



THE 1996 PROGRESS REPORT TO THE PEOPLE

**STATEMENT BY THE PRIME MINISTER
THE HON JOHN HOWARD MP**

**HOUSE OF REPRESENTATIVES
11 DECEMBER 1996**

Today, as the Parliamentary year draws to a close, we reflect on the months since March in the knowledge that we have been true to our word. We do so, not under any delusion that the job is over, but in the knowledge that the job has successfully begun.

We promised to stay in touch with the great Australian mainstream. And we have been true to our word.

We promised honest, competent and accountable government. And we have been true to our word.

We promised to restore the fundamentals of a sound, growing and competitive economy. And we have been true to our word.

We promised more choice for Australians in how they live and work - more choice for families, more choice in industrial relations, more choice in education, more choice in child care, more choice in telecommunications. And we have been true to our word on all of them.

We promised greater freedom, more incentives for achievement, more competition and less regulation. And we have been true to our word.

We promised that where change is necessary, the reasons for it would be communicated clearly to the Australian community and its burdens would be shared fairly by different sections of the community. And we have been true to our word.

We promised no new taxes or increased taxes, the retention of Medicare, the maintenance of the safety net for the disadvantaged and a better deal for rural and regional Australia - and we have been true to our word on all of them.

And in the wake of the tragic events at Port Arthur in April my government, in co-operation with State governments and with the full support of the Labor Party and the Democrats, delivered strong national gun laws prohibiting automatic and semi-automatic weapons.

This action alone has made a lasting contribution to a safer and more peaceful Australian community.

Both symbolically and in substance it struck a defiant blow against a culture of violence which too readily permeates our community and which has wreaked such terrible consequences in other nations.

Nine months into our first term, we are still a young government. But we are already a government of clear and consistent values.

Our achievements are being built on a fundamental conviction : that the decentralised networks of families, workplaces and communities of free individuals are far more effective generators of choice, freedom and opportunity than the suffocating centralism of political grand plans and bureaucratic controls.

That conviction will remain our enduring guide.

In looking to the future, we know that we have established a secure first base camp as we climb a high mountain. We know that we must continue to go forward, and that we must do so together.

As a nation, we face the economic challenges of achieving high sustainable economic and employment growth at a time when the great driving forces of change and opportunity will be globalisation, technological change and the communications revolution.

As a society, we also confront the tensions and strains imposed by family breakdowns, violence, homelessness, economic hardship and youth alienation in our community.

In these circumstances, our agenda for the next year is clear.

We will consolidate the gains we have made in establishing sound economic management, in advancing the interests of families, in boosting small business, and in building a new framework for higher productivity, more investment and more jobs in Australia.

But we will also move on to meeting new challenges, both economic and social:

- to tackling our national savings problems;
- to building a more world-competitive economic infrastructure in Australia;
- to enhancing the protection of our environment;
- to streamlining processes for attracting job-creating investment in Australia;
- to making it easier to do business in Australia for the benefit of all Australians; and

- to re-building the social capital of our community through a strategic but limited role for government and through encouraging the talents and potential of every Australian.

The Labor Party has been left on the sideline - marginalised, factionalised, hopelessly out of touch and irrelevant to the re-invigoration of Australian policy-making that is now taking place.

Labor is left fighting yesterday's battles and refusing to learn the lessons of its electoral defeat.

It is left noisily insisting that its priorities in government were right, and that they remain right. They still cannot understand why an ungrateful Australian mainstream abandoned them so comprehensively.

Labor is left practising the last resort of failed political leadership - trying to scare people by misleading and deceiving them.

They will not succeed because Australia has moved on.

It is worthwhile recalling just how far we have come in the 10 months since the people decided to place their trust in a new Coalition Government on 2 March this year.

The compelling need for fiscal repair has been pursued without compromising our main election commitments. We did not create the \$8 billion bankcard bill but we have accepted the responsibility to fix it.

GETTING THE FUNDAMENTALS OF THE AUSTRALIAN ECONOMY RIGHT

The economy we inherited from Labor was loaded with large debts, heavy deficits and high levels of unemployment.

