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AUSTRALIAN SOCIETY OF SENIOR EXECUTIVES

Extract from an address by the Acting Prime Minister, Minister for National Resources and Overseas Trade, the Rt. Hon. J.D. Anthony, Dinner, Lazar's Restaurant, Melbourne, 16th June 1976.

It is important that people understand the purpose of the Government's actions.

Why is the Government cutting back so strongly on spending? Why are we reducing numbers in the Public Service? Why are so many good and worthwhile programs and projects being slowed down, delayed and deferred? Why are we now asking those who can afford to do so to make a bigger contribution to the cost of their health insurance?

We are doing these things, as unpopular as they are, so that we can regain control of the country's finances - control which our predecessors went perilously close to losing, if they hadn't in fact lost it.

We are doing things so that we can begin to bring the massive budget deficit we inherited back to more manageable proportions.

We want to do that so we can get inflation under control.

And we must get inflation under control because it is the economic and social disease whose symptoms we see in massive unemployment, stagnation in industry and the most hurtful burdens being placed on our pensioners, our small businesses, our farmers and, most significantly, our exporters.

I believe we are now seeing early yet clear signs of economic recovery.

I also believe there is wide acceptance in the community of the need for the kind of firm action the Government is taking.

We were elected to do the job of pulling the economy back into shape, and people expect us to do what is necessary to achieve that objective.

No doubt some elements in the unions will try to frustrate our efforts, but I am sure the great majority of people are prepared to have the patience and to accept the discipline needed to get the economic situation under control.



The Government believes that the connection between excessive wage rises and inflation and unemployment is becoming much better understood throughout the community.

We have recently had very useful discussions with the ACTU, and I think we can all be very encouraged by the constructive and positive atmosphere in which that meeting took place.

What the discussions should have made clear to the whole community is that we are all in this fight together. If we're not, we might as well give it away now.

I think too that the community is now more aware of the fact that a Government that tries to spend its way out of economic problems only drags the country deeper into trouble.

Our experience of the last two years should have shown us that.

In the task we have set ourselves of reducing the very bloated budget deficit, we have to remember that there are really only two ways of doing it - by cutting back on government spending, or by imposing higher taxes.

But taxation in Australia is already too high.

Our predecessors were not prepared, or did not appreciate the need, to take substantial steps to relieve the tax burden.

In fact, they needed inflation to produce the revenue to pay for their generosity.

By holding down government spending, we have been able to bring in one of the most far-reaching taxation reforms ever seen in this country - tax indexation. This will give people greater opportunity to look after themselves.

But, while this is a major step, I believe there is a need for considerable amount of further reform - when we are in a position to do it.

For example, the tax scales need adjustment to remove anomalies.

They will, of course, be adjusted for indexation purposes, but the basic income groupings also need revision.

Company taxation needs to be reviewed, and we will be reviewing it.

The present stock valuation system and depreciation allowances need to be revised so that better account can be taken of inflation.

Private companies are at a grave disadvantage beside public companies in raising funds for new investment because of the existing tax rules relating to retention of profits.

The Treasurer has already said that we will give private companies the option of being taxed as partnerships.

But the burden placed on private companies by the retention allowance provision must be eased.

In the field in which I have special responsibilities, there is great need for a fresh look at the taxation arrangements applying to mining exploration and development.

I think it is quite unrealistic to fail to see mining as the utilisation of a resource that has a limited life.

The tax laws should take account of that fact - as they did until three years ago.

These are all matters which need to be looked at - when, I repeat, the economic situation allows us to do so.

Bringing about that fundamental improvement by getting inflation under control must remain our prime objective for the immediate future.

If the economic recovery now beginning to take shape is to be a lasting one, inflation must be brought back to a level we can cope with.

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