



PRIME MINISTER

FOR PRESS

26 NOVEMBER 1976

EMBARGO: 8.00 p.m.

GEORGETOWN MEETING

I am very pleased to be back here in Georgetown in the Bass electorate. Georgetown and Bass will always have a special place in Australian history.

In the by-election here in June last year by your decision you gave heart to people all around Australia. It certainly gave great heart to those of us who were working to halt Australia's disastrous downward slide and to turn Australia towards economic recovery.

Those of you who took part in that campaign gave a lead which helped to spark off the return to prosperity which is now getting underway.

You sent to Canberra to represent you, a man who has already made a first class contribution - Kevin Newman.

In December last year, Tasmania gave a vote of confidence to the whole Liberal team. There is no a State in Australia more strongly, more vigorously represented in the Federal Government than Tasmania.

Last year, Liberals around Australia committed themselves to take the difficult decisions necessary to beat inflation and unemployment. Throughout this year, members of the Liberal Party have worked together as a team to see that the vital steps were taken.

The commitments we made have been honoured: excessive government spending - the major cause of inflation and unemployment - has been cut back. The Federal bureaucracy is already thousands less than this time last year. With the savings we have made we have been able to introduce major tax reforms to assist both individuals and business. We have introduced full personal tax indexation. This year, to take one example, the tax reduction under indexation for a taxpayer on average weekly earnings with dependent spouse is \$4.60 a week.

Next year, tax indexation will mean a further reduction in tax compared to 1975-76 rates. Just how much will depend on the rate of inflation. At 12% inflation next year, the saving for this same taxpayer would be nearly a further \$4.00 per week compared with this year, and \$10.60 per week compared with the 1975-76 rates. At 6% inflation, the taxpayer with a dependent spouse on average weekly earnings, would be paying \$7.50 per week less than if 1975-76 rates still applied.

This year, personal tax indexation is worth \$990 million to Australian taxpayers. By next year taxation revenue will be some \$2 billion less as a result of indexation adjustments. It is an important aspect of our total attack on inflation. We intend to introduce further reforms in this area.

As the Treasurer said earlier this week - income taxes are still too high in Australia, destroying incentives and penalising initiatives. When it is responsible to do so, we will be moving further in this area.

One of the most important national needs is to reduce costs. Despite the activities of a few left wing militant unions who have tried to undermine recovery, most Australians have supported the Government in its calls for wage restraint. Most people now recognise that every wage increase makes it more difficult for private enterprise to provide new productive jobs and delays recovery. Those who press for excessive wage increases are actually producing more unemployment. The quickest way to get higher wages without inflation is to get industry moving.

Our programmes are directed to that. It is going to be a long haul to repair the damage done by the Labor Party to Australia. It cannot be done quickly but the foundations for recovery have been laid.

Inflation is now coming down. As inflation comes under control and confidence returns, employment opportunities will start to expand.

In this area of Tasmania there are now clear signs that recovery is making headway.

This year Comalco has announced a \$9.8 million expansion to increase plant capacity - the expansion is expected to provide some one hundred additional jobs.

Under Labor, regions with great potential like Tasmania were ignored.

Unfortunately the Labor Party does not understand that to make a state prosperous you need to encourage industry. It is private enterprise that provides productive jobs, opportunities, higher wages and a better standard of living.

State or Federal, the Labor Party seems to think that the road to prosperity and jobs is through more and more Government spending. This only tends to higher taxes which penalise enterprise and destroy jobs.

While industry in Tasmania was reeling under the Whitlam inflation, the Neilson Government dealt a further blow by increasing state taxes and charges.

Charges and taxes imposed by the state government added up to an additional burden imposed on Mt Lyell of about \$1 million in three years. No wonder that company ran into difficulties.

While private enterprise and farmers all over Tasmania were making losses, the state government ended up with a \$4 million surplus last year, and more than \$17 million credit in its loan account.

Why weren't these funds used to help Mt Lyell?

The Labor Party seems to think it can increase taxes and spending indefinitely without any adverse effects.

Last year, the Liberal Party committed itself to a number of significant measures to help Tasmania. Those commitments have been honoured. Together they amount to the most substantial set of programmes for any state in Australia.

Foremost in importance has been the introduction of freight equalisation. For too long, Tasmania has been disadvantaged by the high cost of shipments of Tasmanian products to the mainland.

The Liberal Party undertook to establish a scheme on the basis of the Nimmo Report which would ensure that the cost of transporting goods between Tasmania and the mainland is approximately the same as moving similar goods by land over the same distance.

We have now introduced freight equalisation on northbound freight. This will be worth over \$16 million to Tasmania this year. This scheme came into operation on 1 July. At the time we announced that we were also examining the problem of southbound freight. Many industries in Tasmania are held back by the cost of bringing materials and equipment interstate.

