

Sensis[®] *Consumer Report*

March 2005



Sensis® Consumer Report

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Introduction

The March 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. A second purpose is 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 (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 *Business Index* has been one of the most comprehensive and regular surveys of small businesses in Australia. Historically, the *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 Australia's leading publisher and distributor of mapping and travel-related products, Universal Publishers. Sensis also has a majority shareholding in Invizage Technology, Australia's leading IT service provider to small and medium enterprises.

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

About the survey

The results in this report are based on a survey of 1,500 Australians conducted over the period 22nd January 2005 to 18th February 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 March 2005 Sensis® Consumer Report are made between consumers and businesses. The business results are based on data from the February 2005 Sensis® Business Index of 1,800 SMEs.

Executive Summary

Consumer confidence

The March 2005 *Sensis® Consumer Report* found a net balance of 55 per cent of Australians reporting confidence in their financial prospects for the year ahead. This result has been stable over the past quarter.

This result compares with the latest business confidence results from the February 2005 *Sensis® Business Index*, which found that net 59 per cent of SME operators felt confident about their business prospects for the year ahead.

Having a good or secure job was the main reason provided for Australians feeling confident. The main reason for consumers expressing worry was a belief that the cost of living was too high.

Thirty per cent of Australian households believed they were now better off than they had been a year ago (unchanged in the past quarter), with earning more money being the main reason for this belief. Seventeen per cent of households felt they were worse off due mainly to increased prices. The net proportion of consumers who felt that they were better off decreased three percentage points in the past quarter, reversing last quarter's increase of three percentage points.

The areas of household expenditure where consumers were expecting the greatest increases were again general household expenses, transport costs, and health and medical expenses. The only areas that consumers were expecting a decline was in expenditure on 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 travel and holidays. The items that Australians would be most likely to spend additional income on were debt reduction and savings, followed by holidays and travel, highlighting the dependence of the tourism industry on economic conditions.

The economy and concerns

The March 2005 *Sensis® Consumer Report* found that 46 per cent of Australian consumers believed the economy was currently growing, compared to 16 per cent who believed the economy was currently slowing. This resulted in a decrease in the net balance of five percentage points over the past quarter; however this is still the second strongest result in the past year.

Australian consumers felt that prospects for economic growth for the year ahead were more likely to be marginally negative, with the proportion of consumers feeling that the economy would be better in a year's time, two percentage points lower than the proportion that felt it would be worse.

The state of the health system was again the greatest concern for Australians in the March 2005 *Sensis® Consumer Report*. This was followed by the environment and the recent tsunami. While Australians reported relatively low levels of concern about interest rate rises, unemployment and the state of the economy, the largest growth in concern levels over the past quarter was for interest rate rises.

The tsunami

On a scale of one to ten, Australians reported a level of concern of 7.00 over the recent Asian tsunami, making it the third most concerning issue in the past quarter.

The aspect of the tsunami issue most concerning Australians was the number of lives lost in the event. However, overall, the issue of most concern was the long term reconstruction effort. In total, 79 per cent of households made a donation to tsunami relief, averaging \$130. Nationally, 90 per cent of Australians were satisfied with the Australian Government's response to the tsunami.

Our holidays

The March 2005 Sensis® *Consumer Report* found that 30 per cent of Australians had taken a holiday of at least a week's duration over the December/January holiday season. In total, two-thirds of Australians had taken a holiday since January 2004.

Most Australians had travelled interstate on their last holiday, with Queensland being the most popular destination. Residents of Victoria were most likely to have reported having visited Queensland on their last holiday. The most popular style of holiday for Australians was a beach holiday, accounting for almost half of domestic holidays. The other half was almost equally split between capital city holidays and regional/country destinations. Family and friends were the greatest influence on our holiday destination choice. The average time spent holidaying in 2004 was 3.3 weeks on average.

For those whose last holiday was overseas, Europe was the most frequently reported destination, followed by New Zealand and the Americas. Whilst recent international events had not affected the travel plans of over three-quarters of Australians, some 10 per cent reported being less likely to travel overseas. Whilst recognition of the Australian Government's Smart Traveller website was high, the awareness of being able to post travel plans on the website to assist in emergency location was relatively low. However, the majority would now consider doing this if aware of this facility.

Business ownership

The March 2005 Sensis® *Consumer Report* found that some 22 per cent of households reported having a household member who owned a business, made up of 13 per cent of households with a home-based business and nine per cent with an external business. Higher income demographics were more likely to own a business.

Overall, twelve per cent of households reported having someone interested in starting a new business opportunity in the next year, with households that already had a business more likely to consider a new business start-up.

Section 1 : Economic Confidence

Overall confidence in financial prospects

The March 2005 Sensis® *Consumer Report* found a net 55 per cent of consumers expressed relative confidence in their financial prospects for the year ahead.

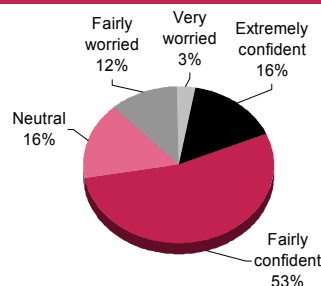
Australians recorded strong confidence with a net balance result of 55 per cent. This comprised 70 per cent of Australians who were confident about their financial prospects for the year ahead and 15 per cent who were worried.

The March 2005 Sensis® *Consumer Report* found that net confidence among consumers was four percentage points lower than business confidence measured in the concurrent *Business Index*. The most recent *Business Index* found net confidence amongst business proprietors in their business prospects for the year ahead was 59 per cent. The largest gap in confidence between businesses and consumers was in those who were feeling “fairly worried” about their prospects for the year ahead, where the gap was two percentage points, with other differences in confidence between business owners and consumers being at most one percentage point.

The net result of consumer confidence of 55 per cent represents a stable result from the past quarter, with a one percentage point increase both in the proportion of consumers that were feeling confident, as well as the proportion that were feeling worried, resulting in no change to the net balance result. This contrasts with a small fall in net confidence among SME proprietors of three percentage points over the past quarter. However confidence among SME proprietors remains historically high.

Despite businesses reporting confidence four per cent higher than consumers, this gap has narrowed significantly over recent quarters, from a 16 percentage point gap two quarters ago, to a seven percentage point gap last survey, and now a four percentage points gap. This narrowing has been occurring as there has been a marginal softening in confidence amongst SMEs on the one hand, coupled with increasing confidence in the consumer sector, over the past year. There are now only marginal differences in confidence between these two sectors of the economy.

