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PRIME MINISTER

FOR MEDIA

TUESDAY FEBRUARY 8 1983

BUSINESSMEN'S BREAKFAST, BRISBANE

When this breakfast was first organised, I think we all thought this was going to be a normal, quiet cabinet meeting a little later today. I am meeting some people from Brisbane this morning and at lunch and again this evening, but since then events seem to have changed a little bit. I don't really think we would have all these photographers and journalists with us in those other circumstances.

We have a very serious job ahead of us, and it is well worth recalling that up until the time in which the world recession really hit Australia hard, this country was growing well. Many tens upon tens of thousands of additional jobs had been created. Our inflation rate was in good standing compared to the rest of the world, but then of course, certain things happened. There is the world recession which has gone on much longer than anyone thought, and a bit harder than anyone thought it would. As one of the great trading nations of the world, it obviously had to have its impact on us.

The drought which is affecting most of NSW and most of my own State, and about 60 or 70 percent of this State is obviously having a great impact over Australia. It can yet end up being the worst drought in the recorded history of the country. Already there are 100,000 farms, 100 million sheep, 14 to 18 million cattle directly affected. We have taken policies, many in support of the State governments under the core measures for drought relief, but other policies because we believe it was beyond the financial capacity of the States which are designed to preserve people on their farms and properties and to preserve Australia's essential breeding stock. Those policies I believe are affective.

The drought is obviously something we need to monitor in the months and period ahead of us because its severity and the potential damage just depends upon when the rains actually come. As each month goes by, the whole situation becomes more serious.

Then of course, Australia was also hit by wage decisions, over the last couple of years which have been enormously damaging. Wage decisions which led to increases of 15 to 20 percent in many wages, together with shorter hours at a time when our competitors overseas were experiencing wage adjustments of 5 or 6 percent. So our industries began to become uncompetitive and in one set of industries alone, in the metal trades, unemployment increased by 13,000. A significant part of the

unemployment was the inevitable result of the wages pressure that had been put in place, the inevitable result of the wages policy that was in place in the ACTU in 1979 when Mr Hawke was president of the ACTU because it was that policy which gave the impetus to the union pressure over the last 2 to 3 years.

Now many people are reaping the whirlwind and many Australians, many young Australians, are finding it difficult or impossible to get jobs as a consequence. Against this total background, it would of course be possible for a government in Australia to say it is the world recession, it is the drought and we will have to wait until these things pass. But that hasn't for one moment been the attitude of my government. We have put many policies in place, designed to assist Australians in difficulty designed to help build up the basic strength of this country at a period of difficulty, and we are not waiting for other people. We are not waiting for recovery in the United States before we take action to improve things in this country.

Through the last year we acted on many fronts. We made decisions which put \$1.2 billion into the home building or home purchasing industry, and now that interest rates are starting to come down, that is having an impact. I have heard in Melbourne, in Sydney and yesterday here, that there is much more activity in the home market than there has been for a very, very long while indeed. It was inevitable that once interest rates broke that many people would take advantage of the policies we have put in place. I can understand why they wouldn't do it until that happened because even if they could pay the mortgage off today, if they were concerned that rates might go up, they wouldn't know about next month or next year. But once the worst of the interests were through, then it is clear that people would be able to buy or build much greater confidence.

Now, that was only one of the fronts on which we moved. We also acted to assist industry through much improved depreciation schedules, but again, that is a longish term measure, not one that can be expected to attract much immediate investment. But when our own industries do feel the confidence to reinvest, to buy modern equipment, to put in place new technology, those new depreciation schedules are going to make it very much easier to do than would otherwise have been the case.

In the last budget, we took many decisions designed to help the disadvantaged people in our own community, designed to help Australian families, and designed to help young people. Many typical Australian families would be \$17 or \$18 better off as a result of a combination of tax measures, improvements in family allowances and housing measures that were the result of the last budget. There are many elderly people, many disadvantage people who are much better off as a result of the last budget. I know quite well that it is common to tag that particular budget as an election budget because it had some good things in it. If it hadn't those sort of things in it, I am quite sure it wouldn't have been regarded as an election budget, rather that commentators would have said that

this is a government that doesn't deserve to be in government because it is not showing concern for the needs of Australian families and of Australians at a time of recession and difficulty. It was a sensible budget, it was well attuned to the circumstances of the time and the measures that we took especially to help Australian families are having an beneficial impact.

