

Sensis[®] *Consumer Report*

March 2008



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Introduction

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

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

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

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

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

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

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

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About the survey

The results in this report are based on a survey of 1,500 Australians conducted over 23rd January to 17th February 2007. All interviews were conducted via telephone by the survey research firm, Sweeney Research.

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

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

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

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

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

Executive summary

Consumer confidence

The March 2008 Sensis® *Consumer Report* found a net balance of 44 per cent of Australians reporting confidence in their financial prospects for the year ahead. This result was a fall of 17 percentage points from last quarter, the largest fall in confidence recorded in a single quarter since the start of the Sensis® *Consumer Report* in May 2004.

This result contrasts with the latest business confidence results from the February 2008 Sensis® *Business Index*, which found a net 49 per cent of SME operators felt confident about their business prospects for the year ahead, a rise of six percentage points from last quarter. However, small businesses had already had a significant fall in business confidence the previous quarter, with businesses currently reporting concerns over rising interest rates, falling demand and the economic environment.

Having a secure job were the main reasons Australians felt confident, with having a good job declining in importance relative to job security. The main reason for consumers expressing worry was increasing interest rates.

Twenty-five per cent of Australian households believed they were better off now compared to a year ago (down six percentage points in the past quarter), the equal lowest level recorded in the history of the Sensis® *Consumer Report*. Earning more money was the main reason for this belief. Twenty-four per cent of households felt they were worse off (up 10 percentage points in the past quarter) due mainly to concerns about increases in the cost of living. The net proportion of consumers who felt better off fell 16 percentage points in the past quarter, and is now at its lowest position since the commencement of the Sensis® *Consumer Report* in May 2004.

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

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

The economy and concerns

The March 2008 Sensis® *Consumer Report* found Australians' net perceptions of the current state of the economy falling to 10 per cent. This resulted from 40 per cent of Australian consumers believing the economy was currently growing, less the 30 per cent who believed the economy was currently slowing. With the 38 percentage point fall in the past quarter, perceptions of the current state of the Australian economy are some 16 percentage points lower than at the same time last year.

Australians also felt economic growth prospects for the year ahead were likely to deteriorate; with the majority of consumers feeling the economy would be worse in a year, some 19 percentage points higher than the proportion who felt it would be worse. The net proportion of consumers feeling the economy would improve in a year fell by 22 percentage points from the last quarter and is some 14 percentage points lower than at the same time last year.

The price of petrol was the top concern for Australians in the March 2008 Sensis® *Consumer Report*, followed by concerns for the environment and the health system. The largest increase in levels of concern for Australians was in relation to the state of the economy, followed by increases in interest rates. The largest drop in concern for any issue was for the drought, followed by the conflict in Iraq and terrorism.

Time management

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

Australians expected to decrease the amount of time they spend dining out, shopping for food or groceries online, and shopping for items for the home.

Meal preparation was the household task most likely to be outsourced, with 19 per cent of Australians reporting outsourcing meals by eating at restaurants and 18 per cent reporting buying take-away meals. Other popular tasks Australians were outsourcing included personal grooming and cleaning, which were both outsourced by 14 per cent of Australians.

Overall, the proportion of Australians who reported outsourcing some of their domestic and personal tasks has risen over the past twelve months, with 52 per cent of Australians reporting some outsourcing, compared to 28 per cent at the same time last year.

Our workplace environment

Australians were still more likely to report a belief that changes to the workplace relations system made by the previous federal government have had a negative impact. Some 26 per cent of those aware of the issues reported they felt the impact would be negative, compared to 13 per cent who felt there would be a positive impact. This resulted in an overall net balance of negative 13 per cent – unchanged in the past quarter from the views that Australian had held prior to the federal election.

The main reasons given for the workplace relations changes having a negative impact were: a view that employees were more vulnerable, a feeling that it was negative in general, a feeling that the impact would be negative and a view that wages would be cut as a result. Those who believed there would be a positive impact felt the new system was positive and good in general, that it was more flexible and that they supported the system as they were employers.

These views contrasted with those held by Australia's small and medium business operators collected in the concurrent Sensis® *Business Index*, where a positive net 14 per cent felt the changes have had a positive impact and around one in four felt the re-introduction of the previous unfair dismissal laws would have a negative impact.

Section 1 : Economic confidence

Overall confidence in financial prospects

Key findings

The March 2008 Sensis® *Consumer Report* found a net 44 per cent of consumers expressed relative confidence in their financial prospects for the year ahead. With last quarter resulting in the highest level of confidence on record, this latest result represented the largest fall in a single quarter in net confidence since the Sensis® *Consumer Report* commenced in May 2004.

Australians recorded stronger confidence with a net balance result of 44 per cent. This comprised a weaker 62 per cent of Australians who were confident about their prospects for the year ahead, in conjunction with a higher 18 per cent who were worried.

The March 2008 Sensis® *Consumer Report* found net confidence among consumers lower 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 49 per cent; composed of 65 per cent of businesses that were confident overall and 16 per cent who were worried about their prospects going forward.

The net result of consumer confidence at 44 per cent represents a significant fall in the proportion of consumers who felt confident (down 11 percentage points from the past quarter). This sentiment was supported by a six percentage point increase in the proportion of consumers feeling worried in the last quarter.

These latest results contrast with net confidence among SME proprietors which recorded a small rise in the latest results for February 2008. However, it should be kept in mind that small businesses had already recorded the largest one-quarter fall in the previous quarter since the start of the Sensis® *Business Index* in 1993. In this context, consumer confidence appears to be lagging business confidence by one quarter, with businesses noticing the decline in demand before the underlying economic conditions are being reported by consumers.

In the latest quarter, the main concerns affecting business confidence were increasing interest rates, decreasing demand and concerns about the global economic environment.

