Ref: [\\rmmelnts1\clients\admin\exective\ltrml\presentn\mood electorate fed election 2004geelong.doc;6]

What People Want and Expect from Government- A Roy Morgan Enquiry

LGPRO 2005 Annual Conference
Melbourne Park Function Centre, Australia
February 16, 2006
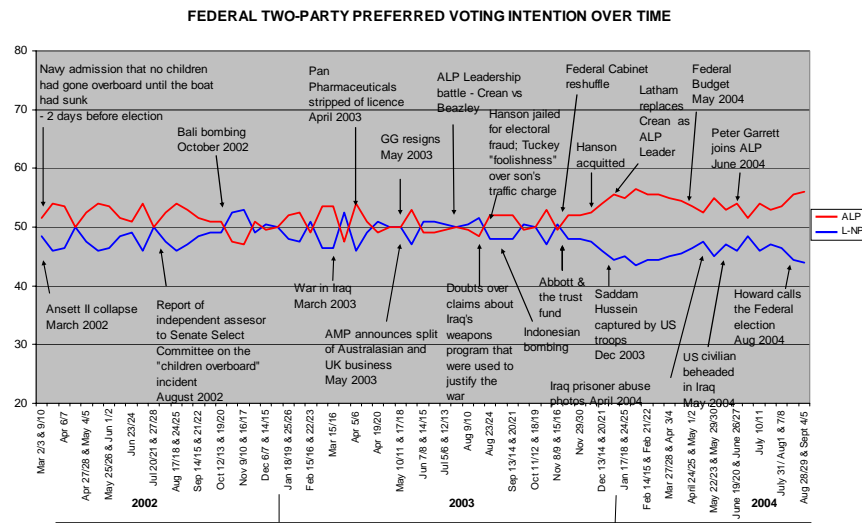
By

Michele Levine, Chief Executive

In the next five years local Government will be more important, not less, according to the majority of Australians. Fifty-six percent of Australians surveyed in a special Roy Morgan Survey said local Government will be more important in the next five years; only, 23% said that local Government would be less important in the next five years, 13% said that it would remain the same and 8% couldn't say.

But this is not new lets look at what we have been confronted with in the last six years.

On Budget night May 2001, support for the L-NP Government was at a record low, Consumer Confidence was low, real unemployment was high, the Australian dollar was low, and the economy was stalled on the GST. Gary Morgan and I presented a paper to CEDA and PricewaterhouseCoopers. The paper was, in hindsight, prophetically entitled; "*Only Real Leadership Or A Crisis Can Save The L-NP Coalition*".
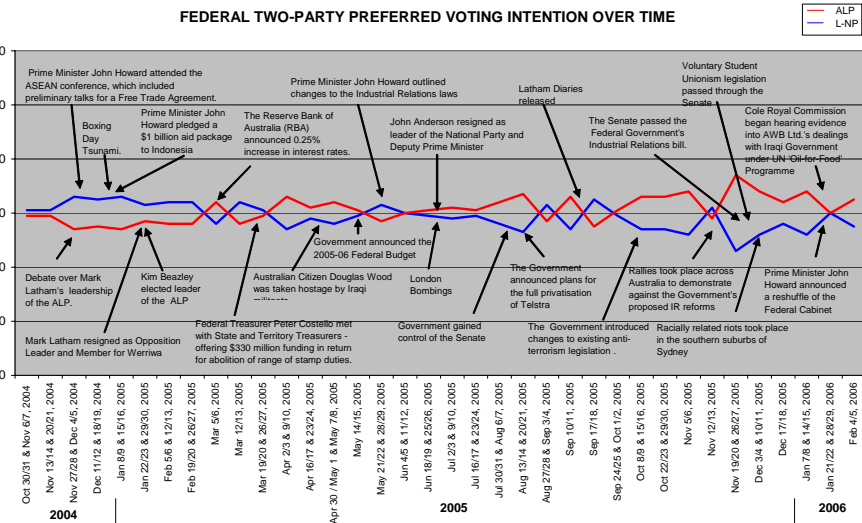
Trend of voting over time 2002-2004

FEDERAL TWO-PARTY PREFERRED VOTING INTENTION OVER TIME

© Roy Morgan Research

Trend of voting over time 2004-2006

FEDERAL TWO-PARTY PREFERRED VOTING INTENTION OVER TIME

© Roy Morgan Research

Of course history tells us that we did indeed have a crisis. After the budget, in which the unpopular GST was introduced, we saw:

- Tampa - The asylum seeker incident in August 2001
- September 11, 2001 - The terrorist attack on the World Trade Centre in New York
- Ansett collapse
- Children overboard claims - Reports that asylum seekers were throwing their children overboard, followed by questions on the accuracy of the reports. Navy admission that

2

no children had gone overboard until the boat had sunk (two days before the election) and questions over whether and when the Government had known.

In October 2001, The L-NP was re-elected to Government.

This was followed by:
- The Bali bombing.
- War in Iraq over "weapons of mass destruction", later to be questioned
- Photos of Iraqi prisoners being abused by US captors
- US civilian beheaded in Iraq, and casualties of war.

If the 2004 Federal Election had been held on September 3, the ALP would have won. But of course it was not. On September 9, 2004 the Australian Embassy in Jakarta Indonesia was bombed.

Following the return of the Howard Government in October 2004 we saw:
- The Boxing Day tsunami
- London bombings
- At home the plan for full privatization of Telstra
- The IR Bill Passed, foreshadowing dramatic changes to workplace relations in this country
- Racially related riots in Sydney suburbs
- The Australian Wheat Board dealings with the Iraqi Government – and our Federal Government and largest company BHP Billiton drawn into the web.
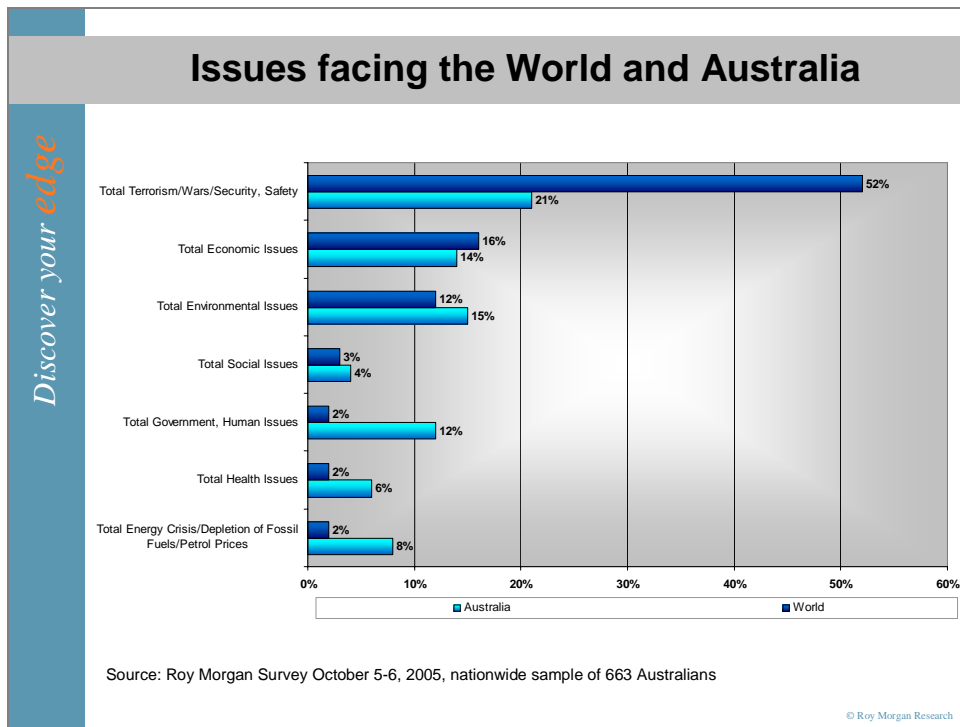
People and Governments in the 21st Century are being shaped and buffeted by many forces:

- Terrorism, wars and conflict
- Poverty
- Environmental issues
- Globalisation
- Corruption at all levels
- Technology and the communication revolution
- Ageing population
- Education, et cetera, et cetera.

