

Policy Speech: Andrew Peacock, Opposition Leader (LP)

National Gallery of Victoria, Melbourne. March 5, 1990

“Politics is not about abstract theories. It is about people and how they want to live their lives.

Sir Robert Menzies, founder of the Liberal Party, once said that a government must remember ‘the forgotten people’. Today, as Australia moves into the new decade, that mission is more important than ever.

In the past few years, Australia has become a ship without a rudder. The fundamental truth is that our physical, human and financial resources are not being used in the most effective manner.

Australia’s problems are felt every day by Australian families in ever larger bills and ever smaller pay-packets. Those who have been hit the hardest are those who can least afford it, especially families trying to raise children and buy their own home.

The past few years have seen Australia become less competitive. The difference between what we import and what we export is growing. The deficit on our current account is growing. The inflation rate is far too high. Australia is going backwards.

Gross external indebtedness is now almost \$150 billion. The external debt is Labor’s legacy to the next generation of Australians. If there is no change of policy the next generation will be the first to face a lower standard of living than their parents.

Our productivity growth is virtually zero. Rather than increase the flexibility of the workplace, the Hawke Government has imposed a regulatory straight-jacket in the form of its ‘Accord’ with the ACTU. It is denying Australians the opportunity to earn more if they work efficiently.

Labor has made things worse in three ways: first, it has deliberately pursued a high interest rate policy as the main instrument of its economic policy. It has given up on fighting inflation and cutting wasteful government spending.

Secondly, the rule of government has increased while the freedom of the individual has diminished.

Third, the Hawke Government has provided the trade union leadership and other special interests with favours and a veto over government decisions. A Government should govern for all, but the Hawke government’s method is to make deals with its mates.

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Our policies are aimed at helping those abandoned by Labor. Our Economic Action Plan is aimed at providing relief to Australian families and businesses; at making our economy more productive and efficient; and at confronting and overcoming the challenges which face us.

The time when Australia could delay or defer fundamental change is past. If we do not reform the labour market, our productivity will continue to decline and our inflation rate will stay high. If we do not undertake genuine micro-economic reform, our trade imbalances will remain and our debt will grow. If we do not restructure our tax system, families will continue to suffer.

Our vision is of a nation of which we can be proud, and not just because of its economic strength but of the opportunities it offers.

Labor has lost its way. It offers only more of the same: falling living standards, stagnation; back-room deals; and excuses for its failures. Labor offers no hope, no vision. It has no solutions.

In Australia today there is a feeling that our nation has fallen behind, that our problems are too large and too complex to overcome. I do not accept that decline is inevitable. I believe that national renewal is not only possible, but necessary.

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Australia can compete — but only if our economy is restructured to meet the competitive pressures we now face.

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On the first day of our first term we will begin the task of reform and renewal. We are going to approach Australia's problems in a different way from Labor.

Today there is a stark choice for Australia: more of the same under Labor or a change for the better with the Liberals. Our priorities in government will be to strengthen the Australian family as the centre of society and as the focus of government policy, and to recognise the additional costs of raising children;

to build a more productive and competitive economy in which hard work pays and success is rewarded; to ensure that economic policy raises rather than depresses living standards;

to create a more flexible labour market based on shared purpose between employees and employers; to establish a framework of smaller, more efficient government

to provide a sound foreign and defence policy, and to work with our allies to foster freedom and security.

By concentrating on these priorities, by the end of our first term, tax rates will be cut; interest rates will be lower; government will be smaller; inflation will be reduced; productivity and real wages will be higher; and growth in foreign debt will be brought under control.

We are committed to reducing the pressure on families. Our Family Action Plan is aimed at reducing the burden of taxation, particularly on families with dependent children.

Our initiatives will put \$2000 million back into the pockets of families through reductions in tax. To assist parents in the raising of their children, we will introduce a new program of child tax rebates, changes to the dependent-spouse rebate, and a new program of tax rebates for childcare.

These new benefits are over and above the Family Allowances and Family Allowance Supplements currently provided. As a result of our changes, a typical family with three children could get a 20 per cent tax cut.

For example: all families with two young children and a white earning \$5000 per annum will get a tax cut of \$1063 a year or \$20.38 a week under the Coalition's Family Action Plan. This includes a tax rebate for children and an increase in the eligibility for the dependant-spouse tax rebate. For a husband earning \$26,000 a year, this amounts to a tax cut of over 20 per cent.

