Last week I spoke about the main thrust of the budget which is basically socking the private sector of the economy to expand Government spending by well over 30% by $3,500,000.

I think I should deal on this occasion with some of the details of the budget as they affect us. It would hardly be surprising that the rural communities did not rate a worthwhile mention. Exporters are the forgotten people so far as this Government is concerned.

But there are a number of detailed proposals which are not particularly pleasing. For example, the Government has pretended that there are real cuts in income tax. A person earning $100 per week is now paying about $17 a week in tax. The budget is based on a 22% inflation. When wages are raised to $120 at the end of the year, he will be paying an extra $6 a week more. That will more than wipe out any tax cut. Income tax collection from the income tax wage earners will be up by more than $46,000,000 by the end of the year.

The Government decided to introduce a narrow-minded and quite vicious proposal to put a 10% surcharge on all income which the Government classes as an unearned income. Thus a man works hard and invests $1000 in bonds, he will pay an extra 10% surcharge on that $1000.

The part about this additional tax which I particularly dislike however, concerns people who are retired. By the definition of the Government all their income is unearned.

Why should people who are retired pay tax at a higher rate than those who are still earning? Many of them are already being impoverished by inflation. The value of their savings is being cut in half every five years. The Government's new tax on unearned income is a petty class conscious measure which few people would approve.

Reducing the income tax deduction for education expenditure for children will hit tens of thousands of tax payers whose children go to Government or independent schools. It will, in particular, hit people who live in country areas and whose children have to travel or board, because they live a significant distance from school.

There is going to be a capital gains tax. Nobody yet knows how this is going to work but we do know that when a person dies and leaves a property, capital gains tax will be paid in addition to death duties.
Postal and telephone charges have of course been increased. Letters will now cost 10 cents, local call fees will be up, service connections and rental fees for telephones are also going to be increased. It will now cost $80 for a new applicant to have a telephone connected.

Documents are available which give full details of the charges concerning P.M.G. charges. If anyone wishes to see a copy, I have some available.

There are some proposals in the budget which if taken singly and by themselves will of course have the approval of many people. The budget is in many senses a handout budget to many groups throughout Australia, but especially to those who live in Melbourne and Sydney.

Many Australians are coming to ask whether the Government can really continue behaving in this way without running the country into bankruptcy. It is not the Government's money, it is yours. It is easy for Governments to be generous at somebody else's expense, especially when they are paying for it by inflation.

Devaluation

Since the budget was introduced, the Government has devalued the Australian dollar by 12%. This will be some marginal help to exporters. However, last year inflation was 16%, this year the Government is counting in its budget on inflation of over 20%, probably 40% in two years. In addition to that, over the last two years the Australian dollar has been revalued upwards by 30%. If anyone expects a devaluation of 12% to recover the competitive position of export industries against these other charges then they are going to be sadly mistaken.

If the Government had had devaluation in mind when it introduced the budget it should have introduced an entirely different budget. The budget chiefly was one of expanding Government expenditure and reduced private expenditure. Because the budget as a whole has had an adverse or unfavourable impact on general confidence in Australia, it will, I believe, lead to much higher unemployment, to more inflation and to a further deterioration in the balance of payments.

If devaluation was in mind Government expenditures should have been drastically reduced and exporters and businesses and individuals should have been encouraged to expand their activities, to work better, but there was no such encouragement in this budget.

A.C.T.U./ Mr Hawke

Last week I also said something about the social compact which Mr Hawke has been trying to work out with the Trade Union movement. I said that
I thought he would have a difficult time in persuading the Trade Union movement that this budget created the ground work for restraint. The unions have spelt out their demands very plainly. They are not entirely moderate.

The Trade Union movement has decided to call for import quotas, taxation indexation, cuts in indirect taxes, automatic adjustments for most income earners and a lowering of interest rates. None of that really seems to indicate Trade Union acceptance of the Budget. As a result, the union movement and the Government may well be headed for a major clash. I hope it does not occur. If it does all Australians will suffer.
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