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Part 8: Post-election comment

Kevin Rudd did save a good deal of furniture

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7 September 2013

Tony Abbott has had his much anticipated election victory and Australia once again, to the great relief of most, has a majority federal government.

The Abbott win is solid and comfortable, but by no means as large as many had anticipated.

Labor has lost several seats in western Sydney, but it has not suffered the massive rout there the party had feared. Treasurer Chris Bowen has survived — a relief for the ALP, which in opposition will need his economic expertise. Bowen is also a possible future leader.

In Queensland it appeared last night that Labor would hold all its seats but two. Tasmania has seen heavy losses and several seats have gone in Victoria, where the ALP had particular difficulties because of its high vote in 2010.

In assessing Kevin Rudd's performance, it depends where you're coming from. Rudd's destabilisation over the last three years has contributed mightily to the perception of a fractured and disunited government. But his return to the leadership has significantly contained the swing against Labor — which under Julia Gillard was likely to be huge — to a relatively modest level.

This is particularly the case in Queensland, where without Rudd, Labor would have been much worse off.

One wonders how much closer Rudd could have come if he had run a better campaign. In contrast to Tony Abbott's discipline, Rudd strayed off message at times, did not appear at his best (certainly compared with 2007) and brought forward some policies which had minimal credibility.

Admittedly, it was always going to be hard going. But his "new way" was a gift to Tony Abbott, who quickly said the only new way was a change of government, and he wasn't able to maintain the positive message on which he had promised to campaign. Labor quickly had to resort to negativity and fear mongering, which did not cut the mustard.

As one after another Labor figure appeared last night, there was a common call for putting aside the divisions that had been so costly in the last three years, and for achieving a spirit of unity as the party pulls itself together into an effective opposition.

In his concession speech, Rudd dwelt on his achievement in holding up the vote. "I'm proud that despite all the prophets of doom that we have preserved our federal parliamentary Labor Party as a viable fighting force for the future," he said, pointing (wrongly, as it turned out) to holding the line in Queensland, and to the fact that every Cabinet minister had been returned.

Rudd announced that he would not be recontesting the leadership, declaring that the "Australian people deserve a fresh start".

But senior Labor figures, including Greg Combet (now out of parliament), believe Rudd should quit the parliament to draw a line under the Rudd-Gillard era. While Rudd is in parliament, there will always be a Rudd factor.

It's not yet clear who will emerge as the ALP's new leader — possibilities are Bill Shorten, Chris Bowen or Anthony Albanese. What is clear is that he will have a big job.

But now Labor becomes the second storyline.

The focus will be on how Tony Abbott shapes his government and the nation. He has been an extraordinarily effective

opposition leader, but the challenges of power are very different. Abbott has given some hostages to the future. In particular, his insistence that he would have a double dissolution if the Senate will not allow him to repeal the carbon tax is potentially a risky undertaking.

Labor has come close enough to open the possibility of trying to force Abbott's hand into a premature election.

How all this works out, however, will depend on the composition of the new Senate, which comes in mid-next year, and tonight we do not know precisely how the Senate numbers will play out.

The challenges for Abbott most immediately will be to manage the economy in an uncertain world, and convincing the electorate that he can run a government effectively.

His emphasis during the campaign has been on reassurance and on pledging that he will not break promises.

He will have to be careful that his actions are in line with his words because he inherits an electorate that has become infused with disillusionment and cynicism — an electorate that is hard for any government to soothe and keep on side.

Abbott's victory speech last night sounded much of a repeat of his campaigning lines, with his promises of a government of "no surprises and no excuses"; within three years, he re-promised, the carbon tax would be gone, the boats would be stopped and the budget would be on track for a reasonable surplus.

He said the people had elected a government that "understands the limits of power as well as its potential.

"Australia is under new management and Australia is once more open for business."

Prime minister Abbott: The master of opposition gets his chance

Shaun Carney
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7 September 2013

Not so long ago, Tony Abbott looked washed up. In 2007, while other ministers wanted to replace John Howard as the captain of the Coalition's sinking ship, Abbott stood resolutely by his political hero all the way to a humiliating election defeat.

Abbott had been in a funk as the Liberals' fortunes soured. He publicly questioned the ethics of a dying man, Bernie Banton, and during the election campaign he turned up embarrassingly late to a televised debate.

In the days after that defeat, Abbott sought to succeed Howard as Liberal leader, citing what he called his people skills as one of his strengths. This ended badly too: when he realised his party room numbers were derisory, he withdrew his candidacy and went off to write a book as a way of salving his political pain.

The political caravan, it seemed, had taken off without Abbott.

But no: now he is our prime minister.

The man to whom the ironic appellation "people skills" was attached during those lean times joins Sir Robert Menzies, Malcolm Fraser and Howard as the only Liberal leaders to have vanquished a Labor government.

Vindication is his, but there is still the small matter of actually doing the job now that he has secured it. Abbott as an opposition leader was frenzied, intense, relentless, functionally incapable of pulling back and changing either his tone or his rhetoric.

From the first moment Abbott took on the leadership in December 2009, he sought power through aggression and the creation of an ever-heightening sense of crisis in the polity and the economy. His twin objectives were to instigate the overthrow, either through parliamentary or electoral means, of a Labor government that he had from the start viewed as illegitimate, the product of nothing more than a reflexive "It's Time" sentiment among voters in 2007 that the Howard government had had long enough.

"Campaign in poetry and govern in prose" the saying goes. Abbott all the way through campaigned in spray can graffiti.

But it worked. Abbott, a journalist early in his adult life, made an astute judgement about the changing nature of the Australian electorate. He understood, and continues to understand, that increasing numbers of voters feel no fidelity to any party, do not care about politics, do not pay attention to the news and that their only interest in policy is how it might affect them. The key word in that last element is "might".

Having lived without the economic hardships that come from a recession for more than 20 years, the metrics by which Australians judge that they are, as the political cliché has it, "doing it tough" — that is, feeling cost of living pressures — have shifted dramatically. Ever-greater swathes of the electorate are convinced that they are economically deprived, even though inflation is under control, the economy continues to grow and unemployment is close to modern historical norms.

Many contemporary voters, untethered from any political convictions of their own, are highly suggestible, and Abbott's campaigns on Labor's carbon pricing and economic management exploited this to the hilt.

Now that they are in charge, Abbott and his likely treasurer Joe Hockey will have to transform their political approach instantaneously. The hysterics of the past few years will no longer be of use to them.

In the final week of the campaign, they worked assiduously to recast their economic program. Having spent their time in opposition asserting that the nation's finances were in a critical state and that there was a budget emergency, they finished up subscribing pretty much to the budget settings of Labor's outgoing treasurer Chris Bowen.

Depending on one's point of view, this demonstrates either a breathtaking capacity for cynicism or a masterful deployment of political agility.

In any event, it points to a pragmatism that has regularly been at the heart of Abbott's political modus operandi and which is likely to drive him as prime minister. Abbott is a conservative in the conventional sense. That is, he opposes change with a genuine conviction — until change becomes irresistible. And then he embraces that new order.

As Howard's health minister, he sought to fashion the Coalition as "the best friend Medicare has ever had", conveniently ignoring the fact that the Whitlam and Hawke governments had to shed much political blood to implement the policy after years of political opposition from the Liberals. Even so, when he saw how it worked, Abbott embraced it.

A related process has been at play under his leadership, as he has adopted some of Labor's best policy ideas, with adjustments. His government will see through four of the six years of the Gonski school funding. It will implement a National Broadband Network, but a weaker, cheaper version. It will continue on with the National Disability Insurance Scheme, but wants to drop Labor's name for it, DisabilityCare.

A key policy on which the Abbott government will not yield is a market pricing mechanism for carbon emissions. The reason for this is mostly to do with the internal politics of the broader Liberal movement and only a little to do with ideology.

Abbott himself is ambivalent on the theory of man-made climate change. He came to the leadership in late 2009 on a

pledge of killing an emissions trading scheme because he judged that the climate change question was splitting both the Liberal Party and its supporter base.

Hence, he will oversee Direct Action, an inefficient, costly policy that aspires to cut emissions and placates his backers who believe climate change is real. And at the same time, by killing the carbon tax he will appease the large proportion of Liberals who think climate change is hokum. It could be said to be a classical Liberal political solution.

Will there be any great policy initiatives under prime minister Abbott? Workplace relations is the standout issue. Abbott argued unsuccessfully against WorkChoices inside the Howard Cabinet and he has done what he can to stave off the powerful forces inside his party and the business community to revive the key elements of that policy regime — at least until he took office.

But the pressures are immense to once and for all crush Australia's already weakened union movement, a vital political resource for the ALP. In this term, there will be plenty of softening up of the electorate: inquiries into union corruption and productivity bottlenecks. Expect to hear a lot about how much unions are holding back the Australian economy in the next three years and how much has to be done to put them back in their box.

With the demise of the Rudd government, the historical comparisons with the Whitlam era become stronger: only two terms of office, plenty of political dysfunction, some powerful policies but also a degree of chaos. It is up to Abbott to ensure that the second act of the Whitlam drama is not repeated.

With Labor harassed into destruction, the Coalition government that replaces it is unclear on what exactly it wants to do in power beyond keeping its hand on the tiller, having returned the nation to its rightful place — the conservative bosom.

