



PRIME MINISTER

FOR MEDIA

21 AUGUST 1989

Attached are comments the Prime Minister will make at this evening's dinner hosted by Alan Griffiths, MP. He will also comment on this afternoon's developments in relation to the pilot's dispute.



PRIME MINISTER

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**SPEECH BY THE PRIME MINISTER
ALAN GRIFFITHS' DINNER FOR
WESTERN SUBURBS COMMUNITY LEADERS
MOONEE PONDS - 21 AUGUST 1989**

Alan Griffiths' commitment to the people of Melbourne's western suburbs is nowhere better demonstrated than in his support for the establishment of a new University on this side of the city.

The decades of conservative government in Canberra and in Melbourne through most of the 1950s, 60s and 70s were decades of neglect for the western suburbs.

- neglect in the provision of the basic services and social infrastructure that people in the better off suburbs take for granted.

This neglect was specially marked in the provision of education services.

For too long, children of the western suburbs were denied the vital educational opportunities they deserve.

You have probably heard me narrate, with pride, the story of what I consider one of this government's greatest achievements.

It's an achievement measured in better lives and brighter futures.

We want to ensure that all young people, regardless of where they live or how well off their parents are, have the opportunity to complete a full 12 years of education.

When we came to office in March 1983 we found that tragically, under the Liberals, only about one out of every three school children was staying on to Year 12.

What a waste that figure represented - a waste of human resources, a waste of young lives, a wasteful denial of the aspirations that Australian kids are entitled to have for a decent education and a good start in life.

And worse, that waste was accompanied by an imbalance, within the Australian community, regarding the educational achievement of our school kids.

Within Melbourne, in 1983 the retention rate for students in state high schools in the Western Metropolitan area was lower than the overall Metropolitan rate, and the Eastern Metropolitan figure was higher.

We were determined to rectify that waste and that imbalance, and we have.

The changes we made have dramatically lifted the number of kids who are getting this vital chance in life of finishing secondary school.

Now, about 58 per cent of students finish their schooling.

Within Melbourne, all sections of the city have better retention rates and the imbalance of six years ago has been wiped out. In fact, the Western Metropolitan figure is now slightly higher than the overall figure for Melbourne.

So that dramatic turnaround is one of Labor's greatest achievements in office.

But unfortunately there are still educational imbalances within this city - especially at the tertiary level.

In Andrew Peacock's electorate of Kooyong, about a quarter of the population - 23 per cent - have tertiary qualifications while in this electorate of Maribyrnong less than 9 per cent have them. In some electorates in the western suburbs the figure is even lower.

That hasn't happened because people here are any less well endowed at birth with intellect, or any less determined to succeed in life.

It isn't because tertiary training is less valued in the western suburbs.

It's because of lack of opportunity.

In particular there has been no university in this part of the city to open the doors to new levels of academic endeavour - and to set new standards of academic excellence.

Now we haven't been idle in expanding tertiary educational opportunities in the western suburbs.

We have provided almost \$13 million for the construction of Broadmeadows College of TAFE, and we are contributing a further \$3 million for a new computing complex at the College where construction is expected to start next year.

We created the Western Institute in 1986, with the co-operation of the Victorian Government, providing the western suburbs with tertiary opportunities ranging from basic trades and technical courses through to diplomas and degrees.

At the Footscray Institute of Technology, we have increased student numbers through to 1991.

And tonight, we can look with pride on the fact that thanks to the work of Alan Griffiths, and many other people, my Government and John Cain's Government have agreed to provide new resources for a fifth university in Victoria - to rectify the neglect of those past decades of conservative neglect.

The Royal Melbourne Institute of Technology - RMIT - the Western Institute and the Footscray Institute of Technology are to combine to give the western suburbs access to a world class University of Technology with enhanced funding for both research and research teaching.

It will be a place that will attract the best minds and serve as a target for local kids who want to get the best qualifications in higher education.

We have already committed more than \$375 million to the new university, including \$55 million for capital development up to 1991.

Now I am very pleased to inform you of our most recent progress towards this goal.

Already, the State Government has made development of this university its number one priority in planning for Victorian higher education growth in the future. Commonwealth commitments for growth and capital in 1992 will be announced shortly but we do know there is overwhelming community support for the project and we too are prepared to accord the highest priority for capital funding to the campus at St Albans.

My colleague, John Dawkins, has recently written to the State Minister for Post-secondary Education, Evan Walker, outlining the financial commitments we have decided to make to the new university.

John Dawkins' letter spelt out that additional funds will flow to the new university for growth in places in the West.