Overall confidence in financial prospects February 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 - February 2005

Overall confidence Trends

	May 2004	August 2004	November 2004	February 2004
Extremely confident	15%	16%	19%	16%
Fairly confident	52%	50%	50%	54%
Neutral	17%	19%	17%	16%
Fairly worried	12%	11%	10%	12%
Extremely worried	4%	4%	4%	3%
Total confident	67%	66%	69%	70%
Total worried	16%	15%	14%	15%
*Net Balance	+51%	+51%	+55%	+55%

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

SOURCE: Sensis® Consumer Report :Sweeney Research - February 2005

Overall confidence Comparison with business – February 2005

	Consumers ¹	Business ²
Extremely confident	16%	16%
Fairly confident	54%	55%
Neutral	16%	17%
Fairly worried	12%	10%
Extremely worried	3%	2%
Total confident	70%	71%
Total worried	15%	12%
*Net Balance	+55%	+59%

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

SOURCE: ¹Sensis® Consumer Report :Sweeney Research - February 2005
²Sensis® Business Index :Sweeney Research - February 2005

Overall confidence in financial prospects by respondent characteristics

The March 2005 Sensis® Consumer Report found that males again reported higher net confidence in financial prospects for the year ahead than females (61 per cent compared to 50 per cent), with the gap widening significantly in the past quarter.

Looking at demographics by age group, the most confident age group was again those over 64 years of age. Examining both gender and age, the most confident Australians in February 2005 were younger males, with male respondents aged up to 29 years reporting net confidence of 74 per cent. Females aged in their 30s reported feeling the most confident of any female-gender group. The widening of the gap between male and female confidence levels can again be observed in the age-gender demographics. In the latest quarter, confidence amongst males improved in every age demographic, confidence amongst females only improved for those aged in their 30s. This was also the only female age-group which reported higher confidence levels than males of the same age. Overall, confidence growth was net positive in those Australians aged under 40 in the past quarter, with overall declines in net confidence for those aged over 40.

Australians living in metropolitan areas again reported higher levels of confidence on average than those living in regional Australia. However, there was considerable variation amongst the states and territories. The most confident Australians were those living in South Australia, where a net 68 per cent of consumers reported feeling confident about their financial prospects for the year ahead, an improvement of twenty percentage points on their previous quarter's result. The least confident Australians were those living in New South Wales, where net confidence was at 47 per cent, a decline of two percentage points since the previous survey. The span of confidence levels has increased in the past quarter, with the gap between the most confident and least confident states being now 21 percentage points, compared to a range of 17 percentage points last quarter.

Examining family status, those living in a household without children were again the most confident about their financial prospects for the year ahead, with singles again feeling the least confident (net 68 per cent compared to net 47 per cent).

There was again a direct relationship between confidence of financial prospects for the year ahead and income levels. Those on the highest income levels were the most likely to feel confident, with net 86 per cent of those with a household income over \$85,000 reporting feeling confident, compared to only 29 per cent of those with a household income up to \$35,000. While net confidence increased by six percentage points for the wealthiest households, those households with the lowest income levels also saw net confidence improve by six percentage points. The middle two income groups both saw declines in net confidence over the past quarter.

Overall confidence by demographics

*Net balance

	Total	Male	Female
Total	55%	61%	50%
Up to 29 years	57%	74%	45%
30 – 39 years	54%	47%	60%
40 – 49 years	49%	58%	41%
50 – 64 years	57%	64%	49%
Over 64 years	61%	70%	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 - February 2005

Overall confidence by location

*Net balance

Total	55%
Metro	60%
Non metro	47%
New South Wales	47%
Victoria	56%
Queensland	59%
South Australia	68%
Western Australia	65%
Tasmania	64%
Northern Territory	58%
Australian Capital Territory	56%

*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 - February 2005

Overall confidence by socio-economic variables

*Net balance

Total	55%
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	68%
Single person living alone or sharing	47%
Household income level..	
Up to \$35,000	29%
\$35,001 to \$55,000	54%
\$55,001 to \$85,000	58%
Over \$85,000	86%

*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 - February 2005

Reasons for being confident or worried

The main reasons given by Australians for feeling confident about their financial prospects for the year ahead was having secure employment, everything going well in general and having both partners working. The main reasons that Australians reported feeling worried were based around the cost of living, only being on a pension or suffering from financial hardship.

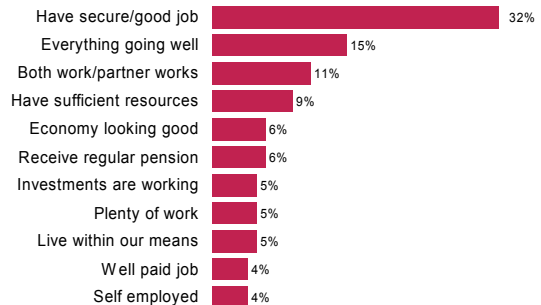
Having good or secure jobs was an important reason for feeling confident for those of all household income levels, but particularly so for those with a household income level from \$55,000 up. However, for those with a household income under \$35,000 this was not the main reason for confidence. For this income group, having a regular pension was again the key reason for confidence, keeping in mind that this income bracket contains a high proportion of retirees.

Having a good or secure job was the main reason for feeling confident across most age groups, with the exception again of the two extremities. For those aged up to 19, everything going well in general was the key factor behind feeling confident. For those in the 65 and over age group, everything going well was also the most important reason for feeling confident, closely followed by the belief that the economy was strong, with having a job being relatively unimportant to this demographic.

The main reasons that Australians gave for feeling worried about their financial prospects for the year ahead again related to the cost of living. With the proportion of those that felt worried about their prospects rising marginally this quarter, the cost of living was the main reason for a lack of confidence, and this reason had risen by four percentage points. The second main reason for being worried was only being on a pension. This reason has increased by six percentage points as a reason for concern. Another issue to have increased in prominence as a reason for concern was the belief that interest rates were going to rise, which has now become a belief for a significant proportion of those Australians who were worried about their financial prospects for the coming year.

Perceptions of a high cost of living were again the number one concern for most household income groups, right up to those with a household income of up to \$85,000. For those with a household income over \$85,000, the main reason for not feeling confident was concerns over health. Interestingly, concerns over rising interest rates were not a reason for lack of financial confidence amongst those households with incomes up to \$35,000, but was a significant concern for those households earning over \$35,000. The household income group most concerned was those earning from \$55,000 to \$85,000, and it was the second greatest reason for concern for those households earning over \$55,000.

