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## PRIME MINISTER

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TEXT OF ADDRESS GIVEN BY THE PRIME MINISTER AT THE LIBERAL  
PARTY FEDERAL COUNCIL

This morning's meeting of Federal Council provides me with the opportunity to express publicly - on my own behalf, and on behalf of the whole Parliamentary Liberal Party - my thanks for your work of the last year.

There has never been a period in the whole history of our Party so fraught with difficulty or crowned with so magnificent a victory.

Almost a year ago, on that Sunday morning in October when Federal Council last met, I am sure we all felt that the future of Australia was in the balance.

At that critical time, and in the weeks that followed only one fact stood between the survival and recovery of our country and its continued slide into the abyss created by the Labor Party's ideology and folly, breach of law and of convention.

That fact was the determination, the unity, and the quality of the Liberal Party - in Parliament and in the organisation.

The Party Sir Robert Menzies founded more than three decades ago rose to its greatest challenge and triumphed.

We all know how very different Australia would be today, and how very different its future, if there had been no united Liberal Party, no Party committed to the ideals of Liberalism in that critical hour. At that epic moment Liberals throughout Australia stood their ground.

We achieved unity, we earned victory, because we had made Opposition, in the words of Sir Robert Menzies, "a great constructive period" for the Party.

We knew that we had a programme which expressed our philosophy and which met the needs of Australia.

We knew that we had an organization which had never been stronger and never better prepared to fight an election campaign.

Those are facts which should not be passing phases in the history of a Party. Developing the Party's programme and securing its organisational strength must be constant endeavours if we are to fulfill our responsibilities to the Australian people.

I am pleased to say that since the Federal Election last December the Party organization has continued its active and positive role.

Today we have 30,000 more members than a year ago.

The organizational Committees have been strengthened. They are a valued source of support and advice.

The Secretariat under Tony Eggleton has a vital role in providing support for the Parliamentary Party and the Party Organization around Australia.

It services the very valuable backbench committees - through its day to day contacts with the Parliamentary Party the Secretariat has become a valuable channel for communication between the Parliamentary Party and the Organization.

I believe that we need to be alert to opportunities for consultation and co-operation between the organization and the Parliamentary Party.

I have requested the Joint Standing Committee on Federal Policy to undertake a programme of meetings in the next few months with the object of reviewing specific policy areas.

I would now like to look more closely at the significance of last year's federal election for the future of Australia, and for the future course of policy under this Government.

The election last year marked a turning point in Australian history.

The Australian people chose one approach to building Australia and rejected another.

In rejecting the Labor Party, Australians rejected Labor's vision of a society dominated by a powerful few - a society of high taxes which minimized freedom and maximized direction over people's lives, a society in which all were to be expected to conform to the narrow conceptions of the labor leadership, a society in which the nation's whole educational system was to be dominated from the centre, where enterprise could move only with the permission of the nation's political masters, where the bureaucracy absorbed more and more of the nation's workforce as it sought to regulate more and more of the nation's life, where the government actually sought to persuade people of the benefits of dependence on government in every aspect of life, where the poor and disadvantaged were offered words and promises great reforms but where the words were empty and the promises unfulfilled.

The Liberal Party's approach on the other hand held out an exciting prospect of a free and compassionate society growing in prosperity and able to meet the challenges of social and technological change.

In this society government would work in partnership with the whole community.

Our task is to establish the circumstances in which people can make their own decision - in which the main driving force is the enormous energy of the Australian people.

The Liberal Party's vision is of an Australia where men and women can dream and work to realise their dreams - not a world where a few with delusions of grandeur impose their private view on everyone.

Our view is of a boisterous, argumentative, alert and tolerant society. Of a people experienced in bearing responsibility, equipped with the skills and the institutions to cope with technological change, determined to defend their independence but open and compassionate towards the rest of the world. Of an Australia in which the disadvantaged have genuine opportunity, and in which Government assistance recognises the equal right to choice and opportunity of those in genuine need.

It is a vision of an Australia where Government is democratic, accessible and responsive and where power is decentralised and decisions taken as closely as possible to those affected.

An Australian where a vigorous enterprise can express itself and contribute to the life of everyone - where people seek to enjoy and live in harmony with the natural world of which they are an essential part.

In the last year we have worked to give reality to that vision.

Inevitably we have given first priority to the most disastrous legacies of Labor - inflation and unemployment.

Before the election last year we developed a detailed strategy to get Australia moving forward again.

That strategy involved: bringing Government spending under control; providing major assistance to private enterprise to expand job opportunities; introducing tax reforms and procedures of consultation to encourage wage restraint; and encouraging national recognition of the common interests we all have in controlling inflation.

That strategy was and is the right strategy.

We have adhered to it consistently since the election last year.

The economy is now recovering.

It is going to be a long haul but there is every indication that the strategy is working.

