



PRIME MINISTER

PRESS STATEMENT NO. 518

19 June 1975

PREMIERS' CONFERENCE

Following discussions at today's Premiers' Conference/ Loan Council meeting the Australian Government has agreed to introduce into the Australian Parliament legislation to amend the States Grants Act so as:-

- (1) to increase the financial assistance grants otherwise payable in 1975-76 by \$220 million to be built into the base for calculating the grants in subsequent years.
- (2) to add an amount of \$5 million to the base amount on which Western Australia's financial assistance grant for 1975-76 and subsequent years will be calculated; and
- (3) to provide for an increase in the "betterment" factor from the present 1.8 percent to 3.0 percent to apply for purposes of calculating the grants for 1976-77 and subsequent years.

The Prime Minister made it clear that subsequent requests by the States for general revenue assistance supplementary to that yielded by the formula arrangements will not be entertained except in circumstances which are truly abnormal and unpredictable, and with which the States are clearly unable to cope unaided.

On the basis of best estimates of population and average wages and given the additional assistance referred to above it is expected that the financial assistance grants in 1975-76 will, in total, be about \$846 million higher than in 1974-75. This is equivalent to an increase of 35.6 percent.

The Australian Government agreed to support increases in the "basic" Loan Council programs of both the States and their larger authorities of 20 percent. The total program agreed to for the State Governments is \$1,291 million and that for larger State authorities is \$809.7 million.

The meeting agreed to an increase in the borrowing limit for smaller authorities from the present \$500,000 to \$700,000.

The Australian Government also agreed to continue the special employment grants scheme in 1975-76 on a phasing out basis. Specifically, grants of \$10 million in July, reducing by \$2 million per month down to \$2 million in November will be provided - a total of \$30 million.

CANBERRA, A.C.T.

ESTIMATES OF FINANCIAL ASSISTANCE GRANTS
1975-76

\$ million

	<u>On Basis of Existing Arrangements (a)</u>	<u>Increases Agreed to at Conference</u>	<u>Total</u>
N.S.W.	923.9	67.7	991.6
Vic.	690.7	50.6	741.3
Qld.	525.8	38.6	564.4
S.A.	353.3	25.9	379.2
W.A.	347.6	32.4(b)	380.0
Tas.	152.2	11.2	163.4
Total	<u>2,993.5</u>	<u>226.4(b)</u>	<u>3,219.9</u>

(a) Incorporate adjustments to accompany railway transfers in South Australia and Tasmania. Made on basis of preliminary estimates of increases in average wages and population.

(b) Including additional amount of approximately \$6.4 million resulting from addition of \$5 million to the State's formula grants base.

LOAN COUNCIL PROGRAMS 1975-76
\$'000

	<u>STATE GOVERNMENTS</u>			<u>LARGER AUTHORITIES</u>
	<u>GRANTS</u>	<u>BORROWINGS</u>	<u>TOTAL</u>	<u>TOTAL</u>
N.S.W.	274,114	137,057	411,171(a)	303,720(a)
VIC.	217,744	108,871	326,615	256,693
QLD.	114,919	57,459	172,378	149,769
S.A.	112,950	56,475	169,425	38,122
W.A.	80,197	40,099	120,296	38,264
TAS.	60,743	30,372	91,115	23,107
TOTAL	<u>860,667</u>	<u>430,333</u>	<u>1,291,000</u>	<u>809,675</u>

(a) Includes permanent addition of \$10 million for New South Wales in each program.

GRANTS UNDER SPECIAL EMPLOYMENT
GRANTS SCHEME 1975-76

	\$ million
July	10.0
August	8.0
September	6.0
October	4.0
November	2.0
December	-
Total	<u>30.0*</u>

*State by State distribution (based on number of seasonally adjusted unemployed, excluding school leavers, as at end May 1975) would be as follows:-

	\$ million
N.S.W.	11.7
Vic.	8.2
Qld.	5.0
S.A.	2.4
U.A.	2.0
Tas.	0.7
Total	<u>30.0</u>

	N.S.W.	Vic.	Qld.	S.A.	W.A.	Tas.	Total
1974-75 Grants	737,522	548,403	414,446	261,737	273,330(c)	121,871(b)	2,357,311(a)(b)
Adjustments Related to Railway Transfers and South Australia's Withdrawal from Grants Commission System	-	-	-	+20,000(c)	-	-10,700	+9,300
Proposed Addition to Western Australia's "Base" Grant					5,000		5,000
Total "Base" Grants	737,522	548,403	414,446	281,737	278,330	121,171	2,381,611
Additions Under the Formula(d)	186,344	142,322	111,382	71,606	75,634	31,069	618,289(e)
Total of Above (f)	923,900	690,700	525,800	353,300	354,000	152,200	2,999,900 (g)
Proportional Distribution of \$220 million Additional Financial Assistance	67,700	50,600	38,600	25,900	26,000	11,200	220,000
Total Proposed Financial Assistance Grants (j)	991,600	741,300	564,400	379,200	380,000	163,400	3,219,900
Escalation Factors -							
Population (h)	1.0045	1.0100	1.0174	1.0057	1.0198	1.0075	1.0100714(e)
Average Wages (i)	1.225	1.225	1.225	1.225	1.225	1.225	1.225
Betterment	1.018	1.018	1.018	1.018	1.018	1.018	1.018

(a) Excludes \$6.5 million additional financial assistance paid in 1974-75.

