

NORTHERN TERRITORY BUSINESS CONFIDENCE SURVEY

December Quarter 2018

NORTHERN TERRITORY BUSINESS CONFIDENCE SURVEY

December Quarter 2018

SUMMARY

- The Territory-wide business confidence level was +50%, 8 percentage points higher than the September quarter 2018 index, and 3 percentage points higher than the December quarter 2017.
- 559 businesses were surveyed across Territory regions and industry sectors between 1 October and 31 December 2018.
- Business confidence by region ranged from +88% in Katherine (Big Rivers) to +14% in Daly-Tiwi-West Arnhem.
- 41% of the Territory businesses expected to perform better this year compared to the previous year, 3 percentage points lower than the September quarter 2018 figure. However, performance expectations varied among regions.

INTRODUCTION

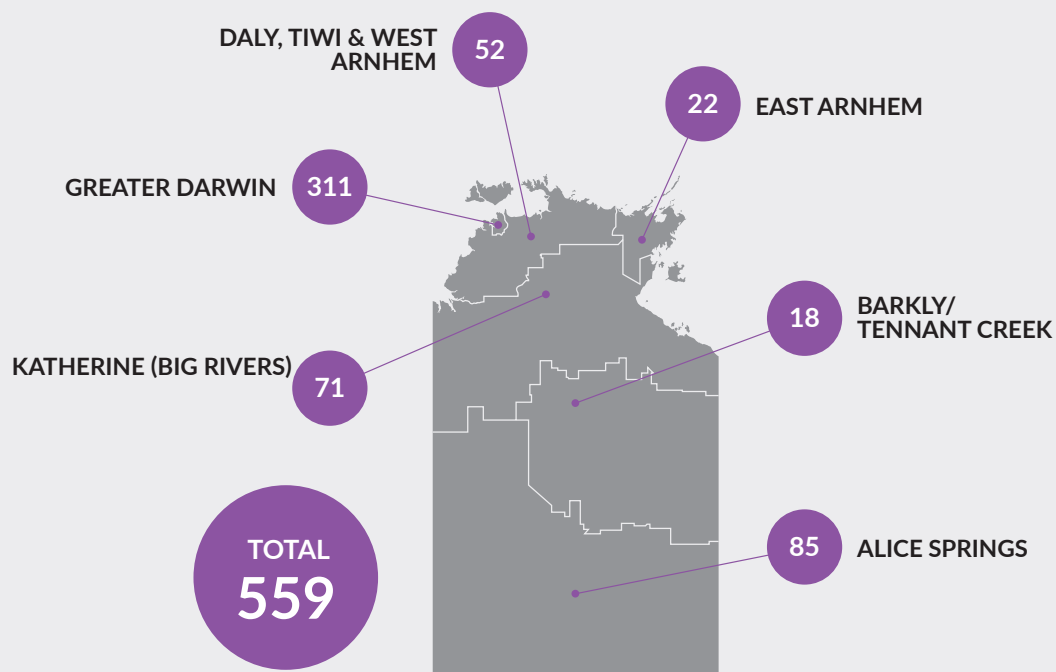
Northern Territory Business Confidence is a quarterly publication which highlights confidence levels of Territory-wide businesses.

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 BY REGIONS

(ABS STATISTICAL AREA 3 REGIONS)



REGION	TOTAL NO. OF BUSINESSES*	BUSINESSES SURVEYED	PROPORTION OF TOTAL
Greater Darwin	10 605	311	2.9%
Daly-Tiwi-West Arnhem	359	52	14.5%
East Arnhem	212	22	10.4%
Katherine (Big Rivers)	917	71	7.7%
Barkly-Tennant Creek	183	18	9.8%
Alice Springs	2022	85	4.2%
Unclassified	226	-	
TOTAL	14 524	559	3.8%

