Sensis® *Consumer Report*

June 2008

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Introduction

The June 2008 Sensis® *Consumer Report* is a survey designed to measure the confidence and behaviour of the Australian populace.

The primary objectives of the Sensis® *Consumer Report* are to measure consumer confidence and expectations for the next 12 months; and to provide an independent, objective assessment of consumers' experiences and attitudes on key issues.

The Sensis® *Consumer Report* is based on a survey of 1,500 Australians from metropolitan and regional areas of Australia. It includes people from all states and territories, starting from 14 years of age. Demographics such as gender, employment status, income ranges and family status are included to enable cross-analysis of data collected.

Results in the Sensis® *Consumer Report* are reported as a net balance, which represents the total number of positive responses minus the total number of negative responses. All results in the Sensis® *Consumer Report* are based on the responses of consumers surveyed.

The Sensis® *Consumer Report* is an initiative of Sensis Pty Ltd that aims to increase the understanding of consumer behaviour and expectations. Sensis also produces the Sensis® *Business Index,* an ongoing series of surveys tracking confidence and behaviour of Australia's small and medium enterprises (SMEs). Since its inception in 1993, the Sensis® *Business Index* has been one of the most comprehensive and regular surveys of small and medium businesses in Australia.

Data for both of these reports is collected concurrently with many questions being asked of both businesses and consumers. This allows comparisons between these two groups to be made to enable a better understanding of the interaction of supply and demand in the Australian economy.

In addition, Sensis® *Market Intelligence* undertakes commissioned research for corporate and government organisations on a variety of policy issues.

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About the survey

The results in this report are based on a survey of 1,500 Australians conducted from 30 April to 1 June 2008. All interviews were conducted via telephone by the survey research firm, Sweeney Research.

To ensure a good cross representation across the states and territories and by demographics, quotas were set on age, gender and location as detailed in the charts below.

Sample Structure - Demographics

	Total	Male	Female
14 – 17 years	100	50	50
18 – 19 years	100	50	50
20 – 29 years	250	125	125
30 – 39 years	250	125	125
40 – 49 years	250	125	125
50 – 64 years	300	150	150
Over 64 years	250	125	125
Total	**1500**	**750**	**750**

Sample Structure - Location

	Total	Metro	Non-Metro
New South Wales	250	200	50
Victoria	250	200	50
Queensland	250	140	110
South Australia	190	160	30
Western Australia	190	160	30
Tasmania	125	75	50
Northern Territory	125	75	50
Australian Capital Territory	120	120	0
Total	1500	1130	370

The results have been weighted according to the latest Australian Bureau of Statistics (ABS) population figures (2001 Census) so results more closely reflect the population distribution within each state and territory.

Comparisons in the June 2008 Sensis® *Consumer Report* are made between consumers and businesses. The business results are based on data from the February 2007 Sensis® *Business Index* of 1,800 SMEs.

Executive summary

Consumer confidence

The June 2008 Sensis® *Consumer Report* found a net balance of 35 per cent of Australians reporting confidence in their financial prospects for the year ahead. This result was a fall of nine percentage points from last quarter, bringing confidence to the lowest point recorded since the start of the Sensis® *Consumer Report* in May 2004. Over the past six months confidence levels amongst consumers have fallen by 26 percentage points.

This result compares with the latest business confidence results from the May 2008 Sensis® *Business Index*, which found a net 33 per cent of SME operators felt confident about their business prospects for the year ahead, a fall of 16 percentage points from last quarter, with businesses currently reporting concern for rising interest rates, falling demand and the economic environment.

Having a secure job was the main reason Australians felt confident, with having a good job continuing to decline in importance relative to job security. The main reasons for consumers expressing worry were increases in the cost of living, interest rates and fuel prices.

Twenty-two per cent of Australian households believed they were better off now compared to a year ago (down three percentage points in the past quarter), the lowest level recorded in the history of the Sensis® *Consumer Report*. Earning more money was the main reason for this belief. Thirty-five per cent of households felt they were worse off (up 11 percentage points in the past quarter) due mainly to concerns about mortgage rates. The net proportion of consumers who felt better off fell 14 percentage points in the past quarter, and is now at its lowest position since the commencement of the Sensis® *Consumer Report* in May 2004, and the first time it has been net negative, with more consumers now feeling worse off than better off.

Expenditure expectations followed rising concern about increases in the cost of living, interest rates and fuel prices. In the household expenditure category, consumers expected the greatest increases in general household expenses to be items such as groceries and bills. This was followed by transportation costs and housing costs, including mortgages and rent. The areas where consumers were expecting a net decline in expenditure were entertainment, sport and leisure activities; special occasions; items for the home; home entertainment; and dining out; fast food and home delivered food.

According to the June 2008 Sensis® *Consumer Report*, Australians were likely to reduce expenditure on entertainment and going out, followed by dining, if they faced tighter economic circumstances. Australians would most likely direct additional income towards savings, followed by mortgage reduction, holidays and travel.

The economy and concerns

The June 2008 Sensis® *Consumer Report* found Australians' net perceptions of the current state of the economy falling to net negative four per cent. This resulted from 33 per cent of Australian consumers believing the economy was currently growing, less the 37 per cent who believed the economy was currently slowing. With the 14 percentage point fall in the past quarter, perceptions of the current state of the Australian economy are some 52 percentage points lower than at the same time last year.

Australians also felt economic growth prospects for the year ahead were likely to deteriorate further; with the majority of consumers feeling the economy would be worse in a year, some 22 percentage points higher than the proportion who felt it would be worse. The net proportion of consumers feeling the economy would improve in a year fell by a further three percentage points from the last quarter and is some 28 percentage points lower than at the same time last year.

Increases in the cost of living were the top concern for Australians in the June 2008 Sensis® *Consumer Report*, followed by increases in the price of petrol and the drought. The largest increase in levels of concern for Australians was in relation to the state of the economy, followed by increases in the cost of living interest rates and petrol prices. The largest drop in concern for any issue was for the workplace relations system, followed by terrorism and the drug problem.

Time management

The June 2008 Sensis® *Consumer Report* found Australians were most likely to expect to increase the amount of time they spend on financial management and planning compared to other tasks. This was followed by using a computer and health and medical appointments and shopping for food in supermarkets and other shops.

Australians expected to decrease the amount of time they spent on all other activities surveyed this quarter.

Meal preparation was the household task most likely to be outsourced, with 39 per cent of Australians reporting outsourcing meals by eating at restaurants and 36 per cent reporting buying take-away meals. The next most popular task for Australians to outsource was personal grooming, outsourced by 27 per cent of Australians.

Overall, the proportion of Australians who reported outsourcing some of their domestic and personal tasks has risen over the past quarter, with 67 per cent of Australians reporting some outsourcing, compared to 52 per cent last quarter.

Our workplace environment

Australians are now more likely to view the changes to the workplace relations system proposed by the current federal government having a positive impact. Some 21 per cent of those aware of the changes reported they felt the impact would be positive, compared to 12 per cent who felt there would be a negative impact. This resulted in an overall net balance of positive nine per cent – which represents a turnaround in the views of Australians towards the workplace relations policies of the current Federal Government, compared to the previous Federal Government.

The main reasons given for feeling the proposed workplace relations changes would have a positive impact were: they would be better for the employee, they would improve the system and a view changes to the system were necessary. Those who believed there would be a negative impact felt the proposed system would allow the unions too much of a say, the Coalition's workplace agreements were superior, and a belief the proposed changes would create unemployment.

