

PRESS CONFERENCE AT BOULEVARD HOTEL, SYDNEY.: COMMUNIQUE

1 September 1978

Communique: (Read by Prime Minister)

"The Liberal Party Parliamentary and Organisational leaders Meeting in Sydney on 31st August and 1st September discussed the longer term objectives for Australia now that substantial progress has been made in breaking the back of inflation. It has been inflation that has been the biggest single factor preventing Australia's economic recovery.

The leaders agreed that it would be dangerous to lower the anti-inflationary campaign, but that the time had come to identify more precisely the goals to which Australia should be moving.

The meeting ranged over many of the important political and social issues facing Australia today and that challenge for the future. Topics discussed included our domestic economic recovery, strengthening the private sector, international trade, industrial relations, the increasing impact of the technological age, social welfare, fuel & energy policy, Aboriginal Affairs, infrastructure financing, and national development.

The meeting exchanged ideas on the Liberal approach to many of these issues at State and Federal level. The leaders spent some time examining the social and industrial impact of technological change and innovation. They agreed that this was an issue that required detailed attention from both Parliamentary Party and the Organisation. The leaders were optimistic about the contribution of technology. They were convinced that, in the longer term, it would create new job opportunities in Australia. At the same time, it would make Australia more competitive in domestic and in overseas markets. It would also strengthen the private sector.

The total community needed to understand the challenges and the opportunities. There was a need for a better understanding of what is in the real interest of Australia's working men and women throughout the whole industrial area.

The leaders were confident that Australia would cope with the computer age, and benefit substantially from it. Unfortunately, there were too many people with narrow vision - those simply concerned with undermining the Federal Government's programme for recovery. The opponents of the Liberal Party were trying to destroy Australia's faith in the future.

The leaders agreed that the Liberal Party needed to strengthen still further its partnership with the electorate so that the whole nation understood and backed the Liberal plans for Australia's development and its vision for a better way of life for all Australians.

The Prime Minister said that the Federal Government was looking forward to early decisions through the loan council in respect of infrastructure finance.

The Liberal leaders endorsed the overall objectives of the recent Federal Budget as part of the strategy for reducing inflation and interest rates, and contributing to Australia's economic recovery. They were optimistic about the economic future based on today's policies. In particular, they noted the strengthening prospects for rural industry. The best prospects for 15 years. Further, there was every indication that Australia would increasingly become a major resource supplier--even more important than we now are-- to the world.

They recognised that there were some immediate problems, not least the social difficulties associated with unemployment that needed careful and sympathetic monitoring and attention by Governments.

All the leaders were united in the determination that Liberal policies designed for the long-term health of Australia should not be sacrificed to short-term political expediency. These responsible Liberal policies stood in marked contrast to the socialistic approaches being reconfirmed by the Australian Labor Party.

The two-day exchange of views have made a significant contribution to the acknowledgment of objectives, and to closer co-operation of both the Organisation and Parliamentary levels of the Party. It has strengthened the Party's vision, strengthened its resolve, and underlined the essential unity of the Liberal Party.

And Australia, with Liberal policies, could move forward confidently into the 1980's."

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PRIME MINISTER:

That is the communique which we all put our names to this morning after two days of very useful and constructive discussions, and there are one or two aspects that I think I'd like to emphasise.

One of the things which is now widely recognised by the States is the very real degree of co-operation between the Commonwealth and the States in a number of areas that are, in a sense, very important to government, very important to the well-being of people. But because of the way they have been handled they are not matters of major political contention.

We know what has happened in the past overseas in submerged lands legislation, for example, and the arguments between governments, High Court decisions apparently taking power and influence away from States and areas that have traditionally been their concern. It has been left to this government to resolve that in co-operation with the States, by practical arrangements made by practical people in sorting out solutions

to the problems as a result of that High Court decision. Over two or three Premier's Conferences very great progress has been made. Agreement in principle has been reached, agreement in practical areas has been reached.

In other areas also we have co-operated with the States in treaties powers, being prepared to have Federal causes in treaties, keeping the States in close consultation through the format of stages of treaties. These are new hallmarks in the development of Commonwealth and State co-operation, which augurs well the good government of this Commonwealth.

