



PRIME MINISTER

FOR PRESS:

PM. NO. 103/1972

COST OF ELECTION PROPOSALS

Statement by the Prime Minister, the Rt. Hon.

William McMahon, C.H., M.P.

I was hoping to announce the cost figures of the Government's new proposals in the Liberal Party Policy Speech together with costs of the Labor Party proposals on a comparable basis.

This is not possible. In many cases, there is no detail and no clear basis for costing Labor's proposals. The details of our proposals on a full year basis are set out below:-

COSTING OF NEW PROPOSALS -- FULL YEAR BASIS

<u>PROPOSALS</u>	<u>\$ MILLION</u>
<u>HOUSING</u>	
Interest Rate Subsidy	55
War Service Homes	7
<u>EDUCATION</u>	
Pre-School	25
Primary School Libraries	10
Underprivileged Children	10
Isolated Children	9
Other (scholarships, etc.)	11
<u>HEALTH</u>	
Dental Service	10-20
Drugs, Alcoholism, Mental Illness	9
Low-income Families - Health Insurance	7-11
Other (physiotherapy, para-medical, handicapped children, etc.)	1-3
<u>WELFARE</u>	
Pensions - link with C.P.I.	75
<u>TRANSPORT</u>	
Urban Transport	55
Main Line Railways	32
Other (Road Safety, Beef Roads)	8

INDUSTRY

Depreciation Allowance on Buildings	8
-------------------------------------	---

OTHER

Allowance to cover other smaller items (e.g. loans for ex-servicemen, environment)	1
--	---

<u>TOTAL</u>	<u>333-349</u>
--------------	----------------

The above figures do not include expenditure on urban and regional development. As stated in the Policy Speech, \$5 million has been made available to the National Urban and Regional Development Authority this financial year and Commonwealth expenditure is expected to rise to the rate of about \$80 million a year in the first five years.

These estimates have been checked by the Commonwealth Departments. They indicate that the total cost of the proposals would be under \$350 million on a full year basis.

The Labor Party has made some 90 promises on policy involving new costs. At this stage it has not been possible to make cost estimates for the majority because they are altogether too vague or general in expression. But in some cases, costs can and have been estimated. Nine out of the 90 promises have been costed. They have been checked by the relevant Commonwealth Departments.

The total is some \$1300 million on a full year basis.

Details are:-

	<u>\$ MILLION</u>
<u>EDUCATION</u>	(full year basis)
(i) Tertiary Education	280
(ii) Abolition of Fees (from 1974)	20
(iii) Pre-School Centres and completion of secondary education	50 at least
<u>HEALTH</u>	
Insurance	110
<u>PENSIONS</u>	
Increases	270
<u>HOUSING</u>	
Mortgage Interest	90
<u>PUBLIC SERVICE</u>	
35-hour week	
4 weeks' annual leave and other matters.	90

TRANSPORT

(i)	Takeover of all State railways - annual costs	190
(ii)	Upgrading the systems	230
		<u>\$1330 million</u>

A total of over \$1300 million for these costs makes it plain that the costs of a lot of others could be very substantial.

There are many others. One example is regional development. Another is the shipping proposals which are large indeed.

If the Leader of the Opposition likes to give more detail on his promises, I will have the total cost estimated for him.

Mr Whitlam made a statement on Thursday last in which he said, "All the proposals I have put and Mr McMahon has put are within the scope of Commonwealth financial responsibility." He is right about mine and completely wrong about his own.

Mr Whitlam has said that the money to pay for his proposals would come from a \$5,000 million increase in Commonwealth revenue in the next three years.

There are at least two comments which can be made about this statement.

First, Commonwealth revenue increases without any tax changes would have been of the order of \$1,000 million - between 11 and 12 per cent - in 1971/72 and this year.

On that, the revenue increase over three years could not approach \$5,000 million unless inflation ran riot and the tax burden was substantially increased.

Second, Mr Whitlam has overlooked one fact - one elementary fact - the automatic growth of expenditure.

Commonwealth expenditure has also risen by about \$1,000 million, or 11-12 per cent, in 1971/72 and this year. So that the rises in revenue and expenditure have been roughly the same.

A high proportion of the increase in expenditure goes to meet increased wage and other costs.

A list of uncOSTed Labor proposals is attached.

CANBERRA,

20 November, 1972

ATTACHMENT
LIST OF UNCOSTED LABOR PROPOSALS

EDUCATION:

- . Remove ceiling on Commonwealth Grants for education from 1974.
- . Tax - deductibility of child care fees to \$250P.A. (with conditions)
- . Extend commonwealth assistance (building, equipment, teachers, students) to Teachers' Colleges.
- . Child-care facilities in pre-schools.

