

NORTHERN TERRITORY BUSINESS CONFIDENCE SURVEY

December Quarter 2016

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SUMMARY

- The Territory-wide business confidence level was +53%.
- 500 businesses were surveyed across Territory regions and industry sectors between 1 October and 31 December 2016.
- Business confidence by region ranged from +91% in East Arnhem to +8% in Daly-Tiwi-West Arnhem.
- 50% of the Territory businesses expected to perform better this year compared to the previous year. 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).

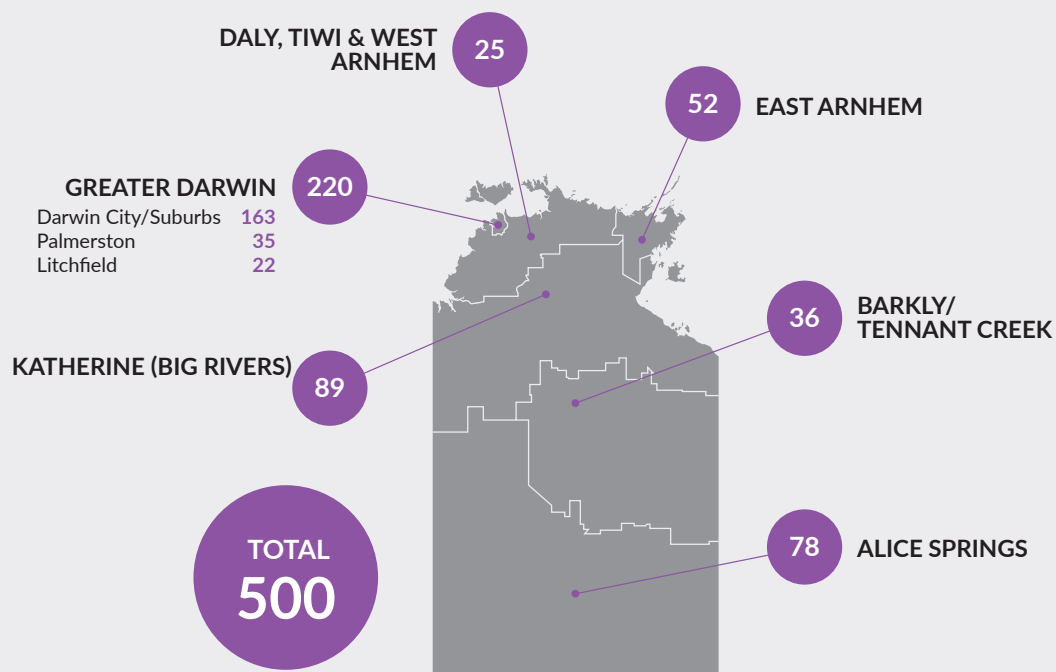
Monitoring business confidence levels is important as it is a key barometer and a leading indicator of business conditions and the overall health of the economy. Business confidence drives business growth and investment, supports employment opportunities and attracts people to the region.

NUMBER OF BUSINESSES SURVEYED

A total of 500 businesses were surveyed across the Territory between 1 October and 31 December 2016 (see table below). This sample size is in excess of the responses required for a 95% level of confidence with a 5% margin or 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	10,309	220	2.1%
Darwin City and Suburbs	7,249	163	2.2%
Palmerston	1,388	35	2.5%
Litchfield	1,672	22	1.3%
Daly-Tiwi-West Arnhem	223	25	11.2%
East Arnhem	218	52	23.9%
Katherine (Big Rivers)	850	89	10.5%
Barkly-Tennant Creek	193	36	18.7%
Alice Springs	1,935	78	4.0%
Unclassified	312	-	
TOTAL	14,040	500	3.5%

