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PRIME MINISTER

FOR MEDIA

THURSDAY, MAY 7 1981

TELEX TO THE PREMIER OF SOUTH AUSTRALIA

The Prime Minister has sent the following telex to the Premier of South Australia, Dr Tonkin, with copies to all other Premiers and the Chief Minister for the Northern Territory:

"My dear Premier,

I refer to your telex today relating to the public discussion in the last 48 hours on the outcome of the Premiers' Conference last Monday.

I believe that there has been significant misunderstanding of these matters.

It should be plainly understood that the precise terms of the Cabinet authority the Treasurer and I took to the Premiers' Conference was that the Commonwealth's final decision should be determined at the Conference subject to the firm proviso that the amount to be offered the States should not exceed real terms plus an amount to cover absorption of certain items.

The authority did not, as has been incorrectly stated or implied, constitute a decision or direction by the Cabinet that the States should receive real terms plus the absorption amount.

In these circumstances claims that the States have been deprived of an additional amount to which they were entitled are quite incorrect.

As I have said in the Parliament today, the Commonwealth representatives at last Monday's Premiers' Conference were operating within negotiating guidelines. There is nothing new at all in that. Indeed, I suggest that the States would have been greatly offended if the Commonwealth were to come to such a meeting with a fixed position.

It was left to the Treasurer and me, and our colleague Ministers at the Conference, to settle the final Commonwealth position in the light of the arguments put to us by Premiers and our current assessment of the limit to which the Commonwealth should go.

Again this is a normal procedure and the Commonwealth representatives treated this responsibility with great seriousness and took fully into account the arguments put forward by the Premiers at the meeting.

The Commonwealth's final decision as conveyed to the Premiers at the end of the meeting on Monday last is not negotiable further. There is no question of providing additional amounts as you suggest in your message.

The fullest possible trust and understanding between the Commonwealth and the State Governments is of the greatest importance, and will continue to be my objective and that of the Commonwealth Government.

In the circumstances I do not accept that there is a need for a special meeting of Heads of Government as your propose.

Yours sincerely,

Malcolm Fraser"

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