

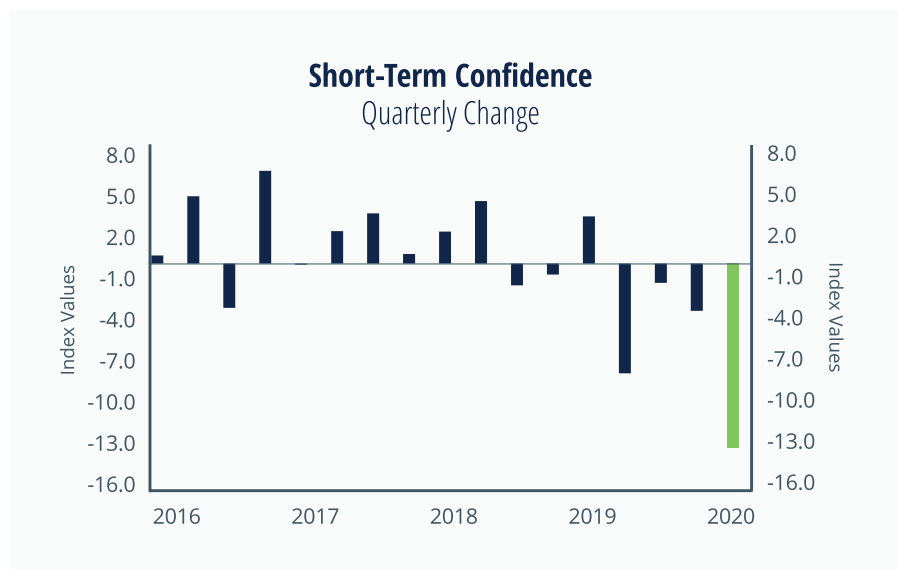
CCIWA Consumer Confidence Survey:
June Quarter 2020

COVID-19 Drives Consumer Confidence To Record Lows

The economic fallout from the COVID-19 pandemic has driven Western Australian consumer confidence to its lowest level on record, according to the latest *CCIWA Consumer Confidence Survey*. Four out of five (81%) Western Australians rated COVID-19 as reducing their confidence in the June quarter, while a record number of Western Australians reported heightened concerns about their job prospects and personal financial situation.

Conditions are expected to remain weak over the short-term, while the longer term outlook remains uncertain

Three out of five (61%) Western Australians expect the WA economy to worsen over the next three months, up 27 percentage points since last quarter, while only 18 per cent expect it to strengthen. This suggests that WA consumers anticipate economic conditions to remain subdued as WA moves into the recovery phase of the pandemic. That said, as social distancing restrictions continue to ease over the coming weeks and months, it is reasonable to expect that confidence could gradually start to improve from current levels.



**Short-Term Index down
13.8 Index Points over
the quarter to 90.7**

Looking to the year ahead, more than two out of five (43%) Western Australians expect conditions to worsen over the next twelve months - up 15 percentage points since last quarter. At the same time, more than one out of three (36%) expect conditions to strengthen - up 7 percentage points. These figures serve to illustrate the high level of uncertainty about the economic outlook.

**Medium term Index down
3.1 Index Points over
the quarter to 103.6**

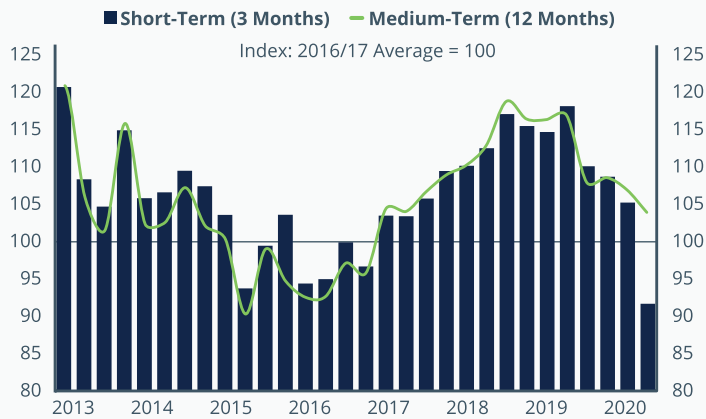
Consumer Pulse Check: COVID-19

The COVID-19 outbreak has brought a large portion of the WA economy to a standstill. Over the past four months, measures to contain the spread of COVID-19 have materially impacted the lives of many Western Australians.

21 per cent of previously employed casual workers are now currently unemployed – the highest proportion of all employment categories

Consumer Confidence

WA Economic Conditions



In this special edition of the CCIWA Consumer Confidence Survey, we asked WA consumers a range of feature questions to assess how COVID-19 has impacted their view of economic conditions.

