



PRIME MINISTER

FOR PRESS

29 NOVEMBER 1977

ADDRESS AT BARTON LUNCH

This election confronts the Australian people with a choice of the utmost significance. It is a choice between two completely different approaches to Government, between two completely different philosophies of Government.

The Government stands for responsible management of government and responsible control over the spending of taxpayers money, responsible reductions in the crushing tax burden imposed by Labor. Every encouragement to growth and development which will create more jobs, wage restraint, reductions in interest rates and firm and fair industrial relations policies.

The Labor Opposition stands against all these things. That is why they are going to remain in Opposition.

Our consistent and coherent economic policies are succeeding in restoring our country to economic health. Australia is ready to break through into a new period of growth and prosperity. Inflation is down to 9% and falling. Interest rates are coming down. We have supported responsible wage restraint. Income taxes at last are coming down. The crushing tax burden which increased 125% under Mr. Whitlam is being relieved at last.

These achievements have had a major impact in restoring business confidence. Plans for job-creating industrial developments which were shelved under Labor are now being put into effect. \$6 billion of development projects in every part of Australia are now underway or ready to go. And this sum does not even include the magnificent North West Shelf Development which is a bigger project than the Snowy Mountains Scheme itself.

All our economic policies are aimed at promoting greater growth and development, and thus more jobs. Labor slashed tariffs across the board even though they knew that this would throw tens of thousands out of work. Mr. Whitlam is still saying that the problem with Australian manufacturing industry is over-protection. We have been prepared to give Australian industry the protection it needs.

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 of February tax cuts, just two months away, will increase household income and spending power injecting an extra \$26.7 million a week into the economy.

Because inflation is falling, the tax cut will have a positive impact on jobs. 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.

The February tax cuts are a part of a whole approach by the Government to reduce taxation in the interests of economic recovery. Tax indexation is another part of that programme. And we will abolish probate and gift duties.

Our February tax cut greatly simplifies the tax scale and completely releases 225,000 low income earners from paying any tax at all. These people, including tens of thousands of pensioners, widows, and students, would have paid \$45 million in tax this year. For many of them our tax reform will mean a saving of a significant proportion of their earnings.

Labor's callous scheme would immediately reimpose income tax on these low income earners. Mr. Whitlam would reimpose tax on these people.

Our tax cuts 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 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. And within the next twelve months I expect that 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 \$26,000 a 2% reduction in interest is a saving of \$520 a year. That is \$10 per week for young people starting their new home. Nothing can demonstrate the importance of interest rates more than that.

Mr. Whitlam's policy speech could not have presented a greater contrast with our policies for growth and prosperity. Instead of further reductions in the tax burden he proposed a massive increase in personal income tax, a return to the old scales, a return to the old high marginal tax rates, a "crash" programme of government spending of \$800 million and billions of dollars of further projects after that, and full wage indexation.

He proposed no policy whatever which would have any realistic hope of reducing inflation. His big spending, high tax, high wage approach would pump up interest rates again. The effect of Labor's extravagance on inflation, would be like petrol on a fire - and this would have a catastrophic effect on employment.

Mr. Whitlam's Labor Party stands irrevocably for higher taxes. It would be impossible to pay for his programmes without a very large increase in the personal tax burden. To pay for Mr. Whitlam's proposal to abolish payroll tax alone, a proposal costing \$850 million in the first half of 1978 and \$1900 million in 1978/79. Mr. Whitlam would have to rip \$2,750 million off the people of Australia, \$6 a week off the average wage earner. Mr. Whitlam would remove the incentive we have given people to work overtime.

Mr. Whitlam has said that he would repeal the law legislating for our February 1 tax cuts and it is clear that he would end tax indexation as well. Mr. Whitlam would remove the incentive we have given people to work overtime.

He would increase tax rates from 32% to 45% and the money he ripped out of the hands of the Australian people he would give to big and profitable companies. Just to take a few examples. Utah would get a windfall of \$2 million, 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 and General Motores - \$10 million.

He would give these companies a windfall benefit at the expense of the working men and women of Australia despite the fact that abolishing payroll tax would not increase employment?

Mr. Dunstan know that and has conceded that:

"The (S.A.) 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 burdened with higher wage costs and higher personal tax commitments.

The experience of Mr. Whitlam's policy speech over the last week shows more clearly than anything else that the Labor Party is still incapable of producing a stable and responsible economic policy. Labor has been in utter confusion since Mr. Whitlam's policy speech. For this last week and a half Labor's many spokesman have been trying vainly to come to some agreement on what Labor's policy should be in the vital areas of wages and taxes.

