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The BankSA State Monitor

An ongoing independent survey of South Australian Consumer & Business Confidence,
conducted by The Sexton Marketing Group.

Research Results

No. 67 – November 2018

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1 INTRODUCTION

The BankSA State Monitor is an ongoing independent survey (conducted three times a year) on South Australian consumer and business confidence. The survey commenced in November 1997. This report details the results of the 67th survey.

2 METHODOLOGY

The bank commissions separate surveys for the consumer market and business community. Independent market research firm, The Sexton Marketing Group, conducts the fieldwork for these surveys.

- **Consumer Tracking Monitor**

- Telephone survey
- Conducted three times a year (February, July, October)
- Consumer indicators include:
 - Confidence about the future
 - Self esteem
 - Consumer purchase (last three months)
 - Consumer purchase (next three months)
 - State pride
 - Mood of the consumers
 - Confidence about small businesses
 - Job security
 - Lifestyle stability
 - Technology adoption

- **Business Tracking Monitor**

- Telephone survey
- Conducted three times a year (February, July, October)
- Business indicators include:
 - Confidence about the future
 - Business confidence
 - Business purchase
 - Business stability
 - Business expansion
 - State pride
 - Mood
 - Confidence about small businesses
 - Income security
 - Technology adoption

3 RESEARCH OBJECTIVES

To provide an overall index of consumer and business ‘confidence’ representing the South Australian consumer and business segments.

4 RESULTS

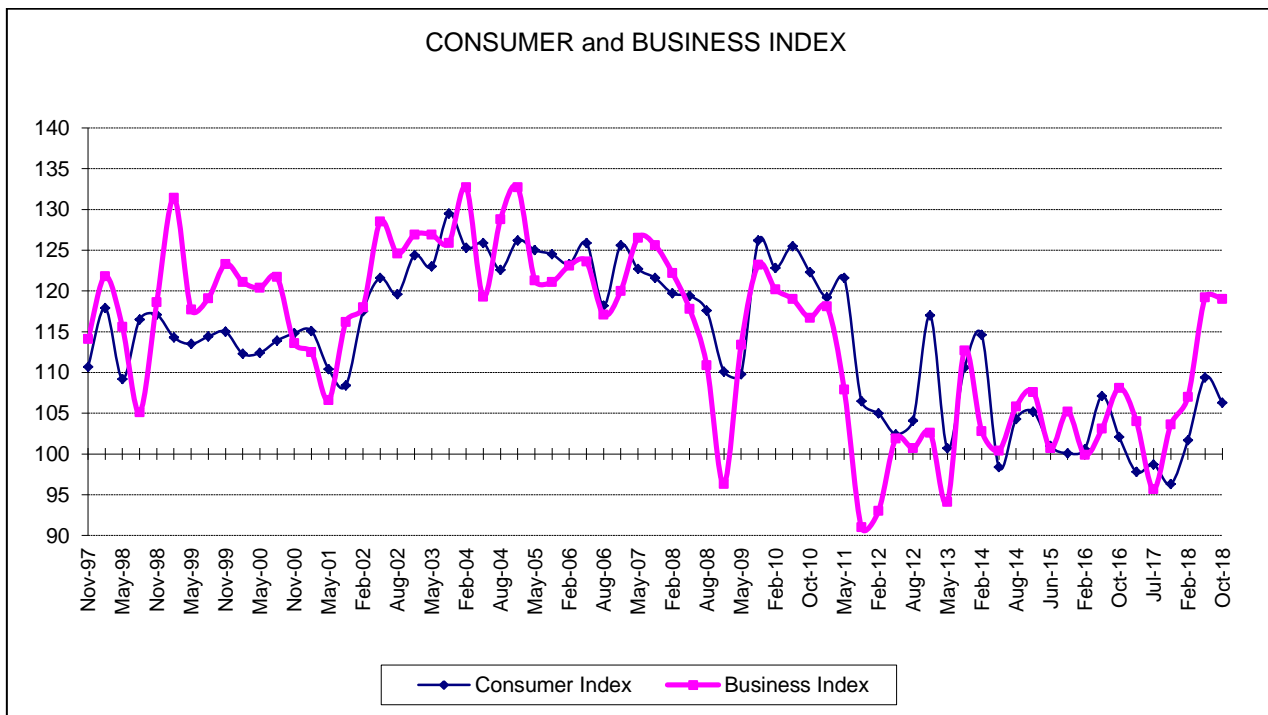
A base of 100 is used, to which the overall results are either added or deducted. If a result greater than 100 is achieved, this represents a positive result and if the result is less than 100, a negative result is represented. Based on this index a maximum score is 200 and a minimum score is zero.

If the index is below 100, this means that there are more pessimistic than optimistic respondents.

Therefore, any score above 100 represents a positive confidence result and obviously the higher the result, the more confident the response.

BankSA Total Confidence Index

- Consumer confidence decreased 3.1 points, down from last month’s four year high of 109.4 points to 106.3 points this survey, and remaining above 100 index points for the past three surveys.
- Business confidence has softened marginally, but is basically unchanged, consolidating last month’s eight year high level, moving to 119.0 this month from 119.2 in Jul-18. The latest results extends the general upwards trend to four surveys since the recent low point in July last year.



4.1 Summary of Results

4.1.1 Top Line Results – Consumer Summary

CONSUMER TOP LINE SUMMARY						
Q	Tracking Indicator	Question Asked	Latest Result Movement (Net)	Net Movement since last survey	Highest (Best) Result	Lowest (Worst) Result
1	Confidence about the future	How confident are you that the climate for consumer spending will improve over the next 12 months?	+ ve	1%	18 - 24 / 25 - 34 Blue Collar Rural Males	65+ Metro Females Blue Collar
2	Consumer confidence	How confident are you that there will be a significant positive change in your financial position in the next 12 months?	- ve	-15%	18 - 24 Males Rural	35 - 64 / 65+ Metro Blue Collar Females
3	Consumer purchase (past three months)	Have you made any significant purchases in the last three months, such as real estate, cars, whitegoods, hi-fi equipment or holiday travel?	+ ve	2%	18 - 24 Rural	35 - 49 Metro
4	Consumer purchase (next three months)	Are you or your household likely to make a major purchase in the next three months of real estate, cars, whitegoods hi-fi equipment or holiday travel?	+ ve	7%	25 - 34 Blue Collar Rural	65+ White Collar
5	State pride	When you look at how things are going in SA, how proud are you to be a South Australian?	- ve	-3%	18 - 24 Males Blue Collar Rural	35 - 49 White Collar Metro
6	Mood	Which words best describe how you feel about your own household situation at present?	+ ve	1%	65+ Rural Males Blue Collar	18 - 24 35 - 49 Females
7	Small business activity	When you think about small business in SA generally, does small business seem to be picking up, steady or slowing down?	+ ve	2%	18 - 24 White Collar Rural Males	Remains a net -ve since May-10 Females 35 - 49 / 65+
8	Job security	In the last three months, has your household or family been affected by an inability to find suitable work or worried about losing existing employment?	- ve	5% "worried"	"Worried" results: Metro 37% from 36% Females 35% from 34%	"Worried" results: 35 - 49 50% from 36% 18 - 24 63% from 37% Blue Collar 50% from 40% Rural 45% from 31%
9	Lifestyle stability	If you or someone in your household or family wanted to change jobs, how confident are you that suitable work would be available?	- ve	-3%	18 - 24 White Collar Males Rural	35 - 49 Metro Blue Collar Females
10	Technology adoption	How confident do you feel about using technologies such as credit cards, computers, mobile phones, ATMs and EFTPOS?	- ve	-12%	18 - 24 Rural	65+ Females Blue Collar

