

# NORTHERN TERRITORY BUSINESS CONFIDENCE SURVEY

March Quarter 2021

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## March Quarter 2021

### SUMMARY

- The Territory-wide business confidence level was +62% in the March quarter 2021. This represents a 5 percentage point decrease from the December quarter 2020 and a 29 percentage point increase on the same quarter in 2020.
- This is the second highest level of confidence since the survey began in September 2016.
- Between 1 January and 31 March 2021, 447 businesses were surveyed across Territory regions and industry sectors.
- Business confidence by region ranged from +94% in Katherine (Big Rivers) to +21% in the Alice Springs region.
- 50% of businesses surveyed expected to perform better this year compared to the previous year, representing a 13 percentage point increase from the previous quarter.

### INTRODUCTION

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

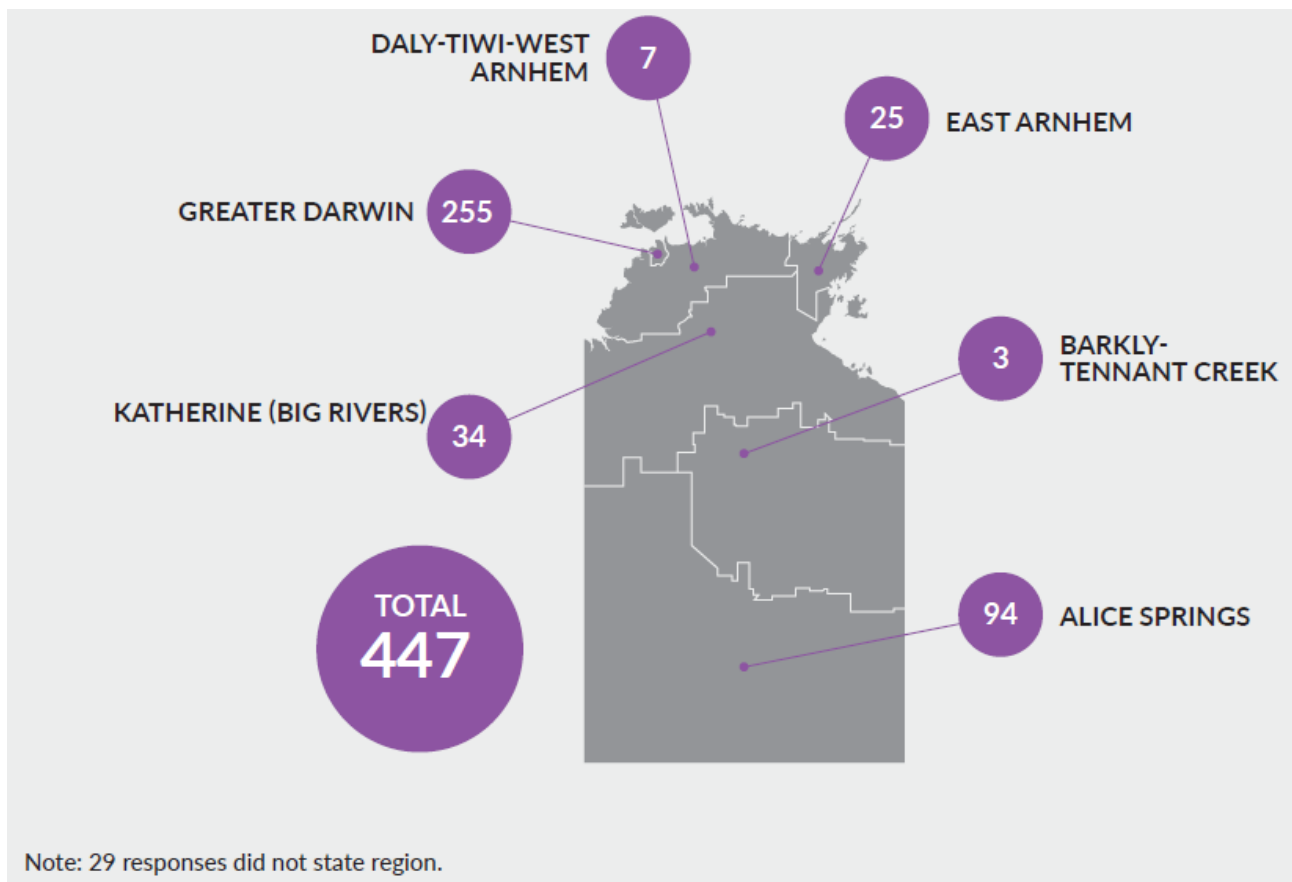
The survey covers urban and regional areas of the Territory and captures different industry sectors and business sizes (small, medium and large).

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.

Information about the survey methodology is included at the end of the report.

