



# PRIME MINISTER

CHECK AGAINST DELIVERY

EMBARGOED UNTIL DELIVERY

**SPEECH BY THE PRIME MINISTER  
ANNUAL DINNER OF THE  
AUSTRALIAN MINING INDUSTRY COUNCIL  
CANBERRA - 2 MAY 1991**

-----

It is a pleasure once more to address AMIC's annual dinner - the eighth occasion on which I have done so since becoming Prime Minister.

These occasions give me a chance both to brief AMIC on the major policy developments that have occurred in the previous twelve months and to comment on issues that will affect your industry and the Australian economy over the coming year.

Tonight I want to focus my remarks on two issues of very great significance to the Australian economy and to the mining industry in particular: the dual imperatives for Australia to increase its competitiveness and to integrate our economic development with proper conservation of our environment.

The choice facing the nation is, as I am sure you understand, quite clear.

If we are to have a modern, prosperous economy and maintain and improve the quality of life for ourselves and our children, then we need to build a more competitive Australia, and to achieve ecologically sustainable development.

On 12 March I delivered to Parliament the Statement 'Building a Competitive Australia'. The statement marked another important milestone in the economic development of this country, and provided answers to fundamental questions about the future of the Australian economy.

The substantial package of measures which I announced was directed at the basic task of improving our productive capacity and our international competitiveness.

Virtually for as long as Australian industry has existed, it has been "assisted" by tariffs. "Assistance", however, as any high school economics student can tell you, is a misnomer. Tariffs encourage industry to concentrate on the smaller domestic market rather than the challenge of international trade - they remove the incentive to develop new technologies and new work and management skills - they have damaged our efficient export industries, such as mining and agriculture, by forcing up the price of inputs - in short, instead of assisting industry, tariffs have retarded it, to the cost of us all.

The Government's decision to press on with tariff reductions was a clear signal that the days of national economic introspection, protected from the challenges of the outside world, are well and truly over.

The extent of the turn-around we are achieving can be dramatically measured. By the end of the decade, the average nominal rate of assistance to the manufacturing sector will have been brought down from 13 per cent to 3 per cent and the average effective rate from 22 per cent to 5 per cent.

By lowering the costs of your manufactured inputs, this measure alone is calculated to increase output in the mining industry by up to 5 per cent.

And as you know, a number of the other measures I announced in the March Statement will also benefit the mining industry. These include the broadening of wholesale tax exemptions, the provision of tax deductibility for capital expenses incurred in the preparation of environmental impact statements, the introduction of a more favourable depreciation regime, and the decision to extend duty free entry to mineral processing equipment not made in Australia. I am pleased to note that all these changes were welcomed by AMIC.

I should stress that the March Statement's emphasis on increasing Australian competitiveness was only one further instalment in the Government's long running endeavour towards this goal. In particular, it must be placed in the context of our continuing micro-economic reform agenda.

I have said before that I am happy for our record on micro reform to be compared to that of any other government in Australia's history. We are making, and are continuing to make, substantial progress in improving the efficiency of our transport and communications systems, our taxation system, our workplaces and our union structures.

As the Federal Government, we are doing, and will continue to do, what is within the ambit of our power to

do, to move the process of micro-reform along as quickly as it can be moved.

But clearly many areas of micro reform requiring attention do not lie solely in the province of the Commonwealth Government. Through the Special Premiers' Conference process we are making historic progress in ensuring that all levels of government are cooperating to improve the efficiency of the public sector as a whole.

No one doubts the size of the task before us, and it is clear that the massive transformation necessary to achieve our economic goals is only partially completed. Nevertheless, it is the case that many of the fundamental reforms required are well under way.

In this context let me report to you on the outcome of the negotiations on the waterfront that I completed only this morning with the relevant union and employer organisations.

I have been involved with the chequered course of the waterfront reform program at various times since last November, whenever Senator Bob Collins as Minister responsible felt that I could contribute.

Following the National Wage Case decision late last month, the cause of waterfront reform was clearly in jeopardy. Senator Collins, Senator Cook and I took the view that a circuit-breaker was required. Both parties to the waterfront reform process also clearly felt that such a step was appropriate, and so last week I called the first of what proved to be an exhausting but ultimately successful series of meetings.

The elements of that outcome were released today, and in summary they involve:

- continuation of the reform process with an important role for the Industrial Relations Commission
- acceleration of the reform process, by comparison with any alternative course
- an incentive for both parties to co-operate for the early delivery of company-based employment; an award structure suitable to this; and a base for enterprise bargaining
- a means of ensuring that waterfront reform benefits not only the companies involved - through major productivity gains - and those leaving the industry - through generous redundancy arrangements - but also those remaining in the industry who will, after all, be working significantly smarter for

themselves, for their companies and for this country

- and a reaffirmation of the role of the Waterfront Industry Reform Authority which was also involved in these discussions.

