



I would like to take the opportunity to reflect for a few moments on the values and the approaches that have instructed the policies implemented by the government I lead over the last five years. This is particularly important as we are coming towards the year in which we celebrate the Centenary of the Federation of Australia and it is also on the eve of a number of significant Government policy announcements.

As we look back not only over the last five years but also over the last 95 years as well, beyond that, I think we can conclude that there they've been a number of significant things, which have marked the Australian achievement during a Centenary of Federation. In my view, arguably, the crowning achievement of Australia during that 100 years has been the extent to which we have been able to, quite remarkably, to maintain against the background of all the changes that have occurred in that period of time, a very high level of social cohesion. The greatest contributing factor to that social cohesion has been the remarkable egalitarianism, which Australia has been able to produce.

The biggest challenge for policy makers at a national level and, indeed, at a State level – whoever they may be and whatever their political complexion may be over the years ahead – will be to ensure that the wealth and the good fortune of this country is shared as well amongst its citizens as it has been in the past, because the fair sharing of the fruits of the good life in Australia has been one of the powerful reasons why we have maintained social cohesion.

As I reflect on the government's five years in office almost, and I reflect on the philosophy of which has instructed the government during that period of time, I remind myself importantly of the character of the party that I lead, the Liberal Party of Australia, a little unlike Centre Right parties in other parts of the world, is the trustee of both the conservative and the classical liberal traditions in this country and that's one of the reasons why I frequently employ the expression of the "broad church" to describe the composition and the make-up.

In the past, spoken of the government's approach has been a blend of liberalisation in economic policy and modern conservatism in social policy. We've tried over the last four and half years to apply and reflect in the policies that we have implemented the values of the Australian community. And we'll seek to do that in the years ahead because the character and the values of a society do critically shape their performance in day-to-day political and

economic areas. I mean, nobody can doubt for a moment that the self-confidence and the entrepreneurial spirit of the American people has fuelled their rise to world power. And no one doubts that the success enjoyed, unevenly, but non the less their to see, by many Asian countries over past decades was underpinned by the great work ethic and single-mindedness of many of their citizens.

I think it is also fair to say there are outstanding qualities in this country that set it apart. I've always thought that there is an Australian way, different and so often better than those of other comparable societies. Let me take a contemporary example that may challenge some attitudes that nonetheless I believe very strongly. I believe that the choice available to Australian parents in school education both within and between the public and private sectors in this country is more comprehensive and better than any where else in the world and nowhere more is this to be found than in the State of Victoria where at secondary level the shares between the public and private sectors are now approaching 50%.

Our mix of policies around Australia in this area delivers good standards, appropriate levels of competitions and importantly, expanding horizons of choice in the years ahead.

So over the last four and a half years, we have sought to apply those principles and values and aspirations of Australians to our policy framework. And I think if you look back over the last four and a half years you can see the application of four very distinct Australian values to the policies we've sought to implement.

The first of these principles, I think, goes to the very heart of the Australian ethos, and to the heart of our national self-image, and the hopes we hold for ourselves and our children. And that is the concept of self-reliance.

We've sought to practise a belief – enunciated by the founder of the Liberal Party, Sir Robert Menzies – that, "the only real freedom is a brave acceptance of unclouded individual responsibility."

And in making policy since we took office, that encouragement of self-reliance, of giving people choice, of rewarding those who do take responsibility for themselves and their families, has been at the forefront of our efforts. And it remains one of those things that does still noticeably distinguish us from the attitudes of our political opponents. Because those who champion the continuation, for example, of institutionalised labour, highly regulated industrial relations, more intrusive bureaucracy, the continuing legitimacy of the traditional welfare State are really championing the 'corners' of growing disbelief in the value of self-reliance.

And if you look at the many policies we've implemented, particularly those in relation to mutual obligation, the policies we seek to implement in terms of drug diversion, of saying to people who've fallen into the drug culture 'There is an alternative to being caught up in the criminal justice system' but that alternative importantly involves making a choice about entering rehabilitation or accepting some treatment. That is to draw very heavily on the principle of self-reliance.

The incentives we've provided for private health insurance have encouraged people to accept responsibility for their own health and that of their families.

The child immunisation programme has encouraged parents to protect their own children. And, as I've mentioned earlier, the changes to education funding seek to improve the choices available to Australian parents.

