

Liberal Party of Australia (Victorian Division)

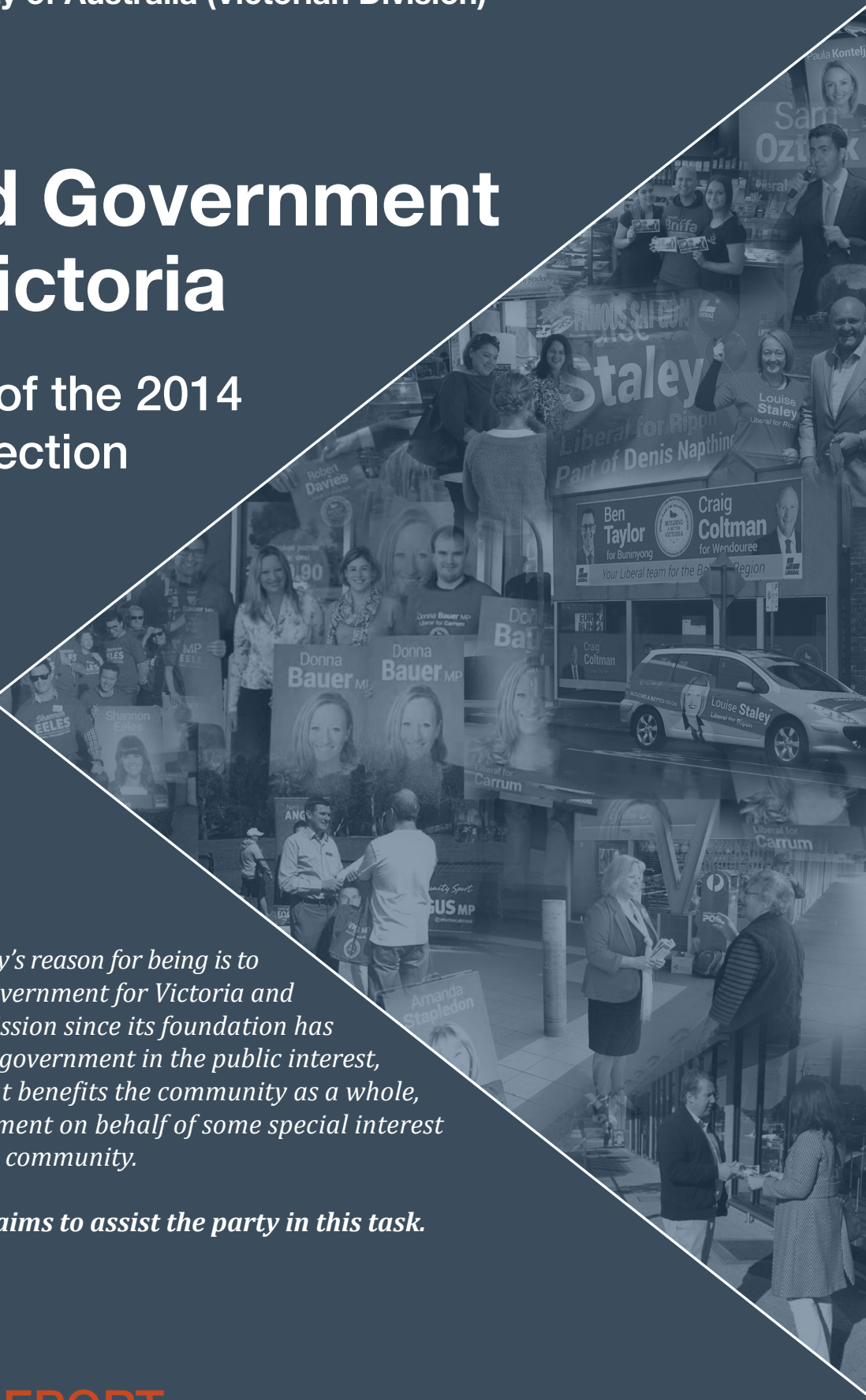
Good Government for Victoria

Review of the 2014 State Election

The Liberal Party's reason for being is to provide good government for Victoria and Australia. Its mission since its foundation has been to provide government in the public interest, government that benefits the community as a whole, and not government on behalf of some special interest or section of the community.

... This Report aims to assist the party in this task.

FINAL REPORT July 2015



Reviewer: Dr. David Kemp

Former President of the Liberal Party of Australia (Victorian Division)

Research Director: Dr. Richard Allsop

Advisory Panel:

Donna Bauer

Former Member for Carrum

Andrea Coote

Former Deputy Leader of the Liberal Party in the Legislative Council

Russel Howcroft

Executive General Manager, Network Ten

Amanda Millar

Former Member for Northern Victoria Region

Hugh Morgan AC

Business Leader

John Roskam

Executive Director of the Institute of Public Affairs and former Chief of Staff to State and Federal Ministers

Julian Sheezel

Deputy Federal Director and Former Victorian State Director

GOOD GOVERNMENT FOR VICTORIA

Contents

Preface	5
The Review	7
Executive Summary	9
Recommendations	13
Election result	25
The State of Victoria	27
The Liberal-National Coalition Government 2010-2014	43
The Election Campaign	53
Managing Opposition	77
Governing Well	109
A Party of Community Volunteers	127
Terms of Reference	135
Note	136

PREFACE

The Liberal Party's reason for being is to provide good government for Victoria and Australia. Its mission since its foundation has been to provide government in the public interest, government that benefits the community as a whole, and not government on behalf of some special interest or section of the community.

This report details, and seeks to draw lessons from, the comprehensive input from the party membership and parliamentary party on the Liberal/National Government 2010-2014. Although, since the election significant staffing changes have occurred at the Secretariat, it would be a mistake to imagine that these address, or were intended to address, the main issues confronting the party in preparing for the next Federal and State elections.

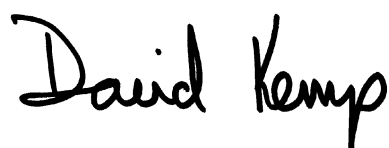
As the Review considered the reasons for an election defeat after one term in government, it became apparent that the factors at work extended well beyond the - often identified - lack of preparedness for government or a failure to communicate policy achievements. There were failures of process, of politics, and of attitudes and culture that prevented problems being recognized, addressed and corrected in time.

The party needs to identify what it did well and what it failed to do, to ask why it did not convince the public that it deserved another term, and how it can learn from its mistakes so that next time its undertaking to provide good government will carry conviction.

This Report therefore attempts to consider the whole range of factors at work – the immediate issues of the campaign, the campaign context including Federal issues, the way in which government was conducted, the expectations of party members about the Liberal Party in government, the culture of the Party – and to examine the implications of these for managing the period of Opposition and how the party could address issues in a future term of government.

The Liberal Party brings to the debate the experiences and voices of its thousands of individual volunteer members, with their multiplicity of links to the communities in which they live, experienced members of parliament, learning from one of the world's most innovative and successful societies, and a philosophy which tells it that government is effective over the longer term when its policies empower people to live the kind of lives they want, setting their own missions in life, as part of a respectful and caring community.

This Report aims to assist the party as it looks ahead to providing good government for Victoria.

A handwritten signature in black ink that reads "David Kemp". The signature is written in a cursive, slightly slanted style.

David Kemp
July 2015

THE REVIEW

This Review was established by the Administrative Committee of the party in December 2014 to investigate and report on the reasons for the election loss, to advise on how government can be regained in 2018, and how the next period of Liberal (and presumably National Coalition) government can avoid the mistakes, and build on the achievements, of the last.

In attempting to learn these lessons the Review has produced a party-wide effort to understand the events of the last four years.

Both Ted Baillieu and Denis Napthine were generous in contributing their own assessments to the Review. The service of our two most recent Premiers to the Party has been great, and the Review acknowledges the depth of appreciation to both men that exists throughout the Party.

Some 450 written submissions have been received from individual party members and from electorate conferences and executives; hundreds of members in addition have attended at six forums held in the Bayside area, in the City, and in Benalla, Bendigo, Ballarat and Geelong. Invitations were made to all present and former MPs to give their assessments, including to the former leadership, and some 45 MPs have met with the Review, including the current Leader, Matthew Guy. Key staff members of former Ministers, staff of the Secretariat, including the former State Director, members of the Administrative Committee, the party's advertising and research agencies, experts in communication, and representatives of business and other key groups, have all contributed. The voices of women, young people and many from a wide range of community groups have been clearly heard.

An Interim report of the Review was presented to State Council on 28 March 2015, and this has in turn been discussed widely within the party and attracted a number of further responses and submissions of high quality.

A great deal of the collective wisdom of the Liberal Party has therefore been available to the Review. The Review has been assisted by an Advisory Panel comprising Donna Bauer, Andrea Coote, Russel Howcroft, Amanda Millar, Hugh Morgan, John Roskam and Julian Sheezel. The members of this high quality panel have been committed to ensuring that we learn all the major lessons of the experience of the party over the last four or so years.

The Review has also been very ably assisted by Dr. Richard Allsop, who has provided advice, organizational and research skills throughout the period, and has been indispensable in the preparation of this final document. State Directors Damien Mantach and Simon Frost have provided the Review with all necessary support, while Secretariat staff including Jocelen Griffiths, Felicity Hauser, Ray Hennessey, Andrew Hudgson and Jane Tronson have provided the Review with invaluable help.

I also wish to record the strong support I have received from the Party Leader Matthew Guy and his staff over the course of the Review, and from the former Party President Tony Snell. The incoming President Michael Kroger personally attended a number of the

forums of party members. I believe there is a very genuine wish in the party to understand what has happened and to learn its lessons for the future.

The Liberal Party grassroots remain strong and vibrant, and the great majority of our parliamentary team both agree on, and can accurately identify, the problems that emerged and are determined to do what is necessary to return to government in 2018. Our task as a party is to respond effectively to what we know in our hearts and in our heads.

The major conclusion from the Review is that there must be a comprehensive change in the way the party goes about its business. It needs to become an organisation facing not inwards, but outwards. It needs to become an accessible community organisation, welcoming and open. Liberals need to engage better with each other and with the external world. The Liberal Party will not win the 2018 State election, nor be as successful as it must be in the 2016 Federal election, unless it is prepared to revitalize its approach to politics, to transform its campaigning and to engage with the electorate and with each other.

The great strength of the party is its commitment to government of integrity, its foundational belief in the right to equal dignity of all people, and to policies that empower people to realize their values and ambitions in life. These are the core beliefs of Liberalism, and they are wanted now more than ever by a community that has lost a good deal of faith in the capacity of politics to deliver for them.

We need to be very clear about the situation we face and about the kind of government we want the Liberal Party to provide.

EXECUTIVE SUMMARY

At the State Election on 29 November 2014 the Liberal-National Coalition Government was defeated after one term in office with a State-wide swing of 3.6 per cent against it and a loss of seven seats (Liberals 5, Nationals 2). In the Legislative Council the swing against it was 7.0 per cent with a loss of five seats.

The party entered the 2014 campaign well behind. Although dysfunction in the operations of the party room and Cabinet, and failure to engage satisfactorily with stakeholders had persisted from the early days of the government, there had been some improvement in the final year. The Coalition entered office with inadequate preparation, but nevertheless had significant policy achievements to its credit, particularly in its management of the State's finances - maintaining the AAA rating - in policing and security on public transport, in planning, and other portfolios. It failed however to communicate a persuasive narrative to the voters, and this failure led the early years to be seen as "do-nothing" years. The decline in public support at that time was never recovered. This period in office has important lessons for the next Liberal-National Government.

The party's campaign appeal, based around infrastructure development, especially the East West Link, while substantial and appealing to many, lacked a broader vision and was undermined by the unresolved industrial disputes with paramedics and firefighter unions and persistent attacks over TAFE policy. These issues lost the Coalition support from women, including in older age groups. The Liberal campaign failed to link announcements to personal benefits for voters in their daily lives. A targeted individualized campaign to voters in key marginal seats by Labor volunteers, and booth manning (and intimidation) by unionists, including the CFMEU, overwhelmed the Liberal on-the-ground campaign in key seats.

There are significant lessons to be learned from the party's campaign, which, though generally professional, was over-centralised and rigid in the face of the more flexible and individually targeted campaign of our opponents. The campaign suffered from the carryover of the dysfunctional communications and lack of narrative of the government, and from issues arising from staffing instability and recruitment. Communication from campaign HQ to local campaigns was unsatisfactory in many cases. Motivation of party members was lower than in previous campaigns, in part a function of a perceived lack of linkage between policies and party philosophy.

The result has been the re-election of a Victorian Labor Party which had suffered a 6 per cent swing against it in 2010. Yet, Labor is a party less able to govern than before, in thrall to unions, some of which are publicly recognized as having a corrupt culture. It has no broad policies or vision for Victoria, and no plans to address the major issues facing the State. It is highly partisan, and its re-election and appointments threaten to significantly degrade the political culture of the State and the working of our institutions. It is essential for the well-being of Victorians that the Liberal and National parties work effectively together to return to government in 2018.

Winning in 2018 requires the party to persuade Victorians that it has a better grasp of the issues facing the State, and a more attractive philosophy of government and policy approach, than Labor. This means, among other things, identifying the key issues for

which policy solutions are required, given the present “state of Victoria”, developing appropriate policies, and effectively addressing issues that currently exist around the Liberal ‘brand’.

The anticipated doubling of Melbourne’s population by 2055 presents major challenges for city planning if Melbourne is to remain the world’s most livable city. It will be vital for the Liberal Party to be seen by voters as providing the most effective political representation for the new and expanding suburbs that result. Key social (and political challenges) include the demographic ageing of the population and the reduction in the proportion of the population of working age. The party will need to address issues of access to affordable housing, efficient and integrated transport networks, and other policy solutions. The close linkage between the happiness of citizens and social mobility places a premium on addressing the long tail of school students with inadequate literacy and numeracy skills, as well as encouraging excellence. Above all, it will be crucial to avoid loss of capital and labour from failure to maintain global competitiveness, leading to diminishing opportunities, and to continue to insist on sound budgetary practices matching expenditure with revenue.

The party, Federal and State, historically has played a key role in supporting recognition of the equal rights of people from all major sections of the Australian community, including women, immigrants, and Indigenous Australians. Building on this legacy, the party needs to embrace the continuing advance of liberal ideas in our culture which is now at last bringing people previously marginalized by disability, mental illness, sexual preference, and transgender, into the mainstream. Issues of child sexual abuse and family violence are at last beginning to be addressed.

The party needs to make clear, especially to women and to younger generations of voters, its philosophical commitment and vision of a society that recognizes the equal right of all to human dignity. This will be important in addressing the ‘branding’ issue, and reinforcing the values for which the party has traditionally stood in Victoria, and will test the party leadership in relation to the vital internal debate between conservative and reformist positions. The party’s philosophy of the importance of the rule of law and of freedom to choose one’s life to the achievement of social harmony, rather than coercion through laws and tribunals to enforce political correctness, will stand it in good stead in public debates on these issues.

The party should systematically review and address the political and policy issues arising from the current and projected “state of the State”.

The eight major tasks of the Liberal Party in the next four years can be summarized as:

- Exposing the inadequacy and failings of the Andrews Labor Government;
- Educating the electorate in the values and directions of the Liberal Party and showing how these will improve the lives of people in both the short and longer terms;
- Building a culture within the party around the Liberal narrative that will inform the next period of government;
- Developing the policies that will be implemented by a future Liberal-National government;
- Preparing shadow ministers and members for government;

- Selecting high quality candidates who reflect the range of talents and experiences in the community;
- Developing and implementing the campaigning strategy and establishing the necessary structure to win the 2018 election, transforming the grassroots culture towards an outward looking campaign focused party engaged with its communities;
- Preparing and planning to deliver good government.

There must be a comprehensive change in the way the party goes about its business. It needs to become an organisation facing not inwards, but outwards. It needs to become an accessible community organisation, welcoming and open. Liberals need to engage better with each other and with the external world. The Liberal Party will not win the 2018 State election, nor be as effective as it must be in the 2016 Federal election, unless it is prepared to revitalize its approach to politics and to transform its approach to campaigning and to engaging with the electorate.

In managing the next four years of Opposition, the party will need to develop a narrative embracing its vision for Victoria, showing how the party's commitment to empowering people to achieve their hopes and dreams in life will solve the major issues facing Victorians in their lives, arising in large part from the economic and social changes indicated above. Simultaneously, it will need to demonstrate how Labor's narrative is failing, and use the best understanding of effective communication techniques and management, including social media, to achieve this.

The Liberal narrative will, as the next election approaches, focus on the issues that emerge over the four years, but over the parliamentary term the party's message needs to be articulated by reference to the state of Victoria (including liberal success in the past) and the values and beliefs that induce people to join the Liberal Party: equal opportunity, equal dignity for all, freedom to choose and decide, reward for enterprise, the rule of law and opposition to the 'nanny state'. This is crucial to get policy right, frame the conversation with the people, and bring back disillusioned members and recruit enthusiastic new volunteers to work in the 2018 campaign.

The 2018 campaign must take advantage of the advances that have been made in election strategy and techniques, especially the capacity to direct messages more relevantly to individual voters through better information and data analysis. It must also be based on a focused effort in the target seats necessary to win government over the four-year period.

Making use of these advances will require a new approach to campaigning, bringing together members and other volunteers in a well-managed, trained and targeted community network whose primary objective will be to reach persuadable voters with the party's election message and the problems with Labor. This network, which will operate through field officers and volunteers, will have significant spin-off benefits for commitment and recruitment to the party's traditional electorate conferences and branches.

Governing well means governing in the public interest, and not in the interests of selected special interests. It means governing in a way that benefits all or most Victorians and not for the few. It means understanding how the public interest is to be assessed and the kinds of analysis likely to produce public interest policies when many

existing policy settings are not in the public interest. It means understanding what government can do well, and the limitations on effective government action. It requires an understanding of ministerial leadership and responsibility, the function of ministerial staff, and the role of the public service, including its capacities and its limitations. This is why Labor, a party without a philosophy and dominated by special interests, struggles to provide good government, and why the Liberal Party, with a philosophy of government, based on individual voluntary membership, is essential to representing the breadth of interests in the community.

State government is vitally important in enabling Victorians to pursue happiness in life, being the principal provider of the services on which Victorians depend for opportunity, security, housing, movement and community life. The new generation leadership of the parliamentary party provides an excellent foundation for the transformations necessary to success. The next Liberal-National government will need a well-planned and prepared entry to government, professional support for the development of its governing strategy, a clear sense of purpose and direction, effective up-to-date and professional communications, and close co-operation with the professional and volunteer party. It will need to put in place the means and program to achieve a good quality and continuing conversation with the party grass roots, without whose enthusiastic support it will neither govern well nor win elections.

RECOMMENDATIONS

- That this Report should be made available to all party members and publicly released.

FOUR-YEAR CAMPAIGN

- That an interim research-based strategy to win the 2018 election be agreed between the Parliamentary Party and the Organisation no later than September 2015, and preferably earlier. This strategy should be updated as required throughout the cycle.
- That a campaign plan for the period up to November 2018 be signed off by the State Director, State President, and State Leader by November 2015. This plan will outline in detail key campaign preparation tasks, dates for the completion of those tasks, and responsibilities.
- That the Party's pollsters be appointed by the State Director as soon as possible, and a full time research program, with appropriate options based on cost, be developed to prepare for both the 2016 Federal election and the 2018 State election.
- That an advertising team for the 2018 State election be appointed no later than November 2016, with a search process commencing by late 2015.
- That, while the central strategy for the 2016 Federal election will be determined at the national level, the Victorian party should contribute its own research based understanding of the choices seen by Victorian voters, to ensure that the Federal strategy in 2016 is appropriate to this state.
- That a Victorian research-based strategy should be developed for the electorate level 2016 Federal campaign.

RESEARCH

- That a systematic approach, planned and supervised by the Secretariat, be undertaken to data collection concerning voter's issues and concerns, supplementing survey-research with canvassing and electorate based data collection, using Feedback and other mechanisms, to support the Community Campaign Network volunteer campaign recommended below.
- That statewide survey-based research should be undertaken regularly during the parliamentary cycle and that the State Director brief the Leadership team, the Shadow Cabinet and the parliamentary party on key trends and our strategic directions and objectives.

- That benchmark polling in key State electorates be undertaken around mid-2017 so that there is adequate time for the development of campaigns in these seats. Follow-up spot polls should be undertaken in 2018, together with regular tracking for key seats.
- That the State Director hold regular meetings with individual MPs and candidates respectively in key Federal and State electorates to discuss major themes and messages arising from research and other data sources.
- That detailed research findings that bear on general or local voting trends, and are of strategic and targeting importance, be confidential to the party leadership.
- That the State Director brief MPs on local benchmark research as appropriate.

ADVERTISING

- That the advertising team should work closely with the State Director and the Party researcher, with regular strategy meetings to ensure that strategy and material is informed by research.
- That the State Director and the Leader (or Chief of Staff) sign off on the final proofs of all advertisements.
- That where facts and/or figures from a particular portfolio are referred to in an advertisement, the relevant Shadow Minister or the Shadow Treasurer be required to sign off.

CAMPAIGN PLANNING

- That monthly planning sessions between the State Director, Leader's Chief of Staff, and other key Leader's Office staff be held to ensure that all facets of campaign preparations are discussed and all issues resolved.
- That the list of prospective target seats for the next election campaign be identified immediately and made the basis for the organisation of the party's four-year campaign, and for the Community Campaign Network as recommended.
- That the selection of, and campaign planning for, the Liberal-held, Labor-held and other key seats be undertaken by a Key Seats Committee comprising the Parliamentary Leader, Party President, State Director and others as appropriate.
- That a 50 day campaign plan should be prepared by the State Director at least six months prior to election day, and be reviewed on a regular basis with the Leader's office.
- That a weekly meeting should be held between the State Director, State Leader, Leader's Chief of Staff and other Leader's Office staff as appropriate. The meeting should have an agenda with action points arising.

- That campaign preparation benchmarks should be adopted for all MPs and candidates. Performance against these benchmarks should be reviewed at least annually, and failure to meet them should be followed by additional counseling. Continued failure to reach benchmarks should be referred to the Administrative Committee.
- That the State Director, in conjunction with the parliamentary party, should identify those areas where additional support and training for MPs is required, and implement such training where appropriate.
- That the Secretariat should develop training programs for:
 - Candidates;
 - Campaign directors;
 - Campaign Committee workers;
 - Polling booth workers.

Electorate office staff should be encouraged to attend the Federal Secretariat's training programs.

- That an urgent review be undertaken of campaign procedures in light of the importance of early voting (pre-polling) to the election outcome.
- That the State Director review the role of direct mail in future campaigns.
- That a timetable for pre-selections be determined as soon as possible, having in mind that it is desirable for candidates to be in the field 12 months prior to an election, and earlier where practicable.
- That the State Director engage another experienced State Director or a member of the Federal Secretariat campaign staff to undertake a comprehensive audit of campaign preparations in around March 2018.
- That the State Director examine and report on the issues arising with overseas voting.

CAMPAIGN HQ

- That appointments to any future campaign Headquarters be based on a careful matching of skills to roles.
- That Campaign headquarters operate with a professional culture that is respectful of all participants.

CAMPAIGNING

- That campaign planning should be based on the requirement for a disciplined central campaign that has the capacity to work effectively with local electorates and respond flexibly to local opportunities.
- That roles for central and local teams should be agreed well in advance of the start of the election campaign.
- That Key Performance Indicators (KPIs) for parliamentarians in election preparations be established, in close co-operation with the parliamentary leadership team.
- That the ongoing fundraising and funding structures of the Liberal Party should be reviewed by an expert committee comprising members with financial and investment backgrounds to report back by June 2016.
- That a code of conduct be established to govern relations between members of parliament and electorate level campaigns.
- That procedures for communication with local electorates should be established well before the formal campaign, including specific contacts for campaign issues.
- That a clear management framework for campaign communications be established, taking into account the requirement for all relevant information to be efficiently transmitted to the appropriate members of the local campaign team. Specific arrangements should be made for each target electorate.
- That the logistical requirements for HTV cards e.g. in relation to joint booths, should be undertaken in full and adequate consultation with local campaign teams.
- That the allocation of campaign roles for local MPs and candidates recognize that the primary task of candidates is campaigning.
- That major campaign announcements should be decided well before the commencement of the campaign, strategically planned and phased.
- That local announcements take into account the deadlines of local media and requirements for a successful local communication strategy.

COMMUNITY CAMPAIGN NETWORK

- That, in order to take advantage of new campaigning techniques, a specific campaigning structure under the control of the State Director be established to recruit, train and co-ordinate volunteers in key marginal seats. This could be known as the 'Community Campaign Network'.
- That the State Director be charged with developing a comprehensive implementation plan for the Community Campaign Network, with particular reference to its relationship with the existing Electorate conference and branch structures.

- That the Secretariat be restructured to establish a 'Volunteers' division that embraces and oversees both the Community Campaign Network and Membership Services.
- That briefing and consultation sessions for FEC and SEC chairs be organized as soon as practicable to outline plans for the Community Campaign Network and to discuss the appropriate allocation of responsibilities and activities between the CCN and the electorate level organisations.
- That the volunteers managed through the Community Campaign Network be recruited from party members and supporters.
- That the Campaign Network be implemented through trained field officers assigned to key marginal seats.
- That the Campaign Network train and co-ordinate volunteers to undertake data input in key electorates, and to use this data for individualised campaigning.
- That the State Director, working with the Federal Secretariat, implement a data strategy for the 2016 Federal Campaign, including the identification of the required hardware and software investments to ensure the best systems are in place.
- That the management of data collection and input at the electorate level should be undertaken within a clear organizational framework by specifically trained and co-ordinated personnel.
- That the framework for this campaign should be put in place as soon as possible, with the initial focus on the gathering of information/data about issues locally in key seats.
- That at least twelve months before an election – and preferably throughout the term - explicit information sessions should be held to explain the strategic thinking behind central election campaigns and the way in which they will dovetail with local campaigns.

BOOTH MANAGEMENT

- That the party ensure that it has sufficient volunteers at early voting centres to counteract the flooding tactics adopted by the Labor Party and its union supporters and works with the VEC to ensure that all those campaigning at early voting centres comply with electoral law.
- That the State Director demand appropriate action by the AEC and VEC respectively in the lead-up to the 2016 Federal and 2018 State Elections.
- That the State Director follow up with the AEC and VEC specific matters which have been raised in submissions reporting intimidation and bullying by Labor Party booth workers and others.

- That polling booth captains be trained in AEC and VEC rules for pre-poll and polling day, and should be provided with guidance as to what is likely to be permitted and not permitted by AEC and VEC officers under the law.
- That polling booth workers be trained in appropriate procedures to follow when bullying or intimidation occurs at booths.
- That the party must continue to challenge the name of the Liberal Democrats, and if unsuccessful, consider the design of HTV cards to highlight the distinction.

COMMUNICATIONS

- That the party should immediately begin developing the themes it will pursue during the four years to 2018, including the definition of the character of the Labor government. These themes should become reference points for the party's positions in parliament and in the media.
- That a comprehensive strategy with annual benchmarks should be put in place for developing, producing, transmitting and making permanent the content of which the party wishes to persuade the electorate.
- That major policy themes and initiatives should be tested throughout the period with the party's researchers.
- That KPIs should be established for Members of Parliament in their role as key communicators.
- That the Party's communications to voters defend the achievements of the Baillieu/Napthine Governments, and promote public understanding of the contributions to the good government of Victoria of Coalition governments.
- That the party's commitment to making sure that government services provide excellent support for citizens should be made clear in all statements of party purposes.
- That communications to voters should address the benefits to individual voters of Liberal policies.
- That the party's communications strategy should be built around the central message that the Liberal Party exists to improve Victoria and to lift the quality of people's lives, and that Labor's policies have led time and again to policy disasters that have damaged people's lives.
- That the party's communications planning must ensure that messages are given maximum reach through text, audio, video, images and hardware or objects.

- That the party should thoroughly review its processes of making campaigning and communications decisions, and assess the available project management tools for their contribution to improving these key processes.
- That an appropriately qualified media buying firm with experience in buying ethnic media be engaged by the Party, with a brief and a budget provided to the firm.
- That MPs be allocated to each work with a particular ethnic community news media to ensure that Liberal Party stories are being placed.

WOMEN

- That party leaders should take personal responsibility for identifying and encouraging women with political interest to join the party and /or put themselves forward as candidates, and for supporting a culture strongly favourable to female participation.
- That the party be mindful of the implications for women of key policy areas.
- That the thrust of the recommendations of the Fitzherbert *Double Hurdle* Report, and the Elliott *Review of Engagement with Women Report* be supported. The latter report's principal recommendations include:
 - The formation of a Network group focused primarily on the interests of younger women in professions, small business, rural industries and activities etc.;
 - A code of conduct making clear that unwelcome, unreasonable and aggressive behavior directed at one or more party members causing humiliation, intimidation and/or distress will not be tolerated;
 - A membership drive aimed particularly at women;
 - Programs to encourage women members to be involved in other community organisations, for profit and not for profit boards, and local government;
 - Electorate conferences should be encouraged to achieve targets for women applicants for pre-selection;
 - Pre-selection chairs and electorate officers should remind delegates that questions to women candidates concerning the performance of their role in their families are not in order, and that this norm be supported and explained by the State President at the commencement of the pre-selection 'season';
 - A motion should be considered for State Council that the requirement for spouses to be in attendance at pre-selections be abolished.

CANDIDATE SELECTION AND TRAINING

- That a "candidate identification" committee should be established to identify and encourage appropriate candidates for the next election. The objective should be to identify and encourage excellent quality candidates for all key seats. The

Committee should comprise leaders of both the parliamentary party and the organisation, and could include the State President and Leader of the Parliamentary Party (or his nominee), as well as the State Director and a Vice-President. The Committee should have a work program and timetable, as well as agreed procedures.

- That identified outstanding candidates who are not already members of the party should be encouraged to join as soon as possible.
- That the establishment of dedicated committee to review applications for a minimum level of suitability before an applicant can present to a pre-selection convention should be considered.
- That the Victorian Division should build on the work of the Federal party in improving screening processes for candidates.
- That party membership requirements for candidates should be waived only in exceptional circumstances.
- That once endorsed, candidates should be provided with formal and detailed training.

OPPOSITION

- That an agreement be made in consultation with the party organisation with the National Party to continue a Coalition arrangement.
- That party members note that a committee has been established chaired by Philip Davis, former Leader in the Legislative Council, to report on the establishment of a Coalition Agreement.
- That a culture be established within the parliamentary party, through the party room and Cabinet processes, of engagement with all sections of the party, including between Shadow Ministers and backbenchers, and with the wider community.
- That the period of Opposition be used by the parliamentary leadership to firmly establish the expectation that the party room will be an open and receptive form for the discussion of voters concerns, communications and policy matters, and a recognition that the party room is an essential element of an effective political process.
- That a recognition of the leadership role of the Parliamentary Liberal Party in securing the continuing empowerment of Victorians to control and improve their lives, and for securing an election victory in 2018, be an important dimension of the culture of the parliamentary party.
- That the Leader's Office should co-ordinate the compilation of at least the following information:

- Analysis of Labor's broken promises;
- Quotes from Labor Ministers;
- Dossier of all Labor and minor-party commitments;
- Biographical information on all non-Coalition MPs and selected candidates;
- Copies of relevant news articles and electronic media transcripts;
- Monitoring of key regional newspapers;
- Appointments.

