



PRIME MINISTER

FOR MEDIA

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SPEECH TO THE "LIBERALISE NEW SOUTH WALES" LUNCHEON

In times of world uncertainty and economic challenge, people want to know what a party stands for, the faith it lives by, and the direction of its policies. People want dedication and effectiveness from Government. I don't want glossy facades, or running away from facts. This makes the campaign to "Liberalise New South Wales" all the more important, all the more relevant and it is certainly very timely indeed, for it will carry the message of what we are doing and where we are going.

Our task as the Liberal Party is to keep building a great and prosperous Australia, to encourage pride in Australia and confidence among Australians, to increase opportunities so people can create the way of life they want for themselves. When we look at Australia's present position and prospects, there are two things that stand out, the strengths of our economy, and the damage that sections or groups sometimes do to Australia. When we understand the real strengths of the Australian economy, our initiative and enterprise, our abundant resources, our capacity to find export markets for our products, our investment, the growth in this economy, it is impossible to understand how the unbalanced stories of total gloom that we have read in recent weeks or months ever get written, ever found their way into any part of the media.

Our greatest strength of all, the one which underpins all the rest, is the capacity of Australians to keep building Australia up, and the capacity of Liberal Governments to provide the conditions in which they can do so. Building Australia up has always come high indeed on the Liberal Party's agenda, and it always will. Over three decades of Liberal government the living standards of Australian families have more than doubled. and the lifestyle of the average Australian family today bears no comparison with that of 30 or 40 years ago. It is not governments that have done this, it is the capacity, the energies of Australians in every part of this country, but it is Liberal governments for the most part that have established the policies that have made it possible and that have unleashed the energies and imaginations of Australians. None of this of course happens by chance, it has happened because we have given people room to strive for their desires, room to use their initiative. It has happened because we have encouraged achievement and excellence. As a result people throughout this nation have energy and ability to keep building Australia and that is the real key to all our strengths.

Through the initiative and enterprise of Australian people, we have built a strong manufacturing base; we have efficient primary industry; we have developed the resources; including

the abundant energy resources, that we have had the good fortune to be given, and we have developed the export markets that are so important to our continuing growth and prosperity. Through the policies we have applied for the last six years we have created growth substantially in excess of the average among our major trading partners. Would there be anyone here who would trade the policies of this Government and the achievements of Australia over the last six years for the policies or the achievements of any other advanced industrial country anywhere in the world? Private enterprise under our policies has created hundreds of new jobs when in some other countries, in the United Kingdom, in Germany and in France employment has actually declined. You would have seen the reports in at least one of the journals this morning, indicating a very significant down turn in the United States economy.

Above all, we have business investment which last year grew at its strongest rate for 30 years, and which is continuing strongly this year, not only in the mining industry but throughout the Australian economy. The absurd talk of recent days about the investment upsurge petering out totally overlooks the fact that new investment in this country continues at a high level, while it is stagnant or declining in other countries. Ongoing investment is the lifeblood of Australia's future prosperity. It is keeping us growing, if more slowly than we would have liked, and it has provided the new plant, the new factories, the mines, the smelters that we need to take full advantage of any recovery in world trade. When there is an upturn, as one day, one month there must be in the United States and in Europe, Australia as a result of the investment that has taken place will be better placed than any other country around the world to take advantage of that upturn.

While investment is strong as it is, there is underlying strength in the economy, there is confidence in the future and a basis for ongoing growth and improvements in the living standards of Australian families. It is economic growth. The real income increases that growth makes possible, that do far more to raise general living standards than any tax cut or public spending program can ever do and I hope no journalist turns that around into a headline that says Fraser says never a tax cut ever again. Well it would be quite possible and not necessarily much worse than some of the things that have happened.

While investment is strong, as it is there is underlying strength in the economy; there is confidence in the future; there is a basis for ongoing growth. And it is economic growth, and real income increases that it makes possible, that do far more to raise general living standards than any tax cut or public spending program can ever do.

But while our continuing investment, our continuing growth, indeed all of our strengths, are a source of satisfaction and confidence Australians have also exhibited a remarkable capacity to do damage to Australia, to Australian prospects and Australian prosperity.

