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The BankSA State Monitor

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

Research Results

No. 59 – February 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 57th survey.

2 METHODOLOGY

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

- **Consumer Tracking Monitor**

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

- **Business Tracking Monitor**

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

3 RESEARCH OBJECTIVES

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

4 RESULTS

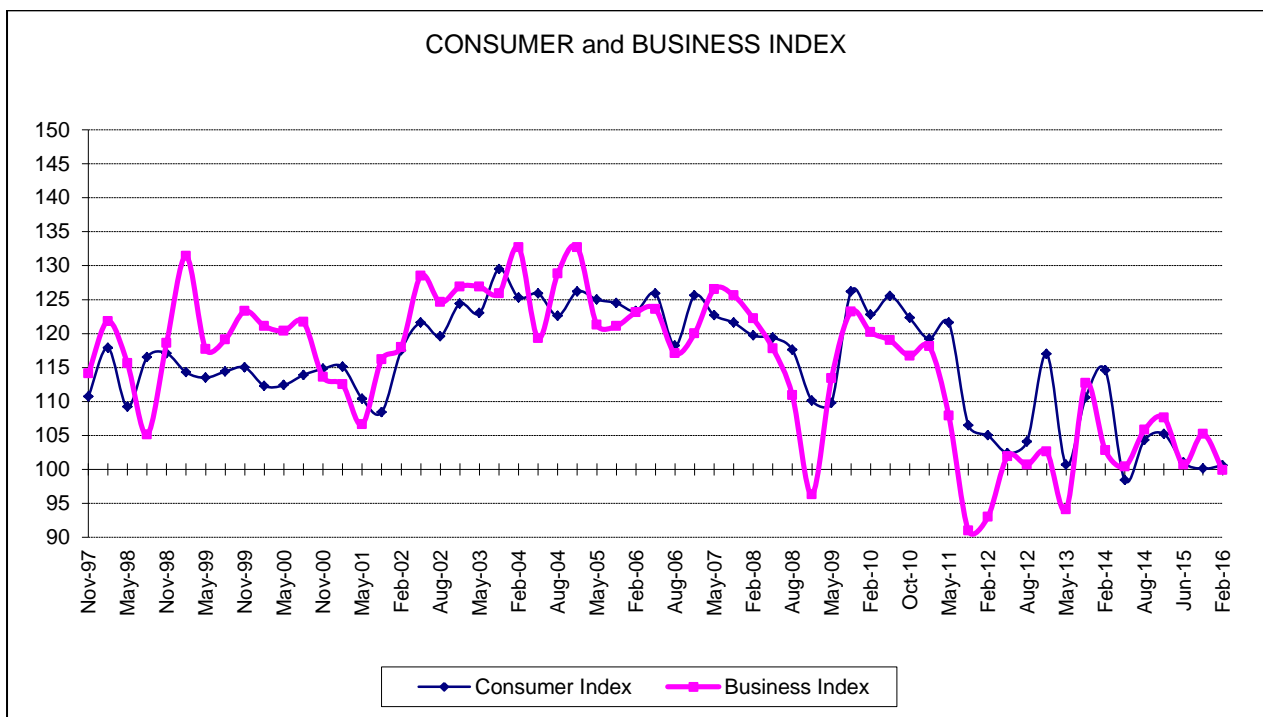
A base of 100 is used, to which the overall results are either added or deducted. If a result greater than 100 is achieved, this represents a positive result and if the result is less than 100, a negative result is represented. Based on this index a maximum score is 200 and a minimum score is zero.

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

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

BankSA Total Confidence Index

- Consumer confidence increased slightly by 0.5 points from 100.1 to 100.6 index points.
- Business confidence dropped by 5.3 points, from 105.2 in Oct-15 to 99.9 in Feb-16.



4.1 Summary of Results

4.1.1 Top Line Results – Consumer Summary

Consumer confidence increased slightly by 0.5 points between Oct-15 to Feb-16, from 100.1 to 100.6 index points.

