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The BankSA State Monitor

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

Research Results

No. 58 – November 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.

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

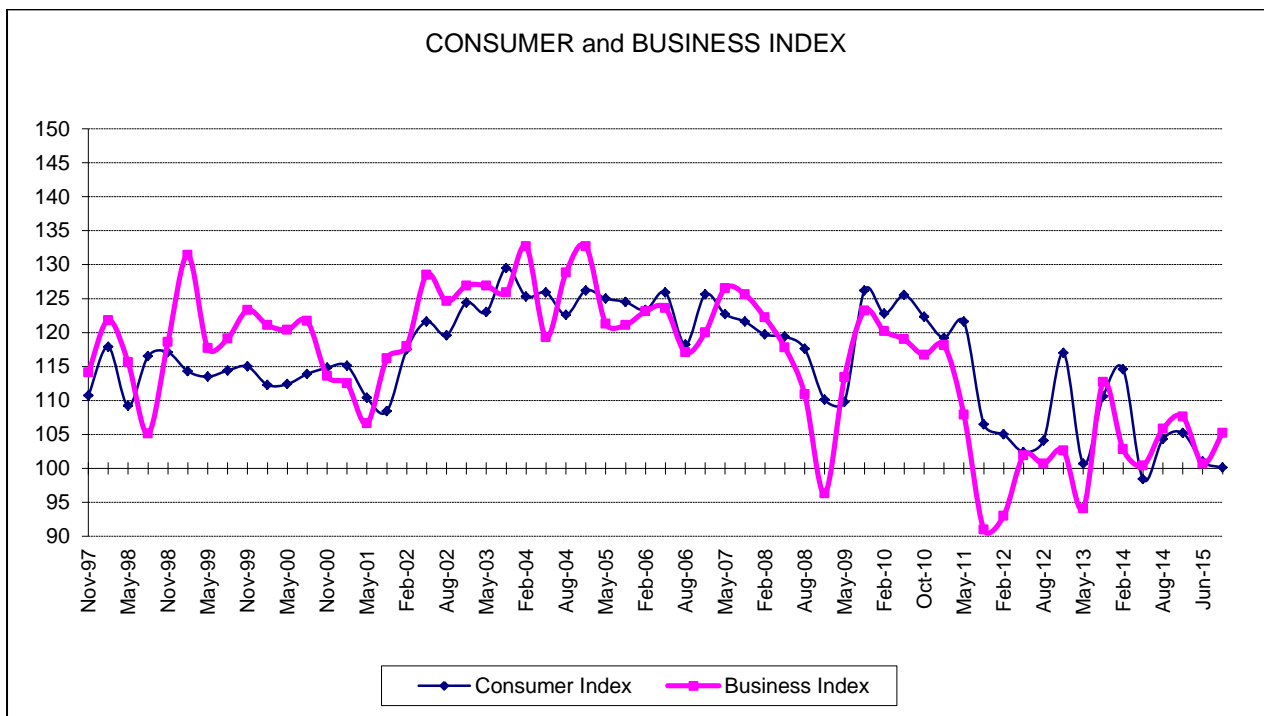
3 RESEARCH OBJECTIVES

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

Consumer confidence fell by 0.9 points between Jun-15 to Oct-15, from 101.0 to 100.1 index points.

CONSUMER TOP LINE SUMMARY						
Q	Tracking Indicator	Question Asked	Latest Result Movement	Net Movement since last survey	Highest (Best) Result	Lowest (Worst) Result
1	Confidence about the future	How confident are you that the climate for consumer spending will improve over the next 12 months?	+ ve	2%	25 - 34 50 - 64 Blue Collar, Male	35 - 49 White Collar Female
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 25 - 34 Blue Collar	White Collar Rural
3	Consumer purchase (past three months)	Have you made any significant purchases in the last three months, such as real estate, cars, whitegoods, hi-fi equipment or holiday travel?	+ ve	8%	18 - 24 Blue Collar	25 - 34
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	-15%	18 - 24, White Collar	25 - 34 65+ Rural
5	State pride	When you look at how things are going in SA, how proud are you to be a South Australian?	+ ve	2%	18 - 24	25 - 34
6	Mood	Which words best describe how you feel about your own household situation at present?	- ve	-6%	50 - 64	18 - 24 Males Rural
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	3%	18 - 24 (only +ve segment) Males	Rural -46% Blue Collar -35%
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	11% "worried"		18-24 most worried (66% highest ever level) White Collar 49% up 16%, blue collar 54% steady "worried" 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	6%	65+ Metro White Collar	25 - 34 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	3%	18 - 24 Metro	65+ Rural

