

NORTHERN TERRITORY BUSINESS CONFIDENCE SURVEY

September Quarter 2017

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SUMMARY

- The Territory-wide business confidence level was +43%, 14 percentage points lower than the June quarter 2017 index.
- 419 businesses were surveyed across Territory regions and industry sectors between 1 July and 30 September 2017.
- Business confidence by region ranged from +86% in Barkly to +31% in Greater Darwin.
- 47% of the Territory businesses expected to perform better this year compared to the previous year, 2 percentage points higher than the June 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).

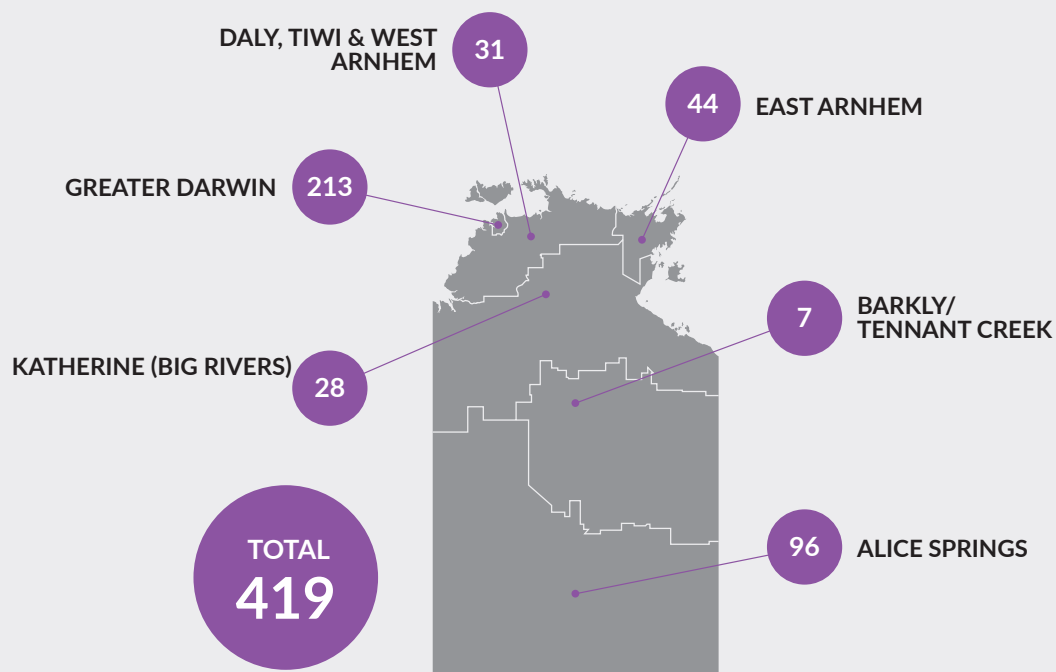
Monitoring business confidence levels is important as it is a key barometer and a leading indicator of business conditions and the overall health of the economy. Business confidence drives business growth and investment, supports employment opportunities and attracts people to the region.

NUMBER OF BUSINESSES SURVEYED

A total of 419 businesses were surveyed across the Territory between 1 July and 30 September 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	213	2.1%
Daly-Tiwi-West Arnhem	348	31	8.9%
East Arnhem	181	44	24.3%
Katherine (Big Rivers)	896	28	3.1%
Barkly-Tennant Creek	216	7	3.2%
Alice Springs	2001	96	4.8%
Unclassified	327	-	
TOTAL	14 297	419	2.9%

*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 2017, the Territory-wide business confidence index was +43%. The response rate for this question was 96.2%.

