

## **SOVEREIGN STATES, SEPARATE SPHERES AND VISIONS OF REGIONAL AUSTRALIA**

**Tod Moore**

Lecturer, Discipline of Politics and International Relations, Newcastle Business School, University of Newcastle, Australia, 2308.

Email: [Tod.Moore@newcastle.edu.au](mailto:Tod.Moore@newcastle.edu.au)

**ABSTRACT:** Since 1901 the structure of formal politics in Australia has been determined by the nature of Australian federalism as a framework for resource allocation and authoritative decision-making. As opposed to the more usual two-tiered structure of politics where there is national and local/regional government layering, Australian federalism has three tiers due to the retention of the former colonies as sovereign states comprising an intermediate tier, and this has reduced the role and significance of the local/regional tier. In the first half of this essay I explore the history of campaigns to abolish the sovereign states in order to demonstrate the importance of the idea of enhanced local/regional politics within such modes of thinking. With this in mind, the remaining discussion is focused on the current federalism White Paper process. The underlying federal premise of state sovereignty is examined in order to better understand the purpose of the White Paper, and to explore the implications which it may have for the local/regional tier of government. Despite years of 'co-operative' federalism and blurred lines of responsibility, the system remains centralised and remote from local/regional concerns and the proposed sharpening of separate responsibilities will do nothing to change this.

**KEY WORDS:** Federalism, regionalism, Reform of the Federation White Paper, divided sovereignty, Vertical Fiscal Imbalance.

## 1. INTRODUCTION

“The White Paper will seek to clarify roles and responsibilities to ensure that, as far as possible, the States and Territories are sovereign in their own sphere” (PMC 2015b: 106-107).

Historically, writers who have proposed abolishing sovereign States in Australia include: Albert Church (1913), Warren Denning (1930), Dan McNamara (1938) and Oscar Ziemann (1919); while recent theorists include: Graham Maddox (1985), Lindsay Tanner (1999), Mark Drummond (2007a; 2007b) and Rodney Hall (1998). There are two things which arise from the historical and contemporary discourses of abolition. One common thread is a strong preference for regionalism and the other is a concern over federalism and apparently divided sovereignty. The first is important because it demonstrates the awareness, among Australian writers in the public sphere, of the importance of regions in a large and geographically diverse country. This is particularly noteworthy given the importance which these writers have tended to concede to the concept of ample delegated legislative powers operationalised at the local/regional level. The second point is significant for a very different reason. Some confusion has arisen in the unification writings about sovereignty. This confusion is due to lack of understanding of the federal principle, which specifically addresses these sovereignty issues by endorsing separate sovereign spheres together with an authoritative means of maintaining and interpreting these separate spheres.

These two aspects are relevant today because regionalism currently exists in tension with state power, and because sovereignty exists in tension with the trend towards a more ‘co-operative’ federalism. The “Reform of the Federation” process announced in June 2014 was scheduled to include a Green Paper to “be released in the first half of 2015” followed by a White Paper before the end of 2015 (PMC, 2015a). Neither of these had appeared by early 2016, only a ‘Discussion Paper’, but when the White Paper does there will be a great deal of interest among Australian scholars of public policy, and others. Before exploring the relevance of regionalism, revenue, and sovereign spheres to the forthcoming White Paper, it is worth briefly outlining the history of these ideas within earlier federalism debates, where the federation itself was at issue. At no time during the history of modern Australia has the federal structure of Australian constitutionalism been seriously challenged, yet during several periods there have been vocal popular movements to adopt

a unitary structure in place of federalism. In these proposals for alternative unitary structures much rests on the establishment of regional units with some form of specified legislative authority rather than outright sovereignty. This regional dimension of the unification movement in Australia has been an essential part of that movement, promoting the idea that regionalism can be regarded as a viable alternative to federalism.

## **2. EARLY PROPOSALS**

After the establishment of the Australian Commonwealth, the first clear emergence of unificationism was in the wake of the establishment of the Union of South Africa in 1909, and from that time groups and individuals came and went until the present day. Australian writings against federalism in favour of unitary government in the early decades of the twentieth century are many and varied, and although much of this material has been surveyed elsewhere it has not yet been systematically studied (Moore, 2005; Drummond, 2007b). Strong criticism of the South African model eschewing federalism came to the surface at a lively meeting of the liberal imperialist Boobooks Club in Melbourne in November 1910, when the businessman Jack Joshua presented a paper in favour of Australian unification (Boobooks Minutes, 89, 18 Nov. 1910). This coincided with the independent attempt by an Australian Labor Party (ALP) politician Fred Bamford in 1910 to introduce a Bill into the Commonwealth Parliament to replace the Australian States with sixteen regional units with delegated legislative powers (Moore, 2005: 79; Knowles, 1936: 219-228; Church, 1913: 8). Bamford's Bill failed to reach a Second Reading. It should be noted that as early as 1908 the ALP had debated the concept of achieving *de facto* unification by altering the Australian Constitution so as to give plenary unspecified powers to the Commonwealth, and to thus secure its ultimate legislative supremacy (CPD, 1910: 1756-57; McNamara, 1938: 39).

