



PRIME MINISTER

CHECK AGAINST DELIVERY

EMBARGOED UNTIL DELIVERY

SPEECH BY THE PRIME MINISTER
TO THE ADELAIDE CHAMBER OF COMMERCE ANNUAL DINNER
ADELAIDE - 8 NOVEMBER 1985

I AM VERY GLAD TO BE HERE THIS EVENING. I WAS LAST IN THIS SPLENDID CITY JUST FIVE DAYS AGO WHEN - ALONG WITH TENS OF THOUSANDS OF OTHER AUSTRALIANS - I HAD THE GREAT PLEASURE OF ATTENDING THE INAUGURAL AUSTRALIAN FORMULA 1 GRAND PRIX. RIGHT AT THE OUTSET, I WANT TO CONGRATULATE JOHN BANNON'S GOVERNMENT AND THE PEOPLE OF ADELAIDE ON THE OUTSTANDING SUCCESS OF THAT EVENT.

THE GRAND PRIX CAPTURED THE IMAGINATION OF AUSTRALIANS. IT DEMONSTRATED ENTREPRENEURIAL FLAIR AND CONSIDERABLE ORGANISATIONAL ABILITY. THE SUCCESSFUL STAGING OF THE GRAND PRIX WAS A FINE EXAMPLE OF WHAT AUSTRALIANS ARE CAPABLE OF ACHIEVING.

THE LAST OCCASION ON WHICH I ADDRESSED YOUR CHAMBER WAS IN 1979.

ON THAT OCCASION AUSTRALIA HAD ENDURED NOT QUITE HALF OF THE PREVIOUS GOVERNMENT'S TERM OF OFFICE. BUT ALREADY WE HAD EXPERIENCED THREE YEARS OF THE CONSEQUENCES OF THE FIGHT-INFLATION-FIRST-STRATEGY, THREE YEARS OF RISING UNEMPLOYMENT, DEPRESSED DOMESTIC ACTIVITY, LOW PROFITABILITY AND STUBBORNLY HIGH INFLATION. AND WE HAD YET TO EXPERIENCE THE MOST SEVERE DOWNTURN IN EMPLOYMENT SINCE THE DEPRESSION OF THE 1930'S. UNFORTUNATELY, THOSE 3 YEARS BECAME 7 1/2 YEARS OF A FAILED STRATEGY.

SINCE THIS GOVERNMENT CAME TO OFFICE IN MARCH 1983, WE HAVE CONSISTENTLY APPLIED AN ARTICULATED ECONOMIC STRATEGY WHICH HAS LIFTED THE ECONOMY OUT OF RECESSION AND ON TO A STABLE LONG-TERM GROWTH PATH.

IT WAS - AND IS - A STRATEGY RADICALLY DIFFERENT FROM POLICIES PREVIOUSLY ADOPTED, WHICH RELIED ON FIGHTING INFLATION THROUGH CONTRACTIONARY MONETARY AND FISCAL POLICIES. THOSE POLICIES REAPED AN INEVITABLY HEAVY TOLL IN UNEMPLOYMENT AND HUMAN MISERY - A TOLL NO AUSTRALIAN GOVERNMENT COULD EVER TOLERATE WITH EQUANIMITY.

OURS IS A STRATEGY UNDERPINNED BY THE PRICES AND INCOMES ACCORD BETWEEN THE GOVERNMENT AND THE TRADE UNION MOVEMENT.

IT IS, A STRATEGY WHICH IS BASED ON CONSULTATION AND CO-OPERATION BETWEEN THE MAJOR GROUPS WITHIN THE ECONOMY.

IT IS A STRATEGY SOUNDLY BASED ON RESPONSIBLE MONETARY AND FISCAL POLICY, BUT WHICH IMPROVES THE EFFECTIVENESS OF THOSE CONVENTIONAL POLICY INSTRUMENTS BY ACHIEVING A SUBSTANTIAL DEGREE OF INCOME AND INFLATION RESTRAINT UNDER THE ACCORD.

IT IS MOREOVER, A POLICY WHICH RECOGNISES THE NEED TO INSTITUTE MANAGED STRUCTURAL CHANGE IN AUSTRALIA'S INDUSTRIAL STRUCTURE - CHANGE DESIGNED TO EQUIP AUSTRALIA TO COMPETE IN THE HARSH INTERNATIONAL ECONOMY OF THE LATE 1980'S AND BEYOND.

AND IT IS A STRATEGY WHICH HAS CLEARLY WORKED.

