

CCIWA Consumer Confidence Survey:
September Quarter 2020

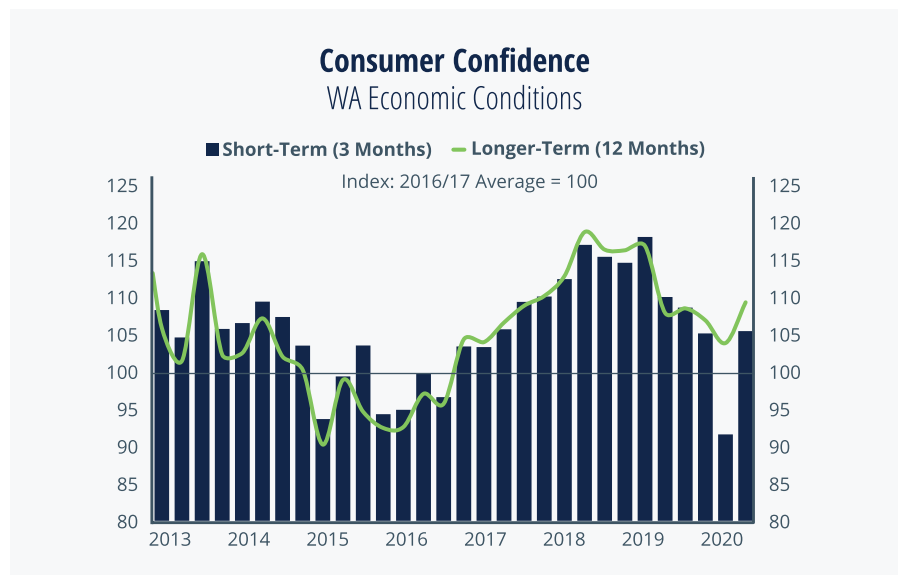
WA Consumer Confidence Recovers as Economy Reopens

After falling to record lows in the June quarter, Western Australian consumer confidence has returned to pre-pandemic levels, according to the September edition of the CCIWA Consumer Confidence Survey. The sharp improvement was driven by unprecedented levels of fiscal support through measures such as JobKeeper, JobSeeker and the early release of superannuation, as well as an earlier than expected reopening of the domestic economy and sustained evidence that WA has remained free of community based COVID-19 transmission.

While a clear sign that WA's economic recovery is moving in the right direction, Western Australians remain concerned about the possibility that WA will suffer a second wave of COVID-19 cases, as well as their job security. More than one out of two (53%) Western Australians indicated that a lack of current job security is weighing on their confidence to spend in the economy.

Confidence in the short-term outlook surges

Short-Term Index up
14.1 Index Points over
the quarter to 104.7



Western Australians' short-term (3 months) confidence has surged, driven by a substantial fall in the proportion of people expecting weaker economic conditions.

Almost four out of ten (38%) believe conditions will worsen over the next three months, down 23 percentage points since last quarter. One out of five (21%) expect stronger conditions.

While more Western Australians expect economic conditions to worsen over the next three months than improve, the sharp fall in those expecting worse conditions from

last quarter suggests that Western Australians believe the economy is past the worst of the initial economic shock — at least for the time being.

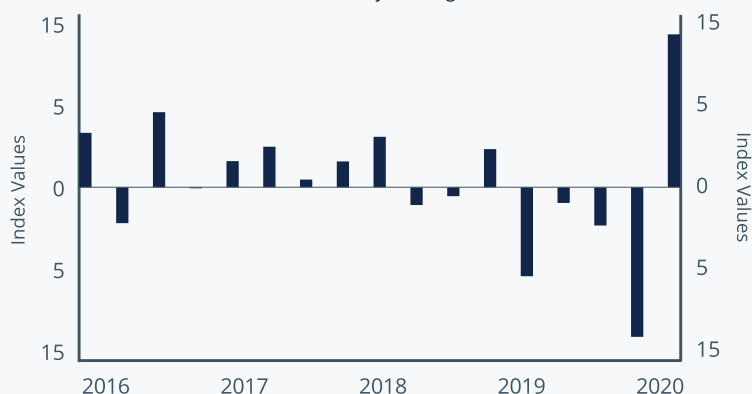
The longer-term outlook also improved, but uncertainties remain

