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**PRIME MINISTER**

29 August 1996

**TRANSCRIPT OF THE PRIME MINISTER  
THE HON JOHN HOWARD, MP  
ADDRESS TO QLD DIVISION OF THE LIBERAL PARTY  
SHERATON HOTEL, BRISBANE**

E &amp; OE.....

Thank you Bob for that very modest understated Queensland welcome. Can I say to Joan Sheldon, the Deputy Premier and Treasurer of Queensland, to John Moore, John Herron, my other Federal and State Parliamentary colleagues, ladies and gentlemen it really is a tremendous pleasure to be back at this same podium as I was, I think, almost a year ago, addressing an equally large crowd then as Opposition Leader and now as Prime Minister. Can I express on behalf of myself and all of my Federal Parliamentary colleagues and all of the supporters of the Liberal Party and the National Party around Australia my great gratitude to the Queensland Division of the Liberal Party for the superb result that was delivered here. I should tell you that, Bob was too modest to mention it, that in the last Federal Election the two party preferred vote in the State of Queensland was 60.4 per cent in the House of Representatives and that has never been exceeded in any state of Australia in any election since Federation.

No it was a magnificent result and in politics one is entitled for a few moments to reflect and luxuriate and enjoy the situation when you've had a good win and you've had a good result. But being a political realist and a political pragmatist my eye is always on the next contest and my eye is always on maintaining the momentum that we have gathered from past victories. And that really has been what the last seven months has been all about. It's been about consolidating the change of Government, of getting used to the fact that we are in Government after having been in Opposition for 13 years, of coming to grips with the more difficult challenges we face, turning around the cultural attitudes in some areas, getting rid of some of the obsession with political correctness in our society but at the same time not embracing an excessive intolerance of legitimate dissent and legitimate minority points of view.

And you do require a cultural change after 13 years. It's half a generation. It's a long time. It's amazing, you find attitudes entrenched, you find assumptions made by your advisers and by the bureaucracy about what ought to be done simply because it's been done for the last 13 years and then it's discovered that, of course, the new Government doesn't want it done that way after all. And in certain areas if you

challenge the orthodoxy of the last 13 years you are branded as bigoted or prejudiced or hypocritical or even worse and I think we're finding that in a number of areas. But we are a Government of balance, we're a Government of tolerance but we're also a Government of great determination.

There are a number of things I talked about a lot in the election campaign and I didn't talk about them idly because they were in some way poll driven. I didn't need a public opinion pollster to tell me that the most important unit in the Australian society is the family. I don't need any political researcher to tell me that a nation that devotes its energies to strengthening its families will strengthen itself. That is an intuitive understanding of human nature which I'm sure is shared by everybody in this room. I didn't need a public opinion pollster to tell me that the economic future of Australia rests very much with the vibrance and the strength of small business. I didn't need a public opinion pollster to tell me that what Australians want is decent, accountable, straight forward Government for the mainstream of the Australian community; Government demonstrating not an intolerance of minority opinion but a commitment to do what is right for the overwhelming majority of the mainstream of our nation and our society. I was also very conscious of the need to confront economic reality. But in the process of confronting economic reality to achieve the right distillations between politics and economics.

The job of a Prime Minister particularly, but of the Cabinet generally, it to get the mix between those two things right when you put together a budget. A budget driven entirely by economics will run into a lot of trouble and cause a lot of social dislocation. But equally budget driven not at all by economics will send the country bankrupt and will lose respect, not only of the business community, but of the wider Australian community. What we sought to do and I think we have done very well and may I pay particular tribute to the tremendous job that I think Peter Costello did as Treasurer in leading the Budget. And also on that note, can I express my tremendous pride in the quality of the team that I lead. There was a lot of talk before the last election, they even had it as a theme - the ALP that is, that we didn't have much of a team. That we were a bunch of no-hopers they said and, you know, that they had all the talent, all the class and all the experience. Well it's an iron law of politics that if you're in Government for 13 years your Ministers get very well known, for good or ill, because they're on the box virtually every night and they become household names. It's equally true that if you're in Opposition for 13 years the only person that seems to get known is the Leader of the Opposition - well, if you have a few of them, which we did, a few get known. We just faced the natural, sort of, recognition irrelevance of Opposition. But I never doubted that once we got into power that we would produce a frontbench, the equal if not the better, within a very short period of time of our opponents. And that is exactly what has happened. It hasn't been a one man band. I have never seen myself as other than a first amongst equals. It's all about running a good cooperative loyal team and I want to say to all of my colleagues, and most particularly two of my ministerial colleagues from Queensland who are here today, John Herron and John Moore, how grateful I am for the work that they have done and the credit the Government has earned over the last seven months is a collective credit and not something that just resides in the activities of one or two people.

