



A Division of Westpac Banking
Corporation
ABN 33 007 457 141

The BankSA State Monitor

**An ongoing independent survey of South Australian Consumer & Business
Confidence**

Wave 81

Research Results

August 2023

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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 81st survey.

1. METHODOLOGY

Action Market Research conducts a survey on behalf of BankSA, with analysis and report generation completed within the Research team of BankSA.

The timing of the research and production of the report is conducted in a three-week timeframe within the same month to ensure results reflect existing market conditions and current issues that may have an impact on confidence levels.

Consumer Tracking Monitor

Conducted three times a year

- Fieldwork and Report: February
- Fieldwork and Report: July
- Fieldwork and Report: October

300 consumers surveyed in each track

- Note, the maximum Margin of Error when generalising the results from the sample surveyed to the population is +/- 6% at a 95% confidence level.

Consumer indicators include:

- Confidence about the future
- Confidence about own household finances
- Consumer purchase (past 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

Conducted three times a year

- Fieldwork and Report: February
- Fieldwork and Report: July
- Fieldwork and Report: October

300 businesses surveyed in each track

- Note, the maximum Margin of Error when generalising the results from the sample surveyed to the population is +/- 6% at a 95% confidence level.

Business indicators include:

- Confidence about the future
- Confidence about own business finances
- Business purchase
- Business stability
- Business expansion
- State pride
- Mood
- Confidence about small businesses
- Income security

- Technology adoption

2. RESEARCH OBJECTIVES

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

As these indicators are reported on a regular basis, over time they can provide useful trend information.

3. SUMMARY

3.1 Overall Results

3.1.1 How to Interpret the Index

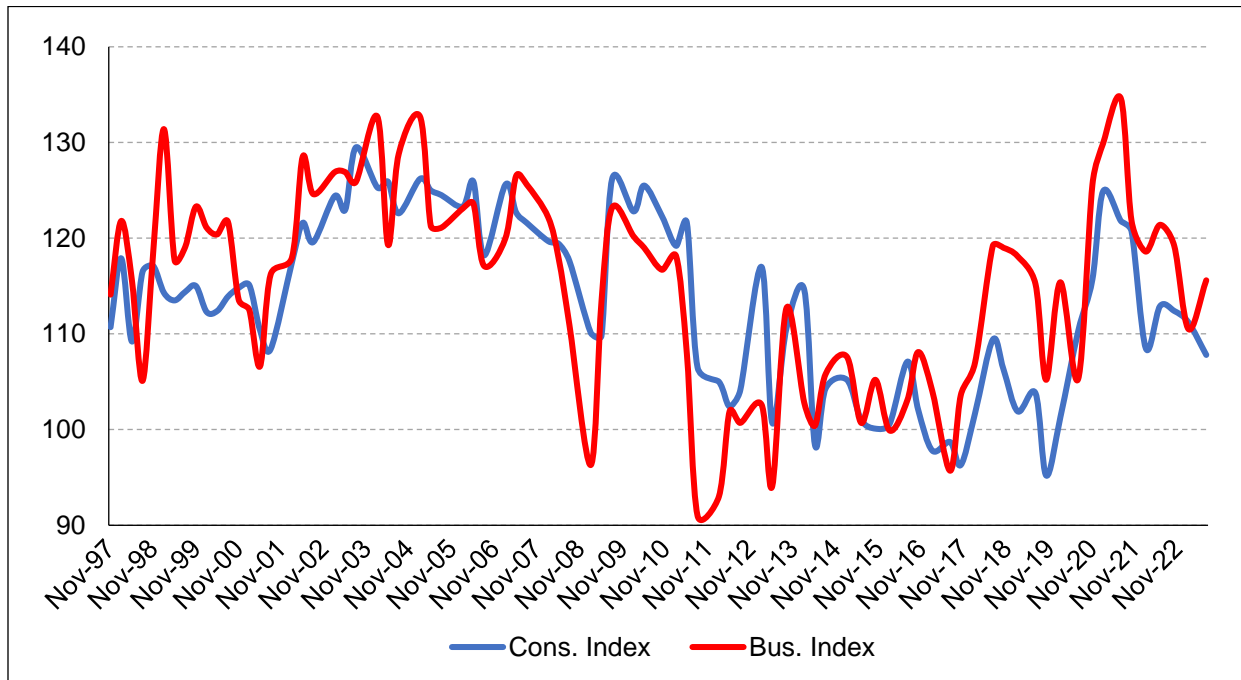
A base of 100 is used, to which the overall results are either added or deducted. If a result greater than 100 is achieved, this represents a positive result and if the result is less than 100, a negative result is represented. Based on this index a maximum score is 200 and a minimum score is zero.