## NUMBER OF BUSINESSES SURVEYED BY REGIONS

(ABS STATISTICAL AREA 3 – SA3 LEVELS)



REGION	TOTAL NO OF BUSINESSES	BUSINESSES SURVEYED	PROPORTIONAL OF TOTAL
Greater Darwin	11 025	255	2.3%
Daly-Tiwi-West Arnhem	361	7	1.9%
East Arnhem	266	25	9.4%
Katherine (Big Rivers)	943	34	3.6%
Barkly-Tennant Creek	213	3	1.4%
Alice Springs	2139	94	4.4%
Unclassified	154	29	18.8%
<b>TOTAL</b>	<b>15 101</b>	<b>447</b>	<b>3.0%</b>

Source: ABS Cat. No. 81650.0

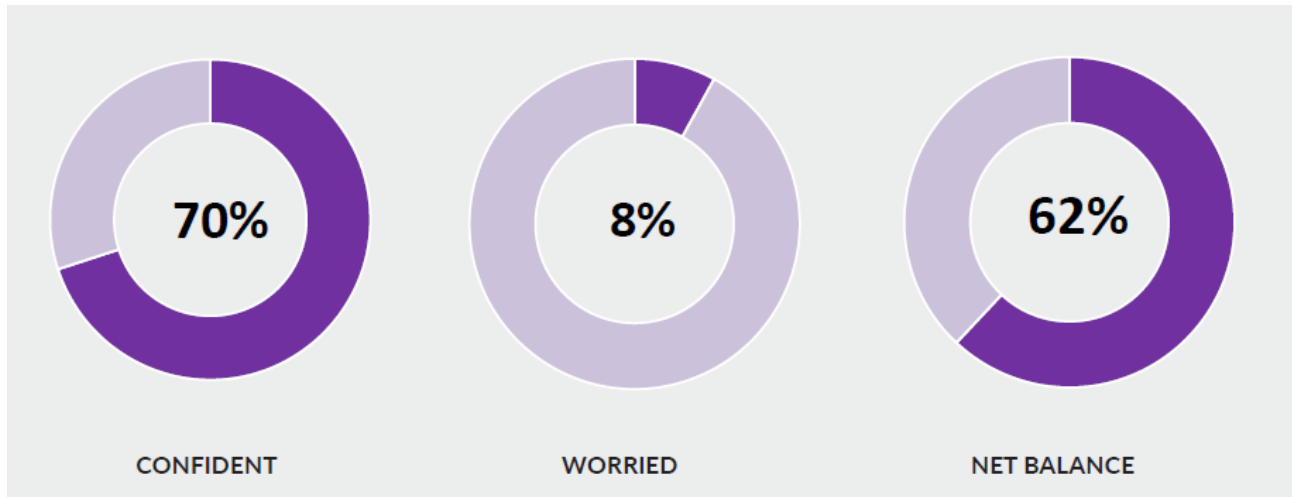
## BUSINESS CONFIDENCE

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

### TERRITORY WIDE

In the March quarter 2021, the Territory-wide business confidence index was +62%. The response rate for this question was 95.4%.

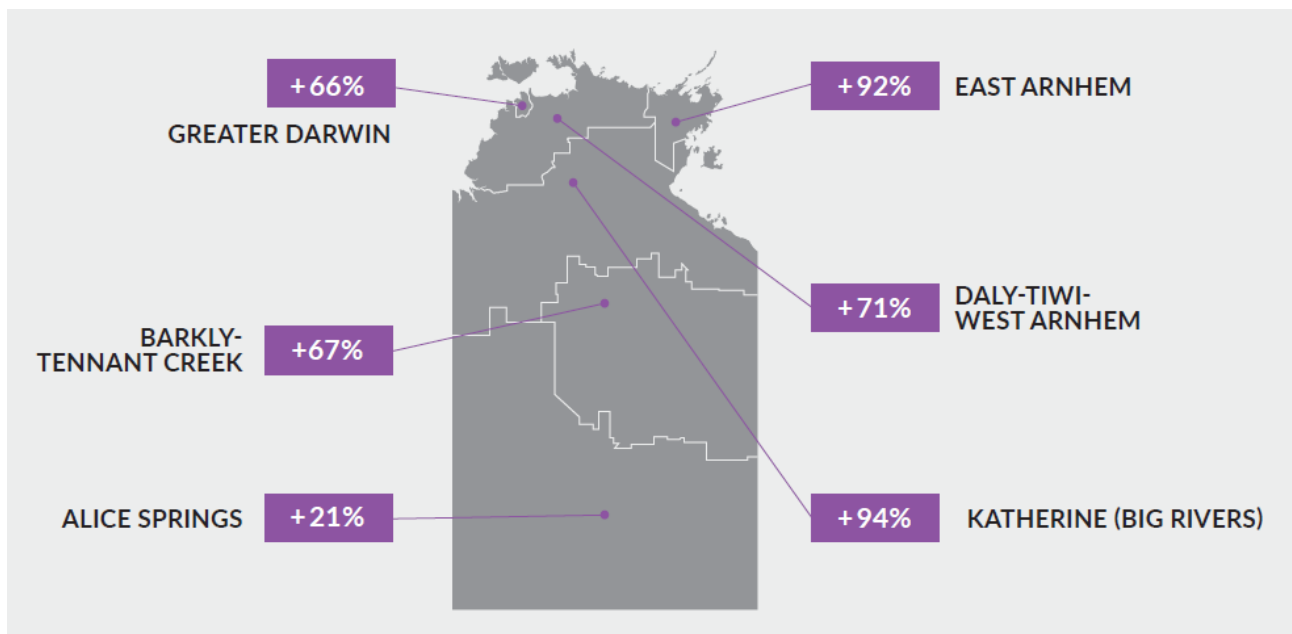
### OVERALL BUSINESS CONFIDENCE INDEX



Note: 22% of the responses remained neutral (neither confident nor worried)

