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The BankSA State Monitor

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

Research Results

No. 61 – October 2016

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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 61st 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

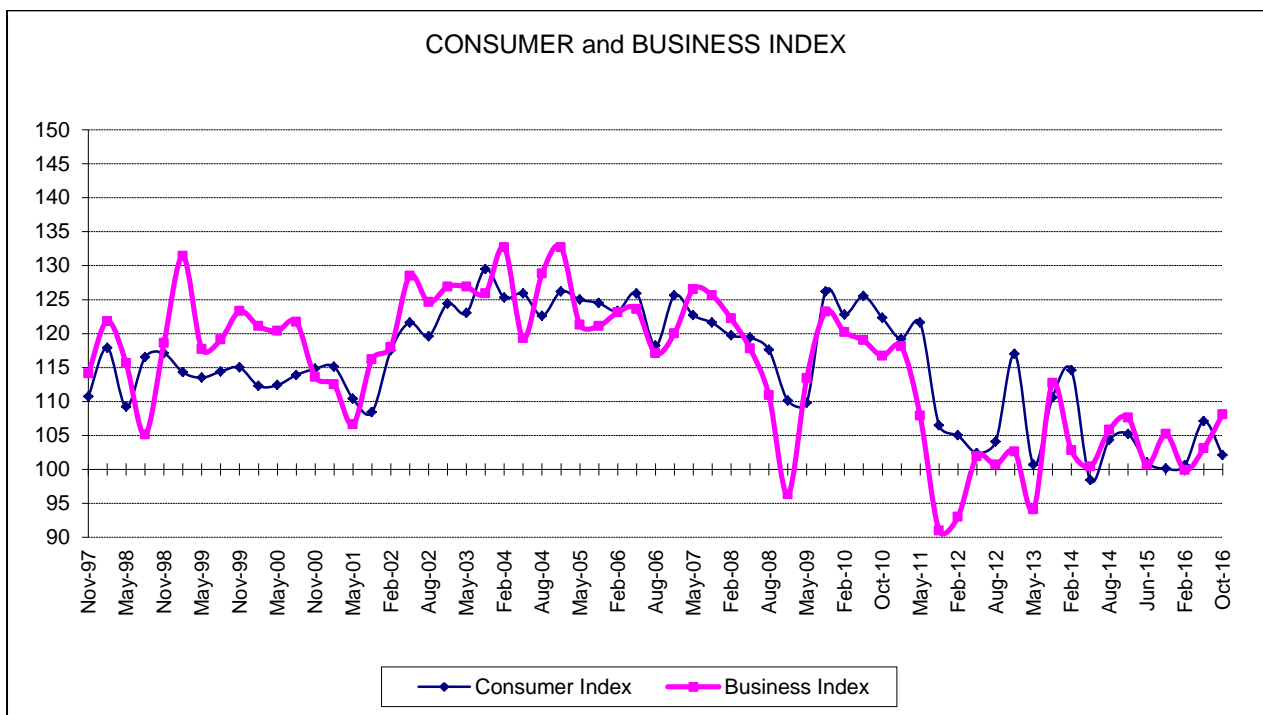
A base of 100 is used, to which the overall results are either added or deducted. If a result greater than 100 is achieved, this represents a positive result and if the result is less than 100, a negative result is represented. Based on this index a maximum score is 200 and a minimum score is zero.

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 decreased 5.0 points from 107.1 to 102.1 index points.
- Business confidence increased by 5.0 points, from 103.1 in Jul-16 to 108.1 in Oct-16.



4.1 Summary of Results

4.1.1 Top Line Results – Consumer Summary

Consumer confidence decreased 5.0 points from 107.1 to 105.1 index points.