*Source: ABS Cat. No. 8165.0

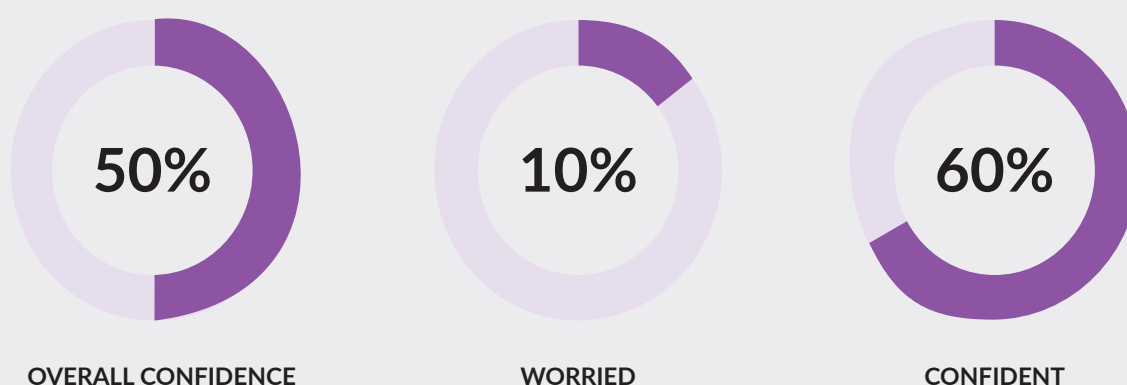
BUSINESS CONFIDENCE

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

OVERALL CONFIDENCE

In the December quarter 2018, the Territory-wide business confidence index was +50%. The response rate for this question was 97.6%.

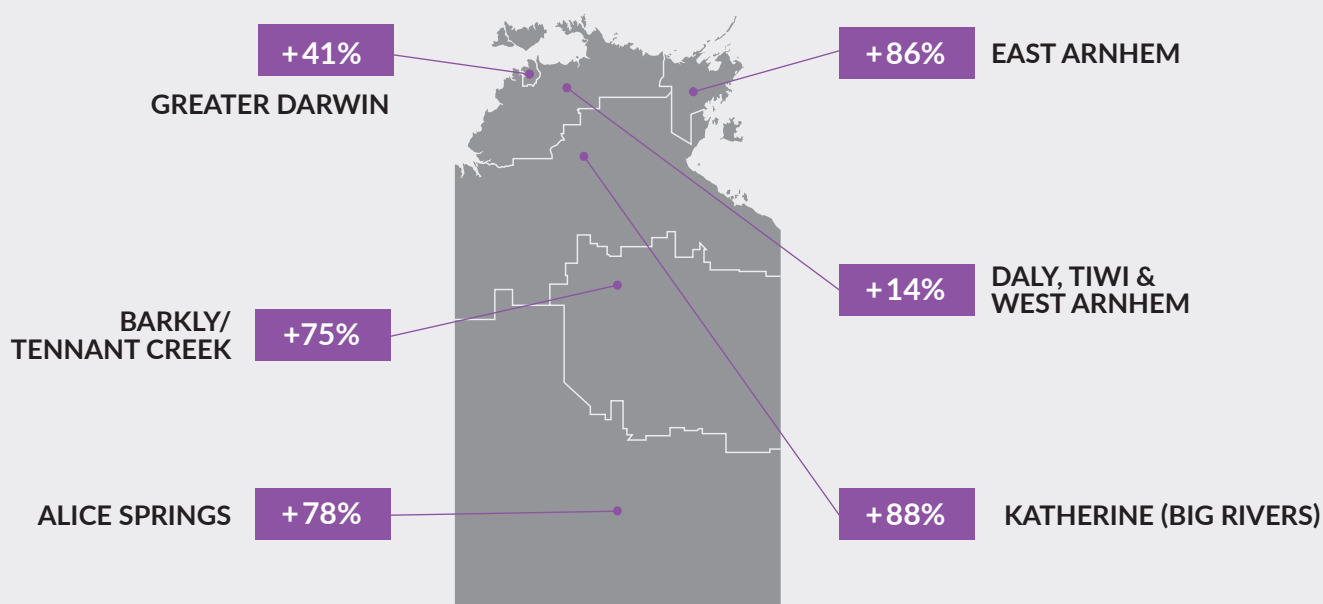
OVERALL BUSINESS CONFIDENCE INDEX



Note: 30% of the responses remained neutral (neither confident nor worried)

CONFIDENCE IN THE REGIONS

Business confidence varied among the regions across the Territory, ranging from +88% in the Katherine (Big Rivers) region to +14% in the Daly-Tiwi-West Arnhem region.



