



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP
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Well, Martin, Jennie, Bill, Members of the Executive, friends - one and all - it is great to be back and I mean that. I always look forward to coming to the ACTU Congress.

One of the happiest memories I have of the 1993 election was the meeting I had with the ACTU Executive a week or so later. That will always sit in my mind as a manifestation of what it was all about - coming home to our real friends.

Now I have always stuck with the unions. I believe in union people because I believe in the things that most of you people do. You spend your working days and your working week looking after the interests of ordinary Australians. And it is hard going and it has always been hard going, but we have done many things together and the model we have put together is so sophisticated, in certainly western world terms, but what pleases me greatly is not only has it worked but you all know how it works and why it works and why the consensus and the cooperation that we have had between us does really mean something and that the trust that we have built up between us does really matter.

And I couldn't think of a healthier thing than the trust between the Government of the nation and the workforce of the nation, or the leadership of that workforce. And if you are about building trust, about a cooperative partnership, is there any greater basis than this? Well I wouldn't think so and that is why I am here, pleased again, to be able to talk about it.

The other thing I am pleased about is Jennie George gave me a kiss when I arrived. But she won't be giving John Howard one.

And I have got to tell you how much pride it does fill me to find people like Martin Ferguson, who has just given me a kind introduction, to know that after having led the industrial movement, he will be going to the national Parliament to carry on his life's work and to see that torch passed to another great person in the labour movement - Jennie George.

I congratulate Jennie on what is not simply a wonderful endorsement to be the President-elect of the ACTU, a wonderful endorsement of a Labor person, but a wonderful endorsement of a Labor woman. And I mean she has been so good at it and I watched her in a few interviews recently. She has got them coming and going, she knows all the angles and she is only limbering up. When she really gets going and all the lines really start rolling through her mind and, of course, I always find this in the election campaign for the first week you are stumbling around, pulling the lines together, then you start really refining them down and by the third week they're deadly. A punch in every sentence and I am sure that is the way it will go here too.

But it does fill me full of pride to think that the trade unions in this country have been able to elect a leadership group in this last decade that has meant so much to Australia and so much to the labour movement. We will never see it better than this. It doesn't matter how long we live, I don't think it has ever been any better than this. There is no time when the Labor Party and the industrial labour movement have had such shared objectives and have done so much together and, again, in that relationship of trust.

We have completely remodelled a middle-sized OECD economy from the ground up - its economy and its society - and we have done it in the image of labour, of industrial and political labour and we sit here today with 4 per cent economic growth, 4 per cent employment growth, 2 1/2 per cent inflation and one of the most fairest and decent wage and social policy systems in the world and that is a tremendous achievement - a great achievement.

And they are the things, I think, the values we have to inculcate in the Australian community. That by cooperation you can do good things. If you have, as I think we all have, faith in ourselves to do something good and belief in our fellow Australians that with them something great can be achieved, there are no boundaries to what can be done in this country.

I mean I wasn't surprised the other day when the World Bank came out and said that on an asset basis we were the richest country per capita in the world. And I said on an asset basis because that is not so on an income basis. But you don't have to be an economist to know that the great wealth of this continent, as large as it is - spread over just 18 million people - would have to turn up a result something like that.

But this is the great opportunity we have been given - just in four times our lifetime there were no Europeans here and that the Aboriginal and Torres Strait Islanders of this country had held this great continent in trust for us and we have a remarkable opportunity to do something with it.

You know from the history of the labour movement in the 19th and early 20th century of people going off looking for nirvana in South America to make the sort of social paradise, to build the model they didn't think they could build here with the forces of reaction. Well I am glad some of them stayed at home because we are able to build now a model that very few countries can emulate.

And when we are looking at ourselves ... you look at Japan, it is growing at 1/2 per cent a year at the moment. Western Europe is growing at around 1 1/2 per cent to 2 per cent. The United States is growing at around 2 1/2 per cent. We are averaging around 4 per cent. We have been growing as high as 6 per cent. That means we are creating twice as much wealth and twice as much opportunity as we would otherwise were we in some straight-jacketed model, some model which says "let's not cooperate together", but rather "let's let the people take the best and the devil take the hindmost, the strong take the best and the devil take the hindmost, and we will see what happens after that."