Longer-Term Index up
5.5 Index Points over
the quarter to 109.1

Looking to the year ahead, four out of ten (40%) Western Australians anticipate conditions will improve

Around three out of four (76%) of those who feel their job security has worsened believe it's unlikely they will make a major household purchase over the next three months

Short-Term Confidence
Quarterly Change



and that the misfortune of fellow Australians in COVID-19 hotspots weighs on their minds and in turn spending habits.

Perceptions of Job Security

Despite signs of recovery in the domestic jobs market, Western Australians continue to report high levels of anxiety around their future job prospects and job security. More than one out of three (34%) Western Australians feel that their job security has worsened compared to this time last year.

This figure increases to 38 per cent for workers in younger age brackets.

Around three out of four (76%) of those who feel their job security has worsened believe it's unlikely they will make a major household purchase over the next three months, almost double the proportion with strong perceptions of their job security (43%).

Expiry of Government Support Measures

The eventual expiry of major government stimulus measures, such as JobKeeper and JobSeeker, is a key factor driving elevated levels of concern around future job prospects and job security.

over the next twelve months, while around one out of three (34%) expect conditions to worsen — down 9 percentage points since last quarter. One out of four (26%) anticipate no change.

In the following sections, we unpack the key factors influencing Western Australians' confidence in the WA economy.

What's influencing consumer confidence?

State Government Policy Decisions

Over the past few months, containment restrictions have been progressively unwound and many elements of 'normal' life — such as returning to the workplace, socialising in physical settings, and travelling throughout the State — have resumed.

It is therefore no surprise that the decisions taken by the State Government to progressively reopen the domestic economy were the most significant factor driving confidence this quarter. More than three out of five (63%) Western Australians considered

the State Government to have positively influenced their confidence — up 10 percentage points since last quarter.

A second wave of COVID-19 in WA

Almost one out of two (47%) Western Australians reported high levels of concern about the possibility of a new COVID-19 outbreak in WA. This was followed closely by concerns about outbreaks in other States (46%).

This result could suggest that consumers believe interstate outbreaks increase the risk of a second wave in Western Australia,

To what extent are the following factors weighing on your confidence to spend?

Proportion that responded 'to a high extent'

A new COVID-19 outbreak in WA	47%
COVID-19 outbreaks in other States (e.g. Victoria).	46%
Running out of superannuation (via early access scheme)	40%
Lack of current job security	36%
Trade tensions (with major trading partners)	31%
The expiry of govt stimulus measures (JobKeeper, JobSeeker etc.)	29%
Falling house prices	25%
Running out of Superannuation due to poor investment returns	20%

Which of the impacts listed below have you experienced as a consequence of the pandemic?		How results vary across different consumer groups			
		Job Prospects and Security		Whether accessed fiscal support	
Impacts	Total (%)	Strong job prospects	Weak job prospects	Accessed fiscal support*	Did not access fiscal support*
Consumer Decisions					
Put off buying a house	6%	7%	13%	17%	5%
Increased discretionary spending (eating and drinking out, retail spending etc)	12%	20%	12%	16%	11%
Stockpiled goods at home (e.g. groceries/medical supplies)	28%	25%	33%	34%	27%
Purchased lifestyle products	8%	11%	7%	11%	7%
Paid off more of the mortgage	13%	25%	10%	12%	13%
Bought goods online	40%	52%	43%	39%	40%
Personal Factors					
Put off having kids	4%	5%	8%	8%	4%
Experienced personal relationship difficulties	18%	9%	30%	24%	17%

*Via measures such as JobKeeper, JobSeeker and early access to superannuation

One out of two (49%) sole traders and one out of three (34%) part-time workers reported high levels of concern about the removal of such measures, compared to only 24 per cent of full-time workers.

