

NORTHERN TERRITORY BUSINESS CONFIDENCE SURVEY

March Quarter 2018

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SUMMARY

- The Territory-wide business confidence level was +46%, 1 percentage point lower than the December quarter 2017 index, but 3 percentage points higher than the March quarter 2017.
- 384 businesses were surveyed across Territory regions and industry sectors between 1 January and 31 March 2018.
- Business confidence by region ranged from +77% in Katherine to +43% in Alice Springs.
- 47% of the Territory businesses expected to perform better this year compared to the previous year, 1 percentage point higher than the December 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).

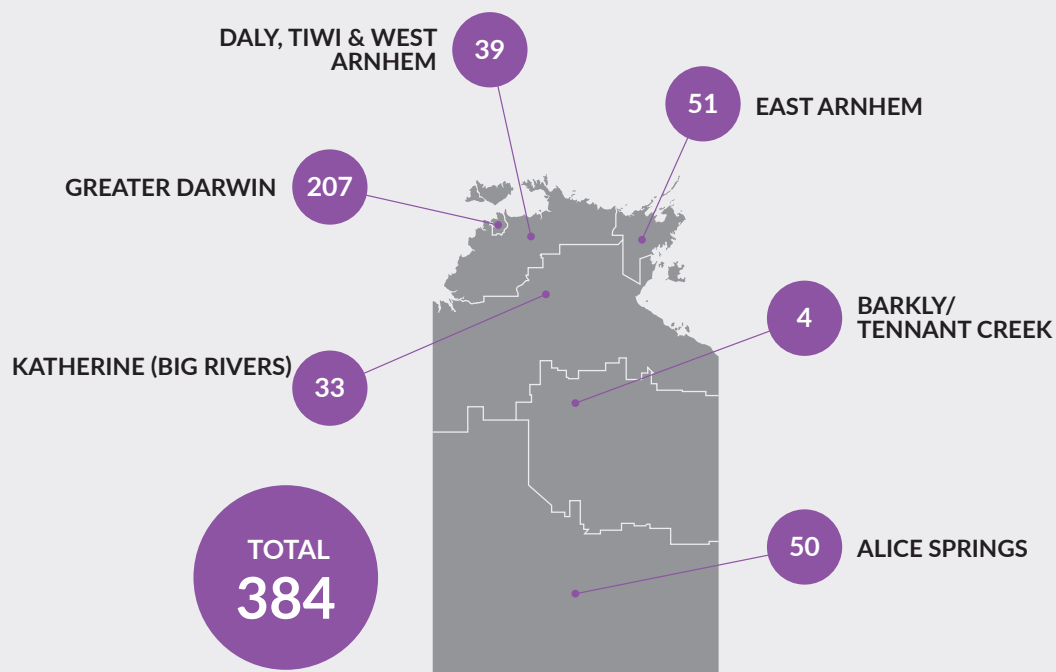
Monitoring business confidence levels is important as it is a key barometer and a leading indicator of business conditions and the overall health of the economy. Business confidence drives business growth and investment, supports employment opportunities and attracts people to the region.

NUMBER OF BUSINESSES SURVEYED

A total of 384 businesses were surveyed across the Territory between 1 January and 31 March 2018 (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	10 605	207	2.0%
Daly-Tiwi-West Arnhem	359	39	10.9%
East Arnhem	212	51	24%
Katherine (Big Rivers)	917	33	3.6%
Barkly-Tennant Creek	183	4	2.2%
Alice Springs	2022	50	2.4%
Unclassified	226	-	-
TOTAL	14 524	384	2.6%

