

Sensis[®] *Consumer Report*

September 2008



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Introduction

The September 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 from 1 August to 31 August 2008. 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 September 2008 Sensis® *Consumer Report* are made between consumers and businesses. The business results are based on data from the August 2008 Sensis® *Business Index* of 1,800 SMEs.

Executive summary

Consumer confidence

The September 2008 Sensis® *Consumer Report* found a net balance of 32 per cent of Australians reporting confidence in their financial prospects for the year ahead. This result was a fall of three percentage points from last quarter, bringing confidence to the lowest point recorded since the start of the Sensis® *Consumer Report* in May 2004. Over the past three quarters confidence levels amongst consumers have fallen by 29 percentage points.

This result compares with the latest business confidence results from the August 2008 Sensis® *Business Index*, which found a net 25 per cent of SME operators felt confident about their business prospects for the year ahead, a further fall of eight percentage points from last quarter, with businesses currently reporting for a downturn in business, rising fuel costs, economic downturn and increasing interest rates.

Having a secure job was the main reason Australians felt confident, with having a good job continuing to decline in importance relative to job security. The main reasons for consumers expressing worry were increases in interest rates, inflation and uncertainty about the future economic direction.

Twenty-one per cent of Australian households believed they were better off now compared to a year ago (down one percentage point in the past quarter), the lowest level recorded in the history of the Sensis® *Consumer Report*. Earning more money was the main reason for this belief. Thirty-seven per cent of households felt they were worse off (up two 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 three 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 eased for many areas of relatively non-discretionary spending, including general household expenses such as groceries and bills, transportation costs, housing costs, including mortgages and rent and health expenditure. In line with lower expenditure expectations in these areas, consumers were expecting to increase their expenditure for many relatively discretionary items, with the largest increase being home improvements.

According to the September 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 September 2008 Sensis® *Consumer Report* found Australians' net perceptions of the current state of the economy falling to net negative 33 per cent. This resulted from 18 per cent of Australian consumers believing the economy was currently growing, less the 51 per cent who believed the economy was currently slowing. With the 29 percentage point fall in the past quarter, perceptions of the current state of the Australian economy are some 65 percentage points lower than at the same time last year.

While the proportion of consumers feeling the economy would be worse in a year was 19 percentage points higher than the proportion who felt it would be worse, this represented an improvement of three percentage points in the past quarter. The net proportion of consumers feeling the economy would improve in a year is some 14 percentage points lower than at the same time last year.

Increases in the cost of living were again the top concern for Australians in the September 2008 Sensis® *Consumer Report*, followed by increases in the price of petrol and the drought. The largest increase in levels of concern for Australians was in relation to unemployment, followed by the standard and quality of political leaders and internet security. The largest drop in concern for any issue was for the conflict in Iraq.

Our priorities

The September 2008 Sensis® *Consumer Report* found Australians were most likely to identify addressing various environmental issues as their top priority.

When asked, if they were Prime Minister for a day, what issue they would address first to change Australia, some 12 per cent nominated that they would address various environmental issues, including climate change, drought, water and salinity, making the environment a higher priority and increasing investment in renewable energy. This was followed by the health system at eight per cent and the education system at six per cent. Some 12 per cent of Australians reported that they did not know which issue they would address first if they were Prime Minister for a day.

Our workplace environment

This quarter saw a slight softening in sentiment towards the proposed workplace relations changes. Some 18 per cent of those aware of the changes reported they felt the impact would be positive, compared to 11 per cent who felt there would be a negative impact. This resulted in an overall net balance of positive seven per cent – which represents a small fall of two percentage points in the views of Australians towards the workplace relations policies of the current Federal Government.

The main reasons given for feeling the proposed workplace relations changes would have a positive impact were: the policies would be fairer, there would be increased job security and there would be more freedom for workers. Those who believed there would be a negative impact felt the proposed system would give more power back to the unions, that it would be harder to employ people, and that employers needed to be able to control who they employed.

These views contrasted with those held by Australia's small and medium business operators collected in the concurrent Sensis® *Business Index*, where a negative net 14 per cent felt the changes would have a negative impact.

Our environment

Climate change was the environmental issue that Australians are most concerned about, being nominated as the main environmental concern by almost one in four Australians.

While climate change was the top issue of concern overall, less than half of all Australians reported that they were willing to pay more for energy under the National Emissions Trading Scheme.

Australians were most likely to report that they felt recycling at home was the thing that Australians should be doing more of to help the environment.

Section 1 : Economic confidence

Overall confidence in financial prospects

Key findings

The September 2008 Sensis® *Consumer Report* found a net 32 per cent of consumers expressed relative confidence in their financial prospects for the year ahead. With confidence falling a further three percentage points in the past quarter, this latest result is by far the lowest confidence result since the Sensis® *Consumer Report* commenced in May 2004.

Australians recorded weaker confidence with a net balance result of 32 per cent. This comprised an unchanged 57 per cent of Australians who were confident about their prospects for the year ahead, in conjunction with a higher 25 per cent who were worried.

The September 2008 Sensis® *Consumer Report* found net confidence among consumers higher than business confidence measured in the concurrent Sensis® *Business Index*. The most recent Sensis® *Business Index* found net confidence among business proprietors in their business prospects for the year ahead was 25 per cent; composed of 52 per cent of businesses confident overall and 27 per cent worried about their prospects going forward.

The net result of consumer confidence at 32 per cent represents a continued fall in the net proportion of consumers who felt confident (down three percentage points from the past quarter). Over the past three quarters consumer confidence has now fallen by 29 percentage points, to the lowest level recorded since the inception of the Sensis® *Consumer Report* in May 2004.

This latest fall in consumer confidence coincides with the fall in net confidence among SME proprietors which also recorded a continued fall in the latest results for August 2008. In the latest quarter, the main concerns affecting business confidence were decreasing business, rising fuel prices, economic downturn and increasing interest rates.

