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Last week I told you how the Federal and Liberal leaders had boycotted the Australian Constitutional Convention in Melbourne, and on the opening day had held a press conference on the other side of the road to release a policy on federalism. Over the last week, people have come to realise that this policy on federalism is really a policy on taxation; it is a proposal to abandon the system of uniform taxation and to introduce a system of double taxation, of unequal taxes throughout Australia. It's a proposal to abandon the system of uniform taxation which was supported by all other Prime Ministers, Labor, Chifley, Liberal, Menzies, Holt, Gorton and McMahon, never criticised by the Liberals when they were in office, and to go back to the old pre-war system where there was the Federal income tax and on top of that a different State income tax in every State. Now this would be the end of indexation. How could you index seven different taxes? It would be the end of the great tax reform which my Government has introduced in this year's Budget; this great reform which means that every taxpayer gets a smaller tax bill and where everybody gets rebates of equal value in the dollar, whatever his income. The comparison is made with Canada, and Canada shows what would happen in Australia if we went back to this double system of taxation. In Canada, the provinces with the biggest population and the richest resources pay the smallest provincial income tax; on the other hand, the provinces with the smallest population and with the poorest resources, they pay the highest provincial income tax, and that's what used to happen in Australia; it's what would happen again.

Now, no wonder that the Liberals are very unenthusiastic about it this week. The Premier of New South Wales, Mr Lewis, has said that no one really knows what the scheme is all about. The Liberal leader in Queensland, the Treasurer, Sir Gordon Chalk, has expressed his reservations about it. A Liberal M.P. from Queensland, Mr Kevin Cairns, is quite rightly worried that the scheme would disadvantage the smaller States. To quote him: "All Australians with a sense of equity would ask: Who pays and who gets the benefits?" Mr Gorton, the former Liberal Prime Minister, points out that every taxpayer would receive a demand varying in each State the tax over and above what they would pay in Federal taxation. And Senator Steele Hall, the last Liberal Premier of South Australia, has denounced the scheme.

Now not only is this Liberal policy on federalism a proposal to have double taxation and unequal income taxation in Australia, it also involves fragmenting the initiatives my Government has taken to help local government. The amount of local government revenues coming from the Federal Government has risen during my Government's term of office from half of one percent to over six percent. And these grants are made on the recommendations of a Grants Commission, an expert body under a Supreme Court

Judge. The Liberals would break up the whole of this scheme. They would continue a Federal grants commission; on top of that they'd have six separate State grants commissions. This would be bureaucracy run mad. Now after further consideration of only one week, Liberal confusion on the subject, I've no doubt that the Australian people will not tolerate a Liberal policy on federalism which is really, in blunt terms, a policy to introduce double taxation in Australia; to have varying State taxes - only Canberra would have the one tax; they're the only people who'd benefit from it - and to abandon Federal assistance for local government. The public will not tolerate double taxation, unequal taxes, neglected local government.

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