



PRIME MINISTER

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QUESTION: Prime Minister, can you allay the fears of those who believe the dollar will be devalued?

THE MINISTER: I would have said quite plainly that we are not contemplating devaluation and there is no doubt about this. Mr. Whitlam was over here a week ago and trying to start rumours about this particular subject. He knows that it is mischievous and he knows that it does the economy harm. That's probably why he did it.

QUESTION: Mr. Fraser, reports have it that the new federalism scheme will mean double ~~assessment~~ income taxation for all the States from July next year. Is this right?

THE MINISTER: There will be one tax form, one assessment, one collection. That doesn't mean double taxation.

QUESTION: But the tax could vary from State to State?

THE MINISTER: Taxes vary between States now and vary substantially. There's nothing new in that.

QUESTION: The income tax could vary?

THE MINISTER: Marginally.

QUESTION: As in the United States?

THE MINISTER: More like in Canada.

QUESTION: Is the federalism scheme going to cost the taxpayer more money?

THE MINISTER: No, I believe it will cost him less because he will be able to see who is spending his money and that will mean that people will be accountable for what they do. State Premiers who support that proposal truly want to be responsible for their own affairs, as the Premier of this State does. Now State Premiers or Leaders of the Opposition who say they don't like these proposals want to be able to hide behind the age old cry - Canberra hasn't given me enough money and therefore I can't do it.

QUESTION: You wouldn't have any control over the overall level of income tax that was being levied. That would be up to the Premiers, how much they added on to the tax levied by the Commonwealth.

THE MINISTER: Yes, as part of the agreement. An understanding that State policies will work in parallel with the general and overall economic policies that are regarded as being necessary for the good economic management of Australia. Now that is not a question of control but it is a question of consultation and cooperation and where in the past Premiers' Conference have just been bargains, each coming out with the most that can possible be got, in future under the new federalism proposal there would be an environment in which Premiers and the Prime Minister would be able to sit down together and really discuss what would be best in the overall interests of all Australians. It would be a completely different climate and that is why I believe in spite of contradictions to the contrary, we have been able to get through two Premiers' Conferences, the last one in record time, with the main terms and principles of the new arrangements agreed, with a great deal of goodwill and I believe a great deal of understanding by all parties to those particular Conferences and that includes two Premiers who don't happen to share my political philosophy.

QUESTION: What about the next Premiers' Conference? Are you going to be as generous next time?

THE MINISTER: I don't think it's a question of generosity. I think it's a question of recognising something that is sensible and a sensible system. I think that is what has attracted people to these particular proposals. There were dire predictions in face of the first Conference, there were worse predictions in face of the second Conference and nobody knew what to say when the Conference was over with all matters agreed on this particular subject before twelve o'clock.

QUESTION: Can you tell us how far tax indexation will go in the next budget?

THE MINISTER: Not today, no. I would like to be able to, we are determined to go as far as we possible can with indexation and we are firmly and completely committed to that.

QUESTION: The A.N.Z. Bank says that economic recovery won't spring from new investment. It says that it will depend on consumer spending. Do you agree with this assessment?

THE MINISTER: I think any bald or absolute statement tends to overstate a particular position. Recovery depends on a number of factors.

QUESTION: Do you really expect the Australian worker to accept less wages?

THE MINISTER: Not in absolute terms. It is a question of relativities. I also believe that the average Australian worker understands the present situation much better than some of his leaders.

Some of the Gallup polls that were taken at the time of the last quarterly wage hearing, would seem to give evidence of that when by far the greatest number of those interviewed were not supporting the flow of the 1961 6.4% increase. They were either supporting no flow on or something much less than that. I think the average Australian worker can see very clearly that the constant round of wage and price increases doesn't do him or anyone else any good and I think he could also understand that there is not much joy in getting higher wages if his neighbour thereby loses his job.

QUESTION: According to the latest Trading Bank figures people are saving at a very high level. Does that meet with your approval or would you prefer that they went out and spent

THE MINISTER: There are indications that over the past two or three years people have become concerned about the future of their jobs. They have also become concerned because of constantly rising prices. That has caused people to save more than they would normally save. Saving in itself is good and sensible but if families are saving more than they might regard as normal or reasonable because of particular circumstances of inflation or fear of unemployment this can in fact add to some of the difficulties that we are having at the present time. Let me take just one example: if you have got families all around Australia saying that they are not going to buy a motor car this year because of their concern for the future, obviously that has a significant impact for the future employment and production of the motor industry. And what I say to people is do what you normally do. If you had planned to buy a new refrigerator then buy it, if you had planned to buy a new automobile, then buy it, and don't postpone these purchases.

QUESTION: There is nothing that you would think of doing to encourage people to go out and buy a new refrigerator or car?

THE MINISTER: I have said over the past month or so, people should spend as they normally would because if you get families all around the country postponing their normal expenditures, obviously that has a cumulative effect on production and jobs in a large number of industries and we don't want that to occur.

QUESTION: Are you keeping in mind that prices are going up all the time and that it is safer to buy now than to wait until the end of the year when it would cost more?

THE MINISTER: That is a factor that people could very sensibly take into account in deciding to buy maybe a little earlier than they otherwise would. But I would also hope that as a result of the Arbitration Commission proceedings over the next few days that we are going to get a system of wage fixation within indexation guidelines that will enable us to break the back of inflation and that will do an enormous amount for confidence

throughout the Australian community.

QUESTION: That comes before price restrictions?

THE MINISTER: There is already price restriction. There is a Prices Justification Tribunal. No company has broken guidelines laid down by that Tribunal. There have been quite a number of trade unions that have sought to get higher wage increases than the guidelines would have permitted and so the two bodies don't operate in the same way. The Arbitration Commission tends to set minima not maxima and the Prices Justification Tribunal the way it operates very definitely sets maximum limits. There has been a great shift away from profits to wages over the last two or three years. That is why a number of firms haven't had enough money for investment. That is why a number of firms have contracted and why there are less jobs available now than most of us would like to see. The other point I would like to make in this area - let us assume the Government does all the things that are right in terms of a sensible economic strategy for recovery and growth, and I believe the start we have made in this direction has been right and that the policies we have introduced are right but the best strategy, the best policies, can be largely destroyed in the wages area, and I believe the Australian community is coming to understand that.

QUESTION: We have some local reaction to the coming census. Some people say that the expanded questionnaire proposes some possible infringement of privacy. Do you have a reaction to this?

THE MINISTER: I say this report in the newspapers today and I have asked questions about it. I know there is always constant pressure from those who collect the statistics to ask for more questions and get more information. I think sometimes that questions are asked that ought not to be but I have asked for a report in this particular instance.