

LOCAL GOVERNMENT, DIRECT FUNDING BY THE COMMONWEALTH

Urgency Motion

THE PRESIDENT (Hon J.A. Cowdell): I received the following letter this morning -

Dear Mr President

At today's sitting it is my intention to move under SO 72 "That the Council consider, as a matter of urgency, reports of a centralist proposal by the Federal Minister for Regional Services, Territories and Local Government to bypass State Governments and directly fund local governments to run schools, hospitals and police forces thereby undermining the Constitutional responsibilities of the States for health, education and law enforcement."

Yours sincerely

Hon Norman Moore MLC

Leader of the Opposition in the Legislative Council

The member will require the support of four members in order to move the motion.

[At least four members rose in their places.]

HON NORMAN MOORE (Mining and Pastoral - Leader of the Opposition) [3.36 pm]: I move the motion.

I appreciate members giving me the opportunity to debate this matter. I have in the past been a strong supporter of the minister to whom this motion refers. He has on many occasions engaged in spectacular, innovative lateral thinking. He does not accept the status quo and is prepared to think things through to find alternative solutions.

I understand Mr Tuckey's frustration as he moves around Western Australia with the Labor Government in power and sees all the things that are not being done in the health, education and law and order sectors. We all share his frustration. His comments about Denmark District Hospital accurately reflect the views of the people of that region. He made the point that perhaps the Commonwealth should provide funding directly to that hospital to sort out the problems confronting it.

Hon Kim Chance: Doesn't he want Denmark District Hospital?

Hon NORMAN MOORE: The Leader of the House can make a speech soon.

The situation has gone beyond a suggestion about one hospital to a proposal that there be direct commonwealth funding of health, education and police services in the States. Mr Tuckey's solution is inappropriate and I hope the Government will resist it.

An examination of the history of centralist proposals is interesting. In 1972, we were presented with Gough Whitlam's new federalism. The Labor Party has always believed that Australia should have a unicameral Federal Parliament and regional governments; that is, it has promoted the abolition of the States. I do not know whether that is part of the party's current policy platform. Whitlam's new federalism provided for local governments to have a much more significant role in their relationship with the Commonwealth. A referendum was held and defeated in 1974 on a proposal for the Commonwealth to borrow money and grant financial assistance to local governments without the need to go through State Governments. At that time in our history the relationship between local and federal Governments grew dramatically. A department of local government was created in Canberra and a proposal was put forward by the federal Labor Party to implement the new federalism and ultimately achieve its objective to get rid of the States and have Australia governed by a federal government and regional governments. That would work, as you, Mr President, would know, in that the federal Government would make the policy decisions and the regional governments would implement them, not on the basis of the regional governments determining the policy but on the basis of centralised policymaking by the federal Government with funds provided on the basis that the policies were implemented.

Mr Tuckey put forward a similar proposal. An article in the *Sunday Times* of 5 May stated that he planned a more accountable system than that provided by "remote" State Governments. The article went on to say -

The Sunday Times is aware of strong support for the plan at the highest levels of the Howard Government, with one senior minister recently saying privately: "What do state governments do, anyway?"

We could probably ask that question now because there are now Labor State Governments all around Australia.

However, the point is that Mr Tuckey's proposal is about the federal Government taking control of health, policing and education in the States by providing direct funding to local government to carry out those services. It ignores, in my humble judgment, the clear constitutional responsibility of State Governments for health, education and policing. It also ignores the fact that local government in Western Australia is part of the State's Constitution and is, in fact, a creature of the State Constitution. Traditionally in Western Australia, funding from the Commonwealth Government to local government goes via the State Government, which allocates it to local governments on the basis of what the State regards as its priorities; that is how it should be. Some people in local government do not support that view and would like to change that system; it appears that Mr Tuckey is one of those.

Over the years there has been a significant increase in federal Government intrusion into the activities of the States of Australia. No matter where one looks, the federal Government has increased its powers and its involvement in a range of issues that are constitutionally the responsibility of the States of Australia. It is disconcerting for a person who believes in federalism, as I do, to find a member of my own party stating at the federal level that we should go down the path of Whitlam's new federalism. The notion put forward by Mr Tuckey that funding be provided directly to local government for health, education and policing will mean that those funds will come with strings attached. The federal Government will make the decisions on how they are spent and the local authorities will have to provide a guarantee that they will deliver the federal Government's policies in exchange for the money; that is not acceptable.

