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## PRIME MINISTER

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NEW SOUTH WALES LIBERAL PARTY CONVENTION

This last year has been an epic year for the Liberal Party.

The New South Wales Party made a major contribution to the victory in the Federal election.

One of the great qualities of the Liberal Party, which has been demonstrated again and again in both state and federal politics, is its capacity for regeneration - for the rekindling of enthusiasm - for its rededication to the ideals for which the Party stands.

I have no doubt that the Liberal Party in New South Wales will return to office with renewed vigour after this period in Opposition.

In the Federal sphere - the decision of the people last December marked a turning point in Australia's history.

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.

Big Government was exaggerated to the point of caricature and its costs became obvious to everyone. The consequences of Labor's view that they knew best how everyone should live their lives - became more and more evident. It could be seen in Labor's authoritarian legislation; in their economic incompetence; in their attempts to evade the Constitution in the loans affair; in their attempt to govern without Parliamentary appropriation of money; in their attempt to breach the law and coerce the banks to provide funds illegally after the Parliament cut off money; and the attempt of Mr Whitlam and his friends to involve the Iraqi Government in an Australian election campaign.

The decision of last November was a massive rejection of Labor's approach in Australia.

The Australian people recognised on 13th December 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 every-rising taxes, and which would govern not by dogma - but by consultation .

Australia needed a government which would reverse the drift of power to Canberra.

We undertook to provide that kind of Government.

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.

In November last year, to achieve this objective, we placed before the Australian people one of the most far-reaching programmes ever proposed by a major party in Australia.

This programme encompassed: major reforms to the federal system - a radical reassertion of the relevance of federalism; tax reforms which would have a lasting effect on the whole system of government financing; a new approach to social security and welfare which stressed the importance of directing assistance to those in genuine need; one of the most detailed economic programmes ever put before the electorate to control Labor's inflation, revive private enterprise expand job opportunities, and get Australia moving forward again; a foreign policy and defence approach based on a realistic appreciation of Australia's security needs.

This programme had two great merits. It reaffirmed the vitality of the Liberal Party's philosophy and it established the relevance of that philosophy to the needs of Australia.

It was an entirely practical programme. It was designed not only to revive the faith and confidence of people in Australia but also to create the conditions in which Labor would not again be able to damage Australia as it had in the past.

Our programme to restore a freer and more decent life for all Australians was not one that could be implemented overnight.

Success in the attack on inflation is essential to the achievement of a number of important objectives, including a much more rapid expansion of job opportunities.

The budget is not just an economic document concerned with narrow economic objectives.

It is an essential part of our social strategy to restore opportunity and economic growth in Australia.

In the period since the federal election we have: brought Federal Government spending under control after two years of utterly irresponsible growth and we have reduced the size of the Federal Public Service. Under guidelines now established the Public Service by June next year will be 26,000 less than the levels projected under the Labor guidelines for 1975-76.

These measures have made possible the major tax reforms which will have a lasting impact, a number of vital measures of assistance to industry and significant improvements in social security provision.

They have made possible: the full indexation of personal income tax for inflation; a start to the introduction of trading stock valuation adjustments for business, at not less than 50% in this year; increases in the retention allowance for private companies; the 40% investment allowance; tax deductions for oil and mineral exploration; removal of the crude oil levy and the phasing out of the coal export duty.

We have also introduced a number of measures to aid rural industry including an increased reserve price for wool and an income equalisation deposit scheme.

These measures would not have been possible if government spending had gone on at the same mad pace as before.

They are part of our programmes to shift resources away from government back to individuals and companies.

There is growing evidence that the Government's policies are working.

In the last six months national production has grown significantly after falling in the previous six months.

Business spending on plant and equipment has picked up substantially.

In the last half year businesses have proposed major investment projects totalling almost \$3 billion.

Consumer spending revived in the June quarter after being very restrained in the previous three quarters.

Exports have continued to grow to record levels.

The time has come to put away the doubts about Australia's future.

The budget strategy is receiving greater support from business and community than any budget I can remember.

There is surely a message here for business itself. This is the time to express that growing confidence in new plans to give further heart to recovery.

There are still problems: inflation, while less, is still too high, unemployment is still too high.

Let me make a few comments on the unemployment situation.

It is an appalling fact that at the time of the federal election last year private enterprise was employing no more people than it had been three years earlier, even though during that period the labour force had expanded by about 370,000.

This was a direct result of the mismanagement of the labour years.