Abbott clinches victory as Rudd exits from leadership

Michelle Grattan
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8 September 2013

Tony Abbott has won government with a decisive majority, but the Labor Party has avoided the rout that it had feared.

A victorious Abbott told the Liberal faithful: "Australia is under new management; Australia is once more open for business."

He promised that he and the new Coalition government would not let down the hundreds of thousands of Australians who had voted for the Coalition for the first time in their lives. He promises a government of no surprises.

Abbott pledged that "in three years time, the carbon tax will be gone, the boats will be stopped, the budget will be on track for a believable surplus, and the roads of the 21st century will be well underway".

Kevin Rudd declared in his concession speech that he would not recontest the leadership, after saying he was proud to have kept the parliamentary Labor Party as a "fighting force for the future".

"The Australian people, I believe, deserve a fresh start with our leadership," adding that "the time has come for renewal" of the party.

The government suffered a two-party swing of 3.6% with the Coalition getting a two-party vote of 53.5% to Labor's 46.5%.The ALP primary vote fell by 4.6% to about 34%, an historic low.

Labor has lost at least 15 seats and the Coalition has gained at least 17. Last night, with some seats still in doubt, the Coalition had about 88, and Labor about 54.

In Melbourne, Greens deputy leader Adam Bandt has been returned and Tasmanian independent Andrew Wilkie has also survived.

Clive Palmer's Palmer United Party (PUP) polled strongly, with Palmer himself a good prospect for the Queensland seat of Fairfax. Barnaby Joyce, former Nationals Senate leader who has won New England, warned that it would be pandemonium in parliament if Clive Palmer won Fairfax.

In New South Wales, Labor has lost Banks, Lindsay — where the assistant treasurer David Bradbury is a casualty — Reid, Page and Robertson. The losses were fewer than predicted.

But the ALP has retained the highly marginal seat of Greenway, where the Liberal candidate Jaymes Diaz embarrassingly floundered when questioned on Liberal asylum seeker policy and later had to be hidden away from the media.

All but two ALP seats in Queensland have been retained, with Petrie and Capricornia falling. Former premier Peter Beattie failed in his bid to win the Liberal seat of Forde.

In Victoria, the ALP has lost Corangamite, Deakin and La Trobe. Three Tasmanian seats have gone from Labor — Bass, Braddon and Lyons. In South Australia, the ALP has lost Hindmarsh.

Possibilities for the Labor leadership are Bill Shorten, outgoing treasurer Chris Bowen and deputy prime minister Anthony Albanese, but last night no-one had declared an intention to stand.

Labor figures blamed the divisions of the past for the defeat and called for the party to unite.

Former minister Greg Combet, who retired at the election and had been a strong supporter of Julia Gillard, lashed out at the leadership destabilisation that took place and said it was "important that Labor has a very, very good look at itself". He said a party could not have two people vying over the leadership for a long period.

Health minister Tanya Plibersek said: "I don't think the division and pain was justified at any stage. What I hope [everyone in Labor] has learned from tonight is that we don't tolerate division."

Bowen, a strong Rudd supporter, said it was a difficult night for Labor, but better than had been expected some months ago. He said the party now needed to "commit to unity" for the next three years, take time for reflection and build on its record in government: "We need to have a … new spirit of unity and common purpose."

He said Labor had come back from a long way behind in just two or three months. "The party owes a debt of gratitude to Kevin for making himself available," he said.

Immigration minister Tony Burke said Labor had "always underestimated" Tony Abbott, and paid tribute to the professionalism of Abbott's campaign.

Beattie said the key reason in the election defeat was "leadership divisions over the last six years … people frankly thought it had gone on too long".

Liberal frontbencher Sophie Mirabella has had a close call in Indi but ABC election analyst Antony Green was predicting last night that she would hold off the challenge from independent Cathy McGowan.

Bob Katter has retained his Queensland seat of Kennedy but his party has polled poorly compared with Palmer's party, which is in line for a Senate spot.

Rudd told his supporters: "We have known defeat before but I say this to you, throughout our 122-year history we have always, always risen from defeat."

Former prime minister Julia Gillard, who was deposed by Rudd in June, tweeted: "A tough night for Labor. But a spirited fight by Kevin, Albo, George + the whole team. My thoughts are with you all. JG"

Labor's legacy: Six years of … what exactly?

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8 September 2013

Political historians are likely to treat the Rudd and Gillard governments far more kindly than many contemporary commentators have — and certainly more kindly than the Murdoch press has. The passing of time and the benefit of hindsight will dull the memory of strategic errors, destabilisation and in-fighting, while highlighting the governments' legislative and policy record.

In particular, it will be noted that the Rudd and Gillard governments did recognise and engage with key challenges facing Australia in the first two decades of the 21st century — including the global financial crisis, the Asian Century and climate change.

Rudd rightly argued that the Asian Century posed both great opportunities and great challenges for Australia. Like Paul Keating before him, he emphasised the export opportunities opened up by the burgeoning markets and growing middle classes of Asia. It was a point further emphasised by the Gillard government, including in its white paper *Australia in the Asian Century*.

However, Rudd was more aware than some of his predecessors that Australia could not afford to be complacent about the challenges Australia would face from other economies in the region. In particular, he had long been concerned that Australia was falling behind some Asian countries technologically.

The National Broadband Network was seen as essential in ensuring that Australian industries could compete internationally and in ensuring that education and services could be delivered throughout the country, including in the regions. Both the

Rudd and Gillard governments also emphasised the need to develop a diverse Australian economy that would prosper beyond the mining boom. Indeed, the mining tax was partly meant to redistribute profits from the miners to those sections of the economy that were more vulnerable.

Despite public perceptions that both governments were dysfunctional, the legislative and policy record of the Labor governments is in fact extensive. The minority Gillard government alone successfully passed over 500 pieces of legislation. Great credit needs to be given to Gillard's negotiating skills.

To list just a few, major Labor government initiatives over the last six years have included: dismantling WorkChoices and establishing Fair Work Australia, paid parental leave, disability care, reforming secondary education and expanding tertiary education, improving the pay of low-paid workers (largely women), removing over 80 forms of discrimination against same-sex couples, the apology to the stolen generations, instituting a carbon price, establishing the Royal Commission into Child Sexual Abuse, reforming Murray River water management, transforming federal-state hospital funding arrangements and improving relations with China and India.

Some of the perceived failures of the Rudd and Gillard government were old dilemmas faced by social democratic governments attempting to manage capitalist economies. Both governments struggled with the power of private business over opposition to carbon pricing and the various iterations of the mining tax, just as Ben Chifley had come up against the power of the banks and Gough Whitlam against the power of multinationals.

In particular, the concessions the Gillard government made to the mining industry over depreciation of assets and state government royalties had disastrous consequences for government revenue. Both governments faced opposition from a powerful media magnate, although *The Australian* had initially

been sympathetic to Rudd. Both struggled with the impact of a capitalist global economic crisis on the economy and on the government's bottom line.

Both governments also faced issues arising from the ideological crisis of social democracy in the 21st century. Rudd had argued that social democratic governments had a major role to play in fixing issues of market failure, ranging from improving Australia's poor information technology to introducing financial disincentives for producing carbon via a carbon price. His government was therefore ideally placed ideologically to introduce the Keynesian stimulus package that helped Australia weather the global financial crisis so successfully, as compared with most other western countries.

However, it proved hard to sell the need for deficits — even ones that were so low by international levels — to the Australian electorate. This was a difficult pill to swallow for those who had been repeatedly told — from the Bob Hawke and Paul Keating years on — that government debt was bad and that governments should minimise their role in the economy and leave as much as possible to markets. Arguably, Hawke and Keating's economic rationalism had undermined a key justification for social democratic governments — namely their role in addressing market dysfunctions.

Nonetheless, despite the problems selling their message (and Wayne Swan's poor communication skills combined with virulent opposition from the Murdoch press didn't help), the Rudd and Gillard governments could claim to have left the Australian economy in a relatively good state compared to most other western economies. The very favourable IMF and OECD figures and Australia's AAA credit rating were cited by Rudd in his July 2013 National Press Club address as evidence of this.

The budget cuts the Gillard government did introduce were relatively mild ones compared with the harsh austerity measures in so much of the western world and attempted to use targeting

to minimise the impact on those who were most vulnerable. However, some groups — such as single parents — were significantly disadvantaged under welfare-to-work measures.

This is not to say that the Rudd and Gillard governments did not make major mistakes, only some of which can be listed here. Despite Rudd's acknowledgements of market failure, the Rudd government's stimulus package failed to regulate adequately either private sector builders of school halls or installers of insulation. The resulting excessive costs and tragic deaths overshadowed memories of the thousands who had been successfully employed under the programs at a time of economic crisis. Rudd should also not have backed down on the Carbon Pollution Reduction Scheme after it was rejected by the Senate.

Rudd had vision but suffered a form of prime ministerial "meltdown" during 2010 when it came to implementing many measures. More effort should have been made — by all ministers — to try to get Rudd functioning again. Gillard suffered permanent damage from removing a first-term prime minister who had been elected in the "Kevin 07" presidential-style election. This was particularly the case given Rudd's history of undermining previous Labor leaders such as Simon Crean and Kim Beazley — experience he then used against Gillard.

