



A Division of Westpac Banking
Corporation
ABN 33 007 457 141

The BankSA State Monitor

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

Wave 82

Research Results

November 2023

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INTRODUCTION

The BankSA State Monitor is an ongoing independent survey (conducted three times a year) on South Australian consumer and business confidence. The survey commenced in November 1997.

This report details the results of the 82nd survey.

1. METHODOLOGY

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

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

Consumer Tracking Monitor

Conducted three times a year

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

300 consumers surveyed in each track

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

Consumer indicators include:

- Confidence about the future
- Confidence about own household finances
- Consumer purchase (past three months)
- Consumer purchase (next three months)
- State pride
- Mood of the consumers
- Confidence about small businesses
- Job security
- Lifestyle stability
- Technology adoption

Business Tracking Monitor

Conducted three times a year

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

300 businesses surveyed in each track

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

Business indicators include:

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

- Technology adoption

2. RESEARCH OBJECTIVES

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

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

3. SUMMARY

3.1 Overall Results

3.1.1 How to Interpret the Index

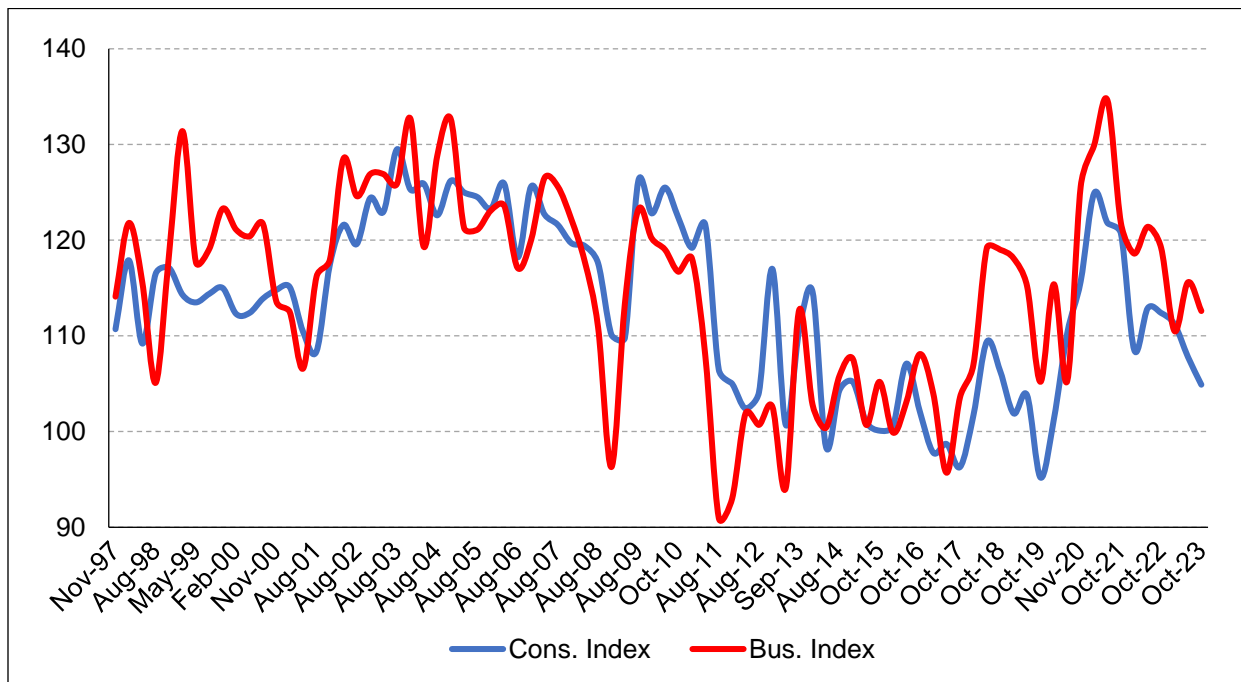
A base of 100 is used, to which the overall results are either added or deducted. If a result greater than 100 is achieved, this represents a positive result and if the result is less than 100, a negative result is represented. Based on this index a maximum score is 200 and a minimum score is zero.

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

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

3.1.2 BankSA Total Confidence Index

- Consumer confidence reports a decrease, down by 2.9 points to 104.9 points. This is the lowest outcome since Feb’20.
- Business confidence reports a decrease, down by 3.0 points to 112.6 points. This is the lowest outcome since Feb’20.



