



PRIME MINISTER

PARTIAL TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING, MP, OPENING OF PRATT INDUSTRIES' NEW DE-INKING AND PAPER RECYCLING MILL, MELBOURNE, 9 OCTOBER 1992

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I think it is true to say that we are in a new culture and that culture changed in the 1980s, the culture of protection, seeing Australia ringed with a fence of tariffs, a managed exchange rate, exchange controls, a constricted financial market, there's no way a business like this would have been funded with them through the 1980s without financial deregulation, but we are seeing the great shift to a more supple, fluid economy where manufacturing is becoming the order of the day.

This is the first year in our history where manufactured exports have equalled rural and mining exports. This is a great change for Australia, a great change from our culture as an importing country, and as I said, John Button and I, a week ago were opening a plant, the Holeproof plant of Pacific Dunlop's. You might have heard about my underpants on the way through. But the thing was, here was another business where Australians have decided to do something technologically clever and produce a product which is competitive and which will feed into the Australian retailing industry and which will import replace. And not so many months before that I had the honour again with Mr Toyoda to turn the first sod of the plant, an \$800 million investment in a new motor vehicle plant which will be the new denominator of the Australian motor vehicle industry; an enormous investment. Or just a few weeks after that a new catalytic cracker for Shell over at Geelong which is going to change our petroleum industry, going to sell into the Singapore oil market and into south-east Asia.

These are just in the space of a few months and there are more of them and as many as I talk about John can double them because he gets more invitations than me, most out there in the manufacturing industry, they like him more.

Last week I was at the AMECON plant, we were not opening it but we were down there tyre kicking, looking around and there was the latest destroyer delivered to the Australian Navy, a most sophisticated warship, state of the art, world quality, navy accepted it – it had no faults, which is almost unprecedented; at its sea trials, no faults. They say it is a better quality product from similar plant ships from the United States, a great Australian achievement.

And recently I was at the Pacific Dunlop tyre plant where we see again technical innovation to turn a new export business out of tyres; or at the Ford plant where we're exporting the new model Capri to the United States. This is just in Victoria. Last week I was at Mitsubishi where we saw the new Magna wagon go – 6,000 of them – around the world as a new export market for Australia.

We've made the jump, we've made the cultural shift to a society which is putting its focus on technology and ability and part of that is of course, bringing up the quality of our education system because the greatest Australian resource was never the next deposit of minerals or the next paddock full of wheat, but the Australian people themselves. And that's why now in 1992 just over 7 out of 10 children complete secondary school where it was just 3 out of 10 in 1982. How could you ever hope to be a technologically smart country if only 3 kids in ten completed secondary school? Forty per cent of those are now streamed into universities where we have added 50 per cent of places, we created the equivalent of twelve universities of an average campus size of 10,000 since 1986 and we're now seeing a revolution in vocational education, in technical and further education with a National Training Authority to do in vocational education what we've done in tertiary education and participation rates in schools.

We're seeing all that fed into a much more conscious research and development culture with support for research and development and product innovation which we're seeing come through in Australian business. We are seeing Australia integrate itself with these products with our near neighbourhood with the rest of the world.

Just a week ago I came back from Japan and Singapore and not long before that a from earlier in the year from Indonesia and Papua New Guinea and there's no doubt in those countries Indonesia, Japan, Singapore et cetera that we are finding a new place for Australia and we are building up conducive training and government relationships and private relationships which is going to lock Australia much more

into that Asia Pacific area. Already 70 per cent of our exports go to the Asia Pacific area, 60 per cent of it goes to the south-east Asian area, 75 per cent goes to the APEC area, Asia Pacific area as a whole.

We're already part of this region and we're integrating with it now rapidly. I suppose the most important statistic one can quote is that a decade ago 14 per cent of our produce was exported, this year it is 23 per cent; that is nearly a quarter of everything we produce is exported. This is a phenomenal change which without that our current account deficit would be double, our debt levels would be astronomic and of course, the international financial markets would already be inducing a permanent slow down of Australia so that our debt levels didn't increase.

So we've made a very important change and part of the change is in the culture of business and the culture of the workforce, it's not just entrepreneurship like Richard's (Pratt) display here or the marshalling of the capital or the technical innovation in the management group, but also in the great revolution in industrial relations. Because we are now seeing enterprise agreements written across this country where all sorts and manner of conditions, be they penalty rates or hours of work or conditions of employment rolled into new innovative agreements which give us all the flexibility in the world, higher productivity, better salaries, lower costs and lower inflation and it is that sea-change in industrial relations which has given us a period of unprecedented industrial peace and which is seeing us do the most innovative things, introduction in plants across the country. I think that consensus model, that bringing Australia together and holding it together and giving people a stake in the business, giving people pride in what they are doing and having management to include them, an inclusive policy is the one that's obviously producing the goods for Australia and not a competitive policy in the work place where one worker is pitted against another or an adversarial relationship where the management is pitted against the employees. That's what we want to avoid and if we want to take any lessons from Japan or any of the cultures from our near north, if there's one thing in common they have is that peer group pressure and the work ethic have come together as a cohesive group is what made those societies productively great in what is changing Australia.

So the spirit is there and the faith is there and that is what's going to matter to us and the hope is there. The fact is, I said this week with some criticism that the recession is over, technically it is true and as we know we are still living with the effects of it and we will for some time. But the point is the recovery is on and it's on in plants like this across the country and it will grow as we go through the 1990s as a low inflationary culture where we've got the emphasis on product innovation and we're looking to add value and do good things for our employees.

But in every business they are all becoming more productive, Richard was telling me at the table that in each plant of course there are fewer people producing more products and that's true across the country. It has to be true to be competitive. So what is the answer? What is the answer to the implied redundancy of having fewer people producing more product; and the answer is to produce even more product, even greater levels of product. There are just thousands of business opportunities that will be taken up in the 1990s doing innovative things, producing more product to let the country grow, but you can't run this country at a speed which takes the employment up without it spilling into inflation, without some agreement about incomes. Whether you call in an Accord or you call it co-operation or an understanding, call it what you like, but there is no way some draconian Reserve Bank on monetary policy is going to let Australia grow and at the same time keep inflation down while we can take up the unemployed into productive jobs. If we want higher rates of employment and more growth, we must have more production, more speed in GDP, greater rates of growth, but if we want to lower intended inflation risk and keep that competitiveness we've got to do it together. We'll never do it banging people over the head with a vicious monetary policy administered by some independent reserve or central bank.

So it's all about doing things together as things have been done here, doing clever and complex things, but doing them well, seeing intelligence, entrepreneurship, street smartness, good will, a bit of heart brought together to produce something really new and innovative.

So Richard, I congratulate you on what you have done, I congratulate you on the business you have developed which is a good thing for Australia, you're replacing all of those imports which you would otherwise be taking as raw product, you're doing things to employ Australians and you'll keep on employing because you'll keep on growing your business, notwithstanding the fact you need fewer of them in the productive process and in doing so you are part of that great cultural change of Australia, going out, meeting the world, engaging the world and doing it in a way which earns Australia a place of repute, of substance, in the world of trade particularly in the Asia Pacific where we live.

This is a great day for the industry of Victoria and of Melbourne and I salute and congratulate every Victorian who has been involved with it, none more so than our afcsbian entrepreneurial friend, Richard Pratt.

Thank you.