I don't know how widely it is understood but the tax cuts through this year have a total value of \$1.5 billion and in a full year, about \$2.5 billion. So, the measures of the budget were substantial indeed.

Now, a number of the policies in that were a direct result of consultations we had with the ACTU, with the Confederation of Australian Industry, and of consultations Ian Macphee and John Howard had directly with the ACTU, because we were concerned to establish the circumstances in which it would be realistic to ask for and to require wage restraint. We believe that we did just that. But it became clear as last year drew to a close that something further was needed to re-establish a competitive base for Australian industry and to get a realistic relationship between wages and profits because wages had gone up so much and profits had fallen to the lowest level for about 20 years. Against that background, people just can't employ Australians.

Therefore, the idea of the wages pause came into being. But it was a wage pause with a difference - it had a very real streak of idealism in it. It was a wage pause that says the money that would be going otherwise to the Commonwealth public servants in higher wages will be used directly to help other Australians. So \$300 million has been put out for welfare housing, directly to assist through the programmes of the States, unemployed young Australians, and older people have been retrenched as a result of the recession.

The people who would have otherwise been getting the wage increase can see their dollars at work in a sensible way and in the best tradition of Australian mateship. I think that makes it easier to point out to people in private industry - look; the wage pause is important. It will help you to keep your job. It will help keep your industry in business. It will help to sell Australian goods, and as time passes, it will help and enable businesses to employ more Australians.

In this election, we can say very validly as a result of our policy of the wage pause, to all employees, vote for this government and you are voting for your own job. Vote for the Labor Party and you are voting to be unemployed because we all know that the Labor Party is committed to higher wages. Their policy commits them to full cost of living adjustments and we all know that on the basis of past history, that would be extraordinarily damaging for Australian firms. We all know that the present pause and all that business is a total sham for a four week period of the election.

The oil industry unions were set upon breaking the wage pause and the Labor Party, Lionel Bowen, said 'of course you have got to expect them to go on strike - we are supporting the strike'. He made it perfectly plain that he believed they were justified

in fact inciting the shutdown of Australian industry. The Government believed that it could not allow that to happen.

Now they have said that the wage pause can continue until there is a conference. But when is the conference? One day, one week, ten days after an election? That of course is a sham, fabrication and something that is totally meaningless. The Labor Party is committed to that oil industry 8%. That would start a new wage round and we would be back on the same old merry-go-round once again. We need to understand that very clearly.

We are doing other things which are building this country for the future. The great bicentennial road development programme is not only going to assist transport right throughout the major networks of Australia, it is also going to improve transport in capital cities and it will make a major change in the transport system of this country between now and the bicentennial year of 1988. Later this morning with Ralph Hunt I will be visiting a project which will be a very significant urban electrification of Brisbane city transport. A major part of that project funded by that programme. That again indicates our determination to build for the future.

The water resources programme which I announced with John Carrick several days ago is one which is very necessary in the present dry and sparse circumstances. This is one of the driest continents in the world but I believe we have now taken decisions which are doing to do a great deal to shore up Australia's reserves for the future. We are also going to make sure we get the best possible examination of the age old dream of turning Australia's coastal rivers inland for better use of our scarcest resource. This again is building for the future.

Again, these are things in the present circumstance, the Australian Government needs to do. I don't say it is the end of the track in relation to that because there will be a policy speech next week and that speech will be looking very much to the future, very much to building Australia, very much to the confidence we must have in ourselves and in our capacity to do things in a difficult world.

Now, this is a record of achievement, but it is also a record of putting in place policies designed to grapple with some of the most difficult economic circumstances that any country has ever faced. I believed that that is being done effectively. That needs judging against the policies of the Australian Labor Party - if they have got any policies. I asked a couple of dozen of the more intelligent members of our community in Melbourne over the last three or four days - I have reversed the process. When being questioned by journalists, I asked them all a question. I asked if any of them could name a single policy of the Australian Labor Party that they have in place, that is relevant to Australia's economic problems in 1983. I got from one who is a good friend of mine a good political answer, but it wasn't an answer. I got from another that they are going to have a conference. But

a conference is not a policy, nor is it a substitute for a policy. We have conferences all the time with a great variety of people, but we don't erect them into a policy on which you can go to an election and seek people's support. That is nonsense. As to the rest, they couldn't think of a thing. That says a great deal about the Australian Labor Party.

