

Sensis[®] *Consumer Report*

December 2006



Sensis® Consumer Report

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Introduction

The December 2006 Sensis® *Consumer Report* is a survey designed to measure the confidence and behaviour of Australia's 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.

In addition, Sensis® *Insights* 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 over the period 23 October to 21 November 2006.

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 2006 Sensis® *Consumer Report* are made between consumers and businesses. The business results are based on data from the November 2006 Sensis® *Business Index* of 1,800 SMEs.

Executive summary

Consumer confidence

The December 2006 Sensis® *Consumer Report* found a net balance of 52 per cent of Australians reporting confidence in their financial prospects for the year ahead. This result was a strong improvement of eight percentage points from last quarter.

This result compares with the latest business confidence results from the November 2006 Sensis® *Business Index*, which found a net 50 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 feeling the cost of living was high.

Thirty per cent of Australian households believed they were better off than a year ago (up one percentage point in the past quarter), with earning more money being the main reason for this belief. Nineteen per cent of households felt they were worse off (falling five percentage points in the past quarter) due mainly to inflationary concerns. The net proportion of consumers who felt they were better off rose six percentage points in the past quarter, which was also up by six percentage points from 12 months ago.

Expenditure expectations followed the rising concerns over increases in the cost of living, fuel prices and interest rates. In the household expenditure category, consumers expected the greatest increases in general household expenses such as groceries and bills. This was followed by transportation costs and housing costs, including mortgages and rent. The areas consumers were expecting a net decline in expenditure were home entertainment; and dining out, fast food and home delivered food.

According to the December 2006 Sensis® *Consumer Report*, Australians would reduce expenditure on entertainment and going out, followed by dining, if they faced tighter economic circumstances. The item Australians would most likely direct additional income towards was savings, followed by mortgage reduction and holidays and travel. Some 35 per cent of consumers cut expenditure in other areas due to increasing petrol prices, down seven percentage points in the past quarter. The areas most likely to have suffered cuts were entertainment and going out; using the car; and travel and holidays.

The economy and concerns

The December 2006 Sensis® *Consumer Report* found Australians' perceptions of the current state of the economy were unchanged at nine per cent. This resulted from 36 per cent of Australian consumers believing the economy was currently growing, less the 27 per cent who believed the economy was currently slowing.

Australians also felt economic growth prospects for the year ahead were on balance likely to worsen, with the proportion of consumers feeling the economy would be better in a year's time, some 17 percentage points lower than the proportion that felt it would be worse. However, despite remaining negative overall, the net proportion of consumers feeling the economy would improve in a year's time improved by three percentage points over the last quarter.

The drought was the greatest concern for Australians in the December 2006 Sensis® *Consumer Report*. The drought received the highest ever level of concern in any Sensis® *Consumer Report*. The drought was followed by the environment and the health system. The largest increase in concern levels for Australians was in relation to the environment, followed by the drug problem and the largest drop in concern for any issue was the price of petrol, followed by the workplace relations system.

Our workplace environment

On balance, Australians were still more likely to report a belief the changes to the workplace relations system would have a negative impact. Some 30 per cent of those aware of the issues reported they felt the impact would be negative, compared to 10 per cent who felt there would be a positive impact. This resulted in an overall net balance result of 20 per cent – up eight percentage points in the last quarter, and now the highest level recorded since the Sensis® *Consumer Report* started tracking Australians attitudes to workplace relations changes in August 2005.

The main reasons Australians felt the new system would have a negative impact was they would suffer a loss of rights, that changes would give all the control to employers, and their wages would drop. The main reason for reporting a positive impact was that some change was needed to make the system fairer.

Overall, some 15 per cent of Australians felt they did not understand the changes to the workplace relations system at all. In total 17 per cent of Australians felt they understood the changes thoroughly, an increase from 13 per cent last quarter. Some 35 per cent of Australians on average reported they wanted more information on how changes would impact them, a decrease from 45 per cent last quarter.

Our celebrations

The December 2006 Sensis® *Consumer Report* found 93 per cent of Australians reported they would be celebrating Christmas this year, down marginally from 94 per cent last year. Of those Australians that celebrate Christmas, the most common activities planned were giving gifts (96 per cent, up two percentage points) and spending the day with family (unchanged at 95 per cent). Forty per cent of Australians that celebrate Christmas expect to attend a religious service (up five percentage points from last year).

More consumers expected to increase their total Christmas shopping spend this year compared to last year, with the five percentage point increase having risen by two percentage points in the past year. Most reported intending to purchase gifts for 10 people (down marginally from 11 people last year), with the average spend on gifts being \$857 (up from \$794 last year).

Clothing topped the list as the gift most people were expecting to buy this year, closely followed by toys. However, toys accounted for the greatest share of expenditure when spend per person was taken into account. Computers, IT, technology and accessories were only the ninth most popular type of gift, however accounted for the third greatest share of expenditure at 11 per cent. A holiday was the gift most people desired this Christmas, closely followed by clothing. Other popular gifts Australians hoped to receive included books, money, jewellery and cars. The top gifts money couldn't buy included having all the family together for Christmas, winning the lottery, world peace and happiness.

Banking

The December 2006 Sensis® *Consumer Report* found consumers were less likely than businesses to consider one of the major four banks as their main financial institution. Just under two-thirds (64 per cent) of consumers nominated a major bank as their main financial institution, down marginally from 65 per cent two years ago. This compared to 76 per cent of businesses. Consumers were slightly more likely than business operators to feel happy with the service provided by their bank (88 per cent compared to 87 per cent for businesses), with satisfaction ratings having risen by six percentage points the past two years.

Consumers were more likely to have switched financial institution in the past two years (13 per cent), compared to businesses (11 per cent), but down marginally by one percentage point from two years ago. The main reason for switching banks in the past two years was customer service followed by wanting a better deal and fees and charges.

Section 1 : Economic confidence

Overall confidence in financial prospects

Key findings

The December 2006 Sensis® Consumer Report found a net 52 per cent of consumers expressed relative confidence in their financial prospects for the year ahead. The level of confidence among consumers improved strongly in the last quarter, with confidence now sitting eight percentage points higher than 12 months ago.

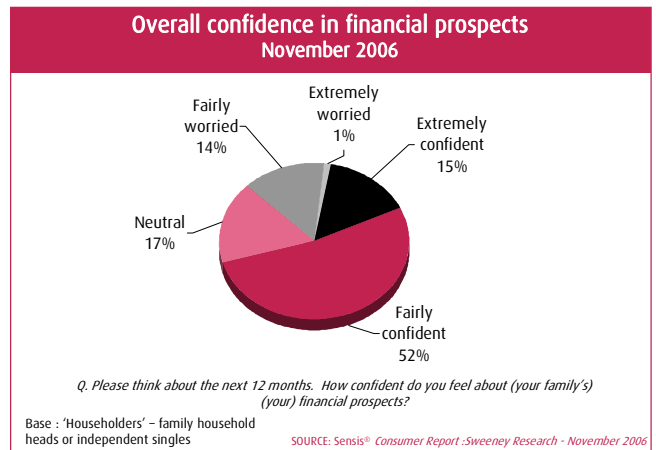
Australians recorded stronger confidence with a net balance result of 52 per cent. This comprised an improved 67 per cent of Australians who were confident about their prospects for the year ahead, while 15 per cent were worried.

