

# NORTHERN TERRITORY BUSINESS CONFIDENCE SURVEY

March Quarter 2017

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### SUMMARY

- The Territory-wide business confidence level was +43%, 10 percentage points lower than the December quarter 2016 index.
- 622 businesses were surveyed across Territory regions and industry sectors between 1 January and 31 March 2017.
- Business confidence by region ranged from +81% in Barkly to +33.3% in East Arnhem.
- 47% of the Territory businesses expected to perform better this year compared to the previous year, 10 percentage points lower than the December quarter 2016 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).

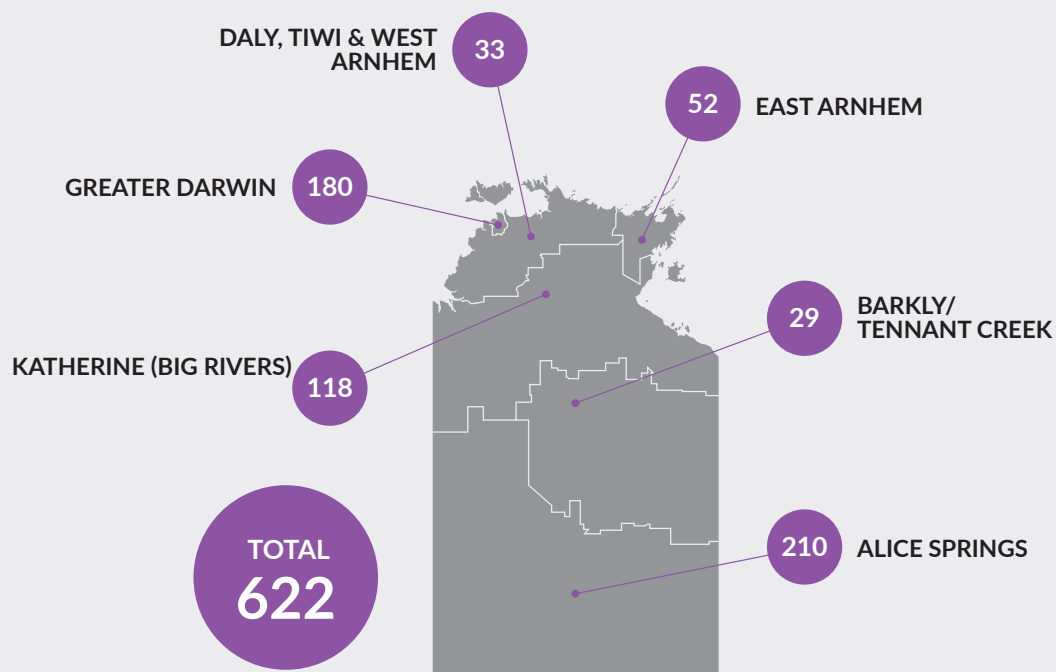
Monitoring business confidence levels is important as it is a key barometer and a leading indicator of business conditions and the overall health of the economy. Business confidence drives business growth and investment, supports employment opportunities and attracts people to the region.

### NUMBER OF BUSINESSES SURVEYED

A total of 622 businesses were surveyed across the Territory between 1 January and 31 March 2017 (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	10,328	180	1.7%
Daly-Tiwi-West Arnhem	348	33	9.5%
East Arnhem	181	52	28.7%
Katherine (Big Rivers)	896	118	13.2%
Barkly-Tennant Creek	216	29	13.4%
Alice Springs	2,001	210	10.5%
Unclassified	327	-	
<b>TOTAL</b>	<b>14,297</b>	<b>622</b>	<b>4.4%</b>