And most importantly how people are responding to these issues:

When asked what they think are the most important issues facing the world and Australia the majority of Australians (52%) see terrorism, wars and security issues as the most important issues facing the world, ahead of economic issues (16%) and environmental issues (12%).

Terrorism and security issues also top the list as most important for Australia, albeit mentioned by fewer people (21%) with environmental issues second at 15% ahead of economic issues at 14%.

Issues facing the World and Australia

Source: Roy Morgan Survey October 5-6, 2005, nationwide sample of 663 Australians

© Roy Morgan Research

Lets look at some of these -
The Environment

There is evidence of heightened concern about the environment.

In a paper presented by Hugh Morgan at the Forbes Conference, "environmental issues" was identified as the most important issue for Australia – from the Roy Morgan Opinion Leaders Survey.

Results of a survey conducted exclusively for the World Economic Forum by Gallup International, interviewing more than 60,000 citizens in over 60 countries, representing over 1.3 billion of the world's population at the end of last year, but before the Asian Tsunami disaster, found:

"*Protecting the environment*" was in the 'Top 5' most important priorities for world leaders
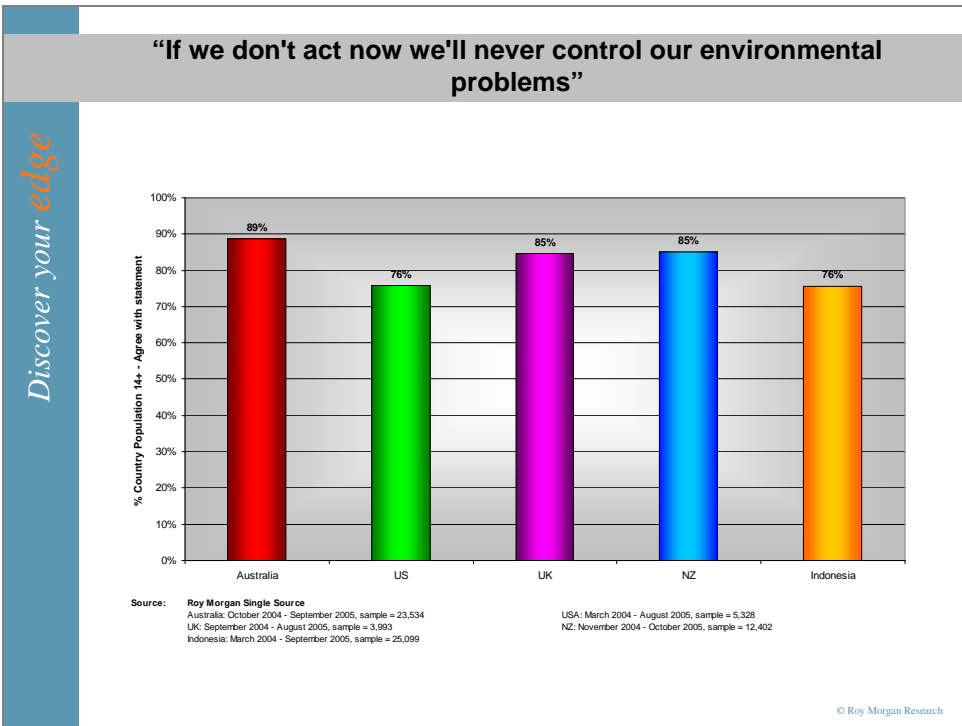
The vast majority of people surveyed in Australia, New Zealand, the USA, the UK and Indonesia believe that "*If we don't act now, we'll never control our environmental problems*".

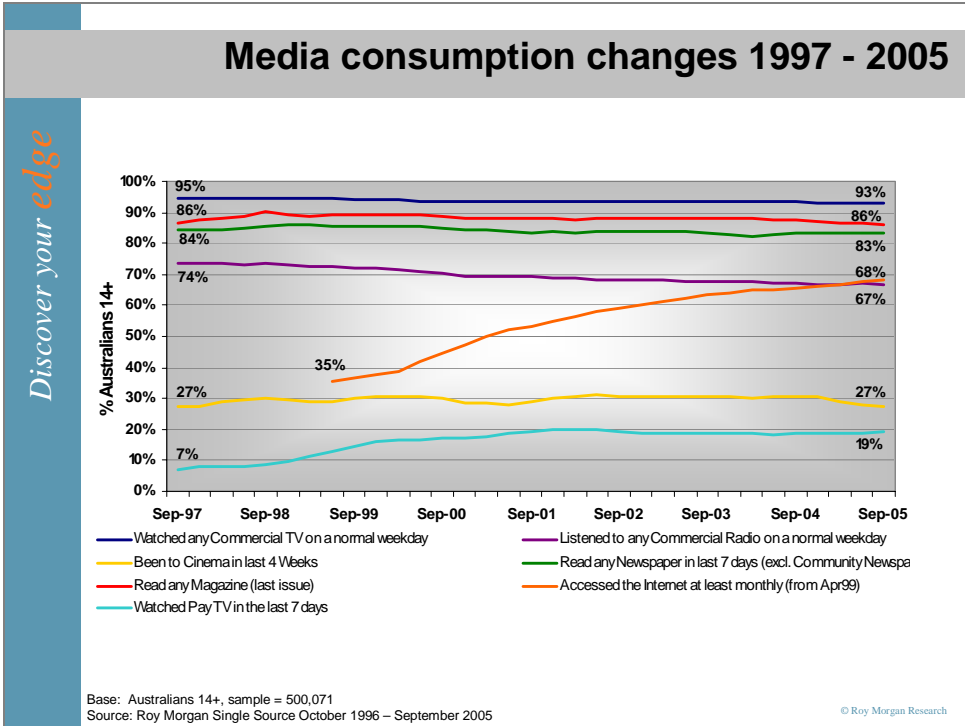## Environmental Issues identified as most important issue for Australia

Most important problem facing	The World (%)	Australia (%)
Poverty; the gap between the rich & poor	28	15
Religious fundamentalism	16	8
Environmental issues	*13*	*22*
Terrorism	11	4
Wars and conflicts	9	2
Globalisation / fairer world trade	5	7
Human rights	5	5
Corruption	5	4
Economic Problems	3	7
HIV / Aids and other health issues	3	1
Educational issues	1	12
Drugs and Drug Abuse	*	7
Refugees, refugee and asylum problems	*	4
Crime	*	1
Unemployment	*	1

Source: Affluent Opinion Leaders and Shareholders

© Roy Morgan Research

"If we don't act now we'll never control our environmental problems"

Source: **Roy Morgan Single Source**
Australia: October 2004 - September 2005, sample = 23,534   USA: March 2004 - August 2005, sample = 5,328
UK: September 2004 - August 2005, sample = 3,993   NZ: November 2004 - October 2005, sample = 12,402
Indonesia: March 2004 - September 2005, sample = 25,099

