



PRIME MINISTER

TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING, MP ADDRESS TO THE ACTU CONGRESS, SYDNEY, 31 AUGUST 1993

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Thank you very much, Martin (Ferguson), members and executives, and delegates. Well, the newspapers were telling me that I couldn't come to the ACTU a week or so ago, in one of our celebrated spats over industrial relations and now more latterly over the Budget, they said a Labor Prime Minister couldn't speak at the ACTU. Well I would have broken the door in if I had to, to get in here. So, you have no doubt about me, if only for the video show, if nothing else, and that song at the start, I wouldn't have missed that for quids.

But the fact is, why wouldn't we be together and why wouldn't be true believers after such an epic triumph as we had. We absolutely stole the election of the Liberal Party, when they so smugly believed it was theirs, it was in their lap, and they thought they only had to canter home to election day and that was it. You can see today's newspapers where we have the election contributions published, you know, generally it was Labor 20,000, Coalition 100,000, Labor 17,000, Coalition 75,000, and it goes on. That was the most well heeled campaign they have ever had, their best organised, but they had at their core the hard right-wing agenda, as Malcolm Fraser has called it, and we came at them horizontally, vertically, laterally and swept them up on March 13. It was a great victory for Labor, and a great victory for the Labor movement.

I can say that nothing moved me more than the meeting I had with your executive just after the election, about ten days after the election, when one really understood what it was all about, and when it had sunk in just how extraordinary a win we had had, and what it meant to everybody, those who did believe in a better Australia, who did believe in decent values, who believed in an inclusive society, who believed in a clearer sense of our national identity, and who believed in for justice for Australians, but in a society which was economically changing and economically efficient, and where we had all the social and economic balances largely brought together, and I think we had them right. And so it was a magnificent win and I am particularly indebted to the trade union movement for their faith in the Government, for their financial support which was very material, but beyond that the enthusiasm and commitment which each one of you gave in the

course of the campaign from the various sectors, I mean, this made a real difference in the election, and it had the Labor movement together as last before perhaps in the early 1980s, but really probably never since 1972. And the amalgam of people we had, the various interests groups just made it so obvious to all of us.

So, we have had a magnificent win, and we have now got to do something with it. Now, we have worn a bit of flak over the last week or two, and I wore a bit of flak yesterday as a matter of fact from some of the colleagues, but I am a flak taker and a flak giver, as Lee Matthew's said, a couple of months ago in Collingwood, there are only two kinds of players in this game, there is hitters and hitee's, and he said, I am bugged if I will be a hittee, well ditto for me, ditto for me. So, I think that we have got to come with the ebb and flow of these things. Now, look, I could have followed up the election with a round of warm inner glow speeches, quite easy for me, I can get emotional at the drop of a hat, and roll one of those off my tongue with comparative ease. And I am sure we would have all felt really good about the long tail on the comet, the long after glow, and then we could have had a Budget, nice and pat with a few things in it which paid passing lip service to the social wage, and everyone said well that's ok, we're back here and we are the crowd we thought we always were, and we are in office and we are carrying on, but instead of that what we have done is really hop into the big issues. I mean the biggest of the big issues. Like dealing with a two hundred year old problem of Mabo, which most every other Labor Government passed, found too hard, and where the great stain of dispossession and the shame of the injustice which came with it, has never been dealt with, that we have occupied the continent and not recognised the fact that the Australian indigenous people were here first and that they had truly to be given the same rights and entitlements in our society as the rest of us have, but perhaps even more than that, that we recognise a special cultural relationship that Aboriginal people have to the land.

