



PRIME MINISTER

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**SPEECH BY THE PRIME MINISTER
ACTU CONGRESS
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Simon Crean,
Delegates,

It is with a deep sense of pride and appreciation that I address this ACTU Congress in this your 60th anniversary year.

Pride and appreciation, because I am the first Labor Prime Minister elected to three successive terms of Government to address the Congress of Australia's trade union movement - and because this great movement gave me an incomparable opportunity to learn to know this country and its people.

And it is with an added appreciation, because I recognise the fundamental role played in the success of my Government by the relationship of support and co-operation which exists between the Labor Party and the ACTU.

Our relationship has proven itself one of the most resilient and fundamentally important forces operating in the great task of reconstructing the Australian economy.

The econometricians happily build their models and, with a blitheness that their inexact science does not justify, offer their projections about the future course of economic activity. How do you build into their models the power of constructive relations between Government and trade unions positively to influence this course of events?

For more than four years now the Government and the trade union movement have demonstrated their willingness and their capacity to face in an effective way the real challenges faced by this nation.

Throughout the life of the Government the trade union movement has been a vital contributor to our policy making, an active participant in the great economic challenge of our day and, thus, an essential component of the political and economic success of the Government.

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The result is now clearly starting to emerge: Australia is winning the battle and we are as a nation now better placed to sustain strong growth and to share equitably the benefits of that growth.

Let's cast our minds back to the first election of the Labor Government in 1983.

It would have been easy for the trade union movement to view that election as the signal for unrestrained pressure for short term improvements in wages.

That course would have reflected the traditional priority of the trade union movement to assist its existing employed members through increased wages.

But the pursuit of such a priority in the 1980s would have been tragically shortsighted - for it could only have cost jobs, set back the essential national task of increasing our economic competitiveness and unnecessarily retarded growth in future living standards.

To the lasting credit of the trade union movement, you eschewed that course. Instead, through the forging of the Prices and Incomes Accord, the Labor Government and the union movement embarked on a strategy which has produced economic achievements of fundamental importance.

In its initial years, the Accord helped rescue Australia from its worst recession for 50 years and helped foster rapid growth in output and employment.

Since April 1983, the Accord has helped deliver 844,000 new jobs. The true dimensions of this achievement stand out when it is recognised that this is not only the fastest rate of growth of the Western industrialised nations, but also a rate of jobs growth twice as fast as the OECD average.

Since this Government came to office there has been a 60 per cent reduction in the number of working days lost through industrial disputes - a record which forever must condemn the industrial relations practices and attitudes of the conservatives in government.

The Accord has also fostered steady enhancement of the social wage - despite the sharp reduction in our national income sparked by the collapse in our terms of trade, and despite the consequent need for the Government to limit its spending. In all the key elements of the social wage - employment, income support, housing, education, health and community services - solid and real progress has been made.

In the detailed discussions with the trade union movement leading up to, at and following the Tax Summit, it was acknowledged that an integral part of our capacity to advance the social wage was the restoration of the integrity of the tax and welfare systems including through the introduction of the Australia Card.

In pursuit of this commitment, we twice introduced and passed the Australia Card legislation in the House of Representatives. The Senate twice failed to pass the legislation.

It was on the basis of this failure that I sought and received from the Governor-General a double dissolution. At the subsequent election we secured an increased majority.

Accordingly the Government is committed to implement the Australia Card, which will ultimately generate for the public revenue nearly \$900m a year from tax cheats and those who are defrauding the welfare system.

As happened with Labor's other redistributive reforms arising from our discussions - most notably the assets test, capital gains tax and the fringe benefits tax - a vociferous campaign has been launched against the Australia Card.

I recognise that some of the opponents of the Card base their views on a legitimate concern that the civil liberties of Australians not be eroded.

Let me take this opportunity to dispel those fears. Civil liberties will be fully protected in the Australia Card program.

