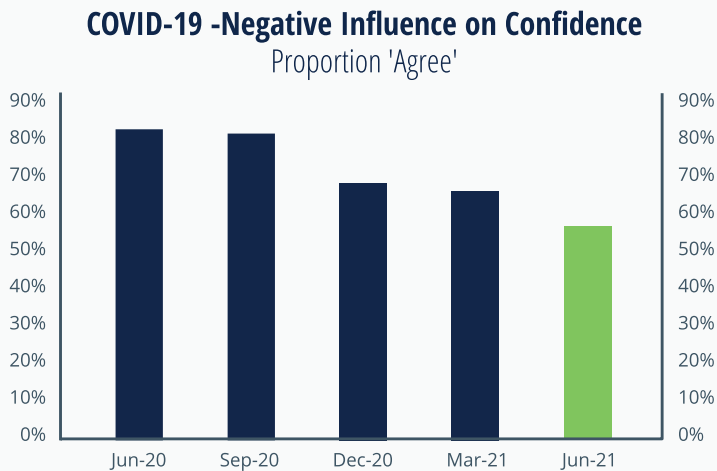
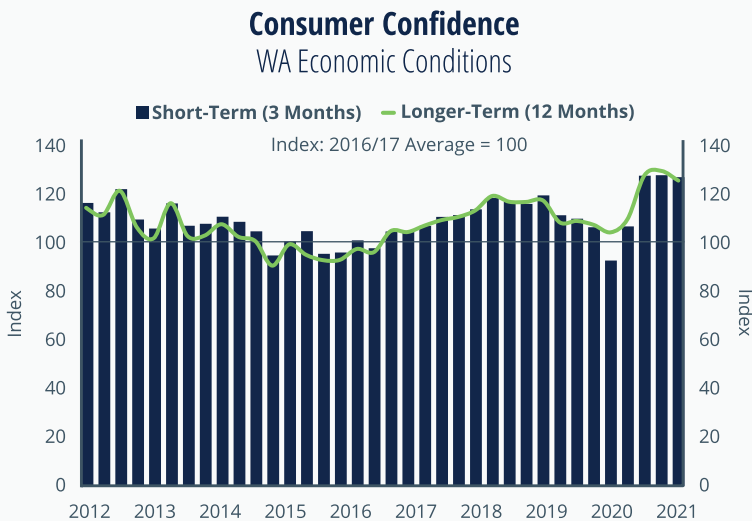


CCIWA Consumer Confidence Survey:  
June Quarter 2021

# WA consumer confidence holds firm as vaccine rollout accelerates



Winter has arrived, but Western Australians show no signs of singing the winter blues.

After skyrocketing to record highs at the end of 2020, Western Australian consumer confidence has held firm in first half of this year. Both short and longer term expectations continue to sit well above levels recorded before the pandemic — yet another indication that the WA economy is running hot.

Consistent with the previous edition of the *CCIWA Consumer Confidence Survey*, the State Government continues to be the most significant factor underpinning Western Australians' confidence. This is followed closely by optimism around the nationwide COVID-19 vaccine roll-out and forward guidance from the RBA that interest rates will remain at record lows until "2024 at the earliest".

At the same time, Western Australians remain concerned about rising living costs and the possibility that WA will experience another snap lockdown. While concerns around new outbreaks remain the largest detractor from confidence, COVID-19 fears have subsided over the past three editions of the *CCIWA Consumer Confidence Survey* (see chart).

# Three out of five (61%) Western Australians considered the State Government to have positively influenced their confidence this quarter

Just over half (55%) of Western Australians identified COVID-19 as weighing on their confidence this quarter, compared to 81 per cent during the height of the pandemic (June quarter 2020).