What's more, around two out of five (41%) Western Australians aged 18-24 years reported high levels of concern with the withdrawal of support measures — close to double those aged 45+ (23%).

Other issues weighing on the minds of WA consumers include rising trade tensions with major trading partners (31%), falling house prices (25%) and the depletion of superannuation due to poor investment returns (20%).

A Spotlight on Consumer Behaviour - COVID-19

The COVID-19 pandemic has impaired the lives and livelihoods of many Western Australians. In this edition of the CCIWA Consumer Confidence Survey, we sought to identify how the pandemic has altered the behaviour of different pockets of the Western Australian community.



Profile of a hoarder

Proportion that stockpiled goods during the pandemic (%)



Perth Metro: **30%**
Regional WA: **22%**

Higher income households: **34%**
Lower income households: **19%**



Consumers with strong job prospects: **33%**

Consumers with weak job prospects: **25%**



Those aged 18-44 years: **3 out of 10 (31%)**

Those aged 45+: **1 out of 5 (26%)**



Confidence by Region (WA)	Short-term (3-Months)			Longer-term (12-Months)		
	Stronger	About the same	Weaker	Stronger	About the same	Weaker
Wheatbelt	25%	38%	38%	39%	35%	26%
Southwest & Great Southern	25%	40%	36%	44%	26%	30%
Midwest, Gascoyne & Pilbara	18%	52%	30%	38%	34%	28%
Kimberley	27%	36%	45%	27%	36%	36%
Total	25%	43%	33%	42%	29%	29%

Consumer Stockpiling

Forced shutdowns of businesses and tighter restrictions on mobility has led to a significant rise in consumer goods stockpiling, or 'hoarding' behaviour. Indeed, almost three out of ten (28%) Western Australians stockpiled goods at home during the pandemic.

Online Spending

COVID-19 has accelerated the trend towards online retailing. Since the start of this year, online sales in Australia have increased by more than 60 per cent.

Four out of ten (40%) Western Australians bought goods online because of the pandemic — items

like clothes, accessories, home supplies and lifestyle products. Breaking it down:

- Females (46%) were more likely to shop online than males (34%), including the majority of younger females aged 18-34 years (57%).
- Higher income households (51%) were more likely to shop online than lower income households (35%).
- Western Australians with strong perceptions of their job prospects or security (52%) were more likely to purchase goods online than those with weaker perceptions (43%).

Regional Pulse Check

Looking to regional WA, a higher proportion of consumers in every region expect weaker conditions over the next three months compared to those expecting stronger conditions.

Almost one out of two (45%) Western Australians in the Kimberley expect conditions will worsen over the short-term — the highest proportion across the regions. These conditions are expected to remain subdued over the longer-term, which likely reflects concerns around the ongoing closure of international and interstate borders to travellers and seasonal workers.

Short-term confidence returns to pre-pandemic levels

4 out of 10 (40%) Western Australians bought goods online because of the pandemic

Almost 1 out of 2 (47%) Western Australians reported high levels of concern about the possibility of a new COVID-19 outbreak in WA



Around 2 out of 5 (41%) Western Australians aged 18-24 years reported high levels of concern with the withdrawal of support measures - close to double those aged 45+ (23%)

Consumer Confidence	Current Quarter (September)	Previous Quarter (June)	Highest since
Short-Term	104.7	90.7	December 2019
Longer-Term	109.1	103.6	June 2019
Personal Finances	99.9	97.4	March 2020
Job Prospects	98.8	97.5	March 2020

Note: Index figures may have changed from previous editions of Consumer Confidence due to changes in index calculation methodology. Percentage figures may not always add to 100% due to rounding errors.

The index is rebased to the average score of respondents to the 2016-17 financial year. The value of the index can be interpreted as the percentage change in average consumer confidence in a period compared with the average consumer confidence in 2016-17. For instance, the Consumer Confidence Index in September 2020 is 104.7, which suggests that the average score of survey respondents for consumer confidence in September 2020 is 4.7 per cent higher than the average rating in 2016-17.