These views contrasted with those held by Australia's small and medium business operators collected in the concurrent Sensis® *Business Index*, where a negative net 15 per cent felt the changes would have a negative impact.

Our pets

The majority of Australian households reported owning a pet of some description (54 per cent), with dogs the most popular choice (69 per cent of pet owning households), followed by cats (43 per cent of pet owning households).

While $100 to $499 was the most common annual spend on pets, some 22 per cent reported they spent $1000 or more a year on their pets. Almost four in ten (39 per cent) pet owners reported buying their pets Christmas or birthday presents, with more than one in ten (11 per cent) reporting they purchased clothing or "bling" for their pets.

Section 1 : Economic confidence

Overall confidence in financial prospects

Key findings

The June 2008 Sensis® *Consumer Report* found a net 35 per cent of consumers expressed relative confidence in their financial prospects for the year ahead. With confidence falling 26 percentage points in the past six months, this latest result is by far the lowest confidence result since the Sensis® *Consumer Report* commenced in May 2004.

Australians recorded stronger confidence with a net balance result of 35 per cent. This comprised a weaker 57 per cent of Australians who were confident about their prospects for the year ahead, in conjunction with a higher 22 per cent who were worried.

The June 2008 Sensis® *Consumer Report* found net confidence among consumers slightly higher than business confidence measured in the concurrent Sensis® *Business Index*. The most recent Sensis® *Business Index* found net confidence among business proprietors in their business prospects for the year ahead was 33 per cent; composed of 58 per cent of businesses confident overall and 25 per cent worried about their prospects going forward.

The net result of consumer confidence at 35 per cent represents a significant fall in the proportion of consumers who felt confident (down nine percentage points from the past quarter). Over the past two quarters consumer confidence has now fallen by 26 percentage points, to the lowest level recorded since the inception of the Sensis® *Consumer Report* in May 2004.

This latest fall in consumer confidence coincides with the fall in net confidence among SME proprietors which recorded a sharp fall in the latest results for May 2008. In the latest quarter, the main concerns affecting business confidence were increasing fuel prices and interest rates and decreasing demand.

Confidence trends – past five quarters

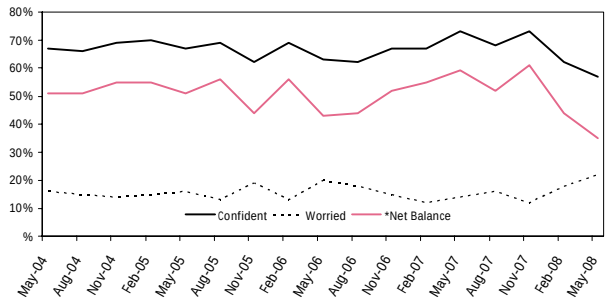
	May 2007	August 2007	November 2007	February 2008	May 2008
Extremely confident	21%	18%	20%	15%	13%
Fairly confident	51%	50%	53%	47%	44%
Neutral	14%	16%	15%	20%	20%
Fairly worried	11%	13%	9%	14%	18%
Extremely worried	3%	3%	3%	4%	4%
Total confident	73%	68%	73%	62%	57%
Total worried	14%	16%	12%	18%	22%
***Net Balance**	**+59%**	**+52%**	**+61%**	**+44%**	**+35%**

Q. Please think about the next 12 months. How confident do you feel about (your family's) (your) financial prospects?

**Net Balance* defined as the proportion who are confident less the proportion who are worried.

SOURCE: Sensis® *Consumer Report*: Sweeney Research – May 2008

Long term trends in confidence



**Net Balance* defined as the proportion who are confident less the proportion who are worried.

SOURCE: Sensis® *Consumer Report*: Sweeney Research – May 2008

Overall confidence
Comparison with business – May 2008

	Consumers[1]	Business[2]
Extremely confident	13%	12%
Fairly confident	44%	46%
Neutral	20%	16%
Fairly worried	18%	21%
Extremely worried	4%	4%
Total confident	57%	58%
Total worried	22%	25%
***Net Balance**	**+35%**	**+33%**

**Net Balance* defined as the proportion who are confident less the proportion who are worried.

SOURCE: [1]Sensis® *Consumer Report* .Sweeney Research – May 2008
[2]Sensis® *Business Index* .Sweeney Research – May 2008

Overall confidence in financial prospects by respondent characteristics

The June 2008 Sensis® *Consumer Report* found an overall decrease in confidence represented by a fall of 15 percentage points in confidence among females in the last quarter, with male confidence down two percentage points by comparison.

Australians aged less than 30 years were again the most confident in the past quarter, with confidence in this age group actually increasing by nine percentage points since last quarter. All other age groups, with the exception of those aged more than 64, reported declining confidence in the past quarter. The largest decline in confidence was amongst those aged in their 30s, where confidence fell by 24 percentage points.

Examining both gender and age, the most confident Australians in June 2008 were males aged under 30, with a net confidence level of 65 per cent. This was in stark contrast to females in their 30s, who were the least confident of any age-gender demographic. Females aged more than 64 years reported feeling the most confident of any female age group. Small rises in confidence were reported by both males and females aged less than 30. All other age and gender demographics reported declining confidence in the past quarter.

Confidence was significantly higher in metropolitan areas, recording levels some 20 percentage points above the levels recorded in regional Australia. The most confident Australians were again those living in the Australian Capital Territory, where a net 60 per cent of consumers reported feeling confident about their financial prospects for the year ahead, down only one percentage point from last quarter. The least confident Australians were in Queensland, with net confidence at 19 per cent, down 29 percentage points since the last quarter. Confidence fell in all states and territories in the past quarter, with the exception of Tasmania, where confidence rose by six percentage points. The largest fall in confidence was recorded in Queensland (19 percentage points).

Those who live in a household with children were the least confident about their financial prospects for the year ahead, with confidence at a net 14 per cent, down by 30 percentage points in the past quarter. Singles were most confident with a net 51 per cent compared to a net 43 per cent for families without children.

Those on the highest income level were the most likely to feel confident, with a net 60 per cent of those with a household income of more than $85,000 feeling confident, compared to net eight per cent of those with a household income between $35,000 and $55,000. Confidence fell across all income groups in the past quarter, with the exception of those earning up to $35,000, where confidence actually increased by 10 percentage points.

Overall confidence by age and gender
***Net balance – May 2008**

	Total	Male	Female
Total	**35%**	**37%**	**34%**
Up to 29 years	55%	65%	48%
30 – 39 years	21%	27%	15%
40 – 49 years	26%	27%	25%
50 – 64 years	34%	38%	31%
More than 64 years	46%	34%	55%

**Net Balance* defined as the proportion who are confident less the proportion who are worried.
Base : 'Householders' – family household heads or independent singles
SOURCE: Sensis® *Consumer Report*: Sweeney Research – May 2008

Overall confidence by location
***Net balance – May 2008**

Total	**35%**
Metro	43%
Non metro	23%
New South Wales	33%
Victoria	46%
Queensland	19%
South Australia	27%
Western Australia	48%
Tasmania	38%
Northern Territory	54%
Australian Capital Territory	60%

**Net Balance* defined as the proportion who are confident less the proportion who are worried.
Base : 'Householders' – family household heads or independent singles
SOURCE: Sensis® *Consumer Report*: Sweeney Research – May 2008

Overall confidence by socio-economic variables
***Net balance – May 2008**

Total	**35%**
Respondent is..	
The male or female household head in a family with children	14%
The male or female household head in a family without children	43%
Single person living alone or sharing	51%
Household income level..	
Up to $35,000	9%
$35,001 to $55,000	8%
$55,001 to $85,000	44%
More than $85,000	60%

**Net Balance* defined as the proportion who are confident less the proportion who are worried.
Base : 'Householders' – family household heads or independent singles
SOURCE: Sensis® *Consumer Report*: Sweeney Research – May 2008

Reasons for being confident or worried

The main reasons Australians gave for feeling confident about their financial prospects for the year ahead was having a secure job, with having a good job declining in relative significance by comparison. This is the second successive quarter where the trend of increasing job security compared to the quality of the job has been recorded. The main reason Australians reported feeling worried was the cost of living increasing, followed by rising interest rates and fuel prices.

