



A Division of Westpac
Banking Corporation
ABN 33 007 457 141
AFSL 233714

The BankSA State Monitor

- an ongoing independent survey of South Australian Consumer & Business Confidence

Research Results

No. 60 – July 2016

Media Contacts:

Jayne Flaherty, BankSA Corporate Affairs
Telephone: (08) 8424 4570 or 0478 335 544
Email: flahertyj@banksa.com.au

Megan Grey, BankSA Corporate Affairs
Telephone: (08) 8424 4470 or 0466 320 662
Email: greym@banksa.com.au

TABLE OF CONTENTS

1	INTRODUCTION	3
2	METHODOLOGY	3
3	RESEARCH OBJECTIVES	4
4	RESULTS	4
4.1	SUMMARY OF RESULTS	5
4.1.1	<i>Top Line Results – Consumer Summary</i>	5
4.1.2	<i>Top Line Results – Business Summary</i>	6
4.2	ENVIRONMENT DURING WHICH THIS STATE MONITOR WAS CONDUCTED	7
4.3	COMMENTARY ON WAVE 60 RESULTS	8
5	SUMMARY OF RESULTS	10
5.1	CONSUMER TRACKING MONITOR	10
5.2	BUSINESS TRACKING MONITOR.....	11
6	DETAILED RESULTS	12
6.1	CONSUMER TRACKING MONITOR – TOP LINE RESULTS	12
6.1.1	<i>Latest Figures</i>	12
6.1.2	<i>Detailed Results</i>	13
6.2	BUSINESS TRACKING MONITOR – TOP LINE RESULTS	15
6.2.1	<i>Latest Figures</i>	15
6.2.2	<i>Detailed Results</i>	16
7	NOTES ON ISSUES PREVALENT DURING FIELDWORK	18

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 60th survey.

2 METHODOLOGY

The Bank commissions separate surveys for the consumer market and business community.

- **Consumer Tracking Monitor**

- Telephone survey
- Conducted three times a year
- 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
- 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

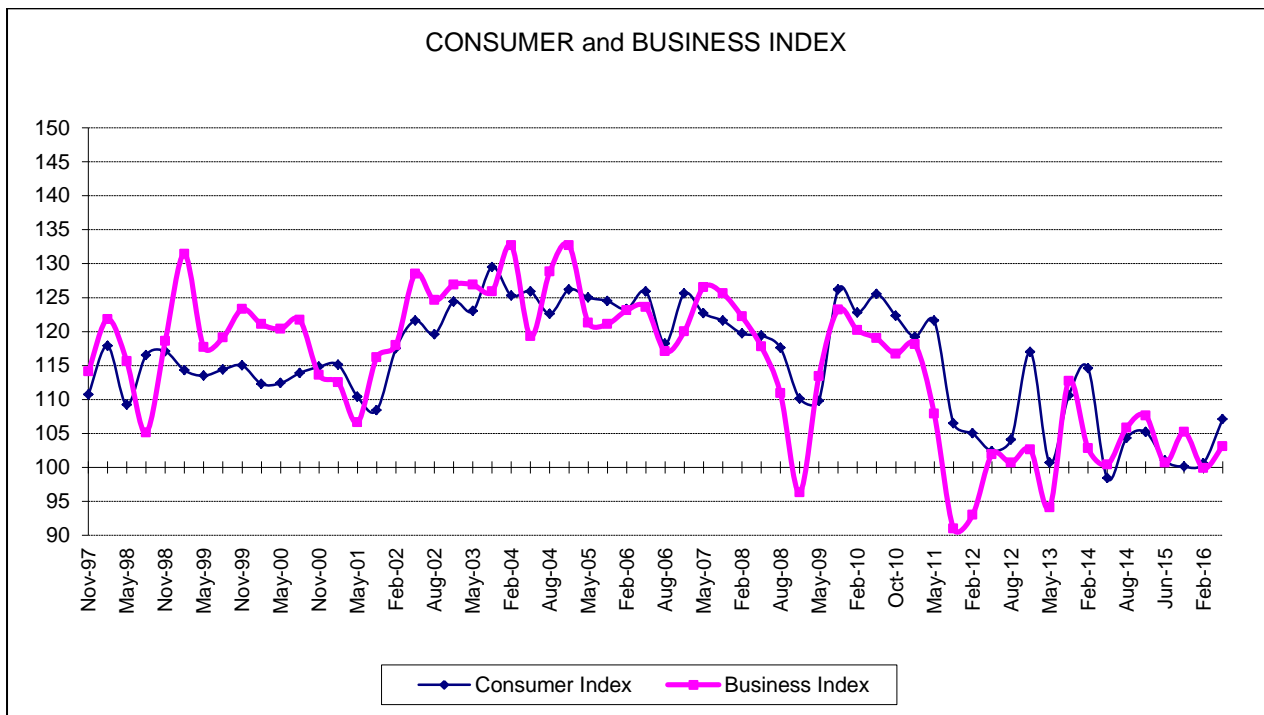
A base of 100 is used, to which the overall results are either added or deducted. If a result greater than 100 is achieved, this represents a positive result and if the result is less than 100, a negative result is represented. Based on this index a maximum score is 200 and a minimum score is zero.

