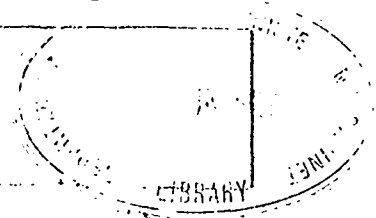


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PRIME MINISTER



FOR MEDIA

SUNDAY, JUNE 7 1981

ADDRESS TO THE STATE COUNCIL OF THE
QUEENSLAND LIBERAL PARTY

The Liberal Party has made an immense contribution to Australia and to Queensland. A strong Liberal Party in every State is Australia's best guarantee for the future. We Liberals know well that no other party will advance the values in which we believe. And they are not just our values. Our policies reflect the values of most Australians.

Why did Peter White do so well in McPherson, so much better than our critics expected? It was because of his positive Liberal policies, the spirit of energy and co-operation he stood for, and his commitment to a way of life for all Australians.

As you know, my good friend John tried all his persuasive powers in McPherson. But it was our policies and our philosophies which prevailed. It is the Liberal Party that represents the Australian community in its entirety.

We reject sectionalism in all its forms, just as we reject socialism and other backward-looking philosophies. We stand for freedom, for it is the free actions and initiatives of Australians which will give Australia a progressive and dynamic future. We are the free enterprise party, and we have achieved the great upsurge in private activity now taking place in Australia.

Liberals are also foremost in taking positive action to defend individual rights and civil liberties. It is Liberals who speak out for community responsibility and set the standards of public life. A strong Liberal Party in Queensland is essential on the national scene and also for the future of Queensland. But a strong Liberal Party depends on a strong grass roots organisation.

Only by building at branch levels will we be able to serve Australia best. I want Queenslanders from Gamboirine to Boulia, from Burketown to Cunnamulla, to have the option of joining a Liberal Party branch. Too often in this State that option has not existed.

Work and dedication are required, and the active leadership of Parliamentary representatives. But without strong branches, we cannot hope to win non-Liberal seats which should be Liberal. We must be ready, so that we can capture these seats when opportunities arise.

Where our party has advanced in strength and numbers, it is only because the foundations have been laid at the base level, and it is by building from the base that we will attain and maintain a position of strength and supremacy. We must act so that more and more people look to our party for leadership and so that everyone knows that we alone are a truly nationwide party.

We must maintain our constancy of purpose for it is that which gives our party the will and strength to ride the storms and to be a guiding force in Australian life. We have provided leadership to Australia because of our steady purpose and philosophical direction, and at no time in recent years has that sense of purpose and direction been stronger than it is now. Our philosophy has now come to the forefront and this is in itself a remarkable turnabout. For it was only in 1972 that Whitlamism - the so-called moderate version of Labor socialism - was in full flood.

This doctrine gave a vast role to government and so there ensued an endless creation of departments, boards and commissions which produced a rise of 52,000 in Commonwealth employment in three years, while employment in private enterprise was undermined. Under this doctrine, the States were to be replaced by the agents of Canberra, and private enterprise was subjected to the most detailed government direction and regulation.

In short, this doctrine asserted that governments and bureaucrats know what is good for us better than we know it ourselves. Everyone except Labor now rejects that doctrine. Indeed, their federal executive only a few days ago reasserted the socialisation objective of their party.

The Labor Party remains resolute in its determination to face the past, to look backward rather than toward the future. There is now virtually universal recognition that the right direction for Australia requires cutting back on bureaucracy and waste in government, reducing costly regulation, and duplication between Commonwealth and States, encouraging private enterprise, reducing government spending, and returning to people through lower taxes a greater say over how their own earnings are to be spent.

The acceptance by Australians that this direction is the right one is an enormous achievement. Our party was at the forefront in world terms in recognising during the seventies the kind of government that would be appropriate for the rest of this century. We realised that certain policies that had been effective in earlier decades would no longer work. And our 1975 programme spelled out the policies that are producing in this country the way of life which Australians value, look forward to, and are entitled to have. We took a lead at a time when many people were confused.

