



PRIME MINISTER

FOR MEDIA

THURSDAY 24 APRIL 1980

ADDRESS TO THE COMBINED ELECTORATES DINNER

Thank you for your welcome. It is good to be back amongst you; amongst people who have worked hard in the past in the successful support of the Liberal Party. I know that in what you have done you have been driven by a commitment, not just to individuals but also to ideals.

They are ideals which find their political expression in our philosophy of liberalism - ideals which are active through our political beliefs and our political behaviour.

They are active:

- . through our commitment to the individual and our faith in his initiative and his willingness to accept responsibility
- . through our care and concern for those in genuine need
- . through our belief in the rule of law as the best means of securing our freedom.
- . through our dedication to economic growth, high productivity and efficient services achieved through freedom and competition in our enterprises.

And liberalism, through its determination that economic power should not be concentrated in Government, but dispersed throughout the community, offers individuals a chance to work out their own futures in their own way.

It is our dedication to these ideals which enables individuals to live in an orderly and law-abiding society, free to choose, to save and to invest; free to be ambitious, independent and industrious; and free to take risks, seek rewards and make profit.

These freedoms will underwrite our prosperity in the decade ahead.

But because we can never secure them for all time, we must work to achieve a greater public involvement in our efforts to protect them.

We can always do more to recruit people from the political sidelines; get them on our side; pick them on our team; and carry them with us on to the political battlefield.

And there, in the decades ahead, the sure victory of liberalism over socialism awaits those who are committed enough and conscientious enough to work for it.

Indeed, our achievements of the last four years have already provided us with a platform for progress in the 80s.

They have been won against a difficult inheritance following three Labor years of economic and investment decay.

And in spite of an increasingly difficult international economic situation, we can confidently look forward to a decade of new opportunities and expanded development.

But success is rarely accidental.

It derives from a plan and a conviction; and a capacity to carry both of these through.

For four years, we have waged a successful fight against inflation induced by the Labor Party.

Not only did we face a state of high recorded inflation, but also Labor had fed a state of inflation in public expectations about what government could provide.

Yet in what one newspaper article this week called "desperate measures", the Labor Party continues to promise an expanded role for government, a role which promises wider and more extravagant government spending programmes.

This kind of behaviour would only plant the psychology of inflation deeply within the nation.

Any society that does not attack the causes of inflation is little better than a society that fails to respond to systematic breaches of the law.

For inflation robs people of their freedom and their security.

To restore these to individual Australians, when we came to office we began to use all the economic weapons at our disposal to attack inflation; restraint in public expenditure, reduction of the budget deficit, responsible monetary policies and increasing resistance to excessive wage increases.

As a result, we enter the 80s with an inflation rate of 10½ per cent - highly favourable compared with that in the USA of over 14 per cent and in the UK of over 19 per cent.

Because of our economic strength, we have been able to lessen the impact of overseas developments on our economy at a time when inflation and interest rates have been rising rapidly overseas.

Contributing to our economic strength has been our ability in the last three years to reduce the rate of growth in Commonwealth budget outlays to virtually zero in real terms.

Yet in the three years under Labor they averaged an annual growth rate of over 10 per cent.

Obviously to accommodate this, taxes went up and as the Labor Government grabbed more and more of the national wealth, individuals suffered, industry was squeezed and investment dried up, as inevitably it must.

That is why, since we came to government, we have sought to transfer economic power and decision making to individuals, and the private sector has responded magnificently.

Now, as we enter the 80s, Australia can look forward with optimism to new levels of investment activity and economic growth.

And without economic growth, no government can properly provide the standard of living to which citizens aspire.

Without economic growth we cannot provide job opportunities and welfare programmes to those in need.

Without economic growth, progress towards one goal can only be achieved by impoverishing something or someone else.

One of our major claims to government in the 80s is our capacity to offer economic responsibility in the context of controlled inflation.

This claim is well-founded with inflation two percentage points below the average of OECD countries; and growth in non-farm GDP expected to be 3 per cent or better for the current financial year. Most importantly, our growth has come largely from our increased competitiveness.

In the year ended December 1979, the value of our total exports was 33 per cent above the level of the previous twelve months.

And the value of our manufactured exports increased by even more - 38 per cent.

Inevitably, these trends have contributed to our improved employment position.

While unemployment remains too high, total employment in the year to February 1980 rose by over 155,000.

These are significant advances and they have been achieved in spite of difficult international problems.

There is no doubt that the international scene has been complicated by the instability in the Middle East and the massive escalation in oil prices.

But these developments only serve to remind us of the real opportunities that exist in Australia as a result of the changes in the world economic and energy order.

What we are facing in Australia is not the kind of crisis that is facing some industrialised countries as a result of energy shortages.

