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WITHDRAWAL SHEET
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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1.tel.	Embassy, Canberra to SecState (2 pp.) Re: Event Papers for Meetings with Academics and with Coral Sea Commemorative Council	12/27/91	P-1, F-1 "C"

COLLECTION Bush Presidential Records
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Sydney American Consulate Staff Greeting
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RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]
C, Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

F-1 National security classified information [(b)(1) of the FOIA]
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F-3 Release would violate a Federal statute [(b)(3) of the FOIA]
F-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
F-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
F-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
F-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
F-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Time Difference: 16 hrs. ahead
Lead Advance: Ed Murnane

FACT-CHECK COPY

Aarhus
December 11, 1991
A:AUSCONGR
Draft One

**PRESIDENTIAL TALKING POINTS: CONSULATE STAFF GREETINGS
JANUARY 1, 1992
2:10 PM**

- o Thank you. [Consul General Phil Lincoln, and other acknowledgements]. Happy new year to all!
- o Barbara and I are pleased to be here, "fair dinkum", and we'd like to thank you for the hard work you've done to make this visit a success. We feel very much at home here, and it may have something to do with the fact that Australia is known as "bush country". Seriously, we truly appreciate your dedication, especially when our visit was rescheduled for the holiday season.
- o The ties that bind Australians and Americans stem from our shared values, forged by shared experiences in war and peace. During this visit, we will focus on our goals for the future. You and your work will help us define and build that future.
- o The United States is fortunate to have representatives like you in our embassies, consulates, and defense facilities all over the world. Both the American staff and National staff exhibit a professionalism and devotion that is unrivaled.
- o Thank you very much and keep up the good work.

#

DOUG GAMBLE

Dec. 11/91

424 - 36th Place
Manhattan Beach, CA 90266
(310) 546-6409

TO: CHRISTINA MARTIN

SYDNEY, AUSTRALIA (Carol Aarhus)

I APOLOGIZE IF OUR MOTORCADE CAUSED ANY DISRUPTION IN SYDNEY'S NORMAL SMOOTH FLOW OF TRAFFIC.

IT TAKES (#) HOURS TO FLY HERE FROM THE UNITED STATES. JUST THINK -- IN THE SAME AMOUNT OF TIME A MOTORIST COULD DRIVE FROM ONE END OF SYDNEY TO THE OTHER.

SOMEONE TOLD ME WHEN HE SAW THE MOTORCADE GO BY, HE ASSUMED IT WAS PAUL HOGAN.

BOTH BARBARA AND I ENJOYED THE "CROCODILE DUNDEE" MOVIES. I'VE NEVER WRESTLED AN ALLIGATOR, BUT IT SOMETIMES FEELS LIKE IT WHEN I DEAL WITH CONGRESS.

I FEEL VERY MUCH AT HOME HERE, AND IT MAY HAVE SOMETHING TO DO WITH THE FACT THAT AUSTRALIA IS KNOWN AS "BUSH COUNTRY."

THE WORLD IS FASCINATED BY SOMETHING IN BOTH OUR COUNTRIES THAT SLEEPS BY DAY AND IS UP ALL NIGHT. YOU CALL THEM KOALAS -- WE CALL THEM KENNEDYS.

J U S T K I D D I N G ! !

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SUGGESTED REMARKS TO USE WITH U.S. EMPLOYEES

DRAFT
Sydney, January 1 - Consul General Phil Lincoln
Melbourne, January 3 - Consul General Richard Bock

- Barbara and I are very happy to be here with you today to thank you personally for all the hard work you have provided to make this visit a success. We are sorry that we have had to disrupt your vacation plans for what is for you here in Australia both a Christmas and summer holiday.
- Without the professionalism and dedication that you -- both Americans and national staff -- maintain at our embassies, consulates and defense facilities around the world, the U.S. would not be the great country that it is.
- Barbara and I have served in a Mission far from Washington, and I want to say that here stands one who is deeply appreciative of the work that you do and the personal sacrifices that are often made by your families.
- As you all know better than anyone else, the ties that bind Australians and Americans stem from shared values, forged by shared experiences in war and peace. During this visit we are focusing on our goals for the future. You here, Australians and Americans alike, will help us define and build that future.
- Thank you very much and keep up the good work.

UNCLASSIFIED



Australia in brief

This is the 39th edition of Australia in Brief. It provides a comprehensive selection of facts and figures on Australia in compact form. This booklet has been prepared by Overseas Information Branch, Department of Foreign Affairs and Trade. The help received from Australian Government departments, associated organisations and other authorities is gratefully acknowledged. Money values are in Australian currency. Weights and measures are metric. Unless otherwise indicated, information is current to 31 January 1991.

Cover: A cattle muster on Innamincka Station, a beef raising property in South Australia. Left: Australia's multicultural heritage is reflected in Australia Day celebrations.

Produced by Overseas Information Branch,
Department of Foreign Affairs and Trade,
Editor: Brian Cummins, Designer: Ron Butters.
Published by the Australian Government
Publishing Service, Canberra, 1991.



Australia gives more than \$1000 million in overseas aid annually.

International relations

Australia's international interests can be divided into three broad groups:

- geopolitical and strategic interests in defence of Australian sovereignty and political independence;
- economic cooperation and trade expansion; and
- activities involved in being a good international citizen.

Australia's diverse relationships with Britain, the United States and Western Europe, forged by history, remain important factors in Australian policy.

Relations with China, Japan, members of the Association of South-East Asian Nations, (ASEAN), New Zealand, Papua New Guinea and other South Pacific States are of particular significance to Australia. Similarly, in the Indian Ocean, Australia has important political, strategic and economic interests and observes and considers carefully the issues of the region.

Australia has been a consistent supporter of the United Nations

Charter and the work of the UN's specialised agencies. It participates actively in many UN activities and has served on many of its bodies, including the Security Council.

It has served for a number of terms on the Commission on Human Rights and resumed membership in 1991 for a further three-year period. It has provided money, personnel and equipment for major UN peacekeeping activities, contributes its assessed share of the costs of all UN operations and makes additional contributions. It is fully involved in UN social development, narcotics, disarmament, arms control and outerspace work. Australia accepts the jurisdiction of the International Court of Justice and is active in the development of international law.

Australia has worked energetically towards a global ban on chemical weapons and convened the Government Industry Conference against Chemical Weapons, attended by 66 countries, in Canberra in September 1989.

It has been a member of the Organisation for Economic Cooperation and Development (OECD) since 1971.

The Commonwealth of Nations brings together about a quarter of the world's population and Australia takes part in the

broad range of its activities.

Australia has developed strong relations with ASEAN—an organisation that has made an important contribution to economic growth and political stability in the Asia-Pacific region. Australia has a program of economic cooperation with ASEAN through which it supports important regional projects. It also contributes significantly toward easing the burden of Indo-Chinese refugees in member countries.

The relationship with Indonesia, Australia's largest neighbour, has developed greater depth and substance at both official and commercial levels. Contacts have been enhanced through establishment of the Australia-Indonesia Institute in 1989 and by the signature of the Timor Gap Treaty.

Australia has long involved itself in regional organisations such as the UN Economic and Social Commissions for Asia and the Pacific, the Colombo Plan and the Asian Development Bank.

Japan is Australia's largest trading partner and relations are based on complementary interests and shared perceptions of international issues. Cultural, scientific, sporting and other relations are fostered by both to improve mutual understanding.



Ministers and top level officials confer at the Australia-Japan conference in Canberra.

21

China is a significant market for Australia and the relationship is underpinned by agreements and institutional arrangements (culture, science and technology, agriculture, civil aviation, education, and the Australia-China Council). A technical cooperation program, designed to help China's development, includes activities in education, energy, forestry, health and industrial technology.

Australia's relationship with the Republic of Korea has developed significantly in recent years. Korea has emerged as a major economic power in its region and has become one of Australia's most important trading partners.

Australia is building a broad range of contacts with Vietnam, in particular trade and investment links.

Australia has been at the forefront of international efforts to resolve the long-standing conflict in Cambodia. Australia's proposal for a comprehensive settlement based on an enhanced UN role has been accepted in principle by all parties.

In the Pacific region, Australia promotes stability, welfare and economic development through a range of practical development assistance programs.

Australia and Papua New Guinea have a special and close relationship. Since Papua New Guinea achieved independence in 1975, the relationship has encompassed a broad range of government and non-government activities.

Australia and New Zealand have entered a non-reciprocal

preferential trade agreement in favour of South Pacific Forum States—the South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA).

Under the Australia New Zealand Closer Economic Relations Trade Agreement, trans-Tasman trade in goods and in most services became free on 1 July 1990.

There has been a long, close relationship with the United States. Government-to-government relations are only part of an interaction born of common experiences, culture and language. The ANZUS security treaty and major trade and investment flows give particular depth to the relationship.

The goodwill between Australia and Canada allows cooperation on a range of objectives without affecting individual national interests or commercial competition.

Relations with individual Western European countries are based on shared cultural and historical links and reinforced by the presence in Australia of large numbers of former citizens of those countries and by significant economic ties. The European Community (EC) is our biggest source of both imports and investment.

Australia has augmented its representation in Central Europe by opening new missions in Prague

and Berlin. Central Europe remains a key market for Australian exports.

The value Australia places on its long-standing relations with the Arab nations and Israel is high. It supports the efforts of parties to the Middle East dispute to find a just, lasting and peaceful solution. Australian trade with the region's countries is significant.

Australia maintains friendly relations with independent African States. It has formal relations with South Africa but has been prominent in opposing racist apartheid policies and actively encouraged the process of transition to independence in Namibia. Australian assistance to African countries includes project support, food aid and training. Australia always has moved quickly and effectively to bring relief aid to the victims of disasters in Africa.

Australia has friendly and useful relations with a number of countries in Latin America and the Caribbean, sharing many interests, particularly in multilateral organisations.

Nuclear policies in Australia are based on strong support of the Nuclear Non-Proliferation Treaty. Policy on the sale of its uranium includes a condition that it will not be used for military or explosive purposes and that buyers accept

International Atomic Energy Agency safeguards.

Australia participates in key international discussions on environmental issues and is in the forefront of nations implementing multilateral environmental initiatives.

The Department of Foreign Affairs and Trade conducts an overseas cultural exchange program in cooperation with the Australia Council and other cultural bodies. The Australia Abroad Council was established in 1990 to give greater drive and direction to projecting Australia overseas.

All of Australia's overseas aid (more than \$1000 million a year in recent years) is given in grant form. The aid program focuses on those areas in which Australia has particular expertise, including education, agriculture and infrastructure development.

Australia contributes to the education in Australia of about 18 000 students from developing countries, mostly at tertiary level. The Australian International Development Assistance Bureau (AIDAB) pays about \$80 million a year to subsidise this program. A new education policy based on merit and equity is providing more opportunities for students from poorer and isolated developing countries.



Soldiers rappelling down a cliff during training.

Defence

The Australian Defence Force (ADF) exists to implement Government defence policy.

The ADF comprises the Royal Australian Navy (RAN), the Army and the Royal Australian Air force (RAAF). The ADF is commanded by the Chief of the Defence Force (CDF) who is supported by a tri-service headquarters in Canberra. CDF and the Secretary of the Department of Defence have joint responsibility for administration of the Defence Force.

The ADF is a total force made up of almost 70 000 permanent personnel and more than 28 000 reserve personnel. Of the permanent personnel, about 46 per cent are in the Army, 22 per cent are in the Navy and 32 per cent in the Air Force. Females make up almost 11 per cent of the permanent force and almost 16 per cent of the reserve force. Service personnel are supported by some 25 000 civilians in the Department of Defence who perform a range of tasks including personnel and financial administration, equipment acquisition, en-

gineering and development of strategic and international policy. About 60 per cent of the civilians work directly for the ADF. This means that the Defence organisation is one of Australia's largest employers offering hundreds of different careers and many different types of job training.

The Australian Defence Force Academy (ADFA) offers university courses in disciplines such as engineering and arts. Other officer training takes place at HMAS Creswell for Navy, the Royal Military College of Australia, Duntroon, for the Army and RAAF College Point Cook for the Air Force.

Extensive technical and apprenticeship training is also provided. Defence offers 600 to 800 vocational traineeships in over 25 skill categories each year.

Defence self-reliance

Our defence policy is based on self-reliance. This means that we give priority to the ability to defend ourselves independently with our own resources, within the framework of our alliance and regional associations.

The strength of defence self-reliance depends on making the most of this nation's financial, industrial, technological and human resources.

The Australian Government's 1989-90 Budget allocated \$8670 million to defence, representing 9.5 per cent of total Budget outlay and 2.3 per cent of gross domestic product.

Defence strategy

The development of the ADF towards the next century in line with defence self-reliance is based on the strategy of defence in depth which can be thought of as having three layers.

The first is intelligence and surveillance so that we can monitor our region closely and watch the ocean and airspace to our north for an enemy approach.

The second layer is strike and interdiction – the interception of hostile forces detected in our sea and air approaches.

The third is land and inshore defence, which requires a flexible, highly mobile army with air and naval support able to provide for the immediate protection of Australian interests against enemy incursion in our vast northern areas.

The success of defence self-reliance depends on a high standard of human skills and the right mix of technology.

Royal Australian Navy

The Royal Australian Navy (RAN)

possesses a wide range of capabilities that are needed at each level of defence in depth.

The fleet currently includes: three guided-missile destroyers (DDGs), four guided-missile frigates (FFGs) five destroyer escorts (DEs), six Oberon-class submarines, 15 Fremantle-class patrol boats and more than 20 other vessels, including minehunters, takers, oceanographic craft, utility ships and tugs.

The RAN is acquiring eight new Australian-built ANZAC frigates to replace the destroyer escorts. In addition, six new submarines, known as the Kockums Type 471, are being constructed in South Australia, to replace the Oberon submarines from the mid 1990s. They will be the most advanced conventional submarines in the world. Another two FFGs are being built in Australia and will come into service in the 1990s.

Other new equipment being built in Australia includes 16 new Seahawk multi-role helicopters which will be able to operate with the FFGs and the ANZAC frigates.

The Fleet's main base is in Sydney, but the new base at HMAS Stirling near Perth will allow the RAN to operate as a two-ocean navy – in the Indian Ocean as well as in the Pacific.

This will mean more efficient operations in northern and western coastal waters and on exercises in South East Asia.

The Army

Sufficient Black Hawk helicopters are being brought into service so the Army will have the ability to transport a company group of 150 troops over a radius of 160km in one operation. The Army also is getting new equipment such as the AUSTEYR rifle, 105mm Hamel field guns, bridging equipment and disruptive-pattern camouflage uniforms to allow for more effective operations. Other equipment used by the Army includes Leopard tanks and M113 armoured personnel carriers.

Reserve units recently have been incorporated more effectively into the Army, and they now have new roles in northern surveillance and the protection of facilities in emergencies.

It is planned to base some regular units permanently in the north. The 2nd Cavalry Regiment is scheduled to move to the Northern Territory in 1992.

Royal Australian Air Force

The Royal Australian Air Force (RAAF) operates modern fighter, bomber, surveillance, support, transport and trainer aircraft.

The RAAF's 20 P3C Orion aircraft and the Jindalee Over-the-Horizon-Radar (OTHR) form the basis of a surveillance system which will cover our vast northern approaches. Jindalee, now being developed in Australia, can detect aircraft and ships at great distances, giving early warning of their approach. The Orions can also detect, identify and, if necessary, attack submarines and surface ships, using torpedoes and Harpoon missiles. An Orion aircraft can remain flying for over 12 hours and sweep up to 647 000 square kilometres of ocean.

The RAAF's F-111C and F/A-18 Hornet are both strike aircraft, and the Hornets also form an interceptor fighter force against enemy aircraft. Both can fire the Harpoon anti-shiping missile. The RAAF operates the Boeing 707, the C130 Hercules and the Caribou as transport aircraft.

The RAAF VIP transport fleet has been re-equipped with Falcon 900 aircraft. Four of the Boeing 707s are being modified so that they can refuel aircraft in mid-air, which will extend greatly the range of aircraft such as the F/A-18.

The RAAF provides vital mobility for the Army in land operations. The Hercules is a versatile transport aircraft and can carry al-

most 20 tonnes of stores and equipment. It can land on outback landing strips and can fly over 6000 km when fully loaded. The Caribou transports lighter loads over shorter distances. Both conduct paratroop operations.

The RAAF operates from bases near all mainland capital cities and a chain of additional bases being built across northern Australia.

Defence and industry

The ADF relies heavily on Australia industry for new equipment, spares, repairs, overhaul and modification. In turn, these activities contribute to the development of high technology in Australian industry with benefits for exports.

Most major new equipment projects, such as the new submarines and ANZAC ships, have local content of 70 per cent or more. Some, such as the Jindalee Over-The-Horizon-Radar, also exploit the world-leading inventions of Australian defence scientists.



Housing construction is a key element of economic activity.

Activity

The Australian economy recovered strongly from the recession of the early 1980s but the external deficit increased after the downturn in international commodity prices in the mid-1980s.

In 1987-88 and 1988-89 there was a marked increase in Australia's terms of trade and private final demand rose strongly. Real GDP (adjusted for terms of trade) rose 6.2 per cent and 6.4 per cent respectively. This strong growth, particularly in business fixed investment, resulted in an increase in the current account deficit.

In 1989-90, as a consequence of a tight policy stance by the Government, the withdrawal of the terms-of-trade stimulus and a downturn in the construction sector, growth in private final demand slowed significantly. GDP growth (adjusted for the terms of trade) slowed to 2.9 per cent with through-the-year growth rates indicating a more significant slowdown. The current account deficit, while higher in 1989-90 as a whole, began to fall over the course of the year.

Inflation

Inflation rose sharply in the early 1970s and eased only gradually over the next decade. It rose again in the mid-1980s to eight to nine

The Economy

Australia's economy has undergone considerable diversification and expansion during the past 30 years.

Before World War II, Australia depended largely on primary production, but the demands of the war and a strong post-war immigration program spurred industrial and economic growth.

The manufacturing sector grew particularly rapidly after the war. In the past 20 years the main expansion has been in the tertiary sector. During this time, considerable investment has also taken place in export-oriented mining and energy projects.

Although reliance on rural production has diminished over the years, Australia is still an important producer and exporter of farm products. It leads the world in wool production and is a significant supplier of wheat, barley, coal, iron ore and sugar.

Rural industries account for about four per cent of production, mining contributes about seven per cent, manufacturing about 17 per cent and the tertiary sector the rest.

per cent in the wake of the depreciation of the Australian dollar as commodity prices fell. In 1989-90, inflation rose to 8 per cent in response to rising mortgage interest and consumer credit charges. This compares with the 7.3 per cent increase recorded in both 1987-88 and 1988-89. Inflation rates in 1989-90 tended to slow in line with the slowing economy.

The Labour market

The labour market deteriorated in 1982-83 but wage restraint contributed to a sharp improvement in employment generation from 1983-84 to 1985-86. The strength of demand also worked to maintain the growth in job opportunities in 1987-88 and 1988-89 and into 1989-90.

In 1989-90, employment growth slowed marginally in response to a slowing economy, rising 3.8 per cent compared with 4.1 per cent in 1988-89. During the year, however, labour-market pressures eased substantially. Employment growth eased from a peak of 4.9 per cent over the year to the September quarter 1989 to 2.5 per cent over the year to the June quarter 1990.

Consistent with the sectoral pattern of output, the easing in labour-market pressures during 1989-90 was not uniform across the

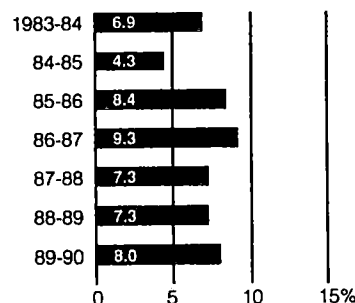
economy. Those sectors which faced the strongest demand in 1988-89 – construction, manufacturing and wholesale and retail trade – were also the sectors where pressures eased the most in 1989-90.

The unemployment rate fell to 6.2 per cent in 1989-90 from 6.6 per cent in 1988-89, although it rose during the course of the year.

Profits and wages

Over the past seven years the Prices and Incomes Accord between the Government and the Australian Council of Trade Unions (ACTU) has played a crucial role in unwinding the fundamental wages/profits imbalances prevalent

Rate of Inflation



Figures for 1983-84 and 84-85 have been adjusted to take into account the effects of the introduction of Medicare

throughout most of the 1970s and early 1980s. The Accord thereby contributed importantly to the very strong growth in employment and the recent surge in investment. The share of non-farm income accounted for by profit is at historically high levels.

Wages policy increasingly has taken on the role of a catalyst for productivity improvement and labour market reform: economy-wide wage increases linked to inflation have given way to wage determination arrangements which place greater emphasis on negotiations at a more decentralised level.

Under the latest Accord agreement there were tax cuts and a \$12 a week wage increase (for all workers covered by awards) subject to union commitments to continue the restructuring of awards on pay and conditions of employment so they meet the modern competitive requirements of industry. It will play a vital role in the development of a more flexible and skilled workforce and more efficient forms of work organisation. As well, there is scope for additional increases negotiated at the enterprise level based on achieved increases in productivity. This will provide further impetus to improved flexibility and productivity.

In the September quarter of 1990, average weekly earnings for fulltime adult employees were \$577 (\$477 for all employees).

Balance of payments

The balance of payments traditionally has comprised a current account deficit largely financed by a net inflow of private capital. This reflects Australia's position as a net capital importer drawing on foreign savings to allow faster development of domestic resources.