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

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

3.1.2 BankSA Total Confidence Index

- Consumer confidence reports a decrease, down by 3.4 points to 107.8 points, and this is the lowest level of confidence since Feb'20.
- Business confidence reports an increase, up by 5.1 points to 115.6 points, however when compared with the longer term, the result is relatively soft.



3.2 Summary of Results

3.2.1 Top Line Results – Consumer Summary

Indicator	Question	Net change since last survey		Best result	Worst result
Consumer spending climate	How confident are you that the climate for consumer spending will improve over the next 12 months?	Worse	-2%	Not employed 65+ Male 25-34	35-49 Female Rural Blue collar
Positive financial change	How confident are you that there will be a significant positive change in your financial position in the next 12 months?	Worse	-4%	18-24 25-34 Male Metro	35-49 Rural Female 50-64
Made significant major purchase	Have you made any significant purchases in the last three months, such as real estate, cars, whitegoods, hi-fi equipment or holiday travel?	Better	+5%	18-24 White collar 25-34 Male	Blue collar 50-64 Not employed Female
Likely to make major purchase	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?	Better	+3%	18-24 25-34 35-49 White collar	50-64 65+ Blue collar Female
Pride in South Australia	When you look at how things are going in SA, how proud are you to be a South Australian?	Worse	-9%	65+ Not employed 18-24 Rural	50-64 35-49 White collar 25-34
Feeling about household situation	Which words best describe how you feel about your own household situation at present?	Worse	-13%	65+ Not employed 18-24 Male	25-34 35-49 Female White collar
Business activity direction	When you think about small business in SA generally, does small business seem to be picking up, steady or slowing down?	Worse	-16%	18-24 Male 65+ Metro	50-64 Rural 35-49 Female
Worried by unemployment (lower is better)	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?	Worse	+3%	18-24 25-34 50-64 Blue collar	65+ 35-49 Not employed Rural
Could change to a better job	If you or someone in your household or family wanted to change jobs, how confident are you that suitable work would be available?	Worse	-2%	Male 18-24 25-34 65+	50-64 Female Rural Not employed
Confidence in new technology	How confident do you feel about using technologies such as credit cards, computers, mobile phones, ATMs and EFTPOS?	Better	+7%	18-24 25-34 White collar Rural	Blue collar 65+ 50-64 Not employed

