



PRIME MINISTER

FOR MEDIASUNDAY 18 JULY 1982SPEECH TO THE QUEENSLAND STATE COUNCIL

It is a great pleasure for me to be in Queensland again. This state has made an enormous contribution to Australia and the Liberal Party has played a major part in building this state up. Queensland is in the forefront in many different fields.

As host of the Commonwealth Games, Queenslanders have made a tremendous effort to ensure that the Games will be a success, and all Australians can be proud of buildings such as this sports complex which will not only contribute to the success of the Games but will improve the sporting facilities of the Brisbane area. I am very much looking forward to being in Brisbane during the Commonwealth Games. Queensland has also become a growing cultural force in Australia. The impressive youth orchestra, festival '82 and Brisbane's excellent new cultural centre are examples of how this state is earning a world-wide reputation in the arts.

But there is no doubt that Queensland is best known for the contribution it has made to Australia's economic development. On the latest three monthly figures, it has the lowest unemployment rate of any state in Australia, it has the highest rate of employment growth, and over 25% of all investment in Australia is committed to Queensland. That record has been achieved by encouraging private enterprise in a way which should be an example to the rest of Australia by welcoming investment, and by vigorously developing the state's natural economic advantages.

The Queensland Government was the first Australian Government to abolish probate duty, and that abolition did a great deal to attract investment to this State from the south. In contrast, the Cain Labor Government of Victoria is the first State to reintroduce probate duty. Mr Cain's probate duty will be levied at a rate of 39 cents in the dollar. Nobody in their right mind will start a new business in Victoria. People who want their businesses to grow, will transfer them to Queensland or elsewhere and there will be fewer jobs. Retired people will come to Queensland in even greater numbers. There will be empty houses all over the state, the building industry will be hard hit and with the exodus from Victoria, prices of homes are bound to fall.

In 1975, following three years of Mr Whitlam's Government, more people left Australia than arrived, the only year since 1945 when this occurred. Mr Cain should be congratulated he is going to achieve a net exodus from Victoria in less than 3 years. Mr Cain's action is a typical example of Labor damaging an economy in pursuit of socialist dogma.

Today I would like to say something about economic problems around the world, how they are affecting Australia and the needless difficulties which are sometimes created within our own community. And in the light of the recent Labor Conference and the divisions that racked the Labor Party last week, I also want to say something about the dangers of a Labor Government, and the effect socialism would have on Australia, and how we as Liberals are best equipped to meet Australia's economic challenges.

In recent years responsible economic policies have brought considerable economic success to all Australians, success which we had almost begun to take for granted. For several years we have had a higher growth rate than the O.E.C.D. average, we have had a lower inflation rate than the O.E.C.D. average, our unemployment rate, although too high, was below the O.E.C.D. average in 1981, and employment grew by over 375,000 in the three years to the end of 1981. That was a record Australians could be proud of but we must now realise it will be a difficult record to retain.

World economic conditions have deteriorated in a way no-one anticipated and with this continued deterioration, Australian economic conditions have also changed. Internationally, industrial production in the March quarter has fallen or stagnated in six of the seven major world economies, and the American motor industry, to take an example, is only operating at half its capacity. World trade has contracted for the first time in 20 years last year, and real interest rates are at historically high levels.

We have been told repeatedly that economic recovery will come in six months. I suppose if you say that often enough you are bound eventually to be right, but I will believe it when I see it. While we wait for the recovery we must understand that the world recession is now hitting Australia hard. Australia is the 13th largest industrial trading nation in the world and therefore the decline in world trade, and the slump in commodity prices was certain to have a very real impact on our economy, including on the Queensland economy.

Those who think we are immune from world conditions fail to understand the nature of the Australian economy. Between 1979/80 and 1981/82 copper prices have fallen from \$1955 to \$1231 per tonne, iron and steel prices from \$211 to \$163 per tonne, aluminium prices from \$1410 to \$1072 per tonne, beef prices from \$2267 to \$1609 per tonne, wheat prices from \$147 to \$138 per tonne and sugar prices from \$377 to \$266 per tonne. Declining export markets have also affected investment in Australia.

The growth in investment reached a 30 year record just a year ago, but that growth has now virtually ceased. And while investment still remains at a relatively high level it has done so because a number of investment projects have yet to reach completion. Substantial new investment decisions are unlikely while world economic conditions remain stagnant.

