

NORTHERN TERRITORY BUSINESS CONFIDENCE SURVEY

September Quarter 2018

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SUMMARY

- The Territory-wide business confidence level was +42%, 5 percentage points lower than the June quarter 2018 index, and 1 percentage point lower than the September quarter 2017.
- 514 businesses were surveyed across Territory regions and industry sectors between 1 July and 30 September 2018.
- Business confidence by region ranged from +81% in Barkly to +30% in Greater Darwin.
- 44% of the Territory businesses expected to perform better this year compared to the previous year, 1 percentage point higher than the June quarter 2018 figure. However, performance expectations varied among regions.

INTRODUCTION

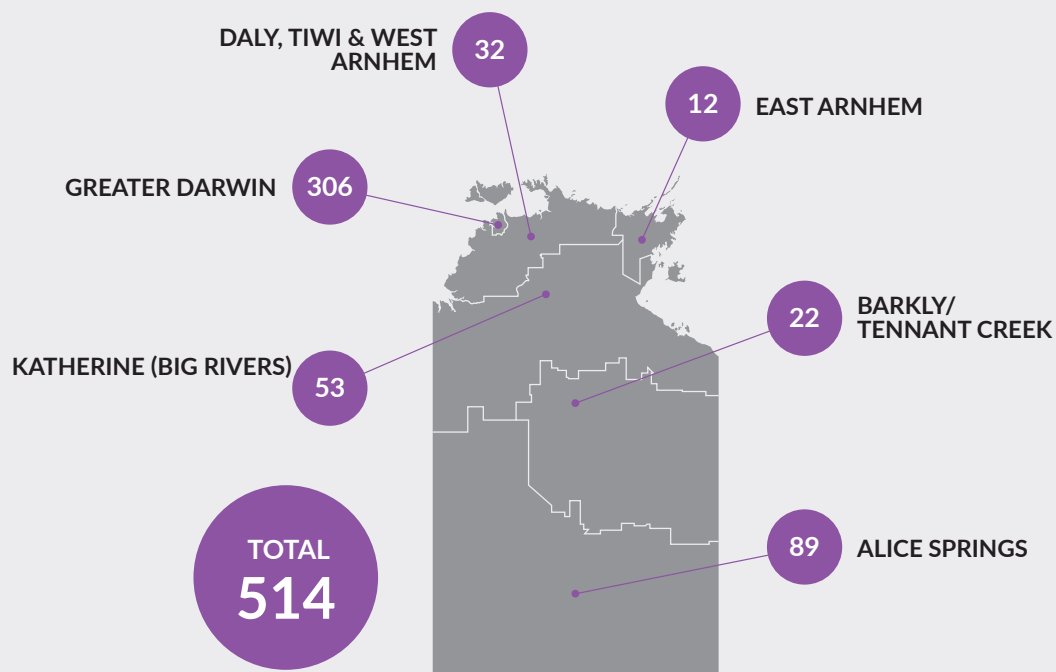
Northern Territory Business Confidence is a quarterly publication which highlights confidence levels of Territory-wide businesses.

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	306	2.9%
Daly-Tiwi-West Arnhem	359	32	8.9%
East Arnhem	212	12	5.7%
Katherine (Big Rivers)	917	53	5.8%
Barkly-Tennant Creek	183	22	12.0%
Alice Springs	2022	89	4.4%
Unclassified	226	-	
TOTAL	14 524	514	3.5%

