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The BankSA State Monitor

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

Research Results

No. 57 – July 2015

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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 57th survey.

The fieldwork for this report was conducted following the handing down of the South Australian State Budget in mid-June.

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

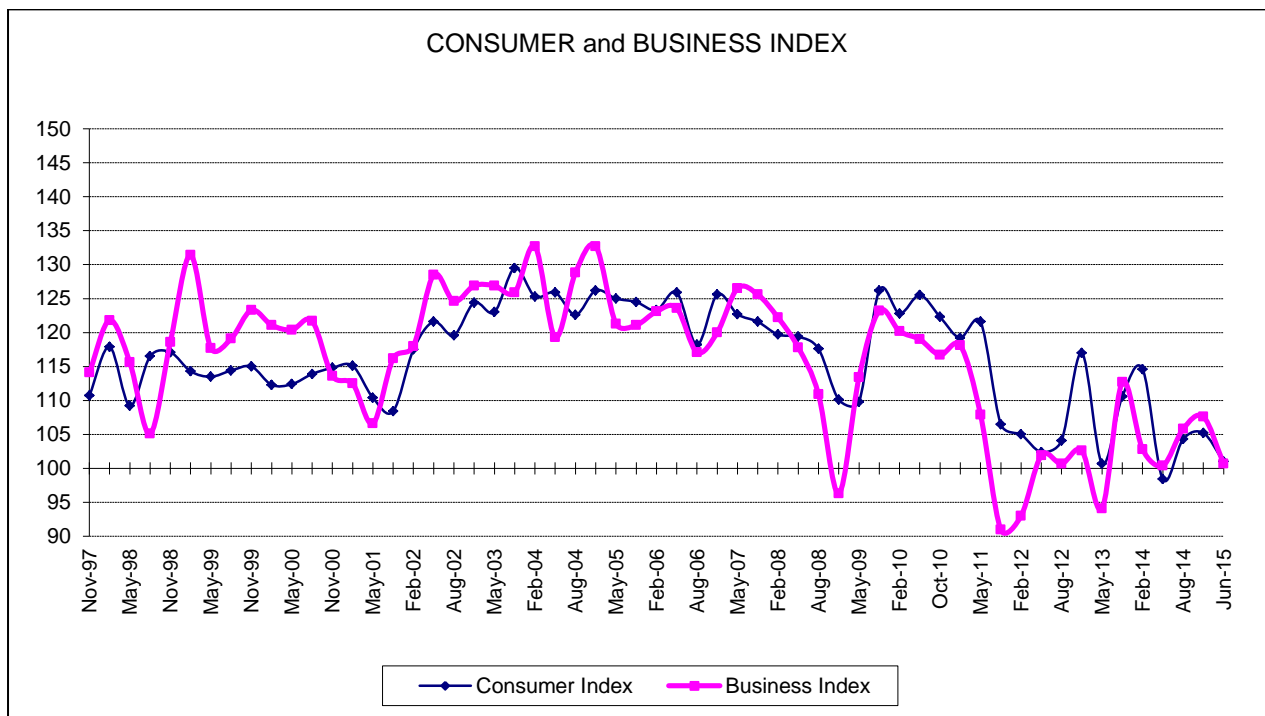
3 RESEARCH OBJECTIVES

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.

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



4.1 Summary of Results

4.1.1 Top Line Results – Consumer 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	-16%	25 - 34	35 - 49
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	-10%	18 - 24	blue collar, metro
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	-3%	18 - 24	35 - 49
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	9%	18 - 24, blue collar	25 - 34
5	State pride	When you look at how things are going in SA, how proud are you to be a South Australian?	- ve	-4%	25 - 34	35 - 49
6	Mood	Which words best describe how you feel about your own household situation at present?	+ ve	15%	50+ males down, females up but males remain higher	18 - 24
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?	- ve	-9%	18 - 24	rural -50% blue collar -52%
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	-22%	"worried" down, but one third still worried white collar 31% "worried"	18-24 & 35-49 most worried blue collar 53% "worried"
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	-25%	Lowest level ever reported 18 - 24 white collar	35-49 blue collar
10	Technology adoption	How confident do you feel about using technologies such as credit cards, computers, mobile phones, ATMs and EFTPOS?	- ve	-21%	18 - 24	65+

