

Colin Barnett and Federalism in 2010 or

‘Saving Spaceship WA from the Black Hole of the Commonwealth’

In the brief ambit of this paper dedicated to Barnett’s closing address, in order to provide context, I would like to draw a little from the history of WA and Commonwealth affairs and examine some of Colin Barnett’s statements overseas and in Hansard on the subject of State-Commonwealth relations. My alternative title for this paper may indicate a certain predilection for science fiction, but this was prompted by Mr Barnett’s own choice of words. He likened the forces and events in Commonwealth–State relations to “a great gravitational force bringing money, power, legal responsibility and decision making into the centre.”¹ It is a terrifying vision to imagine the Commonwealth government as a sort of politico-economic vortex opened up by the vicissitudes of history, convention and law. However, just as black holes in space no doubt have their purposes; Mr Barnett was happy to acknowledge the Federal government’s role in contemporary Australia. That said, Western Australia and the other states ought be given their due independence within the Federation and not just be seen as subject to ultimate control from Canberra. Happily, Mr Barnett revealed some forces pushing WA in the other direction.

The reluctance of Western Australia to join the Commonwealth was well founded. After all, the colony had only gained its independence from England in 1890. This last decade of the 19th century was also to see the birth of the Gold mining industry and of course that magnificent pipeline which snaked its way across the harsh and thirsty land as a sort of totem of European ingenuity. The then Premier John Forrest was holding out for more concessions. As the rest of the continent joined the Federal system, he began to realise that he might become politically isolated. He pushed the colony to join and WA became part of the Commonwealth. He later took his place in the Federal Parliament.² It suited the colonies that were closer to each other to come together, but not so much WA which was always going to be different. Isolation and the ‘tyranny of distance’ would cause our Federal representatives to travel much and to advocate, often in vain for the benefit of our sparsely populated and vast jurisdiction. The rational coherence of our culture and language with the eastern colonies was ultimately persuasive, but separation in time and space and the difference in resources was a sign that there would be problems ahead.

In Colin Barnett’s maiden speech to parliament twenty years ago, he stated his belief in free market and free enterprise principles and went on to say:

The Western Australian economy is both small and unique. The disadvantages of geographic isolation and a limited local market are countered by the advantages of an abundant natural resource endowment and a very high quality of life. Our economy is exposed to the uncertainties of world markets and must operate within a macro-economic environment that is largely determined by policies set at a national level. Self-determination is further limited by the disturbing trend of a loss of local control over local

¹ Colin Barnett, Speech to Samuel Griffiths Society Sunday 29th August, 2010 p.7
http://www.premier.wa.gov.au/Ministers/Colin-Barnett/documents/speeches/speechCBarnett_20100829.pdf
(accessed 19/09/10)

² http://www.slwa.wa.gov.au/federation/fed/010_fore.htm (accessed 01/10/10)

*enterprises and the generally low level of responsibility delegated to the State managers of national organisations. In spite of these constraints, I contend that our economic destiny lies within our own hands.*³

As a former executive director of the Chamber of Commerce and Industry and an economist, Mr Barnett dedicated himself to the ideal of WA economic freedom from national restraints and has done even more so as a politician, minister and now Premier. It is this idealism which sets the context for his agenda in 2010.

In April, 2010, Colin Barnett addressed the James A. Baker III Institute for Public Policy at Rice University in Texas. This famous resource rich state of the United States was once its own country forged from war and settlement into the 'Lone Star' Republic. It too, ended up joining a federal system, largely because it couldn't protect itself from the encroaching Mexicans. Mr Barnett couldn't resist telling his hearers that WA was three times the size of Texas. He was also quick to make favourable comparisons of the two states pointing out the role energy plays in the life of both.⁴ These overseas trips of the Premier are of course a way of attracting investment to the state. Mr Barnett informed the Americans that the constitutional status of the mineral wealth in Australia was different from that of the United States. He said that Americans were often amazed to find that resource companies in WA did not actually own the mineral deposits under the ground they mined but that the state owned them on behalf of the people.⁵ This is of course not understood by many Australians who see these resources as Australian as opposed to state owned.