There have been inevitable costs, but these costs are much less than those that would have suffered under Labor's mad extravagance.

There is still room for a wider appreciation of the fact that in recent years the Labor Party encouraged expectations to run beyond resources.

Labor's view that a government can go on spending and spending is still held by some.

This was reflected in one comment made on the budget - that it was an economic rather than a social document - that it was concerned with figures rather than people.

This is fundamentally wrong. There is, and can be, no divorce of economic and social objectives.

A desire for social reform without regard to economic reality led to the tragedy of the Labor years.

The failure of economic policy leads inevitably to the failure of crucial aspects of social policy.

A better Australia cannot be built on declining production and failing industry.

Opportunities cannot be expanded when confidence is undermined and initiative and enterprise are penalised.

The poor and the weaker sections of the community cannot be protected under economic conditions in which only the well-to-do and powerful would have any chance of protecting themselves.

The young cannot achieve a better life when economic policies cripple private enterprise, destroy jobs, and put home ownership out of reach.

Our great social objectives - expansion of opportunities, assistance to those in need, protection of the environment cannot be adequately achieved when national production is falling rather than rising.

We are determined to eradicate inflation and restore job opportunities.

That is the principal purpose of the budget.

That is why the budget is a document of major social importance.

Only on the basis of a responsible economic policy do expressions of concern become more than empty words.

The government is particularly concerned with the level of unemployment.

The strategy we are pursuing aims at a gradual and sound recovery.

It is designed to achieve a reduction in unemployment by mid 1977 and it offers the best hope for a soundly-based longer-term expansion of job opportunities.

In the immediate future our particular concern will naturally be with the school leavers.

The vast majority of last year's school leavers have now found jobs. But at the end of July there were still 12,7000 of last year's school leavers still unemployed.

One problem here is making sure that job opportunities which do exist are brought to the attention of those looking for work. Clearly there have been problems with this cause of unemployment in the past.

In an effort to minimize this problem we are instituting an inquiry into the Commonwealth Employment Service to see what can be done to improve recruitment processes; we have also introduced a significant relocation scheme.

For the remainder of my time today I would like to discuss some medium and longer term problems which face Australia - problems to which the Liberal Party in particular must address itself.

In moving towards the kind of Australia we all want certain priorities stand out: one is taxation reform.

The drift towards an ever larger role for Government in allocating resources - a drift which was not just a product of the Labor years - has produced a tax system in which levels are too high, which contains many inequities, and which undermines incentive.

This year we have given unmistakable evidence of our determination to introduce tax reforms - both for individuals and companies.

For companies we have made a start on trading stock valuation adjustments and have undertaken to allow not less than 50% of the full adjustment as deductions from this year's income. We have also increased the retention allowance for private companies.

We have already put an end to the impact of inflation on personal tax levels, through the introduction of full personal income tax indexation.

This reform will put a stop to unlegislated increases in the personal tax burden.

It will have a major role in restraining the growth of Government.

Its benefits will be very obvious in future years.

But it is only the first step.

In the medium and longer term our objective is a personal tax system which permits individuals to retain a larger proportion of their earnings so they can have greater independence in meeting their own needs according to their own values.

We want a tax system which rewards initiative and contains incentives to responsible independent action.

A government whose philosophy is based on respect for the individual, in present circumstances must have tax reform as an important priority.

Alongside the tax system our philosophy demands that we look very closely at the scope, structure and efficiency of the government sector.

The problems here are obvious: a vast expansion in the size of government, a piecemeal accumulation of functions, a growing intrusiveness of government into the lives of individuals, a growing concentration of power in the Federal Government

In our conception of Government the public sector ought to be a lean and efficient instrument of policy, and provide a responsive administration which as far as possible expands the capacities of other institutions and individuals.

This year we have firmly set the course by: reducing the size of the federal Public Service, which will be carried further through this year, by commencing a major decentralisation of government power and function through our federalism reforms.

All the essential principles of the federalism policy have been agreed upon with the states, and its implementation is now well under way.

We have also taken a number of significant steps to strengthen the individual citizen in relation to the bureaucracy.

We have expanded the machinery available to individuals to assert their rights through an Administrative Appeals Tribunal and introducing legislation for a Federal Ombudsman.

The Law Reform Commission has been asked to examine and report on unwarranted invasions of privacy in areas under the control of the Commonwealth Parliament. For example, invasions arising from information collected, recorded, or stored by the Commonwealth Government Departments, authorities and corporations.

We will also be legislating in the area of freedom of information.

Given our general approach, active review of the Government sector will be a continuing concern of this Government.

We have recently received the report of the Royal Commission on Australian Government Administration. It will receive very close attention.

The Liberal Party's concern for reform in the Government sector should not, of course, be confined to the Federal Government.

In recent years a number of the state administrations have grown just as rapidly as the Commonwealth Public Service and there has been a major expansion of state spending and state activity.

