



PRIME MINISTER

SYDNEY CAMPAIGN RALLY, ST MARY'S

29 NOVEMBER 1977

As the Election Campaign enters into its second last week, the choice facing Australians is clear. The Government's policies are restoring Australia to full economic recovery, through our great nation's growth and development; through development of our natural resources; through growth of our industries and through incentives to individual Australians to use their abilities to the full.

But while we stand for the growth and development of Australia, Labor offers nothing but the growth and development of big government, and the death of incentive. We offer a strategy for economic recovery which is succeeding. We have halved Labor's inflation - inflation is now down to about 9% and falling. It should be down to between 6/7% by mid 1978. We have achieved this because of our restraint of Government spending and our policy for wage moderation.

Now interest rates are falling. We have brought about the first consistent downward movement in government interest rates in more than four years, and I am confident - with present government policies continuing - that interest rates could fall up to 2% within the next twelve months. This will have a significant effect on the housing industry.

On an average new building society loan of \$26,000 a two percent reduction in interest is a saving of \$520 a year - that is ten dollars a week for young people starting their new home. We are encouraging investment and providing incentive to Australians to work hard and earn more.

Our taxation concessions to business and mining have boosted private investment. Our foreign investment guidelines protect Australia's vital interests, but are flexible enough, and clear enough to attract greatly increased sum of foreign capital. This private investment revival is already well under way.

In the September quarter, there was a strong increase of 6.6% (seasonally adjusted) in private capital spending. The statistician's survey of expected capital spending in the present half year to December, shows a growth of fourteen percent. We must maintain the policies which encouraged this recovery, and which will allow it to gather pace.

Our tax cuts for individuals relieve pressure for wage increases and boost consumer demand. Our historic tax reforms - tax indexation and

reform of the tax scales - have benefitted all taxpayers at all levels of income. Contrary to Mr Whitlam's loud protestations. Our tax reforms have not redistributed sums from one section of the community to another, except that 225,000 low income earners, including tens of thousands of pensioners, widows, students, and others will no longer have to pay tax.

There has however been a fundamental distribution from the Government's coffers to the private sector. Next financial year, under our reforms, which are now law, taxpayers will pay some \$4,000 million less tax than under the old Hayden tax scales. Our tax reforms provide a new incentive to work by putting 90% of taxpayers on the same marginal rate.

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. 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 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 tangible results of the success of these policies is there to see. Yesterday I announced the details of \$6,000 million development projects which are either underway or ready to go. These projects will bring work to Australia. Mr. Whitlam is rather foolishly trying to deny that these projects exist.

On Sunday, he said that the North West Shelf was worth only half of the six billion dollars of investment to which I had been referring and the rest somehow did not really exist. He must now be sorely regretting this gaffe.

In fact, the three billion dollar North West Shelf Development is not even part of the six billion dollars of development. It's additional to the six billion dollars as are many other projects worth billions of dollars, which may well proceed in the medium to long term. It is through our policies of growth and development that we will overcome the unemployment problem imposed on Australia. Labor increased unemployment by 157%, almost 200,000 people, in one year. And 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. 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 were advised that this would throw tens of thousands out of work.

On 27 June 1973, Mr. Whitlam directed that a report be prepared on increasing imports into Australia. He wanted that report within 3 weeks. On 15 July he received the report. Only three days later, he implemented a 25% across the board tariff cut. He didn't even show the report to his Cabinet, and he waited weeks before tabling it in the Parliament.

He waited until the Budget session and tried to lose it amongst the mass of other Budget papers. And no wonder. The report clearly stated that a 25% across the board tariff cut would cost tens of thousands of Australian jobs. It went through industry after industry showing how unemployment would be caused. But Mr. Whitlam went ahead anyway. He was the only Prime Minister in Australian history to make unemployment a deliberate act of policy.

Mr. Whitlam has learnt nothing. As recently as July he told the National Press Club:

"There is no doubt that Australian industry is excessively protected ... that is the basic trouble with our manufacturing industry in Australia."

The fact is that Mr. Whitlam was, and remains, the unemployment expert!

This Government has reversed Labor's disastrous tariff policies. Our policies have protected Australian industry while at the same time having significant success in the fight against inflation. We have increased protection for industries with a total employment of over a quarter of a million Australians, major industries, such as motor vehicles, clothing, footwear, textiles, plywood and many others.

Decisions have been taken to protect the textiles, clothing and footwear industries for three years. And Ian Macphee, the Minister for Productivity, is undertaking a cooperative study with all involved in those industries, management and unions, to see how efficiency and productivity can be increased during that period.

It was in the light of the disastrous recommendations set out in the I.A.C. draft report on clothing, textiles and footwear, and the failure of that and other I.A.C. reports to comply with the Government's policy objectives, that we decided to change the law governing the I.A.C.

We introduced legislation into Parliament to require the Industries Assistance Commission to take into account, in making its recommendations, employment in industries seeking protection.

The I.A.C. will explicitly have to report on the assistance necessary to maintain present levels of activity in each industry which they examine, how each industry's structure might be improved, and the effects of its recommendations on employment in decentralised locations.

Under this government goods required by the Commonwealth are purchased from Australian manufacturers - this is in sharp contrast to the Labor government which bought in the cheapest markets overseas. We have introduced investment allowances to enable Australian industry to modernise the equipment to reduce costs.

All these policies are designed to boost Australian industry - and thus boost jobs for Australians. Our training and job assistance schemes are helping young people in particular to learn new skills - and already well over 120,000 people have been or are being helped by these schemes.

We have decided that no strict financial constraints will be placed on these programmes. No one eligible for any of these programmes will be turned away. And I should say that from February unemployment will fall and keep on steadily falling.