At the Hobart meeting of the ALP National Conference in 1912 a motion on unification with "provision for local governing bodies" was debated at some length with Party leader Andrew Fisher among those in support, although it was eventually defeated in committee (McNamara, 1938: 39-40). In 1913 a book on unification entitled *Australian Unity* was published by Albert Church for the Young Australia Party, a nationalist organisation with no obvious links to the ALP (Moore, 2005). Church's book briefly canvassed the idea of combining a unitary sovereign state

with autonomous regions possessing delegated legislative powers. This aligns with the Bamford proposal of 1910. A map was included showing 22 regions and 7 territories to be established under the ultimate final authority of a national government. Church (1913: 29-34) was aware of problems of the economy and condemned the federal form of government over questions of regional development, specifically the opening of important new ports, and railway problems such as mixed gauges and dead ends.

After the 1914-1918 War the debates on unification resumed. In his 1919 book the ALP sympathiser Oscar Zieman pleaded for unity and lamented the fact that the end of the wartime powers meant a return to the “pathetic” idea of “Sovereign States” (Zieman, 1919: 5). Little is known about Zieman, except that he stood as an ALP candidate for the seat of Parramatta in the 1913 federal election (Hughes & Graham, 1974, 36). The long-time federal Secretary of the ALP, Dan McNamara, advanced a proposal for unification through the Victorian party conference in 1917 and it was then debated at length at the 1918 and 1919 national conferences of the party. The proposal would remove ‘sovereign’ powers from the States and multiply the residual autonomous regional units, each of which was to have ample delegated powers. All taxation within reason was to be limited to the national sphere, while local government would become a regional concern albeit with ultimate authority over local government vested in the Commonwealth (McNamara, 1938: 39-56; Moore, 2005: 79-81). In 1927 unification became part of the fighting platform of the ALP following a motion moved by Maurice Blackburn and Jim Scullin. It was further supported (with a Bill to that effect) by John Curtin (among others) at the time of the ill-fated Scullin ALP government (Denning, 1930: 4, 10-14; Sawyer 1949: 181) and it was also endorsed in a minority report of the 1927-1928 Royal Commission on the Constitution (Peden, 1929: 243).

Meetings of the nationalist Australian Natives Association (ANA) between 1935 and 1938 passed a number of resolutions calling for unlimited legislative powers to be vested in the Commonwealth (McNamara, 1938: 61-62). This method relates to the concept of removing the list of exclusive and concurrent powers from Sections 51 and 52 of the Australian Constitution, which would have the practical effect of giving the Commonwealth final authority in all spheres. This does not necessarily imply that matters of local importance would be limited in number or scope, nor does it mean that the autonomy of any regional units would be restricted greatly, satisfying S. Rufus Davis’s broad definition of “devolutionary unitary states” (1978: 160). The 1930s

depression stimulated much political writing in Australia and several pamphlets discussed unification, often linking it to claims that the deep economic crisis could be better overcome with the aid of more centralised forms of government and administration. For instance Warren Denning's popular 20 page pamphlet, *Unification*, which strongly supported Scullin's ALP policy, spoke of the costs of federalism, but also proposed that centralised authority would promote wages and purchasing power in the Australian community (Denning, 1930: 7-8, 10-13). Frederick Watson (1932: 22-23) argued that the sovereignty of the States had created an economic disaster and that this could be remedied by adopting a 'federal' type of unitary system, while the small nationalist Australian Party combined a pro-industry manufacturing policy with a strongly argued call to abolish 'State Rights' whilst retaining the States as regional administrative units (Anon., 1930: 5, 7-8). Where such proposals were elaborated the model which won favour was the model of regional autonomy within a single sovereignty which had been used by Bamford in 1910 and which at the time was being championed by the ALP and by John Curtin in particular (Denning, 1930: 14). The pressure for unity at this time was sufficiently strong to elicit a response from supporters of federalism.

