

respect of the adjacent areas of Papua New Guinea, under the Petroleum (Submerged Lands) Act, delegated his authority to the Papua New Guinea Minister for Mines and Energy and certain Papua New Guinea Government officials.

The Australian Government agreed to permit Papua New Guinea to enact its own legislation subject to 2 conditions. These are that:

1. It will not, prior to independence, introduce legislation purporting to regulate off-shore mining in areas beyond the outer limits of the continental shelf within the meaning of the 1958 Convention on the Continental Shelf nor will it act inconsistently with any international convention relating to the law of the sea to which Australia is a party;
2. Adequate safeguards as to the environment should be applied during the exploration stage, and if oil or gas should be discovered within the 'adjacent areas', it would consult with the Australian Government and seek the advice of an independent authority to ensure that commercial exploitation would not commence until the environment was adequately safeguarded.

The Papua New Guinea Chief Minister has agreed to these 2 conditions. He has also indicated that the Papua New Guinea Government shares Australia's concern to protect the environment.

Taking these Bills in turn, the Petroleum (Submerged Lands) Bill provides for the repeal from a date to be proclaimed of the provisions of the principal Act that extend to Papua New Guinea. This date will be the date of commencement of Papua New Guinea's own off-shore legislation. Clause 4 amends section 7 of the principal Act by ceasing its extension to Papua New Guinea and clause 5 omits reference to the Australian Minister as the designated authority in respect of the adjacent areas of Papua New Guinea. Clause 6 repeals the section of the principal Act which deals with the payment of fees, royalties, etc., to Papua New Guinea and provides that any moneys received by Australia before the date of commencement of this Act are to be paid to Papua New Guinea. Clause 8 removes the description of the adjacent areas of Papua New Guinea from the second schedule to the principal Act.

The Papua New Guinea Bill puts beyond doubt the authority of the House of Assembly to legislate with regard to off-shore mining. Clause 3 of this Bill inserts a new section in the principal

Act to clarify the authority of the House of Assembly to legislate in the offshore area, as defined in the new section, and provides that such authority shall not be construed as limiting by implication any other power of the House of Assembly to make laws under the principal Act. I draw to the attention of honourable members the fact that Papua New Guinea's authority to legislate with regard to off-shore mining is confined to the territorial sea and the continental shelf within the adjacent areas of Papua New Guinea and that Papua New Guinea has agreed to conform to Australia's international obligations in regard to the law of the sea conventions.

Although the function of Papua New Guinea's foreign relations is reserved to Australia, the policy of the Australian Government has been to involve fully Papua New Guinea and to exercise that function only after the fullest consultation with and advice from the Papua New Guinea Government. Consistent with this policy Australia has encouraged Papua New Guinea to take its place in the international community and one example of Papua New Guinea's increasing involvement in this community was its participation in the recent Law of the Sea Conference in Caracas.

The Bills I am introducing are a further step in the devolution of authority to Papua New Guinea so that when independence comes there will not be one aspect of government with which Papua New Guinea will not be familiar and experienced. I commend the Bill to honourable members.

Debate (on motion by Mr Peacock) adjourned.

Sitting suspended from 6.13 to 8 p.m.

APPROPRIATION BILL (No. 1) 1974-75

Message from the Governor-General recommending appropriation for proposed expenditure announced.

Bill presented by Mr Crean, and read a first time.

Second Reading (Budget Speech)

Mr CREAN (Melbourne Ports—Treasurer) (8.1)—I move:

That the Bill be now read a second time.

In doing so, I present the Budget for 1974-75.

The Government has twice in less than two years been elected to carry out programs of social reform and progress.

The Budget proposals I am announcing tonight are designed to advance our programs and to make Australia a fairer society.

THE BUDGET SETTING

Due to the interruption of the normal business of government and Parliament caused by the dissolution of both Houses, the Budget is being presented later than usual.

Furthermore, it has been framed within the context of an economy subjected to exceptional strains.

Mr Anthony—You can say that again.

Mr CREAN—I will say it again: An economy subjected to exceptional strains. We share with all our major trading partners problems of economic management unparalleled in modern times. Yet it must be emphasised that these problems flow from Australia's basic strength and real prosperity. In the past year—and those honourable members who have studied the White Paper on national income can read it for themselves—gross domestic product increased in real terms by 5½ per cent. Civilian employment rose by a record 218,000. Incomes rose strongly in both real and dollar terms.

Partly because of this increase in incomes, price increases have been large and widespread. Until recently, we have experienced severe shortages and delays in the supply of a wide range of goods and materials and a disturbingly high incidence of industrial disputes.

The Government acted decisively to ease the excess pressures on the economy prevalent during most of 1973-74. Firm action was taken through monetary policy to moderate excessive demands and through exchange rate adjustments and tariff reductions to increase supplies. In the event, nearly one-half of the increase in demand was satisfied by the increase in imports resulting from our external policies.

These actions have achieved their objective. Demand pressures in the private sector have abated in recent months. After strong growth in the first half of 1973-74, capital spending by business declined slightly in real terms in the second half of the year. Investment in new dwellings, which had been far outstripping the growth in building resources, is now more in line with the supplies available. Though remaining reasonably buoyant, consumer spending is now a less dominant expansionary force than it was during much of 1973-74.

The abatement in demand pressures is evidenced also in the labour market. Unemployment

has increased and overtime working has diminished.

Although demand pressures are being contained, powerful cost pressures have been unleashed which threaten further unsettling price increases. In that connection I mention that the Government is exploring a tax penalty mechanism by which wage and salary increases beyond an established norm might be excluded from assessable costs for the assessment of company income tax.

The conventional response to inflation has relied almost entirely on the creation of mass unemployment. Those who advocate such a course in present conditions are unable to say what level of unemployment would markedly reduce inflation. The Government is not prepared deliberately to create a level of 4 or 5 per cent, or perhaps even higher unemployment.

The Government is convinced that the best course is to attack the cost price spiral directly. We are pursuing this course in discussions with the State Governments arising from the recent special conference with Premiers. We have also engaged in discussions with unions and employers, particularly in the context of the Moore Conference. This form of action depends upon widespread and unusual co-operation. To rely on unemployment to reduce cost pressures would inhibit that co-operation and could destroy the Government's right to claim it. The Government will not close off its options until the possibilities of co-operation have been given a proper test.

However, decisions taken in the Budget context remain important in this overall strategy. We must maintain control over total demand to prevent excessive demand pressures emerging again. The expansion in the public sector contained in this Budget is designed to take up the slack emerging in the private sector.

The Government's appeal for restraint on wages and prices will, I believe, be reinforced by the decisions, particularly on the tax side, which I shall shortly announce. In making their wage claims, employees should recognise that the Government expects the principal burden of restraint to fall on upper income groups, particularly through the impact on profits of the operations of the Prices Justification Tribunal and by the substantial redistribution of incomes which will arise from this Budget, particularly from the amendments to the income tax system and the new provisions for the taxation of property incomes and capital gains. The possibility of restraint from all sections of the community will be

enhanced by the decisions I will announce designed to reduce the burdens on and increase the benefits for wage earners and particularly low and single income families.

The Government will continue to be flexible in its use of policy instruments to meet any difficulties which emerge—as illustrated by the action earlier this month to enable the Savings Banks to increase their lending for housing, and by the recently announced decision to institute a Regional Employment Development Scheme. Should the need arise, we stand ready during the year to take action on the expenditure or revenue side of the Budget to give a quick stimulus to demand and employment.

Crucial as the fight against inflation is, it cannot be made the sole objective of Government policy. This Government is committed to the program of social reform to improve the position of the less privileged groups in our society and to maintain employment opportunities. We intend to pursue those programs and objectives without significant increase in the public service which will be held to the increase in operative staff of 1 per cent previously announced.

The Government's overriding objective is to get on with our various initiatives in the fields of education, health, social welfare and urban improvement. The relatively subdued conditions in prospect on the private sector provide the first real opportunity we have had to transfer resources to the public sector.

It is against this background that we have budgeted for substantial increases in expenditure on our major programs of reform this year.

OUTLAYS

Total Budget outlays in 1974-75 are estimated at \$16,274 million, an increase over actual outlays in 1973-74 of \$3,980 million or 32.4 per cent.

Opposition supporters—Oh!

Mr CREAN—Well, honourable members opposite can tell us later where they would cut it down.

Mr Peacock—That is what you are charged to do.

Mr SPEAKER—Order! The honourable member for Kooyong will remain silent.

Mr Peacock—There is very severe provocation with that sort of stuff.

Mr CREAN—Meanwhile, the honorable member for Kooyong and others can study the details in Statement No. 3.

I now briefly outline the Government's expenditure proposals for 1974-75; additional information will, as appropriate, be provided by the responsible Ministers.

EDUCATION

Education remains one of the Government's highest priorities. Last year, Australian Government expenditure on education almost doubled. For 1974-75, total outlays on education are estimated at \$1,535 million, an increase of 78 per cent on 1973-74.

The increase is partly due to the full impact of major new programs introduced by the Government at the beginning of 1974.

Mr Killen—And inflation too.

Mr CREAN—And inflation—but substance as well. These include the new programs of expenditure on primary and secondary schools being administered by the Schools Commission; the Government's undertaking of total financial responsibility for tertiary education throughout Australia; the abolition of fees for tertiary and technical education; and the new student assistance measures.

Our expenditure on schools will increase from \$234 million in the last financial year to \$555 million in 1974-75, an increase of 137 per cent. On universities and colleges of advanced education, expenditure will rise from \$524 million to \$818 million, a 56 per cent increase.

This Budget provides for important new measures in education to be introduced in 1974-75.

A major new initiative will be undertaken in the field of technical and further education, based on the broad program recommended by the Kangan Committee. Subject to the understanding that the States will not reduce the level of their own activities in technical education, we expect to spend \$96.5 million in the States on this program in two years, and have provided \$49.1 million for this purpose in 1974-75. This will cover expenditure on land and buildings, including residential facilities for students, and on equipment and minor works, assistance with general recurrent expenditure, and for specific purposes such as in-service teacher education and library development. The Minister for Education will be providing details of this program.

The Government has accepted the recommendations of the Schools Commission that extra funds should be allocated along the lines suggested in the Karmel Report to ensure that the impact of Schools Commission grants, and of grants under earlier programs for school science

and library facilities, is not eroded by cost increases. An amount of about \$78 million will be available for this purpose during the remainder of the 1974 school year and in the 1975 school year; \$48.5 million of this is included in the 1974-75 Budget. Previously, we had introduced procedures to supplement grants to universities and colleges of advanced education for the same purpose. Provision for these supplementary grants has been made for the first time in the 1974-75 Budget, at a cost of \$39.2 million.

Changes to existing schemes of assistance to students at secondary and tertiary levels are estimated to cost an additional \$7.2 million in 1974-75. These will permit rates of allowances and means tests to be adjusted to reflect movement in costs.

Details of other initiatives in education to be introduced in 1974-75 will be announced by the Minister for Education.

CARE AND EDUCATION OF YOUNG CHILDREN

The Government has decided to proceed with its full-scale program for the care and education of young children. We propose a fully integrated approach to the needs of childhood, embracing education, health and care services. An amount of \$75 million has been provided in the Budget to enable a start to be made on the program by no later than 1 January 1975, and to meet existing commitments.

A Children's Commission will be established to assume responsibility for administering all existing commitments in this area and for developing the new program. Meanwhile, an interim Children's Committee will be set up.

Details of the Government's decisions on the care and education of young children will be the subject of a statement by the Minister Assisting the Prime Minister.

HEALTH

A Development Program for Australian Hospitals

Following consideration of the Hospitals and Health Services Commission report on Hospitals in Australia, tabled in Parliament on 10 April, the Government has decided to implement a five-year program of capital assistance for the provision, expansion and modernisation of public hospital and other health institutional facilities in the States. The amount provided for 1974-75 is \$28 million. To meet urgent needs for additional hospitals, arrangements will be made to acquire a site in each of Sydney, Melbourne

and Brisbane for the construction of an Australian Government hospital.

Medical and Surgical Aids and Appliances

The Government has recognised the need for assistance in the provision of medical and surgical aids and appliances. Currently, artificial limbs and, in certain cases, hearing aids are provided free of charge. It is proposed to widen the assistance given in this field by providing free of charge, to those who need them, stoma appliances and the equipment and supplies needed for home dialysis. It is intended that stoma appliances will be distributed through hospitals and stoma associations. Home dialysis requirements will be made available through hospital dialysis and transplantation centres.

Royal Flying Doctor Service

The Australian Government will increase capital grants and operational subsidies for the Royal Flying Doctor Service. Financial assistance for the three years commencing 1 July 1974 will comprise a capital subsidy of up to \$800,000 and an operational subsidy of up to \$2.1 million. The estimated cost of the additional assistance in 1974-75 is \$327,000.

Nursing Homes

The Government is continuing its efforts to improve the position of patients in nursing homes. Nursing home benefits were increased from 1 August at an additional cost in 1974-75 of \$24.6 million.

In addition, it is proposed to amend the National Health Act to authorise the Minister to enter into agreements with religious, charitable and other non-profit organisations conducting nursing homes, under which the Government will meet the deficits incurred in running the homes. It is planned to introduce this arrangement in January next. The cost in 1974-75 is estimated at \$1.8 million.

The Government has approved a special grant of \$1.2 million, on a dollar-for-dollar basis, to Queensland for the erection of Stage 2 of the public nursing home complex at Wynnum. \$300,000 has been provided for 1974-75.

Home Nursing

We propose to increase, with effect from 1 October 1974, the existing subsidy to approved organisations providing home nursing services. For organisations established before September 1956, the annual Australian Government payment for each nurse who attracts subsidy will be

increased from \$4,700 to \$6,200. For organisations established after that date, the annual subsidy for each nurse employed will be increased from \$2,350 to \$3,100. As at present, the Australian Government subsidy to any organisation will not exceed that paid to the organisation by a State. The increase in the subsidy is expected to cost \$613,000 in 1974-75.

National Drug Education Program

The Government intends to continue the National Drug Education Program and for this purpose will provide \$750,000 in 1974-75. Continuing support will be provided for the program during 1975-76 and 1976-77.

SOCIAL SECURITY AND WELFARE

The Government is pressing on with its commitment to restore Australia to a position of leadership in the provision of welfare services.

Social Security Benefit Rates

Because this year's Budget is late, all social service pensions and benefits have already been increased. The standard (or single) rate was increased by \$5 a week and the combined married rate by \$6 a week. The standard rate of pension represents almost 25 per cent of seasonally adjusted average weekly earnings for the June quarter 1974. Pension rates will be further reviewed in Autumn 1975.

Additional pensions and benefits payable in respect of dependent children, including student children, are to be increased by 50 cents to \$5.50 a week.

The means-tested supplementary assistance and supplementary allowance payable to pensioners and beneficiaries who pay rent are to be increased by \$1 to \$5 a week. The amount of supplementary assistance payable is not to exceed actual rent paid.

Orphans pension which was introduced by this Government last year is to be increased by \$1 to \$11 a week.

Abolition of the Means Test

As I indicated in my statement to the House on 23 July, the Government will be proceeding with the second step in the abolition of the means test—for residentially qualified persons aged 70 to 74 years—to take effect next April.

Australian Assistance Plan

Last year a pilot program provided assistance for 35 Regional Councils for Social Development to establish social planning structures at a regional level. Further impetus is now to be

given to the program. Initiating grants will be provided in regions currently not assisted. Administration grants will be increased in the regions already receiving assistance and six more regional councils will be given access to capitation grants to assist local social welfare services.

Dwellings for Pensioners

The States Grants (Dwellings for Aged Pensioners) Act 1969, provided \$25 million for non-repayable interest-free grants to the States over the five years terminating in 1973-74. These grants were for the construction of dwellings to be let to single persons who were receiving an age or Service pension and who were eligible for supplementary assistance. We will now provide an amount of \$30 million over the three years from 1974-75, doubling the annual grant to \$10 million. The scheme will be widened to embrace the construction of dwellings to be let to single invalid and Class B widow pensioners and single Service pensioners who are permanently unemployable or suffering from tuberculosis.

Home Care for the Aged

It is the Government's intention that the rate of capital subsidy under the Aged Persons Homes Act, now \$2 to \$1, will be increased to \$4 to \$1 from 1 January 1975.

The personal care subsidy payable to organisations providing personal care services for the aged in approved hostel accommodation will be increased from \$12 to \$15 a week.

The basic rate of subsidy paid to 'meals-on-wheels' services will be increased from 20 cents to 25 cents a meal. The increased subsidy will be payable from 1 October 1974 and will apply to meals delivered since 1 July 1974.

Assistance to the Handicapped

Handicapped children's benefit payable to organisations is to be increased by 50 cents to \$3.50 a day.

We propose to introduce a Handicapped Child's Allowance of \$10 a week. It is to be payable to parents and guardians in respect of a child under 16 years who is cared for at home and who, because of the severity of the handicap, is in need of constant care and attention.

National Family Planning Program

The Government has decided to increase grants to national family planning organisations by \$75,000 to \$425,000 a year. We will also initiate further measures to encourage family planning and provide advisory facilities to those

who have previously lacked access to family planning advice. An amount of \$700,000 has been included in the Budget for the provision of facilities and for the training of medical personnel.

Structural Adjustment Assistance

An amount of \$11.8 million is provided in the Budget to assist employees displaced as a direct result of Government decisions designed to bring about significant structural changes in industry that are in the national interest. Within specified limits, income maintenance payments will be made available to individuals affected by these decisions.

COMPENSATION AND REHABILITATION

We have endorsed in principle the compensation scheme contained in the Report of the National Committee of Inquiry into Compensation and Rehabilitation in Australia (the Woodhouse Report) and the main enabling legislation will be introduced in the Budget sittings. The Bill will provide for a phased introduction of the scheme and, following detailed examination of the scheme by the Government and others, amendments may be made to the Act before its implementation. The only costs in 1974-75 will be for the payment of staff and consultants to plan the operation of the scheme.

REPATRIATION BENEFITS

There will be further substantial increases in Repatriation benefits.

The Special Rate pension, or its equivalent, will be increased by \$4.00 a week to \$64.10 during the Budget sittings and will be further increased by \$4.00 a week during the Autumn of 1975. The maximum General Rate war pension will be increased by \$3.00 a week to \$25.00 during the Budget sittings and further increased by \$3.00 a week during the Autumn. There will be increases in the Domestic Allowance payable to most war widows and in most other pensions and allowances paid under Repatriation legislation. The full details will be announced by the Minister for Repatriation and Compensation.

In addition, we have decided to introduce some new benefits in the Repatriation field.

Free medical and hospital treatment for any condition will be provided for all Australian ex-servicemen and women who were interned as prisoners of war. All ex-service personnel, irrespective of whether they had service in a theatre of war, who suffer from malignant cancer, will be provided with any treatment necessary for that

condition. These benefits will be introduced during the Budget sittings.

Further benefits will be introduced from the Autumn of 1975. The means test on service pensions will be abolished for those aged 70 to 74 years. A further 25 per cent of all war pension payments will be disregarded as income for service pension means test purposes. Ex-service personnel who had war-time service in the Defence Forces of other countries of the British Commonwealth and who are now residing in Australia, and have done so for at least ten years, will be eligible to apply for service pensions.

ABORIGINAL ADVANCEMENT

The Government accorded a high priority to Aboriginal affairs in its Budget allocations in 1973-74. We propose a further substantial expansion of activity this year. The Budget provides for an increase of \$64.9 million in outlays on Aboriginal advancement programs in 1974-75, to a total of \$163.6 million. This provision will ensure that initiatives taken since December 1972 will be consolidated and developed for the benefit of the Aboriginal community.

HOUSING

Welfare Housing

At the Premiers' Conference in June, we agreed to advance \$235 million to the States for welfare housing purposes in 1974-75. Taking into account that \$25 million of the 1973-74 advances was not spent by the States last year, this would allow for an increase in expenditure this year of \$67 million, or 34 per cent. Nevertheless, we stand ready to consult with the States on the provision of additional advances in the light of developments in the housing industry, the availability of resources for housing construction, and the ability of the States to put further funds for welfare housing to productive use. If circumstances warrant, we will be proposing that an increased proportion of advances made to the States under the Housing Agreement be disbursed through the Home Builders' Accounts to assist private home ownership for persons of low and moderate income.

Australian Housing Corporation

The Government proposes to introduce as soon as possible legislation to establish an Australian Housing Corporation to undertake all of those housing functions for which the Australian Government has Constitutional power. This will include direct lending by the Corporation to families for housing. The sum of \$25m is being

provided to enable the Corporation to undertake those housing functions which are not provided for under other appropriations. Details will be announced by the Minister for Housing and Construction.

Defence Service Homes

We propose to improve significantly the Defence Service Homes Scheme. Details will be announced by the Minister for Housing and Construction. The proposals include an increase in the maximum loan from \$12,000 to \$15,000, liberalization of eligibility conditions, and limited provisions for the transfer of a loan to another property. We have also reviewed the interest rate charged on new loans; the present rate of 3½ per cent per annum will be retained on existing loans and new loans up to \$12,000, but the interest rate on future loans on the amount exceeding \$12,000 will be 2 per cent below the most favourable rate available from the Commonwealth Savings Bank (at present 9¼ per cent), with provision for relief for pensioners in circumstances of hardship.

The provision for Defence Service Homes will be increased to \$115 million, or \$13 million more than the amount provided last year.

Housing in the Territories

The Budget provides \$65 million for housing in the Australian Capital Territory and the Northern Territory in 1974-75, \$14 million more than expenditure last year. This provision allows for additional funds for the Northern Territory Housing Commission, whose building program for 1973-74 was seriously interrupted by the abnormal wet season in the Territory.

URBAN AND REGIONAL DEVELOPMENT

One of the most significant initiatives of this Government has been the major effort to improve the standards of the urban environment in our cities and regions, to establish attractive alternatives to living in the major cities, and to arrest and reverse the decay of the established areas of our cities.

This year we will be spending about \$390 million on such programs. A comprehensive statement of outlays on urban and regional development is given in the document on that subject being tabled by the Minister for Urban and Regional Development with the Budget papers.

Canberra

Apart from being the national capital, Canberra is one of the most rapidly expanding urban areas in Australia. In 1974-75, \$38.8 million will be spent in Canberra on acquiring and servicing land for residential, business and community uses.

Growth Centres

In partnership with the New South Wales and Victorian Governments we have, in the past year, established the Albury-Wodonga Development Corporation. This Budget provides an amount of \$40 million for Albury-Wodonga, the major new growth centre initiative in South East Australia. A further \$37.4 million has been provided for the establishment of other growth centres including Monarto, Geelong and Bathurst-Orange.

Land Commission

Last year we made a major commitment towards the establishment of Land Commissions designed to provide Australian families with land at fair prices. Subsequently, the first Land Commission was established in South Australia. The Victorian, New South Wales and Tasmanian Governments have accepted the principles of this program. For 1974-75, we are providing \$54.5 million for the purchase and development of land in the States.

Area Improvement

Pilot schemes of area improvement have been commenced in the western sectors of Sydney and Melbourne. In addition, assistance to increase the standards of services available in 11 new regions will be commenced during 1974-75. An amount of \$14.1 million has been provided for this program.

Urban Rehabilitation

An amount of \$17.5 million has been spent on the purchase of 47 acres of residential land at Glebe, New South Wales, and a further \$1 million has been provided to commence the rehabilitation of that area and to improve and increase its housing stock.

Sewerage

During 1973-74 we commenced a program of assistance to the States to eliminate the backlog of sewerage services. That program will be accelerated this year and the Budget provides an amount of \$105 million.

Last year the program was confined to the major cities. This year we are expanding it to

cover provincial cities in the population range 20,000 to 60,000.

PROTECTION OF THE ENVIRONMENT

The Government supports a wide range of activities in the field of environmental protection and conservation.

Among our new initiatives in this area, the Budget provides \$250,000 for the first stage of a National Air Monitoring Program and for studies leading to the establishment of a Baseline Monitoring Station as part of Australia's contribution to the United Nations Environment Program.

\$100,000 is being provided for a campaign to increase public environmental awareness.

CULTURE AND RECREATION

This Budget provides for the consolidation of the progress made last year towards meeting a wide range of cultural and recreational needs.

Assistance for the Arts

The Budget provision for programs of the Australian Council for the Arts will be increased by \$6 million of \$20 million. In addition, \$637,000 is provided for payments to authors and publishers under the Public Lending Right Scheme.

The Film and Television School

An amount of \$2.8 million is provided for The Film and Television School, reflecting the commencement, in 1975, of the School's full-time operation.

Broadcasting Services

An amount of \$98 million, or \$16 million more than in 1973-74, has been provided for operational expenditure by the Australian Broadcasting Commission. A further \$14 million has been provided for expenditure on capital equipment, mainly that required for the introduction of colour television.

International Women's Year

1975 has been designated by the United Nations as International Women's Year. The Government has allocated \$2 million for relevant activities during 1974-75 by both Government departments and nongovernmental organisations.

Australian Library Based Information System

The Government has agreed to the allocation of an additional \$1,025,000 over the next two financial years to enable the National Library to undertake a program of extensive consultations

and studies on the possible development of an Australian Library Based Information System.

National Estate

There has been in the past an undue emphasis on the concept of uncontrolled development; this has left much to do in identifying, conserving and enhancing the National Estate. The Budget provides an amount of \$8 million for grants to the States and to National Trusts, and for expenditure in the Territories, on the advice of an Interim Advisory Committee on the National Estate.

Provision is being made for expenditure of \$381,000 to commence a National Parks and Wildlife Research Program, including the commencement of an ecological survey of Australia and of flora and fauna research and surveys.

\$9 million will be provided to assist the States in the acquisition of land for nature conservation purposes.

Recreation, Sport and Leisure

The Government will expand its program of assistance to facilitate and encourage beneficial leisure-time activities. These new measures will encourage participation in physical recreation, increase assistance for sport and assist other forms of recreation activities. Expenditure on sport, youth and recreation activities is expected to reach \$2.5 million in 1974-75.

The Budget provides \$4.5 million for expenditure during 1974-75 on community leisure facilities.

The Government's initiatives in community recreation have shown the need for adequately trained recreation leaders and for recreation research. A provision of \$155,000 has been made to accelerate the development of courses in community recreation at the associate and graduate diploma levels in colleges of advanced education. \$250,000 has been provided in the Budget for a research program into all facets of community recreation. Provision has also been made for the support of innovatory programs in community recreation.

DEFENCE

The amalgamation of the former Defence and Service Departments has enabled the appropriations this year for the three Armed Services to be brought together under a single Department of Defence.

Mr McLEAY—By how much have you chopped that back?

Mr CREAN—Well, we have increased it. The provision for defence outlays in 1974-75, including defence-related activities of the Department of Manufacturing Industry and other departments, is \$1,498.7 million compared with actual outlays of \$1,334.1 million in 1973-74. This provision for defence purposes enables the Government to continue its policy of maintaining Defence Forces which, in conformity with the present strategic outlook, sustain a proper level of defence capability and potential for future expansion.

The Government is proceeding with the four new major equipment projects for the Armed Forces announced in April this year, with a total commitment of some \$330 million to be spread mainly over the next eight years. These projects are: eight Long Range Maritime Patrol aircraft for the RAAF, fifty-three modern medium tanks and forty-five Fire Support Vehicles for the Army, and two new destroyers for the RAN. In addition, an extensive program for the refitting and modernisation of RAN surface ships and submarines is under way. Meanwhile, production is proceeding against the orders of previous years; this involves substantial expenditure on items such as two additional Oberon submarines and ten Westland Sea King helicopters.

New budgetary arrangements for providing financial assistance to Papua New Guinea in respect of defence are being introduced with effect from 1 December 1974. An amount of \$12.5 million is being provided for defence co-operation with, and defence financial assistance to, Papua New Guinea from that date. Estimated expenditure on defence in Papua New Guinea this year, prior to 1 December, is \$10.2 million.

Expenditure on continuing defence co-operation with a number of other friendly countries in the region of immediate strategic interest to Australia is estimated as \$12 million.

The 1974-75 Defence Program provides for reductions in civilian support manpower additional to those achieved in 1973-74. These further reductions are made possible by the rationalisation of activities.

It is intended that legislation will be brought down later this year to enable the reorganisation of the Department of Defence to be put into full effect.

My colleague, the Minister for Defence, will be making a more detailed statement on defence matters at a later time.

ECONOMIC SERVICES

I turn now to the area of economic services, including assistance to industry and the community generally.

TRANSPORT AND COMMUNICATION

Post Office

The amount to be provided from the Budget to help finance the Post Office's capital program is \$385 million, the same as in 1973-74. This is in accordance with the Prime Minister's announcement at the Premiers' Conference on 7 June 1974. The remaining finance for the capital program will come from internal resources.

As the Prime Minister also announced at the Premiers' Conference, it is proposed to increase Post Office charges substantially. This is necessary to provide additional revenue in 1974-75 and to avoid substantial losses on the provision of Post Office services. The Government therefore proposes to introduce legislation to give effect, from 1 October 1974, to increases in postal and telecommunication charges similar to those rejected by the Senate in July. However, because of the delay in introduction of the higher charges resulting from the Senate's obstructionism, and the consequential loss of revenue, it has been necessary to review some of the increases previously proposed. The basic postage rate will rise to 10 cents, instead of the 9 cents that would have been sufficient if the Senate had permitted introduction of the higher charges from 1 August. The business telephone rental will be increased to \$85 a year, instead of \$75 as proposed earlier.

Further details will be announced by the Postmaster-General.

Civil Aviation

In accordance with the policy announced last year of recovering 80 per cent of the cost of airport and airways facilities by 1977-78, it is proposed to increase air navigation charges from 1 December 1974 by 15 per cent, the maximum permissible under the Airlines Agreement negotiated with the two major domestic airlines last October. Charges to general aviation will be increased by an additional 50 per cent, but the rebate for aircraft not based on government aerodromes will be increased from 33½ per cent to 50 per cent. The additional revenue in 1974-75 is estimated at \$3.9 million.

The Department of Transport provides a wide variety of services to the aviation industry for which little or no charge is made. The Government sees no reason why these costs should not

also be recovered. Accordingly, we propose that charges for these services should be introduced in 1974-75 and increased progressively so as to achieve full recovery by 1976-77.

Within the framework of the cost recovery policy, the Government has decided to proceed in 1974-75 with the construction of a new international terminal costing \$4.2 million at Brisbane airport for completion in 1975, a new terminal for Hobart estimated to cost \$1.3 million and extensions to the Sydney international terminal at a cost of \$2.7 million.

Roads

Following the expiry of the *Commonwealth Aid Roads Act* 1969, the Australian Government intends to provide \$1,126 million to the States for roads purposes over the next three years. A major new initiative will be the allocation of \$400 million of this to meet the full cost of approved construction works and maintenance in relation to national highways, export roads and major commercial roads. \$700 million will be allocated for other road projects and a further \$26 million for planning and research projects in relation to both roads and urban public transport.

It is intended that a total of \$350 million will be made available in 1974-75.

Rail Transport

The Government recognises the importance of railways in our national transport system. Recently agreement was reached with the South Australian Government for construction of a standard gauge line between Adelaide and Crystal Brook, financed by means of grants and loans to South Australia. Expenditure this year is estimated at \$900,000. Agreement has also been reached for the construction by Commonwealth Railways of a standard gauge line that will provide a secure all-weather link between Tarcoola and Alice Springs. Expenditure this year is estimated at \$2 million.

In recognition of the costs and problems caused by inadequate railway rolling stock, the Government will be implementing a purchase program by Commonwealth Railways for modern high-performance bogie wagons suitable for inter-system use. These wagons will be available for lease by State railway systems at an agreed rate and will, to some extent, overcome recent shortages of rolling stock experienced by the transport industry. The acquisition program provides for 500 wagons to be ordered this year and 800 next year.

At the June Premiers' Conference the Prime Minister said that we would be looking to those of our business enterprises which are not paying their way—that is, whose losses are being imposed on the taxpayer—to lift their charges. Accordingly, some increases in Commonwealth Railways passenger fares and freight rates have been made and a thorough examination of the fare and freight rate structure is being undertaken.

Urban Public Transport

As part of our program to assist in the upgrading of urban public transport, we will provide almost \$28 million towards the cost of new projects in 1974-75. The States will also receive about \$39 million in 1974-75 towards the costs of projects approved in 1973-74. A total of \$67 million is therefore included in the Budget, out of a total of \$138 million which the Government has so far agreed to provide under this program.

The States will also be reimbursed for two-thirds of their expenditure in 1973-74 on approved urban public transport research and planning projects. \$1 million was recently appropriated for this purpose. The States will be eligible for further assistance for these purposes under the Transport (Planning and Research) Act 1974.

The Australian Government has made an offer to the New South Wales Government to construct and operate a railway radiating from Paramatta in the western suburbs of Sydney. The New South Wales Government has not yet accepted this offer, but provision has been made in the Budget for an amount of \$3.5 million to allow the project to proceed as soon as it does so.

Shipping and Harbours

As announced by the Prime Minister, the Australian Government is negotiating with the New South Wales Government for the construction of a large new graving dock at Newcastle. A provision of \$3.75 million is being made to cover estimated expenditure in 1974-75.

The Government's policy to increase the share of the nation's trade carried in Australian flag vessels entails a large capital expenditure program for the Australian National Line. A Budget provision of \$54.7 million is being made this year for the ANL compared with \$7 million last year.

The Australian Government provides financial assistance to the Australian Shippers' Council, which negotiates, on behalf of national export and producer bodies, the terms and conditions of carriage in Australia's outward liner trades. This year, the Government will increase

its financial assistance to a maximum of \$90,000, compared with \$35,000 last year, on the basis of two dollars for every dollar expended by the Council.

Pipeline Authority

An amount of \$75 million has been provided for advances to the Pipeline Authority for expenditure on the Moomba-Sydney natural gas pipeline and spur pipelines.

WATER SUPPLY

We are making a start on a program of financial assistance towards the provision of urban water supplies in Adelaide and North West Tasmania; this year the Budget provides \$4.4 million to South Australia for the initial phase of a program of construction of water treatment plants in Adelaide. No payments will be required for the North West Tasmania scheme in 1974-75.

INDUSTRY ASSISTANCE AND DEVELOPMENT

Assistance for Agricultural and Pastoral Industries

As announced recently by the Minister for Agriculture, the Government has approved the operation by the Australian Wool Corporation during the 1974-75 season of a minimum reserve price equivalent to 250 cents per kilo clean for 21 micron wool. The Government has indicated that it is prepared to guarantee repayment of amounts borrowed by the Corporation to finance these operations and the "pot-holing" activities the Corporation will continue to carry on when the market is above the floor.

The aim of the new arrangement is to provide firm support to the market and give greater confidence to both wool growers and overseas buyers.

The Government has provided in the Budget for an advance to the Corporation of the \$13 million available in the Corporation's Working Capital Trust Fund.

I shall also shortly introduce legislation to appropriate funds to enable me to make loans in addition to those provided for in the Budget to the Corporation as they are required.

The Budget also reflects the arrangements made for an increase in the levy on grower's returns from sales of wool during 1974-75 to meet any losses from the operation of the floor price scheme. This additional amount, estimated at \$44.7 million, will be collected and paid to the Corporation's Market Support Fund. If no losses are incurred, the contribution will be used for building up reserves.

In accordance with the present Wheat Industry Stabilisation Scheme, and as a result of buoyant export prices, it is estimated that wheat growers will contribute an amount of \$39 million to the Stabilisation Fund in 1974-75 in respect of the 1973-74 pool.

In accordance with the decision last year to phase out the bounty on butter and cheese production, an amount of \$9 million is being provided for the bounty in 1974-75, compared with \$18 million in 1973-74. However, increased funds are being provided for dairy industry adjustment through the broadened Marginal Dairy Farms Reconstruction Scheme. The estimated cost in 1974-75 is \$11.5 million, as against \$1.1 million last year.

The appropriation for the Rural Reconstruction Scheme in 1974-75 is \$30 million. In addition, the fruitgrowing reconstruction scheme will be extended to 31 December 1975 and a provision of \$1.5 million is made for that purpose.

An amount of \$2.6 million is being provided for an apple export guarantee scheme for the 1974 season. This follows agreement with the States of Tasmania, Western Australia and Queensland that the Australian Government will meet half the costs of underwriting the returns on apples exported "at risk" during 1974 to the United Kingdom and Europe.

With the expiry of the Phosphate Fertilizers Bounty Act on 31 December 1974 the cost of the bounty in 1974-75 will fall to an estimated \$33 million, compared with expenditure of \$67 million in 1973-74.

Subject to the agreement of the States of New South Wales, Victoria, Queensland and South Australia, it is proposed to set up an Australian Plague Locust Commission to combat outbreaks of this pest. An amount of \$250,000 is being provided in 1974-75 as the Australian Government's proposed 50 per cent share of the costs of establishing the Commission.

The Government has decided to provide a grant of \$3 million towards the cost of a weir at Clare on the Burdekin River; \$300,000 will be provided in 1974-75. A grant of up to \$120,000 will be provided for restoration of damaged levees along the Proserpine River.

The Government has decided to extend its assistance to the Bundaberg Irrigation Project by a grant of \$4.4 million; \$2 million will be provided for the project in 1974-75.

We propose to provide financial assistance to the States for a two-year Water Quality Assessment Program costing \$808,000, to complement the existing program of surface and underground water measurement. The Budget provides \$332,000 for this program in 1974-75.

The Government proposes to assist the States with a long-term program of soil conservation. An interim two-year program of financial assistance will be commenced this year. Grants totalling \$2.5 million will be provided, of which \$500,000 will be made available in 1974-75.

Mining Industry

The Parliament has now passed the Petroleum and Minerals Authority Act, and the Budget provides \$50 million for the Authority's proposed activities in 1974-75.

As announced last year, the petroleum search subsidy scheme expired on 30 June 1974. An amount of \$6 million is provided in the Budget for payments still to be made in respect of approved exploration programs completed before that date.

Manufacturing Industry

The Budget provides \$15 million for payments this year under the existing Industrial Research and Development Grants Scheme. As announced in last year's Budget Speech, a review of the existing scheme is being made.

An initial provision of \$10 million is being made for assistance to firms by the proposed Structural Adjustment Board under the Government's scheme of adjustment assistance for firms affected by Government action to bring about desirable structural change.

Tourist Industry

The Government will widen the criteria under which grants may be given for the development of tourist attractions. The Budget provides \$2.25 million for grants under the extended scheme.

LABOUR and EMPLOYMENT

Employment Training

\$17.8 million has been provided for the National Employment and Training System in 1974-75. Details will be announced later in the Budget Session by the Minister for Labor and Immigration.

The Government has decided to extend further its programs of assistance to industry and commerce to encourage a training consciousness in the private sector. \$452,000 has been included for the training of training officers.

Apprenticeship Training

There will be an increase of \$8.8 million in Government support for apprenticeship training this year. Details will be announced later by the Minister for Labor and Immigration.

GENERAL PUBLIC SERVICES

I turn now to the area of General Public Services.

Legal Aid

In furtherance of its policy on legal aid, the Government has established the Australian Legal Aid Office. The establishment of the Office is a major step towards the Government's objective of ensuring that legal aid is readily and equally available to all citizens. Australian Legal Aid Offices are already operating in the capital cities and certain regional centres, and more will be opened during 1974-75. Meanwhile, the program of grants to supplement existing legal aid schemes will be continued in 1974-75. Total expenditure on legal aid in 1974-75, including for Aboriginals, is estimated at \$12.4 million.

FOREIGN AFFAIRS AND OVERSEAS AID

The Government is concerned about the plight of needy people in less developed countries overseas—including, of course, Papua New Guinea for which we continue to have special responsibilities.

A total of \$341.3 million has been provided for expenditure on external economic aid during the current financial year. This is \$81 million or 31 per cent greater than the comparable figure for 1973-74. Details are set out in the white paper on External Aid issued as one of the Budget.

Mr Peacock—That is not what is said in the Estimates.

Mr CREAN—The honourable member for Kooyong can read the details in the White Paper.

Mr Peacock—There is a credibility gap.

Mr CREAN—There are a lot of credibility gaps in Australia today.

Mr Peacock—You are the personification of it.

Mr CREAN—I think that they are not isolated to us.

Mr SPEAKER—Order! Interjections will cease.

Mr CREAN—Notwithstanding the adverse effects which higher oil prices are having on our own balance-of-payments position, the Government has allocated \$40 million for expenditure

on purposes related to the proposed United Nations Special Program of assistance to developing countries which have been seriously affected by the recent sharp increases in oil prices and related international developments. This assistance will take the form of grants and will be additional to the significant increases provided for in Australia's other on-going aid activities.

SCIENTIFIC RESEARCH

\$180,000 is provided in the Budget for detailed design studies of research vessels for CSIRO and the Australian Institute of Marine Science, and of a large stellar interferometer to complement astronomical research being undertaken in Australia.

The Government proposes to establish a scheme of advice and assistance to private inventors. The Budget provides \$200,000 for this purpose.

ADMINISTRATIVE SERVICES

Australian Government Offices

Turning to Administrative Services, the amount and cost of office accommodation leased for Government departments continues to concern the Government. Proposals have been developed to start correcting in 1974-75 the heavy imbalance between government-leased and government-owned accommodation.

Ceiling on Staff Growth

The growth of full-time staff employed under the Public Service Act during 1974-75 has been limited to a ceiling increase of 2.6 per cent. When allowance is made for staff on various forms of leave, the increase in total operative staff for the year ending 30 June 1975 will in effect be held to 1 per cent. The Government expects that these restraints will result in a critical review by departments of procedures and work priorities.

A similar approach has been adopted in relation to Government authorities whose staff are not employed under the Public Service Act.

STATE LOAN COUNCIL PROGRAMS

In June, the Government supported an increase in the States' Loan Council programs of 10 per cent. The Government has now decided to support a further increase of 10 per cent. As a result, the States will receive an addition of \$92.5 million to their programs, of which \$29.7 million will be in the form of interest-free capital grants. These programs for 1974-75 will now total \$1,027.4 million.

LOCAL GOVERNMENT GRANTS

The Government has already announced its acceptance of the recommendations contained in the Grants Commission's first report on financial assistance for local government.

These unconditional grants provide \$56.3 million for 807, or 92 per cent of, local governing bodies. Their purpose is to assist individual local governing bodies to provide services which are comparable with services enjoyed by communities elsewhere in Australia. The funds are not intended to replace existing State Government grants or rates charged by Councils.

To assist in the establishment of the regional organisations which make applications for assistance to the Grants Commission, we have provided an amount of \$314,000 towards administrative expenses and to encourage regional planning.

RECEIPTS

At existing rates of taxation and charges, receipts in 1974-75 are estimated to increase by \$3,894 million to \$15,896 million.

I deal first with those measures which will add to revenue.

Wireless Telegraphy Fees

The licence fees for radio communication services licensed under the Wireless Telegraphy Act have remained unchanged since 1970. The existing licence fees of \$10 per annum for Land and Fixed Stations, and \$6 per annum for Receiving Stations and Mobile and Amateur Stations, will be doubled.

Passport Fees

The fee for issuing a passport has been unchanged since 1966. The present fee of \$4 is well below the cost of issuing a passport and it is proposed to increase it to \$10.

Mr Peacock—People will be leaving this country now, so you will make a packet.

Mr CREAN—The honourable member for Kooyong is lucky that he has one.

Liquefied Petroleum Gas

In my Budget Speech last year I said that the question of levying a tax on liquefied petroleum gas was being put under study. An interdepartmental committee has now reported to the Government on all considerations, including environmental considerations, relevant to the taxation of liquefied petroleum gas.

Mr Anthony—The report is not available.

Mr CREAN—It soon will be. On the basis of that report the Government has decided to introduce a tax on liquefied petroleum gas used in propelling road vehicles, but not on gas used for other purposes. The rate of tax will be set initially at 2 cents a litre—we have even gone metric—which is about 40 per cent of the present rate of duty on motor spirit. Should there be any increase in the rate of duty on motor spirit in future, it is proposed that the tax on liquefied petroleum gas will be increased by an amount equivalent to one-half of that increase. It is not proposed to review this basis for setting the relative rate of tax on liquefied petroleum gas for at least five years and the industry can, therefore, plan on that basis.

Customs and Excise Duties on Brandy

As announced in last year's Budget Speech, the difference between the rates of duty on brandy and on other spirits is being abolished by raising the duty on brandy in three equal annual steps. The first stage of the increase was implemented last year and there will be a further increase in duty this year equivalent to 40 cents per litre of alcohol.

Pay-roll Tax

Pay-roll tax in the Australian Capital Territory and the Northern Territory will be increased by one-half of one per cent, to 5 per cent, on wages payable on or after 1 December 1974. This will bring the rate into line with that imposed by the States since 1 September.

Life Insurance Companies

The deduction allowed to life insurance companies under section 115 of the Income Tax Assessment Act will be reduced from 2 per cent of calculated liabilities to 1 per cent in respect of income year 1974-75. This is a further step towards ensuring that life insurance transactions, looked at in their totality, bear a fairer share of overall taxation.

Private Company Rates

As announced in last year's Budget Speech, there will be a further increase in the rate of company tax on private companies to equate it with the public company rate of 47½ per cent in relation to income of the 1973-74 income year.

Mr McLeay—Whack them.

Mr CREAN—This is old news. I announced this last year. I am sure you will be pleased to know we are not proposing to alter it.

Taxation of Income from Mining

Several amendments are proposed to the income tax law affecting enterprises engaged in prospecting and mining other than for gold. At present both general and petroleum mining enterprises are able to defer payment of tax for long periods under provisions for the allowance of immediate or accelerated deductions for capital expenditures, including anticipated expenditures. As a result, many highly profitable companies have paid relatively little tax over an extended period.

Other provisions exempt from tax 20 per cent of income derived from production of certain minerals, including bauxite, copper, nickel and beach sands. There is no justification for this exemption and it will be withdrawn as from 1 July 1974.

Deductions will not in future be allowable for capital expenditure incurred on company formation and capital raising. Capital expenditure on the development of a mine or well, on the provision of community facilities adjacent to a mine or well, or on the purchase of mining rights or information will be deductible henceforth over the estimated life of the mine or well. Where the estimated life is longer than 25 years the allowance will be one twenty-fifth of the undeducted capital expenditure. Capital expenditure on facilities for the transport of minerals will be deductible for income tax purposes over 20 years instead of 10 years. However, in relation to any of those expenditures to be made by 30 June 1976 under contracts already entered into, deductions will continue to be allowable under the present provisions of the law.

Exploration expenditure incurred by general mining companies in 1974-75 and subsequent income years will be allowable as immediate deductions up to the level of income derived in any year from general mining and associated activities in the same way as petroleum prospecting and mining companies are allowed immediate deductions against income from petroleum for similar expenses. Prospecting and other activities carried out by general mining companies on the continental shelf will be regarded as having been carried out in Australia, consistent with the taxation treatment of petroleum operations carried on at off-shore locations.

Age Rebate

As I announced on 5 July 1974, the special age rebate to be allowed in calculating tax payable by aged people for 1974-75 will be set at a basic \$130. The rebate was introduced as a transitional

measure last year, as part of the package of measures associated with the commencement of phasing out of the means test. It has now served its transitional role, but it is being phased out gradually.

Fringe Benefits

In practice, it has proved difficult to enforce general provisions of the income tax law on the value of some benefits given to employees in addition to their remuneration. Accordingly, amendments to ensure that certain fringe benefits are properly subject to income tax are proposed to apply as from the 1974-75 income year.

Deductions will cease to be allowable for expenditures on club dues, yachts and pleasure boats. The minimum assessable value to a taxpayer of the use of a motor vehicle provided by his employer will be determined under a formula to be prescribed in the law. The value for income tax purposes of benefits received by employees under stock option and share purchase schemes entered into after today will be ascertained as at the time of exercise of the options or the transfer of the shares.

Concessional Deduction for Education Expenses

The Australian Government's programs involve substantial increases in direct expenditures on education and there is no longer a case for providing substantial indirect assistance through the taxation system. Accordingly, the amount deductible against 1974-75 income for education or self-education expenses will be reduced from \$400 to \$150 for any one student.

Mr Katter—You ought to hide yourself in shame.

Mr CREAN—You will be interested in this next one.

Surcharge on Property Income

The Government considers that income which an individual receives from property—that is, unearned income—should bear more tax than income from personal exertion. The Australian taxation system did, in fact, tax unearned income at higher rates than income from personal exertion from 1915 to 1953 and a number of other countries tax unearned income at special rates.

A surcharge will therefore be imposed on property income received by individuals in 1974-75. The surcharge will be 10 per cent of the tax on property income included in the taxable income. This tax will be calculated by applying to property income the average rate payable on

total taxable income under the ordinary rate schedule.

Mr SPEAKER—Order! Interjections will cease. The honourable member for Barker will remain silent. This is the last time that I will warn the honourable member.

Mr CREAN—The surcharge will be reflected in provisional tax for 1974-75. I am sure that the next equitable measure will please honourable members opposite—it is called a capital gains tax.

Capital Gains Tax

I announced on 23 July 1974 that we would introduce a capital gains tax. Capacity to pay tax is enhanced by capital gains as well as increased income. It has therefore been unfair that income has borne full tax while capital gains have borne none. Taxpayers have also been able to manipulate their transactions so as to substitute capital gains for income and thereby avoid taxation.

Mr McMahon—Who told you that?

Mr CREAN—Well, the right honourable gentleman should not need any telling. He knows. The new tax will apply to capital gains realised after today. However, in relation to property already held, the tax will fall only on gains accruing after today. Today's values will be taken as one basis of calculation of those gains, but where today's values are below the cost of acquiring property, the new tax will not apply unless realization value exceeds that cost.

Mr Hunt—Do you get credits for losses?

Mr CREAN—If you listen you will hear, but I do not know whether you will understand.

Mr Nixon—You are a bit hard to follow.

Mr CREAN—That is why you should listen carefully.

At the taxpayer's option, however, gains accruing after today will be the proportion of total gains that, on a time basis, is related to the period of ownership of assets after today.

Capital gains will include gains from the disposal of assets, capital sums otherwise derived from assets, foreign exchange gains, and gains from the purchase of debentures by their issuer. A disposal will be deemed to occur in cases extending beyond sales and exchanges, and will include compulsory acquisitions, losses or destruction of property, creation of a trust, gifts, transfers on death—in broad terms, any passing of property or an interest in property from one person to another will be included. Capital losses will be deductible against capital—

Mr Nixon—What about the ordinary house?