4.1.2 Top Line Results – Business Summary

In contrast to the fall in consumer confidence, business confidence rose by 4.5 points, from 100.7 in Jun-15 to 105.2 in Oct-15.

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	4%	Recreational Micro by t/o Micro/Large by fte Metro	Wholesale/Retail Construction Mid-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	7%	Community Service Finance Largest by t/o, Mid-size by fte Metro	Wholesale/Retail 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	5%	Agriculture Largest by t/o and fte	Wholesale/Retail
4	Business stability (past three months)	In the last three months, have you created any additional employment or taken on any additional employees in your business?	- ve	-6%	Community Service Recreational	Construction Rural
5	Business expansion (next three months)	In the next three months, are you likely to create any additional employment or take on any additional employees in your business?	+ ve	14%	Community Service Recreational Metro	Agriculture Rural
6	State pride	When you look at how things are going in SA, how proud are you to be a South Australian?	- ve	-1%	Wholesale/Retail Largest fte Metro	Recreational Rural
7	Mood	Which words best describe how you feel about your own business situation at present?	+ ve	6%	Community Service Mid-size by t/o, Largest by fte Rural Up, Metro steady	Wholesale/Retail Metro (steady)
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	4%	45% report direction is down Neutral to 40% from 34% Community Service / Finance	Wholesale/Retail
9	Income security	In the last three months, has your business been affected by any downturn in turnover or have you been worried about possible downturn in turnover?	+ ve	-3% "affected"	48% "worried" Agriculture 24% (from 32%) Metro down (49%)	Construction 57% Wholesale/Retail 62% Agriculture 39% (from 24%) Large by t/o 53% Rural up 46%
10	Technology adoption	How confident do you feel about using technologies such as credit cards, computers, mobile phones, ATMs and EFTPOS?	+ ve	9%	Metro Finance Mid-size businesses	Rural (steady)

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:

- A significant slowdown in the Chinese economy
- Ongoing low prices for iron ore and coal
- Ongoing market instability and low economic growth in Europe
- Ongoing conflicts in Syria, Iraq and Afghanistan
- Russia's intervention in the Syrian conflict
- A significant international stockmarket correction in late September
- The World Cup Rugby competition in full swing
- Discovery of water on Mars
- Development of a malaria vaccine
- Release of the first commercial hydrogen-fuelled zero-emissions car
- Record post-WWII numbers of immigrants seeking asylum in Europe from conflict zones
- Release of Windows 10, iPhone 6 and Apple smart watches

At a national level in Australia, the context included:

- The Australian dollar remaining at around US \$0.70
- The Australian sharemarket experiencing a strong correction, in line with world markets in September 2015
- The Australian economy continuing to grow but at below historical trend levels
- Continuing low inflation (below 2%) and low official interest rates (2%)
- A change of Prime Minister from Tony Abbott to Malcolm Turnbull
- Signing of the TPP free trade agreement between 12 countries (including Australia)
- China agreeing to a bilateral free trade agreement with Australia
- Live cattle exports to Indonesia renewed after a temporary cut
- A terrorist-related shooting of a police employee in Sydney's west, with subsequent arrests of a network of suspected IS sympathisers
- Softening of growth in house prices in Sydney and Melbourne
- Strong publicity about ice-related drug crimes and domestic violence incidents
- The Australia Women's Cricket team the Southern Stars ranked #1 in the world by the ICC
- The Australian Men's Cricket team beaten by England in the 2015 Ashes series
- The Bangladesh Test tour cancelled due to safety concerns
- Australian golfer Jason Day achieving number 1 world ranking in September 2015
- The Wallabies defeating England in the lead-up to the critical match against Wales (which Australia also won)
- Hawthorn winning its third consecutive AFL grand final
- The North Queensland Cowboys winning their first NRL grand final
- The Australian Women's netball team winning the World Championship

