Sensis® *Consumer Report*

December 2005

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Introduction

The December 2005 Sensis® *Consumer Report* is a survey designed to measure the confidence and behaviour of Australia's consumer population.

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 sample size of 1,500 Australians from metropolitan and regional areas of Australia. It includes people from all states and territories, of ages ranging from 14 years and older. Demographics such as gender, employment status, income ranges and family status are collected 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 businesses in Australia. Historically, the Sensis® *Business Index* has focused specifically on businesses employing 19 people or fewer. In November 2000 it was expanded to cover the medium business sector, while the regional and industrial sectors were also enhanced.

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.

Sensis is a wholly-owned advertising subsidiary of Telstra Corporation Ltd. Sensis manages a number of leading Australian brands including: Yellow Pages® and White Pages® directories; leading lifestyle brand CitySearch®; the location and navigation brand Whereis®; the Trading Post® classified advertising brand and a leading Australian publisher and distributor of mapping and travel-related products, Universal Publishers. Invizage Technology, a wholly owned subsidiary of Sensis, is one of Australia's market leaders in IT services to small and medium sized enterprises. In June 2005, Sensis launched LinkMe.com.au, an innovative online career networking site in partnership with MBI Investments.

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

About the survey

The results in this report are based on a survey of 1,500 Australians conducted over the period 20th October 2005 to 17th November 2005.

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 that results more closely reflect the population distribution within each state and territory.

Comparisons in the December 2005 Sensis® *Consumer Report* are made between consumers and businesses. The business results are based on data from the November 2005 Sensis® *Business Index* of 1,800 SMEs.

Executive summary

Consumer confidence

The December 2005 *Sensis® Consumer Report* found a net balance of 44 per cent of Australians reporting confidence in their financial prospects for the year ahead. This result was a significant decrease of 12 percentage points from last quarter.

This result compares with the latest business confidence results from the November 2005 Sensis® *Business Index*, which found that a net 55 per cent of SME operators felt confident about their business prospects for the year ahead.

Having a secure job was the main reason provided for Australians feeling confident. The main reason for consumers expressing worry was financial hardship or lack of money.

Twenty-seven per cent of Australian households believed they were now better off than they had been a year ago (up two percentage points in the past quarter), with earning more money being the main reason for this belief. Twenty-two per cent of households felt they were worse off (rising four per cent in the past quarter) due mainly to concerns over the level of price rises for bills and petrol in particular. The net proportion of consumers who felt they were better off decreased two percentage points in the past quarter. The net proportion of Australians that felt they were better off was 11 percentage points lower than it had been twelve months ago.

With further concern surrounding the price of petrol, the area of household expenditure where consumers were expecting the greatest increases was transport costs. This was followed by general household expenses and housing costs, including mortgages and rent. The only areas that consumers were expecting a net decline in expenditure were home entertainment and dining out, fast food and home delivered food.

The area of expenditure that Australians would be most likely to cut back on if facing tighter economic circumstances would be entertainment and going out, followed by dining and clothes. The items that Australians would be most likely to spend additional income on were debt reduction and savings, followed by holidays and travel. Some 40 per cent of consumers reported already having had to cut expenditure in other areas due to increasing petrol prices. The areas most likely to have suffered cuts were entertainment and going out, using the car less and travel and holidays.

The economy and concerns

The December 2005 Sensis® *Consumer Report* found a softening in Australian's perceptions and expectations of the economy from 13 per cent last quarter to six percent this quarter. Overall, 32 per cent of Australian consumers believed the economy was currently growing, compared to 26 per cent who believed the economy was currently slowing. This resulted in a decrease in the net balance by seven percentage points over the past quarter.

Australian consumers felt that prospects for economic growth for the year ahead were still on balance likely to be worse, with the proportion of consumers feeling that the economy would be better in a year's time, some 16 percentage points lower than the proportion that felt it would be worse.

Again, the increase in the price of petrol continued to strongly impact on Australians, with rises in the price of petrol being the greatest concern in the December 2005 Sensis® *Consumer Report*. This was followed by the health system and the environment. The largest increases in concern levels were reported for concerns about the workplace relations system and the quality of political leaders. The largest drop off in concern of any issue was over terrorism.

Our workplace environment

Australians reported an increased level of awareness for the debate surrounding proposed changes to the workplace relations system, having risen from 79 per cent to 92 per cent reporting they were aware of the issues over the past quarter.

On balance, Australians were still more likely to report a belief that the proposed changes would have a negative impact. Some 36 per cent of those who were aware of the issues reported that they felt the impact would be negative, compared to only 12 per cent who felt there would be a positive impact.

When asked where they stood on changes to the workplace relations system in principle, some 53 per cent reported they disagreed with the proposed changes, with 30 per cent reporting they agreed.

Overall, 92 per cent of those who were aware of the issue had seen the television advertising, with 65 per cent having seen the press advertising. Of those who had seen the press advertising, only 18 per cent reported having read it thoroughly, with most people reporting they had just glanced at it or not really looked at it at all.

Christmas

The December 2005 Sensis® *Consumer Report* found that some 94 per cent of Australians reported celebrating Christmas in some way. The most popular way of celebrating was to spend the day with family (95 per cent), closely followed by gift giving (94 per cent). Some 35 per cent of Australians that celebrate Christmas expect to attend a religious service.

A net balance of those that celebrate Christmas intended to increase their expenditure on Christmas shopping compared to last year (net balance of three percent). Most reported intending to purchase gifts for 11 people, with the median spend being $550 on Christmas gifts. Over six in ten intend to pay cash for their purchases, with over one-third intending to use credit cards for their Christmas gift purchases.

Section 1 : Economic confidence

Overall confidence in financial prospects

Key findings

The December 2005 Sensis® *Consumer Report* found a net 44 per cent of consumers expressed relative confidence in their financial prospects for the year ahead. The level of confidence amongst consumers has fallen significantly in the last quarter and was considerably lower than the level of confidence among business proprietors.

Australians recorded lower confidence with a net balance result of 44 per cent. This comprised 63 per cent of Australians who were confident about their prospects for the year ahead, while 19 per cent were worried.

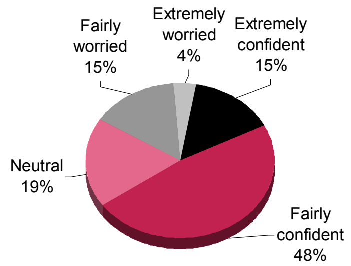
The December 2005 Sensis® *Consumer Report* found net confidence among consumers was 11 percentage points higher than business confidence measured in the concurrent Sensis® *Business Index*. The most recent Sensis® *Business Index* found net confidence amongst business proprietors in their business prospects for the year ahead was 55 per cent.

