

# NORTHERN TERRITORY BUSINESS CONFIDENCE SURVEY

September Quarter 2020

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### SUMMARY

- The Territory-wide business confidence level was +42% in the September quarter 2020. This represents a 14 percentage point increase from the June quarter 2020 and an 8 percentage point decrease on the same quarter in 2019.
- Between 1 July and 30 September 2020, 241 businesses were surveyed across Territory regions and industry sectors.
- Business confidence by region ranged from +100% in Barkly to +8% in the Katherine region.
- 31% of businesses surveyed expected to perform better this year compared to the previous year, representing a 13 percentage point increase from the previous quarter.

*Please note that due to physical distancing and other impacts attributed to COVID-19, the number of businesses that participated in the NT Business Confidence Survey this quarter was lower than usual. As such, caution should be exercised in the use and interpretation of the data.*

### INTRODUCTION

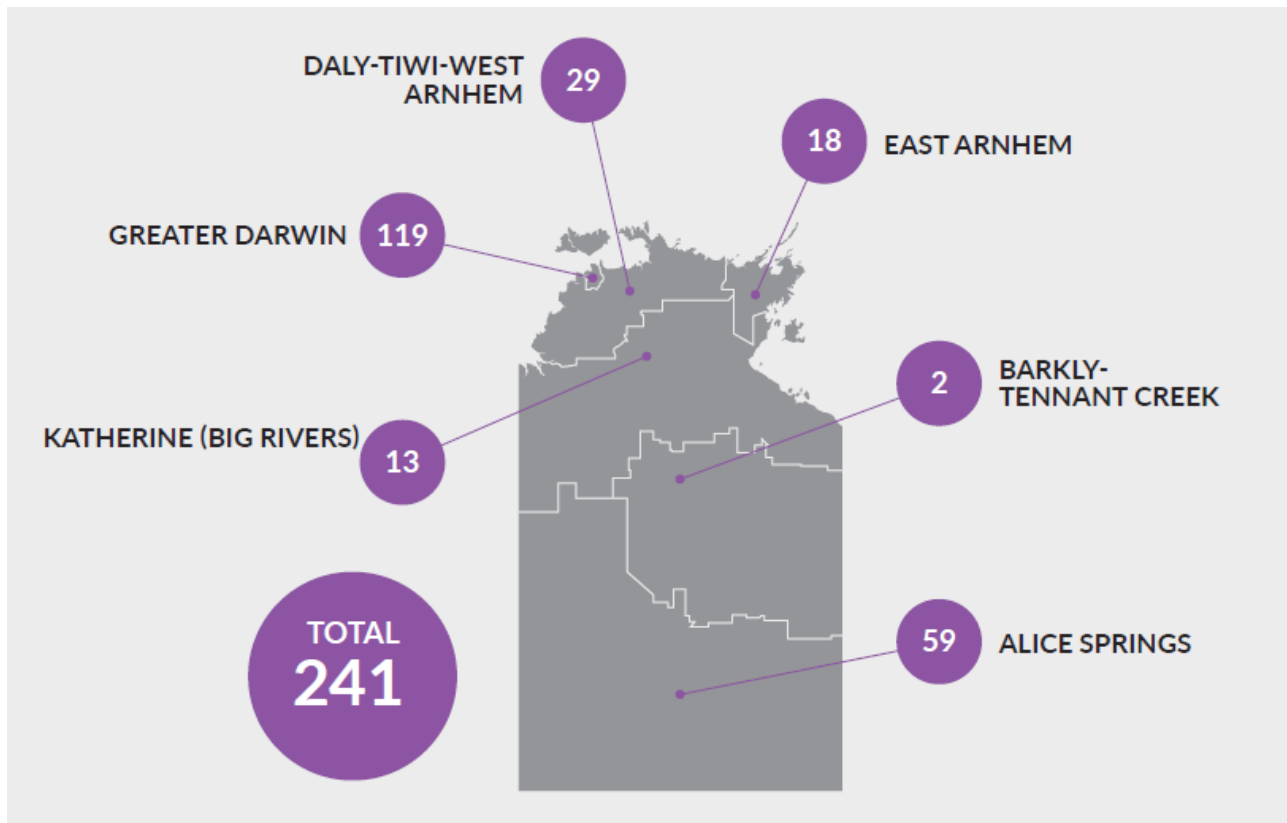
Northern Territory Business Confidence is a quarterly publication which highlights confidence levels of Territory-wide businesses.

