



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

SELECT COMMITTEE ON THE REFORM OF THE AUSTRALIAN  
FEDERATION

**Reference: Relations between federal, state and local governments**

TUESDAY, 1 FEBRUARY 2011

BRISBANE

BY AUTHORITY OF THE SENATE



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**SENATE SELECT COMMITTEE ON  
THE REFORM OF THE AUSTRALIAN FEDERATION**

**Tuesday, 1 February 2011**

**Members:** Senator Trood (Chair), Senator Furner (Deputy Chair) and Senators Back, Ludlam, Moore and Ryan

**Senators in attendance:** Senators Back, Moore, Ryan and Trood

**Participating members:** Senators Abetz, Adams, Barnett, Bernardi, Bilyk, Birmingham, Mark Bishop, Boswell, Boyce, Brandis, Carol Brown, Bushby, Cameron, Cash, Colbeck, Coonan, Cormann, Crossin, Eggleston, Faulkner, Ferguson, Fielding, Fierravanti-Wells, Fifield, Fisher, Forshaw, Heffernan, Humphries, Hurley, Hutchins, Johnston, Joyce, Kroger, Ian Macdonald, McEwen, McGauran, Marshall, Mason, Minchin, Nash, O'Brien, Parry, Payne, Polley, Pratt, Ronaldson, Scullion, Stephens, Sterle, Troeth, Williams and Wortley

Terms of reference for the inquiry:

To inquire into and report on:

- (a) key issues and priorities for the reform of relations between the three levels of government within the Australian federation; and
- (b) explore a possible agenda for national reform and to consider ways it can best be implemented in relation to, but not exclusively, the following matters:
  - (i) the distribution of constitutional powers and responsibilities between the Commonwealth and the states (including territories),
  - (ii) financial relations between federal, state and local governments,
  - (iii) possible constitutional amendment, including the recognition of local government,
  - (iv) processes, including the Council of Australian Governments, and the referral of powers and procedures for enhancing cooperation between the various levels of Australian government, and
  - (v) strategies for strengthening Australia's regions and the delivery of services through regional development committees and regional grant programs.

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**Committee met at 9.49 am**

**CHAIR (Senator Trood)**—I declare open this public hearing of the Senate Select Committee on the Reform of the Australian Federation, the second in a series of public hearings the committee is holding to inform its inquiry. The committee is to report by the end of May 2011. I welcome you all here today and I remind everyone that witnesses giving evidence to the committee are protected by parliamentary privilege. Any act which may disadvantage a witness on account of their evidence is a breach of privilege and may be treated by the parliament as a contempt. It is also a contempt to give false or misleading evidence to a committee. Witnesses should be aware that if, in the giving of their evidence, they make adverse comment about another individual or organisation then that individual or organisation will be made aware of the comment and given a reasonable opportunity to respond to the committee. The committee prefers to hear evidence in public, but we may agree to take evidence confidentially. The committee may still publish confidential evidence at a later date, but we would consult the witnesses concerned before doing this.

[9.51 am]

**BLADE, Ms Margaret, Executive Officer, Regional Development Australia (RDA) Brisbane Inc.**

**CHAIR**—Our first witness is Ms Margaret Blade, from Regional Development Australia Brisbane. Welcome to the committee this morning.

**Ms Blade**—Thank you, Senator.

**CHAIR**—Thank you very much for coming. We have received a submission from your organisation, which is submission 19. Do you wish to make any amendments to that?

**Ms Blade**—I would like to submit a better copy of it. I must have submitted it electronically, and I had a look at it and there were some links missing.

**CHAIR**—Does it make any amendments?

**Ms Blade**—No, it is just as it is.

**CHAIR**—Okay. What we might do is to have you make a short opening statement as you choose, and then following that we will ask some questions of you.

**Ms Blade**—Okay. I realise this is a much broader inquiry than what we are commenting on. We only commented on the key issues that were really relevant to our organisation and that we felt qualified to comment on. The first is term of reference (a):

... inquire into ... key issues and priorities for the reform of relations between the three levels of government within the Australian federation ...

We just sought to point out there the role of Regional Development Australia. It was set up in order to foster closer relationships between the federal, state and local governments—and territory governments I should add in there as well—and to be an effective conduit of information between those three levels of government and the community. That is all fairly well documented, and I notice there were other Regional Development Australia committees that submitted comments. So, unless you want to draw me out on any of those, that is probably not the key point that I would be focusing on. I would focus more on ‘strategies for strengthening Australia’s regions and the delivery of services through regional development committees and regional grant programs’, which I thought related directly to Regional Development Australia being the Australian government’s regional development network.

The government, in its wisdom, decided to extend the regional framework to cover capital cities as well. Brisbane is a stand-alone local government area that is part of the Regional Development Australia framework. My background is that I worked for a number of years for the area consultative committee that covered three local government areas, Brisbane, Logan and Redlands. I was very involved at the time of the transition from area consultative committees to

Regional Development Australia. As it was in Queensland, it was not a very smooth transition: area consultative committees ceased and a number of months later the Regional Development Australia committees were formed. But, as part of that process, we worked fairly closely with the other area consultative committees in capital cities and sought, I suppose, to convince the government of the day that it was important to include the capital cities in the Regional Development Australia framework.

At the time a paper was submitted to Gary Gray, who was the parliamentary secretary charged with that role of transition, on the importance of cities to regional growth. It was put together by the Perth, Sydney, Brisbane and Adelaide area consultative committees. We did not receive any direct feedback that that convinced the government to include capital cities, but anecdotally we heard that it had helped. I do not know whether you are interested in having me table that document as well.

**CHAIR**—Yes, table that document. We are happy to receive that.

**Ms Blade**—I can provide an electronic copy of that as well. That document was from August 2008. As far as Brisbane goes, we as a Regional Development Australia entity are working closely with our counterparts in South-East Queensland. There are seven Regional Development Australia committees. South-East Queensland is a fairly unique region in its own right. We are working collaboratively as a collective but also individually within our regions. One of the things the government is deciding at the moment is that it is developing two new regional infrastructure funding programs. One is the Priority Regional Infrastructure Fund, and one is the Regional Infrastructure Program. So guidelines are being developed as we speak. It is a bit concerning that we may be left out of the loop with those funding programs with the changing dynamics after the federal election and the agreement with the Independents.

**Senator MOORE**—Who do you mean when you say ‘we’?

**Ms Blade**—Capital city regions.

**Senator MOORE**—Thank you. I just wanted to get that clear.

**Ms Blade**—We have been told by the Department of Regional Australia, Regional Development and Local Government, which is the department that provides us with operational funding, that all Regional Development Australia committees will have a say in those guidelines. In the past, the precedent has been that all the regional programs that were under that Regional Development framework, such as the Regional and Local Community Infrastructure Program, which came out shortly after the election of the Rudd government, had application across all of Australia, but that funding went straight to local government. Previously, of course, the regional program that was subject to a fairly damning audit report was also applicable across all regions: metropolitan, regional and remote regions of Australia. So I suppose I am advocating on behalf of Brisbane, and probably the other capital city regions as well, that we are as much a part of the regional development framework as the more remote and rural regions, even though we have different issues.

**CHAIR**—I will ask you a few questions and then I will invite my colleagues to similarly ask some questions. Your ambit is essentially the area of the Brisbane City Council—is that right?

**Ms Blade**—Yes.

**CHAIR**—Whereas the previous ACC covered a wider region?

**Ms Blade**—Yes. It covered Brisbane, Logan and Redlands.

**CHAIR**—When were you constituted? How long have you been in existence?

**Ms Blade**—Do you mean the Regional Development Australia committees?

**CHAIR**—Yes.

**Ms Blade**—The members were appointed in October 2009, and most of the committees became incorporated associations around December 2009 or January 2010.

**CHAIR**—So you have been there for about a year.

**Ms Blade**—About a year, yes.

**CHAIR**—What is your budget?

**Ms Blade**—Ours is between \$200,000 and \$300,000. All Regional Development Australia committees were given some establishment funding to help them get organised and to set up their offices and develop regional road maps, which are like strategic plans—in Queensland they call them regional road maps.

In other states that have had other regional development frameworks, like the New South Wales state government funded regional development entities, they sort of merged so the state government actually provides funding as well as the federal government. But the Queensland government provides in-kind support, which are our office accommodation, stationery, telephones and so forth. So we are probably funded, in real terms, less than in the other states.

**CHAIR**—Can you quantify that Queensland government support?

**Ms Blade**—Yes, it is quantified in our funding contract at about \$104,000 per annum, taking into account their staff. The Department of Employment, Economic Development and Innovation is sort of the Queensland regional development department. The funding is for the time for their staff to come to our meetings, for us to consult with them and then the office accommodation.

**CHAIR**—And you would not be expecting any further funds until the respective state and federal budgets, is that right?

**Ms Blade**—Yes.

**CHAIR**—So you are waiting for May, to an extent?

**Ms Blade**—We have got a three-year contract with the federal government and there is an MOU between the state governments and the federal government in all states—I am not quite sure of the situation in Western Australia. I think they might be going it alone over there and running in parallel with the state regional development organisations that are already in existence. We probably expect the same level of funding plus maybe a CPI increase.

**CHAIR**—You are part of the staff, but are there any others?

**Ms Blade**—I am it at the moment. We are probably one of the last cabs off the rank. They tried to recruit someone back in February and that selection exercise fell through. Then they re-advertised and I applied in that second round and started in July; whereas most of the committees in Queensland had staff start at about March or April.

**CHAIR**—Are you intending to expand the staff support?

**Ms Blade**—Yes.

**CHAIR**—Do you have at this stage a strategic plan as to how big your secretariat would be?

**Ms Blade**—Yes, we have an ad out there at the moment for a project officer. We have been engaging contractors to do work on a project-type basis.

**CHAIR**—Okay.

**Senator MOORE**—Ms Blade, through the submissions we have got today there has been a focus in the morning on the RDA process, so my questions are focused on that as opposed to the wider issues—as you rightly pointed out, that is where your submission is. A lot of the stuff has been about this concept of regional government. Within the ambit we have federal, state and local—and local have been vocal about wanting to get their level enshrined in the Constitution. But in a number of this morning's submissions, particularly the extensive one from Professor Brown, there is a lot of talk around regional government. Is that something that your organisation discusses: what is a region? How does it work with the other levels of government? I am particularly interested, as your RDA coexists with one municipal council, in the processes of the regional roadmap to have that cooperation? Correct me if I am wrong, but the appointees to the RDA are from state and federal but the expectation is that you work with all three levels? Is that right?

**Ms Blade**—Yes, that is right. The relevant state and the federal government ministers appoint the members but every RDA has at least two local government representatives.

**Senator MOORE**—Appointed by the local government?

**Ms Blade**—No, appointed by the two ministers. I think the Local Government Association of Queensland may have had some input into that process of appointing the local government members as well. For instance, the Logan and Redlands RDA has got one local government employee from Redlands and one from Logan; whereas in Brisbane, which is just a single local government area, we have got the economic development manager as one member and one of the councillors as another member. I think you have the Sunshine Coast RDA giving evidence

and Councillor Debbie Blumel is the chair of that RDA. So we are not the only RDA with a single local government area. But the roles are quite different. For instance, my counterpart in the Darling Downs and south-west has got—I cannot remember the number—

**CHAIR**—A whole bunch.

**Ms Blade**—A whole bunch, yes. Most of their role is liaising and coordinating between all the members of those local governments, whereas in Brisbane and the other single local government RDA areas we are dealing with the council but bringing in state government, where they might not have a relationship. Brisbane City Council is very large and there might be sections that have got a better relationship with state government than other sections, and it also depends on different issues that are on the table.

**Senator MOORE**—In terms of reporting, the first round role of the RDA was to coordinate with all levels of government to do it. Is there an expectation in the way you operate that individuals have the responsibility to report to the feds, individuals have responsibility to report to the states, and the two local government people are supposed to work with Brisbane City Council, or is it wider than that?

**Ms Blade**—We work a lot more closely together. Our reporting processes and even submitting our regional road map has to be signed off by state and federal government. But local government, in our instance, had a very strong input into developing that regional road map.

**Senator MOORE**—Do you report to local government as well? My understanding is that the reporting cycle is the same for feds and states, so you are not having to do duplicate reports or anything like that. Do you report to the federal and the state with that six monthly?

**Ms Blade**—We do quarterly reports and six monthly and annual. No, we do not formally report to the councils because we have got the two members on our committee and they are like the conduit then for our reporting. Certainly with the development of our regional road map, we consulted fairly broadly within the Brisbane City Council and then made a point of presenting the finished product at a meeting with the lord mayor as well. But there have not been formal processes. With an RDA committee that has multiple local governments, there probably would be a more formal process.

**Senator MOORE**—The regional road maps are public; they are on the website?

**Ms Blade**—Yes, ours is.

**Senator MOORE**—But the reports are not; they are not on the website?

**Ms Blade**—No.

**Senator MOORE**—I know, everyone is in the middle, just learning. It is always of interest to Senate committees about what you can see and what you cannot. A standard question in the committees that I go to is: ‘You have got a report; can we see it?’ Sometimes it takes a while and sometimes we never do. I am interested in terms of the reports that you send back. They go to

government, but what happens in terms of the public nature, you do not know. You have not been advised of that.

**Ms Blade**—No. With the area consultative committee we used to put out an annual report to the community to let them know what we had achieved. I daresay, with the agreement of my committee, we would do the same thing as well.

**Senator MOORE**—And that has not been agreed to?

**Ms Blade**—No, because our first annual report was very much in the formative stages and there was not a lot to report. We just finished our six-monthly report but we have got to get the tick-off from the federal and state departments, I suppose, before that is disseminated any further.

**Senator MOORE**—Thank you.

**Senator BACK**—Thank you for your submission and for being here. What I am trying to come to terms with is that the committee is addressing itself to the issues associated with the three levels of government and it causes me to ask the question: are the RDAs deliberately or inadvertently creating a fourth level? There seems to be all sorts of conjecture in Australia that we have too many levels of government; it is just that no-one can make their mind up which one ought to go. I just ask the question, listening to the answers to my colleagues: is this the fear from the great unwashed—that there is just another level for whom administrative fees and others will be absorbed?

**Ms Blade**—I hope that we are not seen as another level of government. We are definitely community based organisations. The staff are not public servants. The members serve voluntarily and they go through a fairly rigorous process when applying to get appointed as well. We like to see our role being at a community level and being an honest broker. As far as whether there is a future role for us to disseminate or have a say in the distribution of any of the regional infrastructure funding programs or any other role that the government sees for us, we are there, I suppose, as a bit of a conduit or as an honest broker. Even though we have to report to the federal and state governments, we are still independent organisations and the members serve voluntarily and they are not really beholden to anyone. We can be the voice of reason at a community level without any agenda.

**Senator BACK**—The way that the RDAs are structured, do you actually have any powers of persuasion? Do you have any powers of coercion? If indeed you have the capacity to bring the three levels together, is that nothing more than just appealing to common sense and the better judgment of those three levels?

**Ms Blade**—Sometimes it can be a bit of an advocacy role or a mediating role in the broader sense. The fact that we are funded means that we are answerable to government, but on the whole it is a committee of volunteers that are appointed because of their relationship with their communities and regions.

**Senator BACK**—Yours is unique in the sense that, as you have answered earlier to a question asked, you pretty well mirror the Brisbane City Council area. There would have been a time,

perhaps, when road boards, which became councils, came into existence that they were probably also constituted by well-meaning volunteers with an interest in the local community. Is there a recognition that local government has departed the space and therefore there is a need for an RDA, specifically in the Brisbane context? I can see in other circumstances geographically where there may be numbers of local governments somewhat competing for space, but yours is unique because it is the same geographic footprint. If local government's great plea is that it is closest to the people—and indeed it is—and therefore it is the most sensitive to the needs of a local community, what can the RDA for which you have responsibility do differently to what the Brisbane City Council can do for its community?

**Ms Blade**—The Brisbane City Council can work closely with its community, and it is a very large organisation. Perhaps unlike other RDAs, we do not purport to work with individual people in the community. So we are working a lot with stakeholders. With 1.2 million people it is hard to get close to the people with a committee of volunteers and 1.6 staff. We work very closely with different stakeholders, community government agencies and also economic development and environmental agencies where we see that we can make a difference. For instance, we have identified five priority themes in our regional road mapping: transport, future workforce, liveability, emerging enterprise and innovation, and carbon. That is what was identified in the regional road map as where there may be gaps that are not being addressed through the levels of government and where we can bring other stakeholders together with state, federal and local government to try to address those issues.

**Senator BACK**—Another party appearing before us today made an observation, and I would be keen for your perspective on it and to hear whether you agree or disagree. They made the comment that regional development committees can have two distinct roles: strategy development and communication being one, or service delivery and strategy implementation. So it is either developing strategy or implementing it. Do you agree with that? If you do agree with it, in which of those roles do you think the RDA for which you have responsibility is more likely to be effective and deliver something for the community?

**Ms Blade**—Yes, I agree with that statement. The way we are resourced at the moment is more for strategy development. We are not really resourced for service delivery at this point.

**Senator BACK**—But do you think that in the early life of RDAs it would be wise nationally for there to be some clarity on that particular definition and therefore not be in the game of trying to deliver what you are not resourced for? I understand from your response to Senator Moore's question that you are one of one, so is it important at this stage in the life of RDAs if they are to become a permanent feature that the distinction be drawn as to what their ultimate role is if that role is policy development communication?

**Ms Blade**—It is difficult to apply one size to fit all because every region is different. Every region is a different size and so on. In some areas the RDA might be a deliverer. Actually RDAs are encouraged to seek third-party contracts where they are running projects or delivering services. I think a few of them, maybe the ones in other states that are more resourced, are doing that sort of thing. With the area consultative committee, the previous regional development network of the federal government, we found quite a lot of other contracts like small business field officer services and we ran Indigenous job markets. We actually found a bit of a niche doing quite a lot of Indigenous projects, even across the state. They were all third-party contracts

with other government departments. It depends on the region and what their needs are. If an opportunity presents itself where you can deliver a service or there is a need for a service that no-one else is addressing then that could be a role for RDAs as well.

**CHAIR**—Are you responding to community interest in your activities, or are you a more entrepreneurial organisation, making the particular connections that have led to these activities?

**Ms Blade**—As part of our regional road map process, there was fairly extensive consultation with key business, government and community stakeholders. That was before I started working here. We had a consultant do our regional road map and then I re-established myself with networks that I had previously been involved with as well. I am going out and seeking contact with people and stakeholders according to our themes and issues. But, by the same token, I am being contacted by organisations.

**CHAIR**—Are you confident that you are recognised as having a place within the structure to which organisations can come and get some sort of value from your services?

**Ms Blade**—There is still a way to go. We are still very early in our developmental stage. We have not had an event to launch our regional roadmap officially. We have not had it formally ticked off yet by the federal and state governments. We have an invitation for our regional Australia minister, Simon Crean, to do an event and we would invite all the stakeholders and create more connectivity between those stakeholders as well.

**CHAIR**—You say that you have to have it ticked off by federal and state governments. That is obviously a restriction on your capacity to be able to make decisions yourselves. How long has it been since you submitted that?

**Ms Blade**—We submitted it on 10 September. Most RDAs in Australia submitted them late in August or by mid-September. We are still waiting for that.

**CHAIR**—Have you had any assurances as to when you can expect to receive confirmation?

**Ms Blade**—Yes. I had an email last week from the state government department saying that they were going to organise a telephone hook-up with the federal department representative in Townsville and the state government to give us formal feedback on our regional roadmap. We are looking at reviewing that anyway because things have changed since we submitted it. We now know that there is regional infrastructure funding that will be part of the mix and there is the role for Regional Development Australia committees. So we have to be responsive to changes. Also, we have a regional roadmap implementation subcommittee meeting of our committee next week to look at how we might change things in light of the floods.

**CHAIR**—In your opening remarks you said that you were rather concerned about the possibility of being excluded from funding or at least having funds limited—that you will have a more modest grant perhaps than you had on the last occasion. What is the basis upon which you make the case or make the argument about the level of your funding? Is there a formal process established for that?

**Ms Blade**—It is not the operational funding that I am concerned about; it is the new regional infrastructure funding programs that the government is introducing and is writing guidelines for. According to the agreement between the Gillard government and the Independents, the Regional Development Australia committees would be consulted as to the dissemination of that funding within their communities. We have had a meeting with one of the first assistant secretaries from the Department of Regional Australia who was in Brisbane for a visit in December and we voiced our concerns.

**CHAIR**—Why do you have these concerns? Are you just reading the nature of the agreement and saying, ‘We do not seem to have a place in this’ or do you have reasons as a result of representations from the department?