© Roy Morgan Research

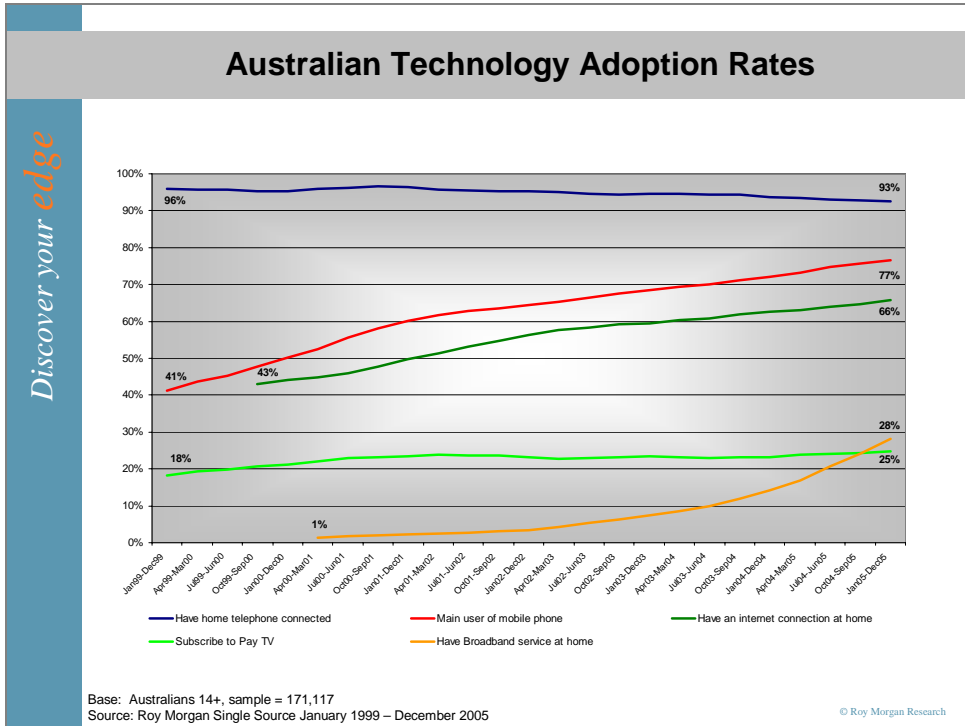**Technology and Communications**

The last 10 years have seen dramatic change in media – predominantly focused on Internet take-up.
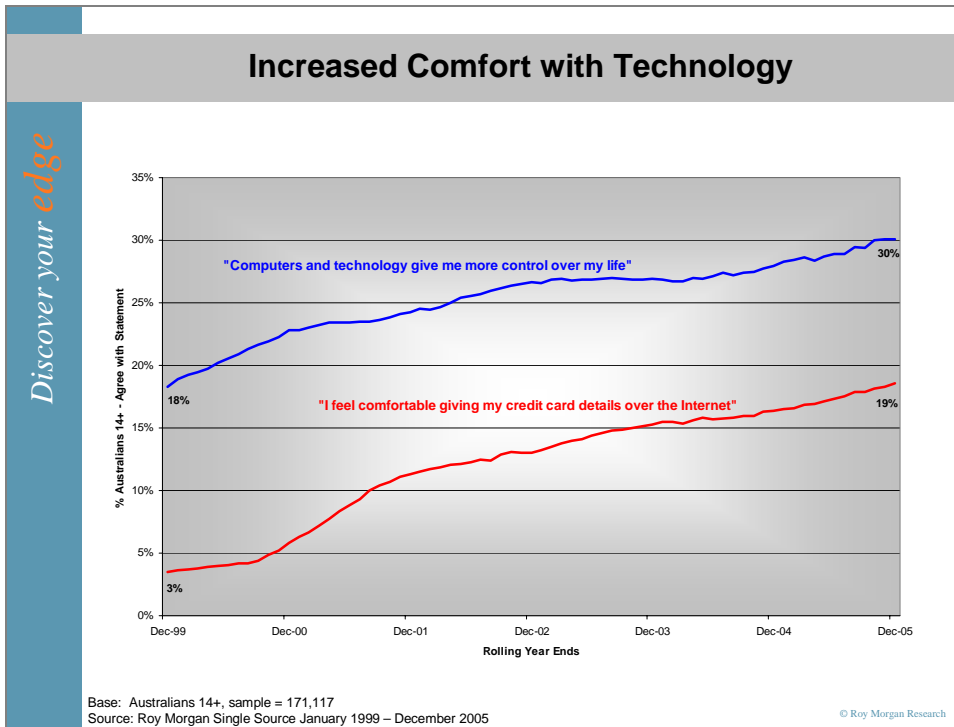
Media consumption changes 1997 - 2005

% Australians 14+

100%
95% ... 93%
90% 86% ... 86%
84% ... 83%
74% ... 68%
70% ... 67%
35%
27% ... 27%
19%
7%

Sep-97 Sep-98 Sep-99 Sep-00 Sep-01 Sep-02 Sep-03 Sep-04 Sep-05

— Watched any Commercial TV on a normal weekday
— Listened to any Commercial Radio on a normal weekday
— Been to Cinema in last 4 Weeks
— Read any Newspaper in last 7 days (excl. Community Newspa
— Read any Magazine (last issue)
— Accessed the Internet at least monthly (from Apr99)
— Watched Pay TV in the last 7 days

Base: Australians 14+, sample = 500,071
Source: Roy Morgan Single Source October 1996 – September 2005

© Roy Morgan Research

In technology broadly we see the impact of mobile phones, the Internet and broadband, and an indication of fall-off of fixed line telephony.

Australian Technology Adoption Rates

100%
96% ... 93%
90%
80% ... 77%
70% ... 66%
60%
50%
43%
41%
40%
30% ... 28%
18% ... 25%
20%
10%
1%
0%

Jan99-Dec99 Apr99-Mar00 Jul99-Jun00 Oct99-Sep00 Jan00-Dec00 Apr00-Mar01 Jul00-Jun01 Oct00-Sep01 Jan01-Dec01 Apr01-Mar02 Jul01-Jun02 Oct01-Sep02 Jan02-Dec02 Apr02-Mar03 Jul02-Jun03 Oct02-Sep03 Jan03-Dec03 Apr03-Mar04 Jul03-Jun04 Oct03-Sep04 Jan04-Dec04 Apr04-Mar05 Jul04-Jun05 Oct04-Sep05 Jan05-Dec05

— Have home telephone connected
— Main user of mobile phone
— Have an internet connection at home
— Subscribe to Pay TV
— Have Broadband service at home

Base: Australians 14+, sample = 171,117
Source: Roy Morgan Single Source January 1999 – December 2005

© Roy Morgan Research

Increased comfort with the technology is obvious – with substantially more Australians now agreeing:

> *"Computers and technology give me more control over my life."*
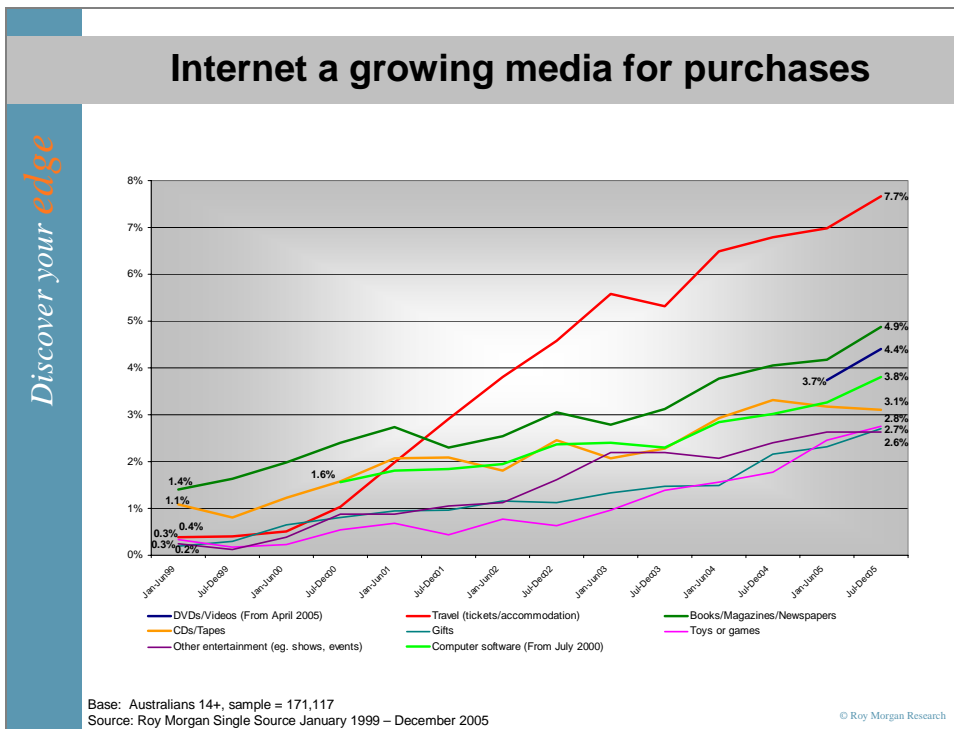> *"I feel comfortable giving my credit card details over the Internet."*

Increased Comfort with Technology

Discover your *edge*

% Australians 14+ - Agree with Statement

"Computers and technology give me more control over my life"

"I feel comfortable giving my credit card details over the Internet"

Base: Australians 14+, sample = 171,117
Source: Roy Morgan Single Source January 1999 – December 2005

© Roy Morgan Research

The channels to the consumer are now greater than ever before and increasing faster than ever.