Our economic strategy is rightly focussed on establishing the economic fundamentals for sustained economic and employment growth, action to reduce unemployment over time and a steady improvement in living standards.

We have set Australia on a new course of proper fiscal responsibility built on increased national saving, the maintenance of low inflation, reduced pressure on interest rates and restoring the underlying Budget balance to surplus.

The major building blocks for this are now in place. They include the recently passed Workplace Relations Legislation, the 1996-97 Budget and new monetary policy arrangements with the Reserve Bank.

Our policies are already starting to work.

Our inflation rate compares favourably with that in other industrial countries. Underlying inflation is now comfortably within the Reserve Bank's target range. And forecasters predict that inflation will remain moderate.

As a result of lower inflation, and the reduction in the Budget deficit, interest rates have fallen. The Reserve Bank has reduced the official cash rate three times since March - the latest this morning.

Families and businesses have benefited substantially. Families with a \$100,000 mortgage are saving around \$145 a month in interest payments as a result of the fall in variable home loan interest rates by 1¼ percentage points. If today's rate cut is passed on in full there will be a further saving of \$40 a month. Cash flows are under less pressure, and that means business can now undertake the investment needed for faster growth, higher productivity and more jobs.

Our first Budget aimed to transform the underlying Budget balance from a deficit of \$10.3 billion in 1995-96 to one of \$1.5 billion in 1997-98 and a surplus in 1998-99 - a massive turnaround of \$8.8 billion or 1.8% of GDP in just two years.

This is being achieved with no increase in income tax rates, no increase in the company tax rate, no increase in the wholesale sales tax rates and no increase in the petrol excise.

We are also legislating a Charter of Budget Honesty to ensure that the Australian community is kept fully informed of the true state of the economy and the Budget, particularly at election time. This ushers in a new era where deceit, such as that attempted by Labor at the last election as to the true state of the national accounts, will be a thing of the past.

Approval by Parliament of the Government's landmark Workplace Relations Legislation heralds a new industrial relations era for Australia which will boost productivity enabling higher take home pay and lay the foundations over time for greater job creation.

The previous Government's anti-job, unfair dismissal laws have gone. They have been replaced with a simpler more balanced system that provides for a fair go all round.

Employees and employers are now able to reach mutually beneficial agreements about productivity, wages and conditions that best suit their particular workplace. This will be achieved within an appropriate framework of guaranteed minimum conditions, and without the uninvited intervention of third parties.

Our support for a safety net increase of \$24-a-week phased in over three years reflects a commitment to genuine protection for the low paid.

Compulsory unionism has been abolished. It's gone. It has been replaced by the fundamental principle of freedom of association. Stronger sanctions have been introduced against unlawful industrial action, including union secondary boycotts, which have been outlawed through the reintroduction of sections 45 D and E of the Trade Practices Act.

We have also concluded an historic agreement with the Victorian Government which will give all Victorian workers and employers the opportunity to operate within the one industrial relations system.

The old industrial relations system was holding back growth and holding back our country. This government can proudly say that it has given Australia an industrial relations system for the 21st Century.

We have acted to remove the impediments to growth caused by unnecessary regulation. We have, in co-operation with the States, created clear, fair and efficient procedures for approving new resource projects. We have ended effectively the use of export controls on minerals except for uranium, terminated the three mines policy and entered into co-operative arrangements for environmental assessments for new projects with the States. All these measures will especially assist the development of resource projects.

As a strong demonstration of my government's commitment to ongoing investment in major projects of all kinds I announce today that I will be appointing to my office a Major Projects Facilitator. The role of that person will be to ensure that speedy approvals are given to major investment proposals which conform with government policy. This person will have business experience as well as a full understanding of the workings of government. We believe that at all times the climate for investment in Australia should be a welcoming one and not one where unreasonable obstacles are thrown up at every turn.

The Australian financial system is in need of review. The inquiry into the financial system, which we have established under the chairmanship of Mr Stan Wallis, will identify the forces of change and the scope for improvement in the regulation of Australia's financial sector. It will provide the foundations for a more efficient and competitive sector while maintaining essential stability.

This will enhance Australia's attractiveness as an international financial centre, improve both the quality and cost of services to customers of financial institutions, and increase the potential of competition to keep downward pressure on interest rates.

