

Sensis[®] *Consumer Report*

June 2007



Sensis® Consumer Report

June 2007

Table of Contents

Introduction.....	1
About the survey	2
Executive summary	3
Section 1 : Economic confidence.....	5
Overall confidence in financial prospects	5
Overall confidence in financial prospects by respondent characteristics.....	6
Reasons for being confident or worried	7
Comparison to a year ago.....	8
Household expenditure expectations	9
Cutting or increasing expenditure.....	10
Perception of the state of Australia's economy	11
Section 2 : Our concerns.....	12
Prime concerns.....	12
Concerns by demographics.....	13
Section 3 : Our workplace environment.....	14
Perceived impact of changes to the workplace relations system	14
Section 4 : Time management.....	15
Expectations on how time will be spent	15
Outsourcing domestic tasks.....	16

Introduction

The June 2007 Sensis® *Consumer Report* is a survey designed to measure the confidence and behaviour of Australia's population.

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

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

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

The Sensis® *Consumer Report* is an initiative of Sensis Pty Ltd that aims to increase the understanding of consumer behaviour and expectations. Sensis also produces the Sensis® *Business Index*, an ongoing series of surveys tracking confidence and behaviour of Australia's small and medium enterprises (SMEs). Since its inception in 1993, the Sensis® *Business Index* has been one of the most comprehensive and regular surveys of small businesses in Australia. Historically, the Sensis® *Business Index* has focused specifically on businesses employing 19 people or less. In November 2000 it was expanded to cover the medium business sector, while the regional and industrial sectors were also enhanced.

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

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

Sensis® is Australia's leading information resource. We make complex lives simpler by helping Australians find, buy and sell. Sensis® delivers innovative and integrated search solutions via print, online, voice and wireless channels to connect Australians 24 hours a day, seven days a week. Our powerful, multi-channel portfolio provides an unparalleled local information source incorporating: the White Pages® and Yellow™ directories; the CitySearch® entertainment site; the Whereis® location and navigation database; sensis.com.au - the search engine for Australians; Sensis 1234, the operator-assisted, premium voice information service; and The Trading Post Group's stable of weekly and monthly publications and Universal Publisher's mapping publications; and the GoStay® Accommodation Guide and complementary website gostay.com.au. Sensis® also owns Invizage Technology, one of Australia's market leaders in IT services to small and medium sized enterprises and manages LinkMe.com.au, an innovative online career networking site, in partnership with MBI Investments. Sensis® also recently announced a majority shareholding in SouFun.com, China's leading real estate and home furnishings website.

® and ™ Registered trademark and trademark of Telstra Corporation Ltd. UBD®, the UBD logo and Gregory's logo are registered trade marks of Universal Publishers Pty Ltd. Trading Post™ and the Trading Post logo is a trade mark of Research Resources Pty Ltd. Invizage Technology and the Invizage Technology logo is a registered trade mark of Invizage Pty Ltd. CitySearch® and the Citysearch logo is a registered trade mark of CitySearch Australia Pty Ltd. Sensis Pty Ltd is responsible for Yellow™, White Pages® and Whereis® and related products and services on behalf of Telstra Corporation Ltd and is responsible for similar activities in relation to CitySearch® on behalf of CitySearch Australia Pty Ltd and CitySearch Canberra Pty Ltd.

About the survey

The results in this report are based on a survey of 1,500 Australians conducted over 30 April 2007 to 28 May 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 June 2007 Sensis® *Consumer Report* are made between consumers and businesses. The business results are based on data from the May 2007 Sensis® *Business Index* of 1,800 SMEs.

Executive summary

Consumer confidence

The June 2007 Sensis® *Consumer Report* found a net balance of 59 per cent of Australians reporting confidence in their financial prospects for the year ahead. This result was a solid improvement of four percentage points from last quarter. It is also the highest level of net confidence recorded in the three years since the Sensis® *Consumer Report* started in March 2004.

This result compares with the latest business confidence results from the May 2007 Sensis® *Business Index*, which also found a net 59 per cent of SME operators felt confident about their business prospects for the year ahead.

Having a secure job was the main reason Australians felt confident. The main reason for consumers expressing worry was the high cost of living.

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

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

According to the June 2007 Sensis® *Consumer Report*, Australians would reduce expenditure on entertainment and going out, followed by dining, if they faced tighter economic circumstances. The item Australians would most likely direct additional income towards was savings, followed by holidays, travel and mortgage reduction.

The economy and concerns

The June 2007 Sensis® *Consumer Report* found Australians' perceptions of the current state of the economy improved strongly to 48 per cent. This resulted from 59 per cent of Australian consumers believing the economy was currently growing, less the 11 per cent who believed the economy was currently slowing.

Australians also felt economic growth prospects for the year ahead were likely to improve; with the majority of consumers feeling the economy would be better in a year's time, some six percentage points higher than the proportion that felt it would be worse. The net proportion of consumers feeling the economy would improve in a year's time improved by 11 percentage points from the last quarter and is the highest result since the inception of the Sensis® *Consumer Report* in March 2004.

The drought remained the greatest concern for Australians in the June 2007 Sensis® *Consumer Report*. The drought was followed by the environment and the health system. All three of these problems recorded lower levels of concern compared with last quarter. The largest increase in concern levels for Australians was in relation to the local crime rate, followed by the price of petrol and the largest drop in concern for any issue was the conflict in Iraq, followed by the state of the economy.

Our workplace environment

Australians were still more likely to report a belief that changes to the workplace relations system would have a negative impact. Some 28 per cent of those aware of the issues reported they felt the impact would be negative, compared to 11 per cent who felt there would be a positive impact. This resulted in an overall net balance of negative 17 per cent – up eight percentage points in the last quarter, and now the highest level recorded since the Sensis® *Consumer Report* started tracking Australians attitudes to workplace relations changes in August 2005.

The main reasons Australians believed the new system would have a negative impact was they felt they would suffer a loss of rights, they believed their wages would drop and they felt their employment would be less secure. The main reason for reporting a positive impact was a general view the changes were positive overall and they were more flexible and convenient.

Some 14 per cent of Australians felt they did not understand the changes to the workplace relations system at all. In total, 19 per cent of Australians felt they understood the changes thoroughly, an increase from 16 per cent last quarter. Some 39 per cent of Australians on average reported they wanted more information on how changes would impact them, a decrease from 42 per cent last quarter.

Time management

The June 2007 Sensis® *Consumer Report* found most Australians are expecting to increase the amount of time they spend on financial management and planning. This was followed by using a computer and holidays and travel.