In 1989-90, the current account deficit increased by \$3.2 billion to \$21.2 billion, or from 5.3 per cent to 5.7 per cent of gross domestic product. The merchandise trade deficit fell from \$3.9 billion in 1988-89 to \$3.3 billion in 1989-90. The net services deficit increased from \$3.1 billion in 1988-89 to \$4.1 billion in 1989-90.

Fiscal policy

The Federal Government announces its budget of revenue and expenditure in August each year. The Federal Budget covers the financial year starting on the preceding 1 July and ending on the following June 30. It must be passed by both Houses of Parliament. The Government may also announce some initial budgetary measures, popularly known as a 'mini-

Budget', just before the beginning of the financial year.

The six State and two Territorial governments also present annual budgets, usually soon after the Federal Budget has been announced. The States receive slightly less than half their revenue from the Federal Government.

Tight fiscal policy has reduced the Federal Budget deficit from a peak of 4.1 per cent of GDP in 1983-84 to a surplus of 2.2 per cent of GDP in 1989-90. The Budget for 1990-91 provides for a fourth successive surplus.

Around 32 per cent of total outlays is allocated to social security, 10 per cent to defence and 6.5 per cent for public interest debt. Transfers to State and Local governments account for about 29 per cent of Federal outlays, with about half being for specific purposes and half for general purpose assistance.

Since 1985, the Government has introduced a range of tax reforms resulting in a broadening of the tax base and a marked increase in compliance, with a consequent boost to revenue. The principal reason behind the significant improvement in the financial position of the Federal Government has been continued reductions in outlays. In 1990-91, Federal spending is estimated to represent 23.5 per

cent of GDP, a fall of 6.5 percentage points since 1983-84.

As a result of fiscal restraint, the net public sector borrowing requirements (including public enterprises and State and Local governments) has fallen from a peak of 7.1 per cent of GDP in 1983-84 to 0.1 per cent in 1989-90.

Company taxation

Companies, other than non-profit companies, are liable to pay tax if the taxable income is \$1 or more. The rate of tax payable by companies was reduced from 49 per cent to 39 per cent for 1988-89 and beyond. An imputation system of company taxation, introduced from 1 July 1987, has eliminated the previous double taxation of distributed income. Distributed income is effectively taxed only once by crediting the company tax paid on the underlying income against the income tax payable by domestic shareholders. Non-resident shareholders who receive franked dividends (where company tax has been paid on the distributed income) are exempt from dividend withholding tax. A rebate of tax is generally allowable for all dividends paid between domestic public companies and for franked dividends received by private domestic companies.

Capital gains tax

As part of the income tax system, a capital gains tax is levied on the realised gains made on assets purchased on or after 20 September 1985. An allowance is made for inflation before gains are taxed. Individuals pay the tax at the relevant personal rate and companies pay the tax at the company tax rate.

Double taxation agreements

In addition to unilateral relief from double taxation provided by a foreign tax credit system, Australia has in force comprehensive agreements for the avoidance of double taxation with Britain, the United States, Canada, New Zealand, Singapore, Japan, Germany, the Netherlands, France, Belgium, the Philippines, Switzerland, Malaysia, Sweden, Denmark, Norway, the Republic of Korea, Ireland, Malta, Italy, Finland, Austria, Papua New Guinea and Thailand. Agreements with China, Sri Lanka and Fiji have been signed but have not yet entered into force.

Foreign investment

Australia's foreign investment policy is framed with a view to encouraging foreign investment in Australia and ensuring that such investment is consistent with the needs of the community. In the

majority of industry sectors, proposals are approved readily unless judged contrary to the national interest. The policy is administered in a practical manner and is based on guidelines rather than inflexible rules.

Investment is restricted in civil aviation, the media, banking, minerals (including uranium) and some categories of real estate. Specific Australian equity guidelines (usually 50:50) apply to new mineral projects, excluding oil and gas. These guidelines are flexible.

Banking

The banking system comprises the Reserve Bank of Australia (the central bank) and 32 commercial banking groups. The Australian financial environment underwent considerable change in the 1980s as the Government deregulated financial markets. In December 1983, the exchange rate was floated and most exchange controls abolished. Almost all borrowing, lending and interest controls on the banking system were removed. Having sought applications from both domestic and foreign interests to establish new banks, banking licences to operate in Australia were granted to 15 foreign banks, in some cases in joint ventures with Australian partners.

Banks from nine other countries now operate in Australia: the United States, Britain, New Zealand, France, China, Germany, Japan, Hong Kong, and Singapore.

Monetary policy

Monetary policy in Australia is implemented by the Reserve Bank of Australia. Although the Australian Government has ultimate responsibility for monetary policy, the central bank has an independent charter to implement those policies that best contribute to price stability, the stability of Australia's currency, the maintenance of full employment and the economic prosperity and welfare of the Australian people. Monetary policy is conducted on a day-to-day basis by the Reserve Bank dealing in Federal Government Securities to influence conditions in short-term professional money markets.

Financial conditions

Interest rates have fallen substantially over the last year, reversing much of the sharp tightening in monetary policy over 1988 and 1989. During 1990, monetary policy was eased five times in response to falling inflation and slowing economic conditions. As a result, at the end of October 1990, cash rates

had fallen by over 5 percentage points from their recent peaks, while prime rates had declined by 4.5 points to around 16 per cent.

Exchange rates

Australia moved to a floating exchange rate system in December 1983. Under this system, market forces determine the value of the Australian dollar at any given time.

Structural policy

Australia has made significant progress in microeconomic reform, progressing on a broad front including reform of financial markets, taxation, primary and manufacturing industry protection, aviation, telecommunications and government business enterprises. The reform has set out to achieve higher sustainable growth in living standards through improved efficiency and economic performance.

The Government has established the Industry Commission as an independent advisory body to undertake inquiries in areas such as energy generation and distribution, rail transport, the automotive, dairy and sugar industries, and mining and minerals processing.



Cotton is an important export commodity.

Trade

Australia is a middle-level trading nation, about 20th in the world in terms of the value of imports and exports. These each comprise about 15 per cent of the national income.

Traditionally, Australia has imported a wide range of goods and services from a large number of countries, and has financed these imports mainly through exports of primary commodities. Although their share in total export values is gradually declining, commodities still dominate the export base, comprising about two-thirds of export revenues in 1990. Australia is a key world supplier of many important commodities.

Chief among these are coal, wool, wheat, alumina, beef, iron ore and sugar. During the 1980s there was some development of new export sectors in resource areas such as gold, aluminium, gas and crude oil. There was significant downstream processing in some important export sectors. Australian greasy wool is increasingly processed locally and ex-

ported as scoured wool and bauxite shipments have been replaced by exports of processed alumina and aluminium.

In the last five years, export volumes have grown by over 30 per cent, dominated by 80 per cent growth in elaborately transformed manufactures (ETMs) and 50 per cent growth in services. Within ETMs, the largest contributions to growth came from ADP equipment, transport equipment, industrial machinery, glass and clay goods, professional and scientific equipment, dyestuffs and pharmaceuticals. Australia is developing a competitive edge in high-technology engineering exports such as scientific/medical equipment, (including photo, optical and timing equipment), telecommunications and aerospace.

Tourism dominates services exports and this sector is attracting large amounts of foreign investment. Australia is also looking to diversify its services exports into areas such as education (training and consultancy), health (medical services) and information (developing computer software).

Australia's trade with the countries of the Asia-Pacific region has expanded rapidly. Well over half its exports are destined for Asia; Japan is its largest export

market, receiving just over a quarter of total exports in the 1980s. The dynamic Asian economies (Hong Kong, Singapore, Taiwan and the Republic of Korea) and the countries of ASEAN are Australia's fastest growing markets. The United States, New Zealand, United Kingdom, China, Germany, Italy, France and Canada are also key trading partners.

Australia promotes and facilitates trade through its multilateral, regional, bilateral and domestic economic policies. It aims to contribute to the strongest possible multilateral outcomes through the GATT. Australia has a particular interest in freer and fairer agricultural trade; in this context, Australia initiated the Cairns Group of Fair Trading Agricultural Exporters, comprising 14 countries of the Asia-Pacific region, Latin America and East Europe.

More recently, Australia initiated the Asia Pacific Economic Cooperation (APEC) process, a high-level consultative process designed to identify and project more effectively the common interests of regional economies in an open multilateral trading system and to facilitate the economic dynamism of the region through a practical program of economic cooperation at the sectoral level.



Mining uranium by the open cut method at the Ranger mine.

Resources and energy

Australia has become one of the world's major producers of minerals and metals. It has major deposits of bauxite, black and brown coal, mineral sands, gold, lead, zinc, iron, copper, nickel, manganese, uranium and diamonds.

A major producer and exporter of energy resources and one of only five net energy exporters in the OECD, Australia is the world's largest exporter of coal and a major exporter of uranium, and exports significant quantities of light crude oil (although it imports heavy crude). It exports increasingly large quantities of liquefied natural gas.

Crude oil and natural gas

Substantial oil and gas discoveries have been made in Australia in the last three decades. There is good potential for more, as many sedimentary basins have been explored only lightly. Discoveries in recent years in the Timor Sea and off Western Australia underscore this potential and tests of new exploration concepts are encouraging.

Highly mechanised handling of coal destined for the export market.

Australian demand for petroleum products is satisfied mainly by domestic refinery capacity, using both domestic and imported crudes. Domestic refining capacity is modern and second only to Singapore's in the South-East Asian region.

Australia exports refined petroleum products to meet regional requirements, particularly in the South Pacific.

Total proved and probable reserves of Australian crude oil and condensate exceed 1600 million barrels.

Coal

The world's largest exporter and seventh-largest producer of black coal, Australia has estimated reserves of more than 500 billion tonnes, about two thirds of which is considered recoverable. About a tenth of it comes under the heading of demonstrated, economically recoverable resources. Almost all of it is in NSW and Queensland.

About half Australia's coal exports in recent years have gone to Japan but its share is declining as sales to other Asian countries and Europe increase.

Uranium

Australia's reasonably assured uranium resources represent nearly a third of the Western world's ura-

nium resources. The major deposits are in the Northern Territory, South Australia and Western Australia.

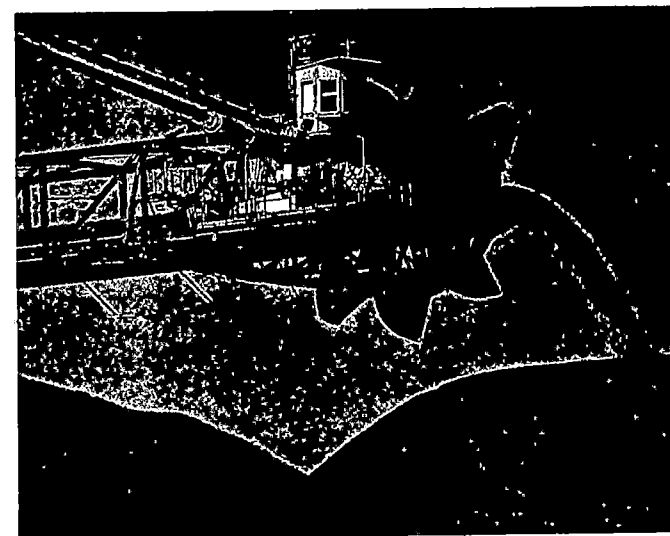
Uranium mining and export are permitted from only the Ranger mine in the Northern Territory and the Olympic Dam mine in South Australia and are subject to stringent safeguard requirements. Nabarlek ceased production in 1988. Ranger produces about 3000 tonnes of uranium a year, but could double production. The Olympic Dam copper-uranium-gold project began commercial production of uranium concentrates in 1988, producing about 1000 tonnes of uranium. A review of the policy is currently being carried out by a committee of the Australian Labor Party.

Iron ore

Australia is the world's second largest exporter of iron ore, exporting 97 million tonnes of its estimated 1989-90 production of 110 million tonnes. It has demonstrated economic resources of more than 14 300 million tonnes of high-grade ore. Most is produced in Western Australia.

Bauxite and alumina

The largest producer in the world of both bauxite and alumina, Australia produced nearly 40 million



tonnes of bauxite in 1989-90, about 43 per cent of world production. Alumina production in 1989-90 was a record 11 million tonnes, about 33 per cent of the world total. Exports were 8.3 million tonnes, valued at \$2696 million. Australia produced 1.2 million tonnes of aluminium, about 9 per cent of world production. Exports of bauxite, alumina and aluminium together totalled about \$5 billion.

Lead and zinc

Australia has substantial resources of lead and zinc and is one of the world's major producers and exporters. Lead and zinc are mined

mainly in NSW, Queensland, Tasmania and Western Australia.

Lead refinery-smelters operate in Queensland, NSW and South Australia. The Port Pirie (South Australia) smelter is the largest in the world. One of the world's major zinc refineries is at Risdon, Tasmania.

Copper

Demonstrated economic resources of copper in Australia are large, several major deposits having been discovered in the 1980s. It is mined in all States except Victoria and refineries operate in Queensland, NSW and South Aus-

Continuous rod coiling of copper adds value to the export of this mineral.

tralia. More than half the country's output of refined copper is exported. Total annual copper production is about 250 000 tonnes.

Nickel

Australia ranks third in world mine output of nickel, and exports nearly all of it. In Western Australia, where economic resources of nickel sulphide ore are large, the ore is processed to nickel matte and metal for export. Nickel laterite ore mined in Queensland is processed into nickel oxide but the reserves are nearing exhaustion.

Gold

Australia is the third largest producer of gold in the Western world, with production in 1989-90 reaching a record 223 tonnes compared with only 17 tonnes in 1980. Exports in 1989-90 were valued at \$2.9 billion. The rapid growth of the Australian gold industry in the 1980s was based on an attractive gold price and the development of innovative exploration, production and management techniques.

Mineral sands

Australia is the leading producer of rutile, zircon, monazite and alluvial ilmenite. All of these minerals have high-technology applications in aerospace work, advanced ceramics, lasers and fi-

bre optics. The industry has been developing projects for further processing - producing, for example, titanium dioxide pigment, high-purity zirconia and rare earths.

Other minerals

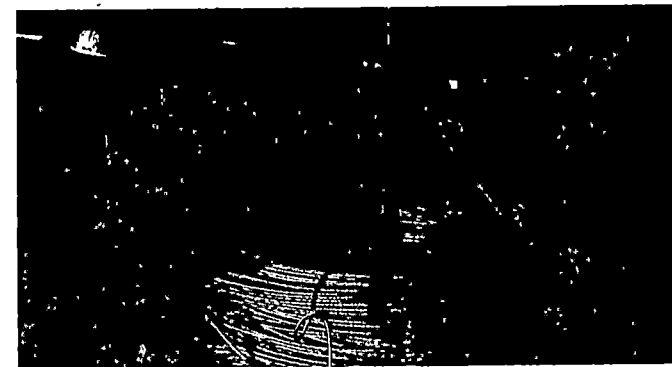
The manganese mine on Groote Eylandt, in the Northern Territory, is one of the world's largest mines and Australia is one of only three major world exporters of the mineral. Ore and refined forms (ferro-alloys and electrolytic manganese dioxide) are also produced. Tin ore is another mineral produced, most of it exported to Malaysia for refining.

Australia is also the world's largest producer by volume of diamonds and the world's leading producer of sapphires and opals.

Electricity

Each state has its own pattern of electric power development. Electricity is generated mainly by burning coal; natural gas and hydro-electric power are other sources.

Hydro-electric energy accounts for about a ninth of all electricity generated in Australia. The Snowy Mountains hydroelectric scheme in south-east Australia is one of the country's greatest engineering un-



dertakings and one of the world's larger irrigation and power projects. The scheme, which diverts water inland from coastal watersheds, has seven power stations, a pumping station, 16 large and many smaller dams, 145km of tunnels and 80km of aqueducts, and took 25 years to build. Its generating capacity is 3740 megawatts.

Energy policy

Energy policy in Australia is formulated to be consistent with major economic, industrial and social objectives and its key goals are:

- security of overall energy supplies;
- development of the energy exports sector; and
- efficiency in the domestic energy sector.

The policy is intended to provide the right framework to ensure that Australia has access to the ap-

propriate mix of energy supplies to meet its changing needs.

The nation is committed to continued research into and development of renewable energy, energy conservation, efficient energy use and alternative fuels. It maintains a major geological and geophysical research and investigation program.

Australia is an active member of the International Energy Agency.

Domestically, there is considerable consultation on energy matters. The main advisory and consultative bodies are: Australian Minerals and Energy Council, National Energy Consultative Council, National Energy Research, Development and Demonstration Council and the National Oil Supplies Advisory Committee.





Fashion clothing for children has been well accepted on export markets.

Manufacturing industry

In little more than a generation Australians have cast aside their former image as a basically rural society and embarked on an era of rapid industrial development. Today, Australia has a broad industrial base using advanced technology. Manufacturing ranges from fashion garments to food, complex electronics to household appliances, base metals to precision instruments, oil refining and to plastics.

Aided by Australia's political stability, rich natural resources, steady population growth and substantial capital investment from within the country and overseas, manufacturing industry accounts for 17 per cent of gross domestic product and more than 20 per cent of exports. One-sixth of the country's workers are employed in manufacturing industry.

Many Australian companies manufacture overseas products under licence. A high level of do-

mestic innovation has resulted in overseas licensing of many Australian-devised products and processes.

Tertiary sector

The tertiary or service sector is the largest segment of the Australian economy and it has been growing in importance relative to other major sectors in recent decades. The major employer in the sector is retail and wholesale trade, followed by community services, finance, property and business services and the construction industry. Employment in the sector accounts for about 78 per cent of total Australian employment, an increase from 64 per cent in the mid-1960s. The sector's share of the GDP is about 67 per cent.

Small business

A small business can generally be defined as one which employs up to 100 people in manufacturing industries and up to 20 people in non-manufacturing industries.

There are 600 000 small businesses in Australia and an additional 150 000 in the farming sector. They account for 96 per cent of all firms, half of private sector employment and a third of all employment in Australia. It is estimated 86 per cent of all manufacturing firms in Australia are small businesses.

Aerospace industry

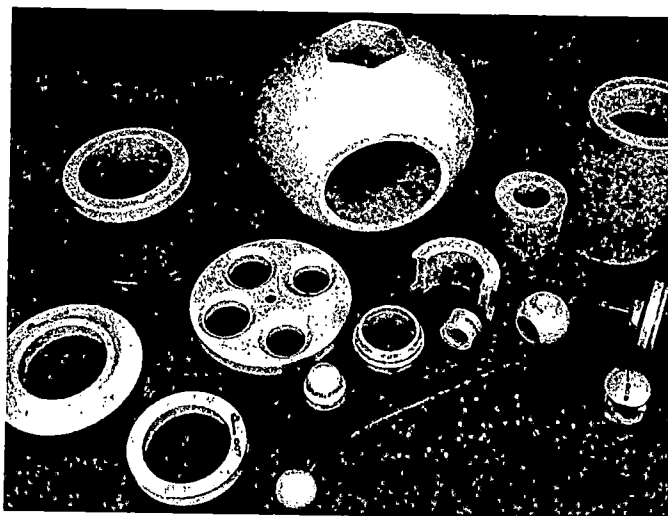
There are about 80 companies in the industry employing about 14 000. Industry association figures indicate significant growth in activity in the latter 1980s with turnover in 1988 of approximately \$845 million. Of this, nearly \$400 million represented export sales.

Chemicals and plastics

The Australian chemicals and plastics industries use local and imported materials to produce a wide range of intermediate and end products. These include petrochemicals, fertilisers, plastics, pharmaceuticals, agricultural chemicals, paints, soaps and detergents.

Electrical and electronic industries

The Australian electrical industry meets a substantial part of local demand for domestic and industrial products. Australia produces a wide range of electrical goods, including motors, transformers, domestic appliances, control gear and cables. The electronics industry supplies much of the local market for telecommunications equipment. Other products include advanced scientific and defence electronics, small computers and terminals and consumer au-



dio equipment. Demand for computers, electronic components and consumer electronic equipment is mostly supplied by imports. The industry employs about 60 000 and is increasingly export oriented.

Engineering

A wide range of heavy plant – such as oil rigs, power stations and mining equipment – is produced in Australia. Lighter products include machine tools, industrial robots, die castings, forgings and many types of measuring and recording instruments. Major engineering projects in Australia in recent years have given local industry opportunities to develop new technology,

manufacturing techniques and project management skills. Most companies in the industry can work on a range of general engineering projects. The industry employs about 85 000 (eight per cent of total manufacturing employment) and has an annual turnover of about \$5500 million.

Shipbuilding

Small to medium-sized ships are constructed in a number of Australian shipyards, including small trading vessels and specialised vessels such as tugs, dredges, barges, fishing vessels, passenger ferries and oil rig service vessels. The shipbuilding industry is as-

High technology design PSZ valves are sought for health and oil industry applications around the world.

45

sisted through a bounty on ships built in Australia and through import restrictions on second-hand vessels.

Processed food

Australia enjoys the climatic and geographic environment necessary for the cultivation and processing of virtually all types of food products, and food processing is the largest single segment of manufacturing industry in the country, employing 176 364 people. Turnover in 1988-89 totalled \$3 billion.

Motor vehicles

The motor vehicle industry (including the component sector) occupies an important place in Australian manufacturing industry and employs more than 65 000 people.

In 1989, 448 514 new cars and station wagons were registered. Another 158 985 utilities, panel vans, trucks and buses were also registered during the year.

Iron and steel

Australia's biggest company, The Broken Hill Proprietary Company Limited (BHP), is the predominant producer of iron and steel products in Australia. BHP's various divisions produce nearly the whole range of steel products, including plate, billets, structural shapes,

rails, rods, wire, coated and uncoated steel sheets, and tinplate. Basic steel is produced at Port Kembla and Newcastle in New South Wales, and at Whyalla in South Australia. Raw steel output in 1989-90 was 6.7 million tonnes.