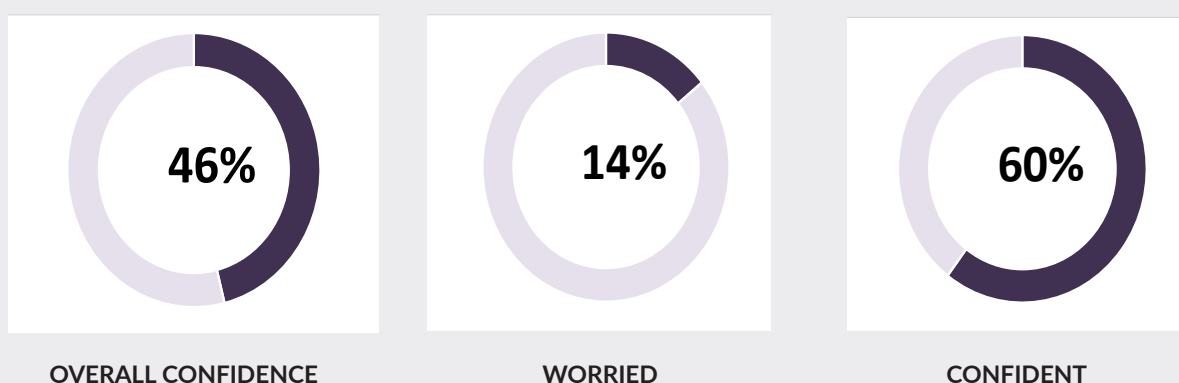
*Source: ABS Cat. No. 8165.0

BUSINESS CONFIDENCE

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

OVERALL CONFIDENCE

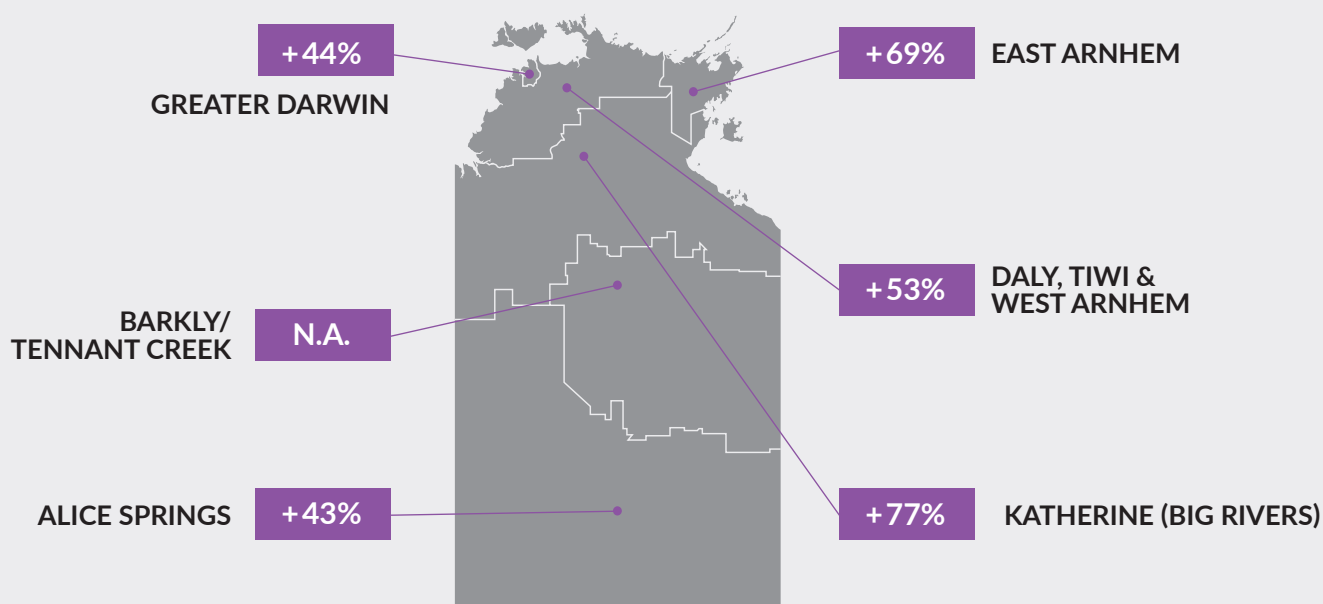
In the March quarter 2018, the Territory-wide business confidence index was +46%. The response rate for this question was 94%.



