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**TRANSCRIPT OF THE PRIME MINISTER
THE HON JOHN HOWARD MP
FEDERAL LEADER'S ADDRESS TO THE
125TH VICTORIAN LIBERAL PARTY STATE COUNCIL
MELBOURNE UNIVERSITY**

E&OE

Thank you very much, Richard, for your very kind words of introduction. To Joy Howley, Ted Baillieu, Tony Staley, my Federal and State Parliamentary colleagues and fellow Liberals.

Your words of introduction about my persistence, Richard, did remind me very much of an exchange I had with my predecessor as Member for Bennelong, Sir John Cramer. He was almost as old as I am now when he first entered Federal Parliament in 1949 and he didn't retire as the Member for Bennelong until he reached the age of 78 in 1974. About four years ago I went to the launch of his book and I, as a dutiful book launcher, had read it. Some don't. And there was some very interesting paragraphs in it about the foundation of the Liberal Party. And I had a bit of a joke with him before the launch of the book and said, "John, I hadn't realised you were so pivotal, so crucial and so intimately involved in the formation of the Party", I said, "there are some names I didn't expect to see and there are a few names missing". And he said, "my boy, I'm 97 - there's nobody left around to contradict me".

But it is a great delight to be back here and can I just start by repeating the tribute that I paid to Ted Baillieu last night for the tremendous job that he has done as President of the Victorian Division, over probably five of the most successful years of its existence. And, also to very warmly congratulate you Joy and to say that as Leader of the Federal Parliamentary Party I look forward to years of very close co-operation. I know that the link between the Parliamentary Party and the Organisation is very important to our political future and our political survival. And when it breaks down and it when becomes confused, when it comes ambiguous, then that is when difficulties emerge.

I want to say to you before this State Council meeting that, from my part, I value and respect very much the role of the Party Organisation in the day to day fortunes of the Liberal Party. And that applies federally as it does at state divisional level. And I know the massive contribution that the Victorian Division has made over the years to the success of the Party here in Victoria and also to the success of the Party nationally.

In acknowledging the presence of my Federal and State Parliamentary colleagues can I personally wish you, Jim Short, many happy years in Europe. I hope that you and Jan enjoy and derive very great satisfaction from that posting and I am certain that you will do a marvellous job as the representative of Australia and as a participant in the constituency in which Australia is involved on the Board of that particular bank.

Ladies and gentlemen, in the weeks and months ahead there are many significant policy decisions that the Government will need to take. We have now been in office for just over a year and if you look back and remember the things that we were elected to do, I think it is fair to say that in all of the major areas we have remained true, we have kept faith with what we told the Australian people we would do. And in some areas we have, in fact, delivered more than what we promised and I have in mind the area of small business, which is so important to the economic future of Australia and has played such a major role in the development of the economic values and the economic philosophy of the Liberal Party.

We said that we would place an emphasis on small business and we have. We have changed the industrial relations system. We have throughout Australia made significant changes through the industrial relations legislation, significant changes to the unfair dismissal laws to make them more intelligent. And in my small business statement of three weeks ago I went a step beyond what was in the Industrial Relations Act and I said that the unfair dismissal law, federally, would not apply to any person who was employed for less than twelve months by any small business employing fewer than fifteen people.

And I have invited the other State Governments - I say the other State Governments because here in Victoria because of the handing over of the industrial relations responsibility to the Federal Government the new federal law applies automatically. I've invited the other State Governments of Australia to duplicate what we are doing at a federal level. And it would be a very important test of the credentials of all other State Governments so far as small business concerned as to whether they are prepared to come on board with this particular proposal.

And I renew today my invitation to the Government's of New South Wales and Queensland, of South Australia and of Western Australia and Tasmania to enact laws within their state jurisdictions that will duplicate what we have done federally. And I hope that they will do so because if we can achieve a uniformity and a comprehensive approach throughout Australia on this issue then we will deliver another significant benefit to the small business community.

In the area of capital gains tax it will be the law Australia, after the first of July this year, that if you sell a small business up to \$5 million of the proceeds of that sale can be invested in any business of any kind without incurring any capital gains tax liability. Now that represents an enormous liberalisation of the capital gains tax law in this country and it goes far beyond what we promised in the election campaign. And I think it is important that over the weeks ahead, at a constituency level and at a State division level, we drive home the value of these benefits. It is very easy for some policy changes and some reforms to be made and for people to forget about them in short period time. This will come into operation on the first of July.

