



## PRIME MINISTER

FOR PRESS

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### THE 1977-78 BUDGET

The 1977-78 Budget underlines the Government's philosophy, and its resolute approach to the tasks of economic and social rehabilitation to which it is committed. It is a Budget of responsibility and imagination, of achievement and promise, of challenge and opportunity.

Whilst maintaining the attack on inflation, this Budget recognises that the restoration of prosperity and the creation of more jobs requires above all a resurgence of the confidence of Australians in their future and in the future of Australia. The Government believes that the new and simplified personal taxation arrangements provide, in the most positive and dramatic fashion, the opportunity for this resurgence of confidence.

Reductions in personal tax within a responsible budgetary framework have been made possible by a continuing firm hand on Government expenditure. As a result of rigorous restraint in order to avoid unnecessary or less essential spending, we have been able to achieve our objective of containing total expenditure within a "zero real growth" target. Yet we have again provided for large increases in payments to State and local government; we have maintained the vital social reforms introduced last year - notably the greatly improved arrangements for assistance to families by family allowances - and the full and automatic adjustment of pensions and benefits for inflation; and we are giving top priority to programmes for relieving unemployment, especially among the young.

The tax reductions which firm control of Government spending have made possible mean that, within six months, there will be larger pay packets for all; from then on, the marginal "tax bite" for 90 percent of taxpayers will in no case exceed 32 cents in the dollar.

By this single decisive stroke of policy, the Government is able to provide all Australians with the assurance that endeavour will be encouraged, that skills will be worth acquiring, that initiatives will be worth taking and that effort will be fairly rewarded.

The Government believes that most people want greater freedom to make their own decisions about working, spending and saving.

They do not want their decisions to be warped by crippling taxation. That is why we promised to reform the personal tax system. It is a matter of great satisfaction to us that firm and steady policies have enabled us to take this major step towards restoring incentives and getting Australia on the move.

The Government is confident that Australians will respond to the challenge - and that the revival in spirit will begin today.

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