

This paper explores how politics and the media lost their purpose in the digital age and what needs to be done to restore respect for the system. With the new Parliament House celebrating its thirtieth anniversary this year, I will begin by reflecting on what the move to the new building meant for the relationship between the politicians and the parliamentary press gallery. The new building physically separated politicians and journalists for the first time.

Today, we wonder how it was that the press gallery actually functioned in that little rabbit warren in the Old Parliament House. As you walk through the prime minister's suite you wonder how good policy came out of that space because it is very cramped.

I never experienced the forced intimacy of the old House. I arrived in Canberra in October 1988 as the occupants of the new House were still settling in. Nearly every minister threw a corridor party—and then they threw another one, and then they threw another one! In those days, John Howard was the best thrower of office parties and all and sundry in the building were invited. Looking back, it feels like they were trying to hang on to some of the informality that existed in the old House.

There are two other anniversaries I want to note—the 25th anniversary of the 1993 'True Believers' election which the Australian Labor Party won against the odds, and the 20th anniversary of the 1998 election. Both elections served as referendums on tax reform. The coalition put the GST question to the people from opposition in 1993 and lost the election, but in 1988 it put the question again, this time as the government, and won. I see these GST debates as a dividing line because after 1998 the political system said 'we can't do big reform any more'.

People on the Liberal side will tell you the scare campaign Paul Keating ran in 1993 gave both sides of politics permission to be more negative. There had been negative scare campaigns in the past, most of them in the foreign affairs space, but up until that point it was rare for a political party to devote all its communication to saying the other side is about to rip you off and not offer an alternative. It is a little unfair on Paul Keating because he did offer some fairly big alternatives in 1993, but the lesson both sides of politics drew from that election was 'I can just be negative and I can win, and I can win when I have nothing else to say'.

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\* This paper is an edited transcript of a lecture given by George Megalogenis in the Senate Occasional Lecture Series at Parliament House, Canberra, on 16 March 2018.

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There is a question mark about whether this was the starting point of the disruption as several other things were happening at that time which, with the benefit of hindsight, are more significant. For instance, the 1993 election campaign was essentially a year-long campaign after Paul Keating took the leadership from Bob Hawke at the end of 1991. As well, in 1992 Newspoll went from a monthly survey to a fortnightly survey. I actually think that was the first step into the abyss for the political system, the modern abyss that we are in now. Leaving to one side how journalists behaved when they felt they had to report Newspoll and not policy, when Newspoll went fortnightly the very first thing that changed is that the major parties found it easier to dismiss their leaders.

In the parliamentary term between the 1993 and 1996 elections the Liberal Party had three leaders—John Hewson, Alexander Downer and then John Howard. The first two were punted because the polls said they were not going to win the next election. The polls did not actually say that but that was what the back bench thought. Alexander Downer was the first main party leader in our political history who did not contest an election. The very first disruption then is that the opinion poll became news and we need to keep that in mind when we consider what is not working today. This was way before the internet and before the televising of federal parliament (although that happened in the early 1990s). Those who follow my work in the media know it is something I lamented and I went on a poll ban. At first, I said I would avoid reporting on opinion polls outside of an election year. Now the ban is permanent.

I want to take a look at *The Australian's* front page on the 1998 tax package. The thing to remember is that the GST was being discussed by the Howard government for a full year before we saw the package. In the year before the package was released a lot of work went into identifying problems in the old system that the government wanted to fix. So that is one year's worth of preparation before the release of this document. The main story on the front page is as straight a news report as you can get. The first 12 paragraphs are just a recitation of what the package will mean for individuals. The first person quoted in the piece is John Howard, but he is quoted in the fourteenth paragraph. Then Opposition Leader Kim Beazley gets a line towards the end before the main story spills on to the next page.

The front page includes nine case studies of people from the real world who we had lined up weeks in advance to take a question from us the night the package was released. The question centred on what they would gain and lose under the package and we got a two-line response from each of them. We had already spoken to these interview subjects about their lives and about their expectations for the package which

# THE AUSTRALIAN

The nation's best commentators

**Paul Kelly**  
This mixes electoral bribes with genuine and far-reaching reforms.  
—PAGE 1

**Alan Wood**  
These changes will improve economic growth, productivity and jobs.  
—PAGE 5

**Alison McClelland**  
It will force low-income people to rely too heavily on compensation.  
—PAGE 6

**Kate Legge**  
The Prime Minister is putting to the test 30 years of social revolution.  
—PAGE 7

**George Megalogenis**  
The package makes more heroic assumptions than Homer's Ulysses.  
—PAGE 12

16-PAGE SPECIAL EDITION

# Howard's \$17bn gamble

DENNIS SHANAHAN  
GEORGE MEGALOGENIS

THE Coalition yesterday promised \$17 billion in giveaways, including average tax cuts of between \$40 and \$50 a week for families and all the revenue from a 10 per cent goods and services tax. Every constituency, including family, small business, the bush, the retired, students and the States, has been offered either a tax cut, increased payment or compensation for the introduction of the GST on July 1, 2000.

Families with children are the prime target, with special tax breaks and allowances of \$40 to \$50 a week, as part of \$12 billion in personal income tax cuts for 4.7 million Australians.

Retired persons will get a 4 per cent and self-funded retirees will get a savings bonus of \$200 as an offset for the 1.9 per cent jump in inflation forecast from the GST.

Rural Australia will benefit from a \$2 billion tax cut for diesel fuel and a \$4.5 billion a year reduction in costs to exporters.

The abolition of provisional tax, to be replaced by a pay-as-you-go system, is also a big concession to farmers and small business. Large companies will pay for this benefit by being forced to bring forward their tax bills, adding \$2.5 billion to the Budget in 2000.

The biggest single step in the tax reform process is the tax on the States: the \$772 billion in revenue to be raised by the GST and the States a veto over any future increase to the GST rate.

