

10 September 1997

**TRANSCRIPT OF THE PRIME MINISTER  
THE HON. JOHN HOWARD MP  
PRESS CONFERENCE, BONDS INDUSTRIES  
WENTWORTHVILLE, SYDNEY**

**E&OE.....**

Well, ladies and gentlemen I welcome you to this news conference and I'm delighted to be joined by the Minister for Industry and also by representatives of the textile, clothing and footwear industry - Mr Robert Hershon and representatives, Mr Boyd of the Textiles Unions and also Mr Ross Cameron, who is the Federal Member for Parramatta in whose electorate a large number of the employees of this factory reside.

I'm pleased to announce that the Government has reached a decision in response to the Industry Commission report. It is a decision that will promote jobs security, investment and a long-term competitive future for the textile, clothing and footwear industry. It will help to develop internationally competitive textiles, clothing, leather and footwear industries in Australia. It is designed to assist in securing jobs in the industry and it does provide a practical transition designed to promote innovation and investment.

The key features of the package agreed upon by Federal Cabinet yesterday are that the current schedule for TCF tariff phasing will continue through to the year 2000. TCF tariffs will be held at their 2000 levels from the 1st July 2000 until the 1st January 2005.

The Government will introduce legislation to provide that in 2005 the tariffs will reduce in the clothing and textile area from 25% down to 17.5% and there will be some adjustments of a similar proportion in the other areas, but the levels that will be reached in the year 2000 will be maintained until the year 2005 and that breathing space will enable a period of investment and consolidation and strengthening for the industry. I will enable it to focus on those areas which it does best. It will enable it to focus on export development and export expansion.

In the year 2005 there will be a further inquiry, it won't be a total industry inquiry, rather it will be a inquiry directed towards assessing issues such as market access and the behaviour of other developed countries in relation to the assistance given to their textile, clothing and footwear industries. I should make it clear that we will introduce legislation in the current session of Parliament to give effect to the decisions that I am announcing today.

As well as the decisions taken in relation to the actual level of the tariff in the various sectors of the overall industry, we have decided on a number of other quite important measures which will be of direct benefit to the industry. We're going to establish a TCF investment programme designed to build globally competitive capacity in the industry. We will establish a \$10 million TCF Technology Development Fund and it will provide \$10 million for a National Centre of Excellence for TCF training.

We'll establish a new market development programme with funding \$2.5 million a year to develop and implement firm based strategies to increase export capabilities. There will be an expanded overseas assembly programme to enable increased use of Australian textiles. We will examine removal of anomalies in TCF by-laws and tariff concessions, and as I have already indicated there will be a further review of the type that I have described in the year 2005.

We remain committed to a resolute but sensible programme of tariff reform. This decision is consonant both with providing job security in the industry, encouraging new investment, but also with an eye to the trade liberalisation goals of APEC by the year 2010. This should be seen as a decision which maintains the pressure for and the process of tariff reform and developing a greater outward orientation of Australian industry. But we have to understand the textile, clothing and footwear industry has gone through an enormous amount of change over the last few years and it is worth reminding us that in the year 1990, apparel and certain finished textiles carried a tariff level of 55%. By the year 2000 it will carry a tariff level of 25% under what I have announced today. After maintaining the 25% for a period of 5 years it will have in the year 2005 a tariff level of 17.5%, which represents half of what it is in 1997, as I speak to you today.

It is important when looking at this decision the enormous pressure for change and rationalisation to which the industry has already been subjected and I think it is important in any fair assessment of what the Government has announced today that that be understood.

This is a very good decision for the battlers of Australia. It is a decision which is designed to give people a greater sense of job security. It is designed and I know it will bring forth new investment and I believe that, as a consequence of this decision, we can look forward to hundreds of millions of dollars of additional investment in the industry over the next few years. We need in this country to maintain the process towards liberalisation. We need to maintain the process and progress towards tariff and industry reform, but we have to do it at a pace and in circumstances which take proper account of the capacity of an industry to sensibly adjust and this industry has already absorbed enormous change and enormous adjustment.

It is modernised. There are many features of this that I am speaking to you today which are leading edge technology by any definition in the industry and it is important that we put in place a policy that is going to promote that and I regard this as a very progressive policy that has been announced today, but also a very sensible policy which will give to the workers in the textile, clothing and footwear industry a greater sense of security.

It is a very good decision for them, it's a decision that recognises the understanding and sensitivity of my government towards the battlers of Australia and it is a decision which understands the importance of giving an industry that has already undertaken enormous amount of change, and it's already sustained and absorbed an enormous amount of consolidation, it will give to that industry a deserved breathing space before further tariff reductions occur which they will be legislated to occur in the year 2005.