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 32 per cent of Australians reporting outsourcing meals by eating at restaurants and 29 per cent reporting buying take-away meals. Other popular tasks Australians were outsourcing included personal grooming, which was outsourced by 22 per cent of Australians and cleaning and home maintenance, which were both outsourced by 16 per cent of Australians.

Section 1 : Economic confidence

Overall confidence in financial prospects

Key findings

The June 2007 Sensis® *Consumer Report* found a net 59 per cent of consumers expressed relative confidence in their financial prospects for the year ahead. The level of confidence among consumers improved strongly in the last quarter, with confidence also sitting 17 percentage points higher than 12 months ago. This was the highest level recorded in over three years since the Sensis® *Consumer Report* started in March 2004.

Australians recorded stronger confidence with a net balance result of 59 per cent. This comprised an improved 73 per cent of Australians who were confident about their prospects for the year ahead, while an increased 14 per cent were worried.

The June 2007 Sensis® *Consumer Report* found net confidence among consumers equal to business confidence measured in the concurrent Sensis® *Business Index*. The most recent Sensis® *Business Index* also found net confidence among business proprietors in their business prospects for the year ahead was 59 per cent, however this was composed of 71 per cent of businesses that were confident overall, and 12 per cent who were worried about their prospects going forward.

The net result of consumer confidence at 59 per cent represents a further solid rise of consumers that felt confident, increasing by six percentage points from the past quarter, balanced by a two percentage point increase in the proportion of consumers feeling worried.

This result compares to net confidence among SME proprietors which, in line with consumer confidence, continued to show solid improvement in the past quarter. Businesses were more optimistic as a result of strong demand in their businesses and a feeling they were established and experienced in their business operations.

While the net proportions of businesses and consumers who felt worried in total was the same, the major difference was the significantly higher proportion of consumers feeling extremely confident (21 per cent compared to 15 per cent for businesses), reinforcing the more upbeat sentiment expressed by consumers compared to their business counterparts in the latest quarter.

Confidence trends – past five quarters

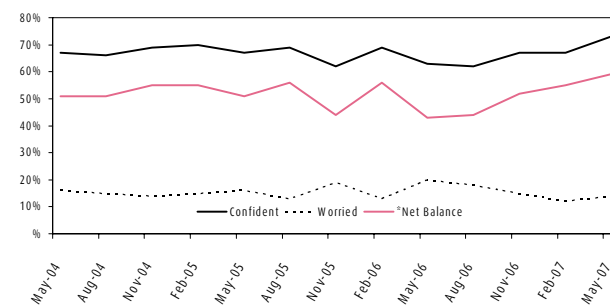
	May 2006	August 2006	November 2006	February 2007	May 2007
Extremely confident	14%	16%	15%	18%	21%
Fairly confident	48%	46%	52%	49%	51%
Neutral	17%	20%	17%	20%	14%
Fairly worried	17%	15%	14%	10%	11%
Extremely worried	3%	3%	1%	2%	3%
Total confident	62%	62%	67%	67%	73%
Total worried	20%	18%	15%	12%	14%
*Net Balance	+42%	+44%	+52%	+55%	+59%

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

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

SOURCE: Sensis® *Consumer Report*. Sweeney Research - May 2007

Long term trends in confidence



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

SOURCE: Sensis® *Consumer Report*. Sweeney Research - May 2007

Overall confidence Comparison with business - May 2007

	Consumers ¹	Business ²
Extremely confident	21%	15%
Fairly confident	51%	56%
Neutral	14%	17%
Fairly worried	11%	9%
Extremely worried	3%	3%
Total confident	73%	71%
Total worried	14%	12%
*Net Balance	+59%	59%

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

SOURCE: ¹Sensis® *Consumer Report*. Sweeney Research - May 2007
²Sensis® *Business Index*. Sweeney Research - May 2007

Overall confidence in financial prospects by respondent characteristics

The June 2007 Sensis® *Consumer Report* found the increase in confidence was primarily due to an increase in female confidence. This latest result represents a rise of seven percentage points in confidence of females compared with the last quarter, with male confidence unchanged in the past quarter.

Australians in their 30s were the most confident in the past quarter, with confidence rising in every age group except the youngest (up to 29 years) and oldest (over 64 years). However, examining both gender and age, the most confident Australians in June 2007 were males aged more than 64, with a net confidence level of 76 per cent. This was in stark contrast to females aged in their 40s, who were the least confident of any age-gender demographic. Females aged in their 30s reported feeling the most confident of any female age group. All male age demographics reported increasing confidence in the past quarter, with the exception of those aged between 50 and 64, where confidence fell by nine percentage points. Females aged up to 29 years and those 64 years and over were the only female age demographics to report declining confidence.

Australians living in metropolitan areas again reported marginally higher levels of confidence than in regional Australia. The most confident Australians were those living in Queensland, where a net 69 per cent of consumers reported feeling confident about their financial prospects for the year ahead, up 16 percentage points from last quarter. The least confident Australians were again in Victoria, with net confidence at 50 per cent, down four percentage points in the last quarter. Confidence rose in Queensland, Tasmania, Western Australia and New South Wales in the past quarter. The largest rise in confidence was recorded in Queensland with a 16 percentage point increase.

Examining family status, those living in a household without children were again the most confident about their financial prospects for the year ahead, with confidence at a net 74 per cent. Singles were least confident with a net 47 per cent compared to a net 62 per cent for families with children.

Those on the highest income level were, not surprisingly, the most likely to feel confident, with a net 75 per cent of those with a household income over \$85,000 feeling confident, compared to 35 per cent of those with a household income up to \$35,000. Confidence rose in all income groups, with the largest increase amongst those earning between \$55,000 and \$85,000 (up 11 percentage points).

Overall confidence by demographics *Net balance

	Total	Male	Female
Total	59%	63%	55%
Up to 29 years	45%	51%	38%
30 – 39 years	68%	69%	67%
40 – 49 years	50%	57%	42%
50 – 64 years	63%	62%	63%
Over 64 years	66%	76%	59%

*Net Balance defined as the proportion who are confident less the proportion who are worried.
Base: 'Householders' – family household heads or independent singles

SOURCE: Sensis® Consumer Report. Sweeney Research - May 2007

Overall confidence by location *Net balance

	59%
Total	
Metro	63%
Non metro	52%
New South Wales	59%
Victoria	50%
Queensland	69%
South Australia	58%
Western Australia	64%
Tasmania	57%
Northern Territory	61%
Australian Capital Territory	60%

*Net Balance defined as the proportion who are confident less the proportion who are worried.
Base: 'Householders' – family household heads or independent singles

SOURCE: Sensis® Consumer Report. Sweeney Research - May 2007

Overall confidence by socio-economic variables *Net balance

	59%
Total	
Respondent is..	
The male or female household head in a family with children	62%
The male or female household head in a family without children	74%
Single person living alone or sharing	47%
Household income level..	
Up to \$35,000	35%
\$35,001 to \$55,000	65%
\$55,001 to \$85,000	64%
Over \$85,000	75%

*Net Balance defined as the proportion who are confident less the proportion who are worried.
Base: 'Householders' – family household heads or independent singles

SOURCE: Sensis® Consumer Report. Sweeney Research - May 2007

Reasons for being confident or worried

The main reason given by Australians for feeling confident about their financial prospects for the year ahead was feeling they had a secure job. The main reasons Australians reported feeling worried were the cost of living was high, coupled with financial hardship.

