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EMBARGO: 3.00 P.M.
SATURDAY 3.8.74

SPEECH BY THE PRIME MINISTER,
THE HON. E.G. WHITLAM, Q.C., M.P.,
AT THE OPENING OF THE NEW LITHGOW CITY COUNCIL ADMINISTRATION BLOCK,
LITHGOW,
SATURDAY 3 AUGUST 1974

AUGUST 1974 WILL PROVE AN IMPORTANT MONTH FOR LOCAL GOVERNMENT IN LITHGOW AND THROUGHOUT THE NATION. FOR LITHGOW, IT WILL MEAN THE ACQUISITION OF MODERN OFFICES FROM WHICH THE COUNCIL CAN ADMINISTER THE AFFAIRS OF THE CITY. THIS HAS RESULTED ENTIRELY FROM THE EFFORTS OF THE COUNCIL WHICH RAISED THE \$440,000 NECESSARY FOR THE COMPLETION OF WHAT IT ENVISAGES AS THE FIRST OF THREE PARTS OF A CIVIC CENTRE FOR LITHGOW.

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THE IMPORTANCE OF THIS MONTH FOR MUNICIPAL AND SHIRE COUNCILS THROUGHOUT THE COUNTRY IS THAT IT WILL SEE BROUGHT TO FRUITION ONE OF THE MOST IMPORTANT ADVANCES IN THE HISTORY OF AUSTRALIAN LOCAL GOVERNMENT. IN THE NEXT WEEK OR SO THE AUSTRALIAN GOVERNMENT WILL RECEIVE THE FIRST REPORT OF THE GRANTS COMMISSION ON APPLICATIONS BY LOCAL GOVERNMENT AUTHORITIES FOR FINANCIAL ASSISTANCE FROM THE AUSTRALIAN GOVERNMENT. LATER IN THE MONTH THE CABINET WILL HAVE THIS REPORT BY AN INDEPENDENT AND NON-POLITICAL BODY TO GUIDE IT AS IT DRAFTS THE BUDGET. WHEN THE BUDGET ITSELF IS BROUGHT DOWN NEXT MONTH IT WILL CONTAIN FOR THE FIRST TIME GRANTS TO LOCAL GOVERNMENT DESIGNED TO OVERCOME INEQUALITIES BETWEEN DIFFERENT REGIONS IN AUSTRALIA.

THIS PROCESS REPRESENTS A MAJOR BREAKTHROUGH FOR LOCAL GOVERNMENT. IT RESULTS FROM LEGISLATION INTRODUCED BY THE GOVERNMENT LAST YEAR TO EXPAND THE FUNCTIONS OF THE GRANTS COMMISSION. THE COMMISSION WAS ESTABLISHED IN 1933 TO PROVIDE RECOMMENDATIONS FOR SPECIAL GRANTS TO BE PAID TO CLAIMANT STATES UNDER SECTION 96 OF THE CONSTITUTION. AT VARIOUS TIMES IN THE PAST 41 YEARS THESE STATES HAVE INCLUDED QUEENSLAND, SOUTH AUSTRALIA, WESTERN AUSTRALIA AND TASMANIA. THE BASIS OF MAKING SUCH GRANTS HAS BEEN THE RECOGNITION THAT AT VARIOUS TIMES SOME STATES HAVE BEEN LESS ADVANTAGED THAN OTHERS, BOTH IN TERMS OF FINANCE AND SERVICES. THE COMMISSION HAS SERVED THE PURPOSE OF HELPING TO REDUCE SUCH INEQUALITIES BETWEEN STATES.

WITH THE PASSAGE OF THE NEW GRANTS COMMISSION ACT LAST YEAR, THE GOVERNMENT HAS NOW EMPOWERED THE COMMISSION TO EXAMINE NOT JUST THE INEQUALITIES BETWEEN THE STATES BUT ALSO THE INEQUALITIES THAT EXIST BETWEEN REGIONS IN THE ONE STATE. THIS RECOGNISES THAT, WHILE A PARTICULAR STATE OVERALL MAY BE IN A HEALTHY FINANCIAL POSITION, THERE MAY BE AREAS WITHIN IT THAT LACK ADEQUATE SERVICES AND FACILITIES. THE LOCAL COUNCILS IN SUCH A REGION MAY LACK THE FINANCIAL RESOURCES TO OVERCOME THOSE DEFICIENCIES AND EVEN THE STATE GOVERNMENT MAY NOT BE ABLE TO PROVIDE ADEQUATE HELP. IN FACT IT IS QUITE OBVIOUS THAT IF THE DISABILITIES OF SOME AREAS OF AUSTRALIA ARE TO BE OVERCOME THE NATIONAL GOVERNMENT MUST PROVIDE SPECIAL GRANTS. THAT WAS THE PRINCIPLE GUIDING THE GRANTS COMMISSION WHEN IT BEGAN HEARING APPLICATIONS FOR SUPPORT FROM REGIONAL GROUPINGS OF COUNCILS THROUGHOUT AUSTRALIA EARLY THIS YEAR.

