



PRIME MINISTER

OPENING OF DOW CHEMICAL (AUSTRALIA) INSTALLATION - ALTONA
16 NOVEMBER 1984

I AM VERY HAPPY TO BE ABLE TO JOIN YOU TODAY AT THE OPENING OF THIS NEW INSTALLATION AT THE DOW CHEMICAL PLANT IN ALTONA.

THIS \$15 MILLION PLANT REPRESENTS A MAJOR INVESTMENT IN OUR ECONOMY AND UNDERScores DOW CHEMICAL'S ROLE AS ONE OF THE PIONEERS IN THE FORMATION OF THE ALTONA PETROCHEMICAL COMPLEX.

I AM PLEASED THAT DOW CHEMICAL HAS COMMITTED ITS RESOURCES TO THIS PROJECT AND I TAKE IT AS A CLEAR DEMONSTRATION OF THE CONFIDENCE AND CONVICTION OF YOUR COMPANY IN THE FUTURE OF OUR ECONOMY.

FROM THE OUTSET, THIS GOVERNMENT HAS BEEN ACUTELY AWARE OF THE NEED TO FOSTER AN ENVIRONMENT IN WHICH THE AUSTRALIAN BUSINESS COMMUNITY CAN FLOURISH.

IT IS A SIMPLE FACT THAT AROUND THREE-QUARTERS OF AUSTRALIAN WORKERS ARE EMPLOYED BY THE PRIVATE SECTOR. IF WE ARE TO ACHIEVE A SUSTAINED RETURN TO ECONOMIC GROWTH AT RATES THAT WILL MEET OUR OBJECTIVE OF REDUCING AND EVENTUALLY ELIMINATING UNEMPLOYMENT, THEN IT IS OBVIOUS THAT THE PRIVATE SECTOR MUST PLAY THE MAJOR ROLE IN PROVIDING NEW JOBS.

THE GOVERNMENT RECOGNISES THAT A RETURN TO HIGH LEVELS OF INVESTMENT IS A KEY REQUIREMENT TO THIS PROCESS. WE ALSO RECOGNISE THAT FOR BUSINESS TO INVEST, IT MUST BE PROFITABLE FOR BUSINESS TO DO SO.

THE GOVERNMENT IS COMMITTED TO A VIGOROUS, PROFITABLE BUSINESS SECTOR. WE HAVE MADE A VITAL CONTRIBUTION THROUGH POLICIES THAT HAVE SUPPORTED ECONOMIC RECOVERY, AND THAT HAVE INJECTED A GREATER DEGREE OF CERTAINTY AND PREDICTABILITY INTO THE BUSINESS ENVIRONMENT.

PRIOR TO THE GOVERNMENT'S COMING TO OFFICE, THE AUSTRALIAN ECONOMY HAD BEEN SHRINKING, THE UNEMPLOYMENT RATE HAD RISEN TO A LEVEL NOT SEEN SINCE THE GREAT DEPRESSION, THE SHARE OF PROFITS IN THE NATIONAL INCOME WAS AT AN HISTORICALLY LOW LEVEL, AND OUR RATE OF INFLATION WAS AROUND TWICE THAT OF OUR TRADING PARTNERS.

THIS GOVERNMENT BROUGHT WITH IT TO OFFICE A RATIONAL AND COHERENT STRATEGY THAT, WITH THE SUPPORT AND UNDERSTANDING OF THE COMMUNITY, HAS BEEN APPLIED TO THE NATION'S PROBLEMS.

SINCE THE GOVERNMENT CAME TO OFFICE THERE HAS BEEN A DRAMATIC TURNAROUND IN OUR ECONOMY. THAT TURNAROUND HAS BEEN DUE ABOVE ALL ELSE TO THIS GOVERNMENT'S ECONOMIC POLICIES. THESE POLICIES HAVE LAUNCHED AUSTRALIA ON THE PATH OF ECONOMIC RECOVERY.

