



PRIME MINISTER

FOR PRESS

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ADDRESS AT LUNCHEON IN BRISBANE

It is great to be in a State where there is a determination to grow, and develop the State's vast natural resources, to secure long lasting prosperity.

Queenslanders can look forward to their future with confidence because this Commonwealth Government, together with your State Government have created the essential conditions in which this State can flourish.

The first requirement when we came to office was to cut back inflation which was stifling development. To do this, tough decisions had to be made. Firm control was required over government spending - we had to reduce Labor's extravagant deficits. We had to bring to a stop the expansion of the Commonwealth bureaucracy. All this we promised to do, and all this we have successfully achieved. Now, inflation is running at half of that - around 9 per cent.

Because of our success in reducing inflation, interest rates are now starting to fall, and this is another significant indicator that recovery is well underway. Because of our success in controlling government spending and streamlining the Australian Public Service we have managed to provide tax cuts for every Australian.

Our historic tax reforms - tax indexation and the reforms of the tax scale which will come into force on February 1 - single out this government as a great reforming government, and a government which is determined to give individual Australians a say over how their own money is spent.

Our two reforms of personal income tax have resulted in enormous savings for taxpayers - \$3,300 million in two years.

In addition to this, we have provided business and mining companies with the tax concessions necessary to get investment, exploration and development going again. At this very moment, \$6,000 million of projects are now under way or ready to go - projects in mining, manufacturing, processing, construction and retailing. This is investment which will create new jobs - real jobs which people can keep.

In February, our new tax cuts will stimulate consumer demand and with inflation and interest rates continuing to fall, unemployment will begin to decline - and keep on steadily declining.

Our wide range of training schemes, education programmes and job assistance schemes for the unemployed - and our upgrading of the Commonwealth Employment Service - ensure that those genuinely looking for work have the skills necessary to grasp job opportunities as they arise.

The prospects for 1978 are brighter than many predicted not long ago - it is clear that inflation will be down to between 6-8 percent by mid-1978. But all this - the breakthrough into prosperity and development which is upon us - would be forfeited under Labor's policies. For it is beyond doubt that the economic programme offered by the Labour Party would bring that development and growth to a halt - it would destroy the sound foundations we have laid.

Labor's first problem is that they cannot finally decide what their economic policy is. The confusion amongst Labor's multi-headed hydra of economic managers has now reached pure farce. Labor's economic policies spelt out just one week ago, already have been contradicted or refuted in every major detail by Labor's own economic spokesmen.

On Sunday morning Mr Whitlam began by saying that Labor would merely postpone the tax cuts coming in on February 1. Sunday lunchtime he said "he had made a mistake", ... that Labor would never bring in those tax cuts. Sunday afternoon, he said tax indexation would be "postponed" until income tax receipts rise sufficiently to offset the cost of payroll tax. By Sunday night he was saying perhaps he'd "expressed himself wrongly".

Mr Whitlam now says he would "expect" full tax indexation sometime soon, but Mr Hurford is checking it. Poor Mr Hurford - he had already been thrown out as Labor's economic spokesman ... and now he had been set scurrying off to try to deal with Labor's great gaffe.

But the impetuous Mr Hayden couldn't wait. Yesterday he said in Adelaide the definitive Labor policy was that tax cuts would be abandoned, and that there would be half tax indexation from 1 July. Nor could Mr Willis wait. He said in Perth that Labor would bring in full tax indexation from 1 July. Where did all that leave poor Mr Hurford - still in Cairns trying to work it all out. He said: "Well I wouldn't know because I have only seen the Cairns Post this morning, and there is not a word about it in the Cairns Post". Mr Hurford said he would have a press conference later:

"I will look at the media before I get to the press conference. I'll make sure I know what has happened in the meantime."

Now we know how Labor economic policy is made by the Shadow Treasurer - by consulting the papers.

The second plank of Labor's economic programme is its wages policy. In his policy speech Mr Whitlam committed Labor to "restore integrity to the wage indexation guidelines."

That speech was only hours old when Mr Hayden said that meant support for full wage indexation... but only for people on less than average weekly earnings.

By Sunday Mr Whitlam was saying that Labor wanted full wage indexation for everyone. Mr Hayden confessed he might be wrong:

"I feel I'm on shaky ground," he said.

He said questions on wage indexation should be directed to Mr Willis:

"I work in the economic area"- "it's a demarcation problem".

So much for Mr Hayden as an economic manager.

If he believes wages policy is outside the economic area, he certainly is on shaky ground.

Mr Whitlam with his usual degree of frankness directed his press secretary to say "there was no contradiction between himself and Mr Hayden on wage indexation." He said: "We are committed to full wage indexation, but no one has ever asked about the level at which full indexation would apply."

Mr Whitlam, the Queen's Counsel, must have devoted hours in coming up with an explanation as deceitful as that.