At a State level in South Australia:

- 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
- The Federal Government's announcement of a "continuous build" of new navy frigates in Adelaide, guaranteeing jobs into the future
- Ongoing speculation about the future of the submarine contract, but all international tenderers now supportive of a "local build" component for South Australia
- The new Royal Adelaide Hospital nearing completion with its opening scheduled in 2016
- The inquiry into nuclear options for South Australia nearing completion
- Ongoing investigation into the discovery of a small child's remains in a suitcase in the South Australian Mallee region, with the child's identity still unknown.
- South Australia's sister-State relationship with Shandong Province in China to bring increased investment to SA
- The Adelaide Crows making it to the final 6 in the AFL finals

4.3 Commentary on Wave 58 Results

Consumer confidence fell by 0.9 points between Jun-15 to Oct-15, from 101.0 to 100.1 index points, and follows the drop between Feb-15 and Jun-15.

The current index of 100.1 points is marginally above the base of 100 points which represents a balance between the number of optimists and pessimists in the consumer population.

By historical standards, the current confidence levels are relatively low, and have continued to remain historically low throughout 2015, despite an initial consumer lift in the post-Christmas February State Monitor reading.

In contrast to the fall in consumer confidence, business confidence rose by 4.5 points, from 100.7 in Jun-15 to 105.2 in Oct-15.

This follows a sharp fall in business confidence between Feb'15 and June'15, and it represents a welcome turnaround in business confidence.

An index of 105.2 points is still low by historical standards, but it is higher than the business confidence levels recorded from late 2011 to May 2013, and higher than the business confidence levels recorded in the first half of 2014.

Consumer Comments

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

The measures reporting positive results are:

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

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

- Likelihood of a major purchase in the next 3 months is lower;
- Sentiment about their overall household situation is less positive; and
- An increase in concerns relating to unemployment impacting their household.

Interestingly, while there were more increases than decreases across the ten measures, the index actually decreased due to the three measures decreasing significantly while those that increased reported small positive shifts.

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, 15 reported a positive shift, and 10 a net decrease (one unchanged), for June - October 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:
 - Petrol prices;
 - Political leadership in Australia; and
 - Infrastructure investment.
- Consumers are more pessimistic (or less optimistic) about the following factors that report the highest net negative shifts:
 - The performance of the Australian sharemarket;
 - Stability of Australian society;
 - Opportunities available to consumers;
 - The future of the River Murray; and
 - Household income and employment security.

Business Comments

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

The measures reporting positively are:

- Confidence about adoption of new technology is higher;
- Higher intention to create new employment in the next 3 months;
- Perception that small business activity is picking up;
- Confidence about the climate for doing business in the next 12 months is higher;
- Their own overall current business situation has improved;
- Confidence is higher about their own business prospects in the next 12 months;
- A lower incidence of falling turnover; and
- Intention to make a major purchase in the next 12 months has improved.

Measures reporting negatively are:

- The creation of additional employment in the last 3 months in their own business is down; and
- Pride in South Australia is marginally lower.

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;
- Stability in Australian society;
- The share market; and
- Small business performance generally.

Conclusions

Consumer confidence fell slightly between June and October 2015, from 101.0 to 100.1 index points.

Confidence among metropolitan Adelaide consumers remained steady, but confidence in regional South Australia fell.

Confidence lifted among blue collar workers, but young (25 – 34) and white collar workers' confidence fell in the context of white collar job cuts in large corporations.