HEALTH

- . "Sponsoring" of health centres: Public Nursing Homes;
- . Free school dental service; Dental therapists' training Colleges.

WELFARE

- . Australian assistance plan - "cost sharing" a range of local welfare services.
- . National Superannuation Scheme.
- . National Compensation Scheme.
- . Abolition of means test within three years.
- . Payment of pensions overseas to Australians and returned migrants.

CITIES

- . Six Commonwealth-State land development commissions - operating costs.
- . Acquisition of non-income-earning land - for parks, coastlines, historical sites.
- . Deliberate reduction of interest rates.
- . Funds for state housing commissions - for waiting periods to be brought down to uniform 12 months.
- . War service homes: Loan ratio raised to 100% - establishment of revolving fund - removal of 1951 and 1961 restrictions.
- . Semi-government and local government authority access to Loan Council.
- . Water and sewerage works programme 1973-78.

REGIONAL DEVELOPMENT

- . programme concentrated on Albury-Wodonga and Townsville.
- . reduction to local-call telephone rates of calls between growth centres and capitals.

PRIMARY INDUSTRY

- . ready availability of long-term, low-interest finance through the banking system.
- . conservation and construction authority
- . programme of water conservation - financed from \$47M P.A. income from Snowy Mountains Scheme.
- . feasibility study on storage of wheat surpluses.
- . wool corporation empowered to acquire/market whole clip.
- . "Economic stabilization" of primary industries in need.
- . acceleration of re-forestation
- . major fisheries resource surveys - assistance in providing fishing vessels, processing facilities.
- . abolition of wine excise tax

NORTHERN DEVELOPMENT

- . "Co-operation" in Pilbara project
- . joint shipping venture of A.N.L. and private owners.
- . ship construction financing on lines of Japanese export-import bank.
- . Commonwealth guarantee for Australian Resources Development Bank's financing of ship construction.

FOREIGN INVESTMENT

- . Expansion of AIDC
- . guarantee of insurance companies against diminished returns from "approved" investments.
- . costs in achieving self-sufficiency in rolling stock, pipelines, ships, light aircraft, fighter aircraft.

INDUSTRIAL RELATIONS

- . unlimited vocational training and retraining

QUALITY OF LIFE

- . establishment of community centres in Schools by capital grants - initially (all) High Schools.
- . training of youth leaders
- . cost-sharing formula for School sporting facilities.

(cont'd)

- . tourist promotion - indefinite grants, loans, tax concessions and other inducements.
- . International Airport at Townsville
- . establishment of National Parks service and proposals re Australian Alps and Central Australian wilderness area.
- . "encouragement" for cheap airline holidays within Australia
- . entry of tourist commission into business activities.

LAW AND ORDER

- . appointment of ombudsman
- . mandatory publication of Government information
- . improved training, pay, conditions etc. of Commonwealth Police Force.

ABORIGINES

- . payment of all legal costs for aborigines
- . establishment of Central Australian Aboriginal Reserve
- . Aboriginal Land Fund: \$5M P.A. for 10 years

DEFENCE

- . automatic annual adjustment of defence pay allowances
- . adoption of all D.F.R.B. Committee proposals
- . appointment of military ombudsman
- . \$1,000 re-engagement bonus
- . benefits for servicemen: war service homes, Repatriation health benefits, rehabilitation training, scholarships for children, "generous" allowances for retirement and resettlement

PRICES

- . Subsidies, tariff changes, etc. to restrain price increases

NEW COSTS FOR ESTABLISHMENT AND RUNNING OF:

- . economic planning machinery
- . permanent expert committee on taxation
- . price justification tribunal
- . (expanded activities of) defence standards laboratory, commonwealth Analyst, C.S.I.R.O.
- . Australian Schools Commission
- . Australian pre-Schools Commission
- . Australian Hospitals Commission

4.

- . Ministry of Urban Affairs
 - . Commonwealth/State Land Development Commissions
 - . Inter-State Commission
 - . National Disaster Organisation
 - . Commonwealth Superior Court
 - . Ministry of Northern Development
 - . Single health insurance body
 - . Secretariat for (Foreign Takeovers
 - . Commonwealth Serum Laboratory
 - . Commonwealth Arts Council: (seven) autonomous cultural bodies
 - . Securities and Exchange Commission
 - . Ministry for Aboriginal Affairs
 - . Aboriginal "conciliation procedures"
 - . Conservation and Construction Commission
 - . Fuel and Energy Commission
-