MNI POLITICAL RISK ANALYSIS – Australia Election Preview

By Tom Lake

Executive Summary

- The incumbent centre-left Australian Labor Party (ALP) is on course win a second term in office in the 3 May federal election. Just months ago, it appeared likely that the conservative Liberal/National coalition were set to return to power after just one term on the opposition benches. However, public sentiment appears to have shifted notably over the course of the campaign.
- Opinion polls point to a relatively close race on primary votes. However, Australia's electoral system means Labor stand a strong chance of picking up seats based on second preference votes from Green and independent candidate supporters.
- The largely centrist policy platform enacted by PM Anthony Albanese's government since coming to office means there are unlikely to be any significant market shocks if there is . Similarly, should the Liberals pull off another unexpected electoral win we would expect to see broad policy continuity.
- Policy instability could result from the scenario of a minority Labor administration propped up by the Greens. The Greens could seek to extract significant concessions on taxation and spending, as well as climate change policy in exchange for their votes to put ALP leader Anthony Albanese in the prime minister's office.

In this election preview we will provide a short briefing on how the election works and who the main parties are, a chartpack of opinion polling and betting market data ahead of the vote, a scenario analysis examining the probabilities and implications of various outcomes, and some sell-side views on the contest.

Electoral System

In the 3 May election, Australian voters will travel to the polls to elect all 150 members of the House of Representatives – the lower house of the Parliament of Australia – and 40 of the 76 seats in the upper house, the Senate. Parliamentary terms in Australia last just three years, one of the shorter terms for parliamentary democracies worldwide.

Method of Voting

Members are elected to the **House of Representatives** in single-member constituencies (known as electorates) via majority-preferential instant-runoff voting. Voters must rank the candidates in their division from most to least preferred, with the most preferred being marked with a one (known as the 'first preference vote'), down to the least preferred, who would be marked with the figure representing of the total number of candidates standing in the electorate.

In the event a candidate wins 50%+1 of the first preference votes, they are elected automatically. If no candidate achieves an overall majority, the candidate with the fewest

number of first preference votes is eliminated. The second preference votes from the eliminated candidates are then distributed to the remaining candidates.

If still no single candidate holds a majority of total votes at this point, then the next candidate with the lowest number of first preference votes is eliminated and their second preferences distributed. This process continues until one candidate holds a majority of the total votes and is thereby elected. Should a voter's second preference be for an already-eliminated candidate, then the third preference is used, with the process continuing in this fashion down to the final preference vote.

For the 40 **Senate** seats up for grabs, the election is decided using the single transferable vote. Each of Australia's six states is represented by 12 senators in one multi-member electorate, with half up for election each electoral cycle. The Northern Territory and Australian Capital Territory are each represented by two senators apiece, again in a single multi-member constituency. Both Senate seats from each territory are up for election in each electoral cycle. This distribution results in disparities between the population represented per senator, ranging from 694k people per senator in New South Wales, down to 46k per senator in Tasmania, compared to a nationwide average of 334k, according to 2021 census data.

Unlike in the House election, voters are not required to number every single candidate in preference. Instead, they can opt for at least six party preferences in order, or 12 individual candidates in order. Once a candidate hits the vote quota (14.3% for states, 33.3% for territories), their additional votes are distributed in order of preference if there are still seats to fill.

Australia is one of the few nations in the world that implements mandatory voting, ensuring a significant turnout around the 90-95% range. In 2022, turnout fell to 89.8%, the level since compulsory voting was introduced for the 1925 federal election. Anyone who does not vote and does not have a valid excuse receives an administrative penalty of AUD20.

Election Day

While election day is 3 May, hundreds of early voting centres are open during the election period from 22 April to 2 May. These centres can be used by those hitting certain criteria, including being outside the electorate you are due to vote in on election day, are more than 8km from a polling station, are disabled, travelling, or unable to leave your workplace, among other reasons. A relatively open stance towards early voting has seen numbers taking advantage of the situation skyrocket. As of 28 April, 2.95mn early ballots had been cast out of an electorate of ~18mn.

On election day, polls are open in each state or territory from 08:00 to 18:00. Given Australia's numerous timezones, this results in a staggered election. Timings in AEST, BST, and ET are provided in the table below.