Having a secure job was the most important reason for feeling confident for those with household incomes of more than $85,000. Combined with having sufficient resources, it was also the top reason for confidence for those earning between $35,000 and $55,000. For those households with incomes between $55,000 and $85,000 the most important reasons for confidence were having everything going well in general. For those with household incomes of less than $35,000, receiving a regular pension was the main reason for confidence.

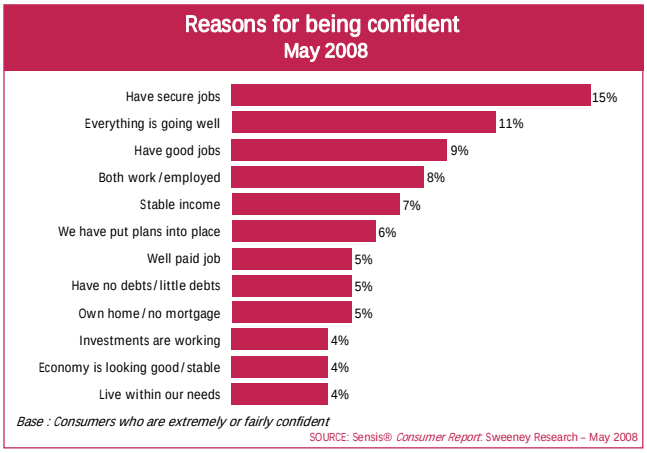
For Australians feeling worried about their financial prospects in the coming year, the main reason was the cost of living rising or being too high, which was nominated by 27 per cent of those who were worried. This has increased by eight percentage points over the past quarter.

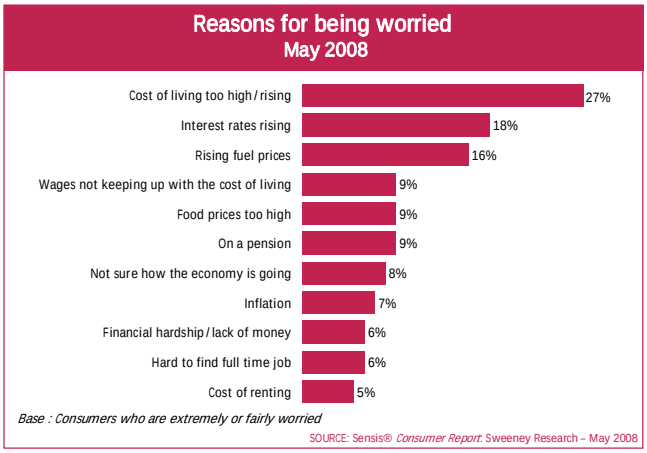
Other key reasons for concern included rising interest rates (18 per cent) and financial hardship and rising fuel prices (16 per cent).

Whilst the cost of living rising was the overall main cause for concern, it was only the top concern for those earning up to $55,000 a year. Increases in the cost of living were also the top concern for residents of most states and territories, with the only exceptions being Queensland, where it was equal top with increasing fuel prices, and Victoria and the Australian Capital Territory.

For those earning more than $55,000, rising interest rates were the main reason for concern. Rising interest rates were also the top reason to be worried for residents of Victoria and the Australian Capital Territory.

The highest increasing reason for concern over the past quarter was rising fuel prices, up 10 percentage points to 16 per cent.





Comparison to a year ago

In line with weaker confidence, this quarter found the proportion of Australians who felt better off than a year ago at its lowest level recorded in the Sensis® *Consumer Report*. Some 22 per cent of Australians believed they were better off than a year ago, down three percentage points from last quarter. Forty-three per cent believed their position was about the same as a year ago, down eight percentage points. The proportion who felt worse off was up 11 percentage points from last quarter to 35 per cent. This resulted in a net decrease of 14 percentage points in the proportion of Australians feeling better off than a year ago in the past quarter.

This is the lowest net balance recorded since the Sensis® *Consumer Report* started in 2004, and the first time in this period more Australians have felt worse off compared to a year ago than felt better off, the first net negative result for this indicator.

On balance, Australians of all income brackets were more likely to feel they were worse off compared to a year ago than better off. Those in the highest income demographic, earning $85,000 a year and above, were least likely to feel they were worse off on balance, however the result was still net negative even at this level (net negative three per cent). The income demographic most likely to feel worse off on balance was those with incomes between $35,000 and $55,000, where the net balance was at net negative 28 per cent.

No state or territory recorded a net positive result, with all more likely to feel worse off on balance. Residents of New South Wales were most likely to feel worse off on balance than a year ago. Residents of Tasmania were least likely to feel worse off on balance. Australians living in regional areas were more likely than those living in metropolitan areas to feel worse off than a year ago (net negative 25 per cent compared to net negative six per cent).

The overwhelming reason Australians gave for feeling better off than a year ago related to increased earnings, in line with the past 12 quarters. Other reasons, though significantly lower on the scale, were having gained or changed employment, better planning, better job prospects and having moved house.

Increasing mortgage rates topped the list of reasons for feeling worse off, followed by increases in the cost of living and price rises. Those with household incomes of more than $35,000 were most likely to be concerned about the level of mortgage interest rates. Inflation and increases in the cost of living were most likely to be given by those with household incomes of less than $35,000.

Comparison to a year ago
Trends

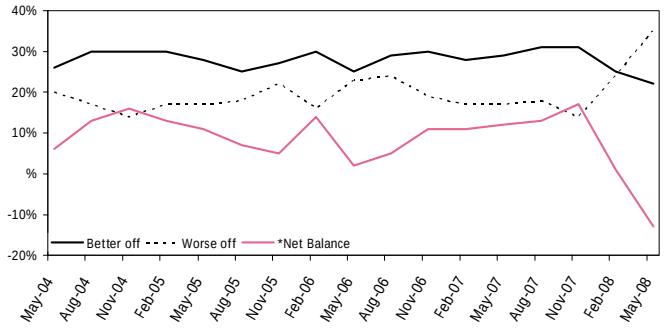
	May 2007	August 2007	November 2007	February 2008	May 2008
Better off	29%	31%	31%	25%	22%
Same	54%	51%	55%	51%	43%
Worse off	17%	18%	14%	24%	35%
***Net Balance**	**+12%**	**+13%**	**+17%**	**+1%**	**-13%**

Q. And, compared to this time twelve months ago, would you say (your family) (you) are better off, worse off or about the same?

