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AUSTRALIAN RAILWAYS UNION DINNER CELEBRATING 100 YEARS OF
INDUSTRIAL UNIONISM IN RAILWAYS
SYDNEY - 13 AUGUST 1986

It is a matter of great pride and pleasure that I am able to join you tonight for this dinner marking the centenary of the New South Wales Branch of the Australian Railways Union. As a former ACTU President and as a Labor Prime Minister it is, of course, an occasion of special significance when a union like yours, which spans the industrial and political wings of the Labor movement, reaches a milestone like its 100th anniversary.

Tonight is an opportunity to pay tribute to your union's record of service to both its membership and to the railway industry - and, in turn, to acknowledge those men and women who have served the union and the wider Labor movement. The birth in 1886 of your union's predecessor (the Amalgamated Railway and Tramway Service Association) coincided with the first tentative steps to establish a Parliamentary Labor movement. Those moves found a strong ally in William Schey, your Foundation State Secretary, who became a Member of Parliament before the Labor Party was formally established.

Over the years that relationship between your union and the ALP has grown into a strong and productive alliance. It would be an impossible task to list all of the officials of the ARU in NSW who have made significant contributions to the Australian Labor Party. But there is no doubt that the ALP has been enriched, made more effective by their contributions.

A selective roll call of ARU leaders who have made their mark should perhaps begin with the late Jack Ferguson, a former State Union Secretary, a Federal ALP President and a confidant of Labor Prime Minister Ben Chifley.

I am sure that his peers would regard it as no slight to describe Dr Lloyd Ross, another former Secretary (who is with us tonight) as the most learned ARU stalwart to offer his talents to the broader movement. His benchmark biography of John Curtin and service to the nation during his time with the Department of Post-War Reconstruction are just two highlights of a brilliant career. More recently, the immediate past secretary Jack Maddox, and the present leadership of the union, President Harold Dwyer and Secretary Jim Walshe, have continued this fine tradition.

The hundred years which the ARU's history spans encompasses the progression of the labour movement from its formative, difficult beginnings to the important role which it plays in today's industrial society, particularly in influencing the future direction of our nation.

The Prices and Incomes Accord - the basis of the most successful peace-time incomes policy of any Australian Government - is a monument to the evolution of trade union thinking. The Accord's underlying philosophy, and the benefits it has brought to the Australian economy, stand in stark contrast to the history of conflict and confrontation which the union movement has at times had to endure.

Three years ago my Government set for our nation a simple and vital program; national reconciliation, national recovery and national reconstruction. National reconciliation between sectional interests was fundamental if the goals of national recovery and reconstruction were to be achieved.

The Accord made an invaluable contribution to achieving national reconciliation and proved to be central for the achievement of national economic recovery.

We can all be justly proud of reaching such an unprecedented level of understanding about common goals, priorities and problems. We should also be proud of the way the parties to the Accord have responded to changing economic circumstances and have maintained the Accord's primary objective of promoting economic and employment growth : key determinants of the welfare of all Australians.

The ARU knows too well the impact of past confrontationist policies. When former governments decided economic circumstances warranted adjustment within the rail industry, they did not always either understand the value of, or the fundamental importance of, consultation with those most affected - the railway workers.

Inevitably, the result was industrial disruption and lost productivity in the railway industry. Therein lies the certain folly of confrontation in industrial relations : it diminishes rather than improves productivity.

The contrast, at the national level, between consensus and confrontation-based approaches is clear when this Labor Government's economic policies are compared with the divisive 'fight inflation first' approach of the Fraser/Howard years.

For two significant reasons this approach was abhorrent.

First, it showed a callous disregard for its social and personal impact - especially on the job security of bread winners and on the prospects of young people seeking their first jobs.

Second, the approach failed even by its own narrow standards; the inflation rate remained high and employment rose. It was little wonder that in 1983 Australians completely rejected both the method and result of these policies.

The contrast of the Accord with this approach could not be sharper. It has had as a basic aim the protection of employment and the promotion of job opportunities. It is an infinitely fairer approach because it is designed to ensure that income claims are arbitrated justly. Because it pays attention to the value of Government spending on the social wage in supporting and, when appropriate, improving the living standards of ordinary Australians it also stands as a fairer approach.