Now, it is only twenty years ago that the white Australia policy was put to bed. And we were dead lucky in the 1960s we were not marginalised like South Africa, dead lucky, running the kind of policy we were in this part of the world. And there are harder assessors of Australia watching now, all around us in the countries of the Asia-Pacific region saying, ok these people say they want to be part of us, that they are a multicultural society, that there is no basis in race or creed in their selection of their migrants, or the cast of their society, let's see what they do with their indigenous people, let's see how they deal with this challenge, the challenge of the High Court decision on Mabo. So, it is a real test for us, this one. Now, conservative people think we can fail the test and that rights conferred on Aboriginals are ok, but inherent rights are not. Seeing Aboriginal traditional law and custom in the common law of Australia is too much for them to stomach. They just don't want to give land to black people, and that's why we have to come to terms with this essential and basic requirement of our society, that is, that we are on terms and at peace with the original inhabitants of this country. Now it is hard, but we are moving towards it, we will have, I think, one of the most impressive pieces of common legislation ready in September, for introduction into Parliament and

the draft bill ready this week, the comment by the Aboriginal and Torres Strait Islander community, by the States and other interested parties.

So, we have taken that Mabo challenge up, in the immediate period, from March to September, six months to put into place a body of administrative law in land management, in a decision which most countries would not have been able to handle in a decade. In six months we will have built, with a lot of consultation, a well thought through set of principles for the body of administrative law governing social justice and land management in this country. And it will be one of the greatest achievements of Labor ever, when that bill gets the Governor Generals assent. So, that's one of the things we have been doing since the election.

The other thing is putting together APEC, trying to find for Australia a place at a very big table for the first time in our history. Because we have seen the world moving into blocks in North America and in Europe, we don't particularly want to be in a restrictive trading block, in fact, we don't. We want to be in an open regional arrangement. So, Australia, this Government, has put together the concept of APEC, and in the last 18 months, and certainly since the election, I have done as much as I could possibly do to develop and promote the concept of an Asia-Pacific G7. That is, to take APEC from simply an information exchange, a body which is talking about economic change and getting a better idea of its constituency and its features, to one where there is real executive power, and to turn APEC into a heads of Government organisation. Now, we are still moving through this, but now President Clinton has invited all of the APEC leaders to attend a leaders meeting in the United States in November. And that means within a few years we have taken APEC from just an idea to a body, to an organisation, and when it comes together with countries like the United States, China, Japan, Indonesia, Malaysia, Singapore, Thailand, Canada, Australia, New Zealand. I mean, when this group comes together it will be representing over 50 per cent of world gross domestic product and will be very much the focus of the fortunes and power of the Asia-Pacific.

That is coming off, and it is coming off because in part of the work of this Government and the work since the election. The other thing we have been doing is working on our major fiscal challenge which is the Budget. To see that by the time we get through a strong recovery and private investment picks up in the middle '90s, where our demand on savings the Budget deficit, which we expanded through the One Nation period to kick the economy along, is winding itself back. It is a challenge we must meet. Because this time we have the option of a low inflationary long term recovery, the only thing that can spike it is a short fall of national savings, and the time to get that done is now, and we have been working on that, as we have been working with you on the industrial legislation and putting a package to improve our industrial relations system.

Now, I should have thought a reasonable set of things to do in the five months since the election, that was Mabo, APEC, major fiscal challenge, our industrial relations, and of course we have also advanced now the processes on moving towards an Australian republic, with the establishment of the

committee to bring back options indicating in which ways we can make a competent change to a republican structure, and those processes being considered, those terms of reference had to be written, that committee set up, I have had some consultation with the committee now, and that committee is now in the process of writing its report.

Now, I had some people in the media say, well the Government won an election it didn't expect to win, and after the election it is not sure what it is doing. I mean, really, really, with Mabo and APEC and the republic and the Budget, and industrial relations. Have a look at it, I mean the agenda is so huge, I mean it is unconventional maybe, but the Government takes on issues this large. But what's the bloody point in being conventional, what's the point in being conventional, you may as well, if you have got the mandate, hop into the big issues, and get the work done, get the thinking done, but the thinking on these things has got to be done properly, privately with time and consideration and when you have got it together well then is the time to go and sell all these things.

