



PRIME MINISTER

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OPENING OF ENTERPRISE WEEK, SYDNEY

At the outset, I want to congratulate Enterprise Australia on the way it has set about its task of promoting the cause of free enterprise in this country. Too often a vital cause is neglected and gradually eroded because people take it for granted. The overwhelming advantages to all Australians of our free enterprise system are too vital to be left unsaid.

The entire community benefits from an efficient and prosperous private sector. It provides the means of achieving a real increase in our wealth, in our standards of living, in job opportunities, and in our capacity to help those in need. The profits made by private industry provide new investment and create new jobs. They directly benefit vast numbers of people, not only the hundreds of thousands of Australian shareholders, but the millions of insurance and superannuation policy holders whose funds are invested in public company securities. And of course, company taxes raised from business profits provide much of the resources for government to satisfy the community's needs in social welfare, education, defence, communications, and other essential areas.

But Australians' commitment to free enterprise is not founded simply on the fact that it is the most efficient economic system available, or the most efficient provider of the resources required to produce a better life for all Australians, though it is both of these. There is a consensus of support for free enterprise because it is the most democratic system. It confers on the individual maximum freedom of choice; it allows the individual maximum opportunity to innovate, to strike out on his own, to try out his own schemes and dreams; it makes the individual consumer the ultimate arbiter of taste, the ultimate allocator of resources.

A socialist would, of course, take a contrary view. To him the allocation of resources must be determined not by ordinary Australians through the free market, but by the bureaucracy in accordance with some allegedly all-knowing national plan. A blueprint for just such a system is not hard to find - it is contained in the new economic planning policy adopted by the Labor Party at their Perth Conference last June.

Let me read to you a few extracts from that policy.

"Market forces alone will not create the environment necessary to achieve our objectives."

"Labor will initiate national planning to relate the performance of both the public and private sectors to the goals of society, and to give direction to the allocation of resources between various sectors in the economy."

"The priorities and targets of the various plans will be determined by Government..."

"A Department (will be) created with the responsibility to coordinate preparation and monitoring of plans."

"Labor will set the overall objectives ... Government will intervene where necessary to reach national objectives."

"Public enterprise is particularly to be established or extended in the fields of banking, consumer affairs; insurance, finance, marketing, housing, stevedoring, transport and in areas of social monopoly."

I believe these words speak for themselves. What Labor offers is a vast bureaucracy armed with vast powers to impose controls on the daily lives of us all. The contrast with free enterprise could not be clearer or more stark.

Labor's policy was sponsored by the Shadow Treasurer. It is a policy binding on all Labor Members of Parliament; it is a policy which I believe will be rejected out of hand by all Australians who value their freedom, who want an economy that produces more of what people want rather than what Governments think they want.

The Commonwealth Government does have a vital role to play in providing individuals and business with strong incentives to work, to invest and to innovate. Government too has a most important guiding, managing role, and it must actively protect the disadvantaged - and those - such as small business or the consumer - who in some circumstances are in an unequal bargaining position.

What is vital is that the Government does not intervene to the point where individuals and business are placed in shackles. Yet this was precisely the position when we came to office. The burden was so great that individuals were losing the incentive to work, and to innovate. The economy had been so mismanaged that inflation and interest rates were up, profits and investment were down. In 1974/75 there was actually a fall in real national product.

The extent of these failures of Government meant that there could be no speedy and painless solution. We did not promise an overnight recovery. What we did say we could do was to play our proper part as Government in creating the conditions under which the private sector could revive and recovery its momentum. In less than two years - so as to restore the basic incentive to work and to give people greater freedom to make their own spending decision - we have made substantial cuts in personal income tax and reformed the rate scale.

This year alone tax indexation and the reforms in the last Budget save individuals \$1371 million in tax, next year the total will be \$1857 million. We have encouraged businesses to invest by introducing the investment allowance, and allowed companies to introduce in part a form of inflation accounting for stocks when calculating tax.