4.1.2 Top Line Results – Business Summary

BUSINESS TOP LINE SUMMARY						
Q	Tracking Indicator	Question Asked	Latest Result Movement (Net)	Net Movement since last survey	Highest (Best) Result	Lowest (Worst) Result
1	Business confidence	How confident are you that the climate for doing business in SA will improve over the next 12 months?	+ ve	2%	Manufacturing Agriculture / Finance Lge-size by FTE Metro	Recreation Construction Micro-size by T/O Mid-size by FTE
2	Confidence about the future	How confident are you that there will be a significant improvement in the performance of your business in the next 12 months?	+ ve	7%	Manufacturing & Agriculture Community Service / Recreation Metro	Recreation Construction Mid-size by t/o and fte
3	Business purchase	How likely is it that your business will make a major purchase in the next 12 months, such as office equipment, cars, commercial real estate or other investments?	+ ve	8%	<i>Highest level since May 2000</i> Construction Manufacturing / Recreation Lge-size by t/o and fte Metro	Finance Agriculture Rural Micro-size by t/o and fte
4	Business stability (past three months)	In the last three months, have you created any additional employment or taken on any additional employees in your business?	+ ve	11%	<i>Highest level since May 2010</i> Community Service / Manufacturing Lge-size by t/o & fte Metro	Construction Agriculture / Finance Rural
5	Business expansion (next three months)	In the next three months, are you likely to create any additional employment or take on any additional employees in your business?	+ ve	14%	<i>Highest level since August 2007</i> Community Service / Manufacturing Largest by t/o and fte Metro	Agriculture Finance Micro-size by t/o and fte
6	State pride	When you look at how things are going in SA, how proud are you to be a South Australian?	- ve	-10%	Finance / Recreation Agriculture Lge-size by t/o and fte	Manufacturing Wholesale/Retail Rural Mid-size by t/o and fte
7	Mood	Which words best describe how you feel about your own business situation at present?	- ve	-7%	Agriculture / Manufacturing Mid-size by FTE : Lge-size by T/O	Wholesale/Retail Construction Mid-size t/o : Micro-size FTE Metro
8	Small business activity	When you think about small business in SA generally, does small business seem to be picking up, steady or slowing down?	- ve	-3%	Manufacturing (only +ve result) Mid-size by t/o : Lge-size by FTE	Recreation / Construction Community Service Mid-size FTE : Micro-size t/o
9	Income security	In the last three months, has your business been affected by any downturn in turnover or have you been worried about possible downturn in turnover?	- ve	11% "affected"	46% "worried", up 11% Construction / Manufacturing Largest by t/o and fte	Agriculture / Finance Community Service Mid-size by t/o and fte Rural
10	Technology adoption	How confident do you feel about using technologies such as credit cards, computers, mobile phones, ATMs and EFTPOS?	- ve	-1%	Construction / Manufacturing Mid-size by t/o : Lge-size by FTE Metro	Agriculture Mid-size by t/o and fte

4.2 Commentary on Wave 67 Results

The latest consumer confidence represents a small fall in consumer confidence, following two successive increases in February and July this year, and remains above the critical 100 point baseline.

On an annualized basis (see table below), consumer confidence in 2018 is at a four year high and reports the best annual movement in eight years.

BSA State Monitor	Consumer Annualised Index	Annual Movement
2007 (3 surveys)	123.3	
2008 (3 surveys)	118.9	-4.4
2009 (3 surveys)	115.4	-3.5
2010 (3 surveys)	123.5	8.2
2011 (3 surveys)	115.8	-7.8
2012 (3 surveys)	103.8	-11.9
2013 (3 surveys)	109.4	5.6
2014 (3 surveys)	105.8	-3.7
2015 (3 surveys)	102.1	-3.7
2016 (3 surveys)	103.3	1.2
2017 (3 surveys)	97.6	-5.7
2018 (3 surveys)	105.8	8.2

Following three sharp rises in business confidence in each survey since July last year, the October results reflect a stabilisation of business confidence at an 8-year high, with the change in confidence since July being minimal and “within the margin of error”.

On an annualized basis (see table below), business confidence in 2018 is at an eight year high and reports the best annual movement in history.

BSA State Monitor	Business Annualised Index	Annual Movement
2007 (3 surveys)	124.0	
2008 (3 surveys)	117.0	-7.1
2009 (3 surveys)	111.0	-6.0
2010 (3 surveys)	118.6	7.7
2011 (3 surveys)	105.7	-13.0
2012 (3 surveys)	98.5	-7.1
2013 (3 surveys)	103.1	4.6
2014 (3 surveys)	103.0	-0.1
2015 (3 surveys)	104.5	1.5
2016 (3 surveys)	103.7	-0.8
2017 (3 surveys)	101.1	-2.6
2018 (3 surveys)	115.1	14.0

Consumer Comments

The ten measures that contribute to the consumer confidence index show a split result, with improvement in five measures, and a decline in five measures.

These ten variables are combined to produce the composite consumer confidence index, and examination of each of these variables individually helps to explain those factors that have influenced the index either in a negative or positive way.

The measures reporting positive results are:

- Higher confidence about the climate for consumer spending over the next 12 months;
- Higher incidence of having made significant purchases in the last 3 months;
- Likelihood of a major purchase in the next 3 months is higher;
- Sentiment about their overall household situation is less negative; and
- A perception that local businesses have increased in business activity.

The measures reporting negative results are:

- Reduced confidence that consumers' own financial position will improve in the next 12 months;
- An increase in concerns relating to unemployment impacting their household;
- Adaptation to new technology has softened;
- Confidence about employment mobility is lower; and;
- Pride in South Australia has decreased.

