



AS DELIVERED

PRIME MINISTER

FRIDAY, 13 FEBRUARY, 1981

ADDRESS TO BUSINESSMEN'S BREAKFAST
PERTH

I am delighted to be here in support of Allan Rocher, who is translating himself from the Senate to the House of Representatives. He has already demonstrated that he will be a very effective and constructive member for Curtin. He will be able to contribute very greatly to the workings of the Liberal Party and the Federal Government.

I do not think there is much need for me to say very much about Allan in regard to that, because he is well known here as a very strong supporter of private enterprise and of the kind of government that I think most of you would believe is important. I do not really want to speak for a great while, because I want then to hear your views, or to try and respond to questions. But there are one or two points first I might make. It is plain that over the last five years there have occasionally been one or two difficult decisions. Much of this was building the foundations of a strong Australia, a strong economy, which could then march forward into the 1980s in a way that all people would see the benefits of the work that had been done. In a sense, it is like building a foundation. What has happened over the last five years was all underground. Now we are up to the ground level and over the years ahead of us, I think it is going to be above ground and clear for everyone to see.

Five years ago Australia was economically very sick indeed. We were worse than the world position on nearly every count that you would like to take; whether it was inflation, or growth or productivity. But now that has very largely been reversed. It is much easier to get an economy moving if you are going with the world trend, if world trade is growing, if world productivity is rising, and if inflation is low, then an economy can be dragged along with that. But we have achieved very significant advances swimming upstream, against the trend, with world trade sluggish, with growth in major economies falling - not even standing still in a number of instances - with growth in major economies falling and with inflation around the world rising. Against most of that, we have done very well indeed. It worth noting that the OECD forecast for the whole area in real growth in GDP is only 1% in 1981, but that is quite a different picture for Australia, where they estimated 4% growth. That I think, is the highest estimated by that organisation for any OECD country. That has obviously only happened as the result of consistent policies, co-operation between States such as Western Australia and the Commonwealth, and policies that have been persistent and enduring and working to the advantage of industry and of all Australians.

Some might think that this growth is just taking place in the great resource industries, in the great mining areas, but it is much more broadly based than that. There has been a surge in strength, growth in investment in the private sector, and the last Bureau survey suggests that real business fixed investment for 1980 was up 25% on the year before. That again, is not a bad effort, having in mind the picture of what is happening in countries such as America, the United Kingdom, France and Italy.

Oil exploration estimates are the highest since 1969, so that is a great turn around. The Department of Industry and Commerce forecast of either firmly committed or final feasibility stage mining and manufacturing projects is now up over \$33 billion. I can still remember that second election in 1977, when I came out with a figure that Australia was standing ready to go with \$6,000 million worth of investment and development - on the same definition. Everyone knew that Labor had stopped the country so dead in its track they thought this could not be possible. How could there now be \$6,000 million worth ready to go? Well, there were, and in the two years after that, that figure of \$6,000 million was in fact exceeded. But that figure of \$33 billion, of which \$10 billion and \$11 billion is estimated to be taking place in this State, is a great challenge because the kind of problems Australia is going to face are in a sense the reverse of those that confronted us five years. I would much sooner, though, have the problems of trying to accommodate all that great development in a sensible and reasonable way, of having this country march forward, of having the problems of shortages of skilled labour, but then having policies that are designed to overcome that. These are much better problems than the problems of drought, the problems of difficulty, the problems of company losses and people going bankrupt because inflation is too high and the whole country is stagnated. The problems of moving forward, and moving forward rapidly, can be real. They can be challenging, but they are the kind of problems that we ought to have. In fact, they are the kind of problems we have been working to have over the last five years. I am glad it has come about that way.

We should not be intimidated by the size of the task, by the great scope of the investment that is planned and intended to take place in Australia. That also is a challenge. But there will be some who say "look, this is beyond us, it is too much. We will not be able to get the shortages of skilled labour filled, and there will be other bottlenecks". Well, if there are let us see if we cannot break the necks of those bottles open and let us get this country moving forward as rapidly as possible. The growth in many areas is broadly based across Australia and across industry. Even though it is only in the early stages, employment increased by about 170,000 last year, by 30,000 or more in this State - double the Australian average. That is a great tribute to the policies of this State and what can happen.

