

Mr Fraser
Mr. Fraser
to be
present
at
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PRESS CLUB LUNCHEON
MR. MALCOLM FRASER - GUEST SPEAKER
speeches

MAX HAWKINS, Chairman National Press Club:

Mr. Fraser has accepted our invitation to address the Club in the closing week of the election campaign with the poll to be held next Saturday. It is tradition that the Club provides this national forum for Australia's political leaders to sum up their campaign on the eve of polling day. The Labor Party Leader and former Prime Minister, the Hon. Gough Whitlam will address the Club on Wednesday. Mr. Fraser first addressed the club earlier this year after he was elected Parliamentary leader of the Liberal Party. Today we have a huge audience of about 570, which is a record for the National Press Club and one which we expect to match on Wednesday. Our one regret however is that because of space problems in this huge room due to an earlier booking we have reluctantly had to turn away nearly another 100 who wished to attend and might I remind members that there is a club ruling that demonstrations of partiality are to be resisted. Mr. Fraser, there is no need to summarise your career history which began in the Federal Parliament in 1955. I therefore now invite you to address the Club and following your address which should run up to an agreed roughly 20 minutes, we have aimed to allow double that time for questions which I remind members are restricted to full and financial members who are working journalists.

MR. FRASER:

Mr. President, Excellencies, ladies and gentlemen, if my remarks do go slightly beyond the 20 minutes I'm perfectly happy to stay here a little longer so people won't be denied the opportunity to ask questions. I'd like to start just by making - or noting -

that Mr. Whitlam seems to be fitting in very well into his job as Opposition Leader. He has already put down some questions on notice. If anyone wants to ask those questions verbally I wouldn't dream of course of trying to rule them out of order.

As we look forward to the last quarter of the 20th century, Australia faces a difficult and testing time at home and abroad. At home in the mediate future we are confronted with the kind of economic crisis many of us believed could never happen here. A crisis compounded of high and rising unemployment and high inflation. A crisis that should never have occurred. Abroad we're facing a world of uncertainty and instability. Of great global problems which will require great ingenuity and goodwill to solve. Beyond these problems there are the less obvious but nonetheless vitally important issues that concern the very basis of our way of life and style of government. It is about these that I am going to talk today. These issues concern the very manner in which Australia is to be governed over the next quarter of a century and beyond. They concern the relationship of government to the people and the extent to which people can control their own lives in a society in which governments tend to be increasingly intrusive and demanding. They concern the relationship between individuals and other institutions in our society, especially large businesses and large trade unions. We must make sure that these institutions remain responsive to the needs of the people within them. And finally among these crucial issues is the question of whether we as a people can find a renewed faith and commitment to our capacity to provide a decent life for every person while at the same time encouraging the very best that the Australian people can offer. Australia is changing, the world is changing. Australians increasingly recognise that the old conflicts and divisions have less and less meaning. There are many trade

unionists who no longer feel any identification with the Party of their traditional support. They no longer feel, for obvious reasons, that there is any necessary relation between their own needs and the policies of that Party. Income and opportunities in Australia are more equally distributed than in almost any other country in the world despite the existence of significant pockets of disadvantage and real need remaining within our own community. The challenges that face us now are new. In many ways they are exciting. The degree of social and economic equality we have provides an uncommon chance for Australia.

Arnold Toynbee wrote 12 volumes examining the rise and fall of societies and civilisations, and he concluded that the essential factors in a successful response to challenge were the quality of government and the character of the people. If we face our problems squarely and do our best to understand them, I'm confident that we can meet whatever challenges might be in front of us.

Sir Robert Menzies in his book "The Measure of the Years" laid down his view of the obligations of an Opposition Party. He said that an Opposition Party had an obligation to re-think policies, to look forward, to devise a body of ideas at once sound and progressive. Opposition must be regarded as a great constructive period in the life of a Party, properly considered, not a period in the wilderness, but a period of preparations for the high responsibilities that you hope will come. We, in the Liberal and National Country Parties had spent our time in Opposition preparing one of the most far reaching, exciting and progressive programmes that we have ever attempted. I'm confident that if the Australian people approve our policies on December 13 next Saturday, we can make an effective start on meeting the problems we face.

It will be our objective to bring inflation under control and get

MR. FRASER CONTINUES:

unemployment down as rapidly as possible. Establish a style and framework of government that will lead to effective policy formulation and decision making. Make government taxation policies more open and honest. Establish co-operative, not conflicting relations between the Federal Government and state and local governments. Strengthen the autonomy, responsibility and flexibility of levels of government closest to the people and reserve the excessive centralisation of power in the Federal Government. Encourage, and where necessary, legally establish procedures that will make sure that large business enterprises remain responsive to the needs of the people who work in them. Similarly we will establish procedures which ensure that trade unions remain responsive to the needs of their members and aren't caught up in search of power for power's sake. We'll ensure that all people, the socially and economically disadvantaged, as well as the better off, have maximum freedom of choice, not only in the goods they buy, but in the educational, welfare and other services as well. As part of the encouragement of choice and diversity, strengthen tolerance and understanding of differing life styles. Australia has moved beyond the age of narrow anglo saxon conformity and government must recognise this, and Australia is a better place for having moved beyond that.

Finally, we'd ensure that all people have opportunities and encouragement to achieve of their best so that all Australians can benefit as a result. Only in this way can Australia be a nation of independent people, confident in their own abilities to achieve and master their own destinies. Only in this way can all Australians have that strong foundation of self respect on which tolerance and genuine and willing co-operation can be based.

