

Government Business

Grand design for federation

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A paper by a former deputy secretary of the Treasury, Richard Murray, which dares to design a radical reshaping of the Australian federation, is being published by the Australia and New Zealand School of Government (ANZSOG) this week.

A New Federation with a Cities and Regional Approach was written in Treasury before Murray retired in 2011.

Now, peer-reviewed by four academics, ANZSOG's publication enables it to be read more widely.

The paper, which leaves few aspects of federal governance unturned, sets a high standard, with detailed analysis and a wide scope across constitutional reform and macro- and micro-economics.

That is no big surprise given Murray's expertise. But who'd have thought Treasury would sponsor a work of such imagination?

Murray himself cites the late Robert F. Kennedy, who said, "Some men see things as they are and say 'Why?' I dream of things that never were, and say, 'Why not?'"

He sets out to address "the multiple, overlapping and interacting problems" of the three-tier system of government, in which the balance of power has shifted increasingly to the centre. His is a long-term vision of abolishing the states and territories and creating two tiers of government, each with clearly designated roles, responsibilities and powers (including the power to levy consumption tax) and other shared powers laid out in the paper.

The federal government would design, negotiate and legislate strategic national policy and its financial frameworks. The House of Representatives would expand from 150 to 200 seats (perhaps with fixed three-year terms) and the Senate from 76 to 110. The five cities and 19 regional councils would deliver the programs and services emanating from those national policies at the local level, while retaining full responsibility for policy and administration of urban, regional and local issues.

(In a less convincing fall-back position, flagged in an appendix,



Economist Richard Murray has a long-term vision of creating just two tiers of government.

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MURRAY'S VISION

- Two tiers of government.
- Federal government would design, negotiate and legislate strategic national policy and its financial frameworks.
- House of Representatives expands from 150 to 200 seats (perhaps with fixed three-year terms) and the Senate from 76 to 110.
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the states would be recreated as 12, with 100 local councils.)

This grand design will, of course, probably never come to pass, even if desirable. Yet, as ANU and ANZSOG professor John Wanna says, "We teach in politics that everything is completely impossible until it happens."

The paper invites criticism and gets it. While Murray says a unitarian system is very far from what he is advocating, Griffith University's Associate Professor Robyn Hollander says it is not clear that the states are the problem he suggests.

"National competition policy and its younger sibling, the national reform agenda, provide examples of how our federation can work effectively and, moreover, how the existence of multiple jurisdictions can successfully promote economic reform."

Nor, she says, is it fair to say the states have always underperformed compared with the commonwealth in the economic reform stakes.

She says it is also hard to imagine the Australian electorate being sympathetic to the resulting central concentration of power. "As the republican debate of the mid 1990s showed, there is a widespread reluctance to further empower politicians."

Curtin University's Professor Alan Fenna questions whether the model would deliver many or any of the desired benefits. Flaws in the regional governance model had, he said, been well identified. "The problem is that there is little reason to think that Australian federalism's useful features will be retained or its undesirable features necessarily expunged by abolition of the states... Quite possibly, if the states did not exist, the Commonwealth would have to invent them."

But the University of Queensland's Professor Brian Head says, "It is possible that some kind of future crisis could trigger a groundswell of support for

fundamental change, and that exceptional leaders could step forward to steer a reform process over many years. In the meantime, Richard Murray has planted a big flag for intelligent centralisation, with enhanced roles for a regional level of governance in service delivery."

Griffith University's Professor A.J. Brown goes further, saying, "Whether Richard Murray's alternative design is realistic — or not — is not the issue. The great contribution here is its degree of detail. It is... testable. For this reason it is perhaps even more threatening than a general, vague dream might be to those whose job you might think it was to help chart the future of Australian governance."

It would, he says, probably attract vehement, even virulent criticism. "But that is not its purpose, nor its value. The value of Murray's paper lies in lifting the standard of research and debate around the specific pros and cons of redistributing policy responsibility, power and institutional resources in particular ways to better achieve a more sustainable future for Australian society... Only with stimuli like these can we ever hope to advance the debate significantly."

That's not a bad legacy at all.
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