

# ADDRESS TO THE NATIONAL PRESS CLUB

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Canberra

Prime Minister

E&OE

**PRIME MINISTER:** Last week we celebrated Australia Day and around the country 16,000 people from 150 nations chose to become one of us. Like us holders of the highest office in a democracy - citizen.

Partners in the most successful multicultural society in the world. A beacon of harmony in the midst of diversity, founded on a deep tradition of mutual respect in a world of rising intolerance.

Enterprising, optimistic and resilient. Compassionate and egalitarian.

In the great race of life, there is no better place to get ahead, realise your dream than here. And nowhere, if you stumble and fall behind, you are more likely to get a hand up. Few people are as prepared to have a go, to take a risk, to start a business as Australians.

As Liberals and Nationals, we are determined to foster and reward that spirit. Enabling Australians to do their best - not setting limits, not telling them what is best. We believe in creating opportunities, but we also believe in providing a helping hand.

This is reflected in our generous means tested welfare system and highly progressive income tax system - we are a fairer, more equal society as a result.

The test for every policy and every decision of my Government is this: does it create more opportunities for Australians to do their best?

Our economic plan answered that question emphatically.

With export trade deals that are expanding the opportunities for Australians to sell their products and services into the fastest growing markets of the world at the same time as they reduce the cost of everyday goods, putting more money back into the hands of households.

Our Innovation and Science Agenda ensures we have more kids studying science and technology, and more research and investment in the technologies of the future. All creating new jobs and more opportunity.

Our Defence Industry Plan not only delivers the capabilities our ADF needs, it provides the high tech platform that reboots advanced manufacturing, delivering thousands of new jobs and unprecedented opportunities.

And our business tax cuts enable small businesses, family businesses, to invest more, hire more and compete with the rest of the world.

It is about creating more jobs, sustainable jobs, higher paying jobs.

We have lived through a remarkable era of prosperity, fuelled by a once in a generation mining construction boom.

But we must never become complacent.

New challenges abound and competition for capital and skilled labour is fiercer today than at any point in history.

We cannot retreat into the bleak dead end of protectionism.

We must compete aggressively to export our services in education, health, engineering, tourism and more, and we must pursue even greater access for our agriculture and manufactures.

Political opportunists want us to turn inward and revert to higher barriers to trade and investment.

But they are doing nothing more than playing on the fears and hardships of those in our community who feel they have not shared in the benefits of globalisation and technological change.

They offer the false promise that subsidies and trade barriers - under the banner of Australian first - are the answer to protecting jobs.

But we have seen that film before. And it's not a pretty one.

Whatever other countries may think, it is very clear that for Australia, more trade means more exports, which means more jobs and more opportunity. Our big export deals have dramatically expanded the horizon for Australian business - large and small, regional and metro.

Those who oppose our export deals are really calling for less opportunity, diminished prosperity and fewer jobs.

We pursue even greater access to the global economy because it is good for jobs, good for investment and good for Australia. Why would we want to limit opportunities at a time when demand for 'made in Australia' has never been stronger?

Beef from the Darling Downs is being served in the restaurants of Guangzhou and Shenzhen, wine from the Barossa Valley is being purchased in the bars of Tokyo and macadamias from the Northern Rivers are on the supermarket shelves of Seoul - cities each with a population larger than Sydney and Melbourne combined.

Australians, in communities across our nation, are benefiting from these opportunities.

That is why, although disappointed by America's withdrawal from the TPP, we continue to work to open more markets for our exports with negotiations underway with India, Indonesia, the EU and in due course the United Kingdom.

When we talk about opportunity and jobs, lower taxes - in particular lower business taxes - are of critical importance. 87% of the jobs in Australia are in the private sector. You don't get more jobs, higher wages or more hours by taxing the businesses that employ Australians more. Without a competitive business tax rate Australia will be less able to attract investment. And without investment, there will be fewer jobs.

The reality is that we are part of an intensely competitive global economy, and other countries have been cutting - and will continue to cut - their company tax rates. We cannot afford to get left behind and let Australian jobs go offshore. Cutting business tax will create

more opportunities, overwhelmingly benefitting small business - family owned businesses that are the lifeblood of so many communities in our regions and cities.

We will begin by cutting tax, to 27.5%, for small and medium businesses with a turnover less than \$10 million. This means a small Australian business will be able to invest more, hire more and increase wages.

Years of research - much of it commissioned by the previous Labor Government - has revealed a less obvious but very important truth: company tax is overwhelmingly a tax on workers and their salaries.

None of this will come as a surprise to Labor who supported but now oppose a cut to business tax.

We want to make it easier for Australian businesses - for small and medium businesses - to invest, hire and grow. Our focus is on creating opportunities - more opportunities for Australian businesses and more jobs.

