



PRIME MINISTER

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LOAN COUNCIL ARRANGEMENTS FOR INFRASTRUCTURE FINANCING

The Prime Minister announced today that he had again written to State Premiers on the adoption by the Australian Loan Council of guidelines for the Council's consideration of proposals for special additions to the semi-government borrowing programme and for overseas borrowings by statutory authorities.

Mr Fraser said in earlier statements on this subject on 10 March and 26 March he indicated the Commonwealth's willingness to adopt the new guidelines while at the same time ensuring that they are consistent with the Commonwealth's responsibility for national economic and financial management.

To this end, the Commonwealth had proposed that the voting rules on proposals put to the Loan Council for consideration under the guidelines should be a simple majority including the Commonwealth. This had not been acceptable to some of the Premiers.

In this context, the Premier of Western Australia has put forward a helpful proposal to the effect that the States could accept the guidelines, with the voting rules proposed by the Commonwealth, on the understanding that these arrangements could be reviewed in three years' time.

The Prime Minister said he had indicated to the Premiers that the Commonwealth would be happy to have the guidelines adopted without further delay on such a basis, and had invited them to respond quickly on this proposal.

A number of Premiers have suggested projects which they wish to have considered by the Loan Council under the proposed guidelines. Mr Fraser said he had invited them to bring forward for Loan Council consideration formal proposals in conformity with the requirements of the guidelines.

The adoption of the guidelines will represent a major advance in Commonwealth/State financial arrangements.

The cooperative implementation of them will help to facilitate the provision, in a coordinated manner throughout Australia, of infrastructure investment necessary for sound national economic development.