There is one other innovatory area, which originally came out of the advocacy of Sir Charles Court. That is infrastructure financing to enable State instrumentalities in certain circumstances to borrow overseas to assist in the forward development of major resource projects, energy projects, matters that are going to add to the commercial strength, to international payments of Australia, and I think you know that the States have all put forward a number of projects that they hope will be financed under these arrangements. The total list costs \$2,500,000,000 and the States all know that that total list can't be met but once, and officials have been having meetings since the last Premiers Conference, and there is to be a further meeting in about a week's time, and we're instructing our officials that flowing from that the matter will then come back to Ministers and Premiers and myself for decisions in relation to priorities in what might be done. In Western Australia for example there are projects in relation to the Dampier-Perth gas pipeline, the Pilbara power development, Worsely rail and water supply; the NSW power stations, port facilities for coal export; Victoria (?) power generation project which is a very major project - a world trade centre project; Queensland - the Hay Point coal loaders and power development; South Australia - Redcliffe Petro-Chemicals; Tasmania - Hydro electric power generation projects and in Tasmania other water supply projects.

I believe that if we can assume that Premiers and the States and the Commonwealth are going to come to agreement about infrastructure financing, raising funds overseas for this kind of infrastructure development, that that will be one of the things that will help to herald in an exciting new period of development for Australia--looking forward into the future. I'm quite certain that we are now setting the scene in Australia for an exciting decade of further development in the 1980's and beyond. The determination and views of the Liberal Party, which are firmly committed to achieving that kind of result, are going to be a great help to Australia. I'm certain that we have an exciting time ahead of us, with Australia running a good and well-balanced economy, being well able to look after herself in the international economic community, but at the same time because our inflation rate is down, our economy is well run, we'll be able to take advantage of opportunities that become available in a larger share of world trade,

a larger share of resources for investment and development, our industries will become more competitive, have a larger share of our domestic market, and will at the same time become increasingly competitive and able to penetrate other markets overseas. Therefore, I look to the future with a very great degree of optimism, and I believe all Australians should share in that.

Question:

Prime Minister, you mentioned the States had put in requests for overseas borrowing totalling \$2,500 million dollars. Can you see indications of what limits might be placed on....

Prime Minister:

That's over a period of years. Some of the projects are so large they are phased over many years. I don't want to pre-empt the report that is coming to us as a result of the joint work of Commonwealth and State officials. There will be advice on that. I just mentioned that to you to indicate the size and scope of the projects that, in a sense, are on the shopping list, and also the hope that - it's not a hope, it will be a reality - that in a very short space of time the Government should be in a position to make decisions about these matters.

Question:

Mr Fraser, you said that the Leaders were optimistic about the contribution of technology, and it was announced this morning from Canberra that a technology inquiry, an automation inquiry, would be held. Why didn't the Government announce that last Thursday when the Cabinet decision was made at the height of the Telecom dispute?

Prime Minister:

You would have to ask the Ministers concerned about that. The Government makes decisions and it is generally left to the Ministers to make the announcement when they want to.

Question:

You don't think it would have helped the Telecom dispute and eased the tension somewhat?

Prime Minister:

When you have a full understanding of the totality of the discussions that have gone on, I don't really think so, no. We already had the Clarkson proposals before us. They were further developed by Commissioner Geudrin on Sunday, and the basis of the Clarkson six points were maintained in that discussion on Sunday. It was over a year earlier than that that members of that particular union had been given a ten

year guarantee against retrenchment as a result of technological change. I think I made the point yesterday that on advice available to me, it is expected that employment in the Telecom area will expand as a result of technical change and innovation, because while there can be some changes in employment, new technology will enable Telecom to offer more services, different services that businesses or people will want to buy and share in. Overall, therefore they would be doing more business and employing more people. This is one of the things that will clearly come from new technology. Just as today we have things in our home that 30 years ago weren't dreamed of, so too in 30 years time I believe there will be other things in peoples' homes and part of their daily lives which today we don't think of. But that's part of the continuing change.