But while we want to lower business taxes, we do not accept self help approaches to tax reform and our continued efforts to stamp out corporate tax avoidance continue with the Diverted Profits Tax legislation.

It will impose a 40% penalty on profits earned in Australia and transferred offshore and will apply from 1 July this year to all large multinational companies.

By making sure everyone pays the right amount of tax we can better afford to invest in important services and infrastructure.

There is no better way to provide Australians with a lifetime of opportunities than through education. And I know from my own experience what great teachers can do. I am the product of them, and now the father of a dedicated teacher. And parents know too. With kids heading back to school this week, parents are telling me the most common question at school pick up is "what teacher did you get?" My commitment to great teachers in great schools for all Australian kids is not a political soundbite.

If you listened to the Opposition, unions or much of the media, you would think that the only thing that mattered was how much money the Federal Government spent on schools.

The truth is we invest record amounts in Australian schools and will continue to do so each and every year into the future.

But not enough attention is paid to the question of outcomes.

Balancing the Budget can sound a bit prosaic - something to satisfy the tidy instincts of the bean counters, but it is a profound moral issue. The longer we live beyond our means, the more deficits we run and billions we borrow the more we put at risk the living standards and diminish the opportunities of our children and grandchildren. In the same spirit, politicians must be accountable for their use of taxpayer dollars.

Coming into politics after a lifetime of business, I immediately found the term "entitlements" very inappropriate. Politicians' travel and other expenditures are business expenses and should be spent prudently and cost effectively. The Australian people are entitled to expect that politicians spend their money appropriately and feel let down when politicians have not. After all it is their money - not ours - and we should spend it more frugally than we would our own. That's why I announced the biggest reforms to the management of parliamentarians' expenses in more than a generation.

These reforms speak to the heart of Liberal values - transparency, accountability and integrity. The new system will be overseen by an Independent Parliamentary Expenses Authority and politicians' expenses will be released publicly each month.

Another important step in rebuilding public confidence in our political system is donation reform. Overseas events - as well as those here in Australia - have shown us that the Australian people must be confident that our electoral process is free from foreign intervention.

The Joint Standing Committee on Electoral Matters is examining this complex issue, but I believe Australians expect us to ensure that only Australians and Australian businesses can seek to influence Australian elections whether via a political party, an activist group (like GetUp) or an association or union. Such accountability is more important than ever when we consider the cost pressures that most Australian households face today, including in health, child care and energy.

We keenly understand how many families are just managing right now, the cost of everything seems to be going up more than wages. So this year we will be asking the Senate to support our child care reforms - they will deliver the highest rate of subsidy to those who most need it - a family on \$60,000 a year would pay around \$15 a day per child for care.

Australia's health care system is world -class - the envy of many countries - and my Government is safeguarding it for our children and grandchildren. Contrary to Labor lies, we are strengthening Medicare to secure its future and the right of every Australian to access quality healthcare when they need it.

We are continuing to deliver record levels of health funding: there are more GPs than ever, bulk-billing is at record levels, and people have access to more medications - many at lower prices. We are putting people first by delivering more personalised and coordinated care with our HealthCare Homes and mental health reforms. And in 2017, a new focus on preventive health will give people the right tools and information to live active and healthy lives. Ensuring more Australians can afford to buy a home is a priority. There are no quick fixes or silver bullets. We need more dwellings, and better transport - road and rail - because distance is measured in minutes not kilometres.

That's why our initiatives to encourage the States to fix their planning laws and make it easier to get development approvals are so important. As are our City Deals, a key objective of which is to deliver more dwellings, in absolute numbers and in supply of affordable housing.

Big projects like our Western Sydney Airport will play a big role, as will planning reforms - a lot more to come on housing this year.

Energy bills are also making up an increasing proportion of household budgets. If you doubt the central importance of energy security, pay a visit to South Australia as I did when I visited Port Lincoln on Saturday.

The tuna fishermen and seafood processors have been hit by constant power failures, massive price hikes and to rub salt into the wound, the need to invest in more diesel generators to provide backup when the SA grid fails next time.

But the problem goes well beyond South Australia. We have an abundance of coal, gas, sun and wind resources - not to speak of uranium. And yet our energy is among the most expensive in the OECD.

States are setting huge renewable targets, far beyond that of the national RET, with no consideration given to the baseload power and storage needed for stability.

South Australia, now with the most expensive and least secure energy, has had its wake-up call. One storm blacked out an entire State.

But Labor snores on, heedless of what awaits the rest of the country if Labor Governments, and would-be governments, continue their mindless rush into renewables. This is not good enough. Australia should be able to achieve the policy trifecta of energy that is affordable, reliable and secure, and that meets our substantial global emissions reduction commitments as agreed in the Paris climate change treaty.