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 – SA3 LEVELS)



REGION	TOTAL NO OF BUSINESSES	BUSINESSES SURVEYED	PROPORTION OF TOTAL
Greater Darwin	10 838	119	1.1%
Daly-Tiwi-West Arnhem	375	29	7.7%
East Arnhem	225	18	8.0%
Katherine (Big Rivers)	939	13	1.4%
Barkly-Tennant Creek	213	2	0.9%
Alice Springs	2090	59	2.8%
Unclassified	n.a	1	n.a.
<b>TOTAL</b>	<b>14 848</b>	<b>241</b>	<b>1.6%</b>

Source: ABS Cat. No. 81650.0

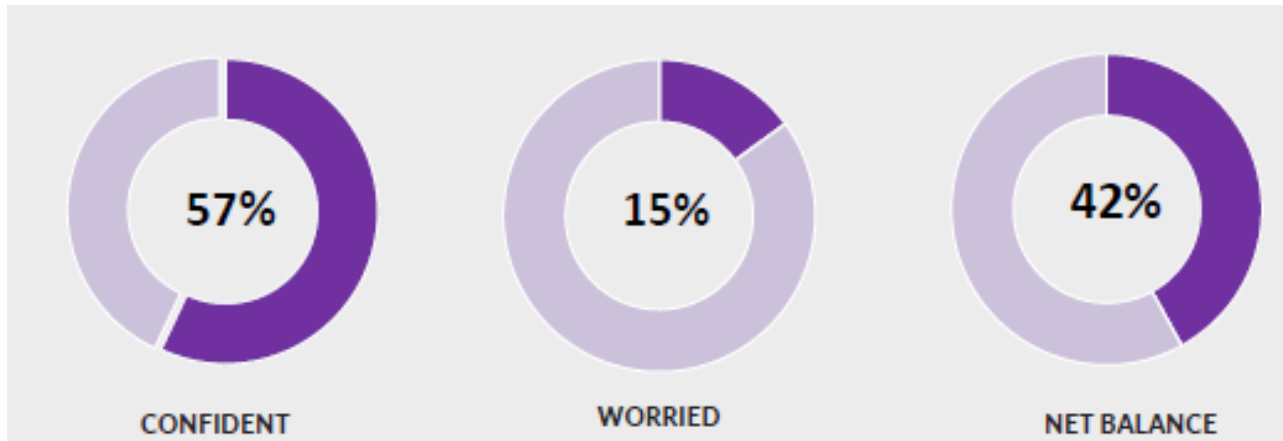
## BUSINESS CONFIDENCE

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

### TERRITORY WIDE

In the September quarter 2020, the Territory-wide business confidence index was +42%. The response rate for this question was 97.2%.

