

CCIWA Consumer Confidence Survey:
December Quarter 2021

Interest rates weigh on confidence as West Aussies prepare to take flight

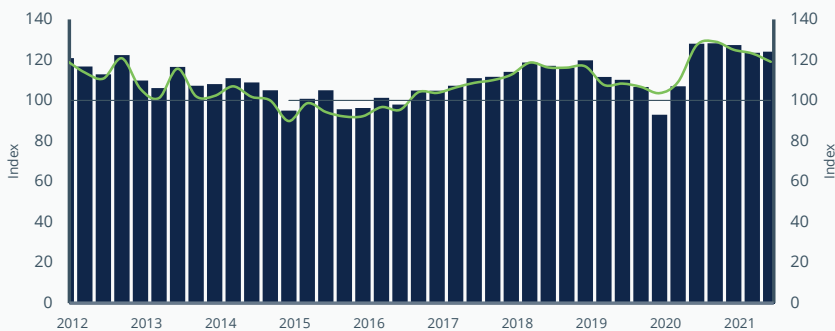


CONSUMER CONFIDENCE

WA Economic Conditions

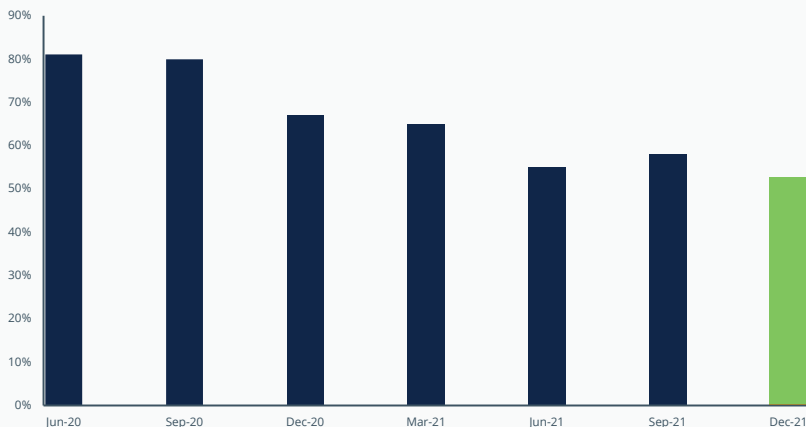
Index: 2016/17 Average = 100

■ Short-Term (3 Months) — Longer-Term (12 Months)



COVID-19 - Negative Influence on Confidence

Proportion 'Agree'



Despite longer term headwinds, Western Australian consumer sentiment over the short term remains steady in flight.

Short term confidence edged up slightly in the December quarter, while confidence in the longer term outlook continued to drop after reaching record highs in March. Overall, however, both short and longer term expectations remain well above pre-pandemic levels. Note that data for this survey was collected between November 11 and 19, before the Omicron variant became widely known.

The State Government remains the primary tailwind behind Western Australians' confidence in the short term outlook, reflecting a generally positive response to the Premier's recently announced plan to reopen WA's interstate and international borders in early 2022. Another factor buoying short term confidence is the State's elevating first dose vaccination rate - recently reaching more than 85 per cent of the eligible population.

At the same time, concerns about prospective interest rates hikes and rising living costs are weighing on Western Australians' longer term outlook. The latter has been

Looking to the year ahead, two out of five (45%) Western Australians anticipate conditions will improve over the next 12 months

underpinned primarily by supply chain disruptions and inflation anxiety.

As the clouds part on the possibility of quarantine-free interstate and international travel, many Western Australians are themselves planning to hit the runway in 2022. In this edition of the *CCIWA Consumer Confidence Survey*, we identify who is looking to travel once WA's international borders reopen, when they are planning to leave the State, why they are looking to go and how much they intend to spend.

