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# PRIME MINISTER

1 JULY, 1980

ADDRESS TO PUBLIC FUNCTION  
BROOME, WESTERN AUSTRALIA

Thank you very much indeed for that welcome. I am glad that you have said the things you have about your own concerns, because one of the very real values to me in coming to the north west of Western Australia and spending the best part of a week in the northern and western part of the Kalgoorlie electorate, is to hear what people have to say and to know what you are concerned about. Therefore, it gives me an idea in the way in which Government policies can perhaps be modified to meet those concerns where we believe it is fair and proper.

It is always a very welcome thing when Tamie and myself get out of Canberra and get to some of the more distant parts of Australia. It is part of the job as Prime Minister that we both enjoy best. I certainly do.

I would like to make a comment or two about the things that you mentioned if I could. Also, maybe about a couple of other things.

I agree with you that it is a very long while since zone allowances have been reviewed. But also I want to tell the story about how we have been told by our own legal advisers that we could not adjust the zone allowance because the allowance in any case is unconstitutional; and if you made the adjustment to it, it would be challenged. Therefore, you should not do anything. You should just leave it alone. But then having been told that, I wanted to put that as a reason in any correspondence to people who had written to me, to people who had spoken to me on the subject, as to why the Government had not been able to act. Because we had certainly not acted in these matters on the basis of policy, but on the basis of what had been the advice that we had been given. But then I was also told that it would be very unwise to tell anyone that that was the reason why we could not act. Even though it was the real reason we should not say so. Well, that being so, so far as I am concerned, that particular reason just does not exist. We are looking at the zone allowances in relation to the next Budget and doing it in a very realistic way.

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If you say you are looking at something, that is not a promise. You will have to listen in to John Howard on 19 August to see what we do or do not do. But what I am saying is that that so-called legal reason for not adjusting the zone allowances has been washed right out of our hair. We will be looking at it. If decisions are taken, a good deal of the credit will go to Mick Cotter who has been arguing very strongly about the zone allowance, about the need for an adjustment.

One of the best decisions - because it is a firm decision that we have taken - is to put up that satellite. It is going to take some time. The planning is going ahead. It is going to take a few years before it becomes operative. But we are doing it because we are conscious of the sense of isolation, the sense of remoteness and the difficulties with telephones, telecommunications and also the inability in a number of areas to get other forms of communication - television and what have you. When that satellite is operational, it basically is going to mean that people in Australia, wherever they are, whether it is the country towns or whether it is in the north west - Kununurra or Derby or Broome - they are going to get the same kinds of communications that are available to people in Perth and in capital cities. That, in a sense, should help to build feeling and understanding of the community in Australia of a kind that maybe has not been possible because of remoteness and distance and isolation, and the difficulty of communication. The fact that the satellite planning is going ahead and it will be proceeded with as rapidly as we can, but it is a major project that will take time. That is not a reason for not trying to improve communications meanwhile. In a number of areas television will be available from October onwards through the north west of Western Australia - the ABC station. The start was made then progressively over a fair number of areas. Mick, what is the starting date here? October. The starting date here is October. Also, Mick Cotter has put in a special plea for upgrading the telephone system because of the problems and breakdowns, which I have been told about wherever I go. Unfortunately - well, I will take it as though it had happened differently - but, unfortunately the telephonists along the route had not been told to give me the proper treatment and whenever a 'phone call for me had been booked I had been connected through - whether it was to Sir Charles Court or whoever else very quickly and very clearly on a wonderful line that did not break down. That is the only sign of lack of organisation that I have noticed over the last two or three days. With the normal sort of competent Western Australian organisation I would have expected that at least I would find it very difficult, if not impossible to make any kind of telephone calls at all. But in spite of that, I am prepared to accept the overwhelming body of evidence which has been presented to me, that in a number of areas improvements are needed.

Again I cannot promise what we can get Telecom to do, but I know Mick Cotter has been arguing the case for quite some time, and I also will look into it with Tony Staley, the Minister in charge as soon as I get back to Canberra.

