



PRIME MINISTER

FOR PRESS

9 May 1976

ELECTORAL TALK

I want to talk with you today about the Government's federalism reforms as they specifically apply to local government..

The Liberal and National Country Parties believe in the basic right of people to seek their own goals in life, with the Government providing the legal framework and other conditions that make this possible.

The Labor Party tried to take Australia rapidly down the road to a centralist, tightly regulated, bureaucratic state, built on ever-rising taxes and a growing dominance of government over people.

Our task is to effectively demonstrate that there is a realistic alternative.

We can have a country where government decisions are made as close as possible to the people affected. We can have imaginative yet sound and responsible government at the grass roots.

Unfortunately local government in Australia has been for too long regarded as the poor third cousin of our three-tiered system of government. It has not deserved this status.

It was against this background that the Liberal National Country Party Federal Government shaped an important part of its federalism policy.

These policies - the most far reaching reforms ever proposed in the decentralisation of government power in Australia - have been acclaimed by State Premiers and at the highest levels of local government.

Federalism is not just a structural concept. It is not just about distribution of taxpayers money. It is a cornerstone of Liberal philosophy.

Let there be no doubt that I and my government regard federalism as a guarantee of political and individual freedom. By its very nature, federalism will prevent the dangerous concentration of power into the hands of a few. Federalism is a new deal and a better deal for the people.

It is gratifying that our federalism reforms have received strong support by both State and local government.

This week, the controlling body for local government throughout Australia - the Australian Council of Local Government Associations - came out and supported our initiatives.

In a comprehensive statement, the Council said:

"Local government is enthusiastic and receptive about the Commonwealth Government's concept of federalism; that is, a philosophy of cooperative government which included the interaction and operation of the three spheres of Federal, State and local government."

The Council accepted the revenue sharing proposals; applauded the proposal to set up an Advisory Council for Inter-Governmental Relations and agreed with our proposals to establish State Grants Commissions in those States that did not have them.

Included in its statement, the Council had some questions about specific parts of the reform. This included questions about the actual level of assistance that will come to local government in the next Budget.

As I outlined to the Parliament this week, the Grants Commission is now involved in the complex process of looking at the actual definition of local government. This is an important matter as definitions vary from State to State. We are clearly anxious that local municipalities are given fair and just consideration. That is the reason for this examination.

The Commission is also examining the breakup of funds between each State to be made available to local governments.

I am very much aware of the financial difficulties facing local government authorities. Although the implementation of the revenue-sharing proposals must be looked at in the light of our present economic situation, a firm decision has been taken that local government will participate in the new tax-sharing arrangements, from July 1 this year.

This assistance will be related to the yield of Commonwealth personal income tax. The total level of assistance which local government might expect to receive, under these new arrangements will be announced as soon as possible.

Under our reforms local government will be better off. Like the States local government will have access to a guaranteed percentage of income tax. Because income tax is a growth tax local government will be in a position to respond to the new and growing demands made on it.

Local government will be able to plan its programmes and services knowing it has a guaranteed growth in income.

Meantime, a working party of officials from the State and the Commonwealth has been set up to work out what matters should be taken into account when allocating funds within the States. This again is a complex and important consideration and great care is being taken to make sure that all local municipalities are fairly treated.

Within each State, a certain proportion of funds will be made available to all local governments on a per capita basis which could be weighted for other dissabilities such as area and distance. The remaining part will be made available on a needs basis by State Grant Commissions.

After the last successful Premier's Conference, all Premiers agreed to establish these State Grants Commissions in those States that do not already have them.

We believe that each sphere of government should make decisions on matters appropriate to that sphere. Matters of proper concern to more than one sphere should be decided through a process of genuine consultation and cooperation.

For the federalism reform to work to the benefit of all Australians it is important that all State Grants Commissions are established as soon as possible, so they can make their own investigations about specific local needs.

After years in the wilderness, local government in Australia now has a chance to be treated - and to operate - as a highly responsible element of the system of government in Australia.

We all have much to learn about the process of government. It is quite certain, however, that local governments have much to contribute to enhance our system of government.