

NORTHERN TERRITORY BUSINESS CONFIDENCE SURVEY

September Quarter 2019

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SUMMARY

- The Territory-wide business confidence level was +50% in the September quarter 2019. This represents a 4 percentage point decrease from the June quarter 2019, but an 8 percentage point increase on the same quarter in 2018.
- Between 1 July and 30 September 2019, 404 businesses were surveyed across Territory regions and industry sectors.
- Business confidence by region ranged from +100% in East Arnhem to +46% in the Greater Darwin region.
- 41% of businesses surveyed expected to perform better this year compared to the previous year, representing a 7 percentage point decrease from the June quarter 2019.

INTRODUCTION

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

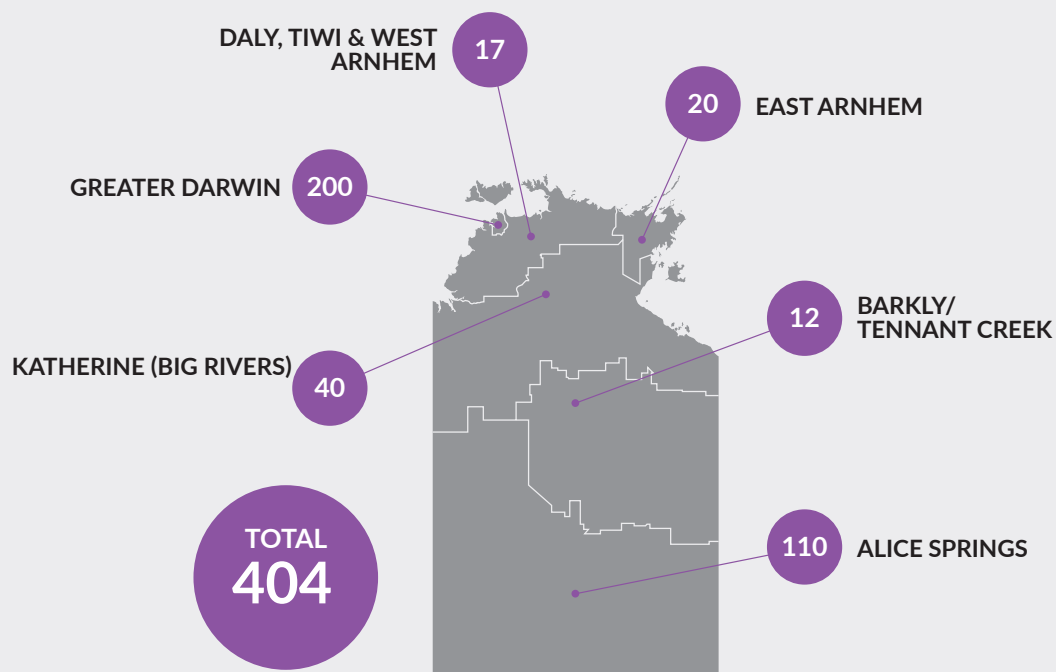
The survey covers urban and regional areas of the Territory and captures different industry sectors and business sizes (small, medium and large).

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)



REGION	TOTAL NO. OF BUSINESSES*	BUSINESSES SURVEYED	PROPORTION OF TOTAL
Greater Darwin	10 652	200	1.9%
Daly-Tiwi-West Arnhem	360	17	4.7%
East Arnhem	220	20	9.1%
Katherine (Big Rivers)	927	40	4.3%
Barkly-Tennant Creek	214	12	5.6%
Alice Springs	2076	110	5.3%
Unclassified	n.a	5	n.a.
TOTAL	14 449	404	2.8%