The question of domestic air fares is a difficult one. I can understand how important it is and also how expensive it is. Because there is no easy solution, we have established a special air fares inquiry to examine the basis of domestic air fares which might provide a means of giving some kind of solution to the problems of distance and to the kind of problems that you get out in Western Australia and also in some other places. Tasmania has special problems because they have no land communication and depend very greatly on air. So it is not only the problems of remoteness on the mainland of Australia, there are other matters that also need looking at.

I took out comparisons in domestic air fares - they are of course more expensive than international ones, as everyone knows - to see what the position was in the United States or within Europe which really is one system in a sense - in an air fare sense - one country. The internal Australian fares are basically a bit cheaper than in the United States, and a very great deal cheaper - or if you like less expensive - than in Europe. That does not mean we sit back and say there is nothing we can do about it. The matter has to be examined. Ralph Hunt is re-negotiating the two-airline agreement now. We want to try and loosen it up, establish more competition, and try and get better services that way. That is one way. How far we can in fact loosen the two-airline agreement to make more competition has yet to be determined. But we have given Ralph Hunt some - we have determined guidelines for discussion with the two airlines.

The very fact that TAA is going to bring in one form of new aircraft - the European Airbus - and that Ansett are going a different route, they are going to get 737s which is a very good aircraft, and then a Boeing Airbus - the very fact that they will have different aircraft for the first time for a long while, carrying different numbers of passengers and aircraft having different characteristics, will mean that they will be running different schedules at different times, different frequencies, and that in itself I think is going to be of some advantage to the travelling public. The problem of costs of air fares to you is a very real one. We will be looking closely at the report of the air fares inquiry when that is available to us.

There are other matters which briefly, I would like to touch on. Our fuel pricing policy is one which affects people in remote areas, and is not a policy that we as a Government liked having to introduce. As a farmer, it is not a policy whose effects I like. I am sure that is the same for a great many people right around Australia. But we introduced the policy because we are quite certain in our minds, that it is right for Australia. While we have about 65% self-sufficiency in petrol, if there were no exploration and no development, no development of alternative forms or sources of energy, that self-sufficiency will run down very, very quickly as we get to the latter part of the 1980s. When that happens, we would be forced to go - if we did not have some alternative - forced to go onto the international market with spot prices much, much higher than the prices that we now pay, much higher than the benchmark world parity price which is the Saudi Arabia price; where prices may be 20%, 30%, 40% or even 50% higher than that. We would in a sense, be beggars for fuel. The price all of us would have to pay then, would be much higher than the kind of prices paid now.

Quite apart from that, it would be a very selfish policy for us in our time and our generation, to use up all the Bass Strait resources and to use it up cheaply, and not make allowance and plan for Australia in the years ahead. It would be a policy for ourselves and it would be a policy against the best interests of our kids and the future of this country. I think that would be a very selfish way to approach our present problems. But the policy is not only leading to some reduction in the use of petrol, Esso and BHP have committed themselves to \$1,200 million worth of exploration and development over the next three or four years as a result of the policy. That will lead to greater reserves, greater development. I think even more important than that, the vast shale oil reserves in Queensland are now likely to be developed, and our hope and objective is that the Rundle shale oil deposit - the first of them: that is, an agreement between the Rundle partners and Esso - should come on stream about the time the Bass Strait reserves start to run down. On the present pricing policies, we are told that the development of fuel oil shale will be profitable. It is going to cost several billion dollars. I am told this may be as much as two or three times the total capital cost of the North West Shelf; and that is going to be about \$4,000 billion. The capital needed, the funds needed, to convert shale to oil in the quantities that will be required for Australia's purposes are huge ones indeed. It just will not happen if those who invest their funds are not going to get a profit out of it. As a result of our policies, it now looks as though that Rundle project will go ahead. If that is so, that will just be the first of a number of shale oil developments leading to Australia's self-sufficiency and self-reliance in the years ahead.

