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# PRIME MINISTER

22 August 1996

**TRANSCRIPT OF THE PRIME MINISTER  
THE HON JOHN HOWARD, MP  
SPEECH TO THE ACT DIVISION OF THE LIBERAL PARTY  
ANNUAL GENERAL MEETING**

E & OE .....

Thank you very much Brian. To Kate Carnell, the Chief Minister of the ACT. To Madam President of the Senate. That has quite a nice ring about it, interesting place, the Senate. I thought my predecessor was very uncomplimentary about it. To fellow members of Parliament, ladies and gentlemen. It's a great delight for me to be with you tonight to thank the ACT Division for the tremendous work over the last twelve months and also at the end of what has been quite an interesting and a very positive week for the Coalition Government to say a few things to you about the political scene as I see it.

Could I start by thanking each and every one of you for the support that you have given to the Liberal Party over the last twelve months. I am, as you know, a product of the Liberal Party organisation in Sydney. I've always believed in the importance of the Party organisation. I owe my political success, I owe my membership of the national Parliament, I owe the success that politics has brought to me, I owe my Prime Ministership to the Liberal Party and I'll never forget that and I'm very grateful for what the rank and file members of the Party continue to do for our joint cause. So to all of you, a very warm thanks.

This is, of course, the first dinner, annual gathering of the division since the sweetening victory that we enjoyed on the second of March. And can I say to all of you that one of the regrets I had about the evening of the second of March was that we didn't quite get a big enough general election swing to bring Brendan Smyth with us. Brendan, to you belongs a distinction that can never be taken away, that the morale-shattering defeat that you and the division inflicted upon the Keating Government, as it then was, in the now famous Canberra by-election some 18 or more months ago was one of the absolute turning points in the year that led up to the Federal Election, it really was. It demonstrated that, given an opportunity, mainstream Australia was prepared to

turn against the former government and you provided the focus and you provided the capacity and I thank you very warmly for that. I'm sorry you're not with us as a colleague, but you're still with us as part of the broader team working to help the new Coalition Government.

Over the last five months, it seems almost twice or three times that period of time, we have set about doing a number of things. We've set about changing the tone of Government in this country. We have set about removing some of the spiteful, personal vituperation which was part and parcel of politics in Australia before the second of March. The Australian community is tired of the eye gouging which had become part and parcel of politics in this country. They look for something better and for something a little different. We have set about implementing the major policies on which we were elected. And over the next few weeks the deliberations of the Senate on two pieces of legislation will come to a head. The Industrial Relations, or the Workplace Relations Bill, and the bill dealing with the sale of one third of Telstra, the proceeds of which will be used in part to fund the largest ever investment in Australia's environmental future. And what happens with those two pieces of legislation is not only important for the Government, but it's important for Australia's collective future. We need reform and change in Australia's workplace relations. Nothing is more likely to improve over time the climate for employment in this country than a reformed and liberated industrial relations system.

You'll remember that during the election campaign I placed an enormous amount of store on a restoration of confidence in a burgeoning growth in activity of the small business sector of the Australian economy. I said that more than any other sector of the economy small business offered the key, the hope, for reducing significantly Australia's chronically high level of youth unemployment. Nothing that's happened over the last five and a half months has altered my view to getting the small business sector going in a big and better way more than anything else will make a contribution towards reducing Australia's very high level of youth unemployment. We have done a lot already to implement the promises that we made for the small business community of Australia. We've already implemented our promise to reduce the provisional tax uplift factor from eight per cent to six per cent. We have already implemented our commitment to legislate for the removal of the job destroying unfair dismissal laws. And once the Senate has passed that legislation then those laws will be a relic of the past.

In all the discussions that I've had with men and women in small business around Australia, time and time again I've been told that that particular law introduced by Mr Brereton as Industrial Relations Minister in the former Government has done more to cause hesitation about employing more staff than just about anything else. Time and time again I've been told the story of how small businesses are frightened to take on new people because of the inhibiting effects of that piece of legislation. And it's part of our Workplace Relations Bill and if we can get that Workplace Relations Bill through the Senate then the removal of the unfair dismissal law will become a reality.

