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Title:

Press release: Federal/State co-operation and finances

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PRESS RELEASE FROM THE PREMIER, MR. DUNSTAN.

SUBJECT : FEDERAL/STATE CO-OPERATION AND FINANCES.

June 14, 1975

Five areas of current State/Federal co-operation had placed South Australia significantly ahead of the Eastern States, the Premier, Mr. Dunstan, said today.

He was addressing the 1975 State Labor Convention in Adelaide's Trades Hall

Mr. Dunstan said they were :

- . Education, as a result of combined State and Australian Government spending and proper forward planning by the State.
- . Health, where with the introduction of Medi-Bank the State would achieve new high standards of health and hospital care provision, available to all sections of the community.
- . Housing Land, where through the activities of the Land Commission, the price of domestic building blocks has been effectively stabilised despite inflation in other areas.
- . Monarto, where the State is further ahead with planning and development procedure than any other interstate new growth centre.
- . Forward Financial Planning, where as a result of the purchase by the Australian Government of the South Australian Railways, the State will receive the best financial deal in its history.

Mr. Dunstan said that these five areas of co-operation meant that the State was in an excellent and stable financial situation.

He said that the Medi-Bank Agreement, which on Monday he and the Prime Minister will sign, was "an historic monument in the development of Australian social and health services".

THE RAILWAYS AGREEMENT.

The Premier said that the forthcoming transfer of the South Australian Railways to the Australian Government would make South Australia the headquarters of a national railways system of fundamental strategic and economic importance.

He said that many people did not realise the magnitude of the change and its financial implications. "One of the absurdities in the development of Australia was the institution of separate State railways systems and gauges".

"This has made Australia the laughing stock of the world in railways administration".

He said that the people who drew up the Federal Constitution had contemplated the establishment of an effective national railways system without "idiot" breaks of gauge.

Mounting railway deficits common to all Western countries made amalgamation of the Australian system essential.

Mr. Dunstan said that with South Australia becoming the centre of the national railways system, the State had got the best financial deal in its history, while protecting both the interests of the railway workers and services to the public.

"It would be an absolute disaster if the State was refused this immense advantage by the Legislative Council".

"The denial of such advantages to the State by such unrepresentative parliamentarians would be an horrendous public and legislative scandal", he said.

STATE/FEDERAL FINANCES.

Mr. Dunstan said that the Federal and State Oppositions had an "incredibly confused attitude and knowledge of financial management".

He said that while the Constitution prevented State Governments from running substantial deficit budgets and pumping out money, the Commonwealth Government on the other hand, does and should have such power.

He said that in the present economic climate money spent in the public sector was not depriving the private sector of resources, but rather was supporting the private sector.

"This is very clear in South Australia where the Federal Opposition's arguments appear absurd".

"We could not maintain employment in the private sector without the kind of spending which is occurring in the public sector", the Premier said.

"Federal deficit spending - that is, spending more money than they raise in revenue - is not producing a demand inflation".

"A great deal of the money which is pumped out is either going to reserves or is keeping in employment, or drawing into employment, otherwise unused resources of manpower and materials.

"If the Australian Government were to go into reverse, and raise money to meet these deficit financed expenses through taxation, \$100M worth of direct or indirect taxation would immediately provide about a .5 increase in the cost of living index".

"\$100M worth of Federal deficit produces nothing like this".

"Some of the money goes to reserves and does not circulate".

"Some of it goes to keeping in employment or drawing into employment, unused resources, and therefore by not providing more money than there are goods to meet, does not create an inflationary pressure".

FEDERAL OPPOSITION ECONOMIC POLICIES.

Mr. Dunstan said that massive unemployment and dislocation of manpower resources would occur in Australia if the conservative economic policies demanded by the Federal Opposition Leader were implemented.

He said that such policies would take gross national product back from wage-earners, who have recently gained it, to give it to middleclass investors.

"The only people who would gain would be those who gain money from unearned returns on private investment".

"That kind of enterprise is free only for a small, narrow, affluent minority".

He said that he believed that the economic course followed by the Federal Government in the last year was a correct one.

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