PRESS STATEMENT:

MALCOLM FRASER:

1963/64 BUDGET
August 25th, 1963

The Budget announced by the Treasurer has been better received than any previous Budget introduced by Mr. Holt. One principle has been adopted in the Budget which I believe is particularly commendable. The Government has tried to pick out those sections of the community that need some help or assistance and it has then given particular aid to those groups. Thus, the Budget has been able to have a broad effect on many different sections of the community.

In the past, there has often been a tendency to give a blanket reduction in taxation or in company tax, or a blanket increase in benefits. Such reductions in taxation or increases in Government expenditure covering the whole field have always been very expensive. These general deductions have not always given the Australian people the best value for their money. The particular incentives and the particular concessions announced in this Budget are, I believe, much more useful.

In this first report on the Budget, I am going to deal with those aspects that give a direct stimulus to production in the rural sphere. In later reports, I will deal with other aspects of the Budget.

SUPERPHOSPHATE BOUNTY.

The most important of the concessions involves the introduction of a Superphosphate Bounty at the rate of £3 a ton. In a full financial year, this will cost £9m.

There is no need to tell anyone in this part of Victoria how beneficial superphosphate has been to the development of the whole region. Without superphosphate, Western Victoria would largely become unproductive. It is the lifeblood of every farm and every property in this extremely productive area of Australia, and what applies in Wannon applies in many other areas throughout the Australia. The Superphosphate Bounty is something that many Members of Parliament have fought for for a considerable period. In advocating such a Bounty, we have always kept foremost in mind the fact that a Superphosphate Bounty would assist those primary industries that most need assistance. Surveys made by the Bureau of Agricultural Economics have shown that the outback pastoral areas of Queensland or New South Wales or South Australia have always been reasonably profitable even in the worst years of low wool prices. The same surveys have shown that the high rainfall areas, the highly productive areas where intensive grazing and farming operations are involved, have been the high cost areas where profitability has not been all that good. One of the reasons for this is the necessity to put large quantities of super. on our country every year. Thus, the Government decided to subsidise super and reduce the cost of one of the most important annual expenditures that nearly every farmer in the high rainfall areas must undertake.

I hope there will be many farmers who will take this opportunity of cheaper availability of super. to improve more land and thus further increase production.

INVESTMENT ALLOWANCE.

Secondly, the Government has introduced an investment allowance on plant and equipment. The special depreciation allowance of 20% of cost being an allowable deduction every year for 5 years will continue. However, in addition to this, the Government is introducing an investment allowance of a further 20% for the first year in which new plant or equipment other than road vehicles is purchased. In practical terms, this means that if you buy a new
hay bale or another piece of equipment you can write off 40% of its value in the first year. Thus, the primary producer, over 5 years, can write off 120% of the value of the equipment he purchased. It is estimated that this will cost the Government £3m. in a full year.

DEVELOPMENT BANK.

A further £5m. has been provided towards the capital of the Commonwealth Development Bank. Since its establishment, this Bank has approved loans of primary and secondary industry but mostly to primary industry of the order of £37m. This additional £5m. will increase the Bank's capital to £31m., but the Bank also has substantial reserve funds and the use of loan funds from other sources. The total resources available to the Bank will be approximately £71m.

ESTATE DUTY.

The Government has also made significant alterations to estate duty. The combined probate and estate duties levied by the State and Federal Governments have caused embarrassment at times to many farmers and to people with small businesses. Some time ago, the Victorian Government altered its legislation so that there would be a 30% rebate on all agricultural land included in deceased estates. The Commonwealth - I believe rightly - has come to the view that farmers are not the only people who experience difficulty with estate duty and therefore rather than give a particular concession to agricultural land, the Commonwealth decided that it would be more equitable to double all the existing exemptions and to shade them out more slowly than at present. Once the Commonwealth legislation has been passed, an estate of a person who dies will be exempt from estate duty if the value is £10,000 or less and if that estate passes to a widow, widower, children or grandchildren. Previously, duty would have been payable if the estate were of a value greater than £5,000. In addition to this, the exemptions will be shaded out much more gradually than they have been up to the present time. Let me give one or two examples. An estate valued at £10,000 will now attract no Commonwealth duty provided it is being left to a widow, widower, children or grandchildren. An estate valued at £20,000 will have the Commonwealth duty payable reduced by about 65%. An estate valued at £30,000 will have the Commonwealth duty reduced by about 33%.

FORESTRY.

There are other matters which are of importance to the rural section of the community. For taxation purposes forestry has been re-classified as a primary industry. As a result, investment for forestry will be subject to the same investment allowance as other primary industries. This will be of particular significance to many areas of Australia including certain particular areas of Western Victoria.

EDUCATION.

The increase in the education allowance should also be a help to people who live in the remote regions. The maximum amount deductible for any one child has been increased from £100 to £150. This is designed in particular to assist people who cannot send their children to a High School or a Grammar School on a daily basis.

TELEPHONE EXTENSIONS.

There is one other small item which will be a help to people who live a reasonable distance away from Post Offices. Up to the present time, the cost of provisions made for the extension of telephone services to farm properties has not been an allowable taxation deduction. Now, in each year, one-tenth of the cost of such works will be allowable till the item is written off in 10 years' time. It has always seemed unreasonable to me that primary producers some distance from a Post Office should have had to spend sometimes large sums
of money in getting themselves connected to a telephone, and that such expenditure was not an allowable taxation deduction. Once this Budget is passed, such expenses will be allowable deductions.

In short, this is the best Budget for the primary producer for several years.

Next week I will report on other aspects of the Budget.