Rather, we are facing a decade of opportunity.

And it is an opportunity that Australia is uniquely placed to meet.

Already, we are one of the few net energy exporters among OECD countries.

We possess substantial reserves of uranium and black and brown coal.

We have significant reserves of liquid petroleum gas and natural gas.

And the possibilities for alternative sources of oil from shale and coal liquefaction demonstrate that in a world increasingly short of energy supplies, Australia occupies a privileged position.

The Government's role in response to this privilege is designed to achieve three objectives:

Greater exploration and development of all our energy resources.

Conservation of our scarce energy resources, and greater use of alternatives to our present oil supplies.

This total strategy can only be properly served by forward-looking policies of government which set the climate in which these objectives can be achieved.

The key element in our strategy is our oil parity pricing policy, which is already contributing significantly to meeting these objectives.

It represents the Government's determination, in the light of the changing international energy situation to secure, in the short term and in the long term, adequate supplies of local fuel.

Far from being a problem for Australia's energy users, our oil parity pricing system is, in fact, the long term solution to their needs.

It is calculated deception to talk of cheaper petrol when the end result of such a practice would be no petrol at all.

Our oil pricing policy will ensure a better energy base for all our industries and a more secure future for all Australians.

It is a policy which is being pursued by all but one or two countries throughout the world.

Yet our political opponents pretend to the electorate a sense of indignation that the Government has pursued this course.

Behind the pretence is a desire to create in the public mind the fact that the Labor Party could provide cheaper petrol.

They cannot and they will not.

Mr. Keating has made it quite clear that his proposals for the taxation of oil revenues will not mean cheaper petrol.

What Labor does admit is that it will impose a resources tax to replace the present oil levy.

And in Mr. Keating's own words, the motorist will be no better off

In February this year, he said:

"The debate about the resources taxes doesn't matter much to the motorist at all. What does matter is if, over time, the resources tax collects more than the levy - and I expect it will".

By placing a penal tax on the oil industry which would raise more money than the levy, there could be no chance of cheaper petrol for the motorist.

In fact, such a tax would kill off investment in oil exploration and development, reduce our self-sufficiency and make us beggars for fuel on the international market.

There, we would not be paying, as we are today, the lowest world price for crude oil.

Rather, we would be forced on to the spot market where we would have to pay the kind of prices that take advantage of limited supply and unlimited demand.

We have a responsibility to the next generation of Australians and to Australia's energy future to see that this does not occur.

What is not generally understood is that even with parity pricing for oil, the price of super grade petrol in Australia at 32-33 cents a litre is amongst the cheapest in the Western world; on a par with the USA and comparing more than favourably with New Zealand at 43 cents a litre; Germany at 59 cents; the UK at 61 cents; Japan at 62; the Netherlands at 67; Italy at 72 and France at 75 cents a litre.

Our fuel prices, relative to those throughout the world, place us in a more privileged position than we sometimes imagine.

That is why all industry which is heavily dependent on increasingly scarce local fuels, should take note of a recent observation, in relation to Labor's oil pricing policy, by the Vice-Chairman of the Australian Petroleum Exploration Association when he said:

"We hope the Opposition clearly understands that the industry's current assessment of what we deduce from their resource tax scheme is quite negative, and in the event of their coming to power, an unacceptable base on which to continue exploring".

This is a clear warning that our increasing energy self-sufficiency and the momentum to national development would be in severe jeopardy under Labor.

There is too much at stake for us to allow this to happen.

The last four years have seen a welcome resurgence in investment activity.

Expenditure on exploration has gradually risen in response to Government incentives and improved economic health.

In 1979 it totalled \$228 million and in the first half of 1980 is estimated at \$170 million.

Further, it is estimated that total expenditure on exploration and development will exceed \$500 million in 1980.

The recent announcement by Esso/BHP that development expenditure in the Bass Strait will exceed one billion dollars over four years, is a striking illustration of the revived confidence in Australia's oil exploration and development industry.

And that confidence is burgeoning in other energy related industries.

Overseas investors are increasingly being attracted to Australia by the prospect of abundant supplies of electricity based on our large reserves of easily mined coal.

These supplies are available in Australia at very competitive rates.

Their production costs are considerably lower than power prices in other developed countries; much less than those in Japan; and cheaper than power costs from new generating plants in the USA.

This advantage is already evidenced by the level of investment in the bauxite, alumina and aluminium industries which require massive inputs of electricity.

\$4.5 billion of projects are either under construction in these industries or about to go.

All of these are expected to be completed by the mid-80s.

As well as this, a further \$6 billion worth of projects in the aluminium industry are seeking an investment home in Australia.

Such initiatives demonstrate some of the new resource based development opportunities that are now available to investors.

