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1440 1.
ADDRESS TO THE NATIONAL PRESS CLUB, CANBERRA, 24TH JUNE, 1970,

BY DON DUNSTAN, PREMIER OF SOUTH AUSTRALIA.

THERE IS A CHANGE AFOOT IN AUSTRALIAN FEDERAL-STATE RELATIONSHIPS. A VERY SMALL ONE. SLOWLY AND PONDEROUSLY THE CREAKING STRUCTURE OF FEDERALISM IS BEING MADE AWARE THAT IT HAS TO SUPPORT THE DEMANDS OF TWENTIETH CENTURY GOVERNMENT AT BOTH STATE AND NATIONAL LEVELS. BUT THERE IS NOT, AS I SEE IT IMMEDIATELY, A GREAT DEAL TO BE OPTIMISTIC ABOUT. SOMEHOW, AS THE YEARS GO BY, THE DISABILITIES OF THE CONSTITUTION AND THE INERTIA OF THE PRESENT LIBERAL FEDERAL GOVERNMENT BECOME MORE PAINFULLY OBVIOUS, MORE INTRACTABLE, AND MORE DISABLING TO ALL BRANCHES OF GOVERNMENTS. THE DECISIONS NEEDED TO START THE PROCESSES OF NECESSARY CHANGE SEEM EVER MORE REMOTE AND UTOPIAN.

PAGE 2.

WE ARE NOW IN THIS COUNTRY DEVELOPING THAT WELLKNOWN CONTAGION OF FEDERATED STATES - AN OEDIPAL REVERENCE FOR OUR FOUNDING FATHERS. THESE WORTHY GENTLEMEN GATHERED TOGETHER DURING THE LAST DECADES OF THE LAST CENTURY TO DECIDE THE SHAPE AND NATURE OF A NEW NATION'S NATIONAL POLITICAL INSTITUTIONS. AT THAT TIME IT WAS NOT THE GENERAL VIEW THAT GOVERNMENTS HAD A RESPONSIBILITY TO MANAGE THE GENERAL STATE OF THE ECONOMY, TO CONCERN THEMSELVES WITH THE LEVEL OF EMPLOYMENT, THE STABILITY OF THE CURRENCY, THE LEVEL OF CREDIT IN THE COMMUNITY OR THE RATE AND DIRECTION OF ECONOMIC DEVELOPMENT. LAISSEZ-FAIRE WAS THE POPULAR ECONOMIC DOCTRINE. THE DELEGATES TO THE CONVENTIONS WHICH WORKED OUT THE AUSTRALIAN FEDERAL CONSTITUTION WERE CONCERNED WITH WHAT THEY CONSIDERED WERE THE CRUCIAL MATTERS OF NATIONAL GOVERNMENT - DEFENCE, AN END TO CUSTOMS BARRIERS,

AN EFFICIENT POST OFFICE. AND THEY WERE STATE POLITICIANS REPRESENTING THE INTERESTS OF THEIR OWN AREAS AND ANXIOUS TO SEE THAT THE THINGS THAT CONCERNED THE ORDINARY CITIZEN CONTINUED TO BE DEALT WITH BY STATE GOVERNMENTS WHICH HAD THE GENERAL POWER, UNHINDERED THEN, TO LEGISLATE WITH NO MORE CONSTITUTIONAL HINDRANCE THAN THE AUTHORITY OF THE IMPERIAL PARLIAMENT WHICH DIRECTED THEM TO LEGISLATE (AS IT DID) SIMPLY FOR 'PEACE, ORDER AND GOOD GOVERNMENT'.

UNLIKE THE AMERICANS, OUR FOUNDING FATHERS NUMBERED NO BENJAMIN FRANKLIN OR THOMAS JEFFERSON TO ADD A FIERY DEMOCRATIC ETHIC (AS WELL AS GOOD PROSE) TO THE CONSTITUTIONAL DRAFTS. THEY WERE IN FACT WORK-A-DAY POLITICIANS WHO BELIEVED, (WITHOUT DISPLAYING GREAT WISDOM), THAT THE NEW NATIONAL PARLIAMENT SHOULD BE GIVEN CERTAIN SPECIFIC POWERS AND THAT **THESE** SHOULD BE SUBJECT TO A NUMBER OF GENERAL RESTRICTIONS.

