

The stakes in Saturday's Bennelong byelection could hardly be higher. While both Liberal and Labor camps predict John Alexander will hold on against the ALP's Kristina Keneally, a government defeat would be calamitous for Malcolm Turnbull, leaving the Coalition with a minority on the floor of the House of Representatives.

In the event of a very narrow win by Alexander – who has a handy 9.7% margin – how the result was interpreted would become important in whether Turnbull lost serious skin.

The byelection is certainly not risk-free for Bill Shorten – after several bad weeks, he needs a strong Labor performance if he's to end the year with some momentum.

A [Fairfax Media-ReachTEL poll](#) done on Tuesday in Bennelong had the Liberals leading 53-47% on a two-party basis; a [weekend Newspann](#) had a 50-50% result. Turnbull describes it as “a very tight contest”.

The likely impact of the “China factor” has been much talked about in the byelection lead-up because the seat has a high proportion of voters with a Chinese background. About 21% of the Bennelong population have Chinese heritage (compared with 5.2% in New South Wales generally), and around 16% of the voters. Bennelong is the top electoral division for percentage of Chinese-Australian voters, based on the 2016 Census.

The “China factor” is a potent cocktail of issues: the behaviour of Labor's Sam Dastyari, who has now announced he is [quitting parliament](#); the government's legislation cracking down on foreign (notably Chinese) interference in Australian politics; and the ALP's shrill byelection rhetoric about “Chinaphobia”.

It is not clear how these issues will have gone down with the Bennelong Chinese, diverse in themselves, or how they'll rate compared with other drivers of their votes, including Alexander's earlier efforts at sandbagging his support among members of the Chinese community.

And then there is the question of what impact these debates have on the rest of the seat's voters.

The Fairfax poll found two-thirds of the electors supported the move against foreign interference.

Given the timing and the government's ruthless exploitation of the Dastyari affair, it is easy to cast what is happening to counter foreign interference just in a short-term political context.

In fact, it represents a much bigger, more fundamental change in concerns about and policy towards Chinese influence in Australia.

As strategic expert Hugh White, from ANU, writes in his Quarterly Essay, published in late November, "Without America: Australia in the New Asia": "Suddenly the Chinese seem to be everywhere [in Australia]. Areas of concern include espionage and cyber-infiltration, the vulnerability of major infrastructure, influence over Australia's Chinese-language press, and surveillance and intimidation of Chinese nationals in Australia, including students."

As well, of course, as the allegations "of attempts to buy influence over Australian politicians".

White, it should be noted, draws a distinction between China's capability and what it has actually done. Speaking to The Conversation this week, he said: "While it is wise to take precautions against China or other countries seeking to influence our politics in illegitimate ways, the government has so far not provided any clear evidence that Beijing is actively seeking to do so at the moment".

The rise in government concern has manifested itself quite recently. It was only in 2015 that the Port of Darwin was leased for 99 years to the Chinese company Landbridge. It was a decision by the Northern Territory government, but it was okayed and later strongly defended by the defence department's officialdom.

Grattan on Friday: The 'China factor' is an unknown in Bennelong but a big issue for Australia

Written by Michelle Grattan, Professorial Fellow, University of Canberra

It seemed then, and still seems, an extraordinary decision – and one that probably wouldn't be made today.

The controversy around that decision served as something of a wake-up call, leading to moves to ensure more scrutiny of Chinese investment in infrastructure.

The government's legislation, introduced last week, to counter covert foreign interference in Australian politics, ban foreign political donations, and set up a register of those lobbying for foreign interests has been driven to a substantial degree by rising concern from the security agencies.

China predictably has responded angrily, with harsh words and by calling in Australia's ambassador in Beijing.

As White reminds, China will impose "costs" when there is pushback to its interests and behaviour. Currently, its reactions have been through diplomatic and media channels.

More tangible retribution, in the form of various irritants in the relationship, may be on the cards as the foreign interference legislation is considered – the only constraint being China not wishing to harm its own interests.

Obviously Australia doesn't want to incur whatever costs China might eventually impose. But the price of avoiding costs, by not giving offence, has become too high to tolerate.

The effort to combat Chinese covert interference is not "Chinaphobia" despite Keneally likening it to the old "reds under the bed" scare. Nor is it an attack on our local Chinese community – some of whom are subjected to attempted Beijing influence – though in the heat of political combat it is being portrayed as that.

Turnbull has faced criticism even from his own side of politics, with former trade minister

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Andrew Robb lashing out after the government flagged he'd need to be on the proposed register of those working for foreign governments or companies.

Robb's situation is contentious in itself. He went to work for Landbridge, lessee of the Darwin port, immediately after retiring from parliament at the 2016 election.

Robb says he does nothing for Landbridge within Australia, but is "employed to influence and to work with and to advise about doing deals in other countries". He has bitterly condemned what he sees as "an attempt to use me as a convenient means of running a scare campaign against China".

Despite Robb's fury and his defence of his position, there was shock and unease among some former colleagues at such a rapid move to Landbridge, which would value highly his recent ministerial role and his networks.

His example points to the difficulty of identifying precisely what is appropriate or not appropriate for former politicians and bureaucrats in taking such jobs. Transparency is vital but beyond that there will be different views on where the line should be drawn.

The move to curb foreign interference and provide more scrutiny of activities on behalf of foreign interests is likely to stand as one of the most significant and indeed bold initiatives of the Turnbull government.

The legislation, which follows work Turnbull commissioned in August last year into foreign influence, interference and coercion, will be examined by the parliament's [Joint Committee on Intelligence and Security](#) before being debated next year.

In June, [Shorten urged Turnbull to act](#) on foreign donations and foreign interference and advocated a foreign agents register. Labor will object to some of the detail of the government package but – after the noise of Bennelong has passed – it would seem likely the broad initiative will receive bipartisan support.

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