



## TIDE TURNS ON COALITIONS SEA OF BLUE STATES

RICK WALLACE AND BRAD NORINGTON THE AUSTRALIAN JUNE 07, 2014

Additional reporting: Michael McKenna, Nicolas Perpitch

For a glorious, cigar-smoking, royal-blue moment it all seemed possible — Liberal governments coast to coast and a conservative regime in Canberra. But that dream turned to ashes in March when the party failed to secure a majority in South Australia, and the bungled negotiations with independents handed power back to Labor. Now, in the wake of the tough federal budget and the Jerry Springer-style sideshow of Liberal turned independent Geoff Shaw, Victoria is favoured to fall to the ALP and a messy post-mortem has begun even before the state election due in November.



In Queensland and NSW, not long ago seen as near-impregnable bastions for the conservatives, the flagging fortunes of Premier Campbell Newman and the impact of the NSW Independent Commission Against Corruption's impact on the O'Farrell and now Baird governments have prised the door ajar for the ALP. Liberals have begun pointing to weaknesses in the party's apparatus in many states and wondering darkly if Labor will again become almost the default party of government at a state level.



Victorian Liberal turned independent Geoff Shaw. Picture: Ian Currie *Source: News Corp Australia.* To paraphrase Oscar Wilde, to lose one state might be seen as misfortune, but to lose another in such quick succession starts to look like carelessness, or worse. There hasn't been a one-term government in Victoria since 1955, but discussions among some Liberals have taken on the tone of a post-mortem and the polls and betting market have the ALP as firm favourite to retake power.

The ALP is desperate to talk down its prospects, but the fact that it is pushing madly to expel Shaw over alleged expenses rorts says it is confident of snatching the marginal Liberal seat of Frankston in a by-election, even though it would be fought on old electoral boundaries that favour the Liberals more than the new post-redistribution boundaries that would apply in November. Meanwhile, the soul-searching among the Liberals has lifted the lid on an extraordinary breakdown in relations between the federal and state divisions over the federal campaign that may have reshaped the political landscape.

The Napthine government has not led the ALP on Newspoll figures for more than 18 months, except for a blip in the middle of last year. Last month's state budget was supposed to be the pivot point for Denis Napthine's Liberals to shed the legacy of paralysis from the Baillieu years and prise back the advantage from the ALP.



Michael O'Brien . "(Treasurer) Michael O'Brien did a good job of reframing the contest around jobs and infrastructure in the budget, but then he has to hand the keys back to the same f..kwits who have been running the shop," one Liberal source said.

Much of the boost provided by a smart and savvy state budget has been eroded. First by Joe Hockey's budget — which a buoyant ALP insists is the electoral equivalent of Sarin gas.

Even at the state level — and then by the circus surrounding the accused rorter Shaw and his incessant threats to bring down the Napthine government, which holds power by a wafer thin margin. The Shaw issue may be able to be managed through delicate parliamentary wrangling, but it is the federal budget that may prove the more enduring difficulty for the Liberals, with the ALP already seizing on the ramifications of cuts for health and education in Victorian marginal seats.



"Every piece of Labor material for the election will have a photo of Denis Napthine standing beside Tony Abbott," one ALP operative said.

"Tony Abbott has totally changed the Australian political landscape by delivering this budget, which has gone down like a lead balloon. "But it is not just Tony Abbott — people have been marking this government down for two years.

The government is a shambles and the party organisation is a shambles." It is a view echoed by disgruntled Liberals, who say everything you need to know about the state division, and the relationship between the Abbott government and the state party, you can deduce from last year's federal election result in Victoria.



"Obviously we massively underperformed in terms of picking up seats. By any metric, we were the worst-performing state," one Victorian Liberal told Inquirer. The Coalition holds just 16 lower-house seats out of 37 in Victoria despite the massive national swing that elected the Abbott government, and its hopes of picking up Bruce, McEwen, Melbourne Ports and a range of other vulnerable ALP seats last year turned to dust.

Arguably worse still was the party's tragicomic performance in two regional seats. In Mallee, for decades a grain-belt stronghold for the Nationals, a quixotic Liberal tilt against the Coalition partner ended in failure when the former Europe-based lawyer and UN staffer they preselected was "smashed" by a former Victorian Farmer's Federation president and farmer. And the party surrendered one of the jewels in its regional crown, Indi, to an independent, with Cathy McGowan ousting controversial Liberal MP Sophie Mirabella.



