

# Review of the 2010 Federal Election

By

The Hon Peter Reith



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# THE 34 RECOMMENDATIONS

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1. That the 2008 Staley Report and the 2010 Leeson Report be provided to all members of the Federal Executive, that the Federal Director report in writing on what has been implemented from the 2008 Staley Report and that Federal Executive hold a separate meeting to discuss this report.
2. That copies of earlier reports, including the 2006 Staley Report on the Victorian Division, be made available, upon request, to all members of Federal Executive for their consideration.
3. That policy work be given high priority and that the Advisory Committee on Federal Policy establish a work programme to obtain briefings on key policies from shadow Ministers before the end of 2011.
4. Amend existing rules for attendees of the Advisory Committee on Federal Policy so as to allow any member of the Federal Executive to attend as an observer.
5. That the Menzies Research Centre be requested to undertake a major piece of research on the issue of productivity and, in so doing, involve members of the public as well as Liberal Party members.
6. That the Federal Campaign Committee, as part of its preparation for the next campaign, set in place a process to evaluate the effectiveness of the communications campaign expenditure in the next election.
7. That the Staff Planning Committee review State and Federal party opinion polling activities to better coordinate polling and to avoid the potential for unnecessary overlap and duplication and to report to Federal Executive.
8. That the Staff Planning Committee report back to the Campaign Committee within two months with an action plan to coordinate a renewed effort on issue specific campaigning.
9. That the Federal Finance Committee resume regular meetings and carry out its functions as specified in clause 75 of the Constitution, namely, to "provide for the financing of the Federal Council, Executive and Secretariat" and "receive from each Division a budget and Financial Statement". And further the Committee address the options to eliminate fund raising overlaps.
10. That the Federal Executive establish a Joint Unit for the operation of a high volume/low value system of fund raising, that agreement be sought with Divisions and the Federal Organisation on 1) a governance structure that involves genuine participation by all Divisions and the Federal Organisation and 2) a budgeting and sharing formula for fund raising and fund distribution that assures members of the Party that the JU operates in the common interest of all.
11. That the Federal Finance Committee agree a plan to resource the Federal Secretariat sufficiently to undertake the new fund raising activities.
12. That the Federal Secretariat be restructured to better manage Campaigning, Finances (including funding), Policy and Administration.
13. That the Federal Director appoint an in-house employee fund-raiser with an incentive scheme.
14. That, in advance of likely legislative changes, the current efforts to raise funds be redoubled for essential infrastructure, especially to enhance the Party's high volume/low value capability and issues specific techniques.
15. That the current practice of siting CHQ in a major city be continued for the next election but be reconsidered at a later date.
16. That a constitutional amendment be drafted and submitted to Federal Council to give the Federal Executive ultimate authority on the timing of federal preselections for seats in the House of Representatives.
17. That the concept of preselections by plebiscite be introduced for House of Representatives seats prior to the next federal election in all States.

18. That the preselection process for House of Representatives seats should as far as possible be uniform across the country by the establishment of a preselection template that emphasizes the need for preselections to offer choice and to enable widespread participation by Liberal members resident in the electorate. And further that Federal Executive sponsor in-house research into Liberal preselections so that the Party can better gauge members' views of the process and improve the format of preselections based on the experience of participants.
19. That the Party positively consider, subject to practicality, conducting two trial primaries for the forthcoming Federal election.
20. That the Staff Planning Committee develop a recommendation to Federal Executive for the implementation of the two primaries and in doing so consult widely including with the Menzies Research Centre.
21. That the Federal President be directly elected by the Liberal membership from all Divisions using a 'one member one vote' system.
22. That Divisional delegates to Federal Council, with the exception of Division office-bearers, be directly elected by the State Council or equivalent.
23. That Federal Executive should meet at least six times a year and that a work plan for the Executive be prepared.
24. That the Staff Planning Committee meet at least 6 times a year.
25. That the Federal Executive set goals annually for its own performance and regularly review performance through a sub-committee including 3 State Presidents.
26. That 5 of the Federal Executive's functions, as elsewhere described, namely administration, employment, KPIs (key performance indicators), the JU management group and Federal Executive Performance be managed within the Federal Executive's sub-committee structure so as to ensure the Federal Executive can focus on its strategic priorities; namely to restore the functions of the Federal Party as laid down in the Constitution and in particular focus on policy, membership, funding, strategy and campaigning.
27. That the Staff Planning Committee discuss and collaborate with Divisions on key performance indicators (KPIs) for MPs.
28. That the Federal President appoint a Federal Vice President to coordinate federal interest in membership issues.
29. That the Staff Planning Committee be asked to regularly collate membership statistics to be presented to Federal Executive through the Federal Vice President for membership.
30. That Federal Council adopt a policy for inclusion in the Constitution (Part V Membership) that all membership applications should be accepted automatically upon receipt; all members automatically become members at large and no new membership be challenged unless a written notice of complaint is lodged with the Executive of the relevant Division within 30 days and that Federal Executive examine options to implement this policy nation-wide.
31. That the Staff Planning Committee formulate a training proposal for Party activists, together with a proposal for resourcing, for consideration by Federal Executive.
32. That, with regard to federal redistributions, the Federal Executive adopt as policy that no Federal MP shall put a submission to the Australian Electoral Commission except with the prior approval of their Division given after Divisional consultation with the Federal Director.
33. That where a submission by a Federal MP in regards to a federal seat or seats, in the view of the Federal Director, may not be in the interests of the Federal Party, the Federal Director may refer the matter to the Committee on Electoral Matters.
34. Whilst Divisions should continue to manage the Party's interests in redistributions within their State, that the Federal Secretariat establish a technical sub-committee of the Staff Planning Committee to build up expertise on this topic.

# SECTION ONE

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## Introduction

In November 2010, I accepted a request from the Federal President of the Liberal Party to undertake a review of the 2010 Federal election held on 21 August 2010. I was given a broad mandate and as I met various candidates, Party officials and others, some people said that they felt previous reviews went straight to the top shelf and they hoped that my contribution may trigger necessary change. In response I made it clear that I wanted to hear what people thought of the campaign, both the good things and the not so good and that we should not be blind to our faults. I sought suggestions on what we need to do to win the next election.

Obviously, I am not charged with the implementation of the report but I do believe that everything I have suggested can be done and should be done. My hope is that the Federal Executive will accept my recommendations and put in place a process to ensure their implementation. The defeat of Labor at the next election is the highest priority but that means, in addition to the good work of the parliamentary team, the Liberal Party needs to be in good shape to play its part.

Overall, most people thought that the Party ran a good campaign in 2010 and that our team did an excellent job in going so close to toppling a government whose incompetence has become ever more apparent every day since the election.

One thing is for certain, whilst we did well in 2010 we can do better and we should not expect that Labor will repeat some of its more obvious mistakes from 2010. We know what we need to do to win next time and I have every confidence that we have the capacity to win back Government whenever the Labor Party can summon the courage to face the Australian people again.

I have never known any election that was not interesting or without surprise. Every election has its own character, moulded by circumstances, sometimes by design, sometimes by chance. The August 2010 election was marked by volatility, unprecedented factors and an exceptional result. In the months leading to the election, the Government installed a new leader, Australia's first woman Prime Minister, the Opposition leader was elected only a few months before Labor's open instability became public knowledge and the electorate's economic division (between the boom states of Western Australia (WA) and Queensland and the rest) played into the politics.

The mining tax proposal was poorly thought out, was fairly portrayed as a grab for cash, lacked an articulated rationale and came without a clear political strategy. This report is not the place to judge its merits but rather I note that few Governments have had the 'courage' to propose a new tax just before an election. The decision by Kevin Rudd, Julia Gillard and others to abandon the emissions trading scheme (ETS), described by Rudd as the 'great moral challenge of our generation' was an incredible 'own goal' and as politically inept as the mining tax. In consequence, Australia's reputation for economic and political stability was being questioned; no wonder that the Government's tenure was clearly in doubt.

The Coalition became noticeably more confident from when Tony Abbott took over the leadership over the Emissions Trading Scheme (ETS) policy issue on 1st December 2009. He gave the Coalition political momentum at the start of 2010. Until that point, some in the parliamentary leadership have told me that they had thought the Coalition could lose up to 20 seats if Rudd called an early election. The pre Christmas contest resulting in Abbott becoming leader finished off the ETS which was then buried in Copenhagen. From that point, Abbott united the Opposition. Over the next few months Coalition prospects were transformed. But it did not happen overnight as evidenced by the fact that the number of financial donations did not start to pick up until May 2010. It only dawned on people over the ensuing months that some seats might come within reach. It was some months before the Liberal Party realised it might also have the resources to win what had seemed to be 'dead red' seats.

The volatility is part of the explanation why we did not put the effort into some seats that seemed, with the benefit of hindsight, to be within reach in the few weeks before the election and even more so after the election.

The change in leadership turbo charged the Coalition's position. It allowed Abbott to turn his time and talents to bringing down Rudd. To his credit, Abbott sharpened the political differences between the parties. His campaigning successfully highlighted Government problems such as the massive waste in the government's implementation of the school hall building programme and the pink batts insulation programme. The arrival of more boat people and burgeoning debt from the stimulus package also became key symbols of the government's mismanagement. The other key dates were when Gillard became Prime Minister on 24 June 2010 and the announcement of the election on 17 July 2010. Even though, according to Newspoll, Labor held a TPP (two party preferred) lead of 52:48 on the weekend before Rudd's demise, the assessment by Labor's apparatchiks was that they were facing electoral defeat. This put the political pressure on Gillard and triggered the attack on Rudd which she justified by saying that the government "had lost its way". This was a remarkable concession that became the starting point for the election. As Prime Minister she could no longer seek electorate support for Labor's record. The election contest was effectively between two Opposition leaders highlighted by the decision by Gillard that she would not move into the Prime Minister's Lodge until she had a mandate from the electorate.

The campaign was significant in many ways noting however that the backdrop established the parameters for much of what was said and done. The Abbott mantra of stop the boats, cut the debt, stop the waste and oppose the mining tax came out of the maelstrom of the previous 6 months but its impact was enhanced by the discipline of the Abbott campaign and the simplicity of its policy. Despite the views of the Press Gallery, the polling shows that the public saw this mantra as real, substantive and positive. The mantra framed the campaign on the economy and immigration and left Labor looking negative and unable to campaign on their record.

By setting the agenda, the Coalition was able to run a consistent line in the advertising, which seemed pretty good to most people I spoke to and the press coverage (whilst never great for the Coalition) was not too bad.

It was the largest loss of seats by a first term government since 1931. Labor won 72 seats and the Coalition won 72 and one WA National MP. The Liberal and National Party Coalition won a net 14 seats, Labor lost a net 16. The Coalition won 70% of the seats in Queensland and 80% of the seats in Western Australia (WA). The Coalition picked up a seat in the Northern Territory. But in Victoria, South Australia (SA) and Tasmania the outcome was not unexpected but clearly not good enough. 45% of our seats come from Queensland and WA. The Liberal Party holds no lower House seats in Tasmania. Where it should be strong in NSW and Victoria the Coalition only has 34 seats (1 more than WA and Queensland). In the Senate the Coalition only won as many (17) as it won in 2007 when it lost office.