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	-6%	18 - 24 White Collar Male	65 + Blue Collar Females
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	-1%	25 - 34 Males Blue Collar Metro	18 - 24 White Collar Females Rural
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	-28%	Lowest level ever 18 - 24 65 +	25 - 34 White Collar Males Rural
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	-16%	18 - 24 White Collar	35 - 49 65 + Metro
5	State pride	When you look at how things are going in SA, how proud are you to be a South Australian?	+ ve	11%	65 + White Collar Metro	50 - 64
6	Mood	Which words best describe how you feel about your own household situation at present?	- ve	-10%	18 - 24 65 + Males	35 - 49 65 + White Collar 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	-8%	18 - 24 Rural	35 - 49 Blue Collar
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	-4% "worried"	Blue Collar 30% from 46% 25 - 34 40% from 56% Metro 37% from 42%	18 - 24 57% from 20% White Collar 47% from 40%
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	-14%	Lowest level ever 18 - 24 25 - 34 Rural Females	50 - 64 Metro Blue Collar
10	Technology adoption	How confident do you feel about using technologies such as credit cards, computers, mobile phones, ATMs and EFTPOS?	+ ve	14%	Highest level ever 25 - 34 35 - 49 Rural	50 - 64

4.1.2 Top Line Results – Business Summary

Unlike consumer confidence, business confidence increased this survey; by 5.0 points, from 103.1 in Jul-16 to 108.1 in Oct-16.

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	1%	Agriculture Construction Large-size businesses	Finance Manufacturing Micro-size businesses
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	4%	Agriculture Rural Largest by t/o Mid-size by fte	Manufacturing Wholesale/Retail Metro
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	2%	Agriculture Largest by t/o Mid-size by fte	Wholesale/Retail Manufacturing Rural
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	13%	Community Service Recreation Largest by t/o and fte Rural	Manufacturing
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	26%	Agriculture Largest by t/o and fte Rural	Manufacturing Micro-size businesses
6	State pride	When you look at how things are going in SA, how proud are you to be a South Australian?	- ve	-7%	Finance Mid-size by t/o and fte Metro	Recreation Community Service Large-size business by fte
7	Mood	Which words best describe how you feel about your own business situation at present?	- ve	-2%	Agriculture Mid-size by t/o and fte Metro	Manufacturing Recreation Large-size business by fte 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	17%	41% report direction is down Neutral to 39% from 44% Agriculture / Construction Mid-size by t/o and fte	All industries -ve Manufacturing Large-size business by fte
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?	No Change	0% "affected"	55% "worried", unchanged Metro 54%, from 57%	Wholesale/Retail 67% Recreation (67%) Manufacturing (55%) Largest by t/o and fte Rural 58%, from 50%
10	Technology adoption	How confident do you feel about using technologies such as credit cards, computers, mobile phones, ATMs and EFTPOS?	- ve	-1%	Agriculture Community Service Largest by t/o, Mid by fte Metro	Rural

4.2 Environment during which this State Monitor was conducted

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

At an international level, the context included:

- Economically - Sluggish growth widely forecast to continue
- Politically - Volatile, with a new US president in 2017, tensions between the United States and Russia, and the United States and China, instability in the European Union, and ongoing conflicts in the Middle East.
- Socially - Mixed, ranging from the Rio Olympics, to coverage of large numbers of asylum seekers arriving in Europe to escape conflict.
- Environmentally - Volatile weather in many parts of the world, characterised by extreme weather events (storms, hurricanes, flooding).

At a national level in Australia, the context included:

- Economically - Relatively steady 3% growth, but many parts of the economy quite sluggish.
- Politically - A narrow victory for the incumbent Turnbull Government. A new Senate characterised by a larger cross-bench. A widely anticipated major loss to the ruling Country Liberal party in the Northern Territory election.
- Socially – Mixed, but generally a positive period including the Olympics and the football code finals.
- Environmentally - Extreme weather events in South Australia and the Eastern States. Generally good rainfalls across Australia helping the agricultural sector.

At a state level in South Australia:

- Economically – Mixed, but still serious challenges for an economy in transition.
- Politically - The State election is still 18 months away. The main political issue has been the debate about energy security and reliance on renewables.
- Socially - Relatively stable.
- Environmentally - Disruptive extreme weather events in recent weeks, with an economic impact.

4.3 Commentary on Wave 61 Results

Consumer confidence had been on the rise since late 2015, but has slipped back by 5.0 index points in the current State Monitor.

