

GARRAN ORATION

New Capabilities to Allow us to Prosper

The Hon Julia Gillard MP
Prime Minister of Australia

We gather today to honour the central role of good public administration and sound public policy in shaping our nation's future. Nobody represents those things more completely than our first great public servant, Robert Garran.

Garran was the 'trusted confidant and counsellor of eleven Attorneys-General and sixteen governments' and departmental head for 31 years, a record unlikely to be broken. So great his influence, that when the *Nationality and Citizenship Act* was passed in 1949, Ben Chifley was the first to receive a citizenship certificate and Robert Garran the second.

The stories of Garran are the fireside tales of our public service, told and retold. How for a brief moment he was the Commonwealth's sole public servant. How all the documents of that early Commonwealth fitted into a single leather satchel.

Garran was not only a brilliant administrator. He was a skilled barrister, a translator and linguist, a gifted diplomat, a patron of the arts and of higher education. And, of course, a founding father of our Federation. The late Professor Robert Parker, one of the greatest scholars of public administration in Australia, said of Robert Garran:

His personality, like his prose, was devoid of pedantry and pomposity and, though dignified, was laced with a quizzical turn of humour. He was capable of strong and decisive administrative action when required. What people of all kinds most remembered were charity, modesty, courtesy and charm.

It is hard to imagine a more perfect description of public sector leadership as we wish it always to be.

I am determined that our public administration will remain as strong in the future as

it has been in the past. The *Blueprint for the Reform of Australian Government Administration*, released earlier this year, contains many sound modernising proposals, designed to preserve the best features of our past in the future we can see. And I know that no one is more committed to that future than the tens of thousands of Australians who work in public service. Their working lives are dedicated not just to good public administration and policy in the abstract, but to a living culture of careers in service to Australia. What began in Robert Garran's satchel lives today, from the cabinet ante-room in Canberra to the Centrelink office in Sorell.

And it is fitting I recognise everyone who works in public service in Australia today. You have never been more important. Because it is only through the work of great public servants, in a world class public service, with courageous political leadership, sharing a vision for Australia's future, that our country can seize the opportunities of these rich and complex, promising and challenging years. For these are years, rich in opportunity and complex in detail; promising over the long-term and challenging in the present.

And over the winter of 2011, the economic challenges of the present have been very apparent to all Australians. The debate over European debt and the near-gridlock in the United States, the wild stock market swings that followed along with the growing realisation that for good or bad a strong dollar is here to stay set the scene through July and August. And this week, Australians woke to the news of significant plant closures and job losses in heartland regions of working Australia.

Some look at the troubles of the global economy and see Australia as an economic

sanctuary: not immune from the world, but still strong in the world. Certainly, many investors continue to see us in this light. But Australians know their superannuation savings have shrunk with the fluctuating stock markets. They remember the Global Financial Crisis (GFC) and how much work was required to steer Australia away from the economic abyss. And while Australia has been growing overall, while over the last two years we have created new jobs and lifted take home pay across the board, many Australians have not felt the benefits in their own lives.

So I understand when people worry about their livelihoods; worry that opportunities might not be there for their children; worry that it will become harder to make ends meet and make the family budget add up. When they suspect they are already being left behind, that some parts of the country are getting ahead while others struggle with rising prices and a lack of opportunity. And I respect the caution and concern Australians feel when they consider the uncertain global environment, uneven domestic economy and the pressures our strong dollar creates. But caution and concern must be measured against and proportionate to the facts; and to the challenges we confront. This is what Australians should know today: our economy is fundamentally strong.

There are some problems in the world; and there are some challenges at home. We are strong enough to resist the problems; we are smart enough to master the challenges. Today, I will say more about where the challenges lie; more about the government's plan to master them. And I will also say more about what that means for all Australians. Because, if we do these things well over this period of change, I can see an even stronger economy for us in the years ahead.

We need to understand, first of all, that the long-term story of our economy remains a story of long-term strength. We have strong fundamentals: like low unemployment, low public debt, a deep, stable and liquid financial sector. And an unprecedented investment pipeline, still building, with a staggering \$430 billion planned in resource investment alone. Projects like Gorgon, Gladstone, Queensland Curtis and

Australia Pacific are happening now. These are long-term investments, driven by decisions over time horizons that extend well beyond the global market turbulence. The Australian economy has created jobs, around 750,000 since Labor came to office, while other nations were losing them. In a period where US unemployment almost doubled, we have more people in work than before the GFC. This is the most important thing we have done together.