**Net Balance* defined as the proportion who are better off less the proportion who are worse off

SOURCE: Sensis® *Consumer Report*: Sweeney Research – May 2008

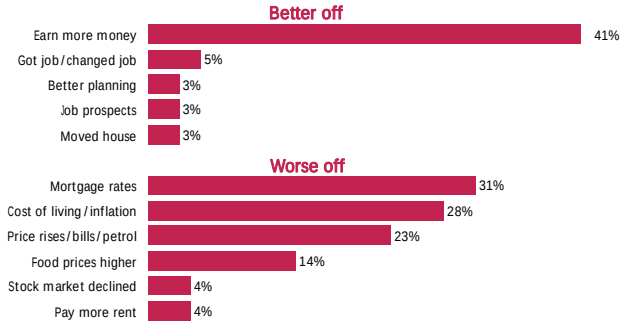
Comparison to a year ago
Long term trends



**Net Balance* defined as the proportion who are better off less the proportion who are worse off

SOURCE: Sensis® *Consumer Report*: Sweeney Research – May 2008

Reasons for being better or worse off
May 2008



Q. What would you say has contributed to (your family) (you) being better/worse off?

SOURCE: Sensis® *Consumer Report*: Sweeney Research – May 2008

Household expenditure expectations

While consumer expenditure expectations remained net positive across most of the major expenditure groups in the last quarter, there was an increase in the number of categories where expectations were net negative. The areas most Australians expected to increase spending in the next 12 months were general household expenses, transport costs and housing costs.

Overall, the category with the highest net proportion of consumers expecting to increase expenditure was general household expenses, where a net 62 per cent were expecting to increase their expenditure. This result was up by seven percentage points since last quarter, and up by 15 percentage points compared to the same time last year.

Consumers were expecting to spend less on balance than last quarter on five categories: entertainment, sport and leisure activities; special events; items for the home; home entertainment; and dining out, fast food or home deliveries. This is the tenth successive quarter where expenditure on home entertainment was net negative and the 17th consecutive quarter households nominated they expected to decrease their expenditure on dining out, fast food or home deliveries over the coming year. It is only the third consecutive quarter households reported expecting to spend less on items for the home, and the first quarter consumers have said they expect to spend less on entertainment, sport and leisure activities; and special events.

The only categories where the trends in the net proportion of those expecting to increase expenditure rose in the past quarter were relatively non-discretionary items: household expenses; transport costs; housing costs and health expenses. All other categories recorded declining trends, with consumers expecting to cut expenditure in more categories than they were expecting to increase. The highest increase over the past quarter was transport costs, which increased by eight percentage points for the second successive quarter. The trend which decreased the most was home renovations and improvements, which fell by 10 percentage points.

Families without children were most likely to be expecting to increase expenditure for home renovations, personal care and grooming products, items for the home and home entertainment.

Singles were expecting the largest increases in expenditure in holidays and travel, entertainment, and dining out, fast food and home deliveries.

Families with children were most likely to be increasing their spend on general household expenses, transportation costs, housing costs, including mortgages and rents, education costs and telecommunications.

Household expenditure expectations
May 2008

Over the next twelve months do you expect to spend a larger, smaller or about the same proportion of (your family) (your) income on...	Spend more	Spend less	No change	***Net balance**
General household expenses including groceries and bills	67%	5%	28%	+62%
Transport costs - cars or public transport	58%	9%	33%	+49%
Housing costs such as mortgage payments or rent	43%	6%	52%	+37%
Health and medical expenses	33%	8%	59%	+25%
Education costs	23%	10%	67%	+13%
Telecommunications - including mobiles and internet	18%	12%	69%	+6%
Home renovations or improvements	25%	22%	53%	+3%
Holidays and travel	28%	26%	47%	+2%
Personal care or grooming products or services	14%	13%	73%	+1%
Entertainment, sport and leisure activities	16%	19%	65%	-3%
Special events or occasions (eg. parties, weddings etc)	16%	20%	63%	-4%
Items for the home such as furniture or electrical goods	18%	29%	53%	-10%
Home entertainment such as DVD's, CDs	9%	22%	69%	-14%
Dining out, fast food or home deliveries	10%	26%	64%	-17%

Base : 'Householders' – family household heads or independent singles.
*Net Balance = the proportion who expect more less the proportion who expect less

SOURCE: Sensis® *Consumer Report*: Sweeney Research – May 2008

Household expenditure expectations
Trends in *Net Balance

	May 2007	Aug 2007	Nov 2007	Feb 2008	May 2008
General household expenses - groceries and bills	47%	54%	55%	55%	62%
Transport costs – cars or public transport	35%	34%	33%	41%	49%
Housing costs such as mortgage or rent	25%	33%	34%	34%	37%
Health and medical expenses	18%	22%	22%	20%	25%
Education costs	13%	12%	14%	17%	13%
Telecommunications – including mobiles & Internet	13%	12%	8%	10%	6%
Home renovations or improvements	10%	16%	15%	13%	3%
Holidays and travel	16%	15%	13%	6%	2%
Personal care / grooming products	5%	5%	4%	5%	1%
Entertainment, sport and leisure activities	10%	7%	7%	6%	-3%
Special events or occasions (eg. parties, weddings etc)	10%	11%	5%	4%	-4%
Items for the home such as furniture or electrical goods	2%	2%	-2%	-4%	-10%
Home entertainment	-5%	-2%	-4%	-9%	-14%
Dining out, fast food or home deliveries	-5%	-7%	-8%	-10%	-17%

Base : 'Householders' – family household heads or independent singles.
*Net Balance = the proportion who expect more less the proportion who expect less

SOURCE: Sensis® *Consumer Report*: Sweeney Research – May 2008

Household expenditure expectations
By family status – May 2008

****Net balance for..***	Total	Families with children	Families no children	Singles
General household expenses - groceries and bills	62%	71%	64%	48%
Transport costs – cars or public transport	49%	54%	47%	46%
Housing costs such as mortgage or rent	37%	47%	32%	31%
Health and medical expenses	25%	31%	27%	15%
Education costs	13%	36%	1%	3%
Telecommunications – including mobiles & Internet	6%	9%	2%	7%
Home renovations or improvements	3%	0%	10%	-1%
Holidays and travel	2%	-10%	5%	13%
Personal care / grooming products	1%	-2%	3%	2%
Entertainment, sport and leisure activities	-3%	-1%	-8%	0%
Special events or occasions (eg. parties, weddings etc)	-4%	-10%	-1%	-1%
Items for the home such as furniture or electrical goods	-10%	-11%	-9%	-11%
Home entertainment	-14%	-16%	-9%	-16%
Dining out, fast food or home deliveries	-17%	-25%	-14%	-10%

**Net Balance* defined as the proportion who will spend more less the proportion who will spend less

SOURCE: Sensis® *Consumer Report*: Sweeney Research – May 2008

Cutting back or increasing expenditure

It is interesting to note the particular areas consumers are most likely to increase or decrease their expenditure, if faced with changing financial circumstances. This can highlight areas of the economy most likely to be affected by an economic downturn or tightening of monetary policy, as well as areas most likely to benefit from economic growth or fiscal stimulus policy changes resulting in consumers having additional income.