**Ms Blade**—It is just anecdotes and rumours, I suppose, that some of that regional funding may not be applicable to the capital city regions. There is also the fact that the agreement with the Independents was prefaced that one in three Australians lives in a regional area. So it is just putting two and two together, I suppose. We have been trying to advocate that we do not want to be excluded.

**CHAIR**—Are you doing that in conjunction with other capital city RDAs

**Ms Blade**—Yes. We have liaised by email with the other capital RDAs and have sought to have a meeting. We were looking to have a meeting to coincide with the Major Cities Unit that is based in Sydney and I think it still sits under Infrastructure Australia. We wanted to interface with them and we thought that could be a good opportunity for us to collaborate on that. We have been doing it informally.

**CHAIR**—You say that you are concerned about the possibility of not getting access to the infrastructure funding but that you are not concerned about your operational funding. You believe that is secure.

**Ms Blade**—Yes.

**CHAIR**—Do you have any capacity to influence the level of that funding or is that a figure that the government grants you and you are grateful for that?

**Ms Blade**—Yes, that is usually it. We have to submit a budget and because we were a bit late starting here in Brisbane we were not able to expand the establishment funding in the time frame that we were supposed to, so we were given permission—well, I hope we are being given permission—to carry that over. But I think they will just give us an allocated amount, according to what is in the federal budget.

**CHAIR**—Do you have a view as to whether or not the operational funding that you receive should be the same as everybody else’s? Should it be differential funding, do you think, or are you of the view that all RDAs should receive the same base funding and then seek additional funding?

**Ms Blade**—I think that with some of the regions that are larger in area there are logistical issues even to get their members together for a meeting and to get staff out into their regions. So

they would have to spend a lot more on travel than we do here in Brisbane. There is also the one that covers the Central Queensland area.

**Senator MOORE**—Central Queensland is massive.

**Ms Blade**—That is huge. So I can understand that those RDAs may be given a greater amount to cover those sorts of logistical things.

**CHAIR**—You have had the experience of working with ACCs. Are these enterprises profoundly different from each other, do you think, or is RDA a rebadging of essentially a similar kind of structure to what existed previously?

**Ms Blade**—No, the roles are quite different. With the area consultative committees, the primary role was the Regional Partnerships program—although here in Brisbane we saw a need and we branched out and did a lot of other whole-of-government things, so I suppose for that reason we were not tarred with the same brush of the funding program not being effective and all that sort of thing. Our electorates are fairly diverse, so Labor and coalition electorates at the time got as much funding as each other, I think, as far as projects went.

But I suppose they are set up similarly. They are incorporated associations under state law. Regional Development Australia committees have a set number of members and they are appointed by both federal and state government, whereas in area consultative committees only the chair and the deputy were appointed by the federal government and the members were just people who applied and joined the committee. I think the role of RDA seems to be a lot more strategic, whereas we do not have that role. But that may change with these new funding programs that will come out—the new regional infrastructure funding programs—where we may have more of a role in helping proponents to access that funding.

**CHAIR**—If one believes in the cause of regionalism across Australia, is this a better structure, do you think, to promote that cause than the ACC structure?

**Ms Blade**—Yes, because when the ACCs were first formed back in 1995 under Working Nation they were formed as job creation committees. It was only after the 2001 election that the then government made them regional development organisations. The role of the area consultative committees was changed. They had a fairly nondescript name, so they changed and went under a couple of different departments, whereas I think Regional Development Australia has been established with that set role of being the Australian government's regional development network but in a bilateral arrangement with the state governments. So it seems to have more structure and purpose for that regional development role.

**CHAIR**—Is it your RDA's view that the mandate you have is adequate for the task that you see yourselves as being required to perform?

**Ms Blade**—I think we could probably be mandated a bit more.

**CHAIR**—What would you like to have a mandate for that you do not have one for at the moment?

**Ms Blade**—The state government is a stakeholder in us. At the moment, we are making our own inroads as far as liaising with state government organisations like the Department of Infrastructure and Planning on what our role can be with their implementation of the South East Queensland Regional Plan, for instance, and how RDA committees can be consulted on a local basis. But I think there are still a lot of government departments out there that are not aware of the role that Regional Development Australia could undertake in our respective regions.

**CHAIR**—At the state level?

**Ms Blade**—And at the federal level as well. We are doing that at a local level and interfacing with the departments, but I think they are working on it at a federal level. I mean, as to the department of regional Australia, I got an email last night to say that they had only just got their structure in place, since the election, since they have been formed. From seeing the notes from the conferences that were held last year before I started, I think that they are looking at informing the other government departments of our role and what we can do on the ground as a separate organisation.

**CHAIR**—We are running out of time, but I will ask this. Some RDAs expressed views about the recognition of local government in the Constitution. Do you have a view on that subject?

**Ms Blade**—No, we did not really discuss that. I think that is for local government to determine. Some RDAs may have expressed that view, but in our committee we just concentrated on these other issues.

**Senator MOORE**—Ms Blade, your submission concentrated on your concern about the future funding and—

**Ms Blade**—No, that was just—

**Senator MOORE**—operational funding?

**Ms Blade**—No, the operational funding was okay; just our access to the funding programs.

**Senator MOORE**—Funding coming through; funding to do your work—not the staffing, not the accommodation. So funding under the programs to service local areas.

**Ms Blade**—That is right, yes.

**Senator MOORE**—Senator Trood asked about whether there were going to be some common concerns amongst cities, and you said there would be. With the RDAs that you work with in Queensland who are not capital city RDAs—all the others—how do they feel about metropolitan RDA and their role into the future? Is there a kind of common acceptance that funding should apply to you, or have people not had that discussion?

**Ms Blade**—I think so because, as I said, we work fairly closely with the South-East Queensland RDAs—for instance, Ipswich and West Moreton. The ABS and other organisations sort of look at greater Brisbane as including Ipswich, Caboolture, Logan and Redlands.

**Senator MOORE**—We all know they do not.

**Ms Blade**—No! But, just as an aside, the new national urban policy that Minister Albanese is seeking comments on talks about the 18 cities in Australia, and Brisbane is actually like the ‘greater Brisbane metropolitan area’ that takes in those areas. So some of those RDAs were a bit concerned that maybe Ipswich would not be included, or that Redlands might be seen as a metropolitan area, sort of part of Brisbane. So I think they are concerned for their own areas as well.

**Senator MOORE**—So how do they fit? Through their status?

**Ms Blade**—Yes.

**Senator MOORE**—Okay; I just wanted to check about how the regional people felt who were not in metropolitan cities.

**Ms Blade**—Oh—well, when the transition was taking place between the area consultative committees and Regional Development Australia, some of the regions were fairly vocal as to why should—

**Senator MOORE**—cities be a region?

**Ms Blade**—Yes.

**Senator MOORE**—But they have calmed down—is that right?

**Ms Blade**—And that sort of prompted us to develop The Importance of Cities to Regional Growth.

**CHAIR**—Thank you very much for coming this morning, Ms Blade. We are very grateful to you for taking the time to make a submission to the committee and for giving up your time to give oral evidence.

**Ms Blade**—Thanks for having me. I hope I did answer some of the queries that you had.

**CHAIR**—We are now going to take a short break for morning tea.

**Proceedings suspended from 10.35 am to 10.53 am**

**BLUMEL, Councillor Debbie, Chair, Regional Development Australia Sunshine Coast**

**CHAIR**—Welcome. We have received a submission, which has been numbered 15, on behalf of your organisation. Do you want to make any amendments to that submission at this stage?

**Councillor Blumel**—No, not at all.

**CHAIR**—Our practice is for you to make an opening statement, if you care to do so, and then we will ask you some questions.

**Councillor Blumel**—Thank you very much for the opportunity to address the Senate committee. I must admit I do feel a bit like *Mr Smith goes to Washington* and I will do my best not to do a James Stewart impersonation in the middle! It is terribly important to have a two-way conversation direct from the regions with the people who are in the upper house federally and who represent us right across this nation. I very much welcome this opportunity to address you.

As a councillor on the Sunshine Coast Regional Council, I also have quite a vested interest—a convergence of interests, if you like—in ensuring that local government is strengthened in this country through constitutional change or reform. My views as an RDA chair and my views as a councillor very much converge on that issue. I think it is long overdue. I think we need to keep a very strong focus on the practical outcomes and ramifications of constitutional reform rather than get lost in a lot of esoteric argument—which all has to be had, but I think the debate and discussion that has to go to the people has to help the people to understand how it is going to manifest itself in better decision making and perhaps more efficient decision making. They are probably the key messages I would like to convey to the senators today.

**CHAIR**—Thank you very much. Your council is an amalgamated council. Does it cover the same area as the RDA?

**Councillor Blumel**—Yes, it does. The former Caloundra, Maroochydore and Noosa shires amalgamated in March 2008 to form the Sunshine Coast Regional Council. The initial proposal was for RDA Sunshine Coast to include half of the Moreton Bay Regional Council area. Prior to that decision being made, I was over in Mandurah at a Sea Change Taskforce conference and I met with the Hon. Gary Gray, who was speaking at that conference. I spoke to him about how much more efficient it would be if RDA Sunshine Coast boundaries correlated exactly with Sunshine Coast Regional Council boundaries. That meant that an extra RDA was created in Queensland and that Moreton had its own RDA as well. Having then gone on to chair the RDA committee on the coast, I think it was very prescient of me to make that submission and it was very good of Gary Gray to listen, to agree and to make that decision.

**CHAIR**—So, apart from the fact that you are in a regional area, you are in a very similar situation to the Brisbane RDA, in that you cover the same local government areas?

**Councillor Blumel**—Yes. I was very interested to hear the last speaker. That is probably the only thing we have in common.

**CHAIR**—That is certainly true, from your respective submissions. I was going to say that you seem to take a much more expansive view of the idea of regionalism—at least from the remarks in your submission—than does the RDA in Brisbane, which would seem to me to take a rather narrow view of its roles and responsibilities. But you seem to see yourselves as a much more important level of government within the context of the federal structure. Would that be a fair observation?

**Councillor Blumel**—Yes, that is fair. I have had some opportunities to interact with other RDAs both in Queensland, when we get together, and on the National Sea Change Taskforce, when some of the RDA chairs and some of the councillors involved in RDAs get together, so I have had an inkling of how it is playing out in different types of regions. I think that on the Sunshine Coast we are particularly blessed. The reasons for that come down to the issue of the geographical territory that we cover and the fact that we are an amalgamated council on the coast. When I travel around to other communities with the Sea Change Taskforce, other councillors say things to me like, ‘Do you get paid to be a councillor?’ and, ‘How many people in your division?’ For example, I talked to the Mayor of Victor Harbor, who is actually a member of the National Sea Change executive along with me. Her whole municipal area is smaller than my division on the Sunshine Coast. They have a mayor, a council structure, a town hall and a range of services to support an area which is smaller than my division, and I am just one of 13—12 councillors plus a mayor.

Queensland has gone through the pain of amalgamation. Our councils are more able to come to grips with regional issues and to take a defined geographical area. Do you understand the concept of a city-state? We are not like that because we do not have a single city centre that we cluster around. We have about 44 smaller localities which are quite discernible and identifiable, so I call us a region-state. We have a strong sense of identity. We are a natural region defined by ranges in the hinterland and beach to the east, and we have a lot of communities of interest within that. In many ways, we are a naturally defined region, so, for an RDA to be superimposed over a council which is already covering that region as its local government area, we are quite blessed. I compare us to the Northern Queensland RDA areas where people have to travel for days. You can travel from Tewantin, in the north, to Caboolture, in the south, in about an hour by car and get home after you have done your business, but other councils are not so fortunate.

So there are both of those issues, to do with the smaller councils being quite fragmented and RDA needing to find itself a role bringing them together, a coordination role. Up in the more dispersed, tyranny-of-distance areas where you have to travel for days, I think they have a different type of focus—I mean the commodities and the agricultural regions. The fourth type, I guess, is the metropolitan areas where they have such strong local governments—Brisbane City is a very, very large council—that I think RDA is struggling for relevance because the local council in Brisbane is already functioning as a regional government simply by virtue of its history.

**CHAIR**—It is important that this committee does not just focus on Queensland, but it strikes me that, in the case of Queensland and in particular in the case of the Sunshine Coast, where you say that the RDA is blessed in that it covers the same local government area, I would have said that perhaps it is superfluous in the sense that the rationale for the amalgamations was to provide the kind of strength to regions that the RDAs are supposed to be providing. It is the economics; it is the entrepreneurial dimension; it is the economies of scale and things of that kind. As I

understood, they were the rationale for the amalgamations. As an RDA chair as distinct from a councillor, you do not think that there is a superfluous entity being imposed on local government?

**Councillor Blumel**—No, not at all. The mere lack of a coordinating role has not made us superfluous. What it has done is freed us up to take a more strategic role. For example, we have begun the process of creating an entity on the coast—I am talking about economic development now—called Sunshine Coast United, which will bring together—

**CHAIR**—‘We’ being the RDA?

**Councillor Blumel**—Yes, the RDA, out of our regional road map. We have produced our regional road map. We are not waiting for it to be endorsed. It is our regional road map. We have the absolute imprimatur to create that road map and adopt it. That was our task, and we delivered on that. We are not waiting for approval from anyone. That is our task. We delivered that, and it documents six key priority areas.

The top one was economic development and job creation. We chose that because the GFC has played out in our region. We have very vulnerable industries—retail, tourism, construction—so economic development was the key issue for the Sunshine Coast. Out of our identification of that as our top priority, the RDA committee have taken action to create Sunshine Coast United, which is going to be a consortium of a range of key stakeholders: the TAFE, the university, the council and a range of business and economic development stakeholders on the coast. We are looking to host a summit in some months time and, at the end of that, to sign up those players to a regional economic and prosperity accord. That has not been initiated by the council, despite the fact that the council is three years into its term, and nothing like that has been initiated by the council.

We are there to facilitate those processes and bring the parties together. We position ourselves as a facilitator of discussions, achieving consensus between the warring tribes that existed pre amalgamation and bringing together parties that have never really understood the need to do so, because we are being driven by the need to further develop and strengthen our regional economy. That is just one example in the economic development field where there was a gap and we have assumed responsibility and brought the parties together. I personally chaired the first meeting last week with the vice-chancellor of the university, the CEO of the council and the head of the Sunshine Coast Business Council. There is agreement across the board.

**CHAIR**—It was a difficult amalgamation, obviously, for all sorts of reasons that those of us who are local are aware of. You have taken this responsibility upon yourself as the RDA but do you think that theoretically it could have been done by the council, or would it have been done by the council, had the RDA not been there?

**Councillor Blumel**—Not in this term. The reason is that the political debate on the Sunshine Coast is very clearly defined as being about development and antidevelopment. All of our political representatives are defined by that debate and in turn, in an iterative way, contribute to the shaping and further entrenchment of that debate. While you have that very fractured development versus antidevelopment thing happening in such a broad region as the Sunshine Coast there is not a lot of attention being paid to other issues. People’s attention and energy gets

absorbed in those debates. The newspapers are full of them. We saw a middle ground where there was a huge opportunity for economic development to do with strengthening businesses, improving supply chains between our local industries and attracting clean technology industries to the coast.

On the other hand, the Sunshine Coast Council has a much smaller capacity to invest in economic development. It does fund half a million dollars a year towards Sunshine Coast Enterprises, which runs some of those skills courses and support services to businesses. It does have an economic strategy, which is very high level, and does identify 11 key areas where the council can invest in further development such as aviation industries, environmental technology industries and so on. The RDA built on that—in fact, the economic portfolio councillor is on my RDA committee—to take it to the next step of building a structure, a mechanism and a process which will enable us to bring the region together around the economic development theme while a lot of other people are distracted about population growth and the pro-development-antidevelopment divide.

**Senator MOORE**—Councillor Blumel, in terms of the relationship between local and regional government, this morning's presentations are tending to focus on the levels of government, and the concept of a regional level of government has come up, which I will be taking up with the other witnesses. You have said that you actually accept the concept of a regional level of government in your part of the world, the Sunshine Coast. Given the way the RDAs were set up, you have responsibility, from the RDA chair's role, to report to the state and federal governments. Is there any expectation that you will report, so give information and report progress, to the local government? Because you are there, do you have that link with the local government?

**Councillor Blumel**—Yes. Two councillors have been nominated to be on the RDA Sunshine Coast committee, myself and councillor Lew Brennan. That is the extent of our local government's contribution so far. The federal government gave us a quarter of a million dollars to fund some positions and the state government gave us some funding that provided accommodation for the staff that we did employ.

When you say 'report', we certainly do have to develop a business plan and send it to them for approval. Our regional road map does not need their approval. That is our road map and, obviously, we send it to them and we hope they think we are on track. What is different, I think, about RDA from local government is this. I understand our responsibility is to coordinate and bring together the three levels of government whereas local government is, by definition, one of those levels of government. So there are opportunities to synergise across the levels of government and bring together the policy and programs and funding opportunities that are available from the federal government, to draw them down to our region and to work with the state, which has a number of service delivery agencies that may be relevant in our region. Because I sit through all the council meetings I know exactly what strategies and policies are in place at the council level. So we bring those three levels of government together and we find the opportunities. We find where to put the hot knife through the butter and where we can make the greatest impact with the meagre resources that we have been given.

**Senator MOORE**—I am interested in the analogy, given your position with councils, of hot knives being thrown around. I like that. You heard the previous witness, and evidence evolves

and so on. In terms of the way that the RDA operates, certainly there have been questions about how effectively it operates in the coordination role, and from my understanding of the RDA that is one of its key roles, and statements that perhaps some parts of the federal and state governments are either not aware or not fully aware of the RDA and do not effectively communicate and use them for the purposes of coordination of policy development. I am wondering, given your perspective in the region, whether you have confidence that the federal government agencies and the state government agencies who operate there are across what the RDA are, how they could operate and how they interact with you. Is that something for you? You have only been there a year, which in development terms is a pretty short time, so it is just in terms of the awareness and the effectiveness of that coordination approach.

**Councillor Blumel**—The RDA chairs and deputy chairs were invited to Canberra soon after the committees were announced. What was made available to us was this. There was a dinner that was hosted by the minister and there would have been seven or eight ministers at the dinner, all milling about and talking to the RDA chairs from all over the country—55 of them. We sat through a sort of summit and they brought out all the heads of departments—also the secretaries—and so on and they gave us a very clear message: these people, these senior bureaucrats in Canberra, are here for you; you go to them, you ask a question if you have a need for information and they should perform—so the onus was on them to perform, not us. I have found as the RDA that every time we have put a query up to another level of government, or even to the council, we have had a fantastic response—so very positive. We also have RDA support people—we have the benefit of Michael Kitchener, who is based up north—and they try to come down to our meetings. The head of DEEDI on the Sunshine Coast comes in as an observer to our meetings and she is always very welcome. So we are getting that cross-fertilisation and that flow of information. But it will always come down to people and how committed they are and whether those levels of government have a culture that supports it, and I think that comes from the top. So it is really pleasing to hear the ministers giving positive messages to say that these people are here for you so make use of these departments and if you do not it is on your head because we are giving you permission to do it. We have had, so far, terrific responses.

**CHAIR**—Have you had that invitation from the state government?

**Councillor Blumel**—Our state minister provided feedback directly to the committee after our road map. He included, for example, that he was particularly keen to see how the idea of the regional court progressed, and Sunshine Coast United actually wrote that into his letter. I know he has read the letter and it does not surprise me that he would be interested to know how that goes, because I would suspect he would view that as a very positive and powerful initiative that he may want to play out in other areas.

Another project that the state government has just started—and RDA initiated this—is the SCUH BIDO Taskforce, Sunshine Coast University Hospital Business and Industry Development Opportunities. The Sunshine Coast is about to get a \$2 billion hospital, with training facilities, and public and private facilities. We are a high-growth area and have a huge need for this hospital. The government has made the commitment and it is to start, I think, in 2016. The hospital and health services were going to be primarily focused on delivery of the buildings and delivery of the capital infrastructure. The health department would be interested in the delivery of the health services that come out of it and the university would be interested in

the training opportunities. The RDA recognised that this will have a powerful impact on our economy. There will be many business and industry development opportunities still to come out of it. So we formed the SCUH BIDO Taskforce. I am chairing it and it will be bringing speakers together to talk to our local business and industry people about the sorts of opportunities that can come out of such a massive investment by the state government in our region.

Kevin Hegarty, from Queensland Health, who is head of health on the Sunshine Coast, his staff, the team that are leading the development of that hospital are all speakers at our first session in a week's time. I have met with them, I have been briefed by them and we have run our ideas past them. The minister, Tim Mulherin, allocated an officer to RDA to support the task force. He allocated an officer to us. That officer will be the project manager. He will convene the meetings and will write follow-up letters and things like that.