The net result of consumer confidence of 44 per cent represents a strong deterioration from the past quarter, with a seven percentage point decrease in the proportion of consumers that were feeling confident, coupled with an additional six percentage points increase in the proportion that were feeling worried.

This result compares to an unchanged result in net confidence among SME proprietors over the past quarter, with businesses concerned about future demand and consumer confidence. The views held by business proprietors of potential uncertainty in the economic environment are confirmed by the decrease in consumer confidence found in this concurrent survey of consumers.

It is also interesting to note that although consumer confidence is significantly lower than business confidence this quarter, the proportion of consumers that are extremely confident is actually larger than the proportion of business proprietors that are extremely confident. Likewise, there is little difference between the proportion of businesses and consumers that are extremely worried. The large difference between the business and consumer results has been caused by differences in the proportions that are fairly confident and fairly worried.

Overall confidence in financial prospects
November 2005



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

Base : 'Householders' – family household heads or independent singles

SOURCE: Sensis® *Consumer Report :Sweeney Research - November 2005*

Confidence trends – past five quarters

	November 2004	February 2005	May 2005	August 2005	November 2005
Extremely confident	19%	16%	14%	18%	15%
Fairly confident	50%	54%	53%	51%	48%
Neutral	17%	16%	17%	17%	19%
Fairly worried	10%	12%	12%	10%	15%
Extremely worried	4%	3%	4%	3%	4%
Total confident	69%	70%	67%	69%	63%
Total worried	14%	15%	16%	13%	19%
***Net Balance**	**+55%**	**+55%**	**+51%**	**+56%**	**+44%**

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

SOURCE: Sensis® *Consumer Report :Sweeney Research - November 2005*

Overall confidence - Trends
Comparison with business – November 2005

	Consumers[1]	Business[2]
Extremely confident	15%	13%
Fairly confident	48%	55%
Neutral	19%	19%
Fairly worried	15%	10%
Extremely worried	4%	3%
Total confident	63%	68%
Total worried	19%	13%
***Net Balance**	**+44%**	**+55%**

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

SOURCE: [1]Sensis® *Consumer Report :Sweeney Research - November 2005*
[2]Sensis® *Business Index :Sweeney Research - November 2005*

Overall confidence in financial prospects by respondent characteristics

The December 2005 Sensis® *Consumer Report* found males again reported significantly higher levels of confidence than females in the latest survey. This result represents a fall in confidence among males of 12 percentage points over the last quarter, and an equivalent decrease for female confidence levels. From this result it can be seen that the fall in confidence in the past quarter was not gender specific.

Looking at demographics by age group, the most confident age groups were those over 64 years of age. Examining both gender and age, the most confident Australians in August 2005 were males aged over 64 years, with this group reporting net confidence of 57 per cent. Females aged over 64 reported feeling the most confident of any female age-gender group. In a quarter marked by falling confidence in almost all demographics, the only age-gender group to record a rise in confidence was females over 64 years of age, with males in their 40s experiencing the largest decrease in confidence.

Australians living in metropolitan areas reported higher levels of confidence on average than those living in regional Australia, where confidence had fallen further in the past quarter. Once again, there was considerable variation among the states and territories. The most confident Australians were those living in the Northern Territory, where a net 55 per cent of consumers reported feeling confident about their financial prospects for the year ahead. Residents of the Northern Territory, Western Australia and Queensland all reported confidence levels above a net 50 per cent. The least confident Australians were those living in Victoria, where net confidence was at 38 per cent. Queensland was the only state to record an increase in confidence in the past quarter.

Examining family status, those living in a household without children were again the most confident about their financial prospects for the year ahead. Families with children and singles were equally the least confident (net 39 per cent compared to net 53 per cent for families without children).

Those on the highest income levels were, not surprisingly, the most likely to feel confident, with a net 72 per cent of those with a household income over $85,000 reporting feeling confident, compared to 20 per cent of those with a household income up to $35,000. The highest income group was also the only income demographic to report an increase in confidence in the past quarter, with the largest decrease in confidence being reported by those in the lowest income demographics.

Overall confidence by demographics
*Net balance

	Total	Male	Female
Total	**44%**	**49%**	**38%**
Up to 29 years	49%	46%	51%
30 – 39 years	39%	51%	28%
40 – 49 years	38%	46%	30%
50 – 64 years	40%	47%	32%
Over 64 years	55%	57%	54%

**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 - November 2005*

Overall confidence by location
*Net balance

Total	**44%**
Metro	45%
Non metro	42%
New South Wales	40%
Victoria	38%
Queensland	52%
South Australia	46%
Western Australia	54%
Tasmania	42%
Northern Territory	55%
Australian Capital Territory	47%

**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 - November 2005*

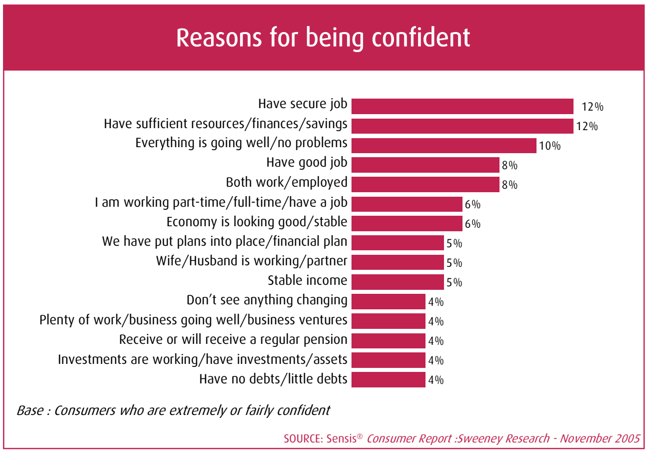
Overall confidence by socio-economic variables
*Net balance

Total	**44%**
Respondent is..	
The male or female household head in a family with children	39%
The male or female household head in a family without children	53%
Single person living alone or sharing	39%
Household income level..	
Up to $35,000	20%
$35,001 to $55,000	40%
$55,001 to $85,000	51%
Over $85,000	72%

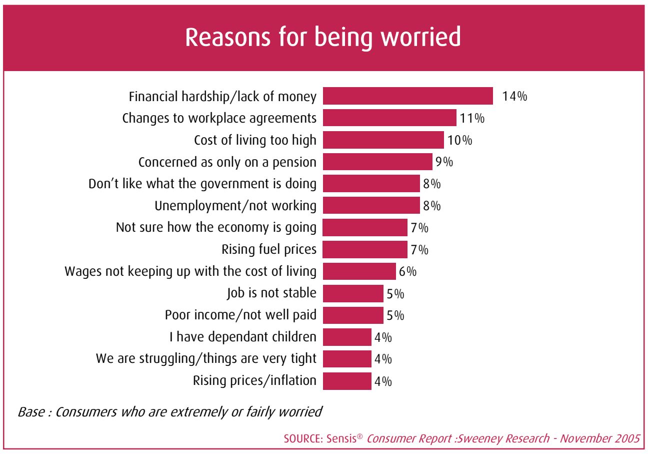
**Net Balance* defined as the proportion who are confident less the proportion who are worried.
Base : 'Householders' – family household heads or independent singles
SOURCE: Sensis® *Consumer Report :Sweeney Research - November 2005*

Reasons for being confident or worried

The main reasons given by Australians for feeling confident about their financial prospects for the year ahead were having secure employment, having sufficient resources and everything going well in general. The main reasons Australians reported feeling worried were based around financial hardship, changes to workplace agreements and concerns that the cost of living was too high.