4.1.2 Top Line Results – Business 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	-8%	Community Service Metro down, Rural up Largest by t/o and fte	Manufacturing Construction
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%	Community Service Metro down, Rural up Largest by t/o and fte	Manufacturing Construction
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	5%	Community Service Largest by t/o and fte	Manufacturing
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	-16%	Lowest in 3 years Construction Wholesale/Retail	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	-15%	Lowest level ever reported Largest by t/o and fte	Manufacturing Micro businesses
6	State pride	When you look at how things are going in SA, how proud are you to be a South Australian?	+ ve	1%	Community Service Largest by t/o and fte Rural up, Metro down (rural higher)	Manufacturing
7	Mood	Which words best describe how you feel about your own business situation at present?	- ve	-7%	Agriculture (but lower result) Largest by t/o and fte Rural & Metro down (rural higher)	Manufacturing
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?	- ve	-9%	51% report direction is down Agriculture Rural & Metro down (rural higher)	Wholesale/Retail Finance
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	2%	49% "worried" Agriculture 24% (from 32%) Metro up (56%), Rural down (42%)	Construction 63% Wholesale/Retail 56%
10	Technology adoption	How confident do you feel about using technologies such as credit cards, computers, mobile phones, ATMs and EFTPOS?	- ve	-17%	Metro down, rural unchanged	

4.2 Environment during which this State Monitor was conducted

The context in which the Jun-15 State Monitor was conducted helps to understand the index changes.

At an international level, the context included:

- Continuing slow global economic growth, with analysts forecasting a continuing period of low growth.
- See-sawing international financial markets.
- Ongoing concerns over Greece's debt situation, with increased speculation (at the time of the State Monitor survey) about the prospect of a default by Greece on its debt repayment obligations and possible exit from the Eurozone.
- A return of the Cameron-led conservative government in the UK election.
- A "yes" vote for legalising same sex marriage in Ireland.
- Ongoing conflict in Syria and Iraq.
- The FIFA controversy over corruption and bribery allegations.

At a national level in Australia, the context included:

- The Federal Budget handed down in May 2015, which was positioned as a stimulatory budget for small business and 'tradies'.
- Latest national unemployment figures falling from 6.1% to 6.0%.
- Ongoing challenges for the nation's mining sector, with several mine closures in Queensland, forced mining job redundancies in Western Australia, and continuing low global commodity prices.
- National economic growth lifting but still below historical trend.
- Two of the "Bali 9" were executed by Indonesian authorities.
- Establishment of an "ice" drug task force to deal with the emerging problem of ice addiction.
- Return of the Coalition government in New South Wales.
- Ongoing drought in Queensland, New South Wales and Western Australia affecting farming communities in those regions.
- The Australian dollar hovering between US \$0.77 - \$0.80.
- Official interest rates remaining on hold.
- A housing boom in Sydney and Melbourne, driven by investors, especially foreign investors.
- The Australian Share market All Ordinaries peaking at just under 6,000 points but slipping back to around 5,500 – 5,600.
- Mixed corporate results reported by Australian corporations.
- Several anti-terror raids after the Lindt Café siege, and proposals to strip dual nationals of Australian citizenship if proven to be involved in or supporting terrorist activity.

At a State level in South Australia:

- Another successful "Mad March" events program.
- Renewed commitment by BHP Billiton to the Olympic Dam expansion, but with no definite timeframe for the expansion to proceed.
- Calls to examine nuclear industry options for South Australia.
- The State Budget was handed down in June 2015, which was positioned as a budget to encourage new business investment.
- Ongoing speculation about the Federal Government's future submarine tender.
- The Adelaide Crows in the top 8 on the AFL ladder, but Port Adelaide out of the top 8.
- 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.

4.3 Commentary on Wave 57 Results

Consumer confidence fell by 4.2 points between Feb-15 to Jun-15, from 105.2 to 101.0 index points

This drop follows two consecutive rises (in Aug-14 and Feb-15), after an historically low result in May-14 following the 2014 Federal Budget.

The current (Jun-15) index of 101.0 points is just above the base of 100 points which represents a balance between the number of optimists and pessimists in the consumer population, and is relatively low by historical standards.

The year-on-year averages show that consumer confidence has remained below 110 index points on average for the past four calendar years – compared with the previous five years (including the GFC period in 2008/2009) in which the confidence index remained above 115 index points year-on-year.

In line with the fall in consumer confidence, business confidence fell by 6.9 points, from 107.6 index points in Feb-15 to 100.7 point in Jun-15.

This follows two successive rises in business confidence in Aug-14 and Feb-15.

