



**PRIME MINISTER**

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**SPEECH BY THE PRIME MINISTER  
GRADUATION ADDRESS AT THE UNIVERSITY OF NEW SOUTH WALES  
SYDNEY - 23 APRIL 1987**

Chancellor, Vice-Chancellor, Dean, ladies and gentlemen.

Through you, Vice-Chancellor, this distinguished institution has done me a great honour in awarding me this Doctorate of Laws.

It is now 37 years since I received my first degree, graduating as a Bachelor of Laws from the University of Western Australia in 1950. I did not expect that in the years to follow I would receive six subsequent degrees - but let me quickly add that I did not earn all of them by dint of my own academic endeavours. For in addition to my two degrees - from Western Australia and Bachelor of Letters from Oxford, I have had the very great pleasure of receiving four honorary doctorates - from the University of Western Australia, from Nanjing University in China, from the Hebrew University in Jerusalem and, today, from the University of New South Wales.

That list certainly does not downplay the significance for me of today's ceremony. Far from it - I value your degree very highly and I am honoured and eager to take up your invitation to address this group of graduates at the University of New South Wales today.

In the four decades since I was an undergraduate in Perth, the nation and world of which we are part have changed almost beyond recognition. Yet as I speak to you today, we are caught up in an even more pressing process of change, in the universities, in the nation and indeed in the world as a whole.

More than ever before Australia is caught up by the dynamics of change in the international economy. So, more than ever before, the stimulation and excitement and intellectual questioning which is the essential abiding quality of the university experience must be turned to the urgent concern: how do we master change? How best do we meet the challenge of change; how best do we exploit its opportunities; and how best do we bear its burdens?

Some indication of the magnitude of the change emerges from the list of universities I just recited. Two of the universities which have awarded me honorary degrees are Nanjing University and the Hebrew University. In 1950, when I graduated in Perth, Israel was a fledgling state while China was emerging from a great revolution and was entering a prolonged period of ostracism from much of the rest of the world. Both the Chinese people and the Jewish people had great hopes but also great trauma ahead of them and behind them. No-one in 1950 could have confidently predicted that the Australian Prime Minister in 1987 would hold honorary degrees from universities in both these nations.

Yet the fortunes of Australia today are inextricably enmeshed with those of China, since we are both part of the world's most dynamic economic region, the Pacific rim. And while Australia is certainly not a party principal to any resolution of the problems besetting the Middle East, we see profound moral and political imperatives in our commitment to the security of Israel while supporting also the principle of self-determination for the Palestinian people.

These two examples illustrate in a personal way what is true of Australia as a whole - we are inextricably bound up in the political and economic and social issues confronting the whole world. Unless we comprehend and master those issues, they may overwhelm us.

The ceremony of the conferring of degrees in which we have participated today is an old one, one replete with traditions. But however venerable those traditions, we would be wrong if we allowed them to eclipse the more important contemporary element of today's ceremony.

Despite our traditional academic garb, we are, as we sit here today, thoroughly caught up in the affairs of a modern society and an international economy.

This audience includes graduates in the Faculty of Applied Science and the Board of Studies in Science and Mathematics - people who will be at the cutting edge of many of the most crucial issues the nation will face in the next several decades.

Australia is in many ways facing its greatest challenge since the Second World War - a challenge which presents opportunities as well as burdens. As university graduates you represent part of the nation's accumulation of talent and knowledge that must be applied to mastering this evolving environment.

You are products of our politically free, dynamic and exciting society and the horizons you face are virtually limitless. But you must also carry the responsibility to help solve its problems, and bear part of the sacrifices imposed on us by our economic circumstances.

Many of you will have heard me state the nature and dimensions of Australia's trading problem. The collapse in our export prices has meant a staggering drop in the nation's income. In just two years - 1985 and 1986 - our terms of trade have declined by nearly 18 per cent.

As a result, as the latest national account figures reveal, our income has been slashed by some \$9 billion - in the order of \$2000 a year for every Australian family.

To resolve the trade problem we will not be able simply to rely on the primary exports which have traditionally formed the backbone of our income-earning capacity.

In order to increase our national income Australia has to look to manufacturing and service industries - especially the knowledge-intensive industries in which many of you will be involved.

The hard fact is this: if Australians are to maintain and improve their standard of living, and to provide for those less fortunate than themselves, Australia must markedly increase its level of exports of manufactured goods and services.

So business men and women must become more literate in the issues of science and technology, while at the same time universities must become more responsive to the special demands of industry.

Many of you will be aware of these problems from your studies. As you enter your careers many of you will come to understand the limitations of and, I hope, benefit from the opportunities presented by the nation's economic circumstances.

What must be clear is that as university graduates in science and technology-related areas, you have the opportunity, and indeed the responsibility, to harness your research talents in the task of building these new export industries and of fostering Australian competitiveness and industrial innovation.

Clearly, all levels of government have responsibilities in the job of lifting the level of skills in the workforce. The Federal Government meets its responsibility across a broad front: through education and training, through manpower programs and adjustment assistance, and through immigration - the last of which has not only helped improve the skills of the workforce but has also built a richer and more diverse multicultural society.

Government however is but one actor in what must be a national effort to improve our research effort capacities.

Australia as a whole needs to develop a culture in which relevant qualifications are respected and in which regular upgrading of skills is a normal part of any career.

Industry has a particular responsibility to encourage this awareness and to recognise that those working directly on the shop floor are often well placed to suggest improvements in the work environment.

Industry must also increase its research and development effort above what is by world standards a very low level. The low priority accorded R and D by the private sector is one of the most clear cut failings of Australian industry. It suggests that there are, at least in this country, real limits on the extent to which market forces alone should determine economic outcomes. The public sector R and D effort has traditionally been streets ahead of that of the private sector.

