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PRIME MINISTER

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**SPEECH BY THE PRIME MINISTER
WA ALP STATE CONFERENCE
PERTH - 15 JULY 1989**

Delegates,

At the outset I want to take this opportunity to offer publicly my congratulations to Peter Dowding, and to his team, and to you, for your magnificent win in the State elections of 4 February.

It was an inspiring, fighting win that demonstrated again one of the fundamental facts of Australian political life of the 1980s.

That fact is the fact of Labor's ascendancy: Labor's capacity, Federally and at the State level, to carry out the responsibilities, and meet the great challenges, of government.

As well as your tremendous victory here in Perth, John Cain was re-elected in Victoria, Michael Field has restored Tasmania once more to Labor rule, and within a year our Federal President, John Bannon, will, I am sure, win a renewed mandate from the people of South Australia.

Throughout Australia Labor is in Government.

Throughout Australia, while our opponents indulge in the sterile debates and divisions of Opposition, Labor is being put to the acid test of government - making the decisions and setting the priorities that directly affect the well being of the Australian people.

And throughout Australia, whenever the people are asked for their verdict on our performance, they are returning Labor to office to carry on with our historic mission of reform - our crucial mission of governing for all the people.

Could anyone imagine a contrast more stark than that which characterises the Australian political scene today?

- Five Labor Governments, Federal and State, determinedly and confidently getting on with the hard work of Government;
- And five Liberal Oppositions, disunified, directionless, repudiated repeatedly by the electorate, and seemingly more capable of public boasting about leadership coups than of formulating credible alternative policies.

A fascinating statistic is that during their years in the wilderness, four Liberal Oppositions - in Canberra, Perth, Adelaide and Victoria - have gone through no less than ten Opposition Leaders.

That's of course counting the recycled Peacock twice.

But, delegates, there are two non-Labor Governments in Australia. Their records are worth looking at more closely.

Queensland we know all about - a shameful proof that where Governments operate without fear of electoral accountability, mismanagement and corruption will inevitably follow.

Later this year Wayne Goss will offer Queensland the chance to enter a new era with an honest, credible, and clean Labor Government.

So that leaves New South Wales.

Now delegates, I didn't come all the way to Perth just to give Nick Greiner a serve.

I can do that pretty effectively back in the eastern states.

But I did come here to give Liberalism a serve.

And the Greiner Government is our only tangible example, the sole embodiment, of what Liberalism in action is all about.

New South Wales is the one state where our political opponents are actually in office - the one place in Australia where stark Liberal actions, not pious Liberal slogans, have revealed the true preferences and priorities of Liberalism today.

Before Nick Greiner was elected, I warned that he and his colleagues represented the dark side of politics.

I didn't want to see that statement proven.

But I could not have been closer to the truth.

Because Liberalism as implemented by Nick Greiner has meant a direct assault on the budgets of ordinary families.

Bob Carr has estimated that New South Wales families are paying up to \$1000 a year more as a result of increases in State taxes and charges. Some are paying more.

Electricity charges, water rates, hospital bed charges, public transport fees - they have all been dramatically raised by the Greiner Liberal Government.

All this from a government that promised - do you remember this Greiner promise? - not to increase charges faster than the rate of inflation in any one year.

In fact, most of the increases are two or three times the CPI.

When he was on the campaign trail, Greiner was a profligate maker of campaign promises.

Now as Premier he is a unrestrained breaker of those promises.

I recognise that circumstances sometimes change, and that Governments sometimes have to modify their actions in the interests of good government.

But Greiner has broken nearly 150 promises - in just sixteen months.

That is not good government. That is cynical government. That is deceptive government. But above all, that is unfair government.

That is Liberal Government in Australia today.

It's not surprising to see a report this week that Greiner is offering advice to Peacock on political strategy. His advice is: "Andrew, keep it vague!"

But we all know enough about Liberals to see through a deliberate Peacock strategy of vagueness.

