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State of the Nation – Focus on the ACT

Canberrans healthy, wealthy, wise: report ABC Online

Presented at the Canberra Business Council Luncheon

Canberra ACT, August 30, 2012

By Michele Levine, CEO

Roy Morgan Research

The Canberra Times

Markus Mannheim, May 23, 2012

"It's like Disneyland"

Roy Morgan Research wants Canberra to share its wealth with regional areas.

I have been quoted as saying Canberra is like Disneyland. The data we're about to look at shows that Canberra is indeed in a rosy position relative to the whole of Australia.

But Canberra is much more important than Disneyland – Canberra rules Australia – it sets the policies by which the rest of Australia operates. So it is essential that people and businesses in Canberra understand not only Canberra but the extent and nature of its uniqueness.

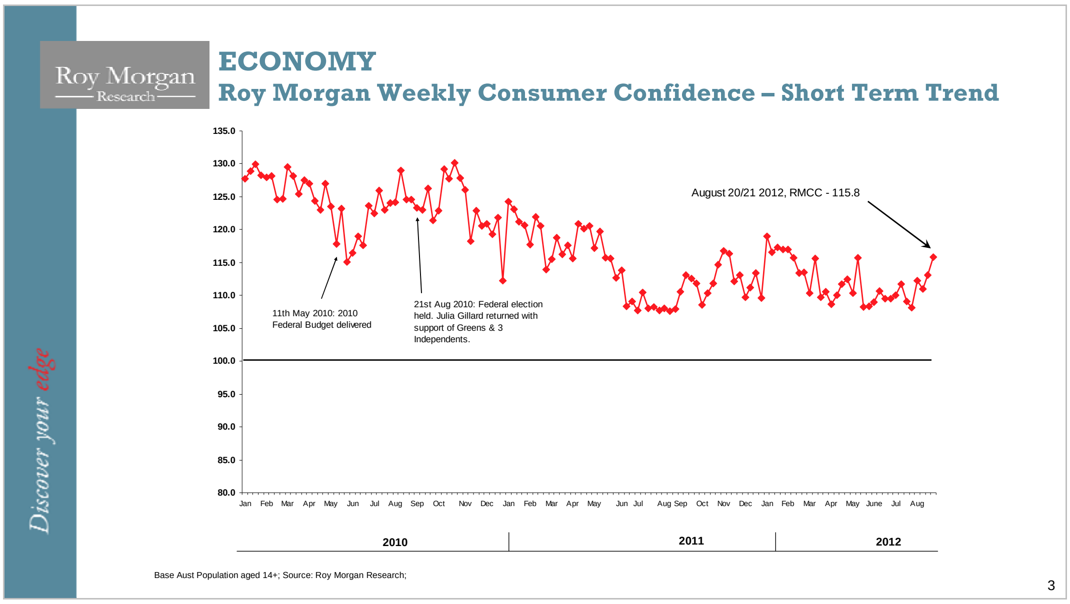
Without strong evidence to the contrary, it is normal to assume we are 'normal' – how many people do you know that would self-identify as radical left wingers, or extremely right wing – most feel they are about in the middle.

I remember, in my early days at Roy Morgan as Morgan Poll Manager, I took a call from an irate member of the public who berated me over the bias in our polls – none of her friends, she told me, would ever vote for Bob Hawke yet the Morgan Poll gave him a high approval rating. My explanations about sampling, and the fact that her friends were probably very special, didn't shift her view.

But it didn't really matter, this lady wasn't running the country. My job today is to report on the State of the Nation, the trends we are seeing in society, technology, the economy, politics, the environment and business, and then to focus on the capital – those who live in the ACT and country areas.

With less than 2% of people living in Canberra – it is easy for the 'state of Canberra people' and 'trends' to be masked in the overall.

As a quick snapshot:



Today, consumer confidence in Australia is 115.8 – it has averaged 111.5 over the last 12 months Vs ACT at 124.4.

Roy Morgan Research

Australia vs ACT Today

	Australia	ACT
Consumer Confidence [1]	111.5	124.4
Business Confidence [2]	110.2	123.4
Unemployment [3]	9.0%	5.3%
(including Underemployement)	16.7% 2.014mil	10.9% 0.03mil
Voting Intention [4]	ALP 44% vs. L-NP 56%	ALP 54% vs. L-NP 46%

[1] Roy Morgan Face-to-Face Survey 12 months to July 2012; Aust. Population 14+
[2] Roy Morgan Business Survey 12 months to July 2012; Australian Businesses
[8] Roy Morgan Face-to-Face Survey 12 months to July 2012; Aust. Population 14+ in Workforce
[4] Roy Morgan Single Source 12 months to July 2012; Electors

Discover your edge

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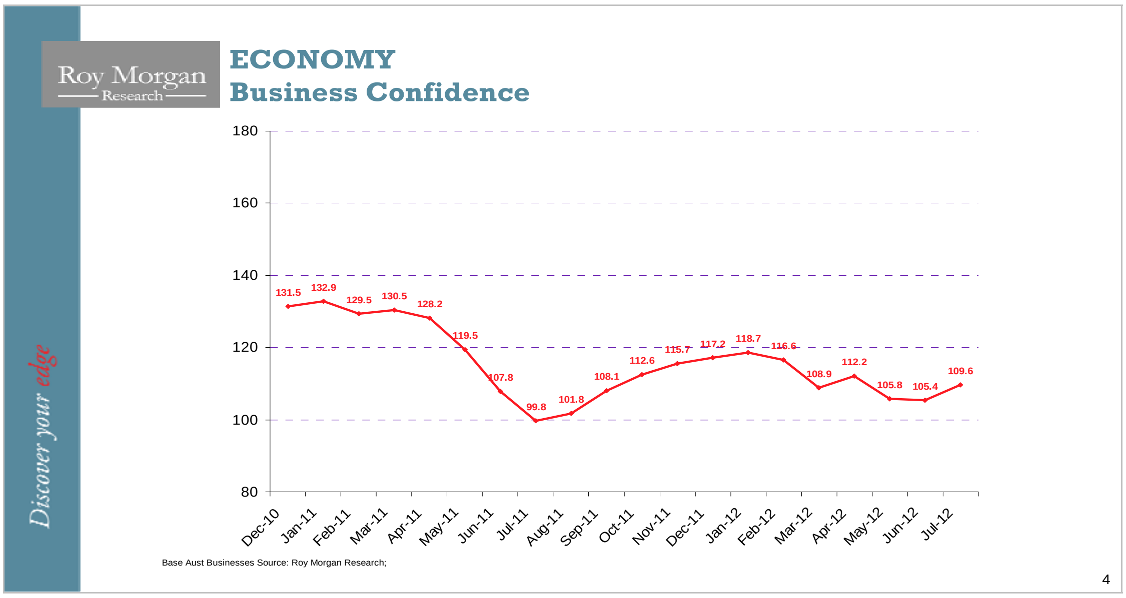
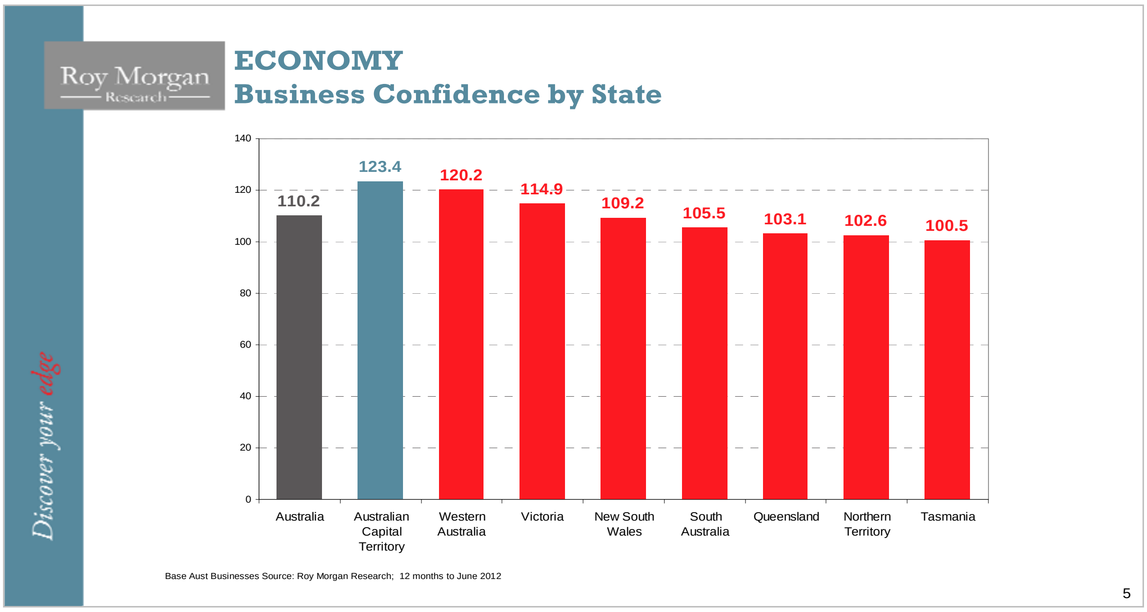


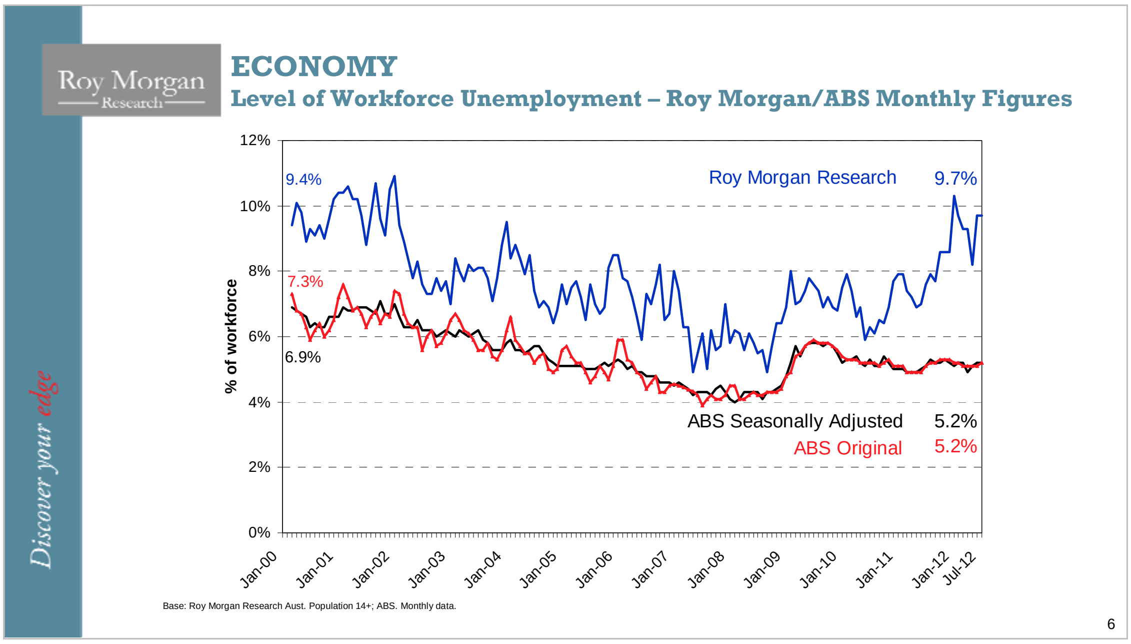
Business confidence is 109.6 (averaging 110.2 over the last 12 months Vs 123.4 in ACT).

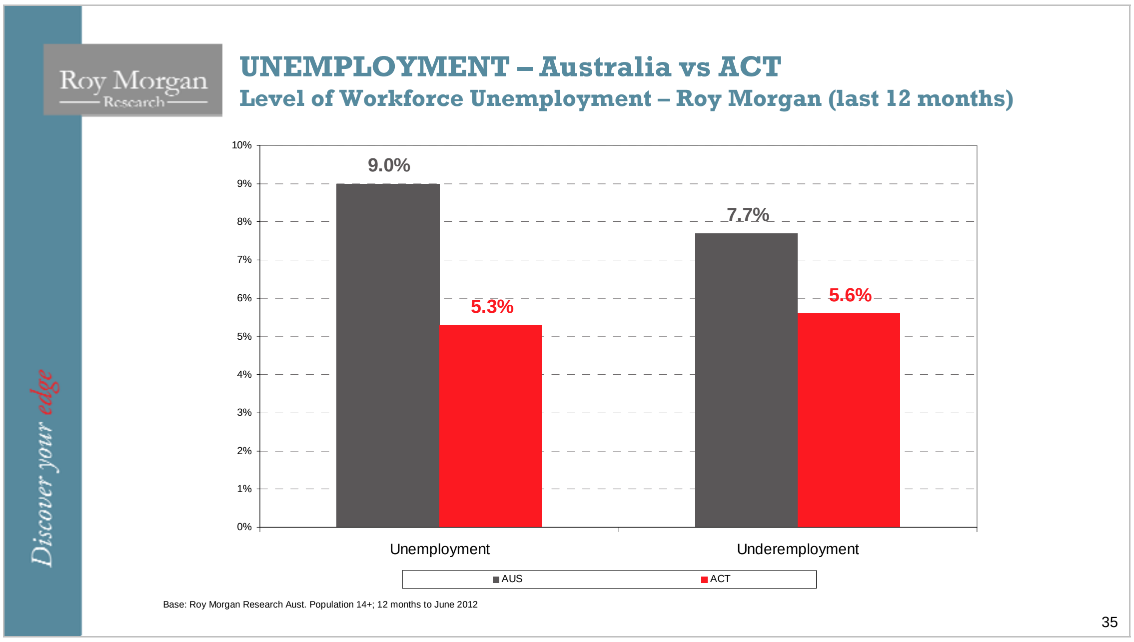


Real unemployment is 9.7% (averaged 9% over the last 12 months Vs 5.3% in the ACT).

The official Australian Bureau of Statistics (ABS) unemployment estimate for Australia is 5.2% (a little lower than Roy Morgan records for the ACT).

In April Roy Morgan Research asked Australians about the different unemployment numbers, only 30% believed the ABS number. The vast majority of Australians (60.5%) believed the Roy Morgan unemployment estimate of 9.3% (now 9.7%) rather than the ABS (Government measure) of 4.9% (now 5.2%).

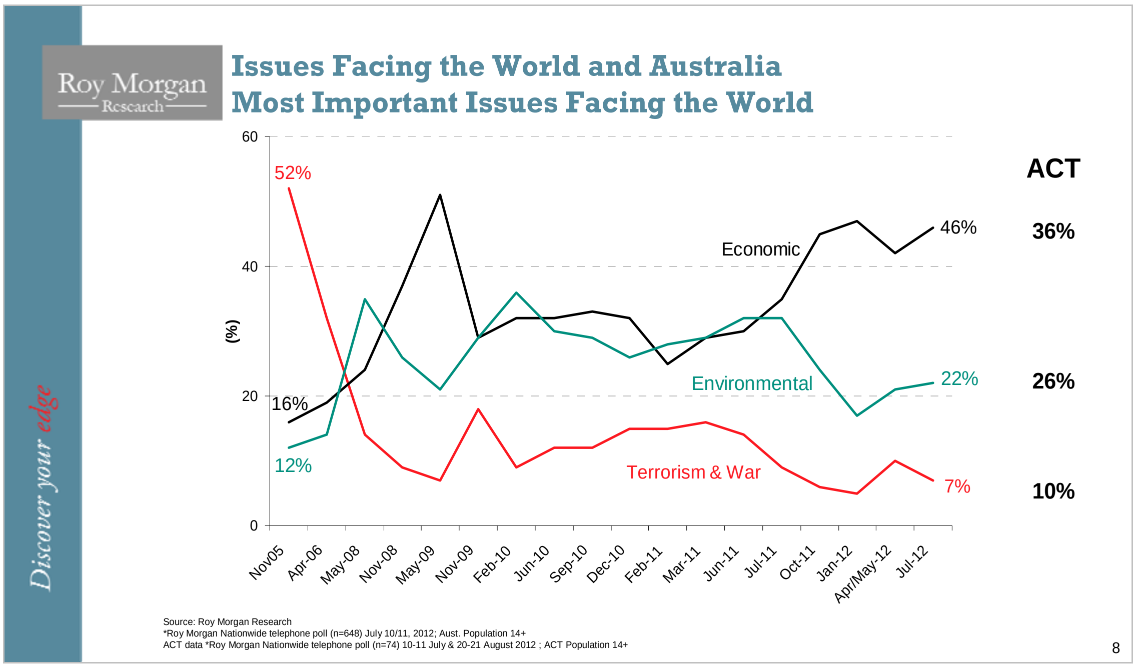




Quick summary shows ACT doing better on all measures

- **Major Issues Facing The World – Economic Problems**

We are seeing dramatic changes in Australians' priorities and worries.



In 2005 when Australians were asked what they saw as the biggest issue facing the World the answer clearly was terrorism and security – with the environment and economic issues vying for second place

Then by early 2008 the big issue was the environment – climate change, greenhouse, water, etc.

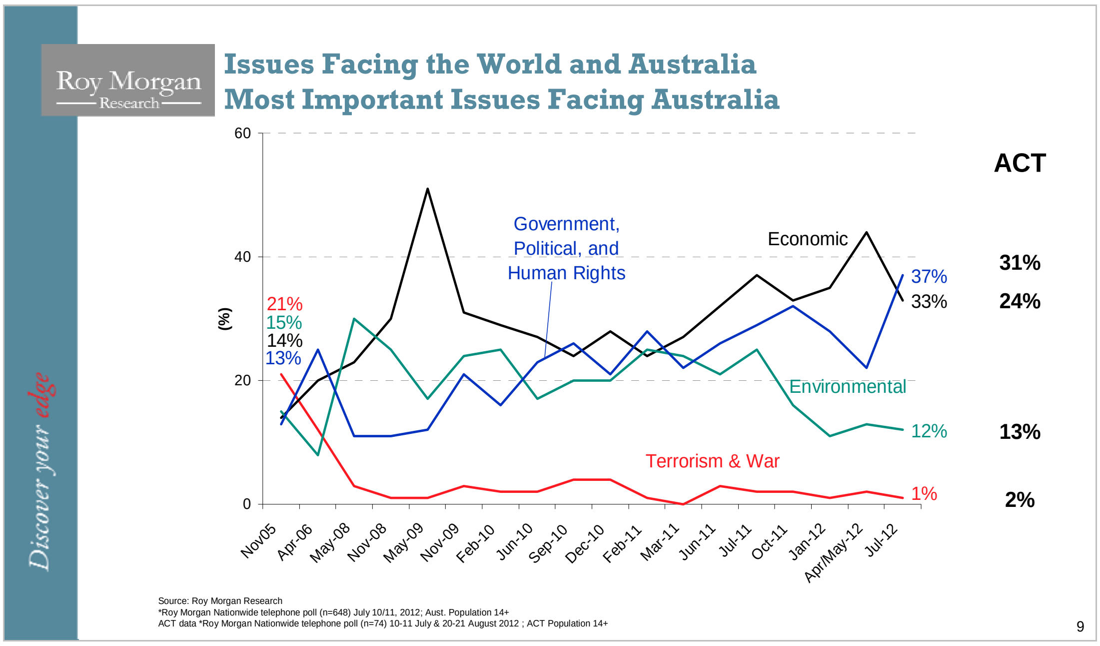
When the Global Financial Crisis hit in 2008, economic concerns took over from all other issues. Today, Australians still see economic issues (46%) as clearly the most important problem facing the world and considerably higher than six years ago.

However, the latest data from July 2012 shows some interesting turnarounds: Environment is up to 22% and Terrorism & War, which was way down on Australians' list of World concerns is now 7%.

In the ACT, when asked about the most important view facing the world, the economy (mentioned by 36%) is of lower priority, and greater concern was expressed about the environment (26%) and terrorism and war (10%).

- **Major Issues Facing Australia – Economic Problems**

When it comes to problems facing Australia, Economic and Financial Issues are mentioned by 33% (down 11% since May).



Concern about things economic have been replaced by concerns about a group of issues we can loosely call “Government, Political and Human Rights”. This includes concerns about ‘Government/Political System/Leadership and Julia Gillard’ – today this is mentioned by 16% (highest recorded); ‘Refugees and Asylum seeker Problems’ (16% also a record high); and other issues around immigration, multiculturalism, Aboriginal issues, Aboriginal health and rights.

