



PRIME MINISTER

FOR MEDIA

19 NOVEMBER 1984

SPEECH NOTES FOR THE PRIME MINISTER

PUBLIC RALLY - COLLIE - WESTERN AUSTRALIA

OVER THE NEXT FEW YEARS COLLIE WILL BE PLAYING A MUCH MORE PROMINENT ROLE IN AUSTRALIA'S NATIONAL RECONSTRUCTION, TO THE ENORMOUS ADVANTAGE OF THE PEOPLE OF THIS TOWN, THIS REGION, THIS STATE AND AUSTRALIA.

ONE REMARKABLE FEATURE ABOUT THE STRONG AUSTRALIAN ECONOMIC RECOVERY SINCE MID-1983 IS THAT THE AUSTRALIAN ECONOMY HAS HAD RECORD GROWTH DESPITE SUBDUED PERFORMANCE FROM THE RESOURCES SECTOR.

WE HAVE HAD STRONG GROWTH IN RURAL PRODUCTION; IN PRIVATE SERVICES, LED BY THE GOVERNMENT'S INNOVATIVE AND INTENSIVE PROMOTION OF TOURISM; IN GOVERNMENT SERVICES; IN HOUSING; AND IN MANUFACTURING.

BUT SINCE THE COLLAPSE OF THE DISASTROUSLY MANAGED "RESOURCES BOOM" OF THE LATE COALITION YEARS, INVESTMENT IN THE RESOURCES SECTOR HAS BEEN DEPRESSED. THIS HAS DRAGGED DOWN THOSE PARTS OF THE MANUFACTURING SECTOR WHICH SUPPLY RESOURCE PROJECTS, MOST NOTABLY HEAVY ENGINEERING.

2.

FROM NEXT YEAR, AUSTRALIAN ECONOMIC PERFORMANCE WILL BE BOOSTED BY RESOURCE INVESTMENT RETURNING TO STRONG GROWTH.

OVER THE PAST THREE MONTHS, MAJOR RESOURCES DEVELOPMENTS TO THE VALUE OF ABOUT \$15 BILLION HAVE MOVED FROM BEING GOOD IDEAS TO BEING CONSIDERED BY THEIR PRIVATE SPONSORS AS CERTAIN TO PROCEED THROUGH 1985.

TO PUT THIS FIGURE IN PERSPECTIVE TOTAL PRIVATE GROSS FIXED CAPITAL EXPENDITURE (INCLUDING ALL PRIVATE BUSINESS INVESTMENT AND HOUSING) IN AUSTRALIA IN 1983-84 WAS \$23 BILLION.

THIS NEW RESOURCE INVESTMENT WILL BE ON TOP OF INVESTMENT THAT IS GROWING STRONGLY IN OTHER SECTORS OF THE ECONOMY. IT IS CLEAR FROM RECENT SURVEYS OF INVESTMENT AND INVESTMENT EXPECTATIONS THAT THE BUDGET ESTIMATE OF 5 PER CENT REAL GROWTH IN PRIVATE INVESTMENT WILL BE EASILY EXCEEDED. THIS STRONG MOMENTUM OF GROWTH IN NON-RESOURCE INVESTMENT THROUGH 1984-85 WILL CONTINUE IN 1985-86.

SEVERAL OF THESE HAVE ALREADY BEEN THE SUBJECT OF RECENT PUBLIC ANNOUNCEMENTS: DEVELOPMENT OF PREVIOUSLY DISCOVERED OIL FIELDS IN BASS STRAIT WHICH HAVE BECOME COMMERCIALY VIABLE UNDER THE TAXATION POLICIES OF THIS GOVERNMENT; THE PORTLAND ALUMINIUM SMELTER IN VICTORIA; AND OF SPECIAL INTEREST TO COLLIE AND THE SOUTHWEST REGION OF WESTERN AUSTRALIA, THE SYNTHETIC RUTILE PLANT AT CAPEL.

AND, ON OTHER EXCITING PROJECTS RECENT NEWS HAS TURNED POSSIBILITIES INTO PROJECTS WHICH THE RELEVANT INVESTORS CONSIDER TO BE CERTAIN.

3.