But this Government will not be diverted from its obligation, or its election mandate, to act in the best interest of the community at large by introducing the Australia Card - the only efficient instrument with sufficient integrity to match the challenge of the tax cheats and the welfare frauds.

In the election campaign we promised another step forward in the improvement of the social wage - the new Family Allowance Supplement. This new payment will target significant welfare resources to those in our community who need it most, as part of our commitment to ensure that by 1990 no Australian child need live in poverty.

All of our economic and social achievements are the product of the co-operation between the Government and the union movement.

And it is only as part of a dynamic, growing economy that we can hope as a nation to achieve the fundamental goal of this Labor Government and of this Labor Prime Minister - to build the fairer and more compassionate society of which our predecessors in this great Labor movement dreamed and for which they struggled.

So, delegates, we have good reason to take satisfaction from the achievements of our relationship. And here let me pay tribute to some of the principal architects of that relationship - Cliff Dolan, Simon Crean, Bill Kelty, and my colleague Ralph Willis who has served since 1983 with unparalleled distinction in the Industrial Relations portfolio.

But we have to recall how these things were achieved. They are not the product of holding to one solution and refusing to adapt it to changing circumstances. They are the product of innovation, of preparedness to change to meet new problems.

In 1985 and 1986, for example, when external economic shocks forced us to accelerate major structural adjustments, the Accord - which was itself an innovation - was varied to meet the new challenge.

The recent transition to the two-tiered wage fixing structure further illustrates our capacity to innovate in pursuit of our economic and social goals.

The new system encourages employers and employees to increase workplace efficiency and productivity through elimination of outdated work practices and through better organisation of work.

Much has been made in the present wage fixing debate of the need to restructure to cope with the demands of our worsened terms of trade.

But, in reality, the issue goes far deeper than that.

Australia has maintained high living standards for decades because of our capacity to support those standards by exporting almost enough to pay for what we import.

The task of exporting has been principally discharged by our agricultural and mining sectors.

And as most of those associated with those sectors know from long experience, that task requires a degree of adaptability which our cosseted domestic industries have hitherto avoided.

If we want to maintain standards in the years ahead the Australian economy, as a whole, will have to exhibit the versatility and adaptability required of our major commodity exporters.

The demand of the two tier apparatus - that we look for ways of doing things smarter, better, cheaper - will remain with us as a constant task.

Delegates,

For more than four years now the Labor Government and the trade union movement have worked hard to ensure our relationship stays relevant to contemporary economic demands.

And I have no doubt that, with continued goodwill on both sides, that relationship can remain relevant. I say that, especially, because the most recent proof of your capacity to address the extent of the nation's challenges is the report by the ACTU/Trade Development Council Mission to Western Europe - "Australia Reconstructed".

It would be impossible for any Prime Minister to praise too highly the ACTU's foresight in proposing to John Dawkins, the then Trade Minister, that this Mission undertake its study of those European nations which have grappled with problems similar to those we face.

Since the Report was released, I have on a number of occasions called for a response from other major economic parties which matches the sophistication and the maturity of the Report itself - and, in specific terms, I have condemned what I described as knee-jerk reactions to your considered plea for national discussion about possible new directions.

I also recognise that the Mission and the Government share the same basic diagnosis of the dilemma and the same broad objectives in solving it.

In its introductory paragraphs, the Report says:

"A fundamental restructuring of the Australian economy is required if recent improvements in the current account are to be sustained and built on in the medium to longer term. The devaluation of the dollar forms the basis for a substantial improvement in international competitiveness. The exemplary wage restraint shown by the Australian trade union movement under the Accord has also been significant for improved competitiveness. These advantages must be supported by increased productive investment in industries where Australia has an existing or potential comparative advantage."

I agree totally with that analysis as a succinct statement of where the nation stands.

The fact that the union movement is advocating such a globally comprehensive analysis of our economic problems can only assist the nation as a whole to overcome those problems.

