



PRIME MINISTER

EMBARGOED AGAINST DELIVERY

SPEECH BY THE PRIME MINISTER THE HON P J KEATING, MP
ALP BUSINESS LUNCHEON, GREAT HALL NATIONAL GALLERY MELBOURNE
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Ladies and gentlemen,

Your experience over the years has probably led you to expect today the familiar post-Budget urge. The old gee-up speech, in which I tell you what the Budget means and why it's good for you, and urge you to get out there and do what you do best.

This time is different.

Today I want to thank you. I want to thank you for your contribution to the Government's Economic Statement - the commitment to this country that you displayed, your willingness to offer constructive ideas.

It was a much better Statement for it.

And I want to thank you for your endorsement of it - because the general response from business has been terrific.

That's very important for everyone's confidence.

I think there is a general opinion now that there is only one way to go - and that is towards growth and recovery.

There is most certainly a general conviction that we have to create jobs.

And we have to start doing that now.

Of course the Economic Statement was not a Budget speech - it was much bigger than a Budget.

It ranged very widely across the Australian economy and society.

But its target was very specifically - Recovery.

We called it One Nation with that in mind.

When, after all the discussions, we looked at the measures we'd come up with - the measures we decided would do most to bring on recovery, we realised that there was a very strong theme running through them.

And the more we thought about it the more we realised it was no accident.

We realised that almost every significant measure was calculated to give us greater strength by harnessing more efficiently our human and material resources.

One Nation aims to close the gaps on a vast continent -

- . where population centres and markets are separated by great distances

- . where our political evolution has frequently been out of tune with our economic development and potential

- . where, at least until very recently, our industrial culture has contained its own great distances

- . and where, if we are to emerge from this recession stronger than ever and make the great leap into the twenty first century, at this moment in our history we need all the social and economic cohesion we can muster.

We called it One Nation - because its aim is to forge partnerships, create efficient cooperative workplaces, involve more people in the life of the nation and include them in the recovery, educate more people and link our cities and hinterland and ports by the greatest one-off overhaul of infrastructure for generations.

I believe it is the combination of elements which makes the Statement strong - it is not just an economic package, it has a certain chemistry to it.

It calls up the resources of our people as well as our economic resources. It addresses our weaknesses and calls up our strengths - and one of those strengths, I believe, is our passion for this country.

In tough times, in historic times as these are, that belief in our country is very important. A sense of purpose is very important.

That's why Dr Hewson is so wrong about what he describes as the nationalist diversion.

He is wrong to think I intend it as a diversion.

He is wrong to think that it could only be a diversion.

He is certainly wrong to think that calling on Australians to take whole-hearted pride in themselves and their country is the action of a scoundrel.

Dr Hewson's problem is that he can only follow the textbook, only obey the ideological reflexes - there is no heartbeat in either of them.

Ladies and gentlemen,

One Nation is a four year strategy designed to get things moving.

To produce jobs and reduce unemployment.

And to do so in a manner that contributes to a stronger, more productive economy for the 1990s.

It stimulates business investment and provides a more efficient and reliable transport system.

It encourages large projects and small business enterprise alike.

It further opens the economy to competition, while providing enterprises with the ability to respond to the challenges of competition by encouraging improved work practices.

It improves skills and career prospects, while providing greater incentives for individuals to take on added responsibility.

And it does this while reinforcing a low inflation culture.

While producing a fairer Australia.

In total, One Nation is a comprehensive and integrated strategy that will provide the platform for a stronger Australia, an Australia better able to grow in an increasingly competitive world.

RECOVERY

Our first task is to generate growth.

The high level of unemployment is bringing great hardship to many families.

We have to bring it down.

And we can bring it down.

Australia is much better placed now than it has been coming out of earlier recessions.

Inflation is low, profits are high for this stage of the cycle, and the benefits of past structural reforms are coming through.

In addition, our sound underlying Budget position allows us to provide a fiscal boost now.

We have not stood back and left the economy solely to market forces as the Opposition would have us do.

Their prescription to get us out of this recession is to wait and hope.

Instead we have a sensible program of spending and tax incentives amounting to 1/2 per cent of GDP over the next year to get us moving again.

Coming on top of the stimulus of lower interest rates, the cyclical unwinding of the budget surplus, and a turnaround in farm product, this should see GDP grow by around 4 3/4 per cent in 1992-93.

A MORE PRODUCTIVE ECONOMY

Lifting employment and restoring confidence is the immediate priority.

The strength of One Nation is that it does this at the same time as providing the foundations for a sustained lift in Australia's productive capacity.