States/Territories	Polls Open (AEST)	Polls Open (BST)	Polls Open (ET)
NSW, TAS, VCT, ACT, QLD	08:00-18:00	23:00-09:00	18:00-04:00
SA, NT	07:30-17:30	23:30-09:30	18:30-14:30
WA	06:00-16:00	01:00-11:00	20:00-06:00

Under the Commonwealth Electoral Act 1918, election-related material (which has come to include exit polls) cannot be published until voting has concluded in each timezone. In order to comply with the Act, most broadcasters and outlets will hold off on publishing exit polls until voting has concluded nationwide i.e. when polls close in Western Australia at 18:00 local. As such, exit polls should be expected at around 20:00AEST/11:00BST/06:00ET.

Main Political Parties/Groups

- **Australian Labor Party** – ALP – Leader: Anthony Albanese (*PM 2022-, Leader of ALP 2019-, Deputy PM 2013, Minister for Infrastructure & Transport 2007-13, Manager of Opposition Business 2006-07, Member for Grayndler 1996-)* – Founded: 1901 – Political Position: Centre-left, social democratic – House of Representatives Seats: 77/151 – Senate Seats: 25/76
- **Coalition**
  - **Liberal Party of Australia** – Liberals – Leader: Peter Dutton (*Leader of the Opposition 2022-, Minister for Defence 2021-22, Leader of the House 2021-22, Minister for Home Affairs 2017-21, Minister for Immigration and Border Protection 2014-18, Minister for Health 2013-14, Minister for Sport 2013-14, Minister for Revenue and Assistant Treasurer 2006-07, Minister for Workforce Participation 2004-06, Member for Dickson 2001-)* – Founded: 1944 – Political Position: Centre-right, conservatism, liberal conservatism, populism – House of Representatives Seats: 39/151 – Senate Seats: 26/76
  - **National Party of Australia** – NPA, Nationals, Nats – Leader: David Littleproud (*Leader of the National Party 2022-, Deputy Leader 2020-22, Minister for Agriculture 2017-19 and 2020-22, Member for Maranoa 2016-)* – Founded: 1920 – Political Position: Centre-right, social conservatism, agrarian – House of Representatives Seats: 15/151 – Senate Seats – 6/76
- **Australian Greens** – The Greens – Leader: Adam Bandt (*Leader of the Australian Greens 2020-, Deputy Leader 2012-15, 2017-20, Member for Melbourne 2010-)* – Founded: 1992 – Political Position: Left-wing populism, environmentalism, progressive – House of Representatives Seats: 4/151 – Senate Seats: 11/76
- **Pauline Hanson's One Nation Party** – ONP – President: Pauline Hanson (*President of ONP 1997-2002, 14-, Senator for Queensland 2016-, Member for Oxley 1996-98*) – Founded: 1997 – Political Position: Right-wing, nationalism, populism, 'Hansonism' – House of Representatives Seats: 0/151 – Senate Seats: 2/76
- **Trumpet of Patriots** – TOP – Chair: Clive Palmer (*TOP Chair 2025-, Chairman United Australia Party 2018-22, Member for Fairfax 2013-16*) – Founded: 2021, Registered: 2024 – Political Position: Right-wing, populism, conservatism – House of Representatives Seats: 0/151 – Senate Seats: 0/76

Scenario Analysis

Labor Retains Majority – 70% Probability

- A sharp shift in opinion polling since the start of the election campaign now sees the incumbent Labor party as overwhelming favourites to secure a second term in office. While PM Anthony Albanese's approval ratings are less than stellar, the collapse in public sentiment towards Liberal leader Peter Dutton in recent weeks now makes an ALP majority our core scenario.

- The intricacies of the Australian electoral system look set to benefit the ALP more than the Coalition. The main 'other' options on the ballot paper are the left-wing Greens, and independent candidates, who by and large lean to the left or at least are centrists who are opposed to the coalition. As such, the ALP can expect to pick up a greater proportion of second preferences from these voters. The Liberals may pick up second preferences from ONP voters, but they are fewer in number than the Greens and Teals, and are more concentrated in Queensland and rural New South Wales, where the Liberals already hold seats.

- Another term in government for Albanese is set to see broad policy continuity that will do little to rattle markets. The government's stance of talking up the existing alliance with the US – it remains committed to the AUKUS alliance – while also looking to negotiate down the 10% tariff imposed by the Trump administration is unlikely to rattle cages in Washington, D.C., and looks unlikely to result in any punitive action from the White House.

- Given the state of global geopolitics and trade at present, there will be sustained focus on relations between Canberra and Beijing in the months ahead. The ongoing trade war between the US and China risks Australia being caught in the middle, especially with the US looking to actively separate countries it views as being on its side compared to those aligned with China. The tone of communication with Beijing has improved notably since the ALP's win in 2022, with Albanese making a state visit to China in 2023. A second term for the ALP could see a crunch point emerge in the event of a further deterioration in Sino-American relations, with the Australian government in effect forced to pick a side.