ITS SUCCESS CAN BE SEEN IN THE DRAMATIC FALL IN THE REAL UNIT COSTS OF EMPLOYING LABOUR, WHICH HAS OCCURRED OVER THE PAST TWO AND A HALF YEARS, AND IN THE CORRESPONDING SHARP INCREASES IN THE LEVELS OF ECONOMIC ACTIVITY, EMPLOYMENT AND BUSINESS PROFITS.

BUT DESPITE THE SUCCESS OF THAT STRATEGY IN TERMS OF MOST ECONOMIC INDICATORS AND AUSTRALIA'S RELATIVE ECONOMIC PERFORMANCE, IT HAS TO BE CONCEDED THE MARKETS, AND PARTICULARLY THE FOREIGN EXCHANGE MARKETS HAVE NOT ALWAYS SHARED THAT JUDGEMENT - UNREASONABLY IN THE GOVERNMENT'S VIEW.

I SHOULD PERHAPS MAKE SOME REFERENCE HERE TO DEVELOPMENTS IN THE MONEY AND FOREIGN EXCHANGE MARKETS DURING THE PAST WEEK - IF FOR NO OTHER REASON THAN THAT YOU WILL BE EXPECTING ME TO SAY SOMETHING.

PAUL KEATING AND I HAVE, OF COURSE, CONSULTED ON THESE DEVELOPMENTS. WE HAD EXTENSIVE DISCUSSIONS YESTERDAY ON THE TREASURER'S RETURN FROM OVERSEAS WHEN, INTER ALIA, WE REVIEWED THE APPROPRIATENESS OF THE GOVERNMENT'S OVERALL ECONOMIC STRATEGY. LET ME MAKE CLEAR THE GOVERNMENT'S ATTITUDE AND RESPONSE TO THESE DEVELOPMENTS.

FIRST, THIS GOVERNMENT IS ABOUT GETTING THE FUNDAMENTALS RIGHT. IN THE END THAT IS WHAT WILL DETERMINE OUR ABILITY

TO PROSPER IN A COMPETITIVE WORLD. WE REMAIN OF THE VIEW THAT THE GOVERNMENT'S BROAD ECONOMIC STRATEGY WHICH IS NOW IN PLACE IS GEARED TO GETTING THE FUNDAMENTALS RIGHT AND TO KEEPING THE ECONOMY GROWING AT A RATE WHICH IS BOTH SUSTAINABLE AND CONDUCIVE TO FURTHER LOWERING THE RATE OF UNEMPLOYMENT IN THIS COUNTRY.

SECONDLY, THE AUSTRALIAN EXCHANGE RATE IS FLOATING. THE COMMON EXPERIENCE IS THAT FLOATING RATES ARE VOLATILE. EVEN THE ECONOMIC STATISTICS WHICH DEALERS WATCH MOST CLOSELY ARE VOLATILE.

EXCHANGE MARKETS REACT TO VIEWS ON A DAILY BASIS. REACTIONS IN THE REAL ECONOMY HOWEVER - FOR EXAMPLE IN IMPORTS, EXPORTS, PROFITS, ACTIVITY, EMPLOYMENT, INFLATION AND SO ON - REQUIRE MUCH MORE TIME TO COME THROUGH.

WE HAD ALWAYS EXPECTED - AND HAVE CONSISTENTLY PREDICTED - THAT SOME OF THE ECONOMIC INDICATORS SUCH AS THE CURRENT ACCOUNT DEFICIT OR THE CPI WOULD CERTAINLY APPEAR TO GET WORSE BEFORE THE SOUGHT AFTER IMPROVEMENTS ARE ACHIEVED. AND THAT, INDEED, IS HOW EVENTS HAVE UNFOLDED.

THE RESERVE BANK WILL CONTINUE TO OPERATE IN MARKETS IN A WAY TO HELP IRON OUT THE INEVITABLE FLUCTUATIONS. BUT THE IMPORTANT POINT IS THAT GOVERNMENTS CANNOT REASSESS THEIR BROAD POLICY STANCE ON A DAILY OR WEEKLY BASIS IN THE LIGHT OF EXCHANGE RATE CHANGES.

RATHER, THE GOVERNMENT MUST HAVE REGARD TO THE INTERESTS OF ALL AUSTRALIANS OVER THE SHORT AND MEDIUM TERM. IT THEREFORE ADOPTS A QUITE DIFFERENT PERSPECTIVE FROM THE OFTEN NARROW AND SHORT TERM PERSPECTIVE OF MANY PARTICIPANTS IN MONEY AND FOREIGN EXCHANGE MARKETS.