The Prime Minister's offer puts responsibility for the GST on to the States, which are expected to absorb a range of State taxes and imposts including stamp duty on mortgages and financial taxes.

The Government opted for a more broadly based consumption tax than the 15 per cent GST that cost the Coalition the 1993 election.

Only a handful of politically sensitive areas will be GST free, namely health, education, childcare, local government water and sewerage rates, motor vehicle registrations and religious and charitable activities.

None of the revenue from the GST will be used to fund personal income tax cuts. Instead, the Government will raise future Budget surpluses to ensure no one is worse off.

The Government will use more than half of the \$6 billion projected surplus in 2001/02 alone and another \$2 billion from the scrapping of the savings rebate, the key handout in the 1997 Budget.

A confidant Mr Howard availed a plan to see a personal achievement and celebration of half a lifetime in politics trying to get his party to support a GST and tax cuts skewed towards families.

The plan represents the biggest single mistake of the Australian tax system since Federation," he said. "It involves some historic changes in relation between the Commonwealth and the States. It lays the groundwork for Australia going into the 21st century growing more strongly, generating more jobs and being able to compete more effectively on world markets."

The launch of the tax package, Budget Tax Reform, Not a New Tax, a New Tax system, fires the starting gun for an election expected to be called within weeks. The response to the document yesterday was largely predictable, with small business and farmers giving the strongest support and welfare groups reserving judgment.

Opposition Leader Kim Beazley maintained Labor's opposition to a GST

### AT A GLANCE

- 10% tax on goods and services.
- GST exemptions for health, education, childcare, local government rates, water and sewerage.
- Across-the-board income tax cuts.
- Low-income families \$15-\$25 a week better off after GST and income tax cuts.
- Middle-income families \$30-\$60 a week better off.
- High-income families up to \$137 a week better off.
- All GST revenue goes to the States in return for their abolition of 10 indirect taxes.
- New 30% rebate on private health insurance without means test.
- Pensions up 4% and family allowances increase for each child.
- Cigarettes up, wine and beer up slightly.
- Diesel fuel for heavy transport and rail down 25¢ a litre.
- All States and both Houses must agree to any GST increase.

### THE IMPACT

#### LOW-INCOME SINGLE

**James Stewart**  
Age: 24, single, lives in Sydney  
Income: \$22,100 a year



Impact: \$3.20/week ahead

#### MIDDLE-INCOME SINGLE

**Maria Mikhenda**  
Age: 34, single, lives in Canberra  
Income: \$46,000 - \$50,000 a year



Impact: \$18.95/week ahead

#### HIGH-INCOME SINGLE

**Neville James**  
Age: 25, single, lives in Sydney  
Income: \$65,000 - \$75,000 a year



Impact: \$64.59/week ahead

#### LOW-INCOME FAMILY

**The Skeritts**  
Age: Gary is 35, Angela is 33. They have five children, aged 1 to 14. They live in Dapto, NSW  
Income: under \$25,000



Impact: \$26.28/week ahead

#### MIDDLE-INCOME FAMILY

**The Apps**  
Age: Steve is 40, Nicki is 34. They have four children, aged 1, 5, 6, 8. They live in Beerwah, QLD  
Income: Steve: \$56,000, Nicki: \$10,000



Impact: \$60.43/week ahead

#### HIGH-INCOME FAMILY

**The Lemmas**  
Age: Frank is 41, Andrea is 38. They have three children, aged 5, 9 and 11. They live in Canberra  
Income: \$125,000 a year combined.



Impact: \$108.15/week ahead

#### SINGLE PARENT

**Luca Clements**  
Age: 25, two children, 1 and 2. Live in Sydney  
Income: \$22,000, comprising welfare payments and her job



Impact: \$25.63/week ahead

#### SELF-FUNDED RETIREE

**Kate Arnold**  
Age: 69, single (widowed), lives in Canberra  
Income: \$21,000 (\$18,000 super, \$2000 British pension)



Impact: \$7.36/week ahead

#### PENSIONER

**Cissie Gelester**  
Age: 78, widowed, lives in Sydney  
Income: \$11,000 a year, comprising full pension and British pension of \$1800



Impact: \$2.89/week ahead

## After 20 years of failure, PM pays the way for his GST

NEARLY everybody's a winner. That's John Howard's message — and he hopes to be the biggest winner. Howard knew how hard it was to sell a GST, so he's gone for overkill — massive handouts, raising the Budget surplus and a new federal-State compact by giving the entire GST revenue to the States.

Howard's selling book for this package is an overall cut in the tax burden. He will campaign as a "battler of dollars" PM and his package will launch a great bidding war with the Labor Party. It is the



**PAUL KELLY**  
International editor

best message since the 1993 election, when he enshrined over the "battler" \$30,000-\$50,000 range a 30c marginal tax rate; it offers steep cuts in fuel and diesel targeted to the regions (notably Queensland); it boosts family payments and strikes at discrimination in the welfare-to-work transition; it replaces provisional tax; it invites a new lower 30 per cent corporate rate by closing the Howard and it boosts exports.

A real effort is made to combat the GST's inequity that means attacks by the religious, welfare and Australian Democrats bidders will be

curbed, but not terminated. The political savvy that the economic purists will hate is the "lock-in" on the pensioners. The GST goes to the States — lock, stock and barrel. The rate is raised but can't spend it.

The rate is all but fixed, certainly for a generation, because it needs the advice of former premier Paul Keating. It is the biggest play of his career. Howard is pumped up as never before.

Future budget surpluses will be used to finance the across-the-board tax cuts. The risk for Australia is whether raising

the surplus for tax reform can be safely reconciled with handing the ever-deepening Asian financial crisis. Howard's tactic is to have the election before this can be answered in a pre-determined decision to make everybody a winner, a sharing of political responsibility with the States and a series of targeted bribes such as the private health insurance rebate without means testing.

