



PRIME MINISTER

SPEECH BY THE PRIME MINISTER - HOBART CHAMBER OF COMMERCE

31 AUGUST 1983

MR PRESIDENT,

THE AUSTRALIAN LABOR GOVERNMENT CAME TO OFFICE WITH THE ECONOMY UNDERGOING ITS WORST RECESSION IN FIFTY YEARS. UNEMPLOYMENT HAD RISEN BY 263,000 DURING THE PREVIOUS TWELVE MONTHS AND INFLATION STOOD AT 11.5 PER CENT - DOUBLE THE O.E.C.D. AVERAGE. INTEREST RATES REMAINED UNACCEPTABLY HIGH AND THE HEARTLESS, UNCARING APPLICATION BY OUR PREDECESSORS OF A "FIGHT INFLATION FIRST", APPROACH HAD LAID WASTE TO LARGE AREAS OF THE AUSTRALIAN ECONOMY.

MY GOVERNMENT WAS ELECTED TO GET AUSTRALIA BACK TO WORK, TO REDRESS THE RAMPANT INEQUALITIES ENGENDERED BY THE PREVIOUS SEVEN YEARS OF NEGLECT AND INDIFFERENCE, AND TO BRING AUSTRALIANS TOGETHER AGAIN.

THE BUDGET WE BROUGHT DOWN LAST WEEK EMBODIES THESE OBJECTIVES. IT REORDERS PRIORITIES IN THE WAY YOU WOULD EXPECT OF A REFORMIST GOVERNMENT DEDICATED TO RESTORING EQUITY AND FAIRNESS TO AUSTRALIAN SOCIETY. IMPORTANTLY IT ALSO SOUGHT TO NURTURE AND DEVELOP THE ECONOMY TO THE POINT

WHERE CONSUMER SPENDING AND BUSINESS INVESTMENT MIGHT REGAIN THEIR APPROPRIATE MOMENTUM. BY ESTABLISHING THE BASIS FOR A SUSTAINED RECOVERY WE AIM TO WHITTLE AWAY THE QUEUES OF THE UNEMPLOYED.

THE TASK WE CONFRONTED IN PREPARING THE BUDGET WAS DAUNTING. IN THE FACE OF LARGE INCREASES IN DOMESTIC COSTS, INTERNATIONAL RECESSION, AND HIGH DOMESTIC AND OVERSEAS INTEREST RATES, PRIVATE INVESTMENT DURING 1982-83 HAD FALLEN SHARPLY AND PRIVATE CONSUMPTION SPENDING WEAKENED. UNEMPLOYMENT HAD SPIRALLED TO RATES NOT EXPERIENCED SINCE THE 1930'S AS BUSINESS RESPONDED TO HIGH LABOUR COSTS, A SLUMP IN PROFITABILITY AND WEAKENING DEMAND. GROSS DOMESTIC PRODUCT WAS ALSO FALLING AT AN ALARMING RATE - DROPPING BY 3.9 PER CENT IN REAL TERMS IN THE YEAR TO THE JUNE QUARTER OF 1982/83.

TASMANIA WAS NOT IMMUNE FROM THE DOWNTURN. INDEED ADVERSE CONDITIONS IN MARKETS FOR A NUMBER OF TASMANIA'S MAIN PRODUCTS MEANT THAT TASMANIA SUFFERED THE EFFECTS OF THE INTERNATIONAL RECESSION EARLIER THAN DID THE REST OF AUSTRALIA. A YEAR AGO TASMANIA HAD BY FAR THE HIGHEST UNEMPLOYMENT RATE OF ALL AUSTRALIAN STATES; ITS LEVEL OF EMPLOYMENT WAS FALLING. DURING 1981/82 THERE WAS ALSO A PARTICULARLY SHARP DECLINE IN HOUSING ACTIVITY IN TASMANIA - MORE SEVERE THAN THE GENERAL DECLINE THROUGHOUT AUSTRALIA. AS WELL, TASMANIA IN THE PERIOD MARCH QUARTER 1982 TO MARCH

QUARTER 1983 EXPERIENCED THE SHARPEST FALL IN PRIVATE NEW FIXED CAPITAL EXPENDITURE OF ANY AUSTRALIAN STATE.