Confidence trends – past five quarters

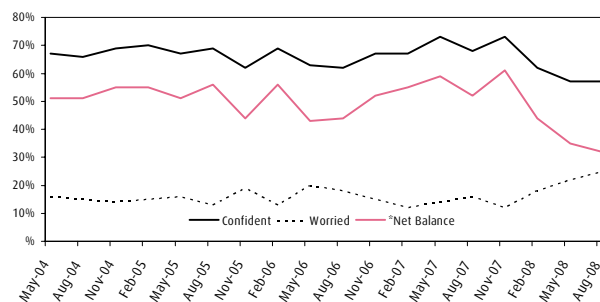
	August 2007	November 2007	February 2008	May 2008	August 2008
Extremely confident	18%	20%	15%	13%	11%
Fairly confident	50%	53%	47%	44%	46%
Neutral	16%	15%	20%	20%	18%
Fairly worried	13%	9%	14%	18%	21%
Extremely worried	3%	3%	4%	4%	4%
Total confident	68%	73%	62%	57%	57%
Total worried	16%	12%	18%	22%	25%
*Net Balance	+52%	+61%	+44%	+35%	+32%

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 – August 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 – August 2008

Overall confidence

Comparison with business – August 2008

	Consumers ¹	Business ²
Extremely confident	11%	10%
Fairly confident	46%	42%
Neutral	18%	21%
Fairly worried	21%	21%
Extremely worried	4%	6%
Total confident	57%	52%
Total worried	25%	27%
*Net Balance	+32%	+25%

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

SOURCE: ¹Sensis® *Consumer Report* Sweeney Research – August 2008
²Sensis® *Business Index* Sweeney Research – August 2008

Overall confidence in financial prospects by respondent characteristics

The September 2008 Sensis® Consumer Report found that the overall decrease in confidence was composed of a fall of 10 percentage points in confidence among females in the last quarter, while male confidence was up four percentage points by contrast.

Australians aged less than 30 years were again the most confident in the past quarter, however net confidence in this age group was down seven percentage points since last quarter. Confidence rose amongst Australians in their 30s (up 12 percentage points), and also those in their 40s (up eight percentage points). Confidence fell amongst those Australians aged 50 to 64 (down seven percentage points) and also amongst those Australians aged 64 years and above, with confidence in this age group recording the largest fall of any age group to be exactly half of what it was one quarter ago.

Examining both gender and age, the most confident Australians in September 2008 were males aged under 30, with a net confidence level of 58 per cent. This was in stark contrast to females aged between 50 and 64, who were the least confident of any age-gender demographic. Females aged under 30 years reported feeling the most confident of any female age group.

Confidence was equal in metropolitan and regional areas. The most confident Australians were those living in Tasmania, where a net 57 per cent of consumers reported feeling confident about their financial prospects for the year ahead, up 19 percentage points from last quarter. The least confident Australians were in New South Wales, with net confidence at 23 per cent, down 10 percentage points since the last quarter. Confidence fell in all states and territories in the past quarter, with the exception of Queensland, where confidence rose by eight percentage points. The largest fall in confidence was recorded in Western Australia (23 percentage points).

Singles were the least confident about their financial prospects for the year ahead, with confidence at a net 23 per cent, down by 28 percentage points in the past quarter. Families without children were most confident with a net 39 per cent compared to a net 31 per cent for families with children.

Those on the highest income level were the most likely to feel confident, with a net 59 per cent of those with a household income of more than \$85,000 feeling confident, compared to net negative five per cent of those with a household income up to \$35,000. Confidence fell across all income groups in the past quarter, with the exception of those earning between \$35,000 and \$55,000, where confidence actually increased by 15 percentage points.

Overall confidence by age and gender *Net balance – August 2008

	Total	Male	Female
Total	32%	41%	24%
Up to 29 years	48%	58%	40%
30 – 39 years	33%	47%	20%
40 – 49 years	34%	27%	39%
50 – 64 years	27%	42%	11%
More than 64 years	23%	34%	15%

*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 – August 2008

Overall confidence by location *Net balance – August 2008

	Total
Total	32%
Metro	31%
Non metro	31%
New South Wales	23%
Victoria	44%
Queensland	27%
South Australia	39%
Western Australia	25%
Tasmania	57%
Northern Territory	46%
Australian Capital Territory	43%

*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 – August 2008

Overall confidence by socio-economic variables *Net balance – August 2008

	Total
Total	32%
Respondent is..	
The male or female household head in a family with children	31%
The male or female household head in a family without children	39%
Single person living alone or sharing	23%
Household income level..	
Up to \$35,000	-5%
\$35,001 to \$55,000	23%
\$55,001 to \$85,000	38%
More than \$85,000	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 – August 2008

Reasons for being confident or worried

The main reason Australians gave for feeling confident about their financial prospects for the year ahead was having a secure job, which increased in relative importance over the past quarter. This is the third successive quarter where the trend of increasing job security compared to the quality of the job has been recorded, with having a good job declining an additional one percentage point over the past quarter. The main reasons Australians reported feeling worried was increasing interest rates, followed by inflation and uncertainty over the direction of the economy.

Having a secure job was the most important reason for feeling confident for those with household incomes of more than \$35,000. For those with household incomes below \$35,000, having sufficient resources was the main reason for feeling confident.

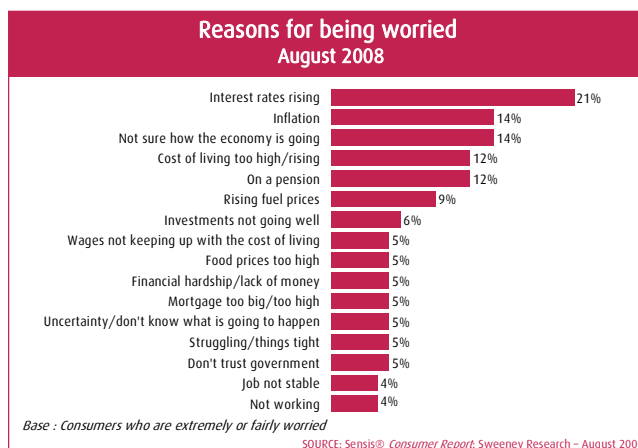
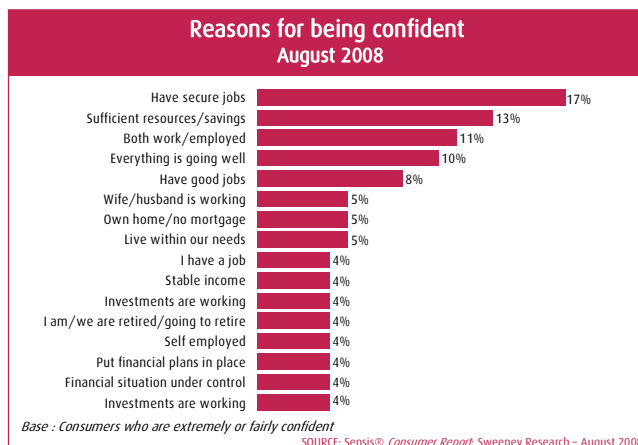
For Australians feeling worried about their financial prospects in the coming year, the main reason was increasing interest rates, which was nominated by 21 per cent of those who were worried. This has increased by three percentage points over the past quarter.

