EXPANSION & STABILITY

The first week of the Spring session has given us a great deal to talk about; not only did the Treasurer introduce an extremely interesting Budget, but two days later both the Prime Minister and the Minister for External Affairs made statements on foreign policy and the general overseas position. I am afraid any comment on these latter statements will have to wait because in the next two or three weeks I want to talk about the Budget.

Firstly, I think I should say something about the general principles which are underlying this present Budget. The Government has now completed ten years in office. The years have not all been quiet ones and the Government has had its difficulties, but from that time population has grown by two million, nearly half of which has come from migration. 750,000 houses and flats have been built and nearly 1½ million new motor vehicles have been registered. Other figures could be shown to prove striking industrial progress and in the rural sector production is in many cases higher than it has ever been. Although the wool industry has been going through a period of difficulty due to low prices average production has increased 50% over the ten years.

The question which the Treasurer put during his speech was whether or not this progress and development can be equalled or surpassed in the next decade. There is no reason why this should not be possible. We start from a better position than we had ten years ago. There are no crippling shortages of materials, equipment, fuel or power which then restricted progress on every hand.

Twelve months ago the Government thought Australia faced a difficult trading year. Prices for exports were low, and we looked like running into a heavy trading deficit with other countries.
Due to many factors which include an unusually high overseas investment in this country over the last twelve months, and also a rise in the wool prices towards the close of the season, Australia ended the 1958/59 financial year in a very sound position - overseas reserves fell by as little as £10 million.

With the possible exception of the wool industry, which has not yet solved its problems, Australia is in a better position than it was twelve months ago. The Treasurer felt strongly that we had a stable base from which it was possible to plan and prepare the progress of the next ten years.

With this in mind, the Government has already come to agreements with the States which will be increasing by £5 million Commonwealth aid for roads for this year, and by £36 million the tax reimbursement for the different States. So far as its own accounts are concerned the Government has made alterations to social service benefits in line with the recent basic wage rate. It has begun reorganization of the Postmaster-General's Department which I will deal with next week, also it has made a 5% reduction in the income tax payable by individuals; this reduction will apply from the beginning of this financial year. Various other small incentives to further investment and to small companies have been introduced. One of the most significant items in the budget was the increase to 125,000 in the annual immigration intake. This is a mark of great confidence in Australia's future.

Total receipts for the year will be just under £1,400 million. This is an increase of nearly £100 million over last year. Total expenditure will be nearly £60 million more than receipts. You will remember that last year the Government budgeted for a deficit of £110 million. This turned out, in fact, to be just under £30 million. This was because Government loans attracted much better support than had been expected, because wool prices rose at the end of the year and because overseas people invested more than had been expected in Australia. These three factors may not work to the same advantage this year.
The Government does not feel that any great or drastic stimulus is needed at the present time to maintain the high level of employment which is a most important social and economic obligation. It considers the small stimulus given by the deficit of £60 million will be sufficient to maintain Australia's general expansion while at the same time preserving stability. The budget lays the foundation of progress for the next decade.

Next week I will talk about detailed aspects of various changes being undertaken in the Postmaster-General's Department. Even though there has been considerable dissatisfaction with some of these proposed changes I believe two of the most important will work to the very real benefit of rural areas. However, that's for next week.