THE SITUATION FOR TASMANIA HAS IMPROVED A LITTLE IN RECENT MONTHS. OVER THE LAST YEAR TASMANIA'S UNEMPLOYMENT RATE HAS DETERIORATED THE LEAST AMONG AUSTRALIAN STATES. HOUSING ACTIVITY HAS BEEN PICKING UP IN RECENT MONTHS, AS IT HAS ELSEWHERE IN AUSTRALIA. THE FALL IN PRIVATE NEW FIXED CAPITAL EXPENDITURE IN TASMANIA WAS LESS IN THE LAST QUARTER THAN IN OTHER STATES AND IS EXPECTED TO BE LESS OVER THE COMING YEAR.

TASMANIA'S ECONOMIC SITUATION IS DIFFICULT, BUT NO MORE THAN THE REST OF AUSTRALIA AT PRESENT. THERE ARE GOOD REASONS TO EXPECT TASMANIA TO SHARE IN THE EXPANSION OF GROWTH OVER THE NEXT YEAR THAT THE BUDGET PREDICTS FOR AUSTRALIA AS A WHOLE. NEVERTHELESS THE SERIOUSNESS OF TASMANIA'S PROBLEMS PROVIDE AMPLE JUSTIFICATION FOR THE SUBSTANTIAL INCREASES IN FEDERAL GOVERNMENT SPENDING DIRECTED TO TASMANIA IN THE LAST BUDGET.

COMMONWEALTH GRANTS TO TASMANIA FOR HOUSING WILL RISE BY NEARLY 38% IN 1983-84 TO \$24 MILLION. EXPENDITURE ON ROADS UNDER THE ROAD GRANTS ACT, THE BICENTENNIAL PROGRAM AND THE JOBS ON LOCAL ROADS PROGRAM WILL RISE BY 40% IN 1983-84 TO OVER \$50 MILLION. EXPENDITURE UNDER THE COMMUNITY EMPLOYMENT PROGRAM AND THE WAGE PAUSE PROGRAM WILL TOTAL OVER \$10 MILLION. IN TOTAL COMMONWEALTH PAYMENTS TO

TASMANIA (INCLUDING BORROWINGS SUBJECT OF LOAN COUNCIL APPROVAL) WILL RISE BY 14.6% - A VERY SUBSTANTIAL RISE IN REAL TERMS.

MY GOVERNMENT HAS PROMISED THAT NO TASMANIAN WOULD BE DISADVANTAGED OR BE OUT OF WORK AS A RESULT OF THE STOPPING OF THE GORDON BELOW FRANKLIN DAM AND THAT TASMANIA'S POWER NEEDS WOULD BE TAKEN CARE OF. WE WILL STAND BY THAT PLEDGE.

ALREADY WE HAVE UNDERTAKEN TO PROVIDE FINANCIAL ASSISTANCE TO TASMANIA IN RESPECT OF ALTERNATIVE EMPLOYMENT PROJECTS AND FINANCIAL SUPPORT FOR EMPLOYEES AND CONTRACTORS WHO CANNOT BE REDEPLOYED TO ALTERNATIVE PROJECTS IN THE SHORT TERM. DISCUSSIONS AT OFFICIAL LEVEL ON FURTHER ARRANGEMENTS FOR FINANCIAL ASSISTANCE ARE TO TAKE PLACE IN HOBART LATER THIS WEEK. TO COVER THE IMMEDIATE REQUIREMENTS AN AMOUNT OF \$30 MILLION IS PROVIDED FOR PAYMENTS TO THE STATE IN 1983-84 FOR THESE PURPOSES.

OTHER ISSUES ARISING FROM THE TERMINATION OF THE POWER DEVELOPMENT, INCLUDING THAT OF TASMANIA'S FUTURE ELECTRICITY REQUIREMENTS, WILL BE THE SUBJECT OF FURTHER DISCUSSIONS WITH THE TASMANIAN STATE GOVERNMENT. AS YOU WOULD ALL APPRECIATE, A FULL, LONG-TERM PLAN FOR TASMANIA'S POWER NEEDS - PROPERLY CONCEIVED AND COSTED - CANNOT BE PUT TOGETHER IN A MATTER OF WEEKS. A STARTING POINT MUST BE THE