AND IF THEY WERE SHORTSIGHTED, THEY WERE PERHAPS NO MORE SO THAN MOST POLITICIANS ARE IN FORECASTING SOCIAL AND ECONOMIC EVENTS. THEY HAD THE DISABILITY OF LIVING IN A HORSE AND BUGGY ERA, WITHOUT AIR OR MOTOR COMMUNICATION BETWEEN THEIR PROVINCES, AND NOT EVEN A GREAT DEAL OF INTERSTATE RAIL TRAFFIC.

AND SO WE ARE NOW SADDLED WITH THE RESULTS OF THEIR LABOURS, THE AUSTRALIAN FEDERAL CONSTITUTION. IT IS A COMPLICATED DOCUMENT. THE RELATIONSHIP BETWEEN THE FEDERAL GOVERNMENT AND THE STATE GOVERNMENTS IS LITTLE UNDERSTOOD BY CITIZENS - AS ANY STATE MINISTER OF, SAY, SOCIAL WELFARE WILL TESTIFY AS HE SIGNS ANSWERS TO THE STREAM OF LETTERS HE RECEIVES WEEKLY ASKING WHY HE DOESN'T PROVIDE THINGS LIKE BETTER PENSIONS.

THE ONLY EFFECTIVE MEANS OF ALTERING THE SITUATION IS BY REFERENDUM, BUT WHEN CONSTITUTIONAL CHANGE CONCERNS TRANSFERS OF

POWERS BETWEEN THE STATES AND THE COMMONWEALTH, THE REFERENDUM MUST BE CARRIED BY A MAJORITY OF CITIZENS IN A MAJORITY OF STATES. SINCE THE AVERAGE CITIZEN DOES NOT FOR THE MOST PART UNDERSTAND THE PROVISIONS OF THE CONSTITUTION AND FINDS CONSTITUTIONAL ISSUES DIFFICULT, IT IS ALL TOO EASY FOR THE OPPONENTS OF ANY CHANGE TO CONFUSE THE ISSUES AND INDUCE CITIZENS IN STATES OF DOUBT TO VOTE NO AS A MEASURE OF SAFETY.

AS I HAVE SUGGESTED, OUR CONSTITUTION WAS DESIGNED FOR GOVERNMENTAL SITUATIONS THAT PASSED LONG AGO. IT WOULD BE A FOOLISH POLITICIAN TODAY WHO SPOKE UP AGAINST THE NECESSITY FOR GOVERNMENTS TO ACCEPT RESPONSIBILITY IN PLANNING DEVELOPMENT, THE ECONOMY, OR THE LEVEL AND TO SOME EXTENT THE DIRECTION OF CREDIT. FURTHERMORE, THE MATTERS OF MUTUAL CONCERN IN THE ECONOMY BETWEEN CITIZENS OF VARIOUS STATES ARE NOW SO MANY AND

VARIED THAT WE NO LONGER HAVE A SERIES OF STATES TENTATIVELY ENGAGED IN A FEW INTERSTATE TRANSACTIONS BUT RATHER A NATIONAL ECONOMY ILLOGICALLY SPLIT UP BY THE GEOGRAPHIC BOUNDARIES OF STATES THAT BEAR NO RELATIONSHIP WHATEVER TO ECONOMIC REGIONS OR THE MUTUAL INTEREST AND ACTIVITY OF CITIZENS ON EITHER SIDE OF THE BORDERS. WE HAVE A NATIONAL ECONOMY DEVELOPED TO THE STAGE WHERE GOVERNMENTS OF COUNTRIES WITH COMPARABLE ECONOMIES HAVE FOUND IT NECESSARY TO HAVE A WIDE REGULATION OF ECONOMIC ACTIVITY. IN AUSTRALIA WE FIND IT CONSTITUTIONALLY DIFFICULT OR IMPOSSIBLE TO PRESCRIBE SIMILAR REGULATIONS. TAKE, FOR INSTANCE, RESTRICTIVE TRADE PRACTICES - THE UNITED STATES, THAT HAVEN OF FREE ENTERPRISE AND RUGGED INDIVIDUALISM, HAS HAD THE SHERMAN ACTS AND THEIR SEQUELS SINCE THE 1890'S. IN AUSTRALIA THE COMMONWEALTH GOVERNMENT HAS POWER TO MAKE LAWS ON RESTRICTIVE TRADE PRACTICE ACTIVITIES ONLY AS FAR AS THESE INVOLVE INTERSTATE

