

NORTHERN TERRITORY BUSINESS CONFIDENCE SURVEY

December Quarter 2017

NORTHERN TERRITORY BUSINESS CONFIDENCE SURVEY

December Quarter 2017

SUMMARY

- The Territory-wide business confidence level was +47%, 4 percentage points higher than the September quarter 2017 index, but 6 percentage points lower than the December quarter 2016.
- 399 businesses were surveyed across Territory regions and industry sectors between 1 October and 31 December 2017.
- Business confidence by region ranged from +96% in Katherine to +26% in Daly-Tiwi-West Arnhem.
- 46% of the Territory businesses expected to perform better this year compared to the previous year, 1 percentage point lower than the September 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).

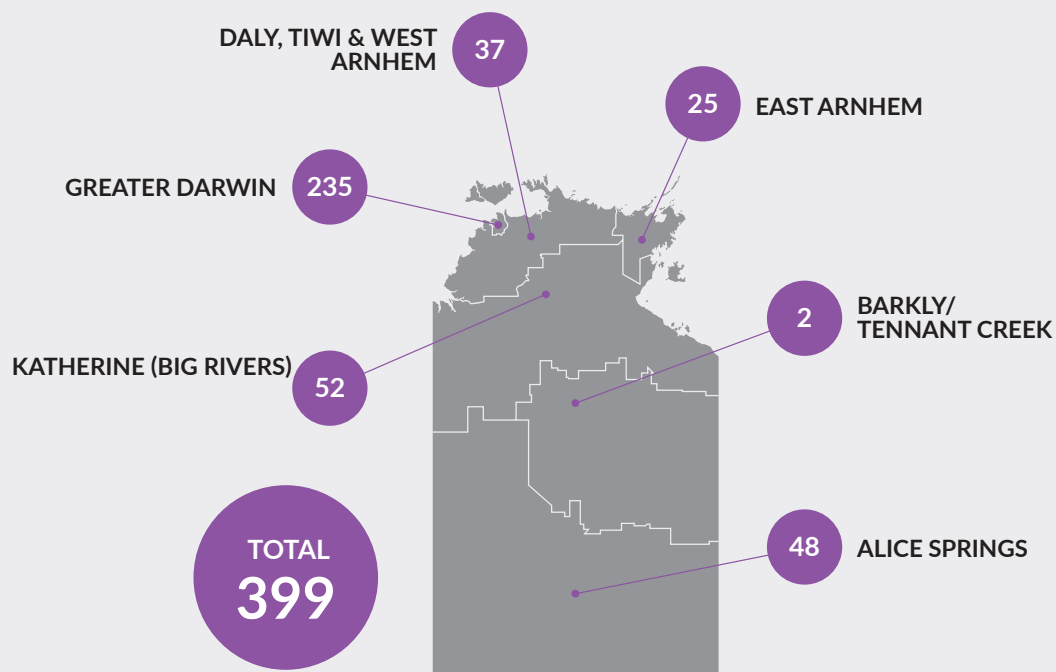
Monitoring business confidence levels is important as it is a key barometer and a leading indicator of business conditions and the overall health of the economy. Business confidence drives business growth and investment, supports employment opportunities and attracts people to the region.

NUMBER OF BUSINESSES SURVEYED

A total of 399 businesses were surveyed across the Territory between 1 October and 31 December 2017 (see table below). This sample size is in excess of the responses required for a 95% level of confidence with a 5% margin of error (see survey methodology section).

