

SPEECH NOTES - PRIME MINISTER

FEDERATED IRONWORKERS' ASSOCIATION (FIA) ANNUAL NATIONAL CONFERENCE - 30 MAY 1983

DELIGHTED TO ADDRESS NATIONAL CONFERENCE. LAST
ADDRESSED FIA ON 15 FEBRUARY AND SPOKE OF THREAT
TO VIABILITY OF STEEL INDUSTRY.

WILL REPORT NOW ON LABOR PARTY PROGRESS TO DATE.
BUT FIRST SOME PRELIMINARY COMMENTS ON ANOTHER ISSUE
OF CONCERN TO THE TRADE UNION MOVEMENT - TAXATION
OF LUMP SUM SUPERANNUATION. LATER, I WILL OUTLINE
PROGRESS IN MORE GENERAL TERMS.

LUMP SUM SUPERANNUATION

GOVERNMENT HAS MOVED IN THIS AREA AS PART OF ITS
CONCERN TO SEE THAT THE BURDEN OF THE ECONOMIC RECOVERY
PROGRAM FALLS ON AUSTRALIANS IN A RELATIVELY GOOD
POSITION TO BEAR IT.

ORIGINALLY SUPERANNUATION TAX CONCESSIONS DESIGNED
TO ENCOURAGE PEOPLE TO PROVIDE FOR OWN RETIREMENT AND
REDUCE DEMAND ON GOVERNMENT PENSIONS SYSTEM. THE TAX
CONCESSIONS ON EMPLOYEES' AND EMPLOYERS' CONTRIBUTIONS
COST ABOUT \$2 BILLION PER ANNUM. ALL AUSTRALIAN WORKERS
AND TAXPAYERS PAY FOR THIS, BUT THE BENEFITS GO TO
ONLY 40 PER CENT OF EMPLOYEES, AND MOST OF THE BENEFITS
GO TO A MUCH SMALLER PROPORTION OF PEOPLE ON HIGH
INCOMES.

ALTHOUGH ENORMOUSLY COSTLY, THE SUPERANNUATION CONCESSIONS WERE NOT ACHIEVING THEIR PURPOSE. THEY ENCOURAGED EMPLOYEES TO TAKE BENEFITS AS LUMP SUMS, WHICH WERE OFTEN THEN INVESTED IN WAYS THAT ALLOWED PENSION TO BE TAKEN AS WELL.

UNDER NEW ARRANGEMENTS, LUMP SUMS ACCUMULATED BEFORE MAY 19 WILL NOT BE TAXED. FOLLOWING CONSULTATIONS WITH ACTU, CABINET WILL CONSIDER TODAY A METHOD OF CALCULATING THE PROPORTION OF THE LUMP SUM THAT IS FREE OF TAX THAT IS HIGHLY FAVOURABLE TO SUPERANNUANTS, THAT IS, ON THE PROPORTION OF THE TOTAL YEARS OF SERVICE REPRESENTED BY SERVICE BEFORE MAY 19 1983.

ALWAYS UNDERSTOOD THAT A NUMBER OF OTHER ISSUES WOULD NEED TO BE SETTLED FOLLOWING CONSULTATIONS WITH UNIONS AND LIFE OFFICES. THESE ISSUES INCLUDE PORTABILITY, AND THE PROPORTION OF EMPLOYEES' CONTRIBUTIONS THAT SHOULD BE EXEMPTED.

PART OF THE NEW PACKAGE INCLUDES THE TAXATION OF LUMP SUMS ACCUMULATED BY SERVICE AFTER MAY 19 UNDER THE OLD ARRANGEMENTS IF LUMP SUM IS USED TO PURCHASE CONTINUING ANNUITY OR PENSION. LAWS WILL BE CHANGED TO MAKE SUCH ANNUITIES MORE ATTRACTIVE. THEY WILL ASSIST PREPARATION FOR RETIREMENT BY SOME RECIPIENTS OF LUMP SUMS.