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 increased 6.5 points from 100.6 to 107.1 index points.
- Business confidence increased by 3.2 points, from 99.9 in Feb-16 to 103.1 in Jul-16.



4.1 Summary of Results

4.1.1 Top Line Results – Consumer Summary

Consumer confidence increased 6.5 points from 100.6 to 107.1 index points.

CONSUMER TOP LINE SUMMARY						
Q	Tracking Indicator	Question Asked	Latest Result Movement	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	12%	18 - 24 White Collar Male	25 - 34 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	7%	18 - 24 50 + White Collar Metro & Rural	25 - 34 Blue Collar
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	8%	Best level since Feb-14 65 + White Collar Males Metro	18 - 24
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	11%	Best level since Feb-13 18 - 24 White Collar Metro	25 - 34 50 +
5	State pride	When you look at how things are going in SA, how proud are you to be a South Australian?	- ve	-9%	18 - 24	35 - 49 Blue Collar
6	Mood	Which words best describe how you feel about your own household situation at present?	+ ve	1%	18 - 24 Females White Collar	25 - 34 Blue Collar
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	4%	18 - 24 (only +ve segment) Rural Blue Collar	25 - 34 35 - 49
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	-9% "worried"	Blue Collar 46% from 59% White Collar 40% from 55% Metro 42% from 54% Females 41% from 56%	25 - 34
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	11%	18 - 24 Rural Females	50 - 64 Metro
10	Technology adoption	How confident do you feel about using technologies such as credit cards, computers, mobile phones, ATMs and EFTPOS?	+ ve	2%	18 - 24 Rural	50 + Metro

4.1.2 Top Line Results – Business Summary

As with consumer confidence, business confidence also increased this survey; by 3.2 points, from 99.9 in Feb-16 to 103.1 in Jul-16.

BUSINESS TOP LINE SUMMARY						
Q	Tracking Indicator	Question Asked	Latest Result Movement	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	7%	Construction Manufacturing Large-size businesses Rural	Recreation Wholesale/Retail Micro-size businesses Rural
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	-1%	Manufacturing Metro Largest by fte and t/o	Recreation Agriculture Rural
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	16%	Best level since Aug-09 Agriculture Largest by t/o Mid-size by fte Metro	Wholesale/Retail
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	-5%	Community Service Manufacturing Largest by t/o and fte	Agriculture 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	2%	Manufacturing Largest by t/o and fte Metro	Agriculture Micro-size businesses Rural
6	State pride	When you look at how things are going in SA, how proud are you to be a South Australian?	+ ve	11%	Manufacturing Largest by t/o and fte Metro	Agriculture Rural
7	Mood	Which words best describe how you feel about your own business situation at present?	+ ve	4%	Manufacturing Large-size by t/o and fte Metro	Construction (only -ve industry with 43% Positive, 57% Negative) Rural
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	-6%	48% report direction is down Neutral to 44% from 28% Manufacturing Largest by t/o and fte	All industries -ve Agriculture Metro
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	3% "affected"	55% "worried", from 52% Rural 50%, from 53%	Wholesale/Retail 67% (from 42%) Finance 56% Community Sve 56% Large by fte 63% Metro 57%, from 52%
10	Technology adoption	How confident do you feel about using technologies such as credit cards, computers, mobile phones, ATMs and EFTPOS?	+ ve	9%	Manufacturing Finance Largest by t/o, Mid by fte Metro	Rural 70% (was 63%)

4.2 Environment during which this State Monitor was conducted

The context in which the Jul-16 State Monitor was conducted helps to understand the index changes.

