



16

PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER
THE HON JOHN HOWARD MP
ADDRESS AT THE TOURISM COUNCIL AUSTRALIA LUNCH
REGENT HOTEL, SYDNEY**

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E&OE.....

Well thank you very much John for that very nice welcome and introduction. To Bruce Baird, to Rod McGeoch, to John Schaap, to Sir Frank Moore, the former Chairman, to my many other ministerial and parliamentary colleagues, ladies and gentlemen.

It is a great delight for me to be able to talk to this very large gathering of an extremely positive, forward-looking and successful industry. I doubt that in all the industries of Australia that you would find one that has fewer negative thoughts, fewer people who reflect in a mournful way on the past, than is the case with the tourist industry. And as Prime Minister there are many statistics that come one's way. But the statistic that came my way recently that really did catch my attention and it's very relevant to that video you saw a few moments ago, it's very relevant to the rise in optimism and hope in the tourist industry, was a statistic which said that between May of 1984 and May of 1997 - which is thirteen years - there were a total of 5,000 new jobs created in net terms in the combined areas of manufacturing, mining and agriculture. Yet in the service industries over the same time there were no fewer than 1.8 million jobs created in Australia in that thirteen year period.

Now that statistic is not presented negatively in relation to mining, farming or manufacturing. The mining industry in Australia has long been a very capital-intensive industry and because of the outrageous and discriminatory trade policies of the major trading blocs in the world, the farm sector in Australia has suffered very severely over that time. And it remains my very strong view and the view of my Government that there is no sector of the Australian economy that continues to deserve a particular understanding more than the rural and agricultural sector of Australia. Not only for the economic and trade and export worth that it represents to our nation, but also to the way in which it represents to many Australians part of the history and the fabric and the very heart and soul of what we imagine to be the very important and complicated but very enduring Australian way of life. And also the figures are not meant in any way to denigrate the continued importance, and particularly in the export sector, of the manufacturing industries of Australia.

But what the figures demonstrate is the enormous transformation which has occurred in the Australian economy over the last 20 years. And none, of course, no area, of course, has that transformation been greater than in the area of tourism. The whole area of tourism and hospitality and recreation was one of those things that within the living memory of many people in this room Australians would not have

imagined would become one of our major export earners - in fact our best export earner two years ago.

Twenty-five to thirty years ago, even, the idea that Australia's hospitality and tourism industries would occupy the role they do in the Australian way of life and the Australian economy and the hopes that we have for the future of our country, would have been completely undreamt of. Indeed the idea of Australians being specialists at hospitality and recreation is something that somehow or other people twenty-five to thirty years ago didn't imagine. And therefore in the space of only one generation we have seen an enormous transformation in attitudes. We see the tremendous pride and enthusiasm of young Australians who are involved in tourism.

Tourism represents the quintessential expression of the small business ethic of Australia. And I know that in this room there are many men and women who really represent that in a very direct and very successful fashion. The small business sector of the Australian economy is, of course, the hope of the side in reducing unemployment in the years ahead. And it is only through policies that encourage successful small businesses that I believe over time we can reduce Australia's still unacceptably high level of unemployment. And nowhere, of course, is that more important and does that have more prospects than in the tourist industry. And I want to say to you that many of the policies that my Government has brought in over the last 18 months have been designed directly to benefit the small business sector of the Australian economy.

Of course, there have been the general changes in the economy during that period. There have been the five reductions in interest rates. There has been what I regard as the quite heroic turn-around of the national debt during that period of time. To inherit a \$10.5 billion deficit and to be able to say after your first three years in government you have turned that into a surplus of \$1.6 billion is no mean achievement and one of which I am particularly proud as the head of the Government.

But hand in glove with that we have also introduced a number of changes. And a number of policy reforms which are of particular benefit to small business and of particular benefit to the tourist industry. And chief amongst these, of course, has been the changes that we have made to industrial relations law. Many of you will know that I've spent a major part of the last ten or fifteen years in public life arguing the cause of fundamental workplace and industrial relations reform. And the Workplace Relations Act that was taken through Parliament by Peter Reith at the end of last year represents the biggest single change in the industrial relations culture of this country that we have seen since World War II.

It has ended completely compulsory unionism in Australia, it has restored the strength of the secondary boycott laws, it has restored the authority of the rule of law over industrial disputes and most importantly of all it has made it possible for employers and employees at the workplace to deal directly with each other without the compulsory injection against their will of a trade union.