Howard's package is a very different attempt to market a GST from previous efforts of John Howard and Paul Keating. It is based upon a major overall reduction in the tax burden, the exploitation of a substantial surplus position, a pre-determined decision to make everybody a winner, a sharing of political responsibility with the States and a series of targeted bribes such as the private health insurance rebate without means testing.

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Continued — Page 2

Courtesy of News Limited

gave us the headline on the front page. Throughout the paper we had each of those case studies represent a certain part of the constituency that was affected by this package. The reason I am going through the detail is to show how much work went

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into it at our end, in a sense, to honour the work a government had already put into it—now I do not mean honour in the sense that we wanted to barrack for one side or the other.

There is a second news story written by Richard McGregor that basically breaks down the deal to give the states the revenue from the GST. Paul Kelly has an analysis down the bottom of the front page. We have some pictures up the top pointing to our analysis inside. Now the critical thing about this lift-out is that I was able to arrange in advance for someone from each part of Australian society—whether it was business, community organisation or tax expert—to write an analysis. They were able to tell you as a reader their take on the GST. The only other thing in journalism today that has this level of detail is the Budget lift-out. The Budget lift-out produces that level of detail almost by default because 20 to 30 journalists are locked up in a room for six hours and produce all the copy they can. The other point is that when a Budget is released the government still feels obliged to give you the balance sheet—what you gain and what you lose.

In 1988 the GST package was released only a fortnight before the election was called but after the election was run and won by the government there were another seven or eight months of negotiation with the Senate, including referrals to Senate committees. So even though Labor might have argued the electorate only had two weeks to absorb the GST, the system had a long time to absorb the GST before it was legislated. In the first iteration of the debate, independent Senator Brian Harradine finally told John Howard he would not pass the package in the form it was presented to the voters—he did not want food in. After a couple of days John Howard said he would talk to Meg Lees and the Democrats and get food out. On the first year anniversary of implementation *The Australian* did a ‘go back to the field’ report on the impact of the GST.

Compare that to the front page of *The Australian* following the release of the mining tax package in 2010, twelve years after the GST front page. The mining tax had no run-up. It was basically dropped on the electorate without warning. There was a 1500 page document dubbed the Henry Tax Review<sup>1</sup> which was released on the same day as the mining tax. There was almost no ability for someone like me to prepare case studies. Just think about the capacity constraint on the journalist when a government dumps 1500 pages worth of very rich material analysing the tax system but decides to junk the report, and then releases the small bit of paper that says here are the six things that we are going to do and the big one is we are going to tax the mining sector with a super profits tax.

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<sup>1</sup> The official title of the document is *Australia’s Future Tax System Review*.

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## HENRY 2010

HOW IT AFFECTS YOUR INCOME, YOUR SAVINGS, YOUR PROPERTY, YOUR BUSINESS

**GEORGE MEGALOGENIS**  
Fair shake of the coal truck (P8)

**MICHAEL STUTCHBURY**  
Protecting the golden goose (P8)

**JENNIFER HEWETT**  
Miners hard done by (P8)

**JOHN DURIE**  
Super industry smiling (P34)

STIMULUS SPENDING LIMITS GOVERNMENT RESPONSE TO HENRY TAX REFORM BLUEPRINT

# Swan mines boom to boost super

DAVID UREN  
MATTHEW FRANKLIN

KEVIN Rudd has sweetened his re-election pitch with a plan to boost employer superannuation contributions to 12 per cent and milk the mining boom with a \$0 billion super-profits tax.

But while the Prime Minister will also reduce company taxes and ease the burden on small business, he has ignored most recommendations of the 1500-page tax review by Treasury secretary Ken Henry, including personal tax reform and an overhaul of property tax issues such as negative gearing and capital gains tax.

The government appears to be keeping some voter-friendly changes in reserve for the approaching election campaign, including simplified tax returns, reserving its right to make further announcements in coming months.

While Wayne Swan labelled the economic reforms the most profound of his lifetime, the opposition moved quickly to set up an election campaign clash on the proposals.

Tony Abbott declared himself hostile towards the resources tax and warned employers would have to fund the push to lift compulsory superannuation changes from their current level of 9 per cent to 12 per cent.

"This is not a plan to sweep the economy," the Opposition Leader said. "This is Kevin Rudd's plan to kill the mining boom."

The Treasurer, anticipating the opposition's position, cemented tax and superannuation reform as election issues by warning that the superannuation changes, likely to be popular with voters, would not proceed without the new resources super tax to pay for them to offset retirement security.

"No super-profits tax, no super improvements, infrastructure, or pre-tax cuts," Mr Swan said. "It's not possible to do one without the other."

The proposed resource super-profit tax will scoop 40 per cent of its, once companies have paid off the cost of developing a mine. The extra \$9bn a year raised from the tax will be used to rebat miners for the existing royalties they pay

### HENRY'S KEY RECOMMENDATIONS

- Impose a 40 per cent "resources rent tax" on the mining sector
- Cut the company tax rate from 30 to 25 per cent
- Flaten personal tax rates, increase the personal tax-free threshold from \$6000 to \$25,000
- Replace state-based taxes such as payroll and stamp duty with broader consumption taxes including land tax on family home
- Clarify negative gearing
- Combine all family tax benefits into a single means-tested payment
- Taxes on interest earned from savings be slashed by 40 per cent
- Remove the Medicare levy
- Ration fuel indexation
- Introduce traffic congestion charges

### SWAN'S KEY CHANGES

- Impose a 40 per cent "resource super-profit tax" on the mining sector from 2012-13
- Raise the compulsory superannuation rate from 9 to 12 per cent by 2019-20
- Cut the company tax rate from 30 to 28 per cent by 2014-15, two years earlier for small businesses
- Create a \$700m infrastructure fund to help build state infrastructure from 2012-13
- Continue to allow workers approaching retirement to top up their super by \$50,000 a year

to state governments, adding an extra layer of complexity to the system, and will fund the government's other proposals. These include a cut in the company tax rate from 30 to 29 per cent in 2013-14 and then to 28 per cent in the following year. The lowest tax rate will cut in earlier, at 2012-13, for small businesses with less than \$2 million turnover, who are also being offered improved treatment of depreciation deductions.

