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## PRIME MINISTER

TRANSCRIPT OF INTERVIEW WITH RANALD MCDONALD, RADIO 3LO,  
20 JULY 1990

MCDONALD: Good morning, Prime Minister.

PM: Good morning.

MCDONALD: I won't go through my introduction again, but anyway I could, of course, want to talk to you about the speech you made to the National Press Club yesterday.

PM: Yes.

MCDONALD: Now you say there should be uniformed supervision of the non-bank deposit taking institutions, as is obviously important to Victoria, how do you see the State and Federal roles in this?

PM: Well I said, very simply, that we will include this item now in the lead up to the first Premiers' Conference that I've scheduled for the end of October. We'll have work done between the Commonwealth and the States leading up to that and the aim will be to try and arrive at an agreed approach on this matter so that we can satisfy the two criteria of effectiveness of supervision and uniformity. Now that would mean that, as a result of cooperation between the States and the Commonwealth, we could see instituted in every State, a system which would be seen as effective in supervising the operations of the deposit taking non-bank financial institutions, with the responsibility for that supervision remaining with the States because, as I said yesterday, Ranald, there is simply a vast myriad of these deposit taking non-bank institutions around the country and that some of them are very, very tiny and it wouldn't be appropriate to have a centralised actual supervision, but what is appropriate that the supervision that does exist, as I say, be effective and be uniform.

MCDONALD: You use the word remaining, so quite clearly responsibility lies with the States currently?

PM: It does as a matter of law and of the Constitution.

MCDONALD: Alright. Let's look at your overall approach to what has been dubbed the new federalism. You use the word achievable, you therefore clearly have not gone to

the absolute total solution of rewriting the Constitution?

PM: Well, no because we live in the real world. I mean, I'm neither dictator nor a person who has such ambitions to be a dictator. We have to operate within the system that we have and therefore what I've set out in yesterday's speech is a series of processes which can achieve effective reform and essentially those processes are in two parts. One is to do with the working within the Constitution as it stands and I have now invited the States to set up, appoint a representative to meet with the Secretary of my Department, Mr Codd, which will prepare papers leading up to the October special Premiers' Conference that I have called and I've set up in my own Department now a high level unit under Helen Williams which will have ongoing responsibility. Now this process is directed towards getting an agenda which will identify the areas of duplication and overlap which exist between the levels of Government in the delivery of services to citizens and to say well, is there a better way in respect of each of these areas for the delivery of these services. In some cases, Ranald, that would mean conceivably, the Commonwealth getting out and giving it over to the States and perhaps with financial compensation. In other areas it may mean the reverse - the States would agree that there's some things that we may do better from the centre, but the aim in every respect, the criterion is the better, more efficient delivery of services to the citizens. So that's that category. The second category of process is in regard to possible reform of the Constitution itself and here I've pointed out to our history where we have an abominably poor record in achieving Constitutional change, basically because they've always been in the context of partisan controversy. So what I'm proposing, starting in March/April of next year when we'll have the centenary of the first Federation Convention in Sydney in March/April 1891, that we will then together, governments, oppositions and non-government people, sit down and try and work out areas of agreement that we can put to the people by way of referendum.

MCDONALD: And you suggest that now is, for all sorts of reasons, the best time to bring about such a major change. Are you really being specific about why?

PM: Well, yes. We are now at the beginning of the last decade of this first century of the Federation and, as a keen student of history, I'm very much aware of the fact that it took the last decade of the 1890s to forge the Constitutional instrument which created the nation of Australia. It's a fascinating thing to do, Ranald, to read through, as I have done, the actual record of the debates of those three Conventions. The first was in Sydney in 1891, was followed then by the 1897 Convention in Adelaide and then the third Convention in Melbourne in 1898 and it was a fairly tortuous process. I mean, for

instance, ... you may be interested, your listeners may be, on one of the heads of power in the Commonwealth Constitution, the one which gives the power to have conciliation and arbitration, at the first Convention in Sydney in 1891, that proposal was debated and its inclusion in the Constitution was defeated by a vote of 25 to 12. In 1897 they debated it again and it was defeated by a vote of 22 to 12 and it was only then, at the last Convention, that it got in and a change of two votes would have left it out entirely. So, it was a long, tortuous process because various interests are involved. So the reason now in part is to say, well we're now at the beginning of this last decade, let's commit ourselves as we come up to that centenary of Federation on the first of January 2001, let's commence now a decade of commitment to changing the relationships between the States, but in the Constitution as it stands, but also direct ourselves to the proposal to try and make the Constitution itself as relevant as it possibly can be to what is going to be a tough, competitive, demanding 21st century.

McDONALD: Well of course also it requires the co-operation of State Premiers, the Opposition and whatever and without bringing an unpleasant note into it, presumably it's easier without a Joh Bjelke-Petersen or Robin Gray. I mean you have a situation where you might have a chance of support from the State Premiers don't you?