I don't need, in this forum, to detail the proof of the success of our policies over the past three and a half years. But in an area of obvious relevance tonight, the latest industrial disputes figures show the lowest annual level of days lost since 1969. Our predecessor's sorry achievement was an average level of industrial disputation more than double these figures. The Accord has on this evidence delivered industrial harmony replacing the conflict and disputation which had previously worked to the detriment of the Australian community.

We have also achieved high rates of economic growth without the wage explosions which cut short previous periods of economic expansion.

The general compliance of the union movement with wage fixing principles consistent with the aims of the Accord allowed the acceleration in economic growth to be translated into more jobs, rather than into a debilitating wage/price spiral.

Before an audience like this the most graphic and relevant statistic I can cite to demonstrate the success of the Accord is the creation of more than 600,000 new jobs in our first three years in office.

That is an achievement of which this Government is immensely proud.

It is an achievement of which the Trade Union can also be immensely proud.

It has been your commitment to the Accord processes which has played such an important role in getting that employment result.

Under the Accord the living standards of wage earners have been protected by a combination of wage indexation, tax cuts and improved social benefits.

The commitments the ARU - and most other unions - have given to the basic tenets of the Accord - co-operation, consultation and consensus - are proving stronger and longer lasting than our opponents would have liked them to be. The opposition never tires of forecasting the demise of the Accord.

My Government recognises the contribution that rail unions and employees can make to the development and improvement of the railways. My colleague, the Minister for Transport, Peter Morris, consults with the rail unions frequently to improve understanding and co-operation within the industry. There have been over twenty such meetings to date.

We have also worked closely with the ACTU and the rail unions to establish a Railway Industry Council. This Council will bring together government, management and unions to develop strategies for revitalising the rail industry. Peter Morris expects the Council to be established formally at the next bi-annual meeting of Australian Transport Advisory Council.

The recent appointment of former ACTU President, Cliff Dolan, to the Commission of the Commonwealth's own railway system, Australian National, brings to that body a greater depth of understanding of industrial relations issues.

Our Government, like the ARU, recognises that an efficient land transport system is vital to the economy and our exports. Initiatives to revitalise manufacturing depend on an effective transport industry. We have revitalised our public transport authorities, taken major steps to upgrade our roads, and improved the shipping and road transport industries.

This Federal Government is the first to pass legislation enabling interstate road transport operators to be charged for the cost of road damage. As a result the road and rail transport systems will be forced to compete on a more equal footing.

While recognising the continuing importance of rail in our transport system, it must be recognised that there remain serious problems. Commonwealth and State Governments fund a rail deficit of over \$1.4 billion each year. In the end there is a limit on the level of support taxpayers can give industry, particularly in today's tight budgetary climate. Clearly major changes will be required. Our Government will ensure that the ARU is fully informed about, and participates in the debate about, these changes.

Having said that, you should be in no doubt that this Federal Government is committed to improving the railways.

We recognise the economic potential for rail authorities to gain a larger share of interstate traffic. Under the Australian Bicentennial Road Development Program \$30 million has been allocated to urban rail projects. The Australian Land Transport Program includes an option of some limited funding for projects to improve the mainline rail network tied to improvements in commercial and operational practices.

Our own railway system, Australian National, has seen real progress under this Government. We enacted legislation in 1983 to allow AN to operate more commercially and revenue assistance to AN from the Budget has been reduced by 42 per cent in real terms since 1982. This is an achievement of which all involved in AN can rightly be proud.

We have also been prepared to provide AN with up-front money to implement programs to improve its financial viability. These include \$16 million in 1985 to fund an early retirement scheme and funds to rehabilitate the Tasmanian railway system.

Earlier, I indicated that the Accord coincided with a new era of economic management in Australia. This Government seeks to achieve its major economic objectives in a spirit of consensus and co-operation.

Past Governments' objectives were all too often frustrated because of confrontation and division.

The importance of the Accord lies in its provision of a framework for consultation and discussion between the Government and the trade union movement about a wide range of policies. The real strength of this framework is that it has proved adaptable to changing economic circumstances.

