



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP
SPEECH AT THE ALP BUSINESS DINNER, WREST POINT CASINO,
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I am delighted to be in Tasmania again and I am particularly delighted to be here with Michael Field. We were just saying some nice things about him at the table. He wasn't hearing them, but we were saying nice things about him. And what we were saying was that when Tasmania was really facing a great difficulty just a few years ago with a tremendous problem in terms of its expenditures and its receipts, in short its Budget, there were very few people in the system, anywhere in this country, who could have taken that by the scruff of the neck and made the sort of changes that this State really needed to make and I think that the Tasmanian community is starting to appreciate that now.

And I was Treasurer at the time and I certainly did and I can assure you that when one went over the litany of State indices, by far and away the greatest change in that period was under the leadership of Michael Field and I am delighted now that we are seeing the polls changing here and they are for one reason - that is, that the Coalition Government here, the Liberal Party, is again showing that if you end up with a Government adrift, the State goes nowhere and I suppose that is best demonstrated by the fact that if you take the employment in Tasmania that is here as a consequence of the Commonwealth's programs, you take that out, in terms of, if you like, private sector employment, employment has actually shrunk in the period of the Groom Government and that is against that very big increase in employment nationally.

We have had 630,000 job growth since the election of 1993. So it is an extra special trick to make it go backwards. You know you haven't just got to be mediocre to make it go backwards, you have really got to excel yourself. And that drift, you know, all process and all show but no substance and no change.

I mean public life is only about change. I mean Duncan (Kerr) was very kindly paying me a compliment about change. But I do believe in change and I just think we are only here for the changes in public life because the system runs itself. I mean to be up here as a Minister saying well "here I am, I am a Minister, I have got the car and I have got the office and the title but I am not doing anything". You know what a way to live, what a way to live. But that is how some of these characters live and in the Tasmanian Government that is how they all live.

So public life is about public policy and about public change and if you are not in the change business, well get out of the road and let someone more enterprising, more ambitious, more courageous have a go. That is what should happen here in Tasmania and that is what I think will happen. So I am delighted, as I say, to be here tonight with Michael and I do really look forward, sincerely, to a Tasmanian Government, under his premiership, working with the Federal Labor Government because this State deserves better than it is getting. It has got obstacles, but it has got very strengths, Tasmania, and it deserves much better than it has had.

It wasn't that many years ago, 25 or 30 years ago, this State led the Commonwealth just about in most things - in industry, in labour, in most things. This is not true today and there is no cause why that should be so. So I am even more convinced of the need for the Federal Government's programs to be operating here in Tasmania and we look at things ... Duncan mentioned a couple of those statements, Working Nation is one. Getting the long term unemployed back into work. Case managing people, getting to understand their personalities, getting their confidence, understanding their aptitudes, finding a place for them, giving them a subsidy, getting them back into structured training.

These sorts of things are the things that will deal with problems of communities that don't have that natural buoyancy and strength in employment and where we owe this most particularly, of course, is to our young people and I know in parts of Tasmania here youth unemployment is very high and any community that is prepared to sacrifice the well being, prosperity and peace of mind of our young people, isn't one that has a lot of interest in its future and, therefore, I think again the things we have been able to do, and I say we the Federal Government have been able to do, are important.

By the way, they are the very things that our opponents want to cut out: labour market programs, the enormous spending on TAFE, all the things that really go to the heart of communities in a position of economic disadvantage, seem to be the things they want to be rid of. But they are the things, in places such as this, in parts of this State where we need most.

You know I was talking this morning to a couple of officers who were managing a couple of the Commonwealth programs, when we were looking at this Landcare project this morning, and they were talking about their

experiences and how successful they are in getting long term unemployed people, including young people, back into training and back into work.

But nothing is ever going to take the place of entrepreneurship, of investment and the raw employment that comes with it and I think all that means turning around the sort of sense of self importance that Tasmania has, that sense of prosperity about itself, and not being fed the line by sort of conservative politicians that the State is in some way a victim of circumstances. It has got every opportunity to really ... I mean you look at all the innovative things that are done here, there is no reason why there can't be more of it and it doesn't need to be fed patronising lines by politicians without ideas, as though the State is in some sort of position of being, you know, victimised in the Federation or not being supported nationally. It has every opportunity and, in fact, the national Government the more it can sensibly do here, the better.

So, once again as I say, I look forward to having the opportunity to work with Michael and really seeing it kick along and I thank you for joining us tonight.