Mr Killen—Yes, that is a fair question.

Mr CREAN—Listen again.

Mr SPEAKER—Order! Members of the Opposition will be provided with ample opportunity if they wish to speak on the Bill at a later stage.

Mr Peacock—They will probably be gagged.

Mr SPEAKER—I warn the honourable member for Kooyong. I have spoken to the honourable member several times. I have given him my last warning. If I have to speak to him once more I will take action.

Mr CREAN—Capital losses will be deductible against capital gains, but not against income, and for the purpose of deductibility capital losses will be permitted unlimited carry-forward during lifetime and a three year carry-back on deemed disposal at death.

The new tax will not apply to any amount that qualifies as income for income tax purposes. Particular examples are profits from the sale of property which are subject to income tax under sections 25, 26 (a) and 26AAA of the Income Tax Assessment Act.

For the benefit of the honourable member for Gippsland, gains on sale of a taxpayer's principal residence will be exempt from the new tax and there will be other exemptions and reliefs.

Half of the capital gains realised by an individual in a year will be included in assessable income and taxed at income tax rates. That is, the rate of the capital gains tax levied on individuals will be equivalent to not more than one-half of the marginal tax rate which would have applied had the gain been taxed as income. The gains of companies will bear tax at a rate equal to half the maximum marginal rate of tax on individuals, namely 33½ per cent.

It is proposed, however, that full income tax rates, whether for companies or individuals, should apply to one category of capital gains—namely that part of gains realised on the sale of land which reflects actual or potential change in use. Gains of this kind accrue from community decisions and the benefits of such decisions should accrue to the community. This aspect of the capital gains tax will have a significant impact in controlling land speculation.

These are the key features. There are many complex technicalities involved and extensive anti-avoidance provisions will be required. For these reasons it will not be practicable to introduce legislation before the Autumn sittings. Meanwhile, I am circulating an explanatory paper giving a more detailed but still broad outline of what is proposed.

I come now to the Government's proposed tax concessions.

Concessional Deductions for Dependants Residing Overseas

As announced in the Policy Speech, the income tax law will be amended to enable Australian residents to claim deductions in 1974-75 and subsequent income years for the maintenance of dependants who are not residing in Australia.

Depreciation on Child Care Facilities

As also announced in the Policy Speech, the income tax law will be amended to provide specifically for depreciation deductions in 1974-75 and subsequent income years for capital expenditure by employers on the provision of child care facilities for children of their employees.

Estate Duty

Two amendments will also be made to the estate duty law to give effect to undertakings in the Policy Speech. We shall set up a board to hear applications for release from payment of duty in cases of serious hardship, to be composed in the same way as the existing boards that consider similar matters relating to income tax and payroll tax.

The other amendment will exempt from duty, along lines indicated in the Policy Speech, an interest in a principal matrimonial home that passes to a surviving spouse. Before calculating the statutory exemption from duty the unencumbered value of such an interest up to \$35,000 will be excluded from the value of the estate. Where the unencumbered value is more than \$35,000 the amount excluded will be \$35,000 less \$7 for every \$10 in excess of \$35,000. The amendment will apply to dutiable estates resulting from deaths since 29 April 1974 of persons domiciled in Australia.

Home Mortgage Interest

The Government's scheme of income tax deductions for home mortgage interest has already been outlined. The legislation will be introduced during the present sitting of Parliament and will apply to interest payments since 1 July 1974.

I come now to the major new taxation concessions proposed by the Government. In aggregate they amount to \$500 million in value in a full year.

Broadcast Listeners' and Television Viewers' Licence Fees

First, I announce that the Government has decided to abolish broadcast listeners' and television viewers' licence fees. The National Broadcasting and Television Service is a service provided to the community as a whole, and the Government believes that the cost of the service should therefore be met out of general taxation revenues rather than through a licence fee—which, being a poll tax, bears relatively more heavily on the less affluent.

Licences which become due for renewal on or after tomorrow, 18 September 1974, need not be renewed.

There will be a full-year saving to listeners and viewers of \$71 million.

Mr Fisher—Are they going to get a refund?

Mr CREAN—No. We treat you all the same. You do not need to renew it any more.

Personal Income Tax

A revised tax rate scale will apply to 1974-75 incomes of individuals. Compared with the present scale, reductions in tax will apply to taxable incomes up to nearly \$10,500 with slight increases above that. The largest reduction will be about \$100 a year at a taxable income of \$6,000.

Mr McMahan—\$100 a week or a year?

Mr CREAN—\$100 a year. Further details are given in a separate statement.

Mr McMahan—What about the anti-inflationary provisions?

Mr CREAN—The honourable member should listen to the next bit.

Mr McMahan—I do not want to listen any more. It is so boring you have ruined it.

Mr CREAN—There are so many good things that one has to tell the lot. The revised scale will be reflected in P A Y E deductions as from 1 November 1974.

In addition to the reductions in tax on low incomes in general under the new rate scale, we see a particular need for tax relief to low income families. A special rebate of tax will be introduced for that purpose. If a taxpayer's saving of tax at ordinary rates from his dependants maintenance deductions would be less than 40 per cent of the amount of those deductions, a rebate of tax will be given to bring the tax saving up to 40 per cent or up to the tax otherwise payable if that is less. In some cases the rebate will extinguish tax altogether and the savings in some

cases will be as high as \$5 or \$6 a week. Where this does not happen, it will be greater the lower the income of the taxpayer and the larger his dependants deductions. Taxpayers who would already be saving 40 per cent or more of their dependants deductions will not benefit.

The rebate will be reflected in P A Y E deductions as from 1 November 1974. A separate statement explains it further.

The total cost to revenue of the restructuring of the rate scale and the special rebate for low income families is of the order of \$430 million on a full-year basis.

The combined effect of these two measures will be to cut dramatically the tax payable by those on lower incomes with dependants. For example, a taxpayer with a dependent spouse and two dependent children and with average other deductions earning \$70 a week paid \$213 in tax on 1973-74 income; on 1974-75 income no tax will be payable. If he earns \$90 per week the tax payable will be cut by more than half, from \$389 per annum to \$190. At \$120 a week the gains remain significant, tax payable falling from \$739 per annum to \$577.

Taken together, our tax measures constitute major reforms. They will make the tax system fairer and more equitable. The great majority of wage and salary earners, and especially low-income single-income families, will pay less tax as a result.

Revenue Totals

The cost to revenue of the restructuring of the income tax rate scale, the special rebate for low income families and the abolition of broadcast listeners' and television viewers' licence fees is, as I have said, about \$500 million on a full-year basis. Some part of that cost will reflect itself in refunds of personal income tax in early 1975-76.

The net cost to revenue of the general revenue measures I have announced—that is, excluding the proceeds from the proposed increase in the wool levy—is about \$237 million in 1974-75. Details, including the revenue estimates for each of the separate decisions, are given in Statement No. 4.

After allowance for the decisions we have taken, it is estimated that receipts will be \$15,704 million in 1974-75. This would be an increase of \$3,702 million, or 30.8 per cent, over the 1973-74 level.

BUDGET OUTCOME

I now summarise the Budget aggregates.

Budget outlays are estimated to increase by \$3,980 million, or 32.4 per cent, to \$16,274 million in 1974-75. Budget receipts are estimated to rise by \$3,702 million, or 30.8 per cent, to \$15,704 million.

The estimated deficit is thus \$570 million but in respect of the domestic balance there is an estimated domestic surplus of \$23 million. Those estimates compare with the deficit of \$293 million and the domestic surplus of \$211 million in 1973-74.

CONCLUSION

The keynote of this Budget is social progress. We are looking to create a fairer and better Australia.

The year ahead will be a difficult one. The world is beset by severe economic problems.

Australia cannot insulate itself from them nor can it be saved by the bleatings of previous Treasurers.

The Budget, together with our other policies, is designed to make the best of things as they are in the world today—to maintain employment opportunities and to protect those who most need protection from the ravages of inflation. At the same time we are looking to the longer-term—to the way Australia develops as a nation in the decades ahead. The problems immediately ahead have to be dealt with but in doing so this Government will remain steadfast in implementing its programs.

I commend the Budget to Honourable Members.

Debate (on motion by Mr Nixon) adjourned.

STATEMENTS ATTACHED TO THE BUDGET SPEECH

STATEMENT	TITLE	PAGE
1 ..	Summary of the 1974-75 Budget	1293
2 ..	The Budget: The Economic Context	1297
3 ..	Estimates of Outlays, 1974-75	1301
4 ..	Estimates of Receipts, 1974-75	1377
5 ..	Budget Result, 1973-74	1384
6 ..	Budget Transactions Since 1964-65	1392
	Appendix to the Budget Statements	1419

Notes:

(a) Any discrepancies in tables between totals and sums of components are due to rounding.

(b) The following notations are used:

NEC/nec	not elsewhere classified
..	amounts of less than \$50,000
—	nil

STATEMENT No. 1—SUMMARY OF THE 1974-75 BUDGET

Budget Aggregates

The broad aggregates of the 1974-75 Budget, together with comparable data for 1973-74, are shown in national accounts form in the following table:

	1973-74			1974-75		
	Actual	Change on 1972-73		Estimate	Change on 1973-74	
	\$ million	\$ million	Per cent	\$ million	\$ million	Per cent
Outlays	12,295	+2,068	20.2	16,274	+3,980	32.4
Receipts	12,002	+2,484	26.1	15,704	+3,702	30.8
Deficit (-)	-293	+417		-570	-278	
Overseas deficit (-)	-504	-10		-593	-89	
Domestic surplus (+)						
deficit (-)	+211	+426		+23	-189	

The main points that emerge from the Budget aggregates are:

- o *Budget* outlays are estimated to increase by 32.4 per cent in 1974-75, considerably faster than the increase of 20.2 per cent in 1973-74;
- o after taking account of the net effect of the revenue measures proposed *Budget receipts* are estimated to increase by 30.8 per cent in 1974-75;
- o the estimated overall deficit of \$570 million is about \$278 million greater than in the previous year—the estimated domestic surplus of \$23 million is smaller, by about \$189 million, than in 1973-74;
- o this estimated net outcome is heavily influenced by the effect of inflation on revenue and comparisons with past deficits have limited significance for purposes of economic analysis;
- o the last point can be illustrated by pointing out that should inflation be less severe than assumed in calculating the revenue estimates, the deficit will be larger, yet it would be meaningless to suggest that that outcome implied that the larger deficit had added to inflation.

The difference between the total deficit and the domestic surplus figures shown in the preceding table is attributable primarily to the fact that there is sizeable expenditure overseas from the Budget each year. It should be noted that the immediate effects of overseas outlays are on the balance of payments—they do not add directly to domestic incomes and the demand for locally-produced goods and services. Estimated movements in domestic and overseas outlays in 1974-75, compared with the actual increases in 1973-74, are shown in the table below:

	1973-74			1974-75		
	Actual	Change on 1972-73		Estimate	Change on 1973-74	
	\$ million	\$ million	Per cent	\$ million	\$ million	Per cent
Domestic outlays	11,772	2,068	21.3	15,675	3,903	33.2
Overseas outlays	523	..	..	599	76	14.5

The following table provides details of the estimated movements in the major components of *domestic* outlays in 1974-75, compared with the actual increases recorded in those components in 1973-74. Within domestic outlays, increases in government direct expenditures on goods and services are reflected in full in the level of aggregate demand, while the impact of transfers and advances on domestic activity depends on the spending propensities of the income recipients. The various recipients of different types of advances and transfers are also, of course, likely to have different spending patterns.

BUDGET DOMESTIC OUTLAYS

	1973-74 Actual		1974-75 Estimate	
	\$ million	Percentage Increase	\$ million	Percentage Increase
Domestic Outlays—				
Net expenditure on goods and services—				
Defence	1,127	7.8	1,262	12.0
Other current expenditure	1,450	31.5	2,029	39.9
Capital expenditure	274	26.3	386	40.9
Total	2,851	20.5	3,676	28.9
Transfer payments and net advances—				
To the States including for local govern-				
ment authorities	4,179	21.2	5,828	39.5
Cash benefits to persons	3,069	21.4	4,114	34.1
Interest paid	644	7.7	733	13.8
Transfers overseas	95	-2.1	146	53.7
Net advances (other than to States)	479	74.8	666	39.0
Other ^(a)	456	15.7	512	12.3
Total	8,922	21.6	11,998	34.5
TOTAL DOMESTIC OUTLAYS ..	11,772	21.3	15,675	33.2

(a) Consisting of subsidies, grants for private capital purposes, purchases of land and buildings and unfunded employee retirement benefits.

Functional Classification of Budget Outlays

A detailed account of estimated Budget outlays in 1974-75, classified by function, together with comparable figures for each of the past two years, is presented in Statement No. 3.

The summary table below shows Budget outlays in 1973-74 and estimated outlays in 1974-75 classified by broad functional groups.

	1973-74			1974-75		
	Actual	Change on 1972-73		Estimate	Change on 1973-74	
	\$ million	\$ million	Per cent	\$ million	\$ million	Per cent
Defence	1,334	101	8.2	1,499	165	12.3
Education	860	417	94.3	1,535	675	78.4
Health	948	165	21.0	1,232	284	30.0
Social Security and Welfare	2,489	388	18.4	3,441	952	38.3
Housing	(a) 338	261	338.7	401	64	18.8
Urban and Regional Development nec and the Environment	145	96	194.0	394	250	172.7
Culture and Recreation	158	42	36.0	228	69	43.7
Economic Services	1,562	197	14.5	1,954	392	25.1
General Public Services	987	225	29.5	1,183	197	19.9
Not Allocated to Function	3,475	178	5.4	4,407	933	26.8
TOTAL OUTLAYS ..	12,295	2,068	20.2	16,274	3,980	32.4

(a) This figure includes advances to the States under the 1973 Housing Agreement. Similar allocations in 1972-73 not included under the 'Housing' function as housing allocations in that year were met by the States out of their approved Loan Council borrowing programs, in the same way as other expenditures.

The major features are:

- o the continued very large rise in outlays in the function 'Urban and Regional Development nec and the Environment'—this reflects, in the main, very sizeable increases in the allocations for the growth centres, Land Commissions and sewerage programs;
- o a very large increase of \$675 million or 78 per cent in outlays on 'Education' reflecting, among other things, the full-year effects of the undertaking by the Australian Government, as from 1 January 1974, of full financial responsibility for universities and colleges of advanced education, increased allocations for technical and further education following the Kangan Report, and the provision of greatly increased funds to the Schools Commission and for the child care program;
- o the increase of \$952 million or 38 per cent in outlays on 'Social Security and Welfare' following the very large increase in 1973-74;
- o the increase of \$284 million or 30 per cent on 'Health', the major new initiative being the provision of funds to the States for hospital development;
- o the increase of \$392 million or 25 per cent in the 'Economic Services' function, which covers a wide range of programs including transport and communications, industry assistance and development, and labour and employment—this increase reflects provisions of \$50 million for the Petroleum and Minerals Authority, \$75 million for the continuation of the activities of the Pipeline Authority, \$67 million for urban public transport initiatives and increased provisions for roads, shipping and airlines.

A table showing a cross-classification of estimated Budget outlays in 1974-75 by function and economic type follows:

1974-75 BUDGET OUTLAYS, BY FUNCTION AND ECONOMIC TYPE
(\$ million)

Function	Economic Type						Total Outlays
	Expenditure on Goods and Services		Cash Benefits to Persons	Other Transfer Payments (a)	Grants and Net Advances to the States including for Local Government Authorities	Net Advances to Other Sectors	
	Current	Capital					
Defence	1,360	..	—	123	16	—	1,499
Education	176	42	125	19	1,173	—	1,535
Health	277	48	782	5	115	5	1,232
Social Security and Welfare ..	153	9	3,203	54	21	1	3,441
Housing	7	16	—	33	245	100	401
Urban and Regional Development nec and the Environment	38	71	—	33	252	..	394
Culture and Recreation	173	31	—	8	17	—	228
Economic Services	381	109	8	266	545	645	1,954
General Public Services	740	85	1	334	7	15	1,183
Not Allocated to Function	175	—	—	795	3,437	..	4,407
TOTAL OUTLAYS	3,480	412	4,119	1,670	5,828	766	16,274

(a) Includes purchases of existing assets.

Budget Receipts

On the basis of existing rates of taxes and other charges it is estimated that total receipts in 1974-75 would amount to \$15,896 million, an increase of about 32 per cent on actual receipts in 1973-74. After allowing for the net effect in 1974-75 of the revenue measures announced in the Budget Speech total receipts in the year are estimated to amount to \$15,704 million, an increase of 30.8 per cent compared with 1973-74.

Details of the receipts estimates for 1974-75, including the revenue measures announced in the Budget Speech (some of which will not have their full impact until 1975-76), are presented in Statement No. 4.

Historical Data

Two statements attached to the Budget Speech provide historical data on Budget transactions. Statement No. 5 contains a detailed account of the Budget result in 1973-74; Statement No. 6 provides a historical coverage of Budget data in both functional and national accounts form for the period 1964-65 to 1974-75. An Appendix to the Budget Statements describes the basis of the functional classification of Budget outlays and the changes in classification which have occurred since this new presentation was introduced in last year's Budget.

STATEMENT NO. 2—THE BUDGET: THE ECONOMIC CONTEXT

The 1974-75 Budget has been framed in an unusually difficult economic context. Unemployment and prices are rising and the balance of payments is deteriorating. While there is always a degree of uncertainty about economic prospects, in present circumstances the outlook is *especially* uncertain. The policy options chosen in framing the Budget reflect Government objectives, both as regards social and economic policies, and the Government's judgment as to how the overall economic situation will develop.

This Statement is devoted to describing the economic context in which the Budget has been framed and to considering the prospects for the economy in 1974-75 as they presently appear.

Review of Developments in 1973-74

For most of 1973-74 the economy, while growing strongly, was subjected to exceptional strains including shortages of goods and materials, extremely tight labour market conditions and severe inflationary pressures. During the year monetary, tariff and exchange rate policies were directed towards relieving those strains. By the closing months of 1973-74 signs were appearing that excessive demand pressures were abating. Developments in early 1974-75 confirmed this trend; in some industries demand pressures were easing quite rapidly. Cost pressures, however, remained intense.

In constant price terms, total spending on goods and services in 1973-74 increased more than twice as fast as domestic production. This was in marked contrast to 1972-73, when increases in expenditures and output were both much smaller and of roughly the same order.

Changes in the major national accounting aggregates at constant prices in 1972-73 and 1973-74 are shown in the following table.

MAJOR NATIONAL ACCOUNTS AGGREGATES AT AVERAGE 1966-67 PRICES

(Increase on year earlier)

	1972-73		1973-74(p)	
	\$ million	Per cent	\$ million	Per cent
Private consumption expenditure	1,076	6.1	986	5.2
Private gross fixed capital expenditure—				
Dwellings	129	9.1	62	4.0
Other	-353	-10.2	381	12.3
Public authority expenditure	77	1.3	253	4.2
Increase in stocks—				
Private non-farm	-42		742	
Other	-43		576	
Statistical discrepancy	244		406	
Gross national expenditure	1,089	3.8	3,406	11.6
Exports of goods and services	251	4.5	-269	-4.6
Less Imports of goods and services	185	3.9	1,505	30.4
Gross domestic product	1,154	4.0	1,632	5.4
Comprising—				
Gross farm product	-320	-11.7	109	4.5
Gross non-farm product	1,474	5.6	1,523	5.5

(p) Preliminary.

Private sector spending rose more rapidly than public sector spending in 1973-74. This reflected a greater measure of success by the private sector in competing for available resources rather than any deficiency of public sector demand.

With household disposable income rising by over 20 per cent in 1973-74, private *consumer* demand remained strong throughout the year, although shortages constrained growth in actual spending to some extent. Reflecting a massive infusion of finance in 1972-73, the *dwelling* construction industry remained severely over-stretched throughout 1973-74 and prices of houses soared. A fall in lending for housing from those inflated levels, however, began to have its effects towards the end of 1973-74. While the number of dwellings under construction at the end of the year was at a record level it was clear that, with approvals falling off steadily, the situation in the industry was changing.

Business fixed investment in 1973-74 was 12.3 per cent higher than in 1972-73. Capital spending recovered strongly in the first half of the year but the recovery did not persist. A substantial increase in investment had been expected by businesses in the second half of 1973-74 but this was not realised. Shortages of labour, materials, and equipment imposed some initial restraints on investment programs but, more recently, uncertainty as to future prospects, both as regards demand and inflation, appears to have led to such programs being reduced or deferred.

Strong demand coupled with supply problems restrained *non-farm stock accumulation* until the second half of 1973-74 when stocks increased sharply. Much of this increase is thought to have reflected a build up in stocks of imported goods.

Public sector spending, in constant price terms, rose moderately during 1973-74. Administrative and resource constraints—particularly in respect of capital spending in the first half of the year—resulted in delays and underspending on some programs.

After four years in which *exports* ran ahead of *imports*, the pattern was substantially reversed during 1973-74. This turnaround in the impact of the external sector—from a net drain on Australian resources to a net contribution to supplies—reflected both the strains on the domestic economy and the action taken through exchange rate adjustments and tariff reductions to increase supplies of imported goods.

Exports of goods and services increased by 13 per cent in current price terms in 1973-74 but the volume of exports declined by about 5 per cent. *Imports* of goods and services grew by 44 per cent in value terms and by about 30 per cent in volume terms. The balance on current account changed from a surplus of \$665 million in 1972-73 to a deficit of \$707 million in 1973-74.

Over the year to June 1974, the number of persons in civilian employment increased by 218,000 or 4.7 per cent. The intense demand for labour resulted in a particularly strong rise in female participation in the labour force, with female employment increasing by 126,000 or 7.7 per cent and male employment by 92,000 or 3.0 per cent.

As these figures indicate, the labour market was at full stretch throughout most of 1973-74 but showed signs of easing towards the end of the year. In the early part of 1974-75 there was a sharp intensification of this tendency, with a marked rise in unemployment. In seasonally adjusted terms persons registered as unemployed (excluding school leavers) increased in number from 71,000 to 111,000 between end-June and end-August. Registered vacancies at the end of August totalled 48,200, seasonally adjusted, having fallen from a peak of 92,000 in March 1974.

Wage and price increases gathered pace over the course of the year. In the June quarter the Consumer Price Index rose by 4.1 per cent while average weekly earnings per employed male unit jumped by 6.0 per cent. The acceleration in prices and earnings during 1973-74 is reflected in the following table:

Quarter	Increase on a year earlier	
	Consumer Price Index	Average Weekly Earnings (a)
	Per cent	Per cent
1973—March	5.7	8.4
June	8.2	11.7
September	10.6	14.2
December	13.2	14.9
1974—March	13.6	16.8
June	14.4	18.8

(a) Per employed male unit, seasonally adjusted.

The Outlook for 1974-75

The 1974-75 Budget has been framed against the background of a slow-down in economic activity but continuing rapid increases in prices. As the year began there were signs of slack developing in some sectors of the economy. With little abatement of wage claims seemingly in sight, expectations of a further acceleration in prices remain widely held. That and other factors, notably the outlook for profits, appear to be leading to uncertainty and hesitancy, especially in respect of business investment.

Given inflationary expectations and easing demand pressures the economic prospects for 1974-75 are more than usually uncertain. The course of many key indicators—including consumer spending, business investment and employment—will be particularly sensitive to trends in prices and wages.

It is clear, however, that the pace of economic activity in 1974-75 will be much more subdued than it was in 1973-74. Seasonal conditions have been generally favourable to date and should these hold relatively strong growth in farm output can be expected in the current year. But only very moderate growth is likely in non-farm production. At this time gross non-farm domestic product at constant prices seems likely to increase by about 2 per cent in 1974-75, reflecting employment growth of about 2 per cent and little or no growth in productivity. Over much of the year aggregate demand is expected to be relatively weak and the level of unemployment is expected to increase.

The above estimates reflect year-on-year comparisons. The pattern of growth *during* the year is expected to be uneven, with a slight downturn in gross non-farm domestic product in the current half-year followed by a return towards a more normal rate of growth in the second half of the year. The resumption of stronger growth in the second half year is expected as a result of the expansionary influence of the Budget, and of the working off of stocks, including imports. The uncertainties, especially in respect of the latter element in the situation, should, however, be noted.

Conditions in 1973-74 were clearly exceptional. Output and employment both expanded at unsustainably high rates but the growth in domestic supplies still fell well short of the growth in demand. In 1973-74 the extraordinary growth in imports permitted gross national expenditure to grow more than twice as fast as gross domestic product. These same demand pressures on the economy will not operate in 1974-75 when the growth in gross national expenditure is likely to be similar to that in gross domestic product.

The prospects for each of the main components of demand are not, of course, uniform. Personal consumption expenditure, which forms about 60 per cent of total final expenditure, is likely to grow more slowly than in 1973-74. The large increase in average weekly earnings, together with substantial rises in social security benefits and the personal taxation measures included in the Budget, will make moderate growth possible, despite slow employment growth and the likelihood of a substantial decline in farm income from the record 1973-74 level. The demand for consumer durables (including motor vehicles) is likely to be constrained to some extent while consumer credit restraint continues.

What happens to private investment in 1974-75 will depend importantly on businessmen's own assessment of the economic outlook. On present indications—and especially given business pessimism about the trend in costs and profits—fixed investment by businesses seems likely to decline in 1974-75 after the recovery last year. Stock movements are difficult to predict in present circumstances but further substantial—and largely unplanned—increases in stocks could occur in the current half year before adjustments are effected in the first half of 1975. Spending on new dwellings is also likely to ease back from the admittedly excessive level of 1973-74. This, however, will be cushioned by action already taken to increase the flow of funds to public housing authorities and through the savings banks.

The demand for goods and services by the public sector appears likely to be the strongest component of domestic demand in 1974-75. Very strong growth is expected in both current and capital expenditure, and at all levels of government. Spending by the Australian Government seems certain to be particularly strong. As the previous observations will have indicated, government programs in 1974-75 are not expected to be inhibited by serious resource shortages of the sort experienced in 1973-74.

Export prospects at this time are particularly uncertain. Little real growth is expected in the economies of our major trading partners in 1974-75. The current year should see a recovery in the volume of exports but the outlook for prices is in many respects uncertain. Following exceptionally rapid growth during 1973-74, the volume of imports seems likely to remain high in the current half year before falling away in the first half of 1975. In current price terms, imports of goods and services are expected to rise significantly more than exports, in which case the current account of the balance of payments would record a substantial deficit in 1974-75.

STATEMENT No. 3—ESTIMATES OF OUTLAYS, 1974-75

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STATEMENT No. 3—ESTIMATES OF OUTLAYS, 1974-75

This Statement presents detailed estimates of Budget outlays in 1974-75. It is based on the *functional classification* of Budget outlays which was introduced in last year's Budget documents. There are, however, some modifications; these include the splitting of the 'Housing and Community Amenities nec' function into two separate functions, 'Housing' and 'Urban and Regional Development nec and the Environment' and the abolition of the 'Immigration' function, outlays under which have now been transferred to other appropriate functional headings.

Total Budget outlays in 1974-75 are estimated at \$16,274 million, an increase of \$3,980 million or 32.4 per cent over actual outlays in 1973-74.

Estimated Budget outlays for 1974-75, classified under functional headings, are shown in the summary table below, together with figures of actual outlays in the preceding two years.

SUMMARY TABLE

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
1. Defence	1,233.6	1,334.1	1,498.7	+ 164.6
2. Education	442.6	860.1	1,534.7	+ 674.6
3. Health	783.2	947.7	1,232.1	+ 284.3
4. Social Security and Welfare	2,101.5	2,489.1	3,441.5	+ 952.3
5. Housing	76.9	337.6	401.1	+ 63.6
6. Urban and Regional Development nec and the Environment	49.2	144.6	394.4	+ 249.7
7. Culture and Recreation	116.5	158.4	227.6	+ 69.2
8. Economic Services—				
A. Transport and Communication	750.7	869.3	1,120.4	+ 251.1
B. Water Supply and Electricity	36.1	45.5	51.2	+ 5.7
C. Industry Assistance and Development	442.9	483.9	573.4	+ 89.5
D. Labour and Employment	94.5	115.2	150.0	+ 34.8
E. Other Economic Services	40.4	48.0	58.8	+ 10.8
Total Economic Services	1,364.6	1,561.8	1,953.8	+ 392.0
9. General Public Services—				
A. Legislative Services	24.6	39.2	38.8	- 0.4
B. Law, Order and Public Safety	41.0	56.0	77.6	+ 21.6
C. Foreign Affairs and Overseas Aid	277.5	362.7	425.9	+ 63.1
D. General and Scientific Research	89.6	111.3	129.4	+ 18.2
E. Administrative Services	329.3	417.5	511.6	+ 94.1
Total General Public Services	761.9	986.7	1,183.2	+ 196.6
10. Not Allocated to Function—				
A. Payments to or for the States and Local Government Authorities nec and Natural Disaster Relief	2,623.1	2,762.9	3,437.3	+ 674.4
B. Public Debt Interest	674.0	711.7	794.9	+ 83.2
C. Allowance for Wage and Salary Increases	—	—	150.0	+ 150.0
D. Regional Employment Development Scheme	—	—	25.0	+ 25.0
Total Not Allocated to Function	3,297.1	3,474.6	4,407.3	+ 932.7
TOTAL OUTLAYS	10,227.2	12,294.8	16,274.4	+3,979.6

1. DEFENCE

Outlays on defence in 1974-75 are estimated at \$1,498.7 million, an increase of 12.3 per cent on outlays in 1973-74. This compares with an increase of 8.2 per cent in 1973-74. Estimated outlays on defence in 1974-75 represent 9.2 per cent of estimated total Budget outlays; the corresponding figure in 1973-74 was 10.9 per cent.

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
Manpower Costs—				
Civilian	162.4	191.4	216.0	+ 24.6
Forces—				
Naval	93.2	125.1	136.6	+ 11.5
Military	216.6	257.5	275.6	+ 18.1
Air	132.0	173.0	189.8	+ 16.8
Defence Forces Retirement and Death Benefits	22.6	63.7	64.1	+ 0.4
Total	626.7	810.7	882.2	+ 71.5
Defence Equipment and Stores—				
Naval Construction	14.5	10.9	13.0	+ 2.1
Arms, Armament and Equipment	31.0	25.5	20.3	- 5.1
Aircraft and Associated Initial Equipment	65.1	28.7	32.0	+ 3.4
Other 'Capital' Equipment and Stores	27.7	25.8	26.6	+ 0.7
Supporting Equipment and Stores	125.9	109.1	(a)135.1	+ 25.9
Repairs and Maintenance	43.2	43.3	52.8	+ 9.5
Total	307.3	243.3	279.8	+ 36.5
Defence Facilities—				
Advances to the States for Service Housing	6.2	7.8	16.1	+ 8.3
Other Buildings, Works, Furniture and Fittings	52.6	43.7	53.1	+ 9.4
Acquisition of Sites, Buildings and Works	2.3	2.1	15.7	+ 13.5
Repairs and Maintenance	31.8	34.1	37.3	+ 3.2
Total	92.8	87.6	122.2	+ 34.6
Industrial Capacity—				
Maintenance of Production Capacity	9.1	18.4	21.8	+ 3.4
Government Factory Operations	- 2.9	5.4	5.9	+ 0.5
Other	19.0	19.6	23.8	+ 4.2
Total	25.2	43.4	51.5	+ 8.1
Research and Development	56.8	59.8	67.5	+ 7.6
Defence Co-operation—				
Malaysia	5.5	4.0	4.3	+ 0.3
South Vietnam	0.5	-	-	-
Singapore	0.9	1.2	1.4	+ 0.2
Indonesia	3.8	5.1	6.2	+ 1.1
Papua New Guinea	-	-	12.5	+ 12.5
Other	0.1	0.1	0.2	+ 0.1
Total	10.8	10.3	24.5	+ 14.2
Storage and Transport	10.8	12.6	15.9	+ 3.2
General Administrative Expenditure	131.8	132.1	(a)119.3	- 12.8
Natural Disasters, Civil Defence and Other	2.8	3.1	3.0	- 0.1
Less Recoveries and Repayments	31.6	68.9	67.2	- 1.8
TOTAL DEFENCE	1,233.6	1,334.1	1,498.7	+164.6

(a) Because of an accounting change the costs of rations and fuel are included in the estimate for supporting equipment and stores for 1974-75 rather than in general administrative expenditure.

MANPOWER COSTS

Provision has been made for an increase of \$71 million in manpower costs in 1974-75. The main reasons for the increase are the full-year effect of awards and determinations made in 1973-74 and the planned build-up in Army strength. These increases will be offset in part by some reduction in strengths of civilian staffs. Manpower costs account for 59 per cent of estimated total defence outlays in 1974-75 compared with 61 per cent of actual defence outlays in 1973-74.

DEFENCE EQUIPMENT AND STORES

Outlays on defence equipment and stores are designed to ensure that operational equipment (ships, aircraft, etc.) is adequate to meet likely contingencies. Outlays on such equipment in 1974-75 are estimated at \$91.9 million, an increase of \$1.1 million, and relate mainly to projects already committed including two new Oberon submarines, an Oceanographic Ship and ten Sea King Helicopters for the Navy, Light Observation Helicopters for the Army and twelve Medium Lift Helicopters and thirty-seven CT4 Trainer Aircraft for the RAAF. Provision has also been made for initial payments on the new major equipment projects announced by the Minister for Defence in March 1974—Destroyers, Tanks and Fire Support Vehicles, and Long Range Maritime Patrol Aircraft—and for other equipment, details of which will be announced by the Minister. Expenditure on supporting equipment in 1974-75 is estimated at \$135.1 million, an increase of \$25.9 million over 1973-74. About \$14 million of this increase is due to a reallocation of costings from General Administrative Expenditure. Cost increases, particularly for fuel, are a dominant factor in the remaining increase of \$12 million. Outlays on repairs and maintenance are expected to increase by \$9.5 million, or nearly 22 per cent, in 1974-75.

DEFENCE FACILITIES

Expenditure under this heading is to provide and maintain capital facilities including adequate living and working accommodation for personnel. Advances to the States for the provision of housing for servicemen and their families are estimated to total \$16.1 million, or more than double the amount spent in 1973-74. The more significant of the other buildings and works items are the continuation of construction of the Naval Support Facility at Cockburn Sound (W.A.) and the upgrading of facilities at the Royal Australian Transport Corps Centre, Puckapunyal (Vic.), Williamstown Dockyard (Vic.) and Canungra Jungle Training Centre (Qld.). Expenditure on these and other projects is expected to total \$53.1 million in 1974-75, \$9.4 million more than in 1973-74. Provision of \$14.0 million has been made for the acquisition of an office building in Melbourne to improve the present inadequate accommodation of defence staff and to establish a single Defence Office in that city consequent upon the amalgamation of the former Service Departments and Defence.

INDUSTRIAL CAPACITY

The main reasons for the expected increase of \$8.1 million under this heading are higher wages costs in Government defence factories. These will increase the cost of maintaining reserve production capacity, and have made necessary the provision of additional working capital, mainly for the NOMAD aircraft project, to support the operations of the factories.

RESEARCH AND DEVELOPMENT ESTABLISHMENTS

Expenditure on research and development is aimed at assisting the Services to keep abreast of advances in military technology and at developing weapons systems for Australia's defence needs. The estimated increase of \$7.6 million to \$67.5 million reflects mainly wage and other cost increases.

DEFENCE CO-OPERATION

Through defence co-operation the Government aims to help friendly countries in the region of immediate interest to Australia to strengthen their own, and the region's, capacity for defence. The estimated outlay of \$24.5 million in 1974-75 includes \$11.9 million for continuing assistance previously committed under three-year programs to Indonesia (a \$20 million program) and to Malaysia and Singapore (programs of \$16 million and \$4 million respectively, which had not been fully expended by the due completion date of 30 June 1974 and which are being extended by the addition of \$2.2 million to cover training and exercises). Military training assistance in Australia will continue to be provided on a small scale to some other countries, including Thailand and Fiji. New budgetary arrangements for providing financial assistance to Papua New Guinea for defence are being introduced from 1 December 1974. An amount of \$12.5 million is being provided to cover requirements from 1 December 1974 to 30 June 1975. Previously all defence expenditure in Papua New Guinea was appropriated under other headings within the defence function.

STORAGE AND TRANSPORT SERVICES

Included in this category are removal and storage costs associated with the transfer of government employees, including servicemen, and the costs of operating Australian Government transport pools. Salary and wage determinations granted during 1973-74 are primarily responsible for the estimated increase of \$3.2 million in 1974-75.

GENERAL ADMINISTRATIVE EXPENDITURE

This broad category of expenditure covers a wide range of items including travel, office requisites, postage and telephone services, light, power, and water supplies, freight and cartage, compensation payments, and medical and dental services provided by civilian authorities.

NATURAL DISASTERS, CIVIL DEFENCE AND OTHER

Included in this category are outlays on natural disasters, civil defence, war graves and various miscellaneous items.

OVERSEAS EXPENDITURE

Included in the estimated outlay of \$1,498.7 million on defence in 1974-75 is provision for expenditure overseas amounting to \$145.7 million, or \$7.7 million more than in 1973-74. This estimate of expenditure overseas includes provision for payments in respect of the F111C and other aircraft, helicopters and submarines, and on maintenance of defence forces overseas; it does not include defence expenditure in Papua New Guinea or any overseas component of the remaining \$12.0 million planned to be expended on defence co-operation for overseas countries.

2. EDUCATION

Education remains a high priority area for the Government and several important new initiatives to be undertaken in 1974-75 are outlined in the Budget Speech.

Outlays by the Australian Government on education in 1974-75 will continue to rise rapidly because of new initiatives and the full-year effect of new policies introduced during 1973-74. In 1974-75 total outlays on education are estimated at \$1,534.7 million, 78 per cent higher than outlays on education in 1973-74 and equivalent to 9.4 per cent of estimated total Budget outlays.

As the following table shows, the prospective increase is spread over all levels of education.

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
Universities—				
Grants to Universities	142.2	292.1	421.0	+128.9
Student Assistance	46.1	37.4	48.7	+ 11.3
Other University Education	1.2	1.4	1.9	+ 0.5
Australian Universities Commission	0.3	0.5	0.6	+ 0.1
Total	189.8	331.5	472.3	+140.8
Colleges of Advanced Education and Teachers Colleges—				
Grants to Colleges	64.4	175.6	289.7	+114.1
Student Assistance	7.1	16.1	26.8	+ 10.7
Other Advanced Education	0.2	0.6	2.8	+ 2.2
Commission on Advanced Education	0.4	0.6	0.7	+ 0.1
Total	72.0	192.8	320.0	+127.2
Allowance for Automatic Adjustment of Recurrent Grants to Universities and Colleges	—	—	25.4	+ 25.4
Technical Education—				
Grants to Technical Colleges	18.1	34.1	59.0	+ 25.0
Student Assistance	1.0	7.4	15.6	+ 8.2
Other Technical Education	—	—	0.1	+ 0.1
Total	19.1	41.4	74.7	+ 33.3
Schools, Pre-schools and Child Care—				
Non-Government Schools in the Territories	3.5	4.1	5.0	+ 0.9
Non-Government Schools in the States	47.8	70.2	120.9	+ 50.7
Government Schools, Pre-schools and Child Care in the Territories	36.3	47.5	62.1	+ 14.6
Government Schools in the States	26.3	89.5	257.6	+168.0
Pre-schools and Child Care in the States	0.3	6.8	75.6	+ 68.7
School Transport	1.0	1.3	1.6	+ 0.4
Student Assistance	8.8	11.9	10.0	- 2.0
Joint Projects for Schools	—	2.1	20.5	+ 18.5
Other Assistance	0.1	0.4	0.6	+ 0.2
Commonwealth Teaching Service .. .. .	..	0.3	0.3	..
Schools Commission	—	0.4	1.4	+ 1.0
Total	124.1	234.5	555.4	+321.0
Special Groups—				
Aboriginals	14.3	20.8	32.6	+ 11.8
Migrants	8.1	14.3	20.4	+ 6.1
Soldiers' Children	3.6	3.5	3.6	+ 0.1
Isolated Children	2.6	8.2	11.6	+ 3.4
Total	28.6	46.8	68.3	+ 21.5
General Administrative and Other Expenditure—				
Administration	8.7	12.5	16.9	+ 4.3
Other	0.9	1.2	2.3	+ 1.1
Total	9.6	13.7	19.2	+ 5.4
Less Recoveries	0.7	0.6	0.5	- 0.1
TOTAL EDUCATION	442.6	860.1	1,534.7	+674.6

TERTIARY AND TECHNICAL EDUCATION

Universities, Colleges of Advanced Education and Teachers Colleges

Large increases are expected in 1974-75 in expenditure on education in universities, colleges of advanced education and teachers colleges. Expenditure on university education is estimated at \$472.3 million in 1974-75, an increase of \$140.8 million, while expenditure on the various colleges is estimated to increase by \$127.2 million to \$320.0 million.

The fiscal year 1974-75 will be the first full year in which the Australian Government has full financial responsibility for universities and colleges. The large increases in outlays in part reflect the fact that prior to January 1974 grants were provided to the States for universities and colleges of advanced education and teachers and pre-school teachers colleges on a matching basis.

The States agreed that appropriate offsets, to take account of payments that they would no longer have to make to their tertiary institutions, would be made in the general purpose funds provided by the Australian Government to the States. (Details of these offsets are provided in Chapters II and III of *Payments To or For The States and Local Government Authorities 1974-75*). Other initiatives that were introduced in this area as from the beginning of 1974 were the abolition of fees in tertiary and technical education institutions and new student assistance measures.

From January 1975 living allowances under the Tertiary Education Assistance Scheme will be increased and the means test relaxed to allow for movements in salaries and wages. This scheme, introduced by the Government in January 1974, provides non-competitive means-tested allowances to full-time non-bonded Australian students admitted to approved courses in tertiary and approved post-secondary institutions.

The cost of the scheme for university and college students is estimated at \$63.0 million in 1974-75, an increase of \$35.1 million on outlays in 1973-74.

There will also be increases from January 1975 in allowances payable under the Postgraduate Awards Scheme (included in 'student assistance' for 'Universities') and the Pre-School Teacher Education Allowances Scheme (included in 'student assistance' for 'Colleges of Advanced Education and Teachers Colleges'). Outlays in 1974-75 are estimated at \$8.4 million and \$2.3 million respectively.

The increase in 'other advanced education' is attributable to the fact that 1974-75 will be the first full year of operation of the Film and Television School; a provision has been made for expenditure of \$2.8 million.

The estimates for 1974-75 also reflect, for the first time, a further significant undertaking by the Australian Government in this area, namely the supplementing, as from 1974, of approved triennial programs of financial assistance to universities and the colleges to allow for wage, salary and other cost increases above the levels provided for when the original triennial programs were determined. An amount of \$39.2 million to allow for retrospective cost increases has been incorporated in the grants for these institutions and \$25.4 million has been allowed for further estimated adjustments of recurrent grants during 1974-75.

Details of the Australian Government's programs of financial assistance for past triennia and for the current triennium (1973-75) for universities, colleges of advanced education and teachers colleges are included in Chapter IV of *Payments To or For The States and Local Government Authorities, 1974-75*.

Technical Education

In April 1973 the Australian Government established the Australian Committee on Technical and Further Education to make recommendations on financial assistance to the States for these forms of education from 1 July 1974. The Committee's Report was submitted in April 1974 and the Government has endorsed the general principles underlying its recommendations. The Government has decided on a \$96.5 million

program of assistance to the States over the two financial years 1974-75 and 1975-76 to enhance the quality and extend the availability of technical and further education, on the understanding that the States will not reduce the level of their own activities in technical education. The amount to be provided to the States in 1974-75 is \$49.1 million. The Government also proposes to establish a permanent Commission on Technical and Further Education as a successor to the Committee. In addition, the Government has approved a capital program of \$3.5 million for technical education in the A.C.T. over the two financial years 1974-75 and 1975-76.

Prior to July 1974 assistance to the States for technical education had been made by way of unmatched grants; \$28.6 million was provided in 1973-74.

The increase of \$8.2 million in outlays in 1974-75 for student assistance at technical institutions reflects the full-year costs of the introduction from January 1974 and the increased assistance to apply from January 1975 of the Tertiary Allowance Assistance Scheme.

The Australian Government decided to reimburse the States in 1973-74 for fee revenue forgone as a consequence of the Government's decision to abolish fees at technical training institutions from 1 January 1974. The *States Grants (Technical Training Fees Re-imbusement) Act 1973* provided \$10.3 million for this purpose for the six months January to June 1974.

SCHOOLS

In total, expenditure by the Australian Government on schools and pre-schools is estimated to increase in 1974-75 by \$321.0 million or 137 per cent to a total of \$555.4 million.

The schemes of financial assistance under which increased expenditure in 1974-75 is to take place are summarised below. (A detailed account of financial assistance for schools and pre-schools in the States is included in Chapter IV of *Payments To or For The States and Local Government Authorities, 1974-75.*)

Schools

Outlays by the Australian Government on schools reflect initiatives taken over the years to provide financial assistance to the States for certain specific activities of both government and non-government schools. It also includes, as from 1974, substantially increased measures of financial assistance approved by the Australian Government for the two years 1974 and 1975 on the basis of the recommendations of the Interim Committee for the Australian Schools Commission. Estimated outlays for 1974-75 include the first full-year effect of these latter measures which were incorporated in the *States Grants (Schools) Act 1973*. Outlays in 1974-75 under this Act have been increased by the Government's decision to escalate the approved levels of financial assistance, as from mid-1974, to allow for cost increases above the levels provided for when the original programs were determined. The estimated total amount involved is \$48.5 million, including \$1.5 million for the school library and science development programs referred to below.

The Interim Committee has now been replaced by a continuing statutory authority, the Schools Commission.

The first grants to the States, for government and non-government schools, arising out of the recommendations of the Interim Committee for the Australian Schools Commission, were paid from the beginning of 1974. These grants are estimated to total \$343.5 million in 1974-75, compared with \$84.4 million in 1973-74.

The Schools Committee's program includes grants for general recurrent purposes at government and non-government schools, for new and upgraded buildings, for libraries, 'disadvantaged' schools, handicapped children, teacher development, special projects and information systems.

Earlier legislation, the *States Grants (Schools) Act 1972-73*, provides for capital assistance for both government and non-government primary and secondary schools in

the States by way of unmatched grants over the five-year period commencing 1 July 1973. In 1974-75 these grants will continue to run their course in parallel with the Interim Committee's program. The capital grants available in 1974-75 for government and non-government schools under the *States Grants (Schools) Act 1972-73* are estimated to total \$38 million.

School Libraries

The *States Grants (Secondary Schools Libraries) Act* of 1968 and 1971 provide for unmatched capital grants to the States for libraries in government and non-government secondary schools. This scheme terminates on 31 December 1974. Grants under these arrangements are estimated to total \$4.7 million in 1974-75 compared with \$10.3 million in 1973-74. Additional grants for libraries for 1974 and 1975 for both primary and secondary schools, are included in assistance made available under the Interim Committee's program (the *States Grants (Schools) Act 1973*).

Science Laboratories

The *States Grants (Science Laboratories) Acts* of 1964, 1965, 1967, 1968 and 1971 provide unmatched capital grants to the States for science laboratories and equipment in government and non-government secondary schools. This scheme terminates on 30 June 1975. Grants under these arrangements in 1974-75 are estimated to total \$12.7 million compared with \$9.8 million in 1973-74. Provision has been made for science laboratories in the assistance to be made available under the Interim Committee's program for 1974 and 1975 (the *States Grants (Schools) Act 1973*).

Schools in the Territories

A significant new development in the Australian Capital Territory is the establishment of an Interim Schools Authority to administer and develop the Government's pre-school, primary and secondary education systems.

A program of up-grading library facilities at government schools will also be set in train this financial year.

CARE AND EDUCATION OF YOUNG CHILDREN

In February 1973 the Australian Government announced the appointment of an Australian Pre-schools Committee to inquire into and make recommendations concerning financial assistance to the States, local government authorities and voluntary non-profit-making institutions, for the establishment and operation of pre-schools and child care centres. An amount of \$10.0 million was included in the 1973-74 Budget in advance of the report and recommendations of the Committee so that a start could be made on the program as early as possible in 1974. Separate expenditure was incurred under the *Child Care Act 1972* to assist in the construction and operation of child care centres.

The Committee presented its Report in November 1973 and the Government invited comments from interested bodies and asked the Social Welfare Commission, in collaboration with the Pre-schools Committee, the Priorities Review Staff and other government agencies to consider the development of pre-school and child care facilities from the welfare standpoint.

After considering the reports, the Government has now decided to provide \$75 million in 1974-75 to enable a start to be made, no later than 1 January 1975, on a new program for the care and education of young children, and to meet commitments under the existing program. The new program involves a fully integrated approach to the needs of childhood, embracing education, health and care services. An Interim Children's Committee is to be established, pending the establishment of a Children's Commission, to assume responsibility for administering all existing commitments and for developing the new program.

STUDENT ASSISTANCE

From the beginning of 1975 the Government will increase the maximum allowance payable under the Secondary Allowances Scheme, and relax the means test. It is expected that these measures will cost \$0.7 million in 1974-75, and the total cost of the scheme will be \$3.4 million.

SPECIAL GROUPS

Assistance by the Australian Government for the education of special groups is estimated to increase from \$46.8 million in 1973-74 to \$68.3 million in 1974-75.

Aboriginal Education

Assistance is provided under the Aboriginal Secondary Grants Scheme to all full-time students of Aboriginal descent attending an approved secondary school or class. Allowances payable under this scheme were increased from 1 July 1974 to allow for movements in costs; these increases plus the normal growth in the scheme are expected to increase expenditure from \$6.1 million in 1973-74 to \$7.7 million in 1974-75.

The Aboriginal Study Grants Scheme provides, in the main, for assistance to Aboriginal students taking courses at universities, teachers colleges and technical, business and agricultural colleges. Benefits payable under this scheme were increased from 1 July 1974 and are to be increased again from 1 January 1975 to allow for movements in costs. Expenditure in 1974-75 is expected to be \$1.3 million compared with \$0.9 million in 1973-74.