However, the government decided the panel's bolder recommendation of a company tax rate of 25 per cent could not be afforded at present.

The government has timed the



Wayne Swan, left, Kevin Rudd and Ken Henry at Parliament House in Canberra yesterday following the release of the Henry tax review

## Battle lines are drawn for poll

PAUL KELLY  
EDITOR-AT-LARGE



THE nation is now engulfed in a new election year struggle over a new tax — the immediate spotlight of the anti-climatic Henry review decision.

Farwell ETS, but welcome to the 40 per cent Resource Super Profits Tax, the Rudd government's huge redistribution from the resources boom to finance improved superannuation, infrastructure and lower corporate tax.

Most of the wanted Henry review has been put on ice. In its highly selective response, Labor has avoided losses, averted sweeping changes to the income tax system, shown an election-year caution but engaged in two critical long-run reform battles: a tax redistribution from the resources sector to the rest of the economy, and lifting the superannuation contribution rate from 9 per cent to 12 per cent.

These are iconic imposts that reflect Labor's values but provoke Coalition retaliation. Given the commodities boom, some form of new profits tax is justified. Labor is right to build upon the Keating legacy and plan to boost superannuation — a position that rejected Ken Henry's own views.

Wayne Swan calls this profits tax "a world-class reform" to spread the benefits, combat the two-speed economy and deliver a fair return from our natural resources wealth.

The irony is that the new tax, estimated to raise \$9 billion by 2013-14, is one of the few of the 38 recommendations in the Henry review actually taken up by the Rudd government.

Tony Abbott likened the resources tax to the ETS. He brands

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## Logic and political reality collide

DENNIS SHANAHAN  
POLITICAL EDITOR



COMMENTARY P8, 24

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THE policy purity and the logic of the Henry tax review reforms have collided with the political reality and financial limits of a Labor government that is strapped for cash in an election year.

Reasonable policies have been spun into political weapons of class warfare because of the proximity of an election, and ambitious attempts to cut the tax burden and lift savings have been incrementally phased into the future because they simply can't be paid for now.

All its superannuation savings for lower-income earners and a cut in the company tax rate, especially for small businesses, are moves in the right direction, if not as Ken Henry had prescribed, but any immediate large move has been deemed impossible.

As Wayne Swan declared in the

Continued on Page 6

introduction of the new resource tax so that it starts delivering revenue to the government a year before the company tax cut and superannuation changes start making serious inroads to budget costs.

As the Prime Minister began a round of electronic media interviews last night to promote his proposals, the Minerals Council of Australia backed the opposition, warning it would resist the

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club mode yesterday, confidently jousting with reporters who suggested the government's response was lacking in either courage or imagination, the new policy narrative is strikingly familiar to those with a sense of Labor history and the Treasurer's long-held policy positions: the living standards of ordinary workers, building a stronger economy, leaving a

Continued on Page 6

stiff-lipped director watching the studio's blunt-edged cut of his masterpiece.

The Henry sequel we saw yesterday, shaped by the government's message and polling merchants, had the slogan "stronger, fairer, simpler" but could just as easily be seen as something weaker, shorter and safer than the original.

Ken Henry was asked to look

Continued on Page 6

not and branch" at reforming the tax system, not create a new one from scratch," says a key player in the review.

"It's a dynamic system. Even small changes require a lot of policy and modelling work. In the end, Ken gave them more than they could ever possibly do in several terms of government. And there's the election, of course."

Watching Swan in full fight

Continued on Page 6

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## Man who wouldn't kick the hornet's nest

INSIDE STORY  
TOM DUNNEVIC  
NATIONAL CHIEF REPORTER

ON the eve of Wayne Swan's annual Christmas surfside soiree in Queensland's Sunshine Coast, Ken Henry dropped off a three-part extravaganza about our possi-

ble fiscal destiny. Now in public release, you know it as Australia's Future Tax System.

But the Treasury secretary's epic script has had a four-month behind-the-scenes rewrite and metamorphosis in the hands of Swan & Co. The look on Henry's face as the Treasurer outlined the Rudd government's response to the review was the quite miserable, but it was decidedly akin to

a stiff-lipped director watching the studio's blunt-edged cut of his masterpiece.

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So how does a newspaper react to that reporting challenge? A big pile of paper gets thrown at you with a couple of hours to digest. We did a pretty good job but unfortunately we did not do the job we could have done and we certainly did not do the job we did in 1998.

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The first couple of paragraphs in the main story read almost identically to the first couple of paragraphs of the story we wrote in 1998. It says:

Prime Minister Kevin Rudd has sweetened his re-election pitch with a plan to boost the employer superannuation contribution by 12 per cent and milk the mining boom with a 10 billion dollar super profits tax.

In fact it is a sharper lead than we had in 1998. The second paragraph tells you that Kevin Rudd has junked the Henry Tax Review. Now guess who was the first person quoted in that story? Was it Kevin Rudd, Treasurer Wayne Swan, or Leader of the Opposition Tony Abbott? Six paragraphs in we quote Tony Abbott saying this is not a plan to grow the economy, this is Kevin Rudd's plan to kill the mining boom. Tony Abbott's is the first active voice you read in that story. The first active voice you read in the story in 1998 is way down the end of the first column. The first active voice is actually the most prominent thing you see in the 2010 copy.

Why did we react to the mining tax politically? One of the reasons we reacted to it politically as a paper is that the story had already moved on. That Sunday we were in the lockup for the mining tax and then everybody scurried out of the lockup and did their Sky News report or their ABC News report or tweeted. Everybody barrelled out of that room and had already started to interpret the thing politically. So the next day's paper could only think politically. Now if I were the editor I might have tried to do something different but I am not sure how different it could have looked.