CONFIDENCE TRENDS

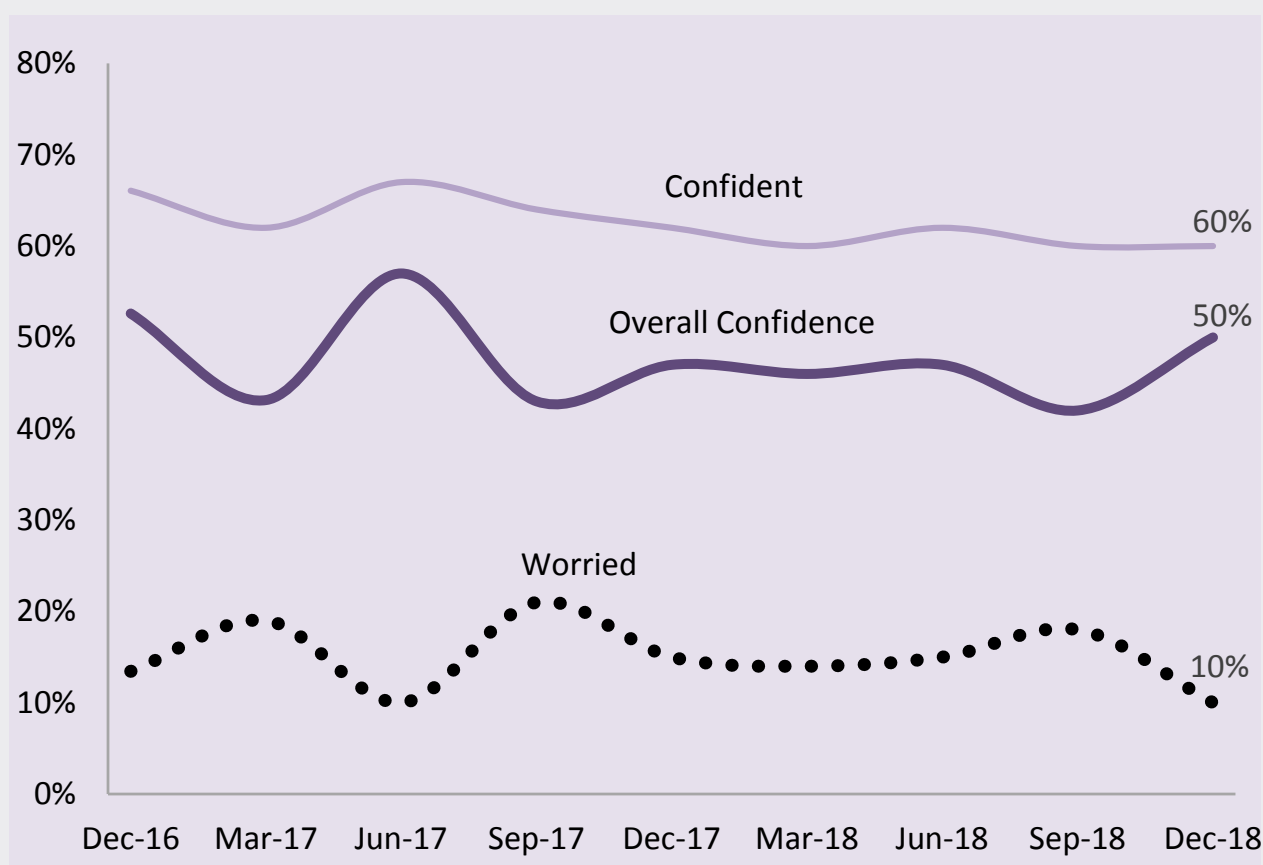
OVERALL CONFIDENCE - TERRITORY WIDE

	December 2018	September 2018	June 2018	March 2018	December 2017
Confident	60%	60%	62%	60%	62%
Worried	10%	18%	15%	14%	15%
Net balance	50%	42%	47%	46%	47%

The December quarter 2018 business confidence has increased 8 percentage points to 50% from the previous quarter, and is 3 percentage points higher than the December quarter 2017.