*Source: ABS Cat. No. 8165.0

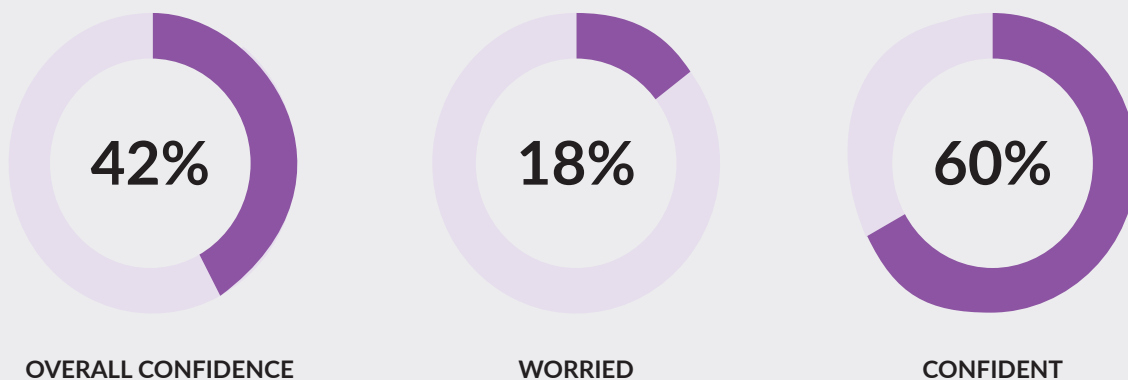
BUSINESS CONFIDENCE

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

OVERALL CONFIDENCE

In the September quarter 2018, the Territory-wide business confidence index was +42%. The response rate for this question was 95.8%.

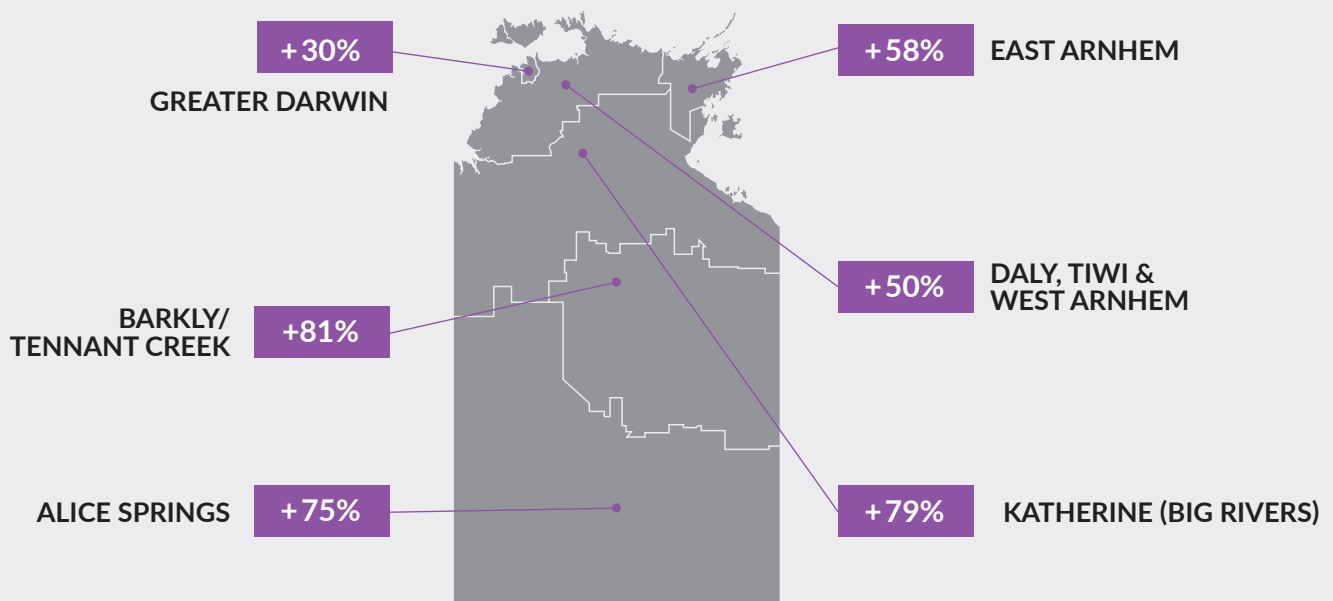
OVERALL BUSINESS CONFIDENCE INDEX



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 +81% in the Barkly region to +30% in the Greater Darwin region.



