

EMBARGO: 8.00PM

THE LOCAL GOVERNMENT REFERENDUM

SPEECH BY THE PRIME MINISTER,
THE HON. E. G. WHITLAM, Q.C., M.P.,
TO THE 1974 CONFERENCE OF
THE INSTITUTE OF MUNICIPAL ADMINISTRATION,
(RAYMOND WEST ORATION)
MELBOURNE, 19 FEBRUARY 1974.

I SHOULD BEGIN BY EMPHASISING THE PROFOUND COMMUNITY OF INTEREST BETWEEN THE AIMS AND OBJECTIVES OF YOUR INSTITUTE AND THE AIMS AND OBJECTIVES OF MY GOVERNMENT. YOUR ORGANISATION WAS AMONG THE FIRST TO RECOGNISE THAT MUNICIPAL ADMINISTRATION IS AS MUCH A NATIONAL AS A STATE OR LOCAL CONCERN. YOU WERE AMONG THE FIRST TO PERCEIVE THAT THE PROBLEMS AND CHALLENGES OF LOCAL GOVERNMENT HAVE NATIONAL IMPLICATIONS QUITE DISTINCT FROM THEIR RELEVANCE TO PARTICULAR LOCALITIES. WHEN YOUR INSTITUTE WAS ESTABLISHED ON A FEDERAL BASIS IN 1952, YOU CONCLUDED - TO USE YOUR OWN WORDS - THAT "WHILE LOCAL GOVERNMENT IS LOCAL AND, IN FACT, DERIVES ITS FUNCTIONS FROM EACH RESPECTIVE STATE, THE DEVELOPMENT AND STRENGTH OF IT IS A MATTER OF NATIONAL IMPORTANCE AND OF NATIONAL CONCERN."

YOUR ACCEPTANCE OF THAT PRINCIPLE - WITH WHAT I BELIEVE ARE ITS INEVITABLE CONSEQUENCES - WAS DUE IN LARGE MEASURE TO THE VISION AND ENERGY OF THE LATE RAYMOND WEST, AN ADMINISTRATOR OF EXCEPTIONAL GIFTS AND RARE DEDICATION. I MIGHT REMIND YOU THAT IT WAS IN THAT SAME YEAR, 1952, THAT I FIRST ENTERED PARLIAMENT. FROM THAT MOMENT, IN ALL MY SPEECHES, IN ALL MY ACTIONS, I SOUGHT TO PERSUADE MY COLLEAGUES AND MY PARTY THAT THE FUTURE OF SO MANY OF OUR INSTITUTIONS AND SERVICES - HEALTH, TRANSPORT, SEWERAGE, HOUSING, ENVIRONMENTAL STANDARDS, CHILD CARE, ALL THE THINGS THAT MAKE FOR THE BETTERMENT AND HAPPINESS OF OUR PEOPLE - DEPENDED ON STRONG LOCAL GOVERNMENT AND A MEASURE OF NATIONAL RESPONSIBILITY FOR LOCAL GOVERNMENT. SO I APPLAUD WHAT YOUR INSTITUTE STANDS FOR. YOU ARE DEDICATED TO BETTER AND MORE EFFICIENT LOCAL GOVERNMENT; SO AM I. YOU PERCEIVE THE NATIONAL IMPORTANCE OF LOCAL GOVERNMENT; SO DO WE. YOU BELIEVE THAT SOUND LOCAL GOVERNMENT IS FUNDAMENTAL TO THE WELL BEING OF OUR PEOPLE; SO DO WE.

NO ONE IN FACT KNOWS BETTER THAN YOU THE LONG AND SORRY HISTORY OF LOCAL GOVERNMENT IN THIS COUNTRY, THE YEARS OF NEGLECT AND INDIFFERENCE FROM WHICH IT HAS SUFFERED, AND THE ATMOSPHERE OF PERPETUAL FINANCIAL CRISIS THAT HAS SURROUNDED IT FOR GENERATIONS. I HAVE OFTEN MARVELLED AT THE DEDICATION AND FORTITUDE OF MEN WHO HAVE CONTINUED TO SERVE LOCAL GOVERNMENT IN THE FACE OF SUCH ODDS. SO LET ME PUT TO YOU SOME PROPOSITIONS WHICH ARE CENTRAL TO MY GOVERNMENT'S WHOLE APPROACH TO LOCAL GOVERNMENT AND WHICH I BELIEVE WILL HAVE YOUR ASSENT AS THE MEN AND WOMEN MOST CONCERNED, AND EXPERT, IN THIS FIELD. MY FIRST PROPOSITION IS THAT NO ONE, WHATEVER HIS PARTY, WHATEVER HIS BELIEFS, CAN BE SATISFIED WITH LOCAL GOVERNMENT AS IT IS. BASICALLY THIS IS A QUESTION OF THE RESPONSIBILITIES OF LOCAL GOVERNMENT OUTSTRIPPING ITS MEANS. LOCAL GOVERNMENT IS CALLED UPON TO PROVIDE MORE AND MORE SERVICES TO MORE AND MORE PEOPLE. THIS IS NOT SOMETHING IT HAS SOUGHT FOR ITSELF; IT IS SOMETHING DEMANDED BY THE PEOPLE. AND THE RESOURCES OF LOCAL GOVERNMENT ARE MANIFESTLY INADEQUATE TO MEET THOSE DEMANDS.

