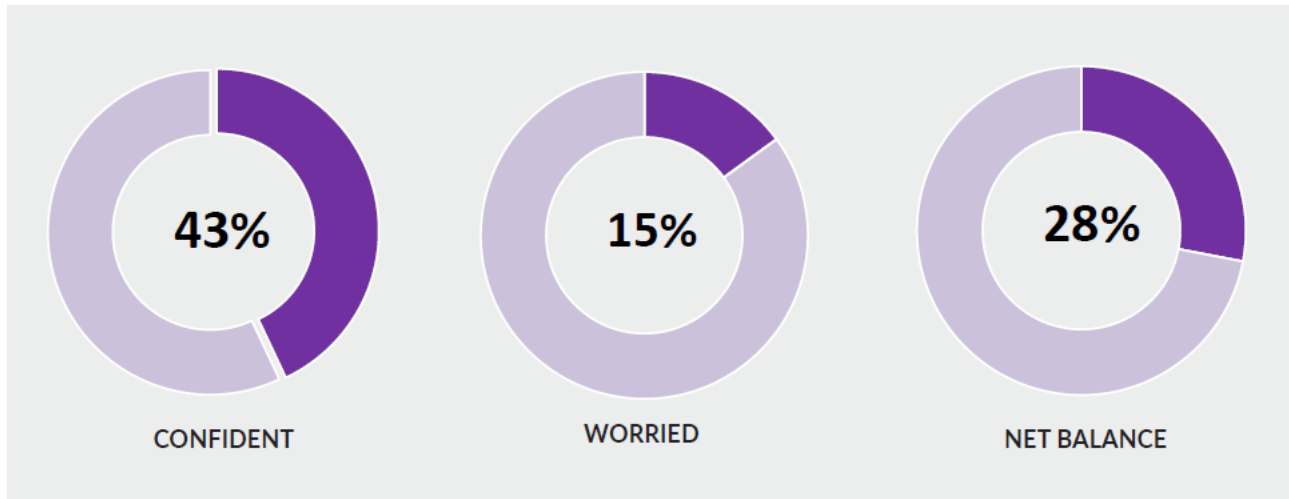
Source: ABS Cat. No. 81650.0

## BUSINESS CONFIDENCE

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

### TERRITORY WIDE

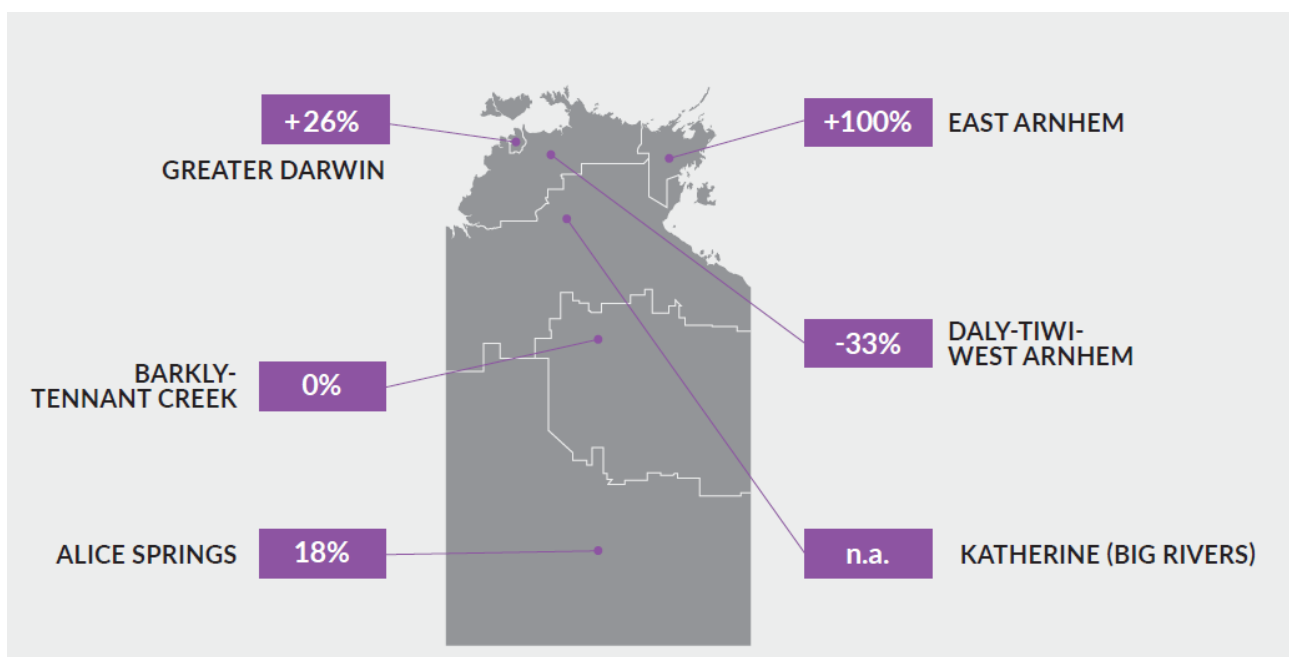
In the June quarter 2020, the Territory-wide business confidence index was +28%. The response rate for this question was 95.6%. Overall business confidence index