Labor's high interest rates sent many small businesses to the wall - and this Government will do everything possible to maintain the downward pressure on rates so that enterprise and jobs are not stifled by the cost of capital.

Consistent with its election commitment, the Government is accelerating the pace of micro-economic reform. Today the Government is announcing major reforms in the petroleum products industry which will increase competition, put downward pressure on petrol prices and benefit consumers.

PROVIDING JOBS AND OPPORTUNITY BY GETTING GOVERNMENT OFF THE BACK OF SMALL BUSINESS

Small business is part of the heart and soul of all members of this government.

Small businesses are the engine room of the Australian economy. They provide a livelihood for millions of Australian families. They are the single greatest source of jobs and opportunities in our economy. They are the backbone of local communities and neighbourhoods, as well as towns throughout regional and rural Australia.

Getting government off the backs of small businesses has been one of our highest priorities since taking office.

We are determined to promote the small business sector as a dynamic and expanding generator of jobs, national wealth, economic opportunity and community responsibility. We are re-invigorating it through a range of tax, labour market and de-regulatory reforms.

On the tax front, one of our first actions was to reduce the provisional tax uplift factor, freeing up cash flows for small businesses and valuable capital for investment in expansion and jobs. In the Budget we implemented our promises to provide rollover relief from capital gains tax to allow small businesses to grow. We also provided an exemption for up to half a million dollars on capital gains on the sale of a small business where the proceeds are used for retirement.

After listening to small business people, we recently made the scheme even better so that the capital gains tax relief applies not just to those rolling over into "like businesses".

As well, we are determined to cut the red tape, the regulation and the paperwork that bedevil so many hard-working small business operators and deter so many potential new ones.

We have already made a start - the Australian Bureau of Statistics is reducing the burden of statistical collections on small business by 20 per cent.

I received the report of the Small Business Deregulation Task Force on 1 November 1996. It is an important and welcome document, containing 62 recommendations for changes in tax arrangements, measures to reduce business compliance costs and to improve the efficiency of regulation and information provision.

The Government will respond to the report by February 1997 and I can assure you that the response will be a positive one.

ENHANCING CHOICE AND SECURITY FOR FAMILIES

This Government is proud to say that it has Australian families at the centre of national decision-making - whether it be economic policy, social policy service delivery, industrial relations or any other area of Government activity.

Our more responsible economic management has delivered practical relief for families in terms of recent reductions in home loan interest rates.

But we also took direct action in the Budget. Overall we have cut the tax burden on families by around \$1 billion. From the first day of the new year, almost two million low and middle income Australian families will benefit from our Family Tax Initiative.

For a one-income family earning up to \$68,000 a year with two children, one of whom is under five, this will deliver an extra \$34 a fortnight. Of course, that includes sole parent families.

When it comes to families, we have delivered

We will make private health insurance more attractive to low and middle income families. From 1 July 1997, families with dependent children will be entitled to receive an incentive of up to \$450 per year, paid either as an up-front reduction in their premiums or as a tax rebate.

The Government also recognises that for many families choice means access to quality, affordable child care appropriate to their needs. Our child care strategy will ensure the continuation of a flexible and responsive child care sector.

Other measures including the Retirement Savings Accounts, superannuation improvements, such as the low income spouse rebate, lower interest rates and lower inflation will all ease pressures on families and provide them with more choice about how they live their lives.

We also believe that the special work of carers deserve more recognition and in line with our commitments, we have provided significant additional funding for the National Respite for Carers Programme to augment existing respite funding and establish Carer Resource Centres throughout Australia.

Eligibility requirements for the Carer Payment will be liberalised, enabling carers to work longer hours in non-caring roles and to take an average of one day a week off from caring.

We know that various pressures produce family breakdown and we want to prevent this wherever possible. We have increased funding for marriage and relationship education, and to enable community organisations to help people become better parents.

GIVING HOPE TO YOUNG AUSTRALIANS

Young people of Australia are our future leaders. We need to nurture them and invest in them.

We are addressing the root cause of youth unemployment by establishing the preconditions for real job growth through improved economic management and our regulatory and industrial reforms.