CONSUMER TOP LINE SUMMARY						
Q	Tracking Indicator	Question Asked	Latest Result Movement	Net Movement since last survey	Highest (Best) Result	Lowest (Worst) Result
1	Confidence about the future	How confident are you that the climate for consumer spending will improve over the next 12 months?	- ve	-4%	18 - 24 Blue Collar Female	35 - 49 White Collar Male
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%	18 - 24 35 - 49 Blue Collar Rural	White Collar Metro Male
3	Consumer purchase (past three months)	Have you made any significant purchases in the last three months, such as real estate, cars, whitegoods, hi-fi equipment or holiday travel?	- ve	-2%	18 - 24 White Collar	65+
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%	25 - 34 White Collar Rural	18 - 24 65+
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 Female Blue Collar	35 - 49 65+
6	Mood	Which words best describe how you feel about your own household situation at present?	- ve	-1%	18 - 24 Males Rural	35 - 49
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	1%	18 - 24 (only +ve segment) Female	25 - 34 35 - 49
8	Job security	In the last three months, has your household or family been affected by an inability to find suitable work or worried about losing existing employment?	- ve	6% "worried"	Rural (40% down from 43% "worried")	18-24 most worried (70% highest ever level) "Worried" - blue collar 59% up 5%, white collar 55% up 8% Metro
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	-4%	18 - 24 Metro	25 - 34 White Collar
10	Technology adoption	How confident do you feel about using technologies such as credit cards, computers, mobile phones, ATMs and EFTPOS?	+ ve	15%	18 - 24 Metro	65+

4.1.2 Top Line Results – Business Summary

In contrast to the small improvement in consumer confidence, business confidence dropped by 5.3 points, from 105.2 in Oct-15 to 99.9 in Feb-16.

BUSINESS TOP LINE SUMMARY						
Q	Tracking Indicator	Question Asked	Latest Result Movement	Net Movement since last survey	Highest (Best) Result	Lowest (Worst) Result
1	Business confidence	How confident are you that the climate for doing business in SA will improve over the next 12 months?	- ve	-12%	Construction Large-size businesses	Agriculture Micro-size businesses Rural
2	Confidence about the future	How confident are you that there will be a significant improvement in the performance of your business in the next 12 months?	- ve	-8%	Community Service Agriculture Largest by fte, Mid-size by t/o	Manufacturing Construction Rural
3	Business purchase	How likely is it that your business will make a major purchase in the next 12 months, such as office equipment, cars, commercial real estate or other investments?	- ve	-12%	Community Service Agriculture Largest by t/o and fte	Construction
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	17%	Community Service Wholesale / Retail Largest by t/o and fte Rural	Construction
5	Business expansion (next three months)	In the next three months, are you likely to create any additional employment or take on any additional employees in your business?	- ve	-2%	Construction Largest by t/o and fte Metro	Agriculture 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	-11%	Construction Largest by t/o and fte	Wholesale/Retail Rural
7	Mood	Which words best describe how you feel about your own business situation at present?	- ve	-10%	Community Service Mid-size by t/o, Largest by fte Metro (steady)	Construction 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	-3%	52% report direction is down Neutral to 28% from 40% Manufacturing Metro	All industries -ve Agriculture Rural
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	4% "affected"	52% "worried", from 48% Mid-size by fte, 53% from 56%	Construction 66% Manufacturing 74% Agriculture 49% (from 39%) Large by t/o 53% Rural 53%, from 46%
10	Technology adoption	How confident do you feel about using technologies such as credit cards, computers, mobile phones, ATMs and EFTPOS?	- ve	-3%	Community Service Wholesale / Retail Largest by t/o and fte	Rural 63% (was 68%)

4.2 Environment during which this State Monitor was conducted

The context in which this State Monitor was conducted helps to understand the index changes.