Labor Still Largest Party, But Minority Government/Coalition Needed – 20%

- Of all the likely election outcomes, a minority Labor government could result in the most market-averse reaction. Requiring either the formation of a formal coalition, a confidence-and-supply agreement, or passing legislation as a minority government with opposition support on a bill-by-bill basis risks both slowing the passage of legislation as well as forcing the ALP government into making concessions to parties on the left.

- The impact on the nature of policy could come down to who the ALP ends up working with in this scenario. An agreement with the left-wing Greens could see further impetus towards the government's long-stated aim of having Australia's carbon emissions 43% below 2005 levels by 2030 and net zero by 2050.

- A deal that sees a number of Teal independents prop up the government, on the other hand, would likely prove more market friendly. The Teals are generally centrist in policy outlook, with their gains in 2022 coming not due to major economic policy

differences with the then-incumbent Coalition, but opposition to the Morrison government's drift to the social conservative right. An ALP-Teal administration would be unlikely to diverge significantly in terms of policy from the previous three years of ALP majority rule.

Coalition Wins Majority – 5%

- Opinion polls have a somewhat chequered history in Australia, most recently in 2019 when the Coalition unexpectedly retain a majority under Scott Morrison – the trend in recent weeks away from Peter Dutton's alliance has been stark, with all metrics, whether primary vote, 2PPV, approval ratings, and preferred PM shifting against Dutton and the Coalition.

- In the 2022 election, the 'Teals'– a loosely united group of independent candidates that were by-and-large socially liberal and centre-right with the primary aim of ousting the incumbent Liberal/National coalition. They stood in wealthy Liberal-held electorates where Labor or the Greens would not have been competitive against the Coalition, and were able to win seven seats at the election, including that of Treasurer Josh Frydenberg.

- This time around, the Teals remain a millstone around the necks of the Liberals, denying the party the prospect of winning back seats that historically had been their strongholds, making it much harder for the Coalition to win back a majority.

- Should the Coalition win an unexpected majority it would therefore come as a major shock to political observers. In terms or market impact the result is unlikely to be met with a significant reaction. While Dutton has doubled-down on socially conservative policies during the campaign, when it comes to economic and fiscal policy the markets are unlikely to offer any significant negative reaction to a Coalition win.

- Relations with China are an area that could see a notable policy shift in the event of a Coalition majority. Peter Dutton is a long-standing China hawk, and while relations with Beijing have not played a meaningful role in the campaign, a return to the frozen state of diplomatic relations seen under the last Coalition government would not be out of the question in this scenario. The prospect of the Australian government looking to secure a swift trade agreement with the United States, firmly cementing the country's position in the US-aligned camp.

Coalition Largest Party, Governs In Minority – 5%

- A sizeable polling error would even be required to result in a scenario in which the Coalition emerges as the largest party following the election. In this outcome, the Coalition would clearly have reduced leeway to alter the policy direction from that set by the ALP over the past three years.

- While looking likely to secure its highest nationwide vote share ever, Pauline Hanson's One Nation Party remains unlikely to secure any seats in the House of Representatives due to the electoral system that will offer them few preference votes, denying the Coalition an ally on the right.

- Instead, independent members would be the most likely other political force to support a minority Coalition government. In exchange, they would likely demand a moderation of the Coalition's stance on policy issues, both social and economic. In

any case, such an agreement would be vulnerable to breakdown and carry an elevated risk that the government does not serve its full term in office.

Analyst Views

Commerzbank

- On Saturday, Australians will vote in parliamentary and government elections. However, the impact on the Australian dollar is likely to be limited, partly because recent polls (e.g. by YouGov) have indicated a potential victory for the Labor Party, led by Prime Minister Albanese. But even if the Liberal-National Coalition wins, though, macroeconomic management is unlikely to change in a way that would have a significant effect on monetary policy or the currency. Hence, while the two parties' policies on affordable housing, tax cuts and government spending differ, these differences are not large enough to have a significant effect.

CBA

- The other key focus locally will be on the Federal election on Saturday 3 May. Polls are tight and the result is uncertain. There are some differences in policies around cost of living relief and housing between the two parties. But any impact on the economy will depend on policies passing both houses of parliament, and the makeup of parliament is uncertain.

