



PRIME MINISTER

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ADDRESS AT THE FEDERALISM BANQUET, MELBOURNE

I am pleased to be here tonight to celebrate the 75th anniversary of the Federal system among so many people whose lives have been moulded in one way or another by Federalism.

These include Federal parliamentarians, State parliamentarians, High Court Judges, Constitutional lawyers and Commonwealth and State public servants and citizens.

Organisers have managed to bring together tonight a representative group of those people who give life and meaning to our Federal system.

Tonight I would like to talk about the Federal system and particularly about its relation to current Australian society, about the Parliament, the Senate and the Crown.

The decision to establish a Federal system in Australia was based on a number of inescapable features of the Australian situation. The facts of geography - particularly the fact of distance between the major areas of settlement; the existence of well-developed administrations in the colonies with their own ways of handling local problems; the distinctive colonial/State orientations on major policy issues and the likelihood that without a Federal system the densely populated regions would not pay sufficient attention to the needs of the more sparsely settled regions.

Alongside these features which imposed the need for a constitutionally guaranteed distribution of power, there were a number of national interests - such as defence, currency, immigration, posts, inter-colonial trade - which would be most effectively handled by a national government.

Since Federation we have had considerable success in overcoming the tyranny of distance. Improvements in communication have helped the formation of nationwide responses on national political matters. Personal mobility between the capital cities and the States is much greater. A genuine national economy was developed on the foundation of free trade between the colonies.

Yet when all this is said, the states remain as vital realities. Each maintains its own distinctive political tradition. Each remains, to a large extent, a genuine regional community, with its own media, its own industrial interests, its own social life, its own organisations and associations.

Since Federation there has been a great shift in power towards the Commonwealth Government. This shift is primarily a consequence of the fact that the legal and financial arrangements of the Australian federation gave the Federal Government opportunities. Opportunities which political interest and circumstances encouraged it to seize. Once the trend to greater Commonwealth power was established the states in turn found that it was politically convenient to have the Commonwealth raising the money that they spent. In these circumstances there is almost an inevitability in the further tendency of the Commonwealth to direct more and more closely the expenditure of the funds it raised.

These trends did not mean that the basis or the necessity for an effective and proper Federal system had vanished. They simply meant that the legal and financial arrangements of the Federation were becoming increasingly out of alignment with the real character and needs of Australian society.

The Australian drift towards centralism was not in tune with developments in other modern democratic federations. Even the model of the unitary state - Great Britain - seemed to be moving towards a more effective recognition of regions.

The drift towards centralism created its own inefficiencies - particularly in the duplication of administrative agencies and the growth of a large central bureaucracy. Moreover, this drift ran completely counter to the kind of society where a real decentralisation of power is required if people's needs are to be met in ways most sensitive to those needs.

This is not only because Australia remains a country where the states largely reflect a genuine regionalism. The need for devolution of power is all the greater because of increased education, some of the changes taking place in public attitudes, and in political skills and awareness. There is a widespread call these days for all our institutions to be more responsive - for those affected by decision to be able to participate effectively in the process leading to decision.

A wider distribution of governmental power is surely the way to respond to these needs and criticisms. Governments' capacity to accurately assess problems and to take into account people's judgement of their own needs is essential to effective social reform. There are many important areas of Government action where a uniform national approach is the least appropriate way of meeting needs.

But so long as state and local government lack an adequate financial autonomy, there is a standing temptation for Commonwealth politicians to inappropriately impose their views in areas where local decisions would be more appropriate.

A reasonable degree of financial autonomy is a guarantee that the distribution of government power envisaged in the federal model remains a reality.

One of the enormous merits of a properly operating Federal system is that in the longer run it should contribute significantly to the quality of Australian government.

It is for these reasons that the present Commonwealth Government has initiated the most far-reaching reform of the federal arrangements since Federation. We believe that effective government requires Commonwealth, State and local governments to take decisions appropriate to their own spheres, with matters properly concerning more than one government being decided by genuine consultation and cooperation.

The main features of our reforms are readily summarised: state and local governments will be given a substantial degree of budgetary independence through access to a percentage of personal income tax revenue. We propose that each state will have the discretion to impose a surcharge or allow a rebate on the total personal income tax of that state. We believe that national objectives and reforms can be more fully achieved with a more selective use of specified purpose grants and without heavy-handed interference and duplication of functions.

As a result of the changes we have introduced the states general revenue grants have been increased in 1976-77 by over 20% - it is for the states to decide their priorities in spending the money. The choice for instance between an enlarged public service or welfare housing is in their hands.

To date the implementation of our federalism policy has, of necessity, emphasised financial arrangements. Other aspects of our federalism policy include the establishment of an Advisory Council for Inter-government Relations which will bring together Federal, State and local government representatives and private citizens to consider common problems and consider the definition and rationalisation of functions.

The far greater financial autonomy our reforms will give to the States and local government will make these governments much more significant as focal points for popular demands.