The above table and the chart below show that the level of overall business confidence in the Territory has been relatively stable and buoyant over the past year.

TRENDS IN NT BUSINESS CONFIDENCE



CONFIDENCE IN THE REGIONS

REGION	December 2018	September 2018	June 2018	March 2018	December 2017
Greater Darwin					
Confident	53%	51%	55%	58%	55%
Worried	12%	21%	18%	14%	19%
Net balance	41%	30%	37%	44%	36%
Daly-Tiwi-West Arnhem					
Confident	33%	59%	46%	67%	52%
Worried	19%	9%	12%	14%	26%
Net balance	14%	50%	34%	53%	26%
East Arnhem					
Confident	91%	75%	64%	84%	71%
Worried	5%	17%	18%	15%	13%
Net balance	86%	58%	46%	69%	58%
Katherine (Big Rivers)					
Confident	88%	79%	80%	77%	96%
Worried	0%	0%	10%	0%	0%
Net balance	88%	79%	70%	77%	96%
Barkly-Tennant Creek					
Confident	75%	81%	71%	n.a.	n.a.
Worried	0%	0%	14%	n.a.	n.a.
Net balance	75%	81%	57%	n.a.	n.a.
Alice Springs					
Confident	82%	84%	86%	64%	76%
Worried	4%	9%	6%	21%	9%
Net balance	78%	75%	80%	43%	67%

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

Business confidence improved in Greater Darwin, East Arnhem, Katherine (Big Rivers), and Alice Springs, and declined in Daly-Tiwi-West Arnhem, and Barkly-Tennant Creek in the December quarter 2018 compared to the previous quarter.

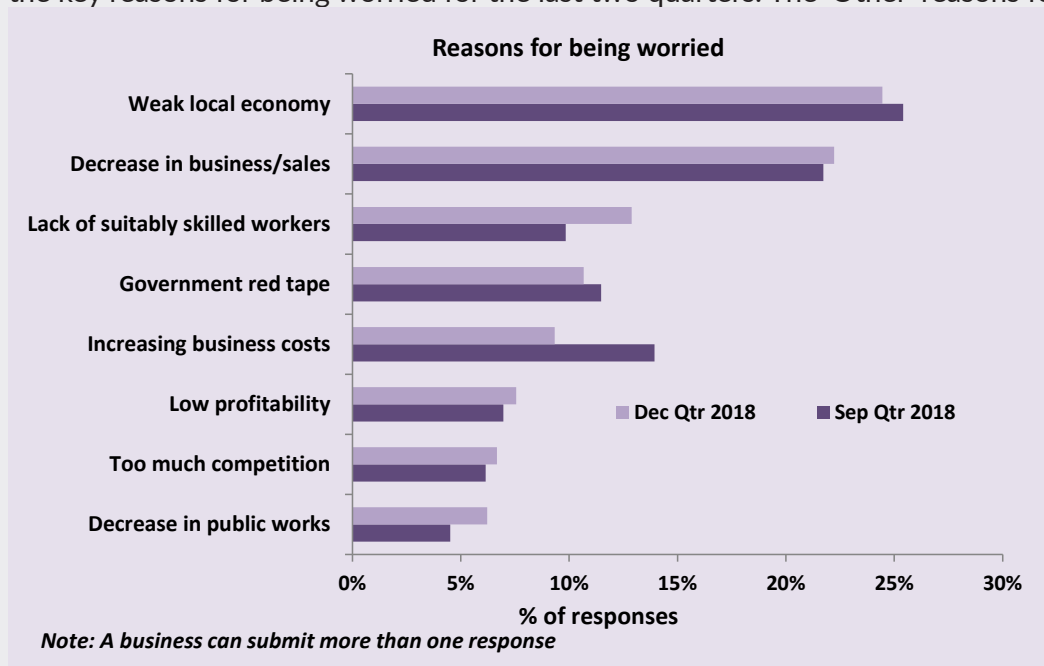
REASONS FOR CONFIDENCE

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. The 'Other' reasons for businesses being confident included having only a few competitors, and differentiating product from competitors.



