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State of the Nation – Election 2019 a ‘photo finish’

by Michele Levine, CEO, Roy Morgan

What seemed like a foregone conclusion after the Liberal Party Leadership upheaval late last year has suddenly become a competitive contest between the L-NP Government led by Prime Minister Scott Morrison and the Bill Shorten-led ALP Opposition.

After Turnbull was ‘turfed out’ from his job as Prime Minister in August 2018, and replaced by the then largely unknown among the public Scott Morrison, the Roy Morgan Poll showed the ALP two-party preferred vote spiking to what seemed an unbeatable lead with the Federal Election set to be called within the next few months: ALP 58% cf. L-NP 42% (October 2018).

Following the leadership change former Prime Minister Malcolm Turnbull immediately resigned from his seat of Wentworth causing a by-election in his seat which was won by Independent candidate Dr. Kerry Phelps and Liberal MP Julia Banks resigned from the Government and joined the cross-bench.

At this time the Morrison Government was beset by instability and appeared to be on the verge of collapse at any moment. Many media commentators (from afar) advised new Prime Minister Morrison to call an early Federal Election to put the political uncertainty to rest.

As we now know PM Morrison ignored these calls and pledged to take the Government ‘full-term’ until May 2019, which he has done, and the last three Roy Morgan Polls conducted since mid-April 2019 show a very close contest with the ALP just ahead: ALP 51% cf. L-NP 49%.

So what are the key factors that will determine who wins this year’s Federal Election?

- **A late surge or pivotal moment:** The narrow lead to the ALP 51% cf. L-NP 49% on a two-party preferred basis means any glaring mistake – such as former Opposition Leader John Hewson’s GST-related birthday cake moment in 1993 or former Opposition Leader Mark Latham’s overly aggressive handshake with then PM John Howard in 2004 – could provide a late swing in either direction.
- **Trust & Distrust:** Politicians are quick to call for the public to ‘trust’ them but what often happens is our political leaders ‘abuse’ this trust and lose the respect and support of the public as a consequence. The loss of trust in major political parties and politicians manifests in rising distrust and has led to the inevitable rise of minor parties at Federal Elections since 2007.
- **ALP’s proposed Capital Gains taxation changes:** ALP’s proposed changes to the Capital Gains tax laws might intuitively impact primarily Liberal-held seats, however the two seats in Australia most impacted are the ALP held Inner Melbourne seat of Macnamara and the seat of Wentworth currently held by Independent Kerry Phelps.
- **ALP’s proposed changes to Negative Gearing laws:** The widespread impression of those Australians involved in Negative Gearing might be that it strikes the wealthier members of society. However, in-depth Roy Morgan analysis shows the mining-heavy electorates of Lingiari & Solomon (ALP-NT) and Durack (Liberal-WA) at the top. Both Lingiari (8.1% margin) & Solomon (6.1% margin) are fairly safe ALP but could be in play given the high level of Negative Gearing in both of these electorates. Other marginal electorates heavily impacted include Macnamara (ALP-Victoria) and Reid (Liberal-NSW).
- **Consumer Confidence up since last election:** ANZ-Roy Morgan Consumer Confidence has held strong during the last three years and is now higher at 117.3 than in July 2016 (115.8).
- **However, Business Confidence is down:** In contrast, Roy Morgan Business Confidence has plunged in the last year in particular and is now significantly lower than three years ago at 102.9 – down 13.2pts from July 2016 (116.1). This plunge has occurred over the last 12 months as a slowing housing market

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has combined with political and policy uncertainty caused by a series of important elections in Victoria, NSW and the upcoming Federal Election.