MY SECOND PROPOSITION IS THAT FUNDAMENTAL CHANGES ARE NEEDED TO GIVE LOCAL GOVERNMENT PROPER ACCESS TO THE NATION'S FINANCIAL RESOURCES. FOR THAT REASON WE PROPOSE, AS YOU KNOW, TO ASK THE AUSTRALIAN PEOPLE TO APPROVE A CONSTITUTIONAL AMENDMENT THAT WILL REMOVE, ONCE AND FOR ALL, THE PRESENT FINANCIAL BARRIERS TO EFFICIENT LOCAL GOVERNMENT AND ITS FULL AND EFFECTIVE PARTNERSHIP IN A FEDERAL SYSTEM.

AND MY THIRD PROPOSITION IS THAT UNLESS THAT REFERENDUM IS CARRIED, UNLESS IT IS SUPPORTED BY ALL WHO HAVE THE TRUE INTERESTS OF LOCAL GOVERNMENT AT HEART, UNLESS IT HAS THE VIGOROUS WORKING SUPPORT OF MEN SUCH AS YOU, LOCAL GOVERNMENT WILL BE CONFINED FOR FURTHER GENERATIONS IN ITS PRESENT STRAITJACKET OF STAGNATION AND IMPOVERISHMENT.

I DO NOT THINK WE CAN APPROACH THIS QUESTION RATIONALLY UNTIL WE CLEAR OUR MINDS OF IRRELEVANT CANT PHRASES AND TIRED SLOGANS ABOUT "CENTRALISM" AND "STATE RIGHTS". I CONFESS THAT I FIND IT STRANGE THAT A GOVERNMENT SUCH AS MINE, DEDICATED NOT ONLY TO THE GROWTH BUT TO THE GREATER AUTONOMY OF LOCAL GOVERNMENT, SHOULD BE ACCUSED OF CENTRALISM ON THAT SCORE. THE VERY REVERSE IS TRUE. WHAT WE SEEK TO DO IS LIBERATE LOCAL GOVERNMENT FROM ITS FORCED DEPENDENCE ON STATE ADMINISTRATIONS THAT CANNOT GIVE IT THE RESOURCES IT NEEDS. WE ARE NOT SEEKING TO DENY EITHER POWER OR FINANCIAL RESOURCES TO THE STATES. WHAT WE ARE SEEKING IS A PROPER AND RATIONAL BALANCE BETWEEN THE THREE TIERS OF GOVERNMENT - NATIONAL, STATE AND LOCAL - THAT WILL ENABLE EACH TO FUNCTION EFFICIENTLY AND DISCHARGE ITS RESPONSIBILITIES TO THE FULL.

IN THIS CONTEXT I SHOULD LIKE TO RECALL TO YOU SOME WORDS USED BY MR JUSTICE ELSE MITCHELL, CHAIRMAN OF THE ROYAL COMMISSION INTO NEW SOUTH WALES LAND VALUATION RATING SYSTEMS IN 1965. HE SAID: "PRESENT CENTRALISED POLICIES, WHICH HAVE REDUCED LOCAL GOVERNMENT TO A STATE OF VASSALAGE AND COUNCILS TO THE ROLE OF MENDICANTS, NEED DRASTIC REAPPRAISEMENT, THOUGH I WONDER IF STATE GOVERNMENTS ARE VERY ANXIOUS FOR LOCAL AUTHORITIES TO GAIN ANY SUBSTANTIAL MEASURE OF FINANCIAL INDEPENDENCE OR TO DEVELOP QUALITIES OF STRONG LOCAL AUTONOMY." HIS HONOUR HIGHLIGHTED A FACT THAT IS FREQUENTLY OVERLOOKED WHEN ACCUSATIONS OF "CENTRALISM" ARE BANDIED AROUND. AND IT IS THIS: WITHIN THEIR OWN BORDERS THE STATES TEND TO BE MUCH MORE CENTRALIST AND CENTRALISED THAN CANBERRA HAS EVER ASPIRED TO BE WITHIN THE CONTINENT.