Our task is, through the Department of Productivity, through other programmes of Government, to try and make sure that we keep up - that we're in the forefront. Our scientists have put us in the forefront of Interscan, which has been accepted worldwide as the best possible system for international aviation. Now the task is to make sure that Australian industry capitalises on the production potential of that, and that we haven't just invented something, put something together through the work of CSIRO and other scientists, which then is developed by the industry of other countries.

The Government, as you know, is backing the Interscan project very substantially, and a very noted Australian - Sir Ian MacLellan - has become Chairman of the Guiding Light (inaudible) of the Interscan project and development. That's one particular area, but we need to sort out those things which Australia can do, not well, but better than anyone else, and make sure that we go for our lives and are successful.

QUESTION:

When can we expect the decisions to start flow on the new borrowing arrangements for infrastructure?

PRIME MINISTER:

I think we're very near those decisions, because there have been many meetings of officials, whose projects have been put forward, and the report that we are expecting after the next meeting is designed to put us in a position of making decisions. Then matters will flow from there.

QUESTION:

You mentioned the consultation with the Premiers. Are you suggesting another Premiers' Conference be put into view?

PRIME MINISTER:

I think that in relation to these things it is very likely that a discussion - either Premiers Conference or Loan Council, because they'll be Loan Council procedures which enable the infrastructure borrowing to proceed - but I think we've got to look at the officials' report to see to what degree they have got unanimity, how much of the decision making is left to members of the Loan Council. So, let's not pre-judge the report, but I will be very disappointed indeed if the report doesn't put governments in the position of making decisions pretty rapidly.

QUESTION:

Prime Minister, the thrust generally of this communique seems to me to be far more optimistic about the future in terms of... (remainder inaudible).

PRIME MINISTER:

No, I don't think so. I think that if you note some of the things that I have been saying, and other people have been saying - We have spoken about the five percent inflation rate being a breakthrough, that the Budget is a watershed in terms of economic recovery and success - that's not unnatural, it has been put together more. We've spent a day and a half talking about the future - what we can jointly do to make these things a reality in even a shorter space of time - and so in this document I think we have a consensus of views that have been emerging over recent weeks. You see a number of things have happened:

- We had the Budget, and that was well received in financial communities. Let me emphasise this was not just large investors, there are tens of thousands of small investors in Australia who have their savings out in that stock market. For years the market has been in a pretty desultory position with things just jogging along, but now, quite plainly, there is a degree of enthusiasm there.
- Then we had the Commonwealth Loan result, which was the best result in history, with - I'm sorry for the technical jargon - over 70% of the money subscribed by the non-bank public. For technical reasons, there there is no need for me to go into, the Reserve Bank always regards it as a much more successful loan if a high proportion of it is subscribed by the non-bank public, rather than being taken up by the Trading Bank. That again is a watershed.

So a number of things have come together: a Treasury estimate of 5% inflation; the Budget itself, which has re-confirmed an anti-inflationary policy where, because of talk going on - not from the Government, but I think from other circles - there might have been some doubt as to whether we would maintain the policy in the middle months of the Winter, but now those concerns are put aside; then the success of the loan. All these things come together, and when people start to come into my office and say "There are not many countries overseas that we'd like to invest in." There is our own country of course. This was a member of a major United States corporation which is involved in Australia, and in a very responsible way and a way which is good for this country -- but he said "then there's Germany and Japan". I didn't say it, he said it. That really is putting Australia in respectable company, and that's something which I believe every Australian has every right to be proud of. We've got to make sure that we build on that and capitalise on it, because that's what's going to get this country moving again,

re-establish confidence, not just in investors but in consumers and people out in country areas. Once that happens things will really start to hum.