### **3. THE NEW STATE ALTERNATIVE**

Support from the political right for reforming the federation was symptomatic of an intriguing problem which was facing the rural conservatives of the Country Party. Since the early 1920s they had realised that farmers could win a significant number of seats in parliaments if they forged alliances with the citizenry of regional centres. Identification of common interests made the forging of such alliances easier, and the greater the distance between a regional centre and the State capital the more the 'big city' was resented. For example in the northern ranges of New South Wales, and in the Riverina area straddling New South Wales and Victoria (Walter, 2010: 155). It became imperative for the politicians most affected to find an alternative answer to widespread perceptions of regional neglect. This answer was the New State Movement which we find in full flight in 1933 when two leading intellectuals of the Country Party, Ulrich Ellis and David Drummond, both produced works on New States which were highly critical of unification (Ellis, 1933: 133ff.; Drummond, 1933: 3-17). These writers from the 1930s remind us of the distinction between regions with

delegated legislative powers and similar sized regions with sovereign powers in a federation. Even the New State idea was a threat to entrenched interests and when the centre-right Askin government held a referendum in April 1967 it was sabotaged by including the Newcastle district within the vote (NSW Electoral Commission, 2016).

During the Second World War unification was supported by a clear majority of those surveyed in public opinion polls in 1943 (opinion polls were taken for the first time in Australia in 1941) and this coincides with the exercise of Commonwealth wartime powers larger than those deployed in the previous war. Although support declined after the immediate danger of a Japanese invasion receded this support remained strong in opinion polling in 1948 (Sawer, 1949: 189; Goot, 1969: 104, 109). In a newspaper article in 1944 (Eddy, 1945: 29-30), Joseph P. Abbott, the Member of the Legislative Assembly (MLA) for New England, wrote that the States should be drastically curtailed and the Commonwealth Parliament increased in scope to better execute the wishes of the whole Australian community. His Country Party membership and New State affiliation did not prevent Abbott from advocating the subdivision of existing States into regional units, and also a shift of many State residual powers from these new regional units to the Commonwealth. However, it is clear that he was not advocating the *de facto* unitary system supported by the ALP in the 1930s, but rather a federation along Canadian lines where the centre had preponderance, although arguably going further in a unitary direction. His view reflects the feeling that regions within States were poorly provided for in the existing federation and that a reformed system ought to be based on regional units with specified legislative authority.

With some exceptions Australia was not politically experimental during the Prime Ministership of Robert Menzies and his immediate successors, from 1949 to 1972, and as far as federal theory is concerned the 1942 High Court decision to give the Commonwealth uniform tax powers, thus shifting the federal balance to the centre, had a chilling effect. The fiscal imbalance which emerged from this shift in vertical relations within the federal system provides an intellectually satisfying explanation for the phenomenon observed in the surveying of unificationist thought, which is that there does not seem to have been any in Australia during these decades. Such an interpretation is supported by the following observation of Commonwealth Solicitor-General Kenneth Bailey in 1944 as quoted by R. Else-Mitchell (Aldred and Wilkes, 1983: 6):

“The logic of the Uniform Tax Plan is that the States should eventually move with a simplified political structure into the position primarily of administrative agencies, the main level of policy in all major matters being nationally determined.”

This effect was still observable when, from the radical side of the ALP, Don Dunstan was able to claim in a July 1967 interview (Mayer, 1969: 85-86) that the extent of vertical fiscal imbalance (hereafter VFI) was making federalism insupportable, and to suggest that he expected a unitary Australia to evolve “in the next generation or two”, implying inevitability but also a lack of urgency. There was simply no point in advocating the replacement of the existing units with new regional units with delegated legislative powers, as the fiscal arrangements after 1942 had already apparently achieved that to a large extent.

#### **4. DEBATE RE-EMERGES**

It was within the ALP that renewed calls for abolition of the States emerged. In the first of his Boyer Lectures of 1979, future ALP Prime Minister and eventual free market reformer Bob Hawke protested the “dangerous anachronism” of federalism and blamed it for many barriers to a modernised national economy and society. Arguing for the “elimination of the second tier of government” he also acknowledged that “in relevantly demarcated geographical areas” there should be a robust and democratic form of regional administration (Hawke, 1979: 14-19; Moore, 2005: 83). This is in contrast with the approach of the Whitlam government which favoured central authority within the existing federal structure and regional approaches to service delivery and departmental decision making within the existing paradigm, looking to models of regionalism from Germany and Canada (Anon., 1975: 38-41; Megarrity, 2012: 16-17). Whitlam himself discusses these initiatives including tied and untied grants and federal assistance to local government, and he admits that these efforts towards reform within federalism were effectively sabotaged by the States, and possibly local government (Whitlam, 1985: 726). In the 1980s the consensus from the 1940s was breaking up and while some were campaigning for an Australian republic (Winterton, 1986) Graham Maddox revisited the arguments in favour of abolition of the States, especially in relation to theories of sovereignty which buttress the capacity of a national government to resist pressures

from outside, including self-interested corporations and financial institutions (Maddox, 1985: 122-132).