The December 2006 Sensis® Consumer Report found net confidence among consumers two percentage points 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 50 per cent.

The net result of consumer confidence at 52 per cent represents a strong rise of consumers that felt confidence increasing by five percentage points in the past quarter, combined with a three percentage point decrease in the proportion feeling worried.

This result compares to net confidence among SME proprietors which, in line with consumer confidence, continued to show solid improvement over the past quarter. Businesses were more optimistic as a result of decreasing fuel costs and increasing consumer demand.

Whilst the proportions of businesses and consumers worried in total was the same, the major difference was the significantly higher proportion of consumers feeling fairly confident (52 per cent compared to 49 per cent for businesses), reinforcing the more upbeat sentiment expressed by consumers compared to their business counterparts in this latest quarter.



Confidence trends – past five quarters

	November 2005	February 2006	May 2006	August 2006	November 2006
Extremely confident	15%	18%	14%	16%	15%
Fairly confident	48%	51%	48%	46%	52%
Neutral	19%	18%	17%	20%	17%
Fairly worried	15%	11%	17%	15%	14%
Extremely worried	4%	2%	3%	3%	1%
Total confident	63%	69%	62%	62%	67%
Total worried	19%	13%	20%	18%	15%
*Net Balance	+44%	+56%	+42%	+44%	+52%

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

SOURCE: Sensis® Consumer Report :Sweeney Research - November 2006

**Overall confidence
Comparison with business - November 2006**

	Consumers ¹	Business ²
Extremely confident	15%	16%
Fairly confident	52%	49%
Neutral	17%	21%
Fairly worried	14%	12%
Extremely worried	1%	3%
Total confident	67%	65%
Total worried	15%	15%
*Net Balance	+52%	+50%

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

SOURCE: ¹Sensis® Consumer Report :Sweeney Research - November 2006
²Sensis® Business Index :Sweeney Research - November 2006

Overall confidence in financial prospects by respondent characteristics

The December 2006 Sensis® *Consumer Report* found confidence rose among both males and females, however overall confidence was higher and rose further among males. This latest result represents a rise of 15 percentage points in confidence of males over the last quarter, and a rise in female confidence of only one percentage point. From this result it can be seen that the rise in overall confidence this quarter is primarily due to a rise in confidence amongst males.

It is interesting to note Australians under 30 and those in their 40s were the most confident in the past quarter, with confidence rising in every age group except for those aged between 50 and 64 years. However, examining both gender and age, the most confident Australians in September 2006 were males in their 40s, with a net confidence level of 68 per cent. This was in stark contrast to females aged between 50 and 64, who were the least confident of any age-gender demographic. Females aged in their 40s reported feeling the most confident of any female age group. All male age demographics reported increasing confidence in the past quarter, however while female age groups under 50 also reported stronger confidence, females aged 50 and over were the only age-gender demographics to report declining confidence.

Australians living in metropolitan areas again reported marginally higher levels of confidence than in regional Australia. The most confident Australians were again living in the Northern Territory, where a net 64 per cent of consumers reported feeling confident about their financial prospects for the year ahead, up five percentage points from last quarter. The least confident Australians were in Victoria, with net confidence at 49 per cent. Confidence rose in all states and territories in the past quarter. The largest rise in confidence was recorded in the Australia Capital Territory with a 17 percentage point increase.

Examining family status, those living in a household without children were again the most confident about their financial prospects for the year ahead, with confidence at a net 56 per cent. Singles were least confident with confidence at a net 49 per cent compared to a net 50 per cent for families with children.

Those on the highest income level were, not surprisingly, the most likely to feel confident, with a net 76 per cent of those with a household income over \$85,000 reporting feeling confident, compared to 18 per cent of those with a household income up to \$35,000. Confidence rose in all income groups except for those earning up to \$35,000, where confidence was unchanged in the past quarter.

Overall confidence by demographics *Net balance

	Total	Male	Female
Total	52%	63%	41%
Up to 29 years	59%	74%	45%
30 – 39 years	56%	65%	46%
40 – 49 years	59%	68%	51%
50 – 64 years	38%	50%	25%
Over 64 years	51%	64%	41%

*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 2006*

Overall confidence by location *Net balance

	Total
Total	52%
Metro	52%
Non metro	51%
New South Wales	50%
Victoria	49%
Queensland	54%
South Australia	52%
Western Australia	55%
Tasmania	52%
Northern Territory	64%
Australian Capital Territory	63%

*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 2006*

Overall confidence by socio-economic variables *Net balance

	Total
Total	52%
Respondent is..	
The male or female household head in a family with children	50%
The male or female household head in a family without children	56%
Single person living alone or sharing	49%
Household income level..	
Up to \$35,000	18%
\$35,001 to \$55,000	53%
\$55,001 to \$85,000	58%
More than \$85,000	76%

*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 2006*

Reasons for being confident or worried

The main reason given by Australians for feeling confident about their financial prospects for the year ahead was feeling they had a secure job and everything going well in general. The main reasons Australians reported feeling worried were feeling the cost of living was high, financial hardship, rising interest rates and the drought.

Having a secure job was the most important reason for those with household incomes more than \$35,000. For those households with incomes up to \$35,000 the most important reason for confidence was everything going well in general.

Having a good or a secure job were also the main reasons for confidence in Australians aged in their 20s, 30s and 40s. For those Australians aged in their 50s, having sufficient financial resources was the most important reason for confidence. For those Australians aged more than 64, everything going well in general was the main reason for feeling confident.

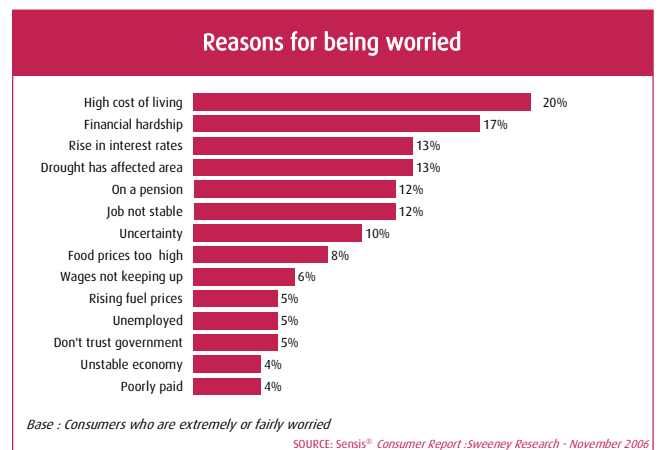
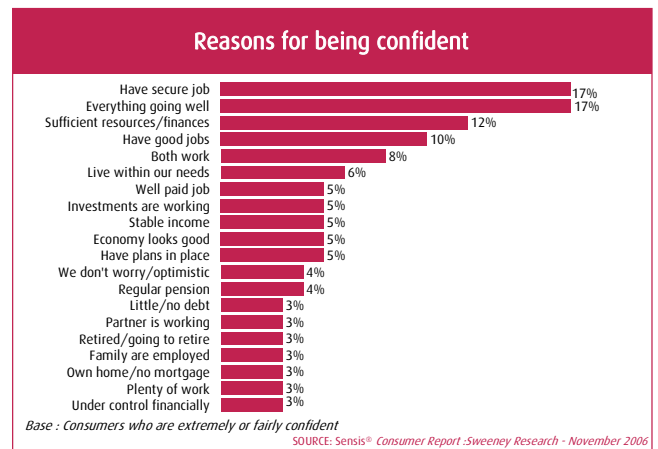
For Australians feeling worried about their financial prospects in the coming year, the main reason was high cost of living, nominated by one in five of those who were worried. The proportion of those worried about high cost of living has doubled in the past quarter. Families with children were the household structure most likely to report feeling worried as a result of high cost of living.