At an international level, the context included:

- A big time of year for major sporting events – European Soccer Cup, US Open Golf, Wimbledon, Tour de France.
- Brexit, and political fallout from the decision to leave the European Union, including David Cameron's replacement as Prime Minister of Great Britain.
- Numerous terrorist attacks and foiled terrorist plots in the Middle East, Europe and the USA.
- The downing of a passenger jet over the middle-east, killing all on board.
- The zika virus creating uncertainty about the safety of attending the Rio Olympics.
- A ban on the Russian Olympic team from participating in the Olympics due to drug cheating.
- Tensions in the South China Sea over China's creation of artificial islands, and military build-up.
- A US probe sent successfully into orbit around Jupiter after 5 years of travel from Earth to Jupiter.
- Continuing sluggish economic growth globally.
- The US Presidential race narrowing to a contest between Donald Trump and Hilary Clinton.

At a national level in Australia, the context included:

- Australian athletes preparing for the Rio Olympics.
- The Federal election on July 2.
- A small interest rate cut by the RBA in May 2016 from 2.0% to 1.75%.
- A decision to keep the GST rate at 10%.
- Ongoing budget deficits for at least the next 4 years.
- The Federal Budget handed down in May proposing tax cuts for business, and changes to superannuation caps.
- The mining and retail sectors continuing to do it tough, but the national economy growing at 3% due to the construction and services sectors.
- Unemployment basically steady at just under 6%.
- The Federal Government announcing major shipbuilding and submarine contracts to maintain a shipbuilding industry in Australia.
- Dairy farmers rocked by a large cut in farmgate prices for milk.
- Numerous state governments beginning to post budget surpluses on the back of strong stamp duty receipts.

At a state level in South Australia:

- Announcement of the "continuous build" for frigates and submarines for South Australia.
- A State Budget surplus handed down on July 7, 2016.
- Completion of another successful 'Mad March' events program.
- Arrium in trouble, but support promised from both major federal political parties.
- Closure of Alinta Energy at Leigh Creek.
- Delays in opening of the new RAH.
- Announcement of a new tram line extension down North Terrace to East Terrace.
- State Budget stimulus for SMEs to take on additional employees.
- Payroll tax rebate extension for four years.
- Monies available for school upgrades.
- An intention to bid for the 2026 or 2030 Commonwealth Games to be held in Adelaide.
- Other positive activities:
 - The building of a tunnel from the O-Bahn on Hackney Road to Grenfell St under the parklands;
 - A large number of apartment buildings going up in the city;
 - The casino given approval to undertake a major redevelopment;
 - The Glenelg jetty to be totally revamped with a US-style pier to be built with function facility and event spaces; and
 - New small bars and restaurants are opening around the CBD.

4.3 Commentary on Wave 60 Results

The small rise in consumer confidence reported in February this year, has been consolidated with a moderate increase of 6.5 points in the July results, which represents the best improvement since Sep-13.

The consumer confidence index now sits at 107.1, above the baseline of 100 at which the number of optimists in the community equals the number of pessimists

By historical standards, the current consumer confidence level is quite low, and has been in decline year-on-year in recent times since 2013, however the results for 2016 are showing some indications of a turnaround of this recent decline;

BSA State Monitor	Annualised Index
2007 (3 surveys)	123.3
2008 (3 surveys)	118.9
2009 (3 surveys)	115.4
2010 (3 surveys)	123.5
2011 (3 surveys)	115.8
2012 (3 surveys)	103.8
2013 (3 surveys)	109.4
2014 (3 surveys)	105.8
2015 (3 surveys)	102.1
2016 (2 surveys)	103.9

As with consumer confidence, business confidence has also improved in the latest results, up by 3.2 points, from 99.9 in Feb-16 to 103.1 in Jul-16 and follows a decrease in business confidence between October last year to February this year.

