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PRIME MINISTER

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HOBART EVENING RALLY

It is great to be back again in Tasmania because I am proud of the fact that it was my government which put Tasmania back on the map. Our commitments to this great state have been honoured. We have helped create more development in Tasmania; our freight equalisation scheme has removed Tasmania's freight disadvantage.

That scheme, and our investment allowance, is responsible for such developments as the new multi-million dollar APPM project at Burnie. As a result of the Callaghan Report which we commissioned, the government is examining ways to boost further development of industry in this state.

Investigations are already under way to see how we can further assist the forestry, fishing and tourist industries; how we might expand public service activities in this state; how we can best direct decentralisation funds to Tasmania; and the feasibility of launching a pilot industrial estate in Launceston.

The Hobart area has benefitted from Commonwealth funding of the first Hobart bridge - I say "first" because this government is committed to the construction of a second bridge for Hobart. I was surprised to see that Mr Nielsen had momentarily forgotten this the other day. ~~surprised~~ Because last year, he and I issued a joint press release confirming the decisions that a second bridge be built. Preliminary studies for the second bridge are under way and I expect to receive the report in about six months.

Kingston will greatly benefit from the transfer of the Antarctic Division to its new head quarters there. This project will have a major impact on the area - creating 300 jobs during construction (which is scheduled to commence in 1978) and up to 200 jobs once it is opened and operating.

I want to pay special tribute at this point to the Tasmania Liberal team in both Houses. In my view they are the best team that Tasmania has ever had in the Federal Parliament. Kevin Newman, Michael Hodgman, Bruce Goodluck, Ray Groom, and Max Burr and all the members of the Liberal Senate team, have been tireless fighters for the Tasmanian cause. It is little wonder that Tasmania's interests have been so well looked after in the past two years.

The government has had to face many tough and sometimes unpopular decisions since we were elected. Our responsibility is, above all, to take the decisions we believe are right for Australia, whether those decisions are popular or not. We are fulfilling that responsibility. Our policies are succeeding; they are the only policies that will succeed.

We have halved Labor's inflation. Inflation is now running at 4% and falling. We have supported responsible wage restraint. We have given Australian industry the protection we promised; interest rates are coming down, that will help employment.

Within the next twelve months I expect that the falls in important interest rates could add up to 2%. This will have significant beneficial effects for the housing industry; on an average new building society loan of \$25,000, a 2% reduction in interest is a saving of \$520 a year. That is \$10 a week for young people starting their new home. Nothing can demonstrate the importance of interest rates more than that.

Prospects for increased business investment are good. New major investment projects worth \$6,000 million are now underway or ready to go. And this figure does not even include such major projects as the \$3,000 million North West Shelf development.

We have ended Labor's tax rip off. The crushing tax burden, which increased 125% under Mr Whitlam, is being relieved at last. I'd like to talk about taxation for a moment because it has become the major issue of this election campaign. We as Liberals believe that a reduction in the personal tax burden is essential to economic recovery and to boosting job opportunities. Reducing the tax burden relieves the pressure for wage increases; it reduces the upward pressure on prices; it helps to control inflation.

At the same time, by putting money directly into consumers' hands, it creates jobs, because as demand rises, employers are encouraged to hire more people. Reducing marginal tax rates increases incentive and production. In the last two years, our tax changes have saved Australian taxpayers \$3,300 million.

In February, Australians will become the beneficiaries of a major tax reduction, new tax scales, and in many cases, greatly reduced marginal rates. Under the Hayden tax scale of 1975, once a person's income reached \$10,000 a year he paid tax of 45 cents from each extra dollar of earnings.

Hence, if Mr Hayden's tax rates were still in force, a person on average weekly earnings would be losing 45 cents in tax from each extra dollar of earnings. Compare this with our new standard rate system of tax. Taxpayers on \$10,000 a year will pay a marginal rate of tax of only 32 cents, and they can increase their income up to \$16,000 a year without moving on to a higher marginal rate of tax.