What we should do, in fact, is abolish the federal Department of Health and Aged Care, the federal Department of Education, Training and Youth Affairs and the federal Department of Regional Services, Territories and Local Government. There is no need for those three agencies. There are probably many other agencies that I cannot think of at the moment for which there is no need. Those three agencies represent the encroachment of the federal Government into areas of state responsibility. The Department of Education was formerly the Department of Education, Employment and Training - DEET - and was located in a place in Canberra called Deet Street. It needed a street to fit in all the people administering education on behalf of the Commonwealth and not looking after or running one school in the country.

Hon Tom Stephens: How many people did they teach?

Hon NORMAN MOORE: Not one individual. The same applies with the health system. There is a huge health bureaucracy that is all about making policy decisions that the States must implement. We would be far better off if we rid ourselves of those policymaking organisations and allowed the States that deliver the services to make the policies that assist in the delivery of services. A simple example was the health insurance system in which people could not insure for the gap. People went to public hospitals because they could see no purpose in using their private health insurance in a hospital that would cost them money; the public hospitals are therefore overflowing and the private hospitals are not. In that situation the policy parameters of the federal Government impact severely on the capacity of the States to deliver important services.

We need to get the Commonwealth out of those areas altogether and let the States get on with the business of not only delivering the services but also creating the policies for those areas that are the States' responsibility under the Constitution. States' rights, as they were traditionally called, are alive and well in Western Australia. It does the Howard Government no credit to contemplate going down the path of Whitlam's new federalism or going down the Labor Party's path of giving more power to the Commonwealth.

Taking Mr Tuckey's proposal to its extreme, there would be 140 educational systems, 140 health systems and 140 police services in Western Australia - one for each shire. The absurdity of that should be obvious to every member. We should also bear in mind that 90 per cent of the money spent on running schools in Western Australia is provided by the State Government from its own resources. Does that mean, therefore, that the schools that accept Mr Tuckey's proposal will get 10 per cent of their funding from the Commonwealth and that is it; or does he expect that they will get commonwealth funding independently as well as state funding? His proposal is a nonsense but, regrettably, if we are to believe the article in the newspaper, it has some currency in the federal Government, which is contemplating Mr Tuckey's proposal and some sort of an inquiry. The absurdity of 140 different systems, if we go down this path, leads us to the conclusion that we would start amalgamating local authorities. That brings us to regional government, which is where Whitlam was taking us and where the Labor Party has always wanted to take us. The creation of regional governments would result in an amalgamation of local authorities creating regions that would be 3 000 kilometres away from the centre of policy determinations and power which, of course, is Canberra. I cannot think of a worse situation in Western Australia in which decisions would be made in Canberra for the day-to-day activities of educational systems in remote and regional parts of Western Australia, and indeed in the metropolitan area of Western Australia. My concern is that the Commonwealth and the commonwealth bureaucracy have very little understanding of the

circumstances that apply to Western Australia; the Commonwealth Government's performance in respect of that over the years is obvious. It simply does not understand what Western Australia is about and has never made an effort to find out. We can be certain that the decisions made at the policy level would not be in the best interests of Western Australia.

When I became the Minister for Education, I inherited a significant movement being undertaken in Australia under a federal Labor Government to create a national curriculum in Australia. I opposed that and I was able, with the support of my colleagues in the other conservative States, to have that proposal rejected. I sought its rejection on the basis that the notion of the federal Government and its bureaucracy determining what would be taught in all schools across Australia was totally obnoxious to me. The idea was obnoxious to me that a federal bureaucrat or bureaucracy would determine the curriculum for Western Australian schools, which idea was fortunately jettisoned. However, the notion of new federalism that Mr Tuckey is putting forward, and as put forward by Mr Whitlam, contemplates all of that happening. It contemplates the decisions for all of Australia being made centrally by one Government with one House of Parliament in one national capital. The people of regional Western Australia who might be sympathetic in some way to Mr Tuckey's proposal will find that the last people on earth to get any consideration by the sort of bureaucracy that will be created will be them. There is nothing further away from Canberra than Dwellingup, Denmark, Broome or any small town in Western Australia, and those communities will be the big losers. The big winners will be the Sydney, Melbourne Canberra axis, where most of the people live, most of the votes are and most of the seats are. Further concentration of federal power is against the best interests of the people that Mr Tuckey purports to be looking after.

I have noticed in the paper that the Labor Premiers have denounced Mr Tuckey's proposal, which I am pleased to see. However, I am interested to know why they say that, because what he is proposing is fundamentally Labor Party policy. I am interested to know what this Government thinks about this matter, because I have not read what Dr Gallop has had to say, if he has had anything to say at all.

Hon Ken Travers: I wonder what the Leader of the Opposition in the other place thinks about this.

