

SECOND READING SPEECH BY THE PRIME MINISTER

(SIR ROBERT MENZIES)

HOUSE OF REPRESENTATIVES.

UNIVERSITIES (FINANCIAL ASSISTANCE) BILL 1963.

17. 10. 63

Introductory

This Bill and the States Grants (Universities) Bill, which will follow immediately, are related and for convenience and clarity my speech now will refer to both the Universities (Financial Assistance) Bill and the States Grants (Universities) Bill.

The report of the Australian Universities Commission covering the period 1961-66 and the consequent legislation now introduced into this House are stages in a procedure which has now become a well-established feature of the relationship between the Commonwealth Government on the one hand and the State Governments and State universities on the other.

Honourable members will recall that, having received the report of the Murray Committee in 1957, Parliament passed legislation by which grants were made to the States for their universities in the three years 1958-1960. Similarly, on receipt of the first report of the Universities Commission in 1960, Parliament agreed to legislation authorizing greatly increased grants to the States for their universities during the years 1961-63.

I have now tabled the Universities Commission's second report and am very pleased to introduce a Bill under which we will offer financial assistance to the States for their universities at a higher level than ever before.

Though the Commission is now a firmly-established statutory authority of the Commonwealth, it is worthwhile taking a little time to recall the terms of Section 14 of the Act which set it up. It reads:-

- "1. The Commission shall perform its functions with a view to promoting the balanced development of universities so that their resources can be used to the greatest possible advantage of Australia.
2. For the purpose of the performance of its functions, the Commission shall consult with universities and with the States upon the matters on which it is empowered to furnish information and advice. "

The Commission's responsibilities, therefore, are much broader and more significant for educational developments at the tertiary level than they would be were it merely a body charged with making financial recommendations in connection with the universities. From 1959 to 1962, Sir Leslie Martin, the full-time Chairman of the Commission, was assisted by four part-time Commissioners, but from June of the latter year two additional part-time Commissioners were appointed in recognition of the Commission's growing responsibilities and fields of interest. The present membership is -

Sir Leslie Martin  
 Professor N.S. Bayliss  
 Mr. K.B. Myer  
 Professor S. Sunderland  
 Professor A.D. Trendall  
 Dr. J. Vernon  
 Sir Kenneth Wills

To all of these gentlemen, we are greatly indebted for a most valuable report.

It follows from what I have said that the report is not merely a financial document. It has much to say of the educational problems confronting the universities. The Commission's conclusions on these are such that it attaches great importance to the outcome of the painstaking inquiry currently being undertaken into the future pattern of tertiary education by a committee of the Commission specially appointed for that purpose in 1961.

Although not a matter covered by the present Bill, there are recommendations in the report for development during the coming triennium at the Australian National University. As is customary with this institution, which is wholly a Commonwealth responsibility, decisions are reached during the annual debates on the Commonwealth budget. Nevertheless, I may say at this stage that, in general and subject to normal annual budgetary provision, my Government accepts the recommendations of the Commission for the Australian National University.

#### Some Major Features of the Report.

##### Students

It seems to me appropriate that I should refer first to the students. In general, the Commission finds that the 1964-66 triennium will bring still greater demands on the universities to provide more places for more students at both under-graduate and post-graduate levels. In the words of the report "an increasing proportion of secondary school students are staying on at school for the final year, and increasing numbers are going on to enrol at universities." If we consider the equivalent full-time enrolments at universities, that is if we make certain allowances for part-time and external students, the numbers are expected to rise from about 53,000 in 1963 to about 74,000 in 1966. This is an increase of 21,000 equivalent full-time students, or 40%, in three years.

##### Staff

More students require more staff. The Commission estimates that about 2,000 additional academic staff will be needed to cope with this increase if the present staff/student ratio is maintained. For comparison, it should be noted that between 1960 and 1963, the increase in equivalent full-time students was 11,000 and in equivalent full-time

staff 1,000. Demographic factors are such that some slackening in the rate of increase in student numbers is predicted from 1966 onward.

### Some Achievements

Despite the heavy pressures of student numbers on them and the difficulties they have met in recruiting sufficient qualified academic staff, the universities have been able to achieve much since the first effects of the Murray Report were felt in 1958. They have greatly improved their buildings and equipment and have been able to provide for almost all of the students seeking admission, including the enrolment of large numbers of overseas students - nearly 3,500 in 1962.

It will be noted with much satisfaction that graduation rates are significantly better nowadays than they were a few years ago. Of those who entered our universities in 1951, some 57% graduated; of those who entered in 1956, some 70% graduated. It will be remembered that enrolments have greatly increased over this period. Thus not only is our output of graduates increasing but the percentage of our young people who graduate is also rising.