*Source: ABS Cat. No. 8165.0

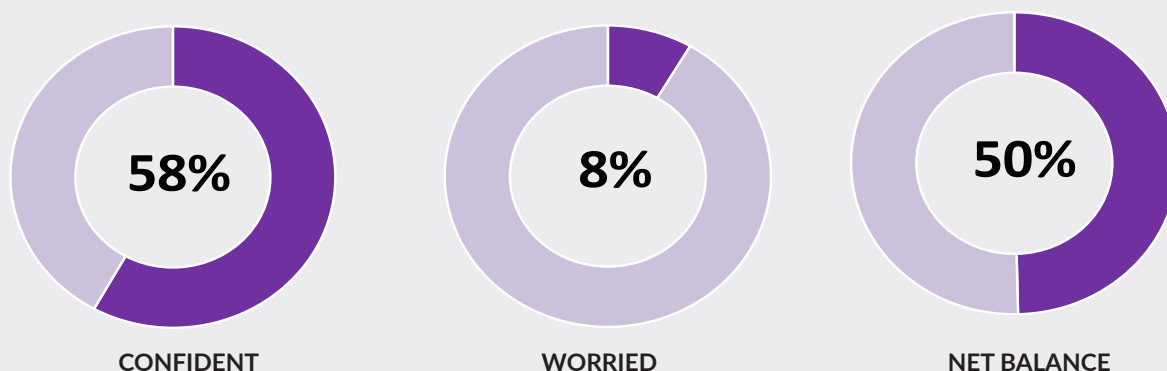
BUSINESS CONFIDENCE

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

TERRITORY WIDE

In the September quarter 2019, the Territory-wide business confidence index was +50%. The response rate for this question was 94.6%.

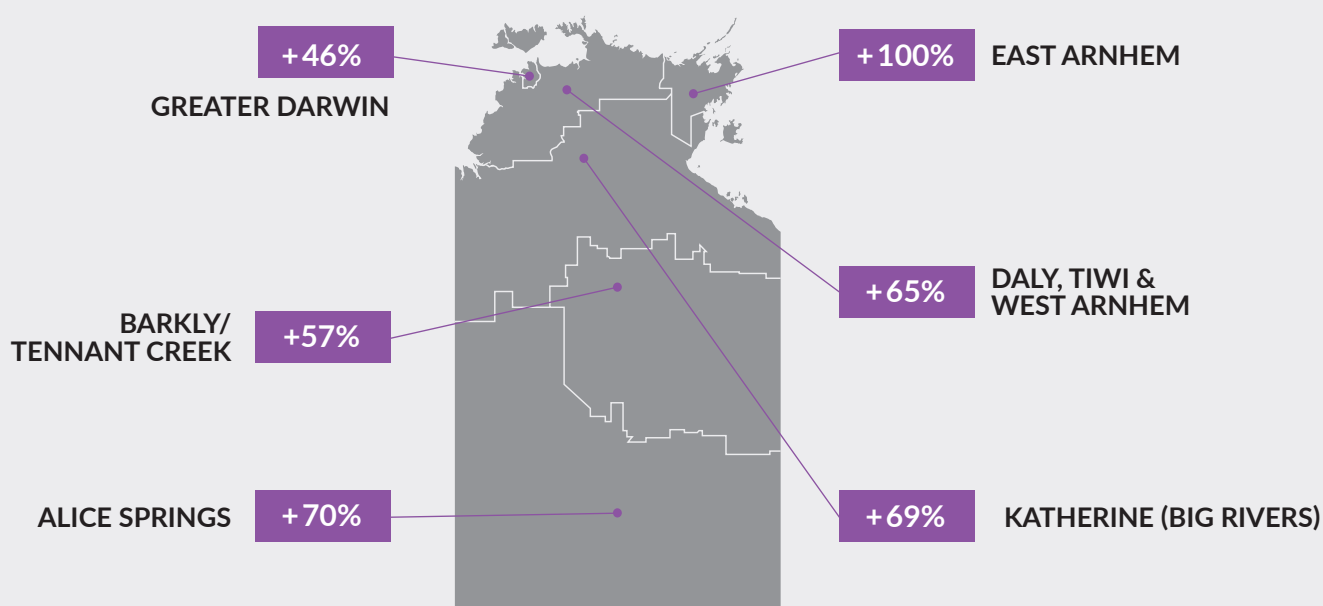
OVERALL BUSINESS CONFIDENCE INDEX



Note: 34% of the responses remained neutral (neither confident nor worried).