We know precisely what the record of Liberalism is.

The Greiner record reveals Liberalism as the politics of broken promises and spiralling taxes and charges - hurting all families and especially those on fixed incomes.

The Queensland record reveals Liberalism as not only incapable of stopping the rot of corruption overseen by the National Party but willing partners, deeply implicated in all that has gone wrong in that State.

The Tasmanian record reveals Liberalism as a potent threat to the nation's environmental heritage, completely incapable of managing with responsibility the legacy of our environment that we want to pass on to the next generation of Australians.

And at the Federal level, the tragic record of Liberalism's last days in 1982/83 was the unique economic disaster of double digit inflation and unemployment.

Let's not forget that Andrew Peacock was a part of that Government.

His actions then - and the actions of his Government then - speak far more loudly than his vague words today about creating a more compassionate society.

Of course Andrew Peacock has still not managed to finalise or release any of his most important policy prescriptions.

But he has said enough about his plans and intentions to allow us to comprehend the kind of disaster Liberalism wants once more to wreak upon this land.

Remember that the Liberals turned to Peacock, in desperation, looking for a leader who could effectively communicate the Liberal message. There has been no real change in the substance of that message on the central policy issues facing Australia.

Liberalism today with Andrew Peacock at the helm is the same philosophy of social inequality that it has always been - the same doctrine of division and despair.

Peacock offers the same Tory recipe that Howard offered in 'Future Directions' and that Fraser implemented between 1976-83: social strife and confrontation; a return to the industrial jungle; a trampling of the security of the less well off; the very antithesis of fairness.

First and foremost, Liberalism under Peacock stands fundamentally opposed to the great achievements of the Labor movement represented by the Accord.

Delegates, never forget this. More deeply than anything else, the Liberals resent the fact that this Government has built a stable, constructive relationship with the trade union movement through the Accord.

The Accord has been critical to the economic reforms of this Government. The Accord processes of consensus and cooperation have yielded benefits for the whole nation.

It has been central to the creation of nearly 1.5 million jobs and to pushing unemployment down to 6 per cent - its lowest point for seven and a half years; to the achievement of massive increases in the social wage; and to the undertaking of the historic processes of award restructuring.

In the April Statement, the Federal Government increased the real disposable income of Australians with tax cuts costing \$4.9 billion, a \$700 million package of new family assistance measures, and a 6.5 per cent increase in wages.

It is a package that could only have been delivered by a Labor Government - by this Labor Government - working through the processes of the Accord.

No wonder the Liberals abhor the Accord. The Accord represents an achievement that is utterly beyond their grasp - an achievement that defies their blinkered reliance on the tactics of confrontation and division.

So when Andrew Peacock says - as he does on every possible occasion - that he wants to decentralise the systems of wage fixing and industrial relations, he is speaking from the deepest wells of Liberal resentment of our political and economic successes.

What would result from decentralisation is simply this:

- instead of the 6.5 per cent wage increase of the April Statement, a wages breakout that would smash the Australian economy, and bring with it mass unemployment;
- instead of the 59 per cent reduction in industrial disputes that has occurred under the Accord, a return to confrontation in the workplace;
- and instead of the essential and historic micro-economic reforms of award restructuring, a stab in the back for Australian productivity.

Peacock Liberalism parades itself under the slogan of "A Fair Go For All".

No one who knows anything about Australian politics can ever accept that Liberalism and fairness have anything to do with each other. They never have in the past. They didn't under John Howard. And certainly, under Peacock, they never will.

Compare the records of Labor and Liberal in the key area of tax reform and see who has proven commitment to fairness.

When this Government came to office in 1983, we inherited from the Liberals tax scales set at 60, 46 and 30 cents in the dollar. Now, under Labor the top rate has already come down to 49 cents in the dollar and will fall further; the bottom rate is only 21 cents in the dollar.

Against those Labor tax cuts - detailed, delivered, already paid for, fair - the Liberals have yet to produce even a single detail, not one figure, about their tax policy.

