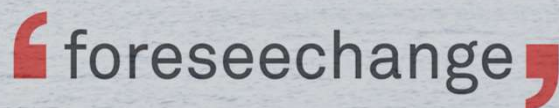


Prediction of the 2022 federal election outcome

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3 May 2022

Update 9 May 2022



Methods of prediction

Opinion polls have historically been the most accurate predictor of election outcomes, but the polls failed in 2019 (see the Appendix for analysis of why they failed).

There is, therefore, a need for other methods of prediction and this report describes several other approaches together with current implications for the outcome.

Most methods currently indicate a reasonable chance of a Labor victory in 2022, but history is against them. This report suggests a reason for Labor's poor performance in winning federal elections in recent decades.

One complicating factor is a large increase in well-funded independent candidates, which could lead to a hung parliament. The government would then be formed by the party which can best negotiate support from the disparate cross benchers. Are independents trusted to work in the national interest?

Another uncertain factor is the degree to which voters are unsure about how they will vote at the election.

This report presents data concerning these two uncertainties.

Labor's past performance at winning elections

Labor's track record of winning elections has been dreadful since 1996, although it was better in previous years.

Based on the period since 1996, Labor's probability of winning is 0.11 with the same probability of a hung parliament.

Based on performance over a longer period, Labor's probability of winning is closer to 0.4.

Labor have been good at losing despite leading in the polls months before the election (this happened in 2001, 2004, and 2019).

The following analysis suggests one important driver of this performance

Period	Coalition win	Labor win	Hung	Number of elections
1996 to 2019	7	1	1	9
1983 to 2019	7	6	1	14
1975 to 2019	10	6	1	17
1972 to 2019	10	8	1	19

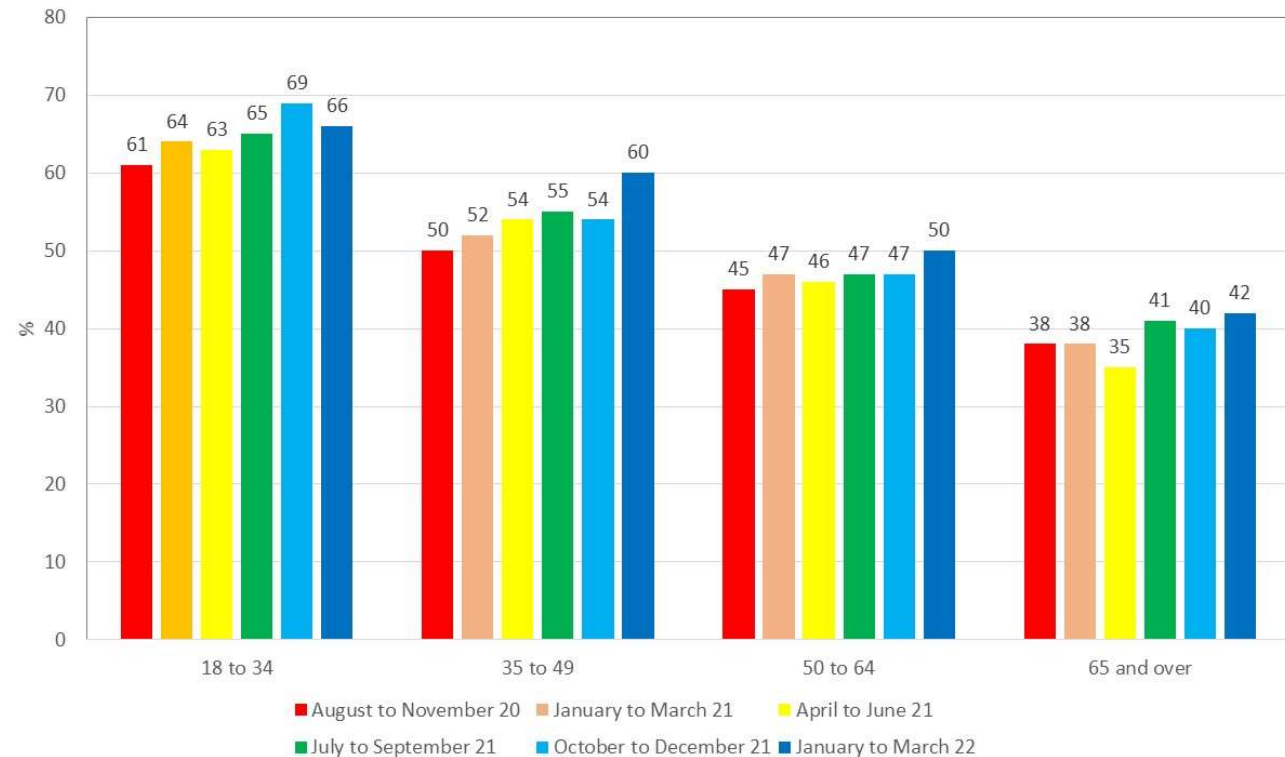
Support for Labor declines with age

This has been a consistent pattern since 1998 (at least) during which time Labor has won just one election. In 2007, Labor came close to parity with the Coalition amongst people aged 65 and over. This needs to be repeated as the numbers in the 65 and over age group have increased significantly since.

As at the March quarter, according to Newspoll, Labor is winning well amongst people aged 18 to 34 and it's lead amongst people aged 35 to 49 has increased. Labor has reached parity amongst people aged 50 to 64 but lags amongst people aged 65 and over.

Labor is heavily exposed to any drop in support amongst the older age groups because the median age of the adult population is estimated to be 46.

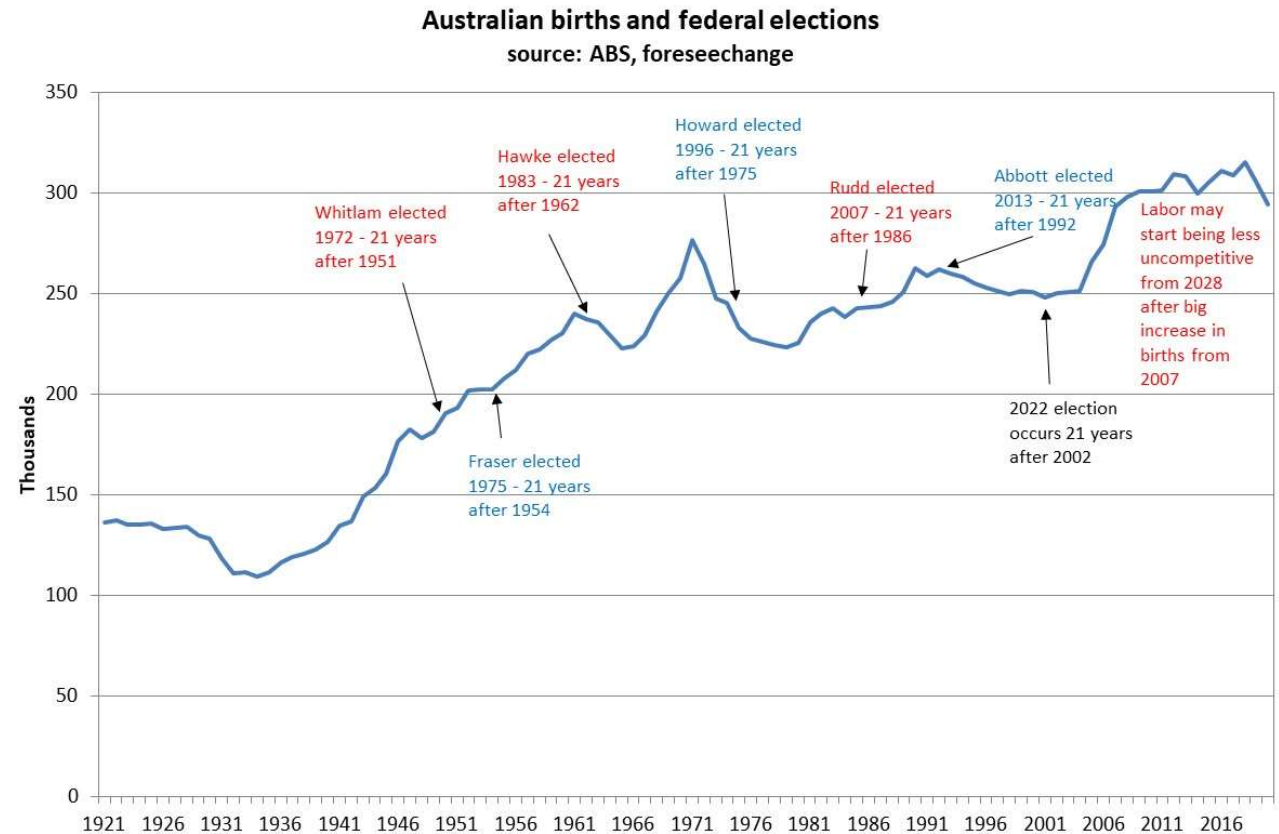
Labor's two-party preferred vote by age group
source: Newspoll