Creating jobs is not just a sign of a good economy; creating jobs is the *whole point* of a good economy. Life is given direction and purpose by work. Without work there is corrosive aimlessness. With the loss of work comes a loss of dignity. Believing in the importance of jobs for all who seek them (of work in every household), is deep in our own national culture and deep in my government's beliefs. Only Labor governments will always put jobs first.

Sixty years ago, Ben Chifley's *Light on the Hill* speech took a straightforward view of Labor's task. It was not about:

... putting an extra sixpence into somebody's pocket... [but to]... give to some father or mother a greater feeling of security for their children... a feeling that if a depression comes there will be work.

Two years ago, the Global Financial Crisis came, and with it came bad news for jobs. And Labor in office had one priority – we put the jobs of Australian families first. We restored confidence in our banks; we provided stimulus payments to families; tax breaks for small business; and delivered investment that ensured jobs for tradespeople; and built new road, rail and port infrastructure across the nation. It was not what everyone wanted to hear. But it was what we knew was right to preserve jobs. And it did the job. We saved 200,000 jobs.

Now, in the last two weeks we have seen some bad news for jobs again. Nothing can diminish the bad news for families in Wollongong and Western Port. To those workers and families the government has not just extended sympathy. We have extended a helping hand, providing immediate and practical support. But I also know the news in the Illawarra and on the Mornington Peninsula was not just heard by those directly

affected. Many people saw the fear of these Australians and thought: 'that could be me'.

Now, we do have a dynamic economy. Around 300,000 businesses start up and close down in a typical year. Half a million workers change industries. And every day, Australians navigate economic change in their own lives. How? They get a full understanding of their own situation, they think through their goals, and they do what is required to make it so; perhaps changing jobs, retraining, moving industries, sometimes even cities, all to build a better future for themselves and their families.

The task for the nation is the same. We must understand the whole economy's story; understand the whole nation's goals; make the decisions; deliver the policies; all of which will get us there together.

So first, we must understand that what we have seen this week at BlueScope Steel is only part of the story of the future of the economy. The global demand for our resources is changing the structure of our economy. That does mean some jobs are no longer there – but at the same time it lifts our national income and creates many new jobs as well.

What is happening in the Australian economy right now reflects long-term global forces which have powerful effects at home. Big changes in global growth patterns are simultaneously creating new wealth and new opportunities while putting added pressure on some industries and parts of the country. Global growth has long been shifting from West to East – and this is accelerating again.

A decade ago, Australia's national income surged off the back of increasing demand for Australian commodities – especially coal and iron ore – as the Chinese and Indian economies awakened from a generational slumber. While the GFC punctuated this boom, it did not end it. Indeed, the changes which fuelled the boom of the 2000s have continued and in this second mining investment boom have proven even more resilient. And in the post-GFC world, the appetite of the North Asian giants for our resources is stronger and more assured than ever before.

Developing countries in our region like China and India emerged stronger from the cri-

sis. They are generating growth still at historic highs – and that growth is not just driven by their own manufacturing exports, but is increasingly driven by their own internal demand. Demand emerging from a rapid urbanisation and growing domestic middle class, hungry for the goods and services that mark a better quality of life. So growth in our Asian export markets keeps parts of our economy surging. On top of this, current weakness in Europe and the US makes us more attractive for investment.

And both these developments drive our dollar to its greatest strengths: a climb of unprecedented duration and speed. Driven by the resources boom, the exchange rate has moved some 45 percent in the space of two years. This has been good for businesses which rely on imports. And good for many Australians: it is not just cutting the price of overseas travel or luxury imports; it helps with household necessities like washing machines and clothes dryers. However, many businesses are finding the higher exchange rate extremely difficult to handle. In effect, many exporters have had to put up their prices by nearly half in just two years. This is amplifying pressures that already existed, where long-established business models were feeling the pressure of innovation and competition.

Asian growth, European and US weakness, a boom in mining investment, are all driving our dollar higher. That puts many sectors of our economy, like education, tourism, some parts of retail, and especially manufacturing, under pressure.

The changes that can release that pressure are driven by decisions we can make. We have long known that Australian prosperity depends not just on raw materials but on our ability to improve productivity through knowledge, skills, competition and innovation. So at the heart of my approach to economic management is a long-term approach to creating, and sustaining balanced growth for the whole of our nation; a long-term plan to keep the whole economy strong.

