

A year ago the media, the business community and a large section of the Liberal Party were performing last rites on the two term Coalition Government and awaiting a Shorten Labor Government. Indeed, some of the Government's most senior ministers bailed out to avoid defeat. Australia seemed set to have its seventh change of Prime minister in twelve years.

Labor lost the election through over confidence, reflected in a tone deaf policy agenda. Scott Morrison and the Liberals beat Labor by exploiting Labor's weaknesses with simple, lethal dexterity.

Much has been written on how the Morrison victory has rebooted the coalition. The reset has been achieved through the personal authority the victory has provided the leadership and with the departure of factional and divisive figures. Victory is the great legitimizer. The issue is now how will that authority be used?

Structurally the Government has embarked on a major shake-up of the bureaucracy, starting with its leadership. The objective of the change is to get a higher degree of delivery and accountability from the public service – a pragmatic set of changes driven by a demand for performance rather than any ideological push.

The biggest challenges ahead require more imaginative public policy measures. Energy policy and skills and training are two endeavours where power is diffused between Federal and State Governments. Both areas pose challenges and opportunities. Energy costs in Australia to both retail and industrial customers are higher than most energy poor nations and the changing balance of operating assets in the power grid pose questions that require new policy design and regulatory guidance. Decades of public policy failure have led to a ludicrous and economically corrosive state of affairs in which investment decisions are seriously compromised.

It is widely accepted that there is a slow burning skills crisis. Vocational skills training to address shortfalls and price inflation also falls between the stools of Federal and State responsibility with considerable opportunity cost to the economy and many individuals who are failed by the current system. Fundamentally, vocational education and training has lost its links with work place demands, increasing the challenges of meeting technological and other demands and opportunity.

Tackling the energy issue - given its entwinement with climate policy - has been a major factor on many of the Prime Ministerial changes over the last eleven years. The long, hard road of building political consensus for major structural changes is needed to progress resolution of both sets of issues. The Government has favoured the use of major inquiries, including Royal Commissions, to develop both the case for major changes and the policy consensus to deliver the changes. It is a feature of Australian public policy that a mixture of special commissions and the standing commission of the productivity commission and ACCC are used to set agendas. Maybe in both the skills and energy areas such policy instruments require consideration.

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However, the axiom that no Government should open an inquiry that it does not have the answer for is not clearly high in contemporary thinking. Royal Commissions into financial services and aged care have revealed deep seated problems and provoked deep anger – without so far revealing a well-framed policy response. Such policy-promoting instruments are two edged swords in some instances as they help paint the scale and depict the horrors. Balancing the need for careful responses and the blood lust invoked by outrages is a difficult act.

The Morrison Government will be defined first and foremost by its stewardship of the economy – some of which it can influence. There are ample economic risks in evidence, both domestic and international, to indicate that any Government should be ready for a setback. This Government also be defined by the policy reform it seeks and achieves. The next six months will indicate its priorities. Its ability to steer some major reforms is probably the greatest of any government in many years. It is also more fortunate than most in that currently it is not consumed by pressures to react and should be enthralled by the opportunities to think and act.



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