Having secure jobs was the most important reason for feeling confident for most household income levels, with the exception of those households with incomes less than $35,000. For these households the main reasons for confidence were having sufficient resources, everything going well in general and having a regular pension.



Having a secure job was also the main reason for feeling confident across Australians aged in their 20s, 30s and 40s. For those Australians aged 50 to 64 the stable economic environment was the main reason for confidence, and for those aged over 64 having sufficient resources was the main reason for confidence.

The main reason Australians gave for feeling worried about their financial prospects for the year ahead was financial hardship and a lack of money. This was followed by concerns with the workplace relations environment and a perception that the cost of living was too high.

The issue that had risen most as a concern was financial hardship and lack of money, which had increased by five percentage points over the last quarter. Concerns over rising fuel prices also increased by three percentage points in the past quarter.

While financial hardship was the top reason for lack of confidence overall, it was not the top concern for any income demographic. For those earning up to $35,000 the main concern was being on a pension. For those earning between $35,000 and $55,000 the main concern was a dislike of government policy. For the next income demographic, those earning between $55,000 and $85,000, the changes to workplace relations agreements were the greatest concern. The highest income demographic was most concerned about rising prices and inflation, closely followed by a belief that they were not well paid.

The second top reason for concern this quarter was proposed changes to workplace agreements. This issue was most concerning for those with income levels between $55,000 and $85,000. It was also the equal top reason for lacking confidence for residents of New South Wales and the Australian Capital Territory, along with financial hardship.

Comparison to a year ago

In line with the fall in confidence for future financial prospects, this quarter found the proportion of Australians who felt they were better off than they had been a year ago continuing to soften. Twenty-seven per cent of Australians believed they were better off than they had been a year ago, up from 25 per cent last quarter. Fifty-two per cent believed their position was about the same as a year ago, down five percentage points. The proportion that felt worse off increased by four percentage points to 22 per cent. This resulted in a net decrease of two percentage points in the proportion of Australians feeling they were better off in the past quarter.

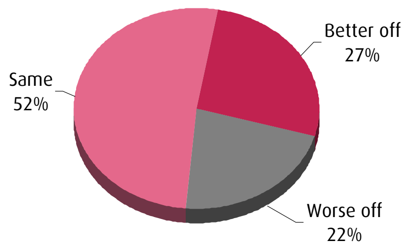
There was a direct relationship between household incomes and whether Australians felt better off. Those Australians on higher incomes were more likely to feel they were better off than they had been a year ago. Those earning up to $35,000 were more likely on balance to feel they were actually worse off than they had been. Females were also significantly less likely than males to feel they were better off than they had been a year ago (zero per cent compared to 11 per cent).

In line with the results for confidence, residents of the Northern Territory and Western Australia were the most likely to feel they were better off than they had been a year previously, with those residents in New South Wales least likely to feel they were better off. Those Australians who rented their home were again more likely to feel they were better off than those who owned their home.

The main reasons Australians gave for feeling they were better off than they were a year ago related to increased earnings, both as a result of their labours and investments. In line with the previous three quarters, the main reason given was people were earning more money than a year ago. Other reasons, though significantly lower on the scale, were achieving good returns on investments, changing employment, paying off their mortgage and better financial management.

Inflationary factors were top of the list of reasons that Australians gave for feeling worse off than they had been a year ago. Increased prices, primarily bills and petrol, were given as the number one response, followed by the closely-aligned response of general increases in the cost of living. The next most significant reason for feeling worse off was having lost a job, followed by a drop in income.

Comparison to a year ago
November 2005



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

Base : 'Householders' – family household heads or independent singles

SOURCE: Sensis® *Consumer Report :Sweeney Research - November 2005*

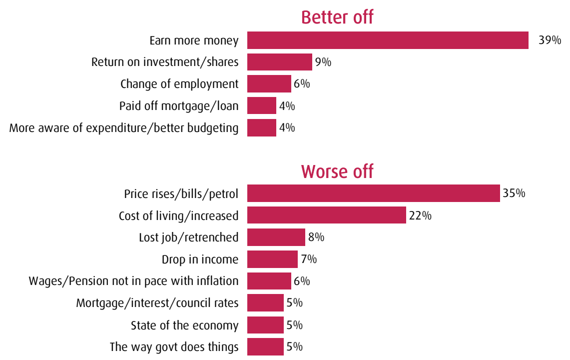
Comparison to a year ago
Trends

	November 2004	February 2005	May 2005	August 2005	November 2005
Better off	30%	30%	28%	25%	27%
Same	56%	53%	55%	57%	52%
Worse off	14%	17%	17%	18%	22%
***Net Balance**	**+16%**	**+13%**	**+11%**	**+7%**	**+5%**

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

SOURCE: Sensis® *Consumer Report :Sweeney Research - November 2005*

Reasons for being better or worse off



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

SOURCE: Sensis® *Consumer Report :Sweeney Research - November 2005*

Household expenditure expectations

Consumer expenditure expectations again remained net positive for consumption across most of the major expenditure groups in the latest quarter. For the second successive quarter, the area with the highest net proportion of consumers expecting to increase expenditure was transportation costs, where a net 49 per cent were expecting to increase their expenditure (an increase of four percentage points since last quarter). The net proportion of consumers expecting to increase spending in this area has increased by 10 percentage points over the past six months.

The only areas of expenditure where more people were expecting to decrease their expenditure rather than increase it were dining out, fast food and home deliveries, and home entertainment items. This is the sixth consecutive quarter where households nominated that they expected to decrease their expenditure on dining out, fast food or home deliveries over the coming year. However the net balance at negative six per cent remained unchanged in the past quarter. Household demographic groups were not expecting to increase their spend in this area.

While increases were expected in most areas of expenditure, the trends in the net proportion of those expecting to increase expenditure were mixed. Increasing net expectations were recorded for transport costs, general household expenses, housing costs, home renovations and education costs. Decreasing trends were recorded for health and medical expenses, telecommunications, entertainment, sport and leisure activities, items for the home and home entertainment.