NUMBER OF BUSINESSES SURVEYED BY REGIONS

(ABS STATISTICAL AREA 3 - SA3 LEVELS)



REGION	TOTAL NO. OF BUSINESSES*	BUSINESSES SURVEYED	PROPORTION OF TOTAL
Greater Darwin	10 328	235	2.3%
Daly-Tiwi-West Arnhem	348	37	10.6%
East Arnhem	181	25	13.8%
Katherine (Big Rivers)	896	52	5.8%
Barkly-Tennant Creek	216	2	0.9%
Alice Springs	2001	48	2.4%
Unclassified	327	-	
TOTAL	14 297	399	2.8%

*Source: ABS Cat. No. 8165.0

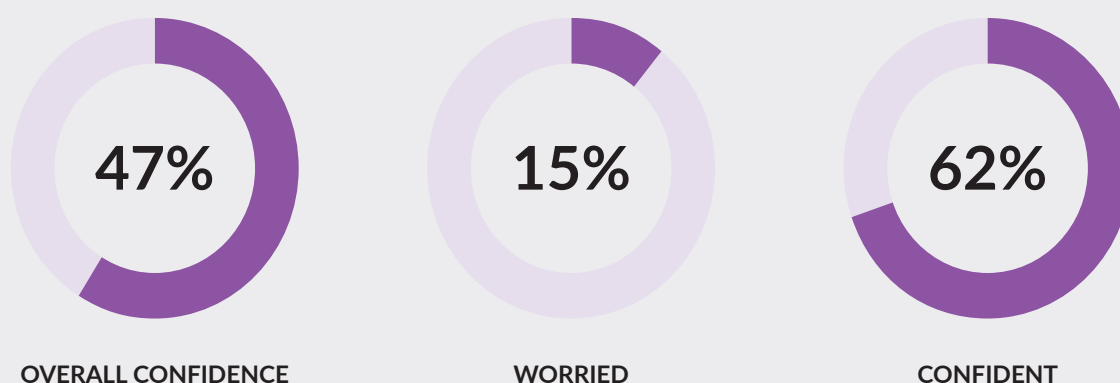
BUSINESS CONFIDENCE

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

OVERALL CONFIDENCE

In the December quarter 2017, the Territory-wide business confidence index was +47%. The response rate for this question was 93.7%.