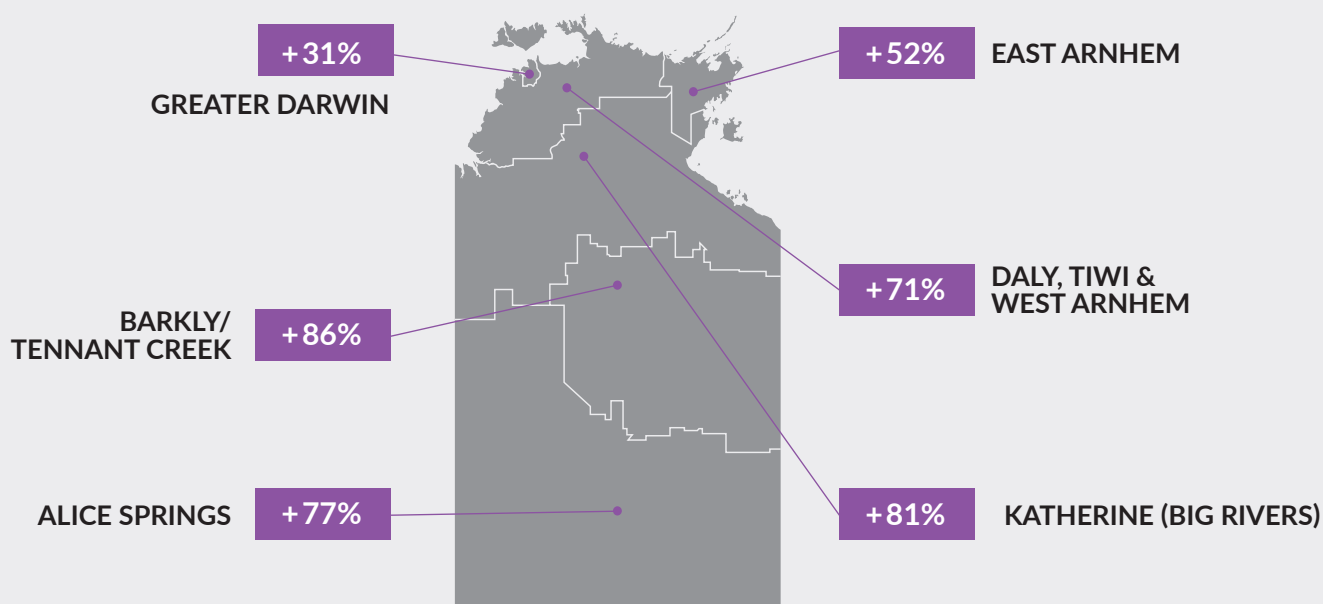
OVERALL BUSINESS CONFIDENCE INDEX



Note: 15% of the responses remained neutral (neither confident nor worried)

CONFIDENCE IN THE REGIONS

Business confidence varied among the regions across the Territory, ranging from +86% in the Barkly region to +31% in the Greater Darwin region.



