

5

1

Premiers' Conference and Loan Council Meeting,
28 and 29 June 1973
Press Statement by the Prime Minister

The Australian Government and the State Premiers have arrived at agreement on the following matters during the discussions that have taken place:

Welfare Housing

The States will enter into a Housing Agreement with the Australian Government under which the following advances for welfare housing will be made to the States in 1973-74 - amounts allocated by the States for housing in 1972-73 are shown for comparison:-

	<u>Allocations for Housing by States 1972-73</u>	<u>Welfare Housing Advances 1973-74</u>	<u>% Increase</u>
	\$m	\$m	
N.S.W.	65.7	86.0	30.9
Vic.	39.0	53.5	37.2
Qld.	14.6	17.4	19.2
S.A.	30.0	32.8	9.3
W.A.	15.4	13.0	-15.6
Tas.	8.8	16.0	81.8
<u>Total</u>	<u>173.5</u>	<u>218.7</u>	<u>26.1</u>

Advances for welfare housing will be made outside, and in addition to, the borrowing programs approved by the Loan Council for the States.

Tertiary Education

The States have accepted the Australian Government's offer to take full financial responsibility for financing tertiary education from 1 January 1974. It has been agreed that amounts by which additional expenditure by the Australian Government

relieve State Governments of expenditure they would otherwise have incurred should be deducted from the general purpose funds provided by the Australian Government to the States. This will mean offsets to the financial assistance grants for recurrent expenditure on tertiary education, and offsets to the Loan Council programmes for capital expenditure.

In 1973-74, only a half-year's expenditure will be involved.

The amount of the offsets to the financial assistance grants and the Loan Council programs and 1974-75 are as follows:-

	<u>Offsets for Tertiary Education</u>			
	\$ million			
	<u>Financial Assistance Grants</u>		<u>Loan Council Programs</u>	
	<u>1973-74</u>	<u>1974-75</u>	<u>1973-74</u>	<u>1974-75</u>
N.S.W.	36.4	75.2	11.1	22.0
Vic.	34.8	70.8	10.2	20.3
Qld.	13.5	27.6	3.9	7.8
S.A.	12.0	24.7	3.8	7.7
W.A.	11.6	24.2	2.7	5.4
Tas.	3.5	7.2	1.1	2.2
Total	111.8	229.7	32.8	65.4

Revenue Assistance for States

The Australian Government, in recognition of the States' budgetary problems in 1973-74, agreed to provide special additional revenue assistance of \$25 million, to be distributed between the States in proportion to the financial assistance grants payable under existing legislation.

It was agreed also that the additional financial assistance grant payable to Western Australia in 1973-74 should remain at \$6.5 million instead of being reduced to \$3.5 million as provided in existing legislation. Western Australia is to receive an additional temporary grant in 1973-74, the amount of which will be the subject of further discussion between the Australian and Western Australian Governments.

The following table shows estimates of revenue grants payable to the States in 1973-74 taking into account the additional assistance now to be provided, and allowing for offsets on account of tertiary education.

ESTIMATED GENERAL REVENUE PAYMENTS TO THE STATES - 1973-74
(EXCLUDING SPECIAL GRANTS) (a)

	<u>Financial Assistance Grants Under Existing Legislation (b)</u>	<u>Plus Additional Assistance Agreed at Premiers' Conference (c)</u>	<u>Less Tertiary Education Offsets</u>	<u>Total Payments</u>
	\$ million	\$ million	\$ million	\$ million
N.S.W.	601.0	7.9	36.4	572.5
Vic.	457.0	6.0	34.8	428.2
Qld.	320.0	4.2	13.5	310.7
S.A.	209.0	2.8	12.0	199.8
W.A.	219.0	5.9 (d)	11.6	213.3 (d)
Tas.	91.0	1.2	3.5	88.7
Total	<u>1,897.0</u>	<u>23.0 (d)</u>	<u>111.8</u>	<u>1,813.2 (d)</u>

- (a) The Grants Commission has not yet recommended the amounts of the special grants for payment to Queensland, South Australia and Tasmania in 1973-74.
- (b) Based on preliminary estimates of the percentage increase in average wages in the year ending March 1974 and of the percentage increase in each State's population in the year ending December 1973.
- (c) Comprising \$25 million to be divided in proportion to the financial assistance grants and a further \$3 million for Western Australia resulting from retention of the additional grant of \$6.5 million paid in 1972-73.
- (d) To be increased by the amount to be determined in the discussions between the Australian and Western Australian Governments.

