

NORTHERN TERRITORY BUSINESS CONFIDENCE SURVEY

March Quarter 2022

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SUMMARY

- The Territory-wide business confidence level was +50% in the March quarter, down 8 percentage points from the December quarter 2021, but around its long-term average.
- Of those Territory businesses worried about their business prospects for the next 12 months, increasing business costs was more likely to be cited as a reason to be worried in the March quarter than in recent quarters.
- Between 1 January and 31 March 2022, 442 businesses were surveyed across Territory regions and industry sectors.
- 44% of Territory businesses noted their business performance is better this year compared to last year, representing a 5 percentage point decrease from the previous quarter.

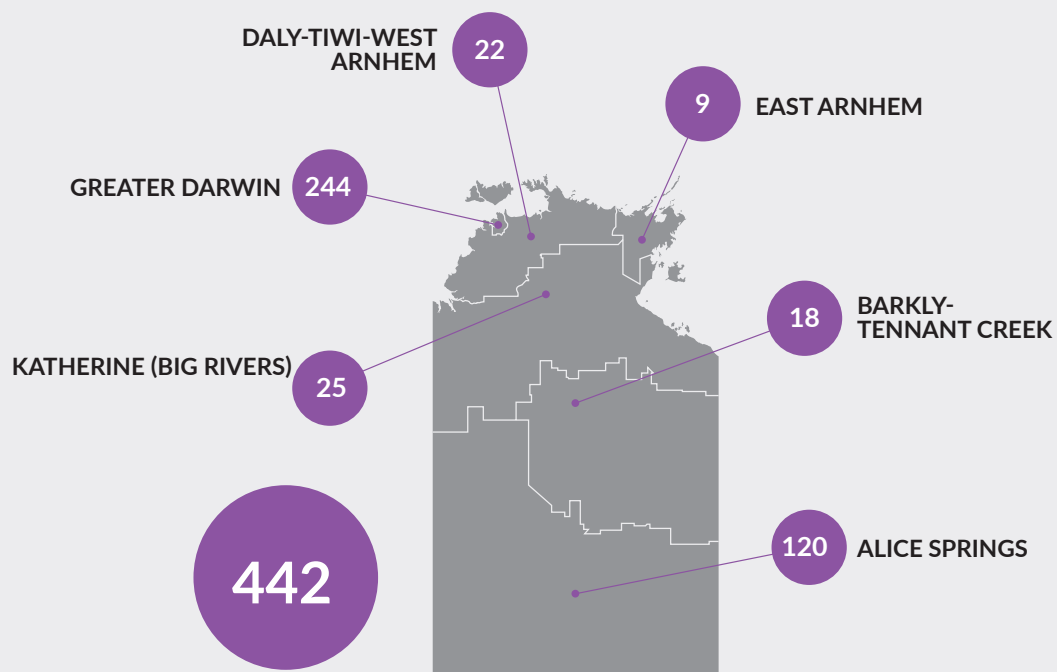
INTRODUCTION

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.



Note: 4 responses did not state region.

REGION	TOTAL NO. OF BUSINESSES*	BUSINESSES SURVEYED	PROPORTION OF TOTAL
Greater Darwin	10 908	244	2.2%
Daly-Tiwi-West Arnhem	358	22	6.1%
East Arnhem	230	9	3.9%
Katherine (Big Rivers)	958	25	2.6%
Barkly-Tennant Creek	180	18	10.0%
Alice Springs	1954	120	6.1%
Unclassified	379	4	1.1%
TOTAL	14 947	442	3.0%

*Source: ABS Cat. No. 8165.0

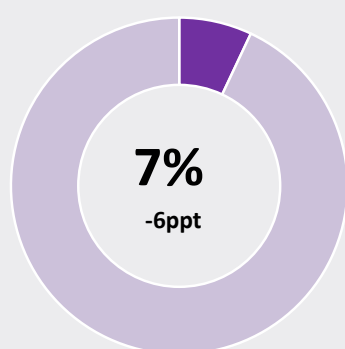
BUSINESS CONFIDENCE

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

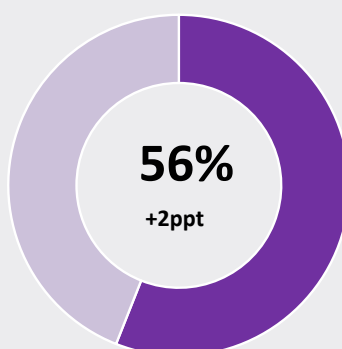
TERRITORY WIDE

In the March quarter 2022, the Territory-wide business confidence index was +50%. The response rate for this question was 97.6%.