The Australian Government has direct responsibility for the education of Aboriginal children in the Northern Territory and, in accordance with its intention of preserving Aboriginal languages and cultures, has introduced a program under which Aboriginal children living in Aboriginal communities receive primary education in their own language and instruction in traditional Aboriginal arts, crafts and skills.

Provision of \$5.7 million is made in the Budget for grants to the States and to non-government organisations (excluding missions) for Aboriginal education purposes in 1974-75. These grants will finance the construction and equipping of pre-schools and primary and secondary schools. In addition, expenditure will be incurred on a substantial number of programs of special assistance for schools with high Aboriginal enrolments; and vehicles and portable schools are to be provided to support educational services at Aboriginal 'outstations'. The Government has undertaken a program to upgrade all schools in Aboriginal communities and at mission stations.

Total assistance for Aboriginal education under these various arrangements is estimated at \$32.6 million in 1974-75, \$11.8 million or 57 per cent more than in 1973-74.

Migrant Education

Expenditure on special English language instruction for migrants in 1974-75 is estimated to cost \$20.4 million, an increase of \$6.1 million or 42 per cent on 1973-74.

Under the *Immigration (Education) Act* 1971, the Australian Government provides special instruction to assist migrant children with English language difficulties so that they may join fully in normal classes. Funds are provided to government and non-government school authorities for special language teaching equipment and for the salaries of special teachers. Estimated expenditure on child migrant education is \$12.1 million in 1974-75, an increase of \$3.8 million on 1973-74.

Adult migrant education in the English language is conducted in special courses. Expenditure, including salary and administrative costs and living allowances for some students is estimated at \$5.8 million in 1974-75, an increase of \$1.6 million on 1973-74.

Provision of \$2.5 million is also made for demountable classroom accommodation for child migrant classes in government and non-government schools in 1974-75.

Soldiers' Children Education Scheme

This scheme provides for the payments of fees, fares and allowances and for the provision of books and equipment for the tertiary education and training of children of ex-servicemen who died as a result of their war service or who are either totally and permanently incapacitated or blind. Allowances are paid in respect of children attending secondary schools.

The cost of this scheme in 1974-75 is estimated to be \$3.6 million.

Isolated Children

The Government has decided to relax the means test applying to the payment of additional boarding allowances and supplementary allowances, and to increase the maximum supplementary allowance as from January 1975. The estimated cost of this scheme in 1974-75 is \$11.6 million compared with \$8.2 million in 1973-74.

General Administrative and Other Expenditure

General administrative and other expenditure of the Department of Education is estimated to increase by \$5.4 million in 1974-75 to a total of \$19.2 million, in line with the Department's increased responsibilities. The increase includes \$3.6 million for salaries, \$0.8 million for the Curriculum Development Centre and \$0.4 million for increased support of research in education.

INDIRECT ASSISTANCE THROUGH TAXATION

In addition to the outlays on education discussed above, indirect assistance is provided through the taxation system by way of concessions granted to taxpayers under the income tax and sales tax laws. The cost of the income tax deductions for education (including self-education) expenses in terms of revenue forgone is estimated at \$130 million in respect of the income year 1972-73, the latest year for which figures are available. The maximum deduction allowed for education expenses in the 1972-73 income year was \$400 for self-education expenses and \$400 for each child of the taxpayer and dependant under 25 years. Where two or more taxpayers were entitled to a deduction for education expenses in respect of one student, the aggregate amount allowed was limited to \$400.

3. HEALTH

The Government plans to introduce the universal health insurance program in 1975-76. In the meantime the present health insurance scheme will be maintained. Government support of the scheme in 1974-75 is presently estimated to cost \$415.9 million.

For 1974-75 significantly higher allocations have been made to the community health program and the free dental scheme for school children. In addition, new initiatives to be introduced in 1974-75 include:

- assistance for the provision of additional public hospital and other health institutional facilities in the States;
- the provision, without charge, of stoma appliances and home dialysis equipment and supplies;
- the financing of approved deficits of religious and charitable nursing homes;
- the provision of free hospital and medical treatment for all ex-servicemen and women who were prisoners of war;
- the extension of free hospital and medical treatment to ex-members of the Forces suffering from malignant cancer who did not serve in a theatre of war.

Direct outlays from the Budget on health are estimated to rise from \$947.7 million in 1973-74 to \$1,232.1 million in 1974-75, an increase of 30.0 per cent. Estimated outlays on health are equivalent to 7.6 per cent of total estimated outlays in 1974-75.

The total cost of Government assistance in the health field includes revenue forgone from various taxation concessions. The cost of these concessions, in terms of revenue forgone, for the 1972-73 income year, the latest year for which data are available, is estimated at \$245 million, made up as follows:

	\$ million
Medical, dental, optical, hospital and funeral expenses ..	145
Contributions to medical and hospital benefits funds ..	100
	245

Details of actual outlays on health in 1972-73 and 1973-74, together with estimated outlays in 1974-75 are shown in the following table:

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
Medical Services and Benefits—				
Medical Benefits—				
General	160.2	163.4	185.0	+ 21.6
Pensioners	30.8	35.4	48.2	+ 12.8
Diagnostic Services	8.6	11.1	14.5	+ 3.5
Ex-Servicemen and Women	17.0	18.9	23.6	+ 4.7
Total	216.7	228.8	271.3	+ 42.5
Hospital Services and Benefits—				
Hospital Benefits—				
General	82.3	89.5	117.0	+ 27.5
Pensioners	23.8	24.3	27.0	+ 2.7
Ex-Servicemen and Women	56.8	71.4	88.1	+ 16.6
Mental Health Facilities	7.0	6.5	4.8	- 1.7
Hospitals in the Territories (Net)	28.1	34.6	57.3	+ 22.7
Hospitals Development Program	—	2.4	28.0	+ 25.6
Total	198.1	228.7	322.2	+ 93.5
Pharmaceutical Services and Benefits—				
Pharmaceutical Benefits—				
General	119.5	151.5	175.5	+ 24.0
Pensioners	58.1	66.8	73.7	+ 6.9
Administration	2.3	2.9	3.9	+ 1.0
Ex-Servicemen and Women	20.0	21.1	22.8	+ 1.6
Total	200.0	242.4	275.9	+ 33.5
Nursing Home and Domiciliary Nursing Care Services and Benefits—				
Nursing Home Benefits and Payments	92.8	112.7	147.1	+ 34.4
Domiciliary Nursing Care Benefits	1.0	6.3	7.6	+ 1.3
Nursing Care for Ex-Servicemen and Women	4.0	10.9	16.5	+ 5.6
Other	3.5	4.0	5.3	+ 1.3
Total	101.4	134.0	176.5	+ 42.5

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
Community Health Facilities and Services ..	—	17.1	43.5	+ 26.4
Treatment and Prevention of Tuberculosis ..	12.5	13.0	13.9	+ 0.9
Health Schemes for School Children—				
Free Milk Supply	11.8	8.1	0.1	- 8.1
Dental Services .. .. .	..	7.7	21.3	+ 13.6
Total	11.8	15.9	21.4	+ 5.5
Health Services in the Territories nec ..	7.5	12.1	17.6	+ 5.6
Health Services for the Aboriginal Population ..	4.3	11.3	16.6	+ 5.3
Other Health Services—				
Medical Research Grants	3.7	4.8	6.0	+ 1.3
Commonwealth Serum Laboratories	2.7	1.4	5.9	+ 4.5
Aids and Appliances	0.5	1.0	3.6	+ 2.6
Drug Education	0.5	0.7	0.8	..
Anti-Smoking Campaign	0.5	0.5	0.5	..
Blood Transfusion Service and Products	2.4	3.3	3.9	+ 0.6
Quarantine Services	4.7	4.8	6.3	+ 1.5
Other	2.4	3.2	4.1	+ 0.9
Total	17.4	19.7	31.1	+ 11.4
General Administrative Expenditure	14.2	25.4	42.6	+ 17.2
Less Recoveries	0.5	0.6	0.5	- 0.1
TOTAL HEALTH	783.2	947.7	1,232.1	+284.3

MEDICAL SERVICES AND BENEFITS

Medical Benefits—General

Under the present voluntary health insurance scheme, the Government provides benefits for medical services rendered to contributors to registered medical insurance funds and to their dependants. The rates of Government and fund benefits are related to the fees for medical services and are set out in the Schedules to the National Health Act.

In respect of some insured patients (known as 'Special Account' contributors) whose medical and hospital claims would otherwise be disallowed because of fund rules relating to pre-existing ailments, chronic illness or maximum benefits, the Australian Government reimburses the funds for any losses incurred in providing benefits.

To assist families with incomes of \$68.50 a week or less, the Government meets, under the Subsidised Health Benefits Plan, the cost of medical insurance benefits and hospital insurance benefits to cover public ward treatment. This entitlement applies also to unemployment and sickness beneficiaries and to migrants for a period of two months after arrival in Australia. Graduated assistance is provided to families with incomes exceeding \$68.50 a week but not exceeding \$77.50 a week.

Expenditure on general medical benefits is expected to reach \$185.0 million in 1974-75, an increase of \$21.6 million on expenditure in 1973-74. The increase reflects, in the main, a recovery in the rate of claims for reimbursement by the funds, an increase in utilisation of medical services and greater use of higher cost services.

Medical Benefits—Pensioners

The Government meets the cost of general practitioner surgery consultations and home visits for pensioners enrolled in the Pensioner Medical Service (and their dependants). These costs are expected to increase by \$12.8 million in 1974-75 to \$48.2 million mainly as a result of an increase in fees payable from 1 July 1974 to doctors enrolled in the Service.

Diagnostic Services

This item covers the running costs of the Australian Government Health Laboratories, which provide a free pathology service to hospitals and medical practitioners, and the cost of supplying radio-active isotopes by the Australian Radiation Laboratory to hospitals and medical practitioners.

The cost of these services is estimated to increase by \$3.5 million in 1974-75 to \$14.5 million.

Treatment and Allowances for Ex-servicemen and Women

The Government meets the costs for eligible persons of specialist, local medical officer, paramedical and dental services, of providing and maintaining surgical aids (including spectacles) and of travelling expenses for the purpose of medical treatment.

Expenditure on these services in 1974-75 is expected to increase by \$4.7 million of which \$3.2 million is due to increased fees for local medical officers and specialists. The 1974-75 estimate includes \$1.0 million (\$1.5 million in a full year) to meet the cost of extending eligibility for treatment for all disabilities to all Australian ex-servicemen and women who were prisoners of war and for malignant cancer to ex-members of the Forces who did not serve in a theatre of war.

Hospital Benefits—General

Under the voluntary health insurance scheme, the Government provides a benefit of \$2 a day for in-patients insured against the cost of hospital treatment. Uninsured patients receive a Government benefit of 80 cents a day. In cases where no charge is made by a hospital, a benefit of \$2 for each qualified in-patient day is paid direct to the hospital.

The cost of Government hospital benefits is expected to increase by \$27.5 million in 1974-75 to \$117.0 million. The increase reflects mainly a greater number of bed-days qualifying for Government benefits and higher payments flowing from increased hospital charges, to funds for 'Special Account' contributors and beneficiaries under the Subsidised Health Benefits Plan.

Hospital Benefits—Pensioners

Under an arrangement with State Governments, pensioners enrolled in the Pensioner Medical Service are entitled to free public ward hospital treatment. The Government makes a payment of \$5 for each pensioner bed-day towards the cost of this treatment.

The cost of this scheme is expected to increase by \$2.7 million in 1974-75 to \$27.0 million.

Treatment for Ex-servicemen and Women

Hospitals and clinics are maintained in each State for the treatment of eligible ex-servicemen and women and dependants. Use is also made of State public hospitals where appropriate.

The cost of this treatment (including capital outlay) is expected to increase by \$16.6 million in 1974-75 to \$88.1 million. The main component is the salaries and allowances for staff employed in Repatriation institutions, which are estimated to rise by \$7.9 million in 1974-75 to \$53.2 million, largely due to wage determinations. Capital expenditure, including repairs and maintenance of Repatriation institutions, is expected to increase by \$6.0 million to \$13.6 million in 1974-75.

Provision has also been made for the extension of eligibility for hospital treatment for all disabilities to ex-servicemen and women who were prisoners of war and to ex-members of the Forces suffering from malignant cancer who did not serve in a theatre of war. This initiative is expected to cost \$0.6 million in 1974-75 and \$0.9 million in a full year.

Mental Health Facilities

During the period 1955-56 to 1973-74 the Government reimbursed State Governments one-third of the capital costs of new mental health institutions on which approved expenditures were incurred before 30 June 1973.

Arrangements for assistance for non-residential mental health facilities are described under the heading Community Health Facilities and Services, and new arrangements for assistance for residential mental health facilities are described under the heading Hospitals Development Program.

Other expenditures under this item include an annual payment to the New South Wales State Government for the cost of maintaining residents of the Australian Capital Territory who are receiving psychiatric treatment and the cost of medical care and treatment for eligible ex-servicemen and women at State mental hospitals.

Hospitals in the Territories

The Canberra Hospitals Management Board operates two hospitals in the Australian Capital Territory and the Department of Health operates five hospitals and a leprosarium in the Northern Territory. It is proposed that as from 1 December 1974 control of the hospitals in the Australian Capital Territory will be transferred to the Capital Territory Health Commission.

Net expenditure on hospital services in the Territories is expected to increase by \$22.7 million in 1974-75 to \$57.3 million. The increase reflects a 31 per cent increase in the operating costs of hospitals and a large building program in both Territories. In the Australian Capital Territory, capital expenditures will include progress payments on a 300 bed hospital for the Order of the Little Company of Mary and the construction of a centralised hospital services facility. Higher capital expenditures in the Northern Territory will reflect redevelopment of the Alice Springs Hospital and construction of a new hospital in Darwin.

Hospitals Development Program

The Government has considered the recommendations of the Hospitals and Health Services Commission in its report 'Hospitals in Australia', April 1974. As announced in the Budget Speech, funds of \$28 million will be provided in 1974-75, the first year of a five-year program, for the provision and modernisation of public hospital and other residential health facilities, such as mental institutions, hostels for the mentally ill, nursing homes and hostels for the physically infirm. Except where it is concluded that the Government's contribution can best be made by constructing a facility, the funds will be provided to the States on a grant basis.

PHARMACEUTICAL SERVICES AND BENEFITS

Pharmaceutical Benefits—General and Pensioners

Except for a flat charge per prescription which is payable by patients, the Government meets the cost of a range of drugs and medicinal preparations supplied on a doctor's prescription to any person in the community. The patient contribution is \$1 per prescription, except for persons eligible to receive assistance under the Subsidised Health Benefits Plan where the contribution is 50 cents, and for persons enrolled in the Pensioner Medical Service and their dependants where no contribution is payable.

Expenditure on pharmaceutical benefits for the general population is estimated to increase by \$24.0 million in 1974-75 to \$175.5 million. Of the increase, \$6.1 million reflects increases in dispensing fees for chemists, including retrospective payments (the full-year cost is \$4.4 million). Increases in population and utilisation and changes in prescribing patterns account for the remainder.

Expenditure on pharmaceutical benefits for eligible pensioners is estimated to increase by \$6.9 million in 1974-75 to \$73.7 million. The additional outlay results from increases in chemists' dispensing fees, including retrospective payments, amounting to \$2.8 million (the full-year cost is \$2.0 million) and increases in numbers and utilisation.

Pharmaceutical Benefits—Ex-servicemen and Women

The Government meets the full cost of drugs and medicinal preparations supplied on a doctor's prescription for eligible ex-servicemen and women and dependants.

The cost of these benefits is expected to increase by \$1.6 million in 1974-75 to \$22.8 million. The main component in the increase is the extension of free benefits to ex-servicemen and women who were prisoners of war and to former members of the Forces suffering from malignant cancer who did not serve in a theatre of war. These measures are estimated to cost \$1.1 million in 1974-75 and \$1.7 million in a full year.

NURSING HOME AND DOMICILIARY NURSING CARE SERVICES AND BENEFITS

Nursing Home Benefits and Payments

A benefit of \$3.50 a day is payable to all patients in nursing homes, with a supplementary benefit of \$3.00 a day for those patients requiring intensive care. As from 1 January 1973, the Government has paid an additional benefit, related to fees in each State, for pensioners enrolled in the Pensioner Medical Service, and an equivalent fund benefit has been paid to insured patients. With effect from 1 August 1974 the additional benefit was increased in line with the increase in fund benefit, at an estimated cost in 1974-75 of \$24.6 million.

As announced in the Budget Speech it is proposed to amend the National Health Act to authorise the Minister to offer to meet approved deficits, after receipt of patient contributions, of nursing homes conducted by religious, charitable and other non-profit organisations. The estimated additional cost of the measure in 1974-75 is \$1.8 million and in a full year \$3.5 million.

Estimated expenditure on nursing home benefits in 1974-75 is \$112.3 million. Financing of deficits of eligible organisations in 1974-75 is estimated to cost \$34.8 million.

Domiciliary Nursing Care Benefits

Subject to certain criteria being met, the Government pays a benefit of \$2 a day to persons who arrange for the provision of nursing care for elderly relatives at home. The benefit was introduced on 1 March 1973. Expenditure on the benefit is estimated to increase by \$1.3 million in 1974-75 to \$7.6 million as a result of an increase in utilisation.

Nursing Home and Domiciliary Nursing Care for Ex-servicemen and Women

The Government meets the full cost of nursing home accommodation required by ex-servicemen and women because of service-related disabilities. Certain other categories of ex-servicemen and women, including chronically ill war widows, may be assisted with the cost of nursing home accommodation for disabilities not due to war service, on the same basis as nursing home patients enrolled in the Pensioner Medical Service. Free domiciliary care services are provided to these groups as required.

Expenditure on nursing home and domiciliary care for eligible persons is expected to increase by \$5.6 million in 1974-75 to \$16.5 million. Of this increase, \$4.7 million is due to the full-year effect of widened eligibility criteria approved in 1973-74 together with increased nursing home charges. The extension of eligibility to ex-servicemen and women who were prisoners of war and to ex-members of the Forces suffering from malignant cancer who did not serve in a theatre of war is estimated to cost \$0.7 million in 1974-75 and \$1.1 million in a full year.

Other

This item includes grants to the States to assist in providing nursing home accommodation for aged persons of limited means, and subsidies to non-profit organisations that provide home nursing services. The estimated increase of \$1.3 million includes two new initiatives announced in the Budget Speech. The Government has approved a special grant of \$1.2 million, on a dollar-for-dollar basis, to Queensland for the erection of Stage 2 of the public nursing home complex at Wynnum; \$300,000 has been provided for 1974-75. The Government has also approved an increase, with effect from 1 October 1974, in the existing subsidy to approved organisations providing home nursing services. For organisations established before September 1956, the annual Australian Government payment for each nurse who attracts subsidy will be increased from \$4,700 to \$6,200. For organisations established after that date, the annual subsidy for each nurse employed will be increased from \$2,350 to \$3,100. As at present, the Australian Government subsidy to any organisation will not exceed that paid to the organisation by a State. The increase in the subsidy is expected to cost \$613,000 in 1974-75.

COMMUNITY HEALTH FACILITIES AND SERVICES

The Government is providing assistance to the States, local government authorities and other eligible organisations for the provision of community-based health services. Expenditure under the program is estimated to increase by \$25.1 million in 1974-75 to \$35.0 million. In addition, grants to the States and institutions for planning and research purposes are estimated to amount to \$1.0 million in 1974-75.

The *Mental Health and Related Services Assistance Act 1973* authorises grants to the States and local government authorities for the development of facilities—other than in-patient facilities—for treating mental illness, alcoholism and drug dependency. The grants meet the capital costs of approved facilities, including non-residential and hostel facilities and the maintenance costs of approved non-residential services, including expenditure on preventive programs, research and evaluation. The Act also authorises, on the recommendations of the States, grants towards the capital and maintenance expenditure of voluntary organisations involved in the fields of alcoholism and drug dependency. Expenditure under the Act is estimated to increase by \$0.8 million in 1974-75 to \$7.5 million.

TREATMENT AND PREVENTION OF TUBERCULOSIS

Under the *Tuberculosis Act 1948*, the Government reimburses the States for capital expenditures on facilities for the treatment of tuberculosis, and for maintenance expenditure on the diagnosis and treatment of tuberculosis to the extent that the maintenance expenditure is in excess of the States' maintenance expenditure in 1947-48.

The Government also extends allowances to persons suffering from tuberculosis and their dependants. These allowances were increased with effect from 8 August 1974.

Expenditure on the treatment and prevention of tuberculosis is estimated to increase by \$0.9 million in 1974-75 to \$13.9 million.

HEALTH SCHEMES FOR SCHOOL CHILDREN

Under agreements with the States the Government reimbursed them for the cost of supplying one-third of a pint of milk each day of the school year to children under 13 years of age. The scheme ceased on 31 December 1973 but an estimated \$50,000 will be paid to States in 1974-75 for expenditure incurred before 31 December 1973.

The Government is establishing, in co-operation with the States, an Australia-wide school dental scheme. The aim is to provide a free dental service to all primary school children by 1980, and subsequently, to pre-school and secondary school children under 15 years of age. The Government is meeting the capital and running costs of training facilities as well as the capital costs and 75 per cent of the running costs of clinics.

Expenditure on the scheme is estimated to increase by \$13.6 million in 1974-75 to \$21.3 million.

HEALTH SERVICES IN THE TERRITORIES

In the Australian Capital Territory and the Northern Territory the Australian Government provides health services of the type provided elsewhere in Australia by State and local government authorities. These services include public health activities, ambulance services and community health centres. The cost of these services is estimated to increase by \$5.6 million in 1974-75 to \$17.6 million.

HEALTH SERVICES FOR ABORIGINALS

The main item under this heading is grants to the States for Aboriginal health services. These grants, which are estimated to increase by \$3.1 million in 1974-75 to \$11.4 million, will provide additional hospital facilities, clinics, health centres, doctors and nurses in areas of higher Aboriginal population. Provision is also made for the development of programs of health education and preventive medicine.

OTHER HEALTH SERVICES

Medical Research Grants

Through the medical research program of the National Health and Medical Research Council, the Australian Government assists the medical research activities of Australian and State Government departments, universities and institutions, and of individual research workers, and the training of medical research workers. The increase of \$1.3 million in 1974-75 to \$6.0 million mainly reflects increases in academic and non-academic salaries.

Commonwealth Serum Laboratories Commission

The main functions of the Commonwealth Serum Laboratories Commission are to produce and sell biological products, undertake research into the production of therapeutic biological products and hold stocks of biological products. The total provision of \$5.9 million for 1974-75 is \$4.5 million higher than for 1973-74.

The Government has announced its intention to establish a separate Pharmaceutical Corporation, alongside the Commonwealth Serum Laboratories Commission, to acquire a non-biological production unit with a view to the later amalgamation of the two bodies. No funds have been provided for this purpose in the Budget.

Aids and Appliances

For 1973-74 this item represented the costs of supplying, without charge, hearing aids (and batteries) to children, eligible pensioners and their dependants, and artificial limbs to civilians. As announced in the Budget Speech, it is intended to introduce legislation in 1974-75 to authorise the supply, without charge, of stoma appliances and home dialysis equipment and supplies to all persons in the community who need them. The estimated cost of these measures in 1974-75 is \$1.2 million and in a full year \$1.8 million.

Educational Campaigns

The Government sponsors two educational campaigns in the health field—the National Drug Education Program and the Anti-Smoking Campaign.

Since 1970-71 the Australian Government has provided funds to support State and National projects of drug education; \$750,000 has been allocated for the program in 1974-75.

The National Education Campaign on Smoking was launched in 1972. Under this program, up to \$500,000 for each of the three years to 1974-75 has been allocated for the purposes of disseminating information on the health hazards of smoking. To reinforce this educational campaign, the Government has decided that advertising of cigarettes and cigarette tobacco on television and radio will be phased out over three years.

Blood Transfusion Service and Products

The Australian Government meets 35 per cent of the annual operating cost of the Red Cross Society's Blood Transfusion Service in the States and 95 per cent in the Territories.

Blood collected by the Society's Transfusion Service is processed into blood fractions, plasma and serum by the Commonwealth Serum Laboratories Commission. The blood products are supplied, free of charge, to hospitals and approved pathologists for use in medical diagnosis and treatment. The Australian Government reimburses the Commission for the cost of processing the blood.

The Government's contributions are estimated to increase by \$0.6 million in 1974-75 to \$3.9 million.

Quarantine Services

Human, animal and plant quarantine measures are enforced mainly to prevent the introduction of exotic diseases into Australia. By arrangement, the States administer animal and plant quarantine with costs being reimbursed by the Australian Government. Human quarantine is administered by the Australian Government.

To encourage the safe disposal of overseas ships' garbage, the Australian Government has met the whole cost of providing incinerators and ancillary structures at selected ports and has shared with the States half the cost of access roads.

Quarantine services in 1974-75 are expected to cost \$6.3 million, \$1.5 million more than in 1973-74.

Other

This item includes the cost of the Australian Government's annual subsidy to the Royal Flying Doctor Service (which, as announced in the Budget Speech, has been increased by \$327,000 to \$966,000 a year), subsidies towards the cost of certain international health conferences, and administrative expenditures related to public health and the administration of the Therapeutic Goods Act.

General Administration

This item comprises the general administrative and capital expenses of the Department of Health, the Department of Social Security (in respect of health insurance), the Hospitals and Health Services Commission and the Health Insurance Commission. The estimated increase in administrative expenses of \$17.2 million in 1974-75 to \$42.6 million includes the full-year effect of salary and other cost increases in 1973-74 and the administrative and capital costs of the Health Insurance Commission.

RECOVERIES

Recoveries include the charges met by certain countries for treatment given to their ex-servicemen through Repatriation facilities.

4. SOCIAL SECURITY AND WELFARE

The Australian social security system is designed to protect people from economic hardship caused by events such as loss of earnings through age, invalidity, sickness, unemployment or the loss or absence of a supporting male as a result of death, desertion or long-term separation. It is designed also to compensate ex-servicemen for war-caused disabilities and the dependants of those whose deaths are war-related and to assist parents with the expenses associated with bearing and raising children.

Much of this assistance is provided by way of cash benefits. There are selective, or means-tested, benefits such as invalid and widows pensions and unemployment benefits, as well as universal benefits such as maternity allowances and child endowment.

Additionally, assistance is provided, either directly or through State and local government authorities and voluntary agencies, for a wide range of welfare services for people with special needs. For example, the aged are assisted with their accommodation needs and invalids may be trained so that they can re-enter paid employment.

Assistance is also provided in a variety of forms for the advancement of Aborigines.

Total direct outlays on social security and welfare are estimated to increase from \$2,489.1 million in 1973-74 to \$3,441.5 million in 1974-75, an increase of 38.3 per cent. Direct outlays on social security and welfare in 1974-75 are equivalent to 21.1 per cent of estimated total Budget outlays.

In addition to these direct outlays on social security and welfare, indirect assistance is provided in the form of concessions in the income tax and sales tax laws. The cost of the income tax concessions, in terms of revenue forgone, is estimated at \$804 million for the income year 1972-73, the latest year for which figures are available. Details are set out below:

	\$ million
Maintenance of dependants and housekeepers	430
Superannuation contributions, life assurance premiums, etc., by individual taxpayers (a)	365
Age allowance	9
	<hr/>
	804
	<hr/>

(a) This is the estimated cost of the relevant income tax deductions allowed to taxable individuals. It does not take account of any income tax payable on superannuation pensions received subsequently by contributors.

Major reforms to the social security and welfare system have been announced or are in prospect.

As announced in the Budget Speech, the Australian Government has endorsed in principle the compensation scheme contained in the Report of the National Committee of Inquiry into Compensation and Rehabilitation in Australia (the Woodhouse Report) and the main enabling legislation will be introduced in the Budget session of Parliament. The Report recommends a delay of 18 months between the enactment of the necessary legislation and the introduction of the scheme. Following detailed examination of the scheme, amendments may be made before implementation.

The full implementation of the recommendations of the Woodhouse Report would constitute the most far-reaching single social measure in the history of Australia. All Australians would be eligible to receive earnings-related benefits during periods of significant incapacity arising out of injury (including congenital disability) or sickness. In the event of death there would be earnings-related compensation and other benefits for dependent survivors.

The Australian Government favours a phased introduction of the scheme. This will facilitate the development of the necessary administrative capacity and rehabilitation facilities. It will also reduce the budgetary impact in the early years of the scheme.

The Treasurer is to consider how the revenue necessary to finance the scheme is to be raised and the impact of the scheme on the insurance industry.

During 1974-75 the Government expects to receive the reports of three other major inquiries. These could have a significant effect on the development of the Australian social security and welfare system. Final reports are expected from the Commission of Inquiry into Poverty and the National Superannuation Committee of Inquiry. The report of the Independent Inquiry into the Repatriation System is also expected during 1974-75.

Details of actual outlays on social security and welfare in 1972-73 and 1973-74, together with estimated outlays in 1974-75 are shown in the following table:

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
Assistance to the Aged—				
Pensions and Allowances	887.7	1,146.4	1,575.0	+428.6
Aged Persons Accommodation	31.9	31.2	56.2	+ 24.9
Home Care Services	2.4	3.5	5.2	+ 1.7
Other	0.1	0.1	0.2	..
Total	922.2	1,181.3	1,636.5	+455.3
Assistance to Ex-Servicemen and their Dependents—				
War Pensions and Allowances	228.7	256.2	322.1	+ 66.0
Service Pensions	72.3	103.6	153.1	+ 49.4
Other	0.3	0.4	0.5	+ 0.1
Total	301.3	360.2	475.7	+115.5
Assistance to the Handicapped—				
Invalid Pensions and Allowances	184.7	226.0	303.0	+ 77.0
Sheltered Employment Allowances and Facilities	5.3	6.1	9.6	+ 3.5
Handicapped Children's Benefits and Facilities	2.2	3.5	8.8	+ 5.3
Rehabilitation Services	4.7	6.3	7.6	+ 1.3
Other	0.2	0.3	0.3	- 0.1
Total	197.1	242.2	329.2	+ 87.0
Assistance to Widows and Supporting Mothers—				
Widows Pensions and Allowances	140.5	181.0	239.0	+ 58.0
Supporting Mothers Benefits and Allowances ..	—	40.6	66.0	+ 25.4
Other	9.7	7.7	6.2	- 1.5
Total	150.3	229.2	311.2	+ 82.0
Assistance to Families—				
Child Endowment	253.9	225.4	226.0	+ 0.6
Maternity Allowances	8.0	7.8	8.0	+ 0.2
Child Care ^(a)	0.2	2.2	—	- 2.2
Other	0.7	1.7	4.2	+ 2.5
Total	262.8	237.0	238.2	+ 1.2
Assistance to Unemployed and Sick—				
Unemployment and Sickness Benefits	77.5	106.6	193.0	+ 86.4
Unemployment Relief Grants	103.8	12.0	—	- 12.0
Structural Adjustment Assistance	—	..	11.8	+ 11.8
Fares for Unemployed Persons	0.1	..	..	..
Total	181.4	118.7	204.8	+ 86.1
Other Welfare Programs—				
Funeral Benefits	1.6	1.6	1.6	+ 0.1
Telephone Rental Concessions	5.0	6.4	7.8	+ 1.4
Australian Assistance Plan	—	0.9	6.1	+ 5.2
Assistance to Homeless Persons	—	—	2.2	+ 2.2
Assistance for Migrants	0.9	1.2	1.4	+ 0.2
Welfare Programs in the Territories nec ..	1.3	2.0	3.9	+ 1.9
Other	0.2	0.6	0.8	+ 0.1
Total	9.0	12.6	23.9	+ 11.2

(a) All outlays on child care in 1974-75 are classified under the function 'Education'.

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
Aboriginal Advancement Programs nec—				
Business Enterprises	1.0	1.4	6.7	+ 5.3
Other	15.7	20.6	31.1	+ 10.5
Total	16.7	22.0	37.9	+ 15.8
General Administrative and Other Expenditure ..	63.7	89.4	117.0	+ 27.6
Allowance for Autumn Pension and Benefit Rate Increases	—	—	70.0	+ 70.0
Less Recoveries and Repayments	2.9	3.5	2.9	- 0.5
TOTAL SOCIAL SECURITY AND WELFARE	2,101.5	2,489.1	3,441.5	+952.3

Brief explanations of the composition of the items and comments on the estimates of direct outlay in 1974-75 are given below.

ASSISTANCE TO THE AGED

Pensions and Allowances

Age pensions are payable, free of means test, to residentially qualified men and women aged 75 years or more. Age pensions are payable, subject to a means test on income and property, to residentially qualified women aged 60 to 74 years and to residentially qualified men aged 65 to 74 years. To be residentially qualified for age pension, a period of ten years continuous residence in Australia is usually necessary.

The means test was to be abolished for those aged 70 to 74 years from the Spring of 1974 and for those aged 65 to 69 years from the Spring of 1975. As announced by the Treasurer in his statement to Parliament on 23 July the Government is proceeding with the abolition of the means test for those aged 70 to 74 years, with effect from April 1975.

Wife's pension is payable to an age pensioner's wife who does not qualify for an age, invalid or repatriation service pension in her own right. The pension is subject to a means test.

Additional payments are available to pensioners with dependent children. These payments are subject to a means test.

Supplementary assistance is payable, subject to a special means test, to pensioners who are required to pay rent or lodging charges. As announced in the Budget Speech, the amount of supplementary assistance payable is not to exceed actual rent paid.

Upon the death of one of a married pensioner couple, the surviving member may become entitled to receive, for up to six fortnightly instalments, the equivalent of the two pensions that would have been paid if the spouse had not died.

All pensions, excluding supplementary assistance and additional payments for children, payable to persons of age pension age under the social security legislation and wives of age pensioners, are subject to tax. The special tax rebate arrangement, introduced in 1973-74 as a transitional measure to ensure that, generally, pensioners were not made worse off as a consequence of the taxation of pensions, will begin to be phased out. For the 1974-75 income year the transitional age rebate will be reduced from \$156 to \$130.

The existing and proposed maximum rates of the above benefits are set out below. Because of the effect of inflation on pensions and the lateness of the Budget this year, the standard and married rates of pension were increased early in August 1974. The standard (or single) rate was increased by \$5.00 a week and the married rate by \$3.00 a week. The rates of pension will be further reviewed in Autumn 1975.

Benefit	Existing	Proposed
	\$ a week	\$ a week
Standard (or single) rate of pension	31.00	31.00
Married rate of pension (including wife's pension)—each	25.75	25.75
Each dependent child (including a student child)	5.00	5.50
Guardians allowance—		
where there is a child under 6 years or an invalid child requiring full-time care	6.00	6.00
other cases	4.00	4.00
Supplementary assistance—for eligible pensioners who pay rent ..	4.00	5.00

The estimated cost of the proposed increases in benefits is \$6.2 million in 1974-75 and \$7.8 million in a full year. The estimated cost of abolition, as from 1 April 1975, of the means test for residentially qualified men and women aged 70 to 74 years is \$25 million in 1974-75 or about \$100 million in a full year.

The average number of age pensioners (including women in receipt of wife's pension) in 1973-74 was 1,002,500; in 1974-75 the number is estimated to increase by 82,600 to 1,085,100. The main factors contributing to this increase are the abolition of the means test for persons aged 75 years or more announced in last year's Budget, 'normal' growth, and the fact that about 53,500 persons are estimated to become age pensioners as a result of abolition of the means test for residentially qualified men and women aged 70 to 74 years from the Autumn of 1975.

The average amount of age pension (including additions for children and supplementary assistance) is estimated to rise from \$22 a week in 1973-74 to \$28 a week in 1974-75, an increase of about 27 per cent. The main reasons for this are the recent increases in pension rates, the full-year effects of increased rates of pension introduced during 1973-74 and the abolition of the means test for residentially qualified men and women aged 75 years and over, and the proposed abolition of the means test for residentially qualified men and women aged 70 to 74 years from Autumn 1975.

Aged Persons Accommodation

The *Aged Persons Homes Act 1954-1973* is designed to encourage and assist organisations to provide suitable homes in which aged people may live in conditions approaching as nearly as possible ordinary domestic life. The Government makes grants on a \$2 for \$1 basis to religious and charitable organisations and local governing bodies towards the cost of erection, extension or purchase of homes for the aged. It is proposed to widen the scope of the Act so that handicapped adults may be accommodated in subsidised homes. It is also proposed that grants be made on a \$4 for \$1 basis instead of on a \$2 for \$1 basis. The Government pays a personal care subsidy to eligible organisations for persons aged 80 years or over and other residents who require, and are receiving, approved personal care while living in hostel-type accommodation provided by those organisations. It is proposed to increase the rate of subsidy from \$12 a week to \$15 a week.

Expenditure under the Act is estimated to be \$30.8 million in 1974-75, \$8.4 million more than in 1973-74. Of this increase, \$2.9 million is attributable to the proposed increase in the Australian Government's contribution to the capital cost of aged persons homes and to the proposed increase in the rate of personal care subsidy.

The *Aged Persons Hostels Act 1972* is designed to encourage, over a three-year period, the provision of hostel accommodation for the aged. Subject to certain conditions, the Australian Government meets the cost of providing additional hostel accommodation by eligible organisations. Accommodation provided under the Act must be allocated strictly on the basis of need and without any contribution from the prospective resident. It is proposed to increase the maximum capital grant under the Act from \$7,800 to \$9,000 a unit with effect from 1 April 1974.

Expenditure under the Act is estimated to be \$15.0 million in 1974-75, \$11.1 million greater than in 1973-74.

Under the *States Grants (Dwellings for Aged Pensioners) Act 1969* grants totalling \$25 million were made available to the States over the five financial years ending 1973-74 for the purpose of providing self-contained dwelling units at reasonable rentals for single age pensioners or repatriation service pensioners (receiving pensions on grounds of age) who have little or no means apart from pension. The amount was allocated among the States broadly in proportion to the relation that the number of age pensioners receiving supplementary assistance in each State bore to the total number of those pensioners in the six States.

As announced in the Budget Speech, the scheme is to be extended for a further three years from July 1974, with widened eligibility conditions to include single invalid and Class B widow pensioners and single repatriation service pensioners who are permanently unemployable or suffering from tuberculosis. Grants totalling \$30 million will be made available over the three-year period to be allocated among the States in proportion to the total number of age, invalid and Class B widow pensioners in receipt of supplementary assistance in each State. Rents of units provided under the extended scheme are to be not less than the maximum rate of supplementary assistance paid to pensioners. Expenditure in 1974-75 is estimated at \$10 million.

Home Care Services

Under the *States Grants (Home Care) Act 1969-1973* and the *States Grants (Paramedical Services) Act 1969*, the Australian Government provides funds, in association with the States, for the provision of a range of home care services mainly for aged persons and for the provision of senior citizens centres.

Under the *States Grants (Home Care) Act 1969-1973*, the Australian Government shares on a \$2 for \$1 basis with the States the cost of approved housekeeping or other domestic assistance provided wholly or mainly for aged persons in their homes. The Australian Government also shares on a \$2 for \$1 basis with the States up to a maximum of two-thirds of the capital cost of approved senior citizens centres, as well as meeting on a \$2 for \$1 basis the cost of the salary of a welfare officer employed by such a centre. Grants are estimated to amount to \$3.2 million in 1974-75, \$1.2 million more than in 1973-74.

The Australian Government shares, on a \$1 for \$1 basis with the States, the cost of approved paramedical services provided wholly or mainly for aged persons in their homes under the *States Grants (Paramedical Services) Act 1969*. Grants in 1974-75 are estimated at \$304,000, \$140,000 more than in 1973-74.

The *Delivered Meals Subsidy Act 1970-1973* is designed to assist the establishment, expansion, improvement or maintenance of approved meals-on-wheels services. The basic rate of subsidy is 20 cents a meal. An additional subsidy of 5 cents a meal is payable if the organisation undertakes to include with each meal approved kinds and quantities of fresh fruit or fruit juice. As announced in the Budget Speech, it is proposed to increase the basic rate of subsidy to 25 cents a meal. Expenditure under the Act in 1974-75 is estimated to be \$1.8 million, \$0.4 million more than in 1973-74.

Other

It is proposed to increase the maximum grant to the Australian Council on the Ageing by \$10,000 to \$150,000 for 1974-75.

ASSISTANCE TO EX-SERVICEMEN AND THEIR DEPENDANTS

War Pensions and Allowances

In general, war pensions and associated benefits are payable to an ex-serviceman and/or his dependants where the ex-serviceman has died or been incapacitated as a result of service in the 1914-18 War, the 1939-45 War, or certain subsequent operations of a war-like nature. In addition, members of the Regular Defence Force who have had at least three years service terminating on or after 7 December 1972, or a lesser period if discharged on medical grounds, may also be eligible for repatriation pensions if the incapacity or death resulted from that service. Dependants of deceased servicemen may also qualify for benefit.

For ex-servicemen, basic eligibility varies according to the nature of service. Broadly, for those with 'active service', incapacity or death resulting from 'any occurrence' during war service may be accepted. The criterion is narrower for home service, in that incapacity or death must have arisen out of, be attributable to, or have been aggravated by, that service.

Classes of War Pensions

Ex-Servicemen: pensions are paid to eligible ex-servicemen in three main categories:

- o The Special Rate (known as the T & PI) Pension, payable to an ex-serviceman who, as a result of war service, is blinded, or is totally and permanently incapacitated so that he is unable to earn more than a negligible percentage of a living wage.
- o The Intermediate Rate, payable to an ex-serviceman who, because of the severity of his incapacity accepted as related to war service, can work only part-time or *intermittently*, and in consequence cannot earn a living wage.
- o The General Rate, payable to an ex-serviceman who has an incapacity accepted as related to war service, but is not because of that incapacity prevented from being able to work full-time. The amounts payable range from 10 per cent to 100 per cent of the maximum general rate, according to the assessed degree of incapacity.

Dependants of ex-servicemen: pensions are also paid to the wives of incapacitated ex-servicemen and to dependant children. Such pensions are paid at rates varying with the assessed degree of the particular ex-serviceman's incapacity. When the death of an ex-serviceman has been accepted as related to his war service, his widow qualifies for the war widows rate of pension and for associated benefits, while his children receive pensions at 'orphan' rates and other benefits. If an ex-serviceman's death has not been accepted as related to war service, but at the time of death he was receiving, or is later adjudged to have been eligible to receive, a pension at one of the special rates or as a double amputee, his dependants qualify for pensions as if his death had been accepted as due to war service. Other dependants of deceased ex-servicemen may qualify for pensions in certain cases.

Pensions in the categories available to ex-servicemen and their dependants are also paid to eligible members of the Regular Defence Force and their dependants.

Allowances

Various allowances are provided to supplement war pensions. These allowances vary according to the type or severity of disablement and the special needs of the pensioners.

Rates of Pension and Allowances

The existing and proposed rates of the main war pensions and allowances are set out below:

Benefit	Existing	Proposed	
		From Spring 1974	From Autumn 1975
	\$ a week	\$ a week	\$ a week
War Pensions—			
Member—			
Special rate	60.10	64.10	68.10
Intermediate rate	41.05	44.55	48.05
General rate (100 per cent)	22.00	25.00	28.00
Wife	4.05	4.05	4.05
Each child	1.38	1.38	1.38
War Widow(a)	31.00	31.00	31.00
War Orphans—			
Father dead—each child	9.25	10.45	10.45
Both parents dead—each child	18.50	20.90	20.90
Allowances payable under the Fifth Schedule to the Repatriation Act for certain amputations and/or loss of vision—			
Items 1 to 6	38.10	39.10	40.10
Items 7 to 15	2.25	2.55	2.55
	to	to	to
	14.70	16.60	16.60
Attendants Allowance—			
Higher rate	22.00	24.90	24.90
Lower rate	13.00	14.70	14.70
Sustenance Allowance—			
Higher rate	60.10	64.10	68.10
Lower rate	22.00	25.00	28.00
Recreation Transport Allowance (a month)—			
Higher rate	32.00	36.00	36.00
Lower rate	16.00	18.00	18.00
Domestic Allowance	9.50	12.00	12.00

(a) War Widows pension was increased by \$5 to \$31 a week from 1 August 1974; the rate of pension will be further reviewed in Autumn 1975.

During 1973-74 the average number of ex-servicemen and their dependants in receipt of war pensions was 540,000; for 1974-75, the number is estimated to be 525,000. The effect on expenditure of this estimated decline in numbers is more than offset by the full-year effects of increased rates of benefits introduced in 1973-74 and the increases in benefit rates announced in the Budget Speech.

The proposed changes in war pensions and allowances are estimated to cost \$19.3 million in 1974-75 and \$40.4 million in a full year. Details are set out in the following table:

	1974-75	Full Year
	\$ million	\$ million
Increase war pensions—		
Special rate—by \$4.00 a week in the Spring and Autumn ..	(a)3.6	(a)8.2
General rate—by \$3.00 a week in the Spring and Autumn ..	(b)10.9	(b)24.6
Intermediate rate—by \$3.50 a week in the Spring and Autumn ..	0.3	0.7
War Orphans—		
Father dead—by \$1.20 a week	} 0.1	0.2
Both parents dead—by \$2.40 a week		
Increase Fifth Schedule allowances (Items 7 to 15)—by various amounts	..	0.1
Increase attendants allowances—		
Higher rate—by \$2.90 a week	} 0.1	0.1
Lower rate—by \$1.70 a week		
Increase domestic allowance—by \$2.50 a week	4.2	6.5
Increase recreation transport allowances—		
Higher rate—by \$4.00 a month	} 0.1	0.1
Lower rate—by \$2.00 a month		
Increase provision for gift cars—by \$48 a year .. .. .	..	..
	19.3	40.4

(a) Includes the cost of consequential increases in Fifth Schedule allowances (Items 1 to 6) and the higher rate of medical sustenance allowance.

(b) Includes the cost of consequential increases in the lower rate of medical sustenance allowance.

Service Pensions

Service pension may be payable:

- o to an ex-serviceman who served in a theatre of war and who has attained the age of 60 years or is permanently unemployable;
- o to an ex-servicewoman who served in a theatre of war or embarked for service abroad and has attained the age of 55 years or is permanently unemployable;
- o to an ex-serviceman or woman suffering from pulmonary tuberculosis irrespective of age or the area of service.

Eligibility will be further widened by the proposal in the Budget Speech that ex-members of the Defence Forces of British Commonwealth Countries who served in a theatre of war and have had at least ten years residence in Australia will be entitled to service pension from Autumn 1975.

A service pension is therefore a broad equivalent of an age or invalid pension. The advantages to the ex-serviceman are availability of the service pension five years earlier and, in certain circumstances, eligibility for a wide range of medical treatment services in the repatriation system. Service pensioners are eligible for the same range of pensions and allowances as age pensioners and the rates of benefit are the same.

Service pensions are paid, free of means test, to eligible ex-servicemen and women aged 75 years and over; in line with the proposed abolition of the means test on age pensions, the means test on service pension for those aged 70 to 74 years will be abolished in Autumn 1975. As announced in the Budget Speech, a further 25 per cent of war pension (making 50 per cent in all) will be disregarded as income for the service pension means test from Autumn 1975.

For service pensioners of age pension age (65 years and over for men and 60 years and over for women), service pensions are subject to tax.

During 1973-74, the average number of service pensioners (including wives) was 101,500; it is estimated to rise to 114,000 in 1974-75. Increased expenditure in 1974-75 is due to this increase in numbers arising from widened eligibility and normal growth, the full-year effect of pension increases granted in 1973-74 and increased rates in 1974-75.

The following table sets out the estimated expenditures in 1974-75 and in a full year resulting from the decisions announced in the Budget Speech:

	1974-75	Full Year
	\$ million	\$ million
From Spring 1974—		
Increase of \$0.50 a week in the additional pension for dependent children.. .. .	0.1	0.1
Increase maximum rate of supplementary assistance from \$4 to \$5 a week	0.2	0.3
From Autumn 1975—		
Abolish the means test for men and women aged 70 to 74 years ..	2.0	8.7
Disregard a further 25 per cent of war pension as income for the service pension means test	0.2	1.0
Grant eligibility for service pension to ex-members of the Defence Forces of British Commonwealth Countries	1.7	7.5
	4.2	17.6

The standard (or single) rate of service pension was increased by \$5 to \$31 a week from 1 August 1974. The married rate was increased by \$3 to \$25.75 a week. The rates will be reviewed again in Autumn 1975.

ASSISTANCE TO THE HANDICAPPED

Invalid Pensions and Allowances

Invalid pensions are payable, subject to a means test on income and property, to residentially qualified persons not less than 16 years of age who are permanently incapacitated for work to the extent of at least 85 per cent or permanently blind. To be residentially qualified, a period of five years continuous residence in Australia is necessary unless the incapacity occurred outside Australia in which case the residence qualification is the same as for an age pension. It is proposed to remove the residence qualification of 5 years where a person becomes permanently incapacitated or permanently blind while residing in Australia.

Invalid pensioners are eligible for the same additional payments as age pensioners and the rates of benefits are the same. Similarly, wife's pension is payable to the wife of an invalid pensioner if she is not eligible for age, invalid or service pension in her own right.

During 1973-74, the average number of invalid pensioners (including women in receipt of wife's pension) was 177,300 and for 1974-75 it is estimated to be 185,300, an increase of 8,000.

The average amount of invalid pension (including additions for children and supplementary assistance) is estimated to rise from \$25 a week in 1973-74 to \$31 a week in 1974-75, an increase of about 28 per cent, mainly because of the recent increases in benefit rates and the full-year effects of increased rates of benefit introduced during 1973-74.

The estimated cost of the measures announced in the Budget Speech is \$3.5 million in 1974-75 and \$4.6 million in a full year.

Handicapped Childs Allowance

It is proposed to introduce a new benefit, Handicapped Childs Allowance, of \$10.00 a week that will be payable to parents or guardians in respect of a child under the age of 16 years who is cared for at home and who, because of the severity of the handicap, is in need of constant care and attention.

Sheltered Employment Allowances and Facilities

Sheltered employment allowances are payable to disabled people who are qualified to receive an invalid pension or who would become so qualified if they ceased to be provided with sheltered employment. The allowance is subject to the same means test as applies to the invalid pension and the rates of benefit are the same. It is proposed to introduce a new benefit of \$5 a week, Incentive Allowance, that will be paid to recipients of sheltered employment allowance. The new benefit will be paid free-of-means test. Recipients of the incentive allowance will not be eligible for supplementary assistance.