The second most reported reason for feeling worried was financial hardship. This was most likely reported by those with household incomes up to \$35,000, families with children and those not currently in work.

These issues were followed by concerns over interest rates, and the drought, both nominated by 13 per cent of those worried about their financial prospects in the coming year.

Concerns over interest rates were the number one concern for those earning more than \$55,000 a year, home owners and residents of the Australian Capital Territory and New South Wales. Residents of Western Australia and Tasmania were the least likely to have confidence levels decreased by interest rates.

The drought was most likely to be decreasing confidence for Australians living in regional areas. Apart from this, the drought was impacting confidence levels across a wide range of demographics, with males and females almost equally concerned, and those with the highest household incomes just as concerned as those with the lowest household incomes.



Comparison to a year ago

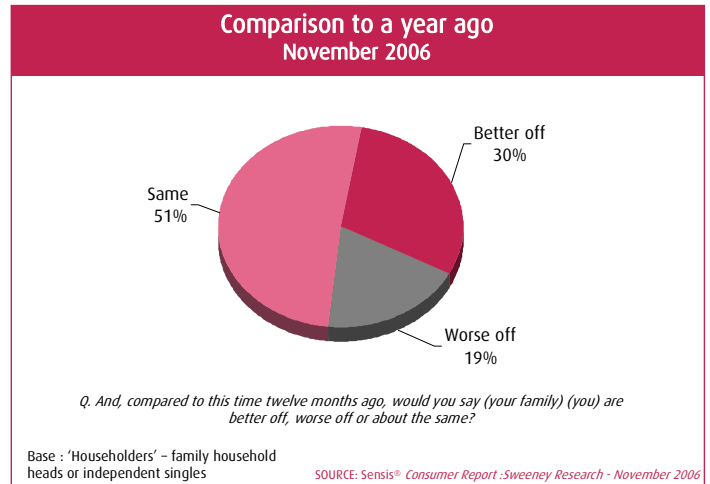
In line with the improvement in confidence, this quarter found the proportion of Australians who felt better off than a year ago also improved. Thirty per cent of Australians believed they were better off than a year ago, up marginally from 29 per cent last quarter. Fifty-one per cent believed their position was about the same as a year ago, up four percentage points. The proportion that felt worse off decreased by five percentage points to 19 per cent. This resulted in a net increase of 11 percentage points in the proportion of Australians feeling better off in the past quarter.

There was again a direct relationship between household incomes and whether Australians felt better off. Those Australians on incomes over \$35,000 were more likely to feel better off than a year ago, with the highest income grouping most likely to feel better off than a year ago. Those earning up to \$35,000 were more likely to feel they were actually worse off than a year ago. Males were more likely than females to feel better off than a year ago (15 per cent for males compared to seven per cent for females).

Residents of Western Australia and the Australian Capital Territory were most likely to feel better off on balance than a year previously, closely followed by residents of the Northern Territory. Residents of New South Wales were least likely to feel better off on balance. Australians living in metropolitan areas were more likely to feel better off, on balance, than a year ago, however home owners were less likely to feel better off than they had been.

The main reasons Australians gave for feeling better off than a year ago related to increased earnings, in line with the past seven quarters. Other reasons, though significantly lower on the scale, were getting a good return on investments and changing employment.

Inflationary factors were high on the list of reasons Australians gave for feeling worse off than a year ago, in line with the reasons for low confidence. Increases in the cost of living topped the list for feeling worse off, followed by price rises, primarily for bills and petrol topped the list for feeling worse off. Increases in mortgage payments and interest rates was the third most significant reason for feeling worse off than a year ago, and the most significant reason for feeling worse off for those with household incomes more than \$85,000.

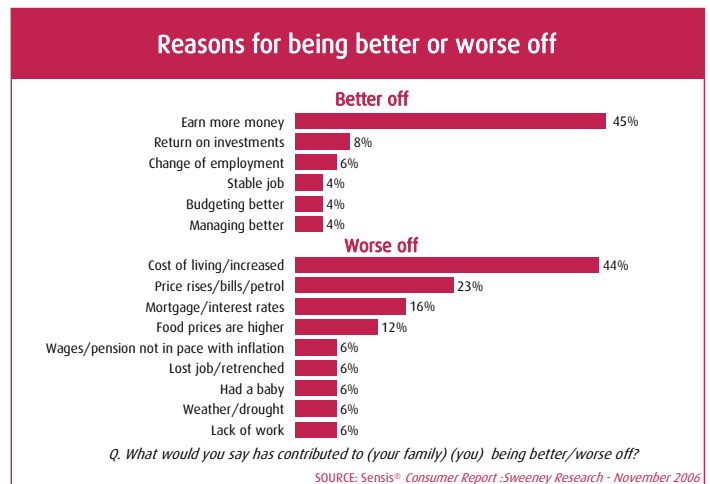


Comparison to a year ago Trends

	November 2005	February 2006	May 2006	August 2006	November 2006
Better off	27%	30%	25%	29%	30%
Same	52%	54%	53%	47%	51%
Worse off	22%	16%	23%	24%	19%
*Net Balance	+5%	+14%	+2%	+5%	+11%

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

SOURCE: Sensis® Consumer Report :Sweeney Research - November 2006



Household expenditure expectations

Consumer expenditure expectations were net positive for consumption across most of the major expenditure groups in the last quarter. 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 51 per cent were expecting to increase their expenditure. However, despite being the area where the largest proportions of consumers were expecting to spend more, this result represented a decrease of six percentage points since last quarter.

Two categories of expenditure saw consumers expecting to spend less on balance than last quarter - home entertainment; and dining out, fast food or home deliveries. This is the fourth successive quarter that both of these expenditure categories were net negative, and the 11th consecutive quarter households nominated they expected to decrease their expenditure on dining out, fast food or home deliveries over the coming year. In addition, both of these expenditure categories declined further during the past quarter.

The trends in the net proportion of those expecting to increase expenditure declined in most areas. The only categories that recorded increases in the past quarter were holidays and travel; home renovations or improvements; and items for the home.

Families with children were again expecting to have to bear the brunt of increases in inflation, fuel prices and interest rates. This demographic was most likely to be expecting to increase expenditure for general household expenses, transportation, housing and education costs, as well as being the demographic most likely to expect to increase expenditure for home renovations.

