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Political & Economic Overview 2007 – Another Election Year

Presented to **Committee for Economic Development of Australia (CEDA)**

Economic and Political Overview 2007

Sydney, Australia – February 23, 2007

by **Gary Morgan, Executive Chairman**

and

Michele Levine, Chief Executive

Roy Morgan Research Pty Ltd

[Morgan Poll 4123](#) said it all. Conducted in the first week of January this year, the Morgan Poll 4123 showed 64% of electors approved of the job Mr Rudd was doing as Opposition Leader ahead of 56% who approved of the job Mr Howard was doing as Prime Minister. A resounding 62% approved of the way Mr Costello was handling his job as Treasurer.

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Morgan Poll 4123

Morgan Poll

*Measuring Public Opinion For Over 60 Years
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Finding No. 4123
Available on Website: www.roymorgan.com
On January 9, 2007

HOWARD v RUDD – THE CHAMP v THE CHALLENGER

Sixty-four per cent of electors approve of the job Mr Rudd is doing as Opposition Leader ahead of 56% (up 4% since July 2006) who approve of the job Mr Howard is doing as Prime Minister, a special telephone Morgan Poll on January 4-7 finds. Mr Rudd's approval rating is 25% higher than it was for previous ALP Leader Kim Beazley when the same question was asked in July 2006. Just 11% disapprove of the way Mr Rudd is handling his job, and 25% still can't say whether they approve or disapprove. A relatively high 39% (down 3%) disapprove of the way Mr Howard is handling his job (5% can't say). However, more electors say Mr Howard (50%) is a better Prime Minister than Mr Rudd would be (42%), while 8% can't say. Support for Mr Howard as better Prime Minister was highest with L-NP supporters (90%). Support for Mr Rudd was highest with ALP supporters (82%) followed by Greens supporters (71%).

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Clearly, as early as January 2007, it was obvious if this election is run on personalities the Howard Government will struggle to be re-elected.

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THE AGE

PUBLISHED IN MELBOURNE SINCE 1854 MONDAY, FEBRUARY 12, 2007 theage.com.au \$1.40

Labor soars with Mr 65%

● Record approval for Rudd, plus voters prefer him as PM

● But on economic issues, Coalition maintains its edge

By MICHELLE GRATIAN
Political Editor

OPPOSITION Leader Kevin Rudd has led a month-long surge in his approval rating and Labor has vaulted to a 65% two-party lead over the Coalition, according to the latest ACNielsen/AGE poll.

Mr Rudd has also become the first Labor leader to win over 60% of the vote in a national survey.

And, despite the Government's 13.10 billion voter package, Mr Rudd, a former diplomat and foreign minister, has clawed back ground on international relations. Labor is only three points behind as the best party to lead the country, compared to 24 in the Coalition's previous poll.

The Coalition remains much more preferred than Labor on national security (69 to 35 per cent) and border protection (47 to 30 per cent), but its support on security has generally declined since December 2006, when it was 61 per cent.

The way the Government has dealt with the H1N1 flu virus has also won it 42 per cent of the vote, compared to 38 per cent for Labor. Mr Rudd's approval has risen 10 points since May 2006, while Labor's support has fallen 11 points since the same time.

Mr Howard's approval has fallen 10 points since May 2006, while Labor's support has risen 11 points since the same time.

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65% RECORD APPROVAL FOR RUDD

