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We will know this government by its first budget

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Politics is emerging from a phoney war to the decisive phase. Tony Abbott's government hasn't benefited from the usual, post-poll bounce and some pretty bizarre ideas have been legislated into reality. For example, "Sir Peter", or "Dame Quentin". The reintroduction of so-called "honours" would never have progressed passed the market-testing stage if Abbott had actually tried it out. He knew that; so he didn't bother. It became a "PM's call"; something he believed in so greatly that he just forced it through. So far his party have just accepted these quirks and there's certainly no mood to commit regicide.

But all this will become irrelevant on budget night. Although the polls have now shown, decisively and consistently, that the electorate hasn't warmed to the idea of Abbott as PM, this is just noise. Although the government's not producing much in the way of melody, the occasional discordant notes has also passed by unheard. That's all about to change. That's because nothing talks quite as loudly as money: how it's raised, where it's spent. Everything will change with the delivery of the budget; the pretend conflict will be over. It will be the government's last chance to blame Labor because from this moment onwards Abbott and Joe Hockey will own all the decisions. Now they're the ones who'll be held responsible for the direction of the economy and the country.

Right from their first budget, Kevin Rudd and Wayne Swan squibbed making the critical choices that were needed to put Australia back on track to be a fair and egalitarian society. They never recovered.

Budgets are about choices: they demonstrate priorities like nothing else. They're ideological documents and, judging from the three measures I've heard about so far, values underpin this document more strongly than at any time since 1997.

The biggest change is philosophical. This government's dead serious when it asserts the private sector is better at delivering services. It's made some radical decisions pushing forward with moves to privatise, transforming the marketplace from a field into an arena. Theoretically, this sounds good. It will enable the government to, for example, meet its commitments with respect to the National Disability Insurance Scheme. But the effect of this will inevitably be to push decision-making about who gets a share of dwindling resources downstream.

The sharp end – the actual delivery of the service itself – will become very pointy and some people are likely to get cut. Perhaps government should sub-contract out, but that doesn't mean it can shed itself of responsibility. Any problems with the delivery of medical services, for example, will be quickly sheeted back to the politicians. And you can't simply create a marketplace by declaring one exists. Commerce only thrives where there's money, and it's difficult to inject this while you're trying to cut back elsewhere.

Hockey envisages his role as one of setting parameters and then getting out of the way. That's fine if the goods are being provided. If they're not, the government will pretty quickly find it has a major political issue. Healthcare is one of those areas where problems work their way through the system pretty quickly.

Other budgetary changes are also being driven by ideology, but in a nasty, petty and vindictive way. These will include changes to science funding, government enterprises and the ABC. The sad thing is the amount of money being saved by these measures will be insignificant, yet it will be enough to cripple innovation and curb vibrancy. In some cases this won't really matter too much. People won't notice services that aren't there. Yet changes like these, at the margins, set the tone for the entire nation. Being confident enough to allocate funding to pure research and institutions that define the values of our community is important. It says something about ourselves as a country. If we shirk this role we're accepting that our role in the world is shrinking too.

The third (and most critical) area where the budget will be vital in establishing this new government's priorities is in the detail of implementation. The shifting of money between competing agendas. This won't necessarily be

immediately apparent in the budget; nonetheless the philosophical underpinnings will eventually work their way through the processes. They will be, inevitably, implemented in the most stupid of ways.

A couple of weeks ago, for example, I was told about a decision that's apparently been taken to sell off defence housing near the SAS barracks in Perth. From a purely economic point of view this makes eminent sense: Houses in this area, near the beach, are highly sought after. The government can make far more money by selling them off than it can by renting them to soldiers. But some homes overlook the secret military base and these soldiers aren't performing normal duties. There are times when a society has to accept the cost of being a nation is greater than the benefits of saving a dollar here and there. The budget will show if the government's managed to grasp this concept yet.

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