Sophie Mirabella. "To lose Indi — what a joke," one Liberal said. "The feds are extremely worried about the Victorian Liberal Party. They think it is a weak division and it has got a weak culture. They are shocked that we could lose a seat like Indi."

Another source says money earmarked for the ultimately unsuccessful assault on Labor-held metropolitan marginals was redirected at the last minute into the battles for Mallee and Indi.

"They poured over \$1 million into Mallee and, having picked this fight with the Nats, the Nats offered covert support for McGowan against Sophie in Indi," he said. Defenders of the federal campaign in Victoria said not much money was spent in Mallee and, because Victoria was a "different market", the large margins in metro seats proved too hard to overcome. Senior Nationals sources said there was no retribution for the Liberals running in Indi and Nationals ministers had campaigned for Mirabella and a joint how-to-vote card had been issued.

Perhaps the most salient point about the wreckage of the party's federal campaign in Victoria is that the Abbott government has few marginal seats it needs to defend in the southern state and few hopes of gaining additional seats. That has meant, according to some observers, a willingness for the Abbott government to throw Napthine under a bus through its reluctance to assist embattled automakers and the SPC Ardmona Shepparton cannery.



Denis Napthine. "The reason that Victoria is being f..ked over by the feds is because Tony Abbott doesn't need Victoria to win the next election. He cannot go further backwards here than the last election," one political player said. "Tony Abbott doesn't need Napthine."

Denis Napthine needed Tony Abbott, but Tony Abbott delivered his budget and he f..ked him." Some Liberals believe there are more systemic problems facing the party at a state level. "I think it was (former Liberal senator) Alan Missen who said the Liberal Party was in danger of turning into a tennis club.





Tony Snell. Well, we are back to the Alan Missen days," he said. "We have the cucumber sandwiches and we clap everyone and no one takes responsibility for anything. If we lose, it's (seen as) a black swan event. If we lose this time, they will say it's all because of Abbott. "What's wrong with the party? It's run by second-rate people these days. In Victoria we have a very weak president and weak executive. They won't get rid of the dead wood among the MPs. "Too many of the divisions are run by people who love shuffling paper. They are not political warriors."

The exception that Liberals point to is Queensland, where the Liberal National Party machine is a juggernaut. effortlessly raising money under hard-man president Bruce McIver, who has built up a war chest of more than \$50m. Ian Smith, a consultant who has worked for Victorian and South Australia Liberal governments, said it was wrong to suggest there was a systemic problem with state divisions.

"Try to cast your mind back to when it was wall-to-wall Labor, which wasn't that long ago. It is just a natural reflection of the natural vagaries of politics. It is going to ebb and flow," he said. "In the case of what's happening in Victoria at the moment, and what's happening in South Australia, it's about the behaviour of individuals in many respects."



Steven Marshall. In South Australia, the Liberal Party secured 53 per cent of the two-party-preferred vote but electoral boundaries kept it from power.

Although it was ultimately outpointed by Jay Weatherill and Labor in the negotiations with independents to form a majority, and has suffered the defection of former leader Martin Hamilton-Smith to the ALP government, Liberals believe leader Steven Marshall and the party machine haven't necessarily done a bad job.

Smith, though, does acknowledge there is a brain drain of conservative staffers and candidates due to the gravitational pull to the federal arena that accelerated once it became clear the party would win power in Canberra under Abbott. "It's like the difference between the Premier League and a bunch of pub footballers," he said. "The standard of state politicians is just not up to that of federal politicians in the weaker states.

**"The challenge for the Liberal Party is to get people to leave well-paid jobs in the private sector to lesser-paid positions in state politics with no certainty. "That problem plagues the Liberal Party more than Labor, where candidates don't always come from that background. "Experienced staffers are hard to get in the smaller states. It's not difficult for Labor — staffers are out there looking for jobs and there's only one Labor government at the moment."**

In Queensland and NSW, where the ashes of those tired ALP state regimes are barely cold, the conservative parties find themselves with their backs against the wall already, in a

phenomenon some say is linked to a compression in the media and political cycle. "I think the orthodoxy is changing — the more rapid media cycle means we are more likely to see one-term governments," one senior figure from the former Gillard government said.