MR. FRASER CONTINUES:

If the Australian people approve our approach next Saturday we'll establish a style of government through which we can give effect to and develop our policies. One of the first concerns will be to secure the integrity and professional character of the public service, free from political appointments. Our system of government can only work effectively and efficiently with a politically neutral public service. Legal procedures will be established which will secure the best appointments to this end. These procedures will be incorporated in the public service Act. These procedures will ensure that suitable candidates from within the public service are not passed over, while not precluding appointments from outside the service. Obviously before legislation is drafted, advice of the Public Service Board and other senior people would be sought but broadly the framework we have in mind would run like this: The Public Service Board for the appointment of Permanent Heads for example, could put forward a short list of suitable candidates from within the service. The Board chairman would consult with senior permanent heads in preparing that list. A short list would go to the Minister concerned and to the Prime Minister. If there are doubts about the suitability of people, the chairman of the board would be consulted, if additional names put forward did not dispel the doubts, the vacancies would then be advertised. But if it is advertised, a high level selection committee, including the chairman of the board, at least one other permanent head, would be formed to interview candidates. The selection committee would list three or more most suitable candidates in order of preference and that would go to the Minister and the Prime Minister. The Minister would obviously interview the candidates that are put forward and in this way proper procedures will be followed and the integrity of the service maintained and protected.

MR. FRASER CONTINUES:

Government would not be precluded from appointing outsiders without advertisement, outside the procedures, but in such case it would be understood that succeeding governments could review such an appointment, in other words, such an appointment would have no permanency attached to it. These rules would apply to all future appointments. They would not apply retrospectively. We would not alter the rules under which past appointments have been made.

We don't believe that one mistake could be rectified, or should be rectified, by making another.

Under the Liberal, National Country Party Government, the permanent head of a department would be expected to be the senior adviser to the Minister. He'll also be expected to take into account not only information available from the Department but information available from the wider Australian community. Outside advice will be, and ought to be, actively sought, and in the past this wasn't always done as much as it should be. All groups and sections of the community must have the right to put their views before the government but the procedures for offering advice will not be allowed to be a battlefield of endless conflict of competing advice.

We'll ensure that the protection of public service integrity and professionalism does not place a wall between government and the community because that would be a disaster.

Parliament itself must be revived as the central forum of our system of Government. If the Liberal National Country Party are returned on Saturday, major policy announcements will be made in the Parliament while the Parliament is sitting. As part of our plan to revive Parliament, our policy of tax indexation of course will have an important role to play and I think this has been unnoticed hitherto. One of the most iniquitous effects of inflation has been that the rapidly rising tax burden of the last few years. People are paying every year a larger proportion of their incomes

MR. FRASER CONTINUES:

on taxation, though this has never been specifically authorised by the Parliament. A basic principle a representative government has been overturned by inflation. Under inflation taxation increases automatically if Parliament makes no decision. Under present conditions Parliament has to take an initiative only if it wishes to stop the increase in taxation. The protection afforded to the people by the requirement that Parliament must approve increases in taxation has been almost nullified by inflation. These unauthorised tax increases have been a major, if not the major, factor in the inflationary wage demand and in the destruction of business profitability and job opportunities. Our programme of tax indexation will establish the principle of parliamentary control over tax increases if they're to occur. It will establish once and for all the principle of government accountability for tax increases. Our tax reforms will not merely be a major element in economic recovery, they'll make debate on taxation matters mean what they ought to mean. They'll bring into the open some of the most important decisions any government can take. They'll make governments in Australia more honest.

There are a number of other reforms which would significantly improve the level of performance of parliament and which could be introduced in the near future. They are reforms because they affect the procedures of parliament that I believe ought to have the support of all parties. One of the most valuable reforms of parliament as an institution would be to improve the scope and effectiveness of its committee system. An estimates or an expenditure committee, such as exists in the House of Commons, would do much to improve parliament's capacity to control government spending and watch over administration. It would be a committee sitting throughout the year and examining the principles

and procedures adopted by departments in the formation of estimates. I believe there is also a valuable role for a steering committee to assist of passage of non controversial legislation. Such a Committee could decide to direct legislation either to special purpose committees or to the whole House, depending on the importance of the matters under review. Such a committee could promote a more considered debate in an appropriate forum, and I have spelled out my ideas on these particular matters in much greater detail in the Parliament itself. It will be one of our principle objectives to improve the performance of Parliament and so strengthen its authority and the practical contribution it can make to the responsible^{government} of Australia. A further pre-condition for the effective operation of the Parliamentary system is a system of cabinet government which can arrive at co-ordinated government policies. Ministerial initiative is essential, but the Cabinet, a Cabinet of reasonable size, must ensure that these initiatives form part of an overall approach to the achievement of national goals. If the Australian people support us on Saturday, we will immediately assert the central role of Cabinet in deciding national policy. On a basis of Cabinet responsibility and accountability we can establish sound management of Australia's affairs. An effectively operating Federal Government will provide the foundation to implement our three year program of economic recovery. Not merely must a Federal Government be able to develop and implement those policies effectively, it must also be able to work effectively with other governments. The Federal Government should facilitate, not hinder State and Local Governments informing and implementing the policies appropriate to their own areas. Australia is a federal country and will remain so. It will remain so for good reason. Australia has very clear and natural reasons, regions, largely represented by the States. As in the United States, the Australian Senate reflects that fact. Indeed the American founding fathers gave their senate more substantial powers even than our Senate. Powers which have led America to the State's House becoming a dominant chamber. Even if we had no States, it could still be necessary in the interests of effective policy development and implementation, to formally acknowledge that policies would have to be acceptable to the great natural regions