Other key reasons for concern included inflation (14 per cent) which was equal with uncertainty about the direction of the Australian economy (14 per cent).

Whilst increasing interest rates were the overall main cause for concern, it was only the top concern for those earning over \$85,000 a year. Increasing interest rates were the top concern for residents of New South Wales, Queensland and the Australian Capital Territory. Being concerned because of being on a pension was the top concern of residents of South Australia, Western Australia and Tasmania; with uncertainty about the economy being the top concern for those in Victoria, and rising fuel prices the top concern for residents of the Northern Territory.

For those with incomes between \$55,000 and \$85,000 the main concern was inflation, with uncertainty about the economy the top concern for those with household incomes between \$35,000 and \$55,000. For those earning up to \$35,000, being concerned because of living on a pension was the top issue impacting on confidence levels.

The highest increasing reason for concern over the past quarter was uncertainty about the economy, up six percentage points to 14 per cent.



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 also at its lowest level recorded in the Sensis® Consumer Report. Some 21 per cent of Australians believed they were better off than a year ago, down a further one percentage point from last quarter. Forty-two per cent believed their position was about the same as a year ago, also down one percentage point. The proportion who felt worse off was up two percentage points from last quarter to 37 per cent. This resulted in a net decrease of three 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, and only the second time in this period more Australians have felt worse off compared to a year ago than felt better off, following on from last quarter's result, which was also net negative.

On balance, Australians of all income brackets were more likely to feel they were worse off compared to a year ago. Those in the highest income demographic, earning \$85,000 a year and above, were least likely to feel they were worse off on balance, however the result was still net negative even at this income level (net negative five per cent, down two percentage points). The income demographic most likely to feel worse off on balance was those with incomes up to \$35,000, where the net balance was at net negative 28 per cent.

The only state or territory to record a net positive result was the Northern Territory, where 28 per cent of residents felt that they were better off than a year ago, compared to 22 per cent that felt they were worse off. Residents of every other state or territory were more likely to feel worse off on balance. Residents of South Australia were most likely to feel worse off on balance than a year ago. Australians living in regional areas were more likely than those living in metropolitan areas to feel worse off than a year ago (net negative 21 per cent compared to net negative 13 per cent).

The overwhelming reason Australians gave for feeling better off than a year ago related overwhelmingly to increased earnings, in line with the past 13 quarters.

Increases in the cost of living and increases in prices and petrol topped the list of reasons for feeling worse off, followed by increases in interest rates. Those with household incomes of more than \$55,000 were most likely to be concerned about increases in the cost of living. Increasing prices, in particular petrol, were most likely to be given by those with household incomes of less than \$55,000.

Comparison to a year ago Trends

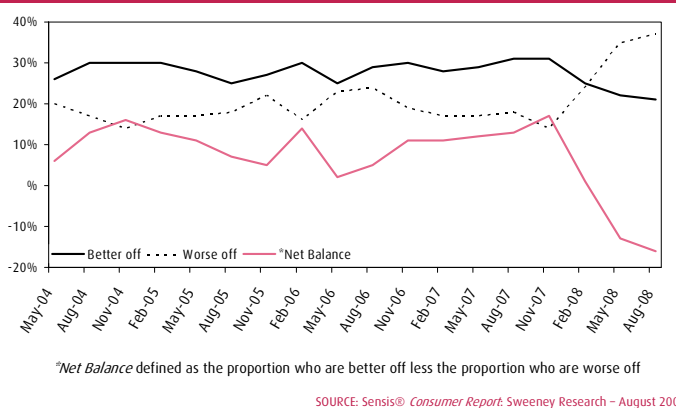
	August 2007	November 2007	February 2008	May 2008	August 2008
Better off	31%	31%	25%	22%	21%
Same	51%	55%	51%	43%	42%
Worse off	18%	14%	24%	35%	37%
*Net Balance	+13%	+17%	+1%	-13%	-16%

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

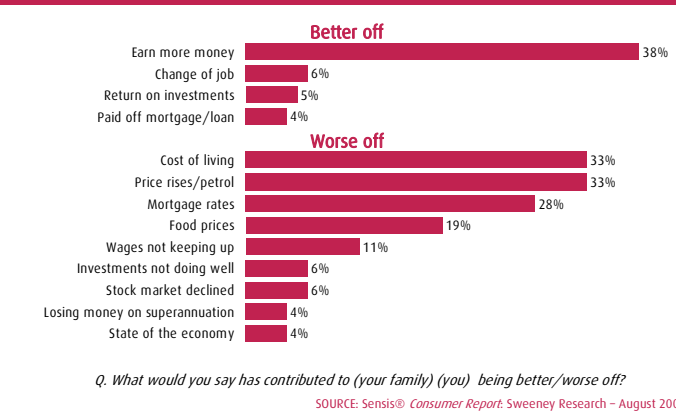
**Net Balance defined as the proportion who are better off less the proportion who are worse off*

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

Comparison to a year ago Long term trends



Reasons for being better or worse off August 2008



Household expenditure expectations

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

Overall, the category with the highest net proportion of consumers expecting to increase expenditure was general household expenses, by a net 60 per cent.. This result was down by two percentage points since last quarter, but up by six percentage points compared to the same time last year.

Consumers were expecting to spend less on balance than last quarter on four categories: entertainment, sport and leisure activities; items for the home; home entertainment; and dining out, fast food or home deliveries. This is the 11th successive quarter where expenditure on home entertainment was net negative and the 18th 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 fourth consecutive quarter households reported expecting to spend less on items for the home, and the second quarter consumers have said they expect to spend less on entertainment, sport and leisure activities. Despite these four categories all being net negative, they all showed some improvement over the past quarter.

The past quarter saw falls in the proportion of consumers expecting increases in relatively non-discretionary expenditure, with household expenses, transport and housing costs and health expenditure all predicted to fall. The only relatively discretionary category to report a decline this quarter was holidays and travel, which dropped by a further one percentage point. Increased levels of expenditure were expected for all other categories with the exception of telecommunications, which was unchanged in the past quarter. The greatest increase in the past quarter being recorded for home improvements, which increased by seven percentage points.