Ladies and gentlemen, getting that balance, that distillation between the economics and the politics, right was a very important task. We did face a great problem with the size of the deficit and we ought to get that in to perspective. We didn't want to cut the deficit out of some blind adherence to economic theory, I've never believed in that. But the reason we had to cut the deficit was because the long term economic health of this country, and most particularly reducing unemployment, depended on it occurring. Now why do we have, still, high unemployment in Australia? There are two reasons. Firstly we have an arthritic labour market that works against recruiting people, works very much against it, particularly through such stupid things as the unfair dismissal law that Laurie Brereton brought in. I mean, I've heard a lot about mandates in the last seven months, I don't remember Laurie Brereton telling anybody before the election in 1993 that he'd done a private deal with Jennie George to introduce the unfair dismissal law. We were told nothing about that. Can I say the law, the machinery, to change that law was introduced into the Federal Parliament within two weeks of us being elected, of Parliamentary assembly. And as soon as the Senate passes the industrial relations legislation, which is the next most important task we face as a Government, that law, that stupid job-destroying law, will be a relic of Australian political history.

But the reason you need to reduce the deficit is that we still have a chronically high rate of unemployment. One of the reasons is the arthritic labour market system, the other is that you can't run the Australian economy at a high level of growth for too long with us sucking in too many imports and creating a balance of payments crisis. And that is because we run a low level of domestic savings and we have to borrow on the savings of foreigners to finance the surplus of imports over exports. Hence you have a savings problem and if you don't tackle that savings problem you'll have this recurring situation that when the economy really gets up a head of steam you've got to slow it down in order to slow down the imports in order to stop a balance of payments blow out. And that is why the neglect by the former Government of the savings problem and the fact that we ran these huge deficits over the past four or five years was a direct cause of the maintenance of high levels of unemployment.

And I notice that Gareth Evans, the Shadow Treasurer, said yesterday that the most important thing is not cutting the deficit but reducing unemployment. I mean it's interesting after 13 years he's finally discovered the importance of unemployment. I mean we inherited an unemployment rate of around 8.5% and a youth unemployment rate of 27% and particularly the latter is a social disgrace. And whilst you've got to be realistic about what can be achieved in this area you won't achieve a permanent reduction in that level unless you get the savings problem of Australia cured so that we can run a higher rate of growth without running into a balance of payments crisis. So if anybody thinks cutting the deficit is irrelevant to the social task of reducing unemployment think again because it's not. It's directly relevant. And if you go back in Australian history to a time when we were running very low levels of unemployment. I mean, the McMahon Government lost office in 1972 when unemployment was less than two per cent and at that particular time we ran budget surpluses we didn't run budget deficits, so there is a link. There is social method in the economic commitment to lower deficits and people who argue in some way that it's socially insensitive to try and pay off the bank card liability that we inherited really misunderstand completely or don't want to understand the link between

running deficits and high levels of unemployment. You won't reduce unemployment until you can run a higher rate of growth over a sustained period of time that has been our lot for the last ten of 15 years. You've got to take the speed limits off economic growth in this country and you can't do that while you have a chronic savings problem. So there was a long term social commitment and a long term national vision in the goal we set ourselves to reduce the size of the deficit. If all our measures are passed we will achieve a shift in Government spending of something like two per cent of GDP over a two year period. We'll take \$7.2 billion out of the budget deficit and we'll be pushing levels of expenditure closer to the levels that I think most people in this room want, but also levels that I think the great bulk of Australians see as reasonable.