This information should be accessible to the Leader's staff and the Secretariat.

- That KPIs should be established for all Shadow Ministers and overseen by the parliamentary Leader with the assistance of the parliamentary leadership team.
- That KPIs of Shadow Ministers should include engagement with key interests in their policy area. This could occur in part through the organisation of roundtables of interest group and organizational leaders in their policy area to foster awareness of how policy issues are seen by significant players in the area, and to facilitate the development of relationships.
- That Shadow Ministers' KPIs should also include engagement with party members, through policy forums and other mechanisms, to ensure that party members have an opportunity to contribute to the policy development process.
- That regular separate meetings of the parliamentary Liberal Party should be held to enable party specific issues and perspectives to be effectively discussed.
- That a program of roundtable workshops for members of the parliamentary Liberal Party, with appropriate external participants who have experience in government, be organized this year.
- That consideration should be given to drawing on the expertise of business schools and the Australia and New Zealand School of Government to help prepare shadow ministers for decision-making in government, including in federal arrangements.
- That the processes of the Legislative Council be used to effectively bring the government to account, including the discovery of documents processes.
- That the Secretariat work with the Leader's Office to ensure the development of an online information bank to support the efficient operation of the Opposition, including benchmarks for economic and social data as a basis for holding the government to account.
- That training be provided to Shadow Ministers and to other members as required in the effective use of the communications tools set out in this report and available to members of parliament.

POLICY DEVELOPMENT

- That a Committee of Senior Shadow Ministers led by the Parliamentary Leader should be established to oversee the policy discussion and development process within the parliamentary party.
- That the Senior Shadow Ministers' Committee on Policy should meet at least monthly during 2015 and 2016, and more frequently during 2017 and 2018.
- That the first cut of policies should be available within 18 months to allow proper internal discussion, external consultation, and refinement. Policies should be brought to close-to-final form in the first six months of 2018.
- That the Senior Shadow Ministers' Committee should consider appropriate mechanisms by which party members will be provided with an opportunity to contribute to policy development.
- That the parliamentary party consider the information included in this Report, and other relevant material, on the current and projected state of Victoria in developing its policy program and narrative for the next election.
- That the early stages of opposition this process include policy workshops organized with the assistance of the party's professional and voluntary wings.
- That a regularly convened business round-table, and appropriate forums in other portfolios, should be considered as an element of the policy development process for the next Coalition government.
- That the policy agenda in each portfolio express key values of the party's philosophy.
- That the Shadow Treasurer, through the Senior Ministers Committee, should provide each Shadow Minister with guidance as to the financial parameters for policy development.
- That each Shadow Minister should meet annually, at least, with the Senior Shadow Ministers Committee to report on their policy development, including engagement with key stakeholders.
- That Shadow Ministers and the parliamentary party as a whole should explicitly consider the kinds of pressures to which they will be exposed in the formulation of policy, including from lobby groups of all kinds, and from the public service.
- That there should be a program for regular policy releases in 2015 and 2016 to establish themes, priorities, and principal points of difference with the government.
- That due diligence on the appointment of an appropriate firm to provide an independent verification of policy costings should commence by 2017.

- That all policies should be signed off by the State Leader, the Shadow Treasurer, and the State Director.

PREPARATION FOR GOVERNMENT

- That a Shadow Minister's KPIs should include the identification of potential staff and the briefing of potential staff and their employers on their role and possible career pathways.
- That a *Ministerial Staff Handbook* should be prepared establishing guidelines and a code of conduct for political staff.
- That all Ministerial staff members undertake comprehensive training in the role. This can be arranged and coordinated by the Premier's Office under the Premier's Chief of Staff.
- That, on coming to government, a **Strategy and Priorities Unit** should be established attached to the Premier's private office to advise the leader on strategic directions and priorities and co-ordinate the development of major government initiatives.
- That all policy submissions should include communications issues, including risks, intended outcomes, and the main elements of the case to be made for the policy on the public platform.
- That communications should be handled from the Premier's office, with a well-staffed communications unit headed by a Director of Communications to prepare material, brief journalists, organize and advance announcements, liaise with the party Secretariat.
- That regular meetings, and occasional social gatherings, be held for all Ministerial staff to build a sense of esprit de corps within the government. On occasions, this should also be extended to include both Secretariat and electorate office staff.

MEMBERSHIP

- That the central party organisation should continue to develop and manage membership recruitment drives in co-operation with, and supportive of, the local party organisations.
- That building the party's membership in key seats and in newly developing suburbs be a high priority for party development over the next four years.
- That the party continue to engage its members across a broad range of activities, including policy forums, book clubs, training workshops and programs, and campaigning.

- That consideration be given to regular surveying and polling of members on policy issues, including identification of problems and preferences among policy options. This would be supplementary to the work of the Policy Forums.
- That the party further develop its ongoing training opportunities for members, especially train-the-trainer programs, and develop updated manuals and content for such programs.

IMPLEMENTATION

- That the State President and the State Director report annually to the Administrative Committee on the implementation of this report.
- That the Administrative Committee should give a detailed response to each recommendation.

THE ELECTION RESULT

At the State Election on 29 November 2014 the Liberal-National Coalition Government was defeated after one term in office with a state-wide swing against it of 3.6 per cent and a loss of seven seats (Liberals 5, Nationals 2). In the Legislative Council the swing against the Government was 7.0 per cent with a loss of five seats.

The Liberals and Nationals together won 42 per cent of the vote, Labor 38 per cent and the Greens 11 per cent. Though the Coalition parties together remain the first choice of more voters than any other political grouping in Victoria, without the preferences of other parties they cannot win government. The preference flows from the Greens and other smaller parties favoured Labor much more strongly than the Coalition – and more strongly in this election than in 2010 - with the result that Labor won 52 per cent of the two-party preferred (2PP) vote to the Coalition's 48 per cent.

Legislative Assembly

Primary Vote

	2010	2014	Change
Liberal	38.03%	36.46%	-1.57%
National	6.75%	5.53%	-1.22%
Coalition	44.78%	41.99%	-2.79%
Labor	36.25%	38.10%	+1.85%
Greens	11.21%	11.48%	+0.27%
Other	7.77%	8.41%	+0.64%

In a Legislative Assembly where 45 seats are needed for a majority, Labor won 47 (up a net 4), while the Liberals won 30 (down 5) and the Nationals 8 (down 2). The Greens won 2 for the first time, and an Independent 1. Labor thus holds government in its own right by three seats.

Legislative Assembly

Seats won

	2010	2014	Change
Liberal	35	30	-5
National	10	8	-2
Labor	43	47	+4
Greens	-	2	+2
Other	-	1	+1
Total	88	88	

The results in the Legislative Council saw declines in the share of the vote recorded by the Coalition, Labor and the Greens, while the vote for minor and micro parties more than doubled from 9 per cent to almost 20 per cent. This showed the marked lack of polarization between the major parties, and produced a Legislative Council where the Coalition and Labor between them hold just 30 of the 40 seats, with the rest being shared between the Greens and minor parties.

Legislative Council

Primary Vote

	2010	2014	Change
Liberal/National	43.15%	36.14%	-7.01%
Labor	35.36%	33.46%	-1.90%
Greens	12.01%	10.75%	-1.26%
Other	9.46%	19.67%	+10.21%

Because of Labor's majority, and the seats held by the Greens and the Independent, the Coalition parties need to win a net additional seven seats to regain government in 2018. It is a task that will only be accomplished if we learn the lessons of the loss in November last year.

THE STATE OF VICTORIA

The principal commitment and task of the Liberal Party at the State level is to ensure that Victoria is well governed. In 2010 the Party's central commitment was to provide better government for Victoria.

The loss of government after one term requires the party to ask itself: what does this commitment mean, and what does the party now need to do to fulfill it?

What it means to govern Victoria well will always be at the heart of the political debate in the State, and is the issue that divides the parties from each other. The parties of government – Liberal-National and Labor – clearly have very different views about how to govern, and what policies government should be implementing.

The importance of State government is generally under-estimated. The States deal with most of the functions of government that impact directly on people's lives: housing, schooling, public transport, policing, hospitals, aged care, roads and rail, bridges and tunnels, local government, arts and culture. Through their regulation and spending, the states also have a major impact on fundamental economic matters such as private investment and job creation, and on the quality of urban life and the productivity of cities.

The Liberal Party since its formation has taken the view that governing well means adopting and implementing policies that empower individual Victorians to live the kinds of lives they want – to have security for their families, to live with dignity, to enjoy an improving standard of living, to expand opportunity for themselves and their children, to set their own goals in life and have better prospects of achieving these goals over time.

Achieving these broad goals can be translated into specific policy objectives. Private businesses – large and small – need to create jobs; workplaces need to be safe; innovation should be easy; housing needs to be available at reasonable cost; power and water need to be provided cheaply and efficiently to the home; travel to work needs to be safe, efficient and not unduly time-consuming; education should provide a foundation for a successful life; health care provision should be as good as possible and readily accessible; social attitudes should be respectful of all; and our cities should aim at being 'most livable'. Above all, people should have the freedom to think, to move, to speak, to take responsibility for, and to construct, their own preferred way of life.

Victoria today presents any government with major challenges and remarkable opportunities as it considers how best to reach these broad goals and objectives.

Freedom, equality of opportunity and happiness

It is worthwhile at the start of this report to remind ourselves what politics is ultimately about. The answer that most Australians would accept is that government exists to secure to people, in Thomas Jefferson's immortal words, their equal rights to life and liberty the pursuit of happiness. Although dissatisfaction with politics and government is high, the basic fact seems to be that Australians have one of the highest levels of happiness in the world, and that that reflects the freedom they have to set and pursue

their own missions in life, and the equality of opportunity and the strength of community bonds our nation provides. Moreover Australians are now pursuing with dedication this ideal in relation to still marginalized groups.

It was recently reported that the Legatum Institute in London had found that Australians had one of the highest levels of satisfaction with their lives in the world, along with countries such as Denmark, Switzerland, Sweden, Norway and Finland. Underlying this level of happiness, it was reported, was the rate of social mobility in these countries.

The level of social mobility in Australia reflects a number of aspects of Australian culture growing out of the freedom provided by a liberal democracy: high quality schooling systems and one of the world's top university systems; a dynamic private enterprise free-market economy providing multiple opportunities for employment and income growth in a resource rich country; a vibrant multi-cultural society where aspirations for improvement and individual independence are strong; an income support safety net which is the most tightly targeted and needs based in the world; and an egalitarian culture, untrammelled by a socially deferential class system.

According to the 2014 report of the Institute on measures of prosperity across 142 countries, Australia ranked third on perceptions of personal freedom after Norway and New Zealand. The same report ranked Australia overall number one in the world in education as compositely measured by access, quality, and human capital.

Liberals can take some pride in these results. The strength of the Liberal movement in Australia from the first half of the nineteenth century – over almost 180 years – has meant that Australia is one of the most successful countries in the world in providing equal opportunity to its citizens to realize their aspirations in life, and as a result Australians appear to be among the world's happiest people.

One of the conclusions of this Report will be that we should not represent to people that politics is only about roads and other infrastructure, or even personal security. These are very important, but politics is about much more, and successful political parties need to engage in a conversation with the people about the things that will ultimately determine the satisfaction they will get from their lives. Some parties are doing that. The Liberal Party needs to do it and will reap the benefits.

Alongside these measures Australia has withstood the economic pressures that have led to a growing gap between rich and poor in most Western countries in the last decade.

The significance of this cultural context is that government in Victoria has the benefit of unusually high levels of social capital – of trust and community bonds – with which to address the major economic, social and cultural issues facing voters. Government can be bold if it is willing to make the case, and demonstrate to voters how reform will improve their lives.

Population growth

The most recent Intergenerational Report (IGR) identified a number of the significant issues arising for Victoria from its continuing attraction to people from other countries and other States. These issues are:

(1) The population of Victoria will continue to grow, with the State's population almost doubling in the next 35 years – from 5.5 million people to 10 million by 2051. This is based on an assumption that net migration will contribute some 2.7 million people. Melbourne, it is estimated, will comprise eight million people.

- This will place a premium on breaking down transport policy silos and establishing efficient integrated management of transport networks that recognize the need to move people and goods efficiently through the metropolitan area and to and from the regions to relieve gridlock, lift quality of life, and enhance productivity. Urban planning for residential and industrial needs to enhance the city as one of the world's 'most livable' becomes an even more urgent priority;

(2) The proportion of older people in the community will continue to increase. Because of the quality of health care and general well-being Australians already have one of the longest life expectancies in the world. Male life expectancy at birth is projected to increase from 91.5 years today to 95.1 years in 2055, and female life expectancy at birth to increase from 93.6 years today to 96.6 in 2055.

- Many aspects of our social life will be affected by this, with a premium on appropriate health care in the home as well as in private and public facilities. Our expectations of workforce participation will change, as will the suitability of present plans for retirement and retirement benefits and pensions. Suitable living, accommodation and care facilities will need considerable expansion.

(3) The number of those in the younger productive age groups relative to the elderly will continue to diminish. The IGR projects that: "The number of people aged between 15 and 64 for every person aged 65 and over has fallen from 7.3 people in 1975 to an estimated 4.5 people today. By 2055, this is projected to nearly halve again to 2.7 people".

- This will have a dramatic effect on expectations of increased workforce participation, and place a premium on increasing productivity. Today, Australians produce twice as much in goods and services for each hour worked as they did in the early 1970s. In the future this improvement will need to continue.

(4) Victoria should continue to become a wealthier community, with expanded opportunities for people to realize their goals in life. The improved competitiveness of the economy has led to a doubling of real GDP per hour worked over the last forty years. The IGR states that "Economic growth is projected to be 2.8 per cent per annum on average over the next 40 years with annual growth per person of 1.5 per cent. This would see the annual income of the average Australian rise from \$66,400 today to \$117,300 by 2055".

Development and economic growth

Development and economic growth

Growth can be in excess of the national average if government implements policies to encourage businesses to start up in, and to relocate to, Victoria. Growth and improving standards of living are available if enterprise is not stifled by over-regulation of economic activity. A strong agenda to make consumer choice a high priority can provide a better fit between service provision and human needs. Getting rid of unnecessary red-tape will therefore be important. An incoming government can be assisted by the availability of recent strong policy analysis in this area e.g. the Harper Report on Competition Policy.

At present the anti-development forces are influential, and there is a need to make clear to the public the dangers of curtailing development in this state, as has occurred in Tasmania.

Small business start-ups were depressed in the uncertainty following the global financial crisis, and the reception of the recent Federal Budget with its specific measures to encourage small business shows the strong public support for such policies. This should be an area of real competitive advantage for the Liberal Party, as Labor is under continuing pressure from its union base to further regulate and control independent contractors, and allow constant counter-productive interference by unions in enterprise management.

The technological and educational environments are moving strongly towards the building of the capacities of individuals and encouragement of individual enterprise, new innovative start-up companies, higher level skills, while the more effective protection of safety and conditions under government agencies is reducing the relevance of trade unions for many employees, and the occasions for industrial disputes and interference on the basis of ideology or political interests. With appropriate policies, there is no reason why Victoria cannot further achieve a higher growth globally competitive economy.

There are early signs that significant transformations may be occurring in the organisation of economic activities, including:

- the emergence of the so-called 'sharing economy' based around non-tradable services as a response to over-regulation, with the internet offering new business opportunities around the globe;
- cloud-computing and digital currencies that make it easier for start-ups to avoid over-regulation.

The financial management of the State will be crucial to ensure that business opportunities are not diminished by growing debt and higher taxes. The IGR notes that "we are currently living beyond our means. The Australian Government is spending over \$100 million per day more than it collects and is borrowing to meet the shortfall."

Regional and rural Victoria

The population of rural and regional Victoria is projected to be a declining proportion of the total to mid-century. Nevertheless regional and rural Victoria will continue to be a significant contributor to the State's prosperity, and regional cities will continue to grow. Victoria is Australia's largest food and fibre exporting state. In 2013-14, food and fibre exports increased by 12 per cent up to a record \$11.4 billion, which accounted for

29 per cent of Australia's overall farm exports.¹ It is estimated that global food production will need to double by 2050.² Victoria has the potential to thrive from this increasing global demand if successfully positioned to do so.

Policy areas to be addressed include growing the agricultural sector in Victoria including opening new markets and reducing barriers; water conservation and management; enhancing agricultural education and research; and infrastructure and other investment to support a growing agricultural sector. The issue of foreign investment in rural and regional Victoria also needs to be reviewed in an informed context with an eye to growing the sector.

Issues of remoteness and economic restructuring, together with recurrent issues arising from flooding, drought and bushfires, mean that Victoria beyond the metropolitan area will continue to experience severe social issues that government needs to address.

In the last decade or so significant numbers of welfare recipients or underfunded retirees have relocated to regional Victoria in search of cheaper housing. Many of those seeking cheaper housing suffer from intergenerational unemployment and poor education outcomes. The response of government has focused on the design of government services such as the Regional growth fund, flood disaster relief, improved data for local decision-making, regionalization of government offices, enhanced ministerial focus, and stimulus packages for specific regions, with an emphasis on infrastructure development- roads, bridges, highway upgrades and railway crossings.

Despite these issues, however, research indicates that rural and regional residents have higher levels of happiness than their major city counterparts. The Australian Unity Wellbeing Index monitors the subjective wellbeing of the Australian Population and found that "the highest level of personal wellbeing is achieved by people who live in rural towns, being higher than for people in major cities and higher than for those in remote areas".³

Opportunity and education

Schooling remains one of the key policy areas in supporting equality of opportunity and social mobility in Australia, yet data indicate that Australia continues to have a long tail of students (over 20 per cent) who reach the vital Year 3 level with inadequate literacy and numeracy skills, and that in the later years of school the skills of Australian students are behind those of students in countries such as South Korea and Singapore, and behind high school students in Shanghai.

The Kennett and Howard governments placed high priority on schooling reform, and on improvement in literacy skills, but resistance within education bureaucracies and systems meant that reform was slow. Literacy and numeracy deficiencies are not a

¹ Based on Department of Environment and Primary Industry data

² Food and Agriculture Organisation of the United Nations, *The state of the world's land and water resources for food and agriculture: Managing systems at risk* (2011), 9. Available at <<http://www.fao.org/docrep/015/i1688e/i1688e00.pdf>>

³ Report of National Rural Health Alliance, Oct., 2013; ref: <http://www.deakin.edu.au/research/acqol/auwbi/survey-reports/survey-012-1-report.pdf>

simple outcome of socio-economic differences, and exist across socio-economic levels, as a result of learning difficulties and other factors. The Grattan institute has produced several important reports on the measures necessary to overcome the learning weakness of students, with a focus on quality teaching that has the flexibility to engage with individual students. There is a lively policy debate on, and a range of models for, achieving increased flexibility and community support for schooling, and increasing research on what needs to happen in the classroom for successful teaching and learning.

Schooling remains a significant area for reform if Victoria is to deliver equality of opportunity for all students, and the Liberal Party can, and should, over the next four years engage fully in a conversation with principals, teachers, researchers, unions, business and parents, to pave the way for the policies that are needed.

In the words of the Intergenerational Report: “If we are to improve the standard of education services we receive, we must build a more globally competitive system and spend our dollars in a smarter way”. The State government will need to be at the cutting edge of change.

Distress and disadvantage

Lack of literacy, numeracy and other skills, and failure to complete secondary schooling, is strongly linked to unemployment and other issues later in life. Despite the high level of success in building a society that offers remarkable opportunities to fulfill aspirations and find happiness, there is still a minority of Victorians suffering persistent and cross generational joblessness, welfare dependence, homelessness, and insecurity. To the extent that the growth of Melbourne further separates home and work, it will challenge planners to avoid additional harmful stresses.

Recent policy success in New Zealand from linking issues of foster care, education, welfare dependency, youth justice and prison sentences through multiple and early interventions has suggested the superiority of integrated over siloed approaches, and suggests the opportunity for significant reforms to improve opportunities for individuals, enhance people’s control over their lives, and reduce ineffective expenditure.

Safety and security

Physical safety is one of the most basic needs of citizens and one of the basic functions of government is to secure it. Action to secure the community through increased policing, safety officers on railway stations, mandatory sentencing and other measures were important elements of the policy program of the Liberal-National Government.

Because of deficiencies in the quality of crime reporting and statistics, in 2014 a Crime Statistics Agency was established so that government and people were able to more accurately interpret, understand and critically evaluate the data. The first statistics issued by the agency in 2015 showed that in 2014 the overall crime rate was 7,808.6 offences per 100,000 people, an increase of 2.5 per cent over the previous year. Family related incidents continued to rise, up 8.2 per cent to 68,134 in 2014.

Fears related to safety are much more prevalent among women. The Legatum study noted above found that in Australia, 80 per cent of men reported feeling safe compared with only 54 per cent of women when walking at night. In each of Canada, New Zealand, and Australia the gap between genders is much higher than the global average of 13 per cent.

Social harmony in a multicultural society

Since the gold rushes of the 1850s Victoria has attracted immigrants from around the world. A large part of this attraction has been the successful building of a society governed by the rule of law and the freedom for all people to live according to their own values provided they do not harm others and accept Australia's liberal democratic institutions and practices.

The Liberal Party has long recognized that the foundation of social harmony has been the freedom that our democracy has provided for people from every immigrant group to preserve and adapt its cultural heritage, and live by treasured values subject to law. Our education policies provide the freedom for parents to choose the education for their children in the values with which they are comfortable. The social adjustments and attitudes that come from freedom and familiarity have encouraged acceptance and respect for differences throughout the community while, within immigrant communities, freedom and choice have fostered respect for the legitimacy of our institutions.

Since the establishment after World War II of Australia's massive immigration program there have been various threats to social harmony, almost all of which have been dealt with successfully through Australia's freedom and equal opportunity. These have included:

- Cultural parochialism and intolerance of newcomers, which has been eroded over time through experience;
- A sense of exclusion on the part of newcomers, which still tends to exist with recent arrivals, but has been addressed in part by innovations such as the Fraser Government's SBS and by legal insistence on equal rights;
- The politicization of ethnic communities, especially by Labor.

Liberals should continue to work closely with Indigenous communities and to continue the recruitment of Indigenous candidates. This is a time of valuable debate within Indigenous communities on the economic way forward, and the current discussion of the framing of property rights to open up economic opportunities while maintaining the cultural value of land and country holds out promise for future progress.

The Liberal Party has always had a sophisticated and balanced view of the implications of multiculturalism for our society. Every immigrant group will have its own unique contribution to make to the enriching of our culture and its heritage, but recognition of the contribution of cultural diversity does not mean acceptance of illiberal attitudes towards women and children, or to other religions and celebrations. Acceptance of our democratic institutions is an overarching requirement for social harmony. The fact that people come from diverse backgrounds should add to the richness of our heritage. Liberals are best placed to facilitate the welcome acceptance of those from around the world.

One threat to social harmony today comes from the active propagation in sections of our Islamic communities, especially through the internet, of the illiberal ideology of extreme groups whose world view is highly intolerant of difference. Liberals already work in Islamic communities, welcome Muslims into the party, put forward candidates of the Islamic faith, and know the isolated character of this extremism. The extremists' violent prejudice places on all others in the community, and on the Liberal Party most of all, the responsibility to articulate and defend what has been achieved in Victoria and Australia. Extreme action arises from extreme ideas, and while we may not be able to tell a priori who is vulnerable to persuasion, we can put strongly the ideas that refute the ideology of those who wish to coerce others to their beliefs. The need for vigorous exercise of our rights of free speech and for articulate defence of liberal values across the community has never been greater, and Liberals need to continue to work within, and to recruit active members in, Islamic communities who will make the case for liberal values.

The key to a successful future for our democracy, and to longer term social harmony, is to recognize the power of the idea of human dignity expressed openly and frankly, recognizing that democracy is damaged if some are given privileged protection from "offense" and 'insult", and we depart from the principle that all are equal before the law, and have equal freedom, provided they do not harm others.

The Liberal Party has acknowledged since its foundation a particular responsibility to make the case for liberal democratic institutions, and if it does not do so, illiberal ideas will only get stronger.

Cultural change

All Victorians are conscious of living in an era of rapid cultural change, but the nature of this change is not always clear. Our experience of over 160 years of liberal democracy in Victoria has led to a growing acceptance of the right to equal respect and dignity of each member of it. Old prejudices and unrealistic fears of those who are different are dying away as our community becomes better educated and more aware of the diversity of the world. All Victorians now live in a much richer cultural setting than our forebears as a result of the influence of ever-higher levels of education, of the information revolution, and of immigrants from around the world.

One way of thinking about the change is to see the present time as one in which support for the idea that all people are entitled to equal dignity and respect is becoming stronger year by year. From this perspective, the progress of liberal thought continues, as categories of people who have been marginalized in the past and shut out of society, once derided, are being brought into the mainstream, their differences accepted and their unique perspectives welcomed.

The 19th century saw the erosion of social class, deference based on social position, and the establishment of education for all, religious equality, votes for women; the 20th century continued the battle for women's equality; faced the horrific consequences of racial, ethnic or cultural exclusion, and the legacy of colonialism, and initiated the decriminalization of adult sexual preference. Now our society is turning to the issues of equal rights and dignity for those who have been marginalized on the basis of physical and

learning disability, mental illness; trans-gender; sexual orientation; or aboriginality. Issues of child abuse and family violence are at last out in the open and beginning to be addressed.

Old notions of rigidly defined distinct social roles for men and women have been replaced by the recognition that all people should have equal rights and opportunities. Differences in sexual preference among consenting adults are now generally recognized as private matters amongst which the law should not discriminate. Despite these cultural advances, our more liberal culture is not yet fully enacted in our laws, and the Liberal Party still has work to do in giving policy effect to liberal ideas, and continuing to resist illiberalism and prejudice.

The progress of the idea of the equal and inalienable rights of all to life, liberty and the pursuit of happiness has never been straightforward, and at every stage legitimate social conservatism has been significant in pacing, questioning, but, in our democratic society, ultimately conceding reasonable change that cannot be resisted on grounds other than tradition, unfamiliarity, ignorance, or prejudice.

These debates are always passionate and difficult because they generally involve the future of what many see as fundamental social institutions: family, school, church, household, military, clubs and associations. At their heart lies the relationship between the individual person and the world inherited from the past. Despite complexity and difficulties, however, our social institutions and the laws that define them have evolved, and will continue to evolve as attitudes change and understanding is advanced. The founding ideas of liberal democracy, and the central value our society places on the dignity of each person, will almost certainly continue to require us to consider changes in our institutions which strengthen the recognition of the ultimate value of the individual person.

The Liberal movement in Australia from colonial times has always been a key force and forum for the debates surrounding social attitudes, social change and institutional reform. The leaders of colonial liberalism, from Governor Richard Bourke, through the democratic leaders Parkes, Griffith, and Deakin, led debates on education for all, the rule of law for aboriginal people, women, and exploited workers. In the early 20th century the Liberal women's political movement was the strongest in Australia, promoted the first women into parliament, and helped to found the modern Liberal Party. The Liberal Party in Victoria under Premier Dick Hamer led the way on the decriminalization of homosexuality. The first Aboriginal members of parliament were Liberals. Menzies championed equal higher education for all, men and women, and by his great immigration program (and the Colombo Plan) transformed Australians' attitudes to Asia, White Australia, and to non-Anglo-Saxon immigrants. With his hospital and education policies he overturned the colonial inheritance of religious sectarianism. Fraser carried this great tradition on. Liberals have been foremost in educational reforms to lift those held back by illiteracy and innumeracy, sometimes in the face of conservative union and bureaucratic interests.

Because the Liberal Party sets out to represent the great mainstream of Australian life, it is often within the Liberal Party that the debates between conservatism and reform occur. The management of these debates by the party's leaders has been an important part of the process by which peaceful and sustainable change in the laws governing social life has been achieved. Because of its understanding of the importance of freedom to harmonious social change, the party has resisted those who prefer to impose

politically correct solutions on all by compulsion, law and tribunals, favouring instead free public debate, peaceful persuasion and managed change.

The debate on whether Australia should become a republic was such a debate, managed with tolerance and openness by John Howard when he was leader. The current debate on “gay marriage” falls within this tradition. The Liberal Party will inevitably have both conservative and reformist views amongst its members, and once again the party’s leaders will need to find the best way to manage this debate, recognizing the powerful force of liberalizing social change that lies behind it. Ensuring that policy developments responding to social change are consistent with the fundamental liberal ideas that motivate the Liberal Party is an important task for the Party’s leaders if social and political change is to be well managed.

The rise of, and responses to, the Greens must be seen, in part, in this context. While presenting themselves as a party focused on environmental issues, the Greens generally seek to appeal to the politically “progressive” through policies that impose politically correct solutions, with little sense of the value of free debate or the rule of law or any understanding of the need to encourage enterprise, produce wealth or resist excessive spending. The Greens are an example of utopian politics substantially divorced from the tradition of principled rational debate and analysis so central to the Liberal tradition.

Some Green policies have to do with the recognition of previously marginalized groups that overlap with Liberal goals, and therefore indicate to some extent the breadth of support for these views. Greens support among some sections of the electorate is discussed below.

The cultural change occurring in Victoria, and elsewhere in Australia, extends of course beyond changing acceptance and respect for previously marginalized groups. The balancing of individual rights against social harm is a persistent issue in liberal democratic societies that will always be there, and will require a politically determined answer. It is an issue that arises in debates on the legal framework for marriage and divorce, and in relation to abortion, euthanasia and the legalization of drugs which have been occurring for decades and will doubtless continue. Because of the depth of feeling that such issues inspire, they require an exceptional quality of leadership of debates within the party to manage their discussion well, and have been handled in parliamentary debates with conscience votes. This will almost certainly continue to be the case with these and other debates where a decision is forced by circumstance and agreement is unlikely.

Our opponents

It is not surprising that the party feels distress over the return to power of a Labor Party which in office last time failed to tackle the growing gridlock on our roads, wasted billions of dollars of taxpayers’ money on expensive and useless schemes such as the North-South Pipeline and the desalination plant, bungled huge projects such as Myki, pushed up the price of housing by its failure to plan properly for Melbourne’s growth, and the cost of living by its waste and mismanagement.

The Labor Party that has now come into office is, in many respects, even less competent and certainly more ideological than that which was dismissed by the people with a six per cent swing against it in 2010, and deeper in political debt to its union base. No policy program for Victoria has been developed by the Labor Party, no comprehensive transport policy, no planning policy, no education, skills and training policy, and no policy to encourage investment in competitive unsubsidized jobs. Instead, it has advocated repudiation of contracts and is already handing out large sums of taxpayer's money to its favoured lobby groups.

