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## PRIME MINISTER

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### ELECTORATE TALK

The Government's Budget faces up to the needs of our country in a world grappling with new and complex economic problems. It demonstrates our determination to keep up the fight against inflation. If we were to relax or relent in that fight, Australia would slip back, perhaps for decades to come. Investment would falter and jobs would go out the window. Development would seize up, and that would lose jobs. We would no longer be competitive here and on world markets - and that would cost jobs. The poor and the pensioners would be hit and farmers would struggle to overcome rising costs.

Plainly, John Howard's Budget keeps up our 3½ year fight against inflation.

Again, Government expenditure has been restrained. In the last three years Government expenditure in real terms has grown at less than 1 per cent a year. That is a remarkable achievement, with pressures for expenditure on our country's social welfare and defence needs. No Government - State or Federal - in Australia's history has ever exercised that degree of restraint in its own expenditures.

The Government's deficit has been significantly reduced, from nearly 3½ per cent of gross domestic product to 1.9 per cent. And what is called the domestic deficit has been reduced to a bit under \$900 million - the lowest figure for six years. These figures are important because they mean greater funds available for business investment and housing.

Reduction in Government expenditure, lower deficits - these are instruments in fighting inflation. But this fight isn't just an economic objective. It is not just about facts and figures. It is central to any community that seeks to care for the needy and build a better and more tolerant society. So when I say this is an anti-inflation Budget, that doesn't mean it is only for big business or industry. It means it is for families everywhere.

Our political opponents have tried to portray it as a Budget that does nothing for the unemployed. That is absurd - and they know it. By persisting with strong anti-inflation policies, this Government shows more concern for the unemployed than those who say spend more money here, spend more money there.

It is a false hope that "make work" programs of one kind or another will solve the problem of unemployment. Governments certainly have to tackle unemployment through training programs that equip and re-equip people to take up jobs in companies in all kinds of industry. But above all, Governments have to create the kind of climate that encourages development and investment. That gives a real incentive to create new and lasting job opportunities.

Our policies are attracting great new investment programs in private industry. And now for the first time in years the numbers of civilian employees and employees in manufacturing are starting to grow. These are lasting and productive jobs created in industry after industry.

In spite of expenditure restraint, the Budget has not lost sight of our commitment to continuing social reform. Because inflation is higher than forecast at this time last year for reasons that we are all aware of, we decided to restore twice-yearly automatic indexation for all indexed pensions and benefits. This means that in addition to the November increase, there will be a further increase in May next year in line with the rise in the Consumer Price Index.

We also decided to extend the eligibility for pensioner health cards to single parents and their dependents. This means that single parents will be able to take advantage of benefits such as free pharmaceuticals. These changes will also be available to repatriation pensioners.

On top of that, as promised in the 1977 policy speech, we have decided that the service pension will be extended to include allied servicemen on the same basis as for British servicemen.

We have an unparalleled record of help for the handicapped. This Budget builds on that achievement. Expenditure on help for the handicapped has been increased by 14 per cent this year.

In the last couple of days many of you will have seen conflicting headlines and heard conflicting reports about whether you will get a tax cut or not. Of course you will. The surcharge comes off in December. As a result, every Australian wage and salary earner will pay less - and keep on paying less tax than would otherwise be the case. It is not a hoax or a myth.

We are told that Australians will be paying more tax after December. That can only happen if wages go up after December. If people have a larger income, obviously they expect to pay tax on the extra dollars they earn. But let's not lose sight of the simple and irrefutable fact - from December 1, every Australian wage and salary earner will have a tax cut, and for a person on about average weekly earnings, that means paying \$4.45 less tax each week.

The Budget is an economic blueprint that equips us to succeed in a world environment of rising costs and greater competition. At the same time, it responds to important social and welfare needs. It is a further affirmation of our commitment to build on the progress we have made.