For Jun-15 the index sits just above the baseline of 100.0 which represents a balance between the number of optimists and pessimists in the SME sector

Consumer Comments

The ten measures that contribute to the consumer confidence index show mixed results with three increasing and seven decreasing.

The measures reporting positive results are:

- Likelihood of a major purchase in the next 3 months is higher;
- Sentiment about their overall household situation is more positive; and
- A decline in concerns relating to unemployment impacting their household.

On the negative side, the following measure slipped this survey:

- Reduced confidence about the climate for consumer spending over the next 12 months;
- Lower confidence that consumers' own financial position will improve in the next 12 months;
- Slightly lower incidence of having made significant purchases in the last 3 months;
- Pride in South Australia;
- A perception that local businesses are dropping off in business activity;
- Confidence about employment mobility; and
- Adaptation to new technology.

A total of 26 factors were provided to consumers in the survey, as potential factors making consumers optimistic or pessimistic about the future. Of these factors, seven reported a positive shift, and 19 a net decrease, for February – June 2015.

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 future of the River Murray;
 - Political leadership in Australia; and
 - Wages relative to cost of living,
- Consumers are more pessimistic (or less optimistic) about the following factors that report the highest net negative shifts:
 - Petrol prices;
 - Unemployment;
 - Interest rates; and
 - The world economy.

Business Comments

Of the 10 factors contributing to the business confidence index, two report a positive movement, the remaining eight a negative shift.

The measures reporting positively are:

- Intention to make a major purchase in the next 12 months has improved; and.
- Pride in South Australia is higher.

Measures reporting negatively are:

- Confidence about adoption of new technology is lower;
- The creation of additional employment in the last 3 months in their own business is down;
- Intention to create new employment in the next 3 months is also down;
- Perception that small business activity is lower;
- Confidence about the climate for doing business in the next 12 months is down;
- Their own overall current business situation has declined;
- Confidence is lower about their own business prospects in the next 12 months; and
- A marginally higher incidence of falling turnover.

A total of 26 factors were provided to business owners in the survey, as potential factors making businesses optimistic or pessimistic about the future. Of these factors, 14 reported a positive shift, 11 reported a negative shift from Feb → Jun-15 (one is unchanged).

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

- The future of the River Murray;
- Interest rates; and
- Political leaders.

The main factors contributing to pessimism relate to:

- Petrol prices;
- The value of houses;
- The state of the SA economy;
- Stability in Australian society;
- The share market; and
- Small business performance generally.

Conclusions

Consumer confidence in South Australia has fallen by a moderate 4.2 points to 101.0 index points, since Feb-15.

While the fall in overall consumer confidence is driven largely by lack of confidence about the financial outlook in the next 12 months, broader sentiment about job security and other household factors is more positive than in Feb-15.

The current low level of confidence is a continuation of the historically low confidence levels recorded since 2012.

Both the Federal and State Governments have made attempts to kick-start business investment, and this is a positive step, but it will take time to filter through to the consumer level.

Business confidence fell in June following consecutive rises in August 2014 and February 2015.

This fall in confidence is despite both the 2015 Federal and State budgets including measures designed to stimulate business spending.

However, business owners believe that the economy will remain quite flat for the next 12 months, and recent employment creation and intention to create new employment in the next 3 months have both declined.

The largest impact of lower business confidence is that fewer SMEs have not created any additional employment in the last 3 months, and only 13% intend creating additional employment in the next 3 months (down from 20% in Feb-15).

Overall, it would appear that the Budget stimulus measures announced in May/June have been helpful in boosting SME plans to make purchases, but most other indicators show that business confidence is lower mid-year compared with Feb-15.

5 SUMMARY OF RESULTS

5.1 Consumer Tracking Monitor

Key Observations

- Overall index
 - There is an overall decrease (of 4.2 index points) in the Consumer Confidence Index
 - Analysis of the consumer results suggests that the decrease in consumer confidence has been driven by negative results in the 35-49 age segment, males, white collar employees and metro based respondents.
 - The decrease in Lifestyle Stability (confidence levels of finding a new job) has reduced the result to the lowest since the State Monitor commenced in late 1997.
 - For the consumer monitor, the three highest net positive measures are; state pride, current mood and adoption of technology.
 - The Consumer Index is slightly higher than the Business Index – a reversal on the last three surveys.
 - Age segments 35-49 and 65+ have both decreased to be less than the 100 index points base, with 35-49 at the lowest level since reporting commenced.
- Points to note for this survey, based on consumer demographics are:
 - Confidence is lowest in the 35-49 age segment;
 - Age segment 18-24 ranks as the most positive (has been the highest for four of the past five waves);
 - Confidence levels for males is higher than females (with females remaining below the 100 index point level to 98.0), while males are down 8.5 to 104.1 points;
 - Confidence remains higher in the white collar segment, however white collar has declined by 7.4 this survey while blue collar has decreased 3.1 points; and
 - Confidence ranking between metro and rural is unchanged, with Metro more confident. In the latest results Metro has decreased by 4.9 to 103.2 and Rural is also down, 4.0 points to 95.5 index points.

