

## After Monday's leadership binge came Tuesday's hangover

Written by The Conversation

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At Tuesday's Coalition parties meeting, Julie Bishop declared, apparently rather theatrically: "That's it! Leadership spills are so yesterday!"

"People move on so quickly," the Liberal deputy said.

Well, not so much, as the foreign minister well knows. The past few days have left further strains in her relationship with the prime minister.

After the Liberals' leadership binge came the hangover.

At Monday night's cabinet meeting, Tony Abbott, presumably feeling he'd had enough whipping for the moment, tried to start with a business-as-usual approach. But his ministers were having none of it.

One declared a few things needed to be discussed. Officials were asked to leave the room. The subsequent contributions from around the cabinet table were "very blunt", according to a source.

Come Tuesday, the bluntness continued.

With continuing pressure from some Liberals for the removal of Abbott's controversial chief of staff Peta Credlin, Bishop sent a pretty clear public message about what should be done.

Bishop described Credlin as very powerful, strong, with a "lot of opinions" and "very protective of the prime minister".

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Pressed about MPs' complaints about Credlin's control of his office, Bishop – with all the proper provisos about Abbott's staff being Abbott's business – said: “The prime minister must respond to their concerns if they are valid concerns”.

Abbott knew he had to have “a functioning team that has trust with the whole party room and I'm sure he'll do that”.

It is not just the backbenchers and ministers who are in revolt against the “command and control” approach of the PMO.

At a meeting of departmental secretaries last week, John Fraser, the new Treasury head, indicated he was appalled at the general increase in Canberra bureaucracy since he'd last been a public servant in the early 1990s and criticised the micro-management coming from the Hill.

Fraser was irked in particular by the requirement that international travel costing more than \$50,000 for public service delegations (for example to trade negotiations) or individuals had to approved by the PMO (and when costing more than \$20,000 by the minister).

Abbott issued this directive in late 2013 – a Fairfax report at the time said ministerial staff described the instructions as part of “the controlling tendencies of the Prime Minister's Office”.

Fraser, formerly CEO of UBS Global Assets Management, also targeted the ban on bureaucrats accepting complimentary upgrades. This is said to have come from Abbott himself. Abbott famously refused an upgrade from economy on a private holiday trip to Europe for Christmas in 2013.

Abbott this week flagged that his office, as part of a less intrusive role, would be stepping back on public service travel.

At Tuesday's party meeting, the PMO was in the sights of Don Randall, the backbencher who

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seconded the unsuccessful spill motion.

Randall asked Abbott whether he'd sack anyone from his office who backgrounded against colleagues. That was a sackable offence, Abbott replied.

Randall may have had his own gripe. But much further up the food chain, more than one frontbencher claims the PMO has on occasion briefed against them.

On the policy front, there has been fallout from the leadership crisis, blowing away Abbott's insistence that good government started on Monday.

The process surrounding the multi-billion submarine project became mired in confusion, as did the government's economic message.

On Sunday, Abbott clinched the vote of South Australian senator Sean Edwards by providing certain assurances about Australian participation in the submarine project. Edwards' take was that Australian ship builders would be able to be involved in an "open, competitive tender". But the undertaking is more limited – for a "competitive evaluation process". We can't know precisely how the Edwards-Abbott conversation went.

New Defence Minister Kevin Andrews, visiting the Australian Submarine Corporation in Adelaide on Tuesday, made an irritable hash of explaining the situation.

It was many hours before he put out a clarifying statement in which he said decisions "will be based on a competitive evaluation process", managed by the Defence Department, that would take into account "Australia's unique capability requirements as well as considerations such as cost, schedule, technical risk and value for money".

"Any Australian company that can credibly meet these requirements will be considered on merit, as will potential international partners."

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Andrews said his department wasn't aware of any submarine project around the world that had been put out to open tender.

On the economic front, Treasurer Joe Hockey on Tuesday appeared out of sync with the softer policy approach Abbott put on Monday.

Abbott said that "with the wisdom of hindsight" the budget "was perhaps too bold and too ambitious". In future "we will not buy fights with the Senate that we can't win, unless we are absolutely determined that they are the fights that we really, really do need to have".

But Hockey struck a different note at the party meeting, saying that "if we junk unimplemented savings measures we'll never get back to surplus".

Hockey said the assumption of getting back to surplus was based on implementing changes or savings to health, welfare and education, plus an assumption of 3.2% annual economic growth.

The current growth rate of 2.7% was below the necessary minimum to return to surplus. "If we don't find savings we'll never get back into surplus."

Hockey told the ABC'S 7.30 the government was persisting with last year's budget measures because "we have no choice. Economic growth is not going to deliver a surplus."

Hockey agreed – with obvious reluctance – that "maybe" Abbott was right in saying the budget had been too bold and ambitious. "But at the time we had no choice," though he said there was an argument that the measures should have been staggered through the year.

With some in the government reportedly wanting Abbott to remove Hockey – which Abbott says he won't do – Hockey maintained he was the "best person to do the [Treasury] job and I am calling it as I see it".

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“There is no silver bullet.

“Either we reduce our spending in order to live within our means or we have to increase taxes.”

Hockey denied he and Abbott were at odds over whether to proceed with or dump the 2014 budget strategy.

But the reality is that Hockey is talking like a treasurer trying to hold the fiscal line; Abbott like an embattled leader. The message is very mixed, if not contradictory, which is hardly a good basis for trying to get a more persuasive sales pitch for the public.

*Michelle Grattan does not work for, consult to, own shares in or receive funding from any company or organisation that would benefit from this article, and has no relevant affiliations.*

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