EMBARGO: 7.00 p.m.

AUSTRALIA

# PRIME MINISTER

## ELECTORATE TALK

The Government is encouraged by figures which show a continuing
and substantial progress in our fight against inflation.
The rate of inflation - as measured by what is technically called
the Implicit Price Deflator - is now 9.2 percent.  This is
7 percent less than the rate of the previous year.

The Government believes this measurement, the broadest based
indicator which measures inflation, and which is used throughout
the world, is very real and accurate evidence of the success of
our economic policies.  We know that inflation is still too high.
We are determined to reduce it further.  Until we do just
that we will not have the scope to fulfil our full potential
for economic activity.

Our economic strategy has remained consistent.  For the second
time we have produced a Budget that reduced the Government
deficit by over half a billion dollars.  For the second time
our Budget firmly controls the rate of Government spending.
And for the second time, our Budget has created conditions
to further reduce inflation and promote economic growth.
The Government's approach has been, and is, sound.  It has been consistent.

If we had not maintained this consistent approach we would not
be winning against inflation.  Australians know that we have
had to clamp down hard on Government spending to help us get
on top of inflation.  Australians understand that Labor's
mad spending spree had to stop.  We stopped it.

It is because we have kept Government expenditure restrained
and under tight control for two successive years, we have been
able to restore incentive and help those in need - without
eroding the gains made in the fight against inflation.

For instance,    our  modification to tax
averaging for farmers meets a most urgent need at a very
difficult time.  It is a demonstration of our concern to meet
our responsibility to a great number of Australian families
in need of special help.

That assistance does not represent, in any way, a change in
our strategy that will bring full economic recovery.
In fact, it was only possible because we stocj to that
strategy and maintained control over Government spending.
Again, our tax reforms - the greatest in Australia's history -
were also only possible because of our consistent actions in
economic management.

Tax reform was long overdue.  Every commentator, and every
Australian knew this.  Others just spoke about tax reform but
we acted decisively and responsibly because we created the
conditions where we could act.

During our 21 months in office, the Government has demonstrably
exercised the greatest possible restraint in its own spending.
Because of this I believe we have now reached a responsible
expenditure base.  We could have made further cuts or
put a further squeeze on Government spending.  We did not,
and do  not,  consider this necessary to achieve a return
to full economic health.

We are now making a good advance in establishing conditions
for sustained economic progress, rising living standards
and more work opportunities.  Inflation is still coming down
and we are confident  our economic policies will make sure that
it will keep coming down.

Business is responding to our continuing success on the inflation
front and to our incentives and initiatives such as the investment
allowance and stock valuation allowance.

Our decisions to clear the way for the development of the
North-West Shelp and to mine and export our great uranium
reserves for peaceful purposes have been welcomed by private
industry.  These decisions will create  economic activity,
they will create jobs.

The Government will continue the relentless fight against
inflation.  We will continue with responsible economic management.
We will never resort to Labor's big spending approach because
we know Australia's resources are limited.  Our economic
strategy as outlined in the Budget will be maintained.
We will consolidate and advance the achievements the
Government has already made in fighting inflation and returning
Australia to full economic health.

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