There was a big swing against the Government of 5.4% but the Coalition only got 1.5%; the balance went to the Greens. There were primary swings against the Coalition in Tasmania, Victoria and SA. It was their lowest TPP vote in Victoria and Tasmania since 1949 and the worst in South Australia (SA) since 1969. Victoria lost two seats; the worst outcome on seats of any State. The Greens had their best result yet. They got over 10% of the vote in all States. In Melbourne, Liberal preferences gave the Greens their first seat in the House of Representatives in a general election.

Despite the Coalition's good efforts, it is hard not to conclude that most voters wanted to throw out the Gillard government but they did not yet want to come across to the Liberal Party and install the Coalition. Instead many voters preferred the Greens who have a policy position further to the left of Labor.

# SECTION TWO

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## The Strategy

The Coalition's performance in the 2010 election has put them within striking distance of government at the next election. But that is not to say that we should automatically run the same issues in the next campaign.

After reviewing the issues I have formed the view that the national strategy was the right strategy. The results set out in the Introduction to this report are testimony to the success of the strategy. The overall picture is that we had a great campaign and full credit must go to the Parliamentary Leader and the Federal Director for their achievements.

The Queensland and Western Australian Divisions did extremely well and they deserve full recognition of their contribution to the national result.

In Queensland, we had some exceptional candidates like Wyatt Roy, Warren Entsch and Teresa Gambaro. They produced incredible results. Queenslanders were not happy with Rudd being "knifed" nor with the mining tax but, just as important, the campaign was of a high standard. This was also the first real electoral test of the newly established Liberal National Party (the LNP). The result vindicates the overwhelming judgement of rank and file members within the former Liberal and National parties that the future of our Party in Queensland is the LNP.

The Western Australian Division also ran a strong campaign and their fund-raising significantly supported the federal campaign. The mining tax was important but so was the good reputation of the Liberal brand thanks to the high quality of the WA Liberal Government.

It is also true that, from the outset, it was clear that the policy commitments to oppose the mining tax and to stop the boats would have greater impact in some States than others.

Therefore I examined more carefully, State by State, the issues that impacted on the result as much to understand what happened as well as what would be needed for the next campaign. A key issue for me was whether we should have done more in those States where we knew that the national message would not resonate so well.

So, for example, in my view, as elsewhere described, Tasmania was a classic case where more should have been done and particularly on policy. The Tasmanian package must be handled much better next time. I canvass the Tasmanian result in the section on the Leeser report later in this report.

In Victoria, I wanted to know why we won the 27th November 2010 State election and did less well at the federal election. For example, in the inner city seat of Prahran, we did not win a booth in the federal election but won the seat 3 months later when the State wide swing was more than 6%. I discussed the matter at length with various Victorians.

In the lead up to the Federal election the consensus of internal opinion was that we could lose up to 5 seats in Victoria so our over-arching approach was to defend seats. The prognosis at the start of the campaign was a spread of possibilities from "we might win one seat" to "we might lose two".

In Victoria, Gillard had a home town advantage over Abbott. She also attracted support because she was new and Australia's first female Prime Minister. The Higgins by election showed that Victorian voters initially prefer federal leaders to come from Victoria but, as has happened already to Abbott, they warm to Sydneysiders as they get to know them better. Victorians are less interested in the mining tax and boat people issues.

Given Peter Costello's former prominence as the Treasurer from Victoria, the lack of a prominent Coalition figure from Victoria ( despite the excellent efforts of Andrew Robb) probably also had impact. Needless to say, economic management is a key strength for the Coalition and so our presentation to the electorate needs to be well formulated and strongly advocated.

The Victorian campaign, on the ground, seems to have worked well. Candidates such as Jason Wood in La Trobe and Sarah Henderson in Corangamite ran good campaigns which produced good numbers in our polling. Deakin was a good campaign as was McEwen although the retirement of Fran Bailey in McEwen was a blow to our prospects.

But the general political climate in Victoria was not so propitious. It seemed that Labor was not “on the nose” in Victoria as it was elsewhere. There had been a swing to the State Liberals in the Altona by-election in 2009 but the big State election swing that came later was not then apparent. The Federal outcome certainly helped the later Victorian state election. The political uncertainties of a close result and the 17 days of agony with the federal independents may have contributed to the result in the later Victorian election. The Greens success federally certainly was a factor in the very important decision to preference the Greens last. This galvanized many votes and strengthened perceptions of Ted Baillieu. The Victorian State campaign was more telling than usual. Coverage of State politics is generally quite limited prior to an election so the campaign provided the opportunity to ram home many issues that had been bubbling along below the surface. The State Liberal advertising and campaign on waste of public funds on projects such as the desalination plant and the transport card known as “myki” hit the mark whereas Brumby’s campaign was all about Brumby rather than hip pocket issues. In contrast, the Federal ads in the Federal campaign were not as central to the concerns of Victorian voters.

As previously stated there was also a poor result in South Australia. The SA Division preselected late but in Hindmarsh and Adelaide the Federal candidates had only just finished being candidates in the State election. Their profile from that election gave them identity recognition in the Federal seats. My comments about the need for policy relevance also apply to SA as they do in Victoria and Tasmania. In South Australia, water was the biggest issue although Gillard’s popularity, stemming from her childhood years in Adelaide, was an ALP advantage. The political management of the water issue will not be as critical in other States at the next election but it will continue to be a big issue in South Australia. Finalisation of that policy needs to be a priority.

In Western Australia and Queensland, the local divisions ran additional advertising campaigns (ads); in Queensland against Anna Bligh and in WA against the “milch cow” centralists in Canberra. Both rated well. WA ran TV ads for Wilson Tuckey on country TV and State-wide ads for Ken Wyatt. WA raised a lot of money and they judged their local polling to be useful in targeting their campaign. They were assisted by having an increased membership over the last 2 years. Members can join online and their work on their data base has progressed so that they can release resources for campaigning. Preselection in Hasluck was late but this was beneficial because it allowed Ken Wyatt to run.

In Queensland and New South Wales the Labor brand was on the nose.

We certainly can win more seats in New South Wales at the next election.

The central coast seat of Robertson was a disappointment. My assessment is that, amongst the many factors at work, it is hard to bypass the “Belinda effect”. Based on the 2007 result we needed a small swing to win the seat. One reason for the closeness of the 2007 result was the lack of local support for the ALP MP Belinda Neal so when she announced that she was not standing in 2010 the ALP vote improved. The underlying margin was not as close as it seemed. Other factors were at play. Former MP Jim Lloyd should have stood for preselection, not because it would necessarily have made the difference but because the decision, about whether he stood or not, needed the judgement of local people. Jim was not encouraged to stand and this caused disaffection in a number of the branches, thus impacting on their willingness to support campaigning. Another factor at play is the reality that the branches on the coast are not strong. Factionalism has weakened branches and membership throughout NSW and weakened our campaigning capability.

It was suggested to me that the Party failed to undertake tracking polling in seats such as Banks. Clearly some tracking may have identified the late shift in voter attitudes that we believe happened in Banks. However I have not accepted that criticism because the Party has very limited funding and the selection and prioritising of seats for tracking seemed reasonable to me given all the circumstances.

There was also controversy about the timing of preselections. In the seat of Lindsay this was not clear cut, partly because the preselection was deferred at one point due to the State by-election in Penrith and at another point in the search for candidates. The lesson to be learned is that the timing of preselections for federal seats must be a collaborative effort between Federal and State but, in the last resort, someone has to be able to make a decision to finalise preselection, in a reasonable time, which is why I recommend, elsewhere in this report, that this should be a last resort power for the Federal Executive.

## The Staley Report

Before proceeding and before turning to the Tasmanian case study, it is relevant to mention that in preparing this report I also looked at previous Liberal Party internal reports. Aspects of these reports are still relevant and should be made available to members of Federal Executive. In some cases, permission to release may need to be sought from the Divisions that commissioned the reports.

Tony Staley's 24 page report is dated September 2008 and it reviewed both the 2007 election campaign and the Party's Federal Constitution.

It says that:

"The primary factor resulting in the election loss was the longevity of the Government. As well, the Government's Senate majority after 2004 meant there was less requirement to be responsive to community views. Nor did the Government articulate a clear, new agenda."

As a result of the stature, long tenure and record of John Howard "some critical processes became ineffective". "Federal Executive exerted less influence over Government direction. There was no broad, top level campaign committee. Nor was there a top level policy committee involving all stakeholders."

The report noted the union campaign over 2 years prior to the election. It said "WorkChoices was the single biggest policy negative for the Government during its final term ....". The report particularly singled out the removal of the "no disadvantage test" and its later reintroduction by which time the negative views of "WorkChoices" were already entrenched.

The report then turns its attention to many of the "nuts and bolts" issues including: policy, questionnaires, electorate initiatives, direct mail, Ministerial visits, media monitoring, the website, the overseas campaign, and polling booths.

Many of these issues are on going.

### Recommendation 1

**That the 2008 Staley Report and the 2010 Leeser Report be provided to all members of the Federal Executive, that the Federal Director report in writing on what has been implemented from the 2008 Staley Report and that Federal Executive hold a separate meeting to discuss this report.**

## The Leeser Report on the Tasmanian Division

In the immediate aftermath of the 2010 Federal election, given the poor results in Tasmania, a separate report on what happened in Tasmania was commissioned. Julian Leeser, head of the Menzies Research Centre, undertook the Review and produced a very useful 28 page Report in November 2010. As of January 2011, the Tasmanian State Executive has had a detailed discussion on the recommendations, has a plan to implement many of the proposals and some constitutional reforms were introduced by the end of 2010.

I am happy to adopt as my own some of the introductory passages from Leeser (page 11), namely,

“This Review was commissioned in the context of the Liberal Party’s worst federal electoral result in Tasmania in forty years. The swing away from the Party of 4.62% was the largest suffered in any State and the ensuing two Party preferred result of 61:39 reflects a want of confidence in the Party. The loss of a Senator and the inability to regain lower house seats, despite a national trend towards the Coalition, makes the identifying and remedying factors acting against electoral success in Tasmania an urgent priority.”

“In terms of national factors, the Coalition’s policies and national themes failed to ‘cut through’ in Tasmania and it is clear that this significantly influenced the final result. It would be easy to blame purely national factors beyond the control of the Tasmanian Division for the election result. However this would be a mistake.”

“This election result reveals more fundamental issues in our Party that have been festering in all Divisions of the Party for a generation but have come to a head in Tasmania. The branches that used to support basic campaigning activity such as door knocking and booth manning have aged and are no longer capable of such support across the State. While this is a pressing issue for all political parties and in all jurisdictions, it is seemingly more advanced in Tasmania with an older average demographic apparent within the membership of local branches.”

