

SPEECH BY THE PRIME MINISTER, MR. E.G. WHITLAM, Q.C., M.P.,
TO THE ANNUAL DINNER OF THE QUEENSLAND CHAMBER OF MANUFACTURERS,
LENNONS PLAZA HOTEL, BRISBANE, MONDAY 1ST OCTOBER, 1973

During the past few weeks I have spoken on five occasions to business leaders throughout Australia. I certainly intend no slight to Queensland by the fact that this gathering is the last of the series. On the contrary, you will receive the distillation of all the accumulated wisdom of my travels. You may justly call this my summing up, my final address to the jury.

In everything I have had to say to the business community - and especially to manufacturers - I have sought to emphasise one basic fact about my Government. And it is this: We are committed to your prosperity, we need you. We need your success, your growth, your co-operation.

I have to confess that this is partly a vested interest. And, as such, it is the more compelling. The fact is, as I have always stressed, that if my Government is to bring fruition to our ambitious plans for Australia's welfare and development, we can do it only in the context of an expanding economy, a buoyant and prosperous private sector. We were elected on a platform of reform; we will stand or fall depending on how successfully that mandate is discharged. We need business, we need industry, we need men like yourselves, to help us to discharge it. You are our indispensable allies.

So that is my first unequivocal assurance to you. Whenever you hear people say that the Government is indifferent, or even hostile, to the business world, you will realise how shallow, how short-sighted, how politically naive, such a judgement must be. Of course you will have criticisms to make of the Government in detail, just as the Government may have particular criticisms of business or industry. That is a fact of life, and a fact of politics, whatever Government may be in power. But I ask you to remember that our underlying commitment is to the maintenance of strong and prosperous local industries. That commitment has been reflected in every major policy announcement, every major economic decision we have taken since coming to office.

To illustrate my point, I mention some of the measures we have chosen to fight inflation. Rather, I shall mention first one of the methods we have not chosen. We have not chosen to fight inflation by creating massive unemployment. Yours are the industries that would suffer most from such measures - as indeed, you have already suffered to your great cost. I hardly need to remind you of the losses entailed by empty or half-used factories. So we will not attack inflation by destroying jobs. That is not simply an ideological commitment to the wage earner, though of course such a commitment is central to our perception of social justice. It is a commitment no less realistic, to your welfare as well. We will not expose Australian industry to stop-go fluctuations in demand which can destroy its efficiency and inventives. As part of our attack on inflation we have created conditions in which most industries can produce to capacity and benefit from the lower unit costs which result.

So let me spell out the essentials of our community of interest. Full employment is one, and in the past 10 months we have restored genuine full employment. Next, we are committed to growth, to a national economy geared to the highest level of its capacity and real productivity. That means the manufacturer and the investor can plan with complete assurance on the maintenance of the highest possible level of economic growth, and don't forget that in the past 10 months we have lifted our national growth rate to a near record 7%.

Next, we both need a high level of real wages and real purchasing power. Then again, we have a vested interest in your achieving fair profits. We need the growth which the investment of such profits brings. And finally, we believe there are enormous opportunities for manufacturers, for prudent investors, in the initiatives we have taken to enlarge the public sector of the economy. When Governments take initiatives where none were taken before - as we have in the cities, in education, in transport, in housing - it is private enterprise and private manufacturing which share in the fruits of these initiatives.

There is another message I have tried to convey to the businessmen of this country. It is one of pure optimism, or if you like, of self-congratulation. I ask you to remember that our economy is basically strong and healthy, and that business is currently enjoying a buoyant prosperity. We hear a good deal about anxiety or uncertainty; we hear little about the real tangible strength of the Australian economy at this time. After all, manufacturers should know this better than anyone. Nowhere is our prosperity more apparent than in manufacturing. Consumer spending is running at very high levels.

