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**PRIME MINISTER**

25 May 1997

**ADDRESS BY THE PRIME MINISTER  
THE HON JOHN HOWARD MP  
BRADFIELD FEDERAL EXECUTIVE COUNCIL  
AUTUMN LUNCH, BRADFIELD**

E&OE.....

Thank you very much Brendan, to Tony Staley the Federal President of the Liberal Party and to my Federal and State parliamentary colleagues and particularly to Dr and Mr Smith, the headmistress and husband of Ravenswood School and Mr James Miller, the Chairman of the School Council.

Can I unashamedly and risking all of the inevitable partisan hostilities that I will incur in saying it, our daughter had five years of outstanding education at this school. It is a great place and Kerry I had momentarily forgotten. The thing I remember about the 25th of May 1991 - it was a Saturday and Shore Under 14 beat Riverview 2 -1 in the soccer.

But it is a great delight to be here and can I say that the schools on the North Shore are bipartisan when it comes to inviting Prime Ministers. I well remember back in 1973 when Gough Whitlam was Prime Minister of Australia, he was invited to a Knox Speech Night and he said it was the biggest gathering in the electorate of Bradfield ever addressed by a Labor leader. So it is a very, very fine bipartisan tradition and it is great to be here.

But even more importantly than that it is great to be amongst so many old friends. And it is great to acknowledge the contribution through the years of the Federal Division of Bradfield to the organisation of the party here in New South Wales, and of course I cannot let the opportunity go by without particularly acknowledging the presence of my old friend John Carrick and his wife, Angela. Nobody under this great marquee has done more for the Liberal cause in Australia than that man and I very, very happily acknowledge it.

I also want to thank Brendan for his very kind words and endorse what Robert said about the contribution that he is making and also the remarks that were made by Kerry Chikarovski. Brendan has proved to be a very energetic and articulate representative of the Division of Bradfield. He is very pugnacious and hard working and loyal but an intelligent contributor to the deliberations of the parliamentary party and the parliamentary party is the stronger for having Brendan Nelson. And I think it is also important today that there are a number of members here who represent electorates that we have not always held. We have always held Bradfield and Bennelong and North (no we have not always held North Sydney, we lost it for a while) but we have certainly held Bradfield and Bennelong for a very, very long time but we did not win Gilmore the first time up and we should have. And of course Parramatta has gone back and forth. And it really is important that we are all reminded that the future of the Liberal Party at a Federal level depends on getting people like Ross Cameron and Joanna Gash re-elected at the next Federal Election.

We are sort of half way through our first term in Government and I spoke yesterday about keeping faith with the promises that we made at the time of the last election. And I spent a little time at the State Council meeting reminding people of how much of the agenda that we spelt out before the election had in fact been delivered. And I am very proud of the fact that in the last Budget for the first time in the history of Australia, a Federal Government has actually given an across-the-board incentive for people to save. For years I have gone around to meetings and I have been told by people that what you have got to do is fix the taxation system to the extent that you no longer tax people when they earn their income and tax them again when they receive some interest on the investment of what is left over out of their income. And the fifteen percent across-the-board tax break that was announced in the Budget is the first recognition by any Federal Government that that kind of change to the Australian taxation system ought to be made and it will act as a very powerful incentive and a very important reward over the years for people who are thrifty enough to save.

Now Brendan spoke in his kind introduction about privatisation. And of course one cannot let an opportunity like this go by without reminding oneself of the incredible hypocrisy of our political opponents on privatisation. I mean I have been a consistent supporter of privatisation as has Nick Greiner and many others under this marque for a very long period of time. And I remember when I first advocated that we privatise Qantas and TransAustralia Airlines as it then was and sort of half raised the possibility of privatising the Commonwealth Bank that Bob Hawke went to Bathurst in May and delivered the Ben Chifley Memorial Lecture and said that one of my predecessors Ben Chifley, who I think in some respects was a more loved Labor Prime Minister than some of his successors, he said that Ben Chifley would roll in his grave if anybody thought of selling the Commonwealth Bank.

And of course before the 1987 election, they swore they would not do it. Before the 1990 election they swore they would not do it. Before the 1993 election they swore they would not do it. And of course before the 1996 election they swore they would not sell Telecom either. Or Telstra as it is now called. But we all know that having sworn not to sell the Bank before those elections, they finally ended up doing so and we also know that if the Australian people had been unfortunate enough to re-elect a

Labor Government in 1996 a re-elected Labor government would not have sold a third of Telstra, they would have sold the whole lot. And I am reminded of that by this extraordinary little exercise that is going on here in New South Wales. Now I am all in favour of privatising the power system in New South Wales. I think it is an eminently sensible thing to do. But why on earth can't you say that before the election and not sort of kid, try and kid the Australian public, that you are not going to do it. I think it is just sort of completes the circle. Finishes the loop as far as their hypocrisy is concerned.

