

# NORTHERN TERRITORY BUSINESS CONFIDENCE SURVEY

June Quarter 2018

# NORTHERN TERRITORY BUSINESS CONFIDENCE SURVEY

## June Quarter 2018

### SUMMARY

- The Territory-wide business confidence level was +47%, 1 percentage point higher than the March quarter 2018 index, but 10 percentage points lower than the June quarter 2017.
- 348 businesses were surveyed across Territory regions and industry sectors between 1 April and 30 June 2018.
- Business confidence by region ranged from +80% in Alice Springs to +34% in Daly-Tiwi-West Arnhem.
- 43% of the Territory businesses expected to perform better this year compared to the previous year, 4 percentage points lower than the March quarter 2018 figure. However, performance expectations varied among regions.

### INTRODUCTION

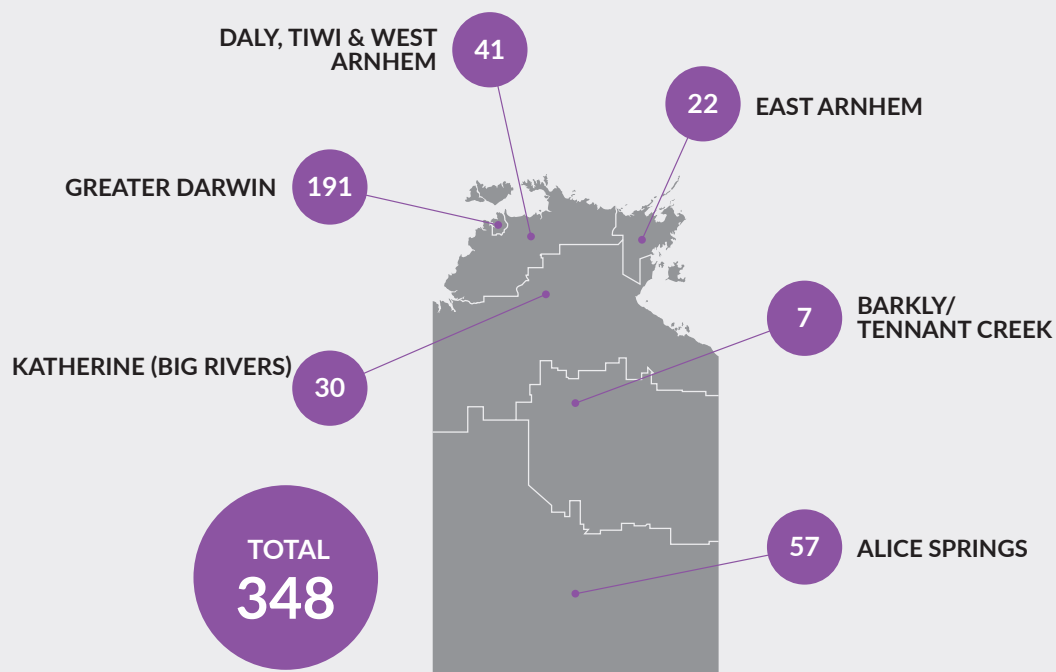
Northern Territory Business Confidence is a quarterly publication which highlights confidence levels of Territory-wide businesses.

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	191	1.8%
Daly-Tiwi-West Arnhem	359	41	11.4%
East Arnhem	212	22	10.4%
Katherine (Big Rivers)	917	30	3.3%
Barkly-Tennant Creek	183	7	3.8%
Alice Springs	2022	57	2.8%
Unclassified	226	-	
<b>TOTAL</b>	<b>14 524</b>	<b>348</b>	<b>2.4%</b>

