

Domestic political overview



Karen Middleton



Karen Middleton is Chief Political Correspondent at *The Saturday Paper*. Karen is a Canberra-based journalist and author with 30 years' experience covering national and international affairs both in print and broadcasting. She is former president of the federal parliamentary Press Gallery and a Churchill fellow. Karen worked in newspapers before spending a decade as SBS TV's chief political correspondent.

Returning to print in her current role, she also continues broadcast work and is a regular panelist on ABC TV's *Insiders* and *The Drum* and a political commentator on the Ten Network's *The Project*. Karen is a correspondent for Radio New Zealand's *Nine-to-Noon* program, British radio Monocle 24 and Turkey's international English-language TV news network TRT World.

Introduction

Twelve months ago, as the political year kicked into gear, a senior government adviser dropped by my Press Gallery office for a chat.

Things were looking good, he said – certainly better than they had the year before – and the Coalition was facing 2018 with confidence. The same cannot be said, a year on.

Starting the year on the wrong foot

New year 2019 has begun with hundreds of thousands of fish dying in the irrigation-heavy Murray-Darling river system because there is not enough water left to keep it habitable and with the Prime Minister blaming his department for photo-shopping a Morrison family portrait to replace his regular sneakers with a gleaming white pair – on two left feet. Together, these events seem to illustrate the state of things for the Coalition, heading into a crucial election year. This was not how it was a year ago.

Things looked good at the start of 2018

As 2018 began, the section-44 constitutional tentacles that had entwined three Nationals and two Liberals and flung them from the Parliament, along with two Greens and three independents, had begun grasping at Labor members as well, challenging their claim that superior candidate vetting processes guaranteed no dual citizens among them.

In the new year, government strategists were confident that finally the pressure would be on the Opposition.

The Coalition had triumphed in the two Lower House by-elections that the dual citizenship debacle had delivered in 2017, with Liberal John Alexander returned in John Howard's old Sydney seat of Bennelong and Deputy Prime Minister Barnaby Joyce victorious in New England, declaring alongside Prime Minister Malcolm Turnbull on the night he won: "We're getting the band back together."

An equally jubilant Turnbull had told Joyce, in front of the cameras:

"The thing is, if I'm going alright and you're going alright, we're going alright – that's the key. The *country's* going alright."

And as Parliament resumed in the first week of February 2018, it looked like things *were* going alright. The government adviser, who is sometimes

given to pessimism, was actually upbeat. As our chat wound up, I agreed with his observation that the Coalition's year was starting well but also offered a slightly impertinent one of my own – that nobody doubted their capacity to stuff it up. He recognised it for the jibe it was and we both laughed.

The following morning, the *Daily Telegraph* broke the news of Barnaby Joyce's extra-marital affair with his former media adviser Vikki Campion, along with a photograph of her that confirmed he was about to become a father for the fifth time, a status undeclared to his constituents before seeking their re-endorsement just two months earlier. Another 24 hours on and I was apologising to the adviser for being a jinx. He just rolled his eyes and shook his head at the disaster of it all.

Within weeks, Turnbull had announced a formal ban on ministers having sex with their staff – something overseas media organisations took great delight in having journalists here try to explain – Joyce had been forced to quit as Nationals leader and Deputy Prime Minister and the relationship between the two had turned to poison.

Then, instead of the section-44 by-elections damaging Labor and its leader Bill Shorten, they had precisely the reverse effect. Former Australian Council of Trade Unions president turned candidate Ged Kearney retained the Victorian seat of Batman for Labor after the embattled incumbent and suspected dual citizen David Feeney quit.



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The Labor Party went on to be returned in three more seats – marginals Braddon in Tasmania and Longman in Queensland and the safer Fremantle in Western Australia – while also holding the safe WA seat of Brand where MP Tim Hammond had quit politics for family reasons.

Despite the unfortunate turn things took in February, at least part of the government adviser's optimism had seemed well placed. Shorten had, indeed, come under pressure as the Braddon and Longman by-elections approached on a so-called super Saturday of five polls that included the seat of Mayo in South Australia, where the former Xenophon Team turned Centre Alliance MP, Rebekha Sharkie, would be re-elected.

Braddon and Longman were two highly marginal jurisdictions that Labor was seen as having to retain if it had a hope of victory under the not-very-personally-popular Shorten at the federal election in 2019. His critics within the Labor Party, particularly those in the New South Wales Right faction, began talking up a threat to his leadership should Labor lose both or even just one of those seats, positioning to promote the left-wing NSW frontbencher Anthony Albanese as a challenger.

While denying any intent, Albanese gave a speech that was seen as a personal manifesto and the pair of by-elections became a moment in time that would determine Shorten's fate.

And then his candidates in both by-elections romped home, Justine Keay in Braddon and Susan Lamb in Longman, the latter also securing a big swing in her favour and against the Liberal-National Party and exposing fully the danger that Pauline Hanson's One Nation Party posed to the Coalition in dragging votes from the LNP in Queensland. Rather than weakening him, those victories cemented Shorten's leadership position.