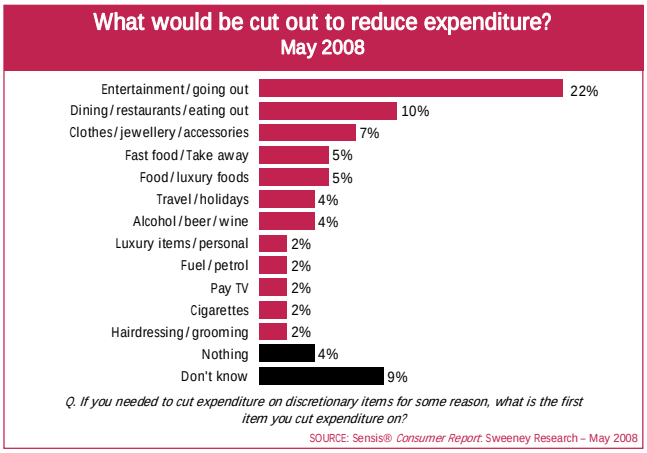
The area of expenditure most likely to be cut by consumers was again money spent on entertainment and going out, with 22 per cent of consumers nominating this as their first means to decrease expenditure (up from 19 per cent in the past quarter). While entertainment expenses were the most popular expenditure to be cut in all states and territories, residents of the Australian Capital Territory were most likely to nominate cutting this item if necessary.

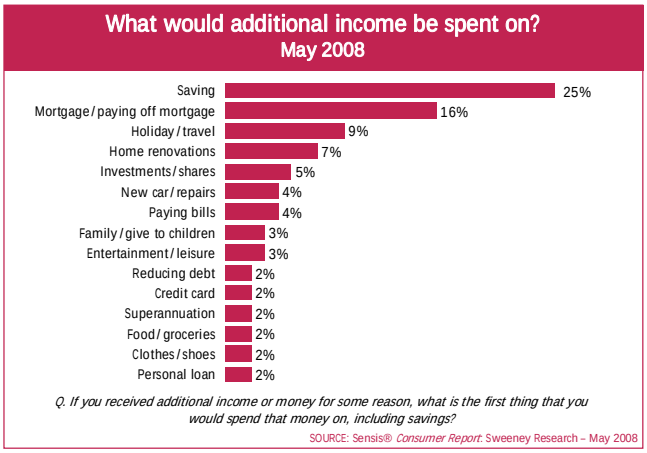
Dining out at restaurants was the next most likely item to be cut by consumers, with 10 per cent nominating this as the first item to cut back if necessary (unchanged in the past quarter). Restaurants in the Australian Capital Territory were again most likely to be affected by cuts in this area of consumer expenditure.

The results suggest Australians are most likely to try to increase their savings if they had some additional income, with 25 per cent nominating savings, up marginally from 24 per cent in the past quarter. Those Australians with incomes up to $35,000 were most likely to nominate they would save money (32 per cent), as were residents of Victoria and Western Australia (29 per cent each) and those who rented their homes (34 per cent).

Reducing a mortgage was the next most popular thing people would do with additional money, favoured by 16 per cent of Australians, down from 18 per cent in the past quarter. There was a direct relationship between income and likeliness of putting additional income towards a mortgage, with only six per cent of those with incomes up to $35,000 providing this response, compared to 24 per cent of those with incomes more than $85,000.

Next in line for Australians with additional income was a holiday, which was nominated by nine per cent of Australians (down three percentage points). Residents of the New South Wales and the Australian Capital Territory (11 per cent each) were most likely to indicate they would spend any additional income on a holiday.





Perception of the state of Australia's economy

In line with the slump in consumer confidence, the June 2008 Sensis® *Consumer Report* found the net proportion of consumers who felt Australia was currently in a period of economic growth also falling further. Thirty-three per cent of consumers felt the economy was currently growing (down seven percentage points), compared to 37 per cent who felt the economy was currently slowing down (up seven percentage points), and 24 per cent who felt it was standing still. This resulted in a net balance of negative four per cent of consumers who felt the economy was currently in a growth phase. This result was down by 16 percentage points since last quarter and down by 54 percentage points from the same time last year. This brings the current economic perception to the lowest point recorded since the inception of the Sensis® *Consumer Report* in May 2004.

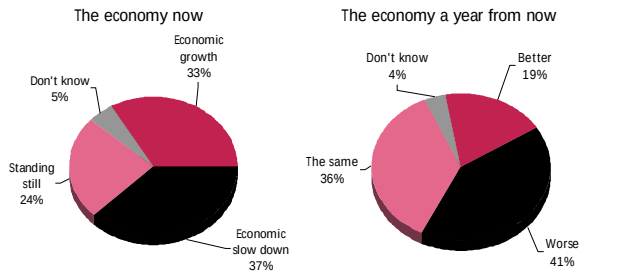
There was a large degree of variation across the states and territories, with results ranging from 23 per cent to negative seven per cent. Residents of Western Australia again held the highest perceptions of the current state of the economy (23 per cent, down four percentage points), with the second highest net result being recorded in South Australia (10 per cent). Consumers in New South Wales and Victoria held the lowest perceptions (net negative seven per cent each).

When asked how the economy would be performing a year from now, 19 per cent of consumers felt it would be better than the current situation, down one percentage point in the past quarter. This compared to the 36 per cent of consumers who felt the economy would be the same in a year. The most likely response was the economy would be worse than it is now (41 per cent, up from 39 per cent in the previous quarter). This resulted in a net negative 22 per cent, a fall of three percentage points in future expectations for the economy. This result was some 28 percentage points lower than at the same time last year, and is the lowest result recorded since the start of the Sensis® *Consumer Report* in May 2004.

Those living in metropolitan Australia held higher net views on the future direction of the Australian economy as consumers in regional areas. All states and territories held net negative views on the future economic direction. The most optimistic views were in the Australian Capital Territory (net negative three per cent), with the most pessimistic in Queensland at net negative 39 per cent.

When the same question was asked in the May 2008 Sensis® *Business Index,* business proprietors reported more pessimistic views on the state of the economy now (net negative 22 per cent for businesses compared to net negative four per cent for consumers), and also more pessimistic views on the future direction of the economy (net negative 28 per cent for businesses, compared to net negative 22 per cent for consumers).

Perceptions of the state of the economy
May 2008



Q. Thinking about Australia's economy, do you think we are in a period of economic growth, economic slow down, or more or less standing still?

Q. And still thinking about the nation's economy overall. In a year from now do you think the nation's economy will be better, worse or about the same?

SOURCE: Sensis® *Consumer Report*: Sweeney Research – May 2008

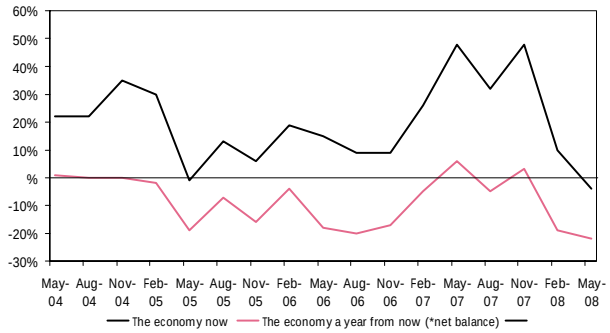
Perceptions of the state of the economy
Trends

	May 2007	August 2007	November 2007	February 2008	May 2008
The economy now					
Growth	59%	50%	61%	40%	33%
Slowing	11%	18%	13%	30%	37%
***Net balance**	**+48%**	**+32%**	**+48%**	**+10%**	**-4%**
The economy a year from now					
Better	24%	20%	25%	20%	19%
Worse	18%	25%	22%	39%	41%
***Net Balance**	**+6%**	**-5%**	**+3%**	**-19%**	**-22%**

**Net Balance* defined as the proportion who are positive less the proportion who are negative.

SOURCE: Sensis® *Consumer Report*: Sweeney Research – May 2008

Perceptions of the state of the economy
Long term trends in net balance



**Net Balance* defined as the proportion who are confident less the proportion who are worried.

SOURCE: Sensis® *Consumer Report*: Sweeney Research - February 2008

Perceptions of the state of the economy
Comparison with business – May 2008

	Consumers [1]	Business [2]
The economy now		
Growth	33%	24%
Slowing	37%	46%
***Net balance**	**-4%**	**-22%**
The economy a year from now		
Better	19%	16%
Worse	41%	44%
***Net balance**	**-22%**	**-28%**

**Net Balance* defined as the proportion who are positive less the proportion who are negative.

SOURCE: [1] Sensis® *Consumer Report*: Sweeney Research – May 2008
[2] Sensis® *Business Index*: Sweeney Research – May 2008

Section 2 : Our concerns

Prime concerns

Concerns about the state of the economy rose more than any other issue compared to last quarter according to the June 2008 Sensis® *Consumer Report.* The increase in the cost of living was the highest concern for Australians. This was followed by the price of petrol.