Loan Council Programs

The program for the States and their larger authorities agreed for 1973-74 and approved by the Loan Council are as follows:-

	<u>Loan Council Programs 1973-74</u>				<u>Total</u> \$ million
	<u>State Governments</u>			<u>"Larger"</u> <u>Authorities(a)</u>	
	<u>Grants</u>	<u>Borrowings</u>	<u>Total</u>		
	\$ million	\$ million	\$ million	\$ million	\$ million
N.S.W.	86.6	183.1	269.7	199.9	469.6
Vic.	70.8	149.7	220.5	182.7	403.2
Qld.	37.0	78.2	115.2	104.6	219.8
S.A.	37.6	79.6	117.2	27.1	144.3
W.A.	25.8	54.6	80.4	33.2	113.6
Tas.	20.5	43.5	64.0	16.5	80.5
<u>Total</u>	<u>278.3</u>	<u>588.7</u>	<u>867.0</u>	<u>564.0</u>	<u>1,431.0</u>

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

NOTE: The State Governmental programs, as explained above, exclude welfare housing advances and are net of offsets for tertiary education.

EXPLANATORY NOTES

PREMIERS' CONFERENCE
28, 29 June 1973

FUNDS AVAILABLE TO THE STATES IN 1973-74

The following tables supplement the information provided in the Prime Minister's press statement.

SUMMARY OF FUNDS TO BE MADE AVAILABLE TO THE SIX STATES
IN 1973-74 AND COMPARISONS WITH 1972-73

NOTE: This table does not include special grants paid on the recommendation of the Grants Commission. Nor does it include specific purpose payments to the States (other than advances for housing). The amounts shown do not, therefore, represent the total of funds to be made available to the States in 1973-74.

	<u>1972-73</u> <u>Actual</u>	<u>1973-74</u> <u>Estimates</u> <u>of</u> <u>Programmes</u>	<u>Percentage</u> <u>Increase</u>
	.\$ million	.\$ million	%
1. Financial Assistance Grants Under Existing Legislation, but after making "offsets" on account of tertiary education in 1973-74(a)	1,647.3	1,785.2(b)	8.4
2. Special Loan to New South Wales	15.0	-	-
3. <u>Plus</u> Additional Assistance Agreed at Premiers' Conference	-	28.0	
4. TOTAL (1), (2), (3)	<u>1,662.3</u>	<u>1,813.2(b)</u>	<u>9.1</u>
5. States' Loan Council Programmes	982.0	867.0 (b)	
6. Housing Advances	6.6(c)	218.7	
7. "Larger" Authorities Borrowing Programme	<u>512.5</u>	<u>564.0</u>	<u>10.1</u>
8. Total (5), (6) and (7)	<u>1,501.1</u>	<u>1,649.7 (b)</u>	<u>9.9</u>
9. GRAND TOTAL (4) and (8)	<u>3,163.4</u>	<u>3,462.9 (b)</u>	<u>9.5</u>
<u>Add</u> Transfer of financing of Tertiary Education Expenditure to the Australian Government as from 1/1/1974	-	144.6	
	<u>3,163.4</u>	<u>3,607.5</u>	<u>14.0</u>

(a) The 1973-74 estimates of the financial assistance grants are preliminary only. In addition to the financial assistance grants Queensland, South Australia and Tasmania received in 1972-73 and will receive in 1973-74 special grants on the recommendation of the Grants Commission.

(b) After making offsets on account of tertiary education.

(c) Advances for emergency housing agreed to by the Government earlier this year.

3

GENERAL REVENUE PAYMENTS TO THE STATES EXCLUDING
SPECIAL GRANTS (a)

Note: For reasons set out in footnote (c) the percentage increase in "Total Payments" would not represent the effective increase in general revenue assistance available to the States in 1973-74. This is represented by the percentage increase after adding the additional assistance and before deducting the tertiary education offsets.

