

The Upcoming Australian Federal Election

Tom Harley

The Australian Federal Election will be held on 18 May. The election is a vote to determine the membership of the 151-seat house of representatives for a three-year term and half the senators in the 76-seat chamber, giving them a six-year term.

The expectations are that Labor will defeat the incumbent Liberal-National Coalition Government. The reasons for this expectation are that Labor has led the Coalition in national opinion polling for all of the last three years. The Government has been divided, changing its leader mid-course, and seemingly incapable of handling the intertwined issues of energy and climate policy.

The economic indicators generally favour the Government, its narrative being that it has returned Australia to a budget surplus and that job growth has been strong. Both parties have made promises on tax cuts, spending programmes and the like. The only unconventional measure so far has been by Labor, which has committed to a number of taxation increases to underwrite their more generous spending programme. The burden of the increases will fall on self-funded retirees. This has given the Government a solid point on which to attack Labor.

Labor is campaigning on its traditional grounds of public health, education and fairness; the Liberals on their grounds of national security and economic management. Labor has invoked some harsh rhetoric in attacking business pitching the “top end of town” against workers’ interests and embracing the positions of its union base in seeking increases in real wages, which have largely languished over the last decade. There is tension within Labor between the pro-coal unions and the anti-coal, “pro-climate” supporters.

The dynamics of the election are to the Government’s advantage; it is campaigning as the underdog. At the last election it was the Liberal’s to lose. In this election that is reversed: Labor is campaigning to hold its lead. Bill Shorten, the Labor leader, is almost campaigning with the disadvantages of incumbency. He is in many ways the better-known public figure nationally, having been Labor leader for nearly six years. Scott Morrison, whilst a prominent Government minister since the Liberals’ election in 2013, has only been Prime Minister since August last year.

Bill Shorten is not a popular public figure. However, that is not a winning point for the Government as there is ample evidence that an unpopular government is a more potent political factor in an election than the relative popularity of the Opposition leader. Campaigns in Australia are always toughly fought, with the campaign itself having a significant bearing on the final result. Given current margins, commentators would be rash to call a result with less than three weeks to run.

In the campaign so far, Scott Morrison’s evangelism has proved a fillip to the Liberal Party: his energy and apparent delight in campaigning contrasts with Malcolm Turnbull’s style at the last election and more importantly with Shorten’s relatively dour demeanour. Neither party has dropped a ball nor hit a six in the campaign so far. Labor’s redoubtable election machine is in much the same condition that it was at the last election; in party mechanics, it probably has more full-blooded support from rank and file union members who provide a powerful ground force that the Liberals cannot match.

The Liberal Party machine that Malcolm Turnbull inherited at the last election was severely degraded by negligent and moribund organisational leadership and was severely lacking in funds – Malcolm Turnbull had to front up with the Party’s largest contribution. The Liberal Party machinery at this election is in better condition. It is buoyed by its victory in NSW and

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the staggeringly incompetent and self-destructive Victorian Liberal Party organisational leadership has been replaced and reunited with its major donor.

This election will likely not be won through the comparison of leaders, but based on voters' assessments of the Opposition and Opposition policy agenda. A multitude of successive polls have demonstrated that voters don't rate the Government highly, but the question is whether they will accept Labor in its stead. The Opposition has given the Government a chance by presenting a radical set of alternative policies, having adopted the Howard thesis that you don't win as a small target. There is some truth in this, but it has allowed the Coalition an attack campaign that governments don't usually get.

For the Liberal Party to win it requires much more to go its way compared to Labor's course to victory.

The redistribution of electoral boundaries favours Labor by notionally making two marginal Liberal seats into Labor seats and creating one (net) new safe Labor seat.

	Current	After Redistribution
Government	74	71
Labor	69	73
Green	1	1
Other*	6	6
Total	150	151

*these include 4 elected at the 2016 election – McGowan (Vic), Wilkie (Tas), Sharkey (ex-Xenophon SA) and Katter (Qld), plus 2 additions - Banks (Vic), who resigned from Liberal Party, and Phelps (NSW), who won the Wentworth by-election.

If marginal seats are roughly categorised as seats that will change hands with a 2-party preferred swing of 6% or less, both the Government and Opposition have an equal number of seats in play – 24 each. For the Government, 9 of their 24 marginals are in Queensland: hence the location of the Coalition's national campaign headquarters in Brisbane.

The Liberal Party, like the Labor Party, have to straddle a deep divide between the values of non-urban Queensland and city dwellers. In the bush and the city, the same bundle of issues do not appeal, nor the same personalities. The art of this campaign will be to weave nuanced and at times contradictory messages for the different constituencies.