Correlation between births and federal election outcomes

Labour won in 1972 and 1983 following surging birth numbers 21 years earlier. This meant rapidly increasing numbers of young voters. The coalition under Fraser was an exception, following inexperience in the Labor government

As births declined in the 1960's following the introduction of the contraceptive pill and from the early 1970's due to changed interpretation of abortion laws, combined with increased female workforce participation, the coalition won in 1996 and has held onto power for most of the time since. Labor under Rudd was an exception. He positioned himself as conservative and improved Labor's vote amongst older voters.



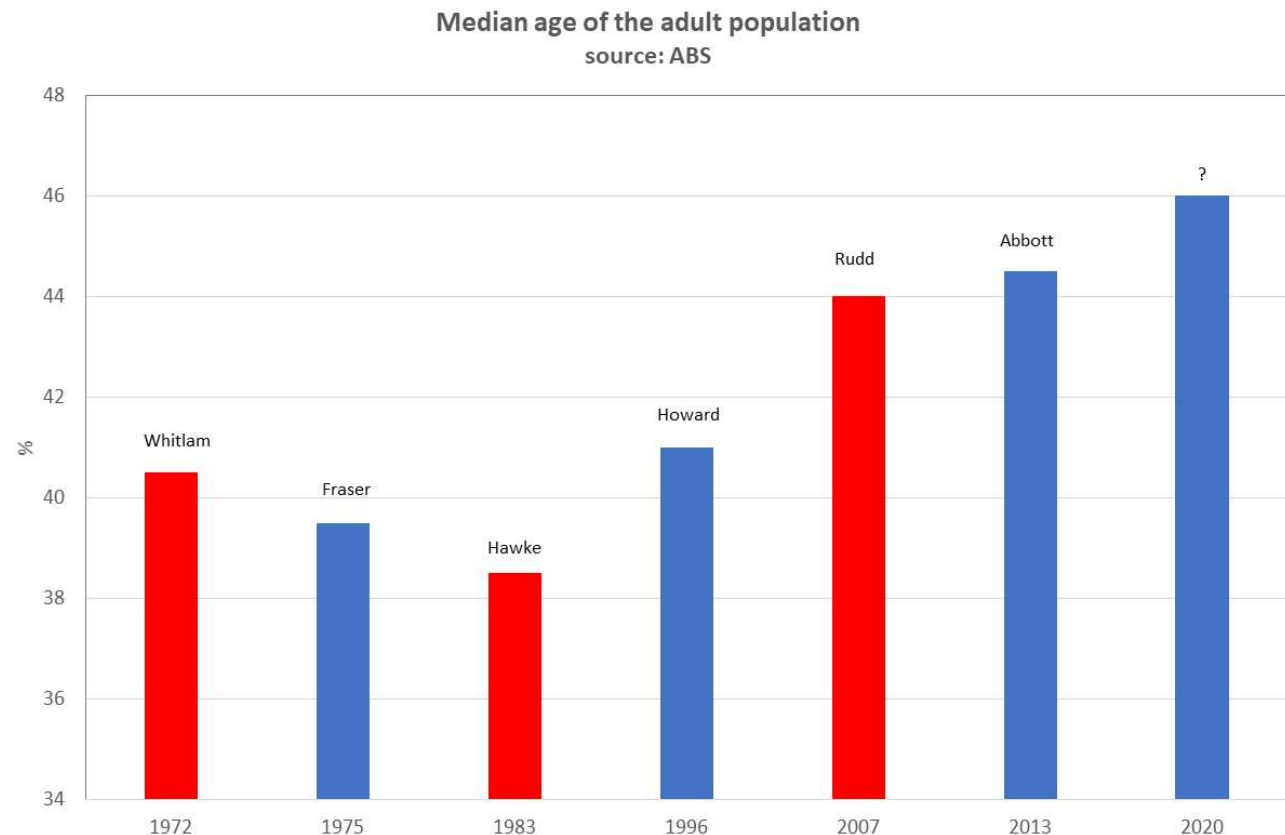
Correlation between changes of government and median age of voters

The median age of adults was declining in the 1970's and 1980's as the large baby boomer generation reached voting age. This favoured Labor under Whitlam and Hawke.

The median age of adults was higher when the Coalition won under Howard and it has been increasing since.

The median age of adults was at a record high in 2020, the last year for which data is available, and has likely increased since. This makes a Labor win extremely unlikely unless their popularity with over-50's, and especially over-65's, improves. Labor needs to specifically develop better policies for over 65's – many of whom were unionised when in the paid workforce and who voted Whitlam and Hawke in to power.

Labor's demographic nightmare may temporarily stop worsening when the large generation of Australians born from 2007 start reaching voting age, from 2028.