	<u>1972-73</u> <u>Actual</u> <u>\$ million</u>	<u>1973-74</u> <u>Estimates</u> <u>\$ million</u>	<u>Percentag</u> <u>Increase</u> <u>%</u>
Financial Assistance Grants Under Existing Legislation	1,647.3	1,897.0(b)	15.2
Special Loan to New South Wales	15.0	-	-
<u>Plus</u> Additional Assistance Agreed at Premiers' Conference	-	28.0	-
	<u>1,662.3</u>	<u>1,925.0</u>	<u>15.8</u>
<u>Less</u> Tertiary Education Offset	-	111.8	
TOTAL PAYMENTS	<u>1,662.3</u>	<u>1,813.2</u>	(c)

- (a) Special grants are supplementary general revenue assistance paid on the recommendation of the Grants Commission. The Grants Commission has not yet made its recommendation of amounts for payment in 1973-74. For that reason, these payments are not included in these tables.
- (b) Preliminary estimate.
- (c) The tertiary education offsets are equal to the estimated savings to the States as a result of the Australian Government's assumption of full responsibility for financing tertiary education as from 1 January 1974. That is to say, the arrangements will not result in a net effective reduction in the funds available to the States. For this reason the percentage increases in "Total Payments" are not shown in these tables. The effective increase in the general revenue payments is represented by the percentage increase after adding the additional assistance and before deducting the tertiary education offsets.

Loan Council Programmes - State Governments

NOTE: The following table is designed to enable the 1973-74 State Government Loan Council programme to be compared with the 1972-73 programme, taking into account the changed arrangements in respect of housing and tertiary education.

	<u>1972-73</u>	<u>1973-74</u>	<u>Percentage Increase</u>
	\$ million	\$ million	%
<u>Six States</u>			
Actual Programmes	982.0	867.0	
Adjustments to make figures comparable -			
(i) Allocations for Welfare Housing from within Programmes (a)	- 166.9	-	
(ii) Tertiary Education Offsets (b)	-	+ 32.8	
"Adjusted Programmes"	<u>815.1</u>	<u>899.8</u>	<u>10.4</u>

(a) In 1973-74 advances to the States for welfare housing will be made outside the Loan Council programmes.

(b) The 1973-74 Loan Council programmes have been reduced by the estimated savings in State capital expenditures resulting from the Australian Government's assumption of full responsibility for financing tertiary education from 1 January 1974.

The programmes approved for larger State authorities, with comparisons with the 1972-73 programmes, are shown in the following table.

BORROWING PROGRAMMES FOR LARGER AUTHORITIES

	<u>1972-73 Borrowings</u>			<u>1973-74 Proposed</u>				<u>Percentage Increase</u> <u>1973-74 Total</u> <u>Over</u> <u>1972-73 Total</u>
	<u>Basic Programmes(a)</u>	<u>Temporary Allocations</u>	<u>Total</u>	<u>Basic Programmes (d)</u>	<u>Permanent Addition</u>	<u>Temporary Allocations</u>	<u>Total</u>	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
N.S.W.	175,485(b)	-	175,485	189,949	10,000	-	199,949	13.9
Vic.	168,776	-	168,776	182,687	-	-	182,687	8.2
Qld.	93,822	-(c)	93,822	101,555	-	3,000(c)	104,555	11.4
S.A.	25,065	-	25,065	27,131	-	-	27,131	8.2
W.A.	25,159	9,000	34,159	27,233	-	6,000(e)	33,233	-2.7
Tas.	15,193	-	15,193	16,445	-	-	16,445	8.2
<u>TOTAL</u>	<u>503,500</u>	<u>9,000</u>	<u>512,500</u>	<u>545,000</u>	<u>10,000</u>	<u>9,000</u>	<u>564,000</u>	<u>10.1</u>

(a) Including additional programmes approved in March 1973.

(b) Including permanent addition of \$10 million.

(c) At its June 1972 meeting the Loan Council approved a special allocation of \$3 million for Queensland in 1972-73, for the purpose of financing certain works associated with beach erosion on the Gold Coast. The borrowing approval was not taken up by the State in 1972-73 and has been deferred until 1973-74.

(d) The distribution between the States is based on the distribution of the 1972-73 basic programme.

(e) The temporary addition of \$9 million for which Western Australia was "due" under arrangements originally discussed at the June 1970 Premiers' Conference/Loan Council meeting and as since revised, has been reduced to \$6 million under arrangements agreed at this meeting, which also involve additions to the State's revenue grants.