This adaptability and responsibility is being tested again. As I explained in my recent address to the nation, the Australian economy now faces a difficult period of adjustment to the recent severe decline in our terms of trade. Australia also faces the inter-related problems of an unsustainably high current account deficit and the dramatic depreciation of the Australian Dollar.

The decline in our terms of trade means that the prices of many of our staple exports have declined in international markets. The effect of this is that our overall "national cake" is smaller than it would otherwise have been. In cold money terms that is a \$6500 million loss in national income.

We have no alternative but to accept, for a time, reduced standards of living.

We cannot bury our heads in the sand and pretend nothing has changed.

Let me, at this point, make it quite clear that this Government does not seek to attribute any blame for these changed and difficult circumstances to the trade union movement.

On the contrary: the contribution of the unions, through the Accord, to improving the competitiveness of the Australian economy has been significant. However, this is not to diminish the nature and extent of the crisis we, as a nation, are facing.

In simple terms, we have been dealt a dud hand by the agricultural trading practices of the EEC and the United States and the collapse in world commodity markets.

A major task of policy in the period immediately ahead is to spread the burden of adjustment to this reduced standard as fairly as possible. A fair distribution of this burden will mean restraint from everyone, governments, businesses and unions alike.

In my address to the nation, I indicated some ways in which the business community should co-operate in these difficult times. I later wrote to major businesses and business associations requesting restraint both in non-wage remuneration, such as executive salaries, and in the setting of prices. Most responses received to date have supported this request. I am confident that business will play its part in the overall restraint required.

The restraint required from governments was reflected in the cuts in State borrowing programs announced after the Premiers Conference in June. It will also be reflected in the Budget being brought down by Paul Keating next Tuesday night.

Budgetary restraint means many new policies will be placed on the shelf for a time, and many existing programs will be trimmed to the bone. The extent of the restraint required may not be well received by many people. However unpalatable, we must adjust our expectations of the services governments can provide in present economic circumstances.

This Government has always faced up to the hard task of fiscal restraint. The Trilogy of Budgetary restraint commitments announced nearly two years ago represented the most disciplined framework of restraint adopted by a post-War Government.

By contrast, our opponents only speak bravely of the need for restraint when in Opposition. When in Government, they lack the courage to face up to the hard decisions.

Further restraint from the trade union movement is also necessary. In my address to the nation, I made it clear it will be necessary to argue for a further discount in the next National Wage Case.

It is a real tribute to the responsible attitude of Australian workers and their trade union leadership that there has been considerable wage restraint over the last three years.

Further restraint is now needed.

I am confident that the union movement will again play its part in the process of adjustment confronting us all. It will do this for the sake of protecting employment and the welfare of all Australians now and into the future.

The only alternative to everyone accepting the need for restraint is the classical medicine of monetary and fiscal contraction of the economy. We suffered that approach during the Fraser/Howard years.

We all remember its costs in human terms.

In particular, we in the Labor movement remember the hundreds of thousands of Australians who paid the cost of those policies by losing their jobs in the ensuing recession.

A return to such policies would again push the burden of adjustment onto that section of the Australian community who would lose their jobs or fail to obtain employment upon entering the labour force.

This would hardly be consistent with this Government's commitment to "restraint with equity" - which simply means sharing the burden of sacrifice fairly.

Adjustment to our current economic difficulties demands restraint by the entire community, not a forced and calamitous drop in the living standards of an unfortunate few. The trade union movement has a vital role to play in this restraint.

It is vital for Australia's future that this be accepted.

In March 1983, shortly after the Government was elected, I had the honour of attending a Labor Day Dinner in Melbourne. On that occasion, facing the challenge of reviving the national economy from recession I made a special appeal to the Labor movement. As I put it then:

"There can be no underestimating the difficulties of the task entrusted to us by the Australian people. And by 'us' I mean not only those of us in Government, I mean all of us - the whole Labor Party, the whole Labor movement."

Again, in circumstances not of our making the Labor movement has been entrusted with a great and difficult task.

I am confident that together we will meet and overcome this new challenge.
