



# *The* LIBERAL PARTY *of* AUSTRALIA

PHILIP HIGGINSON

*Federal Treasurer*

## **Honorary Federal Treasurer's Letter of Concern & Future Intention**

To My Fellow Members of the Federal Executive,

It is with great despondency that I wish to advise I am prematurely foreshadowing my future resignation as Honorary Federal Treasurer (HFT) of the Liberal Party of Australia prior to the June 26/27 Federal Council.

I do this with great reluctance as a result of my concern with the direction the party is heading.

This has come sooner than I would have liked having devoted countless hours over the last four years and one month in developing a wide range of very substantial relationships with the Party's donors in all of the major states. I have also participated fully in the creation of record levels of income particularly in the crucial years of 2012/13 and 2013/14. Asking people for large sums of money is difficult in direct proportion to the amount. I can now quite confidently ask individuals and their advisors for a donation of a million dollars, and even more recently confidently request a million pounds Sterling without vacillating. I was planning to increase that ask to several tens of millions of US dollars within the USA and had laid out my plans to the PM for approval in principal. I believe it is still possible. Asking is one thing of course, procuring it another, but if you don't ask you won't receive.

I am reliably informed that the new Federal President, Richard Alston AO wants a new Treasurer, and that's the bottom line. I place equal emphasis and importance on collegiality and teamwork and ethical behaviour, and see absolutely no benefit in a workplace devoid, even partly, of such virtues. I have earlier today now laid out in my report accompanying the signing of the accounts, eleven areas for Governance (Financial & Organisational) improvement to the Federal Secretariat and suspect it will take significant organisational change within the totality of the Party to deal with it enthusiastically and with vigour. Time however is not on our side.

I have deliberately divorced these comments from my Treasurer's Report into the 2013/14 Financial Report lest it be attempted, by advocates of the status quo to remain, to be conflated as a political document, thereby attempting to weaken the need for improved financial & organisational governance

Some of you may well ask why I don't stay and contest an ill-considered and rushed judgement by, in appearance, one person. There is currently no vacancy on the Federal Executive and the HFT is elected by the delegates at Federal Council, not



the Federal President. I believe with only a few exceptions I have made a good number of friends from virtually a zero start on both sides of the political divide in this Party and would stand a good chance to win a contest should one be necessary, if the criteria were donor relationship development, fundraising performance and governance vigilance, and personal ethical virtue. Obviously Richard has a different set of KPI's and measurement criteria. There has never been a contest for the position of the HFT, and being a conservative traditionalist I am very reluctant to contribute to making history by encouraging a contest.

I have always treated the Liberal Party as one family and tried my very best to be absolutely respectful of differing views, and never personalising them. As late as last Saturday in the pre-selection for Ku-ring-gai I was comprehensively reminded of the respect that I am blessed to be afforded from both sides of our divide.

Many of you will not know my full record of involvement with the party. I'd like to take this opportunity to mention it. I would never have joined the LPA, (although several generations of our immediate family have never voted anything else), had Tony Abbott not thrown across a coffee table a 'How to Join the LPA' form during a business meeting in the early 2000's in Sydney's CPO. As chairman of Employment National Limited I had come to see him about a small DEWR matter. I had first met Tony in 1992 when we had agreed a small business engagement together which thrust me to the Chairmanship of the Salvation Army Red Shield Appeal for Sydney, and an advisory board member that was to last 15 years. At that time he was out of work and I was the senior commercial representative of ICI Australia in NSW, viz, Manager for NSW. In short order after joining the LPA I was elected an Office Bearer of Mosman Branch, and a short time later elected an Office Bearer of the Warringah FEC for many years, later still founded the very successful Warringah Forum (not to be confused with the Warringah Club which had a completely different agenda) as I believed back then Tony needed improved and wider relationships with the senior business community and influence leaders other than those within whatever portfolio he managed at the time if he was to be one day considered for the leadership of the party. I had little doubt he would.