For the mining and petroleum industries we have restored the incentive for development and exploration. Company profits have recovered - up 23 percent in 1976/77. In response to the improving outlook, business investment plans have grown greatly. Over the next 3 years \$5000 million (in 1976/77 prices) is expected to be spent on large manufacturing and mining projects in addition to normal basic investment within those industries. Production has responded - in 1976/77, gross non-farm product went up 3.7 percent. In its own area of spending, the Government has imposed the most rigorous restraint. The marked reduction in the deficit we have achieved was necessary to provide the scope for the tax cuts I have mentioned. It was also an essential step in maintaining firm control over the rate of growth of money.

There has been no more important part of the Government's strategy than the defeat of inflation. We are well on the way to achieving that objective too. In 1975 inflation was 16-17 percent. So far this year, inflation has been running at an annual rate of just over 9 percent - and it is falling. The 2 percent increase in the CPI announced last week was the lowest for 5 years, apart from the quarter Medibank was introduced. For the first time in 4 years the rate of increase in the CPI has been held below 2.5 percent in each of three successive quarters. There could hardly be clearer confirmation of the success of the Government's general economic strategy than this result in turning around the inflationary spiral. It shows the benefit to be obtained from firm control of Government spending, from sensible monetary policies, and from wage restraint.

This steady decline in inflationary expectations will strengthen our economy in many ways. Our export and manufacturing industries will be in a stronger competitive position. The gains from devaluation of last year - which are now evident in our trading figures - have not been dissipated in higher inflation (as our critics said would happen). We can expect a consolidation in our

external trade balance. Business and consumers will continue to gain in confidence, and the downward movement in interest rates will gather momentum, assisting investment generally, and small business and the building industry in particular.

We cannot afford to relax. We are determined to keep inflation moving further downwards. The full benefits of this strategy will become increasingly apparent as time goes on. The continuing health of the private sector ultimately depends, not on government, but on the men and women who work in it.

It is imperative that there be the maximum possible co-operation and harmony between everyone involved in any one enterprise. It is not enough that the management strive for higher performance, productivity and profits - this must be the goal of every employee. Such a concerted and united effort can only be achieved when there is complete communication through all levels of a company's structure - when management takes the trouble to explain to everyone on the payroll where their business is heading and why. Such communication has not always been present in Australian business, and I particularly welcome Enterprise Australia's campaign to get companies to report regularly not only to their shareholders but to their staff too.

Mr. Chairman, never was it so necessary to restate and reaffirm our commitment to our free enterprise system. There are serious limitations in the ability of any government to produce a better life for its citizens. Free enterprise places the ultimate choices, the ultimate responsibilities, where they rightly belong - with each individual Australian.

There is another matter which places ultimate responsibility on every individual Australian, and it is a matter which seems to have bemused our political opponents and the press over the past several weeks. It is the subject of an election. I have always made it plain that this country needs stability in government. Over our period in office we have provided that. As the constitution now stands, if both the Senate and the House of Representatives elections are to be held at the end of the different terms of both Houses, we will end up with a half Senate election in May and a general election just seven months later in the following December. That is, two elections virtually in twelve months from now. Over 60% of Australians voted at the recent referendum to alter this situation. But despite the majority of Australians in favour of the proposition it did not get the necessary support in the majority of States.

The Government has been concerned to reduce the number of elections, and therefore we have been looking at the options open to us to make sure that the next Senate and House of Representatives elections are held at the same time. The first possibility of doing this would be in December. The second would be around April or May. Over the last couple of days as part of the continuing process of consultation with my Ministerial colleagues there have been discussions about the best course for Australia. Our principal concern is to maintain the thrust of our economic policies which are so clearly working to the advantage of all Australians.

/We believe

We believe Australia should not be bedevilled by two Federal elections in the next twelve months, which does point us, therefore, towards December or April/May for a simultaneous election.

Some commentators and political opponents have attributed to me, firm and committed views in relation to this. In this matter I have not expressed a firm view to anyone or at any time. But the matter must be determined shortly - as it will be. Our judgement will be based on what we believe to be in the best interests of Australia to sustain the present economic recovery, and to maintain the impetus of our very necessary economic programmes.

Ladies and gentlemen, I have great pleasure in declaring Enterprise Week open.

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