\*Source: ABS Cat. No. 8165.0

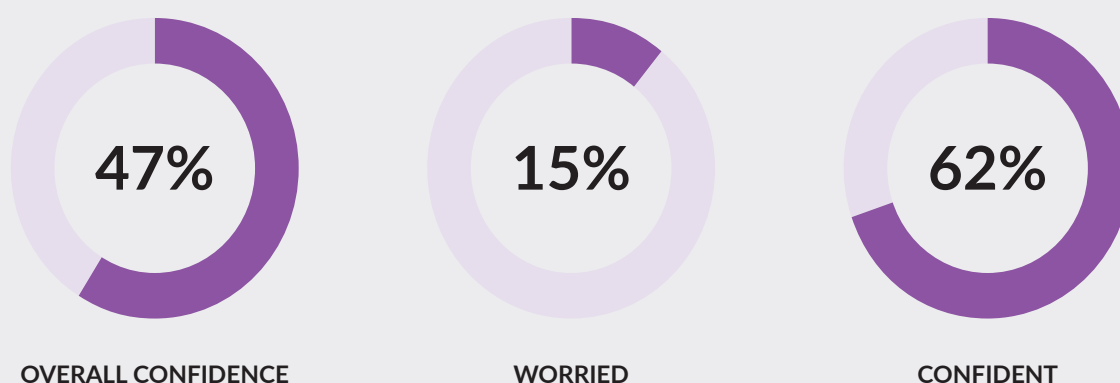
## BUSINESS CONFIDENCE

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

### OVERALL CONFIDENCE

In the June quarter 2018, the Territory-wide business confidence index was +47%. The response rate for this question was 97.8%.

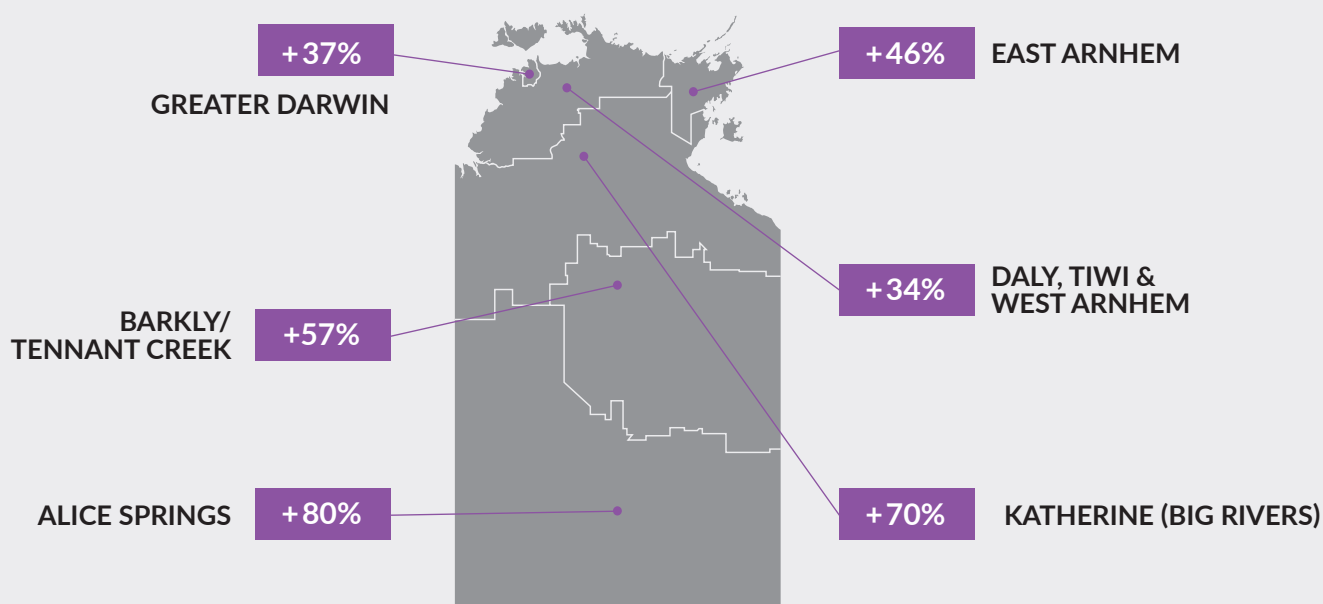
### OVERALL BUSINESS CONFIDENCE INDEX



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 +80% in the Alice Springs region to +34% in the Daly-Tiwi-West Arnhem region.