of Australia and not merely to those areas where the great majority of people live in Melbourne and Sydney. The federal structure of the Australian Government is critically necessary from another viewpoint as well. It is increasingly important that a politically aware and active population should be able to participate, and participate effectively in political decisions of importance. As our society becomes larger and more complex, it is imperative that local levels of government should be revitalised. Increasing the centralisation of government power in Canberra is positively dangerous. The more power is centralised, the less is it subject to popular influence and popular control. A highly centralised government, seeking more and more power for itself, is totally inappropriate to a complex, diverse, changing and well educated society. It is totally inappropriate to a country as far flung as Australia. Instead of central control, there should be improved procedures for co-ordination and co-operation between levels of government on matters of common concern. Our reforms to financial arrangements between Federal, State and Local governments and the Council for Inter-governmental relations, we will establish, will do more to achieve these objectives than any reform to the federal system since federation. These reforms will make it possible for Local and State governments to plan ahead on a way that has not been possible in the past. They are part of a broader program to increase the substance and effectiveness of Local Government. Our social welfare policy for example, in line with the recommendations of the Henderson Commission of Inquiry into Poverty, places special weight on the role of Local Government in the co-ordination and provision

of welfare services at the local level. With such an emphasis, it should be possible to avoid the impersonality of centrally provided services and to tailor services to the needs of the local area. The need to reform our institutions, to ensure that they are aware of the needs of the individuals, and not merely to the needs of bureaucracy, applies of course not merely to government. It applies equally to business and to the trade unions. No organisation, whether it be a political party, a business or a union, has any inherent right to survival. Its justification is the services it provides to individuals. Countries for example, find their justification in the extent to which they provide decent jobs, worthwhile goods and services which the community wants and provide a reasonable return for those who invest in them. The justification for the existence of companies is the service they provide the community. Trade unions find their justification in the extent to which they improve the condition of their members, consistent with the interests of the community as a whole. The best companies, the best trade unions recognise this social obligation, but there are many in both areas that do not. We must encourage all companies and trade unions to follow the example of the best. It is obvious that there is still great scope to improve the quality of and participation in decisions about working conditions. It is obvious that there is still a great need to increase the flexibility with which people can choose their work. The rigid nine to five working hours which still apply in many business preclude many people from working in them. Greater flexibility of working hours will meet the needs of people and of businesses.

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There is further a great need to improve the opportunities for participation by union members in the affairs of their own unions. Our policies dealing with portability of pensions and superannuation schemes, increased works consultation on shop floor matters, our policies on flexible hours, special facilities for working mothers and for elections in unions and employer organisations would all make an important contribution to the achievement of these objectives. The aim of our policies, is to encourage the growth of an Australia which is adaptable, strong and capable of facing and surmounting challenges. Government must create the conditions for the development of a vital, dynamic society. It must also encourage our sense of a common interest in people. The present economic crisis can only be overcome if the Government accepts its obligation to point the way if its policies encourage the co-operation of all Australians. We in the Liberal and National Country Parties pledge ourselves to work for that spirit of national co-operation. I believe that the program on which we are fighting this election provides the basis for that co-operation. It is a program that seeks to advance the right of every Australian to freedom, self respect and a real opportunity to fulfil themselves and their life in their own way. It is a program that will help build Australia which can survive in the uncertain world in which we live. It is a program we are proud to place before the Australian people for their judgment.

INTERVIEWER:

Thank you Mr Fraser. We now turn to questions from our media members. I would remind them would they identify themselves and their organisations and please keep their questions brief, and I would stress right here and now that in this huge room we have

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had in the past and will continue to have and hopefully won't have in our own club building next year, some hearing problems of questions. I just ask you to bear with that and would ask our questioners to speak up as loudly as possible. The first question is Nikky Savva

NIKKY SAVVA:

We supported this Children's Commission when it went through the power, and one of the things I have not been able to understand is why it took so long to get the Commission properly established?

MR FRASER:

As You know, it was only an interim committee that has been established. The Commission itself has not been established and this is one of the matters that I shall be examining, hopefully, after next Saturday.

STEVE BROWER:

Would you consider you handled the news media well during the campaign and ? do you consider you have received more than favourable treatment from the proprietors?

MR FRASER:

The first question is one that the media themselves will have to judge and so far as the other one is concerned, I think the media can make their own judgments about that. There is a habit amongst politicians to blame the media where things are going badly for them.

TONY O'LEARY:

You promised Statehood to the Northern Territory inaudible with less than half the voting population of the ACT, will the

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ACT be granted a similar degree of independence if you are elected on December 13?

MR FRASER:

Our Policy for the Australian Capital Territory does emphasise the need to have maximum autonomy that is possible, executive responsibility in the local assembly, but there is one very significant difference that everyone will recognise between the Australian Capital Territory and the Northern Territory. For better or worse, the national capital is also in the Australian Capital Territory and therefore the relationship between the Commonwealth Government and the Australian Capital Territory Assembly will necessarily be different in quality and character I would think to that between the Commonwealth Government and the States. We would need working parties to examine this particular matter to see how much executive authority can be transferred to the local Assembly.

PAUL KELLY - AUSTRALIAN:

During the campaign, you have refused under questioning regarding to two key factors on the Medi-bank scheme inaudible . Firstly free treatment in hospital wards, and secondly the 85% refund from the super health insurance fund offices. Can you tell us in these circumstances why the public should not think that you are retaining the name Medi-bank but destroying the scheme?

