



# PRIME MINISTER

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## PREMIERS' CONFERENCE

This Premiers' Conference established the basis for a completely new approach to federalism.

### Economic Situation

Following a comprehensive report by the Commonwealth Treasurer on the economic situation there was a full and frank discussion of the present difficult economic problems with emphasis on the vital importance of overcoming inflation, restoring confidence and achieving sound and sustained recovery in activity and employment.

### New Tax Sharing Arrangements

On the question of income tax sharing the States gave their preliminary reactions to the general principles which the Commonwealth had suggested might be followed and the discussion clarified the issues which are involved in a most useful way. The supplementary statement issued at the commencement of the Conference briefly outlined the proposed general principles.

All States have agreed to participate in work to develop the matter further. The States will set down in more detail their views on the matters raised and to facilitate further consideration of the proposed arrangements at a subsequent Conference, a working group of Commonwealth and State Treasury officers will be established to examine certain technical issues.

### Assistance for Local Government

The Commonwealth's proposals for a new system of assistance for local government to commence in 1976-77 were welcomed by the Premiers.

In essence, under the new system local government will have access to funds on a continuing and guaranteed basis.

The funds are intended for two purposes - a per capita grant to all local government bodies, and an equalisation or topping up grant.

The Premiers have agreed to write setting out any comments they might have on questions of detail which were raised.

They will be consulting local government in the process of formulating their comments.

The Grants Commission will continue its current inquiries into certain aspects of local government finances. The Commission will advise on the distribution of funds as between the States for local government in 1976-77.

Under the proposed new arrangements, it will not now be recommending on amounts of assistance for individual councils, but the information it is assembling will be used in the future arrangements.

The amount of assistance to be provided to local government in 1976-77 under the proposed new arrangements will be determined by the Commonwealth as early as practicable in the light of general budgetary considerations.

Legislation to amend the Grants Commission Act to accord with these arrangements will be introduced in the coming Parliamentary session.

#### Road Grants

It was agreed that road grants of \$64 million provided in the Commonwealth's 1975-76 budget as a supplement to the amount payable under existing legislation will be paid by the Commonwealth to the States, but that \$20 million of this amount will be held over over for payment in 1976-77.

The Commonwealth expressed the strong view that a high proportion of these additional grants should be directed to local governments which have been hard hit by the cut back in the road programme inherited

from the previous government.

Wages

The Premiers agreed there would be advantages in regular meetings of Commonwealth and State Wage Fixing Tribunals which were recognised will be a matter for them to determine. They also agreed that the Public Service Boards of the Commonwealth and State Governments could maintain regular contact.

Council for Inter-governmental Relations

Senator Carrick as Minister Assisting me on Federal Affairs will have further discussions with State Ministers on the early establishment on a new advisory body - the Council for Inter-governmental Relations.

National Energy Council

As a result of the initiative of the Victorian Premier a new forum, the National Energy Council, will be established to discuss major energy issues of national significance. It will consist of Federal and State Ministers.

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