Items of expenditure where singles expected the greatest increases included telecommunications; holidays and travel; entertainment, sport and leisure; items for the home; and personal care and grooming. Families without children were most likely to expect increased costs for health and medical expenses.

Household expenditure expectations November 2006

	Spend more	Spend less	No change	*Net balance
General household expenses - groceries and bills	55%	4%	41%	51%
Transport costs - cars or public transport	41%	7%	52%	34%
Housing costs such as mortgage or rent	34%	5%	62%	29%
Health and medical expenses	26%	7%	67%	18%
Holidays and travel	33%	18%	49%	15%
Education costs	22%	10%	68%	12%
Home renovations or improvements	29%	17%	54%	12%
Telecommunications - including mobiles & Internet	20%	11%	69%	9%
Entertainment, sport and leisure activities	18%	13%	70%	5%
Personal care/grooming products	12%	7%	80%	5%
Items for the home such as furniture or electricals	24%	24%	52%	0%
Home entertainment	11%	17%	72%	-7%
Dining out, fast food or home deliveries	10%	20%	69%	-10%

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 2006

Household expenditure expectations Trends In *Net Balance

	Nov 2005	Feb 2006	May 2006	Aug 2006	Nov 2006
General household expenses - groceries and bills	45%	38%	46%	57%	51%
Transport costs - cars or public transport	49%	36%	55%	55%	34%
Housing costs such as mortgage or rent	18%	13%	24%	29%	29%
Health and medical expenses	18%	18%	23%	24%	18%
Holidays and travel	13%	10%	10%	10%	15%
Education costs	14%	14%	10%	13%	12%
Home renovations or improvements	15%	11%	12%	8%	12%
Telecommunications - including mobiles & Internet	9%	11%	11%	15%	9%
Entertainment, sport and leisure activities	9%	9%	5%	8%	5%
Personal care/grooming products	N/A	N/A	N/A	N/A	5%
Items for the home such as furniture or electricals	0%	-1%	-2%	-1%	0%
Home entertainment	-5%	-6%	-6%	-6%	-7%
Dining out, fast food or home deliveries	-6%	-11%	-12%	-6%	-10%

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 2006

Household expenditure expectations By family status

*Net balance for..	Total	Families with children	Families no children	Singles
General household expenses - groceries and bills	51%	56%	48%	46%
Transport costs - cars or public transport	34%	40%	26%	35%
Housing costs such as mortgage or rent	29%	38%	18%	31%
Health and medical expenses	18%	17%	20%	17%
Holidays and travel	15%	11%	16%	21%
Education costs	12%	31%	-6%	-5%
Home renovations or improvements	12%	15%	10%	9%
Telecommunications - including mobiles & Internet	9%	7%	7%	14%
Entertainment, sport and leisure activities	5%	2%	6%	9%
Personal care/grooming products	5%	2%	6%	9%
Items for the home such as furniture or electricals	0%	-3%	-4%	12%
Home entertainment	-7%	-7%	-7%	-7%
Dining out, fast food or home deliveries	-10%	-16%	-5%	-5%

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

SOURCE: Sensis® Consumer Report: Sweeney Research - November 2006

Cutting or increasing expenditure

It is interesting to note the particular areas consumers are most likely to increase or decrease their expenditure if they faced 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.

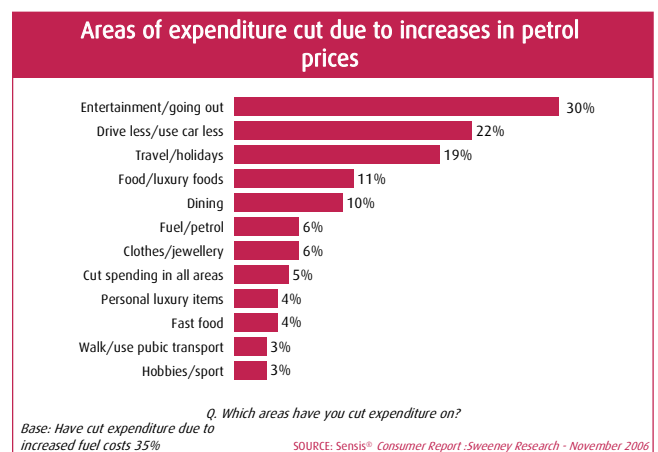
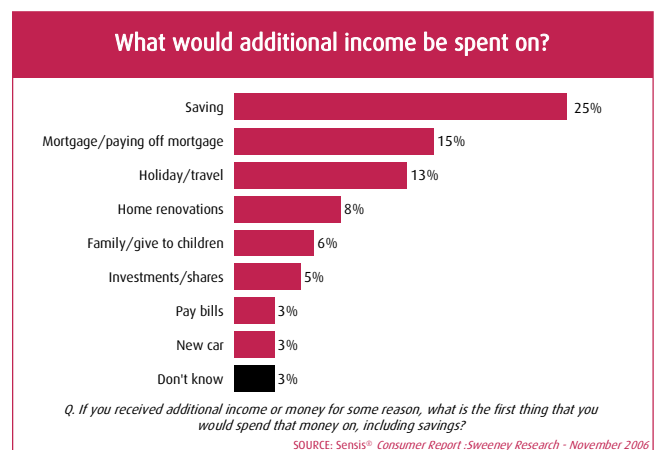
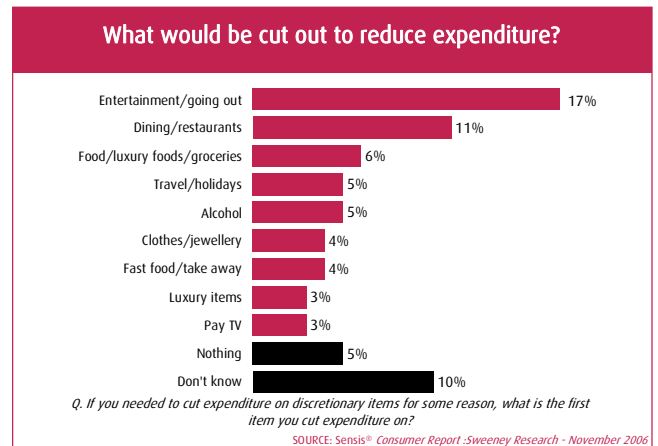
The area of expenditure most likely to be cut by consumers was again money spent on entertainment and going out, with 17 per cent of consumers nominating this as their first means to decrease expenditure (down from 23 per cent in the past quarter). While entertainment expenses were the most popular response in all states and territories, residents of Tasmania were most likely to nominate cutting expenditure on entertainment and going out if necessary.

Dining out at restaurants was the next most likely item to be cut by consumers, with 11 per cent nominating this as the first item to cut back if necessary (a rise of one percentage point over the past quarter). Restaurants in Tasmania were most likely to be affected by cuts in consumer expenditure. 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 again most likely to nominate dining out as the first expense they would cut.

It is interesting to note that 35 per cent of consumers reported having already made changes to their expenditure to integrate higher fuel prices into household budgets. This has fallen seven percentage points from 42 per cent last quarter, following softening of petrol prices in recent months.

