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PRIME MINISTER

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HS: I liked yesterday's speech and I think a lot of people feel, and have felt for a long time that Australia for a small population on a small piece of land is crazily divided and inefficiently divided.

PM: Thanks very much Haydn. Yes, it's a paradox because as I said in the speech we're the only nation-continent in the world. We've got this whole continent to ourselves and, therefore, as a nation we don't have the problems of physical divisiveness and so on that characterise other countries in their relations with others, but we have imposed upon ourselves a set of divisions which are quite stupid and which hinder our economic development. So, what I'm really about is trying to get the States together and without in any way seeking to impose anything upon them, because you can't ever achieve anything that way, simply to sit down and say well there must be better ways that we can deliver services to the citizens of our country.

HS: I would like to see us with just a unified national program in terms of hospitals, health, education, roads, road laws, legal system, company law, railways - I mean it's just crazy to have it all done State by State.

PM: Well that's right and in the first area you talked about, hospitals, if you look at that, particularly in regard to our elderly citizens, we have a situation where the States administer the hospitals but we put in an enormous amount of money into them to help them do that. We have a responsibility with regard to nursing homes and hostels for the aged and both of us also deliver services to the elderly in their homes. Now there's inevitably in that situation overlap, duplication - not only duplication in actual services, but in monitoring of, delivery of services. It's very inefficient and so what I'm simply saying to the States is well, look, let's sit down, I'll put on the table what I think we ought to talk about which, incidentally includes nearly all the things you mentioned, and if there are other things that you, the States, want to put on the table let's put them down and, if it means Haydn that in certain areas that the States will accept that the Commonwealth does it altogether, okay. In other areas it maybe that we can see that we want certain national standards but the actual delivery should be done exclusively by the States well okay let that be the case and if

PM (cont): it means financial compensation from us to the States to do that, well let's look at that. In other words let's go in open-mindedly but with the agreed criteria that what it's about is how to deliver more efficiently and better services to citizens. That's what government's about.

HS: Now hopefully I think I've got a lot to gain as an Australian from the end to all these inefficiencies. But, if I were a State politician, Premier, Cabinet Minister, senior public servant, I'd probably feel a little bit nervous because I can see my job disappearing over the hill, because that surely would ultimately would be the logical conclusion.

PM: Well, I am not proposing the abolition of the States, that's not on the agenda, that's not realistic, I'm about making the present system work more effectively. Now I think it is a case that if we can get political agreement between the Commonwealth and the States, there will be a reduction in the number of public service jobs in total in certain areas because you won't need the duplication of delivery mechanisms, or the duplication of monitoring mechanisms in some areas. So, yes, that's true. But as I said yesterday we've never had a more propitious set of circumstances I think politically than the present. I mean we've got, I think, now a range of capable, committed State leaders - and I'm not saying that simply because the great majority of them are Labor, because I went out of my way to pay tribute to Mr Greiner's positive approach on these issues yesterday. So I think we've got the political will. Now I don't think the fact that there maybe some loss of public servants in certain areas will worry us.

HS: No, I just probably think that they would feel nervous that's all, even though you don't.

PM: No no, well at the State level you see I've given an indication yesterday of our goodwill, we'll get out of, for instance, the bank account debits tax which is raising us some \$400 million. We'll take it off as State grants but the important thing is we'll give that action area back to the States and they'll be able to use that as they see fit. I mean it will be their area, it won't correct entirely the imbalance between revenue raising and expenditure, but it is another area of opportunity for the States.

HS: That does seem a bit of a carrot though, Prime Minister, I mean just saying well listen we'll give you that particular BAD tax and you can play with that. In point of fact I think most of us have come to recognise that the collection of money has traditionally now passed to Canberra.

PM: Yes, but except in this area the States have a tax, the

PM (cont): financial institution duty tax and we have the bank account deposits tax and it is one in which letting the States have that area doesn't have any adverse impact upon national macro economic management. I mean I made clear yesterday that the States themselves understand that if you're going to run a national economy and try and protect a national economy, then the central government has to have those sorts of powers. The giving to them of this particular area of tax won't impinge adversely on that consideration.

HS: Have you made any contact with the Premiers before yesterday's speech?

PM: Oh yes, yes, I spoke to them at the Premiers conference that we had here just a few weeks ago. I signalled that I would be making this speech and in broad terms the sorts of things I would be saying.

HS: What was the reaction?

PM: Very positive and let me say that was in the pretty tough environment of that Premiers conference where we were having to cut their finances a bit. But, without exception very very positive and, of course, before I delivered the speech yesterday I wrote to them with a copy of the speech so that they had it in advance.

HS: Now, some people are saying - we've had a phone call already this morning - wait a minute, wait a minute, is this the thin edge of wedge of Bob Hawke's desire to make Australia a Republic?