At an international level, the context included:

- Significant slowdown in the Chinese economy.
- A European refugee influx prompts EU countries to close their borders and hold urgent talks on how to manage.
- Ongoing low prices for iron ore, coal and oil putting significant pressure on global producers and shareholders.
- Ongoing low global economic growth.
- Russia intervenes in the Syrian conflict and the Syrian Government battles rebel Syrian forces and IS.
- The Zika virus causing panic in South America as it spreads rapidly, with no known cure.
- Extreme weather events in various parts of the world – earthquakes, snow storms, flooding, bushfires.
- Commencement of the US Presidential election primaries.
- A change of government in Canada at the national elections.
- North Korea flexing its military muscle with missile launches.
- Ongoing conflict in Ukraine.
- Global terror alerts with IS sympathisers carrying out attacks in numerous countries including the US and Belgium.
- New Year's Eve celebrations cancelled in a number of European countries, as well as Indonesia, due to the fear of terror attacks at large gatherings.
- The International Monetary Fund (IMF) downgrading growth forecasts.
- Predictions of a volatile global stockmarket in 2016.

At a national level in Australia, the context included:

- Bushfires result in property losses in SA, NSW, Victoria and Tasmania.
- The Australian dollar hovering around US \$0.70.
- With a drop in the Australian sharemarket in the New Year, followed by significant fluctuations.
- BHP and Rio Tinto downgrading profit forecasts due to the low iron ore price.
- Coal continuing its downward slide, with a number of coal mines closing in Australia.
- Unemployment levels sitting at around 6%, but falling slightly late in 2015, with a significant number of new jobs being created in the latter half of 2015.
- The national economy hit by a sluggish mining sector but buoyed by the construction and services sectors.
- A strong start to the cricket season by the Australian Men's Cricket team.
- Prime Minister Malcolm Turnbull promoting innovation and tax reform as two of his main priorities.
- Most Australians enjoy a relaxing Christmas and summer holiday period.
- Collapse of the Dick Smith retail chain, and the Woolworths Masters hardware chain.
- Debate about increasing the GST to 15%.
- A deterioration in Australia's balance of trade, and an increase in the Federal Budget deficit.

At a State level in South Australia:

- Another successful Tour Down Under series.
- The start of the Festival season, with the Schutzenfest and Carnivale as pre-cursors to “Mad March”.
- Ongoing inquiry into Families SA and the abuse of children in institutional care
- Inquiry into the nuclear industry and the role that South Australia might play, including a number of South Australian sites identified as potential nuclear waste storage sites.
- Job losses continuing, both in regional communities and metropolitan Adelaide as the car manufacturing industry winds down, and coal miners and older coal fired power stations become unviable.
- The SA Premier calling for a 15% GST to provide future funding for hospitals and schools in South Australia.
- Bushfires destroying properties.
- Long heatwaves characterising the South Australian summer.
- An international company expresses interest in the GMH Elizabeth plant.
- The new Royal Adelaide Hospital nearing completion.
- Restructuring of hospital services in South Australia with re-location of some services between hospitals.
- A State Government campaign to position South Australia as aiming to be the lowest taxing State for business, starting with a property tax initiative.
- Two current Port Adelaide Football Club players are banned from playing the 2016 season as a result of previously being part of the Essendon playing group to have taken banned substances.

4.3 Commentary on Wave 58 Results

There has been a small rise in consumer confidence in February 2016, which follows a fall between June and October last year.

The consumer confidence index now sits at 100.6, just above the baseline of 100 at which the number of optimists in the community equals the number of pessimists

By historical standards, the current consumer confidence level is quite low, and has been in decline year-on-year since 2013;

SA State Monitor	Annualised index
2013 (3 surveys)	109.4
2014 (3 surveys)	105.8
2015 (3 surveys)	102.1
2016 (1 survey)	100.6

In contrast to the improvement in consumer confidence, business confidence fell by 5.3 points, from 105.2 in Oct-15 to 99.9 in Feb-16 and follows a small rise in business confidence between June to October last year.

The current business confidence level of 99.9 points is the lowest since May 2013, and the first time since May-13 it's fallen below the 100 index point baseline.

