



## FEDERALISM: A SIMPLE SOLUTION

Standing up for Federalism in the Federal Parliament has never been a particularly popular activity. It was even less popular in recent years in the Parliamentary Liberal Party when Liberals controlled the Federal Government and every state and territory was being mismanaged by the Labor Party.

It's understandable when you are part of a successful Federal Government, and witness daily examples of failures by your political opponents at a State level, to think the answer is to simply shift responsibility from State level to Federal level. And there have undoubtedly been serial failures by State Labor administrations in the areas of health, education and infrastructure.

But is centralism the answer? Is there something inherently wrong with the structure of our political system that demands a radical change. Or is the failure of state governments simply a reflection of the political party in charge.

Consider this: there have been many successful state governments who have balanced budgets, delivered services and governed free of corruption. Victoria had a highly successful government led by Jeff Kennett and Alan Stockdale. NSW had the Greiner and Fahey Governments. In WA, Richard Court replaced the floundering Labor governments led by Burke, Dowding and Lawrence. In fact, throughout the 1990s many states benefited from energetic and reformist state governments.

And they all had one thing in common – they were led by Liberals.

During the early part of the 1990s, there were few calls by Liberals to shift power to the Federal Government. It makes sense, given the transfer of power would have been from competent state Liberals to a tired and ailing Federal Labor Government run by Paul Keating.

Liberals should apply a similarly cautious approach to the issue now. Do we really think that a Federal Government that has overseen Grocery Watch, Fuel Watch, the bungled bank-deposit guarantee and record levels of debt and irresponsible spending is the best level of government to control our health or education systems?

The principles of Federalism are timeless. Liberals believe in the principle of subsidiarity: that power, where possible, should be located as close as possible to the people so that it is responsive to their demands.

Liberals are wary of concentrating power in the hands of a small number of people. Liberals also believe in checks and balances – abolishing or rendering state governments impotent would leave a federal administration's power virtually unchallenged.

Liberals also believe in competition. States competing for jobs, investment and talent should lead to lower taxes, lighter regulations and more attractive communities to live in.

Proposals to shift power to the federal government are short sighted. Just because there are governments at a state level that are failing in their duties doesn't mean the federal system is broken. What it means is that many states are run by incompetent governments. Arguing that the reason NSW Hospitals are in a mess is because of federalism gives the NSW ALP a free-pass they do not deserve. State Labor governments have benefited from record Commonwealth funding and a booming economy. Competent administrators should have been able to deliver services and balance budgets.

What the people of NSW and Victoria need is a new government, led by Liberals, not a federal takeover of areas of state responsibility.

Liberals should always be sceptical of measures to centralise power in Canberra. There is nothing inherently special about a bureaucrat living in Canberra compared to one living in our state capitals, and there is no reason to think they would administer any more competently. The Liberal Party needs to confront the real reason for failures at a state level: bad governments led by our political opponents.

There is a simple solution to this problem which requires no constitutional changes: turf out the Labor Party via the ballot box and replace them with competent Liberals.



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