

# Don't order the sympathy cards for Morrison just yet

**Federal election**  
It is still possible for the Prime Minister to thread the electoral needle, even from the dire position he occupies today.



John Black

We're now about seven weeks out from a May 14 election and, on the face of it, the Coalition government looks like it can't win.

The polls are pretty shocking at 45 per cent-plus after preferences for the Coalition, and the punters have Labor as the odds-on favourite, with Sportsbet paying \$1.80 for a Labor win.

But it's possibly not such a good idea to order the sympathy cards and flowers for Scott Morrison and his mates just yet, as we saw a remarkably similar situation at the same stage before the 2019 election, and the Prime Minister squeaked home then with a campaign targeted skilfully at blue-collar families in marginal seats, while Labor wasted its swings in safe Labor and Liberal seats.

And the big swings back to the Coalition at the 2019 election came late in the campaign, after the budget had been presented.

Back then, a 55 per cent two-party preferred lead for Labor was whittled down to 48.5 per cent on election day.

Labor this time starts the campaign on 69 seats, needing to win seven seats to elect a Speaker and form a government.

There's a Greens MP and a left-wing independent to talk to if it falls just short—but therein lies political oblivion for Labor, as it learned during the leadership of Julia Gillard.

The Coalition, presuming it retains Craig Kelly's seat of Hughes, holds 76 seats, and it can't afford to lose any seats in net terms to Labor or to the well-heeled Voices candidates in what are nominally the safest Liberal seats.

The poll summaries for the last quarter show the biggest state swings against the Liberals are in Western Australia and South Australia, at 8 per cent and 6 per cent respectively.

Uniform swings of this size produce three seats for Labor in Western Australia (Hasluck, Pearce and Swan) and Boothby in South Australia.

These two states alone could put the Coalition in minority government territory, relying on Bob Katter and the three Voices MPs, and presumably a new Liberal leader—most likely someone other than Peter Dutton.

NSW is currently showing a 4 per cent swing to Labor—but, if uniform, this produces only Reid for the Labor benches,



Scott Morrison knows how to court the hard-hat vote. PHOTO: NICK MOIR

*The real scary bit for the Coalition is in the safer seats, where the threat comes from within its disenfranchised ranks of professional women.*

while the pollsters' 3 per cent swing in Victoria yields only Chisholm for the ALP.

That's six seats net for Labor so far, putting the party on 75 and still one short of what it needs.

In Queensland, the state-wide Coalition vote is holding up well in the polls, with only a 2 per cent swing to Labor, which produces exactly zip in terms of seats for the ALP, despite the fact it holds only six out of 30 Queensland seats.

So, no joy there. That leaves Tasmania, the ACT and the

Northern Territory. Decent-sized polling samples are hard to find here and personal votes tend to be larger than average for sitting members.

However, the two seats under most threat are Bass and Braddon in Tasmania, both won by the Coalition from Labor in 2019 and held on margins of 0.4 per cent and 3.1 per cent respectively.

If Labor won them both, it would be home, with 77 seats and a majority government.

If not, the contest in individual seats gets down to personal votes and the big demographic shifts that drive the range of swings, typically four to five times the national average.

The polling demographic summaries are telling us the Coalition vote is generally holding up with women. It is also holding up with people aged from 50 to 64 years, with non-English-speaking migrants (it can't get much lower here than it already is), with full-time workers, and with people on middle incomes in the second and third quartiles.

Hence the Coalition vote is holding up across most working-class and middle-class suburbs of the major capital cities, and the swings look containable.

But the Coalition is losing disproportionately large numbers of men among voters in the bottom income quartile, including those without a tertiary education, who rely more frequently on welfare payments from the Commonwealth.

We're looking here at those voters who tend to be pushed outside the capital cities, including to regional Tasmania, where house and land prices are cheap and where they can afford to spend time on welfare if casual, unskilled blue-collar work isn't locally available.

These are the regions that saved the Coalition in 2019.

So, I wonder what Josh Frydenberg's budget tonight will do for the voters of Bass and Braddon.

The polling summaries also point to a major loss of votes for the Coalition among 40-somethings.

That is the age at which voters typically transition from Labor-voting suburbs to those voting Liberal.

Well, the transition seems to be coming a little later in 2022, and this could affect a number of urban aspirational Coalition seats in Queensland, including Dickson, Bonner and Brisbane.