Goldman Sachs

- Adding up recent policy announcements, we estimate annual net spending under the LNP would be somewhat higher (~0.4% of GDP) compared to the incumbent ALP over the next few years, largely reflecting the LNP's proposed temporary tax rebate and reduction in fuel excise.
- From the RBA's perspective, we continue to expect a series of sequential 25bp cuts starting in May to a terminal rate of 3.25%, with ongoing expansionary fiscal settings in Australia likely to partially offset downside risks from global trade tensions and prevent the need to cut in 50bp increments to a below-neutral rate later this year.

MUFG

- While Trump was far more important in the Canada election, a shift in polling ahead of the Australian general election on Saturday suggests there may have been an influence there too. […] Dutton has described Trump as a "big thinker" and his policy ideas are similar to Trump's plans to slash government spending and had to backtrack on a policy to scrap work-from-home and cut 41k government jobs (via an Australian version of DOGE).
- So what might the implications be after the election, if as expected based on the polls, PM Albanese and the Labor Party wins another term in office? This election turned very much into a cost-of-living election with both parties promising give-aways to offset the negative impact. Labor have reduced the lowest tax rate from 16% to 14% over two years and promised a AUD 150 subsidy for energy bills to all households and 1mn small companies. The Labor tax cut will cost an estimated AUD

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17bn and has already been passed by parliament although the conservative coalition has promised to repeal it. Both parties have announced policies to help support increased housing ownership.

- The most plausible scenario in which we could see a financial market reaction would be for the conservative coalition to surpass expectations relative to what the polls imply to leave the Labor Party needing other support in order to govern. Even that though is unlikely to be too destabilising for the markets with that scenario unlikely to compromise Labor's major policy plans.
- AUD remains vulnerable though in our view to the broader global backdrop and given the likely persistent uncertainty in relation to global trade, in particular between the US and China, AUD is set to underperform going forward. Since reciprocal tariffs were announced on 2nd April, AUD is the third worst performing G10 currency with only NOK and USD performing worse. We still see downside risks and higher volatility for AUD over the coming months and that won't be altered by this weekend's election result.

TD Securities

- …we highlight that polls have historically overstated Labor's support in the prior two elections. In 2019, the polls predicted a 51.5% - 48.5% Labor lead but the Coalition won by that margin. In 2022, forecasts were closer to Labor securing a 53-56% result, but this narrowed to 52%, with a 52%-48% result in Labor's favor, winning 77 seats. There is a clear risk the actual outcome could be closer than what the polls are suggesting
- Based on Newspoll's tracking, every government that has held a two party preferred lead one week before the election has gone on to win the election. At 52%-48% after preferences, there is a strong case for Labor retaining power with at least a minority government. If Labor has to form a minority government, it's likely to do so with the Teals and/or the Greens.
- …on Australia's AAA credit rating, the risks around a downgrade have been overplayed, and it's unlikely to materialize soon. Heightened trade tensions between the US and China are likely to impact China's growth and have a bearing on Australian Government revenue estimates. And with little appetite to slow Government spending, future budget deficits as a % of GDP are likely to exceed the Government's March Budget forecasts. Deficits closer to 2-2.5% of GDP are more likely down the track, but in no way threaten the AAA rating. For that to happen the budget deficit needs to be at least 3%. We are someways from that.
- While both parties have signaled they will seek to negotiate the 10% tariff on Australia, Opposition Leader Peter Dutton had previously announced a focus on government efficiency in Australia, which some commentators linked to similar policies pursued by President Trump. Despite now being clearly favoured to win, the ALP may still fall short of securing an outright majority of seats in the House of Representatives, instead forming a minority government with support from the Greens and/or independent MPs.
- The policies announced in (or before) the Budget have already been legislated or are also supported by the LNP, so they will occur regardless of the election

outcome…Overall, we estimate annual net spending under the LNP (0.4-0.5% of GDP) would be somewhat higher in FY2026 and FY2027 compared to the ALP (0.0-0.1% of GDP), largely reflecting the one-off tax rebate and temporary reduction in the fuel excise rate.

- From a macro perspective, while neither policy platform is likely to have a material impact on GDP growth in the near term, the overall increase in net spending under both policy platforms supports our base case for the RBA to cut in 25bp increments over the coming quarters to a terminal rate of 3.25% - in line with our estimate of neutral in Australia.

- While cuts in 50bp increments to a below-neutral rate can't be ruled out given downside risks from global growth and US tariffs, a continuation of Australia's expansionary fiscal settings suggests the RBA is likely to be somewhat cautious in the pace of cutting.