### REGIONAL SUMMARY

Business confidence varied among Territory regions, ranging from +94% in Katherine (Big Rivers) to +21% in the Alice Springs region.



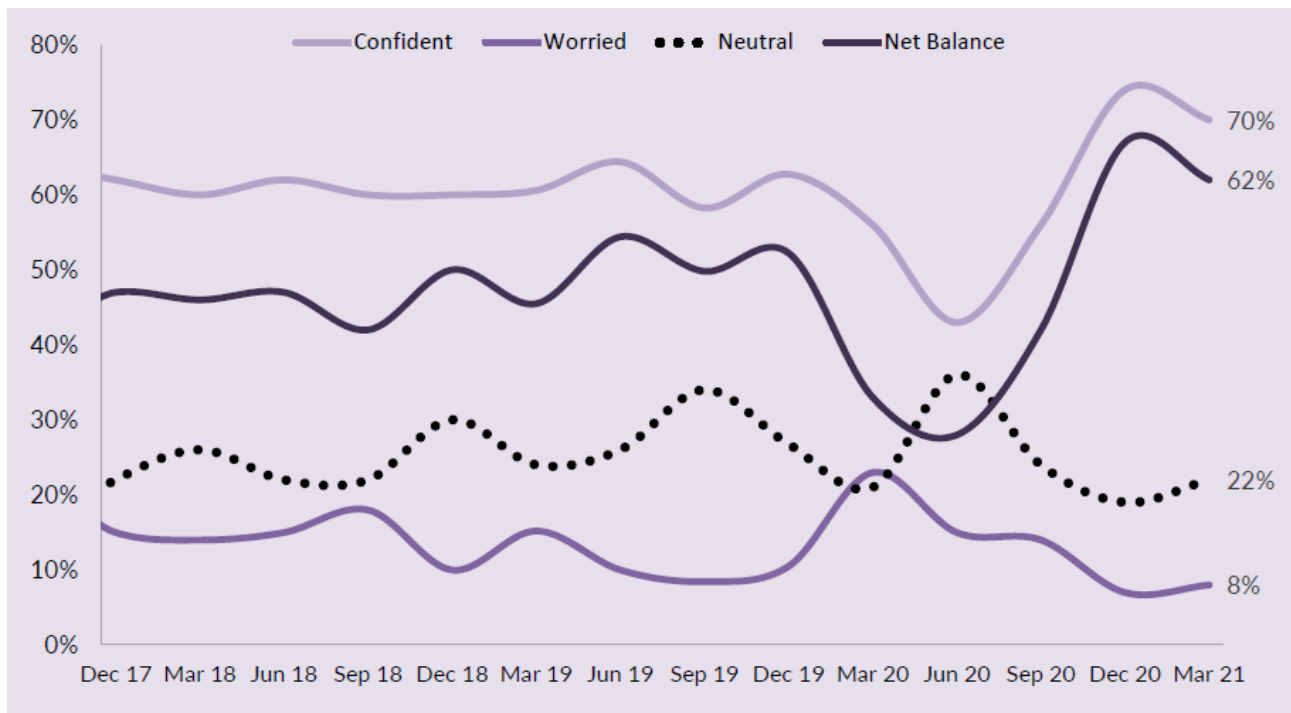
## CONFIDENCE TRENDS

### TERRITORY WIDE

	Mar Qtr 2020	Jun Qtr 2020	Sep Qtr 2020	Dec Qtr 2020	Mar Qtr 2021
Confident	56%	43%	56%	74%	70%
Worried	23%	15%	14%	7%	8%
Net balance	33%	28%	42%	67%	62%