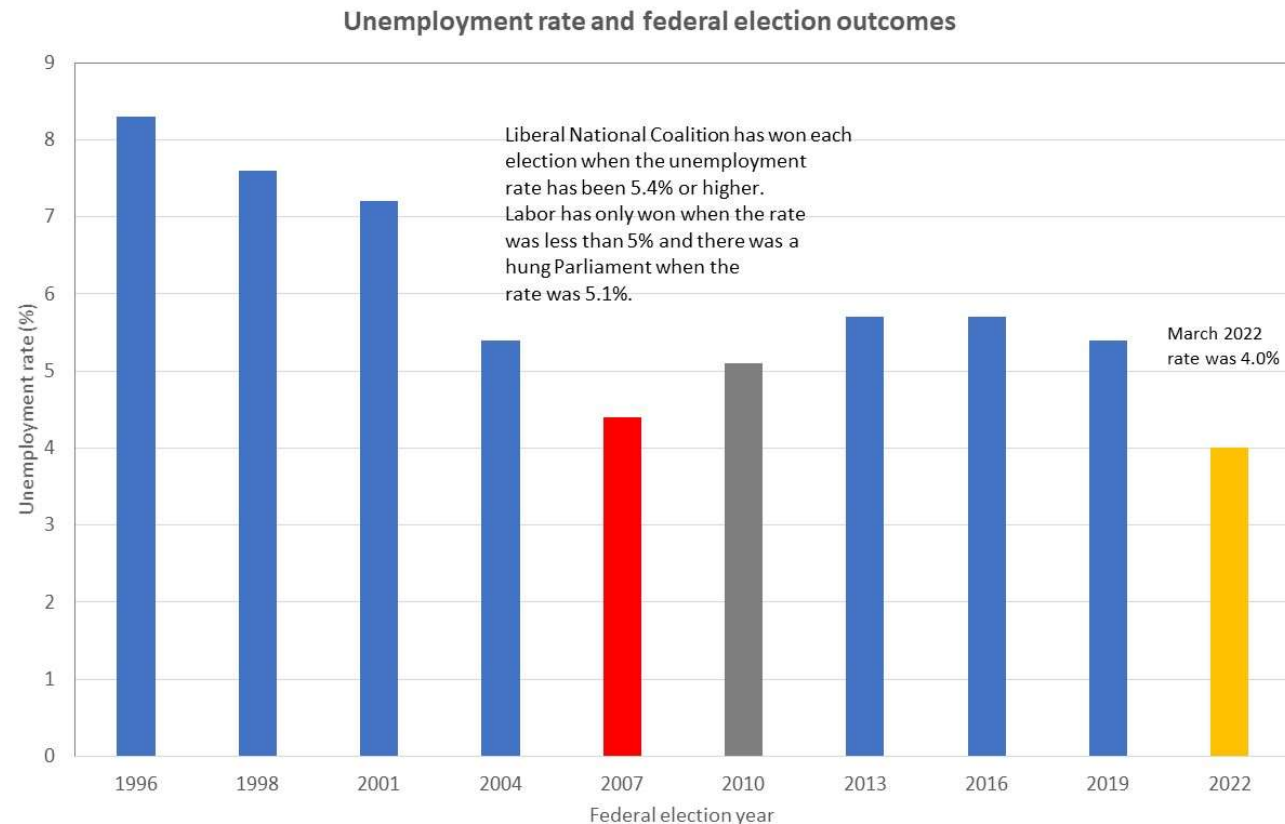
A correlation between Labor's performance and the unemployment rate

Labor last won in 2007, when the unemployment rate immediately before the election was 4.4%. Labor lost majority in 2010, but clung to government in a hung parliament in 2010 when the unemployment rate was 5.1%.

At all other elections from 1996, which the Coalition won, the unemployment rate was well over 5%.

Currently (as at March 2022) the unemployment rate is 4.0%, lower than when Labor was last elected.

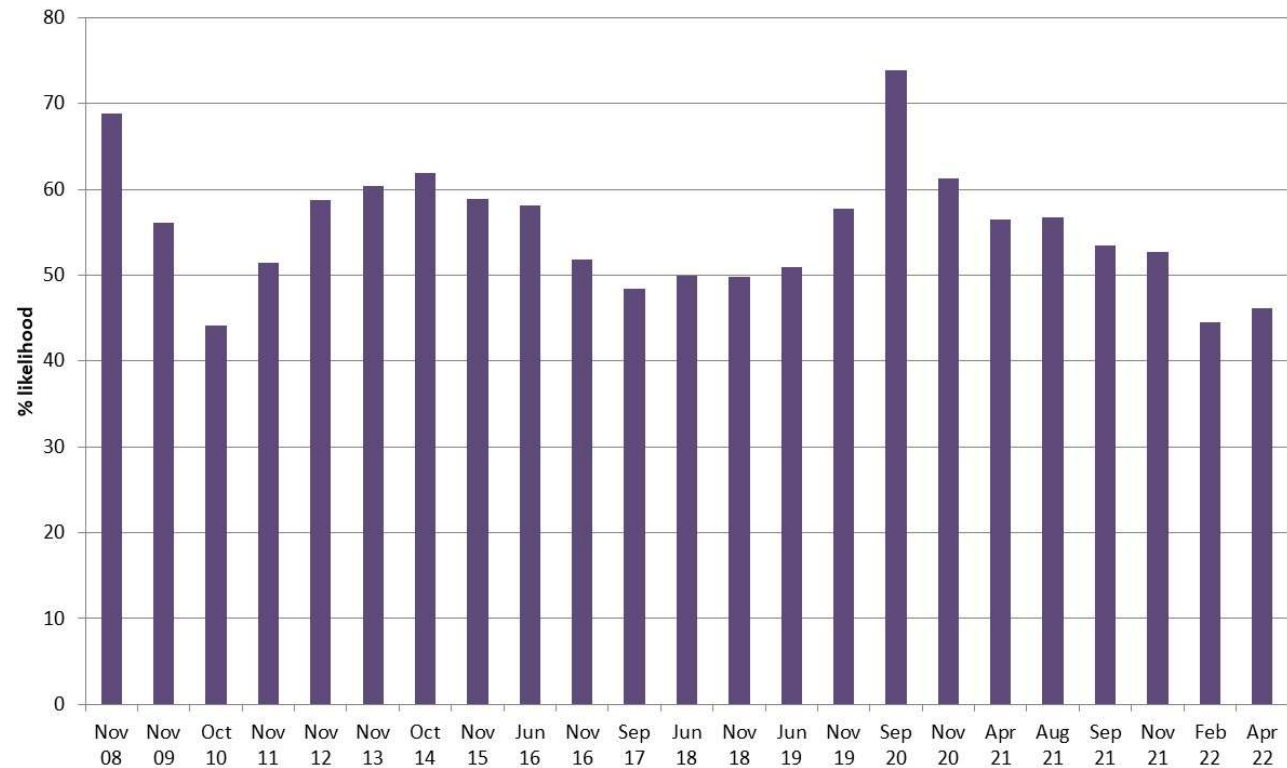
It may be, as the Coalition is regarded as a superior manager of the economy, that when things are good, voters are prepared to take a risk with Labor. On this basis, Labor looks likely to win.



Perceived likelihood of a rise in unemployment in the year ahead

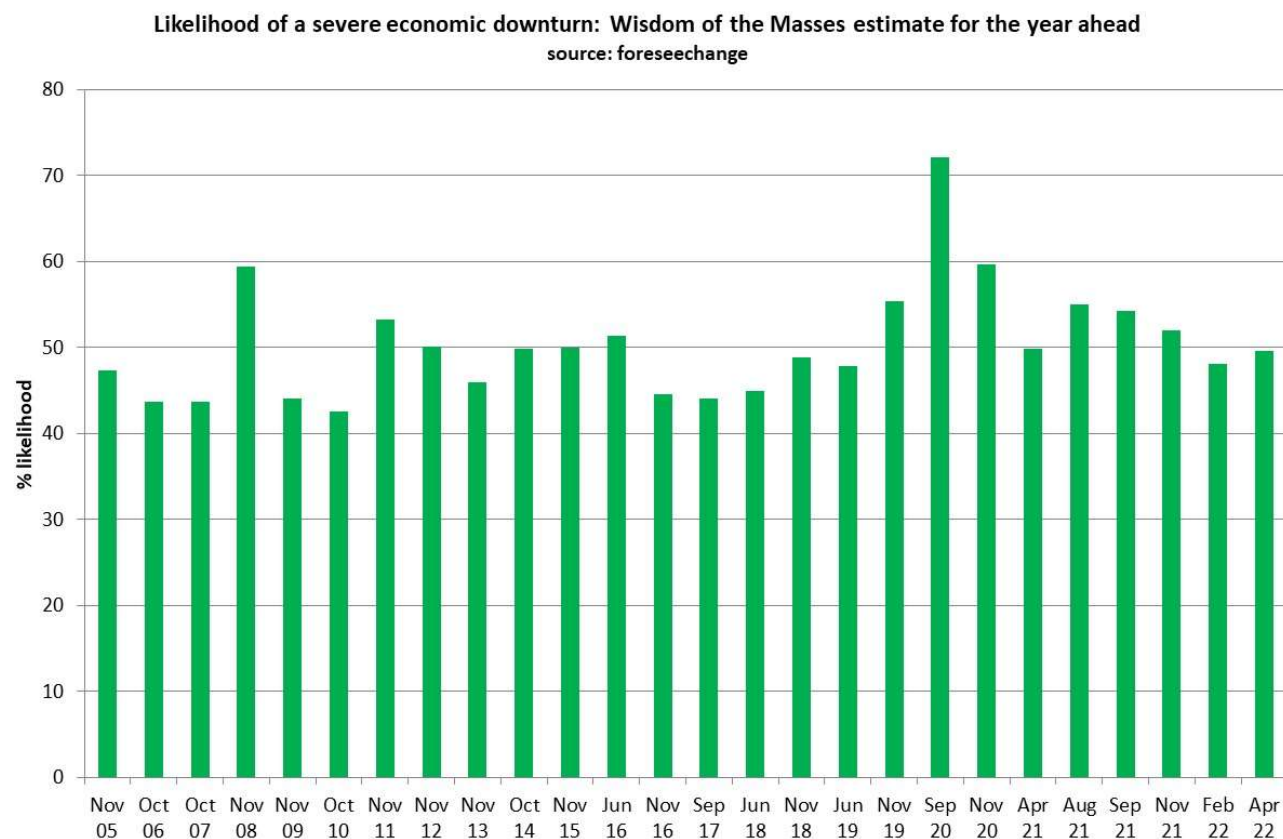
The likelihood is now very low by historical standards, suggesting that unemployment is not of major concern in the minds of voters at present. In the lead up to the 2019 election, the expected likelihood was significantly higher. It was even higher before the 2013 election, which Labor lost heavily.