3.2 Summary of Results

3.2.1 Top Line Results – Consumer Summary

Indicator	Question	Net change since last survey		Best result	Worst result
Consumer spending climate	How confident are you that the climate for consumer spending will improve over the next 12 months?	Worse	-2%	50-64 Male Metro White collar	Rural 35-49 Female Blue collar
Positive financial change	How confident are you that there will be a significant positive change in your financial position in the next 12 months?	Worse	-1%	18-24 Male 25-34 Metro	Rural 35-49 Female 65+
Made significant major purchase	Have you made any significant purchases in the last three months, such as real estate, cars, whitegoods, hi-fi equipment or holiday travel?	Worse	-22%	White collar 25-34 Male Blue collar	Not employed Female 50-64 Rural
Likely to make major purchase	Are you or your household likely to make a major purchase in the next three months of real estate, cars, whitegoods, hi-fi equipment or holiday travel?	Worse	-1%	18-24 Blue collar Male White collar	Not employed Female Rural 65+
Pride in South Australia	When you look at how things are going in SA, how proud are you to be a South Australian?	Better	+3%	50-64 Not employed Metro 65+	Rural 25-34 35-49 18-24
Feeling about household situation	Which words best describe how you feel about your own household situation at present?	Worse	-4%	65+ Blue collar Not employed Metro	35-49 Rural White collar Female
Business activity direction	When you think about small business in SA generally, does small business seem to be picking up, steady or slowing down?	Better	+4%	18-24 Metro Blue collar Female	35-49 Rural 25-34 Male
Worried by unemployment (lower is better)	In the last three months, has your household or family been affected by an inability to find suitable work or worried about losing existing employment?	Better	-2%	18-24 25-34 Blue collar Female	65+ Male Not employed 35-49
Could change to a better job	If you or someone in your household or family wanted to change jobs, how confident are you that suitable work would be available?	Worse	-8%	18-24 White collar Metro Male	Rural 35-49 Not employed Female
Confidence in new technology	How confident do you feel about using technologies such as credit cards, computers, mobile phones, ATMs and EFTPOS?	Stable	0%	18-24 35-49 25-34 White collar	65+ 50-64 Not employed Female

3.2.2 Top Line Results – Business Summary

Indicator	Question	Net change since last survey		Best result	Worst result
Business climate improvement	How confident are you that the climate for doing business in SA will improve over the next 12 months?	Worse	-1%	Manufacturing Finance 5 < 10 FTE 10 + FTE	Agriculture Construction < 5 FTE < \$0.5m t/o
Own business improvement	How confident are you that there will be a significant improvement in the performance of your business in the next 12 months?	Better	+3%	Finance 10 + FTE Community Serv. \$1m + t/o	Agriculture < 5 FTE < \$0.5m t/o Rural
Major purchase in 12 months	How likely is it that your business will make a major purchase in the next 12 months, such as office equipment, cars, commercial real estate or other investments?	Worse	-9%	10 + FTE Manufacturing \$1m + t/o Construction	Agriculture Recreation < 5 FTE < \$0.5m t/o
Additional employees recently	In the last three months, have you created any additional employment or taken on any additional employees in your business?	Worse	-22%	10 + FTE Construction Community Serv. \$1m + t/o	< 5 FTE < \$0.5m t/o Agriculture Recreation
Additional employees in future	In the next three months, are you likely to create any additional employment or take on any additional employees in your business?	Worse	-15%	10 + FTE \$1m + t/o Construction Community Serv.	< \$0.5m t/o < 5 FTE Agriculture Recreation
Pride in South Australia	When you look at how things are going in SA, how proud are you to be a South Australian?	Worse	-1%	Manufacturing 10 + FTE Finance \$1m + t/o	Recreation 5 < 10 FTE < \$0.5m t/o Metro
Business situation	Which words best describe how you feel about your own business situation at present? (Positive/Negative)	Better	+3%	Finance Community Serv. Construction 10 + FTE	Agriculture < \$0.5m t/o < 5 FTE Manufacturing
General direction small business	When you think about small business in SA generally, does small business seem to be picking up, steady or slowing down?	Better	+7%	10 + FTE Finance \$1m + t/o Metro	Agriculture < 5 FTE < \$0.5m t/o Rural
Downturn in turnover	In the last three months, has your business been affected by any downturn in turnover or have you been worried about possible downturn in turnover?	Better	+9%	Agriculture #REF! Recreation Retail	Finance Community Serv. 10 + FTE Construction
Confidence in new technology	How confident do you feel about using technologies such as credit cards, computers, mobile phones, ATMs and EFTPOS?	Worse	-4%	10 + FTE 5 < 10 FTE Finance Retail	Agriculture Community Serv. Construction < 5 FTE

3.2.3 Commentary on Wave 82 Results¹

Consumer confidence decreased by 2.9 index points between July'23 and October'23, from 107.8 to 104.9 index points.

The main observations for the latest results are:

On an annualised basis (see table below), consumer confidence in 2023 is below the 2022, 2021 and 2020 average. It remains slightly higher than the long-term 10-year average since 2013.