And all governments and industry must work together to achieve that trifecta.

Families and businesses need reliable and affordable power. Nothing will more rapidly de-industrialise Australia and deter investment more than more and more expensive, let alone less reliable, energy.

Bill Shorten's energy plan whether it is a 50% RET by 2030 or double our Paris emissions reduction target by 2030 is a sure recipe to deliver much more expensive and much less reliable power. In Victoria the closure of Hazelwood will cost the state 20% of its electricity capacity, yet the Victorian Labor Government supports a 40% renewable target and opposes all onshore gas development - conventional and unconventional, while Victorian gas reserves are beginning to decline as exploration fails to replace production. Increasing gas supply in Australia is vital for our energy future and vital for industries and jobs, but State bans on onshore gas development will result in more expensive and less reliable energy.

And without gas, or substantial new forms of energy storage, where will the firming power come from to support intermittent renewables like wind and solar?

We are willing to sit down with the states to determine the right incentives to enable desperately needed sustainable onshore gas development. Energy storage - long neglected in Australia - will also be a priority this year.

Last week, at my request, ARENA and the Clean Energy Finance Corporation (CEFC) agreed to work together on a new funding round for large scale storage and other flexible capacity projects, including pumped hydro.

I have also written to Alan Finkel asking him to advise on the role of storage and pumped hydro in stabilising the grid.

Large scale storage will support variable renewables like wind and solar, it will get more value out of existing baseload generation and it will enhance grid stability. And we are getting on with it.

Turning to coal. Australia is the world's largest exporter of coal, has invested \$590 million since 2009 in clean coal technology research and demonstration, and yet we do not have one modern High Efficiency Low Emissions (HELE) coal fired power station let alone one with CCS?

Here's the current picture - old, high emissions coal fired power stations are closing down, reducing baseload capacity. They can not simply be replaced by gas - because it's too expensive - or by wind or solar because they are intermittent. Storage has a big role to play, that's true, but we will need more synchronous baseload power and as the world's largest coal exporter we have a vested interest in showing that we can provide both lower emissions and reliable base load power with state of the art clean coal fired technology.

The next incarnation of our national energy policy should be technology agnostic - it's security and cost that matter most, not how you deliver it. Policy should be "all of the above technologies" working together to deliver the trifecta of secure and affordable power while meeting our emission reduction commitments.

The battlelines have been drawn - it is clear that the Coalition stands for cheaper energy.

Regional Australia is vast, no one city or town is the same as another. Many parts are thriving, others are doing it pretty tough. But there is one common denominator - the resilience, confidence and enterprise of regional Australians. And we are backing our regions with infrastructure, with new and open markets, and with job opportunities - we can't succeed as a nation without our regions succeeding. Trade is delivering more jobs in our regions, the NBN and our mobile black spots program is improving communications and our massive infrastructure programmes such the Pacific, Bruce and Midland Highways, and the Inland Rail are conquering the tyranny of distance.

Above all in every way we are working in partnership with regional communities to give them confidence in the opportunities of the future.

Just like regional job security is vital for our nation, national security is the foundation of every freedom we enjoy.

No peacetime government has committed more resources to national security than mine. Our modernisation of the Defence Force, in particular our shipbuilding plan, will create thousands of new jobs and a sustainable, internationally-competitive defence industry. Our Defence Industry investment programme is a truly historic national enterprise.

Our expansion of the capabilities of our security and intelligence services gives them the means to defend us in the 21st century of terrorism and cyber warfare.

And we have secured our borders.

In contrast Labor outsourced our migration program to people smugglers. 50,000 unauthorised arrivals, 1,200 lives lost at sea.

A shocking, tragic policy failure. Thousands of children were detained in more than a dozen new detention centres. The system was broken.

Since 2013, Operation Sovereign Borders - an initiative that began under Mr Abbott and that I reinforced - has stopped the boats and restored integrity to our borders.

The children are out of detention.

Labor left thousands of asylum seekers on Nauru and Manus Island. We are working with other countries, including the United States, to resettle them. But our message is clear: if you try to come to Australia by boat you will not succeed. You will not settle here.

Our success as a multicultural society, as an immigration nation, depends on the public's confidence that their government controls their borders.  
And now we do.

The opportunity to receive a world-class education; the opportunity to start and grow a business; the opportunity to find a decent job.  
Creating more opportunities underpins everything that we do as a government.

Opportunity is built on security: job security, economic security, energy security, national security.

Our Australian values - enterprising and egalitarian - have a go and lend a hand - are as right today as they were a century ago.

Together believing we can do anything, determined that our greatest days are ahead of us, we will deliver a brighter future for our children and grandchildren and generations to come.