(b) Includes additional \$15 million in connection with Tasmania's withdrawal from the Grants Commission system.

(c) Approximate only; subject to refinement on further analysis of State's non-metropolitan railways deficit in 1974-75.

(d) In accordance with the escalation factors set out below.

- (e) Derived by calculating back from the rounded total for the six States.
- (f) Rounded to the nearest \$100,000.
- (g) Derived by adding the rounded figures for each State.
- (h) Based on forward estimates supplied by the Australian Bureau of Statistics.
- (i) Preliminary Australian Treasury estimate, subject to a large margin of uncertainty.
- (j) Subject to offsets in respect of transfers of responsibilities in respect of assistance for deserted wives and Aboriginal affairs. Amounts not yet determined.

1974-75

1975-76

	<u>Basic Program</u>	<u>Temporary Allocation</u>	<u>Total</u>	<u>Basic Program(b)</u>	<u>Permanent Addition</u>	<u>Total</u>	<u>Percentage Increase(c)</u>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
NSW	334,309	-	334,309	401,171	10,000	411,171	20.0 (23.0)
VIC	272,179	-	272,179	326,615	-	326,615	20.0
QLD	143,648	9,919	153,567	172,378	-	172,378	20.0
SA	141,188(a)	-	141,188(a)	169,425	-	169,425	20.0
WA	100,247	-	100,247	120,296	-	120,296	20.0
TAS	75,929(a)	-	75,929(a)	91,115	-	91,115	20.0
TOTAL	1,067,500(a)	9,919	1,077,419(a)	1,281,000	10,000	1,291,000	20.0 (20.9)

- (a) The amounts shown for South Australia and Tasmania are in each case \$5 million less than the actual programs in that year. These reductions are in pursuance of arrangements agreed with these States in respect of "offsets" to accompany railway transfers. Thus, the total amounts shown for the six States combined are \$10 million less than the actual program.
- (b) Divided between the States in the same proportions as amounts in column (1) - that is 1974-75 basic program less railway transfer offsets.
- (c) The figure of 20.0 per cent represents the increase in the basic programs (column (4) compared with column (1)). The figures in brackets represent the increase in the aggregate 1975-76 program over the 1974-75 program excluding the special temporary allocation for Queensland. The aggregate increase, including the special temporary addition, is 19.8 per cent.

STATE GOVERNMENT LOAN COUNCIL PROGRAMS IN
1975-76 - DIVISION BETWEEN BORROWINGS AND CAPITAL GRANTS

	<u>Borrowing Program</u> \$'000	<u>Capital Grants</u> \$'000	<u>Total</u> \$'000
NSW	274,114	137,057	411,171
VIC	217,744	108,871	326,615
QLD	114,919	57,459	172,378
WA	112,950	56,475	169,425
	80,197	40,099	120,296
S	60,743	30,372	91,115
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TOTAL	360,667	430,333	1,291,000
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LARGER AUTHORITIES' PROGRAMS 1974-75 AND 1975-76

	<u>1974-75 Program</u>			<u>1975-76</u>				
	<u>Basic Program</u>	<u>Temporary Allocations</u>	<u>Total</u>	<u>Basic Program(a)</u>	<u>Permanent Additions</u>	<u>Temporary Allocations</u>	<u>Total</u>	<u>Percentage Increase(c)</u>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
NSW	244,767(b)	-	244,767	293,720	18,000	-	303,720	20.0(24.1
VIC	213,911	-	213,911	256,693	-	-	256,693	20.0
QLD	118,911	19,584	138,495	142,694	7,075	-	149,769	20.0(26.0
SA	31,768	-	31,768	38,122	-	-	38,122	20.0
WA	31,887	6,000	37,887	38,264	-	-	38,264	20.0
TAS	19,256	-	19,256	23,107	-	-	23,107	20.0
TOTAL	<u>660,500</u>	<u>25,584</u>	<u>686,084</u>	<u>792,600</u>	<u>17,075</u>	<u>-</u>	<u>809,675</u>	<u>20.0(22.6</u>

(a) The distribution of the basic program between the States is based on the distribution of the 1974-75 basic program (column (1)).

(b) Includes permanent addition of \$10 million to New South Wales.

(c) The figure of 20.0 per cent represents the increase in the basic program (column (4) compared with column (1)). The figures in brackets represent the increases in the aggregate 1975-76 program over the 1974-75 program excluding the temporary additions. The aggregate increase, including temporary additions, is 18.0 per cent.