- **Government Confidence stuck in neutral on eve of Election:** Only weeks before the Federal Election Government Confidence is stuck at 99 – just below neutral. 40% of Australians say the country is ‘heading in the right direction’ and 41% say the country is ‘heading in the wrong direction’. What does this mean? It means the Government faces an uphill battle to be re-elected. Government Confidence was marginally in positive territory in 2016 when the Turnbull Government won with a 1 seat majority.
- **Employment up:** If there’s one thing this L-NP Government has done it’s create jobs. Roy Morgan’s Real Employment estimates show 1.1 million new jobs created since September 2013 including 600,000 since the last election in July 2016.
- **Unemployment down... however many still looking for work:** Unemployment has dropped 1.6% to 8.9% since July 2016, but under-employment is relatively unchanged at 8.8% (down 0.2%). Although there are over 150,000 fewer Australians now looking for work or looking for more work than in July 2016 there are still nearly 2.4 million (17.7%) unemployed and under-employed Australians.
- **Australia is growing – now 25 million+:** Australia is growing quickly with the overall population exceeding 25 million in August 2018 and it is increasingly diverse as immigration from Asian and Middle Eastern countries continues to rise.
- **Property ‘boom’ might be over but rising wealth has had big impact:** Australia’s property boom has been long-running and over the last decade has turned many Australians into ‘overnight millionaires’. Although the boom appears to have ended in Australia’s two largest cities property prices are still up significantly from a decade ago and this rise in wealth has driven the economy and employment trends. This increase in household wealth has changed how Australians think about property and access money with many using the mortgage to fund other things in their lives.
- **Australia’s progressive evolution levels off:** Long-running Roy Morgan research has shown Australians becoming increasingly progressive in their views over the last two decades, however in the last few years this has changed. Fewer Australians now are attracted to new things than in mid-2016 and more Australians than five years ago agree that the ‘fundamental values of our society are under serious threat – now over 60%.
- **Rise of social media upends campaigning:** The rise of social media such as Facebook as a political tool can be traced back a decade to Barack Obama in 2008, however the long social media histories new candidates now have can come back to bite them. So far four major parties candidates have been disendorsed or resigned since nominations closed – and there were more dismissed before then.
- **Australian exports boom – led by China:** Australia’s exports to its major trading partners have boomed over the last six years of the L-NP Government, up by at least 40% in dollar terms to China, USA, India, New Zealand, Singapore and Taiwan (All top 10 export destinations). But it is China that has come to dominate with an increase of nearly \$40 billion. The increase alone would rank third on the list of Australia’s top 10 exporters in 2018 as China consumes around 25% of Australia’s total exports.
- **Australia booms and it’s commodities paying the way:** China’s rise as an export destination for Australia’s goods and services is powering many of Australia’s leading exports including Iron ore (\$60 billion+) and Coal (\$60 billion+) – easily Australia’s two largest exports in 2018. But the two fastest growing are Education (\$32 billion, +123.4% from 2013) and Natural gas (\$31 billion, +116.1% from 2013). What do all these exports have in common? China.
- **Australia has a minority Parliament heading into the election:** The Morrison Government controls only 73 seats in the 150 seat chamber while the ALP controls 69 and a further 9 MPs sit on the House of Representatives cross-bench. The lower chamber is gaining an extra seat to 151 post-election.