There is now so much confusion on tax indexing and wage indexing the Australian public need their own index to keep track.

The central issue of estate duty has also shown up the deep divisions in Labor Party ranks. Mr Whitlam has bitterly attacked our plan to relieve tens of thousands of families the misery and burden of paying death duties. He was even so desperate that he used utterly false figures in his attack. Now Mr Hayden says he supports the abolition of estate duty, and Mr Wran says he will follow our example - and the fine example of the Queensland Government - by ending state death duties too. Mr Hurford had the last word yesterday. He said the ALP could not responsibly make economic decisions seven months in advance of the 1978 budget. He should have added that Labor would have trouble making responsible economic decisions after the budget or any other time for that matter.

Labor's various programmes to reduce unemployment are full of errors and gaping loopholes. They simply do not stand up to close examination.

Let's look at Mr Whitlam's proposal to abolish payroll tax. Mr Whitlam says he can only abolish this tax on companies by increasing taxes on individual Australians. The plain fact is that Labor would have to abandon tax indexation as well as our February tax reforms to pay for the abolition of payroll tax. The ending of payroll tax would not effect unemployment. Mr Dunstan pointed that out in September when he stated: "The Government has already tried a payroll tax remission scheme and found that it does not create employment."

Labor's wages policies would encourage much higher wage rises, regardless of the economic damage they might cause. These wage rises would further discourage employers from taking on more labour, and would put inflation on the way up again.

Yesterday a survey of large employers revealed that not one company surveyed was prepared to forecast any increase in their own employment levels if payroll tax were abolished. The survey showed that, on the contrary, employers considered Labor's policy of full wage indexation would make the capacity of business to create new jobs worse - not better.

Labor's scheme would hurt the self-employed and many small businessmen who are already exempt from payroll tax but would be lumbered with higher wage costs and higher personal tax commitments. Well, if Mr Whitlam's scheme would fail to reduce inflation, fail to help small business, fail to help the unemployed, what would it succeed in doing? It would succeed in ripping hundreds of millions of dollars in taxes from the Australian public, just to satisfy Mr Whitlam's ill-conceived plans.

To finance his schemes, Mr Whitlam would recall Parliament to repeal tax indexation and our reforms of the tax scales. He would rip about \$850 million out of the hands of the Australian public this financial year - \$1900 million next year - more than \$6 a week out of the hands of the man who earns \$200 a week.

He would put this money into the hands of big and profitable companies, including the multinationals Mr Whitlam and his party have attacked day in and day out. Utah would get over \$2 million a year; General Motors would get around \$10 million.

Labor's payroll tax scheme would put the States at Canberra's mercy. Payroll tax makes up a third of the revenue of the States. If Labor got its hands on it, Labor would have the States exactly where they want them, under their thumb.

That would have one advantage for Mr Dunstan - it would leave him more time to get on with his anti-uranium commercials - and more time privately to give every encouragement to uranium mining in his State. Mr Dunstan has licensed a foreign multinational company to explore for uranium, not in some far off remote corner of the State, but just 30 kilometres from Adelaide. He must be telling his foreign company a very different story from that he puts out in his commercials, because if he was saying in private what he has been saying in public, that company would not come within a thousand miles of South Australia.

The choice in this election is between the policy confusion of Labor and the known and effective strategy of the government. Between Labor's policies of high taxes and high inflation and the Government's proven policies of cutting taxes and cutting inflation.

The programme which the government has developed over the past two years - and the new initiatives which I announced on Monday - meet Australia's needs. Several of the programmes I announced are of direct benefit to the city and suburbs of Brisbane. Let me briefly mention a few.

I do not have to tell you about the deficiencies in Brisbane's public transport, and the sad plight of the suburban commuter. We have decided to continue and expand an existing programme by paying the States a total of \$60 million a year for five years, to help improve the standards of our trains and bus services.

We have also decided to contribute some \$70 million over five years to upgrade critical sections of mainline railways. For this modest outlay, many interstate services will be significantly improved.

Our new national water resources programme will make available funds to improve city and country water supplies and such other vital projects as the mitigation of floods.

We will help inner city areas by our emphasis on providing first class technical colleges. Some inner city colleges are of a standard which simply is not acceptable to this government. They will be modernised or completely replaced.

Everyone will be helped by many of our other programmes, such as the reduction of off peak long distance telephone charges to 40 percent of the normal rate.

Perhaps most importantly for Brisbane, we have decided to give Brisbane the airport that the great State of Queensland deserves. Considerable progress has been made over the last two years in restoring Australia to economic health, towards making Australia a more just and more equitable society.

It's been hard work and there are still problems to be overcome. But we are now seeing the tangible results of that work. Australia is ready to stride into a new era of prosperity and development. The fundamental question which this election will decide is whether we will build on the achievements which we have made, or whether Labor will be allowed to throw it away.

With your help, we'll still be doing the job in 1978 and beyond.