THIRDLY, ALL THAT HAVING BEEN SAID, IT REMAINS TRUE THAT THE EXCHANGE RATE IS AN INDICATOR WHICH HAS TO BE GIVEN DUE WEIGHT IN THE SETTING OF MONETARY POLICY. AND, AS WAS THE CASE EARLIER IN THE YEAR, THE SHARP DECLINE IN THE AUSTRALIAN DOLLAR DURING THE PAST WEEK HAS RESULTED IN A FURTHER FIRING IN FINANCIAL CONDITIONS AND MONETARY POLICY, WITH MOST INTEREST RATES RISING $\frac{1}{2}$ - 1 PERCENTAGE POINT. WE HAVE TO ACKNOWLEDGE THAT HIGHER INTEREST RATES HAVE TO BE LIVED WITH FOR A TIME.

AGAINST THAT BACKGROUND I WISH, TONIGHT, TO DISCUSS BRIEFLY SOME OF THE ONGER TERM PROCESSES OF ECONOMIC ADJUSTMENT WHICH WE HAVE SET IN TRAIN.

THE SEPTEMBER QUARTER CPI ILLUSTRATES A CASE IN POINT. THE OUTCOME, AT 2.2 PER CENT, WAS CERTAINLY FAR REMOVED FROM THE ALARMIST FORECASTS OF SOME OF THE PESSIMISTS OF A FEW MONTHS AGO. BUT, EVEN SO, THAT RESULT HAS NOTCHED THE ANNUAL RATE OF INFLATION UP TO 7.6 PER CENT, A RATE WHICH IS OFTEN COMPARED UNFAVOURABLY WITH THAT OF OUR TRADING PARTNERS.

IT IS IMPORTANT TO KEEP THAT UNDENIABLE FACT IN SOME

PERSPECTIVE. THE MAJOR FACTOR IN THE APPARENT ACCELERATION OF INFLATION OVER THE PAST THREE QUARTERS HAS BEEN THE IMPACT OF THE DEPRECIATION OF EARLIER THIS YEAR ON THE PRICES OF TRADED GOODS.

IT SHOULD HARDLY COME AS ANY SURPRISE THAT SUCH PRICE INCREASES HAVE OCCURRED. AFTER ALL, AS I HAVE FREQUENTLY SAID PREVIOUSLY, IF THE DOMESTIC PRICES OF IMPORTS AND EXPORTABLE COMMODITIES DO NOT INCREASE, THERE IS NO MECHANISM BY WHICH DEPRECIATION CAN RESULT IN HIGHER PRODUCTION DOMESTICALLY AND A GREATER MARKET SHARE AT HOME AND ABROAD FOR THESE GOODS. THERE WOULD BE NO MECHANISM FOR ACHIEVING THE NECESSARY IMPROVEMENT IN OUR COMPETITIVENESS AND THE CONSEQUENT REDUCTION IN THE CURRENT ACCOUNT DEFICIT.

THE TASK WHICH ECONOMIC POLICY - AND ESPECIALLY THE ACCORD - IS ADDRESSING IS TO ENSURE THAT THAT NECESSARY INCREASE IN PRICES DOES NOT BECOME BUILT INTO OUR UNDERLYING COST STRUCTURE, AND THUS SUBSTANTIALLY ERODE OUR COMPETITIVE GAINS. THE NEW ACCORD PROVIDES SUBSTANTIAL MECHANISMS TO CONTAIN THOSE DESTRUCTIVE PRESSURES. AND THE ACCORD IS SUPPORTED BY MONETARY POLICY.

MONETARY POLICY WAS FIRMED EARLIER THIS YEAR AT A TIME WHEN THE EXCHANGE RATE WAS OVERLY WEAK AND HAS BEEN KEPT FIRM EVER SINCE. AS A CONSEQUENCE AUSTRALIA HAS EXPERIENCED A PROLONGED PERIOD IN WHICH BOTH SHORT TERM AND LONG TERM NOMINAL AND REAL INTEREST RATES HAVE SUBSTANTIALLY EXCEEDED THOSE, OF SAY, THE UNITED STATES, THE UNITED KINGDOM, JAPAN AND GERMANY.

OF COURSE, MONETARY POLICY IS NOT GUIDED SOLELY BY THE EXCHANGE RATE. AS THE TREASURER AND GOVERNOR OF THE RESERVE BANK HAVE SET OUT ON A NUMBER OF OCCASIONS, THE CONDUCT OF MONETARY POLICY HAS BEEN GUIDED BY REFERENCE TO THE COMPLETE RANGE OF FINANCIAL INDICATORS AND ECONOMIC DEVELOPMENTS.