This brings consumer confidence back from a 2-year high in July'16 to a level equal to the average level of confidence over the past two years:

On an annualized basis, the current results when placed in an historical context show that the current consumer confidence level remains low by historical standards, but (notwithstanding recent extreme weather events and power outages) hopefully reflects the beginning of an upward trend when the results are considered on a year-by-year basis (see table below):

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 (3 surveys)	103.3

In contrast to the fall in consumer confidence, business confidence rose by 5.0 points to its highest level of business confidence in the three years since September 2013 (following the 2013 Federal election).

The latest rise in confidence is the second successive rise since the low point in February this year when the index fell below the 100 point index for the first time since May 2013.

Consumer Comments

The ten measures that contribute to the consumer confidence index show improvement in three and a decline in seven 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:

- Pride in South Australia;
- A decrease in concerns relating to unemployment impacting their household; and
- Adaptation to new technology has improved.

The measures reporting negative results are:

- Confidence about employment mobility is lower;
- Decreased confidence about the climate for consumer spending over the next 12 months;
- Lower incidence of having made significant purchases in the last 3 months;
- Likelihood of a major purchase in the next 3 months is lower;
- Slightly decreased confidence that consumers' own financial position will improve in the next 12 months;
- Sentiment about their overall household situation is more negative; and
- A perception that local businesses have decreased in business activity.

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, six report net positive results, 21 a negative result, and one has an equal number of optimists and pessimists.

- Net optimism (positive results) on the following factors:
 - Australia's long term outlook;
 - South Australia's long term outlook;
 - Households' own financial position;
 - Employment and income security;
 - House values; and
 - Performance of local small businesses.
- A zero result (equal number of optimists and pessimists) on one factor:
 - Retail sales.
- Net pessimism (negative results) with the largest net negative (pessimistic) results on the following factors:
 - Unemployment;
 - Media reports on consumer confidence;
 - The state of the world economy;
 - World affairs;
 - Newspaper headlines;
 - (Lack of) infrastructure investment; and
 - Political leaders in Australia.

Business Comments

Of the 10 factors contributing to the business confidence index, there are similar results as the last survey, 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;
- Confidence is higher about their own business prospects in the next 12 months;
- Intention to make a major purchase in the next 12 months has improved;
- The creation of additional employment in the last 3 months is up;
- Increased intention to create new employment in the next 3 months; and
- An improved perception that small business activity is picking up.

Measures reporting negatively are:

- A higher incidence of being impacted by falling turnover;
- Pride in South Australia is down;
- Their own overall current business situation has declined; and
- Confidence about adoption of new technology is lower.

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, 15 reported a positive shift, 12 reported a negative shift, and one is unchanged, from Jul-16 → Oct-16.

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

- The global economy (following Brexit, there have been no significant negative economic consequences);
- The performance of the Australian sharemarket;
- Newspaper headlines;
- The state of the South Australian economy; and
- Retail sales.

The main factors contributing to pessimism relate to:

- Business income security;
- Lack of major infrastructure projects;
- Political leadership in Australia; and
- The long term outlook for Australia.

Conclusions

Consumer confidence fell by 5.0 index points between Jul-16 → Oct-16, following an upward trend in early 2016.

The results suggest that South Australian consumers feel less confident about the climate to spend, and feel that their own household circumstances are unlikely to change for the better anytime soon. This has placed a dampener on consumer spending, manifested in fewer major purchases in the last 3 months, with spending austerity likely to continue for the next 3 months, without any stimulus to spend

Three factors are likely to have influenced the confidence levels:

- Recent extreme weather events and power blackouts which had a negative impact on regional communities in particular.
- The Budget austerity measures passed through the Federal parliament, which will put pressure on welfare-dependent households and some superannuants.
- A rise in official unemployment in South Australia, coupled with further job losses and the cessation of manufacturing of the Holden Cruze at Elizabeth.

In contrast to the 5-point fall in consumer confidence, there has been a 5-point lift in business confidence in the October 2016 State Monitor.

The reasons for this are possibly due to:

- A federal Budget stimulus (tax cuts) for the SME sector.
- Return of the Coalition to government at a Federal level, with the Coalition traditionally aligned to business.

Some positives from the latest study show that SME owners have been creating additional employment, and intend to continue to do so in coming months. They believe that business conditions will improve, and the prospect for their own business will improve. This is encouraging them to think about making major purchases over the next 12 months.

