

Secretary

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PRIME MINISTER

FOR MEDIA

SUNDAY, 10 MAY, 1981

ELECTORATE TALK

Over the last two weeks the Government has taken a number of decisions designed to set Australia firmly on course for the 1980s and beyond. These decisions relate to the Review of Commonwealth Functions, the new health arrangements, and the new financial arrangements with the States determined at the Premiers' Conference last Monday.

The Government is determined that Australia not go the way of other countries whose prosperity and future have been undermined by ever-growing bureaucracy and ever higher taxes.

We are at a very important stage of Australia's development. Australia is a country with great prospects - provided we take wise and responsible decisions now. This is a time when we must establish the framework for the economic growth and development on which Australia's future depends.

Our aim is to see that Australia has a high rate of economic growth - which will provide rising standards of living through higher incomes. We aim to achieve growth through lower inflation and greatly expanded job opportunities. This growth will provide increasing resources to support improved assistance to those in need, to education, to the arts, to health, to the environment. It is the pre-condition for so many other of our objectives.

Australia can only achieve these goals if Government is modernised and streamlined and made more efficient; if bureaucracy and over-regulation are reduced and if the tax burden can be lightened. They can only be achieved if we realise as a people that there is not a limitless supply of money to do all that we want, all at once, that we must establish priorities and direct our resources to the most important needs of the time.

To achieve these objectives it is vitally important that Government does not take too many of the scarce financial resources which private enterprise needs in order to develop and create the jobs we all want to see. By exercising responsible restraint over Government spending, we free money for other needs of greater priority. And by rationalising Government functions we open up new opportunities.

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I mention particularly here our decision to establish a new institute for energy research which I announced as part of the Review of Commonwealth Functions. Energy is a top national priority for the Government, and a new institute will make a major contribution.

Our new health arrangements also reflect the philosophy that Government should concentrate its help on those who really need help. We do not believe that taxpayers' money should be used to pay unnecessary subsidies to the well-to-do. Labor's health scheme proved far too costly, it created unnecessary centralisation in the administration of health care, and it undermined the effective provision of medical services. We do not believe in undermining individual responsibility by centralised bureaucracy, nor do we believe in schemes which must be paid for by higher taxes, disbursed by officials, rather than by individuals who know their own needs best.

We believe that where the user can afford to pay, the user should pay - and have the influence that comes from paying. We reject the assumption that Canberra knows best, that officials know best, and that it is Government, not individuals, who should control the payment of doctors and hospitals. Our scheme is designed to encourage a system of voluntary insurance. We are confident that this scheme will improve the efficiency of our health system and its responsiveness to individual needs.

If taxes are to be reduced to the greatest extent possible, this is not a matter for the Federal Government alone. If inflation is to be reduced to the maximum extent possible, the Federal Government alone cannot achieve this. Federal Government policies can provide the conditions for success or lead to failure in the achievements of these objectives, but their full realisation depends also on the co-operation of the States and of individuals around Australia.

At the Premiers' Conference we took the view that the greatest possible restraint should be followed in the interests of Australia's taxpayers. The States and local Government are the final spenders of just over 50% of the tax dollars collected in Australia. Reducing the tax burden, achieving higher economic growth, more jobs, and lower inflation requires a high degree of restraint and forward thinking on the part of all Governments. The Victorian Government has recently established a Ministerial group of a kind similar to our own Review of Commonwealth Functions to examine State spending and activities. I know that all Victorians will welcome this initiative. Likewise the South Australian Government has established a deregulation unit in the Premiers' Department. It is very encouraging that other States are also planning for the future.

The real question is for the Commonwealth and States together to establish the conditions under which there can be a responsible lightening of the tax burden in Australia as economic growth picks up. The Commonwealth's policies of restraint and forward thinking have already set us firmly on that course.

From the first of July this year the indexation tax cut as a consequence of our election commitment will give to Australia's taxpayers some \$500 million that would otherwise be absorbed by Government. The new health arrangements provide for a tax rebate to those who take out private insurance. The costs of these rebates to the Government's revenue will be of a similar order to that of half tax indexation. These tax concessions are possible only because of the policies which the Government has followed.

The maintenance of these policies over the next few years will make possible a further lightening of the burden of taxation in Australia, a further reduction in the size of Government, and a considerable increase in Australia's economic strength and prosperity. The decisions of the last few weeks have set Australia firmly on course to a strong and healthy society. They will help to secure to Australia a place in the world that we all wish her to have.

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