



THE HONOURABLE TONY ABBOTT MP  
*FEDERAL MEMBER FOR WARRINGAH*

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**TRANSCRIPT OF THE HON. TONY ABBOTT MP, ADDRESS TO THE  
MASTER BUILDERS ASSOCIATION VICTORIA LUNCHEON THE PARK  
HYATT, EAST MELBOURNE**

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It's good to be with the Master Builders of Victoria.

Back in 2001, you and I worked well together to set up the Cole Royal Commission.

That led to the establishment of the Australian Building and Construction Commission and a \$7 billion a year boost to our economy.

You have been rock solid supporters of the rights of workers to work and of managers to manage and dead set opponents of the rorts, rackets and rip-offs that have flourished whenever weak management colludes with dodgy union bosses.

As royal commissioner Dyson Heydon found, some parts of the union movement are riddled with "louts, thugs, bullies, thieves (and) perjurers".

Industrial bullying is the main reason why at least three of the world's 20 most expensive buildings are in Australia – including a 12 storey building that cost 25 per cent more than the 163 storey Burj Khalifa Tower in Dubai!

Many in your industry have endured abuse and intimidation; some have suffered violence, just because you wanted to give your workers and your customers the best possible deal.

I have always made this fundamental point: intimidation and extortion are no less criminal when sanctioned by a union and the essence of reform in your industry is enforcement of the ordinary law of the land.

That's the duty of people in government like me: to create the right conditions for you to employ good workers, to pay them handsomely, and then to deliver to your customers a product you can be proud of.

Naturally, I'm pleased that support for the re-establishment of a "tough workplace cop on the beat" is one of the continuities between my government and Malcolm Turnbull's.

And right now, the very best way for the new parliament to support decent workers and hardworking small businesses is swiftly to pass the Australian Building and Construction Commission bill.

Because construction is a \$200 billion a year industry, cleaning it up is an important economic reform.

Because the government has an absolutely unambiguous mandate for the ABCC, after taking it to the 2010, the 2013 and now the 2016 double dissolution election, even this parliament should finally do the right thing and give the good people in your industry the protection you deserve.

This should be the least politically difficult reform of all.

It's not a leap in the dark but the restoration of a body that's proven to be effective.

And if that's too much for the new senate, it will be hard to avoid the conclusion that the Labor Party is as determined to sabotage this parliament as it was the last one.

It would be a sign that Bill Shorten is having trouble rising above his past as a union leader to speak for the whole nation.

Because the government needs nine extra senate votes to pass legislation, opposition from Labor and the Greens means trying to sign up two minor parties and at least two of four individual senators.

In other words, passing legislation through this parliament will be as difficult as Labor chooses to make it.

Labor often accuses its opponents of bad faith but it's worth comparing the records of the 2010 and 2013 parliaments.

In the hung parliament more than 90 per cent of bills were passed.

In the last parliament less than 80 per cent of bills were passed.

In other words, it wasn't Julia Gillard and Labor that suffered from "relentless negativity".

This will also be a challenging parliament for reformers because every difficult change will have to run the gauntlet of political parties that pander to grievance.

At the recent election – apart from rejecting all the government's economic policies bar super changes – Labor's policy was more tax on renters, more tax on investors, an even heavier carbon tax on power prices, and a scare against outsourcing some Medicare back office functions that Labor itself had once wanted to do.

Compare this with the Hawke government that floated the dollar, cut tariffs, brought back university fees, sold Qantas and the Commonwealth Bank, and began industrial reform.

The Hawke-Keating era doesn't just look like a golden age of reform but an aberration in Labor history.

The Liberal National coalition, of course, had supported virtually all the reforms of the Hawke era but Labor supported none of the reforms of the Howard era.

These only succeeded because the Howard government was usually able to patch together a senate majority based on the Australian Democrats, whose attitude was "keep the bastards honest" rather than "make legislation impossible".

These days, Hawke and Keating get standing ovations from a party that hasn't just abandoned their legacy but betrayed it.

None of the Rudd-Gillard government's key policies deserved to be called "reform" because they all involved higher taxes, greater spending, increased red tape, or more union power, and usually a big dash of administrative incompetence too.