TRANSACTIONS. HENCE, WE HAVE THE WEAKEST CONTROLS ON THIS KIND OF ACTIVITY OF ANY LEGISLATION IN COMPARABLE COUNTRIES. THEN TAKE AGAIN, SECTION 92 OF OUR CONSTITUTION. OUR FEDERAL GOVERNMENT WAS GIVEN POWER IN VERY SIMILAR TERMS TO THOSE OF THE UNITED STATES FEDERAL GOVERNMENT TO LEGISLATE ON INTERSTATE TRADE. BUT SECTION 92 - THAT GODSEND OF THOSE AUSTRALIAN CONSTITUTIONAL LAWYERS WHO ARE WORRIED BY THEIR OVERDRAFT - PROVIDES THAT TRADE, COMMERCE AND INTERCOURSE BETWEEN THE STATES SHALL BE ABSOLUTELY FREE. ABSOLUTELY FREE ! WHAT DOES THAT MEAN AS REGARDS INTERCOURSE? WELL, IT HAS BEEN HELD BY THE COURTS TO MEAN FREE OF BURDEN. BUT SERIOUSLY, THERE LIES THE DIFFICULTY IN AUSTRALIA OF OPERATING AN EFFECTIVE NATIONAL ROADS POLICY DRAWING A PROPER CONTRIBUTION TO ROAD MAINTENANCE BY HAULIERS WHOSE HEAVY VEHICLES PLAY HAVOC WITH SURFACES.

THEY ARE JUST TWO AREAS THAT INDICATE THE KIND OF DISABILITIES FROM WHICH WE SUFFER THROUGH OUR FEDERAL CONSTITUTION. BUT WE ARE STUCK WITH IT FOR SOME TIME TO COME, AND AUSTRALIAN POLITICIANS HAVE TO MAKE THEIR GOVERNMENTS WORK SOMEHOW.

IT IS CLEAR (CERTAINLY SINCE THE WAR, AND PERHAPS EVEN BEFORE) THAT A DRIFT TOWARDS CENTRALISM HAS BEEN OCCURRING. DURING THE 1960's WE HAVE SEEN THIS PROCESS GATHER STRENGTH AND SPEED. THERE ARE, OF COURSE, ARGUMENTS IN FAVOUR OF THE CENTRALIZING OF GOVERNMENT FUNCTIONS IN AUSTRALIA. FOR ONE THING, IT LOOKS NEATER AND MORE EFFICIENT - ONE DEPARTMENT OF, SAY, TRANSPORT OR DEVELOPMENT, INSTEAD OF SEVEN. AND THEN, OF COURSE, AIR TRANSPORT AND TELEPHONE COMMUNICATIONS ARE SUCH THAT THE DISADVANTAGES OF DISTANCE BETWEEN REGIONS AND THE CENTRAL GOVERNMENT ARE NOW ALMOST NON-EXISTENT. A STRONG, DEMOCRATICALLY ELECTED, AND REPRESENTATIVE GOVERNMENT IN CANBERRA COULD QUITE

