



The fight over penalty rates is an issue made for Bill Shorten's skill set. Paul Miller/AAP

Bill Shorten has been on holidays this week. Probably just as well. The “energizer bunny” would have felt the need to be out every day, as usual. His absence left more room for the fractured Liberals.

Shorten's extraordinary political luck continues, as Tony Abbott rampages, to the despair or fury of frustrated colleagues.

But it is not just his opponents that have been raining political gifts on Labor. Last weekend saw the start of the phase-in of the Fair Work Commission's decision to cut Sunday penalty rates for retail, hospitality, fast-food and pharmacy workers.

Admittedly this isn't WorkChoices. But for Shorten it could become a pale version of it. Hundreds of thousands of employees stand to lose, very many of whom are low-income earners. And it's not just those directly affected. Think of parents who have kids doing some Sunday shifts. And consider the potential for a scare campaign about other sectors.

Shorten has a clear-cut policy to sell. A Labor government would legislate to reverse the commission's decision and prevent a repeat.

This is an issue made for Shorten's skill set. As a former union leader, he's effective at rallies and at home in workplace conversations. He can mesh his campaign with that of the union movement, which has plenty of feet on the ground. There can be photo opportunities at businesses that decide not to cut their employees' rates.

The opposition will potentially lose support among those in small business who favour the rates cut. But Shorten can reckon that most of them would be voting Coalition anyway.

There is a social logic and an economic rationale for lowering Sunday penalty rates. You can say that these days Sunday is little different from Saturday, for which penalty rates have been less. The economic argument is that businesses will be inclined to put on extra workers, or in some cases open on Sundays, if rates are not as high.

But there is a disconnect between the economics and the politics.

What would make sense if setting rates from scratch is political poison when it is a matter of changing the status quo. It's the same difficulty a government has when removing or reducing access to a benefit.

Also, even assuming there'll be a gain in employment – which some dispute – it is unlikely to show up quickly, given the phase-in.

The pain will be felt before any gain. Anyway, that gain will be difficult to separate from other factors affecting employment. Those suffering a cut in wages will be able to identify its cause; people getting jobs that mightn't have been there before won't usually make a direct link.

The government knows penalty rates is dangerous ground for it. While it makes the economic case in a desultory way, it is more likely to emphasise that it was the umpire's decision.

On both sides of politics there's now a feeling the next election is Shorten's to lose. But that in itself is a reason for a few Labor jitters. There could be nearly two years before the election; the favourite doesn't always win the race; the sour mood in voterland carries its risks for both sides (though mostly for the government); Shorten lacks charisma and always lags behind Malcolm Turnbull as preferred prime minister.

Shorten is something of a prisoner of his success. With Labor in a sustained lead in two-party terms, he needs to maintain that advantage. If the Coalition hauled up to equal, the climate would quickly change, fuelled by the media, sections of which are feral.

Grattan on Friday: Everything's going Bill Shorten's way

Written by The Conversation

While it's extremely unlikely Shorten would be replaced before the election, any serious revival of the Coalition in the polls would trigger a rash of speculation about the ambitions of Anthony Albanese.

A taste of what Shorten can expect as the election draws closer came with Daily Telegraph's Wednesday front page fake news story reporting a Shorten government's first 100 days. Under the heading "NOW HERE'S YOUR BILL", it read: "Workers laid off. Record tax rates. Rents hit new high."

In the Shorten office they had a good laugh. They can take comfort in the fact the Tele's clout in Sydney's west isn't what it used to be.



Much of the political risk Shorten faces revolves around tax. Labor's policy is to reimpose the deficit levy on higher-income earners (it expired on June 30). So if there were a change of government these people would face two extra taxes – that levy and the budget's increase in the Medicare levy, proposed to kick in from 2019. They would have a marginal tax rate of 49.5%.

Labor opposes the government's proposal for tax cuts for big companies but has yet to say what it would do about the already-legislated tax cuts for small and medium-sized businesses, phased in over coming years. While it will keep the cut for small businesses (up to A\$2 million or perhaps \$10 million turnover), the medium-sized businesses (up to \$50 million turnover) are likely to take a hit.

If that turns out to be the decision (expected before the end of this year) it will cause Shorten grief with the business sector – more than his stand on penalty rates will. What to do about these legislated company tax cuts looms as one of the most important policy judgements Labor

has to make in coming months.

Shorten's opponents are still struggling to find the right negative with which to hit him.

There was an unfulfilled expectation he'd be much damaged by the trade union royal commission. Turnbull has tried to cast him as the friend of billionaires.

Recently, Shorten was hammered not just by the government but in the media for his nay-saying response to the budget, including opposing the Medicare levy hike for those on incomes under \$87,000. While the Labor frontbench was divided over the levy stand, it did fit squarely into the wider Shorten narrative of protecting lower-income earners.

Labor also came under fire for its opposition to the government's Gonski 2.0 package – its stance on this seemed to me much more dubious in policy terms than its attitude on the Medicare levy.

So far, the criticisms of its policy positions haven't harmed the opposition in the polls.

One reason Labor is proving hard for the Coalition to dent is because of what the public are not saying about Shorten's team. People aren't saying it is divided and fighting internally. That stark contrast with the other side is a boon for an aspiring prime minister.

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