

My dear Premier,

Thank you for your recent advice concerning those employment related projects in your State which you would wish to see funded from the Commonwealth's Wage Pause Program.

As you know, the Commonwealth has appropriated \$300 million, corresponding to its anticipated savings under the Wage Pause Program, for expenditure to generate and maintain employment in Australia. Of this amount the allocation of a total of \$100 million for a welfare housing element of the Program was announced in December.

The Commonwealth has decided that the remaining \$200 million should be allocated between the States and the Territories under two additional elements of the Program. \$100 million will be provided for assistance to the young unemployed and \$100 million to assist older unemployed and others disadvantaged in the labour market.

The youth element of the Wage Pause Program will provide assistance to unemployed young people by offering them an opportunity to work on worthwhile community projects rather than being unemployed.

The other element will be aimed particularly to assist the older unemployed and others who are disadvantaged in the labour market. This group will also, of course, benefit to a greater extent than the young from the \$100 million welfare housing element that has already been allocated under the Wage Pause Program.

Proposed guidelines for both the new elements of the Program are attached. It is intended that State and Territory initiatives for employment generation and to assist youth would be considered for support under the umbrella of the Wage Pause Program.

The type of projects you nominated in December are generally acceptable to the Commonwealth and, provided they satisfy the conditions of the Special Employment-related Programs Act, would seem appropriate for funding under the Wage Pause Program.

The Commonwealth has decided to allocate the remaining funds between the States and the Territories on the basis of the recently released population statistics. On this basis, each \$100 million would be allocated as follows:

	<u>\$ million</u>
New South Wales	34.96
Victoria	26.33
Queensland	15.95
South Australia	8.77
Western Australia	8.79
Tasmania	2.83
Northern Territory	0.84
Australian Capital Territory	1.52

We propose that a Commonwealth/State Ministerial Committee be established under the chairmanship of the Minister for Employment and Industrial Relations, the Hon. Ian Macphee, MP, to oversee the new elements of the Program. The Committee would meet as required so that experience with different projects could be shared by all with a view to supporting those initiatives which prove to be most effective.

The Commonwealth proposes that the Ministerial Committee meet in Canberra, preferably Wednesday next week, to finalise decisions on projects to be included in the new elements of the Wage Pause Program. It would, I think, be desirable for officials to meet beforehand. Funds from the Wage Pause Program will be made available immediately after Ministers have met and decisions are finalised.

In addition to the Minister for Employment and Industrial Relations, the Minister for Social Security, Senator the Hon. Fred Chaney, will also be present.

I should be grateful for your urgent response to these proposals and for your nomination of your Ministerial representative.

I hope that the Commonwealth's Wage Pause Program will receive your support. It is framed to provide flexibility for each State and Territory to mount projects directed at their own priority areas while maximising the benefits of available funds.

Yours sincerely

(Malcolm Fraser)