Consumer Comments

The ten measures that contribute to the consumer confidence index show mixed results with four improving and six decreasing.

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 in February 2016.

Given that the overall shift in the index was positive, this suggests that a small number of factors had significant positive shifts, outweighing the combined negative shifts on the other six factors.

The measures reporting positive results are:

- Likelihood of a major purchase in the next 3 months is higher;
- Adaptation to new technology;
- Pride in South Australia; and
- A perception that local businesses have slightly increased in business activity.

On the negative side, the following measures 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;
- Decreased incidence of having made significant purchases in the last 3 months;
- Confidence about employment mobility is lower;
- Sentiment about their overall household situation is less positive; and
- An increase in concerns relating to unemployment impacting their household.

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, nine reported a positive shift, and 18 a net decrease, and one unchanged for Oct-15 to Feb-16.

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

- Consumers are more optimistic (or less pessimistic) about the following factors that report the highest net positive shifts:
 - Petrol prices;
 - Retail sales figures; and
 - Stability in Australian society.
- Consumers are more pessimistic (or less optimistic) about the following factors that report the highest net negative shifts:
 - The state of the Australian economy;
 - How local small businesses are faring;
 - Australia's long term outlook;
 - Media reports on business confidence; and
 - The future of the River Murray.

Business Comments

Of the 10 factors contributing to the business confidence index, only one reports a positive movement, the remaining nine a negative shift.

The measure reporting a positive shift is:

- The creation of additional employment in the last 3 months is up.

Measures reporting negatively are:

- Confidence about adoption of new technology is lower;
- Reduced intention to create new employment in the next 3 months;
- A lower perception that small business activity is picking up;
- Confidence about the climate for doing business in the next 12 months is lower;
- Their own overall current business situation has declined;
- Confidence is lower about their own business prospects in the next 12 months;
- A higher incidence of being impacted by falling turnover;
- Intention to make a major purchase in the next 12 months has declined; and
- Pride in South Australia 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, 10 reported a positive shift and 18 reported a negative shift from Oct-15 → Feb-16.

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

- Petrol prices; and
- Political leadership.

The main factors contributing to pessimism relate to:

- The long term outlook for Australia;
- The performance of the sharemarket;
- The world and national economies;
- Interest rates;
- The performance of the corporate sector; and
- The state of the SA economy.

Conclusions

Consumer confidence in South Australia rose slightly between October last year and February this year.

This rise was driven by a good increase in Rural while for Metro, consumer confidence fell. Concerns are evident in white collar households, while blue collar household confidence lifted.

The main factors that helped to lift confidence this wave are “seasonal” factors relating to Xmas, holidays and New Year’s resolutions to have a better year, and more leisure time using new technology gadgets.

However, there are issues that are continuing to dampen consumer confidence and keep it at historically low levels. These problems relate to the state of the economy and the impact of low economic growth on wages, job security and employment mobility.

A Federal election year also produces uncertainty as the major political parties debate their policy positions, with tax reform being a central platform. Consumers will only know, after the Federal election is held, what the policy/tax reform landscape will be and how it will affect the economy and their household budgets.

Business confidence has taken a moderate fall of 5.3 points State-wide since Oct-15, to now be at 99.9 index points – well below the historical average and the lowest recorded since May 2013.

The main contributing factors are a subdued outlook for doing business in South Australian in 2016, which is translating into decisions to not hire or invest. There are exceptions, but the prevailing view is that the broader market conditions will need to improve in order for SMEs to be confident enough to hire and invest.

This year’s Federal election provides the best opportunity for the nation’s political leaders to showcase their plans for the SME business sector – a big employer group and a significant driver of the nation’s productivity.

