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PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER
THE HON. JOHN HOWARD MP
SPEECH TO PATERSON LIBERAL PARTY FUNCTION,
NEWCASTLE**

16 July 1997

E & OE.....

Thank you very much Bob. Senator John Tierney, Peter Blackmoore, the Member for Maitland, the Lord Mayor of Newcastle, Councillor Heas, ladies and gentlemen. It's a great pleasure to be addressing such a large gathering of the citizens of Newcastle and the people of the Hunter Valley. I've got one or two fairly simple messages. The first of those is that I came to Newcastle today, I found hope, I found optimism, I found forward thinking and I found a complete rejection of negative attitudes to what has happened over the past two or three months.

That is not to gainsay the feeling of loss that no doubt some will experience. Nor is it to deny the difficult personal circumstances that retrenched people, either here in the Hunter Valley or anywhere around Australia will suffer but the most important message that should go out of the Hunter Valley to people all around Australia, that this region has an enormous amount of fight left in it, this region has an enormous future, this region has a capacity to live beyond the BHP phase and this region has a capacity to regenerate and be better than ever in the years ahead.

And what was so encouraging to me was that this was a common theme in the discussions that I had with the leaders of the community, the company itself, the union leaders and can I say very, very genuinely and very spontaneously that the courteous and constructive nature in which my discussions with the leaders of the steel unions were conducted today was a source of very great personal satisfaction to me. I found them a group of men and women who were interested in the future of their city, interested of the future of their community and interested in the future of their region and I think the constructive way in which they went about it deserves gratitude and I want to record very publicly my thanks for the way in which I was received. And can I also say that I appreciate very much the co-operative spirit that is now developing, and has developed between the company and the work force in relation to the transitional arrangements. It's not easy. It's a very difficult time. It's a very difficult process of adjustment. It's a very, very difficult management task and it's a very, very difficult human experience for any area, for any group of people to go through, and the way in which it is being tackled and the way in which we as a Government in co-operation with the community here are trying to focus on the future and focus on the positives, and can I thank the Lord Mayor for the welcome that he gave me and can I thank the Lord Mayor for the co-operative attitude that he also has adopted and I have said in relation to this particular issue that I want it to be dealt with in a bi-partisan fashion.

That is not to say that on some other issues, as my speech progresses, this being a Liberal Party

gathering, that I mightn't say one or two mildly pejorative things about my political opponents but in relation to the future of Newcastle and the future of the Hunter Valley, it's something where people should work together and I have made it very clear that I want to co-operate with the New South Wales Labor Government, I have made it clear I want to co-operate with the unions and with the company and with all the community leaders of Newcastle and the Hunter Valley. I think what has happened today has reinforced a view that I have held for a long time because I am no stranger to this district. As many of you know, for the last 17 Australian summers, my family and I have spent it very close to the city of Newcastle. My wife has very deep family links with this city and I have visited it on many occasions, particularly over the last 25 years and I think I understand the potential of Newcastle, I think I understand the future and the potential of the Hunter Valley area and today encouraged me to believe that it does have an enormous sense of optimism and an enormous sense of hope.

Now that's not to suggest that there aren't difficult times ahead and the measures that I announced today are designed to look forward and I want to emphasise that the commitment of a \$10 million contribution matching the \$10 million announced by the New South Wales Government and at least \$5 million announced by BHP, that that is quite separate and apart from and unaffected by the announcements that I made today, and we have a range of propositions that have been put to us in relation to that. I think there is some merit in establishing whether it might be possible to devote all of that money, all of those resources towards one or two, preferably one very, very significant project that is going to contain a great potential for job generation and job creation and new business activity in the area. So can I say that in the first of my two day visits to the Hunter Valley area, how encouraged I am by the spirit of the people, and can I very warmly thank my two Parliamentary colleagues, Bob Baldwin, the absolutely outstanding newly elected Member for Paterson. Paterson was one of those seats that I had my eyes glued to on election night and when I saw his beaming face I felt very relieved and I want to thank you, Bob, for the tremendous job that you are doing in representing the people of Paterson in the Federal Parliament. And I also want to thank John Tierney who has been for a number of years, he's been the Hunter-based Liberal Senator for a number of years. He brings because of his educational background and his family background in this district, he brings particular skills and particular understandings to the Federal Parliament and to the deliberations of the Senate and it's great to come to the Hunter and be surrounded by Liberals.

It's great to come to Newcastle and to be absolutely mobbed by Liberals. I look around, they're everywhere. I mean, why didn't you invite a few more people to come here tonight, Bob. I feel a bit lonely. He says, I wanted an intimate gathering. Well, this is a tremendous opportunity for me to just say one or two other things. I have to apologise for anybody in the audience who mightn't habitually vote Liberal but I mean, this is sort of a Liberal gathering. There are just one or two things that I want to direct particularly towards not only our own supporters but to the broader Australian community. We have now been in office for about 16 or 17 months. We're about halfway through our first term in Government and I think if we look back over that first 16 or 17 months we can look back with enormous pride and satisfaction at having delivered on all of the major promises we made to the Australian people and there's one thing that Liberals should never be and that is they should never be shy about proclaiming the successes and achievements of our Government. We inherited a budget deficit from our predecessors of \$10.5 billion. At the end of our first three years in government we will have turned that into a surplus of \$1.6 billion.