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 lack of suitably skilled workers. The graph below shows the relative importance of the key reasons for being worried for the last two quarters. The 'Other' reasons for businesses



BUSINESS CONFIDENCE BY SECTOR

The Territory-wide business confidence was +50% but varied among the sectors, ranging from -50% in Financial and insurance services to +100% in Information, media and telecommunications (table below). The previous two quarters of confidence levels are shown for comparison purposes.

SECTOR	CONFIDENT	WORRIED	OVERALL CONFIDENCE		
			Dec Qtr 2018	Sep Qtr 2018	Jun Qtr 2018
Agriculture, Forestry and Fishing	65%	5%	60%	47%	50%
Mining	n.a.	n.a.	n.a.	100%	-33%
Manufacturing	25%	38%	-13%	43%	58%
Electricity, Gas, Water and Waste Services	83%	0%	83%	70%	0%
Construction	57%	17%	40%	53%	32%
Wholesale Trade	71%	0%	71%	80%	75%
Retail Trade	46%	15%	32%	15%	62%
Accommodation and Food Services	59%	9%	50%	45%	52%
Transport, Postal and Warehousing	36%	18%	18%	84%	57%
Information Media and Telecommunications	100%	0%	100%	0%	20%
Financial and Insurance Services	0%	50%	-50%	67%	100%
Rental, Hiring and Real Estate Services	69%	8%	62%	37%	43%
Professional, Scientific and Technical Services	86%	7%	79%	77%	48%
Administrative and Support Services	80%	0%	80%	46%	50%
Public Administration and Safety	50%	25%	25%	n.a.	60%
Education and Training	69%	0%	69%	80%	45%
Health Care and Social Assistance	83%	4%	78%	89%	67%
Arts and Recreation Services	69%	10%	59%	25%	44%
Other Services	67%	6%	61%	63%	39%

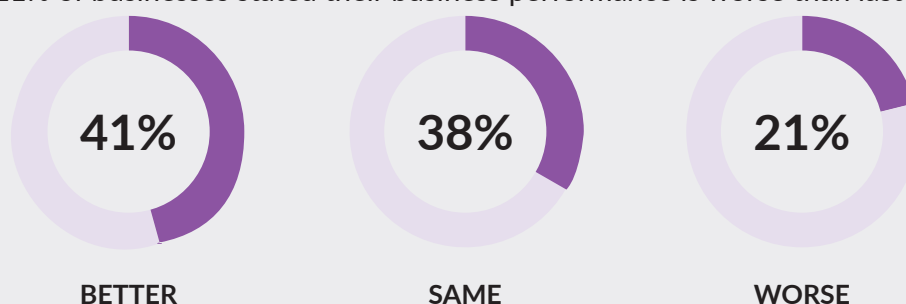
Note: Caution is advised when using this data as the sample size in some sectors are relatively small