- **Both parties need a swing to win:** The Morrison Government lost its majority when it lost Turnbull's former seat of Wentworth and went further into minority when Liberal MP Julia Banks defected to the cross-bench in late 2018. The L-NP requires a uniform national swing of 0.7% to achieve a majority while the ALP requires a uniform national swing of 1.4% to reach a governing majority of 77 seats.
- **For an L-NP victory:** The Morrison Government must hold all its marginal seats in Queensland (7 held on margins of 3.5% or less) and pick up Herbert; needs to hold all 4-5 seats under threat in Victoria and win the seat of Indi from a retiring Independent, win the seat of Braddon in Tasmania, and win the seats of Wentworth (from Dr. Kerryn Phelps) and Lindsay (from the ALP) in Sydney to gain a majority.
- **For an ALP victory:** The ALP must win 3-4 marginal LNP seats in Queensland, pick up 3-4 Liberal seats under threat in Victoria and win 3-4 marginal L-NP seats in New South Wales. If the ALP can pick up a net of 8 seats it will win Government and the current Roy Morgan Poll shows this as the outcome.
- **Minor Party vote looks set to increase again – albeit slightly:** The primary voting share of Minor Parties has increased at every Federal Election since 2007 (14.5%), increasing by 3.9% in 2010 (18.4%), increasing by 2.7% in 2013 (21.1%) and increasing by 1.8% in 2016 (22.9%). The latest Roy Morgan has minor party support at 24.5%, however minor party support often falls in the closing weeks of a campaign and we expect this to happen again this election.
- **Close election raises possibility of another hung Parliament:** The line-ball Roy Morgan Polls along with several high-profile Independents and minor party candidates suggest we could end up with another hung Parliament – as we now have. Independents including Rob Oakeshott, Zali Steggall, Kerryn Phelps and Andrew Wilkie could be called upon to decide whether to support incumbent PM Scott Morrison or Opposition Leader Bill Shorten to form a Government – as happened in 2010.
- **Other beneficiaries of a hung Parliament:** The Greens who are in with a chance to add to their 1 seat in Victoria along with holding the balance of power in the Senate along with other minor parties including Katter's Australian Party and the Centre Alliance are all in with a chance of determining who the next Government will be led by in the event of a hung Parliament.
- **Greens best seats clustered in Inner Melbourne:** The Greens are polling exceptionally well (over 25%) in the inner Melbourne seats of Melbourne (already hold), Cooper (formerly Batman), Wills, Macnamara (formerly Melbourne Ports) and Higgins. The best chance for the Greens to pick up a seat are Macnamara or Wills from the ALP or Higgins from the Liberals.
- **The Greens – who are they:** Analysis of in-depth Roy Morgan polling in 2018 compare to 2010 reveals the Greens are clustered in the top two socio-economic quintiles (55%) compared to only 45% from the bottom three socio-economic quintiles. Greens supporters are increasingly comprised of women (59%) cf. men (41%) and Greens supporters are increasingly likely to come from the Capital Cities (71%) rather than Country Areas (29%) and increasingly Victorian based – now 32%, up from 27% in 2010.
- **The Senate set to consolidate with major parties the beneficiaries:** The new voting rules for the Senate which were legislated by Prime Minister Malcolm Turnbull in 2014 are for the first time being used in a usual half-Senate Election. These new rules will decrease the size of the cross-bench in the Senate with the ALP and L-NP set to pick up 3 seats each.
- **New Senate rules to reduce Senate crossbench:** While the Greens will lose 2-3 seats other minor parties are set to lose 3-4 seats. Minor parties on the way out are likely to include the Conservative Nationals (Fraser Anning), Liberal Democrats (Duncan Spender), United Australia Party's Brian Burston and perhaps Senator Derryn Hinch. However, the last Senate seat in Queensland is set to be a contest between former One Nation Senator Malcolm Roberts and former Lower House MP Clive Palmer.



- **Most important issues for Australians heading into election:** For over a decade now Australians have consistently stated that 'Keeping day-to-day living costs down' (53%) is the most important issue for Australians well ahead of other important issues including 'Improving health services & hospitals' (32%), 'Open & Honest Government' (28%), 'Global warming & Climate change' (25%), 'Reducing crime and maintaining law & order' (21%), 'Managing the economy' (21%), 'Improving education' (20%).
- **Greens supporters only group not to prioritising living costs:** 'Keeping day-to-day living costs down' is the dominant issue for supporters of the L-NP (54%), ALP (55%) and supporters of Independents & Others (56%) it is only a fourth order issue for the more affluent Greens supporters (34%).
- **L-NP supporters prioritise economy, crime and immigration:** Issues that appeal strongly for L-NP supporters and less so for supporters of other parties include 'Managing the economy' (32% - and second), 'Reducing crime and maintaining law & order' (28% - third) and 'Managing immigration and population growth' (24% - fifth).
- **ALP supporters want better health services, global warming & education:** ALP supporters are the most likely to prioritise 'Improving health services and hospitals' (38% - second), and also give greater priority to 'Global warming & Climate change' (30% - third) and 'Improving education' (24% - fifth).
- **Greens supporters are obsessed with Global warming & Climate change:** Greens supporters are unsurprisingly most concerned about 'Global warming & Climate change' – mentioned by a staggering 68% of Greens supporters nearly double any other issue. Greens supporters are also more likely to mention 'Improving health services & hospitals' (38% - second), 'Open & Honest Government' (35% - third) and 'Improving education' (33% - fifth).
- **Supporters of Independents & Minor parties want Honest Government:** The rise of minor parties has been propelled by frustration and distrust with Government and politicians and it's no surprise that 'Open & Honest Government' (35%) is easily the second most important issue for these supporters with other important issues including 'Managing immigration and population growth' (22% - fourth) and 'Reducing crime and maintaining law & order' (21% - fifth) also far higher than for average Australians.

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About Roy Morgan

Roy Morgan is the largest independent Australian research company, with offices in each state of Australia, as well as in the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan has over 75 years' experience in collecting objective, independent information on consumers.

Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