So self-reliance is a very important corner stone – philosophically – of our approach to policy.

As we move on, of course, although we recognise that self-reliance is an ambition important to be pursued, the Australian way also emphasises a balance with other principles that we hold very dear and one of those is, of course, one of the second principles guiding the government: is the very well known expression of, "A-Fair-Go."

In many ways this nation was built on the principle that whatever your birth, whatever your starting point, each of us was owed a chance to succeed. Each one of us has a right to health, education and opportunity. And each of us deserves a leg up if times get tough.

For this reason, we have held as immutable an unwavering commitment in the four and a half years that we've been in government to the maintenance of both Medicare and the social security safety net. We've once had another view of Medicare as many of you will know, and all of you would have the grabs and the transcripts to prove it in case I ever forget it. But we took the view before the 1996 election that acceptance of Medicare was a part of the Australian notion of a fair go in health.

And we resolve to keep it and to complement it by resuscitating private health insurance and private health provision as an alternative. And we now have really a complete turnaround in that we now have, not only the government and the coalition parties supporting Medicare and private health insurance but we now nominally at least have our opponents also supporting Medicare and private health insurance. The same thing applies to the provision of the social security safety net. We argue at the margin about where additional dollars might go in relation to social security but there's no longer any serious debating in this country about the maintenance of the social security safety net. And hear again, I think the Australian way has proved superior because when you look at it, I think we have avoided the harshness of the American approach to the social security, where the needy can often be literally left penniless. Yet we've also eschewed the excessive paternalism of some European societies, which leave individuals dependent on bloated and ultimately unsustainable public sectors. But the principle of a fair go has been very importantly, at the heart of the many policies we've pursued in the approach we've taken to giving additional services to people living in rural and regional areas of Australia.

And it might be argued that it has also guided elements of our taxation policy. We're under 80% of Australian tax payers, and we would be on a top rate of no more than 30 cents a dollar as a result of the reform brought in on the 1st of July.

But a third principle guiding us, which can be drawn from the Australian experiences [is] the concept of pulling together. Self-reliance and a fair go are important, identifiable Australian values. But so is the notion of a society pulling together, against

common adversity. We see it at the moment in the floods of in NSW, we saw a marvellous national exhibition of it at the Olympic Games, which has left an indelible impression not only on this country but indeed, as I found when I met well-known leaders in Brunei, an absolutely indelible impression on the rest of the world. It was really the Australian character writ large. It should not really have surprised us because we've always had a great capacity to "Pull Together."

And we've sought in a number of the policies that we've implemented to give practical expression to that trait in our national character. I've often spoken to you about the social coalition, the idea that the way in which you solve social problems is to harness what each sector of society does best. You get the government providing the safety net, you get philanthropic individuals making their contribution and playing their part, you get the great welfare organisations, like the Salvation Army and the Society of St. Vincent de Paul, and you get the ordinary decent people, public-spirited individuals. And you ask them to contribute to what they do best, and you get the best outcome. I would argue also, in that context that the Job Network, which is being infinitely more successful than the Commonwealth Employment Service, is also a wonderful expression of the notion, not only of the social partnership, but the notion of society pulling together. And of course referring back again, to the Olympic Games example, one of the reasons why we are able to do so successfully, to display our country to the world, not of course only in Sydney, but also so many years ago, here in Melbourne, was that our egalitarian society enabled us to work together, easily and comfortably in a great public endeavour, to the enormous common advantage of our society.

And the last of the four principles that I think are important and which is relevant to the Australian society and the Australian character is the notion...of having a go.

Many great achievements come about only when people are animated by some sense of purpose. And the notion of having a go at a difficult problem, of calculated risk-taking, has always been...parcel of the Australian character.

If you look at the dynamic character of much of the small business sector of the Australian community, you will see many examples of it. If you look, as all of us are entitled to do with great pride at the inventive capacity of Australians in many fields of endeavour, you will also see wonderful examples of it. But once again, trying to apply the principle of having a go, to government policy making, we can find many examples.