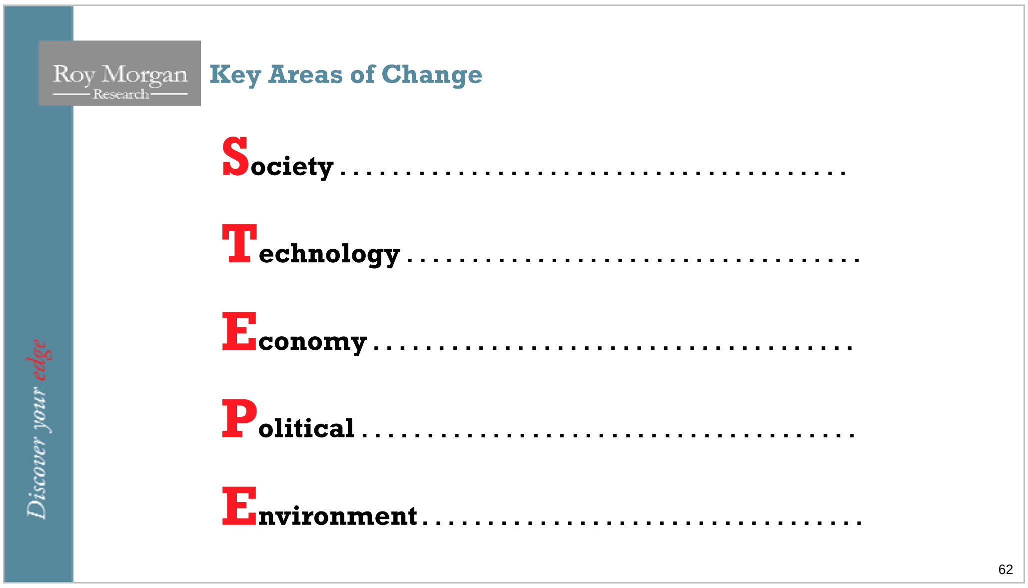
Environmental concerns (12%) have fallen substantially since July 2011 (25%) and are ranked third, with the major issues being the ‘Carbon Tax’ (4%), and ‘Climate Change/Global Warming’ (4%).

In the ACT people are roughly twice as likely to worry about, or consider the most important issues facing Australia to be:

- Education (8% Vs 3%);
- Health (7% Vs 4%);
- And the Environment (except for the carbon tax). No-one in the ACT surveyed mentioned the carbon tax as a problem. In contrast 4% of Australians said the carbon tax was the biggest issue facing Australia.

Over a decade ago, Roy Morgan Research and many others anticipated that Australians would face an increasingly complex social environment that would change both the level of demand for its products and services, and the climate of support for those products and services. The most significant trends anticipated included those associated with the **changing role of women**, associated changes in the workplace, and redefinitions of the family; changes associated with **technology**, media and communication, globalisation and internationalisation; the **middle-ageing** of Australia and the associated changes in the nation's focus on **health, security, quality**, the value of **'time'**; and the **environment**.

In this Roy Morgan State of the Nation Report, we have measured all of these issues, plotted them over time, and explored in more detail how they have played out, in terms of **S**ociety, **T**echnology, **E**conomy, **P**olitics and **E**nvironment.



The Roy Morgan State of the Nation Report provides a thirteen-year perspective on Australian Society based on over 700,000 interviews[1] conducted between July 1997 and June 2012 – incorporating the decade of major economic growth that ended in late 2008 with the Global Financial Crisis, followed by the gradual recovery of the economy over the following two years, which is now showing signs of considerable volatility once again due to unstable conditions both overseas and in Australia.

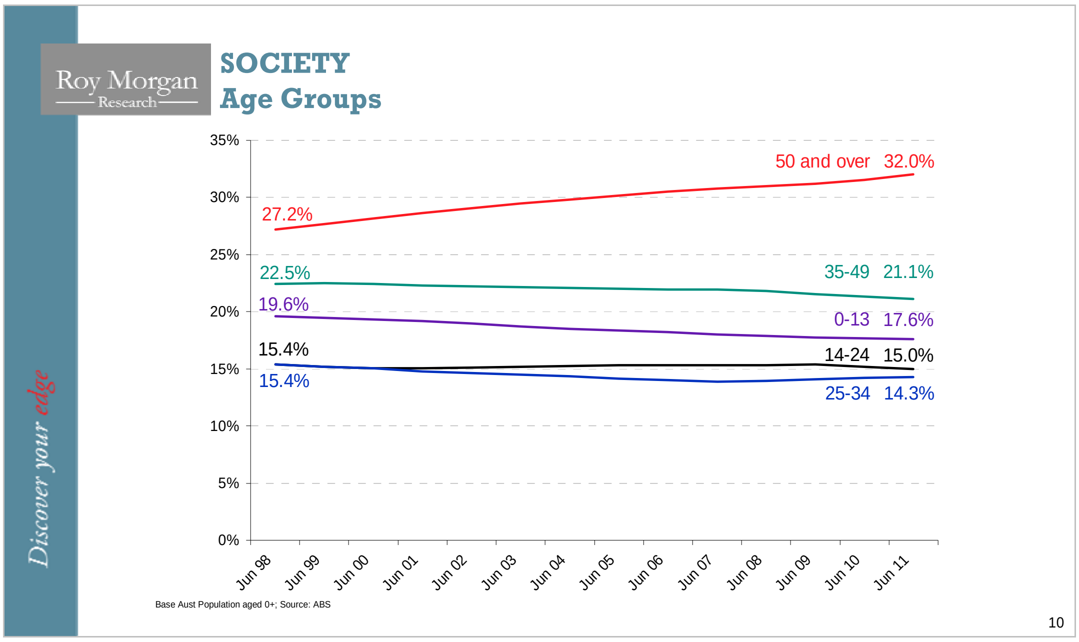
While this series began as a long term trend analysis, it has become a useful baseline against which to monitor and consider the implications of short, medium and long term events such as the GFC, the change in Government in 2007, issues like sovereign risk due to the mining tax, the 2010 election, the carbon tax and global debt problems.

Given the substantial focus on things economic Roy Morgan is now undertaking continuous research on business – and incorporating data on how businesses are viewing their markets and the world in which they operate. We now have data on over 30,000 businesses.

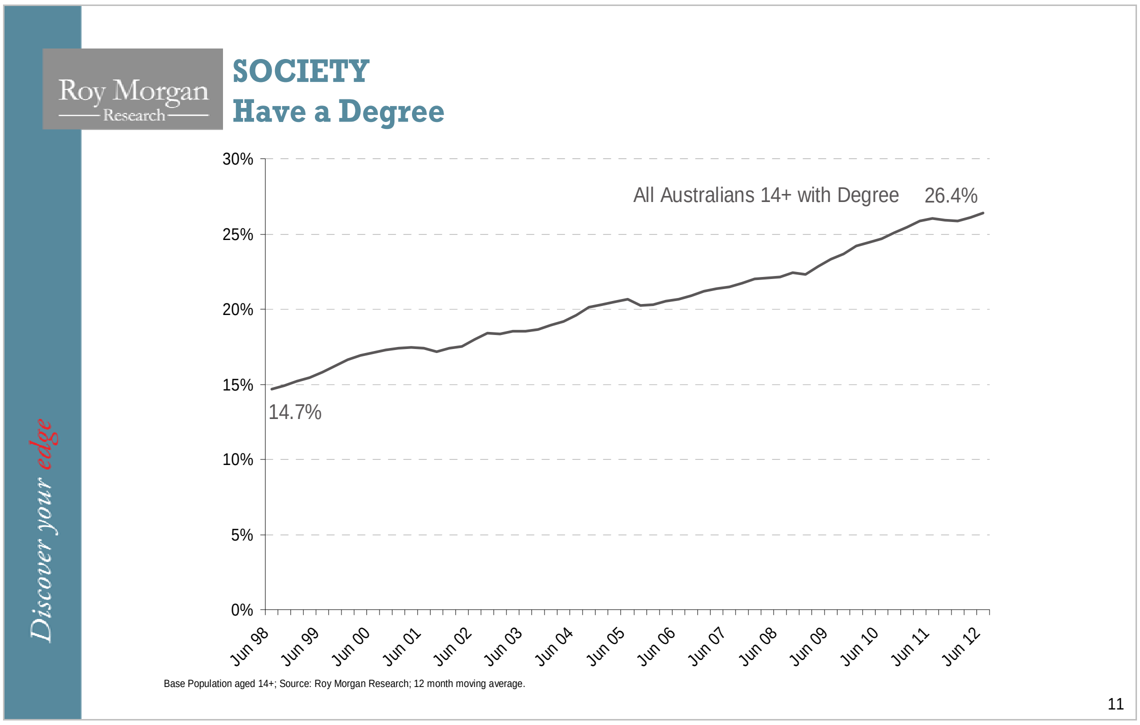
[1] Each week a carefully selected sample of Australians is interviewed face-to-face in their homes. The samples are nationwide stratified random probability samples designed to provide a good cross-section of the population aged 14 and over.

The Report shows that the last 13 years has been one of great change, these include:

