

COMMONWEALTH OF AUSTRALIA

SPEECH

BY

The Rt Hon. J. G. GORTON, M.P.

ON

APPROPRIATION BILL (No. 1) 1968-69

Second Reading

(BUDGET DEBATE)

[From the 'Parliamentary Debates', 27 August 1968]

Mr GORTON (Higgins—Prime Minister) [8.0]—This House has been asked, in the form of an amendment moved by the Leader of the Opposition (Mr Whitlam), to express the opinion that the Budget is inadequate. I am sure the House will do nothing of the kind and, indeed, I believe that the only thing inadequate connected with the Budget is the speech upon it made by the Leader of the Opposition. The presentation of a Budget gives to an opposition the opportunity to analyse a government's assessment of the state of the economy. It gives the opportunity to criticise the objectives of the Government, to criticise its economic policy and to question the methods by which a government seeks to attain those objectives. It is perhaps significant that virtually no attempt was made by the Leader of the Opposition to use those opportunities. Instead we listened to a speech which began with shallow and baseless generalities, which proceeded to quote misleading statistics to buttress an unsustain-

able argument and which complained of a lack of statistical information, although that information was publicly available, and publicly available to him. It was indeed—this has not gone unnoticed—scarcely a speech on the Budget at all.

To support what I have said about shallow and baseless generalities let me draw your attention to the Opposition Leader's claim that yearly budgeting 'has denied Australians opportunities for education, employment and enterprise'.

As to education, the great Commonwealth contributions through grants to universities, grants to colleges of advanced education, teacher training colleges, technical schools, science blocks and now libraries, have not been the subject of yearly budgeting at all. They have been triennial grants. The measure of the opportunity 'denied' is that these grants have risen from \$55m in 1961-62 to \$210m this year.

As to opportunities for employment 'denied', registered unemployment is below the total of a year ago or for that matter 10 years ago. During the financial year just passed employment increased by 131,000. Vacancies have been rising faster than usual and placements of persons in employment in July were an all time record for the month of July. As to the denial of opportunity for enterprise, the economic advances of our nation since 1949 have proceeded at a rate unparalleled in our history.

Mr Stokes—Say that again, sir.

Mr GORTON—The economic advances of our nation since 1949 have proceeded at a rate unparalleled in our history.

Gross national product at constant prices has increased from about \$8,600m to \$19,500m last year. Moreover, on the basis of our recent advances we can look forward to a further doubling of the size of our economy within the next 13 years. The accelerating growth and development throughout Australia, which is there for all who have eyes to see, provides visual refutation of this generality expressed by the Leader of the Opposition, and the Commonwealth Statistician's figures on private capital spending provide the statistical refutation.

Those sweeping statements of the Opposition Leader, made at the beginning of his Budget speech, are just not true, or perhaps I should say are just not correct. Nor is it correct for him to claim that he did not have available to him adequate statistical information. To give an example, in discussing the growth of the construction industry he stated that building approvals both in total and for new houses and flats were lower in May this year than they were last December, and then went on to state that there was no more recent information available to him and went on to take the Treasurer (Mr McMahon) to task for withholding more recent information from the House. In fact there was more recent information available. It is contained in the statement 'Building Approvals Australia, June 1968' and it was issued by the Commonwealth Statistician on 23rd July 1968 before the Budget Speech was delivered and long before the Leader of the Opposition made his speech. But the significant fact

is that total building approvals during the last financial year—this is what we are concerned with—moved up from \$546m in the December quarter to \$555m in the March quarter this year to \$575m in the June quarter this year, which is a record. It serves no purpose for an honourable member or a Leader of the Opposition to come into this House and seek to support an argument by selecting one month's statistics when that argument is refuted by the year's statistics and by each quarter's statistics, all of which were known, ought to have been known and could have been known to a Leader of the Opposition.

There are other instances of attempted sleight of hand arguments dotted throughout the speech, but they merely support the general glib approach I have illustrated and I will not weary the House with them. Rather will I discuss some of the main Budget features—the economic objectives of the Budget and the methods chosen to attain them.

One of the Budget features is the vote for defence. The Leader of the Opposition claims that this is not a defence Budget. If he means that all else is not sacrificed to defence, then he is right: although the very great sums appropriated for defence do prevent us from doing many things that we would wish to do. But if, on the other hand, he means that the defence capacity of Australia will not increase during this year as a result of the defence vote in this Budget—his glancing references to defence seemed designed to give this impression—then he is demonstrably and, I think, deliberately wrong. The vote for defence shows the importance we place on defence, and, subject to what I say later, the importance we will continue to place on it. From the money appropriated this year the strength of our regular forces will increase during the year by some 3,800 and the strength of the Citizen Military Force by some 2,200-odd.

During the year, the Navy will take delivery of 12 coastal patrol boats, the third guided missile destroyer will join the fleet in Australia, the third Oberon submarine will arrive in Australia, while work will be continuing on the fourth submarine due to be commissioned next August.

Mr Barnard—You have not mentioned the F111.