*Source: ABS Cat. No. 8165.0

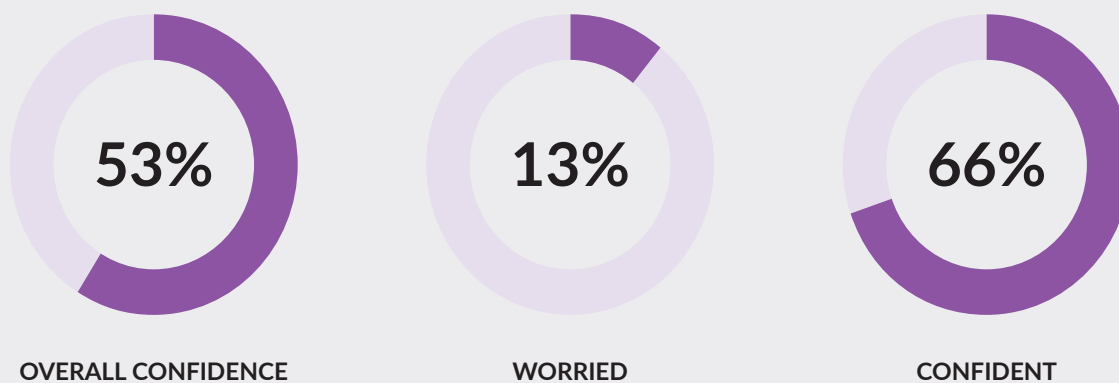
BUSINESS CONFIDENCE

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

OVERALL CONFIDENCE

In the December quarter 2016, the Territory-wide business confidence index was +53%. The response rate for this question was 87%.

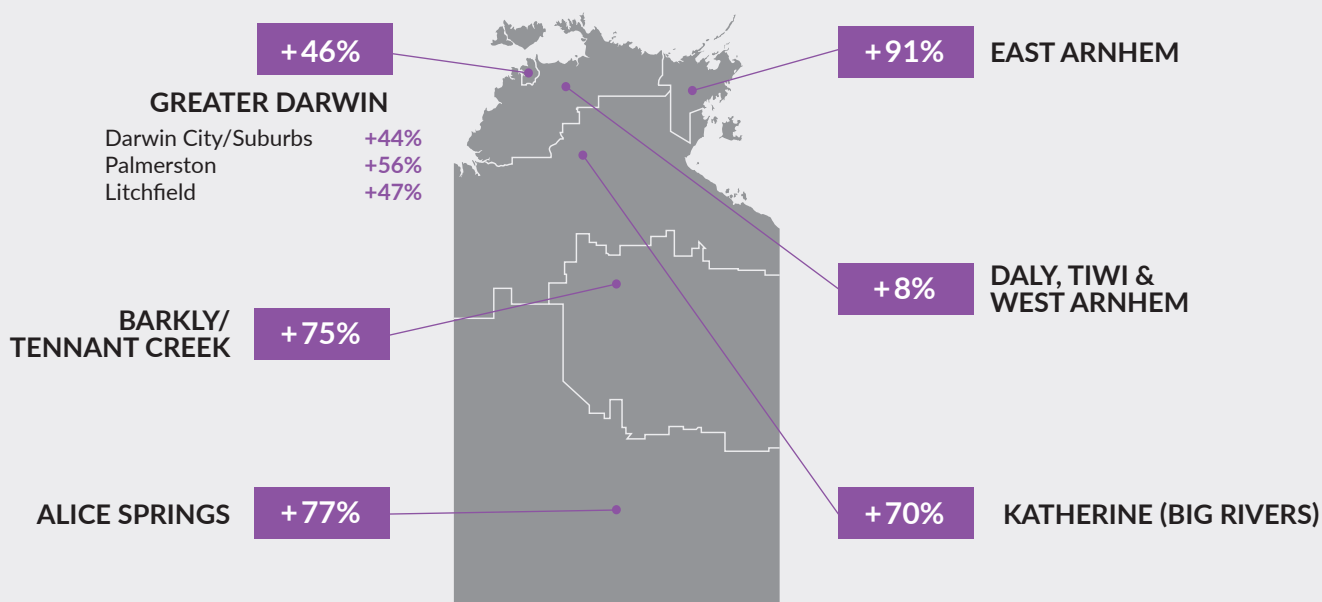
OVERALL BUSINESS CONFIDENCE INDEX



Note: 21% of the responses remained neutral (neither confident nor worried)