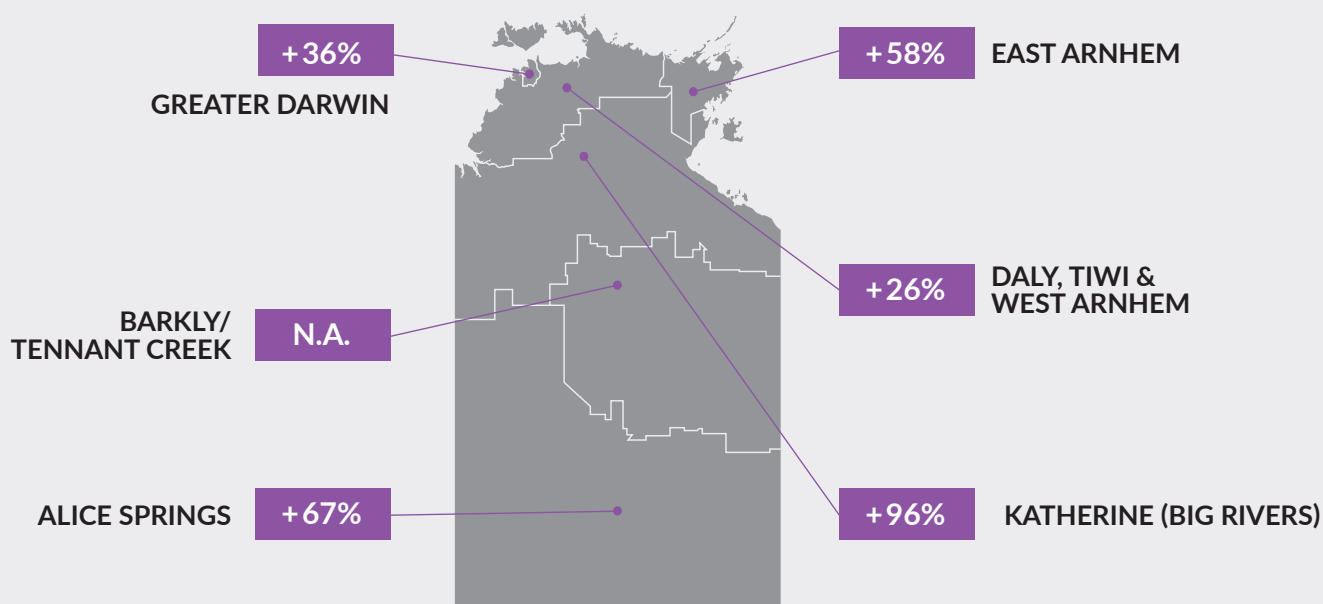
OVERALL BUSINESS CONFIDENCE INDEX



Note: 22% of the responses remained neutral (neither confident nor worried)

CONFIDENCE IN THE REGIONS

Business confidence varied among the regions across the Territory, ranging from +96% in the Katherine region to +26% in the Daly-Tiwi-West Arnhem region.



CONFIDENCE TRENDS

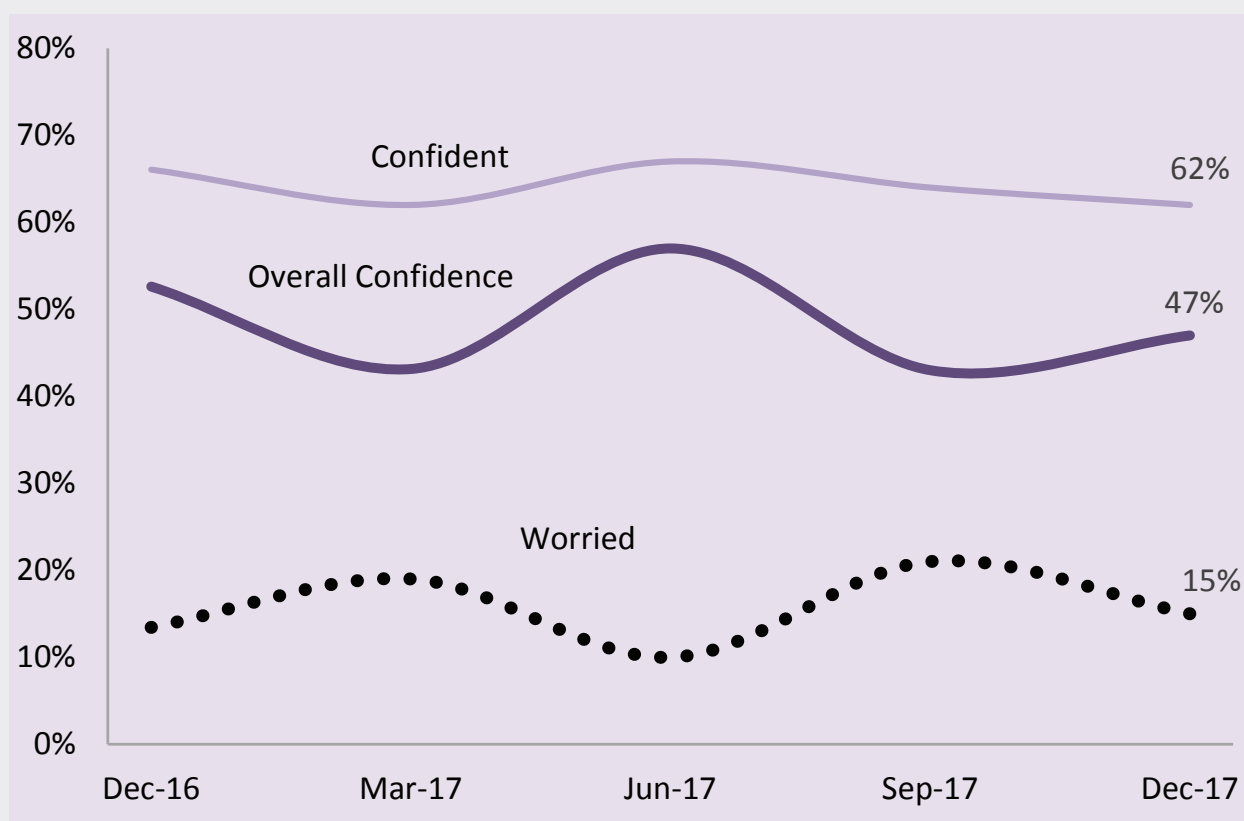
OVERALL CONFIDENCE - TERRITORY WIDE

	December 2017	September 2017	June 2017	March 2017	December 2016
Confident	62%	64%	67%	62%	66%
Worried	15%	21%	10%	19%	13%
Net balance	47%	43%	57%	43%	53%