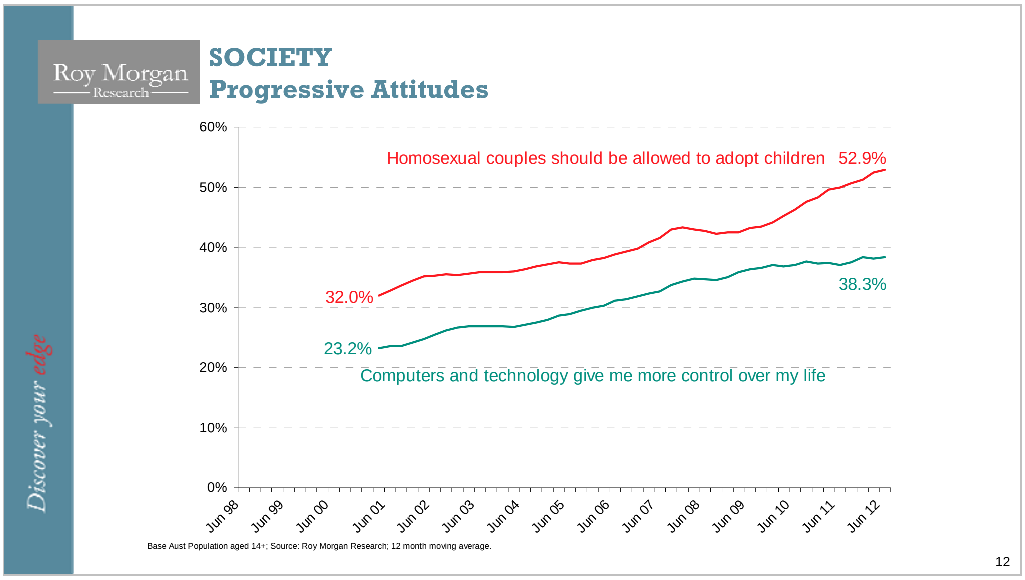
- An ageing population

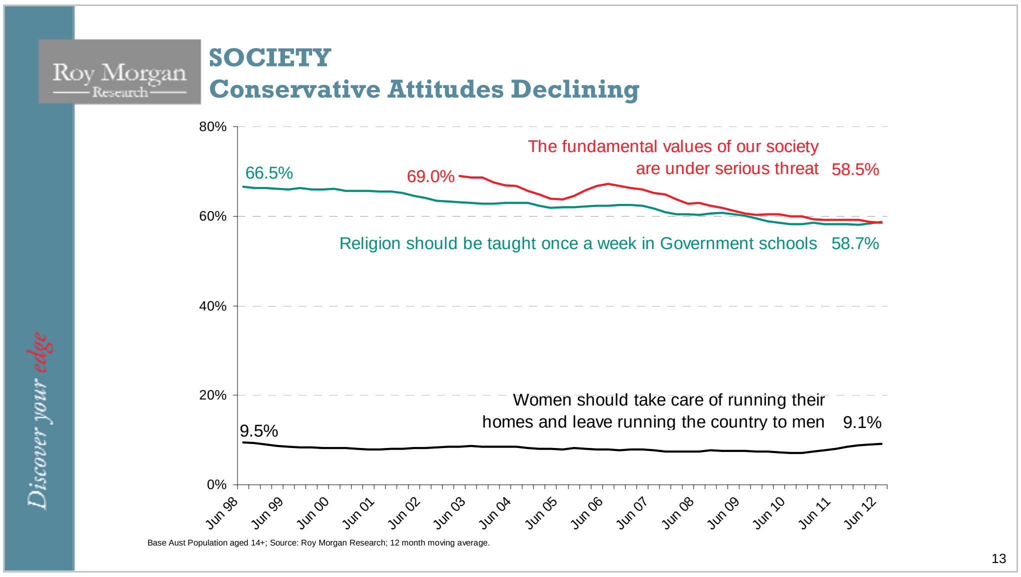


- Increased education

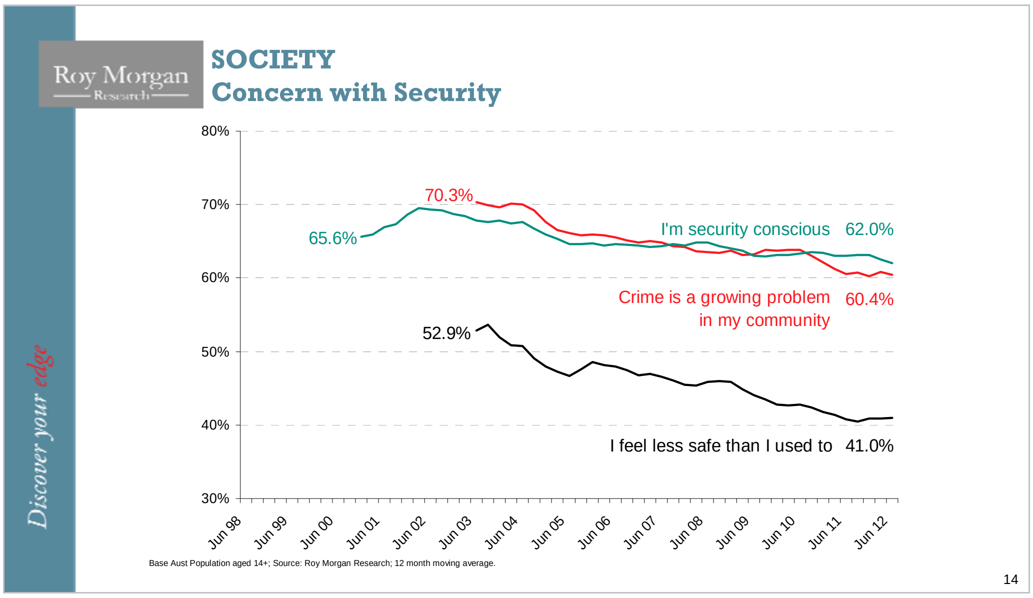


- Increasingly progressive attitudes and less conservatism

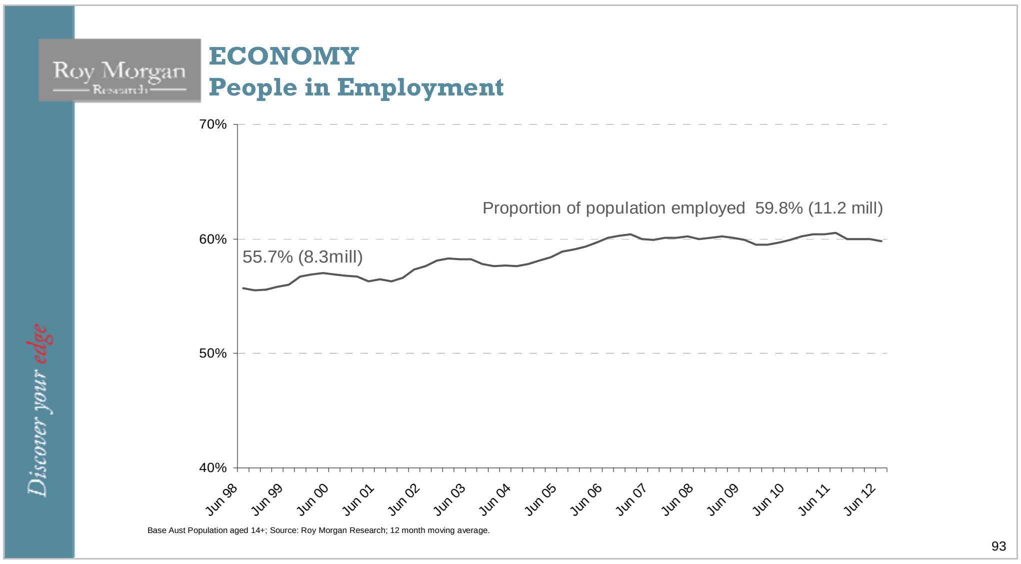


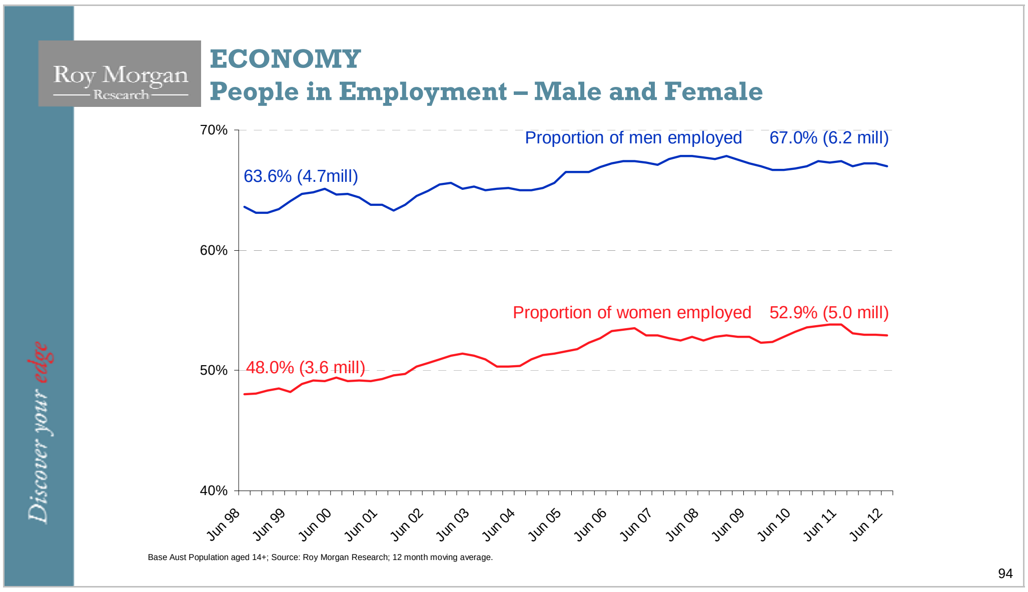


- Less concerns about security and safety

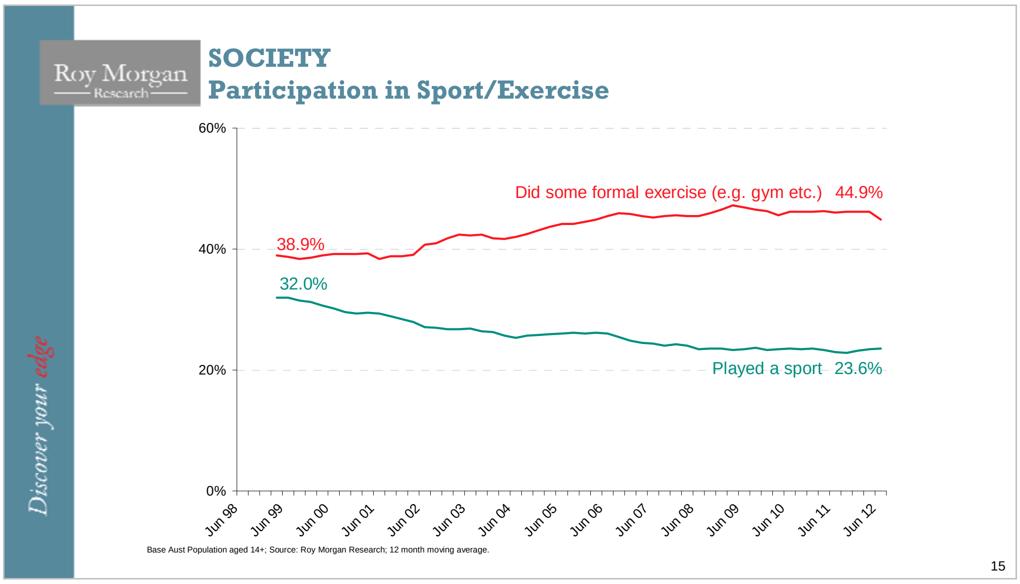


- Employment

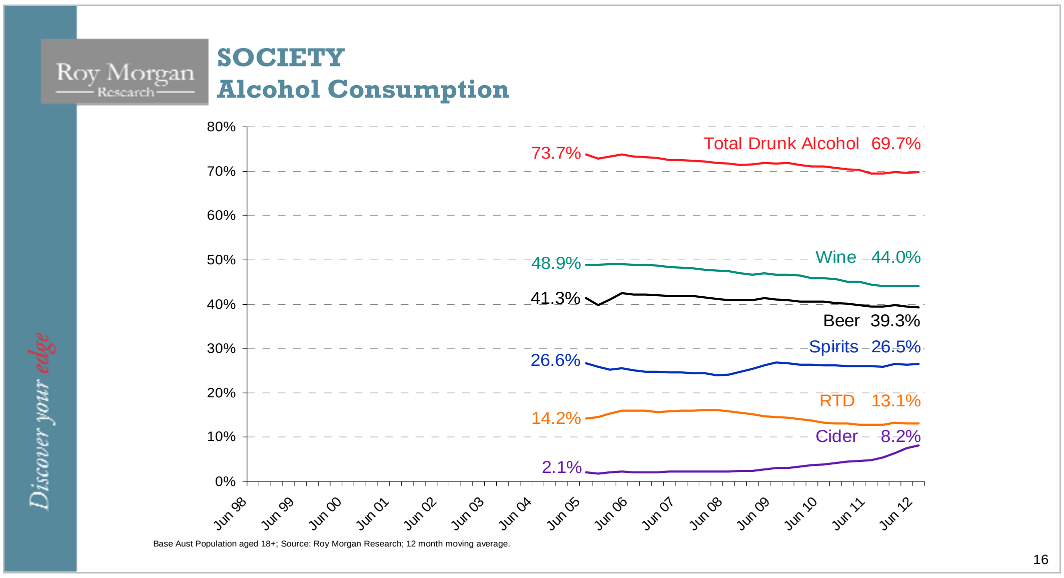


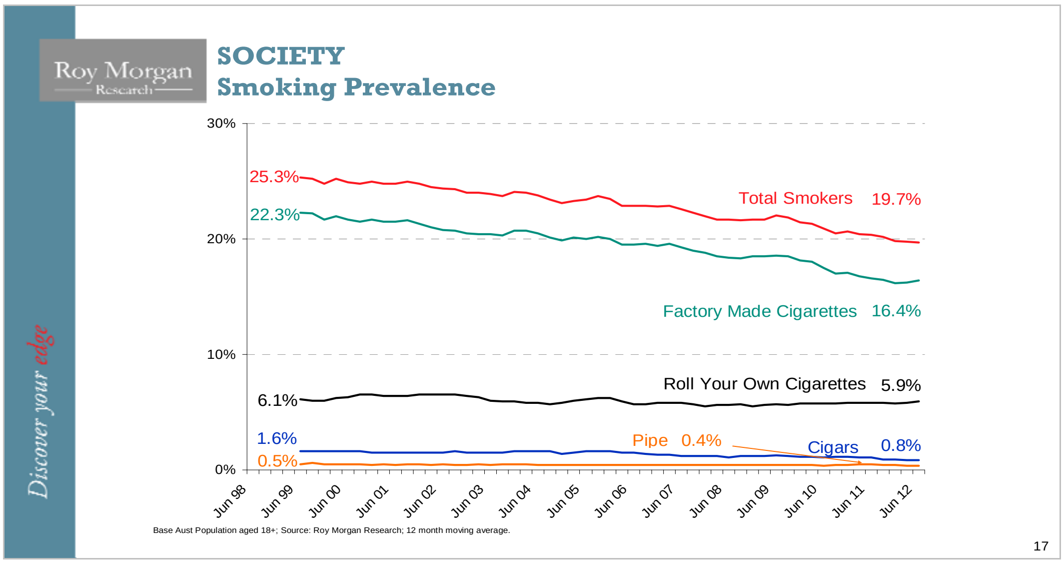


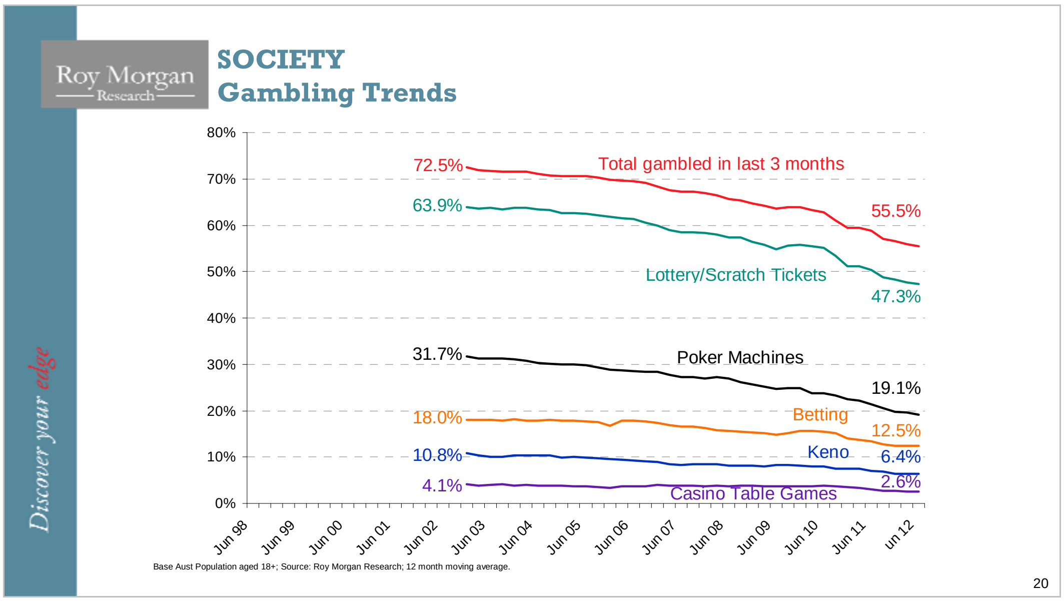
- Change in leisure activities away from organised sports and family outings to more individual pursuits and online activities



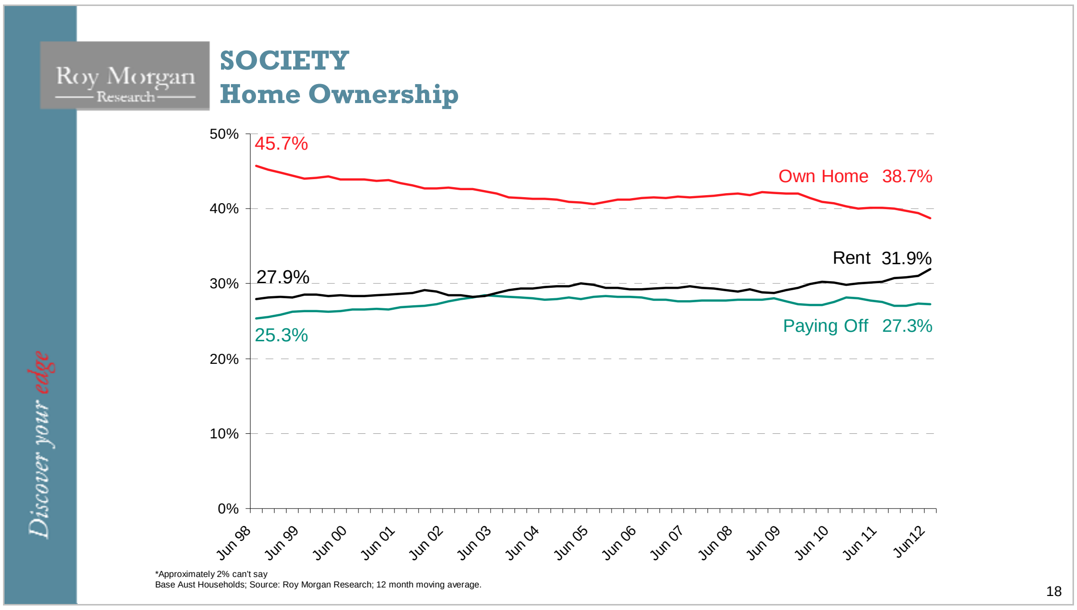
- Less drinking and smoking and gambling - increased interest in health and wellness (although as a nation we are not getting slimmer)



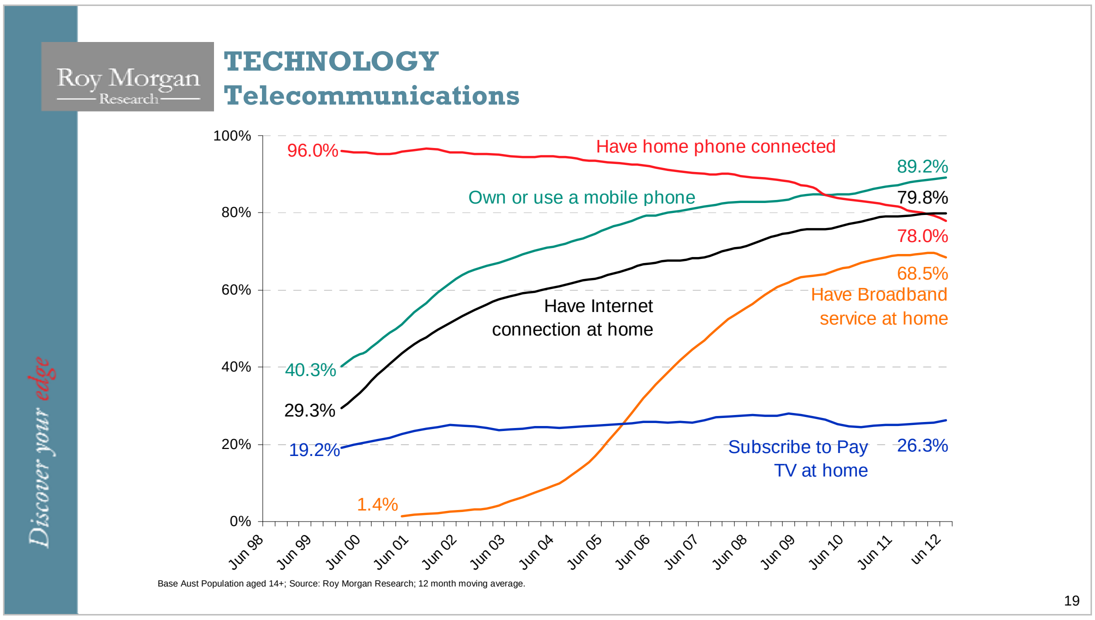




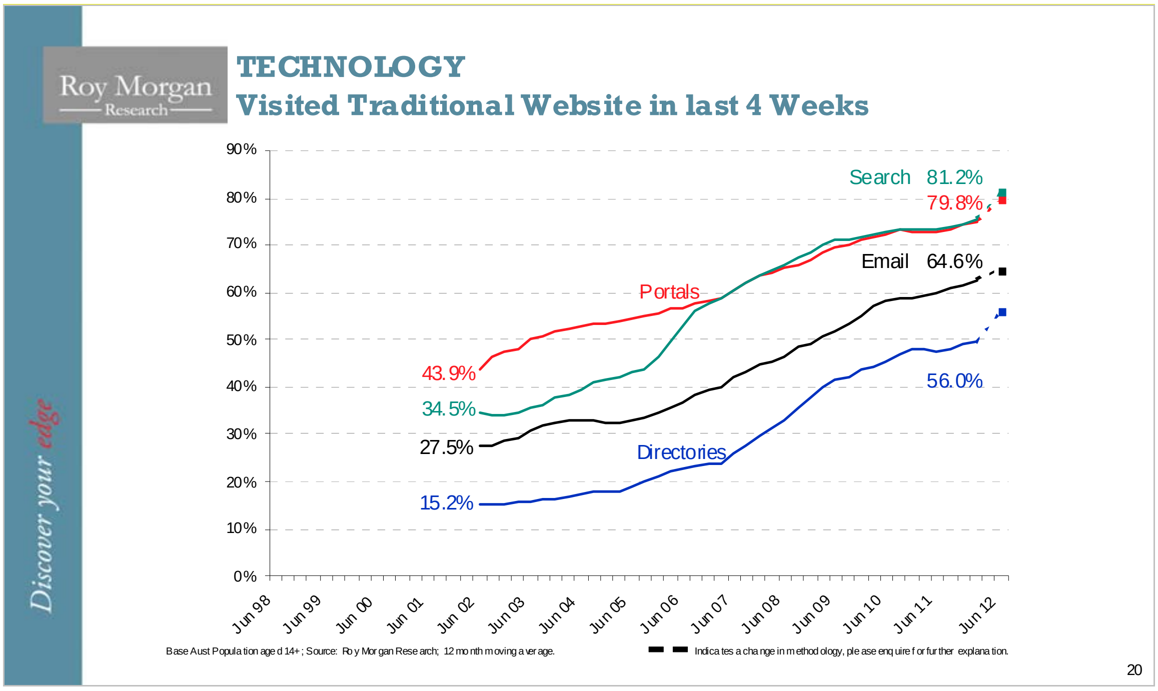
- Decrease in home ownership and increase in rentals



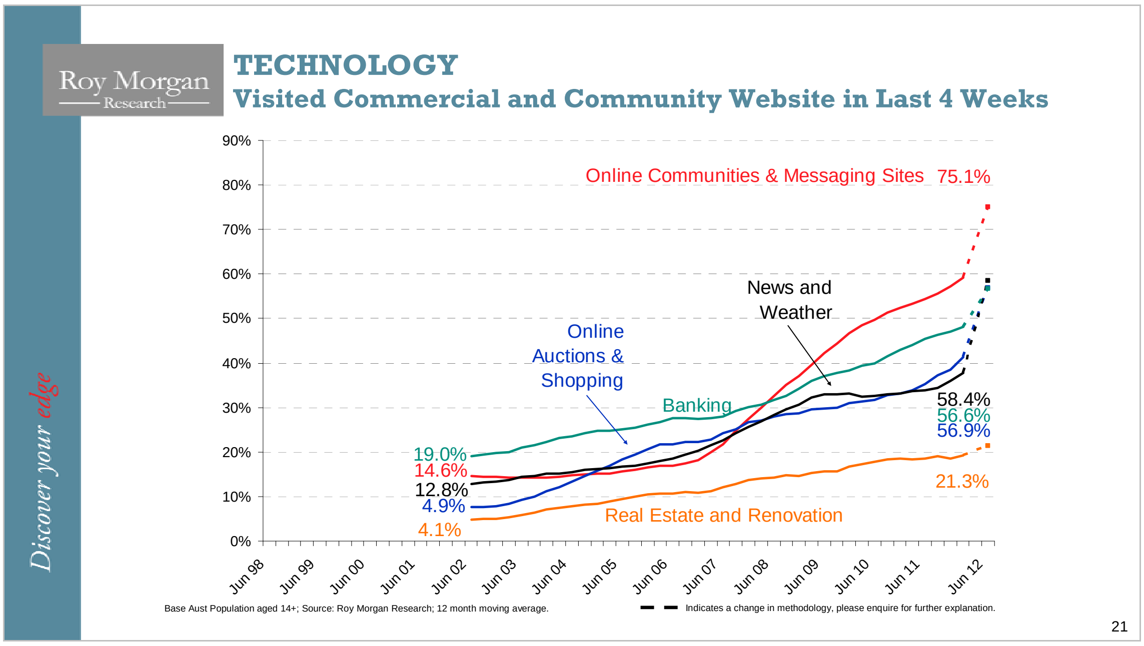
- An increased proliferation of information and communication technologies. In particular, the rise of the internet has had a major impact on all aspects of life, especially telecommunications, media, banking and retail. Recently, Roy Morgan launched our 'Digital Universe' research showing that smart phones (now 46% presented) are changing the paradigm again – giving mobile access to everything – creating new products/nuances not expected of smart phones.



