



PM takes razor to budget A-team

EXCLUSIVE

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GEOFF CHAMBERS

Scott Morrison and Josh Frydenberg have established a new “heart of government”, slimming down the budget razor gang and recruiting key advisers and reformers to deliver the Coalition’s economic blueprint for the 2022 election.

In a move to streamline the expenditure review committee process, the Prime Minister has contained permanent cabinet membership to himself, the Treasurer, Finance Minister Mathias Cormann, Deputy Prime Minister Michael McCormack and Health Minister Greg Hunt.

The Australian understands the ERC is now meeting twice a week during parliamentary sittings and having more frequent contact, accelerating the government’s response to policy and expenditure.

“Individual members will rotate in to present their cases,” a government insider said. “But this ERC is now where the big decisions and broad economic strategies are made. It’s the ERC that Morrison wanted. And they are the people who he wanted.”

Ahead of the mid-year economic and fiscal outlook update next week, insiders revealed the Treasurer regularly stays at Kirribilli House when in Sydney, reflecting his relationship with Mr Morrison. A senior minister described the relationship as the closest between a prime minister and treasurer since Robert Menzies and Harold Holt.

FULL REPORT P5
JOSH FRYDENBERG P12

New ‘heart’ drives Morrison agenda

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The Australian understands the ERC is now meeting twice a week during parliamentary sitting periods and having more frequent contact, accelerating the government’s pace in responding to policy and expenditure.

“This is where the heart of government now lies. Individual members will rotate in to present their cases,” a senior government insider told The Australian.

“This ERC is now where the big decisions and broad economic strategies are made. It’s a very concentrated group. It’s the ERC that Morrison wanted. And they are the people he wanted.”

Ahead of next week’s mid-year economic and fiscal outlook up-

date, insiders revealed Mr Frydenberg regularly stays at Kirribilli House when he is in Sydney, reflecting a close relationship with

Mr Morrison. The pair, as shown in part two of The Australian’s Power List, have appointed trusted advisers to influential roles to help shape the Coalition’s reform agenda as they combat international headwinds, stagnant wages and flat consumer spending.

A senior minister described the relationship between Mr Morrison and Mr Frydenberg as “unique” and the closest between a prime minister and treasurer since Robert Menzies and Harold Holt.

Mr Morrison consults Mr Frydenberg on everything from the economy, budget and electoral mood to internal party politics and fundraising. “They are from different states and very different electorates; this gives them both unique perspectives,” the minister said.

On Saturday, Mr Frydenberg had his work spread across the kitchen table in his Hawthorn home, with Mr Morrison on speakerphone, trawling through budget papers for MYEFO.

“It is a very close relationship,” another cabinet minister said. “It’s genuine. They would speak to each other several times every day



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BRIEF AMMA

INDEX 1

PAGE 2 of 2

outside the meetings of cabinet and Expenditure Review Committee, leadership meetings and all the formal meetings.”

Mr Frydenberg, who has leadership aspirations that have led to comparisons with John Howard and Peter Costello, is said to have no intention of undermining Mr Morrison and would not be interested in the leadership unless it was a “velvet” transition.

Despite a successful partnership, the Howard-Costello dynamic was undermined by Mr

Costello’s ambitions for the top job. Ironically, Mr Howard and Mr Costello have now become important sounding boards for Mr Morrison and Mr Frydenberg.

As Mr Morrison did as treasurer, Mr Frydenberg regularly seeks counsel from Mr Costello.

Treasury Secretary Steven Kennedy, appointed in July, Australian Competition & Consumer chair Rod Sims, financial and corporate watchdogs Wayne Byres and James Shipton and Productivity Commission chair Michael Brennan are also in close contact with Mr Frydenberg.

Reserve Bank of Australia governor Philip Lowe, who has been at odds with government over his commentary on stimulus, infrastructure and monetary policy, re-

mains one of the most influential economic figures in the nation. Mr Frydenberg has also assembled a team of economic advisers, led by chief of staff Martin Codina, that includes Nathan Wonder, a former Treasury official, and former NAB executive Adam Clark.

Victorians Michael Sukkar, the Assistant Treasurer and Housing Minister, and Jane Hume, the Assistant Minister for Superannuation, Financial Services and Financial Technology, are also working closely with Mr Frydenberg leading reforms in the housing and financial sectors.

As revealed in The Weekend Australian, Mr Morrison relies on the advice of a small circle of corporate confidants and does not seek the approval of business executives. In contrast, Mr Frydenberg

is a well-known networker with a contact book spanning multiple industries and fields.

Following the May 18 election, corporate Australia was rattled. Many had written off Mr Morrison and put in place staff and strategies to appease Labor. Major companies and lobby groups have now begun the process of reconnecting with the Coalition.

Mr Morrison and Mr Frydenberg, along with other government players including Ben Morton and Yaron Finkelstein, have worked with business leaders to ensure they are on the same wavelength moving towards the 2022 election.

The Business Council of Australia — which had been frozen out over a perception it had banked on a Labor victory and was

slow to campaign for company tax cuts — is back in favour. Former MYOB chief executive Tim Reed was installed as BCA president last month and intends working with government on shared goals.

Not everyone got it wrong. Master Builders Australia chief Denita Wawn was one of the few industry leaders who picked the winning team. Others retain relations with the government, namely Australian Mines and Metals Association chief Steve Knott and West Australian mining lobby head Paul Everingham.

Writing in The Australian today, Mr Frydenberg says with government spending “around its lowest level in 50 years” and welfare at its lowest level in 30 years, “now is the time to pay down Labor’s debt. If not now, when?”.