I have the opportunity, obviously, with you to go over more generally some of the directions that we are taking and why I think we are at a most exciting time in our history. I mean a century ago, in this decade a century ago, was a period of the greatest depression, the greatest drought and yet the greatest sense of the nation, the greatest well-spring, the welling up of Australian nationalism, of Australian endeavour, Australian identity and that went on, of course, until it was snuffed out by the First World War and I only reappeared again, briefly, in 1972. I hope it has reappeared more strongly in this decade, one century later.

Because now, here we are at the foot of the fastest growing markets of the world, we have never been in that position before. Our markets were traditionally in Europe, with Britain, or in North America - a long way from here. We are now with them at the foot of these very large markets in a country which is now so much more economically competitive than it used to be.

Australia today is 40 per cent more competitive than it was in 1983, that is by the exchange rate, wages and inflation - 40 per cent. That is a phenomenal number. Not 4, or 14: 40 per cent more competitive and, essentially, that is what is driving our exports. A decade ago we exported 13 per cent of our GDP. This year we are exporting 22 per cent and I was having a little tete-a-tete on the radio tonight with a commentator at the ABC and he was asking me about this and I said "well this year GDP is \$500 billion. We are exporting 9 per cent of GDP more, than we were before this Government came to office. And 9 per cent of \$500 billion is \$45 billion." Just imagine where our National Accounts would be if we didn't have that \$45 billion in there.

We are now running a current account deficit of around \$25 billion a year. Just imagine where we would be without that growth. But just imagine the

innovation that has been put there to make it happen and you can see it happening right across the country in all sorts of things and the greatest growth, of course, is in elaborately transformed manufactures. Things which have innovation about them, have creativity about them, because one of the country's great strengths, and I think our greatest strength, is our education system and it is something that this Labor Government has put its back into since 1983.

In 1983, only three kids in ten completed secondary school. This year that is over eight in ten, which is a revolution really in education. We are streaming 40 per cent of those through universities, which means we have added to the system about 18 or 20 universities of say 10,000 average campus size. In other words, the capital city universities, we have added the equivalent of 18 to 20 of those to the system since 1985-86. And we have now in the *One Nation* program, put about \$1.2 billion into Technical and Further Education, or vocational education, since 1992. So we are now seeking to build beside the universities a competent and mature vocational education system so that those 60 per cent who didn't go, who have never gone through and won't go through, into tertiary education can find a place for themselves in the labour market in vocational education.

And it is that, essentially, which will be driving and is driving our product innovation. But it is driving it because we have got a country where we have got a better alignment of profits and wages. Where we have got a competitive exchange rate system in place. Where we have now introduced a productivity culture which is naturally producing a naturally low inflation rate.

Just remember this, we had a recession in 1991-92 and we had a recession in 1981-82. At the end of the 1981-82 recession, we came out of it with just on 11 per cent inflation. We came out of the 1991-92 recession, with 2 per cent inflation. And the reason for that is because we have now got productivity naturally occurring in the system and we have produced by low tariffs, a contestable Australian market that actually for the first time probably in our history, a really toey, competitive, contestable Australian market and that is producing natural productivity which is holding the inflation rate down. It is not being held down through a draconian monetary policy. It is not being held down through high interest rates. It is not being held down now in a recession because we have got growth running of the order of, you know, 4 to 5 per cent. We have had it there now for three years and yet we are still producing low inflation and that is coming because we have made a breakthrough in the whole competitive structure of the country.

And this is something. When I first went to Parliament, our Tory friends used to put themselves up as the sort of managers, the money managers. You know there was the Labor Party over here and there was the pin-striped suit brigade over there. But, of course, once inflation hit, they were absolutely dumb-founded and dumb-struck.

When double digit inflation arrived, they had no grip on wages, they had no grip on costs. Is there any wonder that the capital stock fell apart in the middle 70s and we started with a very large current account deficit. We had a current account deficit of 6 per cent of GDP in 1980, three years before this Government came to office. The debt, the nation's debt, had moved from virtually nothing to 30-odd per cent of GDP within three years of the Government coming to office as a result of the neglect of the 70s when J W Howard was asleep at the wheel. You know giving comments, cocky little comments, on the way into Parliament House up the steps like a radio jockey every morning, commenting on his own work.

But that is when it all happened. That is when, about the time, that Malcolm Fraser became Prime Minister was really when the weights were on in terms of national economic change and he and Howard threw the pass and as a consequence it was left to a Labor Government to turn Australia into a market economy.

But we have turned into a market economy and produced this enormous change, including in the labour market, and let's record this fact that we have had now 26 per cent employment growth since 1983. In 1983 we had a labour market of 6 million, we have now got a labour market of just over 8 million. We have had, outside the United States, the fastest rate of growth in employment of any OECD country and per year we have had five times the rate of employment growth that the Fraser/Howard Government had in the late 70s and early 1980s and we are still keeping it up.