Such a lift in capacity will only be achieved with a private sector able to respond to today's challenges.

The Government can and will help.

We will provide appropriate incentives, skills and the infrastructure to support enterprise.

We will not prop up inefficiencies, but we will help adjustments and direct our limited resources to the areas where they can be of most use.

Equally, we will not be relying on the hope that market forces alone will deliver the goods.

It is the Opposition's policy to withdraw from the problem. Ours is to engage it.

The boost from the Budget will help the recovery get underway, but as the private sector picks up, we will wind the Budget back and bring it into surplus by 1995-96.

We will not give away the sound underlying structure of the Budget we have worked so hard to achieve.

Nor will we let the gains on inflation slip.

Our agreement with the union movement will keep wages growth, on average, at a rate consistent with keeping our inflation rate comparable to that of our major trading partners.

This is the key to achieving a low inflation culture.

To making the 1990s a low inflation decade.

Economic recovery, a sensible fiscal policy, and low inflation will provide the basic environment for renewed private sector enterprise.

One Nation does this and much more.

It will improve the structural or micro elements of the economy that are so important to private sector decision-making.

We need:

- . workplaces that are responsive to change;
- . a skilled and motivated labour force;
- . a reliable and efficient infrastructure;
- . an appropriate tax regime; and
- . a competitive environment where the best are rewarded.

One Nation addresses each of these factors.

WORKPLACE REFORM

Ladies and gentlemen,

We all know that inflexible workplaces have harmed performance in the past.

To deliver lasting change in industrial relations we need employers, unions and government working together.

In this we have made quite remarkable progress. A centrepiece of Labor's strategy is working.

The Opposition claims that Industrial Relations reform is also a centrepiece of their strategy.

Yet curiously they devote just three quarters of a page to it in Fightback.

And what they say there is ill-defined and potentially very damaging.

Predictably it is about confrontation, strengthening the Trade Practices Act and providing no support for the weak.

It is all very familiar to those who remember the early 1980s.

Confrontation and inflation.

For on top of the GST slug, the Opposition industrial relations policy will be very inflationary.

What we need - a wages policy that will entrench a low inflation culture and reform the workplace - is increasingly what we have.

More than 40 enterprise agreements have been ratified by the Industrial Relations Commission since the implementation of the enterprise bargaining principle last October.

This process will accelerate and we will help it by amending the certified agreements provisions of the 1988 Industrial Relations Act to make them more conducive for parties to negotiate at the workplace.

A SKILLED WORKFORCE

Flexible workplaces with a skilled workforce will make the 1990s a more prosperous decade.

We have already done a lot in this regard.

School retention rates have almost doubled since 1983.

The number of Commonwealth funded places at universities will have increased by 50 per cent by 1994.

These dramatic changes will now be matched in technical and vocational training.

With an extra \$720 million of Commonwealth money over the next three years, and by working with the States, we will create thousands more places and lift the quality of vocational education.

One Nation also directs more resources to improving training, both for those entering the workforce for the first time and for those currently unemployed:

- . we have substantially raised the incentives for employers to take on apprentices and trainees.
- . we have increased funds for JOBSTART and JOBSKILL, two programs that are well targetted to assist long-term unemployed back into employment.

INFRASTRUCTURE

For business to compete effectively in Australia and the world, we need reliable and efficient transport.

We have built up the National Highway System in recent years, and now, with One Nation we will set aside \$600 million to upgrade roads over the next two years.

We will thus create jobs quickly, and create a better system in our cities and on the long hauls between Adelaide, Melbourne, Sydney and Brisbane.

Strategic investments to straighten rail lines and strengthen bridges, and to provide more passing loops, will see rail transit times reduced and made more reliable - 12 hours, reliably, between Melbourne and Sydney by 1994.

We will finally have a standard gauge line connecting our capital cities from Brisbane to Perth.

Here in Melbourne we will put \$20 million into upgrading the terminal at South Dynon and a further \$5 million connecting South Dynon to Swanston and Appleton Docks.

The end result will be a rail system able to compete with road, and a network of competitive capital city ports.

We are very much aware that upgrading the infrastructure in rail will only produce the necessary improvements with better work practices.

Accordingly, our spending is conditional on commitments by unions to a Greenfields enterprise agreement with the National Rail Corporation.

A COMPETITIVE ENVIRONMENT

For the money spent on public investment projects to yield the maximum benefits, not only are flexible workplaces required, but a competitive environment.

Management must perform; the best will be well rewarded.

Labor's reforms over the past 9 years have opened Australia up to greater competition.

