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PRIME MINISTER

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ELECTORAL TALK

Last week I spoke with you about the direct relationship between excessive wage demands and inflation.

This week, following the Treasurer's statement on social and economic reforms announced in the Parliament, I want to expand on that theme.

Excessive and constant wage increases have forced Australians into higher tax brackets.

My Government has always believed that Australians pay too much tax. And we are equally certain that Australians have not been getting full value for the taxes they do pay.

In both instances, we have already taken measures that will halt the injustice.

First, the Government's personal tax indexation reforms will genuinely protect the real value of future wage increases.

As the Treasurer announced, income tax rate scales are fully indexed according to movements in the consumer price index. This will exclude the effect of indirect taxes in the C.P.I.

This great taxation reform will benefit every Australian taxpayer.

But perhaps the single most important feature of the reform, is that it is not a once and for all measure. It will continue to have significant beneficial effects in personal income tax payments from year to year.

Any future tax increases will have to be legislated for. Governments will have to justify spending the tax money of individual Australians. As I have said, repeatedly, this measure will again force Governments to become honest again.

It has been made possible for the Government to introduce full personal income tax indexation - largely as recommended by the Matthews Report - because the Government has acted responsibly in other areas of finance management.

On Thursday, the Treasurer also announced a system of family allowance - destined to stand the test of time as one of the single most important social reforms ever presented to the Australian community.

Clearly, the family allowance scheme is a product of this Government's desire to direct assistance to those most in need.

Simply put, the scheme involves a redistribution of Government assistance in favour of poor and disadvantaged families.

The scheme will bring a very significant improvement to the living standards of 300,000 low income families and their 800,000 children.

Until now, assistance to families has consisted of child endowment and dependent rebates. Families too poor to earn a high enough income to be taxed were completely debarred from the benefits of dependents rebates... a totally unjust situation.

The great improvement in the position of low income families should be particularly welcomed by the trade union movement.

It was only in September of last year, at the ACTU Congress, that trade unions made this decision in relation to its wage policy: "...until such time as social security payments are provided which adequately compensate for the differences in cost of maintaining the dependents of a family unit, the ACTU will continue actively to support the concept of a minimum wage based on a family unit."

My Government has provided just that compensation. I am sure our initiatives in both family allowances and tax indexation will, accordingly, receive the support of trade unionists.

In summary, indexation of personal income tax and our family allowance reforms provide far reaching social and economic benefits to the Australian community.

They provide a genuine opportunity to restore self esteem and personal dignity to thousands of Australian families - particularly the migrants, the poor and the under privileged.

They also give the nation a real chance at breaking the back of inflation as the measures will play a significant part in easing constantly excessive wage demands.

The measures prove that we are not just a Government of words. We are a Government of action. We are a Government which provides opportunity for Australians and shows concern for those in need.

This week, the Government again demonstrated its sincerity in solving Australia's economic and social problems in another practical way.

Following my address to the nation during which I asked if the trade union movement would be prepared to modify its attitude to wages, a three day conference with the trade union leadership has been arranged.

This conference, the first of its kind for many years, will bring Government and trade union leaders together for talks that I expect will pave the way for greater joint cooperation.

The Government wants cooperation with the trade union movement, not confrontation. I believe the trade union leadership share that attitude.

Already, the Government and the trade union movement have demonstrated that this cooperative attitude can work.

The Minister for Industrial Relations, Mr Street, has announced that the Government will move ahead and introduce its secret ballot legislation for trade unions in this session.

That legislation has been marked as essential legislation. As a result of discussions that have already taken place it is better legislation, while at the same time it preserves our objective of secret ballots.

Furthermore, following suggestions put to the Government by the trade union movement, we will not proclaim the legislation until after the three day talks. We acted in a responsible and common sense manner.

This one example is plain evidence of our desire to get on with the business of good government and to get the country back on its feet again.