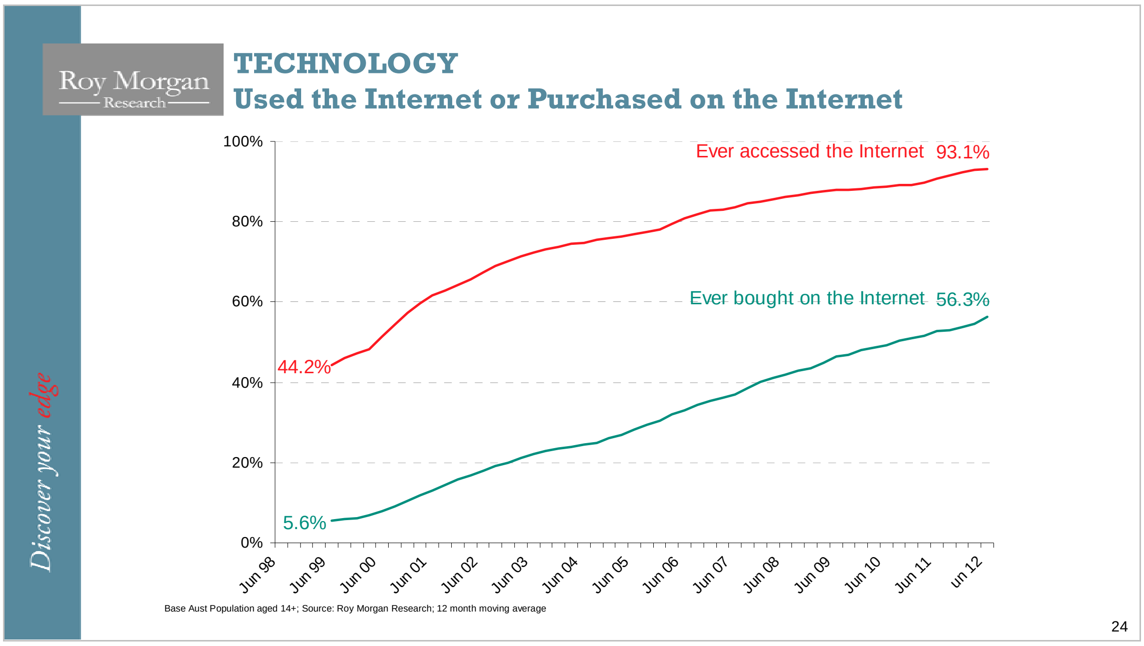
- Websites



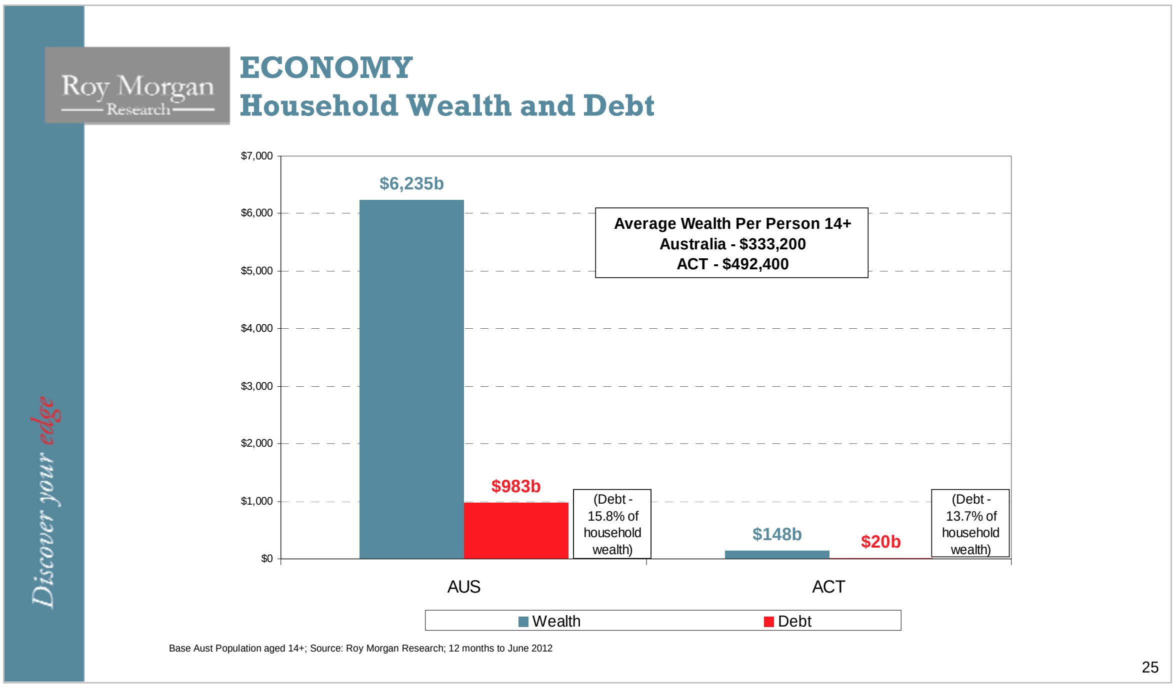
- Community websites
- Facebook



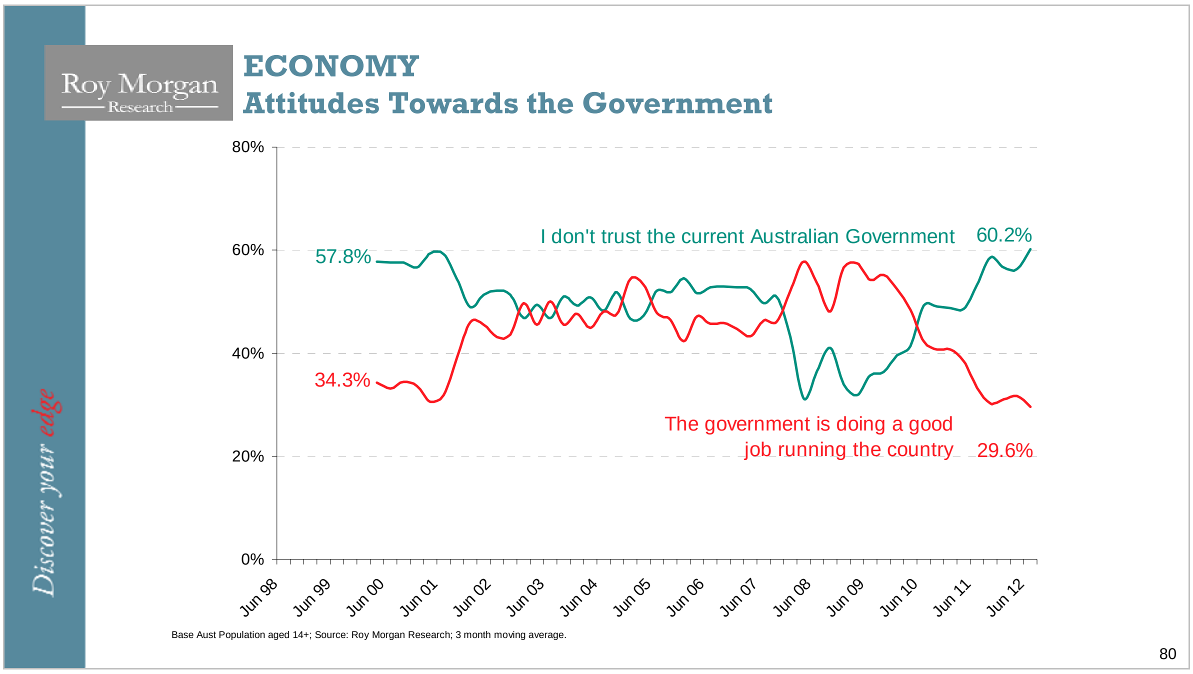
- Now most have bought online



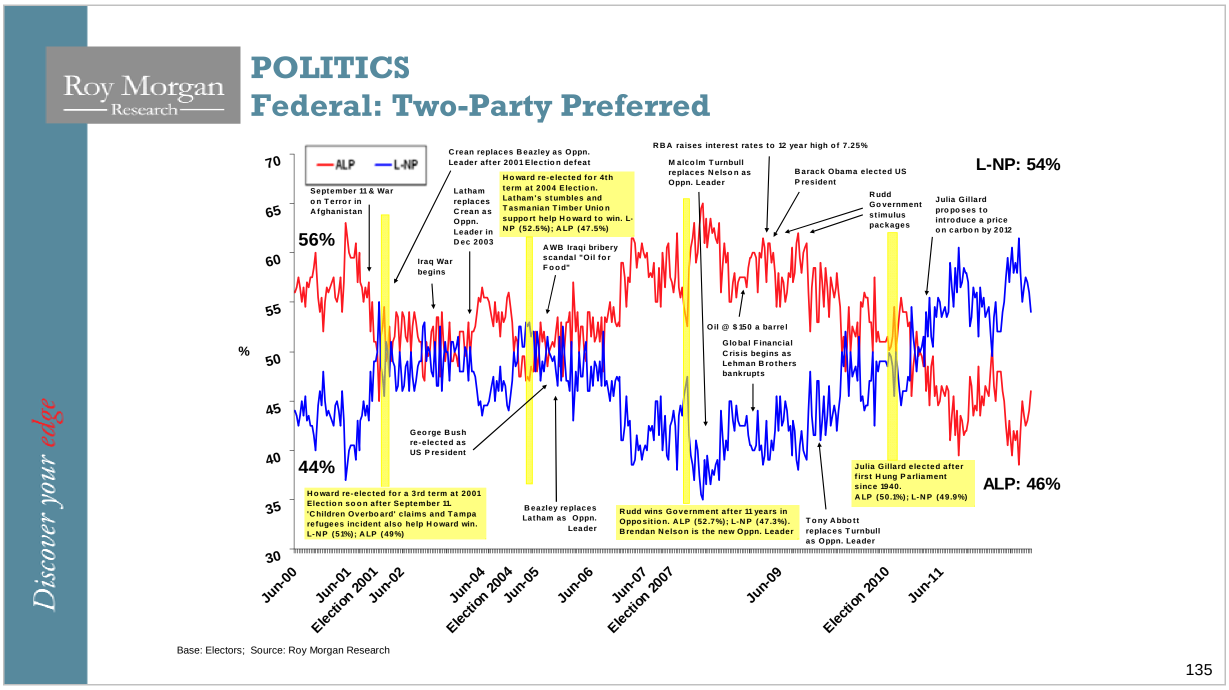
- Major increase in household wealth and despite growth in debt, net wealth has increased substantially. The growth in superannuation to the position of the dominant savings vehicle (clearly the recent stock market crash has a larger impact on Australians today than it would have twenty years ago before so many of us were exposed to the stock market via our super funds)



- An interesting political scene



- For most of Howard era, the Conservative Government was at odds with an increasingly progressive population.



Over the years, Roy Morgan's State of the Nation Reports have presented various spotlights like retail, housing affordability, baby boomers (55+ market), automotive gas emissions, investor stress, country Vs city dwellers.

This report focuses on the ACT – it looks at the Australian population in terms of the differences and similarities between those who live in the capital versus Australia as a whole.

Analysing the major differences that exist in Australian society between those living in the ACT and Australia as a whole is made possible by the fact that Roy Morgan Research is in the unique position of interviewing over 50,000 people each year across Australia of which over 1,100 live in the ACT. In addition to the large consumer survey, Roy Morgan Research also conducts a business survey with over 24,000 businesses per annum including some 220 headquartered in Canberra.

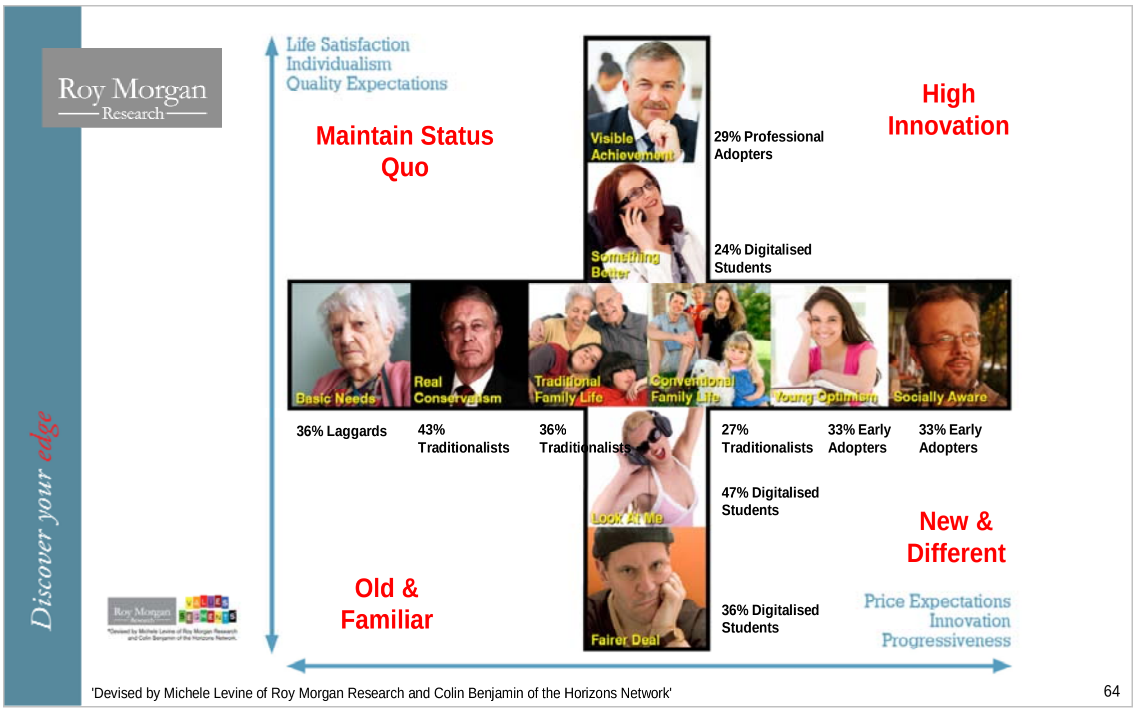
Key differences between Canberra and Australia, particularly in health, unemployment and wealth were identified. Below are some of the key findings.

Against a backdrop of an aging population for the whole of Australia, Canberra has far less than its fair share of older people post 65.

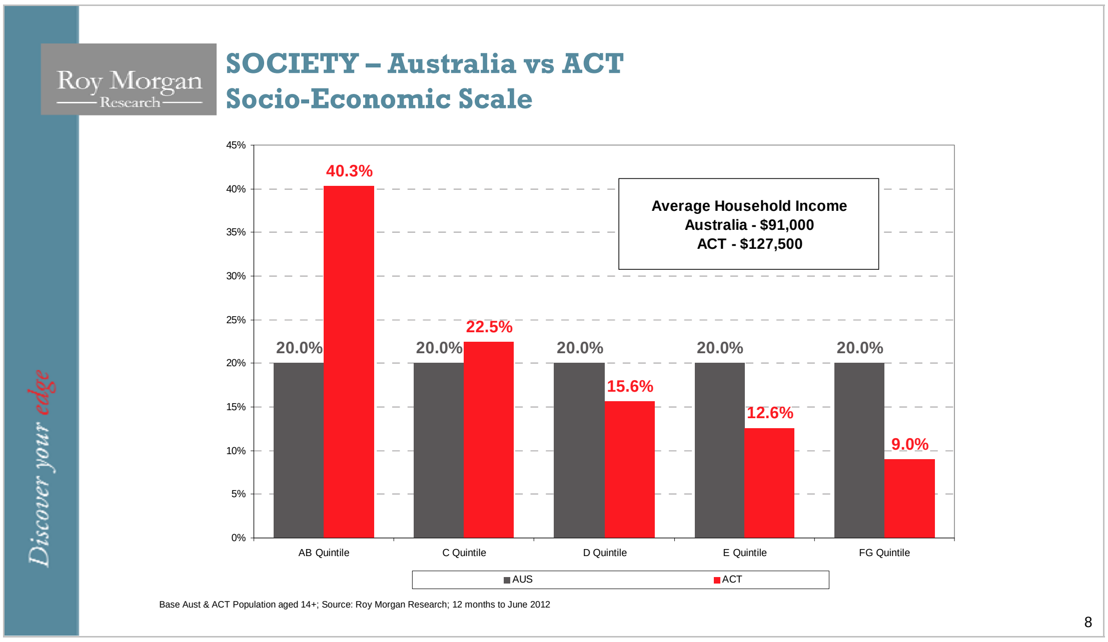
On every financial measure people in the ACT are better off.

Higher socioeconomic status: The socio economic status of the Australian population is created by scoring individuals based on their education, income and occupation. The top quintile or 20% is the AB group which are more dominant in Canberra where some 40% of the population fall within this group. Generally the most disadvantaged group is the FG quintile, which is less prominent in the ACT representing only 9% of the population.

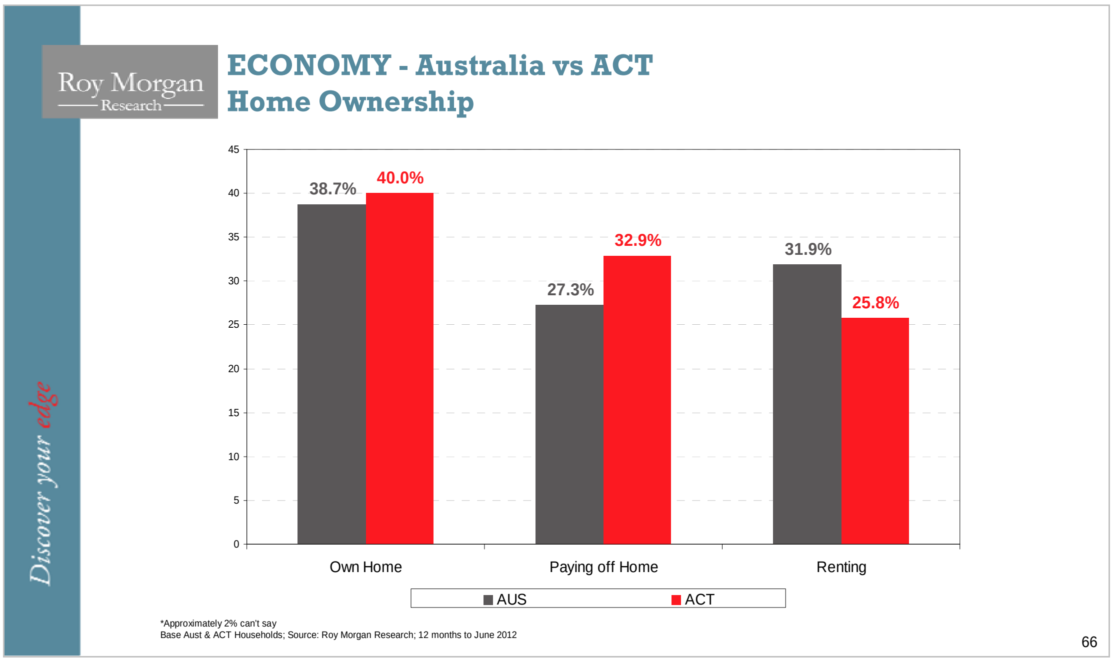
In Roy Morgan Values Segment terms over 50% of people in the ACT are in the top two Values Segments Socially Aware (27/15) or Visible Achievement (23/17).

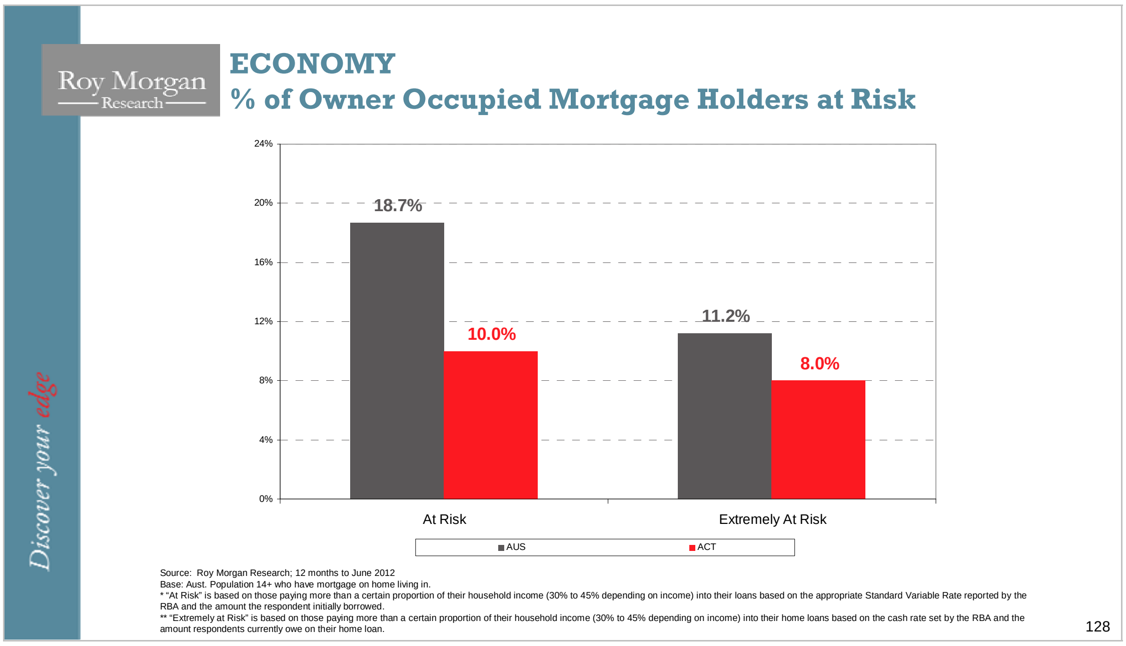


Financial data indicates that those in Canberra have higher net wealth, higher personal and household incomes, and higher home values. The household income in Canberra is $127,500 compared to national average of $91,650, not just because of two incomes.

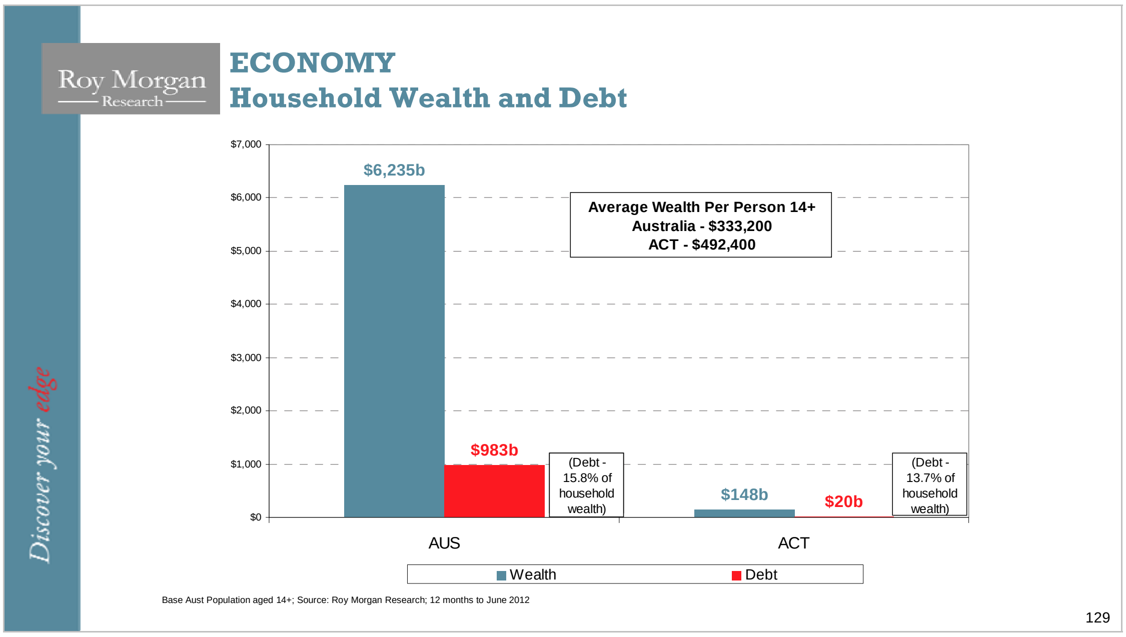


The home ownership and mortgage situation is very different in the ACT: fewer rent (26% Vs 32% nationally); more have mortgages (33% Vs 27% nationally); and fewer would be considered to be experiencing 'mortgage stress' – only 10% of Canberra mortgage holders are classified as 'at risk' compared with national average of 19%.

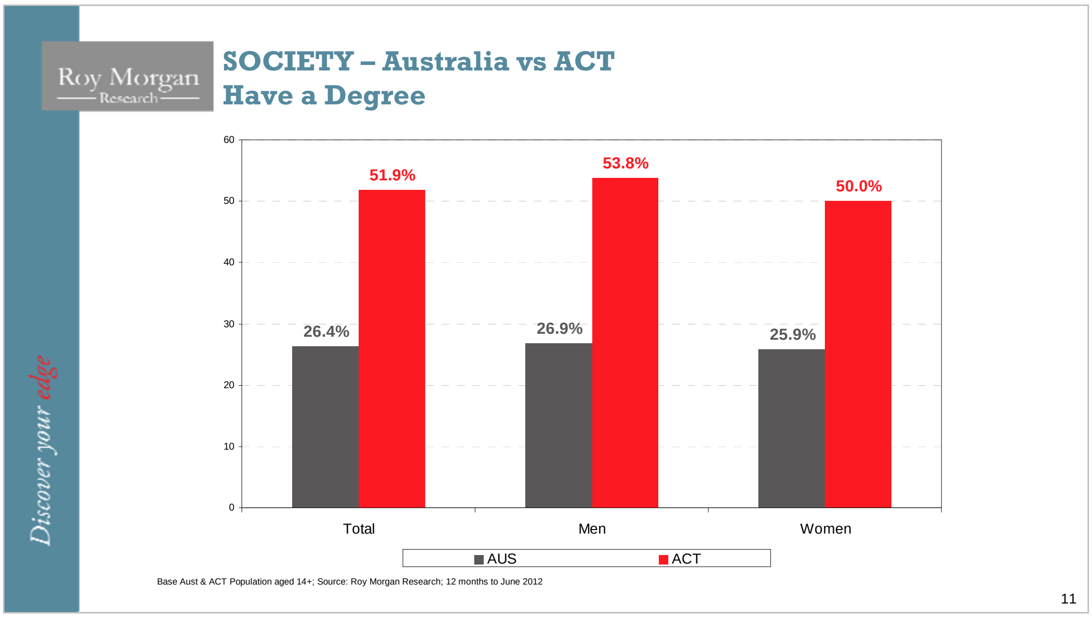




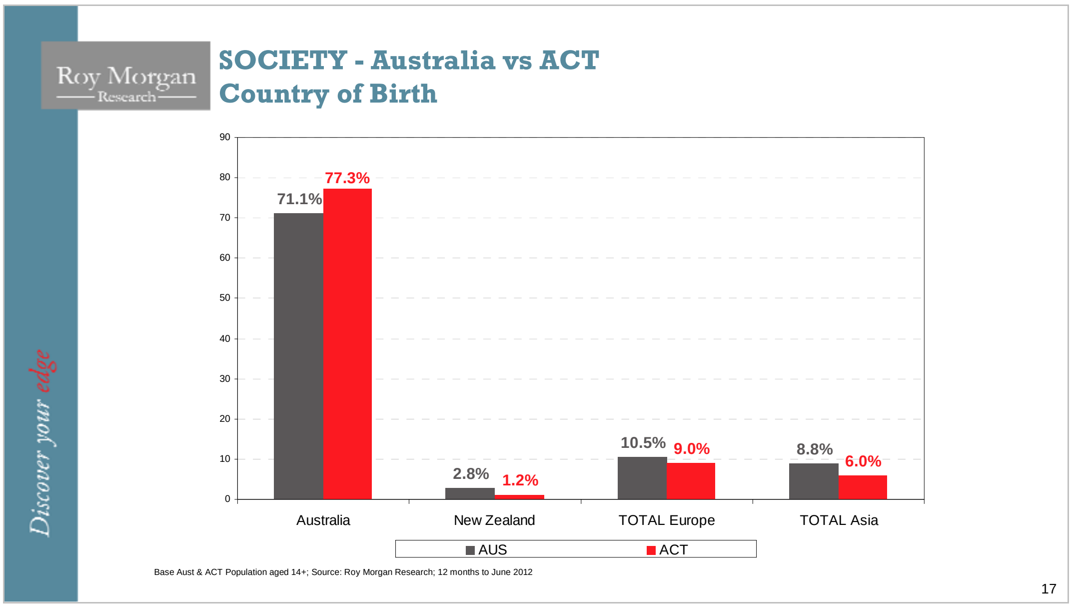
The average net wealth per person in Canberra is $492K compared to national average of $333K in the cities.