These, I think, have been as time well spent, and time we well and truly well used, but the Budget of course has been a big part of it. And I want to say a couple of things to you about the Budget, because a lot of the essential strategy behind it has been lost in the public debate, but to put a major Budget together with these issues on the table at once takes a lot of doing. And we have got a Budget there now which does two things, it provides a stimulus of \$2 billion this year, which is as large as One Nation and it also provides for a lower Budget deficit in the medium term, in 1996-97. That's the point of it. In other words we have given the economy a kick along with One Nation doing then again the unconventional thing, when we had everybody telling us to hang on to the low Budget deficits, don't expand fiscal policy, don't give the place a kick along, public demand has now played a very big part in kicking growth along. We have had 3.1 per cent growth for the year, for the last quarter, 1.2 per cent for the last quarter, and we have got a conservative 2.75 per cent growth for the year forecast in the Budget, we may do better than it, we may. But we have got a conservative number in there. At any rate we are growing faster than most OECD economies, in fact, I don't know any growing faster than us at the moment, and the One Nation package was the right thing to do, as well building good public infrastructure and getting it up.

Now, we have given in this Budget another stimulus as big as One Nation, in other words we have got the ball rolling, but what we want to do now is keep it rolling so that we have a full blown recovery on our hands, and so that comes by way of the outlays changes and tax cuts, but we then get the Budget back to around 1 per cent of GDP in 1996-97 by the revenue measures which will then come in in the next one, two and three years. Now, you remember the United States debate and the television pictures of Vice President Gore casting the casting vote in the Senate on President Clinton's Budget, and there was great celebration in the United States that finally they got a Budget through, and that President Clinton had done more than his predecessors in dealing with the American fiscal policy. Well in 1996 the American Budget deficit will be at 3 per cent of GDP, ours will be at one, one. In other words

we will be fully set up for a recovery, while other people are still limping along with the Government's hands in the savings jar constraining private investment. We are sitting there with low inflation, a very competitive exchange rate, a profit share which is already high, stronger investment which we will see in this period and the savings balance adjusted via the public sector to let it all continue.

Now, is that good Government, or is that not good Government. And what are our opponents doing? They are going to oppose the lot. They are going to oppose all the changes because they don't want to get to 1 per cent of GDP, after telling us that's what we should be doing. That change to 1 per cent of GDP was a key election commitment. It was as key as any other commitment, and part of it of course, part of the whole Budgetary scene is to make certain that the tax revenue to GDP comes back to about where it was in the last couple of years. That's all we are doing there, it's not as if there is a big tax hike. In fact, in every year between now and 1996 we are giving away more revenue than we are getting back. We are giving away \$3.8 billion a year in the tax cuts each year, and we will be raising about \$3 billion when the revenue measures are up and running. And that will mean that people on the tax cuts, particularly for people between \$20,500 and \$50,000 will be paid from November and the result of that will be that we will see a substantial tax cut of around \$8.00 to \$10.00 a week being paid to workers in that average weekly earnings area of the economy.

Now, even with the revenue changes, revenue to GDP, the key indice in the Budget, revenue to GDP this year is falling, it is a decimal point below last year, last year it was 23.6 per cent this year it will be 23.5 per cent. It is just that it won't be falling as fast because of the changes which we have made. But that will provide a stimulus as will our monetary policy. Let me just bear this in mind, we have just cut another half a percentage point off interest rates, how were we able to do that? Because the Reserve Bank and the market were convinced that the Government was going to take the Budget deficit down, so we have now got bill rates of 4.75 per cent. I mean, we had bill rates of 4.75 per cent when I was a teenager. And not only that, we have now got a housing rate of about 8.5 per cent. Now, you remember before the interest rates went up, the standard housing rate was 13.5 per cent, this was before the rise in rates in 1988-89, up to 18 per cent for cash rates, and I think housing peaked at 16 per cent or 17 per cent. But let's forget that part and just look at the standard rate which was 13.5 per cent. It is now 8.5 per cent, roughly, that's five per cent below that norm, and on a \$70,000 mortgage, that's \$70.00 a week. There is a \$70.00 a week benefit going to ordinary wage and salary earners by way of their reduced interest rates because of lower inflation and because of a decent Budget going into place. So these are all part of the conferred benefits which are there, and I think the other important thing is the tax cuts.