There are two comment pieces in the 2010 coverage rather than one and an 'Inside Story' which we prepared in advance. Within the body of the paper there are no thoughtful analytical pieces by affected parties but about half a dozen knee-jerk comment pieces. It would be easy for people to look at that paper and say this is a once over, easy effort. One of the reasons why the paper could only do this—and I think it did pretty well under the circumstances—is because politics did not give us time to digest the package. The mining tax was very popular but it was dead on arrival for another reason—the first thing the public heard about it was the opposition to it. Everybody on the Labor side understands the lesson from this period. However, when we look at these two front pages we are looking at two different worlds—1998 has thoughtful analysis, a year's worth of preparation, and we knew there would be another year or so of debate before this thing was finally in your pocket or comes out of your pocket, whereas 2010 was hit-and-run.

Another example of the hit-and-run approach is the list at the bottom of page two telling you where you could see all your favourite journalists from *The Australian*—Paul Kelly will appear here, here, and here, Dennis Shanahan will appear there. There

was a line saying I would be live blogging at midday on the Monday. For the life of me I cannot imagine how it was that I could have got my head around the mining tax package on one day, when the next thing I had to do was answer questions from readers.

From that point on it was the speed of the change that basically talked me out of journalism. This was the year when I felt daily journalism had become too quick for boring policy focused journalists like me. The election campaign that year—2010—was the first election campaign where a story you broke would not be followed up by your colleagues. Not because it was not a good story—and a couple of mates did ring me after one particular piece I wrote and said ‘love your story mate but I am sorry we can’t follow it up because the bus is taking us out here’, and then Mark Latham’s about to monster Julia Gillard somewhere, and Tony Abbott’s hiding away because he is 20 points clear in the polls. It almost became impossible to be a thoughtful journalist in this world.

Now the biggest disruption between 1998 and 2010 was not Newspoll but the digital revolution. I am going to try and put myself in the shoes of a politician. I see this thing called social media and I see this guy—‘George M’ for argument’s sake—who is always asking me these terrible nit-picking questions about the impact of this or that line of this package. I am sick of talking to him; and now I don’t need to talk to him because I can get my message out immediately to the people I need to persuade via social media.

The language Tony Abbott used to oppose the mining tax had been fashioned in that digital world and he had only been Opposition Leader for six months at that point. That language fit on a tweet and it got you the top line of a television news bulletin that night. At the same time television news had contracted, it had shrunk the air time it gave to national affairs to basically a sound bite.

Incidentally, Kevin Rudd had been the first to successfully adapt to the digital age. You can see this by comparing the very long election campaign of 2007, the year of Kevin07, with the 1998 campaign. All through 1998 journalists were trying to figure out the impact of the GST on this or that, but all the way through 2007 we were trying to stop Kevin Rudd long enough to ask him a question. Of course he would not take a question from the press gallery because he could go on FM radio, he could go on social media and he could go on Rove McManus where he gets asked who he would turn gay for.

The thing that really annoyed John Howard during the 2007 campaign was that Kevin Rudd did not have two bad days in a row. It was the first time in John Howard’s

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public life that an opponent did not have two bad days in the media in a row, and if you do not have two bad days in the media in a row, the other side can't get their hooks into you. Kevin Rudd was so quick and so intuitive in his adaptation to this new media that it looked like all the rules had been rewritten.

There were a couple of politicians before him who had used new media to basically jump traditional containment lines—not just the press gallery, but also their party rooms—to make a case to the public to elect them. The first and most famous example that political academics cite is Robert Menzies and his use of radio.<sup>2</sup> It took Menzies a long time to remake himself—he was a prime minister who could not hold his government together during the war. But by 1942 he was issuing these sermons to middle Australia about the 'forgotten people', sermons that by 1949 have him elected at the top of a boom. Labor lost power at the top of the boom to a guy who remained prime minister for the next 16 years.

The next one after Robert Menzies was then ACTU President Bob Hawke who used television in the 1970s in the way Donald Trump uses Twitter today. So whereas Robert Menzies was this comforting voice in your lounge room coming through the wireless, Bob Hawke was in your home and it was the first time you had heard a politician speak to you like this. Bob Hawke was still doing public rallies, still doing all the other things he needed to do, still taking questions from the regular press, but he got into middle Australia via another means and he was the first one to do so.

When Bob Hawke turned up most people did not know what an ACTU president was. Suddenly here is this guy in your living room who is fighting for your side if you are a Labor voter. And if you were a conservative voter, Hawke showed you another side of himself, which was that he liked to cut deals and he understood business. Even though in those early days he had very little support in the Labor party caucus, by the mid-seventies Bob Hawke was able to position himself as an alternate prime minister.

The difference with social media, compared to radio and television, is that when you do that disruption, when you grab a political system from the outside as Kevin Rudd and later Barrack Obama did, and then subsequently Donald Trump, it is just as easy for your opponents to use that system to stop stuff from happening. So what Robert Menzies and Bob Hawke were able to do through radio and television, in a world where we still operated at the pace of that 1998 lift-out I mentioned, was gain attention. But the system still worked the way it always worked—the public service gave advice, the government prepared the ground for a big policy reform and sold its case to the people and it took questions from the media.

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<sup>2</sup> In 1942, Robert Menzies broadcast a series of weekly Friday night talks on 2UE and affiliated stations, the most famous of which is 'The Forgotten People'.

In the social media age the temptation to avoid all those other things is overwhelming. If I were in Kevin Rudd's shoes or even, by the end of it, John Howard's shoes, and I thought that I could avoid taking a question from a journalist like me I would probably take up that opportunity for a year or two. But—and this is the big 'but'—if I then saw the main party vote, which had been reliably 40 per cent when we got kicked out of government and 50 per cent when we entered government, start to leak I would think differently. The two parties used to rely on 80 or 90 per cent of the Australian population turning out for them nearly every time an election was held. So the contest was in and around that last 10 per cent—half of whom probably were not paying attention and the other half of whom were active swinging voters. When you are pitching to that five per cent, social media is not the most logical means of appealing to them because they weigh up their vote. So you need to slow down your communication to make sure you have persuaded them. That was how the system operated for as long as anyone could remember.