Some would argue that the most serious issue facing the state from Labor's return to power is a cultural one. Without a guiding philosophy, and in thrall to its union base, Victorian Labor shows the impact of the culture of narrow self-interest and corruption infecting some of the most influential unions. In recent weeks its Whip Cesar Melham has resigned after it was revealed that he had used the power of his union (the Australian Workers Union) against an employer, to pay memberships to promote his own career within the Labor Party at the expense of his members' conditions. While Labor's policies have always sought to promote union privilege at the expense of the community, its access to government is now seen to be undermining the purpose of unionism itself to improve the conditions of its members, providing a powerful incentive for union officials to promote themselves over their members. Few things show more clearly the decline of the internal culture of organized labour, and the potential risks for the integrity of our institutions.

The Liberal Party's historic mission, on the other hand, has been to empower individual people. If we want to win we must be more determined than Labor, prepared to call out its arrogance and partisan approach, and demonstrate how we will govern for the whole community, and in doing so improve the lives of all. We must be stronger and more united than they are, clearly more competent than they are to deal with the major problems facing our State and more able to open the doors to the kinds of opportunities young people, men and women, families and households are seeking for themselves.

Since its return to power, Labor by its actions has confirmed that it is ideological; that politics and immediate supporters come before the good of the community; that it is paying in full measure its debt to its union backers; that its management of government is chaotic; and that despite much rhetoric the major issues facing Victoria will remain largely unidentified and unaddressed.

Perhaps the decision of the Andrews Government that most clearly demonstrates its ideological opposition to private effort in the public interest was its scrapping of 42 hospital beds provided by the Peter McCallum Cancer hospital in the new facility simply because they were privately funded. Its refusal to honour the contract to build the East West Link road and tunnel has exposed Victoria to sovereign risk and breached fundamental norms of democratic government under which contracts of the previous government must be honoured. It rapidly repealed "move-on" laws to control irresponsible demonstrators, and it has already flagged that it sees nothing wrong in the imposition on taxpayers of growing debt, loading the costs of its profligacy on future generations. It is now stacking the public service, water boards and other agencies of government with its supporters, which will inevitably mean a decline in the quality of these bodies and their contribution to good government. It has already changed the name of WorkCover to WorkSafe to please the CFMEU, and created new public holidays

at great cost to the community. Its new road announcements are so far all talk, it is highly unlikely that many of its promised level crossings will be built.

The deepening culture of respect for all is also challenged by those who would justify – or refuse to take a stand against - the thuggery and corruption of unions such as the CFMEU that has been identified by the Royal Commission on Trade Union Governance and Corruption. Unionism today is less relevant to most members of the community, as the task of protecting workers from exploitation and unsafe bullying workplaces has been largely taken on by government agencies. Alongside its important historical role in representing employees and advocating for improved protections and conditions – a role Liberals have not only supported but pioneered in nineteenth century Australia – there has always been an illiberal element in some unions that has itself engaged in bullying and corruption. Today unions seriously infected by such a culture are concentrated in the construction industry, but the Royal Commission has also identified significant examples of such behavior in the health and other unions. Such unions comprise a tiny proportion of the workforce but have a disproportionate impact because of their confrontational methods, and their role in the Labor Party, where their sympathisers have influence.

Does Victoria lean to the Left?

“Compared with many other jurisdictions, Victoria is a fairly left-leaning state.”

- Farrah Tomazin

Sunday Age, 7 June 2015

Many others have echoed Farrah Tomazin’s comment. In an article last year, Swinburne University academic Paul Rodan argued that “There’s something about Victoria”. Citing a range of factors including a larger manufacturing sector, a more multi-cultural society, higher education levels, the lack of a significant mining sector and the absence of “strident conservative talkback radio culture”, he argued that there was an inherent progressive bias in Victorian political culture which made it harder for the Liberal Party to win elections here compared to other states.

The terms “left” and “right”, though common in political discussion, are not very useful because they lack clear meanings. In this context they may refer to either parties, or attitudes, or both.

The evidence for a “left” bias in our politics, either in attitudes or in voting behavior, is slight, though it may be that Victorians are statistically more ready to consider institutional and social change than voters in other States. This need not be to the disadvantage of the Liberal Party which frequently advocates reform. The bias has sometimes been seen – in voting and in support for “progressive” ideas - in the Green vote. Certainly in elections in the three big states in the past year, the Greens recorded their highest vote in Victoria getting 11.48 per cent, compared to 10.29 per cent in New South Wales and 8.43 per cent in Queensland. There is also evidence that on issues such as the Republic and gay marriage (from the 1999 referendum and opinion polls respectively) that Victorians tend to be more open to institutional and social change than their interstate counterparts.

This openness to change can, however, benefit the Liberal Party where its policies point to the need for reform. Victorians were more than usually receptive to modernising economic changes initiated by the party such as deregulated shop trading hours, or the privatizing of government businesses such as the State Electricity Commission or the Gas and Fuel Corporation, or perhaps even to changes such the sharing economy. There was strong community support for the Kennett Government's initiative of self-governing public schools, although the empowering of communities was opposed by conservative union interests. There are also some demographic features of Victoria which should give heart to Liberals. For instance, Victoria share of public sector employees is 1.4 percent lower than the national average.

If the 'left' bias refers to voting patterns rather than political or policy culture, it is not an excuse for the Liberal party's failure to win elections, but a warning that it has not done what is necessary to win. It is certainly true that in the last 35 years the Victorian Liberal Party has underperformed its interstate counterparts at Federal elections. The Coalition has only won the Two Party Preferred (2PP) vote twice in Victoria federally since 1980 (in 1990 and 2004) and the average 2PP of 48.1 per cent in Victoria in that period has been 1.9 per cent below the national figure of 50.0 per cent.

At a State level, Labor has also been more successful in winning elections in Victoria over the same period, winning seven state elections to the L-NP three. However, in State elections the Liberal Party has performed similarly to its counterparts in other jurisdictions. The L-NP average state 2PP vote in Victoria since 1980 is 49.3 per cent, only marginally below other states and the period of time in government is not dissimilar to that achieved in other jurisdictions.

It is striking that since the since the start of the 1980s, in no state has the Liberal Party recorded three consecutive election victories. In the same period, the ALP has recorded three consecutive victories in every state. By contrast, the Howard government won successive Federal elections in 1996, 1998, 2001, and 2004.

This perhaps demonstrates that while at the federal level voters positively associate the Liberal Party with effective handling of the issues most important to voters, at state level the Liberal Party has been less successful in building issues on which to sustain governments, beyond the term or two required to clean up the mess left by a Labor predecessor.

To the extent that voting for the Labor Party or the Greens is relatively higher in Victoria, the Liberal Party must weigh up not only whether it has developed effective electoral appeals or a convincing narrative, but whether it has placed sufficient weight organizationally on developing the party in the newer western and northern suburbs of Melbourne, or adjusting to the impact of changes in rural and regional Victoria.

The challenge for the Liberal Party is to demonstrate that it can govern Victoria better than Labor over the longer term.

This will require a significant effort to address issues concerning the perception ('brand') of the party detailed later in this report, and to make the case for Liberal integrity and Liberal policies as the best ways to address the issues detailed earlier in this chapter: to manage population growth with better transport and planning policies, employment better with policies to encourage investment by private enterprise,

schooling and training better with policies that improve outcomes for all students, scientific and medical research and higher education better, health better with improved hospital and para-medical services, workplace relations with better outcomes for employees, and so on. Key to success will be the ability of the party to demonstrate that it can run the government sector with less use of intrusive nanny state regulation, lower demands on citizens' incomes, and with sound financial policies.

Risks

Principal risks to Victoria's future are:

- The risks of loss of capital and labour from failure to maintain global competitiveness, leading to diminishing opportunities;
- Failure to maintain sound budgetary practice by not matching spending commitments with revenue, leading to excessive debt, over-borrowing and, with consequent imposition of higher costs on Victorian taxpayers through loss of AAA rating. The Liberal-National spending cap of 2.5 per cent was an important element in the success of its financial management, while Labor's 3 per cent cap makes it vulnerable. The rapid growth of welfare provision and expensive initiatives through unfunded promises is the most likely threat to fiscal sustainability;
- The risks of loss of policy focus and trust in government as a result of failing to address issues effectively through inefficient or incompetent public agencies, and excessive involvement in low priority matters;
- Education and training systems falling behind world's best practice.

Opportunities

- Reform to increase tax competitiveness. At present no party is seen as a low tax party. Victoria has the highest stamp duties of any State. Cost control in the public sector is vital to put downward pressure on tax levels;
- Greater flexibility in government service provision by expanding public-private partnerships;
- Positioning Victoria as the most welcoming jurisdiction for the 'sharing economy';
- Provide strong incentives for business relocation to Victoria by strong action to reduce excessive and unnecessary regulation and red tape;
- Reduction of the costs of land use and development through regulatory reform;
- Schooling reform based on the growing number of global examples of more effective teaching and learning techniques, and value of more independent government school models such as Charter schools.

Recommendation: That the parliamentary party consider the information included in this Report, and other relevant material, on the current and projected state of Victoria in developing its policy program and narrative for the next election.

Conclusion

Victoria today is desperately in need of good government in the public interest. The challenge we face as a party is to understand how the political and policy disaster of Labor's return to power has come about, and what we did or did not do as a party to prevent it. In 2010 we promised good government, a better Victoria. In 2014 we had not convinced the people of Victoria that we were delivering it.

The Liberal Party must use the next four years to show Victorians that it can provide the government and the leadership they are seeking for this state.

THE LIBERAL-NATIONAL COALITION GOVERNMENT

2010-2014

The Liberal-National Coalition Government formed after the 2010 State election was the first such government since the 1999 defeat of the Kennett Government.

It has been commonly said in submissions to the review, and in the media, that the party was not ready for government in 2010. The 11 years preceding the election had not been easy for the Liberal Party, with the changes of leadership, and the need to rebuild after the particularly heavy loss in 2002.

It is clear that there was no satisfactory transition to government plan in place, arguably because the party's efforts were concentrated on the campaign to achieve the large swings needed to defeat the Brumby Labor Government.

Little time had been put into the development of even flagship policies. Identification of suitable staff was only undertaken to a limited extent, and while some first class staff were hired, the staff appointment process was very prolonged, delaying decisions and causing resentment, which contributed to the government getting off to a slow start.

After coming to office it became evident that Victoria's finances were deteriorating badly, and the party's policy priorities were focused heavily on bringing Labor's ballooning expenditure under control – a goal that was achieved, but to some extent at the expense of a comprehensive suite of policies. The reasons for the government's actions were not adequately explained, nor was proper responsibility apportioned to the Labor Party, federal and state, for what had become necessary. There was also a failure to vigorously contest the false claims by Labor of "cuts" and their consequences, which generally related to a rejection of Labor's unfunded promises.

While a number of Ministers from the start provided strong leadership to their departments, and it was decided to leave in place department secretaries, the view has been put to the Review that the Coalition Government did not make sufficient or timely changes once it became clear that senior public servants were not performing as the government was entitled to expect. By contrast the incoming Labor government in 2014 made significant changes in relation to public servants about whom it had formed a dislike in Opposition.

By 2018 the Liberal Party must have a comprehensive plan for government.

Achievements

The Baillieu and Napthine governments achieved many good things for Victoria. The Liberal-National Government delivered what it promised – the strongest economy of any state. It brought the finances of the State, blown by Labor's big spending, under control, and secured Victoria's AAA credit rating. It provided record support for education and health services; reformed the fire services levy; undertook gambling and planning reform; lowered WorkCover fees; put in place a code and monitor for the

construction industry; implemented best practice in OHS; and developed a plan for a comprehensive infrastructure program that would address the state's transport and other needs. Its path-breaking large scale trade missions brought investment and jobs to the State.

The Coalition promised and delivered more police on the beat. Public transport is now safer because of more than 900 new protective service officers. Commercial zoning reforms have been successful in attracting major investment and construction activity, and other zoning reforms have given more opportunities to rural communities, and enabled better management of suburban growth. Plan Melbourne was a comprehensive 50-year plan to manage the growth of the city.

Other significant achievements included: addressing the high maintenance backlog in schools left by Labor, including the establishment of 13 new schools; establishment of the Victorian Indigenous Honour Roll; establishment of the Parliamentary enquiry into abuse in religious and educational institutions (Betrayal of Trust Report); the regional jobs expos; support for the white ribbon campaign; improved rural infrastructure and increased employment through the \$1b Regional growth Fund. CFA stations were upgraded and new firefighting vehicles purchased. Stamp duty was cut for first home buyers; ambulance fees reduced and \$630 million was invested in the new Bendigo Hospital.

No government can complete a term without leaving some people dissatisfied. Alongside a large number of achievements, submissions to the Review indicated that there were other issues the handling of which left some members of the party disappointed, and which fed into the loss of enthusiasm for the government at the grassroots. The government was seen by many members to be supporting positions it had criticised in Opposition:

- Despite substantial criticism of Labor for its spending on Myki and the desalination plant during the campaign, the Coalition government did not reverse or seem to make major savings in relation to these on coming to office, nor clearly explain the reasons for its decisions;
- Despite the recommendations of the report of the Gas Market Taskforce (Reith Report) that fracking was environmentally safe the government maintained a moratorium;
- Although the Federal Coalition government expressed concerns over the national curriculum and initiated a review, there was seemingly no response to this by the State government;
- Criticisms in opposition of literacy and numeracy levels were not followed through with significant reforms;
- Smart meters, criticized in opposition as lacking essential features for sustainable power management, were rolled out;
- Similarly, while the Coalition Federal Government took a strong stand in relation to corporate welfare, including further subsidies for SPC, the State Government took an opposing line. Many members were inevitably left confused;
- Again, the State Government issued a statement opposing amendment of Section 18c of the Racial Discrimination Act, even though the State Council had expressed support for such amendment to protect freedom of speech;
- One issue which led to expressions of anger to the Review was the rejection by the State Government of an almost unanimous vote at State Council against the

law requiring doctors opposed to late term abortion to 'act against conscience' in referring a patient.

There will sometimes be good reasons that may lead a government to take decisions that are unpopular with its own supporters, and there are always differences of view within the party. Nevertheless government decisions that seem to contradict views put in opposition, or that could be seen to ignore basic values and directions of the party, particularly resolutions of State Council, will likely lead to a loss of motivation in the base, including loss of membership and unwillingness to campaign.

This is not a problem that will be solved by a procedural change. It is a matter of the respect that one wing of the party shows for the other - the quality of relations between a Liberal-National government and the party supporters of the government. Policy decisions that leave party members confused, generate internal criticism and eat away at the electoral effectiveness of the party organization, in a well-known phrase, draw down vital political capital.

Communications

If there is one theme above all others that has come through the submissions to this review it is that the party failed to communicate the government's achievements. In addition, it did not communicate and implant in the understanding of the electorate, the failures of the previous Labor government. The Review was frequently told that the party neither presented – in the current terminology – a persuasive narrative about itself, nor a narrative about its opponents. It did not adequately explain the problems to be fixed, nor how and why it was fixing them.

This communications failure extended all the way through the period of government, until it undermined the effectiveness of the campaign itself. At no time during the four years was there a coordinated strategy across the government for the communication of our narrative. The new government failed to appreciate the importance of communications, and journalists perceived that the government was actively seeking to shut down access.

During the period of Opposition the paucity of press releases was notable, as was the lack of speeches and transcripts on the party website. In one year in opposition an analysis received by the Review showed that the Leader of the Opposition put out 25 releases in a year, while other State Opposition Leaders averaged six per week. If politicians don't tell people what they stand for, they should not be surprised when people don't know what they stand for. This failure to use the most obvious means of communication unfortunately carried over into government.

The previous Labor government's communications unit was dismantled and not replaced. There were long delays in the recruitment of new media staff; communications staff of Ministers and the communications budgets of backbenchers were reduced; and government advertising was cut back. The early view that the government would not be driven by the 24 hour media cycle seems to have flowed through to a general neglect of the importance of communications. This was exacerbated by excessive centralization that impeded the capacity of Ministers to communicate and discouraged them from

engaging proactively with the media. The Review has heard the comment that: “Mobile phones were switched off”.

The Review has received varying assessments of the impact of the election commitment to reduce Ministerial staff by 25 per cent on the government’s communications. This was an election commitment, and the government was at pains to deliver it. The conclusion probably must be that the resources that were available were not effectively used.

A culture developed within the government of not talking to the media, leading to a failure to communicate effectively on a day to day basis, including not responding quickly and effectively to negative coverage. The Government also did not put in place an effective longer term strategy of explaining positively what the government was about.

The Review interviewed a number of political journalists who were all of the opinion that the party did not engage well with them, or even seek to engage. The perception developed that the government had determined on a deliberate ‘non-engagement’ strategy with the media. One commented that the party’s culture was not one of an outward-looking engagement with the world, but closed and secretive.

The accession of Denis Napthine to the leadership has been described as leading to a ‘mini-honeymoon’ with the media, but towards the end of the period relations between journalists and senior staff of the government deteriorated badly, and a culture of antagonism developed that was highly counterproductive.

All journalists unfavourably contrasted the Liberal Party’s media relations with Labor which was described as having changed greatly in the last four or five years with the rise of the “campaign technocrat” and the adoption of business school techniques where what works is constantly tested.

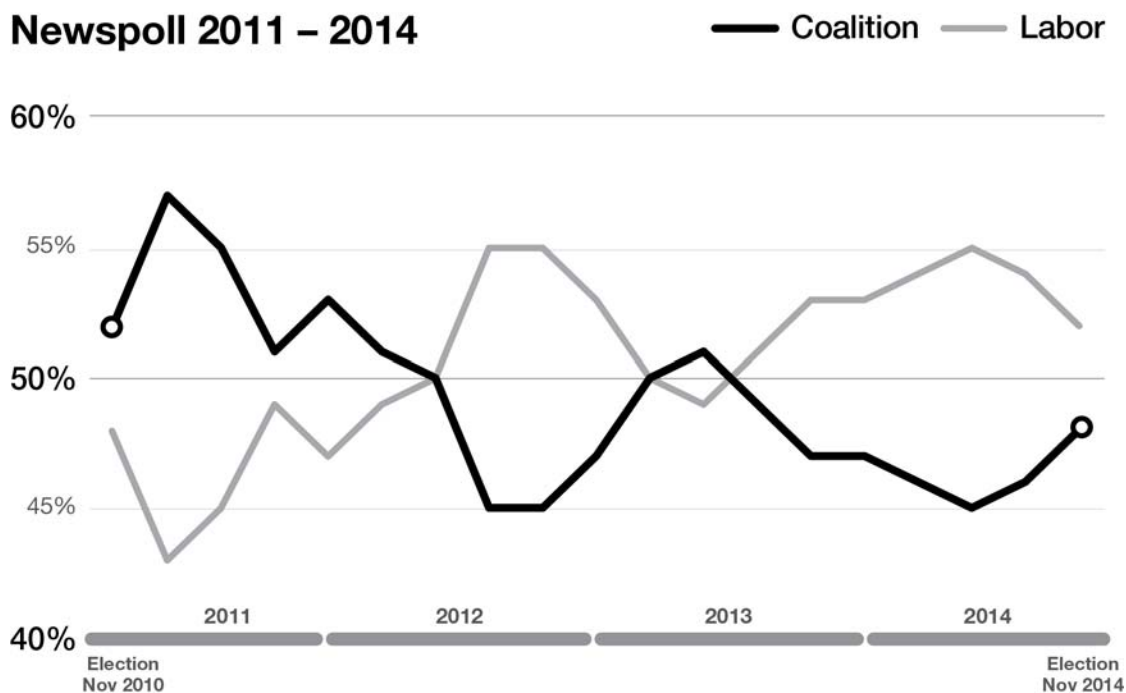
Whether such comments are accepted at face value or not, they have some support from other observations and lead to the conclusion that a culture change is required for the party in its attitude to the media.

The government’s critics complained that this was a “do nothing government”, and, effectively unanswered, this became an entrenched perception in the public mind. By the time of the campaign, no compelling case for the return of the government had been developed, and heavy reliance was placed on infrastructure promises whose implications for the lives of individuals and families were not adequately explained.

Early loss of support

In understanding the loss of government, perhaps the single most important starting point is that by mid-2012, Victorian voters had established a view of the government that remained until election day on 29 November last year.

Newspoll 2011 – 2014



The Government was eight per cent behind the Opposition in two party preferred terms by the start of campaign and, though it reduced this to a four per cent gap, it never regained the lead. The absence of a communications strategy is perhaps a proximate cause of this, but it is not the only factor.

A submission to the review by a senior member of the Coalition government states:

“The main additional factor, and a very significant one, was the snail’s pace at which processes of government moved whenever the Premier’s office was involved during the first years of government. This was due to a combination of distrust of Ministers’ capabilities, extreme caution in making decisions, and the Premier and his office being overwhelmed by the sheer volume of work that highly centralised review and approval processes required”.

Industrial disputes

If we work back from the campaign, it is obvious that unresolved industrial disputes which dragged on for too long, and where the government failed to win the public debate, played a key role in the outcome. The support for Labor from ambulance, fire service, nurses and other services was a major factor in the loss of seats such as Carrum, Mordialloc and Bentleigh. Research showed that 70 per cent of the public were on the side of paramedics, 15 per cent on the side of government.

In my interviews with members of the former government, it is clear that there was a proper and understandable desire to ensure that disputes were settled within government wage guidelines. It is also clear that some two years before the election the Trades Hall decided on a strategy to delay settlement and use the ambulance dispute in particular for political purposes. From that point a resolution was difficult. Capitulation to excessive demands and improper behavior was not seen as an option, and perhaps

the only solution then, which was not attempted, was to take on the unions and win the hearts and minds of voters on the issues.

The government recognized, and was advised by the party room and the party organization, of the danger to it of not resolving the dispute. It is hard not to conclude that the failure to deal effectively with these disputes is evidence of some dysfunction at the heart of the government.

The Shaw saga

The issues arising around Geoff Shaw were a major distraction for the government, and conveyed the message to voters that the government had lost control of the parliament. The government seemed dysfunctional and powerless, and was not successful in sheeting home responsibility for parliamentary disruption to the Labor Party.

Geoff Shaw was selected for a winnable seat, although he had no party background. Some Liberal parliamentarians who were close to him believe that it would have been possible to deal with his issues at an early point in a way that did not cause the crisis that eventuated. The approach of isolating him that was adopted proved counterproductive, and ultimately led to the breach that was so distracting for the government. It was reported to the Review that Shaw was helpful in relation to Sean Armistead's campaign.

The experience with Geoff Shaw is a warning of the risks inherent in the pre-selection of a candidate without any history in the party, as it is of not engaging with issues when they first arise.

Management of government

Our institutions of party government should provide something of a self-correcting mechanism for policy and communications problems. A vibrant party room and lively Cabinet debates should speedily identify problems. Open linkages between MPs and Ministers on the one hand and the party membership and the wider community on the other should alert the government to developing issues or any failure to get its message across. Here the many interest groups in our society, including the media, have an important role to play in the democratic process.

Further, ministers with responsibility for policy have the capacity to reach out, to listen and to respond. The party's regular research contains essential information about the success of its communications and the issues of top concern to the electorate. Such diverse sources of information normally provide correctives to a government structured to listen and willing to respond in accordance with its values and priorities. Indeed, they are the fundamental processes of democratic government today.

Submissions by former Ministers and Members of Parliament, by staff of the party Secretariat, by party members and the party forums lead to the conclusion that these processes did not operate as effectively as they should have done during the last four years.

Party Room. In the parliamentary party room, rather than it being an essential part of the government process where information about the electorate's concerns is transmitted and debated, and the effectiveness of the party's strategies can be assessed, many members felt that speaking up and promoting discussion was not encouraged, and some members felt that debate was essentially shut down.

In the first part of the government's term, there were few meetings of Liberal Party members separate from the joint Coalition party room, and when those meetings were reinstated they did not result in significant discussion.

Cabinet. The Cabinet process contrasted markedly with that of the Kennett Government. While Cabinet often debated the policy merits and political implications of individual proposals, there was little or no discussion of whole of government communications, including of high-level themes and messaging. From the early days of the government there was a heavy reliance on Cabinet committees, and on submissions from the public service. One senior Minister stated: "The bureaucracy was completely in charge of that first Cabinet". There were complaints that business went through Cabinet committees that should have gone to Cabinet. Meetings were often long and indecisive.

Some Ministers in the former State Government have said that they felt less important than senior central staff for the first few years of the term, and the principle of Ministerial responsibility for policy was, in many cases it appears, eroded. Another former Minister commented: "Staff thought they were there to supervise the Ministers". During that period, Ministerial initiative was stifled by excessive central control, and decision-making processes were unclear and tortuous.

The model of how such processes can operate on the Coalition side of politics in relatively recent times has been the Howard Government. Party meetings were forums where members were invited to express concerns over policy and communications, where Ministers were asked to respond, and where the Prime Minister was in constant attendance. Party meetings, on occasions when there were a number of significant issues running, could continue up to several hours. As a result, the parliamentary leadership were generally well informed of the concerns of members, and in a position, if appropriate, to adjust the government's approach. Out of free and open discussion a common understanding of issues and the government's approach could emerge.

Access. Access to Ministers by interest groups, rather than being welcomed as a source of new information, was avoided by some Ministers, whether due to uncertainty about their roles, fear of being politically ambushed, or for other reasons. Media allegations of undue influence by some lobby groups were allowed to persist without effective answer, and disrupted normal processes of access. This issue was constantly raised with the Review by party members, business groups and others. Access to most Ministers was difficult, and too many staff and Ministers would persistently fail to return calls, or arrange follow-up meetings.

It would seem that it was insufficiently understood that, although lobby groups are always self-interested, and often narrowly so, the access of lobbyists to a government is a proper part of democratic process. The campaign in sections of the press suggesting that such contacts imply undue influence is simply wrong. If this were the case, then a

party such as Labor that is a vehicle for narrow selfish union interests, and the recipient of substantial monies from them, would ipso facto be illegitimate. The obligation to ensure that out of such contacts the public interest is protected and achieved is the responsibility of Ministers, for which they and the government are accountable.

Issues. Following the election, research was done to investigate the reasons that had influenced people's voting. In 2010 the party's appeal was that it would "fix the problems and build the future". Too many voters, however, were turned away by the perceived broken promise on teachers' salaries (which was remembered up to the election itself), the lack of clear evidence that the problems of traffic congestion, public transport crowding, hospital waiting lists, education quality issues, cost of living pressures and business closures and job losses had been, or were being, 'fixed'. Some were dismayed that the government did not set about immediately to begin a major reform process to fix the problems using its parliamentary majority in both houses.

The perception, and perhaps the reality, was that input from the party organization at high levels, and research gathered by the party, was little welcomed and received little attention until the last six months before the election.

Need to engage

The words 'isolation', 'disconnection', and 'lack of engagement' occurred frequently in submissions to the Review to describe the inner workings of the government and its relations with the wider party and the community. They are also words that occurred occasionally in criticisms of the management of the election campaign. Fair or not, these are troubling perceptions, and may have contributed to the communications failure that has been so widely noted.

Understanding the reasons the party room did not operate more effectively, or why the principle of Ministerial responsibility was not properly observed during the first part of the government's term, or the under-estimation of the importance of either formulating or communicating a narrative on the part of the government, requires us to look more closely at our party and the ideas that shaped the attitudes to the government of the various participants.

One matter that we cannot avoid mentioning is disunity. Debate in the party room was not encouraged, it has been said to the Review on many occasions, because of the fear of leaks, and leaks arise from disloyalty. The sad truth is that while there had been significant efforts to rebuild unity within the parliamentary party in the years up to 2010, this unity deteriorated as time went on and the government struggled to perform, until the change of leadership in 2013.

Disunity is not a new problem for political parties. If disunity is not to damage and even destroy governments, the principal known cure is leadership that commands confidence and builds party unity on the basis of values, direction and a sense of participation. Disunity is always a problem for governments that do not articulate strong messages, give a clear sense of purpose and direction and communicate accordingly to the electorate. The volunteer character of the Liberal Party makes this even more important. The Baillieu/Napthine government faced particular difficulties as a result of the one seat

parliamentary majority, but it was not only Geoff Shaw who caused distractions. Problems of disunity and loss of confidence were not addressed quickly enough, resulting to them coming to a head in March 2013.

Getting State Government right

Government is about more than administrative and management activity. Ministers have a vital leadership role in policy, and must not over-rely on the public service as may have occurred with some Ministers. It is important to recognize the complexity of the policy choices that need to be made by governments, and that questions of priority and direction can often only be settled by reference to the values of the party's wider philosophy.

To illustrate the matter simply, in every area of government service provision, there is a point of intersection with the private sector. How this is handled will depend on the values of the government and its understanding of how society and the economy work.

Labor is emphatically deciding issues by giving weight to the interests of its union members and claims for greater union control over management. The Liberal Party's role is not to provide a counterweight to this on behalf of big business. The task of Liberals is put in place a public interest framework that promotes the interest of individual people in the encouragement of initiative and choice, innovation, public integrity, and responsible leadership, to create jobs and opportunities through small and large business and in the provision of services such as health, transport, education and so forth.

Robert Menzies emphasised the importance of philosophy because he believed that without clear policy principles and values a party in government will be confused as to how to deal with the many pressures from public and private interests that inevitably emerge, and will have little basis on which to make a case for its decisions. It is philosophy that can provide the basis of a convincing narrative, and the arguments to justify one course of action over another. One of the main criticisms of Labor by informed commentators today is its lack of a philosophy and hence its utter confusion on all main areas of policy. In these circumstances particularly, the Liberal Party's philosophy is an essential component of good government, and has a vital role to play in governing Victoria and every other state.

THE ELECTION CAMPAIGN

There are important lessons to be learned from the campaign at all levels of the party. Learning these lessons will be crucial if the party is to return to government in 2018.

The bulk of the written submissions from party members focused on the conduct of the recent campaign, providing much useful comment and information, and many valuable examples of campaigning initiatives that worked and of issues in the campaign.

By the time the campaign commenced the party faced a big task to close the 8 per cent gap and draw ahead, despite Labor's obvious lack of a plan for Victoria, and its reliance almost entirely on a negative campaign, with level crossings a rare campaigning initiative. In 2010, the Liberals had started behind but made up 3.6 per cent during the campaign – enough to win. In the 2014 campaign the Party gained 2 per cent - not enough. While a Liberal victory two weeks out from election day was still possible, in the last two weeks the campaign momentum was lost.

All the major newspapers backed the return of the Coalition.

Long-term context

The electoral geography of Victoria has generally been stable for many decades. The regions where safe Labor, Liberal and National seats are found are similar now to what they were in the 1970s. However, there have been three discernible changes.

1) The outer east of Melbourne compared to regional Victoria

In the past 30 years, the Liberal Party's performance has comparatively improved in the outer east of Melbourne, but deteriorated in the regional cities.

When narrowly forming government after the 1988 State election Labor held a number of seats in the outer east of Melbourne including Box Hill, Mitcham, Ringwood, Wantirna and Knox. Now after a slightly bigger victory in 2014, Labor holds none of the seats in that area. Conversely, in 1988, the Liberal Party held seats such as Ballarat North, Bendigo East and Gisborne, where all the contemporary equivalents are now held by Labor.