Families without children were most likely to be expecting to increase expenditure for general household expenses, health expenses and home entertainment. Singles were expecting the largest increases in expenditure in personal care and grooming products, special occasions and events, holidays and travel, items for the home and dining out, fast food and home deliveries.

Families with children were most likely to be increasing spending on transportation costs, housing costs, education costs, home renovations, telecommunications and entertainment.

Household expenditure expectations August 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	65%	5%	30%	+60%
Transport costs - cars or public transport	54%	8%	38%	+46%
Housing costs such as mortgage payments or rent	36%	7%	57%	+29%
Health and medical expenses	29%	8%	63%	+21%
Education costs	24%	7%	69%	+17%
Home renovations or improvements	27%	17%	57%	+10%
Telecommunications - including mobiles and internet	20%	13%	67%	+6%
Personal care or grooming products or services	13%	10%	77%	+2%
Special events or occasions (eg. parties, weddings etc)	15%	14%	70%	+1%
Holidays and travel	26%	25%	49%	+1%
Entertainment, sport and leisure activities	15%	15%	70%	-1%
Items for the home such as furniture or electrical goods	19%	27%	54%	-8%
Home entertainment such as DVD's, CDs	8%	20%	72%	-12%
Dining out, fast food or home deliveries	8%	23%	69%	-15%

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 - August 2008

Household expenditure expectations Trends in *Net Balance

	Aug 2007	Nov 2007	Feb 2008	May 2008	Aug 2008
General household expenses - groceries and bills	54%	55%	55%	62%	60%
Transport costs - cars or public transport	34%	33%	41%	49%	46%
Housing costs such as mortgage or rent	33%	34%	34%	37%	29%
Health and medical expenses	22%	22%	20%	25%	21%
Education costs	12%	14%	17%	13%	17%
Home renovations or improvements	16%	15%	13%	3%	10%
Telecommunications - including mobiles & Internet	12%	8%	10%	6%	6%
Personal care/grooming products	5%	4%	5%	1%	2%
Special events or occasions (eg. parties, weddings etc)	11%	5%	4%	-4%	1%
Holidays and travel	15%	13%	6%	2%	1%
Entertainment, sport and leisure activities	7%	7%	6%	-3%	-1%
Items for the home such as furniture or electrical goods	2%	-2%	-4%	-10%	-8%
Home entertainment	-2%	-4%	-9%	-14%	-12%
Dining out, fast food or home deliveries	-7%	-8%	-10%	-17%	-15%

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 - August 2008

Household expenditure expectations By family status - August 2008

*Net balance for..	Total	Families with children	Families no children	Singles
General household expenses - groceries and bills	60%	59%	63%	55%
Transport costs - cars or public transport	46%	50%	45%	41%
Housing costs such as mortgage or rent	29%	40%	15%	31%
Health and medical expenses	21%	19%	29%	11%
Education costs	17%	34%	2%	8%
Home renovations or improvements	10%	15%	8%	4%
Telecommunications - including mobiles & Internet	6%	12%	2%	2%
Personal care/grooming products	2%	0%	2%	9%
Special events or occasions (eg. parties, weddings etc)	1%	-4%	3%	5%
Holidays and travel	1%	-1%	0%	7%
Entertainment, sport and leisure activities	-1%	1%	-3%	0%
Items for the home such as furniture or electrical goods	-8%	-8%	-10%	-3%
Home entertainment	-12%	-15%	-7%	-13%
Dining out, fast food or home deliveries	-15%	-20%	-15%	-8%

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

SOURCE: Sensis® Consumer Report; Sweeney Research - August 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 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 22 per cent of consumers nominating this as their first means to decrease expenditure (unchanged in the past quarter). While entertainment expenses were the most popular expenditure to be cut in most states and territories, residents of Victoria and Queensland were most likely to nominate cutting this item only if necessary.

Dining out at restaurants was the next most likely item to be cut by consumers, with 13 per cent nominating this as the first item they would cut (up by three percentage points in the past quarter). Restaurants in the Australian Capital Territory were most likely to be affected by cuts in this area of consumer expenditure, with this being the most popular area of expenditure for cuts in the Territory, as well as in Tasmania, outranking cuts to entertainment.

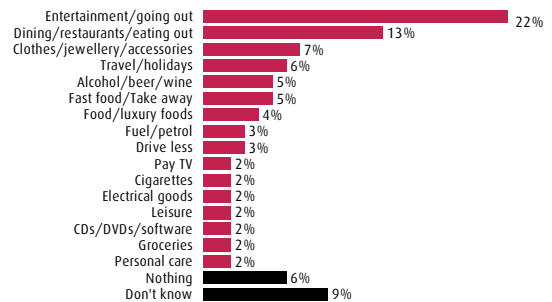
Some 45 per cent of Australians reported that they have cut expenditure in the past quarter due to increasing fuel prices. Using vehicles less as a result of increasing fuel prices increased significantly, reported by one in five of those who had cut expenditure because of increased fuel prices, and nine per cent of Australians overall.

Australians are most likely to want to increase their savings if they had some additional income, with 26 per cent nominating savings, up marginally from 25 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 (29 per cent), as were residents of South Australia (30 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 16 per cent in the past quarter. There was a direct relationship between income and likeliness of putting additional income towards a mortgage, with only four per cent of those with incomes up to \$35,000 providing this response, compared to 33 per cent of those with incomes more than \$85,000.

Next in line for Australians with additional income was a holiday, nominated by 11 per cent of Australians (up two percentage points), with residents of Western Australia (16 per cent) most likely to indicate they would spend any additional income on a holiday.