Given that this is the third consecutive rise in business confidence, coming into the festive and summer seasons, there is every reason to be optimistic that business confidence will continue to grow.

5 SUMMARY OF RESULTS

5.1 Consumer Tracking Monitor

Key Observations

- Overall index
 - There is an overall decrease (of 5.0 index points) in the Consumer Confidence Index.
 - Analysis of the consumer results suggests that the increase in consumer confidence has been driven by negative results in the 18-24 and 65+ age segments; females, white collar employees; and rural based respondents.
 - On a positive note, the percentage of respondents who are worried about unemployment has decreased for the 2nd consecutive survey, now at 37% “worried”, down from 41% last survey and 50% in the February survey.
 - However, consumer purchase indicators are low with “made a purchase in the past three months” down to its lowest level since this survey commenced in 1997, and “will make a purchase in the next three months” down to its lowest level this year.
 - For the consumer monitor, the three highest net positive measures are: adoption of technology; state pride and current mood.
 - The Consumer Index has fallen below the Business Index – a reversal on the past two surveys.
 - The age segment 50-64 reports a drop this survey, resulting in it falling to well below the 100 index point benchmark for the first time since Aug-14 and to 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 50-64 and 65+ age segments;
 - Age segment 18-24 ranks as the most positive (has been the highest for the past seven waves) but reports the largest decline this survey;
 - Confidence levels for females remains higher than males, but both have decreased this survey (with females down 6.4 to 102.8), and males down 3.7 to 101.2 points;
 - White collar has remained at higher confidence than the blue collar segment, but white collar has decreased by 6.8, to 105.5, while blue collar has increased slightly by 0.7 (to 104.8 points); and
 - Confidence ranking between metro and rural is unchanged, with Metro remaining more confident, but both have decreased, with rural reverting back to under 100 index points after being above it last survey. The latest rural results extends the “< 100 index point” performance to five of the past six surveys since August two years ago.

5.2 Business Tracking Monitor

Key Observations

- Overall index
 - There is an overall increase (of 5.0 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 agriculture and construction sectors, mid-size SME businesses by Turnover and FTE numbers (same as last survey), and metro locations.
 - Direction of small business is at its best level since Feb-11 (but remains a net negative), business purchase in the next 12 months is at the highest level (albeit still a net negative) since Aug-09, and will create additional employment in the next three months at its highest level in three years (since Sep-13).
 - Rural confidence remains lower than Metro, but it has increased and returned to be above 100 index points. Metro reports an increase to be at its best level since Sep-13.
 - The agriculture industry reports a large increase that returns it to above 100 index points, as well as its best result since Sep-13 and to the most confident industry this survey. The increase in agriculture has been offset slightly by a large decrease in the manufacturing industry which reports its largest decrease since the State Monitor commenced, its lowest result since June last year and to being the least confident industry in SA.
 - Construction, Wholesale/Retail and Finance all report good increases this survey, with the latter two returning to being above the 100 index point benchmark.
 - 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 there are mixed results with FTE increasing but T/O decreasing for this business size, this survey.
 - Mid-size business by T/O have increased to the highest level since Feb-11, and best increase since Sep-13, while by FTE this business size has improved to the best level since Sep-13.
 - By turnover: <0.5m – decreased by 3.4 points; >0.5m<1m – increased by 16.4 points; and >1m – increased by 3.8 points
 - By FTE: < 5fte – increased by 4.3 points; 5-10fte – increased by 4.7 points; and +10fte – decreased by 8.8 points
 - Both Metro and Rural increased.
- Points to note this survey, based on business demographics, are:
 - Highest confidence in the mid-sized businesses by FTE and Turnover;
 - Higher confidence among metro businesses compared with rural businesses, as per the last two surveys; and
 - Lowest confidence levels in the manufacturing and recreational industries (both under 100 index points).