MR FRASER:

Because we have said we are going to maintain the scheme and the answer to that is very simple. I think that was one of Mr. Whitlam's questions if I can recall it correctly. Oh well, other people have got a right to know and I said I would not rule any

MR. FRASER CONTINUING:

question out of order. But the scheme has not been operating long enough for us to get an assessment of it from the States, from the hospitals, from the profession and also from the consuming public. The patients have a right to be consulted in these particular matters and I am not saying that it is easy to assess the reactions of patients in these particular matters, but the scheme will be continued as it was introduced until we can assess properly its virtues and whatever faults might be revealed as a result of experience. Then public statements would be made about that and everyone would have an opportunity to express their views in relation to it. Meanwhile, the scheme continues as introduced.

RUSSELL SKELTON - MELBOURNE AGE:

You are reported in the Canberra Times as saying that rural concessions should not cost the urban taxpayer. Could you please explain this?

MR. FRASER:

I was referring there to support for the wool reserve price scheme which is loan at the modest interest rate charged by the Government of 11% or 12%. Well that is in line with interest rates charged everywhere and against the security of the clip, farmers pay for the rate of interest and it is not a charge therefore on the taxpayer. The Industry Assistance reports for the beef industry, there is a significant loan element involved in that which also does not involve a charge on the taxpayer, and they were the elements I was referring to.

RUSSELL SKELTON CONTINUING:

Could I just ask a supplementary question? Does this mean that

the open rule policy announced by Mr Anthony will come out of the urban taxpayers' money?

MR FRASER:

The increased cost of Holden motor cars and refrigerators and washing machines and wirelesses and T.V. sets also comes out of the funds of the average Australian and the philosophical difference in some instances between a subsidy and a tariff is not as wide as some people would like to indicate. There are some areas - the super-phosphate bounty, nitrogenous fertiliser bounty, T.B. and brucellosis eradication campaign which this year would cost 2.4m. Also a recommendation as that was of the Industries Assistance Commission report, that would be a charge on the taxpayer, but you asked in the first part of your question what I meant when I said 'some matters were not' and the major matters especially in relation to the wool corporation is not a charge on the taxpayer, they are loan funds against the security of the clip for which many people would believe a reasonably high rate of interest is paid.

ANDREW CLARK: National Times.

You quoted in the Australian of the last few days that you do not believe that gaoling unionists is an appropriate punishment for industrial offences. You say (inaudible) 'Doug McClelland's talk of fines, de-registration, garnisheeing of union funds and even court actions are all hot air and nonsense. However, the Coalition's industrial policy in which you play a leading role says, that for offenses like strikes you could (inaudible). Consequences would include 'de-registration, (inaudible) or garnishee of funds, fines, exclusion from office of employer industrial officers or of office bearers of organisations (question unclear) innocent may claim damages for loss suffered as a result of an unfair industrial practice. Is this still your policy or not? Are the exclusions (unclear) aimed at plotting against trade union officials and does it mean that if a union official refuses to reveal the whereabouts of his own union bank account, like in the case of Terry O'Shea, he will be fined for contempt (inaudible) (This question was extremely difficult to hear)!

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MR FRASER:

The question would have been more complete if it had indicated that the answers given in Australia were in relation to questions which concerned secret ballot legislation and they were restricted to that. So if there was an implication in the question that it had covered the whole area of industrial policy, in the question today I mean, that of course was not true because the original question was relating to secret ballot legislation. The other parts of the industrial policy of course stand.

LAURIE WILSON:

Mr Fraser, you have been accused of stone-walling during this campaign - may we enter into this? Don't you think the people of Australia have the right to know the answers to this - particularly on the specific area of your economic policy. I just wonder how you react to those accusations?

MR FRASER:

I am afraid you rather invited this but if it means that a person must answer every question put in precisely the way the person who asks it wants to get an answer, well if it means that, my reply to that is, that is a lot of nonsense. There are some things that can be said with responsibility and others that cannot. Now in relation to our economic policy for example, I have said quite plainly that the pace with which we can introduce the reforms, major reforms will depend upon our success in reigning in the mad extravagance of Labor's expenditure. And I have emphasised that in 72 years of Federation, the Federal Government's budget went to ten thousand million dollars and in three years of Labor, it went to twenty two thousand million dollars. I do not believe that any organisation, any company, any business can increase its rate of expenditure at that rate and not involve a good deal of extravagance

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and waste, and when we get the detailed reports from departments and from the treasury, I am sure that that sort of thing will unfold. So I believe that the Press have had a fair go, so far as being able to ask me questions are concerned, but they have not always got precisely the answer they wanted to get. I apologise for that but the situation is not going to change.

FRED BAILEY: Adelaide Advertiser. ~~Best~~ Bayley?

Mr Fraser, you spoke of taxation reforms inaudible. After the elections on Saturday, what would be inaudible Labor's tax reform inaudible to come into effect?