As Deputy Prime Minister, two great projects drove me that form part of this long-term plan. The first was to lift the nation's human capital; to give our people more knowledge and

skills and get more out of that knowledge and skills as well. In universities, fundamental reform occurred with demand-driven funding, investment in much-needed capital, and new support for research. In schools, we invested in teacher quality, developing a national curriculum, and new transparency through the *MySchool* website. In early education we improved the quality of childcare, making it more affordable, and expanding access to preschool education.

The second was to reform the nation's workplaces, aiming to use flexible enterprise bargaining to lift productivity across our national economy. We set up *Fair Work Australia*, creating national employment standards, and harmonising occupational health and safety. So I got rid of *WorkChoices* and its plan to compete with the world on wages and conditions. I got rid of *WorkChoices* and its plan to end job security. And I put in place a plan to compete with the world on knowledge and skills. I put in place reforms to unlock the real drivers of future productivity.

As Prime Minister, I am still pursuing reforms to unlock productivity and to drive balanced growth across the whole of our economy:

- clean energy;
- new jobs in new industries (a price signal leveraging billions of dollars in new investment);
- high speed broadband linking every part of Australia to every part of the world;
- a tax on mineral resource rents (taking the value we all own in the strongest sector in our economy to cut company tax for every Australian firm);
- adding to the national pool of savings through higher superannuation and to build regional infrastructure;
- skills and participation, lifting the capacity of all Australians to get good work and support a growing economy;
- personal tax reform to reward participation in work; and
- supporting every Australian region with new infrastructure, investment and partnerships – indeed we are making new announcements in Tasmania today.

And this is a long-term plan for balanced growth which did not begin this week. This government has long been on the reform road, has worked methodically over our term in office to keep the whole economy strong. When we came to office, we invested in human capital and reforming workplace relations. During the GFC we saved 200,000 jobs and steered us away from recession. Today, we are meeting the problems in the world and the challenges at home, making the decisions and delivering the policies which will grow Australian jobs. Today, we are building a clean energy future, a high technology future. The clean energy revolution is poised in the way the information technology revolution was poised a few decades ago. And the brutal truth is if you did not get in on the ground floor then you got left behind. I will not allow us to get left behind and lose the jobs and prosperity a clean energy future will bring.

Managing our economy today and building for our future cannot be done if we try to live in the past. While the pressures faced by some of sectors of the economy are real, and painful, we must stand firm against calls for protectionism. We know they do not work. There can be no return to protectionist policies of the past. The Australian economy has been the great beneficiary of open trade in the world; our economy has changed; our firms have adapted; our people have prospered.

Instead we will use our effort, our influence, our reputation, to advocate international action for global stability and balanced growth. And our challenge, as exposure to the global market grows, is to build new capability which allows us to prosper.

None of that means 'leaving manufacturing behind'. The investments and reforms we are making create great new opportunities for manufacturing. More productive enterprises and more skilled workers will make manufacturing stronger than almost anything we can do. A clean energy economy with economic incentives for new clean jobs will see new goods manufactured for new markets. And a high technology economy with high speed broadband around the country see manufacturing performed in much more sophisticated ways.

And these benefits hold true, not only for manufacturing, but for retail and tourism and education, for every part of our broad and diverse economy. We are not hiding away from the world, but becoming ever stronger in the world.

We know that doing the right thing for the long-term is not easy, and it is not automatic. I am proud to live in a nation with a vibrant political culture that enables us to let off steam and express our egalitarian spirit. Governments should listen, but in the end, they need to lead. Australians do not respect governments that tell them only what they want to hear. And governments that tell people only what they want to hear cannot build the future that people want to live in. So, we will stay on the reform road. If Robert Garran could build a nation's institutions from a satchel, we can find a way to be a strong economy with a strong dollar.

And, we can do the right things together for the country we share as well. We must chart a

course which does not rely on wistful reflections of the past but does not abandon or forget the achievements of our economic history. Our agenda is modernising reform to strengthen our economy and create jobs. We have a proud Labor tradition, taking on the hard economic decisions, and taking them on in ways which mean that all of Australia benefits and no one gets left behind. We will continue that commitment as we work towards strong, balanced economic growth and jobs for our great country. We can be a strong economy, modernised for the future; with a balanced budget; high speed broadband; clean energy; skilled workers; productive workplaces; and competitive firms – always directed toward the great purpose of a great nation's economy: jobs for all who seek them.

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