3.2.2 Top Line Results – Business Summary

Indicator	Question	Net change since last survey		Best result	Worst result
Business climate improvement	How confident are you that the climate for doing business in SA will improve over the next 12 months?	Worse	-1%	Finance Community Serv. Recreation 10 + FTE	Rural Manufacturing < 5 FTE Retail
Own business improvement	How confident are you that there will be a significant improvement in the performance of your business in the next 12 months?	Better	+2%	Finance Construction Recreation 10 + FTE	Manufacturing Rural Community Serv. Agriculture
Major purchase in 12 months	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?	Better	+16%	10 + FTE Recreation \$1m + t/o Finance	< 5 FTE Manufacturing Rural \$0.5m to \$1m t/o
Additional employees recently	In the last three months, have you created any additional employment or taken on any additional employees in your business?	Better	+19%	10 + FTE Construction \$1m + t/o Manufacturing	< 5 FTE < \$0.5m t/o Retail Rural
Additional employees in future	In the next three months, are you likely to create any additional employment or take on any additional employees in your business?	Better	+12%	10 + FTE \$1m + t/o Recreation Manufacturing	< 5 FTE < \$0.5m t/o Rural Agriculture
Pride in South Australia	When you look at how things are going in SA, how proud are you to be a South Australian?	Better	+1%	\$0.5m to \$1m t/o Agriculture Manufacturing Finance	< \$0.5m t/o < 5 FTE 5 < 10 FTE Retail
Business situation	Which words best describe how you feel about your own business situation at present? (Positive/Negative)	Better	+8%	Finance Agriculture 5 < 10 FTE Recreation	Manufacturing Community Serv. Rural Construction
General direction small business	When you think about small business in SA generally, does small business seem to be picking up, steady or slowing down?	Worse	-21%	Agriculture Finance 10 + FTE \$1m + t/o	\$0.5m to \$1m t/o Construction Manufacturing Community Serv.
Downturn in turnover	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?	Better	+2%	Manufacturing Recreation < 5 FTE Retail	Community Serv. Finance 10 + FTE Agriculture
Confidence in new technology	How confident do you feel about using technologies such as credit cards, computers, mobile phones, ATMs and EFTPOS?	Better	+13%	\$0.5m to \$1m t/o Community Serv. Agriculture 10 + FTE	Rural < \$0.5m t/o Finance < 5 FTE

3.2.3 Commentary on Wave 81 Results¹

Consumer confidence decreased by 3.4 index points between February'23 and July'23, from 111.2 to 1107.8 index points.

On an annualised basis (see table below), consumer confidence in 2023 is below the 2021 & 2022 average and slightly above the average in 2020, and remains above the longer-term average (since 2011).

BSA State Monitor (last 10 years)	Consumer Annualised Index	Annual Movement
2013 (3 surveys)	109.4	+5.6
2014 (3 surveys)	105.8	-3.7
2015 (3 surveys)	102.1	-3.7
2016 (3 surveys)	103.3	+1.2
2017 (3 surveys)	97.6	-5.7
2018 (3 surveys)	105.8	+8.2
2019 (3 surveys)	100.3	-5.5
2020 (3 surveys)	109.1	+8.8
2021 (3 surveys)	122.5	+13.4
2022 (3 surveys)	111.3	-11.2
2023 (2 surveys)	109.5	-1.8

Business confidence increased by 5.1 index points between Feb'23 and Jul'23. The score of 115.6 for Jul'23 is above the result in Feb'23, but lower than the previous seven results. Confidence remains above the 100-point threshold indicating the general mood of South Australian business remains more confident than not.

On an annualised basis (see below), business confidence in 2023 is lower than the average scores across the last three years.

BSA State Monitor (last 10 years)	Business Annualised Index	Annual Movement
2013 (3 surveys)	103.1	+4.6
2014 (3 surveys)	103.0	-0.1
2015 (3 surveys)	104.5	+1.5
2016 (3 surveys)	103.7	-0.8
2017 (3 surveys)	101.1	-2.6
2018 (3 surveys)	115.1	+14.0
2019 (3 surveys)	112.8	-2.2
2020 (3 surveys)	115.4	+2.6
2021 (3 surveys)	128.8	+13.3
2022 (3 surveys)	119.7	-9.0
2023 (2 surveys)	113.1	-6.7

¹ The comments in this section are supplied by Action Market Research

Consumer Comments

The ten variables that are combined to produce the composite consumer confidence index.

Of the 10 variables, three have increased, and seven have decreased.

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 measure reporting a positive result is:

- A lift in the number of households that have made a significant purchase in the last 3 months.
- Consumers are more confident that they will make a major purchase in the next 3 months.
- Consumers are more confident about technology adoption.