- . OVERALL, THE MEASURE MODIFIES A BENEFIT THAT WAS NOT BEING USED AS IT WAS INTENDED, AND WHICH WAS AVAILABLE ONLY TO 40 PER CENT OF RELATIVELY-WELL-OFF AUSTRALIANS, WITH THE LARGEST BENEFITS GOING TO A FEW PER CENT OF THE MOST WELL OFF.

STEEL INDUSTRY

- . BASIS OF GOVERNMENT'S APPROACH - ABSOLUTE URGENCY OF ADDITIONAL ASSISTANCE - VERY VIABILITY OF INDUSTRY AT STAKE.
- . PROBLEMS FACING INDUSTRY ARE EXTREMELY COMPLICATED - UNFORTUNATELY NO EASY OR COSTLESS SOLUTIONS.
- . PROBLEM IS NOT JUST INCREASED STEEL IMPORTS. RATHER OVERSEAS PRESSURES HAVE AGGRAVATED OTHER PRESSURES, INCLUDING FROM THE DOWNTURN IN THE DOMESTIC ECONOMY.
- . OVERSEAS PRESSURES DERIVE FROM A COMBINATION OF THE EMERGENCE OF SIGNIFICANT EXCESS CAPACITY IN WORLD STEEL INDUSTRY SINCE MID 1970'S - WHICH IS LIKELY TO PERSIST FOR SOME TIME - AND THE CURRENT WORLD RECESSION.
- . BUT NOTWITHSTANDING ALL THIS, LIVELIHOOD OF THOUSANDS OF MEN AND WOMEN WORKING IN STEEL INDUSTRY AT RISK UNLESS FEDERAL GOVERNMENT PUTS IN PLACE A WORKABLE ASSISTANCE PACKAGE.

WHEN I ADDRESSED YOU ON FEBRUARY 15 GAVE THE FOLLOWING COMMITMENTS ON BEHALF OF A FUTURE LABOR GOVERNMENT:

- FUNDAMENTAL COMMITMENT - MAINTENANCE OF STEEL INDUSTRY
- SET OURSELVES THE OBJECTIVE OF MAINTAINING JOBS OF THOSE CURRENTLY EMPLOYED
- ATTEMPT TO ACCELERATED FINALISATION OF IAC REPORT
- PREPARATION OF A 10 YEAR DEVELOPMENT PLAN WITHIN THE FIRST 100 DAYS.

WILL NOW REPORT ON THE PROGRESS ON THESE COMMITMENTS.

BUT FIRST A BASIC POINT ABOUT JOBS. I AM SATISFIED ON THE BASIS OF DISCUSSIONS AND PROGRESS TO DATE THAT THE ASSISTANCE PROGRAM WE PUT IN PLACE WILL BE ONE THAT GIVES THE BEST PROSPECT OF A SECURE EMPLOYMENT FUTURE IN THE INDUSTRY.

THIS WILL BE AT CONSIDERABLE COST TO THE REST OF THE AUSTRALIAN PEOPLE. BUT I FEEL ENTITLED TO ASK OTHER AUSTRALIANS TO MAKE SOME CONTRIBUTION BECAUSE OF THE EXTREME ECONOMIC RECESSION IN THE STEEL-PRODUCING AREAS. BUT IN RETURN, THE OTHER AUSTRALIANS, WHO WILL BE PAYING FOR THIS ASSISTANCE, ARE ENTITLED TO ASK FOR A FULL-SCALE EFFORT TO RAISE WORK EFFORT, IMPROVE WORK PRACTICES AND RAISE PRODUCTIVITY IN THE STEEL INDUSTRY.

WE HAVE NOW REACHED THE FINAL LEG OF THAT PROCESS,
AND EXPECT TO BE ABLE TO ANNOUNCE NEW ARRANGEMENTS
BY THE END OF JUNE, WHICH WILL BE PRETTY CLOSE TO
THE 100 DAYS. MY MINISTER FOR INDUSTRY AND COMMERCE
ASKED FOR THIS SLIGHT EXTENSION OF TIME, AND I THOUGHT
IT BETTER TO GET IT RIGHT IN 110 DAYS THAN TO GET IT
WRONG IN 100 DAYS.