5 SUMMARY OF RESULTS

5.1 Consumer Tracking Monitor

Key Observations

- Overall index
 - There is an overall increase (of 0.5 index points) in the Consumer Confidence Index.
 - Analysis of the consumer results suggests that the increase in consumer confidence has been driven by positive results in the U34 age segments; females, blue collar employees; and rural based respondents.
 - The percentage of respondents who are worried about unemployment has increased to 50% which is the highest level since this report commenced in Nov-97.
 - For the consumer monitor, the three highest net positive measures are: state pride; adoption of technology; and current mood.
 - The Consumer Index is higher than the Business Index – a reversal on the last survey.
 - The age segment 65+; white collar; and male respondents have all fallen to their lowest level since reporting commenced, with all three below the 100 index points base

- Points to note for this survey, based on consumer demographics are:
 - Confidence is under the 100 index base for 35-49 and 65+ age segments;
 - Age segment 18-24 ranks as the most positive (has been the highest for six of the past seven waves);
 - Confidence levels for females is higher than males (with females up 2.0 to 102.1), while males are down 0.9 to 99.3 points;
 - For the first time since Feb-09, confidence is higher in the blue collar segment, with white collar declining by 6.4, to 97.2, (extending the declining trend to the past four surveys), while blue collar has increased 3.1 (to 104.8 points); and
 - Confidence ranking between metro and rural is unchanged, with Metro more confident. However, in the latest results Metro has declined by 1.6 to 101.6, while Rural has improved, up 5.3 points to 98.5 index points.

5.2 Business Tracking Monitor

Key Observations

- Overall index
 - There is an overall decrease (of 5.3 index points) in the Business Confidence Index.
 - Analysis of the business results suggests that the increase in business confidence is a result of decreases in the agriculture, manufacturing and recreational sectors, mid-size SME businesses by t/o and micro-size SME by fte, and rural locations.
 - State pride has dropped to its lowest level since Aug-98 and small business confidence responses (ie small business picking up, steady or slowing) reports 52% as “slowing down” which is over 50% for the first time since May-13.
 - Rural confidence is lower than Metro, dropping 8.1 points to be just below 100 index points, while Metro reports a decline of 4.0 points.
 - The construction, agriculture and finance are below the 100 index base (ie there are more pessimistic than optimistic businesses), with the construction extending the <100 result for five waves (since May-14).
 - Agriculture has fallen below the 100 index point base for the first time since Feb-14, and to its lowest level since Feb-13.
 - For the business monitor, the three highest net positive measures are: technology adoption, state pride and confident about future improvement in own business.
 - Wholesale/retail and larger businesses with \$1m+ T/O, have both rebounded strongly to post the good increases, that follow large decreases last survey.
 - Micro and mid-size businesses by T/O and micro-size businesses by FTE (<5) are below the 100 index points base.
 - By turnover: <0.5m – decreased by 10.9 points; >0.5m<1m – decreased by 14.2 points; and >1m – increased by 5.6 points.
 - By FTE: < 5fte – decreased by 8.9 points; 5-10fte – increased by 8.4 points; and +10fte – decreased by 7.0 points.
 - Both Metro and Rural decreased.
- Points to note this survey, based on business demographics, are:
 - Highest confidence in the largest businesses by FTE and Turnover;
 - Higher confidence among metro businesses compared with rural businesses, a reversal on the last two surveys; and
 - Lowest confidence levels in the construction and agriculture industries.

6 DETAILED RESULTS

6.1 Consumer Tracking Monitor – Top Line Results

6.1.1 Latest Figures

(Note, movements since last survey in small print)

Question No.	Tracking Indicator	Question Asked	Results	Results	Results	Net Positive Result
			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%	38%	33%	
			-3%	1%	3%	
2	Consumer confidence	How confident are you that there will be a significant positive change in your financial position in the next 12 months?	28%	42%	30%	
			-4%	-3%	7%	
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?	26%	56%	16%	
			-2%	2%	1%	
10	Technology adoption	How confident do you feel about using technologies such as credit cards, computers, mobile phones, ATMs and EFTPOS?	77%	14%	8%	
			8%	-7%	-2%	✓
			Proud	Not Proud	Neutral	
5	State pride	When you look at how things are going in SA, how proud are you to be a South Australian?	78%	10%	12%	
			3%	-1%	-2%	✓
			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?	37%	63%		
			-1%	1%		
4	Consumer purchase (next three months)	Are you or your household likely to make a major purchase in the next three months of real estate, cars, whitegoods hi-fi equipment or holiday travel?	23%	74%		
			4%	-5%		✓
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?	50%	50%		
			6%	-6%		
			Positive	Negative	Neutral	
6	Mood	Which words best describe how you feel about your own household situation at present?	70%	30%	1%	
			0%	1%	0%	
			Up	Down	Neutral	
7	Small business confidence	When you think about small business in SA generally, does small business seem to be picking up, steady or slowing down?	11%	44%	40%	
			2%	1%	-4%	✓