REGIONAL SUMMARY

Business confidence varied among Territory regions, ranging from +100% in East Arnhem to +46% in the Greater Darwin Region.



CONFIDENCE TRENDS

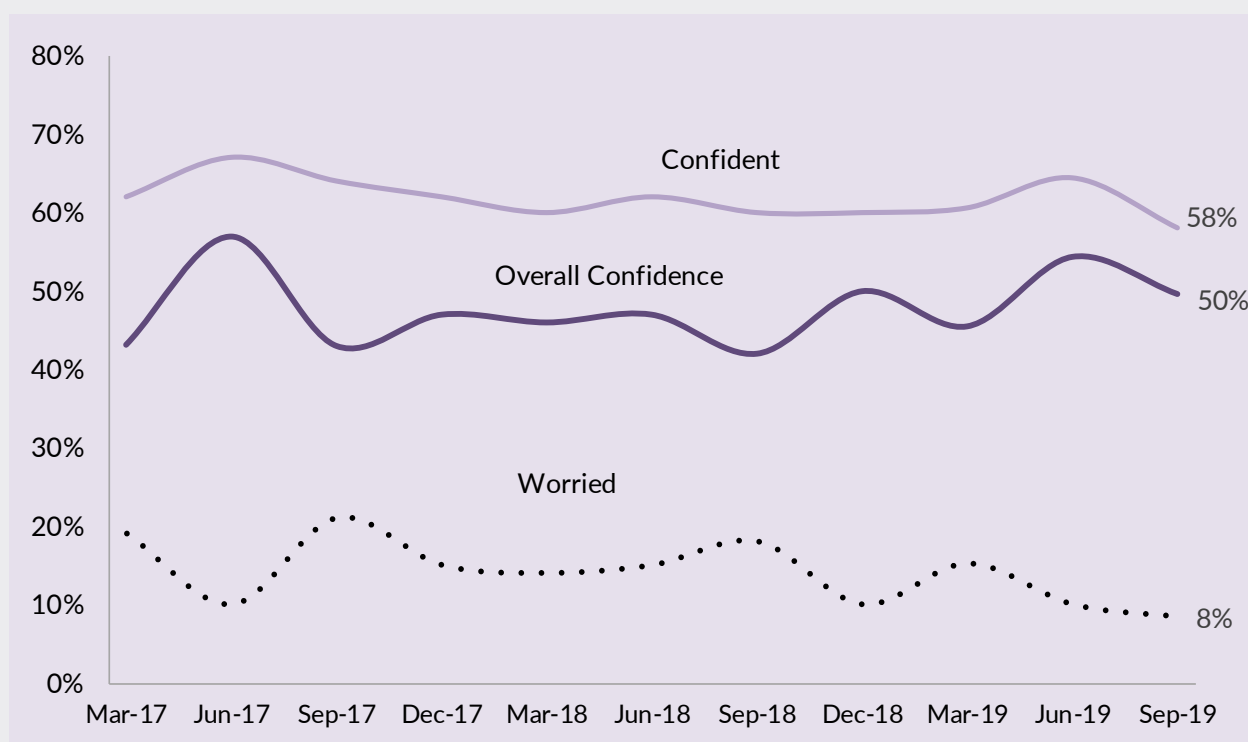
TERRITORY WIDE

	Sep Qtr 2018	Dec Qtr 2018	Mar Qtr 2019	Jun Qtr 2019	Sep Qtr 2019
Confident	60%	60%	61%	64%	58%
Worried	18%	10%	15%	10%	8%
Net balance	42%	50%	46%	54%	50%

In the September quarter 2019, business confidence decreased 4 percentage points to +50% from the previous quarter. This represents an 8 percentage point increase from the September 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.