Of great significance for future leadership in research and teaching is the fact that there were nearly five times as many higher degree students in 1962 as there were in 1953; and the universities expect this figure to double again by 1966.

### Matters for Anxiety

Points of considerable anxiety remain. The Commission has doubts whether the universities will find it practicable to recruit enough qualified academic staff for the coming triennium. The imposition of quotas has become a feature of the universities but the Commission reports that except for all faculties of medicine, other than that of Queensland, restrictions on entry have been significant only in the four universities in Sydney and Melbourne. In consequence, therefore, the Commission recommends additional grants in the 1964-66 triennium beyond those first contemplated to enable the University of New South Wales and Monash University to accept students who might otherwise have to be excluded. Provision is also recommended for greatly increased medical training facilities at the University of Melbourne and for the establishment during the triennium of a faculty of medicine at the University of Tasmania.

### Research

Conscious of the national need for greatly increased attention to research, particularly in the fields of science and technology, the Commission has recommended greatly increased expenditure on research and for the provision of computing facilities at universities.

### Student Residences

In order that students living outside the centres in which universities are situated should have a reasonable opportunity of taking advantage of the greatly increased

provision for university education, it is essential that greatly increased provision should be made for student residences. The Commission has therefore recommended expenditure for this purpose which should lift the proportion of the full-time student population in residence from about 14% at the end of 1963 to over 16% at the end of 1966.

#### Recurrent and Capital Expenditure

As always, of course, the main heads of expenditure at universities are those for recurrent items, such as salaries and minor items of equipment and so on, and capital development. Naturally, with rapidly growing student numbers and related staff growth, big increases in recurrent expenditure are inevitable. Further capital expenditure is also inevitable but it will be noted that if the residential component is excluded, the cost of buildings recommended by the Commission for 1964-66 will be not much more than the cost of those erected in the present triennium. The House will be interested to know that the Commission proposes no change in the relationship between Commonwealth and State contributions £ for £ on the capital side and £1 (Commonwealth) to £1.85 (State grants plus students' fees) for recurrent expenditure.

#### Report Necessarily Incomplete

Before giving the House a summary of the financial implications of the report, I should mention that in two respects it is incomplete. The introduction of Commonwealth assistance for teaching hospitals dates only from 1962. Since the completion of the investigation on which that assistance was made, the Commission has been fully engaged with its inquiries into the more firmly established pattern of assistance and has therefore postponed until next year its recommendations for assistance to teaching hospitals in the coming triennium. In the second place, the recommendations of the Commission are based on Commonwealth support to the States for recurrent expenditure using the same scale of academic salaries as was adopted from December, 1960. This was based on a standard professorial salary of £4250. This is a matter on which I shall have more to say in a few minutes.

#### Summary of Financial Recommendations

To summarise the financial implications for the Commonwealth of the Commission's recommendations for assistance to the States for their universities, I ask honourable members to note the following figures for 1964-66 and the comparisons with 1961-63; For general recurrent expenditure: £37.7 m. - an increase of about £12 m. over the provision in the present triennium; For buildings and furnishings, other than student residences: £15.7 m. - an increase of about £1 m.; For research and computers: £2.9 m. - an increase of £2.4 m.; For building and furnishing halls of residence and affiliated colleges: £3.4 m. - an increase of nearly £2 m.; For recurrent expenditure in the halls of residence and affiliated colleges: £700,000 - an increase of £200,000.

From the figures I have just given, it will be clear that acceptance of the Commission's present recommendations would require the Commonwealth to offer to the States over £60 m. for their universities during the coming triennium.

This is an increase of nearly £16 m. over the Commonwealth money provided during the present triennium. To attract this amount, the total of State grants and students' fees in all of the State universities would need to be over £90 m. - an increase of more than £25 m. on the corresponding amount for State grants and students' fees in the present triennium.

It is worth noting in this context that universities' income from students' fees over the coming triennium is expected to be nearly £20 m.

Commonwealth Government Decisions on the Universities  
Commission's Report.

Subject to certain matters which I shall mention shortly, the Government accepts the financial recommendations of the Commission, and the present Bill is intended to give legal effect to an offer to the States on that basis.

I have written to the Premiers and told them of the Government's intentions with regard to the Commission's financial recommendations. It is appropriate that I should emphasise that it is the State Governments which have the major responsibility for the development of universities within their borders. But it is a source of much satisfaction to all concerned that the State Governments readily accept the Universities Commission as an expert body to which they can turn for advice on matters affecting university development.

I have already indicated that provision for teaching hospitals and for increases in academic salaries above the levels which have been in effect since the end of 1960 will add to the total amounts recommended in the report and adopted in this Bill.

