



PRIME MINISTER

23 August 1997

**ADDRESS BY THE PRIME MINISTER, THE HON JOHN HOWARD M.P.
TO THE SOUTH AUSTRALIAN DIVISION OF THE LIBERAL PARTY
STATE COUNCIL ADELAIDE
SATURDAY 23 AUGUST 1997**

E & OE.....

Thank you very much Martin and to John Olsen, the Premier of South Australia, his wife Julie, to Shane and Josephine Stone from the Northern Territory, to Senator Robert Hill, the leader of the government in the Senate, to David Pigott - congratulations on your marriage - it's good to see these fellas getting married - and to all of my other State and Parliamentary colleagues and delegates to this State Council meeting, I am delighted to be back in Adelaide. This is the second occasion that I've had the privilege of addressing a State Council meeting as Prime Minister.

I want to start by thanking all of you for the loyalty and support and understanding that you've extended to us, particularly over the last 17 months. I want to thank all of my Parliamentary colleagues from South Australia. I want to acclaim the quality of the Federal representation in the Federal Parliamentary Liberal Party from South Australia.

As you know, I think it's fair to say that the quality is brimming over. We have a record number of Cabinet Ministers in the Federal government of this nation from the State of South Australia, all there not by dint of geography but all there by dint of ability and the contribution that they make.

I am particularly pleased at the extraordinary success that was achieved by the South Australian Division in the last Federal election, in proportionate terms of course, it was about as successful as you could ever get and I really do appreciate that tremendous support.

The last 17 months have represented the first phase of our first term in government. It has very much been a phase in which we have been preoccupied with repairing the foundations of the Australian economy. It has been a phase in which we have been preoccupied with attending to those things that were left unattended or done extremely badly by our predecessors.

It's worth recalling very briefly just what we faced on 2 March 1996 when we knew fairly early in the evening we were going to be the new government of Australia.

We did face, you ought to be reminded, an underlying budget deficit of \$10.5 billion and in the space of only 3 years that will have been converted to a surplus of \$1.6 billion. We've been able to do that whilst delivering on the promises we made to Australian families. We delivered in full, on time without deduction, the family tax initiative in January of this year. We have delivered in full, on time the promises made for tax concessions for private health insurance. We've been able to make provision for our commitment to self funded retirees. We have been able to set aside out of the proceeds of the sale of Telstra a \$1.2 billion Natural Heritage Trust of Australia which will be the largest ever capital investment in the environmental future of Australia.

We've been able to allocate \$1 billion for a Federation Fund, something to which I will return in a moment.

We have been able to do all of these things my friends whilst reducing the level of the budget deficit and reducing the indebtedness of Australia. And I was extremely proud as Prime Minister of this country to be able to address the financial community of New York a couple of months ago and to remind them that according to the OECD surveys of the world economy, in 1997 and 1998 Australia's rate of growth would be stronger than the average of the G7 nations, that in 1995 the level of national debt as a proportion of our annual wealth generation was 19.5% and by the year 2000 it will have been cut to just on 10%. I was able to tell them that in 1997-98 my government will repay \$5.5 billion of Mr Keating and Mr Beazley's debt, that by any measure we were amongst the best performing nations so far as fiscal consolidation was concerned. And if you applied the criteria of the Treaty of Maastricht to membership of the European Monetary Union, Australia and Luxembourg would be the only two countries that would qualify for membership. I hasten to add that we had absolutely no desire whatever of joining.

So we have achieved a lot and it is worth remembering those things and we as Liberals are sometimes a little reluctant to blow our own trumpets and a little retiring about what has been achieved and these things have all laid the foundation of a much stronger economy. We've also delivered on our workplace relations commitments. We have restored the fabric of Australia's industrial relations system. I noticed in The Australian newspaper this morning that the Australian Consumer and Competition Commission is taking independent action against the Transport Workers' Union in Queensland in relation to their secondary boycotts against a series of transport companies in that State. And that is a reminder of the extent to which we have been able to reform the industrial laws of Australia, brought the authority of the ordinary Courts back, we've abolished compulsory unionism, we've made it possible for workers and employers to negotiate directly with each other without the intervention of a Trade Union unless that is requested by the workers.

We've simplified the award system and we have given heart, and strength, and hope to those companies that wish to remove restrictive work practices that are holding back their performance and impeding their capacity to export. We have also, might I say, preserved our commitment to not to reduce the level of financial provision for defence in Australia.