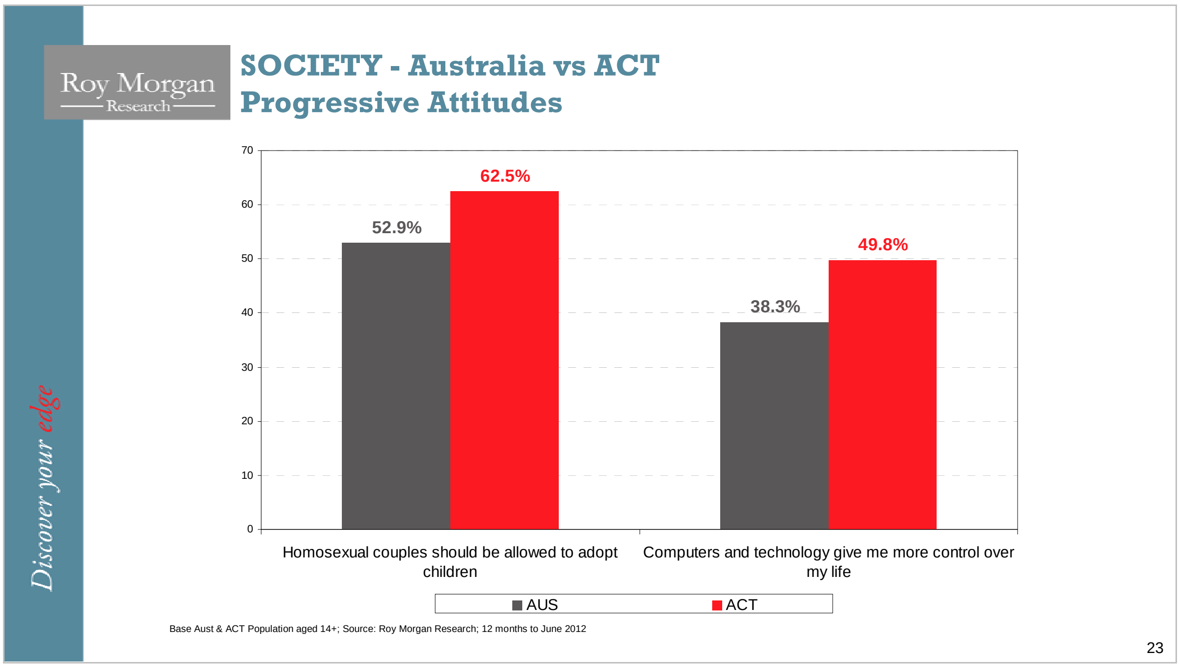
Education levels are much higher in Canberra with a greater proportion of Canberra residents holding a university degree (52%) compared to the national average of 26%. That's extraordinary – implications are huge.

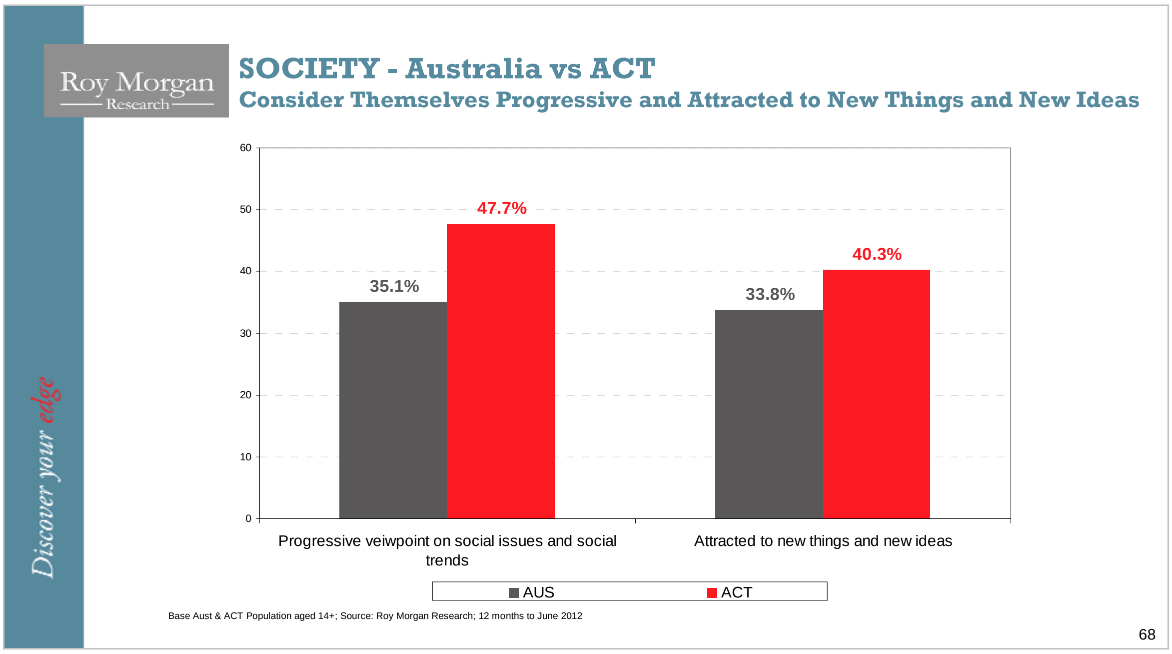


The Australian population has become increasingly diverse with a trend over the 10 years or more to have an increasing proportion being born in other countries. In ACT, over 77% are Australian born ahead of the national average of 71% - and way ahead of the average for other Australian cities where only 63% are Australian born.

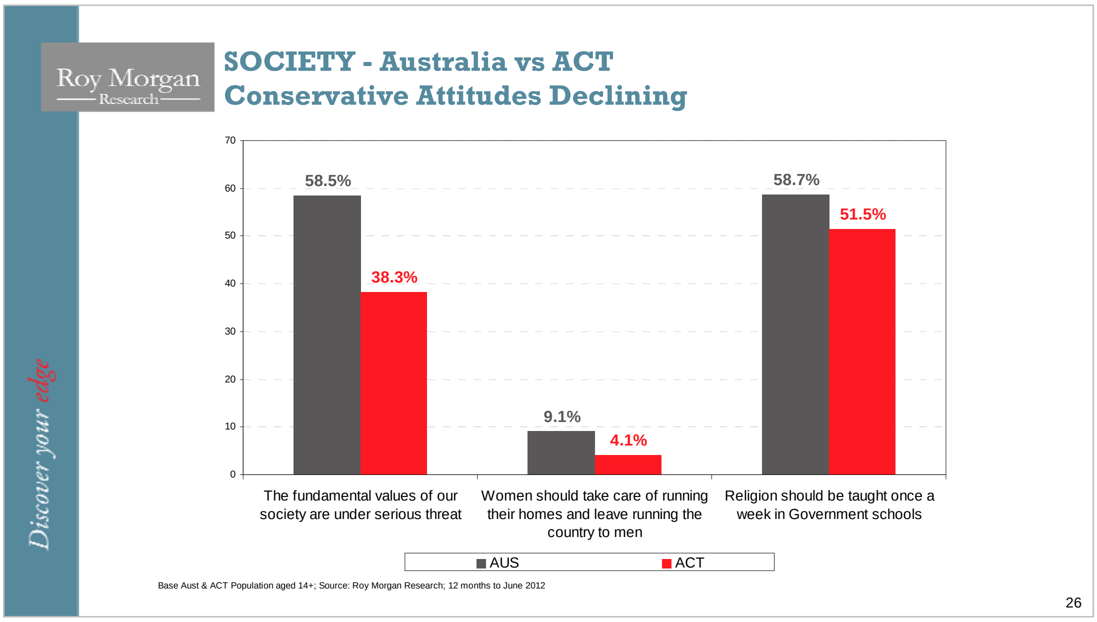


More progressive attitudes among Canberra people; there is more agreement in Canberra that 'homosexual couples should be allowed to adopt children' (63% Vs 53%) and that 'computers and technology give more control over my life' (50% Vs 38%). The attraction to new things and progressive viewpoints on social issues is higher in Canberra. 48% in ACT consider themselves progressive Vs 35%. 40% are attracted to new things Vs 34%.

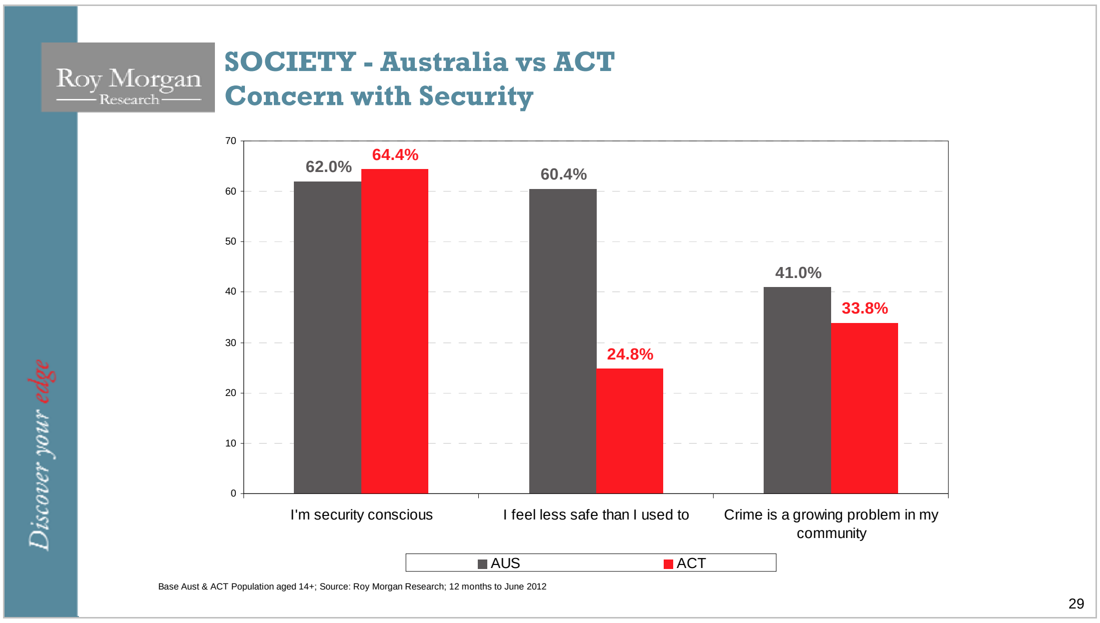




In Canberra there is less concern that 'the fundamental values of our society are under serious threat' and fewer say they would 'like things to stay the same'. The feeling that 'religion should be taught in schools' is also marginally lower in Canberra, and fewer believe women should stay home.



Security and Safety – although Canberrans express similar levels of concern about security, only 1-in-4 feel less likely to 'feel less safe' than they used to Vs national average of 60%.

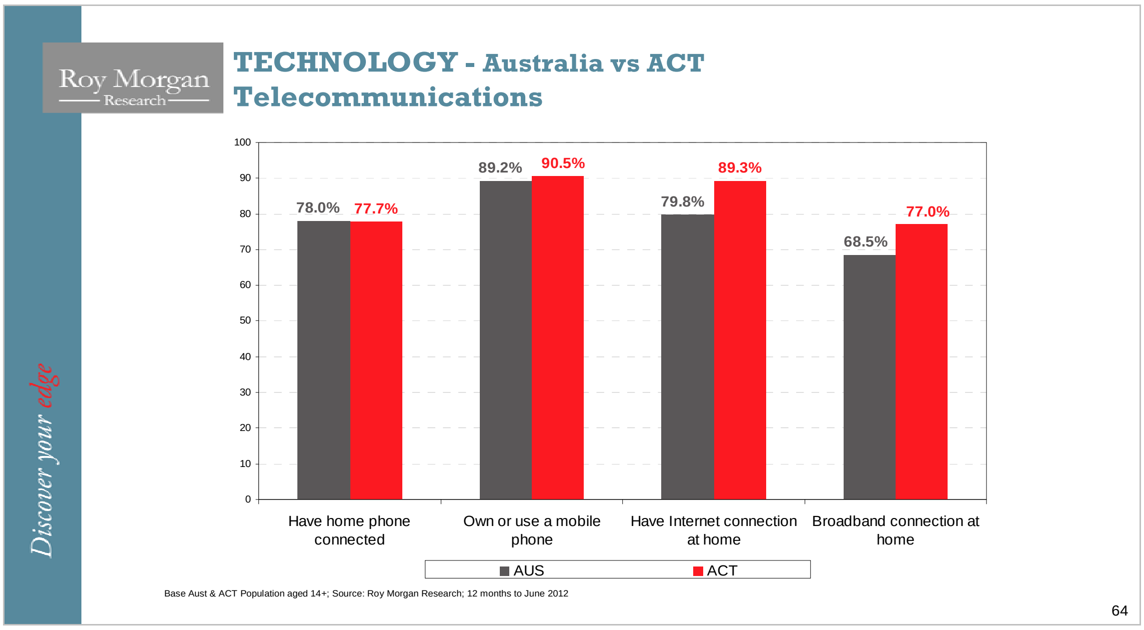


Technology early adopters

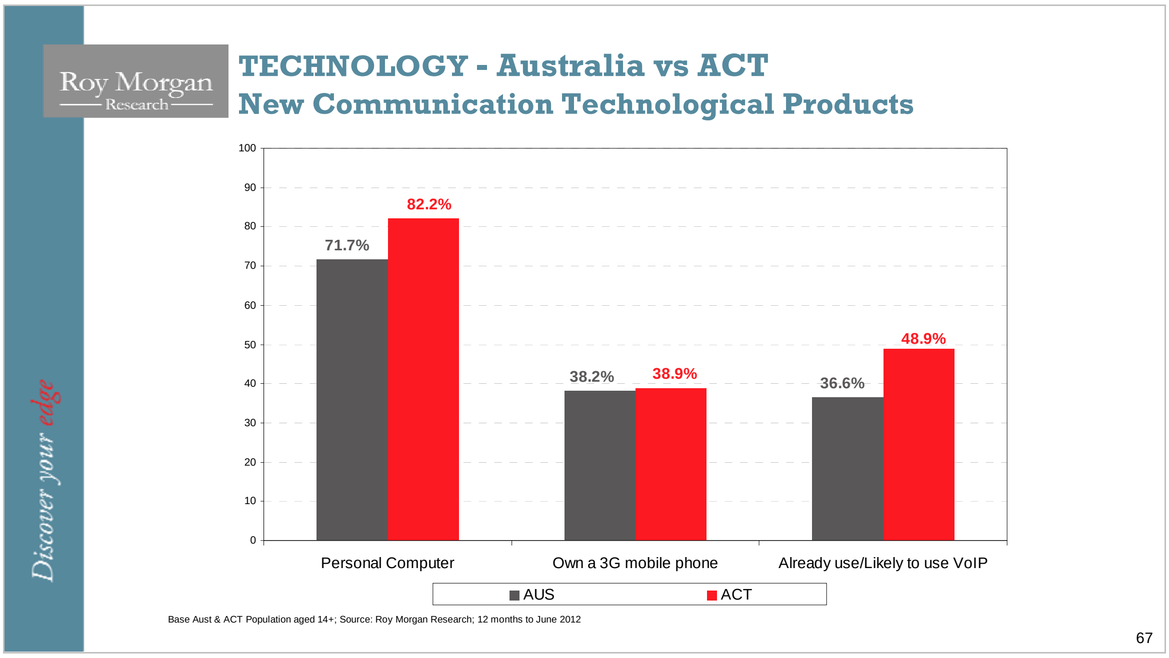
When we look at technology – and technology adoption – Canberra is clearly at the early adopter end of the spectrum. Some 24% of people in Canberra are early adopters (Vs national average of 17%) and a further 22% are what we call Professional Technology mainstream (Vs national average of 18%).

This doesn't mean Canberra is full of young digital natives, indeed 'digital life' is under-represented in the ACT (at only 9% Vs national average of 14%) – implications for technology enabled information services.

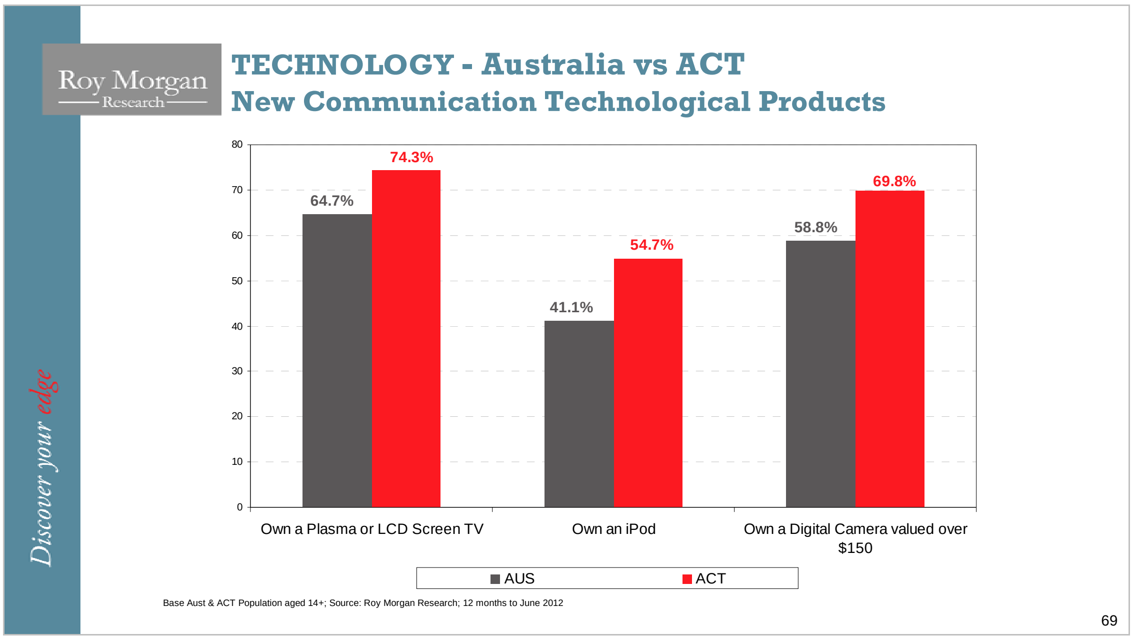
The pattern of telecommunication use in ACT is marginally ahead of Australia on most measures. The mobile phone usage is now higher than the home phone for Canberra and Australia as a whole. Having the internet connected at home and broadband and Pay TV are higher in Canberra.