Note: 36% of the responses remained neutral (neither confident nor worried)

### CONFIDENCE IN THE REGIONS

Business confidence varied among Territory regions, ranging from +100% in East Arnhem to -33% in the Daly-Tiwi-West Arnhem region.



## CONFIDENCE TRENDS

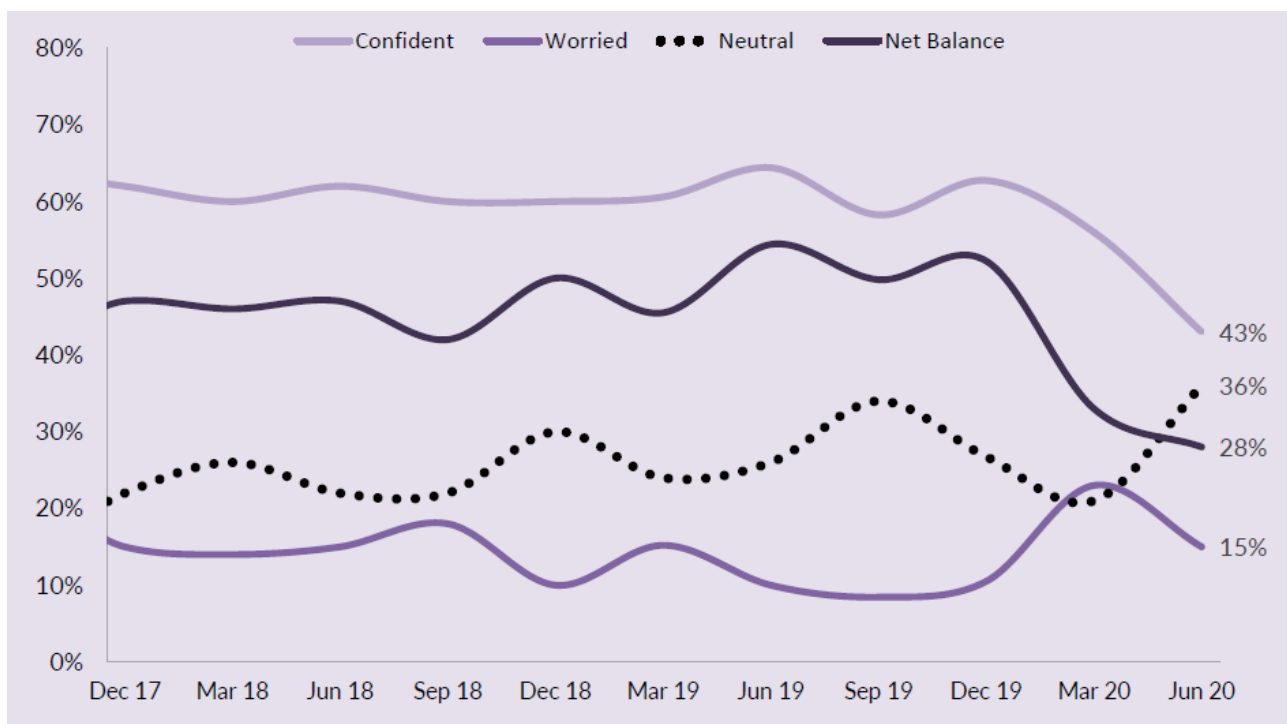
### TERRITORY WIDE

	Jun Qtr 2019	Sep Qtr 2019	Dec Qtr 2019	Mar Qtr 2020	Jun Qtr 2020
Confident	64%	58%	63%	56%	43%
Worried	10	8%	11%	23%	15%
Net balance	54%	50%	52%	33%	28

In the June quarter 2020, business confidence decreased 5 percentage points to +28% from the previous quarter. This also represents a 26 percentage point decrease from the June 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 has been two consecutive quarters of decline.