Now, I want to say something to you about the tax cuts, because we have had a bit of a view, a campaign, indeed, that we should abandon them, but at the time they were introduced in One Nation they met everybody's approval. But what happened after One Nation is the world dropped, the OECD area dropped by four percentage points of growth for two successive years, and

the OECD and IMF revised down their growth in two succeeding years, which meant the second round of tax cuts we put back, but we brought the first lot forward and maintained them. Now, some people have said, well look, these tax cuts go to higher income earners, well that's only in part true, they also go to people at or below average weekly earnings. So I asked the Department of Prime Minister and Cabinet last week to go back and look at all of the outlays and tax changes since 1983 and look at a number of category of people and see how they have been treated in terms of increases in disposable income. And it is quite interesting the result. Between March 1983 and July 1983 a process worker who was married with two children experienced an increase in real disposable income of 15 per cent, real. Not nominal real. That is a process worker with two children over the period, both on the tax side and through things like the family allowance supplement and other changes on the outlays side. If we take in the same time period a female machinist who is a sole parent with two children, she experienced an increase in real disposable income of 32 per cent. Between March 1983 and July 1994 a single income family with two children earning three quarters of average weekly earnings, so this is someone payed above a process worker, obviously, at three quarters of AWE will have experienced an increase in real disposable income of 19 per cent.

But a person on AWE with two children, on AWE with two children, the increase in real terms is really quite small. Because what happened in this period was all of the tax cuts were going in their greatest measure to those people below \$20,000 and just above it. And, of course, a lot of the family payments were going in that area tailing off in the middle 20,000s. And the people at the top end, they had their tax cut cut from 60 to 47, but in part was paid for by the capital gains tax and the fringe benefits tax which basically covered the budgetary costs of that reduction. The people who deserve some support now are those in those areas of 2/3 of AWE, AWE and above AWE. And that is what these tax cuts do. So the notion that every tax cut we ever give has got to be skewed only down the bottom is a notion which I think is not fair to those who have waited last to get the kind of tax relief I think they ought to be getting. And who is to say anyone on \$30,000 or \$33,000 is wealthy? Or \$36,000? Because if we even look at 1996 in three years' time, even with modest growth in average weekly earnings, we'll have AWE around \$36,000. And if we don't change the tax scales those people will cascade into a marginal rate of 46 per cent. So every dollar they earn at weekends they will pay 46 per cent at the margin. Now I don't think the Labor movement can live with that kind of rate and I don't think this Government could and that is why we thought it was important to do that. And can I just say over the same period, for what it's worth, for a man on average weekly earnings who began receiving award superannuation in 1986, and of course, since enhanced by the SGC, the accrued benefit at June 1993 was \$7,050, and in two years, that person's accrued benefit will be \$11,150.

So if you look at the tax and outlays side of the Budget, you've got the changes I've mentioned and superannuation, of course, underpinning it.

Now in this Budget, we have kept our election commitments and funded them in ways which we think are advantageous to the economy and the community.

But let me go through some of the measures and I will also tell you what we decided yesterday in terms of revision to some of the Budget measures.

Since the election, we have introduced the legislation for the home child care allowance which will go to 840,000 families paying \$60 a fortnight, or \$30 a week, and that will go to the dependent spouse who is looking after the children in the family. \$30 a week, \$60 a fortnight. Now \$54 of that \$60 was formerly paid as a dependent spouse rebate to the taxpayer. That is now being cashed out to the dependent spouse at home. But \$6 of it is new, \$3 a week of it is new.

Then we have got the generalised child care rebate which provides a rebate paid at Medicare counters for child care so that families who spend money on child care don't have to wait till the end of the year to get a rebate or something else, they can get it over the course of the year by going periodically to Medicare offices. And that is a generalised thing, it recognises child care as an expense in earning income and, of course, gives families a chance to earn that income and women, particularly, a chance to participate in the workforce.

The labour market programs. We've increased those in the Budget. We doubled them last year to \$1.6 billion, and in this year increased it so that now 500,000 unemployed people are being touched by those labour market programs. Where we are giving them either a wage subsidy, and/or training and work experience for half a million. In the Budget the Newstart allowance for single adults increased by \$6 a fortnight. Basic dental care was provided for health card holders, that is pensioners and beneficiaries who often find they just can't afford basic dental care. We created an extra 29,000 child care places in the community over the course of this year. We've diminished the waiting period for rental assistance for young homeless unemployed people, we've abolished that. There are improvements there for pensioners and for the arts and also, of course, there are other changes in respect of the labour market as they effect industrial relations.