CONFIDENCE TRENDS

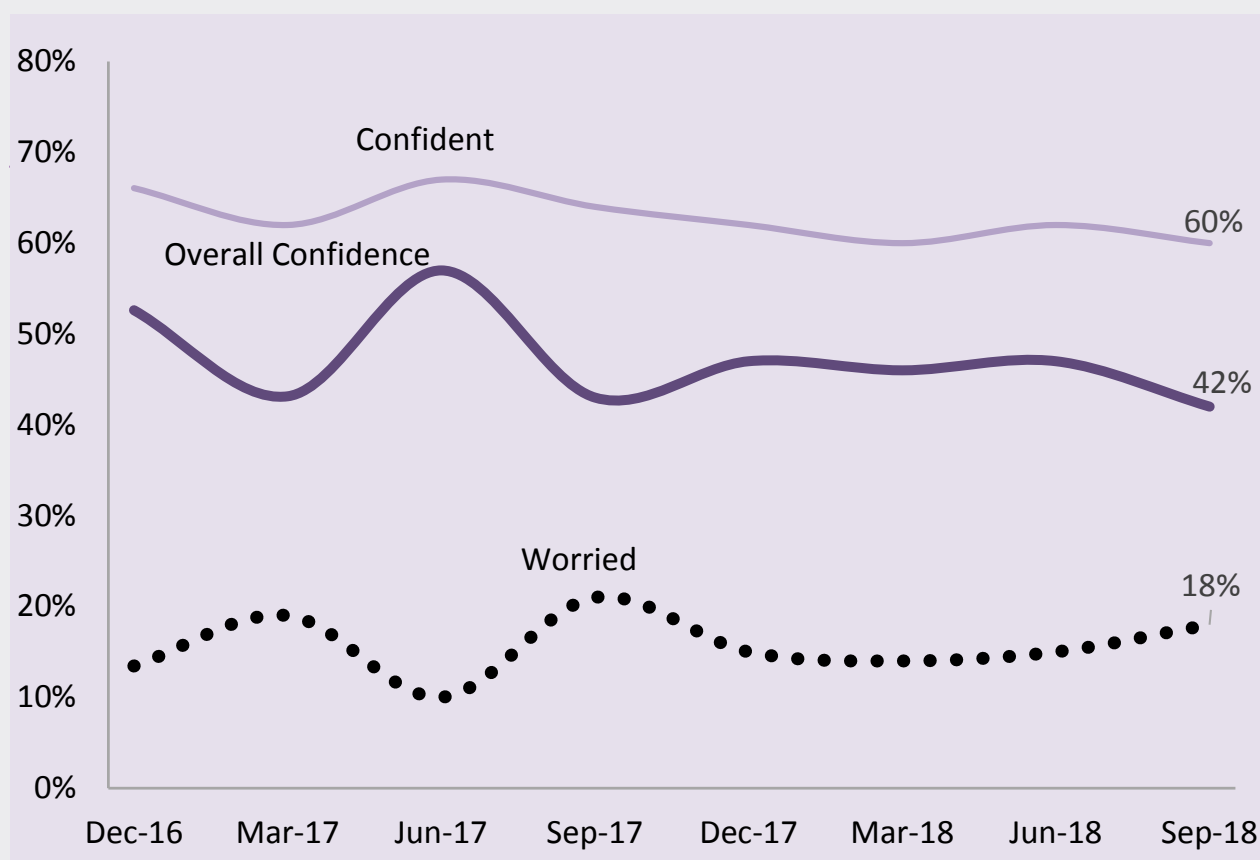
OVERALL CONFIDENCE - TERRITORY WIDE

	September 2018	June 2018	March 2018	December 2017	September 2017
Confident	60%	62%	60%	62%	64%
Worried	18%	15%	14%	15%	21%
Net balance	42%	47%	46%	47%	43%