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Another change of Prime Minister

Within a month, it was Malcolm Turnbull facing insurrection instead, sparked by fears of a bloodbath in Queensland but also by the longstanding view among some conservative Liberals that the self-made progressive republican Turnbull had never really been one of them.

Six months after Joyce had stepped down, Turnbull also lost his leadership, not to the primary challenger, Queenslander Peter Dutton – himself in an extremely marginal seat – but to the late-run compromise candidate, New South Welshman and Treasurer Scott Morrison.

By year's end, former prime minister Turnbull had quit politics altogether, heralding yet another by-election. In the progressive, heavily Jewish Liberal seat of Wentworth, the Liberals under Morrison

faced an unfolding nightmare scenario in the form of high-profile independent candidate Kerry Phelps. A general practitioner and former head of the Australian Medical Association, Phelps was a prominent campaigner for both same-sex marriage and action on climate change, a practising Jew and a serious threat.

In a bid to wrest back the deserting vote, Morrison blindsided his own colleagues and Australia's regional neighbours by announcing as the campaign entered its final stage that he would consider moving Australia's embassy in Israel from Tel Aviv to Jerusalem. It followed the United States' controversial move to do the same early in the year and came despite security agencies and the Department of Foreign Affairs and Trade having warned strenuously



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against following suit because it would pose a security threat and carry an exorbitant price tag of at least \$200 million.

It did not help his candidate in the seat, former ambassador to Israel Dave Sharma, that Morrison attributed the idea to him.

While many in the Jewish community supported such a move and still do, a considerable number also saw the promise for what it was – a cynical last-minute ploy to try to buy their votes. Whatever it was, it didn't work.

Morrison has since sought to climb halfway down from his promise, announcing his government would continue to investigate the possibility of moving the embassy and in the meantime would open a trade and defence office in Jerusalem instead.

He also announced it planned to recognise East Jerusalem as Palestinian territory and West Jerusalem as belonging to Israel, something most other countries have declined to do because it risks further derailing the peace process and is opposed by both the Israelis and Palestinians – thereby doubling the number of potential opponents of his decision.

The Government loses its majority

With Phelps' election in Wentworth, the one-seat parliamentary majority Scott Morrison had inherited from Turnbull after a disastrous 2016 election result was gone. In the final weeks of Parliament, Coalition whips had to maintain constant vigilance to ensure nobody missed a vote.

Phelps' arrival just as the year was ending proved a lightning rod for some female Liberal MPs who had complained after the August leadership challenge that they had been subjected to bullying and undue pressure from male colleagues and other Liberals outside the Parliament.

Victorian Liberal MP Julia Banks' announcements – first in August that she did not intend to recontest her seat as a Liberal at the federal election and then in December that she was quitting the party to become an independent, effective immediately – further shook the Coalition and made its grip on power more tenuous.

The Prime Minister approached the end of the year with personal poll ratings above those of his opponent, Bill Shorten, but with his party's ratings plunging.

He remained in need of good news, so the half-yearly budget update became an important vehicle to at least attempt to re-set the agenda.

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Shunted to mid-December after Parliament had risen, the mid-year economic and fiscal outlook (MYEFO) contained much more optimistic forecasts than its May predecessor, reducing a projected \$14.5 billion deficit for this financial year to just \$5.2 billion and foreshadowing a solid \$4.1 billion surplus in 2019–20.

Those figures included \$10 billion squirreled away under “decisions taken but not announced” and expected to be devoted in large part to a pre-election promise of personal income tax cuts.

Morrison, Treasurer Josh Frydenberg and Finance Minister Mathias Cormann used the MYEFO release to also announce they were bringing forward the 2019 Budget to 2 April, to allow it to proceed before an election to be called after that, for May.

Heading for the polls in 2019

But regardless of that big hint, an earlier poll remained a live option as the new year began. The latest the 2019 election can be held is 18 May and Morrison entered the year facing the difficult decision of every late-arriving Prime Minister: forego your final months in the job and go earlier to retain some element of surprise and take advantage of better

times – or because things are only likely to get worse – or cling to the Treasury benches until the bitter end, even in the face of a looming loss.

Insisting he is sticking to the plan for May, Morrison has staked much on the Coalition’s economic record, especially its record relative to Labor. But those MYEFO forecasts are heavily dependent on a projected revenue surge from corporate tax receipts and as 2019 got underway, economists were beginning to cast doubt on their strength.

Ratings agency Fitch warned in a report on 9 January that slower-than-expected growth would put pressure on those receipts and likely see the government struggle to attain its projected surplus. Although Fitch has previously underestimated the economy’s strength, the warning has some worried.

As concern grew about a slowing housing market, stagnant wages growth and sluggish retail sales in the lead-up to Christmas, other economists were beginning to murmur their agreement. National Australia Bank’s Alan Oster has predicted a surplus will be achieved but that it will be significantly smaller than forecast. And independent economist Saul Eslake suggests a slowing economy may force the Government to confront the need for a more direct form of stimulatory spending than personal income tax cuts to keep it out of recession.