The current business confidence level has rebounded from the three year low of 99.9 reported in Feb-16, and has returned to be above the 100 index point baseline.

Consumer Comments

The ten measures that contribute to the consumer confidence index show improvement in nine and a decline in one measure.

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 large positive results are:

- A decrease in concerns relating to unemployment impacting their household;
- Confidence about employment mobility is higher;
- Improved confidence about the climate for consumer spending over the next 12 months;
- Increased incidence of having made significant purchases in the last 3 months; and
- Likelihood of a major purchase in the next 3 months is higher.

The following measures also increased, but only marginally:

- Higher confidence that consumers' own financial position will improve in the next 12 months;
- Sentiment about their overall household situation is more positive;
- Adaptation to new technology has improved ; and
- A perception that local businesses have increased in business activity.

The only negative this survey is:

- Pride in South Australia.

A total of 28 factors were provided to consumers in the survey, as potential factors making consumers optimistic or pessimistic about the future. Of these factors, there's a 50/50 split with 14 reporting a positive shift, and 14 a negative shift, for Feb-16 to Jul-16.

Contributors to the consumer results are a mixture of positive and negative factors:

- Consumers are more optimistic (or less pessimistic) about the following factors that report the highest net positive shifts:
 - The performance of the sharemarket;
 - The value of the Australian dollar; and
 - South Australia's long term outlook.
- Consumers are more pessimistic (or less optimistic) about the following factors that report the highest net negative shifts:
 - Interest rates;
 - The general direction of things in Australia; and
 - Political leadership in Australia.

Business Comments

Of the 10 factors contributing to the business confidence index, there are mixed results with six factors improving and four factors showing a negative shift.

The measures reporting positive shifts are:

- Confidence about the climate for doing business in the next 12 months is higher;
- Intention to make a major purchase in the next 12 months has improved;
- Increased intention to create new employment in the next 3 months;
- Pride in South Australia is higher;
- Their own overall current business situation has improved; and
- Confidence about adoption of new technology is higher.

Measures reporting negatively are:

- The creation of additional employment in the last 3 months is down;
- A lower perception that small business activity is picking up;
- Confidence is lower about their own business prospects in the next 12 months; and
- A higher incidence of being impacted by falling turnover.

A total of 30 factors were provided to business owners in the survey, as potential factors making businesses optimistic or pessimistic about the future. Of these factors, eight reported a positive shift and 22 reported a negative shift from Feb-16 → Jul-16.

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

- Interest rates;
- The personal financial position of SME owners;
- The business financial position of SME businesses; and
- The long term outlook for Australia.

The main factors contributing to pessimism relate to:

- Unemployment;
- The national economy;
- Wages relative to cost of living;
- World affairs;
- The global economy; and
- The South Australian economy.

Conclusions

There has been an encouraging lift in consumer confidence, following the RBA's decision to keep rates on hold with the cash rate at an historically low rate of 1.75%, a State Budget in surplus, and the Federal election out of the way with more certainty now about the Federal political landscape for the next 3 years.

Overall, there is generally greater optimism about the outlook for the 12 months ahead.

An important finding is a lift in greater optimism that is translating into spending behaviour, with an increase in major purchases in the past 3 months, and an increase in intentions to make a major purchase in the next 3 months.

However in context, these improvements are off a low confidence base, but the index is heading in the right direction with two consecutive increases.

There has also been an encouraging uplift in business confidence this survey, but again, off a low base.

The main observation of the results this survey is that the increase is quite 'patchy', with SME owners believing that business conditions will improve in the next 12 months, but they remain pessimistic about the outlook for their own business, with many experiencing a seasonal downturn in turnover.

The factors associated with the lift in business confidence include:

- The low interest rate environment;
- A general perception that the climate for doing business in SA is likely to be better over the next 12 months;
- SME's adapting and applying new technology to make their businesses more competitive; and
- Plans to invest in new plant and equipment and hire additional staff to support business growth in the coming period.