The December quarter 2017 business confidence has increased 4 percentage points to 47% from the previous quarter, but is 6 percentage points lower than the December quarter 2016.

The above table and the chart below show that the level of overall business confidence in the Territory has fluctuated but remained buoyant over the past year.

TRENDS IN NT BUSINESS CONFIDENCE



CONFIDENCE IN THE REGIONS

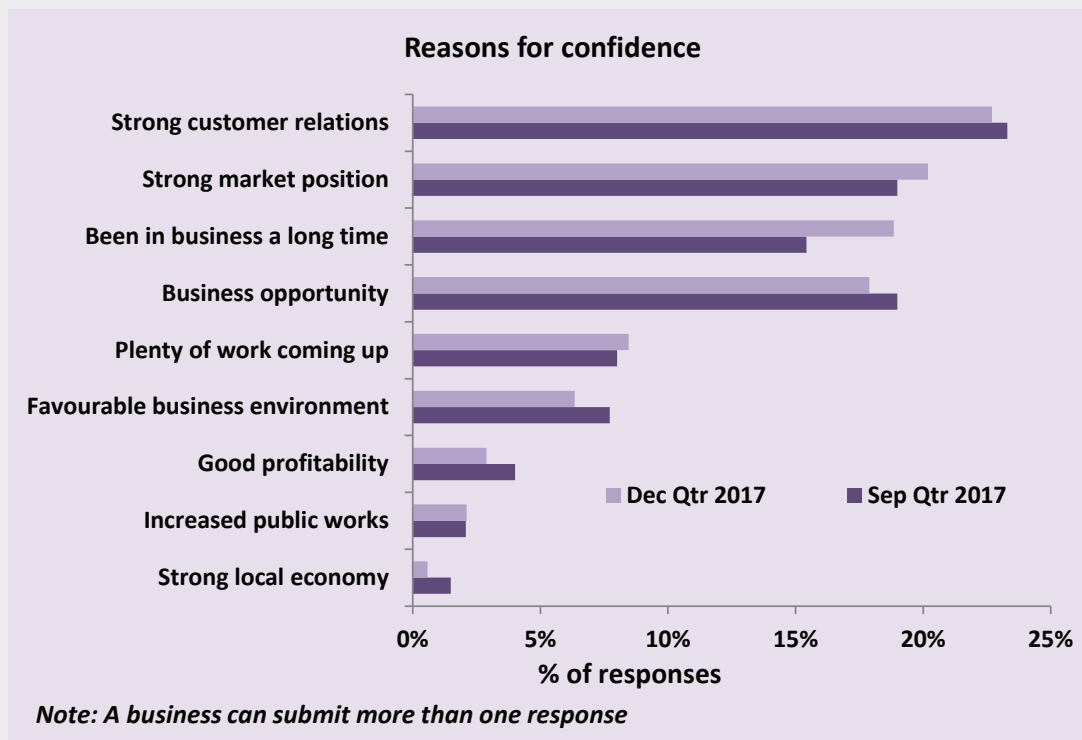
REGION	December 2017	September 2017	June 2017	March 2017	December 2016
Greater Darwin					
Confident	55%	57%	70%	59%	62%
Worried	19%	26%	10%	22%	15%
Net balance	36%	31%	60%	37%	46%
Daly-Tiwi-West Arnhem					
Confident	52%	81%	70%	73%	46%
Worried	26%	10%	20%	13%	38%
Net balance	26%	71%	50%	60%	8%
East Arnhem					
Confident	71%	66%	80%	63%	90%
Worried	13%	14%	20%	29%	0%
Net balance	58%	52%	60%	33%	90%
Katherine (Big Rivers)					
Confident	96%	85%	57%	73%	76%
Worried	0%	4%	13%	6%	6%
Net balance	96%	81%	44%	67%	70%
Barkly-Tennant Creek					
Confident	n.a.	86%	67%	85%	84%
Worried	n.a.	0%	0%	4%	9%
Net balance	n.a.	86%	67%	81%	75%
Alice Springs					
Confident	76%	81%	70%	74%	83%
Worried	9%	4%	10%	9%	6%
Net balance	67%	77%	60%	65%	77%