\*Source: ABS Cat. No. 8165.0

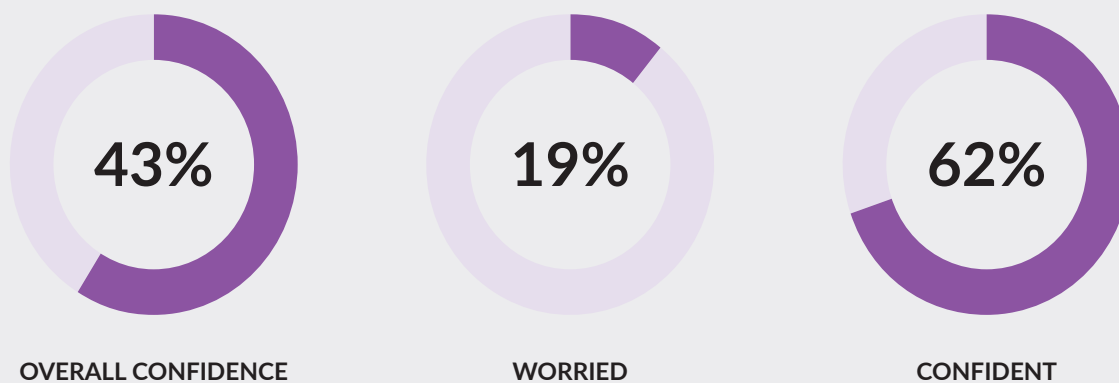
## BUSINESS CONFIDENCE

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

### OVERALL CONFIDENCE

In the March quarter 2017, the Territory-wide business confidence index was +43%. The response rate for this question was 88%.

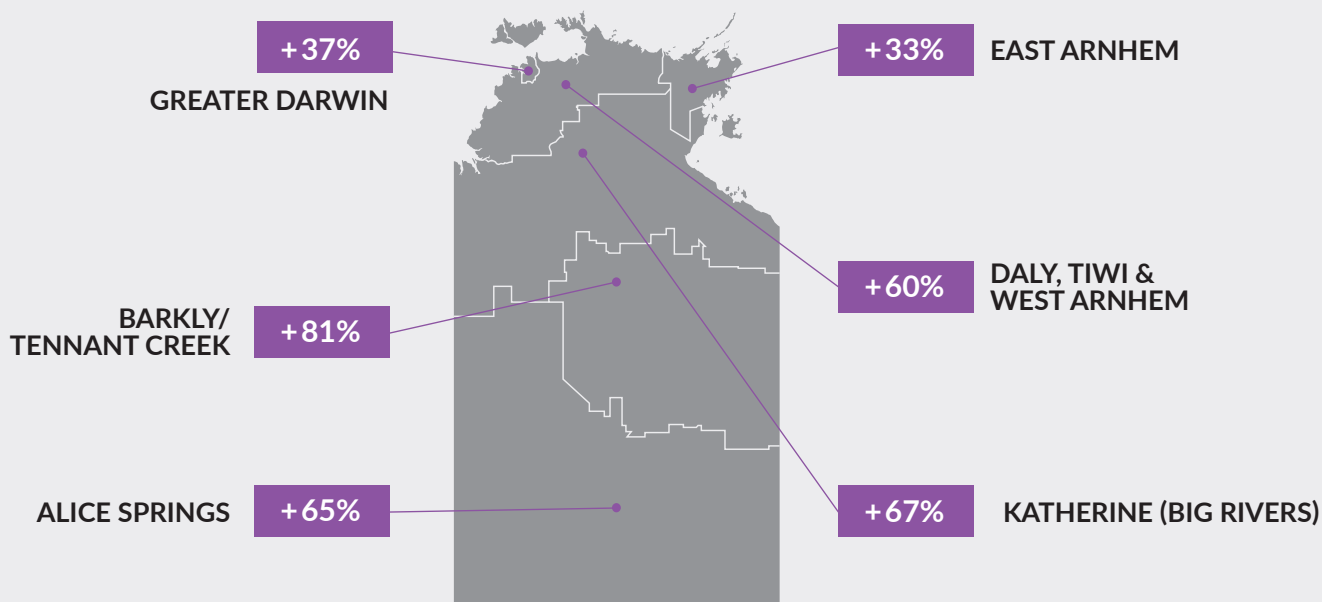
### OVERALL BUSINESS CONFIDENCE INDEX



Note: 19% 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 +33% in the East Arnhem region.



## CONFIDENCE TRENDS

### OVERALL CONFIDENCE - TERRITORY WIDE

	March 2017	December 2016	September 2016
Confident	62%	66%	66%
Worried	19%	13%	13%
Net balance	43%	53%	53%

The above table shows the business confidence over the last three quarters. As the survey progresses through the years, a stable business confidence trend could be established. The March quarter 2017 business confidence fell 10 percentage points to 43% from the previous quarter.

