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PRIME MINISTER

FOR PRESS

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TEXT OF AN ADDRESS MADE BY THE PRIME MINISTER AT THE TASMANIAN STATE COUNCIL

I am delighted to be back here in Launceston, in the Bass electorate, to address this Tasmanian State Council.

On 28 June last year Launceston and Bass gave the lead to Australia.

In the Bass By-election the voters gave Kevin Newman a resounding victory. They returned a most able and effective advocate for Commonwealth and Tasmanian affairs. He has a difficult, challenging and important task, and one which he is undertaking with great skill and tenacity.

In the Bass election the Liberal Party made a number of firm commitments to help the development of Tasmania. Those commitments have been honoured.

We undertook to introduce full freight equalisation for Tasmania in the light of the Nimmo Report. The scheme we announced - which has been in operation since 1 July 1976 - goes beyond the Nimmo recommendations. It is designed to provide that the cost of transporting goods between Tasmania and the mainland is approximately the same as moving goods by land a similar distance. We will in addition - be introducing a scheme for the southbound shipment of producer's material and equipment.

The Labor Party promised action on freight equalisation for three years. We have introduced a major scheme in our first year in Government. As a result of the scheme, ANL has announced new schedules and an increase in its carrying capacity to cope with the expected growth of traffic to and from Tasmania.

Tasmania has directly benefited in other ways from the change of Government. The new federal financial arrangements will bring some \$4.7 million more to Tasmania than the old scheme. We undertook to establish a Maritime College in Launceston. Legislation has now been passed and funds made available. The Advisory Council on inter-governmental relations will be established in Hobart. We have also been actively aware of the needs of the citizens of Hobart following the bridge disaster. So far some \$24 million has been spent by the Commonwealth as a result of the disaster. In the current financial year, the

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Commonwealth will be making available an additional \$16 million. We will also be funding investigations into the design of a second permanent crossing at a cost of about \$650,000.

Since the election last December, the period of neglect of Tasmania has come to an end. Bass gave the lead - and the rest of Australia followed that lead last December. That decision of the Australian people placed an enormous responsibility on the Liberal Party - both Federal and State.

For three years, the Labor Party had tried to impose its socialist philosophy of government domination and centralised power on Australia. As a result it was getting more and more difficult to find a job: prices were rising constantly: taxes getting higher and higher: Government and bureaucracy growing bigger and bigger. Socialist incompetence and weekly scandals were ruining Australia. It was obvious that Australia needed a profound change of direction.

Australia needed a Government which believed that people deserved incentives to achieve their best in all areas of life; which would encourage productive private enterprise to provide jobs; which would give genuine assistance to the disadvantaged; which would protect people against ever-rising taxes; which would govern not by dogma - but by consultation.

Australia needed a government which would reverse the drift of power to Canberra; which would take notice of the needs of those areas neglected by Labor.

Above all, we undertook to give Australia a government which respected the right of people to build their own lives without being told what to do by a few people who claimed to know what was good for everyone.

Our programme to restore a freer and more decent life for all Australians was not one that could be implemented overnight. We anticipated a "long and difficult" path towards full economic recovery after the devastation of three years of Labor.

We did state our determination, during our first term of office, to establish the right conditions for stable, continuing growth.

A number of crucial steps had to be taken to establish these conditions.

Government spending had to be brought under control to free resources to individuals and private enterprise.

Wage and salary restraint was necessary to allow business to expand and create jobs.

Growth in the money supply had to be held back.

The fundamentals of this policy have now been set.

we undertook to control Government spending. We have already announced \$2,600 million savings on the forward estimates for this financial year.

We undertook to control the growth of the money supply, and we have done so.

We undertook to work for wage restraint. The Conciliation and Arbitration Commission has acknowledged by its recent decisions - within its wage indexation guidelines - the force of the Commonwealth's submission for less than full wage indexation in the current and prospective economic conditions.

The budget next Tuesday will be a further step in generating greater confidence.

In the election last December, we undertook to introduce specific measures to encourage business to expand once more. We introduced an investment allowance which has already begun to stimulate activity.

We undertook to end the effect of inflation in increasing the tax burden. We committed ourselves to introduce the Mathews Committee tax indexation reforms over three years. We have already gone far beyond our commitments in this vital area. From 1 July personal income taxes have been fully indexed for inflation.

