

NORTHERN TERRITORY BUSINESS CONFIDENCE SURVEY

June Quarter 2017

NORTHERN TERRITORY BUSINESS CONFIDENCE SURVEY

June Quarter 2017

SUMMARY

- The Territory-wide business confidence level was +57%, 14 percentage points higher than the March quarter 2017 index.
- 345 businesses were surveyed across Territory regions and industry sectors between 1 April and 30 June 2017.
- Business confidence by region ranged from +67% in Barkly to +44% in Katherine (Big Rivers).
- 45% of the Territory businesses expected to perform better this year compared to the previous year, 2 percentage points lower than the March quarter 2017 figure. However, performance expectations varied among regions.

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.

BUSINESS CONFIDENCE

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

OVERALL CONFIDENCE

In the June quarter 2017, the Territory-wide business confidence index was +57%. The response rate for this question was 84.6%.

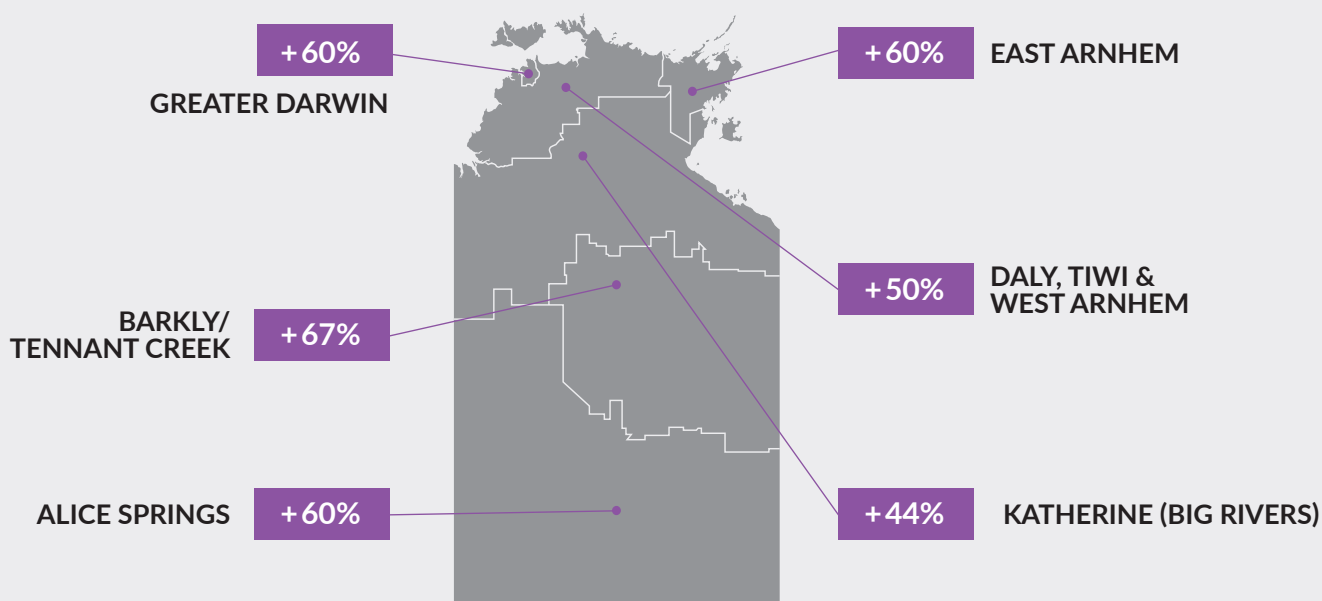
OVERALL BUSINESS CONFIDENCE INDEX



Note: 23% of the responses remained neutral (neither confident nor worried)

CONFIDENCE IN THE REGIONS

Business confidence varied among the regions across the Territory, ranging from +67% in the Barkly region to +44% in the Katherine (Big Rivers) region.



Note: Caution should be taken in interpreting confidence levels disaggregated at the regional level, as the survey sample size is not statistically significant.

CONFIDENCE TRENDS

OVERALL CONFIDENCE - TERRITORY WIDE

	June 2017	March 2017	December 2016	September 2016
Confident	67%	62%	66%	66%
Worried	10%	19%	13%	13%
Net balance	57%	43%	53%	53%

The above table shows the business confidence over the last four quarters. As the survey progresses through the years, a stable business confidence trend could be established. The June quarter 2017 business confidence increased 14 percentage points to 57% from the previous quarter.

