

State of the Nation 10

The Outlook for Australian Businesses in 2012

In conjunction with Mutual Trust

By Michele Levine, CEO Roy Morgan Research
February 10, 2012

Thank you for coming along to this **Roy Morgan State of the Nation** in which we will provide a new perspective or focus on the outlook for Australian business in 2012 – and their importance to the economy in terms of their investing and spending power and their contribution through employment.

The Roy Morgan State of the Nation Report provides a thirteen-year perspective on Australian Society based on over 700,000 interviews conducted between July 1997 and December 2011 – incorporating the decade of major economic growth that ended in late 2008 with the Global Financial Crisis, followed by the gradual recovery of the economy over the following two years, which is now showing signs of considerable volatility once again due to unstable conditions overseas.

In order to get a more comprehensive understanding of the ‘**State of the Nation**’, **Roy Morgan Research has interviewed approximately 22,000 businesses since December 2010 to supplement the existing consumer survey** and so provide valuable insights as to how business feels about the year ahead.

The combination of ‘Roy Morgan Research Single Source’ (Consumer) and ‘Roy Morgan Research Business Single Source’, with a combined sample of over 70,000 interviews annually is unique in Australia in providing a truly holistic analysis of the Australian economic and social environment.

While this series began as a long term trend analysis, it has become a useful baseline against which to monitor and consider the implications of short, medium and long term events such as the GFC, the change of Government in 2007, issues like sovereign risk due to the mining tax, the proposed carbon tax, industrial relations legislation, industry and global debt problems and now protectionist policies such as are being proposed for the car industry.

There is no question that these issues go to the heart of the big structures – the tectonic plates – that underpin our nation’s success and even survival.

Access to and costs of:

- Capital (global competition for capital)
- Resources and Energy (e.g. Victoria's advantage in cheap electricity disappears under a Carbon Tax regime)
- People (IR legislation)
- Profits (taxation)

And these issues of course exist within the global economy and the Australian legislative and socio-political context.

Today I'd like to give you a brief status report on the **State of the Nation** – our nation – where we are today, how things have changed over the last decade with a particular focus on how business is viewing the situation and what that means for Australia economically.

There is no question that the **big issues today are economic** – everything is seen through an economic lens – micro, macro and globally.

[In 2005](#) the biggest issue facing the World and Australia was terrorism/security. [By mid 2008](#) the big issue was environment, climate change, water. Then we had the GFC – Global Financial Crisis and economic issues became crucial. [In May 2009](#): 50% of Australians considered the economy the biggest problem.

[Today](#): Australians see the economy as the biggest issue. 47% say it is the most important problem facing the world. This is similar to the immediate aftermath of the GFC.

Because of these increased economic concerns driven by events from around the globe – notably the European debt crisis - Environmental issues have slipped well back in second place (17%), the lowest it has been since 2006.

The key environmental issue still relates to 'Climate Change/Global Warming' (8%), but this is well down on the 23% seen as recently as June 2011 and the lowest level since 2006. Concerns for 'Famine/Food Shortages' rates well behind with 3%.

A decline in concern for 'Wars and Conflicts' (down from 11% in March 2011 to 2% in January 2012) is the main reason for the drop in 'Terrorism' as a major issue, likely aided by the withdrawal of American troops from Iraq.

Major Issues Facing Australia – Economic and Govt, Political & Human Rights

When it comes to problems facing Australia, the picture is similar but not so extreme. Economic issues are seen as the top concern (35%) and they are well down on the level seen for problems facing the world (47%).

Within the bundle of economic issues Concern for the carbon tax has declined since July 2011 but there has been an increase in unemployment as an issue – now 6% of people consider unemployment to be the biggest problem facing Australia.

Environmental concerns (11%) have fallen substantially since July 2011 (25%) and are ranked third with the major issue being ‘Climate Change/Global Warming’ (4%).

The softer issue or group of issues Government, Political and Human Rights issues has now grown to 28%. The major reason for seeing concern with Government, Political and Human Rights higher than previous years has been the issue ‘Government, Political System and Leadership’ (14%) though ‘Refugee and Asylum Problems’, is now at 7% (down from 14% in October 2011 due to softening debate and media coverage on the issue).

More than 10 years ago, Roy Morgan Research and many others anticipated that Australia would change, that Australians would face an increasingly complex society with a whole range of different opportunities and threats.

The most significant trends anticipated included those associated with the **changing role of women**, associated changes in the workplace, and redefinitions of the family; changes associated with **technology**, media and communication, globalisation and internationalisation; the **middle-ageing** of Australia and the associated changes in the nation’s focus on **health, security, quality**, the value of **‘time’**; and the **environment**.

In this Roy Morgan State of the Nation Report, we have measured all of these issues, plotted them over time, and explored in more detail how they have played out, in terms of **Society, Technology, Economy, Politics and Environment**.

The Report shows that the last 13 years has been one of great change, these include:

- An ageing population
- Increased education
- Increased workforce participation for men and women
- Decrease in household size
- Decrease in home ownership
- The ‘environment’ as an issue has come of age but some doubts are beginning to emerge
- Change in leisure activities away from organised sports and family outings to more individual pursuits and online activities
- Increased interest in health and wellness
- The growth in superannuation to the position of the dominant savings vehicle
- Major increase in household wealth and despite growth in debt, net wealth has increased substantially.

- An increased proliferation of information and communication technologies. In particular, the rise of the Internet has had a major impact on all aspects of life, especially telecommunications, media, banking and retail.

I just want to focus on a couple of these issues and demonstrate that our data shows a range of different responses from business – not just the ‘hackneyed’ two speed economy – but a range of different economies, and to suggest that politicians and policy makers ignore the more complex reality of this powerful valuable and vulnerable segment at their peril.

As a nation, Australians are increasingly open-minded and ‘liberal’ on issues like whether homosexuals should be allowed to adopt children (51% now say yes, up from 32% a decade ago).

We are also seeing really strong growth in support for technology and the recognition of the value it adds to our lives (38% now believe computers and technology give them more control over their lives, up from 23% a decade ago). All of these things are leading to the conclusion that we are more socially progressive as a nation.

Australians are becoming more progressive. Today we are more likely to say that we consider ourselves to be socially progressive (35%, up from 32% a decade ago).

We are also more likely to say we are attracted to new things and new ideas (34%, up from 28% a decade ago).

Conservative views which have been on a decline for a decade have steadied.

And we are seeing the first signs of a reversal in the Women’s Movement.

In 1983 some 18% said “women should stay at home and leave running the country to men” by about 2007 to 2009 the number was 7%, since then it has crept up stealthily half a percent at a time until it is nearly 9%.

Is it a backlash against Julia Gillard? Perhaps – but data from USA where there has clearly been a real move back to conservative religious values shows an even greater shift in the same direction – before 2008 some 14.5% of Americans said “women should stay at home and leave running the country to men’ it is now 21%.

Technology

The past decade or so has seen a proliferation of information and communication technologies. In particular, the rise of the internet has had a major impact on all aspects of life, especially telecommunications, media, banking, entertainment, social interaction, real estate and retail. (9 in 10 Australians have used the Internet)

Broadband and mobile phones are growing to dominate the communication space and displacing the traditional fixed land line. Mobile telephones (88%) are now ahead of fixed line (80%) and represent **a revolutionary move to person to person communication rather than the traditional household to household.**

Broadband services and home internet are clearly making a huge difference to a whole range of things in our society. And this has only increased with the new mobile wave.

Whilst traditional media such as TV and Print dominate, there has been a rapid rise in the use of the internet, putting pressure on all other media. There has been some blurring of the traditional media boundaries, for example, print has embraced online in order to increase its readership, and on-line is just getting better and easier and more intuitive all the time. And with mobile access and more and more applications “apps” will continue to grow

Along with the internet growth, obviously all sorts of websites are becoming available and people are using more and more of them. The big ones are Search and Portals. Search is crucial because it makes information available to people – all sorts of information, available to all kinds of people – there’s nowhere to hide once people are using search. And everyone, regardless of age, can access everything and keep up with the latest in any area of interest or endeavour.

Community and messaging sites are an especially interesting phenomenon because the engagement is no longer just a one way communication – these sites allow us to talk back. It’s a whole two way communication - it’s another level of engagement that allows people to throw their thoughts out there and see whether other people listen.

A whole lot of things are increasing but the Online community is an important phenomenon that, itself, is a key driver of change.

In an average week in 2011, the majority of Australians (57%) visited a community /messaging site – some 47% of Australians visited Facebook. It has not peaked – Facebook is still growing – it’s a place where people are communicating, sharing, having their say, talking about you and me, whether we like it or not. 33% visit YouTube

Although we hear a lot about Twitter and see the tweets coming through on the bottom of our TV screens, in fact, penetration of Twitter is still running at about 5%; i.e. 5% of Australians have used Twitter in an average 4 week period. Hardly mainstream yet!

Just recently, banking over the internet overtook going to do banking at a branch. So again it is a real change for retail – the way that people engage, even with important resources like their bank. This shows how our behaviour is changing and how service providers are having to change their offerings to keep up with our demand and to keep competitive with their competitors.

When Roy Morgan first started to measure it, buying on the Internet was quite low, 5%. Now we are seeing that half the population (54%) have now bought something over the Internet - not just had a look, not just searched for information and then gone to the shop – actually bought online.

This is obviously putting pressure on retailers in Australia.

Economy

Coming back to the Economy, Australia had 10 years of fabulous economic growth during the Howard Government years. We had high and growing employment, high consumer confidence – our shares all went up so the value of our superannuation went up and spending went up – by any measure we were doing well.

Despite the Global Financial Crisis, and the dramatic reversal in global fortunes in 2008, there are strong signs of recovery in the Australian economy – much of which is driven by our resources sector (concerns still exist about the two speed economy).

While there are a plethora of measures of economic wellbeing – we believe the single most important is employment and of course the converse is true – unemployment and underemployment are the most important measures of economic ills. Roy Morgan will continue to measure and report true unemployment and underemployment accurately to enable those who care to understand how healthy our economy really is.

As a nation we are much more focussed on finance. Superannuation, asset management, wealth creation and protection are becoming increasingly important to we Australians. More people are thinking about and worrying about the economy, their shares and what companies are doing. Australians are much more financially aware and corporately aware than ever before. We are thinking more about what companies are doing as companies - their profitability, their wealth, we think of them as businesses, rather than just as suppliers of goods.

Business Confidence Improves

Over the last 12 months Roy Morgan Research has begun to track business confidence by interviewing businesses. The outlook of businesses is an important determinant of the economy's growth prospects, and the latest results show signs that business confidence appeared to have bottomed in July 2011 (99.8) and has improved up to January 2012 (118.7). The reason for this improvement is that businesses are much more confident that their own business and the economy generally will perform better over the next 12 months.

Monthly Business Confidence

Despite the economic uncertainty, Business Confidence has been remarkably resilient since its low point in July 2011. In the six months to January 2012 confidence has risen in each month and currently stands at 118.7, well up on the July figure of 99.8. What this means is that the majority of businesses have a positive outlook about the year ahead despite the constant flow of negative publicity particularly from Europe.

Business Confidence by State

Although there has been a gradual improvement in Business Confidence recently, not all states and businesses show the same level of optimism.

The analysis of confidence by state in the December 2011 quarter shows that Victoria leads the way (122.6) followed by Western Australia (121.7) and NSW (116.5). The other states are all below the national average (115.2) with Queensland the lowest (102.6).

Business Confidence by Turnover

Business size has a major impact on confidence, with medium/large businesses having much higher confidence level (129.1) compared to micro businesses (114.1). Considering that around 90% of Australian businesses fall into the micro category this has major implications for the economic well being and future of Australian businesses and the economy if this group becomes more negative. Big business gets more of the headlines but they appear to be more positive in outlook than their smaller counterparts.