Overall the fall in consumer confidence was driven largely by falling confidence about job security and the high unemployment levels in the State, as well as associated belt-tightening with significantly lower intention to make major purchases in the next 3 months in the lead-up to Christmas.

Business confidence lifted between June and October 2015, from an historically low figure of 100.7 to 105.2 index points.

The rebound in confidence among South Australian SMEs is driven by greater optimism about the business outlook for the coming 12 months, and is reflected in an increase in intention to create additional employment in the next 3 months.

There is no doubt that the business climate remains very challenging, and business confidence remains low by historical standards.

However, the indicators suggest that there is the start of a turnaround in business confidence off a low base, with intention to create additional employment being the most encouraging sign of a likely turnaround over the next 12 months.

5 SUMMARY OF RESULTS

5.1 Consumer Tracking Monitor

Key Observations

- Overall index
 - There is an overall decrease (of 0.9 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 25-34 age segment, males, white collar employees and rural based respondents.
 - The likelihood of making a major purchase in the next three months has fallen to its lowest level since August 2007.
 - For the consumer monitor, the three highest net positive measures are; state pride, adoption of technology and current mood.
 - The Consumer Index has fallen below the Business Index – a reversal on the last survey.
 - Age segment 25-34 and rural based respondents have fallen to their lowest level since reporting commenced, with both well below the 100 index points base, at 90.3 and 93.2 respectively.
- Points to note for this survey, based on consumer demographics are:
 - Confidence is under the 100 index base for 25-34, 35-49 and 65+ age segments;
 - Age segment 18-24 ranks as the most positive (has been the highest for five of the past six waves);
 - Confidence levels for males is marginally higher than females (with females up 2.1 to 100.1), while males are down 3.9 to 100.2 points;
 - Confidence remains higher in the white collar segment, however white collar has declined by 3.3 this survey (extending the decreases to the past three surveys), while blue collar has increased 9.6 points; and
 - Confidence ranking between metro and rural is unchanged, with Metro more confident. In the latest results Metro is unchanged at 103.2 while Rural has declined, down 2.3 points to 93.2 index points.

5.2 Business Tracking Monitor

Key Observations

- Overall index
 - There is an overall increase (of 4.5 index points) in the Business Confidence Index.
 - Analysis of the business results suggests that the increase in business confidence is a result of increases in the manufacturing, construction and recreational sectors, mid-size SME businesses by turnover and micro-size SME by fte, and metro locations.
 - Future employment levels have rebounded from the historic low last wave, with the likelihood of creating additional employment in the next three months increasing. This increase in future employment is pleasing as creating additional employment in the past three months is down to its lowest level since reporting commenced in late 1997.
 - Rural confidence is higher than Metro, but Metro report a strong rebound of 11.5 points while rural has declined by 2.9 points.
 - The construction and wholesale/retail industries remain below the 100 index base (ie there are more pessimistic than optimistic businesses).
 - 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 category and the larger businesses with \$1m+ turnover both report their largest decrease in four years (since Aug-11), while mid-size businesses by FTE (5-10) remain below the 100 index points base.
 - By turnover; <0.5m – increased by 8.8 points; >0.5m<1m – increased by 15.8 points; and >1m – decreased by 11.8 points.
 - By FTE; < 5fte – increased by 6.0 points; 5-10fte – increased by 1.8 points; and +10fte – decreased by 2.6 points.
 - Metro increased, Rural decreased.
- Points to note this survey, based on business demographics, are:
 - Highest confidence in the largest businesses by FTE and mid-size businesses by turnover;
 - Higher confidence among rural businesses compared with metro businesses, same as the last survey; and
 - Lowest confidence levels in the construction and wholesale/retail 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?	30%	37%	30%	
			1%	-1%	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?	32%	45%	23%	✓
			8%	-2%	-4%	
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?	28%	54%	15%	
			6%	0%	-5%	✓
10	Technology adoption	How confident do you feel about using technologies such as credit cards, computers, mobile phones, ATMs and EFTPOS?	69%	21%	10%	
			4%	1%	-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%	11%	14%	
			0%	-2%	3%	
			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?	38%	62%		
			4%	-4%		✓
4	Consumer purchase (next three months)	Are you or your household likely to make a major purchase in the next three months of real estate, cars, whitegoods hi-fi equipment or holiday travel?	19%	79%		
			-8%	7%		
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?	44%	56%		
			11%	-11%		
			Positive	Negative	Neutral	
6	Mood	Which words best describe how you feel about your own household situation at present?	70%	29%	1%	
			-3%	3%	1%	
			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?	9%	43%	44%	
			-3%	-6%	9%	