But as the Report comments, "While there is broad agreement as to the nature and extent of our balance of payments problems, there is considerable debate in Australia as to the best way to solve them".

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For the Government's part, we do not shrink from intervention where it is necessary to achieve our national goals. But more often than not, the most appropriate mechanisms have been found to be those which seek to free up the job-creating forces in our society - to remove unnecessary regulation, and to encourage growth through the provision of a stable environment free of artificial and counterproductive intervention by Government.

And we are starting to see the fruits of these policies.

I have already mentioned the 844,000 new jobs.

Economic growth has picked up significantly since the turn of the year and, with continued wages moderation, we confidently expect continued steady growth in employment for the year ahead.

For the longer term, the latest investment figures provide grounds for cautious optimism, with investment expectations being revised upwards compared with earlier surveys.

Sustainable declines in interest rates that we have witnessed over recent months should further stimulate investment.

It should be appreciated that in some areas investment is currently running at about historically normal levels. If the three mining boom years beginning 1980-81 are excluded, the ratio of private investment to GDP is currently equal to the average for the last 15 years.

But the reality is that at this stage of our economic history, we need a very much better-than-average investment performance - especially in those sections of the economy which really are at the cutting edge of the nation's reconstruction.

The Government has been prepared to take the lead where necessary to prompt a faster pace of change than seemed likely otherwise. The various industry plans are one manifestation of that commitment. But there are others - for example, through the provision of the generous 150 per cent tax deduction for research and development.

In other words, our existing approach of selective and limited intervention has yielded positive results.

A similar story can be told in the area of training.

Australia's people constitute the nation's most valuable resource. The quality of that resource will be a key determinant of the quality of life we will be able to enjoy in the future.

As we restructure our economic institutions to master our increasingly competitive international environment, we must ensure that our education and training infrastructure has the capacity to equip our people to master that challenge as well.

Recognising the vital link between employment, education and training, I decided in this third term of Government to bring these areas within a single portfolio.

This should facilitate greater integration of education and training objectives and allow us to build on our already proud record in education and training.

We have increased school retention rates from one-third to over 50 per cent; financial disincentives against staying in school or training have been removed; we have increased by 37,000 the number of tertiary places.

And in line with the recommendations of the Kirby Report on labour market programs, we have progressively shifted the emphasis in those programs towards training. As a result of an initiative announced in the May Statement, Commonwealth expenditure on training will rise by around 50 per cent in 1987-88.

I wholeheartedly endorse the recommendation in "Australia Reconstructed" for trade union amalgamations. Industry unionism is a goal that is a desirable and central part of our restructuring effort.

I make no apologies for not embracing all the major prescriptions suggested by the Report.

There are matters on which there needs to be further discussion and debate - not just between unions and government but also between unions and employer representatives. For our part we would welcome such discussions with you.

For the moment what is important is that your diagnosis is accurate in its identification of the central issues we must resolve.

As Simon Crean and Bill Kelty wrote last month in their Open Letter, the Report is a challenge to participate in a constructive debate about the future of the economy. They said:

"The critics who dismiss the report without offering alternatives or who selectively deal with certain recommendations in the report do not serve this country well ... The Australian people deserve to hear realistic alternatives, not negative and selective criticism."

I quote those words not only because of their relevance to the issues Simon and Bill were directly addressing but equally because of their relevance, more broadly, to the total community-wide process of adjustment to our new economic challenges.

It is in this context that I refer to the comprehensive debate I have called for within our movement in the period leading up to our Party's National Conference next June about the future extent and role of public ownership.

I am convinced that it is time to look hard at our public ownership policy to determine whether in all existing areas it is still the most appropriate means of achieving the goals of the Labor movement and, indeed, of the nation.

And let it be quite clear that those goals are not in question - they are certainly unchallenged by me.

They are the goals of creating an Australia whose resources are utilised most efficiently and equitably to provide the highest possible standard and quality of life for all Australians.

