

Buck stops with you, PM warned

EXCLUSIVE

DENNIS SHANAHAN
DAVID CROWE

Malcolm Turnbull is being warned against any “blame shifting” over his election strategy when he faces Coalition MPs today, as he prepares for a test of his authority by holding out an olive branch on superannuation tax hikes to prove he is listening to colleagues.

Former Liberal Party president Shane Stone slammed the “whispering campaigns” over the poor election result and the attempt to blame party officials, declaring that the Prime Minister had to recognise mistakes and deal with them quickly.

“How convenient to shift the blame. We in the Liberal Party are good at this,” said Mr Stone, who wrote the famous memo about a “mean and tricky” government that was a wake-up call for John Howard and the Coalition in 2001.

“Big win and the leader is a hero, a close call — blame the pollster and director.

“Let’s be clear. A campaign involves a collective parliamentary leadership team — that would be Malcolm Turnbull, Julie Bishop and George Brandis, and the director informed by his key lieutenants and the pollster.”

The warning comes as MPs gain ground in their push for changes to the \$6 billion tax increase on super that stung Coalition supporters when it was included in the federal budget, with Mr Turnbull and Scott Morrison now open to “technical” changes that could soften the reforms.

The leading option for compromise is to exempt some groups — such as those who have inherited large sums — from a controversial \$500,000 lifetime cap on the amount people can put into their super funds from after-tax income or savings.

Rudd’s UN rule the first point of order for cabinet

EXCLUSIVE

GREG SHERIDAN
FOREIGN EDITOR

The future of Kevin Rudd will be a first order of business in an early cabinet meeting for the newly re-elected Turnbull government.

Probably in a cabinet meeting next week, the government will have to decide whether to formally nominate the former Labor prime minister as a candidate to succeed Ban Ki-moon as Secretary-General of the UN.

The issue could be divisive for the government because the most conservative members of cabinet are known to hold reservations about supporting the former Labor leader at the UN, as do several Liberals outside cabinet.

The timing of any

Softening his stance yesterday, Mr Turnbull said he was “listening very keenly” to his colleagues and ready to discuss changes on the “technical details” in the super tax reform package, a comment that triggered Labor claims of a “humiliating” backdown.

Liberals are mounting a separate push to ensure they do not lose powerful positions in Mr Turnbull’s cabinet reshuffle, which is expected to promote Nationals minister Matt Canavan into cabinet without offering a similar boost to Liberal frontbenchers.

The ministerial changes are expected to be minor when announced this afternoon, but Mr Turnbull is being urged to use the opportunity to promote conservative MPs — even if that means



Kevin Rudd

nomination is dictated in part by the UN calendar and is both urgent and delicate.

The first significant stage in the selection process comes on Thursday, when the UN Security Council will take a straw poll to see which candidates have strong support.

There are already a dozen candidates in the field and a couple more — beyond Mr Rudd — could yet nominate.

The first straw poll will not be decisive. At best, it might eliminate a couple of candidates. It is thought that announcing Mr Rudd’s candidacy a day or two before the first straw poll would mean he would enter that contest

Continued on Page 4

replacing Richard Colbeck, a minister whose Tasmanian Senate seat is in doubt.

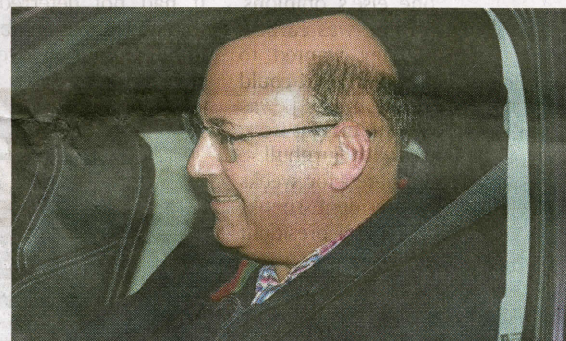
Mr Stone, the former Northern Territory chief minister who has raised “millions” for Liberal Party election campaigns, squarely blamed the proposed changes to super for limiting donations and fuelling a backlash from Liberal supporters.