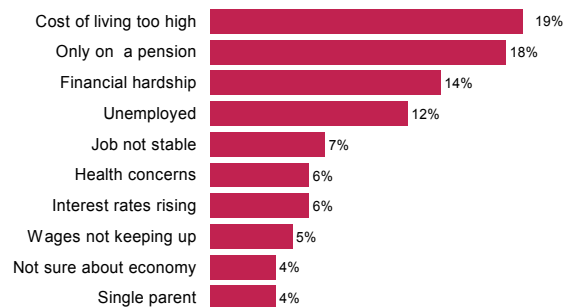
Reasons for being confident



Base : Consumers who are extremely or fairly confident

SOURCE: Sensis® Consumer Report : Sweeney Research - February 2005

Reasons for being worried



Base : Consumers who are extremely or fairly worried

SOURCE: Sensis® Consumer Report : Sweeney Research - February 2005

Comparison to a year ago

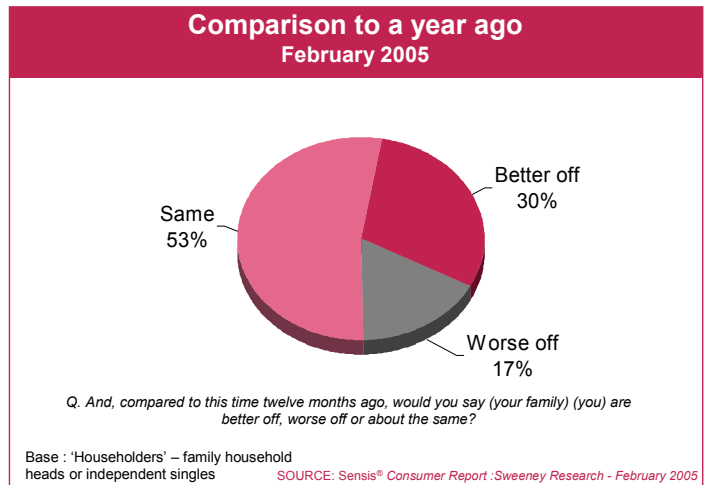
The proportion of Australians that felt they were better off than a year ago remained stable for the second successive quarter. Thirty per cent of Australians believed they were better off than they had been a year ago. Fifty-three per cent believed their position was about the same as a year ago, with 17 per cent feeling that they were now worse off than they had been 12 months previously, an increase of three percentage points. This resulted in a net decrease in the proportion of Australians feeling that they were better off in the past quarter.

Perceptions about whether people felt better off or worse off than they had been a year ago varied by demographic. Following a drop in female confidence levels, females were significantly more likely than males to feel that they were worse off than they had been a year ago (23 per cent compared to 11 per cent). Australians in their 20s were the most likely to feel they were now better off overall. Those whose household income was over \$85,000 were most likely to feel they were better off, with those earning up to \$35,000 least likely to feel better off. However, 19 per cent of the lowest income demographic still noted that they were now better off than they had been a year ago.

Residents of the two territories recorded the most disparate views on how they had fared over the past year. Residents of the Northern Territory were the most likely to feel they were better off than they had been a year previously, with those residents in the Australian Capital Territory least likely to feel that they were better off. Those residents in metropolitan areas were significantly more likely to feel that they were better off compared to their regional counterparts. Those Australians who rented their home were again more likely to feel that they were better off than those who owned their home.

The main reasons that Australians gave for feeling they were better off than they were a year ago not surprisingly tended to relate to employment and successful financial management. In line with the previous two quarters, the main reason given was that they were earning more money than they were a year ago, which had increased by a further four percentage points over the quarter. Other reasons, though significantly lower on the scale, were good returns on investments and getting employment. Interestingly, six per cent of those Australians who felt better off than a year ago believed this to be the case because they were now able to save money, a response that has not featured significantly in past quarters.

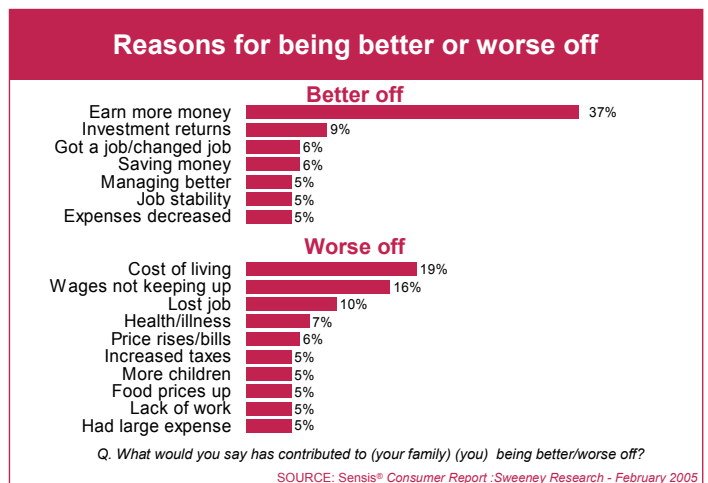
Mirroring the high cost of living as the main reason for lacking confidence, increases in the cost of living and price rises were again the main reasons given by those Australians who were feeling worse off than they were a year ago. The next most significant reason for feeling worse off was wages not meeting the rising cost of living; followed by having lost a job.



Comparison to a year ago Trends

	May 2004	August 2004	November 2004	February 2005
Better off	26%	30%	30%	30%
Same	54%	53%	56%	53%
Worse off	20%	17%	14%	17%
*Net Balance	+6%	+13%	+16%	+13%

*Net Balance defined as the proportion who are better off less the proportion who are worse off
SOURCE: Sensis® Consumer Report :Sweeney Research - February 2005



Household expenditure expectations

Consumer expenditure expectations remained net positive for consumption across most of the major expenditure groups in the latest quarter. The area with the highest net proportion of consumers expecting to increase expenditure was again general household expenditure, including groceries and bills, where net 37 per cent were expecting to increase their expenditure (unchanged since last quarter). Families with children were most likely to expect to be increasing their expenditure on general household expenses, as is typically the case.

The only areas of expenditure where more people were expecting to decrease their expenditure than increase it were dining out, fast food and home deliveries and home entertainment. This is the fourth consecutive quarter where households nominated that they expected to decrease their expenditure on dining out, fast food and home deliveries over the coming year. However, the net balance at negative six per cent has held stable over the past quarter. All household groups were expecting to decrease their expenditure in this area, with families without children expecting the greatest decrease.

In general, whilst increases were expected in most areas of expenditure, the trends in the net proportion of those expecting to increase expenditure were varied. Increasing net expectations were recorded for health and medical expenses, housing costs including mortgages and rent, education costs, telecommunications and home renovations and improvements. Decreasing trends were recorded for transportation, holidays and travel, entertainment, sport and leisure activities and home entertainment.

Families with children had the highest expectations for increased expenditure across a greater range of items than any other demographic group. While the greatest trend increase across any expenditure category was for education costs, the vast majority of this increase, not surprisingly, came from families with children, with 33 per cent of this demographic expecting increased education costs over the coming year. Other items of expenditure where expectations were greatest among families with children were general household expenses, transport costs, health and medical expenses, telecommunications and home renovations. Whilst expenditure expectations for families with children were strong in most areas, they had the lowest expectations for increased expenditure on holidays and travel, and home entertainment.