As I said here in Melbourne recently in addressing the State ALP Conference, when I joined the Labor Party forty years ago a fundamental plank of its platform, in the pursuit of that goal, was the White Australia policy. It was an article of faith - may I say an article of blind faith.

I can remember being told, very aggressively, when I questioned its relevance in a rapidly changing post-War world, that if I couldn't accept the White Australia policy I shouldn't be in the Party. That didn't strike me then as very enlightened.

So it is in calling for such debate that I see parallels between my position on public ownership and yours in considering the future of "Australia Reconstructed".

We both are seeking mature, open, intelligent debate on issues central to economic and social progress.

The Open Letter was prompted by premature and poorly considered responses to the Report by some employer representatives.

Your leaders and I have rebuffed those knee-jerk reactions to "Australia Reconstructed". I trust that the Labor movement will adopt a similar attitude to the need for a constructive discussion and debate on public ownership.

I understand and accept that at this early stage of the debate on public ownership, traditional affiliations to publicly owned enterprises will be reflected in resolutions at this Congress and elsewhere.

Over time, however, I believe there will be a more comprehensive awareness of the issues at stake.

At the State Conference and again at the annual Conference of Economists I suggested two tests that must be applied in considering the question of public ownership.

First, does public ownership of a given enterprise mean that significant functions are undertaken that would not be if the private sector had the responsibility for funding, owning and operating the enterprise?

If the answer is 'no', then, second, what are the disadvantages and advantages of retaining public ownership of that enterprise, as opposed to transferring it to the private sector?

In the immediate responses which have emerged in the public ownership debate so far, these critical tests have been largely overlooked. They certainly do not provide any basis for some of the positions that have been taken so far.

I want to develop these tests a little further today.

The most basic economic and social objective of government is to ensure that goods and services required by the community, including by its disadvantaged members, are provided, if necessary by government itself - and that this is done as efficiently as possible.

Boosting economic efficiency can generate additional wealth to secure a more prosperous and a more equitable society.

So as members of the Labor movement we should warmly embrace the search for increased efficiency - especially now that the halcyon days of reliance on agricultural and mineral wealth have passed.

Options for boosting efficiency in relation to publicly owned enterprises include improved performance criteria, exposure to greater competition, and the consideration of sales to the private sector. These options are not mutually exclusive.

It is particularly incumbent on the union movement to approach seriously the question of government business enterprises.

As Simon Crean pointed out in his President's Address, efficiency is the key to the viability of existing Government business enterprises.

The merits of public ownership must be weighed against the possible demerits.

These demerits might include the possibility that in an era of limits to budgetary expenditure and to public sector borrowing capability, continued public ownership of a given enterprise might actually hamper the effective functioning of that enterprise. Government controls that go hand in hand with public ownership may also jeopardise the viability of these enterprises.

If freeing the enterprise of those constraints means the enterprise could continue to grow, that outcome would surely benefit not only taxpayers and consumers but also your members who are employed by the enterprise.

Fundamentally, I am seeking in the debate on public ownership an injection of the spirit of innovation, of preparedness to find new and more efficient ways of achieving our goals, which have characterised the Government - union relationship for more than four years.

This is where a great chasm exists between our thoughts on this issue and the approach of our conservative opponents. The conservatives have an ideological obsession with private ownership rather than with improving efficiency and the viability of enterprises. They are prejudiced against public ownership as such.

This attitude has been displayed in the manner of the sale of government enterprises by the Thatcher Government. In seeking to maximise sale proceeds for short term political gain, the Thatcher Government has often sacrificed the efficiency of the enterprises it has privatised. Rather than leading to less government interference, Thatcher-style privatisation often has been associated with greater regulation and control and uncertainty about whether socially desirable services can be maintained.

On the basis then of the two tests I have outlined, the Thatcher Government approach would be unacceptable.

Also on the basis of those tests, it is my firm position that it would not be appropriate in Australia to sell those government business enterprises which operate as natural monopolies - I refer in particular to Telecom and Australia Post.