To "Abbott-proof" the budget, Rudd and Gillard enshrined some 80 per cent of government spending in legislation – not in the appropriations that, by convention, the senate doesn't try to block.

Governments can no more tax their way back to surplus than businesses can raise their prices back to profitability.

If the bottom line is bad, the only lasting way forward is to cut expenses.

Labor had little *intention* to find savings and has tried to ensure that its successor would have little *capacity* to do so either.

As both the Abbott and Turnbull governments have discovered, there are few sensible economic measures that Labor won't sink: even savings that it's previously called for!

Labor not only tried to block all the policies that my government had taken to the election – stopping the boats, scrapping the taxes, building the roads and getting the budget under control – it even blocked savings that it had sought when in government.

Now, it's threatening to block savings measures that it had itself banked during the recent campaign.

Now, it would be unfair not to give credit where it's due: on national security, Bill Shorten has been strong.

But for economic security, what's so needed is a re-commitment by Labor to the ethos of Hawke and Keating.

It should be possible to work with the new senate cross bench to pass some legislation for which a specific mandate has been sought, such as the ABCC bill and the registered organisations bill to make union officials as accountable as company directors.

These reforms will reduce pressure on the budget by lowering the cost of infrastructure.

What they're not, though, is the relentless focus on budget repair that our country needs.

Last week Moody's noted that total government debt was rising from 19 to 45 per cent of GDP over this decade.

Household debt, now at 124 per cent of GDP, is much higher than that of other developed countries.

With Commonwealth government interest bills alone more than \$1 billion a month, without a much more credible push to bring debt and deficit under control, we are vulnerable to any new global downturn.

Our biggest export industry, mining, has suffered a 45 per cent decline in productivity over the past decade; mining ventures in Australia are now much less competitive and much slower to be approved than elsewhere; and 85 per cent of miners rate their operating environment as “challenging” or “very challenging”.

And as Scott Morrison pointed out yesterday, with close to half of all households now paying no net income tax, more and more spending is dependent on fewer and fewer taxpayers.

Twenty five years of uninterrupted economic growth and a triple A credit rating have fuelled a dangerous complacency that reality does not justify.

When it comes to budget repair, the reality is that this government has been in office – not in power.

As in the previous parliament, where Labor supported the deficit reduction levy but opposed all the structural reforms to get the budget back under control; in this parliament, Labor is set to support all the higher taxes on super but not all the lower taxes on companies which are needed to drive economic growth.

John Howard used to characterise the Liberal National coalition as economic liberals and social conservatives.

His government received the strong support from articulate economic liberals and social conservatives in the community that it deserved.

Budget repair, national security, and respect for values and institutions that have stood the test of time were too crucial to be left to the politicians then; and they sure need more community champions now.

Right now, who *does* speak up for the tradie who likes a drink, a smoke, a bet and volunteering with the CFA?

Across the political spectrum there’s a tendency to take for granted the people who love our country without qualification and who strive to be as self-reliant as possible; those who don’t want our country exploited by people smugglers, unfriendly foreign governments, the undeserving poor and the equally undeserving rich.

The rise of populist protest parties here, Brexit, and the troubles of establishment candidates in the US suggest that, as in Menzies’ day, there are lots of people who feel forgotten but would rally to strong and effective leadership.

My government tried to acknowledge today’s forgotten people by cracking down on foreign land sales, being more mindful of the national interest on foreign investment, stopping the boats, standing up to bullies abroad and terrorists everywhere, trying to amend the notorious section 18C of the Racial Discrimination Act, and promising the people a say on same sex marriage.

At the same time, we cut taxes and red tape, started roads and airports, and tried to put our exporters on a level playing field with their rivals.

As best we could, we tried to match the time-honoured Australian belief in a fair go with our equally characteristic urge to have a go.

The challenge, now, is to be better at this in the new parliament than we were in the old one.

Good government is possible, even in a difficult parliament, provided reformers keep making the case for change.

We need to make the changes that are possible today, while preparing for the changes that are necessary tomorrow.

What reformers can never do is give up, just because it's hard.

Indeed, the harder it is, the more determined reformers must be: to make the case for reform and to implement as much of it as we can.

To counter populist politics, we have to make reform more attractive than the alternative.

To counter a fear campaign, we need a truth campaign that's more compelling.