Rather than that, we have gone a long a path which says that employment matters and I think the thing that is lost on many people, it is certainly lost on our friends in the Coalition, that the Accord has always been a very clear trade-off of wage restraint for growth. And the growth is the thing that delivers the employment and the employment goes to the people who are either at the bottom end of the queue or starting in the workforce. So it has always been, in a sense, an internal trade-off for the trade unions of this country. In a sense, restraining the top-end power of the ACTU constituency to deliver equity and fairness in the bottom and the middle ranges of the income scales and to guarantee to those people employment, so that we can run a quite fast, high growth, economy and we can run it with low inflation.

Now, of course, under the changes we have introduced, we have now come to a productivity model. We have come away from the strictures of a centralised system which wasn't able, while we could get aggregate wage adjustments from it, national wage aggregate adjustments, we weren't able to get the within sector flexibility we have always known we have needed. So we needed the award restructuring to proceed that. We put that into place. Amalgamation of unions. That has got into place and we are now into an enterprise bargaining system, which gives us the capacity to lift the earnings and productivity of businesses and share it between profits and wages.

As well as that, for those not able to access the system, we have got a safety net. We probably have the nearest thing to a permanent wages system, we have had certainly in the twelve years of the Accord because we had so many various wage models to take us through those difficult years of transition from the uncompetitive economy, industrial archaeology of the early 1980s, through the big collapse in our terms of trade in 1985-86, to the big deprecation of the exchange rate, at the same time then trying to pick it up,

restrain the growth of the late 80s, to hold inflation down so that we knew we wouldn't be back where we started in 1982-83.

Now we have come through all those wage systems. We have now got low inflation and we all know it is much easier to run a wages system on low inflation and, I think, we know that the system we now have together is a very fair one. If you don't have enough bargaining power to get yourself an enterprise bargain that increases your income, or at least where you would get protection, real wage protection, you can fall back to the safety nets.

So it is, I think, a model, perhaps, in transition, but one getting very near to the one that we are going to finish up with and that is one where enterprise bargaining will be the order of the day. And, of course, one of the things I said to you in 1993 and since and that is were we still hostage to the centralised wage fixing system, how much easier it would be for a Coalition Government to hop into Australian working people, to tear the hell out of it. Whereas now we have developed a model that lives by itself and breaths by itself, out there, in the industrial landscape in the workplaces of this country.

Because we can what the Liberals are about. They are always about the same thing. It doesn't matter whether it is Stanley Melbourne Bruce in the 1920s, or the Earl Page's of this world, or any of the Labor renegades like Joe Lyons, or Menzies, or Fraser, or any of them - they are always about the same thing: basically, cutting peoples' wages. And I don't quite know why because the profit share is almost at an historic high. And you have got to say well what do you want. Do you want the profit share beyond any historic precedence and what is the point in that? Aren't the executives already getting enough out of it? Are they milking the system as much as they can? What do you want to cut the wages of working people for, other than spite - spitefulness, a sort of an ideological envy? But you see it with Jeff Kennett in Victoria. You see it now in Western Australia. We have seen John Howard endorse the Western Australian model.

Fortunately, with Labor in office, with the Federal legislation so many people came back under the Federal award umbrellas. But, of course, with a Coalition Government that option would still be there. But, in a sense, the option would be to fall into their schemes so that they took a lot of these protections away.

So, I think, that we have been able, through all of the vicissitudes and difficulties of a re-modelled economy, to put an essentially fair wage system into place. And, I think, that is the message that we have got to get to Australians. That we have given Australians huge employment growth - 2 million jobs since 1983. That our wage ... that we have adjusted the country economically to low inflation, but we have done it fairly and decently. That we have tried to protect the weak and the disadvantaged and, as a consequence of all of this, we have a much more cohesive and united country and a much more efficient economy.

This is an ~~extremely great achievement~~ and I am quite ~~sure, not even~~ in the halcyon days of the labour movement in the earlier part of this century and last, such cooperation never really existed to this level and so precise have been our objectives to go and do it together. And we have kicked other milestones that, I think, we mightn't have even have thought were possible back there in 1983 and a couple of obvious ones come to mind - superannuation is perhaps the most obvious. Because for those of us who have got a lot of our working lives behind us, it won't mean as much as for those with their working lives ahead of them.