EFFICIENTLY RUN AUSTRALIA WITHOUT BECOMING AT ALL ALIENATED FROM THE PEOPLE IT REPRESENTS. BUT IN FACT TO SET SUCH A GOVERNMENT UP - EVEN WERE THE CONSTITUTIONAL PROBLEMS OVERCOME AND THE SUPPORT OF THE PEOPLE UNANIMOUS - WOULD BE A REGRESSIVE STEP. THERE IS A WORLD-WIDE MOVEMENT TOWARDS MORE EFFECTIVE REPRESENTATION IN GOVERNMENT AND ORGANIZATIONS BY THE PEOPLE AFFECTED BY THE DECISIONS OF GOVERNMENTS AND ORGANIZATIONS. IT'S CALLED "PARTICIPATORY DEMOCRACY" - AND IT'S SEEN IN SOME RADICAL QUARTERS AS THE UNIVERSAL CURE FOR 20TH CENTURY ILLS. WELL IT CERTAINLY ISN'T THAT - BUT IT IS A CONCEPT WHICH IS WORTH NOTING. ULTIMATE CENTRALISM LEADS TO MASSIVE BUREAUCRACY, GIVEN THE ORGANIZATION NEEDED TO MAINTAIN SERVICES. AS FOR "PARTICIPATORY DEMOCRACY" - THIS IS NOT REALLY A NEW IDEA, NOR IS IT VERY RADICAL - FOR INSTANCE, WHAT ELSE WOULD YOU CALL LOCAL GOVERNMENT?

THE ULTIMATE SHAPE OF AUSTRALIA'S POLITICAL INSTITUTIONS FOR THE 21ST CENTURY WILL UNDOUBTEDLY BE DETERMINED BY SUCH POLITICAL CONCEPTS WORKED OUT IN A PRACTICAL, INTERLOCKING SENSE THAT TAKES INTO ACCOUNT NATIONAL, REGIONAL, CITY AND LOCAL AREAS OF RESPONSIBILITY. (I BELIEVE ALSO THAT WITHIN TWO DECADES WE WILL SEE CERTAIN INDUSTRIES - ESPECIALLY THE INFORMATION INDUSTRIES - PRESS, RADIO, TELEVISION - ALSO PRACTISING SUCH SELF GOVERNMENT THROUGH OWNERSHIP OR EFFECTIVE CONTROL. I NOTE THAT THIS PROCESS HAS ALREADY COMMENCED AMONG FRENCH, GERMAN AND ITALIAN NEWSPAPERS, AS WELL AS IN SEVERAL MAJOR EUROPEAN INDUSTRIES. IT COULD HAPPEN WITH THE A.B.C. - THOSE WHO LIVE IN THE "B.A.P.H." STATES YET HAVE HOPE.)

BUT AT THE MOMENT WE HAVE AUSTRALIA AS IT IS TODAY, COMPLETE WITH AN ENFRAMED CONSTITUTION FLANKED BY THE BEWHISKERED

AND FADING IMAGES OF ITS CREATORS. AND THEY LOOK DOWN AT THE PROCESS OF GRADUATED CENTRALISM THEY NEVER DREAMED COULD OCCUR - NATURAL AND INEVITABLE AS ITS DEVELOPMENT NOW APPEARS. AND THEY WOULD NO DOUBT BE AMAZED AT WHAT HAS HAPPENED WITH SECTION 96 OF THE CONSTITUTION. IT IS UNDER SECTION 96 THAT THE COMMONWEALTH IS ABLE TO IMPOSE BUDGETARY PRIORITIES ON THE STATES WITHOUT ANY ADEQUATE CONSULTATION ON PRIORITIES. IT GOES THROUGH THE FORM OF MEETING THE STATES ANNUALLY, AND TRIES JUST AS HARD NOT TO APPEAR IMPERIOUS AS THE STATES TRY NOT TO APPEAR TOO THINLY SUPPLICANT.

... ... PAGE 12.