To counter the grievance mongers, we must explain ever more intently that government can't spend a dollar that it doesn't take from taxpayers; and that today's debt is tomorrow's tax.

Reformers can't lose heart – even though a government with a solid record of achievement has just had its majority slashed.

When well argued, reform that's in the long term national interest should always be more appealing than robbing Peter to pay Paul.

It may not be the sweeping and dramatic reform that excites headline writers but it will be incremental change for the better – Fabian conservatism, if you like!

Now, like every Liberal and National MP, post-election, I've been asking good people what they think should or could be done better.

Everyone has a favourite improvement: from rethinking the superannuation changes, to fixing section 18C, to making workplace bargaining subject to competition laws.

There's plenty of "what" we might do; but little of "why" we should do it.

The first challenge for a reforming government is not to publish a to-do list but to persuade people that change is worth it because it will be good for them.

Ultimately, restoring the Australian Building and Construction Commission should deliver higher wages and better workplaces because it replaces a "them and us" mindset built on fear with working together for a common goal.

Establishing a registered organisations commission will make union officials work for their members rather than for the Labor Party.

The aim of workplace reform can't be to reduce wages or to cut staff because that's an economically self-defeating policy.

Workplace reform must make it easier, not harder, to boost employment; and easier, not harder, to pay workers more.

It can't be relatively rich people telling relatively poor people that they should be content with less.

And it must boost productivity because that's the way to higher pay, and higher employment, with better, more affordable products for customers.

Budget reform necessarily begins with cutting spending but it shouldn't end there.

Budget reform is the essential precondition for tax cuts.

The more budget reform we can achieve, the more scope there is for tax cuts once the deficit is going down, not up.

A government that keeps a tight rein on its own spending will generate the confidence that should boost private spending.

With a difficult parliament and a budget-in-peril, the first challenge for the next term will be to avoid new recurrent spending, outside of national security.

This is the John Key-road to surplus: not so much to find savings but to shun any new spending measure and to let growth slowly shrink the relative size of government.

New Zealand's lack of a senate and states meant that Key could also manage a tax mix shift and other pro-growth reforms.

Now, no new spending should be considered unless it will clearly boost economic growth: that could mean economic infrastructure, high quality research and cost-effective new drugs – but not extra spending that's mostly political positioning.

In our current circumstances, “first, do no harm” is as good a rule for governments as it is for doctors.

A good government could be notable for avoiding bad policy as much as for implementing good policy.

I'm confident that a pro-reform Turnbull government will avoid returning to the bad old days of bailing out businesses with political clout.

It just breeds resentment when the government is the ATM of last resort to big business when it never is to small business.

While the Qantas turn-around shows what self-reliant workers and managers can achieve, Arrium shows what happens once a subsidy is expected.

I'm sure the government will resist pressure to increase the renewable energy target which would drive up the power prices that abolishing the carbon tax cut.

I'm sure the government will strongly support the coal industry which will provide base load power here and abroad for decades to come – and continue to employ tens of thousands of Australians.

I'm sure it will work hard on the Queensland government to ensure that green sabotage and law-fare doesn't stop the Adani mine: a \$20 billion investment to create 10,000 jobs here and power the lives of tens of millions in India.

I'm sure it will encourage the South Australian government to develop the nuclear industry that could be a subsidy-free money spinner for that state.

The best way for the Liberal and National parties to win the next election is to support higher wages, lower prices and less tax.

And why wouldn't voters support a government with policies to make their lives better?

Economic reform, after all, is not some kind of hairshirt; it's about liberating people to be their best selves.

That would force the Labor Party to reassess what it stands for; because if it's still bigger unions and more taxes, the recent election should turn out to be only a wake-up call for the Turnbull government – not the beginning of its end.

Our challenge is not to move closer to Labor in the hope of being a smaller target.

It's to make the differences crystal clear so that voters can choose a party that puts its faith in empowered citizens rather than empowered officials.

We know that good policy is good politics in the long run.

If properly explained, it should be good politics in the short term too.

We have to show some fight in the things we believe in.

We may not be able to do all that we would like but we have to demonstrate that we know what that is.

Our country, after all, has just voted; people voted for a government, not a vacuum; and, as the prime minister says, it's up to us to deliver for them.

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