5 SUMMARY OF RESULTS

5.1 Consumer Tracking Monitor

Key Observations

- Overall index
 - There is an overall increase (of 6.5 index points) in the Consumer Confidence Index.
 - Analysis of the consumer results suggests that the increase in consumer confidence has been driven by positive results in the 18-24 and 65+ age segments; females, white collar employees; and rural based respondents.
 - The percentage of respondents who are worried about unemployment, has decreased from the highest level since this report commenced in Nov-97 of 50% last survey, back to 41% "worried".
 - For the consumer monitor, the three highest net positive measures are: adoption of technology; state pride and current mood.
 - The Consumer Index remains higher than the Business Index – as it was last survey.
 - The age segment 25-34 reports a significant drop this survey, resulting in the 2nd lowest result for this segment since reporting commenced. It is also the lowest of all age segments.
- Points to note for this survey, based on consumer demographics are:
 - Confidence is under the 100 index base for 25-34 age segments;
 - Age segment 18-24 ranks as the most positive (has been the highest for the past six waves);
 - Confidence levels for females remains higher than males (with females up 7.1 to 109.2), while males are up 5.6 to 104.9 points;
 - White collar has returned to having higher confidence than the blue collar segment, with white collar increasing by 15.1, to 112.3, while blue collar has softened slightly by 0.7 (to 104.1 points); and
 - Confidence ranking between metro and rural is unchanged, with Metro again more confident, however rural has closed the gap, increasing by 7.8 to 106.3 points, while metro increased by 6.1 to 107.7 index.

5.2 Business Tracking Monitor

Key Observations

- Overall index
 - There is an overall increase (of 3.2 index points) in the Business Confidence Index.
 - Analysis of the business results suggests that the increase in business confidence is a result of increases in the manufacturing and recreational sectors, mid-size SME businesses by turnover and FTE numbers, and metro locations.
 - State pride has rebounded from its lowest level since Aug-98 reported in the previous survey, and small business confidence responses (ie small business picking up, steady or slowing) moving to 'steady' from the high percentage of 'slowing down' last survey.
 - Rural confidence remains lower than metro, but whilst it has increased slightly this survey it remains just below 100 index points. Metro reports an increase of 4.0 points.
 - The agriculture, wholesale/retail, finance recreational are below the 100 index base (i.e. there are more pessimistic than optimistic businesses), while the construction industry has ceased five waves of being under the 100 index point benchmark, to report a solid increase this survey.
 - After falling below the 100 index point base for the first time since Feb-14, and to its lowest level since Feb-13, the confidence level in the agriculture industry has improved by 4.8 index points, however it remains below the 100 index point benchmark.
 - Community service reports the largest decrease this survey, and extends the decline in this industry to the past two surveys. However, it remains above the 100 index point benchmark, at 107.9, but is down from its recent high of 133.7 reported in late 2015.
 - For the business monitor, the three highest net positive measures are: technology adoption, state pride and confident about future improvement in own business.
 - Micro businesses by T/O and by FTE remain below the 100 index points base, however both categories have improved this survey.
 - By turnover: <0.5m – increased by 4.9 points; >0.5m<1m – increased by 4.7 points; and >1m – increased by 3.1 points
 - By FTE: < 5fte – increased by 0.8 points; 5-10fte – increased by 14.4 points; and +10fte – increased by 4.9 points
 - Both metro and rural increased.
- Points to note this survey, based on business demographics, are:
 - Highest confidence in the largest businesses by FTE and Turnover;
 - Higher confidence among metro businesses compared with rural businesses, as per the last survey; and
 - Lowest confidence levels in the wholesale/retail and agriculture 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 60			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?	31%	30%	36%	✓
			4%	-8%	3%	
2	Consumer confidence	How confident are you that there will be a significant positive change in your financial position in the next 12 months?	32%	39%	28%	✓
			4%	-3%	-2%	
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?	30%	49%	19%	✓
			4%	-7%	3%	
10	Technology adoption	How confident do you feel about using technologies such as credit cards, computers, mobile phones, ATMs and EFTPOS?	77%	12%	10%	✓
			0%	-2%	2%	
			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?	68%	9%	22%	
			-10%	-1%	10%	
			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?	41%	59%		✓
			4%	-4%		
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?	28%	68%		✓
			5%	-6%		
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?	41%	59%		✓
			-9%	9%		
			Positive	Negative	Neutral	
6	Mood	Which words best describe how you feel about your own household situation at present?	70%	29%	1%	✓
			0%	-1%	0%	
			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?	12%	41%	44%	✓
			1%	-3%	4%	

