The Real Frontier of Federalism: the sectoral and program level

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Making Federalism Work
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Is this federalism’s front line?
Is this federalism’s front line?

Once a bunfight, now it’s a love-in
In the beginning ...
In the beginning …

- Commonwealth powers enumerated and limited
- States retained most service and policy responsibilities
- Federation of strong States
Today …

- Commonwealth financial and legal power expanded
- States **still** retain most service and policy responsibilities
- Still a federation of strong States - **at the program and sectoral level**
For Australians, government services almost always means State services

Public schools
For Australians, government services almost always means State services

Public health
For Australians, government services almost always means State services.

Public order
For Australians, government services almost always mean State services

Family and welfare services
For Australians, government services almost always means State services.

Environmental services
For Australians, government services almost always means State services

Public transport
For Australians, government services almost always means State services

Road services
For Australians, government services almost always means State services. 

Prison services

Government of South Australia

Department for Correctional Services
For Australians, government services almost always means State services and so on . . .
What do service agencies look like to these people?
Sometimes they look like this ….

.... the so-called silo syndrome
Why silos?

- vertical lines of authority
Why silos?

• vertical career incentives
Why silos?

- budget allocation and acquittal
Why silos?

- client/stakeholder relations
Why silos?

- professional identity
Why silos?

- organisational cultures
Drawbacks of the silo system

• activities at cross-purposes;
• inefficient use of resources;
• inequitable citizen access and treatment;
• policy and program vacuums.
Virtues of the silo system

- strong task identification;
- specific sense of client service;
- “corporate memory”;
- policy and program continuity;
- policy entrepreneurship.
How does this impinge on Commonwealth-State relations at the program/sectoral level?
The Real Frontier of Federalism: sectoral and program level

Commonwealth-State agency relationships

Adapted from Gerritsen (1999)
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Commonwealth-State agency relationships

Commonwealth

- C/W Central Agency
  - GST (CGC)
  - (COAG)

State

- State Central Agency

Program funding

- C/W Line Agency

Program funding

- SPPs (MinCos)

State Line Agency
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Commonwealth-State agency relationships

A “policy community”
with some common interests

Program funding

C/ W Line Agency

SPPs (MinCos)

Program funding

State Line Agency
Commonwealth-State agency relationships

A “policy community”

with some common interests

Ministerial Council
Consumer Affairs
2004
Commonwealth-State agency relationships

A “policy community”

but with an imbalance in relation to client/service intensity and experience

Ministerial Council
Australian Transportation Council
1998
The Real Frontier of Federalism: sectoral and program level Commonwealth-State agency relationships

Relatively weak client/service intensity and experience

C/W Line Agency

Relatively strong client/service intensity and experience

SPPs (MinCos)

State Line Agency

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Commonwealth-level knowledge and capability at the client/service level?

Some cautionary examples
Commonwealth-level knowledge and capability at the client/service level?

Computers in schools 2008

**Computers for schools ‘chaos’**

GLENN MILNE
POLITICAL EDITOR
ELISSA DOHERTY

SCHOOL principals have warned that the Federal Government’s promise to put more than a million computers into schools is in danger of turning into a sham.

Leaked letters reveal Education Minister Julia Gillard has been told the policy has not been thought through and is badly underfunded, with the shortfall likely to be made up by parents and students.

Other principals have warned that because of poor technical standards that have yet to be articulated.

“Is it the Government’s expectation the funds allocated as part of this program will cover the initial hardware provision and that most ongoing costs of support are covered by local schools?”

Another principal expressed similar worries in a letter to Opposition education spokesman Tony Smith.

“It is of great concern the Government’s election promise to provide one computer for every school student in Years 9 to 12 appears to mean exactly that – provision of the hardware alone,” he wrote.

Mr Smith said Labor’s policy had been revealed as nothing more than “a wish list”. 

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Commonwealth-level knowledge and capability at the client/service level?

Mersey Community Hospital 2007

Mersey hospital takeover delayed

Posted Wed Oct 31, 2007 12:17pm AEDT
Updated Wed Oct 31, 2007 1:47pm AEDT

Health Minister Tony Abbott has announced that the federal takeover of the Mersey hospital at Latrobe in northern Tasmania has been delayed.

The takeover was scheduled to be completed tomorrow but Mr Abbott has issued a statement saying the State Government will have to keep running the hospital.
Commonwealth-level knowledge and capability at the client/service level?