THIS HAS BEEN SO SINCE LONG BEFORE FEDERATION. ONE HAS ONLY TO REMEMBER THAT THE MAINLAND COLONIES, WITH THE EXCEPTION OF QUEENSLAND, BUILT THEIR RAILWAY SYSTEMS TO ENSURE CENTRALISATION UPON THEIR CAPITAL CITIES. WHY SHOULD CENTRALISM, SO CALLED, BE LESS BANEFUL WHEN PRACTISED BY A STATE GOVERNMENT THAN WHEN PRACTISED BY THE COMMONWEALTH? IT IS ABSURD TO SUPPOSE THAT COMMUNITIES SUCH AS SHEPPARTON OR ARMIDALE, FOR EXAMPLE, SHOULD FEEL ANY GREATER KINSHIP WITH MELBOURNE OR SYDNEY THAN THEY DO WITH CANBERRA. IT IS ABSURD TO IMAGINE THAT THERE IS SOME NATURAL LOGIC IN A SITUATION THAT REQUIRES A SEWERAGE PROGRAM IN BOURKE OR A ROAD PROGRAM IN GEELONG TO RELY ON THE BENEVOLENCE OF MACQUARIE STREET OR SPRING STREET. WHAT MAGIC FORMULA DO THE STATES POSSESS FOR REDUCING INEQUALITIES WITHIN THEIR OWN BOUNDARIES? OUR WHOLE HISTORY HAS SHOWN THAT THE INEQUALITIES BETWEEN REGIONS WITHIN THE STATES ARE AT LEAST AS GREAT AS THOSE BETWEEN THE STATES THEMSELVES. IN EACH STATE THERE ARE REGIONS AND DISTRICTS WHICH CANNOT, BY REASONABLE EFFORT, FUNCTION ON THE STANDARD OF OTHER REGIONS AND DISTRICTS. IT IS NO ANSWER TO THESE PROBLEMS, THESE INHERENT AND CHRONIC INEQUALITIES, TO ARGUE ABOUT STATE RIGHTS. IT IS NOT THE FEDERAL GOVERNMENT BUT STATE GOVERNMENTS WHICH HAVE CENTRALISED LOCAL GOVERNMENT. IT IS UNDER STATE GOVERNMENTS THAT LOCAL GOVERNMENT HAS STAGNATED AND DECLINED. WHAT I ASK YOU TO DO IS LOOK AFRESH AT THESE PROBLEMS, TO START FROM THE BASIC ASSUMPTION THAT LOCAL GOVERNMENT MUST BE GIVEN THE RESOURCES TO DO ITS JOB, AND TO IGNORE THESE FUTILE AND IRRELEVANT ARGUMENTS ABOUT RIGHTS AND AREAS OF RESPONSIBILITY.

I THINK I CAN BEST DISPOSE OF THE CENTRALIST RED HERRING BY REFERRING TO SOME REMARKS I MADE IN NOVEMBER 1971 AT A SEMINAR ON THE FUTURE OF FEDERALISM AT THE AUSTRALIAN NATIONAL UNIVERSITY. YOU WILL SEE THE CONSISTENCY OF MY PARTY'S APPROACH, AND MY GOVERNMENT'S APPROACH, TO THESE QUESTIONS. I SAID: "THE FUTURE OF AUSTRALIAN FEDERALISM DEPENDS FAR MORE UPON MUNICIPALITIES THAN UPON THE COMMONWEALTH OR THE STATES. FEDERALISM IS THREATENED NOT BY THE DRIFT OF POWER FROM STATE CAPITALS TO CANBERRA BUT BY THE STATES IMPOSING UPON MUNICIPALITIES FUNCTIONS WHICH ARE BEYOND THEIR MEANS. IT IS NOT THE COMMONWEALTH BUT THE STATES WHICH MUST RESIST OR FEAR A REASSESSMENT OF FUNCTIONS IN OUR FEDERATION, FOR THE STATES TREAT MUNICIPALITIES EVEN MORE FRUGALLY THAN THE STATES CLAIM THAT THEY THEMSELVES ARE TREATED BY THE COMMONWEALTH." THAT WAS OUR POSITION BEFORE THE ELECTION; IT IS OUR POSITION TODAY. ALL OUR POLICIES HAVE BEEN DIRECTED TO ACHIEVING THOSE AIMS, TO ELEVATING THE STATUS AND IMPORTANCE OF LOCAL GOVERNMENT WITHIN THE FEDERAL SYSTEM. FAR FROM ADVOCATING CENTRALISM OR CONCENTRATION OF POWER, I BELIEVE THERE IS A PRESSING CASE FOR DECENTRALISATION OF AUTHORITY SO THAT MANY GOVERNMENT FUNCTIONS IN CRITICAL AREAS, SUCH AS WELFARE, CULTURE AND THE ENVIRONMENT, WILL BE PERFORMED BY LOCAL GOVERNMENT AUTHORITIES EQUIPPED WITH THE RESOURCES THEY NEED.