Through strikes, needless disputes, and unrealistic wage demands, through bad planning and mismanagement, through failures to realistically assess Australia's situation, and through the attitudes brought to so many aspects of our activities, many people undermine the advantages we have, not intentionally, and maybe unwittingly, but nevertheless it happens.

Domestic wage and price pressures, industrial disruption, and the sheer mismanagement of some state governments, constitute a serious threat to our competitiveness and our growth. The worst of it is that the effects of these domestic factors will not simply fade away with the passage of time. For our costs and prices are being pushed up at the very time costs and prices are falling among our trade competitors,

and albeit falling because there is very severe recession and because of much higher unemployment than there is here, working people in the United States and in some places in Europe have been accepting real reductions in their wages. They would sooner that in the hope that they could keep jobs and sell American and European goods. And, at the same as the world overseas is becoming more competitive,

our reputation as a reliable supplier to overseas markets is being undermined by supply constraints and industrial disputes.

The case of coal exports from New South Wales provides a particularly disturbing example. This great industry has been plagued by strikes and stoppages. One strike by the miners led

Mr Wran to concede a \$63 per week wage rise, which has obviously flowed through the whole industry, about \$120 a week with overtime and other benefits that are built in, added on and that adds up to about \$4 a tonne to production costs. How hard our exporters have to fight sometimes to negotiate a price increase from purchasers overseas of an equivalent \$4. In present world circumstances it is not easy to achieve that.

This comes on top of a chaotic situation in the ports where most ships have experienced great delays, 36 days has been normal in Newcastle, and 90 days is not unknown, partly due to strikes and partly due to poor planning of port facilities.

The chronic shortage of coal loading capacity in New South Wales ports arises directly from mismanagement of the Government, for it has delayed a decision whether to construct a new loader in Botany Bay, eventually decided to expand capacity at Port Kembla instead and to upgrade the Balmain loader as a transitional arrangement, but fell two years behind in meeting that commitment, hardly an example of good management.

As a result, companies which had made contractual arrangements in the expectation that capacity would be in place, find themselves with delays and congestion, unable to deliver. This has led to the absurd situation of self-imposed quotas on our own exports of coal. We grumble enough when we get quotas against our products into markets in Europe, Japan or the United States, but this is a quota placed on our export as a result of bungle and mismanagement and should never have occurred. There is not the slightest excuse for it, in any sense at all. The cost of the delays to ships in New South Wales was estimated at \$60 million last year, and export shortfalls have occurred worth nearly \$200 million in export earnings. Quite plainly, when people contract to deliver coal to a power authority in January and it does not get delivered until April, Australia's reputation is severely damaged. That reputation is not just restricted to coal, it tends to flow through to other aspects of Australian life.

It is worth I think, making a comparison of what has happened in the same industry in Queensland, because there ships rarely have to wait more than 3 days. Queensland has co-ordinated effectively the expansion of its port capacity with its export needs. But while this is obviously a dramatic example of what has happened in New South Wales. It captures the essence of problems that are encountered to a differing degree throughout other aspects of the Australian economy.

While some unions are reasonable in their wage expectations and demands, how often are we confronted with unions who want to grab the benefits of growth before that growth has even occurred, and how demand higher incomes, shorter hours and less work at a time when in other parts of the world employees are offering to work harder for less, because they know that is the only way they are going to have any work at all and in recognition of the realities of difficult economic circumstances. Nothing government can do can offer to people benefits nearly as large as they can obtain from sustained soundly based growth and expanding employment opportunities, because it is upon that the living standards of Australian families depends, it is upon that that governments themselves get the resources to provide other needs, and other services that people expect of us in Government.

Nothing will destroy the prospects of a better life more surely than demands for wages greater the economy has the capacity to provide, especially in current world circumstances.

While some companies and senior executives, and indeed, I believe a growing number, attempt to develop good relations with their employees, how often are we confronted with costly strikes that would really seem to be unnecessary, and with employers who take the view that it is up to governments to sort out the industrial relations problems. How often have I, or I suppose John Howard or others of us here, been tackled and asked what is the Government going to do about it? We can provide a framework of institutions and awards that hopefully can facilitate good industrial relations

and legislation now before the Parliament I believe will help very significantly in that regard providing the legislation is used once it is in place. Whether it is used or not will to a significant extent depend upon management courage in its use. The Government cannot conduct industrial relations on behalf of firms, for in the end industrial relations are relations between people in their own working environment.