This quarter saw families without children as the demographic most likely to expect to increase expenditure across the largest range of categories. Items of expenditure where expectations were greatest among families without children were housing costs, health, holidays and travel, telecommunications and items for the home.

The survey found singles were expecting an entertaining time in the coming year. Not only were singles most likely to be expecting to increase their expenditure on entertainment, sport and leisure activities, they were also most likely to be expecting to increase their home entertainment. Singles were also the only demographic not expecting to decrease their spend on dining out, fast food and home deliveries.

The greatest trend increase this quarter across any expenditure category was for general household expenses, with the vast majority of the increase in both of these areas coming from families with children.

Household expenditure expectations
November 2005

	Spend more	Spend less	No change	*Net balance
Transport costs - cars or public transport	56%	7%	37%	**+49%**
General household expenses - groceries and bills	52%	6%	42%	**+45%**
Housing costs such as mortgage payments or rent	25%	7%	68%	**+18%**
Health and medical expenses	26%	9%	65%	**+18%**
Home renovations or improvements	30%	15%	54%	**+15%**
Education costs	23%	10%	67%	**+14%**
Holidays and travel	29%	17%	54%	**+13%**
Telecommunications – incl. mobile phones & internet	21%	12%	66%	**+9%**
Entertainment, sport and leisure activities	20%	11%	69%	**+9%**
Items for the home such as furniture or electrical goods	22%	22%	56%	**0%**
Home entertainment - DVD's, CDs or computer games	11%	16%	72%	**-5%**
Dining out, fast food or home deliveries	11%	17%	72%	**-6%**

Q. Over the next twelve months do you expect to spend a larger, smaller or about the same proportion of (your family) (your) income on...

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 - November 2005

Household expenditure expectations
Trends In *Net Balance

	Nov 2004	Feb 2005	May 2005	Aug 2005	Nov 2005
Transport costs – cars or public transport	+32%	+26%	+38%	+44%	+49%
General household expenses - groceries and bills	+37%	+37%	+42%	+39%	+45%
Housing costs such as mortgage or rent	+13%	+17%	+23%	+17%	+18%
Health and medical expenses	+16%	+18%	+18%	+19%	+18%
Home renovations or improvements	+8%	+10%	+9%	+12%	+15%
Education costs	+8%	+13%	+10%	+13%	+14%
Holidays and travel	+15%	+14%	+12%	+13%	+13%
Telecommunications – including mobiles & Internet	+9%	+13%	+12%	+12%	+9%
Entertainment, sport and leisure activities	+9%	+7%	+6%	+13%	+9%
Items for the home such as furniture or electricals	0%	0%	+3%	+4%	0%
Home entertainment	-1%	-3%	-5%	+1%	-5%
Dining out, fast food or home deliveries	-6%	-6%	-10%	-6%	-6%

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 - November 2005

Household expenditure expectations
By family status

**Net balance for..*	Families with children	Families no children	Singles
Transport costs – cars or public transport	+56%	+47%	+43%
General household expenses - groceries and bills	+56%	+40%	+37%
Housing costs such as mortgage or rent	+16%	+20%	+18%
Health and medical expenses	+16%	+24%	+14%
Home renovations or improvements	+20%	+14%	+9%
Education costs	+29%	+3%	+5%
Holidays and travel	+8%	+17%	+14%
Telecommunications – including mobiles & Internet	+9%	+11%	+7%
Entertainment, sport and leisure activities	+11%	+1%	+14%
Items for the home such as furniture or electricals	-1%	+3%	-2%
Home entertainment	-10%	-5%	+1%
Dining out, fast food or home deliveries	-14%	-1%	0%

**Net Balance* defined as the proportion who will spend more less the proportion who will spend less
SOURCE: Sensis® *Consumer Report* :Sweeney Research - November 2005

Cutting or increasing expenditure

It is interesting to note the particular areas where consumers are most likely to increase or decrease their expenditure if they faced changing financial circumstances. This can highlight areas of the economy which are most likely to be affected, were there to be 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.

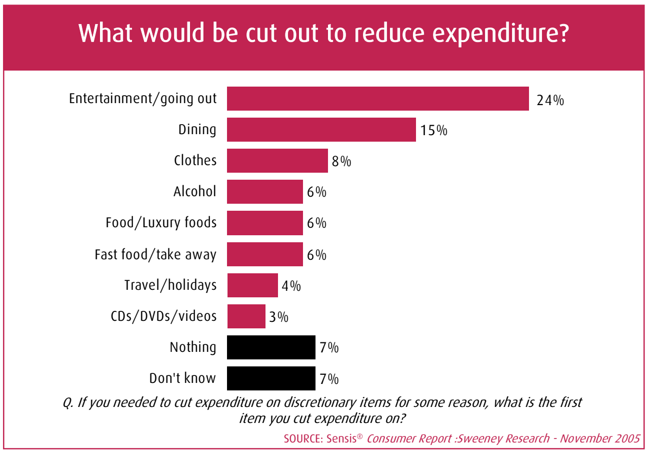
The area of expenditure most likely to be cut by consumers would be money spent on entertainment and going out, with 24 per cent of consumers nominating this as their first means to decrease expenditure, a decrease of two percentage points in the last quarter. Residents of Western Australia were the most likely to nominate they would cut expenditure on entertainment and going out if necessary.

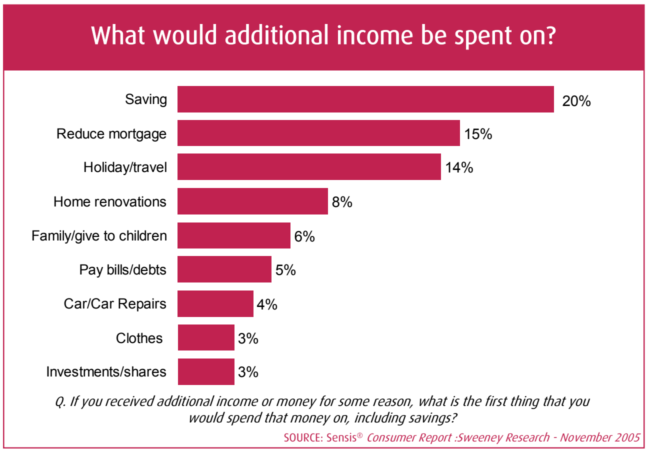
Dining out at restaurants was the second most likely item to be cut by consumers, with 15 per cent nominating this as the first item they would cut back on if necessary. Restaurants in the southern states were most likely to be affected, with residents of New South Wales, Victoria and South Australia most likely to cut back on dining, with 17 per cent nominating that as their first area for reduction in each of these states. In addition, those restaurants catering to the upper end of the market were most likely to feel the effects of a downturn, with those earning over $85,000 most likely to nominate dining out as the first expense they would cut.