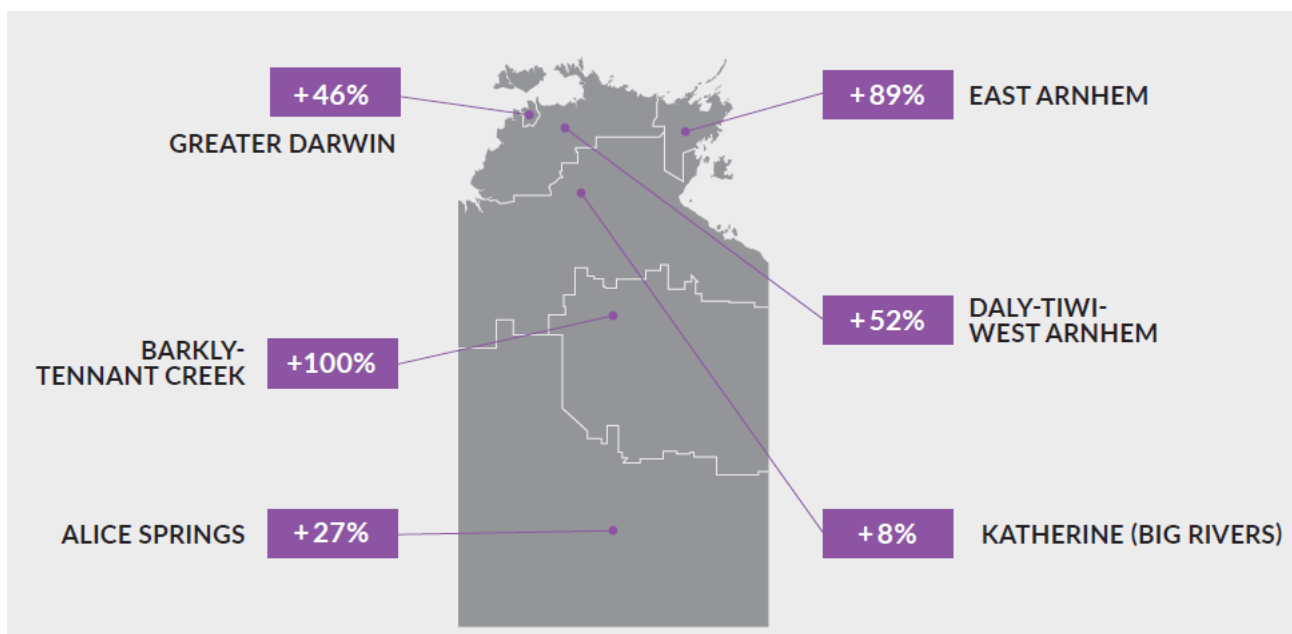
### OVERALL BUSINESS CONFIDENCE INDEX



Note: 28% of the responses remained neutral (neither confident nor worried)

### CONFIDENCE IN THE REGIONS

Business confidence varied among Territory regions, ranging from +100% in Barkly to +8% in the Katherine region.