Moreover, all families with three young children (the youngest being less than five years) who place their children in childcare because both the husband and wife work, will be eligible for a tax cut of up to \$49.27 a week under the Coalition's Family Action Plan. This includes a tax rebate for children plus a tax rebate for childcare expenses.

Tax rebates for children will be available for deduction against the tax liability of a sole parent or the combined liability of both parents in two income families. For the first child, the rebate will be \$250 a year if the child is under 13, and \$350 a year if the first child is between 13 and 15. For the second and each subsequent child, the rebate will be \$200 a year for children under 13; and \$300 a year for children between 13 and 15.

At present, where the dependant spouse earns separate income the minimum rebate is reduced by \$1 for every \$4 earned — that is, a withdrawal rate of one in four — over a threshold of \$282. Our policy raises the threshold to \$1000, so that the spouse can earn considerably more without any reduction in the rebate. Further, the rebate will be reduced by \$1 for every \$6 earned by which the dependant spouse's income exceeds \$1000 — that is, there will be a reduction in the withdrawal rate to one in six.

We will introduce tax rebates for childcare. These rebates will be calculated against the tax liability of a sole parent or, for two-parent families, on the secondary earner's income. A rebate of \$20 a week will be paid for the first child under five. For each other child under five, and for each child aged between five and 12, the rebate will be \$10 a week. To receive the rebate, childcare expenditure will have to be substantial. However, a range of childcare facilities will be eligible.

These measures will be over and above the current programs for childcare. This includes the provision of 30,000 new childcare places, support for government-funded centres, and fee relief for low-income families.

The next Coalition government will conduct monetary policy with the medium-term objective of reducing and eventually eliminating inflation. A monetary policy, pursued steadily over the medium term, in conjunction with our industrial relations, fiscal, and structural policies, provides the only means of reducing inflation.

From day one, we will put our economic policies into place, which will bring about a significant and sustainable reduction in interest rates during our first term.

Immediately on attaining office, we will establish a Medicare and Health Insurance Advisory Council, which will draw its membership from all areas of the health-care sector and health-insurance industry, and include public and consumer representatives. The council will undertake a comprehensive review of the health insurance system and advise the government accordingly. The council's review will adhere to the following principles:

No individual family will be worse off as a result of policy change. No state or territory government will be worse off in the funding of its public hospitals. Medicare will be retained and improved for those not covered by private insurance.

Taxpayers will be able to opt out of paying the Medicare tax levy by taking out private health insurance, and will be encouraged to do so through the provision of a tax rebate. We will retain Medicare for the elderly, the disadvantaged and anyone who wishes to retain the right to be covered by Medicare, just as they are at present.

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Those with private health insurance will be able to opt out of paying the Medicare levy. They will also be eligible for a tax rebate to assist them in meeting their premiums for comprehensive private medical and hospital insurance, which may include 'gap' insurance. The targeting of this tax rebate towards the bottom end of the income range means that private health insurance will again be an affordable option.

The Pharmaceutical Benefits Scheme will be retained and the existing patient subsidies will remain in force. AIDS will be treated as a serious public health problem requiring public health solutions. Women's health will be a priority, particularly in relation to preventative measures such as breast cancer screening.

Past neglect of mental health will be addressed by working with state and territory governments to establish a National Mental Health Data System and a National Mental Health Council to advise government.

In our Economic Action plan and other policies we have released the most comprehensive blueprint for economic reform ever put forward by an Opposition. The key to economic recovery is increased productivity through micro-economic reform, restructuring of the labour market, and greater incentive through a flatter, more efficient tax system.

Labor has proved it is incapable of effective economic management. It has been running the economy on a 'bankcard' for seven years, and the 'amount due' will have to be paid by the next generation of Australians.

Any government should work towards keeping taxes as low as possible. This is a fundamental Liberal aim.

Under Labor, Australians have paid more tax than ever before. Tax is now 25 per cent of Gross Domestic Product. Small cuts in income tax rates have masked the reality that millions of Australians have been pushed up the tax schedule by inflation. This is bracket creep.

By some estimates, bracket creep will impose an additional income tax burden of between \$2 billion and \$2.5 billion on Australians in the current financial year as inflation pushes people into higher tax scales. The Coalition makes a commitment to forego the increase in revenue because of bracket creep each year. We will hand back any increase in tax through bracket creep. Never again will inflation be permitted to swell government coffers and rip-off taxpayers.