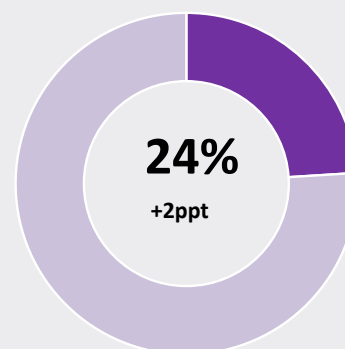
OVERALL BUSINESS CONFIDENCE INDEX



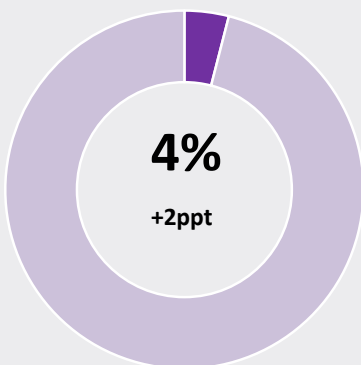
EXTREMELY CONFIDENT



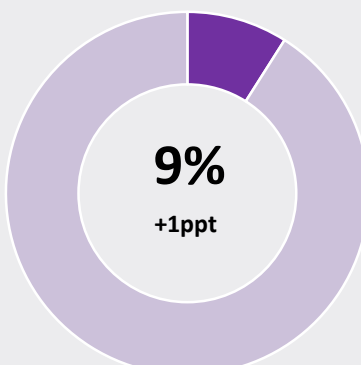
FAIRLY CONFIDENT



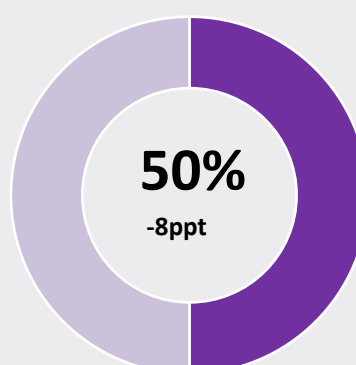
NEUTRAL



EXTREMELY WORRIED



FAIRLY WORRIED

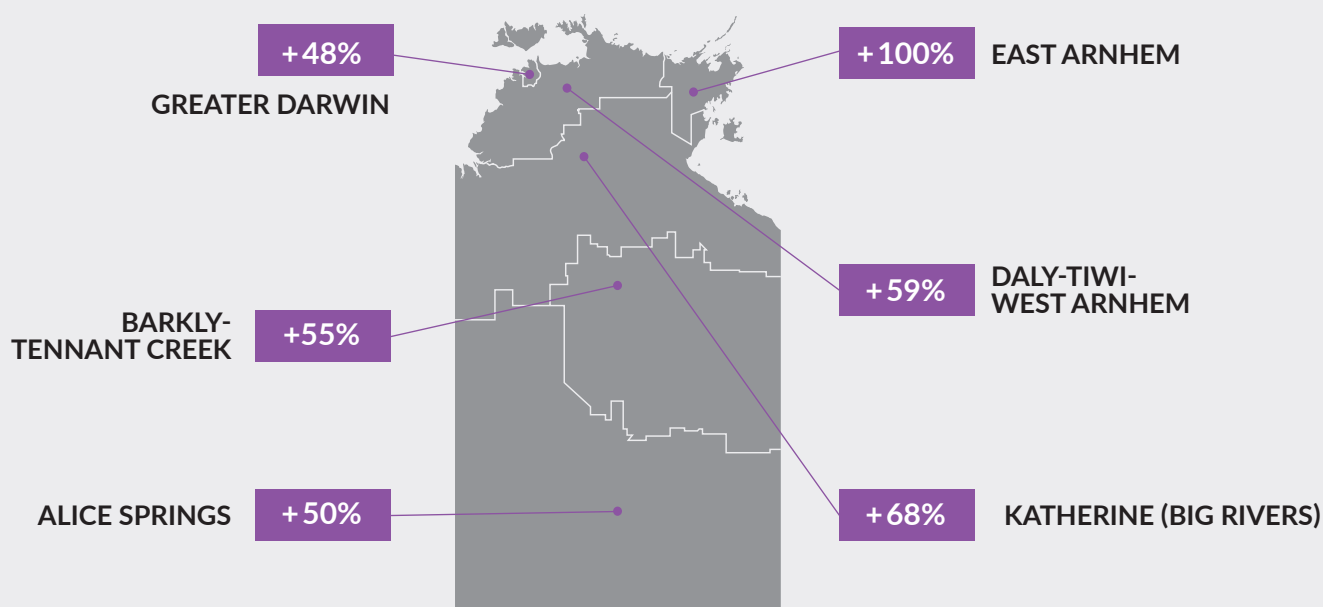


NET BALANCE

Note: Individual confidence categories may not add up to the net balance figure due to rounding.

REGIONAL SUMMARY