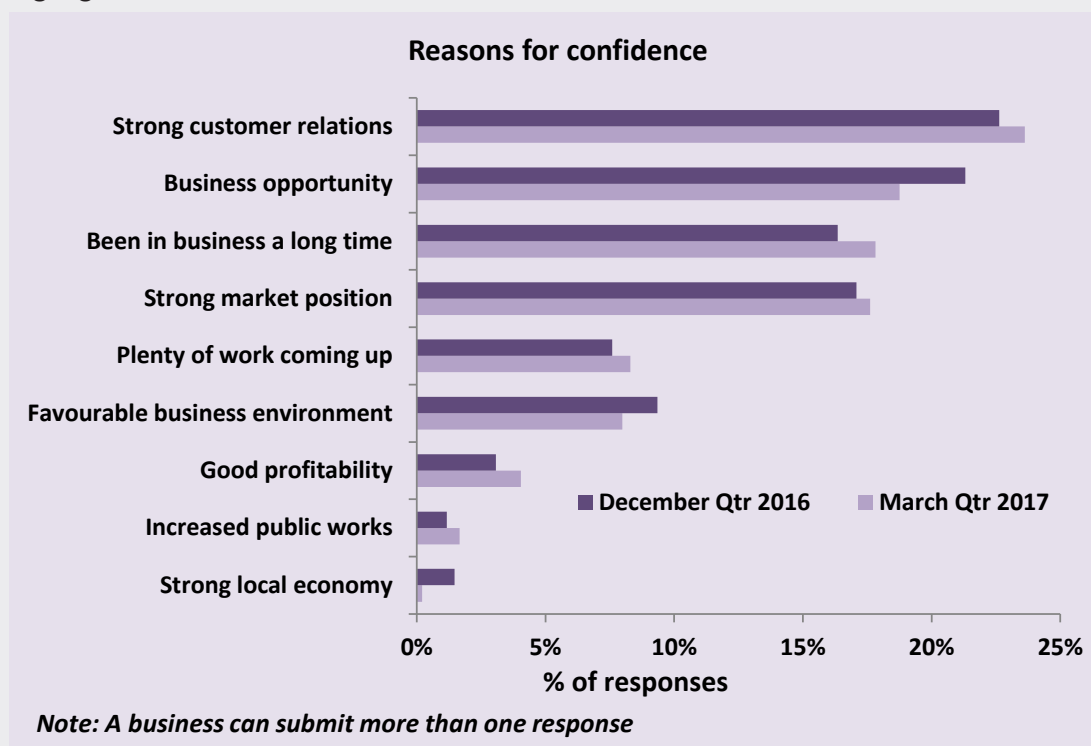
### CONFIDENCE IN THE REGIONS

REGION	March 2017	December 2016	September 2016
<b>Greater Darwin</b>			
Confident	59%	62%	63%
Worried	22%	15%	15%
Net balance	37%	46%	48%
<b>Daly-Tiwi-West Arnhem</b>			
Confident	73%	46%	68%
Worried	13%	38%	0%
Net balance	60%	8%	68%
<b>East Arnhem</b>			
Confident	63%	90%	75%
Worried	29%	0%	10%
Net balance	33%	90%	65%
<b>Katherine (Big Rivers)</b>			
Confident	73%	76%	84%
Worried	6%	6%	5%
Net balance	67%	70%	79%
<b>Barkly-Tennant Creek</b>			
Confident	85%	84%	75%
Worried	4%	9%	10%
Net balance	81%	75%	65%
<b>Alice Springs</b>			
Confident	74%	83%	72%
Worried	9%	6%	9%
Net balance	65%	77%	63%

Business confidence improved in Barkly/Tennant Creek and Daly-Tiwi-West Arnhem, and declined in the other regions in the March quarter 2017 compared to the previous quarter.