Families without children were most likely to be increasing their spend on holidays and travel over the year ahead than other demographics. Apart from expecting to spend more on dining out and takeaway food, singles appeared to be looking at spending more time at home, and were most likely to anticipate increasing their spend on housing costs, items for the home and home entertainment.

Household expenditure expectations February 2005				
	Spend more	Spend less	No change	*Net balance
General household expenses - groceries and bills	43%	5%	52%	37%
Transport costs – cars or public transport	34%	8%	58%	26%
Health and medical expenses	27%	9%	64%	18%
Housing costs such as mortgage or rent	24%	7%	68%	17%
Holidays and travel	30%	17%	53%	14%
Education costs	25%	11%	64%	13%
Telecommunications – including mobiles & Internet	23%	10%	67%	13%
Home renovations or improvements	28%	18%	54%	10%
Entertainment, sport and leisure activities	18%	11%	71%	7%
Items for the home such as furniture or electricals	23%	23%	54%	0%
Home entertainment	14%	17%	69%	-3%
Dining out, fast food or home deliveries	10%	16%	73%	-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 - February 2005

Household expenditure expectations Trends In *Net Balance				
	May 2004	August 2004	November 2004	February 2005
General household expenses - groceries and bills	+37%	+36%	+37%	+37%
Transport costs – cars or public transport	+26%	+26%	+32%	+26%
Health and medical expenses	+20%	+17%	+16%	+18%
Housing costs such as mortgage or rent	+20%	+18%	+13%	+17%
Holidays and travel	+13%	+12%	+15%	+14%
Education costs	+15%	+12%	+8%	+13%
Telecommunications – including mobiles & Internet	+13%	+14%	+9%	+13%
Home renovations or improvements	+10%	+9%	+8%	+10%
Entertainment, sport and leisure activities	+9%	+8%	+9%	+7%
Items for the home such as furniture or electricals	+2%	+4%	0%	0%
Home entertainment	+1%	+1%	-1%	-3%
Dining out, fast food or home deliveries	-4%	-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 - February 2005

Household expenditure expectations By family status			
*Net balance for..	Families with children	Families no children	Singles
General household expenses - groceries and bills	48%	34%	25%
Transport costs – cars or public transport	32%	21%	25%
Health and medical expenses	23%	21%	9%
Holidays and travel	10%	18%	14%
Housing costs such as mortgage or rent	20%	11%	21%
Telecommunications – including mobiles & Internet	18%	14%	5%
Entertainment, sport and leisure activities	8%	8%	7%
Education costs	33%	-5%	6%
Home renovations or improvements	13%	9%	7%
Items for the home such as furniture or electricals	1%	-4%	4%
Home entertainment	-6%	-3%	0%
Dining out, fast food or home deliveries	-6%	-9%	-2%

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

SOURCE: Sensis® Consumer Report :Sweeney Research - February 2005

Cutting or increasing expenditure

It is interesting to note the particular areas where consumers are most likely to be looking at increasing or decreasing their expenditure if they faced changing financial or economic 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.

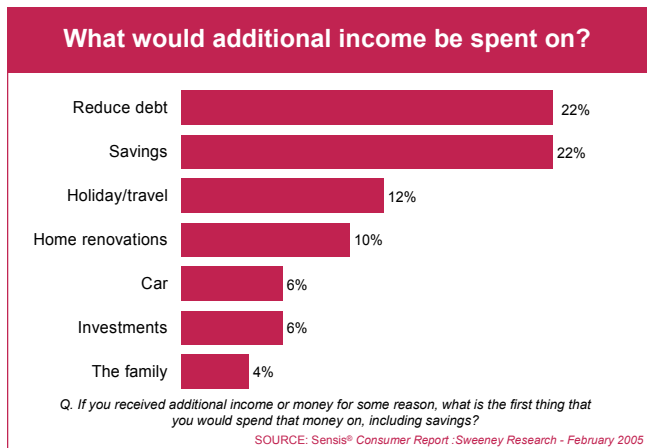
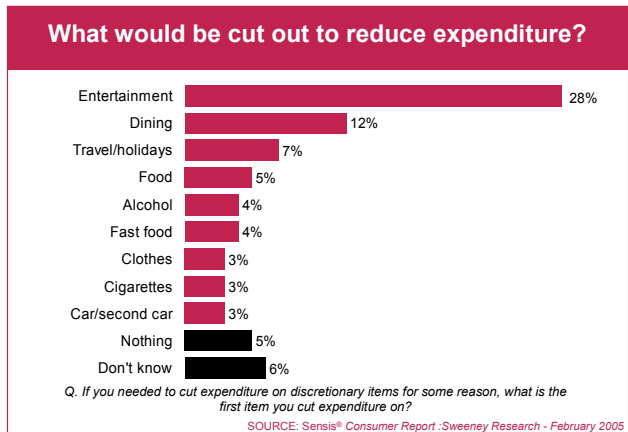
The area of expenditure most likely to be cut by consumers would be money spent on entertainment and going out, with 28 per cent of consumers nominating this as their first avenue to decrease expenditure. The age demographic most likely to cut back on entertainment was those consumers aged in their 30s. There was little difference on a gender basis, however, residents of New South Wales were most likely to cut their expenditure on entertainment, and those in South Australia least likely.

Dining was the item next most likely to be cut by consumers, with 12 per cent nominating this as the first item they would cut back on if necessary. Residents of South Australia would be most likely to cut back on dining, with 18 per cent nominating that as their first area for reduction. This compared to only seven per cent of Tasmanians that said they would reduce dining out expenses.

Tourism was also seen as a particularly discretionary item of expenditure, highlighting the importance of a healthy economic environment for this sector. Travel and holidays were the third most likely item that consumers would target for reduction if necessary.

On the flip-side, however, if consumers were to receive additional income, holidays and travel would be the first area where people would like to increase their expenditure. This was particularly the case for those in the lowest household income category, earning up to \$35,000. Consumers living in metropolitan areas were twice as likely as their regional counterparts to want to put any additional income towards holidays or travel.

It is interesting to note that ahead of any actual additional expenditure, if additional funds were available Australians would currently look to reduce their debt levels or increase savings. Males were more likely than females to propose putting additional revenue into debt reduction or savings, and families with children were significantly more likely than other household types to look at debt reduction specifically. Interestingly, debt reduction was almost as likely to be the first priority for those who were renting their homes as those who owned their homes, however increasing savings was much more likely to be a preferred option for those renting their accommodation.