HOWARD 49.1% ▼ 1%

TWO-PARTY PREFERRED LABOR

58% 42%

▲ 2% ▼ 2%

PREFERRED PM RUDD

48% 43%

▲ 2% ▼ 2%

BEST PARTY FOR... COALITION

- Health
- Education
- Welfare
- Environment

BEST PARTY FOR... LABOR

- Economy
- Security
- Borders
- Environment

It's official: Howard faces the fight of his life

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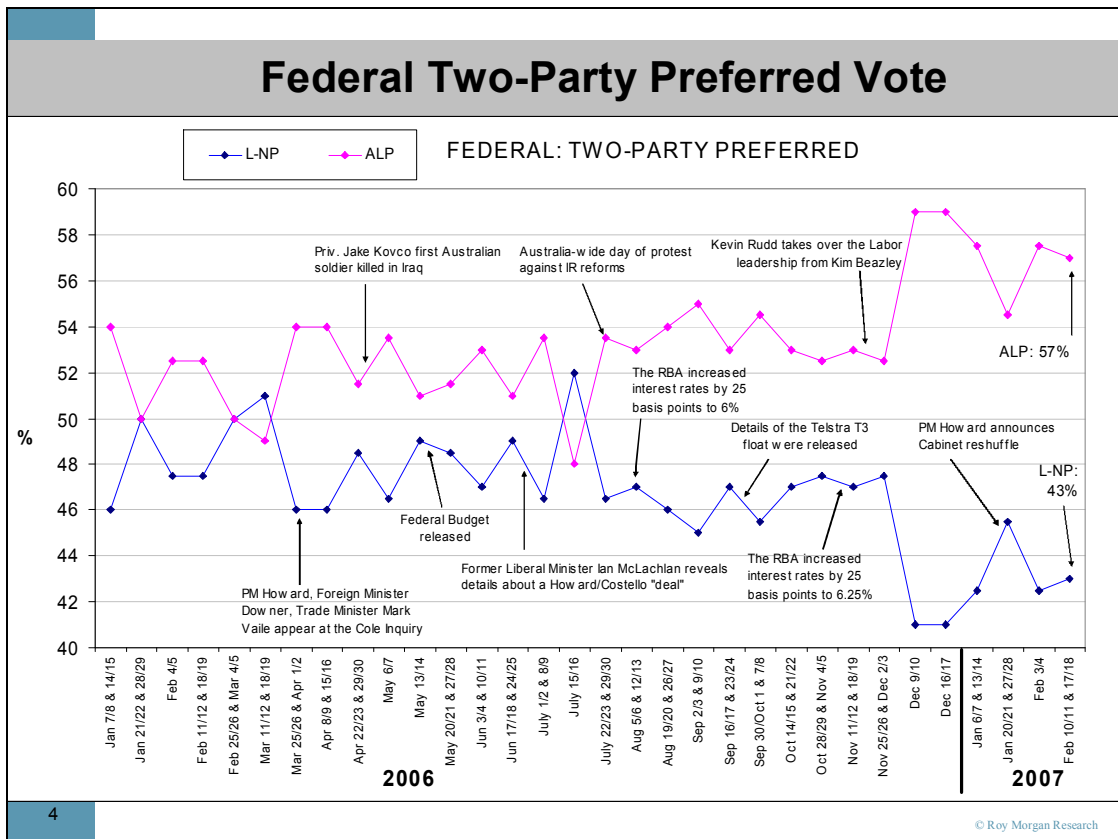
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Since mid-February, we've seen headlines in all the newspapers announcing the so called "news" that Rudd is ahead of Howard. In reality, the ALP has been ahead of L-NP in the Morgan Poll since July last year, following the Australia-wide day of protests against IR reform. The Morgan Poll released today shows: ALP 57%, L-NP 43%.



In fact, the ALP has been ahead of the L-NP in the lead-up to the last two Federal elections, and each time the Howard Government has managed to be returned.

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. We 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](#)"¹.

We're talking about a real crisis, like a WAR!

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

- August 2001 – Tampa asylum seeker incident
- September 11, 2001 – The terrorist attack on the World Trade Centre in New York
- October 2001 – Coalition of the willing (US, Australia, etc) invasion of Afghanistan
- October 2001 – Start of Ansett collapse
- October 2001 – Children overboard claims – reports that asylum seekers were throwing their children overboard (2 days before the election). After the Federal election questions were raised on the accuracy of the reports with admissions by Navy personnel that no children had been thrown overboard. In addition, claims were made that persons close to John Howard and the Government had known all along the "children overboard" claims were fabricated.

In November 2001, the L-NP was re-elected to Government.

If the 2004 Federal election had been held any time in 2004, prior to September 9, the ALP would have won, but of course it wasn't. On September 9, 2004 the Australian Embassy in Jakarta Indonesia was bombed.

In the [Morgan Poll published September 11, 2004](#)² **Gary Morgan said:**

"Until the bomb in Jakarta the ALP looked set to win the Federal election.

"The bomb in Jakarta has essentially reset the clock. The race will start again from a different starting point after September 11."

¹ "Only Real Leadership Or A Crisis Can Save The L-NP Coalition" May 23, 2001
<http://www.roymorgan.com/news/papers/2001/20010501/>

² "ALP Well Ahead A Week Before Jakarta Bomb" Morgan Poll 3777, September 11, 2004
<http://www.roymorgan.com/news/polls/2004/3777/>

In the final analysis:

- The L-NP focused on managing the economy and continuing low interest rates;
- Bob Brown told Green supporters to give their preferences to the ALP and the Unions in Tasmania supported John Howard and the Coalition;
- Preferences for Family First were directed to the L-NP, while many of their supporters would have preferred their preferences to go to the ALP.