In my home in December 2010, a few days before Christmas having a quiet little drink with Debbie, and our four sons with Tony & Margie, Tony mentioned to the gathering eight or nine household names he had unsuccessfully approached for the HFT role following my good friend, and Debbie's cousin, Michael Yabsley's resignation following the August 2010 narrow election loss. All said NO to him. No targets on their backs were for them – none of them wanted any part of it. I knew them all very well. All still profess to be close friends of Tony's today, and may well be.

I felt particularly unhappy for him as he was still suffering mild unhappiness (as we all were) following the close loss of the Aug 2010 election due to two treacherous Independents, and consequently I decided then and there with little forethought that I

couldn't just sit by and let a friend down by not offering my services, so I volunteered for the role. Someone he had known then for 18 years, someone he could trust implicitly, someone he could count on, someone who would never let him or the Party down ethically and someone who enjoyed a "rolled-gold reputation" in the Australian business community (see Piers Akerman Daily Telegraph July 29, 2008).

Trust between two entities is a gate that must swing both ways.

I had no idea what I was volunteering for, and had I known then what I know now I wouldn't have offered my pro bono services. I have no doubt when my name was mentioned within the Party for the HFT role, it would have been a case of "Philip who?". I am delighted to have proved any doubting Thomases wrong, and given encouragement to others who just were not so sure I could actually do it, particularly with so very few resources. Literally, financially we were heading towards insolvency – we had overspent during the 2010 campaign by a significant number, donation pledges did not materialise particularly after we had lost the election, and had the States not contributed significantly and had Alan Stockdale not put in a strong effort we would have been in more serious financial trouble – when I first saw the numbers we were only \$200,000 above the red line (and cash-burning that monthly) – this red line is an arbitrary line where we need to inform our auditors that the costs of closure equal our remaining bank balance. I have been in non-executive board director search and selection since the mid 90's and no director I know would ever consider joining a company with a Balance Sheet so precariously teetering on the edge of an abyss, putting their good name and reputation at risk. Beware one that would.

I had blind faith in Tony, since 1992, and saw through his character well, and I am enormously grateful to him for this opportunity over the last 4.1 years of representing the Party as one of six Office Bearers of the Federal Executive in an important and very meaningful role, and to have played just a small part in defeating Australia's worst ever government.

I am extremely surprised by Richard's demand mainly because of the damage it will probably do to the Party's finances and the damage it will do to a number of very puzzled donors – particularly if they suspect any further malfeasance as we encountered in some other jurisdictions within the Party, or any hint of lack of good governance with their money. It is a most unwise person who would judge that with only eighteen months or less out from an election with precious little working capital left in the till (but still just above our 2014/15 budget), that it's somehow OK to change your key fundraiser.

Why would one consider that it's wise to throw away over four years of relationship development with donors in the middle of a contest of any type, and throw away the knowledge of what it takes (financially) to find the funds to win an election. In American Football coach parlance having won the Super Bowl it is termed, "going to the end and knowing what the end looks like". It is a tremendous advantage.



Richard's position just doesn't make any sense whatsoever. Unfortunately today's Australian and next Monday's edition will further tarnish our brand, and further affect poorly our fundraising for the election.

It was many years before I found my feet in this very difficult role. I am also proud to have been the first HFT in Party history to have spent the entire month in a city not mine during the 2013 Election Campaign. I could not have done that without the able assistance of my wife Debbie and the Party may not have realised it at the time but they were getting two fundraisers for the price of one (\$0.00/head). This sort of inexplicable decision-making may explain why the polls are where they are today. However I am sure the polls will change for the better soon.

I wonder in silence how many prospective candidates will need to be asked this time. This time at play are different dynamics, much diminished brand, much poorer economy, leadership travails, lack of trust within our own major-donor base (>\$100,000), many observers predicting further challenges, and many commentators predicting ultimate defeat in 2016. Nervous backbenchers will hardly be enthused and encouraged with the Presidency of the Organisational Wing bringing about such a significant change so close to the next election, I suspect just to protect an individual's private fiefdom. However, you never know, perhaps Richard will pull a rabbit out of the hat.

