

FEDERAL COUNCIL MEETING OF THE
LIBERAL PARTY OF AUSTRALIA

Canberra, A. C. T.



8 JUNE 1970

Speech by the Prime Minister, Mr. John Gorton

Mr. President, Parliamentary Colleagues and Ladies and Gentlemen:

It will be twenty-one years next December since the Liberal Country Party coalition assumed the Government of this nation. They are twenty-one years in which there have been three wars - Korea, the Malayan emergency and now Vietnam; twenty-one years of great national development and industrial progress. There has been an increase in the population perhaps greater than any other country has had, except Asian countries, in that period of time. It has been a period of greatly expanded trade; a period in which our exports have been immensely developed; a period of growing involvement with that area of Asia to which we find ourselves contiguous; a period of improvement of the living standards generally for our population; a period of greatly expanded social services; a period of greatly expanded opportunity for the individual.

We have helped to bring this about, because at the time when we came into office, we stood for the right of the individual to engage in the occupation of his choice and to so conduct himself in that occupation as he believed best. We stood against the concept that the individual ought to be told by the State that his enterprise could not be freely used in a field of his own choosing because there were certain areas in which the state might forbid it.

We stood for the concept that the Government should create a climate where individual enterprise was encouraged, and where the planning of enterprise and its expansion was a matter for the myriad individuals engaged in it. We stood against the concept that all planning in all fields should be undertaken by a government or governments and forced upon the citizens of this country.

We stood for a political system where elected representatives of a party should themselves decide the policies to be followed by that party. We stood against a system which made elected representatives subject to direction and instruction from unelected persons from outside. And that we were right in all these attitudes is, I believe, evident from the results of this past twenty, nearly twenty-one years.

Since I spoke to you last, some two years ago, other significant advances have been made in many areas in Australia, and new initiatives have been taken.

We have found ourselves in a situation where our own defence has necessarily had to occupy our attention in a way which it has never needed to do in the past years of our history. We have found ourselves in a situation where our involvement with the countries of Asia, our political involvement, our economic assistance has necessarily had to grow because we have become contiguous to, and in a sense, a part of this region of the world, this region of Asia in which we live.

I do not need, I think, to explain to you the new initiatives which my colleague, the Minister for Defence has undertaken in the field of defence, the new burdens imposed upon this country, nor the new economic assistance which my colleague, the Minister for External Affairs has been instrumental in extending to the countries to our North, nor the political initiatives which led, just recently, to that Conference in Djakarta initiated by an Asian nation to which we were asked and to which we so greatly contributed.

In other areas, we have gone into an overseas shipping service -- let me quickly add, Sir -- in partnership with private enterprise. We have given attention to the requirements of the aborigines in our midst. We have managed, after some attempts which did not succeed, to redistribute electoral boundaries. We have given attention to new roads agreements, adding \$500 million over five years and breaking the old requirement that 40 per cent of this must be spent in country areas. We have taken the decision to convert to the metric system. We have taken the decision to introduce nuclear power. We have taken many initiatives, one of which I will speak of later, to provide incentives for, and to help to maximise Australian ownership of Australian industry. We have greatly increased aid for the performing arts, established an Australian film and television development corporation. We have introduced a tapered means test which gives incentive to people to save and to earn because their pensions are not automatically cut out if their means as assessed or their earnings are above a small amount, and in this particular field of social welfare, increased pension rates, increased unemployment and sickness benefits, given full health insurance for low-income families and newly-arrived migrants, are in process of introducing the new health scheme and embarked on a comprehensive programme of home care for the aged.

Sir, these are only some of the new things, some of the new initiatives which have been taken in that period of time, and I believe that they continue the tradition of this Party to care for people and to bring new thought to new problems as they arise.

Sir, we had in the programme which we have followed, three proposals in particular which have occasioned much debate in the country and in the Parliament. One is the health scheme promised at the last election which I very much hope will become law this week; one is the Act to set up the Industry Development Corporation which has already become law, and one is the proposal to discover which Government has the legal responsibility for the seas which lap Australia's coast. Each of these matters is important. Each of them, I think, is illustrative of an approach of the Liberal Party, and about each of them I wish to talk to you briefly.

The medical benefits scheme, or the health scheme, is designed, as you know, to remove the fear of heavy doctors' bills from the insured patient. In order to do this it was necessary to remove that fear from those patients who had to attend specialists and who therefore became liable for the higher fees which specialists charge. And in order to achieve that it was necessary that Government subventions and fund benefits should be greater for such patients than they were for patients who did not need or receive specialist treatment.