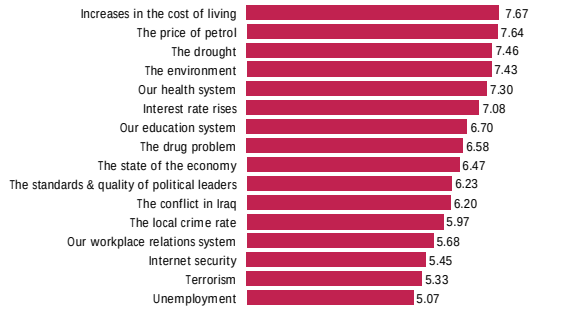
When asked to rank topical issues on a scale of one, representing no concern at all, to 10, representing a high level of concern, increases in the cost of living scored an average score of 7.67. Concerns about increases in the cost of living rose by 0.29 during the quarter. While this was the top concern overall, the only income demographic viewing this specifically as their top concern was those earning between $55,000 and $85,000. For those earning up to $35,000 the drought was the top concern, for those earning between $35,000 and $55,000 the price of petrol was the top concern and for those earning $85,000 and above the environment was the top concern. The highest level of concern for increases in the cost of living was recorded in Queensland (8.03) with the lowest level recorded in Victoria (7.05). Increases in the cost of living were the top concern for residents of New South Wales and Western Australia.

The second highest concern for Australians was the price of petrol, which was ranked at 7.64, a rise of 0.22 in the past quarter. Those with household incomes between $35,000 and $55,000 were most likely to be concerned about this issue (8.04). Residents of Queensland were most likely to be concerned about the price of petrol (8.29) while residents of Victoria reported the lowest levels of concern about the price of petrol (6.75).

While there was an increase in levels of concern for most topics in the past quarter, a range of economic issues reported the largest rises in the level of concern. Concerns about the state of the economy overall rose more than any other issue, up by 0.3 to 6.47. The issues to record the largest increases in levels of concern were increases in the cost of living, interest rates and petrol prices, all of which rose more than 0.2 during the quarter.

The largest fall in the level of concern was recorded for the workplace relations system over the past quarter, falling by 0.44. The next largest falls in concern were for terrorism and the drug problem (both down 0.17), the education system (down 0.16) and internet security (down 0.04).

Concerns
May 2008



Q. On a scale of one to 10 – where '1' means you are not concerned at all and '10' means you are very concerned – how concerned are you about...

SOURCE: Sensis® *Consumer Report*: Sweeney Research – May 2008

Concerns
Trends – last five quarters

	May 2007	Aug 2007	Nov 2007	Feb 2008	May 2008
Increases in the cost of living	6.93	7.03	7.20	7.38	7.67
The price of petrol	6.99	6.93	7.15	7.42	7.64
The drought	8.27	7.60	8.21	7.32	7.46
The environment	7.67	7.37	7.67	7.38	7.43
Our health system	7.21	7.27	7.50	7.29	7.30
Interest rate rises	5.92	6.36	6.44	6.85	7.08
Our education system	6.98	6.80	6.95	6.86	6.70
The drug problem	6.87	6.93	7.21	6.75	6.58
The state of the economy	5.48	5.78	5.65	6.17	6.47
The standards & quality of political leaders	6.61	6.63	6.47	6.06	6.23
The conflict in Iraq	6.53	6.49	6.71	6.14	6.20
The local crime rate	5.90	5.83	5.95	5.83	5.97
Our workplace relations system	6.56	6.29	6.46	6.12	5.68
Internet security	5.60	5.65	5.79	5.49	5.45
Terrorism	5.93	6.04	5.99	5.50	5.33
Unemployment	5.10	4.96	5.03	5.01	5.07

SOURCE: Sensis® *Consumer Report*: Sweeney Research – May 2008

Concerns by age and gender

Females again displayed higher levels of concern across all topics in this quarter. Males' and females' opinions differed most when it came to unemployment, followed by the conflict in Iraq. The topic of concern where male and female views most closely aligned was the standard and quality of Australia's political leaders, with concern levels varying by only 0.09 between males and females.

Concerns did vary by income, with those on household incomes less than $35,000 most concerned about the drought. For the next highest household income bracket, between $35,000 and $55,000, the increase in the price of petrol recorded the highest levels of concern. For those earning between $55,000 and $85,000 increases in the cost of living was the highest concern. For the highest income bracket, $85,000 and above, the top issue of concern was the environment.

The results show those aged up to 19 years were less likely than any other age group to be concerned about almost every issue, with the only exceptions being increases in the cost of living, the drought, the education system and terrorism. Those Australians aged from 20 to 29 years were more concerned about increases in the cost of living, increases in interest rates, the education system and the workplace relations system than any other age group. Those aged in their 40s displayed the highest levels of concern over the state of the economy.

Australians aged from 50 to 64 displayed relatively high levels of concern over a range of issues, and were more likely than any other age demographic to be concerned about the price of petrol, the environment, the health system, the standard and quality of our political leaders, the conflict in Iraq, internet security and unemployment. Those Australians more than 64 years were more likely than any other age group to be concerned about the drought, the drug problem, the local crime rate, and terrorism.

The top issue overall, increases in the cost of living, was also the top issue for every age demographic less than 40. For those Australians aged in their 40s it was equal top issue with the drought, and for those Australians aged 50 and above, the drought was actually the top concern.

