

Thursday, 9 March 2017

Drop in both Consumer Confidence and Business Confidence could be a concern

This week's drop in the [ANZ-Roy Morgan Consumer Confidence Rating – down 5.2pts to 113.9](#) – has been driven by falls in confidence about personal financial situations and also whether now is a 'good/bad time to buy major household items' – the three categories related most strongly to household confidence.

Now 39% (down 5ppts) of Australians expect their families to be 'better off financially this time next year' while a surging 27% (up 7ppts) of Australians said their families are 'worse off financially than this time last year' – both significant negative moves in sentiment. In addition, a nett 31% more Australians say 'now is a good time to buy' major household items rather than a 'bad time to buy' – however, this is down from a nett 40% last week – a fall of 9ppts.

Today's [Roy Morgan Business Confidence result for February showed a 4.6% drop to 111.4](#) – driven by worries about the health of the Australian economy over the next 12 months and next five years.

Gary Morgan, Executive Chairman, Roy Morgan Research, says:

“Opposition Leader Bill Shorten’s sustained attack on the decision of the independent workplace ‘umpire’ – the Fair Work Commission – to reduce Australia’s high penalty rates on Sundays and public holidays which impact on businesses and workers in the Hospitality, Retail and Fast-Food industries, has coloured the Commission’s decision in a negative light.

“Even worse, the failure of Prime Minister Malcolm Turnbull and the Australian business community to explain the benefits that will flow through to broader Australian society via reduced unemployment and under-employment has allowed Shorten’s attack to have more impact than it deserved.

“The ‘initial silence’ from Turnbull in particular showed a lack of leadership from Australia’s Prime Minister on the most important issue Australia faces – the high level of unemployment and under-employment. Australia’s high Sunday and public holiday penalty rates have prevented many Australians from finding work in recent years. [Roy Morgan real unemployment estimates show 2.402 million Australians \(17.9% of the workforce\) were either unemployed \(1.295 million – 9.7%\) or under-employed \(1.107 million – 8.2%\) in January 2017.](#)

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“Far too many Australians are ‘locked out of work’ by red tape like high penalty rates that stop many businesses from opening on Sundays and public holidays and therefore prevents businesses from hiring more workers. The decision by the Fair Work Commission is a step in the right direction, although penalty rates must be reduced further to recognise the realities of the modern Australian economy and new patterns of work and enjoyment.

“Until Turnbull admits the ABS employment and unemployment estimates are misleading and under-state the true level of unemployment and under-employment in Australia – currently the ABS claims Australian unemployment is only 5.7% (720,000) – the L-NP Government will be unable to connect with the broader Australian community who intrinsically understand the ABS employment figures are used as a political device rather than a true measure of Australia’s workforce.

“Today’s Roy Morgan Business Confidence result for February – showing a 4.6% drop to 111.4 – driven by worries about the health of the Australian economy over the next 12 months and next five years indicates it isn’t only Australian consumers that have significant concerns about productive growth in Australia going forward. It is imperative to reassure both Australian businesses, and consumers, that the Turnbull Government provides a compelling set of policy proposals to get the Australian economy moving again or we can expect further falls in Business Confidence in the months ahead.

“This ‘disconnect’ between the L-NP Government and regular Australians is borne out by many recent polls, including the Morgan Poll, and the share of the vote for Independents and minor parties will continue to rise. At the 2016 Federal Election a record high 22.9% of Australians voted for neither the ALP nor the L-NP.”

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