

Policy Speech: John Hewson, Opposition Leader (LP)

Sydney, 1 March 1993

“ This election is not about John Hewson and it is not about Paul Keating. We are servants of the people of Australia.

This election is about the people of Australia and their problems.

We hear about the debt rising to \$200 billion, increasing by about \$50 million a day, or \$2 million an hour.

We hear about the fact that there are 1,017,600 Australians who can't find work and nearly as many others who can't find as much work as they want.

We hear about the 700,000 children who live in homes where neither their mum nor their dad has a job, and after a while the statistics start to blur. But these are the real people, the real Australian people, with the real problems behind these statistics.

Life would, of course, be a lot easier for myself and my colleagues if we hadn't talked about the need for reform. If we hadn't gone out there to set the agenda on matters like the industrial relations reform, and tax reform, and a host of other issues that we've sought to raise over the course of the last three years. Life would be a lot easier, of course, if I was standing here today promising to spend a whole lot of money, even if it's money that we don't have, like the other side. But it's not our way.

It has not been our way for three years, simply because we know in our hearts that it is wrong.

It is absolutely wrong to duck the tough issues, to fail to provide the leadership that this country needs and to spend money that you don't have. Because all the money we spend is your money.

We took the view three years ago that this country needed a change. It needed a dramatic change. Therefore we had to be prepared to go out and raise the tough issues and argue the case for reform. We want to be able to look these people and all those other victims of this recession, in the eye in the lead-up to this election.

There is a question I've heard thousands of times around Australia. Surely it does not need to be so? In a country as wealthy as Australia, in a country that has the natural resources, the farms, the mines, the manufacturing industry, the service industries of Australia, a country where the people are talented, and basically industrious and hard-working.

Where we have unique opportunities because of our location, close to the fastest-growing region in the world.

And the answer is, of course, that it doesn't have to be that way at all. These opportunities that are there have been squandered by governments that have been unwilling or unable to face up to the reality of our circumstances and to provide the leadership that is necessary to solve our economic problems.

There is absolutely no excuse for what has happened. There is no excuse that anyone can refer to for this recession. You can't say that the rest of the world is in recession

because we led them in by 12 or 18 months at least. It is a homegrown product that was inflicted on the people of Australia.

And may I say that one of the things that disturbs me, as I've gone around Australia, is the extent to which people are now starting to, in some cases, get a bit of a defeatist mentality about issues like unemployment.

How often do you hear the other side, in particular, seem to imply that, well, they did the best they could, they did all they could, the rest of the world moved into recession, what else could they have done.

I absolutely reject that.

I find it totally unacceptable and totally intolerable that in any way people in Australia could start to rationalise the existence of 10 or 11 per cent unemployment. And I personally refuse to accept that unemployment must stay high.

I personally refuse to accept anything less than full employment. And I personally refuse to accept what must be one of the most intolerable features of Australian society today, and that is that as a generation of Australians we are about to leave a lower standard of living to our children than we enjoyed ourselves, with fewer opportunities. That is a totally intolerable and we refuse to accept that as a reality in Australia today.

Looking at the Asia Pacific region, and our proximity to it, the opportunities are endless. All we need is to put our house in order.

Our problems can basically be solved by working at two levels. Of course, setting out to make sure that this country does boost its productivity capacity. I hear a lot these days about how we want more money for the arts, or a better environment, or more jobs, or a better lifestyle, or a better education, or a better health system. Well, there's one simple answer to all of those, and that is to make sure this country reaches its full productive potential.

We can have whatever we want in Australia, provided we produce enough to pay for it. And then as you produce more, you have a much greater capacity to do the second thing, which is distribute it and distribute it more fairly, right across Australian society. And the Labor Party have never really understood that.

For the best part of the last 20 years that they've been in government, they have been focused on distributing what has become an ever-shrinking national cake.

After ten years in government, after ten years of having their way, after ten years of our current Prime Minister claiming that he had the Treasury in this pocket and the Reserve Bank in that pocket, and he pulled all the levers, after ten years there's one conclusion, one conclusion only that we can draw.

He's lost the plot, he's got no plan, he's got no answers. All he's got left is a negative campaign, a scare campaign. Well, let me tell you, there is nothing more frightening, there is nothing more scary, than another three years of a Labor government. Cause they'll not only go on spending money they don't have, and spending all the money you've given them, they will actually start to mortgage the future of your children to ensure that they stay in power.

If you don't believe me, in the course of the last 18 months they've run up commitments totalling something like \$60 billion. That is a big number. Write it out

— \$60 billion of unfunded spending commitments. Totally unfunded spending commitments.

They've not only spent everything they've taken off you, but they've mortgaged the future of your children and your grandchildren.

We all want more money for the arts, or for the environment, or for a better lifestyle for a host of genuinely disabled and disadvantaged people, but as a nation we must produce to pay for it and we must be proud of those who do the work and produce it.

We are the servants of the people not the masters, and he should never forget it. And that's the fundamental difference between us and the Labor Party. We believe in the people and they believe in Government.