IT IS OUR ASSESSMENT OF THE OVERALL PERFORMANCE OF THE ECONOMY THAT HAS LED TO THE MAINTENANCE OF VERY FIRM MONETARY POLICY THROUGHOUT 1985. THAT WILL CONTINUE SO LONG AS IT IS APPROPRIATE.

THOUGH INTEREST RATES HAVE INCREASED IN SEVERAL STAGES SINCE EARLY THIS YEAR, IN AUSTRALIA, IT IS ONLY RECENTLY THAT THE FIRST SIGNS HAVE BEGUN TO EMERGE THAT THE DEMAND FOR CREDIT MAY HAVE BEGUN TO SLOW. THOSE SIGNS ARE AS YET TENTATIVE AND SUCH SLOWING AS IS EXPECTED IS, OF COURSE, A FACTOR UNDERLYING THE SLOWING IN DOMESTIC DEMAND WHICH WE FORECAST DURING THIS FINANCIAL YEAR.

THAT UNAVOIDABLE LAG HAS GREATLY COMPLICATED THE TASK OF INTERPRETING THE STANCE OF MONETARY POLICY - ESPECIALLY FOR THOSE NOT CLOSE TO THE AUSTRALIAN FINANCIAL SCENE.

AND THAT TASK HAS BEEN FURTHER COMPLICATED BY THE EFFECTS OF THE SUBSTANTIAL DEREGULATION WHICH THE FINANCIAL SYSTEM HAS UNDERGONE. AUSTRALIA'S EXPERIENCE IN THIS AREA IS AKIN TO THAT OF A NUMBER OF COUNTRIES, INCLUDING THE UNITED STATES,

THE UNITED KINGDOM AND CANADA.

BUT LET NO ONE BE FOOLED BY THESE COMPLICATIONS.

THE GOVERNMENT IS DETERMINED TO PURSUE THE MONETARY POLICY REQUIRED TO KEEP THE AUSTRALIAN ECONOMY MOVING ON THE PATH OF LONG TERM GROWTH. WE RECOGNISE THAT AN ESCALATION OF INFLATION OVER AND ABOVE THAT REQUIRED TEMPORARILY TO PERMIT DEPRECIATION TO BECOME EFFECTIVE WOULD BE DETRIMENTAL TO AUSTRALIA REMAINING ON THAT PATH - AND MONETARY POLICY REFLECTS THAT RECOGNITION.

IN CONJUNCTION WITH THE WELL PROVEN MECHANISMS OF THE ACCORD, POLICY IS THUS SET TO PRODUCE FINANCIAL CONDITIONS WHICH WILL PERMIT THE LARGEST FEASIBLE IMPROVEMENT IN OUR COMPETITIVENESS WHICH CAN BE OBTAINED.

IN TIME, THAT IMPROVEMENT IN OUR COMPETITIVENESS WILL BEGIN TO REDUCE THE CURRENT ACCOUNT DEFICIT AS A PROPORTION OF GDP. DOMESTIC PRODUCTION WILL ALSO BEGIN TO GROW AT A SOMEWHAT FASTER PACE THAN DOMESTIC DEMAND, PROVIDING A SOURCE OF CONTINUED ECONOMIC EXPANSION EVEN AS THE GROWTH OF DOMESTIC DEMAND RECEDES FROM THE STRONG PACE OF 1985.

IN THAT CONTEXT THE SLOWING OF DOMESTIC DEMAND COULD OF ITSELF BE EXPECTED TO REDUCE THE RATIO OF THE CURRENT ACCOUNT DEFICIT TO GDP. THE LAGGED IMPROVEMENT IN THE MARKET SHARE OF AUSTRALIA PRODUCERS WILL ALSO TEND TO REDUCE THAT RATIO.

BUT AS THE BUDGET PAPERS AND STATEMENTS BY THE TREASURER AND MYSELF HAVE INDICATED, THE REDUCTION IN THE CURRENT ACCOUNT WILL COME THROUGH IN THE LATTER PART OF THE FINANCIAL YEAR. NOBODY, THEREFORE, SHOULD HAVE BEEN SURPRISED TO SEE ONLY SLOW PROGRESS IN OBTAINING SOME IMPROVEMENT IN THE CURRENT ACCOUNT OVER THE EARLY MONTHS OF THE ADJUSTMENT CYCLE. THE GOVERNMENT HAD TAKEN MARKETS INTO OUR CONFIDENCE WELL IN ADVANCE.