The tax cuts which will commence on 1 February - just two months away - will increase 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 inflation is declining steeply, the tax cuts will have a positive impact on jobs. They 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. Labor offers no alternative to our policies. Labor has no coherent economic strategy. Labor cannot even decide who the principal economic spokesmen should be. Just last month Mr Hurford said he would be charged with economic management by a Labor government. Now Mr Hayden is claiming that he will be "the Minister in charge of economic management". Mr Whitlam also says that Mr Willis - is partly responsible for economic management. Mr Hawke insists in having his say. And of course Mr Whitlam himself still stumbles into this area from time to time.

The conflicts and antics that have erupted between this unhappy quintet during the past weeks would have provided considerable entertainment as sheer burlesque ... Were it not for the fact that what they have been arguing over is our taxes, our well being, our financial survival.

Labor would recall Parliament to repeal the tax reforms so vital to economic recovery and the creation of new jobs - and it is now clear they would do more. They would abolish tax indexation too, burdening the average family man with higher taxes - \$6 a week higher taxes, over \$300 a year higher taxes. Yet they have spent over a week trying to hide their confusion on this vital

subject. Last Sunday week, Mr Whitlam said tax indexation would be postponed. By Monday, Mr Whitlam and Mr Willis agreed that Labor would bring in full tax indexation by July. 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. By Sunday, Mr Whitlam said he agreed with whatever Mr Hurford had said. Apparently by that he meant the last thing Mr Hurford said, whatever that was. Today, we saw another act of Labor adhocery.

Mr Hurford the Shadow Treasurer, or whatever he is of the Labor Party... you know, that party of social concern ... realised Labor's tax schemes would harm 225,000 low income earners including tens of thousands of pensioners. So he put forward another tax plan - because the Labor Party is concerned with helping those in need - so he said. Labor is so concerned with those in need that until we pointed out how our taxation reforms helped them, Labor ignored the disadvantaged completely. But what does Mr Hurford's after-thought do for those in need? Exactly nothing.

It does not reduce taxes for low income earners by a single cent. Because our tax cuts are already law. Mr Hurford wants increases in tax for everyone, except those with incomes under \$3,750. Even for them, he only proposes an ad hoc scheme which will last for just five months in 1978-79. After that, these pensioners and others would be worse off, than under our existing legislation.

The confusion and division amongst Labor spokesmen on how they would take thousands of millions of dollars more tax from Australia is only matched by their complete disarray on wages policy.

In his policy speech Mr Whitlam made the deliberately cryptic remark that Labor would restore integrity to wage indexation guidelines. For the next week, Australians witnessed the spectacle of Mr Whitlam and Mr Hayden slugging it out as to the true meaning of this secret formula. Mr Hayden would say on one radio programme Labor's policy was for full indexation up to average weekly earnings., while on another programme, Mr Whitlam would be saying he wanted full wage indexation for everyone. This was all too much for Mr Hawke who pointed out with brutal frankness that from a Labor government the unions would accept nothing less than full wage indexation regardless of the consequences for unemployment of such an extreme policy.

In a final effort to resolve the situation, the various Labor Party factions represented by Mr Hawke, Mr Hurford, Mr Hayden, Mr Combe and Mr Willis conferred by telephone - apparently Mr Whitlam was excluded because his opinion was not considered important enough As a result of that conference, Mr Hawke appointed himself spokesman and outlined what he termed the "absolute consensus" of the five spokesmen. The degree of consensus reached can be measured by the fact that Mr Hawke then proceeded to contradict himself three times within the space of one page statement. First, he said Labor would have wage indexation up to average weekly earnings. Second, he said Labor might not advocate indexation above that level. Third, by the end of the statement, he was asserting 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."

Wages policy is an essential element of economic policy - yet there is now total confusion on what Labor's policy is. Labor's mish-mash of conflicting policies 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.

Only the present members of the Labor Party would seriously put forward a plan to rip huge sums in taxes from ordinary Australians and use them to pay big companies. What a betrayal of the working men and women of Australia. Let's look at what some of the big companies would get.

Mr Uren's pet hate, Utah would get a windfall of \$2 million.

Others to do well would include:

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

Labor simply did not think this scheme through.

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.

Yet Labor should not be surprised. The Premier of South Australia, Mr Dunstan, made it clear in September that a payroll remission scheme does not work.

He has tried it in South Australia with no result.

Unlike the Labor Party, the government has maintained consistent responsible policies to restore Australia to economic health. We have a united Cabinet, a strong backbench, and most important of all, the ideas and the policies to take Australia forward strongly into the eighties. Many of these policies were referred to in my Policy Speech last week.

I shall mention just a few of particular relevance to this city.

We are concerned at the low standards of urban public transport - and we are expanding our programme of financial assistance to improve city train and bus services. Our new five-year programme of national water resources will help to improve urban and rural water supplies. Our promise to abolish Federal estate and gift duties will save thousands of families distress and financial hardship. We are going to give telephone subscribers a new deal by reducing charges for off-peak long distance calls to about 40 percent of normal rates. The Minister, Eric Robinson, has initiated an examination by Telecom into the extension of local call access to capital cities from nearby areas such as the Penrith area, and comparable areas near Melbourne and Brisbane.

There are many more initiatives which I commend to you - they are all set out with detailed costing, in the Policy Speech and supplementary statement published with it. They form in total a creative programme of policies, within a responsible financial framework.

Ladies and gentlemen, we have made great progress in the last two years, in restoring Australia to economic health, in reviving initiative and enterprise, in protecting those genuinely in need, in getting our great nation moving again. It's been hard work - but we are now seeing the tangible results of that work. Australia is about to enter into a new era of growth and prosperity. 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.

On December 10 I am confident that Australians will recognise that we have been doing the job we were elected to do, and we'll be doing the job for Australia for another three years.