Confidence trends – past five quarters

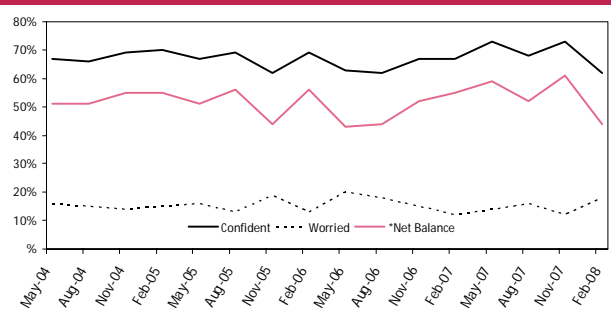
	February 2007	May 2007	August 2007	November 2007	February 2008
Extremely confident	18%	21%	18%	20%	15%
Fairly confident	49%	51%	50%	53%	47%
Neutral	20%	14%	16%	15%	20%
Fairly worried	10%	11%	13%	9%	14%
Extremely worried	2%	3%	3%	3%	4%
Total confident	67%	73%	68%	73%	62%
Total worried	12%	14%	16%	12%	18%
*Net Balance	+55%	+59%	+52%	+61%	+44%

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

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

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

Long term trends in confidence



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

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

Overall confidence Comparison with business - February 2008

	Consumers ¹	Business ²
Extremely confident	15%	13%
Fairly confident	47%	52%
Neutral	20%	19%
Fairly worried	14%	14%
Extremely worried	4%	2%
Total confident	62%	65%
Total worried	18%	16%
*Net Balance	+44%	+49%

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

SOURCE: ¹Sensis® *Consumer Report* Sweeney Research - February 2008
²Sensis® *Business Index* Sweeney Research - February 2008

Overall confidence in financial prospects by respondent characteristics

The March 2008 Sensis® Consumer Report found the decrease in overall confidence was due mainly to a decrease in female confidence. This latest result represents a fall of 21 percentage points in confidence among females in the last quarter, with male confidence down 13 percentage points by comparison.

Australians aged less than 30 years were the most confident in the past quarter, with confidence in this age group falling by 12 percentage points since last quarter. All age groups reported declining confidence in the past quarter, with the largest decline being amongst Australians between 50 and 64 years of age.

Examining both gender and age, the most confident Australians in March 2008 were males aged in their 30s, with a net confidence level of 61 per cent. This was in stark contrast to females in the same age group, who were the least confident of any age-gender demographic. Females aged over 64 years reported feeling the most confident of any female age group. Small rises in confidence were reported by males aged in their 30s and 40s, and also by females aged less than 30. All other age and gender demographics reported declining confidence in the past quarter.

Confidence was significantly higher in metropolitan areas, recording levels some 16 percentage points above the levels recorded in regional Australia. The most confident Australians were again those living in the Australian Capital Territory, where a net 61 per cent of consumers reported feeling confident about their financial prospects for the year ahead, down two percentage points from last quarter. The least confident Australians were in Tasmania, with net confidence at 32 per cent, down 24 percentage points since the last quarter. Confidence fell in all states and territories in the past quarter. The largest fall in confidence was recorded in New South Wales (26 percentage points). The smallest falls in confidence were recorded in the Australian Capital Territory and Western Australia (two percentage points each).

Examining family status, those who live in a household without children were again the most confident about their financial prospects for the year ahead, with confidence at a net 46 per cent. Singles were least confident with a net 39 per cent compared to a net 44 per cent for families with children.

Those on the highest income level were, not surprisingly, the most likely to feel confident, with a net 64 per cent of those with a household income of more than \$85,000 feeling confident, compared to net negative one per cent of those with a household income up to \$35,000. Confidence fell across all income groups in the past quarter.

Overall confidence by age and gender *Net balance - February 2008

	Total	Male	Female
Total	44%	52%	36%
Up to 29 years	46%	53%	39%
30 - 39 years	45%	61%	30%
40 - 49 years	45%	58%	33%
50 - 64 years	39%	41%	37%
More than 64 years	44%	47%	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 - February 2008

Overall confidence by location *Net balance - February 2008

	Total
Total	44%
Metro	50%
Non metro	34%
New South Wales	36%
Victoria	48%
Queensland	48%
South Australia	39%
Western Australia	52%
Tasmania	32%
Northern Territory	56%
Australian Capital Territory	61%

*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 2008

Overall confidence by socio-economic variables *Net balance - February 2008

	Total
Total	44%
Respondent Is..	
The male or female household head in a family with children	44%
The male or female household head in a family without children	46%
Single person living alone or sharing	39%
Household Income level..	
Up to \$35,000	-1%
\$35,001 to \$55,000	41%
\$55,001 to \$85,000	47%
More than \$85,000	64%

*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 2008

Reasons for being confident or worried

There were some subtle but significant changes in the reasons Australians gave for feeling confident or concerned in the past quarter. The main reasons Australians gave for feeling confident about their financial prospects for the year ahead was having a secure job, with having a good job declining in relative significance by comparison. The main reason Australians reported for feeling worried was rising interest rates, for the second successive quarter.

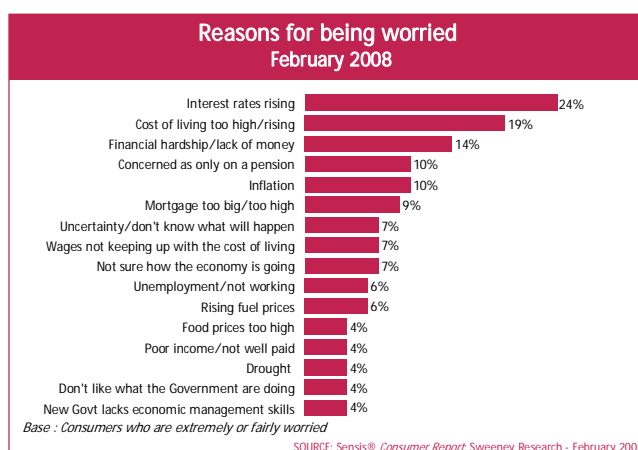
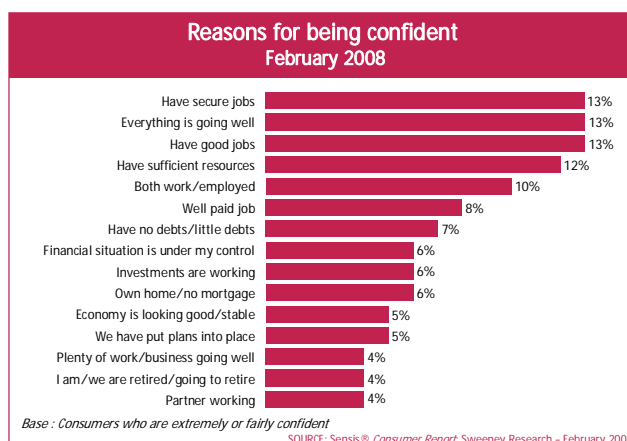
Having a good or secure job was the most important reason for feeling confident for those with household incomes of more than \$85,000. Combined with having little or no debt, it was also the top reason for confidence for those earning between \$55,000 and \$85,000. For those households with incomes between \$35,000 and \$55,000 the most important reasons for confidence were having everything going well in general, combined with having sufficient resources. For those with household incomes of less than \$35,000, receiving a regular pension was the main reason for confidence.