## Confidence in the short-term outlook remains elevated

Short-Term Index down 0.8 Index Points over the quarter to 125.1

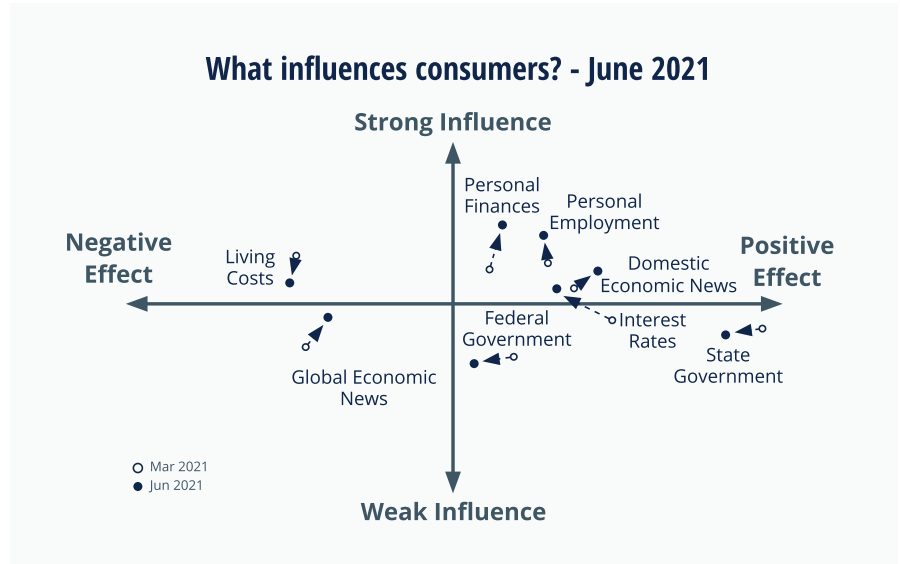
Almost four out of ten (39%) Western Australians anticipate conditions will improve over the next three months, while one out of ten (10%) expect conditions to weaken – down 3 percentage points since last quarter. One out of two (50%) anticipate no change – up 4 percentage points.

## Longer-term outlook softens as international reopening timeline is pushed back

Longer-Term Index down 4.0 Index Points over the quarter to 125.0

Looking to the year ahead, one out of two (52%) Western Australians anticipate conditions will improve over the next twelve months – down 8 percentage points since last quarter – while one out of ten (10%) expect conditions to worsen. The remaining 38 per cent 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

The State Government continues to be most significant factor driving Western Australian consumer confidence.

Three out of five (61%) Western Australians considered the State Government to have positively influenced their confidence this quarter, down 6 percentage points since last quarter.

### COVID-19 containment and vaccine roll-out

The successful containment of recent outbreaks and acceleration of the domestic vaccine roll-out has positively influenced confidence this quarter, with two out of five (47%) Western Australians considering domestic economic news to have boosted their confidence – up 2 percentage points since last quarter.

### Interest rates

The RBA has reaffirmed that interest

rates are unlikely to increase for at least three years, or until significant gains in national employment have occurred. This continues to buoy WA consumer sentiment, with almost one out of two (40%) Western Australians considering interest rates to have increased their confidence.

## Insights into CCIWA's Consumer Database

### Breaking the piggy bank

Australian households have significantly grown their pool of savings during the COVID-19 pandemic. According to the ABS, the national savings ratio nearly tripled to 22 per cent following the first tranche of lockdowns in June 2020.

What drove the rise in household savings?

For some Australians, fewer purchasing opportunities overlaid with a hint of recession anxiety dimmed their ability and appetite to spend. For others, significant levels of government stimulus (e.g., JobKeeper) delivered an unexpected windfall of cash.

In this edition of the *CCIWA Consumer Confidence Survey*, we identify the proportion of Western Australians that boosted their savings through the pandemic. We also investigate the extent to which these individuals plan to tap into those savings this year.

All up, nearly one third (29%) of Western Australians boosted their savings during the pandemic, while almost half (46%) reported no change.

Over the remainder of this year, Western Australians are expecting to draw down 32 per cent of the savings accumulated throughout the pandemic (on average). This indicates around \$650 million in accumulated savings will be unlocked through the rest of 2021.

How do they plan to spend the additional financial headroom?

- Almost half (46%) plan to take more domestic holidays, including 53 per cent of those aged 40+.
- Two out of five (40%) plan to invest in home improvement, while 26% expect to dine out more.
- One out of four (25%) plan to pay down their mortgage or get ahead of their rental payments, including one out of three (34%) younger people aged 18-39 years. Higher income earners (27%) are more than twice as likely as lower income earners (13%) to reduce their mortgage/rental obligations.