Concerns by gender
May 2008

	Total	Male	Female	Differ-ence
Increases in the cost of living	7.67	7.31	8.02	(0.71)
The price of petrol	7.64	7.44	7.84	(0.40)
The drought	7.46	7.03	7.88	(0.85)
The environment	7.43	7.00	7.84	(0.84)
Our health system	7.30	6.99	7.60	(0.61)
Interest rate rises	7.08	6.71	7.45	(0.74)
Our education system	6.70	6.38	7.00	(0.62)
The drug problem	6.58	6.11	7.04	(0.93)
The state of the economy	6.47	6.30	6.63	(0.33)
The standards & quality of political leaders	6.23	6.18	6.27	(0.09)
The conflict in Iraq	6.20	5.70	6.68	(0.98)
The local crime rate	5.97	5.51	6.42	(0.91)
Our workplace relations system	5.68	5.62	5.75	(0.13)
Internet security	5.45	5.01	5.89	(0.88)
Terrorism	5.33	4.84	5.81	(0.97)
Unemployment	5.07	4.54	5.58	(1.04)

SOURCE: Sensis® Consumer Report: Sweeney Research – May 2008

Concerns by age group
May 2008

	Total	Up to 19	20 to 29	30 to 39	40 to 49	50 to 64	65+
Increases in the cost of living	**7.67**	7.81	7.87	7.83	7.73	7.45	7.36
The price of petrol	**7.64**	7.63	7.59	7.52	7.56	7.79	7.76
The drought	**7.46**	6.75	6.80	7.19	7.73	7.86	8.09
The environment	**7.43**	7.06	7.26	7.43	7.66	7.70	7.22
Our health system	**7.30**	6.32	7.11	7.11	7.65	7.81	7.29
Interest rate rises	**7.08**	6.45	7.62	7.42	6.99	7.01	6.66
Our education system	**6.70**	6.65	7.10	6.58	6.67	6.78	6.34
The drug problem	**6.58**	5.60	6.00	6.07	6.71	6.94	7.87
The state of the economy	**6.47**	5.50	6.41	6.61	6.96	6.56	6.26
The standards & quality of political leaders	**6.23**	5.33	6.04	5.90	6.47	6.69	6.55
The conflict in Iraq	**6.20**	5.59	5.82	5.63	6.04	6.70	7.25
The local crime rate	**5.97**	5.10	5.82	5.60	5.90	6.26	6.87
Our workplace relations system	**5.68**	4.98	5.99	5.55	5.89	5.81	5.55
Internet security	**5.45**	4.65	5.06	5.51	5.68	5.86	5.55
Terrorism	**5.33**	5.22	4.93	4.92	5.25	5.55	6.15
Unemployment	**5.07**	4.48	5.13	4.60	5.19	5.46	5.30

= Highest level of concern
= Lowest level of concern

SOURCE: Sensis® Consumer Report: Sweeney Research – May 2008

Section 3: Time management

Expectations on how time will be spent

As well as examining where Australians are expecting to spend more or less money, it is also interesting to balance this with the tasks we are expecting to spend more or less of our time on over the coming year.

The area Australians are expecting to increase time spent during the next year remains focussed on financial management and planning. Overall, 42 per cent of Australians expect to spend more time on financial management, compared to only five per cent expecting to spend less time. This results in a net balance of 37 per cent, up three percentage points since last quarter.

The income demographic with the highest net balance of people expecting to increase their time on financial planning was those with incomes between $55,000 and $85,000, with a net 45 per cent reporting they would spend more time on financial planning in the next year. This compared with those with incomes up to $35,000, who were least likely, with the net balance of those expecting to spend more time on financial planning approximately only half of the highest income demographics (22 per cent). Females were less likely to spend more time on financial planning than males (33 per cent compared to 40 per cent). Australians in their 20s and 30s were most likely to increase the amount of time they spent on financial planning, and those aged more than 64 least likely.

The second most likely activity Australians expected to spend more time on in the next year is using a computer, with a net 22 per cent, a fall of four percentage points over the last quarter. Females were more likely to increase their computer time, with those on incomes of more than $85,000 most likely to spend more time using their computers over the next year.

Health and medical appointments were the third top activity Australians expect to spend more time on in the coming year. Males were marginally more likely than females to spend more time on health and medical appointments (nine per cent compared to eight per cent for females). Those aged more than 64 years felt they were most likely to spend more time on health and medical appointments, closely followed by those in their 30s.

The only other activity Australians were expecting to spend more time in the next year was shopping for food in supermarkets, with Australians aiming to decrease the amount of time on all other activities surveyed.

Time management expectations
May 2008

	Spend more time	Spend less time	No change	***Net balance**	cf Feb 2008
Financial management or planning	42%	5%	53%	**37%**	34%
Using a computer	30%	8%	61%	**22%**	26%
Health and medical appointments or services	20%	11%	69%	**9%**	12%
Shopping for food in supermarkets or other shops	16%	10%	74%	**6%**	6%
Using a mobile phone	15%	16%	69%	**-1%**	5%
Home renovations or improvements	23%	26%	51%	**-3%**	6%
Holidays and travel	25%	28%	47%	**-3%**	4%
Personal care/grooming	9%	13%	78%	**-4%**	0%
Entertainment, sport and leisure activities	17%	22%	62%	**-5%**	6%
Shopping for food or groceries online	6%	18%	76%	**-12%**	-12%
Dining out	12%	32%	56%	**-20%**	-14%
Shopping for items for the home	13%	37%	15%	**-24%**	-13%

Q. Over the next twelve months do you expect to more time, less time or about the same proportion of (your family) (your) time on... ...

*Net Balance = the proportion who expect more less the proportion who expect less

SOURCE: Sensis® *Consumer Report*: Sweeney Research – May 2008

Outsourcing domestic tasks

It is interesting to examine where Australians are outsourcing household and personal tasks.

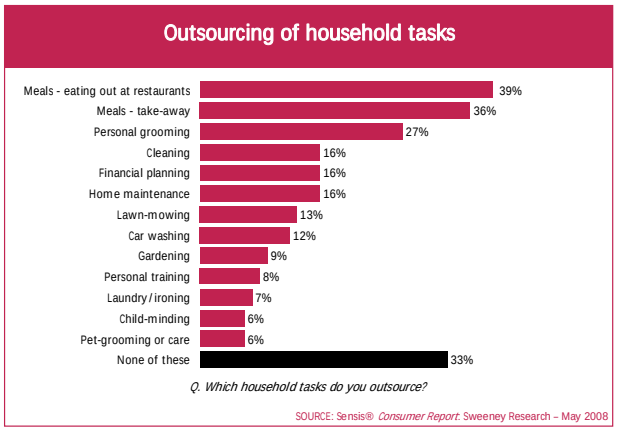
The June 2008 Sensis® *Consumer Report* found the preparation of meals remained the most popular outsourced household task. Some 39 per cent of Australians chose to outsource at least some of their meals by eating at restaurants (up from 19 per cent last quarter), with 36 per cent reporting ordering take-away meals (up from 18 per cent last quarter). Males were more likely than females to report outsourcing both of these activities. Both of these activities were also most likely to be outsourced by those with incomes more than $55,000. Residents of the Australian Capital Territory were most likely to report eating at restaurants (47 per cent), with those in New South Wales most partial to a take-away meal than any other state or territory (42 per cent). This was far higher than the proportion of residents of Western Australia, who were least likely to report ordering take-away meals as a form of outsourcing (27 per cent).

After meals, personal grooming was the next most likely task to be outsourced, with 27 per cent of Australians reporting outsourcing of this activity. The proportion of Australians outsourcing some of their personal grooming needs has risen by 13 percentage points over the past quarter.

Residents of the Australian Capital Territory were again most likely to spend time at the day spa, with 33 per cent reporting outsourcing some of their personal grooming. Residents of South Australia were least likely to outsource in this activity (18 per cent). Females were significantly more likely to report outsourcing personal grooming than males (34 per cent compared to 21 per cent).

Residents of New South Wales and Western Australia were again most likely to report outsourcing some of their cleaning (20 per cent each), with residents of Queensland least likely to outsource cleaning (seven per cent). Females were more likely to report outsourcing cleaning than males (18 per cent compared to 14 per cent). Almost one in four of those earning more than $85,000 reported outsourcing some of their cleaning tasks (23 per cent). Families with no children were the most likely household type to outsource cleaning (20 per cent).

