



## PRIME MINISTER

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### ELECTORATE TALK

The Government has begun the formal process of taking decisions that will lead to the framing of the Federal Budget.

This year, the Budget takes on a particular significance. It is one of the most crucial years Australia has faced. It comes when our own economic recovery is gathering pace and when other nations are again starting to see Australia as a secure and stable country.

Australia must again become a favoured nation for investment. We must gather and hold a competitive edge with other nations also competing for investment funds and for markets.

Decisions we make at home also come at a critical time on the international trade and economic front. This is a year when trade decisions made around the world will affect Australia - and employment opportunities for Australians - for years to come. In fact, some of these decisions will be made over the next few weeks by world leaders at the Bonn Summit and the MTN.

The point I make is that this is a year when Australia has to do its utmost to put its own house in order. For those reasons, the decisions made in this Budget will follow the most rigorous and detailed examination of the Government's own housekeeping.

Every area of Government spending will come under the microscope. Spending priorities will be rigidly set. The dollars we collect from taxpayers will be used wisely and with thrift. We are determined to count the cost of every spending decision we make on behalf of the Australian taxpayer.

For too many years in Australia, governments have been less than responsible, less than caring, with taxpayers money. Governments seem to have accepted without question that spending must increase year after year as a matter of course - almost as a divine right.

Those days have been finished since my Government.

While this Government controls taxpayers dollars, we will not be seduced into automatic willy-nilly annual increases in spending.

Massive irresponsibility in Government spending - combined with irresponsibility in wages policy - that were the hallmark of the Labor years, was utterly counter-productive. Our country found, to our cost, that throwing money at problems simply added to those problems.

Although the Federal Government carries the responsibility for the Federal Budget, the States too have a real part to play in exercising discipline and restraint.

It is worth noting that spending by the States and their semi-government and local authorities accounts for more than half of Australia's total public spending.

In the last two financial years (1976-77 and 1977-78), the States have received an increasing proportion of total grants and advances. As this increase has come in the form of untied general grants, there is wide scope for the States to set their own priorities.

Expenditure proposals will be examined on their merit alone. The Government will not be lethargic in providing funds to meet real needs. We will not be backward in recognising our responsibilities to people, groups and communities not able to help themselves.

In fact the reverse is true. We will continue to provide creative support and programs that advance our national cause and enhance the well-being and dignity of Australian men and women. We will continue to show that we govern for all Australians.

But as the National Government, we cannot afford to apply anything less than the strictest discipline to our actions.

I believe the Premiers well understand the special role they can play in maintaining restraint and thereby contributing to national goals. I believe they well understand that for Australia today there is a need for continuing economic responsibility by those who spend public funds.

The Government is committed to responsible, disciplined, economic management. We have demonstrated that we will not yield to pressure to do otherwise.

The Budget delivered by the Treasurer on 15 August will consolidate and strengthen the gains already made. It will show all Australians, and those looking to Australia, of our complete determination to build on the strong foundations set over the last 2½ years.