

Four points on federalism

Why 'passing the buck' could make good public policy *and* good political strategy

Richard Allsop

- 1) National security and the economy are traditional areas of Commonwealth responsibility. The provision of services such as health, education, transport and infrastructure are traditional State responsibilities.
- 2) Over the course of a decade, the Commonwealth intervened more and more in areas of State responsibility, largely on the basis of its claims that the States and Territories were failing in these areas.
- 3) All published opinion polls indicated that, until the end, the Howard government continued to enjoy positive opinion poll ratings on national security and the economy, while it was well behind Labor on issues such as health and education.
- 4) The current eight Labor State and Territory Labor governments were all easily re-elected at their most recent electoral contests. The Coalition federal government lost the Federal election.

In recent years, traditional concepts of federalism have come under attack at both a micro and a macro level.

There once was a time when a key item for the receptionist in a political office was a list that divided every area of government activity into one of three categories—for example, army (Federal), police (State), and dog catcher (local).

If a constituent rang about a matter which was the responsibility of a different tier of government,

MPs had no hesitation in referring the matter to the appropriate destination. In the process, constituents hopefully became a little wiser about what they should, and should not, be expecting from the three levels of government.

At some point in its tenure, the federal Coalition government decided that this traditional approach needed to be changed. Suddenly, federal MPs were being told never to 'pass the buck' on any issue and to use State, and even local, matters to demonstrate their own credentials as a grassroots member.

Not content to deal with problems raised by constituents, MPs would endeavour to create them. They would visit local schools and identify leaking roofs, or stand at railway stations handing out questionnaires asking people about perceptions of crime on public transport. The fact that schools, public transport and policing were not a federal responsibility in some ways added to the perceived attraction, as it meant that federal MPs could hardly be criticised for the problem having appeared, but could nevertheless claim credit for any attempts to 'fix' it.

Huge increases in MPs' printing and postage budgets exacerbated the tendency, as MPs were naturally on the lookout for local issues to provide content for their brochures and newsletters. These publications tend to be full of pictures of MPs presenting grants to local sporting clubs and environmental groups, or announcing federal funds for a black spot on a local road. Campaigning strategists quickly realised that specific local material was more likely to be read than general policy information.

Most of these projects were small enough to gain only local attention, but sometimes there were big enough sums of money involved, or radical enough policy implications, to attract national attention. A classic example was when the federal government offered \$40 million and a takeover plan for the Mersey Hospital in Devonport. While the people of Devonport were understandably upset by the loss of services at the local hospital, it certainly appears that the Tasmanian government's decision to rationalise services in north-western Tasmania was a logical one, given the availability of medical professionals and funds.

Unlike the Mersey Hospital case, in many situations the Howard government was right in its diagnosis of a problem. Most people

Richard Allsop is a Research Fellow at the Institute of Public Affairs.

Whether computers are a priority in schools should be a matter for those charged with running schools—not the federal government.

would agree that the removal of technical schools from education systems in the 1980s, or the way in which Australian history is taught in schools are problems, but it does not follow that, in response, the federal government should be building technical colleges all around the nation, or holding summits to design national history curricula.

Undoubtedly, the use of State issues had been made more attractive for the Federal Coalition from 2002 when the last non-Labor State government was voted from office. There seemed to be little downside in attacking their Labor replacements. However, even in the short term there were. By intervening so vigorously in areas of State responsibility, the federal government succeeded in convincing voters that it was somehow jointly responsible for the quality of the nation's hospitals, roads, ports, etc.

By both its rhetoric and its actions, the Howard government also encouraged other groups across the political spectrum to believe that their hopes for political salvation lay specifically with the Commonwealth government.

Given such broad-based support for an increased Commonwealth role, allied with Kevin Rudd's reputation as a process-driven micro-manager, there appears little cause for optimism that there will be any reversal in the trend towards greater Commonwealth interference in areas of State responsibility under the newly elected government.

The fact that on the Monday after the election Rudd was commanding his MPs to visit two schools each to assess their IT status before the first caucus meeting was hardly symptomatic of someone who supports the devolution of anything. Whether computers are a priority in schools should be a matter for those charged with running schools—not the federal government.

And in a move that will make the previous government's Mersey Hospital intervention look like mere tinkering, Rudd has said that he will take over running all the country's 750 public hospitals if State and Territory governments have not agreed to a national reform plan by the middle of 2009. He said that the move was designed to 'end the blame game between Canberra and the states on health and hospitals'. There would not be a blame game if the States were left to run their hospitals.

Those who still like to believe that certain matters are the legitimate responsibility of democratically elected State governments could only shudder when, at his campaign launch, Rudd said that 'The buck stops with me'. This may surprise you, Kevin, but under Australia's constitution some things are actually not your responsibility.

Obviously, the underlying problem with Australia's federation is vertical fiscal imbalance. The Commonwealth raises 82 per cent of the tax revenue, but is only responsible for 36 per cent of the spending. There is always going to be a huge difficulty when those figures are so divergent.

This imbalance is likely to remain forever in the 'too hard' basket, but perhaps more realistic is the hope that there can be a reassessment of which areas are the responsibility of which tiers of government. Crucially, the federal government needs to accept that if something is deemed a State area, the Commonwealth cedes any form of interfering or oversight role.

An agenda which removed areas of duplication, and a federal leader brave enough to say that something is not an area for Commonwealth involvement, might not only lead to more efficient service delivery, it could reduce the scope for pork barrelling and may actually be politically appealing as well.

By its piecemeal involvement in a variety of State issues, the Howard government achieved the counterproductive outcome of making people feel that the Commonwealth was equally culpable for the failings of the State governments in areas such as hospitals. Pointing out failures in hospitals should have been left to state Oppositions and, if the public agreed with their arguments, then maybe we would now have some State Liberal governments.

Unlike the Fraser government, the Howard government has left the nation's economy in excellent shape. Yet, in many ways, the Howard government's treatment of the federation is the equivalent of the Fraser government's failure to deregulate the economy. However, just as in March 1983, when few would have expected the Hawke government to go down the path of economic deregulation, maybe the Rudd government will make useful reforms to the federation. Let's also hope that, just as the Liberal Party supported the majority of the key economic reforms in the 1980s, the new Opposition takes a similar attitude if the Rudd government surprises us by proposing measures which genuinely improve the federation.

In the week after the election there was much discussion about the Liberal Party acknowledging that it got issues such as Work-Choices and global warming wrong. It would also do well to recognise that its ad hoc assaults on the federation were not only bad policy, but ended up being bad politics as well.

I PA