Paper and pulp

Production of paper and paperboard including newsprint was about 1.87 million tonnes in 1989-90. This represented about 70 per cent of apparent local consumption. Wood pulp production totalled one million tonnes.

Aluminium

The aluminium industry includes two fully integrated (bauxite/alumina/aluminium/semi-fabricating) groups, Comalco and Alcoa of Australia, while a third producer, Alcan Australia, operates a smelter and semi-fabricating plants. A fourth producer, Tomago, a joint venture comprising European and Australian interests, is confined to aluminium smelting principally for export.

In 1990, production of aluminium was 1.27 million tonnes. Exports in 1989 reached 935 000 tonnes, more than 70 per cent of production, and valued at about \$2100 million.



Australia's fine wool is keenly sought for high quality clothing and textiles.

Primary industry

The ravages of drought, bushfire and flood have not prevented the world's driest inhabited continent from becoming an important producer and exporter of agricultural products.

Although about a third of the country is unsuitable for any form of agricultural or pastoral use and another third supports only pastoral activity, Australia leads the world in wool production and is a significant supplier of cereals, dairy produce, meat, sugar and fruit.

Technical innovation and research, particularly in soil fertility, pasture production and crop yields, have helped to cut farm costs and open up new land for cultivation.

Australia has been able to carry out commercial farm production under desert and semi-desert conditions and the techniques and equipment developed are finding markets in countries with similar climates.

The total value of rural exports in 1989-90 was \$15 144 million. Major rural exports included wool valued at about \$3706 million; meat

and live sheep \$2869 million; wheat \$2507 million; barley \$344 million; rice \$179 million; other grains and oilseeds \$320 million; sugar \$1050 million; dairy products \$692 million; raw cotton \$540 million; fruit and wine \$299 million.

The gross value of rural production in 1989-90 was \$23 877 million. Wool accounted for about \$6072 million; livestock slaughtering \$5640; wheat \$2838 million; barley \$710 million; other grains and oilseeds \$961 million; milk \$1787 million; fruit \$1190 million; vegetables \$1223 million; cotton \$568 million.

Agricultural output

There are about 127 500 properties in Australia which have an estimated value of agricultural operations of \$20 000 or more. These cover about 470 million hectares, or 61 per cent of the total land area. In contrast with many other countries, about 90 per cent of all agricultural land is in its natural state and is capable only of limited development. This land is used mainly for light grazing by cattle or sheep. Agricultural production has risen substantially since the early 1950s.

Despite a declining rural labour force, rural output has increased by more than 150 per cent since 1950-51, and contributes

about four per cent to gross domestic product.

In highly urbanised Australia, the relative importance of the agricultural sector has been declining but agricultural industries remain large earners of foreign exchange and account for about 30 per cent of total export income.

Sheep and wool

Australia is the world's largest producer of the fine wools used in clothing. The wool is produced by about 76 000 woolgrowers owning about 175 million sheep grazing on about half the area of the continent.

About four-fifths of Australia's sheep are the merino breed, the best fine wool sheep, and Australian wool is distinguished by its consistency of fibre. Ninety-seven per cent of Australian wool is exported, mainly in the greasy form, though up to 20 per cent of the total is part-processed. Australia supplies about half of the wool used in apparel, and around 30 per cent of all greasy wool produced in the world. The main markets are Japan, the Soviet Union, China and the EC.

Meat

Australia markets meat in more than 100 countries and supplies the domestic market where the consumption of meat is the third

Picking grapes that are destined to be used in Australian vintage wines.

highest in the world at about 100 kg per person a year. The main meats exported are beef and veal, mutton and lamb. Australia has about 24 million head of cattle.

Australia has developed strict standards of slaughtering, processing, cutting, packing and presentation of meat.

From the early 1970s until 1984, Australia was the world's major exporter of beef and veal. The EC passed Australia as the major exporter in 1984. The US remains by far Australia's largest customer, followed by Japan. These two markets account for 81 per cent of total beef and veal exports. Australia also exports pigmeat and poultry.

Dairying

High quality products include butter, cheese, processed milk and casein. Of the \$692 million earned from dairy exports in 1989-90, \$189 million was from cheese. The industry is located mainly in the south-eastern region of the mainland and in northern Tasmania, where rainfall is ample and fairly reliable.

Wheat

Improved varieties and management techniques have increased yields per hectare. About 9 million ha were sown to wheat in 1989-90.

Preliminary 1989-90 production is 14.1 million tonnes, and this is forecast to increase to 15 million tonnes in 1990-91. Wheat-growing is highly mechanised and involves more than 40 000 farmers in a wheatbelt that stretches for 4000 km through five mainland states. The main markets are China, Egypt, Japan and Iran.

Coarse grains

Barley, oats, sorghum, maize and triticale are the main coarse grain crops. Small quantities of rye and millet are grown. In 1988-89, barley production was estimated at 4.1 million tonnes; sorghum 0.9 million tonnes; oats 1.6 million tonnes; maize 202 000 tonnes; and triticale 163 000 tonnes.

Rice

Production of rice for 1989-90 was estimated at 894 000 tonnes.

Oilseeds

Oilseed production in 1989-90 was estimated at 773 000 tonnes. Oilseeds grown in Australia include sunflower seed, soyabean, cottonseed, linseed, rapeseed and safflower seed.

Sugar

Nearly 95 per cent of Australia's production of almost 28 million tonnes of sugar cane comes from



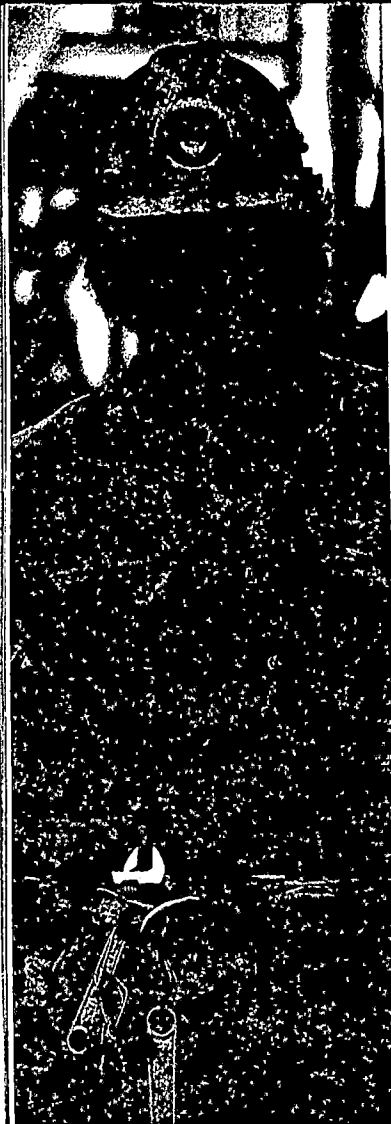
Queensland, and the remainder from New South Wales. In 1989-90, exports of sugar were 2.9 million tonnes, the main markets being Japan, Canada, Republic of Korea, Malaysia and China.

Fruit

Australia exports a variety of fruits, including apples, pears and citrus, and canned, frozen and dried fruit. Australia has about 23 million fruit trees and about 58 000 ha of vineyards. In addition, about 123 000 ha of land is devoted to vegetables. The total 1989-90 gross value of production of fruit and vegetables was \$2522 million.

Wine

Wines from Australia have continued to gain acceptance in other countries despite very keen competition. Sweden is the largest export market for Australian wine, followed by the United Kingdom, New Zealand, Japan and the US. About 370 million litres of wine was produced in 1989-90 from a vintage of 544 000 tonnes. The State of South Australia produces about 50 per cent of Australia's total wine production. Exports in 1989-90 were estimated at 42 million litres, four times the level of the mid-1980s.



Australia has a highly skilled and mobile workforce.

Labour and industrial relations

Working conditions in Australia are regulated by legislation and by industrial awards. Awards are legal documents made by industrial tribunals which set out details of pay and conditions of employment. They have the same role as a collective agreement in many other countries. Under the Constitution, the power of the Australian Parliament to regulate labour relations is limited to the prevention and settlement, by conciliation and arbitration, of industrial disputes extending beyond state limits. State parliaments can regulate industrial relations within their States.

Associations and unions

The conciliation and arbitration system encourages unionism, operating on the premise that employers and employees will be represented before tribunals by registered organisations. Fifty-four per cent of employees belong to Australia's 295 trade unions. At 30 June 1990, unions had a financial

membership of 3.4 million. The Australian Council of Trade Unions (ACTU) has an official affiliated membership of 160 unions representing more than 2 750 000 workers.

Labour force

For the 12 months ended October 1990, Australia's labour force averaged 8.43 million or 63.7 per cent of the civilian population aged 15 or more.

In October 1990, 6.18 million people (79 per cent of the employed labour force) worked fulltime. Manufacturing, wholesale and retail trade, construction and community services accounted for 61 per cent of all full-time workers.

Wages and conditions

Federal and state industrial tribunals set rates of pay and conditions of employment for 85 per cent of Australian employees covered by awards, determinations or industrial agreements. Most are minimum rates and management and labour may negotiate above-award rates. Over-award payments are widespread. Award rates are fixed without regard to the sex of the employee.

The Sex Discrimination Act 1984 seeks to eliminate discrimination, on the grounds of sex, marital status or pregnancy, in a

number of areas, including employment. It also seeks to eliminate discrimination involving sexual harassment.

The Racial Discrimination Act 1975 prohibits discrimination in employment on the grounds of race, colour, descent or national or ethnic origin.

South Australia and New South Wales have introduced legislation to prohibit discrimination on the grounds of age.

Working hours

The standard working week in Australia has been reduced progressively to 38 hours in most industries, worked usually from Monday to Friday. Employees in service occupations are paid more ('penalty rates') when they work at weekends.

Paid leave

Legislation or awards give four weeks' paid annual leave to almost all employees. Many employees receive an annual leave loading of 17.5 per cent on their pay.

Labour market

For the 12 months ended October 1990, employment grew by 2.6 per cent. In October 1990, the unemployment rate was 7.6 per cent in seasonally adjusted terms.



The Science and Technology centre houses working displays illustrating scientific principles.

Science and technology

Australian scientists and researchers continue to make contributions to the advancement of science and technology. They have been responsible for many advances in the manufacturing, mining and agricultural industries. Australia has made significant contributions in medical science, particularly in immunological and cancer research. Australian medical scientists have found a cure for peptic ulcers and are working on detecting molecules that reject transplants. Their success with in vitro techniques in countering human sterility has attracted international interest.

Australia has been a pioneer in solar energy research, and scientists also are investigating other potential energy sources, including wind and sea power. Australian advances in technology include the development of an internationally accepted aircraft landing system, a heart pacemaker, a 'bionic ear' and

computer hardware and software.

As well as undertaking research within its own agencies—notably the Commonwealth Scientific and Industrial Research Organisation (CSIRO), the Australian Nuclear Science and Technology Organisation (ANSTO), the Australian Institute of Marine Science and the Defence Science and Technology Organisation—the Australian Government provides financial support for research in tertiary education institutions, research institutes and industry.

Nuclear science and technology

The Australian Nuclear Science and Technology Organisation was established in April 1987 as the successor to the Australian Atomic Energy Commission. ANSTO is the major centre for research and development in nuclear science and related technologies in Australia.

Commission for the Future

The Australian Government established a Commission for the Future in 1985 to study and promote the social and economic effects of technological change.

CSIRO

The Commonwealth Scientific and Industrial Research Organisation is Australia's main scientific re-

search body. It plans and carries out a program of scientific research except in defence, nuclear energy and clinical medicine. It delivers a range of scientific services to the Australian Government, industry and the community. CSIRO's work is directed toward rural, manufacturing, communications and information industries; knowledge and management of the natural environment; minerals and energy industries; and construction industries. CSIRO employs about 7000 people in more than 100 laboratories and field stations.

Space

The Australian Space Office (ASO), in the Department of Industry, Technology and Commerce, is the national body responsible for space industry development and space science.

Antarctic research

Australia carries out specific scientific research programs in the Australian Antarctic Territory.

Science and technology awareness

The Science and Technology Awareness Program was established in May 1989 to raise awareness of the economic and social importance of science and technology.

Meteorology

The Bureau of Meteorology has an important role in the World Meteorological Organisation's world weather watch which has three meteorological centres—in Melbourne, Moscow and Washington—and regional centres including one in Darwin.

Cooperation

Formal bilateral agreements on scientific and technical cooperation exist between Australia and the US (1968), India, USSR (both 1975), Federal Republic of Germany (1976), China, Japan (both 1980) and Mexico (1981).

Astronomy

One of the world's largest optical telescopes, the 3.9-metre Anglo-Australian Telescope, is operated at Siding Springs Mountain, New South Wales, under an agreement between the British and Australian Governments. The Australia Telescope, opened in 1988, consists of a 64-metre-diameter steerable parabolic reflector near Parkes, NSW, six steerable and moveable 22m antennas at Culgoora, NSW, and a steerable antenna at Siding Springs. It is operated as a national facility by CSIRO Division of Radiophysics.



Australian scientists have developed photonics for high technology communications.

Transport and communications

Australia's vast distances and relatively sparse inland population have always presented major challenges in the development of efficient transport and communications systems.

The most direct air route between Sydney on the east coast and Perth on the west coast is 3200km, and the most direct route between Darwin in the north and the most southern capital city, Hobart, is even further at 3700km. Added to this problem is the fact that more than 60 per cent of the population live in and around the six State capitals.

Transport

Australia's transport system includes nearly 840 000km of roads, 240 000km of unduplicated air routes and 40 000km of government railways.

The State governments deal mainly with roads, ports, intrastate shipping and railways. The Federal Government deals with shipping and air transport between States and Territories and the Aus-

tralian National Railways network. As well, the Federal Government maintains an interest in all transport matters and financially assists State railway and road construction projects.

It provides about \$1.3 billion annually to the States for the construction and maintenance of national, arterial and local roads.

Shipping

Australia trades with about 200 countries and territories and annually exports almost 260 million tonnes of freight by sea. Imports by sea total almost 24 million tonnes.

Australia is served mainly by foreign-flag vessels in its overseas trade. The Australian flag share of tonnage is about 4.2 per cent.

The Australian National Line operates a regular overseas shipping service in five of Australia's overseas trade routes to Europe, Japan-Korea, and South-East Asia and New Zealand.

Ports and harbours

Australian ports are the responsibility of State government authorities and departments or private operators. Australia has about 70 ports of commercial significance. The main ports serve the State capitals and industrial and mining centres.

Railways

Australia's railways are owned and operated mainly by government. New South Wales, Victoria, Queensland and Western Australia have their own railway systems.

The metropolitan railways in Adelaide are owned and operated by the South Australian Government. The Federal Government railways are run by the Australian National Railways Commission trading as Australian National.

Three railway gauges are used in Australia: 1067mm, 1435mm and 1600mm. Since December 1982, the mainland capital cities have been connected by a standard-gauge (1435mm) line, except for Adelaide-Melbourne. Privately-owned railways operate in each State serving mining, agricultural and industrial areas. The largest private railway operations serve iron-ore mining in the north-west of Western Australia. Queensland has an extensive tramway network to serve mills in sugar-producing areas.

Road safety

Wearing seatbelts, anti-drink driving laws, improved vehicle safety and better roads all have considerably influenced road safety in Australia. In 1988, 2888 people were killed in road crashes; some 24 per cent fewer than in 1970.

During this period there were substantial increases in population and vehicle numbers so that the reduction in road deaths was a significant achievement. Nevertheless, road crashes are still the largest single cause of death for Australians aged under 45 years.

Road Transport

Road transport carries some 75 per cent of Australia's domestic freight. The industry is highly competitive, comprising small and large operators using diverse vehicle types including road trains, freighters and smaller vehicles. There is no economic regulation of the freight industry although it is subject to safety regulations administered by State governments.

Energy in transport

Transport uses about 70 per cent of fuel sold in Australia.

Since 1979, incentives have been offered for the conversion of vehicles to liquefied petroleum gas and many government and private fleet vehicles have been converted.

Aviation

Isolated communities and long distances between cities have contributed to making Australia one of the most air-minded countries in the world. There are just over

8600 aircraft of all types and about 47 000 pilots licensed to fly them.

Thirty-three international airlines, including Qantas, operated regular services to Australia in 1989.

Scheduled domestic airlines carry about 14 million passengers a year. Regular airline services have been operating since 1921 when West Australian Airways began operations over a 1923km route linking Geraldton and Derby. Today domestic airlines cover about 13 760 million passenger-kilometres a year, linking the capital cities and other main centres of population.

Communications

The main communication systems – postal, telegraph and telephone – were established and have since been maintained in Australia by governments.

Since July 1975, responsibility for post and telecommunications has been vested in two statutory authorities – the Australian Postal Corporation (Australia Post) and the Australian Telecommunications Corporation (Telecom Australia). Australia Post operates about 4500 post offices and 6000 vehicles. It serves about 5.7 million residential and 560 000 business addresses in Australia. It employs nearly 35 000 people full-time and handles about 14 million

postal articles each working day.

Telecom Australia employs more than 89 000 full-time staff. It operates 5156 telephone exchanges serving seven million telephone services with more than eight million telephones.

More than 99 per cent of Australia's telephones are connected to automatic exchanges.

The Overseas Telecommunications Commission is responsible for public telecommunications services between Australia and other countries, its external territories and ships at sea.

The commission has a staff of nearly 2000. Telephone services, which are available to more than 230 overseas destinations, and telex services provide about 73 per cent of revenue. International subscriber dialling is available to more than 180 destinations.

Satellite system

AUSSAT Proprietary Limited, owned by the Federal Government, is the owner and operator of Australia's domestic satellite system. AUSSAT provides high-quality radio and television services and telecommunications links to all areas of mainland Australia and associated islands and telecommunications links to New Zealand.



Social security provides allowances for families with children.

Social Security

Australia's involvement in social security began with the introduction of old-age and invalid pensions in 1910 and maternity allowances in 1912. Social security payments of this kind, then considered radical, gained for Australia its reputation as a pioneer in public welfare. The main components of today's social security programs are pensions for old people, the severely disabled and sole parents; benefits for the unemployed who are seeking work and those temporarily unable to work because of ill health; and allowances for families with children. Estimated expenditure on social security and welfare programs for 1990-91 is nearly \$7487 million. Charitable organisations historically have supplemented the public social services, often as innovators and pioneers in new areas of welfare.

Pensions, benefits

The Federal Government provides cash benefits to people whose source of income has either ceased—for example, through se-

vere disability or retirement—or has been temporarily interrupted, as in unemployment or sickness. These payments are subject to an income and assets test. Certain residency requirements also have to be met. Pensioners and sickness beneficiaries may qualify for pensioner concessions which entitle them to a range of concessional pharmaceuticals and some optometrical and health services. Concessions on government transport and telephone rental are also available to pensioners.

Families

People who have one or more children under 16 may receive a family allowance. People who have certain dependent students aged 16 to 24 also may qualify for family allowance. All family allowances are subject to an income test. Family allowance supplement (FAS) provides a higher level of assistance to low-income working families under a more stringent income test which includes an assets test. Higher rates of FAS are available for older children. FAS payments also may include an amount for rent assistance for families in the private rental market. Both family allowance and family allowance supplement normally are paid fortnightly to the mother or female guardian.

Disabled

Those on pension because of disability and those on temporary sickness payment have access to rehabilitation and training to see if they can return to work.

An allowance is payable to parents or guardians of a child whose physical, intellectual or psychiatric disability requires a high level of daily care and attention in the family home. A mobility allowance is paid to disabled people who are employed or engaged in training and are unable to use public transport because of their disabilities. A carer's pension is available to people providing long-term care at home to a severely disabled pensioner or beneficiary.



Pre-school education is an integral part of the education system.

Education

Under the federal system of government in Australia, state, and territory governments and non-government school authorities are responsible for providing education services. The Federal Government provides supplementary funds in the form of general recurrent and capital grants.

The Federal Government plays a central role in facilitating cooperation of the national education system largely through the Australian Education Council.

Funding

The Government spent \$6565.5 million on education in 1989-90. Estimated expenditure for 1990-91 is \$7486.6 million.

Pre-school and child care

Most Australian children begin school before the compulsory school age and many attend pre-school centres within the school system. Pre-school centres generally enrol four-year-old children and provide sessions for two groups of children each day.

Primary and secondary education

Schooling is compulsory in Australia until the age of 15 or 16 (varies between states). Over 70 per cent of children are educated in government schools, where tuition at primary and secondary levels is free. The majority of Australian children (2 194 355 in 1989) attend government schools. In 1989, 27.6 per cent of students (837 032) were enrolled at non-government schools.

Secondary schooling begins in year seven or year eight and continues to year 12. The most common type of secondary school is the co-educational comprehensive or multi-purpose high school, offering a wide range of subjects and activities.

Schools of the Air use two-way radio to provide 'classroom' experience for children in the remote parts of Australia even though they remain physically in their own homes.

The National Distance Education Centre, established in June 1989, is examining the application of technologies such as interactive video, CD-ROM and CAL-CML, to the development and delivery of external courses.

Tertiary education

There has been substantial restructuring of the higher education sys-

tem through the amalgamation of institutions, leading to benefits such as a greater range of subjects, courses and categories of award, better credit transfer provisions and improved teaching and research facilities/services.

Australian higher education is provided by 76 institutions. In 1990, there were 299 511 full-time students, 132 852 part-time students and 52 712 external students. Australian higher education institutions offer internationally regarded degrees and postgraduate awards.

Colleges of technical and further education provide training in major industrial skills as well as certificates and diplomas based on vocational training.