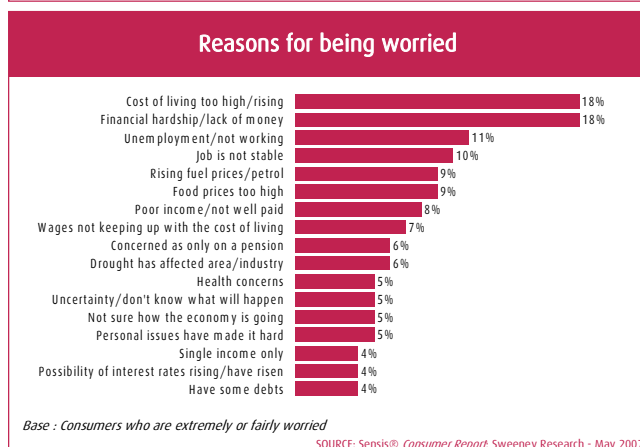
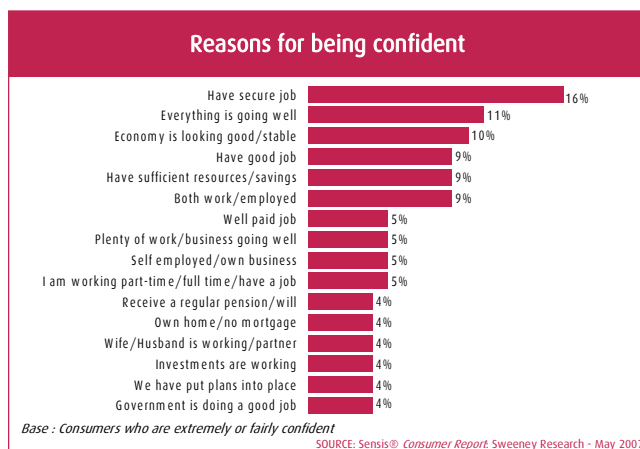
Having a secure job was the most important reason for feeling confident for those with household incomes of more than \$35,000. For those households with incomes up to \$35,000 the most important reason for confidence was receiving a regular pension.

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

For Australians feeling worried about their financial prospects in the coming year, the main reason was high cost of living, coupled with financial hardship and a lack of money. These problems were nominated by almost one in five of those who were worried. The proportion of those worried about high cost of living has increased by one percentage point in the past quarter, compared to a rise of six percentage points for those concerned about financial hardship or a lack of money. Families with children were the household structure most likely to report feeling worried as a result of high cost of living. Single people were most likely to be concerned due to financial hardship or a lack of money.

These issues were followed by concerns with unemployment or having a job which was not stable, nominated by 13 per cent and 10 per cent respectively of those worried about their financial prospects in the coming year.

Unstable employment was the number one concern for those earning more than \$85,000 a year, with financial hardship cited most by those earning between \$35,000 and \$85,000. The cost of living being too high was the main reason given by those in the lowest income demographic earning up to \$35,000 for being concerned about their prospects in the coming year.



Comparison to a year ago

In line with the improvement in confidence, this quarter found the proportion of Australians who felt better off than a year ago also marginally higher. Some 29 per cent of Australians believed they were better off than a year ago, up marginally from 28 per cent last quarter. Fifty-four per cent believed their position was about the same as a year ago, down one percentage point. The proportion that felt worse off was unchanged at 17 per cent. This resulted in a net increase of one percentage point in the proportion of Australians feeling better than in the past quarter.

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

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

The main reasons Australians gave for feeling better off than a year ago related to increased earnings, in line with the past eight quarters. Other reasons, though significantly lower on the scale, were getting a good return on investment, saving money and paying off a mortgage or loan.

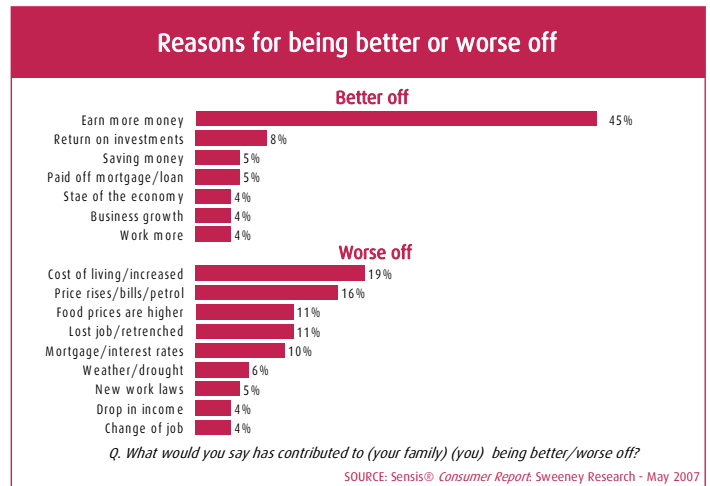
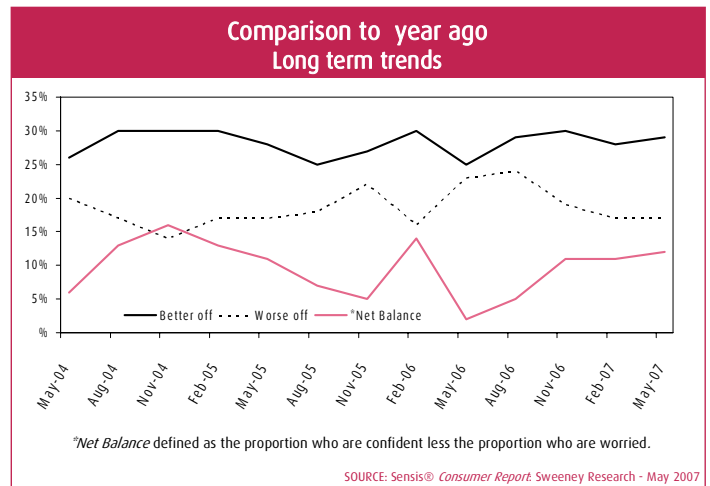
Inflationary factors were high on the list of reasons Australians gave for feeling worse off than a year ago, in line with the reasons for low confidence. Increases in the cost of living topped the list for feeling worse off, followed by price rises, primarily for bills, petrol and food. Having lost a job and increases in mortgage payments and interest rates were the next most significant reasons for Australians feeling worse off than a year ago.