"The sheer size and dynamic nature of two of the world's fastest growing areas of commercial activity have ensured that technology and tourism are increasingly interdependent and that, indeed, technology is dictating the restructuring of the entire tourism industry."

> D Walker (1997) and Lord Marshall (2000) on the *World Wide Web and Digital Television...*Source: Journal of Vacation Marketing April 2001: *Consumers, Travel and Shopping – A Bright Future for Web or Television Shopping*

The Internet has radically changed distribution channels and patterns. It has changed the way almost every business or organization operates; the way every business communicates with its customers and constituents as well as the way consumers relate to their world.

Internet a growing media for purchases

Discover your edge

Base: Australians 14+, sample = 171,117
Source: Roy Morgan Single Source January 1999 – December 2005

© Roy Morgan Research

High Yield Strategies

Another trend that we see in our dealings with clients is the trend towards "high yield strategies".

This is the strategic focus employed by an increasing number of businesses and industries - it's about targeting the high value high yield customers – about value rather than volume.

Globalisation

"Globalisation brings more problems than it solves" is a fairly widely held view – even in the US. The latest Roy Morgan International research shows that a majority of Australians (59%) believe *"Globalisation brings more problems than it solves"*, as do 58% in the UK, 54% in New Zealand and 50% in the US. But Indonesia showed the strongest response – 63% of Indonesians believe "Globalisation brings more problems than it solves."
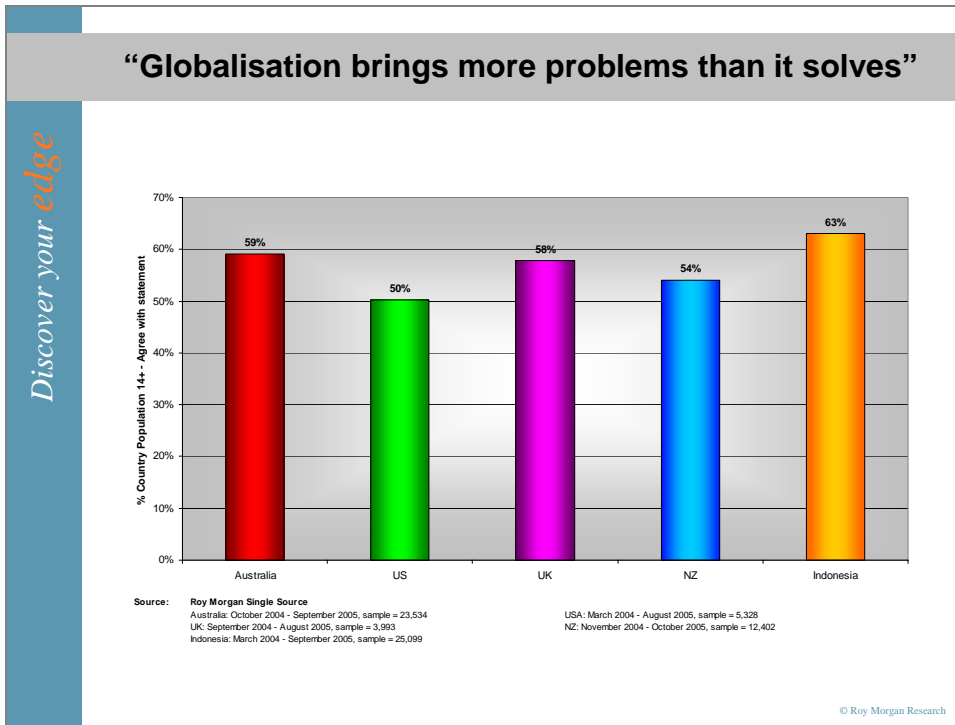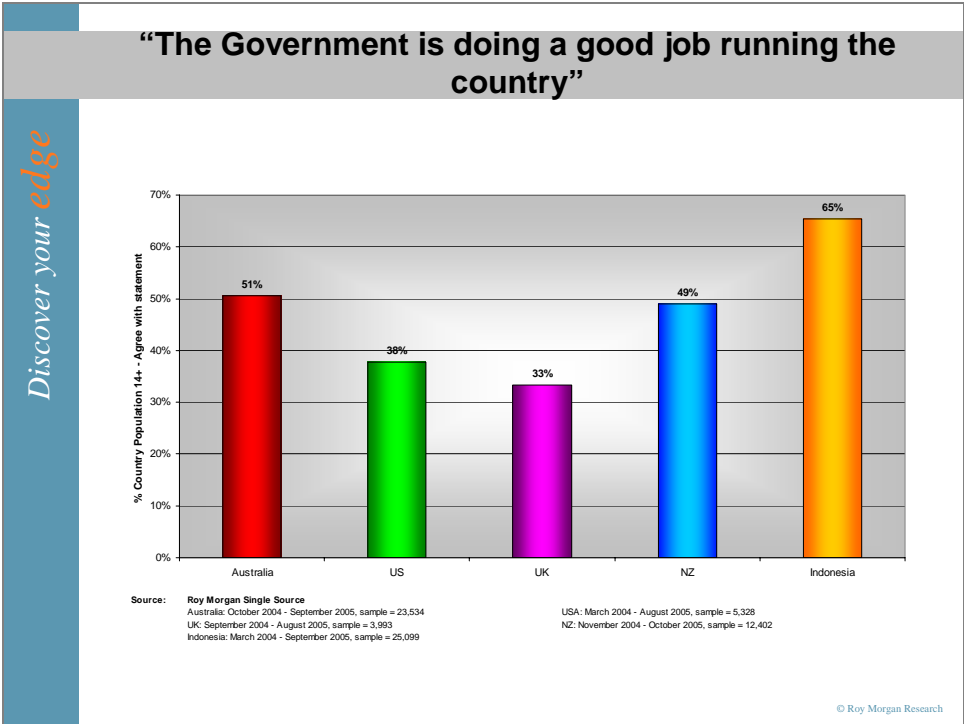
What about the Government?

The question of "Trust" has been a topical one, to say the least, in recent times.