TREND IN BUSINESS CONFIDENCE LEVELS



BUSINESS CONFIDENCE BY REGION

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

REGION	Sep Qtr 2018	Dec Qtr 2018	Mar Qtr 2019	Jun Qtr 2019	Sep Qtr 2019
Greater Darwin					
Confident	51%	53%	57%	59%	53%
Worried	21%	12%	16%	11%	7%
Net balance	30%	41%	41%	48%	46%
DTWA					
Confident	59%	33%	42%	48%	71%
Worried	9%	19%	37%	4%	6%
Net balance	50%	14%	5%	44%	65%
East Arnhem					
Confident	75%	91%	66%	82%	100%
Worried	17%	5%	12%	0%	0%
Net balance	58%	86%	54%	82%	100%
Katherine (Big Rivers)					
Confident	79%	88%	88%	88%	77%
Worried	0%	0%	2%	9%	8%
Net balance	79%	88%	86%	79%	69%
Barkly-Tennant Creek					
Confident	81%	75%	78%	78%	71%
Worried	0%	0%	22%	11%	14%
Net balance	81%	75%	56%	67%	57%
Alice Springs					
Confident	84%	82%	65%	81%	80%
Worried	9%	4%	14%	8%	10%
Net balance	75%	78%	51%	73%	70%

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

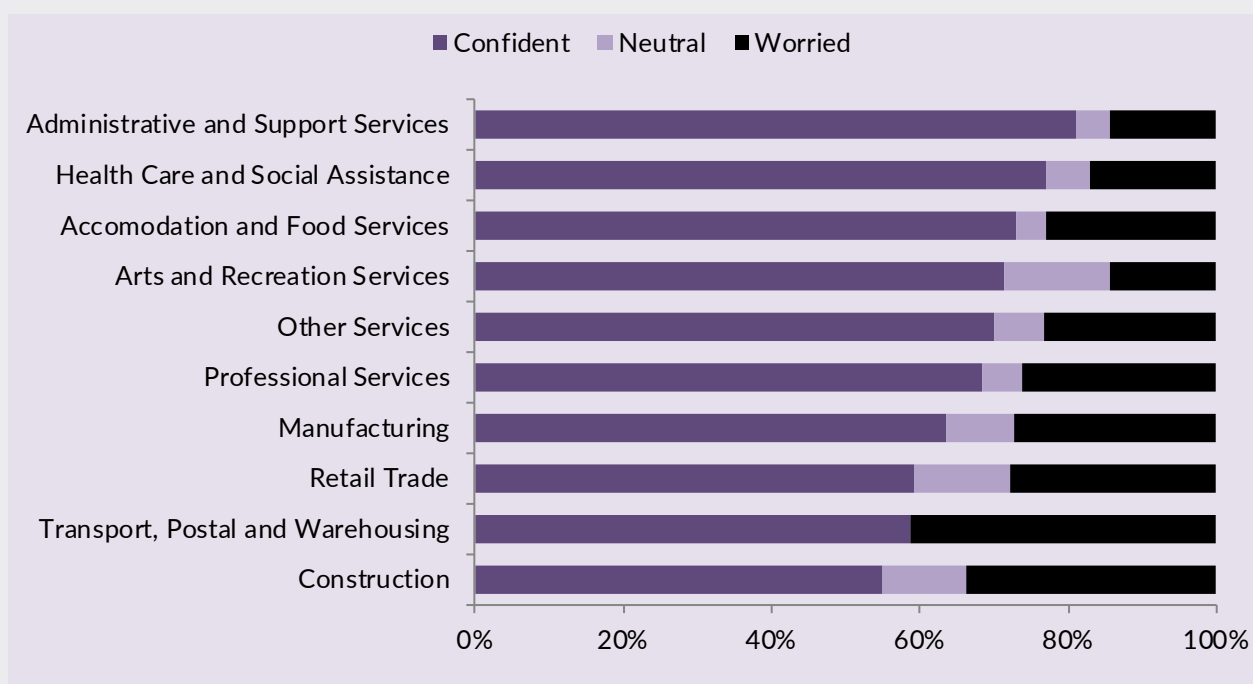
BUSINESS CONFIDENCE BY INDUSTRY

The Territory-wide business confidence was +50% but remained varied among the industries for the September quarter 2019. The chart below displays the top 10 most surveyed industries.

