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PRIME MINISTER

**TRANSCRIPT OF ADDRESS BY THE
HONOURABLE JOHN HOWARD MP
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COUNCIL AND THE SINGAPORE FEDERATION OF CHAMBERS OF
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Thank you very much Mr Kwek Leng Joo, to Mr Craig Bell, to other distinguished guests, ladies and gentlemen. Can I thank both the Council and the Federation for providing me with this excellent forum on the first day of my visit to Singapore and on the first day of a very important journey as Prime Minister of Australia to two very important countries in our region.

This forum is to say something about the relationship between Australia and Singapore and to put that relationship in the broader context of our regional involvement and also in the broader context of our joint commitment to the cause of economic progress of private enterprise and of economic reform and trade liberalisation.

I first visited Singapore long before I entered Parliament. In 1964 I first came to your country. A very different country from what it is now. And I visited it long before I, of course, had any association with the Parliamentary political life of Australia.

I was shown around Singapore by a student who had spent a large part of her years immediately out of school at Sydney University. She was a friend of a close cousin of mine. And that little story is in some senses a metaphor for the relationship that exists at a people to people level between so many Australians and so many Singaporeans. It was in fact the first foreign country that I went to. I didn't fly over it, or even just through it, on the way elsewhere. And I did spend some time here, although, of course, later going on elsewhere.

Over that period that has gone by since then - 33 years - Singapore has transformed herself and has become within the world one of the outstanding examples of what can be achieved if you really pursue policies based on openness and trade liberalisation.

Australia's ties with Singapore are very deep. They are very long. They are etched in historical experiences, economic co-operation and a geography in an economic and political future that brings us together as part of the fastest growing area, economically, of the world. The contribution that Australia has made to the security of Singapore and this part of the world in years gone by is well known and is properly honoured by all Australians. We are at present partners in APEC and I watched with some admiration the hosting of the inaugural World Trade Organisation meeting here in Singapore, by your Prime Minister, at the end of last year.

I come here today, ladies and gentlemen, as the Leader of a still new Australian Government which is absolutely committed to the deepest possible involvement of our country in the affairs of the Asia-Pacific region. I say that not as some kind of ritualistic repeating of a foreign affairs trade mantra but as a deeply held view of mine that the political and economic destiny of Australia is very much tied up with us successfully being a full time player in the Asia-Pacific region. The growth of our trade to this region, the increasing two-way economic flows of investment and trade between countries such as Australia and Singapore are testaments to the importance of the region to Australia's future.

The APEC grouping of nations is in many ways one of the most extraordinary groupings of nations that the world has seen. It brings together some very large economies, in fact, the two largest and most powerful economies in the world in the United States and Japan. It brings the most populous nation of the world in China, it brings nations such as Australia and New Zealand which have a deep regional economic and political future tied up with this part of the world but equally strong and unambiguous ties with Europe and North America. It brings the great economic success stories such as Singapore and it brings the remarkable achievement of a nation such as Indonesia, which over the last 25-30 years has seen some 3,000 islands hang together in very effective political unison.

So, it is a quite extraordinary grouping and it is a grouping that holds out to the peoples of its member nations the prospect that through trade liberalisation the well being of those populations can be greatly enhanced. And I want to take this opportunity of saying how committed my Government is to the APEC goals. Achieving those APEC goals will involve adjustment by all of us domestically and Australia is no exception to that.

The process of domestic economic and political adjustment to the challenge of globalisation is not an easy one it does require political skills at a communication level and a capacity to explain often to sceptical domestic populations the advantage of trade liberalisation. Your country in its way, Singapore, has been a very successful example of having done that and Australia looks with some envy to the achievements that Singapore has chalked up in that area.

I also speak to you today as the Leader of a Government in Australia which is very heavily committed to a program of sensible economic change and reform. Reforming and changing an economy is never an easy task and in the 1990's, which are in some ways a little more sceptical towards the cause of economic reform than were the 1980's, it is a particularly challenging task.