There is in addition the report shortly to be presented by the Commission's Committee on the Future of Tertiary Education. The Commission attaches great importance to the outcome of this investigation into the pattern of educational facilities over the whole field at the tertiary level. The Government has no doubt that the problems with which the Committee is concerned and the recommendations which the Commission will make in consequence are of great significance for the provisions to be made in the future for universities.

Honourable members will note that the Commission is recommending a grant of £5 m. on a £ for £ basis as between the Commonwealth and the States, to support special additional research activities at the post-graduate level. However, the Commission has yet to complete its study of the distribution of these funds and recommends, in the first instance, a distribution of £1 m. in the proportion shown in Table 60 of the report. The Commonwealth is ready to accept the Commission's proposals for the initial £1 m. on the understanding that the funds shall not be used, in substitution, to finance research activity already supported from the general funds of universities or from other sources and shall not be used in such a way as to compete with the Commonwealth post-graduate awards or similar schemes for assisting post-graduate research students. We have postponed a decision on the balance of the Commission's research proposals until it has

completed its study. We would hope shortly to take an opportunity to look at the whole question of Commonwealth involvement in research in Australia.

With regard to the recommendation for affiliated colleges and halls of residence, we accept that there is a need for additional student residences and we have no quarrel with the total scale of assistance suggested in the report in Table 68. However, we do wish to ensure that, within this assistance, affiliated colleges should have access equally with halls of residence and on a £ for £ basis. Our acceptance of the total amounts shown at Table 68 is on that basis and I shall be discussing with the Universities Commission the practical consequences of this decision. Our approach on this matter has been influenced by the considerations that affiliated colleges are traditionally a part of the Australian university system, have played an outstanding role over the years and, for each student in residence, make a smaller demand on the public purse.

#### The Bill to Amend the Existing States Grants (Universities) Act.

Before leaving the subject of affiliated residential colleges, I take the opportunity to explain to the House why the Bill to amend the existing States Grants (Universities) Act is necessary.

The original Act provided for Commonwealth grants totalling £1 m. for affiliated residential colleges and in Schedule 4 the amount available for colleges at each of the universities concerned was specified. As things turned out, plans for affiliated colleges at the University of New South Wales have come to nothing in the present triennium. We are therefore left with the choice of seeing the appropriation lapse or of making it possible to distribute the £150,000 involved, according to the judgment of the Commission, among other affiliated residential colleges which have the necessary matching funds at their disposal. We have thought it preferable to make the money available and the Bill provides accordingly.

#### Academic Salaries.

I turn now to the problem of academic salaries. As already pointed out, the recurrent grants recommended by the Commission have been calculated using a scale of academic salaries based on a standard professorial rate of £4,250 p.a. While noting developments affecting academic salaries, the Commission is unwilling, in present circumstances, to suggest new salary levels. The Commission takes the view that it should not be the salary fixing body for the universities of Australia and the Government agrees with this view.

We have given careful thought to the matter of salaries. We are aware of the increases, and claims for increases, in academic salaries which have followed the decision of the New South Wales Industrial Commission. Even before this, the universities, through their Staff Associations and Vice-Chancellors, had represented to us that current salaries should be reviewed and that for this purpose it was desirable to have some machinery, on an Australia-wide basis, fitted to the particular circumstances within the academic

field.

We fully accept that salaries paid in a State university are, and must remain, ultimately a matter for that university and its State Government. At the same time, provision for salaries is a major component in the recurrent grants made by the Commonwealth and the States and these grants must therefore be calculated on some known scale of academic salaries. Inevitably, any scale adopted for this purpose will be highly relevant for actual salaries in the universities. Given the fact that salary movements are occurring, the absence of a recommendation now by the Universities Commission on a new salary scale for grants purposes seems to us to call for some action on the part of the Commonwealth. We have, therefore, decided that the Commonwealth ought to establish some new machinery to advise it on the scale of academic salaries which could be appropriately adopted by the Universities Commission for the purpose of calculating recurrent grants for each triennium. What we have in mind is that we appoint a person of suitable qualifications and experience to enquire into academic salaries, assisted perhaps by two assessors to represent Government and university interests. Although the appointee would need to be clothed with appropriate authority, we would hope to see proceedings devised which were not too formal. It is our intention to seek an arrangement along these lines with the object of having an inquiry to produce a determination for the 1964-66 triennium, effective from 1st January, 1964.

I have informed the Premiers of our intention to seek this arrangement as a means of providing guidance to the Commonwealth on the level of salaries on which its offer to the States for recurrent expenditure should be calculated. When deciding on our plans for an inquiry, we shall take into consideration the views of the States. I would hope that we may be able to proceed in the knowledge that such an arrangement would commend itself to the States as being to the advantage of all concerned and that it would therefore enjoy the States' full support.