The underlying reason why we wanted to reform the Australian taxation system was our belief that the old system was constraining the capacity of people, particularly but not only in business, to have a go. The reason why we reformed the industrial relations system was to enable employees and employers to have a better and easier go at producing their own agreements and their own bargains at a work place level. And this is very important and very relevant to a society which is moving increasingly towards services and to the creation of smaller, decentralised operations. And the different way in which people increasingly wish to combine their work and their family responsibilities. So the notion of encouraging people to having a go has been very much at the heart of so many of the policies that we've introduced.

This city is famous for the marvellous medical institutes that it has. And one of the things that I'm particularly proud of is that in the budget before last we doubled the funding provision for National Health and Medical Research in Australia over the next four years. And that was an acknowledgment of the excellence of our medical researches and scientists, and also of their great capacity from a small population base, to not only to have a go, but to successfully pioneer new techniques and new approaches in medical science.

So those four principles on which we have based and will continue to base government decisions – self-reliance, a fair go, pulling together and having a go – are very important and very clear. But of course you can't realise philosophical, let alone practical ideas, unless you provide an essential, pre-requisite or underpinning ingredient. And that is, you must provide responsible and competent government. But unless you have national security, strong and sustained economic growth, lower interest rates and inflation, lower public debt, falling levels of unemployment and higher rates of investment, you don't really have the foundations from which you can attempt anything else.

And over the past four and a half years, the fact that we have on a day-to-day basis, been able to provide responsible and competent government, has made it possible for us to lift our horizons and our aspirations into other areas, and applying those four great Australian principles produce quality changes, which I have described. So, it's not only been a question of applying those principles to the decisions that we've implemented over the last few years, but also as I project forward, in which I wish to do in the remaining moments of my speech, you will also see those principles in evidence. It's always important at the beginning of a new century, let alone a new millennium, to stock take. We can do that endlessly and as you can contemplate Australia's achievements over the last 100 years you can be immensely satisfied and positive about a lot. You must, frankly acknowledge the areas of failure and blemish as well. And as I look ahead I hope to have the opportunity to continue to apply those four principles in policy execution in Australia.

In December, early in December, we'll produce a Defence White Paper. That Defence White Paper will announce not only a considerable increase in the resources being allocated out of the future federal budgets on defence, but also canvass the most significant reshaping of Australian Defence Force in decades. And without belittling in any way, and I would be the last political leader in this country to do so, the importance of our alliances. We do intend, through that White Paper, to exhibit very clearly, national self-reliance in relation to defence and security matters.

By tackling as we recently did with the support, I'm pleased to note, of all premiers across the political divide, the challenge of salinity and ground and river degradation – a problem that affects every Australian, whether they live in the country or in cities, we've set for ourselves an immensely ambitious goal. And we're going to have a go at a major problem that's been sucking the life out of land in this country for decades.

We have in our hands two very important reports on research and innovation and in the New Year we'll announce a comprehensive response to those two reports. We are determined to enhance Australia's intellectual capital, because that will directly influence our capacity to compete internationally in the years ahead. We have no intention of Australia being left behind in that area.

We've already indicated our broad support of the direction set out in the McClure Report on social security. And that's based upon the recognition that we should encourage self-reliance without in any way removing or disturbing the social security safety net or notions of basic fairness.

Our decisions in regard to these issues and indeed for the entire policy program for next year will continue to reflect the perspective of those Australian values of which I've spoken. And for this reason next Sunday I look forward to announcing with the Deputy Prime Minister a significant funding package for all Australian roads that can be categorised as local roads. And that's going to give a fair go to Australians isolated from basic services, and indeed a fairer go to all road uses in the cities as well as in the country. Because all of us wherever we live are dependent in different ways on local roads systems for our welfare and for our livelihood.

This is an issue that is very much in the news, and I guess will continue to be so. Australians do want well-maintained roads on which they and their families can travel safely, quickly and easily.

They want funds spent on national assets that will last decades and benefit millions of our people. A long-term investment plan in Australian roads, will, I think, deliver very fair outcomes.

It is very easy to be cynical, to sit on the sideline, and snipe to come up with glib phrases and words, instead of proposing real policy alternatives in this difficult area. That's the real boondoggle. It's trivial, wasteful and unnecessary.

In closing my remarks I'm reminded very much of the words of Sir Henry Parkes, who was a great champion as you know of the Australian Federation. Over 100 years ago, he declared Australia ready for unity, for what he called the dazzling prize of nationhood because of the, "bigger the industry, the enterprise, the foresight and the creative skill of it's people"

These words are truer now than they were then and I have no doubt that they will continue to instruct and guide the deliberation of the Australian government in the years ahead.