Business confidence varied among Territory regions, ranging from +100% in East Arnhem to +48% in the Greater Darwin region.



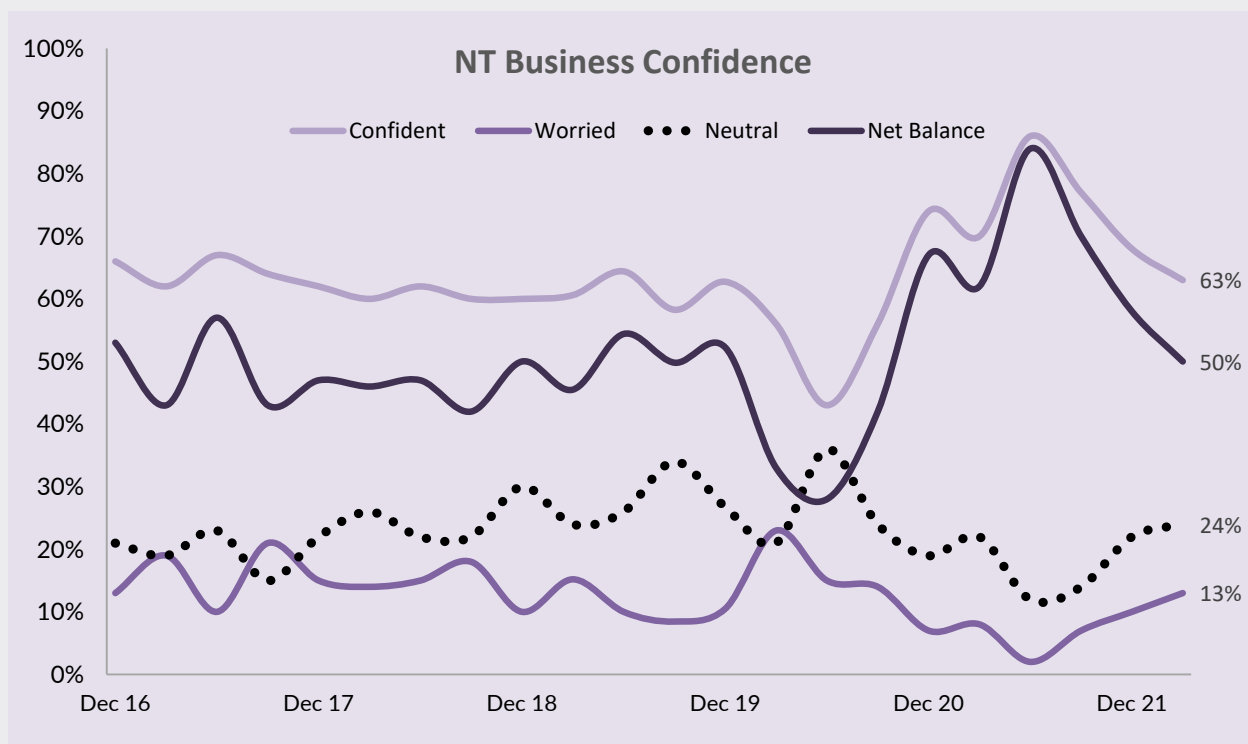
CONFIDENCE TRENDS

TERRITORY WIDE

	Mar Qtr 2021	Jun Qtr 2021	Sep Qtr 2021	Dec Qtr 2021	Mar Qtr 2022
Confident	70%	86%	77%	68%	63%
Worried	8%	2%	7%	10%	13%
Net balance	62%	84%	70%	58%	50%

In the March quarter 2022, business confidence decreased 8 percentage points to +50% from the previous quarter. This also represents a 12 percentage point decrease from the March quarter 2021.

