

Policy Launch Speech: Bill Hayden, Opposition Leader (ALP)

Greek Community Centre, South Brisbane, October 1, 1980

“ Fellow Australians,

The policies I am privileged to put to you tonight are proposals for all Australians. They are policies we believe will begin the task of restoring equality of opportunity and national pride to our country, and dignity and fair play to all our people.

They are policies to bring Australians together, not drive them apart, policies that unite our country, policies that allow all Australians to share our national good fortune and to play their part in the development of our future. And that, I suggest, is really the great issue before us in the elections on October 18.

The challenges that face Australian now, and in the years ahead, are challenges that face us all as a nation. To meet these challenges is not solely the responsibility of the government, or big business, or the trade unions, or any other single group or institution in our community. We all have a responsibility to each other and to our country. We all face these challenges together.

Australia's worst unemployment in half a century is not isolated to the great industrial complexes of NSW, or Victoria, or South Australia. It extends into all States. The highest prices in our history are not confined to the supermarkets of Sydney, Melbourne or Brisbane, or the other great cities of our Commonwealth. They must be paid by families in even the smallest country town.

Record taxes and falling living standards are not a burden carried only by some people in some states but by all people wherever they live, except for a small minority of high-income earners.

Economic hardship and social alienation are not found only among our pensioners and our black Australians and our tens of thousands of young people who can't get jobs. They strike into the homes of more than two million of our fellow Australians who live in poverty.

All these destructive elements have gained momentum during the last five years. All come together now to pose great challenges to which all of us as a nation must respond together.

I don't pretend there are easy solutions — there are not. I don't suggest that a rash of election promises is all that's needed to meet those challenges — they won't. And the record of the Fraser government proves that they won't. And I do not claim that a Hayden Labor government can produce some magic formula overnight to correct all the mistakes, all the hardship, and all the disunity created since 1975 — we can't. What we do offer, what we can promise, is a more equal, a fairer and better Australian society than all of us have known in the last five years.

Our country has tremendous potential. Its development of our industries and our great national resources suggests there is nothing we can't achieve in the years ahead. What we have to ensure is the economic security of Australian families just as much as the

physical security of our nation under responsible national leadership, administering fair and sensible national policies.

The important thing, the urgent thin is to deal not only with our specific problems, but to restore a sense of unity, purpose and direction for the entire country. This is what we are doing tonight. That is what our policies will do, and that is what a national Labor government will do, after the 18th of October.

I make no apology whatever for the fact that our basic economic strategy is a policy of six broad programs designed to reverse the decline in family living standards. These programs concern taxes, housing, jobs, petrol and energy prices, family-health care and family allowances. All six areas have an appalling record over the last five years. All have contributed to the stark reality that the average Australian family is today \$16 a week worse off than in 1976.

Five years ago our standard of living was the eighth highest among Western industrial countries. Today it has slipped sharply down to 16th. All Australians are entitled to ask why — why has this happened in this wealthy and resource-rich country of ours, one of the wealthiest in the world? Why this decline in our living standards, in our quality of life, in the opportunities and advantages for our people?

We intend to reverse the process. By doing so, by increasing the real value of the average family income, we restore the security of the family unit in our society. By improving our basic standard, we encourage people to spend more to buy more goods and services. This in turn creates more demand, more production, more jobs — and so the cycle continues as the economy regains confidence and starts moving again.

What we propose is not only a policy to increase the value of the family pay packet. It is a broad economic strategy to lift the Australian economy out of the rut of the last five years and to bring down inflation.

The most immediate and the most dramatic impact we can make in this process is some moderation in the taxes all families pay. Six weeks ago I outlined in Parliament three options we were considering in this area: an across the board cut in income tax costing \$300 million this financial year; a general reduction in sales tax costing an equivalent amount; a cut of 3c a litre in all petroleum products. We'd all like to adopt all three proposals, but in the present economic climate this is neither possible nor responsible. And unlike Mr Fraser in the last two elections, we will not make promises we cannot keep or which cannot be paid for.

Instead, we have decided to propose a general cut in income tax to put an extra \$3 a week into all pay pockets from February 1 next year. This will be achieved by raising the tax-free income level from the present \$4,041 a year to \$4,529. It will free literally hundreds of thousands of low-income earners from paying any income tax at all — including 200,000 pensioners — and give a uniform \$3 a week tax cut to all other taxpayers.