Now it is all very well for our critics to say that that is some kind of arid, empty economic exercise. It's not because when you get the books of accounts of the nation in order, that has a beneficial flow through effect to the rest of the community. We would never have had reductions of two percent in official interest rates. We would never have had the lowest housing interest rates in over 30 years. We would never have seen falls in small business interest rates. We would never have seen the increased respect for the Australian economy in international financial markets if it had not been for the courage of the decision that we took, particularly in our first budget. And it's not an easy task to inherit a debt of that magnitude and turn it around in such a short period of time. And I am very proud to say that

this year in 1997, 1998 for the first time in many years, the Commonwealth is no longer borrowing money to finance the deficit that is actually repaying about \$5.3 billion. We're repaying the debts of Australia that have built up over a long period of time and as I think back over the election campaign and over the years when we campaigned from Opposition to get into Government, as I went around Australia, I went around the small business community, people said, how concerned they were about the fact that Australia continued to run large deficits and run up large debts, and we have begun to do something very constructive about that and I am very proud to say to you that in 1995, which is only two years ago, our debt to our total wealth generation a year was something like 20% of that total wealth and by the year 2000 we will have cut that 20% exactly in half so that it will be only 10% of our total wealth generation, and I am also very proud to say to you that compared with the rest of the world, the debt to wealth generation ratio of this country compares very favourably with the advanced countries of the OECD.

I mention those things, ladies and gentlemen, because the fundamentals for a more prosperous economy, the fundamentals for a stronger small business community, the fundamentals for stronger employment growth in 1997 and 1998, those fundamentals are to get the basic infrastructure of the Australian economy in order. Can I say that I am also very proud that we have delivered in full on the commitments that we made in the area of industrial relations. Reforming Australia's industrial relations system was one of the most important goals that I set my Government when it was elected to office in March of last year and we have delivered on that promise and one of the reasons why Rio Tinto is standing up to the mining union in the Hunter Valley at the present time is the greater strength that has been given by the reforms to the Workplace Relations Act enacted by my Government. That stand by the company would not have been possible if it hadn't been for the changes that were made in the Workplace Relations Act.

We do need a new, modern, contemporary, flexible industrial relations system. We cannot live with an industrial relations system that is deposited in the years before World War One and World War Two. We need an industrial relations system that encourages direct bargains between the owner and the employee. We need an industrial relations system that encourages productivity and deals with the workplace. We need an industrial relations system that allows managers to manage. We need an industrial relations system that allows workers to be paid much higher wages in return for higher productivity. Now they are the elements of the industrial relations system that the new Government of Australia has given to the people of Australia and there's no sector of the Australian economy that will benefit more as they flow through from the industrial relations reforms of my Government than the small business sector. No sector will benefit more than the small business sector and as all of you know, terrific, I love an interjection, I love it, I love it, but ladies and gentlemen, there is no sector of the Australian economy will benefit more from those changes than the small business sector and during the election campaign I spoke very strongly and repeatedly about the role of the small business community in the economic future in Australia.

I believe very strongly that job generation is very much in the hands of the small business community of this country. But they can't create more jobs, they can't hope to create more jobs unless they are given the climate in which to prosper and to invest and to succeed and that is why I committed myself very strongly to changing the industrial relations system. It is why we have already changed the unfair dismissal laws and we intend to go further in changing those unfair dismissal laws by removing their application altogether to a whole class of small businesses throughout Australia and that particular bill, that particular piece of legislation has been introduced into the House of Representatives and let me repeat what Peter Reith has said on behalf of the Government, that if it is rejected by the Senate, we will send it back to the Senate again in three months time and then it will be available if we so desire as the basis of a double dissolution of both Houses of the Parliament.

Ladies and gentlemen, the most important thing though that I want to say to you is that the resolve of the Government to implement the policies on which we were elected, the resolve of the Government

to stick to the policies that we put down when we were elected in March of 1996 remain absolutely and completely undiminished. I was told a few moments, before I got up to speak that the former Labor Prime Minister, Bob Hawke, I mean it's amazing sometimes you get support from an unexpected quarter. Apparently Bob has had a few things to say about the attitude of the unions and the attitude of the Labor Party in relation to their opposition to some of the policies that were implemented, and if he's been correctly reported, Bob is basically saying to the Labor Party and the trade union movement that the Coalition was elected with a very large majority and whilst he may disagree with the policies for which we stand, the trade union movement of Australia and the ALP really owe it to the people of Australia to stop obstructing the implementation of the Coalition's programmes.

Thank you Bob.