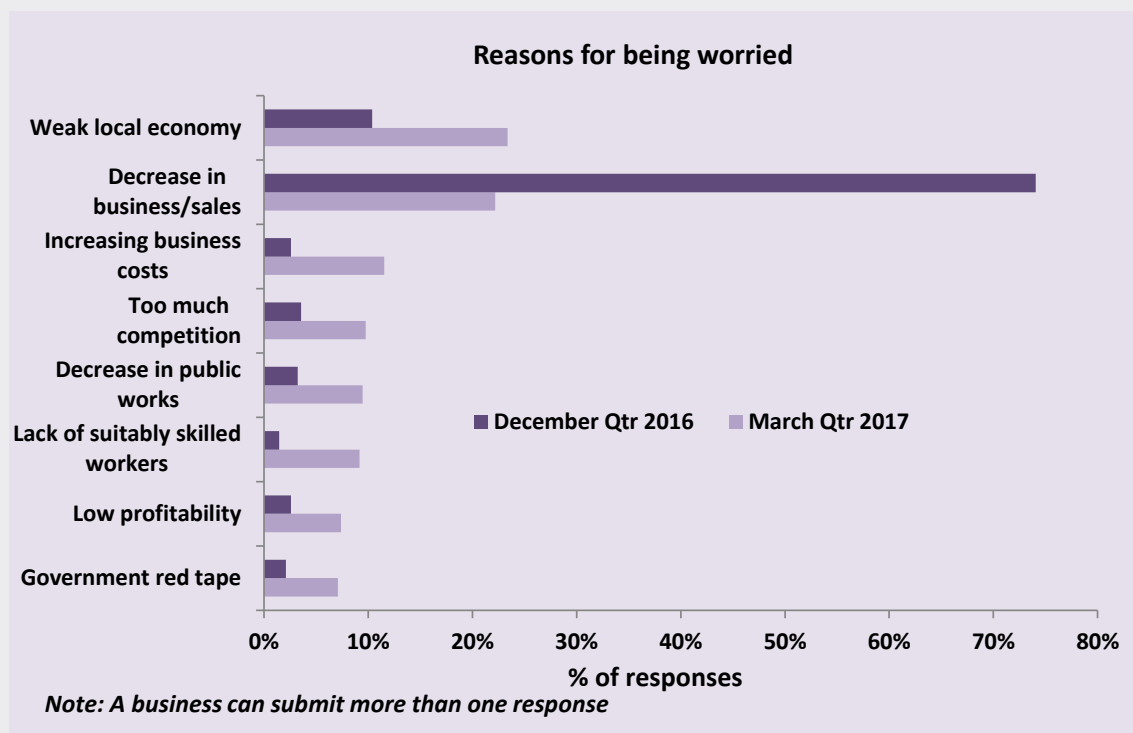
## REASONS FOR CONFIDENCE

Of the Territory businesses confident about their business prospects for the next 12 months, key reasons cited are strong customer relations; business opportunity; been in business a long time; and strong market position. 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; 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 +43% but varied among the sectors, ranging from -33% in Mining to +100% in Agriculture, Forestry and Fishing; and Public Administration and Safety (table below). Previous quarter confidence levels are shown for comparison purposes.

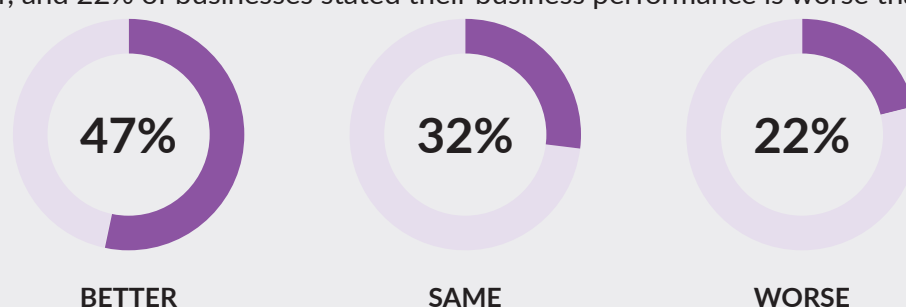
SECTOR	CONFIDENCE	WORRIED	OVERALL CONFIDENCE	
			Mar Qtr 2017	Dec Qtr 2016
Agriculture, Forestry and Fishing	100%	0%	100%	91%
Mining	33%	67%	-33%	100%
Manufacturing	75%	13%	62%	57%
Electricity, Gas, Water and Waste Services	91%	0%	91%	80%
Construction	66%	22%	44%	51%
Wholesale Trade	67%	11%	56%	50%
Retail Trade	65%	18%	47%	60%
Accommodation and Food Services	55%	21%	34%	53%
Transport, Postal and Warehousing	63%	13%	50%	54%
Information Media and Telecommunications	80%	20%	60%	75%
Financial and Insurance Services	86%	14%	72%	43%
Rental, Hiring and Real Estate Services	56%	22%	34%	75%
Professional, Scientific and Technical Services	67%	12%	55%	63%
Administrative and Support Services	83%	8%	75%	50%
Public Administration and Safety	100%	0%	100%	100%
Education and Training	63%	13%	50%	62%
Health Care and Social Assistance	61%	9%	52%	82%
Arts and Recreation Services	59%	9%	50%	70%
Other Services	79%	12%	67%	53%