And, I suppose, the best guide to that is since 1983-84 spending on health, community services and social security. Well in 1983-84 it was 38.4 per cent of the Budget. This year it is 51 per cent of the Budget. So outlays on health, social security, community services and housing has risen from 38.4 per cent in 1983-84 to 51 per cent of Budget outlays this year. So they are the Budget measures and, of course, on top of those, the tax cuts.

Now let me say a couple of things about the measures we have decided in the last day or so. The key changes are that we are going to increase the rebate from low income earners from \$100 a week which we have in the Budget to \$150. And that coupled with the home child care rate increase and other outlay benefits will improve the position of those people below, say, about \$23,000. A reduction, we're reducing the differential between leaded and unleaded fuel from 5 cents to 2 cents a litre. In other words, the price of leaded petrol will go up now by 7 cents, not 10 cents and the differential with unleaded will be only 2 cents.

We are restoring eye tests under Medicare for full rebates for optometry. That is, optometry will be as now. And we've amended the unused long service leave lump sum payment so that unused long service leave paid as a lump sum, accrued up until the 17 August 1993 will continue to attract a concessional rate of tax. Future long service leave lump sum entitlements as well as all unused annual leave will be taxed as normal income.

Now those changes amount to about \$110 million roughly this year, and just on \$400 million in 1996-97. And that brings the Budget deficit to a projected 1.2 instead of 1.1 per cent in 1996-97. Well the government has made a commitment to bring the Budget deficit in around 1 per cent, so that still fits that category. And this year we're putting the tax cuts back 2 weeks to make sure that the Budget is neutral in terms of those changes. So they will begin now on the second week of November in stead of 1 November.

So those changes mean that there will be not only no detriments, but benefits for practically everybody. Now yesterday the Treasurer had these changes run through the Prismod model. The one which the Treasury constructed to look at the Liberal Party's Fightback and GST proposals. And when you put the tax and outlays changes in the Budget together in the Prismod model, it shows there are no detriments, and benefits right through the quintiles and the only place where there are any detriments whatsoever, are for those actually running down capital who have no relationship with the Government through the tax or social security, or spending systems. In other words for all the people in your constituency, there are no detriments and only benefits. But can I say, that even before these changes, on an earlier run of the Prismod model, there were only very few detriments anyway. Because what has been overlooked in the Budget debate, was all the outlays changes I've just mentioned and people focused on the revenue changes and thought that was the only way to make a judgement about it.

But the key thing, of course, of all this in the Budget is employment. And in there, we have a forecast of 100,000 job growth over the course of this year and 500,000 more jobs over the next three years. At least 500,000 more jobs. Now we're confident that we can meet those forecasts. Because they are based on fairly conservative growth estimates. And that being the case, we will start to see improvements in the unemployment rate. And, of course, as you know we have got this major study into employment and to unemployment which will be concluded later this year and upon which the Government can take decisions.

But if you look at the settings we have got now. We have got the Budget balance which has gone from an \$8 billion surplus to a \$16 billion deficit. A \$24 billion change which has held a floor under the economy and provided a shock absorber to relieve a lot of the pain of the recession from the community of Australia. That was done by a Labor Government and it wouldn't have been done by a conservative government. We're adding a \$2 billion stimulus this year, to keep that going, to keep activity and growth and employment coming through. We have now got very low inflation and low interest rates and a high profit share. And that profit share now needs to be spent on higher investment to guarantee higher employment and better

employment levels over these next few years. And, of course, with the Budget balance tailing back to a 1 per cent of GDP deficit by 1996 as the private economy comes through, we should start to see a return to better rates of employment growth of the variety we are talking about. And on top of that, the labour market programs sitting there dealing with 1/2 million people, particularly those who are long-term unemployed, of which now over 300,000 are in that category and 180,000 who have been unemployed for more than 2 years. So those programs are particularly focussed on those people to give them job subsidies and training and work experience to get them back into the labour market while out in the economy, the big aggregates should be pulling employment along about 100,000 this year and 500,000 over three years.