WE SHOULD NEVER FORGET THE DISGRACEFUL WAY LOCAL GOVERNMENT HAS BEEN NEGLECTED AND DOWNGRADED SINCE THE VERY BEGINNINGS OF OUR FEDERATION. ANYONE LOOKING BACK ON THE HISTORY OF LOCAL GOVERNMENT MUST FIND IT INEXPLICABLE TODAY THAT THE FRAMERS OF THE CONSTITUTION MADE NO MENTION OF LOCAL GOVERNMENT AT ALL. AS LATE AS 1927, WHEN THE FINANCIAL AGREEMENT BETWEEN THE COMMONWEALTH AND THE STATES WAS DRAWN UP, LOCAL GOVERNMENT WAS STILL IGNORED. IF THE FINANCIAL AGREEMENT WERE BEING DRAWN UP TODAY IT IS INCONCEIVABLE THAT THESE AUTHORITIES WOULD BE OVERLOOKED. IT WAS NOT UNTIL 1936 THAT THE LOAN COUNCIL BEGAN DEALING WITH THE BORROWINGS OF LOCAL GOVERNMENT AUTHORITIES. YET IN ALL THAT TIME, AND ESPECIALLY SINCE THE WAR, THE SCALE OF OPERATIONS OF LOCAL AND SEMI-GOVERNMENT AUTHORITIES HAS BEEN STEADILY TRANSFORMED. WE HAVE ONLY TO LOOK AT THE FIGURES OF COMPARATIVE DEBTS. THE INDEBTEDNESS OF THE COMMONWEALTH HAS NOT GROWN SINCE THE WAR BUT THE DEBTS OF LOCAL GOVERNMENT AND SEMI-GOVERNMENT AUTHORITIES HAVE MULTIPLIED MORE THAN TWELVE TIMES. LOCAL GOVERNMENT AUTHORITIES ARE NOW BORROWING MORE EACH YEAR THAN THE TOTAL AMOUNT OF THEIR OUTSTANDING DEBT ONLY 20 YEARS OR SO AGO. AT THE SAME TIME THERE HAVE BEEN ACCELERATING DEMANDS - QUITE NATURAL AND PREDICTABLE DEMANDS - ON THE SERVICES WHICH LOCAL GOVERNMENT PROVIDES. YET NOTHING WAS DONE TO REDRESS THESE DEFICIENCIES; NOTHING WAS DONE TO CORRECT A SYSTEM THAT ALLOWED THEM TO WORSEN YEAR BY YEAR.

IN THIS CONTEXT I CAN HARDLY DO BETTER THAN REFER YOU TO SOME OF THE FINDINGS OF THE RECENT REPORT OF THE COMMITTEE OF INQUIRY INTO LOCAL GOVERNMENT AREAS AND ADMINISTRATION IN NEW SOUTH WALES, KNOWN AS THE BARNETT REPORT. THE COMMITTEE POINTED OUT THAT LOCAL GOVERNMENT'S SHARE OF TOTAL GOVERNMENT EXPENDITURES HAS BEEN SHRINKING STEADILY IN AUSTRALIA. IN 1969-70 IT REPRESENTED 7.4% OF TOTAL GOVERNMENT EXPENDITURE IN AUSTRALIA, COMPARED WITH 21.6% IN CANADA, 25.4% IN THE UNITED STATES AND 34.6% IN GREAT BRITAIN (WHERE, IT MUST BE SAID, THERE ARE NO STATE GOVERNMENTS). THE COMMITTEE REPORTED THAT IN THE VIEW OF MOST SHIRE COUNCILS IN NEW SOUTH WALES, "THEIR AREAS COULD NOT SURVIVE WITHOUT A CONTINUANCE OF LARGE CENTRAL GOVERNMENT GRANTS AND, WITHOUT EXCEPTION, COUNCILS BELIEVED THE AUSTRALIAN GOVERNMENT'S INVOLVEMENT IN FINANCING LOCAL GOVERNMENT WAS ESSENTIAL." THE COMMITTEE, AS YOU KNOW, RECOMMENDED SOME AMALGAMATION OF LOCAL GOVERNMENT AUTHORITIES. THIS IS AN ISSUE THAT NEED NOT CONCERN US HERE, THOUGH I SHOULD SAY THAT THE COMMITTEE'S BELIEFS HAPPEN TO ACCORD WITH MY OWN. IT IS SUFFICIENT TO RECALL THAT BOTH THE LOCAL GOVERNMENT ASSOCIATION AND THE SHIRES ASSOCIATION, TOGETHER REPRESENTING ALMOST ALL LOCAL COUNCILS IN NEW SOUTH WALES, AGREED THAT THERE WAS A NEED FOR A REVIEW OF THE LOCAL GOVERNMENT SYSTEM. IN THE WORDS OF THE REPORT, "THEY POINTED OUT THAT NO INSTITUTIONS COULD STAND STILL, LEAST OF ALL GOVERNMENT INSTITUTIONS, YET MAJOR REFORMS IN LOCAL GOVERNMENT HAD BEEN FEW AND FAR BETWEEN."

