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PRIME MINISTER

22 October 1996

**TRANSCRIPT OF THE PRIME MINISTER
THE HON. JOHN HOWARD MP
ADDRESS TO THE FEDERAL CABINET LUNCHEON
HILTON INTERNATIONAL, ADELAIDE
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Thank you very much Dean Brown, the Premier of South Australia, to Mrs Roslyn Brown, to Tim Fischer, the Deputy Prime Minister of Australia, my other Cabinet colleagues, Members of Parliament, ladies and gentlemen.

It's a delight to be back again in Adelaide. I've been a frequent visitor as the Leader of the Liberal Party to this State since I resumed that job in January of last year. And today's meeting of the Federal Cabinet here in Adelaide is part of a deliberate pattern of Cabinet meetings which I promised would be followed in the lead up to the election whereby instead of always meeting in Canberra, plus occasionally meeting in Sydney and Melbourne, we would as well visit all of the other State capitals and over a period of three years some of the major provincial centres of Australia. There is more to Australia than the Melbourne-Sydney-Canberra triangle - admirable though that part of the world may be. And it is very important having seen our predecessors receive a rousing send off from the less popular states in the regional areas of Australia - it's very important that we don't forget that lesson and we don't intend, and we intend to have our meetings around Australia early and not late in our term, thereby giving the impression that we're just trying to play a bit of catch up politics before the election.

I might also say that I speak to a South Australian audience conscious of the fact that I don't believe, since the war, the Liberal Party representation in the Federal Cabinet has been as high and at such a senior level as it is in my Government. There are no fewer than four out of the 15 Cabinet Ministers, I stress Cabinet Ministers, who come from South Australia. That is a tribute to their ability. When putting these things together one has to pay some regard to geography, but you're not a slave to geography, and it's a tribute to the quality of the representation that this State has sent. And of course, I'm warmed by

the fact that at the last Federal election you only returned two Labor Members in the House of Representatives and I think that's a remarkable strike rate.

Can I say on a frankly political note what an extraordinary win the Liberal Party did have in the Lindsay by-election on Saturday. In 1993 the Labor Party primary vote in the seat of Lindsay was 58.5%. Last Saturday it was 33.5%, which is an astonishing decline. And it is a seat, despite all the attempts of some of the spin doctors since to say it was really a safe Labor seat, I mean it had never been held by other than the Labor Party after the last election, so you know, if it looks like a safe Labor seat and it quacks like a safe Labor seat and votes like a safe Labor seat - I reckon it must be a safe Labor seat. So it was a terrific result and it's an enormous tribute to a very young, energetic candidate in Jackie Kelly, who I can assure you will get a really warm reception when she comes back to Federal Parliament next Monday to be sworn in as the Member for Lindsay. It's a reminder that when the Australian public, after having had a government of one political persuasion in power for a long time, makes up its mind to change it, doesn't really like people trying to question that decision for a period of time. There is a view in the Australian community that new Governments ought to be given a fair go. They shouldn't be given a blank cheque or license but they should be given a fair go. And there is a sense in the Australian community which says, well we threw the other crowd out, we put this new lot in, let's give them a couple of years and we'll see what they're like and if at the end of that period we're not too happy well we might start sending a few rebukes.

I think that is the mood of the Australian community. I don't take anything for granted in politics, I've been in it long enough to know that you can have changes. There's a volatility, there's a lack of tribal commitment in Australian politics now compared with 20 or 30 years ago.

Nobody in my team is being the least bit smug or complacent as a result of what happened on Saturday. But we do read a very clear signal - when you increase your vote in such a dramatic way in a by-election in such a seat seven or eight months after a general election has got to mean something. And what it means to us is a lot more positive than it means to our political opponents. What it really means to us is that the Australian public wants us to get on with the main game. They want us to get on with the job that we were elected to do. They want the Parliament to pass the legislation that we promised the Australian people before the last election. They want the Parliament to pass our Industrial Relations legislation for example, something that I have been committed to for 10 or 15 years and I hope as a result of the very skilful way in which Peter Reith has handled that legislation it can go through the Parliament in essentially the form that we want. Now it can't go through in exactly the form we want because we don't have the numbers. I wish we did, but the realities of the mathematics of the Australian Parliament are that we will in the foreseeable future - no government of this country if the present voting system of the Senate remains and I'm not proposing any change let me say, in parenthesis immediately so that stories don't start spinning out of this luncheon that I am. I wouldn't want that to happen. I just want to make it clear that we are stuck with that situation and no matter how large our majority may be in the House of Representatives, no matter how emphatic

may have been the result on Saturday, we have to deal with the reality of needing 39 votes in the Senate to get legislation through and there are 37 Liberals and Nationals - so we need two more to get our legislation through. That's the reality we have to deal with.