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Our goal is also to achieve a flatter two-tier tax rate system, with the top marginal rate equal to the corporate rate, by the end of the Coalition's first term.

Millions of Australians have been or will be hit directly or indirectly by the capital gains tax imposed by Labor — a tax which it specifically promised it would not introduce. We will abolish the capital gains tax and replace it with a speculative-gains tax which phases down to zero over five years. For assets held for less than one year 100 per cent of the realised capital gain will be taxed. For each year thereafter that the asset is held, the tax will be reduced by 20 per cent. For an asset held for five years or more, therefore, there will be no tax.

Our industrial relations policy sets down a detailed blueprint for a more flexible, market-oriented approach to wage determination. Our aims are to ensure a much closer link between wages and productivity, to introduce incentive and reward for effort thus encouraging higher productivity, and to achieve labour cost growth at least in line with that of our trading partners.

We believe that the most efficient, positive way to achieve these aims is to shift the focus of industrial relations and wage determinations to the workplace. Research by the Business Council of Australia suggests that an enterprise-based system could increase enterprise productivity by an average 25 per cent.

A complementary requirement will be to re-establish and uphold the rule of law in industrial relations. The disturbing imbalance of power within the conciliation and arbitration system where unions frequently defy commission orders with impunity will be redressed. Voluntary agreements will be legally enforceable.

Under our policy employees and employees will be given a choice to remain with the centralised award system, albeit a more flexible and accountable one; or enter into a certified agreement which allows a greater enterprise focus but which continues to come under the control of the Industrial Relations Commission; or enter into a new stream of Voluntary Agreements. These employer-employee contracts — outside of the jurisdiction of the commission — are a significant innovation and will provide maximum flexibility and scope for better performance and reward.

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Our policy details the safeguards which will be available to protect the interests of employers and employees alike, including the provision for at least the minimum hourly award rate for ordinary hours of work. Complementary to voluntary agreements will be the encouragement of employee participation and incentive schemes. The task of the next Coalition government will be to facilitate the introduction of such schemes. Both the abolition of Labor's capital gains tax and our decision to privatise several major government businesses will also encourage the spread of employee share-ownership schemes.

We recognise, however, that the Industrial Relations Commission will for the foreseeable future, continue to settle disputes and determine the wages and conditions of employment for a significant portion of the workforce.

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We will legislate to require the commission to have greater regard for economic factors, especially international competitiveness, productivity and inflation. We will submit to the commission that it put in place wage principles based on the concepts of flexibility and competitiveness and which allow for differential wage increases between industries and enterprises. At the same time, the commission will be given enhanced powers to ensure compliance with its decisions.

The introduction of genuine voluntary unionism, the requirement for secret ballots before strike action and provision of greater scope for workers to choose their union will help bring about a union structure which is more accountable and enterprise-focused. In particular, we will facilitate the creation of single-enterprise business units.

The Liberal Party believes that, in general, government assistance and involvement in industry is counter-productive. It is vital that industries are exposed to — not protected from — changing economic conditions. Our program includes privatisation of public enterprises, reductions in protection, the reduction of imposts on business and the rationalisation and reduction of business regulation, an open but unmonitored foreign investment policy and the revamping of education and training.

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We recognise the importance of predictability in reducing protection to provide a more certain environment for industries to undertake restructuring, and for this reason will announce a comprehensive timetable of reduction in our first term.

The emergence over the last several years of policies designed to 'pick winners' is of great concern. We also strongly oppose ad hoc industry policies which distort resource allocation and favour some producers over others. We are committed to the repeal of the Kodak Bounty.

We believe that privatisation and deregulation of public enterprises are long overdue.

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Our privatisation program will be governed by the following principles: there should be a clear consumer and/or taxpayer benefit. Employers of privatised enterprises will be offered the opportunity to buy shares in that enterprise on a preferential basis, thus promoting employee participation and providing the incentive for increased productivity and strengthened industrial harmony.

The quality and availability of services to remote areas will be maintained. Implementation of the privatisation program will be gradual and preceded by a thorough investigation of options. Sale price will not be the key consideration in the transfer of public enterprises to the public sector. In particular, we will not maintain intact the monopoly rights of an enterprise in order to enhance the sale price.