The net result, 59% of Australians *"don't trust the current Australian Government"*. 46% of Americans *"don't trust the current US Government"*, 43% of New Zealanders do not trust their Government, and a large 57% in the UK do not trust their Government. This UK figure represents a 16% increase in distrust since 2001 – when only 41% said they did not trust the Government. Only 32% of Indonesians do not trust their Government.
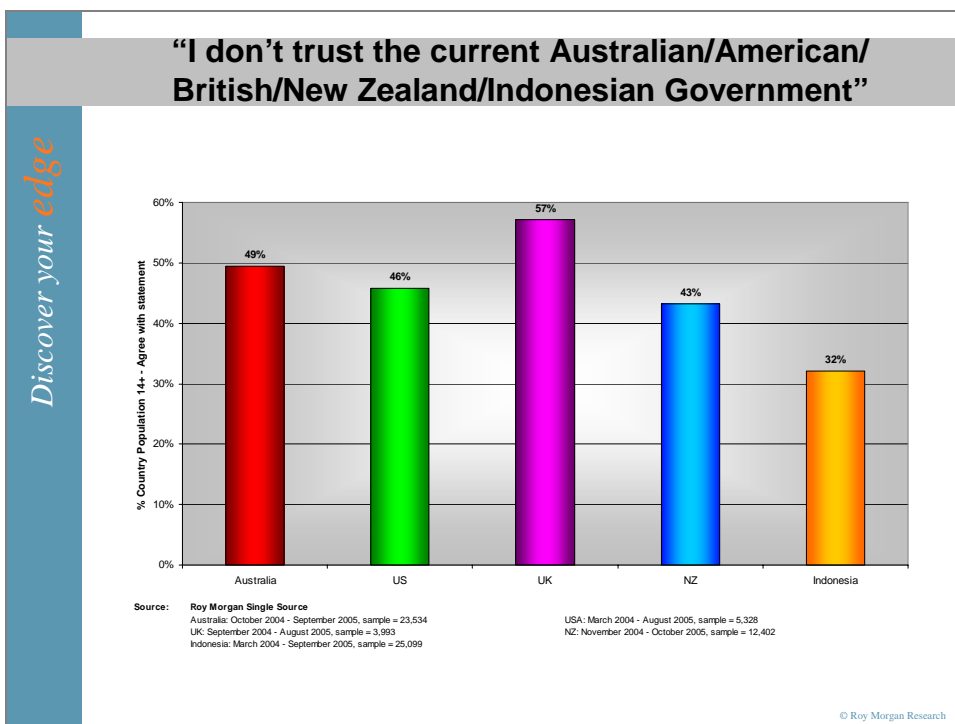
On the question of whether the Government is doing a good job running the country, Indonesia was the only country where majority approval was recorded (65%). Closest is Australia where 51% consider their Government is doing a good job, followed by New Zealanders at 49%, and the US at 36%. In the UK only one-in-three, or 33% now consider their Government to be doing a good job running the country (this is down from 42% in 2001).
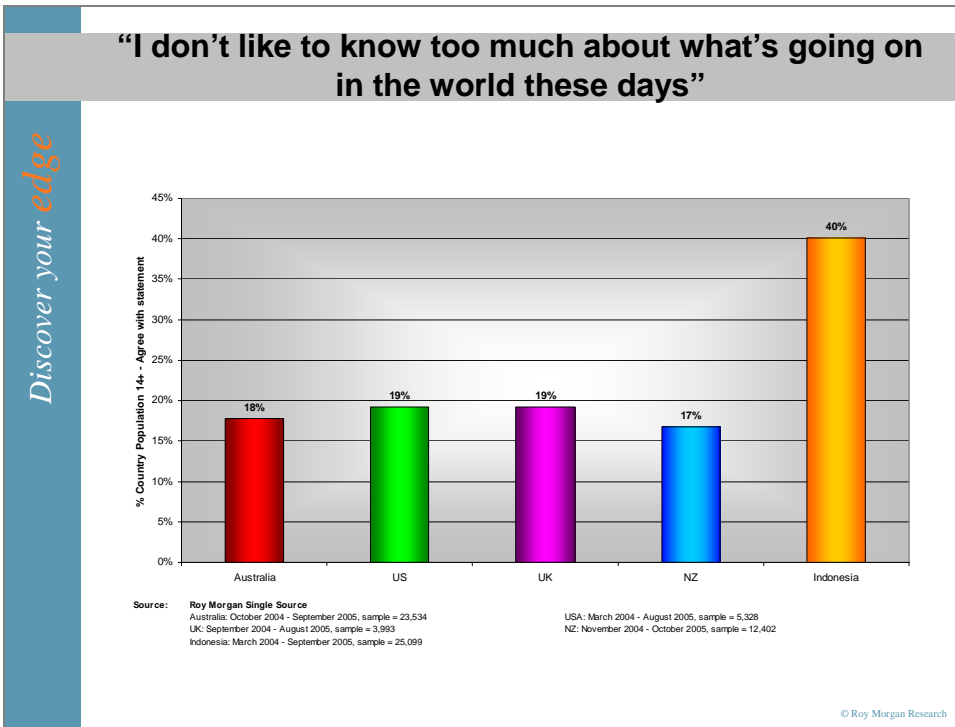
Generally, movements in this question relate to the economic state of the country – so the Government is considered to be doing a good job when the economic indicators are positive.
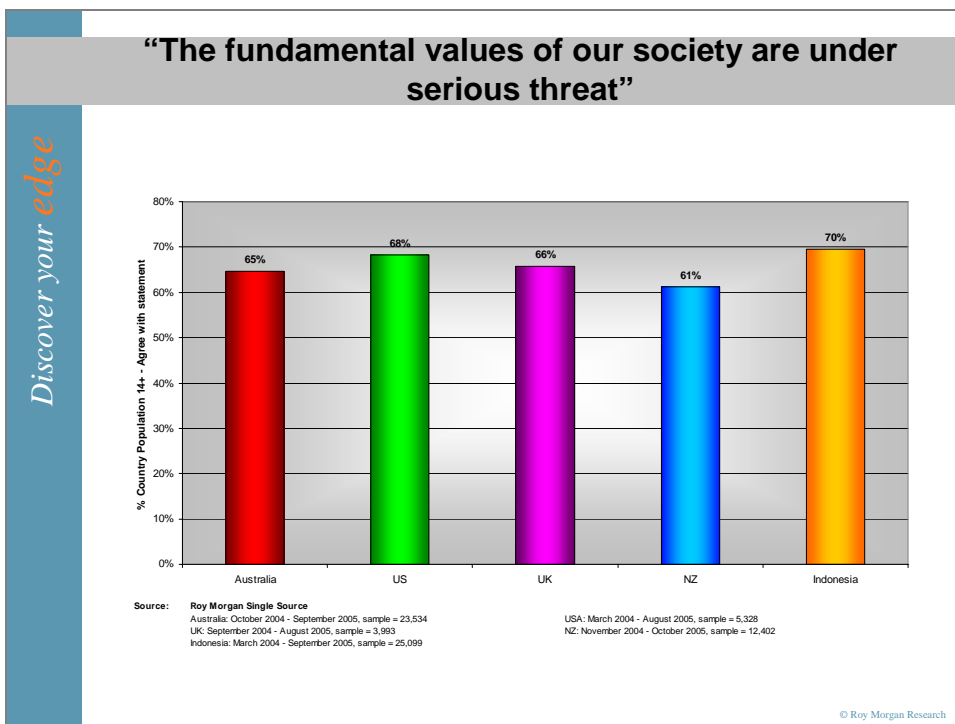
"The Government is doing a good job running the country"

Source: **Roy Morgan Single Source**
Australia: October 2004 - September 2005, sample = 23,534   USA: March 2004 - August 2005, sample = 5,328
UK: September 2004 - August 2005, sample = 3,993   NZ: November 2004 - October 2005, sample = 12,402
Indonesia: March 2004 - September 2005, sample = 25,099