Confidence in the short-term ticks up

Short-Term Index up 0.6 Index Points over the quarter to 121.8

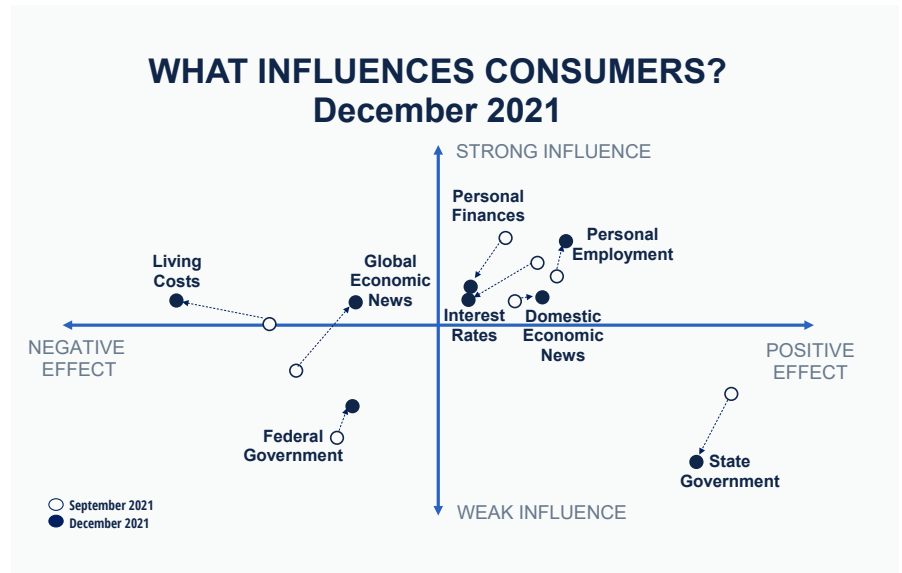
One third (34%) of Western Australians anticipate conditions will improve over the next three months, while one out of ten (14%) expect conditions to weaken — the same proportion as last quarter. Half (52%) anticipate no change — down 3 percentage points.

Longer-term outlook falls

Longer-Term Index down 4.1 Index Points over the quarter to 119.1

Looking to the year ahead, two out of five (45%) Western Australians anticipate conditions will improve over the next 12 months – down 7 percentage points since last quarter – while 18% expect conditions to worsen. The remainder (37%) 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, although that effect has dampened since the September quarter.

Nearly three out of five (58%) Western Australians consider the State Government to have positively influenced their confidence this quarter, down 5 percentage points since last quarter.

Personal Employment

WA's jobs market is as tight as a drum, with the unemployment rate recently dropping to 3.9 per cent – a 10 year low. This has boosted consumer sentiment, with nearly two out of five (37%) Western Australians considering 'personal employment' to have positively influenced their confidence this quarter.

Living Costs

Supply chain disruptions, robust global demand for goods and rising fuel prices have pushed up headline inflation in recent months, with the national Consumer Price Index rising 3 per cent over the 12 months to September 2021.

These factors are weighing on the minds of WA consumers this quarter, with more than half (56%) of Western Australians indicating living costs to have negatively influenced their confidence – up 8 percentage points since last quarter.

Interest Rates

The RBA has reaffirmed that it will not increase the cash rate until actual inflation is sustainably within the 2 to 3 per cent target range, which it expects is "likely to take some time". However, financial markets have priced in several rate hikes throughout the latter half of 2022. This has ignited concerns about rising debt obligations, softening consumer sentiment.

Nearly one third (30%) consider interest rates to have weighed on their confidence this quarter – up 7 percentage points since last quarter.

COVID-19 outbreak and vaccination rates

Australia’s vaccination rollout has lifted the mood of WA consumers this quarter, with more than two out of five (43%) identifying that domestic economic news boosted their confidence – up 2 percentage points since last quarter.

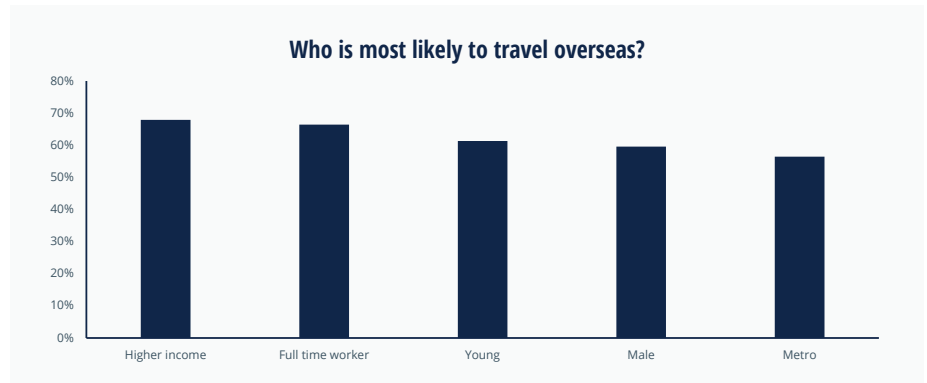
Just over half (52%) of Western Australians consider COVID-19 to have negatively influenced their confidence this quarter – the lowest proportion since the option was added into this survey in June 2020.