In fact in the last year we had the biggest fall in unemployment we have ever recorded. And, as I said to you, we had 4 1/2 per cent employment growth, which I think is beyond any other country in the OECD, maybe the United States is in there with us. That is in employment.

Household disposable income has risen by 40 per cent since 1983 and the reason for that is there is more people in households in work and that is a phenomenal change. And, of course, in the social wage if we take another measure which is probably the most accurate measure of all because, you know, we have had this debate, we have had in the last year were a couple of phoney debates. One of them was John Howard told us in his headland speech, "the Liberal Party have been battling for battlers for a week". And I said "well that's interesting, we have been battling it for a hundred years". And I am not misquoting him.

But the best measure of all this is real household disposable income per head, per capita and it is the best measure. The reason it is the best measure, of course, is it includes wages, salaries, supplements, pensions and social security benefits. It includes the lot. It is adjusted for changes in the size of the population, it is after tax and it is adjusted for changes in purchasing power. So in Australia in the period 1983-94, real household disposable income per capita increased by 16 per cent - real. That is a real increase - 16 per cent in people's household disposable income and that,

I think, is the measure of how important social progress and the social wage is.

And I made reference in the Parliament recently that very telling remark by the US Labour Secretary Robert Reich at an OECD conference on employment and the social wage and he said "in the United States we have had enormous employment growth and now in a period of high prosperity, high profitability, a very high profit share in the economy and quite strong economic growth, the median wages of Americans are still falling, still falling, and they have been falling continuously for 15 years." So he said "you have got this terrible choice, an American style economy which has got high employment, but low wages, or a European economy which has got high wages and low employment. What a choice," said Robert Reich.

Well in this country we have come right up the middle. That is, we have got high employment growth and we have also had strong income growth and we have got a social wage underpinning it with such things as Medicare, with of course access and equity in health, in education. And in terms of payments, just let me give you an indication, I have just got a couple of interesting little numbers here. Let's take somebody...well the social wage gives considerable assistance to families. We estimate that a family with two children is worth \$200 a week. That is when you look at additional family payments, Medicare, the lot.

Under our Government, spending on the social wage increased by 73% in real terms, or more than \$700 per year for every man, woman and child in Australia. And what our research is showing is that this has narrowed the gap of the social wage quite considerably. This is including strong increases in the pension - a single pensioner is receiving an additional \$18 a week more than if we had kept pensions for them in line with inflation - \$18 a week more. An unemployed couple with 2 children, renting privately, under Labor this family is \$96 better off in real terms than when we came in office. So, it's an indication I think - let's take a single-income family with 2 children, and at two-thirds of average earnings - about \$25,000 a year - under this Government, the disposable income of the family has increased in real terms by \$52 per week. Their income tax has fallen - their family payments have increased by \$36 a week. Now, that's really helping battlers - people who need assistance, and why I think we have got this magic mix of a strong, efficient, low inflation, high productivity economy, grafted onto an equitable social wage, and it could have only come from a Labor Government. And I think that's why I think when you see that sort of sense of....you know, you can't produce good policies without good motivation, and just talking to people today about the way in which the labour market programs are helping the disadvantaged and the long-term unemployed - these good things come from good aspirations, good inclinations, good feelings. And the Labor Party has traditionally had these. It's always had them, because it is of the community, and that's why, I think, only a Labor Government could actually produce this mix and advance the country, but do it fairly. And that is what I think is happening.

We have got people trying to misrepresent us. John Howard is running around all the time trying to talk about all these things - but let me just run a couple of things past you. In the last month - look at what, in the last month, the Government has done:

- It has delivered a Budget in surplus, and in surplus for years to come;
- It has established a national superannuation policy, which will at least double the retirements incomes of Australians, and create by the year 2020, a pool of national savings of \$2 trillion - \$2000 billion;
- We have created a new maternity allowance;
- We have delivered \$158 million Justice Statement - amongst other things, with family service programs, extending Legal Aid and legal services, and establishing a national women's justice strategy;
- We have realised a century-old Australian dream to have a single gauge railway linking the capital cities of the mainland - that is, we saw the *One Nation* train go from Brisbane to Perth via Melbourne, for the first time in our history a week ago;
- We have launched a \$25 million national Civics Education Program for our schools and communities, to tell our young people about the nature of our constitutional arrangements, and their history;
- And we have announced our proposal to make an Australian Australia's Head of State, and for Australia to become a republic by the year 2001.