We set ourselves when we were elected to Government a number of important economic and political goals. We set ourselves the task of fiscal consolidation. We inherited an underlying budget deficit of about \$10 billion Australian dollars. And we set ourselves the task of achieving an underlying balance over a period of over some three years.

We are making very solid progress down that path but it is not an easy domestic political challenge.

We also set ourselves the challenge of significant industrial relations reform. Australia has many strengths as an economy. It is a stable, open, profoundly democratic society with a very predictable and absolutely incorruptible legal system. But it has also unfortunately had a rather arthritic old fashioned out of date industrial relations system. And, although, over the last 10 or 15 years it has shed some of the undesirable features of that system, the progress and the process has not been nearly rapid enough. And one of the things of which I am particularly proud is that over the past 12 months we have dramatically hastened the process of industrial relations reform. And as a result of the Australian Government's new Work Place Relations Act we are now driving towards an industrial relations system which is based upon a number of fundamental principles.

The first of those is that we should encourage to the maximum extent possible the making of agreements between employers and employees at the individual work place level. Because, it is through that process that you can best enhance optimum productivity outcomes in each individual enterprise.

We are also strongly committed to the principle of voluntary association. Under the Work Place Relations Act Australians are guaranteed the right to join or not to join a trade union without any fear of sanction or discrimination according to the choice that is taken. We have re-established the rule of law within Australia in relation to certain forms of industrial behaviour and industrial conduct and in a very general sense we are driving towards an industrial relations system which puts the greatest possible emphasis on contractual understandings and undertakings between employers and employees.

The response to that legislation has been very strong and very positive and I think it will help to build even further on the deserved international reputation of Australia as being a stable, reliable, cohesive country in which to invest. We have also embarked on a program of economic change and economic reform in other areas where the process of change has not been rapid enough. And I have in mind in areas of communications where on the first of July this year we will have an essentially deregulated communications system within Australia.

I think, also, of changes that we have in mind in relation to the waterfront and the forts in Australia which in the past have sometime contributed to the occasional bad international newspaper notice so far as Australia's economic performance is concerned.

We are embarking upon an intelligent program of privatisation. We have secured Parliamentary approval to a sale of one third of Telstra which is Australia's national telecommunications company. Incidentally, out of the proceeds of that one third we will be investing over one billion dollars in the establishment of the natural heritage trust of Australia which will fund the largest ever capital investment in Australia's history in the environmental renewal and regeneration of Australia.

Over the past couple of weeks we have announced a number of very significant changes and reforms which will directly boost small business in Australia. We still have in Australia an unemployment rate at the unacceptably high level of 8.5% with a youth unemployment level of around 27%. I believe, and my Government believes, that revitalising and giving incentives to the small business community of Australia will do much over time to reduce the level of unemployment in Australia.

We have dramatically liberalised the capital gains tax regime for small business in Australia. We have brought in more sensible rules for employee dismissal in appropriate circumstances and we also are providing significant Government funds to encourage the start up of the small and medium sized firms with an emphasis on high technology.

Now I mentioned some of those things, ladies and gentlemen, not so much to give a detailed litany of what has been done by my Government over the past 12 months. But rather to give an indication of some of the priorities that we have and they are priorities based upon the belief that I think has driven successive governments here in Singapore and that is through a strong and vigorous private sector you have the best hope of providing jobs, you have the best hope of providing continued economic growth.

You need intelligent policy settings. It is the role of a responsible Government to provide a stable macroeconomic environment. It's also the role of a responsible Government to effectively educate the citizens of the nation it governs. It's also our role to provide decent infrastructure.

Beyond that and having set the climate and established the rules, as your Prime Minister said to me this morning, it is really up to the private sector to respond to that very positive climate. And I know that the Chamber and the Council in their own ways are doing very important things to provide that stable and predictable economic climate for business investment and business exchanges. Not only here in Singapore and in Australia, but between our two societies.