To come back to an earlier point you made—that is, local government would not do that and the state government would not have done that. Local government does not do health services. But there were opportunities coming out of that that RDA could see and acknowledge as being fantastic news for our region. We said, 'Why are we not in there extracting every possibility to create jobs and opportunities for our industries—even cleaning, catering—all of those sorts of industries to develop such a massive investment in our region?' In summary, Queensland Health and the minister for DEEDI have been very supportive. They have resourced us and given us all the knowledge and have been on time with everything we have ever needed.

**Senator MOORE**—I have two final questions. One is to do with the previous submission which was about the role of capital city RDAs and the allocation of the various infrastructure regional programs that the federal government and, I think, also the state governments. The federal government definitely has a range of regional development infrastructure programs. My understanding is that, written into them, there is a liaison with the RDAs—they are supposed to be part of developing those strategies and seeing how they go—and with local government. As a regional RDA what is your view, in the true sense of 'regional', about metropolitan RDAs being part of that process?

**Councillor Blumel**—I must admit that I have not turned my mind to other regions. I am a regional patriot for my region. I would urge everyone to be cautious about indulging in comparisons. We are a sea change region, we have huge infrastructure backlogs, huge population influxes of tourists and a fairly low socioeconomic status. We look glamorous, but we actually have a low SES. We look at the commodities regions and we ask: why do the coal regions and the liquid petroleum gas regions get all these things built?

I represent my council on the Council of Mayors Infrastructure Committee, and quite frankly everything we come up with is very Brisbane-centric. Pre election, we were interested in making a list of the key projects. I had to fight to get one project on that list. Some of the regions in the Council of Mayors Infrastructure Committee did not get anything, but there were several Brisbane ones. I find those local government associations are steeped in entrenched power structures and, as a recently elected local government member coming in with a clean slate, I am not interested in them. I am interested in how we can promote our region, not in how I can come second last on some other committee.

RDA gives us the opportunity to have a powerful regional voice from the people and a vast range of stakeholders. We are not at odds with our local council. We are not a small, less than powerful local government; we are a strong regional development organisation. We make hay while the sun shines. The government has given us this opportunity and we are making the most of it to promote our region, so we will be arguing on the basis of our sea change demographics and infrastructure needs. We recognise the commodity regions, we recognise the agricultural regions and we understand the importance of our capital cities. I am not really interested in being too competitive. I am just so grateful to think that regional Australia is being heard and recognised from the national capital.

**Senator MOORE**—Regardless of the definition of ‘regional’.

**Councillor Blumel**—Yes. During the recent floods, Major General Mick Slater, who was charged to head up the recovery body, said that he wanted to focus on the individual needs of each little community. He said, ‘You can’t sit in Brisbane, look out and have a one size fits all. Every region is affected differently. Everyone has different priorities.’ He saw his job as getting down to those regional levels and interpreting their needs to the state government. I thought at the time that that was not unlike what RDA committees do. We are here to interpret our region, to see how the other regions interpret themselves, to understand what is unique about us and to let the federal and state governments know, in the most positive, cooperative and collaborative way that we can, what our unique needs are.

It was good enough for Mick Slater. It was right. What he said before the devastating floods was right, it is right now, while we are recovering, and it will be right next month as we move forward. You must bring together national policy, state delivery and an understanding of local needs. That is the power, I think, in RDA—the power in the recognition of local government.

**Senator RYAN**—If I could turn to the issue on which we have heard a number of submissions, the recognition of local government in the federal Constitution, which you support in your submission. Why is that so important? As it is now, following the Pate case, I accept there is some uncertainty. But the Commonwealth government can grant money to the states on the condition it has passed to local governments, can’t it?

**Councillor Blumel**—Yes.

**Senator RYAN**—And that is the way there has been a lot of funding.

**Councillor Blumel**—Yes.

**Senator RYAN**—So why is recognition so important?

**Councillor Blumel**—I think it is primarily about the financial capacity of the federal government to directly fund local government. Why it is so important is to do with efficiency. If everything has to go through COAG, be funded through the state and then the state’s agenda put over—sometimes in terms of their implementation policy—all of that takes time. But a federal government being directly responsive to strong local governments, recognised local governments, takes the middleman out; it brings our federal capital closer to the people. I want

to see our federal parliamentarians being relevant in advocating for our needs directly to the federal government.

**Senator RYAN**—Are you saying that does not happen at the moment?

**Councillor Blumel**—No, because there is a huge void and it is left to administrative and bureaucratic processes for submissions to go up that we want \$3 million for a particular infrastructure project. It goes through the state government or it goes through a number of bureaucracies and you take pot luck.

**Senator RYAN**—There is a very different role for local government in regional areas than in high urbanised or suburban areas. That I appreciate. But isn't there a legitimate role for someone, say, at the state level to determine infrastructure or policy priorities across the area for which they are responsible, being the state of Queensland or the state of Victoria. Obviously there are always going to be more claims than there is the ability to spend money; it does not matter whether it is in Melbourne, Brisbane or the Sunshine Coast. Isn't there a legitimate role for state governments to say, 'Actually, our priority is that we think that the north coast and Sunshine Coast areas are going to grow a lot quicker than the southern area for the next ten years, so that is where we would prefer to direct our infrastructure spending, or recommend that federal infrastructure spending is directed.' Isn't that a legitimate role for a state government to play?

**Councillor Blumel**—It is a legitimate role for a state government to have a view on those matters. I do not think it is a legitimate role for them to have the only say.

**Senator RYAN**—But they do not, currently, because the Commonwealth can give money to a state on the condition that it is given to local government to spend on specific purposes.

**Councillor Blumel**—That is right, and all of those agendas can be determined without any reference to the local council. On the Sunshine Coast, the people voted overwhelmingly in favour of pursuing a sustainability agenda. They were very concerned about rampant population growth and the fact that that is just a giant pyramid scheme that feeds on itself. So they wanted to think about a sustainability agenda and the way that plays out in funding opportunities. If you take the view that we want to be a sustainable region, you might argue for federal government funding to build an airport, because that is in fact the major economic project on the coast. The cost-benefit ratio that was done in the study that was put up to Infrastructure Australia showed a 3.5 cost-benefit ratio. Whereas, if you were to listen to people who took a more Brisbane-centric focus, they might say that the top priority is to build a railway line from Brisbane to the Sunshine Coast to allow our people to commute.

We do support both projects—don't misunderstand me—but if push came to shove the airport is a better overall project or spend, because it creates jobs in the aviation, electronics and technology industries.

**Senator RYAN**—Let us be clear, we do not know if it does. These are competing economic models, in essence.

**Councillor Blumel**—I am the Major Projects portfolio councillor. We looked at all of our top priority projects and the airport was head and shoulders above the rest.

**Senator RYAN**—With respect, the point I am making is that you have an economic model that says, ‘Here is a cost-benefit ratio,’ but that is not an actual outcome. We have competing models. To be honest, we all know that you could have another firm do a report or a state government commission a report that might come up with a different cost-benefit number. These things are not absolute facts. They are models.

**Councillor Blumel**—They are not absolute, but we did commission PricewaterhouseCoopers.

**Senator RYAN**—There is a great tradition in government in Australia, though, of everyone using a brand name to justify a particular preferred outcome. Companies do it and governments do it.

**Councillor Blumel**—Sure.

**Senator RYAN**—Companies do it and governments do it. It is prevalent right around the country.

**Councillor Blumel**—Are you suggesting that our—

**Senator RYAN**—I am suggesting that the use of the name of PricewaterhouseCoopers does not bring any extra credibility to the project. It does not matter what company it is.

**Councillor Blumel**—We got excellent feedback from Infrastructure Australia about the robustness and integrity of our submission to them looking for funding through that. I am not saying I am confident that we are going to get it, but the feedback is positive. I have an MBA and an economics major and I am in the chair of the Major Projects portfolio, and I can say from the amount of work I have put in to looking at all of the competing economic development priorities on the coast our east-west runway project stood head and shoulders above the rest as an economic driver.

The contrasting project, which is a railway line from Brisbane to the Sunshine Coast, while very important, would not have been an economic driver; it would have simply allowed our people to commute to Brisbane and for Caboolture people to commute up here. It was basically a transport mode, but not in itself.

**Senator RYAN**—I appreciate that. The point I am making though is this: at the moment the Commonwealth government can decide to fund an airport—okay—but recognition of local government in the Constitution makes no difference to the ability to expand the Maroochydore airport.

**Councillor Blumel**—I think it comes down to this question: in the hypothetical scenario of the local government taking a particular view and the state government taking an alternative view, how might those different models play out in actual decision making? I am trying to suggest that that might be an example of where a state government led priority-setting process might decide that they want to link the Sunshine Coast to Brisbane by railway line and the

council might take a different view. If the federal government recognises local government in its Constitution, then I think there is a legitimacy there. They would soon set up mechanisms and processes to give meaning to that recognition, and you would soon see some processes and mechanisms which give more direct effect to giving the local councils voice.

**Senator RYAN**—You mentioned the complexity of COAG and using COAG—technically you do not because a section 96 grant can just be done through a grant without going through the COAG sausage maker. Would it not also be fair to say that we have enough problems dealing with six states, two territories and the ALGA in COAG; adding 500-odd local government authorities is just going to make intergovernmental relations substantially more complex? Increasing by a factor of almost 100 the number of bodies that are effectively going to have COAG style arrangements is a radical increase in the amount of intergovernmental everything from discussion papers to consultation, but effectively sausage making. We get gridlock working with six; 600 is not going to make it any quicker.

**Councillor Blumel**—I think those processes like the Australian Council of Local Government and COAG are specifically tasked to coordinate the elements, the participants in them. That is an administrative task. The elected politicians which sit on those committees need to hear the themes that are coming directly from the regions. I think it is important that the federal government makes decisions that it wants to fund local government, through the RLCIP or some other program, and that it establishes its specific intent. In any particular year—for example, only a year or so ago it was economic stimulus—if its intent is that at the national level for the national economy we need to stimulate the economy, they can come directly to local government and provide, as they did with the economic stimulus packages which meant that we got community centres and schools got—actually that went through the state government. But a lot of funding came directly to the council through the RLCIP funding. In my own division there was a \$3 million grant for the North Shore Community Centre and the community had wanted that for ten years and suddenly the federal government made money available.

**Senator RYAN**—I take your point: you think it is easier for the Commonwealth to fund if it can go direct?

**Councillor Blumel**—Yes. And if it is their agenda, then they can fund. If their agenda is to build roads, or schools—

**Senator RYAN**—You would probably accept that empowering such behaviour is not necessarily something everyone thinks is a good idea?

**Councillor Blumel**—I would hope that empowering the federal government, the elected representatives of the people, to implement its policies and will is a good idea.

**Senator RYAN**—The federal government has not been put there to legislate on the colour of taxis.

**Councillor Blumel**—No. I certainly would not support that.

**Senator RYAN**—They have been put there to deal with a limited range of issues. There are certain things we should not be doing. Sorry, I did not mean to cut you off.

**Councillor Blumel**—I certainly support your view. The colour of taxis is not something I would expect the federal government to be involved in, but achieving economic productivity and efficiency gains in the region certainly would be.

I know that, for every dollar that is invested and works hard in our region, the GST that flows back to the federal coffers is really a sign of a strong region. Our region is not returning strong GST to the federal coffers, but if we were to invest in infrastructure that does make our region more productive and more efficient, it would benefit Canberra and I would expect you to understand how the coffers federally are being filled and to think, ‘It is really worth our while to listen to what that region is saying’—that their airport is the key economic driver or this particular bridge is a key facilitator or that railway line.

**Senator RYAN**—I understand that, Councillor Blumel; I have one other issue I want to cover. I suppose the point is that, every time that money is granted, there is not just the alleged potential benefit—which is the cry of every person who asks for government money, whether be for a school, a road, a bridge, an airport or a community centre—there is also a cost to it, because it has to come from somewhere. And the more we spend the more we have to collect. Do you see that a recognition of local government in the Constitution would result in any restriction on the state parliaments acting to change the boundaries, sack, remove or otherwise constitute local government?

**Councillor Blumel**—No. The local government in Queensland is created by an act of the state parliament, and I would support a minimalist approach to this issue of constitutional reform to recognise local government. I think it would be making it more difficult if the reform issue were to take into consideration the various state legislation—and all of them are quite separate. If you tried to encompass all of that, it would become an unholy mess and the people would be confused and think you were all up to no good. But if it is about just recognising local government—so that the federal government and the local government in an equal tripartite arrangement between federal, state and local to recognise local government and empower it to have a say, without interfering with the state legislation in the first instance—I think that would be the way to go because it is practical and people understand why they might benefit from it. But if you open up this whole issue of recognising it in a way that limits the state government’s capacity to make changes to the legislation which sets up local government, then I think that will have to calibrate politically and through the community as well. It is better to stick to the simple and practical outcomes, which is to recognise local government and to feel free to have a direct and personal relationship with local governments.

**Senator RYAN**—I think it will probably still be contentious regardless, because last time it went up it started noncontentious and ended up quite contentious—back in 1988—

*Senator Moore interjecting—*

**Senator RYAN**—which still exists, Senator Moore.

**Senator MOORE**—I am very well aware of that.

**CHAIR**—Picking up from that last point of Senator Ryan’s, you are of the view that it is unhealthy, undesirable to have a confusion of responsibilities between state and federal

government as regards local government. As soon as there were to be a recognition of local government in the Constitution, doesn't that of itself set up a potential conflict and confusion about who has responsibility where? Doesn't it invite the kind of difficulties you think are undesirable?

**Councillor Blumel**—It may well, and you would need to direct that to a constitutional lawyer. I do not have the competencies to answer that question other than to say that I do believe you can do anything you want to do. If there is a will there is a way, and if there is a will to get this through then you will find the way to make it work. But that will not happen if you set out to do it in a way that upsets people and creates conflict and divisiveness and has people up in arms that their power is going to be lost, instead of seeing the bigger picture. When you sit in Canberra and look out across this nation, there are 55 regions that you have recognised, and people are working very hard trying to let you know what their needs and priorities are. They want to work productively with you, and I think that deserves respect.

We are just people, like you, with enormous workloads and tasks, seeking to understand and find a better way for this nation to move forward in the most integrated way. I understand we are coming out of a different system, where there are great divides—some of them are state based, some of them are party based—between the levels. We need to look at how we can get this country to recognise the value of the grassroots level and to listen to that and respond to it.

**CHAIR**—I think Senator Back may have some questions for you when he comes back. I might just ask you another question. You are in the unique position of being a councillor and sitting on the RDA. If there were a choice between the federal government funding your RDA or funding your local council in relation to some of the economic activities that are necessary in the region, what is your view on where that funding should go?

**Councillor Blumel**—I would say there was a need to consult with both the RDA and the local council and to understand, if there is a difference of view, what underpins it. I would be surprised if there was a significant difference of view because, firstly, two councillors are on the RDA committee and, secondly, the RDA committees are specifically charged with the task of working cooperatively and collaboratively across the three levels of government and then laterally within our community with industry and community participants. So our job is to come up with a road map that reflects the broader interest.

**CHAIR**—Your RDA is not unique, obviously, but it is in the fortunate position of having a similar kind of responsibility to cover the local government area. But there are plenty of the 55 around the country where that is presumably—

**Councillor Blumel**—Not the case.

**CHAIR**—In fact, in the majority of cases, they are probably very different from yours. I am interested in this generic question about where the federal government ought to direct its funding activities and priorities. You are making a case for local government to be recognised constitutionally and therefore, presumably—as you responded to Senator Ryan—you think one of the consequences of that ought to be more direct funding to local government perhaps. But you are also making a case for regionalism in the country, so the question is: do you therefore think that ought to receive a substantial quotient of federal funding as well? There is a finite pot,

and I am not sure the federal government can do both. So what is the best level of government to deal with the options that the federal government would have?

**Councillor Blumel**—I believe that the federal government would do well to directly fund local government, and I would like to see further evolution, with the amalgamation of councils in other states. As they evolve and start to see the benefits of having one local regional authority, they will start to energise their region, start to deal with some of the strategic issues and start to deal with some of the obstacles and blockages to progress. I would see RDAs working in very close partnership with local government—at times to challenge them, at times to fill in the gaps, but always in step. One of the key things that I have tried to do as chair of the RDA is be diplomatic with the different levels of government and not do anything that flies in the face of their entrenched positions.

**CHAIR**—Excuse me, Councillor. I am sorry to interrupt, but Senator Back has returned and he has some questions, and we are running out of time.

**Senator BACK**—Very briefly, because I know time is against us: you talked earlier about a road map and said you needed to convey the fact that they should have the road map or that you would send them the road map. Who were the ‘them’? Was that local government or state government?

**Councillor Blumel**—Local, state and federal government would get a copy of the road map.

**Senator BACK**—Right. Further to what you were saying—and you do have a foot in both camps, local government and RDAs—if the RDAs really came into their own and were successful as a concept, do you think they would remove the need for local governments?

**Councillor Blumel**—No, not at all. RDAs are a mechanism to coordinate and achieve collaboration across the three levels of government. That is our specific remit. We have enough funding for 1½ staff and we live in a room the size of a broom cupboard at DEEDI.

**Senator BACK**—It is interesting you say that because, in relation to this coordination of bringing together three levels of government, I have written here, ‘She who holds the gold makes the rules.’ If you have 1½ staff and the size of a broom cupboard, you are not holding the gold, are you?

**Councillor Blumel**—No. The golden rule does not always apply. I think the power is in opening up new opportunities for the parties to come together. RDA does not seek to be powerful in its own right and make decisions. We are a facilitator of bringing other parties together, seeing opportunities, creating energy and putting some resources into that space to see what we can grow out of it. We have a facilitative role. I do not see us as having a power base like local government. If they are three massive planets, we are a tiny satellite in the middle trying to get some gravitational pull and to get them to collaborate, and then, of course, collaborate not only between themselves but with relevance to the industry and the communities within our region. We have three levels of government vertically and we have industry and community laterally, and we are in that space opening doors.

**Senator BACK**—Is the fact that there is even a need for RDAs an admission that there has been failure at the boundaries of the three levels that create the need for the development of ACCs or RDAs?

**Councillor Blumel**—I do not see it as a failure; I see it as an opportunity to loosen up some of the fault lines that run through communities, to free them up. I see it as a new face on the block to invite people in to have discussions, to work collaboratively on projects that we think might improve our economy or build our community and strengthen our environment.

**Senator BACK**—I think it was you who made the observation that regional development committees can have the role of strategic development and communication, which caused me some time ago to go the RDA website. Under ‘latest news’ for each of the states, the latest reports I could find were dated October 2009. If the RDA centrally is not updating its communications, it causes me to wonder whether they are serious about you.

**Councillor Blumel**—No, I do not think I made that point.

**Senator BACK**—I am sorry. The summary given to the committee of your submission was to do with the distinct roles. Perhaps I may have it wrong.

**Councillor Blumel**—That is okay. I do not say there is a portal on the web that has all the information of all the policies and programs and so on. Our region has identified six priority areas and we have a number of initiatives coming out of them. Then, around those initiatives, we identify who we need from the other levels and what their programs, policies and heads of powers are and what resources there are, and what we can cobble together by bringing local industry and community together with those. We make the cake out of those ingredients. But there is no one-stop portal with everything on it that you could ever want to know.

**Senator BACK**—Thank you.

**Senator MOORE**—We have run out of time.

**CHAIR**—We have, but if there are pressing questions, I would allow them to be asked. Councillor, thank you very much for your extensive briefing to the committee this morning. We are very grateful to you for the very fulsome submission you have made and also for giving up your time so readily for us.

**Councillor Blumel**—It has been my great pleasure. I wish you all the best with your report. I look forward to hearing what everyone has to say.

**CHAIR**—Thank you.

[11.49 am]

**BROWN, Professor Alexander Jonathan, Professor of Public Law, Griffith Law School, Griffith University**

**CHAIR**—Professor Brown, thank you very much for attending before the committee this morning. We have received your compendious submission. I think it probably comes close to qualifying as the largest we have received, but it is a lot of valuable material. It has been labelled 41. I wonder whether you wish to make any amendments to anything that you have put towards the committee so far.

**Prof. Brown**—If submission 41 is already the most compendious then I had best leave it as it is.

**CHAIR**—I am very grateful to you for taking such a strong interest in the committee's activities. I know this is a longstanding area of interest of yours. As I say, your submission is not only lengthy but extremely rich and valuable; there are lots of ideas in it. So we will look forward to asking you some questions but, as a preliminary matter, if you wish to make an opening statement then we would be happy to hear from you.

