



Australian Government

Department of Transport and Regional Services

COPY

Secretary

Dr Ken Henry
Secretary
Department of the Treasury
Laughton Place
PARKES ACT 2600

Dear Dr Henry

As you are aware, the House of Representatives Standing Committee on Economics, Finance and Public Administration tabled its report *Rates and Taxes: A Fair share for Responsible Local Government* on 24 November 2003. The Report contains 18 recommendations, many of which touch upon issues of broad inter-governmental relations and specifically inter-governmental financial relations.

A response to the Report will require whole of government consideration.

My Department has established a small Task Force, headed by a SES Band 1 officer, to analyse the Committee's Report, assess options and provide advice for Government on a response to the Report. The process will include an assessment of the current relationship between the Australian Government and local government and alternative options. The work of the Task Force is expected to take about 5-6 months.

The Task Force will need to consult closely with central departments and other affected departments, but in light of the Report's emphasis on inter-governmental financial relations Minister Campbell has raised the possibility of a more direct involvement by Treasury in the Task Force. I would therefore appreciate your views about the possibility of seconding an appropriately experienced Treasury officer to the Local Government Task Force or other ideas for involving your staff in the exercise. The cost of any Treasury staff involved in the Task Force would still need to be met by your department. Minister Campbell has indicated that he will talk to the Treasurer about Treasury participation on the Task Force.

Once we have agreed on a broad approach for Treasury involvement in the Task Force our officers can discuss the details of any arrangement that may be required. If you require further clarification of the Task Force's work program the contact officer in my Department is John Doherty, ph. 6274 7889.

Ken Matthews
7 December 2003