

SECRET TAPES CLAIM PREMIER

THURSDAY, MARCH 7, 2013

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Herald Sun

TED QUITS

**DENIS
NAPTHINE
VICTORIA'S
NEW PREMIER**

**76 HOURS
OF HELL THAT
TOPPLED A
LEADER**

Picture: ALEX COPPEL

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No escape for

Shaw holds key

James Campbell

THE bad news for the Government was that it lost its majority on the floor of the Legislative Assembly in a humiliation engineered by an ethically challenged MP.

The good news is, newly minted independent Geoff Shaw actually has to vote with the Labor Party to defeat the Government.

The Coalition had 45 MPs and Labor 43 after the election. On Ken Smith's assuming the Speakership, the numbers were 44-43.

Mr Shaw's departure from government ranks means the sides will be 43-43 — assuming Labor wins April 27's Lyndhurst by-election.

As long as Mr Shaw abstains from voting against the Government, it will still be able to get its legislation through the Assembly, because when votes are tied Mr Smith has a casting vote.

For Labor to defeat government legislation, it will have to persuade Mr Shaw to vote with it, giving it a majority of 43-44. (Mr Smith only gets a vote when the numbers are tied.)

Liberal MPs said yesterday that Mr Shaw has some demands he wants addressed, beginning with some tinkering to Victoria's abortion laws.

Others say his real motivation was to act as lightning rod for those who wanted to neck Mr Baillieu.

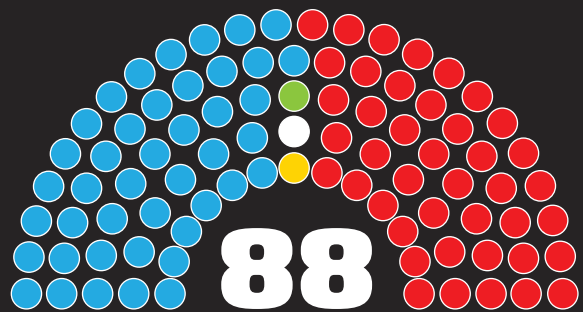
But the hard-heads in the party who wanted Mr Baillieu gone appeared to have been taken by surprise at Mr Shaw's sudden departure from the party room — though others suspect the Frankston hothead had been revved up.

Liberal MPs yesterday were at a loss yesterday to explain where they go from here, but many had used the term "circuit breaker".

GEOFF SHAW

On the outer: The newly independent member leaves Parliament yesterday.

Pictures: ALEX COPPEL



88 members in Victorian Legislative Assembly (Lower House)

- 43 Liberal-National Party members
- 42 Labor
- Speaker (Liberal)
- Independent (formerly Liberal)
- Vacancy (formerly Labor)

There are **88** seats in the Lower House of Parliament

With a Liberal in the Speaker's chair (Ken Smith) and Tim Holding yet to be replaced through a by-election the Coalition had

44 votes to Labor's **42**

If Geoff Shaw, now an independent, does not vote with the Government it has

43 votes to Labor's **42**



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The ALP will climb back to **43** if it wins Mr Holding's old seat of Lyndhurst, but the party must wait for a by-election in more than six weeks' time

If Mr Shaw abstained from voting, it would be **43** votes each, but the Speaker is allowed to vote to break a deadlock so the vote would go to the Coalition

However if Mr Shaw actively voted with Labor, rather than abstaining, the Government would be defeated **44-43** and the Speaker could not vote because there would be no deadlock

QUESTION TIME YESTERDAY

Fighting words: Premier Ted Baillieu faces off against Opposition Leader Daniel Andrews.



Ousted Baillieu in emotional farewell

James Campbell, Matt Johnston, Michelle Ainsworth and Annika Smethurst

TED Baillieu resigned as the leader of his party and as Premier of Victoria last night. Mr Baillieu informed his colleagues he would be stepping down during an extraordinary meeting of Liberal MPs last night.

An emotional Mr Baillieu thanked members of the Liberal Party, his staff and family for their support after his announcement.

Denis Naphthine, who holds the ministerial portfolios for major projects, ports, regional cities and racing, was named as his replacement.

Dr Naphthine was a former Liberal leader in opposition from 1991 until 2002.

Maverick Frankston MP Geoff Shaw earlier put the Coalition Government on a knife edge after surprising his colleagues by quitting the parliamentary party room.

Mr Shaw, who faces allegations of improper use of a taxpayer-funded car, informed the clerks of the Legislative Assembly on Tuesday night he planned to sit on the cross-benches.

He took a swipe at Mr Baillieu as he left the parliamentary party.

"I believe my actions reflect the general loss of confidence Victorians are feeling in the leadership of the Government," he said.

"As always, my focus is on how I can best represent the people of Frankston and at the moment I believe that is from the cross-bench."

Mr Shaw's colleagues said he wanted to pursue his agenda on the issue of abortion from the cross-bench.