A total of 28 factors are provided to consumers in the survey, as potential factors making consumers optimistic or pessimistic about the future.

In a relative sense, the changes between July to October are:

- 12 factors report less pessimistic results.
- Two factors are unchanged.
- 14 factors showed more pessimistic results.
- These movements are in line with the small negative shift in consumer confidence.

Of the 12 factors that improved, the biggest improvements were:

- The value of houses;
- World affairs;
- Media reports on business confidence;
- The state of the global economy;
- Petrol prices; and
- Housing and car sales.

On the negative side, there is greater pessimism on 14 factors, especially:

- Australia's long term outlook;
- The value of the Australian;
- Sharemarket performance;
- Employment and income security;
- Households' financial position;
- Opportunities available to households (employment issues; financial pressures limiting opportunities).
- The behaviour of the corporate sector; and
- The general direction of things in Australia.

Business Comments

Of the 10 factors contributing to the business confidence index, the results are mixed with five improving and five declining this survey.

Measures reporting positive shifts are:

- Confidence about the climate for doing business in the next 12 months is higher;
- The creation of additional employment in the last 3 months is up;
- Intention to make a major purchase in the next 12 months is higher;
- Net confidence is higher about their own business prospects in the next 12 months; and
- Increased intention to create new employment in the next 3 months.

The measures reporting negative movement are:

- Pride in South Australia is lower;
- Confidence about adoption of new technology has declined;
- Feelings about their own overall current business situation is lower;
- A lower perception that small business activity is picking up; and
- A higher incidence of being impacted by falling turnover.

A total of 28 factors were provided to business owners in the survey, as potential factors making businesses optimistic or pessimistic about the future. Of these factors, 20 report a negative shift with eight reporting a positive shift, Jul-18 to Oct-18.

The major factors reporting an increase in optimism (or a decrease in pessimism), are:

- House values;
- The South Australian economy;
- The national economy;
- Media reports on business confidence; and
- Unemployment levels / job creation.

The main 28 factors reporting decreased optimism or increased pessimism are:

- The value of the Australian dollar;
- Political leadership in Australia;
- Housing and car sales;
- Interest rates;
- Corporate sector performance; and
- Performance of the Australian share-market.

5 SUMMARY OF RESULTS

5.1 Consumer Tracking Monitor

Key Observations – Overall Index

- Analysis of the consumer results suggest that the latest decrease in consumer confidence has been driven by negative movements in the 25-49 and 65+ age segments; females, white collar employees; and metro based respondents.
- Consumer indicators reporting the most negativity movement are the expectation of own financial position improving, adapting to new technology and worried about unemployment.
- The Consumer Index remains below the Business Index for the past four surveys
- Confidence remains under the 100 index base for the 35-49 age segment;
- The 18-24 age segment reports a 2nd consecutive increase in confidence level, and has returned to be the most confident age segment;
- 65+ age segment reports its largest fall in two years, and follows two high increases reported earlier this year;
- Confidence levels for males reports its 3rd consecutive improvement, and remains higher than female confidence for the past six surveys, but both remain above the 100 index point benchmark;
- Both white and blue collar report decreases after improving in earlier surveys this year, but both remain above 100 index points. White collar confidence level remains higher than blue collar for the past eight surveys; and
- Confidence ranking between metro and rural has switched, with Rural now more confident, up 7.3 to 109.9, while metro is lower by 7.4 points to 105.0.

5.2 Business Tracking Monitor

Key Observations – Overall Index

- Analysis of the business results suggests that the marginal fall in business confidence is due to mixed results across industries (some down, some up), increases by the largest-size SME businesses by Turnover and FTE being offset by decreases reported by the smaller business categories, and a fall in rural but an improvement in metro located businesses.
- While the overall result is basically unchanged, within the ten categories results are mixed with good increases reported in additional employment creation in both recent and future, the likelihood of making a major purchase is higher, as is being confident of own business improvement in the next 12 months. However these increases have been offset by negative movements in state pride and feelings about the current business situation and an increase in those experiencing a downturn in turnover in the past three months.
- Rural confidence has fallen for the first time in four surveys but remains above 100 index points, while confidence is higher in metro which reports its best level in nine years.
- The agriculture industry reports a fall but remains above the 100 index point benchmark for all 2018 surveys. Manufacturing and Community Service report increases this survey, with Manufacturing at its best confidence level since February 2004.
- Of the seven industries reported, all have confidence levels above the 100 index point benchmark for the past two surveys. This is the first time since 2011 when consecutive surveys report >100 index points across all industries.
- All businesses by T/O and by FTE remain above the 100 index point base for the past two surveys.
- Largest-size business by FTE and T/O are the only businesses reporting an increase this survey.
- Metro has increased for the past four surveys, while rural reports its first drop since July last year.
- Points to note this survey, based on business demographics, are:
 - Highest confidence in the larger-sized businesses by FTE and by Turnover, with FTE reporting the highest level since Aug-07, and T/O the highest in eight years;
 - Lower confidence among rural businesses compared with metro businesses (for the past five surveys); and
 - Lowest confidence levels in the wholesale/retail, agriculture and finance industries.

6 DETAILED RESULTS

6.1 Consumer Tracking Monitor – Top Line Results

6.1.1 Latest Figures

(Note, movements since last survey in small print)

Question No.	Tracking Indicator	Question Asked	Results	Results	Results	Net Positive Result
Wave 67			Confident	Not Confident	Neutral	
1	Confidence about the future	How confident are you that the climate for consumer spending will improve over the next 12 months?	34%	30%	26%	✓
			-4%	-5%	4%	
2	Consumer confidence	How confident are you that there will be a significant positive change in your financial position in the next 12 months?	30%	41%	22%	
			-11%	4%	3%	
9	Lifestyle stability	If you or someone in your household or family wanted to change jobs, how confident are you that suitable work would be available?	22%	46%	22%	
			-5%	-2%	1%	
10	Technology adoption	How confident do you feel about using technologies such as credit cards, computers, mobile phones, ATMs and EFTPOS?	62%	17%	16%	
			-6%	6%	-4%	
			Proud	Not Proud	Neutral	
5	State pride	When you look at how things are going in SA, how proud are you to be a South Australian?	65%	12%	18%	
			-4%	-1%	0%	
			Yes	No		
3	Consumer purchase (past three months)	Have you made any significant purchases in the last three months, such as real estate, cars, whitegoods, hi-fi equipment or holiday travel?	46%	50%		✓
			1%	-1%		
4	Consumer purchase (next three months)	Are you or your household likely to make a major purchase in the next three months of real estate, cars, whitegoods hi-fi equipment or holiday travel?	43%	32%		✓
			0%	-7%		
8	Job security	In the last three months, has your household or family been affected by an inability to find suitable work or worried about losing existing employment?	39%	54%		
			5%	-6%		
			Positive	Negative	Neutral	
6	Mood	Which words best describe how you feel about your own household situation at present?	44%	47%	9%	✓
			-2%	-3%	5%	
			Up	Down	Neutral	
7	Small business confidence	When you think about small business in SA generally, does small business seem to be picking up, steady or slowing down?	9%	32%	47%	✓
			1%	-1%	-3%	