It is because of our determination to secure a soundly based expansion of job opportunities that we are pursuing the policies we have announced.

Unfortunately, substantial reductions in unemployment always lag behind the recovery in output. 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 in fact rose over 60% 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. Much of this was due to people re-entering the workforce.

Wage restraint is a pre-requisite for maintaining the expansion of job opportunities.

The level of real wages in 1974 rose by an amount equal to three years normal growth in productivity.

Wage increases have also adversely affected our international competitiveness - over the last five years, the U.S. rates of earnings have increased by 24%, in Australian currency terms Australia's have increased by a frightening 83%.

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 simply arguing - whether they know it or not - for 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 has made remarks which show no recognition of this fact. He has argued 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 36% of the Australian labour force, has accounted for 64% of the increase in Australia's unemployment.

Of the 46,000 people who have become unemployed in the last four months, 29,000 are in New South Wales alone - what a record for Mr Wran.

If the N.S.W. Government intends to act to improve the employment situation, it should discard the socialist "dream" policies that Mr Whitlam pursued -- policies which created an economic nightmare.

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 Australian people are not going to be held to ransom by a few extreme left-wing militant union leaders. Our secret ballot legislation, already in force, will give rank and file members an opportunity to state their view. Other industrial legislation is foreshadowed.

Given that there is reasonable restraint in wage and salary demands unemployment can be brought down more rapidly.

To ease the problems of finding work in the short term the Government is taking a number of measures and has others under consideration.

We are looking at terms of reference for a far reaching enquiry into the Commonwealth Employment Service. The Government believes it is now time for the operation and procedures of the C.E.S. to be completely reviewed.

The Government has received many reports of firms being unable to fill vacancies in areas of high unemployment. Clearly the C.E.S. must be geared to help solve this problem in the best possible way.

To assist those who cannot find suitable work where they live and who wish to move to where work is available we have announced a major scheme of relocation assistance.

This is one of the most enlightened measures of unemployment assistance introduced anywhere. It is entirely voluntary. It is wider than the scheme we foreshadowed in our election programme last year. It is a new scheme which will take time to get into operation. The Government will be monitoring it closely to see how the scheme is working.

The Government has particular concern for the school leavers who will be looking for jobs in the coming months. Of the 230,000 young persons who left school last year the great majority have now found jobs. But 12,7000 were still unemployed at the end of July.

The Government will shortly be announcing measures to help school leavers who have been unemployed for some time.

The difficulty a number of young people have found in getting jobs has greatly concerned the Government.

Last week I announced that we were establishing a Committee of Inquiry into Education and Training. This Inquiry will consider a very broad range of matters relating to education. Among these it will undertake the first major inquiry of its kind into the relationship between education and the labour market. In the course of its inquiry the Committee will examine both secondary and post secondary education. This of course looks to the medium and longer term.

But overall our economic strategy is designed to achieve a reduction in unemployment by mid 1977, and it offers the best hope for a soundly based expansion of job opportunities.

Bearing in mind the greivous 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. A 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 government 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 are introducing legislation to protect pensions by adjusting them automatically half yearly in accordance with changes in the C.P.I.

We committed ourselves to helping the aged. We have acted by introducing a 3 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. It is of particular help to aborigines.

The family allowance scheme does not add to bureaucratic overheads, and it places money in the hands of people.

It is a scheme which both assists the disadvantaged and increases their independence.

We committed ourselves to further help in the housing area.

We have acted by initiating a housing voucher allowance experiment. This experiment, if successful will provide a new mechanism to make welfare housing sensitive to the needs of the users rather than those of the planners. It recognises the principle supported by the Poverty Inquiry that assistance should be linked to the person, not the house.

Beyond the welfare area 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.

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, and there will be choice of medical health insurance.

Medibank is now so good that the President of the Australian Labor Party rushed to become a member of Medibank Private. Under the Labor Party's scheme he had to be a member of a private fund for similar benefits.

When we said we would retain and improve Medibank we meant it.

The new scheme is so good the Victorian ALP even wants to become an agent.

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. Our Government is a Government of social reform. 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 are protecting the real value of the pension by automatic adjustments.

We have argued in the Arbitration Commission to protect those on lowest incomes.

We have greatly increased assistance to handicapped persons.

We have introduced the historic family allowance scheme.

We are exploring a housing voucher 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 and that the role of the 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.

Every effort needs to be made to get a broad public appreciation of the Government's policies.

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.