

# Sensis<sup>®</sup> Consumer Report



September 2005

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# Introduction

The September 2005 Sensis® *Consumer Report* is a survey designed to measure the confidence and behaviour of Australia's consumer population.

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

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

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

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

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

Sensis is a wholly-owned advertising subsidiary of Telstra Corporation Ltd. Sensis manages a number of leading Australian brands including: Yellow Pages® and White Pages® directories; leading lifestyle brand CitySearch®; the location and navigation brand Whereis®; the Trading Post® classified advertising brand and a leading Australian publisher and distributor of mapping and travel-related products, Universal Publishers. Invizage Technology, a wholly owned subsidiary of Sensis, is one of Australia's market leaders in IT services to small and medium sized enterprises. In June 2005, Sensis launched LinkMe.com.au, an innovative online career networking site in partnership with MBI Investments.

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

## About the survey

The results in this report are based on a survey of 1,500 Australians conducted over the period 20<sup>th</sup> July 2005 to 10<sup>th</sup> August 2005.

All interviews were conducted via telephone by the survey research firm, Sweeney Research.

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

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

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
<b>Total</b>	<b>1500</b>	<b>1130</b>	<b>370</b>

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

Comparisons in the September 2005 Sensis® *Consumer Report* are made between consumers and businesses. The business results are based on data from the August 2005 Sensis® *Business Index* of 1,800 SMEs.

# Executive summary

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## Consumer confidence

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The September 2005 *Sensis® Consumer Report* found a net balance of 56 per cent of Australians reporting confidence in their financial prospects for the year ahead. This result was an increase of five percentage points from last quarter.

This result compares with the latest business confidence results from the August 2005 *Sensis® Business Index*, which found that a net 55 per cent of SME operators felt confident about their business prospects for the year ahead.

Having a secure or good job was the main reason provided for Australians feeling confident. The main reason for consumers expressing worry was having to rely on a pension.

Twenty-five per cent of Australian households believed they were now better off than they had been a year ago (down three percentage points in the past quarter), with earning more money being the main reason for this belief. Eighteen per cent of households felt they were worse off (rising one per cent in the past quarter) due mainly to a belief that there had been an increase in the cost of living. The net proportion of consumers who felt they were better off decreased four percentage points in the past quarter. The net proportion of Australians that felt they were better off was six percentage points lower than it had been twelve months ago.

Following from significant increases in fuel prices, the area of household expenditure where consumers were expecting the greatest increases was transport costs. This was followed by general household expenses and housing costs, including mortgages and rent. The only area that consumers were expecting a net decline was in expenditure was dining out, fast food and home delivered food.

The area of expenditure that Australians would be most likely to cut back on if facing tighter economic circumstances would be entertainment and going out, followed by dining and travel and holidays. The items that Australians would be most likely to spend additional income on were debt reduction and savings, followed by holidays and travel, once again highlighting the dependence of the tourism industry on the economic environment.

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## The economy and concerns

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The September 2005 *Sensis® Consumer Report* found a strong increase in Australian's perceptions and expectations of the economy. Overall, 35 per cent of Australian consumers believed the economy was currently growing, compared to 22 per cent who believed the economy was currently slowing. This resulted in an increase in the net balance by 14 percentage points over the past quarter. This result follows from net negative perceptions last quarter, reversing close to half the net drop experienced last quarter.

Australian consumers felt that prospects for economic growth for the year ahead were still on balance likely to be worse, with the proportion of consumers feeling that the economy would be better in a year's time, some seven percentage points lower than the proportion that felt it would be worse.

Again, the increase in the price of petrol continued to be strongly impacting on Australians, with rises in the price of petrol being the greatest concern in the September 2005 *Sensis® Consumer Report*. This was followed by the health system and the environment. Following recent terrorism events in London, the largest increase in concern levels was reported for terrorism, which now rated 6.96 out of a possible 10, compared to 5.93 last quarter, and now the fifth most important issue for Australians. The largest drop off in concern of any issue was over the drug problem, which now rated 6.65 out of a possible 10, compared to 7.00 last quarter.

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## Business ownership

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The September 2005 Sensis® *Consumer Report* found that some 25 per cent of households reported having a household member who owned a business, made up of 16 per cent of households with a home-based business and nine per cent with an external business. Business ownership levels were highest in Queensland and lowest in the Northern Territory and Tasmania.

Overall, 12 per cent of households reported having someone interested in starting a new business opportunity in the next year, down marginally from 13 per cent last quarter, with households that already had a business most likely to consider a new business start-up.

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## Voting behaviour and intentions

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Support for the Labor Party in New South Wales remained the lowest of any state or territory. While the level of support for the Labor Party had fallen significantly since the last state election, surveying conducted before and after the resignation of former-Premier Carr should increasing support following his departure.

In Tasmania, where a state election is due within the year, the level of support for the Coalition is the lowest of any state or territory. While support for the Labor Party is considerably higher, it too has lost support since the last election, with The Greens having made considerable ground.

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## Our workplace environment

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Australians reported a high level of awareness for the debate surrounding proposed changes to the workplace relations system, with 79 per cent reporting that they were aware of the issues.

On balance, Australians were more likely to report a belief that the proposed changes would have a negative impact. Some 45 per cent of those who were aware of the issues reported that they felt the impact would be negative, compared to only 11 per cent who felt there would be a positive impact.

When asked where they stood on changes to the workplace relations system in principle, some 61 per cent reported they disagreed with the proposed changes, with 27 per cent reporting they agreed.

# Section 1 : Economic confidence

## Overall confidence in financial prospects

### Key findings

The September 2005 Sensis® *Consumer Report* found a net 56 per cent of consumers expressed relative confidence in their financial prospects for the year ahead. The level of confidence amongst consumers was marginally higher than the level of confidence amongst business proprietors.

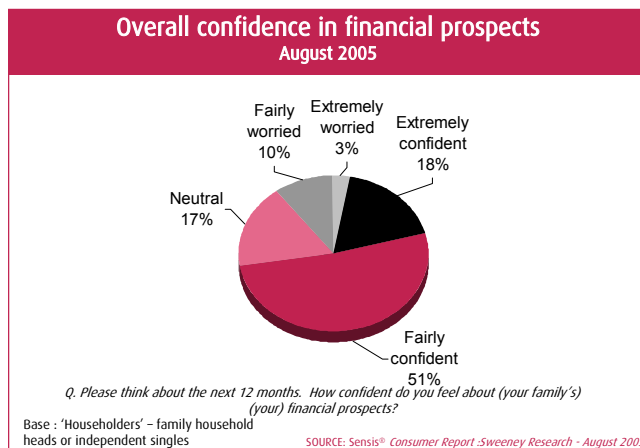
### Last quarter (May to July 2005)

Australians recorded softening confidence with a net balance result of 56 per cent. This comprised 69 per cent of Australians who were confident about their financial prospects for the year ahead, while 13 per cent were worried.

