



PRIME MINISTER

6 November 1996

**TRANSCRIPT OF THE PRIME MINISTER
THE HON. JOHN HOWARD MP
OPENING OF
NATIONAL SMALL BUSINESS FORUM
PARLIAMENT HOUSE**

E & OE.....

Ladies and Gentlemen, I'm very pleased to have the opportunity of being present at this first meeting of this Forum and the new Government. I hope and from our point of view, I intend that meeting this Forum will be a very important channel of communication between the Government and the small business community of Australia and I am delighted that the Forum comprises such a wide range of organisations, some large, some concentrated, some not so large, but all in all you represent a very significant cross section of the small business community of Australia.

It would be no exaggeration to say that we placed an enormous amount of rhetorical emphasis on small business in the lead up to the election. We also placed a lot of policy emphasis on it and a great deal of our energy since the election has been debated in that area. You mentioned a moment ago, Mr Chairman, that you hoped that Peter Reith would be along. I guess of all of the reform measures that the Government has attempted in the last eight months, none has been more important than our attempts to change the industrial relations laws. I hope within a matter of a couple of weeks, if not a little sooner, I don't know the exact date, its always a bit indeterminate when you are dealing with the totality of the Parliament, I hope that the industrial relations laws and changes will be a reality and over the longer term those reforms will have a greater impact on small business in Australia than just about any other change that any government can undertake. They will throw out the existing unfair dismissal laws which I know have been the bane of the existence of many small businesses in Australia for the last three years. They will also introduce a new era in the making of the workplace agreements, they will end for all time the last vestiges of compulsory unionism and the closed shop. They will provide a great deal more choice for those workers who want to belong to unions and I think many of their provisions will deliver a great deal of benefits for small business.

I know from my discussions with him that Peter Reith has talked extensively with many of the organisations who are represented around this table and I want to take the opportunity publicly of congratulating him for the excellent job he has done in negotiating with the Australian Democrats an agreement to a secure passage of the bill.

Inevitably when you reach agreement with a minor party there are some compromises that have to be reached otherwise you can't get the legislation through. We might have a majority of 45 in the House of Representatives but we don't have a majority in the Senate and one of the political realities I would ask you to accept, that if on occasions you don't think we are moving fast enough or quite as far as you believe we ought to go or to the letter of what we said in the election we would like to do or suggest we ought to go, I just ask you to understand that when you control both Houses of Parliament you have more flexibility than when you control only one and I occasionally gaze with envy on those governments that control both Houses of Parliament but the Australian people did not give us control of the Senate but we have to live and work with that reality and there is no good stamping our feet and hurling abusive epithets at people, it's a question of working with what the people in a democratic process gave us and see what we can achieve.

I have no doubt that the bill in the form agreed between Peter Reith and the Democrats will deliver major reform to the Australian industrial relations scene. It will deliver major benefits to small business and over time the enhanced flexibility that it will provide will not only work for the benefit of small business but also to medium sized and larger firms so it is a very significant reform and we are on the verge of having it achieved and over time it will deliver a lot of benefits to the people whose cause you represent in your daily activities but also around this table.

We have delivered on our commitment to reduce provisional tax uplift factor from 8% to 6%. We in the budget announced the implementation of a capital gains tax roll-over relief to take effect from the first of July next year as promised. We have received the Small Business Deregulation Taskforce Report and I guess that will be the subject of some discussion around the table. I thought it was an excellent report and I undertook to the authors of the report and to the public that we would have a comprehensive response to it by the middle of February which is about as quick given the intervention of Christmas, it is about as quick a timetable as we can possibly envisage.

There are a number of other initiatives that I would just like to touch on which although they are not exclusively small business they are important to small business. I wanted to emphasise the importance of our Supermarket to Asia Strategy. It is a special committee that I chair designed to bring together all those activities that can contribute to making Australia an increasing source of both fresh and processed food exports to the Asia-Pacific Region. One of the realities of life when we talk about the Asia-Pacific region is that there is a growing middle class in that area whose purchasing power is growing everyday and the capacity of that middle class to become a major purchaser of Australian food, processed food, will just, I think, expand exponentially over the next ten or twenty years and the opportunities that exist there, I am talking here of transport as well as production capacity, the opportunities that exist there, are quite enormous and that's why if the instigation of the Food Council and the National Farmers Federation I brought together a group of people including a

representative of the ACTU and I am very pleased that the unions are involved in co-operating with this exercise. The food industry, the transport industry and three of my senior Ministers sit on the committee as well and I think the opportunities that focus of this Committee's work will provide for small business will be quite significant.