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

Business confidence improved in Greater Darwin, East Arnhem, and Katherine (Big Rivers), and declined in Daly-Tiwi-West Arnhem and Alice Springs in the December quarter 2017 compared to the previous quarter.

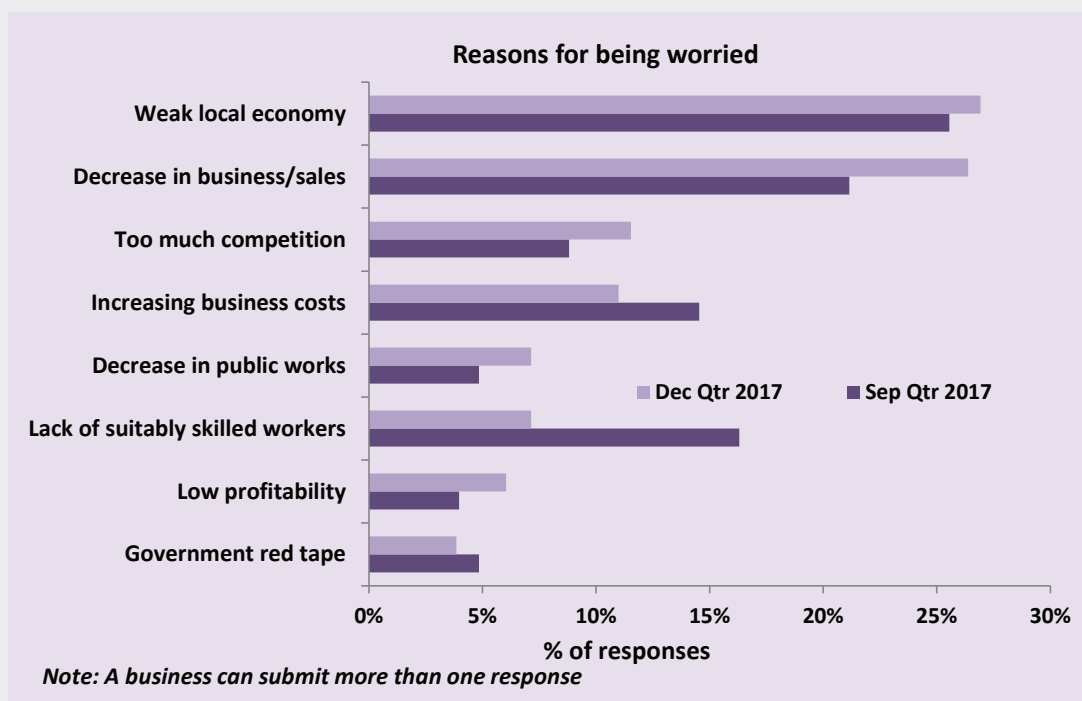
REASONS FOR CONFIDENCE

Of the Territory businesses confident about their business prospects for the next 12 months, key reasons cited are strong customer relations; strong market position; been in business a long time; business opportunity; and plenty of work coming up. 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 weak local economy; decrease in business/sales; and too much competition. 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 +47% but varied among the sectors, ranging from -33% in Mining to +100% in Electricity, Gas, Water and Waste Services; Transport, Postal and Warehousing; and Financial and Insurance Services (table below). The previous two quarters of confidence levels are shown for comparison purposes.