For example, our exporters of manufactured goods have made remarkable inroads into overseas markets, with manufactured exports increasing at an annual rate of 10.5 per cent since 1982-83.

They have increased by over 20 per cent in the past two years.

We will continue to integrate the economy into the international economy with phased reductions in tariffs.

We have exposed other sectors, such as telecommunications and banking, to competition at home.

One Nation takes this process further.

It introduces revolutionary change to aviation, and the transmission of electricity.

Among other measures to make the banking sector more responsive to change, additional foreign bank licenses will be permitted, subject to prudential standards.

SMALL BUSINESS

This government places a very high value on the small business sector.

Small businesses employ more than 2 million Australians, or nearly half of the workforce in the private sector.

They are a powerful source of employment, of innovation, and of rising living standards.

Small business is often the way in which Australians can improve their lives, and improve their country at the same time.

In our One Nation program, we have taken concrete steps to strengthen small business - not with handouts, but with real incentives to grow, to innovate, to export and to create jobs.

We have:

- . substantially increased the capital gains tax relief for small and growing businesses, to increase capital mobility and flexibility in the sector.
- . granted a three month extension for 1991/92 company tax payments for small business.
- . tripled the funding to \$12 million for helping small businesses into export markets through our "Export Access" program.
- . provided for the establishment of Pooled Development Funds which will be able to channel equity capital into businesses with assets of less than \$30 million.

In addition, small business, like all business, will benefit from the other measures in One Nation such as a more skilled workforce and the new depreciation rules.

All these measures will help small business perform.

We are about helping business succeed, not adding burdens as the Opposition proposes.

Dr Hewson's new tax will create more than 800,000 tax collection points.

Business people can forget their Sunday afternoons with his consumption tax - Sundays will be spent doing the books.

It is a small business nightmare, but an accountant's dream.

No wonder six large accountancy firms are funding Mr Hewson's GST planning and co-ordination office in Sydney!

A FAIRER AUSTRALIA

Ladies and gentlemen, a healthy efficient economy is a means to an end - that end is a good society.

One Nation builds on our very proud record on social justice.

Fundamental to making Australia a fairer society is to create jobs and reduce unemployment.

We did this in 1983 and we will do it again.

Despite the recent declines in employment, we have created an additional 1 1/2 million jobs since 1983.

This has allowed many new entrants, especially women, to establish themselves in the workforce.

Indeed, female employment has risen by more than 900,000 over this period.

The measures introduced in One Nation will see strong employment growth restored.

Over 800,000 new jobs will be created over the next 4 years.

One Nation also will help many of those jobs go to the long-term unemployed who currently are facing particular hardship.

The successes we had in the '80s in lifting employment and investment and bringing down inflation were achieved in large part through restraint by the bulk of full-time wage and salary earners.

Their wage increases were responsible while many of the benefits flowing from tax cuts were largely directed at lower incomes.

As a result, many workers are now facing undesirably high tax rates on their additional earnings.

One Nation will ensure that the great bulk of workers will face a maximum marginal rate of 30 per cent.

Those on incomes below \$20,700 face a marginal tax rate of 20 cents in the dollar, a rate that was 30 cents when we came to office.

In addition, for many on low incomes, Government support is very important.

Labor has targetted social security and welfare spending effectively so that those in genuine need are now receiving much more substantial support.

One Nation will preserve these gains and in some areas extend them.

Ladies and gentlemen

I could conclude by saying a great many things about Dr Hewson's Fightback package, but today I shall mention just one curious and salutary point.

In it he says that he will privatise Australia's ports.

This is very curious.

The Commonwealth of Australia does not own any ports - except ports in the Antarctic, the jetty on Cocos Island, the port on Christmas Island and the defence jetty at Jervis Bay.

Is this the one he means? Will he also privatise the navy? Will all shipping on Lake Burley Griffin be sold to privateers?

I mention this because it is an example of our opponents' ideological blinkers, the obsessive and rigid nature of their thinking.

Nothing - not even facts or common sense - will get in Dr Hewson's way.

You will find significant differences in One Nation. Not just significant policy differences.

- . - like we will upgrade infrastructure but they think that's irresponsible.
- . - we will expand TAFE but they think that's irresponsible too. Etcetera etcetera.. whatever does not fit with Fightback is per se irresponsible.

But you will see more than these differences. You will see a fundamental philosophical difference.

One addresses social and business reality, the other addresses an ideology.

One is a living and breathing program for Australia, the other says our future can be best determined by a sterile exercise in accountancy.

One recognises people as significant factors in recovery, as significant factors in an economy - the other does not.

One does not want a Recovery.

We do.

Thank you.