

MR NEILSON'S VISIT ON 9 NOVEMBER

The Prime Minister met with Mr Neilson, Premier of Tasmania on 9 November 1976 for about 45 minutes.

There was brief discussion at the opening of the meeting about whether these discussions were taking place in the context of Tasmanian elections and the Premier said that depended on the course of the discussions.

Shortly before, after Question Time, the Prime Minister had in fact met employees from Mount Lyell. He referred to the increased Tasmanian State charges that had fallen on the Mt Lyell company. He noted that over three years State payroll tax had gone up about \$227,000 to about \$639,000 and the cost of workers' compensation from \$448,000 to about \$1,200,000 - around \$1 million altogether. He observed that the Tasmanian State Government had a budget surplus of about \$4 million and a surplus in their capital fund of about \$17 million.

Mr Neilson said this surplus was already committed.

The Prime Minister asked the Premier if he would ameliorate the payroll tax, and the Premier said that this was agreed to in relation to Mt Lyell. He already had offered to forego payroll tax on any of the retrenched workers who were reemployed.

The Premier added that the State Government had also offered to take over the company's apprenticeship scheme.

Discussion then moved on to the 24 point plan that Mr Neilson produced at Hobart during the Constitutional Convention. The 24 points are:

1. A special meeting of the Premier's Conference and Loan Council to consider the problem of unemployment.

2. The lifting of the authority of the States to borrow for the remainder of the year by 10%.
3. The establishment of an intermediate technology group in Tasmania to be subsidised at the rate of \$1,500 monthly.
4. The immediate lowering of the retirement age to 63 years with consequent provision of old age pensions for males at 63 years. Consequent alterations to superannuation and retirement benefits legislation. The ultimate aim to make possible retirement at 60.
5. Private companies increasing their workforce to be exempted from additional payroll tax for next two years.
6. Special appropriation of \$2,000,000 for unemployment relief.
7. Increase in preference for local tenderers in all tenders advertised from today from 10% to 15%.
8. A Buy Tasmanian campaign to be launched.
9. Extension of Commonwealth Youth Employment Programme so that State subsidises by \$15 weekly C.E.B. for all breadwinners who have been unemployed for six months.
10. A new increased intake into the Police Academy.
11. A scholarship scheme for cadets in social welfare, female secretaryship, etc.
12. A letting by the Housing Department of individual houses in country areas to small builders.
13. The establishment of a full-time interdepartmental youth work unit on the South Australian pattern. Details to be announced later.
14. The letting of a contract to a local firm to provide cyclone-style sports halls at a number of schools

15. The letting of a contract for the provision of additional terrapin units for education purposes.
16. A number of clearing and reclamation works to be undertaken by the National Parks and Lands Departments.
17. The Commonwealth to be urged to expeditiously commence the Antarctic Base and Maritime College.
18. Commonwealth to be asked to maintain tighter protection against overseas imports, particularly in the textile industry.
19. Commonwealth to be asked to grant special dispensation against the effect of the Mackie Scheme on overseas meat marketing controls.
20. Portability of apprenticeship within Government departments and instrumentalities.
21. Press the Commonwealth to spend a substantial sum this year on the rehabilitation of the railways.
22. Dollar for dollar for dairy industry.
23. \$1,000,000 on dollar for dollar basis for municipal councils (Part of the \$2,000,000 announced above).
24. A major acceleration of school building programme to be announced tomorrow.

On the first two points the Prime Minister took the view that proposals coming forward from the Premiers in this context involved increased expenditure which would add to the Federal deficit, and, since the Commonwealth Government guaranteed the loan programme, increasing the borrowing programme would also involve an increase in the deficit. The Prime Minister did agree to examine with the Treasurer an increase in the semi-governmental borrowing programme.

The Prime Minister pointed out that any increase in the semi-governmental programme should be for all States. The Tasmanians argued that special arrangements should be made for Tasmania as their share of this programme was only about 3½%.

Point three was not raised by Mr Neilson.

The next point dealt with, was the proposal by Mr Neilson that the retirement age should be lowered by 2 years to 63 years. The way the Prime Minister put this was that the Commonwealth Government was not prepared to meet a short term position with a solution which would have long term consequences.