But the contest today is for a larger floating voter, covering not 10 or 20 per cent of the electorate, but 30 or even 40 per cent. You only need the two main parties to each lose 10 per cent of their respective primary vote to the independents to have a US-style disruption in the political system. It means when you go to work, even the day after you get elected, you only have about a third of the electorate committed to you and two-thirds ready to dump you almost immediately. In that world—and this is the world in which a lot of politicians have been operating over the last 10 or so years and this is the world where a government thinks it can drop a mining tax policy on you and expect to have it passed within a week—why do you think they are struggling to get their message out?

Now this is the most complicated bit of this story for me because I am asking people in public life to take the media on trust again. If I took a survey today of this room, trust in parliament is presumably where everybody would expect it to be—fairly low, trust in media you would also expect to be fairly low. Trust in the public service you would hope is still fairly high, but there would be a question mark because of outside forces. Trust in something like the ABC you would think would still be fairly high, but a question mark again for the ABC. When I think about the question of how to restore respect in parliament, I do not think you can restore respect to parliament until politics treats the media with respect again.

This is a very difficult thing to explain to politicians, not because they are difficult people, but it is just very difficult in this environment to get them to trust what it is I am about to suggest to them, to trust that it is in their short-term interest. I think one of the reasons our two parties are on the nose is that politicians are asking the people to process information faster when than is humanly possible. This was already

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apparent by 2010 with the mining tax ‘here is a big pile of paper, digest it, oh hang on someone has just said no, alright I’ll drop it’. Public engagement in politics has not changed. People are still interested in politics but most of the time they want to be left alone. Because I have been living outside of the political bubble for a few years now, I can tell you the two things that went completely off the scale were Bronwyn Bishop’s helicopter ride and Barnaby Joyce. Conversations at cafes and with neighbours would become intensely political for two seconds before you returned to real issues like the footy!

The thing is when you discuss issues with these same people they have all the time in the world to talk to you about the local school or about the council trying to re-pave the road and mucking it all up and so on. Most of the political parties have been told this repeatedly—if you can find an issue that the electorate is already engaged in and you can slow your conversation down and talk to them about it, they will respect you for it. But in this souped up media environment it is very difficult for one side or the other to take that leap of faith. As I said, what I am trying to propose here is something else. I am trying to propose that politics find a way to resubmit to scrutiny from media.

The other day I saw Shadow Treasurer Chris Bowen on 7.30 trying to explain to Leigh Sales the superannuation changes the Labor Party had just announced. It was a brilliant interview by Leigh Sales and an interesting performance from Chris Bowen. She asked him very specific questions about who was affected—the sorts of questions you would have seen answered in that 1998 lift-out. He replied with a very broad number and then did not want to engage in the detail. This observation is not just about Chris Bowen by the way, but when I saw that I thought you have not had enough exposure as a politician to that sort of questioning because for a minute there he looked a little flummoxed. This is also not an observation specific to Labor—I can make that observation about pretty much any politician across the board. The willingness to submit yourself to an interview by somebody who is not on your side requires not just confidence in your own message but also an understanding that the system relies on that dialogue to be able to then make deeper connections to the electorate. How do we know this? We know this because in the past when the two parties had closer to 90 per cent of the primary vote locked up between them, leaders on both sides—prime ministers, opposition leaders, treasurers, shadow treasurers—would sit down at Parliament House and take all questions for an hour and a half.

We would come out of those press conferences with five or six stories. If you compare the answers given by Paul Keating or John Howard to the very combative but direct questions from the press gallery to the equivalent press conference now—remember how the thing is set up, firstly there might be 10 or 20 journalists there so

there should be 20 to 30 Australian flags behind the leader. I have just made that up. It is obviously not 30 but I think we went close one day didn't we? The leader has got to project total confidence. A journalist asks a hard question and then the leader has to belt the journalist. Of course it was ever thus. The journalist asks another hard question and the leader says right, I've got to zip.

I am not suggesting they were the glory days but in the 1980s and 1990s politicians still had not been tempted by this idea that they could avoid the press gallery completely. They still had not had the digital temptation. There had been temptations of television and radio but the engagement was still mediated by the press gallery. To put them back in that room now when they are not ready for that conversation would make for the most diabolical viewing. But, and this is again the big 'but', I think politicians would be the better for it in the long run.

I will personalise this—John Howard was very good at staying in touch with press gallery journalists who consistently gave him a hard time. He thought taking their questions kept him 'match fit'. He went on talkback radio not to arouse an audience so much as to prove he could take any question from talkback. He viewed these things as tests of temperament. Today—and this has been the case now for about the last 10 or so years—most people in parliament want to know how a journalist votes even though they deny it. They want to know which way a journalist leans. Most journalists do not want to be forced to choose but outside of the press gallery there are a lot of journalists—more commentators than journalists—prepared to pick a team. Why is that? It may be easier to gain access that way, but really, why is that?

I think part of the reason is once politicians left the mediated space of the press gallery and wanted to talk directly to people, some journalists decided to go where the audience was and followed the politician down that tunnel. By the way, I do not think it is a good place for journalists to be but I think there was a structural temptation. We have had the experiment and it is not working.

Now how do you fix it? I know I keep posing this question and I am sort of waiting, not for a flash of inspiration, but for the moment where I want to say the most controversial thing. The most disturbing thing about the relationship between media and politics today is the idea on both sides that when you get into government the communications minister and even the prime minister run the ABC. The last thing you would want to do in terms of the national interest is contest your national broadcaster's right to exist. To politicise it to the extent it has been politicised by both sides over the last 10 or 15 years is almost the last step into the abyss.

