



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P.J. KEATING MP,
ADDRESS AT OPENING OF THE FINANCE SECTOR UNION OFFICES, 230
ELIZABETH STREET, SYDNEY, FRIDAY 23 JULY 1993**

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Thank you very much Keith (Westgarth), Kevin (Davern) and Len (Hingley), I see the President of the Labor Party here Terry Sheehan and ladies and gentlemen.

It is a great pleasure for me to could I say Keith, to be here on this occasion and I can assure you I was elated in March as well. I am quite sure that we would not be opening any union offices had we not won the election, we would be closing them and that the savage right wing Thatcherite agenda of our opponents would now be in full swing. They would be having a beano, working out each bit of draconian law they could have put into place and how they would hop into ordinary people and in their defeat they are getting all pious about the soundness of their policies and the rest. Well, that is all right, let them, I don't care. The fact of the matter is they would have been into ordinary people, they would have hopped right into ordinary people in a way we have never seen because when they had a chance in this last period, the government had been in office ten years, to put a policy coming from a recession with the government facing the economic and social difficulties of the recession, where they thought they were a chance of winning, did they have a balanced approach to life looking at all the elements of Australian society? Not on your life. They were going to get in there and grab the national income and give it to the high income people, rip Medicare apart, rip the social wage apart and hop into wage and salary earners, put a GST on their back and give the tax cuts to business.

So, there would have been the personal tax cuts they promised, you could have forgotten those, you would never have seen them because to have been funded they would have had to cut \$10,000 million out of the public sector of Australia, out of the social wage, the social and education programs of the Commonwealth.

As a public sector manager of ten years standing I can say definitively, I actually know more about this subject than anyone else in the country because I have presided over sixteen reviews of the Budget, you can not cut \$10,000 million out of the Commonwealth budget without hurting a lot of people particularly the aged, the young, women, the sick and the infirm, these are the places where they would have had to cut and of course, public opinion would have come down against them. It would have been a consumption tax and nothing else but that,

but more than that the thing they really wanted to get at was trade unionism. They hate the fact that people have a right to organise and bargain for their incomes. I don't know why it is because the people who run the Liberal party, they are only basically wage plugs themselves and only one I remember was born with silver spoon in his mouth or two maybe, in one case a ladle, but the rest of them are dead ordinary. Why they want to hop into ordinary people has got me beat, but they do. They would have been right into it, they would have been ripping away at the structure of unionism and you saw Jeff Kennett at it in Victoria, I am pleased to say when we extended federal award coverage in Victoria the great body of Victorian unionists have now registered themselves under federal awards and so sense will prevail.

All of this at a time when the best things were happening in the labour market, the best things in our industrial history. At a time when a union like this was amalgamating and becoming a focussed, central force in the financial industries of this country, where a union like this had lead the way, one of the leaders in enterprise bargaining with really innovative changes in the nature of those bargains especially for women, the majority of whom make up your membership, where you are looking at improvements in productivity and then spreading those improvements back to the workforce and to profits, it is the very essence of co-operation and decency at the workplace and of course, underpinned by the Labor governments policy of a safety net for those on low income.

What is the point of objection to such a policy? Keith made the point earlier about the number of offices around the country - you were five unions and you are now one and you may soon be six unions as one. Isn't trade unionism therefore running in a totally responsible direction? We have got an inflation rate which until recently was the lowest in the OECD, the lowest in the world and it is now just a decimal point or so away from that. Can anybody suggest that the trade union movement is rampant with an inflation rate of that variety, of that dimension? What in God's name made the Liberals so snakey on Australian trade unions and Australian working people? I don't know, but there is no doubt they want to expunge any sense of organisation at the workplace away and of course, the great spoof in their policy was they said they would have enterprise bargaining, but enterprise bargaining is as you know - all of you banding together, talking to the managers, the owners saying can we reach an agreement and getting a good commitment, shared commitments which produce a sense of esprit de corp and comradeship in the organisations that you work in and make the businesses better.