But, even today, with a couple in their mid-30s in the workforce there is going to be a substantial increase in retirement incomes for those people above the age pension. And for those, of course, starting work now, it will mean essentially someone on average weekly earnings will, at the end of their working life, retire on a retirement income of about the same - around average weekly earnings in today's dollars. And that is real progress because it is not very many times that any Government, or a trade union movement, get the opportunity to put such a thing into place. And to do it in the way in which we have, adjusting the wage systems over the years, now putting some tax cuts aside to go into superannuation accounts, a relatively modest contribution on the part of employees, will get us to 15 per cent by the year 2002. We will see a huge pool of savings built and a set of protections, for Australian working men and women in retirement, we would never have got by simply the public budgets, by legislation and, certainly, not from a conservative Government.

We have been able to do things like that and maternity leave is the thing we have just done most recently. There are others that spring to mind, child care, support for women in the workplace, the changed status of women - both in the country at large and in the workplace. All of these things have come from the Accord and come from the relationship of trust that we have developed together.

Now the Liberals, they don't understand any of this because, basically, they don't have any faith in people, they don't see you as fellow Australians, but rather some sort of class enemy, some sort of political enemy. But their story is starting to fall on deaf ears because the business community know that industrial disputation now is at the lowest it has ever been since they have been keeping the records. They know it is 1/6 of what it was when John Howard was last Treasurer. They know that the profit share is up and the stock market is running at about 2,150. The day I was sworn in as Treasurer, the All Ordinaries Index was 451, from memory. There has been a five-fold increase, a four to five-fold increase, in wealth in the stock market. They know these things.

They know that there is flexibility in the workplace. They know that they are able to drag productivity out of businesses and sensibly share it between profits and wages. And you have got to wonder now, how many of them want to turn it up because I am finding, as I go about, that the endorsements that

one would formerly expect to see for the Liberal Party are just not there anymore. That it has been on for too long now and it has worked and that people have faith in it - not just us, but the employers as well.

Now, Howard is out there doing what he normally does and, today, he is in a difficult spot because he made a great mistake yesterday in saying that he will open the cross runway at Sydney Airport, so as not to concentrate the traffic on the two parallel runways. And you might say "well what has that got to do with industrial relations". Well I will tell you it has got this to do with it.

This is a fellow who has been telling us for years that we are slack about the micro-economy. He is going to be guy that cleans up the ports and wharves and the rail system and all of the other things that we, he says, haven't been able to do. You can say to them the turn-around time in the ports is the same as European ports. You can tell them now that there are 18 people per ship on the Australian coast when there used to be around 28. You can say these things - it cuts no ice with them because they say they are going to do the tough things.

But the one major micro-economic reform to the airline system in the last 20 years, has been the opening of the third runway at Mascot. It is the gateway to Australia. It is the key to Australian tourism. It is the linkages to Melbourne and Brisbane and the other major ports in Australia. It is the change which John Howard was out there arguing for, pressing us for, for years and years and years, on the record.

Yesterday he said he now opposes it now that it is built, he wants to put a cross wind runway across it which will mean that the safety margin falls to pieces, that we would actually halve the traffic of the airport, and so the one micro economic test, not even a test for him because we built it not him, for a few votes in the seat of Bennelong, in his own seat, he is prepared to tip on its head the one major micro economic change in civil aviation, yet have the rest of Australia believe that he is going to be the guy that does it to wages, the labour market, the waterfront, to shipping, to transport, to all the other key areas of the micro economy in this country.

Not only has he said that, he has gone and said that he will down the asset sales task force budget measure of selling the airports off by withdrawing support for the sale of Kingsford-Smith airport while ever the government doesn't exceed to his demand to have cross wind traffic. Now you know that if you put a plane across two parallel lanes of traffic what you have got is a recipe for disaster.

So, here he is telling the employers at the business lunches in Melbourne and Sydney that he is the one to do the tough things. He is the one to make the fundamental changes, but on a change where they are needling him in Hunters Hill, where in that important headland for him - between Lane Cove and Woolwich in Sydney - he thinks the pressure is getting too hot, what does he say, he will tip the major civil aviation micro change on its head, he'll got

back to an unsafe airport, he'll actually punch a \$2 billion hole in the surplus by vandalising the government's asset sales program.