## CONFIDENCE TRENDS

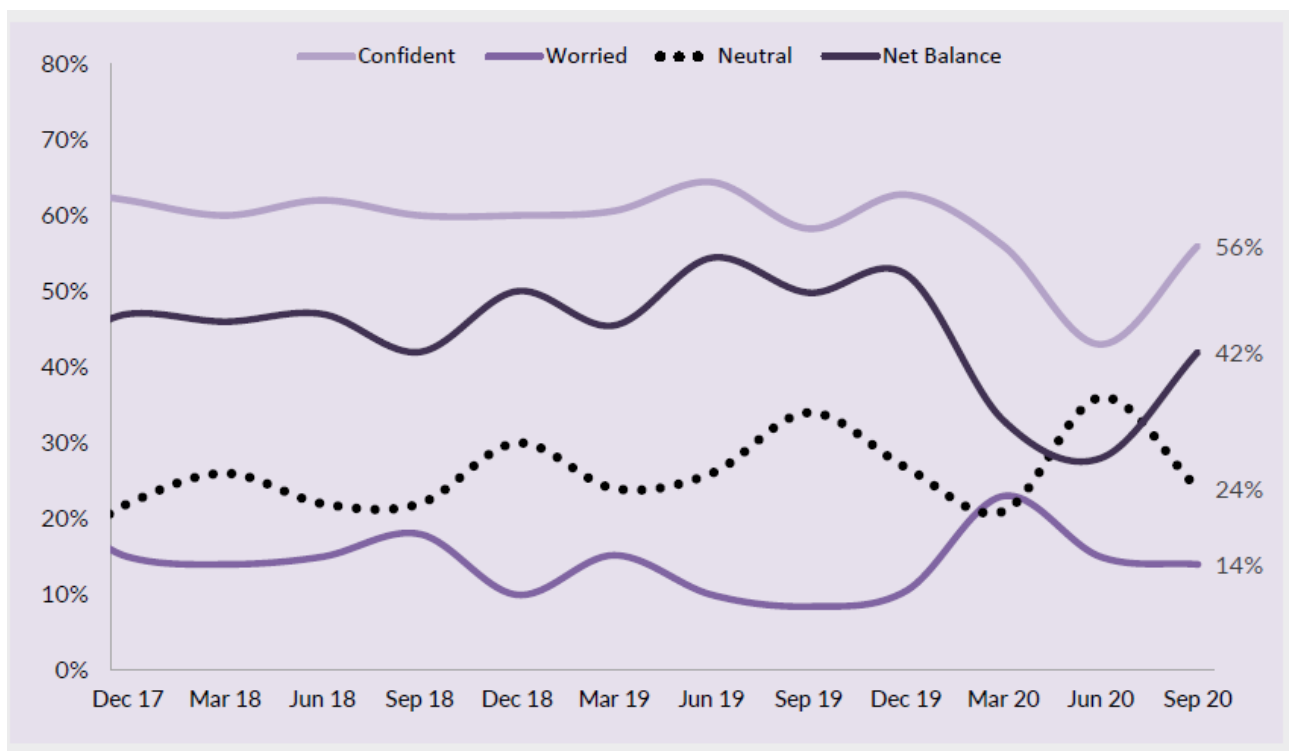
### TERRITORY WIDE

	Sep Qtr 2019	Dec Qtr 2019	Mar Qtr 2020	Jun Qtr 2020	Sep Qtr 2020
Confident	58%	63%	56%	43%	57%
Worried	8%	11%	23%	15%	15%
Net balance	50%	52%	33%	28%	42%

In the September quarter 2020, business confidence increased 14 percentage points to +42% from the previous quarter. This also represents an 8 percentage point decrease from the September quarter 2019.

The above table and the chart below show that the level of overall business confidence in the Territory has been stable and relatively buoyant until the March quarter 2020 where there was two consecutive quarters of decline, before recovering somewhat in the current quarter.

### TRENDS IN NT BUSINESS CONFIDENCE



## BUSINESS CONFIDENCE BY REGION

In the September quarter 2020, business confidence improved in all regions except East Arnhem where confidence decreased, and Katherine where the level of business confidence was not available last quarter.

REGION	Sep Qtr 2019	Dec Qtr 2019	Mar Qtr 2020	Jun Qtr 2019	Sep Qtr 2020
Greater Darwin					
Confident	53%	53%	55%	42%	58%
Worried	7%	11%	22%	15%	12%
Net balance	46%	42%	33%	26%	46%
Daly-Tiwi-West Arnhem					
Confident	71%	22%	78%	22%	66%
Worried	6%	11%	11%	56%	14%
Net balance	65%	11%	67%	-33%	52%
East Arnhem					
Confident	100%	89%	72%	100%	94%
Worried	0%	0%	16%	0%	5%
Net balance	100%	89%	56%	100%	89%
Katherine (Big Rivers)					
Confident	77%	75%	61%	n.a.	23%
Worried	8%	4%	26%	n.a.	15%
Net balance	69%	71%	35%	n.a.	8%
Barkly-Tennant Creek					
Confident	71%	67%	100%	0%	100%
Worried	14%	0%	0%	0%	0%
Net balance	57%	67%	100%	0%	100%
Alice Springs					
Confident	80%	78%	52%	50%	56%
Worried	10%	13%	27%	32%	29%
Net balance	70%	65%	25%	18%	27%

## BUSINESS CONFIDENCE BY INDUSTRY

The Territory-wide business confidence was +42% and increased for all industries except manufacturing; information, media and telecommunications; financial and insurance services; health care and social assistance; other services; electricity, gas, water and waste services; and arts and recreation services in the September quarter 2020. The table below displays the top 10 surveyed industries.

SECTOR	CONFIDENT WORRIED		NET BALANCE		
			Sep Qtr 2020	Jun Qtr 2020	Mar Qtr 2020
Arts and Recreation Services	35%	35%	0%	0%	-4%
Agriculture, Forestry and Fishing	83%	17%	66%	50%	22%
Professional, Scientific and Technical Services	100%	0%	100%	56%	25%
Financial and Insurance Services	67%	33%	34%	100%	100%
Construction	61%	6%	55%	54%	26%
Accommodation and Food Services	37%	31%	6%	-22%	33%
Administrative and Support Services	70%	10%	60%	0%	47%
Retail Trade	70%	7%	63%	7%	47%
Health Care and Social	80%	10%	70%	87%	57%
Rental, Hiring and Real Estate Services	50%	0%	50%	0%	25%