THE FACT IS THAT FOR AT LEAST TWO DECADES SUCCESSIVE GOVERNMENTS STOOD BY WHILE SERIOUS DEFICIENCIES DEVELOPED IN MANY OF THE PUBLIC SERVICES AND FACILITIES WHICH IT WAS THE DUTY OF THE STATE-LOCAL GOVERNMENT SECTOR TO PROVIDE. PARTLY THIS WAS DUE TO INSUFFICIENT RESOURCES; BUT IT WAS ALSO A REFLECTION OF PROCESSES OF PLANNING AND DETERMINING PRIORITIES WHICH WERE INADEQUATE OR NARROWLY BASED. MY GOVERNMENT HAS SET ITSELF THE TASK OF HELPING TO REMEDY THESE DEFICIENCIES IN CO-OPERATION WITH THE STATES AND THEIR AUTHORITIES. WE HAVE MADE A STRONG BEGINNING - WITNESS THE NEW OR ENLARGED ALLOCATIONS IN OUR BUDGET FOR 1973-74 FOR EDUCATION, COMMUNITY HEALTH, PUBLIC HOUSING, SEWERAGE SERVICES, LAND MANAGEMENT, URBAN TRANSPORT AND GROWTH CENTRES. TOTAL ALLOCATIONS TO THE STATES IN 1973-74, INCLUDING THE STATE GOVERNMENTS' LOAN COUNCIL PROGRAMS, BUT EXCLUDING UNEMPLOYMENT RELIEF GRANTS, ARE ESTIMATED TO BE NO LESS THAN 24 PER CENT GREATER THAN THE CORRESPONDING ALLOCATIONS IN 1972-73.

IT IS NOT, HOWEVER, SIMPLY A MATTER OF PROVIDING MORE MONEY. AT THE RISK OF VOICING A TRUISM, LET ME SAY THAT THE IMPORTANCE OF LOCAL GOVERNMENT DERIVES FROM THE VERY FACT THAT IT IS LOCAL - THAT THE SERVICES AND FACILITIES IT PROVIDES HAVE SUCH A CLOSE AND DIRECT IMPACT ON THE WELFARE OF THE POPULATION IT SERVES. IT IS OUR AIM, IN PART, TO MAKE AVAILABLE TO LOCAL GOVERNMENT FUNDS MORE ADEQUATE FOR ITS FUNCTIONS. BUT OUR AIM IS LARGER THAN THAT. IF LOCAL GOVERNMENT IS TO PLAY THE FULLER AND MORE EFFECTIVE PART THAT I BELIEVE THE COMMUNITY WISHES IT TO PLAY, THEN WE MUST ALSO INCREASE THE EFFECTIVE INFLUENCE LOCAL GOVERNMENT EXERCISES IN RELATION TO THE FUNDAMENTAL DECISION-MAKING AFFECTING ITS ACTIVITIES. IT WILL REPRESENT A MOST SIGNIFICANT STEP TOWARDS REAL FEDERALISM, REAL LOCAL PARTICIPATION IN PUBLIC AFFAIRS - AND, INDEED, REAL DECENTRALISATION OF GOVERNMENT - WHEN THIS IS ACHIEVED.

WE HAVE ALREADY TAKEN SEVERAL IMPORTANT INITIATIVES IN THAT DIRECTION. IN ITS AUTUMN SITTINGS LAST YEAR - WITHIN SIX MONTHS OF THE ELECTION - THE AUSTRALIAN PARLIAMENT PASSED A NEW GRANTS COMMISSION ACT AUTHORISING THAT BODY TO INQUIRE INTO APPLICATIONS FOR ASSISTANCE BY REGIONAL ORGANISATIONS OF LOCAL GOVERNMENT. ANY ASSISTANCE RECOMMENDED BY THE COMMISSION AND APPROVED BY THE AUSTRALIAN GOVERNMENT WILL BE PAID TO THE STATES UNDER SECTION 96 OF THE CONSTITUTION ON CONDITION THAT IT BE PASSED ON TO THE LOCAL GOVERNMENT ORGANISATIONS CONCERNED. ADDITIONAL MEMBERS HAVE BEEN APPOINTED TO THE COMMISSION AND ITS STAFF IS BEING EXPANDED TO ENABLE IT TO DEAL WITH THIS LARGE NEW RESPONSIBILITY. IT IS HOPED THAT APPLICATIONS BY REGIONAL ORGANISATIONS WILL BEGIN TO BE RECEIVED AND CONSIDERED EARLY THIS YEAR. FROM NOW ON, THE COMMISSION WILL PLAY THE SAME ROLE IN REDUCING INEQUALITIES BETWEEN REGIONS AS IT HAS BETWEEN THE STATES SINCE 1933. I SHOULD STRESS THAT THIS REFORM PAYS DUE HEED TO THE NATURAL RIGHTS AND INTERESTS OF THE STATES. ANY REGIONAL AUTHORITY THAT APPLIES FOR SPECIAL ASSISTANCE WILL BE REQUIRED TO NOTIFY THE APPROPRIATE STATE MINISTER, AND THE COMMISSION ITSELF WILL BE REQUIRED TO CONSIDER ANY SUBMISSIONS FROM STATE MINISTERS ON THE APPLICATION.

