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PRIME MINISTER

FOR MEDIA

WEDNESDAY, MAY 20 1981

ADDRESS TO THE REGIONAL DAILIES CONFERENCE

(TOWNSVILLE)

I am delighted to be with you this evening. It is reassuring to know that regional newspapers are flourishing, and encouraging that your member newspapers have increased their overall circulation by 22 per cent between 1970 and 1980.

There is no substitute for the local paper in reporting the affairs of municipal and shire governments, or for reporting local events, which often affect people very directly indeed.

As a farmer and Member for a country electorate, I have always appreciated the value of regional newspapers. The Hamilton Spectator has never been the last newspaper I select from the bundle which arrives at Nareen. Often enough, it is the first.

Too often the trend these days is towards centralisation rather than diversification. It is easy to forget that nearly one third of the Australian people live in widely scattered and smaller communities, and the metropolitan dailies cannot respond to the legitimate needs of those outside our largest cities.

Regional dailies are ideally placed to bring to their areas the latest national and international news, and at the same time, to promote local pride and community spirit. It is through the fostering of such an identity that a community's political institutions tend to function more democratically. There can be no substitute for an informed and interested community. The Regional Dailies should be among the beneficiaries of the new stage of growth and development which Australia is now entering. We are seeing a strengthening around Australia of a number of regions in response to Australian and world demand for energy and resources.

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Several major projects underway in various regions of Queensland provide outstanding examples: the open-cut mine at German Creek - \$400 million; the Collinsville/Newlands coal project and associated rail and port facilities - \$460 million; the Mount Isa lead, zinc and silver mine at Hilton - \$100 million; the Gladstone aluminium smelter - \$600 million; and the proposed refinery expansion - \$300 million. And the same story is being repeated throughout Australia.

This development is the clear result of the efforts made since 1975 to restore health and vigour to private enterprise in Australia. We are now seeing the results of policies which have been guided by the philosophy that the most important thing that government can do is to create the conditions in which individuals and business can save, plan ahead and be rewarded for their efforts.

We have totally rejected the view that all wisdom resides in government. The future of Australia is, in our view, best secured when private enterprise has the resources to undertake commercially viable developments, and government must make room for this to happen.

We have tried to make sure that the scarce finance which private enterprise needs to expand is not directed into unproductive and non-commercial directions. This has involved the most rigorous restraint on government spending, and a strategy designed to reduce the government bureaucracy and cut out unnecessary regulation. This approach is sometimes referred to as a 'smaller government' approach.

In many ways, this term is apt. After the growth of the number of Commonwealth Government employees by 52,000 in the 1972-75 period, we have cut back the number of Commonwealth public servants under staff ceilings by 10,000 since 1975 and as a result of the recommendations of the Committee of Review chaired by Sir Phillip Lynch, the number is expected to be further reduced by around 16,000 to 17,000 over the next two years.

In relation to spending, again we have actually reduced the share of the nation's resources spent each year through the Commonwealth budget. Under the previous government, the Commonwealth budget increased its claims on Australian resources from 23.8% to 30.1%. We have cut this proportion back to 27.9%. Continued expenditure restraint, and economic growth will enable us to cut this back still further.

We are also cutting back substantially on unnecessary regulation, and important decisions have been made here in banking and finance, the airlines and through the abolition of the Prices Justification Tribunal. These decisions mean more streamlined government, a government better fitted to help Australia take advantage of the opportunities of the eighties and beyond. By becoming less intrusive and demanding, government is again playing a more constructive role in helping Australia.

The benefits are already evident in higher economic growth, more jobs, lower inflation, higher real incomes, and a consequent ability to do more to help those in our community who really need help. Cutting back on government spending also holds out the prospect of genuine tax relief. Expenditure restraint and economic growth is, in fact, the only responsible way to reduce the tax burden.

