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PRIME MINISTER

CHECK AGAINST DELIVERY

EMBARGOED UNTIL DELIVERY

**SPEECH BY THE PRIME MINISTER
ALP DINNER
SYDNEY - 22 AUGUST 1989**

One week ago, Paul Keating brought down this Government's seventh budget.

It was a budget designed to advance Labor's long-term vision of a more prosperous and fair Australia.

There can hardly have been a Budget as well received across the community as this one has been.

That's not surprising: with its massive \$9 billion surplus - a complete turnaround from the prospective \$9 billion deficit we inherited when we came to office - its increased assistance for pensioners and other needy groups, its comprehensive approach to savings through superannuation, its renewed focus on micro-economic reform through the creation of the Industry Commission, it's a budget that was bound to be well received by anyone who has Australia's best interests at heart.

It's a Budget that demonstrates again that Labor has the strategy for long-term economic growth and sustainable prosperity.

By contrast, the last seven days have been a nightmare for Andrew Peacock and the Opposition.

First, on Budget night, there was John Hewson's predictions that the Budget was a) an early election budget, b) would bring on a recession and c) would be greeted adversely by the markets.

These self-serving predictions are not being, and will not be, borne out by events and they have been quietly dropped from the Opposition's lexicon.

Also taking a very low profile is Andrew Peacock's proposal about inflation adjustment of interest.

This proposal earned one sentence in Andrew Peacock's Budget reply last Thursday.

Paul Keating and I have explained the technical reasons why such a proposal would be a disaster for Australia but Brian Loton of BHP said it all when he said that if you want to see indexation at work, go to Brazil.

Another highlight of the Budget reply was Peacock's apparent heat-of-the-moment decision to drop two words from his prepared speech.

Instead of repeating his carefully vague promise that the Opposition would "work to ensure that" the top tax rate for individuals is not higher than the company tax rate, what he actually said in Parliament - it's recorded in Hansard - was "we will ensure" that change is made.

As Paul Keating pointed out, by dropping those two words, Andrew Peacock has wittingly or unwittingly made a fresh commitment costing some \$1.7 billion dollars, aimed specifically at the most privileged members of the community.

Then on Friday was the surprise departure from Peacock's office of his senior staffer who had engineered the mock election campaign - a departure which followed reports of tensions between Peacock's office and Hewson's and which has not, I understand, left John Howard entirely heartbroken.

Finally over the weekend, we saw Ian Sinclair himself - like Banquo's Ghost, shaking his gory locks in the general direction of young Charles Blunt, who at least for the time being has taken his place as Leader of the National Party.

Sinclair is rarely right, but he was spot on when he said that the Opposition is not ready or fit to govern.

It was, truly, a miserable week for the Opposition, and one that eloquently put paid to Andrew's ambitions to be thought of not as Leader of the Opposition but as leader of the alternative government.

God help us if that mob formed the Government of Australia!

I don't want to spend too long raking over the coals of the Peacock Budget reply. There's not much there to look at.

But I do want to draw attention to one aspect of his speech that has come under renewed focus since he delivered it: his industrial relations policy.

Like all Liberal policy, it is long on rhetoric and short on detail. But he has said enough to give us the general idea: the general idea being that he wants to turn the clock back and give Australia a repeat dose of what it got in 1982.

It is a massive irony that Liberals should be talking about, as they put it, "updating" the industrial relations system.

It is an irony because under the Accord that has existed between the Federal Labor Government and the trade union movement since 1983 Australia has enjoyed an era of industrial relations progress and harmony that is unparalleled in our experience.