Despite what our opponents say, this is a tax cut the country can afford. After all, the Fraser Government's latest budget two months ago proposes to collect \$32,000 million in all taxes this year. That's almost double the tax burden of five years ago.

Our proposal, costing \$300 million, means a reduction of about 1c in every dollar paid in all taxes in the 12 months to the end of next June — so it cannot be described as anything else except a very modest tax cut. We would like to do more, but we can't and this is a start.

In the longer term, we'd propose a complete overhaul of the entire tax structure so as to introduce a much fairer system than the one now operating. For the moment, however, we cannot responsibly go any further than the proposal I've just outlined.

Our other programs in this package of family policies will compound the benefit of an immediate reduction in taxation. All these programs have been carefully worked out and carefully costed. All of them have been announced progressively over the last eleven months. What we've sought to do is explain our policies in an open public forum well before the elections. In this way, we've avoided our opponent's expedient alternative of a grab bag of promises and scare tactics in the last weeks before polling day.

Housing is one such area of national need and national priority. The great Australian dream of owning your own home is now out of reach of most families. Our Family Home Ownership Plan, announced last February, will cut deposits on homes by as much as 50 per cent for families buying their first home. It involves a government grant of \$3000 to be used to borrow as much as another \$9,750 from building societies, or extra \$11,300 from the banks, without having to make higher repayments.

Again, it's a modest proposal we can afford; and again, it's an initiative that's absolute priority because of the Fraser Government's failure to keep its promises on interest rates. Three years ago we were told that interest rates would come down 2% in 12 months — that promise was never kept. Interest rates are now the highest in our history, and they're going up again by as much as another 2%. The Government is desperately trying to hold them down, until after the elections.

What the increase will mean is higher home loan repayments and higher bank overdraft rates. Our family home plan will moderate the impact of these higher charges until we can get economic management under control. And I have no doubt we will do better in controlling interest rates over the next three years than Mr Fraser has been able to manage in the last five years.

Similarly, we must take resolute and positive action to reduce unemployment. The Fraser Government fights inflation by allowing unemployment to get worse. In five years inflation has come down less than 3%. In the same period, unemployment has gone up 170,000. That's an enormous cost for the many thousands of families involved.

Every Australian must have the right to get a job. That is a principle we cannot, and will not, abandon. It won't be easy, and it won't be quick, but it must be attempted. As a first step, we announced last March we would create 100,000 new jobs in our first full year of office for those Australians who need them most. They will be real jobs, providing earned wages instead of welfare handouts.

50,000 of these jobs will be for young people between 16 and 24 under our Community Services Corps Program. Another 20,000 jobs will be created for unemployed adults with dependents, while a further 30,000 new jobs and training positions will be subsidised up to 50 per cent in firms, factories, and small business. Certainly these programs will cost money — \$180 million in our first year — but it will be money well spent.

And let me say this: in five years, Mr Fraser has spent \$1,600 million of taxpayers' money on a tax-incentive scheme for factories and industry. Employers used the

scheme to replace jobs with machines. A Labor Government will not feel embarrassed about spending \$180 million in getting some of those jobs back.

Tied in with our job programs is a broad agreement we have negotiated between a Labor Government and the trade union movement on the development of economic policy. What this agreement does is establish the framework for consultation and negotiation between a Labor Government and the trade unions on incomes and prices. It is the first time in this country such an agreement has been reached.

It does not guarantee success, and I won't mislead you that it does. But it was drawn up only after months of patient discussion and negotiations, and it establishes the goodwill of both sides in taking industrial relations out of the jungle of provocation and confrontation.

Nobody likes strikes; nobody wants strikes. But threatening the unions with punitive legislation is no way to bring industrial harmony and industrial peace to the Australian workplace. Five years of Mr Fraser's industrial policies have not achieved anything except to embitter trade unionists and increase the number of strikes. There is no doubt we will do a great deal better with Bob Hawke as Minister for Industrial Relations to make a fair and proper incomes policy work.

Undoubtedly the greatest stimulus to inflation in the last five years has been the record increases in petrol prices and medical insurance. The price of petrol has more than doubled in five years. And 50c in every dollar spent on petrol goes straight to the Government in petrol tax. We can't blame overseas petrol prices — ninety per cent of our petrol comes from our own oil in Bass Strait. It doesn't cost any more to produce, it simply costs more for the motorist to buy.