We also want to see a steady development of the research capacity of the new university. We will be helping to bring this about both through operating grants and through the significant new money for research that I announced recently as part of our new Science and Technology package.

So this is the very concrete assistance we're providing to ensure that, like the rest of Melbourne, the Western suburbs have access to a world class university.

In an era of fiscal restraint, this decision shows again that Labor - in Canberra and at the State level - is getting it right. We're expanding educational opportunities and building a fairer society.

Ladies and gentlemen,

It is a pleasure to be here in this part of Melbourne so soon after Williamstown's success in the competition for the frigate contract.

Over the last few years Williamstown has undergone a complete transformation.

A few years ago - let's be frank - the Williamstown Naval Dockyards' record of industrial problems, exacerbated by restrictive work practices and poor management, left a lot to be desired.

There was a very real chance that after some 140 years as a major focus of port activity, Williamstown was about to become an industrial ghost town. But the last two years saw a dramatic turn around.

The region is now one of the fastest growing areas in Melbourne and it is no exaggeration to say that Williamstown is a leading centre for marine technology.

This transformation didn't happen by accident.

It happened because employers and employees made the conscious decision to make it happen.

As a result of reducing demarcation disputes, improving productivity and enhancing work skills through on-site training, Williamstown Dockyards has become a model of industrial restructuring.

So it was no surprise that Williamstown, along with a consortium in Newcastle, put together tenders for the frigate project which was of world standard.

Both here and in Newcastle, the workforce, the employers and the State Government presented Canberra with a united determination to make a success of our largest defence project ever.

And the real winner is Australia, because the fact that we could have two shipyards capable of undertaking this huge project proves in the most dramatic fashion that the whole Australian economy has undergone a transformation of similarly dramatic dimensions as Williamstown's own turnaround.

Under the Accord between the Federal Government and the trade union movement, and more generally through our capacity as a community to work together for our mutual economic advantage, we are seeing the emergence of an industrial culture committed to quality, competitiveness and productivity.

I want to pay unqualified tribute to the men and women of the Australian workforce whose wisdom and commitment, matched by a new attitude on behalf of employers, has made this possible.

Australians now understand that the practices of uncompetitiveness and the habits of confrontationism fostered by the conservatives for most of the post-war decades must be abandoned.

Wage earners have understood that wage restraint creates jobs - some one and a half million since 1983 - and makes us more internationally competitive.

Employers and employees have understood that greater work effectiveness creates a greater economic capacity to pay wages.

Industries that were sheltered behind the walls of protectionism have understood that long-term success lies with freer trade.

At the level of the Federal Government there has been an equally marked transformation.

The contrast between the seventh Budget of the Hawke Government and the seventh Budget of the Fraser Government provides dramatic proof of that assertion.

Their seventh Budget was brought down in 1982. It will go down in history as the last of the pork barrel budgets. Its only strategy was the strategy of cynicism.

The results of that lack of leadership were very clear and they were very painful:

- the worst recession Australia had known since the Great Depression;
- double digit unemployment and double digit inflation - a unique, and tragic, testimony to economic mismanagement; and
- a massive prospective Budget deficit of more than \$9 billion.

We have now turned that recession around. We have begun the vital process of making Australia a more flexible and competitive country. We have abandoned the Liberals' industrial confrontationism and put in its place a process of consultation and co-operation. And we have taken their prospective Budget deficit of more than \$9 billion and turned it into a Budget surplus of more than \$9 billion.

Our seventh Budget showed our determination not to sacrifice our long term economic strategy - a strategy that offers the only prospect for economic salvation for this nation - on the altar of short term political expediency.

With our seventh Budget we are on about securing the long term future of the Australian economy. With the Liberals' seventh Budget they were on about securing the short term future of themselves.

We are succeeding at our task. They failed at theirs.

They failed in their doomed attempt to hoodwink the electorate and they failed to tackle the real issues facing the economy.

I don't want to spend a lot of time this evening outlining the broad macro-economic strategy of the Budget. That has already been well explained in the Budget and has, I believe, been well received by the community.

What hasn't been fully understood yet is the sweeping nature of the changes to retirement policies that formed one of the highlights of the Budget.

In terms of their impact on the individual well-being of Australian families, today and for decades into the future, these changes are of unparalleled significance.

They prove once again that while this Government is getting on with the fundamental economic problems facing this country, we have not forgotten the cardinal rule that Government is about people.

Our social justice policies - policies aimed at ensuring that the least well off members of the community have the assistance to which they are entitled - is one of our proudest achievements in the traditional mould of Labor Governments.

Brian Howe summed it up precisely when he said recently of our approach to spending on welfare: it's an "active, positive one that provides opportunities for people to leave the social security system, and a safety net for those unable to do so."