And, I must say every time I hear this word social justice uttered from the other side I start to choke. Because I can't fund anything fair or just in a million unemployed. I can't find anything fair or just in those 700,000 kids who are living in families with neither parent in a job. There is nothing fair or just about that.

Tax reform is fundamentally important to what we've got to do in Australia. It's fundamentally important to developing the productive culture that we need in Australia, it's fundamentally important, not only to get people to work harder, to work overtime, to save, to build a business. Tax reform is absolutely fundamental. And we're not going to shy away from the GST in that context.

The GST is fundamental to that tax reform package as well. If we are going to make change in Australia, real tax reform in Australia, we do have to move those tax disadvantages, remove those tax disadvantages from business.

When we abolish payroll tax and sales tax and the training guarantee levy and freeze the superannuation guarantee levy and so on, we cut the cost base of business in Australia. We tilt the playing field in favour of doing business in Australia. As we make sure that all those jobs stay here in Australia, that they are not exported offshore.

You know as a PAYE taxpayer, you know that that means? Pay As You Earn, that mean that their hand is in your pocket before you get your packet. They take the money out of your pay packet in terms of the income tax that you pay and you are left to struggle with the rest.

The other side of that with the GST is that we actually cut your personal tax by about 25 per cent, so you keep the money in your pocket, not in their hand. You keep the money and you decide when you pay tax and how much you pay tax by what you buy. Not pay as you earn, but pay as you spend.

And the way we structure it we don't only give you back enough to pay for the GST, we make sure that in a combination of tax cuts and other benefits, average Australians are in front.

In fact, the average Australian family will be \$56 per week in front as a result of that tax reform package and they'll have an internationally competitive tax system which gives them lower tax rates and people often say to me, why don't we have a Hong Kong-style tax system, well, we're about to give you one.

Because somebody on average income under that two-tax system will only pay 14c in the dollar tax. Somebody on twice-average income will only pay 22c in the dollar tax.

We can have an internationally competitive business and personal tax system, that seems a reasonable price to pay doesn't it, for the option of the GST.

The other area of some debate in this election campaign is, of course, the area of industrial relations. Industrial relations reform is fundamentally important to getting productive workplaces around Australia. And you can't seriously tell me that the Accord and the centralised system has worked well for the Australian worker.

Just look around. A million of them have lost their jobs. That was really good representation by the union movement. How many union leaders lost their jobs in the course of the last few years? A million workers paid the price. They paid their dues so they could be unemployed.

Any yet there is a simple direct alternative that is not only in the interest of workers, but also in the interest of employers and in the interest of Australia as a whole. And that is to go to the workplace agreements that are the centrepiece of our industrial relations policy.

There should be no concern that workers will be worse off. They can't be worse off.

They have a choice and that is the centrepiece of our system — to give them choice and to give them opportunity.

[If] they want to stay in the centralised system, that's fine. But if they want to go outside the centralised system, they can go with what they've got so the terms and conditions of their award they keep but they can do better as they negotiate a workplace agreement that is better to their interests, a higher hourly rate of pay, a greater certainty and security of employment, greater flexibility in employment and that is where you're going to get productive workplaces around Australia.

Of course you have to do a few things to make that happen.

There's a host of other [aspects to the policy].

Our infrastructure fund to pick up some of the gaps in infrastructure today that are constraining our reaching international competitiveness. Three billion dollars is being committed through the Rebuild Australia Fund for that specific purpose. And of course, we have a host of other proposals in terms of accelerated depreciation, all of them designed to kick start the business community; kick start the business community, in effect, from the early days of a Hewson government.

All we need is to put our house in order.

The second level of our policy package is not just boosting our productive capacity through those and other measures, but importantly the issue of ensuring that there is an equitable or fair distribution of the national cake among all Australians. I think it's important in that sense that a government provide the lead so one of the first administrative acts that I will perform as prime minister will be to cut the taxpayers' money that is spent on paying politicians to live in the manner to which they have become accustomed.

Families are the centrepiece of what we are on about in Australia. They are the basic structural unit of our society. They are fundamentally important and you heard today some of the spin-off effects of this recession in terms of pressure on Australian families, pressure on marriages, pressure on children and we've seen on many other occasions now, a whole host of social pressures spinning from that in terms of homelessness, homeless youth in particular, drugs, suicide, violence, domestic

violence, and health, all of them significant unsavoury consequences of a totally unnecessary recession.

So we set out in the context of the package to make sure that families got a better go in Australia, irrespective of the structure or type of those families, we set out to make sure that they got a better go.

And some of the specific changes we made are fundamentally important for families. For example, the decision to exclude food, basic food, from the GST.

The price of food will actually fall and will actually fall significantly under a Hewson government as a result of that decision. Because, as we abolish payroll tax and sales tax and petrol tax and so on, the cost of food goes down and those benefits will be passed on to Australian families.

Now I don't want to take too long on this point, but somehow we're going to make this point cut through in this election campaign, and that is that people already pay a lot of tax on things they don't know they pay. GST really ought to be 'good-bye secret taxes', because that's what we're doing.

We're scrapping taxes like sales tax and petrol excise and payroll tax that people aren't always aware they pay.