Under the *Sheltered Employment (Assistance) Act 1967-1973*, the Australian Government provides grants to religious and charitable organisations and local governing bodies on a \$2 for \$1 basis towards the capital cost of sheltered workshops and associated facilities for handicapped people whose disabilities prevent them from engaging in normal employment or who can only enter normal employment after lengthy periods of adjustment and training under sheltered conditions. A \$2 for \$1 rental subsidy is also available for up to three years.

A subsidy of up to half of the salary of certain sheltered workshop and hostel staff engaged to provide special services such as expert supervision is also available. A training fee of \$500 is paid to eligible sheltered workshops for each former employee who, after completing more than six months sheltered employment, graduates to and retains normal employment for 12 months or more.

It is proposed to amend the Act to enable provision for:

- salary subsidies on a \$1 for \$1 basis for all approved staff;
- a change in the capital subsidy from a \$2 for \$1 basis to a \$4 for \$1 basis;
- an extension of the capital subsidy to cover activity centres, ancillary rehabilitation and recreational facilities, furnishings, maintenance of premises and the replacement of certain equipment;
- a change in the rental subsidy from a \$2 for \$1 basis to a \$4 for \$1 basis;
- an extension of the rental subsidy to workshops, activity centres and hostels; and
- other minor changes.

Expenditure under the Act is estimated to increase from \$4.7 million in 1973-74 to \$7.0 million in 1974-75.

Handicapped Childrens Benefit and Facilities

The handicapped childrens benefit is payable to charitable and religious organisations conducting approved homes accommodating and caring for both physically and mentally handicapped children under 16 years of age. As announced in the Budget Speech, it is proposed to increase the rate of benefit by \$0.50 a day to \$3.50 a day for each child at an estimated cost of \$0.1 million in 1974-75 and \$0.2 million in a full year. It is also proposed that the benefit continue to be paid to an eligible organisation when a child is absent from the institution for a short period only, e.g., a week-end home visit. Expenditure on the benefit is estimated to be \$0.8 million in 1974-75.

The *Handicapped Children (Assistance) Act 1970-1973* is designed to augment the efforts of the States and voluntary bodies in the field of assistance to the various kinds of handicapped children.

The Act provides subsidies of \$2 for \$1 to be paid to religious and charitable organisations and local governing bodies towards the capital cost of premises and equipment used for the training and residential accommodation of handicapped children. 'Children' includes handicapped persons who, although over 21 years, have had continuous acceptance in the institution since childhood.

It is proposed to amend the Act to make provision for:

- a salary subsidy on a \$1 for \$1 basis for staff employed at training centres and hostels;

- o a change in the capital subsidy from a \$2 for \$1 basis to a \$4 for \$1 basis;
- o an extension of the \$4 for \$1 capital subsidy to the maintenance of premises, replacement equipment and hostel furnishings;
- o the introduction of a rental subsidy on a \$4 for \$1 basis for training centres and hostels;
- o 'training' to include therapeutic programs; and
- o other minor changes.

Expenditure under the Act is estimated to increase from \$2.9 million in 1973-74 to \$4.5 million in 1974-75.

Rehabilitation Service

The Commonwealth Rehabilitation Service is designed to restore disabled people to their fullest physical, mental, social and vocational usefulness.

Treatment and training are provided free to persons in the following categories if there is a reasonable prospect of their engaging in gainful employment:

- o invalid pensioners;
- o widow pensioners;
- o recipients of unemployment, sickness or special benefit;
- o former national and regular servicemen who are disabled at time of discharge but are ineligible for rehabilitation assistance from the Department of Repatriation and Compensation;
- o persons receiving a tuberculosis allowance;
- o persons who become disabled while working for the Australian Government and who are covered by the Compensation (Australian Government Employees) Act; and
- o boys and girls of 14 and 15 years who would otherwise be likely to qualify for an invalid pension at 16.

Expenditure (except that relating to the training scheme for widow pensioners, to be absorbed into the National Employment and Training System from 1 October 1974, which is classified to 'Economic Services—Employment Conditions') is estimated to be \$7.6 million in 1974-75 compared to \$6.3 million in 1973-74.

Other

It is proposed to increase the maximum grant to the Australian Council for Rehabilitation of Disabled by \$17,500 to \$97,500 for 1974-75.

ASSISTANCE TO WIDOWS AND SUPPORTING MOTHERS

Widows Pensions and Allowances

Pensions are payable to widows subject to a means test on income and property. No period of residence is necessary if a woman and her husband were residing permanently in Australia when she became a widow. In other cases, there is a residence qualification of either 5 years immediately prior to claim or ten years continuous residence in Australia at any time. The latter applies in the case of a woman whose husband died outside Australia but it is proposed to extend this to include other 'widows'. There are three classes of widows pension:

Class A—A widow with one or more dependent children in her care.

Class B—A widow without dependent children and at least 50 years of age or 45 years of age if her Class A pension ceased after she reached that age because she no longer had a dependent child in her care.

Class C—A widow without dependent children and in necessitous circumstances within 26 weeks of her husband's death.

For all classes, the term 'widow' includes a woman who was the common-law wife of a man for at least three years immediately before his death. For Classes A and B, it includes a wife who has been deserted for six months, a divorcee, a woman whose husband has been imprisoned for six months and a woman whose husband is in a mental hospital.

Widow pensioners are eligible for supplementary assistance, additional pension for dependent children and mothers allowance (in lieu of guardians allowance) at the same rates as age and invalid pensioners. These payments are made subject to a means test.

During 1974-75 the average number of widow pensioners is estimated to be 117,700 and the average rate of pension (including additions for children and supplementary assistance) to be \$39 a week. The comparable figures for 1973-74 are 111,900 and \$31 a week, respectively.

The estimated cost of the measures announced in the Budget Speech is \$4.1 million in 1974-75 and \$5.2 million in a full year.

Supporting Mothers Benefit and Allowances

A supporting mothers benefit is paid to unmarried mothers and mothers who are deserted *de facto* wives, *de facto* wives of prisoners and separated wives. The benefit becomes payable six months after the date of the event which gives rise to eligibility (e.g. the birth of a child or separation) and it is payable at the same rate and subject to similar conditions as the Class A widows pension. Supporting mothers are also eligible for supplementary assistance, additional benefit for dependent children and mothers allowance.

During 1974-75 the average number of supporting mothers is estimated to be 28,100 and the average rate of benefit (including additions for children and supplementary assistance) to be \$45 a week. The comparable figures for 1973-74 are 19,300 and \$40 a week, respectively.

The estimated cost of the measures announced in the Budget Speech is \$1.3 million in 1974-75 and \$1.9 million in a full year.

Other

Under the *States Grants (Deserted Wives) Act 1968* the Australian Government shares, within limits, on a \$1 for \$1 basis with the States the cost of helping certain mothers of families without a breadwinner where the mothers are ineligible for a Class A widows pension or the supporting mothers benefit.

Assistance is provided during the first six months after the date of the event which gives rise to eligibility (e.g. the birth of a child or separation). The main groups of mothers assisted are deserted wives, deserting wives, wives of prisoners and unmarried mothers. After the first six months, these groups of mothers may qualify for either a Class A widows pension or a supporting mothers benefit.

ASSISTANCE TO FAMILIES

Child Endowment

Child endowment is payable, on a continuous basis, to people with children under 16 years of age or over 16 but under 21 years of age and receiving full-time education at a school, college or university and not in employment. There is no means test.

Endowment is usually paid to the mother and to be eligible for endowment she must reside, or intend to reside, permanently in Australia and have the care of one or more children. Special conditions apply if the person does not intend to reside permanently in Australia.

The rates of endowment are as follows:

	\$ a week
First child under 16 years	0.50
Second child under 16 years	1.00
Third child under 16 years	2.00
Other children under 16 years	(a)
Each student child 16 years and under 21 years	1.50

(a) Endowment for the fourth child under 16 years is \$2.25 a week, for the fifth child \$2.50 a week and so on.

During 1974-75 the average number of endowed children (including student children) is estimated to be 4,300,000 or 6,000 more than in 1973-74.

Maternity Allowance

Maternity allowance is payable, as a lump sum, to mothers on the birth of children. There is no means test.

A woman is entitled to the allowance if she resides, or intends to reside, in Australia permanently and gives birth to a child here or on board a ship travelling to Australia. Special conditions apply to a woman who is not a British subject and does not intend to reside in Australia permanently.

The rates of allowance are as follows:

	\$
No other children	30.00
1 or 2 other children	32.00
3 or more other children	35.00
Multiple births—additional payment for each additional child	10.00

During 1974-75 the number of grants is estimated to be 240,000.

Other

Grants are made to eligible marriage guidance organisations (estimated at \$1.2 million in 1974-75) and to eligible family planning organisations (estimated at \$1.1 million in 1974-75). As announced in the Budget Speech, grants to national family planning organisations are to be increased by \$75,000 to \$425,000 a year, and funds of \$700,000 are to be provided for the provision of family planning facilities to complement, where necessary, existing public health facilities and for the training of medical personnel.

Expenditure on orphans pension is estimated to be \$1.8 million in 1974-75, \$1.3 million more than in 1973-74. It is proposed to increase the rate of benefit by \$1.00 a week to \$11.00 a week at an estimated cost of \$0.2 million in 1974-75.

ASSISTANCE TO THE UNEMPLOYED AND SICK

Unemployment and Sickness Benefits

Unemployment and sickness benefits are available, subject to a means test on income, to people who are unemployed or to people who are temporarily incapacitated for work and have thereby lost income. A special benefit may be paid to a person ineligible for a pension or for an unemployment or sickness benefit if he is unable to earn a sufficient livelihood for himself and his dependants.

To be eligible for unemployment or sickness benefit, a person must be at least 16 years of age and under 60 (females) or under 65 years (males). He must also have lived in Australia for at least a year immediately prior to claiming benefit or intend to remain here permanently.

The basic rates of benefit are the same as for age and invalid pensions. Beneficiaries with dependent children are eligible for an additional benefit for each dependent child. After receiving benefit for six consecutive weeks sickness beneficiaries are also eligible, subject to a special means test, to receive supplementary allowance of up to \$4.00 a week if they pay rent. This allowance is not payable to beneficiaries in hospital who have no dependants. It is proposed to increase the maximum rate of allowance to \$5 a week.

The estimated cost of the measures announced in the Budget Speech is estimated to be \$0.8 million in 1974-75 and \$1.3 million in a full year.

Unemployment Relief Grants

Grants to the States for the relief of unemployment in non-metropolitan areas were introduced in December 1971 to reduce the level of unemployment in those areas.

In December 1972 the Australian Government decided to continue the grants until June 1973. It also decided to make grants to the States, in the period January to June 1973, for the relief of unemployment in metropolitan areas.

On 26 June 1973 the Prime Minister announced that the Government would make further grants under the non-metropolitan relief scheme of \$5 million in July, \$4 million in August and \$3 million in September. The scheme was then terminated.

Structural Adjustment Assistance

To assist employees displaced as a direct result of the Government's decision to reduce tariffs by 25 per cent with effect from 19 July 1973, \$0.2 million was paid in the form of income maintenance in 1973-74.

An expanded scheme of income maintenance has now been introduced to cover people who become unemployed as a direct result of specific action by the Government designed to bring about significant structural changes in industry that are in the national interest and that the Government judges will have effects beyond the normal adaptive capacity of the economy. This scheme provides for payments equal to a person's average weekly earnings over the previous six months, with a limit equal to 1½ times average weekly earnings, for up to 6 months or until suitable alternative employment is obtained, whichever is the lesser period. An amount of \$11.8 million is provided for this purpose in 1974-75.

OTHER WELFARE PROGRAMS

Funeral Benefits

A funeral benefit of up to \$20 is payable to any person liable for the funeral costs of an age or invalid pensioner. A higher benefit of up to \$40 is payable to an age, invalid or widow pensioner (including a woman in receipt of supporting mothers benefit) liable for the funeral cost of a spouse, a child or another such pensioner. For these benefits, 'pensioner' means a person who is, or was, entitled to Australian Government pensioner 'fringe' benefits.

Telephone Rental Concessions

A reduction of one-third in the basic annual rental for a telephone is available to pensioners and recipients of some other benefits who meet certain requirements including, in most cases, a special means test on income and property.

Australian Assistance Plan

The Australian Assistance Plan is designed to provide, on a regional basis, social planning structures to facilitate the co-ordinated development of welfare services in the community. Regional Councils for Social Development, comprising representatives of the Australian, State and local governments, trade unions, employer groups, welfare consumer groups and non-government bodies concerned with social welfare, will advise the Australian Government on the development of welfare services and on the allocation of grants and subsidies within their regions.

The Australian Assistance Plan was introduced on a pilot basis in 1973-74. Grants were made to 35 bodies to cover the administrative costs involved in preparatory work to establish Regional Councils for Social Development. In addition, the six Regional Councils for Social Development involved in the full pilot program advise the Australian Government on the allocation of capitation grants to develop social welfare in their regions.

As announced in the Budget Speech, it is proposed to make capitation grants available to six additional regional bodies (estimated to cost an additional \$1.0 million in 1974-75); to increase the amount and number of grants available for community development officers (estimated to cost an additional \$0.4 million in 1974-75); to introduce from 1 January 1975 an initiating grant of \$2,000 to encourage bodies to

work towards the establishment of a regional council in their area (estimated cost \$0.1 million in 1974-75); and to replace, from 1 July 1974, the administrative grant by a grant for staff salaries of up to \$30,000 per annum and a grant for other administrative costs of up to \$10,000 per annum (estimated to cost an additional \$0.4 million in 1974-75).

The total cost of the Australian Assistance Plan is estimated at \$6.1 million in 1974-75 compared with \$0.9 million in 1973-74.

Assistance to Homeless Persons

It is proposed to make available over a three-year period, capital grants to voluntary agencies and to local and statutory authorities for approved projects (such as night shelters, reception centres and hostels) in order to upgrade and replace inadequate existing accommodation and to build new facilities for homeless persons. It is also proposed to provide a salary subsidy of 50 per cent of the salary of approved staff, an accommodation subsidy of 75 cents a person a day, and a meal subsidy of 20 cents a meal in respect of non-resident homeless persons. The program is to be reviewed on completion of the three-year period.

It is estimated that expenditure in 1974-75 will be \$2.2 million.

Assistance for Migrants

The Australian Government makes grants to the Good Neighbour Council, the Australian Branch of the International Social Service, and other community agencies engaged in migrant integration activities.

Expenditure in 1974-75 is estimated to be \$1.4 million, \$0.2 million more than actual expenditure in 1973-74.

ABORIGINAL ADVANCEMENT PROGRAMS NEC

This item includes expenditure on grants for Aboriginal community enterprises, which is expected to increase by \$3.3 million to \$4.0 million in 1974-75, and an amount of \$1.9 million for the replenishment of the Capital Fund for Aboriginal Enterprises. Also included are grants to the States, municipal authorities and Aboriginal Councils for the development of employment opportunities for Aboriginals and support for voluntary organisations and Aboriginal communities (not elsewhere classified).

In 1974-75 an amount of \$11.0 million, an increase of \$6.9 million over expenditure in 1973-74, is included for payment to municipal authorities and Aboriginal Councils for the development of special work projects for the employment of Aboriginals. Of this amount \$4.0 million is for special work projects at Aboriginal communities in the Northern Territory which will provide Aboriginals formerly engaged under the training allowance scheme with award wages employment.

GENERAL ADMINISTRATIVE AND OTHER EXPENDITURE

For 1974-75 this item comprises the general running and capital expenses of the Departments of Social Security (except those relating to health insurance where they are identifiable), Repatriation and Compensation (except those relating to repatriation institutions) and Aboriginal Affairs and the Social Welfare Commission. In earlier years other Departments were responsible for some aspects of social security and welfare general administration and other expenditure.

It is proposed to increase the maximum grant payable to the Australian Council of Social Service by \$100,000 to \$150,000 for 1974-75.

ALLOWANCE FOR AUTUMN PENSION AND BENEFIT RATE INCREASE

As stated in the Budget Speech, rates of pensions and other benefits will be reviewed in Autumn 1975. An amount of \$70 million is included in the Budget estimates as a contingency allowance for any increase that may arise from that review.

5. HOUSING

Outlays for purposes encompassed within this function are estimated to total \$401.1 million in 1974-75. This estimate includes provisions for assistance to the States for welfare housing, for improvements in housing accommodation for Aborigines, for housing in the Territories, for Defence Service Homes loans and for migrant accommodation.

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
Advances to States for Housing—				
Advances	(a)6.6	218.6	235.0	+ 16.4
Less Repayments	16.7	17.4	18.5	+ 1.2
Net advances	-10.2	201.3	216.5	+ 15.2
Grants to States for Housing	6.8	6.8	6.8	—
Australian Housing Corporation	—	—	25.0	+ 25.0
Home Savings Grants	21.3	24.7	20.4	- 4.3
Defence Service Homes—				
Advances	74.3	102.0	115.0	+ 13.0
Less Repayment of Principal	61.5	64.8	71.5	+ 6.8
Net advances	12.9	37.2	43.5	+ 6.2
Other General Housing Expenditure—				
Commonwealth Hostels	0.4	0.6	0.9	+ 0.3
Other	2.3	3.2	3.1	- 0.1
Total	2.8	3.7	4.0	+ 0.2
Housing in the Territories—				
Dwellings Built for Sale or Rental	18.9	21.8	26.9	+ 5.1
Other Gross Advances for Housing	20.4	29.3	38.4	+ 9.1
Less Repayment of Principal	11.6	15.8	27.0	+ 11.3
Net Outlay	27.7	35.3	38.2	+ 2.9
Housing for Migrants	1.1	0.7	1.7	+ 1.0
Housing for Aborigines	14.5	25.5	42.9	+ 17.5
General Administrative Expenditure	8.6	11.2	12.7	+ 1.6
Less Other Recoveries and Repayments	8.5	8.7	10.5	+ 1.7
TOTAL HOUSING	76.9	337.6	401.1	+ 63.6

(a) Amounts totalling \$166.9 million were allocated by the States for housing projects similar in nature to those to be covered by the 1973 Housing Agreement. In addition, \$6.6 million was advanced to the States under the Housing Assistance Act 1973.

ADVANCES TO STATES FOR HOUSING

Under the terms of the 1973 Housing Agreement negotiated with the States, the Australian Government is making advances to the States for welfare housing purposes during the five years 1973-74 to 1977-78. The advances will be repayable at low rates of interest over a 53 year period.

The amount to be advanced to the States under the Agreement in 1974-75 is \$235.0 million, compared with \$218.6 million in 1973-74—an increase of 7.5 per cent. In addition, some \$25 million of the 1973-74 advances remained unspent at 30 June 1974 and this will be carried forward into 1974-75, making the potential *increase* in expenditure by the States in 1974-75 around 34 per cent.

The Government intends to introduce legislation to amend the 1973 Housing Agreement to permit, when circumstances warrant, a higher proportion of available funds to be allocated to Home Builders' Accounts, through which loans for private home ownership are made to persons whose incomes do not exceed 95 per cent of average weekly male earnings in the previous December quarter.

Further details of the Agreement are outlined in the document *Payments To or For The States and Local Government Authorities 1974-75* published concurrently with the Budget Speech.

GRANTS TO STATES FOR HOUSING

The *States Grants (Housing) Act 1971-73* authorises the provision of housing assistance to the States by way of basic grants of \$2.75 million a year, payable for a period of 30 years in respect of their housing operations in each of the years 1971-72 and 1972-73. Payments in 1973-74 totalled \$5.5 million; the same amount will be paid in 1974-75.

A rental assistance grant of \$1.25 million a year is payable in the five-year period 1971-72 to 1975-76 as a general contribution by the Australian Government towards the cost of reduced rents charged to needy families occupying housing authority dwellings.

Further details of these arrangements are presented in the document *Payments To or For The States and Local Government Authorities 1974-75*.

AUSTRALIAN HOUSING CORPORATION

The Government proposes to introduce as soon as possible legislation to establish an Australian Housing Corporation to undertake all of those housing functions for which the Australian Government has constitutional power. This will include direct lending by the Corporation to families for housing. The sum of \$25 million is being provided in 1974-75 to enable the Corporation to undertake those housing functions which are not provided for under other appropriations.

HOME SAVINGS GRANTS

Under the *Homes Savings Grant Act 1964-1973*, a grant is payable to eligible persons who have accumulated savings, over a period of at least three years, towards the purchase of their first home.

With the introduction of a scheme of deductibility of mortgage interest to have effect from 1 July 1974 the Government has decided to end the Home Savings Grant Scheme. Grants will continue to be paid on homes contracted to be bought or built, or to be commenced by an owner-builder, on or before 31 December 1976, by persons who had already commenced to save by 21 August 1973. Expenditure on the Scheme is expected to decrease to \$20.4 million in 1974-75.

DEFENCE SERVICE HOMES

As announced in the Budget Speech, the Government has decided to increase the maximum loan under the Defence Service Homes Act from \$12,000 to \$15,000. The interest rate on new loans has also been reviewed; the present rate of 3½ per cent per annum on existing loans and on new loans up to \$12,000 will be retained, but the interest rate on future loans on the amount exceeding \$12,000 will be 2 per cent below the most favourable rate available from the Commonwealth Savings Bank. (Currently this would mean an interest rate of 7¼ per cent on this part of the loan.) Eligibility for

loans will be extended to single or widowed men without dependants, and the transfer of the outstanding balance of a loan in respect of one property to another property will now be allowed in some cases. The normal maximum repayment term will be 32 years. Expenditure is expected to increase to \$115 million in 1974-75.

HOUSING IN THE TERRITORIES

Expenditure under this item covers the construction of new houses and flats in the Australian Capital Territory and Northern Territory and advances made to individuals for home construction.

Of the \$26.9 million provided for dwelling construction in 1974-75, \$17.3 million will be allocated to the Australian Capital Territory and \$9.6 million to the Northern Territory.

In 1974-75 \$24.8 million will be available for first mortgage lending by the A.C.T. Commissioner for Housing, compared with \$24.6 million in 1973-74. An amount of \$8.5 million will be provided in 1974-75 for the Northern Territory Housing Commission, an increase of \$6.8 million over expenditure in 1973-74 when adverse weather conditions retarded construction progress. An advance of \$1.3 million is to be made to the Northern Territory Home Finance Trustee for on-lending on first mortgages to eligible persons to construct their own dwellings or for purchase of existing homes.

An amount of \$0.9 million is being provided as loans to Church Organisations for the construction of residential accommodation in the Northern Territory in 1974-75, a decrease of \$0.2 million compared with expenditure in 1973-74.

HOUSING FOR MIGRANTS

Outlays by Commonwealth Hostels on building works and equipment for migrant accommodation are expected to be \$1.5 million in 1974-75, an increase of \$1.0 million on 1973-74.

HOUSING FOR ABORIGINALS

The main items under this heading are grants to the States and to Aboriginal housing associations for the construction and purchase of homes for Aboriginal families, and payments to Aboriginal Hostels Ltd to meet the cost of acquisition and operation of hostels for Aboriginals.

In 1974-75 a total of \$21.3 million will be made available by way of payments to the States and \$13.1 million in grants to various Aboriginal housing associations. Expenditure on the provision of hostel accommodation by Aboriginal Hostels Ltd will be increased to \$8.0 million in 1974-75.

GENERAL ADMINISTRATIVE EXPENDITURE

The costs associated with the housing functions of the Department of Housing and Construction are expected to total \$12.7 million in 1974-75, an increase of \$1.6 million compared with 1973-74.

OTHER RECOVERIES AND REPAYMENTS

Increased rental income in the Australian Capital Territory (\$1.0 million) and the Northern Territory (\$0.5 million) accounts for most of the increase of \$1.7 million expected in 1974-75.

The estimated increase of \$1.0 million in the Australian Capital Territory arises from an increase in the number of residences occupied and the adoption of economic rental levels from 11 July 1974. The estimated increase of \$0.5 million in the Northern Territory is attributable to an increase in the number of dwellings occupied and the decision to raise the maximum rent payable by public servants from \$15 to \$25 per week from 18 April 1974.

6. URBAN AND REGIONAL DEVELOPMENT NEC AND THE ENVIRONMENT

Outlays within this function, which includes some of the major programs of the Australian Government in urban and regional development and environmental protection, are estimated to total \$394.4 million in 1974-75. Outlays in 1973-74 totalled \$144.6 million and the increase reflects the continued efforts of the Government to improve the environment and the quality of life of the community. Details of the outlays are set out in the following table:

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
Urban and Regional Development nec—				
Growth Centres	—	6.6	80.1	+ 73.6
Purchase and Rehabilitation of Glebe Estate ..	—	1.8	16.8	+ 15.0
Area Improvement Programs	—	7.4	14.1	+ 6.7
Land Commissions	—	11.5	56.9	+ 45.4
Other Urban Development and Amenities ..	26.5	49.0	57.4	+ 8.4
Development of Aboriginal Community				
Amenities	3.9	6.4	13.9	+ 7.5
General Administrative Expenditure	10.5	20.0	26.0	+ 6.0
Less Recoveries .. .. .	..	..	0.5	+ 0.4
Total Urban and Regional Development nec	40.9	102.6	264.7	+162.1
Protection of the Environment	0.7	2.2	4.2	+ 2.1
Sewerage and Sanitation—				
Sewerage and Garbage—				
Assistance to the States	—	27.9	104.7	+ 76.8
In the Territories	7.6	12.0	20.7	+ 8.7
Total	7.6	39.9	125.5	+ 85.6
TOTAL URBAN AND REGIONAL DEVELOPMENT NEC AND THE ENVIRONMENT	49.2	144.6	394.4	+249.7

URBAN AND REGIONAL DEVELOPMENT NEC

This heading brings together outlays of the Australian Government on urban and regional development which are not classified to other functions. They include financial assistance for new growth centres, Land Commissions, area improvement programs and urban rehabilitation. Initiatives in urban public transport are discussed under 'Transport and Communication' in the function 'Economic Services'. Expenditure on national parks and the national estate is classified to the function of 'Culture and Recreation'.

Growth Centres

The Budget makes provision for an amount of \$80.1 million in 1974-75 for the development of various growth centres including Albury/Wodonga and Monarto, development of which commenced in 1973-74. The assistance to be provided in 1974-75 carries forward in a very substantial way the Government's major initiatives to redirect over the longer term the distribution of employment opportunities and hence of population. The growth centres program aims to raise the amenity of urban life by encouraging the rapid development of a small number of regional growth centres to provide

viable alternatives to the existing metropolitan centres, and the better organisation and management of the inevitable expansion of the existing metropolitan centres. From the overall allocation, \$40 million is being provided for Albury/Wodonga. An amount of \$6 million is being allocated for the Holsworthy Investigatory Project, where the Cities Commission is undertaking the planning, development and servicing of 500 residential blocks to demonstrate new social and physical planning and development arrangements. An amount of \$2.8 million has been included in the estimates for the capitalisation of interest payments relating to previous advances.

Purchase and Rehabilitation of Glebe Estate

The Australian Government has acquired 700 dwellings on 19 hectares of land in Glebe from the Anglican Church at a cost of \$17.5 million. An initial instalment of 10 per cent of the purchase price was paid in 1973-74; the outstanding amount was paid earlier this year. An additional \$1.0 million has been provided in the Budget for the purpose of managing the first stage of redevelopment. The aims of the redevelopment will be to preserve accommodation for low-income households, to achieve a suitably broad socio-economic mix in the population of the area and to preserve the historic landscape.

Area Improvement Programs

For Area Improvement Programs an amount of \$14.1 million is included in the Budget, comprising \$4.6 million for the Western Regions of Sydney and Melbourne and \$9.5 million for an additional eleven regions in various States. These expenditures will finance planning activities and such projects as municipal drainage schemes, improvement to waterways, management and provision of solid waste disposal systems, environmental protection, acquisition of parklands and open space, landscape design and construction, and public education activities on urban issues.

Land Commissions

An amount of \$54.5 million has been provided for the Land Commissions program. This involves provision of financial assistance to the States for land acquisition for comprehensive high quality development, and servicing of land acquired (where these costs are not met from normal Government subventions) and urban renewal and development. The main aims of the program are to make land available for residential and associated uses at fair prices, and to facilitate the equitable and efficient planning and development of new urban areas. The assistance, chiefly in the form of loans, is conditional upon the establishment of Land Commissions or their equivalents to control or co-ordinate the acquisition and development of urban land. It is also conditional upon the adoption of land price stabilisation legislation with respect to the areas to be acquired. An amount of \$2.4 million has been included in the estimates for the capitalisation of interest payments relating to previous advances.

Other Urban Development and Amenities

Expenditures on land acquisition and development in the Australian Capital Territory and the Northern Territory are the major items included under this heading, with \$38.8 million included for the Australian Capital Territory and \$17.5 million for the Northern Territory.

Development of Aboriginal Community Amenities

The estimated increase of \$7.5 million shown for this item is mainly for accelerated programs of land purchase, water supply, sewerage and other facilities for Aboriginal communities. Expenditure on land purchases is expected to increase by \$4.5 million, and expenditure on the provision and improvement of facilities by \$2.9 million, both by way of grants to the States and to non-government bodies, and by direct expenditure by the Australian Government.

General Administrative Expenditure

This item includes the administrative expenditure of the Department of Urban and Regional Development, the Cities Commission, the Albury/Wodonga Development Corporation and the National Capital Development Commission. The increase of \$6.0 million in estimated expenditure in 1974-75 reflects the very substantial increase in the involvement of the Australian Government in urban and regional development.

The estimates include \$4.4 million for the running costs of the Department of Urban and Regional Development in 1974-75.

The Cities Commission is intended to play an important role in the provision of technical advice and assistance and in practical co-operation with the States in the new cities and related initiatives. A provision of \$3.7 million has been included for expenditure by the Commission in 1974-75.

During 1974-75 the Albury/Wodonga Development Corporation is expected to become fully operative and an amount of \$0.3 million, representing one-third of the Corporation's administrative expenses, is to be provided by the Australian Government. The remaining shares of administrative expenditure are to be provided equally by New South Wales and Victoria.

PROTECTION OF THE ENVIRONMENT

The Australian Government is associated with a wide range of activities in the field of environmental protection and conservation, ranging from environmental studies to support for national and international organisations.

An amount of \$250,000 is being provided as a first step in a National Air Monitoring Program and for studies leading to the establishment of a Baseline Monitoring Station in Australia as a contribution to the United Nations Environment Program. \$100,000 is provided for the conduct of a campaign to increase public environmental awareness.

Additional salary and administrative costs of the Department of the Environment and Conservation account for a further \$1.4 million of the increase under this item.

SEWERAGE AND SANITATION

The estimates for 1974-75 include \$104.7 million for the National Sewerage Program. This is a program of financial assistance to the States to eliminate the backlog of unsewered premises in major urban areas and to rectify inadequacies in reticulation, trunk sewers, purifying stations, treatment and disposal works. The program commenced in 1973-74 in the larger cities and is being extended to include smaller cities and also certain research and planning activities in 1974-75. Outlays on this program in 1973-74 amounted to \$27.9 million. Further details of this assistance are contained in the publication *Payments To or For The States and Local Government Authorities 1974-75*.

The estimates also include an amount of \$19.2 million for the construction of sewerage facilities in new areas being developed in Canberra and various centres in the Northern Territory.

7. CULTURE AND RECREATION

The 1974-75 Budget provides for outlays of \$227.6 million, an increase of \$69.2 million or 43.7 per cent, on a wide range of cultural and recreational activities. This increase reflects both new initiatives by the Government and an acceleration in the rate of growth in expenditure on ongoing activities.

Details of outlays on culture and recreation since 1972-73, including estimated outlays in 1974-75, are provided in the following table and associated commentary:

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
Broadcasting Services	88.4	109.3	137.6	+ 28.4
Australian Broadcasting Control Board	2.5	3.4	4.2	+ 0.8
Libraries	5.9	8.8	10.0	+ 1.2
Australian National Gallery and Collection	1.2	4.8	7.7	+ 2.9
Assistance to the Arts	8.1	16.3	23.2	+ 6.9
War Memorials	0.5	0.6	0.8	+ 0.2
Archives	2.4	3.3	5.9	+ 2.6
Sporting and Recreational Facilities	0.7	3.1	8.0	+ 4.9
Cultural Organisations	0.1	0.2	2.5	+ 2.3
Wildlife and National Parks	0.1	0.3	9.9	+ 9.6
National Estates	—	0.4	7.8	+ 7.4
Cultural and Recreational Activities in the Territories nec	6.7	8.0	10.1	+ 2.2
Less Recoveries	0.1	0.1	0.1	..
TOTAL CULTURE AND RECREATION	116.5	158.4	227.6	+ 69.2

Broadcasting Services

The National Broadcasting and Television Services are provided by the Australian Broadcasting Commission through transmitters operated by the Australian Post Office. Outlays on these services in 1974-75 are estimated at \$137.6 million, an increase of \$28.4 million on 1973-74. Apart from increases in wages and salaries and other operating costs, the increase reflects the continuation of preparations for the introduction of colour television from 1 March 1975. An amount of \$14 million has been provided for expenditure on capital equipment, mainly that required for the introduction of colour television. The Commission also aims to effect improvements in the quality of programs and to increase the Australian content of its programs on television and radio.

Australian Broadcasting Control Board

The Broadcasting Control Board is responsible for the regulation and control of commercial radio and television broadcasting, and for planning the development of radio and television broadcasting services generally.

Libraries

Included under this heading are expenditures on the National Library of Australia, the Canberra Public Library Service and library services provided in the Northern Territory. Expenditure in 1973-74 included non-recurring expenditure of \$1.0 million on extensions and new equipment for the National Library building. New expenditure by the National Library of Australia in 1974-75 will include \$300,000 for studies and consultations associated with the proposed Australian Library Based Information Service. As announced in the Budget Speech, the Government has agreed to the allocation of \$1.025 million over the next two financial years for such studies. The remaining increases are mainly due to higher running costs of the National Library of Australia.

Australian National Gallery and Collection

The allocation for the acquisition of works for, and conservation of, the National Collection has been increased to \$4.6 million in 1974-75. Estimated expenditure in 1974-75 also includes a provision of \$3.1 million for the continuation of construction of the National Gallery.

Assistance to the Arts

Under its new structure introduced in 1973, the Australian Council for the Arts administers programs of support for the arts through Boards responsible for theatre, music, literature, film and television, Aboriginal arts, crafts and visual arts. The amount provided for the Council's programs in 1974-75 is \$20 million, an increase of \$6.0 million over the 1973-74 level of expenditure.

Also included under this item is an amount of \$637,000 for the Public Lending Right Scheme under which payments are made to Australian authors and publishers.

Archives

The Government has established the Australian Archives, responsible to the Special Minister of State, to develop, preserve and maintain archival resources which are of national significance or of general public interest. The 1974-75 Budget provides \$5.9 million for this purpose. This includes \$2.4 million provided for the Australian Archives' building program. The expenditure relates, in the main, to works under construction, namely the Villawood Archives Repository (Stage 2) and the Darwin Archives Repository.

Sporting and Recreational Facilities

Expenditure on the Government's programs to facilitate and encourage community sport, leisure and recreation activities is estimated at \$8.0 million in 1974-75, \$4.9 million more than in 1973-74.

- o An amount of \$4.5 million (\$3.1 million more than in 1973-74) has been provided under the Australian Government's 'Capital Assistance for Leisure Facilities' program; this includes assistance for the provision of community sports and recreation facilities, specialist sporting facilities and other leisure facilities.
- o Assistance to sporting organisations has been increased in 1974-75 and extended to include 'competitive recreation'; an amount of \$1.15 million (\$0.8 million more than in 1973-74) is provided for assistance for travel, administration, coaching and special projects.
- o Amounts totalling \$476,500 have been included for a series of new measures in community recreation. These consist of:—
 - the establishment of a research program under the direction of the Australian Recreation Ministers Council to review research requirements and advise on priorities (\$250,000);
 - initiatives designed to improve the standards of leadership in community recreation and to increase the number of professionally trained recreation leaders (\$76,500);
 - grants for leadership and equipment for the encouragement of innovation in community recreation programs (\$50,000);
 - a program to encourage community participation in physical recreation activities (\$100,000).

International Women's Year

The Government has allocated \$2 million for activities to mark the UN International Women's Year, 1975. The utilisation of these funds will be on the basis of advice received from a national advisory committee of eminent persons. It is expected that,

in addition to Government activities, assistance will be provided to non-government organisations for specific projects. This amount is included under the heading 'Cultural Organisations'.

Wildlife and National Parks

The estimated expenditure of \$9.9 million in 1974-75 includes \$9 million by way of assistance to the States for the acquisition of land for nature conservation purposes. Also included is an amount of \$381,000 to commence a National Parks and Wildlife Research Program which includes the commencement of an ecological survey of Australia and also key research into and surveys of flora and fauna, with emphasis on the protection of endangered species.

National Estate

An amount of \$8 million is included in the Budget for grants to the States and National Trusts and expenditure in the Territories, on the advice of an Interim Advisory Committee on the National Estate, for the preservation and enhancement of the National Estate. The broad objective of the program is to identify, preserve and enhance land and buildings of historical or other interest as a heritage for the Australian people. Expenditure under the program will finance the acquisition of land and buildings, the restoration, preservation and enhancement of properties, and various studies related to the National Estate. The Government has agreed in principle to the establishment of a National Heritage Commission, to advise on the protection of Australian heritage property, to review and report on the progress of action taken and to advise on the allocation of funds.

Cultural and Recreational Activities in the Territories nec

Included here is a range of mainly 'State' and municipal-type expenditures relating to such activities as construction and maintenance of parks and gardens, halls, swimming pools and theatres, together with assistance to cultural organisations in the Territories. Expenditure on these activities is estimated at \$10.1 million in 1974-75, \$2.2 million more than in 1973-74.

8. ECONOMIC SERVICES

This function brings together the various services and categories of assistance provided by the Australian Government to industry and the community generally. It embraces the provision of economic infrastructure, the regulation of private sector economic activity and more direct forms of participation in economic activity.

A. TRANSPORT AND COMMUNICATION

The Australian Government is heavily involved in providing services in this field. Total outlays on transport and communication are estimated to increase by \$251.1 million in 1974-75, to \$1,120.4 million.

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
Communication—				
Post Office	288.0	385.0	385.0	—
Wireless Telegraphy Services	1.9	2.6	3.1	+ 0.5
Total Communication	289.9	387.6	388.1	+ 0.5
Air Transport—				
Advance to Qantas	42.6	10.0	45.7	+ 35.7
Less Repayments	24.4	20.5	17.1	- 3.4
Net Advance	18.3	-10.5	28.6	+ 39.1
Advance to Australian National Airlines				
Commission	13.1	5.6	17.6	+ 12.0
Less Repayments	13.2	5.5	5.1	- 0.4
Net Advance	- 0.2	0.1	12.4	+ 12.4
Provision of Civil Aviation Services—				
Administrative and Operational	102.7	123.4	128.8	+ 5.5
Buildings, Works and Equipment	24.6	21.5	29.5	+ 8.1
Air Services Subsidy	2.0	1.9	1.0	- 0.9
Other	1.7	2.9	3.3	+ 0.4
Less Recoveries—				
Air Navigation Charges	27.2	33.3	45.3	+ 12.0
Other	10.7	49.9	14.6	- 35.3
Total	93.2	66.4	102.8	+ 36.4
Total Air Transport	111.3	55.9	143.8	+ 87.9
Road Transport—				
Roads Grants	279.0	316.8	342.4	+ 25.6
Safety Improvements to Roads	—	3.0	—	- 3.0
Beef Cattle Roads	10.9	7.3	2.4	- 5.0
Less Repayments	0.6	0.6	0.6	—
Net Outlay	10.3	6.7	1.8	- 5.0
Road Construction and Maintenance—				
In the Territories	19.8	22.1	24.6	+ 2.5
Other	0.9	0.9	0.3	- 0.6
Public Transport Equipment in the Territories	2.2	3.2	6.5	+ 3.2
Research and Investigations	1.3	1.6	9.7	+ 8.1
Total Road Transport	313.5	354.4	385.2	+ 30.9

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
Rail Transport—				
Rail Projects in the States—				
New South Wales	0.4	0.3	—	- 0.3
Western Australia	1.2	0.7	0.4	- 0.3
South Australia	0.1	—	0.9	+ 0.9
Tasmania	1.2	—	—	—
Total	3.0	1.0	1.3	+ 0.3
Less Repayments	3.8	4.0	4.2	+ 0.2
Commonwealth Railways Capital Works and Services	11.4	8.3	15.4	+ 7.1
Parramatta Railway	—	—	3.5	+ 3.5
Other Rail Transport	—	—	0.9	+ 0.9
Total Rail Transport	10.6	5.2	16.8	+ 11.6
Urban Public Transport Improvement	—	—	67.5	+ 67.5
Shipping and Harbours—				
Australian Coastal Shipping Commission	6.5	7.0	54.7	+ 47.7
Drydocks	—	—	3.8	+ 3.8
King Island Harbour Development	1.1	—	..	..
WA Shipping Service	2.5	1.0	—	- 1.0
Other	3.9	3.6	5.4	+ 1.9
Less Repayments	0.7	1.7	22.7	+ 21.0
Total	13.3	9.9	41.2	+ 31.3
Pipelines—				
Pipeline Authority Project	10.4	55.9	75.0	+ 19.1
Less Repayments, SA Natural Gas Pipeline	1.9	1.9	1.9	—
Total	8.5	54.0	73.2	+ 19.1
General Administrative and Other Expenditure	13.0	16.8	19.6	+ 2.7
Less Other Recoveries	9.3	14.6	15.0	+ 0.4
TOTAL TRANSPORT AND COMMUNICATION	750.7	869.3	1,120.4	+251.1

Post Office

The large capital program undertaken by the Post Office to meet new and improved services is financed partly from Post Office internal resources (mainly from provisions for depreciation and long service leave and any trading surplus), and partly by interest-bearing advances from the Budget.

Outlays shown in the table represent only the advances from the Budget and, as announced at the June 1974 Premiers' Conference, advances in 1974-75 are to be kept at the 1973-74 level of \$385 million. This represents the largest single item of Australian Government expenditure on economic services. The operational expenditure of the Post Office—estimated to exceed \$1,100 million in 1974-75—is financed by the Post Office from its own revenue and does not involve any direct call on the Budget.

Further information on financial and other details of Post Office activities is contained in the White Paper entitled *Post Office Prospects and Capital Program 1974-75* presented to Parliament by the Postmaster-General.

Wireless Telegraphy Services

The Post Office administers legislation regulating the operation of radio communication stations in Australia and its territories; there are more than 185,000 licensed stations.

AIR TRANSPORT

Advances by the Australian Government to Qantas Airways Limited and the Australian National Airlines Commission mainly represent the passing on of proceeds of loans raised by the Government on behalf of the airlines to assist in the financing of aircraft. New overseas loans are being negotiated in 1974-75 to assist in the financing of three B747 aircraft for Qantas and two B727-200 aircraft for TAA. Amounts repaid by the airlines in respect of past loans are in turn repaid to the lenders. Advances also include new capital provided to the airlines from time to time, but no such provisions are to be made in 1974-75.

The Air Transport Group of the Department of Transport (formerly the Department of Civil Aviation) carries out many services for the civil aviation industry, including the operation and maintenance of over 100 airports and of a wide range of navigation facilities throughout Australia. As announced in June 1974, expenditure on the operation of airport and airway facilities in 1974-75 is to be limited to the same real level as in 1973-74, and actual expenditure on civil aviation capital works in 1974-75 will be held to not more than the level of expenditure in 1973-74. In addition, expenditure of \$8.3 million in 1974-75 is proposed for the purchase of three new F28 aircraft to be used for in-flight testing of air navigation facilities.

From 1 December 1973, the Papua New Guinea Government assumed responsibility for civil aviation matters in that country. Australia's Air Transport Group has, however, continued to provide certain services and carry out air safety functions in Papua New Guinea on an agency basis. The new arrangements are expected to result in about \$9.5 million less operating expenditure for Australia in 1974-75. The expected decline in 'other recoveries' is attributable largely to the finalisation of the sale of assets to the Papua New Guinea Government.

For many years, the Australian Government has paid air services subsidies in respect of 'essential' rural services to country areas and 'developmental' services in outback areas. Subsidies for 'essential' rural services ceased on 30 June 1974 and the 'developmental' services subsidies are being phased out by 30 June 1977.

Further action is proposed to implement the Government's decision to increase to 80 per cent by 1977-78 the rate of recovery of the costs of providing airport and airways facilities. Air navigation charges are to be increased from 1 December 1974 by 15 per cent, the maximum increase allowable under the existing Airlines Agreements with

the two major domestic airlines. Charges to general aviation will be increased by an additional 50 per cent over and above the basic 15 per cent increase. These increases are estimated to yield additional revenue of \$3.9 million in 1974-75.

The Air Transport Group also provides a wide variety of other services to the industry at little or no charge. It is proposed that charges for such services be introduced in 1974-75 and increased progressively in subsequent years so as to achieve full recovery by June 1977.

ROAD TRANSPORT

Under the *Commonwealth Aid Roads Act* 1969, the Australian Government provided grants to the States totalling \$1,252 million over the five years 1969-70 to 1973-74. Following the expiry of this Act on 30 June 1974, the Australian Government announced new arrangements under which it will provide grants to the States for roads totalling \$1,126 million over the three-year period 1974-75 to 1976-77. The proposed new arrangements were embodied in three Bills—the *National Roads Bill* 1974 (\$400 million to meet the cost of approved construction and maintenance of national highways, export roads and major commercial roads), the *Roads Grants Bill* 1974 (\$700 million), and the *Transport (Planning and Research) Bill* 1974 (\$26 million for research and planning projects in relation to both roads and urban public transport). The last of the three Bills was passed by the Parliament and given Royal Assent in August 1974. The other two Bills have been amended and are to be reconsidered by the Senate in the Budget sittings. It is intended that a total of \$350 million will be made available in 1974-75.

For a number of years the Australian Government has made grants and loans to the States for the construction and improvement of certain roads used for the transport of beef cattle. Grants for this purpose have now been included along with financial assistance for other road categories in the *Roads Grants Bill* 1974. In addition, it is intended that Queensland will receive a further \$278,557, being the balance of funds provided for this purpose under the previous program; and an amount of \$2.0 million is included in the 1974-75 Budget for the maintenance of existing roads in the Northern Territory.

Expenditure in 1974-75 includes \$10.1 million for roads in the Australian Capital Territory and \$14.6 million for roads and highways in the Northern Territory.

An amount of \$4.7 million has been included in the estimates for the acquisition of equipment for the city bus service and Government car fleet in the Australian Capital Territory and \$1.8 million has been included for the Central Transport Pool of the Department of the Northern Territory.

RAIL TRANSPORT

An amount of \$15.4 million is included in the estimates to finance the capital works and services program of the Commonwealth Railways. This includes \$11.9 million for the Trans-Australian Railway and \$1.2 million for the North Australia Railway. It also includes \$2.0 million for the proposed Tarcoola-Alice Springs Railway, the construction of which is subject to the passage of legislation to ratify the Agreement recently signed by the Australian and South Australian Governments. As announced in the Budget Speech, the Government will be implementing a purchase program by Commonwealth Railways for high performance bogie wagons. The acquisition program provides for 500 wagons to be ordered this year and 800 in 1975-76. Outlays in 1974-75, estimated at \$1.4 million, are included in the \$11.9 million mentioned above.

Financial assistance has been provided to the States for expenditure on various railway projects since 1951-52. Currently, assistance is being provided for completion of work on the standard gauge lines between Port Pirie and Broken Hill and from Kwinana to Kalgoorlie. An Agreement was signed by the Australian and South

Australian Governments early in 1974 to enable provision of financial assistance for the construction of a standard gauge line between Adelaide and Crystal Brook. (Expenditure of the \$0.9 million included in the estimates is subject to the passage of legislation to approve the Agreement.)

An initial provision of \$3.5 million has been included in the estimates for the construction by the Australian Government, subject to the agreement of the New South Wales Government, of a railway system radiating from Parramatta to Hoxton Park, Castle Hill and through Carlingford to Epping.

An amount of \$0.9 million is included in the estimates to finance the continuation of the development of a standardised design for an urban passenger train.

URBAN PUBLIC TRANSPORT IMPROVEMENT

As part of its broad initiatives to improve living conditions in cities, the Government is providing financial assistance to the States by way of non-repayable grants to meet two-thirds of the approved cost of projects to upgrade urban public transport systems. It is estimated that \$67.5 million will be made available in 1974-75. This amount includes \$39.6 million for projects for which financial assistance was to have been made available to the States last year. However, the double dissolution prevented the necessary legislation from being passed before the end of June. An amount of \$27.9 million has been provided for new initiatives including, for example, electrification of sections of the Brisbane rail system and further purchases of buses and railway rolling stock.

SHIPPING AND HARBOURS

An amount of \$54.7 million has been included in the Budget estimates for expenditure by the Australian Coastal Shipping Commission in 1974-75, compared with only \$7.0 million last year. In 1974-75 the major items in the A.N.L.'s expanded capital expenditure program are two 140,000 dwt. bulk carriers, one cellular container vessel, three general cargo vessels and two 25,000 dwt. bulk carriers.

The estimates include provision of \$3.75 million for expenditure on the construction of a drydock at the State Dockyard at Newcastle. The proposed drydock is to be the Australian Government's contribution to a joint Australian/New South Wales Government Commission to run the augmented dockyard. Negotiations with the State Government are in progress.

'Other' outlays of \$5.4 million in 1974-75 include \$1.9 million for capital expenditure mainly by the Department of Transport on maritime navigational aids and facilities and a subsidy of \$1.0 million for the 'Empress of Australia' passenger service between Tasmania and the mainland. This subsidy is to be reviewed in two years. Provision has also been made for a loan of \$1.4 million to Tasmania for the purchase of a vessel and some associated equipment and works to provide a shipping service to King Island.

Repayments of \$22 million by the Australian Coastal Shipping Commission, in respect of earlier loans, account for most of the estimated repayments in 1974-75.