MR. FRASER:

Well, it comes into effect and there are going to ^{be} a great many people who will regret it. Mr Lynch has just put out a statement which indicates, for example, that students are going to be worse off because apparently students allowances are going to be taxed and there are copies of his statement I suggest that people get a look at - it'll show that students who get a student's allowance and who under the present circumstances are lucky enough to get part time employment - will be paying significantly more tax. That is a statement that Mr. Lynch has put out. But I had also taken a number of examples in relation to these matters because if you took somebody in the last taxation years for which these sorts of figures are available, the 1972-73 year, somebody then on \$7,000 per year, with a wife but no dependants, he would have been paying \$901 in tax and under the new scale he would be paying \$970 in tax. If you make an allowance for inflation at 15%, they will be paying \$1338 in tax - 16% instead of 12.9% of his income. A taxpayer with a wife and one child on \$9,000 per year, would have

MR. FRASER CONTINUING:

been paying \$1399 in tax - under the new scale with no inflation
\$1470 in tax - under the new scale with 15% inflation - \$1897 in
tax. A very significant increase indeed. That is a taxpayer with
a wife and one child. There are other examples here that indicate
the same results and this sheet of paper can be made available to
anyone who wants it. It does indicate that there are some examples
of taxpayers who are going to be very significantly worse off under
the Hayden tax system. It does come into force. It was one, as
part of the caretaker government - it was one of the lists of Bills
that went to Proclamation that I think I signed, so it does come into
force. But we will be immediately wanting to get people to look at
it to review the areas of injustice that we believe are involved in
the Hayden tax scales. The other point that I would like to make
is that, if you take people on fairly average incomes, you will find
that where the Hayden tax sheets that were handed out at the time of
the budget, had three sets of examples - one person with no
deductions, one person with 5% deductions and another with 10%
deductions. The average deductions for the sort of people in the
average income groups are more in the region of 12 to 14% or 15%
and I am talking about people on modest incomes - not on high incomes.
These people were not even mentioned on those tax sheets that Mr.
Hayden handed out, and when you look to the average deductions that
people did claim, you find that that quite often, puts them in a
worse position on the basis of the figures that I have just given you.
Because these figures were based on the taxpayers having the average
tax deductions for this particular income bracket.

MAX HAWKINS:

Mr. Fraser, could I just allay the fears of some people who are just
wondering about questions I have on this sheet. At least sixteen or

MAX HAWKINS: .

seventeen names for future questions. We are getting through them - we have at least half an hour so, just please be patient.

PETER BLAZELY: Sunday Observer.

Any Prime Minister should have his health scrutinised to a degree. Your illness before your policy speech has given rise to concern about your health. I was wondering if I could ask a two part question. The first part is if you would confirm that you have ever sought the services of a psychiatrist? The second part - is it true as is now being rumoured in Melbourne, that you sought the services of the Psychiatrist Ainslie Meers, author of 'Relax Without Drugs'? Is it true that medical authorities in Melbourne are now wondering if Malcolm Fraser, Prime Minister might be a health hazard?

MR. FRASER:

Well, if that was meant as a joke, I think it has fallen slightly flat! If I am going to answer any question I have to have some opinion of the person who asks it!

ANDREW KRUGER: Melbourne Sun.

Mr Fraser, on 12 November, you asked the Press to be factual rather than interpretative. Sir, could you help us in this job by telling us whether you would describe a forty five million dollar cut back in spending on tertiary education as severe or as non essential. Is it true that plans are underway by your administration to cut back this spending by such an amount, and can you give an assurance that tertiary education spending will not be cut?

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MR. FRASER:

We have already committed ourselves to the recommendations of the Commission and I think that it would be a good idea to remind people that it was the Labor party that destroyed triennial funding for universities, colleges of advanced education, schools commission the Australian Research Grants Commission and the National Health and Medical Research Council and if people are wanting to ask us questions about that, why not ask Mr. Whitlam. If I can put a question on notice - why did he destroy that basis of triennial funding?

ROSS GIBBONS - Sydney Morning Herald.

Mr Fraser, you have stressed the importance of tax indexation in the maintenance of wage indexation. You also said that tax scales won't be fully indexed until 1978. Do you really expect wage indexation to last another three years?

MR. FRASER:

I would have believed so, yes. At least we have made a commitment to tax indexation which is much more than Mr. Hayden and Mr Whitlam have done.

DON WHITINGTON: Australian Press Services.

If you are returned to office, will you ensure that the electoral act prohibits a major party financing an independent candidate in an election campaign, in return for his preferences?

MR. FRASER:

On two points - there is one question on which writs have been served and I do not want to make any comment about that. On another point where writs have not been served, I understand the Australian Labor Party has financed advertisements for a certain

MR. FRASER CONTINUING:

Independent, up to \$200,000. It is a point that certainly could well be examined.

TONY WALKER:

Is it your view that Indonesia has acted properly in relation to East Timor and a direct question, has Australia protested to Indonesia over its actions, and if it hasn't, are you planning to lodge a full diplomatic protest?

MR. FRASER:

I have had a number of discussions this morning with Mr. Peacock and with the Department and with the head of my Department to see if there are initiatives that Australia can usefully take. Mr. Peacock made a statement yesterday, but meanwhile, I do not want to add any more to what I have said.

TONY WALKER:

Mr. Fraser can I ask you something else. Have we protested, are we going to protest and at the end of the question - what is your view about Indonesia's actions?

MR. FRASER:

Regret might be regarded as too modest a word, but the use of force is never a proper way to solve any international problem and I think that makes my own view completely clear about that. The words that Mr. Peacock used yesterday may or may not, depending on your own interpretation, be regarded as a protest. But I do not want to get into the details of this particular matter because I have been having discussions with the head of the department of Foreign Affairs and with the head of my own department to see if there is any action that it

MR. FRASER CONTINUING:

might be proper for Australia to take.