Mr GORTON—Oh, I will. There is a great deal of defence equipment that is going to arrive and this is why I am refuting the impression that the Leader of the Opposition sought to give that there would be no increase in Australia's defence capacity this year. The aircraft carrier 'Melbourne', having completed its extensive and expensive refit, will rejoin the fleet with its complement of Tracker and Skyhawk aircraft. Work will be further advanced on two type 12 frigates at present under construction, the first of which is due to be commissioned in something like one year's time.

The Army will take delivery of 27 light aircraft and helicopters and equipment and arms worth some \$33½m. Examples of such equipment—and they are merely examples of such equipment—are 47 armoured personnel carriers, 700 Land Rovers, 550 2½-ton trucks, and ammunition, arms and so on which it would take too long to detail.

The Air Force—and this, I think, interested somebody on the other side a moment ago—will take delivery this year of 24 F111 strike reconnaissance aircraft. It will take delivery of 12 Mirage fighters, of 36 Macchi jet trainers which have an operational capacity, 8 HS748 navigational and aero-electronic trainers; and during this financial year the last of the Orion long range anti-submarine aircraft have, in fact, already arrived. So any suggestion that we will not be better defended because of money appropriated in this Budget is an untrue suggestion.

As to the future we are now engaged in a fundamental strategic reassessment. I will not anticipate its outcome, but I will say two things.

Firstly, in the years ahead the amount spent on defence will grow in volume, and must grow as the nation grows and as the situation in which the nation finds itself develops. Australia's capacity to fight will increase and the industrial capacity to back our fighting forces will also expand. Defence will not in any way be neglected.

Mr Devine—Who wrote this?

Mr GORTON—I did. Secondly, there are many competing needs in the years ahead—the need to build our population, the need to strengthen our industrial muscles and improve our technology, the need to develop our resources, the need to improve education, the need to eradicate poverty, and many other needs. Meeting these needs, Mr Deputy Speaker, will, in itself, increase and improve our ability to defend this nation, and under present international circumstances we do not intend to sacrifice these other needs. We do not intend to seek guns instead of growth at the cost of stunting our growth. We will not ignore our requirements in order to mobilise for war; but our forces will grow, their fighting power will grow, the cost of defence will grow, and this will be regarded as one important need among many for the nation, though not as a need which overrides all else.

I move on to consider the question of welfare. We were told that this is not a welfare Budget, but it is. It neither solves nor pretends to solve in a final way the complex problems involved in selecting all those who are in most need and catering to those needs, but it does take significant steps towards that solution. In the first speech I made asking the electorate of Higgins to select me for the House—which I am glad to say they did—I said:

No nation can be great unless it seeks not only materially to progress but also to take care of the weaker within it, the aged within it and the ill within it.

This I believe to be true, and my Government will make a continuing effort to achieve those ends.

In health we have taken a great step forward in this Budget by providing that insured persons will receive the full hospital benefits for which they are insured whether in a public ward, an intermediate ward or a private ward, no matter how long their illness may continue and no matter how long they may be required to stay in hospital. We have begun a three-tiered attack on the problem of bed care for those who are ill. We seek to keep those who need only light nursing at home by co-operating and offering financial inducements to the States in financing and running home nursing. We are providing more daily allowances, greater daily allowances, for those

who need heavy nursing care—for those who cannot stay at home and need heavy nursing care in approved nursing homes. We are offering \$1m a year to help build State nursing homes so that the increased benefits we offer patients will be the less likely to be absorbed in increased fees. As I have said, we have solved the problems of those who are insured and who suffer long continued illnesses.

We know there still remains the problem of enabling all our citizens to insure themselves without hardship. We know there still remains the problem of a possible rise in hospital fees causing a possible rise in insurance rates, but the Welfare Committee of Cabinet and the Nimmo inquiry into hospital funds is working on these matters now and we are determined to solve them. In the field of social services we sought to identify those most in need and selected, as a first step, families without bread winners—families of widows and invalid pensioners, for example—as those to whom in this first Budget we should give most. In repatriation we have quite deliberately devoted the money available to those who have suffered most from defending this country and who are, therefore, likely to be most in need—the totally and permanently incapacitated ex-soldier, the intermediate pensioner, the ex-soldier in receipt of a 100% war pension because of war caused injuries. There is the area in which we think it most likely that need exists and to which we think we should pay special attention. We believe that most ex-soldiers would wish to see available resources devoted to those who have suffered most in the defence of their country.

We had perforce—because it is not possible in 6 months thoroughly to overhaul a social services structure which has not been overhauled for some decades—to raise social service pensions generally across the board. This will mean that some single and married pensioners who may need more will not get more, but this problem, too, we are determined to work towards solving. Our aim is a society where the fear of the crippling cost of illness is removed from those who are able and willing to contribute towards removing it through insurance. Our aim is a social welfare structure which identifies the most needy and sees that those

who have no other means are provided with enough to live on in a modest, self respecting way without requiring any other assistance from outside the pension. Our aim is to encourage all to work and to save so that they can live at a standard above that minimum. What we want to see is that the aged needy, the ill needy, those really suffering from some unfortunate circumstances through no fault of their own, are adequately provided for by the nation, but that this should be done without destroying the incentive to save and without destroying the incentive to self reliance. These goals are not easy to achieve, but we have set our hand to the plough and we will not turn back. Step by step we will achieve them.

