



PRIME MINISTER

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**SPEECH BY THE PRIME MINISTER
CONFEDERATION OF AUSTRALIAN INDUSTRY
ANNUAL DINNER
CANBERRA - 8 NOVEMBER 1990**

Congratulations on your impeccable sense of timing.

This annual dinner brings the members of the CAI to Canberra in the midst of an unusually intense period of policy activity.

Indeed, as I told my ministers in the Cabinet Room on Monday, the Federal Government is engaged in our most concentrated burst of policy reform since 1983.

Consider this list of reforms currently under way:

- . the Special Premiers Conference last week brought together the parties to Australia's Federal compact in a unprecedentedly constructive and positive approach to making our system of Government work more efficiently;
- . the Special Conference of the Labor Party has opened the way for the introduction of competition into the vital telecommunications industry;
- . the Two Airlines agreement has at last run its course; a new, more competitive, structure for domestic aviation is being put in its place;
- . land transport, the waterfront, coastal shipping are all seeing fundamental reforms that will improve productivity and efficiency;
- . policies are being developed that will see a workable and sensible approach to ecologically sustainable development;

In a major statement in Parliament this afternoon I announced the latest developments in the Government's continuing task of micro-economic reform.

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Tonight I will touch on many of these issues - particularly ones in which the CAI has expressed special interest, such as the Special Premiers' Conference.

But at the outset I want to integrate this diverse range of activity and put it in its proper perspective - the perspective provided by more than seven and a half years of Government, in which we have consistently followed a strategy directed at improving the quality of life for all Australians.

Our strategy has seen consistent pursuit of these goals:

- . sustained and sustainable economic growth;
- . continuing employment growth;
- . controlled and equitable wage growth;
- . increased efficiency and international orientation of the economy - aiming at a transition to a competitive world class economy fully enmeshed in the dynamism of the Asia-Pacific region;
- . a fairer society created through radical welfare reform, with the emphasis on better services for families and for the aged and sick; but all of this within the context of unprecedented financial responsibility and restraint;
- . a clever country in which intellectual skills are prized and harnessed to the broader needs of the community;
- . an environment safeguarded for future generations through policies of ecologically sustainable development.

This is not the place to take you through the chapter and verse of our reform program since 1983.

But I do point, with pride, to the consistency with which we have pursued those comprehensive but intensely complementary goals over the past seven years.

The Accord which delivered wage restraint and social wage increases in 1983 is still providing, in 1990, an effective mechanism for wage fixation, as well as for the vital processes of award restructuring and union amalgamation. And let me add how pleased I am to note the significant measure of tripartite consensus that is emerging over the future shape of the wage system, through the conferences held under the auspices of the Industrial Relations Commission. The CAI has played a key role in that process. This is a very significant achievement which needs to be cemented into place in the forthcoming National Wage Case.

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The National Economic Summit, that brought the key economic players together around the same negotiating table in 1983, is echoed in 1990 with the Special Premiers' Conference bringing together the leaders from our three levels of government in a determined effort to span jurisdictional and partisan differences with the common objective of improving the system of federal administration.

Our floating of the dollar and deregulation of the financial system in 1983 began an unparalleled sequence of microeconomic reforms that - as my statement in Parliament showed today - is continuing to reinvigorate key sectors of the economy.

Before 1983, Australians endured almost three consecutive decades of conservative rule. They were decades

- . in which the essential tasks of economic restructuring and micro-economic reform were neglected;
- . in which the challenges of a rapidly changing international environment were shirked in favour of the introversion of tariff protection;
- . in which the hard tasks of introducing fairness and efficiency into our taxation and social welfare systems were swept under the carpet;
- . in which fiscal discipline was a forgotten art as budget deficit piled on budget deficit;
- . in which industrial confrontation between employers and employees was allowed to obscure their underlying commonality of interest.

In 1983, this Government was confronted with the urgent need to remedy those accumulated symptoms of neglect and of abrogated leadership.