The September 2005 Sensis® *Consumer Report* found net confidence among consumers was one percentage point higher than business confidence measured in the concurrent *Sensis® Business Index*. The most recent *Sensis® Business Index* found net confidence amongst business proprietors in their business prospects for the year ahead was 55 per cent. This is the first occasion since the inception of the *Sensis® Consumer Report* that consumer confidence has been higher than business confidence. Business confidence had previously been ahead of consumer confidence for the past year, however, there had been significant narrowing of the gap in recent quarters.

The net result of consumer confidence of 56 per cent represents a strongly improved result from the past quarter, with a two percentage point increase in the proportion of consumers that were feeling confident, coupled with an additional three percentage points decrease in the proportion that were feeling worried. This compares to a smaller rise of three percentage points in net confidence among SME proprietors over the past quarter.

While the increase in business confidence this quarter was not as large as that reported by consumers, the underlying reason for rising confidence in the business sector nationally has been the increasing demand that businesses have felt in the past quarter. This is confirmed by higher consumer confidence levels in this concurrent survey of consumers.



**Overall confidence Trends**

	May 2004	August 2004	November 2004	February 2005	May 2005	August 2005
Extremely confident	15%	16%	19%	16%	14%	18%
Fairly confident	52%	50%	50%	54%	53%	51%
Neutral	17%	19%	17%	16%	17%	17%
Fairly worried	12%	11%	10%	12%	12%	10%
Extremely worried	4%	4%	4%	3%	4%	3%
Total confident	67%	66%	69%	70%	67%	69%
Total worried	16%	15%	14%	15%	16%	13%
<b>*Net Balance</b>	<b>+51%</b>	<b>+51%</b>	<b>+55%</b>	<b>+55%</b>	<b>+51%</b>	<b>+56%</b>

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

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

**Overall confidence Comparison with business – August 2005**

	Consumers <sup>1</sup>	Business <sup>2</sup>
Extremely confident	18%	14%
Fairly confident	51%	54%
Neutral	17%	18%
Fairly worried	10%	11%
Extremely worried	3%	3%
Total confident	69%	69%
Total worried	14%	13%
<b>*Net Balance</b>	<b>+56%</b>	<b>+55%</b>

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

SOURCE: <sup>1</sup>Sensis® Consumer Report - Sweeney Research - August 2005  
<sup>2</sup>Sensis® Business Index - Sweeney Research - August 2005

## Overall confidence in financial prospects by respondent characteristics

The September 2005 Sensis® *Consumer Report* found males reported significantly higher levels of confidence than females in the latest survey. This result represents a rise in confidence among males of 10 percentage points over the last quarter, and a marginal decrease for female confidence levels of one percentage point. From this result it can be seen that the rise in confidence in the past quarter was due to the increase in confidence levels amongst male consumers.

Looking at demographics by age group, the most confident age groups were those up to 29 years of age, and those in their 40s. Examining both gender and age, the most confident Australians in August 2005 were males in their 40s, with this group reporting net confidence of 72 per cent. Females aged up to 29 reported feeling the most confident of any female age-gender group. The age-gender group with the largest increase in confidence was females up to 29 years of age, with females in their 30s experiencing the largest decrease in confidence.

Australians living in regional areas reported higher levels of confidence on average than those living in metropolitan Australia. Once again, there was considerable variation amongst the states and territories. The most confident Australians were those living in Western Australia, where a net 62 per cent of consumers reported feeling confident about their financial prospects for the year ahead. Residents of the Northern Territory, New South Wales, the Australian Capital Territory and South Australia all reported confidence levels above the national average. The least confident Australians were those living in Tasmania, where net confidence was at 43 per cent.

Examining family status, those living in a household without children were again the most confident about their financial prospects for the year ahead. Families with children were the least confident (net 58 per cent compared to net 53 per cent).

Those on the highest income levels were, not surprisingly, the most likely to feel confident, with net 70 per cent of those with a household income over \$85,000 reporting feeling confident, compared to 38 per cent of those with a household income up to \$35,000. However, the lower the income group, the larger the increase in confidence in the last quarter. Those households earning up to \$35,000 a year saw an increase of confidence of 20 percentage points in the last quarter. Those households earning over \$85,000 a year actually reported a decrease in net confidence of seven percentage points.

### Overall confidence by demographics \*Net balance

	Total	Male	Female
<b>Total</b>	<b>56%</b>	<b>61%</b>	<b>50%</b>
Up to 29 years	62%	54%	70%
30 – 39 years	47%	51%	44%
40 – 49 years	62%	72%	54%
50 – 64 years	54%	64%	47%
Over 64 years	53%	66%	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 2005

### Overall confidence by location \*Net balance

	<b>56%</b>
<b>Total</b>	
Metro	55%
Non metro	57%
New South Wales	59%
Victoria	54%
Queensland	51%
South Australia	58%
Western Australia	62%
Tasmania	43%
Northern Territory	59%
Australian Capital Territory	58%

\*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 2005

### Overall confidence by socio-economic variables \*Net balance

	<b>56%</b>
<b>Total</b>	
<b>Respondent is..</b>	
The male or female household head in a family with children	53%
The male or female household head in a family without children	58%
Single person living alone or sharing	57%
<b>Household income level..</b>	
Up to \$35,000	38%
\$35,001 to \$55,000	56%
\$55,001 to \$85,000	59%
Over \$85,000	70%

\*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 2005

## Reasons for being confident or worried

The main reasons given by Australians for feeling confident about their financial prospects for the year ahead was having good, secure employment, everything going well in general and having both partners working. The main reasons Australians reported feeling worried were based around only being on a pension, the cost of living being too high or concerns over changes to workplace agreements.

Having good or secure jobs was the most important reason for feeling confident for most household income levels, especially for those with a household income level of above \$85,000. However, having a regular pension was almost as important for those with incomes up to \$35,000.

