

WHAT KIND OF COUNTRY DO WE WANT AUSTRALIA TO BE?

Opening Address by Gareth Evans, Deputy Leader of the Opposition and Shadow Treasurer, to the New South Wales Young Labor Conference, Sydney, 19 April 1998

The most fundamental question at stake in the forthcoming national election is what kind of country do we want Australia to be.

How do we want to treat each other, and live together in the wider Australian community?

- In a way that is cooperative and compassionate, giving priority to well-being and quality of life and employment opportunity for all members of the community, giving real weight to public goods and public service, and to long term satisfaction rather than short term gratification?

- *Or* in a way that is confrontational, divisive, focused on private gain rather than public good, and indifferent to the pain and humiliation of those who fall behind or who are outside the cultural mainstream?

How do we want to present ourselves to the wider world?

- o As a modern, innovative, socially and economically advanced, united, multicultural society, energetically and creatively pursuing both our national interests and wider good international citizenship objectives?
- o *Or* as a country which had a chance to be great, a real role model for the world of the 21st century, but which turned inward and backward and threw away that credibility and stature?

Who do we want to be the face of Australia, presenting Australia to the world at the 2000 Olympics and as we enter the new Millennium?

- The face of small mindedness and parochialism, of 1950s social conservatism, of cynical political opportunism and short term advantage, and utter insensitivity to the great new currents of our time and our region - as represented by John Howard?

- *Or* the face of open minded, intelligent, expansive, sensitivity to the human issues, and all the other great issues, of our time - as represented by Kim Beazley?

It is the proper role and focus of Young Labor - more perhaps than any other section of our movement - to be preoccupied with this big central question, of what kind of country

we want to be.

- It is your country now, for better or worse, for the next five or six decades.
- And it is what happens to you and your generation - the attitudes and outlooks that you carry with you as you move into positions of decision-making authority - that is going to be far more influential over the course of those decades than anything *my* political generation can achieve in our remaining time in public office.

That said, there are some very big issues being fought out at the moment about which I want to talk today - in particular on the waterfront, on Wik, on Telstra, on tax reform and on the responsibility of government to deal with unemployment - that *will* have a decisive impact on the whole character of Australia, depending on how they are resolved now and at the next election.

It really will make a difference if Howard, Costello and Reith are given another three years in office to do their worst, and are allowed to consolidate and entrench the directions they have now mapped in social and economic policy on these issues, and on the two other big policy areas that are going to be at the heart of the election campaign, health and education.

For the future of this country, now so unhappily poised on the brink of what seems like a precipice, it really is critical that Labor wins what so many people dismissed originally as the impossible victory - and gets this country back on a path of sanity and decency, and good government in the interests of *all* Australians.

Waterfront

The assault on the MUA on the Australian waterfront, complete with black-shirted guards with batons and balaclavas and dogs and mace, has laid bare some of this Government's most ugly characteristics.

First, the course of events has shown Howard's absolute determination, here as elsewhere, to follow a path of division and confrontation rather than cooperation and negotiated change.

- There are certainly further productivity gains to be achieved on the Australian waterfront, even though Australia's container ports do have inherent problems, by contrast with major overseas ports, with low volumes, vessel types, low transshipment rates and infrastructure limitations.
- But the point is that even with these constraints, negotiated improvements of 30-40 per

cent in container rates were achieved under Labor, with total employment on the wharves being reduced from 10,000 to well under 4000.

- For the two-thirds of Australian cargo that is bulk shipped, everyone acknowledges that world's best practice standards *have* been achieved, and that has been with full union cooperation. With decent attitudes, and a decent spirit of commitment to necessary change further productivity gains could unquestionably be achieved on the container wharves as well.

Secondly, the Government's actions on the waterfront demonstrate beyond argument its manic ideological hostility to the trade union movement - its determination to force Australian workers on to individual contracts, with no job security and diminishing entitlements. The sackings the Government is supporting are based *only* on union membership, without regard to individual work performance.