In one month. In one month - a surplus Budget, a new national retirement income policy - 15% of all Australian workers put away \$2 trillion in savings by the year 2020 - a maternity allowance, the Justice Statement, the *One Nation* railway, the Civics program and the republic in one month.

Now, that's more on a month than the Tories did in the whole of their Governments. Really. And I'm saying this advisedly. I used to be there - and I remember being there during the McMahon Government, and I was up playing tennis with a journalist I knew, and I said "how are you going?", and he said "oh well, it's been pretty boring", he said "you know, the Government has put out one statement in 2 weeks", I said "is that right? What was that?", and he said "to appoint someone to Repatriation Tribunal number 2". And that was the truth. I mean, people forget the Rip Van Winkle years of the Coalition. You know, the torpor that Menzies left us in, through this period. You know, old McMahon and people like that. And then, of course, with great hope and expectation, the Fraser Government - which did nothing. And yet, in one month, this has changed, and we have got, yet, the Leader of the Opposition running around saying "don't forget me". When it mattered, of course, as far as he was concerned, he forgot us - he left us with double-digit

inflation, double-digit unemployment, the biggest Budget deficit in our history, smashed profits. You know, appalling employment forecasts - he was sort of drummed out of public life - out of the Treasury - in 1983, and now after a Labor Government has, with energy, foresight and ambition, put this model together for Australia, and after this Government has done these things in just a month, he is saying "what about me?".

And there we saw him at his best - or shall we say his worst - a week ago: we had the "headland" speech. What was in it? Nothing. One commentator - senior commentator - described it as mulch. And it was. you read through it, and it was just a collection of press statements. You know, incoherent, and it had no thread to it. The other thing is, they can't even write a decent sentence. Now I know maybe I'm old-fashioned, but I actually think writing a nice sentence down has a lot going for it. They can't even write - can't even write. I mean, they are supposed to be the Tories - they once had people from the great doyennes of the Bar, you know, men and women of letters. And what have we got know? Words - incoherence. This is the headland statement. I mean, it was just all over and done with in a day. Waited, come, gone - finished. Over. Then, a couple of days later came the republic.

Now, the thing is, the thing about the republic - I'll just say this about John Howard: I respect John Howard's right to be an Australian monarchist, but I do not respect his pretending - for several days - to be something other than a monarchist. I don't respect him blowing in the breeze. Whatever else he might be, he's supposed to be a Leader - he's nominally and notionally, the Leader of the Opposition. And least of all do I respect his attempt in the last week to confuse and misrepresent the issue to cover his own indecisiveness and divisions within his own party, and those divisions, of course, are very evident here in Tasmania. Mr Howard has been talking about a "people's convention" - half of it appointed by him. As if another committee, as Jeff Kennett called it, could help the process. Then you had him talking about a plebiscite - he began talking about options and choices, and the only choice he didn't talk about was the one which the debate is really all about - whether an Australian should be our Head of State. But here is what he said the day before yesterday - I'll just read it to you: "Now, we are putting up a convention - a people's convention. If a consensus comes from that, we will put it to the public for a vote for a referendum. If there is no consensus, we will also put the issue to a vote, but in those circumstances, we would have to offer people a range of choices, and we would have to say do you want this or that?". So, "do you want this, this, or this?". Well, in other words, it is down to this - it's down to pretending this mind-numbing business of process, rather than the simple issue. He can only try and survive the debate - I mean, this is what this week showed - that John Howard can only try and survive the debate - he can't constructively engage it. He is trying to survive the debate by pretending that a referendum is a denial of choice, or that the question is more complex than it really is, or that the Government - which has found support with a lot of people in the Liberal Party - is up to some kind of villainy by creating the conditions in which Australians can debate, and then decide whether an Australian will be our Head of State in the 21st Century.

We have got Bronwyn Bishop - of course - she's out there saying it's a communist dictatorship. We have got them saying that Keating wants to be President. Well, let me tell you - the day that Parliament gave me a two-thirds vote would be the day I knew that I had lost my political virtue. I only want two things when I retire from politics - one, I want to live in an Australian republic, and two, I want a private life.