The demise of Pauline Hanson's One Nation, a populist, reactionary political hazard in Queensland, cannot be assumed, but it has less potency as a vehicle for protest votes at this election than it did at the previous election. In the past it took Government votes.

Clive Palmer's United Australia Party with its lavishing advertising blitzes has usurped One Nation and its Leader Senator Pauline Hanson. Garnering the anti-major party vote and then recapturing it for one of the major parties is very difficult. The Australian single transferable vote system allows the parties to direct preferences but that has little impact in the House of Representatives unless the polling booths are manned with people distributing how to vote cards. In the Senate, the group ticket voting system reduces the need for manning booths. It follows that a strong vote for Palmer in the Senate will be to the Government's advantage in the states where Palmer does not achieve a Senate quota. If Palmer becomes more aggressive towards Labor in his advertising that will help the Government more than Palmer's preferences.

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The weakness of the Liberal Party's coalition partner – the National Party in New South Wales was apparent in the recent state election. The National Party lost formerly safe seats to rural independents and rump parties. The Coalition is vulnerable to the same phenomena at a federal level.

Victoria is popularly seen as the Government's Achilles heel. This is based in part on the savage swings at the state level last November. The demise of Malcolm Turnbull was sharply felt in the more left leaning state. Core Liberal Party voters turned away from the State Party which campaigned on issues with no electoral resonance. The State Liberal Party was under the control of an incompetent factional rump and failed to manage the most basic of campaign tasks. Labor is banking on big gains and Independents are challenging in some Liberal heartland seats.

The Labor Party will be seeking to keep hold of all its seats. It is most vulnerable in Queensland in Herbert and supposedly in Tasmania, where the Government holds no seats, and in the Western Sydney seat of Lindsay, where Labor's member, who won narrowly at the last election, is not recontesting after personal controversy.

An unpopular Northern Territory Labor Government and a retiring longstanding Labor member render the two territory seats vulnerable to the Coalition. Neither Party expects any change in the House of Representative's representation in South Australia.

In Western Australia, Labor has selected the scion of Labor's Beazley dynasty to run in the Coalition's marginal seat of Swan. The Liberals are vulnerable in two other seats, Pearce and Hasluck, and have a diminished base following their disastrous showing at the State elections in 2017. Holding all seats will be difficult.

Much attention will be focussed on polling in the next week to see if opinion has moved at all since the campaign began. The Liberal Party had been hoping for a post-budget poll bounce which did not come. The Newspoll from 28 April showed a tightening in the vote from 52 / 48 (in Labor's favour) before the campaign to 51 / 49. This trend is often the case in the build-up to an election date, only to see voters settle at the last minute on their longer-held assessment. Voters will likely support Labor in the end because its positions, despite being ambitious and, some, disruptive, have been adopted for a relatively long time. The challenge for the Liberals is that Scott Morrison may win the campaign, but may not have enough personal clout to change the outcome.

The Senate composition will be very important to whoever forms Government. For this election, a quota for a seat in the proportional representation system is higher than at the double dissolution 14.2% versus 7.7%; this factor combined with the changes to the system of preference distribution counting, plus the high portion of minor parties up for election, will mean a substantial reduction in the number of small players. Thirteen out of the 19 senators elected for minor parties are up for election; the remaining 6 having terms that will see them face election in 2022. Six of the nine Greens senators are up for election.

The Government fared well in the Senate at the last election, securing 17 of the 36 long term seats (Bernardi left the Liberal Party subsequently, and largely votes with them). Labor, on the other hand, only secured 13 seats.

The maths will make it very difficult for a Labor-Green combined vote to dominate a new Senate. It is highly likely that Clive Palmer will be elected in Queensland. The likelihood is that no Party will majority control the Senate; Labor's hope of controlling it with the Greens is remote at best. This will mean that whoever forms government will need to do deals in the Senate and with the ramshackle coalition of Independents and minor parties voting with the Government.

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Tom Harley (Managing Director) is a political scientist with an economics and finance background. Tom was the founder of Dragoman in 2009. In 2019 he was appointed as one of the 3 Australian members of the APEC Business Advisory Council. He is a member of the Advisory Board of the Centre for Arab and Islamic Studies at the Australian National University and Chairman of the Australia Saudi Business Council. From 2008 until its demerger, Tom was non-executive Chairman of Dow Chemical (Australia) and Senior Advisor to The Dow Chemical Company's Executive Leadership Team (Globally). Previously he was President of Corporate Development at BHP Billiton, where he designed and implemented BHP Billiton's worldwide political risk analysis methodology and developed strategies in countries where BHP Billiton wanted to do business – including some very challenging African and Asian countries.