CONFIDENCE TRENDS

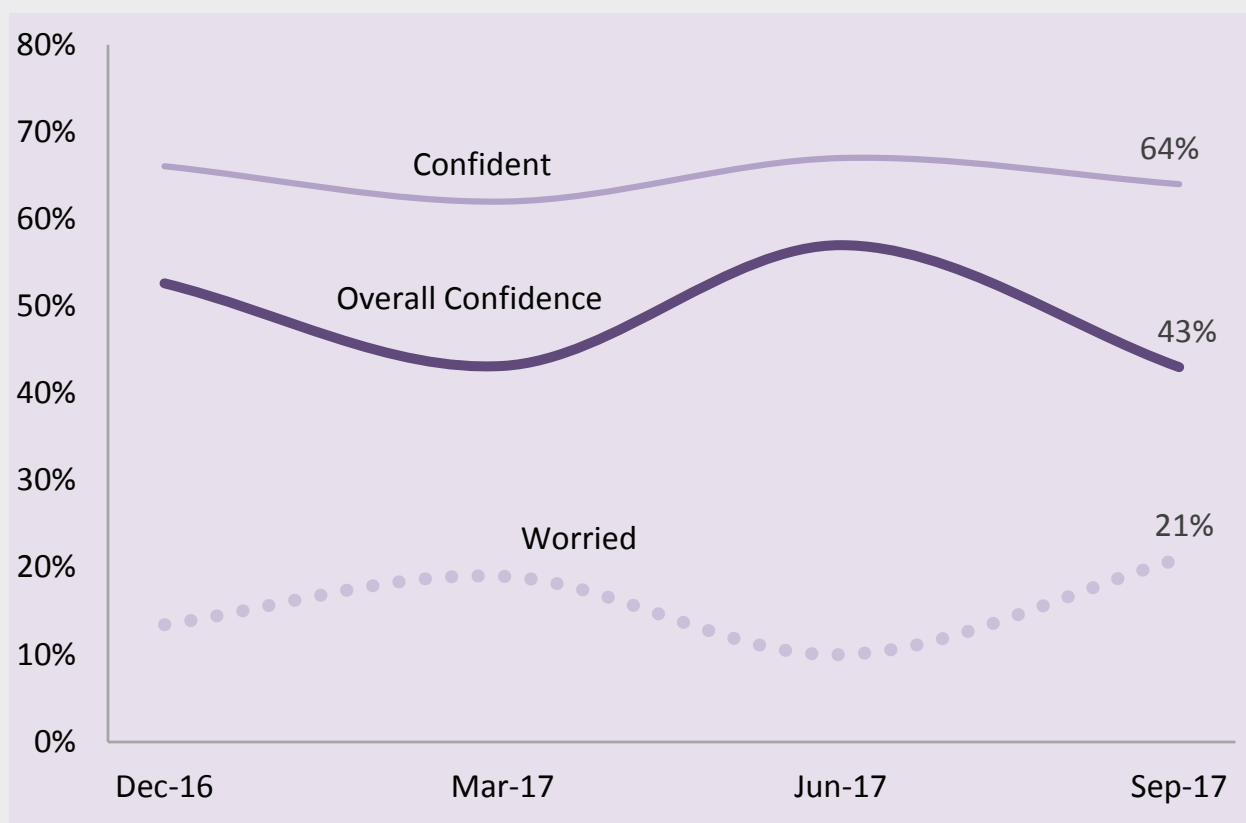
OVERALL CONFIDENCE - TERRITORY WIDE

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

The September quarter 2017 business confidence has decreased 14 percentage points to 43% from the previous quarter.

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 last four quarters.

TRENDS IN NT BUSINESS CONFIDENCE



CONFIDENCE IN THE REGIONS

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

Business confidence improved in Daly-Tiwi-West Arnhem, Katherine (Big Rivers), Barkly-Tennant Creek, and Alice Springs, and declined in the other regions in the September quarter 2017 compared to the previous quarter.

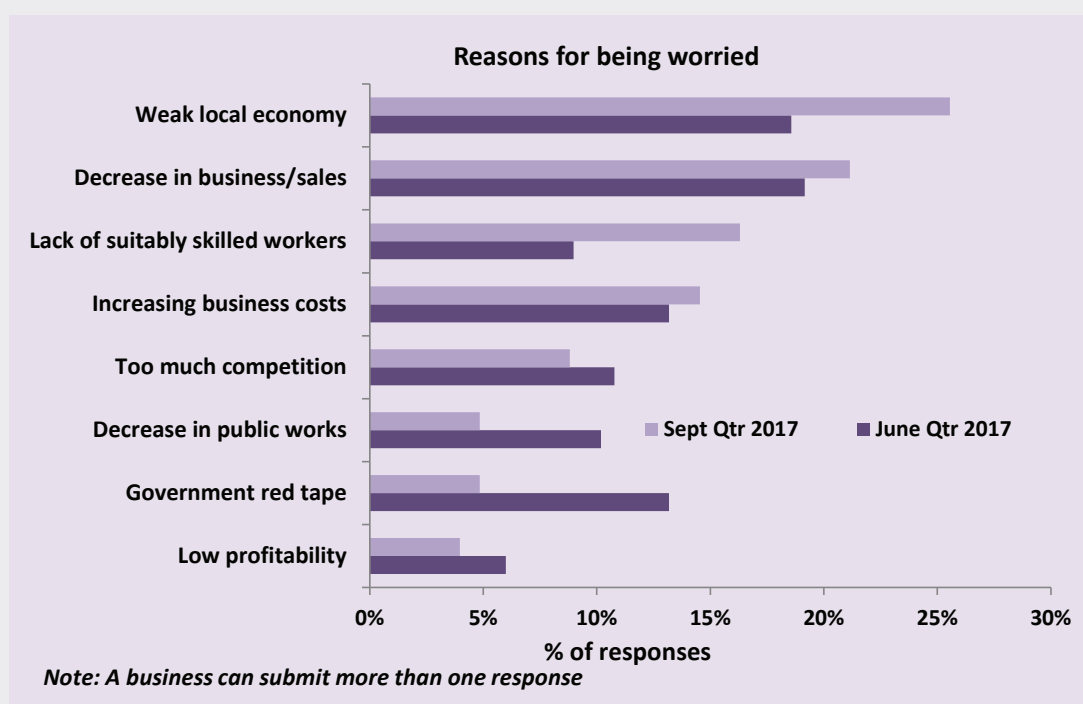
REASONS FOR CONFIDENCE

Of the Territory businesses confident about their business prospects for the next 12 months, key reasons cited are strong customer relations; business opportunity; 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; 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.