OUR SECOND GREAT INITIATIVE LAST YEAR WAS TO SEEK A VOICE AND A VOTE FOR LOCAL GOVERNMENT ON THE LOAN COUNCIL. OUR PURPOSE WAS, AND STILL IS, TO ADMIT REPRESENTATIVES OF ALDERMEN AND COUNCILLORS FROM EACH STATE AND ENABLE THE COMMONWEALTH, ON REQUEST, TO RAISE APPROVED LOANS ON BEHALF OF SEMI-GOVERNMENT AND LOCAL GOVERNMENT AUTHORITIES. THEY WOULD THUS HAVE THE ADVANTAGE OF THE LONGER PERIOD AND LOWER INTEREST RATES THAT APPLY TO LOANS RAISED BY THE COMMONWEALTH ON BEHALF OF THE STATES. THIS WAS A FIRM UNDERTAKING IN MY POLICY SPEECH AT THE LAST ELECTIONS. I FIRST RAISED THE PROPOSALS WITH THE PREMIERS AT THE CONSTITUTIONAL CONVENTION IN SEPTEMBER LAST YEAR - AND I REMIND YOU THAT IT WAS AT THE EXPRESS INSISTENCE OF MY GOVERNMENT THAT LOCAL GOVERNMENT REPRESENTATIVES WERE ADMITTED TO THE CONVENTION'S DELIBERATIONS. WE MADE IT CLEAR FROM THE START THAT WITHOUT YOUR PARTICIPATION WE WOULD HAVE NO PART IN THE CONVENTION AT ALL. I DOUBT IF ANYONE, IN RETROSPECT, WOULD CLAIM MUCH SUCCESS FOR THAT CONVENTION, BUT IT IS WORTH RECALLING SOME WORDS THAT I USED TO THE PREMIERS WHEN EXPLAINING THE PURPOSE OF OUR PROPOSALS.

I TOLD THE CONVENTION: "I HAVE NO DOUBT THAT THE OVERRIDING CONSIDERATION IN MANY MINDS HERE RELATES TO THE FINANCIAL RELATIONS BETWEEN THE AUSTRALIAN GOVERNMENT AND THE STATES. SOME OF YOU MAY PREFER TO BELIEVE THAT THE OVERRIDING CONSIDERATION IN MY MIND IS TO CONTINUE AND EVEN COMPOUND THE PRESENT SITUATION BY WHICH THE NATIONAL GOVERNMENT DOMINATES THE FINANCIAL RELATIONS BETWEEN IT AND THE STATES. THAT IS NOT TRUE. MY OVERRIDING CONSIDERATION AND CONCERN IN THIS CONTEXT IS TO BALANCE THE FUNCTIONS AND FINANCES OF THE AUSTRALIAN GOVERNMENT, STATE AND LOCAL GOVERNMENTS TO ENSURE ADEQUATE SERVICES AND DEVELOPMENTS OF RESOURCES. I WISH EACH LEVEL OF GOVERNMENT TO BE IN A POSITION TO PERFORM BETTER ITS ASSIGNED FUNCTIONS, FOR THE BETTER WELFARE OF ALL OUR CITIZENS, WHEREVER THEY LIVE."

IN OCTOBER LAST YEAR A SPECIAL PREMIERS' CONFERENCE WAS HELD TO DISCUSS THESE QUESTIONS. AT THAT CONFERENCE IN CANBERRA I AGAIN PROPOSED THAT LOCAL GOVERNMENT HAVE BOTH A VOICE AND A VOTE ON THE LOAN COUNCIL AND THAT THE AUSTRALIAN GOVERNMENT BE EMPOWERED TO BORROW MONEY ON LOCAL GOVERNMENTS' BEHALF. SPECIFICALLY I SUGGESTED THAT REPRESENTATIVES OF ELECTED LOCAL GOVERNMENT BE ADMITTED TO ALL LOAN COUNCIL DISCUSSIONS, WITH A RIGHT TO VOTE ON THOSE MATTERS DIRECTLY AFFECTING THEIR INTERESTS - ESSENTIALLY, THE BORROWING PROGRAMS FOR THE BODIES THEY REPRESENT AND THE ALLOCATIONS OF THESE PROGRAMS. I NEED HARDLY REMIND YOU OF THE RESULTS OF THAT MEETING. OUR PROPOSALS WERE TURNED DOWN. THE IMPORTANT POINT TO REMEMBER IS THAT THE PROPOSED CHANGES COULD HAVE BEEN EFFECTED QUITE SIMPLY AT THAT MEETING BY AN AGREEMENT IN PRINCIPLE BETWEEN THE PREMIERS AND THE AUSTRALIAN GOVERNMENT TO AMEND THE FINANCIAL AGREEMENT. IF THAT HAD BEEN DONE, NO CONSTITUTIONAL AMENDMENT WOULD HAVE BEEN REQUIRED. BUT WHEN THE PREMIERS REJECTED OUR PROPOSALS WE HAD NO ALTERNATIVE - BOUND AS WE WERE BY OUR MANDATE FROM THE PEOPLE - BUT TO PROCEED WITH A REFERENDUM. THAT REFERENDUM, IF CARRIED, WILL EMPOWER THE NATIONAL PARLIAMENT TO BORROW ON BEHALF OF LOCAL GOVERNMENT AND GRANT FINANCIAL ASSISTANCE TO LOCAL GOVERNMENT DIRECTLY.