THE CURRENT ACCOUNT DEFICIT COULD AMOUNT TO ABOUT 5 PER CENT OF GDP IN THE RECENTLY COMPLETED SEPTEMBER QUARTER, A RESULT WHICH WAS INFLATED BY BOTH THE CELEBRATED J-CURVE EFFECT ON NOMINAL VALUES AND THE SEASONAL PATTERN OF TRADE TRANSACTIONS. THERE IS EXPECTED TO BE A MARKED DECLINE IN THAT PROPORTION - PERHAPS AS MUCH AS 1 PERCENTAGE POINT - OVER THE COURSE OF 1985-86. IF EVEN THE GAINS IN COMPETITIVENESS OBTAINED IN THE FIRST HALF OF 1985 CAN BE SUSTAINED - AND IT IS THE CLEAR INTENTION OF POLICY THAT THEY SHOULD BE - THERE IS EVERY PROSPECT OF A SIGNIFICANT FURTHER REDUCTION IN LATER QUARTERS.

CURRENT ACCOUNT ADJUSTMENT WILL, WITH A FURTHER DELAY, RESULT IN AN EASING IN OUR INDEBTEDNESS TO FOREIGNERS, AS A SHARE OF GDP.

AUSTRALIA'S DEBT OVERSEAS HAS RISEN SHARPLY IN RECENT YEARS. THIS REFLECTS MAINLY THE CURRENT ACCOUNT IMBALANCES WHICH WERE THE BY-PRODUCT OF OUR EARLIER LACK OF COMPETITIVENESS,

AND THE DETERIORATION IN THE TERMS ON WHICH OUR COMMODITY EXPORTS EXCHANGE FOR IMPORTS ON WORLD MARKETS.

MOST RECENTLY, HOWEVER, DEPRECIATION HAS ITSELF ADDED SUBSTANTIALLY TO THE \$A VALUE OF OUR FOREIGN OBLIGATIONS, IN AN ADJUSTMENT WHICH IS ANALOGOUS TO THE J-CURVE ON THE TRADE ACCOUNT.

ONCE MORE, IT IS IMPORTANT TO PLACE THIS DEVELOPMENT IN SOME PERSPECTIVE. AUSTRALIA HAS TRADITIONALLY BEEN A NET BORROWER ABROAD. ACCESS TO FOREIGN CAPITAL (AND THE ASSOCIATED EXPERTISE) HAS ENABLED AN EXPANSION OF NATIONAL WEALTH WHICH COULD NOT OTHERWISE HAVE BEEN GENERATED USING ONLY OUR OWN FINANCIAL RESOURCES.

THE REAL QUESTION THUS IS WHETHER OUR DEBT BURDEN IS SUSTAINABLE. RECENT WORK BY THE OFFICE OF EPAC INDICATES CLEARLY THAT, CONTRARY TO SOME CLAIMS, WHEN THE STATISTICS ARE ADJUSTED TO PLACE THEM ON A COMPARABLE BASIS, AUSTRALIA IS NOT IN ANY SENSE ONE OF THE "PROBLEM" DEBTORS.

DEPRECIATION - AND OUR POLICY RESPONSE, BASED PARTICULARLY ON THE ACCORD - PROVIDES A BASIS FOR ENSURING THAT AUSTRALIA'S OBLIGATIONS ABROAD CAN BE SERVICED WITHOUT EITHER MASSIVE DISRUPTION TO THE ECONOMY OR INTOLERABLE FUTURE STRAIN ON THE EXCHANGE RATE. WITHOUT THE ACCORD THAT ADJUSTMENT COULD ONLY HAVE BEEN ACCOMPLISHED AFTER A SHARP CONTRACTION OF THE DOMESTIC ECONOMY WHICH WOULD BE COSTLY IN BOTH ECONOMIC AND SOCIAL TERMS.

BUT OUR STRATEGY FOR SUSTAINED ECONOMIC PERFORMANCE, IS FAR BROADER THAN I HAVE TIME TO DETAIL HERE TONIGHT.

IT INCLUDES A FISCAL POLICY WHICH RECOGNISES THE NEED TO CURB THE GROWTH OF PUBLIC SECTOR EXPENDITURE AS THE ENGINE OF PRIVATE SECTOR GROWTH BEGINS TO FIRE ON ALL CYLINDERS. IN JUST THREE BUDGETS WE HAVE MORE THAN HALVED OUR INHERITED BUDGET DEFICIT AS A PROPORTION OF GDP AND REDUCED THE TOTAL PUBLIC SECTOR BORROWING REQUIREMENT BY 2.7 PER CENT OF GDP.