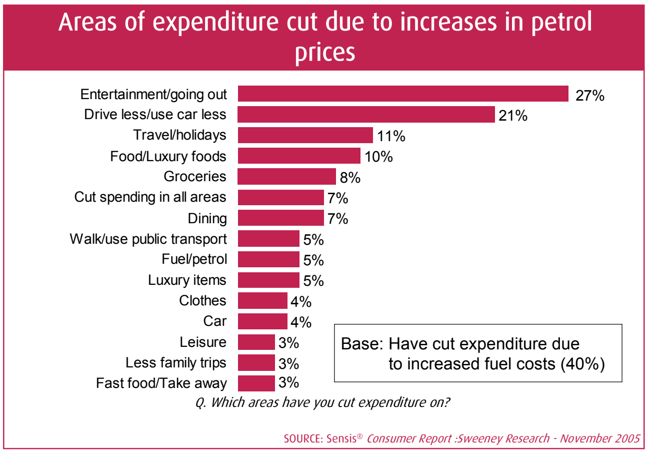
As was seen earlier, the Sensis® *Consumer Report* has found considerable proportions of Australians whose confidence has been impacted by the increase in fuel prices in the past few months. Overall, some 40 per cent of consumers reported they have already cut expenditure in other areas as a result of increases in petrol prices.

The increase in petrol prices has impacted most significantly on those with a household income of up to $55,000, where almost one in two households have cut expenditure on other items. It has also been felt most strongly by residents of Queensland.

The area where most expenditure has already been cut was entertainment, where 27 per cent of those affected had cut spending. Interestingly, the second most significant consumer area to be cut has been reliance on motor vehicles, with over one in five of those affected having changed their behaviour in this regard. Thirdly, over one in ten of those affected had made decisions to cut their holidays and travel to save money.







Perception of the state of Australia's economy

The December 2005 Sensis® *Consumer Report* found the proportion of consumers that felt Australia was currently in a period of economic growth softened over the past quarter. This view was held by 32 per cent of consumers, compared to 26 per cent that felt the economy was currently slowing down, and 35 per cent that felt it was standing still. This resulted in a net balance of six per cent of consumers who felt the economy was currently in a growth phase. This net result is down seven percentage points since last quarter.

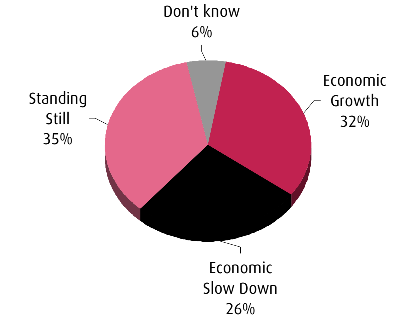
People living in metropolitan areas of Australia held significantly higher perceptions of the current state of the economy than those living in regional areas, where there was a view that the economy was on balance in a slow down phase. Residents of Western Australia held the highest perceptions of the current state of the economy, compared to New South Wales and Tasmania, where consumers held the lowest perceptions. Despite this, all states and territories had net positive perceptions that the Australian economy was currently in a growth phase.

When asked how they thought the economy would be performing a year from now, 20 per cent of consumers felt it would be better than the current situation, unchanged in the past quarter. This compared to the 36 per cent of consumers that felt the economy would be worse in a year's time. The most likely response, however, was the economy would be the same in a year's time as it currently was (38 per cent, down from 47 per cent).

Again, those living in regional Australia held more negative views on the future direction of the Australian economy than consumers in metropolitan areas. While all states and territories held net negative views on the future economic direction, the most optimistic views were among residents of the Australian Capital Territory, with residents of Queensland holding the most pessimistic views.

When the same question was asked of business proprietors in the November 2005 Sensis® *Business Index,* business proprietors reported higher levels of optimism in the economic outlook than consumers. A net balance of 14 per cent of business proprietors felt the economy was currently in a growth phase, compared to the net balance of six per cent of consumers who felt the economy was in a growth phase. When looking at expectations a year from now, a net negative one per cent of business proprietors reported believing the economy would be better, compared to a net negative 16 per cent of consumers.

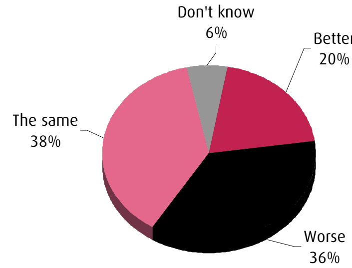
Perceptions of the state of the economy now
November 2005



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?

SOURCE: Sensis® *Consumer Report :Sweeney Research - November 2005*

Perceptions of the economy a year from now
November 2005



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 - November 2005*

Perceptions of the state of the economy
Trends

	Nov 2004	Feb 2005	May 2005	Aug 2005	Nov 2005
The Economy Now					
Growth	48%	46%	28%	35%	32%
Slowing	13%	16%	29%	22%	26%
*Net Balance	**+35%**	**+30%**	**-1%**	**+13%**	**+6%**
The Economy a Year from Now					
Better	25%	23%	15%	20%	20%
Worse	25%	25%	34%	27%	36%
*Net Balance	**0%**	**-2%**	**-19%**	**-7%**	**-16%**

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

SOURCE: Sensis® *Consumer Report :Sweeney Research - November 2005*

Perceptions of the state of the economy
Comparison with business

	[1]Consumers	[2]Business
The Economy Now		
Growth	32%	36%
Slowing	26%	22%
*Net Balance	**+6%**	**+14%**
The Economy a Year from Now		
Better	20%	20%
Worse	36%	21%
*Net Balance	**-16%**	**-1%**

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

SOURCE: [1] Sensis® *Consumer Report :Sweeney Research - November 2005*
[2] Sensis® *Business Index :Sweeney Research - November 2005*

Section 2 : Our concerns

Prime concerns

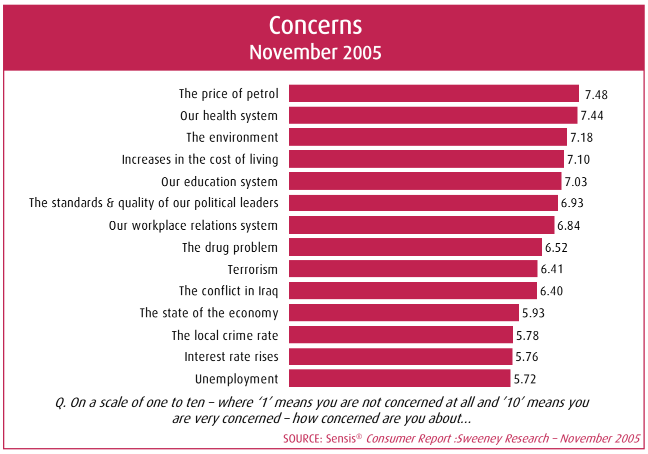
The December 2005 Sensis® *Consumer Report* found Australians are still most concerned about the price of petrol, however, in line with some softening of the bowser price in recent weeks, there was a small fall in the overall level of concern. This concern was followed by the health system and the environment. Workplace relations and the standard of political leaders were the issues that had risen most in levels of concern over the past quarter. The issue to fall the most in the past quarter was terrorism.

