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PRIME MINISTER

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ADDRESS AT BARTON ELECTORATE DINNER

It is a great pleasure to be here tonight to speak at a dinner organised by Jim Bradfield's Electorate Committee. There were some wonderful results in the last election, but there were few swings larger than the one in Barton.

We all owe a great deal to people like Jim and his Committee - and to Maurice Neil and Don Dobie who are also here tonight, for ensuring a Liberal victory at that watershed election 19 months ago.

It was the Liberal Party's unity and commitment to establishing the conditions in which men and women can create a better life for themselves that won us the 1975 election so handsomely. It has been the same unity and commitment that has enabled us to begin to translate liberal principles into reality.

The Liberal Party's unity and our concern for the individual makes us different from the ALP. Labor's National Conference in Perth showed how divided they were, and how strongly they wanted to centralise power. Some people say that the ALP's problem is a lack of leadership. In fact, the ALP has too many leaders - we have got Mr. Whitlam, Mr. Hayden, Mr. Uren and Mr. Hawke. All competing with one another. Mr. Hawke is not even an MP - but that does not prevent him announcing that he will only enter Parliament if he is made Party Leader. He had to admit that no members of the party rushed forward to offer their support.

At Perth Mr. Whitlam - having retained his leadership by two votes - made a speech saying Labor would have to be economically responsible. This obviously impressed Mr. Hayden. He said that Mr. Whitlam's speech must have been written on the road to Damascus. It also impressed Mr. Hawke. He conceded Mr. Whitlam was a greater man than he was - 'for the time being'.

The ALP may have a multiplicity of leaders, but they do agree that there should be: more government expenditure, more government intrusion into other people's lives, more taxes, more planning, more bureaucracy. They spent hours discussing this in Perth. They spent a bare 45 minutes on one of the major issues facing Australia - the mining and export of uranium.

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This is a question of fundamental importance, which involves many issues affecting the nearby Aboriginal communities, the environment, the problem of proliferation, waste disposal, the energy needs of other countries.

Already, Britain, Germany, Japan, the United States and France - to name a few - produce a significant proportion of their electricity from nuclear reactors. Europe's need for uranium was strongly emphasised to me by the European leaders I spoke to recently, including the Socialist leaders of Britain and Germany. A curtailment of uranium supplies will certainly lead to dearer energy, and it could lead to energy shortages and international tensions.

As we hold 20% of the world's uncommitted reserves of uranium, the world's energy needs must be considered very carefully. The Government is continuing its detailed consideration of this issues, and we have made it plain that there will be no mining and export of uranium unless the aboriginal communities and the environment at the mine sites are fully protected. There will be no mining and export unless a stringent set of safeguards is observed. We will insist that all customer countries observe the International Atomic Energy Agency's safeguards, and the further conditions contained in a special bilateral agreement with Australia. This is the most far-reaching safeguards policy adopted by any country. It goes further than the safeguards suggested by Mr. Whitlam in the House earlier this year. It is a practical, reasonable and effective package of safeguard measures. We will make a continuing effort to find ways of strengthening these safeguards. We will be participating, for example, in the International Nuclear Fuel Cycle Evaluation Programme.

Labor tries to represent its policy of an indefinite moratorium on uranium mining as a moral decision. In fact, it was nothing less than a cynical manoeuvre to paper over the differences between different ALP factions - a manoeuvre from which the extreme left benefitted most. The Perth decision required all kinds of intellectual and moral gymnastics from the ALP. When the ALP was in government, it ardently supported uranium mining. Then, they were concerned with only one consequence of uranium export - the dollars and cents it would earn. In October 1974, the Minister for Minerals and Energy said the ALP would "ensure that our major trading partners, Japan, Italy and West Germany - obtain an equitable share of the uranium we have for export." In October 1975, the Minister for Aboriginal Affairs stated that "International assurances have been provided by Ministers that Australia will meet the uranium requirements of our major trading partners which could amount to about 100,000 tons of uranium." In March 1975 the then Deputy Prime Minister, Dr. Cairns, and the Minister for Agriculture, Senator Wriedt, issued a joint statement with Iran that "Iran would be given access to supplies of uranium from Australia under favourable conditions." On 2 June 1975, the present Shadow Minister for Minerals and Energy, Mr. Keating, said "Japan is interested in moving into nuclear power and enriched fuel. We are prepared to give the Japanese any amount of fuel that they need..." "The only thing is that we would like to do the enriching. Instead of sending just yellowcake

at bargain-basement prices, we want to get the profit that comes from enrichment."