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 slightly up this survey, from -9 to -7 (net confidence).
- Net confidence on this question is highest for the 25-34 (4% steady) and 50-64 (4% from -4%) ages, and lowest for 35-49 (-14% but an improvement from -19% last wave).
- Metro is up to -7% from -9%, and rural is also up, from -11% to -6%.
- This survey sees white-collar reporting a decrease from -13% to -16%, but blue-collar an increase to 12% from -6%.
- Increases for males to -3% from -23%, while females are down to -10% from 3%.

Financial Change (Q2)

- Following last surveys 10 point drop, the latest results have rebounded 10 points, from -23% back to -13%.
- However, this extends the net negative results to 14 surveys.
- Those most confident about their own financial situation improving remain 18-24 age segments at 6%, but down from 10%, while the 25-34 segment reports a good improvement of 20 points, from 23% up to -3%..
- Metro responses report an increase to -9% from -24%, but rural decreases to -22% from -19%.
- The least confident are white-collar at -3% (but an increase from -12%), while blue-collar are up to 6% from -31%
- Males report an increase to -8% from -22%, with females moving to -17%, from -23%.

Made Significant Purchase (Q3)

- "Did make a major purchase" increased this survey to 38% from 34%.
- As with the last survey, the highest incidence of major purchases was by 18-24 ages (48% from 42%) and males (40% from 42%).
- The lowest incidence of major purchases was 25-34 at 16%, down from 37%.
- White collar was steady at 37% but blue-collar is up 39% from 31%, making a purchase.
- Metro is up to 39% from 36%, while rural increased to 35% from 32%.

Make Significant Purchase (Q4)

- The latest results report reverses last surveys rebound, with a decline in the likelihood to make a major purchase in the next three months, with a decrease to 19% from 27%.
- The highest intention to purchase is in the 18-24 ages (at 45% from 46%) and white-collars at 21% (from 29%).
- The lowest purchase intention figures are 25-34 at 11%, down from 15%, and 65+ at 9% down from 18%.
- Levels are reported for metro (22%, down from 29%) rural (14% from 21%), and blue-collar (26% from 30%).

Pride in SA (Q5)

- Pride in the State reports a small increase to 64% from 62% net overall (but stable at 75% for "proud" responses).
- The proudest segments are 18-24 (82%), and males at 76%, reporting "proud" replies.
- The least proud segments are 25-34 at 65% (down from 83%).
- White collar have decreased marginally by 1% to 74%, and blue collar is also down, to 78 from 82%.
- Metro have decreased (75% from 77%) but rural is up to 74%, from 71%.

Feel about Household Situation (Q6)

- The latest results have declined with figures reporting a decrease to 41% from 47%.
- The net positive mood is highest among 50-64 at 48% (but down from 58%), males (38% from 56%), metro (46% from 51%), and white collar at 43% (down from 50%).
- The net positive mood is lowest among the 18-24 ages at 34% (but up from 22%).
- Rural is down to 30% (from 35%), and blue-collar to +28% (up from +26%).
- Net female responses have decreased to 35% (from 38%).