TASMANIAN GOVERNMENT GRANTING COMPLETE ACCESS TO THE HEC'S FORECAST OF FUTURE POWER NEEDS. AS WITH ANY FORECAST, IT WILL HAVE TO BE THOROUGHLY TESTED AND THAT CAN ONLY BE DONE IN CO-OPERATION WITH THE STATE GOVERNMENT. BUT THIS MATTER HAS HIGH PRIORITY. WE ARE SEEKING A RESULT THAT MAKES SENSE FOR AUSTRALIA AS A WHOLE AT THE SAME TIME AS IT SUPPORTS TASMANIA'S LEGITIMATE DEVELOPMENT NEEDS AND EXPECTATIONS.

THE AUSTRALIAN LABOR GOVERNMENT IS A GOVERNMENT FOR ALL AUSTRALIANS. WE AIM TO BUILD A BETTER, MORE EQUITABLE AND MORE PROSPEROUS AUSTRALIA.

OUR FIRST BUDGET WAS A RESPONSIBLE STEP IN THIS DIRECTION. IT GAVE SUBSTANTIAL EFFECT TO OUR MAJOR PROMISES OF GETTING A FIRM CONTEXT FOR NON-INFLATIONARY GROWTH. AT THE SAME TIME A SUBSTANTIAL REORDERING OF THE REGRESSIVE POLICIES OF THE PREVIOUS GOVERNMENT HAS BEEN ACHIEVED AND MORE ASSISTANCE HAS BEEN PROVIDED TO THOSE SECTORS AND PEOPLE IN THE COMMUNITY MOST IN NEED.

THE NEW PROGRAMS PUT IN PLACE BY THIS BUDGET ARE VERY SPECIFICALLY ORIENTED TO GIVING MOST ASSISTANCE TO THOSE IN THE COMMUNITY MOST IN NEED. ABOVE ALL THOSE MOST IN NEED ARE THE UNEMPLOYED. HENCE THE EMPHASIS IN THE BUDGET ON MEASURES TO PROMOTE EMPLOYMENT DIRECTLY. THE COMMUNITY EMPLOYMENT PROGRAM ADDRESSES THE SPECIAL PROBLEMS OF THE LONG-TERM UNEMPLOYED, WHILE CREATING OR IMPROVING

ASSETS OF PERMANENT VALUE TO LOCAL COMMUNITIES. THE EXPANSION OF CAPITAL WORKS AND MAINTENANCE EXPENDITURE, AND THE MEASURES TO ASSIST THE HOUSING INDUSTRY, WILL MAKE SUBSTANTIAL DIRECT CONTRIBUTIONS TO EMPLOYMENT. OVERALL, THE BUDGET PAPERS ANTICIPATE A REVERSAL OF THE DECLINE IN EMPLOYMENT OVER THE LAST FINANCIAL YEAR (CONTINUING THE MORE FAVOURABLE PATTERN SINCE APRIL), WITH EMPLOYMENT EXPANDING BY ONE AND A HALF PER CENT THROUGH THE YEAR. WE HOPE WE CAN DO EVEN BETTER, AND WILL DO WHAT WE CAN TO ENSURE A BETTER RESULT. BUT AT LEAST THIS OUTCOME WOULD BE A SUBSTANTIAL STEP FORWARD AFTER THE REVERSALS OF THE PAST TWO YEARS.

THE INCREASE IN EMPLOYMENT EXPECTED OVER THE NEXT YEAR IS ONLY A BEGINNING. MANY OF OUR POLICIES ARE DIRECTED AT ENSURING THE DURABILITY OF RECOVERY INTO THE NEXT FINANCIAL YEAR AND WELL BEYOND. STRONG GROWTH OVER SEVERAL YEARS IS REQUIRED TO MAKE ADEQUATE HEADWAY INTO OUR DISASTROUS INHERITANCE OF HIGH UNEMPLOYMENT.

BEYOND THE EMPHASIS ON EMPLOYMENT, THE BUDGET EFFECTS A SUBSTANTIAL RE-ORDERING OF PRIORITIES IN THE DIRECTION OF PROVIDING FOR THOSE IN GREATEST NEED. THE ESTABLISHMENT NEXT YEAR OF MEDICARE WILL SEE THE RETURN OF UNIVERSAL, EQUITABLE HEALTH COVER. A SIGNIFICANT REAL INCREASE OF RESOURCES - TO BE PROVIDED ON A NEEDS BASIS - HAS ALSO BEEN ALLOCATED FOR EDUCATION. REAL INCREASES HAVE ALSO BEEN MADE AVAILABLE TO SOCIAL SECURITY BENEFICIARIES MOST IN NEED.