5.2 Business Tracking Monitor

Key Observations

- Overall index
 - There is an overall decrease (of 6.9 index points) in the Business Confidence Index.
 - Analysis of the business results suggests that the decrease in business confidence is a result of decreases in the finance and manufacturing sectors, mid-size SME businesses by t/o and by fte, and metro locations.
 - Employment levels are weak with (1) creating additional employment in the past three months down to its lowest level in three years, and (2) the likelihood of creating additional employment in the next three months also down, but to its lowest level ever reported.
 - Rural confidence is higher than Metro, with Metro at its lowest level since Feb-12.
 - Three industry categories report scores below the 100 index base (ie there are more pessimistic than optimistic businesses) – Manufacturing, Construction and Wholesale/Retail.
 - For the business monitor, the three highest net positive measures are: state pride, technology adoption and confident about future improvement in own business.
 - Finance and Manufacturing both report large decreases this period, with Community Service and Agriculture being the only categories to report improved levels this survey. Construction decreased after a good increase last survey.
 - By turnover; <0.5m – increased by 3.8 points; >0.5m<1m – decreased by 18.0 points; and >1m – decreased by 3.2 points.
 - By FTE; < 5fte – decreased by 2.9 points; 5-10fte – decreased by 17.7 points; and +10fte – increased by 7.5 points.
 - Metro decreased by 13.8 points, but Rural up marginally by 0.1 points.
- Points to note for this survey, based on business firmographics are:
 - Highest confidence in the largest businesses by Turnover and by FTE (same as last two surveys);
 - Higher confidence among rural businesses compared with metro businesses, a reversal on the last survey;
 - Lowest confidence levels in the construction and manufacturing 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
			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?	29%	38%	30%	
			-8%	8%	0%	
2	Consumer confidence	How confident are you that there will be a significant positive change in your financial position in the next 12 months?	24%	47%	27%	
			-6%	4%	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?	22%	54%	20%	
			-16%	9%	4%	
10	Technology adoption	How confident do you feel about using technologies such as credit cards, computers, mobile phones, ATMs and EFTPOS?	65%	20%	14%	
			-13%	8%	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?	75%	13%	11%	
			-2%	2%	0%	
			Yes	No		
3	Consumer purchase (past three months)	Have you made any significant purchases in the last three months, such as real estate, cars, whitegoods, hi-fi equipment or holiday travel?	34%	66%		
			-1%	2%		
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?	27%	72%		
			7%	-2%		✓
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?	33%	67%		
			-11%	11%		✓
			Positive	Negative	Neutral	
6	Mood	Which words best describe how you feel about your own household situation at present?	73%	26%	0%	
			7%	-8%	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%	49%	35%	
			-1%	8%	-8%	

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.
- Net confidence on this question is highest for the 25-34 ages (4% from 11%) and lowest for 35-49 (-19% down from 12%).
- Metro is down to -9% from 13%, and rural is also down, from -2% to -11%.
- This survey sees white-collar reporting a decrease from 16% to -13%, and blue-collar also a decrease to -6% from 4%.
- Decreases for males to -23% from 13%, while females are unchanged at 3%.

Financial Change (Q2)

- The latest negative result has ceased last survey's rebound with the latest figure dropping to -23% from -13%.
- This extends the net negative results to 13 surveys.
- Those most confident about their own financial situation improving remain 18-24 age segments at 10%, but down from 19%.
- Metro responses report a decrease to -24% from -11%, and rural moves to -19% from -14%.
- The least confident are blue-collar, but steady at -31%, while white-collar drop to -12% from -3%.
- Males report a decrease to -22% from -10%, with females moving to -23%, from -15%.

Made Significant Purchase (Q3)

- "Did make a major purchase" decreased slightly this survey to 34% from 35%.
- The highest incidence of major purchases, which reflects a reversal on the last survey, was 18-24 ages (42% from 26%) and males (42%).
- The lowest incidence of major purchases was 35-49 at 31%, down marginally from 32%.
- White collar dropped to 38% from 40% and blue-collar also, down to 31% from 32%, making a purchase.
- Metro is down to 36% from 38%, while rural increased to 32% from 30%.