SECTOR	CONFIDENT	WORRIED	NET BALANCE		
			Sep Qtr 2019	Jun Qtr 2019	Mar Qtr 2019
Construction	55%	11%	44%	44%	8 ppt
Retail Trade	59%	13%	46%	46%	4 ppt
Health Care and Social Assistance	77%	6%	71%	71%	2 ppt
Other Services	70%	7%	63%	63%	19 ppt
Arts and Recreation Services	71%	14%	57%	57%	-1 ppt
Accommodation and Food Services	73%	4%	69%	69%	12 ppt
Administrative and Support Services	81%	5%	76%	76%	7 ppt
Professional, Scientific and Technical Services	68%	5%	63%	63%	-30 ppt
Transport, Postal and Warehousing	59%	0%	59%	59%	4 ppt
Manufacturing	64%	9%	55%	55%	2 ppt

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

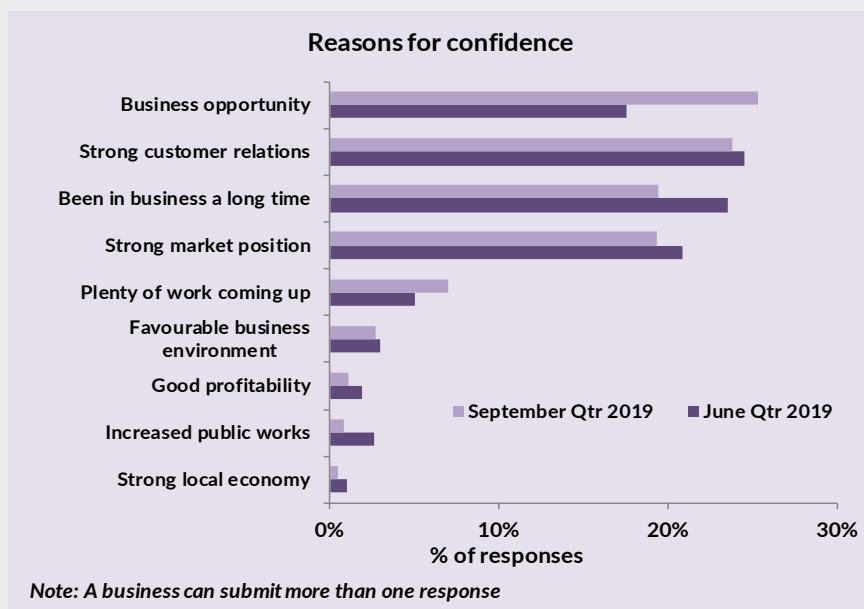
INDUSTRY EXPECTATIONS