A Labor Government will freeze the price of all locally produced crude oil for 12 months from next January 1. If this freeze had applied last year, petrol would already be cheaper by 23c a gallon, or more than 5c a litre.

Medical insurance is another area where government decisions have forced up inflation. Five years ago Mr Fraser promised to maintain Medibank. Instead, in a series of bewildering changes, he demolished the most important social welfare reform in the last 30 years.

A Labor Government is committed to restoring universal health insurance. It cannot be done immediately, but as a first step we announced 11 months ago we will extend free medical care in the next Budget to all expectant mothers and all dependant children.

Finally, in these six broad areas of family programs, is a policy we announced last May to give higher family allowances to those families who need them most. Family allowances have not increased for more than four years; they are now worth almost half their value when the scheme was introduced in 1976. Since then inflation has gone up well over 40%, while taxes have increased more than 90%.

Given the cost of our other programs, we cannot responsibly propose a general increase in family allowances. What we do propose is a sliding scale of income supplement payments ranging between \$1 and \$4 a week for each child for families with incomes up to a ceiling of \$14,000 a year, or \$270 a week. Lower-income families living on pay packets of less than \$155 a week will get the full benefit of an additional \$4 a week for each child.

In summary, these six programs will give a direct financial benefit of between \$10 and \$20 a week to the average family in our community. All programs will be brought

into operation in our first year of office. Legislation enacting the income-tax cut will be brought down in the New Year.

These programs are needed and they are necessary. We do not flinch from the additional cost of a maximum \$550 million they will impose on this year's Budget. It is a sum well within the limits of responsible economic management. I repeat: it is money well spent in returning some measure of justice to the living standards of all our people. It endorses a fair go for Australian families.

There is another policy area of relevance to family welfare and family development, and that is education. Our education policy — announced three months ago — reverses the cutback in education funding of the last three years. It commits a Labor government to increase its spending by \$100 million a year for each of the next three years in areas of education of the greatest need.

I repeat: in areas of education of the greatest need. That principle applies equally for government schools and non-government schools. We do not believe that money spent on the future of our country's children is money wasted.

I now want to say something about general welfare programs. What we can do immediately in the welfare area is enormously restricted by the extent of our other programs and what we can responsibly spend. The greatest service a Labor government can do for all Australians at this time is to restore a buoyant national economy. We have to get the economy moving and our people back into work. The whole thrust of our family programs is designed to do just this.

A healthy economy with strong economic growth will allow us in future years to give greater attention to broad welfare programs. But even in these restricted circumstances there are two welfare areas we consider of absolute need that cannot be overlooked.

We will extend the free pharmaceutical benefit to the unemployed at a cost of \$3.8 million; and we will, in the next Budget, index the means test on fringe benefits available to pensioners at a cost of some \$3 million. I would emphasise, in this context, the 200,000 pensioners who will be free from all income tax by the provisions of our proposed change to the tax-free zone. This will be of greatest benefit to many in our community in greatest need.

We remain committed to lifting pensions to 25% of average weekly earnings as and when economic circumstances permit. We achieved the objective in 1975; the national budget I brought down that year brought pensions up to 25.2% of average weekly earnings. It has now fallen back to 23.6%, and it will be our objective in government to regain for pensioners what they have lost under Mr Fraser.

Overall our programs will relieve much of the poverty in which two million Australians now exist under the policies of the Fraser Government. Australians have been forced into poverty not only by inadequate income — the high cost and difficulty of access to health services and rental housing are two of the greatest subsidiary causes of poverty. Our committed policies on rental housing, health, tax and income supplements will substantially help these people. They will have a real impact in an area of national disgrace in this rich country of ours.

I want now to set these family policies in a broader context of national policy. Again, there is little new or unfamiliar in what I have to say. Like our family policies, most of these other policies already have been released over the past year for public

scrutiny. What we have done is to act responsibly in releasing precise policies precisely costed well before the elections so the people of Australia can measure and assess them.

We have abandoned once and for all the old totem of a policy speech crammed with new promises and new spending programs just weeks before polling day. No one can say we have not taken the people into our confidence. I do not intend to repeat all our programs tonight, even in summary.

