Northern Territory
Business Confidence survey

March Quarter 2022

# Northern Territory Business Confidence Survey

**March Quarter 2022**

## Summary

* The Territory-wide business confidence level was +50% in the March quarter, down 8 percentage points from the December quarter 2021, but around its long-term average.
* Of those Territory businesses worried about their business prospects for the next 12 months, increasing business costs was more likely to be cited as a reason to be worried in the March quarter than in recent quarters.
* Between 1 January and 31 March 2022, 442 businesses were surveyed across Territory regions and industry sectors.
* 44% of Territory businesses noted their business performance is better this year compared to last year, representing a 5 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.

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 | Proportional of total |
| --- | --- | --- | --- |
| Greater Darwin | 10 908 | 244 | 2.2% |
| Daly-Tiwi-West Arnhem | 358 | 22 | 6.1% |
| East Arnhem | 230 | 9 | 3.9% |
| Katherine (Big Rivers) | 958 | 25 | 2.6% |
| Barkly-Tennant Creek | 180 | 18 | 10.0% |
| Alice Springs | 1954 | 120 | 6.1% |
| Unclassified | 379 | 4 | 1.1% |
| **TOTAL** | **14 947** | **442** | **3.0%** |

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 March quarter 2022, the Territory-wide business confidence index was +50%. The response rate for this question was 97.6%.

## Overall business confidence index



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

### REGIONAL SUMMARY

Business confidence varied among Territory regions, ranging from +100% in East Arnhem to +48% in the Greater Darwin region.



## Confidence trends

### Territory wide

|  | Mar Qtr 2021 | Jun Qtr 2021 | Sep Qtr 2021 | Dec Qtr 2021 | Mar Qtr2022 |
| --- | --- | --- | --- | --- | --- |
| Confident | 70% | 86% | 77% | 68% | **63%** |
| Worried | 8% | 2% | 7% | 10% | **13%** |
| Net balance | 62% | 84% | 70% | 58% | **50%** |

In the March quarter 2022, business confidence decreased 8 percentage points to +50% from the previous quarter. This also represents a 12 percentage point decrease from the March quarter 2021.

The chart below shows that despite falling over the past two quarters, business confidence in the Territory is around longer term trend levels, and significantly stronger than two years ago.



### ANNUAL AVERAGE BUSINESS CONFIDENCE

Yearly average business confidence in 2021 was +69%, compared to +43% in 2020. The lower annual average business confidence in 2020 was primarily due to restrictions related to COVID-19.



### Business confidence by region

In the March quarter 2022, business confidence increased in all regions except Greater Darwin, and Katherine (Big Rivers), where confidence decreased.

| Region | Mar Qtr 2021 | Jun Qtr 2021 | Sep Qtr 2021 | Dec Qtr 2021 | Mar Qtr2022 |
| --- | --- | --- | --- | --- | --- |
| Greater Darwin |  |  |  |  |  |
| Confident | 71% | **83%** | **81%** | **70%** | **62%** |
| Worried | 5% | **1%** | **5%** | **8%** | **14%** |
| Net balance | 66% | **82%** | **76%** | **62%** | **48%** |
| Daly-Tiwi-West Arnhem |  |  |  |  |  |
| Confident | 71% | **73%** | **100%** | **72%** | **73%** |
| Worried | 0% | **7%** | **0%** | **28%** | **14%** |
| Net balance | 71% | **66%** | **100%** | **44%** | **59%** |
| East Arnhem |  |  |  |  |  |
| Confident | 92% | **84%** | **86%** | **93%** | **100%** |
| Worried | 0% | **5%** | **3%** | **0%** | **0%** |
| Net balance | 82% | **79%** | **83%** | **93%** | **100%** |
| Katherine (Big Rivers) |  |  |  |  |  |
| Confident | 94% | **75%** | **65%** | **81%** | **76%** |
| Worried | 0% | **13%** | **30%** | **8%** | **8%** |
| Net balance | 94% | **62%** | **35%** | **73%** | **68%** |
| Barkly-Tennant Creek |  |  |  |  |  |
| Confident | 67% | **n.a.** | **n.a.** | **52%** | **72%** |
| Worried | 0% |  **n.a.** |  **n.a.** |  **29%** |  **17%** |
| Net balance | 67% | **n.a.** | **n.a.** | **23%** | **55%** |
| Alice Springs |  |  |  |  |  |
| Confident | 47% | **73%** | **70%** | **41%** | **63%** |
| Worried | 26$ | **8%** | **9%** | **22%** | **13%** |
| Net balance | 21% | **65%** | **61%** | **19%** | **50%** |

### Business confidence by industry

In the March quarter 2022, the industries that reported large falls in business confidence were: Health Care and Social Assistance; Manufacturing; and Construction, while Arts and Recreation Services reported a large increase in business confidence in the quarter. The table below displays the top 10 most surveyed industries.

| Sector | Confident | Worried | Net balance |
| --- | --- | --- | --- |
|  |  |  | **Mar Qtr 2022** | Dec Qtr 2021 | Sep Qtr 2021 |
| Health Care and SocialAssistance Services | 47% | 13% | **34%** | 83% | 79% |
| Manufacturing | 55% | 27% | **28%** | 86% | 75% |
| Accommodation and FoodServices | 58% | 16% | **42%** | 43% | 59% |
| Agriculture, Forestry and Fishing | 58% | 8% | **50%** | 45% | 50% |
| Other Services | 62% | 4% | **58%** | 50% | 78% |
| Arts and Recreation Services | 64% | 12% | **52%** | 29% | 54% |
| Construction | 64% | 18% | **46%** | 64% | 76% |
| Retail Trade | 69% | 10% | **59%** | 48% | 69% |
| Professional, Scientific and Technical Services | 69% | 8% | **61%** | 27% | 55% |
| Administrative and Support Services | 83% | 17% | **66%** | 25% | 44% |

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'; 'been in business a long time'; 'strong market position'; 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: 'decreasing business/sales'; 'lack of suitably skilled workers'; and 'government red tape'. Territory businesses were more likely to highlight increasing business costs as a reason to be worried. Territory businesses also noted COVID and the lack of international travellers as reasons they were worried about their business prospects. 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?

44% of Territory businesses noted that their business performance is better this year compared to last year, while 38% of the businesses stated that business performance is the same as last year, and 18% of businesses stated their business performance is worse than last year.



### Trend in Business performance

The proportion of businesses that reported that their performance was getting better has fallen over the past two quarters, and is now around long term levels. Similarly, the proportion of businesses that reported that their performance was worse is around long term levels, after increasing over the past two quarters.



### 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 have improved in Katherine (Big Rivers), Barkly-Tennant Creek, and Alice Springs, while decreasing in the remaining regions.

| Statistical area level 3 (sa3) regions | Business performance |
| --- | --- |
|  | **Better** | **Same** | **Worse** |
| Greater Darwin | 48% | 36% | 16% |
| Katherine (Big Rivers) | 60% | 32% | 8% |
| East Arnhem | 56% | 44% | 0% |
| Daly-Tiwi-West Arnhem | 41% | 36% | 23% |
| Barkly-Tennant Creek | 50% | 6% | 44% |
| Alice Springs | 31% | 48% | 21% |
| Territory-wide | **44%** | **38%** | **18%** |

 

 

 

## Survey methodology

A face-to-face survey of businesses operating in the Territory is conducted by the Department of Industry, Tourism and Trade on a quarterly basis. Business confidence is estimated using the business confidence index.

There are approximately 15 000 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.

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' 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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