The combined effects of tax indexation and the new tax scales are a major breakthrough in incentives for people whose income earning capacity is about the level of average weekly earnings. What is more, almost a quarter of a million low income earners with taxable incomes under \$3,750 per year will no longer pay any tax at all.

These people, including tens of thousands of pensioners, widows and students, at present pay \$45 million in tax. That is an average of \$200 each. These are the people that Mr Whitlam wants to force to pay tax again. The government's determination to reduce the burden of personal taxation does not end there.

Everyone knows of families who have been harassed and put through great distress by death duties. Over 13,000 estates every year are forced to pay this tax. As from last Monday, all estates passing between man and wife, parent and child, will be totally free of Federal Estate and Gift Duty. Over the life of the next parliament, all estate and gift duty will be entirely abolished.

Contrast this with the Labor Party. Mr Whitlam has made it clear in the past fortnight that he would return to the policies which had so damaged Australia when he was in office. Higher not lower personal taxes. Higher wage increases. Huge "crash" spending programmes and poorly thought-out schemes. Six of his programmes alone cost \$3,000 million. He hasn't told us how or where he would get the money for this. But it is clear he had either tax it or print it.

Labor's economic policies are in utter confusion. Let's look at their position on tax indexation. On Sunday, Mr Whitlam said that tax indexation would be "postponed" for a while. On Monday Mr Willis and Mr Whitlam agreed that Labor would bring in full tax indexation from next July. But by Wednesday morning Mr Hayden was saying that he wanted half tax indexation, and Mr Huxford was saying in Cairns that he had not read the papers yet so he could not say what Labor's policy was. By Wednesday night, Mr Hayden was saying there would be no tax indexation at all for the time being.

To decisively end this confusion and contradiction, Mr Whitlam announced that Mr Huxford would on Friday make the definitive statement on what Labor's policy was a press conference scheduled for noon. High noon came for Mr Huxford, and high noon went - and still there was no press conference. Poor Mr Huxford - either he went to water again, or more probably, the rest of the plethora of economic spokesmen simply did not trust him not to put his foot in it even further.

Amidst the confusion and remnants of Labor's economic programme one programme stands out starkly - their scheme to abolish payroll tax. This would cost Labor \$850 million in the first half of 1978. And \$1900 million in 1978/79.

Labor has said that they would finance this by raising the Australian people's taxes. That's a total of \$2,750 million which they would rip off the people of Australia. They have said that they would repeal the law reforming the tax scales which this government brought in. This would raise about \$400 million this year and \$1470 next year. But this would still fall far short of the total amount they need to finance the abolition of payroll tax - a shortfall of some \$220 million, no less.

This is why they will not commit themselves to tax indexation. It is now crystal clear that they do not intend to maintain it. Labor would abolish it and take at least \$6 a week from the man on average earnings.

Mr Whitlam would remove the incentive we have given people to work overtime. He would increase tax rates from 32% to 45%. He would rip this money out of the hands of the Australian people and give it to big and profitable companies. Just to take a few examples.

Utah would get a windfall of \$2 million, CRA: \$10 million; BHP: \$23 million; BHP: \$4.5 million; CSR: \$8 million; BANK OF NSW: \$11 million; FORD: \$7 million; A.C.I. \$11 million; DUNLOP: \$12/13 million; GENERAL MOTORS: \$10 million.

While this might be a pleasant prize falling in the lap of these companies, the fact of the matter is that abolishing payroll tax would not increase employment. Mr Dunstond knows that, and has conceded that: "The South Australian government has already tried a payroll tax remission scheme and found that it does not create employment."

A recent 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. 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.

Unlike the Labor Party, the government has pursued positive and constructive policies for helping people training for jobs, finding jobs and keeping them. 120,000 people, mostly young people, have been helped by our training schemes. We are spending more than \$100 million on training and job assistance schemes which especially help young people learn new skills.

Let's look at the next plank of Labor's economic policy. In his policy speech, Mr Whitlam committed Labor to "restore integrity to the wage indexation guidelines". Now a bare eleven days later, this item of Mr Whitlam's policy speech has crashed in ruins.