Can I conclude my speech by thanking the Melbourne Press Club for the opportunity once again of addressing it. I think the interaction between political leaders and the media of this country, whatever the freight tempers which may merge, is a fundamental element of our democratic society. We do have a robust democracy in this country. I've frequently said that the three great pillars of freedom in Australia are, the robust nature of our parliamentary system, the incorruptible character of our judiciary and the robust freewheeling character of the Australian media. Those three forces operating together and interacting with each other offer a far greater guarantee of personal liberty in this country than any bill of rights, however beautifully crafted or eloquently expressed, could ever hope to be. And I thank you most warmly for the opportunity for talking to you today.

The Prime Minister then took questions from members of the Melbourne Press Club.

Question: Mr. Prime Minister, two related questions: today we saw the Australian dollar go down to 50 cents odd. Some commentators seem to say that the reason is that we're not a technology-driven country. That comment seems to me fundamentally flawed. And I would like your comments on that and where you see the dollar going. You also mention the expenditure on roads. I wonder how we can get more money put into developing our technology and getting the message out to the world that we are a technology-driven country?

Answer: I clearly share your view that the argument [that in some way the level of the currency is related to a view that we don't use technology enough, or perhaps put it into another way, that we don't use technology] is a fundamentally flawed proposition, very flawed. By any measure, the usages of technology, particularly information technology in this country, are extremely high on some of the measures. Those usages are second only to the United States and if you look at the deficit on the United States current account in relation to the importation of some information technology, it also give...very effectively, because the real test of the technological sophistication of a country is the extent to which it applies and uses productively and economically new technology, particularly but not only information technology.

There is a false economy in Australia and elsewhere between the old and the new economy. The really successful companies are either old or new in the sense that they can either be in traditionally, manufacturing, mining or farming or in the newly burgeoning service sectors. The really successful ones are those that apply modern technology to their traditional activities or operations. It's not a question of whether they belong to a particular category.

I won't comment about the level of the currency, except to make the observation I did on ABC this morning, that you do have to take a long view. A flexible exchange rate, which I've constantly supported from the time it was introduced by the former government in December 1983...the flexible exchange rate was a godsend for this country two years ago. The fact that we were able to take the adjustment on our exchange rate as we sought to shift exports away from Asia markets, as they disappeared into Northern America and European markets, was extremely beneficial and one of the major reasons why we were able to avoid the worst impact of the Asian economic downturn.

I indicated in my speech that I would be saying something in more detail about the issue of research and related matters in the New Year. I think it is a high priority issue. I think there are more things that can and should be done in that area, and will be done. I think it is also important to sift through all of the claims that have been made. Many of them are thoughtful and intelligent. Not all of them fall into that category, and as always, because we have the ultimate responsibility of making decisions about how you deploy the hard earned dollars of the Australian tax payers, we have to be careful to separate out the good...from the not so good.

Question: Prime Minister, in the next five weeks you are due to appoint a new Governor-General. Would it be a woman or a man?

Answer: A distinguished Australian.

Question: Prime Minister, you suggest that we have nothing to fear the American system where certain sectors of society seem to be abandoned. Just having heard Professor Laurence Lead visiting from America, and speaking on that issue, it just felt as though those principles were tied up with our principles...of your principle of mutual obligation. Do you want to comment on that?

Answer: Well I do. I don't accept that at all. The point I sought to make in my speech is that we are more compassionate than the Americans in welfare. I think the American welfare system can be insensitive. I think it is too decentralised, it is too ad hoc and therefore people can fall through the cracks more readily. The comparative uniformity and consistency of social welfare provision in Australia is certainly...so far as social security payments are concerned...is one of the strengths of our system. I am a great believer in decentralisation in a lot of things but I think in other areas you've got to have uniform standards. I think that perhaps our friends in America might take pause to think at the moment...that would not be a bad idea in relation to the processes of counting electoral contests. I think [what] distinguishes Australia from the United States is that we do have a safety net and there is nothing in mutual obligation that undermines the safety net. What mutual obligation is about is the principle that society does have a moral obligation to look after those, who through no fault of their own...who need help. But it is also reasonable of society, having provided that help, to invite those who receive it, if they're able to do so, to give something back. It's not in that sense in any way threatening. It's fair and its balanced and I think it expresses a sense of reciprocity, which is quite strong in the Australian community.