And there are others.

As well as the use of coal in the provision of cheap electricity, Australia will benefit in the 80s from the increasing export potential available through our abundant coal reserves.

The international energy agency estimates that Australia's annual coal exports will rise from 38 to 200 million tonnes by the year 2000.

This kind of expanded development in the utilisation of our natural resources means that with the right policies and aggressive management, the decade ahead looms as one of promise.

Yet the new energy-related development in Australia is only part of the story.

Most recent figures indicate that almost 17 billion dollars worth of mining and manufacturing projects are about to go ahead in Australia, or are in the final stages of preparation.

And even these figures, if anything, understate the likely expenditure on energy exploration and development in Bass Strait and the North-West shelf and do not include the giant Rundle shale oil project in Queensland.

What all this means is that Australia is already very much on the go in the 80s.

Profitability has increased and confidence has returned to the national economy.

And to secure a confident and aggressive private sector working within a responsive economic environment is a central objective of our policy determinations.

But it is not the sole objective of our policy initiatives.

Rather, it is a means by which other goals are more easily achieved.

For the end result of all that we are doing, is the well-being of individual Australians.

In moves directed to the well-being of Australian families and Australians in need, the Government has initiated beneficial reforms over the last four years.

We have introduced family allowances designed to help low income families.

By July 1, the spouse rebate will have increased from \$400 to \$800 during our term of office.

The sole parent rebate has risen from \$200 to \$560 in the last four years, and in this period we extended the supporting parents' benefit to include supporting fathers.

This is very substantial assistance to single income families.

Further, soon after we came to office, we acted upon our commitment to the needs of handicapped children by increasing the handicapped child's allowance by 50 per cent.

But even then it was only paid to the severely handicapped.

In 1977, we widened the eligibility for the allowance to include substantially handicapped children whose family income is low.

And in recognition of the special needs of handicapped students, in 1978, we extended the allowance to cover students over 16 and under 25 who are not in receipt of an invalid pension.

The Government, along with individuals, accepts a responsibility to see that there is dignity for people in old age.

In significant moves designed to achieve this, the Government has replaced the complex means test for aged pensions with an easily understandable income test; and, in the last four years has approved the building of over 500 self-contained hostel and nursing home projects for the aged and disabled.

It is a necessary concomitant of our improved economic health that we are able to provide these benefits to those in need, while at the same time improving the capacity of individual Australians to provide for themselves.

The most important reform in this regard has been our modification and simplification of the taxation structure.

A number of times, we have increased the tax-free income which may be earned before tax first becomes payable by individuals or families.

In this way, approximately 500,000 Australians have been exempted from paying tax on their income.

The announcements by the Treasurer last month mean that a further 50,000 Australians will be relieved from paying any tax.

Just as significantly, the Government has cut marginal tax rates with the result that 90 per cent of Australian taxpayers are now paying tax at the lowest marginal rate.

Because of this reform, a majority of taxpayers are able to increase their income through overtime or part-time work without moving into a higher tax bracket.

These reforms are consistent with our commitment to lowering taxes.

It is a commitment which is not shared by our political opponents.

Indeed, the Leader of the Opposition last year expressed the view that,

"the challenge to traditional democratic socialism...is the rapid spread of philosophies based on lower taxes and smaller government".

Such a condemnation of our low tax and smaller government philosophy is shared by Labor's Spokesman on Economic Affairs who acknowledged in June, 1978, that his Labor Party faced,

"a mammoth task in rebuilding the public sector and maybe an equally mammoth task in convincing the electorate that it should pay a higher level of tax to enable us to do so".

But our political opponents are not daunted by the task of raising revenue through higher taxation from the Australian community.

In December last year, Mr. Hayden when reminding us that his revenue raising programmes were "somewhat more radical than had been outlined up to 1972" warned us about our taxation future under Labor when he said:

"...I have committed my organisation to a capital gains tax, a resource rental tax, a levy on domestic oil producers, a number of initiatives in the tax area and other measures of that nature..."

In what constitutes an elaboration of the "other measures" the Opposition's Spokesman on Economic Affairs has said that it is "wrong" that we do not have "some form of tax on capital, be it death duties, capital gains tax, wealth tax or perhaps some kind of combination of those, or all three".

It is our responsibility to make sure that these taxation threats are understood by all Australians.

For they would sound the death knell of enterprise and economic freedom.

Especially when the commitment to higher taxation is complemented by a commitment to an extravagant extension of centralised government with no regard for the consequences this would have on the economy.

Indeed, the Adelaide Conference of the ALP last year ended with no anti-inflationary policy but with a total commitment to massive additional expenditure.

And the same Conference bound a future Labor Party to the establishment of more than thirty different councils and statutory authorities as well as more than a dozen forms of government intervention.