The chart below shows that despite falling over the past two quarters, business confidence in the Territory is around longer term trend levels, and significantly stronger than two years ago.



ANNUAL AVERAGE BUSINESS CONFIDENCE

Yearly average business confidence in 2021 was +69%, compared to +43% in 2020. The lower annual average business confidence in 2020 was primarily due to restrictions related to COVID-19.

BUSINESS CONFIDENCE BY CALENDAR YEAR



BUSINESS CONFIDENCE BY REGION

In the March quarter 2022, business confidence increased in all regions except Greater Darwin, and Katherine (Big Rivers), where confidence decreased.

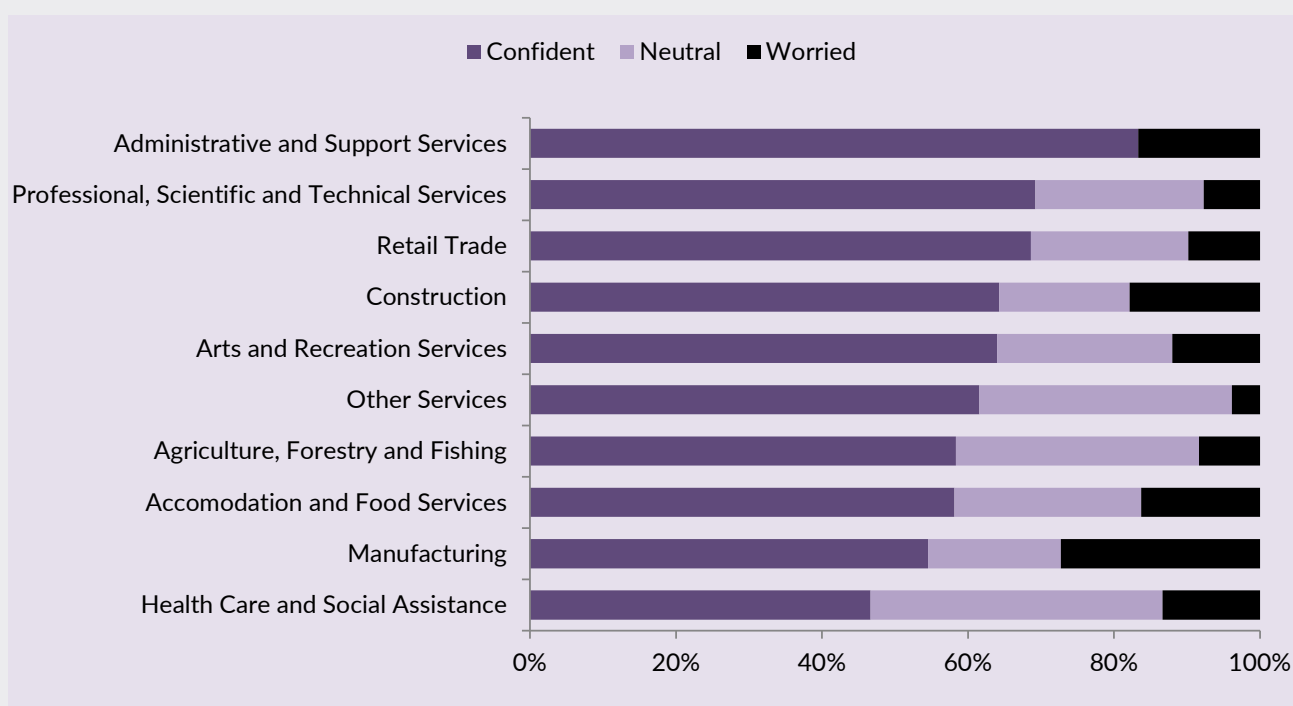
REGION	Mar Qtr 2021	Jun Qtr 2021	Sep Qtr 2021	Dec Qtr 2021	Mar Qtr 2022
Greater Darwin					
Confident	71%	83%	81%	70%	62%
Worried	5%	1%	5%	8%	14%
Net balance	66%	82%	76%	62%	48%
DTWA					
Confident	71%	73%	100%	72%	73%
Worried	0%	7%	0%	28%	14%
Net balance	71%	66%	100%	44%	59%
East Arnhem					
Confident	92%	84%	86%	93%	100%
Worried	0%	5%	3%	0%	0%
Net balance	92%	79%	83%	93%	100%
Katherine (Big Rivers)					
Confident	94%	75%	65%	81%	76%
Worried	0%	13%	30%	8%	8%
Net balance	94%	62%	35%	73%	68%
Barkly-Tennant Creek					
Confident	67%	n.a.	n.a.	52%	72%
Worried	0%	n.a.	n.a.	29%	17%
Net balance	67%	n.a.	n.a.	23%	55%
Alice Springs					
Confident	47%	73%	70%	41%	63%
Worried	26%	8%	9%	22%	13%
Net balance	21%	65%	61%	19%	50%