For Australians feeling worried about their financial prospects in the coming year, the main reason was increasing interest rates, which was nominated by 24 per cent of those who were worried. This has increased by five percentage points over the past quarter.

Rising interest rates were the main reason for concern for most income demographics. Those on household incomes of more than \$85,000 were the most likely to be concerned by rising interest rates, with 52 per cent of this income group citing this as the reason for concern. Families with children were the household structure most likely to report feeling worried as a result of increases in interest rates, with 37 per cent of concerned households with children giving this as the reason. Others concerned about interest rate increases were those working full-time, and Australians in their 30s, however this issue was mentioned as the main reason for concern by all age demographics under 50. Residents of Western Australia were most likely to be concerned about increasing interest rates, with 46 per cent citing this as the reason they felt worried.

Other key reasons for concern included the cost of living being too high (19 per cent) and financial hardship and lack of money (14 per cent).

Rising interest rates was the number one concern for those earning more than \$35,000 a year. An increasing cost of living was the main reason given by those in the lowest income group (up to \$35,000) for being concerned about their prospects in the coming year.



Comparison to a year ago

In line with weaker confidence, this quarter found the proportion of Australians who felt better off than a year ago at its equal lowest level recorded in the Sensis® Consumer Report. Some 25 per cent of Australians believed they were better off than a year ago, down six percentage points from last quarter. Fifty-one per cent believed their position was about the same as a year ago, down four percentage points. The proportion that felt worse off was up 10 percentage points from last quarter to 24 per cent. This resulted in a net decrease of 16 percentage points in the proportion of Australians feeling better off than a year ago in the past quarter. This is the lowest net balance recorded since the Sensis® Consumer Report started in 2004.

On balance, Australians earning more than \$35,000 were more likely to feel they were better off compared to a year ago than worse off. However, there was not a purely direct relationship between household incomes and whether Australians felt better off. The lowest household income demographic (less than \$35,000 a year) had 16 per cent reporting they were now better off, which was significantly less than the 35 per cent who reported feeling worse off.

Residents of the Australian Capital Territory were most likely to feel better off on balance than a year ago. Residents of New South Wales were least likely to feel better off on balance. Australians living in metropolitan areas were more likely than those living in regional areas to feel better off than a year ago (six per cent compared to negative eight per cent).

The overwhelming reason Australians gave for feeling better off than a year ago related to increased earnings, in line with the past 11 quarters. Other reasons, though significantly lower on the scale, were having gained or changed employment, getting good returns on their investments, working more and having paid off their mortgage.

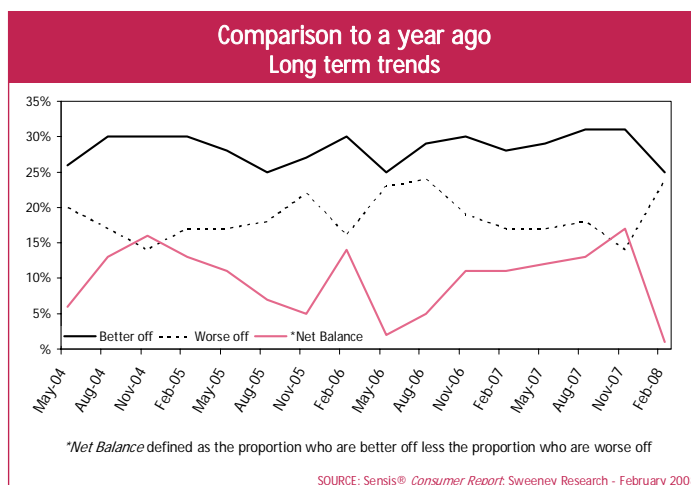
Increases in the cost of living and inflation topped the list of reasons for feeling worse off, followed by mortgage rates and price rises. Inflationary reasons, such as increases in the cost of living and price increases were most likely to be given by those with household incomes of less than \$35,000. Those with household incomes of more than \$85,000 were most likely to be concerned about the level of mortgage interest rates.

Comparison to a year ago Trends					
	February 2007	May 2007	August 2007	November 2007	February 2008
Better off	28%	29%	31%	31%	25%
Same	55%	54%	51%	55%	51%
Worse off	17%	17%	18%	14%	24%
*Net Balance	+11%	+12%	+13%	+17%	+1%

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

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

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



Household expenditure expectations

Consumer expenditure expectations were net positive across most of the major expenditure groups in the last quarter. The areas that most Australians expected to increase spending in the next 12 months were general household expenses, housing costs and transport costs.

Overall, the category with the highest net proportion of consumers expecting to increase expenditure was general household expenses, where a net 55 per cent were expecting to increase their expenditure. This result was unchanged since last quarter, however it was up by 14 percentage points compared to the same time last year.

Consumers were expecting to spend less on balance than last quarter on items for the home; home entertainment; and dining out, fast food or home deliveries. This is the ninth successive quarter where expenditure on home entertainment was net negative and the 16th consecutive quarter households nominated they expected to decrease their expenditure on dining out, fast food or home deliveries over the coming year. It is only the second consecutive quarter that households reported expecting to spend less on items for the home. The expected expenditure trend for home entertainment decreased by five percentage points over the past quarter, while the trends for dining out, fast food and home deliveries and items for the home both decreased by two percentage points.