In the Budget brought down on Tuesday night, and I'll come to the generality of the Budget in a few moments, in the Budget brought down on Tuesday night we delivered on our commitment to legislate for a change in the Capital Gains Tax system to allow small businesses to roll over the proceeds of the sale of the business into a like asset without having to pay Capital Gains Tax.

Now that was the commitment that was made by me during the election campaign and it's a commitment that 's going to be honoured in full. We're also going to honour in full the commitment we made that if people sell a business for the purpose of living on the proceeds for retirement, in other words, if they turn their life's work, their effort, into a superannuation then they'll be entitled after a certain level to an exemption from Capital Gains Tax. I established shortly after the election a small business deregulation taskforce under the Chairmanship of Charlie Bell, the Managing Director of McDonald's Foods and that taskforce has been charged with responsibility of telling the Government how we can reduce red tape that effects small business by 50 per cent during our first three years in Government. I'm looking forward to receiving the report of that taskforce in the very near future.

Now these and many other measures are what we have in mind for small business. We remain very committed to the view that if we can reform Australia's workplace relations no sector of the Australian economy will benefit more than the small business community. Ladies and gentlemen it has, as I said a few moments ago, been a good week for the new Coalition Government. We have brought down our first Budget. The first Liberal National Party Government Budget since 1982. That by any measure is an important event and naturally the Budget attracted more than the usual amount of attention, not only from the commentators and the experts and the scribes and the economists, but also from the Australian population. I'm very happy to say that I think to a remarkable extent we have achieved the right guesstimation of politics and economics in the Budget when it was brought down. It's always a challenge. It's easy if you ignore the economics to get the politics right. It's easy if you ignore the politics to get the economics right. But it's a lot harder when you've got to try and get a balance between the two. As you know, no Prime Minister, no Treasurer, no Government worth it's soul is a slave just to economics and is insensitive to social considerations. And equally a government in budget formulation that ignores the realities of the economy and ignores the natural force of arithmetic - any government that does that is not worth it's soul either.

We were faced with a bigger fiscal problem than we thought we would face. It's already very well for political commentators now to say 'oh they knew all along', we didn't. Although in future we will because one of the changes announced by Peter Costello in the Budget brought down on Tuesday night is we're going to legislate to require the Secretary of the Federal Treasurer when the next election is called to publish immediately a full set of accounts so everybody knows exactly where we are. And we won't go through this ridiculous charade of an outgoing government saying 'oh no I don't want to know, don't tell me please I might not like it'. I mean it was always there, it was always available.

The Sunday after the election I wandered up to my office in Phillip Street in Sydney and was met by the then Head of the Prime Minister's Department and two of his senior officers and they handed me over a blue book and right in the middle of that blue book was all the information that had been there for some weeks. And a similar document was available to Mr Keating if he had won the election. So it was worse and we face that situation and we knew that if we didn't do anything about it, and particularly, if we didn't do anything about it in the first year we'd never be able to do anything about it. But we were also conscious that we had entered into certain undertakings to the Australian people and I was determined that the major undertakings that we'd

made to the Australian people and the major things on which we'd been elected, the major promises we'd made to win the support of the Australian public were going to be honoured. And in fact, all of them have been and one of the things of which I am immensely proud about this budget is the extent to which, despite our difficulties, we have been able to honour the major commitments that we made to the Australian people in the lead up to the election.

If you take your mind back to that election what do you remember of what we said? We said we'd have a family tax package and that's been delivered in full. We said we'd have a tax break for private health insurance and that's been delivered in full. We said that we would give Capital Gains Tax relief for small business and that's going to be delivered in full. We said that we'd legislate to give income tax cuts to self-funded retirees and that's going to be delivered in full. We said that we were going to, of course, reform the industrial relations system. We said we were going to sell one third of Telstra and establish the environmental fund and if the Senate is willing to pass that legislation, that is also going to be delivered in full. There are many other less, but nonetheless, quite important measures that have been delivered in full.