BSA State Monitor (last 10 years)	Consumer Annualised Index	Annual Movement
2012 (3 surveys)	103.8	
2013 (3 surveys)	109.4	+5.6
2014 (3 surveys)	105.8	-3.7
2015 (3 surveys)	102.1	-3.7
2016 (3 surveys)	103.3	+1.2
2017 (3 surveys)	97.6	-5.7
2018 (3 surveys)	105.8	+8.2
2019 (3 surveys)	100.3	-5.5
2020 (3 surveys)	109.1	+8.8
2021 (3 surveys)	122.5	+13.4
2022 (3 surveys)	111.3	-11.2
2023 (3 surveys)	108.0	-3.3

Business confidence decreased by 3.0 index points between July'23 and October'23, from 115.6 in July'23 to 112.6 in October'23.

The main observations for the latest results are:

On an annualised basis (see below), business confidence in 2023 continues the trend that business confidence remains relatively soft when compared with the longer term, however, confidence still remains above the 100-point threshold indicating that the general mood of South Australian businesses remains more confident than not. The average of 2023 (3 tracks) is lower than the previous 3 years, and rates only slightly higher than the result captured in 2019.

BSA State Monitor (last 10 years)	Business Annualised Index	Annual Movement
2012 (3 surveys)	98.5	
2013 (3 surveys)	103.1	+4.6
2014 (3 surveys)	103.0	-0.1
2015 (3 surveys)	104.5	+1.5
2016 (3 surveys)	103.7	-0.8
2017 (3 surveys)	101.1	-2.6
2018 (3 surveys)	115.1	+14.0
2019 (3 surveys)	112.8	-2.2
2020 (3 surveys)	115.4	+2.6
2021 (3 surveys)	128.8	+13.3
2022 (3 surveys)	119.7	-9.0
2023 (3 surveys)	112.9	-6.8

Consumer Comments

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

Of the 10 variables, three have increased, six have decreased and one recorded no change.

Examination of each of these variables individually helps to explain those factors that have influenced the index either in a negative or positive way.

The measure reporting a positive result is:

- A lift in State pride;
- A perception that business activity has picked-up around town;
- A decrease in concern about unemployment.

The measures reporting negative results are:

- Consumers are less confident that the climate for spending will improve;
- Consumers are less confident that their own household financial situation will improve;
- A fall in those households that have made significant purchases in the last 3 months;
- Consumers are less confident that they will make a major purchase in the next 3 months;
- Consumers are less confident about their own household situation;
- A fall in confidence that consumers can find a better job if needed;

The measure reporting no change is technology adaption.

A total of 33 factors were provided to consumers in the survey, as potential factors making consumers optimistic or pessimistic about the future.

Overall, 16 of these factors have shown a positive shift in sentiment, while 16 are lower and 1 stayed consistent.

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

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

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

- South Australia's long-term outlook for the future;
- Employment and income security;
- Opportunities available to consumers;
- How small business are going;
- Retail sales figures;
- Australia's long-term outlook for the future;
- The performance of the corporate sector;
- Own household financial position;
- Investment in infrastructure;
- The performance of the sharemarket.

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

- How small businesses are going;
- The use of Artificial Intelligence;
- Interest rates;
- The state of the world economy;
- World affairs;

- Cost of energy for your home;
- The value of houses.

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

- Petrol prices;
- The value of the Australian dollar;
- The performance of the sharemarket;
- The future of the Murray;
- Australia's long-term outlook for the future.

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

Business Comments

Of the 10 factors contributing to the business confidence index, the results are higher for 4 factors, and lower for 6 factors.

The four measures reporting a positive shift is:

- Greater confidence about their own business performance over the next 12 months;
- Feelings about their own overall current business situation has increased;
- Improved perceptions of business activity around town.
- A smaller number of businesses have experienced a downturn in turnover in the last 3 months;

The seven measures reporting negative shifts are:

- Lower confidence that the climate for doing business in SA will improve in the next 12 months;
- A decreased likelihood that business will make a major purchase in the next 12 months.
- A smaller number of businesses have created additional employment in the last 3 months;
- The intention to hire additional employees in the near future is lower;
- A fall in State pride;
- Lower confidence in technology adaption.

A total of 33 factors were provided to business owners in the survey, as potential factors making businesses optimistic or pessimistic about the future. Of these factors, 9 report a positive shift with 21 reporting a negative shift, and 3 reporting no shift.

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

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

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

- Household financial position of business owners;
- Income security for business owners;
- Opportunities for business owners;
- The long-term outlook for South Australia;
- Australia's long-term outlook;
- Performance of small business generally;
- Retail sales;
- Performance of the corporate sector;
- The use of Artificial Intelligence;
- General direction in which Australia is heading.

The main factors reporting increased optimism or decreased pessimism, are:

- Opportunities for business owners;
- Housing and car sales;
- Retail sales;
- Performance of small business generally;
- The long-term outlook for Australia;
- Other countries influence on Australia's economy;
- Interest rates;
- Cost of energy for your home;
- Stability of Australian society.

The main factors reporting increased pessimism or decreased optimism, are:

- Petrol prices;
- Corporate sector performance;
- Sharemarket performance;
- Infrastructure projects;
- Value of the Australian dollar;
- The future of the Murray;
- The world economy;
- Unemployment levels.

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