The September quarter 2018 business confidence has decreased 5 percentage points to 42% from the previous quarter, and is 1 percentage point lower than the September 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	September 2018	June 2018	March 2018	December 2017	September 2017
Greater Darwin					
Confident	51%	55%	58%	55%	57%
Worried	21%	18%	14%	19%	26%
Net balance	30%	37%	44%	36%	31%
Daly-Tiwi-West Arnhem					
Confident	59%	46%	67%	52%	81%
Worried	9%	12%	14%	26%	10%
Net balance	50%	34%	53%	26%	71%
East Arnhem					
Confident	75%	64%	84%	71%	66%
Worried	17%	18%	15%	13%	14%
Net balance	58%	46%	69%	58%	52%
Katherine (Big Rivers)					
Confident	79%	80%	77%	96%	85%
Worried	0%	10%	0%	0%	4%
Net balance	79%	70%	77%	96%	81%
Barkly-Tennant Creek					
Confident	81%	71%	n.a.	n.a.	86%
Worried	0%	14%	n.a.	n.a.	0%
Net balance	81%	57%	n.a.	n.a.	86%
Alice Springs					
Confident	84%	86%	64%	76%	81%
Worried	9%	6%	21%	9%	4%
Net balance	75%	80%	43%	67%	77%

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

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

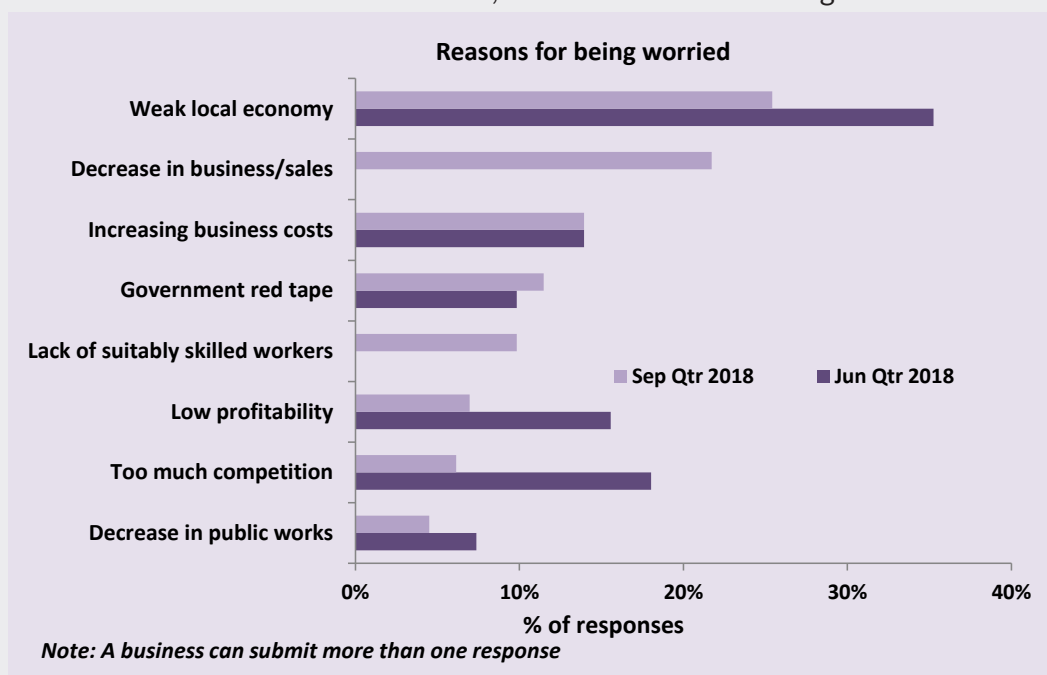
REASONS FOR CONFIDENCE

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 better planning and management, and export market potential.



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. The 'Other' reasons for businesses being worried included law and order issues, and cashflow and funding issues.