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

BUSINESS PERFORMANCE

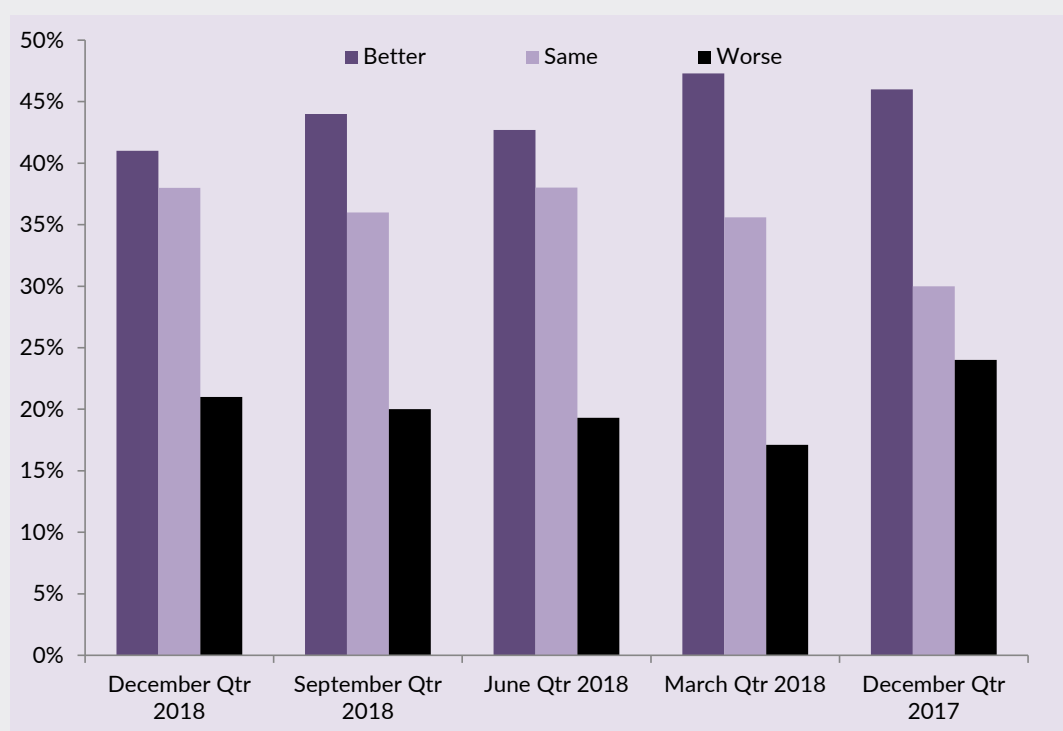
Q. How is your business performing this year compared to last year?

41% 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 21% 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. Fewer businesses felt that their business performance was better, and more businesses felt that their business performance was worse. The comparison of the December quarter 2018 and the September quarter 2018 show regional variations in business performance levels.

TRENDS IN BUSINESS PERFORMANCE

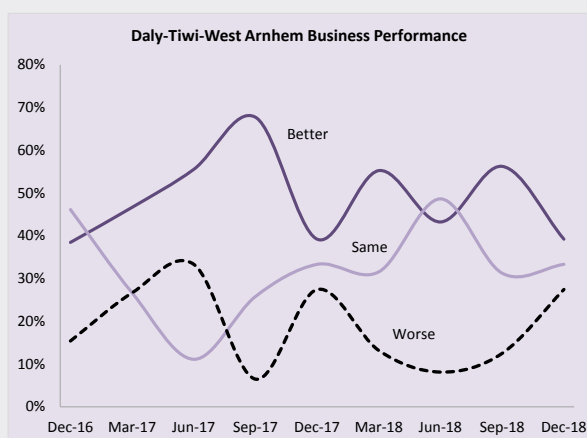
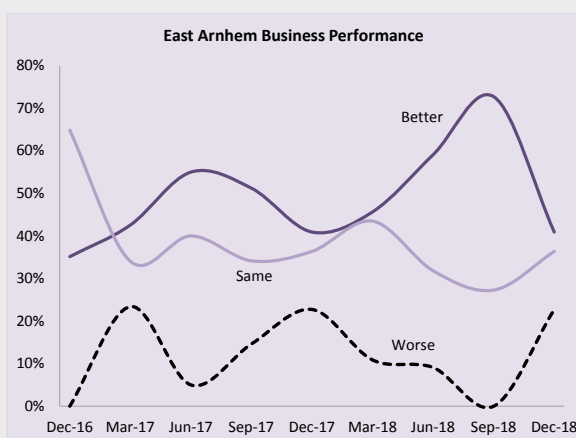
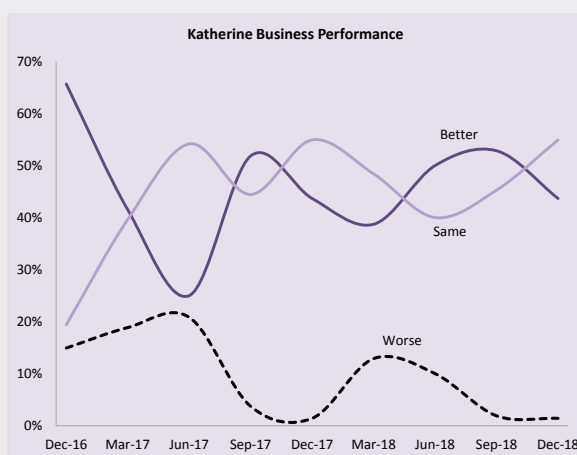
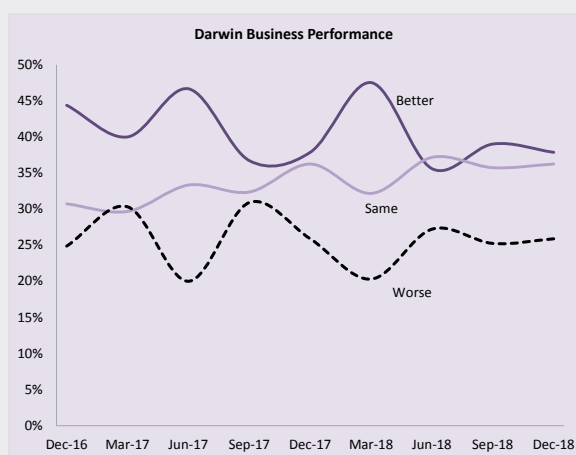