Insights into CCIWA’s Consumer Database

Why are Western Australians taking off?

After being boarded in for more than 20 months, Western Australians are eager to hit the runway.

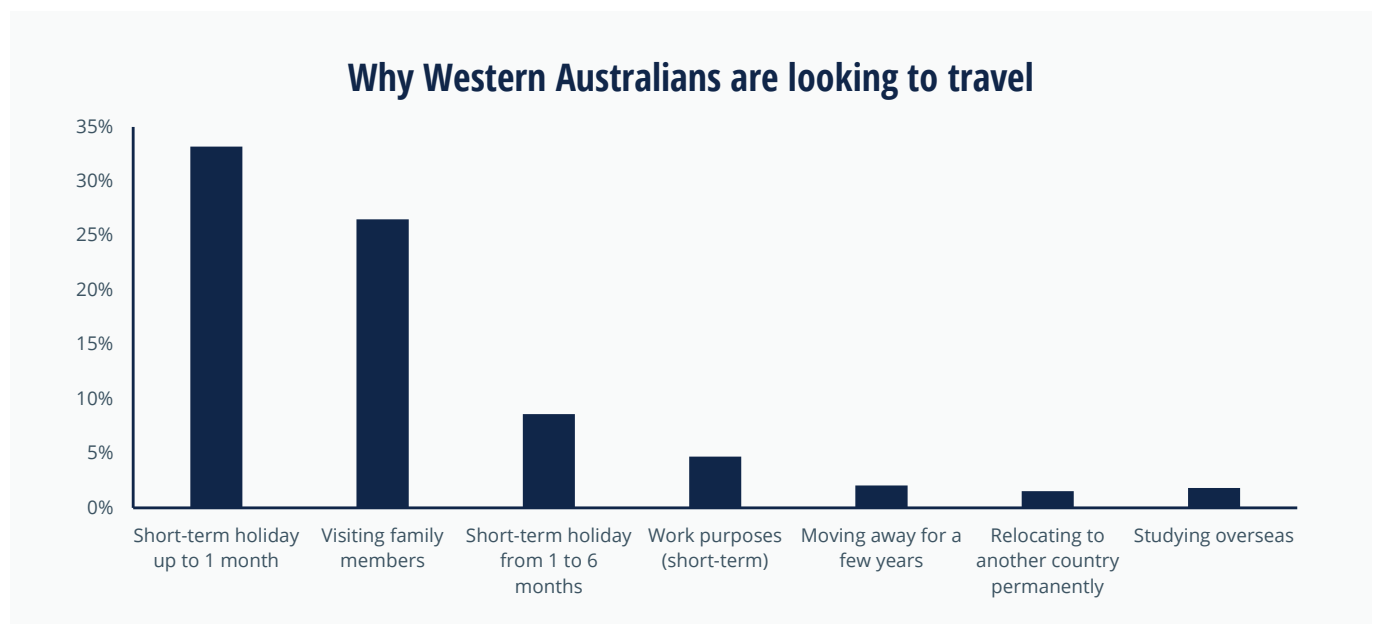
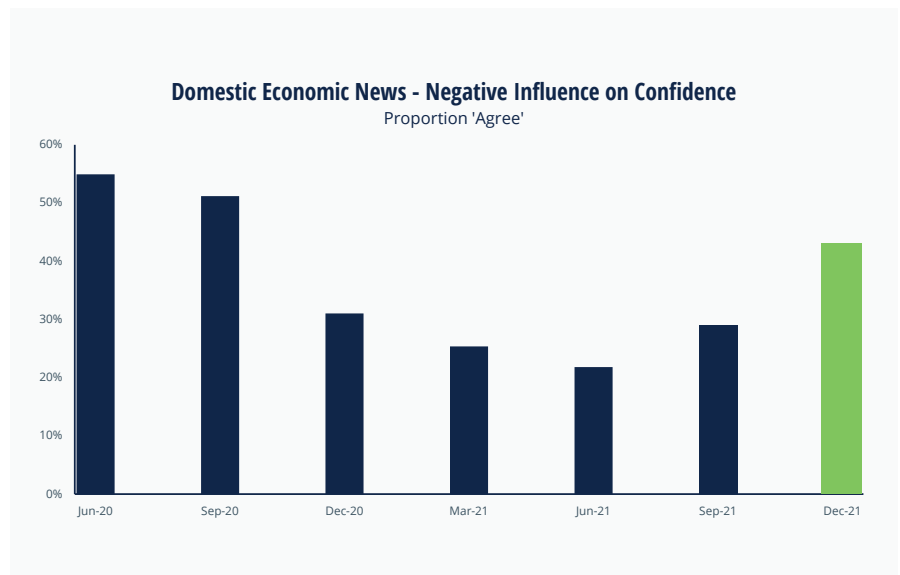
In this edition of the *CCIWA Consumer Confidence Survey*, we ask Western Australians whether they intend to travel once WA’s international borders reopen, the purposes for which they intend to travel, when they intend to make the trip and how much they intend to spend.