The trends in the net proportion of those expecting to increase expenditure were varied this quarter, with consumers expecting both increases and decreases in expenditure, dependent on the category. Overall, however, consumers were expecting to cut expenditure in more categories than they were expecting to increase. The highest increase over the past quarter was transport costs, which increased by eight percentage points. Increases were also recorded in education costs, telecommunications costs and personal grooming costs. The trend which decreased the most was holidays and travel, which fell by seven percentage points.

Families without children were most likely to be expecting to increase expenditure for health and medical expenses, holidays and travel, personal care and grooming products and dining out, fast food and home deliveries.

Singles were expecting the largest increases in expenditure in telecommunications, holidays and travel, entertainment, special occasions and items for the home.

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

Household expenditure expectations February 2008

Over the next twelve months do you expect to spend a larger, smaller or about the same proportion of (your family) (your income on...	Spend more	Spend less	No change	*Net balance
General household expenses including groceries and bills	60%	5%	35%	+55%
Transport costs - cars or public transport	48%	7%	45%	+41%
Housing costs such as mortgage payments or rent	40%	6%	54%	+34%
Health and medical expenses	28%	8%	64%	+20%
Education costs	25%	8%	66%	+17%
Home renovations or improvements	29%	16%	55%	+13%
Telecommunications - including mobiles and internet	20%	10%	70%	+10%
Holidays and travel	28%	22%	50%	+6%
Entertainment, sport and leisure activities	18%	12%	70%	+6%
Personal care or grooming products or services	13%	8%	79%	+5%
Special events or occasions (eg. parties, weddings etc)	20%	16%	64%	+4%
Items for the home such as furniture or electrical goods	20%	24%	55%	-4%
Home entertainment such as DVD's, CDs	9%	18%	73%	-9%
Dining out, fast food or home deliveries	10%	20%	70%	-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 - February 2008

Household expenditure expectations Trends in *Net Balance

	Feb 2007	May 2007	Aug 2007	Nov 2007	Feb 2008
General household expenses - groceries and bills	41%	47%	54%	55%	55%
Transport costs - cars or public transport	27%	35%	34%	33%	41%
Housing costs such as mortgage or rent	21%	25%	33%	34%	34%
Health and medical expenses	18%	18%	22%	22%	20%
Education costs	12%	13%	12%	14%	17%
Home renovations or improvements	11%	10%	16%	15%	13%
Telecommunications - including mobiles & Internet	12%	13%	12%	8%	10%
Holidays and travel	14%	16%	15%	13%	6%
Entertainment, sport and leisure activities	6%	10%	7%	7%	6%
Personal care/grooming products	5%	5%	5%	4%	5%
Special events or occasions (eg. parties, weddings etc)	8%	10%	11%	5%	4%
Items for the home such as furniture or electrical goods	1%	2%	2%	-2%	-4%
Home entertainment	-8%	-5%	-2%	-4%	-9%
Dining out, fast food or home deliveries	-8%	-5%	-7%	-8%	-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 - February 2008

Household expenditure expectations By family status - February 2008

*Net balance for..	Total	Families with children	Families no children	Singles
General household expenses - groceries and bills	55%	61%	55%	46%
Transport costs - cars or public transport	41%	45%	40%	33%
Housing costs such as mortgage or rent	34%	46%	29%	23%
Health and medical expenses	20%	21%	24%	14%
Education costs	17%	39%	2%	0%
Home renovations or improvements	13%	15%	14%	9%
Telecommunications - including mobiles & Internet	10%	10%	8%	11%
Holidays and travel	6%	-2%	11%	13%
Entertainment, sport and leisure activities	6%	8%	2%	10%
Personal care/grooming products	5%	3%	9%	4%
Special events or occasions (eg. parties, weddings etc)	4%	-2%	6%	10%
Items for the home such as furniture or electrical goods	-4%	-9%	-2%	2%
Home entertainment	-9%	-7%	-11%	-9%
Dining out, fast food or home deliveries	-10%	-14%	-3%	-9%

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

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

Cutting back or increasing expenditure

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

The area of expenditure most likely to be cut by consumers was again money spent on entertainment and going out, with 19 per cent of consumers nominating this as their first means to decrease expenditure (down from 24 per cent in the past quarter). While entertainment expenses were the most popular expenditure to be cut in all states and territories, residents of South Australia were most likely to nominate cutting this item if necessary.

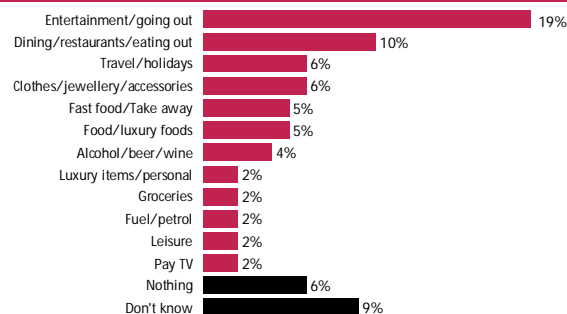
Dining out at restaurants was the next most likely item to be cut by consumers, with 10 per cent nominating this as the first item to cut back if necessary (a fall of three percentage points over the past quarter). Restaurants in the Australian Capital Territory were most likely to be affected by cuts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

The results suggest that Australians are most likely to try to increase their savings if they had some additional income, with 24 per cent nominating savings, down from 26 per cent in the past quarter. Those Australians with incomes between \$35,000 and \$55,000 were most likely to nominate they would save money (27 per cent), as were residents of Victoria (31 per cent) and those that rented their homes (also 31 per cent).

Reducing a mortgage was the next most popular thing people would do with additional money, favoured by 18 per cent of Australians, up from 14 per cent in the past quarter. There was a direct relationship between income and likeliness of putting additional income towards a mortgage, with only six per cent of those with incomes up to \$35,000 providing this response, compared to 27 per cent of those with incomes more than \$85,000.