- If the Government gets away with what it's trying to do with the wharfies, this can happen to any other workers in Australia: no worker's job will be safe.

Thirdly, the course of the waterfront dispute has demonstrated yet again the dishonesty, dissimulation and all-round sneakiness that have been this Government's stock in trade - this "murky, smirky and sneaky...Howard-Reith version of Thatcherism" as Peter Robinson put it in last week's Sunday *Sun Herald*.

- There is no doubt that this whole affair was planned and orchestrated from the outset by the Government. All that remains to be formally proved is Peter Reith's direct knowledge and involvement in the Dubai mercenaries debacle, about which few of us have any doubt.

- It's only two weeks ago - on March 30 - that the disillusioned non-union wharf recruit Jamie Meek was publicly pilloried in the media by the Government's allies at Patrick and the NFF as a thug, a drunk and a liar, for alleging that - and it makes interesting reading now - Patrick Stevedores intended to sack its entire unionised workforce at Easter, and that the Federal Government was to fund redundancy payouts to Patrick employees!

- o The Government has supported Patrick to the hilt in the utterly sham transaction by which it has sought to escape legal liability under the Workplace Relations Act, which spells out that no-one can be sacked for being a member of a union

: The sham was to pretend that the wharfies weren't sacked at all by the particular four Patrick subsidiaries that had employed them: it's just that those subsidiaries, stripped of their assets by the parent company, had accumulated losses of \$56 million; that they had to be now wound up; that they were no longer contracted by Patrick's operating company to supply employees; and accordingly that those employees were now redundant!

: The sham character of this whole argument is what is now being litigated in the

Federal and High Courts - and hopefully it will bring down the whole rotten Government-NFF-Patrick edifice.

- In the meantime, it is not at all far-fetched to draw parallels between, on the one hand, companies here being stripped to a shell to avoid meeting legal obligations to their workers and on the other hand, the companies involved in the Bottom-of-the-Harbour tax scandals of the early 1980s, tolerated by Howard when he was last in government - when companies were stripped to a shell to avoid paying *tax*.

The other ugly element of this Government's character on display here is straight out, hypocritical double standards.

- The Government claims to be passionate about breaking the union monopoly on the wharves because this was essential to competitiveness and cost reduction.

- But where has the equal passion been evident, for example in the context of OOCL's attempt to establish a stevedoring operation, about breaking the anti-competitive duopoly on our major wharves exercised by the two main stevedoring companies - which duopoly means that any reduced costs on wharves will benefit nobody much else than the stevedores' own shareholders?

- Hopefully it will only be a matter of time before, here as elsewhere, this Government's double standards - its moral and ethical selectivity - is exposed for all to see and understand.

Wik

The argument about Wik and native title is also all about the politics of division and confrontation, about political opportunism and moral selectivity, about the insensitivity that John Howard has displayed all his political life on the question of race, and about the insensitivity that he and his Coalition colleagues have always shown on the question of land - failing to understand that for Indigenous people land is not a real estate commodity to be bought and sold but a critical source of spiritual nourishment.

We are asked to accept that pastoralists and Aboriginal native title holders should have precisely equal legal rights to contest, and seek compensation for, the disturbance of their land by miners, and to *forget* in the process that it is the Aboriginal native title holders:

- who once had all this land to themselves;

- whose common law right to it has now at last been recognised, decades after such rights were accepted in North America and elsewhere around the world;

- who have lost all rights over that part of that land since declared to be freehold;
- who have lost all rights over that part of their land since declared to be exclusive leasehold;
- whose rights must yield to those of the farmers for any inconsistent use of that part of their land over which pastoral leaseholds have been granted; and
- whose right to negotiate, for appropriate redress for destruction and disturbance of their residual rights, is one of the few things that gives any contemporary meaning to native title at all.

I have never been in doubt from the first time, a year or so ago, that I sat across a table from the Prime Minister to discuss the Wik issue with him and his advisers, that the chances of compromise with him on the central right to negotiation issue were other than negligible.