LET ME DESCRIBE THE WHOLE PROCESS. UNDER THE FINANCIAL AGREEMENT OF THE 1920'S WHICH IS NOW PART OF THE CONSTITUTION THE STATES AND THE COMMONWEALTH MEET IN LOAN COUNCIL TO DECIDE THE AMOUNT OF THE YEAR'S LOAN RAISINGS. HOWEVER, FOR MANY YEARS THE AMOUNTS WHICH IT HAS BEEN POSSIBLE TO BORROW FOR GOVERNMENT LOANS HAVE BEEN LESS THAN THE TOTAL LOAN PROGRAMME AGREED BY THE COMMONWEALTH AND THE STATES. THEREFORE, THE COMMONWEALTH GOVERNMENT OUT OF REVENUES HAS UNDERWRITTEN THE LOAN PROGRAMME, AND HAVING RAISED MONEY BY WAY OF TAXES FROM THE CITIZENS OF THE STATES IT THEN LENDS THEM BACK TO THE CITIZENS OF THE STATES THROUGH THE STATE GOVERNMENT AND CHARGES INTEREST ON THEM. IT IS NO LONGER POSSIBLE, BECAUSE OF THIS SYSTEM, FOR THE STATES TO DO OTHER THAN AGREE TO THE AMOUNT WHICH THE COMMONWEALTH FIXES AS THE TOTAL LOAN PROGRAMME ALTHOUGH THIS IS QUITE INADEQUATE FOR THE BASIC WORKS

UNDERTAKINGS, HOUSING AND EDUCATION IN AUSTRALIA, THINGS FOR WHICH THE STATE GOVERNMENTS HAVE RESPONSIBILITY. THE COMMONWEALTH GOVERNMENT IS DENYING INVESTMENT IN THE PUBLIC SECTOR IN BASIC DEVELOPMENT AND EDUCATION AT THE LEVEL SOUGHT BY MOST CITIZENS, AND AT THE SAME TIME IS SQUEEZING THE BUDGETS OF EVERY STATE BY DEMANDING THAT A LARGER AND LARGER PROPORTION OF THE STATES' ANNUAL BUDGET GOES TO INTEREST PAYMENTS EVERY YEAR. THE COMMONWEALTH USES ITS REVENUES TO FORCE THE STATES INTO THESE INTEREST PAYMENTS, AND AT THE SAME TIME IS USING ITS REVENUES TO REDUCE ITS OWN INTEREST BURDENS SO THAT A SMALLER AND SMALLER PROPORTION OF THE COMMONWEALTH BUDGET GOES TO INTEREST EVERY YEAR. WHILE THE ONLY EXCLUSIVE TAXING POWER WHICH THE COMMONWEALTH HAS BY THE CONSTITUTION IS IN THE IMPOSITION OF CUSTOMS AND EXCISE DUTIES, NEVERTHELESS IT HAS BEEN ABLE IN THE INCOME TAX SPHERE TO OBTAIN BY VIRTUE

OF THE FEDERAL CONSTITUTION A PRIORITY IN PAYMENT TO THE COMMONWEALTH OF INCOME TAX AND HAS THEN SO FAR TAKEN UP TAXABLE CAPACITY THAT IT IS NOT POSSIBLE FOR THE STATES TO INVAD E THE SPHERE OF INCOME TAX. IT MAKES FINANCIAL REIMBURSEMENTS TO THE STATES OUT OF INCOME TAX WHICH IT RAISES ON CONDITION THAT THEY DO NOT IMPOSE AN INCOME TAX BUT IN THIS AREA AGAIN IT HAS PRESENTED THEM WITH A NUMBER OF FINANCIAL DIFFICULTIES AND FORCED THEM INTO DECISIONS WHICH ARE UNJUST AND GENERALLY UNPALATABLE TO THEIR CITIZENS. ALL STATE BUDGETS ARE STRETCHED TO THE LIMIT. IF ADDITIONAL EXPENDITURES ARE REQUIRED OF THE STATES THEN THEY MUST EITHER RAISE TAXES AND CHARGES OR REDUCE THEIR SERVICES IN THE LONG RUN. UNDER THE TERMS OF THE FINANCIAL AGREEMENT IT IS NOT POSSIBLE FOR THE STATES TO RUN A DEFICIT BUDGET FOR MORE THAN A VERY LIMITED PERIOD BECAUSE IN ORDER TO MEET THEIR DEFICITS THEY HAVE NO POWER TO ISSUE TREASURY BILLS AND MAY NOT BORROW

