



EMBARGO: 10:00 pm

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PRIME MINISTER

FOR MEDIA

MONDAY, 18 MAY, 1981

ADDRESS TO N.S.W. STATE LIBERAL PARTY
PRESIDENT'S DINNER
SYDNEY

I am delighted that so many of you are here tonight to support the Liberal Party. The support of Party members is vital to the independence as well as the effectiveness of our Party.

Our most important tasks today are to make Australia strong and competitive, humane and free, and confident in the face of the future. I believe we are succeeding in those tasks. All Liberals, and all Australians, can surely see this.

We want to pass on to our children an Australia whose future is not in doubt and we want to communicate to our children those values which will enable Australia to fulfil its great promise. I firmly believe that the Liberal Party has given that lead.

In 1975 we saw the dangers to Australia. We have been determined that Australia will not go the way of other countries, whose prosperity has been undermined by bloated bureaucracy, confiscatory taxes, and over-centralised Government. We have determined not to allow every group to take for themselves everything they could, without ever asking what they could put back for the good of the country as a whole or their own children. That was the road Australia was on in 1975. It is no longer on that road. For five years our policies have consistently asserted that we cannot afford to spend more than we produce without the risk of inflation, unemployment and social division.

To Liberals, the real strength of Australia is its people - their values, their abilities, their skills and their imagination. We have maintained since 1975, that the Australian economy needed policies which would give it the room, and the encouragement, to grow - policies of lower taxes, less bureaucracy and less costly regulation. We said that with such policies, Australia would rapidly recover its vigour and its magnificent future. I think that we are at last putting behind us the age of unrealistic expectations, when there was a feeling that people only needed to ask, for Governments to be entitled to spend.

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This Government will not mortgage the future of Australia. Government in Australia is now facing much more frankly those difficult but inevitable questions of priorities, which are what Government is really about. For Government to keep growing undermines prosperity and all our other objectives. It is absurd to assume that Government can spend a larger proportion of the nation's wealth year after year.

If Government is to do more of some things it must think much more seriously about reallocating resources from one activity to another. We should not assume that it can carelessly take more resources from private people to do this. Government needs to become much more streamlined and efficient to meet the challenges, and to seize the opportunities, of the eighties. This is in no way a doctrine of austerity. It does not mean that the community as a whole must make do with less. Responsible Government of the kind I am talking about means that we are all going to be a great deal better off in the future. Our tax cut from 1 July this year will put approximately \$500 million more in Australian taxpayers' pockets. Responsible Government means that Australia is going to be stronger and more prosperous. It means that Government is going to be able to do much more than in the past to assist those who really need help.

Our decisive rejection of Socialist policies, of endless growth in bureaucracy, taxes and regulation is bringing about in Australia the economic recovery of which we are all aware. It is nice not to have to argue these days that the economy is starting to do well.

People recognise now that Australia is growing quite strongly, more strongly than other countries such as Britain or the United States - in fact the growth predicted for Australia this year is faster than for any other advanced industrial country.

Normally, as a trading nation, Australia feels keenly the ups and downs of world trade. But our policies up to this point have given us the capacity to move against the tide. While the economies of some other countries are shrinking, ours is pushing rapidly ahead. Inflation - one of the most insidious, divisive ills which can afflict a society - has been strongly cut back. Private enterprise has taken heart, and in the two years to last December, has provided nearly a quarter of a million new jobs for Australians. This is far more jobs than Mr. Hayden's make-work schemes - paid for by the taxpayer - could ever have provided. As a result, unemployment is now falling well and in April this year was the lowest for four years.

Prosperity, too, can of course have its own problems. We have to be constantly on the alert against renewed inflation. We need to make sure that there are enough skilled people to take advantage of the opportunities growth and development are bringing. But I would much prefer the problems of prosperity to those of recession and stagnation.

This change in the outlook for Australia has not come about by accident. I think people have taken heart from the fact that almost for the first time, we are showing in this country that it is possible to reverse the decline which the Socialist policies of big spending and high taxes brought about.

Provided that Governments have the heart and the will to do what they know to be right there is nothing inevitable about bigger bureaucracy, more regulation, higher taxes and stagnation. And never has our direction been made plainer than in the recent decisions we have announced.

The decisions arising from Sir Phillip Lynch's Committee of Review, the decisions on health arrangements, and at the recent Premiers' Conference, all show unmistakably our determination to take advantage of the opportunities Australia now has.

Government should play a constructive and positive role in Australia's development, not a stifling and oppressive role. The Lynch Committee decisions are perhaps the clearest indication of the historic turnaround we are now making towards a more modern and streamlined role for Government.

