

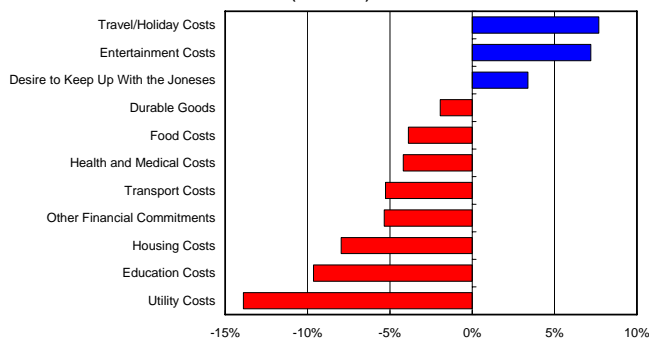
NAB Quarterly Australian Consumer Anxiety Index: Q4 2013 Special Report - Factors Impacting Cost of Living

In this report we take a closer look at some of the key drivers of cost of living pressures. Participants were asked to score the positive or negative impacts of a range of factors in terms of the impact on their cost of living. Overall, the most important influences on the higher cost of living include: utility bills, education and housing costs. In contrast, travel/holiday costs and entertainment were not considered to have a negative impact on the cost of living. A comparison between those who report "high" and "very low" levels of anxiety in regards to their cost of living reveals some important similarities. For those reporting "high" anxiety over the cost of living, the key concerns are utility, housing and education costs. For those that report "very low" levels of concern, the biggest concern was health and medical costs, followed by utility and education costs. It is also noticeable that travel/holiday and entertainment costs were not considered to have a large impact on the cost of living in either group. For people in households of 3 or more, utility, housing, transport, and health & medical costs are by far the biggest concerns - and more so than for those households with two or fewer people. The biggest divergence is seen in utility costs costs which are of much less concern to those in small households or have no kids, or live in capital cities.

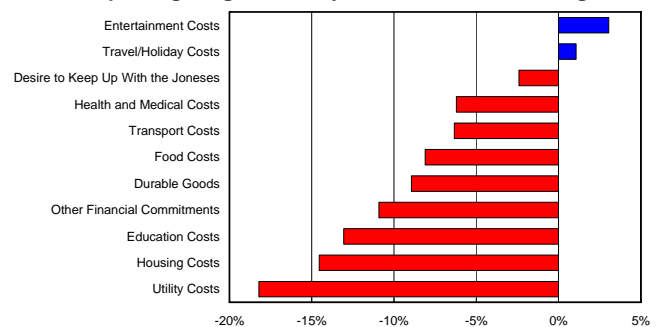
The most important influences on cost of living (in net balance terms*) include: utility bills, education and housing costs. Utilities were by far the most important driver of higher costs of living. Other financial commitments, transport, health, food and durable goods were also considered to negatively impact the cost of living but were not as significant drivers. In contrast travel/holiday costs, entertainment and the desire to "keep up with the Joneses", were not considered to have a negative impact on the cost of living.

For those that report "high" levels of anxiety in regards to the cost of living, the key concerns are: utilities, housing, education and other financial commitments. Even within this group, entertainment and travel/holiday costs were not considered to have a large impact on their cost of living.

Factors Influencing "Cost of Living"
(net balance)



Cost of Living Factors: Net Balance for Group Reporting "High" Anxiety Over the Cost of Living

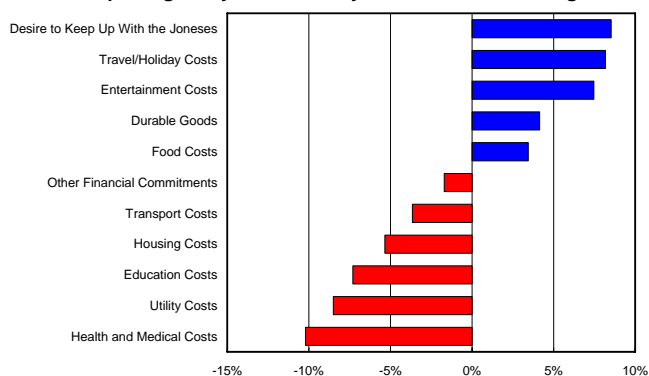


*net balance is simply the difference between positive and negative responses (ignoring neutral responses).

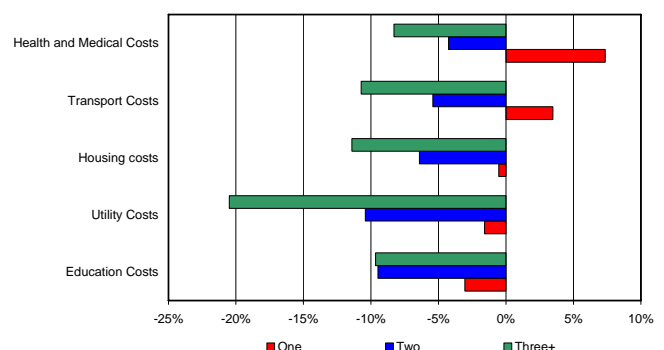
For those that report "very low" levels of concern in regards to their cost of living, respondents were still able to isolate some factors that were of greater concern. These include: health and medical costs, utilities and education. It is noticeable that utilities and education feature across all groups as key concerns.

A closer look at some of the key concerns by household size reveals some of the greatest differences. For larger households, utility costs is by far the biggest concern - and significantly more so than for one person households. Though not shown, this result also reflects those households which identify as having kids, especially with regard to education.

Cost of Living Factors - Net Balance for Group Reporting "Very Low" Anxiety over the Cost of Living



Key Cost of Living Factors - Household Size



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Appendix 1: About the Survey

The NAB Australian Wellbeing Index was launched in April 2013 in conjunction with the NAB Australian Consumer Anxiety Index with the aim of assessing perceptions of wellbeing and consumer stress.

The NAB Australian Wellbeing Index is based on survey participants' responses to four questions (developed by the UK Office of National Statistics) related to how people "think and feel about their own lives":

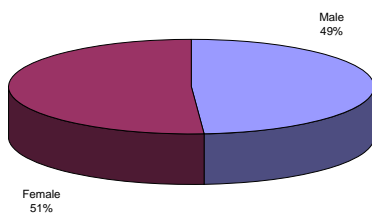
- Overall, how satisfied are you with your life nowadays?
- Overall, to what extent do you feel the things that you do in your life are worthwhile?
- Overall, how happy did you feel yesterday?
- Overall, how anxious did you feel yesterday?

All questions were answered on a scale of 0-10 where 0 is "not at all" and 10 is "completely".

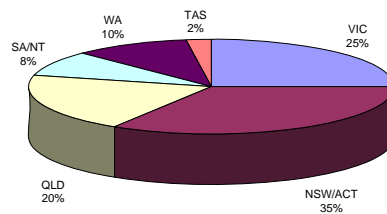
Around 2,100 respondents participated in the December 2013 survey, with weights applied to age, location and gender to ensure that the survey reasonably reflects the Australian population. The survey was conducted over the period November 9 to November 21 2013.

The breakdown of our survey respondents - by age, location, and gender - is shown in the charts below.

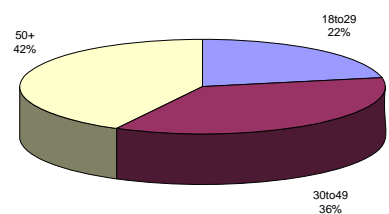
Respondents by Gender



Respondents by State



Respondents by Age



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