The main activities of these enterprises require a costly supply network that cannot be profitably replicated by a competitor.

I doubt too that the Australian community would - and in my opinion, they certainly should not - accept private monopolies that denied telephone and mail services to much of the country - services currently provided through cross-subsidisation.

An ideologically blinkered response to this is to propose government subsidisation of the loss-making socially desirable services of private monopolies - such as services to remote areas. But this would remove any incentive for those private monopolies to provide those services efficiently.

I do not argue that all of the activities of Telecom and Australia Post should be insulated from competition. I believe we should examine areas that should be opened up to private competition.

But in terms of the Labor Party's fundamental goals to which I have referred, I am not prepared to contemplate the abandonment of public ownership in those areas which would manifestly, by the tests I have outlined, be against the achievement of those goals.

Equally, my commitment to those fundamental goals requires that we should examine whether they are the more likely to be achieved by releasing scarce resources from some public assets, which resources would then be available to the community the more directly to pursue the public interest.

Our daily experience, to put it at its lowest, suggests that there are some services which can be provided at least as efficiently by the private as by the public sector.

There are others - most particularly social services of greatest direct importance to the most needy in our community - which cannot or will not be provided through the imperatives of the private sector.

As a Labor Prime Minister I want to ensure that a Labor Government provides itself with the greatest possible capacity to discharge those obligations which only the public sector can and will discharge adequately and compassionately.

Delegates,

Before concluding, allow me briefly to refer to certain developments in the international scene. And in this context, I must mention initially the deplorable enforced absence from the deliberations of the Congress of Mr Jay Naidoo, the General Secretary of the Confederation of South African Trade Unions, COSATU.

On behalf of the Government, I join Simon Crean and the ACTU in condemning the action of the South African authorities in detaining Mr Naidoo as he was about to leave for Australia, and in confiscating his passport.

This is a further example of the repressive, arbitrary and authoritarian nature of the apartheid system, which continues to seek to deny the elementary human rights of freedom of association and freedom of movement to the majority of the people of South Africa.

I take this opportunity to express the continued support of the Australian Government for the development of free trade unions in South Africa and call upon the South African Government to return Mr Naidoo's passport to him immediately and to permit him and his colleagues to pursue their trade union activities unhampered, in accordance with their basic human rights.

From day one of Government we have committed ourselves to pursuing in every available forum the causes of peace and disarmament. I was proud to be told by the Secretary-General of the United Nations' Conference on Disarmament in Geneva at the beginning of this year that these causes would have been better served if other countries had shown as much political commitment and technical expertise in this area as our Australian Government.

Nevertheless, I believe you will all share with me my delight that before the end of this year we will see in the signing of an INF agreement by President Reagan and Mr Gorbachev the first actual reductions in the levels of nuclear armaments.

We will continue to press the super-powers to proceed towards further agreements in the areas of strategic missiles, a Comprehensive Test Ban Treaty and chemical weapons so that the threat and horror of war can be reduced and the resources of mankind can be increasingly diverted to constructive purposes.

Delegates,

Your Congress is being held at a time of profound national and international change.

Your deliberations at this Congress, and the attitudes you bring in the future to the resolution of day to day issues in your industries and work place, must be directed to understanding and mastering that change.

What must be grasped is that the existence of change is now a permanent element of our economic and social life - not a brief episode after which we can return to some perceived period of normality.

It will be apparent from the comments I have made today that I retain the most profound respect for your demonstrated capacity to arrive at and implement realistic strategies for this era of change.

I believe strongly too that those strategies can best be advanced - as they have been advanced in the past - by continuing the constructive relationship with the Labor Government and by maintenance of the spirit of the Accord.

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In that way we can continue not only to protect and advance the interests of Australian working men and women, but to build a stronger and more prosperous economy for all Australians now and for succeeding generations, with a more realistic opportunity to live in a world at peace.