Labor politicians, staffers and factional powerbrokers seemed ill-prepared for the way in which her gender was used against Gillard, including the opprobrium that would adhere to a female leader seen to have "knifed" a male one. Furthermore, Labor overemphasised aspects, such as Gillard's toughness, that reinforced common dilemmas female leaders have — including how to balance toughness and compassion in the context of being seen as neither too feminine (weak) or too unfeminine (hard and uncaring).

The Gillard government should not have made the concessions it did in regard to the mining tax, or kept promising specific

timelines for returning the budget to surplus when it was clear that revenue was dropping drastically due to the ongoing impacts of the global financial crisis and falling commodity prices. Peter Slipper should not have been made Speaker of the House of Representatives.

Gillard should never have conceded that a period of fixed carbon price leading to an emissions trading scheme (as under Rudd's CPRS) was effectively a tax after she said she would not introduce one. Additional mistakes included the aborted East Timor asylum seeker solution and the media regulation debacle.

Nonetheless, key Rudd supporters dissatisfied with Gillard's performance should have exercised party discipline and kept their criticisms behind closed doors. Instead, they publicly trashed Labor's brand in ways that seriously undermined attempts to run on Labor's record in the 2013 election campaign.

Coalition supporters will no doubt remember the Gillard government through the prism of debt and dysfunction. This is despite the Coalition's own belated acknowledgement in its costings that returning to surplus is no easy task in a time of falling government revenue.

By contrast, the Labor faithful will remember the Rudd and Gillard governments as ones that did attempt to deal with key challenges of the 21st century. They did have a substantial record of reforming legislation and did attempt to sustain growth with fairness in immensely challenging economic times. Yet they were also governments that spectacularly sowed the seeds of their own destruction.

We now wait to see how successful the Coalition will be in governing in such difficult and challenging times.

The Tony Abbott I know

Greg Craven
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8 September 2013

As a public personality, our new prime minister is an involuntary paradox. On the one hand, Tony Abbott is one of the most discussed people in Australia. On the other, much of the discussion is so ill-informed that it conceals, rather than illuminates.

For this, we largely have to thank Labor and its more enthusiastic media boosters. For years, they have peddled a cardboard caricature of Abbott so simplistic and so pervasive that you could hide either a saint or a psychopath beneath its shade. In one sense, the very unfairness of this treatment probably has helped Abbott enormously.

A plausible thesis is that large sections of the population actually have been convinced that he is scary, but having decided to vote for him anyway, have tuned out of the election. Labor's problem being that once you have sold someone as a monster, but he still seems preferable to you, where do you go?

Yet the reality is that Abbott almost certainly is one of the most complex individuals ever to hold supreme political office in Australia. Even considered solely as a bundle of conundrums, he is the proverbial politician, with enough material to ground an entire conference.

Consider. Here we have a Rhodes Scholar — and no, Kevin Rudd never got one of those — who genuinely likes to call people "mate" and hit bushfires with blankets; a deeply religious man, who is massively pragmatic, both philosophically and temperamentally; a social conservative whose rightism does not necessarily extend very far into economics, and who is personally deeply tolerant. All this, plus being the opponent of same-sex marriage with a gay sister whom he deeply loves, and the constitutionally

conservative monarchist who probably will put Indigenous recognition into the Constitution.

This is not material to be reduced to yet another yawningly predictable Tandberg cartoon, although it might conceivably serve for a quirky collaboration between Shakespeare and Woody Allen. Bizarrely, this kaleidoscopic political personality has been obscured behind a simplistic and desperate attempt to convince us that Abbott is "unelectable", a cause that ultimately has proved as pointless as its assumptions were myopic.

Now we are left to discover the persona of our prime minister after his election. It is worth pausing to consider just how vile some of these tactics were, if only because they are far from over. The best example is Abbott's much vaunted Catholicism, an apparently fatal character flaw he shares with this writer.

Most of us — rightly — were appalled when Julia Gillard was vilified on the grounds of her gender, less often than was claimed by her supporters, but more frequently than is conceded by her detractors. We were particularly upset when she was characterised as a "witch", with all the negative female stereotyping this carried.

Yet many commentators routinely parody Abbott as "Father Tony", "Captain Catholic", or most commonly, "The Mad Monk". Exactly why is religious vilification more acceptable than misogyny, and which part of the character of the appalling Grigori Rasputin is to be ascribed to Anthony Abbott? I suppose the imputation of giant genitalia might at least be considered flattering.

The reality is that Abbott will be influenced by his Catholicism in the same way as Gillard was influenced by her womanhood and Bob Hawke was influenced by his agnosticism: it will contextualise, but not define him. So, Abbott will not move to outlaw abortion or criminalise contraception. He will not grant favours to his Catholic mates. Cardinal George Pell will not become Minister for Foreign Affairs.

But if we want to ponder things actually worth thinking about, it is a fair bet that Abbott's sympathy with Indigenous people has something to do with his exposure to Catholic social justice theory. It is also highly likely that someone formed by the Jesuits is going to place at least a passing value on education. And anyone trying to predict Abbott's industrial stance would be well advised to at least factor in some fairly interesting Catholic intellectualism on the legitimate place of trade unions, as well as Hayek.

This type of analysis is important because we not only have a particularly interesting Liberal prime minister, but a particularly interesting Coalition government. This is not the old caricature of a club of capitalists leavened with a syndicate of squatters. This will be a government seeking to marshal some very different trains of thought.

At one end, you genuinely do have a bundle of significant players who have indeed been culturally and intellectually influenced by — among many other things — their Catholic origins. These include Abbott himself, Joe Hockey, Andrew Robb, Barnaby Joyce and Christopher Pyne. To describe these as comprising the "DLP" wing of the Coalition is crude, even assuming the average journalist knew what the DLP was or stood for.

But to say that all share certain critical assumptions as to the intrinsic value of individual human beings and their right to express that individual humanity is merely to express an obvious truth. Considering where this might lead an Abbott government is the sort of character analysis that is actually interesting, as opposed to self-confirmatory condescension.

It is also worth asking how such tendencies will mesh with more libertarian elements of the party, whose view of individual "freedom" tends to type people as integers permitted to roam merely within the boundaries of vast economic equations.

The potential difference of assumptions and outcomes in such fields as education, health and social policy here are vast.

One should not necessarily assume that Tony Abbott is more "conservative" here than a Malcolm Turnbull or a Greg Hunt, or even what conservative means in such a context.

An intriguing question is how Abbott the personality will fare in office. It is a reasonable bet that for at least three reasons, he will have a better time as prime minister than as opposition leader. First, there is such mild respectability as doth hedge about a prime minister. Second, no matter how hard he tries, he cannot possibly live up to Labor's horror story. Inevitably, Labor's own self-serving script will reveal Abbott if not as a hero, then at least as an improbable improver.

Finally, there is an eccentricity about Abbott which, if handled judiciously, could become endearing. In the same way as Jeff Kennett became — at least for a period — "Our Jeff", even to Victorians who would not willingly have let him into their house, there is a real possibility that Australians will come to own, if not universally love, Tony Abbott.

The giveaway was the "Dad" moment. In a campaign where every shot of a leader was backed by a bevy of nodders who would benignly approve even the announcement that we were invading China, the eye-rolling (but loving) disdain of one of the Abbott daughters for her idiot father was genuinely bracing.

Who knows? Labor may catch on, with the parties vying for which group of supporters may most graphically express their sincerity with sighs, groans and even the odd rotten tomato directed towards their own candidate.

Welcome to the real complexity of the court of King Tony, definitely the First.

Election 2013 results and the future: Experts respond

Australia has elected a Coalition government. So what will this mean for key policy areas? Our experts take a closer look at what's in store for business, the economy, the environment, the National Broadband Network, health, social policy, immigration, science and education.

Business

Sinclair Davidson
RMIT University

Business featured quite prominently last night. The incoming prime minister, Tony Abbott, declared: "Australia is under new management and is open for business."

On Sky News, political commentator Graeme Richardson spoke about the loss of the "tradie" vote: people who consider themselves to be in small business no longer vote Labor and have been moving away from the ALP for ten years or more.

Perhaps it's not "the economy, stupid"; in reality, it might be "business, stupid".

I hope so. It is very easy to concentrate on the broad macro-economic developments and focus on highly aggregated indices of performance. But the economy really consists of men and women going to work, earning a living so that they can pursue their own aspirations.

It consists of entrepreneurs who take risks in creating those jobs that allow people to pursue their dreams.

The role of government is to enable that process — to maintain the institutional framework that facilitates business. In recent years, the business community has had a view of the government as a saboteur and not a facilitator.

To a large extent this has been due to the new taxes, new regulations and uncertainty that has characterised policy development over the last years.

Under an Abbott government, consultation will need to be more than simply advising people of decisions already made; deregulation will have to be more than a slogan; taxes will have to be abolished. Public servants waging war on business will have to reined in.

Economy

Fabrizio Carmignani
Griffith University

If what Tony Abbott announced during the campaign is implemented by his government, I expect we will see the following from the economy:

- an increase in volatility (wider ups and downs around the trend)
- a short-term acceleration of growth followed by a decline in long-term growth potential
- an increase in inequalities in the distribution of income.