### TRENDS IN BUSINESS CONFIDENCE LEVELS



## BUSINESS CONFIDENCE BY REGION

In the June quarter 2020, business confidence improved in East Arnhem and declined in Greater Darwin, Daly-Tiwi-West Arnhem, Barkly - Tennant Creek and Alice Springs, compared to the previous quarter.

REGION	Jun Qtr 2019	Sep Qtr 2019	Dec Qtr 2019	Mar Qtr 2019	Jun Qtr 2020
Greater Darwin					
Confident	59%	53%	53%	55%	42%
Worried	11%	7%	11%	22%	15%
Net balance	48%	46%	42%	33%	26%
DTWA					
Confident	48%	71%	22%	78%	22%
Worried	4%	6%	11%	11%	56%
Net balance	44%	65%	11%	67%	-33%
East Arnhem					
Confident	82%	100%	89%	72%	100%
Worried	0%	0%	0%	16%	0%
Net balance	82%	100%	89%	56%	100%
Katherine (Big Rivers)					
Confident	88%	77%	75%	61%	n.a.
Worried	9%	8%	4%	26%	n.a.
Net balance	79%	69%	71%	35%	n.a.
Barkly-Tennant Creek					
Confident	78%	71%	67%	100%	0%
Worried	11%	14%	0%	0%	0%
Net balance	67%	57%	67%	100%	0%
Alice Springs					
Confident	81%	80%	78%	52%	50%
Worried	8%	10%	13%	27%	32%
Net balance	73%	70%	65%	25%	18%

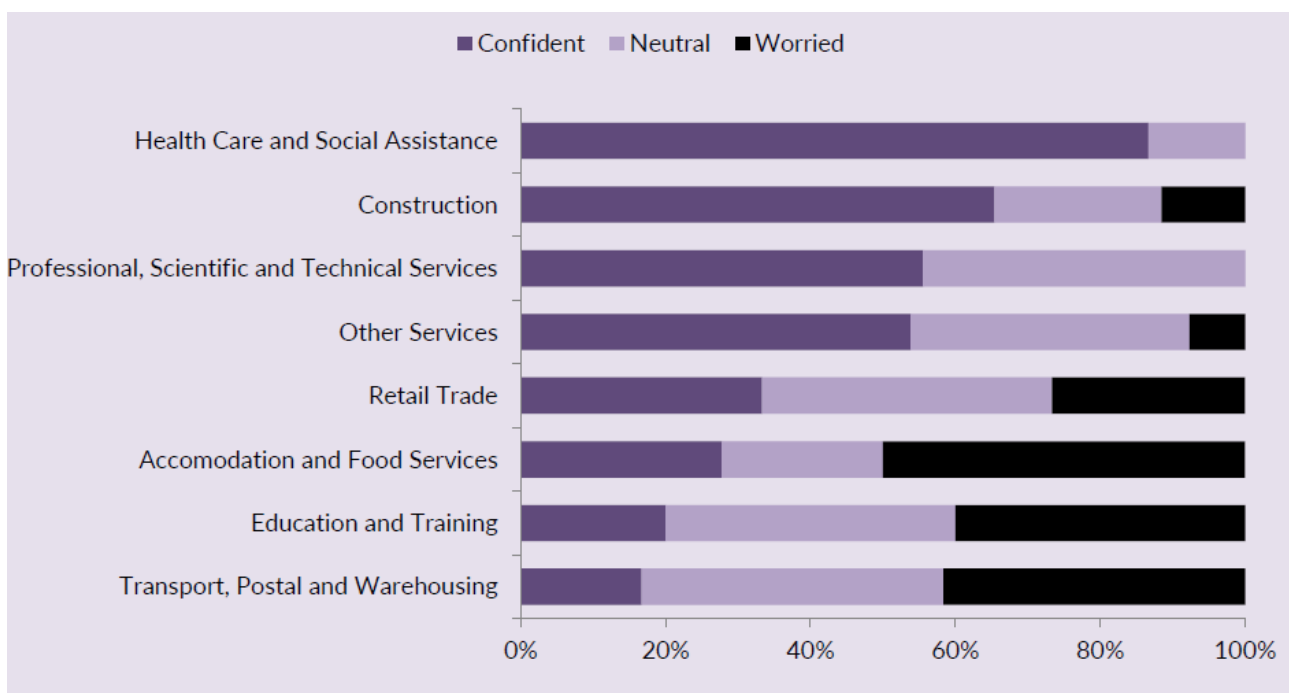
## BUSINESS CONFIDENCE BY INDUSTRY

The Territory-wide business confidence was +28% and decreased for all industries except agriculture, forestry and fishing; construction; information media and telecommunications; professional, scientific and technical services; healthcare and social assistance; and other services in the June quarter 2020. The table below displays the top 10 surveyed industries.