6.1.2 Detailed Results

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

Consumer Spending Climate (Q1)

- The latest results are down this survey, from -7 to -11 (net confidence).
- Net confidence on this question is highest for the 18-24 (17% from 4%) and lowest for 35-49 (-22% down from -14% last wave).
- Metro is down to -10% from -7%, and rural is also down, from -6% to -14%.
- This survey sees white-collar reporting a decrease from -16% to -24%, but blue-collar also a decrease to 5% from 12%.
- Decreases for males to -25% from -3%, however females have increased to +1% from -10%.

Financial Change (Q2)

- Following last surveys good increase, the latest results are slightly lower, from -13% back to -14%.
- This extends the net negative results to 15 surveys.
- Those most confident about their own financial situation improving remain 18-24 age segments at 45%, up from 6%, while the 35-49 segment reports a good improvement from -20% to +3%.
- Metro responses report a decrease to -14% from -9%, but rural has increased to -15% from -22%.
- The least confident are white-collar at -16% (from -3%), while blue-collar have improved to 11% from 6%.
- Males report a decrease to -11 from -8%, with females increasing marginally to -16% from -17%.

Made Significant Purchase (Q3)

- "Did make a major purchase" decreased slightly this survey to 37% from 38%.
- As with the last two surveys, the highest incidence of major purchases was by 18-24 ages (46% but down from 48%).
- The lowest incidence of major purchases was 65+ at 25%, down from 41%.
- White collar increased to 40% from 38%, but blue-collar is down 36% from 39%, making a purchase.
- Very small movement across Metro and Rural, with Metro down to 38% from 39%, while rural increased to 36% from 35%.

Make Significant Purchase (Q4)

- The latest results report reverses last surveys decline, with an increase in the likelihood to make a major purchase in the next three months, to 23% up from 19%.
- The highest intention to purchase is in the 25-34 ages (at 31% from 11%) and white-collars at 40% (from 38%).
- The lowest purchase intention figures are 65+ at 10%, from 9%, and 18-24 at 22 down from 45%.
- Levels are reported for metro (23%, from 22%) rural (23% from 14%), and blue-collar (36% from 26%).

Pride in SA (Q5)

- Pride in the state reports a 2nd consecutive increase to 68% from 64% net overall (78% for "proud" responses, from 75%).
- The proudest segments are 25-34 (86%), and females at 82%, reporting "proud" replies.
- The least proud segments are 65+ and 35-49 at 75%, from 72% and 78% respectively.
- White collar have decreased by 3% to 71%, but blue collar has increased to 92%, up from 78%.
- Metro have increased (80% from 75%) but rural is down to 72%, from 74%.

Feel about Household Situation (Q6)

- The latest results have declined with figures reporting a marginal decrease to 40% from 41%.
- The net positive mood is highest among 18-24 at 64% (up from 34%) and males (48% from 38%).
- Across the regions, metro and rural are at 40%, but from 46% and 30% respectively.
- Likewise with white and blue collar, both are at the same level of 34%, but have moved from 43% and 28% respectively.
- The net positive mood is lowest among the 35-49 ages at 30% (from 40%).
- Net female responses have increased marginally to 34% (from 35%).