The Coalition has already decided on a number of bodies to be privatised: Australian Airlines, Qantas, domestic and international airport terminals, Australian Industry Development Corporation, OTC (49 per cent), Aussat, Housing Loans Insurance Commission, Medibank Private, Pipeline Authority, Commonwealth Bank, Australian National Line, and the Snowy Mountains Engineering Corporation.

The proceeds of privatisation sales in our first year will exceed \$1.6 billion, which will be used to retire debt. This will permanently decrease the public debt interest burden currently being borne by taxpayers by \$105 million in our first year alone.

In May 1988, the Government admitted that compared with 12 other major telephone enterprises around the world Telecom had 60 per cent more employees per unit of services. Under a Coalition Government Telecom would be required to compete on normal commercial terms in a wide range of services, including the provision of the first phone.

Deregulation will make room for new and existing small businesses. The potential exists for a substantial drop in STD rates, to the benefit not only of business, but also to many rural subscribers for whom a reduction in phone charge and an improved quality of service could be guaranteed. The Coalition proposes to sell a license for establishment of a second cellular mobile phone service, providing for much-needed competition in a growing market.

A mobile hand-held phone in Australia retails for around \$2500, with car phones around \$1300. By comparison, in New Zealand they cost around \$400 and in the United Kingdom less than \$100. These lower prices reflect the benefits of competition. Initially, only one additional license would be sold, but we envisage additional licenses being offered in five years time. Legislation enabling the sale of the second CMTS license will be introduced as early as possible after the election of a Coalition government.

Under the next Coalition government, those who engage in cosy arrangements through inefficient and costly work practices will no longer be able to hold the rest of Australia, particularly our export industries, to ransom. There is a desperate need to encourage competition among port authorities and stevedoring companies and to firmly establish a company-based employment system for waterside workers.

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A more competitive approach must be taken to stevedoring operations. At present, stevedoring forms operate under national awards which provide identical terms and conditions. Firms cannot use industrial relations practices as a way of gaining a competitive advantage over other firms in the industry.

Employers and their employees would be free to negotiate the own pay and conditions. Shippers and others should be given the opportunity to offer stevedoring services in competition with established firms. These changes will achieve radical improvements on the waterfront which will boost exports and improve our competitiveness and current accounts deficit.

The maze of government and other regulations regarding recruitment must also be swept away. Individual employers should be free to determine how many employees, including casuals, they require. Employers should not be required to recruit labour from the Waterside Workers' Federation Register.

Our coastal shipping strategy has several elements: Negotiate with New Zealand to open trans-Tasman shipping to foreign vessels plying the route on longer journeys. Phase out cabotage [trade or navigation in coastal waters] over five years, initially through the more lenient granting of single-voyage permits. Interim tariff protection of 10 to 15 per cent would be provided to help shipping companies to adjust to cabotage abolition. Repeal all economic sections of the Navigation Act, including regulation of minimum manning levels.

Under Labor the level of road funding has declined by 30 per cent in real terms, despite huge increases in the revenue gained by the fuel excise. In our first year of government we will increase funding by an amount equivalent to 1c a litre of excise duties.

In addition, we will increase road funding by the equivalent of a further half a cent per litre of excise in the second year, and a further half a cent per litre in the third year so that by the end of our first term funding will have been increased by the equivalent of

two cents a litre of excise duties per year. This amounts to an addition of over \$1000 million in spending during our first term.

One of our first priorities will be the implementation of a major upgrading program for the Pacific Highway, to be completed by the year 2000.

Private enterprise has expressed an interest in greater access to the rail network. The scheme would involve giving access to permanent ways, under negotiated terms, to private enterprise for it to operate its own or leased rolling stock on existing lines. Heavy vehicle freight is expected to increase by 60 per cent during the next decade, which will more than double wear and tear on existing roads. This proposal will direct freight away from the road system, thereby easing pressure on the road network.

Primary industry, including forestry and fisheries, provides 50 per cent of Australia's net export income. Australia's rural industries are entering a period of growth and diversification. The application of new technology can, in a suitable economic environment, bring about a substantial increase in the export of value-added farm products and import replacement. The objectives of our rural policy are to ensure that this optimistic forecast for primary industry is achieved.