SECTOR	CONFIDENT	WORRIED	NET BALANCE		
			Jun Qtr 2020	Mar Qtr 2020	Dec Qtr 2019
Accommodation and Food Services	28%	50%	-22%	33%	55%
Arts and Recreation Services	22%	22%	0%	-4%	68%
Construction	65%	12%	54%	26%	45%
Education and Training	20%	40%	-20%	17%	38%
Health Care and Social Assistance	87%	0%	87%	57%	77%
Other Services	54%	8%	46%	34%	61%
Professional, Scientific, and Technical Services	56%	0%	56%	25%	65%
Rental, Hiring and Real Estate Services	50%	50%	0%	25%	80%
Retail Trade	33%	27%	7%	47%	57%
Transport, Postal and Warehousing	17%	42%	-25%	-50%	56%

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

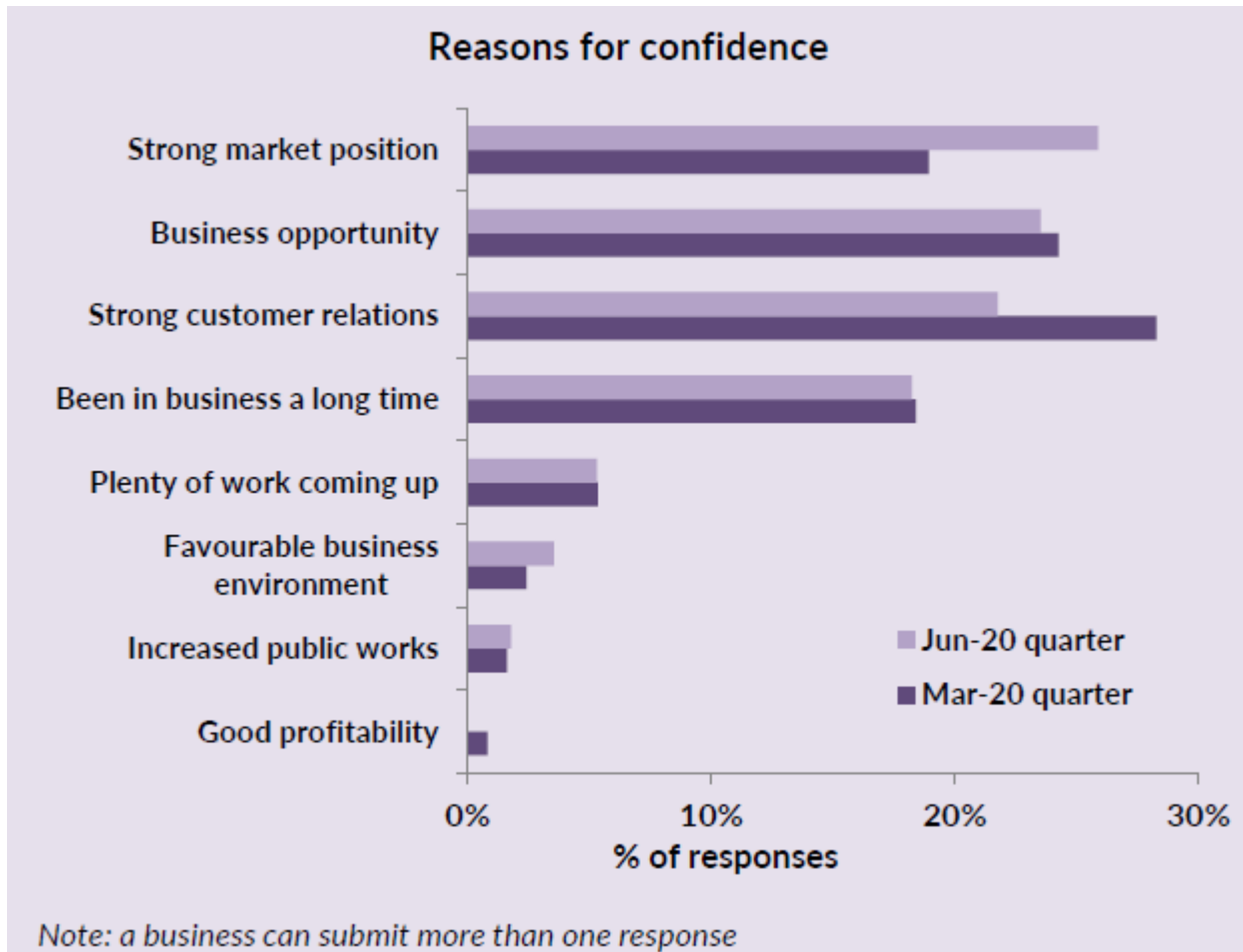
## INDUSTRY EXPECTATIONS



## KEY BUSINESS INSIGHTS

### CONFIDENT

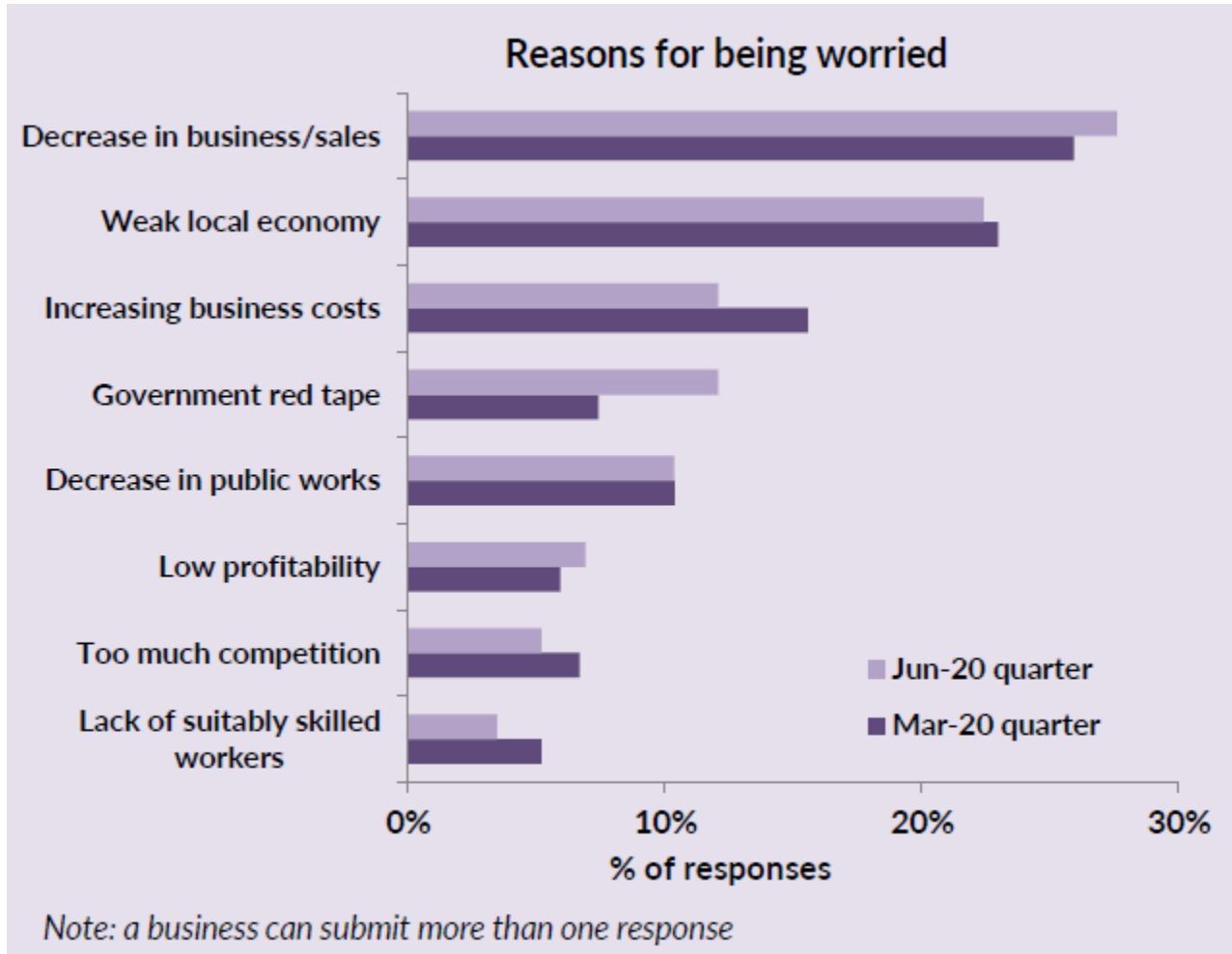
Of the Territory businesses confident about their business prospects for the next 12 months, key reasons cited are: 'strong customer relations'; 'strong market position'; 'been in business a long time' and 'business opportunity'. The graph below shows the relative importance of the key reasons for confidence.