LAURIE POWER:

At the beginning of this campaign Mr. Fraser, you consistently refrained to give any costing of your economic plans. Are you asking people to go to the polls on Saturday, still ignorant of that costing and its inaudible.

MR. FRASER:

Not ignorant no, but the costing is going to depend upon the degree to which we can reign in the extravagance of the previous Labor Government and we have got to have as a prime objective, overcoming inflation. If we do not overcome inflation, we will not be able to revive business confidence adequately. We won't create the jobs and opportunities that ought to be available to Australians. On this sort of basis, it is not possible therefore, to indicate the speed with which the proposals will be introduced until we have the basis of which economies can be made without jeopardising essential and important programs, which we would all want to see continue.

ROB. CHALMERS:

Mr. Fraser, this might be a question on notice, but on 15 November, on Four Corners, you forecast that there would be no blow-up in Timor. 'Blow-up' was your word. Why did you so forecast and on what advice?

MR. FRASER:

Well, if that is what I did say on Four Corners on that occasion, obviously it was incorrect, and later events have taken part in it.

KEN RANDALL:

Mr Fraser, Can you tell us why such important policy statements as business development, equalisation formula and federalism

KEN RANDALL CONTINUING:

policies, and even your specific anti-inflation policy, have not been introduced in advance of this election, and apparently once (inaudible).

MR. FRASER:

Well the anti-inflationary policies have been announced and made very clear and the change in direction that would begin on Sunday, is I think, also clear and very clear to the great majority of Australians. This is one of those efforts really isn't it to put certain figures, which it is just not practicable and would not be responsible to do in the present circumstances. The major elements of policy have been announced right around Australia. The question of equalisation has been covered in terms of absolute guarantees for the less popular States with a smaller tax space, not only in terms of fiscal capacity, but in terms of need, and in that extent our equalisation provisions will be very much in advance of Canada's, because in Canada the equalisation only refers to fiscal capacity and not to need that might result from large area and greater distances and sparser population. So the principles are laid down, but quite obviously in a matter of that time, which will be a highly technical one, you are going to need Federal and State officials to sit down and work out the details in a quite precise form. And I have got no doubt it will take those officials many weeks, if not some months of work to get to an appropriate formula. And therefore, having spelled out the principles, the details is a matter for officials to be worked out between governments. I think there was another element of the question Well, urban development is another area again where a number of our policies will help with urban development. The support for local government is going to

MR. FRASER CONTINUING:

help very much. I would have said that the essential urban programs that have already been introduced will continue. Indeed, a number of the programs that were due for signing and in the capacity of care-taker Government carrying on the policies of the previous Government, I have not pack-signed them and they continued with the programs that have put and framed for this particular year.

BILL GOUGH: ABC News.

If you leave any formula for the appointment of senior public servants, and avoid political influence in those appointments, have you seen the appointments of senior public servants only after interview with the ministry involved as removing your objection to the politicisation of the Public Service?

MR. FRASER:

Well I think what I said must have been misunderstood. You said 'only after interview with the minister' as though it was the only essential element in it. Now there are a number of steps and they are all contained in the speech. The Board to put forward a short list - obviously to discuss that list with the Minister and the Prime Minister. If there are doubts, another list. If there are still doubts - advertise the Board advertising. The Chairman of the Board and other people being on a high level selection committee to put forward a proposal. Now all of this leaves the initiative for putting names forth in the hands of the Board and the Public Service, and it is only under the circumstances in which the Minister and the Prime Minister say no, we do not like any of these names, we are going to appoint somebody else, alright they can appoint somebody else. But that particular person would not be regarded as a permanent head in the

MR. FRASER CONTINUING:

traditional sense and some incoming government or that same government for that matter would be under no obligation to maintain
..... if we establish proper procedures to make sure that the Board's advice and the proper approach to selection of people outside, which involves the Board very much in the procedures, in every stage of the procedures, then I think we will go a long way to remove the possibility of some of the political appointments that have occurred in the past, which I believe are bad for the service and ought not to occur in the future.

MUNGO McCALLUM:

Mr. Fraser, in your policy speech, you promised not to give our money to African terrorists. I assume by that you are referring to the \$150,000 which was given through UNICEF to women and children in Zambia who had been affected by war. Does this promise, what it is - a specific one - of cutting Government spending which you have made mean that in future, humanitarian aid from Australia will only go to countries with whose governments you yourself feel some sympathy, if not (inaudible)?

MR. FRASER:

There was no understanding, I think, as to where that particular money actually ended up. My understanding is that there was no guarantee as to where it ended up and anyway, it was just a straight statement. We are not going to provide aid to that sort of organisation or to an organisation that espouses terror as a weapon of achieving a political objective. Quite apart from that, Australia has had a record in aid under the Labor Government; and under the previous Government which have had regard for the well being of the people to whom the aid was directed and not necessarily

MR. FRASER CONTINUING:

at all to the political colour of the government concerned, and that philosophy and approach will be continued.

BRIAN TOCHEY:

Mr. Fraser you have made repeated statements that you think people should have more freedom to decide how they spend their own money by reducing the tax burden. In terms of the Bass by-election you used the slogan 'give the money back to the people who earned it'. Can we then have a guarantee that in the three year program to restore the Australian economy, you will not increase tax rates for personal income tax, for company tax, for indirect tax, for levies, for excises or whatever?