We have now completed our examination of the southbound freight problem.

There is a very extensive range of goods that could be defined as producers material and equipment.

Because of this the most equitable way to implement a scheme is to ask firms in the manufacturing and mining industries to provide the Department of Transport with a list of the commodities imported from the mainland for use in production.

Producers' materials and equipment that represent greater than 5% of the factory door cost of the finished product - a limit set for practical reasons - will be eligible for subsidy.

The scheme, in common with that operating northbound, of course excludes bulk cargoes.

Registration of eligible imports from the mainland will be open from 1 December to 1 February 1977 after which eligible firms will be notified of subsidy entitlement and will be able to claim subsidy from the Department of Transport.

The scheme will apply retrospectively to shipments of cargo on or after 1 July 1976.

Registration forms will be mailed automatically to those firms that have already benefited from the Government's northbound scheme.

Other firms who are users of imported producers' materials and equipment from the mainland will be able to obtain forms from the Department of Transport offices in Hobart or Customs offices in Launceston, Devonport and Burnie.

As the requirements of agricultural, forestry and fishery producers are more easily identified they will not be asked to register individually with the Department but will be eligible to participate in the southbound scheme from its commencement.

Further details enabling claims to be lodged will be announced shortly.

Tasmania has also benefited from the new Federalism Policy. Under the new tax sharing arrangements Tasmania will receive some \$4.7 million more than under the old scheme.

The new arrangements are also of great advantage to local government. Local government will have much greater freedom and assured funds to decide how to meet local needs than ever before. United assistance to local government throughout Australia will be \$140 million this year. United grants to local government in Tasmania have increased 43% over last year. We insisted that local government in each state should be represented on the new advisory council on Inter-government Relations

How absurd it would be if the representative from Queensland had to explain what had happened to local government in Tasmania.

The Advisory Council of course will be based in Hobart. It will have a valuable role in advising on improvements to inter-governmental cooperation in Australia.

Tasmania has some of the most magnificent country in Australia of which Australians everywhere are proud.

Despite stringent financial constraints the Commonwealth has made available funds to assist Tasmania in the establishment of the South West National Park.

The Australian National Parks and Wildlife Service is assisting the Tasmanian service in a resources survey to identify components in the area which should be protected.

We have been very much aware of the needs of Hobart following the bridge disaster. So far some \$24 million has been spent by the Commonwealth as a result of the disaster. Very substantial assistance will be made available this year as well.

Conditions and politics in recent years have hit the farmers particularly hard. Tasmania should have strong rural industries but wage costs, strikes, incompetent Labor Government policies, have all made life difficult for farmers.

At the Federal level, the Liberal Party has introduced a major programme of policies to help rural industries back on their feet.

We have introduced a forty percent investment allowance which covers most new farm machinery and structural improvements.

To help the dairy industry particularly, the Commonwealth is underwriting butter and cheese, to ensure that dairy farmers receive about 60¢ per pound butterfat at the farm gate and is providing \$13.5 million for the dairy adjustment programme in 1976/77.

An Income Equalisation Deposit Scheme is now being introduced.

Tasmanian industries have also been particularly vulnerable to strikes because of their dependence on one major form of transport.

We committed ourselves to legislate for secret postal ballots in all union elections. This legislation is now in force. It places a powerful instrument in the hands of rank and file members fed up with militant union leaders.

These measures will all be of very great benefit to Australia.

The Liberal Party - State and Federal - is deeply concerned about the unemployment caused by the incompetence of the Labor Party.

There is only one way to get unemployment down and keep it down - to get industry expanding again.

To do this, we have to beat inflation and the uncertainty created by inflation. We have to reduce costs, provide incentives, create an environment where private enterprise knows its problems are understood by Government.

This is the way to restore prosperity and create more jobs.

The more costs can be kept down, the faster inflation comes down, the sooner we can get unemployment down.

Because of the Liberal Party's concern for the Tasmanian situation the Commonwealth Government has decided to hold an inquiry into the structure of industry and the employment situation in Tasmania.

The inquiry will be undertaken by Sir Bede Callaghan, Chairman of the Foreign Investment Review Board.

Sir Bede will examine the inherent advantage and disabilities of Tasmanian industry; existing forms of assistance to and charges levied upon industry by State and Commonwealth Governments and their instrumentalities; the capacity of Tasmania to give assistance to industry from the financial resources available to it; and any other factors that appear relevant including industrial disruption and restrictive practices, and any special consequences thereof for the Tasmanian economy.

The Inquiry will be of major assistance in restoring prosperity in Tasmania.