- It was, in my perception, right from the outset just too tempting a political opportunity for him: he knew and relished the fact that it was an issue that would have particular resonance in rural and regional Australia, where Labor simply had to improve on the 7 out of 51 seats we currently hold (as compared with 42 out of 97 seats we hold in the south-east major-metropolis triangle).

The tragedy is that in the Wik debate at the end of last year and again this month, John Howard had an opportunity to unite the nation, but chose instead to divide it.

I have believed from the outset that with goodwill and commitment and determination it *is* perfectly possible to find solutions to all the outstanding issues on which the stakeholders have disagreements - solutions which may not be the most preferred ones for each, but which at the end of the day will be genuinely acceptable to each.

- The kind of exhaustive round-table that Kim Beazley will convene immediately Labor is elected does hold the key, and indeed the *only* key, to resolving this issue in a morally defensible and legally certain way.

Telstra

Howard's position on the sale of Telstra shows folly of a different kind at work.

It's not just the manic ideological determination to strip the public sector bare and to advance in Australia the Thatcherite Tory dream of a nation of shareholders.

It's not just the failure to realise that Australia is geographically different from just about everywhere else in the world, and what may be common practice elsewhere is not necessarily right for Australia.

It's not just the indifference to what complete privatisation will do, later if not sooner, to the quality and availability of unprofitable telecommunication services in rural and regional Australia. For the man who would pretend to legislate to defend the present community service obligations in all their rigour, it is worth remembering that he found it possible to assert that the Coalition would "never, ever" embrace a GST - just two years before he did just that! But maybe that wasn't a core promise...

It's not just the indifference to shareholding by foreign telecommunication companies leading inevitably to supplies of equipment at marginal cost from those foreign telcos forcing out efficient local industry suppliers.

It's not just the indifference to the reality that Telstra has already, despite the elements of competition Labor introduced, an effective monopoly across a broad range of its operations - and is destined to become even more dominant after privatisation as Telstra eats alive an already desperately limping Optus, utilising its huge market share, huge cash flow and huge capital resources.

As much or more than any of these things, what should be offensive is the sheer outrageous wrongheadedness of the Government in selling off to a minority of Australians, and a significant swag of foreign interests, a major national asset that is performing a distinctive *public* as well as commercial service, and which is presently owned by *all* Australians.

A big part of the Government's argument is that all Australians *will* benefit from a \$40 billion sale of the remainder of Telstra, because public debt - and the annual interest payments on it - will be reduced by this amount. The argument goes that the interest payments saved will outweigh the dividend stream foregone, and that there will be overall a net gain to the annual budget of some \$1-2 billion a year - which can be spent on all sorts of attractive goodies.

The trouble with this argument is that it is wrong. On the reasonable assumption that Telstra dividends - with or without full privatisation - will continue to grow, as they have in recent years in the new telecommunications-dependent environment, by more than 15 per cent a year; and on the further assumption that it would have cost only around 6 per cent per annum to service the relevant Commonwealth debt, the simple arithmetical truth of the matter is that by the year 2002-2003 - within five years from now - the crossover point will be reached, and the Budget will move from gaining to losing.

- The Budget bottom line will get worse, not better, because within five years the loss of current dividend will be greater than the gain from not having to pay public debt interest on Telstra's capital value.

- In other words, with the sale of Telstra, the community will gain for four or five years, but after that will lose forever. Tunnel-visioned, narrowly focused, short-termism at its worst - and very bad news for those who want government to work in the interests of *all* Australians.

Tax

The so-called tax debate we are supposed to be now having is another area where the Howard Government is showing its true colours as a government for anything *but* "all of us".

I say "supposed to be having" because the Government has refused to put on the table the information, argument, options and specific proposals that would make an informed, intelligent public debate possible. It's had eighty or more advisers working full-time for nearly a year now in generating options, but continues to hide them from the public: in the case of taxing trusts, breaking in the process a quite explicit promise made last Budget night by Treasurer Costello to put a detailed analysis into the public domain.

