



EMBARGO: 5.00PM

PRIME MINISTER

FOR MEDIA

SUNDAY, 25 JULY 1982

ELECTORATE TALK

One of the major responsibilities of Government is to make sure that the economy is managed so as to create a climate of stability, in which business and industry can make long-term decisions with confidence. This is particularly so in Australia now, when we have to weather a prolonged overseas recession which is affecting profits, jobs, investment and growth.

The Government's economic policies have had two overall objectives: to minimise the impact on Australia of the world recession, and to make sure we are well equipped to take advantage of a world economic recovery, whenever that may come.

It is in the context of this overall framework that the Government announced last Monday its industry package. This package is of benefit to all Australian industries, the large resource developers, the major manufacturers, primary producers, and Australia's largest employers - the small businesses - will all gain from the package. The industry package provides all industries with greatly simplified and more generous general depreciation provisions. Plant ordered from last Monday, will, subject to certain exclusions, be eligible for generally shortened depreciation periods of either three or five years.

There are also new provisions for depreciation on non-residential buildings including extensions and alterations, which will bring Australia into line with most other advanced Western countries, and which are designed in particular to assist the building and construction industry. That industry will also benefit from the revised general depreciation decisions.

The new depreciation provisions will make it more attractive for industry to invest in new technologies and to increase productivity, which will be essential if Australian industry is to remain competitive. In the past, rapid technological change has made business less certain of the value of investing in plant and equipment that might be rapidly outdated. The shortening of write-off periods should give renewed confidence.

More generally, the depreciation provisions will create more opportunities for industries to invest and grow so that they are ready to take advantage of world economic recovery when it comes. The Budgetary impact of the new depreciation provisions will be to forego revenue sooner than would have otherwise been the case. If industry takes advantage of the benefits of the provisions, more income, more profits and more employment will be created. That in turn, would create more revenue for the Government.

The industry package also includes the expansion of the Export Market Development Grant and the Export Expansion Grants Scheme will be allowed to lapse. Both the Industries Assistance Commission and the Government have concluded that expanding the Export Market Development Grant is the most efficient way of assisting exporters and is more in line with our international obligations. But in the end, it is a cost efficient Australian economy and the expansion of world export markets through economic growth which will give us renewed growth in export industries.

A further feature of the industry package is the Government's rejection of the IAC's proposal for lower general levels of protection. As a result of decisions we have taken over the last two or three years, protection on more than 20 separate product groupings is being phased down, but we have concluded that no further general reductions would be practicable at this time because of the economic and social consequences to the community of such a reduction.

We will however, press ahead with our international trade initiative for multilateral action on levels of protection. In the present economic environment and in a situation where as much as 50% of our exports are estimated to be subject to non-tariff barriers, unilateral action on these proposals would obviously be impossible. But if international agreement could be achieved on these proposals there would be improved markets for Australian exports and Australia would join with other countries in adopting them. These measures would help regenerate world trade, and world economic growth. It is now up to industry to take advantage of the Government's industry package, so that when the world economy does recover all Australians will benefit from faster growth, more jobs and higher incomes.