Next in line for Australians with additional income was a holiday, which was nominated by 12 per cent of Australians (down one percentage point). Residents of the New South Wales, Western Australia and South Australia (14 per cent each) were most likely to set up a business.

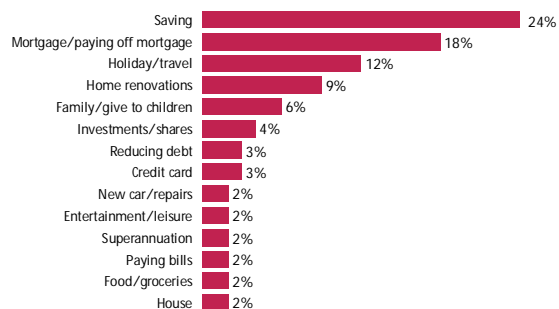
What would be cut out to reduce expenditure? February 2008



Q. If you needed to cut expenditure on discretionary items for some reason, what is the first item you cut expenditure on?

SOURCE: Sensis® Consumer Report Sweeney Research - February 2008

What would additional income be spent on? February 2008



Q. If you received additional income or money for some reason, what is the first thing that you would spend that money on, including savings?

SOURCE: Sensis® Consumer Report Sweeney Research - February 2008

Perception of the state of Australia's economy

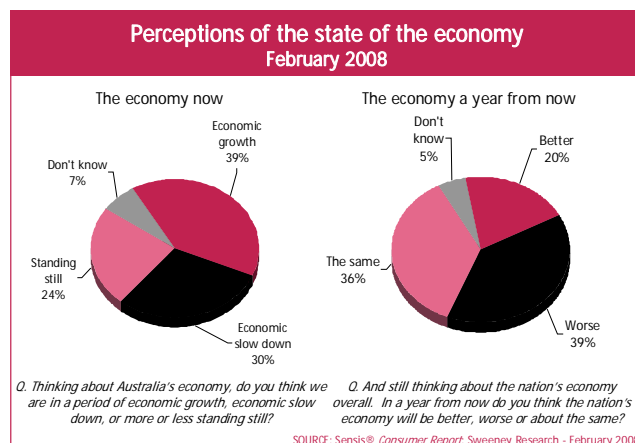
In line with the slump in consumer confidence, the March 2008 Sensis® Consumer Report found the net proportion of consumers who felt Australia was currently in a period of economic growth also falling dramatically. Forty per cent of consumers felt the economy was currently growing (down 21 percentage points), compared to 30 per cent who felt the economy was currently slowing down (up 17 percentage points), and 24 per cent who felt it was standing still. This resulted in a net balance of 10 per cent of consumers who felt the economy was currently in a growth phase. This result was down by 38 percentage points since last quarter and down by 16 percentage points from the same time last year. This was the largest drop in perceptions of the economy recorded in a single quarter.

There was a large degree of variation across the states and territories, with results ranging from 27 per cent to negative eight per cent. Residents of Western Australia again held the highest perceptions of the current state of the economy (27 per cent, down 41 percentage points), with the second highest net result being recorded in the New South Wales (14 per cent). Tasmanian consumers held the lowest perceptions (net negative eight per cent).

When asked how the economy would be performing a year from now, 20 per cent of consumers felt it would be better than the current situation, down five percentage points in the past quarter. This compared to the 36 per cent of consumers who felt the economy would be the same in a year. The most likely response was the economy would be worse than it is now (39 per cent, up from 22 per cent in the previous quarter). This resulted in a net negative 19 per cent, a fall of 22 percentage points in future expectations for the economy. This result was some 14 percentage points higher than at the same time last year. This result was the lowest result recorded since the start of the Sensis® Consumer Report in May 2004.

Those living in metropolitan Australia held higher net views on the future direction of the Australian economy as consumers in regional areas. All states and territories held net negative views on the future economic direction. The most optimistic views were in Western Australia (net negative eight per cent), with the most pessimistic in Victoria at net negative 27 per cent.

When the same question was asked in the February 2008 Sensis® Business Index, business proprietors reported slightly more optimistic views than consumers on the state of the economy now (net positive 14 per cent for businesses compared to net positive 20 per cent for consumers), but more pessimistic views on the future direction of the economy (net negative 21 per cent for businesses, compared to net negative 19 per cent for consumers).

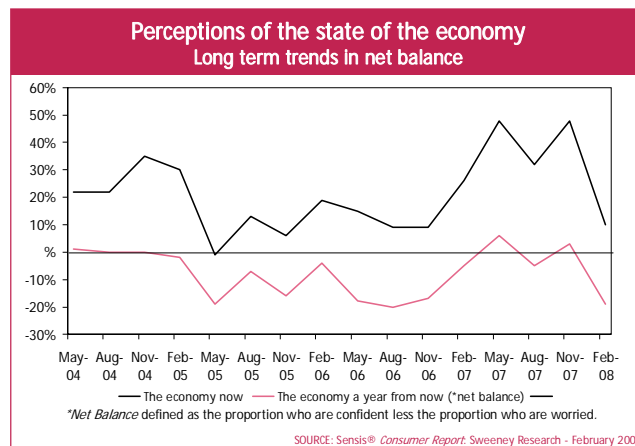


Perceptions of the state of the economy Trends

	February 2007	May 2007	August 2007	November 2007	February 2008
The economy now					
Growth	43%	59%	50%	61%	40%
Slowing	17%	11%	18%	13%	30%
*Net balance	+26%	+48%	+32%	+48%	+10%
The economy a year from now					
Better	22%	24%	20%	25%	20%
Worse	27%	18%	25%	22%	39%
*Net Balance	-5%	+6%	-5%	+3%	-19%

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

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



Perceptions of the state of the economy Comparison with business - February 2008

	Consumers ¹	Business ²
The economy now		
Growth	40%	39%
Slowing	30%	25%
*Net balance	+10%	+14%
The economy a year from now		
Better	20%	14%
Worse	39%	35%
*Net balance	-19%	-21%