On October 9, 2004, the Howard L-NP Government was re-elected.

Where to now?


Now, the 2007 election year – is this election going to be any different?

Cronyism, corruption, and misinformation are greater than ever. The electorate has lived through the AWB scandal and the associated finger-pointing cover-ups and the heavily controlled Cole Inquiry with its constrained scope and political control.

The electorate has seen the demolition of any truth behind the claims “weapons of mass destruction”, and lived through the fiasco in Iraq which most now realise was always a civil war.

We are now watching the “live play” of conflict of interest and cronyism associated with the Qantas takeover bid. The issue with Qantas is not the takeover itself – whether it should be taken over, or whether private equity is appropriate. The issue is the three Ts – Truth, Trust and Transparency of Management, The Board, and the role of Government and Other Stakeholders.

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 **THE AUSTRALIAN**

THURSDAY FEBRUARY 22 2007

Lib pollsters push Qantas sale

Brad Norington

THE Howard Government has been caught in a potential conflict of interest over the \$11 billion Qantas takeover as the Liberal Party's pollster and its former campaign director conduct furious lobbying to win support from Coalition MPs for the bidding consortium.

Lynton Crosby and Mark Textor, two Liberal Party heroes given most credit for John Howard's victories, have exploited government connections to the hilt over the past week to win support for the Qantas sale to Airline Partners Australia.

Their firm, Crosby Textor, is also the federal Liberals' election pollster and works for the party in several states. Promotional material on the Crosby Textor website uses endorsements from the Prime Minister to lure clients.

It quotes Mr Howard describing Mr Crosby, the federal Liberals' campaign director for two winning elections and deputy for another, as "the outstanding political professional around Australia".

And Mr Crosby is credited as "one of John Howard's most trusted confidants".

Mr Textor, the federal Liberals' principal campaign pollster and consultant for every election since 1996, is described as the best Mr Howard has ever seen.

He is expected to be the Liberals' principal pollster at this year's federal election.

"Mark has been the common thread in Australian Prime Minister John Howard's succession of election victories," according to Mr Textor's website resume.

Mr Crosby and Mr Textor are sensitive about their work being publicised, and declined to comment to *The Australian*.

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Will these issues see Prime Minister Howard and/or the L-NP Government ousted this time?

The answer is 'No'. Prime Minister Howard may well go – but not because of these issues. In the absence of a major crisis (yet another one – real or manufactured), the issues that decide the election will be economic (Roy Morgan Consumer Confidence is still high, 123.8 in February), jobs, IR (and the real unemployment estimate) and interest rates.

HENRY THORNTON "I have often wanted to drown my troubles, but I can't get my wife to go swimming." Jimmy Carter

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Labour Market – the wild card

Date: Wednesday, February 14, 2007
Author: Henry Thornton

One of the great puzzles about the Australian economy in its record-breaking boom is the virtual absence of wage push inflation.

We have attributed this in part to the **large buffer stock of people** who are unemployed (but not counted in the official figures) or semi-employed but looking for extra work, including the army of independent contractors. Plus Australia has lots of welfare recipients who can be tempted back into the workforce if the incentives are right.

On this point, it is great to see that the penny has dropped for the mainstream economics commentariat - the **SMH's** Ross Gittins today says that the real unemployment rate "would be nearer 9 or 10 per cent", which is much closer to the **Roy Morgan Unemployment Estimate** than the ABS.

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For John Howard himself, the critical issue is Bennelong, and the Special Crikey-Morgan Poll published Monday, February 19, 2007, showed Prime Minister John Howard would be defeated if the Federal Election were held today. On a two-party preferred basis, ALP support in Bennelong was 55% while support for Liberal (John Howard) was 45%.

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Morgan Poll 4139

Morgan Poll

Measuring Public Opinion For Over 60 Years
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Finding No. 4139
Available on Website: www.roymorgan.com
Released on Crikey.com.au – February 19, 2007

SPECIAL CRIKEY MORGAN POLL: HOWARD WOULD LOSE BENNELONG

Prime Minister John Howard would be defeated if the Federal Election were held today. On a two-party preferred basis, ALP support in Bennelong is 55% while support for Liberal (John Howard) is 45%, a special telephone Crikey Morgan Poll, conducted late last week in Bennelong and released today on Crikey.com.au finds. Overall, 40% of Bennelong electors would vote for Mr Howard (down 9.9% since the 2004 election) compared to 41% for the ALP (up 12.6% since the 2004 election), 11% Greens, 5% Others, and a low 3% undecided.