It is the one area that has been absolutely quarantined and I make no apologies for saying that from expenditure reduction. Expenditure on defence has been allowed to run down, too far, by our predecessors and there was a very strong case for holding defence expenditure at current levels but within that commitment we are reordering the priorities so that more money will be spent at the sharp end and less money will be spent at Russell Hill.

Ladies and gentlemen that is the first stage of our first term, we are now moving into the second stage and that second stage can best be described as the stage at which Australia begins to realise her potential as a nation into the 21st century.

We must increasingly look to the next century, we must increasingly judge all that we do as a national government, and indeed all that we do as State governments, in terms of realising the enormous potential, particularly in the Asia/Pacific region of Australia as it moves into the 21st century.

I have already committed the Government to thorough-going taxation reform. We have an inadequate, old fashioned taxation system, badly in need of renovation, badly in need of modernisation. All of you know that reform is needed. If I were addressing a Labor Party conference, I really could make the same claim.

It is becoming increasingly unsustainable for the Leader of the Opposition to pretend that no reform of the Australian taxation system is necessary. It is becoming increasingly ludicrous to imagine that you can look at reforming the Australian taxation system without examining the role of broad-based indirect taxes - it's like having a game of football with only one team. We have committed ourselves, within certain parameters, there'll be no increase in the overall taxation burden. We will examine the introduction of a broad based, indirect tax to replace some or all of the existing indirect taxes. We seek significant reductions in the burden of personal income tax. We want a fairer taxation system and we'll provide proper compensation for those people who are deserving of special consideration. We will also, as part of the review, address the difficulties and the weaknesses of Commonwealth/State financial relations which have been graphically illustrated by the decision of the High Court of Australia in relation to the franchise charges of the various State Governments.

So part of realising our potential as a nation into the 21st Century is to reform the Australian taxation system to make it a world class taxation system but part of that reform is also to address the infrastructure and long term development needs and long term development challenges of the Australian nation.

In the last budget the Treasurer announced the establishment of a \$1 billion Federation Fund and this Fund was designed to pay for major infrastructure and development works around Australia, that would make a lasting contribution to the infrastructure of this country, would generate jobs in the construction phase and would be cognisant with the goals and ambitions of a nation moving confidently into the 21st century. And I am therefore absolutely delighted to announce, this afternoon, that the Federal Government will join the governments of South Australia and the Northern Territory

in giving direct and strong financial support to the construction of the Alice Springs to Darwin railway.

(Extended applause)

Well thank you very much ladies and gentlemen, I'll come again. But it really does represent an historic commitment, an historic commitment by the three governments. It will make this project a major addition to Australia's infrastructure base. It will complete a rail link that was first promised in 1911.

It will serve as a very visible and powerful symbol of Federation. It will generate in the construction phase 2,000 jobs. It will provide a massive stimulus to steel activities in South Australia. The South Australian and Northern Territory governments anticipate that work on the project will commence in 1998 and be completed by the year 2002.

The three governments having now made their commitment of \$100 million each, we will invite expressions of private sector interest. I am confident that this project will capture the imagination of the Australian community. I am confident it will capture the imagination of private sector investment and I am confident that it will make a major contribution to opening up Australia. It will make a major contribution to strengthening the infrastructure and the potential of not only South Australia but also the Northern Territory.

And I want to congratulate and thank John Olsen and Shane Stone for the tireless way in which they have campaigned. I mean it was almost, you know, see I didn't have a moments peace. It was only the remarkable combination of my security guards and the good sisters at the Mater hospital in Sydney that kept them away from me. Grahame Morris said to me, struth, he said, your going to be in trouble with them mate if you don't. But seriously, they have campaigned long and hard because on occasions, when you take decisions, you have got to have an eye for the future as well as an eye for the present. And although this is very much a project which has great current potential, it is also a project that will have even greater rewards and even greater returns as time goes by.

The action of the Northern Territory government in committing something like \$80 million to the construction of a new port in Darwin. The changes that have occurred in the economies of both South Australia and the Northern Territory together, means that the potential of this project is very significant indeed.

It is projected to have an economic life of at least a hundred years and it will not only bring benefits to South Australia and the Northern Territory but it will also bring benefits to other parts of Australia, and I might mention that one of the conditions that have been agreed between the three governments is that in the event of any other in land rail line being constructed in the Tennant Creek to Darwin phase of the railway that I have just announced support for will be available.