Mr Whitlam's policy speech was only hours old when Mr Hayden said that Mr Whitlam's formula 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 then directed his press secretary to say: "There was no contradiction between himself and Mr Hayden on wage indexation". The press secretary said: "We are committed to full wage indexation, but no one has ever asked about the level at which full indexation would apply". Then on Friday, Mr Hawke said that he was not prepared to wear Mr Hayden's position on wage indexation.

To resolve all the conflict between the various Labor Party factions, there was a hasty telephone hook up between Mr Hawke, Mr Hurford, Mr Hayden and Mr Willis. Mr Whitlam apparently was not involved in the hook up. His phone must have been engaged.

Out of this, Mr Hawke brought what he called "absolute consensus". Nonetheless, Mr Hawke managed to contradict himself three times in the space of a few sentences. First he said that Labor would certainly have wage indexation up to average weekly earnings. Then he said that Labor might not advocate full wage indexation for levels above that. Then he said that "a Labor government would be arguing quite clearly before the Arbitration Commission that its general principle was for full and automatic indexation for everyone".

Well, if Labor calls that a consensus, I'd like to see them have a disagreement. The Labor Party is once again demonstrating what Australians learnt to their great cost in 1973/75. The Labor Party does not understand the economy; has no economic policy; and under its present constitution, is incapable of formulating an economic policy. The government has a clear consistent economic policy decided by Cabinet. There is one policy, the policy is clear.

One of the most important areas where the government has an outstanding record of achievement is in relation to trade union legislation. In his 45 minute policy speech, Mr Whitlam did not have one constructive word to propose about the trade unions. Mr Hawke and the left wing union leaders wouldn't allow it. The left wing unions pay money to the Labor Party. They have a large voice in determining official ALP policy. That is why it is labor's official policy to put unions above the law.

Labor's policy of letting the trade unions have their head resulted in a record period of strikes and industrial lawlessness when they were in office. We have shown that a government prepared to take a firm and fair stand can protect the public. We have shown this in the Victorian powerstrike and in the postal workers' dispute.

In the case of the ACTU's uranium moratorium, they backed down. In the air controllers dispute, we showed our determination that we would never allow Tasmania's vital air links to the mainland to be cut off.

Unlike the Labor Party, we have taken the view that no one can be above the law. That individual unionists have a right to be heard, and to be protected from intimidation; that it is the responsibility of the government to protect the interests of the whole community.

We have passed laws protecting individual unionists and given responsible rank and file unionists the chance to make their voices heard. Secret postal ballots for union elections are now compulsory. We are protecting individuals against being forced to join unions against their will. Damaging secondary boycotts have been banned. And in our latest amendments to the Conciliation and Arbitration Act, amendments vital to Tasmania, union hindrance or interference with interstate trade and commerce, or a government service, is now grounds for full or partial deregistration of a union.

All this adds up to a firm and responsible policy which has the support of responsible unionists, and which protects the rights of the individual unionist and the public.

Ladies and Gentlemen, there are many more positive Liberal programmes which I might mention. We are expanding our programme of assisting the upgrading of urban public transport. We are undertaking a five-year programme to improve city and rural water supplies and to assist other

We are proposing a better deal for telephone subscribers, the charges for off peak long distance telephone calls will be reduced to 60% of the standard rate. And there are many many more programmes of great significance to Tasmania set out in my policy speech and supplementary statements, all of which form part of a responsible financial programme.

In the two years of this government, really solid foundations have been laid for economic recovery. Developments are moving in every part of Australia. Confidence is building up. If we can keep to the present course our future is unlimited. The ingredient Australia now needs is certainty. Certainty that Australia has a government which knows what it is doing and has a policy that works

Mr Whitlam's approach of government by conflict, massive build up in the bureaucracy and inflation has been tried - and it doesn't work. Australia needs responsible wage restraint. Australia needs constructive policies for trade unions.

Australia needs responsible spending programmes, not lavish ill-conceived "crash" programmes. Australia needs lower, not higher, taxes. This is the way to get unemployment down, and keep it down. Let's get on with the job.

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