



PRIME MINISTER

FOR PRESS

28 NOVEMBER 1977

ADDRESS AT HOBART CAMPAIGN LUNCHEON

In this election, the questions which face the people of Tasmania - and all Australians, - are as clear as they were in 1975. In 1975 Australians faced up to the question of whether they wanted our country to lift itself out of the suffocating morass Labor had created.

Australia - and Tasmania first of all - answered yes, with the most resounding vote in our history. Since then, the Australian people and government have been working together to bring our country to the threshold of a new era of growth and prosperity.

Now in this election, Tasmania will play a key role in deciding whether Australia will move forward, or whether we return to the excesses and extremes under Labor that almost wrecked our great country. Of this result in Tasmania - as throughout Australia - I have no doubt. Just as in 1975 Tasmanians will resoundly return the Liberal government. For we can justly claim that we have done more for Australia, more for Tasmania, than any government before us. This government has always kept the interests of Tasmania firmly in mind.

Investment in Tasmania has been particularly helped, by our freight equalisation scheme which has removed Tasmania's freight disadvantage. That scheme, and our investment allowance, is responsible for such development as the new multi-million dollar APPM project at Burnie. It is development such as this which creates real new jobs for Tasmanians, jobs which they can keep.

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 underway 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 Neilsen had momentarily forgotten this the other day, surprised because last year he and I issued a joint press release confirming the decision that a second bridge be built. Preliminary studies for the second bridge are underway and I expect to receive the report in about six months.

I want to pay special tribute at this point to the Tasmanian Liberal team in both houses. In my view they are the best team that Tasmania has ever had in the Federal Parliament. Kevin Newman has done a magnificent job in a difficult portfolio - and he never lets his Ministerial rank stand in the way of sticking up for the interests of the State he represents. Bruce Goodluck has been a tireless fighter for lone fathers and the second Hobart bridge - and he has been successful on both. Max Burr has keenly advocated the interests of Tasmanian rural industry - particularly the application of the investment allowance to primary producers. Ray Groom has fought for the continued existence of the Mount Lyell Mine and Queenstown which is so dependent on the mine, and with his help, the Commonwealth has acted to keep the mine working. Michael Hodgman has pressed the cause of the underprivileged. It was largely through his efforts that the Commonwealth decided to assist most generously the overnight shelter for derelicts and alcoholics run by the Society of St. Vincent de Paul. And of course, as I think would be well known here, Michael Hodgman has taken a leading role in getting the Antarctic Division transferred to his hometown Kingston. 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.

The last two years have not been easy ones - we have not taken soft options. We have not avoided the hard decisions. We have not fallen into the trap of seeking a cheap popularity that would undermine our country's future.

We have faced the reality that if there is to be employment for those that want to work, Australia had to be restored to economic health. Our policies are succeeding - because we have restrained government spending, we have been able to reduce inflation - inflation is down to 9 percent and falling - this will help jobs. We have moderated wage increases. We have been able to make major tax reforms because of our restraint of government spending. \$3.3 million will be saved in personal tax from our first two budgets. Business has saved a further \$1000 million. They are a fundamental part of our strategy for wage restraint and economic recovery.

We have ended Labor's tax rip off, cut taxes so that individuals, and businesses, could take decisions to invest, spend and save. Our tax reforms have greatly reduced the pressure for illusory wage increases which put more and more people out of work. Our policies and our incentives to invest have given business the confidence to invest in Australia - six billion dollars of investment is underway or ready to go.

These projects will bring work to Australia. It is through our policies of growth and development that we will overcome the unemployment problem imposed on Australia. Labor increased unemployment by 157 percent - almost 200,000 people in one year. Labor did not just increase unemployment.

It was not just that new entrants to the workforce could not find jobs. The total number of people in work actually fell.

We have reversed this trend. In fact, over the two years to August 1977 total employment rose by 180,000. One vital reason for this is that we are prepared to give Australian industry the protection it needs. Labor slashed tariffs across the board - even though they knew that this would throw tens of thousands out of work.

Mr Whitlam and Senator Wriedt have made it clear Labor would do the same again. The vital protection we have given the Tasmanian textiles industry would be thrown into jeopardy if Labor were let loose on the economy again. We have passed laws to ensure that the Industries Assistance Commission fully takes into account the employment consequences of its recommendations. And we have taken decisions to protect the textiles, clothing and footwear industries for three years.

All our economic policies are aimed at promoting greater growth and development - and thus more jobs.

We are spending more than \$100 million on training and job assistance schemes which help young people in particular learn new skills. Already well over 120,000 people have been or are being helped by our schemes - and we are constantly improving them. Because of our job assistance strategy and the growth and development our policies have made possible, unemployment will fall from February and keep falling.

The major forecasts that the government has before it show that with the continuation of the government's policies, work opportunities will expand. The first February tax cuts - just two months away - will increase the household income and spending power, injecting an extra \$26.7 million a week into the economy. Because this injection takes place at a time when the inflationary fires are being put out the tax cut will have a positive impact on jobs. It will lift consumer spending, and because inflation is lower Australian manufacturers will be in a much better position to compete with imports in meeting the rising demand. Our factories will get larger orders, and start working at higher levels of capacity. As that development gets under way, there will be a demand for more employees. Investment expenditure will continue to grow in response to this more optimistic outlook.

The February tax cuts are an integral part of the Government's plan for continued steady economic recovery. The reform not only greatly simplifies the tax rate scale, it does not only assist 225,000 low income earners - including tens of thousands of pensioners - by relieving them of tax; it not only provides a new incentive for work, by putting 90 percent of taxpayers on the same marginal tax rate, and allowing them to increase their earnings up to \$16,000 a year before moving beyond this standard rate; it also provides for a responsible stimulus to the economy which will add to spending and activity, leading to higher employment.

