



PRIME MINISTER

FOR MEDIA

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ELECTORATE TALK

(The weekly Prime Ministerial electorate talk is today given by the Treasurer, Mr John Howard.)

Today I would like to say something about the subject of resource development. This has been very much in the news over the past week or two and the debate we have had is very welcome because it enables all of us to see the issue in proper perspective.

I think the Acting Prime Minister, Doug Anthony, put his finger very much on the point when he said that we neither have a boom or a mirage so far as our resource development is concerned. There can be no doubt that resource development in Australia is proceeding at a very, very rapid rate and very strongly. There can be no argument that our reserves of energy, in particular, are very keenly sought and any examination of what has happened to the patterns of investment in this country over the last few years will indicate the enormous amount of money which has gone into resource development. In the last financial year alone, there was a rise of no less than 21% in real terms in the total volume of business investment in Australia and that was the sharpest rise in this country for more than 30 years. Not all of that investment went into the resources area, but a very major part of it did and that figure alone illustrates both the willingness and the capacity of people both here and abroad to invest in the resource future of this country.

But these developments do not mean that across the whole spectrum of the resource industries is the development proceeding at the same pace and with the same degree of strength, nor do these developments deny the fact that even in an era of strong resource growth there will be periods during which particular minerals will not be in heavy demand, and periods during which individual companies will experience slack activity and lessened demand for particular minerals. In other words a period of strong resource growth does not mean that every company will always produce strong results, nor that every mineral will always be in constantly heavy demand. It is important, therefore, that we preserve a sense of balance and perspective about the nature of resource development in this country. There can be no doubt about its strength, but equally, there will be occasions when uneven patterns emerge.

The question inevitably arises in such a consideration, as to what is the proper role of the Government. I believe the proper role of the Government is to create the right economic climate for the sensible and responsible development of our mineral resources. We do this by creating an anti-inflationary climate and there can be no doubt that this Government has laboured very hard to bring down this country's rate of inflation, to produce a reduced domestic cost structure, and to make Australian industry as competitive as possible abroad. More particularly, we have followed a foreign investment policy which has made it attractive for foreigners to invest in this country, whilst at the same time showing a determination to preserve for Australians a proper share of the development of our natural resources. Achieving this balance has not always been easy, but there can be no doubt about the resolve of the Fraser Government to continue with a foreign investment policy which maximises the advantages of foreign investment, whilst at the same time making absolutely certain that Australians have a proper share of the domestic action, so far as the ownership of our resources is concerned.

The Government's policy of pricing our fuel at the world level is another example of following the right policy at the right time which has had a significant effect on the investment climate and also upon the development of our resources. There can be no doubt that this particular policy of the Government has encouraged investment not only in further oil exploration in Australia, but also in the development of alternative energy sources. Without this policy that particular investment would not have occurred, and is thus a prime example of Government policy improving the investment climate and making it more attractive from a business point of view to sensibly exploit the natural resources that this country has.

These thoughts all add up to one thing, that it is the role of the Government to create the right overall economic climate. It is then the role of private enterprise and commerce in Australia to make the necessary investment and entrepreneurial decisions. Creating the right climate and maintaining it does not mean that all of the rules of the game are going to remain immutable for all time. Governments must have the right, on occasions, and according to changed circumstances, to vary some of the rules which affect business operations in this country.