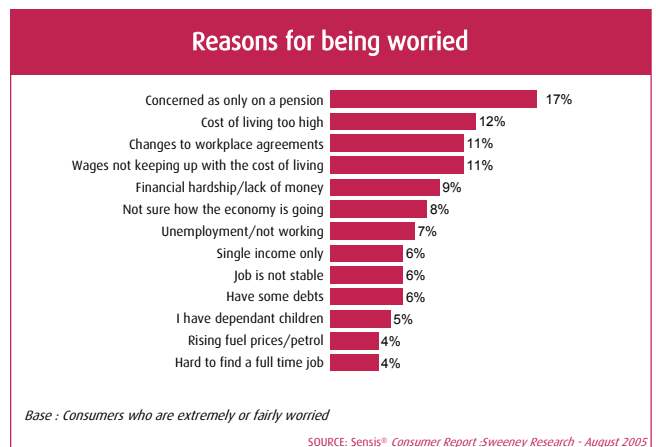
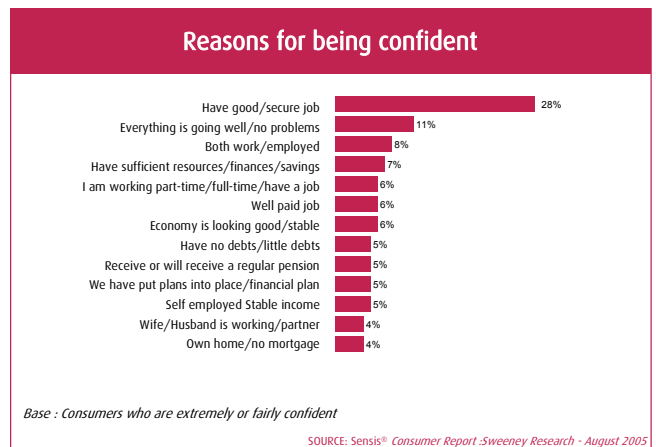
Having a good or secure job was also the main reason for feeling confident across most age groups, with the exception of those Australians aged 65 years and above. For this age group, having a regular pension was the most important reason, followed by sufficient financial resources. Having a job was relatively unimportant to this demographic.

The main reason Australians gave for feeling worried about their financial prospects for the year ahead related to being on a pension.

This quarter saw some topical new concerns become significant reasons causing Australians to worry about their prospects going forward. The third top reason for concern this quarter was proposed changes to workplace agreements. This issue was most concerning for those with income levels over \$85,000, where one-quarter of this group that were concerned citing this as the reason. It was also the top reason for lacking confidence for residents of New South Wales and the Australian Capital Territory.

In addition, the rising fuel price was also cited as a new concern. This issue was of particular concern to residents of the Northern Territory, where 18 per cent of those who were worried citing rising fuel prices as the reason, compared to four per cent on average.

With unemployment sitting at historically low levels, it is also interesting to note the fall in the proportion of people citing difficulties in finding a job as a reason for concern. Over the past quarter the level of concern around this issue has halved, falling from eight per cent last quarter to four per cent in the latest survey.



## Comparison to a year ago

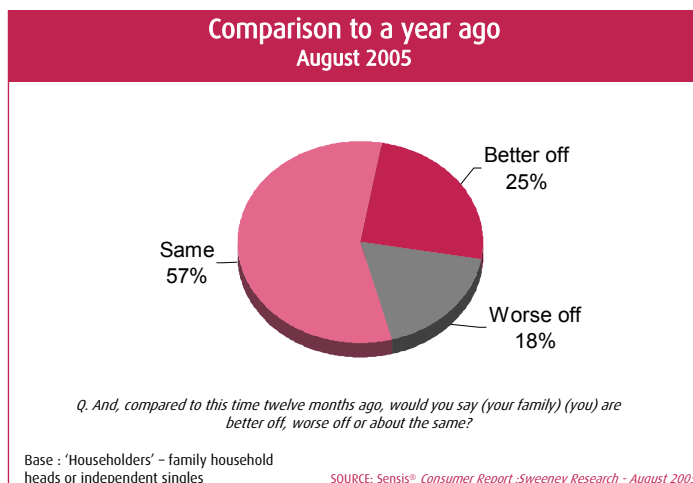
Despite the increase in confidence for future financial prospects, this quarter found the proportion of Australians who felt that they were better off than they had been a year ago continuing to soften. Twenty-five per cent of Australians believed they were better off than they had been a year ago, down from 28 per cent last quarter. Fifty-seven per cent believed their position was about the same as a year ago, up a further two percentage points. The proportion that felt worse off increased by one percentage point to 18 per cent. This resulted in a net decrease of three percentage points in the proportion of Australians feeling they were better off in the past quarter.

And whilst the growth in confidence this quarter had been at the lower income end of the scale, those Australians on higher incomes were more likely to feel they were better off than they had been a year ago. Those earning up to \$35,000 were more likely to feel they were actually worse off than they had been. Females were also significantly less likely than males to feel they were better off than they had been a year ago (three per cent compared to 10 per cent).

Residents of the Northern Territory were the most likely to feel they were better off than they had been a year ago previously, with those residents in Tasmania again least likely to feel they were better off. Those Australians who rented their home were again more likely to feel they were better off than those who owned their home.

The main reasons Australians gave for feeling they were better off than they were a year ago related to increased earnings and improved financial management. In line with the previous three quarters, the main reason given was that people were earning more money than a year ago. Other reasons, though significantly lower on the scale, were managing better, changing employment, achieving good returns on investments and better job prospects.

Price increases topped the list of reasons that Australians felt they were now worse off. Increases in the cost of living was again the main reason given by those Australians who were feeling worse off than they were a year ago. The next most significant reason for feeling worse off was increases in the prices of bills and petrol and a feeling that wages and pensions were not keeping up with the cost of living. All of these issues have increased significantly over the past quarter.

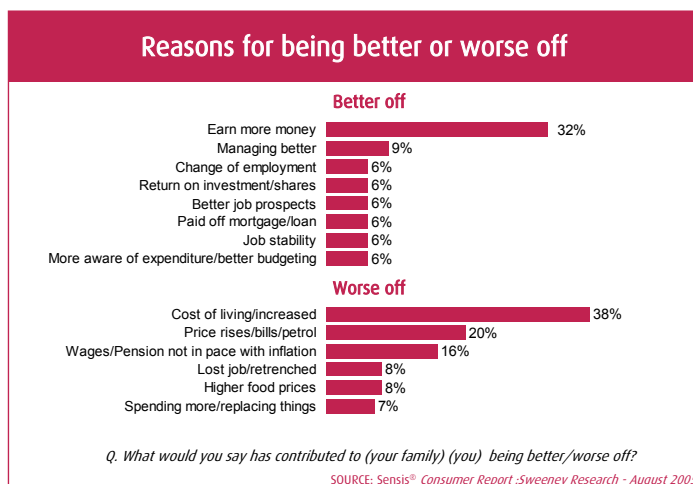


### Comparison to a year ago Trends

	May 2004	August 2004	November 2004	February 2005	May 2005	August 2005
Better off	26%	30%	30%	30%	28%	25%
Same	54%	53%	56%	53%	55%	57%
Worse off	20%	17%	14%	17%	17%	18%
<b>*Net Balance</b>	<b>+6%</b>	<b>+13%</b>	<b>+16%</b>	<b>+13%</b>	<b>+11%</b>	<b>+7%</b>

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

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



## Household expenditure expectations

Consumer expenditure expectations remained net positive for consumption across most of the major expenditure groups in the latest quarter. Reflecting the higher cost of fuel, the area with the highest net proportion of consumers expecting to increase expenditure was transportation costs, where a net 44 per cent were expecting to increase their expenditure (an increase of six percentage points since last quarter). This is the first time since the inception of the Sensis® Consumer Report that an area of expenditure other than general household expenses has recorded the highest net balance of consumers expecting to increase their spending.