PIPELINES

The Australian Government has established the Pipeline Authority to provide and operate pipelines for the carriage of petroleum. The advance of \$75.0 million to be made to the Authority in 1974-75 includes an amount of \$9.2 million for interest payable in respect of previous advances to the Authority, the balance being for expenditure on continued construction of the Moomba-Sydney pipeline, including lateral pipelines from Young to Wagga and Young to Orange/Bathurst/Lithgow.

GENERAL ADMINISTRATIVE AND OTHER EXPENDITURE

An amount of \$19.4 million is provided in 1974-75 for the running expenses of the Department of Transport (excluding the expenses of the Air Transport Group), of which \$12.7 million represents wages and salaries.

OTHER RECOVERIES

Light dues, which are charges on commercial shipping for the use of marine navigational aids provided by the Australian Government, are the major source of recoveries under this head. The current levy is 31 cents per net registered ton per quarter. In 1974-75 an amount of \$14.0 million is expected in light dues.

B. WATER SUPPLY AND ELECTRICITY

The following table gives details of Budget outlays on water supply and electricity projects, which are estimated to total \$51.2 million in 1974-75, an increase of \$5.7 million compared with 1973-74.

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase -Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
Urban Water Supply	5.3	4.5	12.6	+ 8.1
Snowy Mountains Scheme	14.2	13.1	5.9	- 7.2
Gladstone Power Station	14.0	26.6	32.0	+ 5.4
Electricity Supply in the Territories	7.0	8.8	8.5	- 0.3
Less Repayments	4.3	7.6	7.9	+ 0.3
TOTAL WATER SUPPLY AND ELECTRICITY	36.1	45.5	51.2	+ 5.7

Urban Water Supply

The Australian Government is providing financial assistance to the Queensland Government to help finance the cost of the Julius Dam near Mt Isa and the Ross River Dam, Stage 2 near Townsville. \$2.0 million is expected to be made available by way of loan for the Julius Dam and \$0.6 million by way of grant for the Ross River Dam, Stage 2 in 1974-75.

The estimates include an amount of \$4.4 million for a new scheme approved by the Australian Government to provide finance to South Australia for water treatment works for metropolitan Adelaide. The scheme is designed to upgrade the water quality standards of the Adelaide water supply.

The estimates also incorporate an amount of \$3.7 million for water supply works in the Australian Capital Territory. 1974-75 will see the commencement of Canberra's next major water storage scheme, the Googong Dam. The total cost of this project is expected to be \$26.5 million, but relatively little of this expenditure will be incurred in 1974-75. A further \$1.8 million is included in the Budget estimates for water supply works in the Northern Territory in 1974-75.

Snowy Mountains Scheme

The diminishing level of outlays on the Snowy Mountains Scheme over recent years reflects progress towards completion of the Scheme by 30 June 1977. The proposed payment of \$5.9 million to the Snowy Mountains Hydro-Electric Authority in 1974-75 comprises \$5.1 million in respect of its capital works program (to provide facilities

for permanent operation and maintenance and the clean-up of work sites) and an amount of \$890,000 for a further payment by the Authority to the River Murray Commission, reimbursing half of the cost of increasing the capacity of the Hume Weir to cater for the diversion of Snowy River waters to the River Murray. An initial payment of \$3.7 million was made to the Commission in 1973-74.

Gladstone Power Station

The Australian Government is providing financial assistance to the Queensland Government, by way of loans, to help finance the construction of a thermal power station at Gladstone in central Queensland. Assistance provided by the Australian Government for the project is proportionate to the total cost of the power station in the ratio of 80 to 155. Payments of \$14.0 million and \$26.6 million were made in 1972-73 and 1973-74 and it is estimated that a further \$32.0 million will be made available in 1974-75.

Repayments

Repayments under this heading in 1974-75 are estimated to be \$7.9 million, consisting of repayments of \$4.9 million by the Snowy Mountains Hydro-Electric Authority and \$3.0 million by the Tasmanian Government in respect of hydro-electric power development assistance.

C. INDUSTRY ASSISTANCE AND DEVELOPMENT

The Australian Government assists industry through a variety of measures, including direct financial assistance, taxation concessions, guaranteed home price arrangements, financial guarantees and the customs tariff.

Direct assistance provided to industry from the Budget is estimated at \$573.4 million in 1974-75, an increase of \$89.5 million compared with actual outlays for 1973-74. However, this increase would be more than offset by the estimated increase in industry levies and charges such as the wool tax, wheat export charge, and meat export charge; details are shown in Statement No. 4.

Direct industry assistance takes the form of bounties and subsidies, reconstruction schemes, contributions to research and promotion programs, and other payments to or for the benefit of industry. It includes also some outlays by Government departments and instrumentalities (e.g. Department of Overseas Trade, Department of Manufacturing Industry, Department of Agriculture and the Australian Tourist Commission); such organisations provide many services either free of charge or at prices which do not fully recover the costs incurred.

Apart from these direct outlays from the Budget, substantial additional assistance has, as noted above, been provided through the Budget by way of special taxation concessions which, as they result in a reduction of Government revenues, are as much a call on the Budget as direct outlays. The amount of revenue forgone in 1973-74 through the main taxation concessions for which data are available is estimated to have been \$314 million. Further information relating to these taxation concessions is provided at the end of the commentary on this sub-function.

Outlays under some other functional headings in this Statement also assist industry. Examples include the provision of airports and airway facilities for the aviation industry, some specific purpose payments to the States, expenditure to improve the defence capacity of industry, and part of the payment to CSIRO.

Outlays for direct industry assistance in recent years, together with estimates for 1974-75, are shown in the following table and discussed in the related brief commentary.

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
Forestry and Fishing Industries—				
Softwood Forestry Development	9.5	4.9	7.4	+ 2.5
Forestry and Timber Bureau	2.1	2.4	2.9	+ 0.4
Research, Promotion and Other Expenditures ..	1.8	2.8	3.1	+ 0.4
Total Forestry and Fishing Industries ..	13.3	10.1	13.3	+ 3.3
Agricultural and Pastoral Industries—				
Specific Industries—				
Wool Industry—				
Wool Commission and Wool Corporation's Deficiency Payments	-11.7	—	13.0	+ 13.0
Wool Marketing Assistance	2.5	0.4	44.7	+ 44.3
Research, Promotion and Other Expenditures	36.3	44.0	44.3	+ 0.3
Total	25.7	44.4	102.0	+ 57.6
Wheat Industry—				
Stabilisation Payments	41.4	12.4	—	- 12.4
Research	1.6	1.5	1.8	+ 0.3
Less Repayments of Advances to Wheat Board	65.5	—	—	—
Total	-22.5	13.9	1.8	- 12.1
Dairy Industry—				
Butter and Cheese Bounties	28.5	18.0	9.0	- 9.0
Marginal Dairy Farms Reconstruction ..	2.9	1.1	11.5	+ 10.4
Research, Promotion and Other Expendi- tures	3.4	3.0	3.1	+ 0.1
Total	34.8	22.2	23.6	+ 1.5
Fruit Industry—				
Apple and Pear Stabilisation	3.1	2.8	6.1	+ 3.4
Dried Vine Fruits Stabilisation	0.9	0.4	—	- 0.4
Canned Fruits Assistance	1.9	0.7	—	- 0.7
Fruitgrowing Industry Reconstruction ..	0.4	1.7	1.5	- 0.2
Research, Promotion and Other Expendi- tures	2.3	4.3	1.5	- 2.8
Total	8.6	9.7	9.2	- 0.6
Poultry Industry—				
Stabilization and Research	14.0	11.9	11.9	..
Cattle, Sheep and Pig Meat Industry—				
Eradication of Cattle Diseases and Parasites	4.5	5.6	7.7	+ 2.1
Research, Promotion and Other Expendi- tures	6.1	5.8	7.1	+ 1.3
Total	10.5	11.4	14.7	+ 3.3
Other Agricultural and Pastoral Industries ..	1.9	2.1	2.2	+ 0.1
Less Recoveries and Repayments	4.2	4.2	4.4	+ 0.2
Total Specific Agricultural and Pastoral Industries	68.8	111.5	161.0	+ 49.5

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-47
	\$ million	\$ million	\$ million	\$ million
Outlays Not Allocated to Specific Agricultural and Pastoral Industries—				
Advance to Commonwealth Development Bank for Rural Lending	—	20.0	—	- 20.0
Rural Reconstruction	50.8	35.8	30.0	- 5.8
Adjustment Assistance for Currency Variations	0.2	—	—	—
Fertilizer Bounties	69.8	80.5	46.0	- 34.5
Inspection Services	13.6	16.4	19.5	+ 3.1
Agricultural Extension and Research	6.7	7.2	8.0	+ 0.8
Territories—Agricultural Services and Projects	1.6	1.8	2.0	+ 0.2
Less Recoveries and Repayments	0.3	0.6	0.9	+ 0.2
Total	142.5	161.1	104.6	- 56.5
Irrigation and Other Pastoral Water Projects—				
Irrigation Projects	14.8	11.6	17.7	+ 6.1
Investigation and Other Pastoral Water Projects	7.2	7.5	8.4	+ 0.9
Flood Mitigation	1.2	1.5	2.6	+ 1.1
Less Repayments .. .. .	..	0.1	0.3	+ 0.2
Total	23.1	20.5	28.4	+ 7.9
Land Development Projects—				
Soil Conservation	—	—	0.5	+ 0.5
War Service Land Settlement	3.8	3.5	4.3	+ 0.8
Other	1.3	0.8	6.4	+ 5.6
Less Repayments	7.2	7.7	5.7	- 2.0
Total	-2.0	-3.4	5.5	+ 8.9
General Administrative and Other Expenditure ..	7.6	10.3	13.1	+ 2.8
Less Recoveries	1.4	2.8	1.3	- 1.4
Total Agricultural and Pastoral Industries ^(a)	238.7	297.1	311.2	+ 14.1
Mining, Manufacturing and Other Industries—				
Mining Industry—				
Petroleum and Minerals Authority	—	—	50.0	+ 50.0
Petroleum Search Subsidy	8.1	10.0	6.0	- 4.0
Bureau of Mineral Resources	9.9	10.3	10.9	+ 0.6
Other Mining	3.9	3.0	1.8	- 1.2
Total	21.9	23.3	68.6	+ 45.3
Manufacturing Industry—				
Shipbuilding Assistance	30.7	21.0	24.9	+ 3.9
Industrial Research and Development Scheme	14.1	15.3	15.4	+ 0.1
Agricultural Tractors Bounty	2.8	3.7	4.0	+ 0.3
Refrigerator Compressor Bounty	—	—	2.5	+ 2.5
Machine Tools Bounty	0.7	1.0	1.5	+ 0.5
Book Bounty	3.0	3.4	5.0	+ 1.6
Export Incentive Grants and Payroll Tax Rebates	58.3	68.1	87.5	+ 19.4
Structural Adjustment Assistance	—	0.1	10.0	+ 9.9
Other Assistance	0.4	0.5	1.1	+ 0.6
General Administration	0.4	1.8	2.8	+ 1.0
Total	110.4	114.9	154.6	+ 39.7
Less Recoveries and Repayments	1.3	1.3	1.5	+ 0.2
Total Mining and Manufacturing Industries	131.1	136.9	221.8	+ 84.9

(a) These figures do not take account of the proceeds of such industry levies and charges as the wool tax, wheat export charge and meat export charge, details of which are shown in Statement No. 4. When allowance is made for the increases in collections of these charges, assistance to Agricultural and Pastoral Industries would show a decrease of about \$84 million in 1974-75.

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
Tourist Industry—				
Tourist Commission	3.1	3.0	3.3	+ 0.3
Other Assistance to the Tourist Industry ..	0.3	1.2	4.1	+ 2.9
Total	3.4	4.2	7.4	+ 3.2
Other Assistance to Industry—				
Petroleum Products Subsidy	25.7	21.8	1.0	- 20.8
Australian Industry Development Corporation	12.5	—	—	—
Export and Trade Promotion	15.2	15.1	13.9	- 1.2
Export Payments Insurance Corporation ..	4.0	—	5.0	+ 5.0
Small Business Bureau	—	—	0.2	+ 0.2
Other Assistance	—	0.1	0.6	+ 0.5
Less Recoveries	0.9	1.4	1.1	- 0.3
Total	56.4	35.6	19.7	- 15.9
TOTAL INDUSTRY ASSISTANCE AND DEVELOPMENT	442.9	483.9	573.4	+ 89.5

FORESTRY AND FISHING INDUSTRIES

Under the *Softwood Forestry Agreements Act 1972* the Australian Government is providing financial assistance for a further five-year planting program ending on 30 June 1976. As in the previous Agreement, the assistance to be provided is by way of interest-bearing loans repayable over twenty-five years, with repayments and the payment of interest to commence approximately ten years after the date of each advance.

Payments amounting to \$14.2 million have been made to the States under this Agreement up to 30 June 1974. Payments of \$4.9 million were made in 1973-74 and it is estimated that further payments of \$7.4 million will be made in 1974-75.

AGRICULTURAL AND PASTORAL INDUSTRIES

Wool Industry

The Government has approved the operation by the Australian Wool Corporation of a minimum reserve price equivalent to 250 cents per kilo clean for 21 micron wool during the 1974-75 season. The Government has indicated that it is prepared to guarantee repayment of amounts borrowed by the Corporation to finance these operations together with 'pot-holing' activities the Corporation will continue to carry on when the market is above the floor.

In pursuance of these arrangements the Government has provided for an advance of \$13 million to the Corporation from the Corporation's Working Capital Trust Fund and the introduction of a special levy, via an increase in the rate of wool tax, to meet any losses from the operation of the floor price scheme. It is estimated that an amount of \$44.7 million will be collected and paid to the Corporation's Market Support Fund. If no losses are incurred this contribution will be used for building up reserves.

Of the estimated expenditure of \$44 million in 1974-75 for wool research and promotion, \$27 million is expected to be contributed by the industry out of the proceeds of the wool tax. (See Statement No. 4 for further details.)

Wheat Industry

The fifth Wheat Industry Stabilisation Scheme will expire with the marketing of the 1973-74 crop. The Australian and State Governments and the wheat industry have agreed on the terms of a new stabilisation plan, which covers the seasons 1974-75 to 1978-79, and the *Wheat Industry Stabilisation Bill 1974* was introduced recently. No

stabilisation payments by the Australian Government are due in 1974-75. In accordance with the stabilisation plan growers are expected, because of buoyant export prices, to contribute an estimated \$39 million to the stabilisation fund in 1974-75. (See Statement No. 4.)

Over the period 1969-70 to 1971-72, advances were made from the Budget to the Australian Wheat Board to enable the Board to meet its commitments. A final repayment of \$65.5 million in respect of those advances was made in 1972-73, and at present no Australian Government advances are outstanding to the Board.

Dairy Industry

Payments of butter and cheese bounties and the processed milk products bounty will decline further in 1974-75 as the second step in the two-year phase-out of these bounties is taken.

An amount of \$11.5 million is included for payments to the States under the Marginal Dairy Farms Reconstruction Scheme. The Scheme has been extended for two years until 30 June 1976 and broadened in scope pending a report by the Industries Assistance Commission on assistance to the dairy industry.

Of the \$2.8 million estimated to be spent on research and promotion in 1974-75, an amount of \$2.3 million is to be provided by the industry through the dairy industry levies included in Receipts.

Fruit Industry

The Australian Government guarantees minimum returns under stabilisation schemes for apples and pears and for dried vine fruits. In addition, for the 1974 export season only, the Australian Government has joined with the Governments of Tasmania, Western Australia and Queensland in underwriting the returns on certain apple exports. The Australian Government will meet half the costs of underwriting the returns on apples exported 'at risk' during 1974 to the United Kingdom and Europe. An amount of \$2.6 million has been included in the Budget estimates for this purpose.

Under the Fruitgrowing Reconstruction Scheme introduced in 1972 the States were offered \$4.6 million in financial assistance toward a scheme for the removal of trees producing fruit deemed to be surplus to long-term market requirements. Assistance is available only to those orchardists who are experiencing or are threatened by financial difficulties. Expenditure in 1973-74 was \$1.7 million and the estimate for 1974-75 is \$1.5 million. Amending legislation will be introduced extending the closing date for applications for assistance to 31 December 1975.

The expected decline in 'Research, Promotion and Other Expenditure' reflects a reduction in emergency assistance to fruitgrowers adversely affected by the revaluations of the Australian dollar in December 1972 and September 1973.

Poultry Industry

Expenditure on stabilisation and research in the poultry industry is mostly financed from industry levies which flow back to the industry through State egg marketing authorities in accordance with the egg industry stabilisation scheme.

Cattle, Sheep and Pig Meat Industry

In response to stricter requirements by overseas countries on the entry of meat, the Australian Government has, since January 1970, assisted the States in financing an intensive campaign for the eradication of bovine brucellosis and tuberculosis. By June 1974 nearly \$13 million had been paid to the States, including \$4.9 million in 1973-74. A further \$6.5 million is provided in the estimates for 1974-75. In the 1973-74 Budget the Government introduced a charge on the export of meats to recoup from the meat industry the expenditure incurred on this campaign. Revenue from the charge was \$2 million in 1973-74 and it is estimated that it will raise \$9.8 million in 1974-75.

Expenditure on research and promotion is largely financed by industry levies which are shown in Statement No. 4.

OUTLAYS NOT ALLOCATED TO SPECIFIC AGRICULTURAL AND PASTORAL INDUSTRIES

Rural Lending

An amount of \$10 million was advanced in 1971-72 to enable the Commonwealth Development Bank to lend for farm build-up purposes; in 1973-74 the Government decided to provide a further \$20 million to widen the purposes for which the Bank can lend to the rural sector. No additional advances are included in the 1974-75 estimates.

Rural Reconstruction Scheme

Under the *States Grants (Rural Reconstruction) Act*, assistance is made available to the States for a scheme which embraces debt reconstruction, farm build-up and rehabilitation. By 30 June 1974, \$130.6 million had been paid to the States and a further \$30 million has been provided for 1974-75.

Fertilizer Bounties

The *Phosphate Fertilizer Bounty Act* provides for the payment of bounty in respect of superphosphate and ammonium phosphate produced and sold for use in Australia. The bounty was introduced to encourage greater use of phosphates as a means of promoting more economic production. The Government has decided that, since the bounty has fulfilled its purpose, it will not be renewed after the present Act expires on 31 December 1974. The estimates allow \$33 million for payments in the first half of 1974-75. Payments amounted to \$67 million in 1973-74.

The Government has also announced that any rural industry or region seriously disadvantaged by the decision to allow the bounty to expire may present a case seeking reference to the Industries Assistance Commission for investigation and report.

The Nitrogenous Fertilizers Subsidy was introduced in 1966 and is payable on nitrogen contained in natural sodium nitrate and in manufactured nitrogenous substances produced in Australia and sold for use in Australia as a fertilizer. The Act under which the subsidy is paid was due to expire on 31 December 1974, but was extended pending a report on the subsidy by the Industries Assistance Commission. It is expected that \$13 million will be paid in 1974-75, about the same as in 1973-74.

Inspection Services

Outlays for inspection services under the *Commerce (Trade Descriptions) Act* are expected to increase by \$3.1 million to \$19.5 million in 1974-75. For the recoupment of the cost of export meat inspection services, revenue is raised from a charge on meat exports. (See Statement No. 4.)

Agricultural Extension and Research

Since 1948-49 annual grants have been made to the States to promote improved farm practices in the dairy industry and since 1952-53 further grants have been provided for expansion in the States of agricultural advisory services generally. In addition to the funds provided to the States, a small amount is expended directly by the Australian Government on projects nominated by the States which are of national interest. Up to 30 June 1974 about \$53 million had been provided for these purposes; a further \$8 million is included in the estimates for 1974-75.

IRRIGATION AND OTHER PASTORAL WATER PROJECTS

Expenditure under this heading comprises Australian Government financial assistance to the States for rural water conservation and irrigation purposes and flood mitigation. The main expenditures provided for in 1974-75 are for the Kinchant Dam in Queensland (\$2.5 million), the Bundaberg Irrigation Scheme in Queensland (\$2.0 million), the Dartmouth Dam on the Murray River (\$6.0 million) and the Ord River Dam in Western Australia (\$1.1 million). The Government has also decided to provide a grant of \$3 million towards the cost of a weir at Clare on the Burdekin River, of which \$0.3 million will be provided in 1974-75. The estimates also include provision of \$2.5 million for flood mitigation works on coastal rivers in New South Wales, and \$120,000 for restoration of damaged levies along the Proserpine River.

Payments to the States estimated at \$5.4 million in 1974-75 are provided for as part of the three-year program of surface water measurement and underground water resources investigations commenced in 1973-74, and the two-year program of water quality assessment to commence in 1974-75 announced in the Budget Speech.

Additional information on these projects is contained in the White Paper entitled *Payments To or For The States and Local Government Authorities 1974-75*.

LAND DEVELOPMENT PROJECTS

Soil Conservation

An interim program of financial assistance for State soil conservation programs and concurrent studies will be undertaken by the Australian Government in the general context of an orderly approach to land management. The program will extend over a two-year period with grants totalling \$2.5 million being provided to the States. \$0.5 million will be made available in 1974-75.

Brigalow Lands Development Scheme

The *Brigalow Lands Agreement Act 1962-67* approves an agreement with Queensland for the provision of financial assistance to that State for land development in the Fitzroy River Basin. The Act provides for assistance, subject to an overall limit of \$23 million, to finance expenditure by the State on specified works during the thirteen years ending 30 June 1975. The assistance is in the form of interest-bearing loans repayable over twenty years. Payments amounting to \$14 million have been made to Queensland under this Agreement up to 30 June 1974. No payments were made in 1973-74, but it is estimated that payments of \$4.2 million will be made during 1974-75.

PLAGUE LOCUST CONTROL

The Government has decided to contribute \$250,000 in 1974-75 towards the establishment of an Australian Plague Locust Commission. Subject to the agreement of the States of New South Wales, Victoria, Queensland and South Australia it is proposed that the Commission be financed by equal contributions by the Australian Government on the one hand and the four States on the other. Provision for the Australian Government's contribution has been included as part of the item 'General Administrative and Other Expenditure'.

MINING INDUSTRY

Petroleum and Minerals Authority

Under the Petroleum and Minerals Authority Act, the Australian Government has established an Authority which is to explore for and develop Australia's petroleum and mineral resources, and assist in implementing the Government's policy of promoting Australian ownership and control of its natural resources and resource industries. \$50 million has been provided for the Authority's proposed activities in 1974-75.

Petroleum Search Subsidy

The Petroleum Search Subsidy Scheme expired on 30 June 1974; \$6 million is provided in the Budget for approved exploration programs completed before that date.

MANUFACTURING INDUSTRY

Direct assistance to manufacturing industry is estimated to increase by \$39.7 million to \$154.6 million in 1974-75.

Shipbuilding Assistance

The essential features of the Government's shipbuilding policy announced on 18 December 1973 are a relaxation of import controls and a phased reduction in subsidy rates down to an eventual long-term rate of 25 per cent. The subsidy is paid to ship-owners in respect of the construction of vessels in Australia, following a case-by-case

examination by the Australian Shipbuilding Board. Assistance to the shipbuilding industry in 1974-75 is estimated at \$24 million. This is to be used to subsidise the construction of about 70 vessels, 40 of which have already been ordered or are being constructed, while the remainder are expected to be ordered in 1974-75. A further \$0.9 million is included for the administrative expenses of the Board.

Industrial Research and Development Grants

The Industrial Research and Development Grants Scheme is being reviewed. Expenditure on the present scheme is estimated at \$15 million in 1974-75. A further \$0.4 million is included for the administrative expenses of the Industrial Research and Development Grants Board.

Refrigerator Compressor Bounty

The Government accepted the recommendation of the Industries Assistance Commission that a bounty of \$5 per unit produced be paid to manufacturers of compressors of 1.5 kw or less. This new bounty is expected to cost \$2.5 million in 1974-75.

Export Incentive Grants and Pay-roll Tax Rebates

Residual payments under the former export incentive grants and market development rebate scheme, which expired on 30 June 1974, are estimated at \$87.5 million in 1974-75 compared with \$68.1 million in 1973-74. Legislation authorising the scheme's successor, the proposed Market Development Grants Scheme, will be introduced in the Budget Session of Parliament. No outlays in 1974-75 are expected under the new scheme, which will be designed to encourage firms to seek and develop overseas markets and to participate in Australian Government sponsored trade promotions.

Structural Adjustment Assistance

The Government has decided to introduce a comprehensive scheme of structural adjustment assistance.

An amount of \$10 million has been provided in the 1974-75 Budget for structural adjustment assistance to help eligible firms and industries adjust to the effects of new Government initiatives, such as tariff and similar changes, which are desirable in the national interest.

The Government intends to establish a Structural Adjustment Board to administer this program.

Assistance will be available in the form of consultancy grants and closure compensation. Assistance in the form of loan guarantees is proposed but will require legislation. As a general principle applications for assistance should be made within twelve months of the announcement of the relevant Government decision.

TOURIST INDUSTRY

Total outlays to assist the tourist industry are estimated at \$7.4 million in 1974-75, \$3.2 million more than in 1973-74.

The function of the Australian Tourist Commission is to encourage overseas visitors to travel to and within Australia. The Commission operates posts in Japan, the United States of America, West Germany, the United Kingdom and New Zealand. Expenditure by the Commission in 1974-75 is estimated at \$3.3 million.

Of the \$4.1 million estimated to be spent on other assistance to the tourist industry, \$2.25 million has been provided for the development of tourist attractions. As announced in the Budget Speech the Government will widen the criteria upon which such assistance is granted.

OTHER ASSISTANCE TO INDUSTRY

The Government has decided to discontinue the Petroleum Products Prices Stabilisation Scheme as from 1 August 1974. Expenditure under this Scheme, which operated to keep the wholesale price of certain petroleum products in non-metropolitan areas within 5 cents of the capital city prices, amounted to \$21.8 million in 1973-74.

Expenditure on export promotion, expected to be \$13.9 million in 1974-75, includes expenditures on the Trade Commissioner Service (\$8.7 million), matching grants to primary product marketing boards (\$1.2 million) and trade publicity, fairs and displays (\$3.2 million). A further \$780,000 has been allocated for the Australian Trade Display in Peking in October 1974; \$300,000 was spent on preparations for this display in 1973-74.

As announced previously, the Government proposes to establish an export banking institution to provide finance to facilitate the export of machinery and capital equipment on medium/long-term credit. The *Export Payments Insurance Corporation Act 1956-1973* will be amended during 1974-75 to enable the Corporation to operate as the export bank and \$5 million will be advanced to the Corporation to finance its initial lending activities during the year.

INDUSTRY ASSISTANCE THROUGH THE TAXATION SYSTEM

As mentioned earlier in this Statement, a considerable amount of assistance to industry has been provided in the past through special taxation concessions. Some of these concessions were withdrawn during 1972-73 and others were withdrawn or modified in 1973-74. As indicated in the Budget Speech, legislation is to be introduced withdrawing or reducing certain others.

Such concessions result in a reduction of Australian Government revenues (and a corresponding increase in the funds available to the recipients). They are, in fact, as much a call on the Budget as equivalent direct outlays would be, and for this reason have sometimes been described as disguised expenditures. Assistance of this type through the taxation system has been provided mainly by way of income tax concessions which permit firms and individuals to make deductions from their assessable income additional to those authorised under the general provisions of the income tax law.

The amount of revenue forgone in 1973-74 through the main taxation concessions is estimated to have been about \$314 million. Details are shown below. (Pay-roll tax rebates under the export incentive scheme in respect of exports in 1970-71 and prior years are included under the heading Manufacturing Industry.)

Most of the relevant concessions in the income tax field may be grouped in three broad categories, namely:

- A those allowing the deduction of larger amounts than are authorised under the general provisions of the law (included in this category is the rebate for export market development expenditure, which gives a tax saving additional to the saving resulting from the deductions from income for this expenditure);
- B those allowing certain taxpayers to deduct the cost of items of plant over shorter periods than is the case for the general run of taxpayers; and
- C those exempting certain classes of income.

The main provisions in each of these classes and the estimated amounts of revenue forgone in 1973-74 are shown in the following table. A miscellany of lesser provisions is not included, in some cases because of lack of data on revenue forgone or questions about the extent to which they may properly be regarded as wholly 'Industry Assistance'. These provisions include the concession whereby primary producers are allowed to adopt artificially low values for natural increase in their livestock accounts for taxation purposes; drought bonds; and the accelerated depreciation of expenditure on employees' amenities.

The averaging provisions applied to primary producers are also not included. Taxpayers to whom these provisions apply are assessed on their taxable income for the current year at rates of tax corresponding to the average of their incomes for the current year and the preceding four years. One effect of the provisions, which is an intended effect, is to ensure that *fluctuations* in income in conjunction with progression

in rates of tax do not lead to those taxpayers bearing higher tax rates than other taxpayers having incomes which, over a period of years, are comparable but non-fluctuating. The effects go beyond that when there is an upward trend in incomes over a number of years and, even if there are fluctuations in income superimposed on that trend, the averaging provisions can result in the taxpayers covered by them bearing lower tax rates than other taxpayers whose incomes over a period of years are comparable.

Main Provisions	Estimated Revenue Forgone in 1973-74
	\$ million
<i>Category A—</i>	
Investment allowance(a)—	
Manufacturing	54
Primary production	8
Export Market Development Rebate	24
Certain capital expenditures on land used for 'primary production' and in timber operations (excluding items otherwise depreciable)(a). Deductions for telephone lines allowed to 'primary producers'	23
Expenditure on scientific research (excluding accelerated depreciation on plant)	1
Moneys paid on shares(b)—	
One-third of calls on mining or afforestation shares—sections 77c and 78 (1)(b)	33
Moneys paid on shares for the purpose of exploration, prospecting or mining—section 77D	
Capital expenditure of certain mining enterprises and in respect of transport of certain minerals (excluding deductions in respect of plant otherwise depreciable)	60
Total Category A	203
<i>Category B—</i>	
Special depreciation allowable to 'primary producers'(a)	22
Allowance of immediate deduction for fencing and underground piping instead of depreciation(a)	
Special rate of depreciation on plant used for scientific research	
Deduction in year of purchase and/or appropriation of income for plant used in mining or exploration and in respect of transport of certain minerals which would otherwise be subject only to depreciation	59
Total Category B	81(c)
<i>Category C—</i>	
Exemption of certain mining profits	30(d)
Total of Categories A, B and C	314

(a) The investment allowance was withdrawn in respect of expenditure incurred on or after 22 August 1973 unless incurred under a contract entered into before that date. The deductions allowed for certain capital expenditure on land used for primary production were terminated in respect of expenditure incurred on or after 22 August 1973 unless incurred in pursuance of a contract entered into before that date with suppliers of labour or materials. Expenditure previously covered by this provision became deductible over 10 years or by way of general depreciation where the expenditure is in respect of a depreciable structure. Special depreciation allowable to primary producers ceased to apply in respect of expenditure incurred on or after 22 August 1973 other than in pursuance of a contract made before that date. Expenditure incurred on and after that date is deductible for income tax purposes by way of general depreciation.

(b) Moneys paid on shares in mining, but not afforestation, companies are not deductible if paid after 7 May 1973.

(c) This estimate is based on the deductions allowable in the 1972-73 income year in respect of purchases and appropriations in that year (net of amounts included in the 1972-73 assessable income in respect of appropriations made in the previous year) less the depreciation that would have been allowable in that year on the relevant plant purchases or the plant in respect of which the appropriations were made. While the provisions in question do not allow any greater total deduction over the life of the plant and equipment than do the normal depreciation provisions of the income tax law, they result in a deferment of tax which involves a cost to the Budget and a benefit, namely the provision of interest-free finance, to the taxpayers concerned. Normal depreciation allowances are designed to allow taxpayers to write off the cost of plant and equipment against income as the plant and equipment is used up in producing that income. The value of accelerated depreciation allowances to taxpayers depends on how much sooner they receive savings than would be the case if the allowances had been based on the usage of plant and equipment, and on the value to them of having the use of these savings. Where there is a constant or increasing rate of investment in plant and equipment subject to accelerated depreciation, the concession virtually provides the taxpayers concerned with a revolving or increasing credit in their account with the taxation revenue.

(d) This estimate is based on the exemption of income under section 23 (o)—gold mining, section 23 (p)—sale of rights to mine gold and other prescribed minerals, section 23A—one-fifth exemption of income from the mining of prescribed metals and minerals, and section 23c—exemption of income from certain sales of gold produced in Australia, and the exemption in shareholders' hands of dividends paid out of this income. It also includes the cost of the exemption provided by section 44 (2) (d) for dividends paid out of income derived from the sale of Australian petroleum. Dividends declared after 21 August 1973 out of exempt profits of gold mining, mining of prescribed metals or minerals, the sale of mining rights and profits from the sale of locally produced petroleum are liable to tax in the shareholders' hands. The exemption conferred by section 23 (p) referred to above ceased to apply in relation to income derived after 21 August 1973 unless derived in pursuance of a contract entered into on or before that date.

D. LABOUR AND EMPLOYMENT

Expenditure on the Government's labour and employment programs is expected to total \$150 million in 1974-75, an increase of \$34.8 million on the previous year. Introduction of the National Employment and Training System from 1 October 1974 and increased apprenticeship training assistance account for \$20.9 million of the increase. The remainder is largely due to the full-year effects of salary and allowance determinations and growth in departmental activity (\$10 million) and to support for trade union training (\$2.9 million). The Government's decision to reduce assisted migration to 40,000 settlers within an overall immigration program of 80,000 has reduced the net cost of assisted migration in 1974-75.

Details are shown in the following table:

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
Conciliation and Arbitration	2.6	3.3	3.8	+ 0.5
Payment to Stevedoring Industry Authority ..	17.9	19.9	21.3	+ 1.4
Coal Mining Industry Long Service Leave ..	2.0	2.3	3.2	+ 0.8
Trade Union Training	—	0.1	3.0	+ 2.9
Apprenticeship Training	1.3	6.5	15.3	+ 8.8
Employment Training Schemes	4.9	8.4	20.5	+ 12.1
Assisted Migration	23.6	21.3	19.5	- 1.7
General Administration	42.3	53.8	63.8	+ 10.0
Less Recoveries	0.2	0.3	0.3	..
TOTAL LABOUR AND EMPLOYMENT	94.5	115.2	150.0	+ 34.8

Conciliation and Arbitration

Expenditure in 1974-75 is estimated to increase by \$0.5 million to \$3.8 million as a result of increasing costs and growth in activity.

Payment to Stevedoring Industry Authority

This payment represents collections by the Government on behalf of the Authority in respect of man-hour levies imposed on stevedoring employers under the *Stevedoring Industry Charge Act 1947-1973*. The funds are utilised by the Authority to pay attendance money and leave benefits to waterside workers, and to reimburse employers for pension and redundancy payments. Expenditure in 1974-75 is estimated at \$21.3 million, an increase of \$1.4 million over expenditure in 1973-74.

Coal Mining Industry Long Service Leave

Long service leave benefits for coal miners are financed from a Trust Fund established under the *States Grants (Coal Mining Industry Long Service Leave) Act 1949-1968*. In States where miners have been awarded long service leave the States reimburse employers the cost of granting this leave. The Australian Government in turn reimburses the States from an excise imposed on the production of coal. The excise is estimated to yield \$2.7 million in 1974-75 and this amount has been provided for payments to the Trust Fund. Expenditure from the Trust Fund in 1974-75 is estimated to be \$3.2 million.

Trade Union Training

A program of trade union training under the direction of National and State Councils, including the establishment of a national trade union college and State trade union training centres, will be financially supported by the Australian Government. Legislation is expected to be introduced in the Budget Session of Parliament. A provision of \$3.0 million has been made for 1974-75.

Apprenticeship Training

The purpose of the National Apprenticeship Assistance Scheme, introduced in January 1973, is to increase the available number of apprenticeships and to improve the standard of training. Under the scheme, incentives are provided to employers by way of subsidies for apprenticeship wages and to enable off-the-job training to be undertaken. Allowances are available to first-year and some second-year apprentices living away from home. Expenditure on apprenticeship training has increased sharply since 1972-73 and is reflected in the fact that the number of apprentices rose by 21 per cent in 1973-74.

The Government has decided to raise the wages subsidy paid to employers of apprentices from \$260 a year for each apprentice employed by metropolitan employers and \$454 a year for country employers, to \$460 a year for both categories of employers. The subsidy for off-the-job training for each apprentice will be raised from \$16 to \$20 a week. Weekly living-away-from-home allowances for first-year apprentices will be increased from \$10 to \$12.60 and the rate of \$5 at present applying to second-year apprentices under five-year apprenticeships will be paid to all second-year apprentices living away from home. In addition, the Government has decided to pay the wage costs of up to 500 apprentices taken on by State Governments, but surplus to their actual requirements in 1974-75. A scheme whereby apprentices will be trained up to the completion of their first or second year within the industrial establishments of the Australian Government Department of Manufacturing Industry and will then complete their apprenticeships with private industry will also be introduced during 1974-75.

Expenditure in 1974-75 is estimated at \$15.3 million, an increase of \$8.8 million on the previous year. The Government's decisions referred to above account for \$2.9 million of the increase.

Employment Training Schemes

An initial allocation of \$17.8 million has been provided in the 1974-75 Budget for the National Employment and Training System (NEAT) to be introduced from 1 October 1974. NEAT will provide a broader and more flexible system of training and retraining to meet and integrate the needs of individuals and the conditions of the labour market. NEAT will subsume employment training schemes presently administered

by the Department of Labor and Immigration and the Department of Social Security's widow pensioner training scheme. Under NEAT the special rights and benefits applicable to Aborigines and Repatriation pensioners will be preserved.

Full-time and part-time training allowances under NEAT will have a fixed relationship with the average adult male award wage. Additional assistance includes living-away-from-home allowances, payment of fees, books and equipment to the value of \$150 and fares. The costs of employers providing in-industry training and/or meeting the wage costs of trainees, or who release employees accepted for retraining during working hours, will be subsidised.

Expenditure on all employment training schemes and for the improvement of training in industry and commerce in 1974-75 is estimated to total \$20.5 million, an increase of \$12.1 million on 1973-74. Provision is included in this figure for the administration of Aboriginal employment training and the vocational training scheme for Aborigines in the Northern Territory (\$1.3 million).

Assisted Migration

In determining their targets for the annual migration program, successive Governments have been influenced by their assessment of the need for workers in Australia, the availability of suitable migrants, and Australia's capacity to absorb those migrants. Recognising the need to retain migrants and the social implications of the immigration program, the Government now places greater emphasis on family reunion in the composition of the annual migrant intake.

The proposed program for 1974-75 is 80,000 settlers, 30,000 less than in 1973-74. Assisted migrants are expected to number 40,000, 10,000 less than last year.

Expenditure under the program is estimated at \$19.5 million in 1974-75, \$1.7 million less than in 1973-74. The lower cost reflects the reduction in the assisted migration program partially offset by higher operating costs and an increased construction program to improve accommodation standards at migrant hostels. The main components of the assisted migration program in 1974-75 are embarkation and passage costs (\$14.8 million) and transitory accommodation (\$5.9 million). Contributions by assisted migrants towards passage costs are expected to reach \$1.4 million in 1974-75.

General Administration

Expenditure in 1974-75 for the operating costs of the Department of Labor and Immigration is estimated at \$63.8 million, an increase of \$10.0 million over 1973-74 expenditure. The increase is almost entirely due to the full-year effect of growth in staff numbers particularly in the employment and training areas and to the full-year effect of salary determinations.

E. OTHER ECONOMIC SERVICES

This residual group covers several economic services which are not readily categorised elsewhere.

Outlays on these various services in each of the past two years and the estimates for 1974-75 are summarised in the following table:

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
Economic and Trade Regulation—				
Patents, Trade Marks and Designs Offices ..	4.0	4.7	5.3	+ 0.5
Tariff Board and Industries Assistance Commission	2.6	3.9	5.8	+ 1.8
Trade Practices	0.8	0.9	1.2	+ 0.3
Prices Justification Tribunal	—	0.8	1.4	+ 0.6
Consumer Protection	—	0.2	..	- 0.1
Other	1.4	1.5	1.9	+ 0.4
<i>Less Recoveries</i>	4.0	4.3	5.4	+ 1.1
Total	4.8	7.7	10.2	+ 2.5

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
Specialised Activities—				
Meteorological Services	23.7	27.1	31.1	+ 4.0
National Mapping	4.7	5.8	6.0	+ 0.2
Snowy Mountains Engineering Corporation ..	0.4	—	—	—
Less Recoveries	7.8	8.9	10.1	+ 1.2
Total	20.9	24.0	27.1	+ 3.1
General Administrative and Other Expenditures nec—				
Department of Overseas Trade nec	11.2	11.5	13.4	+ 2.0
Department of Minerals and Energy nec ..	4.0	4.4	6.0	+ 1.7
Department of Northern Development nec ..	0.4	1.5	2.4	+ 1.0
Less Recoveries	0.9	1.1	0.4	- 0.7
Total	14.7	16.2	21.5	+ 5.3
TOTAL OTHER ECONOMIC SERVICES	40.4	48.0	58.8	+ 10.8

ECONOMIC AND TRADE REGULATION

Most of the outlays under this heading relate to the costs of operations of the various authorities listed. The Industries Assistance Commission was established by the Government in 1973 to inquire into and report to the Government on questions of assistance for all industries. The Tariff Board had previously advised on protection for manufacturing industry, and its activities have been taken over by the new Commission. Outlays shown in the table for periods prior to the establishment of the Commission represent expenditure by the Tariff Board. The estimate of \$1.9 million for 'Other' in 1974-75 includes provision for the Metric Conversion Board and the National Standards Commission.

Recoveries under this heading, which are estimated to increase to \$5.4 million in 1974-75, are mainly in the form of fees charged by the Patent, Trade Marks and Designs Offices.

SPECIALISED ACTIVITIES AND GENERAL ADMINISTRATIVE SERVICES

Increases in wage and salary costs are responsible for most of the increases of both the specialised activities and general administrative services listed in the above table.

Recoveries in respect of specialised activities, which are estimated to increase to \$10.1 million in 1974-75 are revenues of the Bureau of Meteorology from specialist services.

9. GENERAL PUBLIC SERVICES

This broad functional heading covers a range of general public services and activities concerned with the organisation and operation of the Australian Government, including administrative services, the maintenance of law and order and foreign affairs and overseas aid.

A. LEGISLATIVE SERVICES

Estimates of outlays on legislative services in 1974-75, together with details of actual outlays in the preceding two years, are shown in the following table:

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
Governor-General's Office and Other Official Establishments	0.8	0.9	1.4	+ 0.5
Parliamentary Expenditure—				
Salaries and Allowances of Members ..	3.8	5.6	5.7	+ 0.1
Other	13.6	19.4	23.2	+ 3.8
Northern Territory Legislative Council ..	0.3	0.4	0.6	+ 0.2
Australian Electoral Office	6.2	13.0	7.9	- 5.0
TOTAL LEGISLATIVE SERVICES ..	24.6	39.2	38.8	- 0.4

Parliamentary Expenditure—Salaries and Allowances

Expenditure on Parliamentary salaries and allowances is expected to remain at about the same level as in 1973-74. The Government submitted the question of Parliamentary remuneration to the Remuneration Tribunal which released its Report in July 1974. The Tribunal's determination, recommending an increase in salaries paid to Senators and Members of the House of Representatives, was disallowed by the Parliament.

Parliamentary Expenditure—Other

This item covers salaries, administrative costs and capital works associated with the functioning of Parliament and includes costs relating to State and Electorate offices of Senators and Members of Parliament, ministerial staff and the staff of other office-holders. Of the \$3.8 million increase, \$2.8 million relates to increased salary costs and \$0.4 million to increased costs of printing Hansard. Other general cost increases have been partly offset by a reduction of \$0.3 million in the requirement for capital works in respect of Parliament House. Actual outlay for 1973-74 was generally lower than expected due to a fall in activities following the double dissolution of Parliament.

Australian Electoral Office

This item reflects the administrative costs of maintaining electoral rolls and the conduct of Australian Government elections and referenda. The exceptionally high level of expenditure in 1973-74 (\$13.0 million) was due to the unscheduled House of Representatives election and various referenda held during the year. Provision has been made in 1974-75 for elections for the Northern Territory Legislative Council and the A.C.T. Legislative Assembly.

B. LAW, ORDER AND PUBLIC SAFETY

Australian Government outlays on law, order and public safety are estimated to total \$77.6 million in 1974-75, an increase of \$21.6 million compared with 1973-74.

Details of actual outlays in the two years to 1973-74, together with estimates for 1974-75, are provided in the following table and associated commentary:

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
Courts and Legal Services—				
High Court	0.8	0.9	1.3	+ 0.4
Commonwealth-State Law Courts	2.3	2.2	2.9	+ 0.7
Courts and Registration Offices in the Territories	1.7	2.3	2.9	+ 0.7
Bankruptcy Administration	1.8	2.3	2.8	+ 0.5
Crown Solicitor	3.1	3.9	4.5	+ 0.6
Australian Law Reform Commission	—	—	0.2	+ 0.2
Legal Aid	1.1	3.7	12.4	+ 8.7
Total	10.8	15.2	27.1	+ 11.9
Police, Security and Detention—				
Australian Security Intelligence Organisation ..	4.7	5.0	5.5	+ 0.5
Commonwealth Police	8.0	10.8	12.7	+ 1.9
Police and Prison Services in the Territories ..	8.6	11.4	14.6	+ 3.2
Other	0.4	0.9	1.4	+ 0.4
Total	21.8	28.1	34.1	+ 6.0
Attorney-General's Department—				
General Administration and Other Expenditure	5.1	8.0	10.3	+ 2.3
Reporting Branch	1.0	1.4	1.7	+ 0.2
Total	6.1	9.4	11.9	+ 2.5
Public Safety and Protection—				
Road Safety	0.7	1.0	1.0	+ 0.1
Other	2.1	2.7	3.1	+ 0.4
Total	2.8	3.7	4.2	+ 0.4
Buildings, Works and Equipment nec	0.5	0.4	1.2	+ 0.8
<i>Less Recoveries</i>	<i>1.0</i>	<i>0.9</i>	<i>1.0</i>	<i>+ 0.1</i>
TOTAL LAW, ORDER AND PUBLIC SAFETY	41.0	56.0	77.6	+ 21.6

COURTS AND LEGAL SERVICES

High Court

\$0.4 million is estimated for 1974-75 expenditure on the High Court building in the Australian Capital Territory, the completed cost of which is estimated at \$9.3 million. The other \$0.9 million under this heading represents the estimated running costs of the High Court in 1974-75.

Commonwealth—State Law Courts

The Australian Government is meeting some 45 per cent of the construction costs for a joint Court complex with the State of New South Wales in Sydney. The Australian Government's contribution in 1974-75 is estimated at \$2.9 million.

Australian Law Reform Commission

\$0.2 million is included for salaries and administrative costs of the Commission, which is expected to commence operations during 1974-75.

Legal Aid

The increase in outlays for legal aid reflects the increasing commitment of the Australian Government in this field. A central office, eight branch offices and fifty-six regional offices of the Australian Legal Aid Office are expected to be established during 1974-75. The total cost for 1974-75 is expected to be \$12.4 million and includes payments to private legal practitioners estimated at \$3.6 million, grants to the extent of \$1.3 million to supplement existing legal aid schemes and \$2 million (an increase of \$0.8 million over 1973-74) for legal aid to Aborigines.

Police Security and Detention

The increase of \$6.0 million reflects a general upgrading of the equipment and strength of the Commonwealth, Australian Capital Territory and Northern Territory Police Forces.

Attorney-General's Department

Administrative expenditure by the Attorney-General's Department is estimated to be \$10.3 million in 1974-75, an increase of \$2.3 million on 1973-74. The main increase is for salary payments; other increases include \$0.3 million to print a 1901-1973 consolidation of Australian Government Acts.

Public Safety and Protection

The Government is providing \$875,000 in 1974-75 for road safety promotion and research and an annual grant to the States of \$150,000 for promotion of road safety practices.

Other outlays on public safety include funds for various fire-prevention services and grants to the Surf Life Saving Association and the Royal Life Saving Society.

Buildings, Works and Equipment nec

An estimated increase in expenditure of \$0.5 million on the Belconnen (A.C.T.) police complex and remand centre accounts for most of the estimated increase in 1974-75 of \$0.8 million.

C. FOREIGN AFFAIRS AND OVERSEAS AID

This heading embraces most of the costs incurred by the Australian Government in the pursuit of policies designed to foster our relations with foreign countries and external territories.

The bulk of the expenditures (about 79 per cent in 1974-75) relates to various external economic aid programs undertaken by Australia to assist developing countries, including Papua New Guinea, to achieve faster rates of economic growth and thereby raise their living standards. A detailed explanation of these aid programs is given in *Budget Paper No. 9* entitled 'Australia's External Aid 1974-75'.

Total outlays on foreign affairs and overseas aid are estimated to increase by \$63.1 million, or 17.4 per cent, in 1974-75 to \$425.9 million. As the following table shows, the net increase in aid payments accounts for most of this increase.

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
Aid Payments—				
Papua New Guinea	133.4	203.3	185.7	- 17.6
Multilateral Aid	14.2	15.0	25.7	+ 10.6
Bilateral Aid	61.0	68.1	123.1	+ 54.0
Total	208.6	286.4	334.5	+ 48.1

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
Cocos (Keeling), Christmas and Norfolk Islands	1.5	1.6	2.0	+ 0.5
Membership of International Organisations and Other Non-Aid Expenditure	7.5	9.7	9.8	+ 0.1
General Administrative Expenditures	66.0	68.8	87.8	+ 19.0
<i>Less Recoveries and Repayments—</i>				
Repayment of Advances to Papua New Guinea Administration	3.0	—	4.4	+ 4.4
Cocos (Keeling), Christmas and Norfolk Islands	0.7	0.8	1.1	+ 0.2
Other	2.4	2.9	2.8	- 0.1
Total	6.2	3.7	8.2	+ 4.5
TOTAL FOREIGN AFFAIRS AND OVERSEAS AID.. .. .	277.5	362.7	425.9	+ 63.1

Aid Payments

Australia's various aid programs are discussed in detail in *Budget Paper No. 9* referred to above, which also brings together some expenditures of an external aid nature which are subsumed in other functional headings in this Statement. That Paper also comments briefly on Australia's relative aid performance.

