

# Balance of power tipped against our state

**A**USTRALIA came together as a nation in the year 1901 as a federation of six individual British colonies. The rationale behind the creation of this Federation was the belief that the states could further the interests of their people by co-operating and working together, rather than acting alone.

Hence, each colony agreed to cede a portion of its powers to a new central (Commonwealth) government.

During the first of the convention debates in 1891, Sir Samuel Griffith, who would later become the first chief justice of the High Court of Australia, said: "We must not lose sight of the essential condition that this is to be a federation of states and not a single government of Australia. The separate states are to continue as autonomous bodies, surrendering only so much of their power as is necessary for the establishment of a general government to do for them collectively what they cannot do individually for themselves."

Over the course of the 20th century, the balance between the power of the states and that of the Commonwealth, as laid out in our Australian Constitution, has been drastically altered. The federal government has gained enormous power at the expense of the



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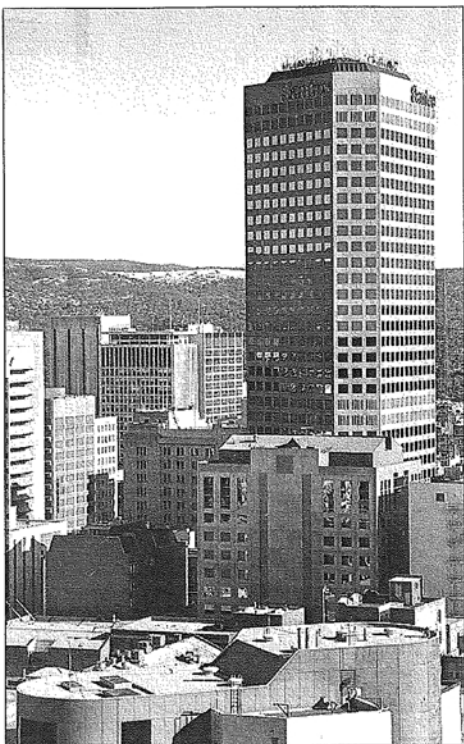
states. This has severely undermined the potential of federalism to deliver prosperity to all Australians - particularly those who live in states with smaller populations, such as South Australia. Nearly 60 per cent of our state's revenue comes from federal grants, many of which have special conditions attached to them.

The state is thus less able to conduct its own affairs and plan for its future.

This leads to a lack of accountability, since the Commonwealth raises the money but is not responsible for the way it is spent, while the state government spends the money without being responsible for the way it is raised. We need to turn that around or be forever dependent.

It has been said that capital and businesses go where they are made welcome and stay where they get looked after.

State governments play a vital role in creating the right environment to attract and retain capital. And creating the right environment does not mean offering inducements.



**STANDING TALL:** Santos maintains its head office in Adelaide... but it's a dying trend as SA loses its competitive edge.

ments. Inducements may attract capital but they do not necessarily retain it.

Further, they offend existing state-based businesses by transferring wealth from locals to out-of-towners.

In 1983, 20 of Australia's top 100 companies had their head offices in Adelaide.

Today, there are two (and of those, one is protected by state government legislation and the other is an investment company). How did it get to this? SA has an above-average standard of living but a below-average cost of living.

Despite this, we are losing our competitive edge - or, to be more precise, losing the opportunity to exercise our competitive edge, whether in the private or public sectors.

For example, allowing state public sector employees to go on to federal awards does nothing to improve SA's competitiveness.

We need to attract sustainable businesses which are in turn attracted by lower costs and ease of doing business. With multi-layers of federal, state and local government, we are too over-

governed and businesses are hampered by expense and complications.

By removing some layers, we create a "frictionless motor", making a better environment in which business can operate.

The Samuel Griffith Society was formed to uphold the Constitution, particularly the balance of power between the states and the Commonwealth. The society, headed by former High Court chief justice Sir Harry Gibbs, will hold its annual conference in Adelaide from May 23 to 25.

Some topics include South Australia and the federation and voluntary voting with guest speakers to include former Supreme Court chief justice Len King; former attorney-general Trevor Griffin; and present High Court judge, Justice Ian Callinan.

□ Bob Day is a national home builder (with a head office in Adelaide) and is a Samuel Griffith Society board member.