QUESTION:

(inaudible)

PRIME MINISTER:

There was some discussion of the training programmes--these are obviously monitored, changed, modified as necessary. I mentioned yesterday that we are spending very much more money on those training programmes this year than we were last year, and that about 110,000 people - many of them young people - are in training at any one time; that in the youth programmes over 60% who are at on-the-job training keep the job at the end of the training programme. Obviously it would be better if that 60% was higher, but in terms of Australian and overseas experience the success rate is not too bad. We would have to be able to improve on that. I also mentioned, although it's too early to be categorical about, that the employment figures - especially for the last month - were marginally better than forecasts had indicated. It's too early to say whether that is going to indicate a trend or whether it's an aberration. Quite plainly, having Australian industry move forward thus establishing productive jobs for Australians in many different areas of activity, that's going to be the best thing to help the employment situation in this country. We have avoided a number of the mistakes that have been made by overseas countries, whereby subsidising labour directly in certain industries they locked labour, government and industry into uncompetitive enterprises. Training programmes, while helping a lot of people, have avoided that error - and that's important to the future well-being of this country. The Williams Inquiry into educational training - Senator Carrick could have that in his hands. The decision which was announced today about Tony Street is also a further example of the Government's concern. We would hope that the Williams Inquiry would help us in devising future policies, determining what should be done, and making sure that the education system, for example, is well revised to meet the needs of Australia's young men and women through the rest of this century. So it's not just a question of standing off and watching with sympathy and concern, there is a good deal being done. There's much in train and the results of Inquiries which were established 18 months to two years ago in the Williams Inquiry. We now know when we are going to get the results of it, and I hope that it will be the sort of inquiry that will lead to action - by State Governments and by Federal Government. So, it's not just an expression of concern - there is a desire for action in these areas, as long as we do it in a way which enhances the well-being of people.

QUESTION:

Prime Minister, was there any discussion about the possibility of a State election to be held in NSW this year?

PRIME MINISTER:

Oh, there was some discussion about the possibility of that, but not major discussion. The major discussion was about these particular issues - I think there is probably a general belief that there is going to be a State election. The Liberal Party will obviously fight back as hard as it knows how.

QUESTION:

Are they confident, Prime Minister?

PRIME MINISTER:

The Liberal Party is always confident.

QUESTION:

The Liberal Party has always taken the attitude...(inaudible).

PRIME MINISTER:

Well, I was holding a second press conference partly because I was asked to - would I be available after the discussion this morning, and I said I would consider it. So I blame you for that, since I think you asked me the question, and I'm always willing to meet the press if they put the request in a nice way. Secondly, it was the nature of this discussion over the last two days. Very often the discussions have been about internal organisational matters, which I don't think are of all that much concern and interest in the wider community. But over the last two days, contrary to what people might have thought, we have overwhelmingly spent the time discussing matters of intimate and great concern to all Australians, and having done that it became very apparent that we should be talking about it. It hadn't originally been intended that there should be a communique. This communique was written as you know because we were waiting for it in the last stages of the conference, and it fully and adequately reflects I think what was discussed and said there. But it was one of the Liberal leaders - not myself - who suggested that there ought to be a formal communique because I think everyone felt that the discussion had been such a productive one and a useful one.

QUESTION:

Prime Minister, with the inflation rate down to 5% (remainder question missed due to faulty tape)

PRIME MINISTER:

(beginning of answer missed due to faulty tape)...There are not options in this. It is not one course or another. Because if you devote yourself only to unemployment and try to spend money to create jobs, you will end up with more unemployment. And that is what has happened in European country after European country, when they haven't given adequate attention to inflation. Now, getting inflation down, and getting interest rates down, will of itself provide the circumstances in which private industry in Australia will be able to expand, will be able to invest and encouraged to invest, and investment will come into this country, and that will establish the preconditions which are necessary for getting down unemployment. Those countries that try to focus on unemployment and forget inflation have failed in both tasks, and failed dismally, to the immense cost of their own people. You can disguise it for a while, but you can't disguise it for too long. And the path we are taking is the path that will most quickly overcome the problem of unemployment. I'm not going to say that it's easy, or that we can get back to the 1950's or early 60's situation quickly, I know we can't because circumstances have changed, and you can't play life over twice in the same way. But in terms of getting unemployment down I am absolutely certain that the policies we are pursuing are the ones that will achieve a desirable result that we all share, more quickly than any other path.

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