At the Samuel Griffith Society conference in August, Mr Barnett echoed strains which were only nascent in his first speech to Parliament. Mr Barnett expressed his frustration with current Commonwealth-State relations. Firstly, he indicated that COAG had become another tier of government bypassing the rightful role of State parliaments to oversee decisions made between Premiers and Prime Ministers and he asked the Samuel Griffith society to consider how to respond to the problem.⁶

The GST revenue was originally intended for the states to use, which Barnett says was a sensible indirect taxation reform from the Howard era. The Premier said that WA was now receiving 68% of the GST dollars projected to fall to 55% in three years while the other states receive more than 90%.⁷ He is now calling for a threshold of 75% so that WA can always rely on this to help grow its economy although I believe this to be more an equity argument. He also called for an end to the body overseeing GST revenue, the Grants Commission, which he describes as "a mysterious black box" which has outlived its purpose and is stifling success.⁸

Health and hospitals, said Mr Barnett, has always been a major state concern, while still acknowledging Commonwealth commitment there. That is why the proposal of the then Rudd

³ Colin Barnett Maiden Speech to WA Parliament Wed 12th September, 1990 p.2
[http://www.parliament.wa.gov.au/Parliament%5CMemblist.nsf/\(MemberPics\)/2532E8A9556B0052482565D10023A722/\\$file/maidenBarnett.pdf](http://www.parliament.wa.gov.au/Parliament%5CMemblist.nsf/(MemberPics)/2532E8A9556B0052482565D10023A722/$file/maidenBarnett.pdf) (accessed 19/09/10)

⁴ *Energy Resources Down Under: Right Place, Right Time* Colin Barnett, Premier of WA 13th April, 2010 p.2
http://www.premier.wa.gov.au/Ministers/ColinBarnett/documents/speeches/speechCBarnett_20100829.pdf (accessed 19/09/10)

⁵ Ibid p. 9

⁶ Samuel Griffiths speech p.2

⁷ Ibid p.3

⁸ Ibid. p.4

government at a COAG meeting to fund 65% of hospital based procedures using a third of GST revenue needed to be looked at very carefully. Mr Barnett and Mr Brumby of Victoria had noticed an error (which may have concealed a subterfuge) which left half of the administration costs of the hospital still in the hands of the States. This was acknowledged but left Mr Barnett among others quite wary. In response, Mr Barnett proposed to pool \$1.5 billion in a fund jointly run by Commonwealth and State. This was not accepted and he said that the other Labor states gave in to party political pressure to accept the one third of GST proposal. WA has not accepted this and he stated this with some pride.

The most contentious recent issue is of course, the resource super profits tax, which the Premier opposes. In his own words:

...it was without doubt, in my mind, all about a Commonwealth attempt to take over the mining industry. Why? Because it's the most rapidly growing and it's the strongest industry in Australia. It accounts for 70 percent of our national exports. It is what makes Australia important and the Australian dollar is a commodity currency, and the Commonwealth, I think, resented the fact that Samuel Griffith and other made sure that mining and natural resource ownership stayed with the States.⁹

Mr Barnett was quick to come in then with some positive perspectives despite this onslaught on the revenues and economic power of Western Australia. Firstly, he noted the tendency of people to think more about the virtues of local administration. Secondly, that WA will continue to grow richer through its strong trading relationship with Asian countries and that this will obviate the need for more Commonwealth funding which will mean less direct interference in WA affairs. Lastly, he pointed out the nonsense that some people raise about always having a national consciousness, when on many issues the local conditions must always be of paramount concern.

Former Prime Minister, John Howard once said "I am an encourager and a persuader and an advocate."¹⁰ In giving the closing address at the Samuel Griffith Society Conference in 2010, the Premier, Colin Barnett, became for a brief few minutes what Howard had claimed in his statement. Barnett encouraged us to see Western Australia as the economic powerhouse of Australia, he persuaded us that Western Australia's economic future lies outside of Australia in Asia and he advocated for greater autonomy for WA in its own affairs, free from the control of Commonwealth bureaucrats and politicians. Western Australia does seem to be in the hands of a visionary and experienced politician whose outlook on Commonwealth – State relations is at once balanced yet robustly suspicious. With just such a captain on the bridge, hopefully we will be able to generate enough power to escape the suction power of centralism.

⁹ Ibid p.7

¹⁰ http://www.woopidoo.com/business_quotes/authors/john-howard/index.htm (accessed 19/09/10)