6.1.2 Detailed Results

Note, % increases/decreases in following comments refer to movements in percentage points

Consumer Spending Climate (Q1)

- A 1% net increase this survey – the 4th successive increase – consolidating its return to positive territory last survey.
- Net confidence on this measure is highest for 18–34's, blue collar and males; lowest for 65+, white collar and females.
- Rural is higher than Metro; Metro is down 3 points (+5%→+2%) but Rural is up 11 points (+-2%→+9%).
- Females down 8% (to -3%), males up 11% (to 12%).
- White collar down 9% to -10%, blue collar up 13% to 15%.

Financial Change (Q2)

- A sharp decrease in this survey to a net -11%, after a sharp increase last survey, returning to a net negative sentiment on this measure after a brief return to +ve last survey.
- Highest net confidence on this measure among 18–24's and 25-34's. Lowest net confidence on this measure among 65+, 35–64's.
- Lower net confidence in Metro, higher in Rural, with a large negative shift in Metro (+14% →-18%), but a positive shift in Rural (-17%→+5%).
- Varying net confidence on this measure for males (+7% from +4%) and females a large fall to -29% from +5%.
- A large drop on Blue Collar of 18% to -11%, while white collar is also lower, down 9% to -4%.

Made Significant Purchase (Q3)

- A positive net marginal increase this wave building on last survey's positive result.
- Highest incidence of did make a major purchase is among 18–24's (63%), lowest incidence is 33% among 35–49's.
- No difference between males and females (both 46%).
- Highest among Rural (51%) and lower among Metro (44%).
- No difference between White and Blue collar (both 47%).

Make Significant Purchase (Q4)

- Remained at last survey's highest ever result since the start of the State Monitor in 1997, with no change this survey.
- Highest intention to spend in the next 3 months is among 25-34's (unchanged at 57%) and 18-24's (48% but from 57%), and lowest among 65+'s (26%, was 24%).
- Varying spending intentions for males (50% up from 43%) and females (37% down from 42%).
- Higher for blue collar (53%), lower for white collar (50%).
- Unchanged in Metro (46%), higher in Rural (36% from 35%).

Pride in SA (Q5)

- A fall in pride after three consecutive net increases on this measure.
- Highest net pride among 18-24's (79%), and 65+ (65%), lowest among 35-49's (34% from 41% net).
- Higher among males (56% from 52%) than females (stable at 52%).
- Highest among blue collar (59%, from 66% net) compared with white collar (45% from 54%) and non-working households (57% up from 49%).
- Higher in Rural (64% from 52%) than in Metro (49% from 57%).
- Decrease in State pride in all segments this wave except males, 65+ and Rural.

Feel about Household Situation (Q6)

- Third successive increase, following a period of sharp decline on this measure since early 2016 but still negative net position of -2%.
- Most positive are 65+'s (+31%) and 50-64's (+4%). Most negative are 35-49's (-21%) and 18-24's (-20%).
- White collar more positive (+7% up 2%) than blue collar (-3% up from -16%) and non-working households (-10% down from -2%).
- Rural more positive (6% from 0%) than Metro (-6% from -4%).
- Males more positive (+4% from -4%), females lower by 6% to -9%.

Business Activity (Q7)

- Increase on this measure this wave – but sentiment remains negative (net of -23%).
- Most positive sentiment on this measure is among 18-24's (+20%). Most negative sentiment is among 35-49's (-34%) and 65+'s (-35%).
- Sentiment levels have improved for white collar (up 5% to -19%), while blue collar is lower by -2% to -26%.
- More positive sentiment in Rural (up 12% to -19%), less positive in Metro (-1% to -24%).
- More positive among males (up 11% to -15%) than females (down 5% to -29%) on this measure.

Worried by Unemployment (Q8)

- A poorer result in this survey with 39%, up from 34%, concerned about employment issues.
- The latest result pauses the general downwards trend since the record high in Feb-16.
- Highest employment-related concerns are among 18-24's (63% concerned) and 25-34's (50% concerned).
- Differences between males (43% from 35% concerned) and females (35% concerned from 34%).
- Higher concern among blue collar workers (50% from 40%) compared with white collar workers (39% from 33%), and in Metro (37% from 36%) compared with Rural (45% from 31%).

Could Change to a Better Job (Q9)

- A fall on this measure after a good increase last survey (down by a net of 3%).
- The most optimistic age segment about job mobility is the 18-24's (+19% from 24% net) The most pessimistic age segment about job mobility is the 35-49's (-41% from -26%).
- Males are less pessimistic (-13% from -21%) than females (-33% from -19%).
- White collar less pessimistic (-6% up from -13%) than blue collar (-31% down from -17%).
- Metro much more pessimistic (-26% from -13%) than Rural (-18% up from -38%).

Using New Technology (Q10)

- A decrease on this measure after two recent improvements.
- The most technology confident age segments are 18-24's (68%) and the least technology confident are 65+'s (32%)
- Males (54% from 60%) are more confident than females (36% from 54%) on this measure.
- White collar are more confident (61% from 71%) than blue collar (45% from 55%) and non-working households (32% from 47%).
- Metro (45% from 61%) report similar confident level as Rural (45% from 48%).

