MINISTER FOR THE ARMY

With the Compliments

of

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POINTS FROM THE BUDGET

Last week the Treasurer introduced his second Budget. Total Budget expenditure will be just under $6,500 million. Total revenues are estimated to be $5,887 million and this will leave about $596 million to be financed from borrowings, which is $61 million more than the amount borrowed last year.

Notwithstanding these large sums, Commonwealth expenditure has been restrained to a certain extent this year. The rate of increase over the previous year was 9½% against a rate of increase of 11% the year before. There will also be a considerable improvement in the annual increase in revenue, which this year is estimated to be $499 million, whereas last year's increase was only $306 million.

Turning now to individual items of expenditure within the Budget; the amount spent on Defence has risen by 18% this year over last year's figure. Over the last four years there has been an increase of $700 million in the Defence Bill and this tremendous increase has been accomplished with relatively little change in the normal rate of economic growth. However, the Treasurer has pointed out that Australia will not be able to continue to afford such rate of growth in Defence spending. One aspect of this item which is of particular concern to the Government is the amount spent under this heading overseas. The overseas expenditure of Defence five years ago was less than $100 million a year but this year it may be over $350 million which would represent about 11% of our export earnings. For this reason Defence Services have a policy of buying in Australia were possible and I am pleased to be able to say that the Army spends about 80% of its capital equipment vote in Australian factories.

International aid is another large and growing field of Government expenditure overseas. This year our aid will total 0.75% of our estimated national income and only France makes a higher aid contribution than that. It should also be remembered that unlike all other aid-giving countries we provide our official aid in grants with no strings attached whilst most other countries give their aid in the form of loans or grants which must be spent in the country of origin.

In the field of national welfare payments, such as Social Services, Health and Repatriation, expenditure will rise by more than $50 million to a total of $1,332 million. This exceeds all the pay-as-you-earn income tax collections of the last financial year. Such sums can, however, only be raised by the imposition of income tax on the individual and it is important to remember that payments from the Commonwealth represent money which has been collected from every one of us and paid out by the Commonwealth in the interests of the nation.
This year there will be increased payments for child endowment, representing a progressive increase of 25c for the fourth and each subsequent child in a family. This means that a family of, say, 9 children will get an additional $5.25 per week. It is on families of this size that financial burdens fall most heavily and, recognising this, the Government has sought to alleviate their hardship.

Pensioners with defective hearing will also be able to borrow hearing aids at a nominal charge from the Commonwealth Acoustic Laboratories.

**Individual Items of Expenditure**
- $1,671 million — Age, invalid and widows' pensions, medical, hospital and general health benefits and home savings grants.
- $261 million — Repatriation. Further increase of $11 million, which includes some additional payments to war orphans.