Over the past quarter, the proportion of Australians who outsourced domestic and personal tasks has grown. Some 33 per cent of households reported not outsourcing any household tasks, down from 48 per cent last quarter, with around two-thirds of Australians now using some forms of outsourcing.



Section 4: Our workplace environment

Perceived impact of changes to the workplace relations system

The June 2008 Sensis® *Consumer Report* continued to look at Australians' views on the workplace relations system in Australia. The Sensis® *Consumer Report* has collected information on workplace relations since August 2005, covering Australians views on the changes to the workplace relations system introduced by the previous Federal Government, prior to the recent federal election.

For the first time this quarter, the Sensis® Consumer Report compares the views of Australians about the current government's proposed changes, with the changes of the previous Federal Government.

Overall, 12 per cent of Australians felt the proposed system would have a negative impact on them, compared to 21 per cent who felt the proposed changes would have a positive impact, and 67 per cent who felt the new system would have no real impact either way. This resulted in an overall net impact of positive nine per cent.

This overall net result is the highest level of satisfaction to date for workplace relations changes recorded in the Sensis® *Consumer Report*, and the first time there has been a net positive result, with the previous Government's workplace relations changes consistently rating net negative with consumers, mirrored by net positive responses from businesses.

Those who believed there would be a positive impact felt the new system would be better for employees, the proposed changes would improve the system, and the changes were necessary. The main reasons given for the workplace relations changes having a negative impact were: the unions would have too much say, the Coalition's workplace agreements were superior and a belief the proposed changes would create unemployment.

The views of the Australian population about the proposed changes made to the workplace relations system still contrast starkly to those held by Australia's small and medium business operators. While a net nine per cent of Australians felt the impact of the changes would be net positive, data collected in the concurrent Sensis® *Business Index* found net negative 15 per cent of Australia's small and medium business operators felt the proposed changes would have a net positive impact.

Impact of workplace relations changes
Trends

	May 2007	August 2007	November 2007	February 2008	May 2008
Positive impact	11%	12%	13%	13%	21%
Negative impact	28%	29%	26%	26%	12%
No real impact	55%	52%	57%	58%	67%
Don't know	5%	7%	4%	3%	9%
***Net balance**	**-17%**	**-17%**	**-13%**	**-13%**	**+9%**

Q. Do you believe that the Howard Government's changes had a positive impact on you, a negative impact, or no real impact either way? (to February 2008)

Q. Do you believe that the workplace relations changes proposed by the new Federal Government will have a positive impact on you, a negative impact, or no real impact either way? (May 2008)

SOURCE: Sensis® *Consumer Report*: Sweeney Research - May 2008

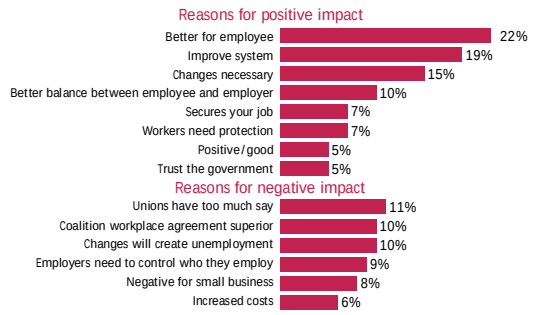
Impact of workplace relations changes
Trends

	Positive Impact	Negative Impact	No Impact / Don't know	*Net balance
Total	**21%**	**12%**	**67%**	**+9%**
Work Status				
Full time	20%	13%	67%	**+7%**
Part time	23%	11%	66%	**+12%**
Not in work	24%	12%	64%	**+12%**
Studying	28%	6%	66%	**+22%**
Retired	18%	12%	70%	**+6%**
Union status				
Member of a union	31%	5%	64%	**+26%**
Not a member of a union	19%	15%	66%	**+4%**

Q. Do you believe that the workplace relations changes proposed by the new Federal Government will have a positive impact on you, a negative impact, or no real impact either way?

SOURCE: Sensis® *Consumer Report*: Sweeney Research – May 2008

Reasons for positive or negative impact
May 2008



Base : Consumers who believe the changes will have a negative or positive impact

SOURCE: Sensis® *Consumer Report*: Sweeney Research – May 2008

Section 5: Pets

Our creatures great and small

Over half of Australian households reported owning a pet, with overall 54 per cent of households reporting some level of pet ownership. Almost one in four households reported having one pet; however multiple pets were fairly common, with three in 10 Australian households reporting multiple pet ownership.

South Australia reported the highest level of pet ownership overall, with almost three in four (74 per cent) of households reporting pet ownership. Those in Victoria reported the lowest level of pet ownership at only 47 per cent. Australians who owned their own home were much more likely to have pets (58 per cent compared to 43 per cent of those renting). Australians living in regional areas were also more likely to report pet ownership (63 per cent compared to 47 per cent of those in metropolitan areas). Females were slightly more likely to report pet ownership than males (56 per cent compared to 52 per cent). Seven in ten families with children reported pet ownership, compared to half of families without children and only 32 per cent of singles.

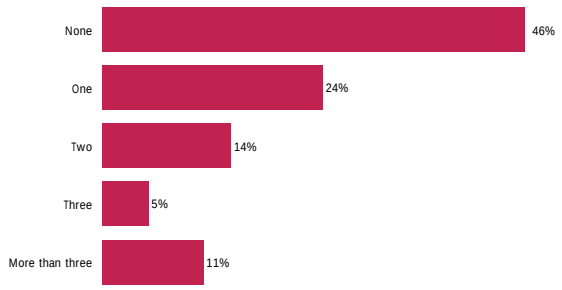
Of those with pets, dogs were the most popular pet, with almost seven in ten pet owners reporting they had a dog. Dogs did turn out to be man's best friend, but only marginally, with 70 per cent of male pet owners reporting they had a dog, compared to 68 per cent of female pet owners. Felines were slightly more popular with females, with 45 per cent of female pet owners reporting they had a cat, compared to 41 per cent of male pet owners.

Australians reported spending significant sums on their pets, with more than one in five pet owners reporting they spent upwards of $1000 a year on their pets. Residents of the Northern Territory were most likely to report spending $1000 plus on their pets (35 per cent) with those in the Australian Capital Territory least likely to report spending this amount (16 per cent).

Australians reported being very generous to their pets, with almost four in 10 reporting buying their pets Christmas or birthday presents, and more than one in ten reporting they bought clothing or "bling" for their pets. Families without children were the most likely household demographic to report buying their pets Christmas or birthday presents (41 per cent), as were females (46 per cent compared to 31 per cent).

Victorian pets were the most likely to score a present for Christmas or birthdays (47 per cent). Those in Western Australia were most likely to indulge in clothing or "bling" for their pet (20 per cent). Despite the cooler temperature, residents of the Australian Capital Territory were least likely to report buying clothing or "bling" (four per cent).

Number of pets in the household



Q. Are there any pets in your household? How many?

SOURCE: Sensis® *Consumer Report*: Sweeney Research – May 2008

Expenditure on pet care and presents for pets

How much do you spend on taking care of your pets each year?	
Less than $100	11%
$100 to $499	39%
$500 to $999	27%
$1,000 to $4,999	21%
$5,000 or more	1%
Do you buy presents such as Christmas or birthday presents for your pet?	
Yes	39%
No	61%
Do you buy clothing or "bling" for your pets?	
Yes	11%
No	89%

SOURCE: Sensis® *Consumer Report*: Sweeney Research – May 2008

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