So that is our great challenge, to deal with unemployment and to get back the growth. And I am pleased that profits are picking up in the economy and we are starting to see profits come through. But we want those profits spent on investment and the business community knows if they think they can just store up profits to levels above the 1980s experience, not just the golden years of the 60s, but as well as that the really high levels, the peaks of the 1980s. That if they think the profit share can get to above those levels and simply stick to it and not invest it, well I'm quite sure the ACTU will have a strategy to share some of that with themselves. And so we want to see it in investment, and if we see it in investment, we have got a chance of getting better employment.

Could I just say a couple of things now about superannuation, very briefly. And that is, that the superannuation legal minimums will increase progressively to 9 per cent by the end of the decade. We are supporting that, and of course then we can look at taking it further, perhaps to 12 per cent, beyond then to that stage. And on the industrial agenda generally, let me say that we are supporting you before the Industrial Relations Commission for a safety net adjustment of \$8 and we are supporting the development of enterprise agreements.

Now I know there has been some discussion between us, some may say dispute between us, but I don't think that is true, about extending enterprise agreements. And we want to see enterprise agreements extended to the non-union sector. But we won't see it done in ways which allow for reduced wages and conditions or weaken trade union responsibilities. And I have got no doubt a way can be found to do that. We have already established a working party to consider with the ACTU, with your negotiating committee, a solution to the problem and I think one can be found. And the Cabinet will be giving that appropriate attention. But, I think, the thing is, this is a great opportunity for the labour movement because this election has given you the breathing space to get out there and organically expand the tentacles of unionism to make enterprise bargaining work, to involve your members and include, and bargain with your employers, and train people, and recruit people, and win the hearts and minds of young Australians who might not have been coming to unionism but through enterprise agreements.

So we see the enterprise agreement path as a sensible and organic operation of the organisation of the trade union movement which lets you build a more relevant place in the industrial culture of this country. And where you're not sitting at the whim and caprice of some centralised structure and where we have a golden opportunity in this next year to legislate in ways which really sets up a new industrial relations system for Australia, but one which you are a key part of and which give you all the opportunities to exploit.

Let me just say a couple of things about the Accord and just say that the Accord has changed and you were discussing it here yesterday. In 1983 we had an Accord of detailed policy calling for detail commitments from unions, actual individual union commitments. We are not asking individual unions for those commitments in 1993 as we were in 1983. What we are asking for is a commitment to the basic ideals of the Labor movement, of Labor in government and a recognition of the need for the economy to be productive, to maintain low inflation and to keep our focus upon employment and unemployment.

I do not think in asking that we are asking a great deal of you any more than you are asking of us. But together we have done so much and we changed Australia, we have made it a more competitive place. Just imagine where we would be if we didn't have a competitive manufacturing sector now. Imagine where we would be if all those new industries we have created were not created in this last decade, or if we were still only exporting 13 per cent of GDP instead of 20 per cent of GDP, or if the debt service ratio was where it was five or six years ago instead of where it is now, or if we were still drifting around that old industrial relations culture of a decade ago. Where would the country be? Where would our constituency be? And where would be the lot of ordinary Australians without the Accord and the processes?

Can I say the opportunity is there for us, we are going to be in a growth cycle, the business cycle in on the upturn over the course of these next three years. We have already generated a recovery and a low inflationary one. We are setting up fiscal policy for the medium term so that we can capitalise upon it. We are dealing with employment in the best way we know how by bringing growth and investment back on again and dealing with those unemployed by a very expansive program of labour market reform and now looking at novel ways in ways we can deal with the unemployed on a long term basis to see if can do again something in Australia which is unique and interesting in the world.

Our opponents of course, they have no such ideas. They met last weekend at their Federal Council which was the one meeting they had after five election losses on the trot to sit down and say well, what's wrong with us? Where have we gone wrong? In which way should we change and be more relevant? Basically they passed the opportunity up. They sat there and smothered with a lot of motions which were put around; which John Hewson weakly voted for and everybody sat there and sat mum on the whole thing.