PROGRAMS OF THIS KIND HAVE ONLY BEEN MADE POSSIBLE BY A QUITE FAR-REACHING REORDERING OF FEDERAL GOVERNMENT EXPENDITURE PRIORITIES. THEY ALSO CRUCIALLY DEPEND ON SUCCESSFUL RESTORATION OF THE ECONOMY TO THE PATH OF GROWTH WITH LOWER INFLATION. THIS IN TURN HINGES ON THE CREATION OF AN ENVIRONMENT CONDUCIVE TO SUSTAINED GROWTH AND CONFIDENCE IN THE PRIVATE SECTOR.

OUR BUDGET SHOULD CONTRIBUTE SUBSTANTIALLY TO REAL GROWTH OVER 1983-84. WE EXPECT THE ECONOMY TO GROW IN 1983-84 BY 3 PER CENT AS COMPARED WITH A DECLINE OF 2 PER CENT IN 1982-83. BECAUSE ACTIVITY WILL CONTINUALLY PICK UP PACE THROUGH THE YEAR, GROWTH AS MEASURED FROM THE JUNE 1983 QUARTER TO THE JUNE 1984 QUARTER IS LIKELY TO BE AN EVEN MORE IMPRESSIVE 5 PER CENT FOR NON-FARM GDP AND OVER 6 PER CENT FOR TOTAL GDP. THIS PICK UP IN ACTIVITY IS EXPECTED TO BE ACCOMPANIED BY CONTINUED STRONG GROWTH IN PUBLIC SECTOR FINAL DEMAND, CONTINUED WEAK PRIVATE SECTOR FINAL DEMAND, A MODEST RISE IN EXPORTS, A FURTHER SIGNIFICANT DECLINE IN IMPORTS, A REBOUND IN FARM OUTPUT, AND MODERATE GROWTH IN REAL NON-FARM PRODUCT.

IMPORTANTLY THE APPROACH ADOPTED BY MY GOVERNMENT HAS SOUGHT TO COMBINE AN ADEQUATE, BUT NOT EXCESSIVE PUBLIC BOOST TO ACTIVITY WITH STIMULUS FOR NECESSARY PRIVATE SECTOR EXPANSION. IN CIRCUMSTANCES OF LOW DEMAND AND CAPACITY UNDERUTILIZATION THE GOVERNMENT AT THIS STAGE MUST HELP

MAINTAIN THE LEVEL OF DEMAND. BUT IT HAS DONE SO IN THE FIRM EXPECTATION THAT, AS THE RECOVERY GATHERS STRENGTH, ITS OWN RATE OF INCREASE IN OUTLAYS WILL HAVE TO BE REDUCED CONSIDERABLY.

A DURABLE ECONOMIC RECOVERY REQUIRES, AS ESSENTIAL PREREQUISITES, BOTH CONTINUING WAGE MODERATION IN THE PERIOD IMMEDIATELY AHEAD AND AN ON-GOING EFFORT TO REDUCE STRUCTURAL PUBLIC SECTOR DEFICITS AND BORROWING REQUIREMENTS AS RECOVERY PROCEEDS. THE POLICY FRAMEWORK NOW ESTABLISHED BY MY GOVERNMENT ENSURES THAT EACH OF THESE ASPECTS IS NOT ONLY FULLY APPRECIATED BUT ALSO EFFECTIVELY ADDRESSED.

THE DIFFICULTIES INVOLVED IN MEETING THESE PREREQUISITIES ARE NOT UNDERESTIMATED. THEY ARE ONLY MATCHED BY MY GOVERNMENT'S DETERMINATION TO SEE THAT THEY ARE MET. LET ME TAKE EACH IN TURN.