By the early 1990s unification was back on the political agenda. In a speech given at Flinders University in 1992 a former senior minister in the Whitlam ALP governments of the 1970s, Clyde Cameron, called for abolition of the States. Quoting Hawke's Boyer Lecture he spoke of "surplus Members of Parliament" and "surplus Ministers" and he called for "a reduction in the number of politicians by abolishing all State and Territorial governments". Cameron also endorsed Hawke's call for the creation of new regional units with a clearly subordinate role (Cameron, 1992). On the other side of the party divide the former Liberal Party minister Ian Macphee argued in an article published in the *Griffith Law Review* in 1994 that the best alternative to federalism would be a unitary government implementing its programs directly. This government would be augmented by regional units with responsibilities in areas of local applicability which would be ultimately subordinate to the national authority, a strategy which guaranteed avoidance of the problems associated with VFI (Macphee, 1994: 250-252). Later in the 1990s a more focused campaign for unification took shape under the patronage of ALP politician Jim Snow, ably assisted by Mark Drummond and supported by the writer Rodney Hall (Hall, 1998). In their appeal to the people to consider unification alongside a possible republic, a booklet entitled *Abolish the States! Australia's Future and a \$30 Billion Answer to Our Tax Problems*, these campaigners proposed a 'two tier system' of regions and a unitary Commonwealth which they compared to the governmental machinery and authority structures operating in New Zealand and the United Kingdom (Hall, 1998: 38). It is interesting to notice the similarity of this model to the one proposed by Bamford in 1910 (see above).

Lindsay Tanner was one of the leading intellectual figures in the ALP, and his 1999 book *Open Australia* contained a detailed discussion on the perceived need for unification. Tanner used two broad arguments, one based on the position that the economy had become too unitary to conveniently function within a federal regulatory structure, and the other based on the observation that Australian society itself had become too national to continue for much longer within a federal framework (Tanner, 1999: 206-211). His solution was the 'two-tier system of government' with 'devolution' of powers to regional units replacing sovereign States:



“The regulatory functions of the States should be national, and their service delivery functions should be regional ... there is no reason why another twenty-five or so such entities should not emerge to assume many of the responsibilities of State Governments” (Tanner, 1999, 210).

Tanner completed his model with the idea that regional administrative structures would not need to be a uniform tier of contiguous territorial units but could be functionally based and overlapping, as they are in the UK and as had been argued in the 1975 report on Regionalising Government Administration (Tanner, 1999: 206-211; Anon., 1975).

More recently, advocacy has taken place under the umbrella of the small ‘Beyond Federation’ group led by Mark Drummond and established formally in 2002. It has had an emphasis on communicating and networking, and to facilitate this it sponsors a content-rich website and also held a total of twelve ‘Shed a Tier’ symposia between 2002 and 2005. The Beyond Federation group and another ‘Abolish the States Collective’ appear to overlap a good deal. Beyond Federation makes use of the website containing the PhD thesis of Mark Drummond (2007a), which analyses unification and includes a valuable set of appendices on the history of the Australian movement. This is the context of the publication *Restructuring Australia*, based on a number of symposia and workshops including the July 2003 ‘Shed a Tier’ conference (Hudson and Brown, 2004: vii). This book introduced two more unification players, Jim Soorley, former Lord Mayor of Brisbane, and Chris Hurford, another former Hawke ALP minister. Both writers follow Hall (1998) in proposing a unitary constitution with strong regional units, with Soorley shadowing the 1920s New State proposal but with 31 subordinate regions as opposed to the original 31 ‘New States’, and Hurford arguing for a model with 51 subordinate regions (Hudson and Brown, 2004: 44, 51). Again, the idea is to restrict sovereignty to the national sphere, but to also create numerous regions with ample delegated legislative powers.

The resurfacing of unificationist ideas was arguably a key factor in the decision to establish a Council for Australian Federation (CAF) in October 2006 by the Premiers and Chief Ministers of the 6 States and 2 Territories, who continue to meet up to three times a year and also administer a small secretariat (Twomey and Withers, 2007). Their report entitled *Federalist Paper 1: Australia’s Federal Future* was published just one year after the founding of CAF, and it sought to demonstrate that

“our federal system” can be saved from the attacks of unificationists by an assessment “that fairly balances the economic and social advantages against the disadvantages of federal systems” (Twomey and Withers, 2007: 26 - 50). Some polls indicated growing hostility to federalism, and a Newpoll result commissioned by the Griffith University research initiative ‘The Federalism Project’, published in the *The Australian* in April 2010, found that community support for outright abolition had increased from 31 per cent to 39 per cent since 2008 (Steketee, 2010). This growth of abolitionist sentiment is especially interesting because it roughly coincides with the attack on federalism by future Prime Minister Tony Abbott in his 2009 book *Battlelines* (Abbott, 2009: 131-132). It is to Tony Abbott and to the White Paper process that we now turn.