In Tasmania a Liberal Party Government will help build the confidence that is vital to recovery. A Liberal Party Government will provide the realistic policies essential to recovery.

One of the things that has given great concern to the Liberal Party has been the effect of inflation on low income families. A number of measures we have introduced this year have been designed to concentrate assistance on those in most need.

Let me mention two of these measures: one is the family allowances scheme - one of the most significant measures to help low income families since Federation. This measure is helping particularly some 300,000 families with 800,000 children who benefitted little, or not at all, from the system of dependents rebates.

The other significant measure - which is still at the experimental stage - is the housing allowance voucher scheme. This important initiative has been brought forward by Kevin Newman. If the early investigation proves successful the scheme will provide low income families with the choice of accommodation on the open market. It will make welfare housing sensitive to the needs of the users rather than the planners. It has already been announced that Hobart will be one of the locations for the initial try out of the scheme. Approximately 1500 families in Hobart will benefit directly.

The whole of Tasmania should benefit from the housing allowance voucher experiment being conducted in Hobart. The fact that Hobart has been selected for the experiment should free some money that would have been spent on welfare housing in Hobart under the Commonwealth-State Housing Agreement, for other parts of the State.

The Liberal Party said in the Federal election last year 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.

The measures the Federal Liberal Party has introduced this year have been designed to establish conditions in which people - and States - can meet their needs in the way they think best.

This purpose lies behind our economic policy, behind our social reforms such as the family allowance scheme. The Liberal Party's approach in these matters is very different from the Labor Party's. The Labor Party has an unrealistic notion that Government can do everything. That politicians in Hobart or in Canberra understand people's needs better than people do themselves; that the way to make Australia prosperous is for Government to spend more and more of people's earnings.

I have no doubt that the Labor Party will be saying yet again that they can cure all our problems by spending just a bit more of your money. Handing more and more of people's earnings over to politicians is not the way we are going to solve Australia's problems. That approach has created the problems of inflation and unemployment we now have to cope with. It has done enormous damage to Australia and to Tasmania. The Liberal Party is offering a practical and realistic approach.

There is no quick or easy solution to repairing the damage done by Labor. Tasmania took a large step forward when the people supported the Liberal Party last December in the Federal elections. Now is the time to confirm that judgement by supporting Max Bingham and the Liberal Party in these State elections.

Tasmania will get the full benefit of Australia's federal system by supporting a Liberal Party government in Tasmania which can work constructively with the Federal Government to get Australia moving forward again.

In supporting the Liberal Party, Tasmanians will know that they are supporting a Party, which will work as a team; which will fight hard, realistically and responsibly for Tasmania; and which will work in cooperation with the Federal Government to beat the inflation and unemployment caused by the Labor Party.

I am confident that Max Bingham and his team are going to offer the kind of Government Tasmania desperately needs - realistic and practical government with a genuine concern for those hit worst by the Labor Party's unemployment and inflation.

With a Liberal Government Tasmania can begin to realise its great potential.

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TERMS OF REFERENCE FOR INQUIRY INTO STRUCTURE OF
INDUSTRY AND THE EMPLOYMENT SITUATION IN TASMANIA

The study is to enquire into and report upon the structure of industry and its relation to the long-term employment situation in Tasmania, in itself and in relation to the structure of industry and employment in Australia as a whole, in the light, in particular, of the following.

(a) The inherent advantages and disabilities of Tasmanian industry, including

- (i) separation from the Australian mainland and its consequences;
- (ii) the availability and stage of development of natural resources, including water, land, minerals, power resources, ports and harbours, and tourist attractions;
- (iii) relative wage levels and non-wage employment costs (eg workers' compensation), including the effects of relevant State legislation thereon;
- (iv) the internal transport system.

In reporting hereon (and elsewhere, where relevant), the study shall have due regard to the Report of the Commission of Enquiry into Transport to and from Tasmania and other relevant studies.

(b) Existing forms of assistance to, and charges levied upon, industry by the Commonwealth and State Governments, and their instrumentalities, including

- (i) direct and indirect financial assistance (eg, freight subsidies and the like, non-

recovery of costs of Government services);

- (ii) non-financial assistance;
- (iii) tariffs, and the relative incidence thereof in Tasmania (having regard to past and pending IAC Reports on particular relevant industries);
- (iv) royalties, taxes and other charges levied upon industry;

and the effects of these on Tasmanian industry.

(c) The capacity of Tasmania to give assistance to industry from the financial resources available to it.

(d) Any other factors, that may, on enquiry, appear relevant, including industrial disruption and restrictive practices, and any special consequences thereof for the Tasmanian economy.

(e) With respect to location of industry, the enquiry should identify the social and community implications of any changes in the structure of industry in Tasmania which may, for economic reasons, seem to be desirable.