MR. FRASER:

I think that is another question on notice. Yes or no answers are not necessarily the sort of answers that I might regard as appropriate. The whole philosophy, and the whole thrust of what we are saying on our economic policy, is that there needs to be a change of direction. That more resources need to be placed in the hands of individuals and of businesses, so that investment can proceed, so that jobs can be created. We have even got Lionel Bowen in the paper this morning saying how terrible it was that they had made all sorts of mistakes, and I think it must be right. I am not sure, but I think it was the Financial Review that reported it! I don't suppose you really want me to categorise the mistakes that they claimed that they made, but they are all there. The whole thrust of our policy is that we need to get more resources into the free enterprise sector, whether it is businesses or individuals, and the thrust of your question, of course, would run directly counter to our basic policy objectives.

BRIAN TOOHEY:

Mr. Fraser, I asked you this. You have said the thrust is to put more resources into the hands of individuals and companies. Surely, the thing that flows from that is what is going to happen to tax rates affecting individuals and companies and surely you can give an answer as to whether you are likely to increase them over that period of time?

TONY THOMAS - Age

As a long term matter, would you continue to make aid to rural industry, dependent on prior reports and recommendation by the Industries Assistance Commission in the same/^{way}as applies to secondary industry?

MR. FRASER:

As a generality, yes. I can see some circumstances where the emergency provisions of the Industries Assistance Commission have now worked particularly well, and there are two sides to this point - providing aid and taking aid away - and the 25% across the board which was taking aid away from much of the secondary industry, was one which led to a great deal of difficulty in the exporting of tens of thousands of jobs. These matters ought to be subject to impartial scrutiny and impartial advice. At the same time, governments have got to make their own decisions in relation to these matters. If the decisions happened to be contrary to the advice, the government has got to stand up and explain the reasons why.

PETER BOWERS: Sydney Morning Herald.

Mr. Fraser, have you decided on the size of your Cabinet, and how many Ministers will it enclose?

MR. FRASER CONTINUING:

The structure of the Ministry would not be announced until after Saturday. I think there is a good precedent in relation to that. I think Mr. Whitlam adopted the same stance some time ago, and he did set one or two precedents I am prepared to follow. It will be a much more economic administration than his.

TREVOR CAVANAGH: Daily Mirror.

Mr. Fraser, would you agree that the devaluation of the Australian dollar would be inflationary?

MR. FRASER: I am not going to make any comments on devaluation of the Australian dollar. Australia has got substantial reserves. It is in a strong position and I regret the attempts to revive public debate which causes public doubts about the strength of the Australian dollar.

TREVOR CAVANAGH?

There have been widespread reports in the Press that a Liberal-Country Party coalition (inaudible)

MR. FRASER:

This is one of those areas where people just don't speculate, and I am not going to blame the source, but the source of the reports were not from Liberal or National Country Party sources. Let me make that quite plain, and I am not going to add to my previous answer, for the very obvious reasons.

WARWICK BRACKEN: Canberra Times.

Mr, Fraser, do you acknowledge any advantages to the tax rebate system as opposed to the concessional system at all, and if you do, could you tell us what they are?

MR. FRASER:

I think there are some advantages in both systems, and I have got an open mind about the way in which the injustices I referred to in the Hayden scheme should be overcome. There are some clear advantages in some areas in relation to the rebate system, and I think we would all know what they are.

TONY HILL: Melbourne Herald.

Sir, would you accept that the use of the powers of Senate twice within eighteen months to block supply and so cause an election has led to certain instability, uncertainty in Australian political life? Mr. Whitlam has given an undertaking that if Labor has the balance of power in the Senate after next Saturday, that power would not be used to force a Liberal Government to the elections. Would you be prepared, if you find yourself in opposition after Saturday, to give a similar undertaking?

MR. FRASER:

I do not believe it has led to any instability in the Australian political scene. That power has been used by upper houses in the States, and no instability has followed. The power was only used because of the utter irresponsibility and incompetence of the Government, and there will always be instability if we have a government as incompetent and as irresponsible and deceitful as the government that preceded the present one. If I can just keep the record straight, it is my understanding that I saw a qualification of those remarks of Mr. Whitlam's in the newspapers this morning or in this morning's reports, saying that he had a certain view but he did not think he could hold the troops. Now if that is an accurate report, it is a fairly accurate description of the relationship

MR. FRASER CONTINUING:

between himself and his Ministry and senior Ministers over the last two years.

JOHN JOSEPH:

Mr. Fraser, you promised to index tax for companies and individuals although you refused to say if rates will be increased before you do index taxes, you promised to pump hundreds of millions of dollars into business, you promised to increase subsidies into the rural sector, you have also promised to balance the budget. Journalists have been asking you consistently throughout the campaign how you will achieve this. I want to ask you, have you been advised against answering questions of details concerning your policies? Have you been told by Mr. Gaul and Mr. Eggleton that Mr. Sneddon got into trouble for giving detailed answers to questions and is this the reason for your refusal to answer questions?

MR. FRASER:

Well, maybe if people read more carefully what had been said in the nature of the policy speech, they would not need to ask that kind of question, but the assumptions that underlay the original part of that question want checking, because some conclusions were made in relation to the assumptions and part of them which need to be looked at very carefully in relation to the time frame in which we said it is necessary to achieve economic recovery. The statement is quite plain. It is just not possible to indicate the rate at which the reforms can be introduced until we can assess accurately on the advice of departments, the speed with which we can reign in the extravagance of the previous Government. And if people doubt the extravagance of the previous Government, you have only got to go to two figures which I

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MR. FRASER CONTINUING:

have already mentioned. Seventy two years of Australian Federation to get to a total budget of Ten thousand million dollars and three years of Labor more than double it to more than twenty two thousand million dollars. Now obviously, we have got to go into this matter very closely and very thoroughly, and we will need the advice of departments to achieve it.