The budget has been well received. We have achieved by the announcements made in the budget a major turn around in the Commonwealth's accounts and we do look forward to having a budget which is in underlying surplus at the end of the third year of the Coalition Government's first term in office, and given the extraordinarily difficult circumstances that we inherited, that is a remarkable achievement.

Now, I don't pretend that the decisions that we have had to take over the last few months have had an easy impact on some sectors of the economy. And I am particularly conscious, as I address an audience of people who live in the ACT, that some of the decisions that we have taken, some of the adjustment that has been necessary, has had a different and heavier impact on people who live in the ACT. I know that, I acknowledge that, I'm sensitive about that and I'm sensitive about the consequences of the actions that have been taken by the Government. I know, and you all know, because of the nature of the city of Canberra and the atypically large number of people employed by the Commonwealth Government who reside in the ACT, that it is inevitable if you embark upon a program of restructuring the role of the national Government, if you seek to eliminate duplication between Commonwealth and State services, if you seek to put out to the private sector, those things that more properly belong to the private sector and can be more effectively done by the private sector, it is inevitable that the consequence of that will fall disproportionately heavily on people who live in this part of Australia.

Now, I understand that and I've been very mindful of it from the beginning of the time that we were in government. But I'm also very mindful of the desire of many people in the ACT and many people in this room not to look back in any sense of despair or any sense of negativism about what has happened over the past few months, but rather to see it as an opportunity and a springboard for changing some of the direction of the ACT and some of the direction of the economy of Canberra. And I know that there are many people in this room who see a very positive and optimistic future, particularly from the small businesses of this city, and see the opportunities that the changes and the restructuring of the past few months will inevitably bring about. But I wouldn't want the opportunity of this gathering tonight, this is in many senses a

celebratory gathering, because it does bring together all the supporters of the Party in the ACT to reflect upon the achievement of a few months ago and to talk about the ongoing political struggle between ourselves and the Opposition.

But I wouldn't want the opportunity to go by without acknowledging to all of you my understanding and the understanding of the Government of some of the particular difficulties which are being experienced at the present time in the ACT. Much of the downsizing and the changes that are now occurring, these downsizing and changes that have occurred within State governments around Australia and in many businesses large and small around Australia. And I do understand those things and they remain very much in the Government's mind.

Can I speak to you as a Liberal Party leader and speak to you as political colleagues for a moment and say that in political terms the new government is in very good health and anybody who'd been in Question Time this week I'm sure would endorse that proposition. We look across at a very demoralised, confused - and really wondering what their role is - group of people who now comprise the Federal Opposition. I've developed a new theory about Australian politics. They used to say the Liberals were the 'born to rule' Party. I think the Party that has the 'born to rule' mentality now is the Labor Party. The Labor Party was in power so long federally - it was in power for 13 years - that it really is finding it very difficult to adjust to the reality of opposition. There was a sense, in the first few months that they were in opposition, there was a sense in their demeanour that somehow or other they thought oh, this was all a bad dream, and that somehow or other the community would wake up, and they would wake up one bright September or October morning and they'd be back on our side of the House and we'd be back over there and all would be properly restored...everything was all right. You have that sort of sense in which, you know, this can't be right, this hopeless Liberal mob that we insulted and derided for 13 years, they can't possibly be in power, and in any event they're going to fall apart, they're going to brawl with each other, they're all going to be incompetent and after a while people will wake up and somehow or other it will all get adjusted and don't worry, everything's all right.

Now, it hasn't quite worked out that way. It really hasn't. And particularly in the last week, we've watched the development and the presentation of our first budget and they have watched the support that has come forth from the rest of the community; they've watched the financial markets endorse it; they've watched mainstream Australia respond to the fact that the major commitments made to Australian families have been honoured and delivered; they've watched the commitments made to small business be honoured and delivered; and they've watched a very professional presentation of that budget by a very, very good and highly intelligent Treasurer in Peter Costello.