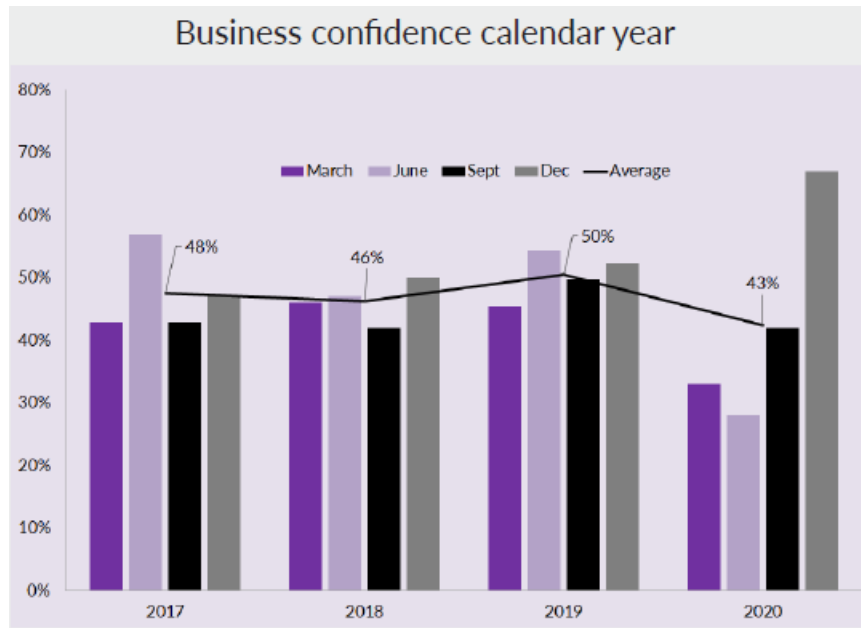
In the March quarter 2021, business confidence decreased 5 percentage points to +62% from the previous quarter. This also represents a 29 percentage point increase from the March quarter 2020.

The above table and the chart below show that the level of overall business confidence in the Territory has rebounded strongly since the June quarter 2020, and is now at the second highest level on record since the survey began in September 2016.



## ANNUAL AVERAGE BUSINESS CONFIDENCE

Yearly average business confidence in 2020 was +43%, compared to +50% in 2019. The lower annual average business confidence in 2020 was primarily due to restrictions related to COVID-19.



## BUSINESS CONFIDENCE BY REGION

In the March quarter 2021, business confidence decreased in all regions except East Arnhem and Katherine (Big Rivers), where confidence increased.

REGION	Mar Qtr 2020	Jun Qtr 2020	Sep Qtr 2020	Dec Qtr 2020	Mar Qtr 2021
Greater Darwin					
Confident	55%	42%	58%	75%	71%
Worried	22%	15%	12%	4%	5%
Net balance	33%	26%	46%	71%	66%
Daly-Tiwi-West Arnhem					
Confident	78%	22%	66%	93%	71%
Worried	11%	56%	14%	0%	0%
Net balance	67%	-33%	52%	93%	71%
East Arnhem					
Confident	72%	100%	94%	80%	92%
Worried	16%	0%	5%	4%	0%
Net balance	56%	100%	89%	76%	92%
Katherine (Big Rivers)					
Confident	61%	n.a.	23%	72%	94%
Worried	26%	n.a.	15%	8%	0%

REGION	Mar Qtr 2020	Jun Qtr 2020	Sep Qtr 2020	Dec Qtr 2020	Mar Qtr 2021
Net balance	35%	n.a.	8%	64%	94%
Barkly-Tennant Creek					
Confident	100%	0%	100%	100%	67%
Worried	0%	0%	0%	0%	0%
Net balance	100%	0%	100%	100%	67%
Alice Springs					
Confident	52%	50%	56%	65%	47%
Worried	27%	32%	29%	22%	26%
Net balance	25%	18%	27%	43%	21%