2) The rise of the Greens

In recent elections, the Greens have posed a threat to Labor in a number of inner urban electorates. The Liberal Party's decision to preference the ALP ahead of the Greens in 2010 proved to be only a temporary reprieve as the Greens won the seat of Melbourne in 2014. There is no doubt that the Greens threat to Labor will continue to be felt in seats like Brunswick, Northcote and Richmond. Moreover, the 2014 election demonstrated that the Greens can also be a threat in Liberal-held electorates, with their success in Prahran and high votes in seats such as Hawthorn and Brighton.

3) The continuing threat of the rural independent

The 2014 election demonstrated again that the type of rural independents who emerged in the 1990s continue to be a very real threat to the Coalition in rural seats. Craig Ingram's departure in 2010 saw the end of the three who put Labor into power in 1999, but the success of the Independent in Shepparton showed the continued vulnerability of regional seats. It was not the only regional seat with a high Independent vote. In Mildura, the combined minor party and independent vote was 42.25 per cent, but fortunately for the National Party incumbent these candidates did not exchange preferences.

Campaigning capacity







In many ways the party's campaigning capacity has improved in recent years and the campaign for the last election benefitted from this. The reforms of 2008 lifted the numbers of members, and decreased the average age of the membership. Branches are on average larger and more diversified, and the number and size of Electorate Conferences has increased. Despite this, the improvements have not been achieved in all electorates and there is a need for continuing central and local efforts to take advantage of the opportunities offered by the reforms.

While the party once again had the benefit of many thousands of volunteers, the Review has come to the conclusion that, unlike the State election of 2010 and the Federal campaign of 2013, there was a lower level of enthusiasm amongst party members, and greater difficulty in getting the numbers on the ground to match Labor's volunteers and unionist supporters.

Federal issues

One reason for this was the broad political context of a decline in Liberal support around Australia. The Liberal Party's standing federally and in each of the other states had declined significantly. These publicly available survey results indicate that, if anything, Victoria was withstanding the decline in public support better than most states and federally.

Lib-Nat performance across Australia

		L-NP	Labor	Swing
 VIC	Vic State Election 2010	52%	48%	-4%
	Vic State Election 2014	48%	52%	
 AUS	Federal Election 2013	54%	46%	-11%
	Newspoll early 2015	43%	57%	
 QLD	Qld State Election 2012	63%	37%	-13%
	Qld State Election 2015	50%	50%	
 NSW	NSW State Election 2011	64%	36%	-10%
	NSW State Election 2015	54%	46%	
 SA	SA State Election 2014	53%	47%	-6%
	Newspoll Oct-Dec 2014	47%	53%	
 WA	WA State Election 2013	57%	43%	-7%
	Newspoll Oct-Dec 2014	50%	50%	

However, the poor reception of the 2014 Federal Budget led to another decline in public perceptions of the Liberal 'brand', impacting on the State government, and this was not reversed.

Federal government decisions on fuel excise and other matters in the campaign were used to give credibility to Labor campaigning that associated the State and Federal governments. The Labor Party made the most of this with its posters highlighting the Prime Minister. There can be no doubt that Federal perceptions impacted on the vote for the State government.

Nevertheless the conclusion is unavoidable that Labor out-campaigned the Liberal Party.

Overall campaign assessment

Though in a technical sense, and measured against past campaigns, the central Liberal campaign must be judged of a good professional standard, its management, messaging and delivery were widely seen as old-fashioned, rigid, in some areas deficient in necessary experience and expertise and lacking the flexibility to respond to opportunities as they arose, and to Labor's tightly targeted use of trained volunteers.

The campaign suffered significant deficiencies in relation to strategy, structure, messaging, and management. The need to target resources and people towards the key

seats was recognized, but the campaign structure and decision-making raises important issues for Liberal campaigns in the future and the way in which the party should expect campaigns to be run.

The Review believes that the overall campaign strategy was flawed. This defect was the result of a number of factors that developed over time affecting both the parliamentary party and the organisation, and by the start of the campaign period itself, was difficult to correct.

The attention paid in the campaign to the need for infrastructure was entirely justified. The growth of Melbourne and obvious requirements for roads, rail links, policing, ambulance and hospitals made a serious consideration of the infrastructure needs of expanding suburban areas a basic test of credibility for the government.

While there were many infrastructure announcements during the campaign, the focus came to be on one major initiative: the East West Link. This was a well-supported policy and popular with voters in those areas whose transport needs would be facilitated by the development, including in the bayside marginal seats.

The principal weakness of the campaign was its lack of a broad narrative, with the infrastructure announcements becoming a substitute for an effective story about the achievements and intentions of the government across the state.

Further, the campaign on infrastructure had two major weaknesses: the benefits of the developments were not spelled out, and in many cases announcements were excessively delayed, in some cases actually decided upon very late, and hence easily pre-empted by the Labor Party. In Yan Yean, for example (a 0.1 per cent marginal seat), the decision to announce the \$800 million Mernda Rail link late in the campaign meant that it had already been pre-empted by Labor.

Common comments that ring true are that the campaign emphasized “bricks and mortar” at the expense of “heart” or “home”, and that it had a strong emphasis on “inputs” rather than “outcomes”. The ‘headline’ “Building a better Victoria” was not a narrative in itself, and needed to be backed up by a clear articulation of the various ways in which the Coalition was going to build a better Victoria. However the benefits to individuals and families of the Coalition’s initiatives were not spelled out.

The lack of a narrative extended to the negative element of the campaign. While Labor’s campaign was relentlessly negative, the Coalition campaign did not strongly remind the public of the reasons for voting Labor out in 2010 – waste and extravagance on desalination and the North-South Pipeline, late and overcrowded trains, violence at stations, and in the community, nor emphasise that the Coalition had made Victoria a safer place. The failure to defend the government’s TAFE decisions or to answer the distortions of these promoted by Labor was seen by many as the single most serious failing of the campaign, though this failure went all the way back to the disunity in the government over the original announcement.

The failure to hold Labor accountable for its failings in office meant that Labor’s campaign that “with the Liberals you’re on your own” was without an effective answer.

The lack of a central persuasive narrative was also one of the factors that drained effectiveness from local campaigns.

Recommendation: That an interim research-based strategy to win the 2018 election be agreed between the Parliamentary Party and the Organisation no later than September 2015, and preferably earlier. This strategy should be updated as required throughout the cycle.

Recommendation: While the central strategy for the 2016 Federal election will be determined at the national level, the Victorian party should contribute its own research based understanding of the choices seen by Victorian voters, to ensure that the Federal strategy in 2016 is appropriate to this State.

Policies

Setting infrastructure decisions to one side, the overall policy achievements of the government in financial management of the state and the encouragement of investment through trade missions, helped to underpin its public support. Some decisions, however, aroused active opposition which became significant in the campaign, foremost among these being the TAFE decisions of the first Budget and the unresolved industrial disputes.

The decisions on the taxi industry which reduced the value of licences also led to an active campaign. The Melbourne Rail Link proposal which in the future would have required travelers on the Frankston line to change trains at Richmond was unpopular in these seats, and frequently cited as a reason for loss of support in the Frankston line seats.

It was decided that there should be no comprehensive portfolio policies issued for the election. Instead, one page statements outlining specific initiatives were used during the campaign to represent the party's positions. The Labor Party did not issue substantive policies either, and so the campaign as a whole focused on a limited number of major initiatives and statements of values.

The absence of portfolio policy statements reflected, it seems, the intermittent process for developing policies during the final year. The process went through several stages, but did not encourage substantial engagement with Ministers and their staff, resulting in the concept of a series of one page documents with policy ideas and costings under a number major themes. There was little media pressure to release policies. In the event, announcements were to be delayed until October, and initiatives were announced in a scattergun approach without a clear linking narrative.

On the last weekend of the campaign substantial policy documents were placed on the party website, though it became clear during the Review that not all ministers were aware of this. One of these was a 70 page Health Policy, but it was too late to attract much attention, and the Australian Medical Association told its members that neither party had released policies. A good environment story was never released.

A consequence of this was that there were no substantial policy statements to provide to policy stakeholders during most of the campaign. This reduced the likelihood of third

party support and placed heavy campaigning reliance on local promises alone. Portfolio policies help to provide the basis for a wide-ranging vision for the State.

How policy should be dealt with for the 2018 election is considered in the chapter on “Managing Opposition”.

Fundraising

The Liberal campaign was better funded than previous campaigns as a result of successful local fundraising, including supporter groups, the effectiveness of the central organisation’s fundraising arm, Enterprise Victoria, and donations.

The party’s fundraising effort was however disrupted in the year following the 2010 election by delays in settling on a fundraising code with the parliamentary party, and some consequent confusion among parliamentarians of their role in helping their local party and supporter groups. By election day there were still MPs whose electorates had not met fundraising targets.

- Recommendation: That KPIs for parliamentarians in election preparations be established, in close co-operation with the parliamentary leadership team.

In many respects such problems were merely the expressions during the campaign of issues concerning the management of communications that had become evident much earlier.

Providing a sustainable funding base for the Liberal Party is vital to ensuring that the resources needed to fight elections are available. The establishment and management of Enterprise Victoria has provided a new level of professionalism to the Liberal Party's fundraising activities. Given this success, it is timely to review the broader fundraising and funding structures within the Liberal Party - many of which have been in place for a large number of years - to ensure that they are relevant for today and well into the future.

Recommendation: That the ongoing fundraising and funding structures of the Liberal Party should be reviewed by an expert committee comprising members with financial and investment backgrounds to report back by June 2016.

Research

Some submissions have related to the quality of the party’s research in key seats, and it is worth making specific comment on this.

The Party used research by both Crosby Textor and the Sexton Marketing Group. The Advisory Panel has closely investigated the research conducted in key seats before, and in the form of tracking polls during the campaign. It has satisfied itself that the quality of the survey research conducted in this election was of a high standard and in no way inferior to that used in earlier elections. Its methodology – the way the research was conducted - was both sophisticated and best practice. 32 seats were polled over the term of the government, and eight key seats were polled on six occasions during the

campaign. Polling, as we know, is descriptive not predictive, but in all but two seats of the 32 seats polled the result accorded with expectations arising from the poll results.

Generally, seats where research showed the Liberal candidate had not been effective in building a profile were lost. In one of those, a seat that was otherwise predisposed towards Liberal, the research indicated a likely loss and a major campaign effort was made by the central party and the seat was won. In the other, Carrum, where the Liberal MP Donna Bauer had a recognition rate over 90 per cent, and where there was an expectation of a win, there was evidence of a major swing away from the party in the final few days before the election, when 16 per cent of people made up their minds how they would vote, five per cent on election day. In that electorate post-polling day research confirmed that last minute voters were heavily influenced by the large numbers of service workers Labor had mobilized on the booths.

Some doubts about the quality of the research seem to have arisen from the way in which research results were reported within the party – to the party room and to individual candidates. The handling of research findings requires great care, for all would like access to the party's internal survey research but its effective use depends on it being principally a leadership tool. The interpretation of such research is a highly skilled matter requiring considerable experience. Reassurances to candidates based on research can lead to criticism of the research if the result projected is not achieved. Qualifications offered at the same time as an interpretation is given may not be given sufficient weight or even recalled later, again leading to criticism of the research itself.

Recommendation: That the Party's pollsters be appointed by the State Director as soon as possible, and a full time research program, with appropriate options based on cost, be developed to prepare for both the 2016 Federal election and the 2018 State election.

Recommendation: That statewide survey-based research should be undertaken regularly during the parliamentary cycle and that the State Director brief the Leadership team, the Shadow Cabinet and the parliamentary party on key trends and our strategic directions and objectives.

Recommendation: That benchmark polling in key electorates should be undertaken around mid-2017 so that there is adequate time for the development of campaigns in these seats. Follow-up spot polls should be undertaken in 2018, together with regular tracking for key seats.

Recommendation: That the State Director should hold regular meetings with individual MPs and candidates in key Federal and State electorates to discuss key themes and messages arising from research and other data sources.

Recommendation: That detailed research findings that bear on general or local voting trends, and are of strategic and targeting importance, be confidential to the party leadership.

Recommendation: That the State Director brief MPs on local benchmark research as appropriate.

Recommendation: That a systematic approach, planned and supervised by the Secretariat, be undertaken to data collection concerning voter's issues and concerns, supplementing survey-research with canvassing and electorate based data collection, using Feedback and other mechanisms, to support the Community Campaign Network volunteer campaign recommended below.

Advertising

The Liberal Party did not engage an advertising firm until 26 August 2014, just three months before election day.

This fact, combined with the Government's failure to develop and convey a convincing narrative about its purpose, meant that there was little prospect that the advertising campaign would allow the Party to make up its significant deficit in the opinion polls in the campaign period. To their credit, our agent was able to begin shooting advertisements just ten days after their engagement, and produced both positive and negative ads for both the pre-campaign and campaign periods.

The positive ads were designed to harness the high degree of trust voters had in Denis Napthine and to reinforce the Government's messages about its large infrastructure program. The ads did this competently but, by their focus on projects, tended to reinforce the perception that this was the Government's sole selling point. The impact of a large advertising spend on television was limited by the absence of a clear overarching message.

A number of negative ads were produced about Daniel Andrews, his record as a minister and CFMEU links. These ads, while important, seem to have been effectively countered by Labor's campaign which personalised Andrews through the skillful use of his family. Labor's simple messages that they were "putting people first" and that "under the Liberals you're on your own" appeared to cut through to voters more than our messages did.

The Review believes that the Party's actual spend on media advertising was adequate, but that more attention could have been paid to ensuring that our television ads ran at times when they would have the greatest impact.

The Party largely stuck to the traditional approach of concentrating the advertising spend heavily in the final week to ten days of the campaign period, but with the ever increasing proportion of the electorate choosing to vote early, this will need to be re-considered at future elections.

Recommendation: That an advertising team for the 2018 State election be appointed no later than November 2016, with a search process commencing by late 2015.

This will allow the greatest opportunity to ensure that the Party's advertising message sells the Party's narrative in as clear and as innovative a way as possible.

Recommendation: That the advertising team should work closely with the State Director and the Party researcher, with regular strategy meetings to ensure that strategy and material is informed by research.

Recommendation: That the State Director and the Leader (or Chief of Staff) be required to sign off on the final proofs of all advertisements.

Recommendation: That where facts and/or figures from a particular portfolio are referred to in an advertisement, the relevant Shadow Minister of the Shadow Treasurer be required to sign off.

The role of Members of Parliament

The Member of Parliament today has a role in continuous campaign in his or her electorate. The MP's office must be regarded as a communication machine to get out the government or opposition's message and to identify the member with the local communities. It is vital that MPs take the primary responsibility for their own re-election. It was claimed to the Review by a highly successful local Member that some 40-50 per cent of MPs do not properly acknowledge that responsibility.

The success of MPs in developing a strong local profile was monitored through the party's research. While some succeeded well, others failed to meet benchmarks, entering the campaign with weak profiles, as a result absorbing significant campaign resources that could have been spent elsewhere winning seats from Labor.

The loss of voting support among women, including older women, by the party was a feature of this campaign. Women voters were especially sensitive to issues of health, education and training, and cost of living. The campaign highlighted the need for the party to review attitudes to women in the party in the present period and to reform some aspects of the party culture that some women perceived as unwelcoming.

A number of the marginal seats that were lost were held by women MPs, such as Elizabeth Miller (Bentleigh), Lorraine Wreford (Mordialloc), Donna Bauer (Carrum), while women candidates in a number of seats fought strong campaigns but were ultimately unable to unseat Labor, including Shannon Eeles (Albert Park).

Local campaign issues

The Review has received detailed complaints from some candidates in the South Eastern Metropolitan Region about interference in their campaigns from an MP. The Review views these complaints seriously, especially as it has been claimed that the future prospects of these seats will continue to be affected.

Campaign control

Since the election, forward-looking discussion within the party has concentrated on the issue of centralized versus decentralized control over campaigns. It is understandable why this conversation has developed, as the following assessment will show. Nevertheless, if the party is going to get its future campaigning right, the key issues for campaigning need to be better framed.

The choice is not between centralized control and decentralized control over the campaign. There is no alternative to a centralized authority co-ordinating a campaign if it is not to become mere noise in the ears of voters. Centralised control over the campaign does not mean that campaign messages received by individual voters should be uniform. While the overarching message of the campaign should be recognizable by all, it is now possible to reach potentially swinging voters and persuade them to make a choice in the party's favour with a personally framed message.

The choice is, on the one hand, between uniform messaging being pushed onto local campaigns, and on the other, within a centrally framed message, reaching individuals with messages that have real and personal meaning to them as they make their choices.

Organizing to achieve this balance is the real challenge facing the Victorian Liberal Party in its forthcoming campaigns, and achieving this will likely require a radical reassessment of the party's traditional campaigning arrangements (below).

Lack of discipline in any aspect of a campaign undermines the party's capacity to communicate as a party, and inappropriate messaging can itself become a distraction in the modern media environment.

Centralised campaigning carries its own risks however, if it leads to an over-burdened central HQ or to neglect of important local issues, or leads to a mass-marketed 'one-size fits all' campaign. Over-centralised messaging can result in the neglect of issues of concern to individual voters who may be persuaded by more personal campaigning to change their vote. The Review has heard a number of examples of campaigning opportunities – arising both at the parliamentary and local levels - that were missed because they did not 'fit' with a pre-determined central plan, or had to navigate complex approval processes, even though they would have complemented the overall strategy.

Some local campaigners believe that they were prevented by the central campaign strategy from making arguments to voters that they believe would have been effective in the local context e.g. in relation to good local stories about the positive impact of government policies on TAFE, or Labor failures with TAFE. It had been decided centrally that it was too late to address the TAFE issue, and that the campaign should focus on accepted positives for the government.

The Liberal campaign was at once over centralized in its management and yet lacked the main element that should have been centrally determined: a persuasive overarching narrative. It did not allow local face-to-face campaigning the opportunity to flexibly respond to local needs and issues, and to persuasively address issues of concern to individual voters, while imposing excessive rigidity around a central message that was not persuasive with the voters.

Campaign headquarters and electorate co-ordination

The campaign was co-ordinated through a headquarters that brought together Secretariat and parliamentary Leader's staff with central campaign volunteer workers. This arrangement had advantages in co-ordination between the leader's office and the Secretariat, and allowed speedy co-ordination under the State Director, but it also had

disadvantages arising from the inexperience and lack of training of some staff, and, according to several submissions, from the development of a “macho” culture which made some feel uncomfortable, and even reluctant to attend as campaign pressures intensified.

Recommendation: That appointments to any future campaign headquarters be based on a careful matching of skills to roles.

Recommendation: That campaign headquarters operate with a professional culture that is respectful of all participants.

There were many examples given to the review about inefficiencies in the campaign, including misprints in campaign material; lengthy delays in getting approval for local materials; disorganisation in arrangements for Ministerial visits; announcements made too late to be properly communicated; and poor co-ordination with electorates in relation to visits and media announcements.

Some of these problems reflected difficulties in co-ordination between parliamentary and organizational leadership teams which were not completely centralized in Campaign HQ, and some the lateness of decisions on possible announcements within the government itself in the lead-up to the campaign. There was also inexperience in handling the caretaker period, and an unsatisfactory approach to government communications, which at times placed excessive reliance on communications through media releases alone, rather than the development of effective professional relationships with individual journalists and alertness to timetables.

CHQ/Local Communication. Local campaign teams sometimes felt that they were out of the loop because of the invariable use of MPs and candidates as the principal point of contact for campaign HQ, leaving key local people uninformed about important information.

A case where this arrangement gave rise to difficulties is detailed in a submission from a local Electorate Council in a marginal seat which described the “poor communication” with campaign HQ as “the single biggest issue” identified during the campaign:

“All communication was directed to [the MP, or the MP’s office], but not to the SEC. This resulted in enormous stress on [the candidate] personally, and difficulties for the SEC and Campaign Team to stay aligned with the Central Campaign, and remain focused on key plans and priorities. We would have been able to provide better support throughout the year if we had key information ... on local matters e.g. strategy, timing and internal polling ... In addition we had no information on who to contact on specific campaign matters...”

The campaign team debated the various elements of what they believed was a “package” of items for the mail out program, not knowing that a firm agreement had already been made with the Member. The local campaign team received a request for a large payment for the program without knowing that a commitment had been made. Emails to HQ concerning special HTV cards for split booths were not responded to, and in the event insufficient joint HTV cards were provided for certain booths. The electorate received joint HTV cards for a joint booth that did not exist.

The local team heard in the last week of the campaign that some booths would be decorated centrally in conjunction with the MPs office. No schedule of the booths to be decorated centrally was provided. One booth decorated centrally was forced to remove its dressing because the school principal objected to an early dressing. At another the less used entrance had been decorated.

These comments come from a well-functioning and experienced campaign team comprising committed volunteers in a vital electorate.

Effective communication with local teams in the lead up to, and during the campaign, is a 'must' in a party that, like the Liberal Party, relies on motivated volunteers to carry the grass-roots effort. The Review heard comments from some members that "we were not respected".

Recommendation: That procedures for communication with local electorates should be established well before the formal campaign, including specific contacts for campaign issues.

Recommendation: That roles for central and local teams should be notified well in advance of the start of the election campaign.

Recommendation: That a clear management framework for campaign communications be established, taking into account the requirement for all relevant information to be efficiently transmitted to the appropriate members of the local campaign team. Specific arrangements should be made for each target electorate.

Recommendation: That the logistical requirements for HTV cards e.g. in relation to joint booths, should be undertaken in full and adequate consultation with local campaign teams.

Recommendation: That the allocation of campaign roles for local MPs and candidates recognize that the primary task of candidates is campaigning.

This is an issue that can be addressed by better briefing, preparation and feedback. In key seats it will be addressed by a more radical change to the campaigning approach recommended below.

Booth Management Software: "Victoria Votes". New booth management software ("Victoria Votes") was not provided until mid-October, a date that at least some local campaigns found too late to enable its effective use. As a result, local campaign teams developed their own Excel spreadsheets and other software to manage booths. The provided software was also found to be inappropriate in some respects to local needs:

- Only SEC office-bearers had access to member information. Senior campaign staff, and in one case, the local campaign director, could not access the software because they were not SEC office-bearers;
- By the time the software was available it was found to be impracticable to transcribe polling information and the timing of each shift to the program;
- The software seemed not to cope with members from other electorates who performed as booth captains;
- Many volunteers were not party members.

Recommendation: That the 2016 Federal election campaign management team be put in place as soon as practicable to carry out the research and plan for the co-ordination of volunteers.

Campaign announcements

The general assessment by submissions to the Review from local party members, Administrative Committee members and Members of Parliament is that the management of local campaign announcements was poor.

Although possible announcements had been notified many months before the campaign, often decisions were made too late to properly inform the local community, and in many cases few voters would have actually been aware of the commitments made. Turnaround of local media releases for announcements was slow, and there was an assumption that a centrally drafted media release was the only communication required. As the campaign proceeded tens of media releases a day were issued, with little prospect that many would get coverage, or that candidates would have time to read them. One MP described the process as “spraying information out”.

The lack of a communications strategy was again evident in the lack of appropriate support and on-screen presence for announcements by the Premier.

Recommendation: That major campaign announcements should be decided well before the commencement of the campaign, strategically planned and phased.

Recommendation: That local announcements take into account the deadlines of local media and requirements for a successful local communication strategy.

Multicultural communities

Almost 30 per cent of Victorian households speak a language other than English at home. The party, both parliamentary and administrative, did considerable work during the four years in reaching out to Melbourne’s immigrant communities. The party selected candidates from a range of immigrant communities, and recruited many activists from these communities. Nevertheless, the Review has received submissions once again, as it did in relation to the 2013 Federal election, that insufficient attention was paid to placing stories in non-English language media. One submission stated:

“As an example there are at least 10 Indian monthly free newspapers. I have copies from this past month, and there is not one Liberal party news item in any of them.”

“During an election campaign, [such] voters can then be sent mail in their own language and telephone canvassed or door-knocked by members of their own community. I was of the opinion that we should have used this strategy in targeting for example, the Indian voters in the marginal seats of Bentleigh,

Mordialloc and Carrum. There is a significant Russian vote in Bentleigh that could also have been targeted.”

Action to address this issue is considered in the chapter “Managing Opposition” (below).

Third party support

A notable feature of the campaign was the limited amount of third party support forthcoming.

Differences between Liberal and Labor on the Equal Opportunity legislation did produce a strong pro-Coalition campaign from the Australian Christian lobby. Results achieved in seats sometimes described as Melbourne’s “bible belt” were good. The aviation community was also supportive following the government’s strong support for the industry. Effective work was also undertaken in a number of cultural communities.

The government did not get strong support from the small business community, which can be seen as a consequence of the failure of develop close linkages during the period of government with small and large business. Many CFA volunteers supported the government rather than the union, but were not organized into a campaign and had limited impact only in some electorates, such as Gembrook.

Several government policies had alienated interests that then campaigned against the government, such as taxi licence-holders.

Volunteer management

Volunteers have always been the basis of the party’s grass-roots campaigning. Because the party is not the creature of affiliated organisations, as the Labor Party is of trade unions, it does not have a reservoir of paid workers in organisations linked to the party. To the Liberal Party the volunteer is the be-all and end-all of its election taskforce. Effective deployment of volunteers, focusing their activities where it is most needed, is essential.

The party is presently not well organized to make optimal use of volunteers across the campaign period. The most effective use by the party of non-member volunteers is on election day itself. In certain key marginal seats, the review has been told that up to 80 per cent of workers on behalf of the party on election day were non-member volunteers.

Volunteer activity in any seat is also highly dependent on the networks of the candidate and local campaign managers. The effect of this is that volunteers are not focused on key seats so much as in seats with strong local leadership, which may or may not coincide with the party’s overall campaigning requirement. The Review heard of some key seats that had up to 10 party members on each booth, while others struggled to get the numbers.

In the past volunteer activity has substantially matched the pattern of Labor’s campaigning (though its union links have always provided it with a pool of additional on-the-ground workers as required). In the 2014 campaign, however, Labor achieved a focus with its workers in key seats that was not matched by the Liberal Party.

It will be necessary in future campaigns for the party to ensure that volunteers are empowered to effectively contribute to key seats throughout the period. This will require a major reassessment of volunteer organisation by the party, and is considered in the next chapters.

While many local party members go out of their way to welcome new members and to recruit and work with non-member volunteers, the Review still received stories of volunteer helpers who found the party unwelcoming and inefficient. This is perhaps a result of volunteers relying on other volunteers to be professional, but to some extent it is a comment on the party's culture and organizational attitudes.

An example of this was the following message from a non-member volunteer:

"I volunteered my husband and heard nothing back. I wrote messages two or three times and no one got in touch with him.. Also, [there was] not enough caring of volunteers. I had no idea what my job was going to be ... members came in and talked in front of me with mostly no introductions... All seems a closed shop. I might join the party if I felt things would be done better and everybody matters and I could be of use."

Regional cities

A key focus for the Liberal Party at the 2014 election was to try to regain seats in the regional cities of Geelong, Ballarat and Bendigo which had been lost in 1999 and not won since. While the party retained South Barwon and regained the seat of Ripon, which adjoins the outskirts of Ballarat, the party made no further gains in regional cities and indeed suffered swings greater than the statewide average in several of the regional city seats.

The poor result came despite the fact that in the election campaign the regional cities received a particularly generous amount of the Government's and party's attention in terms of announcements and resources, even to the extent of Ballarat hosting the campaign launch.

Numerous reasons have been given for the party's lack of success in the regional city seats including demographic change, the advantage which incumbency provides for Labor sitting MPs, the attraction of cheaper housing in regional cities for those on lower incomes (including income support) and the failure of our campaign to ensure that positive announcements were communicated effectively for the benefit of our candidates. It was also pointed out to the Review that the Government's policy of relocating certain aspects of government operations to regional cities (in particular locating the NDIS in Geelong) would have the effect of harming the party's electoral prospects as public servants working in these areas would tend to be Labor voters.

It is striking that in looking at the electoral pendulum for 2018, no regional city seat is in the top ten most marginal seats on the ALP/Green side of the pendulum. However, despite this, the Liberal Party must continue to work hard in these key regional cities, to ensure that as the Party seeks to return to power in 2018 it represents the broadest possible range of Victorians.

Social media

Social media, especially *Facebook*, and to a lesser extent *Twitter*, have become essential elements in modern campaigning.

While the Liberal Party made extensive use of social media, the content and execution did not adequately recognize the emotional impact on young people and women of issues such as TAFE, ambulance and other services.

The roles of different social media, and how they can be used effectively, are considered in the chapter on 'Managing Opposition'.

Labor's campaign

Labor's campaign lacked detailed policies and breadth across electorates. It did not use direct mail extensively, nor lay out any vision for the State. It claimed a lack of resources was one reason for the structure and tight targeting of the campaign. It was, as a result, the most tightly focused value based campaign so far attempted, with a simple central message and micro-targeting, and it worked. It was tightly targeted and focused on a comparison with the Coalition on broad values, under the slogan "With the Liberals you're on your own".

The distinctive feature of Labor's campaign was its on-the-ground use of trained campaigners, including union members. The model for the campaign appears to have been derived from Saul Alinsky's *Rules for Radicals*, a book used as the basis for Obama's "Yes We Can" campaign in America. Through a newly established co-ordinating organisation focused on recruiting volunteers through values rather than party connections it claims to have achieved the active involvement of 5,500 trained volunteers, with 250 volunteer leaders. Some 45 per cent of these were not party members.

Labor targeted 25 seats, of which it claimed to have won 20, but the main focus of this volunteer campaign appears to have been in the few seats needed to get Labor over the line, and in Labor marginals such as Yan Yean. A field organizer was placed in each seat, assisted by three volunteer co-ordinators, each of whom was asked to recruit 150 volunteers. It has been claimed that over eight weeks these volunteers made 500,000 phone calls and knocked on 170,000 doors. During the 24 hours of the TV blackout, Labor claims to have made 32,000 phone calls in key seats. Phone callers were asked to "listen with intent to micro-target issues", get back in touch and ask for the vote.

The Labor campaign was supported by well organised and effective campaigns by the ambulance union and the United Firefighters Union, with other unions such as the CFMEU providing personnel.

Regrettably, in key seats such as Carrum, Mordialloc and Bentleigh, where the Liberal Party had female parliamentarians, and in other seats where we had female candidates, our candidates were subjected by the Labor Party's union supporters to bullying and intimidation.

One (female) candidate gave the following example:

“Whilst campaigning in my capacity as candidate two men in uniform (one named Dave) approached me, advised me that they were from the Hallam Fire Station and proceeded to stand over me and spoke at me for 25 mins without allowing me to speak despite me asking for an opportunity. ...I felt that these men, who would not remove their sun glasses were trying to intimidate and bully me and spoke about the other “Women” candidates (only Liberal) they have spoken to and how we all had the same response and they weren’t prepared to listen to us because the men knew what our position was already –[They were] very rude and insulting (calling us liars) and they appear to be targeting women as they only spoke of Elizabeth Miller (Bentleigh), Donna Bauer (Carrum) and Lorraine Wreford (Mordialloc).”