ON THE BASIS OF INFORMATION AVAILABLE TO THE GOVERNMENT, I AM ABLE TO SAY THAT THREE ADDITIONAL MAJOR RESOURCE INVESTMENTS IN WESTERN AUSTRALIA WHICH HAVE BEEN THE SUBJECT OF CONSIDERABLE PUBLIC DISCUSSION HAVE JOINED THE LIST OF NEW PROJECTS WHICH ARE CONSIDERED CERTAIN TO PROCEED THROUGH 1985.

WORK IS PROCEEDING AT AN EXTRAORDINARILY RAPID RATE ON THE COMPLETION OF THE FEASIBILITY STUDY FOR THE JOINT VENTURE WITH CHINA ON THE DEVELOPMENT OF AN IRON ORE MINE AT CHANNAR IN THE PILBARA. THE PARTIES ARE PROCEEDING ON THE BASIS THAT WORK WILL COMMENCE IN THE SECOND QUARTER OF NEXT YEAR ON THE CONSTRUCTION OF THE FIRST NEW IRON ORE MINE SINCE THE FIRST PHASE OF PILBARA DEVELOPMENT ENDED IN THE EARLY 1970S.

THE NORTHWEST SHELF LNG SCHEME HAS BEEN THE SUBJECT OF TALK AND SPECULATION FOR OVER A DECADE. I CAN NOW TELL YOU WITHOUT EQUIVOCATION THAT THIS IMMENSE PROJECT'S TIME HAS COME. THIS WAS CONFIRMED WHEN ARRANGEMENTS WERE COMPLETED A FEW DAYS AGO FOR THE INTRODUCTION OF THE JAPANESE FIRMS MITSUI AND MITSUBISHI AS ONE SIXTH PARTNERS. FORMAL AGREEMENT ON MAJOR CLAUSES OF THE SALES AND PURCHASE ARRANGEMENTS ARE ON TARGET FOR THE END OF THIS YEAR. PRE-DESIGN ACTIVITY IS PROCEEDING TOWARDS THE COMMENCEMENT OF WORK DURING 1985, AFTER FINALISATION OF FORMAL APPROVALS AND COMPLETION OF FINANCING ARRANGEMENTS.

4.

THE LNG PHASE AT NORTHWEST SHELF IS BY FAR THE LARGEST PROJECT EVER TO HAVE BEEN UNDERTAKEN IN AUSTRALIA. ON ITS OWN IT REPRESENTS A MAJOR INCREASE IN PRIVATE INVESTMENT AND TOTAL ECONOMIC ACTIVITY IN AUSTRALIA.

OF SPECIAL IMPORTANCE TO COLLIE AND THIS REGION, I AM ALSO ABLE TO CONFIRM THAT THE CONSTRUCTION OF A PROJECT THAT WILL INCLUDE A NEW POWER STATION AT COLLIE AND AN ASSOCIATED ALUMINIUM SMELTER NEARBY WILL PROCEED IN 1985. TOTAL INVESTMENT WILL EXCEED \$1.2 BILLION OVER A SIX YEAR PERIOD.

THE FINAL FEASIBILITY STUDY FOR THIS DEVELOPMENT IS WELL ADVANCED AND ALL OF THE PARTIES ASSOCIATED WITH THE PROJECT ARE CONFIDENT THAT IT WILL GO AHEAD. THE FEDERAL GOVERNMENT HAS BEEN MONITORING THE LEVEL OF AUSTRALIAN CONTROL AND OWNERSHIP, AND IS SATISFIED THAT POTENTIAL AUSTRALIAN PARTICIPANTS ARE BEING PROVIDED WITH OPPORTUNITIES FOR MAXIMUM FEASIBLE AUSTRALIAN OWNERSHIP.

5.

THE SMELTER WILL AT FIRST OPERATE ON SURPLUS POWER FROM THE STATE GRID, SWITCHING TO SUPPLY FROM A NEW POWER STATION HERE AT COLLIE WHEN IT BECOMES OPERATIONAL IN 1991. THE ONSITE POWER STATION CONSTRUCTION WORKFORCE WILL PEAK AT ABOUT 800. THIS WILL OCCUR AFTER THE SMELTER'S CONSTRUCTION HAS PEAKED, ENSURING A HIGH AVERAGE LEVEL OF CONSTRUCTION EMPLOYMENT BETWEEN THE TWO PARTS OF THE PROJECT FOR MORE THAN FIVE YEARS. ABOUT 250 DIRECT POSITIONS WILL BE CREATED IN THE POWER STATION'S CONTINUING OPERATIONS.