Student assistance

In 1990, the Government assisted about 397 000 students at a cost of about \$993.7 million.

Student assistance schemes provide financial assistance to students who are financially disadvantaged (AUSTUDY), Aborigines and Torres Strait Islanders (ABSTUDY), geographically isolated or disabled students (Assistance for Isolated Children) and postgraduate awards.

Current trends

Under the National Asian Scholarship Scheme, the Federal Govern-

ment awards scholarships to teachers and research students to study in Asian countries, is part of a strategy to help Australia become Asia-literate.

Teacher education

Pre-school and primary teachers usually complete a three or four year diploma/degree course at a tertiary institution. Secondary school teachers generally complete a degree at a university or college of advanced education before doing a graduate diploma education course.

International participation

Awards and exchanges under the International Students sub-program, provide opportunities for students from overseas to study in Australia and for Australians to study overseas. Overseas students are also able to study in Australia by paying the full cost of their education to the institution. The number of students admitted under the full fee program is not restricted by quotas. In 1990, there were 12 134 full fee paying overseas students enrolled in higher education institutions and a further 1015 enrolled in colleges of Technical and Further Education (TAFE).

Aborigines

The Federal Government made a five-year commitment to the Aboriginal Employment Development Policy (AEDP) in 1987. The policy aims to increase employment opportunities for Aborigines and Torres Strait Islanders and assist their economic development through to the year 2000.

At the end of 1989, all State and Territory governments jointly agreed to a national Aboriginal and Torres Strait Islander Education Policy (AEP). The Federal Government has committed \$266 million to this initiative which aims to raise Aboriginal participation and success in education to the same level as the rest of the community.

Vocational training

Federal Government funding measures are designed to encourage a cooperative national effort with industry in the improvement of vocational education and training arrangements. The National Training Board is responsible for setting national skill standards on the basis of proposals brought forward by industry.



Immunisation is a vital part of child health care programs. 63

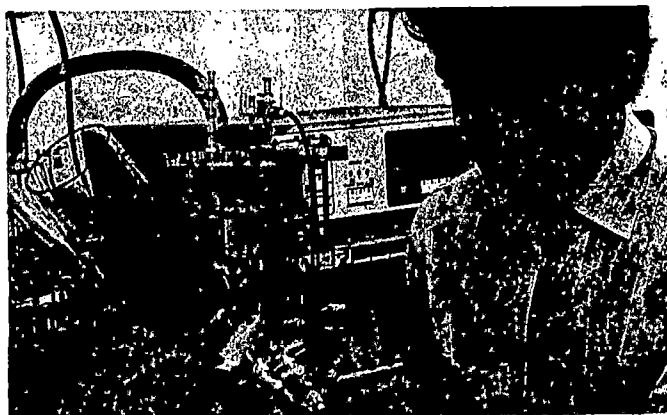
Health

Australia's public health services are two-tiered: private medical practitioners provide primary care, and a public (State-controlled) and private hospital system provides comprehensive services. A more diversified program of care, with community health services – including health-centre and home care services – is developing.

A universal health insurance scheme, Medicare, provides Australian residents with protection against hospital costs (excluding private patients), medical and optometrical care. The scheme, introduced in February 1984, is partly funded by a 1.25 per cent levy on taxable incomes, with low-income cut-off points.

Under the scheme, there is no charge for public hospital accommodation or treatment by hospital doctors. Private patients in public hospitals are charged for these services.

Medicare also provides re-funds of at least 85 per cent of government-approved fees charged by doctors and by optometrists (except where the service is



provided while a person is a hospital patient or at a day-hospital facility, when Medicare benefit is a flat 75 per cent).

Private health insurance is available for private patients in hospitals or for costs of a range of ancillary services, such as dental services or physiotherapy.

Short-stay visitors to Australia must pay for all medical and hospital treatment. Private insurance organisations will cover them.

Australia has reciprocal medical arrangements with New Zealand, the United Kingdom, The Netherlands, Italy, Malta and Sweden. These enable short-term visitors to and from Australia to have access to the host country's public health system for immediately necessary medical and hospital treatment.

Hospitals

In 1990, Australia had 1072 hospitals (excluding mental hospitals, nursing homes and Repatriation – veterans' – hospitals), of which 65 per cent were public hospitals. Australia has an average five hospital beds a thousand population.

Pharmaceuticals

Through the Pharmaceutical Benefits Scheme, the Government subsidises the cost of a comprehensive range of drugs to ensure Australians have access to effective and necessary prescribed medication.

In 1986, a program known as the Safety Net was introduced to provide protection for families and the chronically ill, by setting an upper limit on expenditure for prescription drugs. On 1 January 1991, this limit was set to a maxi-

mum outlay of \$300 an individual or family in a year.

Medicine

In 1990, Australia had about 38 000 doctors in active practice. About 50 per cent work as general practitioners (primary care), 30 per cent as specialists and 20 per cent are in salaried employment.

Ten Australian universities have medical schools which provide five- or six-year undergraduate courses.

Nursing

About 190 000 professionally registered nurses provide care in hospitals, nursing homes, home-nursing agencies, occupational health nursing services, school health services and community health activities.

Authorisation to practise is controlled by registration authorities in each State and Territory. About 80 per cent of nurses work in hospitals or nursing homes.

Dentistry

Australia has about 5 700 dentists, mostly in private practice. Five Australian universities have dental schools providing a five-year undergraduate course.

Fluoridation of water is widely used to prevent dental decay and covers about 67 per cent of the

population. Dental care for certain disadvantaged people is provided by dental hospitals.

Public health

Public health services are undertaken at Federal, State and Local government levels. Constitutionally, State and Local governments have responsibility for providing public health services, but the Federal Government has become more involved in developing and coordinating national policies, model legislation, guidelines and standards.

The Federal Government provides funding and professional expertise in family planning, health promotion and illness prevention, drug-abuse reduction, Aboriginal health, women's health and disease control – in particular, sexually transmissible diseases including AIDS.

Research

The Federal Government supports research by annual appropriation to the Medical Research Endowment Fund.

In 1989-90, more than \$80 million was allocated for grants to be awarded on National Health and Medical Research Council advice.

In addition, \$2.6 million was allocated for public health research, administered by the newly estab-

lished Public Health Research and Development Committee.

Flying doctor

The Royal Flying Doctor Service of Australia provides medical care for people living in isolated regions. Doctors travel by aircraft from central bases and keep in touch with their patients by radio.

Services for the aged

Australia places a high priority on programs for elderly people.

Through the Home and Community Care (HACC) program the Federal Government funds a range of home and community support services, such as home help, food services, community respite care, and transport services, to help frail older people and younger people with disabilities remain living in their own homes. The Government also provides a Domiciliary Nursing Care Benefit to people who care for chronically ill relatives at home.

The Residential Care program funds a range of organisations which provide care in nursing homes and hostels. The program provides 100 nursing home and hostel places for ever 1000 persons aged 70 years and over.

Services for people with disabilities

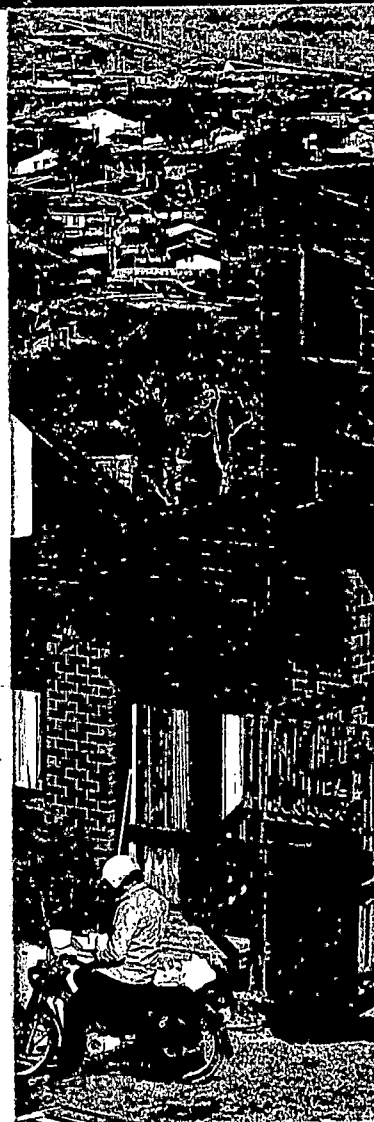
Vocational and social rehabilitation services are provided through the Commonwealth Rehabilitation Services (CRS). More than 90 rehabilitation units operate around Australia, many in country areas.

Hearing services are provided through the National Acoustic Laboratories (NAL). Specialist services are provided by technical experts in NAL Hearing Centres throughout Australia.

Child Care

The Government helps families with dependent children, including those with special needs, by providing quality, affordable child care. The child care program is aimed at removal of barriers that might prevent women taking paid employment.

This approach involves government and private child-care services, employers and non-profit organisations working together to increase the supply of quality, affordable child care.



The detached house remains the most popular dwelling.

Housing

The outstanding feature of housing in Australia is the high level of home ownership. About 70 per cent of Australian householders own their own homes.

The most popular dwelling unit remains the detached brick house with tiled roof, although there has been a steady move towards higher-density housing, including cluster-type developments such as townhouses, home units and high-rise apartments. In 1989-90, 137-710 new residential building units were begun (100 690 being houses).

Most dwellings are bought with money lent by private lending institutions such as savings and trading banks, permanent building societies and finance companies. Savings banks account for around 70 per cent of all housing loans.

Federal funding

The Federal Government gives money to the State and Territory governments to provide rental and home ownership help for the

needy. While home purchase in Australia is predominantly financed by the private sector, more home loan innovations have been developed by State and Territory housing authorities which are assisting an increasing number of lower-income first-home buyers into home ownership.

The most recent housing agreement between the Federal Government, States and Northern Territory came into effect in 1989 and provided for a base level of funding of \$1028 million in each of the years 1989-90 to 1992-93, with any additional funds allocated each year as part of the normal budget process. In 1989-90 and 1990-91, \$1053 million and \$1035 million, respectively, were actually made available.

In addition to general housing assistance, the agreement provides for specific help for Aboriginal and pensioner housing, crisis accommodation, mortgage and rent assistance and the local government and community housing program.

Construction industry

More than half (56.8 per cent) of the economy's investment expenditure, which underpins economic growth, is on construction.

Gross fixed capital expenditure (current prices) on non-residential

construction was \$16.2 billion in 1989-90. Residential construction accounted for \$19.7 billion. These figures are for private sector investment.

The construction industry employed about 575 000 people in August 1990. A similar number is employed in supplying the industry with materials, machinery and professional services, with about 100 000 private-sector construction establishments operating in Australia.

Construction activity is widespread geographically, but most concentrated in the capital cities. The residential construction industry uses the subcontract system and features a large number of independent operators. In contrast, the non-residential construction industry is characterised by fewer, larger firms.



Environmental laboratory staff test a watercourse in a mining area.

Environment

Australians are increasingly involved in conservation and other environmental issues. It is estimated that more than 500 000 people are members of conservation groups in Australia. Since 1950, the number of conservation societies has increased from fewer than 50 to more than 800.

Policy

All spheres of government share responsibility for the environment. The Federal Government's role is exercised mainly by the Department of the Arts, Sport, the Environment, Tourism and Territories and by a number of statutory authorities including the Australian Heritage Commission, the Australian National Parks and Wildlife Service and the Great Barrier Reef Marine Park Authority. Two major government bodies have also been established specifically to collaborate on environmental matters. They are the Australian and New Zealand Environment Council and the Council of Nature Conservation Ministers.

Conservation

A number of national programs have been established to provide for the protection and conservation of Australia's environment. Issues addressed in these programs have included rainforest conservation, arresting and reversing tree decline, soil conservation, land-care incentives generally and biodiversity. Two of these programs, focusing on nature conservation outside reserves are "Save the Bush" and "Endangered Species".

Environment

The Environment Protection (Impact of Proposals) Act 1974 provides for environmental factors to be taken into account in the Federal Government's decision making. The Act applies to proposed government decisions or actions which may have a significant effect on the environment.

Where a proposal raises issues of particular environmental concern, the Minister for the Arts, Sport, the Environment, Tourism and Territories can direct that an environmental impact statement (EIS) be prepared. Impact statements for public review, and any public comments, must be taken into account before the statement is finalised and the proposals considered by the Government.

Amendments to the legislation passed in June 1987 allow the minister to direct the preparation of a Public Environment Report (PER) on environmentally sensitive proposals which might not warrant the preparation of an EIS. PERs are also made available for public review and public comment is taken into account before decisions are made.

Parks and wildlife

The first laws to protect scenic areas in Australia were passed in the State of Tasmania in 1863.

In 1879, the Royal National Park of 7284ha was established south of Sydney, capital of New South Wales. This was Australia's first national park, and the world's second.

In 1988, about 40.8 million hectares, or 5.3 per cent of Australia's total land area, was reserved for national parks and other types of conservation reserves. A further 38.4 million hectares has been proclaimed as marine reserves representing less than 1 per cent of Australia's total marine area. Australia now has more than 2700 areas set aside for nature conservation or similar areas. They range in size from small parks of less than one hectare to Kakadu National Park at nearly 22 000 km².

Fauna protection

Primary responsibility for native fauna in Australia rests with the state and territory governments. The Federal Government is responsible for native fauna in federal territories, for control of international import and export, and for international treaties and conventions pertaining to nature conservation.

Biological resources

The Bureau of Flora and Fauna is coordinating the Australian Biological Resources Study, collecting, identifying and recording Australia's animals and plants.

National Estate

The Australian Heritage Commission compiles a Register of the National Estate.

Under the National Estate Grants program, more than \$50 million in Federal Government grants has been paid since 1973 for more than 3700 projects to state and territory governments.

Pollution

State governments are primarily responsible for pollution control. The Federal Government has national and international responsibilities.

The Federal Government regulates dumping of wastes at sea

in accordance with the London Dumping Convention, and the export and import of hazardous wastes. With State authorities, it develops national guidelines for permitted levels of air pollutants.

Ozone protection

The Ozone Protection Act implements the provisions of the Montreal Protocol on Ozone and sets in place additional bans on products which use ozone depleting substances.

There is a national strategy to phase out ozone depleting substances as rapidly as practicable.

Waste minimisation

The Federal Government is developing a National Waste Minimisation and Recycling Strategy. It will encompass all wastes and all services/activities which produce waste and provide a structure for industry, community and government cooperation in promoting waste minimisation and recycling. The strategy will be one of the key roles of the recently announced Environment Protection Agency.

June 27 / Administration of George Bush, 1989

**Remarks at the Welcoming Ceremony
for Prime Minister Robert Hawke of
Australia**
June 27, 1989

The President. Prime Minister and Mrs. Hawke, Barbara and I are very pleased to welcome you as old friends to the United States and to the White House. We had the opportunity to enjoy Australia's renowned hospitality in 1982 during Australian-American Friendship Week. And so, Barbara and I are just delighted to try to return that marvelous hospitality.

And there's another reason why it is so fitting for Australia's Prime Minister to be among the first official guests. Our nations share a similar heritage: a pioneer heritage in the taming of two vast continents, a heritage of democratic ideas, and a heritage of common sacrifice in war and common efforts in peace. And in our last visit, Barbara and I joined your countrymen in the commemoration of one of the most costly battles of the Second World War—the Battle of the Coral Sea—a poignant reminder of how much Americans and Australians have sacrificed four times in this century in the defense of freedom.

So, this is not just an alliance between two great powers. It is an intimate partnership between two peoples. And your visit reaffirms the vigor of this partnership, the enduring strength of our alliance.

The giant strides that we've made recently toward many of our common goals—major progress in arms reductions; major progress in resolving conflicts in Afghanistan, Angola, and Cambodia—all were made possible by the resolve of the West. Our countries prize peace, but recognize that peace comes only through Western strength and vigilance. And we must maintain our alliances and stand by our friends if we are to fulfill the promise of a new era of lessened tension and confrontation. And that is why the United States is so grateful for Australian leadership in our common defense.

America also admires Australia's bold leadership in foreign policy, both close to home and far from your shores. From the South Pacific to Africa, Australia is a force for economic growth and a beacon of democracy. And we value your contribution, your good judgment, and your advice.

Mr. Prime Minister, we have much to discuss at an important moment in history. Events in China call for close consultation among the free nations. And the United States and Australia have a longstanding tradition of such consultation on important issues. And I am interested in hearing your assessments of recent world events.

There are many pressing international issues. And, Mr. Prime Minister, your leadership in organizing global efforts to cope with the threat of chemical weapons is one position that is greatly admired by Americans. The United States supports Australia's efforts, and you may be assured of our commitment to the early achievement of an effectively verifiable treaty banning these weapons.

And so, today we shall discuss world events, arms control, trade, Pacific regional cooperation, economic cooperation, other subjects.

But, Mr. Prime Minister and Mrs. Hawke—Bob and Hazel, if you will—you have a busy schedule in your very brief time with us. But we hope to make your visit to Washington as pleasant and as memorable as ours was to your great country. Welcome to Washington, sir.

The Prime Minister. Mr. President, Barbara, it's an immense pleasure for me, in these 3 days in Washington, to renew our long friendship. And it is a special pleasure and privilege to join with you as the elected Chief of the greatest democracy in reaffirming the deep, abiding friendship of our two countries. In you, Mr. President, the Western World has an experienced and forward-looking leader. And in you, Australia has a valued and longstanding friend.

Today, as you've said, Mr. President, I look forward with you to continuing the exchange of views on all the issues affecting our countries in the spirit of friendship and of frankness which has always characterized our association and which befits the relationship and, if I may say, the partnership between Australia and the United States. As you say, Mr. President, we are meeting at a time of historic and far-reaching change across the world. There now exists unparalleled new opportunities, challenges, and, may I say, responsibilities for leadership and positive achievement on crucial issues of

peace and economic progress, protection of the environment.

You have a long partnership. Your relationship with the West is a positive and bold one. Conventional and other arms reducing nuclear weapons, you can count on Australia.

In this new stance, the alliance between the United States and Australia will remain a national interest. It has a wide significance. Zealand, United Nations, joint Australian ties in Australia, maintaining the effective management of our cooperation at the highest level and more time since Australia.

But, Mr. President, the alliance goes on. It links and builds a natural association on the firm commitment to individual liberty and

Mr. President, the depth of the relationship that they exist between us, honestly as matters of policy. I am not entirely forward to operating in a multilateral some progress want: an interest in free and

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peace and security, East-West relations, eco-
nomic progress, world trade, and the pro-
tection of the world environment.

You have already demonstrated, Mr.
President, your determination to give lead-
ership. Your constructive approach to East-
West relations is demonstrated by your cre-
ative and bold proposal for the reduction of
conventional weapons in Europe. In this
and other arms controls endeavors aimed at
reducing nuclear armaments, and as you
importantly emphasize, banning chemical
weapons, you know, Mr. President, that you
can count consistently on the support of
Australia.

In this new and challenging era, the con-
stancy, the depth, and the vitality of the
alliance between Australia and the United
States will remain crucially important to the
national interests of both our countries. But
it has a wider regional and indeed global
significance. Under ANZUS [Australia, New
Zealand, United States security treaty], the
joint Australia-United States defense facili-
ties in Australia are significant elements in
maintaining the peace and in supporting
the effectiveness of arms control and disarm-
ament agreements. Over recent years,
our cooperation and consultations at the
highest levels have been stronger, broader,
and more productive than at any other
time since ANZUS was formed.

But, Mr. President, as we both agree, our
alliance goes far beyond our defense alli-
ance. It encompasses dynamic economic
links and broad and deep human and cul-
tural associations. But above all, it is based
on the firmest of foundations: our shared
commitment to democracy and to individ-
ual liberty within the rule of law.

Mr. President, it is precisely because of
the depth and the maturity of our relation-
ship that the differences of views that do
exist between us can be faced openly and
honestly as, for example, on some trade
matters, particularly aspects of agricultural
policy. I am quite confident that today we
will be able to focus on ways to minimize, if
not entirely resolve, such differences. I look
forward to exploring with you means of co-
operating in the current Uruguay round of
multilateral trade negotiations to achieve
some progress toward the goal that we both
want: an international trading system based
on free and fair competition.

I know that we both understand that
moving in the opposite direction toward a
world of separate and competing trade
blocs would be economically disastrous and
quite possibly strategically destabilizing.
That is one of the reasons, I might add, why
earlier this year I suggested the develop-
ment of closer regional economic coopera-
tion in the Asia-Pacific region. Implementa-
tion of my proposal could, I believe, im-
prove significantly the chances for success
in the Uruguay round, as well as acting for
a catalyst for further growth in our dynamic
region. I'm very keen, Mr. President, to ex-
change views with you on this proposal.
And may I say, Mr. President, that I indeed
welcome Secretary [of State] Baker's sup-
port last night for a new mechanism for
multilateral cooperation among the nations
of the regions as an idea whose time has
come. I am delighted that the United States
supports my call for a ministerial meeting
this year as a first step if, as I hope and
expect, there is consensus in the region.

Mr. President, I make this final point.
The American presence has been a prime
factor in creating and in maintaining the
conditions for stability and prosperity in the
Asia-Pacific region. America's continuing in-
volvement in our region remains a key to
its future progress. As you say, Mr. Presi-
dent, we have before us an imposing dialog
that we have to deal with.

What gives this visit and our discussions
their real substance, however, and what will
make them so mutually beneficial is the
sense of common purpose that we bring to
these matters based on our common nation-
al and international interests and on our
common commitment to peace and to free-
dom.