## WORRIED

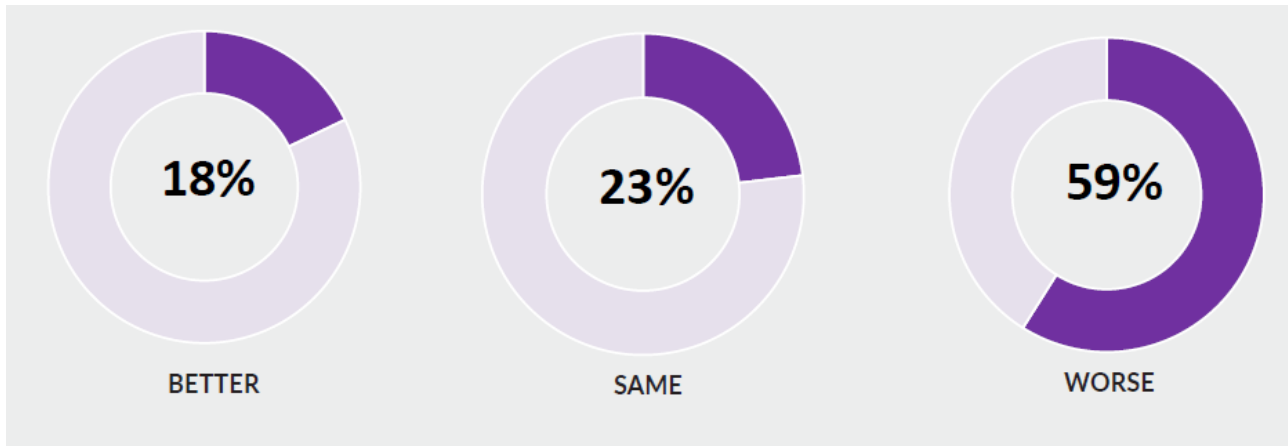
Of those Territory businesses worried about their business prospects for the next 12 months, the main reasons cited for being worried are: 'decrease in business/sales'; 'weak local economy', and 'increasing business costs'. The graph below shows the relative importance of the key reasons for being worried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