Hon NORMAN MOORE: He agrees with me entirely. Our party room is agreed and I am about to tell members what the state Parliamentary Liberal Party's view is: we repudiate and reject Whitlam's new federalism. We reject any proposal to increase the power at the centre, whether it comes from a Liberal or a Labor Government. Liberal Governments at the federal level are just as bad as Labor Governments when it comes to assuming power centrally. We repudiate that proposal and would like to know what the Labor Party thinks about this at the national level. We have not heard what Mr Crean thinks about it because he is too busy giving away shares to people who want them. I hope he will give me some, but not in AMP or some of those companies that are going down! Mr Crean's mind is on that matter and not on this significant issue. I would like to know what the federal Labor Party thinks about this matter, because it is part of their national policy and national platform. I particularly want to know what the Labor Party thinks at the state level. Is it now opposed to new federalism and the concentration of power? Does it support what is being proposed by us?

HON CHRISTINE SHARP (South West) [3.54 pm]: I thank the Leader of the Opposition in this House for introducing this urgency motion this afternoon because it raises important issues that should be discussed more often in this place. As for the proposal by the federal Minister for Regional Services, Wilson Tuckey, it is pretty clear with just a moment's thought that if we have a federal Government that is directly funneling to local government the constitutional responsibilities that are held by the middle level of government, then we have the ridiculous and wasteful situation in which we have three tiers of government dealing with something that should most properly be dealt with by one tier of government - the middle tier. The federal minister is advocating an inefficient and wasteful situation that would lead to enormous amounts of duplication.

This is an important opportunity for us to talk about our federal system. An old joke has been going around for years about the definition of Canberra: Canberra is 80 square miles surrounded by reality. There is an awful lot of truth in that old joke, and old jokes often tell a few home truths.

Last year when we celebrated our Centenary of Federation, I was concerned that I did not read in the Press or serious journals any real discussion about how our federal system works or does not work. How is our federation travelling? After all, it was the centenary and all we got was a few train trips; that was about the level of public debate on our federal system. From personal observation of the way that this State Government works and how things work out in the community, I have gradually come to the conclusion that our federal system is dysfunctional. There is a long-term and a short-term solution to this conundrum. The long-term solution must be constitutional change to have a more realistic system of government in which we have the right scale of government for the right kinds of functions and jobs. The short-term alternative to dealing with the kind of

problem that Wilson Tuckey's cowboy suggestion seeks to solve would more properly involve the introduction of a state system of income tax. I note that the Victorian Parliament -

Hon Derrick Tomlinson: Now we are getting onto Fraser's system of new federalism.

Hon CHRISTINE SHARP: Yes, exactly. There is a lot more to be said for Fraser's system of new federalism than the Labor system. I will quote from a Victorian parliamentary review called *Federalism And The Role Of The States: Comparison And Recommendations*. It considers how to have a secure revenue base for State Governments and comes to the conclusion in recommendation 25 that there should be -

a reduction by the Commonwealth of its rates of personal income tax and Financial Assistance Grants to the States, allowing the States to maintain their level of revenue by levying a tax on personal income, either along the lines of the Canadian system of piggy-back taxation or as a flat rate of taxable income.

All this comes down to the issue of vertical fiscal inequity. Members must realise that next week, when the state budget is put down on 16 May, that it represents only half the expenditure for which this State Government is responsible. Only half of our budget is determined in Perth; the other half is determined in Canberra. Over the last 20 years there has been a 20 per cent decline in revenue to this State from the federal Government. Given that the federal Government supplies half our funding, this means that in overall total terms we have seen a decline of 10 per cent in our state budget due to changes in allocations from the federal Government over the last 10 to 20 years. This has led to a raft of impacts.

Primary impacts range from the fact that many state services are not funded well enough to function properly to the unfair sharing of the allocation of resources. For example, the States and the federal Government have just been discussing the national action plan on salinity, which has been a topical issue today. According to my calculations, the federal Government, with its great largesse, has been offering the State Government some 12 per cent of federal funding on salinity. However, this State experiences 70 per cent of the nation's salinity problem. That is an example of how we are unfairly treated because the middle tier of government does not have a secure revenue base. Those primary impacts make it very difficult for those constitutional responsibilities to be properly delivered by the right level of government - the middle tier of government. The Greens (WA) would like a thorough long-term solution with regional government as the middle tier. However, in the short term the solution could be delivered by proper funding of the state budget through a personal income tax.