When we do respond in detail to the McClure report, can I tell you that there won't be any cherry-picking of what is in McClure. We're not going to sort of take the bits that might expand the boundaries of mutual obligation that in the next...we're not going to make extra provision. I'm not interested in building any copycat of a system tried elsewhere. I actually believe in this area, we've been more successful at getting a balance than most other countries. I'm quite proud of the Australian way in social security, and it's been contributions made to it by both sides of politics. Not everything the former government did in that area I was critical of. I supported a lot of it and equally I think the responsible approach from a budget point of view, that was taken years ago by the Menzies government in relation to many social security social issues, meant that we built a affordable system in contrast to the potentially unaffordable systems of many of the European countries. So I think we have a lot to be quite positive about in this area, because I think we have built something quite distinctive and better.

Question: Just a follow up question on that. When will we see the government's response on the McClure report? Can you comment on the reports that divisions within the cabinet are delaying, and finally within the four principles you outlined are there any areas of welfare where the principle of mutual obligation should not be applied?

Answer: Well I don't think you apply the principle of mutual obligation where a person is clearly unable to give something back in the term of the welfare they're provided. I mean that is the constraint. I was careful say in answer to the previous question, that what mutual obligation says is we have a moral...the first bit of mutual obligation is the moral obligation of society to look after those who need help. The second part of it is to say to those who receive the assistance, if it is reasonable to do so, would you please give something in return? So obviously it is not reasonable to ask. We won't be doing so. Cabinet didn't discuss the issue yesterday. The timing? I will be discussing that with the Minister, but I think we would be saying something about it before Christmas...We are saying quite a number of things before Christmas.

Question: You will be facing an election at some point next year. Can you commit to serving out a full term as Prime Minister? And if I can have a second question, Peter Costello is starting a trip through Northern Queensland today or tomorrow. There has been long term speculation about his leadership ambitions. Do you accept the political wisdom that he is the Liberal leader in waiting?

Answer: Well on the question of how long I remain in the job, that is ultimately a matter for the Australian people. I said on the occasion on my 65th birthday, that during an interview with Phillip Clark of 702 in Sydney, I said that if the party wished me to do so, I would lead it to the next election and the current indications are that the party does wish that to occur. I said at some stage during the next term I would reflect upon how long I intended to remain. That's what I said then. I spoke perhaps then, by it being something in the order of 64 and that's exactly what I said, I said no less and I said no more and I don't intend to. I think in something like this you ought to be just open about it, otherwise you have the absurd proposition that someone has to insult the electorate by saying he or she will never contemplate retirement, or alternatively you have the ridiculous position that someone resigns at the beginning of the campaign. I mean why can't we all be adult about something like this and recognise that nobody one goes on forever, but equally, you are to recognise that I am in very good physical condition and I am enjoying the job immensely and I think this government under this Prime Minister has got a lot of puff left in it.

Question: You expressed the view after meeting President Wahid in Brunei recently that relations with Indonesia were on the mend. What does it say about the state of our relations with Indonesia that our ambassador is allowed to be roughed up within...and more broadly, is Indonesia a safe place for Australians to be these days?

Answer: I think in answer to the last question all the information that we have today, yes it is. That was a very regrettable incident. It's a big country. There are suggestions that the people involved in the incident were militia or related to militia from East Timor. That was the report on the World Today on the ABC. There are some suggestions that...look it was a very regrettable incident. I note that the Indonesian Foreign Minister has apologised to the Ambassador for the incident. Our relations are not easy at a diplomatic level. They're much better at a grass roots level. That was to be expected. You can't go through what we went through without recognising that fact, but they will gradually improve at a diplomatic level. The president is welcome to come to this country at any mutually convenient time. Now as to when he does come is

ultimately a matter for him, but once again we have to be realistic and recognise that the improvement in the relationship will take time. But I think it is better than it was six months ago, and I think in six months time it would be better still.