6.1.2 Detailed Results

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

Consumer Spending Climate (Q1)

- The latest results are up this survey, from -11 to +1 (net confidence). This is the first positive result since Feb-15.
- Net confidence on this question is highest for the 18-24 (40% from 17%) and lowest for 25-34 (-33% down from -18% last wave).
- Metro is up to +1% from -10%, with rural also up, -14% to +2%.
- This survey sees white-collar reporting an increase from -21% to +3%, but blue-collar a decrease to -1% from +5%.
- Increases for males to +2% from -25%, however females are unchanged.

Financial Change (Q2)

- Following last surveys drop, the latest results have rebounded, from -14% up to -7%. This continues the generally positive upwards trend from the low in May-14.
- This extends the net negative results to 16 surveys.
- Those most confident about their own financial situation improving remain 18-24 age segments at 69% (from 45%), while the 50+ ages reports a good increase of 24%.
- Ages 25-34 are down from -9% to -29%.
- Metro responses report an increase to -6% from -14%, while rural has increased to -7% from -15%.
- The least confident are blue-collar at -3% (from +11%), while white-collar have improved to 2% from -16%.
- Males report an increase to -10% from -11%, with females increasing to -4% from -16%.

Made Significant Purchase (Q3)

- "Did make a major purchase" increased this survey to 41% from 37%, to be at the best level since Feb-14.
- The highest incidence of major purchases was by 65+ ages (48% from 25%).
- The lowest incidence of major purchases was 18-24 at 19%, down from 46%.
- White collar increased to 44% from 40%, and blue-collar is up to 40% from 36%, making a purchase.
- Movement across Metro and Rural, with Metro up to 42% from 38%, and rural up to 38% from 36%.
- Males increased from 37% to 45%, while female spending is unchanged at 37%.

Make Significant Purchase (Q4)

- The latest results report extends last surveys positive result, with an increase in the likelihood to make a major purchase in the next three months, to 28% up from 23%. The latest figure is the highest level since Feb-13.
- The highest intention to purchase is in the 18-24 ages (at 52% from 22%) and white-collars at 36% (from 27%).
- The lowest purchase intention figures are 50+ at 19%, and 25-34 at 22% down from 31%.
- Levels are reported for metro (30%, from 23%), rural (24% from 23%), and blue-collar (19% from 36%)

Pride in SA (Q5)

- Pride in the state reports a decrease to 59% from 68% net overall (68% for "proud" responses, from 78%).
- The proudest segments are 18-24 (75%), reporting "proud" replies.
- The least proud segments are 35-49 at 62%, from 76%.
- White collar have decreased by 4% to 67%, and blue collar has dropped to 78%, down from 92%.
- Metro have decreased (69% from 80%) and rural is also down, 64% from 72%.

Feel about Household Situation (Q6)

- The latest results improved slightly with figures reporting a marginal increase to 41% from 40%.
- The net positive mood is highest among 18-24 at 82% (up from 64%) and females (51% from 34%).
- Across the regions, metro (41%) and rural (42%) are at similar levels.
- White and blue collar report opposite results with white-collar up to 48% from 34% but blue-collar down to 23% from 34%.
- The net positive mood is lowest among the 25-34 ages at 0% (from 52%).
- Net male responses have decreased marginally to 30% (from 48%).