## 5. REFORMING THE FEDERATION

As Liberal party leader and Prime Minister, Abbott’s previous position on federalism was no longer tenable and he acknowledged this in his Tenterfield speech of October 2014. This was when Abbott launched the White Paper, which had been foreshadowed by the National Commission of Audit Report of February 2014. The White Paper was framed as the centrepiece of a project to “relaunch the federation” in such a way as to clarify “who is really in charge” in each sphere of government activity (Abbott, 2014). He insisted that he was still a “pragmatic nationalist” but added that “rather than pursue giving the Commonwealth more authority over the states” as he had in 2009, now the direction would be “better harmonising revenue and spending responsibilities” within existing federalism. Rather than constitutional change, with States becoming effectively subordinate, Abbott opted for a return to co-ordinate or separate sovereign spheres, with the important caveat that “the Commonwealth and the states better align their revenue with their spending” and aim to eliminate VFI (Abbott, 2014). He concluded the Tenterfield speech with a plan for a reform of the tax system, including a broadening of the tax base (i.e. increasing the Goods and Services Tax or GST), thus connecting the Federation White Paper with the Tax White Paper. Also, Abbott did not rule out the possibility of States handing over some of their more expensive responsibilities (e.g.: hospitals) to the Commonwealth, a transfer which is allowed for in Section 51 subsection xxxvii, and Sections 84 and 85 of Australia’s Constitution.

Setting aside the revenue issue for the time being, this idea of separate sovereign spheres is well known to all students of federalism because it is a large part of the so-called ‘federal principle’. Although the co-ordinate

theoretical perspective has tended to give way to the co-operative perspective, classical accounts do still return to the federal principle. The idea of a federal principle following what the authors of *The Federalist* understood as “a division of powers between general and regional governments each independent within a sphere” provides the basis for a strict version of divided sovereignty in which the important thing is that “neither general nor regional government is subordinate to the other” although it is also necessary that each government is able to “operate directly upon the people” (Wheare, 1963: 11). This is from Kenneth Wheare who learned federalism via the Melbourne University intellectual tradition established by William Harrison Moore who, in his pioneering account of Australian political science, published in early 1914, says that:

“... a federal government exists in any political community where the powers of government are divided between two authorities – a central authority extending to the whole territory and population, and a number of particular authorities limited to particular areas and persons and things therein – each of which is equipped for its own purposes without recourse to the other, and which are so far independent of each other that neither can destroy the other or impair its powers or encroach upon its sphere” (Knibbs, 1914: 546).

The federal principle maintains that the divided sovereignty which is so characteristic of classical federalism is able to be squared with the idea of indivisible sovereignty itself, which is otherwise believed to bind such segmentary communities only on a trajectory towards either union or dissolution (Hinsley, 1986: 18, 219). Of the many defences of this federalist position perhaps none is as persuasive as that of Preston King (1982: 124) who insists that federalism is not in violation of the “one and indivisible” sovereignty doctrine. He understands that despite the difficulty of locating sovereignty in federations they are able to function over long periods of time (Australia and Canada being good examples of such longevity). This is because there is a formal constitutional structure which strictly divides responsibilities between the two levels of government and which assigns to an agency of the national centre of the sovereign state (typically a court) the function of upholding the division so ordained (King, 1982: 142; King, 1974: 33-34). In other words the

federal principle properly understood ensures that each government is sovereign within its sphere and therefore removes one obstacle to accountable and responsible government.

Divided sovereignty has been a source of difficulty for many unificationists. For instance in the 1913 text Church observed that the “lesser Parliaments, pose constitutionally as sovereign powers” and he argued that because “each State retain[s] its sovereign rights” the national Parliament is thereby “unable to break new ground”. This was in contrast to the British form of Parliamentary sovereignty which had been adopted by the constituent States during Colonial times and which ought to have inspired a unitary Australian sovereignty (Church, 1913: 2, 7). In 1919 Oscar Zieman thought that the sovereignty of States was “pathetic” and that it stands in opposition to popular sovereignty, *The Federalist* notwithstanding (Zieman, 1919: 30-34; LaCroix, 2010: 103). Many writers have pointed to the economic effects of separate sovereign spheres such as Frederick Watson (1932: 22-23) who argued that the sovereignty of the States had created an economic disaster. While the suspicion in much of the writing that federalism and sovereignty may be in some way contradictory can be dispelled by careful application of the federal principle, the pragmatic objection that divided sovereignty is the least efficient way of dealing simultaneously with both national and regional/local needs remains, especially in respect of VFI. A return to separate spheres may overcome problems of accountability and responsibility created by co-operative federalism, but problems of efficient service delivery remain.