IT MUST SURELY STRIKE YOU AS ODD THAT, WHILE WE HAVE ESTABLISHED ARRANGEMENTS FOR BORROWINGS BY STATE GOVERNMENTS TO BE UNDERTAKEN ON THEIR BEHALF BY THE AUSTRALIAN GOVERNMENT, LOCAL GOVERNMENT AUTHORITIES ARE LARGELY LEFT TO FEND FOR THEMSELVES IN THE CAPITAL MARKETS. WITH THE GROWING COMPLEXITY AND SOPHISTICATION OF THESE MARKETS THEY ARE HANDICAPPED AS BORROWERS. THEY MUST COMPETE ON THE MONEY MARKET AMONG THEMSELVES, AGAINST THE AUSTRALIAN GOVERNMENT AND AGAINST OTHER FINANCIAL ORGANISATIONS. GIVEN THE NATURE AND RANGE OF PUBLIC SERVICES AND FACILITIES THAT LOCAL GOVERNMENT AUTHORITIES ARE CALLED UPON TO PROVIDE, WHY SHOULDN'T THE AUSTRALIAN GOVERNMENT, WITH ITS SUPERIOR CAPACITY AS A BORROWER, UNDERTAKE BORROWINGS ON THEIR BEHALF?

THE COSTS OF SERVICING THEIR BORROWINGS BEAR HEAVILY - AND INCREASINGLY SO - ON THE BUDGETS OF LOCAL GOVERNMENT AUTHORITIES. WHILE THE PICTURE DIFFERS FROM STATE TO STATE, AND BETWEEN INDIVIDUAL AUTHORITIES, OVERALL INTEREST PAYMENTS BY LOCAL GOVERNMENT AUTHORITIES WOULD NOW BE EQUIVALENT TO ABOUT 12 PER CENT OF THEIR REVENUES. INTEREST PAYMENTS PLUS CAPITAL REPAYMENTS AMOUNTED TO \$177.5 MILLION IN 1970-71, EQUIVALENT TO ABOUT 25 PER CENT OF REVENUES.

YOU HAVE HEARD IT SAID - AND NO DOUBT YOU WILL HEAR IT AGAIN - THAT IF WE WANT TO HELP LOCAL GOVERNMENT THEN ALL WE NEED DO IS GIVE MORE MONEY TO THE STATES AND LET THE STATES DISBURSE IT OR RAISE FUNDS IN THE USUAL WAY. THAT ARGUMENT IGNORES - AND OBSCURES - THE REAL ISSUES IN THIS REFERENDUM. FOR ONE THING IT IS A MISTAKE, AS I HAVE SAID, TO SUPPOSE THAT THIS ARGUMENT IS ABOUT MONEY ALONE, THOUGH MORE MONEY IS CERTAINLY NEEDED. IT IS VERY MUCH AN ARGUMENT ABOUT BALANCING AVAILABLE RESOURCES, AND FLEXIBILITY IN THE CREATION AND APPLICATION OF THOSE RESOURCES. IT IS ALSO AN ARGUMENT ABOUT THE ULTIMATE STATUS OF LOCAL GOVERNMENT ITSELF. IS IT TO REMAIN A VASSAL OF THE STATES, A POOR RELATION OF THE STATES, OR IS IT TO BE GIVEN ITS RIGHTFUL AND HONOURED PLACE - AS FAR AS POSSIBLE, AN INDEPENDENT AND DISTINCTIVE PLACE - AS AN EQUAL PARTNER IN THE FEDERAL SYSTEM? FOR MY PART I HAVE NO WISH TO SEE LOCAL GOVERNMENT BECOME AN APPENDAGE OF THE NATIONAL GOVERNMENT ANY MORE THAN I WANT IT TO REMAIN AN APPENDAGE OF THE STATE GOVERNMENTS. BUT I DO WANT IT TO HAVE ADEQUATE AND REASONABLE ACCESS TO THE NATION'S FINANCIAL RESOURCES. WE ARE NOT SEEKING TO DENY ANY RIGHTS OR POWERS OR RESOURCES TO THE STATES. INDEED I WOULD BE THE FIRST TO ACKNOWLEDGE THAT THE STATES THEMSELVES HAVE OFTEN BEEN DEPRIVED OF THE FINANCIAL RESOURCES THEY NEED. A GREAT NUMBER OF OUR INITIATIVES IN OUR FIRST YEAR OF OFFICE, A GREAT PART OF THE THRUST AND PHILOSOPHY OF OUR FIRST BUDGET, WERE CONCERNED WITH REDRESSING DEFICIENCIES IN THE REVENUES OF THE STATES. AND JUST AS I WANT THE STATES TO HAVE THE MEANS TO DISCHARGE THEIR RESPONSIBILITIES ADEQUATELY, SO I PRESS THE SAME CASE ON BEHALF OF LOCAL GOVERNMENT.

