

SPEECH BY THE PRIME MINISTER, THE RT. HON. R.G.
MENZIES, IN THE HOUSE OF REPRESENTATIVES ON THE
7TH SEPTEMBER, 1960

Before I refer to the principal topic of this debate, I should like to refer to two other matters that have been glanced at by other honorable members. The honorable member for Wentworth (Mr. Bury), in a thoughtful speech last night, made reference to the Public Service Board and offered some criticism of the inordinate delay that appears to exist in presenting the final report of the board to the Parliament. I am impressed by that criticism, and I certainly propose to try to get a better performance in that field. I know the reasons offered for the delay, but I think that the delay is far too great.

The honorable member for Fremantle (Mr. Beazley) made reference to the National Library. Perhaps I should point out for his information, because I know he is interested in this matter, that we have taken the steps necessary to appoint the Council of the new National Library, and I hope to be in a position to announce its composition within a few days.

Now I turn to the problem of the Commonwealth and education. I do not want to deliver a long speech on it, because the problem has been thrashed out more than once in this Parliament, either in the House or in committee. However, I think that I ought to say something - not for the first time - about the much-debated constitutional problem, the problem of power. My friend, the honorable member for Bass (Mr. Barnard), pointed out that we seem to have no difficulty in making laws with respect to health, medical services and pharmaceutical benefits and in having Commonwealth Ministers in charge of these activities. I remind him that that is provided for in the Constitution. We have express powers in connexion with those matters as a result of the last successful constitutional referendum. So no problem of power arises in that field.

There is no question as to the power of the Commonwealth to make grants to the States under section 96 of the Constitution. I do not know whether I am supposed to have been dragged reluctantly to a knowledge of that fact. All I can say is that, over 30 years ago - on behalf, I think, of the State of South Australia - I advanced an unsuccessful argument in the High Court to the effect that the power under section 96 was limited to setting our financial terms and conditions. The High Court, with unaccustomed unanimity, disagreed with me. It rejected the argument and said that the terms of section 96 were as they stood - that money could be granted to a State on such terms and conditions as the Commonwealth Parliament laid down. That is now beyond all dispute, but honorable members opposite, as well as those on my own side, must have this in mind: If the Commonwealth proceeded to use its power to make grants under section 96 in such a fashion as to take out of the control of the States - in administrative detail if you like - some matter over which they exercise authority, then federalism would disappear in a few years. The position of the States could be undermined if that took place. Consequently, any sensible government has been astute to avoid such unnecessary interference.

On the very day when somebody in this chamber discovered section 96, and rather twitted me with not knowing about it, I presented a bill to make grants to the States, under section 96, with respect to universities. But although that legislation contains provisions for matching grants, for the distribution of the grants to the various universities and for financial assistance to residential colleges, nothing in it interferes with the internal management of universities by the

university authorities. The autonomy of those universities, including the great State universities, is preserved. We have not interfered with matters of policy and administration which belong to the States.

I think it is essential to have that aspect of the matter in mind. It is quite true that if the Commonwealth Parliament wished to provide another £10,000,000, £20,000,000, £50,000,000 or £100,000,000 a year to the States over and above what it provides now, and if it could prudently do so, it could say, "This is a grant to the States for the purposes of education - primary and secondary or scientific". But that is no discovery. The essence of this matter is that if the Commonwealth starts to interfere with the educational policies of the States, with the way in which they go about their job in the educational field, that will be a very bad day for Australia. Although I have been very active in this field, as honorable members know, I have always made that approach, in principle, to this problem.

Although the argument varies a little in detail, it is always put in some way such as this: First of all, it is said that education is vastly important; it is a great national problem. So it is. The Leader of the Opposition (Mr. Calwell) was good enough to quote me as saying that it was a great national problem. I engaged in the trifling task of looking at what was said on that occasion, and it is interesting to note that I went on to say that land settlement was a great national problem and so also were water supplies and power supplies. These are all vastly important national problems. The whole aspect of the matter is that some of them have been given into the hands of this Parliament for this Parliament to do what it wishes in relation to them, both in principle and in detail, while other problems of great national importance, as I agree, have been left in the hands of the States.

But, Sir, some say education is a great problem; it is vastly important. I agree that it is. Indeed, I venture to say with great humility, that no Prime Minister of this country has ever taken such an active and constructive interest in it as I have myself. It is a very great problem. The next step in this strange syllogism is that the Commonwealth, except in university matters, is accepting no financial responsibility in the solving of this problem; it is leaving the problem to the under-nourished State Governments. The conclusion from this is that the Commonwealth Government ought to be condemned. Now, Sir, the answer to all that kind of argument is a simple matter of facts. I just state it in this way: The Commonwealth, by express legislation and by express grant under section 96 of the Constitution, has assumed large obligations in the field of university education. When I made my announcement in 1958 of our adoption of every recommendation of the Murray committee, the then Leader of the Opposition, Dr. Evatt, said that our attitude towards this matter was munificent. That was his own word.

Did we stop there, or do we stop there? It is quite true that we do not make an ear-marked grant to the States for secondary education or primary education; but we provide the States with tax reimbursement and with support for a works loan programme, and a very large and material factor in both is the needs of the States educational systems. They know it; we know it. Everybody knows it except those who want to pretend the Commonwealth is doing nothing about it.