6.2 Business Tracking Monitor – Top Line Results

6.2.1 Latest Figures

(Note, movements since last survey in small print)

Question No.	Tracking Indicator	Question Asked	Results	Results	Results	Net Positive Result
Wave 67			Confident	Not Confident	Neutral	
1	Business confidence	How confident are you that the climate for doing business in SA will improve over the next 12 months?	59%	17%	23%	✓
			1%	-1%	0%	
2	Confidence about the future	How confident are you that there will be a significant improvement in the performance of your business in the next 12 months?	62%	14%	23%	✓
			3%	-4%	1%	
3	Business purchase	How likely is it that your business will make a major purchase in the next 12 months, such as office equipment, cars, commercial real estate or other investments?	45%	41%	12%	✓
			5%	-3%	-1%	
10	Technology adoption	How confident do you feel about using technologies such as credit cards, computers, mobile phones, ATMs and EFTPOS?	74%	6%	18%	
			-4%	-3%	7%	
			Proud	Not Proud	Neutral	
6	State pride	When you look at how things are going in SA, how proud are you to be a South Australian?	75%	12%	11%	
			-6%	4%	1%	
			Yes	No		
4	Business stability (past three months)	In the last three months, have you created any additional employment or taken on any additional employees in your business?	34%	65%		✓
			5%	-6%		
5	Business expansion (next three months)	In the next three months, are you likely to create any additional employment or take on any additional employees in your business?	35%	58%		✓
			8%	-6%		
9	Income security	In the last three months, has your business been affected by any downturn in turnover or have you been worried about possible downturn in turnover?	46%	50%		
			11%	-12%		
			Positive	Negative	Neutral	
7	Mood	Which words best describe how you feel about your own business situation at present?	65%	31%	0%	
			-3%	4%	0%	
			Up	Down	Neutral	
8	Small business confidence	When you think about small business in SA generally, does small business seem to be picking up, steady or slowing down?	16%	35%	46%	
			-3%	0%	2%	

6.2.2 Detailed Results

Note, % increases/decreases in following comments refer to movements in percentage points

Improved Business Climate (Q1)

- A marginal increase after last surveys sharp rise on this measure – the 4th successive increase following a sustained downward long-term trend since 2010.
- Highest net confidence is among the following sectors – Manufacturing (+57%), Agriculture (+53%) and Finance (+48%).
- Lowest net confidence in the Recreation (+31%) and Wholesale/Retail (+32%) sectors.
- Highest confidence is among \$1m+ t/o SMEs (+58% up 2%), lowest among micro-SME with <\$0.5m t/o (+32% down 4%).
- Highest confidence on this measure among FTE 10+ SMEs (+64% up 18%), lowest among mid-SME businesses FTE 5-10 (+23% down 23%).
- Higher Metro result (+43% up 2%) compared with Rural (unchanged at +36%).

Own Business Improvement (Q2)

- A 4th lift in succession, and contributing to a sustained upward trend since 2011 (7 years).
- Highest net confidence on this measure in: Manufacturing (+60%); Agriculture (+49%); Construction and Finance (both +47%).
- Lowest net confidence in Recreation (+31% down 23%) and Wholesale/Retail 41% down 1%).
- Highest in \$1m+ turnover & FTE SMEs (+64%), lowest in \$0.5-\$1m by turnover at +35% and FTE at 38%.
- Higher for Metro (+54% up 8%) compared with Rural (+33% up 1%).
- Biggest improvements in Community Service, Agriculture, Manufacturing, Micro SMEs (T/O and FTE), Metro.

Make Significant Purchase (Q3)

- Third successive increase, to now be back at the highest level in 18 years after a sustained slump during and post-GFC. The sustained upward trend on this measure started in 2012.
- The most confident about making purchases are: Construction (+17% net). The least confident are: Finance (-25%) and Agriculture (-19%).
- Stark contrast in purchase intentions between the largest SMEs (t/o +39%; FTE +48%) and more pessimistic smallest SMEs (t/o -20%; FTE -28%).
- More confidence on this measure in Metro (+17% up 19%) compared with Rural (-25% down 16%).

Have Created Additional Employment (Q4)

- This measure has rebounded after a drop last survey, and extends the general upwards trend since Oct-15. It is at its best level since May 2010.
- Highest incidence of having created additional employment was in Manufacturing (57%); Community Service (+44%), lowest in Agriculture (12%); Finance (18%) and Construction (32%).
- Highest among largest SME's (t/o 58%; FTE (56%); lowest among micro-businesses (t/o 20%; FTE 17%).
- Higher in Metro (38% from 26%) than in Rural (26% from 35%).

Will Create Additional Employment (Q5)

- Confidence about creating additional employment in coming months increased by 8% since last wave (27%→35% of SMEs likely to create additional employment in coming months).
- Highest intentions to hire are in Community Service (60%) and Manufacturing (57%).
- Lowest in Agriculture (19%); Financial Services (15%).
- Highest among largest SME's (t/o 54%; FTE 58%); lowest among micro-businesses (t/o 23%; FTE 19%).
- Contrasting hiring intentions in Metro (40% up from 27%) and Rural (25% from 26%).
- Evidence of an upward trend on this measure since 2015, and latest result is the highest since Aug-07.

Pride in SA (Q6)

- A fall this survey that follows three successive increases on this measure.
- Latest "proud of SA" measure is 75%, down from 81% last wave.
- Highest level of State pride in Agriculture (78%); Finance (92%); Recreation (78%). Lowest level of State pride in Wholesale/Retail (73%); Manufacturing (65%).
- Highest level of State pride is among largest SME's (t/o 80%; FTE 78%); lowest among micro/mid-businesses (t/o 74%); mid-businesses (FTE 72%).
- Similar level of pride in Metro (78% from 82%) and Rural (70% from 80%).
- Biggest falls in Construction, Wholesale/Retail, Recreation, Mid-SMEs by T/O and FTE, Rural.

Feel about Business Situation (Q7)

- A drop this survey ceases a general upwards trend since Aug-16, down from a net of +41%→+34% this wave.
- Highest net results are Agriculture (+62%); Recreation (+53%); Manufacturing (+43%).
- Lowest net results are Wholesale/Retail (+22%); Community Service (+20%).
- Most confident on this measure are mid-sized SMEs by FTE (+42%), largest SMEs by T/O (42%). Lower for smallest SMEs on both FTE and T/O.
- Confidence levels vary on this measure for Metro (+32% from 40%) and Rural (stable +41%).
- Biggest positive shifts since last wave in Manufacturing (up 19%).
- Negative shifts for Construction (down 24%); Wholesale/Retail and Finance (both down 14%), mid-SME by T/O, micro-SME by FTE.

General Direction of Small Business (Q8)

- A fall this survey that follows three successive increases on this measure to a net of -19% (down from -15%).
- Highest current wave net scores on this measure in Manufacturing (+7%)
- Lowest current wave net scores in Wholesale/Retail (-23%); Community Services (-34%); Recreation (-33%).
- Biggest positive shift since last wave in Manufacturing (up 32%). Biggest negative shifts in Recreation (down 42%) and Construction (down 13%).
- By turnover, mixed results, with largest SMEs being the most confident (up 1%), mid-SMEs report a large increase, and micro-SME's are the lowest and report a large drop.
- By FTE, largest SMEs being the most confident (up 15%), mid-SMEs are lowest in confidence and report a large drop.
- Metro and rural report similar falls.