Mr. President—George—I thank you
again for the warmth of your welcome not
merely today but since I have arrived. May
I say, not just the warmth—[laughter]—
we're used to that. And I know you have
enormous power, perhaps more than any in
the world, but I know there are limits to
your power. [Laughter] That warmth is a
coincidence, but, George, there is no coinci-
dence about the personal warmth that you
have extended—that you and Barbara have
extended to Hazel and myself. For that, I
thank you. And I conclude, George, by

June 27 / Administration of George Bush, 1989

saying this: You have visited Australia, as you say, as Vice President; and I look forward to welcoming you to our country as President of the United States and as a true friend of Australia.

Note: The President spoke at 10:10 a.m. at the South Portico of the White House, where Prime Minister Hawke was accorded a formal welcome with full military honors. Following the ceremony, the President and the Prime Minister met in the Oval Office.

Message on the Observance of Independence Day

June 27, 1989

Growing up in Connecticut—"the Constitution State"—the Fourth of July represented the best of holidays. It held the promise of parades, picnics, and fireworks. More important, however, it introduced a small boy to the promise of America.

Everywhere I turned, I would see the red, white, and blue of our flag. As I grew older, I realized that the flag has reminded generations of Americans how fortunate we are to live in a free and democratic Republic. It is a banner respected around the world. The Fourth of July is a day to pause and thank God that men such as Thomas Jefferson and Ben Franklin had the strength, courage, and insight to forge a nation predicated upon the noble ideal, "that all Men are created equal, that they are endowed by their Creator with certain unalienable Rights. . . ."

Today, as we celebrate the 213th birthday of our Nation's founding, let us recall the words spoken by President George Washington during his first Inaugural Address on April 30, 1789: "The preservation of the sacred fire of liberty, and the destiny of the republican model of government, are justly considered as deeply, perhaps as finally staked, on the experiment entrusted to the hands of the American people."

After 213 years, Americans can say that the experiment is a resounding success. The Fourth of July is a time to rejoice in this success, which has inspired all who seek to

break the shackles of totalitarian rule and breathe in the life-giving air of liberty.

Experience has shown us that success can exact a heavy price. We must never forget that this experiment in self-government continues to thrive because our Nation is blessed with an abundance of brave men and women who proudly serve in its Armed Forces. These individuals stand guard on the ramparts of liberty so that all Americans can say with pride and confidence, "I'm free."

To every American citizen, here and abroad, Happy Fourth of July! God bless you and God bless America!

George Bush

Toasts at the State Dinner for Prime Minister Robert Hawke of Australia

June 27, 1989

The President. Mr. Prime Minister and Mrs. Hawke—Bob and Hazel to us, to all of you—we are just delighted to have this opportunity to welcome you back to Washington, sir. I would once more reminisce about the fondness with which I remember our visit to Australia a few years ago, and then, of course, your own previous visits to Washington, DC, as Prime Minister. And now we have been delighted with your gracious company during this all-too-brief stay.

And lest you wonder about the Prime Minister's travel plans, it is my understanding that he and Hazel go right to the airport, climb onto an airplane, and will be seen smiling and greeting the Chancellor of the Federal Republic of Germany about 1 p.m. Federal Republic of Germany time. So, we will be brief, and—[laughter]. But I think the friendship that we feel towards our distinguished visitor is but a reflection of a deeper closeness.

Wilbur Garrett, the editor of the National Geographic, wrote that, "Both America and Australia exert an enduring fascination on each other, like brothers growing up in different parts of the world." Well, we've borne great sacrifices as brothers in war, and now we share great responsibilities as brothers in peace. And in this century, Aus-

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tralia has risen in stature from a dominion
of England to become a nation, a great
nation, in culture and in the arts. The world
has taken note: Australia, the rising star.

In classic films like "Gallipoli" and
"Breaker Morant" and so many others—
Patrick White's Nobel Prize for literature—
are moving examples of why Australia is
emerging as this leading light in world cul-
ture. Australia has an even more profound
contribution to make to the world: the en-
couragement and spread of democracy.
Australia is the shining light in the Pacific, a
lamp of liberty for the oppressed peoples of
the East.

And so, Bob, let me just take a moment
to acknowledge your own outstanding per-
sonal leadership in the region. You've led
with ideas to better organize the trading
partners of the Pacific Basin, and you've
been a champion of freedom's cause. Your
nation's magnificent new Parliament build-
ing is a fitting monument to democratic
principles. Little wonder that so many
Americans, including Members of our own
Congress, joined you for the inauguration of
that building and even contributed to its
architecture in a reaffirmation of our kin-
ship. It's a kinship that is more profound
than heritage, deeper than a shared lan-
guage. It is the universal kinship, the
brotherhood of democracy.

Recent events in the Asia-Pacific region
show that it is not enough to let a man buy
what he wants. He must be allowed to say
what he believes. He must be allowed a
voice in the governing of the society. And
economic freedom alone and political free-
dom, indeed, go hand in hand. They
depend one on the other. And therefore, it
is very timely for us to meet, consult—and I
mean consult in the real spirit of consulta-
tion—and once again affirm the solidarity of
our U.S.-Australian alliance.

The United States is fully engaged in Asia
to support the forces of peace, democracy
and, yes, human rights. And our abiding
commitment to Australia and our friends
and allies in the region is going to remain
strong and abiding. And I know that you
stand with us, sir, not just in favor of the
free flow of goods but one of ideas and
ideals of freedom.

So, ladies and gentlemen, let me say that
Australia is a strong fellow democracy, a

very close ally of the United States of Amer-
ica. This visit, in my view, sir, has been an
outstanding success. We are delighted that
you have been with us, you and Hazel.

And now I would like to offer a toast to
Her Majesty, Queen Elizabeth, Queen of
Australia.

The Prime Minister. Mr. President—
George and Barbara—and friends, I think
the people of this country probably imagine
that they have a fair idea of the capabilities
of their new President, as well they should.
He has been in the public eye for a very
many, many years. I may say that Barbara
has given me a few insights into some as-
pects of his character that are probably—
[laughter]—not so well known; but I want
to assure you, my friends, that I've come to
learn, just in the last 3 days, that he has a
capacity for shrewdness which is almost
limitless.

It occurred on the golf course. [Laughter]
We were lined up there—the President, the
Prime Minister, [Secretary of State] Jim
Baker, and [House minority leader] Bob
Michel. And I know that my friend, Jim
Baker, will take no offense; and I, with my
well-known modesty, take no offense in ac-
knowledging that of the three of us, apart
from the President, there was not a doubt
that Michel is the best player. [Laughter]
So, with an innocence which was all bely-
ing, the President of the United States said,
"We will now work out who plays one with
the other." So, I thought that there would
be a fairly reasonable process that would be
followed. It was very exotic, I can assure
you. He gets his ball, and he takes a ball
from each of us. He puts his on the ground,
and he said, "Now, here they go." He said,
"The ball nearest mine will be my partner."
And there was no doubt which ball was
nearest his; it was Michel's, of course.
[Laughter] It was never going to be any
other way—a very, very shrewd operator.
[Laughter]

Now, we have shrewdness in sport, too, in
our country. George, I might say, I've had
the opportunity of sitting next to—here to
Sarah, who shares my passion for racing.
And I can tell you a brief, true story about
horse racing in Australia, which will give an
indication that there is certain shrewdness

in sport in our country. It's a true story, I can assure you.

It was a country race meeting out in the bush in Australia, and this event was a three-horse race—literally a three-horse race. This punter went up to the bookmaker and said, "I'll have \$5,000 on Blue Vein." And the bookmaker took his \$5,000 with a huge grin and shoved it into his bookmaker's bag and said, "Thank you very much. That's my horse." To which the punter replied, "It's going to be a bloody slow race, isn't it? I own the other two." [Laughter]

Well, my friend, George, coming to more serious matters, you and I and our two countries are not in a slow race. We're certainly not in a race in which we're not trying. It's an increasingly fast race. It's an increasingly serious race. It's a race which requires all of our commitments and our courage and devotion and best efforts.

George, you and I are both politicians. We've had a long experience in politics. It would be honest enough to say that there are times when you have to talk about persons, even perhaps sometimes when you have to talk about nations. And where there is no substance in the relationship with the person or the nation with which you're talking, as politicians you have to delve fairly deeply into the wells of rhetoric and platitudes to do justice to the situation.

But we're fortunately in the situation where we have to do nothing of that kind. Between our nations, there is an enormous, immeasurable substance. It's a substance, a relationship, which has been formed on the battlefields. On four occasions in this century, our soldiers have fought next to one another; they have died next to one another in defense of the fundamental beliefs that we share. And in the times of peace, our nations also have been as one in pursuing not only for the people of their own nations but for others the achievement of those ideals of freedom and liberty.

As for us as individuals, George, we have had the pleasure of not merely knowing one another but of being friends for the greater part of this decade, certainly a friendship which I cherish. And may I say to you, my friends, that in getting to know George Bush I've got to know a man whose integrity I admire, whose courage in defending lasting truths I admire, and whose

boldness in testing new frontiers of experience I have also increasingly come to admire.

It is the case, George, that you and I, through the responsibilities of leadership in our nations, have the experience now of living at a point in history which I would suggest by almost any definition is at one and the same time the most exciting and challenging of any time in this 20th century, certainly the most challenging and promising, in a sense, than at any time in the nuclear age.

We are entitled—the rest of us in the world—to say of the leadership of the United States in recent times that, by the discharge of your responsibilities, by the preparedness, as I say, to exercise boldness in testing new frontiers, that you have given us cause for a greater degree of optimism about the possibility of living in a world in peace than at any other time in the nuclear age.

When I was here 12 months ago, in speaking to a Joint Session of the Congress, I referred to that thesis which had been gaining some currency: that this was a nation in some sort of relative decline. I said then that was a thesis that I dispute, a concept that I reject, because all the evidence of recent times, in my analysis, points in the other direction. It is not merely a question of the continuation of your great economic might but on all the evidence of leadership that has been the courage of the previous administration of which you were such a leading part, and which you now, as President, have taken to new frontiers.

It is that courage, that leadership, that boldness which, with a certain responsiveness from the leadership in the Soviet Union, has offered to mankind, to this generation and to our children and to theirs, a greater hope for peace than at any other time in this nuclear age, which so frequently—almost consistently—has been fraught with the ultimate danger of obliteration.

And it takes courage, it takes strength, it takes leadership, it takes boldness to have done those things. And, George, I want to say to you that my country looks with enormous appreciation to what this country has done and what you now as President are doing. We thank you for the strength of our

alliance. May I
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*Note: The Pres
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In his remarks,
to Sarah Faris
Bush family.*

Continuation
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June 28, 1989

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David S.C. Chu
Assistant Secre
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alliance. May I say in the presence of the Ambassador-elect, who I have just recently gotten to know—Mel Sembler and his wife, Betty—I thank you for your decision in choosing them as your representative in our country. We look forward to welcoming them, and I take your selection of Mel Sembler as an indication of the importance that you attach to our relationship.

Our friendship, as I say, the friendship of our two countries, forged in war and advanced in peace, rests on unshakable foundations. It involves a commitment to ensure that the peoples of our own nations, the United States and Australia, shall advance in prosperity and in security. But more importantly even than that, I think the strength of our relationship is in our commitment that we shall do everything in our power to see that those freedoms that we have nurtured and which have given us our strength, our pleasure, our hope for the future shall be freedoms and rights that increasingly, as a result of our efforts, shall be enjoyed by men and women around the globe. That is our great responsibility, it's our great opportunity, and our great challenge.

And may I say, George, for me, that it is an immeasurable pleasure that I have this opportunity at this stage of history of sharing with you the leadership of two great countries so firmly united.

Ladies and gentlemen, may I offer you a toast to the President of the United States and to the abiding friendship and partnership of the United States and Australia.

Note: The President spoke at 9:25 p.m. in the State Dining Room at the White House. In his remarks, the Prime Minister referred to Sarah Farish, an acquaintance of the Bush family.

Continuation of David S.C. Chu as an Assistant Secretary of Defense June 28, 1989

The President today announced that David S.C. Chu will continue to serve as an Assistant Secretary of Defense (Program Analysis and Evaluation).

Dr. Chu has served as the Assistant Secretary of Defense (Program Analysis and Evaluation) since July 1988. Prior to this Dr. Chu was the Director of Program Analysis and Evaluation in the Office of the Secretary of Defense, 1981-1988. Dr. Chu also served as assistant director for the national security and international affairs division in the Congressional Budget Office, 1978-1981; as associate head of the economics department at the Rand Corp., 1975-1978; and as a senior economist at the Rand Corp., 1970-1978.

Dr. Chu graduated from Yale University (B.A., 1964; M.A., 1965; M. Phil., 1967; Ph.D., 1972). He served in the U.S. Army from 1968 to 1970. Dr. Chu was born in New York City on May 28, 1944. He currently resides in Washington, DC.

Nomination of Alfred C. Sikes To Be a Member of the Federal Communications Commission, and Designation as Chairman June 28, 1989

The President today announced his intention to nominate Alfred C. Sikes to be a member of the Federal Communications Commission for a term of 5 years from July 1, 1988. He would succeed Mary Ann Weyforth Dawson. Upon confirmation by the Senate he will be designated Chairman.

Since 1986 Mr. Sikes has served as Assistant Secretary of Commerce and Administrator of the National Telecommunications and Information Administration in Washington, DC. Prior to this he was president of Sikes and Associates, Inc., a broadcast management and media consulting company, 1978-1986. From 1977 to 1978, he served as an officer in a number of companies that owned and operated radio stations in Texas, Louisiana, and New Mexico. He was director of the Missouri Department of Consumer Affairs, Regulation, and Licensing, 1974-1976; director of the Missouri Department of Community Affairs, 1973-1974; director of the Missouri transition government for Governor-elect Bond, 1972-1973; and campaign manager for Christopher Bond for Governor, 1972. He also served as

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FEBRUARY 1988

NATIONAL GEOGRAPHIC



AUSTRALIA

A BICENTENNIAL DOWN UNDER

SEE "TWILIGHT OF THE DREAMTIME" WEDNESDAY, FEBRUARY 10, ON PBS TV

“PEOPLE REMEMBER things here,” said the governor of Tasmania, Sir James Plimsoll, in the magnificent sitting room of his Hobart residence. “In other places the past is diluted by so much else. There’s a great continuity here of families in one place since the beginnings.”

In Tasmania the Australian past stands still for a moment. This is green coastal Australia as it used to be—tranquil and virtually pre-industrial. Tasmania has an English flavor lent by its cool and rainy climate (“You get a winter holiday in the middle of summer,” the locals quip defensively) and the low percentage of Irish and other non-English immigrants.

Beautiful old buildings of honey-colored sandstone seem to outnumber factories. Sunday is a day of closed shops, church bells, and family outings on winding, hilly roads.

Hobart is crisp and healthy, its houses of stone or white weatherboard with red roofs nestling between the chilly waters of the Derwent River and the inky blue hulk of Mount Wellington.

Sixty miles to the southeast, the stone prison cells of Port Arthur, on rugged Tasman Peninsula (Dutchman Abel Tasman made the first European contact with Tasmania in 1642), tell the secret of Australia’s unique origin as a place of crime and punishment.

From the stunning ruins one can see the Isle of the Dead, the burial ground during Port Arthur’s convict decades from 1830 until 1877, and Point Puer, home of the boy convicts (young children could be hanged in the Britain of the day), whose training in stonemasonry during the 1830s included building the thousand-seat church, with its curtain down the middle separating convict and free.

The days of compulsion at the hands of

prison guard, soldier, and chaplain are not so distant. Hobart, the second oldest of the Australian cities, was established only in 1804. All four of my grandparents were already alive in Victoria when the last convict ship reached Australia in 1868. My parents were already married when the last ex-convicts died in the 1920s.

To ancient Greece and Rome *terra australis incognita* was the “unknown land of the south.” Not until the 17th century did the Portuguese, with missionary intent, and the Dutch, in search of profits, approach it from the northwest.

During the Ice Age, before sea levels rose and Australia became more difficult to reach from Asia, the people who are known today as the Aborigines arrived. For tens of thousands of years the continent was theirs alone.

The British sea captain James Cook reached the east coast in 1770 and claimed Australia for the modern world. The new land was to be part of Europe—New South Wales, as Cook called it—not of Asia.

By 1859 six separate colonies, all ruled from London, had risen on the island continent. Besides New South Wales and Tasmania, the senior colonies, there were: Victoria, convict-free, founded after an entrepreneur made a “treaty” with Aborigines near today’s Melbourne; South Australia, also convict-free and the nearest of the colonies to a settlement based on idealism; Queensland, which began as a place for second-offense convicts from Sydney; and Western Australia, which attempted to do without convicts but resorted to them when sheep and cattle farmers lacked laborers.

Some convicts toiled constructing roads, churches, and government buildings; others were assigned to work on private farms. The struggle between those who thought the colonies’ sole purpose was to be a prison and those who had a vision of wringing wealth from the land and trading with the world was slowly won by the latter.

Not far inland from the towns were rolling pastures excellent for raising sheep. Sheep began to replace convicts as Australia’s chief industry in the 1820s. With merinos, brought from the Cape of Good Hope, the colonies began to try to wipe away the stain of convictism

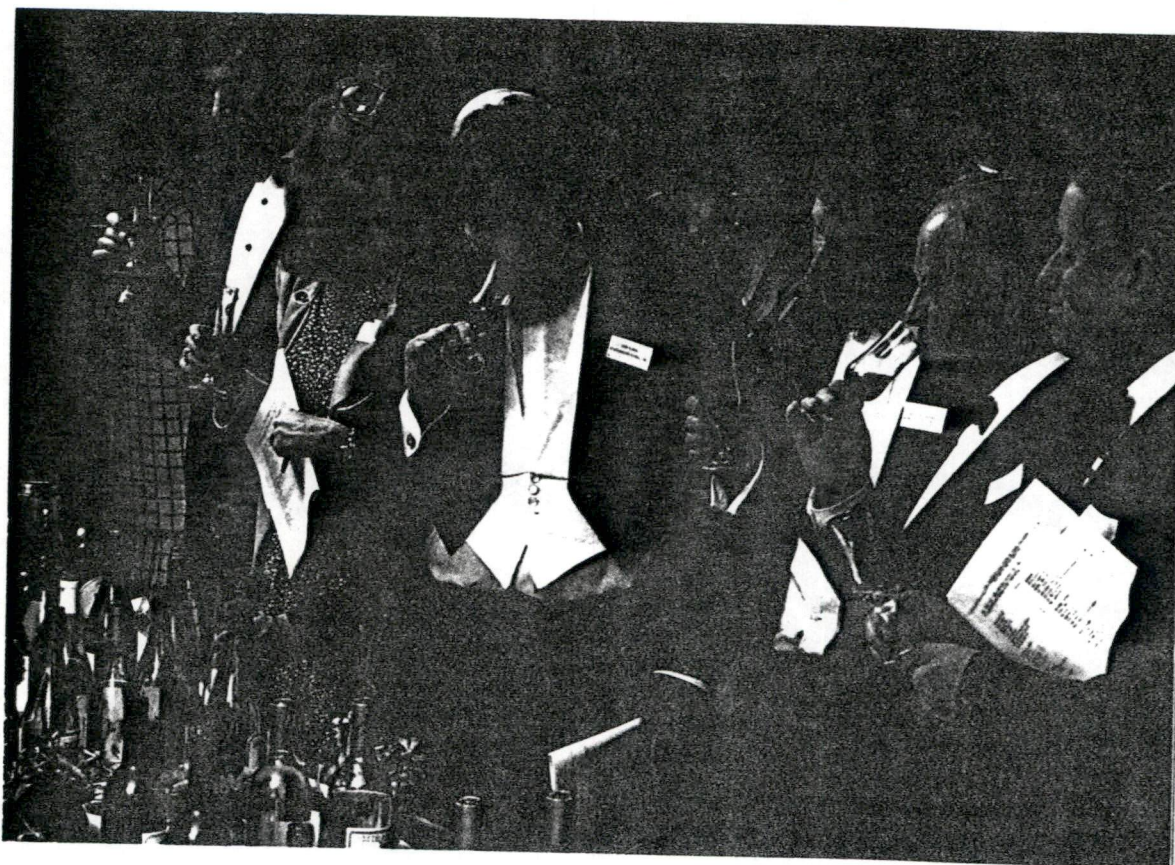
Author ROSS TERRILL, a U. S. citizen, was born and raised in Australia. He has written seven books, including *The Australians*, published last year by Simon and Schuster. Photographer DAVID ROBERT AUSTEN lives in Sydney and is a regular contributor to NATIONAL GEOGRAPHIC.

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RAVE REVIEWS are inevitable when Australian enthusiasts attend the annual Smallmakers Winetasting Dinner in Sydney to sample the wares of wineries crushing fewer than 550 tons of grapes a year. Applying new technology to Old World grapes, Australian vintners large and small are gaining a worldwide reputation.



by supplying England with thick, soft wool.

By 1850 Australia had 400,000 people and 13 million sheep. Sheep still outnumber people, and Australia's wool exports were worth 2.7 billion U. S. dollars in 1987.

