



PRIME MINISTER

CHECK UNTIL DELIVERY

EMBARGOED UNTIL DELIVERY

SPEECH BY THE PRIME MINISTER
ALP CENTENARY DINNER
CANBERRA - 25 NOVEMBER 1991

In this remarkable year, there have been extraordinary developments, in the world and in Australia, which have given an added significance - we might almost say, an historic symmetry - to the fact that we celebrate the Centenary of our great Party in this year of 1991.

To grasp the significance, we should recall the real meaning at the heart of the events we celebrate.

Central to everything is the commitment made by the trade union movement one hundred years ago to advance its cause - the betterment of the condition of the working men and women of Australia, their families and dependents - through the parliamentary system, through parliamentary democracy, through the ballot box.

And in this year, around the world, but most of all in the heartland of international communism itself, we have had an epic vindication of the course our forebears chose, the commitment they made, and which generations of Labor men and women have kept.

But at home, we are experiencing developments which constitute no less a striking vindication of our cause, and which underline the enduring relevance of our commitment, as we enter our second century as a party, and prepare our nation for the 21st century, as the Government of Australia

And there has been no time in my own experience when the fundamental values which we represent, and which we strive to build into the Australian society, have been offered a more complete or more direct challenge by our political opponents.

This is not something that occurred just last Thursday.

And nobody who has been listening, with even half an ear, to my warnings throughout the past 18 months, should have been remotely taken by surprise last Thursday - either by the thrust of the Leader of the Opposition's Statement, or by its specifics.

I spelt it all out at the Centenary Conference in Hobart last June.

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I said then that, beyond our tasks in government of maximising, for the people of Australia, the gains which will come with sustained low-inflation economic recovery, our task of continuing to build a more competitive Australia, we had, as a Party, another task.

I said that that task was to ensure that the Australian people have no illusions or misunderstandings about the fundamental choice they will have to make in 1993.

Because, I said,

"This Liberal opposition is unlike any that has preceded it in the forty-odd years since the foundation of that Party. Collectively in its leadership, it represents the most ideological and the most divisive alternative presented to the Australian people in the post-War era. And in its program it is, more than any before it, obsessively determined to entrench privilege at the expense of fairness and compassion."

And later in that speech I came to the specifics. I said:

"Delegates, let me be quite blunt and to the point - this Opposition is planning the most concerted attack in the history of this nation on the living standards of the poor, the underprivileged, the aged and low- and middle-income families. The centrepiece of this attack is to be their broad-based consumption tax, a fifteen per cent tax on all goods and services - and it would do so in a profoundly regressive way."

So there in June, I gave a perfectly accurate prediction of their proposals.

This Opposition has embarked on an unprecedented onslaught on the unemployed, upon the aged, upon the invalid, upon Aboriginal Australians, upon the disadvantaged and upon families in need.

This Opposition has committed itself to a new inflationary course, to re-fuelling inflationary expectations and to throwing away the historic gains against inflation, made with so much pain and difficulty.

This Opposition has declared its determination to return to confrontation and entrench privilege.

And this is what they call "fighting back".

If those words mean anything, they have put them in the wrong order.

Because they mean - back to fighting, back to divisiveness, back to polarisation of the community, back to industrial confrontation.

But certainly, friends, in the days and weeks and months to come, we in the Government, all of us in the Labor Party, will be working unrelentingly to expose this so-called package, not only for its appalling inequities and the dangers it poses for the Australian economy, but on the grounds of the ideology of deliberate community division which it embraces and promotes.

In the task of exposure, we will focus on what are supposed to be its selling points - the so-called compensation for the tax on everything you buy, and the so-called income tax cuts.

I need hardly spell out that the whole question of compensation arises only because of the loss, the hardship, the sacrifice the community would be asked to bear, under this utterly unnecessary tax on necessities.

When it is all stripped away, that is the bitter pill that the Opposition is asking Australians to swallow - and the so-called compensation is its coating.

Then, we are told that the Leader of the Opposition has run us all through the computer, and come up with his model of Australia. And he has claimed that he has targetted the tax cuts to workers.

Well, let's take a look at it.

According to his own schedules, those earning up to \$20,000 would receive a gain in after tax income of 4.8%. For those on \$30,000, or around average weekly earnings, the gain would be 6.8%. For those on \$50,000, a gain of 12.4%.

For those on \$75,000, two and a half times average earnings, the gain would peak at a massive 14.7%

In 1990-91, less than two per cent of Australians earned \$75,000 or more.

But, friends, how are these grossly inequitable tax cuts to be paid for?

Not, it now appears, just from, or even mainly from the consumption tax, this tax on everything you buy.

Delivery of the income tax cuts would depend upon \$10 billion in spending cuts.

Now, the facts are that after nearly nine years of the most rigorous reviews of public sector spending, our Labor Government has made Australia one of the lowest taxing countries in the OECD. We now have one of the leanest and most efficient government sectors in the OECD.