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Because I am quite aware of a lot of the goings on behind the scenes in the political sphere, I can tell you for a fact that for the last 10 or 15 years both sides have yielded to the temptation to micromanage the ABC. Bob Hawke and Paul Keating and John Howard were at war with the ABC but in that world there was still an understanding that there were some separations of power. Now because the ABC has the last big audience in the media and is the last media institution that is respected, the temptation to try and co-opt that to a political purpose is manifest in the political system.

So, the first temptation to go down the rabbit hole of digital media has not worked, but politicians think hang on a minute, the ABC is still viable, I will latch onto that. For the life of me I cannot understand why ministers—plural—across both sides of politics would be contesting panellists on *Q&A*, and then waste the day after a *Q&A* episode arguing the toss over a question that was asked in the room. I cannot understand why you would devote that much energy to that particular issue. Actually I do know why, and it is not corrupt intent, it is just an attempt to control what is left because everything else does not add up at the moment for people in public life.

Remember I think the primary point—and it is the primary take out for the politician—is that your public language will improve if you take questions from people who are trying to make your life harder. At the moment too many people in public life will only do interviews with the person they think is not going to give them a hard time. That micro communication to who you imagine is your base does not get you back to 50 per cent of the primary vote at an election. Weirdly at the last federal election Labor almost won on a primary vote in the mid-30s. Can you imagine how volatile the situation would be for any side of politics to come into power with a primary vote in the mid-30s?

The people who are consuming politics at whichever speed they are consuming it today can be turned into a 40 or 50 or 60 or 70 per cent support on an issue. The same-sex marriage vote last year tells you there is a super majority on some social reforms—in that case it was plus 60 per cent and there was a majority in every state. I think the public is not as negative as perhaps politics perceives it to be. It is possible to build big majorities, but to build a majority like that you have to view the Australian people in the way they were viewed in the past, as a coalition of interests, and you have to build a big coalition to win.

If you are in public life have a good look at the way press conferences were conducted in the past. They were very scratchy, the questions were longwinded and none of us had media training. We were print people and we would be yelling over each other to get the treasurer's ear or the prime minister's ear but people felt an obligation to answer our questions and at length. Even though the cycle has sped up, and given the

public were able to consume that information back then, wouldn't you be looking for some way to recreate that deeper conversation? As I say, I think the language of those conversations, even if they are presented in a slicker way, will improve if your ideas are contested. I am not saying lay off the ABC—by all means go to war with them, but go to war with them on your idea. Do not go to war with them because they disagree with you. Go to war with them in the ideas space. Prepare to take the questions, knowing that the audience is going to listen to you if you give them a decent answer.



**Question** — I think the point you made about building up a debate—an argument—is a good one but take for example the Australia 2020 Summit which was set up by then Prime Minister Rudd. It was treated with such cynicism in the run up to it, as well as during and after it. So I think we are wishing and hoping versus reality. Perhaps you blame the way the government of the day handled the 2020 summit but I think the media and the commentators played a part as well.

**George Megalogenis** — That is actually a very good example. So what you are really looking at there is a very, very cynical public mood. It was also just before the GFC. So we were in a time and place then where people thought the government was just there to write a cheque for them. I do understand that Kevin Rudd wanted to reset that debate with the 2020 summit. Now I think he should have just kept coming back. He moved on very quickly from the 2020 summit. In fact I remember in the week after the 2020 summit, there were three announcements on completely different matters—three announcements through that week. You are describing the week I called Rudd our first federal premier—in print, sadly for me.

That is not the public mood now. How do I know this? I have been spending a lot of time researching a couple of other ideas and, partly because I am on a deadline, I do not want to waste your time by giving you the thesis. But I will start at the most basic level of consumer behaviour. Consumers have moved off the 'I', from the 'what's in it for me', to a sense of purpose. It is a very strange world we are moving into—and marketers will tell you this, where people are starting to think about community. So people are more likely to buy things now that make them feel good about themselves as opposed to buying things that have been sold to them.

The people who used to think about self accepted the cynicism as a market transaction. Now they are over the cynicism and are looking to reconnect in some

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other way. So I think the electorate is probably more open to that type of engagement now than it was then. The other thing to remember is the one thing to come out of that summit which stuck is the National Disability Insurance Scheme. The National Disability Insurance Scheme is almost a counter example of everything else that has been tried for the last 20 years.

If I can very quickly summarise one of the other things that concerns me about politics today is that an incoming government feels that its first three years in office is about erasing the last three years. In the last ACT election you had a yes/no referendum on a light rail. Victorians are about to have their second election centred on roads versus rail, knowing that the side that wins is going to undo whatever else the other side has done. A contract to build a road in Victoria was cancelled and a billion dollars was paid to the contractor for not actually doing a day's work. This is how politics is today—in that world I think it is possible to go back to where Kevin thought we could be in 2008.

We might be having a different debate if the climate change package had been landed in 2009 with the Labor and Liberal parties agreeing but Rudd was trying to destroy Turnbull at the same time as negotiating. Most people acknowledge that. Kevin Rudd publicly acknowledged it. When the Liberals switched to Tony Abbott and the deal was off, Rudd didn't take option two, plan B—which was to go to the Greens. So the thing crashed and burned. He had enough votes in the Senate to pass the thing, with a couple of Liberals crossing the floor. That would have been the most powerful statement that could have been made at the time in politics—that the party that went off the reservation on climate change could not stop something because a couple of people of conscience on their side crossed the floor. It might have been possible that something like that could have happened in 1998 where a couple of Labor people crossed the floor to let the GST pass. That of course did not happen and we ended up where we are today. But that does not mean the next 10 years has to be like the last 10 years. That is probably the long way of answering that question!