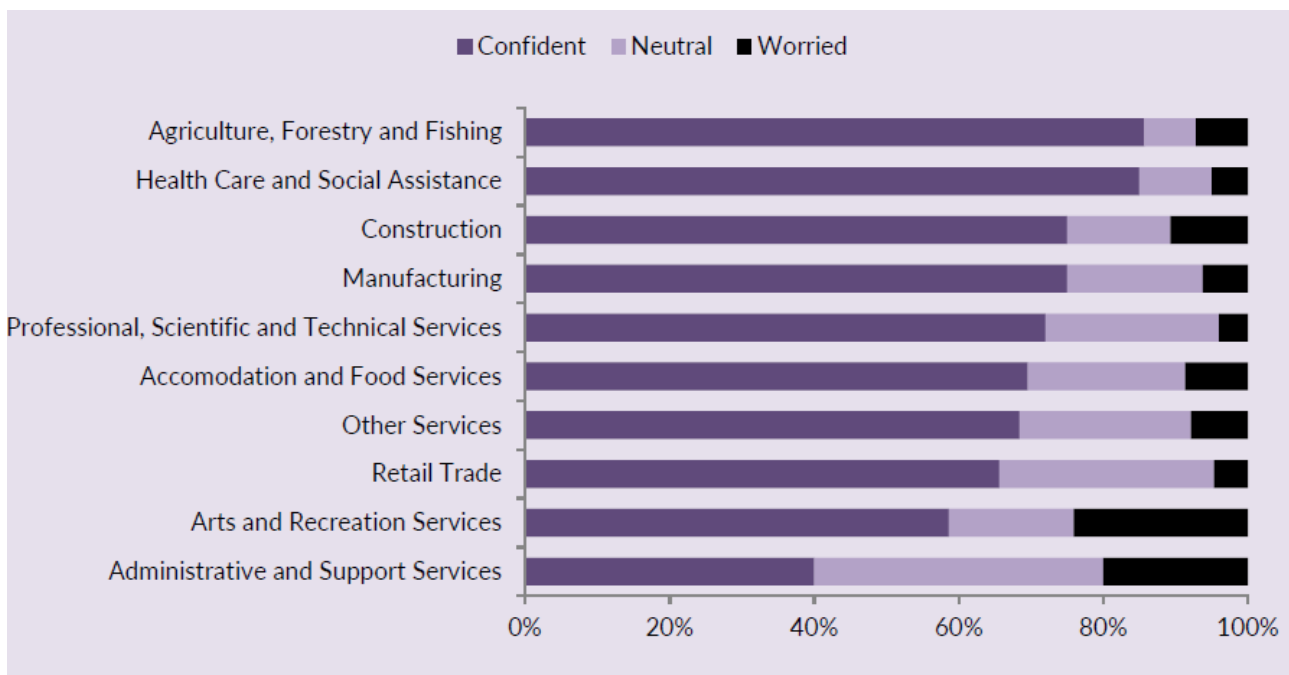
## BUSINESS CONFIDENCE BY INDUSTRY

In the March quarter 2021, business confidence decreased in all industries except: Agriculture, Forestry and Fishing; Electricity, Gas, Water and Waste Services; Accommodation and Food Services; Professional, Scientific and Technical Services; Health Care and Social Assistance; and Other Services. The chart below displays the top 10 most surveyed industries.

SECTOR	CONFIDENT	WORRIED	NET BALANCE		
			Mar Qtr 2021	Dec Qtr 2020	Sep Qtr 2020
Administrative and Support Services	40%	20%	20%	64%	60%
Arts and Recreation Services	59%	24%	35%	50%	0%
Retail Trade	66%	5%	61%	67%	63%
Other Services	68%	8%	60%	77%	37%
Accommodation and Food Services	70%	9%	61%	50%	6%
Professional, Scientific and Technical Services	72%	4%	68%	64%	100%
Manufacturing	75%	6%	69%	78%	14%
Construction	75%	11%	64%	74%	55%
Health Care and Social Assistance	85%	5%	80%	71%	70%
Agriculture, Forestry and Fishing	86%	7%	79%	38%	67%