We know after nearly nine years of the most stringent reviews of government spending that there is no room for the sort of massive attack on government spending that Dr Hewson is now proposing, without seriously attacking people's living standards.

After nearly nine years of paring the public sector to the bone, we know that further substantial cuts would mean cutting into the bone itself. And worst of all, it would mean devastating cuts in the most essential services, the area of greatest need, with the real burdens falling upon the most vulnerable groups in our community.

Yet without this implausible \$10 billion of further cuts, there is simply no way these much-vaunted tax cuts could ever be delivered.

Friends, tonight is not the occasion to examine the Opposition's package in all its flawed detail.

But, just to give you the flavour of what we have in store for them, and as an indication of how quickly gaping holes will appear, let me just take the case of petrol prices.

There is a most serious flaw in Dr Hewson's figuring which could mean that Australian motorists would save not the \$12 per tankful he has dishonestly trumpeted to the electorate - but something less than \$2.

Motorists would see falls of no more than 2-3 cents a litre - the sort of price cut you can get during the regular discounting wars.

Dr Hewson has chosen not to factor into his package the effect on fuel prices of new road-user charges for road funding. Yet he clearly commits himself to these new road funding arrangements, and indeed is quite lyrical in the package about the importance to Australia of an efficient transport system.

Dr Hewson's failure to make any such allowance for road-user charges in his calculations and in his policy design must mean he cannot deliver on his promised petrol price cuts. Nor can he, in this respect, deliver on significantly reduced business costs in this area, which he made so critically important in his presentation.

But even more serious are the ramifications of his flaw on his CPI calculations and, indeed, on the fundamental credibility of the whole package. Dr Hewson has a number of choices if he wants to clear up this dilemma.

He can ditch the road-user charging concept - and thus abandon his professed commitment to micro-economic reform.

Or he can admit his error - and thus admit that he can't deliver on big petrol price cuts, and that his CPI figure, underpinning so much in his package, is plain wrong, which in turn throws out all his calculations to compensate people for the effects of his consumption tax.

We wait with interest.

But, friends, we will not be merely exposing the flaws, inequities, contradiction and loopholes, in these proposals.

We will be opposing the whole concept of a new tax in terms of the great priorities now on this nation's agenda - the priorities that we, the Labor Government, have set as our agenda.

And we will show how disastrously wrong the Opposition have got their priorities.

- . A consumption tax would not help sustainable economic growth; it would refuel inflation, and would necessitate much tighter monetary policy and higher interest rates
- . A consumption tax would not create jobs; it would cost jobs
- . A consumption tax would not help the elderly; it would disadvantage them among the worst of any section of the community
- . A consumption tax would exacerbate the problems already facing rural Australia
- . A consumption tax would be a massive disadvantage for our fastest growing industry, the tourist industry, with all its potential for job growth
- . A consumption tax would not protect Australian families; its main burden would fall on the families of Australia.

But, my friends, let me make this clear.

The task of demolition, necessary as it is, comprehensive as it must be, will not be the single thrust of our response in the weeks and months to come.

Our attack will be in the context of our forward program, the unfinished business we have undertaken on behalf of the people of Australia. It will be placed in the context of the working through of the fundamental reforms initiated, this year, by the March Statement, the Special Premiers Conference, the Budget, and the November Statement.

And this is what Australians can look forward to from the Government in the months ahead:

- . the implementation of recently announced decisions which will generate sustainable jobs, in major resource and manufacturing projects;
- . the announcement, and implementation, of details of projects to improve Australian cities;
- . details of legislation to improve superannuation coverage for all Australians;

- . next year, the finalisation of the ecologically sustainable development process, which will ensure that soundly based environmental considerations become a normal part of all government and private sector decision-making;
- . the finalisation of the Government's industrial relations reforms, to see Australia's industrial culture re-oriented to increased productivity - and therefore prosperity - as well as to underwrite our long-established concern for equity in the wages system;
- . further developments in microeconomic reform, including major initiatives in communications;
- . our commitment to move towards removing pensioners from the personal income tax system;
- . finalising agreement with the States and Territories on a major injection of funds into the TAFE system;
- . the \$1 billion savings to business from taxation measures announced earlier this month;
- . the continuing reforms in transport, especially on the waterfront;
- . the continuing pressure we are exerting internationally to have other trading nations liberalise their trading arrangements, to provide expanded markets for Australia exports of goods and services.

Meanwhile, we will produce a detailed analysis of every facet of the Opposition package.

And, above all, friends, above all for this Labor Government, our response will be placed squarely in the context of our continuing commitment to achieve sustained growth with low inflation, and the restoration of job growth.

That will be our real reply to this meretricious public relations exercise our opponents have launched. And that will be our real message to the people of Australia, in the first and second years of the second century of the great Australian Labor Party, as we head towards the fifth term of this great Labor Government.

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