We have had to cram 40 years of reform into ten.

And deliberately and progressively, we are putting Australia back on the rails.

We have created a rate of employment growth twice the OECD average.

We have turned a Commonwealth budget deficit of \$9 billion into a surplus of almost that size, reducing the public sector's call on the nation's savings by around \$28 billion at today's prices.

We have slashed the nominal rate of assistance to the manufacturing sector from 13 to 10 per cent, and the effective rate from 22 to 17 per cent.

Industrial disputes have fallen by some 60 per cent.

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For the future, our macro-economic management must continue to focus on reducing the current account deficit as a proportion of the GDP to the point where our debt to GDP ratio stabilises, and on reducing our inflation rate to that of our major trading partners.

It was to achieve these goals that we have, in recent times had to rein in demand, which had been placing unsustainable pressure on our current account.

The tight fiscal, wages and monetary policies that we employed for this purpose have of course imposed hardships on the community.

But there has never been any doubt that had we not taken these firm measures, the rest of the world would, in effect, have taken them for us - resulting in a much greater degree of dislocation and pain throughout the community.

It is now clear that we have achieved our immediate aim of slowing demand and that the benefits are flowing - as yesterday's CPI figure dramatically showed. Accordingly we have been able to ease monetary policy, with five separate reductions this year in professional interest rates now feeding through to smaller businesses and home-owners.

This, combined with scheduled tax cuts and wage increases, and cyclical developments in the economy, should see activity pick up through 1991 - as the Budget forecast.

That is the fundamentally sound position in which Australia now stands.

But there can be no question of changing the basic direction of policy or of slackening the pace of reform. We cannot afford to slip backwards. We will not do so.

Ladies and gentlemen,

That is the broad context within which I want you to understand the Government's determination to proceed with the current round of micro-economic reforms.

Let me speak tonight of two specific areas: the Special Premiers Conference and today's Parliamentary Statement.

Quite simply, I believe the Premiers Conference introduced a new, commonsense, constructive dimension into Commonwealth-State relations.

Through direct negotiations unencumbered by the suspicions that are the traditional ingredient of such meetings, the Premiers, Chief Ministers and I reached agreement on a range of matters directed to the more effective delivery of a wide range of services to the citizens of Australia and enhancing the contribution of government to economic efficiency.

In substance and in atmosphere, the Conference was a very significant breakthrough.

The CAI's submission, which I was very pleased to receive in the lead-up to the Conference, identified four key areas requiring greater cooperation and rationalisation: the environment; packaging and labelling; food; and economic infrastructure, particularly communication, transport and energy.

I am happy to be able to report significant achievements in each of those areas.

As you are aware, the Government is committed to the concept of ecologically sustainable development - a greater integration of economic and environmental goals in all our major industry sectors. The development of an Intergovernmental Agreement on the Environment, on which Governments across Australia are now committed to working, will help facilitate:

- . a co-operative national approach to the environment;
- . a better definition of the roles of the respective Governments;
- . a reduction in the number of disputes between Governments on environmental issues;
- . greater certainty of Government and business decision-making; and, not least,
- . better protection of the environment.

I am aware of your concern about the need for greater consistency in environmental regulatory processes. As you know, a lot of work is being done in this area at the moment to identify the problems and suggest ways of overcoming them, and your sponsorship of the Bureau of Industry Economics' work in this area is a positive contribution.

On your second point, we will receive a report on packaging and labelling requirements at the next Special Premiers' Conference scheduled for May 1991. The report will be based on the principles and framework we agreed on at the Conference for rationalising regulation - in brief, each State will recognise each other's standards in cases where national uniformity is not deemed to be essential for economic efficiency.

In your third area, one of the major reforms announced at the Conference was the support by the States and Territories for a system of uniform food standards regulated by a National Food Authority.

It is on your fourth point, infrastructure, that there has been the most dramatic progress, both at the Premiers Conference and through the decisions of the Federal Government I announced in Parliament today.