**Question** — I was particularly interested in your comment that politicians should be encouraged to move from the instant grab on social media to a longer analysis. The ACT chief minister recently said he hates journalists and does not want anything to do with them. He has retracted that somewhat but he still said, for the very reason you outlined, that he wants to go to other media. My guess is for exactly the reasons you have described—it is a quicker way to get your message out to people. Given that scenario, how do we change politicians to help them understand there is another way of doing things?

**George Megalogenis** — That is a good question because I am talking about politics and the media but the most important part of this story is still the public. So how do people with goodwill shape politics? In the first instance they are doing it anyway because they run a revolving door of government. We are turning governments over more quickly now which is a sign of the system's trouble. In the democratic sense the people are already doing the first thing. But the more interesting issue is how does the public sphere, in a sense, pull rank on politicians and slow them down to get them to talk about their issues?

Through my research I am finding that people are trying to do this but they are doing it in a way that actually does not help us in the short-term. They are opting out of politics and trying to do good elsewhere. At the moment people are more likely to belong to a sporting association or sporting club than they are to join a trade union or go to church, and certainly to join a political party. Unfortunately, if sport is your default institution then the game is already up, so to speak. So there is this sense, not so much that there are solutions out there, but there is a willing audience and I think I was alluding to that earlier.

I am telling politicians not to micromanage the ABC—an ex-journo shouldn't be micromanaging the ABC either—but maybe the ABC could go on strike and not interview a politician for a week and see what happens. And see what happens when they open up the public space to people of goodwill, people who are knowledgeable about specific issues and people who, because they are not trained in media, are going to talk to you in a fresh way. That might be just a trial balloon for a week. Michael Brissenden's recent *Four Corners* report on climate change did not include one politician. It was very refreshing not to hear a party line because it would have wasted a minute or two of what was otherwise a brilliant program.

**Question** — Do the influences you described apply internationally? And related to that, can we learn anything from any examples happening around the world today?

**George Megalogenis** — I think every western democratic system has been disrupted in similar ways. I don't want to pretend to be an expert in any of the individual systems but I will make two observations. In the last decade or so it has been possible for politicians to rise in a blink of a twit. It is also possible for a politician when they are given equal status to the leaders of the main parties to suddenly get a surge in their vote. In the 2010 British election the Liberal Democrats were suddenly front of mind because the three leaders had a debate together. So the Liberal Democrats led by a guy Britons hadn't heard of suddenly had a big surge in their primary vote and of course the party was dead after five years because their vote collapsed in 2015. So it is possible to gain attention quickly.

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One thing you can say post-Trump is that pretty much every other jurisdiction that has had a national election has elected a very handsome young man as a sort of counterpoint to Trump. Think of Trudeau and Macron. I have a handsome man theory of politics and that is that the disruptor only works the once against, unfortunately, a woman. I think some older electors have a lot of psychological reasons against having women in power, which is very, very unfortunate. So whereas you might get a disruptive figure stopping a woman from getting national office, the guy who comes after him tends to be the opposite because the public are then projecting back for some sense of normalcy and they end up electing somebody younger.

Now in all these systems, the big switch you get is when you energise voters under thirty-five. It is less possible to do this overseas than in Australia under a compulsory voting system. The under 35s are the big profound switchers where majorities become possible again. And we have only had one example of that in Australia in the last 20 years in 2007 with Kevin O'Keefe. Post the Brexit vote you see great concern in the British political system about how a lot of young people did not turn out for that plebiscite. It was only a plebiscite but they ended up leaving the EU anyway. Well, they are planning to—they have not gone yet.

There is a democratic survival instinct that centres on deep engagement with young people—which means after I get them the first time to get me into power I find a way to hang on to power via them. If you could activate a larger portion of the electorate than has been activated now, I think you would have big changes in a lot of the debates we are having now. As I said the reason why I mentioned overseas is because there are a couple of cases where you see that ‘oh thank god that looks like a normal person, I'll give him a majority’ reaction. What happens next is probably the test cases that we are more interested in—how does Canada govern, how does France govern, with an activated youth vote?

**Question** — You talked about respect, particularly politicians learning to respect the work of journalists and then conversely journalists being more respectful of politicians. I think you have left the important bit out and that is the public. One of the things that frequently comes up on social media is that the public does not trust journalists anymore. One of the examples you alluded to from recent times is the Barnaby Joyce saga. Why did journalists bother to keep talking to Barnaby Joyce once it was clear he had done what he had done? Can you comment on the public getting respect for journalism?

**George Megalogenis**— I didn't mention the public but they are front of mind for me. But I don't want journalists to pitch directly to the public because I don't think that is the role of journalism. Then you would have a totally conflicted system, then you

would have journalists not acting as filters of information and translators of information, rather you would have an alternate power centre. In the Australian system journalists are not expected to pick a team but I think the public is already sensing that a fraction of them have picked a team and that then leads to a total collapse in trust. Another fraction, because they don't know how to get people to engage with deep thoughtful journalism, are doing the show trial of celebrity. So maybe the public are noticing the fringes.

Because we are in the parliament the subject matter is the people who govern us and the people who can test ideas in the public spaces as politicians, but the 'subject matter' have to change their behaviour to be able to give journalists a chance to restore respect in journalists. I do like the idea of a ban on politics for a week on the ABC but that is probably not going to happen, but I think the idea that journalists could somehow pitch directly to the people is where a lot of these sticky digital traps occur.

The impression that you get instant validation, from people you have never met, seems to tell you that you are okay, but I think that that is the worst possible way to function. Most authors would like to have their manuscripts published without an editor. In fact that is the worst thing an author could do. Absolutely the worst thing an author could do is to rush a manuscript through. The first test is the editor and the editor's trying to help the manuscript flow. Of course even if manuscripts are well edited, after you publish them you still have six or seven other ideas you wish you had put into the thing. Going to the other side of the story, basically having a journalist pitch for love from the public without a contest or without an editor is probably the worst idea. I know you weren't suggesting that but I am just following some of these thoughts through.