IT INCLUDES TRADE POLICIES WHICH SEEK TO EXPAND AUSTRALIA'S OPPORTUNITIES TO EXPORT. IN RECOGNITION OF THE REMARKABLE GROWTH POTENTIAL OF OUR REGION, THESE IN TURN INCLUDE STRATEGIES TO IDENTIFY THE SCOPE AND NATURE OF POTENTIAL EXPORT OPPORTUNITIES FOR AUSTRALIAN INDUSTRY IN THE REGION, WITH PARTICULAR EMPHASIS ON CHINA AND JAPAN, UNDER THE CHINA ACTION PLAN AND THE JAPANESE MARKET STRATEGY RESPECTIVELY.

IT INCLUDES ALSO INDUSTRY POLICIES WHICH SEEK TO FOSTER EFFICIENT, FLEXIBLE, INNOVATIVE, FORWARD LOOKING, EXPORT-ORIENTED ENTERPRISES.

AND IT INCLUDES POLICIES FOR EDUCATION AND TRAINING, PARTICULARLY FOR OUR YOUNG PEOPLE, DESIGNED TO IMPROVE AUSTRALIA'S SKILLS BASE AND ENHANCE THE LIFE CHANCES OF OUR YOUNG PEOPLE.

A PARTICULAR FEATURE OF THIS GOVERNMENT IS OUR COMMITMENT TO

REMOVING REGULATORY IMPEDIMENTS TO DEVELOPMENT AND GROWTH. THE FLOATING OF THE \$A, THE REMOVAL OF VIRTUALLY ALL EXCHANGE CONTROLS, AND THE SUBSTANTIAL DEREGULATION OF THE BANKING SECTOR HAVE BEEN NOTABLE ACHIEVEMENTS IN ENCOURAGING INNOVATION AND COMPETITION. THEY HAVE ALSO ESTABLISHED OUR CREDENTIALS IN THIS AREA, IN STARK CONTRAST TO THE EMPTY DRUMBEATING OF THE PREVIOUS GOVERNMENT.

ONLY LAST WEEK I ANNOUNCED ON BEHALF OF THE GOVERNMENT SEVERAL INITIATIVES RELATING TO BUSINESS DEREGULATION. THESE INCLUDED SUBSTANTIAL DEREGULATORY INITIATIVES IN RESPECT OF FOREIGN INVESTMENT POLICY AND EXPORT CONTROLS ON SOME MINERALS. IN ADDITION I SPECIFIED OUR PRIORITIES FOR FURTHER REFORMS, WHICH FOCUS PARTICULARLY IN AREAS WHERE INCONSISTENT ADMINISTRATION OR INAPPROPRIATE REGULATIONS HAVE RESULTED IN EXCESSIVE COSTS TO BUSINESS.

MANY OF THESE INITIATIVES WILL REQUIRE THE CO-OPERATION OF STATE GOVERNMENTS TO BE SUCCESSFUL. IN THIS REGARD SOUTH AUSTRALIA HAS BEEN TO THE FOREFRONT, FOR EXAMPLE IN THE AREAS OF STATE PURCHASING PREFERENCES, AND MODEL NATIONAL FOOD LAWS AND BUILDING CODES.

THE GOVERNMENT RECOGNISES THAT INDIVIDUAL SECTORS OF INDUSTRY HAVE THEIR OWN PARTICULAR NEEDS AND OPPORTUNITIES. THE GOVERNMENT, THEREFORE, HAS DEVELOPED A CASE-BY-CASE APPROACH TO INDUSTRY DEVELOPMENT WHICH HAS RESULTED IN A NUMBER OF INNOVATIVE SECTORAL PLANS BEING IMPLEMENTED. THESE PLANS HAVE BEEN DEVELOPED IN CLOSE CONSULTATION WITH EMPLOYERS, EMPLOYEES AND GOVERNMENT. THEY HAVE RECEIVED SUBSTANTIAL SUPPORT FROM THE PARTIES, AND ARE PROVING TO BE REMARKABLY SUCCESSFUL.

HERE IN SOUTH AUSTRALIA TWO MAJOR MANUFACTURING ACTIVITIES, PASSENGER MOTOR VEHICLES AND STEEL, ARE BENEFITING FROM OUR SECTORAL PLANS. SINCE THE INTRODUCTION OF THE STEEL PLAN, THE INDUSTRY HAS WITNESSED A DRAMATIC TURNAROUND IN ITS PROFITABILITY AND INTERNATIONAL COMPETITIVENESS, WHILE THE PASSENGER MOTOR VEHICLE INDUSTRY RECENTLY HAS UNDERGONE A SUBSTANTIAL BOOM IN SALES.

