



PRIME MINISTER

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**SPEECH BY THE PRIME MINISTER
COMMISSIONING OF BHP'S UPGRADED ROD MILL
NEWCASTLE - 17 MARCH 1989**

Rob Chenery, General Manager,
Ladies and Gentlemen,

BHP and Newcastle go back a long way together.

BHP's first steelworks were opened here in 1915.

So for more than seven decades, the names of BHP and Newcastle have been synonymous with hard work, sweat, planning, investment - all the qualities necessary to build a big industry; all the qualities necessary to build Australian prosperity and Australian jobs.

That's why, when you think of Australian industry, you think of BHP Steel. And when you think of BHP Steel, you think of Newcastle.

Today we are celebrating a new era in the partnership of BHP and Newcastle.

I have just been shown the evidence of BHP's recent investment of more than \$400 million in the Newcastle Steelworks - not least, the upgraded rod mill and the new bloom caster, the world's largest.

This investment has put Newcastle at the forefront of high technology casting.

And I know from my talks with the managers and workers I have met today that this new capital investment is accompanied by a new attitude of cooperation and consultation, a new commitment to quality and to training - in short, a new determination to ensure the future of steel making in Australia.

That will make sure Newcastle remains what it has always been - the heart of the Australian steel industry.

It seems incredible to recall that only a few years ago, it seemed possible that this heart might stop beating.

As we look at this new investment and the new attitudes that accompany it, it's important to remember that in the early 1980s the future of Newcastle, and of the Australian steel industry, was in doubt.

In the early 1980s, throughout the Australian economy, jobs were being lost at a massive rate, investment was falling, the challenges of international competition were being shirked.

In effect, all the deep-seated problems of Australia's long standing preference for the relative ease of commodity exports, and our long-standing unwillingness to break our manufacturing industries out of the cocoon of protectionism - all these deep-seated problems had emerged to give us the worst recession we had endured in fifty years.

In many ways, all these problems were encapsulated in the crisis of the steel industry.

Protected, increasingly uncompetitive and inefficient, the steel industry was facing closure - a decision that would surely have devastated Newcastle.

After we came to office in March 1983, my Government was determined that this must not happen.

That is why as one of our earliest priorities, we initiated the historic Steel Industry Plan - a strategy, with the active cooperation of management and unions, to create a viable steel industry that could feed the domestic and the international marketplace competitively, efficiently and productively.

Each partner in the Steel Plan had a role to play, and although there were some setbacks along the way, each partner contributed to the resurgence of the Australian steel industry.

The Government provided a stable environment, including through the temporary extension of support. I pay tribute to my colleague John Button, the Minister for Industry, Technology and Commerce, for his pioneering role, and to the diligence of our local Members of Parliament, represented today by Allan Morris, the Member for Newcastle.

In exchange, BHP made a commitment to massive new investment and to job security. Given a target of \$800 million investment over the first four years of the plan, BHP actually committed itself to investing more than \$1800 million over the five years the Plan lasted.

And for their part, trade unions undertook to exercise wage restraint, and agreed to productivity targets and to adhere to dispute settlement procedures.

The doomsayers said it wouldn't work.

They thought the Australian steel industry would follow the path of the dinosaur to extinction.

But we have proved the critics wrong.

We have, together, rescued the steel industry and we have, together, ensured that it will have the capacity and the self-reliance to provide jobs and exports for many years to come.

As the Steel Industry Authority noted, the Plan's specific short-term targets for production, investment, employment and productivity have all been met.

And the proof of that achievement lies here in this new plant - representing as it does new investment, world class technology, secure jobs, and the basis of a new export trade in value-added special steels.

This plant now has the capacity for annual production of almost 2 million tonnes.

It provides jobs for more than 5,000 people and has immense significance for Newcastle and the whole region.

The scale of BHP's investment program, and the growing importance of exports in its marketing strategy, are symptomatic of the changing outlook and expectations of Australian industry.

Increasingly, there is acceptance of the inevitability of greater integration with the world economy and a recognition that our future prosperity depends upon our ability to compete on world markets.

Australian industry is today less inclined to view the prospect of greater trade exposure as a threat to be resisted and more as an opportunity for growth and diversification.

If we are to succeed there is a need for industry to respond flexibly to global market developments and to demonstrate a willingness to adapt to the rapid pace of technological change.

That ultimately is what lay behind the Government's involvement in the Steel Plan and the other sectoral plans for industries such as Heavy Engineering: support being extended for a finite period through a range of government programs and being conditional upon a real commitment by management and workers to restructuring.

The across-the-board tariff cuts we announced last May were also designed to give impetus to the process of restructuring. These cuts formed part of the Government's continuing program of microeconomic reform which is aimed at removing unnecessary regulation, improving the performance and accountability of government business enterprises and improving the efficiency and responsiveness of service sector industries such as transport and communications.

In the international marketplace, it is only through seeking increased efficiency through microeconomic reform that Australia can make major improvements in our competitiveness.

And the reverse is true.

Failure by Australia to match the productivity improvements and technological innovation of our competitors could again jeopardise the future of our economy - including our great steel industry.

Accordingly, I place great importance on, and I wish you all well in, the negotiations taking place between unions and management on award restructuring and other work practices.

Ladies and gentlemen,

If Australia is to have any credibility whatsoever as a diversified, sophisticated, competitive economy - if we want to be regarded by our trading partners as an advanced economy - then we must have an efficient and productive steel industry.

The fact that we now have that credibility - the fact that increasingly we are being regarded as a regional economy of clout and sophistication - is due in no small measure to you people: the management and workers of BHP's Newcastle Steelworks.

I salute you for that achievement, and I wish you well as you continue to provide this city, and, indeed, Australia, with its backbone of steel.
