



# PRIME MINISTER

MACQUARIE NETWORK WEEKLY BROADCAST

By the Prime Minister, the Rt. Hon.  
William McMahon, CH, MP

BUDGET MEASURES

Interviewer: Paul Lynch

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- Q. Prime Minister you were reported in the Press some weeks ago as having said to members of your Party that they had a good Budget and now was the time to go out and sell it. It's quite obvious however, receiving calls at radio stations from listeners, that most people don't have a very clear picture in their minds of just how good the Budget is for them. Why do you think that is?
- PM. I think that the media in Australia doesn't give anywhere enough publicity to what has been done in a Budget and that's been a practice for years past. They're interested in contemporary news not in explaining what has been done in the past no matter how valuable it might be to the beneficiaries. So therefore if I could just continue this, I believe it is the responsibility of every member of Parliament, and of every responsible Department, and particularly of members of the Cabinet itself to explain what has to be done and to let people know how they can go about getting the benefit of the Budget itself.
- Q. When you announced income tax cuts these were really the only major cuts which were announced. How significant are those cuts?
- PM. Well no there were others too, such as family allowances or the allowances for dependants and many others as well. But the cuts are pretty substantial. For example, you will not now have to submit a return if your income is below \$1,041 per annum. Secondly with a person on an income of \$2,000, his taxation will now be reduced by something of the order of \$2.75 per week. So that his take home pay will be to that extent increased. But I believe also that it is a pretty fair Budget in that we do concentrate on the lower and middle income groups.

- Q. There has been a suggestion for some time that the figure of \$312, the income tax allowance for a wife, should be raised?
- PM. Yes, that is always being raised. What we did do is to increase the allowances for all dependants and in this Budget we did increase those allowances by \$52 per annum. That covers all dependants.
- Q. Again its quite obvious hearing calls from people to open line programmes that people approaching pensionable age or pensioned people have very little idea of what your programme is about easing and finally eliminating the means test.
- PM. Well we've said that we would abolish the means test within three years. That is clear cut and there can't be much doubt about it. But if there is then advise everyone who in doubt to go to their local Member or to the local Department of Social Services and have it clearly explained to them. On the first part of the question you asked that is, what we call liberalising the means test, I think this should be explained because it is generous, it gives large benefits to an increasing number of people. I've just jotted down a few notes here and I think they might be helpful because what we've proposed to do is to increase the limits of what we call the free means from \$10 to \$20 a week in the case of a single pensioner and from \$17 to \$34.50 a week in the case of a married couple.
- Q. That's immediate?
- PM. That is immediate. Then what this means is that the proposed rates of pension, full pension will be payable until the combined pension and means as assessed exceed double the pension. That's \$40 a week in the case of a single pensioner and \$59 a week for a married couple. And we go further on this occasion and we say that eligibility for a part pension will not now cease until means as assessed reaches three times the pension. That's \$60 a week for a single person and \$103.50 a week for married couples. Now when we look at the average earnings which are now about \$98 a week we can see how generous this change in policy is.
- Q. Prime Minister in recent months, Mr. Whitlam on this station and other critics have said there is a fundamental flaw in our income tax system because people on higher salaries, such as Mr. Whitlam and indeed such as yourself, get larger rebates for necessary expenses such as participation in health schemes than the people who earn much smaller salaries?
- PM. I don't agree with him. I think our present system is a fair one but when you are answering this you would have to look at each ingredient of the rebate system or the concessional system. I couldn't give you a proper answer to that unless you were explicit as to which area you were talking about. But I believe that our Budget - this one that we've just introduced - was not only humanitarian, but I believe it was fair. And I think it dealt with each section of the population on a fair basis. And that I think refutes Mr. Whitlam's argument at least in this area.
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