CONFIDENCE IN THE REGIONS

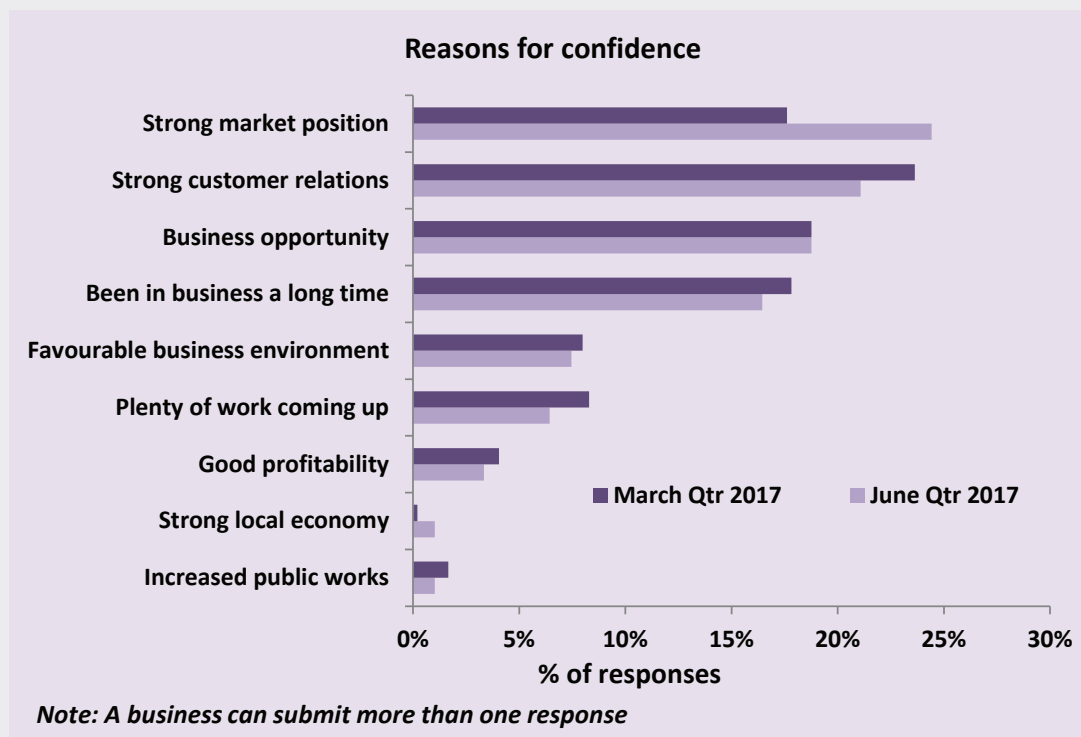
REGION	June 2017	March 2017	December 2016	September 2016
Greater Darwin				
Confident	70%	59%	62%	63%
Worried	10%	22%	15%	15%
Net balance	60%	37%	46%	48%
Daly-Tiwi-West Arnhem				
Confident	70%	73%	46%	68%
Worried	20%	13%	38%	0%
Net balance	50%	60%	8%	68%
East Arnhem				
Confident	80%	63%	90%	75%
Worried	20%	29%	0%	10%
Net balance	60%	33%	90%	65%
Katherine (Big Rivers)				
Confident	57%	73%	76%	84%
Worried	13%	6%	6%	5%
Net balance	44%	67%	70%	79%
Barkly-Tennant Creek				
Confident	67%	85%	84%	75%
Worried	0%	4%	9%	10%
Net balance	67%	81%	75%	65%
Alice Springs				
Confident	70%	74%	83%	72%
Worried	10%	9%	6%	9%
Net balance	60%	65%	77%	63%

Note: Caution should be taken in interpreting confidence levels disaggregated at the regional level, as the survey sample size is not statistically significant.

Business confidence improved in Greater Darwin and East Arnhem, and declined in the other regions in the June quarter 2017 compared to the previous quarter.