Changes to Employment

Widespread industry shutdowns, restrictions on personal travel and the rollout of substantial wage subsidy programs have fundamentally altered the composition of WA's labour force. We investigated the extent to which Western Australian's employment status has changed since the onset of the COVID-19

pandemic (compared to May 2020).

While workers in all major employment categories experienced some change to their employment, casual workers appeared most exposed to the economic fallout of COVID-19:

- 21 per cent of previously employed casual workers are now currently unemployed – the highest proportion of all employment categories - and a further 9 per cent moved out of the workforce.

Casual workers are more likely to be unemployed because many would

not be eligible for the JobKeeper program. To be eligible for the program, casual employees must have worked for their employer for 12 months or more, meaning those who typically work in seasonal or sporadic occupations (including those in younger age brackets) were more likely to miss out.

Given that a higher share of casual workers are employed in industries hardest hit from COVID-19 shutdowns, such as hospitality and retail, many of those ineligible for the JobKeeper subsidy were more likely to have been laid off.

While casual workers appeared most affected by the escalation of containment measures, other workers also experienced material changes to their employment circumstances:

- Around 4 per cent of previously employed part time workers moved into casual roles, while 9 per cent became unemployed.
- A relatively lower proportion of previously employed full-time workers are now unemployed (7%), and 8 per cent now work part time.
- One in ten (10%) previously employed sole traders are currently unemployed, while 7 per cent moved into full-time roles.

The Impact of COVID-19 on Employment Status in WA		Employment Status Prior to COVID-19					
		Casual worker	Part time worker	Full time worker	Sole trader	Unemployed	Not in workforce
Employment Status in May 2020	Casual worker	65%	4%	2%	0%	1%	0%
	Part time worker	3%	83%	8%	0%	0%	1%
	Full time worker	2%	2%	82%	7%	3%	0%
	Sole trader	0%	0%	0%	83%	0%	0%
	Unemployed	21%	9%	7%	10%	84%	0%
	Not in workforce	9%	2%	1%	0%	12%	99%
Total		100%	100%	100%	100%	100%	100%

Chart Example: Of the total number of casual workers employed prior to COVID-19, 21% are currently unemployed.

Levels of Support (%)	1.5-meter social distancing rule	Inter-state borders	International borders	Sporting events and competitions (no crowd)	Sporting events and competitions (with crowd)
Should be reopened now regardless of confirmed COVID-19 cases, with appropriate social distancing measures in place	11%	7%	3%	18%	8%
No growth in domestic cases for several days	4%	2%	2%	5%	2%
No growth in domestic cases for a week	5%	5%	2%	9%	3%
No growth in domestic cases for two weeks	15%	12%	4%	21%	11%
No growth in domestic cases for a month or more	34%	49%	25%	31%	44%
Should stay closed until a vaccine is developed.	24%	18%	51%	9%	24%

COVID-19 Restrictions

As WA enters the recovery phase of the pandemic, we assessed levels of community support for the lifting of specific restrictions.

International and Domestic Travel

The majority of Western Australians (51%) believe international borders should remain closed until a vaccine is developed, while only 3 per cent support the immediate reopening of international travel.

WA consumers remain cautious about lifting interstate travel restrictions, with only 7 per cent supporting the immediate opening of interstate borders. This support increases to 75 per cent after there has been no growth in domestic COVID-19 cases for over a month. Almost one in five (18%) Western Australians believe interstate borders should remain closed until a vaccine is developed.

Sporting Events and Spectators

Around two out of ten Western Australians (18%) support the immediate resumption of sporting events without spectators, almost double the support for events with spectators (8%).

Support for events without crowds increases to 54% after two weeks without any growth in domestic cases, and 85% after a month or more.

This apprehension reflects the need for the Federal and State Governments to provide clear communication on pre-conditions for further opening of the economy (including the reopening of borders) to ensure Western Australians appreciate how their safety is being supported. The pre-conditions should cover approaches and outcomes achieved in State and international jurisdictions in relation to community transmission, testing, contact tracing, quarantining, and social distancing measures. This is critical to ensure decisions made are not arbitrary, nor viewed as such.