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 61			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?	27%	32%	40%	
			-4%	2%	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?	31%	39%	29%	
			-1%	0%	1%	
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?	21%	54%	25%	
			-9%	5%	6%	
10	Technology adoption	How confident do you feel about using technologies such as credit cards, computers, mobile phones, ATMs and EFTPOS?	86%	7%	6%	
			9%	-5%	-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?	77%	7%	16%	
			9%	-2%	-6%	✓
			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?	27%	73%		
			-14%	14%		
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?	21%	77%		
			-7%	9%		
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?	37%	63%		
			-4%	4%		✓
			Positive	Negative	Neutral	
6	Mood	Which words best describe how you feel about your own household situation at present?	65%	34%	1%	
			-5%	5%	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?	8%	45%	44%	
			-4%	4%	0%	

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 down this survey, from +1% to -5% (net confidence), extending a –ve result to three of the past four surveys.
- Net confidence on this question is highest for the 18-24 (32% from 40%) and lowest for 65+ (-24% down from +6% last wave).
- Metro is down to -3% from +1%, with rural also down, from +2% to -7%.
- This survey sees white-collar reporting a slight increase from +3% to +4%, but blue-collar a decrease to -8% from -1%.
- Increases for males to +5% from +2%, however females are down from 0% to -14%.

Financial Change (Q2)

- Following last surveys rebound, the latest results have declined slightly, from -7% to -8%.
- This extends the net negative results to 17 surveys.
- Those most confident about their own financial situation improving is 25-34 age segments at 42% (a big jump from -29%), while the 18-24 ages reports a big drop from 69% to 12% this survey.
- Metro responses report an increase to -4% from -6%, while rural has decreased to -17% from -7%.
- Blue-collar up to +1% (from -3%), is just ahead of white-collar which has dropped to 0% from +2%. “Other” has fallen to -43% from -30%.
- Males report an increase to -7% from -10%, while females have decreased to -8% from -4%.

Made Significant Purchase (Q3)

- “Did make a major purchase” decreased this survey to 27% from 41%, to be at the lowest level ever reported.
- The highest incidence of major purchases was by 18-24 ages (at 32% from 19%).
- The lowest incidence of major purchases was 25-34 at 23%, down from 44%.
- White collar decreased to 32% from 44%, and blue-collar is down to 30% from 40%, making a purchase.
- Movement across Metro and Rural, with Metro down to 29% from 42%, and rural to 23% down from 38%.
- Males decreased from 45% to 21%, and female spending is down to 33% from 37%.

Make Significant Purchase (Q4)

- The latest results report ceases the positive results of the past two surveys, with a decrease in the likelihood to make a major purchase in the next three months, to 21% up from 28%.
- The highest intention to purchase is in the 18-24 ages (at 41% from 52%) and white-collars at 24% (from 36%).
- The lowest purchase intention figures are 65+ at 13%, and 35-49 at 14% down from 19% and 35% respectively.
- Lower levels are reported for metro (22%, from 30%), rural (20% from 24%), and blue-collar (17% from 19%).

Pride in SA (Q5)

- Pride in the state reports an increase to 70% from 59% net overall (77% for “proud” responses, from 68%).
- The proudest segments are 65+ (82%), reporting “proud” replies.
- The least proud segments are 50-64 at 71%, which is unchanged.
- White collar have increased by 10% to 77%, with blue collar being unchanged.
- Metro has increased (78% from 69%) as has rural, which is up to 74%, from 64%.
- Females, at 79%, are slightly higher than males on 75%

Feel about Household Situation (Q6)

- The latest results have dropped to 31% from 41%.
- The net positive mood is highest among 65+ at 52% (up from 60%), 18-24 at 44% (but down from 82%) and males (34% from 30%).
- Across the regions, metro (32%, from 41%) and rural (30%, from 42%) remain at similar levels.
- White-collar is down to 40% from 48% and blue-collar down to 19% from 23%.
- The net positive mood is lowest among the 35-49 and 50-64 ages at 20% (down from 36% and 40% respectively).
- Net female responses have decreased to 29% (from 51%).

Business Activity (Q7)

- Following three consecutive small increases, the latest results have dropped, to -37% from -29%, and remaining as a net negative level since May-2010.
- All age segments are in negative results, with 18-24 at -9% being the most positive, as per last three surveys.
- City respondents report a drop to -34% from -27%, while rural has also dropped, to -42% from -34%.
- White collar is down to -30% from -27%, blue-collar is down to -38% from -21%, and ‘other’ employment category is down, to -59% from -40%.
- A decrease by males to -39% from -26%, and also for females to -38% from -22%

Worried by Unemployment (Q8)

- A better result again this survey with the % of “worried” respondents decreasing from 41% to 37%.
- The highest level of concern about unemployment is with the 18-24 age segment at 57%, up from 29%.
- Males and females are at similar levels of 38%, both down from 41% last survey.
- Blue collar at 30% worried (down from 46%) with white collar at 47% (is up from 40%).
- “Worried” responses for ages 25-34 have dropped from 56% to 40%.
- The % “worried” of metro respondents has decreased to 37% ‘worried’, (from 42%), whilst rural is unchanged at 38% ‘worried’.