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

## BUSINESS PERFORMANCE

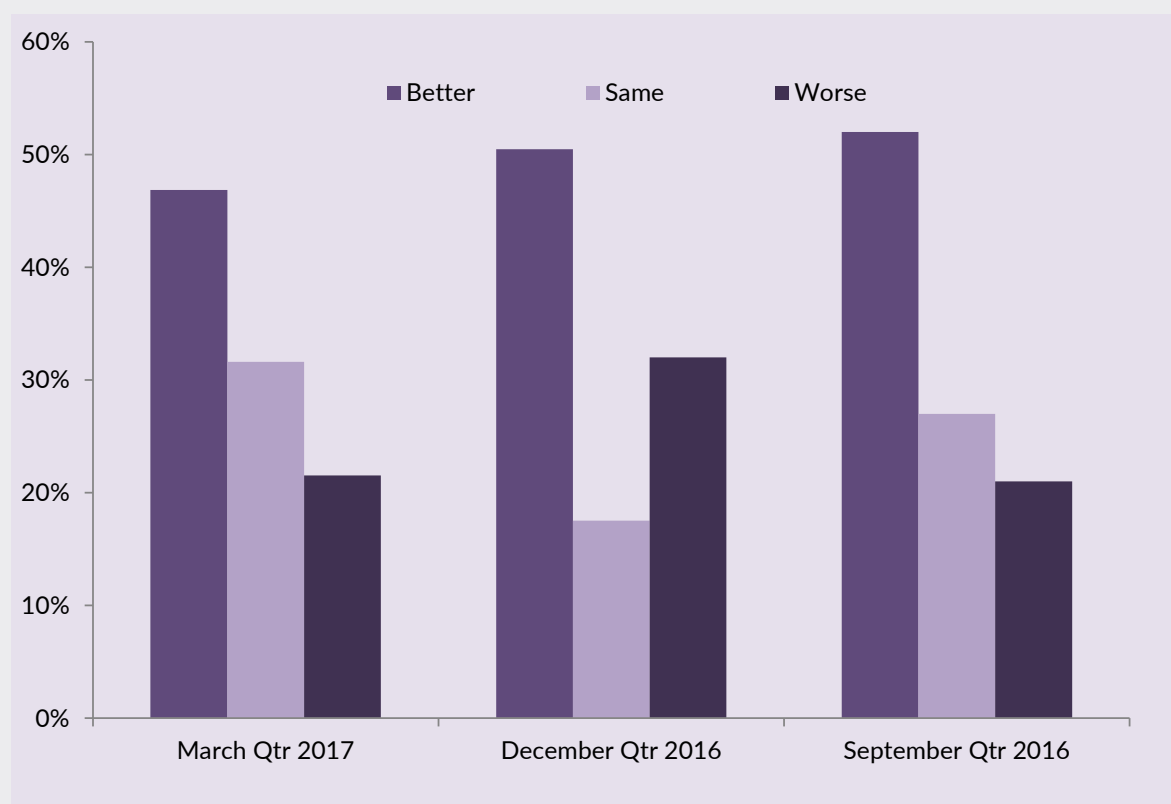
### Q. How is your business performing this year compared to last year?

About 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 lower in most of the regions as shown in the chart below. However, more businesses felt that their business performance remains the same, and fewer businesses felt that their business performance was worse. The comparison of the March quarter 2017 and the December quarter 2016 show regional variations in business performance levels.

### BUSINESS PERFORMANCE - COMPARISON WITH THE PREVIOUS QUARTERS



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	40%	30%	30%
Katherine (Big Rivers)	42%	40%	19%
East Arnhem	43%	34%	23%
Daly, Tiwi & West Arnhem	47%	27%	27%
Barkly/Tennant Creek	41%	45%	14%
Alice Springs	57%	27%	17%
<b>Territory-wide</b>	<b>47%</b>	<b>32%</b>	<b>22%</b>

## 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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