

CHECK AGAINST DELIVERY



EMBARGOED UNTIL DELIVERY

**PRIME MINISTER**

SPEECH BY THE PRIME MINISTER

NUNAWADING BY-ELECTION OPENING

21 JULY 1985

FOR MEDIA

The people of Victoria have made two very significant decisions over the last eight months. On the 1st of December last year, they returned the Federal Labor Government in Canberra to a second term of office. Then, on the 2nd of March - less than five months ago - they gave a similar vote of approval to the Cain Government in Victoria.

The reasons for both decisions were simple. In both elections, the people of Victoria were responding to the record of achievement of both Governments during their first terms of office.

During those periods, Australians and Victorians witnessed a remarkable turn-around in their country's and their own economic fortunes. And since the polls, the recovery has continued and in many respects strengthened.

It is due in no small measure to the fact that the Federal Labor Government - our own Government - and the Cain Government of Victoria have co-operated and co-ordinated their social and economic policies. This partnership helped to produce a truly stunning economic recovery which has benefited all the people of Australia, but especially Victorians.

It has transformed the social and economic atmosphere in this country and in this State. It has turned bleakness and despair into brightness and optimism. It has created a future in place of a sorry past. And it is providing a new security for Australians where previously there was a lingering threat to their livelihoods and a gradual erosion of their standards of living.

It is this great partnership between our government in Canberra and the Cain Government in Victoria which has produced such a radical change of fortunes for all of us.

Our joint achievements stand in stark contrast with the hollow

posturing of the Opposition parties. They have a history of destructive tactics. They are naturally negative. Their constant, carping negativism is no substitute for government.

It would be a tragedy if this negativism was to hinder the success we have all achieved together. It would be tragic if the partnership between the Federal Government and the Cain Government in Victoria, which has proved so successful in turning Australia's and Victoria's economies around, was not to continue.

It is unfortunate that the preoccupations of recent weeks have obscured the momentous improvements in the lives and prospects of Australians and Victorians under our two Labor governments.

We must not forget the things that really matter to Australians - security of incomes and employment, freedom from unnecessary industrial disruption, moderate inflation, fairness in the provision that is made for the needy, and all the things that affect the daily lives of our people.

We must not forget that economic growth is the key to improvements in the living standards of ordinary Australians.

And we must not forget that under 2 Labor governments, growth has returned to Australia and Victoria after nearly a decade of stagnation.

The financial year that ended last year was the second successive year of 5 per cent growth in Australia's non-farm economy.

In the 7 lean years of coalition rule there was not a single year of 5 per cent growth. And all the signs are that strong growth will continue. Strong growth in private consumption and investment look like making 1985-86 the third year in a row of 5 per cent growth.

This strong growth has created over 380,000 new jobs in Australia in the 2 years and 2 months since the National Economic Summit Conference. This is 40,000 more new jobs than were created in over 7 long years of coalition rule.

These new jobs have absorbed the new participants in the labour force while reducing unemployment from 10.3 per cent in April 1983 to 8.7 per cent last month. And of all the states of Australia, Victoria has done best. Victoria's unemployment rate is now down to 7.1 per cent.

Inflation and industrial disruption in Victoria and Australia as a whole are dramatically lower than a few years ago.

Victorians know what this economic recovery means in practical terms. In Victoria, motor vehicle registrations in the 3 months to May this year were 17.5 per cent higher than the corresponding period a year ago - even stronger growth than the 12.5 per cent

for Australia as a whole.

In Victoria, approvals for new home construction have risen 19 per cent in the year to the March quarter, compared with a national growth of 1 per cent.

In Victoria, capital investment increased by 11 per cent in the year to December last year, compared with the national figure of 3 per cent.

These statistics tell an important story.

The choice before you in Nunawading is a clear one. It is a choice between a party which at the Federal and State levels has brought about strong growth in output and employment and reduced inflation, and a coalition which can only promise a return to the economic and social chaos of the early 1980s, overlaid with their obsessive ideological trappings.

The Liberals meeting in Canberra last week highlighted the rift in the Party leadership and between the Party leader and the Party president. They showed that they really stand for nothing. All they can do is carp and complain and posture on empty policies which have no relevance to Australia's economic well being.

The last week has given us valuable insights into what would lie ahead if the conservatives came to power again. In the last few days, the Opposition Leader has targetted

TAA,  
 the Australian National Line,  
 AUSSAT - the authority administering Australia's domestic satellite  
 the Health Insurance Commission - which runs Medibank,  
 the Australian Industry Development Corporation,  
 the Housing Loans Insurance Corporation,  
 the Commonwealth Bank and  
 the Pipeline Authority.

All these are in danger of the sell-off.

The efficient delivery of government services - many of which only government can provide - will be sacrificed on the altar of ideological expedience.

The Liberals ignore entirely the social costs necessarily absorbed by our public corporations. They would embark on an indiscriminate attack on a whole range of services generally regarded as basic to the quality of Australian life. The Chairman of the Liberals' social welfare and health committee, Mr Ian Wilson, last week was actually calling for the privatisation of health and hospitals, schools and universities, as well as income security and welfare.

This is the logic of his leader's approach - it is the logic of a

blinkerred, insensitive, totally inappropriate ideological obsession.

All the conservatives really want is to sell off the profitable areas of government activity, which contribute to public revenue, leaving even heavier burdens on taxpayers to pick up the slack to keep essential government services operating.

Picking and choosing in this way is hardly the hallmark of a socially responsible Government. Considerations of efficiency and social equity would be jettisoned by those obsessed with profitability. Social and economic conscience has no place in the calculations of the Liberals' ideological purists.