SECTOR	CONFIDENCE	WORRIED	OVERALL CONFIDENCE		
			Dec Qtr 2017	Sep Qtr 2017	Jun Qtr 2016
Agriculture, Forestry and Fishing	90%	0%	90%	100%	100%
Mining	33%	66%	-33%	-33%	n.a.
Manufacturing	54%	38%	16%	59%	67%
Electricity, Gas, Water and Waste Services	100%	0%	100%	62%	0%
Construction	63%	20%	43%	37%	55%
Wholesale Trade	50%	30%	20%	75%	34%
Retail Trade	57%	21%	36%	37%	48%
Accommodation and Food Services	56%	16%	40%	35%	25%
Transport, Postal and Warehousing	100%	0%	100%	53%	57%
Information Media and Telecommunications	25%	0%	25%	100%	50%
Financial and Insurance Services	100%	0%	100%	75%	50%
Rental, Hiring and Real Estate Services	38%	13%	25%	67%	80%
Professional, Scientific and Technical Services	75%	10%	65%	78%	78%
Administrative and Support Services	75%	0%	75%	84%	38%
Public Administration and Safety	n.a.	n.a.	n.a.	40%	100%
Education and Training	62%	8%	54%	17%	83%
Health Care and Social Assistance	65%	0%	65%	47%	75%
Arts and Recreation Services	86%	5%	81%	77%	55%
Other Services	67%	11%	56%	55%	61%

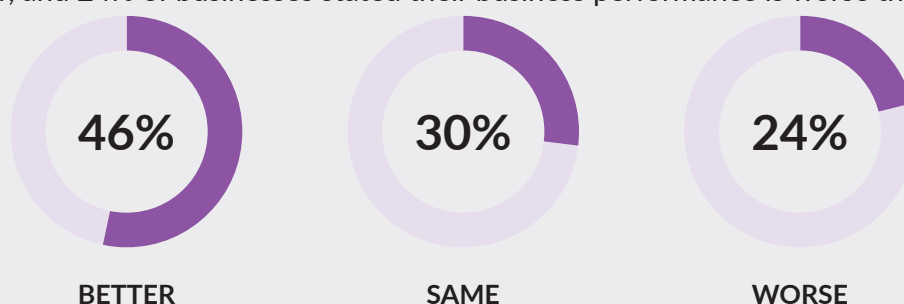
Note: Caution is advised when using this data as the sample size in some sectors are relatively small