Thus far the question of separate spheres has been understood as a purely legislative and administrative business, but of course it is also a question of finance. Since the 1942 tax case it has been possible for the Commonwealth to call the tune using a variety of methods from the gentle suasion of annual Premiers’ Conferences and COAG meetings to the blunderbuss of the Section 96 tied grant. Yet the tax power itself is clearly one of those separate spheres anticipated in the White Paper process, both in terms of Section 51 subsection ii, and implicitly in Section 87 (the Braddon Clause) of the Constitution. Tax being a concurrent power it does remain possible for the Commonwealth to tie its own hands by allowing the States ‘tax room’ and to a limited degree the Howard government did so in 1999 when arranging to send most GST revenues direct to the States. The Fraser government offered tax room to the States in the late 1970s, but the opportunity to establish State income taxes was not taken up. A similar proposal was made by the Commonwealth in early 2016 (Kenwood, 2003: 219-223). In the

Tenterfield speech Abbott had to acknowledge the limits of tax room by noting that the shortfall of State income was about \$100 billion whereas the GST brought in only \$54 billion – even an increase from 10 per cent to 15 per cent could not close that gap. At a time of austerity his preferred solution was further expenditure cuts and he specifically refers to the greater adoption of “user pays” by the States (Abbott, 2014).

What are we to make of this? The States suffer greatly from VFI in part because they are separate and sovereign in expensive areas like base hospitals and main roads, which would likely not remain in the sphere of a more regional authority with a local focus. Regionalism within unitary sovereignty does not imply less responsiveness to local needs, and it may actually deliver more than the present States, but we need to acknowledge the unlikelihood of change: only one federation has become unitary and that was Colombia in 1886 (Elazar, 1982: 5). As we have seen it has been common for the ALP to adopt a centralist position on these types of issues during the history of the federation. In the context of the White Paper the possible future roles of the Commonwealth and States in the area of hospital administration and funding is the biggest concern. Despite the GST revenues the income of States continues to reflect fiscal imbalance and hospitals are a major source of expenditure blowouts at the State level. In 2010, the ALP under Kevin Rudd, proposed the transfer of funding responsibilities in this area from the States to the Commonwealth, although States were to remain in control of regional hospital oversight and in the end the plan was undermined at the COAG meeting following the announcement (Anderson and Parkin, 2010: 103-105). This was a watered down version of Rudd’s 2007 plan to transfer hospital finances entirely (Australian Broadcasting Corporation 2007). In the Discussion Paper of June 2015 proposals were restricted to States taking greater responsibility, and to savings such as the contracting out of health services in the sector, with no proposal for hospitals to revert to the Commonwealth as such (PMC, 2015b: 36-43). The White Paper process seems less likely to resolve jurisdictional problems than to justify increases to the GST and partial privatisation.

## **6. CONCLUSION**

The Australian form of federalism has been viewed approvingly by a number of scholars in the field of Australian politics and public policy including Jean Holmes and Campbell Sharman (1977), Brian Galligan (1995) and Alan Fenna (2004) and Australia has been placed alongside

the United States, Canada, and Switzerland as a “classic” federation (Davis, 1978: 218). Like other federations Australia has gradually shifted from co-ordinate to co-operative federalism, with bodies like Ministerial Councils and the Council of Australian Governments (COAG) blurring the lines and sharing expertise and experience across both levels of government. The White Paper idea of separate spheres seeks to return to a traditional rendering of the federal principle and a more theoretically satisfactory form of federal sovereignty. It seeks to demarcate the spheres, and put an end to the buck passing and evasion of accountability and responsibility, which has made public policy so opaque in Australia since the 1980s (Walter, 1996). But doing so has the other result of blocking national co-ordination of government and administration, which co-operative federalism was developed to overcome in the national interest. The concept of regional bodies using delegated legislative powers in contrast to the federal principle does make it possible, in theory, to square the circle by allowing for both ultimate responsibility and at the same time giving the localised units a maximum of authority in areas of local importance. However it does not resolve the revenue question, but simply passes the difficult tax decisions back to the Commonwealth, and back to the realm of ideological battles between neoliberalism with its austerity and indirect taxes, and social democracy with its direct and progressive taxes.

There are two problems inherent to federalism and it is unlikely that the White Paper will be able to solve either. Regions and areas of local concern fare no better under States in a federal system than they do in a decentralised unitary one, and they likely fare worse when States are tempted to interfere and assert their sovereignty (Grant *et al.*, 2016; Brown, 2002). The division of powers between the two levels need not cause any confusion of responsibilities or blurring of lines of accountability in theory. However, practically it does so because of co-operative structures, even though these are established from the best of intentions, and because revenue and expenditure do not correspond due to VFI. Whereas political theorists have warned against the decoupling of power from accountability the opaque methods of bodies such as COAG do precisely this. At this time it seems unlikely that anything in the White Paper on separate spheres will be sufficient to overcome these tendencies. Regardless of the eventual outcome of the White Paper process (if there is one) the continuing move away from centralist approaches in order to prop up the States means that public proposals for abolishing States in favour of regions with delegated legislative powers will likely continue.