Maybe it was because of difficulties we were having with the Budget and they thought well, the Government is having a bad week, we won't distract

attention from them. But they passed up a great opportunity and if the problems of the Budget debate has meant that we have succeeded in keeping John Hewson as Leader of the Liberal Party for longer than his natural time cycle would have kept him, then it has been a damn good weekend all round.

People say, he is walking around saying well, I told you so about the election - he told us so - we are raising \$2.5 billion this Budget. The GST was going to raise \$24 billion, over eight times as much and it was paid back not to the people who paid it. \$7 billion going off payroll tax, \$6 billion going off petrol, more than half of which is paid by business and \$9 billion to abolish the wholesale sales tax. So the people paying the \$24 billion would not have been the people who got the rebates in the other tax changes. And then to pay \$12 billion of tax cuts, he was going to cut \$10,000 million from government spending. We tried to take \$90 million out by taking one of the ancillary medical services of optometry from the Budget. Now, if there is something easier than optometry, do you think we wouldn't have done it? You are looking around saying well here is one, oh no, that is too easy we will do the hard one.

Here we are in a society like this flat out knocking in a major element of a program, \$90 million out and they were going to cut \$10,000 million out, but they are still committed to it. Griener, not Griener, what's his name - Alexander Downer, Shirley Temple as I call him - he was up there at the Press Club last week, committed to the \$10,000 million still, but won't say where the \$10,000 million is coming.

Look, here is a Budget which is raising over the course of three years, \$2.5-3 billion and giving back \$3.8. Compare that to raising \$24 billion and giving it all to different people who pay it and then cutting \$10,000 million out of outlays and seeing the tax cuts from that go only to those on the top end of the tax system.

Now, it is not to be compared with what we are doing. They are running around, these characters, trying to make a case for themselves about what we said in the election about taxation and I'll tell you what I said, so I will give you the full quote in full. I was asked a question and I said this ... to maintain the tax to GDP ratios we roughly have at the moment ... what's your policy? and I said to maintain the tax, that is the revenue to GDP ratios we roughly have at the moment. In other words what I'm promising is not to put up tax, that was not to put up revenue to GDP. In 1996 with these tax increases and the tax cuts, revenue to GDP will be about where it was last year and the year before.

In other words, we are keeping our commitment absolutely, but because they run on a high tax policy with a GST and were canned for it, they have been seeking to imply somehow we are running on a low tax policy, well we are in the sense that revenue to GDP has been falling. But we can't let it fall to pieces, we have got to maintain it at some reasonable level to bring the Budget deficit down and as I said to you when I started, this year revenue to GDP is a decimal point below last year even with the revenue changes. In

1996-97 when we get there, it will be as it was a year or two years ago - way below what it was in the middle 1980s.

So we have kept our commitment absolutely on tax while at the same time we have kept the tax cut promise to see that people between \$20-50,000 get a tax cut and because of the changes in the Budget, those under \$23,000 secure an increase in the rebate, a cash rebate, plus the home childcare allowance seeing not only do they not wear a detriment, but they wear benefits as well.

In all of this we face a Liberal party which is now turning itself against any norms of decent governance. In the Senate they are opposing everything, they are opposing all of our fiscal measures - how does John Hewson go to the business community speeches on a Friday telling them about how we should have a lower Budget deficit, then on Tuesday in the Senate, his Senators down all the measures. How can you live with that kind of duplicity and hope to get away with it? Well, of course, he can't. That is why he is not taken seriously in business - he is a low impact player, as I said to him yesterday, a low impact player with a limited future - and he has.

I do not know whether some of you saw the 'Sunday' program on the Liberal party - it was quite interesting. One fellow said well, the problem is we have got a hole in the centre, he said there is no core, nothing at the core of the policy. Malcolm Fraser said it was a right-wing group; they have turned the Liberal party into a right-wing party. I have got the quote here somewhere, but you all know what he said I think. That is, 'that it wasn't always this way' he said, 'but it has been taken over by a small group who have turned it into a right-wing conservative party'. That is really what has happened.

