Today I want to comment on three matters. The first concerns the use of Australian troops in Malaysia, the second the proposed State income tax and the third involves the Defence Act.

AUSTRALIAN TROOPS IN ACTION:

Indonesia has renewed her aggression against Malaysia, an additional fifty or sixty troops have infiltrated into the mainland of Malaya near Malacca, and Australian troops have been used in counter operations.

Many of these Indonesian infiltrators have come from regular units of the Indonesian Army. There had been some hope, after the Security Council vote and resolution in the United Nations, that Indonesian attempts to destroy Malaysia might soften to some extent.

Quite frankly, I had never shared these hopes. People must ask themselves the question as to whether Malaysia, the United Kingdom and Australia can continue merely to respond to Indonesian aggression in some defensive manner. If this must be the case, Malaysia and her friends will have to look forward to many years of very heavy expense while Indonesia would be able to look forward to a continual and cheap means of disturbing and challenging the integrity of Malaysia.

Indonesia should not be surprised if her aggression continues if some of her bases from which these troops are sent and trained are attacked in turn.

Every other means to bring some sense to this country appears to have failed and, as a result, some firmer tactics may have to be tried.
STATE INCOME TAX:

Last week the Prime Minister announced that the Commonwealth was unable to meet the Victorian Government's request to collect an income tax imposed by the State of Victoria.

The Prime Minister pointed out that the Victorian proposal did not merely concern the Commonwealth and Victoria but involved, in reality, the Commonwealth and all the States. The Prime Minister stated that the Commonwealth would maintain the principle that the Commonwealth could only deal with all the States as a whole on matters of this kind. He said that if Victoria or any other State sought to raise this principle again at the Premiers' Conference the Commonwealth would, of course, be very happy to discuss it with them.

Although from time to time the Commonwealth had made some effort to provide a greater taxing field for the States, the Prime Minister indicated that uniform taxation could only be abandoned if three general principles were satisfied.

Firstly, if all States were satisfied as to the outcome. Secondly, if any proposed alterations maintained a balance and equity between taxpayers and, thirdly, if the proposed alterations maintained the proper financial relationship between the Commonwealth and the various States.

This matter, of course, has always had a stormy history because the financially weak States like Queensland and Western Australia suffered greatly before uniform taxation was introduced.

It would be a pretty reasonable bet that uniform taxation will remain and that the States will not introduce their own income tax.
Important changes were also made to the Defence Forces in this last week. Bills were introduced giving effect to decisions announced by the Minister for Defence during the winter. They concerned the terms and conditions under which the C.M.F. and a new Emergency Reserve for the three Services could be called up for service.

As the position stands at the moment, the only Army force that can be used outside Australia is the A.R.A. of about 24,000. Although members of the C.M.F. volunteer for service abroad, they could only be called up if a condition of general war prevailed, as defined in the Defence Act.

Under the present circumstances, it is unlikely that general war will break out, but it is quite possible that Australia could be involved in limited wars on more than one front in south-east Asia or in Malaysia.

The recent deployment of Australian troops against Indonesian infiltrators only serves to emphasise this. If we were so involved, under the present provisions of the Defence Act, the only Army Forces that could be used to help fill Australia's commitments and support our friends would be the A.R.A. Under the alterations that have been introduced, the C.M.F. and the new Reserve could also be used.

The new provisions will work in this way. As a first step, the Australian Regular Army is available at all times. Secondly, a new Emergency Reserve for each of these services will be established and people who volunteer for these Reserves will be liable for periods of continuous service at home or overseas up to twelve months at any one time. However, if a position of defence emergency arose, the Governor-General would make a proclamation to that effect. As a result, members of the Emergency Reserve would be liable for continuous duty beyond a twelve month period for the duration of the emergency. In addition, the regular Army, Navy and Air Force Reserves could be called up, as could the C.M.F. If the C.M.F. were called up, the reasons for the call-up would have to be related to the Parliament.

Since the C.M.F. is numerically about the same size or a little larger than the Army, it is easy to see that this new legislation will make it possible for Australia to have much larger forces available if any emergency does arise.

Since all members of the C.M.F. have volunteered under the conditions which existed before this legislation was introduced they will, of course, be given an opportunity to re-assess their position to see whether they wish to remain in the C.M.F. under the new conditions.

The Government believes that this measure may indeed provide some stimulus for the C.M.F. because it will be plain, under the legislation, that its members will be able to take a more effective part in the defence of Australia.

The Bill safeguards the employment position of members of the C.M.F. or of the Emergency Reserve who may be called up for continuous service, and this is, of course, of vital importance in maintaining the ability of these two Arms of the Service to attract volunteers.
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Fraser, Malcolm

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