The only areas of expenditure where more people were expecting to decrease their expenditure than increase it was dining out, fast food and home deliveries. This is the fifth consecutive quarter where households nominated that they expected to decrease their expenditure on dining out, fast food and home deliveries over the coming year. However the net balance at negative six per cent improved by four percentage points in the past quarter. Singles were the only household group expecting to increase their expenditure in this area.

While increases were expected in most areas of expenditure, the trends in the net proportion of those expecting to increase expenditure were also positive in most areas. Increasing net expectations were recorded for transport costs, health and medical expenses, telecommunications, holidays and travel, education costs, home renovations, entertainment, sport and leisure activities, items for the home, home entertainment and dining out. Decreasing trends were only recorded for general household expenses and housing costs.

This quarter saw singles as the demographic most likely to expect to increase expenditure across a wide range of categories. Items of expenditure where expectations were greatest among singles were transportation costs, holidays and travel, home renovations, items for the home, home entertainment and dining out.

Families without children were the household demographic most likely to be increasing their spend on health and medical expenses.

The greatest trend increase this quarter across any expenditure category was for entertainment, sport and leisure costs, with the vast majority of this increase coming from families with children. Net 19 per cent of this demographic expected increased costs in this area over the coming year. Families with children were also expecting the greatest expenditure increases for general household expenses, housing costs, education costs and telecommunications.

### Household expenditure expectations August 2005

	Spend more	Spend less	No change	*Net balance
Transport costs - cars or public transport	50%	6%	45%	<b>+44%</b>
General household expenses - groceries and bills	44%	5%	51%	<b>+39%</b>
Housing costs such as mortgage payments or rent	24%	8%	68%	<b>+17%</b>
Health and medical expenses	28%	9%	63%	<b>+19%</b>
Telecommunications - incl. mobile phones & internet	23%	10%	67%	<b>+13%</b>
Holidays and travel	31%	18%	51%	<b>+13%</b>
Education costs	22%	9%	69%	<b>+12%</b>
Home renovations or improvements	29%	17%	54%	<b>+12%</b>
Entertainment, sport and leisure activities	21%	8%	71%	<b>+13%</b>
Items for the home such as furniture or electrical goods	24%	19%	57%	<b>+4%</b>
Home entertainment - DVD's, CDs or computer games	14%	13%	73%	<b>+1%</b>
Dining out, fast food or home deliveries	10%	16%	74%	<b>-6%</b>

*Q. Over the next twelve months do you expect to spend a larger, smaller or about the same proportion of (your family) (your) income on...*  
 Base: 'Householders' - family household heads or independent singles.  
 \*Net Balance = the proportion who expect more less the proportion who expect less  
 SOURCE: Sensis® Consumer Report :Sweeney Research - August 2005

### Household expenditure expectations Trends In \*Net Balance

	May 2005	Aug 2004	Nov 2004	Feb 2005	May 2005	Aug 2005
Transport costs - cars or public transport	+26%	+26%	+32%	+26%	+38%	+44%
General household expenses - groceries and bills	+37%	+36%	+37%	+37%	+42%	+39%
Housing costs such as mortgage or rent	+20%	+18%	+13%	+17%	+23%	+17%
Health and medical expenses	+20%	+17%	+16%	+18%	+18%	+19%
Holidays and travel	+13%	+12%	+15%	+14%	+12%	+13%
Education costs	+15%	+12%	+8%	+13%	+10%	+13%
Telecommunications - including mobiles & Internet	+13%	+14%	+9%	+13%	+12%	+12%
Home renovations or improvements	+10%	+9%	+8%	+10%	+9%	+12%
Entertainment, sport and leisure activities	+9%	+8%	+9%	+7%	+6%	+13%
Items for the home such as furniture or electricals	+2%	+4%	0%	0%	+3%	+4%
Home entertainment	+1%	+1%	-1%	-3%	-5%	+1%
Dining out, fast food or home deliveries	-4%	-10%	-6%	-6%	-10%	-6%

Base: 'Householders' - family household heads or independent singles.  
 \*Net Balance = the proportion who expect more less the proportion who expect less  
 SOURCE: Sensis® Consumer Report :Sweeney Research - August 2005

### Household expenditure expectations By family status

*Net balance for..	Families with children	Families no children	Singles
Transport costs - cars or public transport	+40%	+44%	+48%
General household expenses - groceries and bills	+46%	+36%	+32%
Housing costs such as mortgage or rent	+21%	+13%	+15%
Health and medical expenses	+19%	+20%	+19%
Holidays and travel	+9%	+15%	+16%
Education costs	+29%	-2%	+6%
Telecommunications - including mobiles & Internet	+15%	+11%	+12%
Home renovations or improvements	+8%	+13%	+16%
Entertainment, sport and leisure activities	+19%	+5%	+13%
Items for the home such as furniture or electricals	+1%	+1%	+14%
Home entertainment	-1%	0%	+6%
Dining out, fast food or home deliveries	-10%	-9%	+4%

\*Net Balance defined as the proportion who will spend more less the proportion who will spend less  
 SOURCE: Sensis® Consumer Report :Sweeney Research - August 2005

## Cutting or increasing expenditure

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

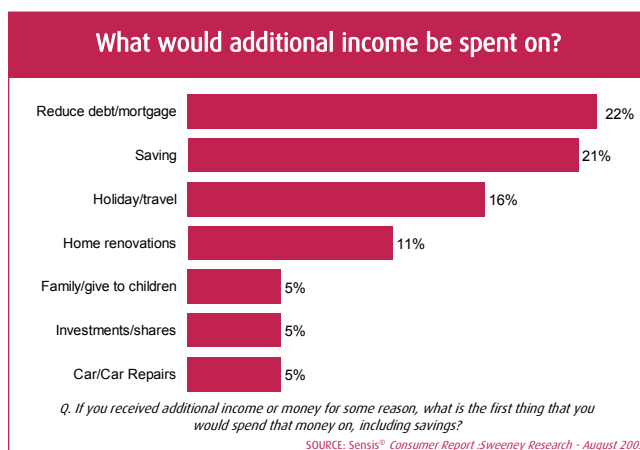
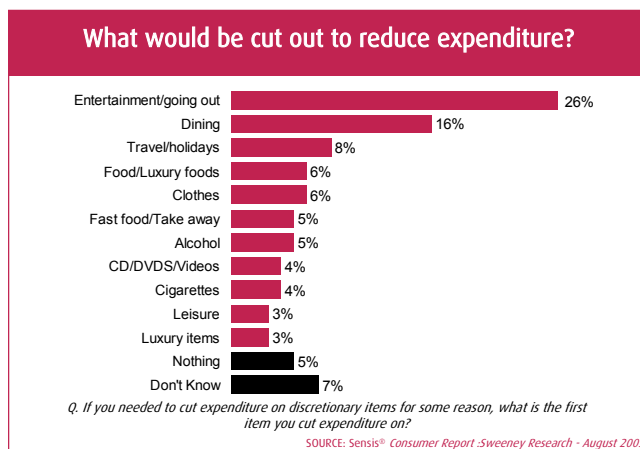
The area of expenditure most likely to be cut by consumers would be money spent on entertainment and going out, with 26 per cent of consumers nominating this as their first means to decrease expenditure, a decrease of one percentage point in the last quarter. Residents of the Northern Territory were the most likely to nominate that they would cut expenditure on entertainment and going out if necessary.