In pursuing those economic goals we have kept faith with the core commitments that we made to the Australian community. You heard a lot from me about our family tax package and about our health insurance rebate, to which I'll come in a moment. And you heard also about our commitments to providing roll over relief for small business for capital gains tax. You heard about our commitment to maintain the Medicare system. We maintained all of those commitments and we delivered those very, very large savings. I think it is fair to say that the Budget has been well received. It's been well received because it is a fair Budget while being a strong Budget. It's been well received because people think we have got the right mix, that we have spread the pain and the burden of adjustment around, that we haven't sought to punish particular groups, we've sought to strike a fair balance between the need to a productive endeavour but at the same time ensure that we have a decent safety net for those who genuinely need help. It's never been the Australian way to neglect people who genuinely need help, but equally it's never been the Australian way to allow people who don't need help to help themselves to either the taxation system or the social security system.

Ladies and gentlemen they have been the goals and the aspirations of the Budget. But the Budget represents, in a sense, the culmination of the first phase of us being in office and the first phase of turning around attitudes in Australia. As I'm sure all of you know nothing in all my political life have I campaigned more strongly for than industrial relations reform. I remain deeply wedded to the view that the most valuable contribution that my Government can make towards the long term economic health of Australia is to bring about a change in our industrial relations system. There are five elements to that. It means first and foremost, as I've mentioned, getting rid of those stupid, unfair dismissal laws. It means permanently getting rid of compulsory unionism. It means restoring the effective secondary boycott provisions that were taken out of the Trade Practises Act by the former Government, not because they failed but because they were working and because they were told by Bill Kelty and Jennie George who apparently think you can conduct a public meeting in front of 15,000 people and know nothing about what part of the meeting is doing. We also had in mind as another element of that reform to give people a genuine choice between staying under an award system or going into workplace agreements. And finally we think those Australians who want to exercise their democratic right freely to join a trade union should have the right to join any union of their choice and not the union nominated by the ACTU establishment.

Now they, if you like, are the five pillars of our industrial relations reform and they are all contained in the Bill that is now before the Parliament and that Bill faithfully reflects the commitments I made to the Australian people before the last election. Now we don't have the numbers in the Senate to get that Bill through in our own right, although there's a little more fluidity in the Senate now than there was a day or two ago, a week or two ago. But I don't take anything for granted and although we got 54.5% of the two party preferred vote and although we have a majority of over 40 in the House of Representatives we don't have the numbers in the Senate and we've got to deal with the minor parties, and we will because it's our job. We will in sense of negotiating. It is our job, it is our job to get legislation through and the Australian public expects us to try. We're going to be patient, we're going to be resolute in sticking to the things that are important but we're also going to be willing to negotiate and try and achieve those objectives. But now that we have the Budget behind us and, hopefully, it will pass through the Parliament essentially intact. Now that we have that behind us we must turn our attention to these other areas of reform. And Governments are not just about counting the numbers, not just about bringing down budgets but Governments are also very much about the social direction of the country and the industrial direction. That is why I remain so very strongly committed to the industrial relations reform. I remain very strongly committed to restoring the opportunities for small business. We've already delivered on our promise to reduce the provisional tax uplift factor which will benefit to the tune of \$180 million the cash flow of small business. I've got the red tape task force reporting in a couple of months time. That's being chaired by Charlie Bell the Managing Director of McDonald's foods. I've got the unfair dismissal laws that I've described. We've got the capital gains tax roll over relief, all of those are measures that help the place of small business in our community.