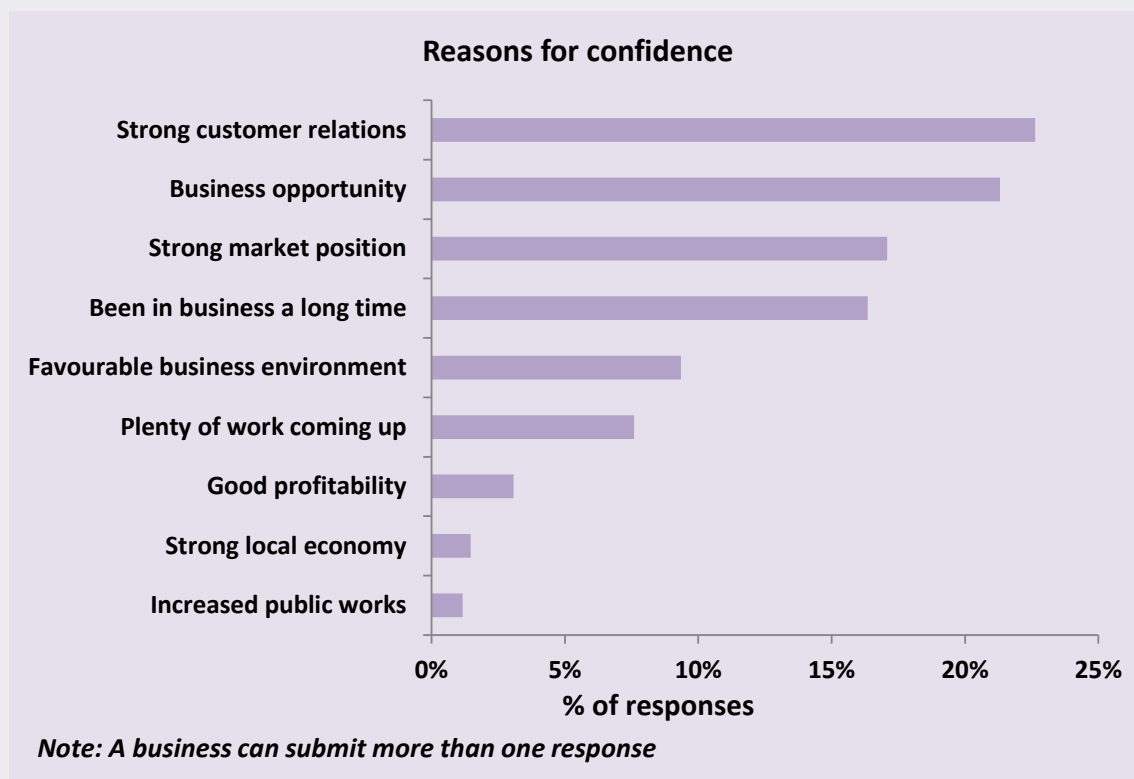
CONFIDENCE IN THE REGIONS

Business confidence varied among the regions across the Territory, ranging from +91% in the East Arnhem region to +8% in the Daly, Tiwi, and West Arnhem region.