Dining was the second most likely item to be cut by consumers, with 16 per cent nominating this as the first item they would cut back on if necessary. Residents of South Australia and Western Australia would be most likely to cut back on dining, with 18 per cent nominating that as their first area for reduction in each of these states.

Travel and holidays were the third most likely item consumers would target for expenditure reduction. This was countered by the finding that if consumers were to receive additional income, holidays and travel would be the first area where people would like to increase their expenditure after savings and debt reduction. Overall, twice as many consumers would look to spend additional income on a holiday than would look to cut it (16 per cent compared to eight per cent). Those in the highest income group were again most likely to target tourism spending in the event of an economic downturn, but were also most likely to want to increase their holiday spending if they had additional income.

These findings highlight the areas of the economy most likely to feel the impact of changing economic circumstances. In the event of consumers receiving additional disposable income, this is again most likely to flow into those businesses which are tourism based.

Conversely, an economic downturn is most likely to impact on entertainment businesses and restaurants, followed by tourism. Tourism related businesses targeting upper-income demographics are most likely to feel this impact.



## Perception of the state of Australia's economy

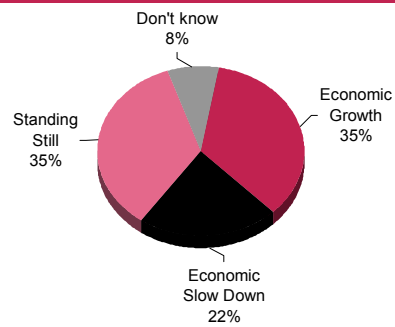
The September 2005 Sensis® *Consumer Report* found the proportion of consumers that felt Australia was currently in a period of economic growth improved strongly over the past quarter. This view was held by 35 per cent of consumers, compared to 22 per cent that felt the economy was currently slowing down, and 35 per cent that felt it was standing still. This resulted in a net balance of 13 per cent of consumers who felt the economy was currently in a growth phase. This net result is up 14 percentage points since last quarter.

When asked how they thought the economy would be performing a year from now, 20 per cent of consumers felt it would be better than the current situation. This compared to the 27 per cent of consumers that felt the economy would be worse in a year's time. The most likely response, however, was that the economy would be the same in a year's time as it currently was (47 per cent, up from 46 per cent).

When the same question was asked of business proprietors in the August 2005 Sensis® *Business Index*, business proprietors reported lower levels of optimism in the economic outlook than consumers. A net balance of 10 per cent of business proprietors felt the economy was currently in a growth phase, compared to the net balance of 13 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 reported believing the economy would be better, compared to a net negative seven per cent of consumers.

These results represented a significant change in perception between consumers and businesses over the current state of the economy. While businesses have previously held higher perceptions over the state of the economy, the latest results found consumers more positive than business operators. However, the proportion of consumers that felt the economy would be growing in another twelve months was lower than was the case for businesses.

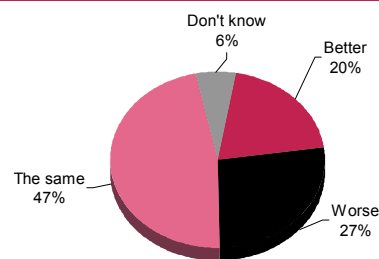
### Perceptions of the state of the economy now August 2005



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

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

### Perceptions of the economy a year from now August 2005



Q. And still thinking about the nation's economy overall. In a year from now do you think the nation's economy will be better, worse or about the same?

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

### Perceptions of the state of the economy Trends

	May 2004	August 2004	November 2004	February 2005	May 2005	August 2005
<b>The Economy Now</b>						
Growth	41%	39%	48%	46%	28%	35%
Slowing	19%	17%	13%	16%	29%	22%
<b>*Net Balance</b>	<b>+22%</b>	<b>+22%</b>	<b>+35%</b>	<b>+30%</b>	<b>-1%</b>	<b>+13%</b>
<b>The Economy a Year from Now</b>						
Better	25%	22%	25%	23%	15%	20%
Worse	24%	22%	25%	25%	34%	27%
<b>*Net Balance</b>	<b>+1%</b>	<b>0%</b>	<b>0%</b>	<b>-2%</b>	<b>-19%</b>	<b>-7%</b>

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

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

### Perceptions of the state of the economy Comparison with business

	<sup>1</sup> Consumers	<sup>2</sup> Business
<b>The Economy Now</b>		
Growth	35%	32%
Slowing	22%	22%
<b>*Net Balance</b>	<b>+13%</b>	<b>+10%</b>
<b>The Economy a Year from Now</b>		
Better	20%	20%
Worse	27%	17%
<b>*Net Balance</b>	<b>-7%</b>	<b>+3%</b>

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

SOURCE: <sup>1</sup>Sensis® Consumer Report :Sweeney Research - August 2005  
<sup>2</sup>Sensis® Business Index :Sweeney Research - August 2005

## Section 2 : Our concerns

### Prime concerns

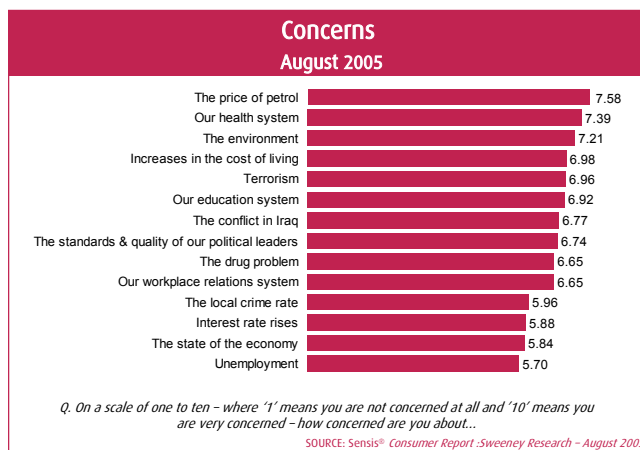
The September 2005 Sensis® Consumer Report found Australians level of concern had fallen across most issues in general. In the wake of rising fuel costs, the price of petrol was the overriding concern for Australians this quarter, followed by the health system and the environment. Following the recent terrorist attacks in London, terrorism was the issue that had risen most in levels of concern over the past quarter. The issue to fall the most in the past quarter was the drug problem.