National Heritage Fund 1996-2006

The Australian

Nature fund no place for pork barrel.
603 words
26 February 1997
The Australian

Top ministers lashed over regional rorts

- Grants given for political gain
- Call to restrict pork-barreling
  AFR 7/10/01
Commonwealth-level knowledge and capability at the client/service level?

- Investing in Our Schools Program
- National Community Crime Prevention program
- Work-for-dole projects
- Federation Fund
- Envirofund
- etc.
Commonwealth-level knowledge and capability at the client/service level?

Forest coupes 1994-5

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Commonwealth-level knowledge and capability at the client/service level?

“Sports Rorts” 1993

Grants favoured Labor: report

By MICHAEL Dwyer

GRANTS to marginal Labor-held seats from the office of the Federal Minister for the Environment and Sport, Ms Kelly, were on average about twice the size of grants to marginal Coalition seats, according to a report of the Australian National Audit Office.

Libs condemn Kelly’s $95,000 grant to club

By LENORE TAYLOR

THE federal Opposition yesterday slammed a $95,000 grant for a club in her electorate.
Is the State-level record any better?

State failing mentally ill, says report

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Is the State-level record any better?

**Local**
- The Australian
  - Hospitals slowing down

**Local**
- The Australian
  - Public hospital queues growing

**News**
- The Age
  - Government fails its own health test

**News**
- The Age
  - Nearly 500 on surgery waiting lists
Is the State-level record any better?
What does State jurisdictional dominance mean for service delivery?

#1: Continuing State to State variation

![Table showing the structure of primary and secondary schooling, 2005](image-url)
What does State jurisdictional dominance mean for service delivery?

### #1: Continuing State to State variation

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What does State jurisdictional dominance mean for service delivery?

#1: Continuing State to State variation

Figure 9.11  Days waited for elective surgery by the 50th percentile, public hospitals
What does State jurisdictional dominance mean for service delivery?

#1: Continuing State to State variation

Figure 11.25 Recurrent expenditure on stand-alone psychiatric hospitals as a proportion of total expenditure on mental health services

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What does State jurisdictional dominance mean for service delivery?

#2: Policy innovation and transfer
What does State jurisdictional dominance mean for service delivery?

#2: Policy innovation and transfer
What are the Commonwealth’s options?

**Option #1: Takeover?**

Take health reins from states, PM told

Rudd bid to take powers from states

- Financial services shake-up
- COAG reform agenda widened

The Real Frontier of Federalism: sectoral and program level
What are the Commonwealth’s options?

Option #2: Bypass?
What are the Commonwealth’s options?

Option #3: leverage Special Purpose Payments?
Schools edict to states

PM ties funds to results

Matthew Franklin
Chief political correspondent

KEVIN Rudd will demand states take tough action against failing schools, sacking principals and teachers and even closing sub-standard schools, as a condition of a multi-billion-dollar education fund to ensure all students have a good education.

The Prime Minister will seek agreement from the states to reveal the relative performance of their schools from next year, with individual school
States resist Gillard on rankings

Alexander Symonds

State governments have criticised Education Minister Julia Gillard’s calls for the release of more information on school performance, fearing the data could be used to rank individual schools in the form of “league tables”.

In a speech to an Australian Council of Education Research conference in Brisbane yesterday, Ms Gillard called for information on the make-up of a schools’ population to be released publicly in addition to the attainment of their students, in a bid to better target federal government resources.

But she rejected claims the information would be used to create “league tables” and rank schools.

“The Rudd Labor government believes that there should be nationally available data school by school showing the socio-economic status of all students and the numbers of indigenous children, children with disabilities and children from non-English speaking backgrounds, especially recently arrived migrant backgrounds and refugee children.”
States to give Rudd rough ride on health

KEVIN Rudd's promise to end the bickering with premiers is under serious challenge with the Labor states demanding a hefty 10 per cent jump in funding for public hospitals.

They want an extra 9 or 10 per cent annually, and are not offering much in return," the member said.

The tussle over health funding will come to a head when Mr Rudd meets the premiers in October to discuss broad reform across the economy.
What are the Commonwealth’s options?

Option #4: Cooperative federalism?
Epilogue: The way forward?

Premiers and Chief Ministers’ communiqué of November 1991:

• The *subsidarity* principle: “responsibilities for regulation and for allocation of public goods and services should be devolved to the maximum extent possible consistent with the national interest, so that government is accessible and accountable to those affected by its decisions”.

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