WHEN THE NEW, FULLY COAL-FIRED POWER STATION BECOMES OPERATIONAL, THE PROJECT WILL ALSO GREATLY EXPAND PERMANENT EMPLOYMENT IN THE COLLIE COALFIELDS. EMPLOYMENT OPPORTUNITIES IN THE COAL INDUSTRY WILL, OF COURSE, EXPAND IN ADVANCE OF COAL PRODUCTION, THROUGH INVESTMENT IN THE REMOVAL OF OVERBURDEN AND OTHERWISE IN PREPARATORY EXPANSION OF CAPACITY.

APART FROM THIS DIRECT EMPLOYMENT, THERE WILL BE SUBSTANTIAL EXPANSION OF GENERAL BUSINESS AND EMPLOYMENT ACTIVITY IN COLLIE, BUNBURY AND THE SURROUNDING REGION. THERE WILL ALSO BE SUBSTANTIAL OPPORTUNITIES - WHICH THE WESTERN AUSTRALIAN AND AUSTRALIAN GOVERNMENTS WILL MAXIMISE WITHIN COMMERCIALY REASONABLE LIMITS - FOR SALE OF AUSTRALIAN ENGINEERING PRODUCTS AND SERVICES. ABOUT ONE HALF OF TOTAL INVESTMENT EXPENDITURE IS EXPECTED TO BE ON WESTERN AUSTRALIAN WAGES, MATERIALS AND SERVICES AND ABOUT ONE FIFTH ON ENGINEERING AND OTHER GOODS AND SERVICES FROM ELSEWHERE IN AUSTRALIA.

6.

I DO NOT NEED TO SPELL OUT FOR YOU THE HUGE BENEFICIAL IMPACT OF THIS DEVELOPMENT ON THE ECONOMY OF THIS REGION.

IT WILL BE IN ADDITION TO THE BENEFITS FROM THE SYNTHETIC RUTILE PLANT TO BE ESTABLISHED NEARBY AT CAPEL, WHICH WILL PROVIDE 200 NEW JOBS DURING THE CONSTRUCTION PHASE, 60 PERMANENT JOBS, AND SUBSTANTIAL DEMAND FOR ELECTRICITY AND COLLIE COAL.

IT HAS ALWAYS BEEN STATE AND FEDERAL LABOR POLICY TO ENCOURAGE THE PROCESSING OF AUSTRALIAN RESOURCES IN AUSTRALIA. WITH THE COMMONWEALTH GOVERNMENT'S ACTIVE TRADE POLICY, FOCUSSED ESPECIALLY ON OPPORTUNITIES IN THE DYNAMIC WESTERN PACIFIC REGION; WITH LOWER INFLATION AND INFLATIONARY EXPECTATIONS; WITH A REALISTIC FLOATING EXCHANGE RATE; WITH THE STEADY PROGRESS WE ARE MAKING IN IMPROVING INTERNATIONAL COMPETITIVENESS; AND WITH INCREASING CONFIDENCE THAT STABLE ECONOMIC CONDITIONS AND MODERATE INTEREST RATES WILL BE MAINTAINED OVER THE LONG PERIOD REQUIRED TO BRING LARGE PROCESSING PROJECTS TO FRUITION, THIS GOAL IS BECOMING A REALITY.

THE CAPEL AND COLLIE PROJECTS ARE ONLY A BEGINNING OF A NEW ERA OF EXPANSION IN WESTERN AUSTRALIAN MINERALS PROCESSING. SEVERAL OTHER MAJOR PROJECTS ARE AT AN ADVANCED STAGE OF NEGOTIATION. CHINA HAS INDICATED ITS WILLINGNESS TO PURCHASE THE WHOLE OF THE OUTPUT OF THE KWINANA BLAST FURNACE SHOULD THE FURNACE, AND THE LINKED IRON ORE MINE AT KOOLYANOBING BE RE-OPENED. NEGOTIATIONS BETWEEN BHP AND CHINA ON ARRANGEMENTS FOR LONG-TERM CONTRACTS WILL CONTINUE EARLY IN THE NEW YEAR UPON COMPLETION OF FURTHER TECHNICAL WORK RELATED TO COST OF PRODUCTION. BHP IS OPTIMISTIC ABOUT A FAVOURABLE OUTCOME.

7.