When asked to rank topical issues on a scale of one, representing no concern at all over the issue, to ten, representing a high level of concern, the price of petrol scored an average score of 7.58, higher than any other issue. Households with incomes up to \$35,000 were most likely to report concern over the price of petrol (average level of 7.90) than households in other income brackets. Residents of Tasmania were the most likely to report concern about petrol prices (average level of 8.14), with those in the Australian Capital Territory reporting the lowest level of concern on this issue (average level of 7.17).

The health system, usually the top item, was the second highest concern for Australians, ranking it at an average level of 7.39. Families with children were most likely to be concerned over the health system than other household types (7.62), as were households in the lowest income demographic (7.56). Residents of Tasmania were the most likely to express concern over the health system this quarter than residents of any other state or territory (8.14).

The third highest concern for Australians in the latest survey was the environment, which was ranked at 7.21 on a scale of one to ten. Those living in metropolitan areas were most likely to be concerned about this issue (7.62). Residents of South Australia were the most likely to express concern over the environment than residents of any other state or territory (7.21)

As previously stated, concern over terrorism saw the greatest increase in the past quarter. This issue was of particular concern to residents of Queensland and South Australia, with Victorians the least likely to express relative concern over terrorism.



	May 2004	Aug 2004	Nov 2004	Feb 2005	May 2005	Aug 2005
The price of petrol	N/A	N/A	N/A	N/A	N/A	7.58
Our health system	7.79	7.32	7.3	7.42	7.47	7.39
The environment	7.15	7.13	6.95	7.17	7.26	7.21
Increases in the cost of living	7.02	6.78	6.75	6.92	7.02	6.98
Terrorism	6.82	6.39	6.29	6.15	5.93	6.96
Our education system	7.13	6.95	6.83	6.99	7.05	6.92
The conflict in Iraq	7.08	6.73	6.78	6.49	6.57	6.77
The standards & quality of political leaders	6.74	6.62	6.28	6.56	6.54	6.74
The drug problem	N/A	6.84	6.55	6.79	7.00	6.65
Our workplace relations system	N/A	N/A	N/A	N/A	N/A	6.65
The local crime rate	6.19	5.86	5.96	6.2	6.17	5.96
Interest rate rises	5.92	5.67	5.69	6.03	5.89	5.88
The state of the economy	5.95	5.74	5.53	5.56	5.92	5.84
Unemployment	6.08	6.07	5.72	5.76	5.89	5.70

SOURCE: Sensis® Consumer Report Sweeney Research - August 2005

## Concerns by demographics

Females displayed higher levels of concern across all issues in the latest quarter. The issue where there was the greatest difference between the level of concern displayed by males and females was terrorism, followed by the conflict in Iraq and unemployment, with females displaying far higher concern levels than males over all these issues. The issue where male and female views most closely aligned was over the workplace relations system.

The greatest concerns for those in the lowest income demographic was the price of petrol, the health system and increases in the cost of living. The greatest concerns for those in the uppermost income demographic were the environment, the health system and the education system. The uppermost income demographic was the only income demographic for which the price of petrol was not the greatest concern this quarter.

Those aged up to 19 displayed the lowest level of concern of any age demographic over the environment, the quality of political leaders, the workplace relations system, local crime and the state of the economy. Those Australians aged from 20 to 29 years were most likely to be concerned about increases in the cost of living and least likely to be concerned about the drug problem and the health system. Those aged from 30 to 39 years were more likely than other age groups to be concerned about the environment and interest rate increases. Those aged from 40 to 49 years were least likely to be concerned about the price of petrol.

Older Australians were most likely to display relatively high levels of concern over most issues. Those aged from 50 to 64 years were most likely to be concerned about a wide range of issues including the price of petrol, the health system, the education system, the quality of politicians, the workplace relations system and the economy. The oldest age demographic (65+) displayed the most concern over terrorism, the conflict in Iraq, the drug problem, the local crime rate and unemployment. This age group was least concerned than any other over the education system and interest rate rises.

All age groups up to 39 years of age rated the price of petrol as their greatest concern overall. The greatest concern for those in their 40s was the environment; for those aged from 50-64 the greatest concern was the health system, and for those aged over 64 the most important concern was the drug problem.

Concerns by gender				
	Total	Male	Female	Difference
The price of petrol	7.58	7.35	7.80	-0.45
Our health system	7.39	7.05	7.72	-0.67
The environment	7.21	6.86	7.55	-0.69
Increases in the cost of living	6.98	6.56	7.38	-0.82
Terrorism	6.96	6.41	7.49	-1.08
Our education system	6.92	6.45	7.38	-0.93
The conflict in Iraq	6.77	6.24	7.29	-1.05
The standards & quality of political leaders	6.74	6.54	6.94	-0.40
The drug problem	6.65	6.19	7.08	-0.89
Our workplace relations system	6.65	6.46	6.84	-0.38
The local crime rate	5.96	5.66	6.25	-0.59
Interest rate rises	5.88	5.59	6.17	-0.58
The state of the economy	5.84	5.54	6.14	-0.60
Unemployment	5.70	5.21	6.18	-0.97

SOURCE: Sensis® Consumer Report Sweeney Research - August 2005

Concerns by age group							
	Total	Up to 19	20 to 29	30 to 39	40 to 49	50 to 64	65+
The price of petrol	7.58	7.64	7.57	7.60	7.43	7.69	7.56
Our health system	7.39	6.93	6.92	7.48	7.47	8.01	7.22
The environment	7.21	6.77	7.04	7.46	7.48	7.35	6.91
Increases in the cost of living	6.98	7.15	7.24	7.19	6.79	6.72	6.87
Terrorism	6.96	7.24	6.50	6.46	6.94	7.07	7.76
Our education system	6.92	7.05	6.82	6.82	6.87	7.30	6.65
The conflict in Iraq	6.77	6.67	6.33	6.09	6.68	7.21	7.68
The standards & quality of political leaders	6.74	6.12	6.52	6.92	6.83	7.16	6.54
The drug problem	6.65	6.43	5.75	6.09	6.44	7.21	7.97
Our workplace relations system	6.65	5.99	6.45	6.41	6.90	7.03	6.81
The local crime rate	5.96	5.50	5.74	5.74	5.86	6.10	6.71
Interest rate rises	5.88	5.47	6.16	6.61	5.72	5.68	5.41
The state of the economy	5.84	5.37	5.48	6.03	5.94	6.05	5.95
Unemployment	5.70	5.98	5.44	5.20	5.60	6.05	6.09