Secondary impacts are also very interesting and are noted in the community. These impacts are not caused by the State Government being starved of funds, but by the federal Government having excess money. It has more money than it requires to go about its constitutional responsibilities, and this means that it gets up to all sorts of weird and wonderful things. Those secondary impacts created from this excess of federal money lead to things such as conflict and competition between state agencies that are applying for funding under certain federal programs and community groups that are applying under similar programs, and these problems lead to conflict in the community, and to the duplication of structures. I agree with the comments of the Leader of the Opposition about the duplication of federal administrative structures in those departments. Moreover, the federal Government is now setting up throughout Australia a structure of regional offices to deal with different regional subjects. These offices duplicate state regional structures. On the one hand are the regional development commissions and on the other are the federal area consultative committees. It is an unnecessary duplication. It has been caused because the right sphere of government is not doing the right job.

Problems such as a lack of continuity in government funding have been caused because of the federal Government's current domination of income tax arrangements. There has been a subtle shift in the way government is carried out in Australia. Government is now carried out through the delivery of programs instead of services. Generally speaking, the State Government delivers the services. However, the State Government does not have the money, so programs deliver it instead. That causes extraordinary anomalies, because programs come and go as ministers and fashions come and go. I am sure members will have noticed the signs along the highway that invite drivers to tune in to a radio network to get the latest local tourist information. The signs clutter up our highways, but the funding for that program was shelved years ago. There is no radio network; the signs are all that is left. That is an example of the lack of continuity that has been caused because we do not have an efficient system of federalism in this country.

I wish I were not running out of time in which to speak because I want to tell members about the south west town in which I live and all the marvellous structures that have been built with the aid of federal funding. The federal Government has made direct grants to communities to whoever has managed to get a committee together. Three shelters have been built along the main road in my town over the past year. A brand new shelter containing a gas barbecue was built next to the war memorial. That is great, except that the war memorial is about 300 metres down the road from the local picnic site. Two other new shelters were built at the other end of the road. None of those new shelters is anywhere near the public toilets.

President; Hon Norman Moore; Hon Dr Chrissy Sharp; Hon Bruce Donaldson; Hon Peter Foss; Hon Kim Chance; Hon Jim Scott

HON BRUCE DONALDSON (Agricultural) [4.02 pm]: There are a couple of flaws in Mr Tuckey's proposal. However, the proposal is obviously supported by some. As the Leader of the Opposition and others have already indicated, the proposal harks back to the old Whitlam proposal to create regional governments and do away with the States. Under that proposal, Australia was to be divided into 39 regions. Mr Tuckey's proposal is flawed because of the current legislative framework and the need to develop legislation for different programs. In our federal Parliament, the Government of the day, whichever political party that might be, might have the best intentions about introducing legislation, but that legislation must first go through the Senate. As all members are well aware, the Democrats currently hold the balance of power in the Senate and will increasingly do so after 1 July. Prior to that, one senator - Brian Harradine from Tasmania - was able to dictate what was happening with legislation in Australia even though he got only 2.3 per cent of the vote. The problem is that even though a federal Government might have the best intentions to do the right thing by the States, it could come completely undone in the Senate. That makes it difficult.

The second flaw in Mr Tuckey's argument is that, as we are all aware, successive federal Governments from both political persuasions have loved three-year programs. Those programs suck people in. Local government has been a recipient of those programs at times and has received 50 per cent or 75 per cent of funding for different projects. Those programs run for three years. Even though communities might consider them to be good programs, the federal Government withdraws its funding after three years and imposes the full cost of the programs on the community.

Hon Derrick Tomlinson: Assuming that the States would pick up the tab.

Hon BRUCE DONALDSON: Yes. Of course the States did not do so in most cases. There are a couple of major issues.

I can well remember a number of federal politicians from both sides of politics who said exactly what Hon Norman Moore said about the level of bureaucracy and management in Canberra. I believe that at one stage there were more bureaucrats in Canberra than in all the States put together. I am talking about the core management structure.

Hon Kim Chance: If you laid every commonwealth bureaucrat end to end and stretched them out, you would never reach a conclusion.

Hon BRUCE DONALDSON: That was what I was told some years ago when I was in local government. I remember state federal members criticised this great level of bureaucracy. As has been pointed out, that bureaucracy did not run a school or a hospital yet it supposedly oversaw health and education policy in Australia. Western Australia has been regarded as a cinderella State. It has a small population compared with those in the major States of Victoria and New South Wales.