Business Confidence by Industry

A lot of commentary talks about the two speed economy but our analysis of confidence by industry sector shows that there are many speeds, with all the major industries in fact having different level of confidence. The 'Mining' industry has the highest confidence (134.6) but it is followed closely by 'Finance and Insurance' (132.6) and 'Arts and Recreational Services' (131.1). 'Manufacturing' (110.0) and 'Retail' (109.5) are below the average confidence level and receive a lot of publicity regarding their plight but there are six other industries that have a lower confidence and need some attention.

Business Confidence – Country Vs. City

When we compare Confidence of country businesses with city businesses, it really is a tale of woe. There's very little going on in regional areas that surpasses the cities.

So whether it's expectation to employ, expectation to invest, how people feel about the future - the regional areas are really struggling, from the businesses we surveyed there.

Business is clearly much tougher in the country than the city.

Investment Intentions next 12 months – Linked to Confidence

The Roy Morgan Research Business Survey is unique in that it is able to link confidence directly to the investment decisions and plans of businesses. It is investment by business that is the best way of growing the economy. The following chart shows that those businesses planning to increase their level of investment have a confidence rating of 146.3, which is well above average (115.2). At the other end of the scale, those businesses that plan to decrease their level of investment over the coming 12 months have a confidence level of only 63.9.

Intended changes in Number of Employees next 12 months – Linked to Confidence

The plans to hire more people in the next 12 months are also highly correlated with confidence levels. Those businesses planning to increase their numbers of employees have a well above average confidence level (154.1) compared to only 59.8 for those intending to decrease employee numbers.

Responses to Business Confidence

The large rise in business confidence between July 2011 (99.8) and December 2011 (117.2) seen earlier is primarily due to a big shift in optimism for how the Australian economy is expected to perform in the next 12 months. In July 2011, only 43% of businesses thought that there would be good economic times in Australia over the coming 12 months but in December 2011 this has risen to 59%. With this anticipated improvement in the economy has also come a significant decrease in the proportion of businesses thinking that they will be worse off next year.

Financial Expectation for the Business in next 12 months

The key measure for businesses going forward is obviously whether they feel that they will be better off financially over the coming year. The chart shows that from April 2011 up until around August 2011 there has been a considerable decline in how businesses felt about their financial position over the next year but since that time there has been some improvement in outlook, although considerable uncertainty remains.

Financial Expectation for the Business in next 12 months by Industry

Not all industries share the same level of optimism regarding their financial outlook for the coming 12 months. The 'Finance and Insurance' sector have the highest level of expectation that their financial position will improve (57.1%), followed by 'Mining' (51.3%). The least confident among the major industries is 'Construction' where only 32.7% consider that their financial position will improve over the coming year. This is lower than 'Manufacturing' (40.5%) and 'Retail' (39.1%).

Economic Conditions in Australia in the next 12 months

We saw earlier that it is the anticipated improvement in economic conditions over the coming year that is the major reason for the rise in business confidence over the last few months. The following chart shows that the business community show considerable volatility over a relatively short period in how they view the country's economic outlook. In July 2011, there were more pessimists than optimists with 57% considering that Australia would have 'bad economic conditions' in the next 12 months, compared to only 43% considering that we would experience 'good economic conditions'.

Currently the position has completely reversed with 58.8% thinking economic conditions will improve and only 41.2% being pessimistic.

Economic Conditions in Australia in the next 12 months by Industry

The most optimistic industries regarding the economic conditions in Australia over the next year are 'Arts and Recreational Services' (72.3% think that Australia will have good economic conditions), 'Education and Training' (71.5%) and 'Mining' (69.6%). At the lower end of the scale are 'Wholesale Trade' (47.0%), 'Rental, hiring and real estate services' (54.4%), 'Agriculture' (54.4%), 'Manufacturing' (55.3%), 'Retail' (55.4%) and 'Construction' (58.4%).

Base: Australian Businesses

Good time to Invest in the Business in the next 12 months

There has been an improvement since July 2011 in the proportion of businesses considering that the next 12 months would be a good time to invest in growing the business.

In December 56.5% think the next 12 months would be a good time to invest, up from 49% in July. Although this level is currently not as high as earlier in 2011, it now exceeds the proportion considering that the next 12 months would be a bad time to invest.

There are major differences between industries in how they view the next year as a good time to invest. The most positive of the major sectors are 'Finance and Insurance' (68.6% good time to invest), and 'Information media and telecommunications' (67.4%). Perhaps surprisingly 'Mining' (59.9%) is only around the average. The least convinced that it will be a good time to increase investment in 2012 includes 'Construction' (48.3%), 'Retail' (48.5%) and 'Manufacturing' (50.7%).

Intend to Increase Level of Investment in Business in the next 12 months

In addition to how businesses felt about it being a good time to invest, an additional question was added to determine whether they were really intending to invest i.e. were they likely to take action? The level of intention to invest in the next 12 months is 16.3%, which is up on the low point of 13.6% in August 2011 but still well below the level at the beginning of 2011 when it was around 21%. These positive signs currently are looking a little fragile (small drop in December) at the moment and will easily be influenced by the economic situation, the availability of finance and interest rates.

When it comes to the intended action regarding increased investment over the next 12 months, the clear leader is 'Finance and Insurance' (26.0% intend to invest), 'Manufacturing' (20.4%), 'Mining' (18.9%) and 'Retail' (16.7%) are also above average. 'Construction' (12.7%) is a major segment that is much less likely than average to invest.

Intend to Increase Number of Employees in Business in the next 12 months

With concern regarding unemployment and underemployment levels in Australia it is important to look at the intention levels of business to hire more employees over the next year. Currently 11.2% of businesses intend to increase their workforce; this is up from the low point of 10.3% in September but still down a little on the 13.7% seen earlier in the year.

Of the major industries, 'Mining' (22.2%) is the most likely to increase their number of employees over the coming year. 'Manufacturing' (14.7%) is somewhat surprising that it is above average. 'Construction' (10.7%) and 'Retail' (10.1%) are below average.

Business Performance and Factors affecting in next 12 months

Despite the difficult economic environment the majority of businesses (59.1%) either met or exceeded their targeted performance over the last 12 months. The worst performing states were Queensland (where only 50.1% met or exceeded their targets) and Tasmania (54.2%). The best performer was Victoria (64.5%), followed by New South Wales (60.4%) and Western Australia (60.1%). Only 13.7% of businesses exceeded their target, with the best performer being Victoria (15.8%).

The major factor impacting on business performance over the last 12 months was to do with the 'Economy/level of demand' which was mentioned by 72.6% of businesses. This was well ahead of 'Competition' (32.0%) and 'Costs' (27.0%). Issues relating to funding were well down the list with 'Access to Finance' only mentioned by 13.0% and 'Cost of Funding' (13.0%).

There is the expectation by 40.1% of business that their overall performance will improve over the next year and only 9.5% think that it will decrease. The highest level of improvement expected is shown by business in Western Australia with 45.5% followed by Victorians with 41.5%. Tasmania (35.8%) and Queensland (37.2%) businesses are the least optimistic about improving their performance in 2012.

The 'economy' is still seen as the major factor expected to impact on performance in the next 12 months and indeed is now seen by 42.3% of businesses as being even more important this year than last year. Other issues that are expected to have more influence in the coming 12 months include 'Costs for raw materials, transport, etc' (34.1%) and 'Changing consumer expectations and demands' (32.1%) and 'Cost' (31.7%). 'Access to finance' (13.6%) and 'Cost of funding' (25.1%) are well down the list of issues expected to be more important.

Government Performance in Fostering Business Growth

The previous section showed that Government (both Federal and State) have considerable potential (both positive and negative) to impact on business performance.

The Federal Government is generally seen as doing a 'very poor' job at fostering a climate of growth for business in Australia with 53.9% thinking this compared to only 6.7% considering that they are doing a 'very good' job.

Clearly the least satisfied with the Federal Government's performance is Queensland where it is rated a 'very poor' by 62.3%. Victoria is the most positive regarding the impact of the Federal Government on businesses but even then 45.5% rate it as 'very poor'.

The State Governments are also not seen as doing a good job at encouraging business with only 6.0% overall rating their performance as 'very good'. Businesses tend to see their State Governments as doing only an 'average' job except for Queensland, South Australia and Tasmania where their governments are seen as generally doing a 'very poor' job.

In summary for the Australian people the impact of the economic slowdown and uncertainty that followed the global financial crisis was initially severe but showed strong recovery in Australia's consumer confidence over the following two years. This appears to have largely stalled over the last six months with global concerns and local economic issues impacting negatively on consumer confidence, but there has been some positive signs in recent weeks. These major global events have not only impacted on our confidence but may have changed our attitudes toward the

environmental imperative and our appetite for experimentation. A changing set of concerns are emerging:

Economic concerns remain well ahead of environmental issues and there is an emerging concern in Australia with political leadership especially as it relates to the Prime Minister, the carbon tax, asylum seekers and increasing unemployment.

In our view unemployment is the indicator to watch along with business hiring expectations— Today 80% of Australian workers believe their job is safe (2% lower than November 2009) but only half (51%) believe they would get a job quickly if they lost their job (up 4%).

With business activity and outlook being the main driver of how the Australian economy is likely to perform in 2012, the special analysis in this tenth State of the Nation Report provides valuable insight into the ‘State of the Nation’. It shows:

- Business confidence has been rising steadily over the last 6 months despite considerable negative economic news from Europe in particular.
- Many other industries apart from the much publicised strength of the mining sector have high levels of confidence. We have a multispeed rather than a two speed economy.
- There has been an increase over recent months in the level of intention for businesses to invest over the next 12 months, and to increase employee numbers.
- The performance of the Federal and State Governments in terms of fostering a climate for business growth has been seen as very poor generally and particularly in Queensland.
- The balance of the outlook among businesses for 2012 is clearly one of optimism with over 40% expecting their business will be better off in 2012 compared to around 14% expecting they will be worse off.

But, even in this brief presentation, our data shows a range of different responses from business – not just the hackneyed two speed economy – but a range of different economies.

We suggest that politicians and policy makers ignore the more complex reality of this powerful valuable and vulnerable segment at their peril.

There is much for the Government, the Reserve Bank, Business and Trade Unions and all of us to consider in this fragile economic situation.

The full State of the Nation Report is available for instant download from

www.RoyMorganOnlineStore.com



State of the Nation with a spotlight on the Outlook for Australian Business in 2012 In conjunction with Mutual Trust

Australia

Selected Key Slides from Presentation (February 10, 2012)

Please direct any queries to enquiries@roymorganonlinestore.com
Roy Morgan Research – 401 Collins Street, Melbourne VIC 3000
Telephone: 1800 633 813
© Roy Morgan Research

Key Events have implications for Australia

- GFC
- Government change
- Mining Tax
- Carbon Tax
- IR Legislation
- Global Debt

Access to and cost of:

