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Good Evening:-

During the last week a State Premiers' conference with the Acting Prime Minister and the Federal Treasurer has taken place in Canberra. As a result, there will be certain differences in the manner of this State's budgeting in the future, and as the differences have been but little explained in the Press, and as the whole affair has quite erroneously been described as a triumph for Sir Thomas Playford - which is nonsense, I want to tell you about the whole matter tonight.

There have been, in the past, four sources of money for State expenditure in South Australia. They were:-

- (1) The income tax reimbursement; under the last Federal Labour Government, a system of uniform income tax, collected entirely by the Commonwealth Government, was instituted. Prior to that time, not only did everyone pay Commonwealth Income Tax, they paid State income tax as well. As the Commonwealth has effective constitutional priority in the income tax field, the Commonwealth Grant provided that it would collect income tax at a rate which would in effect, cover the whole of the existing income tax field, and it said to that State that it would return to them money to reimburse them for the loss of State income tax (an amount to be calculated on a special formula) provided that the State levied no further income tax themselves. So since that time, the largest item of State resource has been the income tax reimbursement.
- (2) The second source of revenue has been from those taxes and imposts which the State still makes - such as Succession Duty, Stamp Duty, Land Tax and the like.
- (3) The third source of money is the amount which we are allowed in public borrowing as fixed for South Australia's share by the Loan Council. These loan monies naturally enough, are for the most part, expended in permanent capital works.

(4) The fourth source of money was a special disabilities grant from the Commonwealth as recommended by the Grants Commission after investigation. Under Section 96 of the Commonwealth Constitution special grants may be made to States by the Commonwealth where those States are suffering from disabilities. The three smaller States, South Australia, Western Australia and Tasmania have regularly been claimants for disabilities grants in this way. The way in which the Grants Commission operated was to take the average level of expenditure taxation and charges on State undertakings in the eastern or non-claimant States, and compare these with the level of expenditure, taxation and charges on State undertakings in the claimant States. After allowing to the claimant States a margin above the average level of the non-claimant States to allow for their special disabilities, the Commission would recommend a figure for the Commonwealth Grant which would put each State in the same budgetary position as the average of the non-claimant States.

Now a significant feature of the way in which the Grants Commission operated, was to say that if a State did not spend to the level of the Eastern States on social services, and so did not need a reimbursement to bring it to the budgetary level of the Eastern States - then no amount was recommended to be paid in respect of the difference in the standards of expenditure on social services. Let me put it more simply. If the Eastern States spent on average 45/- per head per year on social services, South Australia could spend 45/- per head per year on social services plus 6% for special disabilities. But if it only spent 35/- per head per year then, of course, it didn't get any benefit from the fact that it spent less. In fact, if it spent less than to the level of the Eastern States, it missed out on grant which it ~~would~~ otherwise might have had. In order to get its full grant, it had to spend to the level of the Eastern States and claim reimbursement.

Now for some time there has been a significant difference between the claims of Tasmania and Western Australia, on the one hand, and South Australia on the other, made on the Grants Commission. On Social Services, that is on Education, Health, Hospitals and Charities, Law, Order and Public Safety, the other two smaller States have consistently spent more per head of population than have the Eastern States, whereas South Australia has consistently spent less than any State in the Commonwealth on these services. In the last year of review by the Grants Commission these were the figures spent per head of population:-

	Tas.	W.A.	S.A.
Education	12/16/5	11/11/2	9/11/5

(and that although South Australia with a bigger increase in school population than any other State, ought to have spent far more than any other State on education to give comparable service.)

Health etc.	8/3/5	7/13/3	6/1/9
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(and that though South Australia has far fewer hospital beds to population than any other States and so to give comparable service ought to spend more than any other State.

Law etc.	3/7/4	2/15/8	2/4/6
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On the State services, then South Australia spent about £5/-/- per head of population less than the other two smaller States. While Tasmania and Western Australia have consistently received full reimbursement for social services to the level of Eastern States expenditure, South Australia has consistently gone without millions of pounds in Commonwealth Grant available to us to spend on education, hospitals, law and order if we had spent the money and claimed the reimbursement.

It is not then surprising to find that the Commonwealth in proposing at the Premiers' conference a new formula for tax reimbursement, also proposed that South Australia no longer be a claimant State for disabilities grant. They were able to point out that the proportionate amounts of grant received by South

Australia have been for a long time consistently less than those of Tasmania and Western Australia. They were able to say - you don't need the extra money - the Playford Government has consistently shown that it doesn't want it.

The result of the Premiers' conference has been permanently to set South Australia's expenditure on education, health, hospitals and charities, law order and public safety at a lower level per head of population than elsewhere in Australia.

So when you find that schools are hopelessly overcrowded, classes too big, educational facilities inadequate or if you find you can't get in to a public hospital for treatment and you can't afford a private hospital - if you find that you have to apply for public relief and that the amount that you get is pitifully inadequate - as it will be - you will no doubt be able to console yourself that it was by this means that Sir Thomas Playford purchased the self-sufficiency of South Australia that is now so much talked of in the press. Sir Thomas has boasted that South Australia tightened its belt on social services. It wasn't his belt that was tightened it was the belts of our children, of the sick and of the needy.

The self-sufficiency of South Australia by the ending of its status as a claimant State has achieved nothing of any benefit to any person in this State - it has merely confirmed the lack of moral conscience of our minority Government.