



# PRIME MINISTER

## LOCAL GOVERNMENT ASSOCIATION CONFERENCE LUNCHEON

### CANBERRA

Statement by the Prime Minister, the Rt Hon. William McMahon, CH, MP.

23 October 1972

Thank you for giving me the opportunity to come to such a wonderful meeting as this in Canberra. I think it indicates not only the approach of the Local Government Authorities themselves, but it also indicates clearly that you recognise that the Commonwealth Government must take its part in assisting Local Government Authorities and permitting them to participate in government as the third tier. And I believe, Sir, it's proper that I should say to you as Chairman, that there can be no doubt at all that part of the credit for attracting so many people to come to a meeting like this is due to you and the efforts that you've made in Local Government for so many years in the past.

I do appreciate the efforts that you have made to give me the opportunity to speak on behalf of the Government, and to speak about Local Government itself and what it means to this country. I do so because as you know, we are approaching a Federal election and we are doing so at a time when crucial decisions relating to the concepts and structures of Governments which have guided the progress and development of society for so many years are now under review, and very substantial review too.

It is true to say that there's no exaggeration in the phrase 'that what is at stake is the system of Federalism and the three-tiered system of Government'. No matter what phrases you might use, no matter how you might care to disguise intentions, it becomes clear that that is the choice that faces us.

And that three-tiered system is one of Federal, State and Local Government. This is, I assure you again, and I want the words to sink in, no vague and undocumented threat. Nor is it an invention of Liberal Party politicians for electoral purposes.

Let me quote the evidence of this by one of your own most respected Local Government experts, Mr Roy Stuckey. In commenting on the radical proposals of our political opponents to attack and ultimately destroy the role of State and Local Governments as we know them today, he said, and I quote him: "In effect, in one fell swoop, Mr Whitlam proposes doing away with the State Parliaments and 900 Local

Government units and replacing them by what must become a centralist and bureaucratic control from Canberra". And he goes on to say, and I completely agree with him in this, that "the people of Australia would never stand for such a proposal".

But it is the last few words of Mr Stuckey's comment that I want to particularly draw to your attention today in looking at these dangerous designs for centralism. He said, and these are his words, "it would provide initially a dictatorship for the Party in power". No warning could be in clearer or in more distinct terms.

Before I go on to delineate this serious threat to Local Government in more detail, I first want to describe to you my own attitudes to this problem as a Liberal and as a person who can claim a very long experience in Government. I am unashamedly a Federalist, and I believe that my record bears this out, particularly in the period since I took office as Prime Minister.

Inherent in the Liberal philosophy of the individual is a distrust of, and I emphasise these words, great concentrations of power and authority. And from this flows our commitment to the principle that Government should be as close to the people as possible through effective decentralisation and through maximum voluntary participation in Local Government.

Now the proof that these principles are the ones which are more acceptable to Australians lies in the fact of the existence of the three-tiered system of government itself. It is the natural result of our history and our geography. And we intend to preserve and to strengthen it.

A few months ago we had in Australia Professor David Donnison. Many of you will no doubt remember his presence here. And he is the Director of the Centre for Environmental Studies in London and an expert in these matters. He had an important message. He said "We should be suspicious of over-ambitious proposals which start from the top and work downwards. Since we barely know enough to co-ordinate policies in one street, we should begin not by proposing brand-new systems for a whole society but by trying more effectively to link up the things we already know best".

Only a few months ago, in July, I received here in Canberra, a deputation from the Australian Council of Local Government Associations. I understand too, that this was the first time in more than twenty years that a Prime Minister had received a deputation from the national representatives of the Local Government Associations.

I told the deputation of my own and my Government's continuing concern for Local Government, and my own belief in the maintenance of truly local forms of Government. As life in our great cities in particular becomes more complex and more populous, I am convinced that our Local, Municipal and Shire administrations will need to play an even greater role in improving the quality of life of our citizens, not only over the range of traditional responsibilities, but in recreational, sporting and cultural activities to an increasing degree. Big cities should mean a greater, not a lesser role for Local Government, and I support this greater role. I have strongly

supported the attendance of Local Government representatives at the forthcoming Constitutional Convention, and although it is more a matter of decision for the States themselves, I have expressed a definite view that Local Government representatives at the Convention will not only be able to speak, but they should be able to vote as well.

I mentioned the States then because we should not forget that Local Government Authorities are created and function under State laws, as you well pointed out, Mr Chairman. And the Commonwealth does not wish to disturb at present the constitutional structure whereby the responsibility for determining the revenue-raising powers and supplementing the resources of Local Government lies with the State Parliaments.

In accordance with that attitude, the Commonwealth does not normally provide direct grants to Local Governments. What it does do is to provide large amounts of untied assistance to the State Governments which they are free to disburse as they themselves decide; so that it is true to say that indirectly but in a very real way the Commonwealth provides considerable assistance to Local Government Authorities. May I now spell out some of our recent actions to illustrate this point :

The general revenue grants to the States have been increased considerably in recent years and this year we agreed to something of the order of \$1,692 million, that is for the Budget year 1972/73. Now this was an increase of something like \$155 million, or 10% over last year.

