



PRIME MINISTER

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ELECTORATE TALK

These days Australians understand that any call for Government to spend money is nothing less than a call to dig into peoples pockets. One way or another, the taxpayer foots the bill for every government spending decision. Money for new programmes, incentives, or special help, is money collected from the pay packets of Australian working men and women.

As Prime Minister I am often asked publicly, and privately in my office, to shell out dollars for this project or that. I make the point this is a request not so much of the Government, but of a neighbour.

We learnt many bitter lessons from the Labor years. Above all, we learnt that governments which throw money around with abandon - taxpayers money - create a paralysis that strikes at the heart of a nation's economy. They create a paralysis that takes years to cure.

The Coalition Government has been responsible in the management of taxpayers dollars. We have been prudent with Government spending. Compare our record against our predecessors. In Labor's first year in office Government spending rose by 20%. In 1974-75 it went through the roof, jumping by 46%, while in 1975-76 it still increased by nearly 24%. That's a 115% increase in Government spending in three years.

By contrast, in our first year we controlled increases in Government spending to 10½%, to 11% in 1977-78, and this year the growth is estimated at under 8% - the lowest increase for ten years. This prudent, careful use of taxpayers funds has allowed us to implement wide ranging and substantial tax reforms. In our second Budget we reformed the personal income tax scales. This was a major and far reaching tax reform, which we were able to carry out only because we had been prudent with the way we spent your money.

Under Labor the wage earner on \$10,000 was taxed 45¢ in the dollar, and the wage earner on \$16,000 was taxed at 55¢ in the dollar. Under our reform these rates have been cut to 33.5%.

Just remember the days when people didn't want to work overtime. It wasn't worth their while because of the tax slug. Today, under our tax scales, there is a built-in incentive because our 33½¢ standard rate applies to incomes up to \$16,600. On top of that our Family Allowance Scheme, one of Australia's greatest social reforms of the century means direct payments to mothers. Family Allowances have meant that 300,000 low income families, with nearly a million children, have been helped. Because of their limited incomes these families had not qualified for the inequitable tax rebate of earlier times.

In terms of take home pay, our reforms have meant that the average bloke with a wife and two children, earning about \$230 a week - that's average weekly earnings - is \$15 a week better off. This tax bonus applies despite this year's tax surcharge.

What is also often forgotten when we talk about benefits to taxpayers is that we have protected the less well-off by relieving them of the need to pay any income tax at all. Under our scales up to half a million Australians no longer have any need to pay income tax, because we lifted Labor's tax threshold.

Bringing it all together, it means Australians are paying \$3,000 million less tax this year than they would have if the Hayden tax scales still applied. That is the fact that Mr Hayden is unwilling to face. He won't admit that Labor allowed personal income taxes to explode. In 1973-74 Labor increased the tax take by more than 34%, in the next year it jumped by more than 40%, and in the next again it increased by a further 20%.

Compare that to the last three years. In 1976-77 taxes increased by 14%, the next year by 8.7%, while this year they are estimated to increase by a fraction over 7%.

That's not a bad tax record. It is a record of managing the dollars we collect from taxpayers with care and responsibility, and we flatly reject the big spending and high taxation approach to economic management.

Remember the last election when Labor was going to abolish our tax reforms to cut payroll tax for big companies. Their strange ideas on tax haven't altered. Mr Hayden has refused to deny to me that he would guarantee that no pensioner, no small businessman, no householder, or no owner of a farm under 100 acres would not be hit by his Capital Gains Tax scheme. He also wants a Resources Tax. He wants a special tax on oil companies. These are the kinds of policies that brought development in Australia under Labor to a dead stop.

Our policies are getting Australia moving again, and we are going to keep it that way.