FIRST, WAGE RESTRAINT. THE BUDGET ASSUMES THAT FOR 1983-84 AVERAGE WEEKLY EARNINGS WILL INCREASE BY ABOUT 7 PER CENT. THIS REPRESENTS A MARKED SLOWING FROM THE INCREASE OF ELEVEN AND A QUARTER PER CENT IN 1982-83, BUT IS IN LINE WITH THE ANTICIPATED CONSUMER PRICE INDEX RISE OF ABOUT SEVEN AND A HALF PER CENT FOR THE PERIOD. THESE ASSUMPTIONS PRESUME THAT THE AUSTRALIAN UNION MOVEMENT WILL ADHERE, AS I BELIEVE IT WILL, TO THE PRICES AND INCOMES ACCORD.

THE ACCORD RECOGNISED THE CRUCIAL NEXUS BETWEEN WAGE MODERATION, INFLATION AND EMPLOYMENT GROWTH. IF UNSUSTAINABLE INFLATIONARY PRESSURES ARE NOT TO BE IMPOSED ON THE ECONOMY, IT IS VITAL THAT WAGE INCREASES ONLY BE THROUGH THE CENTRAL WAGE FIXATION DETERMINATIONS WHICH RELATE TO PRICE MOVEMENTS AT SIX - MONTHLY INTERVALS. THERE SHOULD BE NO PLACE FOR ADDITIONAL WAGE INCREASES BASED SIMPLY ON THE INDUSTRIAL MUSCLE ENJOYED BY PARTICULAR CLAIMANTS. IF EXCESSIVE DEMANDS ARE FORCED, THE GOVERNMENT MAY HAVE LITTLE CHOICE BUT TO REVERT TO THE BLUNT, TRADITIONAL INSTRUMENTS OF TIGHTER MONETARY AND FISCAL POLICY TO RESTRAIN INFLATION. THE COST IN TERMS OF REDUCED ACTIVITY AND INCREASED UNEMPLOYMENT WOULD BE INTOLERABLY HIGH. WAGE AND PRICE DEVELOPMENTS MUST BE CONSTRAINED WITHIN THE BROAD GUIDELINES SET BY THE PRICES AND INCOMES ACCORD IF THE GOVERNMENT IS TO BE ABLE TO PERSIST WITH ITS EXPANSIONARY FISCAL POLICY. IT MUST BE RECOGNISED THAT IT IS IN THE INTERESTS OF BOTH WORKERS AND THE UNEMPLOYED TO ENSURE THAT THERE IS RESTRAINED GROWTH IN NOMINAL WAGES, ALONG WITH HIGHER PRODUCTIVITY AND PRODUCTION, SO THAT COMMUNITY LIVING STANDARDS CAN RISE IN REAL TERMS.

IT IS ALSO IMPORTANT TO RECOGNISE THAT CONTINUING STIMULUS TO ECONOMIC ACTIVITY CANNOT BE PROVIDED BY SUCCESSIVE INCREASES IN BUDGET DEFICITS.

THIS YEAR'S BUDGET DEFICIT HAS BEEN PITCHED AT A LEVEL WHICH WILL PROVIDE A SUBSTANTIAL DIRECT STIMULUS TO ECONOMIC ACTIVITY, WHILE AVOIDING EXCESSIVE PRESSURES ON FINANCIAL MARKETS. IT NOW ACCOUNTS FOR NEARLY 5 PER CENT OF FORECAST GDP.

MANY OF THE DECISIONS WE MADE IN THE MAY STATEMENT AND IN THIS BUDGET WILL HAVE THE EFFECT OF SIGNIFICANTLY REDUCING THE STRUCTURAL COMPONENT OF THE DEFICIT. THE TAXATION OF SUPERANNUATION, THE RE-IMPOSITION OF AN INCOME TEST ON OVER-70'S PENSIONS, THE REINTRODUCTION OF AN ASSETS TEST ON PENSIONS, AND INDEXATION OF TRADITIONAL EXCISES SHOULD TOGETHER MAKE AN IMPORTANT CONTRIBUTION TO REDUCING THE STRUCTURAL DEFICIT IN FUTURE YEARS. THE CYCLICAL COMPONENT OF THE DEFICIT CAN ALSO BE EXPECTED TO FALL AS ACTIVITY INCREASES. INCREASED ECONOMIC ACTIVITY WILL SEE GOVERNMENT REVENUES RISE AND SHOULD CAUSE DEMANDS ON THE OUTLAYS SIDE FOR UNEMPLOYMENT BENEFITS TO DECLINE. ACCORDINGLY BOTH THE OPERATION OF THE STRUCTURAL COMPONENT OF THE DEFICIT FLOWING FROM THE DELIBERATE DECISIONS OF MY GOVERNMENT AND THE WORKING OUT OF THE CYCLICAL COMPONENTS POINT TO THE POSSIBILITY OF SIGNIFICANT REDUCTIONS IN THE DEFICIT AS WE GO OUT OF 1983-84 AND INTO 1984/85.