Note: 26% of the responses remained neutral (neither confident nor worried)

CONFIDENCE IN THE REGIONS

Business confidence varied among the regions across the Territory, ranging from +77% in the Katherine region to +43% in the Alice Springs region.



CONFIDENCE TRENDS

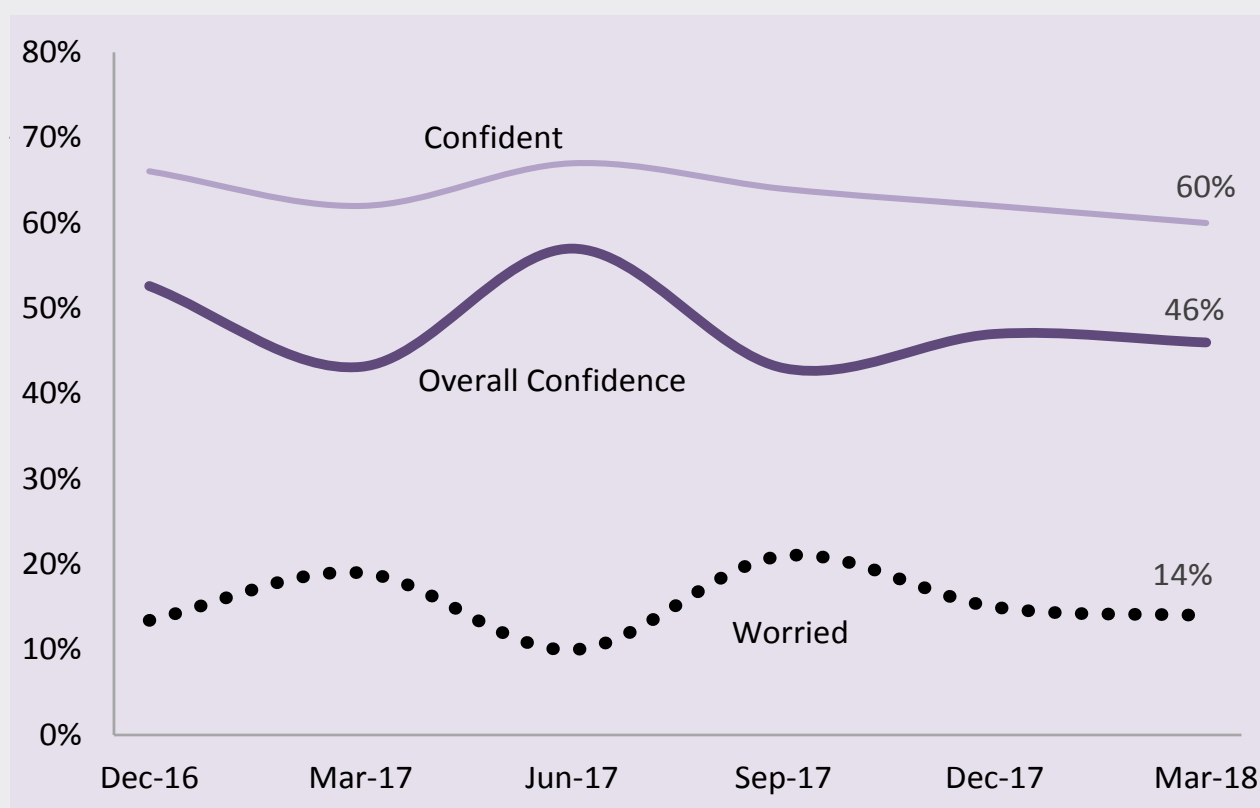
OVERALL CONFIDENCE - TERRITORY WIDE

	March 2018	December 2017	September 2017	June 2017	March 2017
Confident	60%	62%	64%	67%	62%
Worried	14%	15%	21%	10%	19%
Net balance	46%	47%	43%	57%	43%

The March quarter 2018 business confidence has decreased 1 percentage point to 46% from the previous quarter, but is 3 percentage points higher than the March quarter 2017.