The increase in volatility will result from the Coalition's confusion between objectives and tools of fiscal policy. Fiscal policy must be run counter-cyclically to stabilise the business cycle, but the Coalition has never acknowledged this basic principle.

The short-term acceleration of growth will arise from the abolition of the carbon tax and the mining tax (if passed through the Senate). But I'm afraid it will not last long.

What really matters for long-term growth is to manage the process of structural transformation the Australian economy is going through. In this regard, the Coalition has not said much, focusing instead the whole of its long-term growth strategy on investment in infrastructure.

This is a growth strategy more appropriate for developing and emerging countries than advanced economies such as Australia.

Finally, growing volatility and the lack of management of the structural transformation process will lead to an inefficient allocation of resources across the economy.

This will ultimately result in growing income inequalities across the population; all this without counting the possible impact of expenditure cuts and jobs that might arise from the Commission of Audit.

The large cuts to foreign aid will put Australia in a very awkward position when it has to chair the G20 in 2014. Leaving aside any considerations about the moral duty to support developing countries, cutting aid means reneging on international commitments, and this is certainly not going to help Australia's international reputation.

Environment

Ian Lowe
Griffith University

The Coalition government will be disastrous for the environment if it carries out its campaign promises.

No credible observer believes the "direct action" proposals will achieve even an inadequate 5% reduction of greenhouse gas production. During the campaign, Abbott specifically ruled out providing the funds that would be needed to get near that target.

The outcome will be further increasing greenhouse pollution, in turn reducing the slim chance of international action to avoid dangerous climate change. With prominent front-benchers still in denial about the science, the stance is ideological.

Fundamentally, Abbott proposes to turn the clock back 30 years on environmental protection. Since the Hawke government blocked the proposed Franklin Dam, successive governments — ALP and Coalition — have curbed the worst excesses of growth-

oriented states, which are prepared to approve irresponsible developments. Even our national parks are no longer safe.

Queensland and New South Wales are proposing outrageous expansion of the export coal trade and coal seam gas. If the Abbott government abandons its responsibility to protect the environment, local people will take on the task, so we will inevitably see more litigation and direct action.

Abbott's capacity to legislate for his Great Leap Backwards will be limited until next July by the current Senate, but then the balance will probably be held by minority groups further to the right such as the Palmer personality cult.

It is a depressing prospect.

Broadband

Rod Tucker
University of Melbourne

The Coalition's broadband policy has come a long way since the 2010 election. Three years ago, Abbott was vowing to demolish the National Broadband Network. Now, at least, the Coalition is actually planning to build a broadband network.

However, the demise of the visionary, future-proof fibre-to-the-premises (FTTP) network means the nation has regrettably lost a once-in-a-lifetime opportunity to fully reap the benefits of the global digital economy.

One can only hope that once the dust settles, the Coalition will realise how foolish it would be to miss the opportunity for Australia to acquire a world-class FTTP network. The Coalition is unlikely to do a total policy about-face. But if good sense prevails, it will modify its plans so that the network is not too far removed from the original FTTP vision.

In areas where Telstra's copper network is unable to support fibre-to-the-node technology, for example, FTTP could be rolled out instead. Another possibility is the new G.Fast technology —

due to be available in 2014 — which provides performance close to FTTP.

Overall, the key challenge for the Coalition is to build a network that meets Australia's ever-growing appetite for broadband and does not become obsolete by the time it is completed.

Health

Stephen Duckett
Grattan Institute

The Coalition adopted a small target, steady-as-she-goes election strategy, giving no hints about what the new government's intentions will be on the health front.

The Coalition health leadership is quite experienced. Likely health minister Peter Dutton served as a minister in the Howard government and has been shadow health spokesperson since 2010.

The team going into the election also included two medical practitioners as shadow parliamentary secretaries: Andrew Laming and Andrew Southcott.

One clear commitment is that the bureaucracy will get a haircut. The Department of Health and Ageing has already started to downsize, but the Coalition's savings initiatives will require further reductions in staffing.

The alphabet-soup of portfolio agencies, each with its own staffing establishment is also to be reviewed, with agency mergers or abolitions on the cards.

Medicare Locals, originally thought to be in danger of extinction, have since got a reprieve, now to face a review of their:

> corporate practices … to ensure funding for patient services isn't being unduly diverted for administrative purposes.

Dutton has made it clear the review will not lead to reductions in programs.

Other commitments, to expand general practice training, and scholarships for nurses and allied health professionals in areas of need, are sensible, incremental steps.

Finally, it is important to remember Abbott was health minister in the Howard government (2003–07), claiming as his achievements that he:

> … introduced the Medicare safety net for people with big out-of-pocket expenses, increased hospital funding by A$2.2 billion, increased Medicare bulk billing rates, expanded Medicare beyond doctors, and resolved the medical indemnity crisis.

Whether he will be a meddler in, or a "sympathetic ear" for, the portfolio is as yet unclear.

Primary care

Stephen Leeder
University of Sydney

General practice is the field where new initiatives will probably appear first under the new Coalition government. The general practice workforce is not evenly distributed and is in short supply in many rural and regional settings.

In response to a call from the Australian Medical Association in the last week of the campaign, the Coalition promised an additional A$50 million for general practice infrastructure.

Practice incentive payments to general practices would be doubled, the Coalition said, in recognition of the need to pay general practitioners for their time spent teaching medical students.

There is not likely to be enhanced funding for public hospitals. No promises of substance have been made about aged care, palliative care and support for those with crippling chronic conditions.

What will happen with subsidies for private health insurance, funding for prevention, support of medical and health

research, or the biggest infrastructural challenge facing Australian health care, IT and computerisation?

Indigenous health has received little airplay, as has rural and remote health. Watch this space. There is a lot of it to fill.

Social policy

Nicholas Biddle
Australian National University

In 1994–95, 9.2% of Australians had an income below half the median wage; and by 2011–12 this was 12%. When people say the cost of living is rising they mean others are doing well, but they are missing out. In his victory speech, Abbott said "We will not leave anyone behind". He must be held to that.

Abbott wants to be the prime minister for Indigenous affairs; and he needs to be held to that, too. Noel Pearson has advocated an Indigenous policy based on capabilities. But this should be about people having the freedom to live the life they desire. Governments, therefore, need to accept and support a diversity of Indigenous views.

Where social policy can benefit from a conservative government is humility. Abbott should adopt an incremental, rigorously evaluated and well-implemented social policy that is behaviourally informed.

People who say they know the solutions to inter-generational poverty are deluding themselves. People aren't poor because they make bad decisions; they make bad decisions because they are poor.

Immigration

Jo Coghlan
Southern Cross University

The result of the 2013 federal election means a rethink is required on harsh asylum seeker policies. While there will be a change of

government, the Coalition's hardline "stop the boats" rhetoric and Labor's regressive offshore "no advantage" policies have not resonated with voters. In the western suburbs of Sydney the issue had only a marginal impact.

Adam Bandt — who becomes the first Green to retain a federal lower house seat — had maintained a strong humanitarian position on the treatment of asylum seekers, specifically opposing offshore processing and mandatory detention.

For different reasons (spiralling costs and deeming them a poor use of military resources) Palmer United Party leader Clive Palmer also opposed the policies of the Liberal and Labor party on asylum seekers.

No Australians want the tragic deaths at sea to continue and the Abbott government should make this a priority. Australians are beginning to recognise that we haven't given refugees "a fair go" and the cost of this has been too high — for those seeking refuge, of course, but also to our national psyche.

Both major parties must end the marginalisation of asylum seekers for political objectives.

Science

Merlin Crossley
University of New South Wales

Researchers will have different views of the election outcome, depending on their disciplines and whether they are optimists, pessimists or realists. No-one will know for sure, since this wasn't an election campaign that was greatly troubled by big or specific promises for research.

Optimists will note the Coalition promised not to cut medical research and to broadly maintain education. The really optimistic will hope Abbot reinvigorates the best parts of Howard's agenda, perhaps by interpreting medical research broadly, investing in it, and also supporting research infrastructure as was done under the Backing Australia's Ability programs.

People will look for the establishment of a National Innovation Council and demand investment in the knowledge economy so that we can keep pace with Asia.

Some will hope for an emphasis on quality and individual excellence. Programs such as the Federation Fellowship scheme and the Australian Research Council Centres of Excellence program have the philosophy of concentrating and building on excellence rather than spreading resources thinly.

The pessimists will be worried by the pre-election announcement that the Coalition might micro-manage the Australian Research Council's (ARC) excellent peer-review grant funding system. Such an approach would seem to run counter to the Coalition's commitment to small government.

The pessimists will point out that the last Coalition government was haunted by its attempts to impose political criteria on top of research excellence in deciding on which ARC grants should be funded. The Chief Scientist's proposal to more broadly direct funding to national priorities is a better way to direct resources.

But many will worry that this may also mean research will be redirected away from the humanities, at least until the government realises the work done in these disciplines is valuable or that the amount the humanities currently get is so small that redistributing it is of minimal value.

The realists will probably not be overly fussed and will expect the status quo. The universities and research centres are unlikely to enjoy major injections of investment, but they may have the ability to grow if regulation is wound back rather than more regulation being imposed via politically interfering with the ARC system.

