

PREMIERS CONFERENCE AND LOAN COUNCILStatement by the Acting Prime Minister, Rt. Hon. J. McEwen, M.P.

This conference comes about in two ways. First of all, at this time or about this time in every year the matter of the State Tax Reimbursements Grants and Loan allocations is decided. But, in addition, the Commonwealth has said that it has undertaken to make some general re-examination of Commonwealth-State financial relations. This was said in the policy speech, and the Conference on 4th and 5th March was the first step towards it. This Conference will resume the discussion on that issue.

It has been apparent for some years that the present tax reimbursement formula has not satisfied all the States and has been a source of disagreement both as to the quantum of the annual grant and its distribution. Every year for many years the Commonwealth has found it necessary to add an amount, arbitrarily arrived at, to the tax reimbursement formula grants. Further, some States have said that the present distribution arrangements are unsatisfactory.

Over and above that, within the present financial year two States - Victoria and Queensland - have raised the question of applying for special assistance under section 96, i.e., Grants Commission assistance. If this were to come about, five States out of six would come within the Grants Commission arrangements and this would make the system unworkable. So it was clear that a study of a possible revision was needed.

At the March Conference the Prime Minister, speaking for the Commonwealth, said that we would put to study the question of something new which might rectify any position of disadvantage in one or two States while ensuring that the needs of other States were given due recognition.

So we have made this study. We have looked at the matter under several headings, which include the quantum of the grant, the distribution arrangements and Grants Commission arrangements, and we will be putting some proposals to the States - as we undertook to do. This whole problem does not reduce itself to simple arithmetic and does not lend itself to any precise scientific solution. But we have plans to put forward which we believe to be practical and commonsense. It will, of course, be open for discussion around the table. We have already had from the States in answer to our invitation some helpful views and we have made use of these.

I am hopeful that in a spirit of partnership and co-operation the seven Governments in conference will work towards better arrangements for future provision of grants to the States and their equitable distribution."