BUSINESS CONFIDENCE BY SECTOR

The Territory-wide business confidence was +43% but varied among the sectors, ranging from -33% in Mining to +100% in Agriculture, Forestry and Fishing; and Information, Media and Telecommunications (table below). The previous two quarters of confidence levels are shown for comparison purposes.

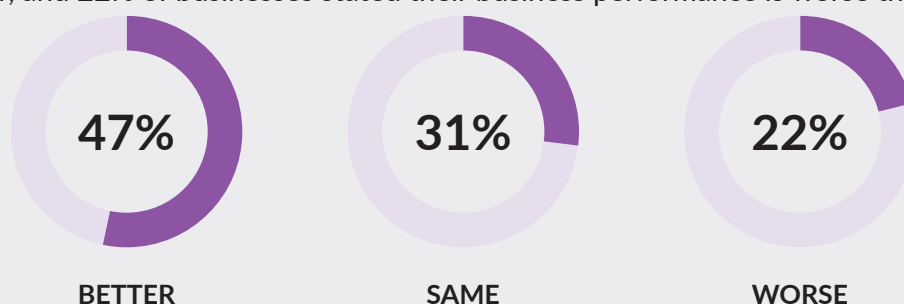
SECTOR	CONFIDENCE	WORRIED	OVERALL CONFIDENCE		
			Sep Qtr 2017	Jun Qtr 2017	Mar Qtr 2016
Agriculture, Forestry and Fishing	100%	0%	100%	100%	100%
Mining	33%	66%	-33%	n.a.	-33%
Manufacturing	73%	14%	59%	67%	62%
Electricity, Gas, Water and Waste Services	75%	13%	62%	0%	91%
Construction	61%	24%	37%	55%	44%
Wholesale Trade	75%	0%	75%	34%	56%
Retail Trade	58%	21%	37%	48%	47%
Accommodation and Food Services	61%	26%	35%	25%	34%
Transport, Postal and Warehousing	71%	18%	53%	57%	50%
Information Media and Telecommunications	100%	0%	100%	50%	60%
Financial and Insurance Services	75%	0%	75%	50%	72%
Rental, Hiring and Real Estate Services	78%	11%	67%	80%	34%
Professional, Scientific and Technical Services	87%	9%	78%	78%	55%
Administrative and Support Services	92%	8%	84%	38%	75%
Public Administration and Safety	40%	0%	40%	100%	100%
Education and Training	42%	25%	17%	83%	50%
Health Care and Social Assistance	65%	18%	47%	75%	52%
Arts and Recreation Services	82%	5%	77%	55%	50%
Other Services	70%	15%	55%	61%	67%