Business Activity (Q7)

- Another small rebound to -29% from -33% this survey, but remaining as a net negative level since May-2010.
- All age segments are in negative results, except for 18-24 at +5% being the most positive, as per last two surveys.
- City respondents report a slight change to -27% from -29%, while rural has improved to -34% from -42%.
- White collar is up to -27% from -39%, blue-collar is up to -21% from -3%, but 'other' employment category is down, to -40% from -16%.
- An increase by males to -26% from -38%, and also for females to -22% from -28%.

Worried by Unemployment (Q8)

- A better result this survey with the % of “worried” respondents decreasing from 50% to 41%.
- The highest level of concern about unemployment is with the 25-34 age segment.
- Males and females are at similar levels of 41%, however males have dropped from 43% and females down from 56%.
- Blue collar at 46% worried (down from 59%) with white collar at 40% (down from 55%).
- The % “worried” of metro respondents has decreased to 42% ‘worried’, (from 54%), whilst rural has dropped slightly, to 38% ‘worried’, (down from 40%).

Could Change to a Better Job (Q9)

- Following a drop last survey, there is an increase this survey with perceived job mobility improving to -19% from -30%.
- Confidence about job mobility is highest in 18-24 at +25% (up from -5%), rural -12% (from -30%) and females to -16% (from -23%).
- Confidence about job mobility is lowest in the 50-64 segment at -44% from -25%.
- Both white and blue-collar response are at similar NET levels, however the underlying figures show that blue-collar have increased from 27% to 33% “confident” and white collar from 23% to 27% “confident”.
- Metro has dropped below rural, to -21% from -30%.
- Males have increased to -21%, from -38%.

Using New Technology (Q10)

- Following increases in the past two surveys, net confidence in using new technology has increased again this wave, from 63% to 65% (net).
- Confidence with technology is higher among 18-24s (95% confident) but decreases with age to 73% in the 50-64 age segment.
- Confidence with technology is higher with white collar employees.
- Rural has increased from 72% to 79% “confident”, but metro has decreased slightly, to 77% from 79%.

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
			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?	39%	29%	30%	✓
			3%	-4%	1%	
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?	50%	23%	24%	
			-1%	0%	-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?	38%	56%	4%	✓
			11%	-5%	-6%	
10	Technology adoption	How confident do you feel about using technologies such as credit cards, computers, mobile phones, ATMs and EFTPOS?	84%	6%	9%	✓
			7%	-2%	-5%	
			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?	78%	12%	8%	✓
			5%	-6%	-2%	
			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?	26%	74%		
			-2%	3%		
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?	20%	77%		✓
			1%	-1%		
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?	55%	44%		
			3%	-2%		
			Positive	Negative	Neutral	
7	Mood	Which words best describe how you feel about your own business situation at present?	63%	37%	0%	✓
			2%	-2%	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?	6%	48%	44%	
			-10%	-4%	16%	

6.2.2 Detailed Results

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

Improved Business Climate (Q1)

- Following a decrease last survey, the latest result sees an increase from 3% to 10% (net) of confidence in an improvement in the business climate in the next 12 months.
- Micro-size businesses by turnover (+7% from -1%) and by FTE (steady at 1%) have the lowest net confidence about the business climate.
- Recreation at -39% from -19% and wholesale/retail at 0% (from 8%) represent the lowest confident industries.
- Most confident about the business climate is the manufacturing (43% up from 0%) and construction (unchanged at 15%) industries and the larger-size businesses, by turnover at +17% (from 12%), and by FTE, at 59% from 8% (This is the best biggest increase since Oct-10).
- An improved result by metro to 13% from 10%, and in rural a good increase to +1% from -14%.

Own Business Improvement (Q2)

- The latest result for confidence about own business growth in the next 12 months has slightly decreased, from 28% (net) to 27%.
- Confidence about their own business growth prospects is lowest in recreation (8% from 25%) and agriculture at +9% (down from +31%).
- Confidence about their own business growth is highest among manufacturing businesses (at 51% from 24%), and largest-size businesses by T/O and FTE.
- Metro at 33% is up from 31%, while rural is down, from 22% to 15%.