Capital

Resources and energy

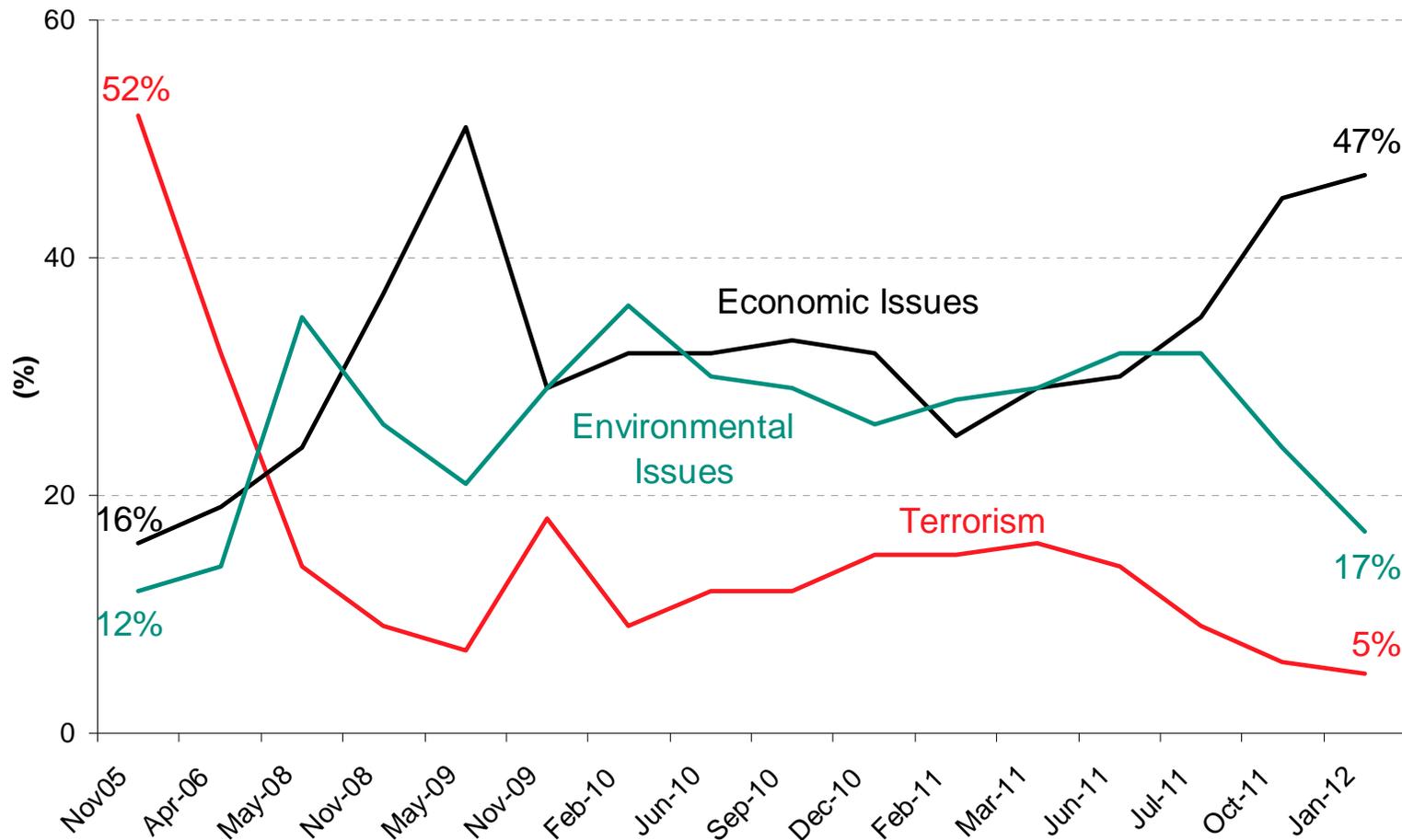
People

Profits



Issues Facing the World and Australia

Most Important Issues Facing the World

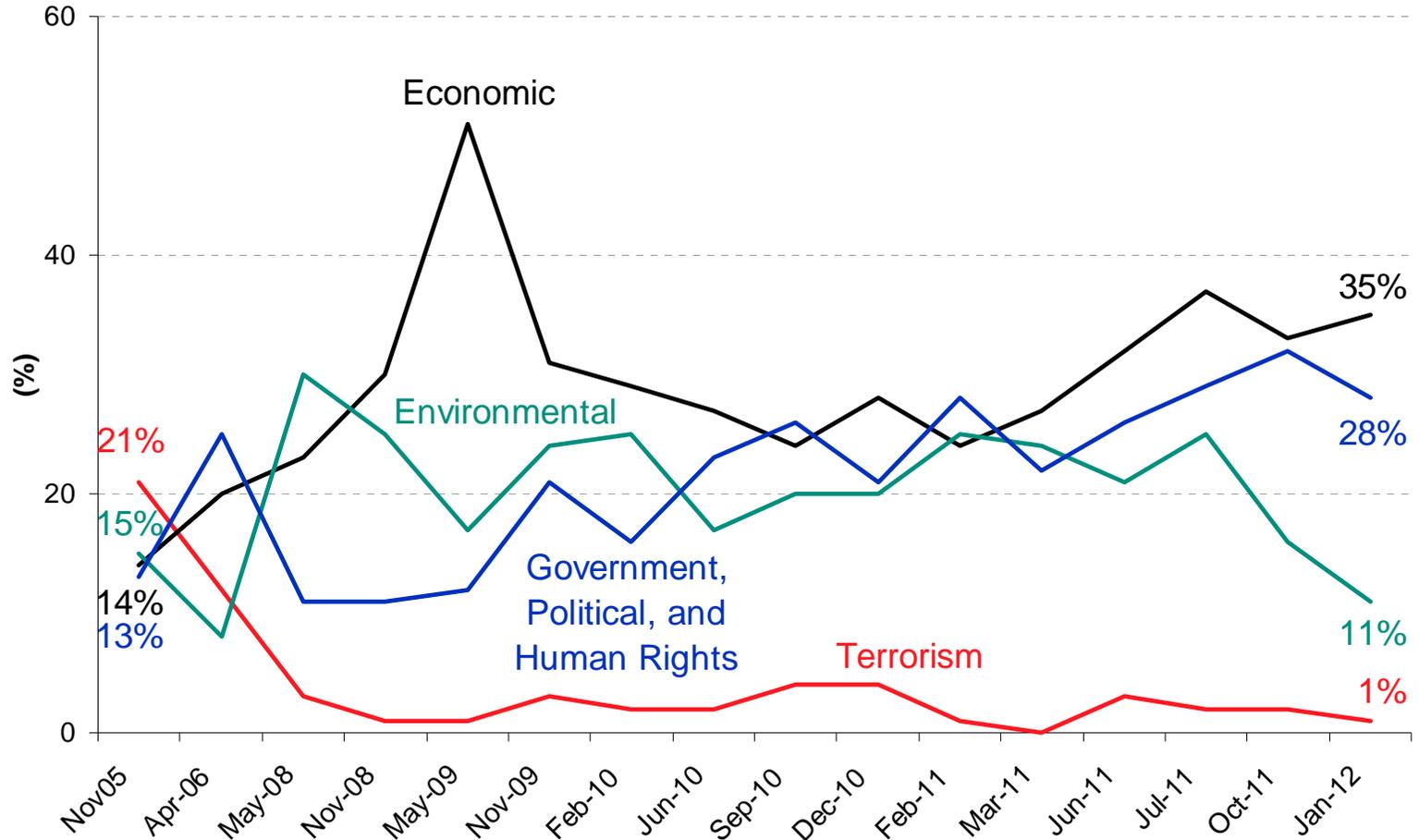


Source: Roy Morgan Research
*Roy Morgan Nationwide telephone poll (n=646) January 17/18, 2012; Aust. Population 14+



Issues Facing the World and Australia

Most Important Issues Facing Australia



Source: Roy Morgan Research
*Roy Morgan Nationwide telephone poll (n=646) January 17/18, 2012; Aust. Population 14+



Australia Today

Consumer Confidence	117.0 ^[1]
Business Confidence	118.7 ^[8]
Unemployment Including Underemployment	10.3% ^[2] 17.8% (2.21 mil) ^[2]
Housing Interest Rate	7.3% ^[3]
Term Deposit Rate	5.0% ^[3]
Inflation	3.1% ^[4]
GDP Growth	2.6% ^[5]
Petrol	141.3 c/ltr ^[6]
Australian Dollar	\$1.064 US ^[3]
Share Market	S&P/ASX 200 4,236 ^[3]
Superannuation	\$1.277T ^[7]
Retail Sales	+2.9% ^[4]
Voting Intention	ALP 45% vs. L-NP 55% ^[9]
Government Confidence	95.0 ^[9]

[1] Roy Morgan Face-to-Face February 4/5, 2012; Aust. Population 14+

[2] Roy Morgan Face-to-Face Survey January 2012; Aust. Population 14+ in Workforce

[3] Reserve Bank of Australia January 2012

[4] ABS December 2011

[5] ABS September 2011

[6] Fuel Watch January 2012

[7] APRA September 2011

[8] Roy Morgan Business Single Source January 2012

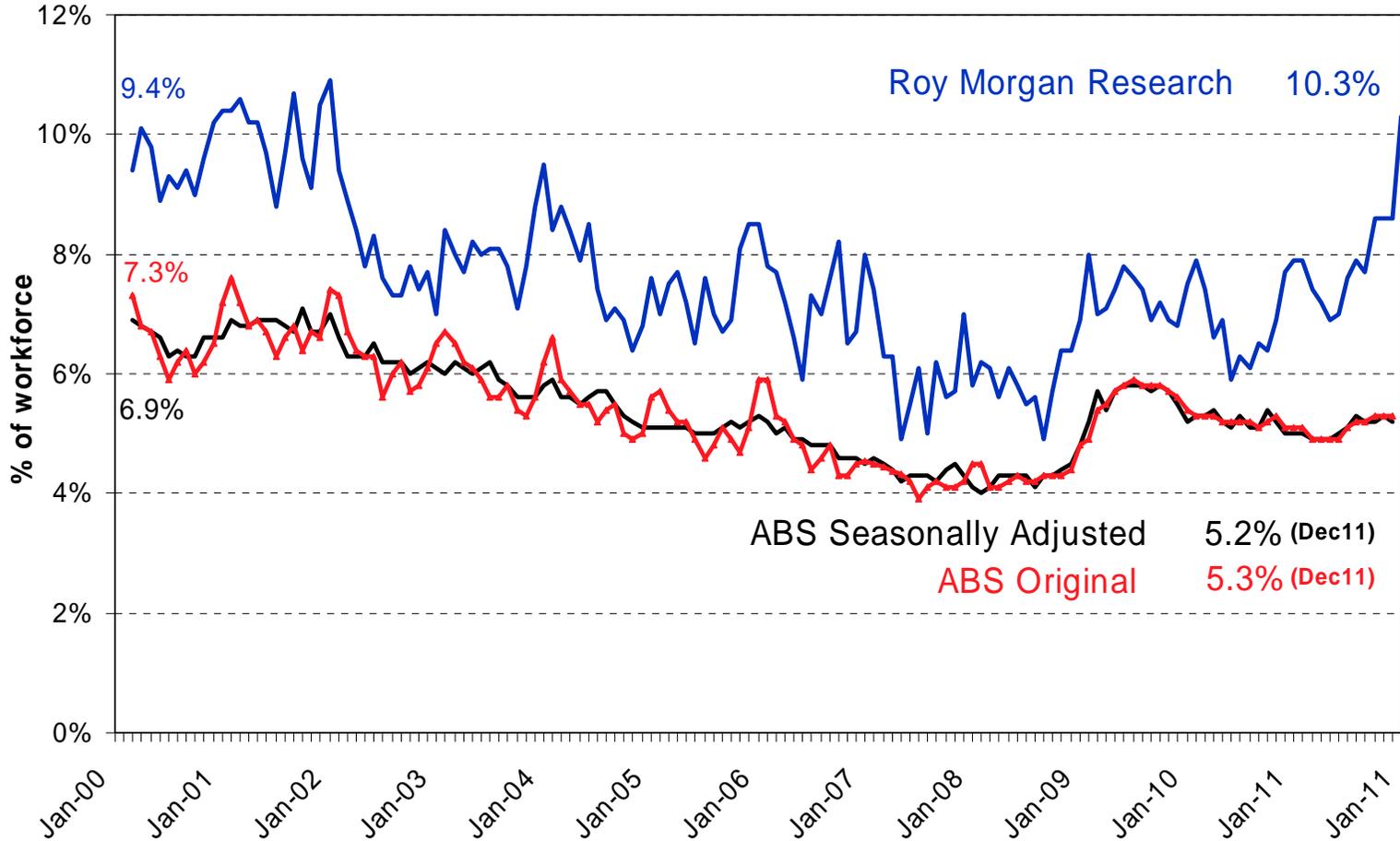


Voting Intention	ALP 45% vs. L-NP 55% [9]
Government Confidence	95.0 [9]