## BUSINESS PERFORMANCE

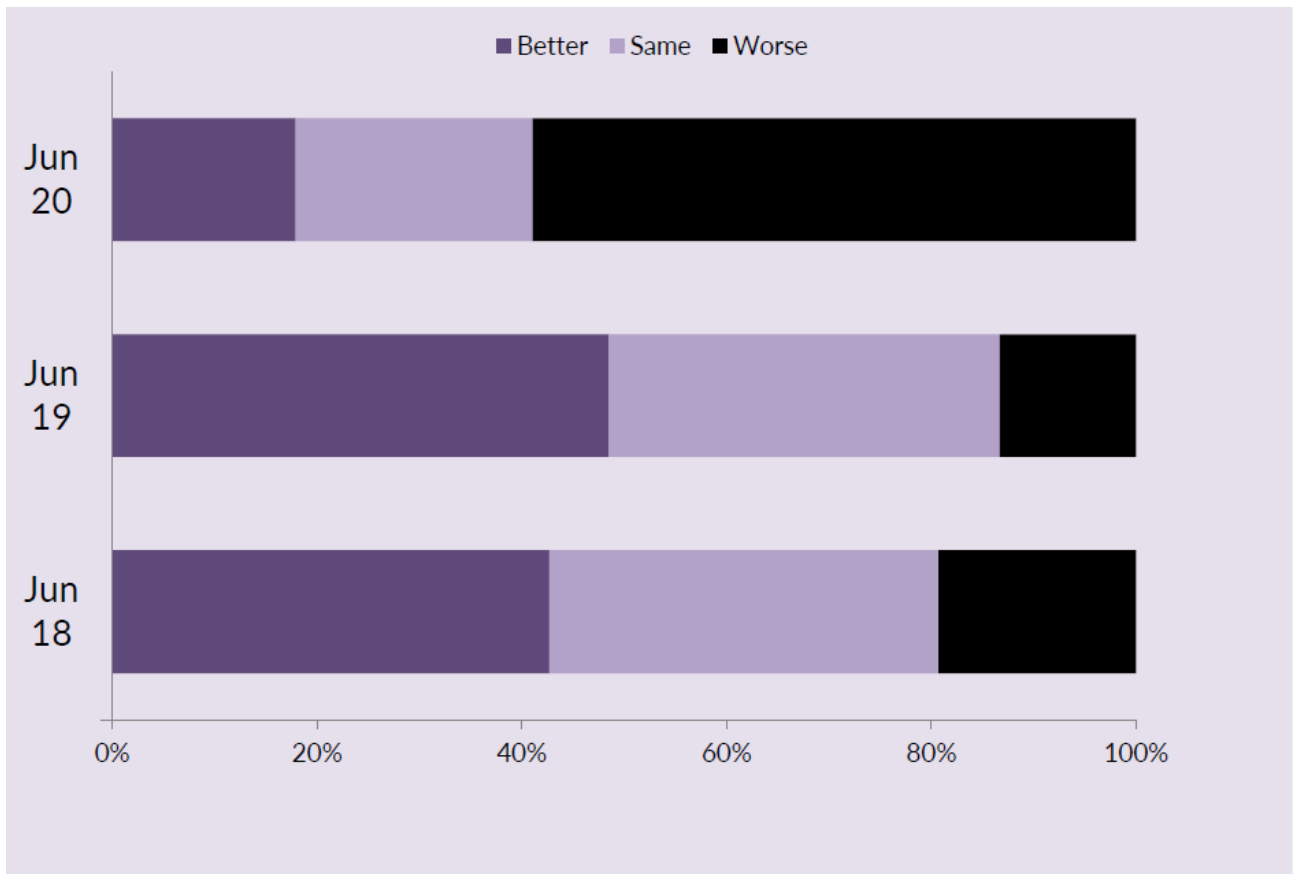
*Q. How is your business performing this year compared to last year?*

18% of Territory businesses noted that their business performance is better this year compared to last year, while 23% of the businesses stated that business performance is the same as last year, and 59% of businesses stated their business performance is worse than last year.



## TREND IN BUSINESS PERFORMANCE

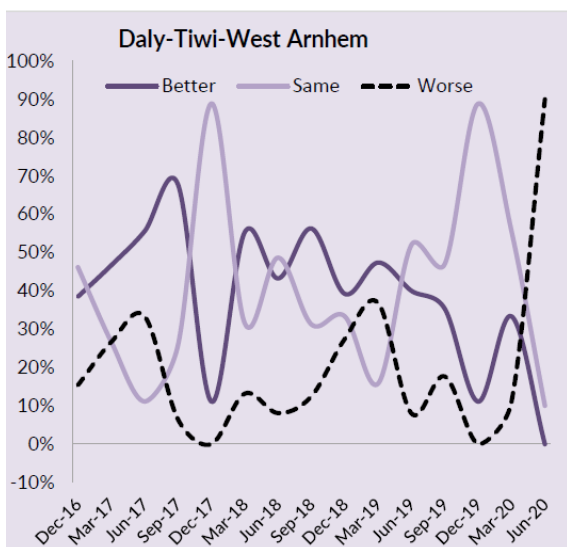
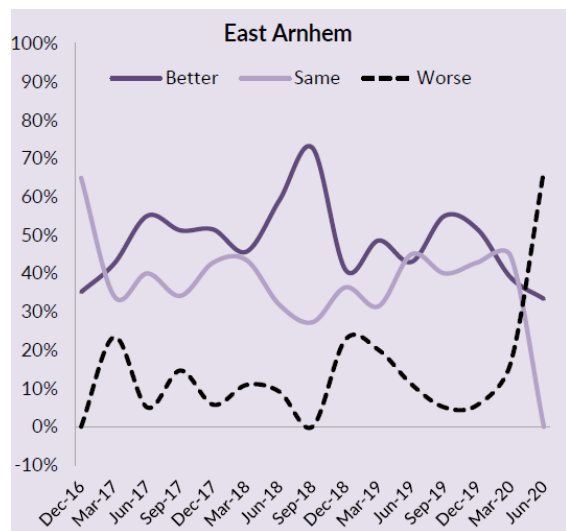
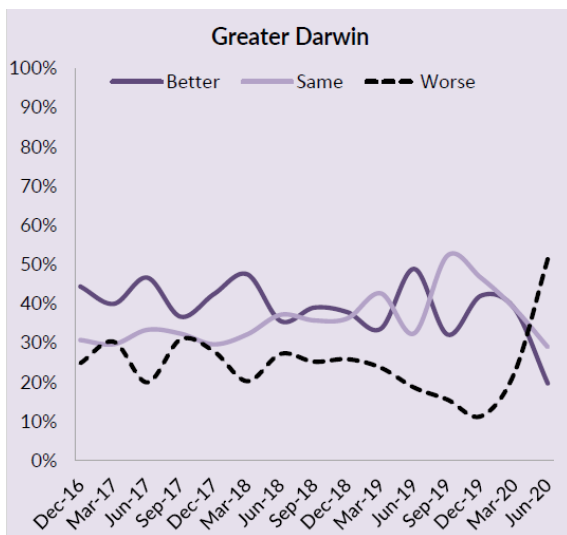
Compared to the same quarter in previous years, more businesses report that their performance was getting worse. Fewer businesses reported that their performance was the same or better compared to the previous year.