**Prof. Brown**—I would really rather just put myself in your hands, I think, given that the committee has such a broad range of issues that it has to deal with and that the submission is quite broad. The main thought that occurred to me coming in was just to reinforce that it is only rarely that the time comes around when a group of people with a high level of capacity such as your group get to concentrate on these sorts of issues—such a broad canvas of issues, both short-term issues and right through to some of the most important long-term constitutional issues and conundrums that confront the nation.

I guess the challenge that the committee is up against in my mind is the perennial one of being confronted with a whole lot of issues which everybody constantly agrees, and has done for decades, have all the appearance of just being way too hard. My experience of confronting myself with those sorts of issues is to recognise that sooner or later somebody or other has to put themselves in a position where they say, 'They are way too hard, but are they sufficiently important to find some new ways through to the next stage of debate and the next stage of development?' I think that, no matter how difficult the issues might be, they do fulfil that criterion; they are so important. So really all I wanted to reiterate was the significance of the work of the committee, I think: a lot of people will be telling you that these issues are way too hard and to cut to the chase of just saying either that they are too hard to deal with or that they are not important enough to deal with as a result, or that some small quick fix is all that is feasible or realistic in this area or that area.

I think the great challenge which official processes have avoided for decades has tended to be going down that sort of route rather than really looking hard at where we can identify that there are major long-term issues that need to be validated and recognised as legitimate and where we need to recognise that we do not know the answers now and that the answers are an ongoing process to work out what the evolution of this system and this structure is. But it is not an option

to say that the system is not our responsibility and does not need visions for its future mapped out.

Really the key breakthrough is then figuring out, if we envisage all the possible futures that we think might be desirable—and all the futures that might be desirable and are impossible, but particularly the ones that we think might be possible—what steps we would take that are in effect the highest common factor, irrespective of the scenario and whether you think it is feasible to make this an ideal system or what the time frame might be for that. If there are decisions that we need to take that represent the highest common factor across all those possibilities then taking those decisions, taking them well and resourcing them well are practical things on which the committee can provide some guidance to the Australian parliament and the Australian community and which will have to be worth their weight in gold. So, for anything I can do to help identify those highest common-factor things we can do now or in the short to medium term that are undoubtedly steps forward and will not lead to long-term steps back, I am at your disposal.

**CHAIR**—Thank you very much. I will begin with a few questions, and then I will ask my colleagues. Do you think the Federation is dysfunctional at the moment?

**Prof. Brown**—I think in many respects it is dysfunctional. Some of the perceptions of dysfunction that accompany it I think are built into our political culture and our political lexicon quite a lot of the time. We have an in-built rhetoric of believing that our system is somewhat more dysfunctional than it probably is. I guess the question is: is it dysfunctional in enough respects that it could use some major surgery and reconstruction? To my mind, the answer to that is yes. One of the things that leads me to that is that there are more accomplished comparative constitutional scholars than me and they tend to agree with me. Even on a very short-term, pragmatic basis, when it comes to basic things like the machinery of coordination and intergovernmental coordination, we are an extremely underdeveloped, unsophisticated country. That is without changing any of the structure of the system.

When it comes to the level of centralisation within, really, all levels of government, it is a chronic problem that afflicts the way that the system operates. If you put that sort of historically informed comparative dimension together with any contemplation of where we are going, where is governance in the world going, where is the governance of nations going, then I think we have to confront the reality that we need to be thinking about different, more sophisticated, dynamic systems to make the system work more responsibly and effectively to service the communities than we have now. Even if we did not think there was historical dysfunction, we would have to confront that reality. Countries do and countries are. I am not negative about it. I think there are incredible strengths to our system and to our constitutional heritage and we have incredible capacities, but even with the most optimistic view of our current federal system we would not be able to afford to rest on our laurels.

**CHAIR**—So it is a dysfunctional system, in your view, and I take it that you are saying that, compared to other federations, we have a fairly unsophisticated way of addressing the shortcomings of the system.

**Prof. Brown**—In short, yes. The major problems that I see that really stand out about our system are a combination of two or three different things. It is a combination of growing

misalignment in the roles and responsibilities of different levels of governance which we do not then have sufficient capacity to compensate for enough of the time. We do compensate for that quite a lot, but a lot of the best things that happen in the federal system happen despite the system. When that happens, lawyers and political scientists know that sooner or later we need to look at starting to bring the system up to date with the best reality. That happens a lot of the time. It happens with respect to roles and responsibilities. Suddenly when there is a flood crisis or a cyclone we somehow manage to magically get it together, often despite the system. The question is: how would we get it together more systematically with the support of a system?

It is a combination of roles and responsibilities, how they are allocated. It is a combination of resources, how they are distributed. It is about the level of sophistication and coordination in the system for distributing resources, protecting resources, making sure that they are where they are needed. Overall, it is about the level of centralisation. It varies from state to state, as committee members would be aware. We were born with a system where, especially in New South Wales, the tradition was to set up bureaucracies, rather than democracies, to run governance. We have been very good at very responsive bureaucracies and we have some of the best bureaucracies in the world, I think. Strong state agencies have carried the can for the country in lieu of having local and/or regional government in the same way that almost any other country in the world has it. But the question is whether, on most analyses of governance, that particular formula had its use-by date some time ago and we have really been struggling to figure out how to restrike a balance between what is needed and at what level of governance in the country. I think that the experience of the Commonwealth in particular in recent years has reinforced that the Commonwealth cannot step in and reorganise governance in a way that will rectify the overcentralisation of state governments and the lack of capacity of local governments and the ad hoc chaos that is regional governments.

**CHAIR**—I will just ask you this further question and then I will go to Senator Moore. In the context of this system, which is failing us in various ways, your submission makes it pretty clear that you also regard the mechanisms which are currently available to address these shortcomings and these dysfunctions as inadequate—that in fact the whole approach that we have taken to constitutional reform or federation reform has been, over a long period of time, inadequate. Is that a fair summation of your position?

**Prof. Brown**—Yes, I think it is.

**CHAIR**—Am I right in saying that it requires, at the very least, some further institutionalisation of mechanisms to deal with reform?

**Prof. Brown**—Yes, that is absolutely right. Senators, you cannot solve the problems of the Australian Federation.

**CHAIR**—I thought we could! There has been some misunderstanding about that!

**Prof. Brown**—I hate to disillusion you but you, in and of yourself with your best efforts, cannot solve every problem in the Australian Federation, nor map out the perfect blueprint for how it might or should look in 50 years or 100 years time. But what you can do is identify, confirm and validate some of the key issues that need to be addressed, some of the short-term things that can be done to address those and some of the processes that then need to be put in

place to enhance the capacity of the system both to run itself and move in a more positive direction and also to start thinking more constructively and effectively about where it is going in the medium-to-long term. If the committee can fulfil its brief in that sort of fashion then I think it will have done a major service to Australian community.

**Senator MOORE**—There is not enough time, Professor Brown. There is hardly enough time to read your submission, let alone take an hour to ask questions! I am interested in the process you already have in place. I have some questions about the survey, which I did not know about. It offends me that I did not know about it until I read your submission. That survey is funded for how long? You have done two, and that has had ARC funding, is that right?

**Prof. Brown**—There is no more money. So we are currently on the hunt for money for next year's survey.

**Senator MOORE**—So you have had a two-year period to compare—I have looked at all the graphs and it is extraordinarily interesting to see how they go—but I am fascinated that 1,200 people were asked the range of questions about quite specific issues about our level of government. For me one of the most confronting things is that when you try and engage with people widely, they do not want to. It is too hard. They do not know our system of government. I am fascinated that such a very small number from the 1,200 people that the survey contacted—I know another firm did it—did not know or did not care. I am really interested in that. Has there been any work done on whether these people were abnormal or what their education was? I am fascinated because one of my pet things is that the education system does not give our students knowledge of our political system. When you do handouts on political days you realise the number of totally disengaged people that go past who are unsure of what level they are voting for on the day. And yet the results of your survey of 1,200 people have this little tiny—

**Prof. Brown**—It provides this fascinating picture.

**Senator MOORE**—Yes. Is that something that your group has thought about?

**Prof. Brown**—Certainly. Absolutely. We worked with Newspoll intensively on this: how do you develop a survey that covers these sorts of issues, which connects and which does not presume? It has been a long process.

We have done it twice. We did it in 2008 with 1,201 and we had a more sophisticated package in March 2010, with 1,100 on the national sample but also some other bigger samples for our case studies. So we have done quite a lot. We have now done more analysis, over the last few weeks—I will provide it to the secretary—across both samples. We were looking at things like the influence of voting preferences as the fortunes of different governments change.

**Senator MOORE**—Yes, I saw that.

**Prof. Brown**—There are all sorts of subtle little indicators as to how clear people are in their minds about what they are saying and why. So all of that is continuing to reinforce that there is value to this. My experience is that of all the surveys that I have run over the years—there have been a number of them—there is a very high level of responsiveness from people when they are asked to respond to this. The polling companies, unlike with almost every other type of market

or social research that they do, have a very high take-up rate in terms of people being interested in answering the survey, partly because people do not get answered about these things very often.

The survey picture tends to confirm—and this is also my own experience—that almost everyone has a view about the fundamentals of the system but it does not take much to confuse them about the complexity of the issues and for them to switch off. In some cases the confirmation of the complexity of the issues is only an invitation to people to expose more of what they think about and why and then it just confirms the depth of people's de facto understanding. It is their system. People deal with this system every day. They have an attitude about every level of government. It is a question of how you ask them, what you ask them and at what point they feel like they are out of their depth in terms of their knowledge.

I think it is important to recognise that we are living in a world where, despite the lack of civic education, we are dealing constantly with a more and more informed community which has access to more and more information. We are now living in the GetUp era. That does not mean that people's understanding is sophisticated, but people's understanding is not for want of information these days. I can provide more analysis.

**Senator MOORE**—That would be great. I am transfixed by it, actually.

**Prof. Brown**—The whole purpose of starting to do the surveys on a regular basis is that you really can analyse what is going on here and see, for example, whether or not this is temporary, particularly when you get through to a second or third level of analysis between the surveys. Here we have two national samples, constructed as best as Newspoll can construct them, on issues that Newspoll is expert at, and custom made for the purpose. Some things are very sensitive to what is happening in the political environment at the time but you can see those influences right across the samples. They appear uniformly across all groups, but the basic proportions of groups that think about things in particular ways stays the same underneath that. One of the reasons that this work is so enjoyable—and, I hope, useful—is that it is starting to give us a picture of our real political culture, distribution and geographies which we have never had before.

**Senator MOORE**—And your detailed ARC proposal that you have carefully included in your evidence—

**Prof. Brown**—Sorry about that.

**Senator MOORE**—No, it was fascinating to read.

**Prof. Brown**—It was one that was not funded.

**Senator MOORE**—In the ARC process—and I should know this—is there feedback provided as to why or is it just a 'You didn't make it this time; try again' kind of thing?

**Prof. Brown**—That is correct. That is standard.

**Senator MOORE**—The way it was written actually picked up many of the intents of this committee and the kinds of things we are talking about—knowledge and that kind of thing. I have two other questions. One is about the RDA process. Having read a number of articles that you have provided for us about the RDA and then doing a completely non-scientific survey of people I know who are on RDAs, no-one knew about it. We have these RDAs now and they are full of these keen people. How do they interact with the kinds of research and statements that you made? How do we get them together? Is there any process for people involved in the RDA process to know that you are there at Griffith and to know that you have got this knowledge—raising intrinsic questions like whether or not you should be elected? I did not have time to ask the RDAs that have come here so far. That is a really big question. To the best of your knowledge, is there a mechanism whereby the people who are in these structures—about whom you have particular questions about how they operate, where they fit, where they go in the future—know what you are doing and talk with you?

**Prof. Brown**—It is almost like you are reading my mind, Senator Moore.

**Senator MOORE**—That is terribly scary, Professor.

**Prof. Brown**—The particular project that funded the surveys bit off more than it could chew but it was really trying to start to get an overall picture with a focus on the regional level. It obviously commenced before the conversion of ACCs to RDAs.

**Senator MOORE**—Yes.

**Prof. Brown**—One of the most valuable things that could be done right now—and I suppose there are two reasons why I have not yet suggested this to many of the stakeholders that you are dealing with in the committee—would be a high quality survey of not only newly-appointed RDA members but as many of the former ACC members that researchers could get their hands on. This is starting to be a very significant body of people making a very significant contribution—

**Senator MOORE**—All across the country.

**Prof. Brown**—Yes, all across the country. It could only be done in partnership with the department and the RDAs. I will be frank with you— and I think this is reflected in my submission—the Commonwealth has suffered from a chronic ambivalence, shall we say, about how serious it intends to be about trying to bolster governance at the regional level. Governments of both persuasions have suffered from this over a long period of time. It is almost as if, because the Whitlam government tried it a bit and got burnt so badly, nobody wants to admit that that is actually what they are trying to do. But as Laurie Oakes once wrote: if Whitlam could have achieved half of what John Howard achieved in terms of redirecting resources and building capacity at the regional level and bypassing state governments and whatever, Gough Whitlam would have been absolutely delighted. I think we have to confront the fact that we are dealing with institutional and political incapacities at the regional level and the local level and that both the federal and state levels are engaged in that process and have to be engaged in that process and should get on with that process without being too worried about Whitlam-esque spectres and all those sorts of problems.

The upshot is that at a Commonwealth level there has been an incapacity in the department in terms of the portfolio and in terms of whether we are really serious about this, how much investment we are going to put in and how much we really want to know. For example, a while ago I was involved in research into the directors of government-owned corporations at a state level and this indicated that governments love appointing people to boards and committees but they do not necessarily always want to know what they think. And when they resign or walk out or burnout, governments do not necessarily want to know why. They will find some new ones to keep the thing going. Part of the travesty of regional governance is that it has always been built on volunteerism or de facto volunteerism—people doing it on top of their existing day job—and the turnover and the burnout.

The RDA has created a whole new opportunity for people to get out if they have had enough or for people to stay in regional governance if they still have the dream or the interest and for new blood to be brought in—the people who are now in the process of learning that the role of the RDAs is perhaps not as straightforward, well organised, well resourced or clear et cetera as they automatically might have hoped or expected when they originally thought this could be a good use of their time. So I am with you in terms of that being an enormously important body of information. It needs to be brought into play in a way which exposes the reality of how people who work in regional governance see the future.

It does not surprise me that many people are not necessarily aware of all the research that is going on that is relevant to them because of the turnover and the burnout rate and all those sorts of things and because it is a long haul. We are working from the basis that there are too few researchers working in these sorts of fields. You can count the political scientists who have any interest in local government, let alone regional government, in this country on less than one hand. This is part of the paradigm that we have to shift if we are going to address these sorts of issues.

**Senator MOORE**—What is your definition of ‘regional’? If I had been one of the 1,200 people who got the phone call and then the question came in about levels of government—federal, state, regional and local—I would have been stumped in my mind to say what regional was.

**Prof. Brown**—We dealt with that in the surveys by asking respondents at the beginning about their level of attachment to existing levels of government—local state and regional. We asked about the level of identification—the precise terms do not occur to me; I would have to look them up. Then we asked them about regional, which we defined as being an area larger than your local government but probably smaller than your state. We basically started off by asking people, ‘Do you consider yourself to be a resident of a region like that?’ Some people say no and some people say yes. Then you can take it further from that through the survey. So there is enough degree of specificity.

Where it falls down, which is probably significant, is that in our surveys we can ask people, ‘If you expect or want to have state governments in your system in the future, would you have more than now or less than now? Would you have a few more or a lot more? Would you have a few less or a lot less?’ You can ask the same thing for local government. You cannot ask the same thing of the regions, getting people to imagine, ‘How many regions would you have? Would you have more or less?’ It is an amorphous level of governance but it exists. The fact that it is

amorphous should not distract us from the need to get on and figure out what its future should be.

One of the interesting things we picked up from the survey was that, for those people who do consider themselves to be a citizen or a resident of a region, on average across the country—and it is enormously different depending where you are—people who do consider themselves a resident or a citizen of a region consider their attachment to that region to be stronger on average than their attachment to their state. People will uniformly consider their attachment to their local area—not necessarily their local government but their local area—to be the strongest, and there is a very strong attachment to the sense of being Australian. But when it comes to that tension between their state and their region, a lot of Australians are quite conscious—well, when asked; consciousness is a different thing—and they respond that they have a stronger sense of feeling about their region than they do about their state. That varies enormously. A lot of these issues that we are talking about that I guess are generators of the questions before the committee are far less true of Tasmania or South Australia, for example, than they are of New South Wales and Queensland—

**Senator MOORE**—Yes, and Western Australia.

**Prof. Brown**—with Western Australia sitting somewhere comfortably in between. I will give you some more data which really demonstrates this in terms of attitudes to centralisation and decentralisation across the country. It is fascinating. The thing about Western Australia that you have to remember—are any senators from Western Australia?

**Senator MOORE**—On the far right—sorry, I couldn't help it!

**Prof. Brown**—Western Australia is the closest to having a reasonably organised four-tiered system of government. The regional level in Western Australia is significantly more stable and robust. It is not nearly as stable and robust as it should be, but significantly more than other states. The alignments are between the RDAs and the natural resource management regional bodies. In Western Australia there are just too many challenges, not enough people to stuff around and a big area to deal with. I will breach a confidence and say that former Premier Geoff Gallop once said to me that if there was one thing that he would have liked to have done which he did not do when he was in government, it was to create a proper regional budget for the Kimberley and just say, 'Look, you guys should just be on your own in so many respects,' and resourced and constitutionalised in order to do it much more easily. He did not say this; his words were not, 'This is madness,' but that was his tone. Geoff will castigate me for that!

I think the issues are significantly important to recognise these are not dreamy, abstract concerns. These are real, live issues about how governance is working out on the ground. Some of those differences in political attitudes do not reflect people standing in the shower in the morning having a dream about what they think the system should be like in 20 years time. They reflect people's here and now experience. You are asking me; I am telling you. That is really what confirms that Australians generally have a high level of pride in their system, are quite optimistic on the whole, but when you ask them they will tell you what is wrong and they will tell you that they do think that there are problems.

**Senator MOORE**—Chair, this is in a totally different area but it is one I want to know the answer to. Professor, in your first attachment you talked about an independent federal commission which takes on roles that have been defined in some areas for other organisations and some that you say have not been looked at and should be. How would you see that working? It is a big part of one of your papers—this federal commission which is going to be independent, which will have an ongoing brief to make sure that federalism is on the agenda and that people are talking about it, regardless of how many levels of federalism it is. How would you see that working? Would it be another government department or whatever other structure, and how much money do you think it would cost?

**Prof. Brown**—I do not think I will try to answer that second question.

**Senator MOORE**—How big should it be?

**Prof. Brown**—If the committee sees room for making suggestions about some institutional strengthening, the important thing to realise is that this is not a blank sheet of paper. We have the Commonwealth Grants Commission, we have the COAG Reform Council and we have various bits of state bureaucracy trying on their good days to make intergovernmental relations work—we have had the COAG working group explosion, so effort is going into trying to deal with the short, medium and long term of the Federation. I think mapping that and acknowledging its existence is the first step, and then there is saying, ‘What more do we need in order to really address these questions systematically—to bring local government and other levels into the frame?’

There is the idea of a Federation commission, which was originally the idea of the Business Council under Michael Chaney, but I am not a believer in: ‘Got a problem? Create a commission.’ It is not a case of that; it is a case of there being a number of things that need to be done in terms of practical machinery, capacity and building collaboration, developing better intergovernmental systems and making them work and supplementing what the COAG Reform Council does now. We have this fantastic body, the COAG Reform Council, which is reporting on whether governments are making progress or not on their agreed intergovernmental objectives, which is fantastic information. But they have no brief to suggest if governments are not delivering on their agreed intergovernmental objectives and they have no brief to suggest why, if that is the case, where the institutional blockages might be. So there is a clear gap there in terms of whose job that is going to be.

We are talking about a body that, like the Commonwealth Grants Commission, can only exist and exist long term if it has consensus support from all levels of government and there is an understanding of the need to invest in that sort of capacity; otherwise it will just be another commission that gets invented and dies. But it is not that big a step beyond a lot of the efforts that governments have already acknowledged to create something which would be ongoing and sustainable and could also house a permanent COAG secretariat, which currently does not exist, and some of those other crucial things. So I see it as quite a practical thing where you can basically say, ‘Here are the clear needs.’

Governments say that they are involved in a process of reviewing their respective roles and responsibilities, and I think that might have been tacked onto some of the briefs of the COAG working groups which have now exploded and are progressively imploding, but effectively there

is no strategic process in place within or without government in any given area—that is, unless Ken Henry has some unit working on it, and he probably does—saying, ‘How are we going to remix the roles and responsibilities long-term?’

