

Australians will head to the polls in 2019 to decide the fate of the nation's centre-right Coalition Government, with most pundits agreeing an election is likely in May. If the polling trend is accurate, voters will make a change to a progressive centre-left Labor Party, led by Bill Shorten.

Should he be elected, Mr Shorten will be Australia's sixth prime minister in just eight years, reflecting a period of unprecedented infighting and turmoil in Australian politics. The two major political parties have largely been responsible for the chaos, having removed their respective leaders for perceived policy, communication or management failings. In truth, the revolving door of prime ministers has largely been driven by poor opinion polling, media sensationalism and ideological warfare within each party's factions.

The latest round saw the Liberal Party's conservative base attempt to remove Prime Minister Malcolm Turnbull, a moderate Liberal who enjoyed broad support across the electorate, for a conservative hardliner in Peter Dutton over energy policy. The attempted coup failed. Instead of installing Dutton, a compromise candidate was chosen after the moderate factions united to elevate Scott Morrison. The removal of Turnbull came with great costs: voters punished the Government in a byelection in Turnbull's previously safe seat of Wentworth; Labor won the Victorian state election in a landslide; and the Government is further behind in opinion polling.

The Government's recent performance has been poor. The announcement that Australia would consider moving its Israeli embassy to Jerusalem ahead of the Wentworth byelection backfired and was a naked attempt to capture the Jewish vote. It angered Indonesia, which is now threatening to delay the implementation of a newly agreed free trade agreement, and some of Australia's closest allies. There was deep concern from domestic policy and security agencies, none of which were consulted on the move. The ideological warfare and crimonations have continued between the moderate and conservative wings over policy on immigration levels, energy, foreign affairs and climate change. Adding to that, Liberals also have a 'women problem', with senior females publicly stating that they have been victims of harassment and bullying. As a result, the Member for Chisholm, Julia Banks, defected to the cross-bench in the final sitting period of 2018, further reducing the Government's numbers and deepening a sense of crisis in Canberra. The Coalition now has just 22.4 percent representation by women in Parliament and only six females in Cabinet.

A constant theme throughout the instability of the Coalition has been the fear of losing its conservative voter base, particularly in Queensland, where the rise of a populist party in One Nation – which has campaigned on an anti-immigration platform – has captured ten percent of the vote. Morrison, recognising the need to shore-up his base and secure peace with conservatives, launched a tour of Queensland in a pre-election blitz which focussed on cost of living, lower immigration levels and national security. Morrison has spent his initial months as prime minister carefully crafting an image of himself as a retail politician to try and connect to "ordinary" Australians. There is little evidence, however, that this approach is working with voters, and the more progressive parts of the nation (which are the most populated) seem to have abandoned the Government.

Morrison has attempted to resolve many of the issues that plagued the Government under Turnbull by abandoning controversial policies (energy and climate change), throwing additional money at them (education) or ignoring them all together (health). His failure to progress any meaningful new reforms is a sign that the internal fighting means he has little confidence in securing a consensus view in the Party room on major issues. Passing new legislation is made even more difficult by the fact that the Government is in minority – it has

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73 members in the House of Representatives (out of a total of 150) and must rely on independents to carry legislation. The Government has sought to manage parliamentary risk by scheduling as few sitting weeks as possible before the expected May election.

Australians should assume very little new policy out of the Government before the next election – except an immigration package that will force new arrivals to work in rural and country towns. Instead, Morrison's strategy is to deliver Australia's first surplus Budget in over a decade in April 2019, ahead of a campaign on the economy, jobs, lower taxes, defence and national security. Morrison also believes his best chance of victory is to make the contest between himself and Shorten on issues of personal integrity and trust. Shorten has consistently scored poorly in preferred prime minister polls and has been subject to personal attacks over his close ties to the union movement and his role in past Labor leadership crises.

The consensus amongst political commentators is that Australians have made up their mind about the Government and it will now take a miracle for the Coalition to be returned. There is also a sense of confidence in Labor ranks that they will govern with a large majority and a strong mandate for a progressive agenda.

So, what would a change of Federal Government to the Labor Party mean for Australia and the business environment?

Labor has demonstrated a sense of unity since the turmoil of the Rudd/Gillard/Rudd era and seems to have learnt from many of the mistakes that cost it government. It has also released a significant amount of policy for an Opposition, including proposals to tackle structural problems in the Budget linked to tax breaks for investors seeking to negative gear in the housing market. It also announced reforms to the dividend imputation credit system to remove cash refunds for excess franking credits. Both policies are risky with older Australians, who are the largest block of voters, as these policies generally benefit them. The reforms, however, are desperately needed given Australia's inflated housing prices and the need to pay off public debt that has accumulated since the global financial crisis.

On issues such as border protection, foreign policy, defence and national security, we can expect Labor to generally continue with the Government's current approach. One difference is the Australian aid budget (cut to record lows under the Coalition) which Labor will increase and direct towards Australia's Pacific neighbours. On Defence, which has largely been a success for the Government under the stewardship of the energetic Christopher Pyne, Labor has committed to continue with record levels of expenditure (2 percent of GDP) despite previous Labor governments typically cutting spending.

Labor's approach to education is to allocate A\$14 billion in additional public education spending over 10 years. It will reverse cuts to growth in health expenditure but has agreed not to increase the Medicare levy. Labor will legislate to cap private health insurers' premium increases to 2 percent per annum. It will also seek to restore funding to aged care and address the long waiting list in home care. Shorten has pitched these measures to voters as restoring cuts that the Liberals inflicted on the back of a successful scare campaign Labor prosecuted during the last election over the privatisation of Medicare.

On energy and climate change action, Labor has been clever in adopting the Government's own National Energy Guarantee (NEG) policy in order to ensure it cannot be attacked. It will also invest in new electricity transmission assets. On climate change, Labor will mandate a 50 percent renewable energy target by 2030 and offer grants to provide residential batteries to rooftop solar installations. It was smart tactics in an area of policy which has been the third-rail of Australian politics.

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It is the business environment and levels of taxation where Labor has diverted away from the Government's neoliberal economic mantra in favour of a "fair go" plan. Under the plan, Labor will not proceed with corporate tax cuts for big business. It will continue with personal income tax cuts for low and middle income earners and seek to restore the deficit levy for high-income earners. Labor will also crack down on tax avoidance by family trusts. Labor claims these savings will pay for its new spending commitments; the Government claims Labor has promised \$200 billion in new spending over ten years and will raise taxes as a result.

The choice for Australians in 2019 is about two very different styles of governance. On one hand, Australians could continue with the current Government. Despite its internal bickering, it has done a solid job managing the economy, increased expenditure on health and education, spent new money on defence and big infrastructure initiatives and managed to bring the Budget into surplus. It is a government that has prosecuted neo-liberal and free trade policies that have existed around the world since the 1970s.

In contrast, Labor is pitching a new style of government that is closer to Keynesian in economic principles than it is Friedman. Labor argues that forty years of neoliberalism, government outsourcing and privatisations has grown the pie, but that the main beneficiaries have been the wealthy and titans of industry. The working class (Labor's traditional base) have seen stagnant wage growth, increased cost of living and record levels of income inequality. Labor's new ideology is in line with a global trend that rampant neoliberalism has failed the West, led by Donald Trump and Bernie Sanders in the United States and Jeremy Corbyn in the United Kingdom. Their solution is that the government must take a greater role in the economy to fix many of the social and economic consequences of neoliberalism.



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