## REFERENCES

- Abbott, T. (2009). *Battlelines*. Melbourne: Melbourne University Press.
- Abbott, T. (2014). Tenterfield Speech (Henry Parkes Oration), October 25. Online Version accessed 1 December 2015, <http://www.henryparkestenterfield.com/henry-parkes-oration/2014-oration>.
- Aldred, J. and Wilkes, J. (1983). *A Fractured Federation? Australia in the 1980s*. Sydney, George Allen & Unwin.
- Anderson, G. and Parkin, A. (2010). Federalism: A Fork in the Road? In C. Aulich, and M. Evans (Eds) *The Rudd Government: Australian Commonwealth Administration 2007–2010*. Canberra: ANU E-press, pp.97-117.
- Anon. (1930). *The Australian Party - What it Stands For*. Sydney: The Australian Party.
- Anon. (1975). *Regionalising Government Administration, Royal Commission on Australian Government Administration: Discussion Paper 1*. Canberra: F.D. Atkinson, Government Printer.
- Australian Broadcasting Corporation (2007). Rudd Announces Hospital Takeover Plan. *The 7:30 Report*. Online version accessed 14 March 2016, <http://www.abc.net.au/7.30/content/2007/s2013516.htm>.
- Boobooks Minutes (1910). University of Melbourne Archives. MU Boobooks 83/61, Box 1.
- Brown, A.J. (2002). Subsidiarity or Subterfuge? Resolving the Future of Local Government in the Australian Federal System. *Australian Journal of Public Administration*, 61(4), pp. 24-42.
- Cameron, C. (1992). Australia - One Country or Seven States, Address delivered to Flinders University, September 29, 1992. Online version accessed 26 June 2011, [http://www.bobbuick.com/2020\\_gov/OneCountry\\_or\\_SevenStates.htm](http://www.bobbuick.com/2020_gov/OneCountry_or_SevenStates.htm).
- Church, A.E. (1913). *Australian Unity*. Sydney: the author.
- Commonwealth Parliamentary Debates [CPD]. (1910). Melbourne: J. Kemp.
- Davis, S.R. (1978). *The Federal Principle – A Journey Through Time in Quest of a Meaning*. Berkeley: University of California Press.
- Denning, W. (1930). *Unification*. Sydney: Labor Daily.

- Department of Prime Minister and Cabinet (PMC) (2015a). *Reform of the Federation: Terms of Reference*, Online version accessed 16 November 2015, <https://federation.dpmc.gov.au/terms-reference>
- Department of Prime Minister and Cabinet (PMC) (2015b). *Reform of the Federation: Discussion Paper*, Online version accessed 16 November 2015, <https://federation.dpmc.gov.au/publications/discussion-paper>
- Drummond, D.H. (1933). *Australian Problems of Government - Federation v. Unification*. Armidale: the author.
- Drummond, M. (2007a). Costing Constitutional Change: Estimates of the Financial Benefits of New States, Regional Governments, Unification and Related Reforms. *PhD Thesis*. Online version accessed from Mark Drummond PhD Thesis Website on 27 June 2011, <http://members.webone.com.au/~markld/PhD/thesis.html>.
- Drummond, M. (2007b). Post-Federation Unification Proposals, Appendix 3D. In M. Drummond, *Costing Constitutional Change: Estimates of the Financial Benefits of New States, Regional Governments, Unification and Related Reforms*. PhD Thesis, Online version accessed 27 February 2014, <http://members.webone.com.au/~markld/PhD/Apps/App3D.pdf>.
- Eddy, W.H.C. (1945). *Prospects of Democracy*. Sydney: Consolidated Press.
- Elazar, D.J. (1982). Federalism, Centralization, and State Building in the Modern Epoch. *Publius: The Journal of Federalism*, 12(3) pp. 1-9.
- Ellis, U. (1933). *New Australian States*. Sydney: The Endeavour Press.
- Fenna, A. (2004). *Australian Public Policy*. Sydney: Pearson Education Australia.
- Galligan, B. (1995). *A Federal Republic - Australia's Constitutional System of Government*. Cambridge: Cambridge University Press.
- Goot, M. (1969). *Policies and Partisans - Australian Electoral Opinion 1941-1968*. Sydney: Department of Government and Public Administration, University of Sydney.
- Grant, B., Ryan, R. and Kelly, A. (2016). The Australian Government's "White Paper on Reform of the Federation" and the Future of Australian Local Government. *International Journal of Public Administration*, DOI: 10.1080/01900692.2015.1004088.
- Hall, R. (1998). *Abolish the States! Australia's Future and a \$30 Billion Answer to Our Tax Problems*. Sydney: Pan Macmillan Australia.
- Hawke, R.J. (1979). *The Resolution of Conflict*. Sydney, The Australian Broadcasting Commission.