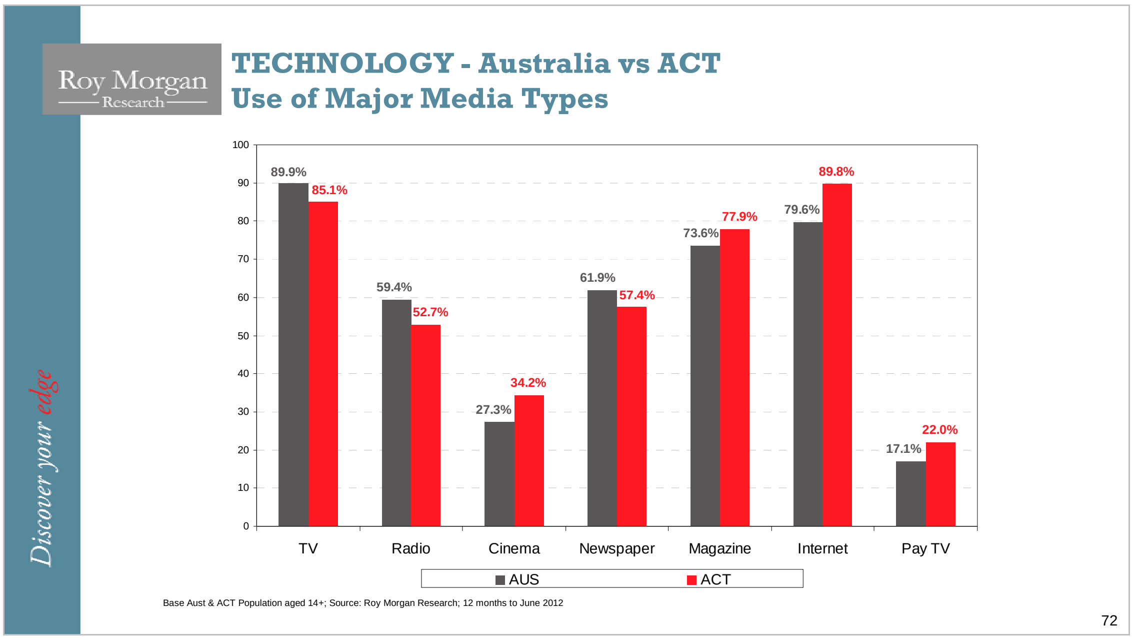
The incidence of owning a PC is higher in ACT as is the use of VOIP. The ownership of 3G mobile phones is only marginally higher in Canberra.



Also higher in Canberra are Plasma TVs, Ipods, and digital cameras.

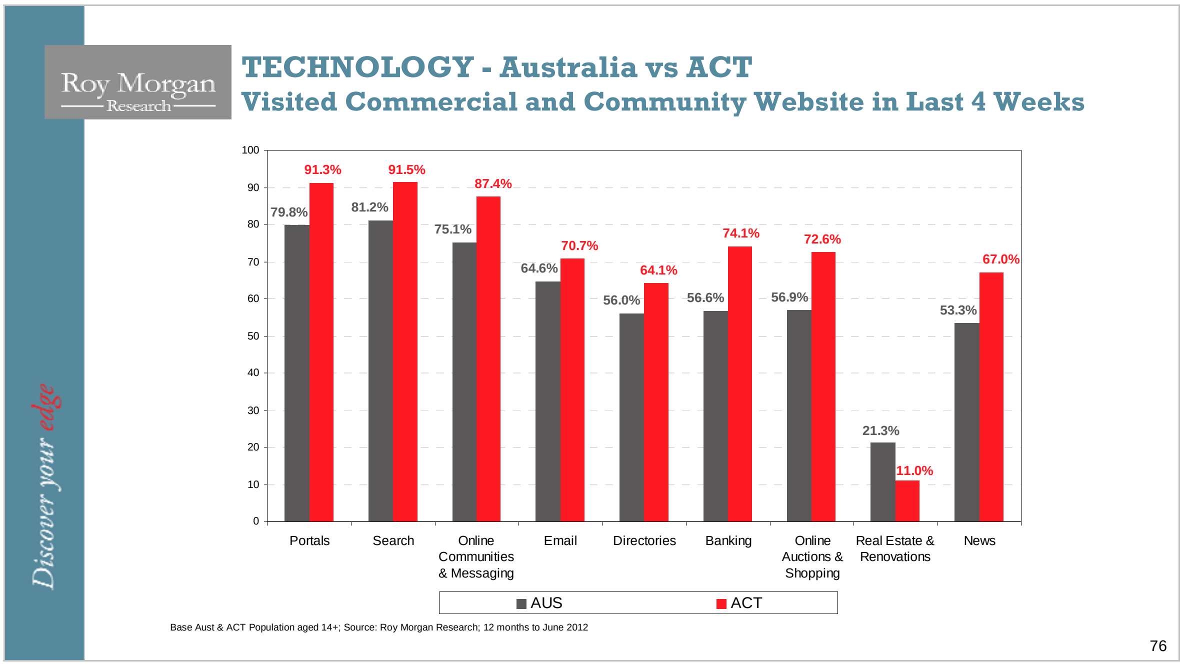


Canberrans exhibit lower levels of usage of traditional media – TV, radio, newspapers – but higher levels of magazine readership – and not surprisingly, higher cinema attendance and internet usage.

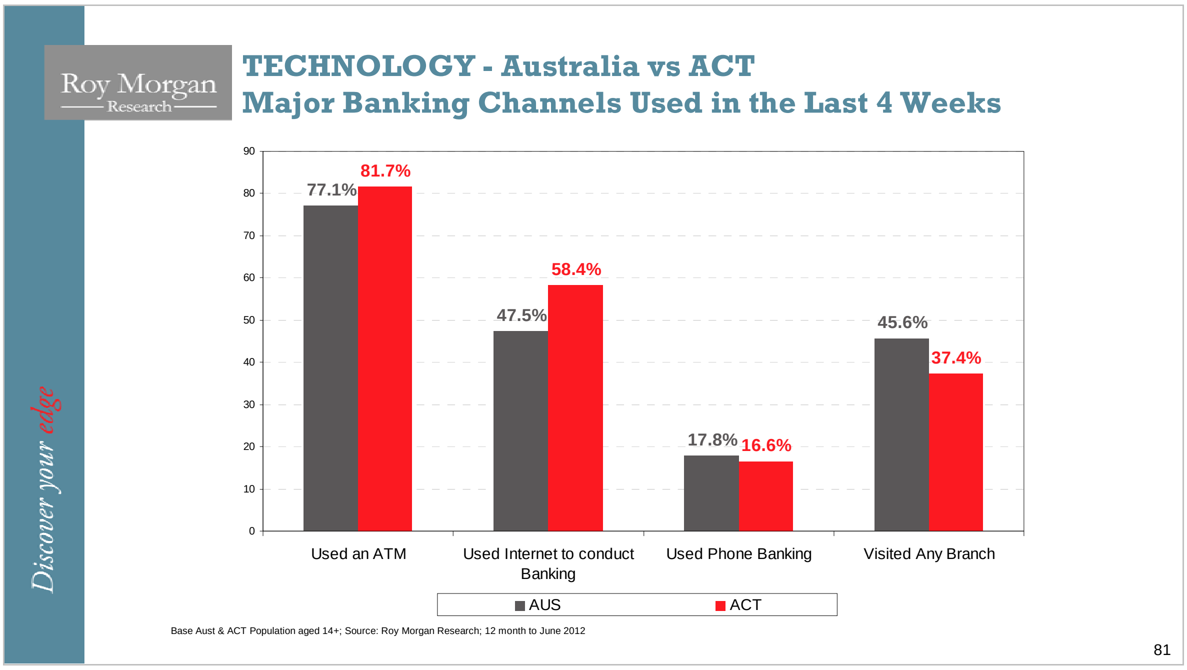


The usage of almost all types of websites is much higher in Canberra – interesting exceptions being real estate websites.

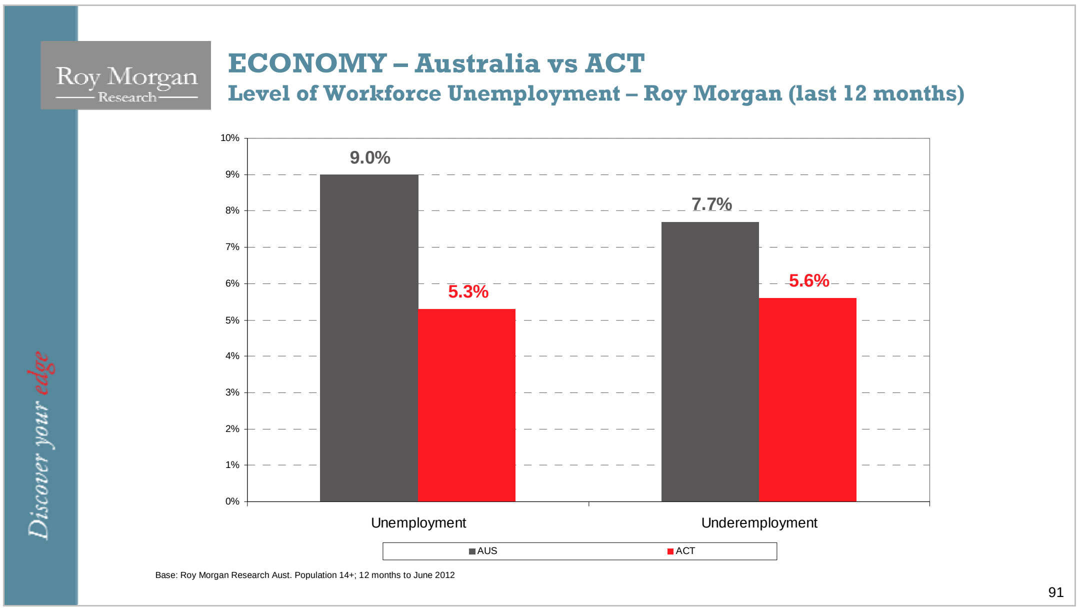
The proportion of people that have ever used the internet is higher in Canberra (90%) compared to the national average of 80%. Purchasing on the internet is also higher in Canberra at 73% compared to national average of 57%, and $s spent are highest (except WA).



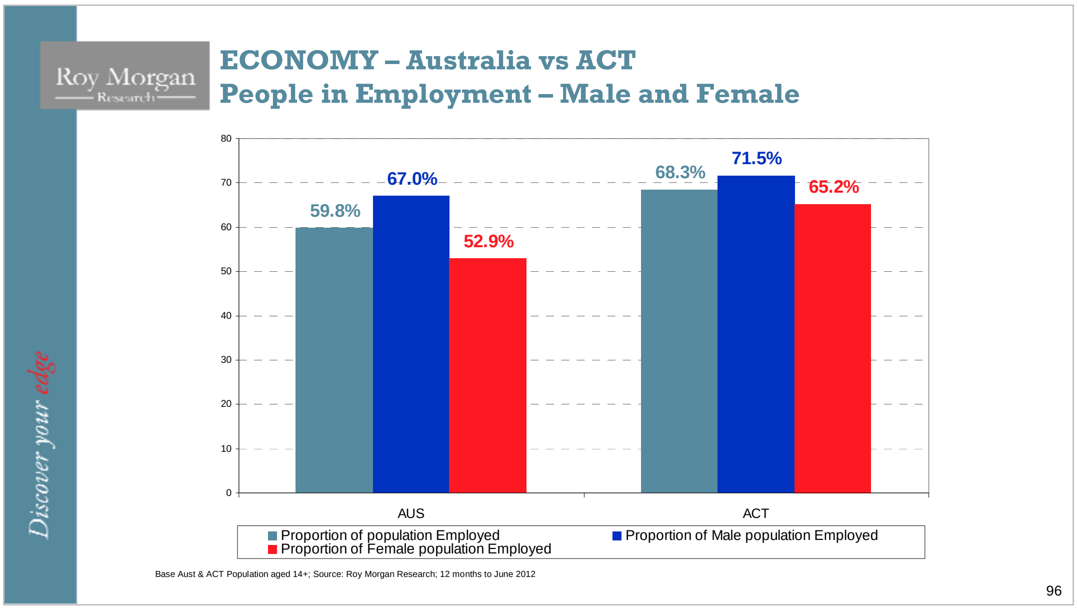
While for Australians as a whole internet banking (at 48%) has just overtaken branch visitation (46%) in the ACT internet banking is way ahead 58% Vs 37% for branch visitation.



We've said unemployment is lower at 5.3% in the ACT Vs the national average of 9.0%, and under-employment is also lower in ACT Vs national. But the unemployment figures themselves are tricky – they are a function of the workforce which is itself a function of employed people and those looking for work. Perhaps it is more interesting to see it another way.



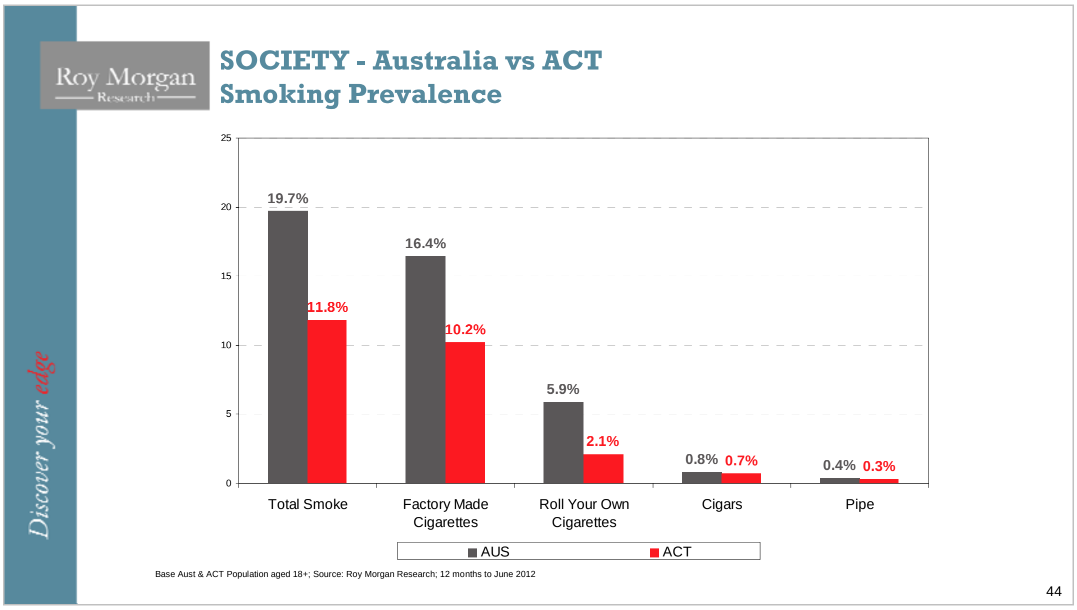
The proportion of the population in Australia that are employed is 59.8% compared to 68.3% in the ACT – the light blue columns. Both men and women have a higher proportion employed in the ACT than the national average, and ACT more likely to be full-time.



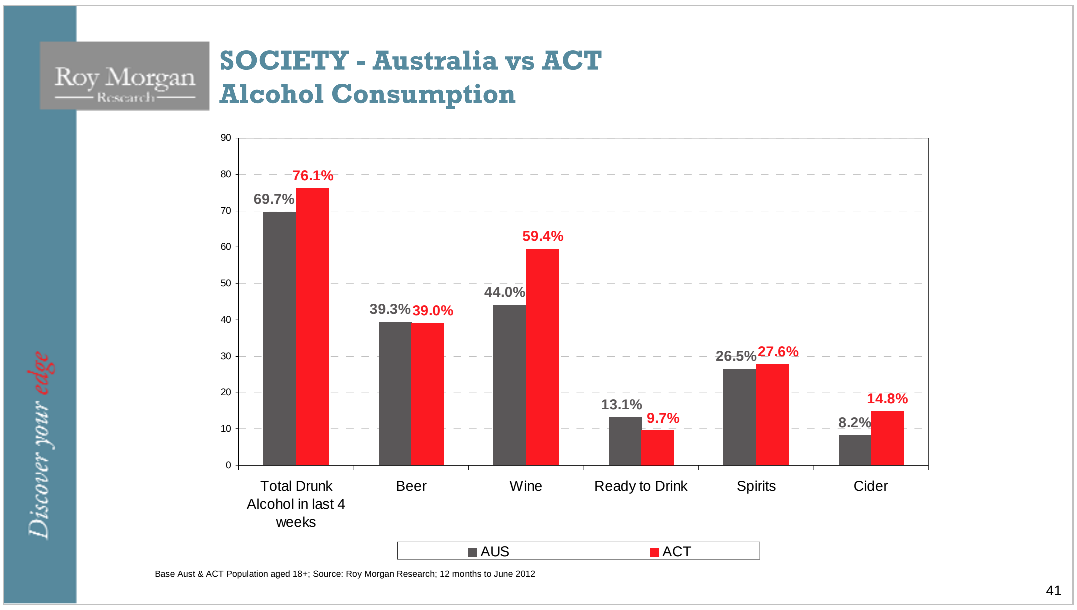
Healthier lives?

Let's look at the data on health and lifestyle…
Have you ever wondered why the tobacco legislation is so much tougher than the alcohol legislation?

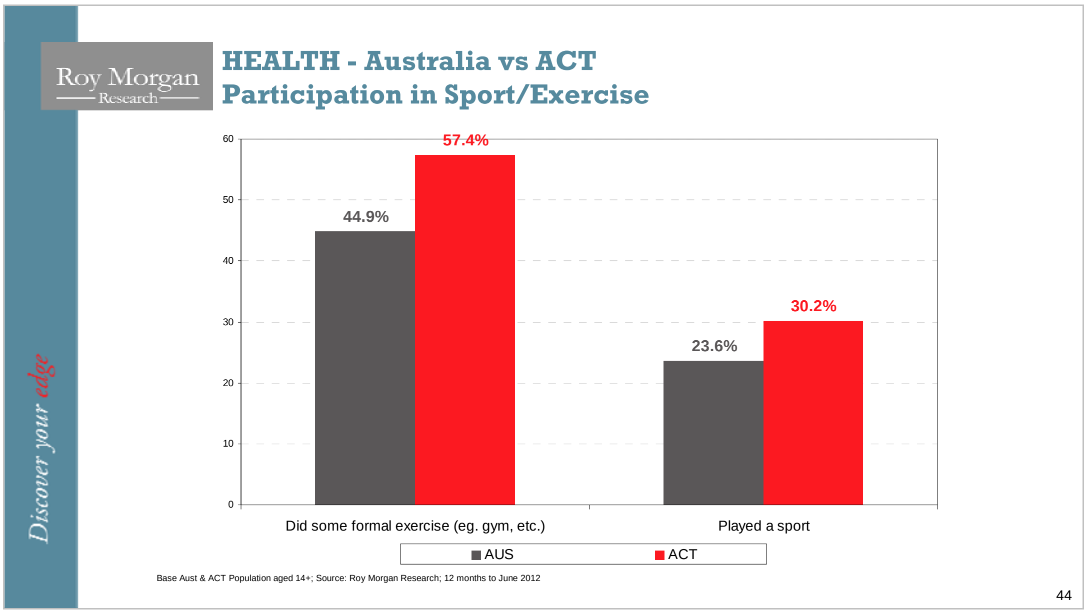
The incidence of smoking in the ACT is 12% compared to a national average of 20%.



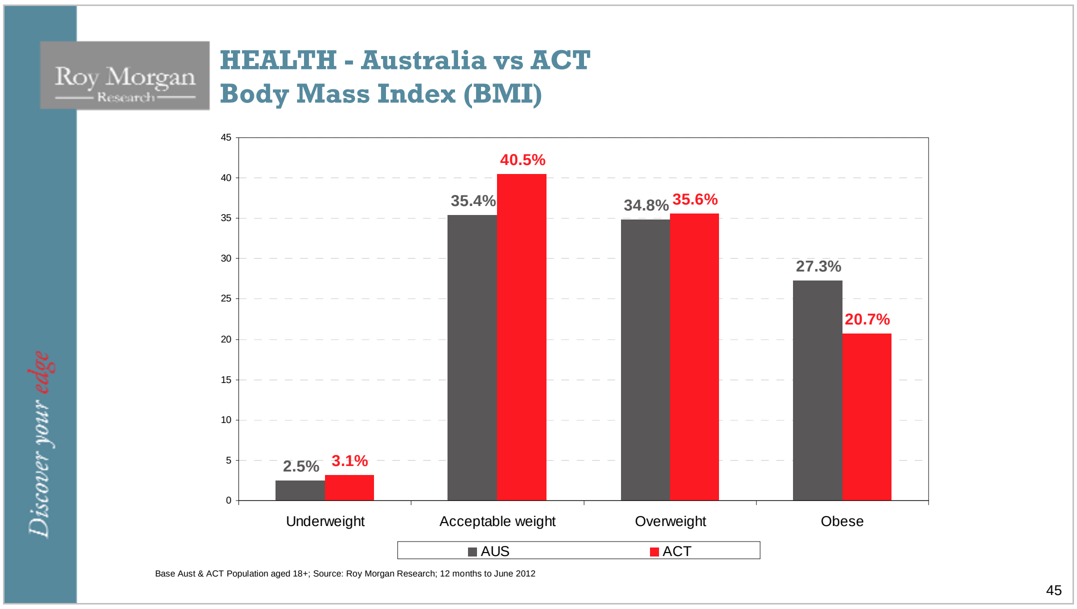
But in the ACT people are more likely to drink (76%) than the national average (70%) – especially wine.