There has been some criticism of budget cuts that affect business. I note that, I understand why some people would be critical of some changes that directly affect their constituents and when you bring down a Budget that achieves such an enormous shift in fiscal policy as our budget did, then inevitably there are going to be some elements of that shift that in a sectoral sense people won't like. I would say in relation to small business that in relative terms it has been I think well treated in relation to those reductions. Let me quote as an example the slightly lesser contribution to the export market development branch but it is in the context of having a much greater focus on small firms rather than the larger ones and I think that you will find that elsewhere, and an interesting statistic that I had unearthed a couple of days ago, indicates that in relation to manufacturing support through the budget from this year through to 1998-99 we will actually be spending 450 million dollars more on manufacturing support than was expended in the last budget of the former government.

So it's not in some areas quite as bad as some of the criticism has suggested but I acknowledge there has been some criticism of that but I would ask you to have a look at the overall economic benefit of having cut the deficit so significantly.

There is even rumours around this morning of further movements in interest rates. I haven't heard any announcements but if there were to be an announcement this morning the inflationary benefits of that would be quite significant.

I won't talk about housing because there has already been very, very significant reduction in interest rates in that area but I would imagine that for most of your members lower interest rates leading to more incentives for investment is about as good tonic as any of you could hope to have. Now I would be the last person to claim that the only reason interest rates come down is because there has been a cut in the budget deficit. It is not quite as simple as that. There are a lot of things that feed into lower interest rates, lower inflation, lower wage growth, overseas interest rate relativities but the cut in the budget deficit was part of the mosaic and I would argue very strongly that any sectoral difficulty caused by an individual budget decision is more than outweighed by the overall benefit to the economy of having achieved a very big fiscal shift. I mean, to shift 7-8 billion dollars in the space of two years which is about 2 percentage points of GDP of government expenditure is a very big shift and if we get that all battered down, have it all passed through the Senate that will lay a very firm foundation in our first twelve months in office. You all know, you are all realists, you know that if governments don't take those sorts of decisions in the first year of a government's first term they are probably never going to take them and that was the attitude that we took.

Mr Chairman, can I again thank you for your willingness to come here. Can I commend you to the good offices and tender mercies of my Minister, Geoff Prosser who as the Chairman rightly said, came out of the business stable and one of the things I am very, very happy to say, and I want to take the opportunity of saying this against

the background of some of the nonsense that has been around in recent weeks about people having business interests and coming from a business background, I regard it as a positive badge of honour that I have got a significant number of people in my Cabinet who have had a business background. I think that is a plus, not a minus, and it is not something to be shy about, it is not something to be ashamed of, it is something to be proud of. You need a mixture of people, you don't want a government composed entirely of businessmen, but you want a few of them. You don't want a government composed entirely of lawyers either, but you want a few of them you certainly don't want a government composed entirely of former public servants or former party apparatchiks. Although I have no objection to former public servants being in the ministry or former academics, I have got some of those, and I don't mind former apparatchiks of a certain variety but I draw the line at some former Party apparatchiks but you do need mixture and this idea that there is something sort of awkward and difficult about having somebody who has a business background is ridiculous and we need to break that mould and I am delighted that somebody of Geoff Prosser's successful experience in business is available because it does mean that you have a greater understanding of the realities and I have often said that one of the reasons why business complains so much about the red tape and the regulation that is handed down on high is that it is often decided upon by people who have no practical understanding of the impact of red tape on the cost of running a business, particularly a small business, and it's a miracle to me how some men and women in small business find any time to comply with the regulations that they are required to meet.

So it's very nice to see you all and I hope that you all have a very profitable forum and I'm sure that no matter what the issue is that you will get a very receptive ear from Mr Prosser and I hope you have an opportunity of talking to Peter later in the day because he has a very important message to reinforce on the industrial relations front

Mr Chairman, thank you very much, good luck and we value very warmly your counsel and advice.

Thank you.