Education

David Zyngier
Monash University

The election of a Coalition government with or without Christopher Pyne as Minister for Education has serious implications for the future of public education in Australia.

The party's education adviser Dr Kevin Donnelly is not only an arch conservative when it comes to teacher pedagogy, wanting a return to teaching the basics through "chalk 'n' talk" and a rejection of student-centred learning; more significantly, he has no regard for public schools and their teachers.

Already we know there will be fundamental changes to the National Curriculum developed by education experts. We will see a reversion to a white armband sanitised approach to the teaching of history, ignoring Indigenous Australia and the contribution of workers to our development in favour of a famous (rich white) man approach. We will see a return to an emphasis on a Judeo-Christian European narrative, ignoring our place in Asia.

We can look forward to: more forced competition between schools as they struggle to become "independent"; the imposition of performance pay for teachers; setting them against each other; larger class sizes; and the promotion of a fictitious "choice", with more schools relying on charity and local fundraising, leading to further erosion of our public schools' standing.

But the biggest danger to public education could be a rejection of the so-called unity ticket, offering only a paltry one-third of the proposed Gonski increase in funding to disadvantaged schools after the Coalition finds a "budget black hole" and returns to the discredited SES funding model (which they have always supported), that will continue to privilege the wealthiest and most elite private schools at the expense of the working class and the poor.

Higher education

Andrew Norton
Grattan Institute

As it did in 1996, the Coalition enters office effectively promising not to overturn Labor's higher education legacy.

That includes keeping a more market-based system of distributing university places, an idea first proposed by the Liberals in the 1980s but finally implemented by Julia Gillard.

The Liberals supported Labor's creation of the Tertiary Education Quality and Standards Agency, and will probably keep it while supporting proposals to reduce red tape.

The Coalition's New Colombo Plan to increase the number of Australians studying and taking internships in Asia has been well received, but at least initially it builds on, rather than transforms, Howard and Gillard-era policies with similar goals.

Late in the campaign, a Liberal MP provocatively announced the Coalition would audit "ridiculous research grants" awarded by the Australian Research Council (ARC). Some ARC funding will be redirected to health research.

Labor's plans to prioritise research funding may also have weakened financial support for projects without "useful" outcomes.

The big fear is that, as in 1996, the Liberals will reduce higher education spending. But 2013 again showed budget deficits more than party ideologies drive cuts. If there are compensating increases in student contributions, universities may be no worse off.

Election 2013: The role of the media

Brian McNair and David Holmes
Queensland University of Technology
9 September 2013

In one sense, the Australian media did a good job under difficult circumstances in this election. The difficult part was how predictable the campaign was and the increasing inevitability of the outcome.

Both leaders tried to play it safe, but Kevin Rudd was put under much more scrutiny and pressure. This perhaps led to his disappointing performance in the first leaders' debate, removing that element of uncertainty and drama which journalists need to give their narratives structure and tension.

The polls suggested a historic defeat for the ALP, and that's what transpired. Against that background, it was always going to be a challenge for the press to make the campaign interesting to an electorate largely tired of and cynical about the incumbents, and inclined to give the Coalition a fair go. By week four of the campaign, many had tuned out and were pretty much ready for the ballot box.

The media could have done a better job scrutinising the Coalition's program, but opposition leader Tony Abbott and his team played a masterful game of hide-and-seek with their policy costings, denying both journalists and political opponents a clear target. The fact-checkers on several media outlets did what they could with the numbers that were available, but the Coalition strategy of "the less you say on policy and costings, the less likely you are to be found out" was effective in deflecting the kind of scrutiny that might have influenced the outcome.

The idea that a major party could get away with releasing their detailed policy costings less than 48 hours before the polls opened is bizarre. But in the end, it appears that close to 46% of

voters didn't care if shadow treasurer Joe Hockey's sums added up or not.

Add to that Rudd's campaigning incompetency, and there really was very little in the way of genuine party competition for the media to get their teeth into. In that context they did an okay job.

But did the press make a difference to the outcome?

Early on, speculation abounded as to why News Corp was going all out against Labor. Was is to look after commercial interests? Was it the media giant's owner Rupert Murdoch's dislike of Labor's version of the NBN? There was also News Corp's systematic attack of Fairfax during the campaign and on election day itself to consider.

Overlooked is the fact that Labor virtually declared war on News Corp back in March with then-communications minister Stephen Conroy's proposed media reforms. The reforms never made it through the ten days Conroy had given them to get through parliament, and Labor was destined to be in the News Corp cross-hairs.

Did the overt bias of the News Corp press — Sydney's *Daily Telegraph* and *The Australian* in particular — push voters towards the Coalition? Or were those biases, exposed as they were at the very outset of the campaign and subject to welcome scrutiny, discounted by the swinging voters who determined the outcome? Politicians, journalists and scholars of political media will debate this over the next few months, though they are unlikely to reach a definitive conclusion.

The leaders themselves viewed the media coverage very differently, depending on their perception of its fairness to their cause.

From day one, Rudd's obsession with News Corp had him on the back foot. Labor's view is that there has been an orchestrated campaign against it, with barely any favourable attention given to its policies.

Labor was not claiming there was a conspiracy, which would imply covert forms of attack, rather that News Corp's editorialising had, after all, been plain for all to see on the front pages of the tabloids. There was also no secret to Col Allan's arrival and less so the remarkable resignation of the company's CEO, Kim Williams.

For the Coalition, the media were simply reflecting the mood of the people. As Tony Abbott put it: "The reason why this government gets poor coverage, at least in some areas of the media, is because it has been the worst government in our history.… If you want better coverage, be a better government."

Abbott's view is that the press, having been critical of the government in its last term, is entitled to carry this criticism over into an election, where calling a government to account matters the most.

But does making a government accountable in the media have to involve character assassination of its leader, or applauding the alternative leader when he asks if the prime minister ever "shuts up" at a people's forum? And in any event, does such coverage matter to the outcome?

Anti-ALP propaganda wasn't necessary to propel Abbott into the Lodge. All the media had to do was report the spectacle of the ALP destroying its credibility as a government — a process which began with the dumping of Rudd in 2010, and ended with the dumping of Julia Gillard in June. But did the hostility of the *Daily Telegraph* and others make an already bad situation worse for the ALP, and the electoral outcome worse than it would otherwise have been?

Voting patterns suggest that coverage such as News Corp front pages depicting Rudd as a Nazi, or advising readers to "Kick this mob out" was less influential than some commentators expected.

For example, the results in key marginal seats in western Sydney have defied expectations. On August 23, the *Daily*

Telegraph ran headlines of "ALP losing its heart" and "Exclusive: Labor facing western Sydney election wipeout". The article based its exclusive on a Galaxy poll of 550 voters each in the seats of Reid, Werriwa, Lindsay, Greenway and Banks. All seats were hyped to be lost to Labor in a "wipeout".

But now the results are in: two have gone to the LNP, two to the ALP, with one still undecided. The polls have loomed large in this election, and have been published at a rate not seen in past elections. This has led to suggestions that they might unduly influence election outcomes, where they are accompanied by stories suggesting the vote is already decided.

Rudd's anticipated dread of the polls and News Corp's coverage had him looking to social media and first-time voters for a boost. His first speech after reclaiming the leadership was about reaching out to the "youth of today". But alas, even if it did vote for him, this demographic made very little difference where it counted most: in the assorted marginal electorates.

In the end, Rudd completely overdid the rapport he imagined he could cultivate on social media in his television performances, which saw the emerging monstrosity of the Rudd ego. It was all about Kevin as the weeks went on, right up until Saturday's concession speech, which came across more like a victory rally in its self-congratulatory and complacent tone.

With the childish refusal to acknowledge Gillard's achievements as prime minister for three years, it seemed that Rudd was truly pleased with himself, as if he knew that his revenge was complete. Shame about the damage done to the ALP and its supporters.

One other media highlight included the three leaders' debates, all organised by Sky News. Murdoch's Sky News assumed a monopoly over these events, and many saw it as a commercial windfall for him to consolidate his influence over the election. They were also "sponsored" by the Murdoch tabloids, and had the cross-selling of venues, newspapers and Sky itself.

Like News Corp's press outlets, Sky is transparent in its anti-ALP bias, with presenters such as Paul Murray functioning like tabloid cheerleaders for the Coalition in the campaign. Murray, it should be acknowledged, can also be extremely critical of Coalition policy, and has a refreshingly frank way of expressing his doubts. Elsewhere, the channel provided important moments of critical scrutiny of both sides. The leaders' debates didn't go well for Rudd on the whole, but that was his responsibility. Sky merely gave him enough rope.

Sky's rumbustious, opinionated approach was also a welcome contrast to the ABC's necessarily more even-handed, sober coverage. The ABC is not a pro-ALP organisation, as is alleged by many on the right in Australia. Even if it was, it would have been dangerous for its managers and journalists in this campaign to give any ammunition to their News Corp critics, who are already calling on the Coalition government to cut the public broadcaster's funding. Were the ABC to come under serious governmental attack in the next parliament, it would indeed be a disaster for Australia's political culture.

But the public service broadcaster's duty to impartiality made for a duller, less engaging coverage. Both the quantity and dynamic quality of its coverage should be acknowledged, even by those who regard any media outlet associated with Murdoch as the spawn of Satan.