It's obvious that the Government is planning to hide its tax package right up to the last possible electoral moment, and it's equally obvious why it's doing so.

- It doesn't want people across the community to have time to grasp the full impact upon them of a GST that is likely to apply to literally everything they do or buy - including their rates, rent, health and education expenses, insurance premiums and bank fees, car services, outings to the movies and the football, and all their food and clothing. Peter Costello, under direct questioning in the Parliament, has refused to rule out a 10 per cent or more GST applying to *any* of these things.
- It doesn't want people to grasp the fact that under any GST regime the winners are those on high incomes and the losers are ordinary Australians: the Australian Consumers Association modelled last year a whole series of GST scenarios, with and without accompanying income tax cuts, and concluded that the only winners from any of its scenarios were high income couples, in the top 20 per cent of the income scale!
- It doesn't want people to have time to grasp that low income earners spend up to 40 per cent of their income on food, and high income earners just 11 percent; or that low income earners already spend on average one-third of their gross income on rent, so that an additional GST of 10 per cent or more payable on that rent would mean a great many people having to go without other basic necessities like food and clothing and education for their kids.
- It doesn't want people to have time to grasp that a significant tax mix shift, with big increases in revenue from a GST paying for big income tax cuts - a big shift,

in other words, from progressive direct tax to regressive indirect tax - would make the tax system much more unfair in its application than it is at the moment.

- It doesn't want people to have time to grasp just how *little* it is going to do to tackle the major problems that now exist with tax avoidance, especially in relation to trusts - where according to the Tax Commissioner last September individuals have been getting away with tax free distributions of amounts as high as \$19 million in one case, or \$15 million over three years in another.
- It doesn't want people to be asking too many questions as to whether the inaction in relation to trusts just might possibly have something to do with the fact that Senator Parer and eighteen other Government front-benchers have them, that 19 out of 37 Coalition Senators have them, and presumably a similar proportion of House of Representatives members, not to mention a legion of wealthy supporters outside the Party, have them as well.

Labor will of course be coming forward with some quite specific proposals of our own on tax reform closer to the election, and I don't want to anticipate any of that now, but our *general* approach to tax reform has been spelt out over and again, and I can summarise it very quickly again now.

- We do acknowledge that the tax system is in need of ongoing reform, renovation and repair whoever is in government. The only specific aspect of tax reform about which we don't have an open mind in this regard is a GST - for the equity reasons I have already spelt out, and many others as well; we also believe, in this context, that there is no case at all for a tax mix shift from direct to indirect tax.
- We believe that the focus of tax reform should be overwhelmingly on income tax, and in particular on four specific issues:
 - . the very high effective marginal tax rates being paid by lower income families, which involve significant poverty traps and disincentives to work;
 - . the need to ensure that average weekly earners are not paying higher marginal rates than they should as a result of "bracket creep", ie the effect of inflation pushing people's nominal incomes up over higher thresholds;
 - . the need to stop the erosion of the PAYE system by people who essentially remain employees establishing themselves as independently contracting legal entities; and
 - . the need to attack tax avoidance by high income earners, to ensure that they pay their fair share of the community tax burden.

Labor won't be drawn into a demeaning tax auction at the next election, trying to outdo the Coalition with bigger and glitzier tax cut bribes. We will be proposing tax relief, directed to where it is genuinely needed. But we will not be funding income tax cuts for the wealthy, by making low and middle income earners pay a heavy new tax on everything they do or buy.

Unemployment

Of all the areas of default and mismanagement and wrongheadedness for which the Howard-Costello Government has been responsible, the most damaging to the economic and social fabric of this country, and to individual Australians, has unquestionably been its deliberate failure to give priority to bringing down unemployment.