ECONOMY

Level of Workforce Unemployment – Roy Morgan/ABS Monthly Figures

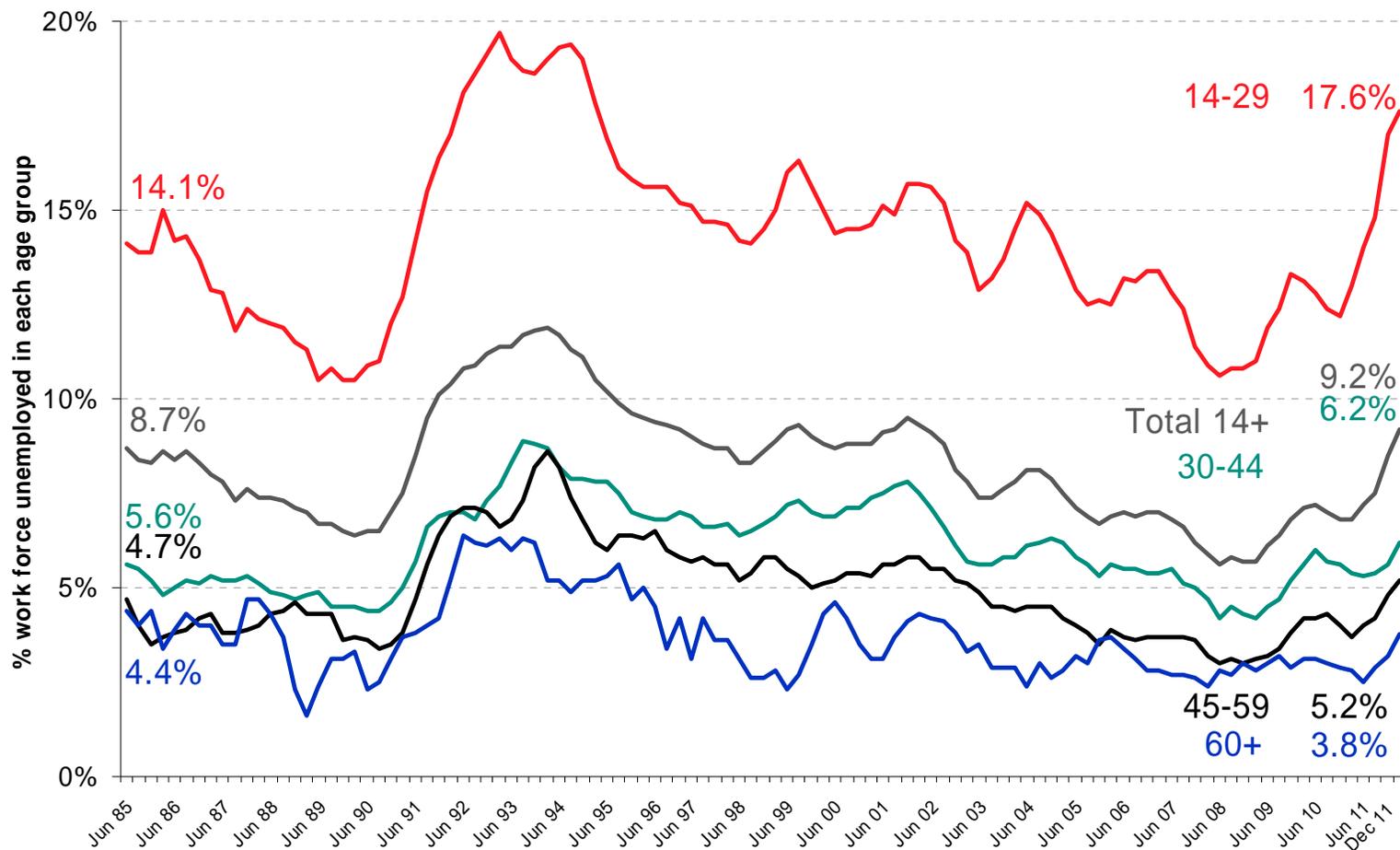


Base: Roy Morgan Research Aust. Population 14+; ABS. Monthly data.



ECONOMY

Unemployment by Age group

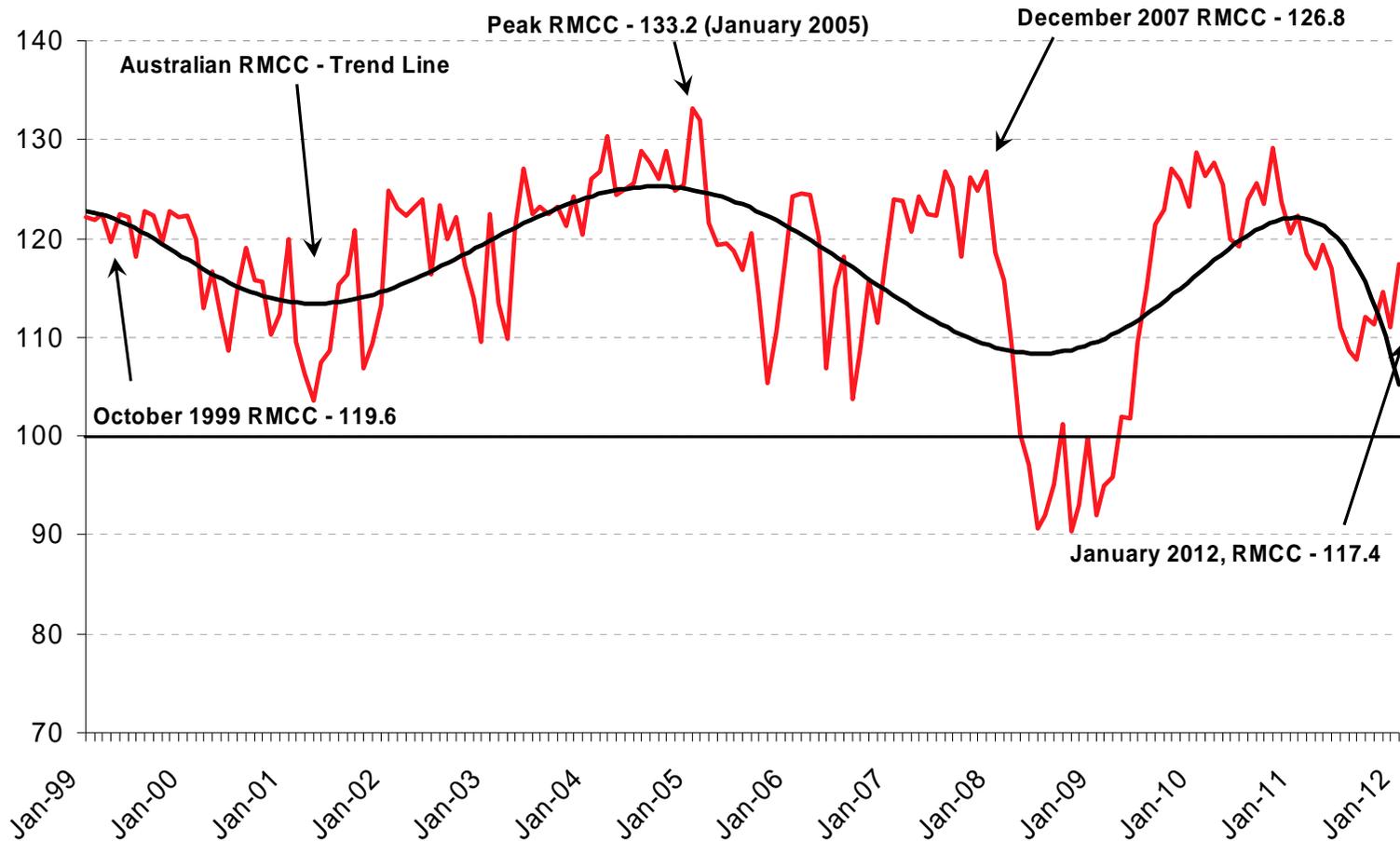


Base: Aust population aged 14+ in workforce; Source: Roy Morgan Research;



ECONOMY

Roy Morgan Monthly Consumer Confidence – Long Term Trend

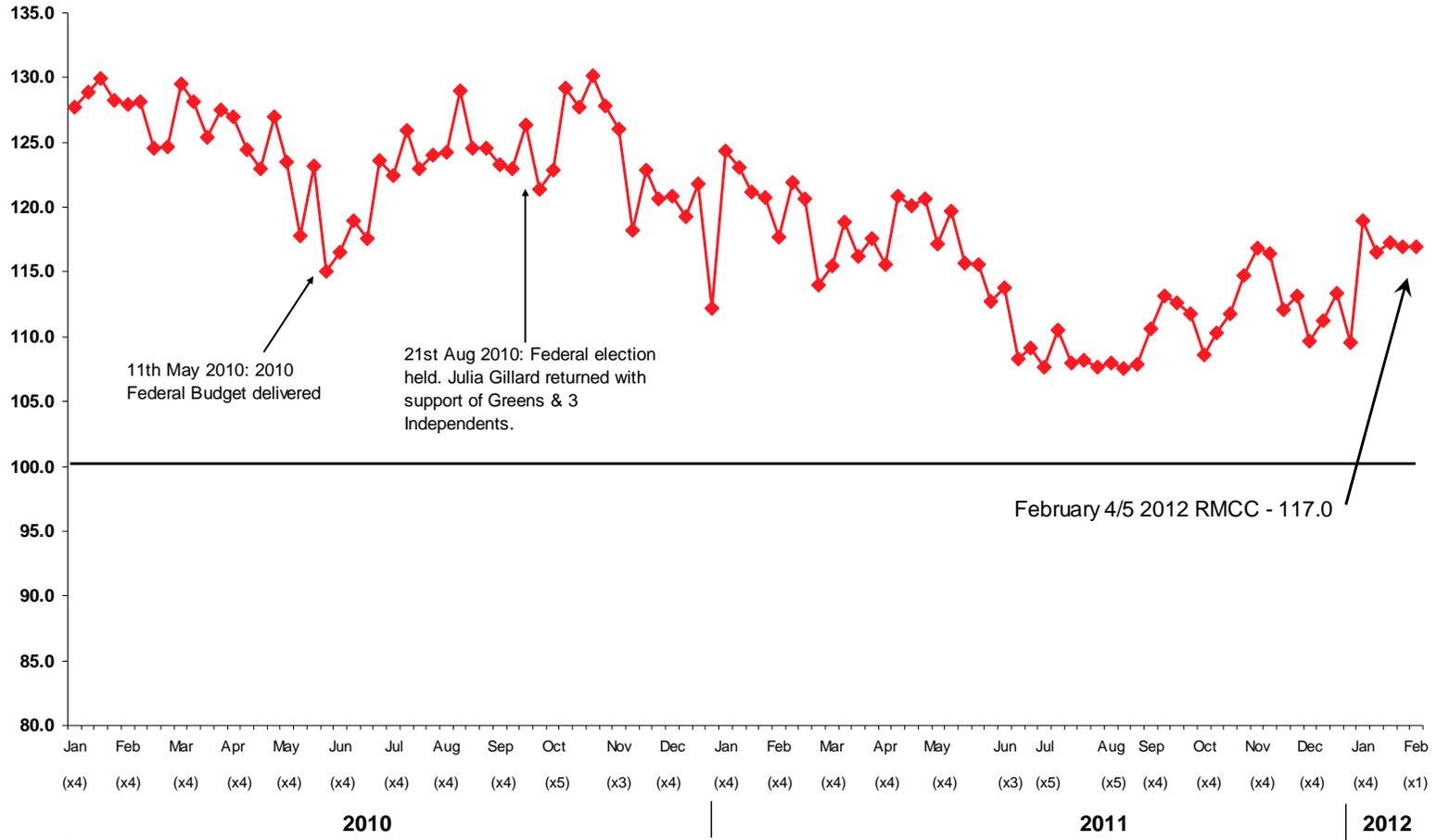


Base Aust Population aged 14+; Source: Roy Morgan Research.