Now over the last 14 months we really have gone a tremendous distance between implementing the agenda on which we were elected. There are a few things that have come up as inevitably things do when you are elected that you did not anticipate. And governments are required as well as implementing the things that they promised to do they are also required to respond to some of the unexpected things. And we have had such things to do with such as the issue of national gun control legislation last year, the rather unexpected requirement to deal with a decision by the High Court of Australia in the Wik case that many predicted might go in the other direction. But the main agenda that my Government has had and the main agenda that my Government will continue to have between now and whenever the next election is held is to keep faith with the essential commitments that we made to the people of Australia to the mainstream of the Australian community before the last election. And that is about giving to families a greater sense of security, it is about giving to individuals greater incentive, greater incentive to work, greater incentive to save, greater incentive to take risks.

It is also about tackling the chronically high levels of unemployment, particularly amongst the young, that we still have in Australia. And none of us, particularly in electorates on the North Shore of Sydney, should lose sight of the fact that there are areas of Australia that suffer tragically high levels of unemployment where the endemic character of unemployment is such that it is being passed now from grandfather to father to son and that it has become intergenerational.

We do require policies that will regenerate some of the regional areas of Australia. That is why in the Budget we announced that we were going to establish a \$1 billion Federation Fund which will be used not to finance the building of a thousand little monuments in every suburb and every hamlet of Australia but is going to be used to finance the construction of major infrastructure works which will be of long term benefit to the future of Australia particularly to the regions and to the rural area of Australia.

But in that context, one of the other responsibilities of a government is always to keep its eye on necessary reform. Quality government and quality political leadership is about, on the one hand, holding onto and consolidating those things in the community that are important and ought to continue. And I have always believed that what one ought to be in politics is either a discerning conservative or a selective radical or should I say a selective conservative and a discerning radical. In other words, you hang onto those things that are working well, you do not throw out something that is working well just for the sake of change. But on the other hand, when something is not working well, you are zealously and you are energetically committed to bringing

about change and bringing about reform. And that is why in the early 1980s I set my sights on reforming Australia's industrial relations system because I thought it was out of date. I thought it was discredited. I thought it was holding back the potential growth of Australia. I thought it was too heavily dominated by the trade union movement and worst of all I thought it was skewed irrevocably against the interests of small business in Australia.

It was an industrial relations system that had been built to accommodate large company large work forces heavily unionised, overwhelmingly male, and predominantly blue collar. And of course the character of Australia has changed so much that that sort of paradigm no longer works and is no longer relevant to Australia. So we set ourselves the task of changing industrial relations and one of the big changes that I am very proud of, that my government has brought in is industrial relations change. And as the weeks and months go by and the value of the changes that were brought in by Peter Reith in his workplace relations legislation work their way through the Australian economy the legislation has only been operating now for a little under six months. We took a bit longer to get it through the Senate and we only got through about eighty per cent of what we would have liked but that eighty per cent is an infinite improvement, an enormous improvement on the system that it replaced.

And one of the great benefits of that legislation is that it has given to small business a lot more flexibility and a lot more room to move and a lot more opportunity to make agreements at a workplace level. But that task of reform is never of course finished. So one of the other issues that governments and political leaders and business leaders and leaders of other organisations in this country have got to face, and that is the need to reform Australia's taxation system. Now I do not make any apology at all for raising the issue of reform of Australia's taxation system. Anybody who imagined that it was something that could lay dormant in the political corner for the next ten or fifteen years has no understanding of the needs of this community and no understanding of the way in which the taxation system we presently have is becoming less and less relevant to the kind of modern Australian economy that we are trying to build. But it is very important that as we continue to debate taxation reform we do not make the mistake that I think we have made in the past and that is becoming obsessed with the system of taxation reform rather than the outcomes of taxation reform. We must not become obsessed with building a perfect econometric model to the detriment of asking ourselves what are the goals of taxation reform.

And I think there are three goals and there are three questions you have to ask yourself. The first question you have got to ask yourself is what reform of the Australian taxation system is needed to generate more jobs. That is the first question. I think the next question you have to ask yourself, given the importance of trade to Australia, is what reform to the Australian taxation system is going to generate more exports? And I think that is a tremendously important thing. And finally you have to ask yourself what change to the Australian taxation system is going to generate higher living standards and encourage people to greater risk taking and provide people with greater incentives?