And now, when many countries in the West are still struggling to regain their sense of direction, we are fortunate to be moving so strongly in the right direction. Our programme and expenditure restraint pointed unambiguously towards lower taxes than Labor would ever give, and to greater job opportunities than their schemes could ever create to improved standards of life for all Australians, protection for those in need, an unyielding resistance to racism and discrimination; the protection of individual rights and the conservation of Australia's magnificent natural heritage for the benefit of all generations.

A key element in achieving our goals was to establish a more limited role for government. To this end we have cut back the Commonwealth's spending as a proportion of GDP from over 30% to under 28%. This is a vital achievement for it helps make room for private sector growth. We intend to go further, but we have come as far as we have only through the most rigorous restraint of government expenditure.

We have reduced the number of public servants under staff ceilings by some 10,000 - and it is now well known that our recent decisions will lead to further reductions of some 16,000 or 17,000. Through Sir Phillip Lynch's far-reaching and visionary Review of Commonwealth Functions, we are introducing a number of reforms. The Commonwealth will be able to concentrate on its own major responsibilities rather than spreading its efforts and resources everywhere. Under this historic review, a number of functions will be passed to private enterprise. And after decades of growing centralisation in Canberra, the Review of Commonwealth Functions, by eliminating duplication and enabling the States to perform their appropriate functions without interference from the Commonwealth will help to revitalise the Federal relationship. A more limited and accurately focussed role for government is equally our objective in the new arrangements for tax re-imbursments to the States.

The next Premiers' Conference, on 19 June, will consider how the overall grant should be shared between the States. A new report on these relativities is due next week from the Grants Commission. None of us knows what will be in this report.

The distribution of the grant is a matter that concerns the States more than the Commonwealth. But I have already indicated the Commonwealth's willingness to assist the States to reach agreement about how to deal with the report's recommendations.

We are willing to hold a further Premiers' Conference on this matter, if required.

The 19 June conference will also be looking at the infrastructure borrowing programme, which started in 1978, to help assist with steady economic development. Projects already approved would involve borrowing over \$4 billion during the 1980s and additional proposals from the States would more than double this amount.

While each State sees its proposals as essential, such a level of borrowing would drive up interest rates, threatening the dream of home ownership, damaging small business and possibly even stopping the development that would justify the proposals themselves.

It is very obvious indeed that this Premiers' Conference will require co-operation and a clear view of our philosophy will assist in getting wise decisions on these issues.

Our new Health policy also expresses our philosophy clearly. This policy provides incentives to insurance and encourages people to look after themselves. But at the same time it looks after the needy and the disadvantaged by providing for free health care for over 3 million people. It eliminates the situation where health costs of the well-to-do are paid for by the taxpayer, and it means that one bureaucracy rather than two will be involved in the running of each State's public hospitals.

While these recent decisions have made our direction clearer than ever, we have been moving steadily in this direction ever since 1975, and our move towards more limited and modern government has been an integral part of economic revival. Inflation has, of course, been our first priority and we shall keep our grip on that as tight as ever. It is that grip which has distinguished Australia from so many overseas economies, that grip which has enabled Australia's success. And if anyone says that we have placed too much emphasis on economic management, I would simply say that a sound economy is the precondition of almost every other goal.

Our economic policies, and the scope which we have given to private initiative have unleashed enormous creative energies and the progress this country is now making is remarkable. The most recent figures show that in the half year to December, non-farm product grew at an annual rate of 6.5% which is an outstanding rate by OECD standards. And private business investment is now rising at the strongest rate for three decades. The April unemployment rate of 5.6% was the lowest April rate for four years. Massive job creation is now taking place. Over the two years to last December, 250,000 new jobs have been created by private enterprise. And in all these economic improvements, Australia has been moving against the tide - while other countries have been standing still or even going backwards, we are going forward.

Private enterprise has taken full advantage of the opportunities our policies have implanted, and Australians are feeling the benefits. There is one particular point on which we must be very clear indeed. Our policies of limited government are the policies for expansion and growth. These policies not only create opportunities in the private sector, they also produce more of the wealth that is needed to fund priority government programmes and at the same time, they encourage governments to decide just where their priorities really lie.

Ladies and gentlemen, for decades, governments have been taking more and more from people in taxes. There has to be a limit to that process. The time has come for government to stop taking a larger and larger share of the nation's resources. If the Government wants to spend more in some area, then it should re-allocate its priorities, as for example in education, where we are increasing the overall Commonwealth commitment by 1.5% in real terms in 1982. This is the way to protect the rights of taxpayers, and let there be no mistake - we are the low tax party.