In the June quarter the level of activity rose in almost every major area of manufacturing industry. Sales rose by 12% over March 1973 and a further increase of 15% is expected in the December half-year. In the June quarter capital expenditure rose by 23% over March, and orders were 11% above the already high March values. So whatever doubts you may have about the future - let there be no doubts about the present. We are thriving.

I know that for many of you the Government's approach to industry may seem to be one of denial, rather than generosity; of exposure to chill winds, rather than protection. I acknowledge the anxieties you have experienced over our tariff cuts and revaluations, though I must say frankly that we have seen little evidence so far of any harmful effects of these measures, either on industry or the workforce. And I am confident that the measures were justified by considerations of the national economic interest that you, as businessmen, will recognise. I acknowledge also that, for some of you, our proposals for reforming the tariff machinery for establishing an Australian Industry Development Corporation, for legislating in far-reaching fashion for consumer protection and against restrictive practices, may seem part of some complex and oppressive pattern of interference or intimidation. That is what our critics would like you to believe. They are wrong.

It is my purpose to assure you, to convince you, that they are wrong. In the first place, we have undertaken that the Government will assist any industry adversely affected by our revaluations in tariff cuts. As to our long-term reforms, I stress that their purpose is not to weaken industry but to strengthen it still further to meet whatever challenges may be posed by international events or economic conditions at home. I am talking now of industries that are genuinely strong, genuinely responsive, competitive, flexible and efficient. A weak industry is not strong- whatever governments may do to help it. In the long run, it will not survive. What we aim to do, in all our measures for encouraging and assisting industry, is to make sure that efficient and well-run industries not only survive but prosper.

So I give you this assurance: nothing we do, either in our fight against inflation or in our general economic policies, will do anything to damage the underlying strength and prosperity of Australian industry. We are pledged to your growth and progress.

I do not see anything in our announced policies that industry should fear. In a sense, our plans for consumer protection, for industry assistance, for banning restrictive trading practices - far-reaching and important as they are- involve no more than logical extensions of what are now accepted principles. If you take our legislation on restrictive practices, for example, you will see that what we are doing is directly prohibiting certain practices instead of leaving them to be restrained separately after time-consuming inquiries. We have not so much a new objective, as a new and more direct means of achieving it. At the very least you will concede that our approach will eliminate a great deal of uncertainty. As the influence of this legislation spreads we can expect a sharper and more competitive spirit to emerge in the economy, with industry quicker to respond to changes in the market and to new opportunities in general. This must benefit everyone.

Similarly, with our attitude to industry assistance. We are by no means abolishing the accepted principle that deserving industries should be assisted to develop and flourish. Far from it. What we are doing is extending this principle to all industries - not just manufacturing - and ensuring that the whole process of assistance is subject to the most rigorous and extensive public scrutiny.

I am sure there is no one in this room who would not agree with me that the report on industry assistance prepared at my Government's invitation by Sir John Crawford - and on which our legislation was based - is one of the most far-sighted and historic contributions to the welfare of Australian industry ever prepared or published.

The other basic thought I have sought to convey to the business community is our desire for full and frank communication with you. We seek this communication, this understanding, with industry and business just as much as we seek it with the trade union movement. We want to hear from you and be involved in your problems.

We established at the outset of the Government a new Department of Secondary Industry. Like you, we have always emphasised the need for co-operation between industry and government. My colleague, Dr. Cairns, has announced his proposal for industry panels to bring together representatives of industry, government, the trade unions and consumers to advise on the development of industries. We have never run away from consultation with industry, and I assure you that in future we will never be anything but receptive to your views, sensitive to your needs, and sympathetic to your rightful ambitions.