Here we are more than two years into the life of this our third term of Government and the Liberals' tax policy consists of nothing more than uncosted, unspecified, unreliable pie in the sky.

But there is one unambiguous tax commitment by Peacock. Typically, it is the promise to overthrow Labor's Capital Gains Tax and the Fringe Benefits Tax.

How credible is Liberalism's sham conversion to the cause of fairness when the Liberal leader wants to do away with these fundamentally fair tax reforms and go back to the days of the rorts - the expense account lunches and executive salary packages, the subsidised school fees and overseas holidays where the ordinary taxpayer foots the bill.

Another Peacock promise - another piece of textbook conservatism - is to cut the size of Government.

Peacock is talking about "substantial" and "bold" spending cuts totalling more than \$1 billion.

As you know this Government has already turned around the prospective \$9.6 billion deficit that the Liberals bequeathed to us and created two consecutive budget surpluses.

I've sat in the Cabinet room for hundreds of hours - and so have Paul Keating and Peter Walsh and Kim Beazley and John Dawkins and others. The fact is you can't cut another \$1 billion without cutting deep into the essential elements of Australia's system of social security, or into road funding, or into school funding.

If Andrew Peacock wants to do that, so be it. But he should at least have the gumption and the leadership to tell the Australian people that's what he intends.

Instead, all we see is the incredible sight of Liberal shadow ministers running around the Press Gallery briefing journalists that the cuts might come from somewhere but they certainly won't come from their own portfolio area.

Under Peacock, the search for spending cuts has degenerated into a Shadow Cabinet brawl. Quite frankly, John Howard wouldn't have allowed it.

Anyone with any experience of Liberalism in government could have a pretty fair guess about where the Liberals will look for savings.

As usual, it will come from the welfare area. It will be taken out of the pockets of the least well off.

And what's fair about that?

One of my Government's proudest achievements is to have brought two million Australians under the health insurance umbrella of Medicare.

But let me quote from a recent Peacock radio interview:

"In terms of cutting Government expenditure we've got to look at restraining the costs of Medicare. Medicare will remain for the aged but we want to encourage people through the tax system to move over to private insurance."

So the Liberals have learned nothing from the disastrous days of the Fraser Government. Remember? Six different health care schemes in seven years. And since then - five Opposition health spokesmen and six failed health policies to date.

Because of their ideological obsession against Government programs that directly help the less well off, the Liberals want to hand Medicare's members over the private health funds and the A.M.A.

If Medicare was dismantled, the average Australian family would be paying about \$20 a week more for health insurance.

And, incredibly, the Liberals are also considering terminating Labor's Family Assistance package.

Under Labor, hard working families on low incomes get unprecedented cash assistance to help make ends meet.

From 1 July we have lifted F.A.S. payments again. For each child aged between 13 and 15, payments are up by more than \$3 a week, to \$34.10. Payments for all children are now indexed to CPI movements so they retain their real value for all time.

The effect of these increases, combined with the April Statement tax cuts, is dramatic.

A single income family with two children on \$20,000 effectively pays no tax. Their tax payments are totally offset by their family assistance payments.

You recall I pledged in the last election campaign to eliminate the financial need for Australian children to live in poverty.

The Brotherhood of St Laurence, which is one of our country's most respected social welfare organisations, had this to say about the Government's action to meet that pledge.

"This pledge, the most specific social commitment of the century, has been the subject of an historic package to provide a guaranteed minimum income for poor children whose parents earn less than about \$300 per week.

"We congratulate the Federal Government on its work on child poverty, which represents an historic breakthrough in the national attack on child poverty. The Federal Government has now built a solid foundation of income security for Australian families."

But the Liberals are not happy with that outcome.

They want to meddle by abolishing cash assistance and offering tax rebates instead. Again, no-one on the Liberal side has been prepared to stand up and say who would miss out and how much assistance would be withdrawn.