Beyond that of course, to try and make the policy less unpalatable in the distant parts of the country, we have a freight equalisation policy, which this coming year will cost about \$130 million. That does subsidise the cost of freight movement to within half a cent or a bit less a litre. Other things being equal, that should mean that the price in places outside of Perth is not going to be more than a couple of cents a gallon - in the old terminology - above the capital city price. But that is not the way it is, because retail margins - which we found in effect vary with good reason, sometimes, but that is within the province of the States - do vary greatly in different places, and also I am afraid the wholesale price of petrol also varies in deliveries in different areas. These matters are being looked at, but what will come out of that examination at the moment I cannot predict. The freight equalisation policy does reduce the cost in remote country areas very considerably: less than it would otherwise be. The extent of it can be judged by its total cost of about \$120 - \$125 million in this coming financial year.

Mr. Shire President, you mentioned problems of defence. We are giving much greater attention to matters in the Indian Ocean. We co-operate in surveillance in the Indian Ocean with the United States. We have offered them access to our own facilities in Cockburn Sound, and to our air bases if they should need them for their own forces to assist in their own deployments. I know they have had teams out here examining the Cockburn Sound naval base and were very impressed by the facilities. What kind of result they come to I am not able to judge at the moment, but they were impressed. The additional costs they would have to provide to those facilities for their use was a good deal less than I think they had anticipated. That is a very real possibility. We are home porting, by 1983, our own ships.

They are base ported there now, but their families are still at other places. When they are home ported, that means their families will be based also at Cockburn Sound. Then, genuinely, we will be meeting our obligations for a two-ocean navy.

We are looking at a location for another patrol home base - and that is going to be very important - somewhere off this north west coastline. The new air base at Derby is going to start construction this coming year. It will cost just short of about \$50 million. It will be a very major facility. This morning we went out to look at the area where it is going to be built, and we are very glad to have the full co-operation of the Western Australian Government in matters in relation to that, so that construction can start as soon as possible. It will be a major airfield, capable of taking any kind of aircraft, capable of mounting any kind of military operation or exercise that might be necessary.

As a result of changes over the last year or two in particular, we are pursuing an upgraded defence effort. We are also going to, over the next 12 months, increase the size of the reserve Army forces, the citizen forces, from 22,000 to about 30,000 throughout the whole country. We will be looking for the co-operation of all employers and the young men in Australia in enabling us to meet that objective, because we think these things are important for the future of the country.

The last thing, and I think the most important. There is a feeling of optimism throughout Australia. I can see an enormous feeling of optimism in Western Australia, very much as a result of the policies and energies and initiative of Sir Charles Court, who is truly a great Premier who has worked for this State over such a long period. But also I believe, because we have now got a general economic position in Australia that is a much healthier position. Our rate of inflation, while too high, is less than half that of the United Kingdom, about 5 percentage points less than the United States, and despite inflationary pressures that have affected us and every country in the world over the past couple of years, the increase in the rate of inflation in Australia has been much less than nearly every other industrialised country; much less than Japan and Germany - the increase - less than Japan and Germany, which have traditionally, over all this difficult period, managed their economies well. That of course means that our exports are more competitive. Our manufactured exports are growing rapidly. Our farmers are able to do better. More people are encouraged to invest in the great mining and mineral processes of this State and of other parts of the Commonwealth. Because we do have significant reserves of energy, not petrol, but coal and natural gas, and because we can produce electricity cheaper than many countries, we are attracting to Australia more investment from overseas, more processing. There is \$4 billion in aluminium processing being invested right at this moment in nearly every State. That is just an example of what I believe will be happening as we go through the decade of the 1980s.

For the rural industry, we have negotiated better markets. I do not think we will ever again see the kind of situation where we lost our market in Europe in one year and then totally lost our market in beef in Japan the next, without any protest really from the Government of the day. The Japanese market has now built up again to a good level and is growing. In Europe, even there the door has opened a little, and the markets in the United States have security and are guaranteed, which they have not had in the past. That access which we have negotiated for over the last two or three years is of vast importance to the beef industry in very large parts of Australia. Rural industries, providing we get the seasons and the rain that is necessary, I think are entitled to look to a reasonable position over the coming period.

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