Comparison to a year ago Trends					
	May 2006	August 2006	November 2006	February 2007	May 2007
Better off	25%	29%	30%	28%	29%
Same	53%	47%	51%	55%	54%
Worse off	23%	24%	19%	17%	17%
*Net Balance	+2%	+5%	+11%	+11%	+12%

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

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

SOURCE: Sensis® Consumer Report. Sweeney Research - May 2007



Household expenditure expectations

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

Overall, the category with the highest net proportion of consumers expecting to increase expenditure was general household expenses, where a net 47 per cent were expecting to increase their expenditure. This result represented an increase of six percentage points since last quarter, and an increase of one percentage point compared to the same time last year.

Two categories of expenditure saw more consumers expecting to spend less on balance than last quarter - home entertainment; and dining out, fast food or home deliveries. This is the sixth successive quarter that both of these expenditure categories were net negative, and the thirteenth consecutive quarter households nominated they expected to decrease their expenditure on dining out, fast food or home deliveries over the coming year. However, the trends for both of these expenditure categories increased during the past quarter by three percentage points each.

The trends in the net proportion of those expecting to increase expenditure increased in most areas. The only category recording a decrease in the past quarter was home renovations or improvements; with the trends unchanged for health, medical expenses and personal grooming products.

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

Singles were planning to get out and be active, with holidays and travel and entertainment, sport and leisure activities being two areas where single households were more likely to be increasing their spend. Singles also wanted to look good, being the most likely group to expect to increase their expenditure on personal grooming products.

Families without children were most likely to expect increased costs for health and medical expenses, special events, telecommunications and dining out, fast food and home deliveries.

Household expenditure expectations May 2007

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	53%	6%	41%	47%
Transport costs - cars or public transport	41%	6%	53%	35%
Housing costs such as mortgage payments or rent	30%	5%	65%	25%
Health and medical expenses	27%	9%	64%	18%
Home renovations or improvements	30%	15%	55%	15%
Holidays and travel	32%	16%	52%	16%
Education costs	22%	9%	69%	13%
Telecommunications - including mobiles and internet	22%	9%	69%	13%
Entertainment, sport and leisure activities	19%	9%	73%	10%
Special events or occasions (eg. Parties, weddings etc)	21%	11%	68%	10%
Personal care or grooming products or services	12%	7%	81%	5%
Items for the home such as furniture or electrical goods	24%	22%	54%	2%
Home entertainment such as DVD's, CDs	9%	14%	76%	-5%
Dining out, fast food or home deliveries	10%	15%	75%	-5%

Base : 'Householders' - family household heads or independent singles.

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

SOURCE: Sensis® Consumer Report Sweeney Research - May 2007

Household expenditure expectations Trends In *Net Balance

	May 2006	Aug 2006	Nov 2006	Feb 2007	May 2007
General household expenses - groceries and bills	46%	57%	51%	41%	47%
Transport costs - cars or public transport	55%	55%	34%	27%	35%
Housing costs such as mortgage or rent	24%	29%	29%	21%	25%
Health and medical expenses	23%	24%	18%	18%	18%
Holidays and travel	10%	10%	15%	14%	16%
Education costs	10%	13%	12%	12%	13%
Telecommunications - including mobiles & Internet	11%	15%	9%	12%	13%
Home renovations or improvements	12%	8%	12%	11%	10%
Entertainment, sport and leisure activities	5%	8%	5%	6%	10%
Personal care/grooming products	N/A	N/A	5%	5%	5%
Items for the home such as furniture or electricals	-2%	-1%	0%	1%	2%
Home entertainment	-6%	-6%	-7%	-8%	-5%
Dining out, fast food or home deliveries	-12%	-6%	-10%	-8%	-5%

Base : 'Householders' - family household heads or independent singles.

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

SOURCE: Sensis® Consumer Report Sweeney Research - May 2007

Household expenditure expectations By family status

*Net balance for..	Total	Families with children	Families no children	Singles
General household expenses including groceries and bills	47%	52%	43%	45%
Transport costs - cars or public transport	35%	36%	33%	34%
Housing costs such as mortgage payments or rent	25%	30%	18%	29%
Health and medical expenses	18%	17%	23%	15%
Home renovations or improvements	15%	25%	8%	11%
Holidays and travel	16%	11%	18%	19%
Education costs	13%	31%	-1%	10%
Telecommunications - including mobiles and internet	13%	11%	16%	9%
Entertainment, sport and leisure activities	10%	9%	7%	15%
Special events or occasions (eg. Parties, weddings etc)	10%	9%	10%	9%
Personal care or grooming products or services	5%	3%	5%	10%
Items for the home such as furniture or electrical goods	2%	7%	0%	-2%
Home entertainment such as DVD's, CDs	-5%	-2%	-6%	-8%
Dining out, fast food or home deliveries	-5%	-7%	-3%	-7%

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

SOURCE: Sensis® Consumer Report Sweeney Research - May 2007

Cutting 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.

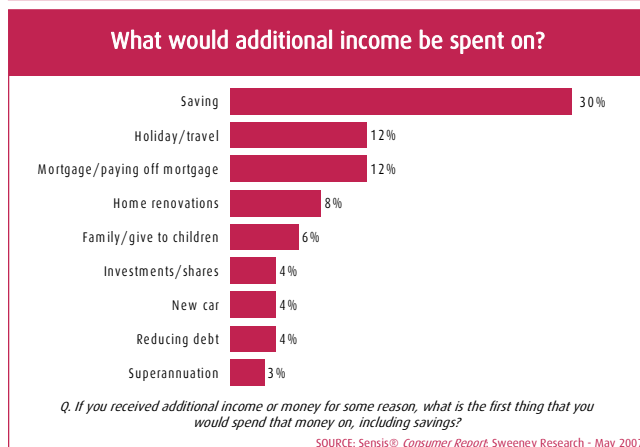
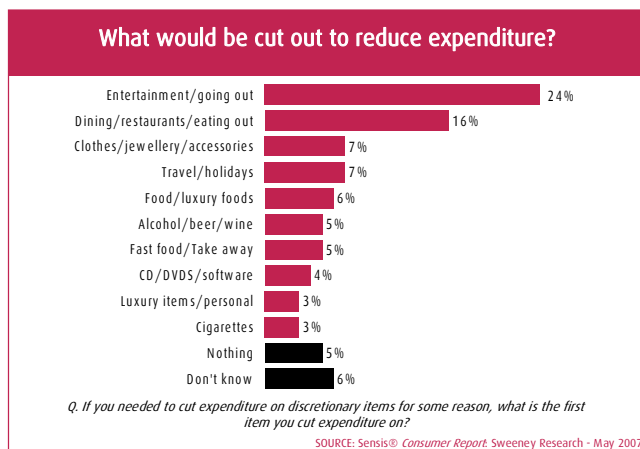
The area of expenditure most likely to be cut by consumers was again money spent on entertainment and going out, with 24 per cent of consumers nominating this as their first means to decrease expenditure (up from 21 per cent in the past quarter). While entertainment expenses were the most popular expenditure to cut in all states and territories, residents of the Australian Capital Territory were most likely to nominate cutting this item if necessary.