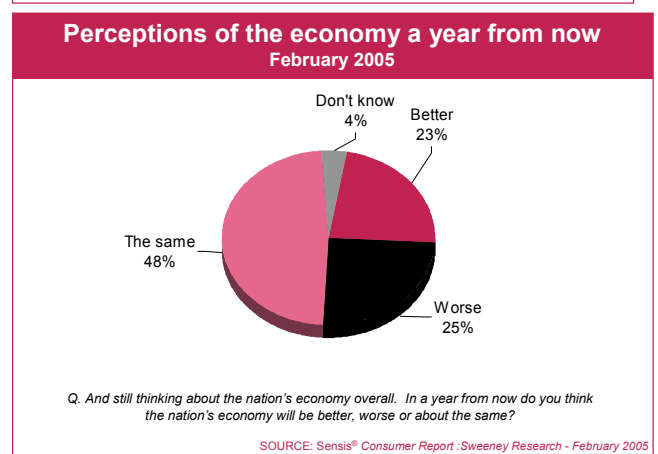
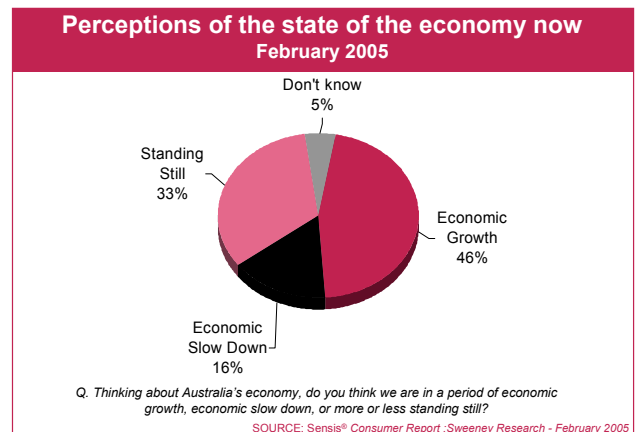
Perception of the state of Australia's economy

The March 2005 Sensis® *Consumer Report* found that the proportion of consumers that felt that Australia was currently in a period of economic growth softened over the past quarter. This view was held by 46 per cent of consumers, compared to 16 per cent that felt the economy was currently slowing down, and 33 per cent that felt it was standing still. This resulted in a net balance of 30 per cent of consumers who felt the economy was currently in a growth phase. This net result is down five percentage points since last quarter. However, this is still the second strongest result in the past year.

When asked how they thought the economy would be performing a year from now, 23 per cent of consumers felt it would be better than the current situation. This compared to the 25 per cent of consumers that felt the economy would be worse in a year's time. The most likely response, however, was that the economy would be the same in a year's time as it currently was (48 per cent, up from 45 per cent).

When the same question was asked of business proprietors in the February 2005 Sensis® *Business Index*, business proprietors reported higher levels of confidence in the economic outlook than consumers. A net balance of 45 per cent of business proprietors felt the economy was currently in a growth phase, compared to the net balance of 30 per cent of consumers who felt the economy was in a growth phase. When looking at expectations a year from now, net 20 per cent of business proprietors reported believing that the economy would be better, compared to net negative two per cent of consumers. Business proprietors were significantly more likely to have positive views of the economy than consumers in general, and were much less likely to have a negative view of the current state of the economy.

However, while business proprietors' views of the current state of the economy have increased over the past quarter, the results for consumers reflect a softening in perceptions of the economy over the past quarter, and the gap between business proprietors and consumers has increased over the past quarter. Looking at consumers' expectations for the economy a year from now, the decreased net balance result is attributable to a decrease in the proportion of consumers that feel the economy will be better, while the proportion that feel it will be weaker in a year's time has remained unchanged over the past quarter. The net result for businesses at the same time reflects a strong increase in the proportion of business proprietors that feel the economy will be stronger in a year's time, coupled with a decrease in the proportion that believe the economy will deteriorate over the coming year.



Perceptions of the state of the economy Trends

	May 2004	August 2004	November 2004	February 2005
The Economy Now				
Growth	41%	39%	48%	46%
Slowing	19%	17%	13%	16%
*Net Balance	+22%	+22%	+35%	+30%
The Economy a Year from Now				
Better	25%	22%	25%	23%
Worse	24%	22%	25%	25%
*Net Balance	+1%	0%	0%	-2%

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

SOURCE: Sensis® Consumer Report : Sweeney Research - February 2005

Perceptions of the state of the economy Comparison with business

	¹ Consumers	² Business
The Economy Now		
Growth	46%	55%
Slowing	16%	10%
*Net Balance	+30%	+45%
The Economy a Year from Now		
Better	23%	30%
Worse	25%	10%
*Net Balance	-2%	+20%

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

SOURCE: ¹ Sensis® Consumer Report : Sweeney Research - February 2005
² Sensis® Business Index : Sweeney Research - February 2005

Section 2 : Our Concerns

Prime concerns

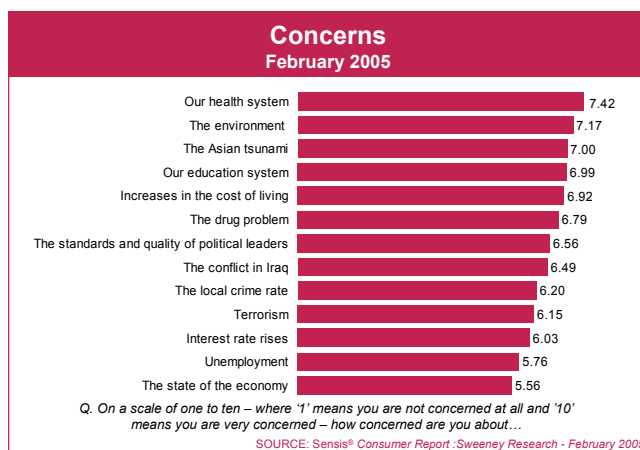
The March 2005 Sensis® Consumer Report found that the level of concern of Australians had risen across most issues in general. Once again, the health system was the overriding concern for Australians, followed by the environment. However, the impact of the tsunami has been of particular concern for Australians, being the third top concern overall. The only issues that saw decreases in the levels of concern were the conflict in Iraq, which fell from the fourth greatest concern of Australians last quarter to the eighth top concern this quarter, and terrorism. Interest rate rises, although still not featuring as one of the main concerns, was the issue that had risen most in levels of concern over the past quarter.

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 health system scored an average score of 7.42, higher than any other issue. Families with children were again more likely to report concern over the health system (average level of 7.62) than households without children. Households with incomes between \$35,000 and \$55,000 were most likely to report concern over the health system (average level of 7.84) than households in other income brackets. Residents of Tasmania were the most likely to report concern for the health system (average level of 7.88), with those in Western Australia reporting the lowest level of concern for the health system (average level of 7.07).