And the other thing that will come into operation on the first of July are the tax incentives for private health insurance - something that should have been introduced in Australia five, or six, or ten years ago. In the early 1990's Grahame Richardson, and God forbid that I should draw on Grahame Richardson as an authoritative source of political advice. But he as the Health Minister in the Hawke Government, in the early 1990's, when something like thirty-nine per cent of the Australian population was covered by private health insurance, he then said that something had to be done to stop the drift of people out of private health insurance. He warned the Hawke Government that if that wasn't done, if steps were not taken, then we ran the risk of losing the critical mass that was needed to sustain the private health insurance system. And, of course, nothing was done.

The ideological hostility of the Labor Party to private provision so far as health is concerned in this country over rode the common sense of that advice and the net result is that we now have only thirty-four per cent of Australians who are covered by private health insurance. And that is making a major contribution to the strain on the public hospital system of Australia. And even the Labor Premier of New South Wales, Bob Carr, now says, "oh, it's a terrible problem and something has got to be done about it". It's a great pity that he had not supported his old mate Grahame Richardson in the early 1990's.

But, I can promise you that the commitment that we made in the election campaign in the health area will be delivered in full on the first of July this year when those tax incentives come into operation. It is another case of having delivered in full, on time, and without qualification on a promise that we made during the election campaign.

From the beginning of this year, once again, on time, without deduction and in full we delivered the total measure of our family tax initiative. In many other areas, and I see David Kemp here today. And David is doing an absolutely magnificent job, not only looking after the training and apprenticeship area, but he's also got responsibility for work for the dole.

We said that we would give Australian business and Australian young people a modern training and apprenticeship system and we are well down the path to doing it.

We have announced the introduction of a work-for-the-dole scheme. And a work for the dole scheme is based on the very simple principle of mutual obligation. In the kind of society we have it is our moral responsibility to provide a safety net of support for people who need it. It's always been a core Liberal principle to look after the needy in our society. And that means that if people genuinely can't get work they are entitled to financial support and for living support and daily support from the rest of us. But it is also fair and right in a society such as ours that having provided that support we are entitled to ask those people who receive it to do something reasonably in return for that support. Now, there's nothing outrageous about that. It's not anti Democratic. It's not even, I understand, against any provisions of the International Labor Organisation. Although for years and years and years we were told by the sceptics and our opponents, "you can't have work-for-the-dole, the ILO won't like it." Well, amazingly I find that even the ILO doesn't object to it. But I wonder whether the Labor Party objects to it. I wonder when that vote finally comes in June of this year whether the Labor Party will put up his hand for work-for-the-dole or the Labor Party will join the Australian Democrats and vote it down. It will be a very, very interesting test of where the Labor Party stands.

But there are many other issues that we have before us. We are fast coming to the time when a decision will need to be taken on one of the most difficult issues that any Australian government in modern times has had to confront and that is the collection of problems thrown up by the decision of the High Court of Australia in the Wik case. I have to say that that was a very disappointing and a very surprising decision. It was a decision that ran against the conventional wisdom. It was a decision that was against the representations directly contained in recitals to the Native Title Act. It was a decision which ran against the public assurances given by the former Prime Minister, Mr Keating. It was a decision that ran against public statements made by Aboriginal leaders after the passage of the 1993 Native Title Act. And it was a decision that has created an enormous amount of uncertainty and unpredictability for the farmers and the miners of Australia and has opened up a potential area of endless litigation unless appropriate action is taken.

Now I have over past weeks been in consultation with all of the relevant stakeholders and I have to say that those consultations by and large have been conducted in an atmosphere of great goodwill. I remain determined, if I can, to achieve an agreed outcome. I don't pretend that that is easy. But that process of dialogue cannot go on forever, there has to be an end point. There can only be an agreed outcome if there is an acceptance by the indigenous people of Australia that an automatic acceptance of the Wik decision will create intolerable uncertainty for the pastoralists of Australia. And equally there has to be an acceptance by other interested parties of the sensitivity of the Aboriginal community to the notion of extinguishment of title. And within those two bands, within those two areas of understanding perhaps an agreed outcome that delivers respect for native title, but by the same token guarantees security, predicability and certainty, and an avoidance of endless block by block litigation over perhaps 40% to 50% of the land mass of Australia - which is one of the nightmare scenarios thrown up by the decision - perhaps between those two extremities there does lie the possibility of an agreed outcome. And if it can be achieved, well it would be very important for future relations between different sections of

the Australian community. But if that agreement cannot be achieved then it will be my intention to make certain recommendations to the Government as to a clear and definite course of action because it is not a matter that can be allowed to be the subject of endless discussion and endless negotiation.