The comparisons are stark. In Howard's first 25 months in office, just 177,600 new jobs have been created, only one-third of the number created (533,200) in Labor's last 25 months in office. Long-term unemployment is up, and youth unemployment - which Howard pledged before the election to make a "mark of what we have been able to do as a government" - has leapt dramatically from 26.4 per cent in March 1996 to 29.2 per cent in March this year.

The job growth that there *has* been has been overwhelmingly in part-time and casual rather than traditional full-time work. When you add together those 800,000 Australians who officially count as unemployed, the one-in-four part-timers who want full-time work, and the hidden unemployed - those who want to work, but have become so discouraged that they no longer look for it - it has been estimated that the number of jobless Australians is closer to $2\frac{1}{2}$ million people. And that is a devastating indictment of any government.

The tragedy is that so much of the problem is a product not of forces beyond any government's control, but of deliberate Coalition Government policy. By giving absolute priority to budget deficit reduction - even though neither our deficits nor our accumulated public debt were at all high by comparable overseas standards - the Howard Government directly squeezed growth out of the economy. Moreover, by its doom-laden pronouncements about the state of our national finances, it reinforced the effect on growth of the budget cuts by driving both business and consumer confidence way down.

- Two years into its term the economy is growing at an average rate of just 3 per cent - as compared with the $4\frac{1}{2}$ per cent achieved by Labor in our last term of office, and much less than the 4 per cent needed to make any significant impact on reducing the unemployment pool.

Unemployment under Labor was well on the way to reaching our interim target of 5 per cent by the year 2001. The needle has hardly moved under the Coalition Government, stuck at over 8 per

cent, and that target is now further away than ever - particularly as a result of the likely substantial negative effect of the Asian economic crisis on Australia, which nearly every analyst now thinks will drive our growth to well under 3 per cent in the period ahead.

- So far from insulating or "fire proofing" us from the impact of the Asian economic crisis, the Coalition Government's two wasted years on jobs mean that we confront that impact in much worse shape than we could and should have been.

Unlike John Howard, Labor passionately believes that our *people* are our greatest resource, that their well-being is our greatest responsibility, that providing jobs for all those who want to work should be our greatest economic priority, and that high unemployment is the greatest sign of failure any economy can exhibit.

We are of course acutely conscious that our commitment to job-creating growth has to be tempered by a recognition that there are constraints to growth - but the kind of country we want Australia to be demands that we put people first, and recognise that balanced budgets, reduced public debt and all the rest are not ends in themselves, but means to the end of people's well-being.

We will deliver in government a job creation strategy with five key elements, clearly and succinctly set out in our new 1998 platform:

- growing the Australian economy as fast as we can using appropriate combinations of budgetary and monetary policy to stimulate the maximum possible sustainable growth;
- getting access to the demand for goods and services being generated elsewhere in the world, especially in Asia, through creative and effective trade and foreign policies;
- ensuring that increased demand for goods and services translates into business and job opportunities through carefully crafted industry and regional development policies;
- making sure we have the supply of the necessary job skills to fill the opportunities as they arise, through education, training and labour market programs properly funded by government; and
- directly addressing areas of particularly hard hit unemployment, through additional publicly funded jobs, involving meaningful and rewarding work in areas of unmet community need.

It's simply unacceptable to claim, as the Howard Government does, that Australia's economic fundamentals are right when the most fundamental right of all - the right to have a job, with all

the security and dignity and opportunity that goes with it - is not a reality for as many as 21/2 million Australians, and never will be a reality so long as this Coalition Government stays in office.

There is a common thread running through all the different issues that I have discussed today - jobs, tax, Telstra, Wik and the waterfront - and that is the fundamentally different set of *values* that we in the Labor Party and the Labor movement bring to the political process.

They are set out clearly now in our new national platform - the values of fairness, compassion, individual freedom, labour rights, responsibility, democracy and community.

They define very clearly the kind of society we want Australia to be. And it's a very different, and much happier and more harmonious kind of society than the one that is now, courtesy of John Howard and the worst government in living Australian memory, unravelling before our eyes.