The increase in petrol prices had impacted most significantly those earning up to \$35,000, where 51 per cent reported cutting expenditure on other items, up three percentage points since last quarter. This has been felt most strongly by residents of Queensland, and was least likely to impact residents of Western Australia.

The area Australians were most likely to report having cut expenditure due to increasing fuel costs was entertainment, nominated by 30 per cent of those who cut expenditure due to increasing fuel costs. Some 22 per cent of those who cut expenditure as a result of increasing fuel prices reported using their car less as a consequence, equivalent of eight per cent of the general population, down from 13 per cent last quarter.



Perception of the state of Australia's economy

Despite improving confidence, the December 2006 Sensis® *Consumer Report* found the net proportion of consumers that felt Australia was currently in a period of economic growth showed little change over the past quarter. Thirty-six per cent of consumers (a fall of one percentage point), compared to 27 per cent felt the economy was currently slowing down, and 31 per cent felt it was standing still. This resulted in a net balance of nine per cent of consumers who felt the economy was currently in a growth phase. This net result was unchanged since last quarter.

There was a very large degree of variability across the states and territories, with results ranging from positive 29 per cent to negative one per cent. Residents of Western Australia again held the highest perceptions of the current state of the economy, with the second highest net result being recorded in the Australian Capital Territory, closely followed by the Northern Territory. Victorian and South Australian consumers held the lowest perceptions. Net perception of the economy remained positive in all states and territories with the exception of Victoria and South Australia (negative one per cent each).

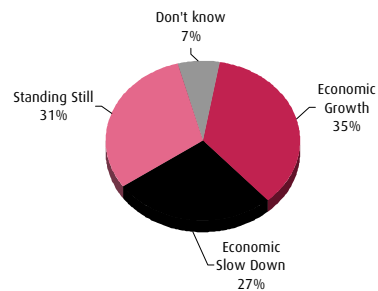
When asked how the economy would be performing a year from now, 19 per cent of consumers felt it would be better than the current situation, an increase of three per cent in the past quarter. This compared to the 36 per cent of consumers that felt the economy would be worse in a year's time. The most likely response was the economy would be the same in a year's time as it is now (40 per cent, down from 43 per cent in the previous quarter). This resulted in a net improvement of three percentage points in future expectations for the economy.

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 in Western Australia, with the most pessimistic in South Australian and the Australian Capital Territory.

When the same question was asked of business proprietors in the November 2006 Sensis® *Business Index*, business proprietors reported more optimistic views 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 nine per cent of consumers who felt the economy was in a growth phase. When looking at expectations a year from now, a net negative 11 per cent of business proprietors reported believing the economy would be better, compared to a net negative 17 per cent of consumers.

Perceptions of the state of the economy now

November 2006

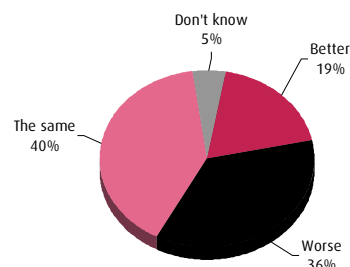


Q. Thinking about Australia's economy, do you think we are in a period of economic growth, economic slow down, or more or less standing still?

SOURCE: Sensis® Consumer Report :Sweeney Research - November 2006

Perceptions of the economy a year from now

November 2006



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 2006

Perceptions of the state of the economy Trends

	November 2005	February 2006	May 2006	August 2006	November 2006
The economy now					
Growth	32%	38%	39%	37%	36%
Slowing	26%	19%	24%	28%	27%
*Net balance	+6%	+19%	+15%	+9%	+9%
The economy a year from now					
Better	20%	23%	19%	16%	19%
Worse	36%	27%	37%	36%	36%
*Net Balance	-16%	-4%	-18%	-20%	-17%

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

SOURCE: Sensis® Consumer Report :Sweeney Research - November 2006

Perceptions of the state of the economy Comparison with business - November 2006

	Consumers ¹	Business ²
The Economy Now		
Growth	36%	39%
Slowing	27%	25%
*Net Balance	+9%	+14%
The Economy a Year from Now		
Better	19%	18%
Worse	36%	29%
*Net Balance	-17%	-11%

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

SOURCE: ¹ Sensis® Consumer Report :Sweeney Research - November 2006
² Sensis® Business Index :Sweeney Research - November 2006

Section 2 : Our concerns

Prime concerns

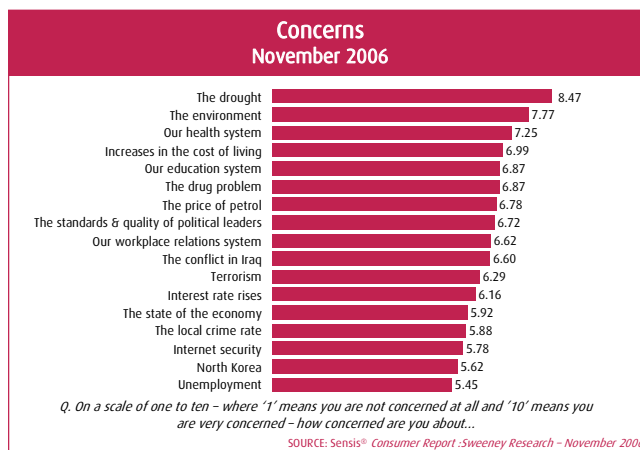
The December 2006 Sensis® *Consumer Report* found Australians most concerned about the drought. This concern was followed by the environment and the health system. The environment rose most in levels of concern over the past quarter. The issue to fall most in the past quarter was the price of petrol.

When asked to rank topical issues on a scale of one, representing no concern at all over the issue, to 10, representing a high level of concern, the drought scored an average score of 8.47, higher than any issue ever recorded in the Sensis® *Consumer Report*. The drought was the number one concern across all income groups, the highest levels of concern came from the lowest income bracket (up to \$35,000). It was also the top concern in all states and territories with the exception of the Northern Territory. Residents of South Australia were most likely to report concern about the drought (average level of 8.64), with those in Tasmania reporting the lowest level of concern on this issue (average level of 7.90).

The second highest concern for Australians was the environment, which was ranked at 7.77. Those with household incomes between \$35,000 and \$55,000 were most likely concerned about this issue (8.14). Residents of the Northern Territory were the most likely concerned over the environment (8.15) with the environment being the issue of most concern overall in the Northern Territory. Residents of the Australian Capital Territory reported the lowest levels of concern about the environment (7.55).

The health system was the third highest concern for Australians, ranking an average level of 7.25. Residents of Tasmania were most likely to express concern over the health system this quarter (7.87). Residents of the Australian Capital Territory reported the lowest levels of concern about the health system (6.82).

Concerns over the environment rose more than any issue (with the exception of the drought, internet security and North Korea, which were not measured in the previous quarter). With the price of petrol having fallen in recent months, it recorded the biggest fall in concern the past quarter. The issue recording the next greatest fall in the past quarter was the workplace relations system.