■ = Highest level  
■ = Lowest level

SOURCE: Sensis® Consumer Report Sweeney Research - August 2005

## Section 3 : Business ownership

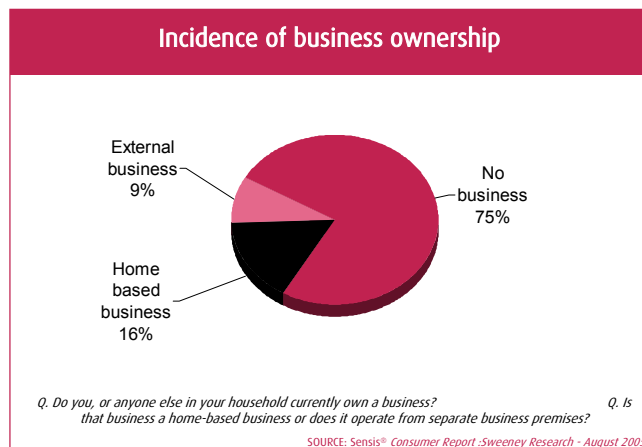
### Current business ownership

The level of business ownership in the Australian community remained high in the September 2005 Sensis® Consumer Report. Overall, some 25 per cent of households reported having a household member who owned a business, unchanged from last quarter.

The state with the highest level of business ownership this quarter was Queensland, where 29 per cent of households reported business activity (should that be business ownership?). The lowest levels of business ownership were in Tasmania and the Northern Territory, with each reporting 20 per cent of households with business ownership.

Overall, 16 per cent of households reported having a home-based business operating in their household, and 9 per cent reported having an external business owned by a household member.

The highest level of home-based business ownership was reported in Western Australia, where some 18 per cent of households operated a business from their home, compared to 12 per cent in the Northern Territory at the other end of the scale.



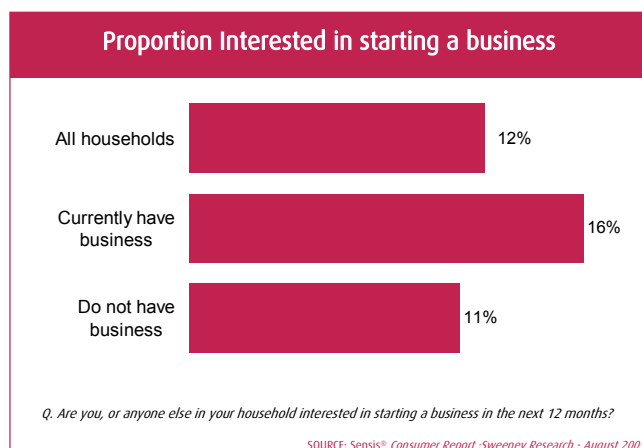
### Planned business ownership

Overall, 12 per cent of households had a household member that wanted to start a business in the next twelve months, down marginally from 13 percent last quarter.

Households in Victoria and Western Australia were the most likely to report an interest in starting a new business, while those in Tasmania were the least likely to report an intention to start a business in the next twelve months.

Households in metropolitan areas were most likely to report an intention to start a business than households in regional areas (14 per cent compared to nine per cent).

However, new business ideas were most likely to come from those already in business. Those households where there was already business ownership were significantly more likely to want to start a new business venture compared to those who do not currently have a business operating (16 per cent compared to 11 per cent).



# Section 4: Voting intentions and behaviour

## New South Wales and Tasmania

This quarter, the Sensis® *Consumer Report* focuses on the electoral situation in New South Wales, where several by-elections are imminent, and Tasmania, where there is also a state election in the near future.

With three by-elections to be held in New South Wales in September this year, it is interesting to note New South Wales currently holds the lowest levels of support for the Labor Party of any state or territory, having fallen considerably since the last New South Wales election. The main reasons voters in New South Wales gave for changing political allegiance since the last election involved feelings around policies, the need for change and leadership.

However, with the change of Premier occurring in New South Wales in the middle of the survey period, it is interesting to look at the impact of such an event.

Before the announcement of Premier Carr's resignation, support for the Coalition in New South Wales stood at 46 per cent of the voting age population. After the announcement of the Premier's resignation support for the Coalition fell to 37 per cent. Whilst some four per cent of this change went towards the Labor Party in New South Wales, most of the remaining voters became undecided.

In Tasmania, the level of support for the Coalition is currently the lowest of any state or territory, with support levels having dropped since the last election. With support for the Tasmanian Labor Party significantly higher, it is interesting to note that support for Labor too has dropped since the last state election. The big winner of swinging voters in Tasmania is currently The Greens, with 23 per cent of voters in that state currently reporting an intention to vote for The Greens. Support for The Greens has risen by nine percentage points since the last election and is considerably higher than anywhere else in Australia. The top reason swinging voters in Tasmania gave for changing political allegiance was a belief that Labor lacked direction.

### State/Territory Government voting intention at next election

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Liberal/CLP	49%	34%	18%	40%	42%	28%	32%	38%
National	3%	2%	15%	-	4%	-	-	6%
<b>Net Coalition</b>	<b>52%</b>	<b>36%</b>	<b>33%</b>	<b>40%</b>	<b>46%</b>	<b>28%</b>	<b>32%</b>	<b>44%</b>
Labor	32%	53%	53%	47%	43%	47%	57%	50%
Democrat	3%	*	2%	3%	2%	1%	-	-
Green	8%	6%	3%	6%	7%	23%	6%	6%
Other	4%	4%	9%	3%	2%	1%	5%	-

*q. If a State/Territory Election was held tomorrow, which party would you most likely vote for in the House of Representatives election?*

Note: Proportions exclude non response

\* = less than 0.5%

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

### State/Territory Government summary of switching patterns

	Coalition		Labor		Other	
	Last	Next	Last	Next	Last	Next
New South Wales	36%	43%	34%	26%	14%	16%
Victoria	31%	30%	43%	44%	9%	10%
Queensland	27%	29%	47%	45%	12%	13%
South Australia	37%	31%	36%	36%	10%	13%
Western Australia	40%	39%	39%	36%	10%	11%
Tasmania	29%	23%	46%	38%	16%	24%
Northern Territory	28%	29%	50%	50%	9%	10%
Australian Capital Territory	35%	31%	35%	36%	10%	6%

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

# Section 5: Workplace relations

## Perceived impact of proposed changes to the workplace relations system

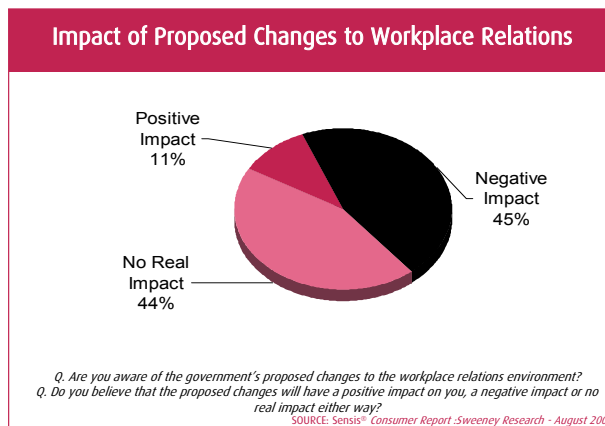
The September 2005 Sensis® *Consumer Report* found that, overall, some 79 per cent of Australians felt they were aware of the debate surrounding proposed changes to the workplace relations system. This compares to an awareness level of 87 per cent of business owners as measured in the concurrent August 2005 Sensis® *Business Index*.