The ABC, on the other hand, while meeting its public service obligations to inform with well-resourced, impartial, independent journalism, also gave us *Q&A* with Kevin Rudd, and "infotaining" interludes such as *Kitchen Cabinet*. Both leaders are to be commended for engaging with popular political formats in this campaign, which offer both opportunities and risks.

These were perhaps the highlights of what was, in the main, a predictable and lifeless media campaign.

"Anglosphere" or regional friend? Abbott's foreign policy future

Mark Beeson
Murdoch University
10 September 2013

Many foreign policy observers are apprehensive about the election of Tony Abbott. A key concern is that his government may be liberal in name only and that we may see a return to the sorts of policies that distinguished the Howard era. What such analyses miss, however, is that the ALP has actually adopted strikingly similar positions on many issues in the meantime. Any changes may be at the margins and primarily in the emphasis that is given to particular issues.

Policy toward asylum seekers is both the biggest test of the Abbott agenda and the area where there is likely to be a good deal of continuity. Because the ALP had effectively embraced much of the Howard government's approach to this issue it may not be the game-changer many believe. True, if the Coalition really does start trying to turn the boats around, things could go rapidly wrong with all sorts of unpalatable consequences. But will they?

Indonesia will clearly not be impressed if Australia unilaterally tries to abdicate responsibility for what is an unambiguously international problem. More importantly, perhaps, neither will the Australian public — or the navy, for that matter. Fishing bodies out of the water — especially small ones — is not what sailors signed up for; it doesn't look good on the nightly news either.

Turning back the boats is not a sustainable long-term strategy and probably won't work anyway. Indeed, one safe prediction is that the supply of would-be asylum seekers is going to grow and it's not obvious what to do about it. No-one has figured out how to deal with a problem that widespread state failure and climate change are likely to make worse.

Unfortunately, these issues may add to an underlying narrative of insecurity. And yet in Australia, at least, things really aren't that bad. That is, after all, why so many are trying to get to what looks like a comparatively well-run oasis of sanity and stability. Is ramping up defence spending and reinforcing our traditional alliance relationships — as Abbott is promising — really the most imaginative way to respond to the new normal in international affairs?

Whether it is or not, that's what we're likely to get. Tony Abbott is notoriously sceptical about the significance of climate change, and many in his cabinet make much of their supposedly hard-headed pragmatism. But anyone who does take climate change seriously also recognises that it's the quintessential collective action problem. In other words, if we're actually going to do anything about it, we're going to have to do it in ways that involve unprecedented levels of international cooperation.

If you are an optimist, this could mark the beginning of a new era in human development, never mind conventional international politics. If you are a pessimist, it may presage a fairly Darwinian struggle for survival in which the natural environment plays an increasingly prominent role. Either way, we shouldn't expect to hear too much about long-term international strategies to tackle such issues from the incoming government.

And yet, despite the Coalition's historic aversion to multilateral institutions, Australia really could do a bit of modest agenda-setting on the international stage. We are, after all, currently chairing the United Nations Security Council and will attract unaccustomed levels of attention as a consequence. The failings and shortcomings of the United Nations (UN) are too well known to need repetition. But, however jaundiced your view, it's worth asking one important question: what's the alternative?

If the Coalition still thinks the UN is in need of reform, here is its big chance to say how. Inadequate though the likes of the UN and the European Union may be, they represent the best hope for multilateralising common problems. Indeed, these kinds

of forums not only offer at least some prospect of forging international agreement, they also potentially enhance the influence of so-called middle powers such as Australia. A key early test here will be Australia's ability to assume an impartial policy at the UN as far as any possible intervention in Syria is concerned.

Tony Abbott's decision to prioritise relations with our immediate neighbours and to make Indonesia his first overseas destination is welcome and to be applauded. Indonesia actually has the potential to have a more direct impact on our security than China does. It is also becoming a more significant international actor with which Australia ought to cooperate much more closely. There is potentially much to be gained by establishing ever deeper, institutionalised patterns of cooperation with our increasingly prominent neighbour.

However, it is not clear whether the apparent enthusiasm for closer regional relations marks a genuine recalibration of the Coalition's foreign policy agenda, or a way of defusing criticisms that have been made of its privileging of "traditional" ties. If there is one phrase Abbott really ought to avoid it is the so-called "Anglosphere" he has invoked in the past.

The idea that a handful of western nations could or should play a distinctive role in international affairs always looked improbable. This was an anachronistic fantasy at the best of times, and one that was at odds with Australia's geographical and historical realities. In the light of Britain's overdue recognition of its limited international capabilities and the United States' misgivings about getting embroiled in yet another Middle Eastern quagmire, it looks rather preposterous.

Balancing what Abbott calls his "disposition" to support traditional allies with a recognition of Australia's regional position and the realities of a rapidly evolving international order will define the new government's foreign policy agenda. For better or worse, they could well surprise us.

Tony Abbott: The situational Keynesian

Geoffrey Garrett
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10 September 2013

Tony Abbott became prime minister on Saturday by promising to lead an adult government of competence and stability after years of Labor infighting and backflips. Policy details and bankable pledges were scarce on the ground, and voters apparently didn't care.

This was nowhere truer than on the issues that invariably shape elections: the budget and economic management. After years of Coalition attacks on Labor profligacy and weeks of Labor scaremongering about Abbott's secret slashing plans, the new government is committed to decreasing Australia's deficit by A$1.5 billion a year. In a $400 billion budget, with a $300 billion borrowing limit, and currently running a budget deficit of $30 billion, this is a rounding error.

Why has Abbott become so circumspect when it comes to reining in the deficit at a time when many in the business world believe mounting public debt is Australia's Achilles heel? There are four reasons, in increasing order of importance.

First, truth in advertising. Abbott's signature policies aren't deficit reducing. On the spending side, his paid parental leave scheme is very expensive. So, too, is matching Labor on disability care and education. With respect to taxes, the Coalition's proposed company tax cuts plus repealing the carbon and mining taxes will all grow the deficit in the short term, even if they increase the tax base over time.

Second, it was also a political non-starter for Labor to attack the Coalition from the Left for spending more on things voters want and for cutting taxes that Labor flubbed. After a few futile

days of class warfare on paid parental leave, all Labor had left was the "cut to be bone" scare campaign, which just looked silly when the Coalition finally released its costings.

Attacking tax cuts benefiting business would normally be fertile ground for Labor. But Kevin Rudd and Julia Gillard together so badly botched the mining tax that even the Greens would not defend it. "Putting a price on carbon" remains popular in the abstract, but it loses its lustre when the price is three times the European one. Rudd walked away from "the greatest moral challenge", and Gillard declared there would be no carbon tax under her leadership.

The only place Abbott clearly will cut is the Commonwealth public service. And the only people opposed are Canberra homeowners.

Third, while Labor wants us to believe Abbott is an Hayekian economic rationalist in the mold of Margaret Thatcher, his ideology seems much closer to German Christian Democracy. Abbott believes in the family so much that he wants government to support it. He is a fan of markets, but not unfettered foreign investment. He likes free trade but worries about its social impact.

But the final and most important reason Abbott silenced the return to surplus rhetoric is that it would be bad policy. And this is good news for us all.

Given the headwinds the Australian economy will likely face in the next couple of years, dramatic fiscal tightening in Australia could well invoke the "R" word. Everyone is more Keynesian in the stagnant and uncertain post-GFC world, and the Abbott government won't be an exception.

This doesn't mean there is no fat in the Australian budget. Nor does it mean Labor did not squander some of the mining boom with cash splashes, pink batts, school halls and a Rolls Royce National Broadband Network.

Saying "now is not the time for a rush back to surplus" simply acknowledges three fundamental features of the contemporary economic landscape.

First, the Australian economy is slowing because the unprecedented investment in massive coal, iron ore and natural gas projects — with big spillovers to other, seemingly far-removed sectors such as logistics, IT, banking and law — has peaked. Among other things, this has exposed the incredibly high costs of doing business in Australia, not only on wages but also from great distances and too much regulation. The lower dollar will help in time, but in the short term, below-trend growth and rising unemployment are grim realities confronting the new government.

Second, the end is near for the US Federal Reserve's "free money" policy of zero interest rates and large scale bond buying. At the same time, the US government is unwinding its post-GFC government spending and public sector employment, while average Americans continue to save more than they are spending.

In the longer term, the US economy looks good, led by the remarkable innovation of shale gas that is lowering energy prices and reviving manufacturing. But in the short term, weaning Australia and the world off unprecedented fiscal and monetary stimulus will be difficult. Just look at the currency carnage in India and other emerging markets as foreign capital heads for the exits like it is 1998.

Finally, the new Chinese government seems hell-bent on resisting the temptation of another infrastructure spending and lending spree. When global demand for Chinese exports tanked in 2009, the government responded with as much stimulus as the United States injected at the heart of the financial meltdown. With talk of asset bubbles everywhere and a five-year plan focused on domestic consumption rather than investment and exports, Chinese president Xi Jinping seems determined to engineer a soft landing growth slowdown.

Australian iron ore and coking coal has been a big winner from all the steel needed to build airports, skyscrapers and high speed rail lines overnight in China. It is easy to see how a

slowdown in China's infrastructure spend will have disproportionately adverse effects here too. That is why Kevin Rudd went out of his way to tell us that the China boom is over.