BUSINESS CONFIDENCE BY SECTOR

The Territory-wide business confidence was +42% but varied among the sectors, ranging from -33% in Public administration and safety to +100% in Mining (table below). The previous two quarters of confidence levels are shown for comparison purposes.

SECTOR	CONFIDENT	WORRIED	OVERALL CONFIDENCE		
			Sep Qtr 2018	Jun Qtr 2018	Mar Qtr 2018
Agriculture, Forestry and Fishing	67%	20%	47%	50%	65%
Mining	100%	0%	100%	-33%	50%
Manufacturing	56%	13%	43%	58%	82%
Electricity, Gas, Water and Waste Services	80%	10%	70%	0%	100%
Construction	68%	15%	53%	32%	56%
Wholesale Trade	80%	0%	80%	75%	57%
Retail Trade	42%	27%	15%	62%	20%
Accommodation and Food Services	58%	13%	45%	52%	29%
Transport, Postal and Warehousing	92%	8%	84%	57%	47%
Information Media and Telecommunications	0%	0%	0%	20%	67%
Financial and Insurance Services	67%	0%	67%	100%	100%
Rental, Hiring and Real Estate Services	50%	13%	37%	43%	75%
Professional, Scientific and Technical Services	82%	5%	77%	48%	78%
Administrative and Support Services	64%	18%	46%	50%	64%
Public Administration and Safety	n.a.	n.a.	n.a.	60%	n.a.
Education and Training	80%	0%	80%	45%	29%
Health Care and Social Assistance	89%	0%	89%	67%	60%
Arts and Recreation Services	50%	25%	25%	44%	61%
Other Services	75%	12%	63%	39%	53%

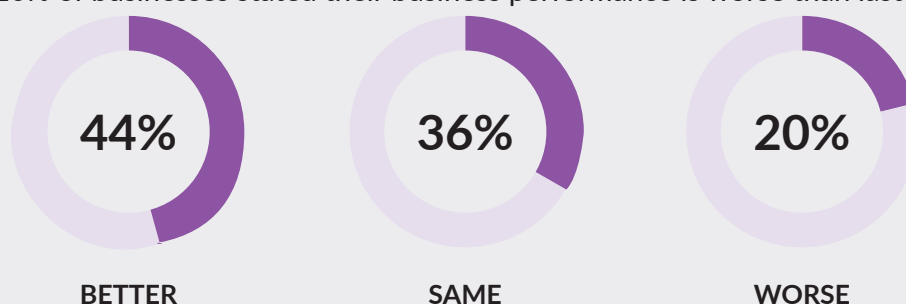
Note: Caution is advised when using this data as the sample size in some sectors are relatively small

