



PRIME MINISTER

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ADDRESS TO AUSTRALIAN COUNCIL OF LOCAL GOVERNMENT ASSOCIATIONS

I particularly welcomed your invitation to speak to you today as it provides me with the opportunity to congratulate you on the way in which local government in all States is adapting so well to the changing needs and demands of our society. This occasion also provides me the opportunity briefly to speak of the increasingly important role of local government in our Federal system.

The advantages of a properly functioning Federal system to a country as large and varied as Australia are many: diversity in government services to satisfy local preferences and needs; decentralisation of decision-making; greater proximity of administrators to the people they serve.

At the same time, the national Government retains sufficient powers to enable management of the economy, and to implement uniform policies for all Australians where social or economic factors so require.

Alongside the Commonwealth and the States local government is the third arm of Australian Federalism. It is only through active, efficient and sensitive government at the council or shire level that the full advantages of a decentralised, Federal system of government can be fully realised. Local government on the whole has been responding well to this challenge in the range of services offered, in the willingness of councils and shires to cooperate voluntarily on a regional basis to provide a particular service which is beyond the means of any one body, and in greater awareness of the need to protect our environment.

The capacity of local government to meet its responsibilities and provide expanded services has been greatly assisted by the new tax sharing arrangement introduced by my government. General revenue assistance to local government in 1976/77 was 75 percent higher than the previous year, and this year, funds have increased a further 18 percent to over \$165 million. All these funds are of course untied, with no strings or conditions.

In addition, we have sharply increased funds for local government roads, particularly in rural areas. In 1976/77, \$109 million in Commonwealth funds were allocated for rural roads. This year, an additional \$52 million has been provided, raising the total to \$161 million.

It is because of our commitment to a strong Federal system - in which local government forms an integral and essential part - that we have sharply increased funds to local government, even though the last two years have necessarily required great restraint in government expenditure.

One pleasing result of these policies has been the increased capacity of local government to hold back rate increases. Initial estimates by the Bureau of Statistics show that in 1976/77 average rate increases have been sharply reduced. For example, in Victoria, in the three financial years from 1973/74, to 1975/76, rates rose by an average of 20 percent, 30 percent and 19 percent respectively. In 1976/77 the average increase in rates was contained to 10.2 percent.

Similar financial benefits have been received by each of the States as the recent State budgets so clearly show: no State has budgeted for a substantial deficit; all states have introduced some new programmes or extended existing programmes; and every state, without exception, has provided substantial tax concessions.

I am aware of representations which have been made for an increase in local government's percentage tax share, the present entitlement of 1.52 percent of the previous year's income tax collections is not an immutable figure. But on the whole local government has been treated generously in the last two years, and it should not be forgotten that, as the economy strengthens, the value of the present entitlement will rise significantly.

Our Federalism policies have not only increased the financial strength of local government. The status and recognition of local government as an integral part of our Federal system has also been enhanced, principally through local government representation on the Advisory Council for Inter-Government Relations which met for the first time in June.

Local government, through the Premiers' Conference, has the opportunity to suggest subjects to be referred to the Advisory Council, and the Advisory Council reports directly to this Council as well as to the Commonwealth and each State.

We see the Advisory Council as making a most valuable contribution in improving coordination and cooperation between the three spheres of government. One of the first references to be considered by the Advisory Council - an examination of the relationships which should exist between Federal, State and local governments - should be of considerable interest to all of you here. In its first annual report, the Advisory Council comments that it acts "as a kind of continuing committee of inquiry into problems of Australian Federalism". That strikes me as a very apt description.

The Government is determined: to strengthen our Federal system of government, and the increased financial responsibility of the States and local government is a major step in achieving this goal. The interests of local government will never be overlooked by my government.

Mr Chairman, I have great pleasure in opening this annual conference of the Australian Council of Local Government Associations.