The reality that those on the other side have to deal with is that the Australian people have spoken I think very loudly. They spoke very loudly last March and those who live in the seat of Lindsay spoke very loudly last weekend. But it is our responsibility to get on with that legislation because passing that is about the single most important contribution we can make to a more competitive and a more internationally robust Australian economy. Because if you can fix industrial relations in this country so many other things will fall into place. Industrial relations is the thing that can transform - bad industrial relations can transform an efficient rural producer who is a winner when his product goes out of the farm gate into a loser when it reaches the end of the production and the distribution and the sale chain. Bad industrial relations over the years has made it prohibitively expensive for many people to export from Australia.

Bad industrial relations has meant that people have been focused on a "them and us" demarcation rather than coming together in a common cause. We've seen around the states examples of where sensible changes to industrial relations legislation can bring about a better climate. But there's a limit to what can be done at a State level, we need a national liberation of Australia's industrial relations system and that is what we're offering. I mean, a very simple thing such as those ridiculous unfair dismissal laws that Laurie Brereton didn't tell you about in the 1993 election campaign and yet they were passed into law. They're still preventing many small businesses in this country taking on more staff and passage of the industrial relations legislation will sweep Brereton's laws away and replace them with laws that are fair to both employers and employees because the present laws are manifestly unfair to employers. They are obsessed with procedural accuracy rather than the merits of each individual case and as employers many of you, and as employees, you will know how absolutely ridiculous that really is. Our job is to work on getting that legislation through and I can assure you that we are. It would have been passed months ago if we controlled the Senate and I hope that within the next few weeks when the debate has resumed that we will see solid progress on it.

Getting on with the job also means, of course, achieving our commitment to sell one third of Telstra thus enabling the establishment of the Natural Heritage Trust of Australia and cleaning up the Murray-Darling basin which is about the most valuable environmental project that any group of governments in this country can commit themselves to will be one of the major beneficiaries of that Natural Heritage Trust. I just have to say again that it will be upon the heads of those who oppose that legislation in the Senate if this country is denied the biggest-ever capital investment in cleaning up its environment that we've seen in modern history. Because establishing that fund will make it possible to do practical things to improve the environment. What we have in mind is not so much the stuff on excited environmental demonstrations, rather it is the stuff of looking to the long term repair of this country's environment. The polluted river systems, the degraded soil, the high levels of salinity, the ocean outfall - all of those things which if they can be

addressed over a period of time will not only repair Australia's environment, will also strengthen the image this country has around the world, the clean green image, which is so important to our primary producers and so important to our export success in fresh and processed foods in the Asian Pacific Region.

Now they are the sort of things that the public want us to get on with. They also want us to get on with reducing the paperwork burden on small business. We've already done a number of things in that area. We promised that we'd do something about the provisional tax uplift factor and that's been done and it will inject \$160 million extra cash flow into small business this year. I established a task force chaired by Charlie Bell, the Managing Director of McDonalds, to tell us how in a period of three years we might reduce the paperwork burden on small business by 50%. He's going to hand me a report in eight days, I'll be fascinated to read it and I think the small business community will be fascinated to know what's in it.

It will be a very, very important document because we really do have to reduce the regulatory burden on small business. It is not only ridiculously expensive but it's also a complete waste of time in many cases because many of the forms that are filled out are filled out by people who recently complied with things that make no practical contribution to the day to day running of their business and the accuracy of the sort of statistical information collected under those circumstances ought to be regarded as at least reasonably imprecise. It's hardly any wonder that it is. I think, sometimes when laws are designed that might be capable of compliance by large companies that have big human resource departments and have big accounting and corporate affairs departments, that the people who devise those laws have no appreciation that the average one or two man or woman business doesn't really have the time, the resources, the inclination or the desire to comply to that kind of regulatory system. But we do need a new order in that area and I'm very optimistic that out of this committee's work some practical suggestions will be made to reduce that paperwork burden.

Another very important area, of course, and an area of overwhelming importance to any government is the area of employment. Last night I announced the establishment of a new Cabinet committee, an employment committee which will subsume the economic committee of Cabinet I had originally intended to establish. The whole purpose of this committee, which I will Chair and will include the Deputy Prime Minister and the Treasurer and the Minister for Industrial Relations and a number of other Ministers - the whole purpose of this committee will be to pull together all of the policy work of the Government and direct it towards job creation. Economic theory is never an end in itself. You never follow an economic theory out of some blind, ideological commitment. You don't have micro-economic reform because it's a nice thing to have. You do all of those things because at the end of the day the responsibility of a government is to follow policies that increase economic growth and through that generate more jobs for Australians. And that should always be the test - will this policy increase economic growth and thereby increase jobs for Australians? And if we can ask that question of every economic policy decision we take, in my view, we will get the right answers.