One of the questions that the committee was asking of the previous witness was, ‘If you mix up the system too much more, won’t that just make it more complicated than it already is?’ The answer is that other countries, especially if they have constitutions which do not just spell out the powers of the federal parliament but also provide the major hooks for the roles and responsibilities of other levels of government—which is what a modern constitution would do—automatically have to grapple with this because they have constitutions which have a whole package that basically says: ‘This is how we did it—we said the federal government was going to do this, the provincial level was going to do this and local government was going to do this and they would all have to work together in some cases and we would have machinery for that. That’s what we put in our Constitution; now let’s get on and make it work’. But we languish with a system whereby all we have is the High Court, and the High Court clearly does not have the capacity to try to deal with constitutional disputes between individuals or states and the Commonwealth in a way which tries to unpack and repack in an indirect way the concept of who should be doing what. It is without the benefit of that and without the benefit of any research or information, and that is basically why it has retreated to saying, ‘We will just muddle through.’

So, as a result of a whole range of forces in history, we have this situation where we do not have the institutional capacity to organise ourselves more effectively on an ongoing basis. That has got us a long way from your question, but I think it really confirms that these are problems that we are grappling with on a day-to-day basis. Anything that puts in place a reasonably permanent institutional infrastructure to address those really concrete needs—that is my concept of what a Federation commission should be doing.

**Senator MOORE**—Thank you.

**CHAIR**—Before I go to Senator Back, you have a lot to tell us, Professor Brown, and it is extremely helpful, but we have to get through questions from the other senators and we have limited time. So if I could ask you, and I do this hesitatingly—

**Prof. Brown**—I will keep my answers short.

**CHAIR**—to keep your answers a little more succinct. Thank you.

**Senator BACK**—Professor Brown, I have found what I have read and what you have said to be absolutely fascinating. Do these surveys that you have reported to us reflect in some ways the character of Australians and our basic cynicism towards all things bureaucratic and governmental? You made the point that something like the floods—and I do remind people there were also floods on the west coast, at Carnarvon—

**Senator RYAN**—And Victoria.

**Senator BACK**—well, obviously Victoria—causes people to come out of the woodwork and do things. Do you get the feeling that Australians just are not all that interested or do not want to be interested in issues related to the different levels of government and who does what?

**Prof. Brown**—If anything, I suspect it is the reverse of both those assumptions, which are quite reasonable assumptions and expectations. Certainly, the first time I ever did any of this research, we thought that it would be a waste of time because we would get the ‘don’t know, don’t care’ response and that we would get this little rump of people who held a view and we could then analyse them and see what made them different—those crazy people! We got the total reverse. In this sort of survey work, there are ways of getting a sense of that sort of mood and overall attitude by asking standard international questions about people’s level of faith and confidence in democracy, their overall level of faith and confidence in their system, before you drill down. All those attitudes suggest to me that most Australians are more trusting and more dependent on their government and they realise most of the time, but most citizens are broadly quite optimistic about the system. If they have worked in government, it is quite different: they are less so. But it is hard to say that the average citizen has not had direct exposure to, say, public sector employment because, as in all countries, a large proportion of the workforce is in or around the public sector.

I will cut to the chase by saying that a very respected constitutional historian called Helen Irving knocked it on the head, I think, when she said that Federation itself was possible because of a ‘utopian moment’, which she defined as being when people are sufficiently disgruntled and disaffected with the present system to think it might be worth changing, and sufficiently positive, optimistic and trusting to believe that it was worth changing—that it was a combination of those two things. My reading of our indicators of the state of Australian political culture is that those two phenomena are there. People are sufficiently aware that we could be doing this better and probably should be doing this better to think that it might be worth trying to do it better; and they are sufficiently positive and optimistic and trusting of the system to think it can be done.

**Senator BACK**—Sure. That takes me to my next question. In figure 1 of your submission, there are four different bar graphs of data regarding a republic, Indigenous Australians and two on levels of government. The only one that hits 75 per cent or more in each state—this is on page 30—is the graph for ‘A referendum to decide which level of government is responsible for doing what’.

I concur with you. When I speak to people, what sticks in their craw more than anything else is not whether we have three tiers of government, or the funding, but the grey area between the tiers, the continuing argument and discord over who does what. All of us doorknock and all of us know this is the absolute worst thing you can do at someone’s door if they raise an issue with you—because we get scorn, and so we should! Is this not the real issue we need to come to terms with in this country? Shouldn’t we stop the nonsense about duplication and just get on with actually allocating the resources and making accountable and transparent the level of government to which the resources have been dedicated?

**Prof. Brown**—I think you are absolutely right. But there are subcomponents to your question: what level has got what resources? What are they trying to do now with what? Are they configured the right way to do it? Why are they having trouble doing it so far? Why aren’t they getting their act together? Why aren’t they collaborating better, when they should? Why don’t they have the capacity to say, ‘We’re going to do it alone, irrespective of what Canberra wants,’ when they should? And they do not have the capacity to do that. As soon as you start exploring all those questions about roles and responsibilities, you come up with all the structural and financial challenges. So, the two things go together. I think if we could just fix roles and

responsibilities tomorrow, a lot of what might be perceived as concern about the system might go away.

**Senator BACK**—And have the adequate funding follow them.

**Prof. Brown**—Absolutely. The trouble is that you cannot fix that effectively without acknowledging the institutional barriers. You cannot allocate the roles and responsibilities to local government in most states. You cannot allocate that now. But, realistically, they should have. With flood management, or whatever, you cannot allocate that tomorrow. You could not allocate it, even with a great big funding injection, because in many instances local government as it is currently configured does not have the capacity to carry that responsibility. You have got to deal with the structural as well as the functional, though not necessarily at the same time. So, that is part of the conundrum. A lot of what we are talking about—are regional governments needed, where do they fit in, why are they there, why won't it go away, why does it keep coming back—is because there is an incapacity there. This is a response to this constant reminder that there is an incapacity at the regional level in most instances in Australia. And nowhere is the incapacity greater than in metropolitan places like Sydney. This is not a rural-regional issue; this is a universal-regional issue. In fact, it is probably more true of Sydney than anywhere else in the country. So, that is what I would come back to. I am sorry, Mr Chairman, but I have failed in my duty!

**CHAIR**—But you are getting better!

**Senator BACK**—You have a graph about the relationship between federal, state and local governments in different countries, but time does not allow me to ask you about that. There is only final thing upon which I would ask for a comment from you—and I do this secure in the knowledge that the number of nonlawyers on our panel exceeds the number of lawyers. In your final comments, you said you felt we need a constitutional court because perhaps the High Court does not have the capacity. Whether we move down the path of a constitutional court or not, do you believe there is scope for people other than members of the legal profession to be represented on the High Court? I do not mean 'instead of'. I am being perfectly serious. I am not being cynical. Given that the High Court is the highest instrumentality in the country and its judges are not elected, do you believe there is scope for skilled people—perhaps people other than those who have come up through the legal—

**CHAIR**—That sounds a bit radical, Senator Back!

**Senator BACK**—Well, we are a secessionist state!

**Prof. Brown**—In the interests of time, that is probably too big a question to try to address. I would answer by saying that, contrary to many constitutional law colleagues and many other people, I think that the High Court has often worked best when it has had a healthy number and a balance of former politicians on it. I think a High Court that had a Garfield Barwick and a Lionel Murphy on it was a High Court where you had no doubt that there was connection with political reality, although it might have been dysfunctional. I think your instinct is part of what is driving my suggestion there. Part of what is needed is constitutional umpire machinery that recognises—and constitutional scholars know this—that High Court judges are not just lawyers. They are not just deciders of law; they are deciders of politics. They are forced to pretend otherwise by our

institutions and our traditions, but they know that that is what they are doing. Often they are very uncomfortable about it because they know they do not have the information to do it. Hence, you get a High Court like in the Work Choices decision where you have a majority of judges who just say, 'We are not going to discuss the federal balance. It has no content for us.' In interpreting a federal constitution that is an amazingly incredible indictment on an institution. For the committee's purposes, you can afford to put those questions on the backburner compared to some of the big ones that you have on the front burner, I suspect.

**Senator RYAN**—First of all, I congratulate you on the work that your centre does. I think you are quite right to point out what we heard earlier. It fills the gap that was left by the ANU centre. I studied under one of the principals of that when they moved on to another university. I think in this room we have about three-quarters of the Australian people who would not fall asleep in a long discussion of federalism.

**Prof. Brown**—It depends how long it is!

**Senator RYAN**—Yes! I want to take a slightly different tack to some of my colleagues. You said earlier that you think the Federation is dysfunctional. You answered a question from the chairman in the affirmative in that sense. In short, in what areas is it dysfunctional? I will just put this in context. There is no doubt it has problems—every federation and system of government does. But there seems to be a constant doomsaying about the state of our Federation. I cannot think of any particular policy area where compared with a lot of other comparable nations we would say that we are dramatically falling down. Am I missing something?

**Prof. Brown**—No, I do not think you are necessarily missing something. I tried to respond to the original question by saying that all these things are relative. It is a question of, 'Can we identify sufficient dysfunctions worth addressing? Even then, if we have an eye to the future, what does that tell us?' From my own point of view—and this is why trying to understand Australian political culture is so rewarding—I do not think that most people are obsessed with some doomsaying mentality. I have colleagues like Geoff Anderson from Flinders University, who is a very experienced ex-policy and political person, who help me interrogate the extent to which people have a feeling that federalism is broken. How much is that fed by the political discourse about federalism being broken when the federal government stands up and says that it is broken? We can pick up absolutely precisely that perceptions that the federal government should take over major aspects of the system peaked when we did our second survey last year just as the road to the COAG health summit was occurring. But they did not peak anywhere other than in New South Wales and Victoria, which were the two states being targeted by Kevin Rudd as the recalcitrants who were not coming on board. So you can see it exactly in people's attitudes. When you look at the practicalities of the health system, for example, yes, we have a health system that is pretty good. If you ask Andrew Podger, the former head of the federal health department, a good colleague and the national president of IPAA who has looked into this in depth, he will say, 'Yes, let's face the fact that we have a health system that is relatively good, but do we want to keep it good? Do we want to stop it from going backwards? How do we do that?' Irrespective of that, people have their perceptions about how—

**Senator RYAN**—And this is the point I want to elaborate on in the time I have. One of the great dysfunctions of this is the overlap between Commonwealth and state—what academics would term concurrent aspects of federalism—where there is no single level of government

accountability. Most of that in Australian history has developed because of the increase in the scope of Commonwealth activity through the activities of Commonwealth politicians combined with the activities of the High Court. To turn to health, for example, I come from the state that introduced case mix. What I saw from that was the idea that we would go to a national model which would bind all the states together and lock them up, signed and sealed, forever. That would removed one of the key elements that has delivered us that option in the first place, which is the competitive elements of federalism. There is no way that something like that would be trialled nationally. It had to be trialled by a radical government like the Kennett government. Isn't it fair to say that these national approaches can undermine some of the policy innovation or competition that can lead to change?

**Prof. Brown**—It certainly can. That is a risk that has to be managed in whatever we do with the system. The opportunity that we should be looking to in trying to restructure any policy area—health, for example—is answering the question of whether enough of that capacity for innovation can be created and introduced at another level. How much of it needs to be preserved at a state level? How much of it could be introduced at another level, whether it is a regional level, a local level or an organisational level?

**Senator RYAN**—We could remove a lot of the overlap simply through the Commonwealth withdrawing from fields of activity—

**Prof. Brown**—In some areas we might—

**Senator RYAN**—that it was never intended to have.

**Prof. Brown**—I think it is a misstatement to say that it was never intended to have them, because I think the federal founders all knew that the federal government would get involved in what it needed to get involved in when the politics and resources dictated that it would. That is the entire history of Federation.

**Senator RYAN**—I understand that there were very different schools within the federal founders and some might argue that some of them were smarter at getting their particular model adopted towards the end, but we have policy issues that the founders could not conceive of, so I think it is fair to say that they did not intend positively for the Commonwealth to do those things. They would not necessarily have conceived of government doing them. But it is fair to say the Commonwealth could withdraw from activities, isn't it?

**Prof. Brown**—It certainly could—and it probably should in some respects. But I think that many of the major policy conundrums that we are likely to continue to be confronted with are more likely to be exemplified by things like the home insulation program, where you have a legitimate role at every level of governance for rolling out a particular program. You could extrapolate it more broadly to energy efficiency. What you can see is that the Commonwealth—

**Senator RYAN**—What do you mean by 'legitimate'?

**Prof. Brown**—Could I finish? I saw you interrupt Councillor Blumel numerous times, so if I could just finish. You can see that there is a legitimate role. The Commonwealth role was far bigger than it should have been. The Commonwealth should have had the financial trigger role

of the rebates and the financial triggers to make it happen. Everything else should have been handled by other people at other levels, and it could have been magnificent. As it was, a lot of it was probably better than it has been portrayed, but it is a very good example of how it is not necessarily a matter of the Commonwealth withdrawing totally from the field. It is the whole thing about marbled cakes and layered cakes. It is a question of having the capacity to have the levels interact, and we do not have that at the moment.

**Senator RYAN**—You used terms like ‘legitimate roles for government’ as if there is some objective test of these, when they are in fact entirely contestable. There may be some people who say there is no role for any level of government in paying for people’s home insulation or energy efficiency. There may be others who simply say, ‘No, this is something where the Commonwealth has not been given any head of power with relation to it.’ They want much more limited roles. Some of these assumptions are, however, based on assumptions about roles of government in general as well as respective roles of Commonwealth, state, local and regional government around which a political consensus does not exist? Isn’t that fair?

**Prof. Brown**—It is very fair. That will change over time, and so it should. The system needs to be adaptive to that. To some extent it is more adaptive to that currently than it is to many of its other challenges. There may not be consensus but there is often a clear preponderance of opinion with respect to some of those issues to do with the size of private-sector intervention and whatever. It is often clearer to read the prevailing mood of those things even though there is room for debate. And certainly there should be debate about those things between sides of politics. But I do not think you need to let that issue distract from where you can see that there are incapacities and problems in the system irrespective of what you are trying to do.

**Senator RYAN**—Do you see as a core element of federalism a federal structure to be a constitutional entrenchment of different levels of government, whether that be two or three or four, with a degree of ‘sovereignty’—and I use that term advisedly, not in the classical sense, to mean a degree of guaranteed independence, or constitutional sovereignty, within that nation state—that cannot be just overridden by an electoral majority or a will of one parliament at one level of government? Do you consider that to be a core basic test of federalism?

**Prof. Brown**—By definition it is. In terms of my own personal values, I have increasingly come around to the view that we need a system that has those core federal components. That does not mean that it would not be possible—and objectively quite desirable—to have a well-constructed decentralised unitary system. That could well do our job many, many times better than our current federal system. The decider for me, from what I have taught myself and learnt about Australian political culture, is that I do not think we would know how to make a decentralised unitary system of government work. I think it would collapse on itself, because we do not now have the history and culture that would work for that—and I do not think we ever did have, based on British origins compared with our colonial British origins.

So I think that Australians need to have a constitutional demarcation of which level is responsible for what, partly in response to some of the phenomena you were more or less complaining about a minute ago—that is, the tendency for a level of government, if it has the capacity to take something over, to try to do that, even when it is not logical. I think we would be too prone to that in this country. I think that the good fundamental federal principles are principles that apply well in Australia. The trouble is that we have not applied them well in

practice in Australia. I think that they apply in theory to Australian conditions well but that we have never applied them well in practice to Australian conditions. I think if we were able to do that a federal system would work best for us.

The problem is that a lot of people's lack of identification or lack of confidence in state governments translates automatically into a feeling that the way to get rid of federal governments is to get rid of a federal system, rather than: 'Let's put ourselves on a track to having a federal system that works.' It may or may not have state governments as we know them today, but it will be more federal than it is today. That is my own personal instinct; by no means is that necessarily a widespread opinion. But that is my own personal feeling.

**CHAIR**—There are a couple of other things I want to explore with you. I take it from your remarks about regionalism that you do not regard RDAs as equivalent to regionalism.

**Prof. Brown**—No. I think it is far more complex than that. In theoretical academic terms, regionalism is ideally a bottom-up phenomenon. It is a demographic phenomenon and a political phenomenon. RDAs are a particular type of regional institution which may or may not, to differing extents, align with regionalism as an element of Australian political culture.

**CHAIR**—From the way in which you are interested in regionalism and have written about regionalism, it is a much more comprehensive idea of empowerment to local communities than the way in which RDAs reflect that idea. Is that right?

**Prof. Brown**—I think historically what we have done, especially in lieu of the demise of the whole idea of new states and new colonies and having political separation of communities—giving them their own colonial government, state government or whatever—is that we have tried to say: 'That idea effectively ran aground. We don't want to go there. We don't want to make this political. What will we do? We'll create administrative bodies that basically fulfil a functional public policy purpose but stay away from politics.' I think RDAs are in that tradition of saying: 'We can do this without worrying about politics. We don't need to be legitimate politically. We don't need to represent the regions. We're just getting on with practical things of concern to the region or to all levels of government.'

What we have to do is acknowledge that there is only so much that any regional institution can do, functionally, in its portfolio area or especially across different policy fields without grappling with the fact that we have a system that does not have legal capacity or where communities do not have political capacity that is well engineered at that level. I think those two things are working in quite a bit of tension, and trying to resolve that is one of the big challenges.

**CHAIR**—In that context do you embrace the idea? I am interested in the origins of the idea of regionalism and why it seems to have an increasingly powerful dimension within the context of the federal system. This is speculation only, but is it a reflection of the fact that we have created fewer states than the founding fathers might have anticipated we would? My own prejudice, I suppose, is that if the founding fathers came back in 2011 and looked at the state of the Federation they would be astonished that there were still only six states. Some would be grateful and some would not, obviously, but there would be a general view that most would be surprised. Is that a fair observation or do you think that has, *prima facie*, some merit?

**Prof. Brown**—I think it is, historically, well grounded. The term itself was imported in the 1920s-1930s as a sort of expert public policy planning concept from America, more or less in direct parallel with the idea of colonial separations and new states running out of steam and recognising that, even if more colonies or more states were created, there were big problems with the cities in particular. In particular, Sydney even back in the 1920s. The reason Brisbane City Council was created in 1924 or 1925—I had better make sure that is correct—was part of that idea was being imported. It was, basically, people saying, ‘Okay, state government is too big, local government is way too small—what are we going to do? We are going to make a regional government for this city.’ Bang, that was Brisbane City Council. That was exactly the time that those regional city planning ideas were imported into Australia. The same debate took place in Sydney but, given the nature of politics and political history in Sydney, it went the same way as every other good idea.

These things are actually closely interrelated. At a federal level in the 1940s, I think, the federal and state agencies that first talked seriously about a regional planning framework for the country were quite conscious about saying, ‘We can only do this if we keep the politics out of it. We can only do it if we can enlist people’s capacities but keep constitutional politics and party politics out of it.’ That always limited the capacity of what regional bodies of any kind were going to be able to do. Consequently, they have risen and fallen and risen and fallen. We are now in a different era, a totally different paradigm, a totally different type of society and a different world where we can say, ‘What’s needed for our communities at these different levels, as far as we can tell in the future, is going to be free of some of those particular political problems. Everybody just wants to get on and do it and make government work better. If there is sufficient consensus that there is an incapacity at a particular level the issue becomes: how do we address that capacity?’

There is now a much greater consensus—you can call it community engagement or empowerment or whatever—but the politics of engaging communities and keeping them sustainably engaged in policy and innovation and in doing it themselves requires a different recipe than we have had through most of the history of Australian politics. The whole do-it-yourself idea relies on people having the capacity to do it themselves, and our system has never provided communities with the type of capacity that enable them to do a whole lot of things themselves like run their own hospital. Why it is that the Tasmanian government is a runner of public hospitals but the Brisbane government is not a runner of public hospitals is quite fascinating when you think about the demographics and the capacity and the government capacity.

**CHAIR**—Finally, your submissions, attachments and much of your work focuses on processes, structures and things of that kind, but focuses less on the central question of financial responsibilities and how you might address this serious problem of states being, it would seem, financially parlous in dealing with the responsibilities that they already have. Have you thought about those issues in any systematic way? Could you provide the committee with any assistance about how you might address the central problem of states essentially being underfunded for the responsibilities? To the extent to which they are underfunded one might make the argument that in fact that provides you with a good reason for the Commonwealth to take over the responsibilities that Senator Ryan thinks that they probably should have. Is there a way of thinking through that problem easily?

**Prof. Brown**—I think people have been thinking about that for quite some time. I think the answer is that we need to approach the financial system as one integrated system. There has been an ad hoc progression to that ever since Federation, including constitutional reform in the 1920s, the financial agreement et cetera. The House of Representatives standing committee that looked at local government finance that reported in 2002—the fair share report; the title totally escapes me—took steps towards basically saying that local government should be dealt into the federal financial system more directly. I think that is part of the answer to that.