Dining out at restaurants was the next most likely item to be cut by consumers, with 16 per cent nominating this as the first item to cut back if necessary (a rise of five percentage points over the past quarter). Restaurants in New South Wales and Victoria were most likely to be affected by cuts in consumer expenditure. In addition, those restaurants catering to the upper end of the market were most likely to feel the effects of a downturn, with those earning over \$85,000 again most likely to nominate dining out as the first expense they would cut.

Australians were most likely to try to increase their savings if they had some additional income, with 30 per cent nominating savings, up from 27 per cent last quarter. Males were more likely to nominate they would save money than females (34 per cent compared to 25 per cent). Those Australians with incomes between \$35,000 and \$55,000 were most likely to nominate they would save money (32 per cent).

Next in line for Australians with additional income was a holiday, which was nominated by 12 per cent of Australians (down one percentage point). Females were marginally more likely than males to nominate a holiday (13 per cent compared to 12 per cent), as were residents of Western Australia, New South Wales, Tasmania and the Australian Capital Territory (14 per cent each).

Paying money off a mortgage was the third most popular thing people would do with additional money. There was a direct relationship between income and likeliness of putting additional income towards a mortgage, with only five per cent of those with incomes up to \$35,000 providing this response, compared to 17 per cent of those with incomes more than \$85,000.



Perception of the state of Australia's economy

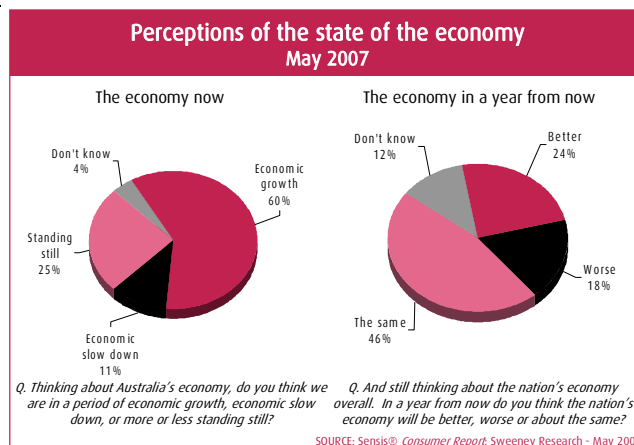
In line with improving confidence, the June 2007 Sensis® Consumer Report found the net proportion of consumers who felt Australia was currently in a period of economic growth showed strong growth. Fifty-nine per cent of consumers (an increase of 16 percentage points), compared to 11 per cent felt the economy was currently slowing down, and 25 per cent felt it was standing still. This resulted in a net balance of 48 per cent of consumers who felt the economy was currently in a growth phase. This net result was up by 22 percentage points since last quarter.

There was a large degree of variability across the states and territories regarding confidence, with results ranging from 61 per cent to 39 per cent. Residents of Western Australia again held the highest perceptions of the current state of the economy (61 per cent), with the second highest net result being recorded in the Northern Territory, closely followed by Queensland. Victorian consumers held the lowest perceptions (39 per cent). Net perception of the economy remained positive in all states and territories.

When asked how the economy would be performing a year from now, 24 per cent of consumers felt it would be better than the current situation, an increase of two per cent in the past quarter. This compared to the 18 per cent of consumers who felt the economy would be worse in a year. The most likely response was the economy would be the same in a year as it is now (46 per cent, up marginally from 45 per cent in the previous quarter). This resulted in a net positive six per cent, an improvement of 11 percentage points in future expectations for the economy. This represented the highest result since the inception of the Sensis® Consumer Report in March 2004.

Those living in regional Australia held identical net views on the future direction of the Australian economy as consumers in metropolitan areas. All states and territories held net positive views on the future economic direction, with the exception of Victoria. The most optimistic views were in Queensland (net 15 per cent), with the most pessimistic in Victoria at net negative seven.

When the same question was asked of business proprietors in the May 2007 Sensis® Business Index, business proprietors reported slightly more optimistic views than consumers. A net balance of 51 per cent of business proprietors felt the economy was currently in a growth phase, compared to the net balance of 48 per cent of consumers who felt the economy was in a growth phase. When looking at expectations a year from now, a net three per cent of business proprietors were reported to believe the economy would be better, compared to a net six per cent of consumers.

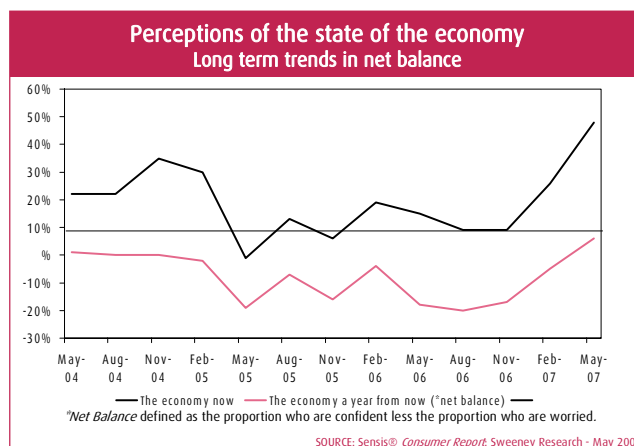


Perceptions of the state of the economy Trends

	May 2006	August 2006	November 2006	February 2006	February 2006
The economy now					
Growth	39%	37%	36%	43%	59%
Slowing	24%	28%	27%	17%	11%
*Net balance	+15%	+9%	+9%	+26%	+48%
The economy a year from now					
Better	19%	16%	19%	22%	24%
Worse	37%	36%	36%	27%	18%
*Net Balance	-18%	-20%	-17%	-5%	+6%

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

SOURCE: Sensis® Consumer Report Sweeney Research - May 2007



Perceptions of the state of the economy Comparison with business – May 2007

	Consumers ¹	Business ²
The economy now		
Growth	59%	59%
Slowing	11%	8%
*Net balance	+48%	+51%
The economy a year from now		
Better	24%	26%
Worse	18%	13%
*Net balance	+6%	+3%