On Mabo, John Hewson sat at his National Council, his Federal Council on the weekend while they carried a motion which said all options consistent with the responsibilities of the states for control of land use including a referendum. In other words ... he was running around weeks ago saying a referendum would be divisive, on Sunday he sits there doggo while they pass a resolution, he weakly puts his hand up for it, like a mouse, hoping he is not sighted, voting for a thing which abolishes native title and overturns the High Court decision. Is that leadership? Is that Leadership when he knows better? On the republic he said when all the younger, brighter people in the Liberal party were urging a conscience vote and support for the republic, he put his hand up for a motion which said the onus is on the Government to say why the Constitution should be changed.

In other words, I have to say why we shouldn't have the Queen of Great Britain as Queen of Australia, as our Head of State forever. He voted for that proposition, the hand went up weakly for that one as well.

In other words, the Liberal party which is always telling us about the rule of law, I mean how many times have they told us about the rule of law? Until our most supreme of Court - the High Court says that Aboriginal custom and tradition is now part of the common law of Australia and they are not interested in the rule of law. It is the same as their behaviour in the Senate.

They have just a father of a hiding in the election - what are they doing? Three months later, trying to deny the Government's legitimacy by voting its measures down in the Senate.

Always they attack the legitimacy of the Labor party - whether it is endorsed in popular mandates at the election - always they attack you. In other words, this has never been the Liberal party, the party of convention, it has always only been the party of shabby convenience. And now where it is a rule of law and you have fops like Hugh Morgan, well dressed dandies, whose only clever thing was choosing his parents wisely and out there in the High Court. You would think butter wouldn't melt in their mouths three years ago about the High Court, now of course, it is a social experimental group they say. All now attacking the legitimacy of our measures in the Senate because we didn't really win the election - now they are saying won on a false premise. What false premise? John Hewson was roundly rejected and at their meeting instead of saying look, we have lost five elections on the trot, for God's sake let's sit down now and say what is wrong with us, lets have a good hard look at ourselves. No, no, they put these mealy mouthed propositions around and out goes his weak little hand up to vote for them.

That is OK John, I have you covered - four square covered. I have got you right in the sights. The trick for me will be preserving you.

But I tell you this - once we get things really rolling, that is we get this solid budgetary position into place, we get the great principles of Mabo established in our law and then we really get onto focussing about our place in Asia and our right to an independent identity where we are represented by an Australian as our Head of State, that is when the heat will go on the Liberal party. That is when the heat will really come on and there will be no weak little motions then. We will be after them for 1996 like we are after them for 1993.

So I say this. Keep the faith as you have, you were true believers and I amongst others appreciated it ever so much that you were. We haven't let you down - not in the Budget and we won't let you down. This is always going to be a traditional Labor Government, but it will never be a do nothing Labor Government. I won't see this be a government of shame, passing the parcel on Aboriginal rights like other governments before us have done. I won't see us lose the chance of making a statement about our identity, but more than anything else I won't see us lose the chance of seeing every Australian have as much chance as possible to a job and a chance to participate in what this society can hold.

We will always have arguments rattling through trying to get things right, but that is part of our strength. At least we can have an argument. We do not have to have pap resolutions which we all vote for and then go out and rise and turn and twist afterwards. We can have our debates in public, at the ACTU Congress, at the Executive, at the wages committees, at your industrial organisation committees, in our Caucus - we can have the debates because we truly stand for something, we represent Australian society and Australian culture as no political movement in this country does.

If our opponents who seek to deny our legitimacy or seek to face up to the issues, who weakly skirt the real issues in Australian society think they can sneak under our guard they can think again, because the public are more conscientious than that. They know we have got the big issues on and that we have been considering them for a few months we have been reconnoitring, working out how we deal with them and in which way we advance them, but get our act together on these things as we are - on Mabo, on the Budget, on these other big issues and you will see, I hope, past breaking ground, big ground, 200 year old ground, the sort of ground that only a Labor government can break.

That is what we are about and always remember this: together we are always strong, while ever the trade unions and the Labor party stick together we are too strong for the others. If they couldn't beat us in 1993, I think they have got buckleys in 1996.

Thank you.