Rectifying this imbalance is the purpose of generous tax concessions offered by this Government: companies engaging in R and D work can qualify for 150 per cent tax concessions for the relevant expenditure.

Ladies and gentlemen,

We must not underestimate the size of the challenge before us.

I am aware that this university does not underestimate it. That awareness is based not just on the quality of today's graduates but also on your pioneering establishment of Unisearch, the first company established by an Australian university to develop, manufacture and market ideas generated by the university's researchers.

Unisearch now has an annual turnover of about \$7 million and last year expanded its operations to serve Macquarie University also. I wish it well in its work.

I hasten to point out that I do not believe universities exist solely to serve industry. I do not argue that endeavouring to meet the changing and sometimes unpredictable needs of industry should be the sole objective of our education system.

There is however an urgent need for universities and other tertiary institutions to complement their pure research and their study of the humanities with applied work; to share their skills and insights with the rest of the community which supports them and thereby contribute to solving the problems of contemporary Australia.

In addition to the successful work of Unisearch, other notable examples of increased linkages between education and industry include the first formal meeting of representatives of the business sector and the universities, held late last year by the Business Council of Australia and the Australian Vice Chancellors' Committee.

Further, an Industry Reference Group has been set up by the Education Minister, Senator Ryan, to involve industry more closely in education planning.

Also notable is the financial support from the business community towards Melbourne University's Graduate School of Management which I opened last year. The Graduate School of Management at Macquarie University, currently under construction, has received a similar level of direct financial assistance from business.

And in this context too I note that the Australian Science and Technology Council (ASTEC), has recently produced a major report on research in universities. This report questioned the return which the nation receives from its investment in higher education research.

The ASTEC report concludes that, if tertiary institutions are to contribute more fully to national development, the allocation of higher education research resources needs to be more flexible, and permit greater concentration of research in particular fields and on the most outstanding researchers. The report recommends that greater emphasis should be placed on the direct funding of higher education research.

The Government is now giving close attention to the ASTEC report and while I am not yet in a position to state the Government's views on it I can assure you that we are considering very carefully the issues it raises.

I have great confidence that Australia will solve its economic weaknesses - that the economy will manage to restructure and will emerge on a more competitive basis. That confidence is based in no small measure upon you, the university graduates, who will become the innovators and intellectual entrepreneurs of the future.

These then, however briefly sketched, are some of the opportunities that are presented to you as university graduates by the dynamic process of change we are experiencing. But I said at the outset that change brings with it not just challenge and opportunities but burdens too.

So let me address today one of those specific burdens which has recently, preoccupied some of your colleagues in the student body, namely, the tertiary education administration charge.

An unavoidable part of my Government's strategy for restoring economic growth and prosperity has been our acceptance of the need for an unparalleled exercise of restraint in Government spending.

When we came to office in 1983, a deficit of some \$9.6 billion was in prospect - that is, the Government deficit was set to hit about 5 per cent of GDP. Under my Government, we have taken the hard decisions necessary to cut that deficit back to about 1.5 per cent.

As you all know, we are still engaged in this task in the preparation of the May Economic Statement.

We have not embarked on this course out of any masochistic sense of pleasure at imposing sacrifice and hardship on the community. On the contrary, a reduction in government spending is an integral part in the long-term effort to improve living standards for all Australians.

And it is a valuable exercise at any time for Governments, indeed for all institutions, to review their activities to discover if better ways exist of achieving their goals.

Over its four years in office this Government has not, I think, gained a reputation for an easy, complacent, acceptance of hand-me-down solutions to the problems we have encountered.

As part of this process we decided last year that we should impose a modest administrative charge on students enrolling in tertiary institutions.

We did it with the certainty that upon graduation most tertiary students will join the ranks of the better-off members of our society.

As such, most tertiary students are well able to share the sacrifice which has been necessary across the board to maintain our national economic position.

Workers have accepted the need for that restraint in accepting real wage cuts. Pensioners have accepted it in accepting a delay in the indexation of their pensions. The response of both these groups to the national economic pressures has been magnificent.

In none of the many discussions I have had around the nation with those protesting against this tertiary administration charge - in none of them - has any credible argument been put to me as to why tertiary students too should not accept any part of the burden of restraint.

We took the precaution of ensuring the charge would be waived or reimbursed for students who are relatively disadvantaged, such as those receiving Austudy benefits.

I also observe that the proceeds of the charge have been directed in part towards the creation of new places in tertiary institutions so that more Australians may receive the benefits of a tertiary education.

In the final analysis, the charge is only \$250 - a sum which could be earned over a couple of weekends work. It is in no way comparable to the \$8,500 a year which it costs, on average, to put a student through a university course.

Those who claim, therefore, that the administrative charge has in some way destroyed the principle of free tertiary education overlook that the education is free only to the recipients. It is far from free for the taxpayers who are paying for it.

So the Government remains committed to retaining this charge and we have decided to maintain it in real terms for the 1988 academic year.

Ladies and gentlemen,

While earlier generations of graduates may have enjoyed a luxury which is denied us today - the "ivory-tower" luxury of a relative isolation from the society which nurtured them - I am pleased by the efforts made here and at other Australian campuses to ensure the continuing relevance of your work and to avoid the temptations of isolationism.

My message to you today has largely been directed to our shared responsibilities. I make no apology for that - though I do want to add my very sincere congratulations to all of you who are culminating years of endeavour with this graduation ceremony today.

As you leave university to enter your new careers, I take this opportunity to underline the urgency of the task which faces Australia - nothing less than the restructuring of the national economy.

It is to you, and to your peers and all your successors on campuses around Australia, that this nation looks, particularly, for understanding, commitment and involvement in fulfilling that supreme task.

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