The question shouldn't be - will this achieve a particular benchmark of economic change? The question has simply got to be - will this decision contribute to cause of greater economic growth and through it an increase in the number of jobs that are generated to us for Australians? And if we can run that test, that benchmark, across all of our decisions then I believe we will have a far more sharply focused outcome and far more sharply focused policy making decision process. Because getting our level of unemployment down - and it won't be easy and I'm not pretending to anybody it is. When we took over the Australian economy in March there were some parts of it that were going well. Our rate of inflation was low and in some areas economic growth was reasonable. But there are a lot of features of the economy that were going very badly and one of them was that we still had far too high a rate of unemployment - particularly amongst the young. Now I don't pretend that you can turn that around quickly and anybody who understands the cause and effect in economics will know that the current rate of unemployment is the product of policy processes that have been in train for a long period of time. It is a lagged indicator and it's going to take a period of time but at least we are going to focus all of the policy making mechanisms of the Government in the economic area on that great central objective of generating jobs.

Our industrial relations system changes will help the employment situation over time. Proposals we had for change in other areas in reducing the regulatory burden on small business will help. Proposals we have in mind to improve and reform the waterfront will also make a significant contribution. I am very mindful of the importance of different industries to regional areas of the Australian economy. Can I say I think the idea that Australia would never have a car industry is quite unthinkable - I think it's very, very important that that be said. I don't think to pre-empt the outcome of the Productivity Commission inquiry. I believe that that inquiry will be far reaching, I think that inquiry will be balanced and I want to say to you on behalf of the Government that it's not in our scheme of things that this country will ever lose the car manufacturing capacity of significance. I think it's very important that that be said.

Ladies and gentlemen the message coming to me loudly and clearly as I go around our country is that people voted for change, they voted for a new government. They don't necessarily agree with everything that we've done but they're certainly, at present and I hope for a period of time well into the future, they feel well rid of the people that we replaced and they're not really inclined to go back to them for quite a long period of time. But that can change and we have to keep working hard to keep faith with the high hopes that we established for the Australian people when we were elected on the second of March. Part of the process of doing that is keeping in touch with people like those in this room.

The Liberal Party is not owned by any section of the Australian community. It's one of its great boasts - that nobody owns us. We're not owned by big business, we're not owned by small business, we're not owned by this or that section. One of the things that I've really campaigned on very hard was to try and end the politics of bending to the noise or listening to the noise of the rowdiest interest groups in the Australian community and

resuming governing for the mainstream. Although we're not owned by anybody we do, of course, have a bias towards free enterprise, we have a bias towards investment, we have a bias towards risk taking, we have a bias towards essentially a freer market economy. We won't always agree with the business community, you won't always agree with us. One businessman in this town said to me a few weeks ago - he said I had a look at the Budget, he said, I didn't like this, I didn't like that, he listed about four things he didn't like in it, but he said, I've written you a letter congratulating you because it was the right Budget for Australia.

I thought that was a pretty fair and a pretty responsible attitude to take. But I can tell you that we value our links with the business community very highly and all of my colleagues, particularly those who have links into economic portfolios, know that one of the important ingredients of staying in touch and one of the important ingredients of continuing to have the confidence of the Australian community is to listen to the business community. Not just the business community of Sydney and Melbourne, but the business community of all of the capital cities of Australia. And luncheons and gatherings such as this are a very, very important element of that.

So I want to thank you because I know that over the years many of you have given tremendous support to the Liberal Party here in South Australia. You've given great support to Dean Brown who's doing a terrific job for his State and you've given tremendous support to us federally. No State did better for the Liberal Party than South Australia in the last Federal election. I'm very conscious of that and I'm very grateful for it. And it's a very, very pleasing thing for me to look around our side of the Chamber in the House of Representatives and to see so many of those faces and we want to keep it that way, but it won't get easier. I suppose over a period of time it inevitably is going to get harder. But we did see a huge change in Australian political opinion on the second of March. I understood that, my colleagues understood that, I'm sure you understood that. I think some of our opponents still some how or other believe it was an abhorrent mistake. Changes after 13 years are not abhorrent mistakes, they are deliberate, decisive decisions to change the direction of a country and it's our job and our responsibility and with your help we will achieve precisely that change of direction. Thank you.