I also liked Leeser’s point on page 12:

“Secondly despite some pleasing indicators it is disappointing that more of the many useful recommendations contained in both the 1999 Poggioli Review and the 2002 Crosby Report have not been implemented (although this latter report was focussed on the State election, many of its recommendations were applicable to campaigning in a federal context). These earlier reports should be re-examined – despite their age, many of their recommendations remain relevant to current circumstances.”

I fully endorse the Leeser point above.

### Recommendation 2

**That copies of earlier reports, including the 2006 Staley Report on the Victorian Division, be made available, upon request, to all members of Federal Executive for their consideration.**

The review by Peter Poggioli is dated April 1999. The practice of not releasing reports because they contain uncomfortable truths has not served our cause well. Reading the Poggioli report reminds me that many of our problems are not new. Many of his points are worth revisiting. For example, he sets out many of the simple obligations of MPs that should be standard practice to support the party. In fact, with so many new MPs recently elected in Victoria, NSW and soon in Queensland, the Poggioli suggestions should be edited, updated, improved and put into pamphlet form and circulated. On page 16, he recommends a mentoring programme. On page 15, he notes a point well made in the recent Victorian report that the critical period for membership is the first 12 months after a new member has joined.

We need a system that assures every new member that he or she is valuable to the Party and that he or she benefits from Party membership and involvement. New members should receive at least one phone call from an MP within the first year, the Chair of the Division’s policy body should write to each member requesting their policy interests and views and there should be welcome functions for new members run by the President to make sure they are getting something for their membership.

Another report worth reading is the Staley Report on the 2006 Victorian State election. It is quite different to the Federal Staley report because it has a lot more detail. It canvassed everything from desktop publishing, not spending money on campaign offices, artwork, photo files, the campaign launch, siting of MPs' offices, and setting a fund raising target of \$100,000 per Liberal MP. It canvasses the issues to be considered in the timing of preselections. It also starts with what was recommended in the 2002 Crosby Report and it has a list of the "action taken" in preparation for the 2006 State campaign. The Federal Party should have an archive of all these reports and make them available to interested members upon request. Federal Executive should also resolve now that all future election reviews will be publicly released. It is not obvious to me why the 2008 Staley Federal review was not released. Surely the best time to release an election report is when a party has just lost office after 11 years? It was a good report but hardly a political hand grenade and the failure to release it to even members of Federal Executive has meant that we have lost time by not fully confronting some issues 3 years ago. As an aside, we should also have an on-line archive of all Federal policies. In time, this sort of material will be rightly seen as a key part of our history. The Party should call for volunteers to help with this task. A national organisation that values its past is an organisation that better understands its ambitions for the future. But I digress.

The particular relevance of the Tasmanian report is that it highlights the reality that, whilst our 2010 Federal campaign was well structured and well executed, it had greater impact in Western Australia, Northern Territory, Queensland and western Sydney. The research was showing, prior to the calling of the election, that the boats issue and the mining tax were not as strong in South Australia, Victoria and Tasmania. Despite this evidence, we did not have enough of a subsidiary policy menu for the southern States to fill the gap and attract support. In Victoria, with the benefit of hindsight, and although cost of living issues were raised to some extent, we should have run harder on cost of living issues because we now know they played a big part in the Victorian State election campaign a few months later when the Baillieu Government was elected with a swing of about 6%.

In Tasmania, we barely got round to putting up a separate Tasmanian package which has been standard fare for Tasmania for many years. The Tasmanian package was not formally released until the 18th August, 3 days before polling day, it was not released by the Leader and the big item was the Midlands Highway but we would not start the proposed road duplication until 2014-2015. To me, this was more insult than policy.

I see no reason why an outline of a Tasmanian package could not be prepared forthwith. A policy which included initiatives on health, transport and infrastructure would be well received. Tasmania's issues in the campaign were not new. The 2008 Staley Report canvassed similar problems and proposed solutions, many of which are still relevant.

The Staley report commented on page 7

"policies were not linked to a broader theme or vision, insufficient attention was given to policy development involving all stakeholders and no forward program was adhered to during the campaign. This limited the ability to prioritise tasks, impeded coordination between Policy, Campaign Support and Costings units and encouraged last minute tactical changes in policy positions."

Staley then recommended on page 8

- the policy formulation process be formally co-ordinated to ensure policies are in an advanced state before commencement of future campaigns;
- a clear spending envelope be established prior to the start of future campaigns, with agreed and realistic envelopes for specific portfolios;
- policy document templates and protocols be totally overhauled and there be a database which maintains the most up-to-date version of a policy; document and mandatory associated material, such as talking points, press releases, Q & As and flyers;
- the full policy format be modified, with public emphasis being placed on press releases and fact sheets;
- there be an agreed rollout program with less policies and greater coordination and quality control;
- there be specific training for policy writers, including in techniques for conversion of policy issues into campaign style material;
- there be better linkages between Policy and Campaign Support and Tactics units, and with the travelling team;
- the Costings Unit be brought together at least 1 year ahead of the campaign, to ensure it has the right data and modelling, to clear off data it considers necessary prior to the campaign and to verify savings;
- in line with other recommendations within this report regarding delegated authorities, the Head of the Policy Unit during the campaign have a Deputy with authority to sign off lower order items;

The trick now is to get the process right for the next election.

Leeser starts his review of national campaign themes by saying on page 13:

“The failure to properly explain the Liberal Party’s broadband policy and the Labor Party’s effective scare campaign was a major cause of the Party’s failure to win seats in Tasmania. This was the nearly universal view of people making submissions to the review and is borne out by research undertaken by the Liberal Party. In the view of many, the Party’s policy amounted to a threat to come into people’s homes and rip the internet out of the wall.”

“Policy on the National Broadband Network had a particular effect in Tasmania for a range of reasons. In several towns Tasmanians could see the NBN being rolled out. Tasmania is often behind the mainland in receiving new technology so being at the forefront of the NBN was seen as a boost to Tasmania. The NBN provided jobs for Tasmanian contractors and it brought people to Tasmania from the mainland having flow on effects for Tasmania’s tourism, hospitality and service industries.”

“One of the problems of the Broadband policy was that nowhere in the policy document was there any carve out for Tasmania or an explanation of what the Liberal Party would do with existing infrastructure. Numerous senior Liberals in Tasmania had raised the issue of Broadband in Tasmania with senior Federal Liberals in Canberra but a carve out for Tasmania was forgotten. The Broadband policy was written at the last minute without a set of Tasmanian eyes cast over it. The Party needs to make a clear and unambiguous statement about its intentions on Broadband infrastructure in Tasmania in the future.”

As an aside, a number of commentators and others have said we might have won the election if we had won Lindsay in New South Wales (NSW). Maybe. But it could also be said about Bass. The Tasmanian State Director told me that, based on Liberal polling, we were 50/50 in Bass on a 2PP basis, 10 days out from the election. Then the NBN issue really got going. The post election polling confirmed that the NBN was a major reinforcement for people to vote Labor in Bass. If we had negated NBN and offered, in a timely way, a decent Tasmanian package, Bass might have been a win instead of a loss. Certainly, Bass and Braddon are seats we must target for the next election.

Given the importance of the approach to policy preparation, it is sufficient to say we need to be on top of this now. The Party has mechanisms for working on policy. But I was surprised to note that the Advisory Committee on Federal Policy has not met in recent years. It used to be an important activity. In the Fraser years, not only did the Prime Minister attend but at one stage the PM initiated the formation of a policy sub-committee to focus on economic policy. The Advisory Committee should meet regularly and it may like to consider the Fraser idea as well. The Parliamentary Party should give more regard to the Constitution of the Party; clause 57 (b) states:

“The Ministers, Shadow Ministers or spokesmen elected or appointed by the Federal Parliamentary Party shall carry the primary responsibility for policy formulation on behalf of the Federal Parliamentary Party. In the preparation of policy, Ministers, Shadow Ministers and spokesmen shall consult with people and groups of people within the Organisation (including, but not limited to, Divisions, the Parliamentary Policy Committee, relevant Backbench Committees and Ministry or Shadow Ministry Management Groups and, where appropriate, the standing committees of the Party such as the Federal Women’s Committee and the Young Liberal Movement of Australia). After formulating in this way a draft policy, the Ministers, Shadow Ministers or spokesmen shall confer and consult with the Advisory Committee on Federal Policy prior to the adoption of the policy by the Parliamentary Party.”

It has been a while since this clause was respected. This Committee used to meet far more regularly. The Party will not attract new members if members do not have an opportunity to express their views. The membership is entitled to know that their views are heard at the highest levels of the Party. And the Parliamentary Party needs to hear what members say because the views of a broadly based membership reflect public opinion. It can help MPs keep in touch with real people rather than just the latest poll. The Menzies Research Centre has built a good reputation for the quality of its work. It could also play a role with the membership. The membership has a long standing interest in economic policy and a project on productivity, which is the key to economic success, would open a channel to the Federal Parliamentary Party as well as to the Federal organisation. The following 3 recommendations are intended to revitalise the policy work of the Federal organisation.

### **Recommendation 3**

**That policy work be given high priority and that the Advisory Committee on Federal Policy establish a work programme to obtain briefings on key policies from shadow Ministers before the end of 2011.**

#### **Recommendation 4**

**Amend existing rules for attendees of the Advisory Committee on Federal Policy so as to allow any member of the Federal Executive to attend as an observer.**

#### **Recommendation 5**

**That the Menzies Research Centre be requested to undertake a major piece of research on the issue of productivity and, in so doing, involve members of the public as well as Liberal Party members.**

In conclusion, the national strategy was effective. There are plenty of political opportunities to present an attractive package for the next election and the Party will be better placed if it revitalises its involvement in federal policy formulation.

### **Funding**

Money plays a significant role in election campaigns. You need to know how much you have, when you are going to receive it, when you can spend it and where it will be best spent. It is also wise not to spend every last cent on an election campaign because win or lose, you still have to run the organisation after the election.

A lot of the money raised for a Federal election goes on advertising and significant funds come from public funding. The issues around campaigning and running the Party are often about money. I have not had the resources or time to properly evaluate the effectiveness of the TV campaign spending. However funds provided by taxpayers and the public should be subject to proper scrutiny and should be properly accounted for, including for effectiveness. It is a significant percentage of total spending. A process should be designed by the Federal Campaign Committee (Constitution clause 108) and approved by Federal Executive to allow for a thorough assessment of this expenditure. There should also be a separate review of State and Federal opinion polling activities so as to better coordinate activity and eliminate duplication and waste. This review should also comment on measures to gauge the effectiveness of the expenditure.