While some firms firmly face up to wage demands that they know they don't have the capacity to meet, how many others find it difficult to do that. How many others maybe give in and hope that the Government will ultimately give in too because that might seem to be the easiest way out and expand the money supply and increase protection to accommodate the resulting increased costs and prices. But while firm money supply control can be painful, it is the weapon we have to use against the sorts of pressures that can otherwise lead to economic ruin if they were left unchecked. While some firms are prepared to invest, to restructure, to go out and look aggressively look for markets, even in the most difficult of circumstances, how many other others may look for higher protection to see them through more difficult times.

We all know that higher protection is not the way to improve productivity, to improve profitability. The record does show that higher protection is the path that leads to a more permanent dependence on government assistance of one kind or another and to a loss of real income by society as a whole. In the end it all comes down to the attitudes that we all have, our obligations to Australia and what we want to do about it.

In many ways I think sometimes we are our own worst enemies. Too often people fail to assess what is happening realistically and sensibly. People are influenced in this perhaps by frequent extremism in reporting. Last year we were told very often that the sky is the limit, there is a resources boom and I am not trying to suggest that the Government was not saying that things were good through that good, of course we were, but the headline places an extremist view on it. Then one or two unfavourable indicators coming through the summer months and suddenly all was gloom. The future had completely disappeared and the truth of course was never that.

I don't think any government, any country would ever be in a time when there are not some economic problems that have to be grappled with because there are always wants, always unfilled needs and decisions, often difficult ones, have to be made. Quite certainly, the optimism of some reporting last year, the extremism of reporting in the first few months of this year, the suggestion that inflation was quite out of control as a result of one dip in the figures last December are of course doing no good to this economy and confidence in this economy at all.

I hope the figure that came out yesterday of a very good CPI result will jerk people back to a sense of reality that there are basic strengths in Australia that we need to understand and they don't just disappear because you get one or two indicators that seem to be unfavourable.

This sort of thing does not only happen in economic reporting, it happens in political reporting. What with the doom and disaster for me and the Federal Government as a result of an 8% swing in Lowe and a swing double that in Drummoyne and people try to suggest that it has not happened. Well Drummoyne was as big as Bass and Lowe was half of Bass and so Mr Wran should take note of that.

Lack of balance, which gets presented to us so often, and often daily must disturb people quite significantly. It does have an unwarranted, but real impact on people's expectations upon their outlooks, upon their hopes for the future, on their belief in what is possible and in that way makes it harder for people in businesses to make sound judgements on some important decisions.

There are of course, significant difficulties ahead, none of us have tried to hide that, some of which Australians have tended to create, or make worse themselves and some of which are created by very difficult conditions in the rest of the world, but in a very important sense indeed our own future is in our own hands. Given the capacity, the resources and the strengths that Australia has, if we take a realistic view of our circumstances, we tailor our demands and our expectations for the realities that we face, if we continue to apply broadly the policies that we have and that are right for Australia, then the prospects and the possibilities for this country are I believe very great indeed, and I would not change those prospects for the prospects and futures of any other advanced industrial country anywhere around the world.

It is against this background that the campaign that John Valder is leading to put things right and to help with the rest of the division and parliamentarians to put things right in the State of NSW is so vastly important because to Liberalise this state with its industrial strength, with its great primary industries, with the energies and initiatives of the people, it cannot afford any more of the bungling mismanagement and whatever. Whatever words one wants to use about recent events in this State, this State cannot afford these things any more. The administration needs cleaning up, the policies need putting right and efficiency needs bringing to bear on government in this State. Because there has just been an election, it is a long and it is a hard road ahead and the division realises that and John Valder realises that but it is going to need the support of all of you and the support of some thousands of other places right across the State to open the doors whenever the next election is held. It maybe if some things develop that election might be forced around earlier than would otherwise be because things are sick at the heart of this administration in NSW. Thank you John Valder for what you are seeking to do for the Liberal Party and for the State of NSW.