Actually ensuring that constitutionally the current federal system works with recognition of all three levels does provide the key reason for recognising local government in the Constitution. It just simply is not good enough from an organisational point of view to simply continue to preserve the idea that this is a system based on the Commonwealth raising money and redistributing a lot of that money to the states and that everything else will then look after itself. The system obviously does not work like that currently, should not work like that and will never work like that.

Getting ourselves to a situation where Commonwealth Treasury, state treasuries and local governments know they are all working with one financial system, reorganising the financial system around that principle, is a major step that is consistent with where we have been trying to go. That is a step we should now take. That is a crucial aspect of why recognition of local government in the Constitution is a worthwhile step.

I am not a public finance expert but I think that is part of the key to it all. Trying to rework the federal system as one integrated financial system is not something that will ever work if it is done as a recipe for federal control but once you have the sort of transparency in the system that that would enable it would be much more straightforward for Treasury agencies, onlookers, critics, observers, the COAG Reform Council or the Federation Commission to track. The Grants Commission has had the capacity to in the past track where the money went? We agreed it would go this way, but did it go this way? If it did not, then we need to alter the system to compensate for that. That is effectively just making it transparent. If the state government has said it is going to do something, takes the money and it does not do it then that can be exposed—and for other levels of government as well. So I think creating a triangle by which all three levels of government are represented financially recognised in the system is part of the way forward.

**CHAIR**—Professor Brown, we have detained you longer than we anticipated, but it has been a most enlightening and interesting session. We are very grateful to you for your extensive submission and giving us your time today. It has been extremely helpful.

**Prof. Brown**—I wish the committee the best in its very important endeavours.

**CHAIR**—Thank you very much.

**Proceedings suspended from 12.59 pm to 1.46 pm**

**MASSINGHAM, Mr Paul Anthony, Executive Officer, Regional Development Australia Wide Bay Burnett**

**CHAIR**—Mr Massingham, thank you for coming down to see us from Regional Development Australia Wide Bay Burnett. We have received your submission, which has been numbered 13. Do you wish to make any amendments to that submission at all?

**Mr Massingham**—No.

**CHAIR**—Good. Our practice is to ask you to make a short opening statement if you care to do so, and following that we will ask some questions of you. Please begin when you are ready.

**Mr Massingham**—Thank you for the opportunity to be here today. As you will notice from our submission, we spoke to a number of my colleagues throughout regional Queensland—through Mackay, Townsville and Far North Queensland—and looked at the original select committee’s publication and identified some of the key areas that we felt affected our regions and our organisations the most. Our response is primarily directed towards the delivery of regional services in regional Australia. I will summarise some of the dot points that are already in there.

The fundamental thing that certainly the regional Queensland RDAs are collectively agreed upon is the philosophy that one size does not fit all. That is certainly one of the challenges that we find, and I have no doubt that every RDA in Queensland—and, for that matter, probably every organisation in Australia—has those same sentiments. Some RDA representatives have been asking themselves the question: exactly what is the role of RDA? One of the issues in the delivery of regional services, I think, is that the organisations that are tasked with that role do not have a terribly well-defined charter. Having less detailed terms of reference or guidelines by which we operate, I think, initially makes it very difficult to develop credibility within the region. Organisations—be they community groups or not-for-profits in general and whether they be local, state or federal based—come and go. Especially in an area like Wide Bay Burnett specifically, there are so many organisations who play a role diligently as best they can to assist the growth of the region in one way or another and in one sector or another.

The biggest issue that we have, of course, is that there is no unity in that. The lack of unity and the lack of one vision, as has specifically been identified in the Wide Bay Burnett regional road map as one of the core responsibilities for RDA to develop, states that as the first priority—not necessarily the highest, but it is our first priority and it has been identified in our road map. This lack of unity has been there for a long time and I suggest probably is going to be there for a long time. Over 2½ years ago, we went through amalgamation in Queensland, and our geographic territory alone went from 22 down to six local government authorities. Having six local government authorities for an RDA organisation that is resourced to the tune of 1.8 staff comes with a challenge.

To summarise my opening statement: how do we create within the region that we represent the credibility that the organisation needs to actually make a difference? Is that by the financial contribution that supports the organisation? Is it the resources? Is it a more detailed charter that

sits behind what the organisation is all about? Personally I think it is a combination of all of those things. Certainly, under the current structure of RDA, there are challenges that we face within the region and probably more so within the organisation, because we hide it from the region—that is, the breakdown in transmission that sometimes occurs between state and federal government. They are the basis of the submission that we submitted to the select committee. I am happy to answer any questions.

**CHAIR**—Thanks, Mr Massingham. You cover six local government areas?

**Mr Massingham**—Five local government areas and a local government organisation, which is the Cherbourg Aboriginal Shire Council, so the local government council.

**CHAIR**—In your view, are your boundaries well drawn in that case?

**Mr Massingham**—Certainly from a boundary perspective, yes. It is very well and clearly defined. There are challenges from that in itself.

**CHAIR**—It is clearly defined. What I mean is: is it well defined in terms of representing some kind of sense or idea of region?

**Mr Massingham**—There are conflicting views on that. The Wide Bay Burnett, depending on which layer of government, which department of government or which subject you are discussing, is viewed as a region, and then in other elements it is not viewed as an official region. It is certainly viewed as an official region for census data, for example, but if you look at it from a sectoral perspective, from a governance layer—let us say the tourism industry, for example—there is no tourism organisation that looks after the Wide Bay Burnett; it is broken down into sectors. And there are many other examples of that as well. For federal based employment schemes, such as Keep Australia Working and things like that, it is broken down. It is very rare that the reference to Wide Bay Burnett is a collective view.

**CHAIR**—Is it aligned to, for example, Queensland Health regions or Queensland education regions, police districts and things of that kind?

**Mr Massingham**—We have just gone through this exact scenario. There is not one state government department that aligns its management authority with the Wide Bay Burnett.

**CHAIR**—This was not the line I was going to take, but you have opened it up in a way. Do you have a view as to whether your work could be more easily managed if there were a greater degree of coherence in relation to those boundaries?

**Mr Massingham**—Not necessarily. I think it would depend on the authority, for want of a better term, that RDA had in the first place. I am not a person who believes that putting boundaries around things is the way to go. You do not need a line drawn around something to identify that that particular area, culture or demographic is in need of certain services. From my background prior to RDA, coming from a similar role in the tourism industry, you specifically do not work within boundaries. Tourists do not know what boundaries are.

From a management perspective, the Queensland government have gone down the path of centralisation for nearly two decades now. I could not tell you what the percentage is, but there is a very small percentage of the overall workforce still left in regional Queensland. They have broken their management structure down to an internal base management structure as opposed to a geographic region base management structure. I think that is where the problem lies.

Personally, I do not think that the delivery of regional services specifically requires people to be within the boundary of Wide Bay Burnett. I can see benefits from that. I can see economic and employment benefits from that by distributing a large number of well-paid people back into the regions. There are certainly economic benefits to that argument. But, from a delivery of services management perspective, I do not believe decentralisation has to occur to be able to deliver the services in a streamlined manner. What I believe is happening is that government is managing upwards within itself as opposed to the purpose of managing a geographic area.

**CHAIR**—You said, as I understood you, that your mandate is not entirely clear or the way you see it is that it expresses either more or less of what you think you should be doing. I am just wondering whether or not your RDA has formed a view as to what it should be doing and whether or not the actual formal mandate needs to be expanded or indeed limited in some way.

**Mr Massingham**—I would say yes to both those questions. Yes, I believe that the actual mandate is not as defined as it needs to be. I am saying that from an across-the-board perspective. I have many times in a public forum used the language that is stated by our state and federal partners as to who we are. I have actually stopped using the language that we are ‘a conduit between all layers of government’ because the usual question is, ‘What does that mean?’ and I do not like answering questions that I do not know the answer to.

**CHAIR**—Sorry for interrupting, but what do you think the answer to that question is? You can tell us!

**Mr Massingham**—In theory, it is supposed to be a legal liaison for what goes on in the region and figuring out what the issues and priorities are and what are some of the things that could potentially stimulate growth in the economy, employment or whatever the specific issue might be to both the bureaucratic and political side of government at a state and federal layer. The reality of that is that nine times out of 10 in the short term RDA existence in Queensland—approximately a year—that has not been in existence to the extent that if there has been a policy made regarding X the policy has usually been made before the RDA has engaged at the state or federal layer to discuss the subject of the policy being made. Your question was, ‘Have we come up with an identity for ourselves within our region?’ Certainly for my committee and I the primary purpose for our existence for the short term is to focus specifically on the task of trying to create unity, trying to get six different local government organisations to have a regional vision. Unless realistically we can actually have the key stakeholders of the region having the concept of a regional vision themselves, the Wide Bay Burnett regional organisation is always going to struggle.

**CHAIR**—Is yours the only organisational structure that has the capacity to be able to develop that idea? In the absence of RDAs, you would expect that local government units that see value in cooperation could achieve that level of regional cooperation. But you seem to be saying that they do not see that possibility amongst themselves, so by default it is left to you to do it.

**Mr Massingham**—I would not go so far as to say they do not see the possibilities or the benefit of cooperative working. To a certain extent there are organisations that already exist to do that. In a local government area you have your regional organisation of councils and they represent the region with the LGAQ. You have tourism organisations, you have AIEMnet, which is engineering and manufacturing, and you have the collective peak bodies, but none of them except for the ROC work in the Wide Bay Burnett area. For example, in the tourism industry you have Fraser Coast South Burnett, and Bundaberg North Burnett. Then Gympie, for example, actually goes into the Sunshine Coast. So except for the regional organisation of councils, which is five mayors and a secretary, in our area the RDA is the only organisation that actually has a regional mandate.

Quite often you will have organisations who choose to work together with other organisations on a specific task or project because they can see a collective benefit in working together. But there are macro issues like regional employment, and a major catalytic style project that might be based in Gympie, for example, actually affects employment across the entire Wide Bay Burnett. It affects economies and lifestyles, health and education possibilities across the entire Wide Bay Burnett. At the moment, that is the single largest challenge that we face.

**CHAIR**—Does your RDA have a view on the recognition of local government in the Constitution?

**Mr Massingham**—The local government authorities certainly give us their position on that subject quite regularly. We believe that there is significant value in the recognition of local government in the Constitution. I think that in itself would bring more and more benefits with regard to empowering those organisations within the regions. So yes, we certainly agree that there is a great benefit in the recognition of local governments in the Constitution.

**Senator MOORE**—Following on with the same thing, because that is the focus of your submission, are any of those councils that you work with as part of the process across more than one RDA?

**Mr Massingham**—No.

**Senator MOORE**—They are all completely within your area?

**Mr Massingham**—Yes.

**Senator MOORE**—So that is an advantage. I thought Toowoomba might have picked up the area in the far end of their council. That is one of the regions that I would have defined as Wide Bay Burnett, but it did not. At least it gives you a focus. We talked earlier about the fact that the RDA was set up by federal and state governments with the idea of that link, but it was clearly done to coordinate local government as well. When you did your regional road mapping process you gave that to the state and federal governments. Did it also go back to each of your local councils?

**Mr Massingham**—Absolutely, and the process of the development of the road map had a very high input from the local governments. Actually, I would probably go so far as to say at

least 30 or 40 per cent of the planning input came from the local government authorities themselves.

**Senator MOORE**—Good. With the way you have been set up, I know that state and federal have appointed the people on it. We have talked with a couple of RDAs today but mainly those that cover one regional council. I think in both cases they had two councillors or council people—either elected councillors or employees of the council—on the committee. How do you handle it when you have five councillors? Do you have representatives from each of those councils on the committee?

**Mr Massingham**—At the moment there are two vacancies, but four of the local government authorities are represented. The chair of the committee—we discussed this at our last board meeting—is writing to the federal government as per our requirements to request the two spaces be filled. Should those be accepted then yes, there will be representation from all five local government authorities.

**Senator MOORE**—What about Cherbourg?

**Mr Massingham**—Not at the moment. That was discussed and, to the best of my knowledge—this happened prior to me starting with the organisation—Cherbourg was approached to put forward a representative. There is a gentleman from the South Burnett area, which Cherbourg is a part of, who is very well connected with the Cherbourg community and they were more than happy with his representation.

**Senator MOORE**—So they are linked in—not personally but they feel linked in?

**Mr Massingham**—Absolutely.

**Senator MOORE**—The history is not great. Your submission talks about the need for policy development benefiting from regional consultation. That is one of those statements that is self-evident. We heard this morning from someone that they as a CEO and their council were not convinced that either state or federal governments—there is only one local government involved in her RDA—were using the RDA to the best effect, or knew about the RDA. She was concerned that perhaps not every department in the state government or in the federal government was aware of the role of the RDA and the value of the RDA and, in particular in terms of your statement about policies, using the RDA process as a way of effective consultation. From your perspective, in terms of federal and state and local government, what is the process of ensuring that the people who are in the bureaucracies at each of those levels are aware of what you do, who you are and how they should operate?

**Mr Massingham**—It has to come down to the auspicing body, which in this case certainly in my opinion primarily is the federal government, with a partnership with the state. The federal government needs to, for want of a better term, have a marketing strategy for within its own departments to give the appropriate ministers, the appropriate heads of department, the knowledge that this entity exists, what is the purpose of this organisation and what is the value of it so that internally within government that knowledge is distributed. That same thing has to happen at the state government layer. The individual RDAs have a responsibility through their own activity to raise their own awareness. It has to work both ways. Certainly in my experience

and the experience of colleagues of mine who are part of this submission, in the federal departments I have dealt with RDA was more well known than it is known at the state layer.

**Senator MOORE**—In the key departments you deal with?

**Mr Massingham**—Absolutely. I certainly cannot speak across all departments, but in the departments I have dealt with there was certainly a knowledge and an appreciation for RDA and a willingness to correspond and communicate with RDA. At a state level, that certainly has not been the case by any stretch of the imagination. We had a meeting in July last year where all the RDA executive officers got together and discussed this exact subject, quite vocally. From the beginning of last year through to July the collective response of most Queensland RDAs—and it was a fact—was that, outside the Department of Employment, Economic Development and Innovation, no-one has ever heard of RDA. Even now, within that specific department, most people have no idea who RDA is. We are still very much at the awareness campaign stage—who is RDA, and what is their credibility?

**Senator MOORE**—When you talk with your EOs in other states—I know there has been a process that has been built in to make sure people do have that communication—is that an issue that has been raised in other states as well or is that something that is peculiar to Queensland?

**Mr Massingham**—I have spent a lot of time in the last 12 months ensuring they do communicate with my colleagues in the states to look at the different dynamics and the structural models. We are writing a paper on this exact subject at the moment for the department of regional Australia.

From our learnings to date, some of the issues that we are struggling with under the RDA model here in Queensland are not being felt by other states. One potential reason that has been discussed for the other states having fewer issues is that their state and federal relationship model is far more fluid than the one between the federal government and the state of Queensland. Our model is different from that of every other state in Australia, for whatever reason that came about. In the research we have done we have talked with New South Wales, Victoria and South Australia. A lot of the information put in our Senate submission came out of discussions with those states about the challenges they were going through. All we can put it down to is that one of the issues behind the challenges that we are feeling is the contractual relationship between the Queensland and federal governments.

**Senator MOORE**—The issue is the funding in kind rather than the provision of an allocation? Is that the central issue?

**Mr Massingham**—Yes, that is the financial model behind it, but I think we need to move past just looking at dollars and cents.

**Senator MOORE**—That is very hard.

**Mr Massingham**—Absolutely, and especially when you start going into out to meetings within the Wide Bay Burnett region and saying you are from RDA and that the RDA is the new organisation following the ACC. The first question everyone ever asks is: ‘How much money do you have?’ and the answer is: ‘None.’ The next question is: ‘Well, how much money can you get

us?’ and the answer is: ‘I have no idea.’ But, to go back to your question, I think the issue of the relationship spans much more than just money. I look at other federal initiatives such as the Keep Australia Working initiative and I work very, very closely with the two local employment coordinators within the Wide Bay Burnett area. It is not a dissimilar structural model in that there is a cash component to the delivery of that project, but there are also departmental resources allocated—a fixed allocation of the resources. So the local area coordinator has a DEEWR—sorry, whatever the name of the department is.

**Senator MOORE**—The state government department.

**Mr Massingham**—No, the federal department.

**Senator MOORE**—So the feds give you a body as well as funding?

**Mr Massingham**—No, the feds give the KAW initiative.

**Senator MOORE**—The feds give them a body.

**Mr Massingham**—They do not give us a body.

**Senator MOORE**—Do the states give you a body?

**Mr Massingham**—No, under the contract they give us the dollar value of a rank or employment level—APO5 or whatever you call it—but there is no statement or commitment about who it is, when it will be, for how long it will be or how regular.

**CHAIR**—Have you had the advantages of that commitment?

**Mr Massingham**—I have just actually last week finished a report that was submitted to my board about the status of that commitment and it was not a good status. Not only have we not received any more than approximately 30 per cent of the financial commitment, but—and this is in a report I put together—there is a significant financial cost incurred by the federal RDA in the additional work required by its employees to make up for the lack of the administrative support supposedly being provided by DEEDI staff. That issue is raised by every RDA in Queensland I correspond with, so much so that, on 10 February, there is a meeting of all EOs in Queensland specifically discussing this matter. The aim is to enable us to write a submission so that, at our RDA national conference, which is coming up sometime in late February or March, we are able to give it to Minister Crean.

**Senator MOORE**—It will be specifically about state government support.

**Mr Massingham**—It will also be about the structure around it. I can only speak for my own office, but in my office it is not about the people; it is about the structure.

**CHAIR**—Do you have a view about would be more functional from your perspective?

**Mr Massingham**—There has to be a commitment to the structure. That commitment could be like the Keep Australia Working model, where a dedicated staff member is provided to the

project. That would be of huge benefit. Lacking that, if we take it back to purely an independent style model, then the commitment would be a financial contribution from the state to allow the organisation to go out and hire its own staff. If it is anything short of one of those two, or a combination of those two, kinds of scenarios, then the commitment can very easily become clouded.

**Senator BACK**—Could you remind us how many staff there are in your RDA?

**Mr Massingham**—Me and my administrator, who works four days a week, so 1.8.

**Senator BACK**—So if you both happen to go on leave or get sick then there is nobody there.

**Mr Massingham**—That is correct.

**Senator BACK**—I am very concerned about what the commitment of government is. You have just explained that there appears to be a lack of commitment here in Queensland. I do not know about other states. I mentioned to an earlier witness that I went onto the RDA website to see what was there. The latest news on each state was from between August and October of 2009. So there is not even a person to keep the website updated. That causes me to ask this question: what keeps you motivated if there does not seem to be a serious level of support?

**Mr Massingham**—Me personally?

**Senator BACK**—Yes. What are you doing there?

**Mr Massingham**—I was asked that question by some very astute political colleagues even before I decided to apply for the job. I was specifically advised not to apply for it. Why did I choose to take it on? Because I believe in the development of my region, Wide Bay Burnett. I read the charter of the RDA and its mandates. I looked at the ACC model; I knew the ACC model well. I believe that the ACC model was flawed. I saw where RDA was trying to go. Where it is trying to go at that strategic advisory level is exactly where it should play. That is what I want to be a part of.

**Senator BACK**—The RDAs, as I understand it, while they are appointed by various local, state and federal government entities, are volunteered.

**Mr Massingham**—For the committee members, yes.

**Senator BACK**—Originally, before local government became supposedly more professional, the essence of it was that right at the community level individuals decided that they would stand for council as volunteers in the main. It was not all that long ago that the councillors were not paid. One of the concerns in local government at that time was that individuals would push their own barrows to the exclusion of all else. Given that local government councillors are now paid and given that local governments have rationalised and become bigger and therefore moved well away from their communities—which means that possibly there is an opportunity for RDAs—how do you stop individual volunteers getting on to the RDA and using it as a platform for pushing their own barrow, which a generation ago someone may have done in local government with all of the errors and the issues that that led to?

**Mr Massingham**—Doing that is a great challenge. In our region, a very astute decision was made to not allow the chair to be an elected official. Our chair is a retired independent business CEO. That helps. I do not think that it is actually possible to stop individuals using an organisation such as an RDA—or, for that matter, any regional board—as a platform to push their own politics. I do not believe that it is possible to stop that. If the appointed officials on the boards are chosen wisely and chosen from the good calibre candidates within the region then the board will remain strong. Any board is only as strong as its committee members. You can have great staff, but if the committee members are not setting the direction and delivering on that then that particular organisation in the region is not going to achieve.