Downturn in Turnover (Q9)

- The first increase since Jul-17 in the % of respondents who are worried about a downturn in turnover (up from 35% worried to 46% worried).
- Lowest "worried" numbers are in Construction (26%) and Manufacturing (32%).
- Highest "worried" numbers are in Agriculture (69% worried); Retail (53%); Finance (50%).
- Biggest positive shift on this measure since last wave is in Construction. Biggest negative shifts since last wave are in Agriculture and Finance.
- Levels by T/O: largest SMEs (40% worried up from 27%), mid-SMEs (58% from 34% worried) and micro-SMEs (47% from 41% worried).
- Metro SMEs 42% from 31%, compared with Rural (55% from 42%).

Using New Technology (Q10)

- A slight softening in this measure after three consecutive increases, from a net of 69% confident last wave to 68% confident this wave.
- The most technology-confident SMEs are in Construction (+81% net up 27%); Manufacturing (+79% up 5%); Finance (+75% down 2%).
- The least technology-confident SMEs are in Agriculture (44% net from 58%) and Community Services (+59% net from 71%).
- Highest technology confidence is among the largest SMEs (t/o stable at +79%; FTE 78% up 2%); lowest among the mid-SMEs (t/o 62% down 15%; FTE 59% down 21%).
- Metro at 70% is up from 69%, but Rural is down 4% to 65%.

7 NOTES ON ISSUES PREVALENT DURING FIELDWORK

Date of Fieldwork	Comments
Wave 1 (Oct 97)	Fieldwork conducted during State election build-up
Wave 2 (Jan 98)	Fieldwork conducted during holiday period, post Adelaide Crows premiership
Wave 3 (Apr 98)	Fieldwork conducted amid media coverage of Asian economic crisis
Wave 4 (Jul 98)	Fieldwork conducted amid media coverage of the \$A decline and continued coverage of Asian economic crisis
Wave 5 (Oct 98)	Fieldwork conducted after Federal election and Adelaide Crows premiership
Wave 6 (Jan 99)	Fieldwork conducted during holiday period
Wave 7 (Apr 99)	Fieldwork conducted amid media coverage of the Yugoslavia and East Timor conflicts, also the ETSA sale was voted down
Wave 8 (Jul 99)	Continuing good economic results and GST uncertainty
Wave 9 (Oct 99)	East Timor conflict and media coverage leading up to republic referendum
Wave 10 (Jan 00)	GST uncertainty and high car and petrol prices
Wave 11 (Apr 00)	GST uncertainty, speculation of further interest rate rises and decline in value of \$A
Wave 12 (Jul 00)	Fieldwork conducted post GST introduction
Wave 13 (Oct 00)	Fieldwork conducted post Olympics, continuing fall in \$A and Higher fuel prices
Wave 14 (Jan 01)	<i>Business</i> issues - Continuing effects of GST on demand in some industries, impact of low exchange rate on cost of imports, negative forecasts coming out of the USA suggesting an economic downturn and possible recession. <i>Consumer</i> issues - Consumers are not affected negatively by the introduction of the GST, anticipation of a positive year based on current economic growth and seasonal "good feel" factors (Christmas, New Year, holidays, summer).
Wave 15 (Apr 01)	Record low value of the Australian dollar, cost of living rises (GST, fuel, electricity) and business cost increases (GST, fuel, electricity)
Wave 16 (Jul 01)	No issues at time of fieldwork
Wave 17 (Jan 02)	Upcoming State election
Wave 18 (Apr 02)	No issues at time of fieldwork
Wave 19 (Jul 02)	Increasing interest rates
Wave 20 (Jan 03)	Prospect of Australia becoming involved in a war with Iraq, drought affecting many of the State's farming districts, a Federal Government funded campaign to "be alert but not alarmed" at the prospect of terrorist attacks on Australian soil, historically low unemployment levels and low interest rates, record agricultural commodity prices, average annual growth of house values in South Australia of 17% in 2002, Australia retaining the Ashes.
Wave 21 (Apr 03)	Iraq war, widespread drought, controversy surrounding the Governor General, SARS affecting travel and exports, low unemployment levels and low interest rates, high agricultural commodity prices, State and National economies continuing to grow, average annual growth of house values in South Australia, the housing boom continuing in South Australia well into 2003, preliminary talks of a tough State budget for SA this year, the Australian dollar at a 2 year high against the US dollar.
Wave 22 (Jul 03)	An end to the Iraq war, continuing strong Australian economy, signs of an upturn in the US and world economies, strong South Australian economic sectors- housing and construction, agriculture (end of drought) and manufacturing in particular, property value continuing to rise and positive prospects for employment
Wave 23 (Jan 04)	Continuing good economic climate, including good retail, housing and car sales. Strong Australian dollar and rising home values. Expectation of continued interest rate increases.
Wave 24 (Apr 04)	Weakening Australian dollar, slowdown in housing sector, higher petrol prices and uncertainty with Mitsubishi's future.
Wave 25 (Aug 04)	Weakening Australian dollar, higher petrol prices, stable interest rates, continuing strong retail, car and housing sales
Wave 26 (Jan 05)	Continuing good economic climate, strong Australian dollar and rising home values. Expectation of interest rate increases. Tsunami and Eyre Peninsula bushfires.
Wave 27 (Apr 05)	Low unemployment rate, continuing high petrol prices, impact of March interest rate rise and uncertainty of further interest rate increases, threatening drought, low commodity prices, pending Federal and State budgets.
Wave 28 (Aug 05)	Low unemployment rate, continuing high petrol prices, recent good rainfall, slight softening of housing market, London bombings, media attention re Industrial Relation changes.

