

Cyclone Tracy and Whitlam's 'new' federalism: implications for the management of natural disasters in Australia

Anita Dwyer examines the influence of federalism and how it shaped Australia's state and federal government approach to managing natural disasters.

Abstract

The influence of federalism, especially the role of conditional funding by the Australian Government, has significantly shaped how Australia's state and federal governments approach and manage natural disasters. A review of the political climate around the time Cyclone Tracy devastated Darwin in 1974 provides a significant insight into how the relationship between the federal and state governments shaped Australia's emergency management arrangements. This influence is still evident today and provides an ongoing challenge for developing national programs aimed at achieving comprehensive and effective long-term mitigation.

The following discussion looks at the role of federalism since the Whitlam Government, a time coinciding with one of Australia's most devastating natural disasters, the 1974 impact on Darwin of *Cyclone Tracy*. In outlining the events from this time until the current Howard Government, the issue of intergovernmental relations and, in particular, the use of Specific Purpose Payments to the states² by the Australian Government, is presented as a significant influence on Australia's management of natural disasters, especially when addressing the challenge of mitigation. In addition, the discussion outlines how Specific Purpose Payments have increased the influence of the Australian Government in traditional state social policy responsibilities, raising questions surrounding the role of Government before, during and after a natural disaster.

Introduction

There have been countless natural hazard events throughout Australia's history, claiming many lives, homes and livelihoods. Until the early 1970s, most of these events did not require any significant national response. However, as demonstrated by one of Australia's earliest recorded natural disasters in 1899 when *Cyclone Mahina* hit Bathurst Bay in Queensland killing 400 people and destroying over 100 pearling vessels, natural hazards do have the potential to become costly at any time both in terms of lives and the economy (DCITA 2004)¹. How these natural disasters are managed, in terms of mitigation, response and recovery, is an ongoing challenge for the Australian Government. The influence of federalism, especially the role of fiscal centralisation, has significantly shaped how the Australian Government approaches and manages natural disasters.

The political climate at the time of *Cyclone Tracy*

In January 1974, Brisbane experienced disastrous flooding, brought about by the greater than average rainfall across Australia the year before (1973 was one of the wettest years in Australia's recorded history) and the arrival of *Cyclone Wanda* (Bureau of Meteorology 2004). Over 13,000 buildings were affected and 14 people drowned in what was the worst city flooding in Australia's history (SDMG 2004). The estimated cost of \$980 million³ was unprecedented in Australian recorded history. The costs and co-ordination associated with this natural disaster required more assistance than the Queensland Government could provide (SDMG 2004). Reports of an army officer losing his life during the floods and of Brisbane residents being evacuated by defence forces demonstrated that the Queensland Government was overwhelmed by the flood disaster,

1 Throughout this paper, when referring to Australia's recorded history, reference is made only to Australia's history since European occupation and not the history of Indigenous Australia.

2 'States' refers to both state and territory governments.

3 Figures quoted in 1974 dollar values.



Following Cyclone Tracy, emergency management arrangements began to involve a greater relationship between Commonwealth and State governments.

as Australian civil defence forces can only intervene in an emergency when requested by a state government (The Australian 1974; Short 1979).

In February 1974, the Natural Disasters Organisation was created by Federal Cabinet to co-ordinate Commonwealth physical assistance to states and territories in the event of a natural disaster (EMA 2004). The Brisbane floods highlighted that Australian Government assistance to the states during times of natural disasters was essential. Only ten months after the creation of the Natural Disasters Organisation, the devastation of Darwin by *Cyclone Tracy* confirmed the need for an ongoing role for the Australian Government in state and territory affairs during natural disasters. While the Northern Territory was under Commonwealth administration at the time of *Cyclone Tracy*'s impact and thus Commonwealth assistance to the Darwin community was binding, it did, in the words of the Director of Operations and Plans in the Natural Disasters Organisation at the time, Roger Jones, "provide the impetus to the development of legislation and new arrangements for States and Territories" (Jones 2005). Following *Cyclone Tracy*, emergency management arrangements began to involve a greater relationship between the Commonwealth and state government than ever before, and occurred at a time when intergovernmental relationships were being notoriously overhauled in Whitlam's 'new federalism'.