That is likely to be anathema to the Coalition, which has consistently hammered Labor over its 2008 spending – albeit successful in staving off a downturn – on ‘pink batts and school halls’.

The housing slowdown – which may help some voters, especially in Sydney’s outer suburbs, in the form of lower rents – is at least partly the legacy of a tightening of lending practices in the banking sector in the wake of the financial services royal commission. Its report is due in February, just as the political year begins.

Retail sales figures for November published on 11 January were slightly better than expected, up 0.4 per cent, but some economists were warning this could mean December figures are down – likely a legacy of global online sales promotions becoming more prominent in Australia, prompting consumers to buy Christmas presents online in November rather than in stores closer to time.

Rising doubt about the MYEFO forecasts and the risk of a downturn as the year progresses increases the pressure on the Morrison Government to go to the polls earlier than May.

From the sidelines late last year, Malcolm Turnbull revealed that his plan, in office, had been to call an election in late January or early February, for March.

Morrison has also been under pressure from his state counterparts in New South Wales to go to an election before their own scheduled poll on 23 March and absorb the worst of any coming electoral backlash against the Coalition.



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Calling an election ahead of Parliament’s scheduled return on 12 February could allow for an election before the NSW poll, with the required minimum 33 days in between.

Any later, and Morrison would need to let the two parliamentary sitting weeks proceed first – one with both houses in session and one with just the House of Representatives – something that generally carries greater risk for the Government than the Opposition.

Home Affairs Minister Peter Dutton conceded as much in December. “I’ve always seen Parliament as a disadvantage, frankly, for sitting governments,” Dutton told Sky News on 11 December, as the Government faced criticism over its lightweight sitting timetable for the early part of 2019. “Whatever happens, however messy it looks, tough decisions that need to be made are always sheeted home to the government of the day.”

As of January, Morrison and his deputy Josh Frydenberg were still insisting, publicly at least, that a May election was their plan. They were also emphasising what they argue is the risk to the economy of Labor’s proposed agenda, including phasing out negative gearing tax concessions for investment properties and allowing greater union influence over industrial relations laws and practice.

Shorten’s closeness to some unions, including the militant Construction Forestry Mining Maritime and Energy Union, has some ill at ease, including within his own parliamentary party.

With the economy not necessarily providing as strong a campaign opportunity as Scott Morrison might have hoped, the Government is also falling back on its other old-faithful issue, law and order.

Dutton’s surprise announcement that the Government was considering a public register of convicted paedophiles drew a mixed response – praise from Justice Party senator, former broadcaster and long-time anti-paedophile campaigner Derryn Hinch, but caution from others, including Bravehearts founder and fellow campaigner Hetty Johnston, who criticised it as a potentially dangerous political stunt without adequate consultation. Coalition critics labelled the announcement a sign of the Government’s increasing desperation.

The sudden retirement announcement from Kelly O’Dwyer, Minister for Jobs, Industrial Relations and Women, citing family reasons, added to the sense of a government – already struggling to attract women – in decline.

Then came the dead fish and the inadvertent departmental photographic wrong-footing and Coalition MPs were struggling to find much to be cheerful about as the hot summer ground on.



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The Government's messaging challenge

In the lead-up to election 2019, the Government faces a significant political messaging challenge.

The One Nation threat in Queensland and to some extent in WA has the Coalition reluctant to abandon its hard-line stance on issues such as immigration.

But the rise of extremist, neo-Nazi elements seeking to inflame that issue has also caused alarm, including among Liberals, and increasingly their constituents in previously safe blue-ribbon suburban Liberal seats are demanding a tougher stance against that, and pressing for the closure of Australia's offshore detention centres and more compassion for asylum seekers and refugees.

The case of young Saudi woman Rahaf al-Qunun, who claimed persecution at the hands of male relatives and appealed to Australia for asylum after being detained en route in Bangkok, provided a potential opportunity to boost the Government's compassionate credentials – and its support among women. But it was Canada that stepped in to grant her asylum.

The Government appears likely to seize on other opportunities to try to win back disillusioned moderates while simultaneously pushing other issues to target more conservative supporters.

This siloed approach to campaigning is a legacy of changing prime ministers mid-term, replacing the one who faced voters at the previous election with someone who has no record in the job. That requires a series of one-off attention-grabbing policy announcements and a heavy reliance on accentuating the negatives in your opponents.

The evidence of his Jerusalem embassy adventure during the Wentworth by-election suggests Morrison will fall back on his pre-politics marketing experience to draft a campaign micro-strategy to try and maximise the vote – or minimise the loss – in seats with particular sectional interests.

But based on current polling – and the electorate's mood – there are few, including among senior Liberals, predicting he can win, despite voters' ongoing hesitation about Bill Shorten.

As for Turnbull's “we're alright” barometer of good political health – a year down the track, he's out of politics and Joyce appears far from professionally happy, making it clear he's willing to take over from his successor, the unexciting NSW MP Michael McCormack.

Whether or not Australians think the country is still alright or in need of adjustment will be clear by May, if not before.

And the government adviser who dropped by a year ago? He's gone in search of a less depressing life.

Who can blame him?