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

BUSINESS PERFORMANCE

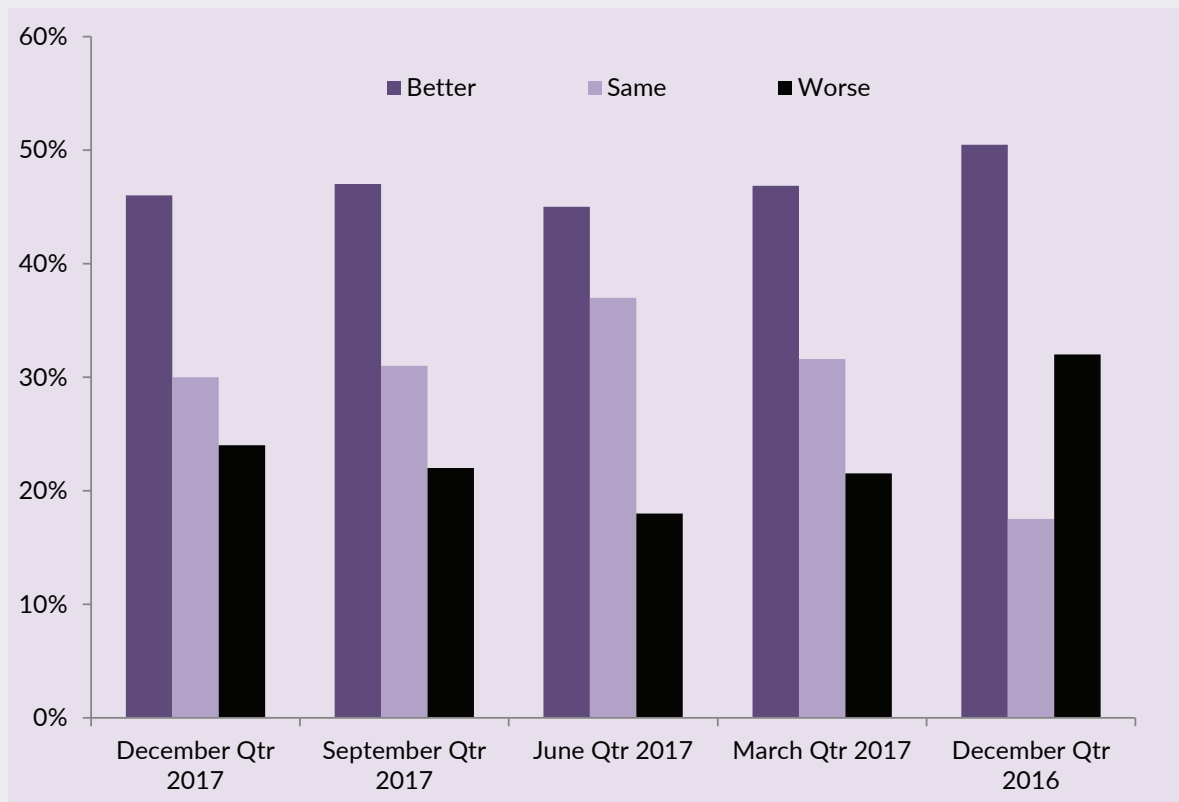
Q. How is your business performing this year compared to last year?

About 46% of Territory businesses noted that their business performance is better this year compared to last year, while 30% of the businesses stated that business performance is the same as last year, and 24% 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. More businesses felt that their business performance was worse, and fewer businesses felt that their business performance was the same. The comparison of the December quarter 2017 and the September quarter 2017 show regional variations in business performance levels.

TRENDS IN BUSINESS PERFORMANCE

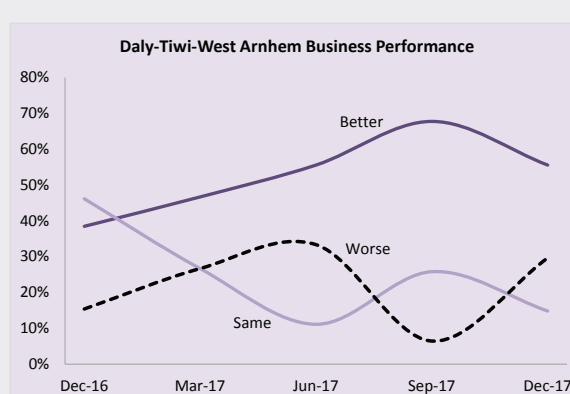
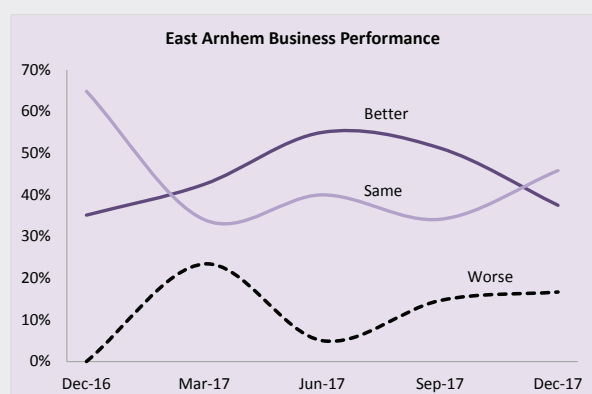
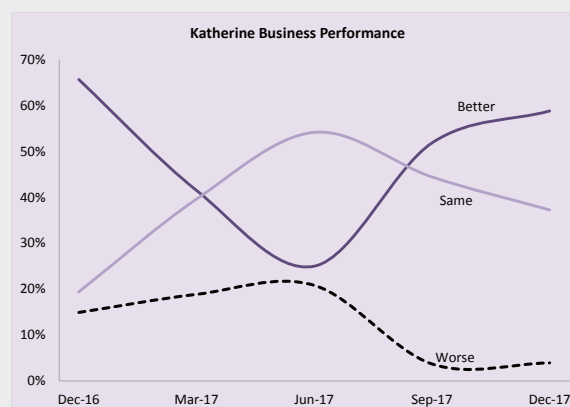
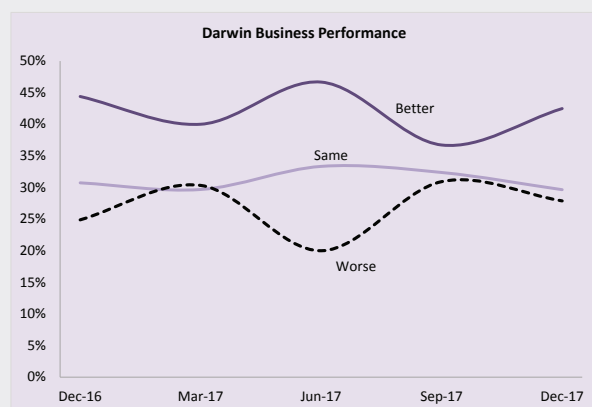