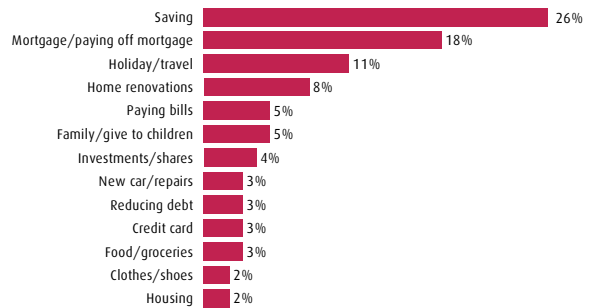
What would be cut out to reduce expenditure? August 2008



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 – August 2008

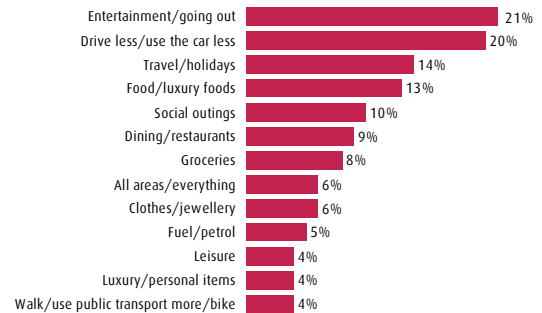
What would additional income be spent on? August 2008



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 – August 2008

Expenditure areas cut due to increases in petrol prices August 2008

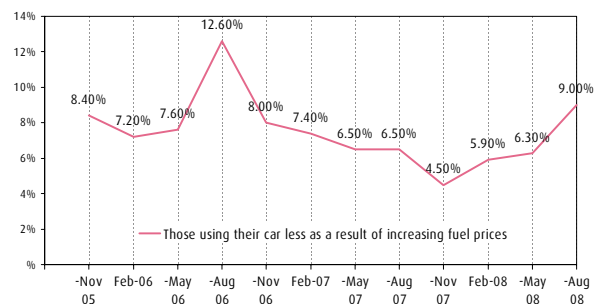


Q. Which areas have you cut expenditure on?

Base: Have cut expenditure due to increased fuel costs 45%

SOURCE: Sensis® Consumer Report: Sweeney Research – August 2008

Proportion of consumers reporting decreased car use due to increasing fuel costs



SOURCE: Sensis® Consumer Report: Sweeney Research – August 2008

Perception of the state of Australia's economy

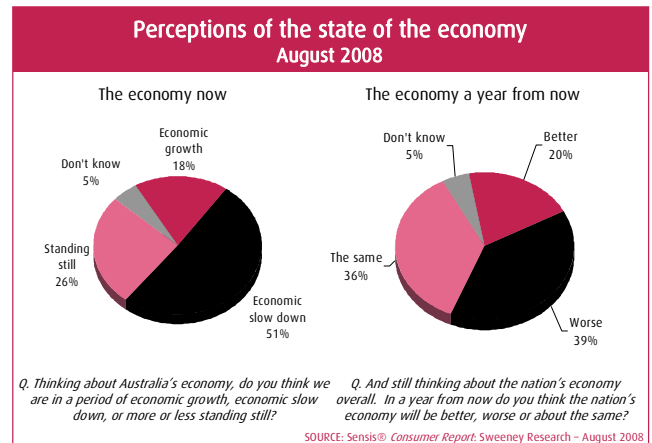
In line with the slump in consumer confidence, the September 2008 Sensis® *Consumer Report* found the net proportion of consumers who felt Australia was currently in a period of economic growth also falling further. Only 18 per cent of consumers felt the economy was currently growing (down 15 percentage points), compared to 51 per cent who felt the economy was currently slowing down (up 14 percentage points), and 31 per cent who felt it was standing still. This resulted in a net balance of negative 33 per cent of consumers who felt the economy was currently in a growth phase. This result was down by 29 percentage points since last quarter and down by 65 percentage points from the same time last year. This brings the current economic perception to the lowest point recorded since the inception of the Sensis® *Consumer Report* in May 2004.

While no state or territory recorded a net positive perception of the current state of the Australian economy, there was a large degree of variation across the states and territories. Residents of Western Australia again held the highest perceptions of the current state of the economy (negative 14 per cent, down 37 percentage points), with the second highest net result being recorded in the Northern Territory (negative 23 per cent). Consumers in New South Wales held the lowest perceptions (net negative 42 per cent, down 35 percentage points in the past quarter).

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, up one percentage point in the past quarter. This compared to the 39 per cent that thought it would be worse than it is now (down from 41 per cent in the previous quarter). The most likely response was the economy would be the same in a year, which was held by 41 per cent of consumers. This resulted in a net negative 19 per cent, an increase of three percentage points in future expectations for the economy. Despite the improvement in consumer's views of the economy in a year's time, this result was some 14 percentage points lower than at the same time last year.

All states and territories held net negative views on the future economic direction. The most optimistic views were in Western Australia and the Australian Capital Territory (net negative eight per cent each), with the most pessimistic in Tasmania at net negative 26 per cent.

When the same question was asked in the August 2008 Sensis® *Business Index*, business proprietors reported more pessimistic views on the state of the economy now (net negative 53 per cent for businesses compared to net negative 33 per cent for consumers), and also more pessimistic views on the future direction of the economy (net negative 27 per cent for businesses, compared to net negative 19 per cent for consumers).

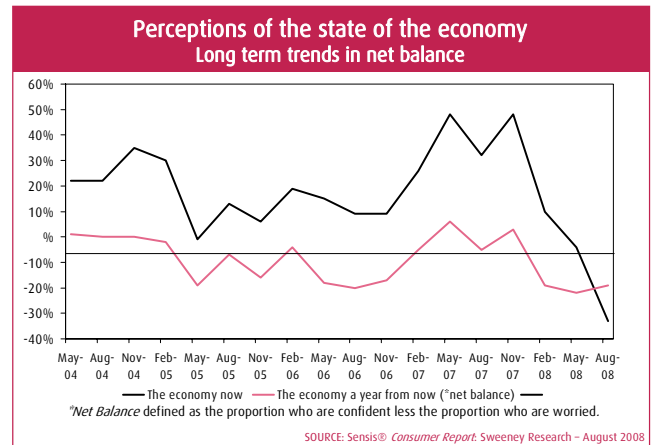


Perceptions of the state of the economy Trends

	August 2007	November 2007	February 2008	May 2008	August 2008
The economy now					
Growth	50%	61%	40%	33%	18%
Slowing	18%	13%	30%	37%	51%
*Net balance	+32%	+48%	+10%	-4%	-33%
The economy a year from now					
Better	20%	25%	20%	19%	20%
Worse	25%	22%	39%	41%	39%
*Net Balance	-5%	+3%	-19%	-22%	-19%

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

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



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

	Consumers ¹	Business ²
The economy now		
Growth	18%	24%
Slowing	51%	46%
*Net balance	-33%	-22%
The economy a year from now		
Better	20%	16%
Worse	39%	44%
*Net balance	-19%	-28%

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

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

Section 2 : Our concerns

Prime concerns

Concerns about unemployment rose more than any other issue compared to last quarter, according to the September 2008 Sensis® Consumer Report. The increase in the cost of living remained the highest concern for Australians, this was followed by the price of petrol.

