



PRIME MINISTER

****CHECK AGAINST DELIVERY****

2 February 2015

**THE HON. TONY ABBOTT MP
ADDRESS TO THE NATIONAL PRESS CLUB OF AUSTRALIA
CANBERRA**

E&OE.....

Over the summer, I've been talking to hundreds of Australians from all walks of life – in the street, on the beach, in cafes, even at the pub; and I've been talking with my colleagues.

As every Australian agrees, to live here is to have won the lottery of life – because we are as free, fair and prosperous as any country on earth.

But these are testing times for our country.

2014 was a tumultuous year that's reminded us to expect the unexpected.

Thirty eight Australians were shot out of the sky by Russian-backed rebels.

A death cult, claiming justification in Islam, is creating a new dark age over much of Syria and Iraq.

And the terrorism it inspires has hit Melbourne and Sydney.

It was an anxious year for our well-being, as well as for our security.

At last, the US is growing, but Europe is stagnating, and China – our economic locomotive – is now growing at its slowest rate in a quarter of a century.

And the price of iron ore – our biggest export – has halved in just over a year.

In troubled times, people expect more of government, not less – and we have to deliver.

That's why a government with the plan and the will to strengthen our economy and to protect our nation is so important.

This government is more determined than ever to make the changes our country needs.

This government will deliver Australia's economic future because only a Coalition government can.

As Liberals and Nationals, sound economic management is in our DNA.

We've done it before and we are doing it again.

More than ever, in troubled times, government has to protect our people and stand up for Australian values.

This government would hardly have taken the political risks it has without the conviction that some change is absolutely unavoidable if our country is to flourish.

To create more jobs and more opportunities for families, we simply have to build a stronger economy.

A stronger economy is the foundation of a stronger Australia.

And if the economy is stronger, everyone's life is better.

A stronger economy helps everyone who's doing it tough:

- parents wrestling with school fees and health costs;
- small business people anxious to keep their staff;
- seniors whose superannuation has to fund their retirement;
- volunteers wondering if they can still afford to serve the community; and
- young people looking for their first job and their first home.

Building a stronger economy is the fairest thing we can do because it means more jobs, higher wages, and more government revenue to pay for the services we need.

During 2015, our priority will be creating more jobs; easing the pressure on families; building roads; strengthening national security; and promoting more opportunity for all – with a new families policy and a new small business and jobs policy.

But we need to be candid about the challenges we face.

The drift of the Rudd-Gillard-Rudd years cannot continue.

Standing still on reform means going backwards on living standards.

Just a few years back, under the Howard government, we were quite literally the envy of the world.

In 2007, we had a strong and sustainable budget with a \$20 billion surplus and \$50 billion in the bank.

After six years of Labor, the deficit had blown out to \$50 billion and gross debt was skyrocketing towards \$667 billion.

Under Labor, government was spending too much; borrowing too much; and paying out too much dead money in interest alone.

We can't wait for a crisis – like Europe – to address this problem because the solutions then will be much worse than the solutions today.

Our problem is not that taxes are too low; our problem is that government spending is too high.

We are writing cheques that our children and grandchildren will have to meet through higher taxes, higher interest rates and poorer services.

Right now, we're borrowing \$1 billion a month just to pay the interest on debt that the former Labor government ran up.

That's right – one thousand million every month to pay Labor's interest bill – that's a brand new tertiary hospital that could be built every single month if Labor's interest bill did not have to be paid.

And without structural change, within a decade, we'd be borrowing \$3 billion a month just to pay the interest on Commonwealth debt.

So – let's spend the money we have to on the things we really need; and let's borrow where we must, to invest judiciously in a stronger Australia for the future – but let's stop borrowing just to meet the ordinary expenses of government.

Reducing the deficit means that interest rates will stay lower.

Reducing the deficit means that taxes can be cut.

Reducing the deficit means more confidence in the economy.

And reducing the deficit is the fair thing to do – because it ends the intergenerational theft against our children and grandchildren.

We've never been a country that's ripped off future generations to pay for today.

And under my government, we never will.

On election night, I declared that Australia was under new management and once more open for business.

Since then, new projects worth over \$1 trillion have received environmental approval.

The carbon tax is gone – so every household, on average, is \$550 a year better off.

The mining tax is gone – so Australia once more is seen as a good place to invest.