PM: Without making any reflection on the two gentlemen to whom you've referred I think it is true as I said yesterday at the National Press Club, that we've never had a more congenial propitious set of circumstances than we've got now. And it's not simply the fact that the majority of State Premiers are of my political persuasion, because I've paid proper credit to Nick Greiner, the Liberal Premier of New South Wales, yesterday. Because I must in all fairness say that Nick Greiner has been very open and constructive in his approach to this issue. So we've got leaders of calibre around Australia now. People who I think do have an understanding and share with me a vision of what Australia needs to be if its going to face up to the challenges of the next century. So the times are good.

McDONALD: Now what about the position of local governments. It's mainly concentrated on Federal and State relationships. What about local.

PM: I've taken that into account and indeed in the letter which I sent yesterday to the Premiers I indicated that I had written to the Chairman of the Local Government Association with a view to having the Local Government Organisation represented at the Premiers' Conference that I've called now for the end of October. So that they will be able to participate in those items which were of direct relevance to them. The reality is,

and I'm glad you went to this question, the reality is we have three tiers of government in this country. The publicity is nearly always either upon us at the Federal level or at the States. But we tend to forget, those of us who are engaged in those two levels of politics and commentators tend to forget that in a day to day sense of our Australian citizens, local government has a continuing impact upon them and a continuing relevance. So we have to make sure that in our talk about re-equipping ourselves for the challenges of the future that local government is brought into it.

MCDONALD: Well let's say we reach agreement and there's a system of real co-operation between the three tiers, what actually happens then to make it law?

PM: Well there are some things that won't require a change of law but rather a change of practice and procedures. For instance in the area of program delivery it may simply be a decision, for example, that in a particular area we will say to the States, well we think there's certain national standards that ought to be operative and if we can get agreement on those sort of concepts then the actual delivery of particular services can be handed exclusively over to the States. Now that won't require necessarily a new piece of legislation. In some cases it will. But where it requires legislation that would be a matter of a change of the law by us, we would change our law and the States would reflect that in their own legislation. But in many areas it would simply be a decision taken executively which would then be administered by the States. Now of course that category, where we are talking about the better integration of services, the better delivery of services. Now of course if you take a matter like transport. Now this is one of the big areas of challenge as I referred yesterday to the issue of rail. Now what we've got to do and what we're about already is States and the Commonwealth trying to have a national rail freight initiative. Now in that area what we want to do is to try and reduce the impediments to commerce that currently exist by the division of authority, not merely the physical division of three different gauges, but the division of authority in this area. Now there, there may be some change in legislation required.

MCDONALD: And what about a referendum? Because presumably-

PM: Well a referendum in that area, yes. If you're actually going to, in that second category of my concern of changing the Constitution, that of course is a matter of law and that would require these stages. Firstly, in the convention, the first of which will be held in March or April next year, will be April I would think of next year, which will I repeat, not be simply governments and opposition represented but academics and institutions represented. There we would try and get agreement as to

an issue. Now the example I gave yesterday was the four year term. I doubt very much if there is anyone of significance who questions that it would be for better governments of this country to have four year terms rather than three. Now what we've got to do is to try and talk through issues like that, get bipartisan agreement and then of course the legal processes are that we at the Federal level then put a law through the Federal Parliament proposing a change of the Constitution. And that is then put to the people.

MCDONALD: So there would be one referendum.

PM: Well, let me make this point. I said yesterday I don't want to see one long drawn out year's long process to come up with some voluminous report at the end which then deals with a whole compendium of decisions. What I want to see is a series of decisions. Both in the first area of administrative arrangements between the Commonwealth and States but also in this area. I think for instance the four year term referendum should go to the people at the next Federal election. There may be other areas of constitutional reform which are more complex, will take perhaps some years to talk through so that we would in some senses, may replicate the last decade of the 1890's so that it will be a series of constitutional changes over this period.

MCDONALD: In a way that represents the sort of best of a system of the community taking part, decision by decision, rather than being presented with one package.

PM: Oh yes. I think if there's one thing we learn from history and it's in two parts, but firstly that constitutional change is very difficult to achieve in this country. That's the first thing, an obvious lesson we learn from history. And the sub lesson from that is that they don't like packages very much. But underlying all that is the most important lesson of all. And that is that if we can get bipartisan agreement then you can get change. I mean the most recent example of that was back in the sixties when on a bipartisan basis power over Aboriginal affairs was put into the hands of the Commonwealth and with the government, the then conservative government of the day, supported by the Labor opposition ... an overwhelming majority in the States for this change.

MCDONALD: Yes. All right Prime Minister many thanks for talking to us this morning.

PM: It's been my pleasure Ranald, thank you very much indeed.

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