Issue	Nov 2005	Feb 2006	May 2006	Aug 2006	Nov 2006
The drought	N/A	N/A	N/A	N/A	8.47
The environment	7.18	7.41	7.29	7.18	7.77
Our health system	7.44	7.56	7.61	7.27	7.25
Increases in the cost of living	7.10	6.93	7.17	7.31	6.99
Our education system	7.03	6.89	7.01	6.73	6.87
The drug problem	6.52	6.88	6.71	6.66	6.87
The price of petrol	7.48	7.28	7.71	8.00	6.78
The standards & quality of political leaders	6.93	6.77	6.92	6.55	6.72
Our workplace relations system	6.84	6.78	7.12	7.01	6.62
The conflict in Iraq	6.40	6.58	6.66	6.86	6.60
Terrorism	6.41	6.35	5.95	6.21	6.29
Interest rate rises	5.76	5.85	6.16	6.35	6.16
The state of the economy	5.93	5.85	5.90	6.12	5.92
The local crime rate	5.78	6.06	5.98	5.76	5.88
Internet security	N/A	N/A	N/A	N/A	5.78
North Korea	N/A	N/A	N/A	N/A	5.62
Unemployment	5.72	5.75	5.75	5.55	5.45

SOURCE: Sensis® Consumer Report :Sweeney Research - November 2006

Concerns by demographics

Females again displayed higher levels of concern across all issues in the latest quarter. The issue with the greatest difference between the level of concern displayed by males and females was in the cost of living, followed by North Korea and unemployment. The issue where male and female views most closely aligned was the standards and quality of political leaders.

The drought was the greatest concern this quarter across all income demographics. There was a direct relationship between income and concern over this issue, with the greatest level of concern displayed by those in the lowest income category (up to \$35,000) and the lowest level of concern amongst those with incomes more than \$85,000.

Those aged up to 19 years were more likely than any other age group to be concerned about the price of petrol, and unemployment. Those Australians aged from 20 to 29 years were more concerned about increases in the cost of living than any other age group. Those aged from 30 to 39 years made up for this, reporting the highest concern of any age group about the education system, the standard and quality of political leaders and rising interest rates. Those aged from 40 to 49 years were more likely to be concerned about the state of the economy than any other age group.

Australians aged from 50 to 64 were more likely than any other age demographic to be concerned about the health system, the workplace relations system and internet security. Older Australians were more likely than any other age group to be concerned about the drought, the conflict in Iraq, the drug problem, terrorism, North Korea and the local crime rate.

The drought was the number one concern for all demographics. While levels of concern about the drought were universally high, the oldest age demographic, those Australians aged more than 64 years, displayed the highest level of concern, while those aged in their 20s displayed the lowest level of concern about the drought.

Concerns by gender				
	Total	Male	Female	Difference
Increases in the cost of living	6.99	6.41	7.56	-1.15
North Korea	5.62	5.05	6.16	-1.11
Unemployment	5.45	4.92	5.96	-1.04
The drug problem	6.87	6.37	7.35	-0.98
Internet security	5.78	5.34	6.19	-0.85
Terrorism	6.29	5.86	6.71	-0.85
The state of the economy	5.92	5.52	6.32	-0.80
The local crime rate	5.88	5.47	6.27	-0.80
Our health system	7.25	6.85	7.64	-0.79
The environment	7.77	7.39	8.15	-0.76
The conflict in Iraq	6.60	6.22	6.97	-0.75
Our workplace relations system	6.62	6.24	6.99	-0.75
The price of petrol	6.78	6.4	7.15	-0.75
The drought	8.47	8.09	8.82	-0.73
Our education system	6.87	6.50	7.22	-0.72
Interest rate rises	6.16	5.98	6.35	-0.37
The standards & quality of political leaders	6.72	6.56	6.86	-0.30

SOURCE: Sensis® Consumer Report :Sweeney Research - November 2006

Concerns by age group							
	Total	Up to 19	20 to 29	30 to 39	40 to 49	50 to 64	65+
The drought	8.47	8.24	7.89	8.22	8.56	8.76	9.06
The environment	7.77	7.30	7.69	7.90	8.01	8.01	7.46
Our health system	7.25	6.85	7.07	7.11	7.31	7.79	7.15
Increases in the cost of living	6.99	7.09	7.19	7.09	6.70	6.91	7.05
Our education system	6.87	6.90	6.66	7.02	6.94	6.81	6.88
The drug problem	6.87	6.52	5.87	6.55	7.00	7.20	8.02
The price of petrol	6.78	7.53	6.58	6.64	6.59	6.87	6.77
The standards & quality of political leaders	6.72	6.00	6.39	7.10	6.88	7.02	6.52
Our workplace relations system	6.62	6.15	6.57	6.78	6.83	6.89	6.15
The conflict in Iraq	6.60	5.98	5.89	6.04	6.75	7.04	7.74
Terrorism	6.29	6.52	5.70	6.04	6.51	6.20	6.95
Interest rate rises	6.16	5.64	6.47	6.73	6.32	6.12	5.32
The state of the economy	5.92	5.57	5.84	6.13	6.26	5.72	5.89
The local crime rate	5.88	5.76	5.30	5.63	5.83	6.06	6.69
Internet security	5.78	5.70	5.47	5.38	5.95	6.16	6.00
North Korea	5.62	4.64	5.06	5.31	5.83	6.06	6.42
Unemployment	5.45	5.93	5.47	5.20	5.34	5.48	5.48

Legend:
 = Highest level of concern
 = Lowest level of concern

SOURCE: Sensis® Consumer Report :Sweeney Research - November 2006

Section 3: Our workplace environment

Perceived impact of changes to the workplace relations system

The December 2006 Sensis® *Consumer Report* continued to look at Australians views on the workplace relations system. The Sensis® *Consumer Report* has collected information on changes to the workplace relations system since August 2005, prior to their implementation, to now that changes have been in place for several months.

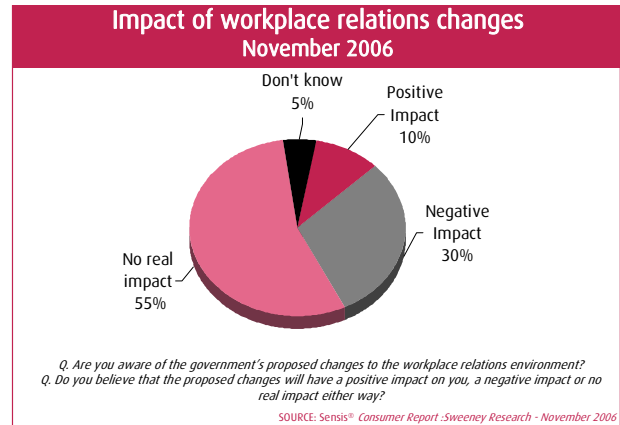
The latest results found that, overall, 30 per cent felt proposed changes would have a negative impact on them. This compared to 10 per cent reporting there would be a positive impact, up by three percentage points in the past quarter and 55 per cent who felt the changes being debated would have no real impact either way. This resulted in an overall net negative impact of 20 per cent, which has increased by eight percentage points from net negative 28 per cent last quarter. This brings the net impact to the highest level to date in the Sensis® *Consumer Report*.