Only days before going out of office, Mr. Whitlam signed a Memorandum of Understanding for developing the Ranger Uranium deposit. He applauded the development as a "major export earner". At the 1975 Terrigal Labor Conference he helped to defeat a motion for a 12 months moratorium on uranium mining. Now he says he opposes uranium mining. The lights on the road to Damascus must have been so dazzling that Mr. Whitlam can reverse his stand on any issue without blinking.

During the 45 minute debate, Mr. Whitlam and Mr. Hayden sat mute. Mr. Hawke - who had said his heart said no, but his head said yes to the mining and export of uranium, also sat silent. What with his head and heart giving conflicting instructions, he must have lost his voice. But he did speak up outside the Conference. He said that there should be more debate on the issue, and that as a matter of intellectual integrity, he was not convinced by the arguments for leaving uranium in the ground.

Mr. Hawke will not be allowed to say this sort of thing in the future. Some unions complained about his statements. And the Administrative Committee of the ALP in Victoria rules that every ALP member had to comply with the Perth decision "including the National President". Mr. Hawke is now protesting that his statements did accord with that policy. Poor Mr. Hawke. He should know by now that "matters of intellectual integrity" do not count for much with the left.

The mining and exporting of uranium does raise moral issues of fundamental importance. Labor has always evaded them. My Government's steadfast position has been that decisions on uranium will not be based on the commercial considerations that were so transparently at the heart of Labor's approach. Our decision will form a proper and considered response to all the complex moral and technical issues which the uranium question involves.

The care with which this Government is dealing with the issue of uranium mining and export, characterises our approach to all issues of national importance - the economy, to the problem of inequality and disadvantage, to issues of freedom and civil liberties, to the problems faced by small business. The Government has taken a number of important initiatives in all these areas, and I would like to mention just some of the actions we have taken to assist the small businessman.

The Government is well aware of the importance of the small business sector. It is a major employer, and constitutes more than 90% of all business enterprises in this country. The health of this sector vitally affects the health of the whole community. In recent years, small business has been under considerable pressure. Its most serious difficulty has been in finding adequate capital to finance its growth and development. The small businessman does not have access to

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the stock market for funds, and other traditional sources of finance, such as banks, are not always able to lend finance when required. One reason that the small businessman has had such a pressing need to find capital is that he has found it increasingly difficult to finance his growth out of retained profits and cash flow. In recognition of this, the Government has introduced a series of taxation concessions designed to remedy this position.

We have introduced a generous investment allowance, which provides a special tax deduction of 40% of the capital cost of eligible plant and improvements. We have introduced a special deduction, called the Trading Stock Valuation Adjustment, which discounts the value of stock for tax purposes to take into account the effects of inflation. With the needs of small business particularly in mind, we have increased the retention allowance - that is, the proportion of business income that a private company may retain free of the special tax on undisturbed income - from 50% to 60%. And for those small businessmen who are primary producers, the system of Income Equalisation Deposits has been introduced. This helps to overcome the dramatic fluctuations in income which primary producers receive from year to year.

In addition, like all taxpayers, small businessmen have benefitted from the historic reform of tax indexation. All these measures, together with the success of our anti-inflationary policies, have caused a dramatic turnaround in company profits. The latest available figures show that company profits in the March quarter of this year were running 27% ahead of the comparable position last year. We are also examining the possibility of increasing the availability of loan capital to small businessmen. A report issued last year by the Government concluded that there was a gap in the supply of medium term and long term finance to an important number of Australian enterprises. We have set up a task force to examine this matter further and I hope to receive their report shortly.