BUSINESS CONFIDENCE BY INDUSTRY

In the March quarter 2022, the industries that reported large falls in business confidence were: Health Care and Social Assistance; Manufacturing; and Construction, while Arts and Recreation Services reported a large increase in business confidence in the quarter. The table below displays the top 10 most surveyed industries.

SECTOR	CONFIDENT	WORRIED	NET BALANCE		
			Mar Qtr 2022	Dec Qtr 2021	Sep Qtr 2021
Health Care and Social Assistance	47%	13%	34%	83%	79%
Manufacturing	55%	27%	28%	86%	75%
Accommodation and Food Services	58%	16%	42%	43%	59%
Agriculture, Forestry and Fishing	58%	8%	50%	45%	50%
Other Services	62%	4%	58%	50%	78%
Arts and Recreation Services	64%	12%	52%	29%	54%
Construction	64%	18%	46%	64%	76%
Retail Trade	69%	10%	59%	48%	69%
Professional, Scientific and Technical Services	69%	8%	61%	27%	55%
Administrative and Support Services	83%	17%	66%	25%	44%

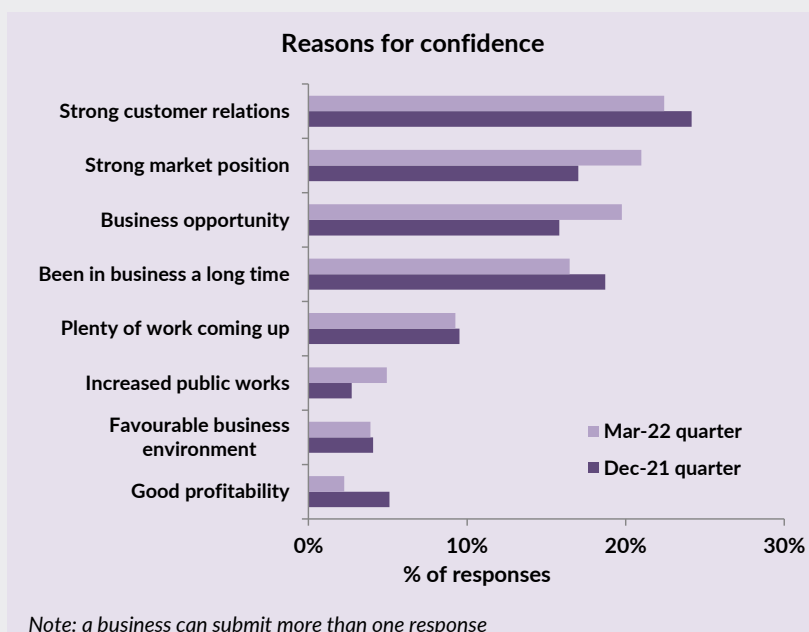
Note: Caution is advised when using this data as the sample size in some sectors may be relatively small.