The impact of *Cyclone Tracy* occurred at a time when Prime Minister Whitlam, in the second year of a Labor Government after 23 years in opposition, was redefining the role of the Commonwealth Government in state affairs. In his rearticulation of 'federalism', Whitlam asserted the need for a greater role for the Commonwealth Government in policy areas assigned to the states under the Constitution, including 'education, health, housing, social security, national resources and transport' (Mathews and Grewal 1995). Whitlam saw that these areas were of a national social interest and could therefore 'only be solved' at a federal level with

federal financing (Summers 2002:97). The expansion of Commonwealth powers at that time created significant conflict between the states and the Commonwealth Government (Summers 2002; Grewal and Sheen 2003:5). The states greatly opposed Whitlam's 'new federalism', especially the conditional grants scheme, a scheme which existed under the Constitution as 'Specific Purpose Payments' but which Whitlam ramped up during his term (Summers 2002:109, Worthington and Burmeister 2002). This constitutional arrangement allowed the Commonwealth Government the right to grant funding to states as it saw fit (Worthington and Burmeister 2004).

Specific Purpose Payments: expanding Commonwealth fiscal control

The Specific Purpose Payments (SPP) also allowed the Commonwealth Government to effectively bypass the states to directly fund local governments (Summers 2002:109). The Commonwealth Government had already made increasing use of the SPP during the 1950s and 1960s, however Whitlam became renowned for substantially increasing their use (Summers 2002). The SPP were another aspect of Whitlam's new federalism which, while intending to bring all three levels of government to greater alliance, greatly infuriated the states. The already limited fiscal autonomy of the states was now becoming further restricted by the Commonwealth Government's conditions.

During this time, Darwin was being reconstructed after the impact of *Cyclone Tracy* and the full costs of a large scale natural disaster were being realised; over 25,000 people were evacuated by air alone (Northern Territory Library 2004). However, questions arose about 'recovery' and how much funding governments should provide, as the Darwin reconstruction became an extremely expensive exercise. The people of Darwin became increasingly frustrated that debates surrounding the reconstruction of their city were occurring at the federal level in the ACT (Northern Territory Library 2004). The issue of the Northern Territory's lack of self-governance

was pushed to the forefront at a time when Darwin residents wanted to participate in the reconstruction of their community, and at a time when Whitlam was becoming increasingly unpopular with the states.

Despite the Whitlam Government providing the Northern Territory (and the Australian Capital Territory) with two Senate seats and a fully elected Legislative Assembly in 1974, the Northern Territory was still more heavily dependent on the Commonwealth than the states. It was not until 1978, under the Fraser Government, that the Northern Territory received self-governance. While it surprised many that Fraser so strongly supported the Territory's self-governance, it was also argued that the Commonwealth's expenditure on reconstructing Darwin would appear less 'decadent' if it could be 'shown as though it were in the form of a grant to the states' (Northern Territory Library, 2004). As long as the Northern Territory was administered by a Commonwealth Government Minister, any money allocated to the reconstruction of Darwin was considered direct Commonwealth expenditure. By granting self-governance to the Territory, the Commonwealth also handed over fiscal management and accountability to the new Northern Territory Government. Commonwealth assistance in the rebuilding of Darwin could now occur in the form of SPP, a 'conditional grant to a state' rather than appearing as direct Commonwealth capital expenditure.

The increase in the use of SPP by the Whitlam Government from approximately 20–28 per cent to 48 per cent of total Commonwealth payments never again reverted back to such low figures (Grewal and Sheehan 2003). Whitlam's move towards a new fiscal centralisation through an increased use of SPP created a legacy. Although Whitlam was criticised for increasing the use of SPP, the following Fraser Government took advantage of the very same mechanism in response to the long recovery of Darwin after *Cyclone Tracy*. However, the Fraser Government, like the following Hawke, Keating and Howard Governments, continued to employ a significant percentage of state expenditure in SPP, with all governments following Whitlam maintaining a level between approximately 40 and 50 per cent⁴. Although it has been within the Liberal tradition to take a greater reductionist approach to government expenditure than the Labor Party, the use of SPP has defied such a traditional line. The recent Howard Government increased these tied grants to 51 per cent of Australian Government funding to the states, demonstrating that the 'new federalism' espoused by each of the governments since Whitlam has gradually reduced the states' fiscal autonomy (Castles and Uhr 2002).