Make Significant Purchase (Q4)

- The latest results report stops three consecutive declines in the incidence of likelihood to make a major purchase in the next three months, with an increase to 27% from 20%.
- The highest intention to purchase is in the 18-24 ages (at 46% from 14%) and blue-collars at 30% (from 15%).
- The lowest purchase intention figures are 25-34 at 15%, down from 17%.
- Levels are reported for metro (29%, up from 21%) rural (21% from 20%), and white (29% from 24%).

Pride in SA (Q5)

- Pride in the state reports a decrease to 62% from 66% net overall (a decrease of 2% to 75% for "proud" responses).
- The proudest segments are 25-34 (83%), and females at 74%, reporting "proud".
- The least proud segments are 35-49 at 69% (from 84%).
- White collar have decreased by 7% to 75%, but blue collar is up 10% to 82%.
- Metro have improved (77% from 80%) and rural (steady at 71%).

Feel about Household Situation (Q6)

- The latest results have improved with figures reporting an increase to 47% from 32%.
- The net positive mood is highest among 50+ at 58%, males (56% from 44%), rural steady on 35%, and white collar at 50% (down from 54%).
- The net positive mood is lowest among the 18-24 ages at 22% (down from 68%).
- Metro is up to 51% (from 32%), and blue-collar to +26% (from +6%).
- Net female responses have increased to 38% (from 20%).

Business Activity (Q7)

- A 2nd consecutive decrease, to -37% from -28% this survey, and remaining as a net negative since May-2010.
- All age segments are in negative results, with 18-24 at -19% being the most positive.
- City respondents have decreased to -32% from -26%, with rural dropping to -50% from -32%.
- White collar have decreased from -17% to -33%, blue-collar to -52% from -40%, while 'other' employment category is stable at -36%.
- A decrease by males to -42% from -17%, but for females an increase to -32% from -37%.

Worried by Unemployment (Q8)

- A better result this survey with the % of worried respondents decreasing from 44% to 33%.
- The highest level of concern about unemployment is with the 18-24 and 35-49 age segments (at 44% & 42% respectively), and females at 40% (down from 47%).
- Blue collar at 53% worried (but up from 46%) and white collar at 31% (down from 43%).
- The % “worried” of metro respondents has decreased to 30% ‘worried’, (from 45%), and rural to 39% ‘worried’, (up from 42%).
- The latest results reflect a decrease across all age segments.

Could Change to a Better Job (Q9)

- Perceived job mobility has dropped this survey, with the latest results down to -32% (from -7%).
- Confidence about job mobility is highest in the white-collar segment (-32% down from -2%), 18-24 (-17%), rural -25% (down from -24%) and males to -30% (from -2%).
- Confidence about job mobility is lowest in the blue-collar segment (-49% from -16%) and 35-49 at -45% (from -24%).
- Metro has dropped to -36%, down from -1%.
- Females have also decreased to -35% (from -13%).

Using New Technology (Q10)

- After improving last survey, net confidence in using new technology has decreased this wave, from 66% to 45% (net).
- Confidence with technology is higher among 18-24s (100%) but decreases with age to 43% in the 65+ age segment.
- As with the last survey, confidence with technology is higher with white collar and in rural.

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?	42%	31%	25%	
			-5%	3%	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?	52%	23%	25%	
			-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?	31%	58%	10%	
			2%	-3%	1%	✓
10	Technology adoption	How confident do you feel about using technologies such as credit cards, computers, mobile phones, ATMs and EFTPOS?	74%	11%	15%	
			-11%	6%	6%	
			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?	79%	12%	9%	
			1%	0%	0%	✓
			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?	23%	77%		
			-8%	8%		
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?	13%	84%		
			-7%	8%		
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?	49%	49%		
			1%	-1%		
			Positive	Negative	Neutral	
7	Mood	Which words best describe how you feel about your own business situation at present?	63%	37%	0%	
			-3%	4%	-1%	
			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?	14%	51%	34%	
			-3%	6%	-2%	

6.2.2 Detailed Results

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

Improved Business Climate (Q1)

- Following two increases, the latest survey sees a decrease to from 19% to 11% (net) of confidence in an improvement in the business climate.
- Mid-size businesses by turnover (-2% from 15%) and by FTE (-25% from 21%) have the lowest net confidence about the business climate.
- Manufacturing businesses represent the lowest point at -13% (from +21%), just below Construction at -10% from 2%.
- Most confident about the business climate is the community service industry (+38% from +44%) and the largest businesses, by turnover at +21% (from +33%), and by FTE, at 43% (from 32%).
- An improved result by rural to 25% from 21%, but a decrease in metro to -2% (from 17%).