The environment was the second highest concern for Australians, ranking it at an average level of 7.17. Students were most likely to express concern over the environment, with those who were retired the least likely to express concern (7.55 compared to 6.92). Metropolitan Australians were more likely to express concern over the environment than their regional counterparts. Residents of the Australian Capital Territory were the most likely to express concern over the environment than residents of any other state or territory.

The third highest concern for Australians in the latest survey was the tsunami, which was ranked at 7.00 on a scale of one to ten. The concerns expressed by Australians about the tsunami will be examined in further detail in the following pages.

It is of interest to note that those with the lowest household income demographic, earning up to \$35,000, expressed higher levels of concern across almost all issues than those of higher income demographics. The only issue for which this was not the case was interest rates, where those earning between \$55,000 and \$85,000 expressed the highest levels of concern.



Concerns
Trends

	May 2004	August 2004	November 2004	February 2005
Our health system	7.79	7.32	7.3	7.42
The environment	7.15	7.13	6.95	7.17
Our education system	7.13	6.95	6.83	6.99
Increases in the cost of living	7.02	6.78	6.75	6.92
The drug problem	N/A	6.84	6.55	6.79
The standards & quality of political leaders	6.74	6.62	6.28	6.56
The conflict in Iraq	7.08	6.73	6.78	6.49
The local crime rate	6.19	5.86	5.96	6.20
Terrorism	6.82	6.39	6.29	6.15
Interest rate rises	5.92	5.67	5.69	6.03
Unemployment	6.08	6.07	5.72	5.76
The state of the economy	5.95	5.74	5.53	5.56

SOURCE: Sensis® Consumer Report :Sweeney Research - February 2005

Concerns by demographics

Females 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 the conflict in Iraq, followed by the Asian tsunami and terrorism, with females displaying far higher concern levels than males over these issues. The issue where male and female views most closely aligned was over the state of the economy.

The greatest concerns for those in the lowest income demographic were the health system, the drug problem and the cost of living. Whilst those in the uppermost income group generally displayed lower levels of concern on average, their greatest concerns were the environment, the health system and the education system.

Those aged up to 19 displayed the highest level of concern of any age demographic over the Asian tsunami and unemployment. Those Australians aged from 20 to 29 years were most likely to be concerned about the environment, the education system, increases in the cost of living, interest rate rises and the state of the economy, but least likely to be concerned about the drug problem. Those aged from 30 to 39 years were less likely than other age groups to be concerned about terrorism and unemployment. Those aged from 40 to 49 years were more likely than other age demographics to be concerned about the standards and quality of our political leaders, whilst those aged from 50 to 64 years were most likely to be concerned about the health system.

At the other end of the concern scale, the oldest Australians (65+) displayed the most concern over a wide range of issues including the environment, the drug problem, the conflict in Iraq, the local crime rate and terrorism. However, this age group was also less concerned than any other over a large range of issues, including the environment, the education system, interest rate rises and the state of the economy.

The vast majority of age groups rated the health system as their greatest concern overall. The exceptions to this were again the youngest and eldest age demographics. Those aged up to 19 were more concerned about increases in the cost of living and our education system than they were about the health system. Those aged 65 years and above were more concerned about the drug problem than they were about the health system.

The majority of age demographics were also least concerned about the state of the economy overall. The only exceptions to this were those aged in their 20s and 30s who were less concerned about unemployment than they were about the economy.

Concerns by gender

	Total	Male	Female	Difference
The state of the economy	5.56	5.44	5.68	(0.24)
Interest rate rises	6.03	5.89	6.17	(0.28)
The standards & quality of political leaders	6.56	6.41	6.70	(0.29)
Increases in the cost of living	6.92	6.74	7.08	(0.34)
Our health system	7.42	7.19	7.63	(0.44)
Our education system	6.99	6.75	7.22	(0.47)
The environment	7.17	6.91	7.42	(0.51)
The local crime rate	6.2	5.94	6.45	(0.51)
The drug problem	6.79	6.46	7.09	(0.63)
Unemployment	5.76	5.37	6.13	(0.76)
Terrorism	6.15	5.73	6.54	(0.81)
The Asian tsunami	7.00	6.43	7.52	(1.09)
The conflict in Iraq	6.49	5.92	7.03	(1.11)

SOURCE: Sensis® Consumer Report :Sweeney Research - February 2005

Concerns by age group

	Total	Up to 19	20 to 29	30 to 39	40 to 49	50 to 64	65+
Our health system	7.42	6.77	7.51	7.42	7.52	7.66	7.33
The environment	7.17	7.07	7.35	7.28	7.20	7.19	6.87
The Asian tsunami	7.00	7.36	7.12	6.85	6.62	7.02	7.20
Our education system	6.99	6.92	7.36	7.27	7.05	6.97	6.27
Increases in the cost of living	6.92	7.56	7.32	7.03	6.71	6.50	6.73
The drug problem	6.79	6.48	6.10	6.22	6.63	7.16	8.08
The standards & quality of political leaders	6.56	5.84	6.76	6.60	6.73	6.60	6.54
The conflict in Iraq	6.49	6.25	6.40	6.30	5.98	6.64	7.39
The local crime rate	6.20	6.18	6.28	5.87	5.78	6.50	6.66
Terrorism	6.15	6.39	5.99	5.72	6.08	6.19	6.69
Interest rate rises	6.03	5.68	6.61	6.51	6.19	5.70	5.34
Unemployment	5.76	6.31	5.79	5.21	5.83	5.82	5.85
The state of the economy	5.56	5.50	5.86	5.58	5.70	5.50	5.19

■ = Highest level
■ = Lowest level

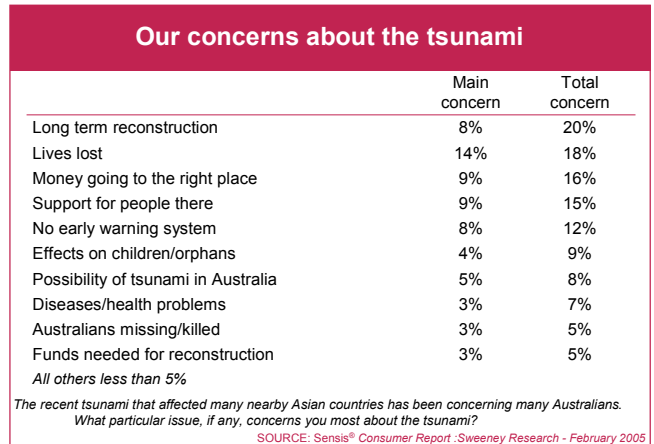
SOURCE: Sensis® Consumer Report :Sweeney Research - February 2005

Section 3 : The Asian Tsunami

What concerns us most about the tsunami?