#### **Recommendation 6**

**That the Federal Campaign Committee, as part of its preparation for the next campaign, set in place a process to evaluate the effectiveness of the communications campaign expenditure in the next election.**

#### **Recommendation 7**

**That the Staff Planning Committee review State and Federal party opinion polling activities to better coordinate polling and to avoid the potential for unnecessary overlap and duplication and to report to Federal Executive.**

It has been getting harder to raise the money for campaigns and, to make matters more difficult, campaigns are becoming more expensive. The corporate sector used to give more to our side of politics than they gave to the ALP. But that is changing. The corporates should financially support our side more because we have been far better economic managers than the ALP and so support for the Coalition has brought huge benefits to shareholders. But, regardless of my view, the funds from corporate Australia are likely to continue to dwindle; how the world has changed since Menzies wanted to curb the influence of moneyed business people. Maybe the decline of protectionism has meant that there are now less rent-seekers who need to curry favour with Governments (a good outcome, if true). For whatever reason, today, corporate Australia is withdrawing financial support and big business is too often anaemic on policy. The big business organisations are too focussed on having a relationship with Government rather than advocating key economic reforms. For Labor a lot of funds come from unions and the unions demand, principally, industrial relations arrangements that protect their 'market'. In my view this is clearly contrary to the national interest.

Electoral reform and, in particular, changes to funding arrangements are likely in 2011. More public funding for entrenched political parties will be well received by 'insiders' but not by the electorate and not by those who are concerned that a party that is more and more funded by Government will inexorably move further from its base and become less participatory as a result. This issue is critical to the future of the Party and should be fully discussed within the Party, including at the forthcoming 2011 Federal Council.

In the meantime, the Constitution provides for a Committee on Electoral Matters (clauses 59-64) but it has not been meeting (like the Policy Committee). This report advances the proposition that the Party should reactivate these committees already agreed so as to promote more avenues for participation and to provide a vital source of advice and comment to the parliamentary party. In this case, the Committee's role is to discuss "all electoral matters". It should meet forthwith, perhaps by teleconference, and draft a background paper on likely funding changes and forward the report to Federal Executive as soon as possible.

One possible scenario is that Parliaments will determine that only individual persons on the electoral roll should be able to donate to political parties and even then those donations will be limited to a cap, say, of a few thousand dollars. This would seem to put both sides on an equal footing but may disguise a big benefit to the unions who could fund the ALP by donations in kind or act as agents to collect "individual" donations. The question of funding is likely to be considered by the Parliament in 2011. The Federal Government, with the prodding of the Greens, could easily try to duplicate the pro-union system introduced in NSW. This means that there is a real prospect that our ability to raise funds is likely to be curtailed whilst Labor skews the system in their favour. There is therefore an imperative to raise funds immediately. There are many obvious immediate needs.

Advertising works in the commercial world as well as in politics. In the last week of the campaign, our Federal and State Presidents raised additional funds to maintain our advertising effort to buttress the political momentum that Abbott had established. It was a good team effort made even better by Abbott's successful last 36 hours thrust to the finishing line. The result vindicated the effort. Our political position improved in the last week. So money counts in advertising.

But it also counts in the infrastructure of politics. It seems that, to broaden our base and to protect ourselves from caps on fund raising, we need to raise more from high volume/low value campaigns. These campaigns aim to attract smaller amounts of money but from a wide cross-section of the community. The same infrastructure also may complement 'issues specific' campaigning. Clearly there are economies of scale in facilities like an outbound call centre and data management. Accordingly, one common unit for divisional and federal requirements is the best way to proceed and that means we need a collaborative approach to the use of a joint unit. Whilst this type of unit can cost millions to establish there is no reason why a start should not be made. To start with, a decision is needed on the approach to be taken. In my view, for a successful collaborative scheme such as the one I recommend, the Divisions need to have ownership in the venture. This is the only way it can work. Later I recommend the Federal Finance Committee meet regularly. The modus operandi for the Joint Unit will have to be agreed between the Divisions and the Federal Organisation but the Federal Finance Committee should be consulted on the agreement between the Divisions and the Federal Organisation. A second committee, which would be a sub-committee of Federal Executive, would run the Joint Unit on a day to day basis.

In the meantime, more needs to be done to better utilise existing capability. Feedback needs to be improved and integrated with fund raising. Fund raising needs to be integrated with “issue specific” campaigning. “Issue specific” campaigning should be standard practice, regardless of developments on fund raising. We must do as much as possible to upgrade our capacity, within existing resources, to mount “issue specific” campaigns. It is one of the simplest but most powerful aspects of campaigning; we must give people a reason to vote for us. That reason may be a negative message pointing to the faults in the Government's approach but it may also signal our alternative. In my view, it is usually a mistake to opt for the “minimum target” strategy and furthermore we have a lot of positive policies that will attract support.

## **Recommendation 8**

**That the Staff Planning Committee report back to the Campaign Committee within two months with an action plan to coordinate a renewed effort on issue specific campaigning**

I propose the establishment of a Joint Unit (JU). The principles by which it will operate should be agreed by the Federal Executive and the Divisions after consultations with all relevant participants including consultation with the Federal Finance Committee. The JU will need day to day management in accord with the agreed principles and so I recommend that the Federal Executive also establish a JU management group, as a sub-committee of Federal Executive, which should include the CEO, Federal Treasurer, the Party campaign manager and at least two Division representatives.

We also have an ongoing problem with funding for the day to day operations as well.

I am told that funding for the Federal Secretariat in dollar terms has remained largely unchanged since the early 1990s. So funding has been dropping in real terms for nearly 20 years. The Liberal Party is a national organisation and, even if only for benefits of scale, numerous recurrent activities such as training, mentoring etc should be run centrally. The Party needs to pull together as a national organisation and make sure we fund the functions that are critical to our future success.

Another recurrent problem has been an overlap between State fund raising activities and Federal fund raising activities. This problem needs to be fixed. That is the job of the Federal Finance Committee. In recent years the Federal Finance Committee has only met annually to sign off the audited accounts, State and Federal. Under these proposals the Federal Finance Committee must be revived. It should carry out the functions assigned to the Committee under Clause 75 of the Constitution namely:

“The functions of the Federal Finance Committee shall be:-

- (a) to provide for the financing of the Federal Council, Executive and Secretariat, subject to the authority of the Federal Council;
- (b) to receive from each Division a budget and financial Statement at the beginning of each financial year and as and when required”

The Committee will need to meet regularly. The Divisions and the Federal Organisation will need to all accept the obligations of disclosure set out so clearly in the Constitution. It will require a common commitment of trust and professionalism in the handling of our Party's finances.

## **Recommendation 9**

**That the Federal Finance Committee resume regular meetings and carry out its functions as specified in clause 75 of the Constitution, namely, to “provide for the financing of the Federal Council, Executive and Secretariat” and “receive from each Division a budget and Financial Statement”. And further the Committee address the options to eliminate fund raising overlaps.**

## **Recommendation 10**

**That the Federal Executive establish a Joint Unit for the operation of a high volume/low value system of fund raising, that agreement be sought with Divisions and the Federal Organisation on 1) a governance structure that involves genuine participation by all Divisions and the Federal Organisation and 2) a budgeting and sharing formula for fund raising and fund distribution that assures members of the Party that the JU operates in the common interest of all.**

Generally speaking, I believe that the Federal Secretariat, Federal Executive and Federal Treasurer activities need to be more collaborative in tone and substance. So in this report, I call for more regular Federal Executive meetings, more information to Executive members and in regards to fund raising I also propose that there should be a renewed collaborative State/Federal system for fund raising.

The Federal Finance Committee is established under clause 70 of the Federal Constitution. It comprises the Federal Treasurer, the Divisional Presidents and a representative from each Divisional Finance Committee. Under Clause 34 of the Constitution the Federal President, Immediate Past Federal President and the Federal Parliamentary Leader are members of all Federal committees. The Federal Finance Committee should oversee all finances and ensure observance of Federal Finance regulations. This function includes ensuring that Party members should concentrate their efforts on raising funds for bodies within the control of the Party. The past practice was for the Federal Director to attend all meetings to provide Secretariat support for the Committee. This practice should continue.

The Secretariat should be restructured to oversight key functions including fund-raising, campaigning, and policy and Party development. To meet the challenge of the broader role I submit that the Federal Director should be supported by 4 principal staff, reporting to the Federal Director, with responsibilities for campaigning, finances (including funding) policy and administration. The policy role should be a continuing focus of the Federal Director so as to highlight the renewed importance of policy.

The magnitude of the funding challenges in the near future suggests that the Party take further steps to professionalise its fund-raising. This report envisages more involvement by the President as well as the Federal Director. It also proposes a full-time in-house employee fund raiser. The fund raiser should have an incentive element linked to performance. The Federal Director, in addition to the normal Federal Director functions, should also have some of the fund-raiser function. This allocation of functions is nowadays common in non-government organisations of various sorts. In consequence of the Federal Director having funding responsibilities, a deputy could have some of the "nuts and bolts" responsibility for the campaigning activities. A decision on the allocation of roles should be discussed in Federal Executive. The fund raiser would also report to the Federal Finance Committee and work closely with State Treasurers.

## **Recommendation 11**

**That the Federal Finance Committee agree a plan to resource the Federal Secretariat sufficiently to undertake its new fund raising activities.**

## **Recommendation 12**

**That the Federal Secretariat be restructured to better manage Campaigning, Finances (including funding), Policy and Administration.**

## **Recommendation 13**

**That the Federal Director appoint an in-house employee fund-raiser with an incentive scheme.**

## **Recommendation 14**

**That, in advance of likely legislative changes, the current efforts to raise funds be redoubled for essential infrastructure, especially to enhance the Party's high volume/low value capability and issues specific techniques.**

## The Campaign

Generally, the campaign was well run. We won the campaign. We picked up votes. We had political momentum throughout the campaign. The mantra was delivered in a coherent and disciplined manner. Abbott was a good campaigner who gathered credibility and support through his leadership whereas the dumping of Rudd presented problems for Labor. Labor outspent the Coalition but our ads were effective. Labor's only real policy advantage was on the NBN.

Arguably the 33 day schedule was too fluid although non-campaign functions can be inevitable whether through natural disasters or otherwise. I noted many positive remarks about the organisation. We had less people in the CHQ team than we had in 2007 and this made for a more effective team. The extra journalists we had in the tactics group worked well. Our "twitter" people need to be in tactics in the next campaign. The claim that there were delays in the establishment of the CHQ was wrong.

I have mentioned the need to discuss all the nuts and bolts issues. The Staley report has a good list of them. I picked up a number and they are incorporated throughout this report. Not mentioned elsewhere is the thorny problem of coordinating Leader and shadow visits. Some said Leader visits were difficult because the Leader's office wanted too many options. Local candidates would then line up a few options only to be told that the Leader would not be coming to any of them. This happened more than once and in more than one State.

I received very positive comments on the Liberal Party web page. It meant that candidates always knew the message for the day. The phone hook-ups with candidates were much appreciated and the positive contribution of Julie Bishop was particularly remarked to me.