© Roy Morgan Research

There was fairly remarkable consistency across the four countries in the next three related issues.
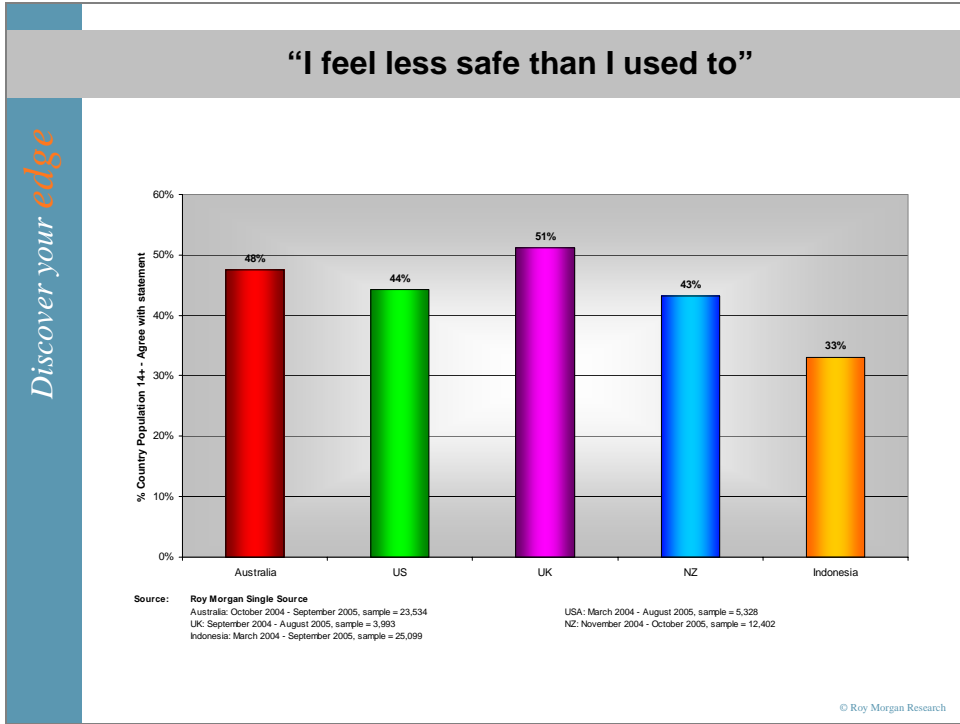
Over 70% in all countries agreed *"I really want to enjoy things now because I just don't know what the future will bring"*.

On the question designed to pick up a sense of withdrawal *"I don't like to know too much about what's going on in the world these days"*, less than 20% in all countries agreed – the exception being Indonesia where 40% did not want to know too much.

"I don't like to know too much about what's going on in the world these days"

% Country Population 14+ - Agree with statement

Australia	US	UK	NZ	Indonesia
18%	19%	19%	17%	40%

Source:
Roy Morgan Single Source
Australia: October 2004 - September 2005, sample = 23,534
UK: September 2004 - August 2005, sample = 3,993
Indonesia: March 2004 - September 2005, sample = 25,099
USA: March 2004 - August 2005, sample = 5,328
NZ: November 2004 - October 2005, sample = 12,402

Discover your edge

© Roy Morgan Research

A two-third majority in all countries agree *"the fundamental values of our society are under serious threat"*, Indonesia topping the list with 70% of that view. Around half the populations in all countries claim to feel less safe than they used to. In Australia and the UK, 50% claim to feel less safe. In the US and NZ the figure is somewhat lower at 44% and 43% respectively. Indonesia is lowest with 33% feeling less safe.

"The fundamental values of our society are under serious threat"

% Country Population 14+ - Agree with statement

Australia	US	UK	NZ	Indonesia
65%	68%	66%	61%	70%

Source:
Roy Morgan Single Source
Australia: October 2004 - September 2005, sample = 23,534
UK: September 2004 - August 2005, sample = 3,993
Indonesia: March 2004 - September 2005, sample = 25,099
USA: March 2004 - August 2005, sample = 5,328
NZ: November 2004 - October 2005, sample = 12,402

Discover your edge

© Roy Morgan Research

So on a daily basis what does this mean?

Roy Morgan Consumer Confidence is still relatively high - although no longer the record highs we saw last year.
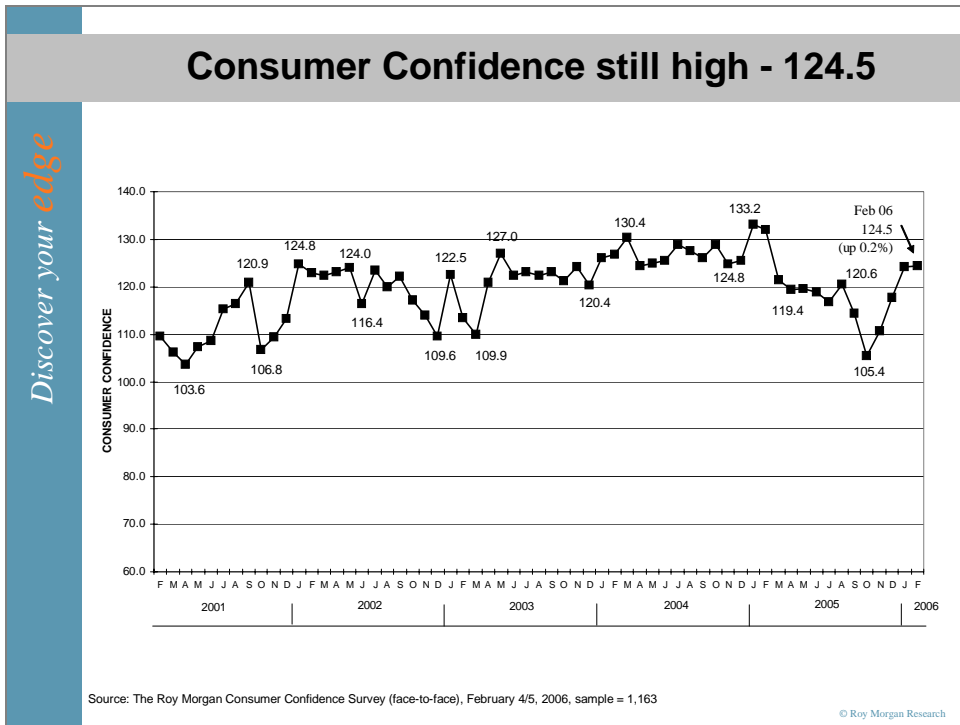
Consumer spending is up driven by spending on the Internet, mobile phones and mortgage interest payments.

…Spending more on products & services

Product & Service	Weekly Household Expense 2003/04		Change from 1998/99
Spend on the Internet	$ 0.94	↑	236%
Spend on Mobile Phones	$12.36	↑	183%
Spend on Mortgage Interest Payments	$38.24	↑	47%
Spend on Education	$16.32	↑	41%
Spend on Childcare	$ 4.78	↑	34%
Spend on Health Insurance	$17.66	↑	34%
Spend on Petrol	$29.72	↑	26%
Spend on Landlines	$16.42	↑	15%
Spend on Travel	$45.36* *Weekly per person 14+ expense 2004/05	↑	14%* *Change from 2000/01

The overall increase in average weekly household expenditure on goods and services between 1998-99 and 2003-04 was $184 or 26%. Over the same period the price of goods and services, as measured by the CPI, rose by 18%.

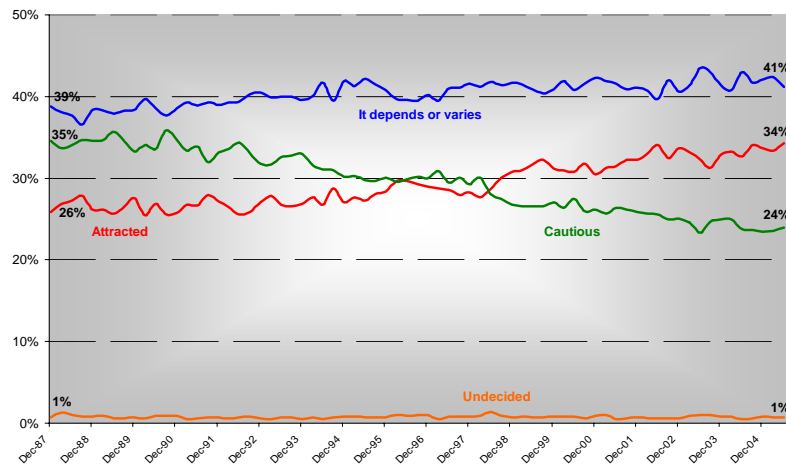Source: Australian Bureau of Statistics Household Expenditure Survey 2003-04
* Roy Morgan Single Source, total weekly value per person of all trips in the last 12 months, Jul04-Jun05 compared with Jul00-Jun01

© Roy Morgan Research

Discover your edge

This spending is underpinned by some very slow but fundamental shifts emerging in the Australian psyche. Australians are becoming more open to new things. Now more Australians consider themselves "attracted to new things" rather than "cautious".