The real scary bit for the Coalition, however, is not in the marginal seats but in the safer seats, where the threat comes not from across the aisle, but from within the Coalition's disenfranchised ranks of professional women on top quartile incomes, whom we modelled as the strongest supporters of the Voices candidates in 2019.

This includes seats either won by Voices candidates in 2019 or under threat in 2022, such as Wentworth, North Sydney, Warringah, Bradfield, Woollahra, Curtin and Goldstein.

If these start to fall to Voices candidates on election night, it's all over, folks—not just for Morrison, but for the Liberal Party in its current form.

*John Black is a former Labor senator for Queensland. He is executive chairman of demographic and political profiling company Australian Development Strategies.*

# We need a supply-side boost to lift growth without inflation

**Budget priorities**  
The federal government now has some flexibility to reset the economy to grow its way out of post-pandemic debt.



Cherrille Murphy

As we bound out of the COVID-19 pandemic, the government has a unique opportunity in tonight's budget to take the high road and unlock corporate Australia's true potential.

There is plenty of demand in the economy—what we need is policies that will lift businesses' ability to supply.

Economic growth is always desirable, but now it's more essential than ever.

First, we need to outgrow the COVID-19 debt. The past two years have had some big, ugly deficits.

In the 2020-21 budget, what was supposed to be a \$9.2 billion surplus in 2022-23 for the underlying cash balance, was re-estimated to be a \$98.9 billion deficit by December last year.

Our net debt sits at about 30 per cent of gross domestic product—a ratio we haven't seen in decades.

It's time to shrink that debt ratio, and the best way of doing it is to increase the size of the economy.

Second, we want to take inflationary pressure away so that the central bank doesn't have to increase interest rates any more than is necessary.

Adding to the supply side of the economy takes pressure off prices, rather than adding to it as demand-side policies would.

Low interest rates give business the best possible chance to invest and innovate.

Third, we are structurally in need of a healthy budget.

Australia's ageing demographic and geopolitical uncertainty means our demand for government-funded health, age pensions and defence is rising. We need taxpayers to bring our fiscal policy back to being match-fit to deal with structural challenges.

Finally, supply-side constraints have been worsened by the pandemic and disruptions arising from Russia's invasion of Ukraine.

*What we hope is that the need to cope with pre-election economic pressures hasn't distracted the government from taking the high road*

Right now, the government has the opportunity to set the economy up for growth because it has some flexibility. Emergency policy settings are no longer needed. The so-called automatic stabilisers have kicked in as the economy has powered out of lockdowns. High commodity prices are an added bonus.

One of the bigger costs in the budget is welfare, and Finance Minister Simon Birmingham last week said the number of JobSeeker recipients was projected to soon reach a record low.

In the first seven months of the 2021-22 financial year, tax receipts were running \$8 billion ahead of what Treasury had forecast only two months earlier.

That means the task of rejigging budget priorities is easier.

So, how does the government unlock corporate Australia's potential?

In its simplest form, it gives businesses the ability to supply more.

Improving the supply side means business investment becomes easier. Those on the periphery of the workforce are given the skills to enter the jobs market, and bright foreigners with big ideas are welcomed.

Our clients continuously tell us that they cannot find the staff needed to fill jobs. One simple but compelling idea to help plug the tech skill gap is "digital apprenticeships".

In its pre-budget submission, the Tech Council of Australia argues correctly that not every person who works in tech needs a four-year computer science degree.

What else can be done?

Greater access to child and aged care frees up carers to enter the workforce and apply their skills in areas they are trained in. Digitising "government to citizen" and

"government to business" interactions eliminates wasted hours on administration.

Giving incentives to consumers to buy electric vehicles generates economic activity and leads to a more sustainable fleet.

Building digital infrastructure in non-urban areas allows the population to disperse, saving commute times and lowering congestion, while making corporate and family life more compatible. It might even take some pressure off inner-city house prices.

Budget leaks so far suggest that many of these initiatives are locked in.

Having just left the public service, I can attest to the countless hours and extensive research by public officials that go into the very serious policy aim of lifting the economy's productive capacity.

Every line item of the 200-odd page budget paper No. 2 is assessed and critiqued by bureaucrats working overtime to assess their validity. At the same time, Treasury is working top down to ensure the overall fiscal positioning makes sense.

What we hope is that the need to put out fires and cope with pre-election economic pressures hasn't distracted the government from taking the high road.

It's a road worth travelling.

*Cherrille Murphy is chief economist for Oceania at EY.*