Could Change to a Better Job (Q9)

- Following an increase last survey, there is a drop this survey with perceived job mobility declining to -33% from -19%.
- Confidence about job mobility is highest in Under 35's at -20%, rural -27% (from -13%) and females to -30% (from -16%).
- Confidence about job mobility is lowest in the 50-64 segment at -49% from -44%.
- Both white and blue-collar response were at similar NET levels of -22% last survey, but report different results this survey with white-collar down to -36% and blue-collar up to -16%.
- Metro has dropped to -37% (from -21%) below rural at -27%.
- Males have decreased to -39%, from -21%, and females to -30%, down from -16%.

Using New Technology (Q10)

- The latest result extends the increasing trend to the past four surveys for net confidence in using new technology. This survey has increased from 65% to 79% (net), which represents the highest level ever reported.
- Confidence with technology has improved across all age segments this survey, with confidence ranging between 80% - 89% “confident”.
- Confidence with technology remains slightly higher with white collar employees.
- Rural has increased from 79% to 88% “confident”, with metro has increasing, to 85% from 77%.

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 61			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?	44%	33%	22%	✓
			5%	4%	-8%	
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?	56%	25%	18%	✓
			6%	2%	-6%	
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?	36%	52%	10%	
			-2%	-4%	6%	
10	Technology adoption	How confident do you feel about using technologies such as credit cards, computers, mobile phones, ATMs and EFTPOS?	84%	7%	7%	
			0%	1%	-2%	
			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?	74%	15%	10%	
			-4%	3%	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?	32%	67%		✓
			6%	-7%		
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?	32%	63%		✓
			12%	-14%		
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%	41%		
			0%	-3%		
			Positive	Negative	Neutral	
7	Mood	Which words best describe how you feel about your own business situation at present?	61%	37%	0%	
			-2%	0%	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%	41%	39%	✓
			10%	-7%	-5%	

6.2.2 Detailed Results

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

Improved Business Climate (Q1)

- The latest result sees a marginal increase from 10% to 11% (net) of confidence in an improvement in the business climate in the next 12 months, and builds on the increase in the last survey.
- Micro-size businesses by turnover (-3% from +7%) and by FTE (from 1% to 7%) have the lowest net confidence about the business climate.
- Finance at -31% from +2% and manufacturing at -8% (from +43%) represent the lowest confident industries.
- Most confident about the business climate is the agriculture (44% up from 10%) and construction (32%, from 15%) industries and the larger-size businesses, by turnover at +25% (from 17%), and by FTE, at 23% from 59%.
- An improved result by metro to 14% from 13%, and in rural also, to +3% from +1%.

Own Business Improvement (Q2)

- The latest result for confidence about own business growth in the next 12 months has increased, from 27% (net) to 31%.
- Confidence about their own business growth prospects is lowest in manufacturing (-6% from 51%) and wholesale/retail at +25% (down from +30%).
- Confidence about their own business growth is highest among agriculture businesses (at 47% from 9%), and largest-size businesses by T/O at 46% and mid-size businesses by FTE at 50%.
- Metro at 26% is down from 33%, while rural is up, from 15% to 20%.

Make Significant Purchase (Q3)

- The incidence of businesses intending to make a major purchase in the next 12 months has decreased this survey to 36% (from 38%).
- Intention to purchase is lowest in the manufacturing and wholesale/retail industries at 32% and 33% respectively.
- Intention to purchase is highest in the agriculture industry (at 46%, but down from 57%), mid-sized businesses (FTE) at 57% from 50% and large-sized businesses (by turnover) at 49% from 48%.
- No change in Metro remaining at 37%, but Rural has dropped to 35% from 40%.
- Note, if the “not confident” responses are reported, the net impact is a +ve result overall of +2% as the drop in “not confident” of -4% is greater than the drop of -2% in “confident”, with a corresponding increase of +6% in “neutral” responses.