When asked to rank topical issues on a scale of one, representing no concern at all over the issue, to ten, representing a high level of concern, the price of petrol scored an average score of 7.48, higher than any other issue. Households with incomes up to $35,000 were again most likely to report concern over the price of petrol (average level of 7.82) than households in other income brackets. Residents of Tasmania were again the most likely to report concern about petrol prices (average level of 7.96), with those in the Australian Capital Territory again reporting the lowest level of concern on this issue (average level of 7.35).

The health system was the second highest concern for Australians, ranking it at an average level of 7.44. Residents of Tasmania were again the most likely to express concern over the health system this quarter than residents of any other state or territory (8.20, up from 8.14 last quarter). Residents of the Northern Territory reported the lowest levels of concern about the health system (6.94).

The third highest concern for Australians in the latest survey was the environment, which was ranked at 7.18, down from 7.21 last quarter. Those living in metropolitan areas were most likely to be concerned about this issue (7.28). Residents of the Northern Territory were the most likely to express concern over the environment this quarter than residents of any other state or territory (7.46), with Victorians reporting the lowest levels of concern (7.09).

As previously stated, concern over the workplace relations system and the standard and quality of political leaders saw the greatest increases in the past quarter. Those Australians who were working part time were most likely to be concerned about changes to the workplace relations environment. Residents of the Australian Capital Territory were also more likely to display relative concern about the changes to the workplace relations system than in any other state or territory.



Concerns
Trends – last five quarters

	Nov 2004	Feb 2005	May 2005	Aug 2005	Nov 2005
The price of petrol	N/A	N/A	N/A	7.58	7.48
Our health system	7.30	7.42	7.47	7.39	7.44
The environment	6.95	7.17	7.26	7.21	7.18
Increases in the cost of living	6.75	6.92	7.02	6.98	7.10
Our education system	6.83	6.99	7.05	6.92	7.03
The standards & quality of political leaders	6.28	6.56	6.54	6.74	6.93
Our workplace relations system	N/A	N/A	N/A	6.65	6.84
The drug problem	6.55	6.79	7.00	6.65	6.52
Terrorism	6.29	6.15	5.93	6.96	6.41
The conflict in Iraq	6.78	6.49	6.57	6.77	6.40
The state of the economy	5.53	5.56	5.92	5.84	5.93
The local crime rate	5.96	6.2	6.17	5.96	5.78
Interest rate rises	5.69	6.03	5.89	5.88	5.76
Unemployment	5.72	5.76	5.89	5.7	5.72

SOURCE: Sensis® *Consumer Report :Sweeney Research – August 2005*

Concerns by demographics

Females again displayed higher levels of concern across all issues in the latest quarter. The issue where there was the greatest difference between the level of concern displayed by males and females was again terrorism, followed by the drug problem and unemployment, with females displaying far higher concern levels than males over all these issues. The issue where male and female views most closely aligned was again the workplace relations system.

The greatest concerns for those in the lowest income demographic was the price of petrol, increases in the cost of living and the health system. The greatest concerns for those in the uppermost income demographic were the health system, the environment, the education system and the workplace relations system.

Those aged up to 19 years displayed the highest level of concern of any age demographic over the price of petrol, increases in the cost of living, terrorism and unemployment. Those Australians aged from 20 to 29 years were least likely to be concerned about increases in the cost of living and least likely to be concerned about a wide range of issues including the price of petrol, the health system, political leaders, the drug problem, terrorism, the economy, the crime rate and unemployment. Those aged from 30 to 39 years were more likely than other age groups to be concerned about the environment. Those aged from 40 to 49 years were most likely to be concerned about interest rate increases, the education system, politicians and the workplace relations system.

Older Australians were most likely to display relatively high levels of concern over most issues. Those aged from 50 to 64 years were most likely to be concerned about the health system and the local crime rate, but were least likely to be concerned about increases in the cost of living. The oldest age demographic (65+) displayed the most concern over the drug problem, the conflict in Iraq and the local crime rate. This age group was least concerned than any other over the environment, the education system, the workplace relations system and interest rate rises.

Whilst the price of petrol was the number one concern overall, it was only the top concern for the youngest age demographic aged up to 19, and the oldest demographic (65+). Those aged from 30 to 64 considered the health system to be their top concern, with those aged in their 20s ranking the education system as their top concern overall.

Concerns by gender

	Total	Male	Female	Differ-ence
The price of petrol	7.48	7.24	7.71	-0.47
Our health system	7.44	7.19	7.68	-0.49
The environment	7.18	6.92	7.43	-0.51
Increases in the cost of living	7.10	6.69	7.49	-0.8
Our education system	7.03	6.77	7.28	-0.51
The standards & quality of political leaders	6.93	6.77	7.08	-0.31
Our workplace relations system	6.84	6.71	6.97	-0.26
The drug problem	6.52	6.00	7.02	-1.02
Terrorism	6.41	5.86	6.94	-1.08
The conflict in Iraq	6.40	5.98	6.80	-0.82
The state of the economy	5.93	5.70	6.16	-0.46
The local crime rate	5.78	5.41	6.14	-0.73
Interest rate rises	5.76	5.48	6.03	-0.55
Unemployment	5.72	5.23	6.20	-0.97

SOURCE: Sensis® *Consumer Report :Sweeney Research - November 2005*

Concerns by age group

	Total	Up to 19	20 to 29	30 to 39	40 to 49	50 to 64	65+
The price of petrol	7.48	7.92	7.03	7.39	7.71	7.43	7.60
Our health system	7.44	7.31	6.94	7.57	7.72	7.73	7.25
The environment	7.18	7.14	7.12	7.35	7.29	7.20	6.92
Increases in the cost of living	7.10	7.64	7.02	7.30	7.45	6.70	6.73
Our education system	7.03	7.16	7.15	7.09	7.62	6.62	6.57
The standards & quality of political leaders	6.93	6.64	6.50	7.08	7.42	7.01	6.77
Our workplace relations system	6.84	6.59	6.84	6.85	7.38	6.70	6.54
The drug problem	6.52	6.29	5.12	5.92	6.80	7.35	7.52
Terrorism	6.41	7.00	5.67	6.06	6.55	6.69	6.68
The conflict in Iraq	6.40	6.75	5.92	5.62	6.29	6.67	7.40
The state of the economy	5.93	5.78	5.62	6.06	6.49	5.81	5.73
The local crime rate	5.78	5.68	5.20	5.72	5.77	6.10	6.10
Interest rate rises	5.76	5.87	5.84	6.19	6.21	5.41	5.01
Unemployment	5.72	6.34	5.26	5.39	5.76	5.78	6.11