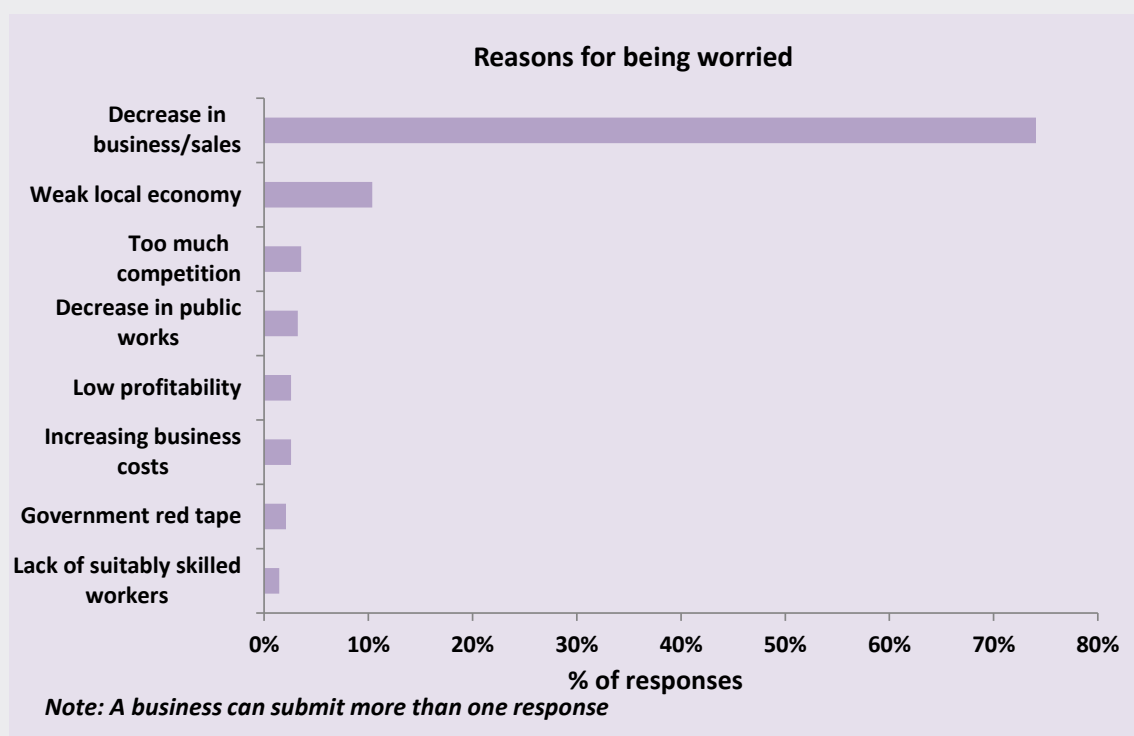
REASONS FOR CONFIDENCE

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; and been in business a long time. The graph below shows the relative importance of the key reasons for confidence.



REASONS FOR BEING WORRIED

Of those Territory businesses worried about their business prospects for the next 12 months, the main reason cited for being worried by far was a "decrease in business/sales". The graph below shows the relative importance of the key reasons for being worried.



BUSINESS CONFIDENCE BY SECTOR

The Territory-wide business confidence was +53% but varied among the sectors, ranging from +43% in the Finance and Insurance Services to +100% in Mining, and Public Administration and Safety (table below).

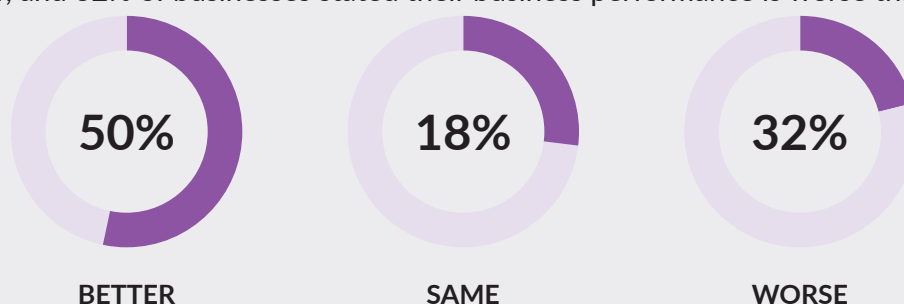
SECTOR	CONFIDENCE	WORRIED	OVERALL CONFIDENCE
Agriculture, Forestry and Fishing	91%	0%	91%
Mining	100%	0%	100%
Manufacturing	76%	19%	57%
Electricity, Gas, Water and Waste Services	80%	0%	80%
Construction	68%	17%	51%
Wholesale Trade	70%	20%	50%
Retail Trade	69%	9%	60%
Accommodation and Food Services	69%	16%	53%
Transport, Postal and Warehousing	62%	8%	54%
Information Media and Telecommunications	75%	0%	75%
Financial and Insurance Services	57%	14%	43%
Rental, Hiring and Real Estate Services	75%	0%	75%
Professional, Scientific and Technical Services	70%	7%	63%
Administrative and Support Services	69%	19%	50%
Public Administration and Safety	100%	0%	100%
Education and Training	62%	0%	62%
Health Care and Social Assistance	82%	0%	82%
Arts and Recreation Services	81%	11%	70%
Other Services	67%	15%	53%

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 50% of Territory businesses noted that their business performance is better this year compared to last year, while 18% of the businesses stated that business performance is the same as last year, and 32% of businesses stated their business performance is worse than last year.



However, business performance levels varied among businesses in the regions (table below).

BUSINESS PERFORMANCE THIS YEAR COMPARED TO LAST YEAR BY REGION

STATISTICAL AREA LEVEL 3 (SA3) REGIONS	BUSINESS PERFORMANCE		
	Better	Same	Worse
Greater Darwin	44%	25%	31%
Darwin City/Suburbs	43%	25%	32%
Palmerston	47%	23%	30%
Litchfield	56%	28%	17%
Katherine (Big Rivers)	66%	15%	19%
East Arnhem	35%	0%	65%
Daly, Tiwi & West Arnhem	38%	15%	46%
Barkly/Tennant Creek	56%	3%	41%
Alice Springs	61%	15%	24%
Territory-wide	50%	18%	32%

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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