NewsPIX/1974 File Pic

Gough Whitlam circa 1970

Changing roles: Commonwealth expanding into social policy

The emphasis on fiscal centralisation occurred long before the Whitlam Government, in terms of gradually removing taxation revenue powers from the states. However, the significant use of 'conditionality' through the use of the SPP since the 1970s has an 'expansion of social policy [by the Commonwealth] combined with a streamlining of central controls over expenditure by the states' (Castles and Uhr 2002). By linking up to 50 per cent of funding to the states by the conditional SPP, the Commonwealth has also stepped into the realm of social policy, an area of state responsibility under the Constitution. Although the states have received increases in grants from the Australian Government, the process of fiscal centralisation since Whitlam has seen them lose elements of policy autonomy (Castles and Uhr 2002; Hamill 2005). Tying the states to federal funding imposed conditions and directions. The SPP has redefined the role of the Australian Government without formally changing the Constitution. Most of the state's Constitutional responsibilities have now become 'functions of shared responsibility' (Grewal and Sheehan 2003:3). The expansion of the SPP has seen 'the federal government striving to establish leadership in health, education and housing and the personal social services' (Mendelsohn 1989).

The view was that the Federal Government was raising the money and should therefore have a strong role and responsibility in determining how that was spent (Parliament of Victoria 1998; Worthington and Burmeister 2002). For example, the Commonwealth Government 'took over financing of tertiary education from the states in 1974', greatly increasing their ability to influence education policy (Grewal and Sheehan 2003:5). Another example was seen in the Fraser Government's decision not to renew hospital cost-sharing agreements in 1981 and replace this with an

⁴ This is the percentage of total Commonwealth payments spent as Specific Purpose Payments.

SPP called 'Identified Health Grants', a decision which saw the Commonwealth Government increase their ability to influence health policy (Mathews and Grewal 1995)⁵. Other examples of increased Commonwealth presence in social policy can be seen in the numerous SPP developed since Whitlam, including those in the areas of disability policy, primary healthcare policy and Indigenous affairs policy (Mathews and Grewal 1995; Ivanitz 1998).

The expansion of the Australian Government into social policy through the increased use of SPP since Whitlam has also shaped the management of natural disasters in Australia. Since *Cyclone Tracy*, the conditional grant, under the Constitutional term of the SPP, has become the predominant means by which the states receive assistance to manage natural disasters. These payments, generally in the form of the Natural Disaster Relief Assistance (NDRA), have largely occurred in the form of relief assistance grants and reconstruction or redevelopment grants to the states, and in turn, from the states to local government. This reflects both the Australian Government's traditional Constitutional role in emergencies, which is in the area of response through the defence forces, and also the traditional emergency management approach, which is in the area of response and relief. The states have responsibility for emergency management under the Constitution and have a strong history and tradition in this area, outside of Australian Government intervention. However, assistance to the states for natural disaster management has been through the Natural Disaster Relief Assistance (NDRA) which, since its inception in the 1970s until only recently, has been for immediate response and relief matters.⁶

Recent changes agreed to in principle by the Council of Australian Governments (COAG), outlined in the section below, advocate a 'new holistic approach' to managing natural disasters in Australia, including a move from a response-centric approach to a greater focus on mitigation and recovery. The international research and practitioner communities have been advocating the importance of mitigation and recovery since the 1970s and state governments began to address their importance in state policy in the 1980s through the PPRR paradigm (Prevention, Preparedness, Response, Recovery). However, it is only very recently that the Australian Government has recognised their importance. Unlike response and relief, mitigation and recovery tap into much broader and complex social policy issues such as education and awareness, public health, welfare and Indigenous policy. States have disaster management programs outside of the Australian Government's conditional NDRA and Natural Disasters Mitigation Program (NDMP) grants, however, the increased scope and funding of these programs to include social policy

issues sees the Australian Government continue to expand into areas of traditional state responsibility. While changes to these conditional grants to include a greater focus on mitigation and recovery may improve natural disaster management – indeed, the academic literature and practitioner accounts suggest it will – it is also of significance that it continues to expand the scope of the Australian Government's role in state matters.

A new holistic approach: The COAG 'Natural Disasters in Australia' Report

COAG was established in 1992 during the Keating Government, but is considered an 'institutional legacy' of Hawke (Castles and Uhr 2002). The Council served as a new tool for another Australian Government to again espouse a 'new federalism', where intergovernmental relations were to be enhanced. COAG is considered the peak intergovernmental forum in Australia and is comprised of the Prime Minister, State Premiers, Territory Chief Ministers and the President of the Australian Local Government Association (COAG 2004).