The substantial increase in aid expenditures provided for in 1974-75 reflects very large increases for both Multilateral and Bilateral aid programs and a reduction in aid to Papua New Guinea. The decrease in aid payments to Papua New Guinea in 1974-75 arises because of the substantial special assistance which was given to that country in 1973-74 to facilitate its transition to self-government on 1 December 1973. A considerable part of that assistance (\$34.8 million) was provided to facilitate the 'purchase' of assets previously owned in Papua New Guinea by certain Australian Government departments and instrumentalities which the Papua New Guinea Government was obliged to take over to enable it to continue to perform the various associated functions for which it assumed responsibility during 1973-74. After allowing for receipts from the 'sale' of these assets—shown as recoveries in other functional headings in this Statement—and other non-recurring assistance provided to Papua New Guinea in 1973-74 to help establish certain public institutions (e.g. the government commercial bank and national airline) of a self-financing nature, aid payments to Papua New Guinea in 1974-75 will show a significant increase over the comparable figure for 1973-74.

The large increase in Bilateral aid payments is mainly accounted for by a proposed contribution of \$40 million by Australia towards the United Nations Special Program to assist developing countries which have been seriously affected by the recent oil price increases and other related international developments; there is also an estimated increase of \$8.2 million in expenditure on Colombo Plan projects and Special Aid to Indo-China. The expected growth in Multilateral aid payments is largely explained by substantial increases in Australia's contributions to various United Nations and other international aid programs, as well as estimated increases of \$4.7 million in payments to the International Development Association and \$3.0 million to the Asian Development Bank.

Cocos (Keeling), Christmas and Norfolk Islands

Included in this item are the costs involved in administering these three small external territories. A program for the restoration of historic buildings on Norfolk Island, commenced in 1973-74, will continue during 1974-75. An allocation of \$159,000 has been made in the Budget for this purpose.

Membership of International Organisations and Other Non-Aid Expenditure

This item encompasses expenditures incurred by virtue of Australia's membership of a wide range of international organisations. Active participation in many global and regional organisations is an integral part of Australia's present foreign policy. This involves financial contributions towards the administrative expenses and, in some cases, the functional activities of the organisations in question.

Total expenditure under this heading is expected to increase from \$9.7 million in 1973-74 to \$9.8 million in 1974-75. Among the increases are a provision of \$583,000 for Australia's participation in the International Ocean Exposition at Okinawa in 1975, and planned increases in Australia's contributions in 1974-75 to the OECD (to \$790,000) and the World Health Organisation (to \$1,023,000). Expenditures associated with Australia's cultural relations with various other countries are also estimated to increase sharply from \$555,000 in 1973-74 to \$850,000 in 1974-75. Offsetting these increases are expected reductions in expenditures relating to Australia's participation in the International Exposition at Spokane in 1974, the United Nations Environment Fund, and the Inter-Governmental Commission on European Migration.

General Administrative Expenditures

Included in this item are the administrative costs of the Department of Foreign Affairs, the Office of the Australian Development Assistance Agency and the Overseas Property Bureau. The large increase in 1974-75 is explained in part by planned expenditures on a new construction program for chanceries in Bangkok (estimated total cost \$3.9 million), Singapore (estimated total cost \$3.6 million), Paris (estimated total cost, including associated apartment block, \$11.8 million) and Wellington (estimated total cost \$3.6 million). Provision has also been made for expenditure on major chancery extensions in Washington (estimated cost \$3.5 million).

The increase in 1974-75 also reflects the provision of computer services for the Department of Foreign Affairs; the transfer to that Department of certain functions from the former Department of Immigration (mainly the issuing of passports); costs associated with running the Papua New Guinea Office in Sydney (recoverable from the Papua New Guinea Government); and the takeover by the Department of all locally engaged staff employed under the Public Service Act (previously included under other functions), as well as the provision of common management services, at all overseas posts in future.

D. GENERAL AND SCIENTIFIC RESEARCH NEC

The largest expenditure under this heading is that by CSIRO. Also included are expenditures on specific programs of research undertaken by several Government departments and instrumentalities, such as the research activities of the Department of Science in the Antarctic and the nuclear research activities of the Australian Atomic Energy Commission. Assistance for general research activities through the Australian Research Grants Committee, fellowship schemes and support for the learned academies are also shown under this heading.

The main items of expenditure are summarised in the following table and related notes:

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
Australian Atomic Energy Commission	13.8	15.6	17.1	+ 1.5
Commonwealth Scientific and Industrial Research Organisation	63.4	81.3	93.3	+12.0
Antarctic Division	3.3	3.8	4.4	+ 0.7
Research Grants	6.3	6.6	8.4	+ 1.8
Australian Institute of Marine Science .. ..	..	0.5	2.4	+ 1.9
Anglo-Australian Telescope Board	2.0	1.6	0.9	- 0.8
Australian Institute of Aboriginal Studies	0.5	1.5	1.6	+ 0.1
Other Research and Science nec	0.3	0.4	1.3	+ 0.9
TOTAL GENERAL AND SCIENTIFIC RESEARCH NEC	89.6	111.3	129.4	+18.2

Australian Atomic Energy Commission

The Commission's major functions include research and investigation into matters associated with uranium and atomic energy and the production and sale of radio isotopes.

The estimated increase of \$1.5 million in expenditure by the Commission in 1974-75 is due mainly to increases in salaries and wages arising from awards and determinations made in 1973-74.

Commonwealth Scientific and Industrial Research Organisation

Expenditure by CSIRO relates to the Organisation's activities in the fields of agricultural, biological, industrial and physical research, together with the provision of research services and facilities and support for research associations.

The increase of \$12.0 million in the provision for CSIRO in 1974-75 includes additional salary and wage costs of \$7.8 million. Provision of \$80,000 is made for the design study of an oceanographic research vessel, as announced in the Budget Speech.

Research Grants

Assistance is provided through the Australian Research Grants Committee, the Queen Elizabeth II Fellowship Scheme and the Queen's Fellowships Scheme, for research projects by individuals in the fields of the humanities and social sciences, the physical, chemical, biological and earth sciences, engineering and applied sciences and marine science.

Australian Institute of Marine Science

The Australian Institute of Marine Science was established in 1972 to conduct studies in marine science and to co-ordinate and develop marine science in Australia. Initially, the work of the Institute is being directed to studies of the Great Barrier Reef, the Coral Sea and the coast and adjacent waters of North Queensland. The Institute will occupy temporary premises in Townsville pending the construction of a laboratory at Cape Ferguson. The increase in expenditure in 1974-75 reflects the further development of the Institute following the appointment of the Director in July 1974. As announced in the Budget Speech, provision of \$25,000 is made for the design by the Department of Transport, with the assistance of an experienced overseas consultant, of a research vessel for the Institute.

Anglo-Australian Telescope Board

This item covers the Australian Government's share of the cost of construction and operation of a 3.9 metre optical telescope near Coonabarabran in New South Wales. The total capital cost of the project, estimated at \$15.7 million, is to be shared equally between Australia and the United Kingdom.

The construction of the telescope will be completed this year. The operation of the facility in 1974-75 will require an estimated \$725,000, one-half of which will be met by Australia.

Australian Institute of Aboriginal Studies

The Australian Institute of Aboriginal Studies was established in 1964 to promote, encourage and assist studies and research in relation to the Australian Aboriginal people.

The grant to the Institute of \$1.6 million in 1974-75 will enable the Institute to maintain the increased level of activity resulting from the increase in the grant in 1973-74. In particular, work will continue on the identification, recording and preservation of sites that are of special significance to Aborigines, on the collection of Aboriginal music, folklore and language and on research into the interaction between Aborigines and Europeans.

Other Research and Science nec

Items under this heading include support for the Academies of Science, the Social Sciences and the Humanities, the Australian and New Zealand Association for the Advancement of Science and other minor expenditures in support of scientific and research activities. Provision has been made for a number of new items in 1974-75. An amount of \$220,000 has been included for the operation of a scientific balloon launching facility at Mildura previously operated on behalf of the United States Atomic Energy Commission. The Government has approved in principle a grant to the University of Sydney to construct a large stellar interferometer (an astronomical research instrument). Included in the Budget is an initial grant of \$75,000 to be paid to the University in 1974-75 for a detailed design study of the instrument. Assistance to Australian inventors has been provided in the past through a Government grant to the Inventors Association of Australia. In 1973-74 the grant amounted to \$10,098. In 1974-75 the grant to the Association will be increased to \$20,000 and the Government will also provide further funds of \$200,000 to assist inventors in further development of their inventions.

E. ADMINISTRATIVE SERVICES

Included under this heading are general administrative services not allocated to specific functions, together with some common services.

Details of outlays on general administrative services in 1972-73 and 1973-74, together with estimates for 1974-75, are shown in the following table:

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
Financial Affairs and Fiscal Administration—				
Customs and Excise	40.3	47.7	55.7	+ 8.0
Taxation Administration	70.3	89.4	106.1	+16.7
Treasury nec	21.0	28.8	31.0	+ 2.2
Other	7.8	9.7	9.3	- 0.5
Total	139.4	175.6	202.0	+26.5

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
Statistical Services	26.3	30.7	36.4	+ 5.7
General Administration of the Territories ..	27.6	35.3	46.5	+11.2
Other Administrative Services nec—				
Department of the Prime Minister and Cabinet ..	12.7	17.1	20.0	+ 2.9
Department of Special Minister of State ..	0.2	2.2	3.2	+ 1.0
Department of Science	1.0	4.4	5.5	+ 1.1
Department of Tourism and Recreation ..	0.1	0.7	1.7	+ 0.9
Department of the Media	0.2	1.9	3.2	+ 1.3
Other	1.4	0.5	0.9	+ 0.5
Total	15.6	26.8	34.5	+ 7.7
Common Services—				
Construction Services (net)	53.6	69.8	83.8	+14.0
Australian Government Offices	29.1	27.6	37.0	+ 9.4
Government Printer	1.7	2.8	4.1	+ 1.3
Property Management and Services	21.8	26.5	36.7	+10.2
Publicity Services	5.2	8.2	9.2	+ 1.0
Other	0.3	0.8	0.8	..
Total	111.7	135.7	171.7	+35.9
Net Superannuation Payments, nec	29.1	35.5	42.3	+ 6.8
<i>Less Recoveries nec</i>	20.4	22.0	21.8	- 0.2
TOTAL ADMINISTRATIVE SERVICES ..	329.3	417.5	511.6	+94.1

The Government has decided on a policy of restraint in its employment of staff in 1974-75, and is applying a ceiling increase of 2.6 per cent on the growth of full-time staff under the Public Service Act. After allowance for a large increase in the number of staff on various forms of leave, the ceiling increase on total operative staff employed under the Public Service Act will be 1 per cent. Similar staff restraints will apply to Government employment other than under the Public Service Act.

The Government has established a Royal Commission on Australian Government Administration and it is expected that it will report within two years. The cost in 1974-75 is estimated at \$562,500.

Outlays on general administrative services other than common services and net superannuation payments are estimated to total \$319.4 million in 1974-75, an increase of \$51.1 million compared with 1973-74. The main factors are increases in staff numbers combined with the full-year effects of salary and other wage increases granted during 1973-74.

STATISTICAL SERVICES

In December 1973, the Government established the Committee on Integration of Data Systems (Crisp Committee) to advise on the general principles and administrative arrangements which would enable the Government to integrate data systems servicing its social and economic policies.

The Government has accepted the recommendations of the Committee to establish the Australian Bureau of Statistics as a statutory authority and also to establish an Australian Statistics Advisory Council which would be representative of users of official statistics to advise on statistical priorities and the efficiency of statistical systems. Legislation to give effect to the recommendations is expected to be presented in the Budget Session of Parliament.

OTHER ADMINISTRATIVE SERVICES NEC

The Australian Ombudsman

Legislation establishing the Office of the Ombudsman is expected to be presented during the Budget Session of Parliament. Running expenses are estimated to amount to \$220,000 in 1974-75.

COMMON SERVICES

Included under this heading are outlays of departments and agencies providing general services for the Government as a whole, such as construction activities, printing, publicity, and the purchase and leasing of buildings.

Construction Services (net)

The estimated increase of \$14.0 million in outlays on Construction Services is due mainly to expected increases of \$10.7 million in salaries and other administrative expenses of the Department of Housing and Construction ('non-housing' function). The construction of a large workshop plant complex for the Department in Western Australia is also reflected in the increase.

Australian Government Offices

The estimated increase of \$9.4 million mainly reflects an extensive acquisitions program.

Government Printer

The estimated increase of \$1.3 million is mainly due to increased provision for purchase of plant and equipment (\$1.2 million) and provision of \$1 million for working capital, offset by reductions in other items.

Property Management and Services

The estimated increase of \$10.2 million is due to increased costs of salaries and other administrative expenses (\$5.7 million) and contract cleaning services provided in the main, for government office accommodation and schools (\$2.4 million).

Publicity Services

Expenditure under this heading includes the programs of publicity undertaken by the Department of the Media through the Australian Information Service and Film Australia, and an estimated expenditure of \$800,000 on publicity relating to the machinery of Government.

10. NOT ALLOCATED TO FUNCTION

Outlays not allocated to specific functions comprise payments to the States and local government authorities not elsewhere classified in this Statement, natural disaster relief, interest payments on the public debt, the new Regional Employment Development Scheme and an allowance of \$150 million for increases in wages and salaries for Australian Government employees (other than in the Post Office) and the defence forces.

**A. PAYMENTS TO OR FOR THE STATES AND LOCAL GOVERNMENT
AUTHORITIES NEC AND NATURAL DISASTER RELIEF**

This item comprises general revenue assistance for the States, State Government Loan Council programs, assistance related to State debt, certain forms of financial assistance for local government and natural disaster relief. Details of these payments are presented below; additional information on these and other payments to the States classified under various functional headings is contained in the Budget Paper *Payments To or For The States and Local Government Authorities, 1974-75*.

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
General Revenue Assistance—				
Financial Assistance Grants	1,647.3	1,859.9	2,327.6	+467.7
Special Revenue Assistance	—	25.0	—	- 25.0
Special Grants	38.6	38.6	48.2	+ 9.7
Special Advances	15.0	—	—	—
Less Repayments	—	—	16.5	+ 16.5
Total	1,700.9	1,923.5	2,359.4	+435.9
State Government Loan Council Programs—				
Capital Grants	248.5	278.3	326.6	+ 48.3
Borrowings	(a)733.5	588.7	700.8	+112.1
Less Sinking Fund Receipts	132.2	140.8	148.7	+ 8.0
Total	849.8	726.2	878.7	+152.5
Assistance Related to State Debts—				
Interest on State Debts	15.2	15.1	15.3	+ 0.2
Sinking Fund on State Debts	28.0	29.5	31.1	+ 1.6
Debt Charges Assistance	34.5	46.0	57.5	+ 11.5
Total	77.7	90.6	103.9	+ 13.3
Assistance for Local Government—				
Grants Recommended by Grants Commission	—	—	56.3	+ 56.3
Regional Organisations Assistance	—	—	0.3	+ 0.3
Total	—	—	56.7	+ 56.7
Natural Disaster Relief	0.1	29.0	44.7	+ 15.8
Less Repayments	5.3	6.3	6.0	- 0.3
Total	- 5.3	22.6	38.7	+ 16.1
TOTAL PAYMENTS TO OR FOR THE STATES AND LOCAL GOVERNMENT AUTHORITIES NEC AND NATURAL DISASTER RELIEF	2,623.1	2,762.9	3,437.3	+674.4

(a) Includes \$166.9 million subsequently allocated by the States for housing programs in 1972-73.

GENERAL REVENUE ASSISTANCE

General revenue assistance is utilised for purposes determined by the States themselves. The financial assistance grants, which make up most of this assistance, are determined each year under a formula which takes account of increases in average wages in Australia as a whole and the increase in population in each State.

It should be noted that year-to-year comparisons of general revenue assistance are affected by some significant changes in the arrangements under which those grants are paid. Thus, beginning in 1971-72 the grants have been reduced to take into account the transfer of pay-roll tax to the States in September 1971, while the grants for 1973-74 and the estimates for 1974-75 reflect the reductions (amounting to \$111.8 million and \$229.7 million respectively) which the Australian and State Governments agreed should be made in view of the assumption of full financial responsibility for tertiary education by the Australian Government from January 1974.

Special grants are paid on the recommendation of the Grants Commission to so-called 'claimant' States (presently Queensland and South Australia). The Commission's recommendations for grants in 1974-75, which total \$48.2 million, have been accepted by the Australian Government. Tasmania withdrew from the Grants Commission system as from the beginning of 1974-75, following an agreement between the Australian and Tasmanian Governments under which the State will receive an amount of \$15 million as an addition to the financial assistance grant otherwise payable to the State in 1974-75.

Special revenue assistance, additional to the financial assistance grants and the special grants, has been paid to the States in most recent years. However, no such assistance has been agreed to for 1974-75.

Special repayable and interest-bearing advances were made in 1971-72 and 1972-73 to New South Wales, having regard to the difficult budgetary situation faced by that State in those years. No such special advances are provided for in the 1974-75 Budget.

In aggregate, and after allowing for the reductions in respect of tertiary education, general revenue assistance (net) is estimated to increase by 22.7 per cent in 1974-75 to \$2,359.4 million.

STATE GOVERNMENT LOAN COUNCIL PROGRAMS

At its meeting in June 1974 the Loan Council approved a total program for the State Governments in 1974-75 of \$934.9 million, consisting of capital grants of \$296.9 million to be provided by the Australian Government and borrowings of \$638.0 million, which the Australian Government has undertaken to support. Subsequently, the Australian Government decided to increase the total program by \$92.5 million of which \$29.7 million is to be provided as capital grants and the remaining \$62.8 million as an addition to States' borrowings.

The Loan Council programs for 1973-74 and 1974-75 have been reduced by estimated amounts of capital expenditure of which the States have been relieved on account of the assumption by the Australian Government of full responsibility for financing tertiary education as from January 1974. With adjustments to make the figures comparable in both years, the 1974-75 program represents an effective increase of 21.5 per cent on the 1973-74 program. The relevant outlays on tertiary education are discussed under the Education function.

ASSISTANCE RELATED TO STATE DEBT

Under the Financial Agreement the Australian Government pays \$15 million each year to the States as a contribution towards interest payable on their debt and also contributes sinking fund payments. The sinking fund payments in 1974-75 are estimated to total \$31.1 million.

Debt charges assistance grants are being made in accordance with an undertaking by the Australian Government to meet the debt charges on \$200 million of State debt in 1970-71 and a further \$200 million each year from 1971-72 to 1974-75. Grants

totalling \$57.5 million will be made for this purpose in 1974-75, the last year of the arrangements. The Australian Government, as from 1975-76, will have direct responsibility for debt charges on this package of debt.

ASSISTANCE FOR LOCAL GOVERNMENT

As already announced, the Government has accepted the recommendations contained in the Grants Commission's first report on financial assistance for local government.

These unconditional grants provide \$56.3 million for 806, or 92 per cent of, local governing bodies. Their purpose is to reduce financial inequalities between local government authorities. The funds are not intended to replace existing State Government grants or rates charged by Councils.

To assist in the establishment of the regional organisations which make applications for assistance to the Grants Commission, the Budget provides an amount of \$314,000 for administrative expenses and to encourage regional planning.

NATURAL DISASTER RELIEF

Following disastrous flooding in New South Wales, Queensland and the Northern Territory during the first three months of 1974, the Australian Government agreed to provide financial assistance for relief and restoration measures. Amounts of \$28.5 million (including \$0.6 million to flood relief appeals) and \$0.3 million were paid to Queensland and New South Wales respectively and \$0.1 million was expended in the Northern Territory. It is estimated that \$44.7 million will be paid to the States for flood and other disaster relief purposes during 1974-75; of this amount, \$26.1 million is expected to be paid to Queensland. This estimate makes no allowance for disasters which may occur during the year.

B. PUBLIC DEBT INTEREST

This heading brings together interest payments made from the Budget sector to other sectors, including interest payments on government securities, and under defence credit arrangements with other countries. Interest received by Government Trust Funds on Australian Government securities held as investments and cash balances is offset against gross interest payments.

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
Gross Interest Paid on Australian Government Securities(a)	746.8	800.3	901.8	+101.5
Loan Defence Act Interest(a)	11.9	9.8	7.1	- 2.7
Other Interest Payments	1.1	1.2	1.3	+ 0.1
Gross Interest Payments	759.8	811.3	910.2	+ 98.9
Less Interest on Government Securities and cash balances held by the Australian Government on its own behalf—				
Loan Consolidation and Investment Reserve	78.1	90.3	108.0	+ 17.7
Other	7.7	9.2	7.2	- 2.0
TOTAL PUBLIC DEBT INTEREST ..	674.0	711.7	794.9	+ 83.2

(a) Includes commitment fees on aircraft and defence borrowings.

Gross Interest Paid on Australian Government Securities

The figure for gross interest paid on Australian Government securities comprises interest on all Australian Government securities on issue except for interest on defence borrowings. It includes interest paid on securities recorded at State Registries and also interest on advances for housing, railways and War Service Land Settlement that is reimbursed by the States to the Australian Government.

Loan Defence Acts Interest

Estimated interest payments on loans raised in the United States for defence equipment purchases reflect the declining level of outstanding debt in 1974-75.

Loan Consolidation and Investment Reserve

Interest is received by the Loan Consolidation and Investment Reserve on investments in Australian Government securities which were mainly issued in Special Loans to assist State works programs.

Other

Interest is received by other Australian Government Trust Funds, including the National Welfare Fund and the National Debt Sinking Fund, on investments in Australian Government securities and cash balances.

C. ALLOWANCE FOR WAGE AND SALARY INCREASES

An allowance of \$150 million has been included in the Budget estimates to take account of further increases in wages and salaries in the public sector over the course of the year. This allowance is consistent with expected trends in average weekly earnings in the economy generally.

D. REGIONAL EMPLOYMENT DEVELOPMENT SCHEME

An amount of \$25 million is being provided for the new Regional Employment Development Scheme, recently approved by the Government.

STATEMENT No. 4—ESTIMATES OF RECEIPTS, 1974-75

On the basis of *existing* rates of taxes and other charges, it is estimated that total receipts in 1974-75 would amount to \$15,896 million, an increase of 32.4 per cent on actual receipts in 1973-74.

The general revenue measures announced in the Budget Speech are estimated to reduce receipts in 1974-75 by about \$237 million. An increase in the levy on wool will bring in an estimated \$45 million in 1974-75. Overall, total receipts are estimated to amount to \$15,704 million, an increase of 30.8 per cent on actual receipts in 1973-74.

The estimated effects of the new measures announced in the Budget Speech on receipts in 1974-75 and in a full year are shown in the following schedule:

Proposal	Estimated change in Receipts	
	1974-75	Full Year
	\$ million	\$ million
Personal Income Tax—		
Restructuring of rate scale	-240	-370
Rebate of dependants' allowances for low income families ..	- 25	- 60
Reduction of limit on deduction for educational expenses to \$150 ..	..	+ 30
Concessional deductions for overseas dependants .. .. .	..	..
Impose tax on certain forms of fringe benefits .. .. .	..	+ 30
Surcharge of 10 per cent on unearned income	+ 35	+ 50
Reduction of limit on transitional age rebate to \$130	+ 3	+ 6
Deductibility of mortgage interest payments(a) .. .. .	..	-130
Other Income Tax—		
Amendments to taxation of mining companies(b)	—	+ 80
Reduce section 115 deduction for life insurance companies from 2 per cent to 1 per cent	—	+ 25
Specific allowance of deductions for depreciation on child care facilities .. .. .	..	..
Second instalment of increase in rate of tax on private companies to 47.5 per cent, announced in 1973-74 Budget	+ 40	+ 43
Other Taxes, Fees and Fines—		
Estate duty—exemption of matrimonial home	- 3	- 9
Imposition of tax on Liquid Petroleum Gas used in road vehicles at the rate of 2 cents per litre	+ 0.3	+ 0.5
Customs and excise duties—second stage in increasing duty on brandy to same level as for other potable spirits	+ 1.2	+ 1.6
Pay-roll tax—increase in rate to 5 per cent in the ACT and NT ..	+ 0.8	+ 1.5
Abolition of Broadcast Listeners' and Viewers' licence fees ..	- 53	- 71
Capital gains tax—introduction	—	(c)
Increase in wireless telegraphy fees	+ 0.8	+ 1.4
Increase in passport fees	+ 1.5	+ 2.0
TOTAL(d)	(e) -237	(e) -362

(a) This scheme will apply to the 1974-75 income year. The estimates assume that this concessional deduction will be administered on the same basis as other concessional deductions, other than deductions for dependants.

(b) In 1975-76 there will be a further once-for-all gain of \$50 million.

(c) Not determinable.

(d) Excludes increase in wool levy, estimated to raise \$44.7 million in 1974-75 and \$45 million in a full year.

(e) The changes in receipts shown have been estimated independently for each item. Because of the interaction of some of the proposals, their combined effect differs from the totals obtained by straight addition.

The following table compares estimated receipts in 1974-75 with actual receipts in the two preceding years.

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
Taxation Revenue—				
Customs Duty	513.5	604.5	770.0	+ 165.5
Excise Duty	1,268.4	1,554.6	1,765.0	+ 210.4
Sales Tax	765.0	968.8	1,105.0	+ 136.2
Income Tax—				
Individuals—				
Gross PAYE	3,777.1	5,010.2	7,119.0	+ 2,108.8
Less Refunds	616.4	771.9	930.0	+ 158.1
Net PAYE	3,160.7	4,238.4	6,189.0	+ 1,950.6
Other	928.8	1,251.9	1,777.0	+ 525.1
Companies	1,561.3	1,953.9	2,480.0	+ 526.1
Withholding Tax—				
Dividends	51.2	56.6	62.0	+ 5.4
Interest	21.4	22.6	24.0	+ 1.4
Pay-roll Tax	6.3	7.7	11.8	+ 4.1
Estate Duty	66.4	66.0	65.0	- 1.0
Gift Duty	6.9	9.7	12.0	+ 2.3
Stamp Duty (ACT and NT)	3.8	4.3	5.2	+ 0.9
Other Taxes, Fees and Fines ^(a)	140.4	204.7	259.0	+ 54.3
Less Remissions	5.9	6.0	6.5	+ 0.5
Total Taxation Revenue	8,488.1	10,937.7	14,518.5	+ 3,580.8
Interest, Rent and Dividends	950.6	1,030.6	1,144.5	+ 113.8
Net Receipts from Government Enterprise Transactions	32.6	11.4	4.1	- 7.3
Sale of Land and Buildings	46.7	22.3	36.8	+ 14.5
TOTAL RECEIPTS	9,518.0	12,002.1	15,703.9	+ 3,701.8

(a) Includes wool levy.

TAXATION REVENUE

The estimate of total taxation revenue in 1974-75 is, at \$14,518 million, \$3,581 million or 32.7 per cent above the 1973-74 outcome. The main components of this change are described below.

Customs Duty

Customs duty collections in 1974-75 are estimated to total \$770 million. Although imports in 1974-75 are forecast to be considerably higher than in 1973-74, the rate of increase underlying this estimate of collections is considerably less than that recorded in 1973-74. Nevertheless, the expected increase in collections in 1974-75 of 27.4 per cent compares with only 17.7 per cent in 1973-74, when collections were affected by the 25 per cent reduction in all 'non-revenue' duty rates announced in July 1973. The 1974-75 estimate is also affected by increases in rates of customs duty on potable spirits and tobacco products announced on 23 July 1974, which are expected to yield \$22.2 million this year.

Excise Duty

Excise collections are estimated to increase by 13.5 per cent in 1974-75 compared with 22.6 per cent in 1973-74. The increases in excise duty rates on tobacco products

and potable spirits announced on 23 July 1974 contribute \$78 million to the estimated total increase of \$210 million. However, in overall terms, the rate of increase in clearances of goods subject to excise duty in 1974-75 is forecast to be lower than that recorded in 1973-74. The main components of the 1974-75 estimates are as follows:

	1973-74	1974-75	Change	
	Actual	Estimate	\$ million	Per cent
	\$ million	\$ million	\$ million	Per cent
Beer	461	489	28	6.0
Tobacco products	391	475	84	21.5
Petroleum products	646	719	74	11.4
Potable spirits	45	71	26	57.3
Other	12	11	-1	-4.2
TOTAL	1,555	1,765	210	13.5

Sales Tax

Increases in sales values of goods subject to sales tax in 1974-75 are not expected to reach the very high rates experienced in 1973-74; continuing rapid rises in prices are likely to be partly offset by a slow-down in the rate of increase in sales volumes compared with 1973-74. On the basis of existing legislation, sales tax collections are estimated to increase by 14.1 per cent to \$1,105 million in 1974-75, compared with an increase of 26.6 per cent in 1973-74.

Income Tax—Individuals

Before allowance for the changes announced in the Budget, net collections of income tax from individuals in 1974-75 were estimated to increase by 49.2 per cent to \$8,190 million.

(a) Pay-as-you-earn Instalment Deductions

In the absence of rate changes, gross pay-as-you-earn instalment deductions in 1974-75 would amount to an estimated \$7,320 million, an increase of 46.1 per cent over 1973-74. Underlying this estimate are the assumptions that average weekly earnings per employed male unit will increase by 22.5 per cent and average actual employment by 2 per cent during 1974-75. In present circumstances, this average earnings assumption is even more uncertain than usual; while taking account of the movement that has already occurred, it does not imply that a reliable forecast of the trend in earnings for the remainder of the year can be made at this point. To the extent that the assumption should involve an under-estimate, inflation, and the effect of inflation on the Budget, will be that much greater.

The measures announced in the Budget Speech are estimated to reduce gross collections from pay-as-you-earn instalment deductions by \$201 million in 1974-75.

Refunds of pay-as-you-earn tax instalment deductions in 1974-75 are estimated to increase by 20.5 per cent to \$930 million. The relationship of refunds to gross pay-as-you-earn instalment deductions in 1974-75 is estimated to be somewhat below its 1973-74 level because it is expected that concessional deductions to be allowed on assessment will have increased at a lower rate than incomes in 1973-74.

The estimate for net PAYE collections in 1974-75, after taking account of the measures announced in the Budget Speech, is \$6,189 million, an increase of \$1,951 million or 46.0 per cent over 1973-74.

(b) Other

In this category of taxpayers, it is 1973-74 incomes which are subject to tax in 1974-75. Although incomes of primary producers are estimated to have risen less rapidly in 1973-74 than in 1972-73, it is estimated that the increase in other incomes—which comprise the bulk of the category—was higher in 1973-74 than in the preceding year. The net result is that on the basis of *existing* legislation, collections on assessments of individuals in 1973-74 are estimated to increase by 43.8 per cent to \$1,800 million, compared with an increase of 34.8 per cent in the previous year. The measures announced in the Budget Speech are estimated to reduce collections by \$23 million this year, bringing estimated total collections from this source to \$1,777 million.

Income Tax—Companies

On the basis of existing tax rates, collections of income tax from companies in 1974-75 are estimated at \$2,440 million, an increase of 24.9 per cent on 1973-74. Company income in 1973-74, from which the present year's collections are drawn, is estimated to have been 22.0 per cent above its 1972-73 level. After taking into account the second and final step in equating the tax rate on private companies' incomes with the public company rate of 47.5 per cent, as announced in the 1973-74 Budget Speech, 1974-75 collections of company taxation are estimated at \$2,480 million, 26.9 per cent more than in 1973-74. The measures announced in this year's Budget Speech will not affect collections in 1974-75.

Pay-roll Tax

The estimate of pay-roll tax collections in the Australian Capital Territory and Northern Territory in 1974-75, at \$11.8 million compared with \$7.7 million in 1973-74, takes account of the increase in the rate of pay-roll tax which operated from 1 July 1974, and the further increase, announced in the Budget Speech, to operate from 1 December 1974.

Estate Duty

Collections of estate duty in 1974-75 are estimated at \$65 million; this allows for the proposed exemption of the matrimonial home from liability to estate duty, estimated to cost \$3 million in 1974-75.

Withholding Tax

Dividend withholding tax is estimated to yield \$62 million, and interest withholding tax \$24 million, in 1974-75.

Other Taxes, Fees and Fines

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase —Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
Broadcasting and Television Services—				
Listeners' and Viewers' Licences	67.1	68.5	18.0	— 50.5
Wireless Telegraphy Fees	1.1	1.2	2.1	+ 0.9
Other	3.0	3.5	3.3	— 0.2
Unfunded Employee Retirement Contributions ..	0.9	27.2	26.3	— 0.9
Stevedoring Industry Charge	18.0	20.2	21.3	+ 1.1
Primary Industry Charges and Levies—				
Wool Levy	11.2	26.5	71.7	+ 45.2
Livestock Slaughter Levies	5.1	4.0	4.8	+ 0.9
Poultry Industry Levy	13.0	11.6	11.5	— 0.1
Wheat Export Charge	—	9.8	39.0	+ 29.2
Meat Export Charge	—	6.6	28.7	+ 22.1
Other	6.0	6.0	6.6	+ 0.6
Mainland Territories	10.9	13.2	17.8	+ 4.6
Tax on Liquid Petroleum Gas used in road vehicles	—	—	0.3	+ 0.3
Other	4.3	6.2	7.4	+ 1.2
TOTAL OTHER TAXES, FEES AND FINES	140.4	204.7	259.0	+ 54.3

Receipts classified under this heading include income and capital transfers which are essentially of a governmental nature and involve regulation or compulsory payment or which are primarily to raise revenue. Included are miscellaneous taxes, regulatory fees, fines and unfunded employee contributions to retirement benefit schemes.

In total, other taxes, fees and fines are estimated to increase by 26.5 per cent to \$259 million in 1974-75, with most of this expected increase occurring in primary industry charges and levies. Receipts under this sub-heading consist of proceeds from compulsory levies or charges on specific primary industries. In most instances these receipts are employed, along with contributions from the Government, for the benefit of the industries involved, mainly by way of research, promotion and marketing activities.

The estimated increase of \$45.2 million in wool levy collections mainly reflects the increase in the rate of levy introduced in association with the new floor price arrangements for the 1974-75 season. The estimated increase in meat export charges of \$22.1 million in 1974-75 reflects the first full-year operation of this charge and an expected increase in the rate of exports after a slow-down in the second half of 1973-74. An additional \$29.2 million in wheat export charge collections is expected to result from a large increase in the volume of wheat exports in 1974-75 and high export prices.

The decline of \$50.5 million in estimated receipts from Broadcast Listeners' and Television Viewers' Licence Fees reflects the abolition of such fees, as announced in the Budget Speech. As also announced in the Budget Speech, wireless telegraphy fees are to be increased; the increase is estimated to yield \$0.8 million in 1974-75.

An estimate of \$0.3 million has been included for the introduction of a tax of 2 cents per litre on liquid petroleum gas used in road vehicles. The increase in passport fees (amounting to \$1.5 million in 1974-75), announced in the Budget Speech, is included in the 'other' item of \$7.4 million.

INTEREST, RENT AND DIVIDENDS

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
Interest Received—				
From the States—				
Interest on advances for State works and housing	567.5	603.8	660.0	+ 56.2
Interest received on special advances	0.7	1.6	2.5	+ 0.9
Interest received on specific purpose advances—				
Housing Agreements	77.3	81.5	91.5	+ 9.9
Other	15.9	18.3	27.7	+ 9.5
Total	661.3	705.1	781.6	+ 76.5
Other Interest Receipts—				
From the Territories—				
Housing	13.5	15.7	11.8	- 3.9
Other	0.7	0.8	0.9	+ 0.1
Defence Service Homes	35.5	36.1	35.5	- 0.6
Snowy Mountains Hydro-electric Authority Pipeline Authority	38.9	40.6	45.6	+ 4.9
Australian Coastal Shipping Commission	—	2.9	9.2	+ 6.3
Post Office	2.3	2.5	3.9	+ 1.4
Qantas Airways Ltd	157.9	179.0	200.0	+ 21.0
Australian National Airlines Commission	8.0	7.4	8.4	+ 1.0
Other	2.4	2.7	3.3	+ 0.6
Total	15.8	19.8	17.9	- 2.0
Total	275.0	307.6	336.4	+ 28.8
Total Interest Receipts	936.3	1,012.7	1,118.1	+105.4
Rent, Dividends, etc.—				
From the Territories	0.7	1.0	2.6	+ 1.6
Qantas Airways Ltd.—Dividend	—	—	6.4	+ 6.4
Australian National Airlines Commission—Dividend	1.5	1.5	1.3	- 0.2
Overseas Telecommunications Commission—Dividend	2.6	3.0	3.0	—
Offshore Petroleum Royalties	7.9	10.8	11.5	+ 0.7
Other	1.6	1.7	1.6	- 0.1
Total	14.3	17.9	26.4	+ 8.5
TOTAL INTEREST, RENT AND DIVIDENDS	950.6	1,030.6	1,144.5	+113.8

All interest received by the Australian Government from sources outside the Budget sector is included under this heading, together with land rents collected in the Territories and dividends received from Government-owned companies and corporations. Increased interest receipts from advances made from the Budget sector to the States, the Post Office and the Pipeline Authority account for most of the estimated increase of \$105.4 million in interest receipts in 1974-75. The principal component of the estimated increase of \$8.5 million in rent, dividends, etc. is the expected receipt of a dividend from Qantas Airways Limited for the first time since 1971-72.

NET RECEIPTS FROM GOVERNMENT ENTERPRISE TRANSACTIONS

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
Reserve Bank of Australia—Profit	20.2	—	—	—
Commonwealth Banking Corporation—Dividend	6.1	7.4	4.8	- 2.6
Commonwealth Railways	2.2	2.1	- 1.8	- 3.8
Other	4.2	2.0	1.1	- 0.9
Total	32.6	11.4	4.1	- 7.3

This heading covers receipts (other than taxation receipts) from public financial enterprises, such as the Reserve Bank and Commonwealth Banking Corporation. In addition, the operating revenues, net of operating expenses, of activities carried on as business type enterprises are included to the extent that the transactions are recorded in Budget sector cash accounts.

Net receipts from Government enterprise transactions are estimated to decline by \$7.3 million to \$4.1 million in 1974-75. The main reasons for this decline are an expected deterioration in the financial position of Commonwealth Railways, despite an increase in charges from 1 July 1974, a reduction in the dividend paid by the Commonwealth Banking Corporation, and a decline of \$2.8 million in net receipts from the supply of electricity in the Northern Territory.

SALE OF LAND AND BUILDINGS

	1972-73 Actual	1973-74 Actual	1974-75 Estimate	+ Increase - Decrease on 1973-74
	\$ million	\$ million	\$ million	\$ million
Australian Capital Territory—Sale of leases	39.9	14.8	28.8	+ 14.0
Northern Territory—Sales of land and leases	2.4	3.3	3.9	+ 0.6
Other	4.3	4.2	4.2	—
Total	46.7	22.3	36.8	+14.5

Most of the estimated increase in receipts from the sale of land and buildings in 1974-75 is attributable to an estimated increase of \$14.0 million from lease sales in the Australian Capital Territory, mainly reflecting an increase in estimated disposals of serviced residential blocks.

STATEMENT No. 5—BUDGET RESULT, 1973-74.**SUMMARY**

The Budget estimates and outcome for 1973-74 are summarised in the table below:

	1973-74 Budget Estimate(a)	1973-74 Actual	Change on Budget Estimate	
	\$ million	\$ million	\$ million	Per cent
Outlays	12,165	12,295	+130	1.1
Receipts	11,478	12,002	+524	4.6
Deficit	-687	-293	+394	

(a) The Budget estimates differ from those shown in the 1973-74 Budget Speech because of minor accounting and classification changes introduced in the 1974-75 Budget.

The overall Budget result was a deficit of \$293 million, compared with the original Budget estimate of \$687 million. Both outlays and receipts exceeded the Budget estimates. Total outlays were \$12,295 million, \$130 million more than the Budget estimate, while receipts were \$12,002 million, \$524 million more.

Outlays from the 1973-74 Budget were significantly affected by large increases in wage and salary payments during the year. Direct wage and salary payments were \$142 million more than allowed for in the Budget estimates. In addition, higher wage and salary costs were an important element in the increase of \$65 million in the advance to the Post Office and, because the increase in average wages was faster than assumed, financial assistance grants to the States exceeded the Budget estimate by \$69 million.

The increase in receipts over the Budget estimate reflected, in the main, the acceleration in inflation during the year. In particular, average weekly earnings increased considerably faster than the 13 per cent assumed at Budget time, and this was the main reason why net PAYE income tax collections exceeded the Budget estimate by \$298 million.

OUTLAYS

The Budget estimates for 1973-74 are compared with actual outlays in the following table:

	1973-74 Budget Estimate(a)	1973-74 Actual	Change on Budget Estimate	
	\$ million	\$ million	\$ million	Per cent
Defence	1,271	1,334	+ 63	+ 4.9
Education	849	860	+ 11	+ 1.3
Health	980	948	- 32	- 3.3
Social Security and Welfare	2,445	2,489	+ 44	+ 1.8
Housing	350	338	- 12	- 3.5
Urban and Regional Development nec and the Environment	188	145	- 43	-22.9
Culture and Recreation	163	158	- 5	- 2.8
Economic Services—				
Transport and Communication	881	869	- 12	- 1.3
Water Supply and Electricity	54	45	- 9	-16.4
Industry Assistance and Development	516	484	- 32	- 6.2
Labour and Employment	116	115	- 1	- 0.9
Other Economic Services	47	48	+ 1	+ 2.0
Total Economic Services	1,615	1,562	- 53	- 3.3
General Public Services—				
Legislative Services	29	39	+ 10	+34.8
Law, Order and Public Safety	54	56	+ 2	+ 3.5
Foreign Affairs and Overseas Aid	364	363	- 1	- 0.2
General and Scientific Research	109	111	+ 3	+ 2.6
Administrative Services	389	417	+ 29	+ 7.4
Total General Public Services	944	987	+ 43	+ 4.5
Not Allocated to Function—				
Payments to or for the States and Local Gov- ernment Authorities nec and Natural Disaster Relief	2,656	2,763	+106	+ 4.0
Public Debt Interest	704	712	+ 8	+ 1.1
Total Outlays	12,165	12,295	+130	+ 1.1

(a) The Budget estimates differ from those shown in the 1973-74 Budget Speech because the allowance made there for salary increases has been allocated across functions and because the figures have been adjusted for accounting and classification changes introduced in the 1974-75 Budget.

The main variations from the Budget estimates are discussed below.

Defence

Total outlays on defence in 1973-74 exceeded the Budget estimate by \$63 million. Manpower costs were \$97 million greater than the Budget estimate; wage and salary payments were \$66 million greater than estimated, reflecting increases in rates of pay granted after the Budget, while outlays under the Defence Forces Retirement and Death Benefits Scheme exceeded the estimate by \$31 million, partly because more servicemen opted to retire under the new scheme than was originally estimated and a higher proportion of those retiring opted for lump sum payments. Against this, there were shortfalls in other areas of expenditure, notably defence equipment and stores and defence facilities. Supply difficulties, both domestic and overseas (the latter reflecting, in particular, industrial unrest in the United Kingdom) led to general slippages in delivery programs and a shortfall of \$20 million in expenditure on equipment and stores. Outlays on defence facilities fell short of the estimate by \$19 million, mainly because of general shortages of materials and labour.

Education

Education outlays in 1973-74 were a net \$11 million greater than the Budget estimate. Recurrent payments to the universities exceeded the Budget estimate by \$19 million, mainly because of a change in timing of payments associated with the assumption of full financial responsibility for universities. Recurrent payments to colleges of advanced education exceeded the Budget estimate by \$19 million. Outlays for schools and pre-schools in the Territories were \$13 million more than estimated at Budget time, the main contributing factors being increases in wage and salary rates and larger than estimated staff numbers, particularly in the Commonwealth Teaching Service. The major shortfall in outlays on education was in payments to the States for schools and pre-schools—actual payments fell short of the Budget estimate by \$24 million. The States experienced problems in carrying through to the construction stage the new building programs approved on the recommendation of the Interim Schools Committee. In addition, the larger part of the pre-schools program was not finally approved until April 1974; difficulties were also encountered in the initial negotiations with local government authorities. Capital payments for colleges of advanced education fell short of the Budget estimate by \$11 million as progress on construction programs fell behind planned rates. Similarly there was a shortfall of \$9 million in the capital program for technical education.

Health

Outlays for health in 1973-74 fell short of the Budget estimate by \$32 million. The major shortfalls occurred in respect of hospital and medical benefits and nursing home benefits. Hospital and medical benefits payments were \$20 million lower than the Budget estimate, partly because there was a smaller than expected increase in the number of services provided and partly because of a larger than normal lag in the processing of claims by the health insurance organisations. Payments of nursing home benefits were \$8 million less than the Budget estimate, mainly reflecting smaller than expected growth in the number of nursing home beds.

Social Security and Welfare

Outlays for social security and welfare were \$44 million more than the Budget estimate. Age, invalid and widows pensions were \$39 million more than estimated, reflecting both the Government's decision to increase pension and benefit rates in Autumn by \$3 rather than the \$1.50 allowed for at Budget time and also greater than assumed increases in the numbers of pension recipients. Similarly, payments of unemployment and sickness benefits were \$29 million greater than the Budget estimate and payments of supporting mothers benefit were \$6 million greater. These increases were partly offset by shortfalls in several other items. In the 1973-74 Budget provision was made for a payment of \$10 million for special welfare assistance for persons unemployed as a result of the 25 per cent tariff cut, but in the event there were few applications for assistance and very little was spent. Payments for aged persons accommodation were \$6 million less than the estimate, reflecting delays in building commencements. The child care program was also affected by slippages in construction programs and initial difficulties in negotiations with local government authorities, and consequently outlays were \$6 million less than estimated at Budget time.

Housing

Total outlays for housing fell short of the Budget estimate by \$12 million. The major part of this shortfall was in grants to Aboriginal housing associations for the construction and purchase of homes for Aboriginal families. These were \$9 million lower than the Budget estimate, mainly because of delays in the establishment and commencement of operations of the associations.

Urban and Regional Development nec and the Environment

Outlays within this function, which covers the major initiatives of the Government announced in the 1973-74 Budget in respect of financial assistance for growth centres, sewerage programs, Land Commissions and metropolitan area improvement programs, fell short of the Budget estimate by \$43 million. Delays in finalising arrangements with the State Governments of New South Wales and Victoria, followed by further delays in the introduction of legislation in those States, resulted in outlays for the Albury/Wodonga

growth centre being only \$2 million in 1973-74 compared with the Budget estimate of \$9 million. Similarly, delays in finalising arrangements with the States meant that outlays for other growth centres were only \$4 million compared with the Budget estimate of \$24 million. Outlays in respect of Land Commissions totalled \$11.5 million compared with the Budget estimate of \$30 million. Only in South Australia was a land commission set up in 1973-74 and \$8 million was provided to that State as a result; the remaining \$3.5 million was in respect of the acquisition, in conjunction with the Victorian Government, of Emerald Hill. Most of the amounts provided in the Budget for sewerage and the western sectors of Sydney and Melbourne were spent during the year.

Transport and Communication

Total outlays for transport and communication were \$12 million less than the Budget estimate of \$881 million. Expenditure on the Gidgaalpa pipeline project fell \$41 million short of the Budget estimate because of changes in the scope of the construction program and construction and other delays. Grants to the States for urban public transport were estimated to amount to \$32 million at Budget time, but as Parliament adjourned earlier than expected the necessary legislation was not passed and the grants could not be paid (although the States had carried out part of the spending program involved). Commonwealth Railways' capital outlays were \$6 million less than estimated, the largest single cause being delays in completing an agreement for the construction of the Tarcoola-Alice Springs railway. An increase of \$65 million in the advance to the Post Office partly offset these shortfalls; this resulted largely from increases in wages and salaries and associated additional superannuation liabilities. Increases in wage and salary rates were also the main reason for an excess of \$9 million above the Budget estimate in administrative and operational costs associated with the provision of civil aviation services.

Water Supply and Electricity

Of the shortfall of \$9 million in this function, the advance to the Queensland Government for the Gladstone power station accounted for \$7 million. The slower than expected rate of construction of the power station resulted from a combination of industrial disputes, material shortages and adverse weather conditions.

Industry Assistance and Development

Total payments to assist and develop industry were \$32 million less than the Budget estimate. Assistance for *pastoral and agricultural industries* exceeded the Budget estimate by \$1 million, the net result of changes in several items. Rural reconstruction advances fell short of the Budget estimate by \$11 million, there being a slower rate of applications for assistance than forecast. This and a number of smaller shortfalls were more than offset by payments of fertiliser bounties exceeding the Budget estimate by \$20 million. The extra bounty payments were caused by increased purchases of fertilisers arising partly from improved rural conditions, partly from an impending rise in the price of superphosphate and partly from the announcement of the removal of the bounty on superphosphate in December 1974. Total payments for *manufacturing industry* were \$30 million less than the Budget estimate. Net payments for shipbuilding assistance fell short of the Budget estimate by \$10 million; fewer large ships were built during the year than anticipated at Budget time. An amount of \$10 million was provided in the Budget for industry assistance following the 25 per cent tariff cut in July 1973, but no assistance was required up to 30 June 1974. Export incentive payments were \$6 million less than originally estimated because of delays in processing of applications.

Labour and Employment

Outlays in respect of labour and employment were \$1 million less than the Budget estimate. The only major shortfall was in the \$5 million provided for training and other assistance following the 25 per cent tariff cut, most of which was not required. The main offsetting increase was in administrative expenditure and resulted from increases in wage and salary rates.

Legislative Services

Payments for legislative services exceeded the Budget estimate by \$10 million. The additional costs of the House of Representatives election and the referenda accounted for \$5 million of this increase.

Foreign Affairs and Overseas Aid

Total outlays on foreign affairs and overseas aid was \$1 million less than the Budget estimate. However, within the function there were some significant offsetting variations from the original estimates. The main increase was consequent upon higher than assumed wheat prices, which increased the cost of Australia's food aid commitment under the International Wheat Agreement by \$13 million. In addition, payments of salaries and allowances to members of the Australian Staffing Assistance Group in Papua New Guinea were \$4 million higher than estimated. On the other hand, Colombo Plan aid payments were some \$11 million less than the Budget estimate and the payment to Papua New Guinea to facilitate the creation of a government commercial bank was \$5 million less than expected at Budget time.