Several specific measures will also assist the industry: Removal of tariffs on imported agricultural machinery and spare parts where they are not made in Australia. A credible and predictable commitment to wool promotion. Reinstatement of 95 per cent under-wiring for the wheat industry. Establishment of a Forestry Industry Research fund and re-establishment of rural research as a major part of CSIRO research effort. Maintenance of effective quarantine arrangements. Provision of a tax write-off in the year of expenditure for farm business electricity connection. Reduction of agricultural export inspection charges to a maximum of 50 per cent of the total cost of the service. Adjustments to Labor's assets tests for farm family retirement, for Austudy and for the Isolated Children's Scheme.

The pilots' dispute, exacerbated by the intervention of the Hawke Government, is one of the worst industrial disputes in Australia's history. It has cost 22,500 jobs in the tourist industry and over \$650 million in direct losses. Our Tourism Action Plan is designed to permit Australia's tourist industry to reach its full potential as a major export earner and employer with initiatives that will substantially decrease the cost of air transport and tourism packages in particular.

The key elements of the plan are: Maintenance of the Tourism Recovery Program. Opening up the skies by freeing up the air rights regime to allow international airlines easier access to Australia. Allowing foreign carriers to carry their own traffic between Australian ports. Allowing Qantas to continue interlining the traffic of other carriers. Priority upgrading of Sydney's Kingsford Smith Airport. Active encouragement to charter operators from overseas to begin new services. A more focused role for the Australian Tourist Commission. A review of the sales tax regulations so that Australia can become a more attractive 'shopping' destination for international tourists. Privatisation of Qantas and Australian Airlines.

The national interest requires an immigration intake attuned to economic needs. A Coalition government will select people for immigration to Australia as individuals, regardless of race, religion or origin. We will increase Australia's migrant intake by approving migrants who are younger and who are skilled, knowledgeable, educated and employable. Particular emphasis will be given to expanding the number of migrants with financial resources and entrepreneurial skills.

This approach will not end the admission of migrants under the Family Reunion category. Rather, it will adjust the proportions within a larger total migrant intake towards a great number of migrants with skills and entrepreneurial capacities. A Coalition government will also continue to fulfil Australia's international obligations to provide for the resettlement of refugees. We will introduce a five-year rolling program for immigration in our first year of office.

We will provide unemployment benefits for a limit of nine months. People still unemployed after nine months and who are not capable of providing for themselves and/or their families will be eligible to apply for Special Benefits subject to more rigorous testing which applies to the provision of these benefits.

Unemployed people under 18 years, and school and tertiary leavers over 18 years with no dependants will be entitled to the Job Search Allowance rather than unemployment benefits. These reforms will mean that unemployment benefits will not constitute a permanent alternative to work.

At the same time, we intend to reform the national employment and training effort to make it more coherent and flexible. Increased emphasis will be placed on skills training strategies and restructuring and there will be less emphasis on job creation and job subsidy schemes.

Working in consultation with state governments and non-government school authorities, we will establish a national standards monitoring program to provide an objective measurement of teacher training, school curricula, testing methods, and student performance. For government schools, the Commonwealth's full direct and indirect contribution to the 100 per cent funding of each primary and secondary student at a government school will continue to be paid directly to State governments. The total Commonwealth grant money will be determined in respect of every child enrolled at a government primary or secondary school.

For non-government schools and systems we will introduce a simpler and more equitable funding regime incorporating a basic per capita grant with additional needs-based funding. We guarantee that during the implementation of this new funding mechanism for non-government schools no school or school system will receive less per capita funding than it would have received under Labor's recently announced policy. We will also provide an additional \$10 million per annum for building projects over a three-year period, starting in 1991.

In higher education, we will dismantle the centralised bureaucracy of Labor's Unified National System and withdraw the arbitrary requirements for the amalgamation of institutions. Our aim is to restore the autonomy and integrity of higher education institutions. We will abolish Labor's \$1800 [indexed] graduate tax, replacing it with a \$1200 annual tuition charge, backed by government guaranteed loan arrangements.

Institutions will be allocated scholarships, exempting one in four students from the tuition charge. These scholarships will be awarded on the basis of merit and/or need at the institution's choice. In other words, at least 85,000 students each year will have free higher education.

Under Labor, real choice for women — in employment, lifestyle and families opportunities — has been reduced. We intend to decisively reverse this trend. Women will benefit from the greater flexibility of working conditions afforded through voluntary agreements between employers and employees.