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

SOURCE: ¹Sensis® Consumer Report; Sweeney Research - February 2008
²Sensis® Business Index; Sweeney Research - February 2008

Section 2 : Our concerns

Prime concerns

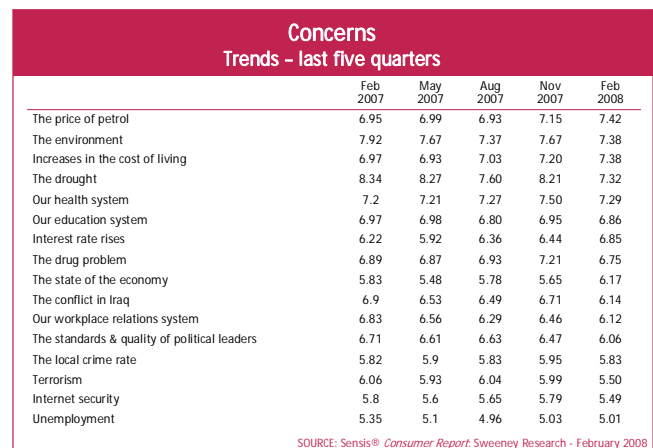
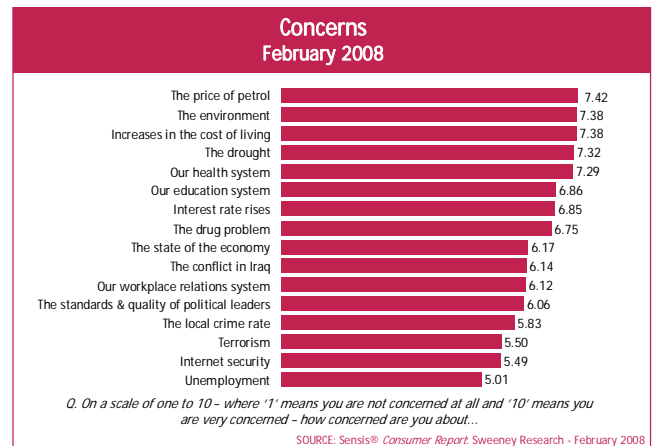
Concerns about the state of the economy rose more than any other issue compared to last quarter according to the March 2008 Sensis® Consumer Report. The price of petrol was the highest concern for Australians. This was followed by concern for the environment and the health system.

When asked to rank topical issues on a scale of one, representing no concern at all, to 10, representing a high level of concern, the price of petrol scored an average score of 7.42. Concerns about the price of petrol rose by 0.27 during the quarter. The price of petrol was the main concern for those with household incomes up to \$55,000, with the highest levels coming from the lowest income group of up to \$35,000. This compared to those with household incomes between \$55,000 and \$85,000 who were most concerned about increases in the cost of living, and contrasted strongly with those earning more than \$85,000, who were most concerned about the environment. The highest level of concern was recorded in Tasmania (7.74) with the lowest level recorded in the Australian Capital Territory (7.11). Increases in the price of petrol were the top concern for residents of Western Australia and the Northern Territory.

The second highest concern for Australians was the environment, which was ranked at 7.38, a fall of 0.29 in the past quarter. Those with household incomes up to \$35,000 were most likely to be concerned about this issue (7.60). Residents of South Australia were the most likely to be concerned for the environment (7.84) while residents of the Queensland reported the lowest levels of concern for the environment (7.04). The health system was the third highest concern for Australians, ranking an average level of 7.29, a fall of 0.21 in the past quarter. Residents of Tasmania were again most likely to express concern for the health system this quarter (7.92, down 0.35 in the past quarter) with South Australia reporting the lowest levels of concern (6.96).

Whilst most issues reported falling levels of concern in the past quarter, a range of economic issues reported rises in the level of concern. Concerns about the state of the economy overall rose more than any other issue, up by 0.52 to 6.17. Other issues to record increasing levels of concern were interest rates, the price of petrol and increases in the cost of living.

After being the top concern of Australians for the past five quarters since November 2006, the drought recorded the largest fall in concern over the past quarter, falling by 0.89. The next largest fall in concern was over the conflict in Iraq, which fell by 0.57, and terrorism, which fell by 0.49.



Concerns by age and gender

Females again displayed higher levels of concern across all issues in this quarter. Males' and females' opinions differed most when it came to the conflict in Iraq, followed by the drought. The issue where male and female views most closely aligned was the standard and quality of Australia's political leaders, with concern levels on this issue varying by only 0.01 between males and females.

Concerns did vary by income, with those on household incomes less than \$55,000 most concerned about increases in the price of petrol. For the next highest household income bracket, between \$55,000 and \$85,000, broad inflationary concerns were notable, with increases in the cost of living recording the highest levels of concern. For the highest income bracket, \$85,000 and above, the issues of concern were very different in nature, with the environment being ranked as the top concern.

The results show those aged up to 19 years were more likely than any other age group to be concerned about the price of petrol, terrorism and unemployment. Those Australians aged from 20 to 29 years were more concerned about increases in the cost of living, the education system and increases in interest rates than any other age group. Those aged in their 40s displayed the highest levels of concern over the state of the economy.

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

Despite being ranked as the top concern overall, most age groups were actually most concerned about other issues, with the high ranking level for the price of petrol relating to the high average levels of concern across a wide range of demographics. It was the top concern overall for those Australians aged up to 19. For those in their 20s and 30s, increases in the cost of living were of most concern. For Australians aged in their 40s increases in the cost of living, equal with the health system were the top concerns. For Australians aged from 50 to 64 the health system ranked as the highest concern, and for those Australians aged more than 64 years, the drug problem was ranked highest.