JOHN JOSEPH continuing:

Mr. Fraser, is it your intention simply to -- you make the promises -- will you be willing to sacrifice the promises if you are advised that it is impossible to carry them out?

MR. FRASER:

What we said we will do is practical and will be done.

MAX HAWKINS:

Alan Thornhill and just before you start Alan, we have time for four more questions after that, that is Brendan Donnelly, Andrew Potter, Alan Fitzgerald and Laurie Oaks and then we will have to close.

ALAN THORNHILL: Sydney Morning Herald.

Mr. Fraser, you are the first person to date that I have heard refer to Mr. Whitlam in the current situation as Leader of the Opposition. On what parliamentary precedent do you justify this in current circumstances?

MR. FRASER:

He just happens to be Leader of the Opposition that's all.

BRENDAN DONNELLY: 2CA NEWS

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BRENDAN DONNELLY:

Mr. Fraser, would a Liberal-National Country Party Government consider introducing a system of tax-reimbursements in the A.C.T. as applies in the States, and would consideration be given to putting budgetary planning in the A.C.T. onto a three yearly basis?

MR. FRASER:

Well budgetary planning for the Commonwealth is basically on - the way the budget is drawn up is in fact on an annual basis, except as we know for the essential areas. Well, it is on an annual basis for every area now, but it used to be on a triennial basis for education and certain research programs. The relationship with the Assembly in the Australian Capital Territory and the Federal Government is one that will have to be worked out with care. Our objective will be to achieve maximum local autonomy, but because the national capital happens to be placed in the Australian Capital Territory, it will be a different relationship from that which prevails between the Federal Government and the States and it is now possible at this stage to define how that relationship will develop, but it will be one that will develop in a spirit of co-operation and partnership and not one of direction autocratically being decided by the Federal Parliament.

ANDREW POTTER: ABC.

Mr. Fraser, you said earlier in answer to a question on the Cabinet that there were one or two precedent which Mr. Whitlam had set and you are prepared to follow, are you referring to Mr. Whitlam's practice of setting up an inner Cabinet of one or two and setting aside the actual portfolios of your own Cabinet?

MR. FRASER:

Almost certainly not. The only precedent that I was referring to, and my memory might be faulty and somebody here can correct me if it was, was that he did not announce the names of his Ministers or anything of that kind, and I think also the actual structure of that Government until after the election day, and that was the precedent that I was going to follow. That question of - there are fifteen Ministers now. I think the question of the two man junket was one of the worst disasters that Australia has ever seen.

ALAN FITZGERALD: 2CA

After Saturday, will you be officially leading a Federal Government, a Commonwealth Government or an Australian Government and can we look forward to seeing your portrait replacing Mr. Whitlam's on the walls of government offices? If not, whose portrait will appear?

MR. FRASER:

I'm afraid, whether it is a joy or not, will depend on the person's political affiliations. Anyway, for those who might regard it as a joy, I am going to deny it to them. My photograph will not appear in Commonwealth, Australian or Federal Government offices, whichever you like to use, nor will Mr. Whitlam's. I would not want people to read some wrong implications into what I am going to say because I do believe Australia needs a national song that captures the minds and hearts of all Australians. But the appropriate portrait in such places is the portrait of the Queen.

LAURIE OAKES: Melbourne Sun.

You said earlier that specific details of your anti-inflation policy had been given all around the country during this campaign. A few people seem not to have got the message. Peter Sheehan of the Melbourne Institute of Applied Economic Research said the other day that if you implemented your policies, inflation would soar to 20%. Ken Davidson, one of Australia's most respected economic writers has said that the only way you can manage the economy properly is to chasten your promises, and Alan Wood who writes most of the Sydney Morning Herald's economic leaders, has said that your policy is a politician's dream but an economic impossibility. Sir, for the benefit of those three people who have not got the message and most of the journalists who have also been covering this campaign, have also seemed to have missed it, will you again repeat for us the specific details of your anti-inflation policy?

MR. FRASER:

The extent to which we are prepared to go and the details to which I am prepared to go have already been covered in answers to questions today and the policy speech is available. There is going to be rigorous planning to see that there are economies, that extravagances are cut out and in a budget as large as the Commonwealth budget is, that can be quite a significant sum. And we start planning from Sunday for the budget next year and the incentives, encouragement to industry which is essential if there is going to be investment, and if there are going to be jobs is again something that gets introduced at a rate which is compatible with the overall objective of restraining inflation and at the same time will be measured by the rate at which we can reign in the extravagance of the Labor Government. You know, its a little bit like - this is maybe a nasty comment - but the question

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MR. FRASER CONTINUING:

was really very much like the ABC interviewing the ABC on the current political climate and that sometimes occurs, or journalists interviewing journalists. If I could only make one comment which I saw in - I am not quite sure which of the economic professionals used this comment and I would not want to malign the two who did not use it - really to say that the Wagga by-election has got some relevance to our economic policy is sheer and absolute nonsense.

MAX HAWKINS:

Mr. Fraser, we regret that we have to close. You have fulfilled your obligations to answer over time the questions, as your speech went slightly over time. It is in the club's interests that we be impartial and accord equal time to all our speakers, particularly in the political forum and on behalf of our members and their guests, I want to thank you for speaking to us today, and to ask them to show their appreciation in the usual manner.