What the Liberals are on about is a one-off fire sale, a Sale of the Century, of your assets - the assets of the people of Australia. They would transfer them into the hands of a privileged few, to the cost of every one of us. No regard will be had to the social costs involved.

Let me take the example of the Commonwealth Bank - which is one of our great Australian institutions. It has been built up over generations - by big investors with their corporate accounts and small investors with their life's savings. Thousands have bought their homes through the Bank and have mortgages with it.

The Commonwealth Bank does not belong just to any government or to any particular generation. It belonged to the previous generations of Australians who started it and built it up. It was bequeathed to the current generation. And it will be left to future generations.

It should not be the plaything of a government which is devoid of practical and substantive ideas for providing the essential services which the people of Australia need.

Make no mistake. The conservative parties threaten the continuation of services provided by government across a whole spectrum of essential activities.

As Senator Peter Walsh, the Minister for Finance, has said elsewhere, the conservatives see about 25 per cent as the ideal level of Commonwealth outlays as a proportion of GDP. If suddenly we had 1.5 per cent unemployment - the level of the 1960s and early 1970s - instead of today's level, outlays would fall to about 27 per cent of GDP without any policy changes at all.

If we assume that public debt cannot be repudiated - and it cannot - then to reduce the 1984-85 budget outlays to about 25 per cent of GDP would have required 2 per cent cuts in spending on defence, social security, health, education and general purpose payments to the states, which absorb 74 per cent of outlays.

It would mean cancelling payments for all other Commonwealth functions, which would mean no payments to industry, the arts,

transport, or foreign aid, and closing down the ABC, the CSIRO, the Atomic Energy Commission, and the Tasmanian Railways - and this list is not exhaustive.

And it would mean abolishing almost all the Commonwealth administrative framework, including the Taxation Office and the Department of Finance. There would then be nobody to collect or pay public money. Government would be replaced by anarchy.

This is no answer to Australia's problems.

The Liberals passed a resolution at their Council in Canberra - a place which I might say is currently gripped by the same wintry chills which blight the Liberals' social and economic conscience - they passed a resolution decreeing that a Coalition government would cut 3 billion dollars off the deficit in each of its first 2 years.

We have cut the deficit from a prospective 9.6 billion dollars to 6.75 billion dollars in two years. That is a big cut. But it is as dramatic a cut as the economy could bear without severe dislocative social and economic effects.

The Conservatives would have you believe that it is a simple task to cut out spending and to get rid of some of the great Australian institutions which provide valuable and essential services to the people of Australia.

It is not simple. It is difficult and complex and it is fraught with dangers. It would threaten the security of many, many Australians.

For all their rhetoric, the conservative parties of this country have in government done economic harm to our families to the aged and to youth. In government they wrought havoc on all these groups through the unemployment and inflation generated by their economic and social policies. Now they are promising nothing different, other than to further reduce funding in ways that will hurt these groups. There could be no clearer contrast between that and what the Labor Party stands for - for what John Cain and the Victorian Government stand for.

In government, at the Federal level, the coalition parties presided over a situation where, in their last 5 years, teenage employment fell by 19 per cent. Now their only policy response to the tragedy that they created is to suggest that youth wages should be cut.

The Federal Government is now close to finalising an approach to youth policy which in an integrated way will achieve these objectives. It will ensure that the benefits of strong growth in Australia and the especially strong growth in Victoria over the last 2 years are passed on to our young people, and that they can contribute to future growth with some pride in their efforts.

In the labour market we have already made a start. We have achieved a reduction in teenage unemployment of 19 per cent. But the Government is now looking at the far more comprehensive gains

that can be achieved by a combination of further improvements in participation rates in secondary and tertiary education, and the introduction of a traineeship program.

I stand by my previous remarks on this subject as a statement of an objective which should be integral to what any Labor Government is seeking to achieve, as well as being clearly in the best interests of our country.

And it is an objective the Government has good reason to believe can be achieved by the early 1990s. It is an issue which received close attention from the recent Quality of Education Committee headed by Professor Peter Karmel. The Committee reported that - and I quote:

"Increased retention to the completion of secondary school and the flow on to tertiary institutions can be expected, under the Committee's scenario, to increase the number of teenagers in full-time education by about one third. This, together with the additional 75,000 trainees recommended by the Committee of Inquiry into Labour Market Programs, could bring youth unemployment down to a level comparable with that of the 1960s, while full-time job opportunities for the young continue their downward trend."

I might add that there are some signs that over the past 2 years we have been doing better than is required to meet the projections of the Karmel Report. In contrast with the huge fall in teenage jobs in the years before we took office, teenage employment has increased significantly since mid-1983.

The challenge for us all is to transform the present situation into one in which every one of our young people can look to the future with some optimism and hope about being able to enjoy satisfying and productive employment.

This is not a task which we in Canberra can do on our own. It requires close co-operation with the states. It is essential that each of the states has comprehensive and forward looking policies in place to complement our own.

And this provides us with another great example of how the Federal and State Governments are together transforming the future for Victorians.

Nowhere is this partnership between the Cain Government and the Federal Government's more evident than in our joint commitment to transform the future for our young people. The Cain Government has already given you its Youth Guarantee. The Federal Government will ensure that that guarantee is supported and complemented in our own youth policy.

It is this partnership which is at risk on the 17th of August. The Cain Government needs Nunawading because it needs the solid support of the Victorian Upper House in ensuring that it can carry out its program unfettered by the Conservative forces of negativism and confrontation.

We all need Nunawading because we need the Cain Government.