KEY BUSINESS INSIGHTS

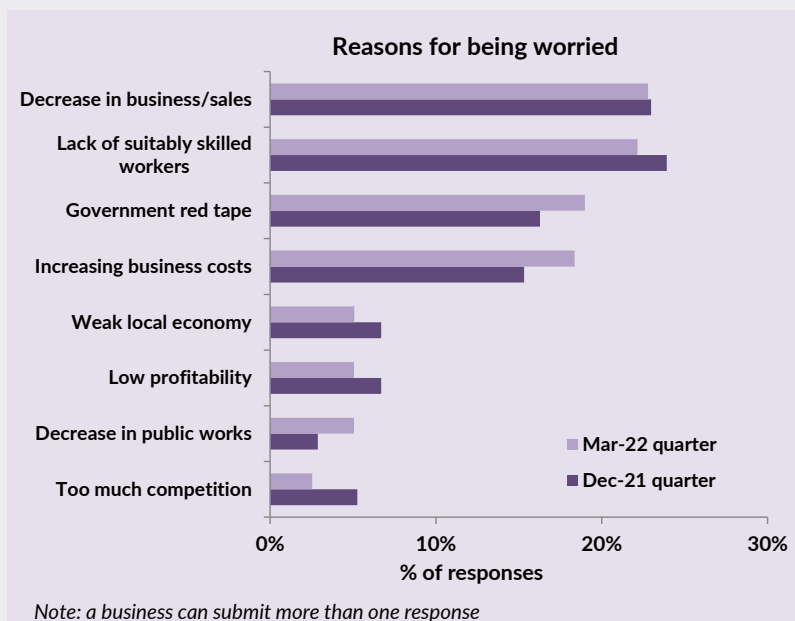
CONFIDENT

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



WORRIED

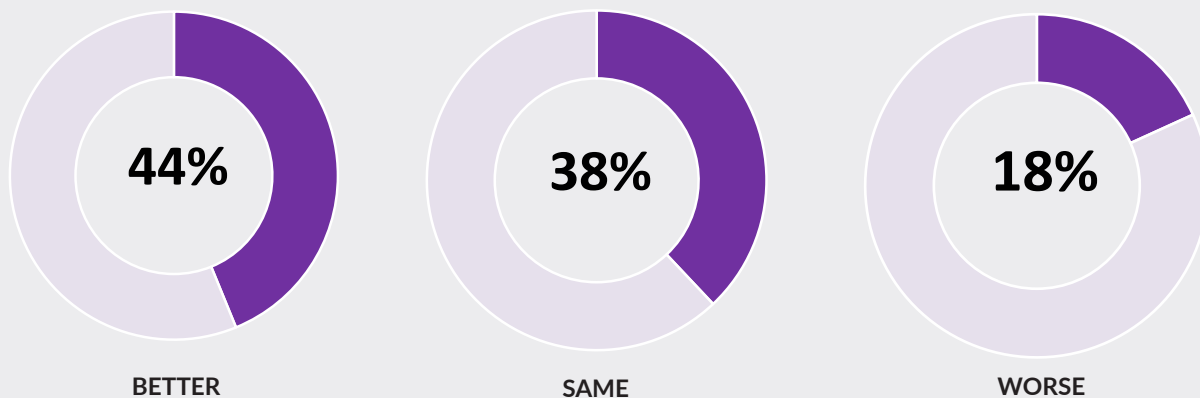
Of those Territory businesses worried about their business prospects for the next 12 months, the main reasons cited for being worried are: 'decreasing business/sales'; 'lack of suitably skilled workers'; and 'government red tape'. Territory businesses were more likely to highlight increasing business costs as a reason to be worried. Territory businesses also noted COVID and the lack of international travellers as reasons they were worried about their business prospects. The graph below shows the relative importance of the key reasons for being worried for the last two quarters.



BUSINESS PERFORMANCE

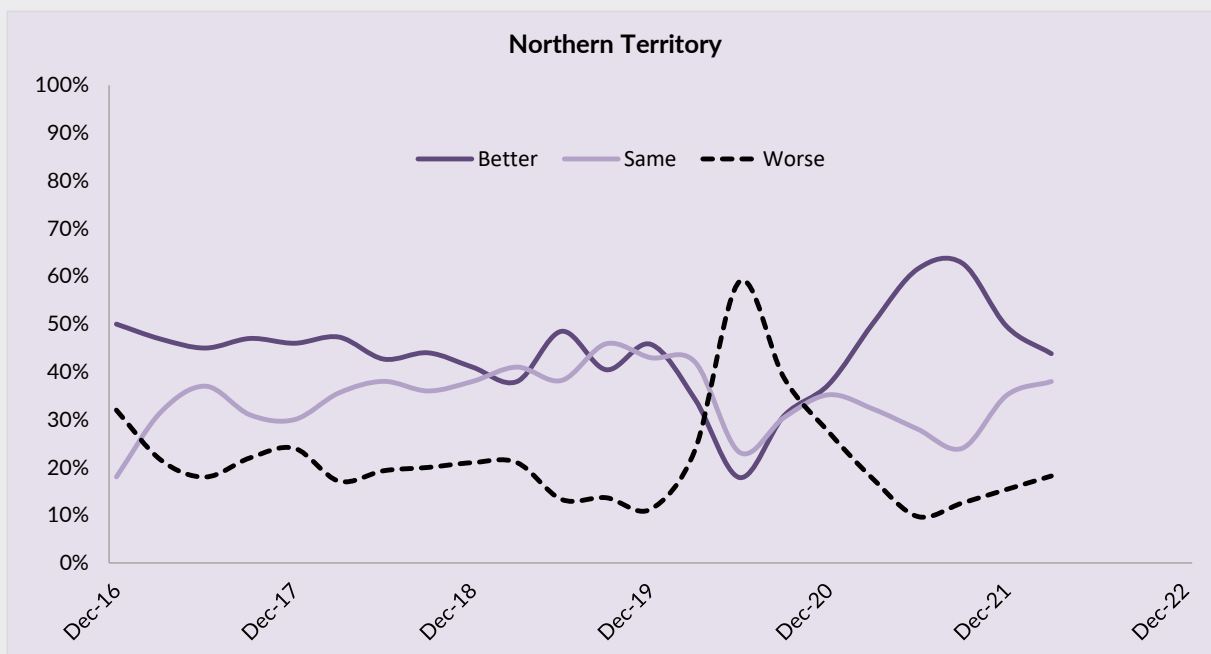
Q. How's your business performing this year compared to last year?