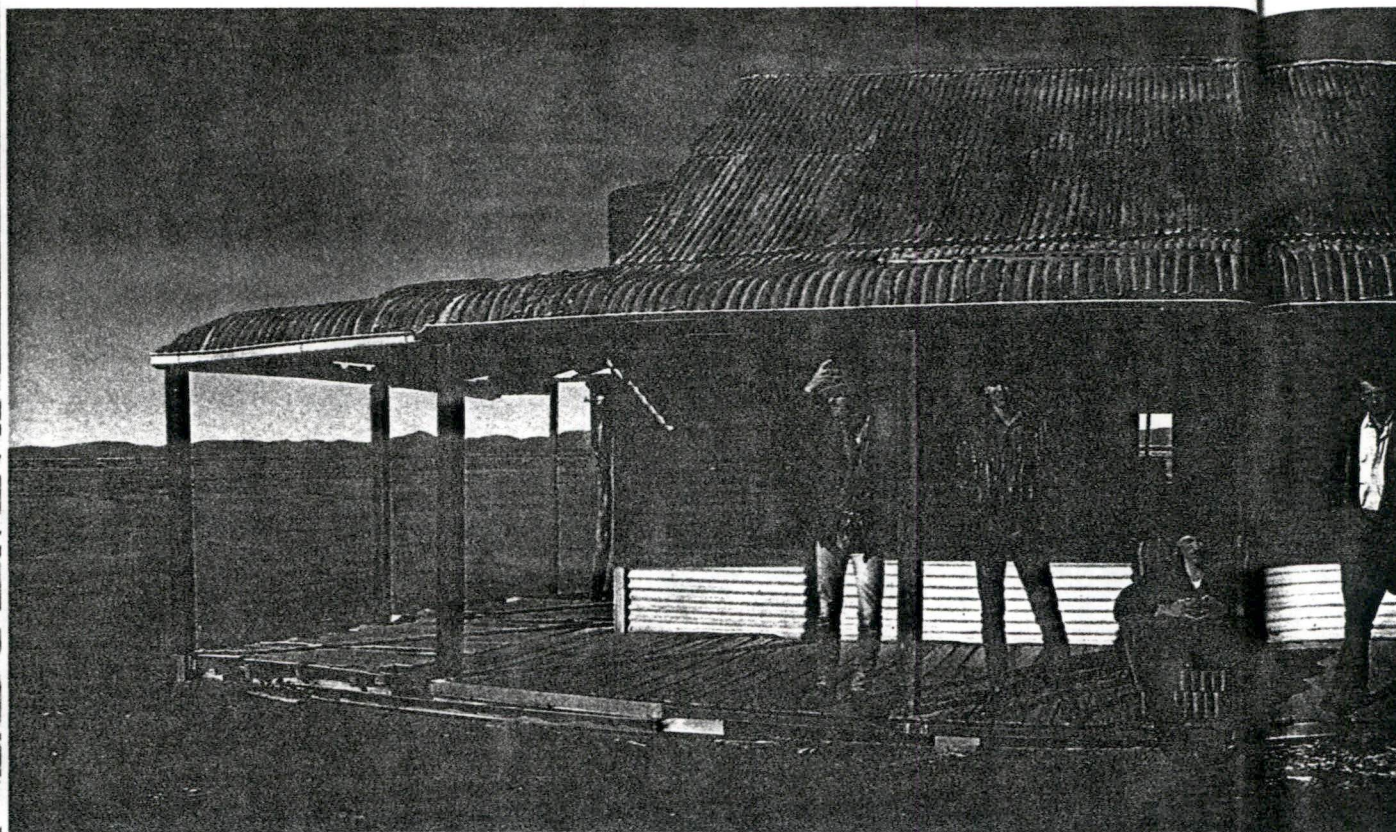
Australia needed more people. That is why landowners favored continuation of the convict system—for few free settlers were ready to make the long voyage to a land with an infamous reputation. In February 1851 gold was found in New South Wales and soon after in huge quantities at Ballarat in Victoria, not far from Melbourne. Most of the colonies were transformed by the “yellow stuff.” During the 1850s gold trebled Australia's population.

In 25 years from 1851 Victoria built a thousand churches and a thousand schools. Melbourne gained the broad boulevards and huge parks, the stately steps and pillars and arches and stained-glass windows that make it a gracious city today.

The term “mate” arose on the goldfields, and, in the era of the bushman portrayed in the film *Crocodile Dundee*, it remains the trademark term of address of the ordinary Australian.

AS GOLD LED ON to industrialization, the Aussie character began to form. Institutions came from Britain. Technology and entertainment often came from the United States. In 1853, at a U. S. Independence Day dinner in the British colony of Victoria, as the guests enjoyed roast beef and turkey at a Melbourne hotel, “Yankee Doodle” and “Rule Britannia” were sung. The speaker, balancing time and place, focused on the achievements of the Anglo-Saxon race: those of “the progressive child” (U. S.) and of “the gifted mother” (U.K.).

By the end of the 19th century Australia was among the world's most urbanized lands. Democracy and the labor movement too made



precocious strides under the hot antipodean sun. Without ceasing to be colonies, the six settlements won parliaments and the secret ballot.

Workers, in a land where the labor market has generally favored the seller, won power before they had time to develop class hatred. Suffrage came before the suffragettes. Australia pioneered the welfare state decades before Europe pulled down the last absolute monarchy.

In 1901 the six colonies sidled into a federation, forming the Commonwealth of Australia, without bothering to take over full sovereignty from London.

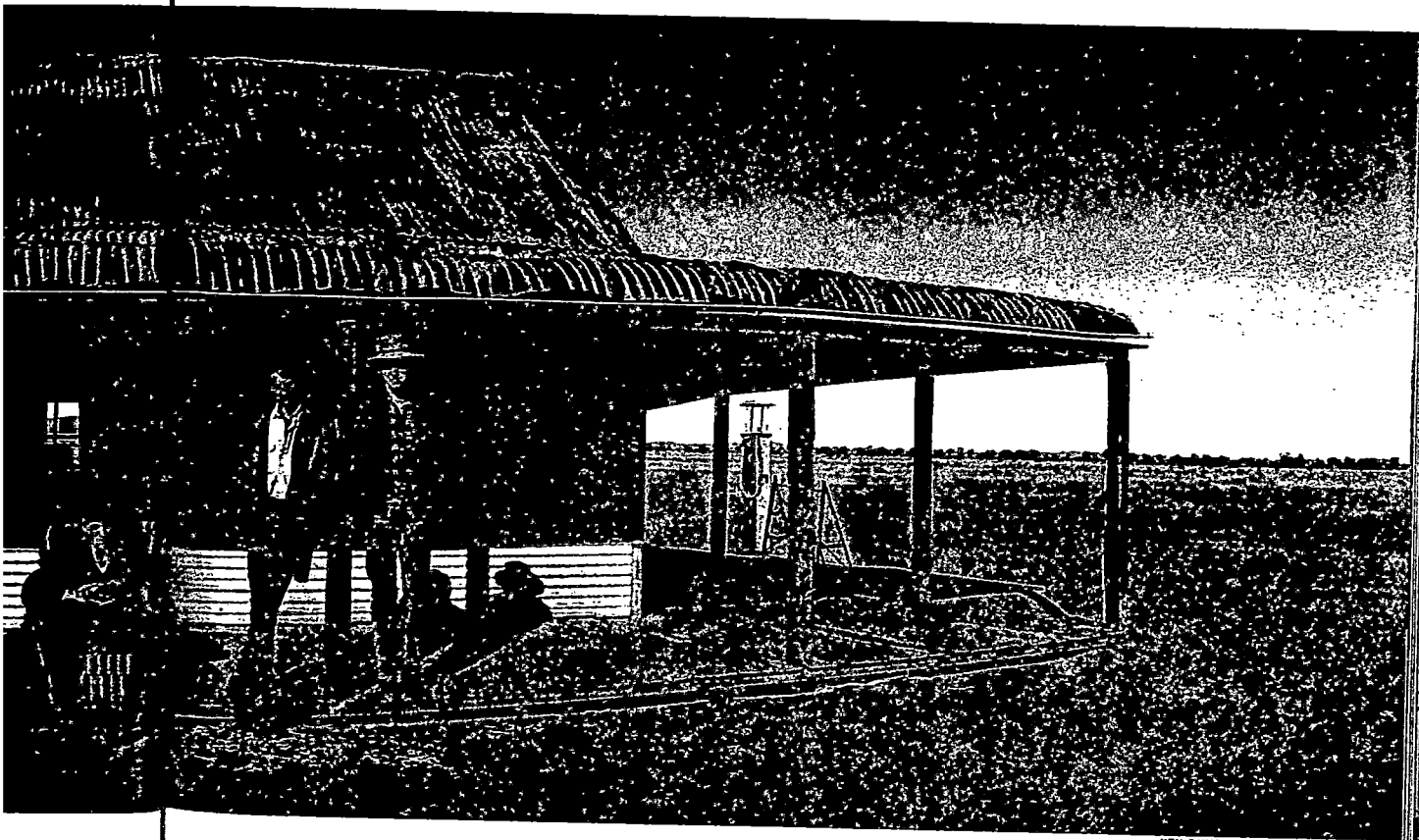
Australia paid a high price for its membership in the Western club. In World War I more Australians than Americans died in battle—though America was 20 times more populous—in France, Gallipoli, and elsewhere. During the Great Depression unemployment reached 30 percent in some Australian cities. In World War II, 30,000 Australians died.

All this time Australia had slammed the door against Asia by adopting a “white Australia” immigration policy.

I WAS A TODDLER in rural Victoria when Japan bombed the northern tip of Australia in 1942, but I remember the scare. My parents spoke darkly of Oriental barbarism, and one day excitement rose in our township when fishermen sighted a Japanese dinghy off nearby Ninety Mile Beach.

Pearl Harbor awoke Australians to the existence of Asia. The Japanese attack also pushed Australia closer to the United States.

With the Pacific world in shock, Prime Minister John Curtin told his nervous fellow Australians: “Without any inhibitions of any kind, I make it quite clear that Australia looks to America free of any pangs as to our traditional links or kinship with the United Kingdom.” It was almost like a divorce and remarriage.

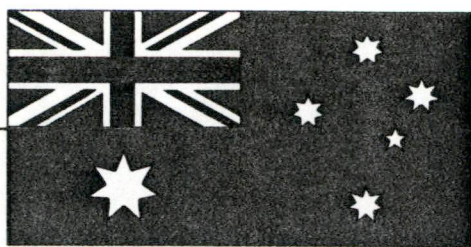


KEN DUNCAN (ABOVE)

"WE'RE FULL OF HOPE AND DEFIANCE," says Peter Garrett (above, seated), lead singer for the activist rock group Midnight Oil. Also a lawyer, Garrett narrowly lost a 1984 Senate campaign protesting Australia's nuclear policy and close ties with the United States, which have brought both Hollywood (below) and joint military bases to the outback.



Australia at 200



"Fair Dinkum" Facts

The continent of Australia is:

- the only nation that is a continent
- the smallest continent
- the flattest
- the driest (except for Antarctica).

Which explains why:

- less than 10 percent of the land is arable
- the largest lake, Eyre (3,600 square miles), is usually bone-dry
- where a bar will do for a billabong, Australians are the greatest consumers of alcohol in the English-speaking world.

Roughly the size of the coterminous United States at 2,966,368 square miles, Australia is also among the world's least densely populated countries, averaging only five people per square mile. Thus:

- there are ten times as many jumbucks as people
- in the arid outback, where it takes 40 acres to graze a single sheep, are the world's largest stations, including Anna Creek cattle station in South Australia, at 12,000 square miles
- Australia leads the world in the export of beef and veal—624,000 tons in 1987—and is second, after New Zealand, in mutton and lamb—293,000 tons
- wool production is 30 percent of the world's entire output.

Australia is flat, the highest peak, Kosciusko, being only 7,310 feet—but its Great Barrier Reef is the world's longest at 1,250 miles, more than half as long as its longest river system, the Murray-Darling (2,300 miles).

Elsewhere are rocks, not just any rocks, but:

- the oldest known fragments of the earth's crust, from the Jack Hills, at 4.3 billion years
- 28 percent of the free world's uranium, along with coal reserves that match Saudi Arabia's oil in potential energy
- formations that supply nearly 90 percent of Australia's oil needs
- almost all the world's opals.

Small wonder that 80 percent of Australia's 16 million people (including 200,000 Aborigines) live in cities, mainly along the fertile coast between

Brisbane and Adelaide. Sydney is the continent's "downtown" with 3,365,000 inhabitants, followed by competitor Melbourne with 2,833,000 and Brisbane with 1,150,000. Perth weighs in at 995,000, Adelaide at 978,000, and Canberra, the planned capital city, at 270,000.

In statistical terms, Australians have it better than most:

- per capita income, at \$11,200 U. S., is one of the world's highest
- life expectancy, 76 years, is one of the world's longest
- literacy is virtually 100 percent
- workers earn from four to six weeks of vacation annually
- some 70 percent own their homes
- voting is compulsory
- which may or may not explain why Australians spend twice as much on gambling as on national defense.

Aussie blokes have dinkum reasons for thinking their land is bonzer, so shout them a drink, mate, and wish them a happy anniversary.

HOW TO SPEAK STRINE

billabong—water hole
billy—container for boiling tea
bloke—man
bonzer—great, terrific
bush—country away from the city
chook—chicken
dingo—Australian wild dog
dinkum, fair dinkum—honest, genuine
dinki-di—the real thing
fossick—to prospect for gold or gems
grazier—rancher
jumbuck—sheep
make a good fist—do a good job
ocker—basic down-to-earth Aussie
outback—remote bush
pom—English person
shout—buy a round of drinks
station—sheep or cattle ranch
Strine—what Aussies speak
swag—bedroll and belongings
tucker—food
ute—utility or pickup truck
waltz matilda—carry a swag

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Yet Australia can still seem quite British. Judges wear wigs. Cricket is a religion. News and views from London are prominent in print and on the airwaves. Old admirals can be heard to call England "home." Knighthoods survive, like dinosaurs from a buried past, and are eagerly sought after by many.

Last year in Melbourne it was a butcher shop that reminded me I wasn't quite in the New World. Smelling of sawdust and blood, it featured a red neon light shining down a plate-glass window and illuminating neat rows of chops and sausages and steaks. The shop is run by sturdy family butchers in blue-and-white aprons with hands as red as sirloin, who will deliver cuts of meat in their own cars after hours.

Probably Australia will never become as American as it once was British. British influence was institutional, giving it a certain power to perpetuate itself. American influence is felt through the economy, popular culture, and technology, and is always in flux. "We are becoming Americanized only in the sense that we're becoming universalized," observed Tony Staley, a former cabinet minister. "It so happens that the U. S. is at the forefront of many things; the whole world is going in that direction."

FROM THE 1960s both major political parties began to dismantle the "white Australia" policy. During that decade 86 percent of immigrants to Australia came from Europe. By the 1970s only slightly more than half came from Europe. Today the largest number—32 percent—come from Asia. One day Australia will complete the large transformation from British outpost to Eurasian melting pot.

The story of youthful Australia is one of immigration, and it will go on being so. "Do you have any Italian friends?" I asked novelist Helen Garner, who lives in the Italian quarter of Melbourne. "I don't." She looked at me over the top of her espresso cup. "If I were 20 years younger, I suppose I would."

Tomorrow it will be friends who are Chinese, Vietnamese, Filipino, and maybe Indonesian.

Meanwhile we do not yet know how the old Aussies will react if one day the foreign-born



TOO MUCH TROPICAL SUN gives fair-skinned Australians the highest rate of skin cancer in the world. To study why, Dr. Adrianna Scheibner exposes volunteers to artificial sunlight. Her research shows that long-term exposure to ultraviolet rays suppresses the immune system of an outdoorsman like Norman Hansell, who has worn an artificial nose since doctors removed a large melanoma, "the deadliest of the lot," from a nostril.



should become not merely 20 percent as today but a majority, and if most of those should be not whites but Asians.

Beyond immigration, Australia during the 1970s underwent many changes in values and priorities, some of them associated with the prime ministership of Labor Party leader Gough Whitlam, a tall, optimistic lawyer. The nation moved from a foreign policy focused on Britain and the U. S. to one paying more attention than before to Japan, Indonesia, and China; from a prudish to a libertarian moral sense; from an amateur politics to a professional politics based on money, image, and the public-opinion poll.

In South Australia, an enlightened state still proud that it never had convicts, Don Dunstan as Labor Party premier spearheaded changes that were a harbinger of Whitlam's age of reform. "We deregulated people's personal and social behavior," he recalled in the dry, slow, courteous Adelaide way of speaking. "We felt the state has no business stopping things—nude beaches, drunkenness, sexual activities—that may shock other people but don't harm other people."

"Know Your Rights" said a leaflet on the bulletin board of my old university in Melbourne, and indeed, these days, Australians do know their rights.

YET RECENTLY the Australians have been preoccupied with an unwelcome economic revolution. Malcolm Fraser, the Oxford-educated grazier who as Liberal Party leader replaced Whitlam in 1975 and ruled until the Labor Party's Robert Hawke beat him in 1983, made a famous remark (actually a quote from George Bernard Shaw's *Back to Methuselah*) that foreshadowed the new mood: "Life is not meant to be easy."

I asked Prime Minister Hawke if the post-Whitlam stress upon rights has been sufficiently matched by a stress on obligations. "What I was trying to say to the Australian people," Hawke replied, referring to his first campaign in 1983, "was that the world no longer owes Australia anything. What we want is not going to fall into our lap the way it did before. The obligation is to work together to get it."

Over the past decade earnings from the export of products from farm and mine have been hit by falling prices. "We lost billions in national income just like that," Hawke told me sadly, snapping his suntanned fingers. An overprotected manufacturing sector finds it hard to innovate and export.

Senator Gareth Evans, minister for resources until 1987, spoke of the crisis in minerals and agriculture. "Agriculture's just shot to pieces. I mean, with existing mineral prices we could just stagger along, but in agriculture it's not possible even to do that."

Around Gardners Bay, an hour's drive from Hobart, as in some other attractive rural spots, a youngish urban element has arrived to begin a new life. At first the old established farmers did not welcome the newcomers. But with the decline of Tasmania's apple industry after Britain joined the European Economic Community and other economic ills, the farmers faced a life-style crisis of their own. For many the options were to sell out at a miserable price or to forget the farm and go on living in the house as dole recipients—and become unintentional philosophic brothers of the hippies.

Among the newcomers to Gardners Bay were British-born David Freedman and his two friends Heather Godfrey and Jenny Toogood, who all live together in a house of unpainted vertical wooden boards—built by David—which has no piped water, electricity, or lavatory plumbing.

"We were once the hangers-on," David Freedman told me. "Now the farmers are getting phased out."

But it's all been much harder work than David expected. He doesn't receive the dole (unemployment benefits)—Jenny does—for he clings to the belief in the value of self-sufficiency. "We'd rank among the poor, but really we're not," he told me.

Andrew, David's 13-year-old son, is getting bored on the land and may soon move to Hobart. He plays a guitar, powered (as are the household's lights and stereo) by a small generator, but otherwise he finds little to do among these quiet blue hills. David himself may move soon: "I will work, but not for wages."

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"A REGULAR BLOKE" to voters who first elected him in 1983, Prime Minister Robert Hawke attributes his success to a strong Labor Party platform and to his wife, Hazel. A former Rhodes scholar and 1954 world beer-drinking champion, the now teetotaling Hawke has won enactment of a tax overhaul and opened the economy to foreign banks.



AS SCHOOL KIDS playing sports in the 1950s, we used to shout the phrase of abuse, "You bloody old woman!"

Yet male chauvinism in the land whose battle cry of democracy was "one man, one vote" is not the untamed beast of old. Rachel Faggetter, director of the National Wool Museum, as a schoolteacher in the 1960s remembers being told by an official that lower pay for females was because "they are no good four days out of the month." When we lunched in 1986, Rachel said with a laugh: "A woman tram driver nearly ran me down today; I thought, bugger it, things are improving."

In all public services—less so in private enterprise and the unions—women have attained something like equality of opportunity. In 1983, for the first time, a federal Labor Party

cabinet included a woman, Senator Susan Ryan.

Assertive feminism and favors for single parents have gone too far for conservatives. Catholic commentator Bob Santamaria's pessimism about Australia's future stems from his perception of the family's erosion. Indeed one hears of excesses, as when copies of the Bible were removed from some Tasmanian library shelves on the grounds that it's sexist.

"The breakdown of the human factory is the root problem in Australia," said a Sydney taxi driver as he drove me through a squalid slum. "That factory [the family] has broken down, and the product out of it is ethically inferior."

Rowena Danziger, headmistress of Sydney's Ascham girls school, who once taught in Milton Academy near Boston, has seen educational progress and also the appearance of new flaws:



"Many state schools are no longer very satisfying. There are discipline problems. And they've become diminished by all the 1960s stuff about not competing and not holding exams; and the idea that what you really should be doing at school is 'finding yourself.'"

In Cairns, a tropical paradise that attracts drifting youths, I ran into an 18-year-old acquaintance of mine. "I just wanted to get away," Simon said of his abrupt departure from Canberra. "I had no motivation to finish school. But I will get the motivation—and in Canberra it's easy to get through; there are no exams." Talented and easygoing, Simon spends much of his time at the beach: "I tried work in a shipyard, but it was too hard."

WHEN I WAS in my last year at a Melbourne high school in the late 1950s, a mere 30,000 college students existed in Australia. Today there are 180,000. In the chillier economic climate of the eighties, questions arose as to whether Australian universities—all 20 of them are state ones—were spending the taxpayers' money to good effect. The Hawke government's introduction of a small annual fee upset many

students. Modest as the fee is, it symbolizes the end of the halcyon days of Whitlam's big spending.

Many believe that Australia needs a revamping of education. In Japan 94 percent of 17-year-olds study, and in the U.S.A. the figure is 92 percent. In Australia a mere 40 percent of that age group are students. It shows, and will show even more tomorrow.

For practical and philosophical reasons a move toward privatization of education has begun. And some Australians—together with some Asians—have caught a vision of Australia exporting education to the region.

In Perth a group of Malaysian investors propelled by Bean San Goh, a mathematics professor, has entered the education export market at the secondary level by founding the Western Australian International College in a mansion high above the Swan River.