Business Activity (Q7)

- Another small rebound following two previous decreases, to -33% from -34% this survey, but remaining as a net negative level since May-2010.
- All age segments are in negative results, except for 18-24 at +1% being the most positive, as last survey.
- City respondents are unchanged at -29% from -32%, while rural has improved to -42% from -46%.
- White collar is unchanged at -39%, blue-collar is down to -37% from -35%, but 'other' employment category is up, to -16% from -27%.
- A decrease by males to -38% from -34%, but for females a small increase to -28% from -34%.

Worried by Unemployment (Q8)

- A worse result this survey with the % of “worried” respondents increasing from 44% to 50%.
- The highest level of concern about unemployment is with the 18-24 age segment (at 70% this is the highest level since reporting commenced at this level in Aug-02), and females at 56% (up from 48%).
- Blue collar at 59% worried (up from 54%) and white collar at 55% (up from 47%).
- The % “worried” of metro respondents has increased to 54% ‘worried’, (from 44%), whilst rural has dropped, to 40% ‘worried’, (down from 43%).
- The latest results reflect an increase in ‘concern’ across all age segments.

Could Change to a Better Job (Q9)

- Following an improvement last survey, there is a decrease this survey with perceived job mobility declining to -30% from -26%.
- Confidence about job mobility is highest in the blue-collar segment (-34% unchanged), 18-24 (-5%), metro -30% (from -26%) and females to -23% (from -20%).
- Confidence about job mobility is lowest in the white-collar segment (-35% from -21%) and 25-34 at -52%, from -37%.
- Rural has declined to -30%, from -27%.
- Males have decreased to -38%, from -32%.

Using New Technology (Q10)

- Following a small increase last survey, net confidence in using new technology has increased for this wave, from 48% to 63% (net).
- Confidence with technology is higher among 18-24s (88% confident) but decreases with age to 62% in the 65+ age segment.
- Confidence with technology is higher with blue collar employees and in metro.
- Rural has increased from 59% to 72% “confident”, and metro has also increased, to 79% from 74%.

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?	36%	33%	29%	
			-10%	2%	7%	
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?	51%	23%	25%	
			-6%	2%	3%	
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?	27%	61%	10%	
			-7%	5%	0%	
10	Technology adoption	How confident do you feel about using technologies such as credit cards, computers, mobile phones, ATMs and EFTPOS?	77%	8%	14%	
			-3%	0%	3%	
			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?	73%	18%	10%	
			-4%	7%	-1%	
			Yes	No		
4	Business stability (past three months)	In the last three months, have you created any additional employment or taken on any additional employees in your business?	28%	71%		✓
			8%	-9%		
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?	19%	78%		
			-2%	0%		
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?	52%	46%		
			4%	-5%		
			Positive	Negative	Neutral	
7	Mood	Which words best describe how you feel about your own business situation at present?	61%	39%	0%	
			-5%	5%	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%	52%	28%	
			4%	7%	-12%	

6.2.2 Detailed Results

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

Improved Business Climate (Q1)

- Following an increase last survey, the latest result sees a decrease from 15% to 3% (net) of confidence in an improvement in the business climate in the next 12 months.
- Micro-size businesses by turnover (-1% from 18%) and by FTE (1% from 15%) have the lowest net confidence about the business climate.
- Agriculture businesses represent the lowest point at -13% (from +7%).
- Most confident about the business climate is the construction (15% up from 7%) and recreational (17% down from 57%) industries and the larger-size businesses, by turnover at +12% (steady), and by FTE, at 8% from 15%.
- A poorer result by metro to 10% from 12%, and in rural a big fall to -14%, from +17%.

Own Business Improvement (Q2)

- The latest result for confidence about own business growth in the next 12 months has decreased, from 36% (net) to 28%.
- Confidence about their own business growth prospects is lowest in manufacturing (24% from 26%) and construction at +25% (but up from +22%).
- Confidence about their own business growth is highest among community service businesses (but down from 79% to 47%), agriculture on 31% (from 29%) and mid-size businesses by T/O and large businesses, by FTE.
- Metro at 31% is down from 39%, while rural is also down, from 33% to 22%.