Looking to the results, just under half (46%) of survey respondents indicated they will seek to travel overseas within two years of WA’s international borders reopening, which is expected to occur in late January or early February 2022 according to the State Government’s reopening plan.

Western Australians are most likely to jet off for a short-term holiday lasting up to one month (33%) which may include visiting family members (27%).

Smaller proportions are seeking to travel for longer term holidays (9%), short-term work purposes (5%), to study overseas (2%), to move away



for a few years (2%), and to relocate to another country permanently (2%). Younger Western Australians are more than four times as likely (4%) as older Western Australians (1%) to want to move away for a few years.

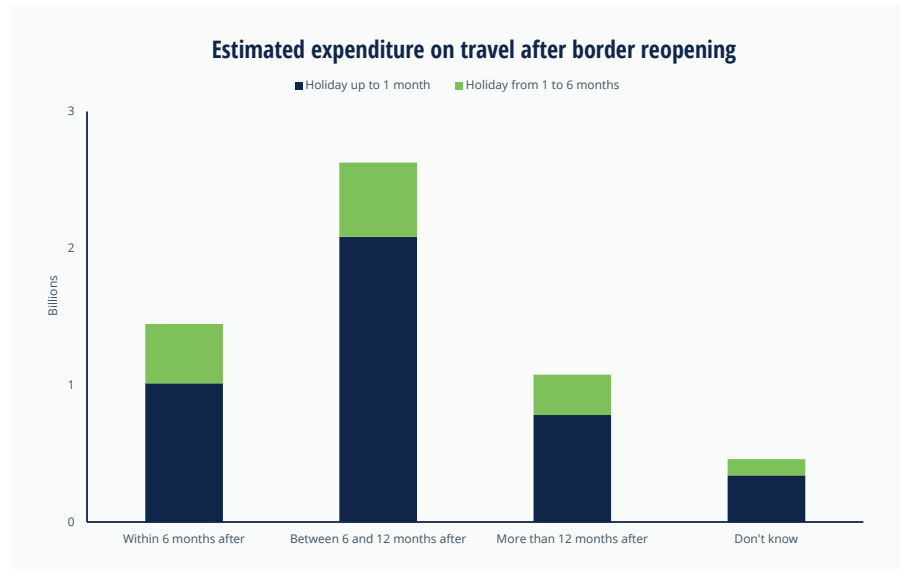
Who's in the departure lounge?

High-income earners are most likely to have travel plans, with nearly two thirds (64%) seeking to travel internationally. Younger Western Australians (18-39 years old) are more likely to be feeling the itch than older generations (40+ years), with half (52%) of young people and two out of five (42%) older respondents indicating they plan to travel overseas.

Pockets of the community that are least likely to seek overseas travel include low-income earners (28%) and people living in regional areas (37%).

Breaking it down further:

- One out of two (52%) males will seek to travel overseas, compared to two out of five (40%) females.
- About half (48%) of people located in the metropolitan plan to travel internationally.