= Highest level

= Lowest level

SOURCE: Sensis® *Consumer Report :Sweeney Research - November 2005*

Section 3: Workplace relations

Perceived impact of proposed changes to the workplace relations system

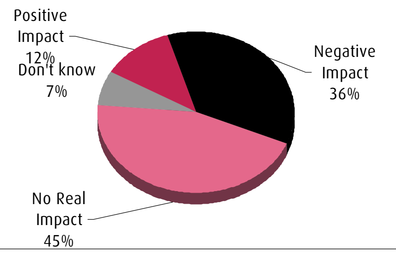
The December 2005 Sensis® *Consumer Report* found that, overall, some 92 per cent of Australians felt they were aware of the debate surrounding proposed changes to the workplace relations system. This compares to an awareness level of 98 per cent of business owners as measured in the concurrent November 2005 Sensis® *Business Index*. Following the Federal Government's significant advertising campaign, the proportion of Australians that now felt they were aware that changes had been proposed to the workplace relations environment has risen from 79 per cent in the September 2005 Sensis® *Consumer Report*.

Of those Australians who were aware of the issue, some 36 per cent felt the proposed changes would have a negative impact on them, compared to 12 per cent that felt there would be a positive impact and 45 per cent who felt that the changes being debated would have no real impact either way. This resulted in an overall net negative impact of 24 per cent. This result compares to the views of business owners, with the Sensis® *Business Index* measuring a net positive 16 per cent of business owners who felt that the changes would have a positive impact. It is interesting to note that while the release of the changes and the Government's advertising campaign had a net positive impact on the broad population overall, there was actually a slight negative impact amongst business proprietors.

Part-time workers were the employment-status group most likely to feel that the changes would impact negatively on them on balance. Union members were much more likely to feel that there would be a negative impact than those who were not members of a union (net negative 59 per cent compared to net negative 16 per cent).

The overwhelming reason behind the views that there would be a negative impact was a concern that the changes could lead to lower income levels, closely followed by a loss of rights and a perception that employers would have all the control. Those who believed there would be a positive impact felt that the new system would be easier and more streamlined, that they would have a better standard of living and that it would be easier to fire employees that did not perform.

Impact of Proposed Changes to Workplace Relations



Q. Have you heard the government is proposing changes to the workplace relations environment?
Q. Do you believe that the proposed changes will have a positive impact on you, a negative impact or no real impact either way?
SOURCE: Sensis® *Consumer Report :Sweeney Research - November 2005*

Reasons for positive or negative impact

Base : Consumers who believe the proposed changes will have a negative/positive impact
SOURCE: Sensis® *Consumer Report :Sweeney Research - November 2005*

Support for changes to the workplace relations system

When asked where they stood, in principle, on the proposed changes to the workplace relations system, some 53 per cent of Australians aware of the issue reported they disagreed with the proposed changes. This was compared to 30 per cent that agreed, resulting in a net 23 per cent disagreement to the changes. While the Australian community remained overwhelmingly in disagreement to the changes, there was a significant softening in the level of disagreement, which was at net negative 34 per cent last quarter.

It is interesting to note that the support level of net negative 23 per cent amongst the Australian population compares to the net support level of positive 33 per cent of business owners as measured in the concurrent November 2005 Sensis® *Business Index*.

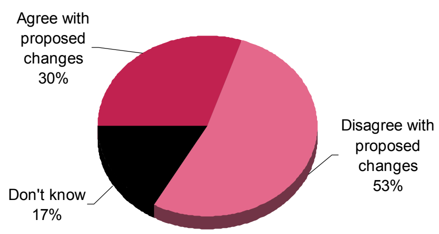
Around the country, all states and territories recorded net negative support for changes to the workplace relations system, that is they were more likely to disagree with changes to the system. The least negative result was again in New South Wales, at net negative 16 per cent. The most negative result was again recorded in the Northern Territory, at net negative 44 per cent.

In essence, the past quarter has seen a decrease in the net negative feelings on the workplace relations changes from consumers, coupled with an opposing decrease in support levels from the business community. The main areas likely to be influencing this change are the announcement of the actual changes, coupled with a large-scale advertising campaign undertaken by the Federal Government.

When looking at the advertising campaign, it is interesting to note the 92 per cent awareness of the television advertising, compared to only 65 per cent awareness of press advertising. Both television and press advertising campaigns were more likely to be seen by males than females.

Of those who were aware of the issue and had seen the press advertising, only 18 per cent claimed to have read this advertising thoroughly. The most frequent response given was that they had glanced at the advertising. Of those that had seen the advertisements, just over half had not read them to any significant extent, with just under half having read at least some of the advertisements. As a proportion of the total community, approximately one in ten Australians claimed to have read the advertisements thoroughly.

Support of Proposed Changes to Workplace Relations



Q. Do you in principle, agree with the government's proposed changes to the workplace relations system?

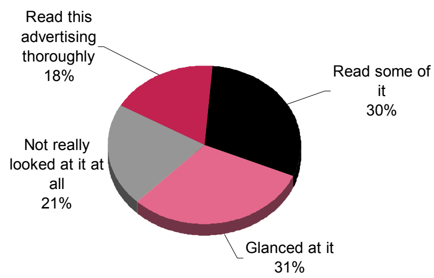
SOURCE: Sensis® *Consumer Report :Sweeney Research - November 2005*

Awareness of Government advertising

	TV advertising	Press advertising
Total	**92%**	**65%**
Male	95%	72%
Female	89%	58%
Up to 29	92%	57%
30-39 years	91%	66%
40-49 years	94%	68%
50-64 years	91%	73%
65+ years	91%	64%

SOURCE: Sensis® *Consumer Report :Sweeney Research - November 2005*

Amount of press advertising read



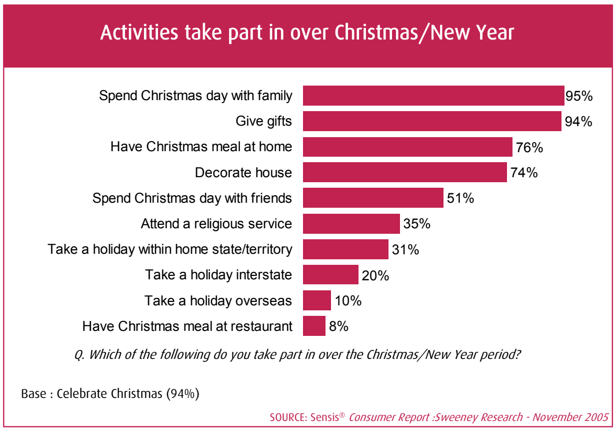
Base : Aware of proposed changes to workplace relations environment and press advertising (65%)

SOURCE: Sensis® *Consumer Report :Sweeney Research - November 2005*

Section 4: Christmas

Christmas celebrations

With the festive season fast approaching, it is interesting to examine the impact of this time of year on the Australian population. Overall, some 94 per cent of Australians reported they celebrate Christmas in some way. While the proportion of Australians celebrating Christmas was high around the nation, it was highest in the Australian Capital Territory, where 97 per cent reported taking part in celebrations, and lowest in Queensland, where only 89 per cent reported taking part.