This result compares the views of business owners, with the Sensis® *Business Index* measuring a net positive 12 per cent of business owners who felt the changes would have a positive impact. This result has fallen by three percentage points over the past quarter.

The main reason given for workplace relations having a negative impact was a perception that employees would have a loss of rights; that employers would have all the control; and a belief wages would drop.

Those who believed there would be a positive impact (some respondents were employers) felt change was necessary to make the system fairer.

Despite most Australians reporting to have formed views on the system, the proportion that felt they understood the system was relatively low, but improving. Only 17 per cent reported they thoroughly understood how the new workplace relations system worked, an increase from 13 per cent last quarter. Some 15 per cent felt they did not understand the new system at all, down from 17 per cent last quarter. Residents in the Australian Capital Territory were the most likely to report a thorough understanding of the system, with those in Queensland and South Australia least likely to report thoroughly understanding the changes. Overall, some 35 per cent of Australians reported wanting more information on how changes would impact them (down from 45 per cent last quarter), with the greatest thirst for information being in the Northern Territory (39 per cent each).

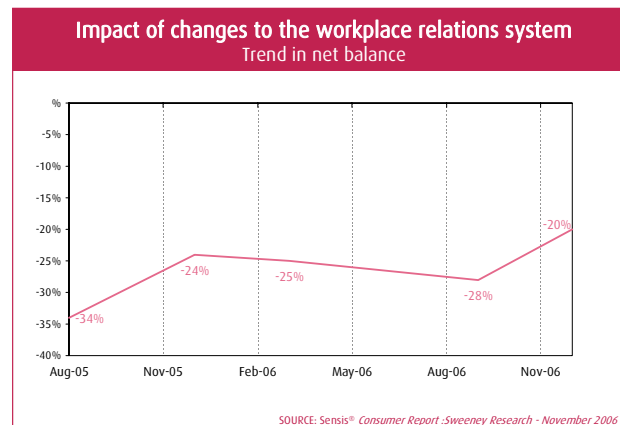


Impact of workplace relations changes Trends

	August 2005	November 2005	February 2006	August 2006	November 2006
Positive impact	11%	12%	10%	7%	10%
Negative impact	45%	36%	35%	35%	30%
No real impact	44%	45%	49%	53%	55%
Don't know	-	7%	6%	5%	5%

Q. Do you believe that the Government's changes will have a positive impact on you, a negative impact or no real impact either way?

SOURCE: Sensis® Consumer Report :Sweeney Research - November 2006

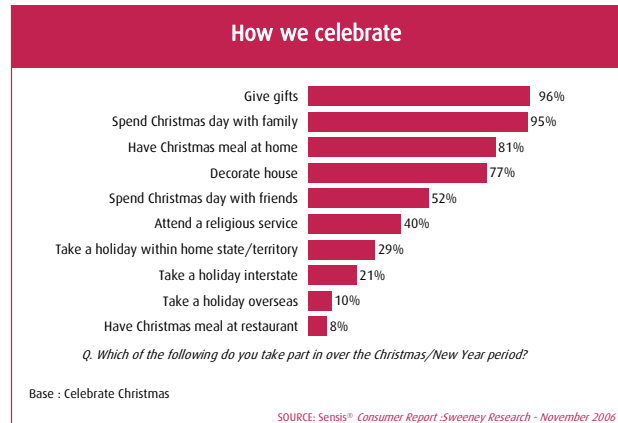


Section 4: Our celebrations

Celebrations

Christmas remained a popular occasion with Australians, with some 93 per cent reporting they would celebrate Christmas this year, down marginally from 94 per cent last year. Residents of the Australian Capital Territory were the most likely to celebrate Christmas (96 per cent) with those in New South Wales least likely to take part (91 per cent).

Giving gifts was the activity most Australians would take part in (96 per cent, up from 94 per cent last year), closely followed by spending the day with family (unchanged at 95 per cent). The only activity to decline marginally was taking a holiday in the home state, which fell by two percentage points since last year.

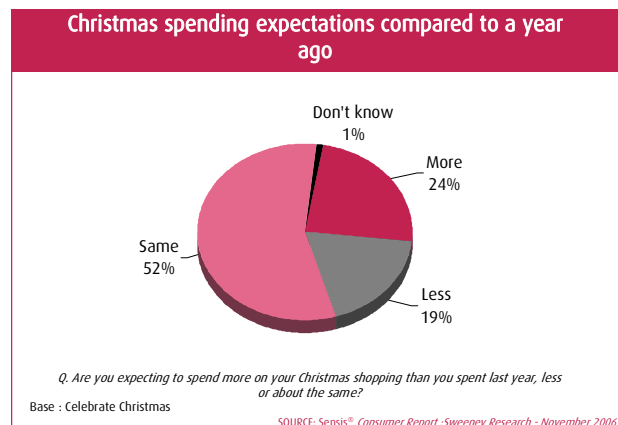


December retail expenditure

As mentioned earlier, giving gifts was the most common activity Australians will participate in this year, with 96 per cent of those that celebrate Christmas giving gifts.

Most Australians reported, on average, to be buying gifts for 10 people this year, a marginal decrease from 11 people last year. However despite this marginal decrease, the average spend on gifts increased to \$857 (up from \$793 last year), resulting in an average gift price of \$86 (up from \$72 last year). Having enjoyed very strong economic conditions over the past year, residents of the Northern Territory were expecting to spend the most on gifts this year, with an average expected spend of \$987, closely followed by residents of Western Australia who were expecting to spend \$962 on average on their gifts. The lowest average expected spend on gifts was in the Australian Capital Territory, where people were expecting to spend \$677 on their gifts.

The majority of Australians expect to spend the same as they did last year on total Christmas shopping. Overall, almost one in four Australians (24 per cent) are expecting to increase the amount they spend on total Christmas shopping, compared to 19 per cent who expect to spend less. The net balance of five per cent of Australians expecting to increase total Christmas shopping spend is up two percentage points on last year.



December retail expenditure (cont.)

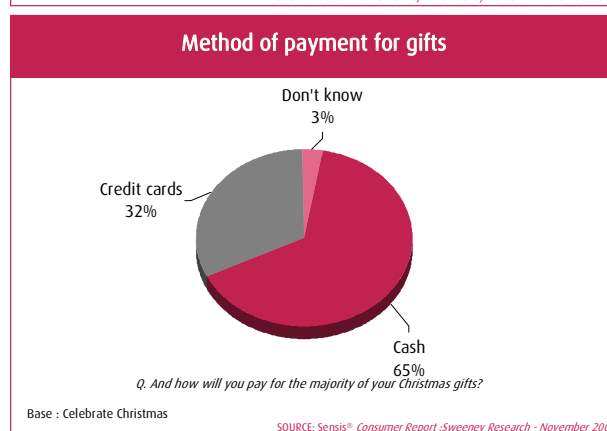
The item most people expect to buy for gifts this year was clothing and apparel. Some 32 per cent of those giving gifts were expecting to buy clothing. This was closely followed by toys, the second most popular category of gifts. However, when looking at overall spend, the amount people were expecting to spend on toys this year was higher, resulting in toys expecting to have the greatest share of expenditure this year at 22 per cent, compared to the 17 per cent of gift expenditure people are expecting to spend on clothes. The third greatest share of expenditure was expected to be spent on computer and technology related gifts, accounting for 11 per cent of anticipated expenditure.