On tactics, we made some mistakes. I personally thought the workplace relations policy was inadequate but the point I make here is that the presentation of our policy, namely that we were not going to have a workplace relations policy, was not well coordinated. Fortunately, after the first week, the ALP handed us a gift with the Rudd leaks and the 'real Julia'. Labor ran an appalling campaign. I predict that the obvious mistakes will not be repeated in the next campaign.

Joe Hockey, Shadow Treasurer, clearly out pointed his counterpart, Wayne Swan, but I also thought, more generally, it was a mistake not to more readily engage in the economic debate. I am not sure why Gillard proposed debate on the economy but the economy is certainly our strong ground and our standing in the electorate was fortified by the economic aspects of our strategy. Opportunities for debate on the economy are to our advantage and should be grabbed with both hands.

## Location of Campaign Headquarters (CHQ)

In recent campaigns, the CHQ has been in Melbourne. This entails a logistical effort to relocate key secretariat staff and their technology from Canberra. The relocation takes a few days thereby delaying the start of our election campaigning. For this national CHQ, space has to be acquired in advance so this adds cost. On the other hand, bringing the entire team together in the one venue makes for a concentrated effort. This would not happen if the CHQ was in Canberra. There are pros and cons to the issue. I note that the ALP is considering a permanent CHQ.

### Recommendation 15

**That the current practice of siting CHQ in a major city be continued for the next election but be reconsidered at a later date.**

## Preselections

I have referred to preselections elsewhere in regards to the format of preselections as well as the timing of preselections. Whilst the Constitution (clause 104) advances the proposition that preselections be conducted about 12 months before the election due date, it is clearly a matter which requires some political judgement depending upon circumstances.

It seems that a 12 month rule has value as a guide but not as a prescription. Due to the timing of the South Australian State election, late preselections may have been beneficial whereas in other States, some preselections were clearly far too late, despite constant requests by the Federal Secretariat for preselections to be finalized. In at least one case, preselection was not held until the day the election was called. This is not acceptable.

In my view, the timing of federal preselections should be the responsibility of Federal Executive. It is absurd that the timing of the start of local campaigning, namely the preselection of the candidate, should be with the Division when the primary responsibility for the federal campaign rests ultimately with the Federal Executive. The setting of dates for preselection must be a matter of consultation with Divisions but if the Federal Executive requests that a preselection be held by a certain date then that date should not be able to be delayed by a Division.

### Recommendation 16

**That a constitutional amendment be drafted and submitted to Federal Council to give the Federal Executive ultimate authority on the timing of federal preselections for seats in the House of Representatives.**

Currently, the obvious volatility of federal politics seems to suggest early preselections. The ALP's review has suggested ALP preselections by the end of 2011. Federal Executive should consider the matter and form a view.

# SECTION THREE

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## Systemic issues

Whilst there are numerous reforms that should be introduced to rectify some of the many problems with our democracy, the truth is that, relative to many others including the Americans and the British, our system is as good as any, if not better in key respects. In the period from the late 1970s to 2007, albeit spasmodically, Australia's political system has initiated the floating of the dollar, widespread privatization, introduced a value added tax, abolished inefficient taxes, introduced significant labour market reforms, tackled protection, imposed discipline on fiscal policy and numerous other reforms, including at the State level, and as a result lifted living standards. We should not let cynicism of politics, which can be healthy, undersell the many achievements of a system that has chalked up some remarkable reforms.

That is not to say we should not be concerned at the trend of less participation in politics as measured by memberships or the factionalism or branch stacking that seem to have worsened in some quarters in recent years. Of course the reasons for falling membership are complex and the phenomenon is not just found in political parties. Clearly there are social and demographic factors also at work.

I believe that the Liberal Party has made a start on addressing the problems of participation and factionalism. Those efforts need to be talked up and expanded and we should take the opportunity to compare our progress with Labor's lack of progress.

Labor's election review, released in March 2011, makes for interesting reading as much for what it does not say. Barry Cohen, former Hawke Minister, put it well (The Australian 21 Feb. 2011) when he wrote, "Labor is now controlled by a few party officials and the trade union movement". In contrast to the Liberal Party's move to broaden participation, the ALP has moved to entrench union control. It is an important point of difference between the two major parties and one which we need to present to the Australian public.

It is also important to reaffirm that the Liberal Party is one united entity with a common cause. Yes, we have a divisional structure but we have a national outlook. This is a critical point because it underpins the rationale for both revitalising divisional oversight in the Federal Organisation as well as providing for the federal powers that I recommend should reside in the Federal Executive.

In Menzies' book "Afternoon Light" he makes it crystal clear that the Liberal Party was always intended to be and was structured to be one organisation with "one body of ideas". His objective was to forge a "community of thought; of basic principles and applied ideas". The Federal Executive would be responsible for federal matters and the State divisions "should have complete autonomy on State political matters".

There is a problem with factionalism in some parts of the organisation. Factionalism is not new in politics. It is a virus that infects all political parties although, in Australia, its most virulent form is found in the ALP. It appears in all State Divisions although it is less a problem in some than others.

The real antidote to factionalism is to encourage all members to be active participants and tackle issues on their merits.

In his memoirs John Howard notes that membership of political parties has been falling and then describes two of the consequences on page 656:

"Reduced and less representative membership had made political parties more susceptible to internal group control of the candidate-selection process."

"Some Liberal Party factions are nothing more than preselection cooperatives. As a result far too many new MPs, especially at a state level, have had no working-life experience outside a political or union office."

Bob Menzies was very conscious of factionalism and sectional interest because as leader of the United Australia Party (UAP) and before that as a member of the Nationalists he had first hand experience. Menzies spelt out the problems he faced:

“The third problem concerned the ways and means of financing the new party. The old United Australia Party, except for a very nominal membership fee, had been financed by special and largely self-appointed bodies. Thus in Sydney there was a Consultative Council made up of eminent businessmen, who ‘raised the wind’ and met the expenses of the State Organization, and, in my experience, did not hesitate to say what policies should be pursued. In Melbourne, there was a similar body, the ‘National Union’, also composed of eminent citizens, which paid the expenses of the State organization but did not, in my experience, give orders. But the position was most unsatisfactory. The Liberal Party was bound to be accused by the Labour Party propagandists, of being the servants of ‘Big Business’. It must be made evident that we were not; it must be made expressly clear that the new Party organization would raise and control its own finances. This was done”. (R.G. Menzies, “Afternoon Light”, Cassell Australia, Melbourne 1967, pp291-292).

Menzies' experience clearly had its impact when he formed the Liberal Party of Australia.

The Liberal Party was constructed deliberately to keep sectional interests and factionalism at bay. Menzies immunized the Liberal Party by ensuring that it would be a grass roots movement. He deliberately kept the Liberal Party separate from business organizations and in Victoria it was mandated that women should be represented in leadership positions at every level of the organisation. Although this latter design was part of the arrangement to bring powerful womens' groups into the Party it was clearly more than a sensible accommodation because it meshed with the overarching objective of having a broadly based political party. The basic template of the Liberal Party was formulated by Menzies with State Divisions making adjustments. This process whilst providing for the State Divisions to largely manage their own affairs also ensured that the essential character of the Party was uniform across the country. The responsibility to retain a cohesive broad based structure still remains with the Federal Parliamentary Party and the Federal Executive as it was when the Party was formed.

To remain true to the principles upon which the Liberal Party was formed a number of characteristics of the organisation need to be retained, enhanced or introduced to meet today's circumstances. Whilst the Divisions have their autonomy, the Menzies approach was to have a template for key aspects of the organisation. It is my view that the Federal Executive should nurture the template and encourage its implementation. The elements of the template are broadly adopted across the country but our template needs to be updated to meet today's challenges. A central aspect of this report is the proposition that the template should include a commitment to broaden participation by including a simple procedure for members of the public to join the party, the form of preselections, the timing of preselections and the approach to fund raising.

## **Plebiscites**

The 2008 Staley Report reported “the Committee encountered considerable support for plebiscites and also proportional representation. Currently, plebiscites are used for pre-selecting candidates in Queensland, ACT, South Australia and Tasmania, while the Party's State Council in Western Australia has just adopted the use of plebiscites. The Committee believes that plebiscites improve the membership experience by providing the opportunity for all Party members to have a direct role in choosing a local representative of the Party and will ensure that the Party continues to preselect the best candidates. It believes that simple and transparent eligibility tests, relating to residence and length of membership, will promote confidence amongst Party members in the legitimacy of the process and the outcomes of plebiscites. The Committee also found that the principle of proportional representation at a state level for key Divisional governing bodies was widely supported as the best means of empowering Party members to have a more meaningful experience and accommodating a diversity of groups and perspectives within the Party.”

The Staley Committee recommended that:

- candidates for the House of Representatives and state electorates be pre-selected by full plebiscite convention;
- members must be financial for a minimum period of 13 months in order to vote in pre-selections and be on the electoral roll for the electorate concerned;
- all positions on key division bodies, such as State Executive, policy assembly, etc, should be elected by proportional representation or quota.

In recent years the Divisions have mounted a strong case in principle for plebiscites on the grounds that they better fulfil the concept pursued by Menzies to broaden the base of the Party. And some of the Divisions have introduced new formats for preselection. This has been partly as a response to declining membership which, in consequence, has meant that preselections have comprised less people and thus undermined the representative quality and legitimacy of the process. John Howard has also advanced the idea. In his book, quoted above, he states:

“The Liberal Party should fully embrace the branch plebiscite system for candidate preselection”.

The Victorian Division has now implemented its 2008 report “Liberal Renewal” which provides a model which should be endorsed at the Federal level. Plebiscites have already been introduced successfully in a number of States. The concept of plebiscites should be now introduced, generally following the South Australian and Victorian models, for House of Representatives preselections as a matter of priority across remaining Divisions prior to the next federal election.

The move to broaden participation has been evident across the Divisions albeit in different ways and albeit never fast enough. Progressive measures have included more emphasis on party members having more opportunity for direct (rather than merely electing delegates) participation in state and federal conferences. It is also useful to note the excellent work of some MPs who have done a lot to boost membership in recent times. These efforts all need to be seen as an integrated whole directed at enhancing the Liberal Party as a mass movement closely connected to communities across Australia. It is important that these reforms be enacted in all Divisions.

### **Recommendation 17**

**That the concept of preselections by plebiscite be introduced for House of Representatives seats prior to the next federal election in all States.**

The Federal Executive has responsibility for the overall campaign and it has provision under the Constitution to control the process, especially preselections, but instead there is a hotch potch of responsibilities between the Divisions and the Federal Executive. The Federal Constitution of the Party provides for the Divisions to manage the selection of candidates (see Part XXI) but subject to the powers of the Federal Council and the requirement that certain basic propositions be adhered to. The Constitution requires that preselections be subject to review. More recent provisions provide some capacity for the Federal Executive or office bearers to act during an election.