However I will one day leave the role extremely satisfied, extremely pleased with my financial and collegiate performance (other than with those who would question and try to avoid good governance), my head held high, and hopeful that the LPA will be re-elected in 2016, but I will forecast now unless there is significant change to encourage and pacify donor concerns, it will not be through the benefit of the significant degree of TV advertising that we could liberally afford from early 2013 right through to Sept 2013.

During my term of office to date I have full-time actively participated in and overseen the raising of almost \$70 million dollars. Importantly I have been there 365 days per year for the full three year term when it is always difficult to raise money, especially in the first two and a half years and not just appear a month or two out from the election campaign when supporters and donors passions are high and it is much more easy to collect 'cheques'. When the low hanging fruit is much more easily plucked.

I have attempted at times without a great deal of success to maintain a close watch on where the money went due to stonewalling and obfuscation by management. Adoption of my suggested reforms will only benefit the party in all manner of ways (confidence from donors, confidence of party members, confidence of party voters, and confidence of pro-bono party Office Bearers, and State Presidents and State Directors who do so much unpaid toil for this Party), that the Federal Organisational Wing is in good hands.

## **The Combined Party's Most Serious current Dilemma - both Wings.**

Conflict of Interest is a serious problem between the Federal Secretariat (responsible to the Organisational Wing) and the PMO (responsible to the Parliamentary Wing who is Governing) and I find the situation if it weren't so serious almost amusing. How this Party ever let a husband and wife team into those two key roles where collegiate competitive tension is mandatory and private consultations between colleagues to see that each side is served well, is a complete mystery. Conflicts of Interests only have to be perceived to be frowned upon and to be highly damaging. They don't actually have to occur. The persons in our Party's history that allowed it to occur should hang their collective heads in shame. The Federal Director has a fiduciary duty to act in the best interests of the organisation at all times, repeat, at all times. How can this possibly happen when the COS to the PM is his wife? It immediately brings about cessation of open communication to the Federal Director, contributes to wooden and unreliable communication, and a reluctance towards open and trusting lines of communication, and dare I say it, retribution.

In corporate Australia the Chairman of the board would never allow his EA to be the wife of the Managing Director, or the Managing Director would never allow his EA to be the wife of the Chairman. Why do we think we are somehow different human souls?

### **Rectify the Problem**

When as a party overall are we going to grow the necessary knowledge of good governance practice and develop the necessary courage to tackle this serious problem that is deleteriously affecting both sides of this party and in particular the PM's relationships on a very, very wide front: Personal, Business, Family, Colleagues of both Wings and Coalition Partners, Media, International Media, Voters, Donors, Supporters, you name it. I am overwhelmed daily by the sheer vitriol, and pent up animosities, and enmities that exist, and we are all who are personally affected by it and contributing to it, the longer the conflict of interest exists. I haven't worked pro bono for over four years in this role and over ten for my good friend to see him brought down this way. We all need to do our bit to encourage him to see what is so plain for all to see.

It is only through unity and harmonious team work that we will be a successful competent organisation.

### **Conclusion**

I partly cease my fundraising efforts and governance stewardship on the transmission of this letter. I leave tomorrow to NYC to see my new grandson, and see a few VIP's in Industry and Government to perhaps rattle the can for the last time. I will be away 3 ½ weeks.

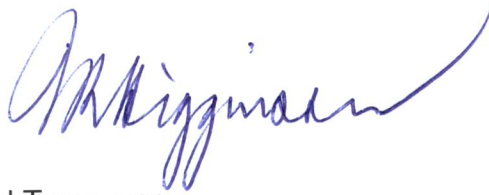


This has been a lengthy letter, but I do hope the recipients will respect my privacy and treat the letter with the utmost confidentiality, and debate it only internally. It will serve little purpose to hang out our dirty linen.

Yours sincerely,

Philip Higginson

Honorary Federal Treasurer.



22<sup>nd</sup> February 2015

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