We are implementing a number of strategies directly targeted at young people which particularly address the development of skills through education and training, for example, in literacy and numeracy, and through school-based vocational training.

Our training and industrial relations reforms will encourage the expansion of traineeship and apprenticeship opportunities. The Government has allocated over 200 million dollars over the next four years towards implementing the Modern Apprenticeship and Training Scheme (MAATS). The scheme will bring Commonwealth expenditure in this area to over 1.7 billion dollars over the next four years.

Integral to our approach to other young people who need help, is the development of strong social institutions - the family, the community, and schools. Early intervention, family support and community involvement are critical to the success of our programmes to deal with youth suicide and homelessness.

The Youth Homelessness Pilot Programme which I initiated, for example, involves community groups working with homeless young people to facilitate family reconciliation and to improve their level of engagement in work, education, training and the community.

And the National Youth Suicide Strategy which will receive an additional \$18 million over three years is a real attempt by all Governments to address a serious social problem in our community.

ENSURING INVOLVEMENT AND SECURITY FOR OLDER AUSTRALIANS

The Government has a special commitment to the security and well-being of older Australians.

The value of their pensions is guaranteed through the indexing of pensions on a twice yearly basis in accordance with the Consumer Price Index and by maintaining their value at a minimum of 25 per cent of Average Weekly Earnings.

We are encouraging people to make greater provision for their retirement during their working lives. For instance, the exemption from Capital Gains Tax where a small business is sold to provide for retirement. People will also be able to continue contributing to superannuation up to age 70 and the lower provisional tax uplift factor will assist many older Australians.

Discrimination in the tax system against self-funded retirees has also ended. The tax rebate applying to pensioners is being extended to low income retirees of pension age.

We have been particularly concerned to protect the economic future of people not readily covered by existing superannuation arrangements. Retirement Savings Accounts and the new superannuation spouse rebate will improve the opportunities for the accumulation of benefits by non-working or low income spouses.

We recognise that many older Australians need care. The Budget included a package designed to restructure residential aged care to arrest the decline in the standards of nursing homes around the nation. This package will also better meet the special care needs of older people, particularly those suffering from dementia.

Our private health insurance incentives have also been welcomed by older Australians and I hope that in the years ahead we can do more in other ways to ensure our senior citizens have a comfortable and secure retirement.

REVITALISING REGIONAL AUSTRALIA

We said we would revitalise Australia's regions and provide the basis for renewed confidence in the future. We are on track to meeting this commitment.

A strong small business sector and new investment will provide jobs in regional areas and our actions are aimed at encouraging both.

Some areas of rural and regional Australia are still recovering from the worst drought on record. The Government has increased the support to farm families until normal cash flows return, so they can get on with rebuilding their properties and help restore the vitality of their region.

We announced in October an additional \$81.5 million package for areas recovering from exceptional drought.

The Government has also introduced legislation to establish the Natural Heritage Trust of Australia. The Trust will provide more than \$1.2 billion for a comprehensive programme of action to address key environmental problems facing Australia. Funding for the Trust is to be sourced from the proceeds of the sale of one third of Telstra.

Cleaning up waterways and improving landcare are both crucial to future generations of Australians in country areas and the Coalition is proud that in its first year, it has, with the help of Senators Harradine and Colston, moved to implement this historic environmental reform.

Advanced telecommunications infrastructure is critical for the social and economic health of rural and regional Australia. The Government has moved to ensure the availability of enhanced services such as call waiting, call diversion and high speed access to the Internet through the early completion of the digitisation programme.

We are establishing a \$250 million Regional Telecommunications Infrastructure Fund to ensure that Australians living in regional and rural areas are not left behind by advances in telecommunications technologies. The application of such technologies outside our capital cities has virtually unlimited potential to reduce the geographical isolation of regional and rural communities and enhance their business competitiveness and educational opportunities.

Transport costs often represent a significant economic hurdle for regional Australia and the Government remains committed to lowering this burden. We will spend \$750 million upgrading the Pacific Highway and \$149 million on Black Spots. Our reforms to rail will also provide a more efficient and competitive rail system, thus further reducing the barriers to investing in regional Australia.