Clause 104 specifies that candidates should be preselected “at least twelve (12) months before the normal time of the next election”. I propose in Recommendation 16 that clause 104 be amended so that the Federal Executive can set dates for preselection. Federal Executive should issue guidelines for the conduct of federal preselections. On one hand, the guidelines would enhance the rights of delegates and on the other enhance the responsibility of Federal Executive. Guidelines would make it clear that candidates must meet preconditions for candidacy, commitment to transparency and any other matter relevant to the proper conduct of a preselection. By properly monitoring the conduct of preselections by obtaining feedback from our members, the Party will be better placed to enhance, if needed, the format, whether plebiscite or trial primary, of preselections to ensure that they meet the Party’s objectives.

### **Recommendation 18**

**That the preselection process for House of Representatives seats should as far as possible be uniform across the country by the establishment of a preselection template that emphasizes the need for preselections to offer choice and to enable widespread participation by Liberal members resident in the electorate. And further that Federal Executive sponsor in-house research into Liberal preselections so that the Party can better gauge members’ views of the process and improve the format of preselections based on the experience of participants.**

## Primaries

The adoption of primaries for preselections would be a useful addition to the use of plebiscites.

In recent years there has been local and international interest in the concept of holding preselections using a primary.

The Conservative Party in the UK commenced using primaries at the 2005 general election, where it held primaries in two Labour-held seats. These were caucus-style community meetings in which candidates fronted assembled groups of voters. The endorsed Conservative candidate achieved swings of 9% and 10.5%, with the seat of Reading East falling to the Conservatives. An additional benefit was the signing-up of 200 new Conservative members in one of the seats following the primary.

Boris Johnson the successful Conservative candidate for Lord Mayor of London was selected after the Conservative nomination process was opened to the general public.

The National Party candidate for the seat of Tamworth in New South Wales was preselected by 4392 local people for the March 2011 State election. By winning the primary, the candidate gained a strong local mandate that allowed a strong, and ultimately successful, challenge to the sitting independent. The seat was won with 57.8% of the 2PP – a 12.5% swing.

There were four nominations for Nationals pre-selection in Tamworth. The Nationals Management Committee accepted all nominations. The seat was held safely by an Independent. Candidates were able to campaign through the media and also took out paid television and newspaper advertisements. The Party also heavily promoted the primary (through the use of television and radio) and provided background on the candidates in mailouts to the entire electorate. They also hosted five community forums.

The heavy promotion of the Nationals' primary and the campaign work by the candidates themselves was critical in creating interest in the eventual candidate and giving that candidate real momentum and a far stronger community base from which to campaign.

All people on the electoral roll in Tamworth were eligible to cast a vote in person. (Nationals members were also eligible for a postal vote). There were eight polling booths open between 8am and 6pm.

Prior to the primary the Independent candidate had a 40 point 2PP lead over the Nationals. That was cut to a ten point lead for the Independent after the primary – a 15% swing.

The Federal Executive should have the power to propose a primary.

I note in passing that the ALP has contemplated the concept of primaries. In my view, a primary, by definition, allows any person on the electoral roll for the relevant seat to attend and vote to preselect the Party candidate. The one exception could be persons who hold membership of any Party other than the Coalition parties on the grounds that they have a vested interest in being unhelpful to the Liberal cause. In contrast, Labor's proposed primary is that only 20% of the preselection convention would comprise persons outside ALP membership. 60% would come from rank and file memberships and unions would have as much say as local citizens. This is not a primary in the ordinary meaning of the term.

A primary can mitigate the operation of factions, discourage branch stacking and, most importantly, promote active participation in the political process. Whilst the ALP is at least talking about the concept, to be effective the process has to be more than tokenism. The two trial seats that I recommend should be seats where there is a good chance to win, unlike Labor which is only interested in a trial where there is little chance of a win.

This initiative can once again demonstrate that the Liberal Party is serious about citizens' participation and improve the quality of our democratic processes. The proposal is for two trials with a review after the next election.

I propose that the Staff Planning Committee advise on the implementation. State Directors would play a key role in running the primary so they should be involved in the design from the start. Victoria and New South Wales are potential candidates for the trials. Other Divisions might also vie for the opportunity to conduct a primary. I do not propose the American model. In the American model the government electoral commission runs the election and voters first register as Republicans, Democrats or independents. My proposal is for an Australian primary. Just about anyone on the electoral roll can participate. The details need to be decided but I would like to see, not just the vote, but supporting activities such as town hall meetings and preselection discussions.

The last 10 pages of the Staley Report are entitled "The Future". The concept advanced was for a "new culture" to boost membership and participation with an emphasis on the use of the internet. Whilst the quotes from Menzies and the early history of the Party demonstrate that Party structures have never been the sole responsibility of Divisions, they have led the way in promoting the use of plebiscites. Plebiscites have now been widely endorsed by the Divisions but not given the prominence and recognition that the concept deserves. It is an important development for the Liberal Party and marks a strong contrast to the closed shop approach of the ALP which has trouble endorsing any person outside of unions or the confines of political offices.

Australia was once at the cutting edge of democratic practice when women achieved the right to vote for the first time. The adoption of this proposal would also be innovative. The uniform adoption Australia-wide of plebiscites and the trial of primaries can help to energize voter participation and thereby strengthen our political system.

### **Recommendation 19**

**That the Party positively consider, subject to practicality, conducting two trial primaries for the forthcoming Federal election.**

### **Recommendation 20**

**That the Staff Planning Committee develop a recommendation to Federal Executive for the implementation of the two primaries and in doing so consult widely including with the Menzies Research Centre.**

## **The Federal Organisation**

To introduce real reform of our Party we have to first accept that the Federal Party has become principally a campaign unit. This explains why two of the working committees of the Federal Organisation, namely the Policy Committee and the Electoral Matters Committee do not meet and the key Federal Finance Committee only meets to sign off on the annual audits. Only the Federal Women's Committee and the Federal Regional and Rural Committee meet regularly. The Campaign Committee met during the 2010 election. These Committees were all established for good reason, for example, the Policy Committee must be core business for the Liberal Party.

Not only have key committees not been meeting but also important aspects of the Constitution have not been observed. For example, the Party should observe its own Constitution which in clause 53 states that it is the "duty" of both the Federal Organisation and the Parliamentary Party to "keep one another informed on all political matters and to cooperate closely".

It is time to restore the Federal Organisation. It is time to strengthen the role of the Divisions in the Federal Organisation. It is time to put the Federal Organisation more in touch with its membership.

To achieve that objective, I recommend a number of changes that together represent a package of reforms. The Federal President should be directly elected by members. This would give members a direct access to the Federal Organisation. The Federal Organisation should provide forums for Party members to put their point of view. The Advisory Committee on Federal Policy needs to take an activist approach and request MPs to explain their policy intentions. Federal Executive meetings should be preceded by agendas and appropriate papers and the Federal Executive should set goals for its business and an agreed work programme. Federal Council delegates, with the exception of Divisional office-bearers, should be elected by their relevant State Council so as to enhance the mandate of federal delegates. Meetings of the Federal Finance Committee should be resumed to oversight the Federal Organisation's budget and the Party's overall national financial position. These changes do not add to the powers of the Federal Executive but will help it to regain the role it has played for most of its time since inception.

I have recommended some extra powers for the Federal Executive: the right to a trial of two primaries before the next election and the power to set a date for a House of Representatives preselection but only if the usual collaboration with a Division does not settle differences of opinion. The Federal Executive should have more involvement in federal preselections by setting out the standards that should be adhered to including the adoption of plebiscites for House of Representatives seats.

If these recommendations are accepted then the Federal Organisation will be better placed to work with the State Divisions to win the next federal election. And the Party's active promotion of a more participatory approach will attract public support resulting from the contrast to Labor's union dominated base. These recommendations build on the general support for this approach as evidenced by extracts from the 2008 Staley Report.

In essence this package of reforms will boost the Federal Organisation whilst strengthening the role of the State Divisions and the grass roots membership.

## **The Federal President**

The Staley Review of the Constitution canvassed changes to the Federal Executive and advocated reform. It stated

"The Committee consulted widely on Constitutional issues such as how to deal with factional influence, disciplinary matters, candidate performance and the desirability of plebiscites for pre-selection. It canvassed and considered the idea of electing Party Leaders by a primary voting system."

"There is a strong view that there needs to be a greater sense of national direction and control over the Party's affairs and that Federal Executive needs greater reserve powers, so as to have the capacity to act effectively in relation to problems with party members, candidates, Parliamentarians and the Party's Divisions. The Committee encountered unanimous acknowledgement of the need for Constitutional reform to encourage a national perspective."

"The Committee concluded that such Constitutional change was desirable and that its purpose should be threefold:

- to empower local members of the party by providing greater opportunity to participate in candidate selection and the Party's affairs;
- to streamline the Party's administration, and give the Party a sense of national direction; and
- to give the Party's Division and Federal Executives increased agility to deal with circumstances which bring or may bring the Party into disrepute."

I agree with Staley's direction. But how can we achieve that objective? It can only be by taking an activist approach on issues like the development of policy and adopting a cooperative and national plan to boost membership. Numerous reports have recommended that the Liberal Party needs to be more participatory; we need our supporters to be more involved because we need their ideas and their enthusiasm.

To make this happen, we need to make the Federal Organisation more representative of membership opinion. At the moment the Federal Secretariat is something of a fiefdom. It has been this way for many years. The appointment/election of the two top jobs, Federal Director and Federal President, has been a process involving the Parliamentary Leader, the Federal Executive and sometimes the Federal Council. It is a fairly limited group.

I propose that the President should have a genuinely democratic mandate. It would give authority to the President to speak on behalf of members. It would give the membership a voice and thereby give substance to the concept of participation. This proposal would help restore the Federal Party. With a pro-active Federal Executive, the Party could start to renew its role. Menzies used to say that we needed a national approach to match our political opponents. Politically it would make a good contrast to the ALP that directly elects its President but disallows the President from exercising a vote on the ALP's national executive (Labor Constitution 2009 Clause 7(a)(i)). The ALP has a token President. My recommendation is for a substantive President.

## **Recommendation 21**

### **That the Federal President be directly elected by the Liberal membership from all Divisions using a 'one member one vote' system.**

Our President should be seen more as an activist than amateur. This would enhance the authority of the President. A job description should be prepared which sets out the obligations and responsibilities of the President. This would include matters such as fund raising and attendances. The Federal President needs to have a personal presence in all the Divisions. The President needs to regularly attend State conferences, State administrative committees (the President is an ex-officio member of the Executive of all Divisions under the Constitution, clause 23, but in practice rarely attends) and Federal preselections.

I am effectively proposing not only a change in the way the President is elected - I am also proposing that the President be more active so as to promote the broader and more participatory Party that we need to be in the future. A President of a large organisation that wants to be in touch with the grass roots needs to be seen, heard and accessible. The Party needs a President who is an activist.