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

BUSINESS PERFORMANCE

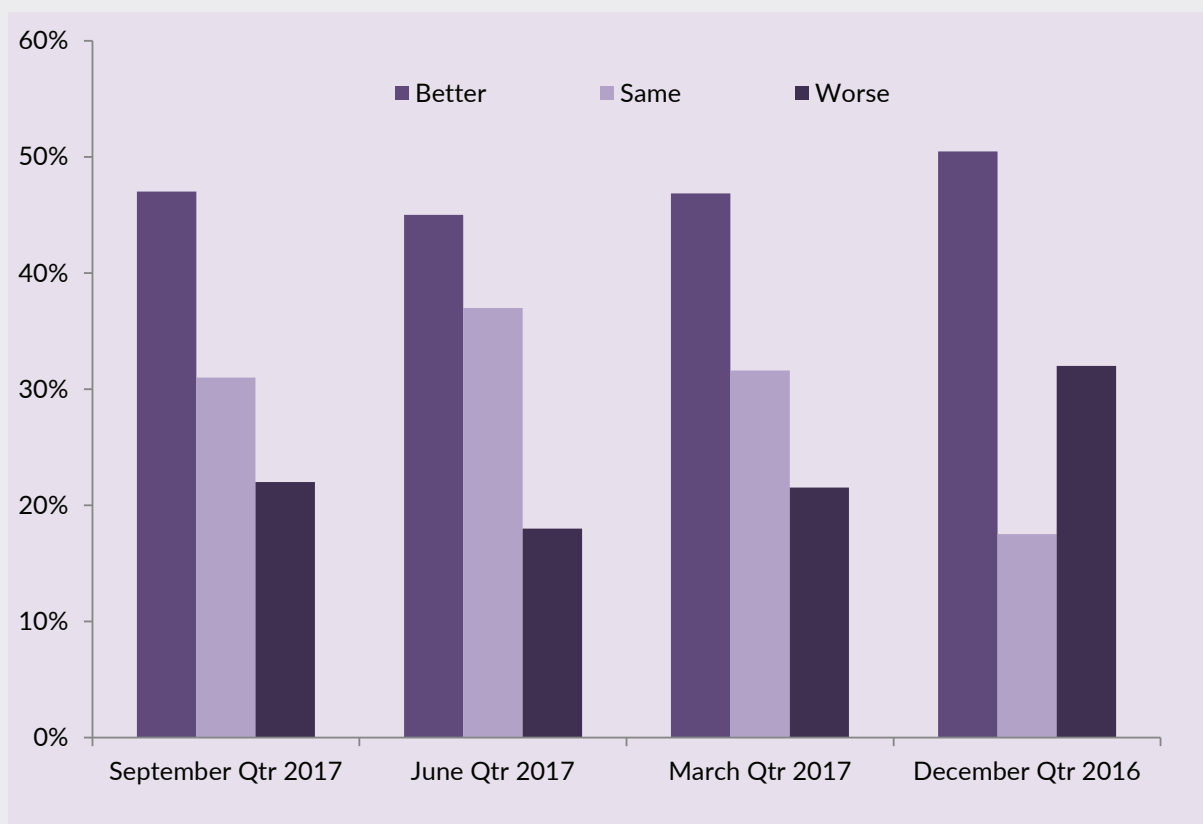
Q. How is your business performing this year compared to last year?

About 47% of Territory businesses noted that their business performance is better this year compared to last year, while 31% of the businesses stated that business performance is the same as last year, and 22% 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. However, more businesses felt that their business performance was worse, and fewer businesses felt that their business performance was the same. The comparison of the September quarter 2017 and the June quarter 2017 show regional variations in business performance levels.