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

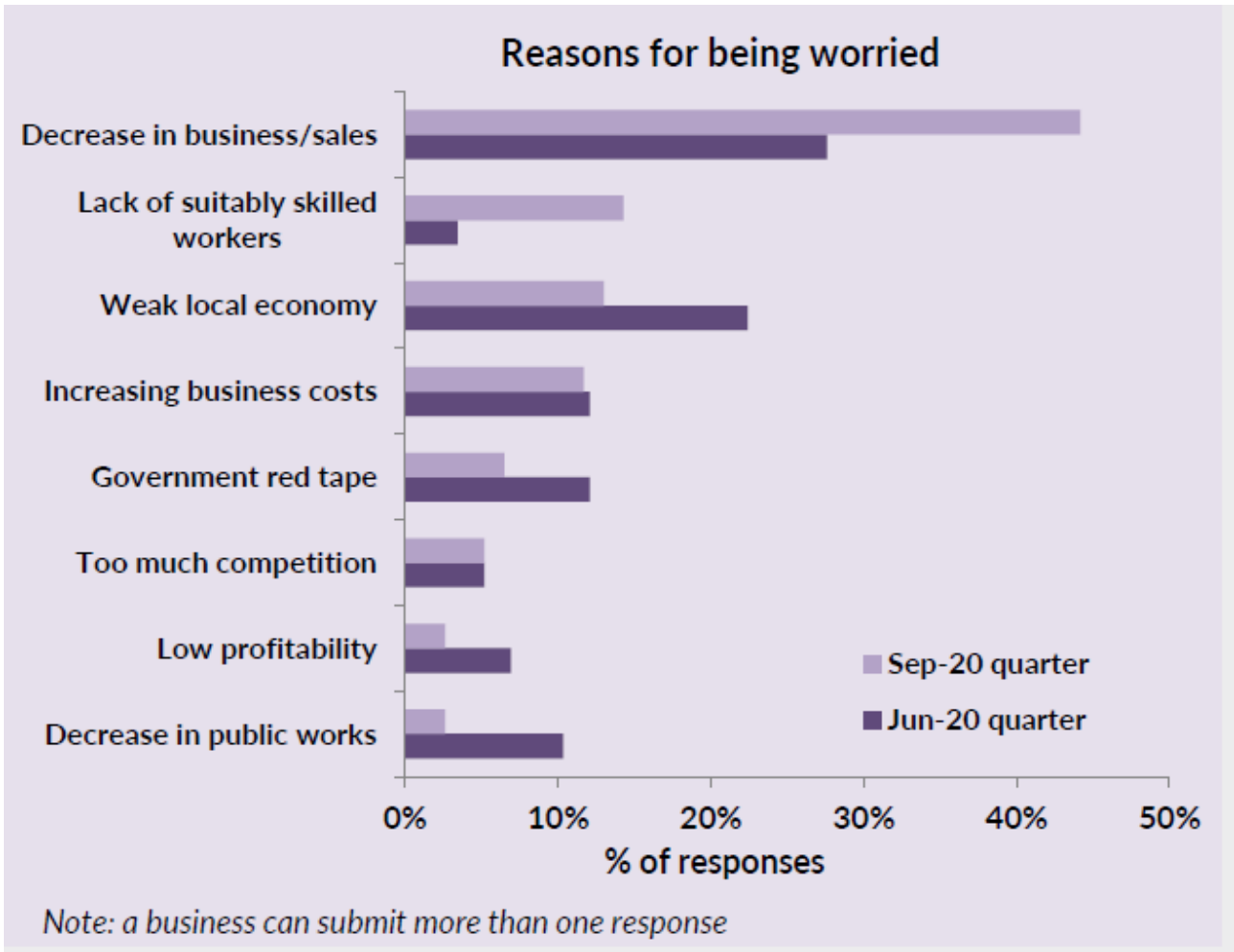
Of the Territory businesses confident about their business prospects for the next 12 months, key reasons cited are: 'strong customer relations'; 'business opportunity'; 'strong market position' and 'been in business a long time'. The graph below shows the relative importance of the key reasons for confidence.



### 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 'weak local economy'. The graph below shows the relative importance of the key reasons for being worried for the last two quarters.