KEY BUSINESS INSIGHTS

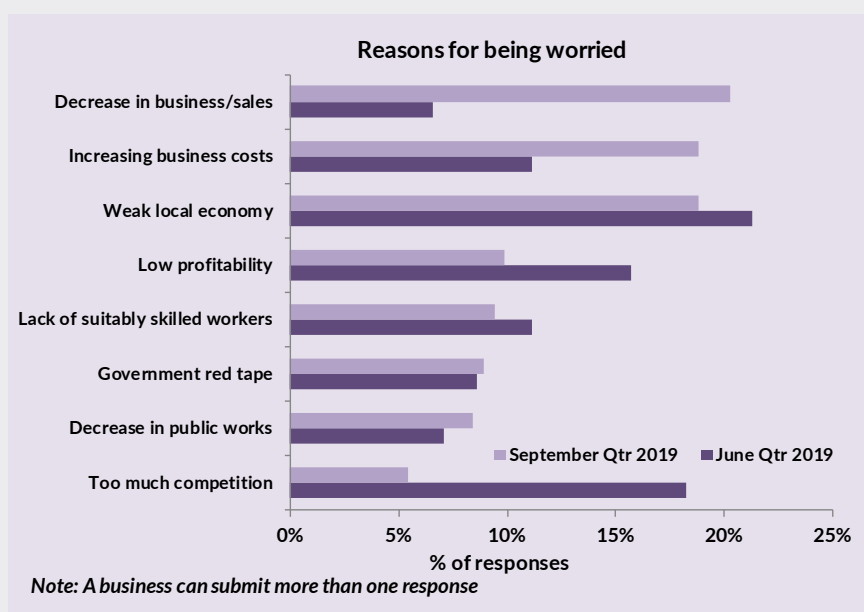
CONFIDENT

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



WORRIED

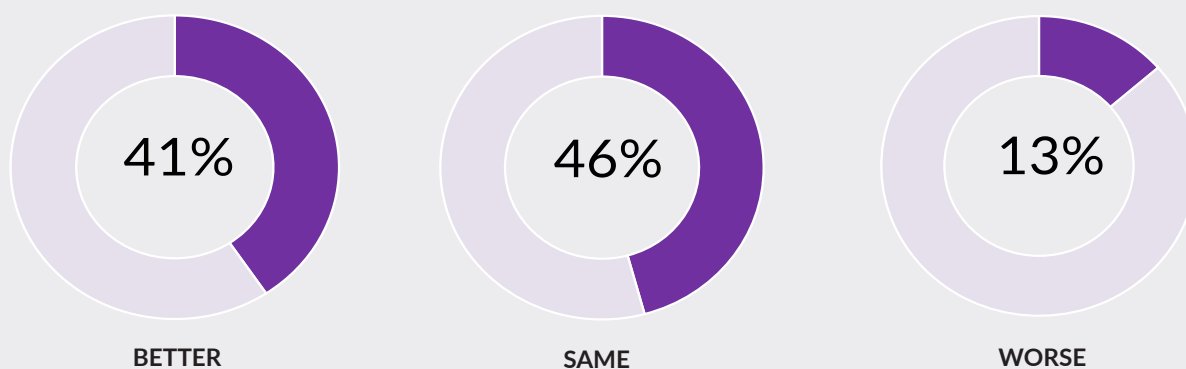
Of those Territory businesses worried about their business prospects for the next 12 months, the main reasons cited for being worried are: 'decrease in business/sales'; 'increased business costs'; and 'weaker local economy'. The graph below shows the relative importance of the key reasons for being worried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



BUSINESS PERFORMANCE

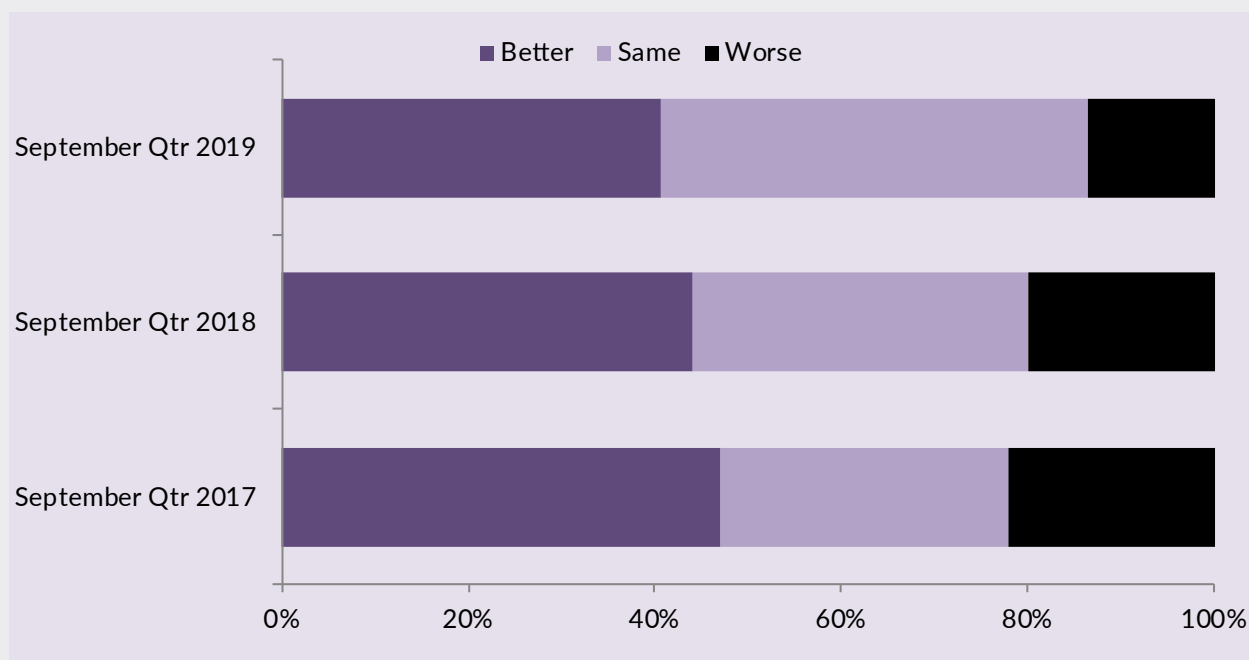
Q. How's your business performing this year compared to last year?