Likelihood of a rise in unemployment: Wisdom of the Masses estimate for the year ahead
source: foreseechange



The perceived likelihood of a severe economic downturn has subsided since the peak of September 2020.

The estimated likelihood of a severe economic downturn is well off its peaks but is still higher than in late 2007. This may still play to the Coalition's perceived strengths.



Labor's two-party preferred vote was falling rapidly in the lead-up to the 2019 election.

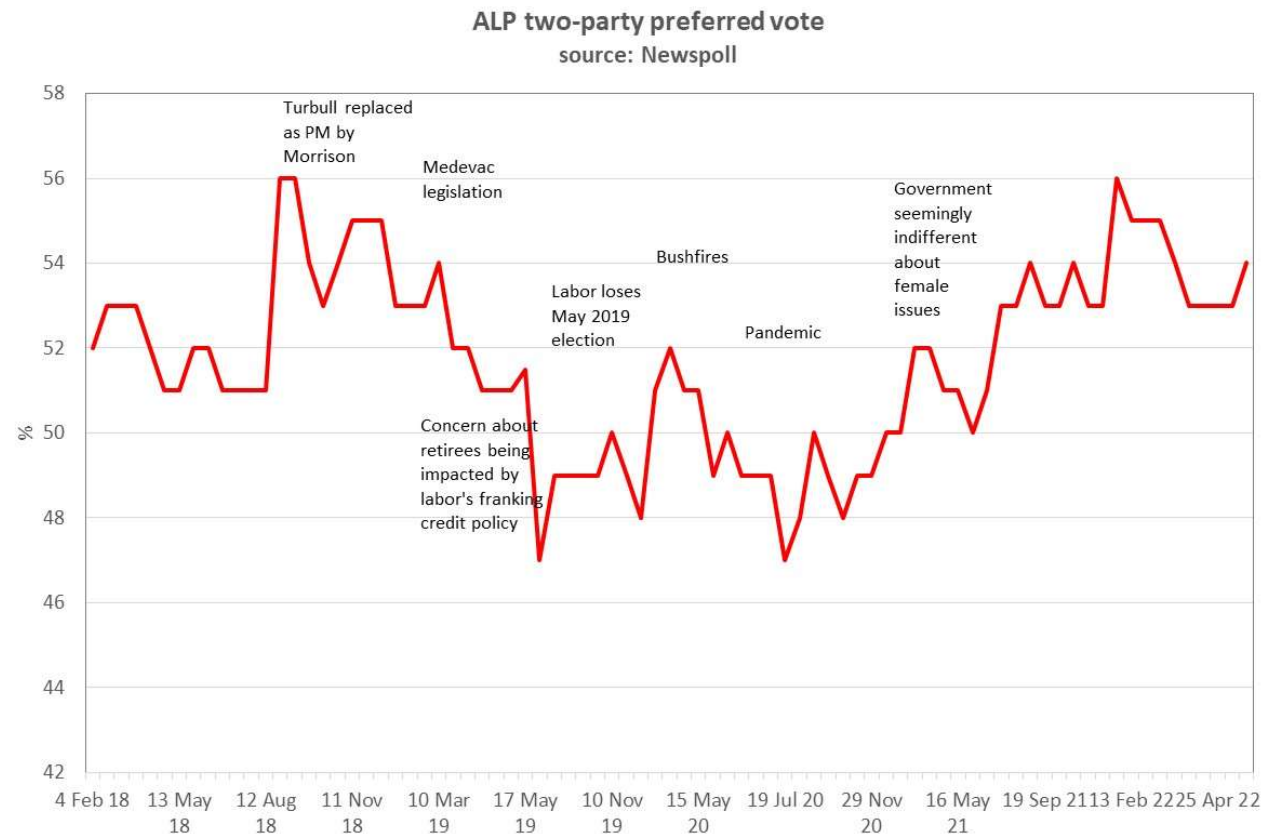
In 2018, Labor's two-party preferred vote initially soared when Malcolm Turnbull was replaced as prime minister – but the resentment then started to fade.

Labor made errors of judgement during the campaign and lost the “miracle” election.

This time, Labor's two-party preferred vote has fallen from the peak of early 2022, but has settled at 53% throughout April.

The Newspoll published on May 9 showed an increase in Labor's two-party preferred vote.

Males are evenly split between the Coalition and Labor, while females prefer Labor.