The bullying and intimidation of candidates, and booth workers by Labor’s union backers will prove counterproductive in future elections as voters become aware of such tactics.

The Greens

At the 2014 election, the Greens had a modest increase in their state-wide vote from 11.21 per cent in 2010 to 11.48 per cent. However, they managed to secure seats in the Legislative Assembly for the first time, winning Melbourne and Prahran.

The primary vote for the Greens in Melbourne (an electorate only marginally altered by the redistribution) increased from 31.92 per cent in 2010 to 41.44 per cent in 2014. This primary vote was sufficient to win the seat, because almost a third of Liberal preferences went to the Greens. This was despite the fact that, as at the previous State Election, the Liberal Party directed preferences to the ALP ahead of the Greens.

In the lead-up to the 2010 election the Liberal Party decision to preference Labor ahead of the Greens was a decisive turning point in that campaign. By 2014, this was accepted practice. In practical terms, this strategy delayed by four years the Greens winning the seat of Melbourne. At this election, it stopped the Greens winning the seat of Brunswick from the ALP. Whether it is in 2018 or 2022, there seems to be a strong likelihood that the Greens will take Brunswick, and also the possibility that they might add Northcote or Richmond to their parliamentary representation.

On face value, whether these traditionally safe Labor electorates have ALP or Green representatives is not of great significance to the Liberal Party. If ever the Greens held the balance of power in the Legislative Assembly, they would undoubtedly support a minority Labor Government ahead of a Liberal one. However, differing views have been expressed to the Review about whether it is in the Liberal Party’s interest to speed up, or slow down, the potential shift of these Labor seats to the Greens. Some have suggested we should revert to a strategy of disrupting the ALP particularly by seeking to unseat their Ministers or Shadow Ministers. A contrary view expressed to the Review was that losing these seats to the Greens would secretly please Labor strategists, as then Labor could stop having to take account of the inner-suburban sensitivities and could instead focus its program and messaging on the more electorally significant cohort of voters in the outer suburbs.

From the Liberal perspective, obviously a greater concern in relation to the Greens was the loss of the seat of Prahran. Historically, the seat of Prahran has been held by the governing party, with this being the case in 49 of the last 62 years. Hence, in 2010, the seat changed hands with the change of government, with a swing of 7.8 per cent to the Liberal Party. However, in recent elections what had distinguished Prahran from other marginal seats was a Green vote in the order of 18-20 per cent. In 2014, the Green vote increased to 24.75 per cent, which proved high enough to get the Greens ahead of Labor. This combined with a modest fall in the Liberal primary vote from 47.95 per cent to 44.81 per cent was enough for the Greens to win the seat.⁴

With the possible exception of Albert Park, there are no other seats quite like Prahran in having the potential for any of the three parties (Liberal, ALP or Green) to win. However, the Prahran result draws attention to the fact that there are a number of Liberal-held seats, which are unlikely ever to be won by Labor, but which could become vulnerable to the Greens. An example is Hawthorn which had the sixth highest Green primary vote in the state, 21.33 per cent. This chart shows the three party preferred votes⁵ in both Prahran and Hawthorn:

	Liberal	ALP	Green
Prahran	46.15	26.88	26.96
Hawthorn	54.50	24.18	21.33

Obviously, the significantly higher Liberal primary vote in Hawthorn provides some reassurance, but the strength of the Green vote in certain Liberal electorates must not be ignored. Of the top twenty seats for Green vote seven are Liberal-held seats (Hawthorn, Brighton, Kew, Caulfield, Malvern, Box Hill and Sandringham). Conversely, of the twenty seats where the Green vote is lowest only two are Liberal-held, the other 18 being generally safe Labor or National Party seats.

There is a clear pattern to the Green vote. It is at its strongest in electorates which are located within a 15-20km radius of the centre of Melbourne and weaker in both the outer suburbs and most of country Victoria (of the top twenty Greens electorates, only Macedon is further than 20km from the GPO). One result of this concentration of Green vote (and the Greens strong preference flow to Labor) is that outer suburban electorates such as Croydon and Ferntree Gully are now safer Liberal seats than more traditionally stereotypically Liberal electorates such as Sandringham and Caulfield.

⁴ If Labor had finished second, the notional two party preferred count indicated that the Liberal Party would have retained the seat by 25 votes.

⁵ In Hawthorn there were only three candidates; in Prahran the chart shows the figures after the distribution of all other candidates' preferences between Liberal, ALP and Greens.

The increase in the numbers of people voting early presents significant issues in relation to the broader campaign (e.g. timing of key announcements, advertising spend etc.) and some specific ones about early voting itself.

The rapid increase in the numbers voting in person at early voting centres at recent elections has reinforced the need to have volunteers handing out cards from the time early voting commences. Further, in 2014, the demand on the party for this activity was increased by a major change in the way our political opponents campaigned at pre-poll in marginal seats.

Whereas, at previous elections, Liberal Party volunteers would find themselves sharing the pre-poll with one or two dedicated volunteers from other parties, in 2014 they found themselves having to deal with numerous, often aggressive, unionists. These unionists would often try to distract or intimidate the Liberal volunteers as they tried to hand how-to-vote cards to voters.

Recommendation: That the party ensures that it has sufficient volunteers at early voting centres to counteract the flooding tactics adopted by the Labor Party and its union supporters and works with the VEC to ensure that all those campaigning at early voting centres comply with electoral law.

Another issue raised in submissions was the need for the Party to ensure that cards with appropriate Legislative Council voting instructions are handed out at pre-poll in all lower house seats, even if the party itself is not running in a particular seat. A further matter of concern in submissions was the voting at special booths in hospitals and nursing homes. There were a number of reports from concerned Party members about perceived bias from election officials.

Recommendation: That the State Director discuss this issue with the VEC in the lead-up to the 2018 Election.

Also in the 2014 campaign, the Secretariat processed 165,000 postal vote applications, a major logistical exercise that seems to have been conducted efficiently and with very few complaints received about ballot papers not being received. The importance of the postal vote application form traditionally included in the first direct mail of the campaign needs to be considered as part of any discussion about the future of direct mail.

Recommendation: That the State Director review the role of direct mail in future campaigns.

There have been suggestions made in submissions about how the Party can ensure that Liberals who are living, or holidaying, overseas are given the opportunity to vote.

Recommendation: That the State Director examine and report on the issues arising with overseas voting.

The impact of incumbency

The results in marginal Liberal and Labor seats both show the marked effect of incumbency. In the marginal Liberal seats swings against the government were low. In marginal Labor seats, swings towards Labor were high.

Victorian Electoral Commission

There were also numerous allegations of arbitrary directives from Electoral Commission employees, indicating the need for intensified training of electoral officials.

Members raised a number of issues about the most effective design of HTV cards, and Labor's use of third party groups to support a Labor vote.

Recommendation: That polling booth captains be trained in AEC and VEC rules for pre-poll and polling day, and should be provided with guidance as to what is likely to be permitted and not permitted by AEC and VEC officers under the law.

Recommendation: That polling booth workers should be trained in appropriate procedures to follow when bullying or intimidation occurs at booths.

Electioneering

Denis Napthine performed strongly in the campaign, and all of the polling numbers indicated that the Liberals campaigned strongly until the last ten days of the campaign. However the momentum shifted towards the end of the campaign in Labor's favour. Instead of being part of a large more comprehensive plan, the East/West link came to be seen as an either/or choice between better roads, and better public transport, which it was not. Other announcements were lost, and the campaign seemed to have stalled.

The negative advertisements against Andrews did focus on voters' greatest concerns about him, and helped to close the gap, but these concerns were not strong enough to turn the election around. The Review has heard concerns that other local negatives were not effectively used. Andrews campaigned on values without specifics, but voters warmed to him.

In the last ten days especially three groups of voters swung more strongly to Labor:

- Young 18-34 year old voters looking for inspiration and new ideas. These were pro-public transport, pro-education and pro-jobs, areas where Labor was seen as stronger;
- 35-49 year old voters, especially women, concerned about TAFE, changes to higher education, access to health services, youth unemployment, cost of living pressures, and treatment of ambulance workers;
- Women over 65 years of age who did not like the unresolved ambulance dispute or changes to TAFE and were also concerned with cost of living pressures.

The finely balanced campaign in certain seats seems to have been tipped in Labor's direction by an intense election day effort that was not matched in key seats.

The shift in preferences was relatively small, and the swing to Labor on primary votes was less than two per cent, but after switching to the minor parties, more voters this time than in 2010 indicated their dissatisfaction with Coalition by preferencing Labor. As a result, seats such as Bentleigh and Prahran, which would have been retained on 2010 preference flows, were lost.

The Liberal Party from mid-year had a team comprising parliamentary and organizational leaders to facilitate minor party negotiations. This team successfully dealt with a number of preference issues. The failure to get more of the preference vote was a by-product of the weaknesses in the campaign strategy rather than a matter of the outcome of negotiations.

Party names

The name of the Liberal Democrats caused confusion. In the Eastern Victoria Region where the Liberal Democrats preceded the Coalition on the ballot paper that party received 4.75 per cent of the vote, whereas in Southern Metropolitan or in the South East Metropolitan regions where it was below the Coalition, it received on 1.34 per cent and 1.75 per cent respectively.

Recommendation: The party must continue to challenge the name of the Liberal Democrats, and if unsuccessful, consider the design of HTV cards to highlight the distinction.

The contrast between Labor's campaign strategy and ours raises issues for our strategy in future campaigns: the role of direct mail (in which we made a heavy investment, while Labor used it very little), compared with the role of trained volunteers making person to person calls. Labor's use of unionized service workers on the booths was highly effective on this occasion because of the unresolved industrial disputes, but will likely be less effective when voters do not perceive such issues.

MANAGING OPPOSITION

“Opposition... must be regarded as a great constructive period in the life of a party; properly considered, not a period in the wilderness, but a period of preparation of the high responsibilities which you hope will come.”

R. G Menzies, *Measure of the Years* (1970) 22-24.

The principal task of the Liberal Party in opposition will be to persuade Victorians that it has the capacity to govern the State better than the Labor Party, and will do so in a way that improves the lives of all Victorians.

Opposition will also be the time to put in place the campaign strategy and organisation to win in 2018 and to prepare for government.

Demonstrating the values for which the Liberal Party stands, and the policy directions in which it believes Victoria must move, will be central to achieving this goal.

All political choices are comparative. The character of the current Andrews Labor Government will have a major bearing on the way in which the Liberal Party will frame its case to the voters, who expect it to put their interests, and the interests of the State, first, and to hold the government to account.

The eight major tasks of the Liberal Party in the next four years can be summarized as:

- Exposing the inadequacy and failings of the Andrews Labor Government;
- Educating the electorate in the values and directions of the Liberal Party and showing how these will improve the lives of people in both the short and longer terms;
- Building a culture within the party around the Liberal narrative that will inform the next period of government;
- Developing the policies that will be implemented by a future Liberal/National government;
- Preparing shadow ministers for government;
- Selecting high quality candidates;
- Developing and implementing the campaigning strategy and establishing the necessary organisation to win the 2018 election;
- Preparing and planning to deliver good government.

Communicating effectively in relation to each of these tasks will be essential.

The four-year campaign

A four-year campaign requires a four-year strategy and a four-year commitment.

On many occasions during the Review the phrase has been heard: “the campaign for the next election must start now”. All those connected with the Review believe that this is correct and, if such a strategy is to become reality, it must be expressed in a number of specific actions that need to begin now.

The Opposition has moved rapidly to highlight the early mistakes and failures of the Labor government, and Shadow Ministers have been active in representing their portfolios in the media.

A campaign plan phased across the four years is essential.

Recommendation: That a campaign plan for the period up to November 2018 be signed off by the State Director, State President, and State Leader by November 2015. This plan will outline in detail key campaign preparation tasks, dates for the completion of those tasks, and responsibilities.

Recommendation: That monthly planning sessions between the State Director, Leader’s Chief of Staff, and other key Leader’s Office staff be held to ensure that all facets of campaign preparations are discussed and all issues resolved.

Recommendation: That a 50 day campaign plan should be prepared by the State Director at least six months prior to election day, and be reviewed on a regular basis with the Leader’s office.

The plan should incorporate all key aspects of the party’s campaign activities, including dates for releases, advertising deadlines, campaign launch(es) commencement of pre-poll voting, mail program, nominations, campaign meetings, the Leader’s program and programs for the main shadow Ministers.

It should also be reviewed by the party’s pollsters and advertising team.

Coalition Agreement

A further necessary condition for winning back government in 2018 is a coalition with the National Party. The Review consultations have made clear that members of the organization expect that there will be a process of consultation on the proposed Coalition arrangements before these are settled. A committee has been established chaired by Philip Davis, former Leader in the Legislative Council, to report on the establishment of a Coalition Agreement.

Parliamentary party and Organisation interface

Regular and detailed communication and co-operation between the parliamentary leadership and the organisation is essential for the success of the multi-year campaign strategy.

Recommendation: That a weekly meeting should be held between the State Director, State Leader, Leader's Chief of Staff and other Leader's Office staff as appropriate. The meeting should have an agenda with action points arising.

Recommendation: That campaign preparation benchmarks should be adopted for all MPs and candidates. Performance against these benchmarks should be reviewed at least annually, and failure to meet them should be followed by additional counseling. Continued failure to reach benchmarks should be referred to the Administrative Committee.

Recommendation: That the State Director, in conjunction with the parliamentary party, should identify those areas where additional support and training for MPs is required, and implement such training where appropriate.

Labor in government

Since the election the Andrews Labor Government has acted as expected, given the power of the Left faction and the influence of militant union leaders set on inflating union power in Victoria. While enjoying a honeymoon period, the Andrews government has already become one of the worst examples in Australia of a government acting in an unprincipled way on behalf of special interests, against the interests of the general public. Despite seeking to associate itself with some popular causes, this fundamental character of the government will be difficult to obscure.

The character of the Andrews Labor Government has been clearly demonstrated by its actions during its first months in office. Ideology has been dominant. Despite incurring grave damage to Victoria's international reputation, and to the daily lives of Melbournians driving to and from work, and to the productivity of the economic life the city, the government has torn up the East West Link contract (and thrown away \$450 million of taxpayer's money as compensation). It has been careless of sovereign risk and the discouragement of future investment. In addition, it has refused to proceed with 42 private hospital beds agreed by the private Peter MacCallum Cancer Centre for the new Comprehensive Cancer Centre because they were private; repealed the Coalition's "move on" laws which restricted the CFMEU's ability to disrupt building sites; and made secret deals with the unions that supported its campaign.

"In Victoria the new government has done the bidding of the law-breaking Construction, Forestry, Mining and Energy Union, State Labor's major donor."
(*Australian Financial Review*, 1 June 2015).

The corrupt culture of some unions backing the government has been evident in the evidence given to the Royal Commission on Trade Union Governance and Corruption, and has already reached into the ranks of the Labor Party in Parliament. Union members come off second best to the political aspirations of their officials. The CFMEU has opposed development such as a 46 story office tower proposed by Grocon and lobbied the Minister, even though the proposal would provide jobs for its members.

The Government has acted energetically during its short time in office to stack boards with its own supporters. All 135 positions on the state's water boards have been cleared,

the entire board of Ambulance Victoria has resigned at the request of the government and the Chairman and CEO of WorkSafe has been sacked.

Labor has no general philosophy of government in the public interest. Apart from a few slogans with little or no policy content, its approach is dominated by the narrow selfishness of union policies and the priority union leaders give to their own political aspirations at the expense of their members. It is also heavily influenced by the destructive ideas of those inner-city radicals who oppose development and growth, and hence opportunities for jobs and better standards of living. Labor's DNA is to seek increasing control over people's lives to impose its own values and the prejudices of powerful interests.

Victoria now faces four years in which Victorians' hard-earned money will be squandered on ideological schemes and unnecessary spending, more partisan laws and regulations will be passed favouring the political friends of the government, and escalating wage rises unjustified by productivity gains will be approved undermining employment and reducing opportunity as growth is undermined. There will be continuing issues raised by the influence of the corrupt culture of its more powerful union backers. Melbourne's standing as one of the world's most 'livable' cities will be placed under threat. The future for Victorians is bleak as a government of cronies and spin, careless of sovereign risk, seizes control of the state's resources and diverts them from serving the public to the powerful interests and ideologues behind the government.

The undue influence of unions through the Labor Party has become a significant impediment to achieving the public interest in Australia today. The public needs to be reminded continually of these and other examples of bad government over the coming months and years.

Troy Bramston (who has a Labor background) recently wrote in relation to NSW, but with equal relevance to Victoria: "This union power is not justified in the 21st century. Unions represent just 17 per cent of all employees. In the private sector it is 12 per cent ... Union power inside Labor is reaching unprecedented levels. Bob Hawke calls it "almost suffocating" (*The Australian*, 25 May, 2015).

The Fairfax paper, *Australian Financial Review*, concluded this month: "Until Labor takes union corruption and productivity growth seriously, it will remain structurally unfit to govern this nation." (1 June 2015, p.46).

The government will seek to divert attention from these problems by backing popular, and in some cases important, reforms. It will be important to contrast words with actions.

The Liberal Party's responsibility is to rescue Victoria from what is already being seen as Australia's worst government and to restore good government to the state in 2018. It will fall to the parliamentary party in opposition to continually remind Victorians of the kind of government that the state now has.

Political research

A research program that outlines specific information to be collected by Shadow Ministers should immediately be developed and implemented by the Leader's Office, with the assistance of the State Director.

Recommendation: That the Leader's Office should co-ordinate the compilation of at least the following information:

- Analysis of Labor's broken promises;
- Quotes from Labor Ministers;
- Dossier of all Labor and minor-party commitments;
- Biographical information on all non-Coalition MPs and selected candidates;
- Copies of relevant news articles and electronic media transcripts;
- Monitoring of key regional newspapers;
- Appointments.

This information should be housed on a central server accessible to the Leader's staff and the Secretariat.

Purpose and direction

If a campaign is to be successful, the party must be clear on what Liberals are campaigning for, in terms not just of votes, but of policies and values, of its philosophy of government. Whatever specific actions are taken, there is a need for clear statements of problems to be solved, opportunities to be seized, priorities that will be pursued, and policy principles to be applied – in short, a narrative. Unlike Labor, the Liberal Party has great resources to bring to this task, and it should do so. Such a narrative will not only do ourselves justice, but respects the voters.

Winning back government will only happen if the party communicates a clear sense of policy direction and purpose that leads to obvious improvements in people's lives. It must embrace a vision for the future of Melbourne and Victoria and for full and purposeful engagement between the various parts of the party, and beyond the party with the wider community.

The Liberal Party has been the principal guardian in our political system of people's rights to control their own lives: to be safe, to be in control, and to pursue their aspirations and dreams for themselves and their children. As Robert Menzies said: "The creative power of individual people is the prime motive force for the building of a better world."

The party needs to make plain that in achieving these goals it believes government has a key role to play. It needs to talk more about the positive things government should do so that its deep faith in the individual person is not distorted into an unwillingness to use government to expand opportunities and capabilities.

People expect government to both provide services in a way that enhances people's lives, as well as to give people the right to shape their own lives, and not have

government try to micro-manage their lives for them. The next chapter deals with this in more depth.

Unlike Labor, the Liberal Party has a realistic view of both the capacities and the limits of government action. It is always wary of over-inflated bureaucracy and trying to solve problems by throwing money at them or passing a new law, but an empowering role for government, rather than a commanding and directing role, is inherent in the party's philosophical traditions.

Recommendation: That the party's commitment to making sure that government services provide excellent support for citizens should be made clear in all statements of party purposes.

An important part of the party's message will be its better capacity to create jobs because its policies are much more encouraging for investment in private enterprise – small and large businesses. A key KPI in this regard is a decisive answer in public opinion surveys that the Liberal Party is the best party for employment and jobs.

The emergence of an influential anti-growth lobby in Victoria that opposes major industry developments places a premium on the development of a clear narrative about the potential for raising living standards by the encouragement of enterprise and investment. There is no reason why major developments cannot take place while protecting the environment. The party at both state and federal levels has an excellent record in environmental policy and should make this clear.

Developing the party's understanding of opportunities for the further economic development of Victoria would be assisted by a regularly convened business roundtable or appropriate forum. Specific forums to consider issues such as planning, population growth, education, health to support Shadow Ministers in their policy development should be considered.

Recommendation: That a regularly convened business round-table, and appropriate forums in other portfolios, should be considered as an element of the policy development process for the next Coalition government.

Liberal qualities

Liberals tend to underestimate the qualities that distinguish our party from its opponents. Opposition is a time to reflect on these and what they mean for the government of the State. Liberals offer a unique style of government because of their willingness to respect the ways of life that individual people and organized interests have built through their own choices and decisions.

One submission listed these Liberal qualities in comparison with Labor. We all know that we do not always live up to our best standards, but the reality and significance of these differences for the style of government each party offers can be large, and they are worth talking about.

These qualities include:

- **Truth and honesty**, in contrast to the view of “whatever it takes” and “it’s politics, mate”;
- **Positivity and constructiveness**, in contrast to Labor’s culture of hatred, aggression and negativity;
- willingness to **work fairly with all people of goodwill**, in contrast to Labor’s distrust of anyone who is not “one of them”;
- fairness and **respect for others of different views**, in contrast to Labor’s “winner take all” approach and determination to crush anyone who stands up for a different view;
- **probity**, in contrast to Labor’s affiliation with and condoning of criminal elements and its misuse of government and public funds to reward its mates and cronies with government paid jobs;
- upholding an **independent public service** with appointment on merit, in contrast to Labor’s forcing the dismissals and resignations without cause of those whom they dislike or have a grudge against;
- being **doers not braggers**, in contrast to Labor’s spin, tokenism and slogans;
- the buck stopping with us, in contrast to Labor publicly blaming public servants or officials when things go wrong;
- when in office, **taking responsibility** for the entirety of government administration; in contrast to Labor regarding themselves as giving orders to a separate government administration that is someone else’s responsibility.

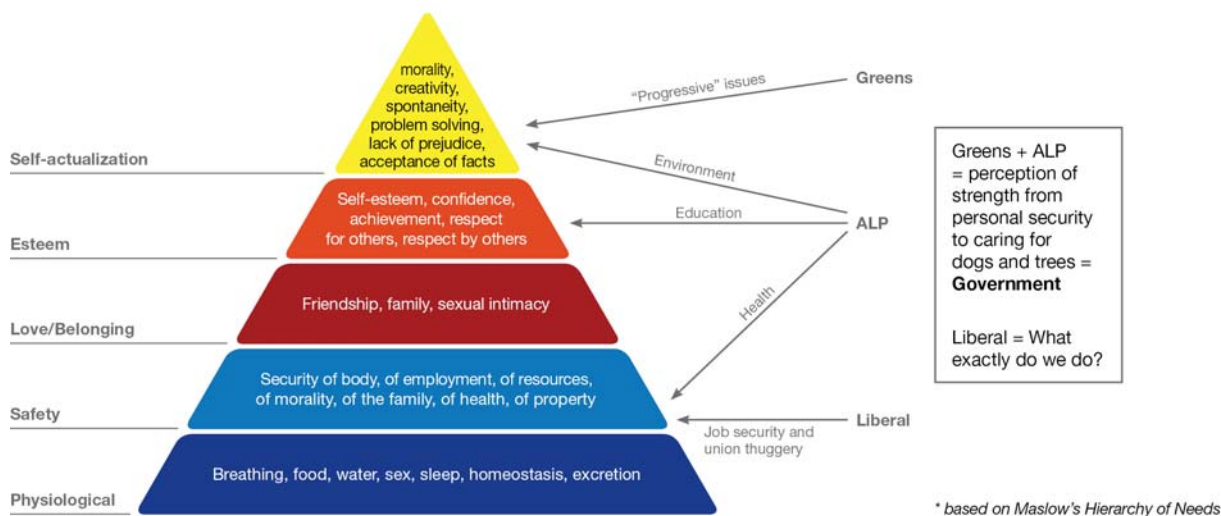
The Greens

Although Green policies will destroy growth, waste massive amounts of money, cost refugee lives, be counter-productive and undermine people’s standard of living, they have constructed a broad narrative that is nevertheless appealing to some well-educated, middle class voters, especially to those that wish to improve the world but have little direct political or policy knowledge. To these voters the Greens say: “We are progressive. We care about the world. We have our eyes fixed on the bigger picture, on things like the environment and big human problems such as refugees”. It is an appealing narrative, and will only be answered by a better one.

The Liberal Party needs to reclaim being “progressive”, not by imitating the Greens or going left, but by establishing a vision for the future that links the basic needs of people with the bigger picture, longer term visions. Educated, middle class Victorians (and those who aspire to be middle class) must see the Liberals as the only party that will meet their aspirations to maximise their talents and build the kind of lives they want. This vision must be expressed via a narrative.

One submission illustrated the varieties of narrative that are possible using Abraham Maslow’s hierarchy of human needs. As a heuristic device it is useful and revealing. It suggests that the Greens appeal at the level of abstract ideals, while having little to say about the consequences for more basic human needs. Liberals appealed at the more basic levels, but without making a case aimed at those who gave weight to more abstract ideals.

A better narrative would give us an opportunity to communicate with more voters



Shadow Ministers' KPIs

The task of preparation for government is a large one and should commence now. It involves improving skills in communication, policy, engagement, and in the presentation of the liberal narrative.

Recommendation: That Key Performance Indicators (KPIs) should be established for all Shadow Ministers and overseen by the parliamentary Leader with the assistance of the parliamentary leadership team.

As part of any strategy to win government in 2018, an upper house strategy needs to be central to the overall planning. This includes examination of the role of the Legislative Council Parliamentary members as "buddies" for candidates in Labor held seats within their region, but equally looks at the ability of the upper house Parliamentary team to contribute strongly to an effective Opposition. Achieving this must be a focus in planning to win in 2018.

Campaign and policy narratives

Although they must be linked, the narratives developed for campaigns and for government are not the same. Campaigning takes place in a context of intense competition of messages over a brief period. Campaign narratives that are heard by voters need to be simple and strong to cut through the noise. Slogans and issues that voters care strongly about will dominate. Making the right choice requires high quality research as well as creativity. Elections are always about which party can best guarantee certainty in the future.

Between elections, there is an opportunity for the party's communications to better recognize the different communication requirements of voters according to their interest in and attention to politics. The most interested – the party membership and opinion leaders throughout the community - require not the slogans of the campaign

period, but a more detailed case and arguments for the specific policies supported by the party, and against the policies supported by its opponents. Failure to make the case will leave voters dissatisfied, and vacate the field to opponents more willing to fill the communications vacuum. The capacity to argue a policy case on the public platform is an essential requirement for leadership success – for the government as a whole and for individual portfolios.

The large proportion of the electorate who have less interest in politics requires a different character of communication.

Communicating effectively

The communications of the party, whether in Opposition or in government, need to reach a number of different audiences and must be framed accordingly. Key audiences are the party membership, experts and opinion leaders, the media, and the uninterested.

The principal communications task is to reach the majority of people who rarely read a political article or take little interest in politics. One submission described the party's audience as "people who wear logos". These are the "forgotten people" of politics. They are often people who want to get on with their private lives and notice few political messages, who make and unmake governments because their votes outnumber all others.

Successful communication recognizes that most people respond quickly with their emotions to signals in the messages they hear, while few wish to make time to reason through the implications of uninterpreted content. Communications focused on lists of facts or achievements or plans will be readily by-passed by voters because the meaning for them remains obscure. While reasoned and logical messages are essential, their meaning must be up front and transparent to those who have many other concerns in their lives. As one submission put it:

"Tell a good story and people will listen. Keep reading lists and using statistics and people's eyes glaze over. In sales, people don't promote a product. They promote the benefits of a product. Why do you need it? How does it solve your problem? What can we do or provide that will make the problem either go away or make your life easier?"

It is a mistake to assume contextual knowledge amongst most voters. Messages must be in plain English. The knowledge of those in - what is sometimes called by insiders - "the beltway" is very different to that of most voters. Clever messages understood only by the very interested may appeal to the informed base, but contribute little to winning votes. Voters have to be attracted and intrigued by messages that describe who we are, what we are trying to do, and by the stories we tell. Policies, initiatives and achievements have little meaning in themselves. They need to be part of a broader narrative that tells people about what they stand to gain, and why we are doing it.

We need to be prepared to describe ourselves to each other and to the public, because if we don't characterize ourselves, others will. Although deeds speak louder than words,

sometimes deeds need words to be properly understood. Every policy position we adopt can be accompanied by an explanation in terms of Liberal beliefs, as in:

“Liberals believe that people must accept responsibility for their own actions; that’s why we’re making clear that parole is a privilege not a right.”

“Liberals believe in honest government. That’s why we’re forcing Labor to report back to the community on how this money is being spent.”

Every statement of value, as with every policy, can be distorted and misrepresented by our opponents. This is not a reason for avoiding such statements, but it is a powerful reason for making sure that we are well equipped to make the case for our position.

Recommendation: That the Party’s communications strategy should be built around the central message that the Liberal Party has fought hard to reform and improve Australia to lift the quality of people’s lives, and that Labor’s policies have led time and again to policy disasters that have damaged people’s lives.

One presentation to the Review summed up a comprehensive and sophisticated communications strategy in this way:

1. GET THE LEAST INTERESTED PEOPLE
2. TO UNDERSTAND OUR VISION
3. TO REMEMBER US WITH SHORT, GRIPPING STORIES
4. THESE STORIES SHOULD BE TOLD IN PLAIN ENGLISH WITH MAXIMUM REACH
5. THEN PUSH THOSE STORIES ACROSS MANY PLACES: REACH NEW PEOPLE
6. AND ENSURE IT’S ALL DONE WITH A MODERN PROCESS

Recommendation: That a comprehensive strategy with annual benchmarks should be put in place for developing, producing, transmitting and making permanent the content of which the party wishes to persuade the electorate.

Getting the message out

Parliamentarians. The principal communicators on behalf of the party are the parliamentary team. There should be a clear strategy for the use of the multiple opportunities available for getting the party’s message out to the wider public.

Printed *media releases* are essential to informing the public of the party’s positions. Most media don’t attend doorstops and press conferences – for example, local and country newspapers, throwaways, and most radio stations. *Media releases, transcripts of doorstops and press conferences, and speeches* should be posted on the website. ‘*Grabs*’ on TV or radio are unlikely to be more than ten seconds (maximum). Without a suitable printed record the party is placed almost entirely at the mercy of the reporter’s or news editor’s interpretation.

Opinion pieces will reach the most politically interested among the party membership and general public. *Talk-back radio* has a much wider reach and is an excellent means for communicating values and positions. *Social media posts* (see below) can be widely

shared, and will be effective if the message is well targeted. In each electorate *door-knocking, listening posts, mobile offices* are not only effective in helping to build understanding of constituents concerns, build awareness of the member, but should all be integrated into a wider data collection strategy.

