



PRIME MINISTER

MACQUARIE NETWORK WEEKLY BROADCAST

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COMMONWEALTH/STATE RELATIONS

Good Evening :

You will remember that last week we had a meeting in Canberra between the State Premiers and the Commonwealth. This was a very important meeting because it was the first step in setting the course for the Commonwealth and the State Budgets for the new financial year which begins on Saturday.

It was my fourth meeting with the Premiers as Prime Minister. Once again, as in other meetings, the discussions were really good.

Three Liberal/Country Party and three Labor Premiers sat around the table with the Commonwealth. And we got down to business in a spirit of goodwill and co-operation.

Frankly, I don't think it could be much better. Certainly it's a lot better than it has ever been before.

As you know, the Commonwealth collects most of the taxes you pay, and a sizeable part is paid to the States to allow them to finance their various activities.

The balance is used by the Commonwealth itself for national needs like Defence and Social Services and to meet the cost of running the national Government.

One of the Commonwealth's objectives was to do what we could to make sure the States did not have to substantially increase taxation. And I think we gave a great deal of help. This is what Sir Robert Askin of New South Wales said :-

"I hope to avoid any increase in taxation altogether."

And this is what the Victorian Premier, Sir Henry Bolte, said:

"I think the most important thing is that there will not be any increase in State taxation."

The Premiers' Conference and the Loan Council decide the level of financial assistance grants to the States and the borrowing programmes for works and housing.

Incidentally, the Commonwealth has for many years underwritten the State Government works and housing programmes to the extent that borrowings approved cannot be raised on the market.

Now you hear a lot of talk about haggling and about the States coming "cap-in-hand" to the Commonwealth. This hasn't been the case in my Administration.

We have given new taxing powers to the States by handing over the pay-roll tax to them, and the Premiers now tell us their problems and give us an assessment of their needs before we meet. So we are all pretty well informed when we sit down together.

Now let me sum up briefly the main results of the Conference.

First the Commonwealth will provide the States in 1972/73 with \$128 million more in revenue grants than they received before. This will take the total amount the States will get from us in the new financial year to over sixteen hundred million dollars.

In addition, the Commonwealth will provide as grants nearly \$250 million of the States' programme for works and housing - which we agreed will be \$982 million - and we guarantee that they will receive the remaining part of the programme if it cannot be borrowed.

These are pretty big sums. In total the State Governments and their authorities will have available from Commonwealth sources and from borrowing approved by the Loan Council something over \$3,000 million in the next year. That, I believe, spells progress.

I mention two other matters.

We are still keeping a very watchful eye on unemployment. As you know, we have already acted promptly to get the numbers down. At the Premiers' Conference we decided to do more.

The Commonwealth agreed to increase the money to be spent up to the end of 1972 from four and a half million dollars a month to six million dollars a month for the relief of non-metropolitan unemployment. The States will, of course, decide for themselves in what non-metropolitan areas and in what way they will spend this money.

They, like us, are pledged to a policy of full employment.

We also talked about urban problems.

The Commonwealth shares the concern of the States at the plight of some of our cities and their services. How can we ease the traffic snarls and the congestion in our cities and the sprawl that is taking place in our suburbs?

Under the Australian Constitution, of course, these are basically problems for State Governments, as only they have the power to act within their own borders. But the Commonwealth takes a deep interest in all this, because, after all, we are one people, living in one continent.

The increased funds I have been talking about give the States the opportunity to tackle the problems directly in the way they know best.

We have been doing more than many people realise - for housing and for roads, for example.

So I repeat, the overall result of the Premiers' Conference was good. It will do much to help our growth and development, and promote more of the things you need to improve the quality of our national life.

Goodnight.