Business Activity (Q7)

- A small rebound following two decreases, to -34% from -37% 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.
- City respondents have increased to -29% from -32%, with rural also up, to -46% from -50%.
- White collar have decreased from -33% to -39%, blue-collar is up to -35% from -52%, and 'other' employment category is also up, to -27% from -36%.
- An increase by males to -34% from -42%, but for females a small decrease to -34% from -32%.

Worried by Unemployment (Q8)

- A worse result this survey with the % of “worried” respondents increasing from 33% to 44%.
- The highest level of concern about unemployment is with the 18-24 age segment (at 66% this is the highest level since reporting commenced at this level in Aug-02), and females at 48% (up from 40%).
- Blue collar at 54% worried (steady) and white collar at 47% (up from 31%).
- The % “worried” of metro respondents has increased to 44% ‘worried’, (from 30%), and rural to 43% ‘worried’, (up from 39%).
- The latest results reflect an increase across all age segments under 65.

Could Change to a Better Job (Q9)

- Since the last survey when results were at the lowest level ever reported, there is a small increase this survey with perceived job mobility improving to -26% from -32%.
- Confidence about job mobility is highest in the white-collar segment (-21% up from -32%), 65+ (-12%), metro -26% (up from -36%) and females to -20% (from -35%).
- Confidence about job mobility is lowest in the blue-collar segment (-34% from -49%) and 25-49 at -38%.
- Rural has declined to -27%, from -25%.
- Males have decreased to -32%, from -30%.

Using New Technology (Q10)

- After reporting a large decrease last survey, net confidence in using new technology has increased this wave, from 45% to 48% (net).
- Confidence with technology is higher among 18-24s (91% confident) but decreases with age to 38% in the 65+ age segment.
- Confidence with technology is higher with white collar employees and in metro.
- Rural has decreased from 64% to 59% “confident”, while metro has increased to 74% from 65%.

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?	46%	31%	22%	✓
			4%	0%	-3%	
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?	57%	21%	22%	✓
			5%	-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?	34%	56%	10%	✓
			3%	-2%	0%	
10	Technology adoption	How confident do you feel about using technologies such as credit cards, computers, mobile phones, ATMs and EFTPOS?	80%	8%	11%	✓
			6%	-3%	-4%	
			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?	77%	11%	11%	
			-2%	-1%	2%	
			Yes	No		
4	Business stability (past three months)	In the last three months, have you created any additional employment or taken on any additional employees in your business?	20%	80%		
			-3%	3%		
5	Business expansion (next three months)	In the next three months, are you likely to create any additional employment or take on any additional employees in your business?	21%	78%		✓
			8%	-6%		
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?	48%	51%		
			-1%	2%		
			Positive	Negative	Neutral	
7	Mood	Which words best describe how you feel about your own business situation at present?	66%	34%	0%	✓
			3%	-3%	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?	12%	45%	40%	
			-2%	-6%	6%	

6.2.2 Detailed Results

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

Improved Business Climate (Q1)

- Following a decrease last survey, the latest result sees an increase from 11% to 15% (net) of confidence in an improvement in the business climate in the next 12 months.
- Mid-size businesses by turnover (8% from -2%) and by FTE (3% from -25%) have the lowest net confidence about the business climate, but have improved this wave.
- Wholesale/retail businesses represent the lowest point at -3% (from +12%), just below Construction at -2%, but up from -10%.
- Most confident about the business climate is the recreational industry (+60% from +25%) and the micro-size businesses, by turnover at +18%, and by FTE, both micro & large businesses at 15.
- An improved result by metro to 12% from -2%, but a decrease in rural to 17% (from 25%).

Own Business Improvement (Q2)

- The latest result for confidence about own business growth in the next 12 months has increased, from 29% (net) to 36%.
- Confidence about their own business growth prospects is lowest in wholesale / retail (-7% from 24%) and construction at +22% (but up from +18%).
- Confidence about their own business growth is highest among community service businesses (from 75% to 79%), finance on 46% (from 40%) and mid-size businesses by T/O and large businesses, by FTE.
- Metro at 39% is up (from 24%), while rural is down slightly from 35% to 32%.

