

18

30 May 1997

**TRANSCRIPT OF THE PRIME MINISTER
THE HON JOHN HOWARD MP
ADDRESS TO THE MINERALS COUNCIL OF AUSTRALIA'S
ANNUAL DINNER
GREAT HALL - PARLIAMENT HOUSE**

E & OE

Thank you very much Jerry Ellis for those very kind and warm words of welcome; to Nick Stump the new President; to the Deputy Leader of the Opposition; to the Leader of the Australian Democrats; my other parliamentary colleagues, in particular my friend and colleague, Warwick Parer, the Minister for Resources, and ladies and gentlemen.

It's a pleasure once again for me to address this annual dinner of a great Australian industry that contributes about \$35 billion to our export income, about 7% of our gross domestic product and very significantly, for those in the Australian community who occasionally forget, the contribution to the social and welfare infrastructure of our nation about \$2.4 billion in taxes every year which goes towards the provision of necessary facilities for the more needy and less fortunate in the Australian community.

I talk to you at an annual dinner at a time of very intense debate in Australia about a number of very important economic, social and industry issues. And not surprisingly, I want to touch on some of them in my remarks tonight.

But I would like to take the occasion of telling the audience, or those who don't know, that today I'm delighted to say legislation passed through the Senate under the guidance of Warwick Parer completing the abolition of export controls on all Australian commodities except uranium. Well, it's good to have some lively interaction. I always enjoy that, as you may have noticed. But that fulfils a longstanding commitment of the Coalition which we carried into Government. And I thank my colleagues in the Senate very warmly.

Before touching on some of the industry and other issues that I wanted to mention tonight, could I take a few moments to traverse some of the things that my Government has achieved in the 12 months since I spoke to you last year. We have, on the budget front, I believe achieved an enormous amount. We have turned a deficit of \$10.5 billion into a projected surplus of \$1.6 billion at the completion of our first three years in government. The latest budget documentation reveals that by the Year 2000 the total national debt of Australia will be about 10% of gross domestic product, against a figure of 19.5% in the financial year of 1995/96. And this has been achieved without any tax increases, and it has also been achieved within a framework of implementing a number of very significant election commitments particularly in the area of family taxation and capital gains tax relief for the small business sector of Australia.

I'd also like to remind the audience of the quite major changes that have been achieved in the area of industrial relations. The *Workplace Relations Act* represents without question the biggest single legislative change to Australia's industrial relations system since the end of World War II. It has entrenched the use of enterprise bargaining. It will spread the use of Australian workplace agreements and certainly not least in the mining industry. It has restored the strength of the secondary boycott prohibitions, it has finally ended compulsory unionism and in every respect I believe it has ushered in an era of industrial relations where increasingly the emphasis will be on the making of bargains at a workplace level.

The full benefit of this legislation will take time to filter through, but I already welcome the many signs that companies in the mining industry are taking advantage of the provisions of that legislation. In many other areas of course the process of reform is proceeding at a very considerable pace and I think of areas such as gas and electricity reform and I think of the other initiatives that have come out of the COAG process.

In recent weeks there has been considerable debate about the importance of taxation reform to Australia's economic future. Let me say ladies and gentlemen that anybody who has any understanding and is prepared to address in a serious and honest fashion the challenges to the Australian economy must acknowledge the fact that we have a less than perfect taxation system.

We have a taxation system that does rely too heavily on the taxation of income. We have a taxation system that generally speaking penalises exporters. We have a taxation system that still doesn't give enough incentive to savings and we have a taxation system that in several other respects works against economic growth and the creation of jobs. We also have a taxation system that is too easily evaded in a number of areas and it is very important therefore out of concern for the economic future of Australia that we engage in a serious and thorough going debate about the need for taxation reform.

Many attempts have been made in the past about taxation reform to achieve it. Those attempts have occurred on both sides of politics and they have been marked with bitter debate and some severe internal difference of opinion, but the nation requires as we move towards the 21st century that this issue again be embraced, and those who would argue that our system does not need change I think do fail the national interest. Those who oppose serious and fair change will I think be rightly regarded as people being chained to yesterday's taxation system.

I've said that in assessing the need for reform and engaging in the debate the government will apply three very important considerations. We are not interested in reform for its own sake. We are not interested in some kind of a econometric model of taxation reform. We are interested in reform that delivers beneficial outcomes for the Australian community and the Australian people. We are interested in taxation reform, first and foremost which promotes job generation. We are interested in taxation reform that will boost and promote exports and we are interested in taxation reform that will boost living standards and encourage saving and promote incentive, and they will be the three great benchmarks against which we will assess the debate in the weeks and months and perhaps several years into the future.