ECONOMY

Roy Morgan Weekly Consumer Confidence – Short Term Trend

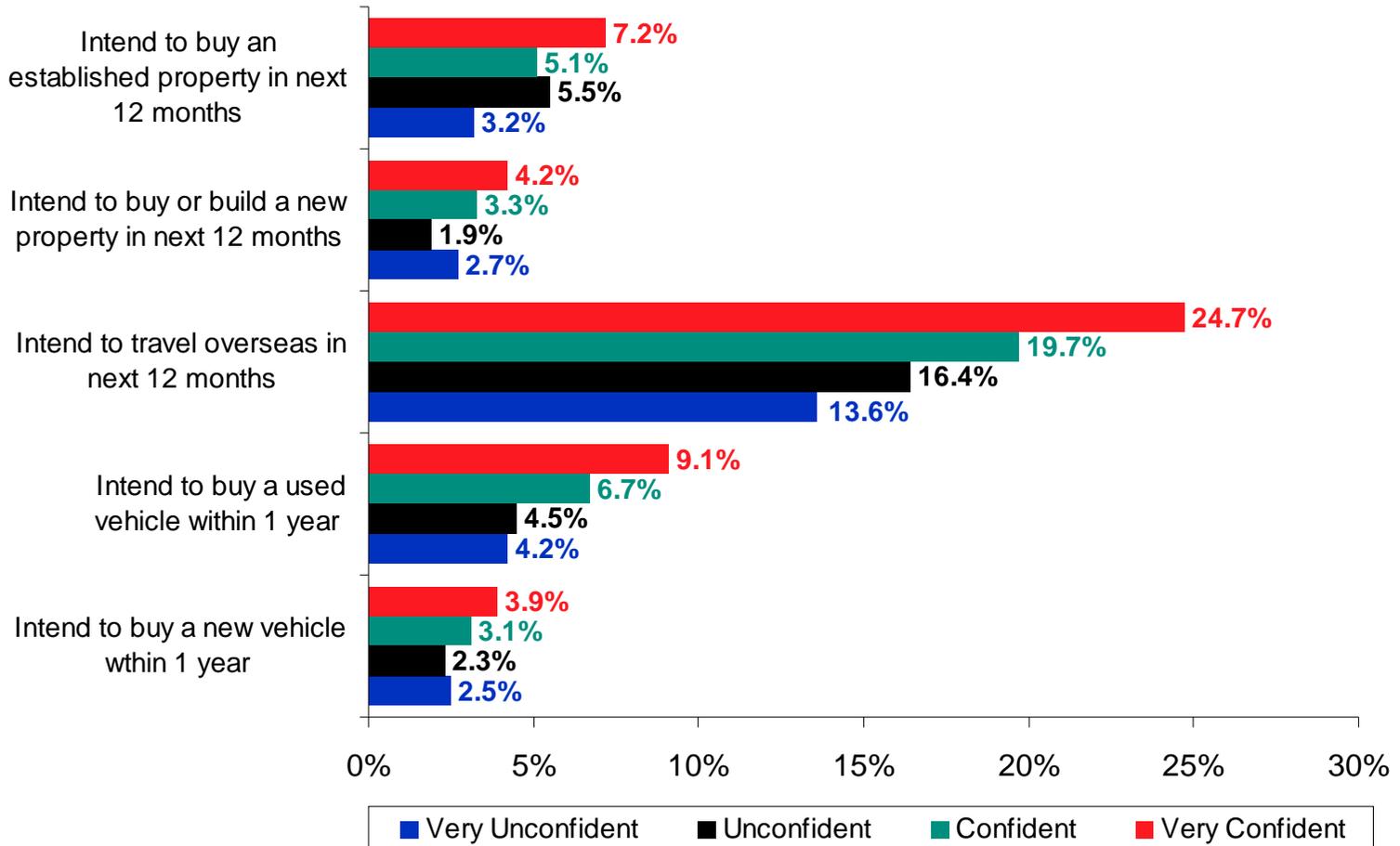


Base Aust Population aged 14+; Source: Roy Morgan Research;



ECONOMY

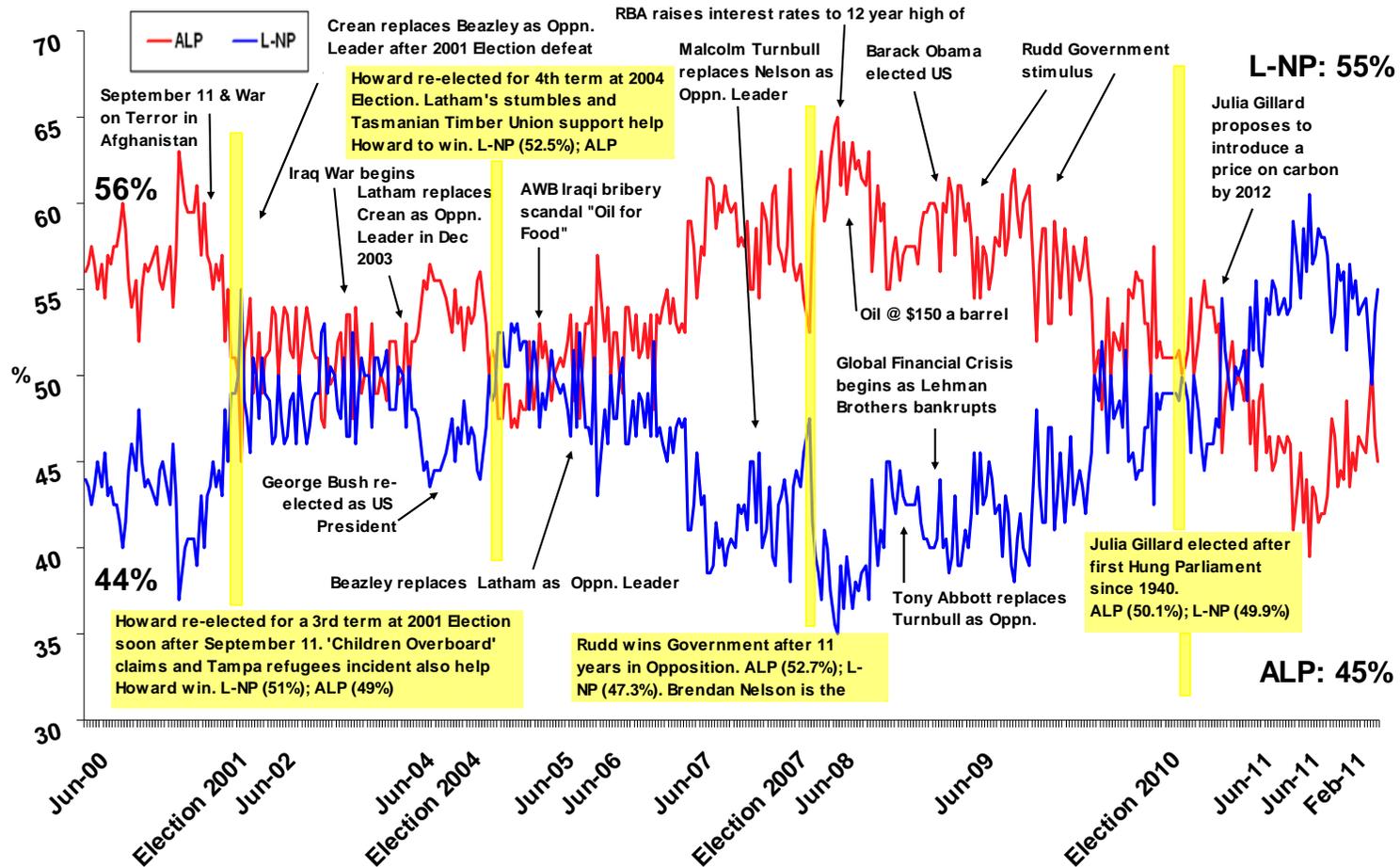
Impact of Consumer Confidence Level on Economy



Base Aust Population 14+; Source: Roy Morgan Research; Jul11 – Dec11

POLITICS

Federal: Two-Party Preferred



Base: Electors; Source: Roy Morgan Research



Spotlight on the Outlook for Australian Business in 2012

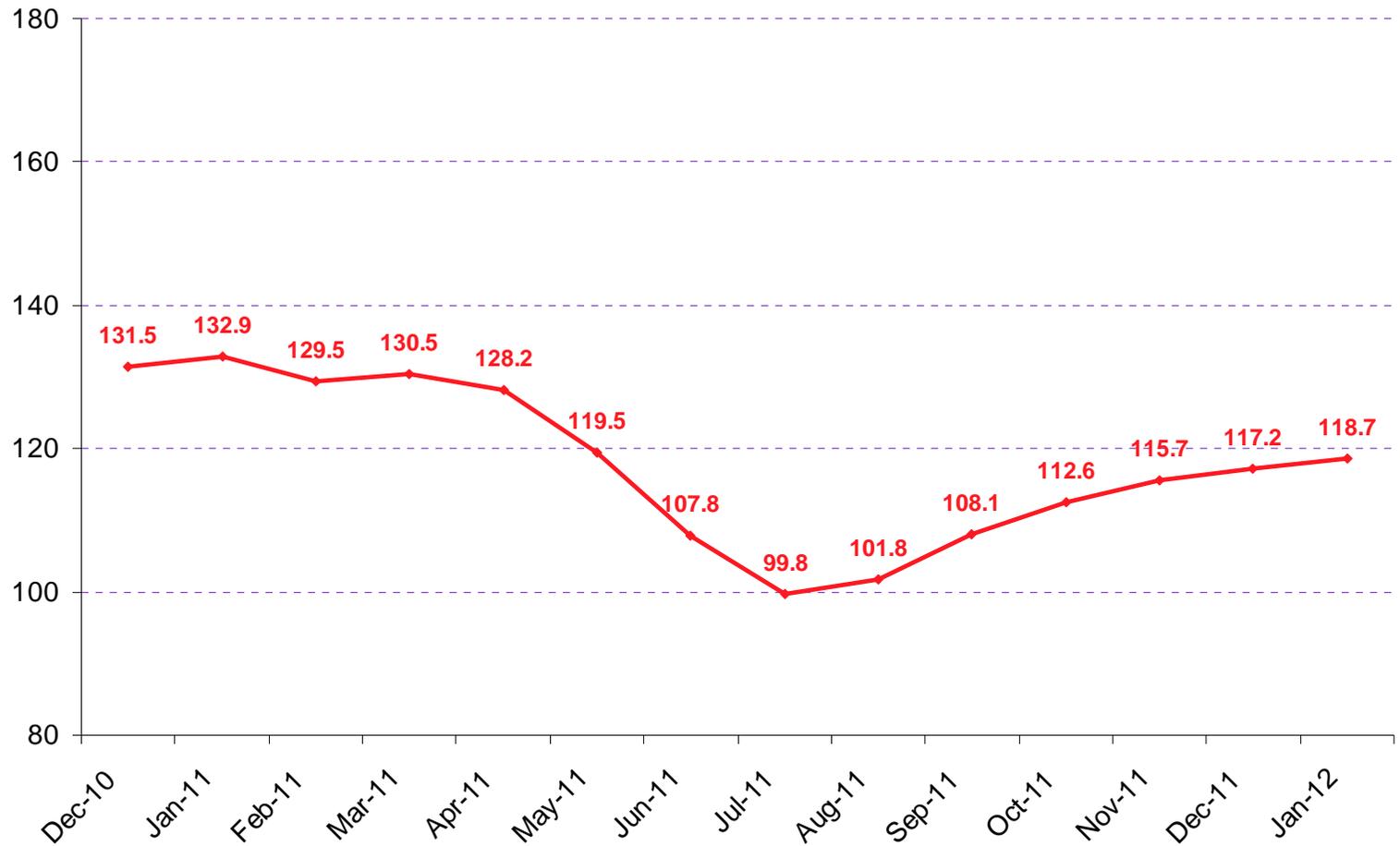
February 2012

Discover your edge

Please direct any queries to norman.morris@roymorgan.com
Roy Morgan Research – 401 Collins Street, Melbourne VIC 3000
Telephone: 03 9224 5172
© Roy Morgan Research