44% of Territory businesses noted that their business performance is better this year compared to last year, while 38% 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

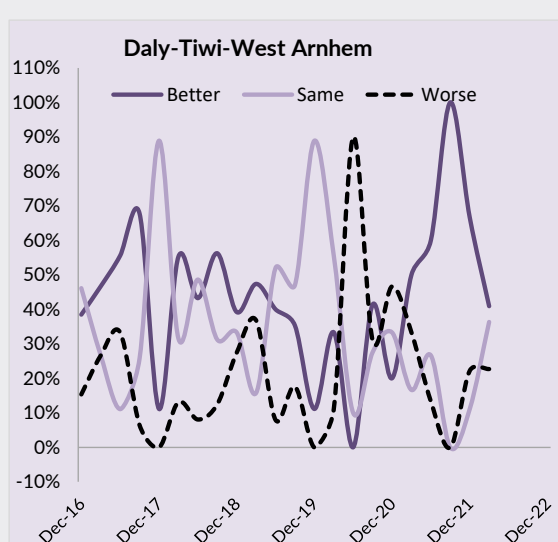
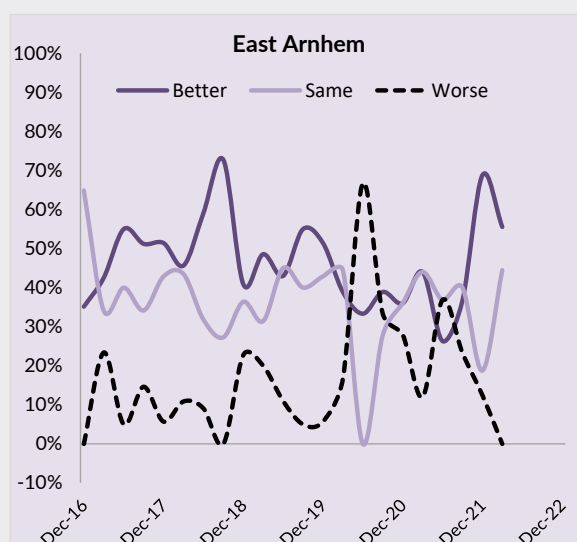
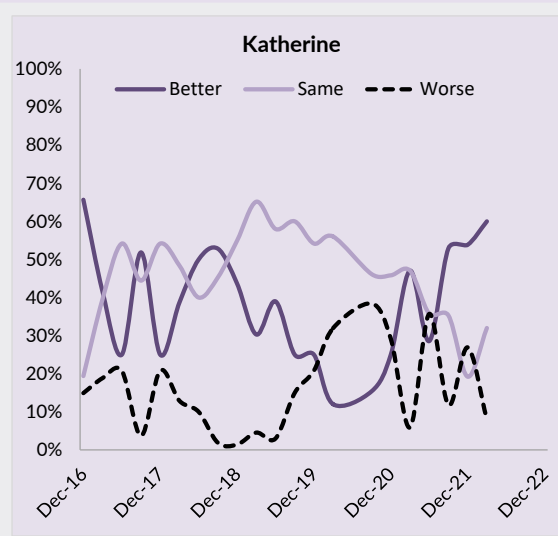
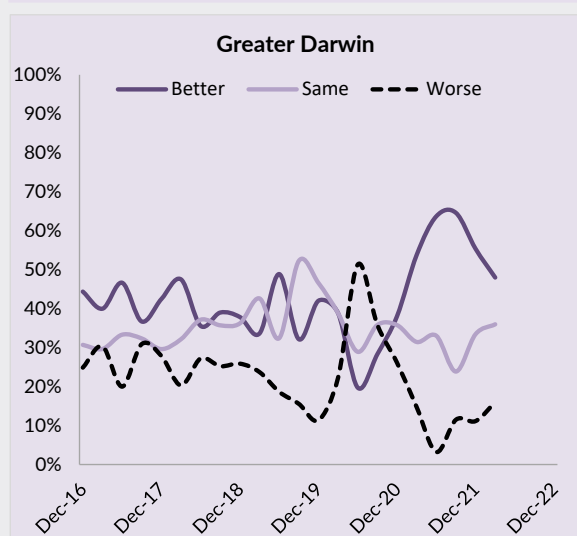
The proportion of businesses that reported that their performance was getting better has fallen over the past two quarters, and is now around long term levels. Similarly, the proportion of businesses that reported that their performance was worse is around long term levels, after increasing over the past two quarters.