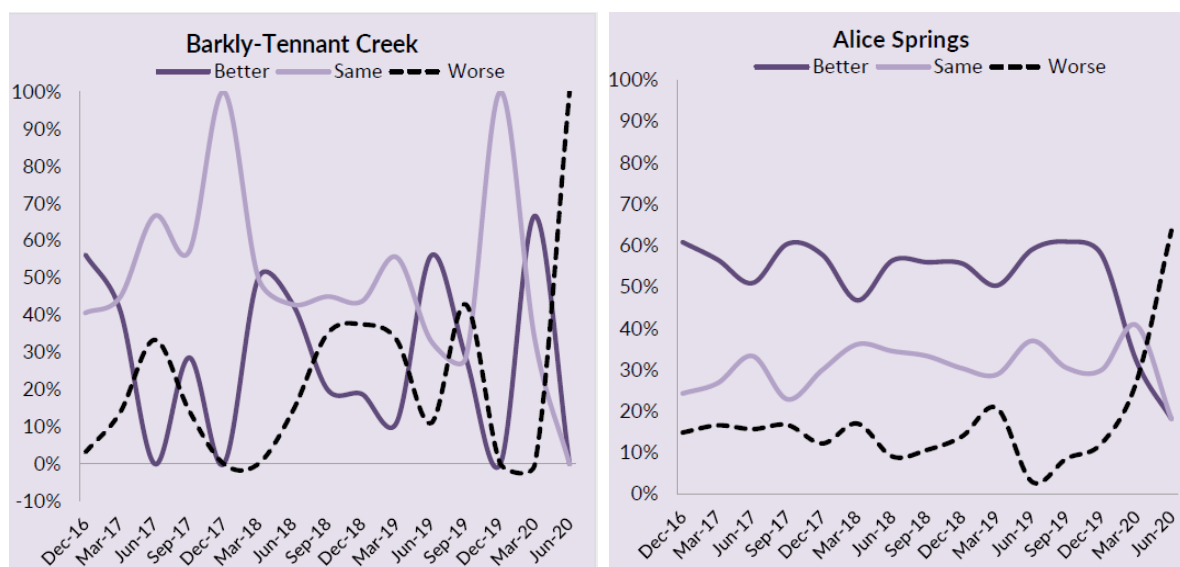


### BUSINESS PERFORMANCE BY REGION

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 has declined in all regions.

STATISTICAL AREA LEVEL 3 (SA3) REGIONS	BUSINESS PERFORMANCE		
	Better	Same	Worse
Greater Darwin	20%	29%	51%
Katherine (Big Rivers)	n.a.	n.a.	n.a.
East Arnhem	33%	0%	67%
Daly-Tiwi-West Arnhem	0%	10%	90%
Barkly-Tennant Creek	0%	0%	100%
Alice Springs	18%	18%	64%
Territory-wide	18%	23%	59%





## SURVEY METHODOLOGY

A face-to-face survey of businesses operating in the Territory is conducted by the Department of Industry, Tourism and Trade (DITT) 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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