We also have ahead of us, of course, the bringing down of the budget in May of this year. And we are returning to the pattern of the May budget. And already the ERC, under the direct guidance of Peter Costello and John Fahey, is hard at work.

The budget task that we inherited a year ago was in the dimension of about a \$10 billion deficit on an underlying basis. And it is important for the maintenance of strong and stable business conditions that we continue to drive towards getting a surplus in our budget. It is not an arcane, academic, arid, economic exercise. If you have a budget surplus that has beneficial effects on interest rates. It's no accident that interest rates have fallen by about 1.5% across the board in the last 12 months. And one of the reasons for that has been the determination of the Government to reduce the deficit and the knowledge by the Reserve Bank that we now have in power a group of people who are prepared to try and tackle the size of our deficit, a group of people who are not reluctant to tackle whatever decisions are needed to achieve that objective. And the task in May, although not of the same dimension of last year and not the necessity involving the same sort of decisions that were taken last year, is nonetheless a very difficult exercise and will require the continued application of the efforts and the energies of senior ministers and of the whole Parliamentary Party.

Another matter that I want to touch on very briefly is the debate that surrounds the position of Senator Colston. Senator Colston, as you know, was a member of the Australian Labor Party. I watched with fascination the Deputy Leader of the Opposition this morning on the *Sunday* programme. And he was talking about the events of 1983. You know, butter wouldn't melt in his mouth. He said, "we were a new government, Senator Colston was a new member" - he'd only been in Canberra for eight years. After I'd been in Canberra for eight years I felt anything but a new member. And the reality, of course, is that, as everyone knows, Senator Colston, for a whole combination of reasons, defected from the Australian Labor Party a few months ago. And the every deed, the every act, the every motivation of the Australian Labor Party over recent months has, in the openly confessed words and approach of Senator Ray, been driven by tribal revenge, nothing else. It's got nothing to do with concern for the taxpayers' money. It's got nothing to do with proprieties, it's got everything to do with doing in the eye a bloke you reckon ratted on your party. It's as simple as that. Senator Ray, to his credit, at least has been honest enough to say so and honest enough to admit that he's not very nice in pursuing the vendetta.

And then of course that other group that has had a lot to say about Senator Colston is, of course, the Australian Democrats. Now their motivation, ladies and gentlemen, has been driven not so much by revenge but by pique - the feeling that they're no longer as relevant

as what they were a few months ago and no longer as relevant as what they would like to be. So in all that is said I think we ought to keep this in mind.

But let me make it very clear to you, as a number of us have made clear in the past, that my Government will not tolerate any abuse of parliamentary privileges by any Senator or member no matter what party that person belongs to.

We are following due process with Senator Colston. But as many in this audience will know, due process is sometimes slow process but that is the nature of our system. And I repeat the assurances that I've given in the past, that when he has responded as he is required to do by about the middle of this month to the allegations that have been made and when all of them are looked at together - all of them - if the advice we receive from amongst other sources, the Attorney-General's Department, is that the matter could involve a breach of the law then we will not hesitate, indeed, I will insist that the matter be sent to the Australian Federal Police for investigation.

Now that is our position and there can be no ambiguity about that. My attitude all along has been that we're not going to do any favours for anybody when it comes to the law of this country. Equally though, we are not going to allow somebody for a combination of reasons to be denied due process and to be denied the presumption of innocence. That has never been our way and we won't allow it to happen in relation to Senator Colston.

Ladies and gentlemen there are just two other things that I want to say to you this morning. The first of those is that, as Richard Alston said in his very kind introductory remarks, the last year has been a very successful year for the Liberal Party. It's not only been electorally successfully. You here in Victoria have the enormous pleasure of sharing our great Federal victory on the 2nd of March last year but you also had the experience of the exhilarating re-election of the Kennett Government only a few weeks later.

But throughout Australia there has been a change. We have kept faith with the major commitments that we made to the Australian people. We have dumbfounded our critics on many fronts. We were told by our critics that we couldn't deal with the nations of the Asian-Pacific region. Quite the opposite. We have established a new basis of pragmatic understanding with many of those nations based, as I said in Beijing, on the twin pillars of mutual benefit and mutual respect. The only way to build a proper relationship between Australia and another nation is on the basis of mutual respect. I respect the right of other nations to decide the way in which they govern their affairs but equally I require of them that they respect the right of the Australian people to run their affairs according to our assessment of what is in the interests of the Australian people. And I can tell you one thing, I did many things in Beijing and Shanghai but there's one thing I didn't do in either of those cities and one thing I will never do when I go abroad as your representative, I didn't think out aloud about the constitutional future of my country. Nor did I denigrate the symbols and the emblems of my country. Nor did I yield an inch on important democratic values such as press freedom.