Now, all of those represent very important and very fundamental reforms which are of direct benefit to your industry, but in one area we would like to go further. You will know that for a long time the unfair dismissal laws introduced without warning and without mandate by the former government a few years ago have had a completely counter-productive effect. Instead of protecting workers they have actually harmed workers because they have intimidated many small businesses out of taking on new staff through fear that they cannot let go people who are not performing adequately.

When we came to office we made a number of changes to those laws which have significantly improved the environment, but we would like to go further. We would like to exempt altogether from the operation of any unfair dismissal laws anywhere in Australia, any firm that employs fewer than fifteen people and the figure of fifteen has been chosen because of certain legal limits which apply in relation to the definition of a small business under the Workplace Relations Act. Now that particular

proposal will go even further in bringing about the sort of changes that I know that many people in this industry would like to see.

In many respects, ladies and gentlemen, having reached the half way in our first term in government it is tempting to reflect for a moment on what has happened over the last 18 months. But also more importantly to project forward to what the government wants to do and the plans the government has in realising the great potential of Australia as we move into the 21st Century. The last 18 months has been very much an exercise in repairing the foundations, an exercise in reducing our national debt, an exercise implementing our particular commitments to families and in areas such as private health insurance, an exercise in changing the industrial relation system. But we are now moving into the second phase and that phase is very much about fundamental reforms that will enable Australia to move very confidently and very effectively into the 21st Century.

The first of those very fundamental reforms that lies before us is the very important area of taxation reform and can I say to you that we have in front of us at the moment, and this is a very important message for people in business as well as the people in politics, we have literally a once-in-a-generation opportunity to fundamentally reform for the better the Australian taxation system.

This has been tried in the past. I tried as Treasurer in 1981 without success. Paul Keating tried in 1985, I might say at the time with more support from me as the then Opposition Treasury spokesman than he got from the Trade Union Movement or many of his own colleagues and he did not succeed. John Hewson and the Coalition tried very valiantly in 1993 then opposed, as you all remember, by Paul Keating. You can't leave an area of reform as fundamental as this, you can't leave a taxation system which the High Court recently demonstrated as having almost ground to a halt so far as Commonwealth-State relations are concerned and really be serious about exploiting the potential of this country in the new millennium.

That is why I, and my colleagues, have very strongly committed ourselves to the cause of taxation reform. We know the risks and we know how easy it is for our opponents to run a negative campaign. We know how easy it is to try perhaps successfully in some areas to scare people. But at the end of the day the point of being in Government, the point of having executive authority in the national government of this country is to do good things for the future of Australia.

We do badly need a new taxation system. In the 1950s you had to reach seventeen times average weekly earnings before you paid the top marginal rate of tax, it is now 1.7. We have an indirect taxation system that is hopelessly lopsided in the items that it taxes and leaves untaxed. We have an income tax system which is sapping incentive. We badly need fundamental reform and fundamental overhaul. We need to give greater encouragement to our export industry. We need to reduce the incentives for avoidance and evasion by looking to the impact on work patterns and work behaviour and earning habits of high marginal rates of taxation. In other words, we do need a fundamental reform of the system. We need to recognise that the present relationship between the Commonwealth and the States in the area of taxation is badly in need of repair.

It is not something that can be left to the next century. It is not something that can be left to the next government. It is something that if it is ever to be tackled and tackled successfully it has got to be tackled now and that is why the Treasurer, and I, and the government that I lead is very strongly committed. And I want the support, I want the enthusiastic input and I want the intelligent contributions of all sectors of the business community of Australia. And I want to say to all of you that if it doesn't happen this time I don't know when it will ever happen.

It is not enough for the people in the business community to say we need reform, we want your active and vocal support, we want your contributions. We will do it in a fair and equitable fashion. We will

do it in a way that encourages people to invest. We will do it in a way that encourages people to work harder because they believe they will get a better return for that extra effort and we will do it in a way that is fair and properly compensates genuinely disadvantaged groups in the Australian community. Now it is an important goal of all the things that I thought ten or fifteen years ago that were needed to fundamentally reform and make more competitive the Australian economy - taxation was on the top of the list.

We have reformed the Australian financial system and that may I say, as I always have, has been due to a bipartisan effort on both sides of politics. My Government has fundamentally changed the workplace relations system. We are now embracing competition policies all around Australia which are producing significant benefits. We are producing an enormous emphasis on the export industries of this country. We have embarked upon the most vigorous privatisation programme that any national government has undertaken and it would seem that the bug of privatisation has spread even here to NSW, and I welcome that very warmly, and if Bob Carr wants somebody to rustle up the Left in relation to the power sell-off I'd be only too happy to oblige.