Opinion Polling Chartpack

**Chart 1. Federal Election Opinion Polling, Primary Vote, % and 6-Poll Moving Average**
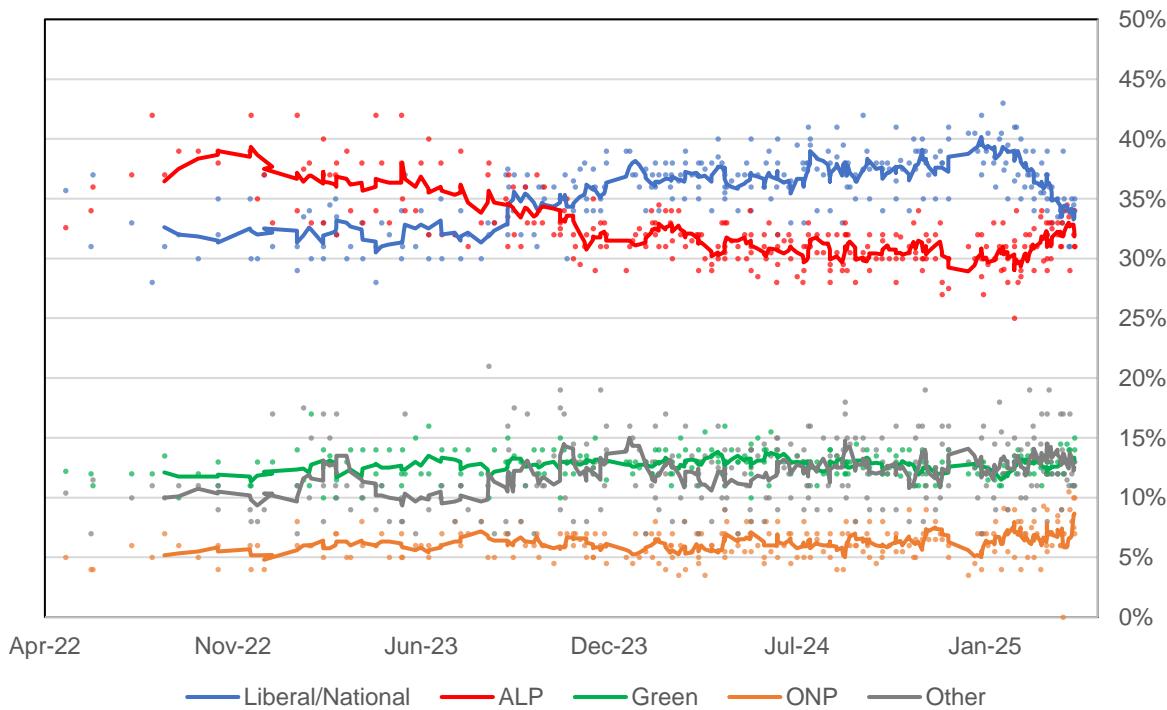
Source: Essential, Roy Morgan, Resolve Strategic, YouGov, Newspoll, Redbridge/Accent, Freshwater Strategy, DemosAU, ANU, Spectre Strategy/Dynata, MNI

Chart 2. Federal Election Opinion Polling, Two-Party-Preferred Vote, % and 6-Poll Moving Average
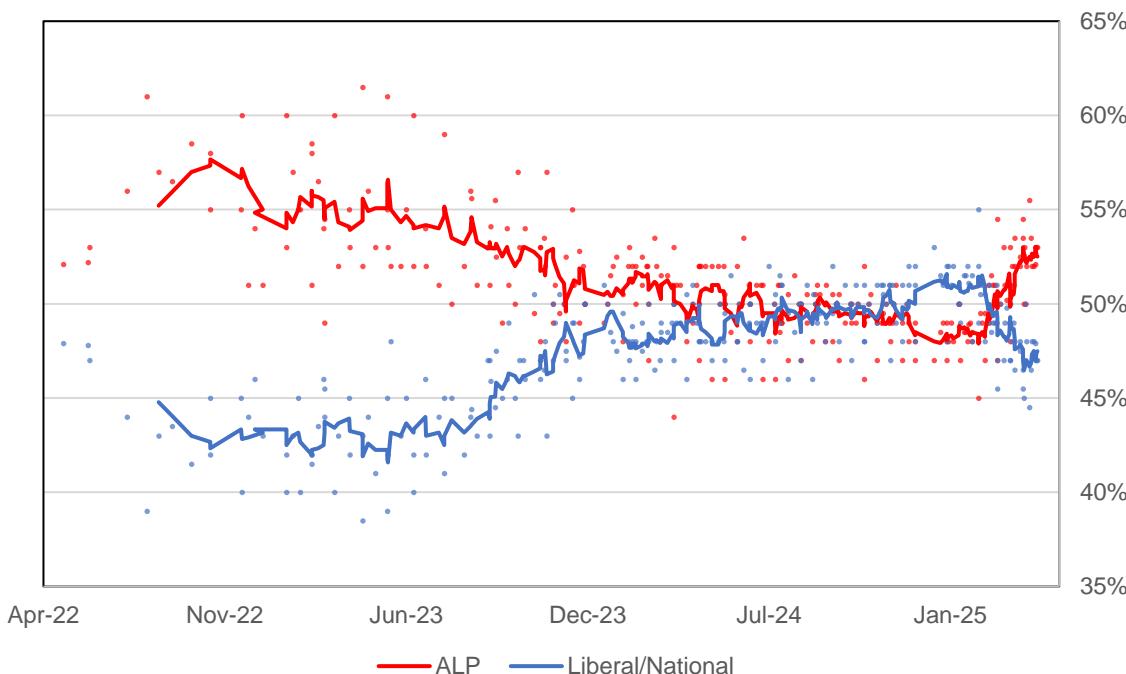
Source: Essential, Roy Morgan, Resolve Strategic, YouGov, Newspoll, Redbridge/Accent, Freshwater Strategy, DemosAU, ANU, Spectre Strategy/Dynata, MNI