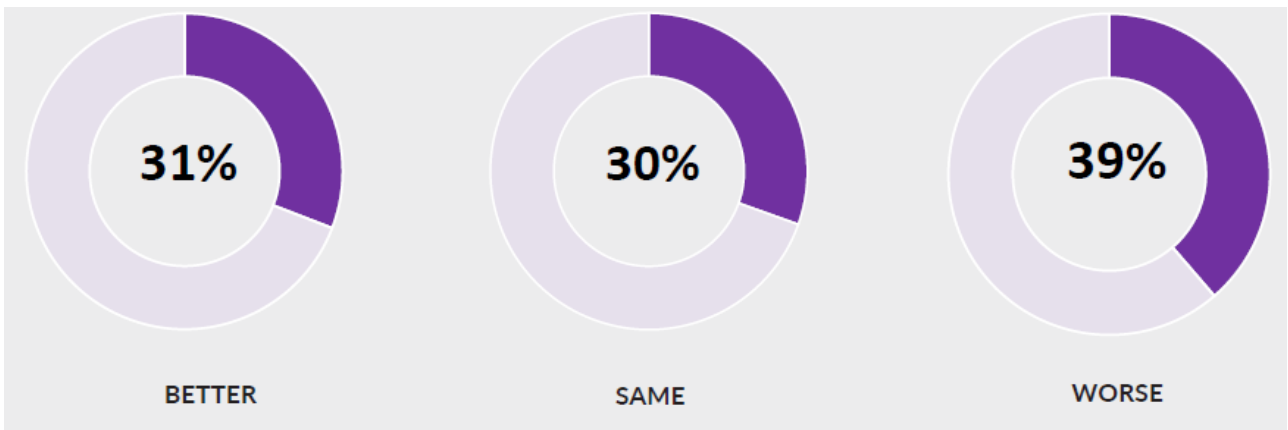




## BUSINESS PERFORMANCE

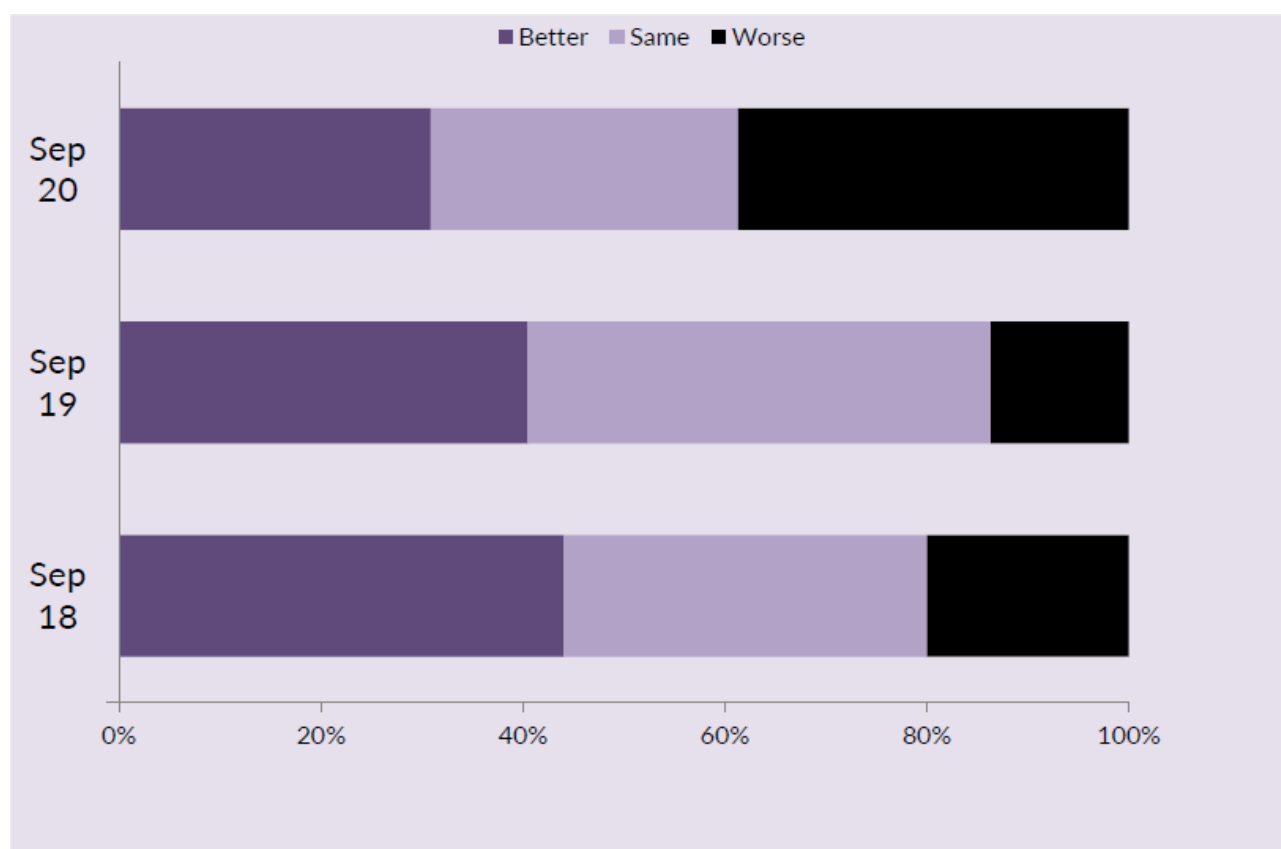
*Q. How is your business performing this year compared to last year?*

