




Speech By
Steve Minnikin

MEMBER FOR CHATSWORTH

Record of Proceedings, 6 May 2014

MATTERS OF PUBLIC INTEREST

Commonwealth-State Relations

 **Mr MINNIKIN** (Chatsworth—LNP) (11.52 am): I previously rose in this chamber and spoke about competitive federalism and vertical fiscal imbalance. I also stated that many years ago I watched an episode of *Four Corners* titled the 'National Jigsaw Puzzle' which dealt with duplication across the service delivery of the federal and state governments. In an address to the Samuel Griffith Society in 2007, one of our leading historians, Geoffrey Blainey, explained why a federal system is best for Australia. This quote has recently been used in the National Commission of Audit report and it is worth noting—

It is highly democratic. It is a guardian of civil liberties, because it offers a balance of powers rather than one supreme power. It is close to the people but also Olympian at times. It enables specialisation, and it respects the regional differences in a big continent. But it is not a neat package of powers. Tidiness is not amongst the visible strengths of a federal system. There will always be ragged edges and compromises, there will always be tensions in a federal system ... If three spheres or levels of government carry out the same activity, say in health or social services or education, then the bureaucratic and administrative expenses may well be too high. And if things go wrong, whom do we blame?

The whole notion of who does what in government continues to bewilder the average voter and the bottom line is that many constituents are now confused about which tier of government is responsible for what in terms of service delivery. This notion is fundamental to the quality of life for all Queenslanders. As Premier Newman has recently stated, there needs to be debate about what tier of government is responsible for specific services such as health and education and how that is matched with revenue-raising responsibilities. Under the current dysfunctional system, the blame game continues unabated between the Commonwealth and the states and it is very difficult to hold any particular tier to account. Indeed, coming from the private sector, I find it appalling the distinct lack of accountability and responsibility, as the blame game always seems to come to the fore as costs are shifted around. Invariably, this leads to poorer service deliverable outcomes for our shareholders—the taxpayers of Queensland.

As I stated in my previous speech on this issue several years ago, it was far more straightforward. The federal government was concerned with functions such as defence and monetary and fiscal policy whilst the states delivered fundamental services such as education, health, policing, public transport and main roads. I am a pragmatic and responsible man. It does make perfect sense for certain functions of government to be controlled centrally such as defence, currency and passports. I am, however, a passionate defender of states' rights and the notions of competitive federalism and the means to address vertical fiscal imbalance. As we have heard from our state Treasurer, the states have become increasingly dependent on Commonwealth funding grants to meet their responsibilities. Australia's distorted federalism has come about through the Commonwealth gradually expanding its tax base to the diminution of that of the states. The Commission of Audit reports that around one-quarter of the Commonwealth budget goes towards funding the states. This

amounts to about 40 per cent of state revenue and almost half of the money granted to the states is tied, meaning it comes with conditions set by the federal government. Andrew Lynch recently wrote—

The Commission of Audit recognises that if real power in key policy areas—expensive ones at that—is to devolve back to the states then the Commonwealth needs to free up the states' taxing potential. It recommends the states get a cut of the income tax levied in their respective economies.

As I have embarked upon meetings with my Chatsworth constituents, many comment about the absurd political game we undertake in this country—that is, the Labor Party comes into power at both federal and state levels, spends like drunken sailors, often on half-baked schemes drawn up on the back of envelopes, maximises the taxpayers' credit cards, only to have the non-Labor side of politics come in and tidy up the fiscal mess. Eventually, the punters are looking for a party again. We get removed from office and the absurd dance goes on and on. The electorate is becoming ever increasingly better educated and far more sophisticated. It is sick of the blame game over service delivery and the National Commission of Audit highlights an important debate that the federal and state governments need to have. Nick Greiner recently wrote in the *Australian Financial Review*—

This is not an example of going back to the days of Barton and Deakin. On the contrary: it is about determining how we will function best as a nation for our grandchildren.

I for one do not believe that the present multifaceted, wasteful, ineffective shambles that passes for federalism should be the Australian way for the 21st century and beyond. As we go forward with the national debate about bringing the federal deficit back under manageable control, we should not shirk the national debate that needs to be held on competitive federalism. It runs contrary to the centralist command and control attitude of the Labor Party but adheres to the classic liberal attribute of freedom. I say: bring on the debate!