

# Labor Landslide: Albanese Returns to Government in Australian Election

MAY 4, 2025



*Anthony Albanese arrives onstage at the Labor Party election night event. (Photo by Saeed Khan/Getty Images)*

## Key Election Outcomes

- Prime Minister Anthony Albanese has won the Australian election in a landslide, securing a clear parliamentary majority with a bigger-than-expected swing of almost three percent to the Labor Party.



- The Liberal–National Coalition endured a historic loss with Leader Peter Dutton exiting politics after losing his seat and the Liberal Party’s overall seat count projected to reduce from 58 to 39.
- Minor parties and independents saw mixed results, with the progressive Greens Party losing seats to Labor, while Teal independents held their ground and new community–backed independents made gains in former Liberal strongholds.

## What the Results Mean

- **Labor enters its second term with a far stronger parliamentary majority.** With up to 90 seats projected in the lower house, the Albanese government can now pass legislation through the House without crossbench support – and may only need the Greens plus one more crossbencher to clear key bills in the Senate.
  - While independents and minor parties won’t hold the balance of power, their strong performance will remain politically relevant, especially as Labor looks toward the next election.
- **Australians voted for stability amid an uncertain economic and geopolitical environment.** The Albanese government did not campaign on major economic reform, shifts in defense spending or foreign policy – something which may limit the room for maneuver if global conditions force bolder decisions. However, the Prime Minister has more political capital to sell change if circumstances warrant it.
- **The election delivered a strong repudiation of the “Americanization” of policies.** Labor framed Dutton as ideologically aligned with Trump and voters rejected that agenda in decisive terms.
  - Albanese’s government will now need to carefully thread the needle in tariff negotiations, standing up for Australia with the authority of a renewed mandate without antagonizing the Trump administration on the alliance.
- **The government is expected to maintain broad policy continuity.**
  - **Defense spending will remain at planned levels, with limited pressure for significant increases beyond the acceleration of USD 639 million (AUD 1 billion).** Industry advocates for a more assertive defense posture will be disappointed, though external factors including United States and China relations could influence near–term decisions. Shadow defense minister



Andrew Hastie retained his seat in the election and will provide robust opposition scrutiny on defense matters.

- **A renewed emphasis on sovereign manufacturing is expected.** Labor will advance its Future Made in Australia agenda, investing in domestic industries to enhance economic resilience. This includes support for sectors like clean energy, critical minerals, and advanced technology manufacturing, including through the National Reconstruction Fund.
- **The government will push ahead with its renewable energy initiatives but faces mounting pressure to secure domestic gas supply.** Amid warnings of gas shortfalls by 2028, Labor may compel exporters to prioritize domestic supply. Policies supporting electric vehicles and emissions reductions are also likely to be further developed.
- **Digital policy will remain steady, with Labor to continue its regulatory approach to big tech.** It will push forward on the News Media Bargaining Code and ban on social media for children under 16. While Labor did not make campaign commitments on artificial intelligence (AI), data, or cyber policy, Treasurer Jim Chalmers named an 'embrace' of technology as a top priority in a post-election interview on May 4. The challenge for policy will be balancing a proclivity to regulation with the imperative for industry development and innovation.

## Implications for Business

- **Labor will use its stronger mandate to accelerate delivery on key priorities and election commitments.** Aligning business strategies to the government's agenda will get business a hearing.
- **There is not much room for new spending given the budgetary outlook.** Business initiatives framed as improving the efficiency or effectiveness of government will be preferred to new spending schemes.
- **Stakeholder engagement to advance the business-government dialogue is also important.** Stakeholders who can influence government include employees/trade unions, suppliers, customers, and local communities where businesses are located.



## Looking Ahead

- **Albanese will look to conduct a cabinet reshuffle to reflect both electoral outcomes and second-term priorities.** He has committed to keeping senior ministers including the Deputy Prime Minister and Minister for Defence Richard Marles, Treasurer Jim Chalmers, and Foreign Minister Penny Wong in the Cabinet.
  - TAG sources indicate that Minister for Defence Industry Pat Conroy is well-positioned to take over from Richard Marles as Defence Minister, if Marles decides to shift portfolios. Marles is a candidate to replace Foreign Minister Penny Wong if she were to retire this term. Wong comfortably retained her seat and will continue in her current role for now.
  - If Conroy is promoted, several names are circulating for the defense industry role including Matt Keogh, currently Minister for Veterans' Affairs and Defence Personnel, and Luke Gosling, who previously held a special envoy role for defence and veteran affairs.
  - The Liberal Party will now have to find a new leader and conduct a root and branch review of policy and campaign operations. There is no clear successor, though Shadow Treasurer Angus Taylor, Deputy Opposition Leader Susan Ley, Shadow Minister of Defence Andrew Hastie, and Shadow Minister of Immigration Dan Tehan have emerged as potential contenders.
- **The government's immediate legislative focus will center on delivering campaign commitments on cost-of-living relief, while several major policy decisions are expected by the end of 2025.** These include the selection of a preferred design for the new general-purpose frigate; delivery of the review of the Australian Submarine Agency; the implementation pathway for the legislated social media ban; and potential regulatory changes to support battery storage, critical minerals processing, and clean energy manufacturing under the Future Made in Australia agenda.