- Hinsley, F.H. (1986). *Sovereignty*. Cambridge, Cambridge University Press.
- Holmes, J. and Sharman, C. (1977). *The Australian Federal System*. Sydney, George Allen & Unwin.
- Hudson, W. and Brown, A.J. (2004). *Restructuring Australia - Regionalism, Republicanism and Reform of the Nation State*. Sydney, The Federation Press.
- Hughes, C.A. and Graham, B.D. (1974). *Voting for the Australian House of Representatives 1901-1964*. Canberra, A.N.U. Press.
- Kenwood, A.G. (2003). *Australian Economic Institutions Since Federation - An Introduction*. Melbourne, Oxford University Press.
- King, P. (1974). *The Ideology of Order - A Comparative Analysis of Jean Bodin and Thomas Hobbes*. London, George Allen & Unwin.
- King, P. (1982). *Federalism and Federation*. London, Croom Helm.
- Knibbs, G.H. (1914). *Federal Handbook*. Melbourne, By Authority - Commonwealth of Australia.
- Knowles, G.S. (1936). *The Commonwealth of Australia Constitution Act, and The Acts Altering the Constitution*. Canberra: L. F. Johnston, Government Printer.
- LaCroix, A.L. (2010). *The Ideological Origins of American Federalism*. Cambridge Mass, Harvard University Press.
- Macphee, I. (1994). Challenges for 21st Century Australia: Politics, Economics and Constitutional Reform. *Griffith Law Review*, 3(2), pp. 245-267.
- Maddox, G. (1985). *Australian Democracy in Theory and Practice*. Melbourne, Longman Cheshire.
- Mayer, H. (1969). *Australian Politics - A Second Reader*. Melbourne, F. W. Cheshire.
- McNamara, D.L. (1938). *Constitution of the Commonwealth - Proposals for Amendment*. Melbourne: Australian Labor Party (Victorian Executive).
- Megarrity, L. (2012). Regional Dreams: Local Government and its Relationship with the Commonwealth, 1945-1975. *Public Policy*, 7(1), pp. 7-22.
- Moore, T. (2005). Unificationism in Australian Political Thought. In T. Battin (Ed) *A passion for Politics - Essays in Honour of Graham Maddox*. pp. 75-85. Sydney, Pearson Education Australia.
- NSW Electoral Commission (2016). *Past Results: Referendums and Polls: 29 April 1967*. Online version accessed 14 March 2016,

[http://www.elections.nsw.gov.au/results/referendums\\_and\\_polls/st/ate/29\\_april\\_1967](http://www.elections.nsw.gov.au/results/referendums_and_polls/st/ate/29_april_1967).

- Peden, J.B. (1929). *Report of the Royal Commission on the Constitution*. Canberra, H. J. Green, Government Printer.
- Sawer, G. (1949). *Federalism in Australia*. Melbourne, F. W. Cheshire.
- Steketee, M. (2010). Rising Support to Abolish State Governments. *The Australian*. April 10, 2010. Online version accessed 5 July 2011, <http://www.theaustralian.com.au/politics/support-on-the-rise-to-abolish-state-governments/story-e6frgczf-1225852050474>.
- Tanner, L. (1999). *Open Australia*. Sydney, Pluto Press.
- Twomey, A. and Withers, G. (2007). *Federalist Paper 1: Australia's Federal Future*. Melbourne, Council for the Australian Federation. Online version accessed 27 June 2011, <http://www.caf.gov.au/Documents/AustraliasFederalFuture.pdf>.
- Walter, J. (1996). *Tunnel Vision - The Failure of Political Imagination*. Sydney, Allen & Unwin.
- Walter, J. (2010). *What Were They Thinking? The Politics of Ideas in Australia*. Sydney, UNSW Press.
- Watson, F. (1932). *Constitutional Reform as the Basis for the Permanent Economic Restoration of Australia*. Sydney, Angus & Robertson.
- Wheare, K.C. (1963). *Federal Government*. Oxford, Oxford University Press.
- Whitlam, G. (1985). *The Whitlam Government 1972-1975*. Melbourne, Viking/Penguin Books Australia.
- Winterton, G. (1986). *Monarchy to Republic - Australian Republican Government*. Melbourne, Oxford University Press.
- Zieman, O.D. (1919). *A Constitution for a Continent - the Meaning of Unification*. Sydney, Tyrells Limited.