**Domestic Economic News - Positive Influence on Confidence**  
Proportion 'Agree'



How do you plan to spend these savings?	Total	Male	Female	Younger (18-39 years)	Older (40+ years)	Metro	Regional	Lower income (up to \$40k annually)	Higher income (\$114k annually)
Domestic holidays	46%	48%	43%	34%	53%	47%	39%	39%	47%
Home improvement	40%	40%	40%	33%	44%	39%	45%	50%	39%
Eating out	36%	42%	30%	31%	39%	39%	20%	43%	31%
Mortgage/rent	25%	24%	26%	34%	18%	26%	19%	13%	27%
Credit card debt/other personal debt	16%	21%	12%	22%	13%	16%	18%	18%	15%
Household bills	16%	15%	16%	23%	11%	16%	16%	19%	10%
Recreational goods/services (e.g., Netflix/sports equipment)	15%	19%	11%	21%	11%	18%	2%	13%	17%
Other	20%	14%	26%	19%	21%	20%	19%	25%	22%

## Facemasks and consumer spending

The costs associated with COVID-19 lockdowns extend past the period where full restrictions are in place. There are also costs in the transitional periods, where face masks remain mandatory. We investigated the extent to which mask wearing restrictions hamper the ability of Western Australians to spend at retail, entertainment and hospitality venues.

Across all venues, mask wearing restrictions reduce spending by 35 per cent on average.

Spending at cinemas saw the greatest reduction (-41%), followed closely by gyms (-39%), bars & pubs (-39%) and leisure venues (-38%).

## Wealth and toil – WA's mining sector and household income

It's no secret that WA's economy is underpinned by the success of the mining sector. Last year's State Accounts revealed the mining sector accounts for a record 43 per cent of Gross State Product, supporting growth in key industries like manufacturing, construction and transport.

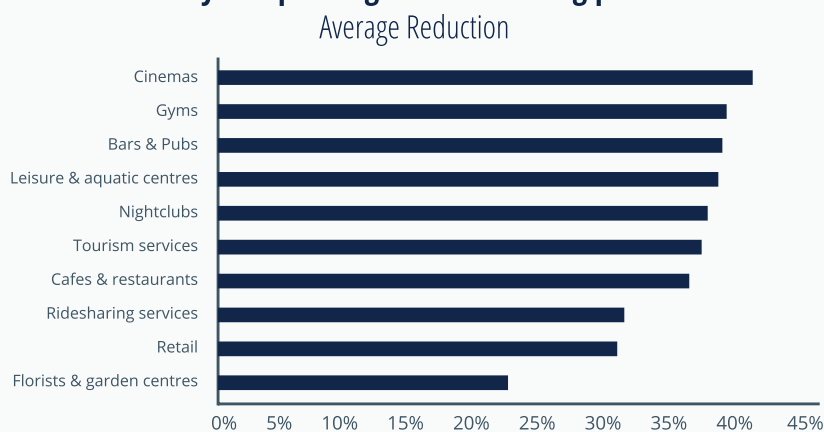
But how does the mining sector influence our standard of living? In this edition of the *CCIWA Consumer Confidence Survey*, we identify the extent to which Western Australians' incomes are tied to the mining industry.

- On average, just over one fifth (23%) of Western Australians' household income is reliant on the mining sector.
- This figure rises to 30 per cent when we zoom in on the younger

demographic (aged 18-39 years), while older Western Australians aged 40+ are relatively less reliant (18.5%).

- Higher income households (\$116k+) were most reliant, with 33 per cent of their income tied to the mining sector on average – likely reflecting higher paying FIFO remuneration packages. Lower income earners are relatively less reliant, with only 12.9 per cent of their incomes tied to the mining sector on average.

### To what extent do mask wearing restrictions reduce your spending at the following premises?



## Consumer Confidence - June 2021

WA consumer confidence holds firm at highest level since the GFC

Successful containment of local outbreaks and vaccine optimism are the most significant factors driving confidence this quarter



Almost half (46%) of those that boosted savings due to the pandemic plan to spend more on domestic holidays this year

Just over one fifth (23%) of Western Australians' household income is reliant on the mining sector on average

Consumer Confidence	Current Quarter (June)	Previous Quarter (March)	Highest since
Short-Term	125.1	125.9	March 2021
Longer-Term	125.0	129.0	March 2021
Personal Finances	109.6	108.0	March 2015
Job Prospects	111.1	108.4	June 2014

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 June 2021 is 125.1, which suggests that the average score of survey respondents for consumer confidence in June 2021 is 25.1 per cent higher than the average rating in 2016-17.