Recommendation: That KPIs should be established for Members of Parliament in their role as key communicators.

Journalists. Sound relations with political print and other media journalists are an essential element in an effective communications strategy. The party's experience in recent times provides a lesson that playing favourites and excessive favouring of some journalists and some outlets over others can be counter-productive.

There needs to be a professional understanding of the pressures on print journalists as a result of the economic squeeze on newspapers, leading to broader reporting responsibilities and tightened deadlines.

The specific requirements of schedules and deadlines of local media must be understood for local campaigning to be effective. While obvious, the Review has heard from many candidates who state that these requirements were often ignored by visiting Ministers during the last campaign.

Television opportunities. Television remains a key channel for communicating to the public through news and current affairs programs and through advertising. New media have provided additional opportunities, but it remains important to take advantage of the opportunities television offers to reach the public. The relative importance of various media will need to be monitored over the four years to 2018.

Almost every Australian household has access to television, and over 13 million Australians are watching free-to-air TV every day. Peak viewing is between 6.00pm and 9.00pm, and the main news and current affairs programs in Victoria will have over one million viewers each night. For people between 16 and 39 years of age, 'The Project' on Channel Ten is the number one source of news and current affairs.

The average time spent watching television remains at just over three hours per day, despite the rapid increase in internet-based products. Teenagers watch less TV than the national average time, but still spend 74 per cent of their screen time – around an hour and a half a day – watching TV. Although online and social media are making inroads into the national advertising budget, television still attracts almost a third.

Party Members. The party's grass-roots members can play a vital role in getting the party's message into the wider community. At present the party does not equip its members effectively to make their optimal contribution to communicating the party's message.

Members need to be empowered to talk with members of the public and not only to other members. Our opponents have a website dedicated to this purpose. To enable members to do this they need to be provided with strong narratives about the party, to supplement names and details of projects or proposals.

While some members will wish to make their monetary contribution – small or large – their principal contribution to the party, active membership should be much more focused externally, engaging regularly with individuals and/or organisations in the community. This can occur through membership of community organisations, arranging MPs visits, participating in campaigning through doorknocking, phone canvassing, stall manning, data entry, graphic design, or petition collection, letters to the editor, phoning talk-back and posting on social media.

Recommendation: That the party should further develop its ongoing training opportunities for members, especially train-the-trainer programs, and develop updated manuals and content for such programs.

This role for members in carrying the party message to their communities is one reason why it is important for the party to build up its membership in newly developing areas and in areas that the party will wish to represent in the future. The changes to the party's campaign strategy detailed below will play an important part in achieving this external focus.

Online and Social-Media. The development of the online social-media world has greatly expanded the opportunities for campaigning, and it is essential for the party to be fully informed of the strengths, weaknesses and opportunities of the growing number of on-line platforms available to it. 80 per cent of Australian households have access to the internet, and 74 per cent have smart phones.

At the centre of the Party's online presence will be its *Website* and *Facebook* pages. *Facebook* is an exceedingly powerful data capture, analysis, and communications tool, and can be used to advertise to both broad and micro-communities. *Youtube* can be a primary "mouthpiece" for the party and is a very cheap way of advertising and broadcasting a message. *Other sites* enable stories to be syndicated with vast reach. *Instagram* is simple to use and has useful content, but limited reach. *Email* is a powerful way of curating information and gathering data but not very shareable. *Twitter* is not a good communications channel, is left-wing, and its reach is poor, but it can be useful to link sites for journalists and others, and is used by other electronic media.

The party has made great progress in relation to all these online tools for communication. In building the communications strategy of the future, each of these and other avenues need to be fully assessed and understood.

Recommendation: The party's communications planning must ensure that messages are given maximum reach through text, audio, video, images and hardware or objects.

New Management Processes. It has been put to the review that multi-content, multi-channel communications require a new management approaches to communication and campaigning to produce optimal outcomes.

There have been significant developments in understanding processes of decision-making and communication through such ideas as 'lean methodology' and 'agile management'. In principle such concepts have the capacity to significantly improve the party's communication and campaigning, and they should be thoroughly assessed.

Recommendation: The party should thoroughly review its processes of making campaigning and communications decisions, and assess the available project management tools for their contribution to improving these key processes.

The Liberal Brand. A common statement to the review has been that the Liberal ‘brand’ is either unclear, or has been damaged, and that we need to redefine what the Liberal Party is in the minds of the electorate. The idea of the party having a ‘brand’ is taken from the examples of products or companies that have much narrower objectives than a political party – especially a party that aims to govern. Nevertheless the concept of a party ‘brand’ can usefully focus discussion – and (with some unsuccessful efforts of commercial rebranding in mind) warn against ill-considered actions!

The Liberal Party is seen by many of those it might wish to attract – many young people, in trades and small business, young parents with children - as “people not like me”, as unprogressive, out-of-date, as not concerned with people, as too close to big corporations. On the other hand, the Liberal Party *is* widely seen as the party that will put the economy and government back on an even keel after Labor mismanagement, as the party of standards that will operate the institutions of government in the way they were intended to operate, and preserve people’s liberties. It is the party of stability, economic progress and higher standards of living. It is the party that will work hard to keep people safe and secure. In the language of branding, these perceptions are central elements of the party’s brand ‘equity’ and must be protected.

Opinion surveys of what people believe each party is ‘best for’ reveal these strengths, as well as weaknesses in the ‘brand’ image. They show, for example, that the Liberal Party is best for the economy, but paradoxically, is not seen as best for jobs, nor for the provision of government services such as education, health, or transport. Research revealing a weakening support amongst women shows that a ‘brand’ issue has arisen among supporters who have been a long-time Liberal strength. The growing numbers of young people with higher levels of education are highly interested in jobs, but also in more visionary and global issues, including individual freedom and empowerment. Many members of immigrant communities are attracted by both major parties on different grounds.

The main implication of these findings is that the party needs to broaden its appeal – to be seen as relevant to and involved with those parts of the community to whom the Liberal message potentially has appeal, but who do not currently see the party as expressing their concerns or values, or who have simply not heard the party’s message.

Rebranding or adjusting the brand? The latter seems closer to the need and the reality. The Liberal Party is generally conservative in its liberalism rather than radical. New positions that are significant shifts from old positions necessarily cause lively debate. This is inevitable and a strength of the party. In a broad sense it is what the party is “for”. What it means is that to the extent that ‘rebranding’ involves departures from established positions, the process of change needs to be consciously led and well-managed by the party leadership.

Rebranding is not merely a matter of changing a logo, though modernization of the party logo should be considered. The maximum benefit from any updating of the logo, if this is to be undertaken, will be gained if this is accompanied by other steps. Nor should

'rebranding' be undertaken in a way that could damage the party's 'equity', which is clear and strong (above). The new youthful leadership of the party is a big step forward to giving the party a broader image, and the approachable style of Mathew Guy and his team, their engagement through listening and discussion with members and community interests, will all be important in broadening the party's electoral appeal.

Beyond generational change at the top, the most important step will be to articulate an appealing and attractive story about the party – its aims, its goals, its people and its policies.

The focus of the party on the creative capacity of the individual, and the right of people to decide their own pathway in life, opens huge opportunities for the party today, when Labor shows a reactionary determination to promote the power of union bosses, to command and control, and to the nanny state.

It is worth remembering Robert Menzies' remark at the foundation of the modern Liberal Party in 1944 that:

“We took the name 'Liberal' because we were determined to be a progressive party, willing to make experiments; in no sense reactionary, but believing in the individual ...”

The party needs to decide what this 'mission statement' means today.

There are other actions the party can take as part of a strategy to broaden its 'brand' image and its appeal. These include:

- Changes to the ways in which people can be involved in the party.
 - The new approach to campaigning recommended in this Report will be attractive to many people who support the party, but have not seen current activities offered as meeting their needs;
- The full participation by the party in social media,
 - An attractive narrative - already under way - will further help to overcome misperceptions and effectively convey an exciting message of what the party's policies will mean for all Victorians.

The party in recent years has already made great progress in bringing into its membership and forums members reflecting the diversity of backgrounds of Australians today. The background of party members now embraces people from countries around the world, and from the diversity in Victoria. Our candidates reflect this diversity in their faiths, their cultural backgrounds, their sexuality, and their traditions. To win in 2018 we need to strengthen our relations with and campaigning in the major cultural communities.

Strengthening the role of women

Few specific actions will have a greater effect on perceptions than the party showing its determination to recapture its reputation as the party that best understands the issues that women face in our community today. And this needs to start with the development

of a specific campaign within the party led from the top to bring many new women candidates forward at the next election, and to correct the obvious imbalance that currently exists.

Women comprise 43 per cent of the party's membership, but only some 25 per cent of the applications for pre-selection for the party at this election, and roughly the same percentage of candidates. Following the election women are 21 per cent of our lower house members and 36 per cent of our upper house.

For the party of Elizabeth Couchman and Robert Menzies, who were overwhelmingly successful in bring women into the party and capturing the women's vote, this is not good enough. In looking forward to the next election an increased party consciousness of the importance of women candidates in winnable seats should be regularly addressed in party forums.

Recommendation: Party leaders should take personal responsibility for identifying and encouraging women with political interest to join the party and /or put themselves forward as candidates, and for supporting a culture strongly favourable to female participation.

In March 2014 Margaret Fitzherbert's report *The Double Hurdle* was presented on behalf of the Liberal Women's Council. The report was based on a survey of members of the Victorian Division. It found that 50 per cent of respondents believed that the party should have more women MPs, and identified two hurdles to be overcome to achieve this:

- First, women are less likely than men to believe they are suitably qualified to seek pre-selection;
- Second, a pre-selection process that is much more likely to tap men than women on the shoulder, encouraging them to run.

The report made a number of recommendations including amendments to pre-selection guidelines, consideration of non-enforceable targets, a more sustained effort to approach women to run, and a mentoring program.

The Report of the *Review of Engagement with Women* established by former President Tony Snell, led by former Senator Kay Paterson and brought forward by Caroline Elliott put forward further recommendations that will assist in achieving this objective.

Recommendation: That the thrust of the recommendations of the *Double Hurdle* Report, and the *Review of Engagement with Women Report* be supported. The latter report's principal recommendations include:

- The formation of a Network group focused primarily on the interests of younger women in professions, small business, rural industries and activities etc.;
- A code of conduct making clear that unwelcome, unreasonable and aggressive behavior directed at one or more party members causing humiliation, intimidation and/or distress will not be tolerated;
- A membership drive aimed particularly at women;

- Programs to encourage women members to be involved in other community organisations, for profit and not for profit boards, and local government;
- Electorate conferences should be encouraged to achieve targets for women applicants for pre-selection;
- Pre-selection chairs and electorate officers should remind delegates that questions to women candidates concerning the performance of their role in their families are not in order, and that this norm be supported and explained by the State President at the commencement of the pre-selection 'season';
- A motion should be considered for State Council that the requirement for spouses to be in attendance at pre-selections be abolished.

Immigrant communities

Almost 30 per cent of Victorians speak a language other than English at home. The most common such languages are Greek, Italian and Mandarin Chinese, followed by Vietnamese, Cantonese, Arabic, Hindi, Turkish, Punjabi and Macedonian.

While many of the speakers of these other languages also speak English, it is critical that the Liberal Party message is carried in the non-English language media.

Recommendation: That an appropriately qualified media buying firm with experience in buying ethnic media be engaged by the Party, with a brief and a budget provided to the firm.

Recommendation: That MPs be allocated to each work with a particular ethnic community news media to ensure that Liberal Party stories are being placed.

Engaging with the major communities in Melbourne, and across regional Victoria, is essential so that the political concerns of voters in these communities are well understood by the party, that influential leaders in these communities have ready access to the Liberal Party, and so that potential parliamentary representatives coming from these communities can be identified. The presence of Shadow Ministers at multicultural community events gives a clear and valuable message. Community leaders notice when Shadow Ministers do not attend and send backbenchers to represent them.

As an aspect of the targeting of marginal seats it is important to tag as many ethnic voters as possible, especially for our target communities. This work should already be started and continued on a regular basis. During an election campaign, these voters can then be sent mail in their own language and telephone canvassed or door-knocked by members of their own community. There are significant communities of voters of Indian background, for example, in the marginal seats of Bentleigh, Mordialloc and Carrum. There is a significant Russian vote in Bentleigh. The party has the support of activists from these communities who are able to undertake this important pre-campaigning work.

It is essential that the party budget for advertising in multicultural media during an election campaign.

Organising to win

There are two major changes to successful campaigning that have occurred in recent years: the rise of social media, and the capacity to direct messages more relevantly to individual voters through better information and data techniques.

Planning for the 2018 State election campaign will need to address:

- The overall campaign strategy, including:
 - Campaign control
 - Target seats
 - Campaign themes
 - Data collection and processing
 - Media and communication
 - Motivation
- A campaign structure focused on key seats;
- Training and informing party members so that each can make the best possible contribution to the campaign.

Determining the overall campaign strategy will be the responsibility of the leadership of the party in parliament and in the organisation.

Training

Training for party members is an essential part of a strategy to out-campaign Labor.

Recommendation: The Secretariat should develop training programs for:

- Candidates;
- Campaign directors;
- Campaign Committee workers;
- Polling booth workers.

Electorate office staff should be encouraged to attend the Federal Secretariat's training programs.

Campaign control

It is essential that any campaign framework has clear lines of authority.

Data driven campaigning requires strong strategic control over a modern campaign. The effective marshaling and use of data in campaign communications has become a highly specialized skill. The issue is the nature and locus of this control in any given campaign.

There has been some discussion since the election about separating the roles of State Director and campaign manager for future campaigns, and the Borbidge/Sheldon review of the Queensland state election (released 29 May 2015), has recommended this change. In the successful Conservative campaign in the recent UK election Lynton Crosby led the

strategic decision-making in the campaign alongside the Prime Minister, co-ordinating with the normal Party structure. At the local level it is not uncommon in the Liberal Party for the local Conference Chair and the campaign director to be different people.

Given the skill requirements of modern campaigning, the appropriate structure will ultimately depend on the expertise of the people available. The separation of administration and strategy is well understood. In the Liberal Party State Directors have generally united these roles, but taken expert advice on strategic issues and data interpretation as required.

Target seats

With no redistribution scheduled for the current term of the Victorian Parliament, planning which seats will be targets at the 2018 State election is a more straightforward task than it was in the early years of the previous electoral cycle.

Barring any seats changing hands at by-elections, the Coalition will enter the 2018 campaign holding 38 seats (30 Liberal, 8 National) and requiring a further seven seats to reach the figure of 45 required for a majority in the Legislative Assembly.

To reach 45 seats, the Coalition would need a uniform swing of 2.7 per cent, which would require a two party preferred (2PP) vote of 50.7 per cent, slightly lower than the actual 51.6 per cent achieved in 2010, but still challenging given that the L-NP has only achieved half the required 2PP swing at six of the last 22 state and federal polls in Victoria. A uniform swing of 4.0 per cent would give the Coalition 50 seats out of 88.

Achieving a swing of 4.0 per cent or above will require a carefully planned, highly coordinated and focused effort. The Liberal Party is a decentralized party, and its membership in some of the prospective target seats is low. We need to be prepared to focus our resources where they are needed to win government. One of the features of Labor's campaign was its exceptionally tight targeting of seats. It focused on those it needed to win. Making sure that we achieve adequate focus will require some hard decisions about the resourcing of local campaigns.

Recommendation: That the list of prospective target seats for the next election campaign be identified immediately and made the basis for the organisation of the party's four-year campaign, and for the Community Campaign Network as recommended.

Holding existing seats. At first glance, the electoral pendulum looks promising for the Coalition in 2018. There are only three Coalition-held seats with margins of 3.0 per cent or less, compared to eight on the other side of the pendulum. Obviously, the first objective in 2018 will be to retain all the marginal seats currently held by the L-NP.

As well as reinforcing the need for all Liberal marginal seat incumbents to retain seats where Labor will be the main challenger, the Party should also have mechanisms in place to recognise potential threats from Greens, minor parties or independents in notionally safer seats. In regional electorates, the next Coalition Agreement needs to include measures which will ensure that there will not be a repeat of what happened in Mildura, Gippsland

West and Gippsland East in the 1990s, and Shepparton in 2014, when apparently safe Coalition seats were lost to Independents [see section on Coalition Agreement].

Winning back seats lost in 2014. At the 2014 election, the Liberal and National Parties lost six seats which they had won or retained in 2010. These included the four ‘sand-belt’ (or Frankston train line) seats (Bentleigh, Mordialloc, Carrum and Frankston) which the ALP regained after one term; the inner city seat of Prahran, which went to the Greens; and the regional seat of Shepparton which the National Party lost to an Independent.

Despite losing the seats, the 2014 swings in Frankston, Carrum and Bentleigh were all well below the statewide average and left the new Labor MPs defending margins of less than one per cent. The margin in Mordialloc is slightly higher (2.1), but it is still eminently winnable in 2018.

While those four seats will be heavily influenced by the performance of the Andrews Government, the other two 2014 losses, Prahran and Shepparton, will be affected more by other factors, such as incumbent MP performance, so normal guides such as statewide opinion polls will be of less use in determining the Party’s prospects of regaining these two seats.

Building a workable and sustainable majority. It is important to recognize that in 2018, even if the L-NP were to win back all six seats lost in 2014, it would still leave the Coalition one seat short of forming government, so victory will be required in at least one seat which the party did not manage to win in 2010 (when the statewide L-NP 2PP vote was a healthy 51.6 per cent).

As the following chart shows, there are 25 seats held by the ALP, Greens and Independent which could be won with a swing of under 10 per cent to the Coalition. They are comprised of the six which the Coalition held prior to 2014 and a further 19, the vast majority of which were held in the 1990s but have not held since. The three most marginal of these 19 seats are Cranbourne (2.4), Eltham (2.7) and Albert Park (3.0). Cranbourne and Eltham were Liberal seats from 1992 to 2002, but have not been won since. Albert Park was last held by the Liberal Party from 1947 to 1950.

The Party should be aiming to win more than the bare minimum of 45 seats in 2018. One of the major problems which bedeviled the Baillieu/Napthine Government was that it only had a one seat majority in the Legislative Assembly. The fact that a single rogue MP like Geoff Shaw was in a position to be appearing to hold the Government to ransom was a major factor in the failure of the Government to get re-elected. Obviously, winning with a one-seat majority is better than losing, but the task of governing Victoria will be made easier with at least a modest working majority in the Legislative Assembly.

The next state redistribution which will take place in the term between 2018 and 2022 has the potential to remove seats in strong Liberal areas and create them in more Labor oriented ones in the outer south east, north and west of Melbourne. Thus, a narrow win for the Party in 2018 would leave the Party vulnerable for the subsequent election, unless work had been done to improve prospects in these growth areas. So, the Party needs to be doing the groundwork to build potential opportunities in other seats in 2022 and beyond, as well as boosting the Party’s base vote in the Legislative Council and federally.

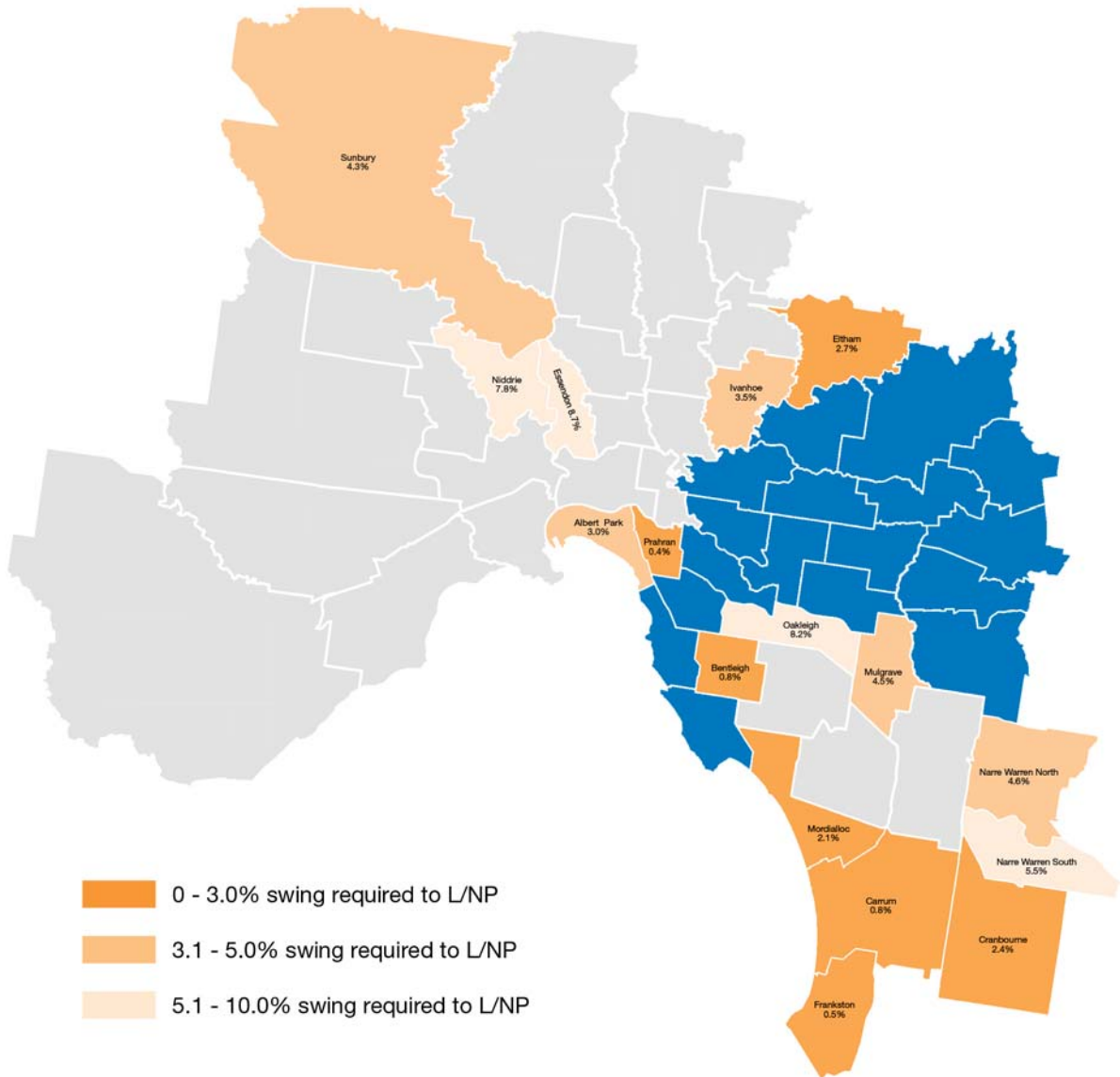
The Review has heard arguments that winning seats as diverse as Albert Park, Buninyong and Sunbury will not be possible. Yet, unless we can challenge in all these seats there will never be a prospect of a secure multi-term Liberal-led government in Victoria. The great underlying advantage that the Liberal Party has is that it was established to appeal to the whole community, not to sectional interests, and over the next four years it must ensure that it develops an overall narrative which can have appeal to a wide cross-section of Victorians.

Recommendation: That the selection of, and campaign planning for, the Liberal-held, Labor -held and other key seats be undertaken by a Key Seats Committee comprising the Parliamentary Leader, Party President, State Director and others as appropriate.

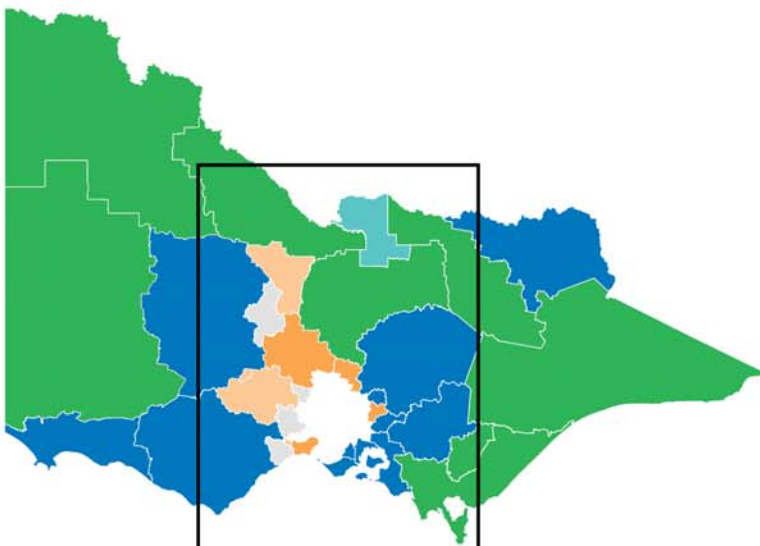
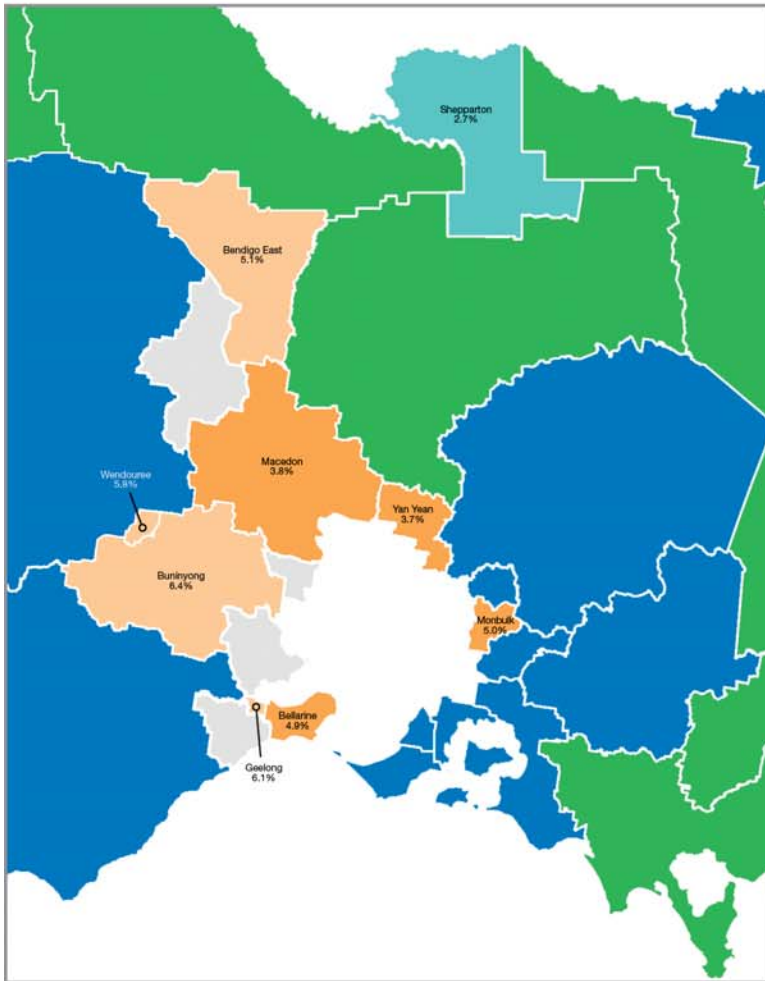
Table – target seats in 2018

Electorate	Held by	Margin
Seat lost in 2014		
1. Prahran	Green	0.4
2. Frankston	ALP	0.5
3. Carrum	ALP	0.8
4. Bentleigh	ALP	0.8
5. Mordialloc	ALP	2.1
6. Shepparton	Independent	2.7
Seat not won since 1999 or earlier		
7. Cranbourne	ALP	2.4
8. Eltham	ALP	2.7
9. Albert Park	ALP	3.0
10. Ivanhoe	ALP	3.5
11. Yan Yean	ALP	3.7
12. Macedon	ALP	3.8
13. Sunbury	ALP	4.3
14. Mulgrave	ALP	4.5
15. Narre Warren N	ALP	4.6
16. Bellarine	ALP	4.9
17. Monbulk	ALP	5.0
18. Bendigo East	ALP	5.1
19. Narre Warren S	ALP	5.5
20. Wendouree	ALP	5.8
21. Geelong	ALP	6.1
22. Buninyong	ALP	6.4
23. Niddrie	ALP	7.8
24. Oakleigh	ALP	8.2
25. Essendon	ALP	8.7

Possible target seats 2018 State Election (Metropolitan Districts)



Possible target seats 2018 State Election (Rural and Regional Districts)



- < 5.1% swing required to L/NP
- > 5.1% swing required to L/NP
- 2.7% swing required to L/NP from IND

Selecting candidates

In the marginal seats the party needs to win to form a government there will inevitably be an emphasis on selecting candidates with good local credentials and capacity to engage with the local community. The party also needs to ensure, however, that it will have parliamentarians able to address broader policy issues and with the qualities to make good ministers.

Making sure that quality candidates are available in all winnable seats should be a focus of party activity over the next period. The party should not rely simply on the self-identification of potential candidates to arrive at the list of applicants for pre-selection in each seat, but should actively engage in the identification and encouragement of candidates.

Recommendation: That a “candidate identification” committee should be established to identify and encourage appropriate candidates for the next election. The objective should be to identify and encourage excellent quality candidates for all key seats. The Committee should comprise leaders of both the parliamentary party and the organisation, and could include the State President and Leader of the Parliamentary Party (or his nominee), as well as the State Director and a Vice-President. The Committee should have a work program and timetable, as well as agreed procedures.

The work of this committee should have in mind the need for a significant number of high quality female candidates to help address the significant brand issues of the party with this half of the population.

The search should extend beyond the present party membership, but quality potential candidates who are not party members should be encouraged to join as soon as possible. An understanding of the party and experience of its purposes and processes is an important requirement.

The screening of applicants is an important aspect of pre-selection. Unlike in some other States (New South Wales, Queensland, South Australia and Tasmania), in Victoria there is no dedicated review committee for applications prior to pre-selection. The Victorian position reflects the long-held view that pre-selection conventions should see all applicants. Screening relies upon the application form, declaration, and a list of questions.

Pre-screening has the advantage of providing a consistent and thorough process, identifying possible issues at an early opportunity.

Recommendation: That the establishment of dedicated committee to review applications for a minimum level of suitability before an applicant can present to a pre-selection convention should be considered.

Following the 2013 Federal Election the Federal Secretariat has undertaken work on candidate screening processes across states, and has prepared a useful report on procedures across the country.

Recommendation: That the Victorian Division should build on the work of the Federal party in improving screening processes for candidates.

As a matter of principle, pre-selections should be as early as practicable, but not at the expense of quality candidates who can contribute to quality government.

In 2014, due to the timing of the redistribution, the party's democratic pre-selection process was as early as practicable.

Recommendation: That once endorsed candidates should be provided with formal and detailed training.

Whenever pre-selections are held for the target seats, there will be an important role for Legislative Council "buddy" members both before and after pre-selections. The additional element that will ensure that this occurs is a new leadership role for the parliamentary party.

Data collection and processing

We need to ensure we have the best IT for our needs, and ensure regular training is available to our staff, MPs and volunteers.