	Total	Male	Female	Difference
The price of petrol	7.42	7.02	7.81	(0.79)
The environment	7.38	7.02	7.72	(0.70)
Increases in the cost of living	7.38	6.89	7.86	(0.97)
The drought	7.32	6.79	7.84	(1.05)
Our health system	7.29	6.98	7.59	(0.61)
Our education system	6.86	6.47	7.23	(0.76)
Interest rate rises	6.85	6.58	7.10	(0.52)
The drug problem	6.75	6.34	7.14	(0.80)
The state of the economy	6.17	5.85	6.49	(0.64)
The conflict in Iraq	6.14	5.40	6.86	(1.46)
Our workplace relations system	6.12	5.78	6.45	(0.67)
The standards & quality of political leaders	6.06	6.06	6.07	(0.01)
The local crime rate	5.83	5.52	6.12	(0.60)
Terrorism	5.50	5.12	5.87	(0.75)
Internet security	5.49	5.06	5.92	(0.86)
Unemployment	5.01	4.54	5.46	(0.92)

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

	Total	Up to 19	20 to 29	30 to 39	40 to 49	50 to 64	65+
The price of petrol	7.42	7.55	7.26	7.39	7.23	7.50	7.66
The environment	7.38	7.38	7.19	7.56	7.48	7.60	6.96
Increases in the cost of living	7.38	7.34	7.64	7.63	7.49	7.11	7.05
The drought	7.32	7.41	7.14	7.17	7.24	7.50	7.49
Our health system	7.29	6.70	6.63	7.39	7.49	7.72	7.46
Our education system	6.86	6.47	7.00	6.84	6.76	6.92	6.99
Interest rate rises	6.85	6.75	7.46	7.20	6.92	6.52	6.15
The drug problem	6.75	6.36	6.07	6.01	6.67	7.27	8.01
The state of the economy	6.17	5.94	6.32	6.33	6.34	6.10	5.88
The conflict in Iraq	6.14	6.13	5.72	5.68	5.60	6.51	7.35
Our workplace relations system	6.12	6.09	6.15	6.00	6.16	6.25	6.02
The standards & quality of political leaders	6.06	5.61	5.97	5.86	6.17	6.42	6.11
The local crime rate	5.83	5.69	5.42	5.53	5.63	6.20	6.45
Terrorism	5.50	5.75	4.95	5.17	5.45	5.70	6.13
Internet security	5.49	5.35	5.27	5.19	5.63	5.72	5.77
Unemployment	5.01	5.50	5.26	4.50	4.95	5.06	5.03

■ = Highest level of concern
■ = Lowest level of concern

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

Section 3: Time management

Expectations on how time will be spent

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

The area Australians are expecting to increase the most amount of time spent during the next year remains focussed on financial management and planning. Overall, 39 per cent of Australians expect to spend more time on financial management, compared to only five per cent that expected to spend less time. This results in a net balance of 34 per cent, unchanged since the same time last year.

The income demographic with the highest net balance of people expecting to increase their time on financial planning was those with incomes of more than \$85,000, with a net 41 per cent reporting they would spend more time on financial planning in the next year. This compared with those with incomes up to \$35,000, who were least likely, with the net balance of those expecting to spend more time on financial planning almost one-third that of the highest income demographics (15 per cent). Females were slightly less likely expecting to spend more time on financial planning than males (32 per cent compared to 34 per cent). Australians in their 30s were most likely to be expecting to increase the amount of time they spent on financial planning, and those aged over 64 least likely.

The second most likely activity Australians expected to spend more time on in the next year is using a computer, with a net 26 per cent, an increase of one percentage point over the last quarter. Females were more likely to be expecting to increase their computer time, with those on incomes of more than \$85,000 most likely expecting to spend more time using their computers over the next year.

Health and medical appointments were the third top activity that Australians expect to spend more time on in the coming year. Males were more likely than females expecting to spend more time on health and medical appointments (13 per cent compared to 11 per cent for females). Those aged over 64 years were most likely to be expecting to spend more time on health and medical appointments, closely followed by those in their 50s.

There were only three areas Australians were currently expecting to decrease the amount of time spent – dining out, shopping for food or groceries online and shopping for items for the home.

Time management expectations February 2008					
	Spend more time	Spend less time	No change	*Net balance	of Feb 2007
Financial management or planning	39%	5%	56%	34%	34%
Using a computer	32%	6%	62%	26%	29%
Health and medical appointments or services	23%	11%	66%	12%	10%
Entertainment, sport and leisure activities	21%	15%	63%	6%	9%
Home renovations or improvements	27%	21%	52%	6%	5%
Shopping for food in supermarkets or other shops	15%	9%	76%	6%	7%
Using a mobile phone	17%	12%	71%	5%	4%
Holidays and travel	30%	26%	44%	4%	7%
Personal care/grooming	9%	9%	82%	0%	4%
Shopping for food or groceries online	4%	16%	80%	-12%	-11%
Shopping for items for the home	17%	30%	53%	-13%	-12%
Dining out	12%	26%	61%	-14%	-8%

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

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

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

Outsourcing domestic tasks

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

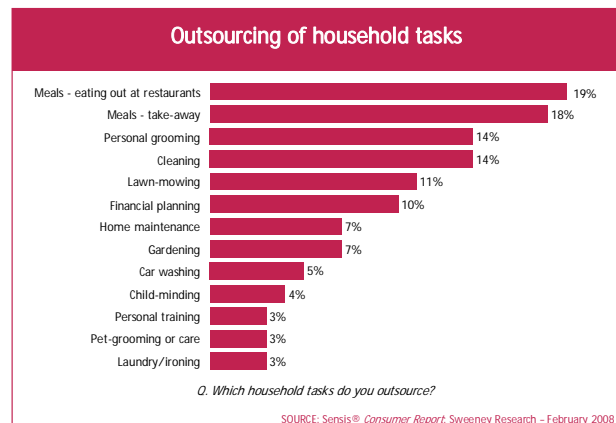
The March 2008 Sensis® *Consumer Report* found the preparation of meals remained the most popular outsourced household task. Some 19 per cent of Australians chose to outsource at least some of their meals by eating at restaurants (down from 23 per cent at the same time last year), with 18 per cent reporting ordering take-away meals (down from 20 per cent compared to the same time last year). There were only marginal differences by gender for both of these activities. Both of these activities were also most likely to be outsourced by those with incomes more than \$85,000. Residents of the Australian Capital Territory were most likely to report eating at restaurants (33 per cent), and also most partial to a take-away meal than any other state or territory (31 per cent). This was more than double the proportion of residents of Victoria, who were least likely to report ordering take-away meals as a form of outsourcing.