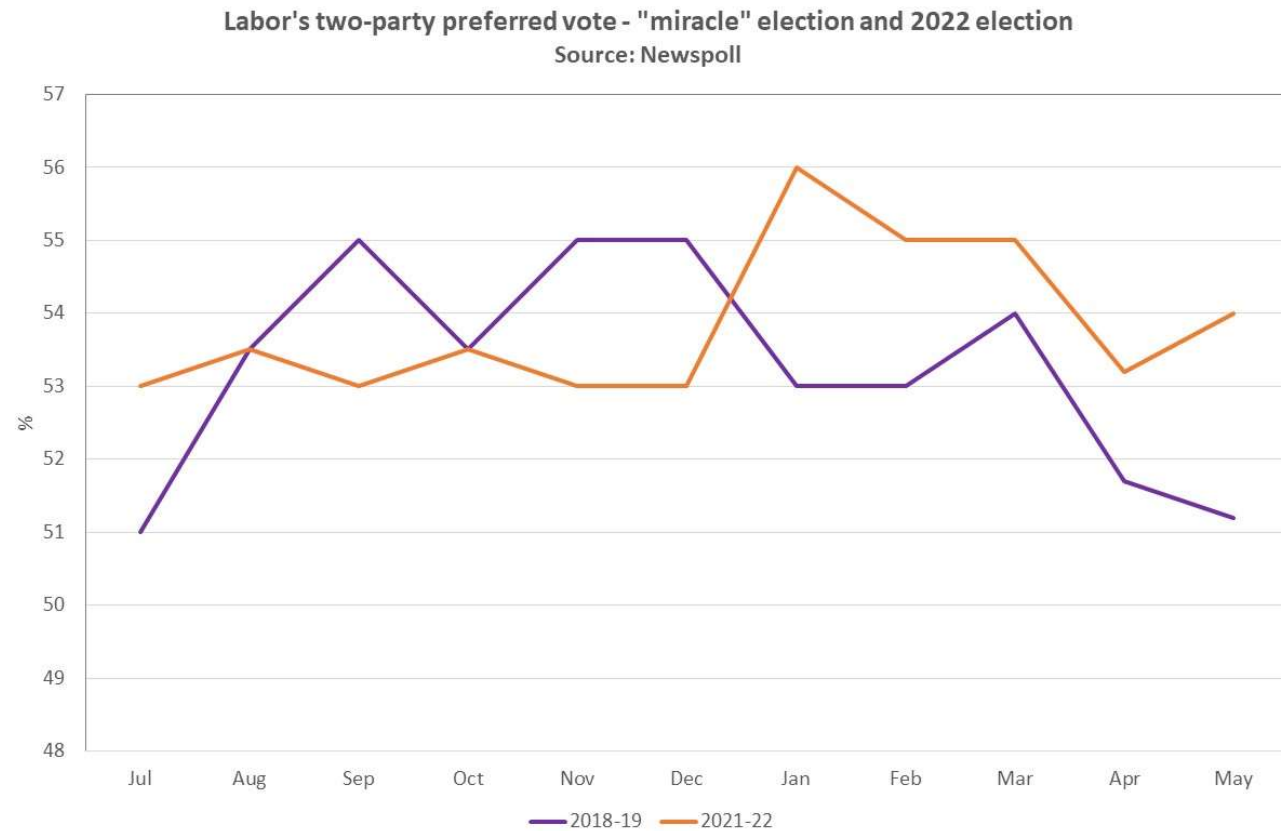


Comparison with 2019 election

As at April, Labor is well ahead of where it was at the corresponding stage of the 2019 election, so is better placed to hang on to its lead.

The first Newspoll in May, published on May 9, showed an increase in Labor's two-party preferred vote to 54%. The gap between Labor and the Coalition has clearly stopped closing and Labor is nearly 3 points up on its position three years ago.

The most recent Morgan poll has Labor on a two-party preferred vote of 55.5%. Ipsos has Labor on 52% to the Coalition on 40%, with 8% undecided.

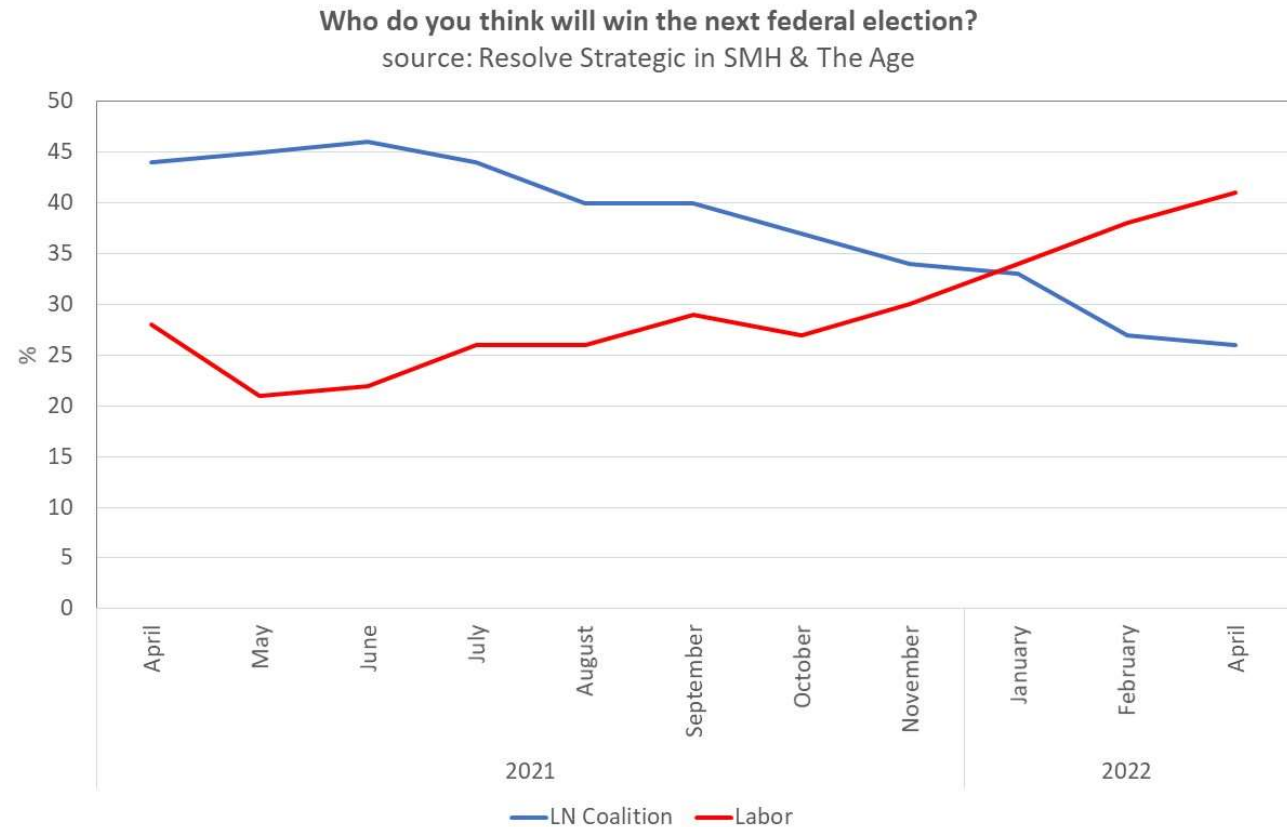


Who will win?

Respondents are asked to nominate who will win irrespective of their own preference. This taps into information from friends, relatives, and the media.

The Coalition was seen as the likely winner in mid-2021, but now Labor has a clear lead.

One-third of respondents say it is too close to call.



What is the likelihood of a Labor win?

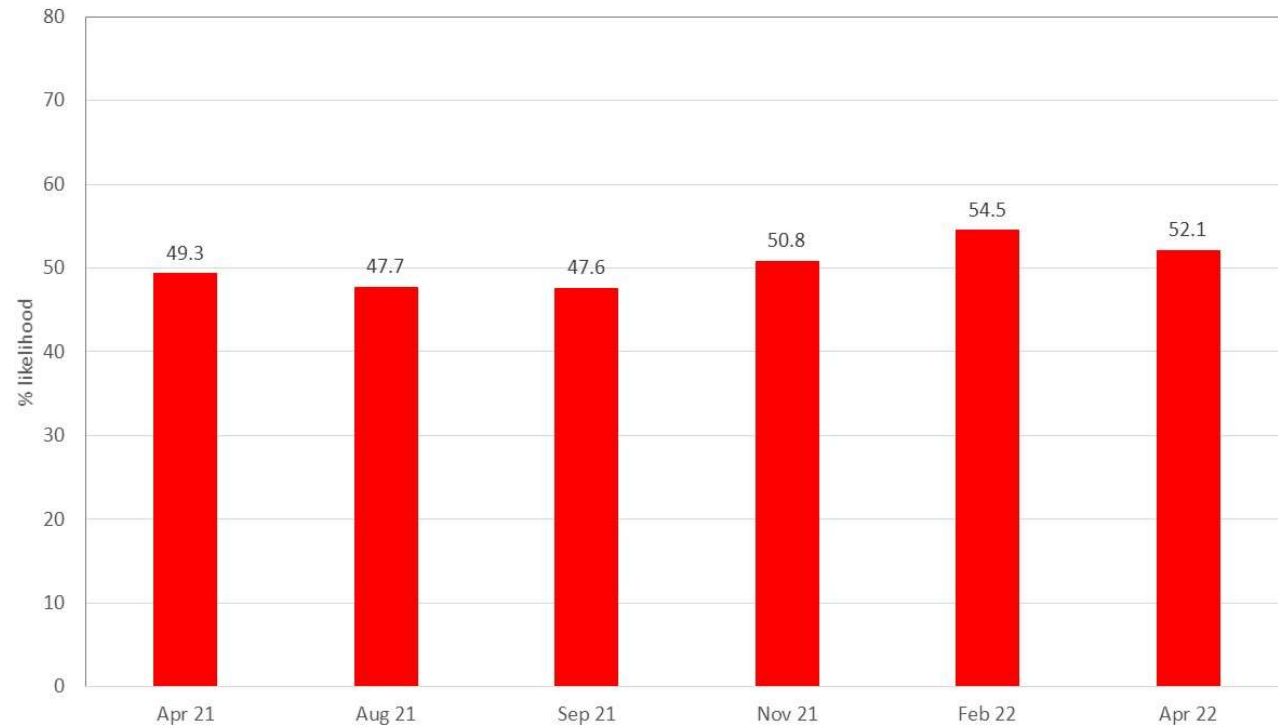
Respondents indicate a likelihood in the range 0 to 100, where 100 represents certainty. Labor is now seen as more likely to win than not, but by a narrow margin. Note that in November 2019, this method indicated a 61% likelihood that Labor would win. It seemed that way at the time but Labor managed to lose. Now we are tracking more frequently.