Now I mentioned a moment ago health insurance and we've had a bit of debate in the last couple of days about decisions taken by the private health insurance funds to lift their premiums. There are a couple of things I'd like to say about that. The first is that under arrangements that prevailed while the former Government was in office the power to approve those increases had been delegated by the Minister to somebody in his Department. And it's interesting that latest batch of increases was, in fact, approved by an officer in the Department of Health under that delegation without the Minister for Health being informed that that approval had been given.

Now, that's an interesting sort of consideration given the political sensitivities. It so happens that by the time it was a fait accompli the Minister was separately in an ad hoc way was informed by one of the funds that the approval had been obtained and the increase was going ahead. I've decided as a consequence of this, this afternoon, to have the Acting Health Minister revoke the delegation and that in future any increases in health insurance premiums will need to be approved by the Minister for Health personally in consultation with the Treasurer and myself.

Now I mention that, ladies and gentlemen, not to pretend that there can never be circumstances in which an increase in the cost of anything is unjustified. I'm not arguing that at all, but what I am saying that when the Government proposes to provide a subsidy of tax payers money to the tune of half a billion dollars a year, and that will be the cost of the health insurance rebates, it is entitled to be absolutely

satisfied itself that the benefit of that subsidy is not being in any way exploited and the value of that subsidy, in terms of its benefits to the consumer, is not going to be lost. As I said last night the Government is absolutely determined to ensure, absolutely determined to ensure, that the full value of the subsidy through the tax system announced in the Budget by the Treasurer will flow through to consumers of private health insurance in Australia.

Mr Chairman, can I conclude my remarks by saying how very important it was to building the credibility of the Liberal and National Parties when they were in Opposition, very important in the lead up to the last election that we retained very close contact with the business community all around Australia and not least here in Brisbane because the business community of Brisbane has always brought a special independent robust perspective to business attitudes around Australia. I regard the maintenance of that link and the counselling of that advice and the willingness on occasions to listen to that advice as just as important now that we are in Government as it was when we were in Opposition.

I said on the night of the election when I accepted victory on behalf of the Coalition Parties that I did not intend my Government to be a pale imitation of the Government it had replaced. I said that it was the duty of any elected Government in a democracy to govern for the people who voted for them and also the people who voted against them. But having said that you do also have an obligation to implement the platform on which you were elected and to fulfil the commitments that you've made to your supporters. I am determined that my Government will be seen as a Government of practical reform. I have a very simple view about institutions and practises in this country. I take the view that if something works well and that attitude continues to be acceptable to the majority of Australians why muck around with it, why waste your energy on it? But equally if a practice, an attitude or an institution is no longer serving the interests of the Australian community you have an obligation to set about reforming and changing, and if necessary, abolishing that practise attitude or institution.

That is the balanced view I believe of the practical reformer. We are not a group of zealots, but we are a group of very determined people. We don't believe in any idea of the natural party of Government. An Liberal who thinks there's a natural party of Government in this country should look across to the Opposition benches. In fact, the way I see some of them struggling manfully to adjust to Opposition I think some of them find it very hard to believe that after 13 years they hadn't become the natural party of Government. As far as I'm concerned you've got to earn the respect of the Australian people every three years. We live in a more volatile political climate. We live in a climate where political attitudes can change more rapidly and we've got to work hard as a group of people and we will to retain the confidence that was delivered to us on the second of March and we'll always remind ourselves, and I'll remind my colleagues and they will do likewise to me, that we hold office as a gift of the Australian people. If we take upon ourselves any appearance of the disease the Greeks describe as hubris we will very rapidly lose the contact and the confidence of the Australian people.

**We are about providing decent, honest, accountable Government. A Government of practical reform. A Government that is sensitive to underprivileged but is not intimidated by the noisy advocacy of minority groups. A Government that sees the value of the small business ethic in our community. A Government that believes very strongly in the robust independence of individualism in Australia and Government that recognises and respects and seeks to enhance the cohering and stabilising roll of the family unit within Australian society. They are our principles, that is our credo and faithful adherence to those principles and that credo will, I believe, deliver excellent Government for future Australians.**

**Thank you.**