41% of Territory businesses noted that their business performance is better this year compared to last year, while 46% of the businesses stated that business performance is the same as last year, and 13% of businesses stated their business performance is worse than last year.



TREND IN BUSINESS PERFORMANCE

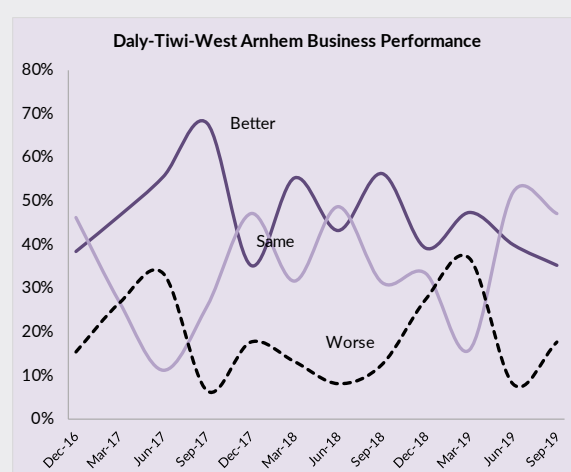
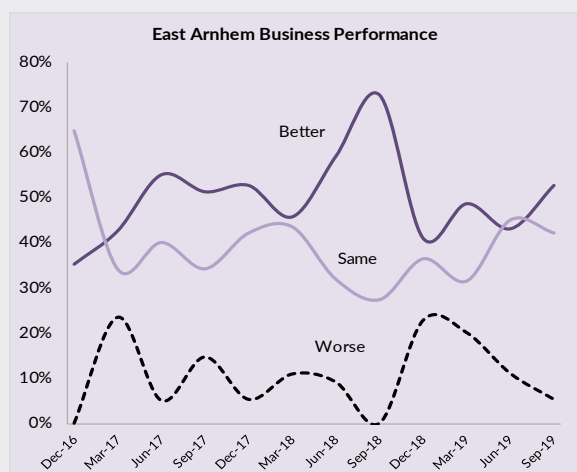
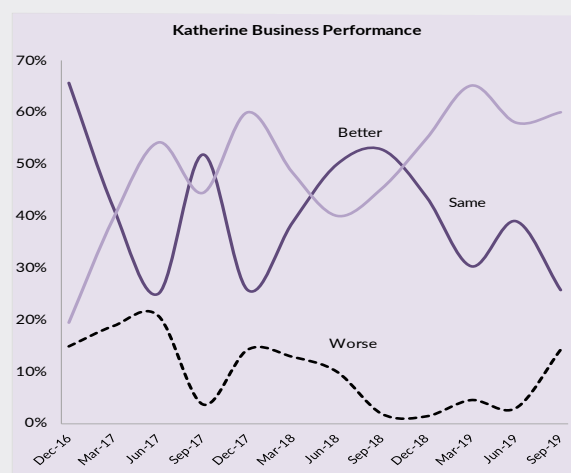
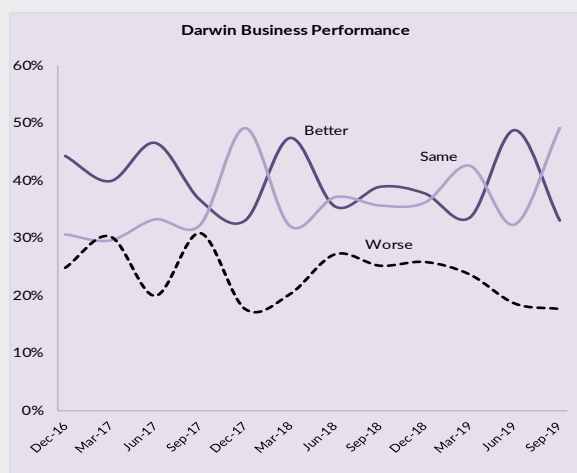
Compared to the same quarter in previous years, fewer businesses felt that their performance was better, and more businesses felt that their business performance was the same as last year.