I think it is a decision that will be widely welcomed by all but the extremely doctrinaire in the Australian community on these issues. It's a decision that will be seen by both the industry and the workers of textile, clothing and footwear as a resolute but sensible decision which certainly matches the national interest of Australia in 1997.

**JOURNALIST:**

Did you read the Industry Commission Report before (inaudible)

**PRIME MINISTER:**

I had the report and I read the overview and I also read other sections of the report and all Ministers have that material before them.

**JRNLSST:**

The normal process of government is that the officials look at it, there are inter-departmental committees. The report cost a million dollars. Was it money wasted?

**PRIME MINISTER:**

No it wasn't money wasted but I think, with respect, any suggestion that this thing hasn't been kicked around for a long time is really quite wrong. This industry has been hanging on tenterhooks now for months and I think it deserves a prompt response from the Government and it has received a prompt response. We got the report yesterday and we've taken the decision and we're announcing it today and I think there is a limit to the amount of delay and public scrutiny and uncertainty that any industry and its vast workforce can be asked to put up with.

This industry has been the subject of very rigorous public inquiry as will be revealed in the recommendations that are attached to my press release. Two of the Commissioners recommended essentially in accordance with the recommendations of the majority in the draft report. The other Commissioner, Mr Brass, recommended in favour of a pause until the year 2005. He also recommended in favour of some other additional financial systems which have gone beyond what we believe was appropriate so we have neither fully embraced the majority recommendations nor in that matter, the minority recommendations.

We were well aware of what the options were. Senior Ministers were fully apprised of what the options were likely to be before the final report was delivered and I can assure you that the decision was taken by the Cabinet in the full knowledge of all of the recommendations and having been for months and months presented by the industry, by the unions, and can I say in both cases in a very measured and understandable way. I have the benefit of two lengthy discussions with groups from the unions and from the industry. They were concerned about their jobs, they were worried about the future of their industry and I think they took a measured case. I was also in receipt of views from others in the community who thought that we should adopt these majority recommendations and we took a very balanced and, may I say, fully informed decision.

I don't regard the inquiry process as being a waste of money but I do have to say that any suggestion that the thing hasn't been subjected to a lot of detailed scrutiny and that the industry hasn't been put through the wringer over a long period of months is ridiculous.

**JRNLS:**

Has this been welcomed by the Treasurer as well?

**PRIME MINISTER:**

This is a Government decision and he, like every other Minister, strongly supports it.

**JRNLS:**

Mr Howard, (inaudible)

**PRIME MINISTER:**

This decision will create job security in the industry. It will result in jobs being saved in the industry. It will result in new investment. Whether and to what extent that new investment generates additional jobs that exist in the industry, for those that exist in the industry now is not something that I can quantify because it's impossible for anybody in my position to do this. I have no doubt in the world that if the majority report of the Commission had been accepted, there would have been a larger and faster rate of job loss in the textile, clothing and footwear industry than would otherwise be the case.

**JRNLS:**

Mr Howard, what's your message to the other 80 - 85% of Australian manufacturers which are being asked to compete in the increasingly global marketplace without the high protection levels that your Government has now afforded both the TCF and automotive industries? (inaudible) decision by Cabinet last night?

**PRIME MINISTER:**

Can I just point out to you that when the full effect of this decision works its way through in 2005 the average level of protection in the textile, clothing and footwear industry will be 13% and when you think of what the nominal and effective rates of protection in the industry were ten years ago, it has always been the case, in every developed country that you've had two or three industries whose peaks of protection have obviously been higher than the general manufacturing average.

Now in that sense, Australia is no different from the United States, no different from the countries of Western Europe and I just invite you again to contemplate the huge reductions in tariffs that have occurred. I mean, to some extent, people are engaging in a doctrinaire debate over a very diminished level of tariff protection but the decisions involve enormous confidence effects in an industry.

You can never remove the psychological element of how an economy performs. You can't just look at an economy in terms of numbers and models and calculated outcomes. You've got to look at it in terms of confidence effect and the confidence effect of this in the industry and I believe throughout manufacturing generally will be very positive and if you're worried about the view of the manufacturing industry, then I suggest, the generality of the manufacturing industry, you might like to go and talk to Mr Paterson of the ACCI who made a statement yesterday expressing a view. You might like to go and talk to the Metal Trades Industry Association. You might like to talk to some of the other bodies that represent the generality of manufacturing industry in Australia.

**JRNLS:**

The polls around at the moment say that jobs, or security of jobs are the number one priority of the electorate at the moment. How much was the government's decision influenced by the polls?

**PRIME MINISTER:**

Well I haven't been influenced by them. I've had a view about the importance of giving people job security for a very long time. I don't need a poll or any advise from anybody to tell me, the Prime Minister of this country, how important a job is to the people, how important it is to their family and the idea that you sort of read opinion polls to work out how intensely people feel about job security is ridiculous. I think the prospects for employment in Australia are getting brighter every month. I believe that this decision will contribute towards a growing sense of confidence that as we move into 1998 we will see employment growth in Australia.