The following analysis by range of likelihoods is interesting. More people are reasonably sure about a Labor victory (31.2%) than are reasonably sure Labor won't win (25.2%). That leaves 43.6% who don't have a strong opinion.

% Likelihood	% of respondents
0 to 33	25.2
34 to 67	43.6
68 to 100	31.2

Likelihood that Labor will win the next federal election: Wisdom of the Masses
estimate for the year ahead

source: foreseechange



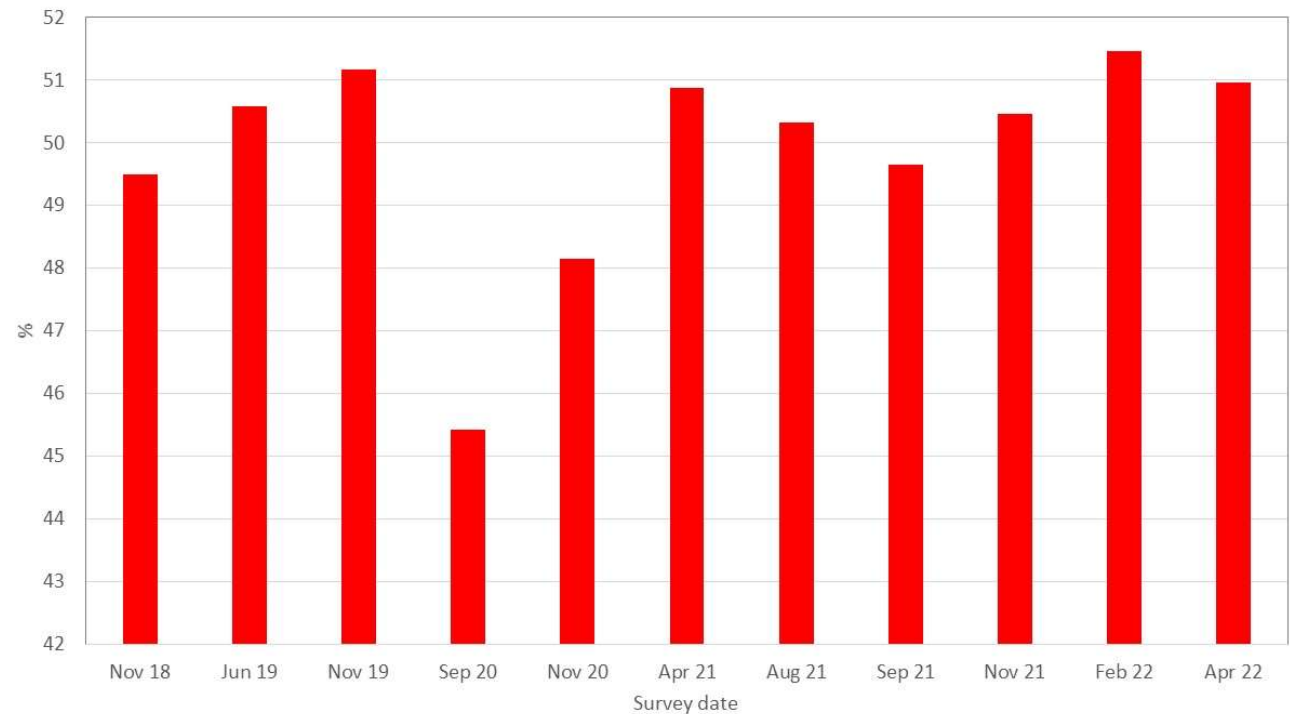
Model based on issues

Our model seeks to predict Labor's two-party preferred vote based on expectations about the likelihood of events in the near future. These include a severe economic downturn, clear signs of global warming, and a terrorist attack. The model is calibrated on past election outcomes.

As at April, the model is indicating a 51% likelihood.

In November 2018, the model predicted a 49.5% two-party preferred vote for Labor, which was much more accurate than the polls about the May 2019 outcome.

ALP two party preferred vote prediction
Based on the Wisdom of the Masses expectations about issues
source: foreseechange



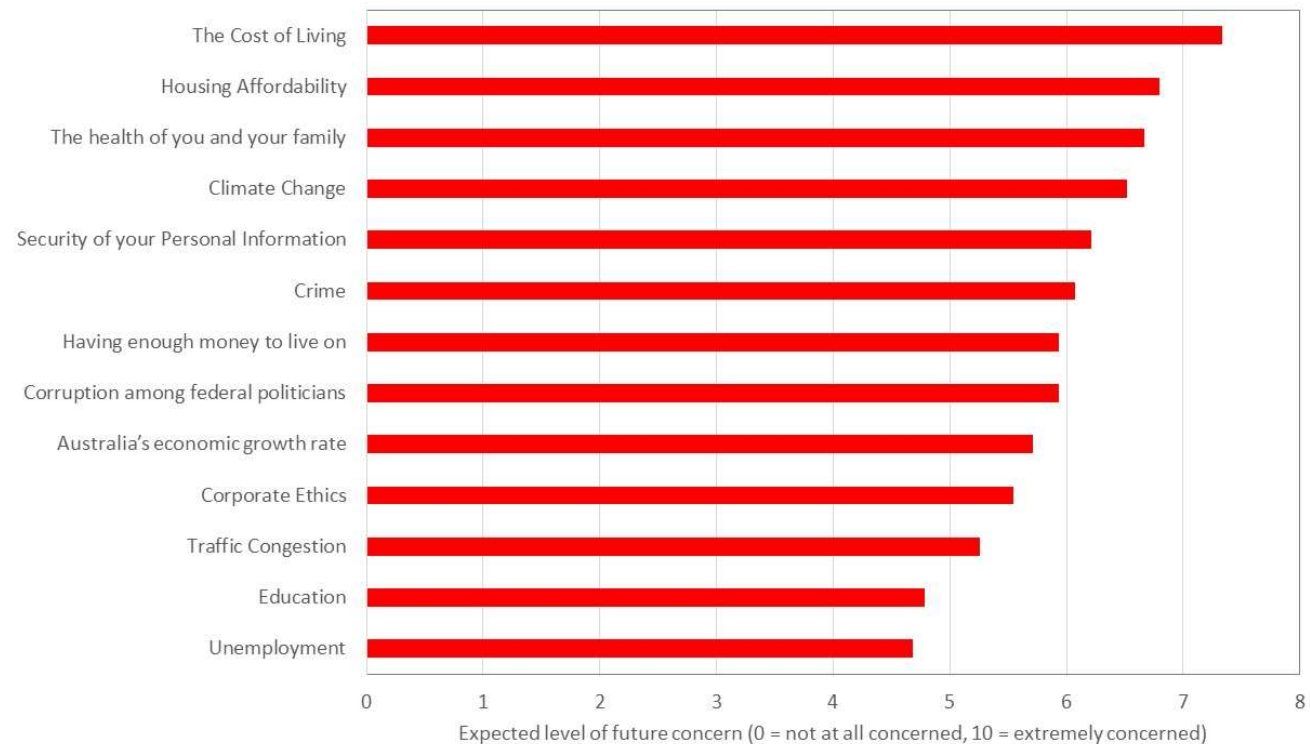
Expected level of concern about issues in the future

Unemployment ranked 13th out of 13 issues rated on the basis of expected concern in the foreseeable future. Australia's economic growth rate ranked 9th.