Let me list the achievements:

- 1.5 million new jobs;
 - .. a rate of employment growth more than twice as fast as the rest of the world and five times as fast as the last Liberal Government;
 - .. this has been built on real wage restraint exercised by the Australian workforce. But our rapid employment growth and targeted social security increases has actually meant Australia's real disposable per capita income has increased by some 8 per cent.
- increased international competitiveness for the Australian economy
- a 59 per cent reduction in industrial disputes
- a new era of workplace reforms, encompassing the truly historic changes represented by the process of award restructuring which will deliver real and lasting productivity improvements for the benefit of all Australians
- a stable framework within which strategies for the improvement of living standards can be dealt with in totality
 - .. instead of the law of the jungle where the stronger unions get big wage increases and the weaker get left behind, centralised wage fixing produces fairer overall wages outcomes;
 - .. especially when, as happened this year, wage restraint is achieved as a trade-off with substantial tax cuts and social justice improvements
 - .. under the Accord processes, paying wage increases in the form of superannuation, or linking wage increases with improvements in productivity, yields real benefit to individuals and to the economy.

The effect of all this is that where, in the past, the overheating of the Australian economy led to wage break-outs that broke the back of the economy and hurt everyone, this time we are containing wage increases so that the increased economic activity produces new investment, not self-defeating inflationary wage rises.

How appropriate it is for a Labor Party so proud of its historic links with the trade union movement, that the Accord has been at the heart of all the achievements of this Labor Government.

And how predictable it is that the Opposition should be seeking to undo this central achievement.

Listening to Andrew Peacock the other night was like going into a time warp.

It proved the Liberals have learned nothing from their time in Opposition.

I said in Perth recently that, 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.

They resent it - they abhor it - because it represents an achievement that is utterly beyond their grasp, and a view of society that is utterly outside the scope of their blinkered reliance on confrontation and division.

In an era when centralised wage fixation has been absolutely critical to the overall improvement in the Australian economy, they want to get rid of the Accord, and get rid of the principle that sectoral claims should be assessed in the broader context of what's good for the nation.

Andrew Peacock talks in code words: "flexibility", "special circumstances", "the minimum of outside interference".

If you decode his industrial relations policy, what you get is a simple message about wage increases. The message is: let them rip!

If you want an example of what that policy means in practice you have to look no further than the mayhem being caused by the pilots with their completely irresponsible claims for a 30 per cent increase.

The pilots have graphically demonstrated what Andrew Peacock means by free bargaining between employee and employer.

It has worked well enough for them in the past.

But things are different now.

Ladies and gentlemen,

I have spoken firstly about these important economic matters. Now I want to go onto another issue that has rightly been placed high on the national and global agenda. I refer, of course, to the environment.

For some time now a debate has been going on about the ranking that should be given to the economy vis-a-vis the environment in the setting of government priorities. I note, for instance, that Andrew Peacock has pledged economy before ecology.

I have always considered this to be spurious debate. The reality is that we can only have economically sustainable development if that development is environmentally sustainable.

My Environment Statement, launched last month, formally embraced the concept of ecologically sustainable development - though in Government we have consistently practised it, with our spectacular record of job creation coupled with our decisions on the Franklin Dam, Kakadu, the Daintree, the Lemonthyme and Southern Forests and the Wesley Vale pulp mill, to name just a few.

I need not repeat here the many new undertakings given by my Government in the Environment Statement. They are well known and have been well received for what they are - an integrated set of commitments which provide further impetus to the Government's program for protecting and repairing the environment.

I intend to issue a progress report on the Environment Statement in a few months from now, by which time I expect most of the new programs announced in the Statement to be well and truly up and running - or at least the preparatory work to be completed.

But in the short time since the launch of the Environment Statement there have been some significant new developments that I want to report to you.

The first is the contemptuous statement of the NSW Natural Resources Minister, Mr Causley, on 27 July that when the present studies into the South East Forest National Estate area are completed "It will re-grow." Asked whether this meant those forests would be logged, Mr Causley replied "Yes".

This is nothing less than a blatant breach of faith by the NSW Government in the process that had been painstakingly negotiated by my Minister for Resources, Peter Cook. By indicating that the South East National Estate Forests will be logged regardless of the findings of the agreed biological studies and the studies into prudent and feasible alternatives, the NSW Liberal/National Party Government is demonstrating yet again its disdain for environmental concerns in this State.

And I can tell you, we won't cop it.