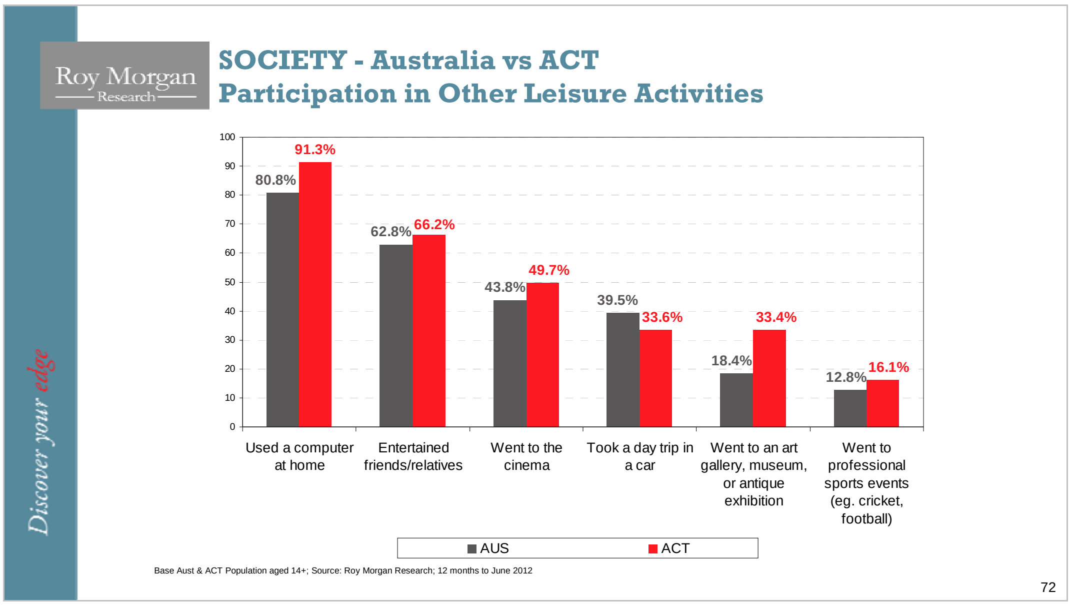
Participation in ‘sport/exercise’ is higher in the ACT – a majority of people in the ACT (57%) do some kind of formal Vs the national average of 45%, and 30% in the ACT play a sport ahead of the national average of 24%.



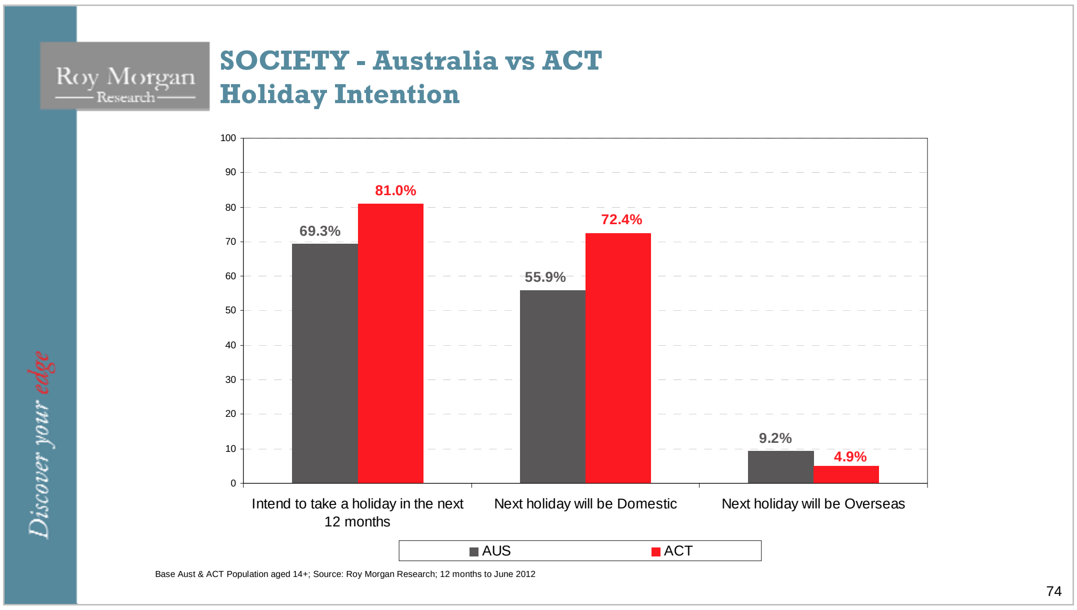
And people in the ACT are less likely to be obese – 21% have a BMI in the obese range Vs the national average of 27%.



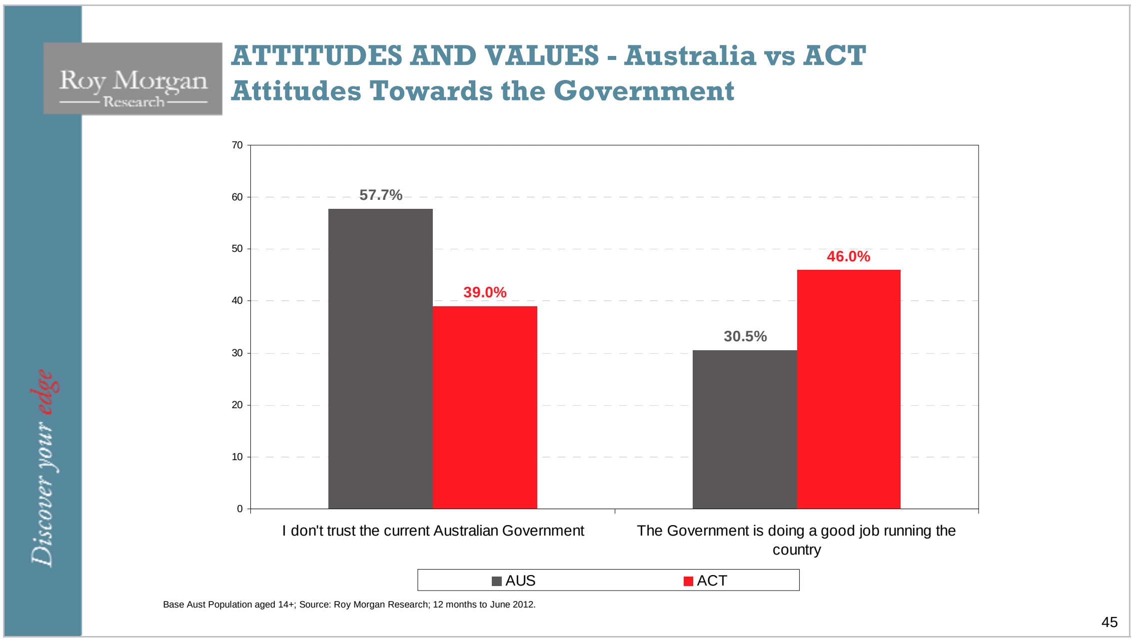
People in the ACT are more likely to participate in almost all leisure activities – particularly cultural activities like attending an art gallery or museum 33% Vs national average of 18%.



And looking at the data on travel intentions we could be seeing the beginning of a domestic tourism recovery emanating from the ACT, but seriously, can policy makers understand the rest of Australia is heading off overseas given the chance, while they are heading to other states?

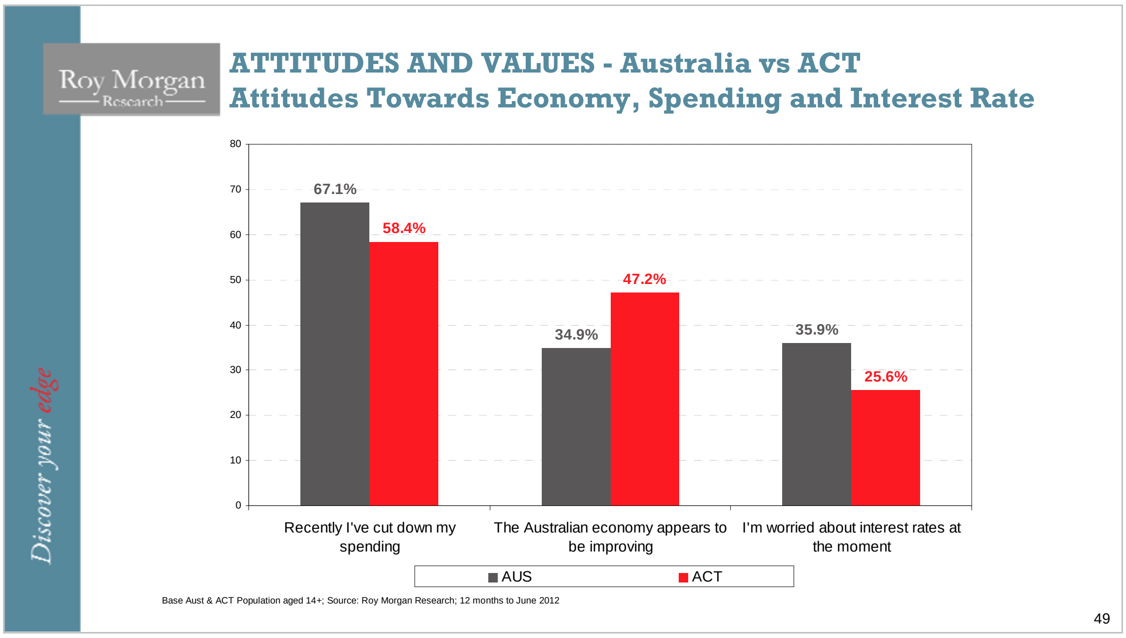


People in the ACT have a much more positive view of the Government. While the majority of Australians (58%) say they don't trust the Australian Government (39% in ACT say this). In the ACT 46% believe the Government is doing a good job Vs 31% nationally.

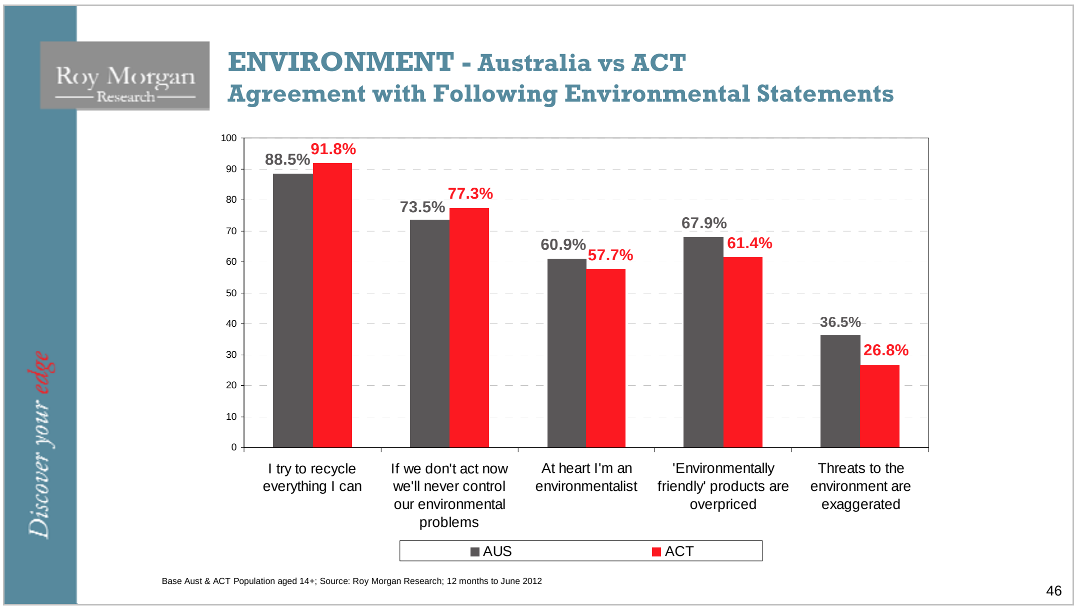


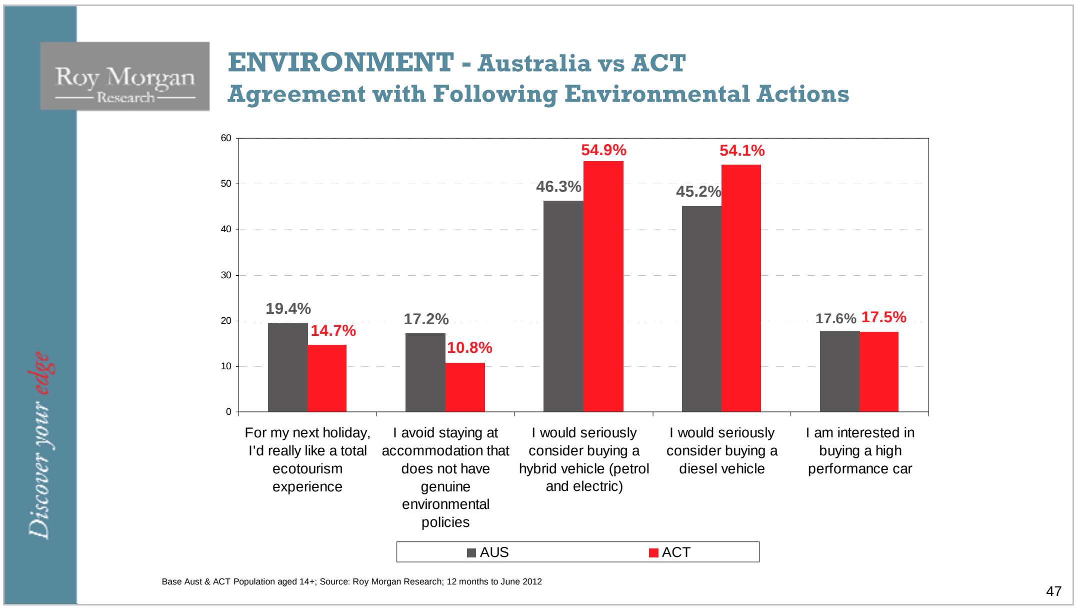
Attitudes towards the economy, spending and interest rates are also enlightening. People in the ACT are:

- Less likely to have 'cut down their spending recently' (58% vs 67% nationally;
- More likely to say the Australian economy appears to be improving (47% Vs 35%);
- Less likely to be worried about interest rates at the moment (26% Vs 36%).

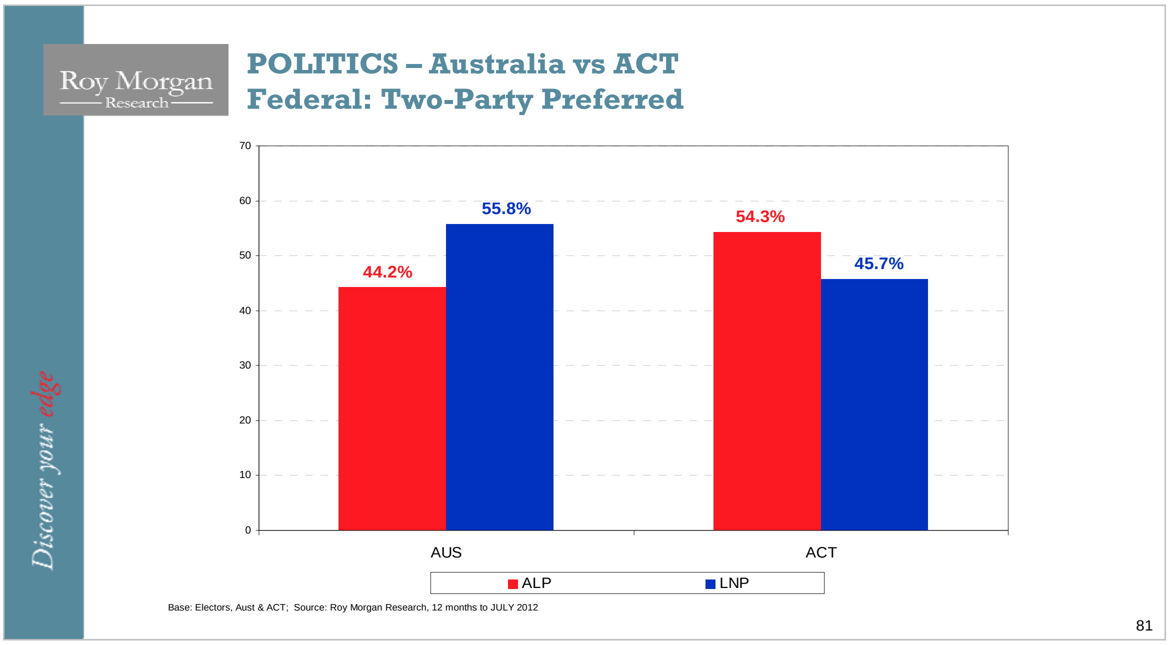


Environmentally on every environmental measure people in the ACT are more environmentally concerned and engaged than the national average – not surprisingly there is no concern in the ACT about the carbon tax.



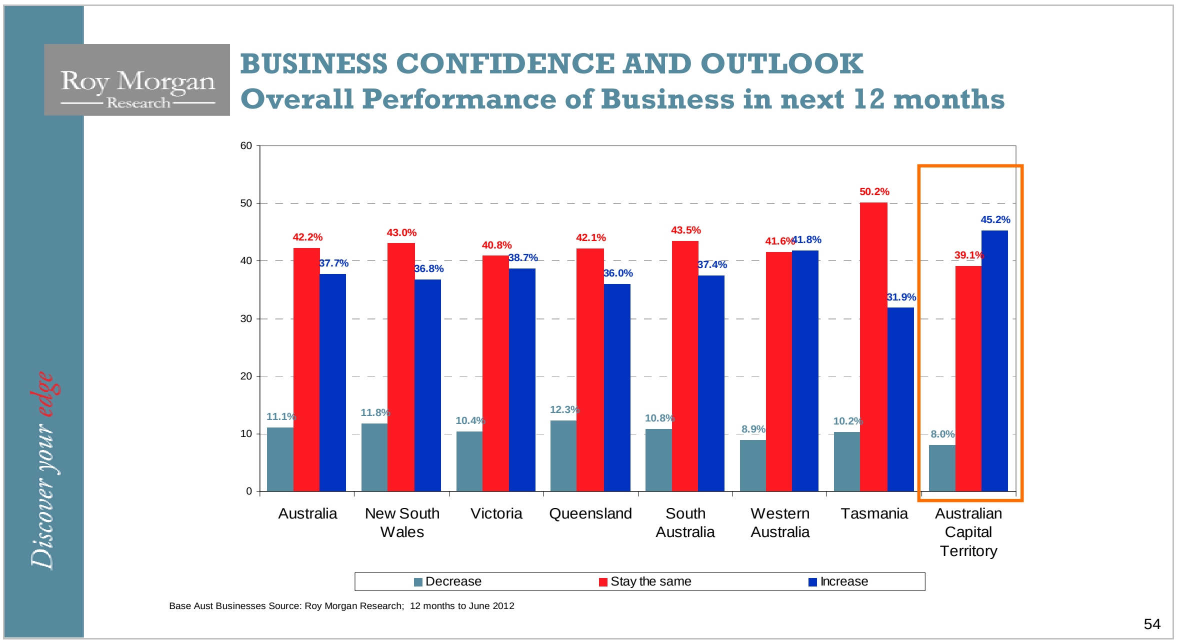


Politically, the last 12 months has seen a predominantly L-NP preference among Australians, i.e. the 2 Party-Preferred vote has averaged 55.8% L-NP to 44.2% ALP. However, in the ACT the preference has remained ALP (54.3% to 45.7%).

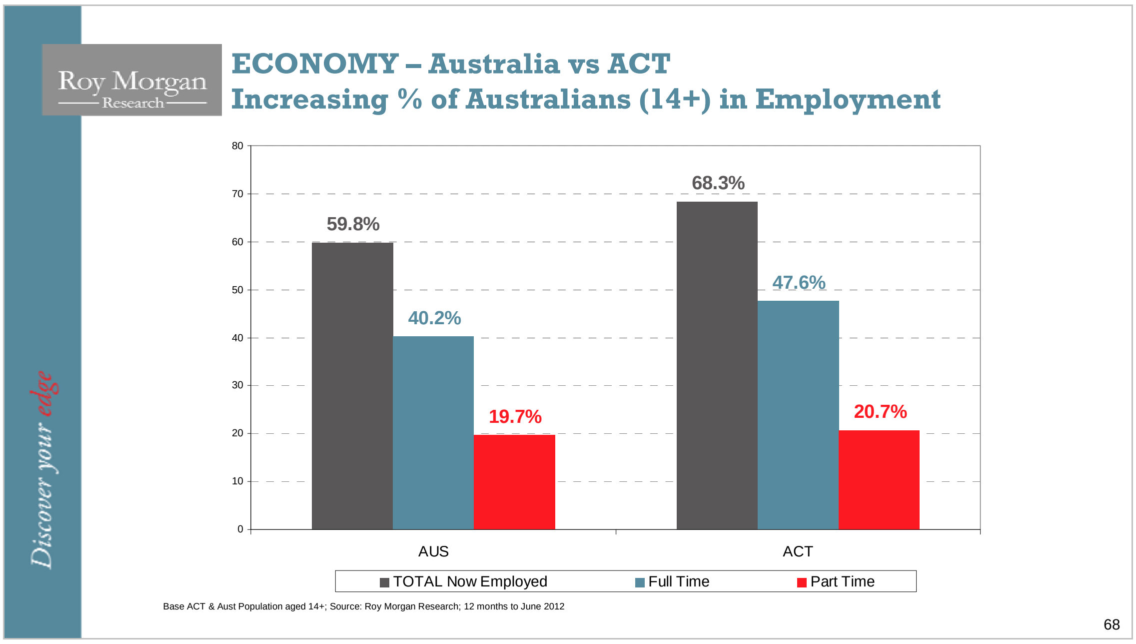


Business Confidence in the ACT is highest of any State.