The government is particularly pleased about the establishment in September of a high powered joint industry and government Supermarket to Asia Council. This brings together government, business, labour, science and marketing expertise to remove bottlenecks which prevent us exporting our quality food products to Asia to our full potential. Those bottlenecks are costing country people their jobs.

We are addressing specific challenges in sectors critical to rural Australia, such as the workability of the Native Title Act.

We have given forest industries certainty through the granting of transitional licences for three years to underpin future investment and employment. We are working to ensure long term resource security while protecting high conservation value forests under the Regional Forests Agreements Process.

Major resource project approvals are being handled expeditiously without duplication with the States, while providing certainty for industry and ensuring sound environmental outcomes.

We have approved the \$500 million Korea Zinc Australia Pty Ltd operation at Townsville. Complementary Commonwealth-State environmental assessment for the Jabiluka No 2 proposal and the \$1.25 billion expansion proposal for Olympic Dam arrangements have been announced.

The National Rural Finance Summit Activating Committee has presented its first report to the Government, identifying high priority areas for action flowing from the Rural Finance Summit held in July. These will be assessed by the Government for implementation. The Committee will report to government early in 1997 on a Business Plan for Rural Australia.

IMPROVING OUR EXPORT PERFORMANCE

Australia's trading performance is a vital element of the government's strategy to improve job opportunities and living standards for all Australians.

The Government therefore is putting particular effort into reducing barriers to Australia's exports - both tariffs and other obstacles.

A recently concluded agreement with Taiwan will improve our access to markets for beef, citrus and other fruit and cars. As a result, Mitsubishi Australia has already concluded a \$35 million deal to export its new Magnas to Taiwan and announced extra jobs at its Adelaide plant. We are exporting fresh milk to Hong Kong for the first time as a result of recent negotiations.

This year's APEC leaders' meeting successfully maintained the momentum for regional trade liberalisation. Australia has already opened up its own economy, decreasing average tariffs to 5 per cent. We are looking for other economies to match us, and this year's APEC individual action plans are a good start.

These action plans clearly show that the momentum for regional trade liberalisation is there and delivering concrete benefits for Australian business.

Restrictions on some agricultural imports are being reduced in Hong Kong and Japan. New access for Australian business in banking and investment will be available in China, Thailand, Singapore and the Philippines. The Philippines will lift import restrictions on coal and Thailand will liberalise the natural gas market.

In the World Trade Organisation the government is working hard to ensure that market access commitments made in the Uruguay Round are adhered to. The government also wants to ensure momentum is maintained for further progress beyond Uruguay Round outcomes in all areas of concern to Australian business. In particular, we want the ground to be laid for negotiations on agricultural access to proceed expeditiously from 1999.

DEVELOPING THE GREAT POTENTIAL OF AUSTRALIA'S REGIONAL RELATIONSHIPS

Australia's success and prosperity is tightly bound to the future of the Asia-Pacific region. The Government is deeply committed to strengthening Australia's economic and strategic relationships with the other major economies and powers in our region.

Since coming to office, Ministers have moved quickly to establish productive contacts with their Asia-Pacific counterparts. Within weeks of forming government, I held a successful meeting with the Prime Minister of Malaysia. My first bilateral overseas visit was to two of our most important regional partners - Japan and Indonesia. Discussions with the Japanese Prime Minister, Mr Hashimoto, and President Soeharto made clear their interest in co-operating closely with Australia under my government.

At the APEC leaders' meeting in Manila I met Chinese President, Mr Jiang Zemin, and underlined the importance the new government placed on its relationship with China. My visit to China next year will be a good opportunity to build the relationship further.

I was delighted to welcome to Australia President Clinton, only the third such visit to Australia by a US President. The clear message from both sides during the visit was the enduring strength of the bilateral relationship and a common commitment to our region.

The visit built on the Australia-United States ministerial talks in July at which agreement was reached on a number of measures to strengthen the Australia-US alliance, and the contribution it makes to regional stability.

The government played an important role in concluding the Comprehensive Test Ban Treaty and will continue to work hard for non-proliferation objectives.

