

Grattan on Friday: Josh Frydenberg has a great job at the worst time

Written by Michelle Grattan, Professorial Fellow, University of Canberra

Josh Frydenberg is highly ambitious – in the fashionable jargon, you'd call him a “forward-leaning” politician. But even he must be surprised, reviewing the past 12 months, at where he is, given where he was.

Mid last year he was working up the National Energy Guarantee for the Turnbull government. By August that had imploded, decapitating the then prime minister but catapulting Frydenberg into the treasurership.

Great job. Just an unfortunate time to have it. Rather a parallel with the situation of Chris Bowen, appointed treasurer in the ill-fated second Rudd government, and now Frydenberg's opposite number.

As Scott Morrison is trying to persuade people that voting Labor will land them in a recession (he is careful with the wording but that's his thrust) Frydenberg this week had to counter the economic pointy-heads seizing on the latest national accounts as showing a “per capita recession”.

To put this notion in simple terms, the low December quarter growth rate (0.2%) when looked at against population, meant that on a per person basis growth has now gone backwards for two quarters.

The technical definition of “recession” is two quarters of negative growth.

It should be stressed that Australia is NOT in a recession. But you see the political risk for the government of these musings. No wonder Morrison dismissed the “per capita recession” term as a “made up” statistic.

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[to have come as surprise](#)

Leaving the “per capita” debate aside, with the government campaigning on its economic management, it is not good for it to have the latest numbers showing growth slowing to an annual rate of 2.3%, though Morrison tries to feed the economic challenges into his don’t-trust-Labor narrative.

The national accounts are the last big set of economic numbers before the April 2 budget. The Treasury boffins, under secretary Phil Gaetjens, are now putting them into the figuring as Morrison, Frydenberg and other members of cabinet’s expenditure review committee work on the policy measures in a budget that will be driven almost totally by the needs of the election to be held within weeks of its delivery.

Gaetjens and Frydenberg might reflect, incidentally, that this, the first budget for each of them as secretary and treasurer, is likely to be their last in these roles - if the opinion polls are right.

Labor has indicated it would probably sack Gaetjens (who was chief of staff to Morrison when he was treasurer). And a treasurer ousted in an election wouldn’t normally expect to get another bite at that job, though Bowen looks like he will be the exception.

The stakes could hardly be higher for Frydenberg’s maiden budget. It will need a certain “wow” factor to appeal to as many voters as it can reach. It has to avoid landmines (sometimes even small things can blow up) and dubious numbers; either could give the opposition grist for the scrutiny that will follow.

The political climate in the run up to the budget will be influenced by another election – on March 23 in NSW.

With the two sides in that state close in the opinion polling, doubt about what’s going on in the regions and an optional preferential voting system, there is a lot of uncertainty about the result.

In a legislative assembly of 93, 47 is the number for a majority. If the Coalition loses six seats it will be forced into minority government. At present the Berejiklian government has 52 seats, Labor 34, Greens 3, the Shooters, Fishers and Farmers 1, and there are 3 Independents.

If there is a big swing in NSW, it will further rattle the federal Coalition before the budget. The only upside would be the Morrison government might hope NSW voters had got rid of some of their general angst in the first of the two visits they are making to the polls this year.

On the other hand, if the Berejiklian government did better than anticipated, that would give a morale boost to the Feds (whether justified or not).

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Once budget week (which will include Bill Shorten's reply on the Thursday night) is finished, the question will be whether Morrison announces the election immediately for May 11, or opts for a May 18 poll.

(There has been speculation he could go even later, to the extreme inconvenience of the Australian Electoral Commission, but that would seem pointless.)

As things stand, it is hard to see what the government would gain by delaying until May 18. With campaigning already in full swing, voters will be totally sick of it by budget time and surely will want the election over as soon as possible after that.

If the government did not call the election immediately budget week was finished, this would allow more Senate estimates hearings. That week contains two days of hearings; without a poll announcement, they would continue another week.

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These interrogations of ministers and officials work to the advantage of an opposition. Remember how in 2016, Labor extracted the decade-long cost of the proposed company tax cuts (nearly \$50 billion) which it used to effect in its campaign?

Whether the election is May 11 or 18, the campaign will be much about the budget, putting huge pressure on Frydenberg, only months into the treasury job. Not least, colleagues will be able to look at his performance through the lens of his potential suitability for another job - opposition leader.

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The week brought some added pressure on the Treasurer, this time on the home front, with high-profile barrister and refugee advocate Julian Burnside declaring he will run for the Greens in Frydenberg's seat of Kooyong. Burnside will be campaigning hard on climate change. A former member of the Liberal party, Oliver Yates, was already in the Kooyong field, with messages on climate and Liberal divisions.

In 2016, Frydenberg had about 58% of the primary vote with Labor and the Greens nearly equal (almost 20% and nearly 19% respectively).

Frydenberg's primary vote would have to take a huge hit for him to be at any risk (and his record on the NEG has him on the right side of the climate debate). But the presence of Burnside will mean the Treasurer will have to put extra effort into his electorate just when he'll be stretched to the maximum in the national campaign.

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

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