It is in the context of the viability and integrity of our programs that I restate the broad dimensions of our attitudes to national government. Before I do, there is one firm commitment I want to make on an issue of great sensitivity to the Prime Minister.

Two years ago, the Government purchased with taxpayers' funds two Boeing 707 aircraft for the Prime Minister's use on his numerous overseas travels. The all-up cost was some \$20 million, and they now cost \$7 million a year to maintain — an extravagance the Prime Minister has never sought to explain in the context of his Government's savage reductions in so many other areas of public spending. Those aircraft have since become a divisive symbol of Mr Fraser's gross self-indulgence at public expense, and his Government's double standards over the last five years.

We do not need them and we do not want them — a National Labor Government will sell them as soon as possible, and put the money to better use for the advantage of the Australian people. This is not a commitment I expect Mr Fraser to match in his campaign.

Earlier tonight I referred to the importance of national security to ensure that family life and community development can flourish in a secure environment. I restate now that a Hayden Labor Government has set for national defence over the next five years. However we will review the Five Year Defence Program to ensure that equipment programs are the most appropriate for this country un maintaining our national security.

We will not interfere with programs now under way, but we reserve the right to adjust the spending priorities of the present Government where we feel they are necessary. In particular, we want to make more money available for defence capital equipment.

We will also establish an independent judicial enquiry into the claims of Vietnam veterans for injuries from chemicals such as Agent Orange. And we will continue to totally oppose any pressures for the restoration of conscription, except where Australia is under direct military threat.

In foreign policy, we reject the principles of a Government which remains firmly committed to the vile regime of Pol Pot, the exterminator of Kampuchea. Those principles cannot be allowed to apply in the foreign policy considerations of an Australian national government.

More broadly, Australia is firmly allied with the United States as the result of the Labor Party's far-sighted attitudes 40 years ago. Our nation enjoys a high regard in the Third World, largely because of the efforts of Gough Whitlam's prime ministership eight years ago. We would use these relationships constructively and realistically in the constant pursuit of a more peaceful and stable world.

Our policies elsewhere deal with the broad rights and freedoms of all Australians no matter where they live or what they do. In the area of civil liberties, the case for a Bill of Human Rights in this country is overwhelming. We lack constitutional or legal

guarantees on fundamental rights of all sorts. We have guarantees on freedom of speech, freedom of the press, freedom of assembly or association, freedom of movement, freedom from arbitrary arrest, or even freedom of religion and conscience.

We have no guaranteed right to privacy, to be assumed innocent until proven guilty, to fair trial by jury, to equal protection of laws, to non-discrimination on the basis of race, colour, language and religion, or to own property and to hold public office. We don't even have the right to work — something the people of Australia have learnt a great deal about under the Fraser Government.

We intend, in our first term of office, to legislate a Bill of Human Rights, establishing and guaranteeing these fundamental freedoms essential to a democratic society. Similarly we intend to withdraw the Freedom of Information Act now before the Parliament and redraft it in its entirety. In its present form, it is a useless piece of legislation that guarantees freedom of nothing, let alone the right of citizens to freedom of information from the bureaucracy and the government.

Both these commitments — on human rights and freedom of information — testify to our continuing commitment to civil liberties. By the same token, our range of family policies reinforce our determination to eliminate disadvantage and to establish a more equal and fairer Australian society.

In this context, I could not fail to mention tonight the plight of our black Australians, even though my colleague Stuart West and I four months ago announced detailed policy commitments on Aboriginal welfare. The Aboriginal people of Australia remain the most disadvantaged, abused and ignored people in our community. The Fraser Government's response to this crisis has been cut to real spending on Aboriginal programs by \$35 million in four years.

Our programs are directed essentially to their three areas of greatest need: jobs, housing and health. We will implement them as a matter of greatest priority.

In the field of immigration our spokesman Moss Cass has announced a series of immigration and ethnic policies in recent months. There is only one other measure that I will announce tonight, and it will cost nothing.

A national Labor government will transfer responsibility for the administration of Australia's immigration program to the Department of Foreign Affairs. The present Department of Immigration will be reorganised and restructured as a Department of Ethnic Affairs with the sole function of looking after new settlers once they arrive in Australia.