Under Labor, Commonwealth employment grew by no less than 52,000. We have already cut back the number of Commonwealth Public Servants under staff ceilings by over 10,000 and we aim to reduce the number further by some 16,000 or 17,000. Along with these decisions, I announced a very large number of further decisions arising from the same review - some 350 decisions in all.

These decisions aim at rationalising and streamlining the functions of the Commonwealth Government, and withdrawing from functions more appropriate for the States to handle, or which would be much better undertaken by private enterprise. These decisions recognised that in recent years particularly Government regulations and demands for business to fill in forms, were becoming too costly and actually creating inefficiencies.

As a result we decided to abolish the Prices Justification Tribunal. We decided to give Qantas greater control over its own affairs, including increased flexibility in setting its own fares. We wanted Qantas to run its own business without the Department of Transport breathing down its neck at every turn.

We will be cutting down on the demand for business to fill out forms for Government and all Ministers, Departments and authorities have been directed to make sure that they are not demanding unnecessary information from business.

As the economy picks up we also believe that business can stand much more on its own feet so we have taken some measures to reduce the level of industry assistance.

I want to emphasise that the Lynch Committee's review was not just a cost cutting exercise. It gave practical expression to the way of life we seek for this country, a way of life which rejects an all-embracing role for government, which seeks a streamlined government for the age of growth and expansion that lies ahead, and which relies heavily on the initiatives and efforts of individuals. The review will, however, produce a very useful saving to taxpayers amounting ultimately to some \$560 million a year, at a very conservative estimate.

One of our major objectives has been to reduce unnecessary duplication and overlap between the Commonwealth and the States. This is reflected especially in our decisions on health arrangements. In health, we are ending dual control over public hospitals - and what an absurd arrangement it was to have two bureaucracies trying to run hospitals. If one cannot do it, it is certain that two won't.

The expiration of the hospital cost sharing agreements on 30 June this year (after a year's extension) has given us the opportunity to establish a much more rational and sensible way of providing hospital services. How could you have a sensible way of handling hospital and health costs when people could get free treatment at public hospitals no matter how well-off they are.

The aim behind our recent decisions is to make sure that the disadvantaged are protected so they do not have to pay for health care which they need and cannot afford, but at the same time to make sure that the taxpayers do not bear the brunt of the health costs of the well-to-do. We believe that all of this is sensible, and based on sound principles which everyone would wish to see put into practice.

The responsibility for making sure that Government plays a sensible and constructive role in the future is not just a responsibility for the Commonwealth alone. It involves the States as well as the Commonwealth. It is not generally realised that State and local governments spend just over half of all the money spent by Governments in Australia. But at the same time they raise less than one fifth of all the taxes. The Commonwealth raises the rest.

It is easy to let the Commonwealth raise its taxes while the States can reduce theirs. Indeed Mr. Wran was able to say in his 1980-81 Budget speech that "for the fifth year in a row, there will be no increase in the rates of State Budget taxes". In fact, he gave further tax concessions in relation to death duties, and payroll tax. But he is not so happy when the Commonwealth Government acts to protect the taxpayer, which is what we were doing in our decisions at the recent Premiers' Conference.

The taxpayers' pocket is not bottomless. Government cannot go on asking taxpayers to pay for more and more. And how many taxpayers believe it is legitimate to raise taxes to fund the activities of political parties? How can Mr. Wran tell me that he is short of money and that he needs more from the Commonwealth, when he places high on his priorities the giving of money to the Labor Party?

What sort of new priority is this, at a time when most people want Government spending to be cut back? If that is the measure of Mr. Wran's social concern, then let me say that it is not the Liberal Party's.

In asking the States to accept restraints on spending, our major concern is to protect the taxpayer of this country. We believe that the taxpayers need a fair go. Our policies are directed to making sure that Governments can perform their functions effectively while at the same time establishing the conditions under which taxes could be brought back further.

Our philosophy of Government can open the door to a magnificent future for Australia. Up to the advent of this Liberal Government, Governments accepted that they could raise more and more taxes. They even assumed that this would be a public good. We are reversing that trend. There must be a limit to the additional demands that can be placed by Government on taxpayers. Governments cannot go on doing more and more things, spending more and more money, without causing grievous damage to this country.

When I talk about a turnaround, this is the crux of what I mean. The turnaround means a halt to unreasonable demands upon taxpayers. What we have already achieved has given the lead to other countries. It provides a basis for genuine optimism about the future. It shows that the obstacles to progress in the form of larger bureaucracy, higher taxes and more stringent regulations can be overthrown.

In the interests of us all, and of our children, and of future generations, I say that the Liberal cause must be advanced, promoted and supported throughout this country.