Date of Fieldwork	Comments
Wave 29 (Jan 06)	Low unemployment rate, continuing high petrol prices, slight softening of housing market, upcoming State election, issues in the media relating to the airport, new trams and electricity.
Wave 30 (Apr 06)	Fieldwork conducted amid low unemployment rate, continuing high petrol prices, slight softening of housing market, and positive reactions to the State Election, opening of the new airport terminal and numerous major events including the Fringe, the Clipsal 500 and the Festival of Arts.
Wave 31 (Aug 06)	Fieldwork conducted amid low unemployment rate, petrol prices increasing to record levels, a recent interest rate rise with forecasts of further imminent rate rises and low rainfall across the state.
Wave 32 (Feb07)	Fieldwork conducted amid low unemployment rate, lower petrol prices, a stable interest rate environment, and ongoing drought and water restriction conditions.
Wave 33 (May07)	Fieldwork conducted amid low unemployment rate, a stable interest rate environment, ongoing drought and water restriction conditions, higher petrol prices and during the lead up to the Federal Budget.
Wave 34 (Aug 07)	Fieldwork conducted following an interest rate increase, ongoing water restrictions, decrease in value of \$A, share market volatility, inflationary pressures, lower petrol prices and Federal election speculation.
Wave 35 (Feb 08)	Fieldwork conducted following an interest rate increase, ongoing water restrictions, share market volatility, inflationary pressures, variable petrol prices, continuing good housing market, new Federal Government and the announcement of the Mitsubishi closure.
Wave 36 (May 08)	Fieldwork conducted amid steady interest rates, inflation peaking at a 16 year high of 4.2%, petrol prices approaching \$1.50 and further increases expected, softening housing market, media speculation re Federal Budget.
Wave 37 (Aug 08)	Fieldwork conducted with official interest rates on hold, inflation still above the RBA's target band, petrol prices around \$1.50 but after peaking at \$1.70, media speculation about an economic slowdown, debate about the form and timing of an emissions trading scheme, continuing uncertainty about the state's rainfall for this year, and dire predictions about the fate of the Lower Lakes.
Wave 38 (Feb 09)	Fieldwork conducted after the RBA slashed interest rates by 1% on February 3, after the announcement by the Federal Government of a further \$42 billion stimulus package and just before the devastating Victorian bushfires.
Wave 39 (May 09)	Fieldwork conducted after the RBA meeting with no change to rates, ongoing GFC concerns, a "recessionary" economy, media commentary of upcoming Federal Budget and swine flu concerns while being balanced by some good rains, "mad March" activities, the release of the White Paper, and the receipt of payments from the stimulus package.
Wave 40 (Aug 09)	Fieldwork conducted after the RBA meeting with no change to rates, good rains in July, continuation of Federal Government stimulus spending, steady unemployment figures, positive commentary regarding GFC, extension of FHOG and increases in petrol prices and Australian/US dollar.
Wave 41 (Feb 10)	Fieldwork conducted after the RBA meeting with no change to rates, steady unemployment figures, positive commentary regarding GFC, increases in petrol prices and Australian/US dollar, continued commentary on ETS, reduction of first home buyers grant and initial media coverage of upcoming State election
Wave 43 (Oct 10)	Fieldwork conducted after the October RBA meeting with no change to rates and post the Federal Government election decision and State Government budget announcement
Wave 44 (Feb 11)	Fieldwork conducted after the October RBA meeting with no change to rates, during the floods and cyclone in the Eastern states, and amid the media coverage of local issues with State Government.
Wave 45 (May 11)	Fieldwork conducted after the May RBA meeting with no change to rates, and post the 2011 Federal Budget announcement. Also during ongoing media coverage of Kevin Foley and Adelaide Oval development, and continuing high petrol prices, "soft" housing market and high \$A
Wave 46 (Aug 11)	Fieldwork conducted after the August RBA meeting with no change to rates and the start of a substantial fall in global sharemarkets. Also during ongoing media coverage of State Government leadership issues, poor retail sales, continuing "soft" housing market and high \$A
Wave 47 (Feb 12)	Fieldwork conducted after the February RBA meeting with no change to rates, but amid some talk about "out of cycle" home loan rate increases by banks, poor retail sales, continuing "soft" housing market and high \$A
Wave 48 (May 12)	Fieldwork conducted after the May RBA meeting with a 0.5% cut to rates, and post the 2012 Federal Budget announcement.
Wave 49 (Aug 12)	Fieldwork conducted after the August RBA meeting with rates remaining unchanged, continuing high \$A, reasonable economic growth and unemployment figures, uncertainty about the future of Olympic Dam, and ongoing uncertainties with the global economy.
Wave 50 (Feb 13)	Fieldwork conducted after the February RBA meeting with rates remaining unchanged, continuing high \$A, reasonable post-Christmas economic figures, the share-market continuing to improve, after the announcement of the Federal election and the State Opposition leadership change. Also locally, leading in to "Mad March" which tend to lift confidence levels. Internationally, the US avoiding the fiscal cliff and the US Presidency settled, as well as some better news out of Europe