"There's now pressure on students to do well," Dr. Goh told me. "Parents are choosing private schooling in order to ensure employability [of their children]. The old egalitarianism—'Jack's as good as his master'—has been diluted to an extent."

Barry Jones, science minister in the Hawke cabinet, spoke to me in Melbourne of a link between racism and education. "The real resentment against the Vietnamese came when they started doing so well at school," he said. "They began winning exhibitions and prizes, getting into universities. For a lot of Australians that seemed like unfair competition."

The sharp changes in life-style priorities, women's status, education, and other social realms mostly have two roots. The ructions within the economy, deeply affecting the modes of earning one's daily bread, have brought changes in relationships and values. And the explosion of the "right to have rights" in

THE FAST TRACK to success at Westpac, Australia's largest bank, leads over hill and dale—as management trainees, left, found during a 12-day Outward Bound course stressing responsibility and hands-on teamwork. The fastest track of all is the foreign-currency exchange office in Sydney, where telex operator Jennifer Clowes catches her breath between frantic, million-dollar messages to Westpac offices around the world.



the Whitlam era has redrawn the social terrain. "We don't need a bloody federal government," said the farmer who handed me a how-to-vote ticket of the National Party outside the voting booth in Townsville, Queensland. "Originally it was formed to raise taxes and do defense. It wasn't meant to double up on roads, Aborigines, and everything."

Southerners sometimes look disparagingly upon Queensland as "bananaland," a sun-drenched but cultureless haven of conservatives and moralists. Yet the 1,400-mile-long tropical state, nearly five times the size of Japan and devilishly rich in minerals and in spots to delight the tourist, may be the segment of Australia with the brightest future.

Sir Joh Bjelke-Petersen, premier of Queensland for an astonishing 20 years, has bashed the unions and provided the nearest thing to a free-enterprise climate that exists in Australia. Wrapping himself in the Queensland flag, this jovial but combative populist flies regularly to Japan to sign deals for tourism and mining projects. He likes to thank any person who moves from another state to Queensland.

"Low taxes is the crux of the matter," Bjelke-Petersen told me in his Brisbane office. "If you

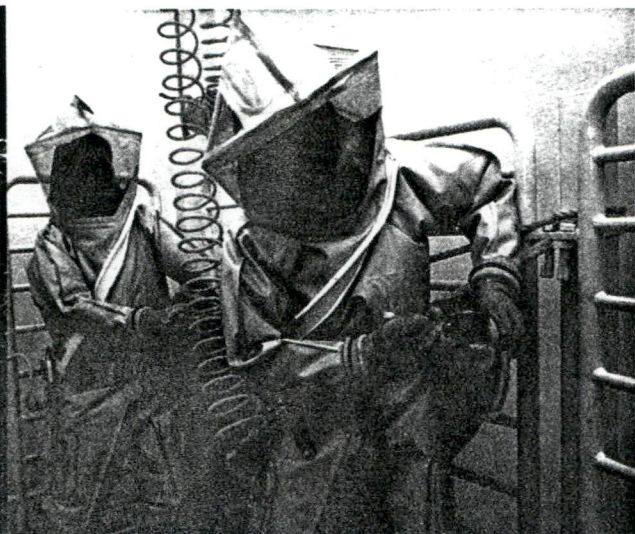
want growth, you've gotta let the people spend the money instead of governments spending it."

The legendary Perth mining tycoon Lang Hancock, discoverer of much of the iron ore of the Pilbara, the west's great mineral region, despises the dominant political-industrial ways of Australia. "Big-spending government is the problem," Hancock said. "And militant trade unions that are outside the law. Before Australia can really deal with Asia and the Pacific rim, we've got to bring our costs down."

He believes that Australia's strategic minerals should have made it indispensable to the world. "Russia's got mineral wealth. South Africa's got it. We've got it—but ours is in the ground, and it's going to stay in the ground, because no bastard's got the incentive to get it out!"

TO TRAVEL AUSTRALIA, and to hear one part of it speak about another, is to come upon a diversity of character. Melbourne and Sydney, the two main cities with a combined population of more than six million, love to hate each other, and while both have become great cities of the world, they do indeed differ in spirit. Moralistic Melbourne cannot let go of principles, while on-the-make

TO PROTECT a multibillion-dollar livestock industry, scientists at the Australian Animal Health Laboratory diagnose viral diseases under airtight conditions.



Sydney is content to count the numbers.

Hazel Hawke, wife of the prime minister, reflected on Melbourne and Sydney over coffee one morning in their Canberra residence. "The Opera House expresses Sydney—a wonderful, breathtaking place. Yet inside there's a lot lacking. As a place to produce opera, it's a headache. On the other hand, in Melbourne the arts complex is not stunning from the outside—it hides itself—but inside it works wonderfully."

Mrs. Hawke, born in Perth but long a resident of Melbourne, laughed, and behind her I caught a glimpse of purple and gold petunias in the winter garden of the prime minister's Lodge. "Such a difference—and I really don't know that I belong to either of them."

Perth is the bright new star in the Australian urban firmament. Far from anywhere—almost as close to Singapore as to Sydney—it has risen to prosperity and gained the cockiness of a Dallas-by-the-sea on the basis of the northwest's iron ore, natural gas, and other resources. Breeding ground for tycoons, some homegrown, many foreign-born, pleased with itself for its role in the capture and gallant defense of the America's Cup, Perth is the home of Australia's most ostentatious new-rich.

Adelaide, the capital of South Australia, has the reputation of being sedate and rational, but nowadays reaches for a livelier image. It mounts an excellent Grand Prix car race, and the wines

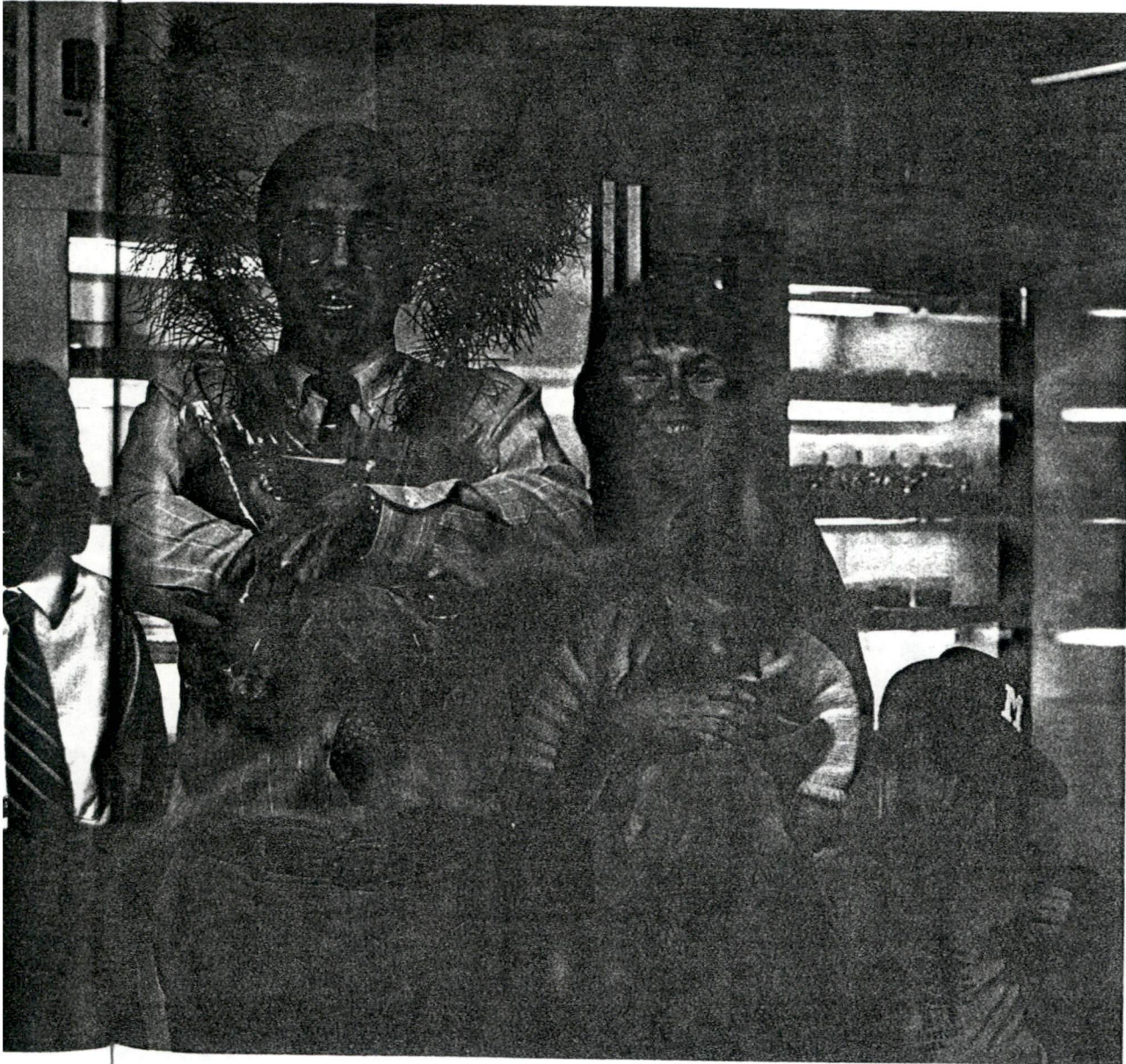


of nearby Barossa Valley have begun to cut a swath in the world market. On Adelaide's clean wide streets I found trendy boutiques, late-night bars in restored old buildings, and rows of cars for sale on almost every corner.

Canberra, the national capital, hardly feels like a city, but it boasts a lovely setting, lots of open space, and interesting architecture. On a crisp winter morning I watched well-dressed

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IMPORTING ENTREPRENEURS like California horticulturalist Roger Dutcher and his family is the aim of the Business Migration Program, designed to diversify the economy and open new export markets. Dutcher's genetic-engineering firm seeks to enhance the productivity of plants such as the pine seedlings he holds.



schoolchildren and public servants catch clean swift buses to their gentle labors.

There are only 270,000 people in Canberra, and some Australians who move there from the bustling state capitals find it socially desiccated. A technician duplicating tapes for me in a Canberra office told me with glee that he had just won a one-fifth share in a 1.4-million-dollar lottery prize.

"Have you been trying for a long time?" I asked out of fascination at the motives of lottery-ticket buyers.

"Only since I came to Canberra three years ago. As soon as you arrive, you think about how on earth you're going to get out—I thought buying lottery tickets was the way."

The sparse Northern Territory—155,000 people in 520,000 square miles—is a frontier

beyond all frontiers. Darwin is as close to Vietnam as to Tasmania, and it feels closer. A raw, humid, cheerful place, one of Australia's few substantially multiracial cities, it cares for the future, not the past, and regards Canberra as an obstacle in its path to mining, tourist, and industrial development.

"The north coast of Australia is basically unguarded," territory Chief Minister Steve Hatton told me. "Outside of Darwin, drug runners operate with impunity." These tropical beaches are also the country's first line of defense against any turbulence—discreetly unmentioned—that may emanate from volatile Indonesia.

“THERE IS A CERTAIN INNOCENCE about being an Australian,” painter Sidney Nolan said years ago, and still today I find this true. Perhaps it stems from the youthfulness of the nation—and its distance from the evils of the Old World.

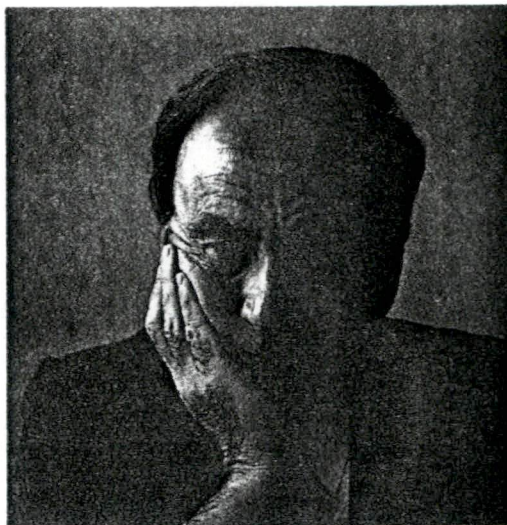
Or perhaps it results from closeness to nature. Magpies swoop down to try to take a peck at my head in a Canberra street. Sea gulls fly up from Port Phillip Bay to circle over my family's home in a Melbourne suburb. Adelaide in spring is suffused with the smell of golden wattle and gray-green eucalyptus. Downtown Hobart is five minutes from the bush.

In Sydney, checking into a local pub that offered accommodation, I proffered a \$50 bill for the first night's "rent," as the lady at the counter called it.

"Jeez, I've got no change," she said. "I'll give you the \$20 later." I hesitated, thinking that perhaps I should have a receipt. I needn't have worried. An hour later the cook arrived at my room with a \$20 bill. "Some lovely fresh snapper just in, by the way," he volunteered as he breezed back to his kitchen.

On the other hand the "knocker" strain in Australian culture can still be found. Some conservative intellectuals dislike the philosophical emptiness they sense around them. "We used to joke that at parties you shouldn't talk about politics or religion," remarked Professor Leonie Kramer at the University of Sydney. "Now there's endless talk about politics, but still none about questions of the spirit."

I discussed the self-deprecatory side of the Australian soul with Melbourne author Bruce Grant. "Perhaps it's the convict origins," Grant mused. "Perhaps it's the sense we have of being a minor dependency of Western civilization. There's long been a sense of low self-esteem. But



Rupert Murdoch

PHOTOGRAPH BY MICHAEL O'BRIEN

at last we're becoming more confident—thank heavens."

Part of the problem is simply that Australia has only 16 million people and is far from the world's power centers. Barry Jones spoke to me of his frustrations as science minister. Australia has been a world leader in synthesizing a human growth hormone.

"But the reaction in Australia was, 'That's terribly interesting, and we're so pleased for you.' People never say, 'Right, let's develop it—here's a medical problem we can resolve for the world.' They say, 'What do the Americans think?' And if the Yanks think it's terrific, the Australians say, 'Well, there wouldn't be any point in us trying to get involved too.'"

Jones gave a bitter laugh. "Yet if the Americans aren't interested, the reaction is, 'Oh, the idea can't be any bloody good. Why bother if the Americans don't want to be in it?'"

"It gives you a kick, as an Australian going out into the world, to have successes on a larger stage," said publisher Rupert Murdoch (above),

who is probably the most influential Australian-born person now living (he became a U. S. citizen in 1985). The words not only explain the publisher's extraordinary dynamism but perhaps, as well, the inner frustration of the more ambitious of the faraway Aussies.

All the last three Australian prime ministers have asked me if I am really in America to stay, or whether, maybe, I might come back—as if implying some abandonment on my part, or perhaps expressing a certain regret at the loss of native sons.

"By the time I was 12, I was determined to leave Australia," author Germaine Greer has said, and indeed during my own years in Australia a steady flow of talent went to Europe and America. Said journalist Maxwell Newton, who years ago moved to New York City: "If I do good work [in America], people are happy about it. In Australia what I found was that if I did good work, people would be angry about it."

Yet the feelings of inferiority are receding. "Years ago I saw Fisherman's Wharf in San Francisco," said New South Wales environment minister Bob Carr, "and I thought what a pity Australia can't enliven its urban areas. But now we're doing it. Look at the restoration of our state parliament, which is better than what's in Sacramento. Look at our Science and Technology Museum, which is the equal of the Deutsches Museum in Munich. Look at the Darling Harbour project. Australia's lost its feeling that it could never do anything."

GEOGRAPHY tugs against history. One senses that geography will win, but not quickly or totally. Yet already the gradual shift of the center of gravity of Australia's trade, defense, and foreign policy from Europe to Asia has produced some vivid changes.

Two Asias impinge upon late 20th-century Australia. There is poor Asia, most recently the wave of Indo-Chinese immigrants. And there is rich Asia, spearheaded by Japanese trade and investment and tourism, and including Malaysian and Chinese entrepreneurship and investment. Japan takes huge amounts of Australian iron ore and coal, bargaining toughly over

prices. From Perth to the Queensland Gold Coast, Japanese have been snapping up residential and commercial property—a total of nearly four and a half billion dollars of purchases in Australia to date.

Japanese tour groups and honeymooners flock to see the penguins in Victoria and the Opera House in Sydney. They climb Ayers Rock in their white hats and impeccable shorts, and view dolphins and flex their muscles in the wide spaces of northern Queensland, photographing much, buying much of the rest.

"Japan already owns us; taking us would be a formality," said media tycoon Kerry Packer.

Some older Australians retain their anti-Japanese feelings from World War II, but these fade. "The Japanese was an atrocious bugger in the war," Sir Sydney Williams, just retired as chairman of Air Queensland, told me in his Cairns office, "but I don't bear any grudge—I'd go out to welcome any Japanese who comes to north Queensland."

Japanese businessmen with experience in Australia speak cautiously of its future.

In his Sydney office Itaru Suzuki, chairman of Mitsui Australia, told me that Australian governments have been urging him to enter manufacturing. "But I am hesitant. Businessmen complain of strikes and the unions behind them. The cultures of our two countries are different. The Japanese tend to think their work for a company is their life itself. In Australia it is a means to an end."

As the Japanese presence in Australia has grown, a Japanese school has appeared in Perth. I visited its 43 pupils and talked with four of them. All felt that their Australian friends study less hard than they do. On the wall of the lobby I noticed some words from the school song: "Black swans on a green land / We make friends in Australia / We will make our own history here in Perth."

As I drove away it was lunchtime, and clusters of kids in their bright winter clothes were eating Japanese box lunches on a lawn, each group with a teacher in its midst. The taxi driver noticed and said to me as we swung onto the highway, "You'd never see Australian teachers doing that during *their* lunch hour."

TO CURTAIL a kangaroo population explosion that is destroying ranch fences and pastures, "shooters" such as Queensland's Phil Capewell, left, kill as many as 2.8 million a year for meat, skins, and fur. Yet even shooters have a soft spot for the roo: Capewell's assistant cuddles an orphaned joey.



CAPE YORK PENINSULA in the far northeast thrusts like a horn toward Asia, its tip 90 miles south of Papua New Guinea. Beyond Cairns, near Cape Tribulation, Captain Cook's problems with the hazards of the Great Barrier Reef began in 1770, and farther north, in today's charming township of Cooktown on the banks of the Endeavour River, Cook beached and repaired his ship, spending more time here than on any other portion of the Australian mainland.

Cook Shire, with its river weaving like a blue thread through deep green foliage, holds 5,000 people, a third of them Aborigines, in an area almost the size of England. With Cooktown as its seat, it is the largest shire in Queensland and the second largest in the nation.

My host, a German-born Australian named Hans Looser, pointed out the Cooktown race course. "Often the grass is so high you can't see the horses—you just see the jockeys' caps bobbing up and down and hope for the best."

I went to see the former Cooktown train station, which is now a kindergarten, and later, at the shire offices, librarian Pauline Grey and a

middle-aged lady who came to borrow an American novel recalled the closing down of the narrow-gauge railroad line that plied a short scenic route west from Cooktown.

"It 'appened in 1961," said the lady, "when Cooktown was low."

"Must have been a sad day?" I ventured.

"It's even sadder today to realize how much tourist revenue we're losing by not having it open. Tourists love them little trains."

One old-timer, William Russell, age 95, described a small effect of Australia's tough economic times, which Cooktown's tourist efforts seek to counter. "I started smoking at age seven," he said, "and I gave it up in 1984 because of the high price of pipe tobacco."

A major Australian growth industry in recent years has been the arts. As the world discovered Australia through works like the films *Breaker Morant* and *My Brilliant Career*, landscapes by Sidney Nolan, the novels *Voss* and *The Tree of Man* by Patrick White, and the rock songs of Midnight Oil, so too Australians found something new and exciting about themselves in the mirror of the arts.

CROCODILE LOVER Lew Bellinger of Humpty Doo, Northern Territory, once bagged crocs for a living, but turned conservationist when their numbers fell sharply in the 1960s.

Characteristically, government funding has sparked the new artistic vigor. Even David Williamson, a self-reliant artist whose popular *Don's Party* and other plays have depicted urban middle-class life, got his start with a grant.

"Without knowing I had that \$7,000 for a year," he said as we chatted on the veranda of his graceful old Sydney home, "I doubt I would have had the courage to cast everything aside and have a go."

In the desert west of Alice Springs I caught up with Midnight Oil in unlikely concert. They were on a joint tour with an Aboriginal band that expressed singer Peter Garrett's commitment to Aboriginal land rights, world peace, and other causes. The bands thumped away under spotlights in the flat, dusty settlement of Papunya, as children jived and rocked in perfect rhythm before them.