As I said earlier, I do not intend tonight to catalogue the details of the various policy statements we have been releasing over the past year. They cover every facet of responsibility of national government and we shall be releasing a summary in a supplementary statement. At this stage, I only intend to deal with the new revenue-raising measures we will adopt in government.

We have three proposals to implement: a resource rent, or excess profits tax, on major resource development; the abolition of the present Government's investment allowance under which machines are replacing jobs; and the abolition of tax avoidance. All three measures, in a full year, will raise a minimum of \$1,000 million in revenue. The Government has operated the tax incentive of an investment allowance for the last five years; it has so far cost taxpayers \$1,600 million. Its abolition in our next Budget will mean a saving of \$250 million.

Only in those few cases where a company could demonstrate beyond doubt that abolition of the allowance would close off new job opportunities would an exemption apply.

The major arm of a Labor government's new revenue measures will be the removal of the cancer of tax avoidance by the very wealthy in our society. The present Government acknowledged in its last two Budgets that it lost \$600 million in identified tax-avoidance. Tax avoidance has increased 2,000% under the Fraser Government. It is now costing the Commonwealth \$1,000 million a year on the very best estimates available. And every dollar in tax which is avoided by the wealthy and the shrewd is an extra dollar which is rifled from ordinary wage and salary earners.

Pay-as-you-earn taxpayers now have to pay, on average, an extra \$4 a week in higher income tax simply to make up for the greed of tax avoiders. We intend to legislate against all identified avoidance schemes, including trusts, overseas tax havens, contrived internal superannuation schemes, transfer pricing by multinational companies, and the fringe benefits available to very senior company executives. Legislation would apply retrospectively against new schemes.

The introduction of retrospective legislation wiped out tax avoidance in Britain almost overnight. We have no doubt the same can be achieved in Australia. We estimate it will mean at least \$600 million additional revenue in 1981/82.

The second arm of our revenue-raising policy will be a resource rent tax on highly profitable resource-based projects. It will recoup for the benefit of the whole community a substantial part of the super profits generated in some areas of mining. The tax will be based on the cash flow of a project and will operate only after exploration, development and operating costs are recouped with a rate of interest set sufficiently high to make the investment attractive and to take account of inflation and risk factors.

It will not deter investment in exploration and mining, nor will it jeopardise marginal projects. The tax will be applied so that no profitable project would be made unprofitable by its imposition. Many other countries impose similar taxes, and it is important to recall that the present Government once supported such a tax. Ministers like Mr Anthony, Mr Lynch and Mr Viner are on the record as endorsing its imposition. We estimate that such a tax would raise at least \$100 million in its first year of operation.

No doubt in the remaining weeks of the campaign we shall continue to hear the Government scare-mongering against our policies with the old chestnut "Where is the money coming from?" We meet that question with complete confidence and without hesitation. Our proposals for the next three years represent the most reasonable, balanced, practical and carefully costed program ever put before the people.

At a time when Australians are paying the highest taxes in their history, we believe it is every bit as relevant to demand of Malcolm Fraser, "Where is the money going to?" The Coalition parties never seem to find any difficulty with cost in rushing out a whole new set of pork-barrelling promises, as Mr Fraser did last night in his apology for a policy speech.

The matter of cost is a matter of priorities. The Fraser Government is now spending more money than at any time in Australian. It is simply a question of how you spend that money, and how you use it to the best advantage of all Australians.

In conclusion, let me say that national politics during the last five years have been marked by the attitude widely held by many Australians that national leadership in our country has failed. The shabby conduct of the present Government in so many aspects of administration has not escaped the Australian people, and this has been reflected in massive disillusion with national government.

The intense feeling that Australian people have for their country has not been matched by the qualities of national leadership. To put it frankly, I do not believe the people have been given any reasons to feel proud of their government.

One of the tasks of the new Labor government will be to restore national pride by providing honest, creative and fair administration of the nation's affairs. That is our task and that is our challenge — to stop the rot, to arrest the decline, to restore unity and purpose, to raise the standard. It is a task which our policies take head-on. It is a task to which I dedicate myself tonight as Leader of the Australian Labor Party. It is the task we shall pursue in government after the 18th of October.”

Source: Compiled from the Canberra Times, 2 October 1980, p. 1-2 and The Age 2 October 1980, p.18-19.