None of this has happened by accident. It has not happened just because Sir Charles has spoken about development and (inaudible), or because I have. It has happened because of the consistent application of policies which are designed to keep inflation below that of many of our major trading partners, which do restrain Government expenditure, which keep taxes as low as possible

consistent with a sensible and responsible budgetary approach to the affairs of the nation. It is very easy sometimes to say that taxes will be lowered, but if taxes are going to be lowered, it has got to be done responsibly and it has to be matched in broad terms by reductions in Government expenditure. I think it is same for any family. If you are going to spend more you have got to have resources to cover the debts, and so it is with a nation. You cannot spend on the never-never, whether it is Governments or whatever. If taxes are going to be reduced, you have to be able to cover that in a responsible and reasonable way. The tax reductions which Ian Warner spoke of have been consummated within a sensible and responsible overall approach to the management of the country's affairs.

For those who are technically inclined - and I mention it simply because there has been a little laxity in this area for a great variety of reasons over the last couple of years - but in the last six months growth, to December, the money supply growth has been within the estimated Budget range. I know very firmly that it is John Howard's intention to keep it there. To the extent that wage determinations might be higher or larger than we believe is appropriate ...

(Tape turned over)

...that I have been speaking, but also the problems of militant unions, and this is something which I do not believe any Government has completely and totally got the answer to. What you really do need is a changed attitude, a changed understanding amongst many people. I heard on an ABC programme two or three months ago one of the most militant union leaders in the United Kingdom coming out quite plainly and saying "well, we got and we accepted a 6% wage increase because if we had pushed for a higher wage increase than that there would have been more unemployment in our own industry". This was one of the real left wing, radical trade unionists in Britain. I think Margaret Thatcher, with quite rigid application of policies, has achieved a significant change in attitude in the United Kingdom amongst other union leaders. They are getting some more sensible wage agreements as a result. But where do you find that kind of responsibility amongst Australian trade union leaders? I think we need to remember sometimes that one of the most favourite sons from this State is the architect of the madness of the wage policies in the Whitlam years, and of the excesses to which the ACTU has consistently pressed. It is in fact Bob Hawke's policies that led to the kind of wage escalation in the 1974-75 period. He was in charge of the ACTU at that time, and the proponent of the policies which said 'well, we will get everything we can out of the system, and then we will screw industries for as much as we can get above and beyond that'. That is still the policy of the ACTU. But is it not fair enough for this country to look for something a little more responsible from people who we know must realise that that kind of policy is just madness for their own constituents, for employment and for commonsense and the strength of this nation.

In the union area a changed attitude is necessary. We are trying to assist that change in attitude with certain actions in relation to the Builders Labourers Federation. While I know it is mostly an Eastern problem and mostly a Victorian problem, that particular matter is going to be pursued with the utmost vigour. We made a decision because the various court cases had got to the point where were able to do that. Construction at the Omega base is just going to go ahead no matter what. That is happening, but that is not the end of the matter and it is not the end of the argument with the Builders Labourers Federation which has done enormous damage to my State and which I know quite well has prevented people from going ahead with major construction projects in Victoria simply because of the policies of Mr. Gallagher and the union leader who has robbed the State of Victoria over the years of tens of thousands of jobs. That is the kind of industrial blackmail that this country can no longer tolerate, Governments are going to have to co-operate very closely, to have reasoned and sensible policies. What we are really after is that change of attitude which will make everyone understand, and know, that if commonsense and reason can only prevail there is an unlimited future for this country and prospects in the 1980s which cannot be matched by any other advanced Western country anywhere in the world. It is all within our grasp.

Over the next two or three years I think we are going to seal the success of this decade in what is going to happen. I know that Western Australia is going to be very much in the forefront of these great developments. The future of this State with Sir Charles and his team is unlimited. This is exciting indeed. If anyone doubts, well just take another trip to Britain, or another trip to the United States - you had better do that quickly because the scene there might be changing quite dramatically. But many countries overseas now envy the Australian economy and the prospects and possibilities that are open for successful enterprise, for making profits, for providing employment and for building a greater nation.