SUCH ASSISTANCE IS LONG OVERDUE IN AUSTRALIA. TOO MUCH OF THE PROVISION OF ESSENTIAL SERVICES IN THIS COUNTRY HAS BEEN LEFT TO LOCAL GOVERNMENT. NEITHER THE AUSTRALIAN NOR STATE GOVERNMENTS IN THE PAST HAVE BEEN PREPARED TO HELP LOCAL GOVERNMENT TO PROVIDE THOSE SERVICES. LOCAL GOVERNMENT HAS INDEED BEEN NEGLECTED AND DOWNGRADED SINCE THE VERY BEGINNINGS OF OUR FEDERATION.

THE FRAMERS OF OUR CONSTITUTION DID NOT EVEN BOTHER TO MENTION LOCAL GOVERNMENT AT ALL. AS LATE AS 1927, WHEN THE FINANCIAL AGREEMENT BETWEEN THE COMMONWEALTH AND THE STATES WAS DRAWN UP, LOCAL GOVERNMENT WAS STILL IGNORED. IT WAS NOT UNTIL 1936 THAT THE LOAN COUNCIL BEGAN DEALING WITH THE BORROWINGS OF LOCAL GOVERNMENT AUTHORITIES. YET IN ALL THAT TIME THE SCALE OF OPERATIONS OF LOCAL AND SEMI-GOVERNMENT AUTHORITIES HAS GROWN MARKEDLY. THE GROWTH HAS BEEN PARTICULARLY GREAT SINCE THE WAR. THIS IS IMMEDIATELY OBVIOUS IF WE LOOK AT THE FIGURES OF COMPARATIVE DEBTS. THE INDEBTEDNESS OF THE COMMONWEALTH HAS NOT GROWN SINCE THE WAR. BUT THE DEBTS OF LOCAL GOVERNMENT AND SEMI-GOVERNMENT AUTHORITIES HAVE MULTIPLIED MORE THAN 12 TIMES. LOCAL GOVERNMENT AUTHORITIES ARE NOW BORROWING MORE EACH YEAR THAN THE TOTAL AMOUNT OF THEIR OUTSTANDING DEBT ONLY 20 YEARS OR SO AGO.

THE COSTS OF SERVICING THEIR BORROWINGS BEAR HEAVILY ON THE BUDGETS OF LOCAL GOVERNMENT AUTHORITIES. OVERALL INTEREST PAYMENTS BY THE AUTHORITIES WOULD NOW BE EQUIVALENT TO ABOUT 12% OF THEIR REVENUES. INTEREST PAYMENTS PLUS CAPITAL REPAYMENTS AMOUNTED TO \$177.5 MILLION IN 1970/71, EQUIVALENT TO ABOUT 25% OF THEIR REVENUES.

IF WE NEED FURTHER EVIDENCE OF THE FINANCIAL PLIGHT OF LOCAL GOVERNMENT WE NEED ONLY LOOK AT THE RECENT REPORT OF THE COMMITTEE OF INQUIRY INTO LOCAL GOVERNMENT AREAS AND ADMINISTRATION IN NEW SOUTH WALES, KNOWN AS THE BARNETT REPORT. THE COMMITTEE POINTED OUT THAT LOCAL GOVERNMENT'S SHARE OF TOTAL GOVERNMENT EXPENDITURES HAS BEEN SHRINKING STEADILY IN AUSTRALIA. IN 1969/70 IT REPRESENTED 7.4% OF TOTAL GOVERNMENT EXPENDITURE IN AUSTRALIA, COMPARED WITH 21.6% IN CANADA, 25.4% IN THE UNITED STATES AND 34.6% IN GREAT BRITAIN (WHERE, IT MUST BE ADMITTED, THERE ARE NO STATE GOVERNMENTS).

YET, WHILE THE FINANCIAL PLIGHT OF LOCAL GOVERNMENT HAS WORSENERED, WE LOOK TO IT INCREASINGLY TO MEET SO MANY OF OUR COMMUNITY NEEDS. INDEED THERE HAS BEEN A QUITE NATURAL AND PREDICTABLE ACCELERATION IN THE DEMANDS MADE BY THE COMMUNITY ON LOCAL GOVERNMENT. WE LOOK TO LOCAL GOVERNMENT TO PROVIDE ROADS, SEWERAGE, RECREATION FACILITIES, HEALTH SERVICES AND PLANNING. IN MORE RECENT YEARS WE HAVE EXPECTED IT TO EXPAND INTO SUCH AREAS AS HEALTH SERVICES AND CHILD CARE CENTRES. THE BARNETT REPORT POINTED OUT THAT, IN THE VIEW OF MOST SHIRE COUNCILS IN NEW SOUTH WALES, "THEIR AREAS COULD NOT SURVIVE WITHOUT A CONTINUANCE OF LARGE CENTRAL GOVERNMENT GRANTS AND, WITHOUT EXCEPTION, COUNCILS BELIEVED THE AUSTRALIAN GOVERNMENT'S INVOLVEMENT IN FINANCING LOCAL GOVERNMENT WAS ESSENTIAL."