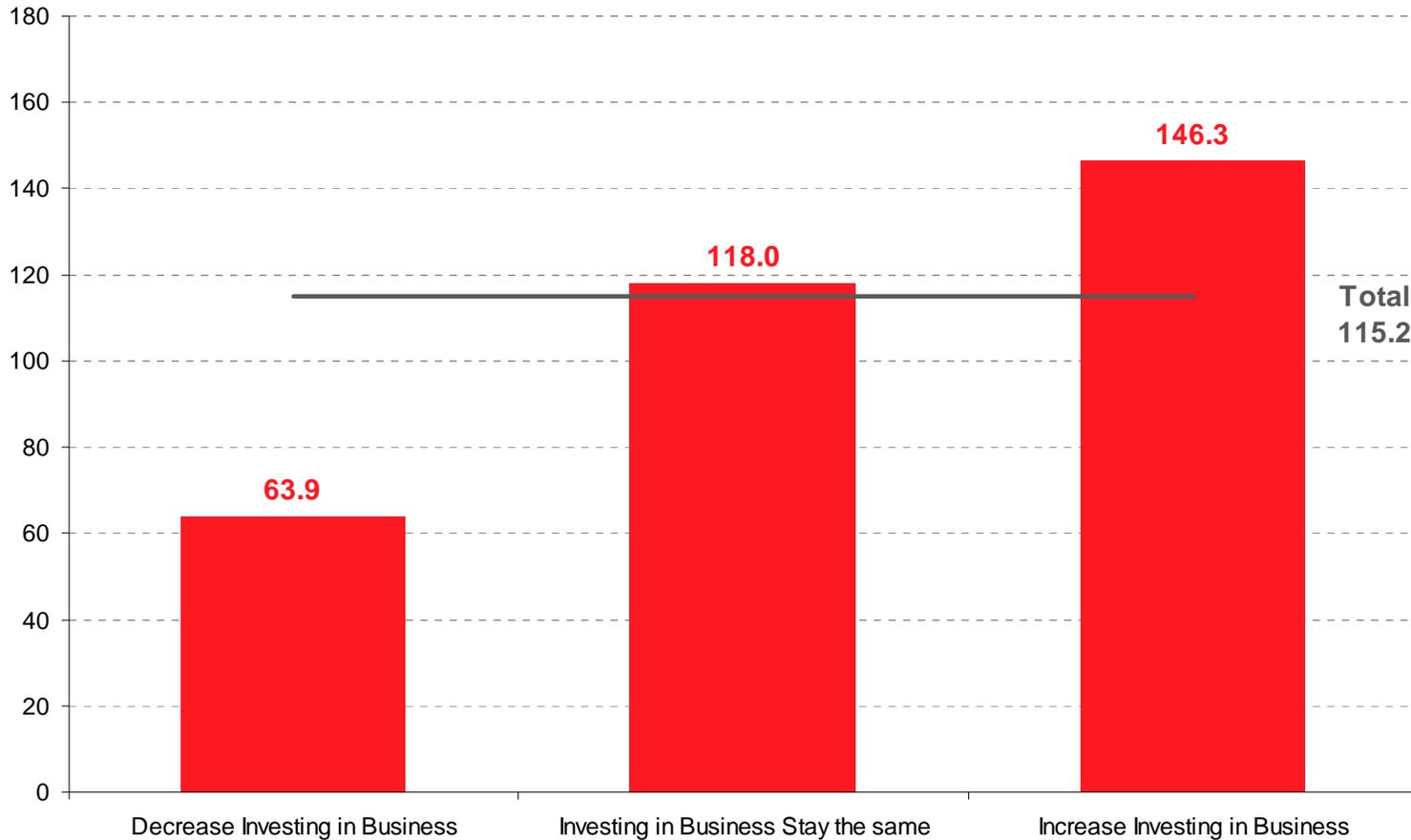
Monthly Business Confidence



Base: Australian Businesses
Source: Roy Morgan Research Business Single Source. Dec10 – Jan12



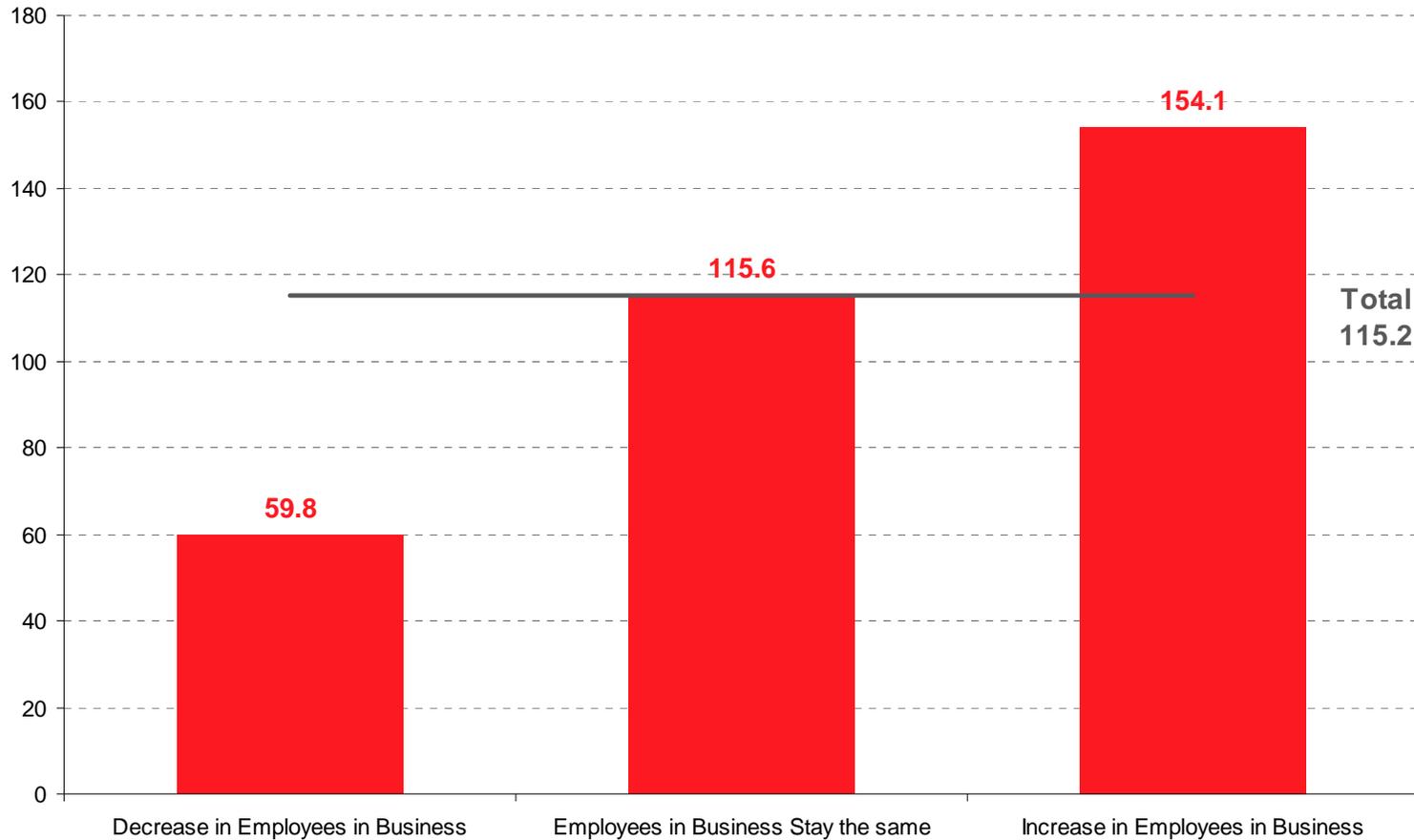
Investment Intentions next 12 months Linked to Confidence (December 2011 Qtr)



Base: Australian Businesses
Source: Roy Morgan Research Business Single Source. Oct11 – Dec11



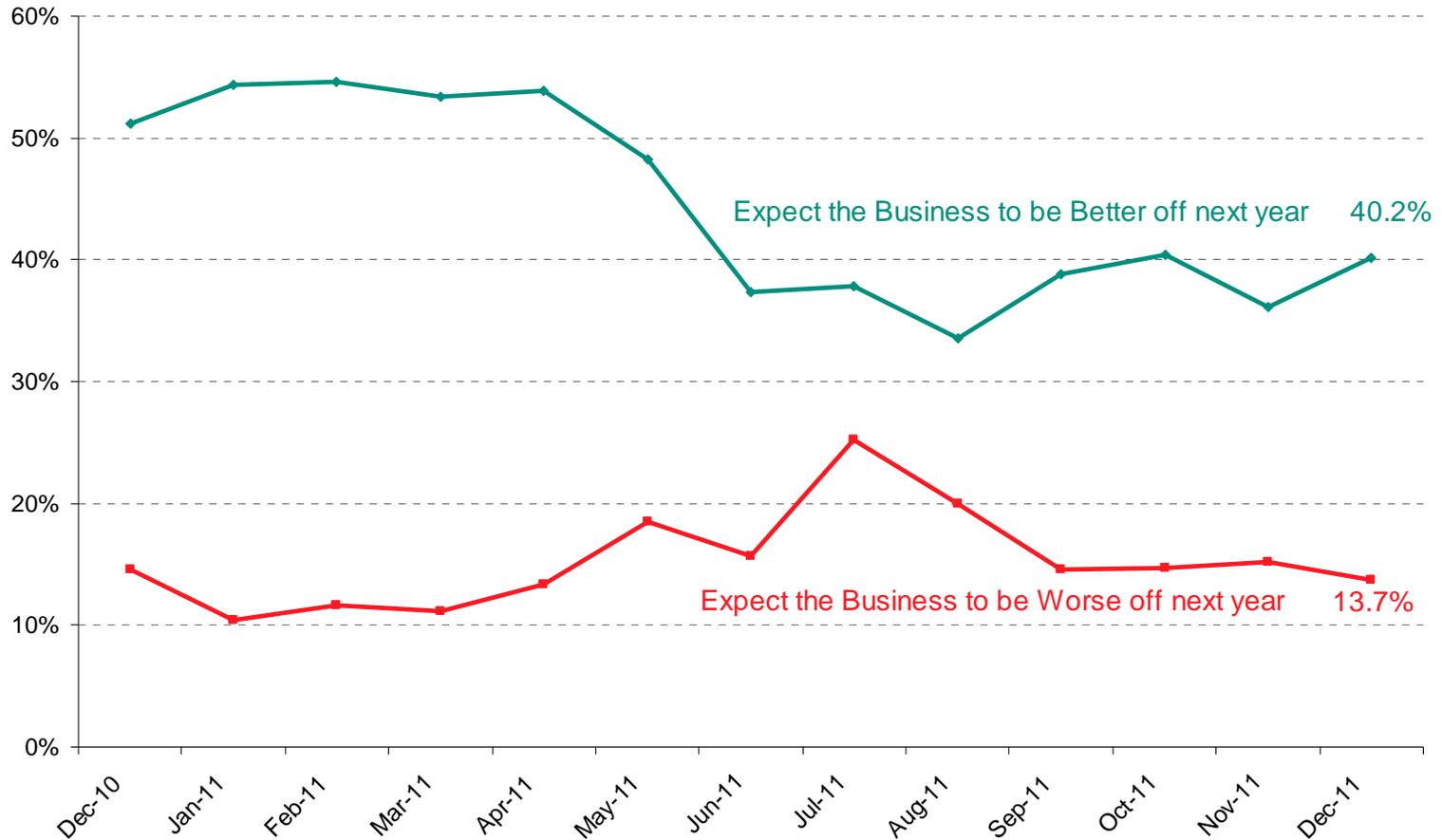
Intended Changes in Number of Employees next 12 months Linked to Confidence (December 2011 Qtr)



Base: Australian Businesses
Source: Roy Morgan Research Business Single Source. Oct11 – Dec11