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

## INDUSTRY EXPECTATIONS

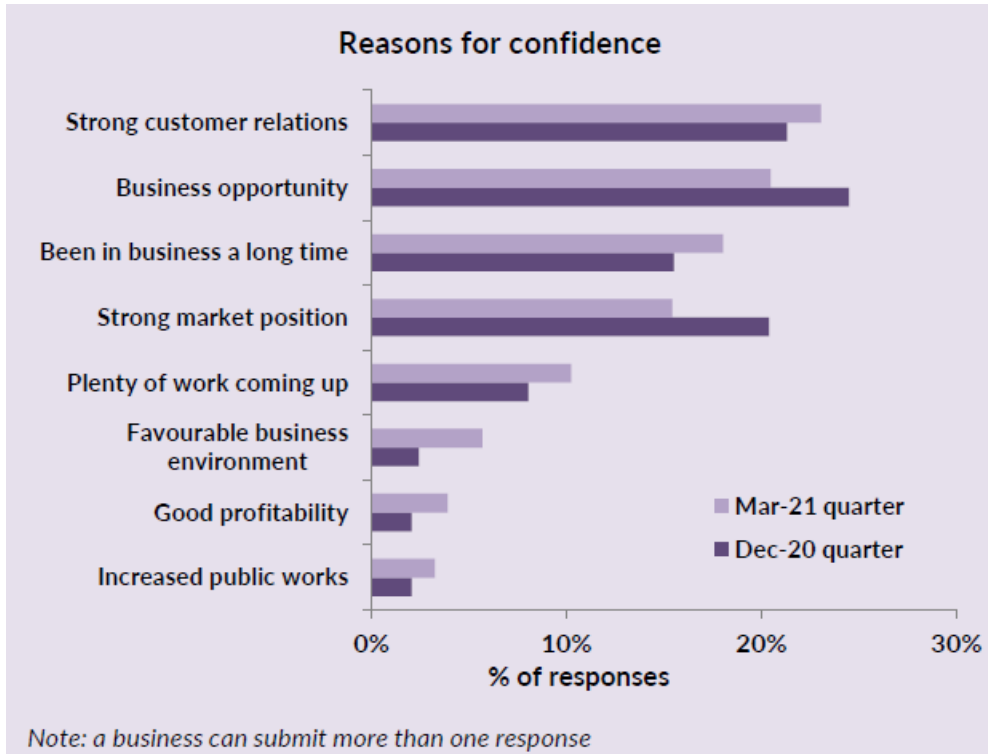




## KEY BUSINESS INSIGHTS

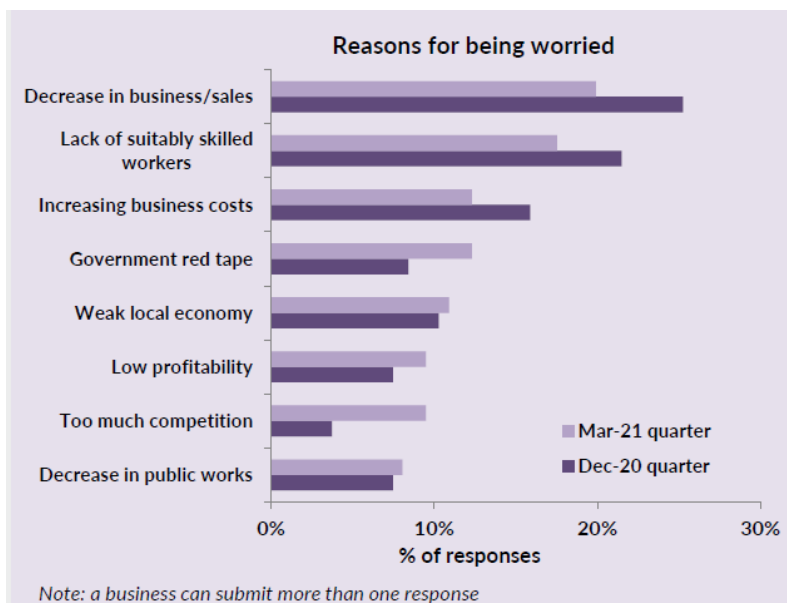
### CONFIDENT

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.



### WORRIED

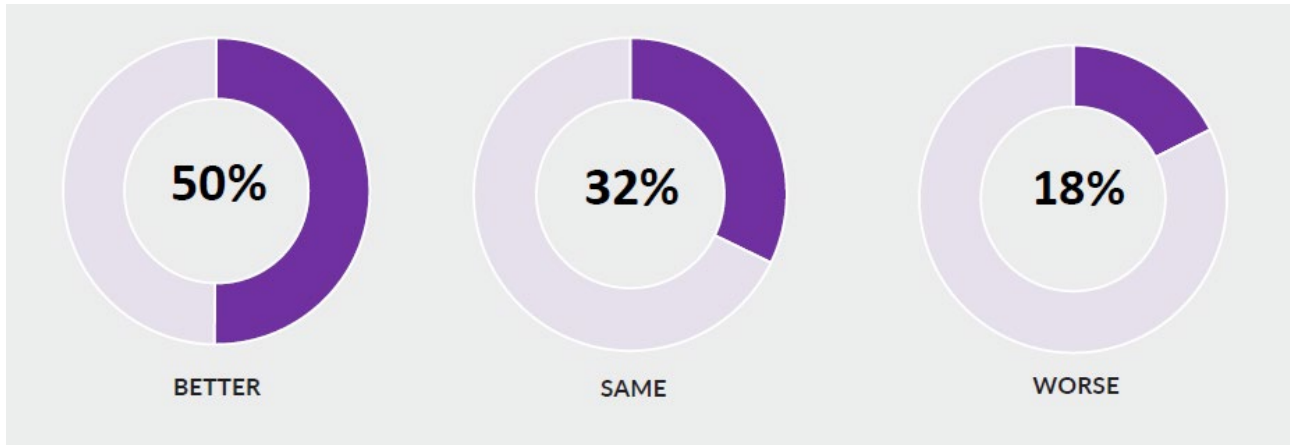
Of those Territory businesses worried about their business prospects for the next 12 months, the main reasons cited for being worried are: 'decrease in business/sales'; 'lack of suitably skilled workers'; and 'increasing business costs'. The graph below shows the relative importance of the key reasons for being worried for the last two quarters.