Mr Deputy Speaker, a Budget is designed so to manage the economy that certain economic objectives are attained. If we are to achieve the goals we have set ourselves in defence, in development and in social welfare, we must ensure as an essential a healthy and balanced growth of the economy. On the economic side this is the primary aim of this Budget. We must prevent demand from running to an inflationary excess, but, equally importantly, we must ensure that all we can supply and all we can acquire are demanded and are used for growth. The general objectives of this Budget are to achieve this. Firstly, the Budget seeks to ensure that there will be in the year ahead a continuation and an acceleration of that growth and development which have characterised the year just past. The Budget seeks to ensure that there will be full employment opportunities for the present work force, for the migrant intake—we have made provision for a record migrant intake—and for the natural addition to the work force from within this country.

The Budget seeks also to ensure that these things will happen without the development of conditions in which demand for manpower, materials and goods outstrips production and supply. For the development of those conditions does not add to growth; it adds merely to the cost of growth and to the difficulty of selling exports and earning foreign exchange. Those conditions, once allowed to develop, require for their correction far more stringent measures than are required to prevent their development.

In seeking growth, national development, accretion to our strength, we do not accept the view that this can be best achieved mainly through government spending. So we have in this Budget cut the rate of growth in government spending rather than place more limitations on the growth in private spending. We believe that true growth depends on the economic climate created by a government and on a government assisting the development by private enterprise of the resources of the country. We believe that true growth depends on the amount of private investment and private saving within Australia from Australian resources. If we are to grow quickly, as I believe it is imperative that we should, this depends also on the attraction of overseas development capital, without which we could not grow as quickly as the times demand. We have maintained and improved the climate for growth. We are attaining significant private savings. We are attracting development capital. But the full benefit of this, indeed the continuation of it at its present level, depends on maintaining relatively stable costs and prices. This does not mean any preoccupation with stability as such, for stability as such is not enough. One can have stability in conditions of stagnation. But it is an affirmation of the need to see that while all our resources for growth are used to the utmost demands are not created which cannot be met from our production and from what we are able to import. We should earn more this year from our exports.

Mr Beaton—You will need to.

Mr GORTON—We will, of course.

Mr Beaton—You will not, you know.

Mr GORTON—The honourable member is underlining what I am saying—that we should earn more from our exports. But in the year ahead we cannot rely on a capital inflow as large, or nearly as large, as we had last year. So, believing this and noting the trend of rising demand in Australia, we have thought it necessary to budget for a lower deficit in order to restrain our expenditure. Two or three interjections from the Opposition a moment ago indicated, Mr Deputy Speaker, that honourable members opposite may be thinking along the same lines. This is the first indication we have had from them

as to the economic objectives of this Budget. The measures we have taken will mean that the amount of bank credit pumped into the economic bloodstream could be reduced by about one-third in the coming financial year.

Against the background I have sketched, are these objectives wrong? Are the measures taken to achieve the objectives wrong? On these points the Leader of the Opposition (Mr Whitlam) was virtually silent in his speech. There were no answers to the questions I have just asked. It appears that by default the members of the Opposition agree that we are right.

This is, Sir, as the Leader of the Opposition said, the nineteenth successive Budget introduced by the Liberal-Country Party Government. In those 19 years Australia has been transformed. Our steel production has increased from 1.2 million tons to 6.3 million tons. Our output of cement increased from 1 million tons to 3.8 millions tons. Electricity generated increased from 9,000 million kilowatt hours to 44,000 million kilowatt hours. Our population has risen from less than 8 million to 12 million.

Dr J. F. Cairns—Are you responsible for that too?

Mr GORTON—Not all of it. Real personal consumption expenditure per head has increased from \$760 to \$1,020. Motor vehicle registrations have risen from 1 million to over 4 million. More than 70% of occupied dwellings in Australia are either owned by or are being bought by the occupants—a higher proportion than in any other advanced country. The number of students receiving university education has risen from about 33,000 to about 100,000. Manufacturing and heavy industries have gone from strength to strength. [Extension of time granted.] I thank the House and again will not trespass upon its generosity.

Greatly increased production is coming from the land and new vistas are opening for Australia from its mineral discoveries. If we keep the economy on the growth path which, as a result of these years of Liberal-Country Party Government have led to the improvements and increases I have enumerated, if it follows that path which

it has followed for the last 5 or 6 years, a child born today will, on reaching the age at which it could graduate from high school, enter a work force in Australia with an economy two and a half times its present size. That record of what has been done, and that promise of what can be done, provided the administrations which brought about what happened before con-

tinue, is why I say that though Australia is not yet great in the councils of the world it is destined so to be. This is no record of opportunities denied, as we were told; this is a record of achievement and of management carried on in a very real sense for the true welfare of the people of Australia. This is a record we propose to continue and improve.