

OPPOSITION ELECTION PROMISES ANALYSEDStatement by the Prime Minister, the Rt. Hon. R.G. Menzies

I take first the specific proposals made by Mr. Calwell - proposals on which he has made estimates of cost - and put beside them the departmental estimates.

	<u>Calwell</u>	<u>Departmental</u>
	£m.	£m.
Social Services	93.	83.5 - 223.5(a)
Health and Medical Benefits	30	33
Housing	5	15-25
Local Government and Full Petrol Tax	14.5	19
Smaller proposals	<u>10</u>	<u>11</u>
	<u>152.5</u>	<u>161.5 - 311.5</u>

(a) The higher figure reflects the estimated cost of complete abolition of the means test for age pension purposes.

But this is only part of the story.

Mr. Calwell's <u>Education proposals</u> will cost	£30m.
His <u>Sales Tax</u> proposals will cost	£20m.
His proposal to allow travelling costs as income-tax deductions will cost	£28.5m.

The new totals are, at this point -

Calwell £152.5m. Departmental £240m.-£390m.

The story does not end even there.

It is clear that there are other very large items involved in Mr. Calwell's Policy Speech. For example, if proper estimates are made, establishment of a Conservation Authority for Northern Development similar to the Snowy Mountains Authority may involve £25m. a year.

The proposal to charter ships for international trade is equally clearly one which could not be performed except by the outlay of many millions.

The vagueness of so many of his proposals makes cost calculation very difficult. How much will it cost to give, as he says, assistance to manufacturers to re-equip with the latest machinery? An initial depreciation allowance at the rate of 40% would cost annually some £70m. The introduction of investment allowances at the rate of 20% would cost about £40m. per year.

How much to extend the Colombo Plan? How much to establish an Export Credit Bank? How much to establish a Commonwealth Insurance Corporation in the field of external trade?

Mr. Calwell gives no answer to these and many other questions.

It is clear from objective calculations that the estimates he offers are far removed from the facts. I said in Adelaide that the total costs would be of the order of £300m. That was an underestimate. I am satisfied that to give effect to the promises he has so freely made would cost the Australian people considerably more than this figure and that these costs could only be met either by widespread and severe increases in taxation, or by a most inflationary call upon Central Bank Credit.

Everything that I have set out is, of course, over and above the normal and inevitable annual increase in Commonwealth expenditure on such items as Financial Assistance Grants to the States, Commonwealth aid for roads, and Social Services, including health and medical benefits.

This year the increases in Social Service and health and medical payments due solely to population growth will amount to about £15m. Financial Assistance Grants to the States and aid for roads this year will increase by about £28m.

Whatever government is in office will have to meet such increased expenditures as these.

Mr. Calwell's promises are therefore additional.

CANBERRA,

20th November, 1961.