THE PRESENT AUSTRALIAN GOVERNMENT SHARES THAT BELIEF AND HAS TRIED TO PUT IT INTO PRACTICE IN THE LAST 20 MONTHS. OUR EXPANSION OF THE FUNCTIONS OF THE GRANTS COMMISSION IS A MAJOR EXAMPLE OF THIS. WE HAVE ALSO UPGRADED THE LEVEL OF AUSTRALIAN GOVERNMENT ASSISTANCE TO LOCAL GOVERNMENT IN SUCH AREAS AS ABORIGINAL ADVANCEMENT, AGED PERSONS HOUSING, SOCIAL SERVICES, SEWERAGE AND RECREATION.

UNFORTUNATELY WE HAVE NOT BEEN ABLE TO ACHIEVE ALL THAT WE WANTED. LAST YEAR I TWICE ASKED THE STATE PREMIERS TO GIVE LOCAL GOVERNMENT A VOICE AND A VOTE ON THE LOAN COUNCIL. I FIRST MADE THE REQUEST AT THE CONSTITUTIONAL CONVENTION IN SYDNEY IN SEPTEMBER. I TOLD THE CONVENTION:

"I HAVE NO DOUBT THAT THE OVERRIDING CONSIDERATION IN MANY MINDS HERE RELATES TO THE FINANCIAL RELATIONS BETWEEN THE AUSTRALIAN GOVERNMENT AND THE STATES. SOME OF YOU MAY PREFER TO BELIEVE THAT THE OVERRIDING CONSIDERATION IN MY MIND IS TO CONTINUE AND EVEN COMPOUND THE PRESENT SITUATION BY WHICH THE NATIONAL GOVERNMENT DOMINATES THE FINANCIAL RELATIONS BETWEEN IT AND THE STATES. THAT'S NOT TRUE. MY OVERRIDING CONSIDERATION AND CONCERN IN THIS CONTEXT IS TO BALANCE THE FUNCTIONS AND FINANCES OF THE AUSTRALIAN GOVERNMENT, STATE AND LOCAL GOVERNMENTS TO ENSURE ADEQUATE SERVICES AND DEVELOPMENTS OF RESOURCES.

I WISH EACH LEVEL OF GOVERNMENT TO BE IN A POSITION TO PERFORM BETTER ITS ASSIGNED FUNCTIONS, FOR THE BETTER WELFARE OF ALL OUR CITIZENS, WHEREVER THEY LIVE."

THE PREMIERS REJECTED MY PROPOSAL. IT WAS FOR THIS REASON THAT THE GOVERNMENT TOOK THE QUESTION TO REFERENDUM IN MAY THIS YEAR. WE SOUGHT THE APPROVAL OF THE AUSTRALIAN PEOPLE FOR AN AMENDMENT TO THE CONSTITUTION TO ALLOW THE AUSTRALIAN GOVERNMENT TO MAKE GRANTS DIRECT TO LOCAL COUNCILS AND TO BORROW MONEY ON THEIR BEHALF. NO GOVERNMENT HAS EVER FOUND IT EASY TO WIN A REFERENDUM; NEVERTHELESS THIS REFERENDUM WAS CARRIED IN NEW SOUTH WALES AND ALMOST CARRIED IN VICTORIA AND WAS SUPPORTED BY 46.8 PER CENT OF THE ELECTORS IN ALL STATES.

THIS DEFEAT WILL MAKE IT HARDER FOR US TO PURSUE OUR OBJECTIVES OF UPGRADING LOCAL GOVERNMENT AND IMPROVING ITS FINANCIAL POSITION. WE WILL HAVE TO CONTINUE TO LIVE WITH THE CUMBERSOME MACHINERY OF OLD. NEVERTHELESS OUR COMMITMENT TO LOCAL GOVERNMENT REMAINS. WE WANT TO SEE IT TAKE ITS PROPER PLACE IN OUR THREE-TIERED SYSTEM OF GOVERNMENT. WE WANT TO SEE THAT IT HAS THE FINANCIAL ABILITY TO MEET AS MANY OF THE DEMANDS THAT ARE MADE UPON IT AS POSSIBLE.
