

Premiers' Conference and Loan Council Meeting -
Statement by the Prime Minister, the Rt. Hon.
William McMahon, C.H., M.P.

22 June 1972

This has been my fourth meeting with the Premiers in this forum since I became Prime Minister.

The three previous meetings were all characterized by a genuine effort by all parties to reach accommodations which took account of the problems of all of us. I am delighted to be able to say that the same atmosphere of warm and friendly co-operation has once again characterized this meeting.

Our discussions on the States' financial positions and requirements were greatly assisted by the States making available to us in advance of the meeting extensive information on their financial positions and prospects. We appreciate their co-operation in this.

The discussions today have been conducted with great freedom and frankness. As a result I feel that we all have a greater understanding of the problems each of us faces.

The Commonwealth, for its part, entered the discussions anxious to do what it could to assist the States in meeting their heavy responsibilities. We know that they have great pressures upon them. All sections of the community have their own requests to make. Each, naturally enough, sees its own problems as being of greatest moment. The State governments are therefore faced with a great variety of competing demands, which they have to deal with in some order of priority.

The Commonwealth is in a similar situation. One of its highest priorities, however, is the need to enable the States to meet their responsibilities. The allocation of funds for this purpose is the greatest single element in the Commonwealth Budget.

Against this background we approached this meeting with the firm resolve that we had to reach a fair and equitable agreement with the Premiers, having in mind both their responsibilities and the other responsibilities facing the Commonwealth. I am glad to be able to say that we have succeeded in reaching such an agreement.

The elements of this agreement are as follows:-

Revenue Assistance

Additional assistance in the form of a permanent increase of \$112 million to the financial assistance grants will be provided by the Commonwealth in 1972-73. This amount will be built into the formula grants for the purpose of calculating the grants for subsequent years, and will be distributed in proportion to the 1971-72 formula grants as escalated in 1972-73 under the formula.

In addition to this extra \$112 million, the Commonwealth will provide further amounts of approximately \$7.1 million to New South Wales and \$5.4 million to Victoria in 1972-73 by increasing the per capita payments over and above their formula grants by \$1.50 from the present \$2 to \$3.50. The per capita payments, as increased, will be added to the formula grants for the purpose of calculating the grants in future years. A further amount of \$3.5 million will be paid to Western Australia in 1972-73 as a special temporary addition to that

State's financial assistance grant in that year.

Borrowing Programmes

Works and housing programme

The borrowing programme for State governments will total \$982 million, an increase of \$90 million or 10.1 per cent over 1971-72. Of the total, \$248.5 million will be in the form of a grant, and \$733.5 million will represent borrowings to be arranged by the Commonwealth.

Larger authorities programme

The borrowing programme for the larger ("semi-government") authorities will be \$488 million, an increase of \$49 million or 11.2 per cent over 1971-72. The basic programme will total \$466 million, and to this will be added a permanent addition of \$10 million to New South Wales' share of the programme, and special temporary allocations of \$3 million for Queensland and \$9 million for Western Australia.

Smaller authorities programme

The practice of recent years of not imposing any limit on the over-all amount to be borrowed by smaller authorities will be continued. The limit on borrowings by individual authorities in this category will be raised from \$300,000 to \$400,000, thereby adding an amount conservatively estimated at \$10 million to their total borrowings in 1972-73.

Non-Metropolitan Unemployment Relief Grants

The amount being provided by the Commonwealth for the relief of non-metropolitan unemployment will be increased from \$4.5 million to \$6 million monthly. This increase will operate to the end of 1972, before which date the scheme will again be reviewed.

Details of these decisions, and the distribution of the various amounts between the States, are shown in the tables attached.

SUMMARY OF ADDITIONAL FINANCE FOR STATES, 1972-73*

\$ million

	(1)	(2)	(3)	(4)	(5)
	<u>Additional Revenue Grants</u>	<u>Increase in Works and Housing Programmes</u>	<u>Total (1) and (2)</u>	<u>Increase in "Larger" Authorities Programmes</u>	<u>Total (3), (4)</u>
New South Wales	44.3	28.6	72.9	21.4	94.3
Victoria	33.1	23.0	56.1	11.6	67.7
Queensland	17.6	11.4	29.0	7.5	36.5
South Australia	12.0	12.3	24.3	1.7	26.0
Western Australia	15.9	8.4	24.3	7.7	32.0
Tasmania	5.1	6.3	11.4	-0.7	10.7
<u>Total</u>	<u>128.0</u>	<u>90.0</u>	<u>218.0</u>	<u>49.2</u>	<u>267.2</u>

* It must be emphasised that the revenue grants figures shown are not comparable with those shown for the increases in the borrowing programmes. The former represent the additional assistance to be granted in 1972-73 over and above that which would be paid under existing legislation, whereas the latter represent increases over last year's levels.

1. Revenue Grants to States in 1972-73

(\$ million)

	<u>Estimated Financial Assistance Grants under existing legislation</u>	<u>\$124.5 million addition to F.A.Gs</u>	<u>Temporary revenue assistance</u>	<u>Total</u>
N.S.W.	479.1	44.3	-	523.4
Vic.	362.1	33.1	-	395.2
Qld.	252.1	17.6	-	269.7
S.A.	169.1	12.0	-	181.1
W.A.	182.5	12.4	3.5	198.4
Tas.	73.9	5.1	-	79.0
	<u>1,518.8</u>	<u>124.5</u>	<u>3.5</u>	<u>1,646.8</u>

2. Loan Council Borrowing Programmes

(\$ million)

Works and Housing

	<u>Grant</u>	<u>Borrowing</u>	<u>Total</u>	<u>Larger authorities</u>	<u>Total</u>
New South Wales	79.0	233.3	312.3	165.9 ^(a)	478.2
Victoria	63.4	187.1	250.5	159.5	410.0
Queensland	31.4	92.8	124.2	91.7	215.9
South Australia	34.0	100.6	134.6	23.7	158.3
Western Australia	23.2	68.5	91.7	32.8	124.5
Tasmania	17.4	51.2	68.6	14.4	83.0
	<u>248.5</u>	<u>733.5</u>	<u>982.0</u>	<u>488.0</u>	<u>1,470.0</u>

(a) Authorities borrowing over \$400,000 individually during the year

3. Local Authority Programme

The limit on individual borrowings by the smaller authorities was raised from \$300,000 to \$400,000. It is conservatively estimated that, as a result of this increase, the smaller authorities might borrow some \$10 million in excess of the amount they might otherwise have raised. The practice of imposing no over-all limit on borrowings by these authorities has been continued.

4. Non-metropolitan Unemployment Relief Grants

(\$'000)

	<u>New monthly grant</u>
New South Wales	2,310
Victoria	1,350
Queensland	1,200
South Australia	360
Western Australia	450
Tasmania	330
Total	<u>6,000</u>