**Chart 3. Preferred Prime Minister, % and 6-Poll Moving Average**
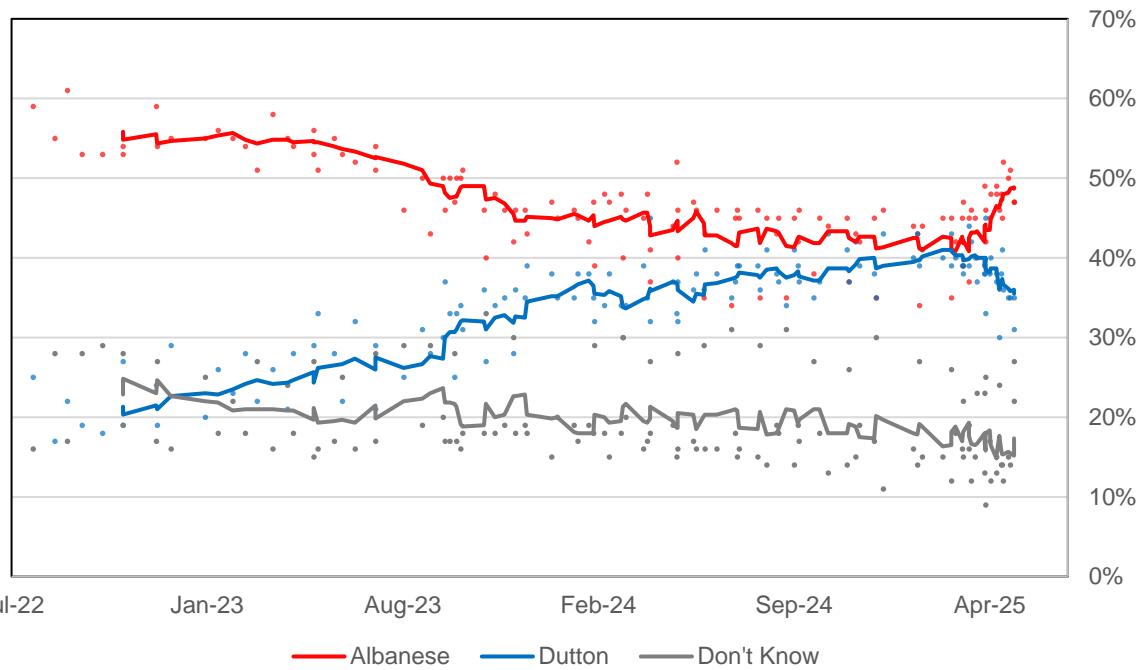
Source: Essential, Resolve Strategic, YouGov, Newspoll, Freshwater Strategy, DemosAU, JWS Research, Spectre Strategy/Dynata, MNI