Feedback remains an essential comprehensive platform. It is only effective as a strong support to campaigning if data entry is systematic and purposeful. Labor developed a platform called Campaign Central and also used Nation Builder, a program developed in the US. The effectiveness of all such programs relies on the training of staff and volunteers, and the ability to develop the capacity of programs by consultation with those who must use them, including members of parliament.

There are several stages to the collection of information/data, each of which needs specific and organized attention: data gathering through petitions, surveys, and phone canvassing ('harvesting'); canvassing voters, refining data, and effective approaches to voters ('targeting'); evaluating and further refining of information. The mobilisation of hundreds of volunteers will be required to ensure that these stages produce and use the required data.

Recommendation: The management of data collection and input at the electorate level should be undertaken within a clear organizational framework by specifically trained and co-ordinated personnel.

Recommendation: That the State Director, working with the Federal Secretariat, implement a data strategy for the 2016 Federal Campaign, including the identification of the required hardware and software investments to ensure the best systems are in place.

Community Campaign Network

The structure and scale of the present Liberal Party organisation in key seats is not optimal for organizing and focusing the activity of volunteers in these seats, particularly for contacting voters by phone, data collection and focused campaigning. Accordingly, it

is proposed that the party establish a community-based campaigning structure specifically to identify key local concerns through the data driven and social media aspects of the campaign in selected key seats. This community campaign would work alongside and co-ordinate with, not replace, the local electorate conference campaign.

Recommendation: That, in order to take advantage of new campaigning techniques, a specific campaigning structure under the control of the State Director be established to recruit, train and co-ordinate volunteers in key marginal seats. This could be known as the 'Community Campaign Network'

Recommendation: That the framework for this campaign should be put in place as soon as possible, with the initial focus on the gathering of information/data about issues locally in key seats.

Such a structure allows a much more specialized campaigning effort based on strategic data collection and use, with a high level of professional management and local focus across electorates where local party capacity is variable.

The Community Campaign Network will be under the overall control of the Campaign Director, and its strategy will be integrated into, and an important part of, the overall campaign strategy. It will have a designated Network leadership.

Its successful implementation within the Liberal Party will need to be done in close communication with existing conferences and branches, so that members are well informed and looking forward to participating in the campaign within such a framework.

The parliamentary party and the Secretariat should provide clear information to the local party organisations about the nature of modern campaigning, the need for disciplined messaging, and the desirable level of integration between local and central messaging.

Recommendation: At least twelve months before an election – and preferably throughout the term - explicit information sessions should be held to explain the strategic thinking behind central election campaigns and the way in which they will dovetail with local campaigns.

Recommendation: That the Secretariat be restructured to establish a 'Volunteers' division that embraces and oversees both the Community Campaign Network and Membership Services.

The Network will comprise 'field officers' in key seats, who will recruit, oversee and train party members and volunteers in data collection and draw on both members and outside volunteers.

Preparing for Government

Opposition provides the opportunity to reflect on the role of ministers in government, and to prepare for the pressures of government and the leadership roles that will be required

of ministers in relation to the public service. Ministers also need to be aware of the implications for policy across portfolios of the federal system and its ministerial councils.

The management of relations with the range of lobby groups representing different interests and expertise must be undertaken with a clear appreciation of the contributions such groups may make to policy, and the limitations of their perspectives. Groups have expertise and are self-interested. Both aspects must be kept in mind.

A program to build up the skills of the shadow ministry for government and to encourage a 'big picture' view can appropriately commence in the first year of Opposition.

Recommendation: That a program of roundtable workshops for members of the parliamentary Liberal Party, with appropriate external participants who have experience in government, be organized this year.

Recommendation: That consideration should be given to drawing on the expertise of business schools and the Australia and New Zealand School of Government to help prepare shadow ministers for decision-making in government, including in federal arrangements.

Recommendation: That Key Performance Indicators (KPIs) should be established for all Shadow Ministers and overseen by the parliamentary Leader with the assistance of the parliamentary leadership team.

Recommendation: That KPIs of shadow ministers should include engagement with key interests in the policy area. This could occur in part through the organisation of roundtables of interest group and organizational leaders in their policy area to foster awareness of how policy issues are seen by significant players in the area, and to facilitate the development of relationships.

Recommendation: That Shadow Ministers' KPIs should also include engagement with party members, through policy forums and other mechanisms, to ensure that party members have an opportunity to contribute to the policy development process.

Policy development

Development of a coherent policy program for government should be one of the priorities of opposition. Portfolio policies must be consistent with each other, mutually supporting, and reflecting the values and directions of the party.

Recommendation: The party should immediately begin developing the themes it will pursue during the four years to 2018, including the definition of the character of the Labor government. These themes should become reference points for the party's positions in parliament and in the media.

The development of sound policies in accordance with the party's values and understanding of Victoria and its economy will require an effective internal framework

and extensive engagement with those in the community with experience and expertise across the range of policy areas.

Policy development will need to occur within a strategic framework. Where policies are important and in the public interest but not well understood by the public the party will need to be prepared to make the case and to argue for its positions in a way that will win the public debate. Framing the debate will be an essential part of this process.

Recommendation: That major policy themes and initiatives should be tested throughout the period with the party's researchers.

Recommendation: That the first cut of policies should be available within 18 months to allow proper internal discussion, external consultation, and refinement. Policies should be brought to close-to-final form in the first six months of 2018.

Recommendation: That a Committee of Senior Shadow Ministers led by the Parliamentary Leader should be established to oversee the policy discussion and development process within the parliamentary party.

Recommendation: That the Senior Shadow Ministers' Committee on Policy should meet at least monthly during 2015 and 2016, and more frequently during 2017 and 2018.

Recommendation: That in the early stages of opposition this process should involve policy workshops organized with the assistance of the party's professional and voluntary organisations.

Recommendation: That the Shadow Treasurer, through the Senior Ministers Committee, should provide each Shadow Minister with guidance as to the financial parameters for policy development.

Recommendation: That each Shadow Minister should meet annually, at least, with the Senior Ministers Committee to report on their policy development, including engagement with key stakeholders.

Recommendation: That Shadow Ministers and the parliamentary party as a whole should explicitly consider the kinds of pressures to which they will be exposed in the formulation of policy, including from lobby groups of all kinds, and indeed from the public service.

Recommendation: That the Senior Ministers' Committee should consider appropriate mechanisms by which party members will be provided with an opportunity to contribute to policy development.

Recommendation: That there should be a program for regular policy releases in 2015 and 2016 to establish themes, priorities, and principal points of difference with the government.

Recommendation: That due diligence on the appointment of an appropriate firm to provide an independent verification of policy costings should commence by 2017.

Recommendation: That all policies should be signed off by the State Leader, the Shadow Treasurer, and the State Director.

To manage these pressures successfully the party should take time to develop a broad understanding of the values, goals and objectives that will underpin Liberal policy making.

Securing Ministerial staff

Ministers' staffs these days play a key role in government, providing the Minister with the capacity to direct and work with the public service, manage communications, assist with the development of policy strategy, and conduct relations with other portfolios, the backbench, interests and lobby groups, and the professional and volunteer party. These are all functions which it is unrealistic to expect the public service to perform because they are part of the political leadership role of the elected Minister. The public service does not possess the relevant political knowledge and expertise. Without a quality staff, a Minister lacks the vital resources to lead the portfolio.

Finding suitable staff to perform these roles is not easy, and the work to do so must take place – at least for senior staff – during the opposition period. Labor has access to trade union research officers and others in the union movement, but the experience of these people is usually narrow, and the Liberal Party should be able to access more broadly experienced and trained staff. Some opposition staff will readily make the transition to government, but there will be a need for highly qualified people to fill senior positions that will not be able to be filled from already employed opposition staff.

Recruitment of qualified and experienced senior staff will be facilitated by a focus on this issue in opposition, including briefing of and planning with the party's organizational and business supporters, through Enterprise Victoria and otherwise to explain the role of such staffers, and their need for accepted pathways of re-entry opportunities to the private and non-profit sectors when they wish to leave government.

Recommendation: That a Shadow Minister's KPIs should include the identification of potential staff and the briefing of potential staff and their employers on their role and possible career pathways.

Recommendation: That a *Ministerial Staff Handbook* should be prepared establishing guidelines and a code of conduct for political staff.

The leadership role of the Parliamentary Party

In addition to an early focus on key seats, success will not come in 2018 without a change in attitude within the party to the respective roles of the parliamentary party, the professional organization, the volunteer leadership and the local campaign teams. It will be essential for the disconnection between, and to some extent within, these vital elements of the party, evident during the last four years, to be put behind us. Achieving this will require an explicit leadership role in this four-year campaign by the parliamentary party.

The existence of a disconnect between the parliamentary party and the voluntary organization when the party is in government is not a new thing. It goes back to the 1950s if not before, and arises not only from the pressures of government, but from the explicit organizational principles of our party that define distinct roles for the organization and the parliamentary party. These principles, which go back to the formation of the party, are that the parliamentary party manages parliamentary tactics, decides policy and governs, and the organization pre-selects, campaigns and on policy advises only.

Provided these principles are applied with a keen awareness that, despite the distinction, the two elements of the party must be inter-dependent, and that having an enthusiastic grass roots campaign in a volunteer-based party such as the Liberal Party depends on the parliamentary party motivating and respecting the grass roots, and effectively using the party professionals, all is well. But an overemphasis on these distinct roles, if, for example, some members of the parliamentary party come to believe that its only role is to govern, and winning elections is the responsibility of the organisation, it is easy to see how a dysfunctional disconnect can arise.

The reality is that no one has a greater incentive to work for the re-election of the party to government than the members of the parliamentary party. Their performance and what they communicate will influence results not only in their own seats, but in the target seats as well.

In an effective model to win government, the parliamentary party and its leadership will take primary responsibility for the re-election and strengthening of the government's numbers, with all the planning, policy and communications work, and training and professional development of its members that that entails during the whole period of office, and will work closely with the professional and volunteer party as their principal supports for achieving this.

The policy and themes established by the parliamentary leadership will determine not merely the party organisation's professional conduct of staff, and much of the content of the campaign material, but also the capacity of the whole party to work as one, based on the mutually respectful and motivating relations that the professional and volunteer wings of the party seek.

Such a leadership role for the parliamentary party is in no way inconsistent with the basic idea so firmly held in the Liberal Party that the parliamentarians – to use John Howard's often repeated phrase, - are the creatures of the Liberal Party volunteer organisation. It is the grassroots membership of the party that pre-selects (and holds accountable) the parliamentary candidates, just as it is the key role of the parliamentary party to elect (and hold accountable) the parliamentary leader. In both instances the party must be seen as choosing its leaders. Party members are insistent that they do not pre-select their parliamentary representatives to enjoy a lifestyle. The grass roots members choose their representatives to offer leadership to them, not just on policy, but so that they can be listened to and respected for their policy views, so that elections can be won and Victoria governed according to liberal principles.

The absence of clear roles and responsibilities has another dimension within the party. As campaigns have become centralized, local campaign teams have often felt marginalized in

decision-making. As there can be no successful Liberal campaign without a fully motivated and empowered grassroots party this is a matter that must be addressed.

Leading the Liberal Party

It is in the DNA of the Liberal Party to have a high respect for its parliamentary leader, and to allow the leader wide scope in style and policy to lead. It is important, however, for those chosen to lead the party to recognize that leadership is not a matter of commanding, but rather persuading. The authority of office, pure and simple, extends only so far, and hubris remains a deadly political sin in leaders on either side of politics.

No one expects a party leader to be the fount of all wisdom, or to be able to make all the right policy calls without consultation and advice. Leaders are assessed by their ultimate success in meeting the wishes of the people and being re-elected, and this is best secured by following the age-old advice, embedded in the floor of the entrance hall of Parliament House in Spring Street, that “in the multitude of counsellors there is safety”.

No leader can lead without followers, and no leadership style which fails to respect followers and indeed inspire and unite them with a sense of purpose and direction, will succeed for long. The Liberal Party seems most comfortable with leaders who can make a good case, can act effectively, treat (shadow) ministers (and everyone else) with respect, build a team, and are seen to act from values and principles. As John Howard demonstrated during his eleven years as Prime Minister, regular listening to and consultation with Cabinet and the backbench has the capacity to unite a team and build support.

Over-centralized decision-making, unilateral decisions or, at the other extreme, a failure to take decisions, encourages ill-discipline and lack of unity. A successful leader cannot be factional. The greatest resource of a leader is trust. Leadership and engagement with the party and the wider community go hand in hand. There is an enormous reservoir of experience and knowledge in the party, drawn as it is from a broad community base. Successful leadership will recognize this, and use it to the maximum.

GOVERNING WELL

Governing well means governing in the public interest. Public interest policies are those which best contribute to empowering Victorians as a whole to live the kind of lives they want, and avoiding policies that are designed to promote narrow interests or are based on prejudice and parochialism rather than sound analysis.

Government that is not in the public interest is almost invariably government for special interests, and will ultimately be seen by the electorate to have failed. Doing its best to find the public interest, and defending it, is the main task of a good government, if it wishes to be acknowledged as such.

The Liberal Party and the Public Interest

Public interest policies are policies that improve the lives of all or most people. They are policies that are economically sound and financially affordable. They are policies that recognize the equal rights of all, and do not spend or regulate for the benefits of the few vocal interests.

Examples of policies not in the public interest are:

- Education policies that lead to large numbers of children unable to read and write at an adequate level for their future education;
- Training policies that fail to produce the skills that will get jobs in competitive industries;
- Transport systems that waste hours of the valuable productive and private time of commuters;
- Policies that undermine the equal rights of all to freedom of thought and expression. Such policies diminish the community's understanding of issues, reduce opportunities to find the best outcome, and ultimately undermine people's trust in government;
- Policies that subsidise the jobs of a few at the expense of opportunities for more competitive jobs for the many;
- Policies that regulate to reduce competition, producing higher costs, inefficiency, reduced innovation and hence disempowerment of the many;
- Policies that benefit producers at the expense of consumers. The more costly products resulting from such policies disadvantage households and cost jobs elsewhere. The end of industry protection in Australia brought millions of new jobs in competitive industries.

The establishment of the Liberal Party by Robert Menzies was an historic advance in Australian politics. It was an attempt to lift Australian politics out of the rut into which Liberals believed it had fallen, where politics had become a mere process of distributing benefits and privileges among a multiplicity of vested and selfish interests: mainly business, farmers and unions.

Menzies sought to lift politics to a new level where all people were equally valued regardless of class, religion, race or gender, and where policy was decided on the basis of certain fundamental values, principles and beliefs that would produce a better life for all.

Menzies realized that without a philosophy that spelled out what the public interest was, and how it could be achieved, backed by a disciplined party, this goal could not be reached. The Liberal Party, he believed, could provide this, and this unique character of the Liberal Party has been one of its main attractions for members over the years. The effectiveness of the Liberal Party is a vital factor in keeping Australian democracy strong.

Menzies argued that politicians equipped with a sound philosophy of government could resist selfish pressures, make their case, and explain to the public what they were doing and why they were doing it. Where the Labor Party throughout its history has been primarily the party of vested trade union interests susceptible to utopian socialist appeals (even though some of its parliamentary leaders have tried to be more than this) the Liberal Party has been a party with a public philosophy of good government, representing no special interest, but the people as a whole.

Defining what the public interest is requires an understanding of the long-term consequences of policy, and especially of the impact of policy on the public as a whole, and not just on particular sections of the public. What is to the benefit of particular interests – whether business, farmers, trade unions, the public service, a particular profession, a section of the workforce, service agencies, or members of parliament themselves - may or may not be in the wider public interest considered over time.

Understanding the long-term consequences of policy, and assessing whether these are desirable or not, requires an understanding of how society and the economy works, what government can and cannot do with the instruments available to it, and what values policy should achieve. Bringing these various elements of good policy making together is what the party has understood by a liberal philosophy.

Individual well-being. At the heart of the founding philosophy of the modern Liberal Party is one value above all others, to which every other element is subordinate, and which provides the yardstick by which good policy is to be assessed, and that is the impact of policy on the individual person. Only when judged in its impact on individual rights, dignity, empowerment and fulfillment does a Liberal Party committed to such a perspective assess the merits of a policy. The ethics or morality of any action should be assessed according to its impact on individual people.

The Liberal Party has believed that it is not only sensible and rational, but moral, that governments should not promise to spend beyond their means to pay for it, that (as in the household) dependence on debt financing inhibits future initiatives and burdens future generations; that monopoly destroys choice and initiative; that dependence on government spending and regulation undermines initiative, morale, leadership and rational calculation of costs and benefits.

The modern Liberal Party has traditionally believed that the level of freedom and personal responsibility supported by the party is an essential pre-condition for economic growth, for the multiplication of job opportunities, for the availability of revenue to governments for essential services, and the avoidance of an unsustainable plunge into debt financing.

Excessive regulation, by handicapping enterprise, leads to low economic growth, undermining the standard of living of citizens and job opportunities.

Traditionally therefore the modern Liberal Party has secured to individuals wherever possible the right to make their own decisions and their own choices, empowering them by education and equal laws to do so. It has opposed monopoly and privilege for the few and encouraged the diversity that is the inevitable outcome of choice, initiative and creativity in all areas of life. It has accepted that a truly progressive society will not occur without the freedom for people to create, innovate and decide their own missions in life. It knows that government cannot make wise decisions if there is not the freedom of expression and the press that allow diverse views to be voiced and assessed. It is out of the contest of ideas that freedom makes possible that good policy and the good society will come.

The Role of Government. In empowering people to build their own ways of life in a progressive society, the modern Liberal Party sees government as having a vital role. Government must protect people from attack from outside the country, provide justice and protect citizens from violence and exploitation by others. Government must put in place all the services required for a well-functioning, productive and creative society that private citizens do not have the incentive to provide, and the legal frameworks that will empower private action.

While the Federal government has the main responsibility to protect the nation from attack and put in place uniform laws to govern national life, State governments, more than any other level of government, have the responsibility to provide those services on which well-functioning communities depend: policing, roads, schooling, training and universities, public transport, power, well-planned cities, and support a vibrant cultural life. The Liberal Party has recognized that where such services can be provided by private effort, that should be encouraged and facilitated, with government providing the framework of rules, and where necessary the stimulation, to ensure that this occurs in the public interest.

As a result most of the basic infrastructure of community life today: security, schooling, hospitals, medical services, roads, environmental services, housing, power and water, aged care, artistic and cultural life are either in part, or mostly, a combination of public provision, or regulation, and private effort. Australia's ability to combine public and private provision has undoubtedly been a key factor in our success in building one of the most innovative, creative and happiest countries in the world.

A Liberal Government will always be seeking ways to unlock the potential of citizens to progress economic, social and cultural life through well-planned partnerships between the public and private sectors.

Limitations of Government. Liberals have not only recognized - more than other political parties - the huge creative energy of a community of empowered individuals, and identified this as the main source of progress. Liberals have also long recognized both the capacities and the limitations of government.

There are important things government can, and must do, and there are important things for a good society that governments cannot do, or cannot do as well as citizens

pursuing their own interests. If government attempts to do what it is ill-equipped to do – e.g. to micro-manage individual lives - progress is undermined and the lives of individuals are damaged.

Liberals have never shared the views of those who have an inflated idea that government can re-engineer a whole society to accord with some single value, whether that value be liberty, equality, salvation or the environment. Real decisions in life always involve a balancing of values, and life is about many values. One of the great triumphs of Australian Liberalism has been its defeat of the utopian socialists who were so influential in the Labor party before 1949. Today, Liberals still have to make the case against utopian Greens, and fanatical jihadis.

One way to think about the limits of government is to recognize that government is powerful, but clumsy. It can fight wars and undertake great projects if it will, but does not know the best way for people to live their lives to find happiness. It is a grave error to think that governments are hugely knowledgeable and wise. They are not. Those who comprise governments are no wiser than the rest of us, and they do not know what we know. Nor are governments greatly reliable over time, because government decisions are made by politics, and the nature of politics is always changing. Governments are independent of some interests, some of the time, but may be captured for a period by one interest or another. The certainty governments can provide is a certainty restricted in time and circumstance only.

The main reason that governments are powerful is that they have the legitimacy of being elected by the people, which means that most people are prepared to go along with policies and laws decided by governments most of the time. Governments also control the police and the armed forces.

The main reason governments are clumsy is that they rely on limited information (“small brains, big problems”) and on laws that are uniform and often ambiguous. Uniformity imposed by law means a required conformity, which is appropriate for road rules, but not for professionalism or for individual empowerment. When governments try to avoid imposed uniformity by granting discretion they are empowering officials rather than citizens. When they try to solve ambiguity by being clearer, rules multiply, and when they give a tribunal the power to interpret the rules, they end up subjecting citizens to discretionary rule by tribunals rather than by law. This is the road to the “nanny state”.

The other option for governments is to “throw money” at a problem. Liberals always remember that that money has been earned by someone else. And while money is a solution to lack of money, it can create dependence, or what Noel Pearson and other Indigenous leaders have referred to as “welfare poison”, building not personal responsibility but a sense of victimhood that undermines leadership and damages communities. Where governments spend money on projects they generally lack the incentive to do so carefully and efficiently, or to make sure that money can solve the problem at which it is directed. As the founder of economics Adam Smith said over two centuries ago, governments are:

“Always, and without exception, the greatest spendthrifts in society. Let them look well after their own expense, and they may safely trust private people with

theirs. If their own extravagance does not ruin the state, that of their subjects never will.”

The Liberal Party has seen itself from its foundation having a responsibility to tax and spend responsibly, and not merely to buy votes, but for high priority community purposes in the public interest. The principle that states and countries should live within their means, and have high regard for the rights of citizens to spend their own money, is a basic principle of Liberal government.

Philosophy and State Government

It has been often said among Liberals during recent years that State government is not about philosophy, it is about the management of services. A sometime conclusion from this is that State governments do not need to think about philosophy, but can act pragmatically as each issue arises. This is wrong. It is a misconception that encourages poor policy, creates difficulties in marketing policy, and lack of commitment to policy. It is a misunderstanding that has been identified by party members and has frequently been criticised in the consultations of this Review.

Party philosophies are not like the theories of philosophers. They are statements about what is important, about basic beliefs and values, and about the kinds of policies that will achieve the best outcomes.

The Review heard many comments from members that the party’s leaders have failed to articulate a recognizable Liberal philosophy, and perhaps as a result of this, have advocated policies that seem to contradict their understanding of liberal values: using rhetoric that seems to assume that jobs come from government projects and subsidised industries, rather than the efficient and innovative use of resources by private effort in a competitive economy; that it is government spending that creates jobs rather than encouragement of private enterprise; policies that seem to assume greater wisdom in the bureaucracy than in a community of responsible individuals, that restrictions on freedom of speech are necessary to create social harmony rather than encouraging open debate. Not only are many members disillusioned, but it is obvious that the community at present does not believe that the Liberal Party is the party best able to achieve some fundamentally important objectives.

A political philosophy is a statement of the values and beliefs that guide a government’s decision making and its conduct of the institutions of government.

- All major state services – education, transport, health, policing and corrections – impact on the private sector – business, households, individuals. Without an explicit philosophy there is no guidance as to the character and form these interactions should take;
- No significant policy choice can be made without favouring some interests or values, and commonly there is a choice between favouring a special interest and the public interest;
- No convincing narrative explaining and justifying the policy choices of a government to the public can be made without the backing of the values and beliefs that comprise a philosophy;

- Many of the day to day issues of government – relations with staff and the public service, the management of the party room and Cabinet, the scope of the role of MPs and Ministers – will reflect the values and beliefs of the government. A philosophy is needed to give consistency and coherence to these relations.

Without a philosophy, as Menzies pointed out, governments become the playthings of influential selfish interests – public and private - and have nothing but unprincipled pragmatism or populist appeals to guide them. Successful Liberal Governments base themselves on liberal philosophy, though not in a doctrinaire way.

In analysing its recent history and future responsibilities, the Liberal Party needs to reaffirm its practical understanding of how liberalism shapes good government. A sound political philosophy enables sound policy choices, reinforces core social values, and encourages constructive political thinking and effective action.

The Victorian Liberal Party needs to enter upon future periods of government with a solid grasp of how liberal values, liberal principles, liberal policies and liberal government interact. It needs to draw upon these components of liberalism in the digital age - in the dynamic, multilayered, complex and crowded societies in which we live, and be prepared to discuss their implications in a world where the liberal ideal of equal rights for all continues to progress.

Fundamentally, the role of Liberal Government is to provide conditions that empower people to successfully manage their lives. Liberal government is based on respect for people, and their fundamental right to be able to set their own course in life. Liberals know that everyone has a distinctive approach to life, that vibrant communities are the product of relationships between self-respecting individuals, and that self-respect is impossible if a person is not in charge of their own life.

By contrast with Liberal government, present day Labor has no philosophy of government. In Labor's hands, words such as 'fairness and equality' are little more than empty rhetoric, and provide little or no guidance to sound policy. Where Liberal government is self-consciously in the public interest, Labor government is mainly in the interests of those who exercise power and influence in that party.

Labor today is deeply divided between its traditional interests and the moralistic interventionist ideas of its more intellectual supporters, whose personal comfort frees them to devise ways of controlling the lives of others and imposing their own views. Its legislation privileges its supporters and those whose support it seeks, it spends other people's money with an arrogant lack of restraint and apparent contempt for the efforts people have made to earn their income, it runs high cost and inefficient services, and attempts to impose politically correct behaviour regardless of consequences. Instead of empowering people, it fosters victimhood and powerlessness, to provide further scope to grow its own power.

Trust in politicians today is low. The electorate is becoming increasingly intolerant of what many see as a big-spending, self-indulgent, wasteful political class. It is incumbent on members of parliament to rebuild public trust and demonstrate that they see their role as one of service, not the pursuit of a lifestyle.

Is good government good politics?

There is a well-known saying that good policy is good politics. The fate of the former government's TAFE policy, arguably good policy, might seem to demonstrate that this is not always the case. What has been said in numerous submissions to the review, and earlier in the report, suggests the best answer to this conundrum: good policy is good politics if those responsible for policy make it so. Good policy becomes good politics when it is well argued for. It should be easier to argue for good policy because by definition there is a good case for it, and in the medium to longer term, generally within one or two election cycles, produces better outcomes.

One of the greatest dangers to good government and to good politics is populism: saying what the majority wishes to hear, what is popular today and gets automatic applause. The problem with populism is that majorities can believe quite inconsistent ideas, such as the desirability of higher spending and lower taxes, or more regulation and greater freedom. There are also widely held prejudices. The applause meter can be a poor indicator of policy merit, and governments that live by applause for content-lite one-liners are invariably governments that live beyond their means and pander to prejudice. Most voters expect better than that, or hope for better than that, and respond to good leadership. The Liberal Party membership certainly expects their leaders to go out and make the case for good policy.

Strategic government

Providing the government with a policy and political strategy is ultimately the responsibility of the parliamentary leader, but it is a responsibility shared with the Cabinet, and one that is difficult to sustain over time without the support of an element of government directed to its achievement.

Strategy is a matter of determining the goals and directions the government should follow in relation to policy and politics, and includes the determination of priorities for action.

An example of a Coalition government that broadly achieved such strategic input is the Howard government. At the beginning of this government a body called the "Cabinet Office" and later the "Policy Unit" led by a high level appointee, was established. This unit, working closely with the Prime Minister's Office and the Department of Prime Minister and Cabinet, provided strategic advice and prepared major statements for the Prime Minister, and co-ordinated policy developments with ad hoc groups of Ministers and their departments in strategically important areas. In the case of the Howard Government the head of the Cabinet Office (who was a political appointment) was also Secretary to Cabinet.

The Greiner Government in New South Wales also had a high level strategic policy unit that enabled that government to successfully introduce some major structural reforms.

The establishment of such units reflect the fact that the private offices of leaders and Ministers tend to become absorbed in the urgent matters of day to day politics, and the

important longer term directions are inevitably subordinated to these unless given organizational expression.

Policy priorities should be established on the basis of the government's assessment of the main issues facing Victorians in light of the government's values.

Recommendation: That, on coming to government, a **Strategy and Priorities Unit** should be established attached to the Premier's private office to advise the leader on strategic directions and priorities and co-ordinate the development of major government initiatives.

The role of Ministerial staff

Ministerial staff members were not popular in submissions to the review. Criticisms of lack of expertise and of professionalism abound. Lack of access to Ministers and unreturned phone calls are frequently sheeted home to staff. In the Overland affair staff were at the centre of the crisis. Public service leaders and commentators express concern and skepticism over, and party members often decry, their role. Yet no government today can operate without them, and an understanding of their role is essential for staff themselves, for parliamentarians and party members alike.

Ministerial staff are concerned with the **political** functions of government, as distinct from the **administrative** functions of the public service. It helps to have a clear idea about what is encompassed by 'politics'. While political and administrative functions overlaps at the margins, both are essential to the conduct of effective government.

It is essential for Ministerial Staff to have a clear understanding of their role.

Recommendation: That a *Ministerial Staff Handbook* should be prepared establishing guidelines and a code of conduct for political staff.

The effective performance of political tasks is central to the democratic system of government, and if these tasks are not performed our democracy does not work as the people expect it to. Until the 1970s it was common to suggest that it was the Minister alone who performed the 'political' tasks, and that these were mainly concerned with securing votes at the next election – task which were represented as often running counter to 'good policy'. Such a picture obscured several elements: the 'political' aspects of the Minister's role extend well beyond securing votes at the next election, and if the people will not accept a policy solution or a government must sacrifice itself to implement it can only be called 'good policy' from a rather narrow perspective. 'Good policy' includes (even if it is not wholly embraced by) the quality that it can be implemented and that the solution will survive over time – that is, good policy has a political dimension to it.

The political aspect of a Minister's role focuses on the leadership a Minister is expected to provide within the government, the government party, the constituency, to lobby groups and the voting public, to mention some of the key arenas. It includes: decisions about the guiding values of policy, the policy priorities of the portfolio, the strategy of decision and implementation, the management of inputs to decision-making,

the communication of perspectives and decisions to stakeholders and the wider public, the oversight of implementation.

The accountability of the Minister to the Parliament for the conduct of the portfolio also involves decisions about what information will be made available, how Question Time and Parliamentary Committee hearings will be handled, and parliamentary reports responded to.

While senior public servants will have input into these decisions, there are important aspects about which public servants will have little or no knowledge or feel that it is inappropriate to offer advice because of the norm of political neutrality. Even a departmental head will hesitate to advise a Minister at any length on how he should exercise his portfolio leadership, or handle relations with the Prime Minister or Premier (though a good Secretary will be very sensitive to these requirements).

All policy has underlying values. These are not a matter of technical expertise, but arise from the political philosophy or personal credo of the Minister. Certainly even senior public servants are unlikely to have relevant knowledge about the issues arising in the party room and among the backbench, or in the Minister's constituency and may have limited knowledge about issues in other portfolios, or in Cabinet. The determination of portfolio priorities and policy strategies are matters for political decision which desirably are fully explored by the Minister with his political staff.