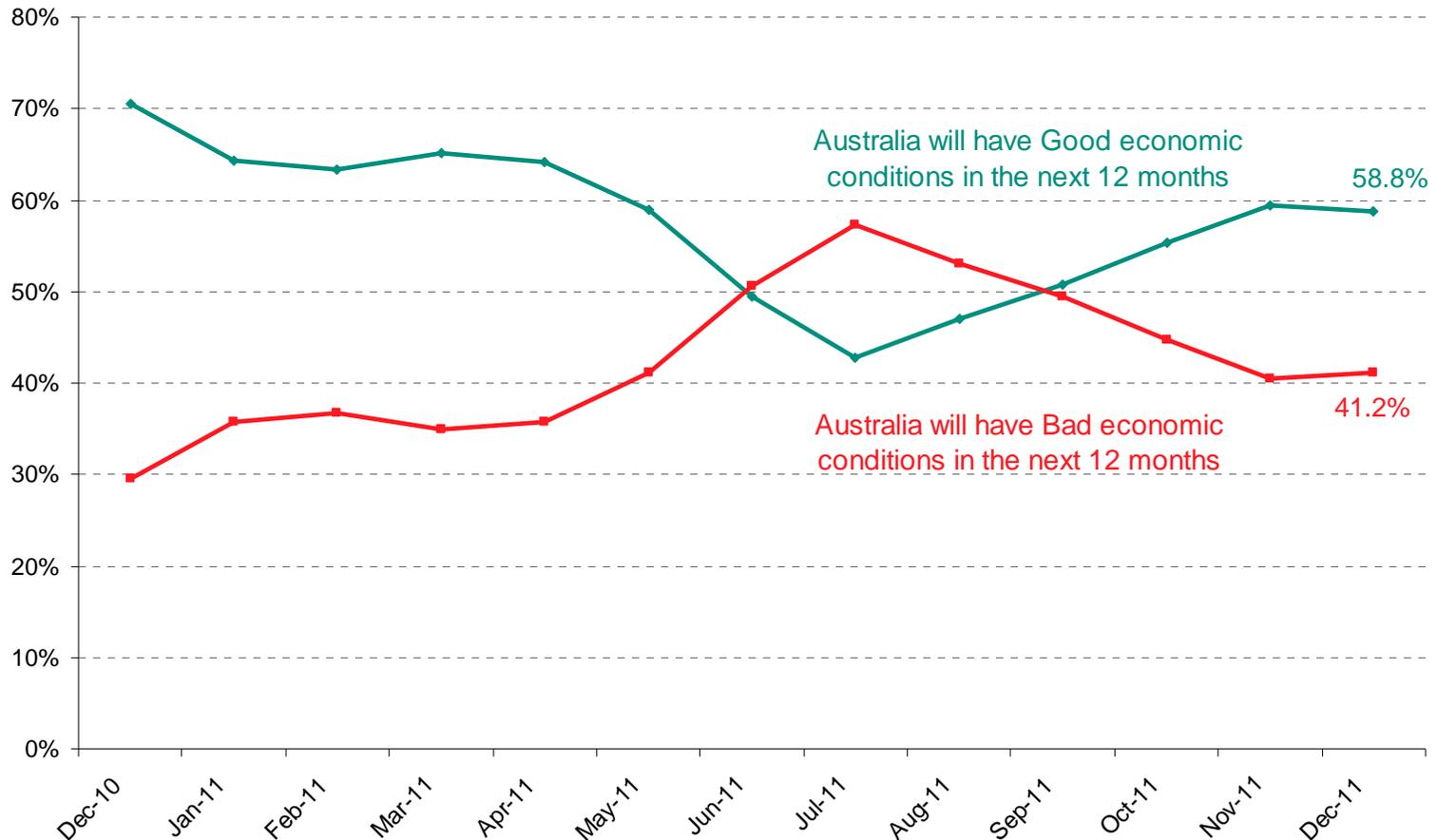
Financial Expectation for the Business in next 12 months



Base: Australian Businesses
Source: Roy Morgan Research Business Single Source. Dec10 - Dec11



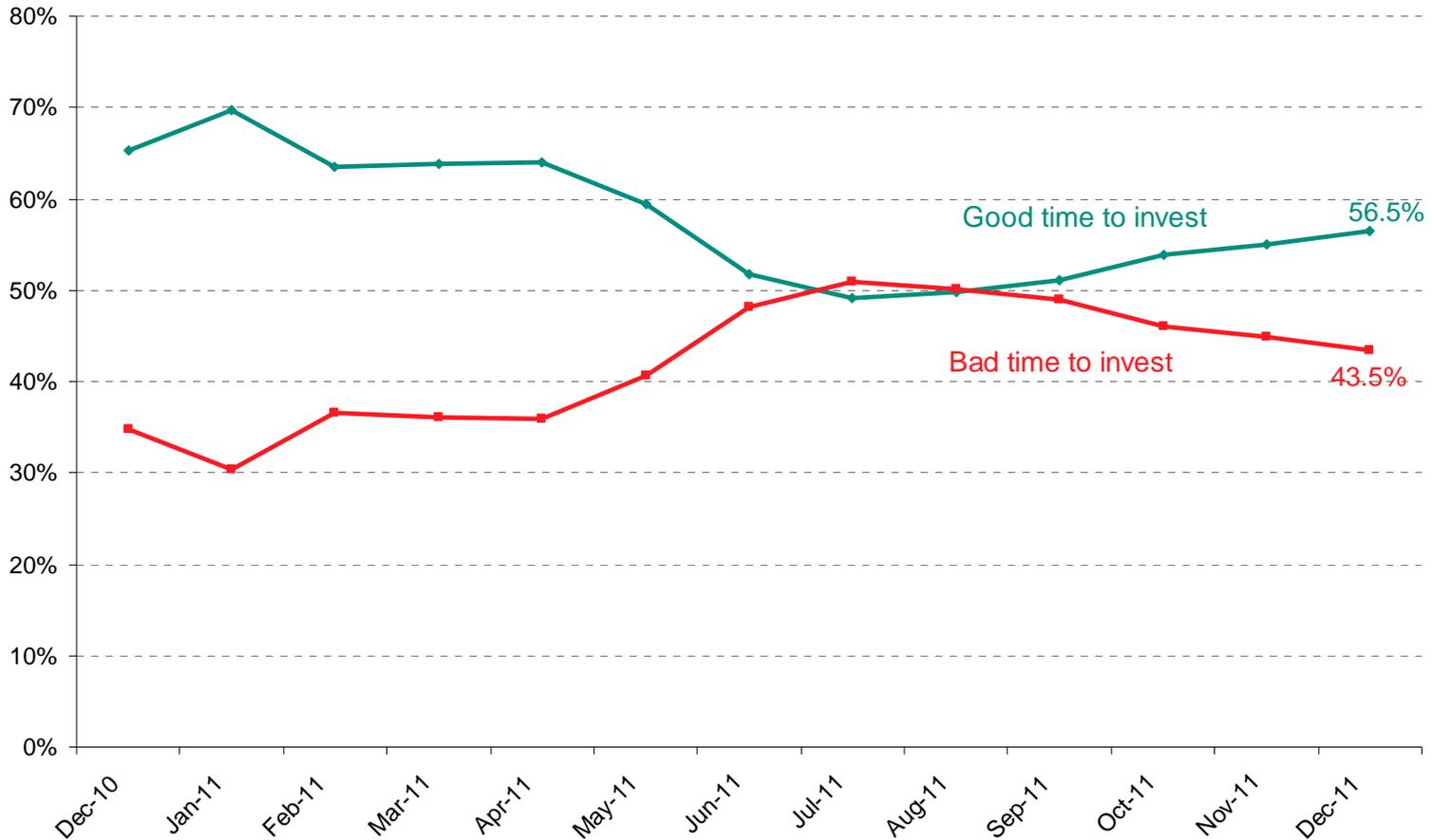
Economic Conditions in Australia in the next 12 months



Base: Australian Businesses
Source: Roy Morgan Research Business Single Source. Dec10 - Dec11



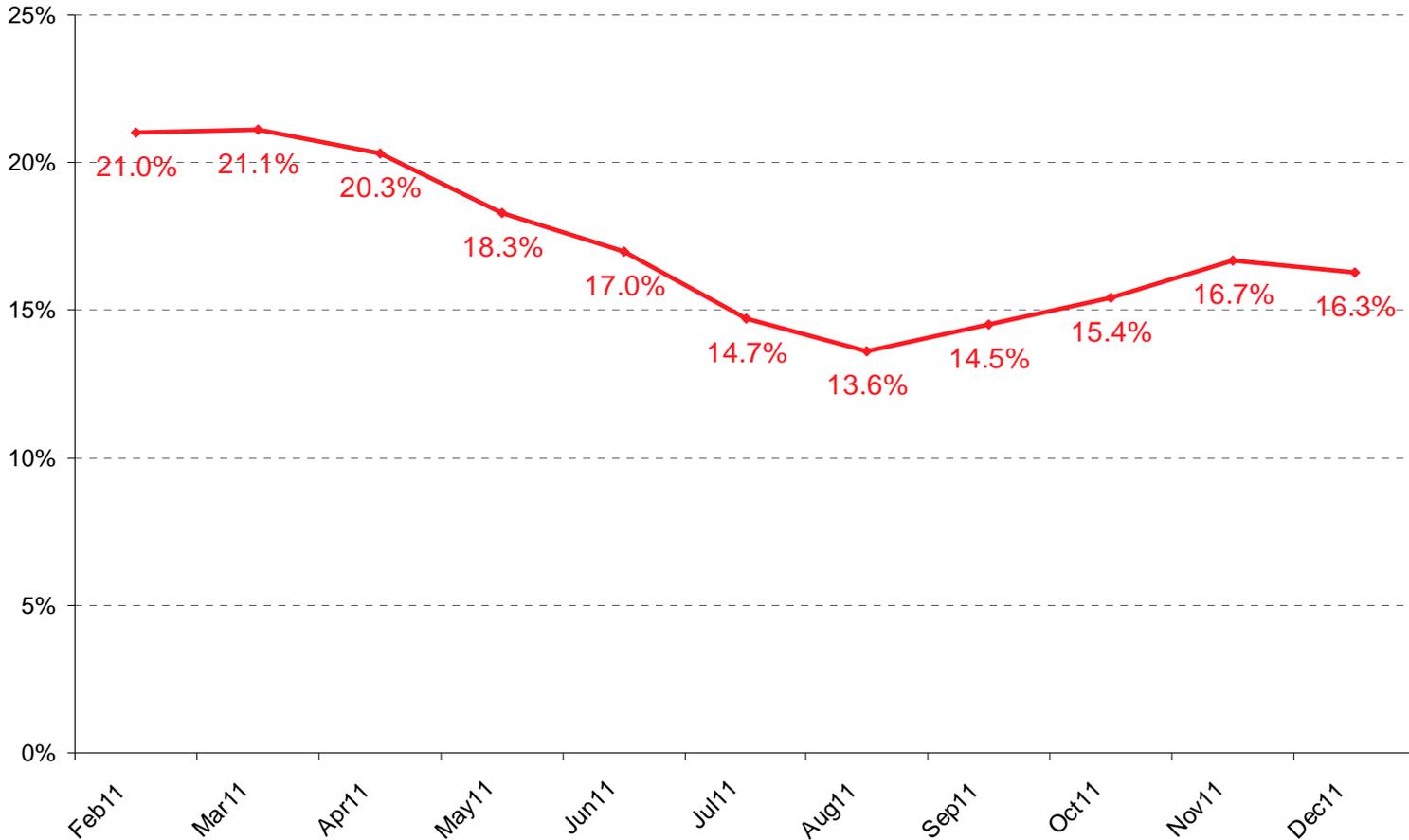
Good time to Invest in Business in the next 12 months



Base: Australian Businesses
Source: Roy Morgan Research Business Single Source. Dec10 - Dec11