It will help you, I think, if I state as clearly and concisely as I can the way we should like to see industry develop and the hopes we have for its future. They are confident hopes. They are based on a generous appraisal of your innate strength, your good sense, your capacity to adapt and adjust to fresh opportunities. We want to see industry, and the whole economy, become more adaptable to changing technology and to changing economic conditions both at home and abroad. Whatever government may be in power, there can never be, in today's unstable world, a guarantee of absolute security for any industry, or indeed for any sector of industry. You know how vulnerable primary industry has proved to changes in the world climate; secondary industry on the whole has been more fortunate. We want to ensure for all industry, as far as possible, a greater resilience and strength - a greater competitive spirit and efficiency - to enable it to withstand the inevitable vicissitudes of a changing and more uncertain world. We want our manufacturing industries to become more oriented to international markets - not through sudden switches of policy, but by gradual application and readjustment. In all these efforts, industry will be assured of the guidance and support of the Australian Government.

My final message tonight is addressed to you, not as businessmen or manufacturers, but as Queenslanders. It concerns the future of your State - its relationship with the rest of Australia and my own Government. I hope I am not breaking confidence if I disclose, Mr. President, that when you wrote to me recently about what I should say at this dinner, you said: "Maybe it is time we were told once again that our industrial output per head is the second lowest in Australia." Well, I would rather you made the point than I, but quite frankly, it never occurred to me to resort to such partisan and inflammatory remarks. Nevertheless, I think there is a lesson here that is worth repeating. Whatever the industrial output in Queensland, there is no reason why it should not be among the highest in Australia, and I sincerely believe the policies of my Government will help strengthen your industries and raise your general prosperity.

For myself, I have never had anything but affection and admiration for your State. After all, I am spending a few days' holiday in one of your coastal cities this week. But I suppose, like me, you have occasionally detected a slight sense of estrangement between Mr. Bjelke-Petersen's Government and mine. There is, quite frankly, a coolness between us such as exists between no other two governments in Australia. It can only be damaging and destructive to both of us. I seek an end to it.

I am sure it is not for any want of generosity or willingness on our part that the normal goodwill and mutual cooperation so essential between State and National governments - so essential to a Federation - somehow has faltered in the case of Queensland.

So that you may judge our good intentions, let me tell you of some of the things we have done for Queensland. When I first came to Brisbane as Prime Minister - that was in March this year - I said:

"My Government's commitment to the welfare and progress of Queensland is both general and specific. It is based on two great themes. There is first our general commitment to the cities. It is in these areas that my Government's attack on the problems of land and housing costs, school opportunities, hospitals, public transport, unemployment, sport and culture are principally directed. We have established a Department of Urban and Regional Development to co-ordinate our work of rebuilding and regenerating our cities. Queensland will share in that process. The related task of bringing new standards of social welfare to the people has been entrusted to our new Department of Social Security. I remind you that this Department is headed by a Queenslander, my colleague Bill Hayden.

The second part of my Government's commitment to Queensland is a specific one. It is in our policies for northern Development. That Department is also headed by a Queenslander, Dr. Rex Patterson. It is our aim, in co-operation with the Government of Queensland, to develop the vast and valuable resources of northern Australia for the benefit of the Australian people. It is in the north that the great sugar and cattle industries and much of our mineral industries have been established. It is in the north that Australians face their greatest challenge in retaining the ownership of the nation's resources and developing new industries under Australian control.

My Government has made one other specific pledge to the Queensland people. We have undertaken that one of our two main initiatives in regional development will be concentrated in Townsville. I said last year in my policy speech that the national Government was already responsible for decisions which have determined the growth - and the burdens - of Townsville more than any other Australian city except Canberra itself."

A few figures will suffice to show the extent of my Government's assistance to Queensland. Remember that we spend much more on one average Queenslander than we do on other Australians.

Our total payments to Queensland in 1973/74, for all purposes, are estimated at \$585 million. This represents about \$300 per head compared with average payments to all States of about \$270 per head. Our housing advances of \$17.4 million in 1973/74 will be 20% up on last year. Our payments for education will rise dramatically as a result of the recommendations of the Karmel committee - and once again Queensland will be getting a bigger percentage increase than Australia as a whole. For primary and secondary schools we will be paying \$26.3 million in 1973/74 - an increase of 148% over the previous year (for all States the increase is 146% - from \$74 million to \$181.9 million). For tertiary education we will pay Queensland \$47.9 million in 1973/74 - an increase of 140% over the previous year.