The above table and the chart below show that the level of overall business confidence in the Territory has remained steady and buoyant over the past three quarters.

TRENDS IN NT BUSINESS CONFIDENCE



CONFIDENCE IN THE REGIONS

REGION	March 2018	December 2017	September 2017	June 2017	March 2017
Greater Darwin					
Confident	58%	55%	57%	70%	59%
Worried	14%	19%	26%	10%	22%
Net balance	44%	36%	31%	60%	37%
Daly-Tiwi-West Arnhem					
Confident	67%	52%	81%	70%	73%
Worried	14%	26%	10%	20%	13%
Net balance	53%	26%	71%	50%	60%
East Arnhem					
Confident	84%	71%	66%	80%	63%
Worried	15%	13%	14%	20%	29%
Net balance	69%	58%	52%	60%	33%
Katherine (Big Rivers)					
Confident	77%	96%	85%	57%	73%
Worried	0%	0%	4%	13%	6%
Net balance	77%	96%	81%	44%	67%
Barkly-Tennant Creek					
Confident	n.a.	n.a.	86%	67%	85%
Worried	n.a.	n.a.	0%	0%	4%
Net balance	n.a.	n.a.	8%	67%	81%
Alice Springs					
Confident	64%	76%	81%	70%	74%
Worried	21%	9%	4%	10%	9%
Net balance	43%	67%	77%	60%	65%

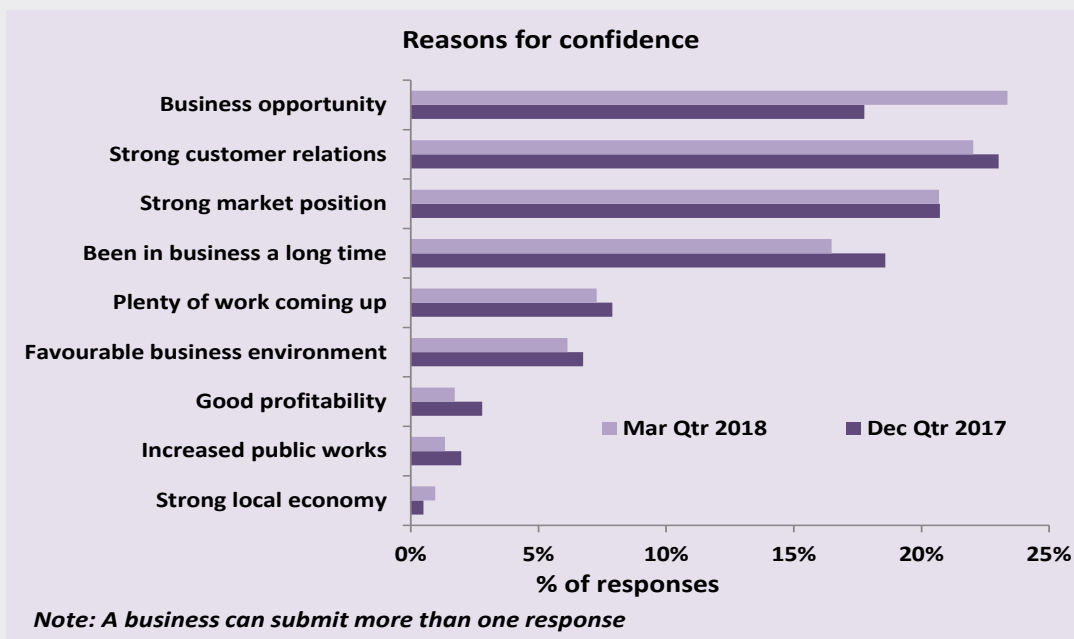
n.a. sample size too small to provide accurate confidence level

