This is not a ‘done deal’ election

By Michele Levine
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While Iraq has dominated the world stage over the last month, the domestic scene has hardly been devoid of drama.

We’ve seen more violence in Iraq, further unfolding of the layers of politics behind the war with continuing debate over Australia’s involvement.

On the domestic front Australia also witnessed some real action at the top end of town – News Limited announced its intention to leave Australia, board spills at the NAB and Telstra, and new developments in the ‘cash for comment’ saga.

This is the context within which Australia prepares to go to the Polls.

The electorate now supports the ALP but expects the Howard Government to be returned.

In mid-April, on the important question on which Party the electorate thinks will win the election, the L-NP regained its position ahead of the ALP. According to the Morgan Poll, more electors now think the L-NP will win the next federal election – 48.5%, than the ALP – 38%. While this represents an ALP setback, it is still a significantly stronger position than when Mark Latham was elected as Leader of the Opposition in early December – when only 24% thought the ALP would win the next election, compared to 60% the L-NP.

However, the ALP retains a large lead in voter support. In April, primary support for both major parties increased by 1.5%, the ALP to 45% and the L-NP to 41%. On a two-party preferred basis, support for both parties has remained fairly steady since the beginning of January 2004, with the ALP now at 54.5% and the Coalition 45.5%. If a Federal election had been held in mid-April, the ALP would have won easily.

Among the minor parties, support for the Greens was 7.5%, Australian Democrats 2%, One Nation 1.5%, and Other Parties and Independent Candidates 3%.

The States remain strongly ALP

In all States, the ALP has a comfortable lead in voter support. After a drop in March, the ALP in April returned to a near record high in Victoria, with primary support up 3.5% to 52%, as the Liberal Party slipped 2.5% to 33%. On a two-party preferred basis the vote for the ALP was 60.5% (up 2%) in a month, to L-NP at 39.5% (down 2%).

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In NSW during April, the ALP’s primary support fell 0.5% to 43.5%, while primary support for the Coalition was unchanged at 37.5%. On a two-party preferred basis, support for both the ALP and L-NP remained unchanged, with 57% for the ALP and 43% for the L-NP.

Although since January there has been a steady slide in support, if a State election had been held during April, the Carr government would have won easily.

In Queensland, support for the ALP on a two-party preferred basis was down 1.5% since the last Morgan Poll in February to 61.5%, with the L-NP up 1.5% to 38.5%. In South Australia and Western Australia, electoral stocks were essentially unchanged. On a two-party preferred basis the South Australian ALP was down 0.5% to 61.5%, with the L-NP up 0.5% to 38.5%, while the Western Australian ALP was up 0.5% to 55%, with the L-NP down 0.5% to 45%. In Tasmania, in the first trimester of 2004 (January to April), the ALP was down 3.5% to 49%, the L-NP was up 2.5% to 26%, and others up 1% to 25%.

Consumer Confidence drops reflecting a loss of optimism

The Roy Morgan Consumer Confidence Rating fell 6 points in April to 124.4. Although down, this is still the highest April result since 1994, and is 17.3 points higher than the April average of 106.9.

Asians’ analysis of whether now is a good time to buy major household items, such as electrical appliances or furniture continued to be positive, with 60% (up 1%) since March saying now is a good time to buy, and only 13% (up 1%) that now is a bad time to buy.
major household items. Australians’ assessment of their own present financial situation remains strong and in April, 33% (down 1%) say their personal financial situation is better now than it was this time last year, with 26% (up 1%) saying they are now worse off.

The fall in the Roy Morgan Consumer Confidence Rating in April was driven by a decline in Australian optimism about Australia as a whole, both in the short term, and the longer term. The proportion of people expecting Australia to experience good economic conditions over the next five years fell 4% to 35%, with those expecting bad economic times over the same period rising 5% to 18%. Peoples’ predictions for the economy in the shorter term were also down, with 43% (down 5%) expecting Australia to see good economic times over the coming year, compared to 19% (up 5%) expecting bad times.

Looking ahead, Australians are also personally less optimistic than last month about the following year, 42% (down 4%) expect to be better off financially this time next year, while 13% (up 3%) expect to be worse off.

This appears to reflect uncertainty about the future – not surprising, given the context of terrorism and international unrest and uncertainty – rather than the beginning of a downturn in the Australian economy.

The sleepers
It must also be remembered that consumer confidence in Australia remained high throughout the last few years when the US economic difficulties saw consumer confidence in the United States drop to very low figures. It was generally considered that much of our resilience stemmed from the comfort of solid (and increased) house values – largely a function of low interest rates. However, with domestic inflation up to 4% in the March quarter, and the Government about to cut taxes and increase spending – both inherently inflationary strategies – interest rates must go up. It’s just a question of when. Politically of course (this is a political question) a substantial increase in interest rates before the election would be extremely difficult for the Howard Government. It would diminish the L-NP’s ‘good economic manager’ image in the eyes of the electorate.

In an address to the AICD last week, on corporate governance, Colin Benjamin focussed on what he calls the ‘Triple Ts’ – Truth, Trust and Transparency. Every day it seems that these qualities are more allusive. There are big questions over the governance of some of our major corporations. The recent exposé of seemingly unstoppable ‘cash for comment’ must surely be The Cash For Comment Affair III. We now have a new public debate over perceived political bias of the Australian Broadcasting Authority Chairman. Professor David Flint, and his association with Sydney talk back radio host Alan Jones and even questions over the Prime Minister’s relationship with the men. While they may be examples of how our leading “shock jocks” unwittingly entertain us, these affairs raise serious questions of independence, integrity and transparency in our media.

The Truth, Trust and Transparency are as relevant for Australian society in the broadest sense, as they are for shareholders.

When asked which party would be better for ‘open and honest government’, Roy Morgan Research finds the electorate divides: 43% ALP, 34% L-NP and a large 23% can’t say.

The top job is open for the leader who can convince the Australian electorate that he and his party will embody, engender and enforce these values.

The next few weeks will be interesting, as we see the two leaders approach this issue in very different ways, each playing to their particular strengths.

The Prime Minister appears set on using a combination of strong national imagery, for example Iraq on Anzac Day and personal dignity. Opposition Leader Mark Latham, in a very different hands-on approach, is literally taking to the streets – in a series of Town Hall meetings.

The outcome of it all at the next Federal election is by no means a ‘done deal’.