We recognise that many women, because their employment patterns are interrupted by family responsibilities, do not have access to superannuation schemes. The introduction of the Retirement Savings Accounts will encourage and enable women to plan for a secure financial future. To help married women continue their contributions while out of the workforce, their spouse will be entitled to tax deductions for contributions made to the account on their behalf.

The Coalition government will act immediately on an area of major concern to women in Australia: breast cancer. We will increase the number of screening units so that more women have easier access to effective screening at a cost of \$10 million in the first year.

Our policies for the aged have two primary objectives: to ensure that pensioners are able to live in dignity and financial security; and to encourage all Australians, through a range of initiatives and tax incentives, to properly plan for and improve their lifestyle in retirement.

We have given a guarantee that all existing social security benefits for the aged will be maintained, and we have undertaken to enhance benefits in the most important fields. We are committed to: modify the assets test to ensure that the age pension is not withheld from those in genuine need; raise the superannuation lump-sum tax-free threshold from \$60,000 to \$125,000; abolish compulsory retirement for those who would qualify for the aged pension but who wish to remain in employment or live off savings and give them increased pensions payment for each additional year of deferment; relax the administration of the Pension Income Test.

War veterans deserve the greatest understanding, recognition, and support that a responsible government can afford. We will maintain a separate, modern, Department of Veteran's Affairs.

Notwithstanding these difficult economic times, we reaffirm our commitment to maintain a separate and comprehensive repatriation general hospital system; maintain the Disability Pension Scheme; maintain the Service Pension Scheme; maintain the War Widow's Pension Scheme; restore the Independent Monitoring Committee; and rectify existing anomalies in the repatriation system.

As a result of a 1989 Budget decision the ex-prisoner of war community has been split into two groups as far as dental benefits are concerned: those who were captured by the Japanese and those who were captured in European theatres of war or elsewhere. The limit on dental benefits will be removed for all ex-prisoners of war.

A healthy, attractive environment is an important bequest to the next generation as a soundly functioning and productive economy. We believe that any environmental issues that many arise between the Commonwealth and the States can be resolved through negotiation. We will work with the states and act firmly in the national interest whenever it is necessary to do so.

We are proud to have made the first entries on the World Heritage List and under us no World Heritage sites will be degraded or delisted. Building on our record, we are now announcing a number of initiatives.

We are committed to the existing 10-year Land Care program. We will double the funding for soil conservation in our first year and maintain that increase for at least our first term. In our first year this means we will increase funding by \$23.2 million to \$46.4 million. The additional funding will be split: \$18.2 million in additional funding

for soil conservation under the Land Care program, \$5 million got expanding the definition of works eligible for deductibility under Section 75D of the Tax Act to specifically include expenditure on the establishment of trees, shrubs, or pasture species designed to combat or repair erosion.

As an initial step we propose a pilot project to conduct a study of the problems of the Brisbane, Derwent and Tamar rivers. The Commonwealth will bear the cost of this study and we are confident it will be supported by relevant local and state Government authorities.

The Coalition government will support an application by the NSW government for a special additional borrowing allocation under the Loan Council's Global Borrowing Agreement to fund development of infrastructure for the clean up of sewerage and beach pollutions. "Special Additions" are not uncommon. Western Australia has continually received one over recent years to assist in projects by the State Electricity Commission in WA.

We will provide to the NSW Government approximately 14ha of land at Malabar for extensions to their sewerage treatment works. In conjunction with the NSW Government, we will guarantee the future use of the ANZAC rifle range.

Tasmania already has close geographic and historical links with Antarctica. Valuable research and service facilities relating to the southern continent will be enhanced, in full cooperation with the Tasmania Government, by the development of an Antarctic museum in Hobart. Such a museum will be the first stage of the overall development of an International Antarctic Centre. We will initiative moves to attract corporate support for the project and will work in cooperation with the State Government to provide joint funding to begin construction. The estimated cost to the Commonwealth will be \$1.5 million a year for the next three years.

The policies of the Labor Government have, far from promoting self-sufficiency among Aboriginal Australians, entrenched a pattern of dependence. To provide a new vision, we will place the highest priority on improving the health Aborigines and Torres Strait Islanders; improve the administration of Aboriginal Affairs and improve the delivery of services to those most in need; maintain the Institute of Aboriginal Studies; protect and promote Aboriginal culture; work with the states and territories to achieve grater school attendance by Aboriginal children.