So, anyway, the Government's proposal is designed to ensure that the position of President will not be filled by a politician - that it is above politics, and it will be filled by people who are universally esteemed by their fellow Australians. The conclusion I draw from Mr Howard's behaviour in the last week does not really concern the republic at all - the conclusion that I draw is this: I think the last week has demonstrated how sad it is that at this stage in our history, the Liberal Party has resorted to a Leader who will not lead. As one commentator put it this week "Mr Howard's leadership principle is "I'm your Leader - please show me the way". "I am the Leader - I will follow"." Remember this - it's worth remembering - that John Howard had two and a half years to prepare himself for this debate - he actually prided himself on being a monarchist champion within the Coalition. This was one of the subjects he understood. When he was running around needling and knifing Downer, he was saying "I am one of the people that can understand these bigger subjects like the republic". He had two and a half years to prepare himself, but when it was announced in the Parliament on Wednesday, he was utterly unable to coherently respond - within three days, his first response had dramatically changed to another response. I must say, even I was surprised by his incapacity, and it takes a lot to surprise me about John Howard's incapacity.

Now, in the last week, we have had people on the Conservative side - Ray groom here in Tasmania, Jeff Kennett in Victoria - make decisions and say where they stand. Even poor old Tim Fischer in his own way has been clear about his position. But Howard's response has been only to erect a wall of obfuscation and meaningless process. He is throwing out some fly-paper in the hope that he will get the republic to stick. Which is, by the way, what every constitutional convention - and we have had many over the years has managed to do - they are uniformly expensive and unproductive. Now, Mr Howard was saying that he doesn't want the republic to be the main issue of Australia's political debate. Well, it's not the only issue - I agree with him. But, how does he face up to the fact that in a month, the Government has produced these changes, as I have mentioned to you - the surplus Budget, the big national superannuation scheme? Imagine them, the Liberals, having the wit or the courage to get every Australian person to put 15% of their income away as savings? Or to link the country up with a national rail system, or to launch the Civics Education program, or to indeed, launch the republic?

So, this is the thing - the Government has that vitality about it, and it has the bigger view. And let's just take that view - in that month the one thing I didn't

mention was the visit I had to Japan, and the very successful meetings I had with the Government of Japan, and the statement I came away with endorsing the relationship between Australia and Japan, with the government of Japan saying that Australia was an indispensable regional partner of Japan - this is the second largest economy in the world, and our largest major trading partner. We developed these bilateral linkages. At the same time, we are developing the multi-lateral ones, like APEC. And part of that conversation in Japan was about the value of APEC. I saw the Chinese Vice Premier in Sydney yesterday, also talking about the value of APEC - keeping the United States strategically engaged in Asia, opening up markets around the Asia-Pacific rim - these and other things have come from the Labor Government. So, not only developing the structures at home, developing them abroad.

Could you imagine - I mean Gareth and I are working on these issues - could you imagine Alexander Downer working on APEC? (*No. No.*) He's telling us to send a gun-boat to Mururoa. I'm sure he still has battleships in the bathtub with him, to sort of, create his own view of the world, you know. He would have the *Repulse* or the *Renown* floating past his toe, *King George V* just going over the ankles.

But, the thing is - the truth is - they faced up to any of it - the big economic model, with the graft of the big social wage, or any or the big social outreaches - be it participation in education or in health - or the big foreign policy gestures of the Government - in APEC, or in chemical weapons, or in Cambodia - or in the big bilateral relationship with Indonesia or Japan - they can't get near the Government. And you can see that in the headland speech. It came to nothing. It was his big moment, and what was it? A complete fizzer. two nights later, the republic - a bigger fizzer. So, this is why we believe that the Labor Party - it listens, it is of the community, it understands community sentiment. But it has also got invention, and creativity, and imagination - the Labor Party has got that one ingredient the Coalition has never had - imagining something something better, and going after it. and the other thing is, we have got also belief in Australia, belief in Australians, and the notion that we believe that we will never be - never truly - represent ourselves, or adequately express that which we have become, unless one of us is our Head of State. Now, these are all things which are the mark of a Party with imagination and with a vista about what Australia is. And including, those big social questions, like reconciliation with our indigenes, a greater role for women in our society, improving the status and the participation of our women - John Howard said we were falling prey to the special interest groups - the environmentalists, Aborigines and women. Well, if they are special interest groups, if we don't respond to them, what sort of Party would we be? That's why we are going to keep this growth sustainable: you can see it now, 3 3/4% GDP growth, with modest inflation - we are about to put another Accord together with the ACTU to guarantee wage restraint over the next 3 years, and good inflation outcomes. We are going to continue with our education system adding to that program of innovation to our exports, we are going to continue to build those relationships outside of

Australia, and we want to do it holding our head up as Australians. All that is a formula John Howard can't match.

And that's one of the reasons I will be working with Michael Field as Prime Minister and Premier after the next election (*hear hear*) - ours and his, to see the great craft of the Labor Party working again fully here in the state of Tasmania as a full partner in the federation of this great country. Thank you.

ends.