We are taking several important initiatives in health, and welfare - a grant of \$250,000 in 1973/74 for site acquisition and planning of hospitals in Brisbane, \$2.3 million for community health facilities, an estimated \$1 million for school dental services. To help plan and develop new cities we are paying \$4.4 million to Queensland in 1973/74 and we have provided \$3.1 million as a first contribution to Queensland to overcome the unsewered premises.

We have moved quickly to improve your urban and country transport systems. As we see it, the area most urgently requiring attention is public transport. In Brisbane alone between 1960-61 and 1970-71 the number of passenger journeys on public transport fell by 30%. On a per capita basis the decline was even more dramatic; it was just about halved. So in February the Australian Government approved a scheme to provide two-thirds of the cost of improving urban public transport. In our first Budget an allocation of \$32.09 million was made to commence this program. In Brisbane this year work will begin on the Merivale Street Bridge, electrification of the railway between Ferny Grove and Darra and construction of a third railway track on the northern corridor to Northgate.

Our expenditure in this field will increase rapidly as these projects get fully underway and other projects are added.

We have taken other action to improve your railways. I wrote to your Premier on 8 February confirming the Australian Government's willingness to accept responsibility for your railway system, if the Queensland Government wished to offer it. Your Premier requested more information on our initiative to help his Government decide. This information has been provided and I await Queensland's reply.

Four of the other States have agreed to hold discussions to see if a mutually satisfactory basis for such a transfer of responsibility can be devised. In both South Australia and Western Australia these discussions are well advanced. For don't forget, there are three main benefits to Queensland if you were to accept our initiative. Your Government would be relieved of the heavy burden of capital debt and interest payments in respect of the railways. We would accept full responsibility for financing the urban railway projects I have mentioned. At present Queensland is required to provide one-third of the cost of these projects. And we would accept the responsibility of ensuring that the railway system in your State was efficient and provided the services you need.

That is an account, by no means exhaustive, of the kind of help the Australian Government is providing. I have been in constant touch with Mr. Bjelke-Petersen on matters of mutual concern to us. Mind you, most of our dealings are conducted by post; it is rare that we have dinner together. But I confess - in all sincerity - that I find it puzzling, disappointing, and not a little hurtful that the Australian Government's earnest and proven concern for Queensland is so often resented and mistrusted by your State Government.

Queensland is a great State; the most decentralised, the most diverse, the most colourful, rich in resources, and in many ways the proudest and most individualistic of all. It provides an unmistakable pulse and vigour to the whole nation. Yet I have to say that in many ways you are behind the rest of us. I have referred to your industrial output; there is also the fact that your expenditure on education, for example, is the lowest per capita in Australia. Furthermore, you are moving rapidly towards problems of urban degeneration. It is estimated that the population of greater Brisbane will double between now and 1980 or 1990; there is no faster urban growth in any of our cities. It is important that Queensland acts promptly to avoid the deep-seated problems of urban growth already manifest in large parts of Sydney and Melbourne.

Preserve your identity and your pride in yourselves, but not, I entreat you, at the cost of your progress and your identification with the nation's broad interests and aspirations.

There are many areas - in the treatment of Aborigines, in off-shore resources, in the determination of boundaries, in mineral development - where our ideas have conflicted and where, I concede, there are legitimate arguments on both sides. But I suggest it would be a tragedy if a sterile obsession with "State rights" were allowed to impede the progress of Queensland, if local jealousies and parochial sentiments were allowed to stand in your way. Queensland cannot afford to become an odd State out. Australia cannot thrive without Queensland.

I offer you tonight a lasting contract of co-operation for a greater and more prosperous Queensland in a greater and more prosperous Australia. In such a contract, you, the renowned and successful manufacturers of this State, will play a lasting and essential part.

BRISBANE. MONDAY 1 OCTOBER 1973