Now they are the three tests that we have to apply. And it is not a debate that the Liberal Party should walk away from. It is not a debate the Liberal Party should turn

its back on. And those on the political spectrum who believe that an essentially negative, backward-looking fear campaign is the only response to the issue of taxation reform I think are making a very, very serious mistake. Now I know that this issue was raised in the past and I am aware as anybody else in this gathering of the debate that followed the result in 1993. I think there were some errors, let me put it this way, there were some errors of emphasis and some errors of presentation and there were some other errors of timing in relation to that, which are entirely different now.

Now, let me say to you that our commitment not to introduce anything remotely resembling a goods and services tax during our first term of government remains absolutely rock solid. I gave that guarantee to the Australian people before the last election and I have no intention from walking away from that anymore than I have an intention of walking away from other commitments that I made to the Australian people. But I have never said that we would never look at taxation reform. And I think we would be a very odd government, we would fail the Australian people completely if we turned our backs on the necessity of reform in this very, very important area.

I can remember at the end of the 1970s, as Treasurer, being invited to give a speech about the challenges of reform, economic reform in Australia in the 1980s. And I said that we needed to reform our financial system. Well, ultimately we did. And that received support essentially from both sides of politics. We needed to embark upon reform to our taxation system. Well, have bismally failed as a nation to do that. And we needed to look increasingly at our industrial relations system and see what areas of change and reform were needed there. So we still have, if you are looking at the reform agenda, and all governments have got to do that, you are not elected to occupy positions of power without using that power wisely for the benefit of people. I have been in politics a very, very long time now, but I have always thought that the profit of winning office is to do good things for the country and not just the satisfaction of exercising that political power. So part of our job, part of our responsibility is to keep the torch of reform in certain areas going, but to do it in a way that is related to the outcomes of that reform.

Politicians who get caught up with process and not outcomes lose the capacity to communicate with the Australian people. The Australian people want to know why a reform is good, they want to know how it will affect them, they want to know whether it will make it better for them and make it better for their children and make it more likely that their teenage children will get a job and that their elderly parents and other members of their family have a sense of stability and a sense of security. It is the outcomes. It is the product of change rather than the tactical value of that change which is the important thing that we as political figures, political activists should always work towards.

The last thing that I want to say to you, ladies and gentlemen, is that it is always a great pleasure to come back to the grass roots of the Liberal Party. I of course have been a member of the New South Wales division of the party since about 1958 when I joined a branch in Earlwood, the suburb in which I grew up, and I owe everything that I have achieved in politics to the Liberal Party. I would never have been a member of parliament without the Liberal Party. I would never have been a leader of the party

without the support and understanding of the Liberal Party and of course I would never have become Prime Minister of Australia without the support and nourishment and loyalty of people in the Liberal Party and as I look around this room I see people that I have been associated with now for 25, 30 and in some cases even a little longer than that years. And it is a very great privilege to have that opportunity.

I want to thank all of you for the support that you have given over the years in so many different ways to the Liberal Party cause here in Sydney and all around Australia. We waited a hell of a long time in Opposition. We lost more elections than we should have. We knocked on in front of the try line far more frequently than any group of people should have done and on occasions I sort of wondered as though somehow the world had been turned on its head and there was absolutely no justice in politics as in sport.

It is like last night when I was watching the second one dayer. I mean I thought English cricket teams were meant to feel like Englishmen not like South Africans. And I mean there is something wrong when you cannot rely on the English to feel like Englishmen. There really is. You know. The world is not the same. It sort of shattered my faith in the predicability of some of those constants.

But anyway, ladies and gentlemen, can I say to you again that I do appreciate all of your support. It is infinitely better to be in Government than in Opposition and we need your continued support but we need your support, your quality support. We need your resources, we need your manpower, but we also need on occasions your advice. I mean politics is about listening to advice. It really is. And one of the reasons that I think my predecessor lost the last election that he lost the capacity to listen and he lost the capacity to understand what the proverbial man in the street or man and woman in the street really wanted out of their political leaders. Now I will try very hard to avoid that trap and my colleagues will try very hard to avoid that trap. And it is your obligation privately and discreetly of course when you think we are falling into that trap to remind us of it. But thank you again for your tremendous support and loyalty. And once again congratulations to the most consistently blue ribbon electorate in the whole of Australia for the Liberal Party cause, that is the Division of Bradfield. Thank you very much for all that you have poured into the Party over the years and all that you will undoubtedly pour into it in the years to come. I am both retrospectively and in the future very, very grateful for all of that support. Thank you.