As mentioned in the previous section, the March 2005 Sensis® Consumer Report found that the recent tsunami was a major concern for Australians, being more of a concern than other issues such as the education system, the conflict in Iraq or the state of the economy.

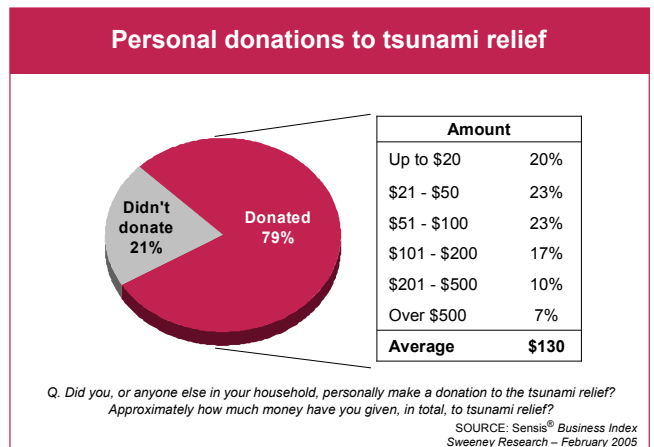
When asked what concerned them most about the Asian tsunami, Australians responded that they were most concerned about the lives lost in the tragedy. Overall, however, the aspect that the largest number of Australians were concerned about overall was the long term reconstruction in the affected areas. Other concerns that affected over 10 per cent of the population overall included concerns over whether money would go to the right place, support for affected people and the lack of an early warning system.



Personal donations

The level of concern expressed by Australians was also apparent in the level of donations that people provided to tsunami relief. Overall, 79 per cent of Australians reported that their household had made a donation to the relief effort. Whilst the amounts donated varied, the average amount donated was \$130. The amount of the donations given tended to increase with the household income, with higher income households tending to be more likely to make larger donations.

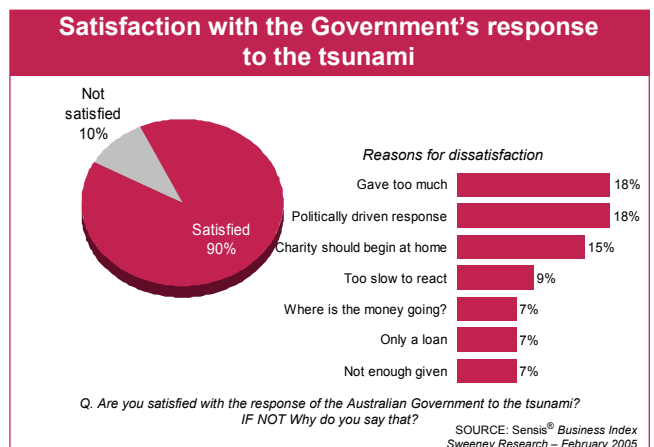
Donation levels around Australia were high, ranging between 71 per cent and 84 per cent of households donating on a state and territory basis. Of those households that donated, residents of the Northern Territory were most likely to have reported having made a household donation in excess of \$1000.



Government response

Overall, Australians were overwhelmingly supportive of the Australian Government's response to the tsunami. Overall 90 per cent of Australians reported that they were satisfied with the Government's response. Residents of South Australia were most likely to be supportive of the Government's response, with those in the Northern Territory least likely to be supportive (94 per cent compared to 84 per cent).

Bearing in mind that the proportion that were not supportive of the Government's response was very low, the main reasons given for not being supportive included a belief that the Government had given too much, that it had been a politically driven response and the belief that charity should begin at home.



Section 4 : Our holidays

Our last holiday – where we went

It has been said that as Australians, we are used to travelling, and the latest Sensis® Consumer Report found this to be very much the case. Some 30 per cent of Australians most recently took a holiday of over a week's duration during the recent December/January holiday season, and two-thirds of Australians went on an holiday of at least one week since January 2004.

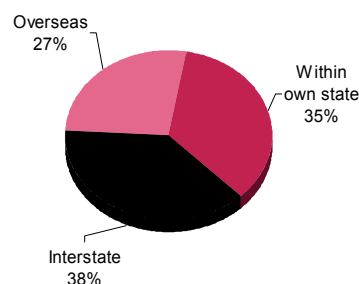
The most likely destination for our last holiday was interstate, with 38 per cent reporting having visited an interstate destination, 35 per cent visiting a destination within their own state and 27 per cent having gone on an overseas trip. The longer Australians took on holidays, the further we were likely to have travelled. Most holidays of one week's duration were taken within the home state, a two week holiday was more likely to be interstate, and Australians who took three weeks or longer were more likely to be travelling overseas.

When we travel interstate, we prefer to go to Queensland. Of those Australians whose last holiday was interstate, some 40 per cent reported having visited Queensland. Victorians were the most likely to have reported visiting Queensland on their last interstate holiday. Those most likely to holiday in their home state or territory were residents of Western Australia, closely followed by Queensland, with those residents of the Northern Territory least likely to have holidayed in their home state or territory.

And when Australians holiday, we head for the beach. Almost half (49 per cent) of those who had their last holiday in Australia went to a beach or coastal area, with the remaining half being fairly closely split between having visited a capital city or a regional area.

Overall, 28 per cent of Australians are yet to make plans for their next holiday, but of those of us who have, it is more likely to be in the April to June 2005 quarter, with one in five Australians currently planning to take a holiday then. And we are creatures of habit. Of those of us who have made our plans, most of us are likely to be travelling interstate (37 per cent), probably to Queensland (42 per cent). Particularly if we live in Victoria.

Where was the last holiday?



Q. Where did you go on that last trip?

Base : Holidayed in last four years SOURCE: Sensis® Consumer Report :Sweeney Research - February 2005

Holiday duration

	Total	Home State or Territory	Interstate	Overseas
Up to one week	42%	60%	46%	14%
Two weeks	30%	28%	34%	27%
Three weeks	10%	6%	10%	16%
Four weeks	8%	5%	5%	16%
Five weeks	2%	1%	1%	4%
Six weeks or more	8%	2%	4%	23%

Q. How many weeks was this last holiday?

Base : Holidayed in last four years SOURCE: Sensis® Consumer Report :Sweeney Research - February 2005

States or territories visited on last Australian holiday

Holiday destination	Those who holidayed interstate	Those who holidayed interstate or in home state
New South Wales	26%	27%
Victoria	21%	21%
Queensland	40%	34%
South Australia	11%	10%
Western Australia	3%	8%
Tasmania	6%	4%
Northern Territory	4%	3%
Australian Capital Territory	3%	2%

Q. Which states or territories did you visit?

Base : Last holiday in Australia SOURCE: Sensis® Consumer Report :Sweeney Research - February 2005

Our last holiday – why we went there

The main factor influencing Australian's choice of their last holiday destination was visiting family members. For one-third of Australians this was the primary motivating factor. This was followed by visiting friends, and if we did not end up visiting our families or friends, we were very likely to have taken their recommendations as to where we should go. In effect, over 60 per cent of holiday destination choices were influenced to some extent by our families and friends.