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

SOURCE: ¹Sensis® Consumer Report Sweeney Research - May 2007
²Sensis® Business Index Sweeney Research - May 2007

Section 2 : Our concerns

Prime concerns

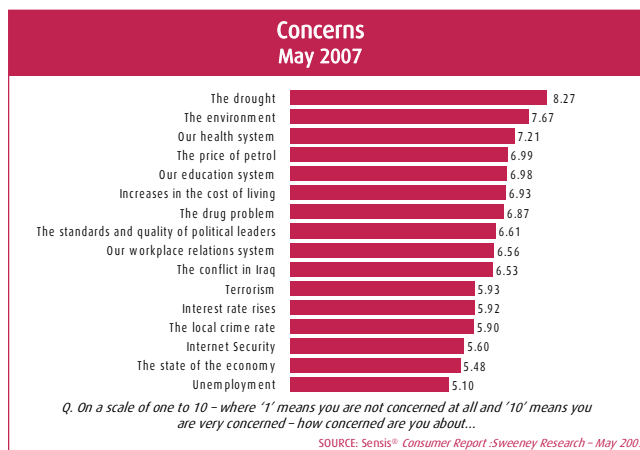
The June 2007 Sensis® Consumer Report found Australians again are most concerned about the drought. This concern was followed by the environment and the health system. Concerns regarding the local crime rate rose more than any other issue. The issue to fall most in the past quarter was the conflict in Iraq.

When asked to rank topical issues on a scale of one, representing no concern at all over the issue, to 10, representing a high level of concern, the drought scored an average score of 8.27. The drought was the number one concern across all income groups, the highest levels of concern came from the lowest income bracket (up to \$35,000). It was also the top concern in all states and territories with the exception of Western Australia, where the environment was the top concern. Residents of Victoria were most likely to report concern about the drought (average level of 8.72), with those in the Northern Territory reporting the lowest level of concern on this issue (average level of 7.56).

The second highest concern for Australians was the environment, which was ranked at 7.67. Those with household incomes between \$55,000 and \$85,000 were most likely concerned about this issue (7.94). Residents of Western Australia were the most likely concerned over the environment (7.89). Residents of the Northern Territory reported the lowest levels of concern about the environment (7.36).

The health system was the third highest concern for Australians, ranking an average level of 7.21. Residents of Tasmania were most likely to express concern over the health system this quarter (7.93). Victorian residents reported the lowest levels of concern about the health system (6.90).

Concerns regarding the local crime rate rose more than any other issue, up by 0.08 to 5.90. Concerns over the local crime rate were highest in the Northern Territory (6.70) and lowest in the Australian Capital Territory (5.09). The conflict in Iraq recorded the biggest fall in concern in the last quarter. The conflict in Iraq was of most concern to residents of Tasmania (6.97) and of least concern to residents of the Australian Capital Territory (5.92).



	May 2006	Aug 2006	Nov 2006	Feb 2007	May 2007
The drought	N/A	N/A	8.47	8.34	8.27
The environment	7.29	7.18	7.77	7.92	7.67
Our health system	7.61	7.27	7.25	7.2	7.21
The price of petrol	7.71	8	6.78	6.95	6.99
Our education system	7.01	6.73	6.87	6.97	6.98
Increases in the cost of living	7.17	7.31	6.99	6.97	6.93
The standards & quality of political leaders	6.92	6.55	6.72	6.71	6.61
Our workplace relations system	7.12	7.01	6.62	6.83	6.56
The conflict in Iraq	6.66	6.86	6.6	6.9	6.53
Terrorism	5.95	6.21	6.29	6.06	5.93
Interest rate rises	6.16	6.35	6.16	6.22	5.92
The local crime rate	5.98	5.76	5.88	5.82	5.90
Internet security	N/A	N/A	5.78	5.8	5.60
The state of the economy	5.9	6.12	5.92	5.83	5.48
Unemployment	5.75	5.55	5.45	5.35	5.10

SOURCE: Sensis® Consumer Report - Sweeney Research - May 2007

Concerns by demographics

Females again displayed higher levels of concern across all issues in this quarter. Males and females' opinions differed the most when it came to issues of concern regarding interest rate rises, followed by the drug problem. The issue where male and female views most closely aligned was the standards and quality of political leaders.

The drought was the greatest concern this quarter across all income demographics. There was no direct relationship between income and concern over this issue, with the greatest level of concern displayed by those earning between \$55,000 and \$85,000 and the lowest level of concern amongst those with incomes between \$35,000 and \$55,000.

Those aged up to 19 years were more likely than any other age group to be concerned about terrorism and unemployment. Those Australians aged from 20 to 29 years were more concerned about the price of petrol and increases in the cost of living than any other age group. Those aged from 30 to 39 years reported the highest concern of any age group about the workplace relations system and rising interest rates. Those aged in their 40s were less concerned about issues than other age demographics, and displayed the lowest levels of concern over the price of petrol, increases in the cost of living and the state of the economy and unemployment.

On average, older Australians were more concerned about issues. Australians aged from 50 to 64 were more likely than any other age demographic to be concerned about the standards and quality of political leaders. Those Australians over 64 were more likely than any other age group to be concerned about a wide range of issues including the drought, the health system, the education system, the drug problem, the conflict in Iraq, the local crime rate, internet security and the state of the economy.

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

Concerns by gender

	Total	Male	Female	Difference
The standards and quality of our political leaders	6.61	6.42	6.79	(0.37)
Our workplace relations system	6.56	6.35	6.76	(0.41)
The price of petrol	6.99	6.75	7.22	(0.47)
Our education system	6.98	6.72	7.23	(0.51)
The local crime rate	5.90	5.64	6.15	(0.51)
The environment	7.67	7.37	7.96	(0.59)
The drought	8.27	7.96	8.57	(0.61)
Unemployment	5.10	4.79	5.40	(0.61)
The conflict in Iraq	6.53	6.21	6.83	(0.62)
The state of the economy	5.48	5.16	5.78	(0.62)
Increases in the cost of living	6.93	6.57	7.26	(0.69)
Our health system	7.21	6.84	7.58	(0.74)
Internet Security	5.60	5.18	6.00	(0.82)
Terrorism	5.93	5.46	6.39	(0.93)
The drug problem	6.87	6.39	7.33	(0.94)
Interest rate rises	5.92	5.44	6.39	(0.95)