FINANCING THE DEFICIT WILL BE HANDLED WITH PARTICULAR CARE. WHILE WE CANNOT INSULATE OURSELVES COMPLETELY FROM FINANCIAL PRESSURES ABROAD - AND IT IS QUITE

POSSIBLE THERE WILL BE SUCH PRESSURES - WE MUST DO WHAT WE CAN WITHIN OUR OWN FINANCIAL MARKETS TO AVOID EXACERBATING PRESSURES ON INTEREST RATES.

THE PROBLEM IS MANAGEABLE OVER 1983-84 AS NET CORPORATE BORROWING IS EXPECTED TO DECLINE. INCREASED PUBLIC SECTOR BORROWING CAN BE SUSTAINED IN SUCH CIRCUMSTANCES. THE RESULTS ANNOUNCED LAST NIGHT OF THE LATEST \$1500 MILLION BOND TENDER DEMONSTRATED THIS. IT PRODUCED YIELDS SOMEWHAT BELOW THOSE OF THE LAST MUCH SMALLER TENDER AND MUCH LOWER THAN THOSE PREVAILING THIS TIME LAST YEAR. BIDDING ON THIS LATEST TENDER EASILY COVERED THE STOCK AVAILABLE. BUT AS PRIVATE INVESTMENT INCREASES WITH RECOVERY THE COMMONWEALTH WILL HAVE TO ADJUST ITS DEMANDS AND MAKE ROOM. IN THIS WAY WE AIM TO ENSURE THAT, AS FAR AS POSSIBLE, UPWARD PRESSURE WOULD BE AGAINST THE INTERESTS OF THE PRIVATE SECTOR, THE PUBLIC SECTOR AND THE COMMUNITY AS A WHOLE AND WOULD JEOPARDISE THE RECOVERY WE NOW SEE BEGINNING.

A NOTEABLE FEATURE OF MY GOVERNMENT'S BUDGET WAS THE MANNER IN WHICH WE WERE ABLE TO IMPLEMENT NEW HIGH PRIORITY PROGRAMS WITHOUT MAJOR GENERAL TAX INCREASES. IN PART THIS WAS DUE TO AN APPROACH WHICH SOUGHT TO ENSURE THAT THOSE WHO HAD NOT BEEN PAYING THEIR FAIR SHARE OF TAX BEGAN TO DO SO. HENCE THE EMPHASIS ON RECOUPING THE REVENUE OWED BY THOSE INDULGING IN TAX AVOIDANCE PRACTICES, THE COLLECTION OF TAX FROM THOSE EVADING IT, LIMITING THE POTENTIAL FOR TAX AVOIDANCE BY CONVERSION OF INCOME TO CAPITAL GAINS, AND REMOVING MORE OF THE SPECIAL CONCESSIONS TO SPECIAL INTEREST GROUPS. THE VERY SIZEABLE BURDEN

ALREADY IMPOSED BY DIRECT TAXATION WAS NOT ADDED TO. RATHER AN APPROACH GUIDED BY CONSIDERATIONS OF EFFICIENCY AND EQUITY PREVAILED.

A VERY CLEAR EXAMPLE OF ECONOMIC RATIONALITY AT WORK WAS THE DECISION TO INDEX EXCISE RATES. DURING THE PAST DECADE THE PROPORTION PROVIDED BY EXCISE TO THE GENERAL REVENUE DECLINED FROM 13% TO 7%. THROUGH INDEXATION WE HAVE MADE SURE THAT OVER TIME THEY MAINTAIN THEIR REAL VALUE AND ARE NOT ERODED BY THE PROCESSES OF INFLATION. WE HAVE PUT ASIDE THE DESTABILISING AND OFTEN ARBITRARY PATTERN OF LARGE DISCRETIONARY INCREASES WHICH WAS THE WAY IN THE PAST. WHAT WE HAVE DONE SHOULD HAVE BEEN DONE MUCH EARLIER.