## BUSINESS PERFORMANCE

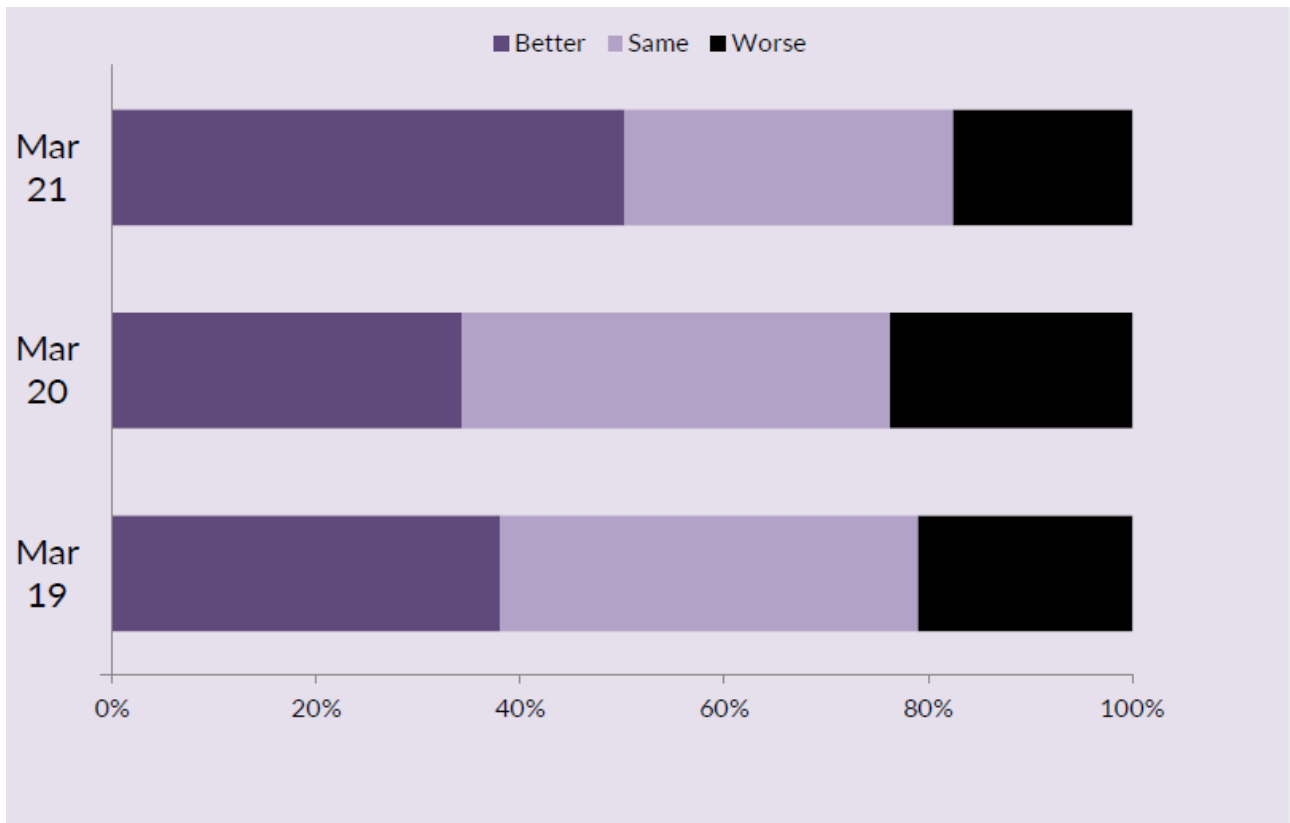
### Q. How's your business performing this year compared to last year?

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



### TREND IN BUSINESS PERFORMANCE

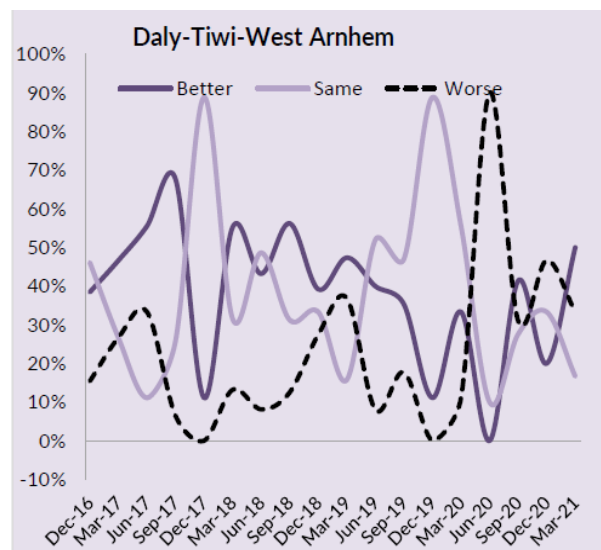
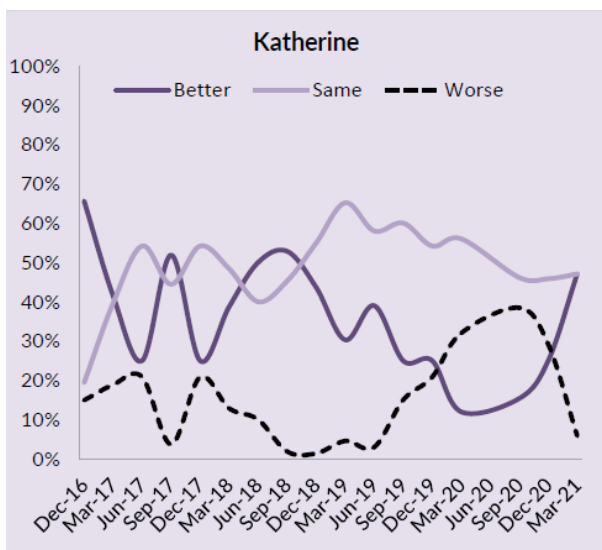
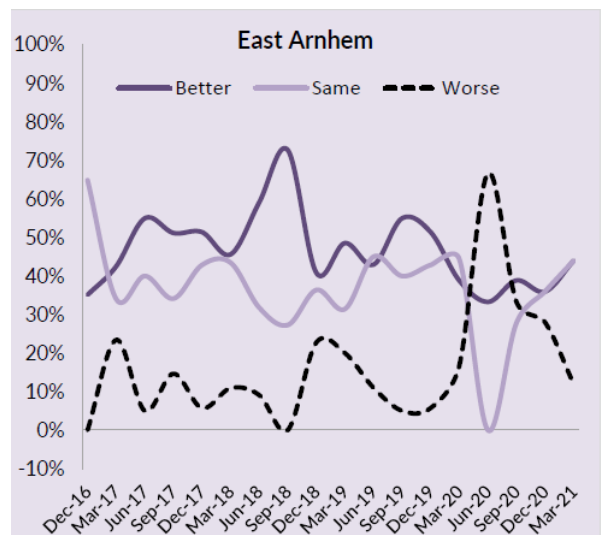
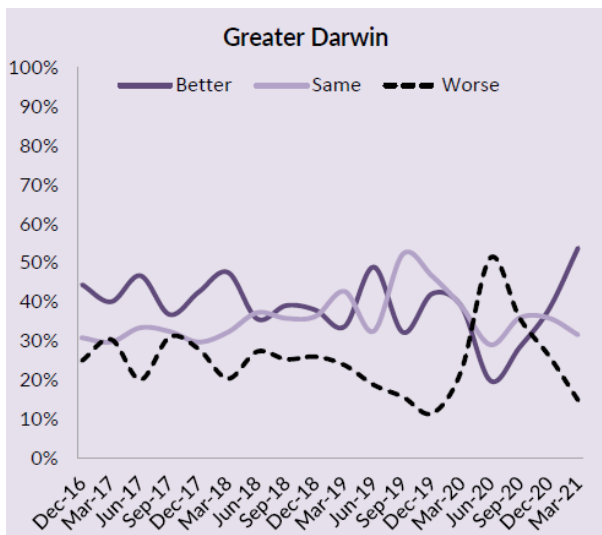
Compared to the same quarter in previous years, more businesses reported that their performance was getting worse. Fewer businesses reported that their performance was the same or worse compared to the previous year.

