

Budget sweeteners leave slightly sour aftertaste

Editorial, The Australian, 12:00AM May 15, 2017

Scott Morrison made a good point in February when he said “governments don’t govern on the basis of tomorrow’s poll”. Nor should they, especially so early in the electoral cycle. But last week’s budget, unfortunately, gave the impression that Malcolm Turnbull and the Treasurer were more interested in rescuing their standing in the polls than in pressing ahead with the painful business of budget repair. Reading today’s Newspoll, apologists for the government will argue that it often takes several months for post-budget sugar hits to filter through. True. But however they spin the numbers, the flatlining Coalition primary vote and its 1 per cent fall in the two-party preferred stakes (within the margin of error) is a blow. At this stage, the billions of extra taxpayers’ dollars earmarked for the Gonski schools package 2.0, the National Disability Insurance Scheme and major infrastructure projects have not delivered a swing in support — a poor political return for a budget showing gross federal debt will exceed \$600bn in 2020-21.

After watching his government trail on the crucial two-party preferred vote for 12 consecutive Newspolls, Malcolm Turnbull must rue the day he cited the loss of “30 Newspolls in a row” as a reason for challenging Tony Abbott for the Liberal leadership in September 2015. Who’s counting? On reflection, Mr Morrison might also have been wiser not to give columnist and former Labor senator Graham Richardson, the impression recently (as Richardson wrote on Friday) that he regarded the budget as make-or-break for his own career and the government.

Within the Coalition, the Newspoll strengthens the hand of Turnbull critics who resent the government’s leftward shift on to Labor turf and its divergence from conservative principles of smaller government and lower taxation. The hike in the Medicare levy and superannuation changes announced earlier irritated many in the Coalition base. So did the failure to make deep inroads into cutting spending. Those who feared a repeat of the aftermath of the tougher, unpopular 2014 budget overlooked the fact that voters also respect governments prepared to put the national interest ahead of short-term popularity by making tough decisions as circumstances demand.

Current conditions, including rising debt, an ageing population and uncertain terms of trade demand tough responses. So did circumstances in 1996, when the first Howard/Costello “axe and tax” budget produced a three-point bounce in the Coalition’s primary vote to 50 per cent. Although it broke promises and left many people worse off, a majority of Australians ranked it as good for the economy. It helped, unlike in 2014, that the need for change was explained well. As a result, good policy proved to be good politics.

A week ago, the Coalition retreated from one of its core advantages over Labor — economic management credentials. It was cold comfort that Bill Shorten’s budget reply was more reckless. Opinion polls might, or might not, show a recovery for the government in coming months. Longer term, however, it must re-embrace its core strength, economic policy, if it is to hold its base and compete electorally.