Attitude to new things

Discover your edge

It depends or varies — 39% ... 41%
Attracted — 26% ... 34%
Cautious — 35% ... 24%
Undecided — 1% ... 1%

Dec-87 Dec-88 Dec-89 Dec-90 Dec-91 Dec-92 Dec-93 Dec-94 Dec-95 Dec-96 Dec-97 Dec-98 Dec-99 Dec-00 Dec-01 Dec-02 Dec-03 Dec-04
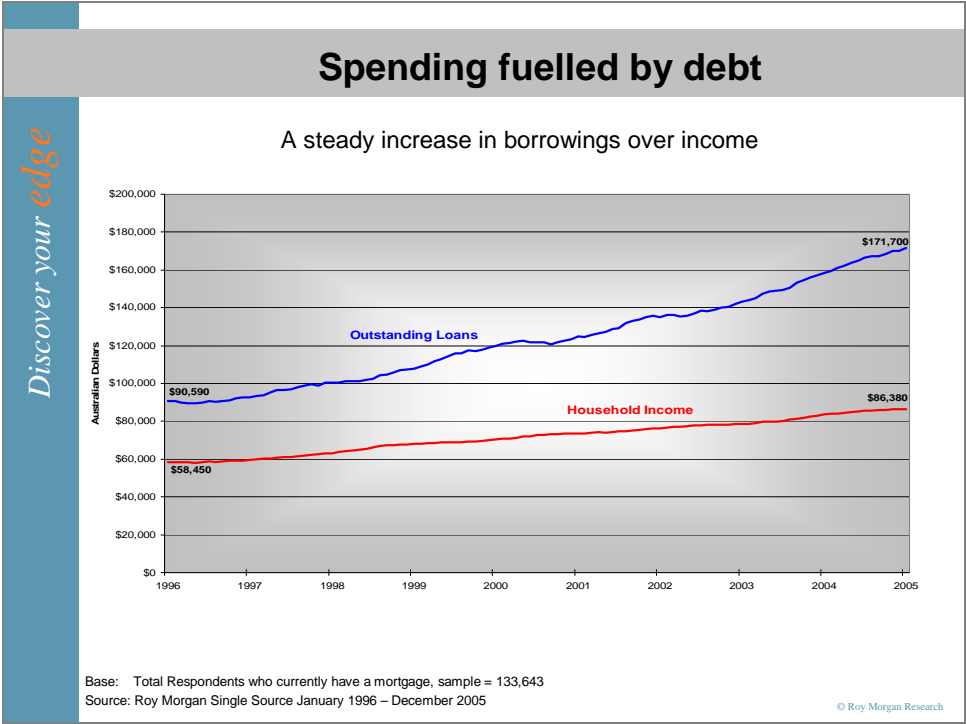
Base: Australians 14+, approximately 50,000 respondents per year
Source: Roy Morgan Single Source Australia, September 1987 – December 2005

© Roy Morgan Research

Progressive versus Traditional

Base: Australians 14+, approximately 50,000 respondents per year
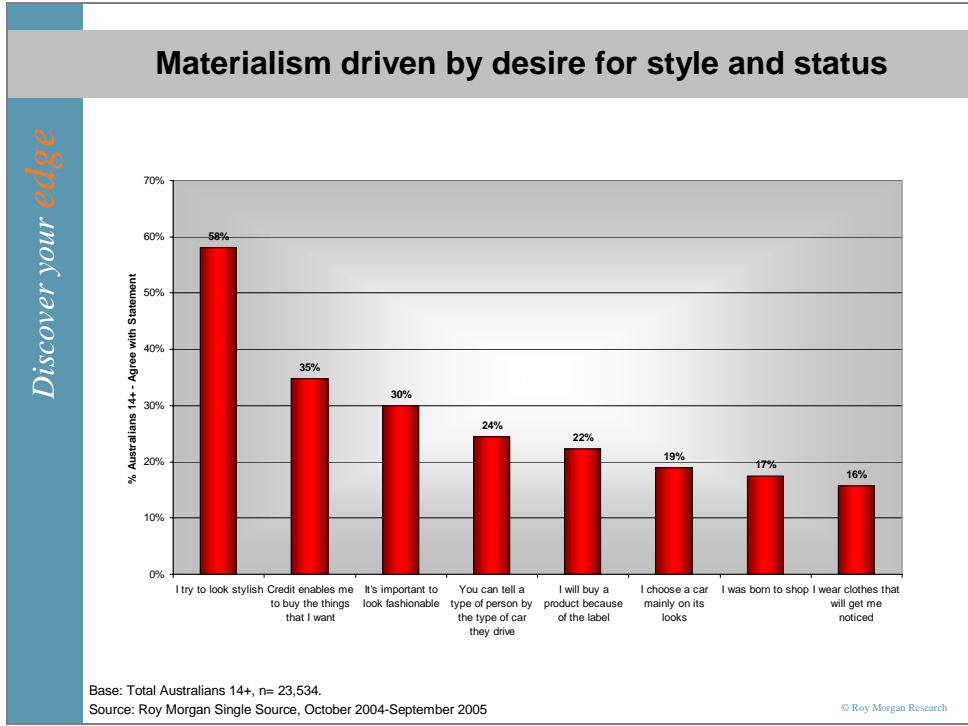Source: Roy Morgan Single Source Australia, September 1987 – December 2005
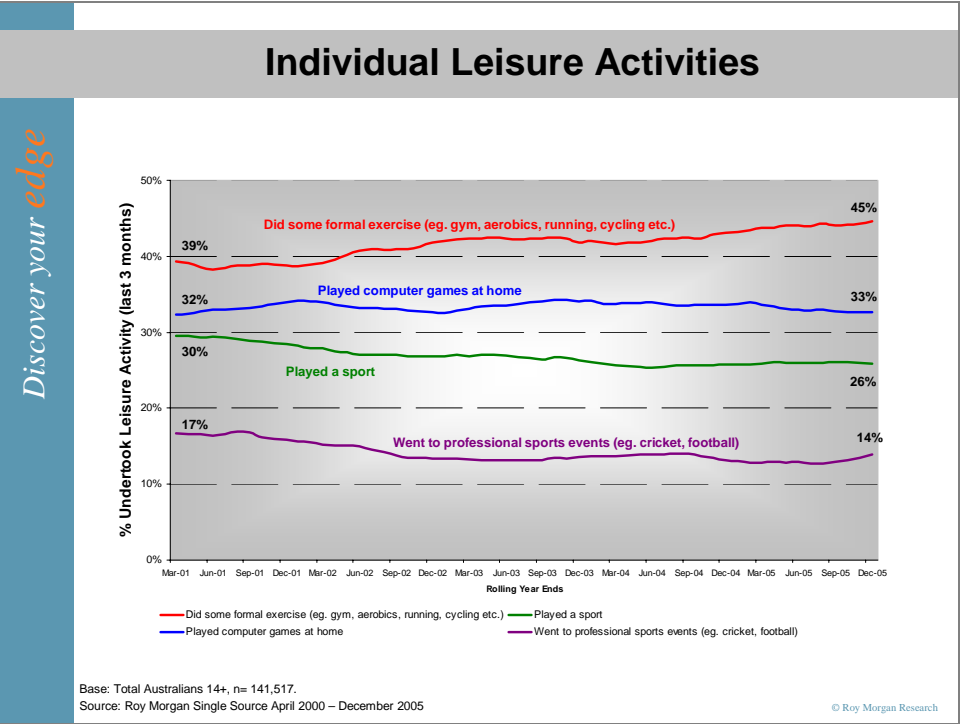
© Roy Morgan Research
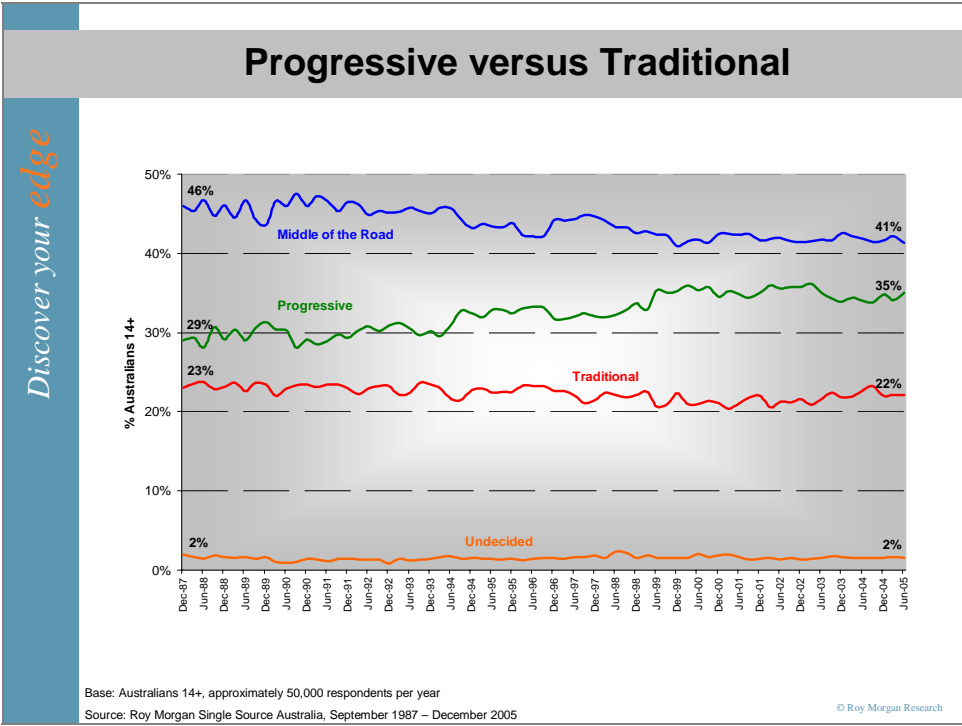
There is also evidence of increased materialism - Australians wanting to display their success and confidence through possessions. Consumers in Australia are becoming more materialistic, with a heightened concern for status and style.