I think an indication of the unique success of this agreement is that it has received support from Conaust - often a stern critic of the pace of reform - and from the unions - who are, after all, good judges of their members' interests. This is a win-win result that surely puts the lie to those who would abandon the path of negotiation in favour of harebrained schemes for confrontation.

I know AMIC's interest in waterfront reform is long-standing, and I respect the consistency of your views. But I cannot support what has been coyly described as "more prescriptive alternatives".

The fact is, for users of the waterfront, this negotiated agreement will yield clear benefits: swifter passage of essential inputs across the waterfront; and eventually, I am convinced, lower real rates as companies strive to obtain greater market share in a newly competitive atmosphere on the Australian waterfront.

Let me add this final point, because it needs to be well understood. Competitiveness is not a static concept, so micro-economic reform will be literally a never ending process. What it takes to be competitive in 1991 will not be the same as is required in the year 2000. The important lesson Australia needs to learn is the habit of change, so that we can constantly adapt to the constantly changing circumstances of the world to which our future is so closely linked.

I am happy for our record on micro reform to be compared to that of any other Government in Australia's history.

Ladies and Gentlemen,

All these efforts are dedicated to making Australian industry more competitive. Your industry, I know, has long been world-competitive. But I referred at the outset to the dual imperative facing Australia - becoming competitive and putting our economy on a footing that is ecologically sustainable.

John Kerin and I have spoken at some length at previous AMIC functions about the need for an integrated approach to conservation and development. It is a concept with which no-one disagrees - though there is, of course, always room for discussion about the emphasis that should be given to its component parts.

Active public debate on sustainable development is in this regard not only necessary, but also a healthy sign that organisations are taking the subject seriously.

Last year the Government released a Paper on Ecologically Sustainable Development as a stimulus for discussion on this issue. Since then, nine sectoral working groups have been established to help translate the concept of ecologically sustainable development into individual sectoral strategies. The working groups are to complete their reports by October for consideration at the November Special Premiers' Conference.

I am encouraged by the progress being made by the ESD Working Groups, given the complexity of the issues and the often conflicting interests involved. I am also confident that the outcome of the process will provide a sound basis for the Government to make decisions on future processes and the implementation of appropriate strategies.

Let me again place on record the Government's appreciation of the involvement of AMIC in the ESD process. We have not forgotten that the mining industry was one of the first sections of the community to embrace the concept of sustainable development and to call for its wider consideration, and your experience and insight make for a valuable industry contribution to the whole process.

Your early and general recognition of the importance of environmental considerations is widely respected and appreciated.

I understand that the mining working group has been tackling a range of difficult issues that have been of long standing concern to your industry. Naturally there may be areas where agreement will not be reached in the time allowed, and this will need to be reflected in the final report. However, I hope that there will be considerable agreement on many key issues.

Ladies and Gentlemen,

As part of the March Statement, I announced that the Government had decided to provide resource security for major new wood processing projects, involving investment of \$100 million or more and which are directed to export or import replacement. As you know, this decision aroused a good deal of interest from industry and conservation organisations alike.

I know there have been suggestions, including from your industry, that the concept of resource security could be extended to other industries, notably mining. I want to use this opportunity to tell you that the Government's view is that this would not be appropriate and will not happen.

Let me explain the background to the forestry resource security issue.

In reaching its decision, the Government was conscious that the forestry industry has a number of distinctive characteristics. Forests have multiple functions and values. They provide timber for wood production; they have important roles in protecting water catchments and providing habitats for wildlife; they serve as recreation areas for public enjoyment. It goes almost without saying that they occupy very large areas of land.

These various unique characteristics need to be carefully weighed in any development decision. And indeed, the resource security decision in no way reduces the Government's commitment to proper environmental, heritage and other safeguards.

Eligible projects will be subject to a comprehensive integrated assessment process. Existing environmental, heritage and Aboriginal legislation will be fully applied, up front, so that the project proponent will have the security of knowing that once the assessment is completed and approved, no action will be taken down the track to remove part of their resource except in specified exceptional circumstances.

So the Government's commitment to the proper protection of forests remains firm. But we recognised that - in part due to this consistent commitment to proper safeguards - there had been a reduction in the forest resources allocated to existing operations in the industry.

This situation put the forest industry in a unique position, and it was on this basis that the industry claimed that a crisis of confidence existed in the industry and that future investment was dependent on the Commonwealth providing resource security legislation. In view of the importance of having major value-added projects come forward, and the general economic circumstances Australia faces, this was clearly a problem which the Government had to address.

