

# WERE LOST



Despite a big parliamentary majority, Anthony Albanese has suffered a steady decline in his approval ratings

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NEWSWIRE

spending is by far a better option than meeting the needs of the country by taxing it more," Ms Murphy said.

Even as Chalmers spruiks some marginal tax cut relief, it's important to remember that last year's \$17bn in tax cuts were recouped fully by the government by the end of the year through \$17 billion in higher-than-expected income tax courtesy of bracket creep. There is no shortage of accounting tricks in budgets.

Alongside announcing its first 0.25 percentage point rate hike in more than two years this week, the Reserve Bank revised higher its expectations on inflation, saying it would hit 4.2 per cent this year, well outside the bank's preferred target range. It also downgraded productivity.

These two very things the Treasurer says he wants to fix

this year, saying people "can expect the budget to be focused on this inflation challenge, focused on our productivity challenge".

The economy's one strength is its low unemployment rate, currently at 4.1 per cent, although much of the growth has come through new, but less-productive government-funded jobs. The RBA also forecast this week that the jobless rate would tick up to 4.3 per cent by the end of the year.

Low unemployment will keep the tax take relatively high as a percentage of GDP, but Chalmers will need more than bracket creep to balance the historically high spending.

Former Treasury official and Commonwealth Bank chief economist Luke Yeaman expects other changes to tax this year, such as capital gains, which the Albanese government

has confirmed it is considering.

"We still expect to see some substantive new measures in the May budget. In our view, the most likely step is a phasing out of the 50 per cent Capital Gains Tax discount for housing and/or a cap on negative gearing," Yeaman said.

"Various business tax reforms have been floated but there is little agreement on the solution.

"With rate hikes back in focus, public spending at historically high levels as a share of GDP and productivity stuck in the slow lane, pressure will grow for more substantive economic reforms and deeper cuts to government spending," Yeaman added.

For Chalmers, speeches about banana republics might not be on his mind, but the spending cuts of his forefather would be worth some reflection.

tor Iain Walker declaring it was a shock given the more "understandable" and well-known alternatives that were proposed.

"Surprisingly, even to us – given they were also presented with more immediately understandable reform options – it turned out that trying a citizens' assembly was the most favoured option (most supported with 48 per cent and least opposed with 20 per cent)," he told Inquirer.

"In the context of people wondering how democracy ever gets better, this could be a pointer to where our parliaments should be looking. There's a mechanism for earning support, and those who have been custodians of electoral processes can see how the two are complementary," he said.

NewDemocracy wants to test the proposal and has challenged MPs to try it out.

"The only tests of any democracy innovation are whether it earns public trust and whether parliamentarians find it useful in taking long-term decisions. A large public trial will let us answer both those questions – especially if it's a challenging topic.

"If we fail, then the cost is small. But if it works – and Australian politics finds a way to address hard trade-offs and take decisions normally endlessly avoided – then the benefit to the country is immense," he said.

As part of the 2010 election campaign, Julia Gillard proposed a citizens' assembly to consider the issue of climate change but in a feeble election atmosphere this was actually seen as a lack of leadership.

The current atmosphere and collapse of institutional support and party-political support may provide an opportunity for the untried idea.

Australia's democracy, including four-year parliamentary terms, restrictions on MPs' service, and the use of citizen assemblies.

The responses suggested Australians have a degree of cynicism about Australian politicians, with Millennials the least trusting of government, while the Baby Boomer generation has higher levels of overall trust.

The study found satisfaction with how democracy works in practice reached its lowest level since the 1975 constitutional crisis in 2019, at 59 per cent.

Democratic satisfaction recovered to 70 per cent in 2022, a level it has maintained following the 2025 election. The era of frequent changes of prime minister outside

of elections, which undermined citizens' roles in determining who governs, has thus far been left behind in the 2010s.

Support for compulsory voting, a core feature of Australia's democracy and the reason Australia has one of the highest voter turnout rates in the world, has declined although remains supported by a clear majority of two in three voters.

But, the proportion of voters who report that they would still vote if it were voluntary has been in steady decline since 2007, reaching its lowest point on record in 2025 at 74 per cent. Younger generations are much more likely to report that they would not vote if it were voluntary.

For the first time, the ANU study asked about attitudes towards Australia becoming a republic, lowering the voting age, and four-year parliaments, more or fewer referendums, and a citizens' assembly.

Surprisingly, the proposal that attracted the greatest support, at 48 per cent, was to have a citizens' assembly, described to respondents as "a body made up of randomly selected citizens who consider important policy issues and advise the government".

It is surprising because there has been so little experience of citizens' assemblies in Australia.

Even the advocacy group for such gatherings, NewDemocracy, was surprised, with executive direc-