

The Speech Gillard Should Have Given

6 March 2013

This week Julia Gillard sought to woo disaffected voters with a speech at the University of Western Sydney. Ian McAuley read the first draft - and found that much of Labor's ambition didn't survive the edit.

Last week in Kingston, a Canberra mall near Parliament House where parliamentarians and political staffers go to drown their sorrows, I found a discarded document on the footpath. It was headed "University of Western Sydney PM draft". Scrawled across the front page, in what seemed to be blood, was the note, "Not acceptable to NSW Party or to our donors!". I've reproduced the text below.

I admit that I have not visited this part of Sydney often enough. It's too easy for people like me to see Australian cities in terms of their so-called central business districts, while in fact they are not the places where real wealth is created.

Coming here reminds me of the tremendous transformation Australia has enjoyed over the last 50 years as governments have opened our country to the world. The Whitlam and Fraser governments tore down immigration barriers — the faces I see on the streets remind me of the great success of multiculturalism, which here means so much more than a token Chinese meal on a Friday night. Then the Hawke-Keating government pulled down trade barriers and opened our economy to competition. Here I see our transformed industrial landscape; the smokestacks of the old industrial base having long gone.

I asked one of my political advisers about the demographics of the electorates represented by Labor in what some call "Western Sydney" — those 13 seats we hold either side of the M5 and M4 freeways.

Of the two million people they represent, almost half were born outside Australia. According to the 2011 Census, 90,000 were born in China and 60,000 in India. We carry the image of the area around the Sydney CBD as the cosmopolitan centre of Australia, but by most measures Parramatta is far more cosmopolitan. There are, of course, pockets of poverty, but where in the world would we find an urban area of two million without such pockets?

It came as a surprise to learn that only 11 per cent of the employed workforce in those 13 seats is in manufacturing, and that many of those jobs are in the newer skills-intensive industries. It all must seem very unfamiliar to our old guard party members.

Yet, while I see a region thriving as a result of economic reforms (most of which were steered by Labor Governments), I also see signs of neglect. I'm not referring to political neglect — all parties are guilty of neglecting so-called safe seats, and I believe our democracy will be stronger when no politician dares talk about a "safe seat" or a "heartland".

Rather, the neglect is the obsession with "small government", which has taken its toll on urban infrastructure. The M4, for example, was surveyed before I was born, but it is still incomplete. In fact, in the mid 1970s the Wran government sold the land on the road's easement, which is why it stops abruptly at Strathfield. There was a good reason not to have a freeway channelling traffic to the CBD, but the proceeds from the land sale didn't go to providing a more appropriate easement to the freight distribution centres. Rather, it was used to keep the state budget in the black.

Going back even further, I am reminded of the enthusiasm which greeted Bradfield's plans for a Sydney rail system, and of the tremendous progress in the 1920s when most of the City Circle was completed.

Since then, however, every transport project has been subject to interminable delays, and on behalf of the Commonwealth, I accept some responsibility for those delays. I could blame the Opposition, because the "small government" obsession didn't arise from our side of politics, but just as our Government has acknowledged collective responsibility for Aboriginal reconciliation, so too do we accept our share of responsibility for neglecting urban infrastructure and accepting unquestioningly the "small government" dogma.

I am therefore today announcing two major policy initiatives.

First, the Commonwealth is re-defining its role in intra-state transport. We have a clear role in interstate transport, but for urban transport our prime role is as funder, rather than as provider. Premier O'Farrell and I have agreed that to leave Sydney's transport planning to his Government, with exceptions only in so far as they relate to national priorities. Specifically we are leaving allocation of projects, such as the Parramatta-Chatswood and North West rail lines, and the alignments of new roads, to the state government, provided they satisfy our priorities for international air and freight traffic — an area where, apart from some minor issues to do with airport expansion, our governments' interests are closely aligned anyway.

Second, we are ready to face the huge funding demand of urban transport. Some may baulk at Premier O'Farrell's claim that modernising Sydney's road system will cost \$10 to \$13 billion, and that's before mentioning railroads. But that's a backlog accumulated over 80 years — particularly in the period since 1980 when we irrationally lost faith in government.

All our capital cities have urgent transport needs. Melbourne, for example, has a substantially completed arterial road system, but its trains are congested and have too little grade separation. Adelaide has deficiencies in both its road and rail networks. Our initial estimates are a \$60 billion national backlog.

We will therefore take advantage of Australia's AAA credit rating and low bond rates to raise finance, on behalf of the states, for urban transport. We're talking about substantial funds, at least \$10 billion a year over six years, rather than token offers designed to embarrass state governments. To put this into context, it's only a tenth of annual capital investment in the mining industry. If we can call on so much heavy earthmoving equipment to dig holes and tunnels for foreign customers and investors, we can surely use a little of it to build roads and railroads for ourselves.

Our political opponents will raise the issue of public debt, but for every dollar of public debt we will ensure that there is at least equal value in public assets. And, just as a responsibly-run business does not borrow without a plan for repayment, we have a well-costed repayment scheme, for we are legislating to increase fuel taxes to re-pay the debt. Every 10 cents of fuel excise raises around \$4 billion a year in public revenue, and we see good environmental and fiscal reasons to bring up our fuel prices to the levels prevailing in other urbanised countries.

That increase, however, won't take effect until 2016, when we start to see the benefits of new projects. Also, the delay gives individuals and businesses time to plan vehicle replacements.

Some, in the "green" movement, will say we should prioritise rail, but our policy is to provide choice. At present too many people have no option other than congested roads — that's what "choice" means when governments stop providing services. Rail services are clearly needed, but many transport tasks, including freight, tradespeople's travel, and multi-destination travel require a good road system.

We do not share the Greens' visceral dislike of roads, a stance which has cost them dearly in outer suburbs, but we do share their desire to see CO2 and particulate pollution reduced, and we believe that offering the choice of good public transport and appropriate road price signals is the way of doing this — just as we are using price as a mechanism more generally in greenhouse gas abatement.

Which brings me to the hollow promises of the Opposition, whose only promises to this constituency are to kill the National Broadband and to abolish the carbon tax.

Abolishing carbon pricing would bring a little short-term relief to household budgets, but at great cost to our national interests, and to many of the alternative energy industries which have set up in this area. Its cost per household, before any compensation and adjustment in the form of new appliances, is at most \$500 a year.

To put this in perspective households spend directly \$11,000 on transport every year, 90 per cent of which is for motor vehicles. That's before factoring in the costs of congestion, which apply not only personally but which also raise the costs of all goods and services. Even with

increased fuel taxes, there are huge and enduring savings to be made in the household transport bill.

Don't be fooled by the Opposition's promises. They cannot cut taxes while increasing pensions and maternity allowances without making savage cuts in schools, health care and transport infrastructure. Perhaps under a Coalition government you would see some new toll roads, but tolls are much poorer ways of funding infrastructure than taxes — they do lower our public debt but at the cost of much greater private debt, and I know from our traffic experts that tolls drive traffic onto suburban rat runs, at huge costs to all concerned.

Our cities are among our greatest national assets, which deserve the benefit of sound public policy. All the Coalition promises is a few dollars off your electricity bills, while you waste your lives in gridlocked traffic.