We have had some confusions in recent times. Mr Hawke, in the middle of last year was making it plain that he didn't think much of Labor advocacy if they couldn't persuade people to adopt a capital gains tax. But over the last period, he seems to have said a few things that I would have thought are grossly offensive to the Chief Commissioner of Taxation because the implication is that he is not applying the law adequately. I would have thought that most people believe he is too vigorous in applying taxation law and there are many people who wished he wouldn't. But he has now had a latter day conversion and suggested that the Party is not committed to a capital gains tax. He says somehow or other he is going to apply such a tax through the existing law, in some way as yet not defined. Well, it is legitimate to ask ourselves which Mr Hawke we believe.

Then we are told there is going to be agreement about a prices incomes policy. This is going to be a fascinating piece of wrapping paper when it ultimately does emerge, if it does emerge, because there was an attempt to have it brought to the light in the last winter. There was no agreement. There was a postponement. It was going to come out before Christmas. There was no agreement. There was a postponement. It was going to come out in the end of January, early February, and it was postponed again. All along Mr Hawke was of course chief negotiator as Industrial Relations spokesman. Now I suppose something will be provided for electoral purposes.

But over the last couple of days Mr Dolan has been saying there has got to be an excess profits tax. It is no good saying it doesn't matter an excess profits tax being put in place because there are aren't any excess profits at the moment. But if it is there, it would obviously be very damaging on business, investment, the prospects of attracting capital from overseas and the prospects of having Australian themselves chance their arm in some of the high risk propositions which are so important to the future development and strength of this country. But Mr Hawke says now is not the right time for it. He doesn't say when it will be, but it is interesting to note I think the argument.

The Labor Party are going to this election on a slogan of bringing Australia ^{together} or reconciliation. I would like to make the point as strongly as I can that I believe that that is sheer and utter humbug. If they were interested in bringing Australia together, if they were interested in reconciliation, they would not be pursuing the policies that they are pursuing, because their policies across a broad range are totally and utterly divisive. They are destructive and they create insecurity for many Australian families.

Let me take one or two examples: We have got the wage pause in place. Doug Anthony and John Howard achieved a remarkable result when they got the agreement of seven governments. It is hard enough sometimes for the Commonwealth to agree with one State government, but to get the agreement of all eight - Liberal, National Party, and three Labor State governments. Now, there was a total, national political consensus for that wage pause with the exception of the Federal Labor Party, with the exception of the policy in the charge of Mr Hawke. Where is the reconciliation in that? If you are really concerned with reconciliation, against that background, even if you didn't believe in the policy of a wage pause, there would be a commitment on you to support it because all governments had supported it. This miserable opposition seeks to break and frustrate it and incite the oil industry to bring this country to its knees.

Now, that in itself makes a mockery of the slogan that they are trying to go to the people on. But we need to look at some other policies.

In education, there has been a long standing consensus in Australia, a long standing agreement that all children have a right to expect some government support for the education of their children. Now the Labor Party would break that and says, some kids will get no support at all. Again, a divisive policy.

On ANZUS, the Victorian government has taken a divisive attitude trying to prevent allied ships, American ships going into ports. I believe with a Federal Labor government, you would find the Victorian government, dominated by the Socialist left, would win its way and that would make it very difficult, if not impossible for the ANZUS treaty to continue.

But then you can look at other things in the tax forum that have been put there in the last year or two. If they are concerned with reconciliation, if they are concerned with bringing this country together, why have they put into their platform in the last couple of years the determination to form Australia into a republic? If ever there was a divisive issue to brew a brawl around this country, that would be one. The sheer humbug of the Party when at election times they put an Australian flag behind their spokesman on campaign meetings and then their spokesman says it is the wretched limp wrap that ought to be torn up and something else put in its place. A firm commitment to destroy and get rid of the Australian flag in their platform.

I make these points, and they are relevant in this campaign because for a party to be saying it is a party of reconciliation of bringing Australia together it is the party of the most bitter division that this country has ever seen. Their policies and the wage pause, or the items in their platform and other policies demonstrate that, I believe, very clearly indeed.

There are going to be some odd polls over the next two or three weeks. I have no doubt that when the time comes, the people of Australia are going to vote for substance, they are going to vote for a team that is working together, and they are going to vote, not just for the achievement of what this government has done, but for the policies we have in place for the policies that will be announced to take this country up and forward out of recession to build the kind of country that we all want to see.

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