BOTH PLANS FOR THESE INDUSTRIES ARE CONSISTENT WITH OUR GENERAL APPROACH TO PROMOTE LONG OVERDUE STRUCTURAL CHANGE AT A PACE WHICH IS CONSISTENT WITH ACHIEVING REAL AND PERMANENT PROGRESS. WE NOT ONLY HAVE A VISION OF WHERE AUSTRALIA NEEDS TO HEAD TO SECURE ITS FUTURE, WE HAVE A BROAD STRATEGY WHICH IS CAPABLE OF GETTING US THERE.

LADIES AND GENTLEMEN, SOUTH AUSTRALIA, WITH ITS STRONG INDUSTRIAL BASE, IS WELL PLACED TO TAKE ADVANTAGE OF THESE OPPORTUNITIES. I AM PLEASED TO NOTE THAT SOUTH AUSTRALIAN MANUFACTURERS ARE REPORTING STRONG INVESTMENT EXPECTATIONS FOR 1985-86, WELL IN EXCESS OF THE NATIONAL AVERAGE. THE IMPACT OF THE DEVALUATION OF THE AUSTRALIAN DOLLAR EARLIER THIS YEAR SHOULD ADD ADDITIONAL IMPETUS TO THESE DEVELOPMENTS.

UNDER THIS GOVERNMENT THE BUSINESS COMMUNITY KNOWS WHERE IT

STANDS. BUSINESS CAN BE CONFIDENT ABOUT OUR MANAGEMENT OF THE ECONOMY IN THE SHORT TERM. IT CAN ALSO BE CONFIDENT WE ARE ADDRESSING THE ISSUES VITAL FOR MEDIUM AND LONG TERM GROWTH. BUSINESS KNOWS WHAT OUR POLICIES ARE AND WHERE WE'RE GOING. AND IT CAN PLAN FOR THE FUTURE CONFIDENTLY WITH THAT KNOWLEDGE. I BELIEVE THAT IS A VERY SIGNIFICANT ACHIEVEMENT.

WE CAN ALL BE JUSTLY PROUD THAT THE POLICIES WHICH COMPRISE THIS COMPREHENSIVE ECONOMIC STRATEGY ARE CLEARLY WORKING FOR AUSTRALIA - WORKING, NOT LEAST, FOR THE BENEFIT OF FOR SOUTH AUSTRALIANS.

ALONE AMONG THE MAJOR OECD COUNTRIES, AUSTRALIA'S LEVEL OF UNEMPLOYMENT IS EXPECTED TO FALL THROUGHOUT 1985-86. THAT WILL ADD TO THE FALL OF WELL OVER 2 PERCENTAGE POINTS IN THE UNEMPLOYMENT RATE WHICH HAS BEEN ACHIEVED SO FAR UNDER THE POLICIES OF THIS GOVERNMENT.

OF COURSE THIS HAS A COUNTERPART IN THE HUGE EXPANSION IN JOBS WHICH HAS OCCURRED. IT HAS BEEN SO GREAT AN EXPANSION, THAT WE ARE NOW ON THE VERGE OF ACHIEVING 500,000 NEW JOBS, IN ADVANCE OF OUR THREE-YEAR TIMETABLE - JOBS, I WOULD ADD, WHICH OVERWHELMINGLY (88 PER CENT ON THE LATEST FIGURES) HAVE BEEN CREATED IN THE PRIVATE SECTOR.

BUT EVEN MORE IMPORTANT THAN THE SUCCESS WHICH HAS ALREADY BEEN ACHIEVED IS THE CAREFUL PROGRESS WHICH HAS BEEN MADE TO ENSURE AUSTRALIA'S PROSPERITY IN THE LONG TERM.

LIKE THE SUCCESSFUL GRAND PRIX DRIVERS LAST WEEKEND, WE APPRECIATE THE DIFFERENCE BETWEEN THE SHORT SIGHTEDNESS OF THE FLASHY QUICK DASH AND THE WELL PACED, WELL PLANNED PROFESSIONAL RACE. THE DASH ACHIEVES FLEETING FAME AT THE EXPENSE OF EXCESSIVE CONSUMPTION OF FUEL AND TYRES OR THE RISK OF COLLISION. IT STANDS IN SHARP CONTRAST TO A MORE SUSTAINABLE PACE WHICH RESPECTS SUCH LOGISTICAL AND OTHER CONSTRAINTS BUT IS CONSISTENT, NONETHELESS, WITH TOP PERFORMANCE. AND IT IS THAT LATTER DETERMINED, BUT MEASURED, APPROACH WHICH WE HAVE INSTITUTED FOR AUSTRALIA.

