



PRIME MINISTER

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ELECTORATE TALK

Local governments and local authorities throughout Australia know now that they will benefit this year from a substantial increase in Commonwealth funds. The Commonwealth's undertaking to raise the proportion of personal income tax collected going to local government to 2% has now been fully implemented. As a result, the current allocation for 1980/81 has gone up by more than 35% to more than \$300 million.

At least 30% of these funds are to be distributed to all councils on a per capita basis with the balance being allocated by individual State grants commissions on a needs basis. As well as this flow of income tax funds to local government in untied grants, there has been a significant shift in the Commonwealth's arrangements for funding roads. Over the past five years, the proportion of funds allocated for local road funding has risen from 18% to 24% this year.

Income tax sharing with local government was introduced by the Federal Government five years ago when the level of assistance under the Labor government was about \$80 million. Under the Commonwealth's revenue sharing arrangements this jumped to \$140 million in 1976/77, and it has been moving up consistently ever since. With the current \$300 million, local government will have received more than \$1,000 million in untied grants in the five years of tax sharing.

The Commonwealth Government has thus given local government a substantial and rapidly growing source of funds. It has done this because in such a vast country as Australia, local government is essential for the development of community identity. Local governments are often the driving force behind community spirit, enabling a response to be made to the community's needs which would not be possible from a remote bureaucracy in a capital city or in Canberra.

The Commonwealth Government does not have a constitutional responsibility for local government, but it does have a strong philosophical commitment to giving Australians the maximum possible control over their own affairs. Decisions about water, sewerage, local roads and bridges are properly made by local government. The smaller the local government is,

the more say the people in that community have over these decisions, the results of which affect them on a day to day basis. The best solution to local problems is local action, based on local understanding.

While the Commonwealth is moving ahead to take the decision making process as close as possible to the community, in New South Wales the Labor government is pursuing a policy which is exactly the opposite. In the past week, visiting several shires in New South Wales, I found increasing resentment of the programme of amalgamations which is being forced on local and shire councils in that State.

The arguments for merging local government into regional governments can be beguiling - large authorities would be financially stronger and more efficient, according to these arguments. However, the arguments are false. The financial strength of local government is now assured because of the Commonwealth's personal income tax revenue sharing.

The question of efficiency is one for the communities themselves to resolve. If councils want to combine in the interests of efficiency, then that is fine. But if the people of a community wish to retain their own shire, even if it is small and somewhat less efficient, then that also is their own right, and that is how it should remain.

Forcing amalgamations on local councils against the wishes of the people of a community is a bad principle which defeats the purpose of local government. A previous Labor government in Canberra proposed a similar scheme for amalgamating local councils into a series of regions. The purpose was to undermine the State governments and reduce their authority.

Both then and now these amalgamations, when they are not voluntary, are at the expense of the rights of citizens to make the decisions affecting their lives to the maximum extent possible. If a community wants its local government to remain small, then that is the community's right.