In 2003, COAG gave in-principle approval to the report *Natural Disasters in Australia: Reforming mitigation, relief and recovery*. The Report into Natural Disasters proposed 12 reform commitments and 66 recommendations focusing on developing a national and consistent approach to managing natural disasters (COAG 2003). The High Level Group responsible for the Report recognised that the current approach to dealing with natural disasters was not necessarily the most cost-effective. It recommended that a stronger intergovernmental and holistic approach to natural disaster management be at the foundation of any changes made to the current arrangements. Not surprisingly, this proposal promotes the COAG tradition of intergovernmental collaboration and shared responsibility. It also supports the recent findings of Australian and international research into the management of natural disasters, which advocate a shift from response-driven emergency management to an emphasis on mitigation and recovery.

Australian Government assistance to the states is still predominantly in the form of SPP, advocating conditions to the extent that the Australian Government has defined a 'natural disaster' for any funding purposes (Minister for Local Government, Territories and Roads 2004). A natural disaster is defined as 'a serious disruption to a community or region caused by the impact of a naturally occurring rapid onset event that threatens or causes death, injury or damage to property or the environment and which requires significant and coordinated multi-agency response. Such disruptions can be caused by any one, or combination, of the

5 South Australia and Tasmania's hospital arrangements did not expire until June 1985.

6 Recognised through the COAG Report into Natural Disasters, discussed later.

following natural hazards: bushfire; earthquake; flood; storm; cyclone; storm surge; landslide; tsunami; meteorite strike; or tornado' (COAG 2003). In addition, the COAG Report also acknowledged the lack of consistency in the financial assistance to the states as an intergovernmental concern (COAG 2003). Therefore, the move toward a more rigorous approach to natural disaster SPP funding which also incorporates contemporary changes in natural disaster management has increased the Australian Government's role in natural disaster management. While response and relief involve policy issues of security and defence, mitigation and long-term recovery involve far greater and complex social issues. The linkage of these issues to an agenda via SPP is a significant expansion of both the Australian Government's economic and social role under the Constitution (Mathews and Grewal 1995; Grewal and Sheehan 2003).

Traditional response and relief activities brought attention to Australia's strong military and co-ordination capacities. However, a focus on mitigation and long-term recovery has the potential to highlight that housing arrangements, such as access to accommodation or structural vulnerability, are inadequate. It also has the potential to show there are insufficient hospitals or welfare agencies in a community to cope with a natural disaster. These issues are complex, and have the potential to expose insufficient public funding or inadequate public policy. These are traditionally the responsibility of the state governments and the move towards improved natural disaster arrangements through broader SPP will inherently increase the Australian Government's involvement. The application of SPP to mitigation and long-term recovery activities in the reformed natural disaster arrangements has the potential to reduce social policy autonomy of the states. This echoes the sentiments of some social analysts who have referred to conditional grants as 'the most potent weapon of cooperation or coercion' (Mendelsohn 1979).

The move towards mitigation and long-term recovery in Australian natural disaster management arrangements is best-practice disaster management. However, we face a situation where the precedent set by the Whitlam Government's increased use of SPP could continue to greatly influence the implementation and effectiveness of such best-practice natural disaster management. Natural disaster funding, through SPP, will either continue to focus on response and relief, reflecting the traditional responsibilities of the Australian and state governments and avoiding the sensitive areas of social policy that are integral to effective mitigation and long-term recovery. Or, the move towards mitigation and long-term recovery activities will take place, potentially creating a conflict between the Australian and state governments over the development of social policies and programs that support best-practice natural disaster management.

Conclusion

The expansion of Australian Government powers under the banner of fiscal federalism, from Whitlam through to Howard, has created an intergovernmental framework that has influenced the management arrangements of natural disasters in Australia. The shift from mere fiscal assistance in the immediacy of a natural disaster to one of greater social policy involvement highlights the ever changing relationship between the two levels of government.

The recent move to holistic disaster management with a focus on mitigation and long-term recovery, rather than merely response and relief, is a result of the changing needs of both Australian communities and practitioners. The natural disaster and political events of the mid-1970s shaped this move, influencing how natural disasters are managed in an intergovernmental policy framework. The COAG Report, which is influenced by the ongoing and significant use of SPP, and the recognition of the shifting roles of government in the management of natural disasters, has the potential to begin a new era of natural disaster management. The long-term support that recommendations from the COAG Report receive from state agencies involved in natural disaster management has yet to be determined, as has the increasing influence of the Australian Government in the intricacies of state social policy. If these difficulties can be addressed and accommodated, the move towards an holistic natural disaster management framework has the potential to greatly improve the well-being of communities in the event of a natural disaster.

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