This led to considerable opposition from a section of the doctors and this opposition was reflected in debates in the Party room and in the Parliament. It also led to protracted negotiations and discussions between my colleague, the Minister for Health, the Australian Medical Association, and organisations representing sections of the general practitioners.

The main arguments advanced against the proposals were if specialists received higher benefits from the funds and the Government, every doctor would seek to become a specialist and there would be no general practitioners. But since specialists now charge and receive higher fees from their patients, it is, I think, doubtful if this argument is valid.

The second argument was that if patients were able to consult specialists without having to pay a monetary penalty, then everyone would consult a specialist. For a variety of reasons we do not believe that this will happen, but only time and the operation of the scheme will finally decide this point, and if the fears expressed turn out to be well grounded, then further attention will have to be given to it.

But now, or shortly, all those who need medical attention, even of the most specialised kind, will be able to get it without incurring a burden of crippling debt. I think this is an advance which illustrates that care for the individual which is the Liberal approach and of which the organisation and the Party can be proud.

But I must warn you of one thing.

Neither our scheme, nor the scheme of our opponents, will achieve its desired end unless the majority of doctors charge the common fee and unless that common fee is only altered at reasonably spaced periods and by reasonable amounts.

Turning now to the Australian Industry Development Corporation, I speak of an Act which was attacked, for reasons incomprehensible to me, as an Act which somehow violated Liberal principles. Let me give you some of the reasons for passing this Act.

Our nation is going through a period of industrial expansion and of great mineral development. We need large and continuing infusions of capital from overseas in order to sustain this. In the last five years, one-sixth of all such investment capital came from overseas. And inevitably that infusion of capital tends to bring with it a greater degree of overseas ownership and control of our larger industries and our mineral developments and ultimately of our processing of our minerals.

As one example of this, overseas investment in mining five years ago was \$34 million in the year. It has risen to something like \$250 million in the year, while Australian control of production in minerals alone has dropped from 63 per cent in 1963 to 47 per cent in 1967.

At the same time, Australian requirement to service existing capital by remitting abroad, has risen from 8.3 per cent to 10.5 per cent of our export earnings in the last five years. And there is a build-up of commitments for further remittances in the future because income earned in Australia by overseas investors and ploughed back has more than doubled in five years.

Sir, these are prices we can afford to pay for development. We can afford to pay, for the benefits we get outweigh the costs of which I have spoken, and we couldn't develop as we should without this influx. But though they are prices we can afford to pay, they are not prices we should pay unless we must. So we should provide the opportunity to retain as much Australian ownership and as much Australian control as we can, provided we do not inhibit growth.

To that end, we have brought down guidelines for borrowing inside Australia which provide incentives towards Australian ownership. We have brought down a "takeover code", and we are proposing to bring down the matter of convertible notes which again will provide an opportunity and incentive for Australian

ownership. And the Australian Industry Development Corporation is designed to further these ends.

It is designed to borrow abroad, on behalf of Australian companies which ask it to do so, which it judges to be viable, and which might not themselves be able to borrow, and which might therefore have to surrender equity to an overseas partner.

Its objectives cannot be claimed to be opposed to Liberal principles, and indeed, I do not think I have heard its objectives so claimed. Nor, do I believe, can its method of operation. True, it is provided with capital by the Government, but it will be autonomous. It will be governed by directors drawn from the field of private enterprise and applying the judgments and standards of private enterprise to applications to borrow. It will have no power to interfere with a company or to act financially on behalf of a company, unless it is by that company asked to act. It will be subject to the same taxes as other companies engaged in its field. It will compete on equal terms, and it cannot do any more than compete.

It will indeed offer a choice to a borrower, and the preservation and expansion of the right of choice has always been a basic tenet of Liberalism, ever since 1949 when Sir Robert Menzies pointed out the need to retain the right of choice.

Sir, if this is a departure from Liberal principles, a foray into socialism, then I suppose on that test, so is TAA, or the Commonwealth Trading Bank or the State Savings Banks or the Australian National Shipping Line, or a myriad other enterprises. I think that this action will, in the future, be hailed as a service to Australia.

I believe it will help to retain the greatest possible Australian ownership of growing Australian enterprises without interfering with that inflow from abroad that we need. Indeed, I think it will be an adjunct to the growth of Australian private enterprise, of Australian private enterprise industry and to help it grow as Australian industry.

Surely, Sir, these aims are proper ones for a Liberal Party.