This is a reform of historic importance which will end forever in Australia the unlegislated increases in taxation which the Labor Party used so disastrously to fund its own extravagant programmes at your expense. From now on, if governments want to increase taxes they will have to pass legislation. People can now have absolute confidence that the secret tax rip-off from inflation has ended.

There is growing evidence that the Government's policies are working: business spending on plant and equipment has picked up substantially; stocks are being built up again; retail sales are improving; motor vehicle sales are high - one company has recently announced a further \$71 million expansion; other major new projects have recently been announced; the stock market is moving strongly; exports are exceptionally good; national production measured by gross domestic product is now rising instead of falling.

There are still problems: inflation, while less, is still too high; there is still room for greater consumer spending; unemployment is still too high.

Let me make a few comments on the unemployment situation. The latest employment statistics, although much better than the 400,000 unemployed labor predicted would be a consequence of their policies, are still of great concern to this government.

There are however some heartening signs which should not be overlooked. Available information shows that numbers employed have grown since December, largely in the private sector. Many people are concerned about unemployment among young people. While there are indeed grounds for concern, the position is better than some people think - all but 16,000 of the 230,000 young people who left school last year had been employed by the end of June this year.

In judging the implications of the unemployment figures, we have to remember that the real rate of unemployment this time last year was disguised by the R.E.D. scheme which involved 30,000 people. Even the Labor Government realised this approach was ineffective in providing a real solution to the unemployment problem and abandoned it. Taking that in account, unemployment was worse last year than this year.

Unfortunately, substantial reductions in unemployment always lag in the early stages of recovery. A reduction in the number of job seekers is never one of the early signs of economic recovery. Initially, increased production is always generated mainly by a more intensive use of existing labour.

What does tend to increase first is overtime, and overtime has in fact risen over sixty percent from last June to this June. Not until existing capacity, of both men and machines, has picked up does the demand for unemployed labour strengthen.

There is another factor also to take into account as job opportunities expand more people tend to come into the workforce in expectation of finding work. This in turn can lead to the number of people in jobs and the number out of work rising at the same time. For example: in America where recovery has gone much further than in Australia, unemployment increased in June and July. This occurred because strong growth in employment in those months was more than matched by growth in the workforce.

Wage restraint is a prerequisite for maintaining the expansion of job opportunities. In the two years, 1974 and 1975, the level of real wages rose by an amount equal to six years' normal growth in productivity. Wage increases have also adversely affected our international competitiveness - over the last five years the United States rates of earnings have increased by twenty-four percent. Australia's have increased by a frightening eighty-three percent.

The resulting depressed share of national income going to businesses halted investment and destroyed jobs. That is why we have argued as we have in all three quarterly wage cases since we came to office. Those who argue for undue wage increases at present are, whether knowingly or not, advocating an increase in unemployment. Every wage increase granted today means that the chance of creating a new job tomorrow is diminished.

The New South Wales Premier would do well to remember this when he argues for maximum increases in wages on the one hand, and for more jobs on the other. It should be remembered that since the election there, New South Wales which has only thirty-six percent of the Australian labour force, has accounted for sixty-four percent of the increase in Australia's unemployment. Of the 33,000 people who have become unemployed in the last three months, 21,000 are in New South Wales.

If the N.S.W. Government intends to act to improve the employment situation, it should be discarding the socialist "dream" policies that Mr Whitlam pursued - policies which created an economic nightmare. The New South Wales Premier should be more consistent: he says that there should be wage restraint, then argues for maximum increases in wages.

We all have responsibilities in overcoming inflation. Trade Unions have a particular responsibility in the reduction of inflation and the creation of jobs. Union leaders who sanction political strikes are acting against the Australian community's interests in a sound and prosperous economy.

The Arbitration Commission expressed its concern yesterday that strikes are adding to the cost of production, contributing to inflation and inhibiting the economic recovery. In the eight months since the election we have brought federal government spending under

control; we have reduced the size of the Commonwealth Public Service; we have established an Investment Allowance; and suspended Quarterly tax payments for private enterprise. We are reviewing the mass of rules and regulations introduced by Labor. We have reined in the growth of the money supply. We have fully indexed Personal Income Tax for inflation. We have introduced mandatory secret postal ballots in all union elections. We have undertaken the most extensive programme of consultations with trade union leaders and business.