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

OVERALL BUSINESS CONFIDENCE INDEX

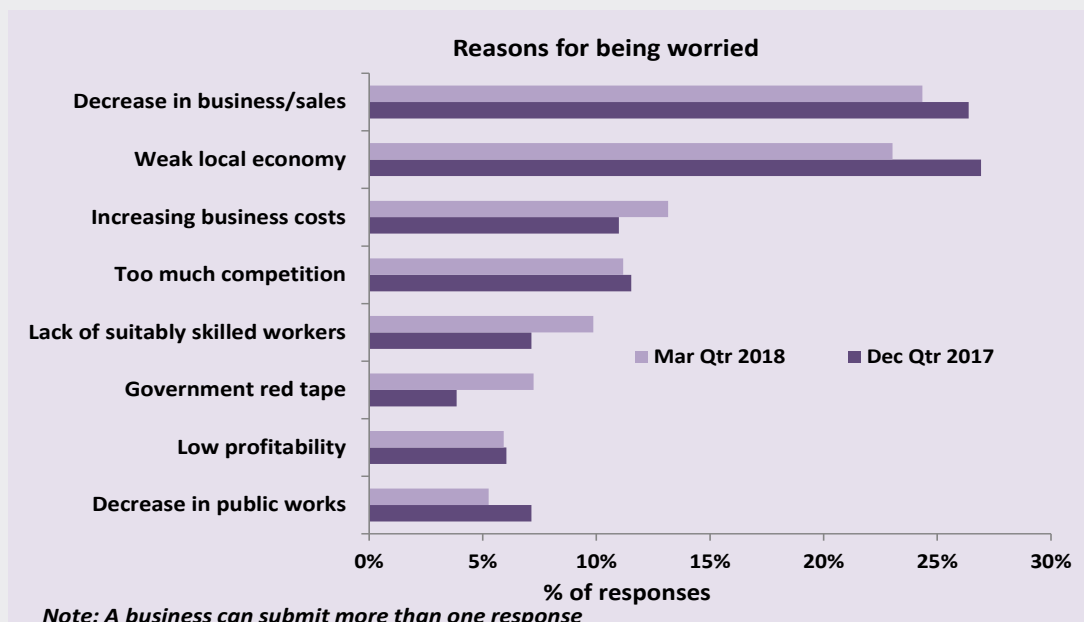
REASONS FOR CONFIDENCE

Of the Territory businesses confident about their business prospects for the next 12 months, key reasons cited are business opportunity; strong customer relations; strong market position; and been in business a long time. 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; weak local economy; increasing business costs; 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 +46% but varied among the sectors, ranging from +20% in Retail Trade to +100% in Electricity, Gas, Water and Waste Services; and Financial and Insurance Services (table below). The previous two quarters of confidence levels are shown for comparison purposes.

SECTOR	CONFIDENCE	WORRIED	OVERALL CONFIDENCE		
			Mar Qtr 2018	Dec Qtr 2017	Sep Qtr 2017
Agriculture, Forestry and Fishing	71%	6%	65%	90%	100%
Mining	50%	0%	50%	-33%	-33%
Manufacturing	82%	0%	82%	16%	59%
Electricity, Gas, Water and Waste Services	100%	0%	100%	100%	62%
Construction	72%	16%	56%	43%	37%
Wholesale Trade	57%	0%	57%	20%	75%
Retail Trade	49%	29%	20%	36%	37%
Accommodation and Food Services	59%	12%	29%	40%	35%
Transport, Postal and Warehousing	73%	27%	47%	100%	53%
Information Media and Telecommunications	67%	0%	67%	25%	100%
Financial and Insurance Services	100%	0%	100%	100%	75%
Rental, Hiring and Real Estate Services	75%	0%	75%	25%	67%
Professional, Scientific and Technical Services	89%	11%	78%	65%	78%
Administrative and Support Services	82%	18%	64%	75%	84%
Public Administration and Safety	n.a.	n.a.	n.a.	n.a.	40%
Education and Training	43%	14%	29%	54%	17%
Health Care and Social Assistance	70%	10%	60%	65%	47%
Arts and Recreation Services	71%	11%	61%	81%	77%
Other Services	60%	7%	53%	56%	55%