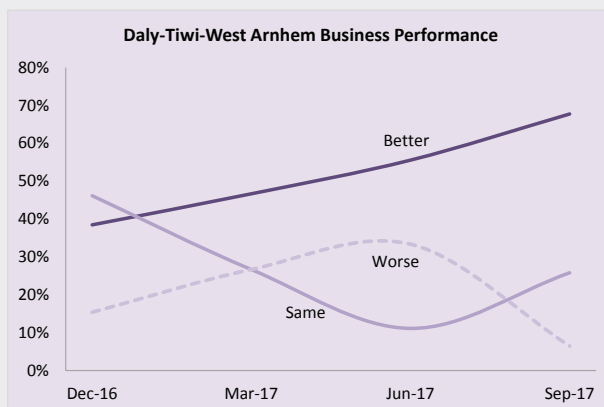
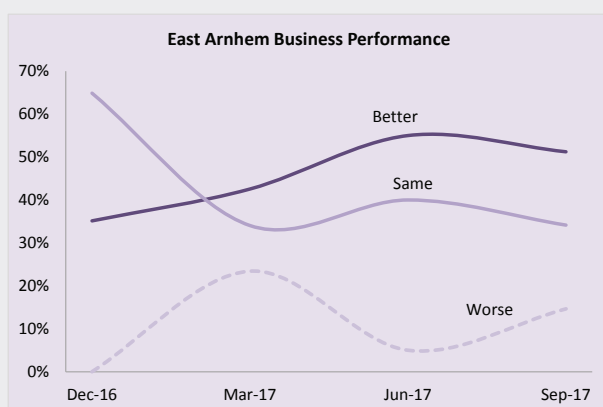
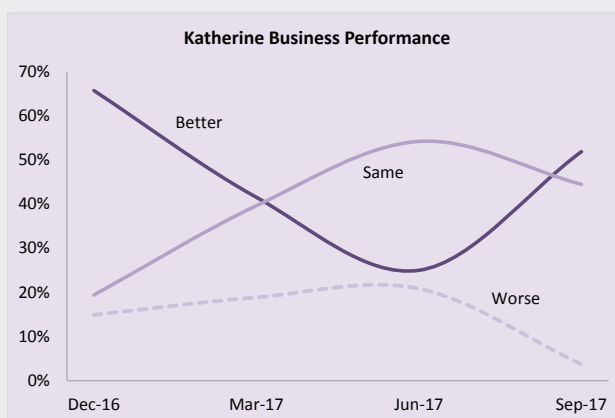
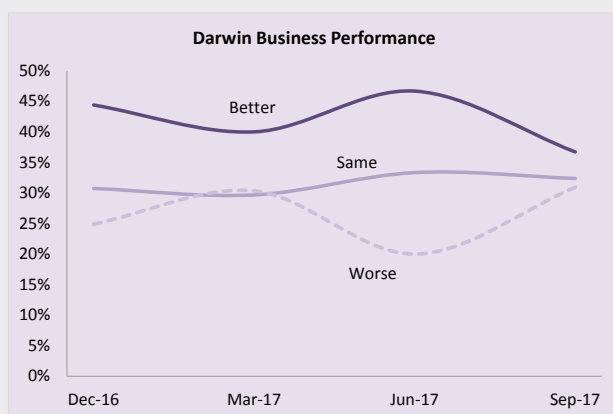
TRENDS IN BUSINESS PERFORMANCE

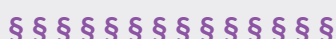
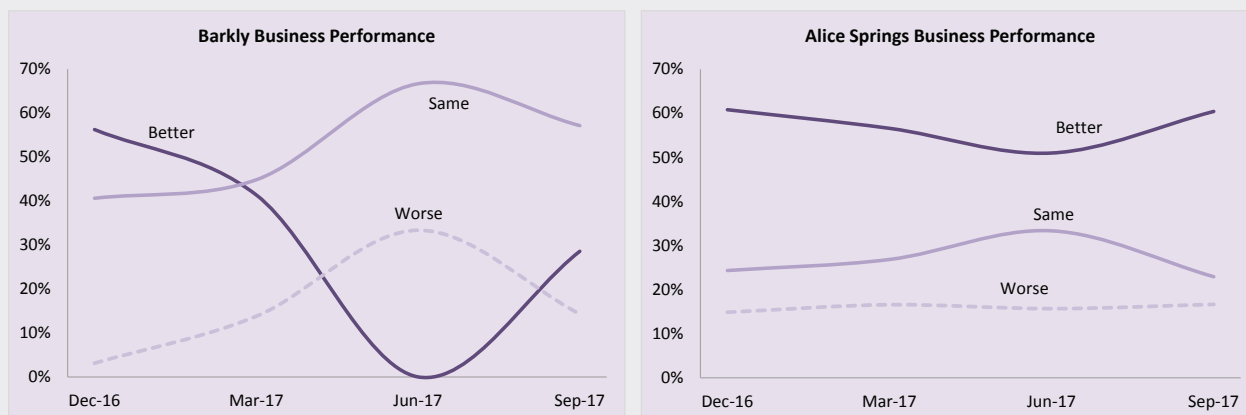


BUSINESS PERFORMANCE THIS YEAR COMPARED TO LAST YEAR BY REGION

STATISTICAL AREA LEVEL 3 (SA3) REGIONS	BUSINESS PERFORMANCE		
	Better	Same	Worse
Greater Darwin	37%	32%	31%
Katherine (Big Rivers)	52%	44%	4%
East Arnhem	51%	34%	15%
Daly, Tiwi & West Arnhem	68%	26%	6%
Barkly/Tennant Creek	29%	57%	14%
Alice Springs	60%	23%	17%
Territory-wide	47%	31%	22%

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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