

ADDITIONAL FINANCE FOR THE STATESStatement by the Prime Minister, Mr. John Gorton

The Prime Minister, Mr. Gorton, announced today that, in response to requests from the States, the Commonwealth had agreed to provide special revenue assistance totalling \$13 million to be distributed between the four States still being affected by drought. The Commonwealth had also indicated that it would be prepared to support an increase of \$20 million in the approved Loan Council borrowing programmes for State semi-government authorities. The States would thus have access to additional funds totalling \$33 million in 1967-68.

The Prime Minister said that the additional grants this year to the four drought-affected States would help them at a time when drought had affected their revenues. Through the procedures of the Grants Commission, such assistance would also help the budgets of the other two States of Western Australia and Tasmania. Mr. Gorton pointed out that this assistance was in addition to that being provided to meet the full cost of State expenditure on drought relief measures; so far the Commonwealth had provided over \$44 million under these arrangements and by the end of the current financial year it was expected that the total amount made available would be in excess of \$50 million.

The Prime Minister indicated that the special revenue assistance of \$13 million, which would take the form of a non-recurring grant, would be distributed between the four States concerned in proportion to their shares of the 1967-68 financial assistance grants under the grants formula. These had not yet been finally determined but, on present estimates, would provide the following amounts:-

	<u>\$ million</u>
New South Wales	5.1
Victoria	3.3
Queensland	2.4
South Australia	<u>1.7</u>
	<u>13.0</u>

As regards the proposed increase in the Loan Council borrowing programme for semi-government authorities in 1967-68, the Prime Minister said that the Commonwealth had offered to support an increase of \$20 million notwithstanding the large increase from \$268 million to \$311 million approved at the June 1967 Loan Council meeting. Conditions in the loan market appeared to make it possible to raise additional amounts in the current financial year and, in these circumstances, the Commonwealth had agreed that advantage could be taken of this situation to enable State authorities to seek loan funds to carry out additional

programmes of work which could include such important areas as electricity, water and sewerage and roads. The Commonwealth had advised the States that as this additional borrowing authority had a special character deriving from conditions in the current financial year, the Commonwealth would not wish it to be taken as forming part of the basis on which the semi-government borrowing programmes for 1968-69 would be determined. The States had agreed to the proposed increase.

The Prime Minister went on to say that the Treasurer, as Chairman of the Loan Council, had obtained the approval of the Loan Council to the additional borrowing allocation of \$20 million being distributed as follows:-

	<u>\$ million</u>
New South Wales	6.36
Victoria	7.15
Queensland	3.97
South Australia	1.06
Western Australia	0.82
Tasmania	<u>0.64</u>
	<u>20.00</u>

CANBERRA
9th February, 1968.