Departure time and expenditure

The majority (72%) of Western Australians looking to travel for a short term holiday are expecting to make a trip within 12 months of the borders opening and intend to spend \$6,523 on average.

Nearly half (47%) are looking to make the trip between 6 and 12 months of the borders opening – suggesting there won't necessarily be a rush to the departure gates. More than one quarter (26%) will leave earlier - within six months of

the borders opening – and one out of five (20%) anticipate making a trip more than 12 months after the borders reopen. The remainder (8%) are unsure.

Overall, these results suggest Western Australians are set to spend around \$5.6 billion on short-term international holidays following the reopening of the State's international borders.

Western Australians are expected to spend about \$1.5 billion on overseas travel within six months, about \$2.6 billion between 6 and 12 months and a further \$1.1 billion one year after borders are reopened. The remaining \$400 million is attributed to those that are unsure when they will travel.

This indicates that while Western Australians are interested in travelling, there may be some hesitancy to leave immediately due to lingering concerns about the virus worldwide and expected increases in the cost of travel.

About one out of five (17%) are intending to spend up to \$2,000 on travelling, four out of ten (42%) expect to spend between \$2,200 and \$5,000, three out of ten (29%) anticipate spending between \$5,200 and \$10,000, and one out of ten (12%) are looking to spend more than \$10,000.

The vaccination altimeter

As anticipation for travel and border reopenings climb, vaccination rates are angling higher.



According to the State Government, WA is on track to reach 90% double-dose vaccinations in early 2022, with more than 85% having already received at least one vaccine dose.

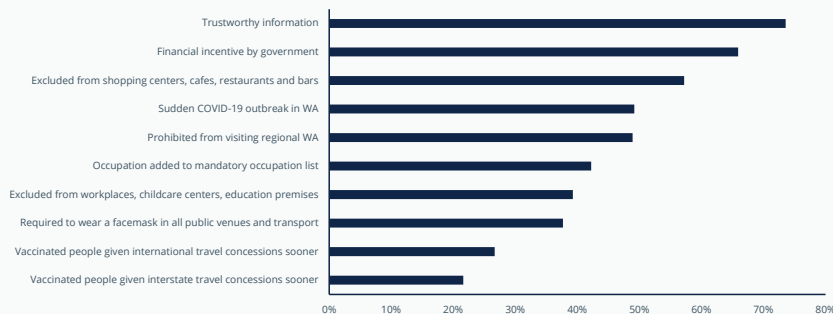
That assessment aligns with results from this edition of the *CCIWA Consumer Confidence Survey*, which indicates that four out of five (80%) Western Australians have received at least one COVID-19 vaccine and one out of ten (11%) intend to get vaccinated. Less than one out of ten (6%) are still considering getting one, while only 4% of respondents indicate that they would not get a COVID-19 vaccine under any circumstances.

Looking across the regions, anti-vaccination sentiment is highest in the South West and Great Southern (5.4%), followed by the Goldfields and Wheatbelt (5%) - and lowest in the Midwest, Gascoyne and Pilbara (2.5%).

Of those who are still on the fence, three quarters (74%) would be more likely to receive a vaccine if provided trustworthy information that shows COVID-19 vaccines are safe. Two thirds (66%) would be more likely to get vaccinated if paid a financial incentive by the government, and nearly three out of five (57%) would be more likely to get a vaccine if they were excluded from shopping centres, cafes, restaurants and bars until they were vaccinated.



Factors likely to influence people to be vaccinated



Consumer Confidence - December 2021

WA consumer confidence holds firm at highest level since the GFC

Shorter Term consumer confidence has held steady while longer term sentiment has softened



The State Government, living costs and interest rates are the most significant factors influencing confidence this quarter

Just under half (46%) of Western Australians are looking to travel when the State's international borders reopen.

Consumer Confidence	Current Quarter (Dec)	Previous Quarter (Sept)	Highest since
Short-Term	121.8	121.2	June 2021
Longer-Term	119.1	123.3	Sept 2021
Personal Finances	110.1	110.7	March 2015
Job Prospects	112.9	111.6	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 December 2021 is 121.8, which suggests that the average score of survey respondents for consumer confidence in December 2021 is 21.8 per cent higher than the average rating in 2016-17.