After meals, personal grooming and cleaning were the next most likely task to be outsourced, with 14 per cent of Australians reporting outsourcing in each of these areas. The proportion of Australians outsourcing some of their personal grooming needs has risen by two percentage points over the past year, with the proportion outsourcing cleaning up by one percentage point.

Residents of the Australian Capital Territory were most likely to spend time at the day spa, with 28 per cent reporting outsourcing some of their personal grooming. Residents of New South Wales and Victoria were least likely to outsource in this area (12 per cent each). Females were slightly more likely to report outsourcing personal grooming than males (17 per cent compared to 12 per cent).

Residents of New South Wales and Western Australia were most likely to report outsourcing some of their cleaning (16 per cent each), with residents of the Northern Territory least likely to outsource (nine per cent). Males were slightly more likely to report outsourcing cleaning than females (15 per cent compared to 13 per cent). Those earning more than \$85,000 were most likely to outsource some of their cleaning tasks (20 per cent). Singles were the most likely household type to outsource cleaning (18 per cent).

Over the past twelve months, the proportion of Australians that outsourced domestic and personal tasks has grown. Some 48 per cent of households reported not outsourcing any household tasks, down from 52 per cent at the same time last year, with the majority of Australians now using some forms of outsourcing.



Section 4: Our workplace environment

Perceived impact of changes to the workplace relations system

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

Overall, 26 per cent of Australians felt the new system has had a negative impact on them, unchanged in the past quarter. This compared to 13 per cent who felt the changes have had a positive impact, which was also unchanged in the past quarter, and 58 per cent who felt the new system would have no real impact either way. This resulted in an overall net negative impact of 13 per cent, up four percentage points in the past quarter. This overall net result was the equal highest level of satisfaction to date in the Sensis® Consumer Report, with the proportion of Australians who believed the workplace relations system introduced by the previous federal government has had a positive impact, however, this result should be viewed in the overall context that Australians have held net negative views on the changes since they were introduced.

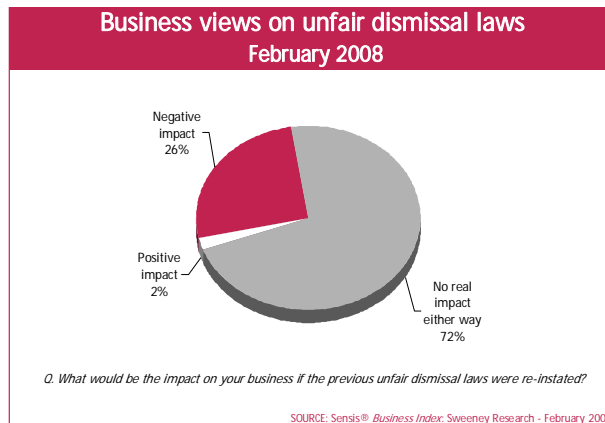
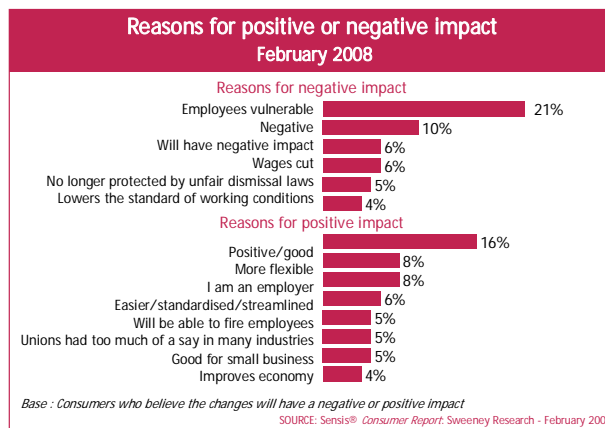
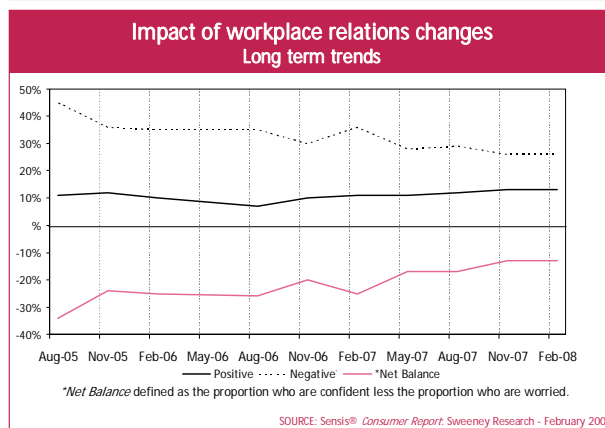
The main reasons given for the workplace relations changes having a negative impact were: a view that employees were more vulnerable, a feeling that it was negative in general, a feeling that the impact would be negative and a view that wages would be cut as a result. Those who believed there would be a positive impact felt the new system was positive and good in general, that it was more flexible and they supported the system as they were employers.

The views of the Australian population about the changes made by the previous government to the workplace relations system contrast starkly to those held by Australia's small and medium business operators. While a net negative 13 per cent of Australians felt the impact of the changes would be net negative, data collected in the concurrent Sensis® Business Index found that net positive 14 per cent of Australia's small and medium business operators felt that the changes have had a net positive impact. Overall, approximately one in four business operators felt that there would be a negative impact overall if the previous unfair dismissal laws were re-instated.

Impact of workplace relations changes Trends					
	February 2007	May 2007	August 2007	November 2007	February 2008
Positive impact	11%	11%	12%	13%	13%
Negative impact	36%	28%	29%	26%	26%
No real impact	49%	55%	52%	57%	58%
Don't know	4%	5%	7%	4%	3%

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

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



How to obtain a copy of the Sensis® *Consumer Report*

Visit www.about.sensis.com.au

The March 2008 Sensis® *Consumer Report* can be accessed on the Sensis internet site at www.about.sensis.com.au from 13 March 2008.

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