We have moved quickly to address deficiencies in the combat of our defence force.

Defence was quarantined from Budget: cuts in the Government's deficit reduction efforts. The administrative savings of \$125 million a year were redirected to improve combat capabilities, training and personnel retention.

A COHESIVE AUSTRALIAN SOCIETY

Australia is a united tolerant and harmonious nation.

The goal of my government is to focus on those things which unite Australians and not those which might divide them.

Our success in absorbing millions of people from the four corners of the globe in a climate of tolerance and positive espousal of common national goals has been an example to the rest of the world.

Despite our success we must all strive to build on our past legacy of tolerance and egalitarianism.

My government is steadfast in its commitment to the process of reconciliation between indigenous Australians and the wider Australian community.

We want higher living standards and greater economic independence for Aboriginal and Torres Strait Islander people. We will work with States and Territories and with ATSIC to achieve practical outcomes designed to overcome the undoubted social and economic disadvantages of our indigenous people.

We have demonstrated an enduring commitment to the role of the arts in Australian life.

This has included a particular focus on accessibility through innovative programmes such as the Major Festivals Fund to assist Australian productions performed in capital cities and major regional areas. We are also providing support through the Regional Arts Fund, the Emerging Artists Fund and the touring programmes of the Department of Communications and the Arts.

Funding for the One Stop Shop and National Cultural Network will enable greater access to information on arts and national cultural collections, including industry support programmes offered by government departments and agencies.

As part of our commitment to a safer Australia, the Government has committed \$13 million to the National Campaign on Violence and Crime. This campaign is aimed at more effective co-ordination and implementation of crime prevention efforts across the country and at the reduction of crime and fear of crime.

We are committed to dealing more effectively with the issue of domestic violence. We anticipate specific strategies to be endorsed at the National Domestic Violence Summit to be held in 1997.

We remain strongly committed to public involvement in the debate and decision making process about our Head of State and we will announce the next step in that process early next year.

In 2001, the centenary of Federation provides an opportunity to celebrate Australia's achievements and our immense democratic inheritance. I have recently announced the Commonwealth's appointees to the Centenary of Federation Council to be chaired by Mr Dick Smith. The Council will co-operate with the states, local government and community organisations to develop a co-ordinated programme across the country.

Our National Flag is a focus for national pride. As promised, the Government introduced on 26 June 1996 the Flags Amendment Bill 1996 to ensure that the Flag cannot be changed in any way without a national vote of the people.

A very positive example of this Government's commitment to our national institutions is the enhanced opportunity now provided to ask questions in this place. Whereas in the last year of the Keating government an average of only 12.7 questions were asked each question time, the average so far this year is 19 questions. That is the highest average in the last twenty years.

It is important that the next generation understands our society and appreciates our heritage. We have reaffirmed the commitment to civics and citizenship education and refocussed the programme to emphasise understanding of our history, the operations of Australia's system of government and institutions and the principles that support Australian democracy.

CONCLUSION

There are a whole host of other achievements across a range of portfolios and we have only just begun.

Ten months on from the Election, we are proud of the important start that we have made in restoring good government and responsible policy-making at the national level:

- an important start in re-building a sense of national purpose in place of Labor's shifting alliance of special interests;

- an important start in restoring the family as the centrepiece of national policy-making;
- an important start in fixing the fundamentals of our economy;
- an important start in re-energising small business;
- an important start in revitalising regional Australia;
- and an important start in building genuine hope for young Australians and greater security for older Australians.

But we know that in all these areas, what we have achieved is only a start.

We need to keep going forward - and we will.

We need to ensure that all Australians - irrespective of their race, colour, beliefs or country of origin - are accorded respect and dignity as individuals and are given an equal entitlement to achieve their aspirations free from discrimination and intimidation - and we will.

Above all, we need to continue to relate the Government's priorities to the concerns and aspirations of the Australian mainstream, rather than to the narrower agenda of elites and special interests - and we will.

As Prime Minister, I am proud of the Coalition team and I'm proud of the team's achievements. It's been a good 10 months for the Liberal and National Parties, but more importantly, it's been a good 10 months for the Australian people who gave us their trust.