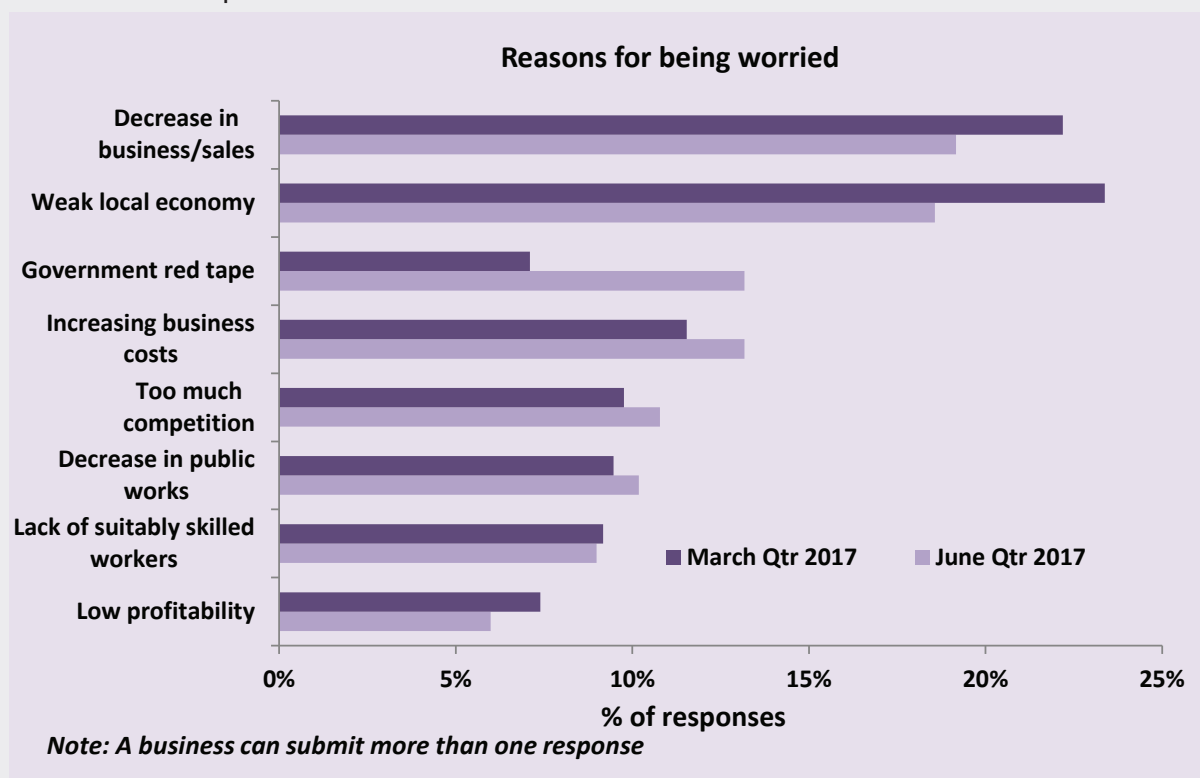
REASONS FOR CONFIDENCE

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



REASONS FOR BEING WORRIED

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



BUSINESS CONFIDENCE BY SECTOR

The Territory-wide business confidence was +57% but varied among the sectors, ranging from 0% in Electricity, Gas, Water and Waste Services to +100% in Agriculture, Forestry and Fishing; and Public Administration and Safety (table below). The previous two quarters of confidence levels are shown for comparison purposes.

SECTOR	CONFIDENCE	WORRIED	OVERALL CONFIDENCE		
			Jun Qtr 2017	Mar Qtr 2017	Dec Qtr 2016
Agriculture, Forestry and Fishing	100%	0%	100%	100%	91%
Mining	n.a.	n.a.	n.a.	-33%	100%
Manufacturing	78%	11%	67%	62%	57%
Electricity, Gas, Water and Waste Services	0%	0%	0%	91%	80%
Construction	69%	14%	55%	44%	51%
Wholesale Trade	67%	33%	34%	56%	50%
Retail Trade	57%	9%	48%	47%	60%
Accommodation and Food Services	55%	30%	25%	34%	53%
Transport, Postal and Warehousing	71%	14%	57%	50%	54%
Information Media and Telecommunications	50%	0%	50%	60%	75%
Financial and Insurance Services	50%	0%	50%	72%	43%
Rental, Hiring and Real Estate Services	80%	0%	80%	34%	75%
Professional, Scientific and Technical Services	89%	11%	78%	55%	63%
Administrative and Support Services	63%	25%	38%	75%	50%
Public Administration and Safety	100%	0%	100%	100%	100%
Education and Training	83%	0%	83%	50%	62%
Health Care and Social Assistance	75%	0%	75%	52%	82%
Arts and Recreation Services	72%	17%	55%	50%	70%
Other Services	75%	14%	61%	67%	53%

Notes:

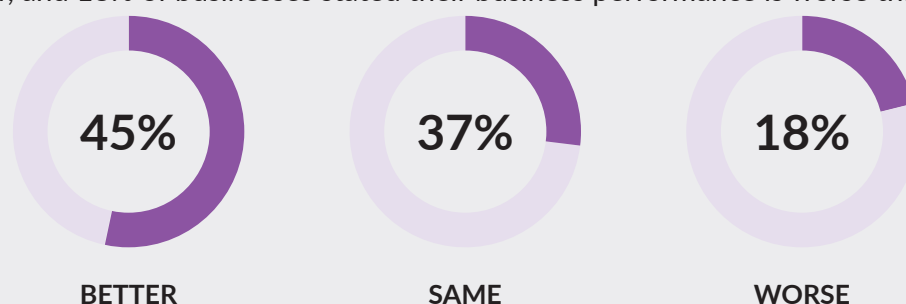
Caution is advised when using this data as the sample size in some sectors are relatively small