In turning to the proposal, somewhat loosely described as offshore minerals legislation, we turn to one which has, I think, been greatly misunderstood. It has been referred to as an attempt to take the benefits of mineral deposits on the seabed away from the States. It isn't. It has been described as an attempt to take away States' legal

rights. It isn't. It is purely and simply an attempt to discover, by the only means known to me, who is legally responsible for the control of the seas around Australia, who has legal rights which are at present in unresolved dispute.

We want, and we believe, that the nation needs a clear legal definition of this matter which we do not now have. Both the State Governments and the Commonwealth Government claim this legal responsibility and both claim it from low water mark to the outer Continental shelf.

The legal claim of the States is not confined to the area between low water mark and the three-mile limit any more than the claim of the Commonwealth is confined to the area from the three-mile limit to the Continental shelf.

We are the only nation which does not know what the legal position is and where sovereignty lies, and it can surely not be claimed to be an act of centralism to seek to discover this. In Canada, the issue was resolved by stating a hypothetical case to the High Court - or the equivalent of the High Court. It is not possible to do this here. Here, all that can be done is for an Act asserting legal responsibility to be passed and for that Act to be challenged in that High Court which was set up by the Constitution for the purpose of interpreting the Constitution in cases which are not clear. Nor will this clarification, when it comes, prevent full Commonwealth, State co-operation.

The petroleum agreement, which specifically does not resolve the question of legal responsibility, will continue. And agreements patterned on the same lines can be entered into concerning all other minerals, and we are prepared to enter into them.

But as a nation we will know where we stand. We will know whether the nation's writ runs inside and outside the three-mile limit, whether it runs in part of the area but not the whole, or indeed whether it runs in any of the areas. And it is hard to see why this question should remain any longer in doubt, hard to see why this question should remain in doubt any more than questions relating to defence or overseas trade or the other sections of our Constitution where primary responsibility is not in doubt.

It is hard for me to see why there should be objections to Constitutional methods of clarifying the Constitution, and it is certain that after clarification, Commonwealth and State co-operation in the granting of leases for minerals, and Commonwealth, State agreements for royalties and fees in administration can be patterned

on that petroleum agreement which it is so often suggested should be followed.

Those, Sir, were three of the new initiatives, the new actions taken which, because they have occasioned country-wide debate, I thought I should speak of to this Conference.

I turn now to another question of debate, of relations between the Commonwealth and the States.

As far as financial relations are concerned, Sir, you will know that the previous agreement is shortly to run out and a new financial agreement requires to be negotiated. At the moment, discussions are continuing between Commonwealth Treasury officials and State Treasury officials on this matter.

At the Premiers' Conference, it was made clear, I think by me that there would be, in new agreements to be worked out between us, more available for State Governments than would have been the case had the old agreement continued with its set down yearly increases. And we were able to meet one of the specific requirements of the Steering Committee, which was that the area of State debt should be reduced and gradually taken over by the Commonwealth, and the charges on it revoked, and that there should be, each year in the future, a sum of money which previously would have been provided as Loan money on which interest was charged but which, for the future would be provided as a share of revenue for the States to spend as revenue rather than as Loan funds.

For the rest, the matters of betterment factor and things of that kind, this is still the subject of negotiation between us.

Last time I spoke to you on this general matter, I said this :-

"In my view, Sir, it would be unthinkable for an Australian Government not to have the overriding power over the maintenance of the Australian economy as a whole".

And this, I am glad to see, has been endorsed by the report of the Steering Committee.

I also said :-

"If there is a requirement for cheap power in, for example, Gladstone in Queensland, in order to be able to bring about industrial development which will benefit the nation; if there is a need for a pipeline or some other work in South Australia to carry natural gas, which in turn will benefit the nation, and if these things cannot be achieved without

'assistance from a national government, then a national government needs the right and capacity to assist in these things. "

I imagine there would be few here who would dispute that approach, and particularly in view of the Steering Committee's recommendation that provision for the needs and problems of the less populous States be maintained.

Last time I spoke to you, I suggested that there was a need to see that the facilities for the education of a child were roughly comparable no matter in what part of Australia that child was educated. And I suggested there was a need to ensure that facilities for the care of the ill in Australia were roughly the same, no matter in what part of Australia that citizen became ill.

I said then I did not think it right or proper to describe such suggestions as those of a centralist. And I repeat that I do not think they indicate a centralist way of thinking. But there are always those who seek to over-simplify everything and to apply labels. There are always those who seek not to have the kind of discussions I called on us all to have and which we have had with benefit, but rather to make pre-judgment and to use these labels.