Sir, it seems to be forgotten that only last year - in 1959 - there was a great conference with the State Premiers. The Premiers are not incapable, in my very long experience of them, of putting forward the claims and deserts of their own

States, but in the 1959 conference, a discussion took place about the reimbursement rules or formula. A new agreement was made for a period of six years. This is an agreement - an arrangement - created to endure for six years and containing, in itself, all the elements of adjustment. It contains the basis on which the grant is to be increased, having regard to population and having regard to increases in wages, with a little accommodating factor in addition. That arrangement was made after a discussion in which the State Premiers put forward the problems that they have, among other things, in the field of education because of immigration and because of a rapidly increasing school population. All these things were put forward by the Premiers. They knew perfectly well that whatever figure was agreed upon, it would be a figure that paid regard to their educational needs.

Perhaps I might interrupt myself there to make one point, and indeed I ought to apologize to the committee for rehearsing matters that are already well known. Older members of this Parliament will remember that back in 1945 or 1946 - I forget the precise year - the then Prime Minister, Mr. Chifley, arranged with the States for a formula on which tax reimbursement would be calculated. It was a formula that was to pay attention to increases in wages and increases in population. It was worked out and it was unanimously accepted by the States. In my own term of office since the end of 1949, my own Government has never held the States to that formula as adjusted on the basis that was worked out. We have always added to it. Year after year, we have made additional payments to the States, sometimes running to as much as £20,000,000.

Mr. Cairns - How could you avoid it?

MR. MENZIES: We do not have to worry about how to avoid it, but the honorable member would be none the worse for knowing the facts. Indeed, he would be greatly improved. The fact is that we did make those additional payments year by year, and we made them because we realized the pressures under which the States lived and recognized that they must be given proper treatment if they were to discharge their duties.

In 1959, the new arrangement was made. Its effect in the first financial year was this: Whereas in 1958-59 the States got £205,000,000 in reimbursement grants, under the formula grants for 1959-60 they would get £244,000,000. Every State Premier accepted the new arrangement. The Premiers did not accept it, as might be suggested, unwillingly - needs must when the devil drives - but each of them accepted it with great expressions of satisfaction, most of which are in the record of the Premiers' Conference. Anybody who knows any of the Premiers knows perfectly well that they felt this was a fine deal and that it gave them a feeling of security over a period of six years. During that period they would not need to come back and argue about the basis on which reimbursement ought to occur. Indeed they could look forward to increasing resources to discharge their responsibilities, including their great education responsibilities.

What is the effect of all that? I would like those who think of the problems of education solely in terms of getting money over and above what is now provided from the Commonwealth to recognize something else. I take my own State as an example, not because I wish to compare the record of Victoria with any other State - so far as I am able to judge every State has a very good record in this field - but because the figures for Victoria have just emerged. As a result of this new agreement for six years which was entered into last year, Victoria, which had anticipated a deficit of over £1,000,000 actually had a surplus of over £300,000. That is an example of

how beneficial this arrangement was. But here is the point: In Victoria it was announced only the night before last that the 1960-61 Budget for Victoria would provide a record education vote of about £54,000,000. The 1945-46 vote, when my friends opposite were in command of the exchequer, was £4,800,000. This year, over and above our universities grant which is, of course, a separate matter on our account, we have provided £54,000,000. By 1949-50 the vote had risen to £10,500,000; last year it was £45,600,000. This year the vote will rise from £45,600,000 to about £54,000,000. In other words, there will be an increase of between £8,000,000 and £9,000,000 in one year - in a year in which it is said that we are starving the States of resources to spend on their educational needs! I venture to say, with all moderation, that the statement that the Commonwealth carries no responsibility in the State educational field is utter humbug and the people who say it know that it is utter humbug. What they want to do is to deceive a lot of people into believing that primary and secondary education are being neglected. As I have just demonstrated quite clearly, we provide for those categories of education scores of millions of pounds every year through this fully accepted and well-received six-year agreement on tax reimbursements.

Apart altogether from tax reimbursements which deal with revenue matters, each year, the States come to the Australian Loan Council, very properly, and say, "We want to borrow money for a works programme". The request may be for £300,000,000. The figure is usually a little high. We discuss between ourselves how much money can be borrowed on the market. It used to be the sole business of the Loan Council to decide how much could be borrowed on reasonable terms and conditions, and no other Commonwealth Government ever supplemented that amount out of Commonwealth revenue. In the last ten years however, we have supplemented borrowings out of the revenue of the Commonwealth every year. Instead of asking simply, "How much can be borrowed?" we have tried to work out a reasonable figure which would give reasonable prospects to the States of carrying out their works programmes, including the construction of school buildings - a not inconsiderable item.

This year, as usual, we agreed to a larger loan works programme than in the year before and in effect, though not technically so, we underwrote it. I say "not technically so" because technically we do not underwrite this programme. We make a monthly payment to the States of one-twelfth of the agreed upon programme, whether the money is to come from the loan market or not. Theoretically, we review this in January but in practice the payments remain the same. So, in terms of capital and revenue provision, this Commonwealth is, by the financial machinery now existing, accepting and discharging enormous responsibilities in respect of every form of education that we have in this country. I do not complain about that. I am proud to be able to say that this is so because nobody has a more vivid understanding than I have myself of the great importance of education to our nation.