

STATEMENT BY THE PRIME MINISTER,
THE RIGHT HONOURABLE SIR ROBERT MENZIES, K.T., C.H., Q.C., M.P.,
IN THE HOUSE OF REPRESENTATIVES ON TUESDAY, 12th OCTOBER, 1965.

DROUGHT ASSISTANCE

In the course of the statement I made to the House of Representatives on 26th August last concerning the Government's examination of the drought situation, I indicated that the provision of assistance to drought-affected primary producers in New South Wales and Queensland was properly the responsibility of the two State Governments and that we had decided after careful consideration that it would not be appropriate for the Commonwealth to participate directly in the financing of measures for the provision of such assistance. I emphasise the word "directly". I went on to say, however, that we were very conscious of the strains that special drought measures might put on the finances of the two States and that, if as a result of the drought the States of New South Wales and Queensland found it necessary to meet abnormally large calls on their budgets that were established to be beyond their financial capacities, we would be prepared to consider assisting them by means of general purpose assistance grants.

Knowing of the interest of Honourable Members in the subject, I believe it is timely for me to inform the House of the present position concerning the provision of assistance to the budgets of the two States.

The Premiers of New South Wales and Queensland have since replied to the letters that I addressed to them. Both referred to the effect of drought measures on their States' budgetary situation and expressed appreciation of our willingness to consider the provision of general purpose assistance grants. The Premier of New South Wales indicated that his State's position would become clearer as the financial year progressed and that he would be in touch with me again when the situation warranted it.

The Premier of Queensland outlined the possible consequences of the drought on his State's finances and went on to suggest that the whole position be reviewed towards the end of the financial year when the actual effects of the drought would be more precisely known.

I consider the two State Governments have taken the right course in proposing, in effect, that it would be premature at this stage for any precise determination to be attempted of the amount which it would be appropriate for the Commonwealth to provide by way of general purpose assistance grants in 1965-66. Only a quarter of the financial year has passed, and happenings over the remainder of the year - not least the future course of the drought over the areas where drought conditions unfortunately still persist - could have a large bearing on the need for, and the extent of, Commonwealth assistance for the budgets of the two States. Later in the financial year, we shall be prepared to consider, fully and sympathetically, the situation of the two States in the light of the facts as they turn out to be, with a view to taking action before the close of the year. All the present indications point to the likelihood that we will find it appropriate to provide some measure of assistance to the two States in conformity with the principles enunciated in my statement of 26th August.

I might add that the two State Governments will have access as necessary to Treasury Bill finance, at an interest rate of one per cent per annum, to meet their temporary needs during the financial year. Deferment until later in the year of a decision on the question of general purpose assistance grants by the Commonwealth should not, therefore, present the States with any serious cash problems between now and then arising from the need to meet the cost of drought relief measures.