## CONFIDENCE TRENDS

### OVERALL CONFIDENCE - TERRITORY WIDE

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

The June quarter 2018 business confidence has increased 1 percentage point to 47% from the previous quarter, but is 10 percentage points lower than the June quarter 2017.

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

### TRENDS IN NT BUSINESS CONFIDENCE



## CONFIDENCE IN THE REGIONS

REGION	June 2018	March 2018	December 2017	September 2017	June 2017
Greater Darwin					
Confident	55%	58%	55%	57%	70%
Worried	18%	14%	19%	26%	10%
Net balance	37%	44%	36%	31%	60%
Daly-Tiwi-West Arnhem					
Confident	46%	67%	52%	81%	70%
Worried	12%	14%	26%	10%	20%
Net balance	34%	53%	26%	71%	50%
East Arnhem					
Confident	64%	84%	71%	66%	80%
Worried	18%	15%	13%	14%	20%
Net balance	46%	69%	58%	52%	60%
Katherine (Big Rivers)					
Confident	80%	77%	96%	85%	57%
Worried	10%	0%	0%	4%	13%
Net balance	70%	77%	96%	81%	44%
Barkly-Tennant Creek					
Confident	71%	n.a.	n.a.	86%	67%
Worried	14%	n.a.	n.a.	0%	0%
Net balance	57%	n.a.	n.a.	86%	67%
Alice Springs					
Confident	86%	64%	76%	81%	70%
Worried	6%	21%	9%	4%	10%
Net balance	80%	43%	67%	77%	60%

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

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

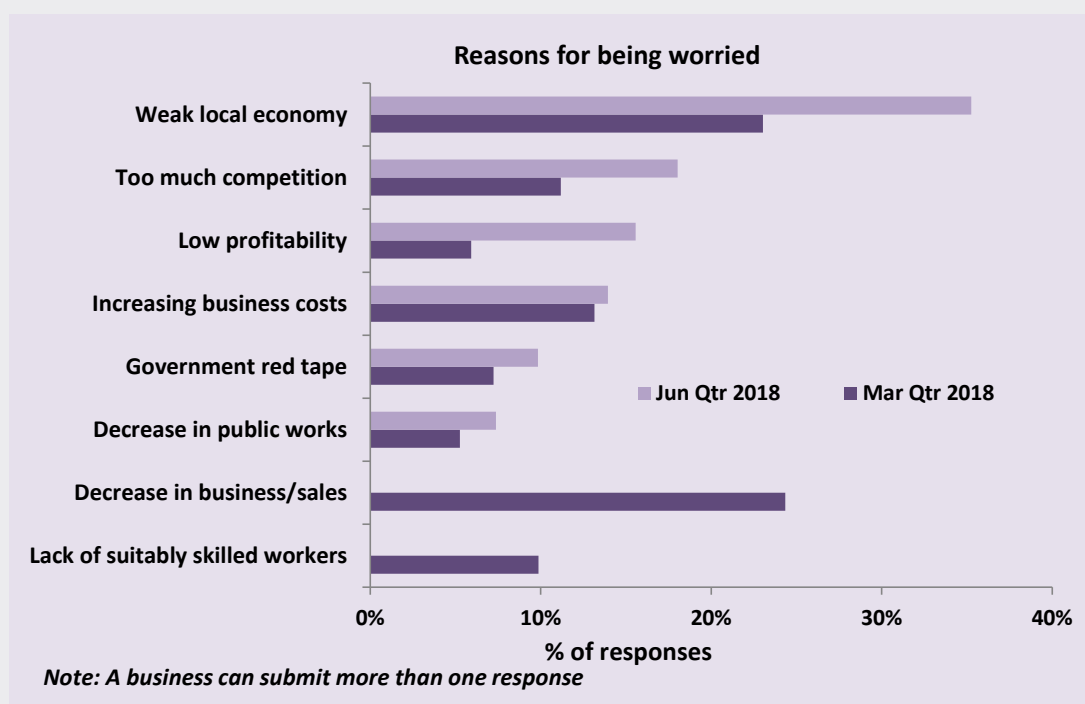
## REASONS FOR CONFIDENCE

Of the Territory businesses confident about their business prospects for the next 12 months, key reasons cited are business opportunity; strong customer relations; strong market position; been in business a long time; 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; too much competition; and decrease in business/sales. 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 Financial and Insurance Services (table below). The previous two quarters of confidence levels are shown for comparison purposes.