I want to dwell on this point, for the philosophy of this government has benefited the Australian taxpayer more than people say. We have made several major adjustments to tax thresholds through indexation. And the tax cut which will take effect from 1 July will put \$500 million into taxpayers pockets. This decision represents only the latest of a large number of tax initiatives undertaken by the Government. We have simplified the tax scale so that there are now only three marginal steps instead of seven, and the marginal tax rate for the taxpayer on average weekly earnings has come down from 44% in 1974/75 to 32% today. We have raised the threshold below which no tax is paid from \$2,518 to \$4,041 since 1975/76, and half indexation next year will increase it further. We have doubled the rebate for spouses, and increased the sole parent rebate nearly three-fold. Gift and estate duties have been abolished. Sales tax on motor vehicles has been reduced. Investment allowances have been introduced, and retention allowances for private companies have been increased.

In the three budgets under the previous government, the tax receipts of the Commonwealth Government grew by over 10% per annum in real terms. We were resolved to stop this rate of growth. And thus far, in the five budgets since 1975, we have cut it back to 3% per annum in real terms.

We could have cut it further back had it not been for the high priority we have given to reducing the deficit to make room for private sector activity. Responsible deficits have to be funded and our aim has been to reduce year by year this burden of government borrowing on capital markets.

We have done this for obvious reasons. Making room for private sector growth has been an absolutely central element in our plan to bring unemployment down by promoting economic growth. While bearing down on tax levels to the maximum extent that responsible public financing permitted, we have seen it as quite central that the growth and employment generated by private enterprise should once more be made possible.

In our budgetting this year, the objective of making room for private sector growth will remain central. Indeed, it might be seen as even more important this year because of the very success of our policies in stimulating private sector growth. We want this growth to strengthen. This means increased vigilance to make sure that the claims of governments on financial resources through borrowing programmes are kept within reasonable bounds.

This is a matter that the Treasurer and I will be discussing with the Premiers in June. It bears particularly on the infrastructure programmes the Commonwealth and the States have developed since 1978. The main projects to have received approval under the programme in its early years have included new electricity generation capacity necessary for the continued development of Australian industry, new efficient port facilities for loading coal for export markets, and other projects supporting resource development.

On current estimates - without allowing for inflation - all projects currently approved under the programme would require over \$4,000 million to be sought from the capital market before the end of the decade. In addition to approved projects, there are also a number of new proposals. Some of these are substantial. They are mainly for accelerated increases in electricity supply capacity, and would require an additional \$4.6 billion borrowing under the infrastructure programme.

The Commonwealth supported the creation of this programme as making an important contribution to the revival of economic activity in Australia, and as making an important contribution to the promotion of resource development, particularly in decentralised areas.

Indeed, the Commonwealth itself sought and received approval for two small projects requiring borrowings of \$132 million. But the pace of private enterprise has responded exceptionally strongly to government policies, and there is now a real danger that the demand for funds by governments for their projects may squeeze out private enterprise. There is no doubt that if all the States' requests were met in full the implications for interest rates, capital markets, and private enterprise would be serious indeed.

I am sure the States themselves are conscious that there must be an upper limit to public borrowings. The Commonwealth has asked the State Premiers to co-operate in examining these programmes to enable pressure to be taken off the capital market. We are all concerned with the possible consequences for housing and small business.

I am confident that Australia is now embarking on a magnificent new stage of growth and development. And the regional dailies will be there to report it - with increasing circulations I have no doubt. - And with increasing use of the latest technology.

It is most appropriate that this forty-fifth annual conference is being held in Townsville for, speaking of the long association of the dailies with their regions, it would be difficult to find a more determined advocate than the Townsville Daily Bulletin. In this its centenary year the Bulletin is continuing its policy of strong-minded independence and community concern which has characterised its association with North Queensland. Its resolute support for the development of the North has struck a resounding chord with all North Queenslanders and with many Australians.

I believe the challenges facing the newspaper industry in the 1980s are immense. However, I am equally confident that the Regional Dailies have both the capacity and willingness to respond to those challenges.

I extend my best wishes for the future of the Regional Dailies of Australia and for the Townsville Daily Bulletin in its centenary year.

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