But that is not what they wanted. They wanted individual wage contracts, so you got singled out and separated off and the employers dealt with you individually and then that was sold as an enterprise bargain. It was never an enterprise bargain.

In contrast we have got enterprise bargaining and we are setting the trade union movement up with enterprise bargaining and we are setting it up in my view to be a much stronger body, a much stronger set of institutions in Australia than they would have otherwise been. In the 1980s when we needed aggregate wage

flexibility, under the various Accords and tax cut arrangements where we had wages as a proportion of GDP falling, where we had to get the profit share up to re-start Australian investment after the 1981-83 recession, we had the aggregate flexibility, but what we are seeing now is flexibility within sectors. The important thing is that if we still have a centralised system as inflexible as we had in the 1980s, if we didn't have enterprise bargaining as we established in Accord Mark VI and a Coalition government as it had come along, it would have gone for the jugular of the centralised system and the organs of Australian trade unionism would have been out of condition, that is not developing an organic system of bargaining, it would have been out of condition and less able to resist that kind of an attack. Whereas now we have moved away from the centralised system to enterprise bargaining, where unions are slimmed down, where their management, where amalgamations are congruous, where there are a set of common purposes amongst people in similar sectors of an industry, where we have seen appropriate amalgamations. Unions are now much better set up not only to do a better job for their members and the businesses which employ them, but they are going to be stronger, better exercised limbs and sinews of unionism to resist the kind of crude attack that you have seen attempted by the likes of Hewson, Howard et al.

This structure is a much healthier one for the economy and for unionism and it also protects trade unions from the right wing predators who hang around our political system. These are important things and trade unionism has been through the ACTU and the great body of unionists in this country in the last ten years at the leading edge of changing the Australian economy into a modern, productive externally oriented economy with a low inflation rate. Not having to be dragged along, right up the front and in terms of productivity and bargaining; before Accord Mark VI the notion in this country was if you want to make a business more profitable you cut wages. What the trade unions said was there is something much smarter to do than that, we can make the business more productive, you don't have to cut wages, we can do more to make the business more productive together and that is why things like you have negotiated, with flexible working hours, with cycles up to 300 hours over eight weeks, job sharing, home based work, career break opportunities, part time employment and now you are looking at agreements involving Saturday trading, training, team based performance pay, all of those things are typical of the kind of innovative and ambitious flexibility that one can get in a co-operative structure.

If you look around our part of the world, in Japan particularly, in Korea and all sorts of other countries you see the models of co-operation as the places where people want to do something better with their business and themselves as a way of making the thing function better and providing higher real income. Not by cowering people, the straitening, cowering thing, get everyone's eyes down, threaten them, split them off onto individual contracts - if they play up, get rid of them. This punishing approach which the Liberals have always had. You would think if they just look around business in the region we live in they would see just how that sort of British model of employer/employee relationships is just not appropriate to Australia any more and why we are much better off doing what we are doing.

We have now got one thousand enterprise agreements which have been agreed. One thousand, which is a very encouraging number and they are growing all the time. We have got the lowest level of industrial disputes for decades and part of that is the fact that the Government does sit down under an Accord with the trade unions to work out a structure. Now, we sat down before the election with Accord Mark VII, your officers were, there and we agreed to a safety net. We are now asking the Commission to endorse Accord Mark VII which provides for three updates of the safety net over the next three years which will then underpin the enterprise bargaining structure which will see most decisions in the workforce being taken.

In the course of that we made clear that the Government would support those safety net arrangements, that we would also look at a legislative package to bring our laws and institutions into alignment with a system of national enterprise bargains so we actually change the system to accommodate the new thing and of course, in that we talked about, as we did right through the 1980s, the backdrop of a decent tax system behind it. Since 1983 we have had effectively a policy of de facto tax indexation; that is, in the period up to 1991 we had handed back in tax cuts more than tax indexation and I made clear with Peter Cook when we sat down to do Accord Mark VII that tax cuts would form again an important backdrop to Accord Mark VII.