THE ALTERNATIVE TO MOVING TO MAINTAIN THE REAL VALUE OF THE EXCISE, WOULD HAVE BEEN TO LAY GREATER DEMANDS ON OTHER FORMS OF TAXATION. THE IMPACT COULD HAVE BEEN QUITE DISTORTIONARY.

THE POSITION NOW REACHED POINTS TO THE NEED FOR DETAILED EXAMINATION OF THE ACTUAL AND POTENTIAL NATIONAL REVENUE BASE. WIDELY BASED COMMUNITY CONSIDERATION OF WHAT IS APPROPRIATE IN TERMS OF ECONOMIC EFFICIENCY AND EQUITY WOULD BE TIMELY. THIS MIGHT ENABLE SENSIBLE AND FAIR CHANGES TO BE MOUNTED, NOT IN A PIECEMEAL FASHION, BUT AS PART OF A WELL-CONSIDERED, PROPERLY INTEGRATED PACKAGE.

IN THE MEANTIME MY GOVERNMENT IS DETERMINED TO PRESS AHEAD WITH ITS EFFORTS TO ENSURE THAT WHERE BENEFITS ARE PAID TO THE NEEDY, IT IS IN FACT THE NEEDY WHO RECEIVE THEM. THIS IS THE POINT OF THE PROPOSED PENSION ASSETS TEST. THE ALARM ENGENDERED BY THAT IS UNFOUNDED.

APART FROM HOME, CAR, BOAT, CARAVAN, JEWELLERY, FURNITURE AND OTHER PERSONAL EFFECTS, A SINGLE PENSIONER CAN HAVE \$17,000 AND STILL RECEIVE THE FULL PENSION AND UP TO \$106,000 AND STILL RECEIVE A PART-PENSION. A MARRIED COUPLE CAN HAVE \$28,000 AND STILL RECEIVE THE FULL PENSION AND UP TO \$177,000 AND STILL RECEIVE PART-PENSION. MOST PENSIONERS WILL NOT BE AFFECTED AT ALL. SOME WILL ACTUALLY GAIN. ONLY THOSE PENSIONERS WITH SUBSTANTIAL ASSETS, WHO ARE ARTIFICIALLY AVOIDING THE CURRENT INCOME TEST FOR PENSIONS, WILL BE AFFECTED IN ANY SIGNIFICANT WAY.

WHERE THE GOVERNMENT IS PAYING OUT TO THE ELDERLY AND OTHERS IN NEED, THE PAYMENT MUST BE RELATED TO NEED. OTHERWISE THE WHOLE OF OUR RESOURCES ARE GOING TO BE DISTORTED AND THE INTERESTS OF ALL AUSTRALIANS PERVERTED.

THERE ARE STILL TOO MANY AUSTRALIANS FORCED TO LIVE AT AN UNACCEPTABLY LOW STANDARD. THEIR SITUATION MUST BE ADDRESSED. WE SIMPLY CANNOT AFFORD TO DIRECT WELFARE PAYMENTS TO PEOPLE WHO ARE NOT GENUINELY IN NEED. TO DO SO REDUCES THE RESOURCES AVAILABLE TO HELP THE TRULY UNDERPRIVILEGED.

MY GOVERNMENT IS ABSOLUTELY FIRM ON THIS POINT. WE WERE ELECTED TO ARREST THE DECLINE IN THE AUSTRALIAN ECONOMY, TO REVERSE THE TREND TOWARDS GREATER INEQUALITY IN AUSTRALIAN SOCIETY AND TO BRING AUSTRALIANS TOGETHER AGAIN. THE MANDATE WAS CLEAR AND WE HAVE MADE MAJOR STRIDES TOWARDS ITS REALIZATION.

A GREATER SENSE OF NATIONAL PURPOSE AROUND THE RESTORATION OF GROWTH IS NEVERTHELESS STILL NEEDED. THIS WILL ONLY BE POSSIBLE IF THE BENEFITS OF GROWTH, AND THE INEVITABLE COSTS, ARE SHARED EQUITABLY.