



PRIME MINISTER

FOR MEDIA

WEDNESDAY, 6 AUGUST, 1980

COMMONWEALTH ASSISTANCE TO LOCAL GOVERNMENT

Following implementation of the Government's undertaking to increase to 2% the percentage allocation of personal income tax collections to local government, local authorities will this year receive a massive 35.65% increase in general revenue assistance.

Premiers have been advised that \$300.79 million will be made available to the States for passing to local government authorities as general revenue assistance in 1980-81 under arrangements provided by the Commonwealth in the Local Government (Personal Income Tax Sharing) Act 1976.

The amounts to be paid to each State in 1980-81, together with the corresponding amounts for 1979-80 are:

Local Government Tax Sharing Entitlements

	<u>1979-80</u>	<u>1980-81</u>
	\$m	\$m
New South Wales	80.93	109.78
Victoria	56.44	76.55
Queensland	37.39	50.71
South Australia	19.07	25.87
Western Australia	20.82	28.24
Tasmania	7.09	9.62
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Total (rounded)	221.74	300.79
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The funds provided to the States under these arrangements are allocated to individual local government authorities by the States. Under general guidelines provided in the Commonwealth legislation, at least 30% of the funds are to be distributed to all Councils on a per capita basis, which may be weighted for area or population density, with the balance being allocated on a needs basis which is the subject of prior inquiry and report by the individual State Grants Commissions.

The funds will be made available to the States for payment to each local government authority as soon as possible after the States Grants Commissions have completed their assessments and the Minister Assisting the Prime Minister in Federal Affairs has been notified that the proposed distribution is in accordance with the legislation.

General revenue assistance to local government has increased from \$80 million under the previous Labor Government to \$140 million in 1976-77, \$165 million in 1977-78, \$179.4 million in 1978-79, \$221.74 million in 1979-80 and \$300.79 million for 1980-81. As a result, local government will have received over \$1,000 million in untied grants in the five years of the tax sharing arrangements.

In addition to the funds provided to the States, the Commonwealth has made provision, under the Memorandum of Understanding between the Commonwealth and the Northern Territory, for an amount of \$1.440 million to be made available in 1980-81 to the Northern Territory Government for on-forwarding to the local government authorities in the Territory (\$1.062 million in 1979-80).

The Commonwealth Government's tax sharing arrangements have thus provided a very substantial and rapidly growing source of funds to local government bodies throughout the country. Just as importantly, the funds are provided without strings - giving local governments the freedom, and the responsibility, to determine their own expenditure priorities.