

Dutton and Frydenberg struggle with the currents in shark-infested waters

Written by Michelle Grattan, Professorial Fellow, University of Canberra

Peter Dutton and Josh Frydenberg, both aged 47, are two of Malcolm Turnbull's cabinet high flyers with dreams of eventually flying a lot higher.

Political life has been going very well for Dutton. He sits atop his mega home affairs portfolio. He's open about his longer term leadership aspirations. But everything would crash if he lost his ultra-marginal Queensland seat of Dickson.

The 9-point drop in the LNP primary vote in adjacent Longman would have sent shivers up his spine. He already faces a massive "Ditch Dutton" GetUp campaign, in which 30,000 calls have been made so far to find out voters' concerns, and 20 locals meet fortnightly to plan events.

Like Dutton, Frydenberg has plenty of ambition. Though he's further down "future leader" lists, at present he has the government's toughest policy job, trying to "land" the National Energy Guarantee (NEG).

As a key deadline looms next week, Frydenberg is surrounded by hostile forces stretching, bizarrely, across the political spectrum. Think Tony Abbott under the doona with the Victorian Andrews Labor government.

Dutton might be the tough man, the right wing ideologue, but he's also pragmatic.

He opposed same-sex marriage, but pushed for the postal vote that delivered it. He just wanted the issue settled. So it's unsurprising he appeared to signal this week that if the tax cuts for big business can't be legislated in the next parliamentary sitting, they should be off the agenda.

The government needed to "negotiate in good faith" with the senators, he told the Seven Network. If that failed his advice was, "we shouldn't give [Bill Shorten] the ammunition to try and strike back against us".

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A couple of days later, under an extraordinary [barrage](#) from 2GB's shock jock Ray Hadley - "I hope one day you can come on the program and say what you really think" Hadley told the minister - Dutton was more constrained.

In government circles, the big business tax cuts have gone from being vital for Australian competitiveness to a serious political handicap that many in the Coalition are becoming desperate to be rid of.

As Treasurer Scott Morrison put it: "There are two issues here. It's the right economic policy. The politics is a separate issue." Indeed.

The trouble is, how does the government rationalise their ditching, after all ministers have said? How to recast the jobs and growth story? How to explain wilting under pressure, to the business community and to international investors, given Australia has a high corporate rate among OECD countries?

And will voters, already distrustful, be cynical? Will a backflip solve the problem with them?

The leading "true believer" on business tax policy is Finance Minister Mathias Cormann, who in the wake of the byelections continues to ring and text the crossbench. One crossbench staffer likens Cormann to the child begging for an ice cream - he's constantly tugging at the senators' sleeves.

The government may end up willing to compromise, by excluding the giant companies from the cut – that is the banks, which have become the bogeymen, although other companies would be caught. But if it did that, winning support from, for example, Victorian crossbencher Derryn Hinch, it could lose Liberal Democrat David Leyonhjelm.

Meanwhile, the media are like sleeve-tugging kids too, pursuing ministers with awkward questions about the policy's future. Yet with parliament not meeting until the week after next, this hiatus will continue a while.

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More immediately, the government is on edge over the NEG. The federal, state and territories' Council of Australian Governments energy council meets on Friday of next week to agree to the details of the mechanism – or not. If it did, the federal legislation for emissions reductions would be put to the Coalition party room the following Tuesday. After that, if all went well, the COAG energy council would give the final tick off.

Last minute obstacles loom, although whether they will be serious, even disastrous, or just inconvenient remains to be seen.

This week Victorian energy minister Lily D'Ambrosio declared her state wouldn't "rush into" signing up to the NEG, and questioned the federal Coalition party room's support.

Read more: [Victorian minister plays hardball with Turnbull on the NEG](#)

The government desperately needs the NEG and the associated narrative on power prices settled for next year's election, but a more immediate election is intruding.

The Andrews government, facing the people in November, is under immense pressure from GetUp and the environment lobby not to sign up next week. GetUp has had ads running in Victoria and Queensland against Turnbull's "dirty power plan"; Victorian ministers and backbenchers will receive a barrage of calls, with state cabinet meeting on Monday.

Now the Labor governments in Victoria, Queensland and the ACT are set to ratchet up demands to make the NEG plan "greener" - which would run right into the Abbott naysayers in the federal Coalition party room.

The Labor jurisdictions might agree to progress the NEG but make endorsing the needed state legislation contingent on their demands being met.

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The hit Turnbull has taken to his authority from Super Saturday emboldens Abbott and his allies. As soon as modelling for the NEG was released on Wednesday Abbott [slammed](#) it. “Pigs might fly”, he said to the suggestion the scheme would bring down prices. “This is just wrong, it’s completely implausible, it’s utterly incredible”.

The NEG “still needs an enormous amount of work,” he declared.

From the government’s point of view, the fate of the NEG is more important than that of the company tax cuts. As Dutton said on Thursday, “energy is the most important issue at the moment”.

If the big business tax cuts have to be jettisoned, that will dent the government’s economic credibility; the policy’s supporters will say it would have consequences for investment (Labor would dispute this).

But if the NEG is stymied, the investment consequences would be major because there is no suggestion the government has a fallback plan.

If Turnbull were hit with a double whammy – having to abandon the company tax cuts and unable to get the NEG – that would be a serious policy flunk.

The next few weeks will test whether Frydenberg can gain that moniker Christopher Pyne claimed but couldn’t grasp - “the fixer”.

Michelle Grattan does not work for, consult, own shares in or receive funding from any company or organization that would benefit from this article, and has disclosed no relevant affiliations beyond their academic appointment.

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