The arrangements under which these grants will be paid over a five year period ending 1974/75 were initially determined at the Premiers' Conference of June 1970. However, they were very substantially revised as a result of the Premiers' Conference in June 1971 and 1972 at which I had the good fortune to preside.

There have, as a result, been very significant increases. For example it is estimated that the States will receive in 1972-73 over \$420 million more in Commonwealth general revenue grants than they would have received had the 1970 arrangements continued unchanged. At the June 1971 Conference, besides agreeing to these additional revenue grants, the States accepted our offer, the Commonwealth's offer, to transfer payroll tax to them and they have been levying that tax since September of last year.

At the same Conference, and I think this is of enormous importance to you and your colleagues, Mr Chairman, we also agreed as a special measure of assistance to Local Government Authorities that we, the Commonwealth, would meet the full cost of exempting the non-business activities of Local Government from pay-roll tax. The cost of that was \$8 million in a full year and \$6 million in 1971/72.

In rural areas we also provide the general range of Commonwealth assistance to rural industry. We have instituted an unemployment relief scheme, and we have included the provision of relief work grants as eligible under State drought relief measures.

In addition, at the Loan Council meeting in June this year, the limit on Local Government borrowings without the approval of the Council was raised from \$300,000 to \$400,000.

I believe, and I want to emphasise this point, that all these actions demonstrate our clear concern for the problems of Local Government and our support for the Federalist system of Government too. Tgis is not to pretend that the present system is perfect by any means. But with all its shortcomings, it does through a division and a balance of power provide for decentralised administration, and an essential barrier of the abuse of authority by an all powerful central Government which would replace elected bodies with commissions responsible only to one Parliament.

Let there be no mistake about it. It is an all-powerful central Government in Canberra that our opponents are dedicated to impose. Many of you will remember the speech in Canberra eleven months ago when the Leader of the Opposition spelt out his plan, and I now quote from it : "We should have a House of Representatives for inter-national matters and nationwide national matters, an assembly for the affairs of each of our dozen largest cities and regional assemblies for the few score areas of rural production and resource development outside these cities".

There in clear and unmistakable and unambiguous terms the Leader of the Opposition advocates not only the abolition of the Senate and existing State Governments, but also the destruction of 900 existing Municipal and Shire Councils and their replacement with a series of arrogant and disinterested bureaucracies, bodies that would be answerable to Canberra, remote from the local problems of the citizen himself.

It would not be hard to imagine the plight of a citizen trying to obtain a response from a remote bureaucrat about an offensive drain or an unsatisfactory garbage service. And if anyone imagines that a Labor Government would be prevented from implementing its centralist dream by constitutional limitations, I'm sure that in these words you'll find that the Leader of the Opposition has the answer to that too.

Speaking to the Fabian Society in Victoria last July, he said that if Section 92 could be held up to be the bulwark of private enterprise, then Section 96 is the Charter of public enterprise. And he went on to say that it would be intolerable if Labor was to use the alibi of the Constitution to excuse failure to achieve its social objectives; doubly intolerable because, he says, that it is just not true that it need do so.

Now this is clear notice from our opponents that a Labor Government would use Section 96 which allows the Commonwealth to grant assistance to the States on such terms and conditions as the Commonwealth things fit; as a vehicle for centralism by financial squeeze or as Professor Donnison put it more succinctly, and now again I quote from him, to "tear the guts out of State Governments".

The message is therefore clear. A condition of obtaining financial assistance is toeing the centralist line, or if you like - "Do what we say with Local Government or you don't get the money".

So nobody can pretend that the threat has not been spelled out. It is there. It is real, and to ignore it would I believe, be completely foolhardy.

In our view, the present structure of Municipalities and Shires provides the indispensable network for grass roots contact between the citizens and what can be an arbitrary leviathan of central government. Other countries are struggling to return Government to the people, to put decisions back down into the hands of those close to and responsible to the citizen at the grass roots.

Do Australians want to go the way of the dictatorship of centralism, control by commission, the recipe of remote control? I do not believe it for a second.

Before I conclude, Mr Chairman, let me mention one other aspect of our opponent's delusions and at the same time let me issue a warning. They offer you the lure of Local Government representation on the Loan Council and that has a superficial attractiveness. But what again is the price tag? Reduction of Local Government to a "few score bodies" for the whole of Australia.

So I say we must beware of the lure of a "widened role" for Local Government in a unitary centralised system, which in reality is nothing more than an invitation to destroy any vestige of so-called "Local" Government, and replace Federalism with a centralised system dominated by the barons of boards and commissions reporting only to Federal Parliament.

Mr Chairman, thank you for giving me the opportunity of addressing today so many distinguished Australian citizens, and thank you also for giving me the opportunity to speak here at a Conference where representatives of New Zealand are present, and representatives of most of the Local Government Authorities are able to come to Canberra, and in time I hope, after the Constitutional Convention is held they will be able to participate more fully in the work of government, particularly helping those at the grass-roots of this great country of ours and with whom they are in the most immediate contact.

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