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

BUSINESS PERFORMANCE

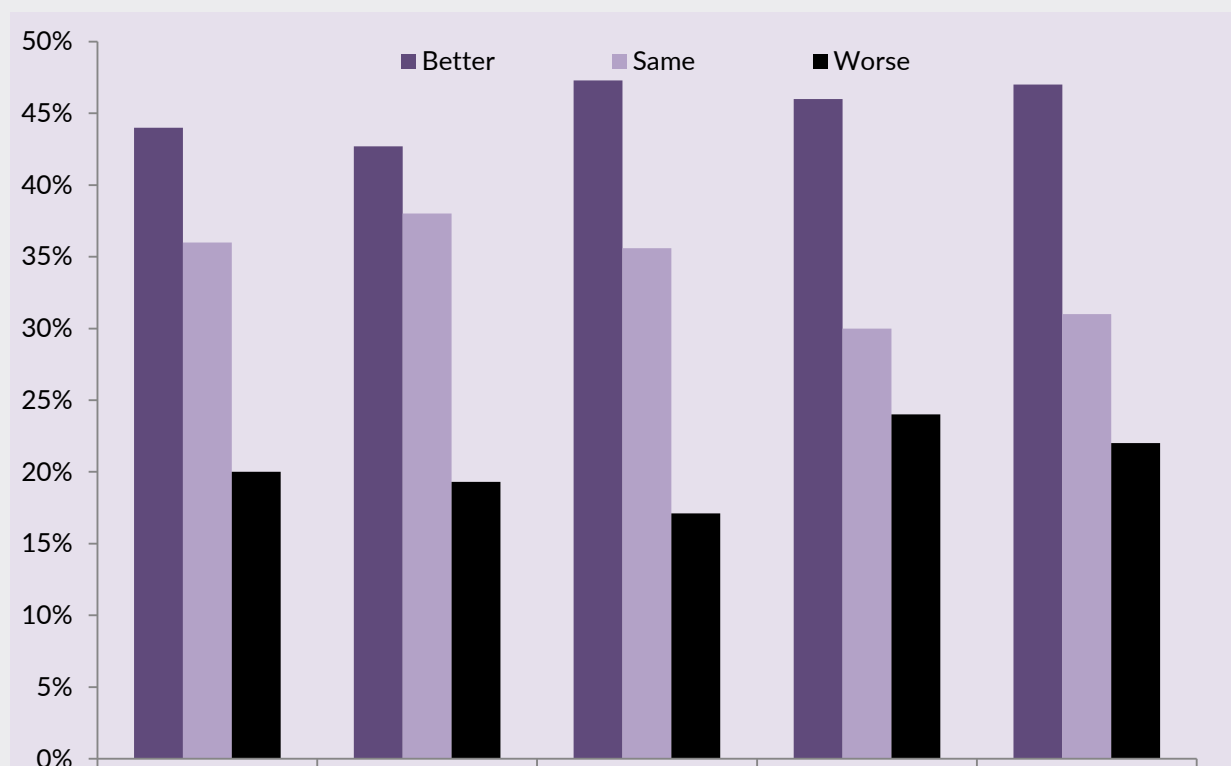
Q. How is your business performing this year compared to last year?

44% 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 20% of businesses stated their business performance is worse than last year.



Compared to the previous quarter, the overall expectations for business performance were slightly higher in most of the regions as shown in the chart below. More businesses felt that their business performance was better, and more businesses also felt that their business performance was the worse. The comparison of the September quarter 2018 and the June quarter 2018 show regional variations in business performance levels.