At the same time we obtained legal advice that resource security legislation was the only way the Commonwealth could provide a binding undertaking of the kind sought to get major wood processing projects started. Given these circumstances, the Commonwealth decided to give an undertaking that it was prepared to introduce such legislation on a case by case basis.

I stress that this difficult decision was made only in response to a unique set of circumstances. As such, there can be no application of the concept of this legislation to other industries.

Having said that, I do recognise the need for a greater degree of certainty in relation to access and approval processes for the mining industry.

The division of responsibilities between the different levels of government has long been a concern of industry. It can lead to duplication or inconsistent approaches, with resulting uncertainties, inefficiencies and higher costs to both industry and the community generally. It can also result in inadequate protection of the environment.

With this in mind, the Special Premiers' Conference last year agreed that a more cooperative approach to the environment should be pursued. This is being done through negotiation of an Intergovernmental Agreement on the Environment. The agreement will include provisions for the streamlining of environmental assessment and other approval processes which will facilitate greater certainty of Government and business decision making.

It is planned that drafting of the Agreement will be completed in time for consideration at the November Special Premiers' Conference.

Ladies and Gentlemen,

The Resource Assessment Commission Report on the Future Use of Resources of the Kakadu Conservation Zone was received by the Government today and will be released publicly next week. The fact that this will be the first report completed by the Commission since its establishment in 1989 has given it additional prominence.

I know that both the mining industry and the conservation movement see the Government's final decision on the Kakadu Conservation Zone as something of a litmus test.

Industry executives have indicated that a 'no mining' decision could have a substantial impact on investor confidence in mining and could result in mineral exploration activity moving overseas. On the other hand, conservationists and Aboriginal groups see our forthcoming decision as another test of the Government's bona fides on the issues of importance to them.

It is of course, inappropriate and, in any case premature, for me to speculate on what the Government's final decision might be. However, I would like briefly to address some of the underlying concerns, and in doing so to show that whatever our ultimate decision on this issue, it in no way can be construed as a litmus test for other issues.

The mining industry in general was critical of the original decision to have the Resource Assessment Commission inquire into this issue. It has been argued

that this particular reference was too project-specific, and fell outside the stated purpose of the RAC.

No one would be naive enough to deny that this particular issue has been a difficult one for the Government. It involves an extraordinary range of very complex and sensitive resource, environmental and Aboriginal issues.

The Kakadu Conservation Zone covers an area, including Coronation Hill, that has great mineral potential and could produce very significant export income for Australia. Part of the area is also a registered sacred site and is currently subject to an Aboriginal land claim as well as an application under the Aboriginal and Torres Strait Islander (Heritage Protection) Act. The area is also environmentally significant, surrounded by a National Park and located in the catchment of the South Alligator river that feeds important wetlands in the Kakadu World Heritage Area.

These factors were sufficiently complex to warrant very careful examination by an independent body that could study the competing claims as well as provide any further relevant information to enable us to make an informed decision.

The Resource Assessment Commission was an entirely appropriate organisation to carry out this task. We specifically established it to inquire into complex conservation-development issues. The fact that this inquiry covered only a relatively small area of land does not mean that the issues are any less complex. I have no doubt that Justice Stewart would agree with this view.

So the Kakadu Conservation Zone is truly a special case, involving a combination of complex and sensitive issues which would only rarely occur in most mining projects.

Irrespective of the final outcome, any claims that the Government's decision will set policy parameters for future mining projects in this country are simply not supported by the facts.

The Kakadu decision will have no implications for the overwhelming majority of mining projects in this country. These will continue to be subject to normal environmental and other approval processes.

I acknowledge that resolution of the Kakadu matter has taken substantially longer than we originally envisaged. Now that the RAC report has been completed, the Government will be moving to make a final decision without undue delay. We wish to avoid any further uncertainty about the future of the Conservation Zone and the Coronation Hill project.

In view of the very extensive consultative process that we have pursued, it is not the Government's intention to



seek further public comments on the final report. Nevertheless, Ministers will be consulting with key interest groups to ascertain their reactions to the report. In the final analysis the Government will weigh the different considerations and take a decision which we judge to be in the long term interests of the community as a whole.

I expect the Government's final decision will be made by early next month.

Ladies and Gentlemen,

In concluding, I want to assure you that the Government does recognise the vital contribution that the mining industry makes to Australia's economy. We are striving to provide a framework conducive to your continued success in the future.

We will continue the task of reshaping our society and economy through tackling the tough issues of structural reform and the equally tough issue of dragging Australian attitudes into the 21st century.

As the Prime Minister, I give you my unqualified commitment that my Government will continue to build a competitive and an ecologically sustainable economic base for our nation.

Present and future generations expect no less of us than this.

I am sure that the mining industry will continue to play its important role in meeting these challenges and building that future.

-----