If the State Government doesn't co-operate fully in the biological studies and in a full examination of alternatives to logging the South East National Estate Forests, my Government will bring down the full weight of its constitutional powers - including the corporations power - to achieve a solution.

And we will not allow the legitimate interests of workers in the region to be jeopardised by a confrontationalist State Government - a Government which seems more intent on using workers as pawns in a political power play than in looking after their long-term interests. My Government is committed to providing a sustainable future for those workers and their families, one based on environmentally sound and efficient forest management.

That same urge to develop at any cost is evident in the Liberal/National Party drive to put a high-rise development on just about every bit of coastline in this State. The newly-established Resource Assessment Commission will be inquiring into coastal development in this country. With the benefit of its reports, the Federal Labor Government will be trying to put some sanity back into decision-making processes on the use of Australia's coastline. I have already indicated publicly that my Government would use its powers, including the corporations power, to influence coastal development in this country - and I reaffirm that commitment tonight.

The behaviour of the Liberal/National Party Government in this State raises the whole issue of constitutional powers. Andrew Peacock has indicated time and again that a Federal Coalition Government would not override the States. The best a Federal Liberal/National Party Government could do on the environment therefore is the worst any State could do - and given the performance of this State Government, that's pretty awful.

My Government will not abrogate its environmental responsibilities to the Greiners, to the Aherns - we have overridden the States before and we will do it again as necessary.

The Federal Opposition won't support us on a referendum for increased Commonwealth powers on the environment. They won't override the States. Their latest environment policy - Millennium Milestones II (sounds like the remake of a bad movie) - says that they'd deal with the pressing environmental problems confronting this country by holding a national doorknock to raise funds. That's the extent of their commitment to the environment - a national doorknock!

Only Labor Governments - Federal and State - have the interest, the competence and the will required to protect the environment. In Canberra we demonstrate our commitment virtually on a daily basis. Just last Friday I concluded a very important agreement with French Prime Minister Rocard for Australia and France to promote amongst other Antarctic Treaty countries the establishment of Antarctica as a wilderness reserve, free from mining. We will not relent in our determination to protect Antarctica, the world's last great wilderness.

A further matter which my Government has viewed with grave concern is the slaughter of the African elephant by poachers involved in illegal ivory trade. In my Environment Statement I announced that the Australian Government would be seeking an international prohibition on trade in ivory, except antique ivory, at the next meeting of the international convention on trade in endangered species, in October. Three weeks ago I wrote to President Moi of Kenya to convey my Government's appreciation of his action in destroying a very valuable collection of illegally obtained ivory tusks.

And tonight I announce in support of those countries, such as Kenya, which are trying to protect the African elephant, that my Government is (with the exception of antique products) banning the importation of ivory into Australia.

In Bob Carr, Graham Richardson and myself you have people dedicated to the protection of the environment. The Australian Labor Party expects nothing less. The Liberal and National Parties expect nothing at all and get it. The contrast with Labor could not be starker; the environmental consequences of a Federal Liberal/National Party Government could not be more devastating.

Labor's economic and environmental policies will see us returned at the next Federal election and we look forward to working with our State Labor colleagues here in New South Wales upon their return to government to boost the NSW economy and restore and protect the natural heritage of this great State.

Ladies and gentlemen,

I said at the outset of my comments tonight that we have now brought down seven budgets.

In 1982, the then Treasurer John Howard brought down the Liberals' seventh Budget.

It was their last.

But our seventh Budget won't be our last.

It was their last because it was a Budget that looked only to the next election, and that failed to grasp the long-term issues facing the economy.

Ours won't be our last because we are looking beyond the election, and setting in place the elements of our continuing strategy for our next term of office - and, if you like, beyond.

I want to reaffirm tonight - as I have throughout the past week - our utmost commitment to continue, with energy and determination, the great task of reform on which we have embarked.

That is a task whose successful completion will, I believe, be Labor's best guarantee of continued electoral success into the 1990s - and Australia's best guarantee of greater prosperity and fairness.