The new federal director of the Liberal Party, Tony Nutt, who became the Prime Minister’s chief of staff after Tony Abbott was dumped, and longstanding party pollster Mark Textor are both

Continued on Page 5

MORE REPORTS P4-5
COMMENTARY P12
EDITORIAL P13

The buck stops with you, Turnbull warned



CAMERON RICHARDSON

RAY STRANGE

Tanya Plibersek and the PM welcome home HMAS Darwin in Sydney yesterday. Top: Tony Abbott with mum Fay yesterday, and Arthur Sinodinos at The Lodge

Continued from Page 1

being criticised by Liberal MPs for the poor Liberal campaign. MPs and state party officials claim the advice they received on polling in marginal seats was not accurate and the advertising campaign lacked attack ads aimed at Bill Shorten and negative portrayals of the Labor policies and record.

There are also claims the Crosby-Textor campaign techniques using positive advertising in the failed Queensland state Liberal campaign last year were not adjusted for the federal campaign.

Crosby-Textor advised former Queensland Liberal premier, Campbell Newman in last year's loss, but found that it was his unpopularity that was the main cause for defeat.

Mr Stone told *The Australian* from London last night that the Turnbull government must "learn from John Howard, recognise something is not right and deal with it".

"Get ahead of the game," he said.

Mr Stone urged the parliamentary leadership to take responsibility for the campaign and said laying the blame on Mr Nutt or Mr Textor would create distrust and dysfunction when the government needed to be united.

"The pollster crunches the numbers and trends," he said. "He

Government MPs worried about backlash on super

ROSIE LEWIS

Coalition MPs have returned to Canberra anxious about how to recover from losses suffered at the federal election, admitting they are concerned about the backlash to proposed superannuation changes during the eight-week campaign.

Liberals and Nationals said last night they were determined to regroup after their near-death election experience, saying they wanted to prove to voters that

they understood what issues mattered most — the cost of living, jobs and the economy.

Environment Minister Greg Hunt signalled that the government would ramp up an attack on Bill Shorten after Labor's so-called Medicare campaign hurt the Coalition and was credited with producing a much closer election result.

"We will launch a vicious assault on Bill Shorten and Labor's economic vandalism, we will be lifting the assault on a negligent, irresponsible, economic vandalism," Mr Hunt told *The Australian*.

"At the end of the day their prescription is to leave the bill for the next generation, leave

people worse off in their cost of living and ultimately take measures which will erode and destroy jobs."

While he claimed the mood within Coalition ranks was "very buoyant", he conceded the government had not always focused on what many Australians cared about, with a campaign fixated on company tax cuts and innovation.

"You've always got to listen to the public and the public has made clear that they want a real focus on their cost of living, particularly for those who are more vulnerable," Mr Hunt said.

Half a dozen MPs who flew in to Canberra last night ahead of drinks with Malcolm Turnbull at

The Lodge expressed concerns about key superannuation budget measures.

The most worrying was the \$500,000 lifetime cap on after-tax super contributions backdated to July 2007, according to Nationals backbencher Michelle Landry, who predicted a fiery partyroom meeting today. "That's something I am concerned about," she said. "It'll be an interesting couple of days."

Liberal backbencher Cory Bernardi, who kicked off his own conservative movement in response to his party's poor election showing, said the Coalition had to provide certainty in superannuation.

gives advice: emphasis on advice. He doesn't execute the strategy; that's not his job. The current whispering campaign against Textor and Nutt will lead to a lack of trust and dysfunction in the administrative and parliamentary wings at a time when we need to be working together."

Mr Nutt and Mr Textor will address the Coalition meeting today at a time when MPs are blaming the super reforms for discouraging donors and volunteers at the election.

Liberal Party MPs are expected to endorse Mr Turnbull as leader

and Julie Bishop as deputy in the first official meeting of the day, with no sign of a challenger to Ms Bishop's position. The Nationals will then join their colleagues for a full Coalition meeting.