The relationship between Australian and Singapore which is dependant on many things, and not least the people to people links, is a dynamic relationship and one that is constantly being renewed. Last year my predecessor, Paul Keating, signed the new partnership agreement with the Prime Minister of Singapore and I am very happy to say that the goals and aspirations of that new partnership are warmly endorsed by my Government. And one of the stable constant elements in the relationship between our two countries is that there is an essentially bipartisan approach between successive Australian governments towards the relationship.

I don't pretend that as a result of the change of government in Australia nothing at all has changed so far as foreign policy is concerned. Obviously a different government, a new government, does things differently and has a different emphasis but the essential thrust which has now been a bipartisan constant of Australia's foreign policy over 25-30 years and that thrust is towards an ever increasing commitment to the Asia-Pacific region.

It is sometimes forgotten that the foundation stone of the association between Australia and Asia economically was laid by John McEwen who helped write the Australia-Japan free trade agreement in 1957. The people to people links that was sporned by the great Colombo Plan started not long after World War II is, of course, something of which many people in Singapore and elsewhere in the region are very conscious.

And over the years Prime Ministers and Trade Ministers, of both sides of Australian politics, have made a particular contribution. And today I am happy to say that the Prime Minister of Singapore and I announced a new aviation agreement that is going to dramatically increase the flow of traffic between Australia and Singapore and beyond. It will result in something like a 37.5% increase in the number of passengers carried by air between our two countries. It will increase by 100% the available freight carriage out of Australia into Singapore. And given the importance that my Government places on the Supermarket to Asia strategy which involves, amongst other things, the capacity for Australia to export effectively into the region fresh food that new capacity will make a very important contribution.

That is but one of many examples that continue to occur of the deepening links between our two societies. We do live in a world which has been rendered very different - by the end of the Cold War, the collapse of communism in Eastern Europe and all the other changes that followed that development. In many ways the world in which we live has had taken away from it some of the predictable antagonisms that govern the foreign relations of most countries from the end of World War II. And some have thought that has introduced a new volatility into the conduct of our affairs and not least into the conduct of the affairs of the region.

But beyond that we live in a world of enormous opportunity and it is impossible to be a political participant in the affairs of the Asia-Pacific region without feeling some sense of excitement and real hope about what can be achieved. When I met the leaders of the other members of the APEC community in Manilla towards the end of last year I felt that I was in a small way, but in a very important way, part of a process

which if everybody held their nerve about it lifted up the hopes and the aspirations of millions of people who lived within those communities. If we can achieve that ideal of greater trade liberalisation, if we can match the aspirations of those goals, if we can continue to carry our domestic political constituencies with us in the cause of trade liberalisation then I do believe that the hopes that many people placed in that organisation will not be disappointed. Because economic prosperity and economic co-operation between nations has in the past been proved to be the foundation of peaceful co-operation. And the stability of this part of the world and the stability of the political association, for example, between Australia and Singapore owes as great deal to the economic maturity of both of those societies.

Ladies and gentlemen, Australia is a very open and tolerant society. We are proud of the fact that, amongst other things, in the late 1970's we took more Indo-Chinese refugees on a per capita basis than any other nation in the world. We are immensely proud of the contribution that Australians of Asian descent, whether of Chinese or Indian, or from any other part of Asia, we are immensely proud of the contribution that those Australians are making to the future of our country.

The people of Singapore whether they come as visitors or as students, or as business men and women, or as migrants are very welcome in Australia. The bonds that keep our two countries close together are personal bonds, they are political bonds, they are ties of history, they are ties of common commitment against tyranny and oppression and they are also ties of hope about the economic future of our two societies.

I come here as the head of a Government that has great goodwill towards the people of Singapore as the head of the Government that has a very strong commitment to the deepest possible involvement in Australia in the affairs of the Asia-Pacific region. I believe that the best years of the association in prosperity and in political partnership between Australia and Singapore lie before us.

Thank you.