What I announced yesterday is that those tax cuts will be paid, and not only paid in full - \$3.4 billion in 1994-95, but they will actually be brought forward into this financial year. This will be a significant tax cut for people from two thirds of average weekly earnings up. From \$20,000 and onwards. The group who in the 1980s didn't get above the weight of the tax cuts which formerly went under \$20,000 and beyond about \$45,000. So, it is their turn and their time and we have been looking therefore to do that.

In the 1980s we supported the low paid with things which the ACTU was engaged such as the Family Allowance Supplement was dramatically less the income of a low income family and made the tax cuts, most of our tax cuts focussed on the bottom end. When I became Treasurer in 1983 the bottom rate of tax was \$30,000 it is now \$20,000. The tax free threshold has risen so in that area we focussed our tax attention first. We are now focussing it in that area from two thirds of average weekly earnings and beyond. That is why yesterday's commitment to see those tax cuts paid in full next financial year and brought forward earlier to this year is important for that backdrop in the labour market where people because of the slowness of the economy are seeing - it has taken time to get wage increases through the system and we will put the second tranche back into 1998, probably 1998, so that we are doing what we intended to do and said we would do in February 1992 in 'One Nation' to say that basically the tax cuts would be paid for by fiscal drag in the system.

Because of a much better and lower inflation performance we were going to be paying much more than such fiscal drag, but pushing the second round out means we return to pay that which we intended. The tax cuts will be delivered, they will be delivered in an economically responsible way and I should have thought given the fact the economy has been in the last couple of years slower than we had hoped and thought, in doing that we have met the economic imperative of the savings problem in the middle of the 1990s by bringing the Budget deficit back to around 1 per cent of GDP.

I noticed in some of the newspapers this morning some comments, you would swear blind the tax cuts were abolished, much less being paid in full, and some are actually saying this was a central plank of the election, the election was decided upon it. It is just not true. The tax cuts hardly rated a mention in the election campaign. They were there as a backdrop to it from both the parties, but the election was fought about things that I mentioned a moment ago. About the way Australians live and relate to one another, the kind of society we want whether it is going to be survival of the fittest, or a society which is broader and kinder and nicer, where we do care about one another and things like access and equity in health, in education and these things matter. That was what the election was decided on and appropriately decided upon.

Ladies and gentlemen could I say that I regard the Finance Sector Union as a model of what is happening in Australian trade unionism. It is growing in an area of an internationally traded service which is financial services. Deregulation of the financial system has had a big shake out in the banking system in particular, but will now lead to a very productive banking sector, one which I hope is more closely attuned to the needs of the economy with productive investment into the future. We are seeing the growth of the superannuation industry through the Government's policies, and the growth of the whole sector in financial services, banking and superannuation and insurance is a growth area for the economy, it is growth of an industry which wouldn't have had the growth possibilities it now has but for deregulation. And this group of unions has been always part of that process from the early 1980s onwards, now coalescing as a single group to better represent your members and also to make certain that the organisations and businesses you work for are efficient and productive ones.

If one has to stand back and say, here is a sector, in many respects a new one, an internationally traded service, one which has got great prospects both at home and in the region and what is Australian unionism doing with this sector and the answer is developing the appropriate structures to make the sector better, giving employees within the sector the flexibility that they need particularly women in the innovative enterprise agreements, taking enterprise agreements forward and changing the wage system as we must do in a modern, flexible economy.

I am delighted to be here, thank you Keith (Westgarth), Kevin (Davern) and Len (Hingley) for inviting me. Thank you, all of you, for having me along. It is a pleasure to open a union office, a greater pleasure even to open one which has got its act together which is developing appropriate, rational and good structures which is operating for good purposes and of course, it just speaks volumes about the difference between them - the Liberals - and we of the community, we of the Labor party, we of the trade union movement. We stand for good, decent values, the right of organisation in the workplace, the right to see a good productive industry, what better thing could one be able to say at the opening of the headquarters of such an organisation. So, congratulations, it is a great pleasure to be here and to be declaring these premises of yours officially open.

Thank you.