THE FACTS SPEAK FOR THEMSELVES. REAL GROSS DOMESTIC PRODUCT ROSE BY 10 PER CENT DURING THE LAST FINANCIAL YEAR AND THE INCREASE WAS BROADLY BASED. SOME 267,000 NEW JOBS HAVE BEEN CREATED AND THE UNEMPLOYMENT RATE HAS FALLEN FROM 10.2 PER CENT IN APRIL 1983 TO 8.6 PER CENT IN OCTOBER 1984. ANNUAL INFLATION, AFTER ALLOWING FOR THE IMPACT OF MEDICARE, HAS FALLEN TO 6.1 PER CENT AND OVER THE NEXT YEAR WILL BE LESS THAN FIVE PER CENT. THIS IS LESS THAN HALF THE RATE INHERITED BY THE GOVERNMENT, AND VIRTUALLY ELIMINATES THE GAP BETWEEN OUR INFLATION RATE AND THAT OF OUR TRADING PARTNERS.

OUR PRICES AND INCOMES POLICY, BASED SQUARELY ON THE ACCORD, HAS ALSO SUCCESSFULLY REDUCED THE INCIDENCE OF INDUSTRIAL DISPUTATION AND HAS PROVIDED AN ENVIRONMENT OF CERTAINTY AND PREDICTABILITY FOR THE WAGE FIXATION PROCESS - A CRUCIAL FACTOR IN FORWARD PLANNING FOR BUSINESS.

THERE HAS BEEN VIRTUALLY TOTAL COMPLIANCE WITH THE PRINCIPLES OF WAGE FIXATION DETERMINED BY THE ARBITRATION COMMISSION AND SUPPORTED BY THE GOVERNMENT. THE GOVERNMENT AND THE ACTU ARE COMMITTED TO ENSURING THAT THIS COMPLIANCE CONTINUES. AND AS A RESULT OF THE GOVERNMENT'S PRICES AND INCOMES POLICY, IN CONJUNCTION WITH THE WAGE FIXING PRINCIPLES, THERE WILL BE NO INDEXATION INCREASES IN AWARD WAGES BETWEEN APRIL 1984 AND APRIL 1985.

CONSEQUENTLY DURING THIS FINANCIAL YEAR WE EXPECT AWARD WAGES TO GROW BY ONLY ABOUT 2½ PER CENT. THAT COMPARES WITH ANNUAL AWARD WAGE GROWTH OF OVER 15 PER CENT AS A RESULT OF THE 1981-82 WAGES EXPLOSION CAUSED BY THE MISGUIDED POLICIES OF OUR PREDECESSORS. AND WE HAVE ACHIEVED THIS VAST IMPROVEMENT WITHOUT THE INDUSTRIAL DISRUPTION AND CHAOS THAT IS INEVITABLY GENERATED BY THE CONFRONTATIONIST APPROACH OF OUR OPPONENTS.

THIS DRAMATICALLY ALTERED WAGES - AND INFLATION - OUTLOOK IS A FOUNDATION FOR CONTINUED ECONOMIC GROWTH. BUSINESS CAN NOW PLAN AHEAD WITH CONFIDENCE, CAN INVEST IN NEW PROJECTS - SUCH AS THIS MARVELLOUS ONE - AND CAN CREATE MORE AND MORE NEW JOBS FOR AUSTRALIANS YOUNG AND OLD. THIS COUNTRY IS BEGINNING A NEW ERA OF ECONOMIC PROSPERITY. WE ARE DETERMINED THAT THIS OPPORTUNITY FOR LONG-TERM PROSPERITY AND GROWTH WILL NOT ONCE AGAIN BE SQUANDERED.

THE FRUITS OF THE SUCCESS OF THE GOVERNMENT'S POLICIES HAVE BEEN PARTLY REFLECTED IN THE DRAMATIC REDUCTION IN THE REAL COST TO BUSINESS OF EMPLOYING LABOUR - INCLUDING MOST ON-COSTS - AND IN THE RECOVERY OF THE SHARE OF COMPANY INCOME IN THE NATIONAL INCOME TO LEVELS LAST SEEN IN THE LATE 1960'S AND EARLY 1970'S. IN SHORT, WE HAVE RESTORED ADEQUATE LEVELS OF PROFITABILITY IN THE BUSINESS SECTOR, AN ESSENTIAL PRECONDITION FOR BUSINESS INVESTMENT.