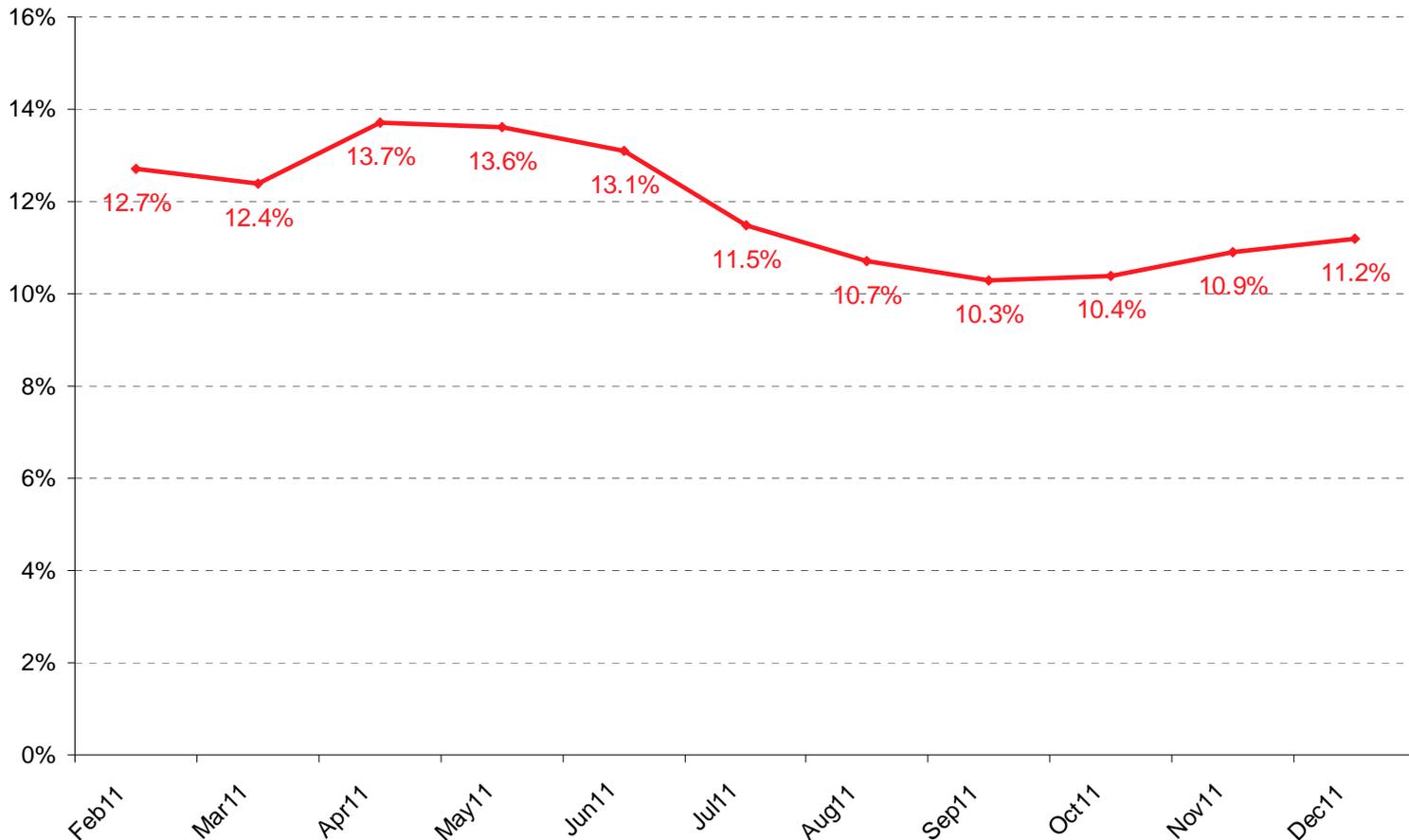
Intend to Increase Level of Investment in Business in the next 12 months (3 monthly moving averages)



Base: Australian Businesses
Source: Roy Morgan Research Business Single Source. 3 monthly moving averages, Dec10 - Dec11



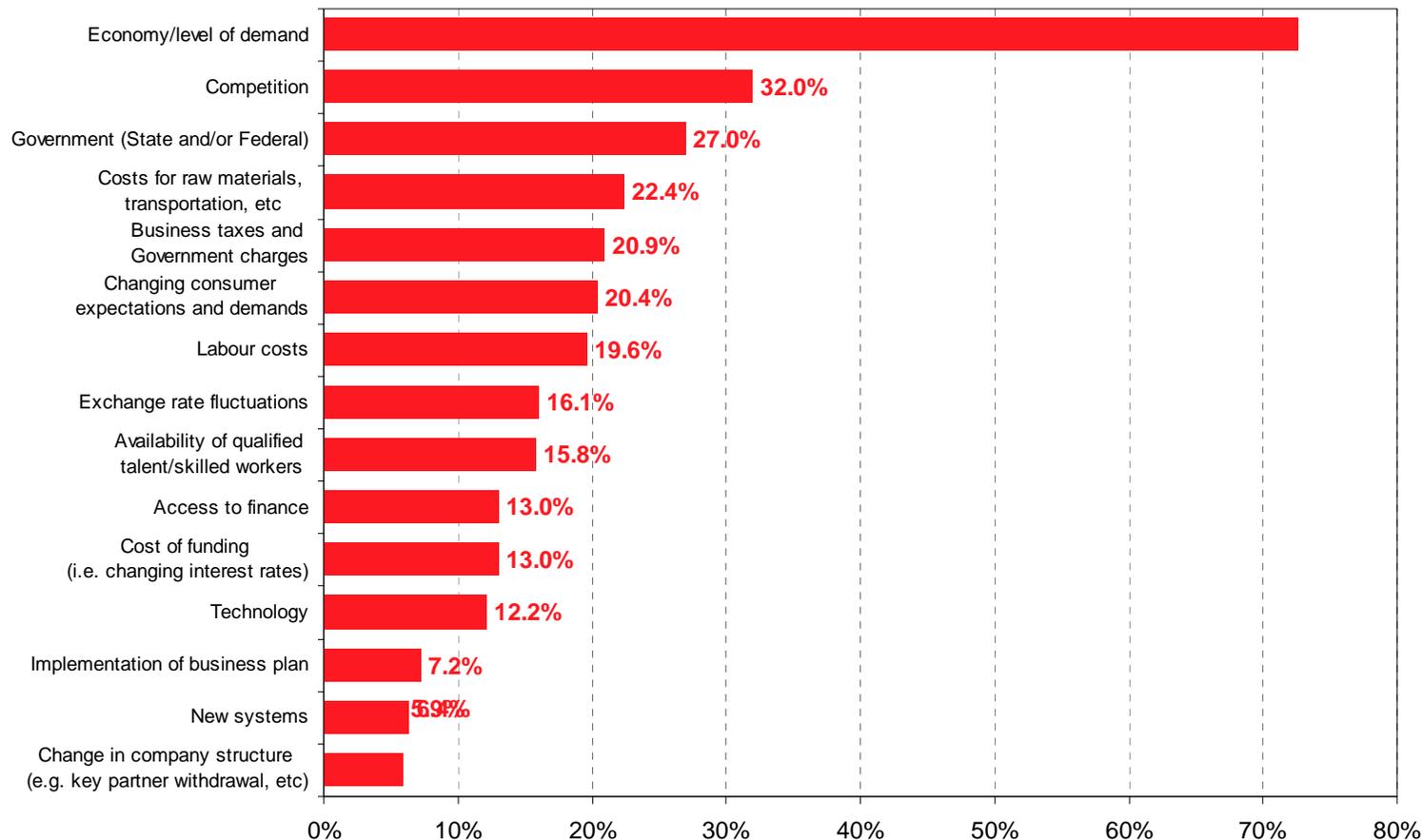
Intend to Increase Number of Employees in Business in the next 12 months (3 monthly moving averages)



Base: Australian Businesses
Source: Roy Morgan Research Business Single Source. 3 monthly moving averages, Dec10 - Dec11



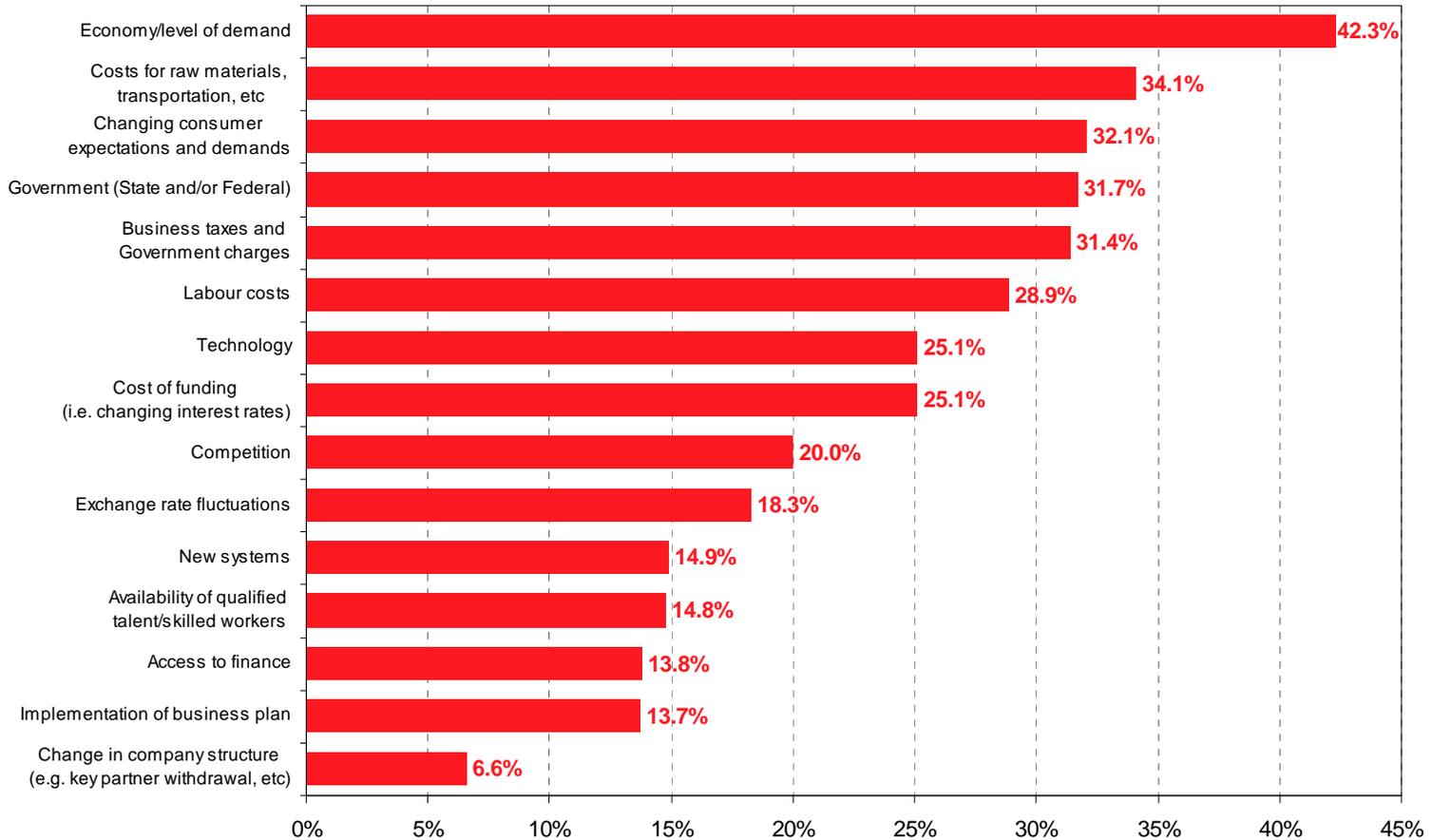
Factors Influenced Business Performance in last 12 months (December 2011 Qtr)



Base: Australian Businesses
Source: Roy Morgan Research Business Single Source. Oct11 – Dec11



Factors that will have 'more influence' on Business Performance in next 12 months (December 2011 Qtr)



Base: Australian Businesses
Source: Roy Morgan Research Business Single Source. Oct11 – Dec11