We oppose and will abolish the Aboriginal and Torres Strait Islander Commission, which by its nature seeks to separate rather than unite all Australians. We strongly believe the proposal for a treaty is flawed in legal, political and historical terms and will not proceed with treaty negotiations — believing a treaty will cause great divisions in the community.

Drugs-related crime and violence is a massive threat to our way of life. In government, we will crack down on the drug industry by ensuring Australia's coastline is effectively patrolled to guard against drug runners; giving the Australian Federal Police, the National Crime Authority and Australian Customs more support to fight drug smuggling and distribution; providing tougher sentences for major drug crimes; using federal funds more effectively to deal with the problems faced by Australia's 70,000 homeless youth.

Our primary objective must be to address the causes of youth homelessness rather than continually establishing new programs directed at the effects. Consequently, parental responsibility must be emphasised and we will support the states in their

efforts to restore children to their parents. When this is not possible, of the children would be placed at risk, we will ensure that both federal and state programs are better integrated so that children can be assisted to continue with their education or training and receive adequate counselling, accommodation and income support before entering the workforce.

We will restore tax sharing as the basis of general purpose grants to local government by matching in our first year the amount provided for the present Government's forward estimate for 1990-91, specifically \$716.7 million. At the end of the first year, this sum will be calculated as a percentage of actual total taxation revenue received in 1990-91 and united general-purpose grants to local government for subsequent years guaranteed at that fixed percentage.

The world of the 1990s will be more complex and interdependent than ever before. The potential for instability, particularly within our own region, will remain. Protectionist measures may increase.

Labor's foreign policy has too often been driven by domestic political considerations, not international realities. As Labor's China policy tragically demonstrates, Labor has concentrated too much on personalities and too little on hardheaded assessments of our national interest.

We offer a different way of managing out international interests. We will:

Undertake a major review in a White Paper of the economic and security implications within the Asia-Pacific region of the historic changes taking place in Europe and elsewhere in the world. Maximise out economic opportunities in a changing world, giving special priority the Asia-Pacific region.

Maintain an active and mutually beneficial involvement with the United States in the economic and security affairs of our region. Develop Australian-US security relations under ANZUS. Revitalise our economic relationship with Japan through a new framework of cooperative trade, marketing, and research opportunities. Redress Labor's failure to maximise Australian involvement with the South Pacific Island countries.

Target development aid, particularly in South-East Asia and the South-West Pacific, more effectively. Pay close attention to the environmental impact of development projects undertaken with Australian aid. Seek a democratic and peaceful resolution of the Cambodia conflict — including legal action for genocide in the International Court of Justice against the leaders of the Khmer Rouge in the late 1970s.

A Coalition Government will redress Labor's deficiencies by restoring economic health and our ability to maintain a consistent allocation of resources to our defence effort; establishing a Security Committee of Cabinet supported by a National Security Unit; redefining Australia's defence strategy to make it more outward looking and more cooperative with our regional friends and allies; acting decisively to improve management structures and processes within the Department of Defence; redressing the critical neglect visited on Service personnel and their families by Labor which has resulted in low moral and record wastage rates.

Labor has not met its targets for defence spending. It has now indicated that it will cut \$80 million from next year's defence forward estimates to pay for its election promises. In our first year, we will maintain Defence spending at projected levels in real money terms.

In particular, Labor has neglected the interests of our servicemen and servicewomen and their families. Members are leaving our defence force in record numbers. Our defence capability has been weakened as a result. We will re-allocate from within the defence budget around \$70 million to personnel and Service family needs to meet their most pressing problems and to improve management, morale and effectiveness. We will increase assistance to schools that wish to establish cadet units or to maintain existing units.

The issue for the 1990s is the renewal of Australia — of family life, of economic institutions, of the right of choice, of Australian society itself. We have the vision, the ability, and the strength to take Australia through the next decade and into the next century. Australia's problems are too complex to be solved overnight. But with determination and courage they can be solved.

We offer our commitment and our energy in the cause of Australian renewal. We offer faith and conviction. We offer the hope of a better future for Australians and their children. In this election we are offering the answers for the new decade. The answer is Liberal.”

Source: Compiled from The Canberra Times, 6 March 1990, p. 10; The Age 6 March 1990, p. 16; and the Courier-Mail 6 March 1990, p. 12.