The ICAC in NSW, a creation of the Liberal Party, has proved adept at chewing up the political careers of its political representatives, but voters will have long memories of the dysfunction and criminality that infested the ALP during its time in government. It has been a particularly bruising few months for the Coalition in NSW — Abbott's own political base — but the outlook is not as bleak as recent events suggest.

Ordinarily, a corruption scandal that forced the resignation of a state premier and two ministers, and led to three party members sitting on the crossbenches as independents, would suggest a government in crisis. Even on the electoral skids. But Premier Mike Baird has a huge buffer in the parliament and recent polls still put the Coalition ahead in NSW, 53 per cent to 47 per cent, despite the ICAC-related difficulties.



Barry O'Farrell. Barry O'Farrell's forced exit over a handwritten note that contradicted his claim that he had not received a \$3000 bottle of Grange has not turned off voters to any significant degree, even if 58 per cent, according to one poll, do not believe his excuse of a "massive memory fail". A Galaxy poll taken a week ago found only 46 per cent could name Baird as Premier, suggesting he will need to work hard to establish himself ahead of the state election due on March 28 next year, under the fixed four-year term schedule operating in NSW.

The greatest factor working in Baird's favour, meanwhile, is the weakness of the Labor opposition. NSW Labor remains toxic for voters, who have not forgotten its 16 years in office that included a succession of premiers promoted by backroom party deals and just as swiftly torn down in the midst of scandals much worse than anything witnessed since the Coalition took the reins. That is not to say the Coalition's pain is over. The common thread of recent inquiries by the ICAC has been Labor powerbroker Eddie Obeid and his murky links to people on both sides of politics.

The ICAC is still to deliver findings later this year on Obeid's links to former NSW Coalition energy minister Chris Hartcher and Liberal businessman Nick Di Girolamo. The future of resigned police minister Mike Gallacher is also under a cloud, as an investigation continues into his alleged links to illegal donations from building developers. The broader problem for the Prime Minister is how the NSW corruption scandal will play into public perceptions of donations to the Liberal Party at an organisational level. And the involvement of former minister and fallen star Arthur Sinodinos in the recent inquiries is another federal link.

In Queensland, voters have certainly soured on Newman's government, which seized power in March 2012 with the largest win in history, reducing the Labor Party to a rump. The latest Newspoll points to a 10.8 per cent swing away from the government, which would see it lose a swag of MPs but retain office. Pundits say Newman's abrasive style and his overreaching on law and order has turned public opinion against him and, to a lesser

extent, the LNP. But veteran observers of the Queensland political scene believe voters' memories of the debt and bloated bureaucracy left by the ALP, along with the support of the powerhouse state division, might be enough to get the LNP government home when the state goes to the polls in March next year.



Colin Barnett. West Australian Premier Colin Barnett. *Source:*News Corp Australia. In Western Australia, a slowing economy and the resignation of Treasurer Troy Buswell after a late-night car crash have put the skids under Colin Barnett's government to an extent, but an election is not due until 2017 and Barnett has a reasonable majority. Labor leader Mark McGowan keeps chipping away at the government, but more broadly the ALP is in disarray after its disastrous showing at the Senate re-run election, where it won only one seat.

It is far from certain that Abbott will find himself dealing with a clutch of Labor states, but it is worth pondering whether or not that really matters. Sources from both sides of the political divide tend to think not, even though federal-state relations are at a low ebb after the funding agreements on health and education were torn up in the federal budget, leaving the states billions of dollars in the hole. For the Liberals, the dream of an all-blue electoral map has gone, but hardheads know that even if it ever came to pass it would rarely be for any length of time and may not prove an advantage.

Instead, they say, political leaders have become adept at forging alliances across the political aisle, citing the close ties between Jeff Kennett and Paul Keating, Mike Rann and John Howard, and Steve Bracks and John Howard. The former Gillard government figure said the relationship between Julia Gillard and O'Farrell in securing the Gonski education reforms was a good example, in which the NSW premier stared down threats from his party's federal wing to do a deal he judged to be in his interests.

"Where you have shared values — and more importantly shared interests — you will often see these partisan divides overcome," the figure said. Another ALP source said Abbott was likely to find the conservative states would be the hardest. "You look at what Newman, Napthine and Baird have said about him: you feel most betrayed by your family than by people who are your enemies," he said.

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