Make Significant Purchase (Q3)

- The incidence of businesses intending to make a major purchase in the next 12 months is up again this survey at 34% (from 31%), and extends the general upwards trend since May last year.
- Intention to purchase is lowest in the wholesale/retail industry (at 24% from 27%).
- Intention to purchase is highest in the agriculture industry (at 55%, up from 41%), largest-sized businesses (55% FTE) and 46% (by turnover).
- Positive shifts in both Metro to 34% (from 29%), and rural up to 34%, (from 33%), are reported this survey.

Have Created Additional Employment (Q4)

- Incidence of businesses creating additional employment in the past three months decreased again this survey to 20% (31%→23%→20%).
- The highest incidence of recent employment creation was in community service (48%), recreational (20%) and large-sized enterprises 34% (T/O), and 58% (FTE).
- The lowest incidence of creating additional employment was in construction at 4% (down from 24%).
- Metro is generally stable at 24% (from 23%), but rural has decreased to 16% from 23%.

Will Create Additional Employment (Q5)

- Confidence about creating new employment in the next three months has rebounded after reporting the lowest level since reporting commenced, last survey. The latest results have improved to 21%, up from the historic low of 13%.
- The lowest intention to create new employment is in agriculture at 14% (steady) and micro businesses at 12% for t/o and 18% for fe.
- The highest level of creating additional employment is in the community service and recreational sectors, both at 39% "likelihood", and the large businesses (by t/o and fe) at 35% (from 16%) and 39% (from 18%), respectively.
- Metro +26% (from 11%) with rural slightly up to 16% (from 14%).

Pride in SA (Q6)

- Pride in SA is basically unchanged at 66% (net) this survey.
- Pride is strongest in the recreational sector at 80% "proud" responses.
- Pride is lowest in the wholesale/retail sector at (net) 45%, (down from 71%).
- The largest businesses by FTE, and mid-size businesses by turnover, are the most confident.
- Rural respondents are down to 79% (from 86%) compared with metro which is up to 75% (from 51%).

Feel about Business Situation (Q7)

- Net positive feelings about their own business circumstances increased from +26% last wave to +32% this wave.
- Confidence about their own business situation was lowest in the wholesale/retail sector with a large drop to 10% from 34%.
- Confidence about their own circumstances was highest in the community service sector (74% from 75%), mid-size businesses by turnover at 46% and large-businesses by FTE at 38%.
- An upward shift in current situation is reported for rural to 45% (from 32%), but for metro a steady result remaining at 18%.

General Direction of Small Business (Q8)

- Net confidence about how SMEs in South Australia are performing generally, has improved this survey, -33% from -37%.
- However, 45% (from 51%) still report that business direction is down, and only 12% report a positive result (from 14%). Neutral responses increased to 40% (from 34%).
- All industries report a negative result, with finance and community service being the most positive at -26%, and wholesale/retail being the least confident at -62%, from -40%.
- Rural increased from -36% to -31%, and metro up to -35% (from -40%).
- Large-sized business -29% (by FTE) and by T/O, mid-size businesses at -25% are the most positive.

Downturn in Turnover (Q9)

- Nearly one half of businesses (48%) remain worried about a downturn in turnover, (was 49% last survey).
- Concerns about a downturn in their own turnover are highest in wholesale/retail 62% (from 55%), construction (57% from 63%), and mid-businesses by FTE 56% (from 55%) and large businesses by T/O at 53% (from 41%).
- "Worried" responses across metro to 49%, down from 56%, but rural to 46%, up from 42%.
- Agriculture businesses report 39% worried, up from 24% last survey.

Using New Technology (Q10)

- Business confidence about adoption of new technology in the business increased to a net of +72% (from 63%).
- The most confident businesses in terms of adopting new technologies are finance (+81%) and mid-size businesses (by turnover) of 88% and (by FTE) at 91%.
- Metro at 75% (up from 59%) is higher than rural at 68% (from 69%).

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 vales, 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