Unfortunately there has been no instant solution to the problems we inherited. There has just been the hard and undramatic grind of developing and maintaining policies for restoring the economy and reducing inflation and unemployment. These policies are working. They form a consistent and coherent strategy which has brought us to the point of economic take-off.

The Labor Party by contrast has no coherent economic strategy. That is the unequivocal conclusion to be drawn from ten days of conflict and contradiction between Labor's various economic spokesmen. Barely a day passes without some backdown or hasty retreat. Consider their policy on taxes.

Labor has said that, to pay for abolishing payroll tax, they will greatly increase personal income tax - the major tax cuts to commence on first February are to be abandoned. Labor has spent over a week avoiding telling Australians what is now

obvious - that they will not only abolish the February 1 tax cuts - they will abolish tax indexation too. They have tried to avoid telling the Australian people that to finance the abolition of payroll tax the average wage earner would be taxed an extra six dollars a week. Last Sunday week, Mr Whitlam said tax indexation would be postponed. Without hours, he said he had "expressed himself wrongly."

By Monday Mr Whitlam was saying Labor would bring in full tax indexation by July - and Mr Willis was saying the same. By Wednesday morning Mr Hayden was saying Labor could not commit itself beyond half tax indexation - and Mr Hurford said he could not say what the Party's policy was, as he had not read about it in the papers.

By Wednesday evening, Mr Hayden and Mr Hurford were disowning even half indexation. All this left the hapless Mr Whitlam somewhat in the lurch. He said yesterday he agreed with what Mr Hurford had said, apparently by that he meant the last thing Mr Hurford said whatever that was.

Exactly the same confusion and deception has occurred over Labor's wages policy. Mr Whitlam said Labor would support full wage indexation. Mr Hayden however said Labor wanted only partial indexation. Then on Friday the ALP President, Mr Hawke, made it clear it did not matter a fig what Mr Whitlam and Mr Hayden thought - the unions would not accept anything less than full wage indexation, regardless of the consequences.

Amidst this conflict and confusion in the Labor Party, yesterday Mr Whitlam announced a sudden conversion - to wage moderation. He said he supported full wage indexation up to the level of average weekly earnings. When it is

recalled how many speeches and statements Mr Whitlam has devoted to attacking this government's wages policy, the magnitude of Mr Whitlam's reversal can be seen. He has not only abandoned Labor's sacred platform. He has also admitted in effect that every statement he and his colleagues have made in Parliament over the two years attacking our wages policy have been cynical political propaganda. We've seen in the past how ephemeral Mr Whitlam's conversions to economic responsibility has been. But he has outdone himself with the current twists and turns the contradictions, the reversals in Labor's policy. A policy in which change is only a news flash away. The people of Australia must be rapidly coming to the conclusion that Mr Whitlam's latest "definitive commitment" is worth the price of yesterday's newspaper.

Labor's confusion on tax and wage indexation indicates how little they have thought through any of their economic policies. This is clear when their various unemployment schemes are examined in any detail. The scheme to abolish payroll tax will be a handy boost to company profits - that is, for those large companies that currently pay State payroll tax.

Utah would be a windfall of \$2 million.

| | |
|----------------|-----------------|
| CRA | \$10 million |
| BHP | \$33 million |
| MIM | \$ 4.5 million |
| CSR | \$ 8 million |
| Bank NSW | \$11 million |
| Ford | \$ 7 million |
| ACI | \$11 million |
| Dunlop | \$11-13 million |
| General Motors | \$10 million |

A survey last week of large employers showed that not one could forecast any increase in their own employment levels if relieved of payroll tax. The Premier of South Australia, Mr Dunstan, has made it clear that a payroll remission scheme does not work - he has tried it in South Australia with no result.

Labor's alternative solution to unemployment is to spend up big. \$800 million in the first six months, and if all their promises are to be believed, thousands of millions of dollars after that.

Some of the initial \$800 million will be spent on items that will produce no jobs at all, even in the short term. Mr Whitlam includes money for the Julius Dam in Queensland, a dam that has already been built. He includes more funds for the Dartmouth Dam, even though the funds will not alter existing work schedules one iota. This spend-up would be quite counter-productive; it would expand the deficit and inevitably promote the biggest unemployment-creator in which country - inflation.

I can do no better in pointing out the obvious defects in Labor's scheme than to quote a former Treasurer who said:

"While the level of unemployment is much higher than would be wished, the fact is that any efforts to accelerate the reflation of the economy in our urgent response to the unemployment figures, would have most undesirable effects. It would be self-defeating."

Those sound words were spoken in October 1975. The Treasurer was Mr Hayden. How quickly responsible economics can be forgotten in the Labor Party. How long it seems to be taking the Labor Party to adopt responsible policies which are in the interests of Tasmanians and all Australians.

In just two years we have gone a long way to restoring hope, confidence and spirit to our people. For total success, we need one more ingredient and that is certainty. We have to be certain that our country's economic management is in the hands of a government that will pursue sound policies.

The alternative that Mr Whitlam offers. is government by wrangle -a hop scotch government. That kind of government has been tried. It did not work. It will still not work. Australia needs policies which will reduce inflation, not increase it. Australia needs fair but firm policies for trade unions - not placing Mr Gallagher above the law.

Australia needs programmes and policies that it can afford. Not lavish and ill conceived crash schemes. Australia needs lower not higher taxes. That is the only way to get unemployment down, and keep it down.

With your help in Tasmania, my Government will get on with the job