- The Premiers, Chief Ministers and I were able to achieve a degree of progress in the critical area of land transport that had, in earlier and lesser forums, proved impossible.
- We signed a Heads of Agreement to establish a National Rail Freight Corporation, which will involve new investment, new industrial relations standards and new rail management.
- On road transport, we agreed to pursue the introduction of national uniform operating regulations and driver licensing, nationally consistent road user charges and clearer definition of responsibilities for funding and managing elements of the road system between different levels of Government.
- The next Premiers' Conference in May 1991 will consider a report on the scope for further extensions to the interstate electricity network.
- Australia's telecommunications industry is being dramatically re-shaped, with potentially limitless benefits: new investment, new jobs, new exports, and for consumers, cheaper services and greater choice.
- Domestic aviation has been at last liberated from the dead hand of the Two-Airlines Agreement, opening the door to new services and lower prices.
- Real progress has been made on the waterfront with entrenched inefficiencies giving way to leaner practices that: - without massive industrial disruptions - promise productivity gains of up to 60 per cent.

That is only a thumb-nail sketch of what I have described as the most active period of micro-economic reform this country has seen.

I have repeatedly challenged the Opposition parties to point to a period of more profound and more rapid micro-economic reform, across a broader front. That challenge of course remains unanswered; because for 31 of the 34 years before we came to Office Australia was governed by a conservative Coalition that was consistently incapable of the hard work and far-sighted vision necessary for successful reform.

Ladies and Gentlemen

It's all too easy in discussing micro-economic reform to get overwhelmed by the technicalities or to be simply confused by the jargon. In fact the quality of the debate about, for example, telecommunications reform has been very high indeed - at least on the Government side.

But behind all the technicalities of interconnect fees, duopolies and the resale of telecommunications capacity, there lies a simple truth.

Telecommunications reform is ultimately about new investment, new jobs, cheaper services, and new exports. It is about improving the way in which Australian households and Australian businesses get access to that most fundamental of modern day instruments, the telephone - and the ever expanding range of other new communications technologies.

It is about making sure Australia can play a part in the explosion of demand for telecommunications equipment in our immediate Asia-Pacific region. As I said in Parliament today, the nations of the Asia-Pacific region have half the world's population but only 17 per cent of its 500 million telephones. By the end of this century, that 500 million is expected to double.

The reforms we are making are designed to ensure that Australia can compete effectively in this extraordinary growth.

In other words, what we are after in telecommunications reform is the same goal we pursue with every other policy endeavour - to equip our economy so that it can deliver to its citizens the quality of life to which they justifiably aspire.

And let me stress this vital point.

If you believed what you read in the newspaper, you might conclude that micro-economic reform is limited to a couple of industries and a handful of employers.

Nothing could be further from the truth.

The battles of micro-economic reform are taking place across a broad front - indeed, across the broadest possible front: the entire economy.

It is a process that ultimately involves everyone.

This is more eloquent than all the statistics, and certainly more comprehensible than all the jargon.

Last Friday in Melbourne I opened a new campus of the Western Institute - which will form part of the Victorian University of Technology, the first University to be sited in the western suburbs of Melbourne.

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Immediately afterwards, I opened the South Pacific Truck Tyre plant at Somerton - a plant which is scaling new heights in productivity, thanks to massive capital investment and positive industrial relations that have abolished restrictive work practices and created more efficient patterns of work. Productivity at this plant is realistically expected to be the best of any tyre plant anywhere in the world, and so it gives Australia another competitive edge in export markets.

New universities offering educational opportunities where they have never been offered before, and new factories setting world standards for productivity - this is micro-economic reform.

Such examples are the hard evidence out in the community that fundamental change is taking place; they are the heart and soul of the dynamic process of economic reconstruction currently underway in Australia; they are the proof positive that Australia can, increasingly, engage our region, and the world, on new and more competitive terms.

I promise you, and I promise the people of Australia who are the ultimate beneficiaries of this commitment, that my Government will carry through these plans to their completion.

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