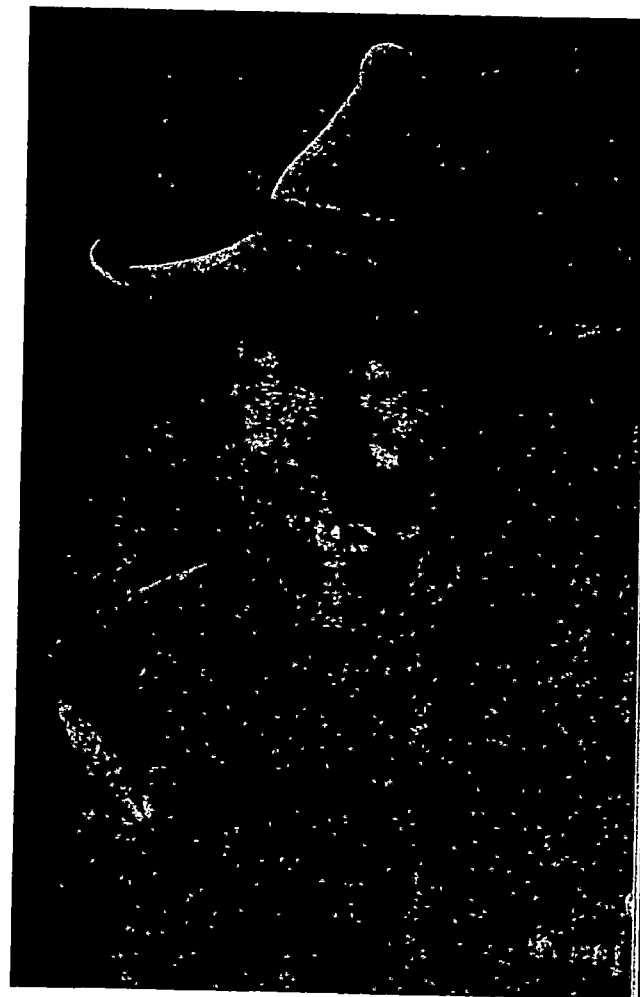
Because of the new vigor in the arts, the sense of what it means to be an Australian has changed. The two-fisted male bushman has receded. Urban themes and images have crowded in upon outback landscapes.

WITH LEADING BLACK WRITER Faith Bandler, I talked of race and tradition. "I feel rather strangled by Australianism," she said. "They say we blacks are part of the Third World, but to me there's no such bloody thing as the Third World. There's only one world."

In Melbourne I heard an echo of these sentiments from Paul Cox, director of *My First Wife*, *Man of Flowers*, and other films. "The more I understand of the world, the less I want to belong to any particular country," Cox said.

"But this is an amazing country," said the Dutch-born director, who stressed the habitat. He summed up his art as an attempt "to make people more aware of their inner self. Like when we look at a tree. There's enormous strength under the earth to give that tree life. But we never see the roots, and we never think about them. You know, we admire the tree for traveling through the seasons, but where's the respect for the very roots that hold the tree deeply in the earth? It's exactly like that with people."

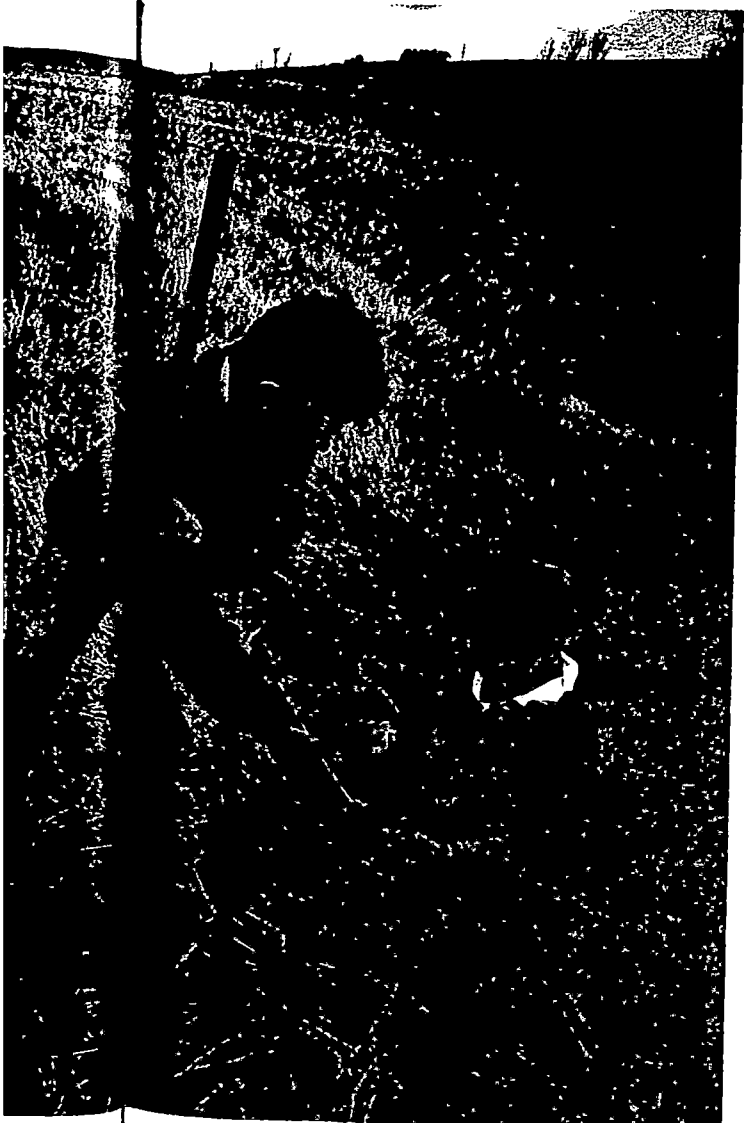
The feeling that Australia can't quite control



its own destiny still produces cynicism and fatalism. "We are a fairly cynical nation," observed Jim Kirk, chairman of the Bicentennial Authority, "and one of the aims for the bicentennial is to try to stir nationalism."

Says Stephen Murray-Smith, who founded and still edits *Overland*, Australia's distinctive literary magazine: "No country in the world knows as little about itself as Australia."

Disagreement exists as to which date is truly Australia's national day. James Cook's arrival date 218 years ago? The first governor's hoisting of the British flag near Sydney 18 years later (the present Australia Day)? The day in 1901 when the six British colonies formed a federation of Australia? Or the unknown day far in the mists



LEO MEIER, WELDON TRANNIES (BELOW)

of the past when the first people reached Australian shores?

"The Australian character?" mused former foreign minister Andrew Peacock. "I think it's a character shrouded in an unnecessary modesty, which then becomes fierce when prodded." Only rarely is the Australian prodded.

Australians complain about their "terrible problems" at the same time that they enjoy the luxury of not having to do anything drastic about them.

On the other hand the Australian retains his appealing candor and directness. People say what they think, even about race and religion. The language of parliament, press, and public life is close to the language of daily life.

I attended the launching party for Helen Garner's *The Children's Bach* at which the novelist said in her brief remarks: "I'm glad my parents are here tonight. This is the first of my book launches they've been to. The reason is that in the past we didn't get on, but now we do."

"The cardboard-cutout establishment is just withering away," Senator Gareth Evans told me. Today the establishment has to do mostly with merit and push. Birth and land don't matter much any more.

LEFT AND RIGHT have lost some of their meaning. Both old-line left and right sound disappointed by Australia today. Yet among a younger generation new motivations stir. Like their seniors, the young have fresh starting points and blend idealism and interests, insights and blind spots into their own social philosophy.

In the work life of the cities a sense of the need to struggle has grown. Success is less often mocked than in my youth. Even the 14-year-old girls I spoke with at Ascham School in Sydney singled out successful entrepreneurs such as Robert Holmes à Court—a Perth-based businessman who is perhaps Australia's wealthiest person—as worthy of admiration.

The reexamination of the welfare state is widespread, searching, and far from over. Some businessmen, tiring of a decade and more of capitalism bashing, are speaking up for business values and finding a pleasing response. And the immigrant flow will not in the long run benefit the trade unions or the bearers of Australia's radical traditions.

In the streets crime grows. At my home in Melbourne during the 1960s we locked the door only if we were going away for several days. According to my mother that same house is the only one on a street of 20 that has not been burgled in recent years.

On a wall in Perth I saw scrawled "Feed The Poor, Eat The Rich," and anger and despair do

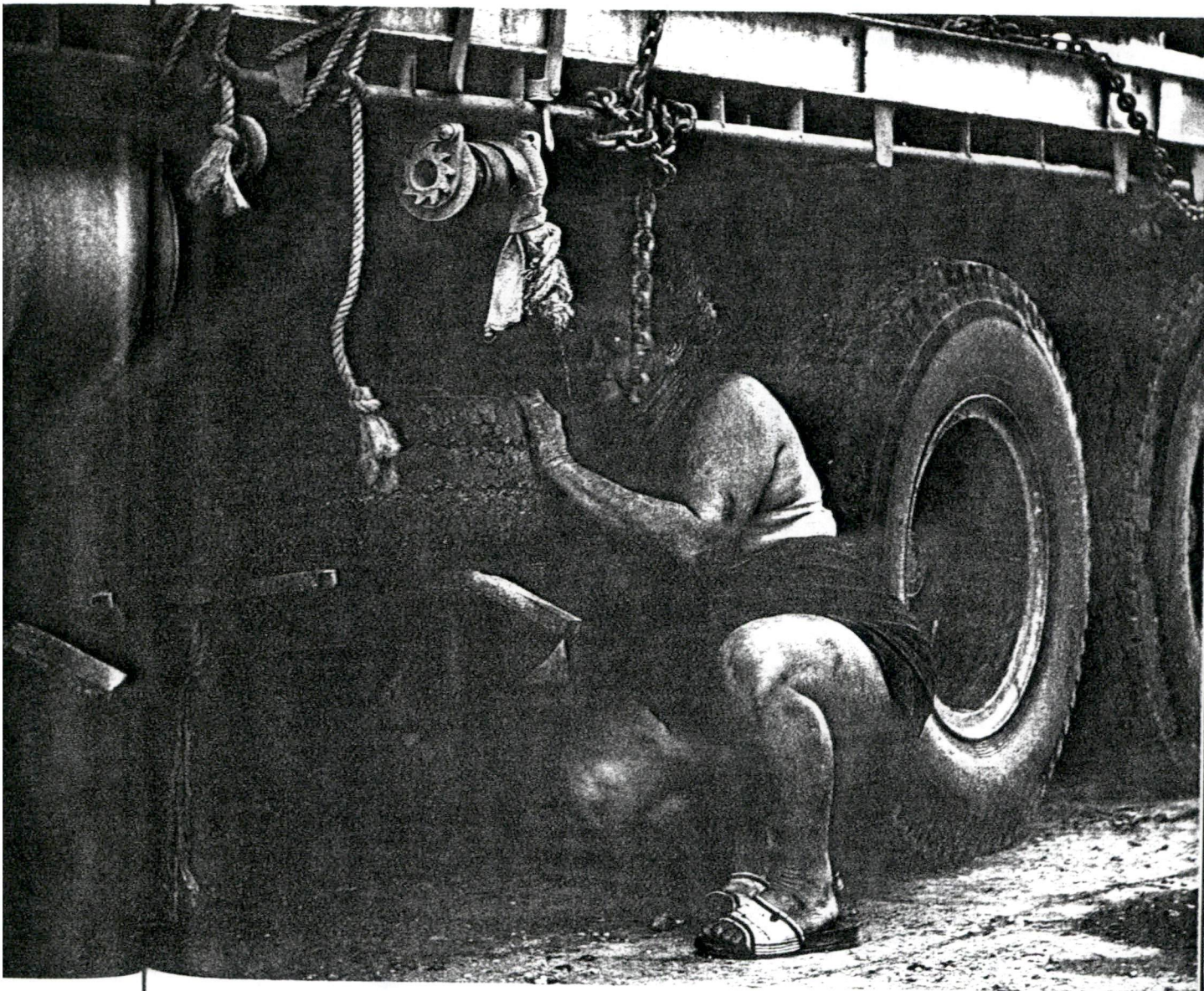


grow in some quarters. "School Sux," someone had written in purple crayon on a wall in the poor Sydney suburb of Redfern. During 1987 I was for the first time asked for money on an Australian street. Equally shocking to one brought up in this country, I was insulted by the beggar when I declined to offer any.

Despite skillful efforts at disciplined economic management by the Hawke government, economic crisis still shadows the face of

Australia. Nothing can take away the unpleasant facts. The Australian dollar has lost 50 percent of its value against the Japanese yen in the past three years. Australia's foreign indebtedness is so huge that nearly a fifth of yearly export income goes to pay interest on it. Both the inflation rate (8.3 percent) and the unemployment rate (7.7 percent) are well above the average of Western industrialized nations. Savings are low, and business investment is even lower.

"IT'S A HARD GAME TO GIVE UP, MATE," says Toots Holzheimer, who logs a thousand miles a week hauling "anything and everything" through the lonely outback of northern Queensland. She says 20 years of dirt roads and axle grease—along with raising eight kids—have made her a realist. "And I'll probably drive till I'm dead."



In some realms the "lucky country," as Australia sometimes calls itself, seems out of luck. The farmers are in debt. Industry labors under the disadvantages of protectionism's lull, a small internal market, and high costs. Mining has not as yet proved a panacea.

A fifth of the young are unemployed. The ratio of the number of people on government benefits to taxpayers has risen from one to seven in the 1960s to nearly one to two today

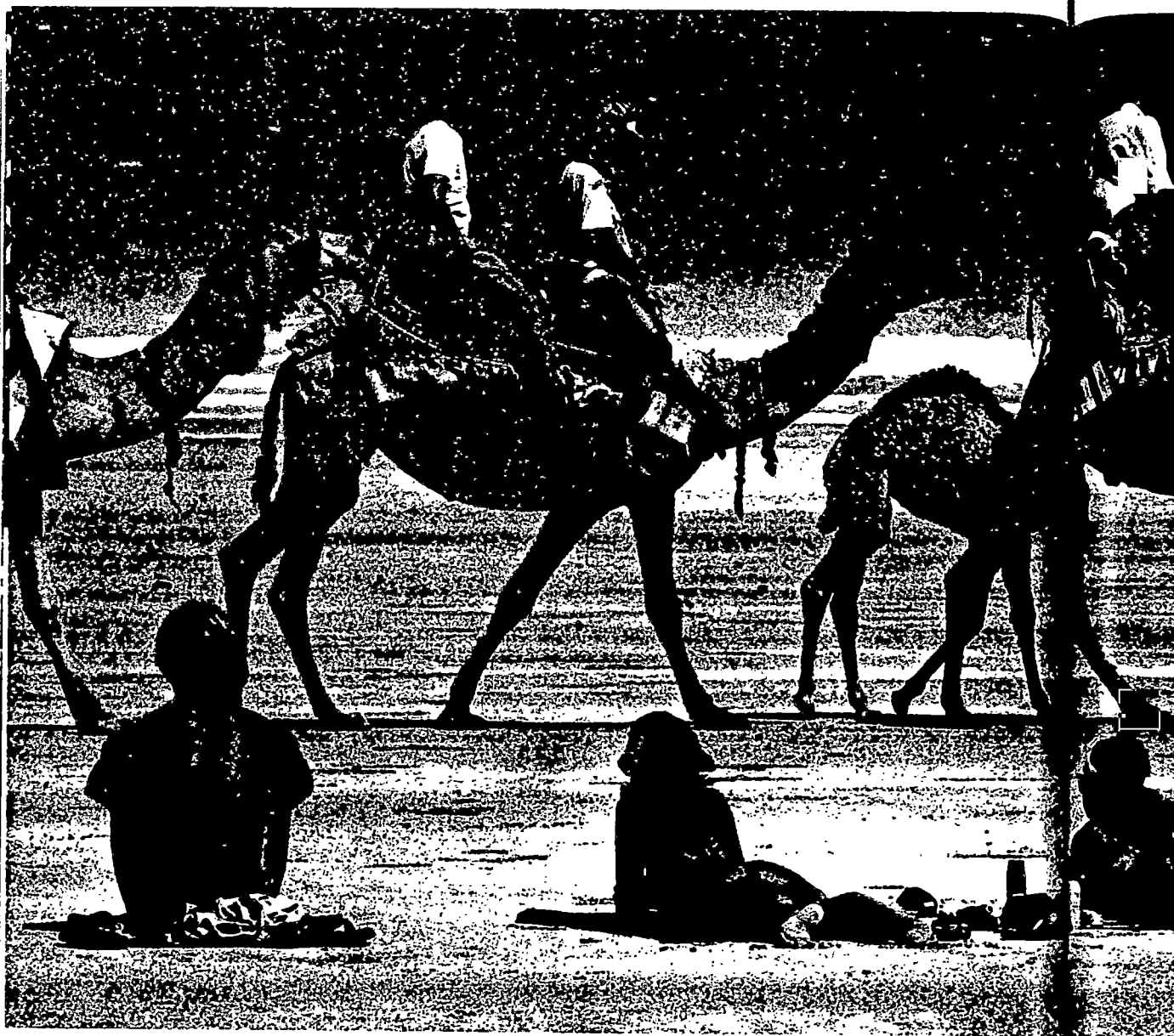
—and meanwhile the population ages quickly.

For a family the purchase of an Australian-made car in 1987 cost 51 weeks' average earnings, compared with 35 weeks' in 1982.

Sir Arvi Parbo, a respected business figure, said to me in a slow deliberate tone: "If we do not act, the time will come when people won't lend us money any more—this is not economic theory, not ideology, just an arithmetic fact."

The specter of dependence looms once more.

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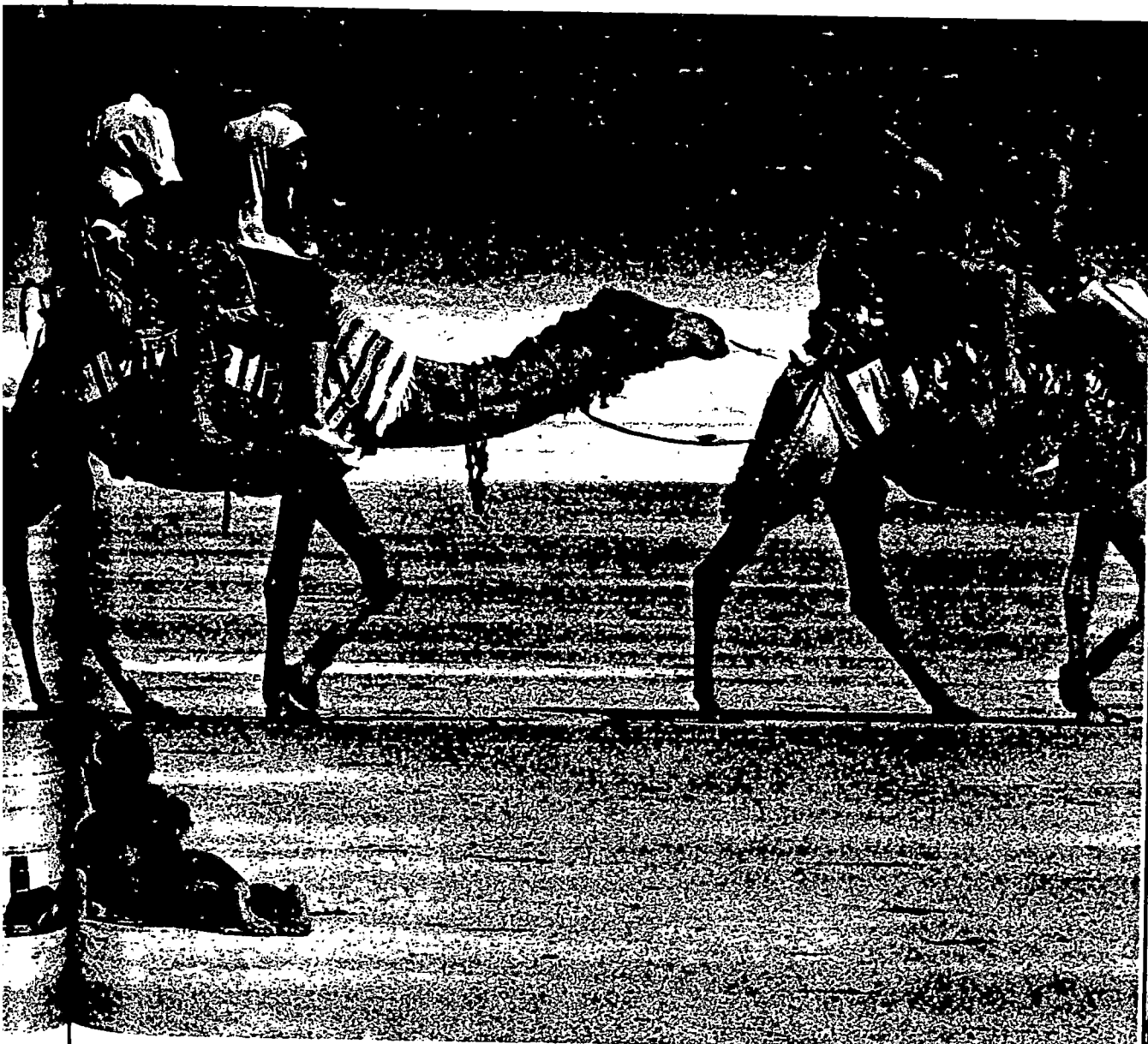


CAMELS NEVER BAT AN EYE at the local dress code, say those who rent them to sightseers on Cable Beach, near Broome on the Indian Ocean. Despite a quickened pace as their country enters its third century, Aussies too are a pretty laid-back lot, says author Ross Terrill. "The most Australian thing you can do is to lie on a clean, wide, beautiful beach."

Australia is no longer in great danger of being drawn into other nations' wars far from its own territory. But, being small and much affected by world commodity prices, it cannot alone determine its economic health. Luck will be part of any economic recovery to the ranks of the world's most prosperous nations that Australia may make in the 1990s.

At their bicentennial, Australians see much

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ROD TAYLOR, WESTERN AUSTRALIA NEWSPAPERS

to be proud of. They become more aware of themselves as a unique civilization. And they address with an extra determination some large unfinished tasks.

Said Creighton Burns, editor of *The Age* in Melbourne and a veteran of World War II: "More people feel they know what this country is about than did when I was growing up." A feeling exists that the future is open, that

Australia still has the chance to make a better fist of things than has been done elsewhere.

In Sydney a Vietnamese immigrant talked about 1960s Saigon, then his home. "It was still quite pretty," I volunteered, having visited the city in 1965. He was silent for a while. "Yes, Vietnam's just been an unlucky country."

To this immigrant, and surely to many others, Australia is still a lucky country. □