SOURCE: Sensis Consumer Report, Sweeney Research - May 2007

Concerns by age group

	Total	Up to 19	20 to 29	30 to 39	40 to 49	50 to 64	65+
The drought	8.27	8.51	7.46	8.14	8.23	8.30	8.58
The environment	7.67	7.90	7.31	7.68	7.59	7.93	7.93
Our health system	7.21	6.43	6.99	7.21	7.44	7.38	7.63
The price of petrol	6.99	7.07	8.00	6.97	6.56	6.99	7.18
Our education system	6.98	7.23	6.21	7.18	6.90	6.94	7.30
Increases in the cost of living	6.93	7.16	7.48	7.50	6.65	6.84	6.87
The drug problem	6.87	7.25	5.60	6.42	6.16	6.78	7.34
The standards and quality of our political leaders	6.61	6.07	6.19	6.63	6.40	7.03	6.86
Our workplace relations system	6.56	5.84	6.80	7.00	6.50	6.90	6.87
The conflict in Iraq	6.53	6.24	5.53	6.18	5.95	6.55	7.01
Terrorism	5.93	6.48	5.30	5.90	5.38	5.66	6.23
Interest rate rises	5.92	5.47	6.28	6.50	6.20	6.22	5.49
The local crime rate	5.90	5.94	5.42	5.74	5.69	5.79	5.97
Internet Security	5.60	6.03	5.24	5.05	5.43	5.73	6.12
The state of the economy	5.48	5.50	5.65	5.48	5.38	5.60	5.67
Unemployment	5.10	6.12	5.44	5.48	4.48	5.29	4.95

■ = Highest level of concern

■ = Lowest level of concern

SOURCE: Sensis Consumer Report, Sweeney Research - May 2007

Section 3: Our workplace environment

Perceived impact of changes to the workplace relations system

The June 2007 Sensis® Consumer Report continued to look at Australians views on the workplace relations system. The Sensis® Consumer Report has collected information on changes to the workplace relations system since August 2005.

Overall, 28 per cent of Australians felt the changes would have a negative impact on them, a decrease of eight percentage points in the past quarter. This compared to 11 per cent that felt the changes would have a positive impact, which was unchanged in the past quarter, and 55 per cent who felt the changes would have no real impact either way. This resulted in an overall net negative impact of 17 per cent, which has increased by eight percentage points from net negative 25 per cent last quarter. This brings the net impact to the highest level to date in the Sensis® Consumer Report. Apart from views on the impact of the changes, the proportion of Australians agreeing with the changes in principle also rose from 22 per cent to 28 per cent.

This result mirrors the views of business owners exactly, with the Sensis® Business Index measuring a net positive 17 per cent of business owners who felt the changes would have a positive impact. This result has increased by two percentage points over the past quarter.

The main reason given for workplace relations having a negative impact was a perception employees would have a loss of rights; a belief that wages would drop and a view their employment would be less secure.

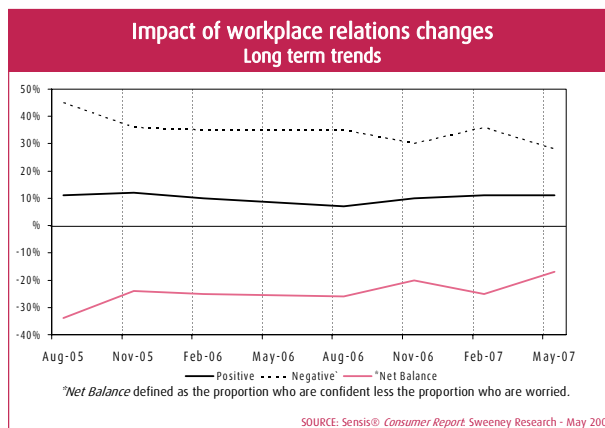
Those who believed there would be a positive impact (some respondents were employers) felt the changes were positive or good overall.

Despite most Australians reporting to have formed views on the system, the proportion who felt they understood the system was relatively low, but improving. Less than one in five (19 per cent) reported they thoroughly understood how the new workplace relations system worked, an increase from 16 per cent last quarter. Some 14 per cent felt they did not understand the new system at all, unchanged in the past quarter. Overall, some 39 per cent of Australians reported wanting more information on how changes would impact them (down from 42 per cent last quarter), with the greatest thirst for information being in Western Australia (43 per cent).

Impact of to workplace relations changes Trends					
	May 2006	August 2006	November 2006	February 2007	May 2007
Positive impact	10%	7%	10%	11%	11%
Negative impact	35%	35%	30%	36%	28%
No real impact	49%	53%	55%	49%	55%
Don't know	6%	5%	5%	4%	5%

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

SOURCE: Sensis® Consumer Report. Sweeney Research - May 2007

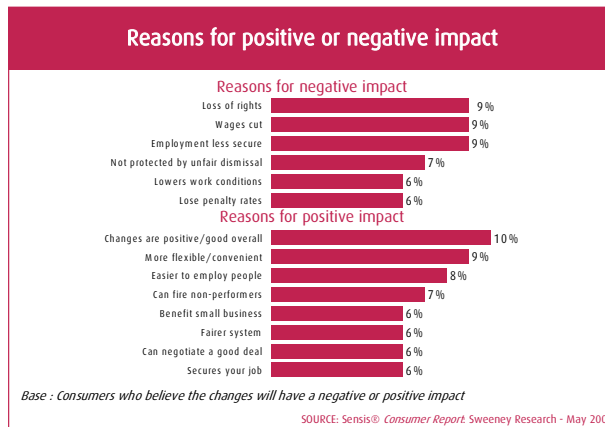


Impact of Workplace Relations Changes by work status				
Work Status	Positive Impact	Negative Impact	No Impact/Don't know	*Net balance
Full time	12%	29%	59%	(17%)
Part time	8%	35%	56%	(27%)
Not in work	15%	38%	47%	(23%)
Studying	11%	31%	58%	(20%)
Retired	8%	18%	75%	(10%)
Union status				
Member of a union	7%	47%	46%	(40%)
Not a member of a union	13%	24%	64%	(11%)

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

*Net Balance = the proportion who believe positive impact less the proportion who believe negative impact

SOURCE: Sensis® Consumer Report. Sweeney Research - May 2007



Section 4: 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, 40 per cent of Australians expect to spend more time on financial management, compared to only six per cent that expected to spend less time. This results in a net balance of 34 per cent, unchanged over the past quarter.

The income demographic with the highest net balance of people expecting to increase their time on financial planning was those with incomes over \$55,000, with a net 44 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 only half that of the higher income demographics (22 per cent). Males and females were equally likely expecting to spend more time on financial planning. Young Australians were most likely to be expecting to increase the amount of time they spent on financial planning, with those aged up to 29 most likely expecting an increase, 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 25 per cent, a decrease of four percentage points over the last quarter. Females were slightly more likely 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.