The Labor's Opposition's leading members have resorted to all sorts of experiments to try to paper over these differences. They've had telephone hook-ups, they've had press conferences, and some of them have resorted to reading the newspapers to see what their colleagues are saying. Out of this massive effort has come even more massive confusion. The Labor Opposition is behaving just as they did when they were in government, they are indulging in a spate of uncoordinated, contradictory actions.

Nothing has changed since the last time. Labor is still divided, conflict ridden and incompetent. Australia could not survive another three years of that kind of behaviour. Inflation would go through the roof, the growing confidence in the economy would vanish, the destruction of job opportunities would begin again.

Nothing has changed since the last time. Labor is still divided, conflict ridden and incompetent.

Labor's confusion on wage indexation was such that Mr Hawke in desperation had a phone hook-up with Mr Willis, Mr Hayden Mr Hurford and Mr Combe - 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 a 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."

If that's a consensus I would hate to see Labor disagreeing.

Australia could not survive another three years of that kind of behaviour. Inflation would go through the roof, the growing confidence in the economy would vanish, the destruction of job opportunities would begin again.

.../4

Mr. Whitlam and the Labor Party have no constructive proposals on trade unions. How could they? The left wing unions pay money to the Labor Party. They have a large voice in determining official ALP policy.

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 air controllers strike, in the postal workers' dispute, in the case of the ACTU's uranium moratorium - they backed down. And in the Victorian power dispute, it was our move to deregister the unions involved that led to the strikers returning to work.

Of course, Mr. Hawke claims the credit for being the great peace-maker in that dispute. Perhaps you have seen Labor's commercial in which he is in a motel room hurriedly packing his bags to go out and resolve yet another of his industrial disputes.

Well in the case of the power dispute, it took Mr. Hawke nine weeks to finish packing his bags, get out of his motel room and take a hand.

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 have set up the Industrial Relations Bureau, to protect the public interest and also to act as an individual ombudsman; unions are now required to tell their members how union dues are spent. We are protecting individuals against being forced to join unions against their will and damaging secondary boycotts have been banned.

All this adds up to a firm and responsible policy which has the support of all responsible unionists, and which protects the rights of the individual unionist and the public. Mr. Willis, the Labor spokesman on industrial legislation, confirmed yesterday that Labor would abolish all the Government's vital forms of industrial relations laws. Labor would repeal postal ballots. Labor would repeal our laws to protect the public from industrial disruption. Labor would repeal our laws which let unionists know how their union's funds are being spent. Labor would exempt unions from the provisions of the Trade Practices Act; Labor would repeal all penalties for strikes against Arbitration Commission decisions; Labor would exempt unions and their members from civil actions in respect of other wise actionable activities committed during industrial disputes.

Australia has reached the stage where positive and constructive action is required in the trade union area. The Labor Party's attitude of complete laissez faire is quite inappropriate to Australia's needs. Some unions receive as much as \$8 million in fees each year. They are too powerful for the good of our society to be placed beyond the reach of the law. We will continue to take the fair and firm approach in industrial relations which has proven to be successful.

In every area, the Government has laid firm foundations for national recovery. Our assistance to low income families through the family allowances has helped 300,000 poor families with 800,000 children. As a result of our legislation, pensions are now increased automatically to keep up with inflation.

The Government has been very conscious of the great contribution our migrant communities have made to Australia. Australia is proud of its place in the world as a country which offers people from around the world the opportunity to build an independent life for themselves and their families. Our economic policies are designed to secure this kind of Australia for everyone. As an indication of the importance we place on the contribution of migrants to Australia we established a separate department of Immigration and Ethnic Affairs. We will establish ethnic television. We have put ethnic broadcasting on a secure long term basis. In the next three years, we will concentrate on overcoming the language barriers in our society -- both by expanding the teaching of English and the teaching in our schools of ethnic languages and cultures.

Government Departments will have ethnic liaison officers. We will provide more interpreters, translators, more migrant resources centres. The Government has decided that the age service pension should, and will be, paid to non-British members of the allied forces.

The way ahead for Australia is clear. We must work to lighten the tax burden, lower interest rates, and keep the pressure on inflation so new jobs can be created. Above all, we must work together to build this magnificent country. In the last two years, we have laid strong foundations for full economic recovery. It is vital for Australia that these policies be continued.

If we stand by the great ideals of freedom, respect and concern for the individual, the ideals for which our party has always stood, Australia will release its magnificent promise, and we can show the way to the world.