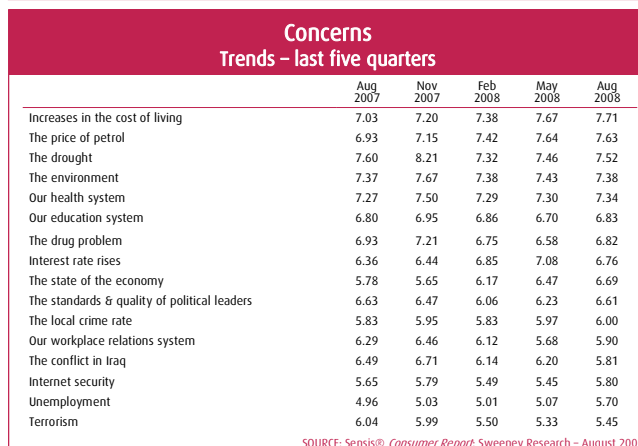
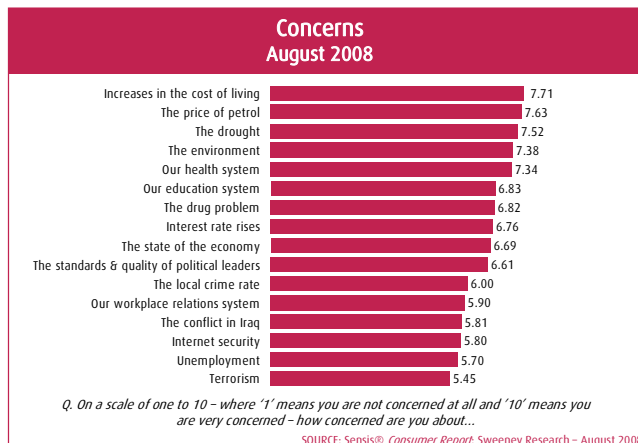
When asked to rank topical issues on a scale of one, representing no concern at all, to 10, representing a high level of concern, increases in the cost of living scored an average score of 7.71. Concerns about increases in the cost of living rose by 0.04 during the quarter. While this was the top concern overall, only the two extremes of the income demographic viewed this specifically as their top concern, those earning below \$35,000 or over \$85,000. For those earning between \$35,000 and \$55,000 the drought was the top concern, for those earning between \$55,000 and \$85,000 the price of petrol was the top concern. The highest level of concern for increases in the cost of living was recorded in South Australia (7.90) with the lowest level recorded in the Australian Capital Territory (7.07). Increases in the cost of living were the top concern overall for residents of New South Wales.

The second highest concern for Australians was the price of petrol, which was ranked at 7.63, a fall of 0.01 in the past quarter. Those with household incomes up to \$35,000 were most likely to be concerned about this issue (8.04). Residents of Queensland and Tasmania were most likely to be concerned about the price of petrol (7.94 each) while residents of the Australian Capital Territory reported the lowest levels of concern about the price of petrol (6.90).

Concerns about unemployment rose more than any other issue, up by 0.63 to 5.70. Concerns about unemployment were greatest in New South Wales and Tasmania (6.02 each) and lowest in the Australian Capital Territory (4.78). The level of concern about unemployment was directly related to income levels with the highest level of concern registered amongst those with household incomes up to \$35,000 (6.53) and the lowest level of concern amongst those with household incomes over \$85,000 (5.03).

Other issues recording relatively large increases in concern levels over the past quarter included the standard and quality of our political leaders, internet security, the drug problem, the state of the economy and the workplace relations system all of which rose more than 0.2 during the quarter.

The largest fall in the level of concern over the past quarter was recorded for the conflict in Iraq, with concern levels falling by 0.39.



Concerns by age and gender

Females again displayed higher levels of concern across all topics in this quarter. Males' and females' opinions differed most when it came to the drug problem, followed by terrorism and the conflict in Iraq. The topic of concern where male and female views most closely aligned was the standard and quality of Australia's political leaders, with concern levels varying by only 0.04 between males and females.

Concerns did vary by income, with those on household incomes less than \$35,000 most concerned about increases in the cost of living. For the next highest household income bracket, between \$35,000 and \$55,000, the drought recorded the highest levels of concern. For those earning between \$55,000 and \$85,000 rises in the price of petrol was the highest concern. For the highest income bracket, \$85,000 and above, the top issue of concern was also increases in the cost of living.

The results show those aged up to 19 years were more likely than any other age group to be concerned about political leaders. They were also most concerned about increases in the cost of living, the price of petrol, unemployment and terrorism. Those Australians aged from 30 to 39 years were most concerned about the largest number of issues, including the environment, the education system, interest rate rises, the state of the economy and the workplace relations system. Those aged in their 40s displayed the highest levels of concern over the state of the health system.

Australians aged from 50 to 64 were more likely than any other age demographic to be concerned about the standard and quality of our political leaders and internet security. Those Australians more than 64 years were more likely than any other age group to be concerned about the drought, the drug problem and the conflict in Iraq.

The top issue overall, increases in the cost of living, was only the top issue for those aged in their 30s. For those under 30 the price of petrol was the top issue. For those Australians aged in their 40s the health system was the top issue overall, and for those Australians aged 50 and above, the drought was the top ranking concern.

	Total	Male	Female	Difference
The standards & quality of political leaders	6.61	6.59	6.63	(0.04)
The price of petrol	7.63	7.44	7.80	(0.36)
The state of the economy	6.69	6.50	6.87	(0.37)
Our workplace relations system	5.90	5.68	6.11	(0.43)
Increases in the cost of living	7.71	7.46	7.95	(0.49)
The local crime rate	6.00	5.67	6.31	(0.64)
The drought	7.52	7.15	7.86	(0.71)
Internet security	5.80	5.41	6.17	(0.76)
Our education system	6.83	6.42	7.22	(0.80)
The environment	7.38	6.97	7.78	(0.81)
Our health system	7.34	6.92	7.74	(0.82)
Interest rate rises	6.76	6.34	7.16	(0.82)
Unemployment	5.70	5.27	6.10	(0.83)
The conflict in Iraq	5.81	5.38	6.22	(0.84)
Terrorism	5.45	4.94	5.93	(0.99)
The drug problem	6.82	6.29	7.33	(1.04)