Spending Habits Post COVID-19

Throughout the course of the COVID-19 pandemic, the ability

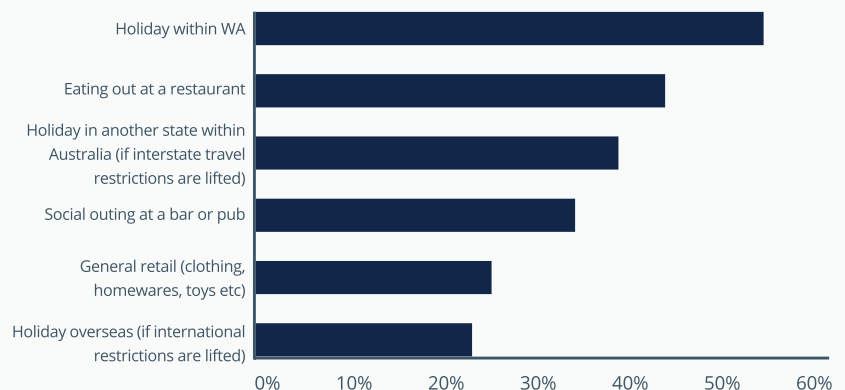
and appetite for WA consumers to spend in the economy has been constrained. Forced closures of local businesses, social distancing restrictions and perceived risk of infection have all weighed on Western Australians' confidence to visit the local shops and spend.

To assess future spending expectations, we asked WA consumers whether they plan to increase spending on a range of items when social distancing restrictions are lifted.

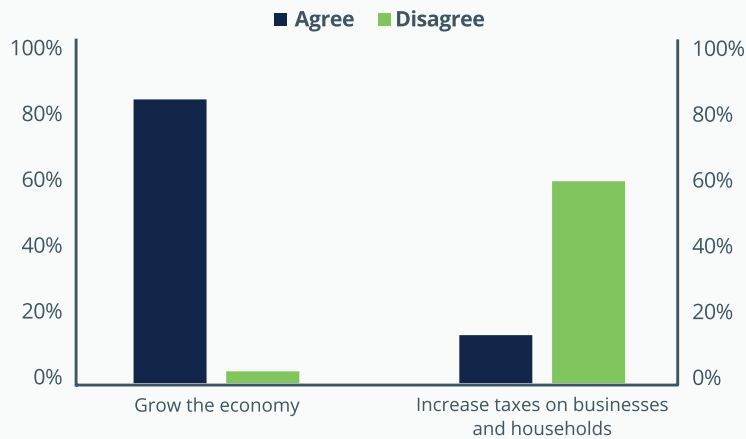
In good news for WA's tourism sector, more than one out of two (54%) Western Australians plan to increase spending on holidays within WA when restrictions are eased, more than double the

Will Increase Spending When Social Distancing Restrictions are Lifted

Categories, Proportion Agree



The best way to repay debt is to...



So what does this mean for WA?

The economic damage dealt by measures to contain COVID-19 has rippled throughout the entire WA community. Overall confidence hit a record low this quarter as WA consumers reported significant shocks to their personal financial situation and job prospects. High levels of uncertainty continue to weigh on the medium-term outlook as consumers anticipate a drawn-out and gradual economic recovery (with the trajectory resembling more of a 'Nike tick' than a 'V-shape').

To that end, consumers will be looking for clear evidence that the economy is moving in the right direction before they return to their spending and investment patterns. This presents an important opportunity for governments to demonstrate a commitment to meaningful economic reform. Indeed, almost all consumers (96%) surveyed indicate that a clear plan from governments to grow the economy would bolster their confidence.

proportion that plan to holiday internationally (23%).

One out of three (34%) plan to boost their social outings at a bar or pub, while four out of ten (43%) expect to eat out more. While a higher proportion of Western Australians expect to increase their spending (25%) when social distancing restrictions ease, the majority (56%) plan to spend around the same as they currently do. This will not be welcome news to WA's struggling retail industry.

Debt Reduction and Economic Recovery

In order to pay for recent COVID-19 stimulus measures, both the State and Federal Governments will have to take on greater levels of debt which must be paid back in the future. The vast majority of Western Australians (84%) believe the best way to repay this debt going forward is to grow the economy, rather than simply raising taxes on businesses and households. Only 14 per cent would be supportive of higher taxes to pay down debt.

Consumer Confidence - June 2020

Short-term confidence hits **record low**



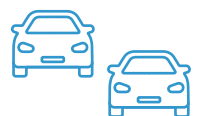
Personal Finances Index hits **four year low**



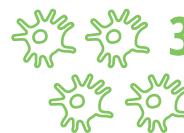
The **majority of consumers (51%)** believe **international borders should remain closed** until a vaccine is developed



More than **1 out of 2 (54%)** West Australians plan to **increase spending on holidays** within WA



3 out of 4 (81%) consumers rated COVID-19 as having a **negative influence** on their confidence



Consumer Confidence	Current Quarter (June)	Previous Quarter (March)	Lowest since
Short-Term	90.4	104.4	Lowest on record
Medium-Term	103.6	106.7	December 2016
Personal Finances	97.4	106.1	June 2016
Job Prospects	97.5	105.9	June 2016

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.

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 2020 is 90.4, which suggests that the average score of survey respondents for consumer confidence in June 2020 is 9.6 per cent lower than the average rating in 2016-17.