n.a. is a result of no surveys completed in this sector

BUSINESS PERFORMANCE

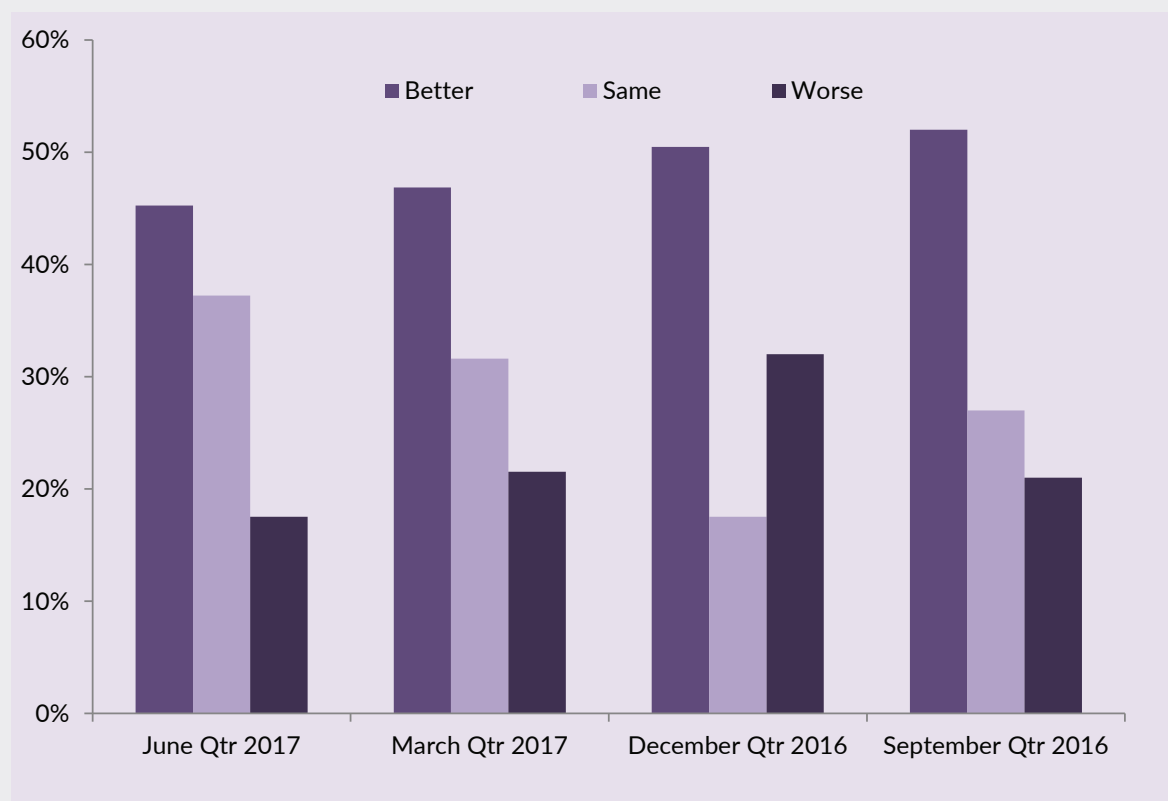
Q. How is your business performing this year compared to last year?

About 45% of Territory businesses noted that their business performance is better this year compared to last year, while 37% 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.



Compared to the previous quarter, the overall expectations for business performance were slightly lower in most of the regions as shown in the chart below. However, more businesses felt that their business performance remains the same, and fewer businesses felt that their business performance was worse. The comparison of the June quarter 2017 and the March quarter 2017 show regional variations in business performance levels.

BUSINESS PERFORMANCE - COMPARISON WITH THE PREVIOUS QUARTERS



The table below highlights that business performance levels varied among businesses in the regions.

BUSINESS PERFORMANCE THIS YEAR COMPARED TO LAST YEAR BY REGION

STATISTICAL AREA LEVEL 3 (SA3) REGIONS	BUSINESS PERFORMANCE		
	Better	Same	Worse
Greater Darwin	47%	33%	20%
Katherine (Big Rivers)	25%	54%	21%
East Arnhem	55%	40%	5%
Daly, Tiwi & West Arnhem	56%	11%	33%
Barkly/Tennant Creek	0%	67%	33%
Alice Springs	51%	33%	16%
Territory-wide	45%	37%	18%

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.

business.nt.gov.au