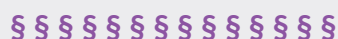
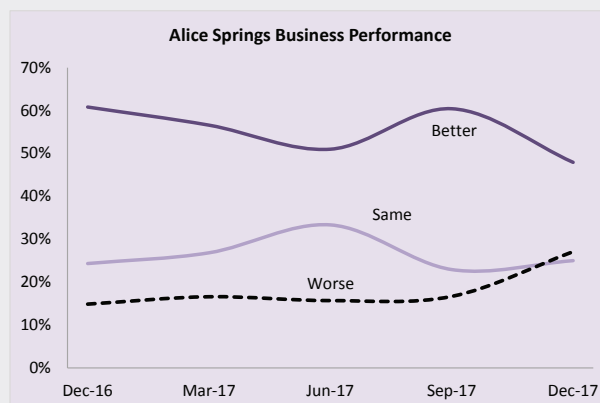
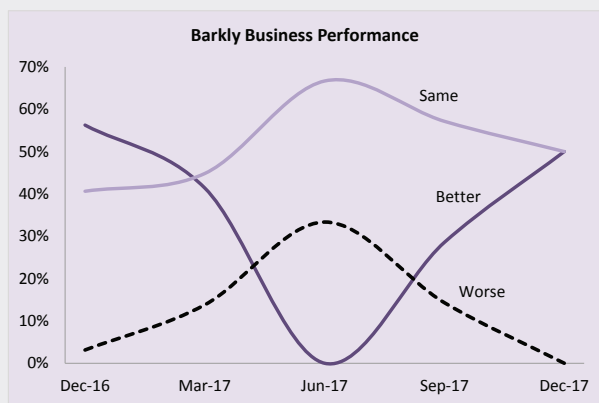
The table below highlights that business performance levels varied among businesses in the regions.

BUSINESS PERFORMANCE THIS YEAR COMPARED TO LAST YEAR BY REGION

STATISTICAL AREA LEVEL 3 (SA3) REGIONS	BUSINESS PERFORMANCE		
	Better	Same	Worse
Greater Darwin	42%	30%	28%
Katherine (Big Rivers)	59%	37%	4%
East Arnhem	38%	46%	17%
Daly, Tiwi & West Arnhem	56%	15%	30%
Barkly/Tennant Creek	50%	50%	0%
Alice Springs	48%	25%	27%
Territory-wide	46%	30%	24%

TRENDS IN REGIONAL BUSINESS PERFORMANCE





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