FOR MORE THAN AN EXTREMELY SHORT PERIOD MONIES FROM THEIR OWN BANKING SYSTEMS. THE ONLY WAY TO FINANCE A DEFICIT THEN IS TO USE UP CASH BALANCES HELD AT TREASURY FOR VARIOUS WORKING AND DEPOSIT ACCOUNTS, BUT THIS IS NOT SOMETHING THAT CAN GO ON FOREVER. A REASONABLE DEGREE OF LIQUIDITY IN TREASURY FUNDS ALWAYS HAS TO BE HELD SO THAT THERE CAN BE NO DOUBT THAT THE STATE CAN ALWAYS MEET THE OBLIGATIONS WITH WHICH IT IS FACED. THUS THE STATES, UNLIKE THE COMMONWEALTH, ARE NOT IN A POSITION TO RUN DEFICIT BUDGETS INDEFINITELY. EACH TIME THERE IS A DECISION BY THE CONCILIATION AND ARBITRATION COURT TO INCREASE WAGES AND SALARIES THE STATES HAVE TO PAY THEIR OWN EMPLOYEES THE WAGE INCREASES. THE COMMONWEALTH HAS TO PAY ITS EMPLOYEES THE INCREASES BUT THE RISE IN THE WAGE LEVEL RESULTS IN AN INCREASE IN COMMONWEALTH REVENUES OF DECIDEDLY GREATER PROPORTIONS THAN THE PAY-OUT WHICH THE COMMONWEALTH HAS TO MAKE TO ITS OWN EMPLOYEES. THE COMMONWEALTH DOES NOT,

HOWEVER, RETURN OUT OF ITS REVENUE TO THE STATES SUFFICIENT TO COVER THE EXTRA EXPENSE TO THEM OF EACH WAGE INCREASE. THEREFORE THE STATES HAVE HAD TO INCREASE REGRESSIVE TAXES AND CHARGES ON STATE INSTRUMENTALITIES IN THE STATE SERVICES BY OVER 100% IN THE LAST TEN YEARS, OR AT LEAST THEY HAVE HAD TO ALTER THESE IN ORDER TO GET A 100% INCREASE IN REVENUE FROM THE AREAS OF STATE TAXATION AND STATE CHARGES. FROM 1960-1967 WITHOUT ALTERING ITS TAXATION RATES, THE COMMONWEALTH BOTH FROM INFLATION AND FROM INCREASED BUSINESS ACTIVITIES HAD AN INCREASE IN ITS PROGRESSIVE TAX REVENUES OF 100%, BUT ONLY RETURNED AN INCREASE TO THE STATES DURING THAT PERIOD OF 70% ON THE AMOUNT OF FINANCIAL REIMBURSEMENT FROM THESE TAXES PAID TO THE STATES. NOW AT THE END OF THE TEN YEAR PERIOD WE SEE THAT THE INCREASE IN REVENUE HAS TREBLED WHILE THE INCREASE IN THE STATES' SHARE IS ONLY 2.3, ~~OR ABOUT 67% WHICH IS A~~ ^{FURTHER} DISTINCT FALLING OFF.

WHAT THEN IS THE ROLE OF A STATE LABOR GOVERNMENT IN ALL THIS? IT IS CLEAR THAT, DESPITE THE MATTERS THAT I HAVE MENTIONED, STATE GOVERNMENTS WILL BE IN OPERATION FOR SOME DECADES YET. THEY HAVE GREAT AREAS OF RESPONSIBILITY. SO THE QUESTION IS HOW CAN THE SYSTEM BE MADE TO WORK? EVENTUALLY IT WILL I BELIEVE BE NECESSARY TO SET UP THE KIND OF PROVINCIAL SYSTEM PROPOSED BY THE CHIFLEY GOVERNMENT BEFORE IT WAS DEFEATED IN 1949. A REPORT ON THIS IS CONTAINED IN "REGIONAL PLANNING IN AUSTRALIA" PUBLISHED BY THE DEPARTMENT OF POST-WAR RECONSTRUCTION IN 1949. THE STATES WERE TO HAVE BEEN DIVIDED INTO A NUMBER OF REGIONAL PLANNING AREAS, QUEENSLAND INTO 18, NEW SOUTH WALES - 20, VICTORIA - 13, TASMANIA - 6, SOUTH AUSTRALIA - 20, AND WESTERN AUSTRALIA - 16. THE AREAS WERE DRAWN WITHIN STATE BOUNDARIES, AND THE AIM WAS THAT AS ORGANIZATIONS WITHIN THE AREAS DEVELOPED THOSE AT STATE BOUNDARIES WERE LIKELY TO COMBINE WITH THOSE ON THE OTHER SIDE