I can tell you this, there is blood in the water, and in politics you have got to have a nose for it. I watched him in the Parliament today, it came in, we had the vote on it, but normally sitting opposite me in the chair all cocky with inane little comments, but where was he? He was down in the back end of the triangle of the Parliament, back into the back of the horseshoe talking to a couple of backbench MPs while the votes were taking on. The psychology was all wrong, all wrong. I said to them 'where's you little mate? He's down the back here.' And, of course, they were on the back foot on the wages front because they knew I was coming here today and I know you have seen some of our advertisements this morning and so have they, which underlines the fact, of course, that the award protections which are there now in overtime, penalty rates, holiday leave loadings et cetera, would go without compensation under their model and it would mean that for people in certain circumstances, in certain occupations, I gave the figures during the week - transport workers losing nearly \$5000 a year, nurses losing more than \$5000 a year by losing penalty rates and these things, or losing overtime payments, that this would be a material disadvantage, a large disadvantage for a very large section of the work force. To which they say 'we'll be keeping the award protections', but only for people who don't change jobs. But 1.7 million Australians change jobs every year. In the last three years 43 per cent of the work force have changed jobs. That is 43 per cent of people that don't have the option of award protection. Like for instance, all the higher education people. Students, who leave and graduate, who come into jobs and there are 600,000 of those a year, no award protection. For half the year 11 and 12 leavers, about 200,000, no award protection. For the women joining the work force, no award protection.

We are gradually getting these points out and they don't like it because, essentially, it is the same miserable policy they have always had. It is Jobsback, just dressed up in another way and it is about those things - tearing down wages for ordinary men and women through the loss of such conditions without compensation.

We say we have a no disadvantage test. That enterprise bargains have got to be run past the test and that you can vary some of these conditions, but there has to be no disadvantage overall. No remunerative disadvantage overall. They would never agree to such a test. We are also saying some community standards just shouldn't change, like sick leave for instance. You just shouldn't trade it away even though there are many things that can be traded away providing there is a remunerative benefit in return.

So, this is there difference and we are starting to get them out. They were feeling the pinch today on industrial relations and they are feeling the pinch on this very important, I think, icon issue. That is whether Howard has the bottle, or, put in the vernacular, the guts, to do the big changes in this country. Whether he can take on the big issues and do them co-operatively

as we have done in places like the waterfront or in shipping and in transport or in telecommunications or in civil aviation or in any of these areas. Because when the first test has come, he has caved in for a few votes in Bennelong because he has only got a three and a half per cent margin in Bennelong. So, instead of walking along with confidence believing he might win a national election, he is really worrying about whether he can hold the seat of Bennelong and whether he can please the Gurchers of Hunters Hill.

He has not had a good day and, I think, this is a turning point in the dream ride he has had to date. Many people have said well, the government has been in office a long time, we want an alternative to be able to vote for and the moment that Downer resigned Howard jumped straight in the polls, but of course, with time the journalists have been saying to us 'is there an early election on?' I've been saying no, no early election. I want plenty of time to have a look at Howard. It is the same old Howard that we saw in the 1980s and the 1970s. He might be trying to airbrush himself and Andrew Robb might be trying to airbrush him and wash away a few of his problems, but in the end, when you peel it all off he is the same person. He wants to hop into working people and when it comes to the big changes ... we called him in the Parliament today "gunna Howard" - he was gunna to float the dollar, but he didn't. He was gunna deregulate the financial markets, but he didn't. He was gunna knock over the tariff wall, but he didn't. He was gunna change the micro economy, but he didn't. He was always gunna do these things and yet, here he is, naked now coming up to a poll saying, for the shabbiest of reasons, let's cut back the capacity of our largest airport and let me vandalise the budget surplus. All for a few votes in Bennelong.

I hope the public understand this, while at the same time he is saying he endorses the Western Australian industrial legislation and he wants to see these changes of the Western Australian variety in the Federal jurisdiction. So, it is very clear what we are going to fight. It is very clear, I think, that we can beat him because we'll beat him not just on these issues, but on the basic issue that he has no faith in Australians and no real belief in Australia. Howard is a person from that part of Australian history that has always seen Australia as a derivative society. He doesn't even understand the opportunities we now have. He doesn't see the imperative of our integration in Asia. Four weeks ago he refused to see the General Secretary of the Vietnamese Communist Party Mr Do Muoi, who the previous week had joined ASEAN - the Association of South East Asian Nations - as a full member. Who, two days after leaving Australia sat down in a meeting with the United States Secretary of State Warren Christopher, but he wasn't good enough to meet John Howard. And, all around the region now, we have got people saying, "what about the Federal Opposition in Australia if they are not prepared to talk to the Vietnamese, will they talk to us?" I mean, what sort of a relationship would the rest of ASEAN have with them? These are the sort of obscurantist views, he is still fighting the Vietnam war or here he thinks there may be a few votes in the Vietnamese community in western Sydney or in Melbourne, just the same way as he thinks there might be a few votes over at Bennelong with the airport. In just the same way at St Joseph's College in

Hunters Hill, eight weeks ago he told a group of high school students, yes, he thought he should put a ban on uranium sales to France when he knew his policy was the very opposite.