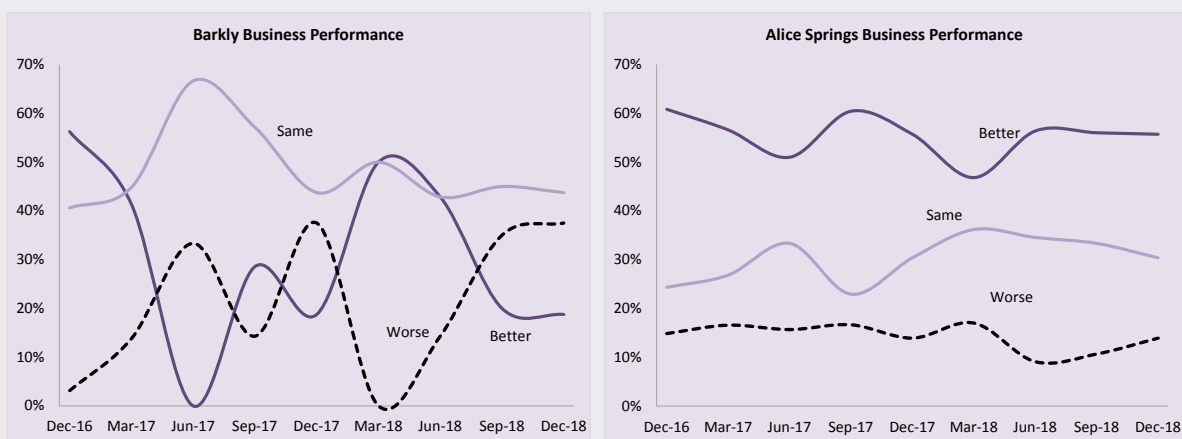
The table below highlights that business performance levels varied among businesses in the regions.

BUSINESS PERFORMANCE THIS YEAR COMPARED TO LAST YEAR BY REGION

STATISTICAL AREA 3 (SA3) REGIONS	BUSINESS PERFORMANCE		
	Better	Same	Worse
Greater Darwin	38%	36%	26%
Katherine (Big Rivers)	44%	55%	1%
East Arnhem	41%	36%	23%
Daly, Tiwi & West Arnhem	39%	33%	27%
Barkly/Tennant Creek	19%	44%	38%
Alice Springs	56%	30%	14%
Territory-wide	41%	38%	21%

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