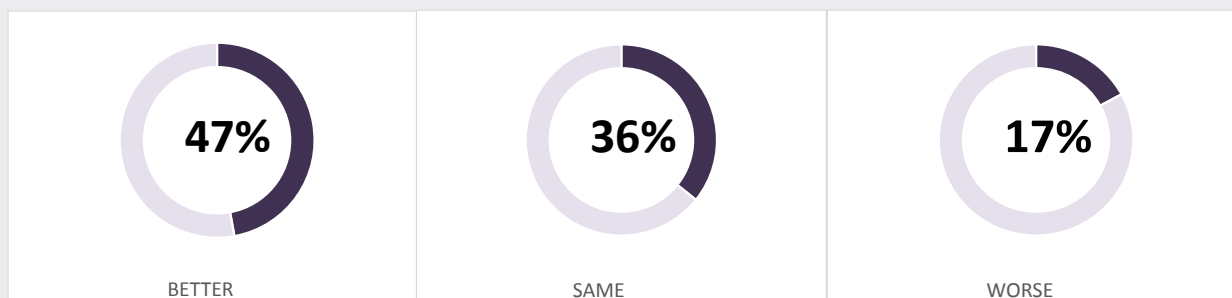
Note: Caution is advised when using this data as the sample size in some sectors are relatively small

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

BUSINESS PERFORMANCE

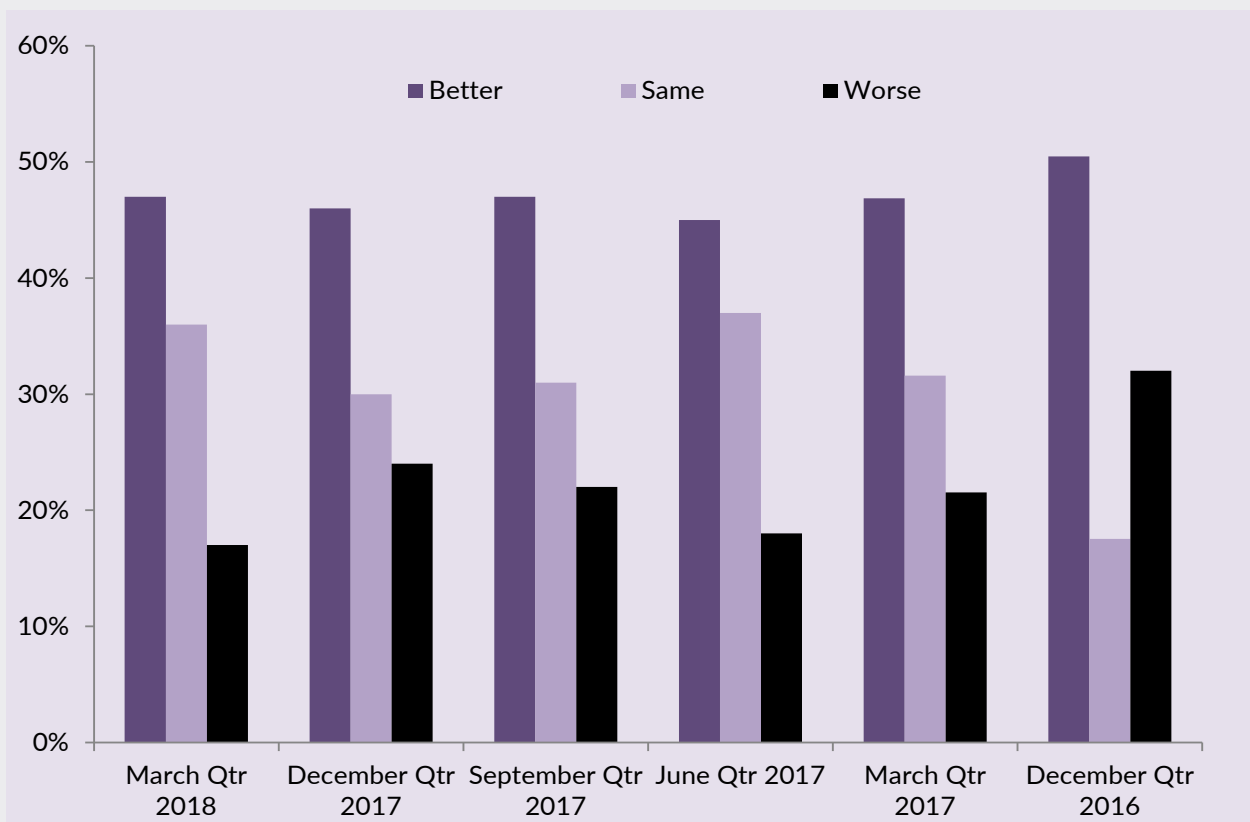
Q. How is your business performing this year compared to last year?