The election format and detailed administration for the Presidential election needs to be discussed with all Divisions. I recommend one member one vote. The current one year term for the President term, specified under clause 28 of the Constitution, should be retained as well as the provision that any Liberal can stand. I also suggest that any nomination for President should be supported by at least two members of Federal Council. As it would be very expensive and cumbersome to offer members the right to vote by postal ballot, the direct election could be through the internet and by other inexpensive means. We use volunteers for general elections so we should invite volunteers to assist with our internal elections.

I would hope that this proposal would significantly enhance the right of members to have a say in the Liberal Party. Elsewhere I propose a nation wide system for communicating with members through email. This new system should also be able to cater for an electronic voting system. It should also encourage members to communicate directly with the President who should have a page on the Liberal web site and a twitter account. Federal Executive is too remote from the membership. It should meet regularly in joint session with State administrative committees to discuss membership, campaigning and political issues. The Federal Organisation needs to return to its previous modus operandi. The recommendations to bring State Treasurers back to the table, collaboration on membership and the other recommendations are designed to strengthen the role of the Divisions thus also making the Federal Organisation stronger.

I have also considered what else could be done to broaden its links to the grass-roots membership. The Federal Executive now has four Vice Presidents. This came out of the Staley review. The four Vice Presidents are elected by Federal Council. I considered that they could be directly elected as well. This option would strengthen Federal Executive and tie the Divisions more closely to the federal organisation. However I suspect that as the creation of four VPs is only new some might prefer to see the new system in operation a bit longer before yet another change. I do not therefore propose this change now but mention it to encourage thinking on how we make the Federal Organisation more linked in to the membership.

The Constitution (Clause 40 (h)) was amended in 2009 to allow for a national convention every 3 years, "as practical". I suggest that the public is going to be so keen to throw out Labor at the next election that a national convention in early 2012 could be a great opportunity to activate our membership to get rid of Labor. At the least, this should be considered by Federal Executive soon.

After considering these options, to complement the proposed direct election for the Federal President I have opted for a change to the selection of State delegates to Federal Council. The proposal would not disturb existing arrangements for those who are delegates by virtue of being Divisional office-bearers. In most cases, if not all, the delegates are elected by their State administrative committee. These delegates would better represent membership opinion if they were elected by their State Council or equivalent to give a broader and stronger mandate to delegates.

## **Recommendation 22**

**That Divisional delegates to Federal Council, with the exception of Division office-bearers, be directly elected by the State Council or equivalent.**

## **Federal Executive**

There is a general view that the Federal Executive is ineffectual. This is not a reflection on any of the current members of the Federal Executive. In fact, this view of Federal Executive has been around for some considerable time; certainly back to the days when I went to Federal Executive with John Hewson.

The Federal Executive no longer performs some of its basic responsibilities because they are all taken off-line and the Federal Secretariat is left to run the campaigns. There is no semblance of governance or process; in the words of one Executive member "just observance of a ritual agenda". This report argues that the Federal Executive needs to resume its responsibilities. It needs a work programme. It needs to demand proper financial reporting in accord with its legal responsibilities and to peruse accounts and balance sheets. Today, the Federal Party no longer takes an interest in policy. The Advisory Committee on Federal Policy has been defunct for years. No longer does anyone ask about how many members we have. Some members of Federal Executive state that it is not worth their effort to attend and claim that Federal Executive has little or no influence on the affairs of the Party as a whole. The Federal Organisation is out of touch with the membership. There is not even a system agreed with the States for the Federal Leader or Federal President to send an email to all members. Worse still, State Divisions no longer have any ownership of what happens within the Federal Organisation. State Treasurers tell the Federal Treasurer to keep off their turf and the Federal Finance Committee hardly ever meets.

One of the problems is that the Federal Executive decision-making process is not optimal. Meetings should be preceded by the preparation of papers circulated in advance. I appreciate that there is a concern about leaks but if members are not given adequate notice of issues to be discussed and adequate information then the discussion has limited value and members feel that their input is not valued. This is not to suggest that Federal Executive will ever try to dictate policy to the Parliamentary Party. Federal Executive has no such power nor will that be ever proposed but consultation is important and critical as an essential element of a broad based participatory party. Leaks are a problem from time to time for the Parliamentary Party but no-one would suggest that Parliamentary Party meetings or Cabinet or shadow Cabinet be curtailed or papers not circulated. Likewise for Federal Executive, it must be a forum for genuine discussion.

Members of Federal Executive understandably feel like outsiders to the organisation if they are not fully involved in decision making. This is not to say that some matters are not better managed by subcommittees of Federal Executive. Such subcommittees are standard practice elsewhere and should be a normal part of Federal Executive's modus operandi. To be a national organisation, we need some give and take from all participants. For this reason I also recommend that the Staff Planning Committee meet more regularly and report its deliberations to Federal Executive. This brings together the State Directors and, with a good collegiate approach, it can again be at the centre, in a practical way, of much of the day to day work of the Party.

Under my proposals Federal Executive will have more to do on policy, membership, strategy, finances and the other matters proposed in this Report. So it will need to meet more often.

### **Recommendation 23**

**That Federal Executive should meet at least six times a year and that a work plan for the Executive be prepared.**

Elsewhere I suggest key performance indicators for Federal Members of Parliament. What is good for the goose should be good for the gander. The Federal Executive should set goals for its own performance for the year ahead. Federal Executive should involve itself in policy issues and renew the Advisory Committee on Federal Policy which has fallen into abeyance. The goals for Federal Executive might include membership numbers across the country, draft policy discussions, preparatory work on identifying key target seats for the next election and fundraising initiatives. Having set goals for its own performance, the Federal Executive should then review that performance through its sub-committee system.

### **Recommendation 24**

**That the Staff Planning Committee meet at least 6 times a year.**

### **Recommendation 25**

**That the Federal Executive set goals annually for its own performance and regularly review performance through a sub-committee including 3 State Presidents.**

The implementation of the recommendations in this report will mean that the Federal Executive will have a lot more work. Federal Executive will therefore need to better manage its time to focus on its strategic goals. To achieve this strategic focus a number of functions are best dealt with by sub-committee. Obviously the Federal Executive should have an administrative sub-committee to handle confidential matters and issues that arise between meetings. This is normal practice in non-government organisations and business. Federal Executive would need to make decisions on the structure of its sub-committees. There needs to be at least one or two other sub-committees for the other functions outlined in this report namely, employment matters including the incentive scheme proposed for fund-raising, the management of the proposed joint facility, and the functions detailed in recommendations 25 and 27.

### **Recommendation 26**

**That 5 of the Federal Executive's functions, as elsewhere described, namely administration, employment, KPIs (key performance indicators), the JU management group and Federal Executive Performance be managed within the Federal Executive's sub-committee structure so as to ensure the Federal Executive can focus on its strategic priorities; namely to restore the functions of the Federal Party as laid down in the Constitution and in particular focus on policy, membership, funding, strategy and campaigning.**

In 2008, Staley noted that many interviewees believed there should be reserve powers to remove candidates or sitting members who were clearly not performing. The issue of candidate behaviour during an election has recently been considered by the Party so I do not canvass it further; however the question of KPIs for MPs is different. Staley recommended that "in regard to candidate performance, the Federal Executive have the power to refer concerns about the performance or actions of candidates to a Candidate Review Committee (CRC). This independent Committee would comprise three distinguished persons appointed by a 75% majority of Federal Executive for 3-5 years, be empowered on a standing and permanent basis to make final decisions and act on any question referred to them, as per a subcommittee under Clause 41 of the present Constitution, including withdrawal of a candidate's endorsement, but not their replacement, which must be referred to the host Division; and that the Federal President or relevant Division President be able to recommend to Federal Executive that matters relating to the selection, endorsement, performance or conduct of a candidate, including a sitting member or Senator, believed to jeopardise the party's electoral prospects, be referred to the CRC."

I believe that some such system should be introduced. The Staley proposal for a Disputes system was not accepted. But the Party already has a system to the extent that the Federal Secretariat sets out goals for new marginal seat MPs and some States set goals for MPs on fund raising. This approach should be continued and improved. I recommend a light-touch approach with implementation to continue to be by the Divisions but with the benefit of a Federal Executive sub-committee to advise on elements suitable for inclusion on the list of KPIs. A flexible approach is necessary as some MPs are better at some things than others. The system needs to be confidential. A positive approach to KPIs can be a real help to MPs and for the very few MPs who do not perform then the system can encourage better outcomes.

## **Recommendation 27**

**That the Staff Planning Committee discuss and collaborate with Divisions on key performance indicators (KPIs) for MPs.**

## **Federal Council**

Staley "received submissions that the size of Federal Council should be increased to 140 or 280, by increasing the size of delegations to 20 or 40. It was thought that providing the opportunity for more people to participate in the affairs of the Party at a higher level would be most desirable. The Committee recommends that the size of Federal Council delegations be increased to 20 delegates, elected by proportional representation or quota system". I support this proposal because the Party needs to strive for as much involvement by the membership as possible. I appreciate that the increase has been rejected by Federal Council so I encourage a further consideration of the proposal. Perhaps it may be a more practical proposal if the Federal Council is held at different venues from time to time.

## **Membership**

The Liberal Party membership has been declining for decades. Mainstream political parties in a democracy that aspire to govern need to have broadly based membership.

This is a fundamental issue. It is of major concern that the membership issue has slipped off the agenda in the Federal Organisation. It is fundamental because we preselect MPs and our democracy relies on having MPs who are representative of the public at large. Labor can't perform this role because they are beholden to a minority interest group. Labor can't empower its membership because it can't disempower the unions. It is also vital to the policy work that the membership be broadly based so as to enhance the credibility of membership views and opinion on policy.

The achievement of a broad based membership is a critical responsibility of the Liberal and National Parties. We must retain and improve our membership so we maintain our relevance and representative character. By better reflecting public views, opinions and values we support our democratic processes. We need a party machine to help us fund our campaigns; otherwise we would be responsible only to Governments. This would ultimately constrain our capacity to act independently and government funding carries the risk that it might in the future act as a barrier to new political parties who face government-induced barriers to entry to the political process. We also need members to provide us with manpower on the ground and the capacity to get our message out into the community. Another reason for a strong membership is that a declining membership means that the Party is more easily manipulated by narrow interest groups; the very problem apparent in NSW Labor that led to one of the worst governments in Australian history and its record loss in the 2011 NSW State election.

Boosting our membership is not a passing fad; this issue is central to the philosophy of the Liberal Party.

It is very relevant to this review of the 2010 election because a lack of volunteers on the ground in the campaign and beforehand is a common complaint. It is not surprising. We need to be a party that attracts numbers on the ground. Our inability to mobilize numbers became particularly apparent following Labor's mobilization of unionists in the two years leading up to the 2007 election.

The Victorian "Liberal Renewal" grapples with the issue in a substantive way; it has some interesting statistics to analyse the problems and has made some useful reforms to improve their performance.