Own Business Improvement (Q2)

- The latest results for confidence about own business growth has decreased marginally, from 30% (net) to 29%.
- Confidence about their own business growth prospects is lowest in manufacturing (13% from 18%) and construction at 18% (from 13%).
- Confidence about their own business growth is highest among community service businesses (from 51% to 75%), finance on 40% (from 47%) and largest businesses by T/O and by FTE.
- Metro at 24% is down (from 32%), while rural is up from 28% to 35%.

Make Significant Purchase (Q3)

- The incidence of businesses intending to make a major purchase in the next 12 months is up marginally this survey at 31% (from 29%).
- Intention to purchase is lowest in the manufacturing industry (at 25% from 28%).
- Intention to purchase is highest in the community service industry (at 50, but down from 57%), largest-sized businesses (67% FTE) and 53% (by turnover).
- Minor shifts in both Metro to 29% (from 28%), and rural up to 33%, (from 32%).

Have Created Additional Employment (Q4)

- Incidence of businesses creating additional employment in the past three months decreased this survey to 32% (31%→23%).
- The highest incidence of recent employment creation was in construction (50%), wholesale/retail (26%) and large-sized enterprises 40% (T/O), and 55% (FTE).
- The lowest incidence of creating additional employment was in manufacturing at 13% (from 27%).
- Metro on 23% (from 31%), and rural on 23%, (also from 31%).

Will Create Additional Employment (Q5)

- Confidence about creating new employment in the next three months has fallen to 13% from 20%, the lowest level since reporting commenced.
- The lowest intention to create new employment is in manufacturing at 8% (down from 22%) and micro businesses at 10% for t/o and 11% for fte.
- The highest level of creating additional employment is in the community service sector at 19% "likelihood", (up from 15% last survey).
- Metro +11% (from 21%) with rural slightly down to 14% (from 16%).

Pride in SA (Q6)

- Pride in SA is marginally up to 67% from 66% (net) this survey.
- Pride is strongest in the community service sector at 88% "proud" responses.
- Pride is lowest in the manufacturing sector at (net) 54%, (down from 76%).
- The largest businesses by turnover and by FTE, are the most confident.
- Rural respondents up to 86% (from 74%) compared with metro down to 51% (from 63%).

Feel about Business Situation (Q7)

- Net positive feelings about their own business circumstances decreased from +33% last wave to +26% this wave.
- Confidence about their own business situation was lowest in the manufacturing sector with a large drop to 16% from 18%.
- Confidence about their own circumstances was highest in the agriculture sector (44% from 66%), large businesses by turnover at 40% and large-businesses by FTE at 58%.
- A downward shift in current situation is reported for rural to 32% (from 41%), and for metro a decrease to 18% (from 29%).

General Direction of Small Business (Q8)

- Net confidence about how SMEs in South Australia are performing generally, has decreased to -37% from -28%.
- 51% (from 45%) report that business direction is down, and only 14% report a positive result (from 17%). Note, neutral responses decreased to 34% (from 36%).
- All industries report a negative result, with agriculture the most positive at -14%, and wholesale/retail and finance both the least confident at -43%.
- Rural decreased from -34% to -36%, and metro fell to -40% (from -26%).
- Large-sized business -21% (by FTE) and by T/O at -29% are the most positive.

Downturn in Turnover (Q9)

- Nearly one half of businesses (49%) are worried about a downturn in turnover, (from 48% last survey).
- Concerns about a downturn in their own turnover are highest in construction 63% (from 61%), wholesale/retail (55% from 56%), and mid-businesses by FTE 55% (from 45%) and by T/O at 58% (from 41%).
- "Worried" responses across metro to 56% from 49% and rural to 42% from 44%.
- Agriculture businesses report 24% worried, down from 32% last survey.

Using New Technology (Q10)

- Business confidence about adoption of new technology in the business decreased to a net of +63% (from 80%).
- The most confident businesses in terms of adopting new technologies are community service (+94%) and largest businesses (by turnover) of 82% and larger businesses (by FTE) at 85%.
- Metro at 59% (from 83%) is lower than rural at 69% (but up from 70%).

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