I will return to the so-called tax sharing arrangement. Until 1985-86 local government received a share of income tax, which was clearly stated on each income tax assessment. In 1985, a bracket creep started to take effect. The thresholds in the tax system never changed. After 1983, there was a mini explosion in some of the wage structures in Australia. That was under the Hawke regime, but it probably would have happened under any other regime. Workers suddenly found themselves in the next tax bracket, because the threshold never shifted despite the wage explosions that took place. Consequently, there was a projected 19 per cent increase in income tax in the 1985-86 taxation year. That did not relate to any other sales taxes or excises that might have applied; it was primarily income tax. Local government used to get a percentage of that tax. The federal Government of the day said that local government would not be able to spend that money because it would probably spend it unwisely. It thought that local government would just rush out and buy new graders or plant and equipment if it were given a share of that 19 per cent increase. The federal Government said that it could not allow local government to waste the money, so it scrapped the tax sharing arrangement and introduced financial assistance grants in 1986. To make its arrangements easier, the federal Government distributed the grants to the States on a per capita basis. It was a simple way of distributing money. The federal Government believed that horizontal equalisation - all councils being able to operate on an equal level - was important. The grants were distributed in that way by grants commissions in every State and Territory.

Hon Derrick Tomlinson: It was not distributed equally.

Hon BRUCE DONALDSON: A lot of disability and revenue factors were considered. Consequently, a lot of small councils in Western Australia benefited. A large percentage of revenue for many councils comes from financial assistance grants and federal road funding. It is true that most local government money comes through grants from the federal Government. Small amounts are provided through state road funding, but that is insignificant. The federal Government recently distributed the fuel excise refund directly to local government. I have found out since that at least the councils are reporting back to Main Roads Western Australia under their

road management information systems. Main Roads introduced this package, which has been sold to other local governments around Australia. To its credit, Main Roads can tell people the state of almost every road in Western Australia - even the 82 per cent under local government control. That is an excellent system. In those days, Main Roads was able to direct the money, limited though it was, to ensure that the key road network was taken care of and that there was a reasonably good distribution of funds across all councils in Western Australia. I understand that the committee to inquire into this matter will be a Senate committee consisting of Labor and Liberal senators.

I give due respect to the people who are advocating centralism. They have been a little frustrated that State Governments have not funded the right areas or have not provided enough money to the health and education systems. However, the States are the best places to determine the policies for health and education. The state police forces suggested that they could overcome the problem of state police by enlarging the Australian Federal Police network. Many local governments will look at that and think it is a good idea. A number of local governments also would like to have control of their policing arrangements. I talk more about traffic inspectors and the good old days when the local governments had their own traffic inspectors and there was a separation between the police and the traffic area. A lot of parents tell us today that the first contact a lot of young people have with the police is on the roads. After the police have demolished their car looking for drugs, they usually find a bit of oil somewhere. Unfortunately, there are some cowboys in the system who then slap a yellow sticker on the car. That young person automatically takes offence and does not become a supporter of the police.

HON PETER FOSS (East Metropolitan) [4.12 pm]: I find myself in the unlikely position of agreeing with Hon Chrissy Sharp. Luckily, it does not happen too often. I will repeat to the House, probably rather slowly, an anecdote that Hon Max Evans came across. It is a very interesting one for anybody who thinks that our being entirely dependent on the federal Government for our money is a good idea. Western Australia was a bit loath to go into the federal alliance. The Constitution provided that for the first five years, the customs duties that were to be raised from the States would go back to the respective States; that is, Western Australian duties would be returned to Western Australia. For the first five years of Federation, we got back all the money earned from customs duties. At the end of the five years, with great uproar from Western Australia, which had absolutely no impact because it had such a small proportion of the numbers in Melbourne, the federal Government changed the arrangement so that the money was returned to the States on a per capita basis, not on the basis of how the money was being earned by the efforts being made. Western Australia lost £500 000 out of a budget of £2 million. If that is converted to modern day terms, we can see what a devastating effect that had on Western Australia. It is no surprise that we are standing in a building that was commenced in 1905 and not finished until 1952. How many public works were there in Western Australia up to 1905 and how few were there after then? It was not that there were no people here or that the people were not doing anything; it was just that we were not getting any money for it. Western Australia was crippled by that.

When, as a great, magnanimous gesture, the federal Government started to fund Western Australia as a claimant State, all it was doing was trying to make up for the devastating blow on Western Australia by the change in the way the money has been handed out since 1905. For decades this State suffered under the massive misapprehension in Melbourne, and later in Canberra, of what it was to be a Western Australian and what it cost to run this State. Even now, the formulas that are applied under the Commonwealth Grants Commission are absurd. I do not believe the Grants Commission has any idea what it costs to deliver health services to the north west. When I was health minister, I tried to set up a system of spending money in each part of the State according to the needs and the cost. It was a matter of saying, "Here is your budget; now you can spend it on whatever you want." It might be spent on a tertiary hospital in Perth, but it was the budget of a particular area. We took the figures that the Grants Commission use and we upped them because we thought they were too small. The Grants Commission was devastatingly way out in the actual cost of delivery of health services. I am sure that if that applies to health services, it applies also to every other service. The reality is that Western Australia does not get a fair deal under these formulas, but nobody will change them simply because there are too many other vested interests in it. We take it because it is the best we can get, and we would be worse off if we did not get it. However, the reality is that taxes should be raised to pay for services, and the Government that raises the taxes should spend them. That is when the problem has come about. Over the years, we have fiddled with the capacity of the States to raise money. The Commonwealth raises the money through the uniform tax arrangements and it seems to think that the money belongs to it; it seems to think that because it collected the money, it can say how the money should be spent.