But I can tell you that because any Liberal tax rebate would be paid to the breadwinner - usually the father - the change would be a deliberate slap in the face for the women, the mothers at home, who receive Labor's cash assistance.

So when you take it together - when you add up the Liberals' wages breakout, the regressive abolition of capital gains and fringe benefits taxes, the spending cuts, the carving up of Medicare - when you imagine what would happen to family assistance - you have a picture of an Australia under Peacock Liberalism that would be the absolute contradiction of fairness, a complete perversion of a fair go.

Delegates,

For six and a half years we have been working to make Australia a more productive, competitive economy.

At the same time we have carried out social reforms to improve substantially the position of families, the elderly and welfare recipients.

Despite the 1985-6 collapse in our terms of trade we have managed to keep pursuing those central goals of economic management.

The benefits of our policies have been

- economic growth
- jobs
- record spending on targetted welfare and social programs
- Medicare
- tight controls on Government spending
- a fair taxation system where business and the rich pay their fair share and where ordinary taxpayers have received major tax relief.

At present we have a special problem because economic activity has been so strong it has spilled over into a demand for too many imports.

To reduce that demand it has been necessary to have tight monetary policy - high interest rates.

The alternative to the Government keeping interest rates high would be to let international money markets make those decisions for us by dramatically forcing down the value of the dollar. Interest rates and prices would then skyrocket.

Until demand comes down - and it will - we need high interest rates for the good of the Australian economy.

But they do not have to - and will not - stay higher a day longer than is necessary to get that result.

A government with our record of, and commitment to, economic and social achievements is not going to allow all of the positive developments of the past six and a half years to be squandered. That is why we must have the policies that we now have.

Any snake-oil salesman who pretends that interest rates can be lowered without causing pain is trying to take you for a ride.

That's just what Peacock is trying to do.

Because for all the Liberals' posturing about interest rates, their policy prescription for this period of economic buoyancy - and especially their encouragement of a wages breakout - would put interest rates through the roof, slam the economy into recession and lengthen the dole queues once more.

You would see not a "hard landing" but a "crash landing" that would be reminiscent of the last Liberal recession of 1982/83 - and quite possibly worse.

And this is the policy prescription of a man who proclaims his conversion to fairness!

Delegates,

It's become something of a media game to speculate on the odds of the Federal Government being re-elected at the next poll.

I'm not going to play that game.

I'm just going to assert that we will win.

We will win because we deserve to win.

We will win because we want to continue the vital task of economic reform we have undertaken - and because, for Australia's sake, we need to continue it.

We will win because the Australian people have too much good sense to gamble with their future by embracing that recipe for disaster that is Liberalism.

What is most objectionable about the Liberals' strategy today is their obvious belief that if they sit pat, and hold their breath, and not tell the Australian people the truth about what Liberalism will mean for them and their living standards, then Government will just fall into their hands by default.

More than anything else this is reminiscent of those offensive words of John Howard before the last election when he said: "The times will suit me".

Well, Government did not fall into John Howard's hands.

And I am determined it will not fall into Andrew Peacock's.

I know that Labor MPs and Senators, that delegates to Labor conferences such as this, that Labor branch members and supporters throughout the nation, will work to ensure that never happens.

Delegates, the dedication of Labor to its goals will not falter.

Our basic message to the Australian community will not waver.

We will stick to our guns, confident in the knowledge that our policies are working and will continue to work in the best long-term interests of all Australians.

We won't be in danger of losing office unless and until the Opposition can credibly make a similar claim.

That will never happen.

Because when you look at the performance of Liberalism throughout the nation, and when you analyse the vagueness and the posturings of the recycled Opposition Leader, the man Laurie Oakes calls "Slippery Sam", you understand why it will never happen.

So take that message back to your branches and your local communities.

Tell our people the truth.

Tell them there are no easy solutions; there are only the right solutions.

And tell them Labor has found those solutions and with consistency and compassion, we are implementing them to build a better, and a fairer, Australia.