You see, there is no strength there and there is no purpose and there is no understanding. To think that now here we are with a growth economy, a productive economy, a stripped down one, one that can now engage itself in Asia in the fastest growing part of the world, where we are making bilateral relationships the likes of which we have never had with these old societies like Indonesia and Vietnam and China and, of course, the great relationships we have built up over the years with our biggest trading partners - Japan and Korea - it is lost on him.

So, these are the reasons why I think the Australian community are not going to take him. He is out of his age and he is out of his depth. Worst of all he is weak and sneaky and they don't like sneaks.

I know you see most of these things in him that I see, but what I see in you is the good things about Australia-- the things that we have done together and the things we do believe in together. The building blocks we have put into place, where we have taken this country from an industrial backwater with old derivative technology to a modern industrial country, which is still changing, still evolving, where we have set up partnerships not simply between the government and the industrial wing of the Labor movement, but also with the farm organisations, also with industry, where product innovation is the order of the day, where the education system is the thing that pumps our product innovation along, that great liberator of education. These are the things that have remade Australia and they are things we have done together and they are not academic things, they are not esoteric things, they are real things that have been put together because of trust between us and the faith we have in our fellow Australians to make adjustments and to see a better way.

We in the Labor movement always think we do represent the best instincts of Australians out there because the Labor Party is a collection of little branches spread across the country, joined by people who have no other reason for joining it, no ulterior motive but the advancement of the nation. You people represent working Australians in trade unions, you do so simply for their advancement. They are very decent and pure motives and it is why, I think, at our grass roots we have been able to always produce good policies. And you have had the leadership. You have had great leaders in these years and leadership is everything in an organisation and in the ACTU you have had a great clutch of leaders who have seen the opportunity and steered the boat the right way, in their own right and in partnership with the government.

That is why I am pleased to be back today to say to you that you did keep the faith for us last time. You did fight the unwinnable election. We did win it and we have kicked into place since the industrial legislation, we have seen home enterprise bargaining, we have stitched up superannuation now to 15 per cent, we have put in the maternity allowance, the home child care allowance,

the generalised child care rebate and we have seen since the election, 680,000 jobs created and fulfilment of the most solemn commitment we made at the poll and we have seen the target we set in Accord Mark VII exceeded in two and a quarter years. So, it was worth it. It was worth it to win that last election just as it will be worth it to win the next one. Because the thing we must remember, people talk about the golden age of Australia in the 1950s and the 1960s and when you looked around it was a fairly ordinary world. It was a bit golden for us because we were selling food to countries that couldn't feed themselves. We were selling wool to people who couldn't clothe themselves and we had a ray of sunshine shining on us, but there was a lot of darkness around. This is not the world today. The world today, there is sun all over the place - east Asia is growing as never before, the Indian sub continent is growing as never before, South America is growing as never before - there is a real light shining out there and Australia is now part of that broader sunshine and we are not just sitting there with some sort of natural endowment or benefit that gave us a 10 or 15 year benefit which then washed away as these other great countries caught up and passed us like Japan and Germany in the post war period or the United States or some of the countries of east Asia. Now we are out there in our own terms in the broad sunlight of world growth, of broadly spread world growth and opportunity and we are earning our freight amongst the community of nations in the area in which we live, not as some sort of European enclave, but as a part of the Asia-Pacific region ourselves.

It has never been a better scenario for us and that is why it would be a tragedy to see this scenario darkened by an obscurantist reactionary government that doesn't understand where we are at all and has no capacity to keep the co-operation of the kind we have going.

So, I ask you to keep the faith in the Labor Party. Keep the faith in this Labor Government and know that the things we promised you, we have done, but also know we have done it together and we can keep on doing it.

Thank you