Date of Fieldwork	Comments
Wave 51 (May 13)	Fieldwork conducted after the May RBA meeting with a 0.25% cut to rates, and the 2013 Federal Budget (it was an austere budget including tax increases and cuts to household benefits, with many households believing they will be worse off as a result of the Budget). A rebounding share market and good national employment growth figures were positives, while local SA iconic brands (Trims, Spring Gully) were in trouble, and publicity about redundancies at the GMH Elizabeth plant were also in the media
Wave 52 (Sep 13)	Fieldwork conducted after the May RBA meeting with rates unchanged and after the Federal election results. The \$A was lower, the housing market was beginning to show some signs of recovery, the share market had some gains and good rainfall was received. These positives were countered by unemployment rising slightly, economy growth forecasts being revised downwards, ongoing GMH uncertainties and the Syrian conflict dominating headlines
Wave 53 (Feb 14)	Fieldwork conducted after the February meeting with rates unchanged. The \$A was lower, the housing market was beginning to show some signs of recovery and the share market had some gains. These positives were countered by unemployment rising slightly, GMH closure announcement in early December in the background, the ongoing Middle-East (Egypt, Syria, Iraq), and locally, a major heat wave (with blackouts) and bushfires
Wave 54 (May 14)	Fieldwork conducted after the May RBA meeting with rates unchanged, and following the Federal Budget announcement in early May. The SA State election in March produced a hung Parliament with the balance of power held by one Independent MP. Economic forecasts predict sluggish economic growth for Australia, driven by lower growth in China's economy. The \$A continued to strengthen to the \$US, creating further challenges for Australian exporters. New investment expected for South Australia from the Federal Budget, and ongoing construction of the new Royal Adelaide Hospital and rail sector upgrades. Aldi and Masters stores announcing expansion into South Australia, creating thousands of new jobs
Wave 55 (Aug 14)	Fieldwork conducted after the August RBA meeting with rates unchanged. International affairs have dominated media, with conflicts (Ukraine, Iraq and Gaza), flight MH17, sanctions against Russia, and the Commonwealth Games in Glasgow all being high profile. Locally, rising house values, increases in the sharemarket, building approvals up and the removal of the carbon tax are positives. In addition SA reported a lower unemployment rate, good rainfalls have been received and some renewed hope with Olympic Dam but some issues were raised with the future of the ASC.
Wave 56 (Feb 15)	Fieldwork conducted after the February RBA meeting with rates reduced by 25 points. Media items included the Prime Minister's knighthood award to Prince Philip, and subsequent leadership turmoil within the Liberal Party and pending 'spill' vote. Unemployment staying at record highs and national economy staying at low growth, significant drop in the price of petrol, the \$A to \$US below \$0.80, and sharemarket gains. Also, media coverage of impending execution of "Bali nine" leaders in Indonesia
Wave 57 (Jun 15)	Fieldwork conducted following the Reserve Bank of Australia's decision on June 2, 2015, to keep interest rates on hold, and following the handing down of the South Australian State Budget on June 18, 2015. Ongoing speculation about the submarine tender, the announced closure of two power stations in Pt. Augusta, and the future of the Leigh Creek coal mine under review. The latest unemployment figures at 7.6% in South Australia – higher than all other States including Tasmania
Wave 58 (Oct 15)	Fieldwork conducted following the Reserve Bank of Australia's decision on October 6, 2015, to keep interest rates on hold. SA's sister-State relationship with Shandong Province in China to bring increased investment to SA, loss of SA jobs from BHP Billiton at Olympic Dam, on the back of job cuts by Alinta and Santos. SA's unemployment rate remaining above the national average, and the highest in the nation. Ongoing speculation about the future of the submarine contract, but all international tenderers now supportive of a "local build" component for South Australia and the new Royal Adelaide Hospital nearing completion with its opening scheduled in 2016
Wave 59 (Feb 16)	Fieldwork conducted following the Reserve Bank of Australia's decision on February 2, 2016, to keep interest rates on hold. SA's unemployment rate remaining above the national average, and the highest in the nation. Another successful Tour Down Under series. Ongoing inquiry into the nuclear industry and the role that South Australia might play in that industry. The Australian sharemarket following the global sharemarket trend with a sharp fall after the New Year and fluctuating significantly since then. Collapse of the Dick Smith retail chain, and the Woolworths Masters hardware chain.
Wave 60 (Jul 16)	Fieldwork for this report was conducted between July 8 - 11, 2016, following the Reserve Bank of Australia's decision on July 5, 2016 to keep interest rates on hold, and following the handing down of the South Australian State Budget on July 7, and the July 2 Federal election result still undecided but looking increasingly like a narrow Coalition victory. In the market, good levels of national economic growth, the Brexit vote and continued low interest rate environment
Wave 61 (Oct 16)	Fieldwork for this report was conducted from Oct 4 - 10, 2016, following the Reserve Bank of Australia's decision on Oct 4, 2016 to keep interest rates on hold. Many and varied items internationally, nationally and locally; a fall in the British pound, the US Presidential election, Federal Budget changes to welfare payments and family benefits, and locally, recent weather conditions (flooding and state-wide blackout), last Holden off production line, rising unemployment rate, Adelaide and Port end poor AFL football seasons and nuclear decision pending
Wave 62 (Feb 17)	Fieldwork for this report was conducted from Feb 8 - 10, 2017, following the Reserve Bank of Australia's decision on Feb 7, 2017 to keep interest rates on hold. Many and varied items internationally, nationally and locally; British parliament vote that supported Brexit, the US President's inauguration, implementation of Federal Budget changes to welfare payments and family benefits, and locally, recent weather conditions (extreme temperatures and ongoing power issues), GMH closure date announced, RAH issues, rising unemployment rate and commencement of SA's major events season

Date of Fieldwork	Comments
Wave 63 (Jul 17)	<p>Fieldwork for this report was conducted from between July 5 - 10, 2017, following the RBA's decision on July 4, 2017 to keep official interest rates on hold. Note, the Federal Budget was released on May 8th and the SA State Budget on June 22nd. Many and varied items internationally, nationally and locally;</p> <ul style="list-style-type: none"> • North Korea launching test missiles, the British election delivering minority government in a blow to Theresa May's campaign to strengthen her hand in Brexit negotiations, Emmanuel Macron winning a decisive victory in France's Presidential election, Donald Trump dominating the global headlines over Russian interference in the US Presidential election, Terrorist attacks in London and Manchester. • Ongoing poor opinion poll results for the Turnbull Government, Federal Senate passing the "Gonski 2.0" education funding package, and full funding of the NDIS, the \$A trading consistently at around US \$0.76, a pay crisis paralysing Australian cricket. • The opening of the new RAH moving closer, but well behind schedule, State Budget announcements - a surplus, new schools for the northern and southern suburbs, extra funding for the QEH, a new Women's Hospital to be built, apprenticeship incentive scheme, a State-based bank levy on the "big 5" banks; anew buyer found for Arrium, Tesla to build the world's largest storage battery to store wind power, a new gas-fired power station to be built by the State Govt, Electricity prices rose by 18% for households and 15% for businesses in South Australia on July 1, 2017, the State's unemployment rate now the highest of all States at 6.9% and a dispute between the State Government and the major banks and the broader business community over the proposed State-level bank levy, with the State Opposition and cross-bench MLA's planning to block the levy in the State's Upper House
Wave 64 (Oct 17)	<p>Fieldwork for this report was conducted between October 5 - 10, 2017, following the RBA's decision to keep official interest rates on hold. Media activity included the pending closure of GMH, opening of the new RAH, progress of the Tesla battery project, Nick Xenophon bombshell announcement of moving from Federal to State politics, ongoing debate over the State-based levy on banks, excitement about Adelaide reaching the AFL grand final and the Royal Adelaide Show period. Below average winter rainfalls</p>
Wave 65 (Feb 18)	<p>Fieldwork for this report was conducted between February 7 - 12, 2018, following the RBA's decision on February 6, 2018 to keep official interest rates on hold. The rise of Nick Xenophon's SA First Party, with the State election scheduled for March 2018. High temperatures and bushfires in parts of the State. Another successful TDU event, and the impending start of the "Mad March" events program. The Tesla battery and generators came into operation over the 2017 summer period, No major power outages during the hot spell.</p>
Wave 66 (July 18)	<p>Fieldwork for this report was conducted between July 4-10, 2018, following the Reserve Bank of Australia's decision on July 3, 2018 to keep official interest rates on hold. A change of government in South Australia at the March State election. Another successful mad March events program. The new frigate contract announced for SA. Renewed investment in the Upper Spencer Gulf region. A construction boom underway. The energy supply industry stabilizing after a turbulent year in 2017.</p>
Wave 67 (Nov 18)	<p>Fieldwork for this report was conducted between October 3 -8, 2018, following the Reserve Bank of Australia's decision on October 2, 2018 to keep official interest rates on hold. No significant change in the State's economic outlook, with the new State Government implementing a range of initiatives as part of a plan to reduce household costs and improve services. Disappointment over the performance of the State's two AFL teams in the 2018 season. Drought officially declared in South Australia. The strawberry contamination scare affected local producers.</p>