Such extravagances would involve the use of taxpayers' money to do what private enterprise ought to be doing.

As a consequence, by government favouritism for their own enterprises, the Government would jeopardise the existence of private enterprise.

This particularly applies in the sensitive area of resource and energy exploration and development.

As well as this, Labor has grandiose plans for expanded programmes which they would administer through existing structures.

They have already announced a "make-work" scheme estimated to cost taxpayers \$1,000 million in spite of the fact that overseas experience has shown that such programmes do not add to employment but merely impose an additional burden on taxpayers.

In housing and health they have committed themselves, on the most conservative estimate, to expenditure of no less than \$500 million.

If amounts of money of this kind existed to be spent, would the public willingly let it be wasted on resurrected, re-named Labor failures.

Some of these schemes were abandoned by Labor in the 70s.

Re-cycled again under a new name, they would fail again.

But the increasing intensity of the ALP's drive to centralising political and economic power in Canberra would perhaps surprise Victorians least of all.

Because such a goal to centralise power is essential to the achievement by the socialist left of its grand plan.

And up until recently, Victoria has been the home of the socialist left.

Indeed, one Labor M.P. in Victoria was quoted in the Melbourne Age recently as saying:

"As it is, the socialist left has a big say in most other functions of the Party. They control the Party's newspaper "Labor Star". They run the head office. They run the weekly radio programme on 3KZ and the Party's Administrative Committee. If they get any more control, there won't be anything left for anyone else".

This lament is now echoed throughout Australia.

And as a Bulletin article of March 11 said:

"Mr. Hayden has done more for the socialist left than they could have ever managed for themselves".

The wages policy that he steered through the ALP Conference, was partly instigated by Mr. Roulston, praised by Mr. Hartley, and opposed by Mr. Hawke as "a gutless sell-out to the Left".

Further, Mr. Hayden -

- . intervened in the Queensland Branch of the ALP, handing the balance of power over to the socialist left;
- . and dumped Dr. Klugman after Mr. Hayden had criticised him for being too concerned about communism.

And the socialist left, in control of the Labor Party in Tasmania, recently dumped the National President of the Party and Deputy Premier, from a respectable position on the Labor "How to Vote" ticket.

Presumably, through all this, Mr. Hayden is sustained by Mr. Hartley's agreement, as recently as yesterday, that Mr. Hayden is "the best Labor leader for the socialist left..."

The pernicious spread of left wing socialist philosophy into the recesses of the Labor organisation is most manifest in the Opposition's response to the Soviet invasion of Afghanistan and its subsequent inertia in support of the Government's condemnation of the Soviet Union.

Senator Georges, whom Mr. Hayden personally appointed to act as his proxy at the Queensland ALP State Conference has argued that:

"There is more dignity and morality in the Soviet Union than there is in our own society and in many Western societies".

And carrying this threatening comment to the bizarre he argued,

"Culturally, (the Soviets) have achieved more and no doubt physically they have achieved more than most countries and possibly that is the basis of our objection to the Olympic Games".

It is no wonder a journalist in the Melbourne Age only a week ago was prompted to remark that

"...some aspects of Labor policy as presented by senior spokesmen are remarkably similar to those of one or other of the Australian Communist groupings".

Mr. Hayden has moved from a position of commendable purpose in mid-January when he argued that,

"an effective boycott of the Moscow Olympics undoubtedly would be a major psychological weapon employed against the Soviet Union",

To a position today of failing to act upon this conviction; of failing to do anything to secure an effective boycott.

At a time when there is a new and significant opportunity for the free world to indicate that there is some bread we will not break with the perpetrators of murder in Afghanistan, the ALP, almost alone amongst major world political parties, demonstrates that it is prepared to stand morality and the cause of humanity on its head.

The attempts of the ALP to divide Australia from its allies; and to destroy the collective efforts we must make to contain naked aggression and preserve national and individual freedom; these attempts will fail, as they should, and those who have espoused them will fail with them.

The 1980s have already presented us with new and testing challenges.

These challenges serve to remind us that in spite of our natural and human resources and the great freedoms we enjoy, we need to do more than just rely on remaining a lucky country.

The fact that we cannot rely on luck is well-evidenced by Labor's past record of Government and the catalogue of its existing promises.

This must challenge us to pursue, in what-ever we do, individual, economic and national success.

Let us work together towards that success and the making of a better Australia.-

Let us not baulk in the face of struggles; because struggles in life give us strength.

As a famous American poet said,

"It takes fight for principles to make fortitude; it takes crisis to give courage and singleness of purpose to reach an objective".

What better text can there be for our nation to meet the challenges and accept the opportunities of the decade ahead.