But it is not only world economic conditions which are responsible for the current difficulties in the Australian economy. We have not been helping ourselves as well as we might have. Rising production costs in Australia have pushed our inflation rate above the O.E.C.D. average. In the 12 months to the end of March, Australia's inflation rate was two percentage points above the O.E.C.D. average. A significant cause of all this is we have been paying ourselves higher wages at a time when our income as a nation has been falling and we don't have to be economists to see the consequences of that. While our export earnings have fallen, real average weekly earnings have risen over the last two years by \$22. The damage to our competitiveness caused by high wage settlements has been compounded by much more moderate wage settlements overseas, where 5% and 6% increases have not been uncommon, compared to increases of between 15% and 20% in Australia when shorter working hours are taken into account.

Against this background of world recession and high domestic wage settlements, it is not surprising that activity levels are being reduced in Australia, that employment growth has diminished, and that unemployment is rising. In the face of these difficulties it is essential that we maintain responsible and constructive economic policies and that we do not allow the nation to fall into the grip of a socialist Government.

The recent national conference of the ALP has reminded us all of the dangers of a Labor Government, you only have to look at their specific policies to see what they would do to Australia. Labour now has a new uranium policy which a number of people are saying is more

moderate. How can they say that when the ALP leader, Mr Hayden, said a week ago that any suggestion that Labor had abandoned its opposition to uranium mining was a "travesty of the facts"? He added that Labor's policy unequivocally supports the objective of an end to the uranium industry. For years Labor has wanted to shut the uranium industry down. Nowhere does Labor's policy say that existing contracts can be worked out.

Mr Hogg, who was responsible for amending Labor's uranium policy has said that he does not think the conditions laid down in the policy can be met by uranium miners "and that will be a problem for the miners, not for the Government". If Labor had an opportunity to shut the industry down it would do it. Thousands of jobs would be lost, and about \$4 billion would be lost in export revenue. That sort of economic irresponsibility is so typical of the Labor party.

In the debate on the uranium industry the Deputy Premier of NSW freely admitted that Labor's uranium policy and its other economic policies would undermine international confidence in Australia, he said that Labor's policies would lose us our triple "a" rating and he boasted that they ought to. He wants socialism regardless of the cost.

You will have noticed the debate in the ALP on capital gains tax. The new policy commits Labor to the strengthening of section 26(a) of the income amendment act, whatever that may mean. Senator Evans, who drafted the Labor policy, has given us an answer. He has a secret draft of a re-written section 26(a). We are entitled to believe that will be a capital gains tax by stealth. The ALP has clearly covered up its real policy because it knows it will be unacceptable to the electorate.

As Queenslanders, you will be concerned to learn of Labor's plan to introduce a resources tax. We are not told what that tax will be, and Mr Willis, the Shadow Treasurer has said that the tax would be discussed with business once they got into government. Those who depend on the mining industry for their livelihood, as many Queenslanders do, would certainly be taking a great risk if they gave any support to the ALP with such a policy. Labor claims its resources tax would be offset by getting rid of state taxes on mining. Would anyone seriously believe that your Treasurer Llew Edwards would give up a state tax for the dubious pleasure of allowing the introduction of a Commonwealth tax? What is certain is that the mining industry would end up with both taxes.

At a time of economic downturn when the growth in investment is stagnating, Labor's finance spokesman has said that Labor would remove investment allowances, they would take away the tax concessions for the film industry, which has done so much for Australia's world image, and they would abolish drought relief measures, and they obviously want to abolish the nitrogenous fertiliser and superphosphate subsidies.

Labor is committed to a prices and incomes policy and a social wage, whatever that may mean. It is undefined, a minefield of confusion, and key unionists have made it plain they would only support the policy under conditions which no responsible government could agree to. So-called prices and incomes policies have been tried again and again in various countries since the war. They have never worked because they do not address the real causes of economic malaise.

These are just some examples of the socialism that Labor would clearly impose on Australians. Labor is committed to "the redistribution of income, wealth and economic power", to increased public sector investment, to an expansion of public enterprise, to an expanded interventionist role by government. There is no commitment in any of this to private enterprise, no belief in the importance of the individual because socialism believes in neither, socialism has a completely false view of what motivates people.

Australians don't want socialism and never have done. But then the Labor party has no faith in Australia, our way of life, and our institutions. The Labor party doesn't like our flag according to a resolution passed at the last national conference, yet that flag is a symbol of national unity and countless Australians have a passionate belief in it. Dr Evatt, a former Labor leader, described the flag as "the most beautiful flag in the world". Many people would share that view. The Labor Party doesn't like the monarchy according to a resolution passed at the conference before last. It is committed to turning Australia into a republic.

