



NEWS RELEASE

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Inflation result could be tipping point for millions of Australians

Nearly 3.7 million Australians are suffering significant cost of living pressures, and will be unable to cope with any price increase to essentials such as food, clothing, transport, education and entertainment within their current budget, according to the Suncorp Life Confidence Index¹.

The index found that an alarming number of Australians are living 'hand to mouth' and are struggling from one pay cheque to the next, with little or no savings.

Adding to the crisis, the cost of electricity rose 13 per cent² over the last 12 months, with some experts³ predicting prices to double over the next five years.

Suncorp Life's report coincides with the Australian Bureau of Statistics announcing its quarterly CPI figures today, which measures the rising cost of living across the country.

The Suncorp Life Confidence Index measures Australians' ability to cope with:

- Job loss
- Rising housing costs
- Rising petrol prices
- Rising electricity and power prices
- Rising essential living expenses (milk, bread, butter etc).

"What is particularly concerning is that around 3.7 million Australians believe they will be unable to cope with any general living price increase within their current household budget," Suncorp Life CFO John O'Farrell said.

"With the cost of fruit and vegetables expected to rise as a result of the recent floods, today's inflation figures could be the tipping point for millions of Australians."

On a state by state basis, Queenslanders and Western Australians are the least confident in the nation, while South Australians are the most optimistic (see Table 1).

In addition, approximately 2.4 million Australians believe they would be unable to survive without one month's income, with tradesmen and unskilled workers most at risk.

"Twenty-four per cent of white-collar workers, or close to 2 million Australians, would be unable to survive for more than a month if they lost their job," Mr O'Farrell said (see Table 2).

"And 31 per cent, or 406,000 blue-collar workers are in the same predicament."

¹ Suncorp Life Confidence Index, Suncorp Life, September 2010

² Australian Bureau of Statistics, catalogue number 6401.0

³ Port Jackson Partners



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Females vs. Males

Women are less prepared than men when it comes to saving for periods of unemployment. Close to 1.5 million women are not confident they could manage financially if they were to lose their income for as little as one month, compared to just under 1 million men (see Table 3).

Table 1: Breakdown on Consumer Confidence stats by state*

States ranked least to most confident	Would <u>not</u> cope with job loss for 1 month	Could <u>not</u> manage increase in price of petrol	Could <u>not</u> handle increase to power/electricity/water bills	Could <u>not</u> handle increase to household bills	Could <u>not</u> handle increase in general living expenses	Average across all five factors
Queensland	28% or 502,000 people	27% or 478,000 people	36% or 623,000 people	38% or 651,000 people	40% or 697,000 people	34% or 590,200 people
Western Australia	25% or 176,000 people	23% or 155,000 people	39% or 241,000 people	40% or 266,000 people	40% or 253,500 people	34% or 218,300 people
Victoria	24% or 469,000 people	24% or 469,000 people	34% or 625,000 people	34% or 625,000 people	36% or 706,000 people	30% or 578,800 people
New South Wales	23% or 741,000 people	25% or 724,000 people	32% or 958,000 people	34% or 1,007,500 people	32% or 958,000 people	29% or 877,700 people
South Australia	16% or 127,000 people	18% or 137,000 people	24% or 165,000 people	30% or 197,000 people	28% or 185,000 people	23% or 162,200 people
Australia	26% or 2,400,000 people	25% or 2,245,000 people	34% or 3,140,000 people	37% or 3,450,000 people	39% or 3,680,000 people	32% or 2,983,000 people

* Percentages represent the proportion of respondents who can be considered "not confident" in their ability to handle job loss and the various price increases (ie they rated their confidence 0 through 4 a 10 point rating scale where 0 is "Not confident at all" and 10 is "Extremely confident"). Higher percentages indicate higher proportions of "not confident" respondents.

** The total of the state populations will not equal the Australian population as additional Australian geographic regions were included in the survey but have not been reported separately in the table above.

Table 2: Breakdown on Consumer Confidence stats by occupation*

States ranked least to most confident	Would <u>not</u> cope with job loss for 1 month	Could <u>not</u> manage increase in price of petrol	Could <u>not</u> handle increase to utility bills	Could <u>not</u> handle increase to household bills	Could <u>not</u> handle increase in general living expenses	Average across all five factors
White Collar Workers	24% or 1,900,000 people	25% or 1,975,000 people	34% or 2,411,000 people	36% or 2,547,000 people	37% or 2,594,000 people	31% or 2,232,000 people
Blue Collar Workers	31% or 406,000 people	28% or 366,000 people	36% or 472,000 people	37% or 484,000 people	39% or 510,000 people	34% or 445,000 people
Australia	26% or 2,400,000 people	25% or 2,245,000 people	34% or 3,140,000 people	37% or 3,450,000 people	39% or 3,680,000 people	32% or 2,983,000 people

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Table 3: Breakdown on Consumer Confidence stats by gender*

States ranked least to most confident	Would <u>not</u> cope with job loss for 1 month	Could <u>not</u> manage increase in price of petrol	Could <u>not</u> handle increase to utility bills	Could <u>not</u> handle increase to household bills	Could <u>not</u> handle increase in general living expenses	Average across all five factors
Females	30% or 1,420,000 women	28% or 1,307,000 women	40% or 1,715,000 women	42% or 1,825,000 women	43% or 1,868,000 women	37% or 1,540,000 women
Males	20% or 978,000 men	23% or 1,119,000 men	29% or 1,408,000 men	31% or 1,516,000 men	32% or 1,581,000 men	27% or 1,286,000 men
Australia	26% or 2,400,000 people	25% or 2,245,000 people	34% or 3,140,000 people	37% or 3,450,000 people	39% or 3,680,000 people	32% or 2,983,000 people

* Percentages represent the proportion of respondents who can be considered "not confident" in their ability to handle job loss and the various price increases (ie they rated their confidence 0 through 4 a 10 point rating scale where 0 is "Not confident at all" and 10 is "Extremely confident"). Higher percentages indicate higher proportions of "not confident" respondents.

For more information contact Therese Minehan from Suncorp Life on 02 8275 3807 or 0414 388 955.

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Source Notes:

The Suncorp Life Confidence Index research was conducted by Colmar Brunton between July 14 and July 30, 2010. It surveyed 2,155 people about their financial well-being and security throughout Queensland, New South Wales, Victoria, Western Australia, South Australia, the Northern Territory, Tasmania and ACT. The results were weighted by state and regional versus metropolitan areas to ensure the results were representative of the Australian population. The only criteria for selection were that all respondents had to be aged between 18 and 65 years of age with paid employment the main source of income for the household.

Survey results have been matched back to ABS data, to capture an estimate of population counts for key survey results.

The population counts provided within this document are estimates only. The standard error of the survey data ranges from +/- 2.14% (for the larger samples such as the Australian population) to +/-8.4% (for areas such as South Australia).