Make Significant Purchase (Q3)

- The incidence of businesses intending to make a major purchase in the next 12 months has increased this survey to 38% (from 27%), which is the highest level since Aug-09.
- Intention to purchase is lowest in the wholesale/retail industry (at 31% but up from 29%).
- Intention to purchase is highest in the agriculture industry (at 57%, up from 34%), mid-sized businesses (FTE) at 50% from 39% and large-sized businesses (by turnover) at 48% from 37%.
- Positive shifts in Metro to 37% from 24% and Rural to 40% from 33%.

Have Created Additional Employment (Q4)

- The incidence of businesses creating additional employment in the past three months has softened this survey to 26% (20%→28%→26%).
- The highest incidence of recent employment creation was in community service (38%, but down from 51%), manufacturing (32%) and large-sized enterprises (T/O) at 45% from 48%, and (FTE) at 53% from 62%.
- The lowest incidence of creating additional employment was in agriculture at 16% (from 25%).
- Metro has decreased to 27% (from 28%), as has rural, which has decreased to 24%, from 28%.

Will Create Additional Employment (Q5)

- Confidence about creating new employment in the next three months is up slightly with the latest results moving to 20%, up from 19% last survey.
- The lowest intention to create new employment is in agriculture at 8% (but up from 2%) and micro businesses at 11% (from 9%) for t/o and 10% (from 14%), for fte.
- The highest level of creating additional employment is in the manufacturing sector, at 26% "likelihood" (from 21%), and the large businesses (by t/o and fte) at 38% (from 31%) and 52% (from 44%), respectively.
- Metro +22% (from 20%) with rural slightly down to 16% (from 17%).

Pride in SA (Q6)

- After a dip last survey that followed three previous steady results, Pride in SA has rebounded and returned back to previous levels, increasing to 66% (net), from 55%, this survey.
- Pride is strongest in the manufacturing sector at 84% "proud" responses.
- Pride is lowest in the agriculture sector at (net) 53%, (but up from 41%).
- The largest businesses by FTE and Turnover, are the most confident and at similar levels.
- Rural respondents are slightly lower than Metro, down to 74% (from 75%) compared with metro which is up to 80% (from 72%).

Feel about Business Situation (Q7)

- Net positive feelings about their own business circumstances increased from +22% last wave to +26% this wave.
- Confidence about their own business situation was lowest in the construction sector with a drop to -14% from +8%.
- Confidence about their own circumstances was highest in the manufacturing sector (80% up from 10%), large-size businesses by turnover at 33% (from 14%) and by FTE at 48% (from 30%).
- A downward shift in current situation is reported for rural to 26% (from 28%), but for metro, after steady results in the past three surveys, an increase to 26% from 18% is reported this survey.

General Direction of Small Business (Q8)

- Net confidence about how SMEs in South Australia are performing generally, has declined this survey, to -44% from -36%.
- Nearly one half (48% from 52%) of businesses report that business direction is down, and only 6% report a positive result (down from 16%). Neutral responses increased to 44% (from 28%).
- All industries report a negative result, with manufacturing being the most positive at -21%, and agriculture being the least confident at -68%, a drop from -55%.
- Rural is steady at -46%, but for metro a decrease to -40% (from -31%).
- Large-sized business -21% (by FTE up from -31%) and by T/O, at -34% (down from -27%), are the most positive.

Downturn in Turnover (Q9)

- Just over one half of businesses (55%) remain worried about a downturn in turnover, (up from 52% last survey).
- Concerns about a downturn in their own turnover are highest in wholesale / retail at 67% (from 42%), finance & community service both at 56%, and large-businesses by FTE 63% (from 47%) and micro businesses by T/O at 60% (from 52%).
- "Worried" responses across metro to 57%, up from 51%, but rural to 50%, down from 53%.
- Agriculture businesses report 49% worried, which is a steady result.

Using New Technology (Q10)

- Business confidence about adoption of new technology in the business increased to a net of +78% (from 69%).
- The most confident businesses in terms of adopting new technologies are manufacturing (+89%), finance (+88%), large-size businesses (by turnover) of 87% and mid-size businesses (by FTE) at 90%.
- Metro at 82% (up from 71%) is higher than rural at 70% (from 63%).

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. SAs 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 conducted The 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