Administrative Services

Outlays on administrative services were \$29 million more than the Budget estimate. The costs of wage and salary increases since the Budget accounted for most of the increase. The main non-salary increase was \$4 million in expenditure on rentals for government offices, arising from new leases and increased rents.

Payments to or for the States and Local Government Authorities nec and Natural Disaster Relief

Total payments to or for the States and local government authorities nec and natural disaster relief were \$106 million greater than the Budget estimate. Financial assistance grants to the States exceeded the Budget estimate by \$69 million because average wages increased considerably more rapidly than the 12 per cent assumed at Budget time. Payments for relief and restoration measures following the floods that occurred in Queensland and New South Wales in the early part of 1974 amounted to \$29 million in 1973-74; no allowance was made in the Budget for disaster relief payments.

RECEIPTS

The Budget estimates for 1973-74 are compared with actual receipts in the following table:

	1973-74 Budget Estimate(a)	1973-74 Actual	Change on Budget Estimate	
	\$ million	\$ million	\$ million	Per cent
Taxation Revenue—				
Customs Duty	564	604	+ 41	+ 7.2
Excise Duty	1,549	1,555	+ 6	+ 0.4
Sales Tax	889	969	+ 80	+ 9.0
Income Tax—				
Individuals—				
Gross PAYE	4,685	5,010	+325	+ 6.9
Less Refunds	745	772	+ 27	+ 3.6
Net PAYE	3,940	4,238	+298	+ 7.6
Other	1,239	1,252	+ 13	+ 1.1
Companies	1,863	1,954	+ 91	+ 4.9
Withholding Tax—				
Dividends	55	57	+ 2	+ 3.0
Interest	25	23	- 2	- 9.6
Pay-roll Tax	9	8	- 2	-17.2
Estate Duty	60	66	+ 6	+ 9.9
Gift Duty	8	10	+ 2	+29.7
Stamp Duty (ACT and NT)	4	4	..	- 3.9
Other Taxes, Fees and Fines	201	205	+ 4	+ 1.8
Less Remissions	6	6	..	6.3
Total Taxation Revenue.. .. .	10,399	10,938	+538	+ 5.2
Interest, Rent and Dividends	1,007	1,031	+ 24	+ 2.3
Net Receipts from Government Enterprise Transactions	16	11	- 5	-28.3
Sale of Land and Buildings	56	22	- 33	-59.9
Total Receipts	11,478	12,002	+524	+ 4.6

(a) Some of the Budget estimates differ from those shown in the 1973-74 Budget Speech because adjustments have been made for accounting and classification changes introduced in the 1974-75 Budget.

The main variations from Budget estimates are discussed below.

Customs Duty

Collections of customs duty exceeded the Budget estimate by \$41 million. The normal difficulties in estimating customs duty were accentuated in 1973-74 by changes in currency parities and tariff rates, including the 25 per cent reduction in all protective tariffs in July and the exchange rate appreciation in September. Reflecting these changes and the high level of consumer demand, dutiable imports were greater, especially in the second half of the year, than had been assumed in arriving at the Budget estimate.

Sales Tax

Sales tax collections were \$80 million more than the Budget estimate. The main cause of the higher collections was greater than assumed price increases of taxable goods. Sales volumes for most classes of goods were also greater than assumed.

Income Tax—Individuals—Pay-as-you-earn

Gross collections of PAYE instalment deductions were \$325 million above the Budget estimate. The main factor was that, whereas at Budget time it had been assumed that average weekly earnings would increase by 13 per cent in 1973-74, the actual increase was 16.3 per cent. In addition, average employment increased by 4.5 per cent rather than 3.5 per cent as assumed in the formulation of the Budget estimate. PAYE refunds were \$27 million up on the Budget estimate.

Income Tax—Individuals—Other

Collections on assessments of income tax on individuals exceeded the Budget estimate by \$13 million, because property incomes and other business incomes in 1972-73 (assessed to tax in 1973-74) were slightly higher than estimated at Budget time.

Income Tax—Companies

Company tax collections were \$91 million more than the Budget estimate. Company incomes in 1972-73 (which were subject to tax in 1973-74) increased by 25 per cent, a much larger increase than indicated by the preliminary data available when the Budget was prepared.

Other Taxes, Fees and Fines

Collections of other taxes, fees and fines exceeded the Budget estimate by \$4 million. Following higher than expected wheat prices for the 1973-74 crop, \$10 million was collected from the wheat export charge in 1973-74; no allowance was made in the Budget for collections of this charge. Wool tax collections exceeded the Budget estimate by \$5 million because wool prices were higher than originally assumed. Collections of the meat exports charge were \$7 million less than the Budget estimate, partly because the scheme was introduced later in the year than anticipated, and partly because of the slowing down of beef exports during the year.

Sale of Land and Buildings

Proceeds from the sale of land and buildings were \$33 million less than the Budget estimate. Proceeds from lease sales in the Australian Capital Territory were \$34 million less than the estimate, mainly reflecting a change in the system of land disposal in Canberra. There was also a smaller turn-off of serviced blocks than planned.

FINANCING TRANSACTIONS

The following table presents a summary of financing transactions in 1973-74:

	\$ million
Overseas—	
Net drawings under credit arrangements—	
Defence purchases in the United States of America	-54
Qantas and Australian National Airlines Commission	-10
Net proceeds of other overseas borrowing	-66
	-130
Australia—	
Net proceeds of loan raisings in Australia(a)	814
Net change in Treasury notes on issue	-38
	776
Other financing transactions (net)(b)	127
Residual financing—	
Use of cash balances(c)	-480
	293
Total financing transactions	293

(a) Includes State domestic loan raisings.

(b) Includes amounts available to the Government from funds obtained from coinage and bullion transactions, amounts borrowed by trust accounts, and amounts available from moneys held in trust.

(c) A negative sign indicates an increase in cash balances.

Some details of the 1973-74 financing transactions are given below:

Net Drawings under Credit Arrangements for Defence Purchases in the United States of America

The *Loan (Defence) Acts* of 1966, 1968, 1970, 1971 and 1973 authorised the Government to finance defence equipment purchases in the United States of America on extended payment terms. In 1973-74 no drawings were made under these arrangements. Repayments of previous drawings were \$54 million.

Net Drawings under Credit Arrangements—Qantas Airways Limited and the Australian National Airlines Commission

Drawings on aircraft loans arranged on behalf of Qantas and the Australian National Airlines Commission amounted to \$10 million and \$6 million respectively; repayments of previous drawings for Qantas were \$21 million and for the Australian National Airlines Commission \$6 million.

Net Proceeds of Other Overseas Borrowing

There were no public loan raisings overseas in 1973-74. Redemptions and other expenditure on the reduction of debt overseas totalled \$66 million. One maturity in London was redeemed at a cost of \$12 million. Securities to the value of \$31 million were repurchased in New York, Germany, London and Canada. Repayments of \$7 million were made on borrowings from the International Bank for Reconstruction and Development and \$15 million on borrowings from the United States Export-Import Bank

Net Proceeds of Loan Raisings in Australia

Three Government public cash loans were raised in Australia in 1973-74. Excluding loan proceeds from advance subscriptions received up to 30 June 1973 but including receipts from outstanding instalments and advance subscriptions received up to 30 June 1974, the proceeds from these cash loans totalled \$1,145 million. Cash proceeds from the sale of Special Bonds during the year totalled \$454 million. Proceeds of \$49 million from State domestic loan raisings and \$3 million from Drought Bonds brought total cash proceeds from loans raised in Australia to \$1,651 million. Of the \$667 million of securities (other than Special Bonds) maturing in Australia which were offered for conversion in 1973-74, an amount of \$461 million was redeemed. Redemptions of Special Bonds of all series amounted to \$371 million. Market repurchases amounted to \$6 million, bringing total redemptions and repurchases to \$837 million and net proceeds of loans raised in Australia in 1973-74 to \$814 million.

Net Change in Treasury Notes on Issue

As at 30 June 1974 Treasury Notes on issue amounted to \$387 million, a net decrease of \$38 million on the amount on issue at 30 June 1973.

Other Financing Transactions

An amount of \$127 million was available from these transactions. The largest item was \$72 million relating to Post Office Superannuation. An amount of \$42 million was released from the Defence Forces Retirement Benefit Fund following the replacement of the scheme by an unfunded scheme as recommended by the Jess Committee; a further \$15 million was available from coinage transactions.

Residual Financing

The amount available from the financing transactions mentioned above exceeded the deficit by \$480 million so that Government cash balances increased by this amount.

STATEMENT No. 6—BUDGET TRANSACTIONS SINCE 1964-65*Introduction*

This Statement discusses trends in Budget transactions since 1964-65 and presents, for the first time, a historical series of outlays classified by function.

Two complementary methods of classifying Budget outlays are used throughout the Budget Speech and Statements, each of which is important in analysing the use and direction of resources in the Budget. The *functional classification*, used for the first time in last year's Budget documents, categorises Budget outlays according to their primary objectives or purposes. In highlighting the broad purposes for which outlays are made, the functional classification is a particularly important development as an aid in the decision-making process. The *national accounting classification* details Budget outlays by economic type and facilitates the comparison of Budget aggregates with the Australian National Accounts. This is the more useful classification for assessing the overall economic impact of the Budget.

FUNCTIONAL CLASSIFICATION

In bringing together categories of outlays with similar objectives or purposes, the functional classification aims to reveal more fully information on the nature of Government activities and the share of resources devoted to particular objectives. It also provides a logical framework within which programs can be developed to facilitate an assessment of the effectiveness of outlays in meeting objectives. An added advantage is the use of national accounting conventions for the definition of Budget outlays and receipts. This means that the figures used for the analysis and discussion of outlays by function are in line with those used in the analysis of the economic impact of the Budget.

The introduction of the functional classification and the concurrent adoption of national accounting conventions resulted in a number of important changes in the definition of Budget aggregates such as 'Total Outlays' (formerly Total Expenditures) and 'Total Receipts'. Further information on these changes is given in the Appendix to the Budget Statements.

When the functional classification of outlays was introduced in the 1973-74 Budget Speech it was only possible to present detailed historical data in the new format for the years 1970-71 to 1972-73. Functionally classified historical Budget data for the years 1964-65 to 1969-70 have now been compiled, and a series covering the period 1964-65 to 1974-75 is presented in summary form in Table 1 on page 115, and in more detail in Table 2 on pages 116 to 122 and Table 4 on page 124.

The functional classification is essentially a re-classification of appropriation data, supplemented where possible with sub-costings of appropriation items of substantial magnitude that cover several functions. However, the amount of detail shown in Table 2 has been reduced in comparison with that in Statement No. 3, for ease of presentation and because the sub-costings necessary to eliminate the effects of all changes in accounting procedures and administrative arrangements are not always available. To the extent possible the definitions and concepts used in constructing this series are the same as those used in Statement No. 3. Major discontinuities are indicated by footnotes or referred to in the following text.

Budget Sector Outlays

Outlays by the Australian Government Budget Sector increased at an average annual rate of 11.0 per cent over the period 1964-65 to 1973-74, but within that period there were some significant changes in the rates of growth and relative size of the various functional categories of outlays. The distribution of total outlays between the broad functional categories and changes in that distribution from year to year provide some indication of the importance attached to particular expenditure programs and focus attention on changing objectives and priorities of public expenditure.

Comparison of trends in outlays shown in the tables are affected by the following factors.

- (a) Figures for 1971-72 and subsequent years for General Revenue Assistance to the States and for total outlays are not strictly comparable with earlier years. The more recent figures are affected by the transfer of pay-roll tax to the States, with effect from 1 September 1971, and concurrent reductions in General Revenue Assistance to offset most of the loss in revenue incurred by the Australian Government Budget Sector.
- (b) Increases in special purpose payments to the States are recorded under the appropriate functional heading, while 'offsetting adjustments' to General Revenue Assistance Grants to the States are taken into account in the function *Payments to or for the States and Local Government Authorities nec and Natural Disaster Relief*. In 1973-74 the take-over of full responsibility for financing universities and colleges of advanced education by the Australian Government contributed to an increase in outlays classified to *Education*, but also involved a compensating decline in general purpose funds provided to the States. This means that the rate of increase in Australian Government resources devoted to education, as shown in the function *Education*, is somewhat overstated. There will be a similar effect in 1974-75 because the new tertiary education arrangements apply for the whole of that year whereas they applied for only half of 1973-74.
- (c) Figures for 1973-74 and subsequent years under the function *Defence*, and under the receipts heading *Other Taxes, Fees and Fines—Unfunded Retirement Benefits Contributions* are affected by the changes in the operation of the Defence Forces Retirement and Death Benefits, Ministerial Retiring Allowances and Parliamentary Retiring Allowances Schemes. These changes involved a move from funded schemes to unfunded benefit schemes.
- (d) The figures are in current prices, meaning that they do not directly reflect the rate of increase in resources devoted to particular functional categories. Furthermore, differential rates of price increase between both functional categories and economic types of outlays will distort comparisons of relative growth rates in outlays within and between functions. These difficulties also apply to comparisons between public and private sector outlays.

A comparison of outlays in the years 1964-65 and 1973-74 is given in the table below.

	1964-65 \$ million	1973-74 \$ million	Increase 1964-65 to 1973-74		
			\$ million	Percentage of total increase	Average annual rate of increase (a) percentage per annum
Defence	583	1,334	751	9.7	7.9
Education	105	860	755	9.7	23.4
Health	276	948	672	8.7	14.7
Social Security and Welfare ..	885	2,489	1,604	20.7	11.7
Housing	162	338	176	2.3	6.9(b)
Urban and Regional Development nec and the Environment	11	145	134	1.7	25.9
Culture and Recreation	51	158	107	1.4	12.0
Economic Services—					
Transport and Communication ..	365	869	504	6.5	9.4
Water Supply and Electricity ..	48	45	-3	..	-3.8
Industry Assistance and Develop- ment	154	484	330	4.3	13.5
Labour and Employment	55	115	60	0.8	8.7
Other Economic Services	14	48	34	0.4	14.1
Total Economic Services ..	635	1,562	927	11.9	10.0
General Public Services—					
Legislative Services	10	39	29	0.4	14.3
Law, Order and Public Safety ..	10	56	46	0.6	19.9
Foreign Affairs and Overseas Aid ..	104	363	259	3.3	13.3
General and Scientific Research nec	43	111	68	0.9	11.4
Administrative Services	122	417	295	3.8	13.4
Total General Public Services ..	289	987	698	9.0	13.5
Not Allocated to Function—					
Payments to or for the States and Local Government Authorities nec and Natural Disaster Relief ..	1,145	2,763	1,618	20.8	10.3(b)
Public Debt Interest	390	712	322	4.2	7.1
TOTAL OUTLAYS ..	4,532	12,295	7,763	100.0	11.0

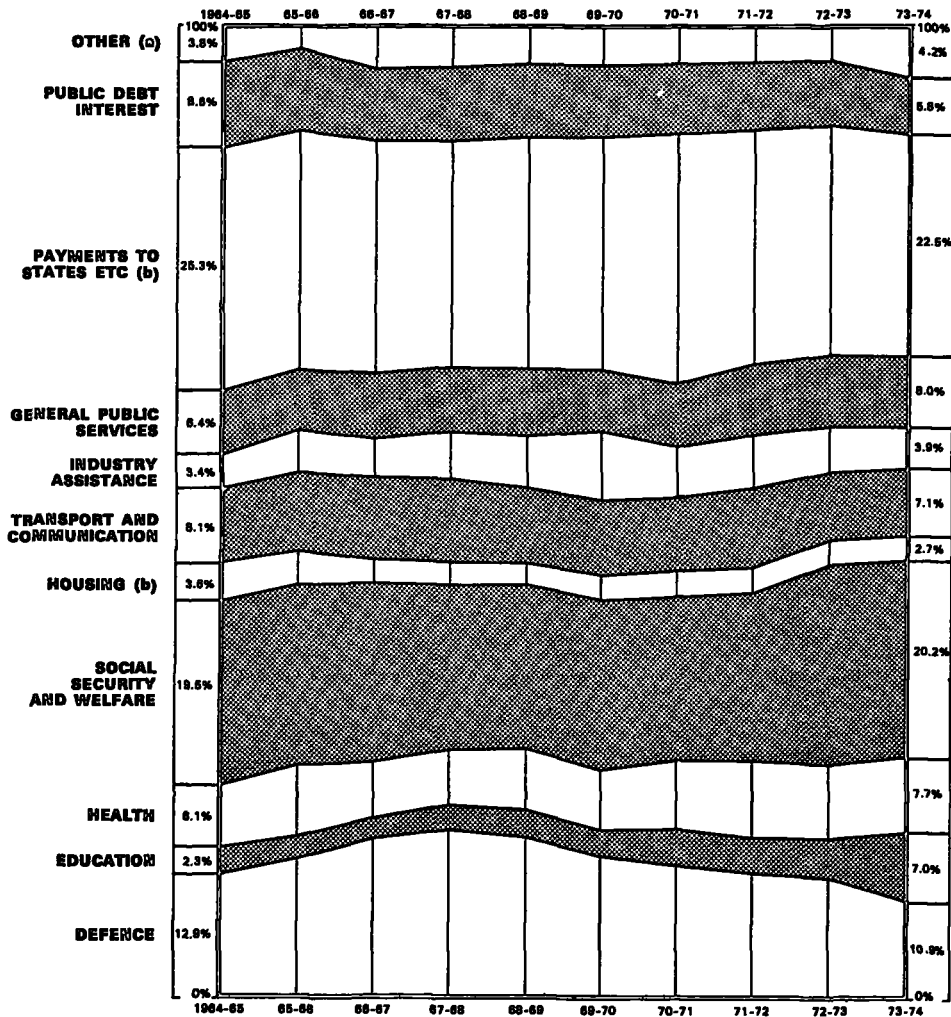
(a) The average annual rates shown in this and subsequent tables are trend rates of growth calculated by least squares regression.

(b) The 1956-1966 Housing Agreement was not renewed on its expiry at the end of 1970-71. Instead, the Australian and State Governments agreed on arrangements under which housing allocations would be met, in the same way as other expenditures, by the States out of their approved Loan Council borrowing programs. Amounts totalling \$160 million in 1971-72 and \$166.9 million in 1972-73 were subsequently allocated by the States for housing projects similar in nature to those covered by the 1973 Housing Agreement.

Tables No. 1 and 2 attached to this Statement show these amounts classified to 'Payments to the States etc.' instead of 'Housing'. However, for the purposes of the calculation of the trend rate of growth and the chart of proportions of total outlays which follows, the amounts have been included in the function 'Housing'.

Average annual rates of increase can mask movements within the period and can be distorted by a heavy concentration of outlays at the end of the period. The chart below shows the proportion of total outlays within the major functional groups in each year of the period.

MAJOR FUNCTIONAL GROUPS AS PERCENTAGES OF TOTAL BUDGET OUTLAYS — 1964-65 TO 1973-74



(a) Includes outlays on Urban and Regional Development nec and the Environment; Culture and Recreation; Water Supply and Electricity; Labour and Employment and Other Economic Services.

(b) See footnote (b) to table on page 103.

Drawing on the more detailed information given in Table 2, comment on some features of the table and chart is given below.

Defence outlays grew from 12.9 per cent of budget outlays in 1964-65 to 17.1 per cent in 1967-68 with payments for the F111C fighter bomber, other re-equipment programs and Australian involvement in the Vietnam conflict. Withdrawal from Vietnam, cessation of National Service, the tapering off of payments on equipment programs and reductions in Service and civilian personnel in 1973-74 resulted in the decline to 10.9 per cent of total outlays in 1973-74.

The increase in outlays on *Education, Health and Social Security and Welfare* has accounted for approximately 40 per cent of the increase in total outlays between 1964-65 and 1973-74. Over that period, outlays on these functions have grown from 28 per cent of total outlays to 35 per cent. Outlays relating to universities and colleges of advanced education have risen approximately eight-fold over the period, reflecting the takeover of financial responsibility by the Australian Government, expanded student assistance programs and increased allowances, and increased grants for recurrent and capital purposes associated with a growing student population. Recently, increased government assistance has been directed to teacher education, primary and secondary education and pre-school and child care services. Until recently, the greater part of the increase in outlays on health was on benefits to reduce the costs of treatment but outlays on the provision, and in some cases operational costs, of health facilities throughout Australia are now increasing strongly. The cost of providing assistance to the aged, ex-service men and women, the handicapped and other disadvantaged groups in the community is reflected in the average annual rise of 11.7 per cent in outlays on Social Security and Welfare. Adjustments to the levels of benefits, together with additional benefits and subsidies introduced over the years to cater for the welfare needs of the community, are the main factors contributing to this increase.

The average annual rate of growth in *Housing* outlays has been 7 per cent. The proportion of total outlays on this function has fallen from 3.6 per cent to 2.7 per cent over the period. However, a greater proportion of outlays has been directed towards providing general housing assistance under Commonwealth State Housing Agreements (or in their place, Loan Council borrowing programs in 1971-72 and 1972-73) and direct assistance in the Australian Capital Territory and the Northern Territory. The change in eligibility provisions for defence service home loans has reversed the downward trend in housing assistance under the Defence Service Homes scheme, while the slow down in the assisted immigration program is reflected in the sharp decline in the cost of providing accommodation for migrants.

Although outlays on *Urban and Regional Development nec and the Environment* have accounted for only 1.7 per cent of the total increase in outlays since 1964-65, and represented only 1.2 per cent of total outlays in 1973-74, this is the fastest growing function in the Budget (25.9 per cent annual average increase). This reflects recent initiatives in the area of growth centres development, sewerage programs and environmental protection. Prior to 1971-72, most outlays classified under this function were directed towards providing urban facilities in Canberra and the Northern Territory.

Net outlays on *Transport and Communication* have increased at an average annual rate of 9.4 per cent over the period. Outlays on communications, expansion of assistance provided under the Commonwealth Aid Roads legislation and more recently, outlays on the construction of pipelines for natural gas and other materials have been significant factors in this growth. Gross and net outlays on air transport have also grown over the period. Gross advances to the States for railway standardisation projects, which increased in the early part of the decade, are offset by repayments resulting in a fall in net outlays for such purposes, in recent years.

The decline in outlays on *Water Supply and Electricity* at an average annual rate of 3.8 per cent reflects progress towards the completion of the Snowy Mountains Hydro-electric Scheme and the completion of a number of electricity and water supply projects in the Northern Territory and the Australian Capital Territory. The decline has been offset to some extent in recent years by advances in connection with the construction of the Gladstone power station.

Outlays on *Industry Assistance and Development* have fluctuated widely over the period. In the category of Agricultural and Pastoral Industries, this has been the result of changing

market and climatic conditions together with changes, as in the case of the wheat industry, in stabilization and subsidy arrangements. The recent removal or scaling down of a number of subsidy arrangements will have a substantial impact on outlays under this function in future years. By convention, receipts from certain industry levies (e.g., wool tax) are classified as 'Receipts' and not offset against outlays under this function.

Outlays on *General Public Services*, which relate in the main to the normal functioning of government, as well as overseas grants and advances for development purposes, have maintained a relatively constant share of total budget sector outlays over the period. Within the *Foreign Affairs and Overseas Aid* category, assistance to Papua New Guinea and bilateral aid payments have been the major factors contributing to the increase.

Payments to or for the States and Local Government Authorities nec and Natural Disaster Relief have declined as a proportion of total budget outlays from 25.3 per cent in 1964-65 to 22.5 per cent in 1973-74. However, expenditure classified under this category excludes payments for specific purposes such as universities, schools and nursing homes, which are included under the relevant functional heading.

Budget Sector Receipts

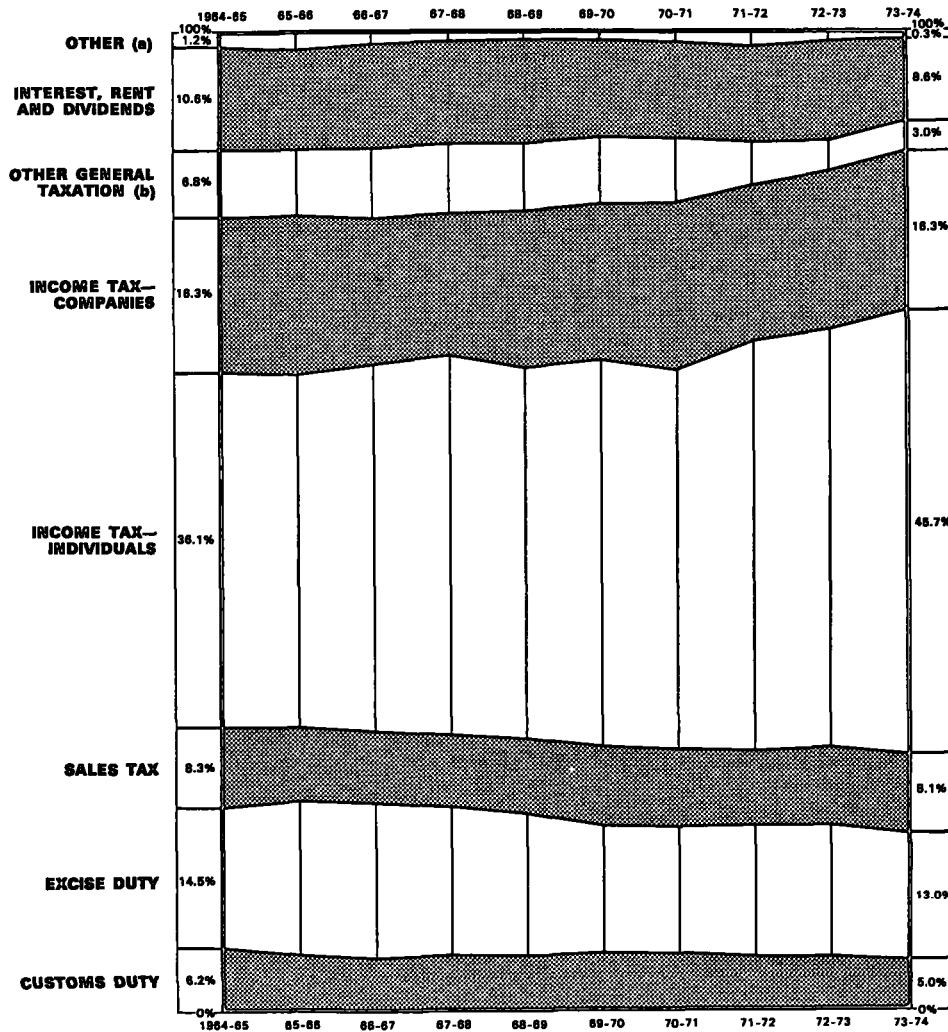
Details of Australian Government Budget Sector receipts for the period 1964-65 to 1973-74, together with 1974-75 estimates, are presented in Table 4 on page 124. Data on the composition of Budget receipts in 1964-65 and 1973-74 are shown in the following table.

	1964-65 \$ million	1973-74 \$ million	Increase 1964-65 to 1973-74		
			\$ million	Percentage of total increase	Average annual rate of increase percentage per annum
Taxation Revenue—					
Customs Duty	269	604	335	4.4	10.0
Excise Duty	631	1,555	924	12.1	9.2
Sales Tax	363	969	606	7.9	11.7
Income Tax—Individuals (net) ..	1,570	5,490	3,920	51.2	14.2
Income Tax—Companies	709	1,954	1,245	16.3	11.9
Withholding Tax	16	79	63	0.8	21.2
Pay-roll Tax	161	8	-153	-2.0	.. (a)
Estate Duty	42	66	24	0.3	7.2
Gift Duty	7	10	3	..	2.8
Stamp Duty	—	4	4	0.1	..
Other Taxes, Fees and Fines	69	205	136	1.8	10.1
Less Remissions	1	6	5	..	18.4
Total	3,835	10,938	7,103	92.8	11.8
Interest, Rent and Dividends—					
Interest Received—					
From the States	347	705	358	4.7	8.4
Other	107	308	201	2.6	12.6
Rent, Dividends, etc.	7	18	11	0.1	11.6
Total	462	1,031	569	7.4	9.5
Net Receipts from Government Enterprise Transactions	43	11	-32	-0.4	-7.1
Sale of Land and Buildings	9	22	13	0.2	21.8
TOTAL RECEIPTS	4,349	12,002	7,653	100.0	11.5

(a) The transfer of pay-roll tax to the States on 1 September 1971 creates a significant break in this series. A trend rate of growth for this item has not therefore been calculated.

The chart below gives an indication of the relative importance of the various categories of receipts in total Budget sector receipts over the ten years from 1964-65.

MAJOR CATEGORIES OF RECEIPTS AS PERCENTAGES OF TOTAL BUDGET RECEIPTS — 1964-65 TO 1973-74



(a) Includes Net Receipts from Government Enterprise Transactions and Sale of Land and Buildings.

(b) Includes Pay-roll Tax; Estate, Gift and Stamp Duties and items classified as 'Other Taxes, Fees and Fines'. See also footnote (a) on page 106.

By far the most important single category of receipts is income tax on individuals, which has accounted for over half the increase in the period, rising from 36.1 per cent of

total revenue in 1964-65 to 45.7 per cent in 1973-74. The increase has been determined to a large extent by the growth in net pay-as-you-earn income tax from wage and salary earners, reflecting the effects of the progressive rate scale in a period of strong growth in wage and salary incomes, despite adjustments to the rate scale in 1970-71 and 1972-73. Customs and excise duties have steadily declined as a proportion of total receipts, whilst sales tax has formed a relatively constant proportion of total receipts.

Pay-roll tax revenue after 1972-73 relates to collections in the Australian Capital Territory and Northern Territory only. This is the result of the transfer of this tax from the Australian Government to the States in 1971.

The major items contributing to the average annual increase of 10.1 per cent in 'Other Taxes, Fees and Fines' are broadcasting and television licences and receipts in the form of unfunded retirement benefit contributions following changes to the operation of the Defence Forces Retirement and Death Benefits, Ministerial Retiring Allowances and Parliamentary Retiring Allowances Schemes.

In the category 'Interest, Rent and Dividends', the most significant increase has been in interest receipts from the Australian Post Office. Similarly, the impact of profits received from the Reserve Bank has largely determined the overall pattern in the net receipts from Government Enterprise Transactions.

The Budget Deficit

Table 1 shows the Budget deficit in each of the years from 1964-65 to 1974-75. This aspect is discussed later in this Statement under the sub-heading 'The Overall Budget Result'.

NATIONAL ACCOUNTS CLASSIFICATION

The national accounts for the economy as a whole aim at providing a systematic summary of the transactions that take place within the economy, especially of those that relate to the production and use of goods and services, and to transfers of income or capital between sectors of the economy. The national accounts classify transactions into suitable categories and, by outlining the relationships between the categories, enable analysis of the processes by which production and expenditure are linked.

Traditional methods of presenting estimates of public sector receipts and expenditure grew out of the requirement for maintaining parliamentary control over government spending. Estimates presented in a form suitable for this purpose do not necessarily lend themselves to an assessment of the economic impact of government financial activity. By presenting Budget sector data on a basis which is conceptually consistent with, and more easily related to, the National Accounts for the economy as a whole, the National Accounting presentation of Budget transactions by economic type clarifies the nature of transactions between the public sector and the rest of the economy. The classification also provides a consistent framework within which the aggregation of Australian Government and State and local authority outlays and receipts is facilitated, to produce consolidated figures for the public sector as a whole.

There is no single measure of the economic importance of government transactions. In terms of national accounting categories, the most direct influence that Budget outlays have on demand within the economy is by means of expenditure on final goods and services, i.e. the resources used in the provision of public goods such as defence, education, health and community amenities. Transfers and advances from the Budget to other sectors are also important, but the impact on economic activity of these outlays depends on the reaction of the recipients of the transfers and advances. For Budget receipts, it is likewise true that any assessment of their effect on the economy has to take into account the varying impact of different taxes and other receipts. The total impact of the Budget is an amalgam of all these influences.

Australian Government Outlays

The contribution of the Australian Government and its authorities—as distinct from State and local governments—to recent growth in the size of the public sector has been

dominated by the transactions of the Budget sector. In 1973-74, for example, the Budget's direct call on resources, in the form of final expenditure on goods and services, represented over 80 per cent of final expenditure by the Australian Government sector as a whole. Advances from the Budget to Australian Government authorities also finance a significant part of final expenditures on goods and services recorded in the non-Budget sector. Expenditure on goods and services, however, represents only a moderate and, in recent years declining, proportion of total Budget outlays. The majority of the Australian Government's budgetary transactions are transfer payments and advances to other sectors of the economy, including other government sectors. In 1973-74 transfer payments and net advances accounted for as much as 75 per cent of total Budget outlays, of which close to half represented grants and net advances to State Governments.

Table 3, attached to this Statement, shows Budget outlays since 1964-65 on a national accounts basis, while Table 4 shows information on Budget receipts and Table 6 gives details of financing transactions. On this basis, transfers between different parts of the accounts of the Australian Government are eliminated and additional detail included so that the figures shown relate to the transactions which occur between the Australian Government and the rest of the economy, including other levels of government, and overseas. The national accounts figures therefore show government transactions classified into economically significant categories comparable to those presented in the White Paper *National Income and Expenditure 1973-74*.

Over the past decade there has been a tendency for Australian Government Budget outlays to grow somewhat faster than expenditures in the economy as a whole. The following table compares the average annual rates of growth of the main components of Budget outlays with the average annual rate of growth in gross national expenditure for the period since 1964-65.

	Average Annual Rate of Increase 1964-65 to 1973-74
	Per cent per annum
Budget outlays—	
Net expenditure on goods and services—	
Current	10.7
Capital	10.8
Transfer payments	12.6
Net advances	4.0
Total Budget Outlays	11.0
Gross National Expenditure	10.0

Over the nine-year period, the major elements of Budget outlays, except for net advances, increased more rapidly than gross national expenditure. Total transfer payments have grown strongly over the period, and rather faster than direct expenditure on goods and services, both current and capital, which have grown at much the same annual average rate. The patterns of growth of direct expenditure and transfers have also differed. Mainly as a result of fluctuations in defence expenditure, current expenditure on goods and services grew more rapidly in the period 1964-65 to 1968-69 (16.3 per cent per annum) than in the period since 1968-69 (10.9 per cent per annum). Similarly, the average annual rate of growth in capital expenditure declined from 15.4 per cent in the first period to 9.7 per cent in the second. On the other hand, growth in total transfer payments accelerated from an annual average of 9.1 per cent in the first period to 16.5 per cent in the second.

Taking the period as a whole, the Budget's *direct* call on resources, as measured by final expenditure on goods and services, grew strongly from 5.5 per cent of gross national expenditure in 1964-65 to 7.2 per cent in 1968-69, but declined thereafter to 6.2 per cent by 1973-74.

In assessing the total economic impact of the Budget on *final* demand for goods and services it is not, however, sufficient to look only at its *direct* call on goods and services. This is because, as noted previously, the larger proportion of Budget outlays is in the form of transfer payments, such as payments of pensions, subsidies, interest and grants, and the call on resources from such payments depends on the uses to which the recipients put the funds. Other Budget outlays take the form of advances and the economic impact of these is different again. Consequently, it is necessary to take account of variations in the composition of total outlays in analysing the Budget's impact.

Expenditure on goods and services declined as a proportion of total Budget outlays from a peak of 29.5 per cent in 1968-69 (associated with the strong growth in defence spending in the preceding years) to 24.8 per cent in 1973-74.

Conversely, cash benefits to persons consistently increased as a percentage of total outlays from a low of 20.5 per cent in 1967-68 to 25 per cent in 1973-74. Although it is not possible to specify precisely the final use of funds transferred from the Budget in this way, it is well known that many of the recipients of these benefits have very high marginal propensities to spend and thus this category of outlays is likely to have a fairly immediate and strong influence on final demand for consumption goods.

A major proportion of Australian Government outlays comprises payments to the States. Because of changes from time to time in the methods of making such payments, it is more useful to look at 'Grants to the States' and 'Net Advances to the States' as one category. Considered as a whole, payments to the States have normally accounted for about one-third of Australian Government Budget outlays. Over the last ten years, the lowest proportion was 31.2 per cent in 1968-69 and the highest 34.0 per cent in 1973-74. These outlays are to finance, *inter alia*, the States' health and education services and their works and housing programs. As with cash benefits, it is not practicable to trace through precisely the final use of all these funds from the Budget. Moreover, the timing of outlays by the States can differ from the timing of payments to them of funds to finance those outlays. In the recent economic situation, for example, the timing of outlays has been affected by problems in finding resources of men, materials and equipment with which to undertake projects and programs financed by the Australian Government.

Advances other than to the States are chiefly distributed within the Australian Government sector itself in the form of advances to government instrumentalities operating outside the Budget. These include the Post Office, the Overseas Telecommunications Commission, the Australian National Airlines Commission, Qantas Airways Limited, and the Snowy Mountains Hydro-electric Authority. Advances to such authorities in 1973-74 amounted to \$468 million or 3.8 per cent of budget outlays. Again, it is not practicable to trace through the precise utilisation of the funds advanced to these instrumentalities from the Budget. It is, however, possible to offset transfers between the Budget and non-Budget sectors of the Australian Government and to consolidate outlays, other than inter-sector transfers, to form a statement of the outlays and receipts of the Australian Government sector as a whole. The method of consolidation used is outlined in the Supplement to the Treasury Information Bulletin *National Accounting Estimates of Receipts and Expenditure of Australian Government Authorities*, presented concurrently with the Budget documents. Table 5, attached to this Statement, sets out national accounts estimates of the main categories of receipts and outlays of the Australian Government sector as a whole for the period since 1964-65. Total outlays by the non-Budget sector amounted to \$1,028 million in 1973-74.

There are substantial differences between the relative composition of outlays of the Australian Government sector as a whole and that of the Budget sector alone. The following table details the composition of outlays for 1973-74.

	Budget Sector	Total Australian Government Sector
	Per cent of total	Per cent of total
Net expenditure on goods and services—		
Current	22.5	22.0
Capital	2.3	8.3
Total	24.8	30.3
Transfers	64.7	63.2
Net Advances	10.4	6.5
Total Outlay	100.0	100.0

As the table shows, final expenditure on goods and services represents a greater proportion of total Australian Government outlays than of Budget outlays. The greater outlays of the non-Budget authorities for capital purposes lift capital expenditure from 2.3 per cent to 8.3 per cent of total outlays. There are consequent declines for transfers and advances.

Total Public Sector Direct Expenditure on Goods and Services

Taking into account State Governments and local authorities, the relative size of public sector direct expenditure on goods and services has not changed greatly in recent years. The following table shows the trend in the public sector's relative take-up of final goods and services over the period since 1964-65.

Year	Public Sector Expenditure on Goods and Services as Percentage of GNE(a)(b)		
	Final Consumption Expenditure	Gross Fixed Capital Expenditure	Total
1964-65	10.4	9.2	19.6
1965-66	11.3	9.8	21.1
1966-67	12.1	9.5	21.6
1967-68	12.7	9.6	22.3
1968-69	12.5	9.2	21.7
1969-70	12.4	9.2	21.6
1969-70	12.4	9.2	21.6
1970-71	12.9	8.9	21.8
1971-72	13.5	9.1	22.6
1972-73	13.9	8.7	22.6
1973-74 (preliminary)	13.7	7.9	21.5

(a) Figures subsequent to 1969-70 incorporate minor revisions to national accounting estimates made in the White Paper *National Income and Expenditure 1973-74* which have not been carried through to earlier years.

(b) General government consumption expenditure and gross national expenditure are adjusted to a 'deliveries' basis in the White Paper *National Income and Expenditure 1973-74* presented concurrently with the Budget documents. This is to take account of the timing difference between payments for, and deliveries of, major items of defence equipment. In this Statement, however, both government final consumption expenditure and gross national expenditure are expressed on a payments basis, in order to facilitate comparisons with Budget expenditure on goods and services which is inclusive of payments for defence expenditures overseas.

As shown in the table, there was a marked lift in the proportion of public sector direct demands on resources to total final demand in the four years to 1967-68, reflecting, among other things, increased defence expenditure. Over the next three years the proportion remained fairly steady at around 21.7 per cent before rising again in 1971-72 and 1972-73. This rise largely reflected decreased demand for resources by the private sector as economic activity slowed. The Australian Government Budget for 1973-74 seemed likely to increase the share of resources going to the public sector, but this was nullified by booming activity in the private sector.

The growth pattern of *final consumption* expenditure on goods and services, however, has differed from that of *capital* expenditure. In most years since 1964-65, public sector final consumption expenditure has grown at a faster rate than gross national expenditure, the ratio of the two increasing steadily from 10.4 per cent in 1964-65 to 13.7 per cent in 1973-74. Public capital expenditure growth has been more erratic; its share of gross national expenditure reached a peak of 9.8 per cent in 1965-66, and has since fluctuated around a generally declining trend to a low-point of 7.9 per cent in 1973-74.

Budget Receipts

Total budget receipts in national accounts terms have increased at an annual average rate of 11.5 per cent over the period from 1964-65, rising from 22.2 per cent of gross domestic product to 24.1 per cent in 1973-74. These receipts comprise taxes of various types together with a number of other charges, interest, rent and dividends. As with outlays, different types of receipts have different effects on the economy. Taxes on incomes, for example, influence private demand for goods and services by determining the level of disposable incomes; sales taxes, on the other hand, affect private demand through the prices of goods. Consequently, the 'mix' of Budget revenues, as well as their total size, needs to be considered in any assessment of the overall impact of the Budget on the economy. Trends in the different types of receipts were outlined in the previous section.

Total taxation revenues increased at an annual average rate of 11.8 per cent over the period. Within this total, revenue from individual income taxation has increased at an average rate of 14.2 per cent, whereas the rate of increase in indirect taxation revenue has been only 8.6 per cent. The relatively slow growth in indirect taxation is partly the result of the transfer of pay-roll tax to the States as from 1 September 1971.

The Overall Budget Result

The Australian Government has consistently incurred a deficit on its budgetary transactions over the decade 1964-65 to 1973-74. The size of the deficit, however, has varied from year to year, reaching a peak of \$709 million in 1972-73 and a low of \$10 million in 1970-71. The largest absolute increase in the deficit—\$575 million—occurred in 1972-73. In 1967-68 the deficit was 2.6 per cent of gross national expenditure, the highest proportion over the period.

Historical information on the domestic budget result (*see* Statement No. 1) is available only for the years since 1968-69. This is shown in the following table, along with the overall Budget result for the same years.

AUSTRALIAN GOVERNMENT BUDGET RESULT

(+ surplus, - deficit)

				Domestic	Total
				\$ million	\$ million
1968-69	..	..	..	+200	-385
1969-70	..	..	..	+338	-191
1970-71	..	..	..	+519	- 10
1971-72	..	..	..	+405	-134
1972-73	..	..	..	-215	-709
1973-74	..	..	..	+211	-293

In each of the four years 1968–69 to 1971–72, Budget domestic transactions resulted in a surplus, the largest occurring in 1970–71. In 1972–73 there was a marked turnaround of \$620 million, resulting in a domestic deficit of \$215 million. In 1973–74 the domestic result was a surplus of \$211 million.

The main financing transactions undertaken to meet the deficits in the Budget over the period have been domestic and overseas loan raisings, the issue of Treasury Notes, and temporary borrowings from the Reserve Bank. Details of these financing transactions are given in Table 6 attached to this Statement.

NOTES ON TABLES

To the extent it is practical, the historical data has been adjusted to eliminate major breaks in series. However, some important changes which affect year to year comparability cannot be readily removed.

At the Premiers' Conference in June 1971 it was agreed that the Australian Government would cease to levy pay-roll tax in the States as from 1 September 1971 and that the States would levy their own pay-roll taxes as from the same date. This decision resulted in a reduction in Australian Government pay-roll tax revenues estimated at \$253 million in 1971–72. To offset most of this loss in revenue, financial assistance grants paid to the States in 1971–72 were reduced. The full-year effect of these transfer arrangements is reflected in the 1972–73 figures for outlays and receipts.

The transfer arrangements had the effect of reducing the growth of outlays and receipts below the rate that would otherwise have been recorded by approximately 3 percentage points in 1971–72 and about 1 percentage point in 1972–73. The figures shown in the Tables reflect these lower growth rates. Comparisons between 1972–73 and subsequent years will not, of course, be affected by the transfer since no significant effects of the changeover continued beyond 1972–73.

Other areas where accounting changes or changes in administrative arrangements affect comparability of the series over time include; offset adjustments to General Revenue Payments to the States consequent upon the assumption by the Australian Government of financial responsibility for certain activities; alterations in some retirement benefit arrangements from funded to unfunded schemes; and changes in the form of grants and advances to the States which were ultimately utilized for housing purposes. These major changes are referred to in the text, particularly on page 102, and in footnotes to the tables.

NOTES ON TABLE 3: FIGURES IN NATIONAL ACCOUNTS TERMS— BUDGET SECTOR OUTLAYS

Net Expenditure on Goods and Services

This heading covers direct purchases of domestic output and imports, and includes wages and salaries of government employees and pay and allowances of defence forces. Any recoupments of such expenditures from other sectors of the economy or overseas are netted off. Current and capital expenditure are shown separately. In accordance with national accounting conventions, the cost of purchasing equipment for defence purposes is classified as current expenditure.

Transfer Payments

Current payments to other parts of the economy or overseas, other than payments for goods or services supplied, but including the purchase of existing assets, are listed in their various forms under this heading.

Net Advances

Loans, advances and additional capital made available by the Australian Government are shown in the respective items under this heading. Repayments of loans and advances are deducted to arrive at the net figures.

NOTES ON TABLE 5: AUSTRALIAN GOVERNMENT SECTOR

The method of presentation of national accounting estimates and expenditure for the Australian Government sector as a whole is discussed in Chapter II of the Supplement to the Treasury Information Bulletin, *National Accounting Estimates of Receipts and Expenditure of Australian Government Authorities*.

NOTES ON TABLE 6: FINANCING TRANSACTIONS

The following notes explain the composition of some headings in Table 6, which summarises the Australian Government's financing transactions.

- (a) The figures for loan proceeds and drawings on credit arrangements include the actual cash proceeds from loans, etc., credited to Loan Fund in 1973-74, or their equivalents for earlier years. The figures for loan proceeds in Australia include amounts raised through State domestic loan raisings but exclude amounts subscribed by the Australian Government to Special Loans.
- (b) The redemption and repayment items, both 'Overseas' and 'Australia', consist of outlays incurred in reducing the amount of debt outstanding (other than temporary borrowings by way of Treasury Bills and Notes). They include outlays on redemptions, repurchases and repayments from the National Debt Sinking Fund and outlays on redemptions, etc., from Loan Fund, from the Consolidated Revenue Fund and from the Canadian and Swiss Loan Trust Accounts.

TABLE 1—AUSTRALIAN GOVERNMENT BUDGET SECTOR OUTLAYS AND RECEIPTS, 1964-65 TO 1973-74 AND 1974-75 (ESTIMATED)

	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75 (estimate)
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Outlays—											
1. Defence	583	714	917	1,071	1,105	1,051	1,098	1,164	1,234	1,334	1,499
2. Education	105	141	141	172	189	245	298	349	443	860	1,535
3. Health	276	310	338	360	396	462	560	687	783	948	1,232
4. Social Security and Welfare	885	933	1,004	1,039	1,129	1,270	1,380	1,528	2,102	2,489	3,441
5. Housing	162	179	166	160	173	184	204	204	204	204	204
6. Urban and Regional Development nec and the Environment	11	14	16	17	22	24	29	38	49	145	394
7. Culture and Recreation	51	57	61	70	75	82	91	104	116	138	228
8. Economic Services—											
Transport and Communication	365	412	472	556	517	572	646	734	751	869	1,120
Water Supply and Electricity	48	46	62	56	38	49	43	30	36	43	51
Industry Assistance and Development	154	206	233	291	343	520	401	509	443	487	373
Labour and Employment	55	57	62	70	89	96	101	99	95	115	150
Other Economic Services	14	16	20	24	26	31	32	38	40	48	59
Total Economic Services	635	737	849	996	1,012	1,267	1,223	1,410	1,365	1,562	1,954
9. General Public Services—											
Legislative Services	10	10	13	12	13	16	18	19	25	32	39
Law, Order, and Public Safety	10	11	15	19	20	23	27	34	41	56	78
Foreign Affairs and Overseas Aid	104	121	139	160	177	194	207	240	277	363	426
General and Scientific Research nec	43	42	47	53	58	65	76	81	90	111	126
Administrative Services	122	144	166	172	190	203	235	300	329	417	512
Total General Public Services	289	328	379	416	458	501	564	674	762	987	1,183
10. Not Allocated to Function—											
Payments to or for the States and Local Government Authorities nec and Natural Disaster Relief	1,145	1,259	1,370	1,481	1,590	1,757	2,113	2,373	2,623	2,763	3,437
Public Debt Interest	390	409	432	476	502	546	576	616	674	712	795
Allowance for Wage and Salary Increases	—	—	—	—	—	—	—	—	—	—	150
Regional Employment Development Scheme	—	—	—	—	—	—	—	—	—	—	25
TOTAL OUTLAYS	4,532	5,058	5,673	6,258	6,651	7,387	8,135	9,079	10,227	12,295	16,274
Receipts—											
1. Taxation Revenue	3,835	4,238	4,516	4,983	5,567	6,424	7,248	7,963	8,488	10,938	14,518
2. Interest, Rent, and Dividends	462	505	553	596	650	771	801	885	951	1,031	1,144
3. Net Receipts from Government Enterprise Transactions	43	50	46	28	36	37	53	56	31	11	4
4. Sale of Land and Buildings	9	9	6	8	12	14	23	41	47	22	37
TOTAL RECEIPTS	4,349	4,803	5,121	5,616	6,266	7,196	8,125	8,945	9,518	12,002	15,704
DEFICIT	183	255	552	642	385	191	10	134	709	293	570

(a) See footnote (b) on page 117.