In the three Labor budgets, the tax receipts of the Commonwealth increased by over 10% per annum in real terms. In our five budgets, we have cut it back to 3% per annum in real terms. Genuine tax reductions can be achieved in only one way, only by policies which stimulate national prosperity on the one hand and hold back the demands of government on the other.

For the coming year, there is a tax cut which will leave \$500 million more in taxpayers' pockets and the rebate on health insurance is expected to reduce the Commonwealth's revenue by a further \$500 million in the following year. We believe that people can judge their own needs and wants a great deal better than can politicians or officials.

This is what freedom is all about, and we believe that this freedom will produce a much better Australia, and a much better expression of the values of Australians, than one built by government decrees. But to gain the full benefits of freedom, people must recognise that freedom and responsibility go hand in hand - that freedom depends upon a sense of moral obligation without recourse to laws at every point. A partnership is successful when the partners understand and work with each other, and know what their contribution should be. If they ever have to look up the partnership agreement, the agreement is doomed.

In our own society, a proper sense of obligation is missing in several areas right now - in tax avoidance, in industrial disputes, and in relation to inflation itself. John Howard has recently introduced legislation to stamp out the gross tax avoidance schemes which have been growing up whereby people have refused to help pay for the services government must provide. Tough legislation is unavoidable but it is very much a second best solution. The real solution lies in a genuine acceptance throughout the community that we all have obligations to our fellow citizens to contribute to the community and not just to grab what we can. If every anti-social activity had to be proscribed and banned by law, then we would be overwhelmed by laws and freedom could not survive.

Again, militant unions seem to believe that anything is legitimate to achieve higher wages for their own members regardless of the effects of their actions on other people. Vital telephone services can be shut down, beaches flooded with sewerage, travellers stranded overseas under conditions of serious hardship, and we are told by militant union leaders that all this is justified to achieve more money for their own members.

There is a selfishness in this, which is deeply harmful and destructive to Australian values, for it is a way of stealing, through inflation, the savings of those who are not members of these unions, and strikes a blow at the foundations of economic recovery on which many thousands of people are depending for jobs.

Once again, strong laws are a second best solution. A sense of what we owe to others is equally important in dealing with inflation. Sound and responsible government policies are of course essential, but once again, community attitudes are vital. If real growth in production rises by 3% or 4% in a year, and incomes rise by 13% or 14%, as they did last year, then inflation is certain. And all the ill-effects of inflation are sure to follow. Laws can help with these problems but we cannot live by laws alone.

What is important is a sense of how to deal with other people in our daily lives. The Liberal Party has a particular responsibility. It is the party which genuinely believes in community responsibility, which genuinely believes that each and every person should be concerned about the well-being of all other members of our society, and we in the Liberal Party must take the lead in developing this sense of community as the real alternative to more regulation and control by government at all levels. All members of the community have moral obligations to other people. Those who make profits must realise their obligation to contribute to wider objectives within our society, just as those who teach our children need to see their profession as more than simply doing a job, just as politicians need to recognise that in governing a country, they are creating the framework in which people live their lives. Community responsibility epitomises some central features of our approach to government, and of the way of life that we believe in. It is our sense of the community as a whole that enables us to genuinely take a long perspective, and to consider where our actions and policies will leave Australia years ahead, even though some necessary actions may be unpopular in the short term.

Our sense of community underlines our whole philosophy of life. We believe in freedom because of the faith we have in the attitudes Australians have to one another. Limited government does not just mean lower government expenditure. Limited government is the only way to achieve the kind of society that Australians want, for it is the only philosophy of government which reconciles and brings together our objectives of greater economic growth and wider material prosperity with lower taxation, more secure civil liberties,

more employment opportunities and a concentration of assistance on those in need. It is a philosophy of government which realises that a nation's true resources are the talents and energies of the people. It is a philosophy which protects those who need protection and help and opens opportunities for talent and ability. It means that the ideas and aspirations of people receive the widest possible expression. It means that the wants and feelings of people have the widest possible acceptance. The way of freedom is the way to make the most of the great future that awaits Australia. It is our great responsibility to make sure that the way of freedom prevails.

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