Again, how the government should communicate with the voters is a matter that falls within the expertise of the Minister and communication advisers rather than the public service. The Chief of Staff in particular therefore comes to have the leading role among the Minister's staff in ensuring that all these matters are dealt with appropriately.

By contrast, the political office lacks important characteristics of the public service: its understanding of government programs and of the processes and procedures within the public service generally and of the parliamentary system, its corporate memory (such as it is), its technical expertise and knowledge, its responsibility for policy implementation. It is not possible for a political office to substitute for, or replace, these qualities, and successful management of the relationship between the political office and the public service falls to the Chief of Staff in particular.

Recommendation: That all Ministerial staff members should undertake comprehensive training in the role. This can be arranged and coordinated by the Premier's Office under the Premier's Chief of Staff.

The Role of the Public Service

A professional high quality public service is an essential element in our system of government. It must service governments of each political persuasion, and should be respected for its professional political neutrality. It is the repository of the corporate memory of government in the State. No government is likely to be successful if it does not have the capacity to lead and work with the public service.

The public service works best when the elected government has a clear policy direction, has a capacity to receive and assess advice, and understands the issues of policy implementation. The public service does not know how to govern the state in the absence of government leadership.

The reasons for this are:

- No policy direction can be decided without the application of values. The public service relies on the elected government to provide those values. It does not have the capacity or the legitimacy to provide them otherwise;
- The public service cannot determine broad priorities for action. It has no measuring stick against which to provide these. Priorities must come from the elected government;
- The public service cannot determine a comprehensive communications strategy on behalf of the government, because such a strategy must be politically determined;
- In the absence of clear guidance from the elected government, the public service will inevitably pursue its own interests, which are not necessarily the interests of the public as a whole. Its main interests are predictability and security for its own programs;
- Public services departments tend to be risk averse, and unlikely to recommend substantial reform, though the controlling departments of Treasury and Finance may do so from time to time, and other departments when serious policy failure is evident. The major reforms that improved Victoria under the Kennett government were the initiatives of the elected government;
- Public services tend to be drawn to those mechanisms of control that it finds ready to hand – namely spending, rules and regulations. Elected governments must bring a wider understanding of how good outcomes are achieved, especially by relying on the knowledge and experience of people themselves outside government, and economic and other incentives;
- The public service has limited information about what people want and how they are being affected by policies. The public service knows best its own programs and tends to see the future as an adaptation and expansion of those programs. It is the elected government through its continuous contact with voters and interests (as well as through research) that has to provide a more informed understanding of the outcomes the public desires.

For these reasons, if the elected government does not provide a broad perspective on the needs of the public and point the way to policy solutions to problems, it cannot rely on the public service to do so, and the government of the State must suffer.

Agencies. Agencies of the state, in principle accountable to parliament, in practice have a high level of independence from proper accountability. Whether supplying power, water, opinion and information, medical, legal or educational services, or others such agencies are always at risk of capture by their staff and management, and of being run in the interests of these and not of the wider community.

Pointing to the limitations of the capacities of the public service is not to criticize it. The purpose is to prevent our public service becoming overburdened with tasks in which it is impossible to succeed. Victoria is fortunate to have a highly professional and

experienced public service. Its principal role is to enable the government of the day to design, implement and evaluate its policies, to provide services and oversight the government's contracts with private providers. It is the responsibility of the government of the day to ensure that it retains, and is encouraged to improve, the quality of its support to the elected government.

The public service in our system of government must be politically neutral and non-partisan in its advice. While public servants have the same rights as all citizens to be politically active in their private lives, while performing their professional roles they must act in accordance with code of conduct governing ethical and appropriate behavior.

Governments can appoint heads of departments to meet their requirements. New appointments should be made on grounds such as capacity, expertise, and understanding of the government's policy agenda.

The public service can provide expertise in developing policy to achieve public value. Good government requires continuing programs to lift the professional expertise of public service officers, such as those provided by the Australia and New Zealand School of Government.

In New South Wales the public service played an important role in the definition of the O'Farrell Government's agenda which embraced a 100 Day Action Plan, the establishment of a Commission of Audit comprising external experts and the heads of the premiers and Treasury Departments, and a 10 year strategic State Plan with 32 Goals and 186 measurable targets grouped under the headings of: Rebuild the Economy, Return Quality services, Renovate Infrastructure, Strengthen our local Environment and Communities and Restore accountability to Government. The O'Farrell Government established a Public Service Commission, Infrastructure NSW, and Service NSW, all of which had been announced before the election. In response to a business case presented by the public service the government made a substantial injection of funding to properly staff the senior ranks of the service and invest in new technology.

Increasingly governments are looking for ways to engage non-government entities in the delivery of public services. This has been attempted on a national canvas in the areas of employment and environmental services. Emerging lessons include:

- minimize method or process rules;
- actively engage with potential providers before commencing procurement;
- build in a focus on results;
- carefully plan and provide for the future exit of providers;
- set an optimal contract duration;
- maximize policy (and political) stability.

An incoming government would be wise to move quickly to determine a set of guiding principles and operating protocols to guide public sector agencies in their approaches to contestable service provision.

Governance and probity

The public expects their governments, and the service agencies of those governments, to act with integrity. This has led to the development around Australia, including in

Victoria, of a variety of watchdog and integrity agencies, codes of conduct, regulation of lobbyists and of electoral funding. When issues arise in relation to any of these, the level of political distraction is great.

There are good reasons for concluding that public debate around “undue influence” by particular lobby groups has been poorly framed. The most obvious example of undue influence by a lobby group in our political system is the Labor Party itself, dominated as it is through its constitution by unions. No other special interests have such access to and power over governments, yet this “elephant in the room” is largely excluded from debate on the issue. Perhaps we need to go back to first principles, where organised interests attempting to advance their cause with governments are accepted as legitimate unless bribery, fraud or coercion are involved.

The review has noted concern at the way in which these arrangements have operated. A substantive comprehensive review of these arrangements seems justified.

Intergovernmental relations

Reducing the inefficiencies and duplication in the delivery of state services caused by the long term increase in the power of the federal government over the states will require a specific strategy by an incoming state government. Federal power has been seen to depend largely on its control over taxation and its constitutional power to impose conditions on grants.

It is generally said that the states do not have a political incentive to change this situation because it weakens accountability and facilitates a politics of “blame”. Depending on the outcome of the current White Paper process, which aims to provide a “once in a generation” opportunity to clarify responsibilities, ensure a clear revenue base and drive productivity, the Victorian Liberal Party may have an opportunity to promote reform in this area.

Making good decisions

(1) Identify the Issue

An imperative for good decision-making is to start by identifying the ‘issue’ – and to conceptualise the issue in Liberal terms. When we talk about ‘the issue’ in this context, we are talking about the question to be decided. And just as Liberals need to set agendas on their terms, so they need to define the issues on their terms.

The challenge, whether we are in government or opposition, is to ensure that the questions on which we are making decisions are framed in terms which reflect liberal thinking and liberal values. The task is hard, and people often need to be trained to develop the skill. To give an example, a school council which is developing a policy for curriculum might initially think that the issue to be decided is “how can we structure the curriculum to make the best use of the expertise of our teachers?” But the liberal-minded school councillor would likely scratch his or her head at this formulation, and

say that the real issue is “how can we structure the curriculum so that it will cater to the needs of the children?”

It is important to get the issues right because so often, the fundamental determinant of the direction of government policies is not so much the way issues are decided as the way they are formulated. For the question often determines the overall shape of the answer, and makes the specifics of the answer immaterial. This is why it is so important to understand issues. A minister or shadow minister should never leave the formulation of the issues to anyone else.

(2) Connect decision to philosophy.

A basic question therefore, which Liberal Governments must ask themselves when considering or planning or implementing any law or other measure, is ‘how will this measure contribute to people being able to run their own lives?’ Asking this question persistently will help Governments to keep their basic role in focus. A satisfactory answer to this question should always be forthcoming before a Liberal Government takes action.

The underlying point of all this is that Liberal Governments need to connect their policies and actions with liberal principles and philosophy.

Providing the conditions which make it possible for people to run their own lives requires more of government than making laws in particular areas like crime, education, health and safety – and more than providing social security and similar services. It requires government to have a view of the whole social, political and economic fabric – a very heavy demand indeed, and one which members of parliament and their public service advisers find very difficult to meet.

The public interest must be assessed on the basis of a sound analysis of the long-term consequences of a policy. The policy *may* be to the advantage of certain interests, it *may* be a policy that has no losers, and advice from the public service *may* be good advice in the public interest, but the public interest should never be defined by these characteristics of policy or advice.

(3) Get A Good Analysis of the Public Interest

Sound policy must be based on persuasive arguments and good evidence. High quality analysis is crucial if governments are to act wisely in the public interest. This can be carried out in a wide variety of institutions: in public service departments where there is relevant expertise, in think tanks, in universities, in professional institutions, in unions and corporations. Many organized interests have a capacity to provide at least high quality analysis of policy as it affects their own interests, which government may need to be aware of to ensure that policies work.

The importance of high quality policy analysis needs emphasis, because many of the policy recommendations made to governments from all quarters lack such analysis. Many policy recommendations received by parliamentarians are simply special interest pleading, without any consideration of wider policy implications e.g. demands of businesses for subsidies or rules to control competitors, or union demands for special

privileges such as general rights of entry. Others are well-intentioned but can be counter-productive e.g. more welfare rather than more work opportunities. Some are merely expressions of prejudice e.g. 'tax the rich', punish deviance, control the opinions of those who disagree. A shallow political pragmatism sometimes suggests that a capitulation to prejudice or special interest is necessary for "political reasons". This is rarely correct if political leaders are alert to the need to make a case and have developed the skills to make it.

Policy not based on sound analysis, on logic and evidence, is policy based on unsubstantiated opinion, and such policy-making has been one of the main reasons for the failures of economic and social policy in Australia. It is a danger that faces democracy if political leaders do not demand something better.

The values and needs of people in a large, complex and innovative society such as ours are ultimately only known to each individual, decided as they are in response to the ever changing circumstances of daily life. The information on which people such judgements can never be known to public officials, who at best can only know broad cultural values and beliefs. Therefore people must have the freedom and the opportunity to determine their own courses and missions in life if they are to have a chance of happiness.

The liberal philosopher John Stuart Mill warned over 150 years ago that the greatest threat to liberty is the desire of people to make their own opinions rules of conduct for other people. He was arguing against the political correctness of his day, and his generalisation remains true today. The recent infringements on freedom of speech in the supposed interests of "social harmony" are nothing more than the current expression of an old problem of democratic politics that can be prevented only by good leadership and a culture that understands and values the importance of freedom to human dignity.

The heritage of liberal thought in the Liberal Party is the main force in our political system to control the influence of prejudice, unsubstantiated opinions and selfish special interest. Labor is structurally incapable of performing this function. If the Liberal Party does not stand for these values in 21st Century Australia, no party will.

(4) Promote a Conversation with the People

Good government needs to hear the people, and demonstrate that it is on their side. It needs to explain reality, issues and options to the people. It needs to make and explain decisions that take us in the right direction. It needs to tell the story of what it is doing and where it is going in terms of enabling people to run their own lives.

In the grand entrance foyer to Parliament House in Spring Street there is a large circular mosaic plaque in the floor that has around it a quotation from Proverbs 11:14:

"In the absence of Counsel the People fall, but in the multitude of Counsellors there is Safety."

Such a quotation has a good democratic ring, yet it precedes modern democracy by more than two thousand years. The success of democracy depends on some very old ideas, and clearly the founders of ours thought one of the strengths of modern democracy was its capacity to represent – and base policy on - an awareness of a wide range of views. This did not mean slavishly following the latest opinion poll, or

surrendering the right to decide on grounds of conscience, but if policy is to succeed those who make and implement it must be aware of the views and felt needs of the people for whom it is made.

For the democratic politician good politics is ultimately about winning the support of the people, but good politics starts with a conversation with the people. Without that conversation the problems government must address cannot readily be identified, nor the solutions tested. Conversation involves hearing and responding. The most important conversations are between people themselves, between government and people, but conversation is also vital within the party between member, administration and the parliamentary party. It helps ensure that members can express their views and that these are valued. Conversation is vital within the parliamentary party, between Ministers and their departments, and between Ministers and their staff, for conversation is one of the most crucial channels through which vital information is transmitted.

Above all, conversation is an expression of the mutual respect that fosters understanding and trust.

In any Liberal government, the parliamentary party room is an essential mechanism to bring forward the views of citizens about the problems arising in any community, and to allow members of parliament to hear each others' views, and to discuss with each other the implications of what they have heard. Good government requires a well-functioning party room.

Communications

It has been said that communication in government is more difficult than in opposition. Governments have large and complex agendas, and producing a focused message requires a more deliberate attention to strategy and to co-ordination.

The development of a strong strategic narrative will be an important priority. Desirably, this will build on the narrative developed during the period of Opposition. The purpose of this narrative is to communicate the government's direction in a way that enables stakeholders to understand the meaning of the government's actions, and the community to anticipate future actions, buy in and contribute.

This narrative will not simply be a slogan (though it may be encapsulated as such), but a case that can be articulated by the Leader and Ministers for the overall policy program and priorities of the government. In the absence of such a narrative, government communications lose meaning and are vulnerable to 'spin'.

Recommendation: That communications should be handled from the Premier's office, with a well-staffed communications unit headed by a Director of Communications to prepare material, brief journalists, organize and advance announcements, liaise with the party Secretariat.

The development of new media has created fresh opportunities for governments to communicate with the public. Both the White House and No.10 Downing Street have

established websites aiming at better engagement and interaction with the community, priority setting and service improvement.

The common branding of initiatives has also become a way of conveying a meaningful message to voters.

The Liberal vision

Finally, Liberals know, in some cases from bitter experience, that a society in which people exercise, and take responsibility, their own lives, their own choices and judgements, is not a chaotic society, but an orderly one. It is not a society wracked by prejudice, but an ethical society set on constant improvement and progress. This is because people have the capacity to spontaneously adjust to others and to learn from them and seek validation from the opinions of others. A market economy works, and customs and morality evolve because businesses need trust to survive and succeed.

Generally speaking, community and institutional leaders hold their position because they attract the trust of followers. Government laws cannot substitute for this spontaneous order and are needed only at the margin to control corruption and fraud. The same is true of free expression and freedom of the press. Free societies are orderly. It is dictatorial governments that always fear disorder. Totalitarian governments that sought to regulate all opinion were ultimately overthrown by popular revolts. Freedom works. Clumsy and ignorant attempts to micromanage the lives of citizens do not.

Liberals have generally understood these issues, and have sought to keep government to its priorities of keeping people safe, stopping exploitation, and providing public services that would not otherwise be provided. Liberals have understood that a vibrant and dynamic society that can manage change, and communities that care for people, arise when people generally have control over their own lives and can take their own decisions. Without this freedom even proper professionalism, let alone self-respect, becomes impossible.

While utopians imagine that government by multiplying rules, tribunals, and discretions, and by spending more and more of people's incomes, can engineer a better world, Liberals know better. Utopians tend to believe that all people can be made the same and treated as if they are the same. Liberals know that the diversity of people has been the great source of human progress. In Australian history we have seen the failure of Labor's past socialist fantasies, and internationally the collapse of those states that attempted totalitarian control over the lives of their citizens. But the utopian impulse to re-engineer the social order according to one or a few values in a world of many values to match one's own opinions and prejudices remains, and therefore so does the historic task of the Liberal Party to protect people from such delusions, and empower them to achieve the best of which they are capable.

In his appeal to the people in 1949 Menzies said:

“The real freedoms are to worship, to think, to speak, to choose, to be ambitious, to be independent, to be industrious, to acquire skill, to seek reward. These are the real freedoms, for these are the essence of the nature of man.”

These are freedoms always under threat from those who wish to control the lives of others in accordance with their own opinions. The Labor Party is comfortable with the subordination of the individual to the union collective (and in the past to the uniformity of the socialist state). Today it is comfortable with the subordination of people to the detailed regulation of their lives, and the redistribution of their income to causes that have won their political favour – to the nanny state - even if the consequences are the undermining of initiative and enterprise, the disempowerment and demoralization of institutional and community leaderships, or the creation of dependence and a culture of victimhood. The Greens today advocate the subordination of individuals to their utopian ideal of the environment without industry and even people – a philosophy bound to produce poverty and inequality.

The Liberal Party is more necessary than ever to ensure that we have governments that open the doors to individual dignity, empowerment and fulfillment.

A PARTY OF COMMUNITY VOLUNTEERS

The Liberal Party is a great Australian community volunteer movement that exists to create governments. Unlike Labor, the Liberal Party has no affiliated special interest groups seeking undue influence over Cabinets and over the lives of citizens. Liberal governments arise out of the passionately held values of tens of thousands of individual citizens who have been prepared to stand up for what they believe, and who want governments that reflect these values.

The Liberal Party expresses the values of those who believe in the right of people to live their own lives in freedom and dignity, to make their own life choices, to achieve their values in business, the professions, science and all aspects of community life, and to secure safety and opportunity for their families. For Liberals, the role of government is to empower people in their chosen mission in life. It is a party dedicated to the institutions and civil liberties that make Australian liberal democracy possible and successful.

In its devotion to the ideals of liberty and equal rights and dignity for all, the party expresses the ambitions of the millions of people who have come to this country over many years to achieve such a life for themselves. In its hope and optimism, and through its aspirational ideals and policies, it reflects and expresses the dreams of our progressive culture. The ideal of rich community life based on the contributions of strong and competent individuals continues to widen its support amongst all sections of the population. As a result, the Liberal Party has attracted more support in election after election than any other political party.

A commitment to public service

The volunteer individual membership and democratic structure of the party has been its greatest strength. It has:

- Provided the party with a firm base in the values of the community, and with the energy and motivation that comes from the making of a personal commitment;
- Provided large numbers of talented members of parliament with strong links to local communities;
- Secured a broad funding base for the party;
- Protected the party from undue influence by special interest groups, in sharp contrast with the Labor Party;
- Enabled the conduct of broad election campaigns across the State by grassroots members based in local communities; and
- Helped to give Liberal Party policy a scope and depth that has appeal to a wide cross-section of the community.

The reforms of 2008 empowered this volunteer base, attracting members by enhancing the quality of the pre-selection process and the ownership by members of their outcomes, placing control of electorate executives directly in the hands of grassroots members, and giving all members the opportunity to participate in the policy processes of State Council and its policy forums.

Volunteers in the campaign

The recent State election shows clearly that, while campaigning relies more and more on the rapidly changing technology of information and communication, the volunteer campaigner in the community remains crucial to winning elections.

The experience of the last four years, and of the more recent campaign, contain clear lessons for the party's future as a community volunteer party:

- The volunteer members and supporters on whom the party depends are more important than ever and should never be taken for granted by any section of the party;
- Many people who are not members of a political party are prepared to volunteer for a campaign supporting values in which they believe. Such volunteers can be systematically recruited in the months leading up to a campaign, and work alongside party members;
- There is a clear need to work closely with members and other volunteers to upgrade skills to the levels that are required by modern campaigning;
- Party members and other volunteers who plan to play a role in the campaign must be fully briefed well beforehand;
- Volunteers can be highly effective in a modern campaign, provided they are offered professional training and co-ordination. Volunteers wish to participate in a motivating campaign for worthwhile goals;
- Non-member volunteers who play an active and satisfying role in a campaign often wish to later join the party as members.

The party leadership, parliamentary and non-parliamentary, central and local, in all that it does, must keep in mind that successful campaigning requires a high level of motivation among members and non-member party supporters. Party members and the leadership, and management in election campaigns, of this vital membership base is essential.

There is, nevertheless, a risk that strongly entrenched traditional campaign approaches in the party may be a barrier to participation in the learning and use of new techniques.

It is a conclusion of this Review that the party's traditional electorate structures alone in the key target seats, unsupported by a specialist campaigning structure for the training, organisation and co-ordination of volunteers, will struggle to win the target seats that will necessary to return to government in 2018.

The challenge of new campaigning

The renewed recognition of the importance of face to face contacts (which experienced grassroots campaigners have always understood) , and of individually appropriate messaging, together with innovative use of social media, all mean that 'tried and true' traditional community campaign strategies of personal voter contact need to be refined, though their fundamental strength and validity remains.

A strength of the Liberal Party has been the sense of ownership of their local community campaigns that local party branches and conferences have developed. This is an excellent basis for campaigning so long as locals fully recognize that new volunteers may bring a refreshed motivation and new energy to the local campaign.

In particular, party members need to recognize that volunteer non-members can play a vital role as colleagues in a campaign, and that members have a responsibility to ensure that the party's resources for the grassroots campaign are maximized by a welcoming and inclusive culture.

There is also a need to recognize that campaign messages to voters must be *both* consistent across electorates, *and also* responsive to variable local voter concerns. Future campaigns will need a structure that combines effective co-ordination with local energy.

Members where it counts

A major task for the party in any campaign is to make best use of volunteers in the key seats it needs to win, and success in this task has been variable. In the recent election Liberals were generally outnumbered substantially by Labor volunteers in seats that were lost.

The most important fact - from a campaigning point of view - about the party's membership is that it is strongest in many of the safest Liberal seats. It is not strong in many of the seats that the party will need to secure to win government, and it is not strong in most of the National Party held seats.

Whatever framework the party decides to put in place for future campaigns, the effectiveness of this framework will be significantly affected by the strength of the party on the ground in the seats it needs to win.

While many members are willing to work in other seats, future campaigning will demand a high level of commitment and members are understandably loyal to, and wish to campaign in, their own electorates.

The growth of Melbourne's population will require the party to expand its organisation and membership into new suburbs, and to engage with the new residents of these areas in both an organizational and a policy sense.

Membership is important for the longer term aspirations of the party to win seats in areas where it has provide few or none of the parliamentary representatives for many years. The continuous activity of effective party organisation in the newly expanding suburbs will be essential to ensure that these rapidly expanding areas of Melbourne are aware of the Party and what it stands for, and come to regard it as a suitable and viable choice for them.

To ensure that it builds its long-term capacity to win seats in new areas, the party needs to continue to expand its membership into northern and western suburbs where there are growing numbers of voters for whom the Liberal message is appealing, and to reinvigorate its membership in rural and regional Victoria.

Recommendation: That the central party organisation should continue to develop and manage membership recruitment drives in co-operation with, and supportive of, the local party organisations.

Recommendation: That building the party's membership in key seats and in newly developing suburbs should be a high priority for party development over the next four years.

Motivation

The performance of the party in government (or in Opposition) is a crucial factor in motivating members and other volunteers to work in their communities for its election campaign. Membership renewals in 2014 fell away, and have declined further since the party's defeat last November, as satisfaction with the performance of the Liberal/National Federal and State governments waned, and as a growing number of members felt that they were not being listened to.

Unless the party engages with its members in a way that builds motivation, it will find that many members and supporters will not be there when they can contribute to the campaign.

It is important to remember that many – perhaps most - volunteers do not join the party specifically to engage in campaign activity, and that even those for whom this is a preferred kind of involvement, the most important motivation is the desire to be listened to, and to be able to contribute effectively to promoting the Liberal cause. Members want to be respected by the central organisation and the parliamentary party. People join and participate because they care deeply about certain values, generally related to their daily lives and the future of their children.

Recruitment of new members remains a major task for the party, and it is obvious from recent experience that inspiring Victorians with the party's vision for Victoria is likely to be the single most important motivator to join. In Melbourne just under 20 per cent of members are under 40 years of age, while in the country the equivalent figure is only eight per cent. Clearly there is a need for substantial recruitment into the party of younger Victorians in Melbourne, where the most marginal seats exist, but also in rural and regional Victoria.

The country Liberal membership particularly is demographically aging, and without substantial reinvigoration must slowly lose its capacity to mount effective campaigns. Although 44 per cent of Liberal party members are in country Victoria, they tend to be older than their metropolitan counterparts. The proportion of members 64 years and older is 68 per cent in the country compared with 48 per cent in Melbourne.

Recommendation: That the party should continue to seek to engage its members across a broad range of activities, including policy forums, book clubs, training workshops and programs, and campaigning.

Elected leadership

The leaders of the party organisation are elected by State Council annually, and exercise their roles as members of the Administrative Committee and State Assembly. Local leaders are elected by all members in each electorate, State and federal. All the leaders of the voluntary organisation, including the State President, are unpaid volunteers, though many give hundreds of hours of service to the party each year. They are assisted by the professional Secretariat at 104 Exhibition St. "104" thus comprises two quite distinct elements: the volunteer leaders of the party and the professional secretariat.

The professional Secretariat

The professional Secretariat of the party is led and directed by the State Director, and is answerable to the Administrative Committee and, between meetings of the Committee, to the State President.

In Victoria the party secretariat is funded through party fundraising overseen by the Administrative Committee. All members' fees and donations and the proceeds of local fundraising are devoted to paying for local party activities and, principally, for election campaigns.

The Secretariat is structured to address both membership servicing and campaigning, and oversees and manages party development and central communications. Since the Party's formation the State Director has been the campaign director as well, reporting to the State President.

Policy

Policy positions of the Liberal party are determined by the parliamentary party, through its Cabinet and Shadow Cabinet processes. The extra-parliamentary organisation is advisory only, except in relation to the direction of campaigns. This expresses the philosophical commitment of the party to the priority of the direct relationship between the Member of Parliament and the voter, and distinguishes the Liberal party from Labor, where external direction of the parliamentary party by its organisation has been a persistent source of division and poor policy since the Labor Party's foundation.

A very large proportion of party members join so their voices can be heard. Some are happy to let the party's parliamentary leaders be those voices, but most would like the process to include listening and discussion of issues before firm policy decisions are made. The party has long debated internally over how this is to happen, and various mechanisms have been tried.

At present the main mechanisms for members to make their voices heard on political and policy issues are:

- Debates and resolutions at State Council;
- Discussions with MPs at party meetings, including State Assembly;
- Participation in Policy Forums online and at State Council;

- Direct representation to shadow Ministers or Ministers;
- Consultations between Policy Forum Convenors and the Minister in charge of the Parliamentary policy development process;
- At the Federal level in addition participation in the Joint Standing Committee on Policy.

While each of these has delivered significant influence for the views of some members on some policies, submissions to this review once again make clear that many members feel they are not part of the policy formation process of the party, and would like to be so.

To some extent this is the responsibility of members themselves. If a member does not take advantage of opportunities that are available, less weight must be attached to the complaint. On the other hand, it makes little sense for the party not to take full advantage of the expertise and varied life experiences of its members when forming policy. In order to improve the quality of policy, and the involvement of members, it is important for there to be a process by which members can participate in ways that recognize the demands on them and their varying skills.

In designing such a process it is important to be aware of what is involved in forming policy. In broad terms, policies are solutions to problems. Indeed, politics itself is a problem solving activity. It takes considerable application to put forward solutions to complex problems, such as unfair taxes, or balancing the budget, or even improving traffic flows or shortening waiting times for hospital treatment. Only some members have the background and the time to make a comprehensive contribution to solving a policy problem. The most obvious and important role for party members is not in the devising of the solution, but in the identification and definition of the problem. This is where the policy discussion with members should start. What is the problem that needs to be solved? Discussion of problems can be highly educational for all concerned, and help in the most appropriate definition of the issue, considered in the chapter on “Governing Well”.

Recommendation: That consideration should be given to regular surveying and polling of members on policy issues, including identification of problems and preferences among policy options. This would be supplementary to the work of the Policy Forums.

Maintaining the party’s purpose and direction

A party cannot maintain its sense of what is really important, nor find leaders to articulate its direction and purpose, unless its internal culture is strong and engaged, and is continually reinforced by internal discussion and debate. The ability to articulate a powerful case arises from familiarity with, and passion for, some big goals. All political parties – in the daily pressures of politics - run the risk that they become overwhelmed by the urgent over the important, by the demands of the media cycle, by the private motives of those holding public office, by the ceaseless pressures from narrow interests, or – under the influence of ‘political professionals’ – by the mere mechanics and maxims of fighting election campaigns. None of these need have anything to do with the public interest, nor good policy, nor preparing to govern well.

It is politically rational to do what seems desirable or necessary to win or stay in government, but there have been many instances in recent years of actions justified on short-term reasons that have proven to be counterproductive and actually destructive of the government. Charges of 'broken promises' litter the political landscape. It is a good general rule that policy that is consistent with principle and intention is the best long-term course, even if it causes short-term difficulties. This is not to say that "two steps forward, one step back" has not been an effective policy strategy at times, but absence of policy consistency can undermine the capacity to argue a case, and policy that contradicts well-known policy principles can create division within the party when unity is essential. The most effective way of preserving unity, and winning elections, is a well-argued – indeed inspiring – consistent case.

Governing well comes from a level of understanding and skill that is generally only achieved over time. A political philosophy for a party can provide something of a "short cut" to relevant understanding, if it embodies learning based on experience. The Liberal Party needs to do some things, and not do others, if it is to take advantage of the ideas embodied in its traditional approach to government.

- It should not preselect candidates who have little or no familiarity with the party's philosophy of government, 'five minute Liberals', and should avoid being placed in a position where it has little choice but to do so;
- It should strengthen its internal programs for potential candidates and future leaders in policy-relevant discussion, so that these key groups can gain a familiarity with the issues, values and principles that will guide policy choices;
- The presentation of Cabinet submissions should ensure that relevant impacts and relationship to party undertakings are properly canvassed; and party room discussion should be open and engaged.

Labor struggles to govern well because it is arid intellectually, and despite the influence of the left-wing chattering class, the Liberal Party has a competitive advantage - if it chooses to take advantage of it. The progress of liberal ideas in our society means that the lively intellectual debates of our time - achieving equal rights for all, strengthening the competitive economy, social reform that enhances the dignity of the individual, the expansion of opportunity and the satisfaction of aspirations – are all goals that the Liberal Party can own politically. They arise directly from the liberal elements of our culture and the central concern with the dignity, rights and fulfillment of the individual.

Policies to do with constitutional and institutional reform all tend to focus on the basic principles of liberal institutions. All of these involve debate. There are no coin-in-the-slot answers. But it is within the Liberal Party that the tensions that inevitably arise between conservatism and reform in all of these areas are best handled.

TERMS OF REFERENCE

The review will consider and report on why the Party lost government in Victoria at the 2014 State Election, lessons for future state and federal campaigns and what must be done to return to government.

The report should include, without detracting from the general reference above, an assessment of:

1. the party's management of government, policy program and communications;
2. an analysis of the social, economic and political context of the period and its implications for the party;
3. a review of campaign preparations, the election campaign, the campaign techniques and strategies of our opponents and lessons for other campaigns, including the next federal election campaign in Victoria; and
4. recommendations for the conduct of the coming period in opposition, with an emphasis on the essential steps needed to secure the earliest possible return to government.

NOTE

Since this report was completed the misconduct of the former State Director has come to light.

It is unclear as yet how this affected the conduct of the campaign. The review, however, was not concerned with why people did certain things or took certain decisions, but focussed on what actually occurred and whether this is what should have been done.

The recommendations of the review, and the analysis leading to them, therefore remain valid and appropriate.

Hon Dr David Kemp
October 2015