And they have watched, ladies and gentlemen, and they have watched a group of ministers...and I have to say as the Prime Minister, it was a sheer delight to be in Question Time today and to have watched the Opposition fall into the absolutely cardinal blunder of asking Michael Wooldridge four highly technical questions on health policy. And each answer got better than the last one! And after he delivered the fourth answer our backbenchers were yelling out - "have you got any more, please? Come on, ask us some more." And what's good about the new Government, ladies and gentlemen, is that it's got depth and it's got quality on the front bench. Now, you might

expect me to say that, but I mean in and it's true. It's not a one man or a two man band, it's got a group of people who everyday are gathering more and more confidence, more and more skill and more and more capacity in the discharge of their ministerial responsibilities. It is a government of men and women for the long haul. We're not just there for 18 months or two or three years. We want to be there for a long period of time because this country, for a long period of time had a government that didn't serve it well.

But the way in which we will be there for a long period of time is not bathing in any self congratulation, but rather retaining contact with the grassroots of the Party organisation. One of the reasons that we won the election in March of this year was that the former government had grown very arrogant. It had disassociated itself from the mainstream of the Australian community. It had wrapped itself in a cocoon of its own prejudices and surrounded itself with people of its own beliefs and it had lost touch with what mainstream Australia really wanted. And one of the, indeed, the very first injunction that I delivered to the new ministry after it had been sworn in in April of this year - March of this year - was to say to it, 'don't lose touch with the people who voted you in. I'm not Prime Minister, you're not Ministers because of some kind of divine genius. We are there at the gift of the Australian people, and once we start losing sight of that, once we start to forget that, then we will begin to lose touch with reality and begin to lose our political control.'

I think we have made a very good start. I think some of the events of this week, apart from the budget, have done enormous damage to the reputation of the trade union movement. How dare Jennie George and Bill Kelty pretend that they can wipe their hands of any responsibility from what happened here on Monday. How dare they try and do that. I've never heard anything more disingenuous. You organise a rally, you make no attempt to control it and then you try and pretend you don't even know that that disgraceful riot has in fact occurred. But I've never, in all the time that I've been in politics, in all the time that I've been a member of the Australian Parliament, I have never seen anything as bad as what occurred on Monday. And the behaviour of those people brought shame upon the trade union movement, and I know the decent rank and file members of the Australian trade union movement are responsible. But leaders have a responsibility, even if it's a minority view on the occasion, leaders have a responsibility to speak out against that and I think the way in which those two characters have tried to sort of evade any real responsibility speaks very poorly of them and I think they will be marked down accordingly in the esteem of the Australian people.

And finally ladies and gentlemen, can I say that I do appreciate, again, the tremendous job that is being done by the Liberal Party organisation, by Kate Carnell and the members of her team here in the ACT. I know some of the difficulties of running State and territorial governments. I know that it's not...in one sense, in a very real sense, it's the National Capital. In another sense there are the particular local needs and the local aspirations of the people who live here in the ACT and blending the two of them together is no easy task. But I'm delighted with the cooperative arrangements that exist between my government and Kate Carnell's government and I look forward to a continuation of that cooperation for many years into the future.

Ladies and gentlemen, finally can I say that I have addressed this division in a number of capacities on a number of occasions, but this is the first opportunity that I've had to address an annual dinner gathering of the ACT Division as Prime Minister. We waited a long time. Yes we did, I know, don't remind me, we lost one or two we shouldn't have lost. Yes we did. But whatever may have happened in the past, the reality is that we have been given by the Australian people, at a really exciting and pivotal moment in Australia's history, the opportunity of being the Government of the nation. We've been given the opportunity - if we are sensible, if we are responsive, if we keep our feet on the ground, if we remember the simple principles of political unity - we have been given the opportunity of leading this nation into the next millennium. And I can't think of anything more challenging; I can't think of anything more opportune; I can't think of anything more exciting. And we do have the capacity and we do have the opportunity now and I feel it in a sense more than ever as a result of this week, we have the opportunity to build a government that will bring about permanently beneficial change so far as the future of Australia is concerned. But we can only do that, we can only do that, my friends, if we continue to enjoy the confidence and the support and the frank exchange of views that come from a strong party organisation. And that is why the strength of the Division and the efforts of those of you in this room who keep it together are so very important to me.

So again, my warm thanks. Let us look forward to many more years of purposeful and beneficial government for all Australians. Thank you.