WHY SHOULD LOCAL GOVERNMENT BE WHOLLY DEPENDENT ON THE STATES? WHY SHOULD IT BE DENIED THE RIGHT TO DEAL DIRECTLY WITH THE NATIONAL GOVERNMENT? THERE ARE MANY MATTERS WHERE THERE ARE DISTINCT ADVANTAGES IN DIRECT DEALING BETWEEN LOCAL GOVERNMENT AND THE NATIONAL GOVERNMENT. I GIVE YOU A RECENT AND HIGHLY TOPICAL EXAMPLE - OUR FLOOD RELIEF PROGRAM. WE HAVE GUARANTEED TO THE PEOPLE OF QUEENSLAND AND NEW SOUTH WALES FLOOD RELIEF AND RECONSTRUCTION PROGRAMS THAT ARE VIRTUALLY OPEN-ENDED. OUR RESPONSE TO THE DISASTER WAS, QUITE NATURALLY, IMMEDIATE AND GENEROUS. IT IS EQUALLY NATURAL AND OBVIOUS THAT THE BEST WAY TO DISTRIBUTE AND ALLOCATE THOSE FUNDS IS BY DIRECT CONSULTATION BETWEEN THE AUTHORITY PROVIDING THEM AND THE REGIONAL AUTHORITIES WHO WILL BE USING THEM. AGAIN, AS YOU KNOW, WE HAVE AMBITIOUS PROGRAMS FOR SEWERAGE WORKS AND CHILD CARE FACILITIES AND HEALTH CENTRES. WE HAVE EMBARKED ON OUR LONG-TERM PLANS FOR THE RENOVATION OF OUR SUBURBS AND THE CREATION OF NEW CITIES. IN THE NEXT FEW MONTHS WE SHALL BE MAKING ARRANGEMENTS WITH THE STATES TO ALLOCATE FUNDS FOR ROADS FOR THE NEXT FIVE YEAR PERIOD. IN ALL THESE AREAS IT IS QUITE ESSENTIAL - AND I SHOULD HAVE THOUGHT, QUITE OBVIOUS - THAT SUCCESS WILL DEPEND IN LARGE MEASURE ON OPPORTUNITIES FOR DIRECT DEALING AND DIRECT FINANCIAL RELATIONSHIPS BETWEEN LOCAL GOVERNMENT AND THE AUSTRALIAN GOVERNMENT. SO LET US BE QUITE CLEAR THAT THOSE WHO RESIST THIS REFERENDUM ARE NOT MERELY FRUSTRATING THE PROGRESS OF LOCAL GOVERNMENT; THEY ARE DOING THEIR BEST TO BLOCK THE NATIONAL GOVERNMENT'S PLANS FOR SOCIAL WELFARE AND REFORM ON AN UNPRECEDENTED SCALE.

I SAID AT THE OUTSET THAT THE SUCCESS OF THIS REFERENDUM, WITH ALL ITS PROFOUND IMPLICATIONS FOR THE FUTURE OF LOCAL GOVERNMENT, WOULD DEPEND LARGELY ON YOUR SUPPORT, YOUR KNOWLEDGEABLE AND EXPERT SUPPORT AS ADMINISTRATORS IN THIS FIELD. I THINK YOU MUST ASK YOURSELVES WHETHER YOU ARE CONTENT WITH LOCAL GOVERNMENT AS IT IS, WITH ITS GROWING ACCUMULATION OF DEBT, ITS WIDENING GAP BETWEEN RESPONSIBILITIES AND RESOURCES, ITS ENDLESS NEED TO FORCE UP RATES AND CHARGES, ITS Demeaned AND DIMINISHED STATUS IN THE HIERARCHY OF GOVERNMENT, ITS FRUSTRATIONS AND DISAPPOINTMENTS. IF YOU BELIEVE THAT LOCAL GOVERNMENT IS CRYING OUT FOR A NEW DEAL THEN I ASK YOU TO SUPPORT THIS REFERENDUM. YOU MUST BE THE OPINION MAKERS ON THIS ISSUE; YOUR THOUGHTS, YOUR OPINIONS, YOUR LETTERS, YOUR INFLUENCE ARE WHAT WILL COUNT. I MAKE NO APOLOGY FOR APPEALING TO YOU IN THIS WAY BECAUSE I THINK THE ISSUES ARE CRUCIAL AND THE CHOICE FUNDAMENTAL TO OUR WELFARE AND PROGRESS. WE DO NOT SEEK CHANGE FOR CHANGE'S SAKE. WE SEEK CHANGE BECAUSE IT IS DEMANDED OF US, FORCED UPON US BY INCREASINGLY DIFFICULT AND COMPLEX PROBLEMS OF SOCIAL PLANNING AND ECONOMIC MANAGEMENT. WE CAN NO LONGER CLING TO OLD CONCEPTS, TO DOCUMENTS AND RULES AND AGREEMENTS DRAWN UP IN THE DISTANT PAST, TO IRRELEVANT OBSESSIONS WITH BOUNDARY LINES AND THE DEMARCATIION OF RIGHTS AND INTERESTS. LET US ACKNOWLEDGE THAT OUR FIRST TASK - OUR ONLY TASK - IS TO ELEVATE LOCAL GOVERNMENT TO ITS PROPER PLACE IN AUSTRALIAN SOCIETY AND GIVE IT THE MEANS TO CARRY OUT ITS WORK FOR THE LASTING BENEFIT OF THE AUSTRALIAN PEOPLE.