The state of our membership is not a new issue but we seem to keep putting the issue to one side. And we do not just need more people; we need the people who are active in our community; on school committees, in hospitals, in young professional organisations, local government and small business.

At the very least, we must have up to date, monthly statistics on membership and then we should draft a plan to do a lot better. The Victorian report is a useful starting point in its recommendations set out below. In my discussions with one of the authors of the Victorian report, David Kemp, he is not saying he has the answers to this issue but I suggest he has a good set of questions to give Federal Executive a start. Within the Federal Organisation, the membership issue has not been seen as an important issue. It has not been sufficiently important to make it necessary to collect and analyse membership data. That says a lot about the Federal Executive. One improvement would be to ask the Staff Planning Committee to regularly collate membership numbers and report to Federal Executive.

Another template matter relating to membership relates to the processing of applicants for membership. In some Divisions, you cannot join unless the local branch has vetted your application. The matter came to my notice because elections often incite more applications than usual. In some cases applications are not dealt with for months, some are rejected on flimsy grounds, some are rejected because some branches like to keep their own counsel and in one Division there is a general policy of not handling such sensitive matters during an election presumably because this may unleash unsavoury internal political disharmony. None of this is acceptable to a Party that must boost its numbers. The policy recommended below should be implemented immediately and universally.

Of course, the Federal Organisation does not have members; that is the province of Divisions. But the Federal Organisation should be vitally interested. I recommend that one of the Federal Vice Presidents be appointed to work with Divisions and report membership statistics to Federal Executive.

### **Recommendation 28**

**That the Federal President appoint a Federal Vice President to coordinate federal interest in membership issues.**

### **Recommendation 29**

**That the Staff Planning Committee be asked to regularly collate membership statistics to be presented to Federal Executive through the Federal Vice President for membership.**

Other options were recommended by the 2008 Staley Report and seem equally sensible. The Staley Committee "received numerous submissions, suggesting that, to adapt to trends in society and, in particular, the rise of online social networking, that the Party needed to create new means of engagement. Such proposals do not require Federal Constitutional change."

"In addition the Committee accepted the view that applications for membership of the Party should ideally be decided by a Membership Manager appointed by a Division's Director, rather than by individual branches."

The Staley Report recommended:

- that there should be new classes of membership, including members at large and internet members, and that there should be provision for people to support, engage with or receive material from the Party without being formal members; and it sees intrinsic benefit in the Party harmonising membership and other engagement structures across all states;
- that all membership applications be referred to a Membership Manager appointed by the Divisional Director; power to refuse membership be vested solely in the Membership Manager, subject to an applicant's right of appeal to a Disputes Tribunal whose decision is binding and final; objections to admission be able to be initiated by 10 members, a Branch or the State Executive."

### **Recommendation 30**

**That Federal Executive adopt as policy for inclusion in the Constitution (Part V Membership) that all membership applications should be accepted automatically upon receipt; all members automatically become members at large and no new membership be challenged unless a written notice of complaint is lodged with the Executive of the relevant Division within 30 days and that Federal Executive examine options to implement this policy nation-wide.**

# SECTION FOUR

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## Mentoring and Training

There were numerous comments about the problems of not having enough resources on the ground during the election campaign. And in some cases, if we had people, we did not always have the right people with the skills needed for the challenges of the moment. This partly reflects the continuing decline in membership which is the subject of comment elsewhere in this report. On a number of occasions, candidates or campaign directors were confronted with problems and they were not sure who to turn to for advice. This is more the case with candidates who do not have a lot of political experience within the party. Campaign teams are often supported by regional coordinators. This is a good idea and should be continued. Senators are also often allocated to marginal campaigns. Some of them do this very well e.g. Michael Ronaldson in Corangamite, Connie Fierravanti-Wells and Marise Payne in NSW. This approach works well. Some Senators site their offices in seats well in advance of the election. This makes good sense and Senators' offices in the CBD should be justified or moved to where the marginal voters live.

Candidates without a friendly senator or a regional coordinator or who are relatively new should be offered a mentor. The mentor would be a former MP, preferably with relevant local experience and knowledge. As soon as a candidate is preselected, a panel of prospective mentors should be given to the candidate. The Federal Secretariat should facilitate the process. The mentoring programme would continue for new MPs in the new program already established in 2010.

In addition, more effort needs to be made to improve local campaigning expertise. Weekend training sessions should be introduced. Why not do some video clips and put them on youtube? Why not have competitions for best booth, starting in the next election? We need better and more training for volunteers on pre-polling duties. We need some imaginative ideas on training.

### Recommendation 31

**That the Staff Planning Committee formulate a training proposal for Party activists, together with a proposal for resourcing, for consideration by Federal Executive.**

## Redistributions

Redistributions are conducted by the independent Australian Electoral Commission (AEC) and are triggered by shifts in population. As a result redistributions are a common feature of our political process. As part of its deliberations, the AEC consults with interested parties and sensibly weighs the views expressed and, where appropriate, it appears that the AEC will accommodate views where they sit within the AEC's mandate. All of this is quite proper and there are no grounds for questioning the impartiality of the AEC. It does mean however that the views of MPs, political parties and other community groups are able to be ventilated. In my view, where MPs have formed a view different to their party then such a submission can have the effect of watering down the force of the party submission. There can be a difference in the interests of a single member and the interests of the division because the division needs to be able to reconcile competing interests across the State. For this reason, in NSW, the State organisation has a policy that no MP shall put a submission to the AEC except with the prior approval of the NSW Division. This policy should be adopted forthwith by all States and all Federal MPs be notified accordingly.

### Recommendation 32

**That, with regard to federal redistributions, the Federal Executive adopt as policy that no Federal MP shall put a submission to the Australian Electoral Commission except with the prior approval of their Division given after Divisional consultation with the Federal Director.**

In addition, reconciliation within a State may involve other parties, including our colleagues in the National Party. For federal redistributions this necessarily involves Coalition agreements and, generally, Coalition election strategy. For this reason 2 matters need to be addressed.

### **Recommendation 33**

**That where a submission by a Federal MP in regards to a federal seat or seats, in the view of the Federal Director, may not be in the interests of the Federal Party, the Federal Director may refer the matter to the Committee on Electoral Matters.**

### **Recommendation 34**

**Whilst Divisions should continue to manage the Party's interests in redistributions within their State, that the Federal Secretariat establish a technical sub-committee of the Staff Planning Committee to build up expertise on this topic.**

# SECTION FIVE

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## Acknowledgements

I take sole responsibility for this report and its recommendations but wish to acknowledge that my work was significantly helped and encouraged by the many people, more than 70, who gave their time to comment and inform me on the issues. A number of people said that they felt previous reviews went straight to the top shelf and they hoped that my contribution may trigger necessary change. In response I made it clear that if I felt something needed to be said to any person then I would do so regardless. I am not charged with the implementation of the report but I do believe that everything I have suggested can be done and should be done.

I particularly wish to thank a number of people.

I thank the Federal President, Alan Stockdale, for giving me the opportunity to serve our Party through the conduct of the report.

Peter Hendy has been a good friend for many years and a respected colleague. For this review he has volunteered his own time, out of hours, to assist with this report. To this Report he has brought his usual characteristic sharp wit, good memory, political experience and good judgement.

A review of the Federal campaign must encompass a review of the campaign efforts of the campaign director, who is also our Federal Director Brian Loughnane. In my view Brian did a good job and he has the continuing support of our Federal Parliamentary Leader and our Federal President. In this review Brian has been cooperative and anxious as anyone that we learn the lessons of the 2010 campaign to do better next time.

Julian Leeser has been a great help developing the philosophy for building a broader base for our Party. I also thank Deputy Federal Director Julian Sheezel and others within the Federal Secretariat for administrative arrangements.

I thank the State Presidents and State Directors, MPs and Liberal members for their advice and comments and for once again giving their time to the Liberal Party.

## Contributions

Meetings, discussions, phone calls and written comments have all made a contribution to a better understanding of the 2010 election. The following list is not complete nor is it in any particular order. It does however give some idea of the more than 70 people with whom I discussed the issues.

|  |   |
|--|---|
| Alan Stockdale                         | Arthur Sinodinis                                    |
| Brian Loughnane                        | James McGrath                                       |
| Camperdown Branch (Victorian Division) | Bruce McIver, Queensland President                  |
| Chris Fryar, Acting ACT Director       | Barry Court, WA President                           |
| Darcy Tronson and John Griffin         | Robyn Nolan, President of Federal Women's Committee |
| Ian Smith, Chair Corangamite           | Jeremy Buxton                                       |
| Tom Harley                             | Ben Morton, State Director                          |
| Alexander Downer                       | Danielle Blain                                      |
| Shane Stone                            | Grant Chapman, SA President                         |
| Ben Franklin National Party NSW        | Sean Edwards  |
| Michael Yabsley                        | John Burston  |
| Nick Campbell                          | Jasmine Wood, candidate for Hindmarsh               |
| Michael Photios                        | Sarah Henderson, candidate for Corangamite          |
| Natasha Maclaren-Jones, NSW President  | Chris Zanker, candidate SA                          |
| Mark Neeham, NSW State Director        | Bev Barber  |
| David Clark                            | David Kemp, Victorian President                     |
| Julian Leeser                          |   |

Tony Nutt, Victorian State Director  
Jonathan Hawkes, Tasmanian State Director  
Sam McQuestin  
Richard Chugg, Tasmanian President  
Tony Eggleton

Don Harwin  
Colin Barnett, Premier of WA  
Barry O'Farrell MP  
The Hon John Howard  
Lynton Crosby

### **MHR's and Senators**

Dan Tehan  
Bruce Bilson  
Christopher Pyne  
Joe Hockey  
Malcolm Turnbull  
Helen Kroger  
Connie Fierravanti-Wells  
Mrs Teresa Gambaro  
Julie Bishop  
Sen Brett Mason  
Sophie Mirabella  
Alex Hawke  
Denis Jensen  
Craig Kelly  
Bronwyn Bishop  
Guy Barnett  
Louise Markus  
George Brandis  
Warren Truss

Bert Van Menen  
Sen David Johnston  
Jo Gash  
Greg Hunt  
Jamie Briggs  
Stuart Robert  
Jane Prentice  
Andrew Southcott  
Sen Eric Abetz  
Alan Tudge  
Paul Fletcher  
John Alexander  
Marise Payne  
Philip Ruddock  
Tony Abbott  
Stephen Parry  
Tony Smith  
Scott Ryan

### **About the Author**

The author has had a lifetime as an activist within the Liberal Party. He joined the Young Liberal Movement as soon as he turned 16. Positions held include, President Sandringham Young Liberals, Victorian Young Liberal Executive, over time, Branch President, State Council delegate, Electorate Chairman, as deputy Liberal Parliamentary leader, 3 year member of Federal Executive, member Campaign HQ for numerous Federal elections, Cabinet Minister in the Howard Government, Leader of the House and ran the 1988 "NO" referendum campaign.