Now, this is a very important debate. We have come a long way when you think of the state of the Australian economy 20 or 30 years ago when you think of structural rigidities although in other areas it was much stronger particularly in the area of employment. And we have broken down a lot of barriers and as a community we have embraced a number of very valuable reforms, but the last great outpost of I suppose economic backwardness that does require to be addressed in the Australian community, does require to be changed, does require to be reformed, is the Australian taxation system, and future generations and future leaders of industry and political parties in Australia will judge the current generation rather poorly and deservedly so if we miff the next opportunity to embrace and bring about valuable reform.

It won't be easy and I don't pretend for a moment that the political process will be either costless or easy. But if the purpose of being in Government is the purpose of having responsibility is to do good things for the future of one's country, then all of us charged with political responsibility and who are concerned about the economic future of Australia will very seriously and conscientiously address the question of taxation reform. We will ask ourselves the fundamental question to we really believe that we can carry this country forward into the 21st century with the fundamentals of the current taxation system still in place and if we are completely candid in addressing that question we will have to say no we can't and therefore we should set about constructing a more effective taxation system for the new millennium.

Now, ladies and gentlemen, I would like to touch briefly on a number of issues which are of particular concern to the mining industry but also of broader concern to the Australian community. Jerry Ellis in his very kind introduction mentioned the very difficult issue of native title. This is a complicated difficult issue, laden with a great deal of emotion which presents the Parliament with quite a unique challenge. The present native title Act is very seriously flawed. It was described by us in the lead up to the election as being unworkable. Superimposed on a flawed and significantly unworkable act we have what I regard as the highly impractical decision of the High Court of Australia in the Wik case. I say in "impractical" very deliberately and very advisedly. Like any other Australian citizen I am subject to the law of this country as interpreted from time to time by the courts of Australia. It's very important to remind ourselves of course, as members of Parliament, we have the right to change the law if we regard it as being unsatisfactory.

The decision of the High Court of Australia to find that there could be co-existence on pastoral leases between farmers and native title claimants is fundamentally unworkable. And what I have sought to do and what my Government has sought to do, whilst respecting the principle of native title as laid down in the Mabo case and whilst understanding the significant difficulties and therefore rejecting blanket extinguishment of native title on pastoral leaseholds, what my Government has sought to do in consultation with all of the effected stakeholders and lengthy consultations with all of the effected stakeholders, what I have sought to do and what my Government has sought to do is to establish a fair basis for going forward. What has become known as the 10 Point Plan represents the distillation of that effort. It is a plan that does respect the principles of native title laid down in the Mabo case.

I said at the beginning of this process that there were two things the Government would not do. One of those things was that we wouldn't seek to overturn the principles of native

title laid down by the High Court in the Mabo case and the second was that we wouldn't sit on our hands and do absolutely nothing. We've produced a plan that I believe will give certainty and security to pastoral lease holders. It will continue to respect the principles of native title laid down in the Mabo decision. And it will provide a workable mechanism for certainty and predictability for the mining industry.

Now, it has not been easy to develop that plan. And as you know it has met resistance from some sections of the pastoral industry and some sections of that side of politics which I lead and with which I'm associated. Equally it has been heavily criticised by many leaders of the indigenous community of Australia.

I haven't lightly decided and my Government hasn't lightly decided that the 10 Point Plan is the right way to go. But we believe that it does achieve the right and the fair balance. We are determined to proceed with it. We hope that we can win the support of the Senate. I've already started discussions and provided detailed briefings to the Australian Labor Party, to the Australian Democrats and the same facilities are available to the Independent members of the Senate.

It is in the national interest that this matter be resolved without undue delay. Although I acknowledge that the legislation, when it comes down, will be complicated and proper time, reasonable time must be allowed for its consideration. But I think any possibility of deliberate delay of the legislation with a view to some particular political advantage will not be warmly welcomed or greeted by any section of the Australian community.

I acknowledge as Prime Minister that it is a difficult emotional issue. I understand and sympathise with and respect the passionate emotional commitment of the indigenous people of Australia to land. I understand the importance of that in their culture. I respect that and I sympathise with it. I ask them to understand the importance of my Government delivering security and stability to the mining and pastoral industries. I ask them to accept that what I have done over past weeks and months has been done in good faith with a determination to achieve a fair balance.

I am concerned about some characteristics of the debate on native title. And I am, of course, concerned about the possibility that if a fair and just solution is not accepted that will only bolster the hand of some of those more extreme and insensitive elements in the Australian community who would seek to take advantage of an impasse in a delicate and sensitive area such as this.

I have to say also, ladies and gentlemen, that I am concerned about the insensitivity of a land claim which has been lodged in the Northern Territory today. As some of you may be aware, the Northern Land Council has lodged a large number of land claims today under the *Aboriginal Land Rights Northern Territory Act*, not of course the *Native Title Act*. The claims had been lodged just prior to the commencement of the sunset clause which commences on the 4th of June. I understand that the claims include all national parks, all land set aside for potential development including the Ord River stage two, all vacant crown land and certain bays, gulfs, sea beds, islands and reefs. Such claims, I think, can only be described as very divisive and I think they will greatly harm the Northern Territory and investment in the Territory. And one has to question the motives of those who have promoted that claim...those claims, particularly against the background of the events of this

week. And I think an overwhelming desire on the part of all sections of the Australian community, despite the practical difficulties involved, to move forward in a very, very positive way in the area of reconciliation between all sections of the Australian community.