For those partaking in Christmas celebrations, the most popular activity was spending Christmas Day with family. Overall, 95 per cent of those who celebrate Christmas reported spending the day with their family.

At a very close second position, the next most popular Christmas activity was giving gifts, with 94 per cent of those celebrating Christmas reporting partaking of this ritual.

The Australian Capital Territory may well be Australia's Christmas Capital. With not only the highest level of participation in Christmas celebrations, residents of the Australian Capital Territory also showed the greatest level of participation in gift giving (99 per cent), house decorating (83 per cent) and having the Christmas meal at home (88 per cent). Along with Victorians they were equally most likely to spend the day with family (98 per cent). The strong level of Christmas participation corroborates the November 2005 Sensis® *Business Index* finding that the highest sales and profitability expectations among businesses for the coming quarter were in the Australian Capital Territory.

Over three-quarters of Australians celebrating Christmas were planning on having the Christmas meal at home. This compared to eight per cent that were planning to have the Christmas meal at a restaurant. Residents of Queensland were the most likely to be expecting to have their Christmas meal at a restaurant (13 per cent).

On a more spiritual note, some 35 per cent of Australians were expecting to find themselves at a religious service this Christmas. Religious attendance was highest in South Australia and the Australian Capital Territory, and lowest in the Northern Territory. Residents of the Northern Territory were also the most likely to travel interstate over the Christmas holiday period, or spend Christmas day with friends.

Christmas retail expectations

As mentioned previously, one of the most popular ways that Australians celebrate Christmas was in the giving of gifts, with 94 per cent of those celebrating Christmas taking part in gift giving.

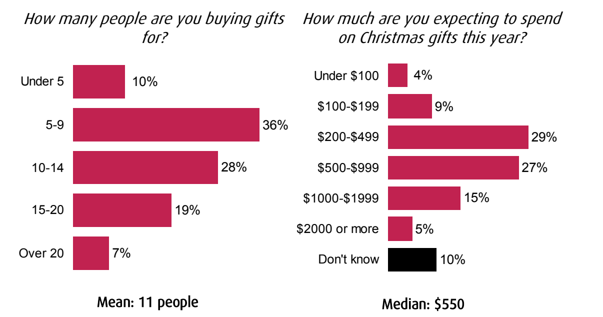
In terms of consumer sentiment, most people reported that they were buying presents for 11 other people this Christmas. Females reported doing slightly more of the gift purchasing, buying gifts for 12 people on average, with males reporting buying gifts for 10 people on average. There was little difference on an income basis, with those from the lowest income households buying presents for just over 10 people on average, and the higher income households reporting buying gifts for almost 12 people.

The average amount of money that Australians are anticipating spending on gifts this year was $550. Averaging over 11 people equates to an average gift cost of $50. The main difference in gift expenditure on an income basis occurred dependent on whether the household income was greater or less than $55,000. Those with incomes of less than $55,000 were more likely to nominate a total gift spend of up to $500, while those with a household income over $55,000 were more likely to nominate an amount over $500.

The majority of Australians reported expecting to spend the same on Christmas presents this year as they did last year (52 per cent). Overall, however, on balance slightly more Australians were expecting to increase their Christmas spend than decrease it (23 per cent increase compared to 20 per cent decrease). The highest net increase was recorded in the Northern Territory, where strong levels of business and consumer confidence were reported throughout the year. Unfortunately, Queensland's also strong economic confidence has not translated into a similar investment in gift-giving, with a net balance of negative six per cent expecting to increase their gift spend.

And, being a traditional time of year, most plan to use cash to pay for Christmas gifts (61 per cent), with over one-third (36 per cent) planning to use credit cards for their purchases. Males were slightly more likely to report expecting to use credit cards than females (39 per cent compared to 33 per cent of females). Those earning over $85,000 were the most likely to report expecting to use their credit cards for gift purchases (43 per cent), compared to the almost three-quarters (74 per cent) of those earning up to $35,000 who planned to use cash for their purchases.

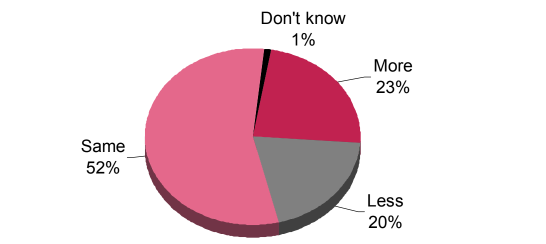
Number of people buying gifts for and expected expenditure



Base : Celebrate Christmas

SOURCE: Sensis® *Consumer Report :Sweeney Research - November 2005*

Christmas spending expectations compared to a year ago

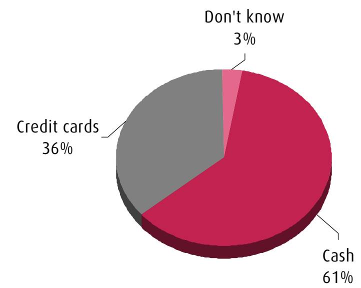


Q. Are you expecting to spend more on your Christmas shopping than you spent last year, less or about the same?

Base : Celebrate Christmas

SOURCE: Sensis® *Consumer Report :Sweeney Research - November 2005*

Method of payment for Christmas gifts



Q. And how will you pay for the majority of your Christmas gifts?

Base : Celebrate Christmas

SOURCE: Sensis® *Consumer Report :Sweeney Research - November 2005*

How to Obtain a Copy of the Sensis® *Consumer Report*

Visit www.about.sensis.com.au

The December 2005 Sensis® *Consumer Report* can be accessed on the Sensis internet site at www.about.sensis.com.au from 13 December 2005.

Sensis® *Consumer Report* "Special Reports"

** Net balance is defined as the difference between the percentage with a positive outlook and the percentage with a negative outlook.*

Sensis® *Insights* undertakes commissioned research for corporate and government organisations on a variety of issues.

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