Inflation is coming down. The economy is recovering. We have restored responsible management to the nation's affairs. Bearing in mind the previous state of the economy, some governments would be content to focus exclusively on economic issues. This government has shown that it is possible to combine effective economic action with major reforms.

In November, we committed ourselves to protect spending on essential education programmes against inflation. Despite severe Budgetary restraints, we have increased real spending on education and re-established triennial education planning. We committed ourselves to making the most significant reform of Federalism since Federation. Reform which would provide State and Federal governments with a sound basis of financial independence.

We have begun to implement these reforms. State and Local governments will be given access to a percentage of personal income tax revenue. These reforms will achieve a devolution of power which will enable decisions affecting the citizen to be taken at an appropriate level.

In our Policy Speech we said that the weak, the poor, the unorganised, the people wanting to buy homes, had been fobbed off with words instead of real assistance. We have acted decisively in these areas. We committed ourselves to protecting the real value of pensions. We have acted to protect pensions by adjusting them half-yearly in accordance with changes in the C.P.I.

We committed ourselves to helping the aged. We have acted by introducing a three-year \$225 million programme to provide homes for the aged. We committed ourselves to helping the disadvantaged in ways leaving them the greatest scope for independence. We have acted by introducing our family allowance scheme. This has been recognised as the single, most important reform in the Australian Social Welfare system since Federation. It ended a system which discriminated against the children of the poor, because their parents did not have sufficient taxable income to qualify for the children's tax rebate.

Over 300,000 families and 800,000 children who were debarred wholly or partly from benefiting from the rebate system, are now being assisted by the family allowance. The family allowance scheme does not add to bureaucratic overheads and it places money in the hands of people. It does not increase their dependence on the government, but lets people make their own choices about what their needs are and how best to meet them. It is a scheme which both assists the disadvantaged and increases their independence.

We said that home ownership should be a national objective and we committed ourselves to introducing a new home savings grant system. We have introduced a home savings grant with more generous provisions than the ones we announced.

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We committed ourselves to retaining Medibank and making it more efficient. We have not only retained Medibank, but extended its operation. It was necessary to introduce changes to Medibank because Medibank had to be paid for. We are not trying to hide the fact that Medibank must be paid for.

Under our Medibank proposals health cover is universal. Everyone is included in comprehensive and high quality medical and health insurance. Pensioners and those on the lowest incomes pay no levy. There will be choice of medical health insurance. As well, the government will provide additional assistance to the chronically ill and will subsidise low and medium income earners who want to have intermediate ward accommodation.

There is an element of complexity because this is the only way in which choice can be introduced into the scheme. But there is a perfectly simple way for families to cover themselves and get high quality health care. This is by paying the levy which has a ceiling on it. This requires no action.

The Labor approach did not permit choice. The Labor Party and the opponents of our Medibank reforms want to impose uniformity on the Australian people - to eliminate choice and impose their views on the people of Australia.

In our term of office we have undertaken an active programme to expand opportunities and protect the disadvantaged. We are increasing funds for education. We have restored triennial planning. We are reforming the federal system and giving the states greater financial independence. We are strengthening the capacities of local councils. We are retaining and improving Medibank. We are securing homes for the aged. We have protected the real value of pensions. We have introduced the historic family allowance scheme. We have established a major new home savings grant scheme. We are setting a new course for Australia.

We recognise that the strength of Australia is the initiative, the imagination, the enterprise of its citizens; That the role of government is to expand the freedom and the opportunities for Australians, not tie the nation up in bureaucratic regulation and government domination.

We recognise that needed reforms do not have to mean massive new programmes of government spending. We believe they should be reforms which protect and expand people's capacity to control their own lives without domination by others. We believe our philosophy of freedom and concern is in harmony with the real needs of Australia and will produce a better life for all Australians. We believe the vast majority of people want to work together to make Australia the great country it can be.

What we have done so far is a beginning. Last year Tasmania showed the way. Now it is up to the Liberal Party, and to every branch and every member of the Party - everywhere in Australia, to show the vitality of Australian democracy and make Australia an example to the world.

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