**Senator BACK**—Finally, you were saying that there is meeting of executive officers in Queensland in February. That will feed into a national executive officers meeting, which will hopefully include the minister. Do you see any future for the RDAs if these matters are not resolved in the first half of 2011? There are 55 of them around Australia.

**Mr Massingham**—That is right.

**Senator BACK**—Even at one FTE per RDA, there is 55 FTEs. Presumably, they would be funded by the Commonwealth, and the states might be asked to match that as well. If you are going to be effective, you have to get some legs on the ground.

**Mr Massingham**—I could not agree more. The issue is that in Queensland the maximum number of people employed by any RDA is two. Some have significantly less than that.

**Senator BACK**—You cannot get much significantly less than that.

**Mr Massingham**—People need to look at the New South Wales and South Australian models. There is one that I liaise with a great deal from the Limestone Coast in South Australia. Because their state structure is so significantly different, they can be flexible in their own regional organisational structure. I heard recently that they now have something like 13 staff. With even six staff, you start to be able to create something. At one 1.8, you spend your time administering yourself. This meeting that we are going to have in February is a Queensland meeting. We are meeting at a national conference not as a national set of EAs; it is just that we are using that forum to get to Minister Crean. The particular issue that I am referring to is, to the best of my knowledge—and we have researched this a lot—a Queensland specific issue.

**CHAIR**—I want to quickly pursue this funding issue a little more fully. Does your RDA have a view as to how much funding is going to be required for you achieve any of the kinds of objectives that you have set yourself?

**Mr Massingham**—The interesting thing about the way that we look at that answer is that we believe that the funding puts the cart before the horse. What I would prefer in our region—and this is certainly what has been discussed—is for the RDA to play a far more managed role. My chair and I both come from a corporate background. We are very used to having to put in very clear and concise business plans and budgets to justify why we are asking for X amount of money. It is our opinion that that is the way that RDAs should work. We have created a roadmap on how the region views itself and its future. The next step for the RDA in our region—and I do not believe that there is one answer for all RDAs—would be to allocate the appropriate amount

of funding to develop a proper business plan for the next 12 months at the minimum. I would prefer it to be for five years. Then the RDA should be able to come back to the federal government and say, 'Here is what the Wide Bay Burnett wants to be able to do next year, the year after and the year after next.' That would enable the state and the federal governments to look at in the forward estimates. At the moment, we wait for funding pools to come into existence, come up with an idea for a project that is topical—which is exactly what we said in our submission—and then apply for funding. We are working the wrong way around. We should come to you with our business plan and tell you what needs to be done in 12 months time so that you can plan for it in your forward estimates.

**CHAIR**—Should the RDA be the recipient of those funds? If we take your approach and you develop a means of pursuing your objectives, should you be the body that receives the funding? If the federal government had an amount of money that it was allocating to the kinds of objectives that you set for yourself would it be better off channelling that through the states or directly to the local government region or should it go directly to the RDA?

**Mr Massingham**—I think it would depend on what the project was. Obviously if it is an upgrade of a highway then, no, the money does not come to RDA. If it is a project such as a specific example that we are looking at at the moment, the commissioning of an economic and human impact report based on the flood devastation to our region and what that means in the long term—I am not talking about infrastructure; I am talking about long-term economic impact, jobs, social and environmental issues—then, yes, I think RDA can be the facilitator of those funds at that strategic layer of involvement. At the physical layer of involvement, I think RDA's role there would be to potentially recommend which is the best auspicing body of that particular project, so for road infrastructure, local government, and maybe if it is an environmentally based project, then the local environmental organisation, the BMRG, things like that. But, across the board, no, I do not believe RDA is the organisation to be handling all regional funds.

**CHAIR**—Is that a common view across your counterpart organisations, at least in Queensland?

**Mr Massingham**—I cannot speak for all other RDAs. To the best of my knowledge, the colleagues that I most frequently speak to certainly do not see themselves as the regional bank for funds.

**CHAIR**—Is the preference for local government to be the recipient of these funds or state governments?

**Mr Massingham**—Again, I think it would depend on the project. We believe that there is a great benefit in providing funds direct to local government for the majority of regional based projects, if for no other reason than to decrease the administrative costs that go with third-party handling by the time the funds actually get to the end user.

**CHAIR**—Mr Massingham, I think we have got what we need from you and from your submission. Thank you very much for coming this afternoon. We very much appreciate the time you have given the committee and the submission you made earlier.

**Mr Massingham**—Thank you very much for your time.

[2.28 pm]

**AAGAARD, Mrs Jane, Speaker, Northern Territory Legislative Assembly; and Chair, Standing Committee on Legal and Constitutional Affairs, Northern Territory Legislative Assembly**

**PURICK, Ms Kezia, Deputy Leader of the Opposition and Shadow Minister for Statehood, Northern Territory Legislative Assembly; and Member, Standing Committee on Legal and Constitutional Affairs, Northern Territory Legislative Assembly**

**TATHAM, Mr Michael, Northern Territory Constitutional Convention Committee**

**CHAIR**—Welcome. Do you have any comments to make on the capacity in which you appear?

**Mrs Aagaard**—I am also Chair of the Northern Territory Constitutional Convention Committee and the former chair of the Statehood Steering Committee, which was how we had originally put this submission together.

**Ms Purick**—I was previously a member of the Statehood Steering Committee and I am currently a member of the Northern Territory Constitutional Convention Committee.

**CHAIR**—You have made a submission to the committee which has been given the number 12. Do you wish to make any amendments to that submission?

**Mrs Aagaard**—No.

**CHAIR**—Our practice is for you to make an opening statement if you care to do and following that we will ask some questions.

**Mrs Aagaard**—Thank you very much, Mr Chair. The Deputy Leader of the Opposition and I would like to share some comments about the submission. It should probably take about seven minutes. Thank you very much for allowing us to come here into Queensland from the Northern Territory today. The reason we decided it was important to come is that this year is going to be a very big year in the Northern Territory when we are moving towards our next step to statehood. At the end of the year in November there is a constitutional convention which will be the first of two constitutional conventions to be held in the Northern Territory. It will be quite different to the one which was held in the late nineties. At this one all delegates will be elected and it is going to be a very exciting time. It is going to be using the boundaries of the Northern Territory's electorates. There are 25 electorates and from each electorate there will be four delegates, all elected, and those will be the only people who have the capacity to vote at this convention. Then there will be a second one about 18 months later.

I should say that we are working on this convention with a number of experts because we realise that what happened last time was that politicians got too involved and there was too much interference at all sorts of levels. That has been recognised, so this time we have been listening

more to the people but also getting expert advice. So we have Professor George Williams, Professor Anne Twomey and Professor Cheryl Saunders giving us expert advice on constitutional affairs matters.

In the past year we have spent a lot of time and effort on presenting 50 forums across the Territory on what those people in our Territory think should be happening in relation to our constitutional development. I would have to say that, of the 50, I think about 42 have been in remote areas and it has been a fascinating experience. I have attended quite a few of those, as has Ms Purick. The most interesting aspect of this has been that, unlike the last constitutional convention, we are actually getting real interest from remote areas and from Indigenous people. So, for example, at a place like Elliott—which has only 500 people—a group of about 100 people turned up at the forum, which would not happen in Darwin or Brisbane—having a fifth of the population turn up at a public meeting. Similarly at Yuendumu, which is a relatively small place and which has very powerful Warlpiri people—fighting people, as you probably have read in the media recently—we managed to get the 60 top elders to attend the forum there. We had the two main families, who do not normally speak to each other, attending. They were so interested and so engaged that instead of the two-hour forum we were there for about five hours and they did not really want us to go. We agreed to continue with the discussion after that.

We have had a lot of discussion about constitutions—first of all, what a constitution is, and the kinds of things that people are interested in. I suppose the main thing is that people want to be involved in this. They do not want something which is forced on them; they want it to be inclusive. For example, the local government association and every council in the Northern Territory—the major councils—have written to us and indicated to our parliament that they are supporting statehood but also that they wish local government, for example, to be recognised, and regional parts of the Northern Territory. So there is a real and genuine engagement in the whole process.

In terms of the involvement with the actual election process for delegates, which will happen later in the year—and at this stage it will probably have compulsory voting, although that is still to be determined by the cabinet—of the 25 seats, seven are remote seats, so we are expecting a high level of Indigenous participation. Of those, maybe 28 people of the 100 people will be Indigenous, plus also we have expert panels where we have invited people such as former High Court judges and various constitutional experts, plus people to make sure that it is something which the rest of Australia realises is really important.

I would note as well that as of 1 January we have actually been a Territory for 100 years, so we have not been attached to a state for 100 years. Those of us who have been following this cause for a while, and I have been a member of parliament for 10 years, think we have moved from adolescence and it is time to get to the next stage. So part of the reason for putting this in is to remind you that, in fact, the Territory does want to move to the next stage. This year we are going to be asking the people of the Northern Territory to consider that as well. I wonder if Ms Purick would like to make some comments.

**Ms Purick**—Yes. My family has been in the Northern Territory since the late fifties so I have grown up in the Northern Territory. I have grown up with the Territory to a certain extent from the before-self-governing days going through to when we became self-governing and subsequent to self-government. As for what has come with those changes, through my previous work I

know—I worked in the minerals industry for 16 years in the Northern Territory—of very specific issues relevant to that industry that are integrally tied up in the statehood debate, notably items to do with the uranium industry and the Aboriginal land rights act, just to name two. So from a personal point of view I have a very strong interest in working on these committees and my role on the statehood steering committee, which was the first committee, preceded my job as a parliamentarian. I was actually there representing the minerals industry. What needs to be noted very importantly is the bipartisan approach to this next phase, as I call it. We have had phases before and, as Madam Speaker mentioned, the previous convention had particular issues and particular flaws to it. That is why it is so very important that with this next phase and the convention and our move towards statehood we have got to get it right, because I am not convinced that we will be able to get it right again, not in my lifetime anyway. So that is why we are at pains to stress to people in the Northern Territory and elsewhere that it is bipartisan, even as far back as when the previous Minister for Statehood, Syd Stirling, and my current leader, Terry Mills, went to Canberra in a bipartisan way to talk to federal members in regard to the move to statehood. That I cannot stress enough.

The other aspect that I would like to make comment on in this opening statement is that this is an important issue for the Northern Territory people. I know that a lot of people around Australia do not fully understand why we are not already a state. A lot of people think we already are a state, because pretty much we are treated like a state in all ways and all manners. Part of the reason for coming to speak to you today and also for the meetings we have in Canberra is to keep getting the message out and to keep explaining the particular aspects about the next phase towards statehood and actually what statehood means, because it is not an easy step. The way I describe it to people is that it is a long staircase and we are on only the second step of about 20 steps. I will leave it at that and we will go through some of the notes and perhaps questions later.

**CHAIR**—Thanks, Ms Purick. I should have said in my opening remarks how much we appreciate both of you coming so far to meet with the committee. It is very much appreciated. I will call first Senator Ryan, who has some commitments.

**Senator RYAN**—Thank you, Chair. Yes, Mrs Aagaard and Ms Purick, I have to head back to Melbourne, but it is not as far as you came. I want to clarify a couple of things in your submission. You talk about statehood for the Northern Territory meaning eventual equality with the existing states and the word ‘eventual’ is highlighted. Does that specifically refer effectively to it being treated as if it were an original state, to use the constitutional terminology, with the same heads of power and the same number of senators and the same sort of treatment with respect to electorates?

**Mrs Aagaard**—Each time either Ms Purick or I—or other members of the Northern Territory parliament—has visited Canberra to discuss statehood probably the first question particularly from senators that has been asked of us is: how many senators do you want? Then it has been said: ‘You’re not going to get that number of senators.’ But, in fact, we have never actually said we wanted a particular number of senators. What we said was we wanted to be a state. We are probably more interested in just the process, but what we would say is that, for example, at the time of Federation Tasmania’s population was, in fact, less than the Northern Territory’s now and they got five members of the House and 12 senators, and that is guaranteed under the Constitution. We would say that when our population is the same as Tasmania’s then we would expect to have the same number of senators and the same number of members of the House.

**Senator RYAN**—You are not asking for five members of the House of Representatives?

**Mrs Aagaard**—No, we are not.

**Senator RYAN**—Because that is population based at the moment.

**Mrs Aagaard**—That is right. In discussions, certainly, through the parliament and the Statehood Steering Committee, we would think that two members is reasonable. There has been no real conversation about the Senate although I would have to say to you that the Northern Territory is a very large place and I think that two senators is probably not enough. We probably need four senators. Once again that is really up to the Commonwealth.

**Senator RYAN**—I suppose I should not read eventual equality as automatically saying—

**Senator MOORE**—No.

**Senator RYAN**—Sorry, that is what I was trying to clarify.

**Mrs Aagaard**—That might not be for another 50 years.

**Senator RYAN**—But you would like to see a formula that provided some sort of certainty?

**Mrs Aagaard**—Yes, certainty. That is right.

**Senator RYAN**—One of the things—I am not sure whether you might have considered this—might be a Tasmanian style trigger. In Tasmania, as you said, there was a higher proportion of the country's population in 1901 than the Northern Territory has now although its absolute numbers were smaller. One of the possible scenarios I have read about elsewhere in the world is a Tasmanian style trigger so that when the Territory for example hit the Tasmanian hurdle it would then be treated on equality with Tasmania. That was one of the things that has been put about before.

Could I also ask about the constitutional convention that you have coming up will there be a consideration of New Zealand style Indigenous Pacific representation in your parliament as part of that convention? Is that on the agenda? I do not know whether it has been discussed before

**Ms Purick**—It has not. It has been talked about informally by various groups but at this stage the actual agenda or the structure of the convention—other than the time we have allocated—has not been determined. I am sure that is an issue, along with a multitude of other issues that may well be raised and discussed, but there is nothing firm that has been put on the agenda to say, 'Yes, we will look at this issue.' It may be that it does not get raised or that people do not feel the need to talk about it.

**Mrs Aagaard**—However, I would have to say that there is discussion about whether or not we have an upper house although the committee's view would be no.

**Senator RYAN**—Politicians in lower houses tend to not like upper houses very much!

**Mrs Aagaard**—I do not have an opinion on that! We are not trying to tell the people who will be delegates what they should think. Rather we are going to be providing people with background information. For example at the moment we have Professors Saunders, Twomey and Williams preparing a sort of a template constitution based on our self-government act so that they have something to work on. Some of the things have to be there such as the judiciary, the parliament and various things. Otherwise they could spend the whole time trying to decide what a constitution is.

**Senator RYAN**—So a convention is more aspirational rather than mechanical in the sense that it is not going to be like Sir Samuel Griffith's drafting committee. It is going to be more about deciding what the state should look like and having technical expertise.

**Mrs Aagaard**—There will be two conventions. For the first one we are tasking them with presenting the case for statehood plus working on a draft constitution which would then be worked on by an executive from that elected group over the following 18 months. We are trying to avoid a period where the Territory election and any other election will be so that it is not seen to be just a political thing. So it will be after a Territory election. Then there will be a second constitutional convention. The key thing with this is that it has been decided that there will be no referendum in the Northern Territory until the group that has been elected believes that the Territory is ready to have that election. So it will actually be the people making the decision and not the politicians. The government of the day will have to provide the funding but it will actually be the people and not the politicians. It will be quite exciting.

**Senator RYAN**—Finally, you mention elsewhere in your submission that—this is not a direct quote, so correct me if I am wrong—you would like some guidance from the Commonwealth around the form of statehood or boundaries.

**Mrs Aagaard**—Terms and conditions.

**Senator RYAN**—That is notoriously difficult to do because the composition of the Commonwealth parliament that might vote on a section 121 bill in six years time may be very different from what it is now, and the government cannot commit the parliament in this regard. Wouldn't it be more appropriate for the Territory to come up with a proposal which is then negotiated with the Commonwealth parliament, given that it is a parliamentary decision and not a government one?

**Mrs Aagaard**—Funny you should say that, Senator, because we just happen to have a document which we have just published called 'What might the terms and conditions of the Northern Territory statehood be?' I would be happy to table some copies of it for members.

**Senator RYAN**—That would be great.

**Mrs Aagaard**—In 2007 the Territory put forward to the House of Representatives Standing Committee on Legal and Constitutional Affairs an original submission relating to statehood called *Statehood for the Northern Territory: an opportunity for the terms and conditions of statehood to inform a better model for federal/state relations*. When that committee handed down its report had a single recommendation:

The Committee recommends that the Australian Government update and refine its position on Northern Territory statehood and re-commence work on unresolved federal issues.

Sadly, we have not had a response to date. One of the things which we had been hoping for was an intergovernmental committee so that we could work through the many issues. Probably the most significant issues are not to do with funding, because the Territory is already funded as a state, but rather to do with land—Aboriginal land rights. I think both governments need to come to grips with that, because it is a big stumbling block in terms of statehood and I would say one of the main reasons why it failed last time. One of the reasons we want to have so many Aboriginal people involved is that there needs to be a proper discussion with Aboriginal people about what their aspirations are for the Aboriginal Land Rights Act and whether it should be handed over to the Northern Territory at the time of statehood or whether it should stay with the Commonwealth. Obviously in other states Aboriginal land rights is a state responsibility but for various historical reasons it may be that the Commonwealth wants to keep that. But there needs to be the conversation with Indigenous people, plus with the Territory. What we are not hoping for is that the Commonwealth just says: ‘We’re going to do this, this and this.’ Similarly, there are issues with things like uranium and other mining, which of course is different for us in the Territory.

**Senator RYAN**—The challenge I have is that you set up an intergovernmental agreement or you get a position from the Commonwealth government which does not represent the views of the Commonwealth parliament. There are few things that are more important for a parliament to decide than a bill to deal with section 128 or section 121, which is the composition of the nation. So there probably needs to be more emphasis, with due respect to the House committee on legal and constitutional affairs. Governments tend to like to send issues there rather than to Senate committees for obvious reasons, such as their recent bill to reconsider referendum provisions. So there probably needs to be a touch more involvement from a parliamentary level rather than just a government level. As a parliamentarian, I am not reading a lot about the involvement of the Commonwealth parliament as opposed to the Commonwealth government in the process, but I appreciate your need for some degree of guidance.

**Mrs Aagaard**—That is why we are working as a parliament. We feel that the constitutional convention needs to be run through the parliament and not through the government, because I think that would be a big mistake. We have spent a lot of time working across parties to make sure that everything we do is agreed to. I agree with you. If you think there is a way in which we can progress that through the parliament rather than through the government, I am happy to receive any kind of advice on that. We have a delegation going to Canberra next week and we are meeting with members and senators across parties. I really think we are going to need the cooperation of everybody because, at the end of the day, it is a vote on the floor of the House of Representatives and the Senate. So each one of you, we hope, will vote for whatever it is at the end of the day.

**Senator RYAN**—You plan to keep the same name, don’t you?

**Mrs Aagaard**—At this stage, yes. People love the name the ‘Northern Territory’.

**Ms Purick**—Through all the survey work that the various committees have done, without a doubt they do not want to let go of the name. The other aspect is that there has been a lot of

commissioned investment in the two words 'Northern Territory'. I think it symbolises not only the culture of the Territory but also the commercial aspects of the Territory.

**Senator RYAN**—Thank you. And thank you chair and committee for allowing me to go further.

**Senator MOORE**—There is no need to convince me. Your submission lists the history of where the Commonwealth has asserted its rights over the Territory. What I am interested in is the process that you have been running over the last few years with the information groups in the community. Have these issues to do with Commonwealth intervention come up as popular issues? How much is the community aware of the range of ways in which they have intervened? In the wider community, the euthanasia debate and the NT intervention jump out, but there have been many things to do with land. I am interested in the awareness level of the Northern Territory community and their desire to change. You both said in your opening statements that there is no doubt that the Northern Territory people want to make a change. For us, this issue does not appear on the agenda very much at all. It is an opinion piece kind of thing. You have put in place the consultative mechanism. How did these issues appear and how did they rate with people?

**Mrs Aagaard**—Thank you for that question. The most startling things with the forums have occurred in remote areas. We had quite large groups of people considering the populations in those areas. The big thing that has made people interested in statehood this time has been the Commonwealth's intervention onto Aboriginal land. I can assure you that that has not been received very well. I went to a number of remote communities, and I also travelled just as a speaker on parliamentary education in remote areas. Aboriginal people are feeling very disempowered because of the kinds of things that have happened in their communities over the last three years. I will not get into the politics of that, because this is not really a political issue. It is more about the total disempowerment of people. In many ways, they feel like that they had land and then had everything taken away from them. Some of them, particularly the older Aboriginal people—and particularly older Aboriginal ladies—talked to me about how it reminded them of the time before they were able to vote; before 1967. They had had everything taken away from them in the same sort of way without any consultation. It is that sort of thing that has made people in those communities become interested in the Territory becoming a state. They think that if that happened they would not have to worry about the Commonwealth anymore. The Commonwealth has done things to them that they are not happy about. If they only have to deal with one government most of the time, they think that that would be better. Also, at the time of statehood they think that maybe they can get everything right and be part of the consultation and part of the agreements. It has been quite fascinating. Ms Purick would agree with me that that has been the kind of reaction. I was not expecting it. I did not quite know what to expect. But it has been a very strong reaction.