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The background against which this Federal election year will occur is one of three planks of national and global importance:

1. **Global warming, climate change, environmental issues** – the major Australian imperative today being **water**; and the emerging discussion on nuclear energy;
2. **National security** – not only the East vs West; Iraq vs the “Coalition of the willing” but the issue of great importance to Australia – security in the ASEAN Region – especially Indonesia. The public discussion today is on David Hicks and the return of our troops from Iraq.
3. **Australia’s economic wellbeing and continued position in the global arena** – an arena where global companies have more power than governments of smaller nations, where listed companies are under threat, where the power of banks and private equity is on the increase – the Qantas takeover is like a “bell-wether” test of this issue. The issues include Technology (the Broadband debate), Productivity – Industrial Relations, and Australian jobs.

The latest Morgan Poll conducted in Bennelong showed:

- A majority (62%) think Mr Howard and the Australian Government should ask the American Government to have David Hicks immediately returned to Australia, while 31% say Hicks should remain in US custody to face trial.
- If Hicks is found guilty of the proposed charges against him, 69% say he should be allowed to serve his sentence in Australia (23% say he should not be allowed).
- 64% want Australia’s Iraq forces brought home compared to 29% who say they should continue fighting in Iraq.
- 63% say Prime Minister John Howard was wrong in saying that a victory at next year’s US election by Senator Barack Obama would be welcomed by terrorists because of his plan to withdraw American troops out of Iraq – just 27% say Mr Howard was right.
- 59% disagree with the Government’s industrial relations reforms (only 26% agree).
- A strong majority (67%) say the Federal Government should take control of Australia’s water resources (23% disagree).

The only issue on which the Howard Government enjoyed majority electoral support was **water** – 67% saying the Federal Government should take control of Australia’s water resources.

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Morgan Poll 4140

Morgan Poll

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Finding No. 4140
Available on Website: www.roymorgan.com
Released on Crikey.com.au – February 20, 2007

SPECIAL CRIKEY MORGAN POLL:
HICKS SHOULD BE RETURNED TO AUSTRALIA IMMEDIATELY 64%
WANT AUSTRALIAN FORCES RETURNED FROM IRAQ

A special telephone Crikey Morgan Poll, conducted in Bennelong (February 14/15) and released today on Crikey.com.au finds:

- A majority (62%) think Mr Howard and the Australian Government should ask the American Government to have David Hicks immediately returned to Australia, while 31% say Hicks should remain in US custody to face trial.
- If Hicks is found guilty of the proposed charges against him, 69% say he should be allowed to serve his sentence in Australia (23% say he should not be allowed)
- 64% want Australia’s Iraq forces brought home compared to 29% who say they should continue fighting in Iraq.

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The political importance of the **IR issue** cannot be overestimated. Among the crucial segment – swinging voters (those Bennelong electors who voted for John Howard in 2004, but are intending to vote ALP this year) the mood is firmly against the Howard Government’s IR reforms. 83% disagree.

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Morgan Poll 4141

Morgan Poll

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Finding No. 4141
Available on Website: www.roymorgan.com
Released on Crikey.com.au – February 21, 2007

SPECIAL CRIKEY MORGAN POLL:
WHY ARE VOTERS DESERTING THE LIBERALS?

In depth analysis of the special telephone Crikey Morgan Poll, conducted in Bennelong (February 14/15) and released this week on Crikey.com.au finds:
Of Bennelong electors who voted for John Howard at the 2004 election but intend to vote Labor at the next Federal Election (7.4% of all Bennelong electors):

- 59% (all Bennelong electors 38%) think Mr Howard should retire before the next Federal Election compared to 34% (all Bennelong electors 55%) who think he should contest the election.
- 83% (all Bennelong electors 59%) disagree with the Government’s industrial relations reforms compared to 10% who agree (all Bennelong electors 26%).
- 73% (all Bennelong electors 49%) think Kevin Rudd would make a better Prime Minister than John Howard (23% compared to 47% of all Bennelong electors).

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We believe the election will be won (or lost) on IR, and the debate is far from over. The issue is economically complex, as well as emotional. Interest rates and real unemployment will all play a role. But perhaps even more important will be consumer confidence which will be heavily dependent on the way the debate evolves – how Julia Gillard, the Unions, Joe Hockey, John Howard, Kevin Rudd, Peter Costello, and anyone else who gets ‘airtime’ in the debate resonate with the electorate.

And of course, the role of the media – determining who gets “good” airtime will be crucial.

As an example of this “censorship”, only Crikey.com.au published the Morgan Poll on disenchanted Liberal voters in Prime Minister Howard’s electorate.

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