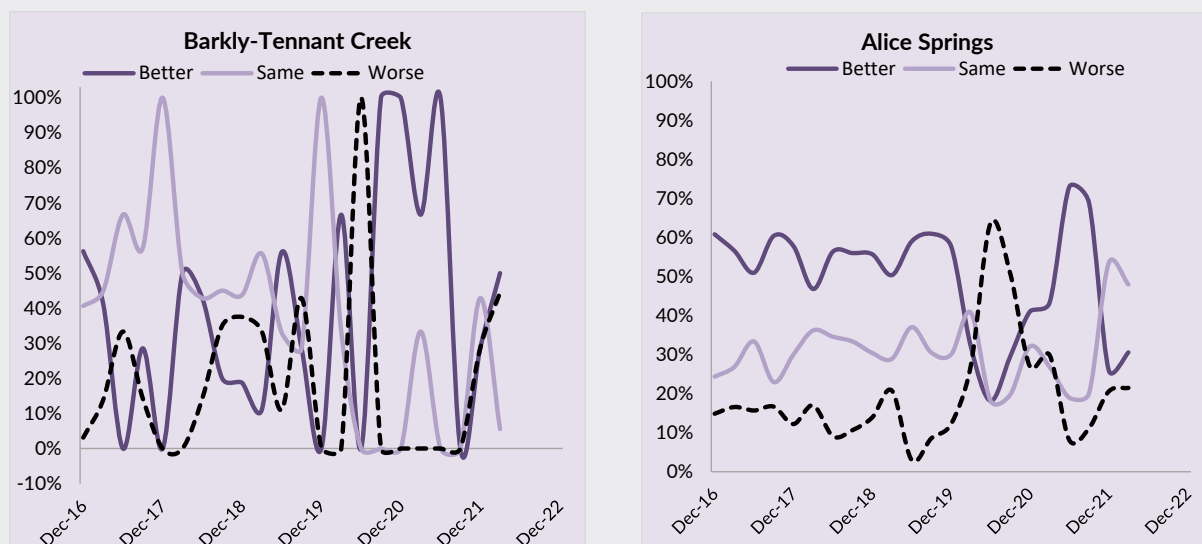


BUSINESS PERFORMANCE BY REGION

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 Katherine (Big Rivers), Barkly-Tennant Creek, and Alice Springs, while decreasing in the remaining regions.

STATISTICAL AREA 3 (SA3) REGIONS	BUSINESS PERFORMANCE		
	Better	Same	Worse
Greater Darwin	48%	36%	16%
Katherine (Big Rivers)	60%	32%	8%
East Arnhem	56%	44%	0%
Daly-Tiwi-West Arnhem	41%	36%	23%
Barkly-Tennant Creek	50%	6%	44%
Alice Springs	31%	48%	21%
Territory-wide	44%	38%	18%





SURVEY METHODOLOGY

A face-to-face survey of businesses operating in the Territory is conducted by the Department of Industry, Tourism and Trade on a quarterly basis. Business confidence is estimated using the business confidence index.

There are approximately 15 000 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.

The 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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