The classic example is the duplication in the health and community care program. Who has not dealt with that? It has been estimated that 30 per cent is spent just on administering HACC, not on all the other costs of administering health care, because that money comes directly from Canberra and cannot be mixed with any other money. That is why the arrangements we made for the multi-function areas were so important. The HACC

money went into the area and the local hospital board could spend the lot. It did not need a separate person to go to the country areas and do HACC work and nothing else. That is the result of the way the system is run from Canberra.

Another example is the regions. Do members know that the Kimberley and the Pilbara are in a federal health region? We had a bit of a problem because the only aged care service in that area was in Derby. We said that people in places such as Wyndham, Broome and the rest of the Pilbara did not have any aged care services. However, the federal Government said that we had our quota and that people could go to the service in Derby. It has no idea of the distance those people must travel to reach Derby. It is still happening because that is the way the federal Government works. It works in Sydney. However, it does not understand that it is dealing with a health region that is twice the size of New South Wales.

I met the federal head of legal aid. She said that when she was first appointed, she came to Western Australia and said that she would like to see some of the outlying areas served by federal legal aid. She was told that it would take three days and that she had only one day here. She suggested that they go by plane. She was told that that was by plane. Federal bureaucrats have no idea. Seventeen different federal government departments were involved in the Regional Forest Agreement. Two people came from each department, which meant that 34 federal officials turned up. We complained. The issue was eventually handled by the Prime Minister's department under the Keating Government. The federal Government took on more bureaucrats for the RFA than every State in Australia had to run the forests; more bureaucrats in Canberra were made available for the RFA than were available across the whole of Australia to run the forests. The federal Government does not run anything in health, but the number of bureaucrats is immense. The problem is that the federal Government always wants to do what it does not have power to do and never wants to get on with what it does have power to do. We will not find the federal Government doing much about defence. It is not terribly interested in customs or postage. If the federal Government has the jurisdiction, it is not interested in the portfolio. However, if the States have jurisdiction, the federal Government wants it.

The biggest mistake Australia ever made was to build Canberra. It filled up an entire city with people who spend their whole time trying to run things that they do not have any business to run and to duplicate everything that is rightfully handled by the States. We have enormous inefficiencies in the health service, not because the States do not know how to run it, but because the States are not allowed to. A Medicare agreement penalised the States twice the amount paid by private patients for every day that a private patient spent in hospital. It did not matter whether it was a public or private hospital, twice the amount was taken from the State because private patients were in it. People were actively discouraged from paying for their own health care. That was the brilliant idea that some bureaucrat came up with in Canberra! How can a hospital system be run efficiently when people who want to pay for it end up costing the State twice as much as if they were admitted for free? That is not the only nonsense that takes place. The idea of having the federal Government running police, education and health portfolios fills me with horror. If anything, I believe that more responsibility should be given to the States.

HON KIM CHANCE (Agricultural - Leader of the House) [4.23 pm]: I will not comment long on this motion, because I am inclined to agree with the assessment of the proposition put by Minister Tuckey that was made by the Leader of the Opposition in the other place. The assessment was that the proposition was foolish and not worth commenting on. Perhaps I should leave it at that, but there are one or two things that need to be understood. I certainly thank earlier speakers for the clarity with which they have made their case.

One or two issues have been raised about the Gallop Government's position, so it is incumbent upon me to explain the position. The Gallop Government is a State's rights, pro job, pro development Government. People might argue about the edges of that statement but that is fundamentally the Gallop Government's position. It is a nonsense proposition to suggest that in any way the kind of centralist proposition that has been put by Minister Tuckey, and indeed by other ministers of the Howard Government, could possibly form any kind of effective resolution of the issues facing Western Australia or indeed any other of the more remote States. I do not think we are alone in this, because when I speak to my colleagues from Queensland, the Northern Territory and Tasmania in particular, I pick up the same sentiments that we have heard here today.

I was a little surprised that my old mate Wilson Tuckey was the bearer of this story on this occasion. Wilson and I have known each other for a very long time. On a personal level we get on very well. However, I have jotted down a couple of the flawed judgments that the minister has made during his patchwork career. He thinks his reputation is enhanced by the fact that he used a weapon to assault a man who was being held from behind. He thinks it a sound basis for his reputation that he is a bully. He is also the man who sought to disrupt the Western Australian wheat trade by agitating for a waterfront dispute.