THE GOVERNMENT HAS ALSO TAKEN SPECIFIC ACTIONS IN THE LAST BUDGET TO ENCOURAGE BUSINESS INVESTMENT, INCLUDING:

- . THE INTRODUCTION OF COMPANY GROUP TAXATION;
- . LIFTING THE DEPRECIATION RATE FOR COMMERCIAL BUILDINGS FROM 2.5 PER CENT PER ANNUM TO 4 PER CENT PER ANNUM; AND
- . AN EXTENSION BY ONE YEAR OF THE TIME FOR THE ELIGIBILITY OF PLANT ORDERED BEFORE 1 JULY 1985 UNDER THE TERMS OF THE INVESTMENT ALLOWANCE.

SINCE THIS GOVERNMENT CAME TO OFFICE, THERE HAS ALSO BEEN A MARKED FALL IN INTEREST RATES. THIS ONCE AGAIN REFLECTS THE SUCCESS OF OUR POLICIES AND UNDERPINS LOWER INFLATIONARY EXPECTATIONS IN THE COMMUNITY.

THE GOVERNMENT RECOGNISES THE UNQUESTIONABLE IMPORTANCE OF THE COST OF BORROWING TO BUSINESS INVESTMENT DECISIONS. IN OUR LAST BUDGET WE ACTED FIRMLY TO REDUCE THE PRESSURES ON FINANCIAL MARKETS BY REDUCING THE PUBLIC SECTOR BORROWING REQUIREMENT. LOOKING AHEAD, WE HAVE PROMISED TO ENSURE THAT THE BUDGET DEFICIT WILL DECLINE AS A PERCENTAGE OF THE GDP. IN LINE WITH OUR GENERAL APPROACH TO ECONOMIC MANAGEMENT, WE WILL ENSURE THAT THE DECLINE IN THE DEFICIT IS MORE RAPID WHEN PRIVATE INVESTMENT IS GROWING STRONGLY. REINFORCING THIS PLEDGE WE HAVE ALSO PROMISED THAT GOVERNMENT SPENDING WILL GROW AT A LOWER RATE THAN GDP.

THESE PLEDGES, COMBINED WITH OUR UNDERTAKING TO RESTRAIN GOVERNMENT TAX RECEIPTS TO A PERCENTAGE OF THE GDP NO HIGHER THAN THE CURRENT LEVEL, PROVIDE, I SUGGEST, THE BEST POSSIBLE BASIS UPON WHICH INVESTORS CAN CONTINUE TO COMMIT THEMSELVES WITH CONFIDENCE.

RECENT INFORMATION ON BUSINESS INVESTMENT, INDEED, CONFIRMS THE GOVERNMENT'S SUCCESS IN STIMULATING INVESTMENT. THE NATIONAL ACCOUNTS SHOW THAT REAL BUSINESS INVESTMENT ROSE IN EACH OF THE MARCH AND JUNE QUARTERS OF 1984 AFTER EIGHT SUCCESSIVE QUARTERS OF DECLINE.

IN ADDITION, SURVEYS OF INVESTMENT INTENTIONS INDICATE THAT BUSINESS INVESTMENT IS SET TO RISE FURTHER IN 1984-85. THERE IS EVERY INDICATION THAT THIS MOMENTUM WILL BE CARRIED FORWARD INTO EVEN STRONGER PRIVATE INVESTMENT GROWTH IN 1985-86.

THESE ARE INDEED ENCOURAGING SIGNS THAT THE FOUNDATIONS FOR SUSTAINED RATES OF NON-INFLATIONARY ECONOMIC GROWTH ARE WELL IN PLACE AND THAT BUSINESS IS INCREASINGLY CONFIDENT ABOUT THE ECONOMIC OUTLOOK.

THIS GROWTH IN CONFIDENCE IS PART OF THE NEW WORLD-WIDE CONFIDENCE IN AUSTRALIA AND ITS FUTURE. THIS, AS I SAID THE OTHER DAY, IS ITSELF A REFLECTION OF OUR NEW SELF-CONFIDENCE, OUR CONFIDENCE IN OURSELVES AND IN OUR OWN FUTURE. IT IS ON THIS BASIS THAT THE LABOR GOVERNMENT AIMS TO BUILD AN EVEN BETTER, FAIRER AUSTRALIA.