Apart from the influence of families and friends, Australians were next most likely to choose a destination that they had been to before. Lower order reasons for destination choice included cost considerations and visiting sporting events. An overseas destination was more likely to be taken if a low cost option was available, to appreciate the culture of the location or for work or study related reasons.

The average number of weeks that Australians spent on holidays in 2004 was 3.3 weeks. Females were more likely to have spent more time on holidays than males (3.5 weeks compared to 3.1 weeks). The age demographic that reported having spent the most time on holidays was those aged between 50 and 64 years, who reported having spent, on average, 3.8 weeks away from home in 2004. Those Australians who reported having spent the least time on holidays in 2004 were those aged from 30 to 49 years.

What influenced the choice of destination

	Total	Home State or Territory	Interstate	Overseas
To visit family	33%	24%	41%	39%
To visit friends	14%	9%	19%	14%
Recommendation from family/friends	14%	16%	12%	14%
Have been there before	12%	23%	7%	6%
Cost/free holiday	5%	4%	3%	10%
Sports event/show etc	5%	5%	5%	5%
Always wanted to go there	5%	2%	7%	5%
Saw TV advertisement	3%	2%	5%	2%
Saw print advertisement	2%	1%	2%	1%
Culture	2%	0%	0%	7%
Work/study related	2%	1%	1%	6%

Q. What influenced you the most in choosing your destination, for example advertising of various kinds, recommendations, and so forth?

Base: Holidayed in last four years SOURCE: Sensis® Consumer Report: Sweeney Research - February 2005

Total weeks spent on holiday in last year by demographics

	Total	Male	Female	14-29	30-49	50-64	Over 64
Less than one week	21%	19%	23%	22%	19%	23%	22%
One to two weeks	32%	27%	27%	15%	15%	11%	12%
Three to four weeks	25%	25%	26%	14%	25%	15%	15%
Over four weeks	22%	29%	24%	12%	13%	13%	14%
Average (weeks)	3.3	3.1	3.5	3.5	2.8	3.8	3.5

Q. How many weeks in total did you spend holidaying away from home in the last year, that is 2004?

Base: Holidayed in last four years SOURCE: Sensis® Consumer Report: Sweeney Research - February 2005

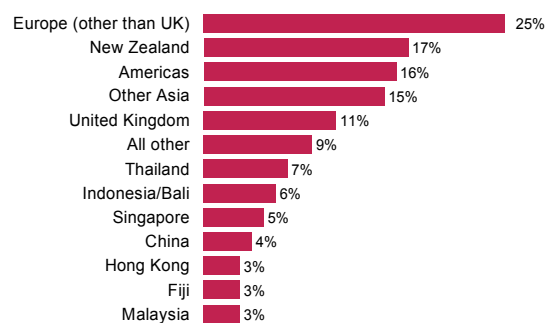
Our overseas travels

For Australians whose last holiday was overseas (37 per cent of those who had a holiday of at least one week's duration in the last four years), the destination most likely to be reported was continental Europe. Other destinations visited by in excess of 10 per cent of overseas travellers included New Zealand, the Americas, other Asian destinations and the United Kingdom.

Reflecting Australia's diverse culture, the reason most likely to influence us to go overseas is to visit family members. As already mentioned, experiencing other cultures is also a reason that Australians who holiday overseas are more likely to give for destination choice.

Over one-third of Australians who are planning to take a holiday in the next two years are currently hoping to travel overseas, and again continental Europe is the destination that most are hoping to visit (29 per cent).

Countries visited on last overseas holiday



Q. Which countries did you visit

Base: Last holiday overseas SOURCE: Sensis® Consumer Report: Sweeney Research - February 2005

Impact of recent international events or travel plans

Considering the extent to which Australians travel internationally, it is interesting to consider the impact that recent international events have had on Australians holiday plans.

For over three-quarters of Australians, recent events have had not impact on their travel plans. A further 10 per cent reported that they were less likely to travel overseas, with five per cent less likely to go to certain areas. Whilst over half of those Australians who travel overseas reported having heard of the Australian Government's Smart Traveller website, some two-thirds were not aware that their travel plans could be logged onto that website to assist in them being more easily located in the event of an emergency. However, three-quarters of overseas travelling Australians would consider doing so when aware of this possibility.

Impact of recent international events on travel plans

No impact at all	76%
Less likely to travel overseas	10%
Less likely to go to certain areas	5%
Less likely to use air travel	3%
More likely to research destination	3%

Q. What, if anything, has been the impact of recent international events such as terrorism or natural disasters on your travel plans?

SOURCE: Sensis® Consumer Report :Sweeney Research - February 2005

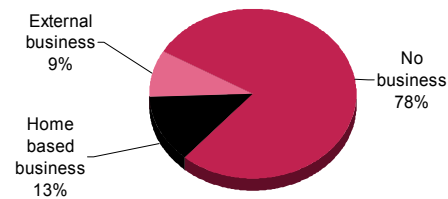
Section 5 : Business Ownership

Current business ownership

The level of business ownership in the Australian community remained high in the March 2005 Sensis® Consumer Report. Overall, some 22 per cent of households reported having a household member who owned a business. Those with household incomes of \$85,000 and above were most likely to report business ownership compared to those households with incomes less than \$35,000 (38 per cent compared to seven per cent).

Overall, 13 per cent of households reported having a home-based business operating in their household, and nine per cent reported having an external business owned by a household member.

Incidence of business ownership



Q. Do you, or anyone else in your household currently own a business?
Q. Is that business a home-based business or does it operate from separate business premises?

SOURCE: Sensis® Consumer Report :Sweeney Research - February 2005

Planned business ownership

Overall, 12 per cent of households had a household member that was wanting to start a business in the next twelve months.

It is particularly interesting to note the influence that already owning a business has on business start-up and entrepreneurship. Overall, those households where there was already business ownership were more likely to be wanting to start a new business venture compared to those who do not currently have a business operating (16 per cent compared to 11 per cent). The Northern Territory reported the highest proportion of households with business start-up intentions over the next year (16 per cent).

Proportion Interested in starting a business



Q. Are you, or anyone else in your household interested in starting a business in the next 12 months?

SOURCE: Sensis® Consumer Report :Sweeney Research - February 2005

How to Obtain a Copy of the Sensis® Consumer Report

Visit www.about.sensis.com.au

The March 2005 Sensis® Consumer Report can be accessed on the Sensis internet site at www.about.sensis.com.au from 8 March 2005.

Sensis® Consumer Report “Special Reports”

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

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