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Chart 4. Leadership Net Approval Ratings, % and 6-Poll Moving Average
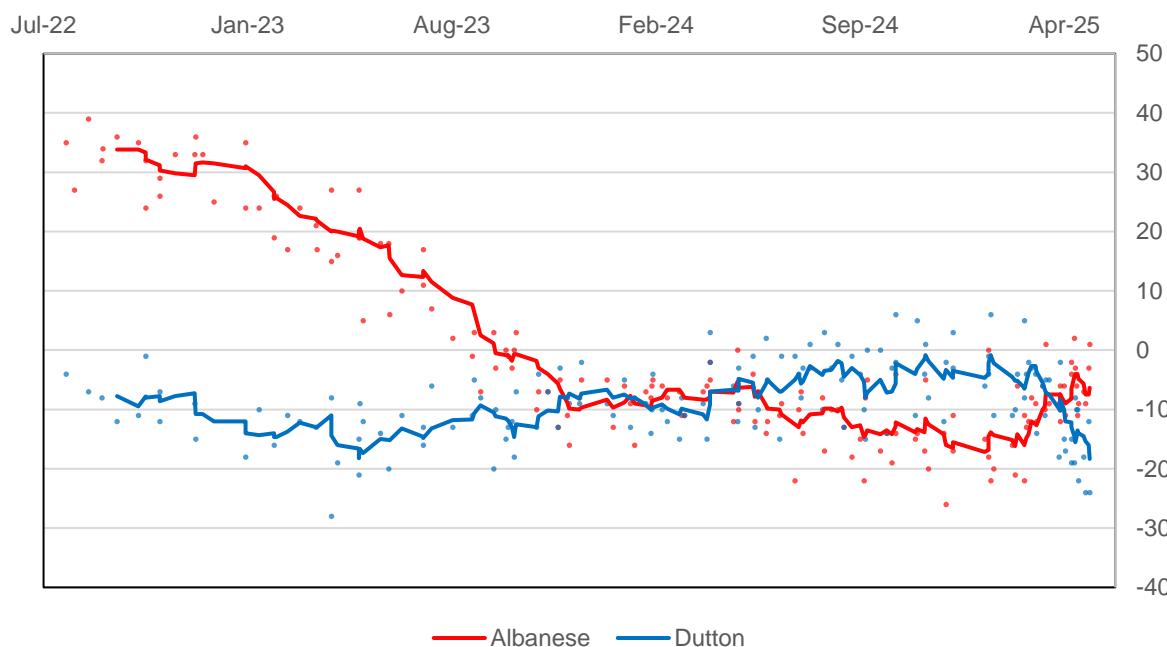
Source: Essential, Resolve Strategic, YouGov, Newspoll, Freshwater Strategy, DemosAU, JWS Research, Spectre Strategy/Dynata, MNI

Chart 5. Betting Market Implied Probability, Parliamentary Election Winner (Largest Party), %

Source: Polymarket
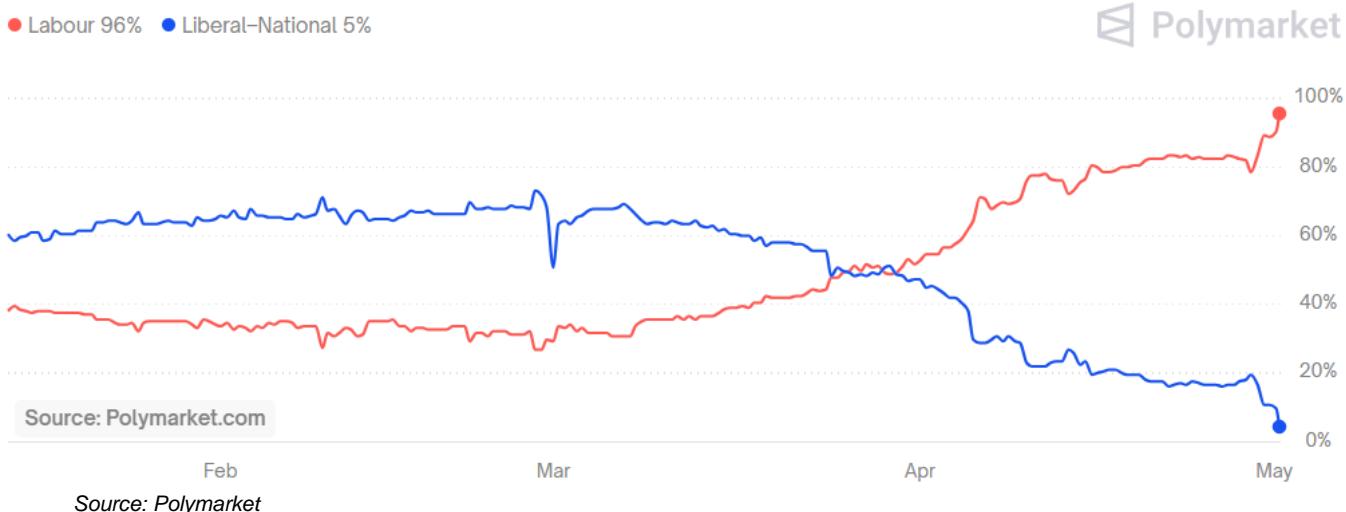
## Chart 6. Betting Market Implied Probability, Next Government of Australia, %