About 47% of Territory businesses noted that their business performance is better this year compared to last year, while 36% of the businesses stated that business performance is the same as last year, and 17% of businesses stated their business performance is worse than last year.



Compared to the previous quarter, the overall expectations for business performance have remained steady in most of the regions as shown in the chart below. Fewer businesses felt that their business performance was worse, and more businesses felt that their business performance was the same. The comparison with the past five quarters show regional variations in business performance levels.

TRENDS IN BUSINESS PERFORMANCE

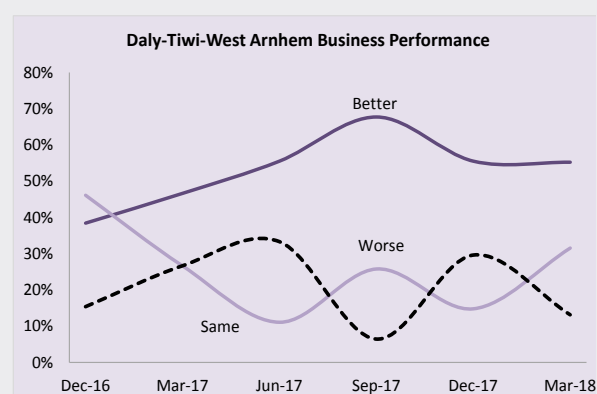
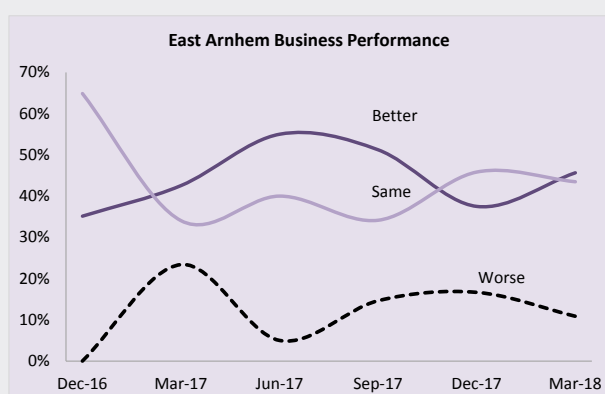
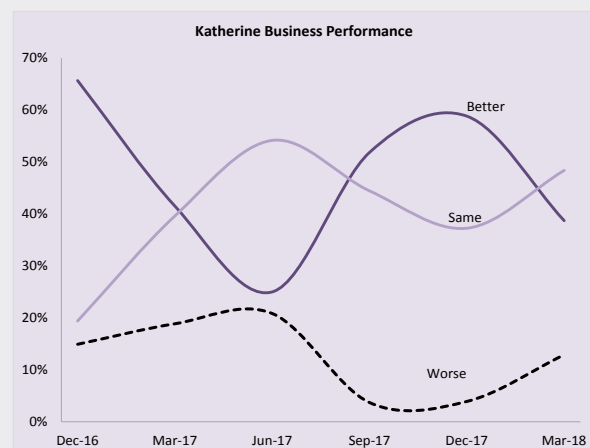
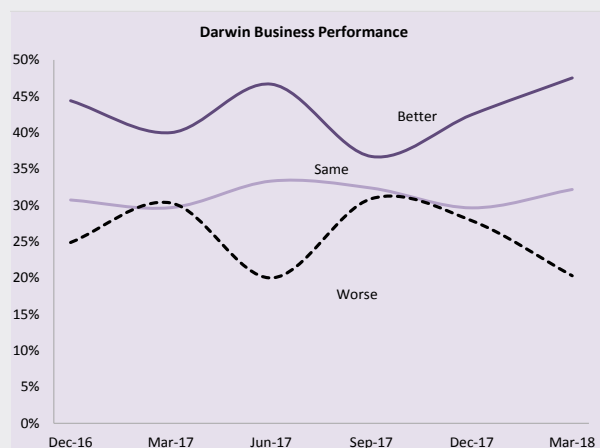