Of those Australians who were aware of the issue, some 45 per cent felt the proposed changes would have a negative impact on them, compared to 11 per cent that felt there would be a positive impact and 44 per cent who felt that the changes being debated would have no real impact either way. This resulted in an overall net negative impact of 34 per cent. This result compares to the views of business owners, with the Sensis® *Business Index* measuring a net positive 22 per cent of business owners who felt that the changes would have a positive impact.

Full time workers were less negative about the impact than part-time workers (net negative 31 per cent compared to net negative 39 per cent). Union members were much more likely to feel that there would be a negative impact than those who were not members of a union (net negative 57 per cent compared to net negative 26 per cent).

While the highest income households (over \$85,000) were least likely to believe there would be a negative impact, the group that was next least negative about the changes were the lowest income households (earning less than \$35,000), with little variation between the other income groups. Households with children were most likely to feel that the changes would impact negatively on them. Residents of South Australia were most likely to feel the changes would have a negative impact on balance, whilst residents of the Northern Territory were least negative in their views.

The overwhelming reason behind the views that there would be a negative impact was a belief there would be a loss of rights, with views that employers would be in a more controlling position, likely reductions in income and less secure employment all featuring highly. Those who believed there would be a positive impact felt that it was necessary to change to a fairer system, or a more flexible system, as well as the fact that they were employers. On this point, it is interesting to note households that had a business interest were almost three times more likely to believe the changes would have a positive impact than households that didn't.



**Impact of Proposed Changes to Workplace Relations August 2005**

	Positive Impact	Negative Impact	No Impact	*Net balance
<b>Work Status</b>				
Full time	12%	43%	39%	<b>-31%</b>
Part time	10%	49%	37%	<b>-39%</b>
Not in work	5%	45%	44%	<b>-40%</b>
Studying	8%	55%	33%	<b>-50%</b>
Retired	5%	32%	58%	<b>-27%</b>
<b>Union status</b>				
Member of a union	4%	61%	30%	<b>-57%</b>
Not a member of a union	11%	37%	46%	<b>-26%</b>

*Q. Are you aware of the government's proposed changes to the workplace relations environment?  
Q. Do you believe that the proposed changes will have a positive impact on you, a negative impact or no real impact either way?*

Base: 'Householders' - family household heads or independent singles.  
\*Net Balance = the proportion who believe positive impact less the proportion who believe negative impact  
SOURCE: Sensis® Consumer Report /Sweeney Research - August 2005



## Support for changes to the workplace relations system

When asked where they stood, in principle, on the proposed changes to the workplace relations system, some 61 per cent of Australians aware of the issue reported they disagreed with the proposed changes. This was compared to 27 per cent that agreed, resulting in significant net disagreement to the changes.

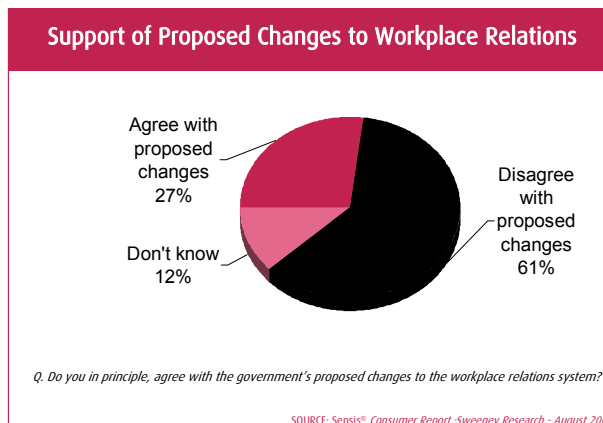
Those who were not currently working were most likely to disagree in principle to changes to the workplace relations system. Union members were most likely to disagree with changes to the workplace relations system, however non-union members were still, on balance, 27 per cent more likely to disagree with changes to the system.

Voting behaviour did influence the level of support for changes to the workplace relations system in principle. While just over half of Liberal voters supported changes to the system, over two-thirds of National Party voters supported changes to the system. This compared to around seven per cent of Labor Party voters that supported changes to the system. Whilst people's voting status impacted on the issue, the issue was also seen to impact on people's voting status. The proposed changes to the workplace relations system were cited as one of the main reasons given for switching voting intention at the Federal level this quarter.

On an income basis, the lower an individual's income, the less likely they were to support changes to the system on balance. Net support for the changes at the lowest income demographic was negative 49 per cent, compared to net support of negative 27 per cent for the highest income demographic. Support was also significantly lower amongst families with children and single households than for families with no children. Support was also significantly lower amongst males than females.

Around the country, all states and territories recorded net negative support for changes to the workplace relations system, that is they were more likely to disagree with changes to the system. The least negative result was in New South Wales, at net negative 26 per cent. The most negative result was recorded in the Northern Territory, at net negative 43 per cent.

Residents in metropolitan areas of Australia were less likely to support changes to the system than residents of regional Australia (net negative 37 per cent compared to net negative 29 per cent).



**Support of Proposed Changes to Workplace Relations August 2005**

	Agree	Disagree	Don't know
<b>Work Status</b>			
Full time	29%	59%	11%
Part time	25%	63%	12%
Not in work	22%	69%	10%
Studying	27%	58%	16%
Retired	26%	63%	10%
<b>Union status</b>			
Member of a union	15%	77%	8%
Not a member of a union	30%	57%	13%

*Q. Do you in principle, agree with the government's proposed changes to the workplace relations system?*

Base: 'Householders' - family household heads or independent singles.  
\*Net Balance = the proportion who believe positive impact less the proportion who believe negative impact

SOURCE: Sensis® Consumer Report Sweeney Research - August 2005

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## Sensis® Consumer Report "Special Reports"

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*\* Net balance is defined as the difference between the percentage with a positive outlook and the percentage with a negative outlook.*

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

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