Question: Can we just talk about excise for a moment? Pre-GST, Australians were paying in Victoria...were paying 43.7 cents per litre flat tax on petrol. Within that excise component there were two distinct areas: 35.8 cents per litre was federal tax and 7.9 percent was State franchise fee which was declared illegal by the High Court, collected by on behalf of the Commonwealth and the rebate of the States.

On the first day of the GST, federal excise increased to 37.7 cents per litre. The federal Government has maintained that excise has decreased, which you've been putting to the public. And I'd like to ask you why you continue to say that, when the facts are otherwise. And secondly, if you intend to continue down the track of indexation do you realise that Victorians will be paying roughly 50 cents per litre as in full petrol taxes next February, compared with 43.7 cents last June? What do you intend to say to the electorate about that, considering that you didn't have a mandate to increase excise in July last year?

Answer: Well, David, I'll analyse that last figure. I'm not going to accept on the run whether that's exactly right or wrong. But, yes, the first part of your question...yes, there was on the first of July, because of the new taxation arrangements, there was a desegregation of the Federal excise that was collected, and we all know that. But because we agreed to collect the excise or the franchise fee that was declared invalid by the High Court of Australia. But under the new arrangements that was subsumed into the deal we made with the States in relation to collection of the GST. Nobody likes the price of petrol being high, and everybody knows that anybody who is attacking the price of petrol and attacking the Federal Government's revenue take from it, is on a relatively easy wicket at the present time. And there is no shortage of aspiring batsman when it comes to that particular subject. But I've got to do with the reality; the reality is that we factored in certain increases into our Budget. People are saying to me, including you organisation, and is what we should do is either, is to take out the GST spike, as it is called; others are saying we should freeze the February indexation collection altogether. There are various combinations of it.

We are collecting, so we are told by the treasurer, we are going to collect more in our Budget this year, than we expected. That is not due to petrol excise. In fact, the excise collection is lower, because the usage patterns has changed. There is an increase in the petroleum resources tax. Any increase in GST collection will have an effect on the transitional financial arrangements we have with the States. But because we are going to collect some more money, we have decided to boost road funding. We take the view and we've thought about it a lot...we looked at excise freezes We looked at all of the combinations that were put in front of us. We considered them. We had quite a lengthy debate about it. And we decided that it was a better long-term investment, in the future of this country, to put the additional money – that I will announce with the Deputy Prime Minister on Sunday – into roads, rather than into a relatively small reduction in the excise of petrol...lets say one or two cents a litre...that could disappear overnight, quite literally.

I mean this is a little chart I happen to have with me. That's not, 1998, 99, 2000, it's not even the 21st, 22nd and 23rd of November. It's 8am on the 16th of November in Sydney, 12pm on the same day and 4pm in the same day as well. It shows, I think it is called an "Intra-Day Petrol Price Sydney Average, 16th of November 2000." Now I hold it up to sort of illustrate the extreme volatility, even within one day, of petrol prices. Now, we did think about this, and we know that we are going to continue to get attacked by your organisation, by the Labor Party, State Premiers by State Opposition leaders...and yes everybody. Name them all. They will continue to attack us on this issue. Now I understand that because it is an easy hit. It is a very easy hit, because nobody likes the high price of petrol. But we actually had to decide that are we going to actually spend some extra money on a fairly...a relatively small but important and valuable [price cut]. I mean I don't deny that. Any reduction in excise will be welcomed, I know that. But we took the view that from a long-term point of view, an investment in roads that would last for decades was better for the country. I think you would find, when the announcement is made on Sunday, that we have adopted a very fair approach, and people who have made silly remarks about favoritism, are going to look rather foolish. Now that's our decision. It hasn't been arrived at lightly. We think it is the right decision in the country's long-term interests. We believe it is. Now, ultimately as in all of these things, and I don't say this, other than quite respectfully to the Australian people...ultimately, the Australian people will be the judge of that. But that's the decision that we've taken. Now, we're going to have an endless debate about what particular figures mean. We acknowledge that the price of petrol is higher than when it was some time ago, and we acknowledge that there are some consequences of that, from a revenue point of view. And we acknowledge that our Budget is in better shape and we're going to use some of that enhanced condition, to enhance the condition of Australian roads rather than to have a...reduction in excise. And we've thought about it and we've made a very deliberate decision to do that because we think that's better value for the Australian people. Now it's ultimately, as in all of these things, for the Australian people to judge.