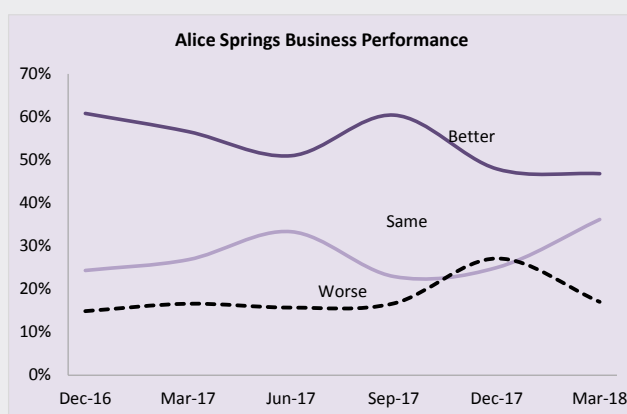
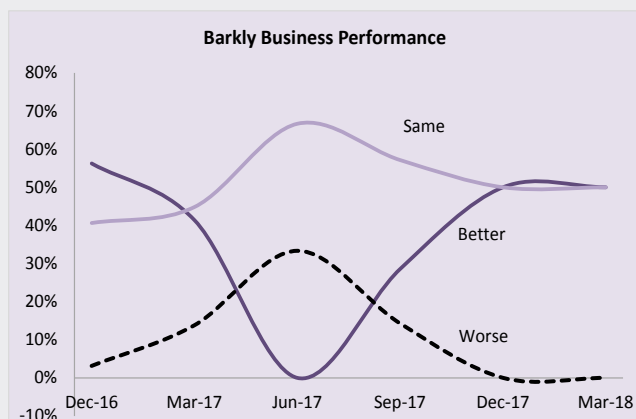
The table below highlights that business performance levels varied among businesses in the regions.

BUSINESS PERFORMANCE THIS YEAR COMPARED TO LAST YEAR BY REGION

STATISTICAL AREA LEVEL 3 (SA3) REGIONS	BUSINESS PERFORMANCE		
	Better	Same	Worse
Greater Darwin	48%	33%	20%
Katherine (Big Rivers)	39%	48%	13%
East Arnhem	46%	43%	11%
Daly, Tiwi & West Arnhem	55%	32%	13%
Barkly/Tennant Creek	50%	5%	0%
Alice Springs	47%	36%	17%
Territory-wide	47%	36%	17%

TRENDS IN REGIONAL BUSINESS PERFORMANCE





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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.

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