On point 5, payroll tax, the Prime Minister continued to press the Premier for agreement to ameliorate payroll tax for any arrangements that may be made by Mt Lyell with their employees.

Point 6,7 and 8 were not discussed or raised by Mr Neilson as a state matter.

Point 9: The Prime Minister agreed to examine the request for an extension of the Commonwealth Youth Employment Programme. Mr Neilson is proposing that it be extended to all breadwinners who have been unemployed for six months.

Points 10 to 16 were regarded by the Premier as State responsibility and not discussed.

Point 17: The Maritime College and Antarctic Base. The Premier agreed that the state should provide land at Launceston for the Maritime College. The Prime Minister undertook to have the Commonwealth make an early start on construction.

On the Antarctic Base, the Prime Minister said forward planning was not sufficiently advanced for the Government to proceed with this now.

Point 18 was the request for protection, particularly in the textile industry.

The Prime Minister said the Government was advised by the Industries Assistance Commission, and that it was open to firms to make applications for temporary protection and for the Tasmanian Government to give evidence in support. The Premier's under Treasurer, Mr Les Bellis, informed the Premier that Tasmania had done this.

Point 19: The Prime Minister noted that the Mackie Scheme had been referred back to the Meat Board for consideration.

Point 20: The Premier said this was a state proposal. However the Prime Minister undertook to have the Commonwealth look at the proposal in relation to the Commonwealth Public Service.

Point 21: The Prime Minister told the Premier that there had been a sharp increase already this year in expenditure on railways in Tasmania, which were taken over as a result of agreement with the former government.

About \$6 million in capital expenditure is being outlaid during the current year. Excluding Bell Bay, Tasmania's state expenditure over five years was \$5.61 million.

Point 22: The Prime Minister pointed out that the Federal Government already guarantees producers around 60 cents per pound of contained butterfat. He invited Mr Neilson to add his proposed subsidy for Tasmania to that but the Premier declined.

Point 23: The Prime Minister pointed out that last year local government in Tasmania got \$2.3 million and that this year the figure had gone up \$1.7 million to \$4.004 million, an increase of 75 per cent.

The Prime Minister said the Grants Commission would be asked to review the proportion of funds going to individual states for local government next year.

This would give Tasmania the opportunity to make submissions about its alleged disadvantage under the arrangements to which it agreed at the Premiers Conference in June 1976.

Point 24: Senator Carrick pointed out that Tasmania had received \$1.2 million extra for schools from the Commonwealth and that during the current year they would be able to make a start with spending this money as from October 1 - that's the beginning of last month.

Summarising, the Prime Minister gave an undertaking to examine the semi-governmental programme.

He concurred with Mr Neilson's request that the Commonwealth would examine a request to extend the Youth Employment Programme to breadwinners who have been unemployed for six months, make an early start on the Maritime College, review the Mackie proposals, examine the portability of apprenticeships in the Public Service and support a review of the Tasmanian share of local government funding for next year.

Discussion then moved on to the specific problem of Queenstown. The Prime Minister pointed out that earlier he received a delegation of employees from Queenstown, conducted by Ray Groom. He told the Premier that these employees proposed as one possibility a shared-work arrangement, involving a reduction in wages to maintain employment.

The Prime Minister offered the services of the Department of Employment and Industrial Relations to assist in any way.

He sought an assurance from the Premier that his offer to remit payroll tax would be extended to a shared work situation. The Premier said he would give this favourable consideration.

The Premier then raised the question of assistance for the purchase of housing, if men from Queenstown had to be relocated. The Prime Minister's response to this was that the situation as it was presented to him was that the people of Queenstown didn't want to be relocated. In any event there is a standing Government programme on relocation and the Queenstown situation could be looked at in this light.

Senator Carrick made the point that Tasmanians now enjoyed the benefit of full freight equalisation for northbound trade, which is worth something like \$20 million a year to Tasmanian producers.

The Prime Minister offered to establish a study of the special problems of Tasmanian industry. He offered to consult with the Tasmanian Government on the terms of the inquiry, and the Premier accepted this offer. That concluded the discussion.

Mr Neilson asked how long before he received answers on the matters being examined, and could he have them in a week. The Prime Minister agreed to aim at that.