NEGOTIATIONS ARE ALSO ADVANCED ON TWO MAJOR MINERAL SANDS PROCESSING DEVELOPMENTS NEAR GERALDTON, ONE OF MONAZITE AND ONE UPGRADING ILMENITE TO SYNTHETIC RUTILE, AND AN AMMONIA/UREA PLANT AT A LOCATION YET TO BE DECIDED IN THE SOUTHWEST OF WESTERN AUSTRALIA.

GIVEN THE EXPECTED CONTINUATION OF STRONG GROWTH IN OTHER SECTORS OF THE ECONOMY, ALL OF THIS ADDS UP TO AN UNPRECEDENTED ERA OF ECONOMIC EXPANSION AND PROSPERITY IN COLLIE AND THE SOUTHWEST REGION, AND IN THE WHOLE WESTERN AUSTRALIAN ECONOMY. IT ALSO REPRESENTS A SUBSTANTIAL CONTRIBUTION TO THE ECONOMIC RECONSTRUCTION OF AUSTRALIA, ALONG LINES THAT PROVIDE SECURE JOBS BASED ON MAKING EFFECTIVE USE OF AUSTRALIA'S COMPETITIVE ADVANTAGES IN INTERNATIONAL TRADE. IT REPRESENTS A SUBSTANTIAL CONTRIBUTION TO THE RESTORATION OF THE FORTUNES OF AUSTRALIA'S TROUBLED HEAVY ENGINEERING INDUSTRY.

THESE MAJOR NEW DEVELOPMENTS - ALL OF THEM COMING WITHIN REACH ONLY IN THESE LAST FEW MONTHS SINCE WORK ON THE CURRENT BUDGET WAS COMPLETED - ARE A REWARD FOR THE PROGRESS THAT HAS BEEN MADE IN IMPROVING AUSTRALIAN COMPETITIVENESS AND RE-ESTABLISHING STABLE ECONOMIC CONDITIONS. THESE NEW DEVELOPMENTS HAVE BEEN ASSISTED SIGNIFICANTLY BY THE BUSINESS TAXATION INITIATIVES ANNOUNCED IN THE BUDGET, INCLUDING THE PROVISIONS FOR GROUP TAXATION, MORE RAPID DEPRECIATION OF INCOME-EARNING BUILDINGS, AND THE ONE-YEAR PARTIAL EXTENSION OF THE INVESTMENT ALLOWANCE.

8.

BUT LET ME MAKE ONE POINT CLEAR: THIS GOVERNMENT DOES NOT LOOK TO EXPANSION IN THE RESOURCES SECTOR ALONE FOR MAINTAINING STRONG GROWTH IN THE AUSTRALIAN ECONOMY.

WE ARE SEEKING TO PROMOTE STRONG PERFORMANCE ACROSS ALL SECTORS, AND NOT A LOP-SIDED RESOURCES BOOM.

IT WAS THE HEIGHT OF FOOLISHNESS FOR THE LIBERAL AND NATIONAL PARTIES IN GOVERNMENT TO BELIEVE THAT STRONG GROWTH IN ONE SECTOR COULD SOLVE THE PROBLEMS THAT THEY HAD CREATED FOR AUSTRALIA.

ONE IMPORTANT COMPONENT OF THE RESOURCE SECTOR, COAL MINING ON THE EAST COAST, WILL BE A MAJOR FOCUS OF CONCERN FOR THE NEW LABOR GOVERNMENT AS WE ADDRESS PROBLEMS ARISING FROM THE OVER-CAPACITY ESTABLISHED IN THE SO-CALLED RESOURCES BOOM, WHICH WILL CONTINUE FOR SOME TIME DESPITE EXTRAORDINARILY STRONG GROWTH IN PRODUCTION AND EXPORT VOLUMES.

WE ARE SEEKING WELL-BALANCED GROWTH IN AUSTRALIA, WITH ALL SECTORS CONTRIBUTING THEIR PARTICULAR STRENGTHS.

FROM NEXT YEAR, WITH THE RESOURCES SECTOR AGAIN CONTRIBUTING STRONGLY TO GROWTH IN THE ECONOMY, WE ARE SUPERBLY PLACED TO MAINTAIN THE POSITION THAT WE HAVE ESTABLISHED FOR OURSELVES SINCE MID-1983, AMONGST THE FRONTRUNNERS OF THE WORLD'S ADVANCED ECONOMIES.