I guess a lot of people don't also know that when they get up in the morning and they start their day the bed they sleep in is taxed, the mattress is taxed, the pillows are taxed and the sheets are taxed. The wake-up alarm clock is actually taxed at 30 per cent, the blinds they get up and open when they want to see they daylight are also taxed.

The orange juice they have the first thing in the morning is taxed, the bathmat is taxed, the bathroom fittings are taxed, the shower screen is taxed, the toilet pan and seat is taxed, the hot water system is taxed, the septic tank is taxed, the perfumes are taxed, the razors and blades are taxed, the shaving creams and brushes are taxed, the electric razors are taxed, the cotton buds and tips are taxed, the tissues are taxed, the toilet paper is taxed, the soap is taxed, the toothpaste is taxed, the talcum powder is taxed, the toilet case is taxed, the hair combs are taxed, the hair accessories, the hairspray, the deodorant.

We haven't even got out of the bathroom yet and you're being taxed out of existence.

[The Coalition gives] significant drops in cost items, major cost items to the average Australian family. But over and above that, we then target assistance directly to families.

We double the family allowance for families with incomes up to \$30,000. We offer tax rebates to low- to middle-income families for health insurance and, of course, as I mentioned before, we give very, very significant health cuts which are a major part of our reform agenda.

Not only to compensate for the impact of a goods-and-services-tax, but over and above that to put money into the pockets of people. We increase all those benefits and cut personal tax. The average Australian family is going to be \$56 a week better off.

In our health policy, [we can] solve the problem of waiting lists and improve the operation of the health system as well. To be clear — because there's a scare campaign running on this as well — Medicare stays. No American-style health system — another scare tactic.

I can remember when I was growing up it was almost taken for granted that when you left school you could get an apprenticeship, you may not get into university, you may not get any other sort of training, but you could certainly get an apprenticeship and get a start.

Today they are hard to come by and there are somewhere between 100,000 and 150,000 students that can't get into TAFE colleges. Even though they're qualified, that seems irrelevant, they just can't get in. And there are something like 60,000 of our young people that did not get into university.

So we set out to put \$3 billion into education over the rest of this decade to solve those particular problems. There'll be 220,000 more TAFE apprenticeships and university places, so that no qualified Australian student should miss out on a place.

I see my father down here in the front row. I'll probably cop it sweet for this, but he's one of my most influential advisors when it comes to aged care. Because he told me as a kid that you could always look forward, he thought he'd always look forward to a secure financial future. When he went off to war they told him 'you'll be cared for'.

It's not what he gets these days with all the forms and restrictions and phone calls from the departments asking for this and for that, and change this and deem that and report this. And it's not exactly what he had in mind in the early 1940s, when he went to off to war.

And equally they don't get enough, do they, pensioners, to survive. And that's why we're giving them an 8 per cent increase in their pension - \$24 a fortnight. And trying to simplify the procedure as significantly as we can.

Finally, of course, we need to look at the issues of young people and women. Those two areas in relation to equity and fairness.

Our young people, of course, are finding it harder than we did to get a job or to get an education or to buy a home or to settle down and raise a family or even to prepare for their retirement. Already, they are disadvantaged and we are facing the prospect, as I said, of even more restricted range of opportunities and an even lower standard of living under the sort of policies we've seen in recent years.

So, we do for a lot of young people...

We make sure that they can get into a job with a youth training wage and a trading voucher to get them a start in life. Because the first job is the most important job you ever get. Once you've cracked your first job, you can go on and look for your second and your third because you can prove that you've had on-the-job training and probably off-the-job experience as well.

The TAFE college places that I mentioned, a 6 per cent increase in Austudy and, most importantly, we're going to let them have the opportunity to buy home that isn't there today.

A \$2000 cash payment to first homebuyers, and young Australians up to the age of 35 will be able to borrow against their superannuation to buy their first home.

Significant...

We have to surely commit to eradicate all prejudice and discrimination against women. And it doesn't matter whether it's inside the home or outside the home. Similarly, we must commit to eradicate, at all costs, domestic violence against women.

But also our plan has a lot of specific benefits recognising the multiple roles that women play today in Australian society, not just as mother, or wife, but also in the paid workforce and quite often in community service as well.

And special needs and special circumstances are associated with those roles. So, childcare is a fundamentally important of what we have targeted as assistance to women. A \$25 per child per week cash rebate for childcare.

Sir Robert Menzies ensured, I think, that our party was characterised by one thing. That we represented the forgotten people of Australia. And as I said this election campaign is not about John Hewson or Paul Keating, it's about the people of Australia themselves and their problems.

It's people like Jennifer and Sam and Beverly and John and Michelle. They are today's forgotten people. Them and millions of others that are unnecessary victims, as I say, of this unnecessary recession.

That is what this election is about. It is in the spirit of the Liberal Party, about those forgotten people.

And as I look down and see those that spoke this morning – Jennifer, Sam, Beverly, John and Michelle – I look you in the eye and I say, we can solve your problems. We will do it together.”

Source: Compiled from The Canberra Times, 2 March 1993, p. 6; the Sydney Morning Herald, 2 March 1993, p. 7 and original documents.