The Commonwealth and the States have, in the spirit of the new federalism policies which my Government is pursuing, agreed on a co-ordinated approach in assisting small businessmen. Under the new co-operative scheme, the states are providing counselling services, management courses, and in some cases, guarantees for bank loans. The Government is providing research and information, and co-ordinating the whole scheme to avoid duplication and maximise the efficient use of available resources. The Government is determined to encourage the growth of small business. Such growth is a vital part of our strategy for the recovery of the Australian economy.

Another sector which is of vital importance to our economy is our export industries. They too have been under pressure, particularly from the effects of inflation which has pushed up their costs, in many cases faster than the prices they have received in foreign markets. Moreover, this pressure has been greatly increased for exports of agricultural products by the problem of obtaining access to major markets in Europe.

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For some years, the European Economic Community has excluded virtually all Australian agricultural products other than wool, and, what is worse, European domestic surpluses have been exported to third countries under exorbitant subsidies thereby undercutting us in markets right around the world.

More recently these policies of exclusion have been extended to Japanese manufactured goods, and steel from Japan and South Africa.

On my visit to Europe in June, I was informed that, the EEC wished to make Australia reduce our exports of steel to the Community by 25%, on the grounds that Australia was allegedly an unfair trader. I would not voluntarily contemplate such cuts and the request was subsequently withdrawn. I pointed out the inequity of the current position under which European exporters have consistently obtained access to our markets - even in times of economic difficulty - whereas many of our exports have been utterly excluded from Europe. Such exclusion hurts us - because the EEC, with 260 million people, is the world's largest trader, accounting for 40% of the world's trade.

As a result of these deliberations, the European Commission agreed to hold major bilateral discussions later this year. It was clearly vital that we be represented at these discussions at the highest level, and accordingly I have appointed a Minister, John Howard, to lead the negotiations.

As the Constitution requires, he will be supported by a new Department, but it will consist of only some 20-30 people. Its function will be to act as a Secretariat to the negotiating team.

We do not expect the basic principles of the Community's Common Agricultural Policy to be altered. But there is room within that policy to accommodate fairly the mutual interests of the Community and ourselves. Questions of trade will also be discussed at my meeting with the five ASEAN Heads of Government in a few days time.

My Government has always attached very great importance to ASEAN. The ASEAN countries are a populous, resource-rich and economically dynamic group of neighbours. Many of our vital communications links pass through this area, and we have important and longstanding security agreements with individual ASEAN members. The region forms our fourth largest export market and Australia's imports from the five countries have continued to grow at a substantial rate each year. Between 1970-71 the 1975-76, ASEAN's exports to Australia increased from \$87 million to \$317 million, a growth rate twice as fast as that of total Australian imports. Since 1971-72, our imports of textiles, clothing and footwear from ASEAN countries have increased four and a half times, and the rapid expansion of imports of ASEAN textiles and clothing has continued, even though some general import restraints were introduced on these items in 1974-75.

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The Australian consumption of ASEAN goods on a per capita basis is appreciably higher than in other developed countries. Australian per capita imports of manufactured products from ASEAN in 1975 was \$6.50, compared with \$4.10 for the USA, \$2.80 for Japan, \$2.40 for the EEC and \$2 for Canada. The value of our imports of textiles, apparel and footwear per head was over \$2 compared with less than \$1 for each of the countries I have mentioned.

I am confident that as economic conditions in Australia improve, we will be able to strengthen further our economic relationship with ASEAN. We have already laid the groundwork in formulating the Australian Government's long-term policy towards manufacturing industry. But many parts of the manufacturing sector have been subjected to exceedingly rapid rates of change and it is not reasonable - given the level of unemployment in Australia - to subject them to a greater rate of change.

The Government recognises the need for special policies of protection for particularly vulnerable industries. I believe the ASEAN Governments themselves recognise Australia's situation.

My discussions later this week will help us to plan for the future, to investigate together with the ASEAN countries those areas in which we can strengthen our economic relations to the greatest benefit.

Mr. Chairman, thank you for inviting me to speak here tonight. Jim Bradfield is a most effective representative for this electorate, and a constructive and energetic member of the Government team, particularly through his contributions on the Government Parties Treasury Committee of which he is Deputy Chairman. I feel sure, judging from the numbers here tonight, that you are giving Jim your wholehearted support, and that he will remain the Member for Barton for many years to come.