Make Significant Purchase (Q3)

- The incidence of businesses intending to make a major purchase in the next 12 months has dropped this survey to 27% (from 34%).
- Intention to purchase is lowest in the construction industry (at 9% from 24%).
- Intention to purchase is highest in the community service industry (at 46%, up from 35%), largest-sized businesses (58% FTE) and 48% (by turnover).
- Negative shifts in Metro and Rural, with both declining to 28% (from 34%).

Have Created Additional Employment (Q4)

- The incidence of businesses creating additional employment in the past three months has rebounded this survey to 28% (23%→20%→28%).
- The highest incidence of recent employment creation was in community service (51%), wholesale/retail (36%) and large-sized enterprises 48% (T/O), and 62% (FTE).
- The lowest incidence of creating additional employment was in construction at 13% (but up from 4%).
- Metro has increased to 28% (from 24%), as has rural, which has also increased to 28%, with a good jump from 16%.

Will Create Additional Employment (Q5)

- Confidence about creating new employment in the next three months has dropped with the latest results moving to 19%, down slightly from 21% last survey.
- The lowest intention to create new employment is in agriculture at 2% (from 14%) and micro businesses at 9% (from 12%) for t/o and 14% (from 18%), for fte.
- The highest level of creating additional employment is in the construction sector, at 29% "likelihood", and the large businesses (by t/o and fte) at 31% (from 35%) and 44% (from 39%), respectively.
- Metro +20% (from 26%) with rural slightly up to 17% (from 16%).

Pride in SA (Q6)

- After being reasonably steady for the past three surveys, Pride in SA has fallen to 55% (net), from 66%, this survey.
- Pride is strongest in the construction sector at 91% "proud" responses.
- Pride is lowest in the wholesale/retail sector at (net) 39%, (down from 61%).
- The largest businesses by FTE and by turnover, are the most confident.
- Rural respondents are slightly higher than Metro, but are down to 75% (from 79%) compared with metro which is also down, to 72% (from 75%).

Feel about Business Situation (Q7)

- Net positive feelings about their own business circumstances decreased from +32% last wave to +22% this wave.
- Confidence about their own business situation was lowest in the construction sector with a drop to 8% from 20%.
- Confidence about their own circumstances was highest in the community service sector (62% down from 74%), mid-size businesses by turnover at 16% (from 46%) and large-businesses by FTE at 30% (from 38%).
- A downward shift in current situation is reported for rural to 28% (from 45%), but for metro a steady result remaining at 18% (steady for past three surveys).

General Direction of Small Business (Q8)

- Net confidence about how SMEs in South Australia are performing generally, has declined this survey, -36% from -33%.
- Over one half (52% from 45%) of businesses report that business direction is down, and only 16% report a positive result (but up from 12%). Neutral responses decreased to 28% (from 40%).
- All industries report a negative result, with manufacturing being the most positive at -25%, and agriculture being the least confident at -55%, a drop from -27%.
- Rural decreased from -31% to -46%, but for metro an increase to -31% (from -35%).
- Large-sized business -31% (by FTE from -31%) and by T/O, at -27% (from -48%), are the most positive.

Downturn in Turnover (Q9)

- Just over one half of businesses (52%) remain worried about a downturn in turnover, (up from 48% last survey).
- Concerns about a downturn in their own turnover are highest in manufacturing 74% (from 33%), construction (66% from 57%), and mid-businesses by FTE 53% (from 56%) and large businesses by T/O at 53% (steady).
- "Worried" responses across metro to 51%, up from 49%, and rural to 53%, up from 46%.
- Agriculture businesses report 49% worried, up from 39% last survey.

Using New Technology (Q10)

- Business confidence about adoption of new technology in the business decreased to a net of +69% (from 72%).
- The most confident businesses in terms of adopting new technologies are community service (+90%), wholesale /retail (+82%), large-size businesses (by turnover) of 87% and (by FTE) at 91%.
- Metro at 71% (up from 75%) is higher than rural at 63% (from 68%).

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.