Policy differentiation on the issues of cost of living, housing affordability, health, and climate change will attract attention.

The issue of corruption among federal politicians ranked higher than Australia's economic growth rate and unemployment. Concerns about this issue may favour Labor and independents.

Expected level of concern in the foreseeable future as at April 2022
source: foreseechange



Words used by respondents in their open-ended expression about their hopes and fears for the future (number of mentions, sample size just over 500 each in February 2022 and April 2022).

Word	February 22	April 22	Word	February 22	April 22
War	29	100	Ukraine	1	27
Climate change	59	77	Russia	7	26
Covid	132	66	Price	18	20
Cost	30	47	Afford	7	19
Global warming	38	34	Peace	8	17
China	15	34	Pandemic	39	16
House	20	33	Job	10	16
Health	27	31	Money	12	16

There were more mentions of war, China, Ukraine, Russia, and peace in April. Covid and pandemic were mentioned less frequently. Climate change and global warming, health, and financial matters were mentioned a little more often or with a similar frequency.

Betting Markets

Betting markets predicted a Labor victory in 2019. One betting company paid out on a Labor win days before the election, so sure were they of a Labor victory. They then had to also had to pay those who bet on a Coalition victory.

Betting markets consolidate a lot of unspecified information, including polls. They may work best when people with inside knowledge are betting.

As at 2 May, sportsbet.com.au were quoting Labor at \$1.38 and the Coalition at \$3.00 – suggesting a likely Labor win.

Trust in doing the right thing for the country

Labor is most trusted to do the right thing for the country.

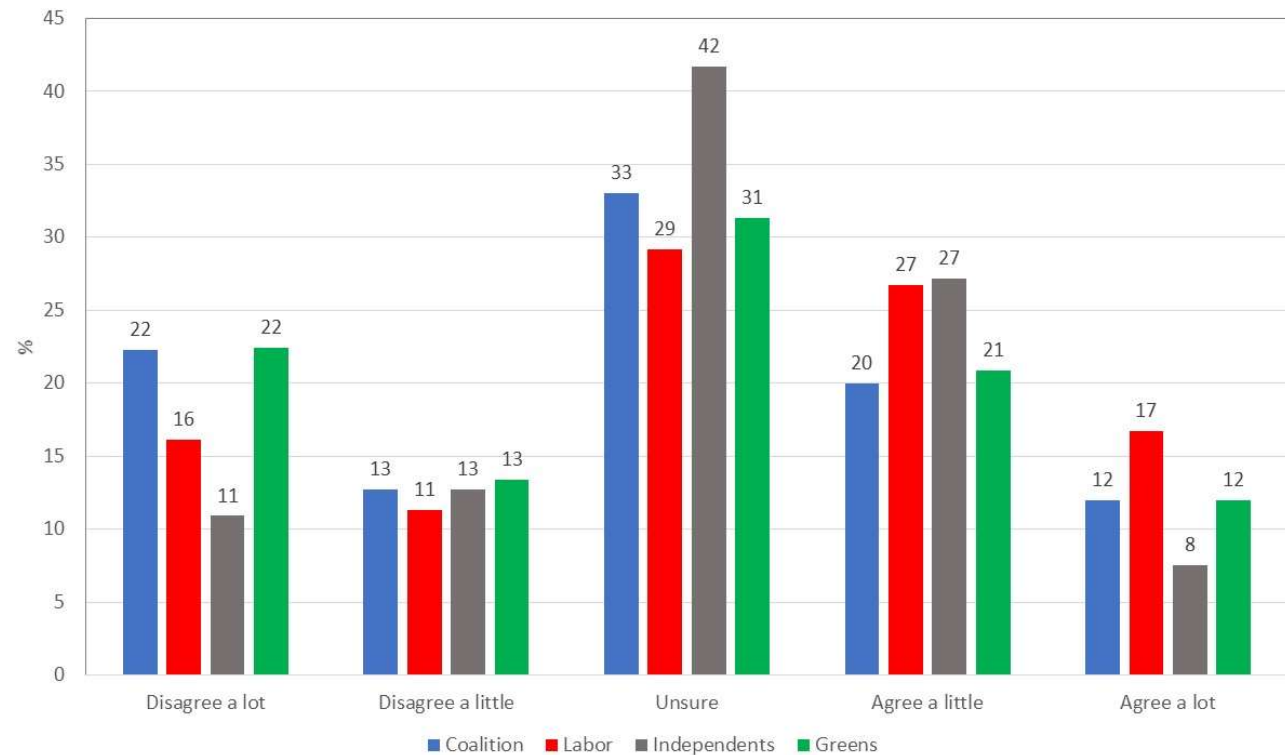
Scores have been allocated to the scale as follows:

Level of agreement	Score
Disagree a lot	-2
Disagree a little	-1
Unsure	0
Agree a little	+1
Agree a lot	+2

On this basis, Labor's net trust score is 16.6, Independents 7.7, Coalition -13.3, Greens -13.3.

Who can be trusted to do the right thing for the country?