In what was seen as a rebuff to Mr Turnbull, his predecessor Tony Abbott did not attend a social function at The Lodge last night, where dozens of Coalition MPs came together for drinks ahead of today's formal meetings.

As the MPs gathered for the celebration, Mr Abbott posted a photograph on Facebook showing he was catching up with his

mother, confirming reports he would not attend Mr Turnbull's function.

Mr Abbott is not expected to be returned to cabinet in today's ministry, but Mr Turnbull is being urged to promote younger conservatives such as Victorian Michael Sukkar and ACT senator Zed Seselja to show he believes in the "broad church" of the party.

It is expected the cabinet will be expanded to 23 positions to include Senator Canavan, who is Minister for Northern Australia but is in the outer ministry.

After Mr Turnbull promised

the Nationals two new frontbench positions, he has little scope to promote a Liberal to any position.

MPs believe that the only way to promote new Liberal frontbenchers would be to confront the likely loss of Senator Colbeck now, rather than when the final Senate count is revealed in coming weeks, and free up a vacancy in the outer ministry.

This could allow the promotion of an assistant minister, such as Karen Andrews or Angus Taylor, and then facilitate the move of a Liberal backbencher into the ranks of assistant ministers.

Liberals' day of reckoning

Malcolm Turnbull must take responsibility for the campaign

Before they can govern effectively to save Australia's AAA credit rating with budget repair, foster economic growth and maintain national security, the Coalition's senior partner, the Liberals, must put their own house in order. Today's party room meeting, unusually, will be attended by strategist Mark Textor and the federal Liberal Party director Tony Nutt. It is a chance for members to air the recriminations that have built up as a result of the party's passive election campaign and its near-death result on July 2. As former Liberal Party president Shane Stone says, Malcolm Turnbull was responsible for the tone and strategy. He must own his misjudgments and would make a bad error if he tried to shift the blame.

The Prime Minister needs today's meeting — and whatever goodwill he generated at last night's party at The Lodge, which Tony Abbott avoided — to clear the air. But Mr Turnbull's expected decision to leave Mr Abbott out when he announces his cabinet will cause the resentments among members on the right of the parliamentary party and among parts of its base to linger.

Wisely, Mr Turnbull has signalled he will listen to members' concerns about voter reaction to proposed changes to superannuation tax concessions. If the superannuation proposals are to be modified, those pressing for changes should put forward alternative measures to save about \$2.2 billion. Preferably, these would not need legislation to be implemented or would stand a realistic chance of winning opposition, Green or crossbench support in the Senate.

Despite tensions, the Coalition is starting the new term with a good strategy to make significant welfare savings by circumventing Senate

roadblocks. As David Crowe reported on Saturday, the government is about to roll out new compliance measures to reduce fraud and reverse welfare payments to recipients who do not qualify. The plan should save \$2bn. As *The Australian* has pointed out since the election, Mr Turnbull's team needs to find non-legislative options, such as these, to repair the budget, avoiding obstruction from opponents eager to spend taxpayers' money. Because such avenues are limited, Social Services Minister Christian Porter and other ministers must also negotiate with Nick Xenophon, Pauline Hanson and others to secure wider savings.

If the Coalition is to maintain support beyond NSW and Victoria, today's and future party room meetings should also scrutinise the impact of its policies on jobs growth around the nation. As reported on Friday, our economy has become divided, with NSW and Victoria responsible for 218,000 new jobs created over the past year, with the rest of the nation combined adding only 3100 jobs. Government pump priming, however, is no solution. To the contrary, it is alarming, as David Uren reports today, that Deloitte Access Economics expects public sector spending to be the second biggest source of growth in the coming year after the resources sector. The commonwealth is expected to end its hiring freeze and state governments are also stepping up spending. Public sector spending has been rising since the 2008 global financial crisis and is set to surpass the level of stimulus spending — a situation that offers vast scope for fiscal tightening. Achieving it would demand unity and financial savvy, which is why the Liberals must resolve internal tensions as soon as possible.