



PRIME MINISTER

13/94

STATEMENT BY THE PRIME MINISTER, THE HON P J KEATING, MP

SIGNING OF NEW FINANCIAL AGREEMENT

Heads of Government today signed the new Financial Agreement Between the Commonwealth, States and Territories.

Under the new agreement, the Australian Capital Territory and the Northern Territory become, for the first time, members of Loan Council and parties to the Financial Agreement, originally signed in 1927. Until now, participation by the Territories in Loan Council arrangements has been on an informal basis.

Obsolete provisions of the present Agreement, which prevented the States from borrowing in their own names in the capital markets, have been removed. The administration of the Agreement has been simplified and the requirement for Commonwealth and State borrowings to be approved under its provisions is removed.

Borrowings by the Commonwealth, States and Territories are subject to monitoring and reporting under new Loan Council arrangements introduced from 1993-94.

The new Agreement would become effective after the passage of complementary Commonwealth, State and Territory legislation.

**HOBART
25 FEBRUARY, 1994**