So ladies and gentlemen, I think it's been a terrific day here in Newcastle. I want to thank the people of Newcastle for their warm welcome. I want very much to commend the people of Newcastle for the very positive attitude that they have taken towards the difficulties that they face. I do find a spirit of enormous hope and enthusiasm in this city and in this region. I want to complement Bob and John for the tremendous work that they are doing representing the people of the Hunter Valley. Thank you very warmly for coming along and if anybody wants to ask me a question, anybody, I would be delighted to try and answer it.

QUESTIONER:

(Inaudible)

PRIME MINISTER:

Well I think the reason that you have lower interest rates for home loans than you do for small business is that there is more competition in a housing section than there is in the small business section and one of the things that we intend to do in our response to the Wallis inquiry is to inject more competition in the area dealing with small business. You have got lower housing interest rates because of the intervention into the field of organisations like RAMS and Aussie Home Loans and so forth. I don't say this critically of the other contributors in the financial area but it's a fundamental reality that if you have competition for the provision of a product, that product is always provided at a cheaper, more efficient rate, and that applies whether it's a housing loan, a small business loan or something else.

QUESTIONER:

(Inaudible)

PRIME MINISTER:

Being relaxed and comfortable is a very, very important thing and when I use that expression, my relaxed and comfortable has become a little bit like Malcolm Fraser's "life wasn't meant to be easy". You say it in a particular context and then it sort of becomes the thing that follows you around. When I spoke of this country being relaxed and comfortable, I spoke of it being confident and proud of its past, relaxed and confident in that sense, and I also speak of it being confident about its present and optimistic about its future. You ask me where I see Australia? I see Australia as a very prosperous, a very prosperous, successful nation playing a major role in the Asia Pacific region, a nation that is strong and powerful in its own beliefs and its own values but recognising that its future destiny lies very much with the Asia Pacific region.

QUESTIONER:

Unemployment. (inaudible)

PRIME MINISTER:

Well the Labor Party of course, although they put tens of thousands of people into many of those schemes, did leave us with an unemployment level of 8.5% and I don't think anybody should ever forget that after 13 years that was their net contribution to the unemployment level. Look, you will get unemployment down in this country over a period of time if you do two things. Firstly, you've got to generate in a sustained fashion a higher rate of economic growth. There's no alternative to that. If we can't run the economy at a stronger rate of economic growth than we have run it in the past, we're not going to reduce unemployment. The second thing you have to do is to remove the structural impediments to the employment of people. That is why things like reforming the unfair dismissal laws are so important. It is why having a revamped industrial relations system with a simplified awards structure, a simplified Australian workplace agreements system, why that is so tremendously important, and also why it is enormously important to give greater encouragement and greater strength to the small business sector in the Australian economy and also, I think it's very important never to be afraid of embracing change, never to be afraid of investing in new industries, to understand that for example, one of the reasons why the United States economy is doing so impressively at the present time is that the United States economy is now getting the benefit of the enormous investment that that country made in technology over the last 10 or 20 years and one of the strongest messages I got from my recent visit to the US is that they made this huge investment in technology. For a long time people held their breath and they wondered whether it would work and whether in fact it would end up destroying more jobs than it's created then all of a sudden, as it were, the benefits of that huge investment in technology have broken through into the United States economy and I think we are going through a stage where people are understandably asking questions about when the impact of policies will begin to bite, but as I said in my speech, you can't hope over a period of time to sustain high levels of employment unless you get the fundamentals right. If we get the fundamentals right we can grow more strongly. If we fix the labour market we can remove the impediments to the employment of people, and if we are courageous enough to embrace new industries and new enterprises, then I think we have the opportunity as we move towards the turn of the century to really see the Australian economy take off and really see job generation recover to the levels that I know everybody in this room tonight want to see.

QUESTIONER:

(inaudible)

PRIME MINISTER:

The gentleman, in case you didn't hear, is asking whether we're in favour of taxation reform. I think he says that the existing system contains marginal rates of taxation which are a disincentive to effort. I agree with you on that. We have committed ourselves to a proper debate of taxation reform. I made a promise before the last election that I wouldn't introduce a GST during the first term. I am going to keep to that promise but that doesn't preclude us from generating a very strong debate in the Australian community about the weaknesses, and there are many, in the present Australian taxation system, and you have mentioned one of them, the disincentive effects of an over reliance on personal income tax and the desirability of moving towards a fundamental reform of the Australian taxation system and that is certainly going to go on in very large measures. One more question and then I had better finish. I am running out of voice.

QUESTIONER:

(Inaudible) Tariffs.

PRIME MINISTER:

Are you in favour of them going up or down or staying the same?

QUESTIONER:

(Inaudible)

PRIME MINISTER:

Well we took a decision in relation to the motor car industry which I think was a very good decision. It was a very balanced decision. It kept the momentum towards trade liberalisation but by the same token, it didn't go so far as to discourage investment and the result of that decision was the announcement of \$4 - \$6 billion of investment by the motor car companies which are going to have a very, very beneficial effect on job generation. Now, well of course it says that you've got a good Government that takes the right decisions, that's what it says and we intend to take equally sensible and equally balanced decisions on other issues in the years ahead.

Thank you very much.

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