Alongside taxation policy and review of the Government sector, there is a third area where the Government's long term objectives will require further action. That area is the market of free enterprise sector of Australian society.

If a country is to provide real recognition of the right of people to freedom and self-respect, the vast number of goods and services produced by private enterprise, by individuals, must be made available as far as possible through voluntary market processes.

A properly functioning market system does not just happen.

In a modern industrial economy governments have a vital role in establishing standards of fair and proper conduct.

Properly conceived and functioning laws do not restrict but expand freedom. They prevent the powerful from trampling on the weak. They stop exploitation, and facilitate enterprise and effective choice.

That is why efficient action against restrictive trade practices is so important and why we have recently reviewed the operation of the restrictive practices legislation.

I notice that the report of the Trade Practices Inquiry recommended that there should be legislation to cover restrictive practices by trade unions as well as business concerns.

The activities of some trade union leaders can inhibit the freedom of workers and the chance of workers realising their interests just as the activities of some large corporations can inhibit smaller businesses in their legitimate activities.

That is why we have introduced secret ballot legislation. That is why that legislation is now in operation.

There is continuing concern by the Government with the whole network of legal rules governing the functioning of the market sector.

We want rules that fairly expand the area of freedom, not rules merely for the sake of rules from which there is no real public benefit.

A properly functioning market system is an unparalleled instrument for control and influence over the productive process by the people.

It not only produces the most efficient allocation of resources, but the most rational decisions about the use of resources.

It not only produces the greatest scope for enterprise and harnesses it for the benefit of the community.

It expresses better than any single set of Government decisions could hope to do the pattern of community preferences.

In such a system it is the people who decide what activities shall prosper and what enterprises shall profit, through their choices of products and services.

It provides workers with choice of employer, choice of job, as well as choice of product and service.

The free enterprise market system described in this way is, of course, an ideal.

One of the great challenges we face as a Party in giving reality to our philosophy is constantly to improve the operation of the market economy, and improve the capacity of all our citizens to reap its benefits.

We have been too modest for too long about its benefits for all our people.

It is because of the benefits of this system to individuals that there is growing interest in extending its role in the area of social security.

The Liberal Party's belief in freedom is an expression of our commitment to human dignity and to the value of each person. That same commitment must also make us initiators in the field of social security.

Our approach in this area is quite different to that of the Labor Party.

The Labor Party aims towards a system of universal services administered by a centralised Government monopoly, and systems of benefits which can only be funded by ever higher taxation. It is an approach which in the end makes everybody dependent on what Government chooses to provide.

The approach underlying the Henderson Report on Poverty was very similar to ours. The Report stated that: "An adequate income allows (a person) freedom of choice and freedom to participate in activities of his choice. It contributes greatly to personal freedom and the extent of opportunities available."

We have now initiated a significant experiment in accordance with this philosophy in the welfare housing area.

The Treasurer announced in the budget that we had decided to undertake a housing allowance voucher experiment. "Should the experiment prove successful, implementation of such a programme would give low income families the financial means to select their own rental accommodation on the open market".

Our family allowance scheme, which will give significant help to 300,000 low income families with 800,000 children, and will lift many families above the poverty line, underscores our belief in the contribution an adequate income can make to human dignity by providing choice and expanding opportunity.

Beyond the area of social welfare it is a basic responsibility of a Liberal Government to expand the capacity of all Australians to choose effectively.

We established a Department of Business and Consumer Affairs because these issues are so closely linked.

Improving the capacity of consumers to express their wishes effectively, will be a continuing concern of this Government.

In the area of consumer protection, we are presently considering recommendations of the Committee of Inquiry into the Trade Practices Legislation.

Consumer protection is an integral part of a properly functioning market system.

In reaping the benefits of freedom a great contribution must be made by our schools, colleges, universities and other educational institutions.

A society based on freedom is inevitably one of change - sometimes very rapid change. Technology is developing rapidly. Our freedom enables us to utilise the power of science most effectively.

Concepts of education are changing. There is a vigorous debate on the purpose of education and its appropriate function in our society.

Our educational system must adapt to the needs of people for job mobility, for retraining. It must be appropriate to the needs of people in the exhilarating new age we are entering.



As evidence of the importance we place on education, in the recent budget education was one of the very few areas to receive a real increase in funds. We also restored triennial funding.

The Government is also, however, acutely aware that there is a widespread concern about the functioning of our schools and post-secondary institutions.

We have taken the view that an examination of education is now required.

Accordingly, I announced the decision of the Government last week to establish the most important inquiry into post-secondary education since the Martin Inquiry over a decade ago.

Having particular regard to current circumstances this Inquiry will also examine the broader issue of the relationship between education and employment.

Education needs to equip a person for a satisfying and rewarding life. One fact of the greatest importance in achieving this objective is satisfying and rewarding work.