source: foreseechange, April 2022



There is a mood for change

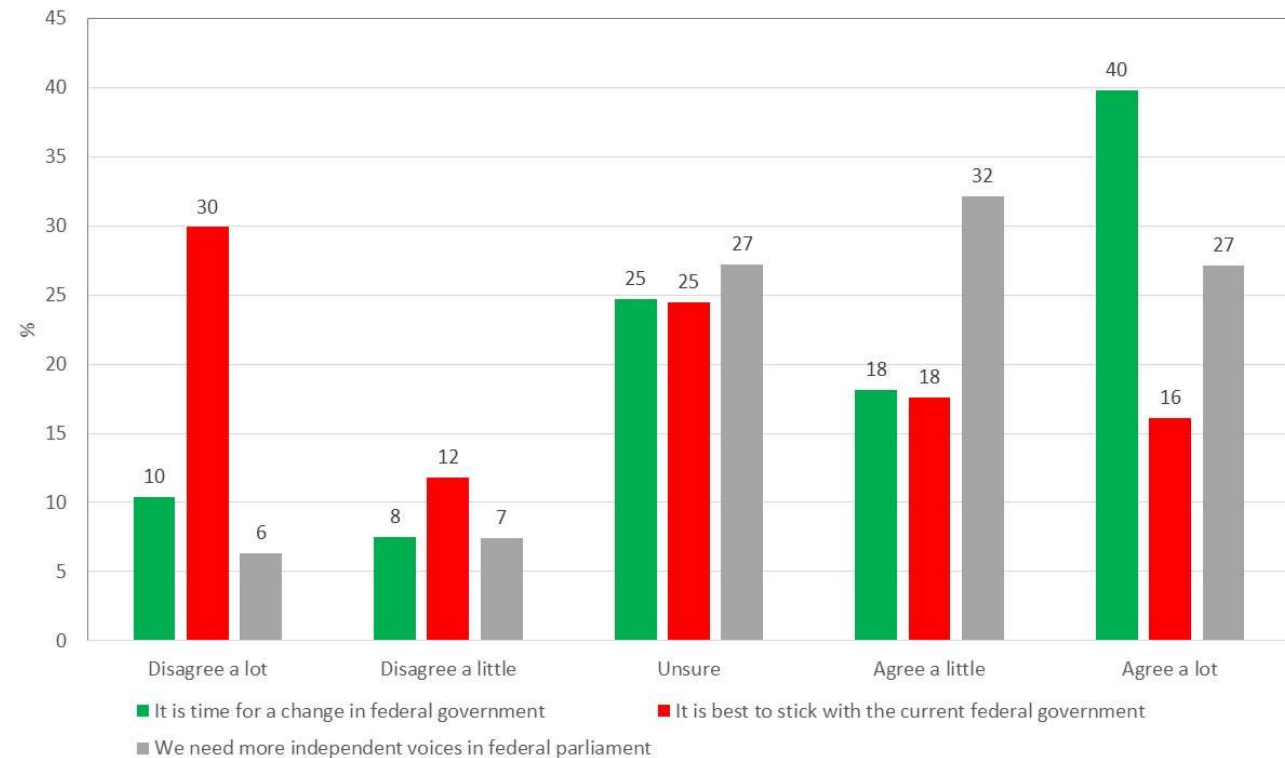
Forty per cent of adults agree a lot that it is time for a change of federal government and a further 18% agree a little. A total of 58% agree that it is time for a change while only 18% disagree.

A total of 34% agree that it is best to stick with the current government and a total of 42% disagree – 30% disagree strongly.

There is also positive agreement that we need more independent voices in federal parliament.

Feelings about the 2022 federal election

source: foreseechange, April 2022



Uncertainties about voting intentions and about the outcome

There are several sources of uncertainty about federal election predictions:

- The polls were misleading in 2019, and it is unclear to what degree they have improved the representativeness of their samples.
- Some people have not decided who to vote for. In the April 2022 SMH and Age Resolve Political Monitor, only 76% of respondents indicated that they were committed to their stated intended vote. A Guardian Essential poll conducted in April found that 7% of respondents were undecided about their vote.
- In an April forescechange survey about whether it was time for a change of federal government and whether it was best to stick with the current federal government, a quarter of respondents were unsure.

These data suggest that up to 25% of voters can still be swayed with compelling policies, although it is unclear to what extent they are listening to politicians.

Undecided voters make up between 5% and 10% of all voters (this figure varies between surveys). If there are strong skews in actual voting amongst these voters, it could prove the polls wrong again.

Another uncertainty is the distribution of voters who change their vote from 2019 between electorates. It is possible to win the popular vote but not win a majority of seats (this happened in 1998).

There is also uncertainty about the extent to which independents can win targeted seats.

Summary of predictions

Labor's track record suggests that they are unlikely to win. All eight other prediction methods are predicting a Labor win, some suggesting a narrow win.

Elections are determined on a seat by seat basis (Labor lost the 1998 election despite winning the popular vote nationally). Sometimes Labor's gains are in their own safe seats, rather than in marginal seats.

With several well-funded independents standing against some sitting Liberals, a hung parliament is a distinct possibility.

Based on the information available in early May 2022, we estimate the likelihoods of outcomes as:

- Labor win, 55% likelihood;
- Hung parliament, 15% (if Climate 200 supported independents are elected they would likely support Labor to form government);
- Coalition win, 30%.

Predictor	Prediction
Track record and demographics	Coalition, strongly
Polls	Labor
Who will win	Labor
Likelihood of a Labor win	Labor, narrowly
Model based on the unemployment rate	Labor
Model based on three issues excluding unemployment	Labor, narrowly
Sportsbet (2 May 2022)	Labor
Trust in doing the right thing for the country	Labor
Mood for change	Labor, with some independent gains

Strategic implications

Labor's weakness is amongst people aged 65 and over. Many of these people supported Whitlam and Hawke when they won government. Labor has failed to keep them engaged in sufficient numbers to guarantee government. This is a long-term problem, but perhaps some last minute engagement and empathy would lift their chances of winning more support amongst older consumers.

The coalition's weakness is amongst young adults and, to a lesser degree, recent loss of support amongst people aged 35 to 64. Their internal conflicts over climate change is clearly one reason for this. This would seem to be an unsurmountable weakness.

There is a mood for a change of government and the coalition shows little commitment to changing itself. To make matters worse for them, a majority of all age groups agree that it is time for change – including the over-65's.

Business needs to be prepared for a change of government, possibly a minority Labor government supported by independents with a high priority for climate change action.

The outcome of the half Senate election may place some constraints on climate change action, but the Greens have ruled out a repeat of their Senate opposition to Labor's emissions trading legislation in 2009.

Labor is likely to provide more support for wage rises.

Whatever the composition of government, they, along with business and consumers, have a range of issues to manage – including a spike in price inflation, rising interest rates, a weaker economic outlook than a few months ago, government budget repair, and increased military activity globally.

Appendix

Why the polls failed at the 2019 federal election

“All the national election polls published during the 2019 election campaign purported to show that Labor had the support of the majority of the Australian voters in terms of the two-party-preferred vote. The Coalition went on to win the election with 51.5% of the vote compared to Labor with 48.5%, almost the mirror opposite of what the final polls found: all missing the result in the same direction and by a similar margin”.

Inquiry into the performance of the opinion polls at the 2019 Australian federal election, AMSRO Inquiry Panel, October 2020

(AMSRO = Association of Marketing and Social Research Organisations, amsro.com.au)

AMSRO evaluated a wide range of causes for this collective failure of prediction and concluded:

“The most likely reason why the polls underestimated the first preference vote for the LNP and overestimated it for Labor was because the **samples were unrepresentative and inadequately adjusted**.

- The polls were likely to have been skewed towards the more politically engaged and better educated voters with this bias not corrected.
- As a result, the polls over-represented Labor voters.

Pollsters share a common difficulty in struggling to establish contact with and gain the cooperation of a representative sample of voters – irrespective of methodology. This conclusion is broadly similar to that reached by the reviews into the performance of the 2015 UK polls and the 2016 US polls”.

Can this non-representative sample problem be fixed?

Not really – because response rates to surveys have been falling. Typical response rates for telephone surveys have fallen from 35% in 2009 to 11% in 2019, according to the AMSRO report.

Less than 10% of people participate in online polls, now the dominant methodology, and many of these are driven by financial incentives.

Surveys increasingly are responded to only by people who have time or need money. Weighting by age and other factors does not address this bias. Obtaining a representative sample of the population would be very difficult and costly. This issue has implications for business decision making and social research, as well as political polling.

Improving the accuracy of federal election predictions

Polling companies may be able to improve the accuracy of their predictions by better weighting of survey respondents, but the underlying problem of representativeness will still limit accuracy.

Other approaches are needed to complement predictions based on polls and foresechange has developed a methodology based on several approaches, two of which have been calibrated on recent actual election outcomes.

Each method contains some useful information, would be subject to some random error, and may also be subject to some degree of bias. There may also be correlations between the methods – for example between polls and betting markets. Such correlations mean that the degree of independent information in each method could be limited.

The use of several methods will reduce the amount of random error, and should cause bias to be cancelled out, or at least reduced.

Judgement is then applied in weighting the different predictions.

To win in the future ...



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