Add to this Europe's ongoing malaise and the plethora of bad news coming out of the Middle East, and it is clear the world economy is not out of the post-GFC woods just yet.

As both sides in the election campaign agreed, the Australian economy is fundamentally sound and our future is bright. Now is just not the time for a balanced budget crusade. Abbott deserves credit for understanding this fundamental point when he was no doubt under pressure to remain a deficit hawk.

What next for Australia's climate policy?

Frank Jotzo
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10 September 2013

Australia's new government is likely to repeal the carbon price, by striking a deal with crossbenchers in the Senate after July 2014, or possibly going to a special election if it looks electorally attractive. Still, carbon pricing remains the logical choice for Australia's longer-term climate policy.

Prime minister Tony Abbott has made it clear his incoming government will make the repeal of the "carbon tax" a priority — in line with his stance since becoming opposition leader in late 2009. It is understood this means getting rid of the carbon pricing mechanism, including the emissions trading phase.

The Senate game

The Abbott government is expected to introduce laws to abolish the carbon pricing scheme and pass them in the House of Representatives. But this change — as well as others that the

government may want to make — would require approval by the Senate, where the government has no majority.

The Labor Party seems unlikely to agree to a repeal of the carbon price, nor will the Greens. Labor and the Greens together hold a majority in the Senate until the newly elected senators, comprising half of the chamber, take office on July 1, 2014.

On current projections, there will then be 33 Liberal/National party senators, 25 Labor senators, 10 Greens senators, and 8 senators from minor parties and independents. Thirty-nine votes are needed to repeal the carbon price.

The Coalition would then be looking to get the votes of at least six of the crossbenchers. The majority of the crossbenchers from July 2014 are conservatives and several represent single-issue parties. They include representatives from a new party founded by a billionaire miner, and from tiny groups that define themselves around offroad motoring and sports, as well as an obscure libertarian group.

Australia's compulsory, preferential voting system together with voter disaffection has led to this bizarre outcome of micro-parties holding the balance of power.

Each crossbencher will want to extract political concessions from the government in exchange for their vote, but on the whole they are likely to side with the government. Some may also want to use the opportunity to leave their mark on the government's climate policy.

Independent senator Nick Xenophon, for example, has made it known that he will vote for the repeal of the carbon price only if the Coalition's "Direct Action" climate policy is improved.

A double dissolution?

All the while, the government will threaten to go to a double-dissolution election. Abbott has maintained that he is prepared to go to a double dissolution over the carbon issue — the very step that then Labor prime minister Kevin Rudd failed to take in 2010.

Such a special election can be called by government if the same legislation passed by the lower house is twice rejected by the Senate. It involves a simultaneous election of the lower house and all members of the Senate, which can be followed by a joint sitting of both houses for passage of the legislation in question.

The government may want to go to a double dissolution if it looks like this will give the Coalition the majority in the Senate, while retaining its comfortable majority in the lower house. If future polls make such an outcome seem likely then we can expect prime minister Abbott and climate minister Greg Hunt to take an uncompromising line in the Senate, forcing a double dissolution.

But the government has every reason to be wary of a double dissolution because it could give micro-parties even more seats: fewer votes are then needed to attain a Senate seat. Meanwhile, some of the existing crossbenchers will want to avoid a double dissolution for fear of losing their seats.

So, on balance, a deal in the Senate is more likely than a new election.

Carbon pricing once more?

For the carbon price to survive under the Abbott government, there would need to be a combination of crossbenchers demanding too high a price for their votes, and a double dissolution looking very unattractive to the government.

Stranger things have happened in the rollercoaster that is Australian climate policy. But it seems unlikely given the political prominence that the new prime minister has attached to the "carbon tax" issue.

Down the track, however, things could change again. Once the "carbon tax" issue loses its excessive political heat, there could once more be room for rational mainstream political discourse over climate change policy. If the Labor party in opposition sticks to its support of carbon pricing, then the option will remain prominently in the mix. And mounting budgetary pressures will

put the focus on carbon pricing as a source of government revenue.

How that debate goes will partly depend on the experiences in other parts of the world, not just in Europe where carbon prices remain low, but also in California, and in the budding emissions trading schemes in China and other countries.

And it will depend on the experiences with alternative policies in Australia. Details of the Coalition's proposed "emissions reductions fund" are not yet clear, but the concerns from many are that it may impose more economic cost and administrative effort per unit of emissions reduced than emissions trading. Recent analysis suggests that much more money than budgeted would be needed to achieve a 5% reduction in Australia's emissions.

However, Abbott has said that no more money than allocated will be spent.

The question must be asked whether the government is indeed serious about cutting emissions. If it is and wants to do so without putting a comprehensive price on carbon and without large on-budget expenditure, then it will need to expand schemes such as the renewable energy target — but indications are it is intent on winding this back. Another option is direct regulation of businesses, like the Obama administration is now doing through emissions standards for power stations.

But direct regulation tends to be more costly to the economy than action through price incentives, and it goes against the Abbott government's deregulation drive and credo of business friendliness.

At the end of the day, emissions trading or a carbon tax is the obvious climate policy choice for a market economy. But it needs a genuine commitment to take the economy on a lower carbon track, and putting policy ahead of political rhetoric.

Coalition to axe mining tax, but petroleum will keep on giving

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12 September 2013

Along with repealing the carbon tax, scrapping the mining tax is one of the Abbott government's first orders of business. Deeming it damaging for jobs and investment, prime minister Tony Abbott promised to have the legislation before parliament within his first 100 days in office.

But is it really so controversial? Assuming Abbott manages to navigate the demands of the Senate to repeal the Minerals Resource Rent Tax on coal and iron ore, the Australian Treasury is still likely to collect a significant amount of revenue from the resources sector over the current term of government.

How? The Coalition will retain the Labor government's onshore extension of the Petroleum Resource Rent Tax — the expanded petroleum tax — which was introduced on the same day in July 2012 as the mining tax.

Mining resources

Despite the mining tax negotiated by Gillard being friendlier to big miners than Kevin Rudd's defeated Resource Super Profits Tax, Abbott and his coalition colleagues made much noise about how it has "fundamentally undermined confidence in Australia as an investment destination".

Yet at the same time, the Coalition fully accepts the petroleum tax, even though it works on similar principles. In both cases, the tax kicks in if the revenue (or profitability) for a project (or company) reaches a certain threshold. It seems that not all resource taxes are baddies, nor investment-killing, after all.

While it is true that mining investment has dried up, the Productivity Commission's draft report into mineral and energy resource exploration notes other factors at play:

> While existing reserves may last many years, they may be of lower grade, in more remote locations, deeper in the ground, mixed with greater impurities and require more difficult and costly exploration and extraction techniques.
>
> As more "effort" is needed to produce each unit of output, downward pressure will be placed on productivity, thereby reducing the international competitiveness of Australian resource exploration and extraction.

It also highlights that many stakeholders are dissatisfied with current regulation: explorers claim long approval times and regulatory uncertainty, while community groups claim insufficient environmental protection and enforcement. Changes to demand patterns and investment strategies of multinational miners are also key to determining the investment pipeline.

The Coalition has proposed A$100 million of tax credits for exploration in previously unexplored areas expected to kick start development of new resources. It is also supportive of a national minerals strategy and will commission a white paper to consider how to develop Australian mining and petroleum services as a world leader.

Petroleum resources

Additional resource tax revenues for Abbott and the Coalition will come when the seven liquefied natural gas (LNG) projects under construction come on line. At least four of these are expected to start production by the time of the next election in 2016 and, over time, will yield higher petroleum tax receipts.

When Labor introduced the mining tax on July 1, 2012, it also extended onshore the petroleum tax and imposed the tax on Australia's largest gas exporting facility the North West Shelf (NWS) LNG project, operated by Woodside Petroleum. For most

of its operating life, this project had benefited from the tax concessions provided by the previous Coalition government.

By leaving the onshore extension of the petroleum tax, the Coalition will be collecting increased tax revenue from the three coal seam gas projects being developed in Queensland, which account for 41% of the new LNG capacity under construction.

Once all of the LNG projects under construction are completed and exporting at full capacity, which is expected by the end of the decade, it will be vying with iron ore as Australia's largest single resource exporter by value and the biggest resource taxpayer. The LNG projects are spearheading the $268 billion of investment in expanding export capacity of the country's energy and minerals production.

The government's commodity forecaster, the Bureau of Resource and Energy Economics (BREE), estimates Australia's LNG exports by value to reach $60.95 billion in 2018–19 compared with $11.95 billion in 2011–12. In the process, the Canberra-based bureau estimates LNG earnings to surpass those of both thermal coal, used for power generation, and metallurgical coal, used for steel-making.

State revenues

The states will also be enjoying higher resource receipts as iron ore and coal exports are set to continue to rise — mining tax or not.

In reaction to the mining tax, the Coalition-led state governments of Queensland and New South Wales raised their royalty rates on coal in an effort to reduce Canberra's mining tax intake. Western Australia made a similar move on iron ore royalties.

None of these governments appear willing to roll back their higher royalties if the mining tax is dumped.