SECTOR	CONFIDENT	WORRIED	OVERALL CONFIDENCE		
			Jun Qtr 2018	Mar Qtr 2018	Dec Qtr 2017
Agriculture, Forestry and Fishing	50%	0%	50%	65%	90%
Mining	33%	66%	-33%	50%	-33%
Manufacturing	75%	17%	58%	82%	16%
Electricity, Gas, Water and Waste Services	0%	0%	0%	100%	100%
Construction	59%	27%	32%	56%	43%
Wholesale Trade	75%	0%	75%	57%	20%
Retail Trade	74%	12%	62%	20%	36%
Accommodation and Food Services	64%	12%	52%	29%	40%
Transport, Postal and Warehousing	57%	0%	57%	47%	100%
Information Media and Telecommunications	40%	20%	20%	67%	25%
Financial and Insurance Services	100%	0%	100%	100%	100%
Rental, Hiring and Real Estate Services	57%	14%	43%	75%	25%
Professional, Scientific and Technical Services	62%	14%	48%	78%	65%
Administrative and Support Services	58%	8%	50%	64%	75%
Public Administration and Safety	60%	0%	60%	n.a.	n.a.
Education and Training	55%	9%	45%	29%	54%
Health Care and Social Assistance	74%	7%	67%	60%	65%
Arts and Recreation Services	56%	11%	44%	61%	81%
Other Services	59%	20%	39%	53%	56%

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

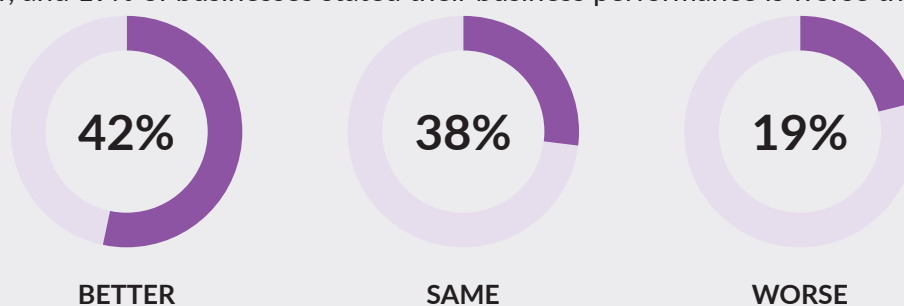
n.a. is a result of no surveys completed in this sector