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

	Total	Up to	20 to	30 to	40 to	50 to	65+
		19	29	39	49	64	
Increases in the cost of living	7.71	7.98	7.96	7.89	7.68	7.59	7.26
The price of petrol	7.63	8.04	8.01	7.59	7.36	7.56	7.36
The drought	7.52	7.43	7.34	7.34	7.41	7.61	8.00
The environment	7.38	7.21	7.39	7.67	7.36	7.50	7.02
Our health system	7.34	6.96	6.81	7.35	7.70	7.64	7.36
Our education system	6.83	6.86	6.60	7.32	6.96	6.64	6.51
The drug problem	6.82	6.68	5.84	6.37	6.78	7.39	7.87
Interest rate rises	6.76	6.42	6.93	7.17	6.88	6.94	5.93
The state of the economy	6.69	6.26	6.36	6.93	6.89	6.92	6.51
The standards & quality of political leaders	6.61	6.08	6.14	6.50	6.66	7.03	7.01
The local crime rate	6.00	5.63	5.68	5.91	5.97	6.32	6.32
Our workplace relations system	5.90	5.97	5.66	6.11	5.73	6.03	5.09
The conflict in Iraq	5.81	6.10	5.52	5.20	5.39	6.12	6.78
Internet security	5.80	6.01	5.04	5.73	6.01	6.09	5.99
Unemployment	5.70	6.14	5.24	5.48	5.68	5.86	5.96
Terrorism	5.45	6.14	5.01	5.02	5.16	5.60	6.13

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

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

Priority issues for Australians

This quarter, we asked Australians if they were the Prime Minister, what is the first thing that they would do to change Australia.

Looking at identified policy areas that Australians would like to see addressed, addressing various environmental problems was the most frequent response, with 12 per cent of Australians reporting that this is what they would do first to change Australia. This was composed of acting on climate change, acting on drought, salinity and water issues, making the environment a higher priority overall, and increasing investment in renewable energy. Residents of Victoria were most likely to nominate these issues as the ones they would address first (15 per cent), with residents of Queensland, the Northern Territory and the Australian Capital Territory least likely to have these issues as their top priority (eight per cent each).

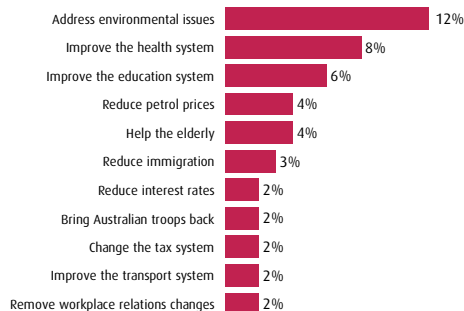
It is interesting to note that just as frequent a response to this question was for people to respond that they did not know which policy area they would tackle first, with 12 per cent also giving this response. Residents of Tasmania were the most likely to hold an opinion on the area to address first, with only six per cent reporting that they did not know, compared to 14 per cent in New South Wales. Those with household incomes above \$85,000 were most likely to identify specific policy targets, with only eight per cent of this demographic reporting that they did not know what they would do first.

The second highest priority issue was improving the health system, with eight per cent of Australians nominating that they would act on health first. Tasmanians were most likely to nominate improving the health system, with 11 per cent reporting this as their first preference, compared to only four per cent in the Northern Territory. Improving the health system was the number one area that residents of New South Wales, Victoria and Tasmania would like to see addressed first. In Western Australia it was the equal top policy area with the education system.

Improving the health system was also the first priority for action for almost all income demographics. The only exception to this was for those with household incomes between \$55,000 and \$85,000, with that demographic nominating reducing petrol prices as their priority. The health system was also the top preference for females (13 per cent), with males more likely to nominate the education system as their priority.

Residents of Queensland were most likely to want to lower the price of petrol as their first Prime Ministerial act, with seven per cent giving this as their preference. For residents of South Australia, the Murray-Darling issue was their priority with some 13 per cent nominating this as their preference.

What Australians would do if they were PM?



Q. If you were Prime Minister, what is the first thing that you would do to change Australia?

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

Section 3: Our workplace environment

Perceived impact of changes to the workplace relations system

The September 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, 18 per cent of Australians felt the proposed system would have a positive impact on them, compared to 11 per cent who felt the proposed changes would have a negative impact, and 57 per cent who felt the new system would have no real impact either way. This resulted in an overall net impact of positive seven per cent.

This overall net result represents a slight softening in sentiment from Australians towards the proposed changes to the workplace relations system, with net support falling by two percentage points. The change in net balance was caused predominantly by the three percentage point drop in the proportion of Australians that felt the changes proposed by the new government would have a positive impact on them. Countering this was a one percentage point drop in the proportion that felt the new changes would have a negative impact. By far the greatest shift in views this quarter was a drop of 10 percentage points in the proportion of Australians that felt the changes would have no impact on them, as well as a five percentage point increase in the proportion of Australians that felt that they did not know what the impact would be.

Those who believed there would be a positive impact felt the new system would be fairer, that it would increase job security and that it would mean more freedom for workers. The main reasons given for the workplace relations changes having a negative impact were that the changes would give power back to the unions, that it would be harder to employ people and a view that employers need to control who they employ.

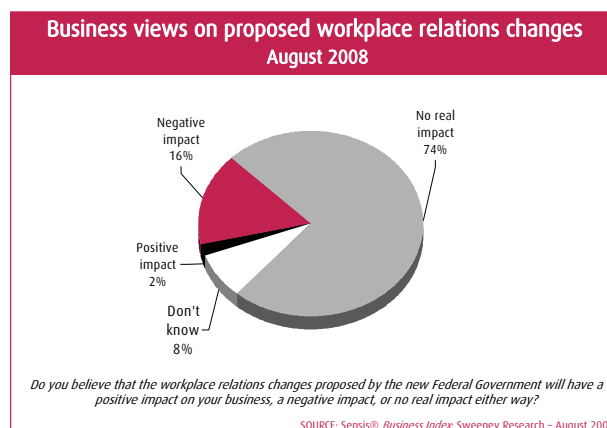
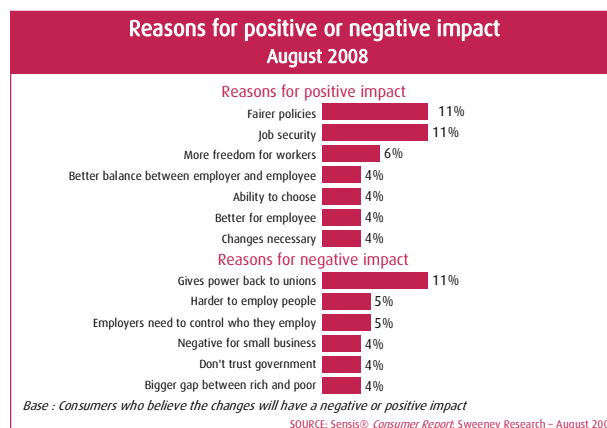
The views of the Australian population about the proposed changes made to the workplace relations system still contrast starkly to those held by Australia's small and medium business operators. While a net seven per cent of Australians felt the impact of the changes would be net positive, data collected in the concurrent Sensis® *Business Index* found net negative 14 per cent of Australia's small and medium business operators felt the proposed changes would have a net positive impact.