OF STATE BOUNDARIES SO THAT THERE WOULD BE A NATURAL PROGRESSION IN AMALGAMATIONS OF PLANNING AREAS AS A RESULT OF COMMON ECONOMIC INTERESTS WHICH IN DUE COURSE WOULD IGNORE THE LIMITATIONS OF STATE BOUNDARIES. EVENTUALLY THERE WOULD HAVE BEEN A CENTRAL NATIONAL GOVERNMENT, AND SUBORDINATE REGIONAL GOVERNMENTS FOR EACH AREA. HOWEVER, IN THE ABSENCE OF SUCH OVERALL PLANNING AND CO-ORDINATION, THE PROBLEMS OF STATE/FEDERAL RELATIONSHIPS CAN ONLY BE SOLVED USING THE PRESENT DIVISIONS OF POWERS AS A BASIS ON WHICH TO OPERATE. A NEW ERA OF JOINT COMMONWEALTH/STATE AND LOCAL GOVERNMENT CO-OPERATION IS ESSENTIAL. JOINT SECRETARIATS IN EACH AREA OF COMMON INTEREST BETWEEN THE STATES MUST BE SET UP TO ENSURE THE MAXIMUM INVOLVEMENT OF ALL ELECTED PERSONS AND THE PUBLIC IN DECISION MAKING. THE INTERSTATE COMMISSION SHOULD BE RE-ESTABLISHED AND THE

ROLE OF THE COMMONWEALTH GRANTS COMMISSION SHOULD BE EXPANDED TO SERVICE THESE JOINT SECRETARIATS.

IT IS CLEAR THAT THE PRESENT LIBERAL AND COUNTRY PARTY GOVERNMENTS, WITH THEIR WELLKNOWN INERTIA IN RELATION TO THIS PROBLEM WILL ENDEAVOUR TO WRANGLE ABOUT WHO HAS WHAT MONIES TO SPEND SEPARATELY. BUT THE FACT IS THAT STATE AND LOCAL GOVERNMENT MUST BE ASSISTED IN THOSE AREAS WHERE EXPENDITURE WILL INEVITABLY RISE MORE RAPIDLY THAN INCOME AND POPULATION. THESE AREAS ARE ESPECIALLY EDUCATION, HEALTH AND HOSPITALS, AND DEVELOPMENT, AND THE AMOUNTS FOR WHICH THE STATES WILL BE PRESSING WILL BE SPENT IN AN AREA WHERE THE INCREASE IN EXPENDITURE HAS RADICALLY EXCEEDED THE RATE OF POPULATION GROWTH.

AS THINGS STAND, THE STATES MUST BE GUARANTEED NO LOSS OF PRESENT REVENUES AND IN FACT MUST BE RELIEVED OF THEIR

GROWING INTEREST BURDEN AND SO I BELIEVE THAT THE SOLUTION IS THAT STATE AND LOCAL GOVERNMENTS BE GIVEN NON-REPAYABLE COMMONWEALTH GRANTS FOR CAPITAL WORKS. BUT THEN AGAIN, THE COMMONWEALTH MUST ACCEPT INCREASED RESPONSIBILITY IN A NUMBER OF AREAS LIKE TERTIARY AND TEACHER TRAINING. LABOR HAS PROPOSED SCHOOLS AND PRE-SCHOOL COMMISSIONS WHICH SHOULD ENSURE ADDITIONAL MONIES FOR BUILDINGS, EQUIPMENT AND STAFF. AN AUSTRALIAN HOSPITALS COMMISSION SHOULD PROMOTE THE MODERNISATION AND REGIONALISATION OF HOSPITALS. AGAIN, THE COMMONWEALTH GOVERNMENT MUST ASSUME AS MUCH RESPONSIBILITY FOR CITY DEVELOPMENT AND REDEVELOPMENT AS DO THE FEDERAL GOVERNMENTS IN THE UNITED STATES AND IN CANADA, AND IN WESTERN GERMANY. WITHIN 20 YEARS, 90% OF OUR POPULATION WILL LIVE IN URBAN AREAS. THE MONIES RELEASED BY THE APPROACHING COMPLETION OF INTER-CITY RAIL STANDARDISATION