Hon Norman Moore: Before you finish, will you tell us what the federal Labor Party's attitude is towards this?

President; Hon Norman Moore; Hon Dr Chrissy Sharp; Hon Bruce Donaldson; Hon Peter Foss; Hon Kim Chance; Hon Jim Scott

Hon KIM CHANCE: It can speak for itself.

Wilson Tuckey was also the man in his last ministerial post who urged the Tasmanian and the Western Australian fishing industries to opt for centralist control of their fisheries by Canberra, notwithstanding the fact that Canberra's management of the limited number of fisheries that it is controlling is an abject failure. He suggested that the tuna fishermen out of Launceston who did not agree with him should go outside and sort out the question. This is the mark of a man who approaches political challenges in an interesting way. It so impressed the Tasmanian fishermen that they contacted the real Minister for Fisheries, Warren Truss, to suggest that he should not send Wilson Tuckey to Tasmania again. This is the man who is saying to consumers of health and education services in Western Australia that Canberra knows how to look after them best.

Hon Norman Moore: A bit like Gareth Evans.

Hon KIM CHANCE: There was a purpose in that suggestion. I suggest that what health and education consumers in Western Australia should be saying to Minister Tuckey is what the Launceston fishermen told him; that is, that he should not come back again because his presence is not particularly helpful.

To put people at ease a little, what Wilson Tuckey said is, as well as being illogical nonsense, impossible to achieve. He has displayed an appalling misunderstanding of the powers of the Australian Constitution. A number of High Court cases have already demonstrated that the Commonwealth has no power to fund those areas that are directly outside its responsibilities as specified.

Hon Derrick Tomlinson: The Commonwealth has power under section 96 for specific purpose payments.

Hon KIM CHANCE: There are a number of pieces of case law. I do not have the time or even the ability to argue those cases. The High Court has been very clear in the past in its determination of the limitations of the commonwealth funding areas outside its constitutional responsibility. That means that the Commonwealth has very limited power to directly fund local government to do things which are outside local government ambit, such as running schools, hospitals etc. If local government responsibilities and the Commonwealth's ability to do things constitutionally are changed, of course it can be achieved. That is the process of the new centralism.

Hon Norman Moore: Gough Whitlam tried to do that by changing the Constitution.

Hon KIM CHANCE: Indeed. It is the process of not only changing what the Commonwealth can do constitutionally, as former Prime Minister Gough Whitlam tried to do, which I concede, but also involving another important issue internally in Western Australia, which is the amalgamation of councils. That is the bottom line of the current agenda, which is a Commonwealth Government's push for regional government.

Members should think about the structure of local government in Western Australia. My electorate contains some 65 local government authorities. How could one possibly maintain a working financial relationship with the Commonwealth on the basis of local government authorities? The local government authority under which I was last a ratepayer held 300 people. I refer not to 300 ratepayers, but to 300 people who expected the Shire of Westonia to conduct a financial relationship with the Commonwealth of Australia. It is not possible. It can be achieved by a forced amalgamation of the councils, which is what the Kennett Government did in Victoria, and the formation of regional government. That is the bottom line of the commonwealth agenda. That is what all of this is about. Wilson Tuckey is not so silly that he does not understand that there is no constitutional power to do what he has suggested should be done. He is saying that the Commonwealth Government's agenda is one of regional government and forced amalgamation of local government bodies. I urge members to look past Wilson Tuckey, because this is not one of his idiosyncrasies. Members should look past the issues raised by Wilson Tuckey and examine some of the issues that have been raised by Dean Kemp, the new Minister for the Environment and Heritage, and Warren Truss, Minister for Agriculture, Forestry and Fisheries. Members should look at the changes that have been made to the national action plan on salinity and water quality and the Natural Heritage Trust mark 2 arrangements. Recently, I returned from discussions on forestry matters that were held with the aforementioned ministers and with Senator Ian McDonald. We resolved many issues, and I am happy to reveal those resolutions to Parliament. The concept that has a common thread through the exceptional circumstances provisions, the NAP and the Natural Heritage Trust mark 2, is that of a glass jar into which both the States and the Commonwealth put money, and whereby technically we jointly manage that money. However, the management of that money falls within the terms of an intergovernmental agreement finalised by bilateral arrangements. The Commonwealth sets all the rules, and that is the problem. A State's discretionary power to control the dispersal of its own funds - not commonwealth funds, but its own funds -

Hon Murray Criddle: It is the same in the area of native title.