We are spending today nearly \$9 billion more on social justice than was being spent in 1982/83 - an increase as a proportion of total public spending excluding public debt interest, from about 50 per cent to some 58 per cent this year.

That is a very substantial increase, especially given the dramatic reduction that has taken place in the number of people receiving unemployment benefits.

Medicare, child care, public housing, care for the elderly, the unemployed and the sick are all important recipients of this spending.

In this Budget we provide new assistance to the aged, Aboriginal and Torres Strait Islanders, to homeless youth, to fee relief for child care - not giveaway measures but steady, affordable help focussed on the areas of need in the community.

Our policies on retirement income continue our determination to focus on the real issues affecting the prosperity of individual Australians.

When we came to office, what we inherited in this field according to Ross Gittins of the Sydney Morning Herald, "couldn't be called a retirement incomes system. It was just a mess".

There was simply no logic to a system where the millionaires were receiving the age pension, while for blue collar workers superannuation was a virtually unattainable dream.

Now, taxpayers are paying the pension only to those elderly people who need it - not to the millionaires.

The result of that targetting, of course, means that needy people receive more assistance than they would otherwise.

In this Budget we achieved our longstanding commitment to lift the age pension to 25 per cent of Average Weekly Earnings.

At the same time, we have transformed superannuation from an unattainable dream to a practical reality within the reach of virtually every Australian employee.

Right now about 65 per cent of workers are covered by award based superannuation, and by the end of the year this will rise to about 80 per cent.

Why is it important that the Budget focussed on superannuation?

It is because it is essential from the point of view both of individual families and of the whole economy that wherever possible people are encouraged to save for their retirement.

Otherwise in a few years time, when the baby boom generation starts to retire, there will be a huge burden placed on future taxpayers in the form of massive demand for pensions.

We hear a lot from the Opposition about savings. You may recall that when Andrew Peacock was travelling around the country on his mock election campaign that he produced this half-baked scheme of inflation adjustment of interest. It really was a classic Peacock example of searching for a bit of meat to add to the feathers.

Now Paul Keating and I have explained on a number of occasions why such a scheme would be a disaster. But you don't have to take our word for it. Only last week Brian Loton, head of Australia's largest company, BHP, announced his verdict on the scheme: he said, "if you want to see indexation at work, go to Brazil."

This Government is not in the Peacock game of half-baked gimmicks that make problems worse rather than cure them. Our commitment to superannuation is a commitment to real savings - a long-term strategy to overcome Australia's long-term propensity to consume rather than to save.

To provide incentives for people to save for their retirement, the Government will implement a three-stage reform of the social security and taxation systems.

The first stage, announced in April 1989, will ensure that by next July, 80 per cent of all pensioners will not be required to pay income tax.

Under the second stage, the Government will, in the following year, 1991, for the first time ever, index annually the pension income test free area so that it is not eroded by inflation.

The third stage of reform, from 1995, will be the removal of all pensioners from the tax system, so that pensioners with income above the free area will be subject only to the pension income test.

As part of the wage system for next financial year, we will consider the gradual introduction of a further 3 per cent award based occupational superannuation.

Among other changes, we have also introduced rules to ensure that when people change jobs, they don't lose the super that has been paid on their behalf.

And at the same time we have encouraged people to preserve their superannuation benefits until they actually retire.

The limit on tax deductions for super contributions for the self employed will be increased, and workers on low or modest incomes with relatively small employer-funded superannuation will be able to top-up those funds and claim tax deductions.

So these historic reforms will substantially assist current pensioners with income above the pension free area, and provide a major boost to incentives for those currently in the workforce to save for their retirement.

Ladies and gentlemen,

I referred before to the seventh budget of the doomed Fraser Government in 1982. It was their last budget.

I want to express my complete confidence that our seventh budget, that Paul Keating brought down last week, will not be our last budget.

The Liberals' seventh budget looked only to the next election, and as an inevitable result the Liberals were repudiated by the electorate.

In our seventh budget we are looking beyond the election, setting in place the elements of our strategy for our next term of office - and, if you like, beyond.

Dramatic changes are underway within the economy - the changes represented by the Williamstown dockyards; the changes represented by the establishment of a new university here in the western suburbs; the changes represented by our historic reforms to super and to age pensions.

I want to reaffirm tonight our utmost commitment to continue, with energy and determination, this great task of reform on which we have embarked.

That is a task whose successful completion will, I believe, be Labor's best guarantee of continued electoral success into the 1990s - and Australia's best guarantee of greater prosperity and fairness.