31% of Territory businesses noted that their business performance is better this year compared to last year, while 30% of the businesses stated that business performance is the same as last year, and 39% of businesses stated their business performance is worse than last year.



## TREND IN BUSINESS PERFORMANCE

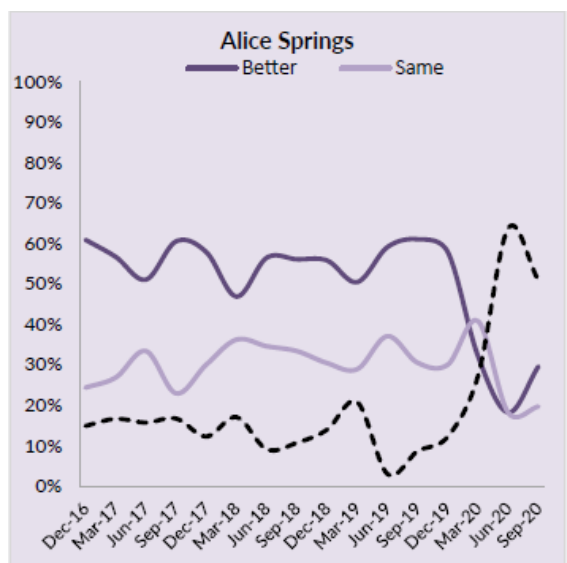
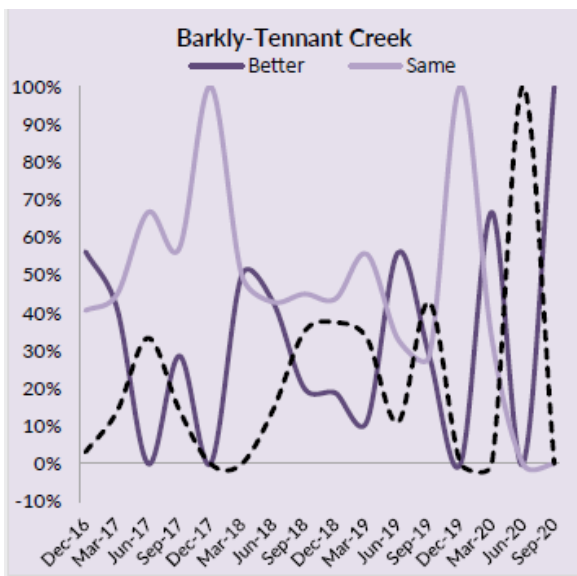
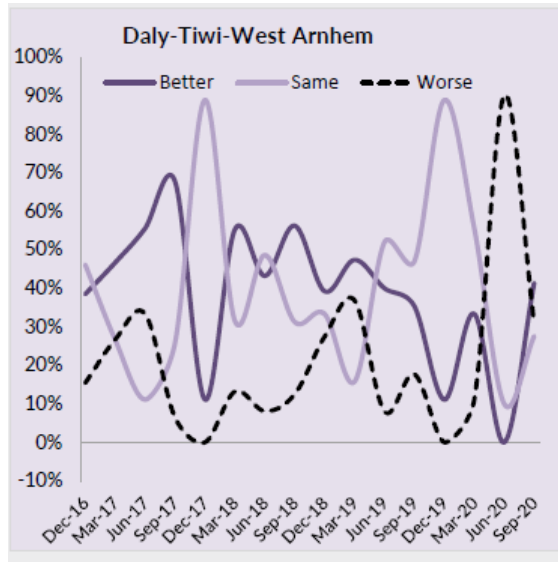
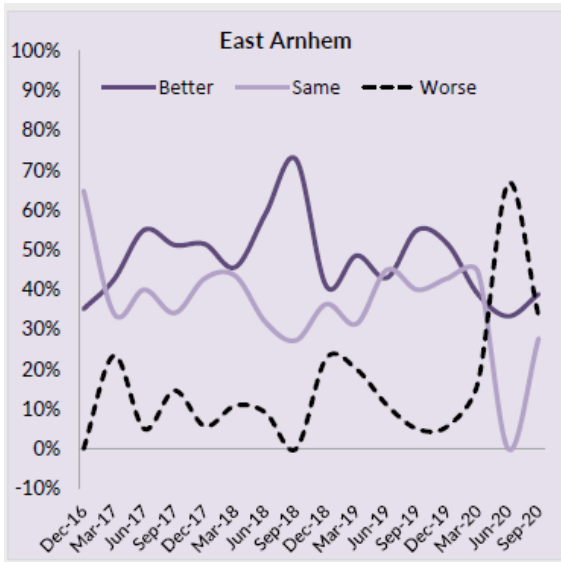
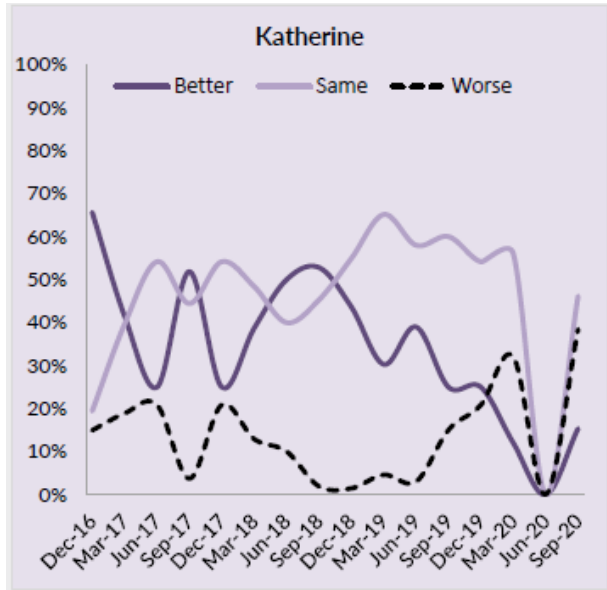
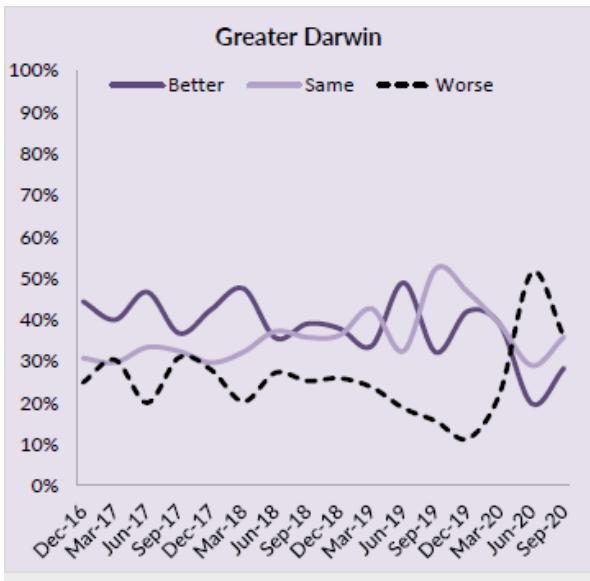
Compared to the same quarter in previous years, more businesses report that their performance was getting worse. Fewer businesses reported that their performance was the same or better compared to the previous year.



## 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 has improved in all regions.

STATISTICAL AREA LEVEL 3 (SA3) REGIONS	BUSINESS PERFORMANCE		
	Better	Same	Worse
Greater Darwin	28%	36%	36%
Katherine (Big Rivers)	15%	46%	38%
East Arnhem	39%	28%	33%
Daly-Tiwi-West Arnhem	41%	28%	31%
Barkly-Tennant Creek	100%	0%	0%
Alice Springs	30%	20%	51%
Territory-wide	31%	30%	39%



## 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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