As news broke mid-morning of Mr Shaw's exit from the party room, Liberal MPs began meeting all over Parliament House, and Mr



It is one thing to be steady as the bullets fly and another to stand frozen in the political spotlight

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Baillieu summoned his Cabinet to talks.

The consensus from MPs yesterday, even from those who want Mr Baillieu replaced as leader, was that Mr Shaw had taken the decision alone and his move was a surprise.

Labor sources said yesterday, however, they had been told by Liberals that Mr Shaw had been "revved up" by some anti-Baillieu forces.

An emergency Liberal partyroom meeting was called yesterday for about 12.30pm but was later changed to a Coalition partyroom meeting at 1pm.

Some Liberal MPs were incensed by the inclusion of the National MPs.

Mr Baillieu emerged from the meeting saying he would continue to govern strongly with the support of the party room.

"The Government will continue to govern and we will continue to govern decisively in Coalition and we are looking forward to doing just that," he said.

"We have a very strong forthcoming agenda and we have been able to govern with a narrow margin and I believe we can continue to govern."

But about 6pm, a Liberals-only meeting was

suddenly called to start at 7pm.

At that meeting, Mr Baillieu received several rounds of applause after informing the party of his decision.

Mr Shaw's decision to sit as a cross-bencher had meant the Government would have had to rely on him to pass laws if, as expected, Labor wins a Lyndhurst by-election on April 27.

Lyndhurst was vacated by Labor MP Tim Holding last month.

If Mr Shaw votes with the Labor Party after that date, the Government would be defeated on the floor of the Legislative Assembly.

Yesterday afternoon one MP said Mr Baillieu's leadership was finished and that he would be "gone within two months".

But others had said Mr Shaw's move to sit on the cross-bench would make it more difficult for Planning Minister Matthew Guy — who is widely touted as the leader-in-waiting — to move to the Legislative Assembly as the Government would lose one more vote until he could be sworn in.

One senior Liberal said that Mr Baillieu was fired up in the 1pm meeting and promised to take action on pressing concerns of his MPs.

"This was a circuit-breaker," the MP said.

Opposition Leader Daniel Andrews had said that Mr Baillieu's Government was in a serious crisis.

"There is no one in the Baillieu Government today thinking about jobs, or hospitals or transport or schools, this is a government that has stopped governing," Mr Andrews said.

"The Premier is not so much running a Government as running a complete and utter circus, it'd be funny if it weren't so serious."



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State's turning out its pockets

Stephen McMahon

VICTORIA'S economy remains in the doldrums as its politicians fight about how to define a recession.

The latest national accounts highlight a growing divide in Australia's economy. Strong growth in the mining states lifted the national GDP for the last 12 months to 3.1 per cent, making more than 21 consecutive years of national growth.

But the non-mining states of Victoria, South Australia, and Tasmania registered a trend of contraction.

Australian Bureau of Statistics data yesterday showed Victoria's final demand — the total spending of consumers, business and government — fell by a seasonally adjusted 1.1 per cent in the December quarter, following falls of 0.5 per cent in the September quarter and 0.1 per cent in the June quarter.

Treasurer Kim Wells denied the state was in recession, saying the contraction was small and there were some encouraging figures in property and retail sales.

"Unlike gross state product, state final demand is not a measure of economic growth," he said.

"SFD is a volatile measure that is frequently revised and does not take account of international net exports and interstate exports of goods and services."

But shadow treasurer Tim Pallas insisted the state was in recession. Investment had slid to levels not seen since the 1990-92 recession.

"Month after month we have seen unemployment rise, job advertisements drop, business confidence slide, and now we see the SFD in negative territory," Mr Pallas said.

The Australian share market yesterday surged to its highest level since September 2008 after Wall St hit a record high on Tuesday.

CommSec chief economist Craig James said the combination of state final demand with net exports showed the state's economy registered minuscule growth of 0.1 per cent in the December quarter.

TED'S 76 HOURS OF HELL

SUNDAY:

3PM: *Herald Sun* state politics editor James Campbell meets Premier Ted Baillieu's senior media adviser, Paul Price, and outlines the details of secret tape recordings the paper has obtained. The tapes capture conversations between Deputy Premier Peter Ryan's former police adviser Tristan Weston, Baillieu chief of staff Tony Nutt and Liberal state director Damien Mantach. Weston had been ousted after an OPI report found he had undermined former police chief Simon Overland. Mantach provided Weston with a short-term job funded by the Liberal Party, and Nutt offered to help him find work elsewhere.

Coincidentally, the Government is holding a planning meeting in the Premier's offices at 1 Treasury Place.

7.45PM: Price releases a statement on behalf of Ryan, stating. "The OPI exhaustively investigated these issues and published findings adverse to Mr Weston. Mr Ryan stands by all comments made in all forums regarding these issues."

He says there will be no further comment. Ryan previously blamed Weston for acting alone and going on a "frolic" by undermining Overland.

