

# Liberals' day of reckoning

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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.