Big new road projects are now getting underway to overcome commuter gridlock – and the new Western Sydney Airport is finally to be built after 50 years of indecision.

After 10 years of talk, free trade agreements covering more than 50 per cent of our exports – with China, Japan and South Korea – have been finalised with better markets for Australian farmers and lower prices for Australian consumers.

The live cattle trade that Labor closed down in panic over a TV programme is booming again.

There are now 15,000 new trade support loans because apprentices finally have the support that's long been offered to university students.

At last, the NBN is rolling out, reliably and affordably.

And despite the argy-bargy, in every sitting fortnight since last July, the Senate has passed at least one major piece of legislation.

And, of course, the illegal boats that just kept coming and coming under the former Labor government have all-but-stopped.

The Abbott government has stopped the boats – and only this government will keep them stopped.

The Abbott government has scrapped the carbon tax – and only this government will keep it scrapped.

My position on carbon taxes has been crystal clear since day one as party leader.

There will be no carbon tax under a government I lead.

At the election, the economy was weakening, the budget was haemorrhaging and unemployment was rising.

Today, despite headwinds overseas, the economy is stronger, the budget is improving and the jobs market has strengthened.

Jobs growth in 2014 was triple the rate in 2013 – with 4,000 new jobs a week.

New housing approvals are at record levels.

The registration of new companies is the highest on record.

Economic growth is now 2.7 per cent, up from 1.9 per cent a year ago.

Petrol prices are nearing 15 year lows, home loan interest rates are low and stable, and the September quarter had the biggest fall in power prices on record.

But I'm not here to defend the past – I'm here to explain the future.

People are sick of Australian citizens – including people born and bred here – making excuses for Islamist fanatics in the Middle East and their imitators here in Australia.

It's not good enough just to boost the police and security agencies, which we've done – by restoring the millions ripped out by Labor – and to improve data retention, which we're doing.

We have to tackle the people and the organisations that justify terrorism and act as its recruiting agents – such as Hizb-ut-Tahrir.

We have already made it an offence to advocate terrorism and made it easier to ban terrorist organisations.

If cracking down on Hizb-ut-Tahrir and others who nurture extremism in our suburbs means further legislation, we will bring it on and I will demand that the Labor Party call it for Australia.

The police and the security agencies have told me that they need access to telecommunications data to deal with a range of crime, from child abuse to terrorism, and – as far as I am concerned – they should always have the laws, money and support they need to keep Australia safe.

And with the world still feeling the global financial crisis, people are anxious about our economic sovereignty.

I am a friend of foreign investment but it has to come on our terms and for our benefit.

The government will shortly put in place better scrutiny and reporting of foreign purchases of agricultural land and better enforcement of the rules against foreign purchases of existing homes so that young people are not priced out of the market.

These laws were not legally enforced by the former Labor government – not once.

This year, the government's budget focus will be on strengthening the economy.

Because we have done much of the hard work already, we won't need to protect the Commonwealth budget at the expense of the household budget.

As the intergenerational report will show, more is needed to put the budget on a credible path to a sustainable surplus – but as New Zealand has demonstrated, a good way to achieve this is not to make any unnecessary new spending commitments.

We will always be looking for ways to make government more efficient and to crack down on waste.

Governments should never spend more than they must because every dollar government spends is a dollar you don't spend, now or in the future.

So any new spending will strictly be directed to making the economy stronger so that long-term revenue increases.

Before Christmas, I said that over the break I'd be better targeting the proposed paid parental leave scheme and scaling it back, in a families package focussed on childcare.

I admire stay-at-home mums, as Margie was when our children were young, but support better paid parental leave to maximise young people's – like my daughters' – choices to have a career and to have a family too.

I accept, though, that what's desirable is not always doable, especially when times are tough and budgets are tight.

As the Productivity Commission has said, and as mums and dads around Australia have reminded me, the focus really does have to be on childcare if we want higher participation and a stronger economy.

So a bigger parental leave scheme is off the table.

Values and beliefs are important but the most important consideration of all is what will best help families at this time.

I know that many women in many families are working just to pay the childcare – because that was the Abbott family's experience when Margie first went back to work after becoming a mother.

Childcare fees skyrocketed 50 per cent under Labor which abandoned its promise to build 260 new centres.