8.50PM: *Herald Sun* photographs Mr Baillieu driving himself out of 1 Treasury Place. Inside the building are Nutt and Ryan. Earlier, the lights were turned off when the men saw the *Herald Sun* photographer outside.



8.50PM SUNDAY

Wearing a t-shirt and shorts Mr Baillieu drives from No.1 treasury place 6 hours after learning of the secret tapes



MONDAY:

1AM: *Herald Sun* and heraldsun.com.au releases stories and four hours of audio tape recordings of Nutt, Mantach and Weston. The recordings also capture Nutt disparaging Ryan, and saying the Government had "severely restrained" its new anti-corruption commission (IBAC). The fallout from the tapes sends the Government into crisis.

10.30AM-1PM: Liberal Cabinet MPs hold crisis meetings inside Parliament House.

3PM: Baillieu announces he is calling in IBAC to investigate.

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Herald Sun

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TUESDAY:

1AM: *Herald Sun* and heraldsun.com.au reveal more secret tapes, on which ousted deputy police chief Sir Ken Jones and Weston discuss Sir Ken's concerns about Overland. Weston three times pledges to take up his concerns with Ryan.

8.30AM: Liberal caucus meeting held at Parliament House. Liberal MP Simon Ramsey says before the meeting he wants "some balls and some truth".

12.30PM: Baillieu holds a press conference and says he still hasn't read full transcripts or listened to all of the audio, and that he doesn't necessarily plan to.

2PM: Ryan faces Parliament for the first time since the crisis erupted and says he stands by his earlier comments.



WEDNESDAY:

8.30AM: Renegade Frankston MP Geoff Shaw arrives at Parliament to resign from the Liberal Party.

9AM: Baillieu tells Neil Mitchell he doesn't believe the tapes indicate any serious corruption.

9.15AM: Weston's friend, Liberal MP Bill Tilley, arms himself with Hansard and attempts to confront the Premier. He is rebuffed. He tells the media he is unhappy with "the management".

1PM: The Government calls a crisis meeting in Parliament House. MPs don't know if for Libs or Nats, but all attend.

1.30PM: Baillieu holds press conference and says he will continue to govern.

2PM: Liberal Speaker Ken Smith refuses to allow the Opposition to ask its first question in Question Time, about Shaw's resignation. Shaw does not attend Question Time. It emerges he has not told the Government if he will support it on votes of no-confidence or supply.

3.15PM: Peter Ryan holds a press conference and says "we continue to govern Victoria under the premiership of Ted Baillieu".

4.30PM: Shaw reappears at Parliament House to tell the media: "You'll get a statement in due time."

7PM: Ted Baillieu resigns as Premier



Anatomy of scandal Tapes fired crisis

AT 8.50 on Sunday night, Ted Baillieu drove out of his office at 1 Treasury Place, across the road from Parliament House.

There was no suit and no ministerial car — Mr Baillieu was in shorts, driving his own car, and had a worried frown on his face.

Six hours earlier, the *Herald Sun's* state politics editor, James Campbell, informed his media adviser, Paul Price, of details of secret recordings that would plunge the Government into crisis.

Questions about the recordings would kick off a hellish 76 hours for the Government which, by 7 o'clock last night, had seen two of the Premier's men referred to the new anti-corruption commission, a rift open between the Coalition parties, the Government lose its one-seat majority following the defection of rogue Frankston Liberal Geoff Shaw to the cross-benches — and finally, Mr Baillieu himself resign as premier.

The blow for a government barely two years old is huge.

On Sunday, the *Herald Sun* advised Mr Baillieu's office that a source had provided the newspaper with secret tape recordings of conversations between Mr Baillieu's chief of staff, Tony Nutt, and Tristan Weston, a former adviser to Police Minister Peter Ryan.

In them, Mr Nutt offers to help Mr Weston find work and disparages Mr Ryan, the Deputy Premier and Nationals leader.

The recordings date back to the first major crisis to hit the Government: the Office

Michelle Ainsworth

of Police Integrity investigation into the June 2011 resignation of police chief commissioner Simon Overland.

Mr Ryan was cleared of any wrongdoing; Mr Weston was forced to resign.

The recordings revealed Mr Weston was paid \$22,500 by the Liberal Party and offered help to find a new job.

The report and transcripts were published on Monday morning, when Liberal MPs

The latest twist in the saga came early yesterday morning, when Mr Shaw resigned from the Liberal Party

met for a Cabinet meeting.

Mr Baillieu said that afternoon he had referred the tapes to IBAC, but still had confidence in Mr Nutt and Mr Ryan. By Tuesday afternoon, Mr Ryan was defending himself in Parliament under Opposition questioning.

The latest twist in the saga, leading to Mr Baillieu's resignation, came early yesterday morning, when Mr Shaw quit the Liberal Party.

He is still under police investigation after the *Sunday Herald Sun* last year revealed — and the Ombudsman confirmed — he had rorted his taxpayer-funded car in running a hardware business.

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