I WOULD ALSO LIKE TO MAKE IT CLEAR THAT ANYTHING WE DO
WILL BE DIRECTED AT ASSISTANCE TO STEEL-MAKING JOBS,
AND NOT AT ASSISTING STEEL-MAKING COMPANIES AS SUCH.
ANY COMMITMENT THAT WE MAKE TO STEEL-MAKING COMPANIES
WILL BE DESIGNED TO PROTECT JOBS.

WILL BRIEFLY REVIEW DEVELOPMENTS SINCE COMING TO OFFICE.

AS YOU KNOW, SOON AFTER ELECTION MINISTER FOR INDUSTRY
AND COMMERCE INITIATED DISCUSSIONS WITH BHP AND WITH
FIA AND OTHER UNIONS INVOLVED.

HE ALSO WROTE TO CHAIRMAN OF IAC EMPHASISING THE NEED
TO EXPEDITE COMPLETION OF ITS FINAL REPORT.

STEEL INDUSTRY ADVISORY COUNCIL (WHICH INCLUDES
MANUFACTURERS, UNIONS, USERS, IMPORTERS AND
PARLIAMENTARIANS) IS ENGAGED IN STUDIES ON THE
LONG-TERM FUTURE OF THE INDUSTRY (INCLUDING FUTURE
DEMAND, DESIRABLE WORKFORCE LEVELS, AREAS FOR
IMPROVING COMPETITIVENESS AND ASSISTANCE OPTIONS).

- . TRIPARTITE COMMITTEE, CHAIRED BY A REPRESENTATIVE FROM THE DEPARTMENT OF EMPLOYMENT AND INDUSTRIAL RELATIONS, HAS BEEN ESTABLISHED TO INVESTIGATE HOW RETRENCHMENTS MIGHT BE AVOIDED AND A VOLUNTARY RETIREMENT SCHEME PUT IN PLACE AS AN ALTERNATIVE.
- . THE GOVERNMENT HAS HAD ITS DEPARTMENTAL ADVISERS EXHAUSTIVELY EXAMINE ISSUES RAISED BY THE IAC DRAFT REPORT WITH A VIEW TO FURNISHING ADVICE TO MINISTERS AS SOON AS POSSIBLE AFTER IAC FINAL REPORT IS COMPLETED.
- . CAN FURTHER REPORT THAT LAST WEEK THE GOVERNMENT RECEIVED IAC'S FINAL REPORT. NOT AT LIBERTY TO REVEAL RECOMMENDATIONS IN FINAL REPORT, BUT CAN SAY ARE HIGHLY CONTENTIOUS. THE GOVERNMENT WILL NOT BE BOUND BY RECOMMENDATIONS, BUT WILL TREAT THE REPORT SIMPLY AS ONE SOURCE OF ADVICE TO BE CONSIDERED ALONG WITH OTHER ADVICE.
- . CABINET CONSIDERS A SUBMISSION BY MINISTER FOR INDUSTRY AND COMMERCE ON STEEL INDUSTRY ASSISTANCE EARLY THIS WEEK.
- . REPEAT - THE GOVERNMENT WILL BRING TO ITS DELIBERATIONS THE FUNDAMENTAL GOAL OF FORMULATING AN ASSISTANCE PROGRAM WHICH OFFERS THE BEST PROSPECTS FOR SECURING JOBS IN THE STEEL INDUSTRY.