History repeating itself

Political debate about resource taxes has been raging for decades. The concept of a resource rent tax — a profits-based tax, as opposed to the state-based royalty — emerged after Ross Garnaut

and Anthony Clunies Ross published their resource rent tax theory in *The Economic Journal* in 1975. Their theory was in contrast to the norm: miners paid royalties to state governments based on production volume and, at times, the value of production, which both may not reflect the profitability of the underlying commodity.

Also from this era is the 1974 *Fitzgerald Report* on the contribution of the mineral industry to Australian welfare, which showed the Commonwealth making a net loss on mining, despite a boom in the late 1960s and 1970s, due to generous tax concessions.

Paul Keating was one of the first Labor politicians to advocate a profit-based resource tax when he was shadow energy and resources minister in 1976, and Labor adopted the resource rent tax policy at the ALP conference in Perth in July 1977.

A month later, the then-federal treasurer Philip Lynch announced the Fraser government would consider a resource rent tax for the petroleum and uranium sectors. But Lynch never got to pursue this policy much further as allegations over land deals led to Lynch's political demise. John Howard took over as treasurer and announced in July 1978 that the government had shelved plans for a resource tax.

This may sound like history repeating itself for Abbott, following his mentor by going gentle on the resource sector and looking elsewhere to raise revenue to fund election promises — such as Abbott's pledge for longer paid parental leave.

Labor carried out its pledge for a resource rent tax when the offshore petroleum legislation passed in 1987 under Bob Hawke and Keating.

Even if the mining tax is repealed, the need for a broader national debate about a fair return to society from exploiting Australia's natural endowment remains.

Where to now for asylum seeker policy under Tony Abbott?

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13 September 2013

Asylum seeker policy experienced a rush of activity in the lead-up to the election. Behind the Abbott government's bold promise to "stop the boats" in its first term of government is a series of specific proposals — some adopted from Labor, and some of the Coalition's own creation.

The new immigration minister, Scott Morrison, inherits a portfolio that is in disarray. There are tens of thousands of asylum seekers already in Australia who have made an application for a Protection Visa, but who have not had their claim considered at first instance by the Department of Immigration and Citizenship (DIAC). They are in various forms of detention or in the community on bridging visas with no rights to work.

Processing

The government has promised to fast-track the resolution of these claims by removing the opportunity to have initial decisions reviewed in Refugee Review Tribunal (RRT), and removing judicial review to the Federal Court. Instead there will be a second departmental review, after which unsuccessful applicants will be removed from Australia. The government has also promised to stop funding immigration advice for asylum seekers, meaning fewer asylum seekers are likely to be represented when presenting their case to migration officers.

The removal of these legal and administrative rights has been the subject of considerable criticism in legal circles. If these rights are in fact removed, more cases are likely to end up in the High

Court. This is a poor policy outcome. Despite its pre-election position, we are likely to see a continuation of judicial review in the Federal Court, if not access to merits review in the RRT.

In the past few years, the overturn rate of initial decisions in the RRT for asylum seekers arriving by boat has been about 80%. There is an ongoing debate about whether initial decisions are too harsh, or the tribunal is too soft. However, there can be no doubt that many, if not the majority, of the decisions overturned will have been wrongly decided at first instance. Removing the opportunity to seek review in the RRT means that the rate of acceptance of claims is likely to drop dramatically.

The positive side of the new application process is that the government should be able to work through the backlog of claims more quickly, and those who are granted a protection visa will get out of detention or off bridging visas more quickly. The negative side is that more genuine refugees will have their claims rejected, and will be returned to a country where their lives are in danger.

Return to TPVs

Those who are successful in their claims will only be eligible for a Temporary Protection Visa (TPV). These visas last for three years, after which refugees have to apply for a further TPV on the basis that they continue to fear persecution in their country of origin.

TPVs have been heavily criticised on a range of grounds. TPVs come with work rights, but it is harder to find work when a TPV holder can only guarantee their availability to work for three years. TPVs do not allow refugees to sponsor their family to join them, or to leave the country to visit family without losing their visa. This encourages those family members themselves to seek to get to Australia by boat.

Research shows that refugees who receive a TPV demonstrate increased anxiety, depression and overall distress as they try to cope with their isolated state of legal limbo. If TPVs are introduced we are likely to see an ongoing debate about their cruelty.

Regional resettlement

The Coalition inherits the PNG arrangement from Labor. This policy is highly unstable. There is a legal challenge in the High Court to the validity of the arrangement. If the arrangement survives this, it is still unclear how many asylum seekers the PNG government will be willing or able to resettle in PNG should they be found to be refugees on Manus Island. It is also unclear what rights refugees will have in PNG, and what assistance (if any) the Australian government will provide to assist with the housing, education and employment of these refugees.

The Coalition also inherits the other part of the Pacific solution — detention and processing of asylum seekers on Nauru. Prior to the election, the Coalition promised to build a "tent city" for up to 5,000 refugees to live on Nauru on modest welfare payments until a permanent solution can be found for them.

The Nauru and PNG arrangements constitute an ambitious legal, social and cultural experiment that sounded decisive in the heat of an election campaign, but will prove difficult to implement in practice. As criticism from the international community mounts and stories of poor conditions in detention and psychological trauma of detainees increase, these arrangements could unravel quickly.

Stopping the boats

The part of asylum seeker policy in which the Coalition differs most markedly from Labor is its determination to take direct action to stop the boats. This includes allocating A$420 million to pay Indonesian villagers for information, to buy unseaworthy boats, to boost the number of Australian Federal Police officers working overseas, and to provide more funds for Australia's border protection fleet.

The idea is to stop boats leaving Indonesia in the first place. For boats that do leave, the Coalition has promised that it will turn them back where it is feasible, and if it is not, the people on

the boats will be transferred to Nauru or Manus Island for processing of their refugee claims.

These "buy back" and "push back" policies are the most politically sensitive of the government's asylum seeker policies. They will result in illegal migrants remaining in or being returned to Indonesia purely to advance Australia's national self-interest. One of the reasons the Indonesian governments has tolerated illegal entry of asylum seekers is that they make onward journeys to Australia. For the Indonesian government to accept the push back policies, there will need to be some considerable payback, whether it be through offering more places in Australia's resettlement program for refugees in Malaysia and Indonesia, or through contributing financial resources to finding other durable solutions for this refugee population.

If this analysis is correct, the new government's preference for reducing the annual humanitarian intake to 13,000 from its current level of 20,000 seems misguided. In order to "stop the boats", the government would be well advised to significantly increase the numbers in the humanitarian program and direct many of those extra places to resettlement of refugees in Malaysia and Indonesia. Expect there to be a debate about numbers in the humanitarian program early in the Coalition's first term.

A concerning aspect of the government's policy is its declaration that it will no longer release the numbers of boat arrivals, as this is considered "an operational decision, as part of Operation Sovereign Borders, for the three-star military officer". This seems a surprising policy decision given that the government has staked its reputation on stopping the boats, and the best measure of success is the number of boats arriving. It is to be hoped that the decision not to freely release information on boat arrivals is not an attempt to avoid public scrutiny of its handling of asylum-seeker policy, and in particular, the engagement of the navy in turning back boats.

The role of the media and concerned voices in parliament will be crucial to keeping the asylum seeker policy in the public eye where it can remain part of democratic deliberation.

For the record: The 2013 election

The 2013 election saw Tony Abbott sworn in as Australia's 28th prime minister, with the Liberal-National Party Coalition winning a decisive majority and returning to power after two terms in opposition.

A provisional overall swing of 3.65% in the two-party preferred vote saw the Coalition make an overall gain of 18 seats in the House of Representatives for a total of 90 seats in the 150-member house, a comfortable majority. The Coalition gained seats in every state bar Western Australia, including ten in New South Wales. The Greens retained their sole lower house seat of Melbourne, where Adam Bandt was returned. Katter's Australian Party founder Bob Katter was also returned to parliament. The results in two seats — Fairfax, where mining magnate Clive Palmer won by an incredibly small margin (subject to a recount at the time of writing); and Indi, where independent candidate Cathy McGowan rode a groundswell of community support to defeat the sitting Liberal MP Sophie Mirabella — stunned many observers.

The picture in the Senate was more complex. The Coalition has 33 senators in the new Senate. Labor will have 26 senators, with the balance of power held by minor and micro parties. The Greens will have nine senators, pending a possible recount in Western Australia at the time of writing. The crossbench will include three senators from Clive Palmer's Palmer United Party, re-elected South Australian senator Nick Xenophon and returning DLP senator John Madigan. There will also be individual senators from the Liberal Democratic Party (David Leyonhjelm), Family First (Bob Day) and the Australian Motoring Enthusiast Party (Ricky Muir).

The make-up of the 44th federal parliament (compared to the end of the 43rd)

Coalition: 90 (+18)
Australian Labor Party: 55 (-16)
Greens: 1 (no change)
Palmer United Party: 1 (+1)
Katter's Australian Party: 1 (no change)
Independent: 2 (-3)

Senate as at July 1, 2014

Coalition: 33 (-1)
Australian Labor Party: 26 (-5)
Greens: 9 (no change)
Palmer United Party: 3 (+3)
Liberal Democratic Party: 1 (+1)
Xenophon Group: 1 (no change)
Family First Party: 1 (+1)
Democratic Labor Party: 1 (no change)
Australian Motoring Enthusiast Party: 1 (+1).