But the one area, the one sort of outstanding, unreconstructed recidivist area of economic reform, of course, remains the issue of taxation reform. And we are going to commit ourselves very strongly to it because it is important to the future of this country. And of all the industries of Australia none, of course, has a more optimistic view about the future of Australia, none is prouder to sell the benefits of being an Australian and the benefits of Australia than your own industry. And the extraordinary way in which the tourist industry of Australia has helped to deepen the bond between Australia and the nations of the Asia-Pacific, the fact that at the very moment consideration is being given, as Bruce said in his introduction, by the Chinese government to Australia being a country of destination in tourist terms. And if that comes off I think we'll be the first Western nation to receive that categorisation.

And the way in which you have transformed your industry, the understanding of so many Australians, not all but the understanding of most of us, towards the nations of our region has been a very remarkable achievement. And as Rod and the video reminded us, of course, so much of this will reach its apex in the year 2000 when you will have that remarkable congruence of the beautiful city of Sydney representing, as Rod properly said, the whole of Australia, the tourist industry and the Games of the year 2000. And can I say on behalf of the national government of Australia, I applaud Rod's remarks that the Olympic Games should not be seen as a Sydney-centric exercise, they belong to all Australians and I am very happy to see the healthy competition that is occurring around Australia in relation to particular events. I applaud the growing involvement of Australians in other parts of our nation in the Olympics.

It is impossible, of course, when you talk about the Olympics being held in Sydney in the year 2000 to use too many superlatives. It is a remarkable opportunity. To marshal a depth of nationalism and patriotic sentiment and a sheer pride in putting Australia on display to the rest of the world that is quite unrivalled. And, of course, your industry has a unique role to play in this and it has been very heavily and very directly involved in the planning for the Olympic Games already. Because your industry understands the lure of Australia better than most of us. Your industry understands the particular fascination and beauty of Sydney. And your industry understands the spirit that a nation and a city gets from a great international sporting event.

Australians quite properly and quite proudly are renowned for their sporting expertise and their sporting achievements. We have had many great events in the past in the Olympic Games once already in the post World War II period. But, of course, the Games of the year 2000 here in Sydney will be the sporting gathering to end all sporting gatherings. And I wouldn't want any person to leave this room being in any doubt about the tremendous enthusiasm and support there is within the ranks of the Federal Government for this great international event. It is a once-in-a-hundred year opportunity to tell the rest of the world what a harmonious, united, positive, forward-looking nation we really are. It

is an opportunity, of course, to display our great sporting prowess, but most importantly of all it is an opportunity to put on display to the rest of the world the openness and the friendliness and the character and the welcoming nature of the Australian people. Your industry will be critical to the success of that exercise.

And what cheers me greatly is that yours is an industry which is forward-looking and positive. You've taken some very heavy knocks. Areas of the industry, of course, were badly bruised by the pilots dispute of 1989. I've taken on board some of the remarks that were made by Bruce in his introduction, and I hope that some of our responses, I can't promise all, in those areas will be encouraging.

I know the jobs that you have already generated, but I also know the opportunities that lie ahead for job generation in your industry. Over the past few weeks we have made a number of announcements, not least our commitment to help the governments of South Australia and the Northern Territory to build the Darwin to Alice Springs railway, which I believe are important to a longer term development of the infrastructure, including the tourist infrastructure of Australia. I think rail transport has a great future in this country, and provided it is conducted on a proper commercial basis, I think there are many things that will occur in that area that will surprise and confound the cynics.

But ladies and gentlemen, I simply want to say to all of you that the message I bring to you today is very much a message of optimism and hope. There are many encouraging signs about the Australian economy in recent weeks. Not only do I believe that we have the most fortunate conjunction of economic fundamentals that we've had for more than a generation - low inflation, falling interest rates, a budget back in control, a government determined to tackle areas of fundamental reform, a strengthening trade account. Put all of those things together and you have some fundamentals that are really positive and are really bright. I know that there is still job insecurity, but I also know that positive industries like the tourist industry can make an enormous contribution to the removal of that insecurity.

So finally can I say thank you for what you have done to transform the Australian economy, to transform the view Australians have of themselves in the service industries, to bring to new generations of Australians the opportunity of making a living and having real jobs in a real industry which provides hope and optimism to them.

And let us all, as we move towards the turn of the century, and despite what I may technically have said about the formal commencement of the new millennium, I will be opening a bottle of champagne on the first of January in the year 2000 along with everybody else. And I simply say let us all have a sense of optimism and hope and very positive thoughts as we move together towards those remarkable events, the Olympic Games, a new millennium and one hundred years of celebration of the birth of the Australian nation. We have great years, exciting years, and really challenging years ahead of us and I know that your industry will make an enormous contribution to their fruition.

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