Holidays and travel were the third top activity Australians expect to spend more time on in the coming year. Males were more likely than females expecting to spend more time on holidays and travel (21 per cent compared to 16 per cent for females). Those on higher incomes were most likely expecting to spend more time on holidays and travel, with 26 per cent of those with incomes more than \$85,000 expecting to increase their holiday and travel time.

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 May 2007					
	Spend more time	Spend less time	No change	*Net balance	cf Feb 2007
Financial management or planning	40%	6%	54%	34%	34%
Using a computer	31%	6%	63%	25%	29%
Holidays and travel	34%	16%	50%	18%	7%
Health and medical appointments or services	23%	12%	65%	11%	10%
Entertainment, sport and leisure activities	22%	11%	67%	11%	9%
Home renovations or improvements	27%	19%	55%	8%	5%
Shopping for food in supermarkets or other shops	13%	7%	79%	6%	7%
Using a mobile phone	15%	10%	75%	5%	4%
Personal care/grooming	11%	7%	82%	4%	4%
Dining out	12%	19%	69%	-7%	-8%
Shopping for food or groceries online	4%	13%	84%	-9%	-11%
Shopping for items for the home	18%	28%	54%	-10%	-12%

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

*Net Balance = the proportion who expect more less the proportion who expect less
SOURCE: Sensis® Consumer Report Sweeney Research - May 2007

Outsourcing domestic tasks

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

The June 2007 Sensis® *Consumer Report* found the preparation of meals remained the most popular household task outsourced. Some 32 per cent of Australians chose to outsource at least some of their meals by eating at restaurants (up from 23 per cent last quarter), with 29 per cent reporting ordering take-away meals (up from 20 per cent last quarter). 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 Queensland were most likely to report eating at restaurants (44 per cent), and also most partial to a take-away meal than any other state or territory (41 per cent). Residents of Victoria were least likely to report ordering take-away meals as a form of outsourcing.

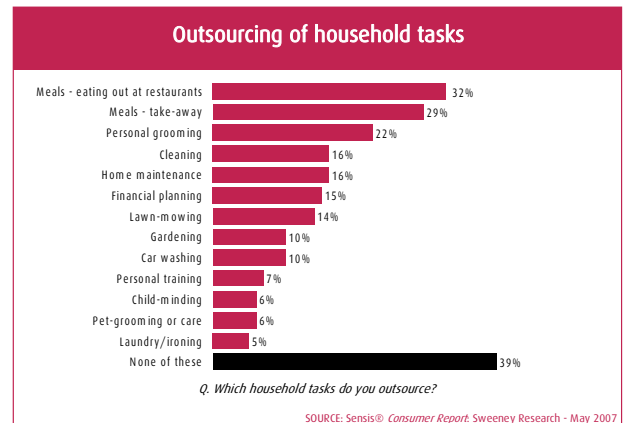
After meals, personal grooming was the next most likely task to be outsourced, with 22 per cent of Australians reporting outsourcing in this area. Residents of Queensland were most likely to spend time at the day spa, with 28 per cent reporting outsourcing some of their personal grooming, with residents of the Australian Capital Territory and Victoria least likely to outsource in this area (15 per cent). Females were slightly more likely to report outsourcing personal grooming than males (25 per cent compared to 18 per cent).

Cleaning and home maintenance were the next most outsourced tasks, with 16 per cent of Australians outsourcing some of these activities.

Residents of Tasmania were most likely to report outsourcing some of their cleaning (21 per cent), closely followed by New South Wales (20 per cent), with residents of Queensland least likely to outsource (11 per cent). Females were more likely to report outsourcing cleaning than males (19 per cent compared to 12 per cent). Those earning over \$85,000 were most likely to outsource some of their cleaning tasks (20 per cent).

Residents of Western Australia were most likely to report outsourcing home maintenance activities (20 per cent), with residents of South Australia and the Australian Capital Territory least likely to outsource home maintenance (12 per cent each). Females were more likely to report outsourcing home maintenance than males (17 per cent compared to 14 per cent). Those earning over \$85,000 were most likely to outsource some of their home maintenance tasks (18 per cent).

Some 39 per cent of households reported not outsourcing any household tasks, down from 52 per cent last quarter.



How to obtain a copy of the Sensis® Consumer Report

Visit www.about.sensis.com.au

The June 2007 Sensis® Consumer Report can be accessed on the Sensis internet site at www.about.sensis.com.au from 13 June 2007.

Sensis® Consumer Report "Special Reports"

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

For further information please contact: Sensis Pty Ltd
Christena Singh
Sensis® Insights Manager
Ph: (03) 8653 4896
Fax: (03) 8653 3538
E-mail: BusinessIndex@sensis.com.au

Sensis® is Australia's leading information resource. We make complex lives simpler by helping Australians find, buy and sell. Sensis® delivers innovative and integrated search solutions via print, online, voice and wireless channels to connect Australians 24 hours a day, seven days a week. Our powerful, multi-channel portfolio provides an unparalleled local information source incorporating: the White Pages® and Yellow™ directories; the CitySearch® entertainment site; the Whereis® location and navigation database; sensis.com.au - the search engine for Australians; Sensis 1234, the operator-assisted, premium voice information service; and The Trading Post Group's stable of weekly and monthly publications and Universal Publisher's mapping publications; and the GoStay® Accommodation Guide and complementary website gostay.com.au. Sensis® also owns Invizage Technology, one of Australia's market leaders in IT services to small and medium sized enterprises and manages LinkMe.com.au, an innovative online career networking site, in partnership with MBI Investments. Sensis® also recently announced a majority shareholding in SouFun.com, China's leading real estate and home furnishings website.

® and ™ Registered trademark and trademark of Telstra Corporation Ltd. UBD®, the UBD logo and Gregory's logo are registered trade marks of Universal Publishers Pty Ltd. Trading Post™ is a trade mark of Research Resources Pty Ltd. Invizage Technology is a registered trade mark of Invizage Pty Ltd. CitySearch® is a registered trade mark of CitySearch Australia Pty Ltd. Sensis Pty Ltd is responsible for Yellow™, White Pages® and Whereis® and related products and services on behalf of Telstra Corporation Ltd and is responsible for similar activities in relation to CitySearch® on behalf of CitySearch Australia Pty Ltd and CitySearch Canberra Pty Ltd.

© Telstra Corporation Limited 2007

The material contained in this publication is general only and is not intended as advice on any particular matter. No reader should act or fail to act on the basis of this report. Sensis Pty Ltd disclaims to the maximum extent permitted by law all liability, costs and expenses incurred by any person in connection with the content of this report.