We have tackled the fundamental weaknesses of the economy that we inherited. We've got the budget deficit down. We've got low inflation, we've got falling interest rates, we've now cleared the decks in relation to two major industry policy decisions concerning motor vehicles, textile clothing and footwear. We'll get increased investment in both of those industries. You've already seen it announced in the motor vehicle industry and I believe as we go into the next year you will see a strengthening employment outlook and I speak with growing confidence about the employment outlook in Australia into the new year.

**JRNLS:**

What guarantee can you give to any textile workers again about their job security?

**PRIME MINISTER:**

I can guarantee that this decision will give them greater security, greater hopes and a greater sense of stability for themselves and their family than if we had adopted the majority recommendation of the Industry Commission.

**JRNLS:**

Five years down the track you're going to legislate for that cut. Do you think you will get that legislation through the Senate?

**PRIME MINISTER:**

I will be perfectly astonished if the Labor Party and the minor parties in the Senate sabotage a package which will give job security, predictability and bring forth new investment in such a labour-intensive industry.

**JRNLS:**

Do you think they'd get the tariff cuts through the Senate?

**PRIME MINISTER:**

Well I can only repeat, Peter, I will be astonished if the Labor Party tries to detonate this package.

**JRNLS:**

Mr Howard, you referred to, you said it wouldn't be welcome by the (Inaudible). Are you referring to Commission there?

**PRIME MINISTER:**

No I am just using a turn of phrase which I think is appropriate.

**JRNLS:**

You've used it twice and given that...

**PRIME MINISTER:**

It doesn't really matter how many times I use it. Look, I am not attacking anybody. I am simply making the view, expressing the view that this decision will be seen by the Australian community as a resolute, sensible, practical, commonsense decision. That is what they want. They want from their Government resolution and we've done it by speedily responding. They want a continued move towards the export orientation of Australian industry but they also want some sensitivity for the strain that the pace of change imposes on industry. This industry has copped an enormous amount of change, an enormous amount of restructuring. Its employees have had to cop it and I think the decision that we've taken strikes the right balance.

**JRNLS:**

It's going to be pretty hard for Alexander Downer and Tim Fischer, though, to sell the message that Australia is limiting (inaudible) increasingly in the global market place, Mr Howard, given this decision and the automotive decision.

**PRIME MINISTER:**

I don't think so at all.

**JRNLS:**

(inaudible) Do you think they will?

**PRIME MINISTER:**

No I don't and I will tell you why it won't, because when you look at our record on trade liberalisation, we are up there with the best.

**JRNLS:**

... five year freeze?

**PRIME MINISTER:**

Look, by the year 2005, the Americans and the Europeans will still have quotas. Now they have a commitment to get rid of those quotas but I am not aware that it is a legislated commitment and if the Americans and the Europeans still keep their quotas, I hope they don't, and they have undertaken

internationally not to, but I am not aware that it is legislated, then their effective rates of protection, if they keep them, will be higher than ours will be in textiles, clothing and footwear. So what people have got to understand about this trade liberalisation process is that when you are talking about international comparisons, Australia is up there with the best.

Now you can have an argument about the unilateral benefits that might accrue from this or that change domestically but if you're asking me to say, how will Tim Fischer or Alexander Downer, or John Howard, for that matter - because I will be going to the APEC meeting in Vancouver in November - how I will argue this decision on an international forum. I will do it with ease and alacrity because when you compare us with the rest of the world, we are up there with the best.

**JRNLS:**

Prime Minister, given the Government's decision today, will you now be going to companies like Glowave and Berlei and encouraging them to stay in Australia?

**PRIME MINISTER:**

I was quite astonished at the announcement that Glowave made yesterday. I would hope they would look at that again and....

**JRNLS:**

(inaudible)

**PRIME MINISTER:**

I am doing it now. I am answering your question. I am sure it will get reported, I think given what we have done, and I am really quite surprised that companies, knowing that we were about to take a decision on this, knowing that I had said that we would take a speedy decision, I am just surprised that some of those decisions were taken before the Government's announcement has been made.

Now at the end of the day, they have to make judgements about their investment. They have to make judgements about their resources and their shareholders and all of that sort of thing but I am surprised that some of those announcements were made, given that this announcement was so imminent.

**JRNLS:**

Some of those companies, I understand are asking for a reintroduction of quotas.

**PRIME MINISTER:**

Well we're not going to do that. That's absolutely off the board.

**JRNLS:**

Is that a rock solid guarantee on investments, Mr Howard?

**PRIME MINISTER:**

The question of investments from individual companies is something that those companies can no doubt talk about themselves.

Thank you.