It is the latest and certainly the most important of the decisions that my Government has taken in relation to the renewal of rail and rail infrastructure in Australia. We hope soon to complete in a way that is satisfactory, in all of the circumstances, given what

we have inherited, arrangements regarding Australian national, which is of such great importance to the people of South Australia.

So, can I say to both to John and to Shane that I am delighted to be able to make this announcement. The Federal Government is very enthusiastic about it. We think it's a great project and I congratulate both of you on your indefatigable commitment to bringing this project about and I think the Australian people will see it as a building block in the process of realising the potential of this nation as we go into the 21st century.

Well, I guess that anything after that is a bit anticlimactic but I would like, before I sit down, because I am addressing a South Australian audience to remind you, if I may, of one or two other decisions that the Government has taken, that have been of particular importance to your State and prime amongst these was of course our decision on the level of protection for the Australian motor vehicle industry.

That was not an easy decision, but in the end, what governs our determination to take the decision that we did, was a belief that we would preserve and hopefully generate new jobs and it would guarantee future investment in the economies, not only of South Australia, but also of Victoria. And we had already seen evidence of that occurring and we have already seen the wisdom of that decision in economic and human terms being vindicated by announcements that have been made in recent weeks.

It's worth reminding ourselves that the decision is completely consistent with the APEC goals, in relation to trade by the year 2010. And in the long debate about levels of protection, it is also worth reminding ourselves that it was only in 1987 (that's 10 years ago) that the level of tariff protection of motor vehicles manufactured in Australia was 57.5 per cent. And under the plan that we have announced that will be reduced to a level of 10% in the year 2005, after a pause between 2000 and 2005.

So anybody who brands it as a decision involving a head in the sand attitude to the globalisation of economic circumstances is overlooking those facts. It was a balanced decision that properly took account of the employment and the investment needs of the community of South Australia but also a decision that was properly consistent with our long term economic goals. We've also taken other decisions in relation to the airport and in relation to commitments that have been made in the infrastructure area of your state.

Can I finish my speech ladies and gentlemen on a philosophical note and I think it is important, whilst we get the parameters of the economy right, whilst we properly look back on what has been achieved over the last 17 months, we tabulate the challenges that lie ahead, we think of the contribution that well placed infrastructure can make to the future of Australia. I think it is worth reflecting for a moment on the most important thing that keeps all of us together and that is our basic belief as Liberals.

One of the great successes of the Liberal Party over the last few years, has I believe been, the very strong recognition in most levels of the Party and certainly at a Parliamentary party level, that we are in the phrase that I have become rather fond of - we are broad church - that we do represent a spectrum of views and provided we have

mechanisms and we have a will within our own ranks to have those different views argued out and decisions reached then we can work together very successfully as a Party.

The Liberal Party of Australia is a very special animal amongst centre/right parties around the world. It is not exclusively a Liberal Party in the European sense of the word, nor is it a Conservative Party, in the European or American sense of the word. It is a combination of both. It is the custodian of the conservative tradition in Australian politics. It is also the custodian of the progressive Liberal tradition in the Australian polity. And it's very important when we take our decisions, when we think of the quality of the Party, it's very important to remember that we are custodians of both of those traditions and although people may think there is something contradictory about that, there really isn't. Because increasingly modern government is about, facing the challenge of change, of very rapid change but also at the same time remembering that there is certain stabilisers in society that provide reassurance and support when a society is undergoing a basic change of an particularly of an economic character.

Therefore a Party which is the custodian and the trustee of those two great traditions in Australian politics is the Party best placed to get the right balance between preserving those past and values and traditions which are enduring worth and enduring strength and support, whilst at the same time recognising that change in many areas of our life and our society is absolutely unavoidable, and more than that is overwhelmingly desirable.

Anybody who imagines that the Australian economy can somehow or other stand aside from the forces of globalisation which are now sweeping around the world is deluding themselves. The information technology revolution is the greatest single economic transformation the world has seen since the industrial revolution and we have only begun, in my view, to tap the surface of what all of that involves.

So, in a philosophical sense, as well as in a common sense, day-to-day pragmatic sense, the Liberal Party is the best equipped of all the political parties on the Australian scene to strike the balance and in embracing necessary, unavoidable, indeed desirable change, and equally preserving those constant values and practices and traditions, which continue to be of worth and value and should not fall before the doctrine of change merely for the sake of change and it gives to us as we view the prospects of Australia as we move into the 21st century, a unique opportunity to give leadership to this nation, to give leadership to the various States of Australia and together to realise our potential as we move as Australians together into the 21st century.