● Labor majority 66% ● Labor minority 30% ● Liberal–National minority 6%
● Liberal–National majority <1%

Polymarket

Source: Polymarket.com

Source: Polymarket
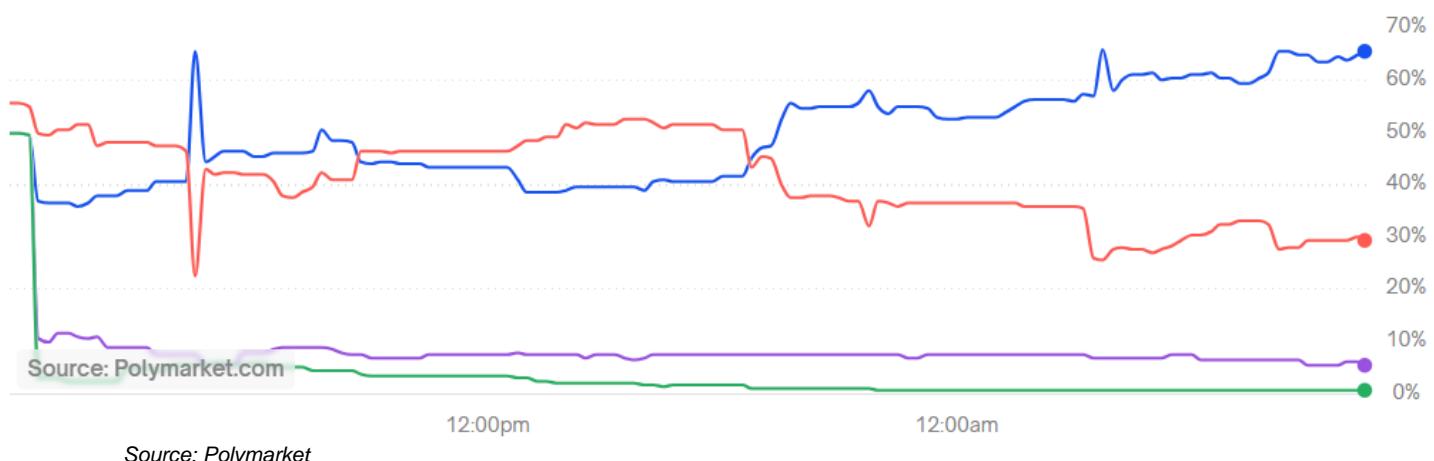
Chart 7. Low, Central and High Estimates of Federal-Level results from YouGov Australia MRP Model

	Low	Central	High
Labor	76	84	85
Coalition	45	47	53
Greens	2	3	5
One Nation	0	0	0
Independents	13	14	16
Others	2	2	4
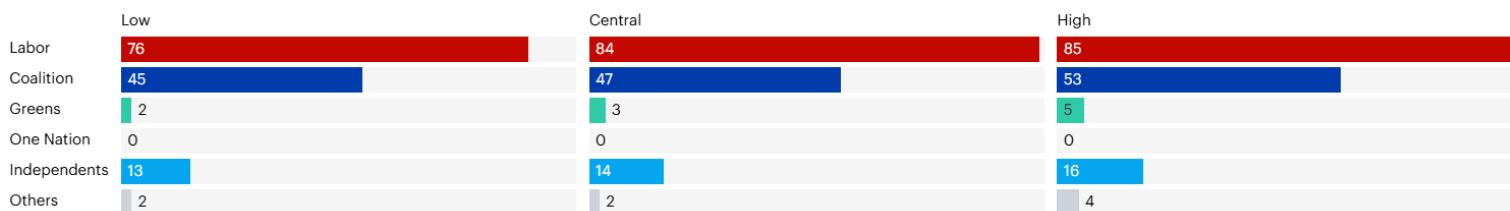
Source: YouGov. YouGov conducted 35,185 interviews with Australians between 1 and 29 April 2025.

Chart 8. Central Federal-Level Seat Estimates from YouGov's Three Australian MRP Models

Labor
66 — 16 Feb MRP
75 — 30 Mar MRP
84 — 1 May MRP

Coalition
73 — 16 Feb MRP
60 — 30 Mar MRP
47 — 1 May MRP

Others
11 — 16 Feb MRP
15 — 30 Mar MRP
19 — 1 May MRP

Source: YouGov.

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