This Inquiry will provide a perspective on educational planning up to the year 2000.

The Committee of Inquiry is being directed to have particular regard for the Government's objectives of: widening educational opportunity; expanding educational and occupational choice; developing quality and excellence in all spheres of education, and encouraging community participation in education and training matters.

Education is not only concerned with imparting technical skills. It needs also to impart a quality of judgement. The great challenge to educators - is to combine the teaching of skills with that broader understanding.

The view that the best education need not be relevant, even on a broad definition of relevance, condemns us to failure in our efforts to cope with a fast changing world.

Our enjoyment of freedom will depend greatly on the quality of our educational system and the values our educators impart.

Unless our schools and universities, alongside the family, teach tolerance, a sense of personal responsibility, a respect for others and for their freedoms, and above all a maturity of judgement and rejection of dogmatism, it is certain that the great ideal of a society based on freedom and human dignity will remain finally beyond our reach.

Education, and the appropriate pattern of the educational system, will, whatever our views, be one of the major issues facing the Australian people for the foreseeable future.

As a Party which is truly Liberal - truly dedicated to fostering the conditions in which a satisfying life is available to everyone - we must be prepared to work with all our energies to achieve this goal.

It is the Labor Party that needs to be fearful of change, not us.

The spirit of the age is rejecting the conformist, tightly-regulated, bureaucratically dominated society that is the inevitable product of Labor's approach. People will less and less tolerate the coerced subordination of the many to the few that is inherent in the Labor ethos.

This year we have seized the initiative.

For the first time in many years the full life and meaning of our approach to Government have found expression in a series of major reforms which will make Australia a more vital, dynamic, compassionate and above all freer society.

For too long we have accepted as inevitable the growing domination of the few at the centre. We have seen all the western democracies moving in this direction.

Higher taxes, bigger government, more centralised government, more and more regulation, a growing dependence of everyone on the state - these seemed the inevitable and universal trend.

They were eroding not merely our freedoms but our sense of ourselves - of what made the democracies distinctive from the bureaucratic socialist societies of eastern Europe and the Soviet Union.

Many were questioning whether the democracies still had anything distinctive to offer.

In Australia three years of socialism have brought a fundamental change to our thinking.

But in all the western democracies people are once more raising fundamental questions about the role of Government and the direction of change - in America, in Europe, in Britain.

Once before Australia led the world in democratic and social reform.

We are doing so again.

In Government we have embarked on an historic devolution of power to the states and local councils. We have put an end to the increase in the burden of personal taxes, resulting from inflation. We have strengthened the position of the individual in relation to the bureaucracy. We have reversed the trend towards bigger and bigger Government at the federal level.

In the economy we have begun a series of major reforms to protect companies against inflation. We have restored incentives for the exploration and development of our vast mineral resources. We are introducing an income equalisation scheme for rural industry. We have got the economy moving again. We are introducing a range of measures to alleviate unemployment in the short term.

In the industrial area we have made secret postal ballots mandatory in all elections for office bearers.

In social welfare we have introduced the historic family allowances scheme to lift many families out of poverty. We have initiated the imaginative housing voucher allowance scheme. We have argued in the Arbitration Commission to protect those on lowest income.

For the aged we will be protecting the real value of pensions by automatic adjustments. We have a substantial programme to secure homes for the aged.

We have greatly increased assistance for handicapped persons.

We have established a major new home savings grant scheme.

We have increased real spending on education, and we announced the most far reaching enquiry into education since the mid sixties.

The Liberal Party of Australia has shown in the last year that a complete change of direction - that new hope - is possible if the will and commitment are there.

There is still a long way to go.

Today I have outlined some of the things we have already done and sketched some paths for the future.

Many issues and problems remain to be resolved if we are to move towards an Australia which is both freer and more humane.

New ways of looking at problems will be needed.

An imaginative use of new technology will be required.

Fundamental values of decent human relations will have to be asserted more strongly than ever before.

We need to assert the values of moderation in political debate - make unambiguous our disgust at tactics of intimidation and violence.

We need to set an example of reason, of rationality in our approach to issues.

The younger members of our Party will have a crucial role in working through the problems and demands of this new age - in lending their energies and their voices to ideals still far from being fully realised.

The next year, and the one after it, are going to require great steadiness.

It will be a long haul to repair the ravages of the last three years of Labor.

Many things we would like to do will not be possible in the short term.

We will not cease in our determination to give voice and expression to the hopes of Australians.

In future years people will say - this was the time when Australia turned away from centralised, domineering, inefficient Government towards a better and freer society.

This was the time when a new perspective on Australia's future opened up. When new possibilities for change and reform were seen. When the Liberal Party re-affirmed the vitality of its philosophy and approach to Government.

This was the time when our faith in the possibilities of freedom and democracy began to be renewed.

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