I mean, all of us in politics occasionally, so I've observed, get a little irritated at the press coverage we receive. But let us never forget that the real guarantees of freedom in this country are not in what is written down or ought to be written down in a constitution or a Bill of Rights - and as I've said on other occasions, I am no great believer in a Bill of Rights, I'm a common law man through and through. What are the really great guarantors of freedom in this country are a vigorous parliamentary democracy, and we certainly have that, an incorruptible judiciary, and we certainly have that, and a vigorous, open, sceptical and free press. And however much it may on occasions aggravate us it still remains a bedrock of our democratic society. And it's one of the things that distinguishes Australia from many other societies and it's one of those great western liberal inheritances that we have in common with other societies around the world.

And I can say to you ladies and gentlemen that our relationship with the most populous nation on earth, China, is on a sound and sensible footing. I didn't come back wrapped in euphoria. I didn't start emotionally talking about a new special intimate relationship. I didn't say that that country had things that could put us to shame any more than I said we have things that could put it to shame. But I sought when I was there to do one thing and that was to advance the national interest of Australia, to identify the things that we had in common, to recognise that there are enormous economic opportunities because it is the biggest country in the world and it is experiencing an annual growth rate of the unbelievable level of between 10% and 15% a year. And the transformation that is occurring in the major cities of China is on a scale that few people could even comprehend let alone have experienced. So it is very important that we be part of that. And I took with me the most senior business delegation, the most senior combination of men and women in Australian business that have ever travelled abroad with an Australian Prime Minister. And all the members of that delegation are household names in the world of business in Australia. And for the first time you saw the Australian Government and the business community of Australia working together in a cooperative partnership in the largest nation in the world advancing the interests of Australia and seeking to achieve business understanding with that vast nation. And in that practical way we have made an enormous contribution to the economic future and a sound and sensible relationship between Australia and the Republic of China.

The last thing that I want to say to you ladies and gentlemen is that one of the ingredients of our success over the last 12 months is that we have sought and I think to a large measure have achieved our goal of retaining contact with the Australian people. We have not allowed ourselves to get remote from their concerns. We have retained contact with the Liberal Party Organisation. We have retained contact with the small business community. We have retained contact with those tens of thousands of traditional blue collar Labor voters who deserted the Keating government in March of last year and saw in us a group of men and women who better represented their aspiration and their hopes and their values as members of the Australian mainstream than any other political force in Australia. And I count that as one of the proudest achievements and the greatest achievements of my Government over the last 12 months that we have kept faith with the mainstream. We haven't allowed ourselves to become a remote elitist party. I mean, one

of the most constantly battling things to me in the lead up to the last election was the extent to which many of the commentators and much of the media continued to talk of the Liberal Party in that rather clichéd fashion as being the party of privilege and the party of elitism. Yet in reality for five or six years before the change of government last March the new elitists, the new plutocrats of Australian politics, the new people who were remote from the views of mainstream Australia had in fact become the Australian Labor Party. It is they who, with their so called big picture, had got remote from the values and the aspirations of the mainstream of the Australian community. It was our capacity to identify with those people. It was our capacity to fashion policies that serve the interests and the values of those people. It was our capacity to understand their basic concern for the future of their families, their living standards, their basic patriotic decency, their concern about day-to-day issues, not issues of long term debate and potential divisiveness. It was all of those things that helped to achieve the result that we achieved on the 2nd of March. And I think our capacity to do that over the last year has been of enormous benefit.

And in the process of doing that I want to thank all of you for the tremendous support and loyalty that you have given to me. I want to thank all the members of my Federal Parliamentary team for their understanding and support and their trust and their confidence over the past year. In all of my political life I have never taken anything for granted. I have said before and I'll say it again today that I would never have been leader of the Parliamentary Liberal Party and certainly not Prime Minister of Australia without the understanding and support of the Liberal Party Organisation. I am and remain a creature of the Liberal Party Organisation. I believe in it. I believe in the contribution that it has made to the building of this country. I believe in the volunteer effort of the men and women of the Liberal Party who year after year have kept our party together while those of us who are fortunate enough to have parliamentary office have occasionally enjoyed some of the limelight of politics. But you are the people, you are the backbone and you are the stuff of which long term political success has always been made. I remain conscious of that. I thank you for that and I look forward to a continuation of that partnership in the years ahead. Thank you very much.