SHOULD BE TURNED TO MODERNISING INTERNAL CITY TRANSIT SYSTEMS. THESE ARE ALL AREAS IN WHICH ACTION IS URGENTLY NEEDED AND FOR WHICH ONLY THE COMMONWEALTH GOVERNMENT CAN PROVIDE THE NECESSARY MONIES.

AS THINGS STAND AT THE MOMENT THEY ARE AREAS OF STATE RESPONSIBILITY AND THE ONLY EFFECTIVE WAY BY WHICH POLICY DECISIONS CAN BE MADE IS THROUGH STATE AND COMMONWEALTH CO-OPERATION. CO-OPERATION IS NECESSARY IN THE PLANNING AND DEVELOPMENT OF WATER, POWER, AND MINERAL RESOURCES AND IN THE DIRECTION AND CONTROL OF INDUSTRIAL DEVELOPMENT, AND JOINT LEADERSHIP SHOULD BE GIVEN TO PRIMARY INDUSTRIES IN PRODUCTION, MARKETING, AND RESTRUCTURING.

COMMONWEALTH/STATE CO-OPERATION MUST GO EVEN FURTHER THAN THIS. NEARLY ONE MILLION AUSTRALIANS ARE VICTIMS OF POVERTY OR MARGINAL POVERTY AND AT THE MOMENT THE COMMONWEALTH IS CAUSING HARDSHIP TO THEM BY MAKING INADEQUATE SOCIAL SERVICE PAYMENTS AND BY

ALLOWING ENORMOUS GAPS IN WELFARE SERVICES. HERE AGAIN AS IN CANADA THE FEDERAL GOVERNMENT MUST NOW TAKE THE INITIATIVE IN CONSULTING AND REIMBURSING STATE GOVERNMENT, LOCAL GOVERNMENT AND VOLUNTARY ORGANISATIONS, AND FOR THE PROVISION OF FOOD, CLOTHING AND HEALTH CARE.

A GREAT MANY OF THE PROBLEMS AUSTRALIANS NOW FACE WERE NOT CONCEIVED AS AN AREA OF RESPONSIBILITY FOR EITHER STATE OR FEDERAL GOVERNMENTS AT THE TIME OF THE DRAWING UP OF THE CONSTITUTION. THEY WERE SIMPLY NOT FORESEEN. AND THE ONLY WAY AHEAD IS NOT FOR A TUG BETWEEN THE STATES AND THE COMMONWEALTH, BUT FOR EFFECTIVE CLOSE ADMINISTRATIVE AND FINANCIAL CO-OPERATION. AT THE MOMENT, OUR COMMONWEALTH GOVERNMENT IS NOT PREPARED TO ADMIT THAT THE PROBLEMS EXIST, BUT IF WE ARE TO GET AN EFFECTIVE BREAKTHROUGH, THEN IT WILL REQUIRE ADMINISTRATIVE STRUCTURES OF A KIND WE HAVE NOT REALLY

KNOWN BEFORE WHERE DIRECT COMMONWEALTH/STATE CO-OPERATION RATHER THAN COMMONWEALTH/STATE COMPETITION DEVELOPS. THIS WILL REQUIRE AN ENTIRELY NEW DEPARTURE IN COMMONWEALTH/STATE RELATIONS, BUT WHILE IT IS TRUE THAT WE ARE SET ABOUT WITH RULES WHICH OUR FOREFATHERS LAID DOWN AS THEY PEERED MYOPICALLY INTO THE FUTURE, WE OUGHT TO BE ABLE TO DEVISE PRAGMATICALLY A WAY WITHIN THOSE RULES OF ADAPTING OUR ACTIVITIES TO SEE THAT THE JOB DOES GET DONE.