- . IN THE CONTEXT CAN SAY THAT ON PRESENT PLANNING SHOULD BE ABLE TO FINALISE LONG-TERM STEEL INDUSTRY DEVELOPMENT PLAN BY THE END OF THE NEXT MONTH. THIS PLAN IS, OF COURSE, A KEY ELEMENT IN OUR EFFORTS TO SECURE JOB LEVELS IN THE STEEL INDUSTRY.
- . ENVISAGE THAT THE PLAN WILL INCORPORATE UNDERTAKINGS FROM BOTH BHP AND THE GOVERNMENT REGARDING PRODUCTIVITY, TECHNOLOGY, PRICING AND SECURITY OF TENURE FOR WORKERS AND INVOLVE A TIME FRAME AND DEGREE OF FLEXIBILITY APPROPRIATE TO CHANGES IN INDUSTRY CIRCUMSTANCES.
- . THE FINAL ASSISTANCE PACKAGE THAT IS AGREED TO WILL, OF COURSE, NEED TO HAVE PARTICULAR REGARD TO THE DIRECT EMPLOYMENT EFFECTS IN STEEL PRODUCING REGIONS BUT WILL ALSO NEED TO TAKE INTO ACCOUNT THE COSTS TO THE COMMUNITY OF A BASIC RAW MATERIAL FOR USER INDUSTRIES AND THE EMPLOYMENT IMPLICATIONS FOR THOSE INDUSTRIES.
- . FUNDAMENTAL POINT - JOBS SLIDE IN STEEL INDUSTRY HAS BEEN UNMITIGATED DISASTER. REPEAT - ASSISTANCE PACKAGE THAT WE PUT IN PLACE WILL BE ONE THAT GIVES BEST PROSPECT OF SECURING EMPLOYMENT FOR STEEL WORKERS.

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JOB CREATION - POSSIBLE FURTHER COMMENTS IF APPROPRIATE

REGARDLESS OF THE LEVEL OF ASSISTANCE PROVIDED TO THE INDUSTRY, THE EMPLOYMENT SITUATION IN STEEL PRODUCING REGIONS WILL STILL REMAIN DEPRESSED.

WE CAME TO OFFICE WITH A PLEDGE TO PURSUE EXPANSIONARY POLICIES WHICH EMPHASISE JOBS.

OUR BASIC STRATEGY IS TO LAY THE BASIS FOR A DURABLE ECONOMIC RECOVERY. IT IS ONLY THROUGH SUSTAINED ECONOMIC GROWTH THAT WE CAN CREATE THE LARGE NUMBER OF JOBS REQUIRED TO MAKE REAL INROADS INTO THE MASSIVE UNEMPLOYMENT PROBLEM WHICH WE HAVE INHERITED.

BECAUSE OF THE IMPORTANCE WE ATTACH TO THE IMMEDIATE CREATION OF ADDITIONAL JOBS, WE HAVE ALREADY MOVED - IN FULFILMENT OF OUR ELECTION COMMITMENT - TO INTRODUCE A MAJOR NEW JOB CREATION PROGRAM, THE COMMUNITY EMPLOYMENT PROGRAM. AS ANNOUNCED ON 19 MAY, \$300 MILLION WILL BE MADE AVAILABLE FOR PROJECTS UNDER THE PROGRAM IN 1983/84.

OUR AIM IS TO REACH A LEVEL OF ACTIVITY UNDER THE PROGRAM WHERE WE WILL BE PROVIDING, IN A FULL YEAR, UP TO 70,000 FULL TIME JOBS FOR AN AVERAGE DURATION OF SIX MONTHS. MANY MORE JOBS WILL BE CREATED INDIRECTLY BY THE INCREASED DEMAND FOR GOODS AND SERVICES AND HIGHER INCOMES WHICH WILL RESULT.

THE PROGRAM IS DESIGNED PARTICULARLY TO BENEFIT THE LONG TERM UNEMPLOYED, ESPECIALLY THOSE MOST DISADVANTAGED IN THE LABOUR MARKET WHO WOULD BE LEAST LIKELY TO BE ASSISTED BY GENERAL EMPLOYMENT GROWTH AS ECONOMIC ACTIVITY PICKS UP.

THE MINISTER FOR EMPLOYMENT AND INDUSTRIAL RELATIONS, MR WILLIS, IS TAKING STEPS TO ENSURE THAT, WITHIN THE COMMUNITY EMPLOYMENT PROGRAM, SPECIAL PRIORITY IS GIVEN TO REGIONS OF HIGH UNEMPLOYMENT SUCH AS NEWCASTLE, WOLLONGONG AND WHYALLA.

