



PRIME MINISTER

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LOAN COUNCIL BORROWING ARRANGEMENTS

The Prime Minister today announced that he had written to State Premiers signifying that the Commonwealth would be prepared to agree to adoption by the Australian Loan Council of proposed new guidelines for the Council's consideration of proposals for special additions to the semi-government borrowing programs approved by it, and for overseas borrowings by statutory authorities.

It was agreed at the Premiers' Conference on 21 October 1977 that Commonwealth and State officials should prepare a report on appropriate guidelines for the Loan Council in these areas. At that Conference, the Prime Minister had made it clear that the Commonwealth would be prepared to see a more flexible approach as regards requirements for the financing of necessary infrastructure investment in the States. The report from officers had been received and had been under examination by Governments.

The proposed new arrangements, while recognising the Commonwealth's overriding responsibility in matters of national economic management, would allow special additions to Loan Council programs where the proposed extra borrowings were necessary to finance development-related infrastructure normally provided by the public sector and which could not be accommodated within the existing Loan Council program. The new arrangements would also permit appropriate access to overseas financial markets by local and semi-government authorities and by marketing authorities wishing to fund stocks held abroad.

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The Prime Minister noted that further processes within the Loan Council would be required before the proposed new guidelines could be brought into effect.

Mr Fraser noted that the proposed changes recognise that adequate infrastructure investment is essential to ensure that development proceeds in Australia and that much of this infrastructure has to be provided by government authorities. By agreeing to new arrangements, the Commonwealth is giving further evidence of its commitment to facilitate projects of significance to the economic development of Australia. To this end, it was clear that domestic sources of finance should be augmented as necessary by recourse to overseas markets. Mr Fraser said that this action by his Government was a further tangible demonstration of its desire to co-operate with the States in developing new Federalism.

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