In the meantime, being aware that a professorial rate of £4,250 p.a. is no longer generally accepted, we have decided that, as an interim measure pending the inquiry, we should offer to the States, for recurrent expenditure by their universities, grants calculated on the basis of a professorial rate of £4,600 p.a. We are thus ready to support increases up to this level in salaries in State universities from the 1st July, 1963 and intend to endorse corresponding increases in the scales of academic salaries in the Australian National University.

Our acceptance of the Universities Commission's recommendations for recurrent expenditure is thus on the basis that we shall take steps by way of amending legislation to provide the supplementary funds required on the Commonwealth's part to support the interim levels referred to above and, subsequently, whatever levels for the 1964-66 triennium are arrived at as a result of the inquiry we propose to set up.

#### Commonwealth Scholarships.

I am sure that all honourable members will be interested to know, although it is not a matter related to the present Bill, that when dealing with the Commission's report and noting their

recommendations for increased financial assistance for students, the Government had before it also a recommendation from the Commonwealth Scholarships Board for an increase in the number of awards under the Commonwealth Scholarship Scheme. I am pleased to announce that we have decided that from the beginning of 1964, the number of open entrance awards under the Commonwealth Scholarship Scheme will be increased from 4,000 to 5,000 and that the number of second and later year awards under the same scheme will be increased by 500 from its present level of 780. In coming to this decision, we have taken account of the prospect that we may need further to consider the matter of assistance for students in the light of the recommendations from the Committee on the Future of Tertiary Education.

### Main Provision of the Bills

#### The Universities (Financial Assistance) Bill

The terms are similar in most respects to those of existing legislation in this field. As these are familiar to honourable members, I shall confine myself to pointing out some of the more significant changes.

It has been found possible to simplify the legislation in some important respects. The most important of these is in Section 3 and the related First Schedule. The Commission has recommended the abolition of the system of first and second level grants for general recurrent expenditure. This system was introduced originally to ensure a minimum level of funds for State universities. We concur in the Commission's recommendation for its abolition. With the now long-established relationships between the Commonwealth and States in university matters, we are confident that the need for such a safeguard no longer exists.

The references to salaries in Section 4 are based on the figures used by the Commission when calculating the levels of recurrent expenditure which the Commonwealth should support in each year of the triennium. As I have already indicated, the Government has decided to support higher salary levels and therefore greater recurrent expenditure, but has not reached finality on the levels it will support over the triennium. It has not been practicable in the time available to recalculate the figures in the First Schedule, nor, in view of the arrangements we have in mind was it thought worthwhile to do so at this stage. In due course, appropriate amending legislation will be introduced.

The most significant change in Section 5 and the related Second Schedule dealing with grants for expenditure on university building projects etc., is that for each building project the sum specified contains an appropriate allowance for furnishing and equipping the building. The Commission is given the power to approve the proportion spent on the actual building and on furnishing and equipping it. It should also be noted that provision for computing facilities appears in the Second Schedule.

As I have already mentioned, Section 6 and the Third Schedule dealing with special post-graduate research activities are tentative in that they allocate only £1 m. pending a final decision on the Commission's proposals for research grants totalling £5 m.

Section 7 and the Fourth Schedule deal with halls of residence and affiliated residential colleges. The extent of Commonwealth support for halls of residence and affiliated residential colleges is combined in the Fourth Schedule. In each instance, the provision of Commonwealth money within any one university is conditional on approval by the Commission for each amount spent and the purpose for which it is spent.

Because of the difficulty in forecasting precisely the actual needs as between universities and between types of student residences, this Section provides that the Minister may make certain variations in the amounts provided for residences.

Honourable members will be glad to note that increased provision is made for recurrent expenditure incurred by these establishments.

#### The States Grants (Universities) Bill No. 3 1963.

This is a simple measure giving effect to the decision that £150,000 of Commonwealth money originally made available for expenditure on affiliated residential colleges at the University of New South Wales, and not required for that purpose, is to be distributed among other residential colleges on a basis to be approved by the Minister on the recommendation of the Commission.

#### Conclusion.

I regard the Commission's report and the present Bill as important milestones marking the route of Commonwealth and State Government assistance for State universities. The demand for university education is growing not only by reason of our steadily growing population but because a steadily increasing proportion of our young people are qualifying for higher education and are looking to the universities to provide it. Further, from the national point of view, it is even more true to-day than in 1957 when the Murray Committee remarked: "The proportion of the population which is called upon to give professional or technical services of one kind or another is increasing every day; and the proportion of such people who have to be graduates is increasing also."

Problems remain to be solved and it may well be that, when we have the Commission's recommendations following completion of its committee's study of the future of tertiary education in Australia, we shall be called on to support developments in the tertiary field additional to those the Commonwealth now supports. In the meantime, we are confident of the need to pledge support for the universities to the extent provided in this Bill and indicated at various points during my remarks.

I warmly commend the Bill to the House.