The federalism reforms create the opportunity for more effective responses at State and local levels. Taking up these new opportunities depends on the people themselves - the extent to which they want, and are prepared to work towards, the governmental system which will most effectively meet their needs.

There are a number of people who don't like our Federalism proposals. They are usually people who think they know what is best for others and who want to impose conformity on Australia.

Federalism does not provide an attractive way of organising the power of government for those who think they have all the answers to the problems of their fellow citizens.

Federalism implicitly rejects the view that there is one right solution for all circumstances, for all communities. The belief that a few people know how to solve all our problems and that they are justified in drastically truncating the capacities of other individuals and communities to achieve their goals is a dangerous one.

Our founding fathers recognised this and created an institutional system in which the diversity required for the effective development of Australia would be protected. They divided powers between the Commonwealth and State Governments. They established a High Court to adjudicate on constitutional issues brought before it, and they divided the Federal Parliament into two houses, achieving a deliberate division of power to balance population and states.

They wanted the Senate to be strong and effective and gave it equal power with the House of Representatives in all matters excepting money bills. In the case of money bills they gave the Senate the power to defer or reject supply. This power was recognised in the Constitution itself by a deliberate act of choice - without it, there would have been no Federation.

The late Sir Kenneth Bailey in his introduction to Evatt's "The King and His Dominion Governors" draws attention to the significant fact that the relationship between the two houses of the Commonwealth Parliament have not been left to convention but "have been defined and expressed in the form of law".

Whatever some may say about the justification for giving the Senate this power, it is bestowed on the Senate by the Constitution. Constitutional consequence of either House refusing to pass supply is identical.

In both cases the Government must go to the people. A Government that tries to rule without the Senate's approval for its expenditures is trying to rule without Parliament. To suggest that the Senate's restrained use of its constitutional power to withhold supply somehow establishes a convention more powerful than the provisions of the Constitution is, I believe, nonsense.

The Senate's power exists in the Constitution, and has been acknowledged by a wide range of authorities. The use of the Senate's power is not a breach of convention but a demonstration of the seriousness of the circumstances it seeks to remedy.

It should also be noted that the analogies some have attempted to draw between the position of the Senate and that of the House of Lords are totally without foundation. Great Britain relies more on convention while Australia has a written Constitution. Great Britain is a unitary system, Australia is a Federation in which the States have particular rights and powers. The Members of the House of Lords are either hereditary or appointed. The Members of the Senate are democratically elected - it too is a people's house.

To suggest that conventions and practices developed in Britain can override our own written Constitution is specious and has no grounding in either law or logic. The Constitution also imposes great and at times onerous obligations on the Governor General's office.

With their commitments to the basic concepts of Parliamentary government, it would have been inconceivable to the founding fathers that a Government might ignore the cardinal Parliamentary convention that a government unable to pass supply through the Parliament must go to an election. The blunt fact is - a fact on which Parliamentary supremacy over the Executive has always been founded - that a government without money cannot rule. Money is the life blood of government - without it, a government will die.

If governments who cannot secure supply were to attempt to stay in office, government and Parliament would become unworkable and the country paralysed. Normally this would not happen. The Prime Minister of the day would advise the Governor General that someone else should be appointed or that an election be called. If the Prime Minister of the day is not prepared to recommend either of these courses of action, the Governor General is forced as a last resort to use his power under the Constitution.

In all normal circumstances the Governor General must accept the advice of his Prime Minister and Ministers. However, in exceptional circumstances when either one of the Houses of Parliament has deferred or rejected supply and when the Prime Minister despite this tries to stay in office, the Governor General is forced to act.

In these exceptional circumstances, the Governor General can only meet his Constitutional obligations - which are there for the benefit of the people - by establishing the conditions in which an election will be held, and the people's will determined.

The only alternative would be an appropriate constitutional device which would secure an automatic election if Parliament denied supply.

I hope nobody will support the contention that Parliament ought not to maintain control over the supply of money to the Executive. It was an attempt to achieve just this that compelled the Governor General to act as he did.

We should spare a moment to think of the difficulty of the decision which the Governor General was forced to make. It should also be noted that the Governor General did not put himself in the position. He was placed in it by his Government. In these circumstances the Governor General has a right to expect from others - particularly his advisers - reasonable and rational discussions of the constitutional issues, free from all threats or sanction or dismissal. That as we know, was not the case.

A servant of the Constitution who discharges his constitutional obligations in a situation fraught with the greatest difficulties is worthy of the highest regard.

Through the 75 years of our Federation, there have been some shifts in the balance and division of power. Those of a Liberal philosophical persuasion believe that there should be a maximum devolution of power to the public - they are increasingly well educated, critical and concerned with politics.

In achieving devolution and fostering participation we will get a greater awareness of what Government can or cannot do. Encouraging the maximum effective participation by people in the political process fosters a realistic appreciation of the limits and possibilities of government action.

Federalism makes possible the most effective devolution of power, the most effective responses by government to peoples' needs, and develops the competence and understanding of the citizens on which democracy always depends.

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