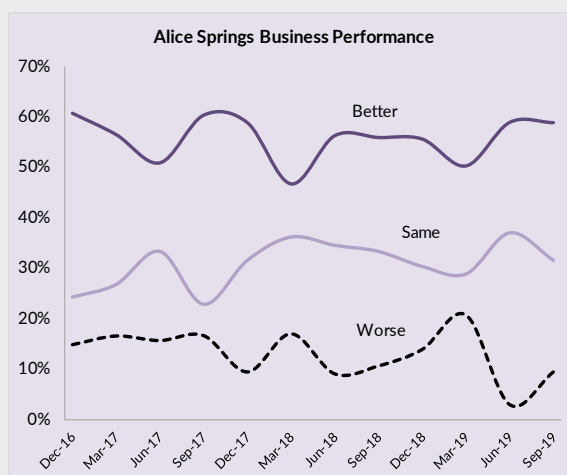
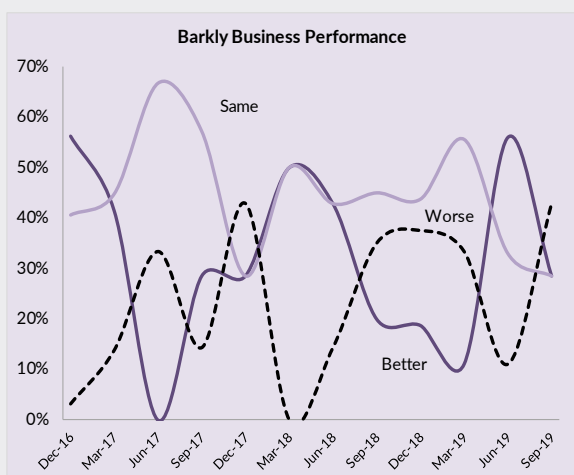


BUSINESS PERFORMANCE BY REGION

The table and graphs below highlight that business performance levels varied among businesses in the regions. Compared to the previous quarter, East Arnhem and Alice Springs show improved business performance, whereas expectations for business performance has declined in all other regions.

STATISTICAL AREA 3 (SA3) REGIONS	BUSINESS PERFORMANCE		
	Better	Same	Worse
Greater Darwin	33%	52%	16%
Katherine (Big Rivers)	25%	60%	15%
East Arnhem	55%	40%	5%
Daly, Tiwi & West Arnhem	35%	47%	18%
Barkly/Tennant Creek	29%	29%	43%
Alice Springs	61%	30%	9%
Territory-wide	41%	46%	13%





SURVEY METHODOLOGY

A face-to-face survey of businesses operating in the Territory is conducted by the Department of Trade, Business and Innovation 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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