**Ms Purick**—I did not go to remote communities, but I went around the urban and rural areas. The euthanasia issue is still very much at the forefront of people's minds in the Northern Territory. Whether it is the moral thing to do or not was never the issue. The fact is that you nullified a piece of legislation that our parliament, 24 to one, said that it wanted. I do not know how long ago that was done—six, seven or eight years ago. But that is still very much in urban people's thinking.

**Mrs Aagaard**—It was 13 to 12. I am anti-euthanasia, so I remember.

**Ms Purick**—I am getting them mixed up. People still talk about. They were denied something; they had something taken away from them. The other states did not do it, could not do it or would not do it. The intervention is definitely an issue. Aboriginal people within or around the urban areas continue to be angry and miffed because of the lack of consultation. Things were imposed upon them that they did not know about until it was explained to them, and then they were horrified. It was particularly the women, who told me stories of massive signs being put outside their communities that said, ‘No pornographic material.’ When what pornographic material was explained to them, they were distressed that someone somewhere outside of the Territory thought that their community could be involved in that. That kind of feeling is in the remote communities and the urban communities.

**Senator MOORE**—Clearly linking that to the issue of statehood.

**Ms Purick**—That is right.

**Senator MOORE**—Taking that level of policy understanding, and saying, ‘It wouldn’t have happened if we were state.’

**Ms Purick**—That is right.

**Mrs Aagaard**—Similarly, with respect to the overturning of the Northern Territory’s legislation on the nuclear waste facility, that has caused a lot of upset in that Tennant Creek area, with Muckaty Station, where there is a big dispute over who the elders are in the area, anyway, and whether or not such and such a person could have agreed to that, when you have all these other people who live 20 metres away who had no say in the matter. That matter has been raised even further away from Muckaty—which is near Tennant Creek—at Mutitjulu, near Uluru. They are saying, ‘You should not be allowed to do this on our land without discussion.’ As a parliamentarian, I was actually in the parliament when that legislation went through. That was the vote of 24-1, so it was bipartisan. An Independent voted against it. That legislation had strong bipartisan support in not having that facility in the Northern Territory. There was a general feeling in the community and the community were pretty upset when the Commonwealth decided to overturn those laws for their own reasons, which is fine. If we had been a state, perhaps it would have been more difficult to do that.

**Senator MOORE**—In your comments you mentioned the election for the delegates and that that group will determine when it is right to have a referendum in the Northern Territory. Is there a time limit on that?

**Mrs Aagaard**—That will probably be 2013.

**Senator MOORE**—They are elected for a certain period,

**Mrs Aagaard**—For two conventions.

**Senator MOORE**—If anyone does not wish to continue or cannot continue, is there a—

**Mrs Aagaard**—We have reserves.

**Senator MOORE**—Constitutionally—I was just checking to remind myself of the Constitution—the issue is that you have to pass something within the Northern Territory and get a clear result in favour of something and then it would have to go to a vote of the country?

**Mrs Aagaard**—No. There can be two ways. In the past the Commonwealth has indicated to us that, because the last time we had a referendum it went down—

**Senator MOORE**—Sure. It did not go any further.

**Mrs Aagaard**—fifty-two per cent, or thereabouts, opposed—there has to be a vote and there has to be significant interest in becoming a state—

**Senator MOORE**—Has there been a definition of ‘significant’?

**Mrs Aagaard**—I do not know. That will be one step for us.

**Ms Purick**—Also, the route that I think the Territory prefers and which it thinks is best for the Territory is the legislative changes in the Commonwealth parliament, not doing (*inaudible*) because we have not had to do it before.

**Senator MOORE**—We are on uncharted grounds which, in itself, is interesting. Provided there is a positive, significant vote in the Northern Territory then that would come to whichever government of the day it is and go through the Australian parliament. But certainly there would be an expectation that if the Northern Territory citizens had taken the significant step it would be highly distressing for the government of the day, of whichever persuasion, to knock it off. The clear hurdle is to get the vote in the Northern Territory up—

**Mrs Aagaard**—Strong.

**Ms Purick**—That is right.

**Senator MOORE**—and have all the details which bedevil referenda around what it will look like, who will be there—all those things clearly understood—before that vote is taken by the people.

**Senator BACK**—You have alluded to the late nineties. The vote at that stage was 52-48. Do you ascribe the result to the fact that there was not adequate information or not adequate time or that you felt the process was won by unelected people? Could you just talk us through. What absolutely amazed me as a Western Australian was that there was not overwhelming support for it.

**Ms Purick**—I was a participant in that convention on behalf of the minerals industry. It was a position that we as an industry and an industry group fought for, as did other industry groups. It was for a whole range of reasons; there was not one single contributing factor. The system with respect to getting people to the convention in the first place was flawed. So the only democratically elected group was from the ethnic communities. They ran a ballot across their

communities to get their delegates there and they were the only people who did that. The rest of the people who attended were there by lobbying, by using their particular skills—for example, they were academics. So, from the start, the basis of getting people there was flawed. It did become political.

**Senator BACK**—Sorry to cut in, but are you suggesting that in an elected process it will not be subject to the same pressures, lobbying, academics, politicians et cetera?

**Ms Purick**—The elected process—let's say, the three plus one reserved from the electorates—will not be run like an election for parliamentarians. There will be no advertising, no electronic media; there will just be names and it will be up to you to basically—

**Mrs Aagaard**—No political parties.

**Ms Purick**—No political parties; it is individuals.

**Mrs Aagaard**—And no sitting member can be a delegate.

**Ms Purick**—No. And we are still debating whether local government councillors or aldermen can or cannot be delegates, for example. So there are a few little issues that we are still ironing out. But my feeling about the previous process, having been there, was that people lobbied to get there, so the structure was flawed from the beginning. It became political, without a doubt; and then there was too much information pushed onto people, both at the convention and the Northern Territory, which was not explained. There was a massive amount of material that went into people's letterboxes and into their businesses which was not explained properly. I used the example of a long staircase. No-one explained to the people of the Northern Territory that it was a long process, that this was just the first step—do you want the Northern Territory to become a state: yes or no? Sadly, the people got bombarded with a whole lot of information, both remote Aboriginal people as well as urban people, and it just muddied the waters. At the end of the day people said, 'We don't like it: no.'

**Mrs Aagaard**—Also, we were asked to actually vote on a constitution, and there was a lot of political interference in relation to the preparation of that constitution. The Legal and Constitutional Affairs Committee was chaired at the time by former Chief Minister Steve Hatton, who had spent many years and had worked very hard on putting together a constitution, which had been accepted by the parliament, as I understand it, and had been well received. But in the last two months, I think it was, the Chief Minister at the time decided he was not happy with some of the wording and there were major changes made. As you might expect, that upset a lot of people, and many in the community—me, for example—voted no. You just become very suspicious when politicians get involved with things like this. There was a widespread feeling at the time that it was just about politicians.

**Ms Purick**—Yes: too much information wrongly communicated or improperly communicated. That is why I stressed at the beginning that this is a bipartisan approach—and it is strongly bipartisan. We may disagree at the end of the day on some of the aspects, but it will be the people and the delegates on the floor who guide us, with the advice and assistance of the expert panellists, whoever they may be. One panel will be social and economic; the other will obviously be constitutional and legal. They will guide the people, because the people who get

elected are generally going to be laypeople when it comes to constitutional matters or statehood matters. So that is what this panel of people are going to assist them with. They will not have voting rights; they are just there to assist, to guide and to give help.

**Senator BACK**—So when you have the second convention, will that be the process whereby the parliament of the Northern Territory will actually have an involvement? At the moment you have deliberately set up a model in which there is no parliamentary involvement.

**Mrs Aagaard**—We have already had a parliamentary motion to set up the convention committee—

**Senator BACK**—But presumably the parliament will have to accept or reject the recommendations of this elected body.

**Mrs Aagaard**—It will. At the end of this first convention, whatever the document and things that come from that convention are, they will come back to the parliament and be debated on the floor of the parliament in early 2012. There will then be a committee that continues working on that until 2013. That will then go to the parliament of the Northern Territory, where it will be fully debated, and at that point we will certainly be wanting the Commonwealth to become significantly involved—in fact, in 2012, once we know what has happened at that convention, we will be coming back to see people such as yourselves to say, ‘Look, we have moved to the next stage.’

**Senator BACK**—My only other question is somewhat unrelated. As parliamentarians in the Northern Territory, do you see your economic wellbeing and your capacity for economic independence would be greater in statehood or no different to your current status as a territory of the Commonwealth? Obviously the Territory receives the highest level of funding under GST arrangements per capita at the moment of all of the states and territories. Do you see a move to statehood as being a process whereby the new state of the Northern Territory will have greater capacity to earn its revenue over and above expenditure?

**Ms Purick**—No, I do not think so. Like you said, in regards to the Grants Commission and the funding we get from the GST we are pretty much treated like a state. In the minds of some of the members of the community they somehow think we are going to be worse off. I think that is because they do not understand how we are funded and treated currently. I think there is the capacity to improve slightly in regards to mining and the offshore industry. That is where we may receive extra benefits that we do not currently receive, particularly in regards to uranium royalties. But there might also be a slight downside with regard to mines on Aboriginal land and royalties that come back from the Commonwealth in lieu. But generally I think we are pretty much going to be the way we are now—a small jurisdiction economically with the challenges we currently have.

**Mrs Aagaard**—We have been funded as a state since 1987, and the legal advice that we had from our solicitor-general was that there would be no changes if we became a state.

**CHAIR**—Just on this matter of process, when the Commonwealth parliament is invited to address that question under 121 of the Constitution, is it at that stage that it will also be asked to approve a constitution for the Northern Territory or not?

**Ms Purick**—It might be easier if we invited a secretary of the committee, our deputy clerk, Mr Michael Tatham, who is a lawyer, to answer.

**Mr Tatham**—I am a deputy clerk of the legislative assembly and a secretary to the Northern Territory Constitutional Convention Committee.

**CHAIR**—You have the wisdom on this matter, do you?

**Mr Tatham**—My understanding is that section 121 of the Australian Constitution is very broad, giving the Commonwealth the absolute power to determine the terms and conditions of a future state. There are of course competing powers under the Australian Constitution about not discriminating between the states, but these have never been tested because there has never been a creation of a state. The view is that if the Commonwealth determines the terms and conditions and one of those terms and conditions is that they want to approve the content of a future state constitution they may do so. It may well be that the Commonwealth would look at a state constitution based on the existing self-government act, which is a product of the Commonwealth parliament anyway, and say, 'That is the template.' Taking up from Senator Ryan's question about reserve seats, they might say, 'We actually do not want a jurisdiction that has reserve seats. That is a term and condition which we do not want.' So it is really a very broad responsibility back on the Commonwealth as to what terms and conditions there are.

**CHAIR**—I see that as a theoretical possibility, but the emphasis in your submission and indeed your evidence today is very much that this ought to be a process designed, promoted and planned from the Territory itself. I suppose it strikes me that you would want to have your form of constitution being approved rather than leaving it to the uncertainties of Canberra at any stage.

**Mrs Aagaard**—That would be our position.

**CHAIR**—If that is your preferred situation, at what point in this process that you have outlined for us would you see yourselves deciding on or developing a constitution which you might then take to Canberra and say, 'This is what we want'?

**Mrs Aagaard**—The first stage starts in November with the first constitutional convention. So I think that early next year, after we have received the proper papers from that, we will be going to Canberra and saying, 'This is what the delegates have said to us at this stage about a constitution.' Then there will be another process and those elected delegates will continue their work for about 16 or 17 months and then have a second constitutional convention. During that time, they will be consulting with the people of the Northern Territory before there is any vote.

I think that we need to include the Commonwealth in all of those discussions, but I would have to say that this is quite different to the constitutions of other states and, indeed, the Australian Constitution because we are the only part of Australia which has had the opportunity to have ordinary people put together a constitution. All the other states had theirs put together by old men in England in the 1890s, whereas ours is going to be made by men and women, younger people and older people of all different ethnic and religious backgrounds and I think it is a very exciting opportunity. Having worked through all of that at two conventions plus significant consultation with the community, we would hope that the Commonwealth would listen to what the people of the Northern Territory have to say.

**CHAIR**—There are various points at which the Commonwealth might engage in this process. One obviously is after your first convention and when you present yourselves to Canberra. The Commonwealth at that point could say, ‘Yes, you’re doing good work, continue and we will engage with you when you have had your second convention, you have had a referendum and you have approved the idea of statehood.’ It might also take a position where it says, after you visit early next year, ‘We think we ought to assist with this process and we ought to engage ourselves with it more actively. We could do that through a joint committee of the parliament.’ It is not inconceivable that there might be a joint committee of the Commonwealth parliament set up to monitor the progress. I am not saying this is necessarily desirable in any sense, but I wonder how much you want to have the Commonwealth’s hands off your process as distinct from it being a partnership to bring it forward.

**Mrs Aagaard**—I think it would be more of a partnership. Earlier Senator Ryan talked about intergovernmental things maybe not representing the parliament. Having heard you speaking today, maybe it would be useful to have an interparliamentary committee, but maybe that could also include members of our committee—that, in fact, it is your people plus ours so that you can have a feel of what we are interested in. You do not know what it is like to live in the Northern Territory and the kinds of issues. We would like to have a more progressive conversation than is normally possible between two parliaments.

**CHAIR**—My personal view is that this is a process that should primarily be run by the Northern Territory and it should reflect the preferences of Territorians rather than others. But that is not to say that the Commonwealth should not have views on some aspects of constitutionality, particularly if there are going to be reserved parts for particular ethnic groups and the like. After the second convention, is the intention that the referendum be just about approving the question of whether or not the Northern Territory should become a state?

**Mrs Aagaard**—We have not got to that stage and I think that is where the elected delegates will make that sort of decision. So I really cannot advise you on that.

**Ms Purick**—The previous referendum question was, ‘Do you want to become a state? Yes or no.’

**Mrs Aagaard**—It was about the Constitution.

**Ms Purick**—And then, that is right, ‘Do you approve the Constitution?’ I think, as I said before, that was not clearly and properly explained to many people so there was resistance and resentment. But we have not determined exactly what would be in the referendum questions, at this stage anyway.

**Mrs Aagaard**—It would be the delegates who would make that decision anyway.

**Mr Tatham**—The previous referendum was a four-part question which basically said, ‘Now that we have had a constitutional convention, do you want to be a state?’ So they were asked whether they accepted the Constitution and they wanted to be a state called the state of the Northern Territory.

In a 1999 report that looked into what happened and what went wrong, many people said, ‘Yes, we liked the idea of being a state; we didn’t like the way the constitutional convention was conducted. We didn’t mind being called the state of the Northern Territory.’ So the problem was the question. If you did not like part of it, you voted no to all of it. But the issue with the engagement of the Commonwealth has come up throughout the past year, particularly as Aboriginal communities have said: ‘We need to know what will happen to the land rights act. If we don’t know, we’ll vote no to statehood because we don’t know what the consequences are. If we know then we are better informed.’ This is probably the main issue with regard to Aboriginal people about engagement with the Commonwealth.

**CHAIR**—Ms Purick, I was not clear whether this is what you said or whether I misunderstood what you were saying. Did I understand you to say that the state constitution might contain recognition of local government? Is that what you were saying?

**Ms Purick**—No, that was more the delegates to the convention. Madam Speaker said Northern Territory parliamentarians would not be eligible to be delegates, but we are still determining whether aldermen or councillors can be delegates, being elected officials. We have not quite come to—

**CHAIR**—So you do not have a view as to whether the constitution of the state of the Northern Territory should have any—

**Ms Purick**—No, that is a separate issue. It was just about who is eligible to be a delegate.

**CHAIR**—I see. Do you have RDAs in the Northern Territory at the moment?

**Mrs Aagaard**—No.

**Ms Purick**—I don’t think so, because we were all asking what an RDA is.

**Mrs Aagaard**—We don’t know what they are.

**Ms Purick**—So obviously we do not.

**CHAIR**—I am interested because you plumed very much for statehood as a solution to the question of autonomy and self-government, obviously, whereas some people have a view that the idea of statehood is a historically anachronistic one these days—that in fact the force of representation, of democratisation, of autonomy is in the context of regional ideas of Australia and so on. But you are obviously not persuaded that the Territory being a separate and identifiable region is as powerful an idea as being a state.

**Mrs Aagaard**—I would have to say that in the forums there was probably only one or two people who came who were anti-state altogether, and there were thousands of people. In fact, that was not a significant part of the conversation in any forum. I will just make a personal comment. I have been health minister, and the last time the Territory was looked after by the Commonwealth before self-government there was no reason to believe that the Commonwealth was actually doing a particularly good job in the Territory. For example, as the health minister one day I was asking about the Royal Darwin Hospital. I asked, ‘What are these areas around the

hospital?’ There were these great big troughs. It was explained to me that the hospital itself—it was built in the same way as the Woden hospital in the ACT—was built on a Canadian model. It has snow ledges and the idea is that when the snow melts it goes into the moat around the hospital. I said, ‘But didn’t they notice it was 36 degrees?’ It was not likely to have a lot of snow for a while. For me, that is what the Commonwealth has been like in overseeing areas and not really taking into account the fact that there are local situations like living in the tropics.

**CHAIR**—Global warming is supposed to produce extreme weather events, so perhaps you will be well prepared.

**Mrs Aagaard**—That is right, yes.

**Senator MOORE**—You do have an RDA.

**Mrs Aagaard**—Do we?

**Senator MOORE**—According to the internet you have a single RDA that covers the whole of the Territory.

**Mrs Aagaard**—Where is it?

**Senator MOORE**—It does not say where it is located, but we have a picture of all the members.

**Mrs Aagaard**—Do we have the name of anyone?

**Senator MOORE**—You have a liaison officer with the Northern Territory government, and that is Fran Kilgariff.

**Mrs Aagaard**—Okay. She is the co-chair of this committee.

**Senator MOORE**—Yes.

**Mrs Aagaard**—So it is part of the local government department.

**CHAIR**—There is not much point in engaging about RDAs.

**Mrs Aagaard**—Sorry, I am not very helpful in that area.

**Senator MOORE**—You have very clearly had a focus on the issue of the Northern Territory’s statehood, and there has been discussion about two other referenda that the government has agreed to move forward—one being recognition of local government and the other one being recognition of Aboriginal people. Certainly we have been focusing a lot today on whether people have views about recognition of local government in the Constitution, and you have many local governments in the Northern Territory. I am wondering whether that has caused any discussion. Has there been any discussion going on about that referendum, which your citizens will all be voting in any way? Do you have a personal view or a view as a government about the recognition of local government in the Constitution?

**Mrs Aagaard**—The Local Government Association of the Northern Territory has voted on this and has indicated that in the Northern Territory's constitution they want to be recognised as local governments. So I guess if they were asked nationally for the same thing they would vote for that. I think Aboriginal people would definitely like to be involved in that discussion about recognition in the Commonwealth Constitution and certainly in the Northern Territory constitution.

**Senator MOORE**—Thank you. I just thought, seeing we had asked everyone else about local government, we should—

**Mrs Aagaard**—I just make the comment that our vote is only counted as part of the whole majority, which is one of the reasons we think we would like to be a state. We do not think that is fair and reasonable, but there may be other ways of including us as being able to vote. For example, we could become a state, but for the purposes of referenda we could be joined to another state—maybe to South Australia or to the ACT, whose people are also disenfranchised—that may be something else to look at.

**Senator MOORE**—That is one more thing to look at with those steps you were talking about, because there probably will be more referenda into the future, so it is another element of looking at the structure.

**CHAIR**—I would have looked at that another way around, actually—I would have thought that there was some advantage in having an uneven number of states in terms of constituting a majority and that government might—

**Mrs Aagaard**—We would be very happy to have our own thing, but I am just thinking that, if you are not going to give it to us, we could come up with a compromise position.

**CHAIR**—Thank you very much for coming this afternoon. We very much appreciate your coming such a long way, and it has been most valuable for us to talk to you and to understand more fully this process. We will receive information paper No. 7 as evidence before the committee, and, if you have anything further you want to put to us later on, please write to the secretary.

**Committee adjourned at 3.22 pm**