TABLE 2—AUSTRALIAN GOVERNMENT BUDGET SECTOR OUTLAYS, 1964-65 TO 1973-74 AND 1974-75 (ESTIMATED)
CLASSIFIED BY FUNCTION

	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75 (estimate)
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
1. DEFENCE—											
Manpower Costs—											
Civilian	50	57	68	80	91	105	123	149	162	191	216
Forces	164	192	230	262	296	332	376	424	464	619	666
Defence Equipment Stores and Facilities	274	355	465	529	529	429	391	397	400	331	402
Maintenance of Industrial Capacity	12	18	20	22	16	21	31	26	25	43	52
Research and Development Establishments	40	40	41	41	45	46	47	49	57	60	67
Defence Co-operation	6	5	6	7	6	8	8	8	11	10	25
Storage and Transport	4	5	6	7	6	9	8	10	11	13	25
Other Outlays	58	72	106	126	153	134	146	135	135	135	116
Less Recoveries and Repayments	26	20	27	27	40	32	31	33	32	69	67
TOTAL DEFENCE	583	714	917	1,071	1,105	1,051	1,098	1,164	1,234	1,334	1,499
2. EDUCATION—											
Universities	68	78	88	98	109	118	137	161	190	331	472
Colleges of Advanced Education and Teachers Colleges .. .. .	..	1	7	18	23	38	42	55	72	193	320
Allowance for Automatic Adjustment of Recurrent Grants to Universities and Colleges .. .. .	..	..	..	..	..	..	..	..	..	..	..
Technical Education	11	9	12	17	10	13	15	10	19	41	75
Schools, Pre-schools and Child Care(e)—											
Non-Government Schools	3	3	3	6	6	22	35	39	51	74	126
Government Schools, Pre-schools and Child Care(e)	14	14	16	17	22	31	41	50	63	144	395
Schools Joint Projects .. .. .	..	..	..	..	..	..	..	..	..	..	..
Other	5	7	8	9	7	7	8	8	10	14	14
Special Groups	3	5	4	6	7	11	15	18	29	47	68
Other Outlays (net)	1	1	2	3	4	5	6	8	9	13	19
TOTAL EDUCATION	105	117	141	172	189	245	298	349	443	860	1,335
3. HEALTH—											
Medical Services and Benefits	55	66	70	76	82	93	135	184	217	229	271
Hospital Services and Benefits	94	79	89	95	101	118	141	179	198	229	322
Pharmaceutical Services and Benefits	93	106	117	121	135	154	179	195	200	242	276
Nursing Home and Domiciliary Care Services and Benefits .. .. .	..	22	23	25	33	48	53	75	101	134	177
Community Health Facilities and Services .. .. .	..	..	..	..	..	..	..	..	..	..	..
Treatment and Prevention of Tuberculosis	13	16	13	13	14	12	12	11	12	13	14
Health Schemes for School Children	8	9	9	10	10	10	10	12	12	16	21
Other Outlays (net)	13	14	16	20	22	27	30	32	43	68	107
TOTAL HEALTH	276	310	338	360	396	462	560	687	783	948	1,232

(a) Outlays on Child Care prior to 1974-75 are classified to the 'Social Security and Welfare' function.

TABLE 2—AUSTRALIAN GOVERNMENT BUDGET SECTOR OUTLAYS, 1964-65 TO 1973-74 AND 1974-75 (ESTIMATED)
CLASSIFIED BY FUNCTION—continued

	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75 (estimate)
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
4. SOCIAL SECURITY AND WELFARE—											
Assistance to the Aged(a)	435	451	492	523	569	657	607	710	922	1,181	1,637
Assistance to Ex-Servicemen and their Dependents	183	202	194	200	221	227	239	264	301	360	476
Assistance to the Handicapped(a)	2	2	2	3	4	5	126	148	197	242	329
Assistance to Widows and Supporting Mothers	47	50	56	61	70	84	94	111	150	229	311
Assistance to Families	180	184	207	195	201	228	207	226	263	237	238
Assistance to the Unemployed and Sick	15	16	19	19	17	19	23	72	181	119	205
Other Outlays (net)	24	29	33	38	46	50	82	67	86	121	176
Allowance for Autumn Pension and Benefit Rate Increases	—	—	—	—	—	—	—	—	—	—	70
TOTAL SOCIAL SECURITY AND WELFARE	885	933	1,004	1,039	1,129	1,270	1,380	1,598	2,102	2,489	3,441
5. HOUSING—											
Grants and Net Advances to the States	94	107	109	111	113	118	126	-12(b)	-3(b)	208	223
Australian Housing Corporation	—	—	—	—	—	—	—	—	—	—	23
Homes Savings Grants	11	13	12	13	13	12	15	17	21	25	20
Defence Services Homes Advances (net)	39	39	25	10	11	12	18	17	13	37	43
Housing in the Territories (net)	13	15	16	18	19	24	28	52	28	35	38
Housing for Migrants	1	1	2	4	10	11	7	2	1	1	4
Housing for Aborigines	—	—	—	—	—	—	6	6	14	23	22
Other Outlays	8	7	7	8	11	9	12	11	11	15	43
Less Other Recoveries and Repayments	4	4	4	4	3	6	8	8	9	9	17
TOTAL HOUSING	162	179	166	160	173	184	204	65	77	338	401
6. URBAN AND REGIONAL DEVELOPMENT NEC AND THE ENVIRONMENT—											
Urban and Regional Development nec	10	12	13	15	20	20	26	33	41	103	265
Protection of the Environment	—	—	—	—	—	—	—	—	—	—	4
Sewerage and Sanitation	—	—	—	—	—	—	—	—	—	—	125
TOTAL URBAN AND REGIONAL DEVELOPMENT NEC AND THE ENVIRONMENT	11	14	16	17	22	24	29	38	49	145	394

(a) Invalid pensions are included under 'Assistance to the Aged' up until 1970-71 as separate figures are not available for years prior to 1970-71.
 (b) Excludes amounts totalling \$160 million in 1971-72 and \$166.9 million in 1972-73 allocated by the States out of their Loan Council borrowing programs for housing projects similar in nature to those covered under the 1973 Housing Agreement. (See also footnote (b) to table on page 103).

TABLE 2—AUSTRALIAN GOVERNMENT BUDGET SECTOR OUTLAYS, 1964-65 TO 1973-74 AND 1974-75 (ESTIMATED)
CLASSIFIED BY FUNCTION—continued

	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75 (estimate)
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
7. CULTURE AND RECREATION—											
Broadcasting and Television	43	47	50	56	61	64	74	84	91	112	142
Other Outlays (net)	8	10	11	14	14	18	17	20	26	46	86
TOTAL CULTURE AND RECREATION	51	57	61	70	75	82	91	104	116	158	228
8. ECONOMIC SERVICES—											
A. TRANSPORT AND COMMUNICATION—	119	142	180	204	201	234	248	272	290	388	388
Air Transport—											
Net Advances to the Airlines	23	17	18	49	—12	—16	20	52	18	—10	41
Aviation Services	50	57	70	78	92	103	128	130	127	145	158
Other Outlays	3	4	4	4	4	4	4	4	4	5	5
Less Air Navigation Charges	4	7	8	10	13	16	20	23	27	33	45
Less Other Recoveries	2	3	3	3	4	5	7	10	11	50	15
Total	69	68	81	118	67	71	125	153	111	56	144
Road Transport—											
Road Grants	130	140	150	160	170	193	218	245	279	317	342
Other Expenditure	16	19	21	24	26	27	32	31	35	38	43
Total	146	159	171	184	196	220	250	276	314	354	385
Rail Transport—											
Commonwealth Railways Capital Works and Services	7	10	11	14	12	12	14	17	11	8	15
Other Rail Projects (net)	17	23	23	33	17	17	4	3	—1	—3	1
Total	24	32	34	47	29	29	19	20	11	5	17
Urban Public Transport Improvement											
Shipping and Harbours	7	9	5	2	—	—16	—	8	—	—	67
Pipelines	—	—	—	—	11	—	2	2	9	54	41
Other Outlays	3	4	4	5	5	7	8	11	13	17	20
Less Other Recoveries	2	3	3	3	5	6	7	8	9	17	20
TOTAL TRANSPORT AND COMMUNICATION	365	412	472	556	517	572	646	734	751	869	1,120

TABLE 2—AUSTRALIAN GOVERNMENT BUDGET SECTOR OUTLAYS, 1964-65 TO 1973-74 AND 1974-75 (ESTIMATED)
CLASSIFIED BY FUNCTION—continued

	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75 (estimate)
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
B. WATER SUPPLY AND ELECTRICITY—											
Urban Water Supply ..	2	3	11	8	3	4	7	8	5	4	13
Snowy Mountains Scheme ..	46	43	49	41	32	36	31	20	14	13	32
Gladstone Power Station ..	—	—	—	—	—	—	—	—	17	27	32
Other Outlays ..	1	2	4	2	5	11	9	6	7	7	9
Less Repayments ..	1	1	2	9	2	2	3	4	4	6	8
TOTAL WATER SUPPLY AND ELECTRICITY ..	48	46	62	56	38	49	43	30	36	45	51
C. INDUSTRY ASSISTANCE AND DEVELOPMENT—											
Forestry and Fishing Industries ..	2	2	2	5	6	8	8	4	13	10	13
Agricultural and Pastoral Industries—											
Wool Industry ..	25	29	29	25	30	28	50	91	26	44	102
Wheat Industry ..	3	20	18	17	45	186	35	7	—	14	22
Dairy Industry ..	30	30	30	37	30	32	50	52	35	22	29
Fruit Industry ..	2	2	2	2	3	2	9	4	4	10	9
Poultry Industry ..	..	6	9	19	11	12	13	14	14	12	12
Cattle, Sheep and Pig Meat Industry ..	3	3	4	3	4	4	4	40	11	11	15
Rural Reconstruction ..	..	..	..	..	..	..	..	..	51	36	30
Adjustment Assistance for Currency Variations ..	..	..	..	..	..	..	..	..	..	..	..
Fertilizer Bounties ..	23	25	32	21	35	29	21	57	70	81	46
Inspection Services ..	4	5	9	34	43	56	51	16	14	16	20
Irrigation and Other Pastoral Water Projects (net)	7	12	19	10	17	20	29	26	24	20	28
Other Outlays (net) ..	8	6	8	35	9	10	12	23	8	31	44
Total ..	106	138	150	194	233	385	220	340	239	297	311
Mining, Manufacturing and Other Industries—											
Petroleum and Minerals Authority ..	..	..	..	..	..	..	..	..	..	..	..
Petroleum Search Subsidy ..	9	11	10	12	13	14	10	8	8	10	50
Other Mining Assistance ..	8	9	12	12	10	10	12	14	14	13	13
Shipbuilding Assistance ..	6	8	12	11	13	19	19	13	31	21	25
Industrial Research and Development Scheme ..	..	..	..	..	..	..	..	..	..	..	..
Export Incentive Grants and Payroll Tax Rebates ..	11	14	20	25	30	34	48	59	58	68	88
Other Outlays (net) ..	6	5	5	2	3	5	7	6	6	9	25
Total ..	40	47	57	64	74	91	112	113	131	137	222

TABLE 2—AUSTRALIAN GOVERNMENT BUDGET SECTOR OUTLAYS, 1964-65 TO 1973-74 AND 1974-75 (ESTIMATED)
CLASSIFIED BY FUNCTION—continued

	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75 (estimate)
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
C. INDUSTRY ASSISTANCE AND DEVELOPMENT—continued											
Tourist Industry	1	1	1	2	2	2	3	3	3	4	7
Other Assistance to Industry—											
Petroleum Products Subsidy	—	10	16	18	19	22	24	25	26	22	1
Australian Industry Development Corporation	5	6	7	8	9	11	11	13	13	15	—
Export and Trade Promotion .. .. .	..	2	..	..	..	..	..	..	4	—	14
Other Outlays .. .. .	..	..	..	..	..	..	..	2	4	—	5
Less Recoveries .. .. .	..	..	..	..	..	..	..	..	1	—	1
Total	5	18	23	25	28	33	59	49	56	36	20
TOTAL INDUSTRY ASSISTANCE AND DEVELOPMENT	154	206	233	291	343	520	401	509	443	484	573
D. LABOUR AND EMPLOYMENT—											
Conciliation and Arbitration	1	1	1	1	1	2	2	2	3	3	4
Payment to Stevedoring Industry Authority	10	10	10	14	15	14	14	16	18	20	21
Training Schemes .. .. .	..	..	..	..	1	2	3	4	6	15	20
Assisted Migration (net)(a)	28	30	31	34	47	49	44	34	24	21	39
Other Outlays (net)(b)	16	16	20	21	25	29	38	43	44	55	66
Total	55	57	62	70	89	96	101	99	95	115	150
TOTAL LABOUR AND EMPLOYMENT	55	57	62	70	89	96	101	99	95	115	150
E. OTHER ECONOMIC SERVICES—											
Economic and Trade Regulation (net)	1	1	1	2	2	2	2	3	5	8	10
Specialised Activities—											
Meteorological Services	9	10	11	14	15	16	19	23	24	27	31
Other	2	2	2	3	3	4	4	5	5	6	6
Less Recoveries	3	3	3	4	4	5	6	7	8	9	10
Other Outlays	5	6	9	9	10	14	13	14	15	16	22
Total	14	16	20	24	26	31	32	38	40	48	59
TOTAL OTHER ECONOMIC SERVICES	14	16	20	24	26	31	32	38	40	48	59
TOTAL ECONOMIC SERVICES	635	737	849	996	1,012	1,267	1,223	1,410	1,365	1,562	1,934

(a) Net of migrant contributions towards passages and repayments by returning migrants.
(b) For years prior to 1972-73, includes administrative expenditure by the former Department of Immigration now under the control of the Departments of Foreign Affairs, Education, Social Security, Housing and Construction, and Media.

TABLE 2—AUSTRALIAN GOVERNMENT BUDGET SECTOR OUTLAYS, 1964-65 TO 1973-74 AND 1974-75 (ESTIMATED)
CLASSIFIED BY FUNCTION—continued

	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75 (estimate)
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
9. GENERAL PUBLIC SERVICES—											
A. LEGISLATIVE SERVICES—											
Parliamentary Expenditure	6	7	7	8	10	11	13	15	17	25	29
Australian Electoral Office	3	2	5	4	3	4	5	3	6	13	8
Other Outlays .. .. .	..	..	..	..	..	..	..	1	1	1	2
TOTAL LEGISLATIVE SERVICES	10	10	13	12	13	16	18	19	25	39	39
B. LAW, ORDER AND PUBLIC SAFETY—											
Courts and Legal Services	3	3	3	4	4	5	6	8	11	15	27
Police, Security and Detention	3	3	8	10	10	12	18	18	22	28	34
Other Outlays (net)	2	3	4	5	6	6	8	7	8	13	16
TOTAL LAW, ORDER AND PUBLIC SAFETY	10	11	15	19	20	23	27	34	41	56	78
C. FOREIGN AFFAIRS AND OVERSEAS AID—											
Aid Payments—											
Tajikistan	57	63	71	78	87	102	105	121	133	203	186
Tanzania .. .. .	..	..	13	14	15	16	17	17	17	15	26
Multilateral Aid	22	28	28	35	38	40	43	52	61	68	123
Bilateral Aid	20	24	27	33	39	42	48	55	69	76	91
Other Outlays (net)(a) .. .. .	..	..	..	..	..	..	..	..	..	..	..
TOTAL FOREIGN AFFAIRS AND OVERSEAS AID	104	121	139	160	177	194	207	240	277	363	426
D. GENERAL AND SCIENTIFIC RESEARCH											
Australian Atomic Energy Commission	9	10	10	11	12	14	16	13	14	16	17
Commonwealth Scientific and Industrial Research Organization	31	29	32	37	40	44	52	57	63	81	93
Antarctic Division	2	2	2	2	3	4	3	3	3	7	4
Research Grants .. .. .	..	2	2	3	3	4	5	5	6	7	8
Other Research and Science nec.	1	..	..	..	..	1	1	3	3	4	6
TOTAL GENERAL AND SCIENTIFIC RESEARCH NEC	43	42	47	53	58	65	76	81	90	111	129

(a) Prior to the establishment of the Overseas Property Bureau in 1973-74 outlays on overseas properties were included in the general administrative expenses of the Departments involved and were not necessarily classified to this function.

TABLE 2—AUSTRALIAN GOVERNMENT BUDGET SECTOR OUTLAYS, 1964-65 TO 1973-74 AND 1974-75 (ESTIMATED)
CLASSIFIED BY FUNCTION—continued

	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75 (estimate)
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
E. ADMINISTRATIVE SERVICES—											
Financial Affairs and Fiscal Administration	59	76	85	81	83	91	104	122	139	176	202
Statistical Services	10	12	13	16	15	18	21	28	26	31	36
General Administration of the Territories	11	10	13	13	17	19	21	25	28	35	46
Other Administrative Services nec	4	5	5	6	7	9	11	12	16	27	34
Common Services											
Construction Services (net)	21	24	29	30	36	40	44	48	54	70	84
Australian Government Offices	10	8	8	8	12	11	13	36	25	28	37
Property Management and Services	1	2	2	3	12	14	15	18	22	27	37
Other	1	2	2	3	4	5	5	5	7	12	14
Net Superannuation Payments nec	9	10	10	13	17	19	19	26	29	36	42
Less Recoveries	9	9	9	12	16	20	18	19	20	22	22
TOTAL ADMINISTRATIVE SERVICES	122	144	166	172	190	203	235	300	329	417	512
TOTAL GENERAL PUBLIC SERVICES	289	328	379	416	458	501	564	674	762	987	1,183
10. NOT ALLOCATED TO FUNCTION—											
A. PAYMENTS TO OR FOR THE STATES AND LOCAL GOVERNMENT AUTHORITIES NEC, AND NATURAL DISASTER RELIEF—											
Financial Assistance Grants	681	757	827	908	1,032	1,157	1,419	1,441	1,647	1,860	2,328
Other General Revenue Assistance (net)	32	42	40	42	17	22	22	36	44	64	32
State Government Loan Council Programs (net)	400	465	437	460	484	517	566	(a)762	(a)850	726	879
Assistance Related to State Debts	32	33	34	36	37	38	51	65	78	91	104
Assistance for Local Government											
Natural Disaster Relief (net)		22	32	35	20	12	15	2	—	—	39
TOTAL PAYMENTS TO OR FOR THE STATES AND LOCAL GOVERNMENT AUTHORITIES NEC AND NATURAL DISASTER RELIEF	1,145	1,259	1,370	1,481	1,590	1,757	2,113	2,373	2,623	2,763	3,437
B. PUBLIC DEBT INTEREST—											
Gross Interest Paid	429	456	481	526	561	613	658	712	760	811	910
Less Interest on Government Securities and Cash Balances held by the Australian Government on its own behalf	40	46	49	49	59	67	82	96	86	100	115
TOTAL PUBLIC DEBT INTEREST	390	409	432	476	502	546	576	616	674	712	795
C. ALLOWANCE FOR WAGE AND SALARY INCREASES											
D. REGIONAL EMPLOYMENT DEVELOPMENT SCHEME											
TOTAL OUTLAYS	4,532	5,058	5,673	6,258	6,651	7,387	8,135	9,079	10,227	12,295	16,274

(a) See footnote (b) on page 1117.

TABLE 3—AUSTRALIAN GOVERNMENT BUDGET SECTOR OUTLAYS, 1964-65 TO 1973-74 AND 1974-75 (ESTIMATED) IN NATIONAL ACCOUNTS FORM

	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75 (estimate)
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Outlay—											
Net expenditure on goods and services—											
Current expenditure—											
Defence	558	683	875	1,040	1,077	1,017	1,069	1,135	1,190	1,231	1,360
All other	440	486	554	621	705	793	908	1,045	1,187	1,536	2,120
Capital expenditure(a)	998	1,169	1,429	1,661	1,782	1,810	1,977	2,180	2,377	2,767	3,480
	103	117	142	162	179	183	218	218	230	283	412
Total net expenditure on goods and services	1,101	1,286	1,571	1,823	1,961	1,993	2,195	2,398	2,607	3,050	3,891
Transfer payments—											
Cash benefits to persons	1,071	1,143	1,236	1,283	1,394	1,586	1,757	2,040	2,530	3,075	4,119
Unfunded employee retirement benefits									1	65	66
Grants to the States including for local government authorities	969	1,091	1,196	1,324	1,434	1,635	2,225	2,394	2,782	3,430	4,755
Interest paid	390	409	432	476	502	546	576	616	674	712	795
Transfers overseas	106	127	150	153	158	179	184	205	252	289	363
Subsidies(b)	96	142	166	178	261	247	308	384	323	295	260
Grants for private capital purposes	26	47	45	58	32	34	35	41	55	66	117
Purchases of land and buildings	4	5	5	6	16	6	10	28	17	30	69
Total transfer payments	2,663	2,963	3,230	3,478	3,797	4,233	5,094	5,709	6,633	7,961	10,544
Total expenditure	3,764	4,249	4,801	5,302	5,758	6,226	7,289	8,107	9,240	11,011	14,436
Net advances—											
to States—											
Works purposes	400	405	437	460	484	518	366	533	591	448	552
Housing	93	107	109	111	113	118	126	133	76	201	216
Other	30	45	39	68	41	43	29	57	668	99	305
Total net advances to States	524	558	585	638	639	680	522	590	749	749	1,073
to Australian Government Authorities—											
Post Office	116	139	179	203	205	233	247	270	288	385	385
SMHEA	44	41	47	39	30	33	27	16	10	9	1
Airlines	23	17	18	49	-12	-16	20	52	18	-10	41
Pipeline Authority									10	56	75
Other	9	12	7	5	13	21	47	37	15	29	159
Total net advances to Australian Government Authorities	192	209	251	296	235	271	341	375	342	468	661
to other sectors—											
Defence Service Homes	39	39	25	10	11	12	18	17	13	37	44
Other	13	4	11	20	8	198(c)	-36(c)	-11(c)	-34(c)	32	61
Total net advances to other sectors	52	43	36	20	19	210	-18	6	-21	68	104
Total net advances	767	809	871	955	893	1,161	845	972	988	1,284	1,838
Total Outlay	4,532	5,058	5,673	6,258	6,651	7,387	8,135	9,079	10,227	12,295	16,274

(a) Consisting of fixed capital expenditure on new assets plus increase in stocks less sales of previously rented houses.
 (b) Following the transfer of the pay-roll tax to the States, the export incentive scheme has operated in respect of exports in 1971-72 and subsequent years through direct payments from the Australian Government, not by way of rebates of pay-roll tax. To facilitate year-to-year comparisons, figures for subsidies have been adjusted to include rebates of pay-roll tax under the export incentive scheme.
 (c) Includes net advances to the Australian Wheat Board amounting to \$184 million in 1969-70, —\$65 million in 1970-71, —\$53 million in 1971-72, and —\$65 million in 1972-73.

TABLE 4—RECEIPTS OF THE AUSTRALIAN GOVERNMENT BUDGET SECTOR, 1964-65 TO 1973-74 AND 1974-75 (ESTIMATED)

	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75 (estimate)
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Taxation Revenue—											
Customs Duty	269	272	277	314	348	414	466	468	513	604	770
Excise Duty	631	711	806	854	901	940	1,053	1,212	1,268	1,555	1,763
Sales Tax	363	369	379	417	494	567	633	683	765	969	1,105
Income Tax—											
PAYE	1,212	1,409	1,612	1,841	2,124	2,525	2,939	3,492	3,777	5,010	7,119
Less refunds	(22)	(28)	(33)	(33)	(37)	(40)	(40)	(40)	(40)	(40)	(40)
Other	580	571	599	670	652	774	746	880	616	772	930
Companies	709	801	785	837	1,007	1,151	1,395	1,477	1,551	1,252	1,777
Withholding Taxes	16	17	23	23	33	46	48	58	73	79	86
Payroll Tax	161	176	192	209	236	264	295	(a) 99	66	66	12
Estate Duty	42	36	42	55	61	71	70	67	66	66	65
Gift Duty	7	6	8	9	9	9	8	9	7	10	12
Stamp Duty (A.C.T. and N.T.)	—	—	—	—	—	2	3	3	4	4	5
Other Taxes and Fees	—	—	—	—	—	—	—	—	—	—	—
Unfunded Retirement Benefit Contributions	10	10	10	14	14	14	13	16	18	27	26
Stewarding Industry Charges	—	—	—	—	—	—	—	—	—	—	—
Primary Industry Charges—											
Wool Tax	14	15	15	14	15	14	6	5	11	27	72
Other	6	14	16	18	18	19	22	23	24	38	91
Broadcasting and Television Services	34	38	40	41	47	51	53	66	71	73	23
Other	7	2	3	5	7	7	9	13	15	19	26
Less Remissions	—	—	—	—	—	—	—	—	—	—	—
Total Taxation Revenue	3,835	4,238	4,516	4,983	5,567	6,424	7,248	7,963	8,488	10,938	14,318
Interest, Rent and Dividends—											
Interest Received—											
From the States—											
States Works and Housing	306	332	352	379	406	447	480	537	567	604	660
Other	41	46	54	61	69	74	83	91	94	101	122
Other Interest Receipts—											
Defence Service Homes	27	31	32	33	34	34	34	35	36	36	36
Snowy Mountains Hydro-electricity Authority	13	14	18	18	19	21	30	31	39	41	46
Australian Coastal Shipping Commission	..	..	..	..	..	..	2	2	2	3	4
Post Office	..	..	..	..	..	..	124	142	158	179	200
Qantas Airways Limited	3	3	4	5	7	6	5	7	8	7	8
Australian National Airlines Commission	..	..	..	..	..	..	2	3	2	3	3
Other	..	..	..	..	..	..	17	20	30	39	40
Total	454	496	542	588	638	700	777	868	936	1,013	1,118

(a) See notes to tables on page 113.

TABLE 4—RECEIPTS OF THE AUSTRALIAN GOVERNMENT BUDGET SECTOR, 1964-65 TO 1973-74 AND 1974-75 (ESTIMATED)—
continued

	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75 (estimate)
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Interest, Rent and Dividends— <i>continued</i>											
Rent, Dividends, etc.											
Qantas Airways Limited	2	2	3	—	2	3	4	3	—	—	6
Australian National Airlines Commission	1	1	1	1	1	1	1	2	2	2	1
Overseas Telecommunications Commission	—	—	—	—	—	6	11	10	10	13	3
Other	4	5	6	7	9	11	11	10	10	13	16
Total	7	9	10	8	12	21	24	17	14	18	26
Total Interest, Rent and Dividends	462	505	553	596	650	721	801	885	951	1,031	1,144
Net Receipts from Government Enterprise Transactions—											
Reserve Bank of Australia	35	42	39	21	26	27	42	43	20	—	—
Commonwealth Banking Corporation	3	3	4	3	4	3	4	6	6	7	5
Commonwealth Railways	4	4	2	2	5	6	5	3	2	2	—
Other .. .. .	..	..	..	..	..	..	1	3	4	2	1
Total	43	50	46	28	36	37	53	56	33	11	4
Sale of Land and Buildings	9	9	6	8	12	14	23	41	47	22	37
TOTAL RECEIPTS	4,349	4,803	5,121	5,616	6,266	7,196	8,125	8,945	9,518	12,002	15,704

TABLE 5—RECEIPTS AND OUTLAY OF AUSTRALIAN GOVERNMENT SECTOR AS A WHOLE, 1964-65 TO 1973-74 AND 1974-75 (ESTIMATED)(a)

	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75 (estimate)
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Outlay—											
Net expenditure on goods and services—											
Current expenditure	993	1,165	1,431	1,661	1,778	1,814	1,975	2,180	2,372	2,758	3,480
Capital expenditure(b)	426	459	483	580	574	659	756	830	775	1,048	1,306
Transfer payments(c) ..	2,658	2,955	3,220	3,472	3,778	4,224	5,084	5,676	6,618	7,935	10,476
Total expenditure	4,077	4,579	5,134	5,712	6,130	6,697	7,815	8,686	9,764	11,741	15,261
Net advances ..	575	601	621	659	660	(d)892	(d)506	(d)599	(d)648	818	1,179
Total Outlay ..	4,652	5,179	5,754	6,371	6,789	7,589	8,321	9,285	10,412	12,558	16,440
Receipts											
Taxation—											
Indirect taxes(c)	1,460	1,614	1,703	1,848	2,036	2,247	2,503	2,527	2,628	3,250	3,868
Direct taxes	2,372	2,624	2,812	3,132	3,524	4,173	4,733	5,423	5,844	7,680	10,644
Less Remissions	7	2	3	3	2	4	4	5	6	6	7
Other receipts	658	705	712	815	925	1,033	1,132	1,296	1,389	1,443	1,461
Total Receipts ..	4,488	4,942	5,224	5,793	6,482	7,449	8,364	9,240	9,855	12,367	15,966

(a) A more detailed version of this table is contained in the Supplement to the Treasury Information Bulletin, National Accounting Estimates of Receipts and Expenditure of Australian Government Authorities, Table 6.

(b) See footnote (a) to Table 3.

(c) Following the transfer of the pay-roll tax to the States, the export incentive scheme has operated in respect of exports in 1971-72 and subsequent years through direct payments from the Australian Government, not by way of rebates of pay-roll tax. To facilitate year-to-year comparisons, figures for indirect taxes have been adjusted to include pay-roll tax collections on a gross basis. 'Subsidies' have been adjusted by corresponding amounts to include rebates of pay-roll tax under the export incentive scheme.

(d) Includes net advances to the Australian Wheat Board, \$184 million in 1969-70, -\$65 million in 1970-71, -\$83 million in 1971-72, and -\$65 million in 1972-73.

TABLE 6—SUMMARY OF AUSTRALIAN GOVERNMENT BUDGET SECTOR FINANCING TRANSACTIONS, 1964-65 TO 1973-74

	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Overseas—										
Credit arrangements for defence purchases in the USA ..	—	—	91	132	91	51	64	46	51	—
Less—repayments ..	—	—	—	14	37	34	57	63	59	54
Net drawings ..	—	—	91	118	55	-3	7	-16	-8	-54
Aircraft loans for Qantas and Australian National Airlines Commission ..	35	30	31	65	15	11	47	85	31	16
Less—repayments ..	12	14	13	16	27	27	28	33	38	26
Net drawings ..	23	17	18	49	-12	-16	20	52	-7	-10
Other overseas loan proceeds(e) ..	43	38	54	77	169	48	15	26	28	—
Less—redemptions, etc.(e) ..	80	77	135	112	69	160	87	109	78	66
Net proceeds ..	-37	-40	-80	-35	100	-112	-72	-83	-50	-66
Total net proceeds overseas ..	-14	-23	28	132	142	-131	-46	-47	-66	-130
Funds provided for International Monetary Fund ..	-22	-40	-27	-59	-5	—	-37	—	—	—
Australia—										
Proceeds of loans raised in Australia(b) ..	523	552	666	589	616	678	770	917	971	1,651
Less—redemptions, etc. ..	270	255	238	293	235	414	566	197	232	837
Net proceeds of loans raised in Australia(b) ..	253	298	408	297	381	263	205	720	739	814
Net change in Treasury Notes on issue ..	-72	36	-26	184	-68	47	18	-10	165	-38
Other financing transactions(c) ..	180	334	382	480	313	310	222	711	904	776
Residual financing—	4	21	5	38	62	45	27	38	46	127
Net increase in Treasury Bills on issue ..	(d)-62	-36	(e)10	51	-127	-14	—	—	—	—
Net issue of other securities to the Reserve Bank ..	(d)100	—	(e)155	—	—	—	—	—	—	—
Use of cash balances ..	-4	..	-1	..	..	-19	-157	-567	-175	-480
Total residual financing ..	34	-36	164	51	-127	-33	-157	-567	-175	-480
Total Australian financing transactions ..	219	318	551	569	248	322	92	181	775	422
Total Financing Transactions ..	183	255	552	642	385	191	10	134	709	293

(a) Overseas 'refinancing' transactions are treated in the table as adding to both loan proceeds and redemptions where they involve receipts to and outlays from Loan Fund.
 (b) Overseas 'refinancing' transactions are treated in the table as adding to both loan proceeds and redemptions where they involve receipts to and outlays from Loan Fund.
 (c) Includes State domestic raisings.
 (d) Includes funds obtained from coinage and bullion transactions, amounts borrowed by Australian Government trust accounts, net amounts available from Australian Government trust account transactions in Government securities, amounts available from moneys held in trust, etc.
 (e) Reflects the substitution of \$100 million of longer-term securities for Treasury Bills on issue to the Reserve Bank.
 (f) Reflects the substitution of \$80 million of longer-term securities for Treasury Bills on issue to the Reserve Bank and an additional borrowing from the Reserve Bank by the issue of \$75 million in securities other than Treasury Bills.

APPENDIX TO THE BUDGET STATEMENTS—THE FUNCTIONAL CLASSIFICATION OF BUDGET OUTLAYS

The functional classification of budget outlays was used for the first time in the Budget Statements in 1973–74. The basic aim of the functional classification is to bring together outlays with like objectives or purposes. In this way it aims to reveal more fully information on the nature of government activities and the share of resources devoted to particular objectives, and to facilitate assessment of the effectiveness of outlays in meeting objectives.

Compared with the previous classification, the functional classification has the added value of being based on national accounting conventions. There is thus a consistent conceptual basis underlying both the economic classification and the functional classification. This removes a considerable source of confusion which existed in budget documents prior to 1973–74 when two conceptually different classifications were used—the so-called 'conventional' classification and the national accounting classification.

BASIS OF THE FUNCTIONAL CLASSIFICATION

The conventions and principles used in the functional classification are essentially those set out for the classification of outlays by the purpose of government in the publication *A System of National Accounts*, United Nations, New York 1968. That classification is a widely accepted international standard for the classification of public expenditure by function and is also being used by the Organisation for Economic Co-operation and Development as a basis for the development of internationally comparable statistics on the public sector. The Australian Bureau of Statistics has concurrently adopted these conventions and principles for purpose classifications in the documents it publishes on public authority finance.

As a result of close co-operation between the Bureau of Statistics and the Treasury in the development of this classification structure, the major functional headings adopted for budget purposes are conceptually consistent with those used by the Statistician in his publications. It should be noted, however, that the figures published by the Bureau for Australian Government outlays cover both budget outlays and outlays by Australian Government authorities which operate outside the budget sector and hence will differ in some respects from the figures shown for the budget sector in the Budget Statements. Information on the transactions of authorities operating outside the budget sector is shown in the Supplement to the Treasury Information Bulletin entitled *National Accounting Estimates of Receipts and Expenditure of Australian Government Authorities* which is published concurrently with the budget documents. In addition, a number of Australian Government departments and instrumentalities which operate in Papua New Guinea incur direct expenditures which may be classified as aid to a developing country. These outlays, however, are shown under the same functional heading in the Budget Statements as similar outlays made within Australia. Supplementary information on the functional allocation of these outlays is available in the Bureau's publication *Public Authority Finance—Authorities of the Australian Government*, 1973–74.

THE STRUCTURE OF THE FUNCTIONAL CLASSIFICATION

The major functional headings are shown in the summary table in Statement No. 3. Brief descriptions of the contents of each function are given below. These descriptions are intended to convey the scope of the outlays included under each function rather than to be a detailed listing of the content of each category. Further detail on each function is provided in the discussion in Statement No. 3. Historical data for the period 1964–65 to 1973–74 are given in summary form in Statement No. 6.

Some changes have been made in the functional headings and their contents as shown in Statements No. 4 and 8 in the Budget Speech 1973–74. The various outlays on 'Immigration' have been allocated to appropriate functions including the renamed 'Labour and Employment' function (previously 'Employment Conditions'). Reconsideration of the previous treatment was made necessary by the administrative re-arrangements announced by the

Government in June 1974. Water supply and sewerage undertakings in the Territories have been classified as business undertakings, in accordance with national accounting conventions. These changes are in line with international practice.

From an examination of the classification structure set out in the Budget Statements it will be evident that the functional classification is at this stage relatively aggregative in nature. It has not, for example, been possible on the whole to dissect the administrative outlays of departments and to allocate them over the particular sub-categories shown under each functional heading.

Under each functional heading in the classification, outlays have been grouped together into readily identifiable expenditure blocks. These expenditure blocks do not, as a rule, purport to represent detailed purpose-oriented sub-functions or programs; rather, they are meant as recognisable and meaningful groupings which readily lend themselves to discussion and analysis. Nevertheless, the main outlay blocks are decidedly more purpose-oriented than was the case with the categories of expenditure identified under the conventional classification used in the past.

Given the need to produce a continuing and up-to-date record of actual monthly outlays and receipts which is consistent with the overall estimates embodied in the Budget Speech and documents, it has been necessary to work largely within existing central accounting records. These records are, at present, built around the Appropriation Acts, which are the legal authority for expenditure rather than detailed costing documents. The figures presented have, therefore, been derived essentially by reclassifying appropriation data supplemented, where necessary, by a limited number of sub-costings of substantial appropriation items which cover several functions.

The problems of using existing accounting records for the purposes of the functional classification were magnified by the major changes to departmental administrative arrangements which were announced in December 1972 and June 1974. These changes have made it difficult to produce a strictly consistent set of outlay aggregates for the periods covered in the Budget Statements. Where possible, the more important discontinuities have been eliminated by the sub-costing and regrouping of appropriation data, but it has not been practicable to eliminate all inconsistencies to produce strict comparability of detailed estimates. This should be borne in mind when examining the tables set out in Statement No. 3 and particularly Statement No. 6.

It should also be noted that the functional categories do not necessarily correspond with appropriation or departmental structures. Furthermore, some outlay and receipt figures are netted in arriving at aggregates. Expenditure votes and revenue heads under the control of a particular department may, therefore, be classified under more than one functional heading and it will not always be possible to identify individual appropriation items in the Statements. The introduction of the functional classification does not, however, alter the structure of the appropriations or the summaries presented with the Appropriation Bills, such as the document *Estimates of Receipts and Summary of Estimated Expenditure*.

Although the basic aim of a functional classification scheme is to reveal the broad purposes for which government outlays are undertaken, it is important to note that such a classification cannot always be unambiguously applied. Particular items will often serve two or more distinct functions. Military colleges, for example, may be said to serve both a defence and an education purpose. The application of a functional classification scheme, however, requires that outlays be classified to the function which it is considered primarily to serve. In the example above, the primary function is considered to be defence. This is also in line with United Nations recommendations.

As in any single classification system, it is not possible to focus at one and the same time on every outlay characteristic that may be of interest to the Government or the public. Supplementary information on particular aspects of expenditure is therefore provided in other documents; for example, details of wage and salary estimates are shown in the document *Estimates of Receipts and Summary of Estimated Expenditure* and a separate White Paper is provided on *Payments to or for the States and Local Government Authorities*. Other supplementary documents or statements may in future years be provided in order to focus on outlays related to particular policies or activities.

THE IMPLICATIONS OF ADOPTING NATIONAL ACCOUNTING CONVENTIONS

As indicated earlier in this Appendix, the use of definitions of budget outlays and receipts based on national accounting conventions places budget data on a basis which is conceptually consistent with national accounting information published by the Bureau of Statistics and can more easily be related to trends in the public sector as a whole and developments in the economy reflected in that information.

The principles underlying the national accounting presentation of budget data are set out in the Appendix to the Supplement to the Treasury Information Bulletin entitled *National Accounting Estimates of Receipts and Expenditure of Australian Government Authorities*, September 1974. Concurrent with the introduction of the functional classification in 1973-74, some changes were made to the previous national accounting definitions of outlays, receipts, the deficit, and their components used in the Budget Statements. The more significant of these changes were:

- (a) Net advances to the Australian Wheat Board are treated as outlay items, rather than financing transactions as in the past. This brings the classification of these short-term advances into line with that accorded to other advances from the budget;
- (b) purchases of land and existing buildings (including inter-departmental transfers for which a financial adjustment is made) are now treated as outlays rather than offsets to the proceeds from the sale of these assets under a receipts heading. This change permits gross outlays on these assets to be shown under the appropriate functional headings.

Other conceptual changes in line with the principles set out in the publication *A System of National Accounts* were also introduced. These changes relate mainly to the treatment of rents and business enterprise transactions and are indicated in the Supplement to the Treasury Information Bulletin issued concurrently with the Budget documents. Overall, they do not have a very significant effect on the figures shown for total receipts and total outlays.

The adoption of national accounting conventions implies that the receipts and outlay figures shown in the Statements attached to the Budget Speech relate, for the most part, to the net transactions of the budget sector with the rest of the economy. Some important characteristics of the national accounting treatment shown in the Statements are as follows:

- (a) The transactions of various Funds forming the Public Account (the Consolidated Revenue Fund, Trust Fund and Loan Fund) are consolidated and inter-fund transfers are eliminated. For example, payments to the Aboriginal Advancement Trust Account are not shown as part of outlays; rather, the expenditure from that Trust Account is included. The aim is essentially to record the transactions between the budget sector and the rest of the economy. Allowance is, however, made for adjustments between functions arising from the transfer of existing assets where financial adjustments for these transfers are recorded;
- (b) receipts derived from activities which are essentially of a governmental nature, involving regulation and compulsory payment, are normally treated as revenue items. This applies in particular to industry charges and levies, broadcasting and television licence fees, and fees and fines imposed by the courts. Other recoveries and repayments are normally offset against the relevant outlays to arrive at net outlay figures. For example, repayments of principal on advances to other authorities are offset against the corresponding advances under the same outlay heading. Bringing together the relevant outlays and recoveries or repayments makes it possible to see more readily the extent of financial resources which are directed through the budget to a particular activity. Taxes, compulsory charges, licence fees and the like are not regarded as being related to particular outlays but rather as being of a general revenue nature;
- (c) the operating revenues of activities which are carried out as business-type enterprises are shown net of operating expenses as receipts items and hence do not appear in the outlay tables. The current operations of enterprises are thus reflected in the Budget Statements to the extent that they contribute to general budget revenues;

(d) finally, certain transactions which are netted in published totals of the receipts and payments of the Public Account are shown in gross form. The more important of these are interest on loans raised by the Australian Government for State works programs and for the Australian National Airlines Commission and Qantas Airways Limited. Interest paid on these loans is included under the outlay heading 'Public Debt Interest', while interest received on advances made to the relevant authorities is included as a receipts item. This has the effect of making the coverage of interest in the Statements the same as the coverage of the debt to which it relates.

DESCRIPTION OF FUNCTIONS

The following notes describe briefly the scope of the net outlays encompassed under each functional heading.

1. *Defence*

Outlays on military defence, including outlays to keep the armed services in a state of readiness. Includes outlays on central administration and on research in connection with activities carried out for defence purposes; outlays on military construction and equipment, inspection, transport and storage; all outlays on recruiting, training, equipping and housing the armed forces, and on medical care and other services for them; outlays on military colleges; expenditure for the provision of quarters for families of military personnel; outlays on pensions and other payments for military personnel under the Defence Forces Retirement and Death Benefit Scheme; outlays on civil defence; outlays on foreign military aid and contributions to international military organisations and alliances.

2. *Education*

Outlays on the provision, management and support of educational services from pre-school level through to higher school certificate level, trade and technical courses, courses in music, fine arts, etc., and of university and other higher education. Includes outlays relating to the provision of scholarships and allowances to students at all levels; special educational programs designed specifically for the benefit of persons of Aboriginal descent, for migrants and for handicapped children; expenditure on non-vocational adult education courses, school bus services, and general administration, regulation and research activities related to education.

3. *Health*

Outlays on facilities or services for the prevention and treatment of human illness. Includes outlays related to the prevention of diseases, such as chest X-ray campaigns, immunisation and vaccination programs, regulation of standards of sanitation, etc.; outlays concerned with the provision of hospital and clinical services, including treatment and care of those suffering from psychiatric disorders, infectious diseases, etc., and expenditure on nursing schools associated with hospitals. Also includes the payment of hospital, nursing home, medical and pharmaceutical benefits which are designed to cover all or part of the costs of hospitalization and medical treatment and provision of drugs and appliances; outlays on the provision of dental services, school medical services, ambulance services; special programs for the treatment and care of specific groups, such as persons of Aboriginal descent, the aged, former members of the armed forces and their dependants; community health centres, centres for the treatment of drug addicts, and domiciliary care services; general administration, regulation and research related to health matters.

4. *Social Security and Welfare*

Provision of pensions and allowances and other benefits to persons who, because of age, physical or mental disability, domestic circumstances or other reasons, are unable or not expected to earn a sufficient livelihood for themselves and their dependants. Includes the provision of benefits such as unemployment benefits, age and repatriation pensions, accident and sickness benefits, other benefits to compensate for loss of income and unemployment relief schemes. Provision of financial assistance towards the expenses associated with the bearing and raising of children, marriage guidance and child care facilities, other social security benefits, child welfare services and institutions, homes for and care of the aged and disabled and welfare programs to meet specific needs of disadvantaged groups.

5. *Housing*

Outlays on the provision of dwellings for sale or rental, and mortgage finance for purchase or construction of dwellings, other financial assistance aimed at facilitating the purchase or construction of dwellings or home ownership. General administration, regulation and promotion of standards, and research in the field of housing.

6. *Urban and Regional Development nec and the Environment*

Urban and Regional Development nec: Outlays on general promotion and assistance for urban and regional planning and development. Includes outlays on the development of new cities or suburbs where it is not possible to distinguish expenditure as specifically for housing, roads, sewerage or other purposes, or it is not appropriate to classify the expenditure to other categories (such as in the case of major urban sub-division or renewal outlays, including the purchase of land for such purposes). Outlays on the treatment and disposal of sewage, refuse collection and disposal. Administrative costs of departments and agencies engaged in urban and regional planning and development and miscellaneous outlays on the provision of community amenities.

Protection of Environment: Outlays on water quality control, air pollution and monitoring and other outlays related to pollution prevention and protection of the environment including research, planning and investigation.

7. *Culture and Recreation*

Outlays related to the support of performing and creative arts; support of organisations concerned with sporting and other leisure-time activities, and provision of facilities serving purposes primarily related to these activities, such as swimming pools, community centres, athletic fields, etc; contributions to youth and social organisations; outlays on the protection and preservation of historic sites and buildings, parks and wildlife reserves, and other elements of the national estate; outlays on the provision and operation of government radio and television broadcasting services.

8. *Economic Services*

This category covers regulation of, and assistance provided to, the private sector, direct government participation in economic activity and provision of economic infrastructure.

A. Transport and Communication. Outlays concerned with postal services, and domestic and overseas telecommunications; outlays on construction, maintenance, promotion, administration and research relating to the various modes of land, sea and air transport, including urban transportation systems and pipelines for petroleum and gas transport. (Road traffic control services are shown under the category 'Law, Order and Public Safety'.)

B. Water Supply and Electricity. Outlays on construction and other assistance, regulation and research in connection with the production, transmission and distribution of electricity; and on the conservation, collection, purification and distribution of water primarily for domestic and industrial consumption.

C. Industry Assistance and Development. Direct assistance to primary, secondary or service enterprises in forms such as bounties, subsidies, export incentives, advances from the Budget and other transfers including payments to ensure guaranteed prices for commodities or to maintain the prices of commodities below their normal market price; support of agricultural and other industrial research and development and of promotional activities including export promotion; outlays on the management of timber and fishery resources; provision of veterinary, extension and other services to agriculture; land clearing, reclamation and settlement activities; outlays on programs of rural debt reconstruction and farm rehabilitation; investigation, measurement, development and management of water resources for irrigation and pastoral purposes and flood mitigation; assistance and encouragement of mineral exploration; geological surveys; development of tourist facilities and tourist promotion; administration, promotion, regulation and research, directly associated with specific primary, secondary or service industries.

D. Labour and Employment. Outlays related to the regulation of working conditions, the prevention and settlement of industrial disputes and the enforcement of industrial awards and agreements; programs designed to facilitate changes of occupation by persons displaced by redundancy, occupational training schemes for adults including assistance to enter or re-enter the work-force, provision of labour exchange facilities; outlays directly related to the assisted passage migration scheme; general administration, regulation and research in the field of labour affairs.

E. Other Economic Services. Outlays related to regulation of monopolies and restrictive trade practices, price control and justification, regulation of the tariff, other forms of business regulation; outlays on patents and trade marks administration, outlays on meteorological services and other technical services not allocable to specific kinds of industry; outlays on general administration in the area of economic and commercial affairs not allocable to other outlay categories within the 'Economic Services' function.

9. General Public Services

This category covers outlays on a number of general public services and activities concerned with the organisation and operation of government.

A. Legislative Activities. Outlays of the legislative and executive bodies of government, including parliamentary committees and the operation of the Governor-General's establishments; outlays related to the conduct of elections and maintenance of registers of voters.

B. Law, Order and Public Safety. Outlays on law courts (other than those concerned with industrial relations) and bodies concerned with the administration of the legal system and preparation and execution of law court action; provision of legal aid; registration of legal titles to property; outlays in respect of prisons and other places of detention and correction, and probation services; police services, including traffic control; fire protection and other public safety promotion or services; general administration and research related to these activities.

C. Foreign Affairs and Overseas Aid. Outlays of departments and agencies charged primarily with the handling of foreign relations; administration and other expenditure relating to external territories; and outlays on foreign economic aid and contributions to international bodies other than military alliances and organisations.

D. General and Scientific Research. Contributions for the promotion of, and outlays on, basic and general research in the biological, physical and social sciences, which cannot readily be classified to other outlay categories or linked with the provision or promotion of a particular service or activity.

E. Administrative Services. Outlays on the collection of taxes, raising public loans, managing public debt, and controlling the disbursement and audit of public funds. Outlays on general services for the government as a whole, such as statistical services, the purchase and operation of government buildings and equipment (including the construction, repair and maintenance of general purpose buildings), office cleaning, personnel and other administration. General administrative expenses of departments covering a variety of government activities and which cannot be readily apportioned over relevant functions are also included under this heading.

10. Outlays Not Allocated to Function

A. Payments to or for the States and to Local Government Authorities nec and Natural Disaster Relief. General purpose grants and advances to State and other local government authorities which may be spent at the recipient's discretion and grants not classifiable to specific functions. This category includes payments to assist the States to meet debt charges.

Payments to States and direct assistance for the relief of victims of drought, flood, fire and other natural disasters, and for the restoration of community services and facilities.

B. Public Debt Interest. Net interest payments made from the budget sector to other sectors, including interest payments on government securities, or under credit arrangements with other countries. Interest received from Government investments in Australian Government securities is offset against gross interest payments.