In his address today, the President referred to the word "centralism" and "centralist". I am not entirely sure what these words mean for they are rarely defined by those who use them. But if they mean a system or person who wants all power, all policy-making, all administrative decisions concentrated in one place, then there are none of us here who could possibly be described as centralist. And I believe that all of us here could properly be described as opponents of centralism, if that is what it means.

Similarly, if a federalist is one who believes that a national government should have no responsibility and no voice in such matters of nation-wide importance as education or health or national development or agriculture or in any other fields, that there is no room there for co-operation between a national government and a state government, then I do not think that such a person is a true federalist or serves the nation well.

Indeed, Sir, these words, these labels, unless they are defined in depth, have no real meaning, but the danger is that they are labels which can be used as a substitute for thinking. A proposal may be advanced or a practice may develop which is new or different -- and I speak not only of proposals advanced for powers to come to Canberra or practices which develop, I speak of the living thing of federalism where, in either direction, proposals can

be advanced. And in such a case, always if such a thing happens, there should be analysis and examination in depth to see whether what is proposed is advantageous to the nation as a whole, to each of the citizens who make up the nation, just as they make up the various States, and whether it is advantageous to a State or States or to the citizens who make up the State or States.

There should in such circumstances always, in an ad hoc matter, be debate of a friendly and constructive kind, not debate designed as an advocacy of previously-determined positions, but debate designed to discover argument and to discover where the true balance of advantage lies, whether the goals sought are proper goals and whether they might perhaps be better attained in some other way; to discover whether the proposal fits properly into the co-operative federalism which we seek to retain. Too often, this exercise in thinking can be avoided and sometimes is by the initial use of a label and the condemnation of a proposal on the basis of that label.

Let us always, Sir, examine these things on the basis of a close analysis, close examination, looking at the merits or demerits of any proposal and looking at the continuance we all desire of an evolving but not static Liberal federalism in Australia. I think that those who do not wish to do that perhaps will do both Australia and the Liberal Party a disservice, for we cannot remain static, and we do wish to preserve a federal system which our opponents, should they have the chance, would undoubtedly destroy completely as they have made more than evident over the last year.

Sir, we believe in a federal system but not a static one. Our opponents don't believe in a federal system at all, and this is a great and continuing difference between us.

We were told this morning, Sir, in your speech, that we must discover what the Australian people hope for and that we should seek to govern as a government and seek to advise as an organisation in such a way that we can best attain those hopes and wishes, and indeed we must.

Many of these hopes and wishes must already be known to us -- the wish of young people to be able to obtain a deposit for a block of land and to build a house on it without facing a lifetime of heavy debt. the hope for continuing improvement in education opportunity -- and let us not be apologetic on this, for education opportunity under the various State Governments and with some assistance from the Commonwealth has improved immensely over the last decade. But there is always room for further improvement.

There is the hope of ~~being able to retire~~ in modest comfort and of being cared for when ill without crippling bills; the opportunity for personal development, personal development of talent and personal satisfaction in life by engaging in an occupation which gives satisfaction to the individual.

Then there is the wish for reasonable stability in prices and the cost of living, the desire to cleanse the environment in which many now live, the sense of belonging to and contributing to a nation growing in material wealth, in personal opportunity, in Christian concern for the unfortunate. And, of course, the desire and the wish that all this should be done with, if possible, no taxation at all!

Many of these new hopes and aspirations are good. But they have sprung from the prosperity created in the climate we have provided in the last twenty years which has taken the more pressing problems which used to intrude away. Well they cannot all at once be met.

But the way which will meet them best is the Liberal way, the way of creating a climate where individual enterprise and the right of choice to the individual will be continued, the way where competition is fostered but laissez-faire is not allowed to run wild, the way that has stood the test of time and which has made Australia -- not a perfect state for it is very far indeed from that -- but a country which offers its citizens because of their exertions, and because of the wise husbandry of the results of their exertions, a fuller life, a life of more opportunity than perhaps of any other country I know.

We will go into the future as a Party with heavier burdens for our defence than we have ever known before because of changing world situations, with greater involvement with the nations who our neighbours, with these new problems I have sketched to you before us needing to be overcome, but with the firm and unshakeable belief that the way to overcome them is not by all-embracing state planning, is not by abolition of a federal system but by that general approach which we have followed for over twenty years and which, projected into the future, and changing slightly to meet changing times and changing problems after debate, will best meet those problems for the good of this nation and all those citizens who live in it.