PM: Oh it's got nothing to do with republicanism, I mean you can't really do much about some people's cynicism, it's inbuilt and, nor their stupidity, let me not beat around the bush, I mean that's just a stupid comment.

HS: Okay, so what about the possibility that some people say well look we agree with this, but it's a little bit of a smokescreen when the real problem confronting Australia today is the economy.

PM: Again, they don't really know what they're talking about because this is directly concerned with the economy. I mean I've made the point that we have undertaken at our national level a whole lot of micro economic reform, that is to try and get our infrastructure right to give our firms the most sort of competitive environment within which to operate. But we're now reaching a stage in micro economic reform where we need the co-operation of the States. For example, let's look at a particular issue, transport. In regard to rail and road freight, we now

PM (cont): have to work together with the States to have, we can't get uniformity of gauge in any immediate sense. But what we can do is get a greater integration of policies between national rail authorities to limit as far as we can the inefficiencies that flow from divided authority. Now that national rail freight initiative is underway and will get an impetus from what I said yesterday. If you take the question of power generation and distribution, the States generate electricity but we have inefficient arrangements between the States now for interchange between the grids. Now in that area we need to, if we're going to have proper economic reform, we've got to go down the path that I initiated yesterday. If you look at the question of the waterfront. Now we've made a lot of reforms there and are continuing to do them but a significant part of waterfront reform is the actual port authority, that's a matter of State jurisdiction, so we've got to co-operate with the States to try and ensure that our ports operate as efficiently as possible. In other words, an absolutely central element in what I was about yesterday, was economic reform.

HS: Right. You've got a conference in Brisbane in October with the Premiers about this issue, how soon after that conference do you hope that some of the changes will start to happen?

PM: Quite soon in some areas. It's a very good question and I addressed it yesterday. What I said, Haydn, is that what I do not want is some long drawn out process in which we have a voluminous report at the end of the process which covers everything. I said what I want is successive decisions, matters being dealt with case by case, considered case by case, decision case by case, so that those things that are capable of being dealt with fairly quickly are so dealt with. There will be others which by their nature take longer, but what I'm looking at is a series of decisions in the various areas. I've nominated areas where I think we should concentrate first, but I'm not being prescriptive about that, I've nominated health and welfare services, but we will be working contemporaneously on a range of issues. Now to make that process realistic and not just sound vague, what I've done is to invite the States immediately to nominate a representative at a senior level - I've nominated the head of my department - and that committee will be set up immediately to prepare papers so that when we meet at that conference in Brisbane at the end of October - the first of what I see as a series of Premiers conferences to deal with issues - we will have concrete and well thought through working papers which will enable us as Premiers and as Prime Minister to make the decision which will get the process in a concrete fashion underway.

HS: Okay, while you say you're dealing with it on a case by case basis, and I agree that that's probably the most efficient

HS (cont): way to deal with it, do you have a long-term goal for say that by the year 1998 to the year 2000 I would like to see this kind of national efficiency achieved?

PM: Yes, well yes, I've really set a decade because as a student of history I know as a fact it took the 90s of the last century, the 1890s where the representatives of what were then the Colonies, it took them the whole of that decade to get ready for the Federation which came into existence on 1st January 1901. So I'm really setting a decade so that when we celebrate the centenary of Federation on 1st January 2001, these processes will have been paying their dividends throughout that decade. There are two parts, of course, to what I proposed yesterday, there is what you and I have been talking about now the rationalisation of services delivery between the Commonwealth and the States, that is within the existing Constitutional arrangements; but I've also given my imprimatur to a process of Constitutional reform starting in April of next year which will be the centenary of the first Federation convention in Sydney in 1891. Now what we want to do is to sit down with the States and with lawyers and community groups to do the very best we can to get agreement on proposed Constitutional change. Now, for instance, I said yesterday I think everyone virtually in the community thinks that a four-year parliamentary term rather than a three-year parliamentary term is better for government of this country and I'm very pleased that Dr Hewson seems to agree with that, so what we will do in this second category of work - that is attempting to reform the existing Constitution - will be to look at perhaps a series of referenda in this decade which will mean as we go into the 21st century and our second hundred years of Federation that we will be better equipped constitutionally to handle it.

HS: Prime Minister, I want to thank you for your time. My personal view is that if in ten years time as a result of this achievement of this greater efficiency Australians say well listen we really don't need the States anymore and we can do this distribution of services at a grassroots local government level, I think that will be a good thing, don't you?

PM: Well that's for Australians at that time to decide. I said back in 1979 that if one were starting afresh in Australia we wouldn't have the sort of system we've got now. But my duty and obligation to the people of Australia is to try and work with what we've got and make it work better. If in the future Australians want to make that more radical change that will be for Australians then to decide, my duty is to try and make this work better.

HS: Prime Minister thank you for your time.

PM: Thank you Haydn.

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