



TheMorganPollReview



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A delicate balance national security and domestic issues

The trend over the last few years has clearly shown that the L-NP gains support when international issues and concerns over national security are on the minds of the Australian electorate. As these issues move into the background, and more domestic issues come to the fore, the ALP gains support. The most recent Roy Morgan Political Issues Survey conducted in May showed the most important issues the electorate want the Federal Government to do something about were health (62 per cent) and education (55 per cent). Defence, including national security and war on terrorism, (21 per cent) was still a high priority for Australian electors, although mentioned less often than in December 2002 when 28 per cent of electors believed it was an issue the Federal Government should do something about. It is important to note that in December 2002 when national security and defence issues were at their peak level of concern, domestic issues of health and education dropped by around a third.

Since the fall of Iraq, the Morgan Poll has consistently shown a Federal election would be too close to call; the only exception being late May when the

Governor-General resigned. At that time the ALP was clearly ahead (53 per cent vs 47 per cent). Amidst continuing questions, the electorate approached August with the major parties neck to neck - L-NP 50 per

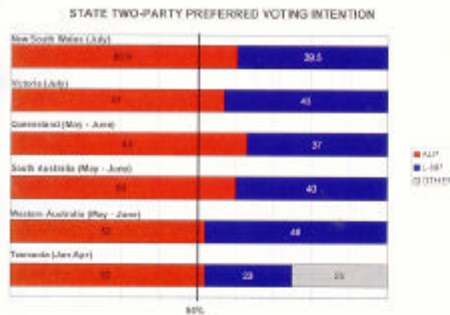
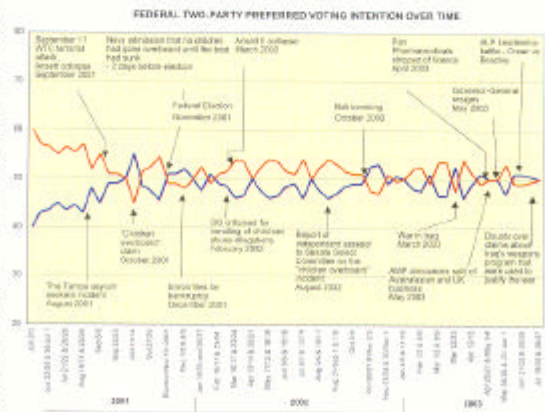
cent to ALP 50 per cent on a two-party preferred basis.

The overall high Consumer Confidence levels are currently driven by optimism about future economic conditions for Australia

The Morgan Poll is conducted by interviewing a nationwide sample of people face-to-face in their homes each weekend. Face-to-face interviewing has been shown to produce consistently more accurate measures of the electorate's voting intention. The Morgan Poll results are substantially different to telephone polls, such as News

Limited's poll and The Age's poll which are showing stronger support for the L-NP. Our experience has shown telephone polls to be more strongly influenced by the current media, and the results are often biased toward the most coverage on the day. The electorate is in reality more stable

than these polls reflect. Confidence in the economy among the electorate is still relatively high. The Roy Morgan Consumer Confidence Rating in July was 123.2 (20.4 points higher than the July average). This appears to be driven by low interest rates and the housing boom. In addition, the high Australian dollar also generally translates positively into consumer's confidence in the economy. However, as companies reliant on exports announce low profits and financial difficulties, Consumer Confidence will be put under pressure. This is particularly so if there is a flow through to job losses. Unemployment remains fairly low despite slight increases in the last three quarters. The Roy Morgan Unemployment Estimate for July at 8.2 per cent - up 0.2 per cent from the June 2003 Quarter. By including those people who are looking for work



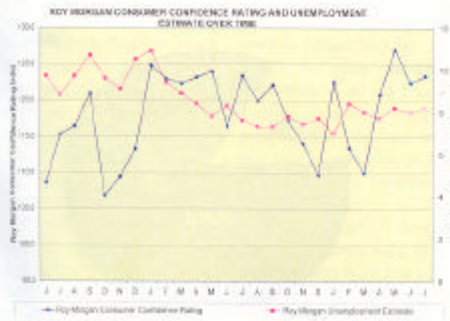
but did not actively seek work in the four weeks up to the end of the reference week, the Roy Morgan Unemployment Estimate presents a more accurate picture of the true state of unemployment in Australia than the Australian Bureau of Statistics Unemployment Estimate.

Looking at the bigger picture, the trend in unemployment has been down since the high levels of the latter part of 2001. However, the downward trend has flattened out, and there is some sign of a reversal.

The overall high Consumer Confidence levels are currently driven by optimism about future economic conditions for Australia. However, closer to home, the story is not so rosy. In July, for the first time in over a year, more people say they are now financially worse off (than better off) compared with last year (33 per cent worse off; 30 per cent better off). People's perception of their own economic condition has not been this low since just after the last Federal election.

This suggests a degree of fragility in the electorate. The recent announcement that GDP in the US is growing at an annualised 2.4 per cent for the second quarter, against an expectation of 1.5 per cent, may be indicative that the US economy is on the mend. This would have a medium to longer term positive effect on the Australian economy, but will not necessarily mean an increase in Consumer Confidence as it may mean interest rates have to increase.

At the State level, where the issues of concern to consumers, ie health and education, are not competing for relevance with national security issues, all ALP Governments are enjoying majority support of their electorates. In most cases, the ALP lead is at a comfortable level - only in WA is support marginal.



Roy Morgan Political Issues Survey

Three Most Important Things The Federal Government Should Be Doing Something About (Unaided)

Summary Issues	Electors			
	Mar '01	Oct '01	Dec '02	May '03
	%	%	%	%
Health/ hospitals	n/a	n/a	n/a	55
Medicare	n/a	n/a	n/a	10
Total health	34	50	39	62
Education/ schools	37	54	38	55
National security	n/a	4	14	8
Improve defence	n/a	9	8	8
War on terrorism	n/a	3	8	5
Other Defence	n/a	n/a	3	-
Total defence/security	4	16	28	21
Environment (general)	n/a	n/a	n/a	14
Water conservation	n/a	n/a	n/a	5
Total environment	11	9	14	17
Unemployment	22	19	18	15
Immigration	8	21	16	15
Social welfare and the aged	27	23	19	11
Law and order	10	9	8	9
Taxation/lower taxes	3	4	6	6
Tax reform	3	3	5	1
Taxation/no GST	8	11	2	1
Other taxation issues	1	1	2	-
Total taxation	15	18	13	8
Transport/ roads	8	5	6	7
Economy and finance	15	7	5	7
Housing/ homeless	1	1	1	4
Industry and business	8	5	8	2
Trade and foreign policy	6	6	6	2
Child and youth issues	5	4	5	2
Family issues	3	2	3	2
Drugs and related issues	11	5	2	2
Rural Australians / More support for farmers	3	2	-	2
Superannuation / self-funded retirees	n/a	n/a	n/a	2
Quality of Govt./politicians	6	3	6	1
Aboriginal issues	3	1	2	1
Petrol prices	8	1	1	1
Work conditions	4	4	4	*
Equality	5	3	1	+
Promote research	2	1	-	+
Morality Issues	n/a	2	3	-
Interest rates	1	*	*	-
Others	10	10	11	11
Total mentioned an issue	95	97	93	96
Can't say	5	3	7	4
Total	100	100	100	100

* Not mentioned. + Less than 0.5%. n/a Not available. Multiple answers allowed.