Spending fuelled by debt

A steady increase in borrowings over income

Base: Total Respondents who currently have a mortgage, sample = 133,643
Source: Roy Morgan Single Source January 1996 – December 2005

© Roy Morgan Research

Materialism driven by desire for style and status

Base: Total Australians 14+, n= 23,534.
Source: Roy Morgan Single Source, October 2004-September 2005
© Roy Morgan Research

There is also evidence of a change in the pattern of leisure. With increasing work demands, flexibility is driving the choice of leisure activities with a move to more self-selecting/personal activities as opposed to group controlled and scheduled leisure.

A decrease in unemployment also represents a net decrease in leisure time. With Australia's unemployment rate having fallen from 7% in September 2000 to 5% in August 2005, we are at record low unemployment levels and our recreational time is being stretched.

Individual Leisure Activities

Base: Total Australians 14+, n= 141,517.
Source: Roy Morgan Single Source April 2000 – December 2005
© Roy Morgan Research

So what is the "mood" of the Australian electorate?

A few years ago I described the Australian electorate as "just a little unplugged". What I meant was that we were no longer really "plugged in" - linked into an understandable, reasonable, and predictable corporate reality - everything was not in good order with everything very much as it should be.

But nor were we completely "unplugged", so we could step back and understand what was going on - where it all fitted, and have a rational well-considered view.

As a nation we had seen, in a very short space of time, so many things unravel:

- Some like the Ansett, HIH, and Enron corporate collapses threatened our economic stability.
- Some like Tampa, and September 11 threatened our peace and national security and created heightened levels of uncertainty and fear.
- Some like the scandal associated with the children overboard issue and the Governor General threatened our confidence in some of the most fundamental institutions.

All in all we emerged with a heightened level of fear, a loss of confidence in some of the fundamental institutions of our society, and our sense that we could believe what we hear **at a very low ebb.**

We were in my view "just a little unplugged".

None of these things have changed.

A special Global Study conducted for the World Economic Forum by Roy Morgan International and Gallup International among almost 43,000 people in 51 countries gathered global opinions on different aspects of prosperity and security.

The findings highlight very real safety concerns among people everywhere, with 75% of Australians and 57% of all people holding the belief that their country is now less safe that it was ten years ago.

We have seen more terrorist attacks and more lies (60% of Australian electors believe Mr. Howard deliberately misled the Australian public on the children overboard issue before the 2001 Federal election (link)). No weapons of mass destruction were ever found. We have seen major corporations like the NAB struggle with serious financial and corporate Governance issues. And now the Australian Wheat Board debacle.

Yet, I believe the mood has changed – it is as if the electorate has "plugged in" to the new reality – we are no longer surprised!

Honesty and ethics of MPs has fallen to a 6 year low (link). Australians believe Federal Members of Parliament (MPs) standards of honesty and ethics have plummeted.

The media are seen to be biased (link). Australians are very critical of the media, with 86% of Australians saying Newspaper journalists are often biased, 73% that Talkback radio announcers are often biased and 72% saying that TV reporters and journalists are often biased.

Talkback giants John Laws and Alan Jones topped the list, mentioned by 29% and 26% of Australians respectively.

Newspaper journalists were considered by 63% of Australians to often get facts wrong, while more than half of Australians said Talkback radio announcers (55%) and TV reporters and journalists (54%) often get facts wrong.

We are no longer surprised!

We are still concerned about globalisation, the environment, terrorism and wars.

Yet when asked whether Local Government will be more or less important over the next five years the majority of Australians say MORE, not LESS.

The most important issues for local government are interesting…

In order they are:
- Roads and traffic 39%
- Education and schools 22%
- Health care and hospitals 22%
- Police, law and order 15%
- Parks and parkland 11%
- Youth issues 10%
- Water and water supplies 10%
- The environment 9%
- Local community issues 8%
- Waste disposal, garbage collection 6%

Here are also other issues mentioned like:
- Aged care and help for the elderly 6%
- Infrastructure 6%
- Local house rates 5%
- Public transport 5%
- Employment 4%
- Sporting and recreation facilities 3%.

Clearly these are not all local Government responsibility. But that's another issue. We are dealing with people and all that entails…

These issues are not dissimilar to the findings when we surveyed Opinion Leaders and Special Interest Groups and asked what they saw as the major infrastructure issues and challenges. The Public Transport system topped the list at 39% followed by:
- Water conservation and other water issues like desalination and recycling 33%
- Rail system for freight 18%

- Alternative energy resources 17%
- Upgrading roads and national highways 16%
- Health care system 13%
- Education and schools 12%
- Telecommunications 9%
- Port facilities 9%

The areas the LGPro members believe Local Government can make the greatest contribution over the next five years are also interesting.

They are in order:
- Community capacity building, development, and strengthening 28%
- Advocacy and lobbying for the local community 14%
- Community engagement , participation and consultation 13%
- Community wellbeing and better standards of living 10%
- Community safety 4%
- Support for local minority and special interest groups 3%
- Addressing local community needs 2%
- Better communication and information about council services 2%
- Creating community support for local government 2%
- Leadership 1%
- Addressing community isolation, disenfranchised communities 1%
- Alliances and partnerships to attain better outcomes 1%.

The question is "do they match???" The issues are expressed differently, but can they co-exist? Do people's hopes and articulations of what they see as issues for local government help you see a way forward?

I hope so.