Impact of workplace relations changes Trends					
	August 2007	November 2007	February 2008	May 2008	August 2008
Positive impact	12%	13%	13%	21%	18%
Negative impact	29%	26%	26%	12%	11%
No real impact	52%	57%	58%	67%	57%
Don't know	7%	4%	3%	9%	14%
*Net balance	-17%	-13%	-13%	+9%	+7%

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? (to February 2008)

Q. Do you believe that the workplace relations changes proposed by the new Federal Government will have a positive impact on you, a negative impact, or no real impact either way? (August 2008)

SOURCE: Sensis® Consumer Report; Sweeney Research - August 2008



Section 4: The environment

Australian views on environmental issues

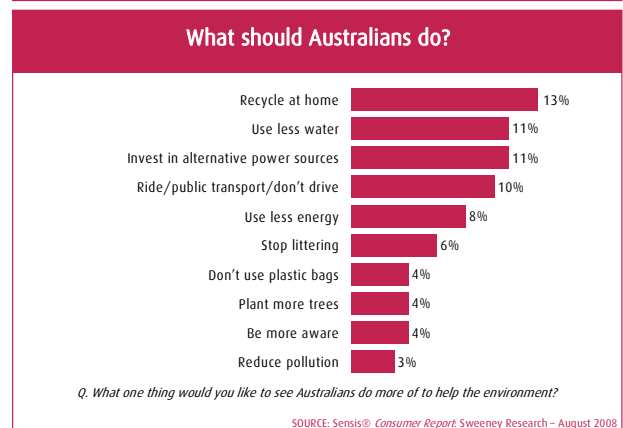
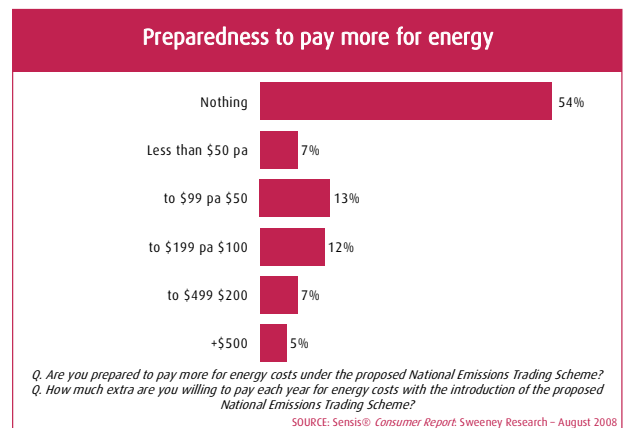
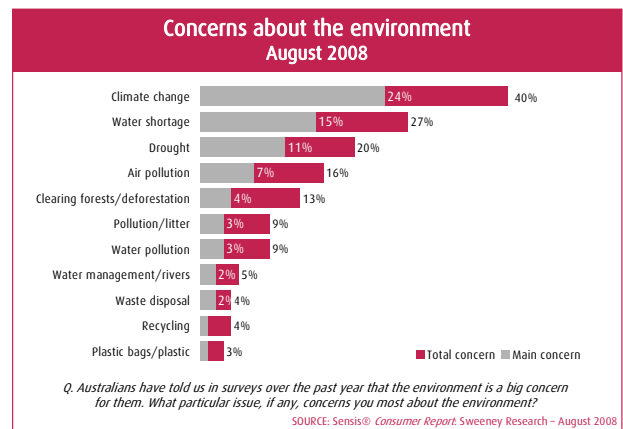
The September 2008 Sensis® Consumer Report examined which environmental issues were of most concern to Australian, as well as their views on emissions trading and what they felt they should be doing to address these challenges.

Overall climate change was the issue most nominated by Australians as their main environmental concern. Almost one in four Australians reported climate change as their main concern, with four in 10 nominating it as an issue of concern overall. Concern about climate change was greatest in the Australian Capital Territory (32 per cent) and lowest in South Australia (17 per cent). Whilst levels of concern varied around Australia, climate change was the main concern in every state and territory with the exception of South Australia, where water shortage was the main concern.

Despite climate change being the issue most concerning Australians, over half (54 per cent) reported that they were not prepared to pay more for energy under the proposed National Emissions Trading Scheme. Some 13 per cent reported that they were willing to pay an additional \$50 to \$99 dollars a year for their energy under an emissions trading system, with 12 per cent willing to pay between \$100 and \$199 in additional energy costs a year. Residents of the Australian Capital Territory were most likely to report that they were willing to pay more for energy under a National Emissions Trading Scheme (69 per cent). Fifty four per cent of Australians felt that petrol should be included in the same, with residents of New South Wales most likely to hold this view (59 per cent), however 21 per cent of Australians were unsure as to whether or not it should be included.

Australians felt that as a nation, recycling was the number one activity that consumers should be doing more of to help the environment, with 13 per cent reporting this view. The next most frequent responses were using less water and investing in alternative power sources, at 11 per cent each, and using alternative forms of transportation at 10 per cent. Recycling was the most frequent response in the Northern Territory (16 per cent) closely followed by New South Wales and Western Australia (15 per cent each) and lowest in Tasmania (seven per cent).

Australians also reported that they were using technology to reduce their environmental impact – 44 per cent reported that they used online maps to find more efficient routes, 36 per cent reporting that they used online directories to find closer suppliers and 21 per cent reporting that they accessed servers remotely to reduce their travel requirements.



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

Visit www.about.sensis.com.au

The September 2008 Sensis® *Consumer Report* can be accessed on the Sensis internet site at www.about.sensis.com.au from 9 September 2008.

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