TRENDS IN BUSINESS PERFORMANCE

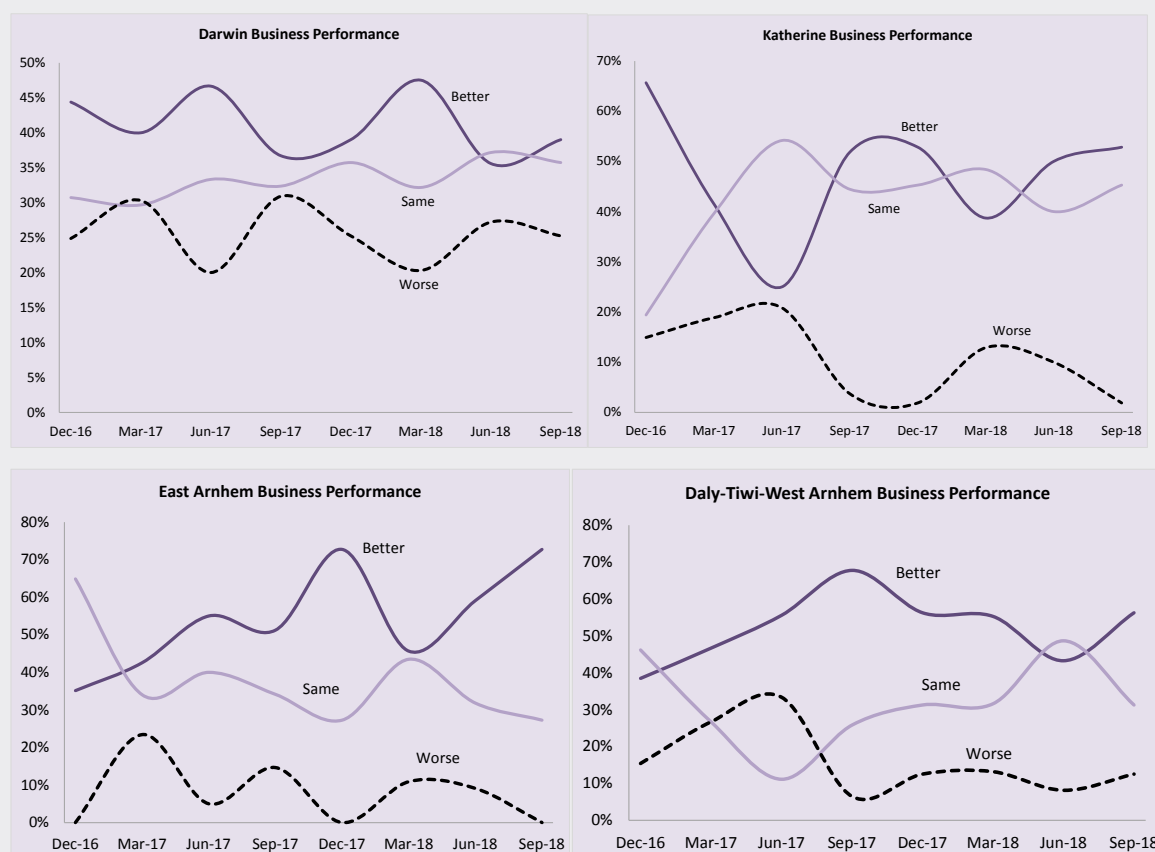


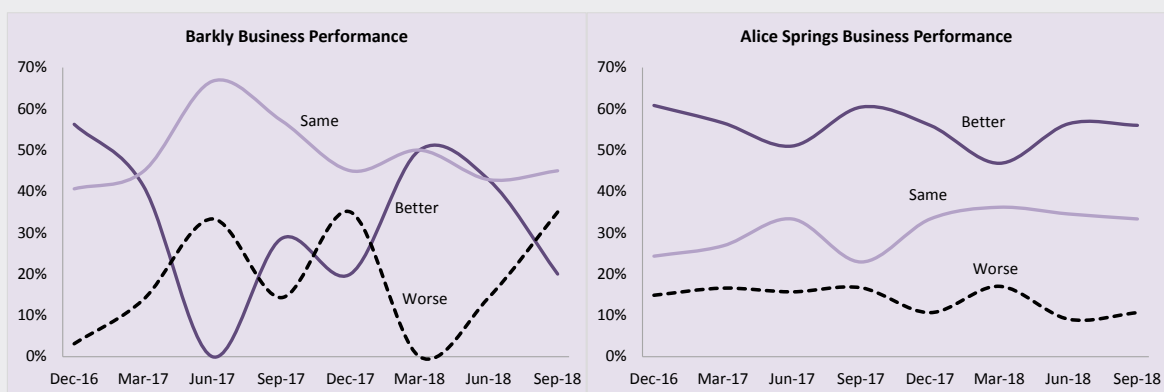
The table below highlights that business performance levels varied among businesses in the regions.

BUSINESS PERFORMANCE THIS YEAR COMPARED TO LAST YEAR BY REGION

STATISTICAL AREA 3 (SA3) REGIONS	BUSINESS PERFORMANCE		
	Better	Same	Worse
Greater Darwin	39%	36%	25%
Katherine (Big Rivers)	53%	45%	2%
East Arnhem	73%	27%	0%
Daly, Tiwi & West Arnhem	56%	31%	13%
Barkly/Tennant Creek	20%	45%	35%
Alice Springs	56%	33%	11%
Territory-wide	44%	36%	20%

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.

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