## BUSINESS PERFORMANCE

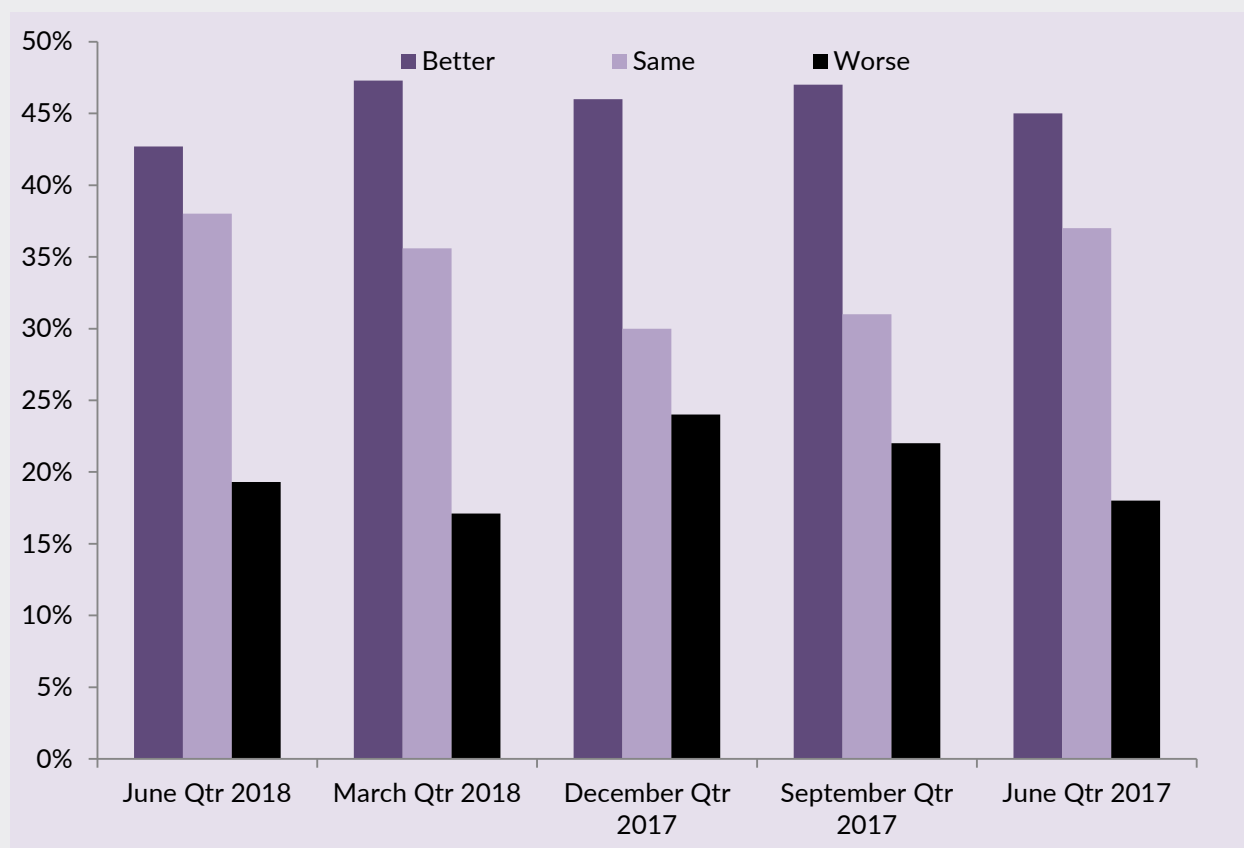
### Q. How is your business performing this year compared to last year?

About 42% 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 19% 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 more businesses also felt that their business performance was the same. The comparison of the June quarter 2018 and the March quarter 2018 show regional variations in business performance levels.