I think a claim of this character is insensitive to that particular process and I very, very seriously question the motives of those responsible for making a claim which must cause enormous concern, as I know it already has, to the Northern Territory Government. I've already had a lengthy discussion with the Chief Minister of the Northern Territory about it. And I think it is a very, very unfortunate development and does nothing to aid the climate that I know many of us would like to see improve in this area.

The final matter that I want to touch on, ladies and gentlemen, is in relation to the environment. The mining industry has frequently been the target of strong criticism from environmentalists. However, while once the preserve of noisy fringes the environment is now a mainstream issue. And the mining industry, in a quite magnificent way, has responded to that.

Restoration of sites and rehabilitation is now a very common part of mining in Australia. Environmental scientists are now employed alongside engineers and geologists and this process is showing great dividends. For instance, Alcoa has won international recognition for environmental excellence, for its work in rehabilitating mine areas in the south-east of Western Australia. Energy resources of Australia's Ranger uranium mine in the Northern Territory has won two environmental awards.

As with most things it is important to find a sensible balance and that, of course, includes the environment. Nowhere in environmental policy is this more evident and more important than in the area of greenhouse gas negotiations. Australia as you know is working very hard to contribute to a fair and feasible outcome to the climate change negotiation.

We seek an outcome which differentiates greenhouse gas emission targets according to each country's particular circumstances and available opportunities to limit omissions. We're not looking for a special deal, we are just looking for a fair outcome which reflects the unique character of the Australian economy. We are, in effect, seeking the same outcome as the Europeans are permitting within the umbrella of the European Union for the member States of that Union. Australia is one of only nine countries in the world left to conform with the proposed inequitable uniform omission targets at or below 1990 levels.

The European Union has already agreed to internal differentiation and supports it for economies in transition and developing countries. The Government will continue to promote Australia's position for differentiation at every conceivable opportunity. I raised it with the Prime Minister of Japan, Mr Hashimoto, and also with the Chancellor of Germany, Dr Kohl, who contrary to media reports fully understood Australia's difficulty in the negotiations.

This represents a particular challenge to the Australian national interest. The Australian national interest on this occasion is sharply different from the respective national interests of the member states of the European Union and the United States. In some respects the

Australian national interests more closely resembles that of Japan than any other advanced industrialised nation in this particular issue, a point that I made in some detail to the Japanese Prime Minister when he was here.

Differentiation will give a much better long term solution to this global problem. It will provide the best basis for the most economically efficient and least trade distortionary solution to this very, very significant global problem. It will enhance the environmental outcomes by allowing a better basis for a truly collective global effort. Were Australia to go down the path of flat targets it would do very serious damage to the Australian economy. And I want to take this opportunity tonight of assuring the mining industry that the Government will continue to prosecute, with all the resources available to it, Australia's specific unique national interest in this very sensitive and very important area.

Ladies and gentlemen can I finish on a personal note. Can I thank Jerry Ellis for his kind remarks. Can I also thank him for his leadership of the Council over the past three years. Can I welcome his successor, Mr Stump. Can I also say how much my colleagues and I have enjoyed our association with your industry since our election to government in March of last year. It is a very important, vital industry to Australia's future. It is a major wealth producer. It has world class standard. It is a significant employer of people. It is a section of Australian industry that is very important to the rural and regional areas of our nation and it is section of Australian industry that comes face to face, at a practical level, with the implications of cooperation and reconciliation between different sections of the Australian community.

Over the years the Australian economy has benefited in a quite incalculable way from the mining industry. Our goals for the mining industry are specific in some areas and general in others. Our goals are to provide the industry with a stable low inflationary environment and I am very proud of the fact that Australia continues to boast very low levels of inflation. We've seen significant reductions in interest rates, although it is fair to remark that real interest rates in Australia are still quite high by the standards of the industrialised world. We have delivered significant industrial relations reform, we are embracing the challenge of taxation reform, we are tackling head on in a painstaking and practical way the problems posed by an unworkable *Native Title Act* and an impractical High Court decision which has impacted on that legislation.

I want to wish the industry well, I want to congratulate it on its enormous contribution to Australia, the wealth it has generated, the revenue it has provided for the less fortunate sections of the Australian community, the Australians it employs, the export income it delivers, and most importantly of all, the very high standards of professional integrity and skill which is a very important characteristic of the Australian mining industry.

Thank you very very much indeed for having me as your guest.