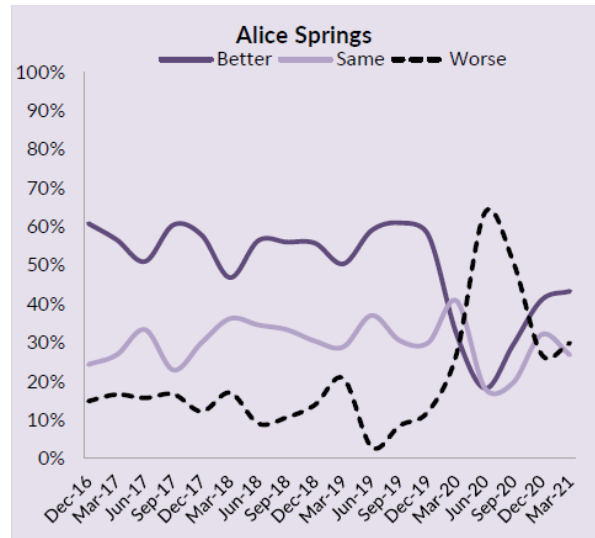
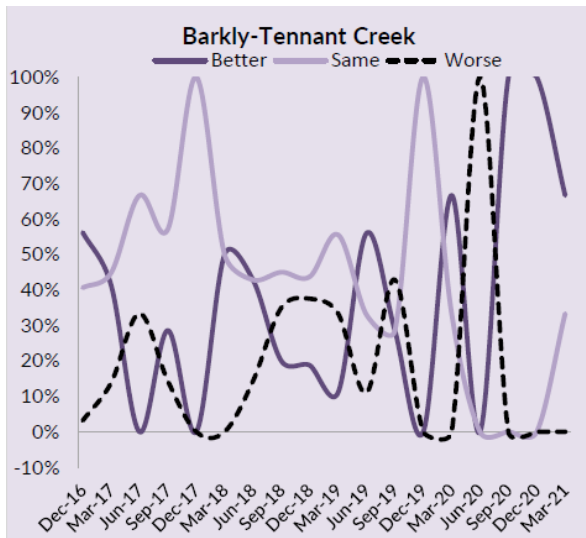


## BUSINESS PERFORMANCE BY REGION

The table and graphs below highlight that business performance levels varied among businesses in the regions. Compared to the previous quarter, expectations for business performance have improved in all regions, except for Barkly-Tennant Creek.

STATISTICAL AREA LEVEL 3 (SA3) REGIONS	BUSINESS PERFORMANCE		
	Better	Same	Worse
Greater Darwin	54%	31%	15%
Katherine (Big Rivers)	47%	47%	6%
East Arnhem	44%	44%	12%
Daly-Tiwi-West Arnhem	50%	17%	33%
Barkly-Tennant Creek	67%	33%	0%
Alice Springs	43%	27%	30%
Territory-wide	<b>50%</b>	<b>32%</b>	<b>18%</b>





## SURVEY METHODOLOGY

A face-to-face survey of businesses operating in the Territory is conducted by the Department of Industry, Tourism and Trade (DITT) 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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