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# PRIME MINISTER

FOR MEDIA

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## ELECTORATE TALK

The budget introduced into Parliament last week by the Treasurer, John Howard, represents the clearest possible statement of the Government's intention to maintain the priority we have always placed on providing a better life for individual Australians and their families. For the budget will strengthen prosperity, maintain confidence and provide the creation of yet more new jobs in the private sector by further restraining Government spending and continuing the thrust towards smaller government, and by bearing down on interest rates and inflationary pressures.

At the same time, it is a budget which increases assistance to a large number of people in the community who are in particular need, which strengthens our national security and which lays a basis for sustainable reductions in the tax burden on individuals and families. It is a budget which will strengthen the revival of Australia's economy that has come about as a result of the policies consistently pursued by the Government since 1975. These policies have led to higher employment, better wages and living standards and lower inflation.

In considering a budget, we need to realise that the most fundamental requirement is to achieve overall economic stability, for only in this way can we secure the opportunities and improve standards of living which everyone wants. If the basic policy approach established in the budget is not right, no other policies can be effectively implemented.

It was this important fact that the Labor Government ignored between 1972 and 1975, to the lasting cost of all Australians, and their current policies and attitudes make clear they have still not learned this lesson.

There has been much comment on the decisions we have made on sales taxes. But let me put these decisions into perspective. During the last year, there has been a real increase in wages of some 4%. This means that up to \$3,000 million has been added to real living standards. By comparison, the sales tax decisions will raise a total of about \$550 million this year, and by enabling us to bring the budget almost into balance, that extra revenue will enable Australian families to enjoy continued increases in prosperity.

The most basic objective of all our policies has been, and remains, to reduce the overall burden of taxation on families. The budget has made a valuable step towards shifting the balance of taxes away from direct to indirect taxes. As the Treasurer has pointed

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out, one of the consequences of this is that it increases the potential for desirable reductions in direct taxes and particularly personal income tax as economic and budgetary conditions permit.

I might also remind you that earlier this year in July, we introduced income tax cuts that will leave some \$500 million more in tax payers' pockets, and they have started to do so already. The new tax rebate of 32 cents in the dollar for basic health insurance will return a further \$600 million to individual income tax payers. That just shows we are concerned very much about reducing the tax burden.

Since we first took office nearly 6 years ago, the Government has stressed that there is only one way to lower the tax burden in a real and sustainable way, and that is by holding down government spending. In this year's budget, after allowing for meeting the extra expense of an extra pay period for pension, benefit and salary payments, a phenomenon which occurs only once in every 12 years or so, budget outlays increased by less than 1% in real terms.

We have now cut back government spending to only about 27½ cents in every dollar produced in Australia, compared with over 30 cents in every dollar taken by government in 1975/76, and under Labor, the proportion was rising rapidly. Our objective remains to cut it back still further.

We have also in this budget virtually eliminated the huge budget deficit inherited from the disastrous Labor years, and by doing so we have not only laid the foundations for reducing the tax burden, but we have also reduced claims for capital funds to ease pressure on interest rates.

In all these ways, our concern for Australians and their well-being is clearly expressed. Moreover, in our expenditure decisions we have given further emphasis to the needs of groups which include those most in need in the community.

Spending on social welfare and security will rise significantly in real terms because of continued automatic indexation of pensions and benefits, because of increased family allowances for larger families, a group which includes many of the poorest, because we have begun a programme of crisis accommodation with special emphasis on families in distress, and because we have redirected and increased the programme of rental assistance to pensioners and long term sickness beneficiaries.

The 1981/82 budget is one that looks to the immediate problems of needy groups, but also to the long term interests of all Australians and their families.