

Turnbull warns party faithful against drift to the right

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Malcolm Turnbull has stared down the right-wing of his own party which has hamstrung his leadership and asserted that the Liberals should be the party of the "sensible centre". After passing a compromised version of his big business tax cuts late on Friday, the Prime Minister reset his own position, invoking the philosophy of founder Robert Menzies and telling the party's state council meeting in Melbourne that the Liberals should reject "populism". "Menzies rejected the populism, the authoritarianism of both left and right. He knew that the future ... was in the sensible centre; was in the politics, not reactionary, but liberal, proudly liberal," Mr Turnbull said. "Above all, you build from the centre, bringing people together, and that is our commitment."

His call came a week after a Fairfax-Ipsos poll showed the Coalition continues to trail Labor federally in opinion polls, by 55 per cent to 45 per cent. Mr Turnbull said that "right at the heart" of the Liberal Party's project "lies enterprise, business men and [business] women above all, small businesses, because they're the most enterprising, the most ready to invest, the most ready to innovate".

On Saturday, an outspoken former member of the party right, independent senator Cory Bernardi, said Mr Turnbull deserved "credit where credit is due" for delivering tax cuts to businesses with turnover of up to \$50 million. But business lobbies have already begun doubling down on their demands for a further cuts for companies with a turnover of up to \$100 million.



Malcolm Turnbull cautioned his party against a drift to the right. Photo: Paul Jeffers

The CEO of the Australian Chamber of Commerce, James Pearson, urged Mr Turnbull to channel his newfound political courage into further cuts, while recognising this might be unpalatable to the public. "It's a hard sell for a tax cut for larger companies," he told Fairfax Media. "But what we have to do is get more people to understand that big businesses are major employers everywhere." Mr Pearson said the chamber was surprised by the extent of the deal with Senator

Nick Xenophon reached in the final sitting hours before the May budget. "But politics is the art of the possible," he said..

In Sydney, shadow treasurer Chris Bowen said the Labor Party would consider its own position on tax cuts in light of the changes, while accusing the government of abandoning funding for schools and hospitals in favour of big business.

On energy policy, Mr Turnbull described the government as "practical men and women", following the deal with Senator Xenophon.



Shadow treasurer Chris Bowen accused the government of favouring big business. Photo: Alex Ellinghausen

The concessions the government had made to secure the vote of the South Australian deal maker include a one-off handout to people receiving pensions, and an investment in a solar thermal plant in Port Augusta. The government had also agreed to limit the cost of energy for businesses, Senator Xenophon said, which was "as important if not more important than tax cuts". "That's why we wanted them packaged together."

Labor's energy spokesman Mark Butler accused Mr Xenophon of "selling out for a piddly one-off payment of \$75" to pensioners. "Nick Xenophon has promised the world and delivered nothing, except a \$24 billion tax cut to business that the nation simply cannot afford," he said.

Mr Turnbull warned his own party against embracing "populism" and a drift to the right after the party's failed preference deal with One Nation at the recent Western Australia state election, and a resurgence of leadership tension this week with former prime minister Tony Abbott over the ratification of an extradition treaty with China. He accused Labor under Bill Shorten of having drifted too far to the left under the "control of militant left-wing unions", and away from the pragmatic leadership of former prime ministers Bob Hawke and Paul Keating. "The Labor Party of today is more left-wing than it has been for generations," Mr Turnbull said. "The difference for our values and Labor's are more profound than they have been for generations."

Liberal Party president Michael Kroger, who had faced a tough challenge for the presidency from former Howard government minister Peter Reith before Mr Reith had a stroke, was on an early war footing, looking towards the 2018 Victorian election. He slammed recent Coalition election campaigns as "soft" and said the party should campaign aggressively and target Labor's weak spots, such as its handling of the CFA dispute, at next year's Victorian state election. "The Liberal Party has run too many weak and soft campaigns against the Labor Party," Mr Kroger said. "It's time for the Liberal Party to toughen up. "I had some involvement in the 1992 state campaign ... it was the 'guilty party campaign', the best campaign we've run in my lifetime."

The party's state council passed three motions to adopt new federal policies: to exempt feminine hygiene products from GST, to relocate Australia's Israeli embassy from Tel Aviv to Jerusalem, and to increase Victoria's share of federal infrastructure funding from 7 per cent to 20 per cent.

Motions to embrace nuclear power and to adopt energy policies that reject "climate alarmism demonising CO2 emissions" were rejected.