The measures reporting negative results are:

- Consumers are less confident that their own household financial situation will improve;
- A perception that business activity has reduced around town;
- Consumers are less confident that the climate for spending will improve;
- A fall in State pride;
- Consumers are less confident about their own household situation;
- An increase in concern about unemployment;
- A fall in confidence that consumers can find a better job if needed.

A total of 30 factors were provided to consumers in the survey, as potential factors making consumers optimistic or pessimistic about the future.

Overall, 9 of these factors have shown a positive shift in sentiment, while 21 are lower.

The 10 factors that generate the most pessimistic scores (in order of most pessimistic) are:

- Cost of energy for your home (new statement in Jul-23);
- World affairs;
- Wages relative to the cost of living;
- The state of the world economy;
- The availability of property to buy or rent (new statement in Jul-23);
- Interest rates;
- Petrol prices;
- China's influence on Australia's economy;
- Headlines in newspapers;
- The state of the Australian economy.

The 10 factors that generate the most optimistic scores (in order of optimism) are:

- South Australia's long-term outlook for the future;
- Employment and income security;
- The performance of the share market;
- Australia's long-term outlook for the future;
- Opportunities available to consumers;
- The future of the Murray;
- Retail sales figures;
- The performance of the corporate sector;
- Recent South Australian budget;
- Investment in infrastructure.

There major factors reporting an increase in optimism (or a decrease in pessimism), in Jul'23:

- Petrol prices;
- The future of the Murray;
- Wages relative to the cost of living;
- China's influence on Australia's economy;
- Other countries influence on Australia's economy.

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

- How small businesses are going;
- The political leaders in Australia;
- Media reports on consumer confidence;
- South Australia's long-term outlook for the future;
- Investment in infrastructure.

These factors help to provide "context" for the current level in consumer confidence, namely a mixture of economic, social, environmental, and political issues.

Business Comments

Of the 10 factors contributing to the business confidence index, the results are higher for 8 factors, lower for 2 factors.

The eight measures reporting a positive shift are:

- Greater confidence about their own business performance over the next 12 months;
- An increased likelihood that business will make a major purchase in the next 12 months;
- A larger number of businesses have created additional employment in the last 3 months;
- The intention to hire additional employees in the near future is higher;
- State Pride is higher;
- Feelings about their own overall current business situation have improved;
- A smaller number of businesses have experienced a downturn in turnover in the last 3 months;
- Higher confidence in technology adaption.

The two measures reporting negative shifts are:

- Lower confidence that the climate for doing business in SA will improve in the next 12 months;
- Perceptions of business activity around town is down.

Anecdotal comments relating to the positive and negative shifts mentioned above are as follows:

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, 10 report a positive shift with 19 reporting a negative shift, and 1 reporting no shift.

The 10 factors that generate the most pessimistic scores (in order of most pessimistic) are:

- Cost of energy for your home (new statement for Jul'23);
- Interest rates;
- Wages relative to cost of living;
- World affairs;
- The availability of property to buy or rent (new statement for Jul'23);
- The world economy;
- China's influence on Australia's economy;
- Petrol prices;
- Newspaper headlines;
- National economy.

The 10 factors that generate the most optimistic scores (in order of optimism) are:

- Household financial position of business owners;
- Income security for business owners;
- The long-term outlook for South Australia;
- Opportunities for business owners;
- The long-term outlook for Australia;
- Corporate sector performance;
- Share market performance;
- Performance of small business generally;
- The future of the Murray;
- The use of Artificial Intelligence (new statement for Jul'23).

The main factors reporting increased optimism are:

- Petrol prices;
- World affairs;
- The future of the Murray;
- The world economy;
- Share market performance.

The main factors reporting increased pessimism are:

- Performance of small business generally;
- Opportunities for business owners;
- Income security for own business;
- Retail sales;
- Household financial position of business owners.

Overall, these results provide some “context” for the current level of business confidence.