More affordable and more available childcare means less pressure on the family budget.

More parents in the workforce mean that more people will make a bigger economic contribution as well as a social contribution to our country.

Women, after all, are our country's most under-utilised source of skills and entrepreneurship – if female participation in Australia were six per cent higher, at Canada's level, GDP would be higher by \$25 billion a year.

So a better childcare policy is good economic policy as well as fairer family policy.

We'll now consult widely on a way to improve the system of multiple payments, keep costs down, and put more money into parents' pockets.

As well as a families package, we're also working on a small-business and jobs package.

I admire people who take risks, have a go and employ others.

If you're a small business owner, it's likely that you've mortgaged your home in order to invest, employ and serve the community.

Quite literally, you have put your economic life on the line for others.

Every big business started off as a small business.

The new industries of tomorrow are likely to be started by the small businesses of today.

The best antidote to sunset industries is sunrise ones – and these are most likely to emerge from an enterprising small business.

At the heart of our small business jobs package will be a small business company tax cut on July 1 – at least as big as the 1.5 per cent already flagged.

More jobs and better paid workers will only come from more profitable employers in a better position to employ people.

Every new worker is generating revenue – so spending to get unemployed people into work; on childcare to keep parents in the workforce; on infrastructure to get people to their jobs; and on a small business tax cut to create jobs will help to get the budget back towards the surplus our country needs.

Economic growth is the best and fastest way to restore the surplus.

I hope that 2015 will see a more honest national conversation between all of us with Australia's best interests at heart.

I want this year's white paper process – on reforming the federation and on tax – to demonstrate Australians' potential for change for the better rather than just politics as usual.

Finding ways to make every level of government more efficient, more effective and more accountable is in every Australian's best interest and shouldn't be an excuse for cheap shots.

Everyone who wants members of parliament to lift their game has an interest in governments taking more responsibility for the services they provide, instead of passing the buck.

We will also be inviting constructive debate across the political spectrum on all options for a better tax system to deliver taxes that are lower, simpler and fairer.

Unlike previous debates, we won't pre-empt the outcome by ruling things in or out before the process has properly begun.

I do assure you, though, that this government wants to be remembered for cutting the overall tax burden, not for increasing it – for abolishing existing taxes, rather than imposing new ones.

As for the GST – it can't and it won't change unless all the states and territories agree.

It can't and won't change unless there is political consensus.

That means – leaving aside any minor administrative changes – that the base and the rate of the GST won't change this term or next unless it's supported by the likes of Bill Shorten and the Labor premiers.

Both white paper processes will be open and constructive: stakeholders will be consulted, submissions will be published; any hearings will be open, and the states will have senior representatives on steering committees.

Everyone who wants a say will have one – and the people will have the last word at the ballot box.

Sooner or later, all responsible members of Parliament have to put the long term national interest ahead of their short term political interest and there's no better time to start than now.

So far, this government – and only this government – has had the courage to tackle the deficit, to protect our borders, and to build a stronger and more prosperous economy.

As I said so many times before the election, we will end the waste, stop the boats, scrap the unnecessary new taxes and build the roads of the 21st century.

And the results?

Waste – down

Boats – stopped

Carbon tax – gone

Roads – underway.

Sixteen months on, we've laid a strong foundation – but there's more to do and we're determined to get it done.

Our country is at an important economic crossroads.

There's a mess to clean up after six years of Labor chaos.

The Rudd-Gillard-Rudd years cannot become the new normal lest Australia join the weak government club and become a second rate country living off its luck.

You elected us to set Australia up for the long term.

You elected us to be an adult government focussed on you, not on ourselves.

You elected us to make the decisions needed so that everyone who works hard gets ahead, aspiration is rewarded, and our children can look forward to more opportunities than we had.

You elected us to keep you safe and, with every fibre of my being, I am focussed on our national security challenges here and overseas.

Standing up for Australian values is something I have done all my life.

Leadership is about making the right decisions for our country's future.

It isn't a popularity contest.

It's about results; it's about determination; and it's about you.

Australia deserves the stable government that you elected us to be just 16 months ago.

You deserve budget repair, no return of the carbon tax, no restart of people smuggling, and no in-fighting.

We promised that we would do our best to keep you safe.

We promised you hope, reward and opportunity.

That's what the Abbott government is working to deliver for you.

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