### TRENDS IN BUSINESS PERFORMANCE

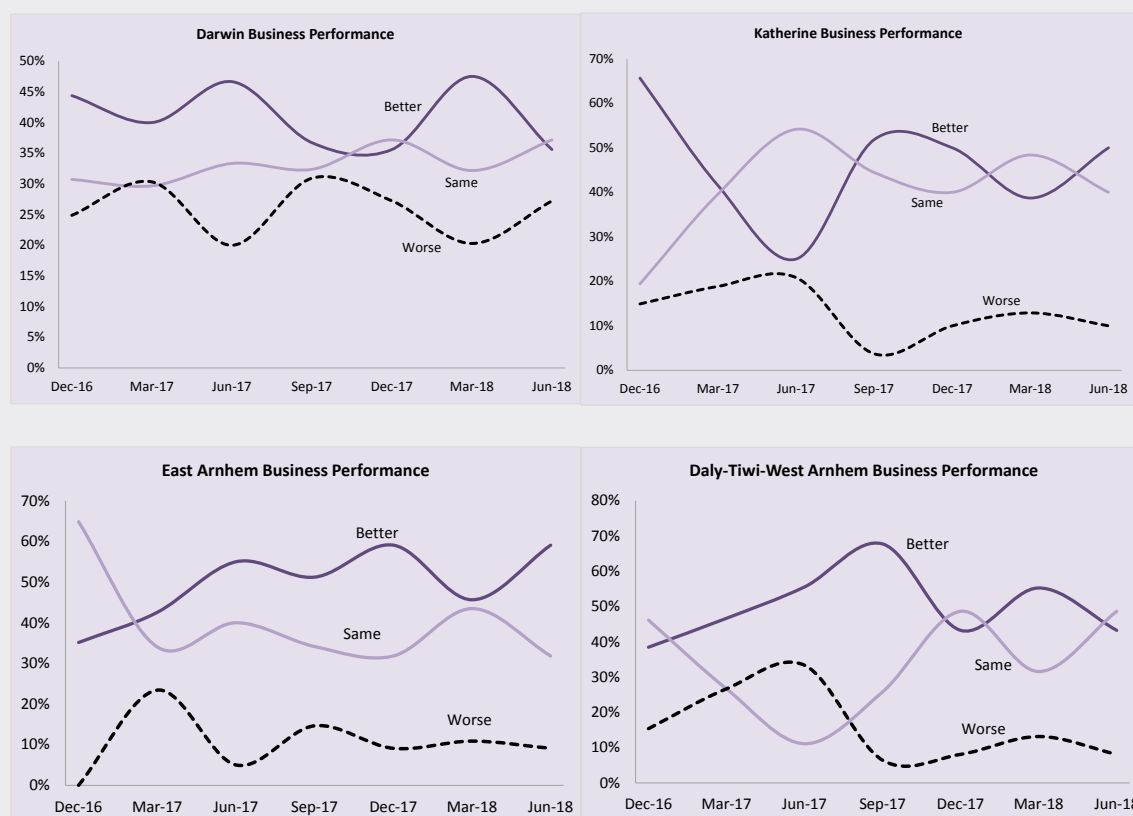


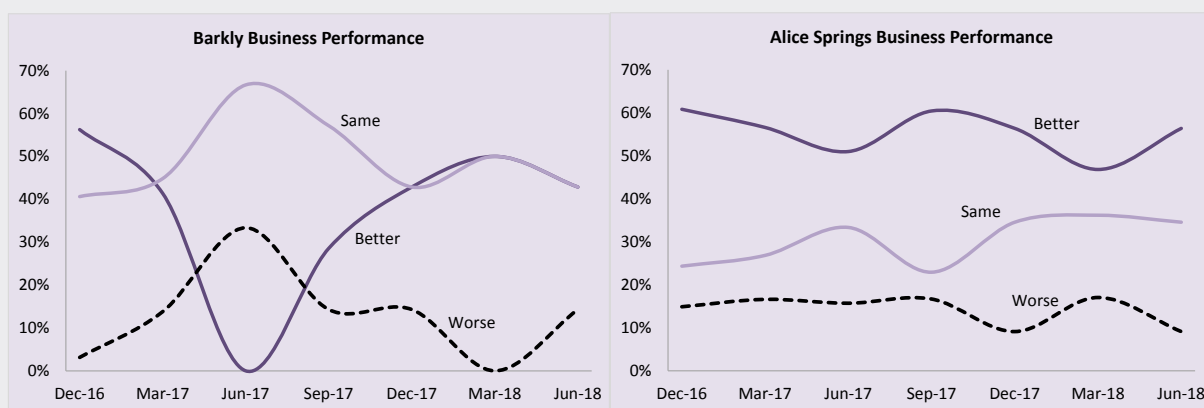
The table below highlights that business performance levels varied among businesses in the regions.

## BUSINESS PERFORMANCE THIS YEAR COMPARED TO LAST YEAR BY REGION

STATISTICAL AREA 3 (SA3) REGIONS	BUSINESS PERFORMANCE		
	Better	Same	Worse
Greater Darwin	36%	37%	27%
Katherine (Big Rivers)	50%	40%	10%
East Arnhem	59%	32%	9%
Daly, Tiwi & West Arnhem	43%	49%	8%
Barkly/Tennant Creek	43%	43%	14%
Alice Springs	56%	35%	9%
<b>Territory-wide</b>	<b>43%</b>	<b>38%</b>	<b>19%</b>

### 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](http://business.nt.gov.au)