Have Created Additional Employment (Q4)

- The incidence of businesses creating additional employment in the past three months has increased this survey to 32% (28%→26%→32%). This is the best result since May-10.
- The highest incidence of recent employment creation was in community service (44%, up from 38%), recreation (43%) and large-sized enterprises (T/O) at 47% from 45%, and (FTE) at 51% from 53%.
- The lowest incidence of creating additional employment was in manufacturing at 19% (from 32%).
- Metro has increased to 32% (from 27%), as has rural, which has increased to 32%, from 24%.

Will Create Additional Employment (Q5)

- Confidence about creating new employment in the next three months is up with the latest results moving to 32%, up from 20% last survey.
- The lowest intention to create new employment is in manufacturing at 19% (from 26%) and micro businesses at 19% (from 11%) for T/O and 22% (from 10%), for FTE.
- The highest level of creating additional employment is in the agriculture sector, at 46% “likelihood” (from 8%), and the large businesses (by t/o and fte) at 44% (from 38%) and 48% (from 52%), respectively.
- Metro +32% (from 22%) with rural up to 33%, from 16%.

Pride in SA (Q6)

- Pride in SA has decreased to 59% (net), from 66%, this survey.
- Pride is strongest in the finance sector at 86% “proud” responses.
- Pride is lowest in the community service (52% from 81%) and recreation (54% from 88%) sectors.
- The mid-size businesses by FTE and Turnover, are the most confident at 82% (from 71%) and 86% (from 77%) respectively.
- Pride has also dropped in the largest size businesses by FTE, to 74% from 92%.
- Rural respondents are lower than Metro, down to 70% (from 74%) compared with metro which is down to 75% (from 80%).

Feel about Business Situation (Q7)

- Net positive feelings about their own business circumstances decreased from +26% last wave to +24% this wave.
- Confidence about their own business situation was lowest in the manufacturing sector with a drop to 9% from +80%, and recreation which has fallen to -4%, from 22%.
- Confidence about their own circumstances was highest in the agriculture sector (70% up from 26%), mid-size businesses by turnover at 34% (from 28%) and by FTE at 34% (from 32%).
- Confidence has also dropped in the largest size businesses by FTE, to 18% from 48%.
- A downward shift in current situation is reported for rural to 18% (from 26%), but an unchanged result for metro.

General Direction of Small Business (Q8)

- Net confidence about how SMEs in South Australia are performing generally, has improved this survey, to -25% from -44%.
- 41% (from 48%) of businesses report that business direction is down, and 6% report a positive result (up from 6%). Neutral responses dropped to 39% (from 44%).
- All industries report a negative result, with agriculture (-8%) and construction (-14%) being the most positive, and manufacturing being the least confident at -45%, a drop from -21%.
- Rural is up to -37% from -46%, and for metro an increase to -20% (from -40%).
- Mid-sized business by T/O at -6% up from -55%) and by FTE, at -19% (up from -37%), are the most positive.
- Largest-size business by FTE have dropped to -26%, from -21%.

Downturn in Turnover (Q9)

- Just over one half of businesses (55%) remain worried about a downturn in turnover, this is unchanged from the last survey.
- Concerns about a downturn in their own turnover are highest in recreation and wholesale / retail at 67% and 63%, from 39% and 67% respectively, manufacturing at 55% (unchanged), and large-businesses by FTE 57% (from 63%) and by T/O at 59% (from 54%).
- “Worried” responses across metro to 54%, down from 57%, but rural is up to 58%, from 50%.
- Agriculture businesses report 27% worried, well down from 49% last survey.

Using New Technology (Q10)

- Business confidence about adoption of new technology in the business decreased marginally to a net of +77% (from 78%).
- The most confident businesses in terms of adopting new technologies are agriculture and community service, both at 90% “confident”, large-size businesses (by turnover) of 92% and mid-size businesses (by FTE) also at 92%.
- Metro at 86% (down marginally from 87%) remains higher than rural at 81% (up from 78%).

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 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