Toys were by far the most common gift category for families with children, with all other household structures most likely to purchase clothing as gifts. The only gift categories more likely to be purchased by males were CDs, DVDs and videos; hardware; computer and technology-related gifts and gift vouchers.

Most Australians were planning to use cash to pay for gifts compared to credit cards (65 per cent compared to 32 per cent). This reflected an increase those planning on using cash this year compared to last year (up four percentage points) and a decrease in the proportion planning on using credit cards for gifts (down four percentage points in the past year).

Main types of gifts that will be bought			
	Expect to buy	Average expenditure	Share of expenditure
Clothing/apparel	32%	\$284	17%
Toys	31%	\$369	22%
CD/DVDs/videos	21%	\$138	5%
Homewares	14%	\$309	8%
Gift vouchers	14%	\$284	7%
Fragrances/cosmetics/personal grooming	13%	\$132	3%
Books	10%	\$172	3%
Alcohol	10%	\$102	2%
Computers/IT/technology/accessories	9%	\$642	11%
Jewellery	8%	\$291	4%
Food	8%	\$134	2%
Sporting goods	6%	\$151	2%
Money	5%	\$687	6%
Hardware	4%	\$110	1%
Automotive accessories	3%	\$241	1%

SOURCE: Sensis® Consumer Report :Sweeney Research - November 2006

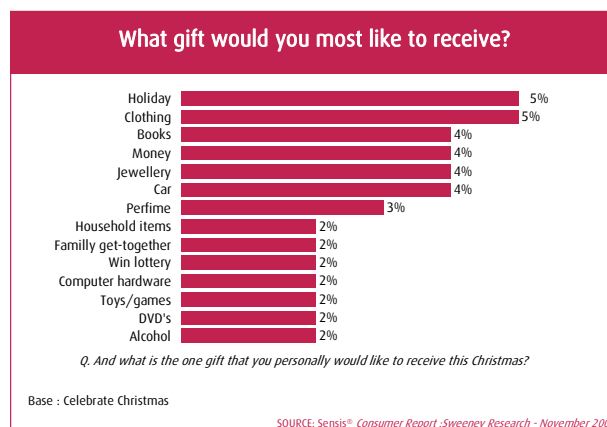


What gift would you most like to receive?

When asked what one gift they personally would like to receive, Australians had a diverse range of views, however were most likely to nominate a holiday, closely followed by clothing. Females were more likely to nominate a holiday than males (8 per cent compared to 3 per cent), as were households with children (seven per cent) and residents of the Northern Territory (eight per cent). There was little difference by household income demographic.

Not only was clothing one of the top gifts to buy, it was one of the top gifts people were hoping to receive. There was little difference between genders or household income, however Tasmanians were most likely to prefer clothing as a gift, with residents of the Northern Territory and South Australia least likely to nominate this preference.

Books, money, jewellery and cars were the next most desired gifts. However, not all of our desires were for things money could buy. The most popular non-monetary gift wish was to have all the family together, followed by a lottery win, world peace and happiness.



Section 5: Consumer Banking

Where consumers are banking and how they feel about it

The December Sensis® Consumer Report found consumers were marginally less likely to be using one of the major banks than was the case two years ago, and still less likely than businesses to be using one of the major banks.

In November 2006, just under two-thirds of consumers (64 per cent) considered one of the main four banking institutions as their main bank. This compared to 65 per cent in November 2004 and 76 per cent of businesses in November 2006.

While consumers had a lower propensity to be using one of the major banks than businesses, they were marginally more satisfied with the performance of their financial institution. Overall some 88 per cent of Australian consumers reported being satisfied with their bank, compared to a marginally lower 87 per cent of businesses. Satisfaction levels amongst consumers with their banks have risen by six percentage points from 82 per cent over the past two years. All of the major banks increased their satisfaction rating with consumers, with the ANZ bank achieving the highest rating of major banks. The main reasons people were dissatisfied with their banks were customer service followed by bank fees and charges.

Consumers were again slightly more likely than businesses to have switched their bank in the past two years (13 per cent compared to 11 per cent), however this proportion has dropped marginally from 14 per cent in November 2004. The main reason for changing banks was poor service, followed by wanting a better deal and bank fees and charges.

Australians also reported a slightly higher average number of credit cards than two years ago, with the average having risen from 1.1 to 1.2 credit cards. Some four per cent of consumers were currently looking to obtain a new credit card. While half of those were looking to get the new credit card from their main financial institution, some 35 per cent were looking to obtain a new credit card from a bank they did not currently use.

Approximately half of Australian consumers are now doing their banking online, with almost four out of five of those doing the majority of their banking online. Demographics more likely to bank online included males (56 per cent); those with household incomes over \$85,000 (71 per cent); those aged in their 30s (64 per cent); those who use the internet at work (72 per cent) and residents of the Australian Capital Territory (64 per cent).

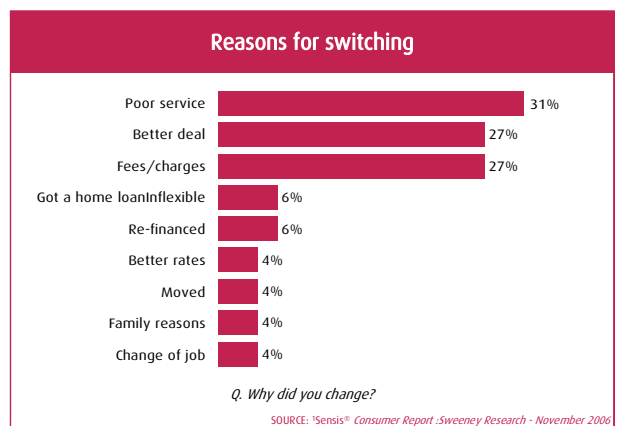
Main financial institution used		
Trends		
	November 2004	November 2006
ANZ Bank	11%	12%
Commonwealth Bank	31%	28%
National Australia Bank	11%	10%
Westpac	12%	14%
Net 'Majors'	65%	64%
St George Bank	7%	7%
Bendigo Bank	2%	3%
Bank West	2%	2%
Suncorp	3%	2%
Net non-majors	35%	36%

SOURCE: Sensis® Consumer Report :Sweeney Research - November 2006

Switching Patterns	
Have not switched main F.I. in the past two years	87%
Have switched between the majors	5%
Have switched from one of the majors to another F.I.	5%
Have switched from another F.I. to one of the majors	2%
Have switched between the non-majors	1%

Q. Have you changed your main bank or financial institution in the past two years?

SOURCE: Sensis® Consumer Report :Sweeney Research - November 2006



How to obtain a copy of the Sensis® Consumer Report

Visit www.about.sensis.com.au

The December 2006 Sensis® Consumer Report can be accessed on the Sensis internet site at www.about.sensis.com.au from 12 December 2006.

Sensis® Consumer Report "Special Reports"

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