Hon KIM CHANCE: That is not a common fund of money -

Hon Murray Criddle: The arrangements are made on the same basis.

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Hon KIM CHANCE: That is the exercise of commonwealth law.

HON J.A. SCOTT (South Metropolitan) [4.34 pm]: My colleague did not get a chance to finish her remarks and so did not touch on the important point of government by programs, whereby much uncoordinated building has taken place throughout many of our rural areas. While facilities were being provided in the wrong places and being duplicated, local government did not have enough money to carry out the repairs that were needed in the proper places. For example, repairs could not be made to footpaths, or shelters erected above recreational areas in parks. What is clear from the federal Government's approach to government by programs is that it is totally out of touch with local needs in the rest of the country.

Hon Kim Chance raised a good point when he referred to the difficulty of dealing with local governments. Under the suggested arrangements, it would be difficult for local government bodies to deal with Canberra, and the reverse would also be difficult. Members can imagine the number of bureaucrats that would be needed to deal with each local government area. It would be an absolute nightmare. It would also be a nightmare for taxpayers because they would have to pay for the huge duplication that would take place under Wilson Tuckey's proposal. I agree with Hon Kim Chance that it cannot be a serious proposal. If it is, we should arrange to have Canberra moved to New Guinea or Nauru. The Government could then work offshore. Wilson Tuckey may as well be in one of those places because, if he is serious, he is totally out of touch with reality. The Greens (WA) agree with the motion moved by Hon Norman Moore that this proposition is absolutely crazy.

HON NORMAN MOORE (Mining and Pastoral - Leader of the Opposition) [4.36 pm]: I thank members for their contributions to the debate. We have not been told the national Labor Party's policy about the fundamental view that it has held since its inception; that is, the notion of a unicameral federal Parliament and regional government. Is that still the federal Labor Party's national policy? I am encouraged by the fact that the Gallop Government seems to be pro States' rights. That is encouraging. However, we also know how the Labor Party works. It is a national party, and the national party takes priority over the state branches in policy determination. In the context of this debate, it is important to establish Mr Crean's stance on this issue, and that of his mates. When he was Prime Minister, Bob Hawke talked about his federalism proposal. As I recall, some of what he proposed was not bad. However, the federal Labor Party must tell us where it stands on this matter. Wilson Tuckey has done us all a service by putting on the agenda the notion of federal and state responsibilities. Regrettably, he is a Liberal minister who has moved a pro Labor proposal. However, for the first time in a while, we have the opportunity to debate the notion of federalism and what Australia as a nation ought to be doing in the future. We must sort out this issue, because I have a fundamental view that the States will ultimately disappear. I said some time ago that it would take about 30 years; however, it will be a bit longer than that. Ultimately, because of the direction in which the political processes in this country are headed, the States will be the first casualties and the federal Government and local governments will govern Australia. I do not support that - I never have, and I never will. If my party were to adopt a centralist policy, as opposed to the federal policy it now has, I would find somewhere else to reside politically, and I would begin a secession group in Western Australia. Wilson Tuckey has done the country a service by raising this issue, and it is important that it be debated at both national and state levels. I was pleased to hear Hon Kim Chance's comments. I am sorry that he decided to make personal comments about Wilson Tuckey. That is quite unacceptable. I am happy to talk at a personal level about Hon Kim Chance, but that would have nothing to do with the debate and would not help it at all.

Hon Kim Chance: Centralised control of fishing is part of the public debate -

Hon NORMAN MOORE: I am talking about the comments made by the Leader of the House about Wilson Tuckey when he was in Carnarvon. What he says or thinks about that is his business. However, that comment did not help this debate at all. Further, I am sorry that such a comment came from Hon Kim Chance because normally he does not descend to such a level.

Hon Kim Chance: He is so darn proud of it!

Hon NORMAN MOORE: I do not care about that. I could have stood in this place and poured a bucket on Wilson Tuckey, Tom Uren or Gough Whitlam. However, I chose not to. The purpose of today's debate is to raise the issue. It is now on the agenda, and we must deal with it. I have told the House what the parliamentary Liberal Party believes and Hon Kim Chance has told us the beliefs of the Gallop Government. I am anxious to know the federal Labor Party's position. As I said, Mr Crean is engaged in other policy activities, and I have not heard his comments on these matters. He may have taken the view that it is a joke and not worth a response. I believe it is worthy of a response. It is time we heard whether the Labor Party has shed the centralist approach it has always had and become a federal party.

Motion lapsed, pursuant to standing orders.

Extract from *Hansard*
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President; Hon Norman Moore; Hon Dr Chrissy Sharp; Hon Bruce Donaldson; Hon Peter Foss; Hon Kim
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