45.2% of people in the ACT expect overall business performance to increase in the next 12 months, compared to 37.7% for all of Australia. People in the ACT are also less likely to be unconfident: only 8% of Canberrans expect that business performance will decrease in the next 12 months, compared to 11.1% of Australia.



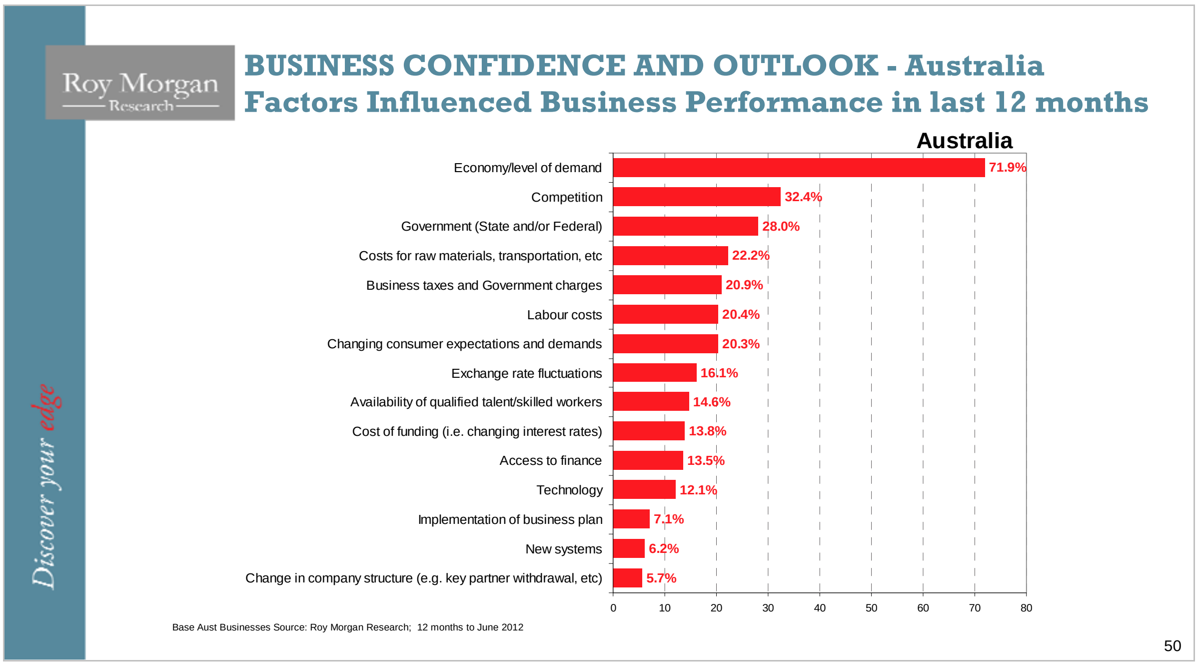
Intention to hire people is higher in ACT (15.6% increase) Vs 11% nationally. Further evidence of the ACT's economic strength is its higher rate of employment, compared to all of Australia. ACT has a total 68.3% people 14+ in employment, compared to 59.8% across Australia.



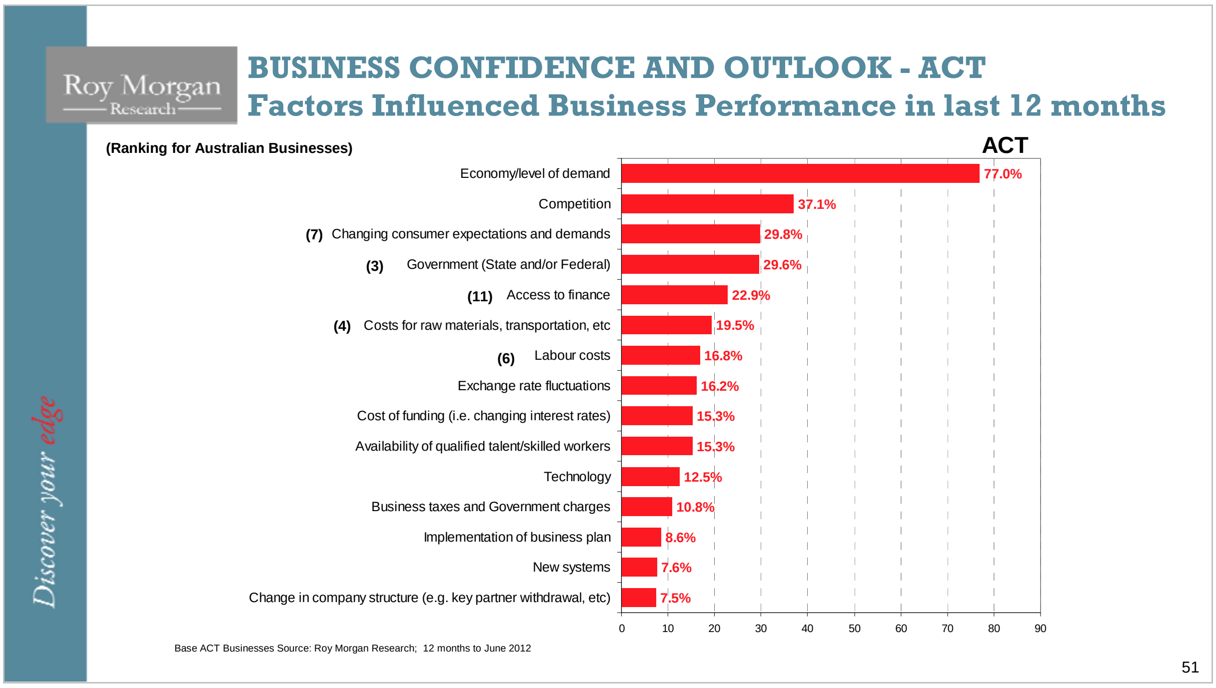
Confidence levels are different across industries. Generally mining has been the most positive overall and other industries well above average confidence are education and training, finance and insurance, arts, health care, information media and technology and electricity, gas and water.

The highly publicised problem industries such as retail, manufacturing, construction have below average confidence levels.

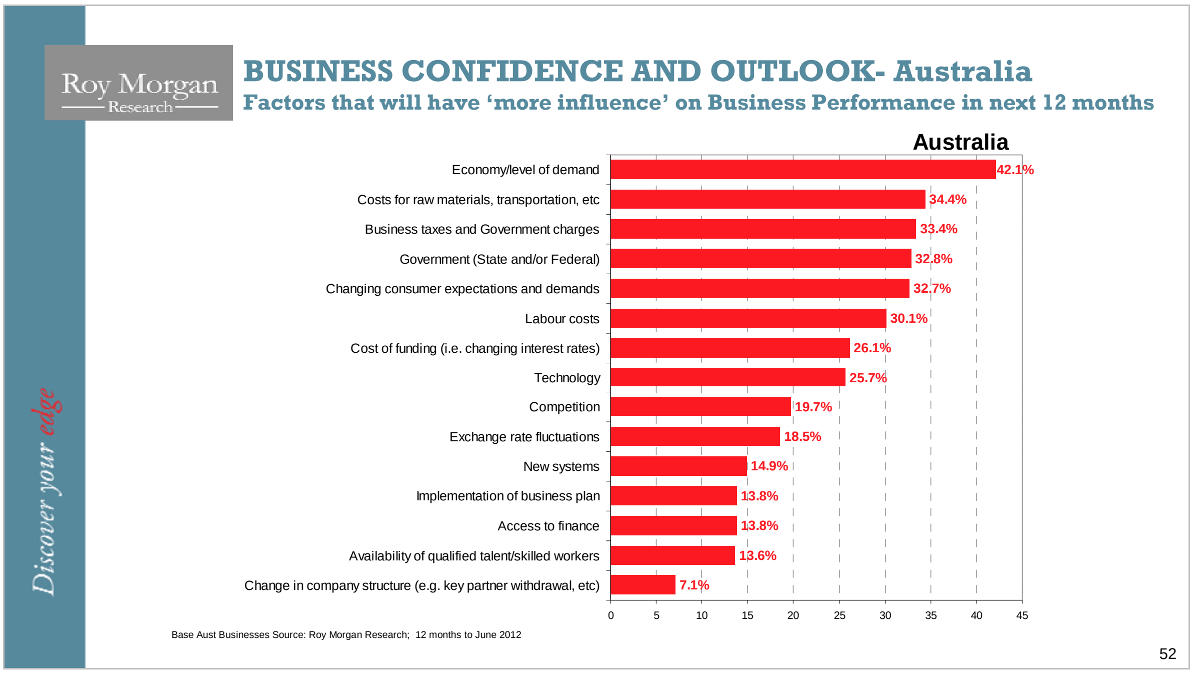
Clearly the major factor impacting on business performance over the last 12 months Australia-wide has been the 'Economy/level of demand': 72% followed by competition, Government, costs.

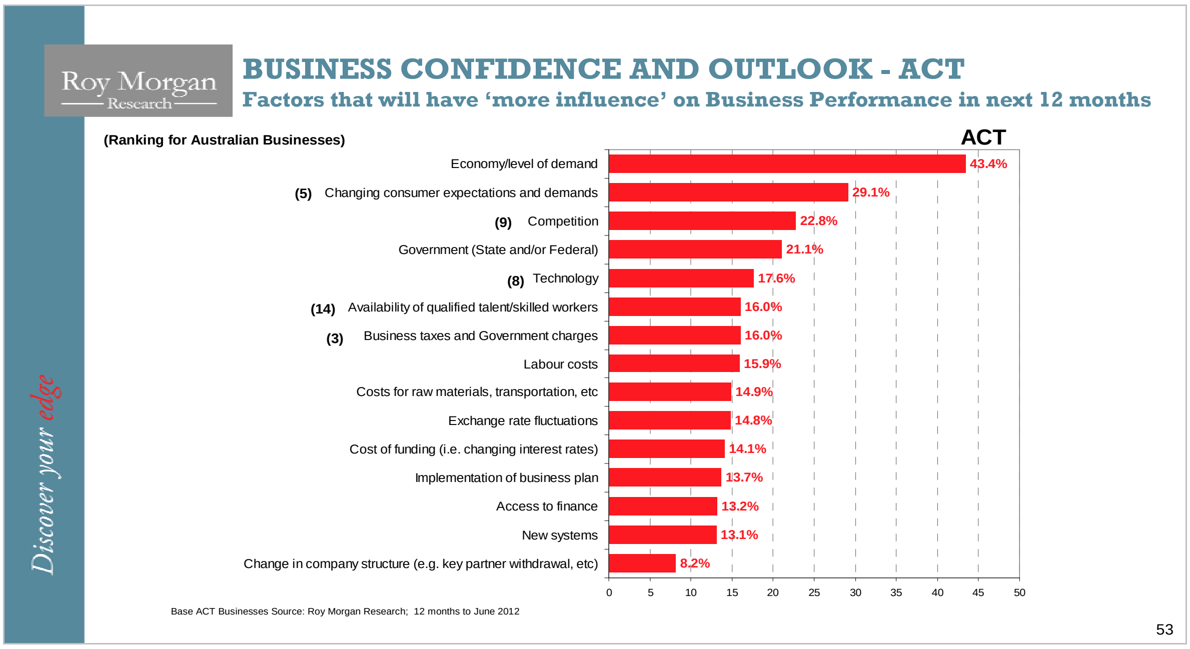


Businesses headquartered in ACT have similar factors – two things were more important in ACT – changing consumer expectations and demands, and access to finance. Business taxes and Government changes rated lower in ACT.



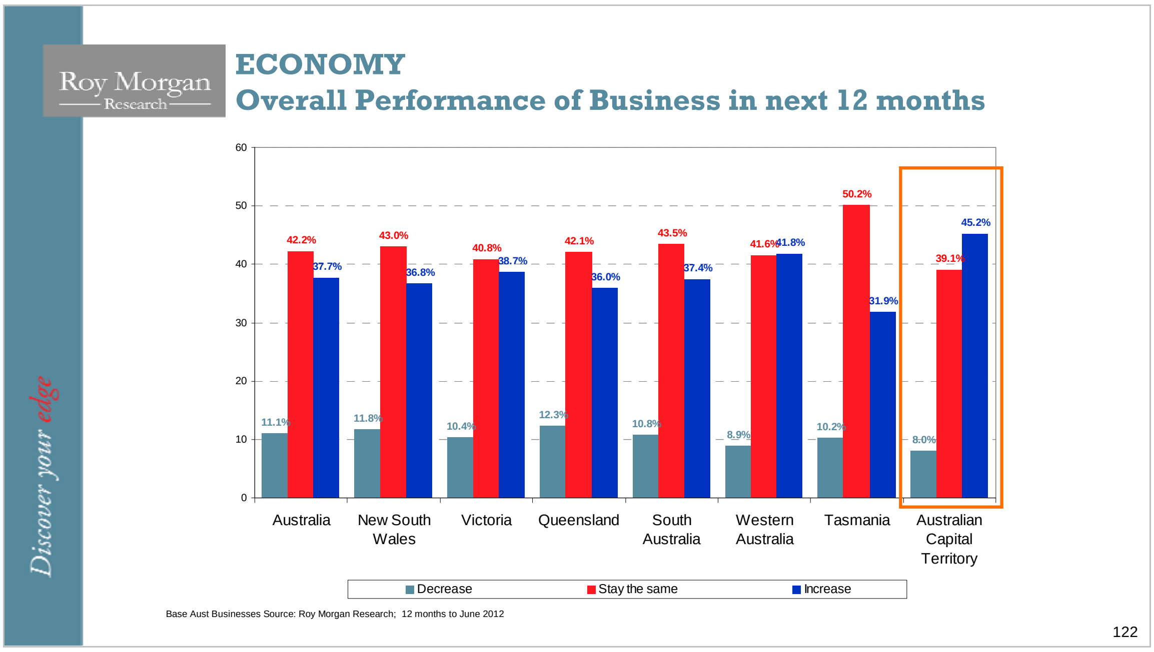
Over the next 12 months the 'Economy/level of demand' is considered to be going to have even more influence over business performance in both the ACT and nationally.



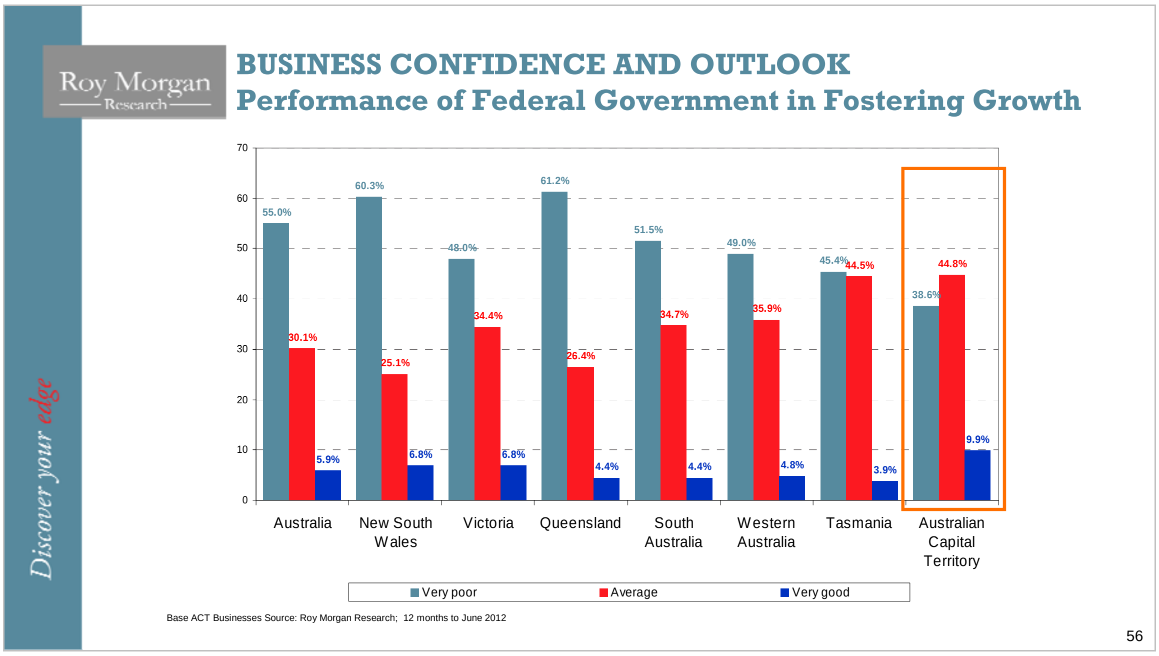


Business expectations highest in ACT

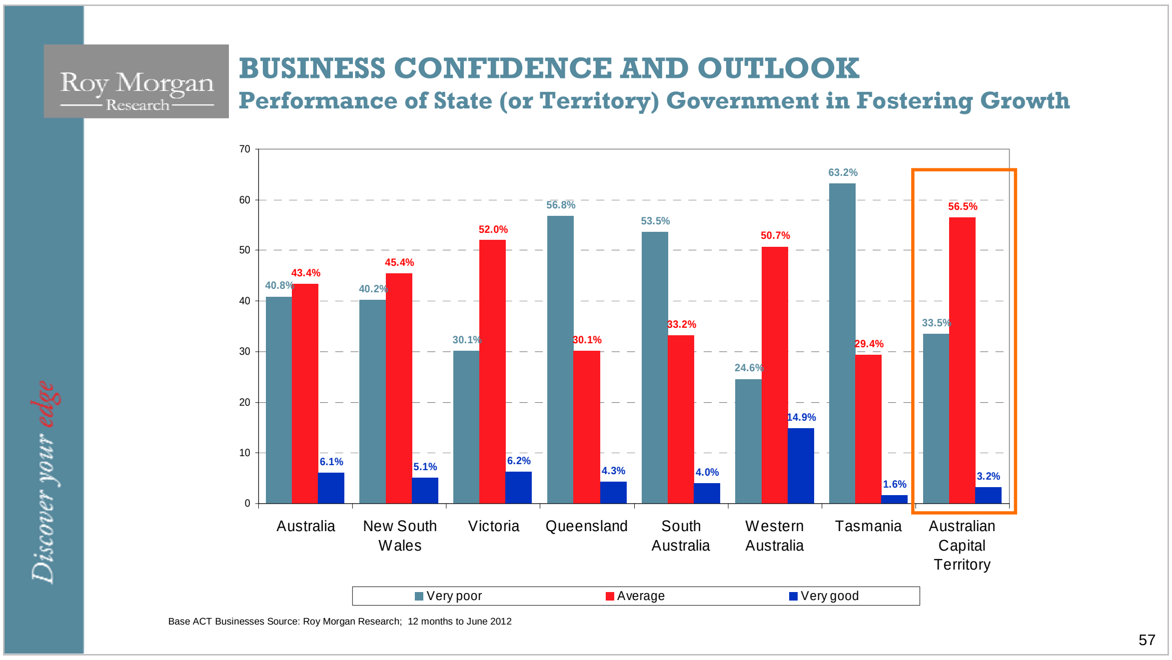
Business optimism never ceases to amaze me – when asked about expected performance in the next 12 months, 11% Australian businesses said decrease 42%; some 38% better – ACT was even more bullish!



Businesses across the country rate the performance of the Federal Government on fostering growth as 'Very poor' (55% nationally say this, only 6% say the Federal Government has been very good). Even in the ACT, the most positive of all, only 10% rate the Federal Government as very good in fostering growth.



The performance of the State Governments in fostering business growth was a little better than the Federal Government with 41% rating the State Governments' performance as 'Very poor'. The 'Very good' score was still very low at 6%. In the ACT, again the most positive some 33% rated the State Governments as very poor, and only 3% rated it as Very good, but 57% gave it a 'fair' or 'average' score.



So while people in the ACT are not fundamentally different to those in the city – they are not like the idea of 'Women are from Venus, Men are from Mars' or anything like that. They are not like East/West Berlin – there is no wall but there are differences.

Greater affluence, more educated, sophisticated, open-minded, early adopters, and confident/comfortable with the Government – healthy, wealthy and wise? Yes. Progressive? Yes

Understanding the differences makes a difference.

Canberrans healthy, wealthy wise: report ABC Online

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