The Labor party doesn't like the constitution and wants a new one for 1988. What could be more divisive than that. The Labor Party doesn't like the Senate which it would, in effect, emasculate. The Labor Party doesn't like the states, it is committed to a centralist policy which means more and more decisions would be made in Canberra.

Furthermore, the Labor Party is a party hopelessly split into factions. Senator Gietzelt has compared the current factionalism with that of the 1950's which split

the ALP and it is the socialist left faction which is predominant. Mr Hayden owes his re-election to the support of the left, to the support of Mr Halfpenny and Mr Carmichael of the A.M.W.S.U., a union whose policies would tear down the fabric of Australian society. No leader has been so obligated, so captive, so committed to left wing groups. He will now owe them a great debt and the narrowness of his victory means that to remain there Mr Hayden cannot afford to make the left unhappy.

Liberalism has a vastly different view of the way ahead for Australia. It is vital for Australians to realise more fully how important it is to work together. We need to understand to a much greater extent that as Australians we have complementary interests. That is particularly true in industrial relations, where we must take every opportunity to establish a more co-operative climate.

Some days ago a task force, which included representatives of the A.C.T.U., the seagoing maritime unions, and the Australian shipowners, signed a proposal based on the Crawford Report into the Australian shipping industry, designed to improve industrial relations in the shipping industry, and to allow Australian ships to compete on similar terms with flag carriers of Australia's major trading partners. This report, which will now be considered by the Government, provides an example of what can be achieved when unions, management and governments are willing to co-operate, willing to work together.

The effects of disputes at Australian ports, in particular our coal loading ports, is a lesson of what can happen if we do not co-operate with one another. We are not being seen as a reliable supplier of coal by the Japanese and the South Koreans because our ports are so often in a state of disruption. Now that is partly because not enough has been invested in infrastructure. But it is also because industrial relations have been so bad. For the first time in many years, Queensland coal industry employees accepted a wage package without industrial action, and this is a hopeful sign of a better industrial climate.

The problems of coal deliveries are very real to Queenslanders although the problems in N.S.W. are considerably worse. The Commonwealth Government is working with the governments of Queensland and New South Wales on the difficulties of the coal industry including the problems at ports. These problems are now too serious to start apportioning blame. We must sit down together and find solutions.

The Tripartite Conference between the A.C.T.U., C.A.I., and the Government a couple of weeks ago was another example of the co-operative spirit that is needed. All parties at that conference recognised that we need to work together because we have common interests. There was a measure of agreement about the economic problems facing Australia. A tripartite working party will try to reach agreement on a common statement on the economy to the wage case hearing in August. Clearly, with resolve, the A.C.T.U., C.A.I. and the Government can work together. This is only a start, but it is a basis on which to help build a better industrial climate.

The Government itself is also well aware of the need to pursue policies which will help minimise the impact of global recession on the Australian economy and to ensure that when the world economic recovery does come we are in a position to take advantage of it. We must tailor our specific policies to assist those who need help most.

We did this with the housing package, whose impact is only now beginning to be felt. From this month, recent first home buyers can claim up to \$700 a year - more than \$13 a week - as a tax rebate to offset the cost of interest on their home loans. And the new home deposit assistance scheme is now operating, helping people below a certain level of income to put together the deposit on that important first home. There is a new tax rebate on health fund contributions. To encourage people to insure themselves, the Government will pay back almost a third of the basic medical and/or hospital contribution.

Through policies and programs of this kind, the Government is responding to the needs of the average Australian, and doing so in a way which helps people to take initiatives of their own and to improve their circumstances for their own and their families' benefits.

Tomorrow I will be announcing the Government's response to the major I.A.C reports on general reductions in protection, export incentives, and budgetary assistance to industry. The decisions we have made are going to be greatly important for all Australian industries.

Australia can also make its voice heard internationally. Earlier this year the Government proposed a three point

plan for regenerating world trade. The value of these proposals has been widely recognised, and they will receive closer examination at the G.A.T.T. Ministerial Meeting later in the year. I believe that if countries adopted these proposals together, they would provide a real impetus for regenerating global growth, and bringing down inflation. They could help enormously in getting us back to the situation of the 1950's and 1960's when world trade was a major engine of economic growth, years in which the volume of world trade expanded at an annual rate of 8%, providing increased employment, and leading to growth rates which could double real incomes every 20 years or less.

It is these sorts of policies, not socialism, which will help to build up living standards around the world, and create a better future for our children.

---oOo---