I AM SURE HE WOULD NOT MIND MY SAYING THAT JOHN BANNON'S GOVERNMENT HAS PLACED SOUTH AUSTRALIA IN A FINE POSITION TO PARTICIPATE TO THE FULL IN ECONOMIC RECOVERY. AND I WISH TO ACKNOWLEDGE TONIGHT, THE FINE JOB WHICH HE AND HIS TEAM HAVE DONE.

EMPLOYMENT IN SOUTH AUSTRALIA HAS GROWN 3 PER CENT OVER THE PAST YEAR, A PACE WHICH HAS BEEN FAST ENOUGH TO PERMIT SOUTH AUSTRALIA, ALONE AMONG THE STATES, TO STEADILY REDUCE ITS UNEMPLOYMENT RATE TO PRE-RECESSION LEVELS.

MOREOVER THIS STATE'S INDUSTRIAL RELATIONS RECORD IS THE ENVY OF THE NATION. WITH SOME 8.6 PER CENT OF THE NATION'S WORKFORCE, SOUTH AUSTRALIA ACCOUNTS FOR ONLY 1.7 PER CENT OF THE DAYS LOST THROUGH STRIKE ACTION.

THOUGH HIS GOVERNMENT, TOO, INHERITED A PARLOUS FINANCIAL

POSITION, JOHN BANNON'S GOVERNMENT HAS PURSUED RESPONSIBLE FINANCIAL MANAGEMENT POLICIES IN ASSOCIATION WITH IMAGINATIVE POLICIES TO STIMULATE THE ECONOMY. IT IS CONSISTENT WITH THE FORWARD LOOKING THINKING OF JOHN'S TEAM THAT ADELAIDE IS TO ACQUIRE WHAT I CONFIDENTLY EXPECT WILL BE AUSTRALIA'S FINEST CASINO, A CONVENTION CENTRE AND AN INTERNATIONAL HOTEL. VALUED AT \$180 MILLION, THIS REDEVELOPMENT OF THE ADELAIDE RAILWAY STATION PRECINCT IS THE LARGEST SINGLE CONSTRUCTION PROJECT IN THE HISTORY OF THE CITY OF ADELAIDE.

AND IT IS ALSO A CREDIT TO HIS TEAM'S FORWARD LOOKING APPROACH THAT THEY HAVE INITIATED THE DEVELOPMENT OF TECHNOLOGY PARK ADELAIDE. I UNDERSTAND THAT MAJOR INTERNATIONAL COMPANIES SUCH AS BRITISH AEROSPACE ARE COMING TO THE PARK TO ESTABLISH NATIONAL HEADQUARTERS. TECHNOLOGY PARK ADELAIDE IS A CLEAR LEADER WITHIN AUSTRALIA AS A LOCATION FOR HI-TECH DEVELOPMENT, WHICH IN TURN BODES WELL FOR THE FUTURE PROSPERITY BOTH OF THIS STATE AND AUSTRALIA AS A WHOLE.

I WAS PLEASED THAT THE BANNON GOVERNMENT TOOK ADVANTAGE OF MOVES AT THE NATIONAL LEVEL TO DEREGULATE BANKING AND SET YOUR SIGHTS ON ENSURING THAT A MAJOR OVERSEAS BANK WOULD ESTABLISH HEADQUARTERS IN ADELAIDE. THE ANNOUNCEMENT THAT STANDARD CHARTERED WOULD RECEIVE A LICENCE AND SET UP ITS OPERATIONS IN THE STATE WAS A CULMINATION OF THESE EFFORTS.

BUT JOHN BANNON'S GOVERNMENT HAS NOT ONLY DELIVERED ECONOMIC SUCCESS. IT HAS NOTABLE ACHIEVEMENTS IN WELFARE SERVICES, THE ARTS, EDUCATION, LAW AND JUSTICE. THESE ARE ACHIEVEMENTS WHICH PLACE THIS BANNON GOVERNMENT IN THE VERY BEST TRADITION OF THE AUSTRALIAN LABOR PARTY.

LADIES AND GENTLEMEN, BOTH FEDERALLY AND IN SOUTH AUSTRALIA WE IN THE AUSTRALIAN LABOR PARTY ARE WORKING TO CREATE A BETTER, MORE CARING, MORE TOLERANT, MORE DIVERSE AND MORE REALISTIC AUSTRALIA. IT IS A MORE COHESIVE, WEALTHIER AND ENRICHED AUSTRALIA - AN AUSTRALIA IN WHICH YOUR STATE GOVERNMENT, LED BY JOHN BANNON, HAS PLAYED A CRUCIAL ROLE - A STATE GOVERNMENT IN WHICH YOU CAN JUSTLY BE PROUD.