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IN ORDER TO ACCOMMODATE THE NEW EMPLOYMENT AND HOUSING PROGRAMS ANNOUNCED ON 19 MAY, WE WERE FORCED TO MAKE SOME SIGNIFICANT OFF-SETTING CUTS IN SOME OF THE PREVIOUS GOVERNMENT'S PROGRAMS. NOT TO HAVE DONE THIS WOULD HAVE PLACED INTOLERABLE BURDENS ON THE GOVERNMENT'S MONETARY POLICY AND PUT SERIOUS PRESSURE ON INTEREST RATES. THE EFFECT THIS WOULD HAVE HAD ON PRIVATE SECTOR SPENDING WOULD HAVE UNDONE ALL THE BENEFITS OF THE REFLATIONARY ASPECTS OF THE GOVERNMENT'S POLICIES.

IN MAKING CUTBACKS WE HAVE BEEN CONCERNED TO ENSURE THAT THEY AFFECT THOSE MOST ABLE TO SHOULDER THE BURDEN.

THOSE OF US WITH JOBS MUST EXERCISE RESTRAINT IN OUR INCOME CLAIMS. JOB CREATION AND INDUSTRY ASSISTANCE PROGRAMS WILL SIMPLY BE USELESS IF LABOUR COSTS ARE ALLOWED TO GET OUT OF CONTROL.

WAGE RESTRAINT IS ESSENTIAL IF WE ARE TO MAINTAIN A VIABLE INDUSTRIAL BASE AND CREATE MORE JOBS. BUT THE GOVERNMENT RECOGNISES THAT WAGE RESTRAINT BY ITSELF WOULD BE GROSSLY INEQUITABLE.

THE PRICES AND INCOMES ACCORD IS NOT JUST ABOUT WAGE RESTRAINT. IT DEALS WITH A WHOLE RANGE OF OTHER MEASURES NECESSARY TO IMPROVE AUSTRALIA'S SOCIAL AND ECONOMIC WELL-BEING. THE GOVERNMENT HAS ALREADY TAKEN ACTION IN MANY OF THESE AREAS:

- WE HAVE INTRODUCED LEGISLATION TO ESTABLISH AN ECONOMIC PLANNING ADVISORY COUNCIL;
- WE ARE IN THE PROCESS OF ESTABLISHING A PRICES SURVEILLANCE AUTHORITY;
- WE ARE TAKING ACTION TO RESTRAIN NON-WAGE INCOMES, SUCH AS PROFESSIONAL FEES, DIVIDENDS AND DIRECTORS' REMUNERATION;
- WE HAVE INTRODUCED LEGISLATION AS PART OF OUR POLICY TO SMASH THE TAX AVOIDANCE INDUSTRY;

- WE HAVE INTRODUCED LEGISLATION TO FACILITATE THE AMALGAMATION OF UNIONS AND TO ABOLISH THE INDUSTRIAL RELATIONS BUREAU;
- WE HAVE REDUCED THE CEILING FOR MIGRATION FOR 1983-84 TO BETWEEN 80,000 AND 90,000. WITHIN THIS GLOBAL FIGURE THERE WILL BE A SHIFT IN EMPHASIS TOWARDS THE REUNION OF CLOSE FAMILY MEMBERS OF AUSTRALIAN CITIZENS AND TO REFUGEES, AND AWAY FROM THE RECRUITMENT OF SKILLED WORKERS OVERSEAS;
- THIS GOVERNMENT IS CONCERNED ABOUT EQUITY AND THE INTERESTS OF ORDINARY AUSTRALIANS. BUT WE CAN ONLY SUCCEED IN OUR OBJECTIVES IF WE HAVE THE SUPPORT OF THE COMMUNITY AT LARGE AND, IN PARTICULAR, THE TRADE UNION MOVEMENT.